

# Unlocking the Value of Active Tax Management

When looking for opportunities to potentially improve investment outcomes and highlight the value of professional active management for clients, generating tax alpha can be one of the most compelling and effective ways to show your worth as an advisor.

## Tax Alpha: Helping Investors Keep More of What They Earn

We help advisors achieve tax alpha—or the measurement of a portfolio’s returns after optimizing tax burden—through our powerful mix of tax overlay management, tax transition services and Adhesion Wealth Investable Index Series strategies. Our platform can help you show clients how net dollars could be saved and expressed as a percentage of their overall portfolio valuation.

## Advisor Alpha: Showing Investors the Tangible Value of Your Service

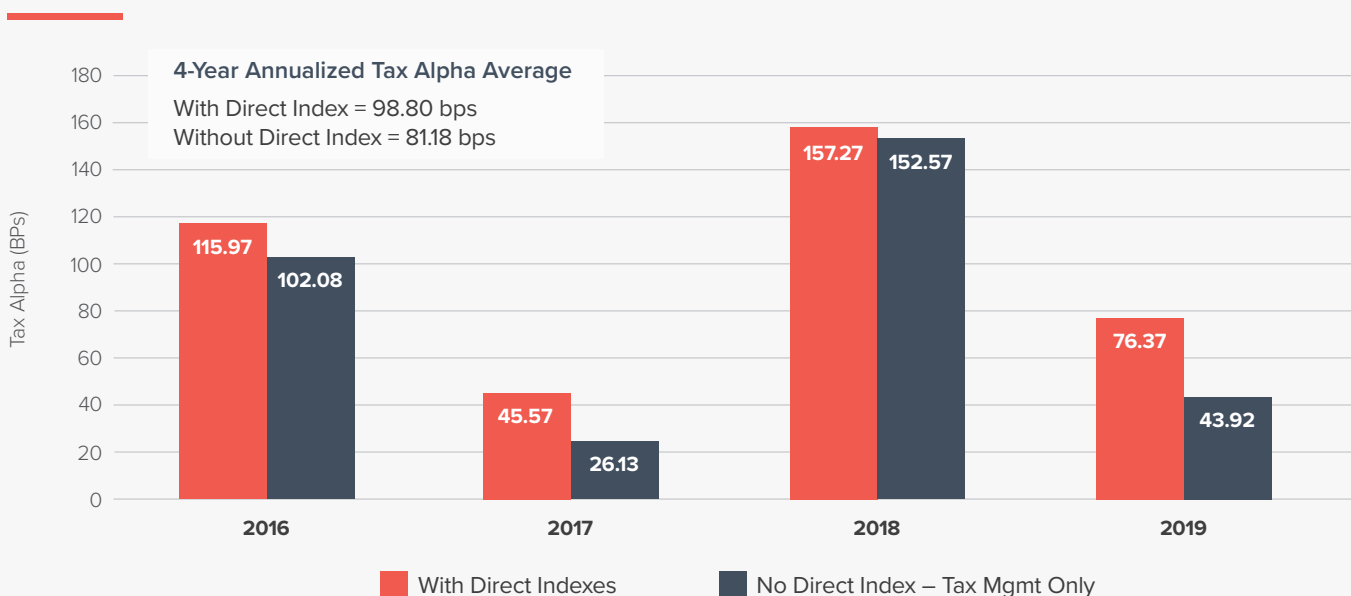
Effectively minimizing tax liability while managing portfolio risk is an important component of the overall value you bring to clients (aka your advisor alpha). Adhesion’s technology and support system could help you easily build tax-advantaged portfolios, maximize tax savings and clearly demonstrate your added value through tax planning, risk profiling, and progress reporting.

## Adhesion’s Direct Indexing Advantage: Reducing the Tax Burden, Year After Year

Investors that enroll in our direct indexing and active tax management programs have historically experienced better outcomes. The Adhesion Investable Index Series shows how our high-quality direct index strategies can provide tax-aware portfolios that focus on tax loss harvesting while demonstrating index-like tracking characteristics—with the potential for generating upside results.

