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### About Parametric

Parametric is an industry-leading provider of structured portfolio management, headquartered in Seattle, Washington. Parametric and its affiliate, Parametric Risk Advisors, offer a variety of structured portfolio solutions, including customized core equity portfolios (U.S., Non-U.S., global Tax-Managed Core<sup>™</sup>), options strategies (DeltaShift<sup>SM</sup>), and overlay portfolio management (OverlayOne<sup>™</sup>).

Parametric Risk Advisors, LLC, helps clients customize their return distributions through the use of disciplined option trading strategies, including covered call writing and the hedging of concentrated stock positions. Our strategies have clearly defined investment goals, efficient modeling, and institutional quality execution and risk management. DeltaShift is a systematic covered call writing and yield enhancement strategy that seeks to improve the total return of the client's concentrated stock position.

### CASE STUDY

Suppose you have 200,000 shares of ABC stock allocated to a long term, concentrated holding. You've already made charitable contributions and sold a significant portion to begin a meaningful diversification process. Rather than be passive with respect to those core shares, as an alternative to remaining purely long you've decided to proactively manage the concentrated position through a systematic, covered call writing program with the goals of enhanced total return and reduced volatility.

### Parametric

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**TABLE 1**

**Summer:**

Initially two options are sold against 200,000 shares of stock, both with a strike price of \$30, one expiring in August and the other in September. Over the summer, the stock moves above \$30 and we closed the August position at a loss, selling 540 shares to cover.\* We then sold a new option at \$32.50, expiring in October. The stock price went down dramatically over the next week and we quickly closed that position for a profit.

**Fall:**

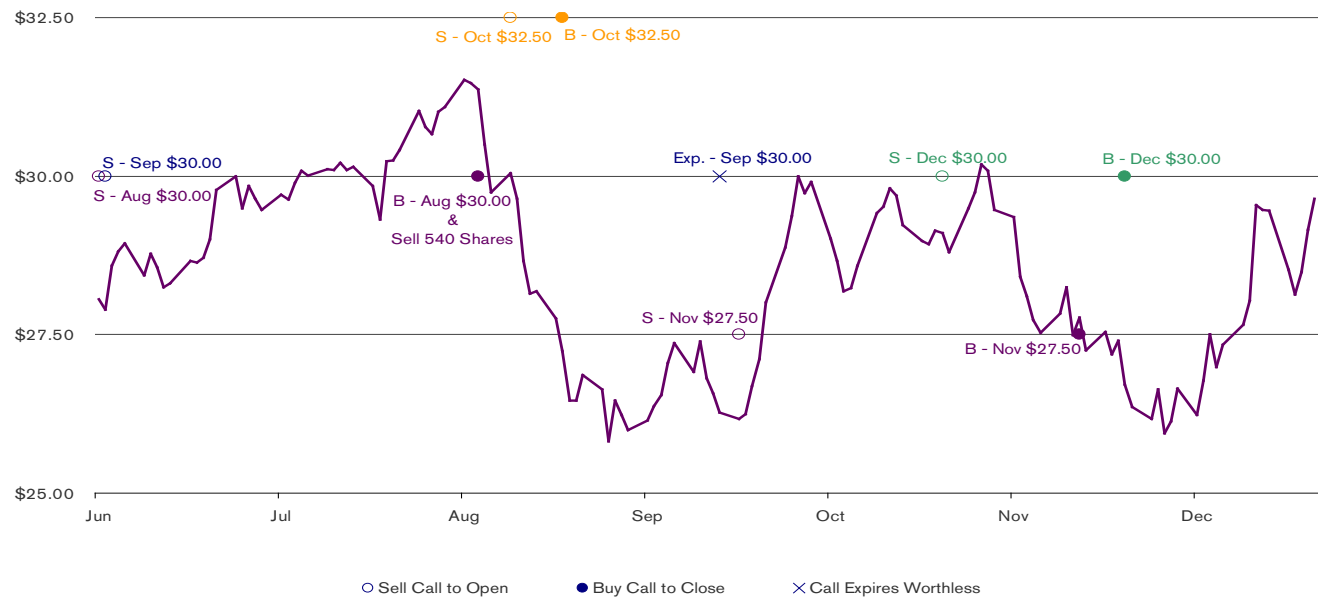
The stock stayed low through September and our initial September \$30 option expired on the 21st. A new option was sold at \$27.50 expiring in November. Later in October, we sold a second option at \$30 expiring in December.

**Winter:**

We closed out the November option, breaking even, and the December option for a profit.

\*Capital gains taxes may apply.

