

# AssetMark Company Tax Management Services at Adhesion Wealth



# TMS is more than Tax Transition

Tax Management Services is a comprehensive tax solution that includes:

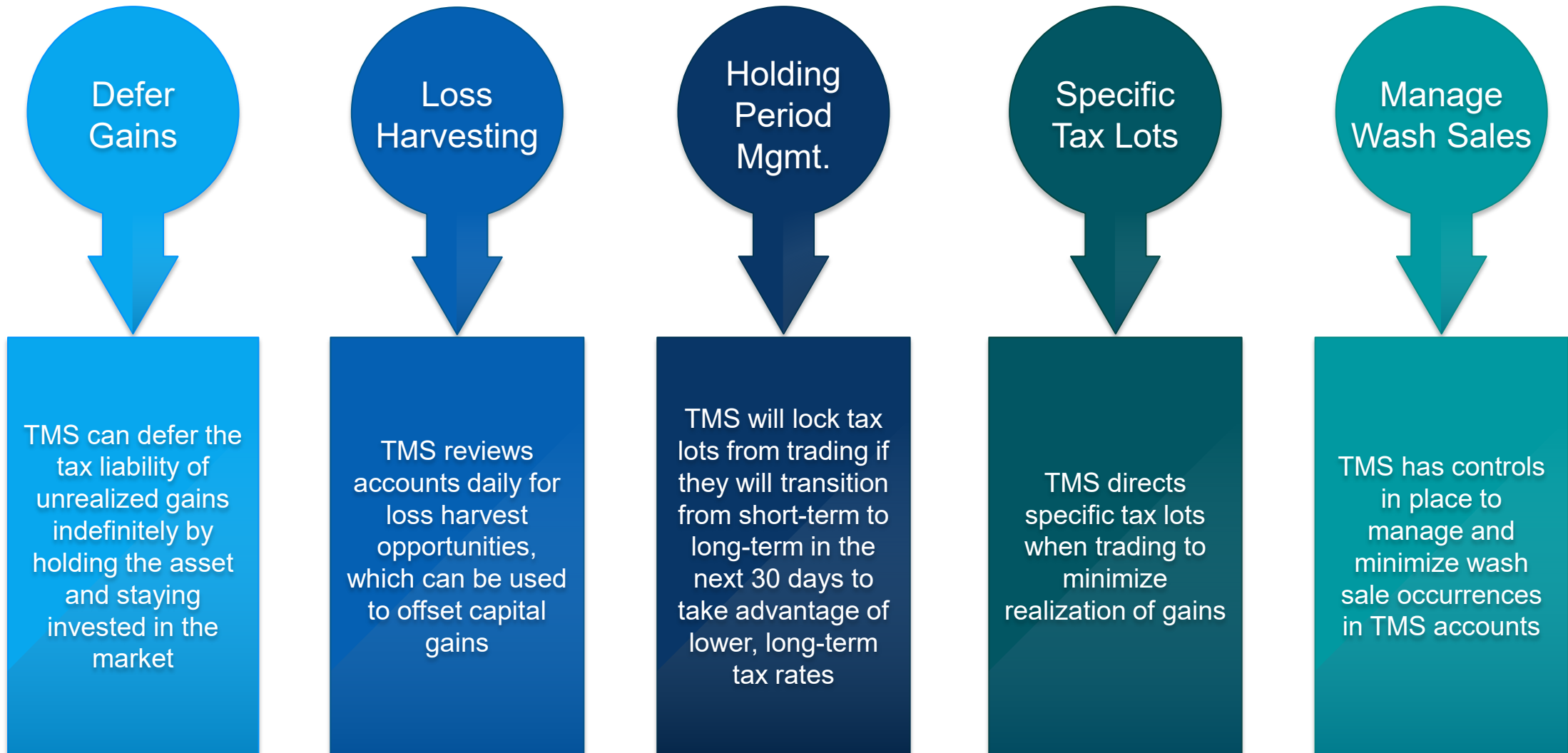
1. The tax-efficient **transition of assets** from an existing investment strategy into a new investment strategy,
2. Ongoing **tax-loss harvesting**
3. Tax-efficient **rebalances**
4. Tax-efficient **client directed activity**

