Common Strategies

Tax-managed portfolio design

Tax-loss harvesting

Emphasizing tax-favored investment vehicles

Tax-efficient asset allocation

Effective gain/loss recognition

Income and tax bracket management

Gifting strategies

Tax Smart Investments

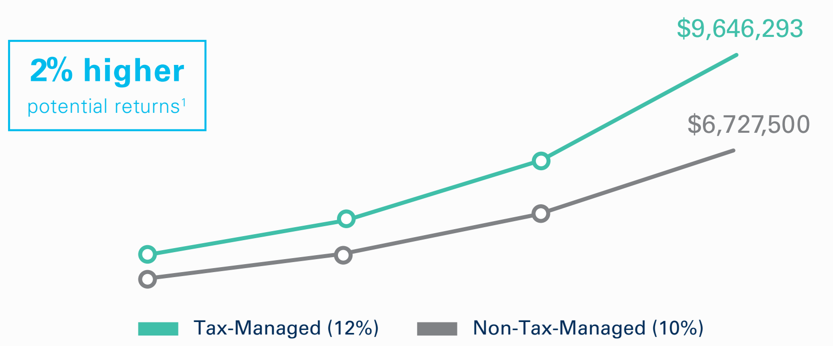
Taxes are a top detractor from overall portfolio performance. Your financial advisor can help you implement strategies to make your investments more efficient.

The Case for Tax Management

SCENARIO 1: Tax-Managed Portfolio

As part of an on-going tax management strategy, your financial advisor will consider opportunities to manage, defer, and reduce taxes to potentially **improve your returns**.

Growth of $1 million over 20 years



Hypothetical scenario for illustrative purposes only. Source: AssetMark.

SCENARIO 2: Tax-Loss Harvesting—How It Works

Tax-loss harvesting is a strategy of using investment losses to **offset taxable gains** in other areas of the portfolio.

Many Opportunities for Loss Harvesting

S&P 500 Winners & Losers (1990–2019)

Winners and losers represent the percentage of stocks within the S&P 500 index that end each year with a positive return or negative return, respectively. Source: Parametric, FactSet, Morningstar.

SCENARIO 2: Tax-Loss Harvesting—How It Works *(continued)*

1 Initial portfolio

2 Identify and sell stocks trading at a price lower than the original purchase price

3 Use capital losses from stock sale to offset capital gains generated in other areas of the portfolio

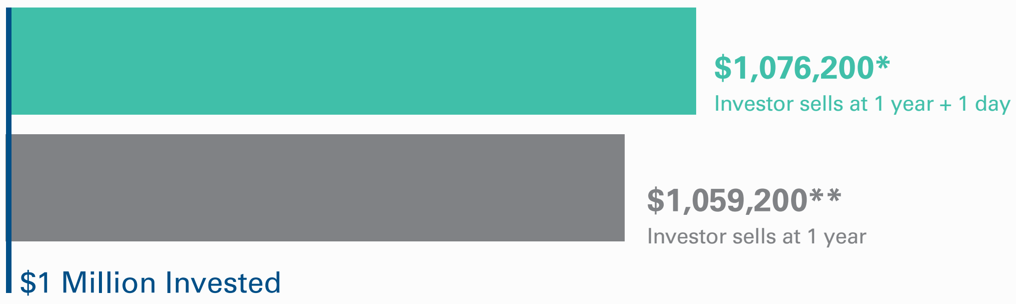
4 Replace sold stocks with similar securities to maintain desired market exposure

5 Final portfolio with lower tax bill

(REPEAT)

SCENARIO 3: Short-Term vs. Long-Term Gains

Over **$17,000 difference in after-tax profit** by waiting 1 day to avoid short-term capital gains tax



Hypothetical scenario for illustrative purposes only. Source: AssetMark. Assumes annual return of 10%. *Long-term gain at top tier capital gains rate of 23.8%. **Short-term gain at ordinary income tax rate of 40.8%.

Investors Will Face Losses – Make the Most of Them

Talk to your financial advisor about putting these strategies to work for your portfolio

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Source:

[1]Rey Santodomingo, Andrew Subkoviak, Tax-Managed SMAs: Better Than ETFs?, Parametric Whitepaper, September 2020

Important Information

This is for informational purposes only, is not a solicitation, and should not be considered investment, legal or tax advice. The information in this report has been drawn from sources believed to be reliable, but its accuracy is not guaranteed, and is subject to change. Investors seeking more information should contact their financial advisor.

Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss. Actual client results will vary based on investment selection, timing, market conditions, and tax situation. It is not possible to invest directly in an index.

Investments in equities, bonds, options, and other securities, whether held individually or through mutual funds and exchange traded funds, can decline significantly in response to adverse market conditions, company-specific events, changes in interest and exchange rates, and domestic, international, economic, and political developments.

Please consult with a tax professional regarding your situation. Tax-qualified accounts, such as IRAs, do not benefit from tax-loss harvesting strategies.

AssetMark, Inc. is an investment advisor registered with the U.S. Securities and Exchange Commission.

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