

Milliman Defined Outcome Strategy

Milliman FRM's Defined Outcome Strategy capabilities are designed to create clearly defined investment outcomes across broad asset classes and through multiple product structures. A defined outcome investment is one that restructures an investment's upside and/or downside participation, over a specified outcome period.



Structured exposures to broad equity indexes.



Defined levels of upside participation and downside protection.



May be implemented through multiple product wrappers.

Defined outcome investment strategies have existed for decades within certain OTC bank and insurance products. Through its innovative use of option contracts, Milliman FRM is a pioneer in the delivery of defined outcome strategies, with the ability to manage them in a variety of investment and insurance vehicles, including: ETFs, UITs, ETNs, indexed annuities, and variable annuities.

MANUFACTURING A DEFINED OUTCOME

Defined outcomes are generally manufactured by layering several option positions, each one serving a distinct purpose. These layers combine to create the following defined outcome components:

Downside profile, such as a:

- **Floor:** a level the portfolio won't be below at the end of the outcome period
- **Buffer:** a downside return range of the underlying from which the portfolio is protected at the end of the outcome period
- **Participation rate:** the rate at which the portfolio will have participated in any return over the course of the full outcome period.

Upside profile, such as a:

- **Cap:** the maximum return that the portfolio can earn over the full outcome period
- **Multiple:** an enhanced (>1) participation rate in the return of the underlying, generally to a cap
- **Participation rate:** the rate at which the portfolio will have participated in any positive return over the course of the full outcome period

Outcome period:

- the time period (e.g. 1 year) in which the defined return outcome is realized

MILLIMAN CAPABILITIES

Milliman FRM can manufacture defined outcome strategies on broad indexes with standardized index options or FLEX options, and on individual equities through equity options. Through its trading desks, located strategically in Chicago, London, and Sydney, Milliman FRM is positioned to trade options and other derivatives to manage defined outcome strategies around the clock and the globe.

Creating transformational improvement in the retirement savings industry.

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Milliman Financial Risk Management LLC is a global leader in financial risk management to the retirement savings industry. Milliman FRM provides investment advisory, hedging, and consulting services on approximately \$166 billion in global assets (as of June 30, 2024). Established in 1998, the practice includes over 200 professionals operating from four trading platforms around the world (Chicago, London, and Sydney). Milliman FRM is a subsidiary of Milliman, Inc.

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

For more information, visit frm.milliman.com

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