**DELTASHIFT EXAMPLE TRANSACTIONS**



TRANSACTION DATE	JUN 18	JUN 19	AUG 15	AUG 20	AUG 28	SEP 21	SEP 24	OCT 25	NOV 15	NOV 22	DEC 21	TOTAL
Stock Price	28.06	27.89	31.37	30.04	27.24	26.27	26.17	29.10	27.77	26.71	29.64	
Sell to Open	Aug \$30	Sep \$30		Oct \$32.50			Nov \$27.50	Dec \$30				
Net Rec'd	\$51,090	\$75,990		\$45,754			\$28,130	\$86,140				\$287,104
Buy to Close			Aug \$30		Oct \$32.50	Sep \$30			Nov \$27.50	Dec \$30		
Net Paid (-)			\$138,000		\$4,970	Expired			\$32,320	\$4,970		(\$180,260)
Sell Shares			-540									
Net Sale Proceeds				\$16,940								\$16,940

Parametric DeltaShift<sup>SM</sup>  
**Example Covered Call Portfolio**

DELTASHIFT SHARE RETENTION	
Initial Shares	200,000
Shares Sold	-540
Remaining Shares	199,460

DELTASHIFT NET CASH PERFORMANCE	
Net Premium Received	\$287,104
Net Premium Paid	(\$180,260)
Parametric Mgmt Fee	(\$18,343)
Net DeltaShift Cash Generated	\$88,500

LONG ONLY REFERENCE PORTFOLIO				% OF INITIAL STOCK VALUE	
Initial Share Value	\$28.06	200,000	\$5,611,002		100.00%
Final Share Value	\$29.64	200,000	\$5,927,568		105.64%
<b>Long Only Total Return</b>			\$316,566		<b>5.64%</b>
<b>Volatility</b>					<b>25.51%</b>

DELTASHIFT TOTAL PERFORMANCE				% OF INITIAL STOCK VALUE	
Initial Share Value	\$28.06	200,000	\$5,611,002		100.00%
Ending DeltaShift Stock Value	\$29.64	199,460	\$5,911,563		105.36%
Net DeltaShift Profit to Client			\$88,500		1.58%
DeltaShift Final Portfolio Value			\$6,000,064		106.93%
<b>Net DeltaShift Total Return</b>			\$389,062		<b>6.93%</b>
<b>Volatility</b>					<b>20.22%</b>

Over the course of six months we generated an extra \$88,500 in cash, net of fees. If you consider that only 0.27% of the stock was sold, DeltaShift improved pre-tax returns by 1.3% while reducing volatility.

This example shows just a single path. **What if the stock had risen 25% instead of just 5% over the course of this period? Based on this example, we would expect a DeltaShift portfolio to return 22%, with as much as 10 percent of the shares sold. On the other hand if the stock fell by 25%, the premiums collected would cushion the fall and a DeltaShift portfolio would be expected to fall by only 20%, with few, if any shares sold.**

## Parametric DeltaShift<sup>SM</sup> Example Covered Call Portfolio

### Disclosures

DeltaShift is a discretionary managed call writing program of Parametric Risk Advisors, LLC. This brochure is intended to describe generally how the program works, but it is not a complete description of DeltaShift or how Parametric Risk Advisors performs its investment management responsibilities.

This information should not be considered investment advice or a recommendation to buy or sell any particular security. The information in this material and any specific securities mentioned are not intended to be representative of all securities purchased, sold or recommended for clients. It should not be assumed that any of the securities or recommendations made in the future will be profitable or will equal the performance of the listed securities. Past performance does not predict future results.

The upside potential of covered call option positions is limited to the strike price plus the premium received. Unless the position is closed, the client relinquishes any upside potential above the call strike price. The downside protection afforded by covered call writing is limited to the amount of the premium received. If the stock held by the client declines significantly, the only protection will be the premium received. Retaining Parametric Risk Advisors to render investment management services and/or to manage a securities investment account may involve significant risks, including the risk that the account could suffer substantial diminution in value. Investors should have the financial ability and willingness to accept such risks.

The sale of stock will produce tax consequences for U.S. taxpayers. Each option transaction also produces a tax consequence. Prior to implementing the DeltaShift managed call writing program, you should discuss with your personal tax adviser how the options transactions and any sales of underlying stock will affect your tax situation. Neither Parametric Risk Advisors nor Parametric Portfolio Associates provide tax advice.

Options are not suitable for all investors. Please ensure that you have read and understood the current options risk disclosure document before entering into any options transactions. The options risk disclosure document can be accessed at the following web address: <http://optionsclearing.com/publications/risks/download.jsp>.

This sample analysis is used for illustrative purposes and is not representative of all accounts. Your actual account will vary.

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