

# U.S. All Cap Value Tilt

Active Tax Indexing (ATI)

## 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.

## Benchmark

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

## 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.

## Firm Assets

Total Firm: \$1,375,427,131

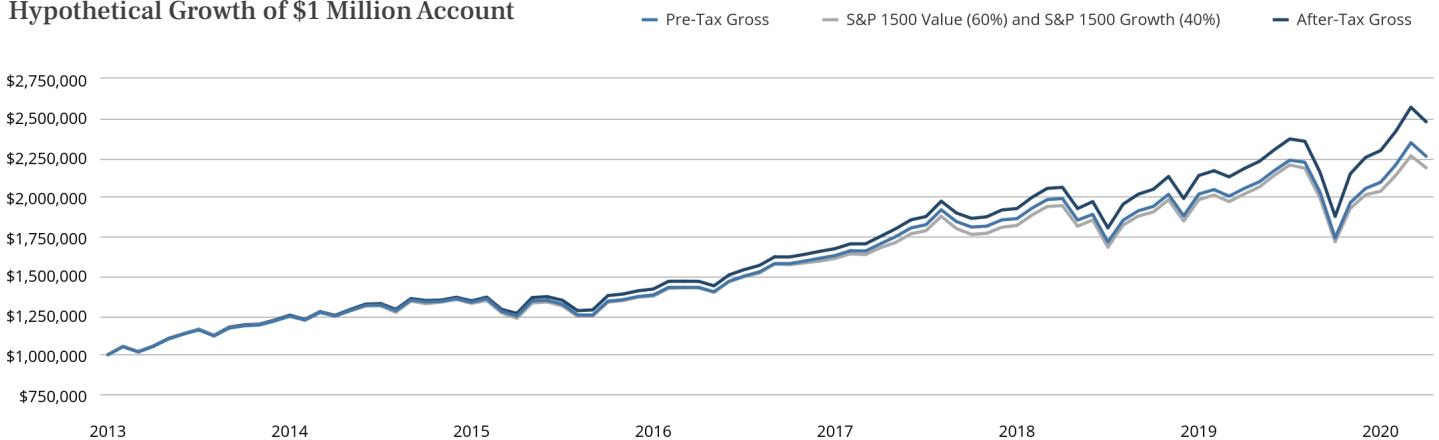
## Inception Date

07/01/2013

## Composite Performance

Performance as of: 9/30/2020	QTD	YTD	Annualized				Since Composite Inception
			1yr	3yr	5yr	10yr	
<b>Pre-Tax</b>							
Gross Return	7.89%	1.13%	9.93%	9.85%	12.62%	--	11.88%
Net Return	7.73%	0.67%	9.27%	9.20%	11.96%	--	11.21%
S&P 1500 Value (60%) and S&P 1500 Growth (40%)	7.31%	-0.80%	8.25%	9.18%	12.15%	--	11.37%
<b>After-Tax</b>							
Tax Adjusted Gross Return	7.96%	4.61%	13.60%	12.25%	14.42%	--	13.31%
Tax Adjusted Net Return	7.80%	4.14%	12.93%	11.59%	13.74%	--	12.64%

## Hypothetical Growth of \$1 Million Account



## Portfolio Management and Research Team

### Andrew Rudd, CEO

PhD in Finance and Operations Research  
University of California, Berkeley

M.B.A. in Finance and International  
Business University of California, Berkeley

M.Sc. in Operations Research  
University of California, Berkeley

B.S. in Mathematics and Physics  
Sussex University in England

### Rahul Agrawal, CIO

M.Eng. in Electrical Engineering and  
Computer Science  
Massachusetts Institute of Technology

B.S. in Electrical Engineering  
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### Jennifer Xu, Senior Portfolio Manager