### Historical Tax Alpha (in bps)

Adhesion Clients Enrolled in Active Tax Management



<sup>1</sup>Tax Alpha refers to the actual client tax savings based on Adhesion’s tax harvest program using presumed short and long term gain rates. This analysis does not consider outside, non managed taxable events in the results. This number is cited as a % of improvement where the liability reduction is compared to the client’s portfolio valuation

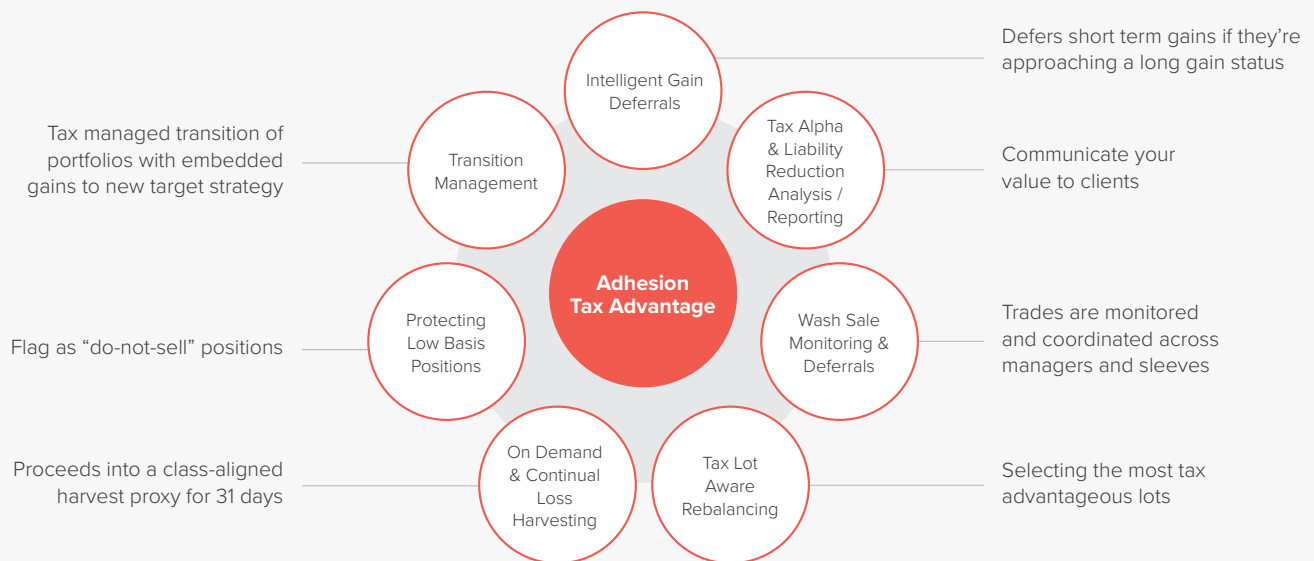
<sup>2</sup> Only clients that were fully enrolled in the Tax Harvesting program for an entire calendar year are considered in these results. Clients that had no starting tax liability (where total losses generated are ‘banked’ for future tax years) were also excluded from these results.

## How Adhesion Can Help You Deliver Tax Alpha

Our tax overlay management services can help advisors identify the most tax-advantageous ways to enact trading quickly and efficiently at both the sleeve and account levels. Our approach is to employ tax-loss harvesting year-round—not just at year’s end—to take advantage of losses whenever market conditions warrant. We can help you:

- Monitor and avoid high-penalty trades such as wash sales or short-term gains
- Extend the holding period for significant gains
- Optimize sale activity at the tax lot level
- Customize portfolio management for each client to protect legacy and affinity holdings
- Stay aligned with defined risk goals
- Demonstrate to clients the tangible results of your active tax management

## Adhesion’s Full-Range Tax Overlay Management Services



## Migrating Taxable Portfolios Cost-Effectively

Tax consequences can often hamstring well-meaning changes to taxable portfolios by incurring significant unrealized gains and losses. Whether you’ve been tasked with adding new client assets or making changes to existing strategies, you need to show clients that you can migrate taxable client portfolios effectively while minimizing tax liability and maximizing tax alpha.

# Learn More

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Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions may limit the ability to generate tax losses. Tax-loss harvesting involves the risks that the new investment could perform worse than the original investment and that transaction costs could offset the tax benefit. Also, a tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. Prospective investors should consult with a tax or legal advisor before making any investment decision.