Broaden your tax management service to:

- Clients with smaller account sizes
- Access more investment strategies
- Use strategies with lower investment minimums to expand access



# TMS Employs Five Key Tax Management Techniques



# TMS: Objectives of Tax Optimization and Key Trade-offs

Objective of tax optimization is to strike right **trade-off** between:

- ✓ **Minimizing tracking error** of current portfolio against target model
- ✓ **Minimizing realization of capital gains**

TMS balances **trade-offs** based on inputs and constraints below:

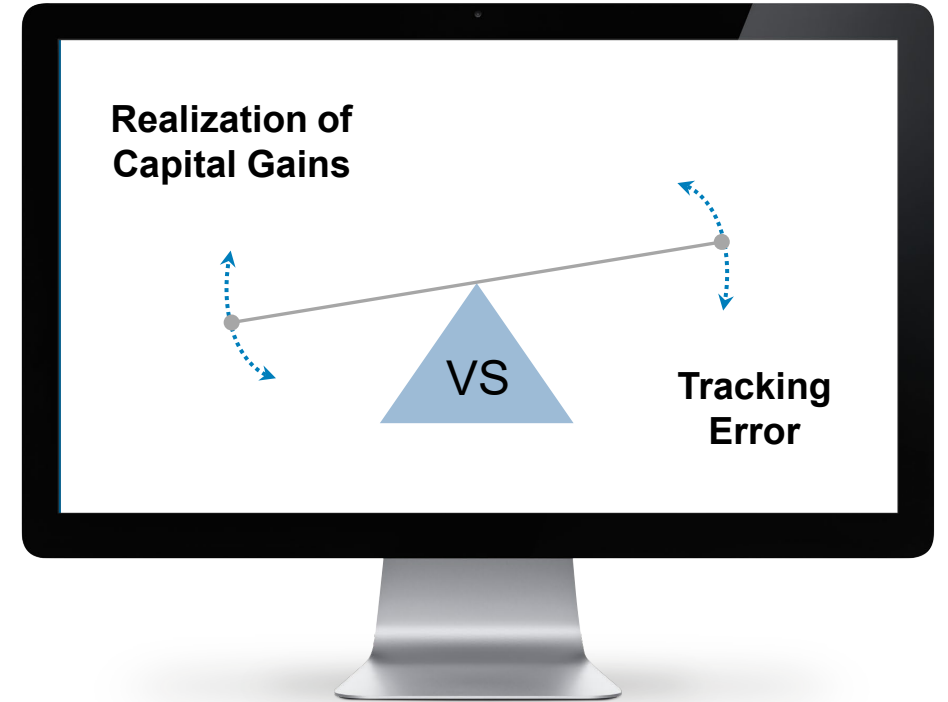
## Inputs:

- ✓ *Tax sensitivity* (Low, Medium, High, Very High)
- ✓ *Federal Short-term, Long-term and State tax rates*
- ✓ *Target Model*
- ✓ *Current Portfolio Holdings and Unrealized Gains/Losses*

## Constraints:

- ✓ *Cash restrictions*
- ✓ *Security restrictions*
- ✓ *GICS restrictions*
- ✓ *Gains Budgets*

