

ACLI calibration key differences vs. GEMSFT2

ACLI parameters derived using historical MLE calibration, with subsequent adjustments to alpha and mu0 parameters to align to historical variance and Sharpe ratio of 28.1% across all indices.

Jumps: lower frequency by higher severity, accounting for 10-20% of return variance compared to 40-50% of variance under GEMS Variance:

	hist: 1978-	hist: 1992-			
	2020	2020	ACLI FT2	GEMS FT2	FT1 Run6
min	-24.2%	-18.4%	-62.1%	-69.1%	-52.9%
0.5%	-15.5%	-13.8%	-15.0%	-17.6%	-12.8%
1%	-11.4%	-11.4%	-11.8%	-14.8%	-10.5%
5%	-7.0%	-7.2%	-6.5%	-7.1%	-6.1%
10%	-4.4%	-4.5%	-4.5%	-4.1%	-4.3%
25%	-1.5%	-1.6%	-1.8%	-1.1%	-1.7%
50%	1.4%	1.3%	0.8%	1.0%	0.7%
75%	3.7%	3.4%	3.2%	3.0%	3.0%
90%	5.8%	5.6%	5.7%	5.2%	5.6%
95%	7.3%	7.0%	7.4%	6.7%	7.3%
99%	10.6%	9.2%	11.0%	10.2%	11.1%
99.5%	11.4%	10.4%	12.5%	11.6%	12.6%
max	12.6%	12.1%	33.6%	32.1%	31.6%



Modeled monthly logreturns based on 10k scenarios and 50yrs of projection.

FT2 baseline scenarios exaggerate severity of tail monthly returns, which also translate into long term GWF severity (see following slides)

ACLI calibration amply recovers the distribution of historical monthly returns which includes 1987 Black Monday, Financial Crisis, and the Pandemic of 2020.







