

# Parametric Global Defensive Equity Strategy



[Strategy Profile](#)

*(as of Dec 31, 2021)*

## Investment Overview

- The strategy aims to create implicit downside protection through a core position in the MSCI ACWI<sup>SM</sup> Index and Treasury Bills, combined with fully collateralised short equity index call and put options (no leverage).
  - The strategy uses a disciplined implementation process that adapts to changing market volatility without the need for market timing or forecasts.
  - Over a full market cycle, income generated from option sales is expected to more than offset the equity risk premium forgone.
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## Investment Objective

- The Global Defensive Equity Strategy seeks to produce significantly lower return volatility and consistently favourable risk-adjusted returns compared to a fully-invested equity portfolio.
  - Over a full market cycle, the return objective of the strategy is to outperform the MSCI ACWI<sup>SM</sup> Index with at least 40% lower risk as measured by standard deviation of returns.
  - The strategy is expected to outperform in flat and lower equity markets, and trail the MSCI ACWI<sup>SM</sup> in strong equity markets.
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## Portfolio Construction

- Designed to capitalise on the tendency of implied volatility to exceed subsequent realised volatility.
  - Through the systematic sale of equity index options, investors can harvest the volatility risk premium - a distinct, persistent and significant return stream - without the use of leverage or market forecasts.
  - These strategies are designed to increase portfolio diversification at a lower cost than traditional alternative investments, without sacrificing liquidity
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## Investment Team



Thomas Lee, CFA, Chief Investment Officer

31 years of industry experience  
31 years with Parametric

BS, University of Minnesota  
MBA, University of Minnesota

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Alex Zweber, CFA, CAIA, Managing Director, Investment Strategy

15 years of industry experience  
13 years with Parametric

BA, Macalester College

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## Benchmark

- MSCI ACWI Index
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## INTERNATIONAL HEADQUARTERS

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