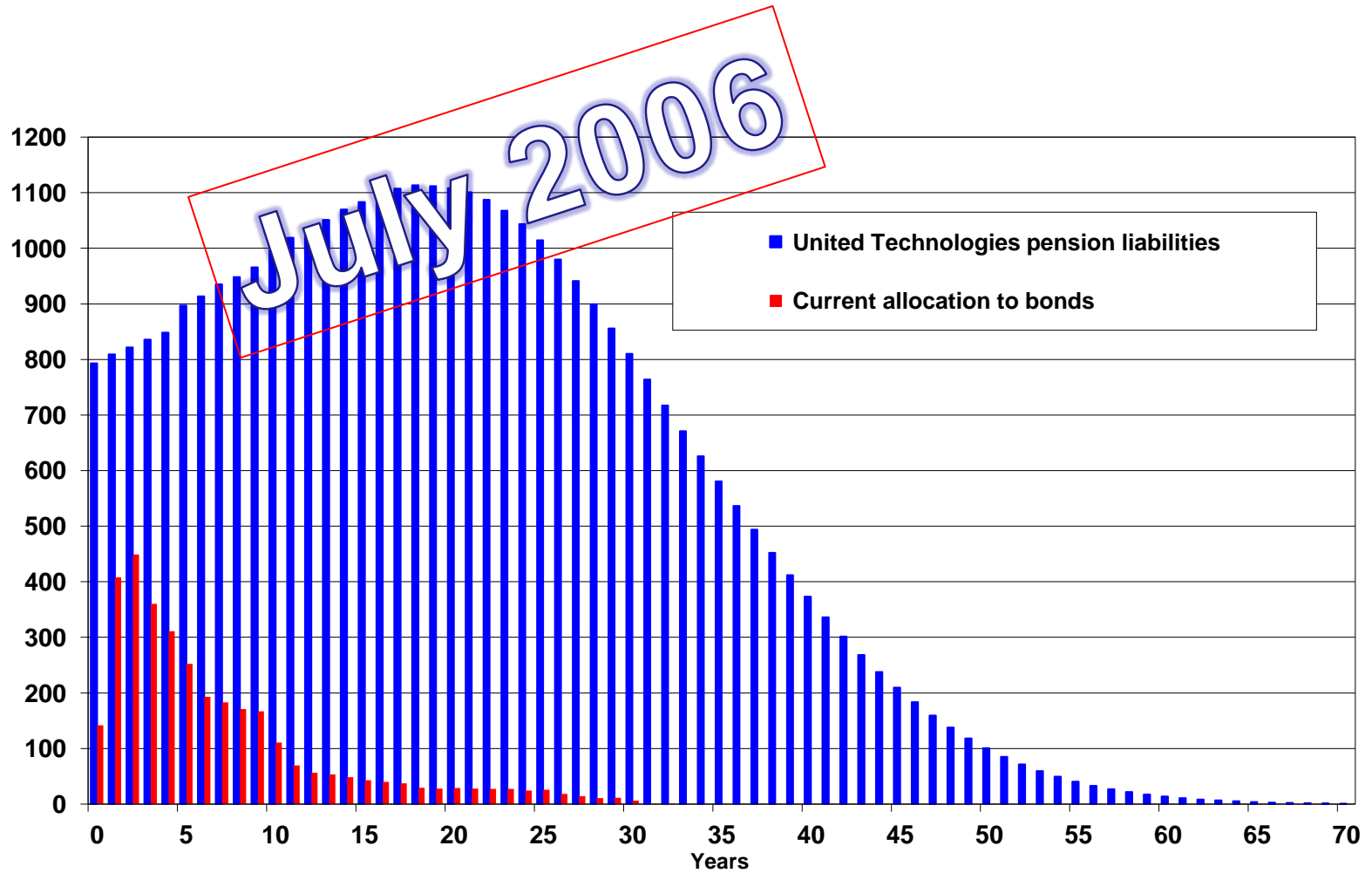
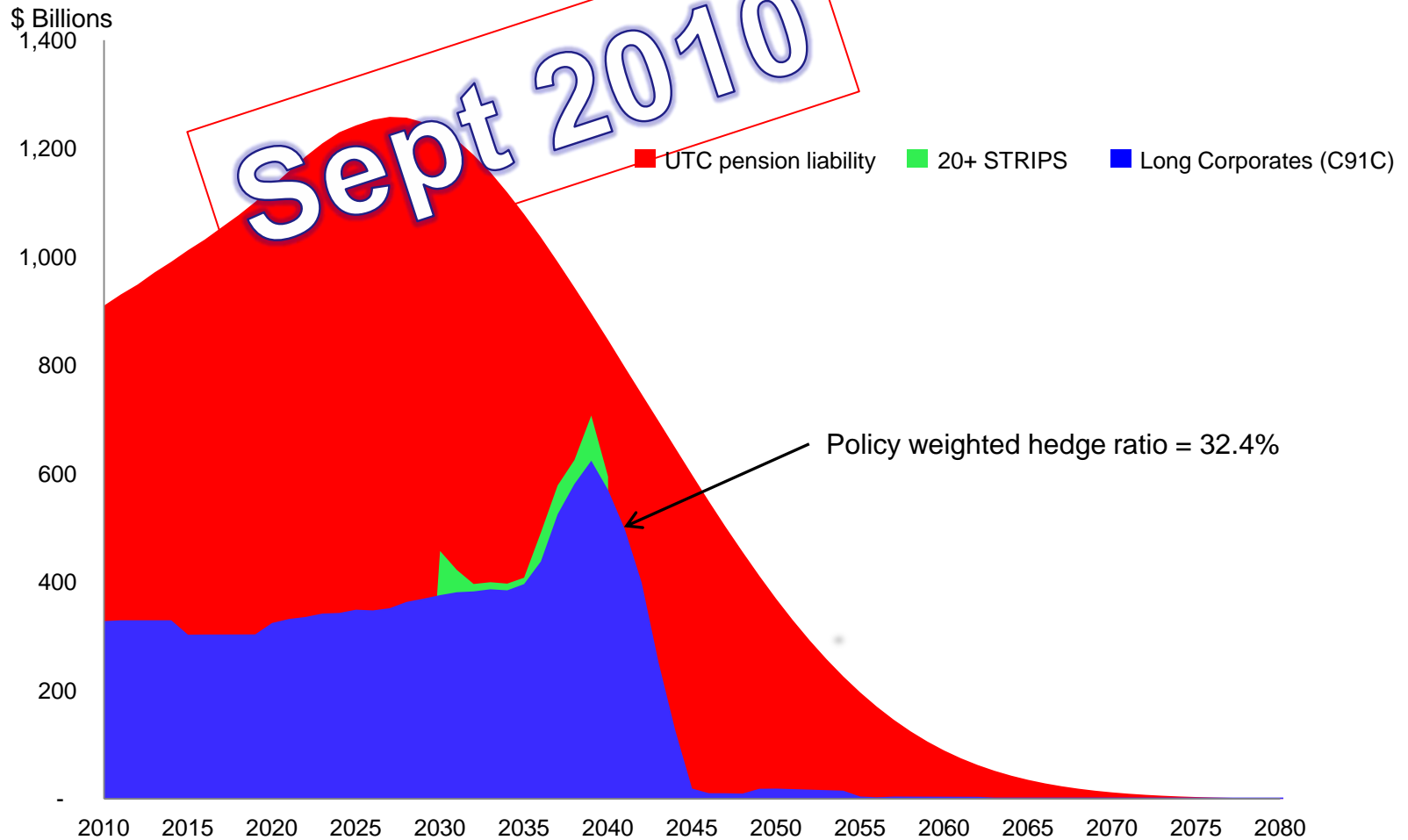


# LIABILITY PROFILE



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PBO cash flows: 20 year average with right-tail skew



## Six ways to implement “defensive LDI”

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**Duration weighted: sell corporates buy strips**

**Utilize Leverage (*maintain ROA by replicating S&P with derivatives & buy cash bonds*)**

**Duration weighted: sell 10's buy 30's**

**Sell listed corporates, buy private placements (*harvest illiquidity premiums*)**

**Introduce optionality into your dollar-duration (*sell payers*)**

**Reduce the duration-quality of your LDI (*buy lower hedge-quality bonds such as HY, EM*)**