## TMS Trade-Off



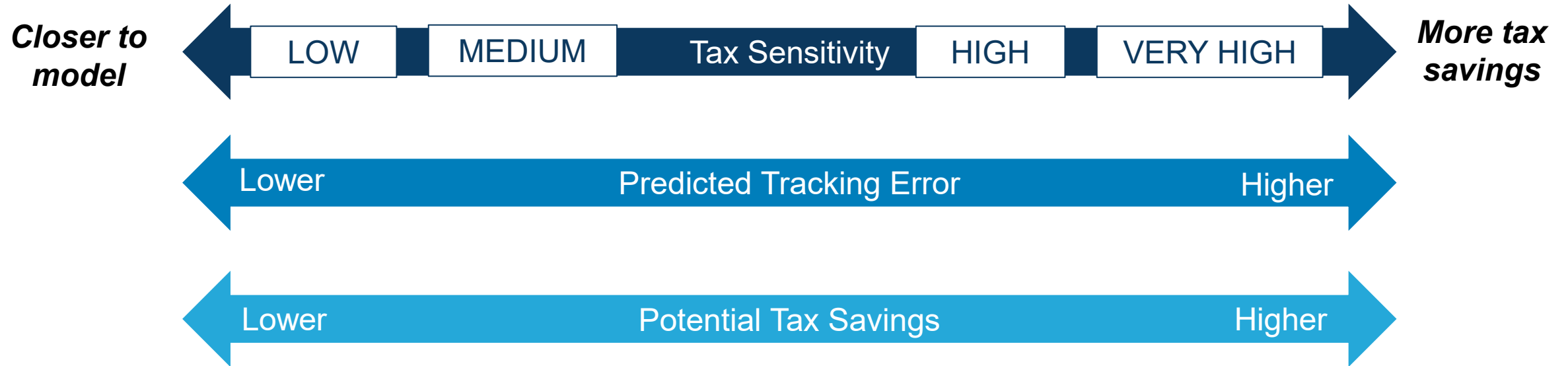
TMS seeks to strike a balance between capital gains realization and tracking error that results from deviating from the target model

Inputs and constraints help TMS define a TMS proposal that responds to the needs of the investor

# Tax Sensitivity is a key consideration for TMS clients

**Definition:** Tax Sensitivity is a measure of the tradeoff between a client's tax cost and portfolio risk.

TMS has **four tax sensitivity** settings: **Low | Medium | High | Very High**. Select the one that aligns with your client's preferences.

