

## Active Tax Indexing

U.S. All Cap Value Tilt



### Our Approach:

Active Tax Indexing is the process of identifying investment losses in a client's taxable investment portfolio and selling those securities to recognize the loss. Those capital losses are utilized to offset gains. This harvesting technique is designed to reduce taxes and improve after-tax returns (i.e. create "tax alpha"). Our approach customizes the portfolio to meet the need(s) of the individual client.

### Objective:

We seek to deliver investment performance in-line with a chosen index from a pre-tax perspective while outperforming the index from an after-tax perspective.

### Performance Data:

Performance as of : 12/31/2019	QTD	YTD	Annualized			
			1yr	3yr	5yr	Since Composite Inception (6/30/2013)
<b>Pre-Tax</b>						
U.S. All Cap Value Tilt - Gross of Fees	8.70%	30.27%	30.27%	14.21%	11.17%	13.14%
U.S. All Cap Value Tilt - Net of Fees	8.54%	29.52%	29.52%	13.54%	10.51%	12.48%
<b>After-Tax</b>						
U.S. All Cap Value Tilt - Gross of Fees	8.60%	31.27%	31.27%	15.43%	12.33%	14.17%
U.S. All Cap Value Tilt - Net of Fees	8.44%	30.51%	30.51%	14.76%	11.66%	13.49%
<b>Benchmark</b>						
S&P 1500® Value Tilt Benchmark	9.11%	31.06%	31.06%	13.80%	10.95%	12.91%

### Top 10 Constituents:

Company	Representative Portfolio (%)	S&P 1500® Value Tilt (%)
Apple Inc.	5.2	3.2
Microsoft Corporation	2.9	3.1
JPMorgan Chase & Co.	2.1	1.5
Amazon.com, Inc.	1.9	2.0
Berkshire Hathaway Inc. Class B	1.6	1.9
Bank of America Corp	1.3	1.2
Facebook, Inc. Class A	1.3	1.3
Johnson & Johnson	1.2	1.4
Walt Disney Company	1.2	0.9
Verizon Communications Inc.	1.1	1.1
<b>Total</b>	<b>19.8</b>	<b>17.5</b>

### The Strategy Offers:

#### Individualized Tax Management:

Advisor Partners creates an ongoing tax plan with the advisor to harvest losses and/or limit gains based on investor needs.

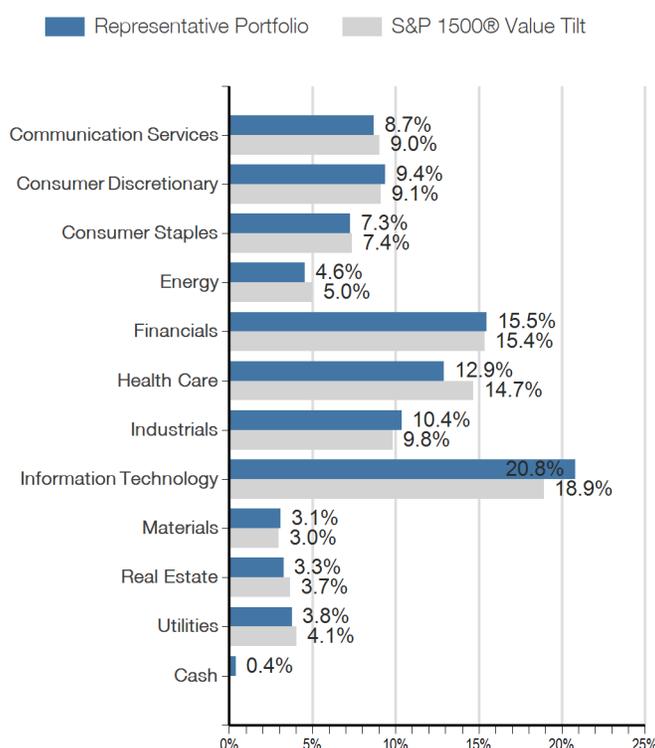
#### Risk Management:

Advisor Partners seeks to actively manage risk, providing ongoing portfolio analysis and monitoring.

#### Benchmark:

S&P 1500 Value Index (60%) and S&P 1500 Growth Index (40%)

### Sector Exposure:

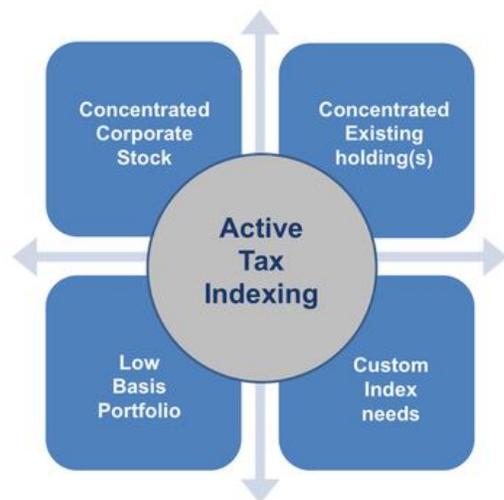


Please see important disclosures at the end of this document.

