Tax-Efficient Investing

Adding Alpha Through Tax Management

FRANKLIN TEMPLETON

1 Taxes Are Personal. Tax Management Should Be, Too.

For taxable investors, what they keep can matter as much as what they earn. Because every investor's tax circumstances are different, a personalized approach can help reduce tax drag and improve after-tax outcomes.

69% of investors say reducing their tax bill is important to them.[1]

2 There's Investment Alpha. And There's Tax Alpha.

Investment strategies traditionally focus on generating returns. Tax management adds another dimension: Seeking to improve after-tax outcomes by reducing unnecessary tax drag.

4 ways to pursue tax alpha:

Tax management extends beyond year-end tax-loss harvesting.
From technology and tax-aware planning to investment structures and solutions, investors have more ways to manage taxes throughout their investment journey.

Technology

Direct and custom indexing

Personalize portfolios, systematically harvest tax losses and manage taxes through portfolio transitions.

Tax Legislation

Tax-aware planning

Leverage tax provisions and planning opportunities to help manage capital gains, liquidity events and other taxable transactions.

Investment Structures

ETFs and separately managed accounts

Use tax-efficient investment structures to help limit taxable distributions and create opportunities to harvest losses.

Investment Solutions

Municipal bond strategies

Pursue tax-advantaged income that may help reduce an investor's overall tax burden.

3 Different Tax Challenges Call for Different Solutions.

From managing embedded gains to preparing for major taxable events, tax-aware investment strategies can help address a range of portfolio challenges.

Turn tax challenges into investment opportunities.

Make a portfolio more tax efficient

Use direct and custom indexing to personalize portfolios and systematically harvest losses that may help offset realized gains.

Diversify appreciated investments

Explore tax-aware transition strategies to diversify concentrated or highly appreciated holdings while managing potential capital gains.

Prepare for future taxable events

Consider tax-aware long/short strategies to expand opportunities to harvest losses that may help offset gains from business sales, real estate transactions or other liquidity events.

Generate tax-advantaged income

Use municipal bond strategies to pursue income that may be exempt from federal and, in some cases, state and local taxes.

1. Cerulli Associates, Customized at Scale: A Framework for Next-Generation Advisory Platforms, October 2025.

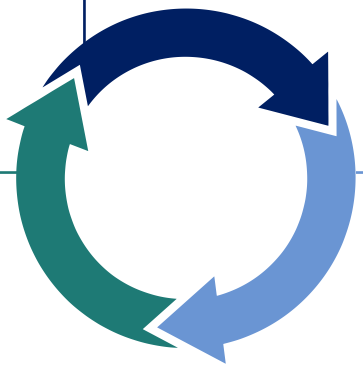
Not FDIC Insured | No Bank Guarantee | May Lose Value

4 Tax Management Is Not a Year-End Event. It's an Investment Discipline.

1. IDENTIFY

Find the opportunities

Review embedded gains, concentrated holdings and anticipated taxable events.



2. IMPLEMENT

Put solutions to work

Select tax-aware strategies aligned with individual portfolio needs and objectives.

3. OPTIMIZE

Manage taxes over time

Continuously seek opportunities to manage gains, harvest losses and improve tax efficiency.

Don't just seek alpha. Seek to keep more of it.

Discover what tax management could mean for your portfolio. Talk with your financial advisor about opportunities to reduce tax drag, manage appreciated investments and pursue better after-tax outcomes.

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Tax management practices may impact performance, portfolio characteristics and holdings; and may not result in favorable outcomes.

IMPORTANT INFORMATION

Canvas® is an interactive web-based investment tool developed by O'Shaughnessy Asset Management, LLC ("OSAM") that permits an investment professional (generally a registered investment advisor or a sophisticated investor) to select a desired investment strategy for the professional's client.

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