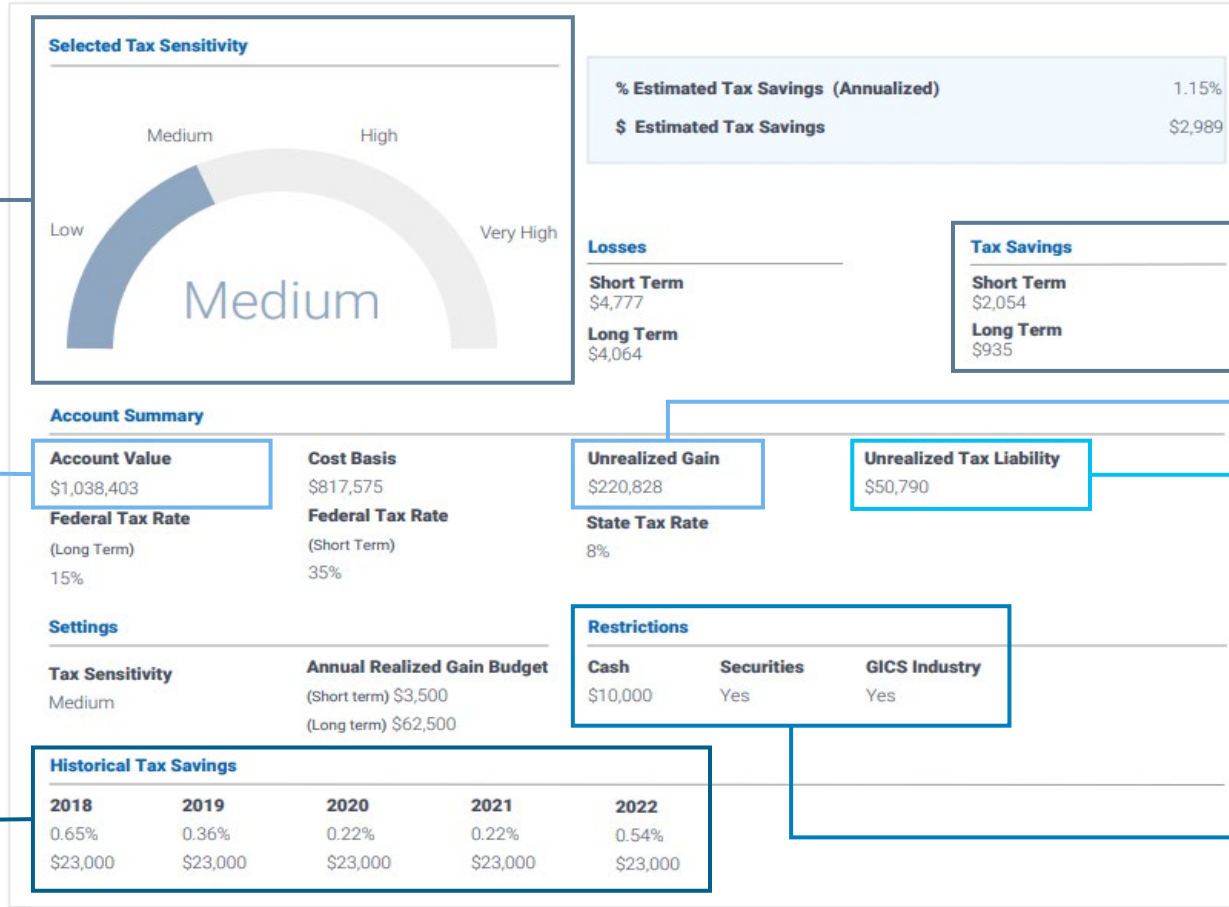


Tax sensitivity must be selected with TMS enrollment **but can be changed** at any time in Online Account Maintenance.

# TMS Tax Savings Report

The report provides an array of useful information that help advisors understand the ongoing impact of tax management on their portfolio

**Selected Tax Sensitivity:**  
Shows client designated tax sensitivity



**Account Value:**  
Account value at month-end

**Historical Tax Savings:** Representation of tax savings client has accrued since subscribing to the service.  
% = Total Tax Savings / Average Market Value

**\$ Estimated Tax Savings:**  
Losses \* Tax Rate

**Unrealized Gain:**  
Net unrealized gain across account holdings (sourced from AssetMark portfolio accounting engine)

**Unrealized Tax Liability:**  
Aggregate value of tax liability for ST and LT unrealized gains should they be recognized at time of report creation

**Restrictions:**  
Client mandated restrictions that can present constraints on tax optimization

Access to the report can be configured at the account level.

We recommend that advisors initially suppress access to the Tax Savings Report until they have had an opportunity to walk their client through the mechanics.

# Important Information

This is for informational purposes only, is not a solicitation, and should not be considered investment, legal or tax advice. The information has been drawn from sources believed to be reliable, but its accuracy is not guaranteed and is subject to change.

**Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results.**

The Tax Management Services (TMS) is designed to improve the after-tax return for the client's account, consistent with the risk/return profile of the investment models based on the selected tax sensitivity. TMS may cause the account to deviate from the investment models and can affect the risk profile and performance of the account. A higher tax sensitivity account setting can have a higher deviation from the investment models than a lower tax sensitivity. Adding TMS customizations to the account can impact the account's tax and investment results. Tax analysis proposal reports may vary over time. Actual tax management results are subject to change based on investment holdings, market conditions, timing, and other factors. Securities may be partially traded or not traded due to market movements and illiquidity, rebalancing, client activity, and other factors. The account may be invested in non-model securities intended to approximate the target investment models. AssetMark, at its discretion, will determine when to take tax management actions based on any client restrictions or other instructions, such as client withdrawals. The timing of trading in TMS accounts may differ from non-TMS accounts. If an investment strategy is closed, the closed strategy may no longer be TMS-eligible; and AssetMark may provide an alternative TMS-eligible strategy.

The tax savings report is not a replacement for other tax reports for tax filing purposes. Investors seeking more information should contact their financial advisor.

**For more complete information about the various investment solutions available, including the investment objectives, risks, and fees, please refer to the Disclosure Brochure and applicable Fund Prospectus. Please read them carefully before investing. For a copy, please contact your Financial Advisor.**

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