## Portfolio Characteristics:

	Representative Portfolio	S&P 1500® Value Tilt
Dividend Yield	1.80	1.90
Market Capitalization (Millions)	256,011	232,900
Price/Earnings	21.50	21.50
Total Number of Securities	440	1506
Tracking Error	0.86%	--

## When it Makes Sense:



### Advisor Partners, LLC

2185 North California Blvd., Suite #290  
Walnut Creek, CA 94596  
Phone: 888.265.2257 Fax: 415.989.0632  
info@advisorpartners.com

www.advisorpartners.com



### IMPORTANT DISCLOSURE INFORMATION

Advisor Partners, LLC ("AP") is an independent investment adviser registered with the U.S. Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. Specific information about AP is described in Part 2A of Form ADV, which is available on the SEC's website at <https://adviserinfo.sec.gov>. AP manages separately managed accounts invested in domestic and global tax loss harvesting strategies, factor based and socially responsible investing strategies.

Advisor Partners, LLC ("AP") claims compliance with the Global Investment Performance Standards (GIPS®). AP has been independently verified for the periods from January 1, 2012 through December 31, 2018. Verification does not ensure the accuracy of any specific composite presentation.

The data shown in this presentation are for illustrative purposes only. Nothing in this presentation should be construed as tax or legal advice. Past performance is not necessarily indicative of future results. Any investment is subject to risk. AP does not make any representation that any client portfolio will or is likely to achieve returns similar to those shown in the performance results in this presentation. Under no circumstances does the information contained within represent a recommendation to buy or sell securities.

Portfolio Characteristics, Top 10 Constituents, and Sector Exposure are based on a representative account. Holdings in actual client portfolios may differ, sometimes significantly, from those shown. The basis upon which the representative portfolio was selected is that the portfolio's market value is approximately equal to the median market value across our client portfolios. Benchmark characteristics were obtained from FactSet and pertain to a customized benchmark which consists of a 60% weighting of the S&P 1500® Value Index and a 40% weighting of the S&P 1500® Growth Index and are not representative of actual client portfolios.

Performance data presented was obtained from the Advisor Partners' U.S. All Cap Value Tilted After Tax Composite, which includes all qualifying, discretionary, taxable portfolios that seek to match the risk and return characteristics of a customized benchmark consisting of a 60% weighting of the S&P 1500® Value Index and a 40% weighting of the S&P 1500® Growth Index. The composite contains the subset of portfolios from Advisor Partners' U.S. All Cap Value Tilted Composite that have been managed for less than four years, when tax-loss harvesting opportunities are most readily available and aims to illustrate how tax-loss harvesting techniques can improve after-tax returns. After approximately four years, loss-harvesting opportunities are limited because most of the losses have been harvested, leaving the portfolio mostly comprised of securities with unrealized gains. Benchmark returns are taken from published sources believed to be reliable, but no representation or warranty is made as to accuracy or completeness. Index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index. The Composite performance is not directly correlated to the indices mentioned herein. Reference to these indices does not imply or suggest that any portfolio will achieve returns, experience volatility or have other results similar to the indices. The S&P Composite 1500 Index combines three leading indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600 to cover approximately 90% of the U.S. market capitalization. S&P Style Indices divide the complete market capitalization into growth and value segments.

Performance results reflect the reinvestment and dividends and other earnings and are presented in U.S. dollars after all trading commissions have been deducted. The "gross-of-fees" performance results do not reflect the deduction of advisory fees. Such advisory fees are typically deducted from an account on a quarterly basis and reduce the performance of the account. "Net-of-fees" performance is calculated by reducing gross returns by the maximum annual management fee charged by AP on accounts within this strategy, which is 0.60% annually and deducted quarterly. Net returns do not take into consideration other manager or advisory fees, which may further reduce the overall performance of the account, nor do they provide for federal or state income taxes. Since fees are deducted quarterly, the compounding effect will increase the impact of such fees by an amount related to the account's performance. For example, accounts with a 0.60% annualized fee that is deducted quarterly and a 10% gross annual return will have a net annual return of 9.34%.

AP calculates after-tax performance using a realized basis "pre-liquidation" calculation methodology (After-Tax Modified Dietz Method). The after-tax calculation methodology assumes maximum individual federal tax rates at the time income was received and capital gains were realized. State and local taxes are not considered. The accounting convention used for the treatment of realized capital gains is short-term gains is highest cost as of February 21st, 2019. Prior to this date, the accounting methodology was short-term gains minimization. The after-tax returns shown are subject to the limitations of the specific calculation methodology applied. After-tax performance is an estimate and varies according to time period and specific tax circumstances. AP is not a tax consultant and does not provide tax advice. Tax loss harvesting (taking losses purposely to offset current or future capital gains) is most beneficial in periods of higher than normal market volatility and declining markets. When this occurs, results may be achieved that may not be representative of future after-tax returns.

A prospective investor should refer to AP's disclosure and account opening documents for more information regarding the fees and charges that apply to an account. To request a list of composite descriptions, a presentation that complies with the GIPS standards, or Advisor Partners' Form ADV Part 2 please contact info@advisorpartners.com.