

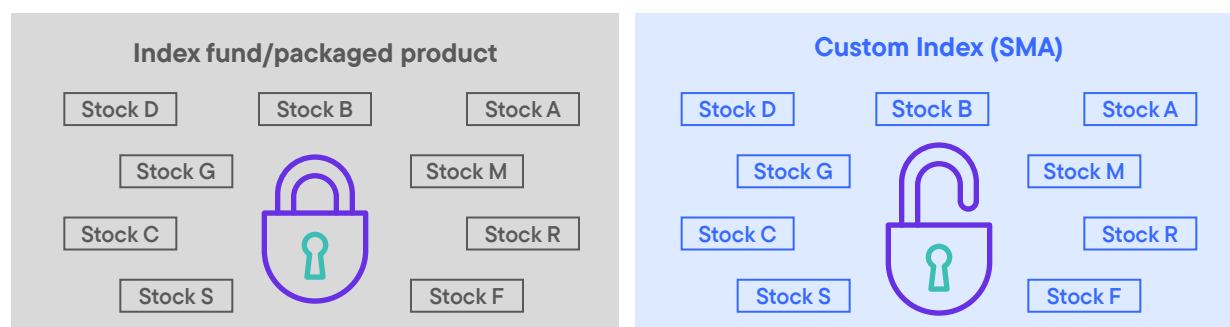
What is a Custom Index?

A Custom Index is a separately managed account (SMA) that gives you more control over the companies you invest in and can help reduce capital gains taxes.



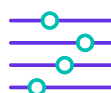
How

Whereas traditional index investing attempts to track the performance of an index via mutual funds or ETFs, Custom Indexing seeks to replicate performance by directly owning the index or strategy component securities.



The value of direct ownership

Owning individual securities allows investors to personalize portfolios at the security level and fully utilize tax loss harvesting to potentially improve after-tax returns.



Personalization

Like creating a custom suit, Custom Indexes allow you to answer questions like where you work, what you value, and your long-term goals to create a portfolio tailored to you.



Tax loss harvesting

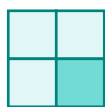
Harvest losses



Sell positions at a loss



Redeploy



Redeploy the money to stay fully invested



Create tax asset



Use the realized losses to offset gains in your portfolio or other investments

In theory quite simple, but in practice tax loss harvesting requires powerful technology and careful consideration of:

- Frequency of trading
- Redeployment to maintain strategy integrity
- IRS rules

Why are losses good?

They aren't but are inevitable. While the market increases in more than 70% of calendar years, on average 37% of companies generate a negative annual return.¹ By Custom Indexing, you maintain your goal of portfolio growth but are positioned to capitalize on natural market fluctuations to turn liabilities that drag down fund performance into tax offsets.



Is custom indexing right for you?

Custom Indexing is not for everyone, but it is increasingly applicable in helping people achieve their financial goals. Specifically, those fitting any of the below.

- Your investment plan is creating tax burden, so you want to better align your tax planning and investment planning
- You are overexposed to a company or industry due to employment or investment
- You want to align your personal values and investments
- You are planning for a charitable gift in the future
- You are reaching for custom solutions and offerings in other facets of your life

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WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Due to tax management practices, **tax-managed strategies** will deviate from the indexes they track. This can impact performance, portfolio characteristics, and account holdings.

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1. Based on Russell 1000 returns from 1990–2023. Past performance is no guarantee of future results.



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