

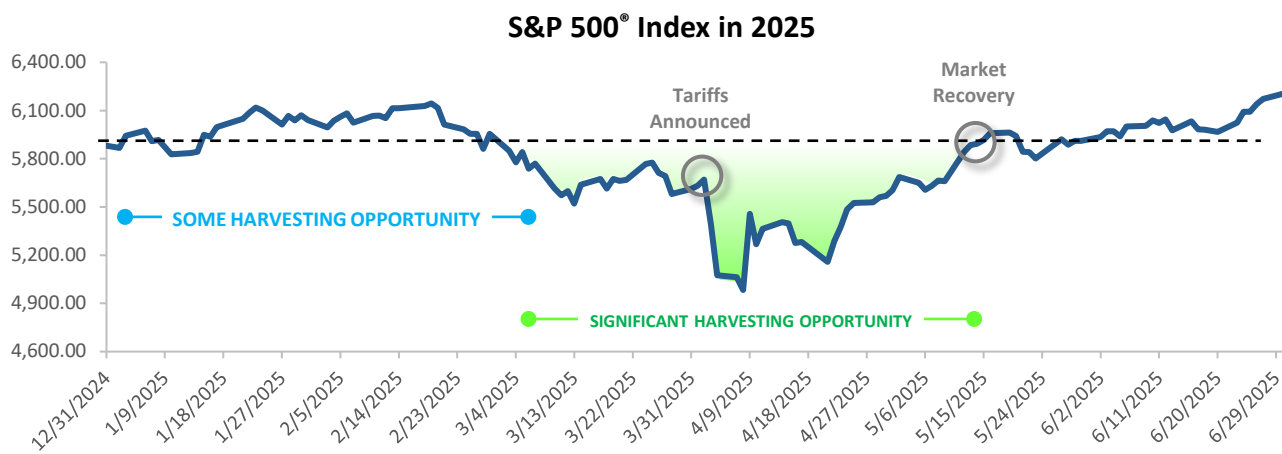
Opportunities in Volatile Markets with Tax Management Services

Tax-loss harvesting can turn periods of extreme volatility into tax benefits

Year-round tax-loss harvesting compounds into real value

While extreme market swings can be stressful, they create opportunities to harvest tax losses—and the impact compounds dramatically over time. Small improvements in after-tax returns of even 0.5% can mean 50% more wealth after 30 years.⁵

Yet investors who wait until the last quarter often miss many of these opportunities. Last year, 88% of harvesting for accounts not enrolled in Morgan Stanley’s systematic Tax Management Services occurred in Q4 rather than throughout the year.¹ Make the most of market turbulence by implementing a year-round, systematic tax-loss harvesting strategy.



Tax Management Services²
2025 YTD though 6/30

~\$2B
capital gains offset (est.)

\$440M+
of tax benefit (est.)³

+68bps
tax savings yield (est.)⁴

Don't miss the silver lining

The first half of 2025 shows why “year-round” matters. Through June, the markets saw **52 down days** with a **maximum drawdown of -15%**. While negative returns aren’t ideal, they create valuable moments to implement tax-smart strategies. The markets, along with many equity index investors, ended May back where they started the year. But investors who incorporate systematic tax-loss harvesting through Tax Management Services gained tax savings and the ability to reduce capital gains tax for this or future years. That can improve your after-tax returns and helps compound your wealth.

¹ As reported by Tax Management Services for Select UMA in 2024. ² Source: Tax Management Services, as of 6/30/2025. All of the figures other than the harvested losses are estimates, based on the assumptions that Tax Management Services uses for their calculations.

³ The potential tax benefit is calculated by applying the maximum federal rates for short-term and long-term capital gains, which are currently 40.8% and 23.8%, respectively, and assumes complete use of the losses harvested. ⁴ Source: Tax Management Services, 6/30/2025. Tax savings yield is the estimated reduction in tax liability because of tax-loss harvesting divided by the total market value of the account from 1/1/2025 – 6/30/2025. UMA Tax Management Analytics assumes the highest marginal Federal Income Tax Rates and may differ from a client’s actual tax savings. ⁵ Source: Morgan Stanley GIC Special Report, “Tax Efficiency: Getting to What You Need by Keeping More of What You Earn.” October 2023.

Disclosures

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