M.A. in Statistics  
Columbia University

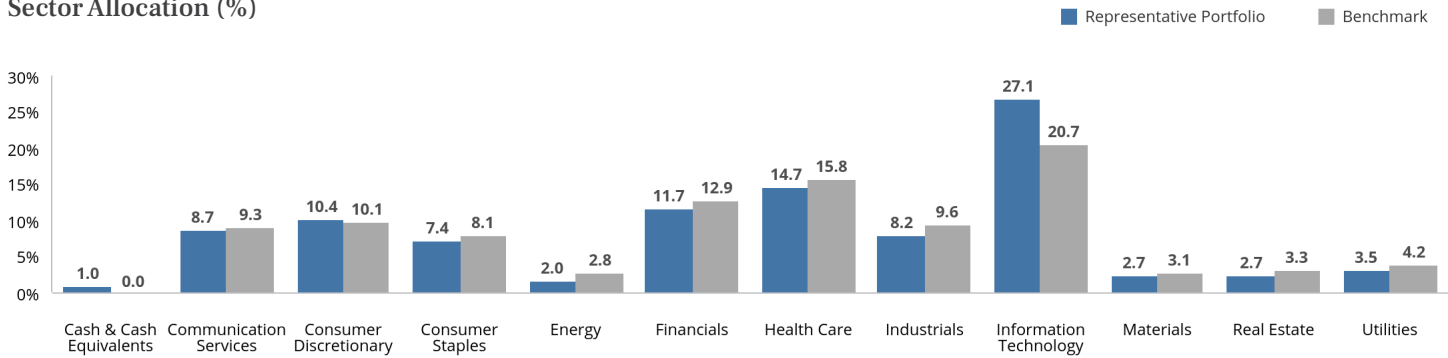
B.A. in Economics and Actuarial Science  
University of Illinois, Urbana-Champaign

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Active Tax Indexing (ATI)

September 30, 2020

## Sector Allocation (%)



## Portfolio Characteristics

Characteristic	Representative Portfolio	Benchmark
Dividend Yield	2.20	2.20
Market Capitalization (Millions)	428,240.00	316,828.00
Price/Earnings	24.60	23.00
Total Number of Securities	296	1,506
Tracking Error	2.16%	--

## Top 10 Holdings (%)

Company	Representative Portfolio
Apple Inc.	8.30%
Microsoft Corporation	4.59%
Amazon.com, Inc.	3.78%
Alphabet Inc.	2.53%
NextEra Energy, Inc.	1.99%
Adobe Inc.	1.79%
PayPal Holdings, Inc.	1.77%
Johnson & Johnson	1.71%
Visa Inc.	1.54%
UnitedHealth Group Incorporated	1.45%
<b>Total</b>	<b>29.46%</b>

### Important Disclosures

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.

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Portfolio Characteristics, Top 10 Holdings, and Sector Allocation 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.

The chart depicting the Growth of \$1 Million is provided as Supplemental Information to the Composite Performance provided. The results are hypothetical, provided for illustrative purposes only, do not represent actual performance of any specific client portfolio or account, and should not be interpreted as an indication of such performance. The annual Advisory Fee deducted from the gross performance results was 0.60%, deducted quarterly. Back tested and hypothetical performance has certain limitations. Hypothetical, back tested results are achieved by means of retroactive application of a model designed using historical information and include the benefit of hindsight. Unlike an actual performance record, simulated results do not represent actual trading. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown. There can be sharp differences between hypothetical performance results and the actual results subsequently achieved due to factors such as timing of investments, reaction to market conditions, cash movement and client restrictions. Hypothetical results do not involve actual financial risk and do not take into account that material economic and market factors could have impacted the adviser's decision-making if the adviser was actually managing the client's money. Performance does not reflect the adviser's decision-making process if the adviser was actually managing a client's portfolio, which may include sentiment and/or emotional influences and/or economic events. For these and other reasons, clients may have experienced investment results during the corresponding time periods that were materially different from any hypothetical results portrayed. Hypothetical performance results have been back tested and prepared with the use of past performance and past performance is no guarantee of future results.

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](mailto:info@advisorpartners.com).