

# U.S. All Cap Value Tilt

Active Tax Indexing (ATI)

June 30, 2023

## 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

Solactive US 1500 Value (60%) and US 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: \$2,521,831,387

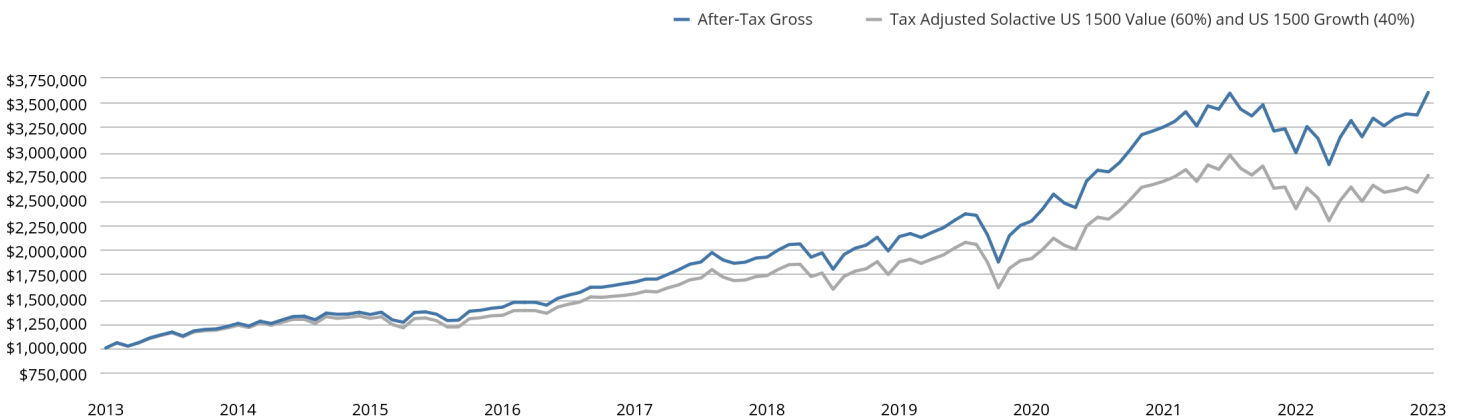
## Inception Date

07/01/2013

## Composite Performance

Performance as of: 6/30/2023	Annualized						
	QTD	YTD	1yr	3yr	5yr	10yr	Since Composite Inception
<b>Pre-Tax</b>							
Gross Return	7.61%	14.03%	18.60%	15.43%	11.56%	12.39%	12.39%
Net Return	7.45%	13.70%	17.90%	14.75%	10.90%	11.73%	11.73%
Solactive US 1500 Value (60%) and US 1500 Growth (40%)	6.09%	11.06%	14.95%	13.85%	10.55%	11.62%	11.62%
<b>After-Tax</b>							
Tax Adjusted Gross Return	7.70%	14.29%	20.54%	16.27%	13.34%	13.67%	13.67%
Tax Adjusted Net Return	7.54%	13.95%	19.83%	15.58%	12.67%	13.00%	13.00%
Tax Adjusted Solactive US 1500 Value (60%) and US 1500 Growth (40%)	5.87%	10.60%	14.05%	13.03%	9.70%	10.69%	10.68%
<b>Tax Alpha</b>	<b>0.31%</b>	<b>0.71%</b>	<b>2.83%</b>	<b>1.65%</b>	<b>2.63%</b>	<b>2.21%</b>	<b>2.22%</b>

## Hypothetical Growth of \$1 Million Account



## Portfolio Management and Research Team

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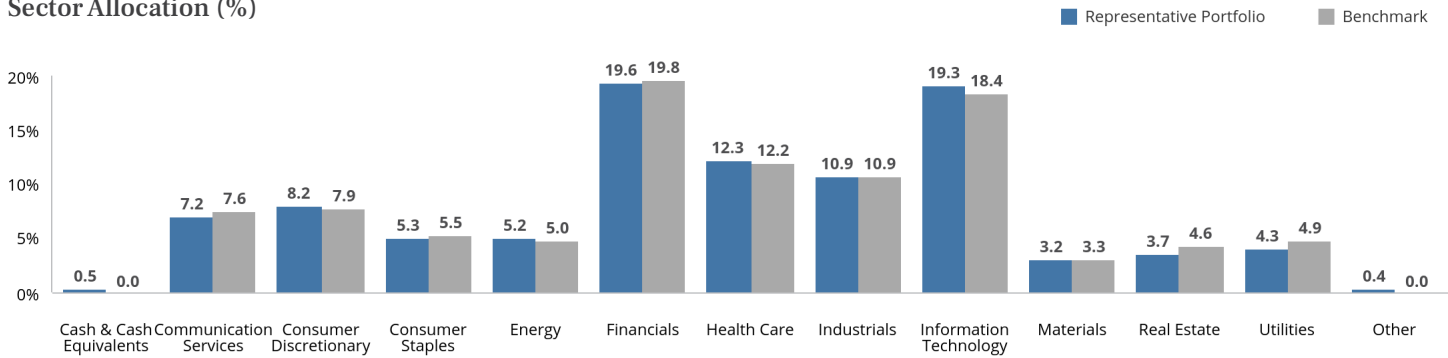
B.A. in Mathematics  
Moscow State University

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## Sector Allocation (%)



## Portfolio Characteristics

Characteristic	Representative Portfolio	Benchmark
Dividend Yield	1.71	1.97
Market Capitalization (Millions)	450,604.00	400,618.00
Price/Earnings	26.80	27.10
Total Number of Securities	537	1,428
Tracking Error	0.88%	--

## Top 10 Holdings (%)

Company	Representative Portfolio
Apple Inc.	5.11%
Microsoft Corporation	3.48%
JPMorgan Chase & Co.	2.50%
Alphabet Inc.	2.36%
Amazon.com, Inc.	2.08%
Berkshire Hathaway Inc.	1.94%
Meta Platforms, Inc.	1.90%
Exxon Mobil Corporation	1.64%
NVIDIA Corporation	1.61%
Johnson & Johnson	1.26%
<b>Total</b>	<b>23.89%</b>

### Important Disclosures

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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 Solactive GFS United States 1500 Value Style Index and a 40% weighting of Solactive GFS United States 1500 Growth Style Index and are not representative of actual client portfolios.

Performance data presented was obtained from the Advisor Partners' U.S. All Cap Value Tilted Tax Managed After-Tax Composite, which includes all qualifying, discretionary, taxable portfolios that are invested in U.S. All Cap 60% value tilt universe. The composite contains the subset of portfolios from Advisor Partners' U.S. All Cap Value Tilted Tax Managed 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.

Benchmark results presented are a combination of two. A blend of 60% S&P 1500 Value Index and a 40% S&P 1500 Growth Index was used prior to December 31st, 2022; a blend of 60% Solactive GFS United States 1500 Value Style Index and 40% of Solactive GFS United States 1500 Growth Style Index is used subsequently. Solactive GBS United States 1500 Index combines three indices, Solactive GBS United States 500 Index, Solactive GBS United States 400 Index, and Solactive GBS United States 600 Index. Solactive Style Indices divide the complete market capitalization into growth and value segments. 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. The index's gross total return is presented as a benchmark for pre-tax performance. The tax adjusted, after-tax benchmark return is calculated as pre-tax benchmark minus taxes paid on dividend income by applying the highest U.S. federal marginal income tax rate plus 3.8% net investment income tax (if applicable). This calculation assumes that taxes are withheld from the dividend the day the payment was made. The dividend amount left after taxes is reinvested and grows at index price return rate.

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. 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.

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