

Tax Management Services (TMS) in Select UMA

Tax Savings Quarterly – Q4 2023

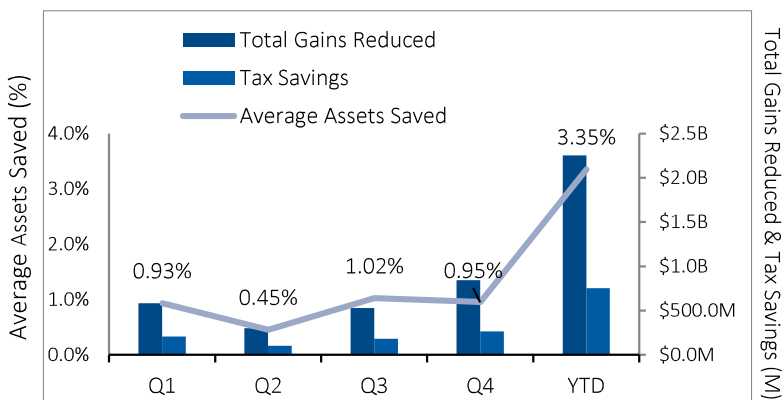
Taking A Glance At Tax Saving

The power of our process comes from opportunistically harvesting throughout market cycles. With heightened volatility and market dislocation often comes tax-loss harvest opportunities. Our proprietary and personalized approach to tax management has shown how it can be a key difference maker in the portfolio planning process.

2023 was no exception to this, it was a statement.

With an estimated client tax savings of more than \$750M this year by offsetting more than \$2.3B in realized capital gains, Tax Management Services was successful in delivering strong results for clients in 2023.

*Clients had estimated average after-tax savings of over 3.35% during 2023 - a year of major market movement**



Source: Portfolio Solutions trading system

*Actual client results may vary

MARKETS

Markets turned around in the 4th quarter, closing 2023 up across the S&P, Russell and NASDAQ. The S&P 500 finished the quarter up over 11% while the NASDAQ increased over 14% and Russell 2000 up 14%. Leading the S&P outperforming sectors were, Real Estate up (18.8%) and Technology (17.2%). The top Q4 laggard for the S&P was Energy stocks down 7.0%.

For the year, the market delivered strong returns of 26% for the S&P 500 and 43% for the NASDAQ Composite while experiencing dislocation over the quarters.

This environment allowed Tax Management Services to showcase its strong value add and Morgan Stanley's competitive advantage in the space.

Top Tax Loss Opportunities Found

TOP 5 LOSSES HARVESTED*	TOP 5 INDEX BUYS*
Pharmaceuticals	iShares Russell 1000 Value ETF (IWD)
Oil & Gas	SPDR S&P 500 ETF Trust (SPY)
Energy	iShares MSCI EAFE ETF (EFA)
Emerging Markets	Russell 1000 Growth ETF (IWF)
Fixed Income	Vanguard Emerging Markets ETF (VWO)

*Based on total AUM traded during current quarter tax harvest

ACTIVE TAX MANAGED RESULTS**

	Q4	YTD*
Total Gains Reduced	\$842B	\$2.3B
Total Tax Savings	\$264M	\$750M
Average Tax Savings	0.95%	3.35%
Peak Assets Saved	11.49%	11.49%

*Source: Portfolio Solutions trading system.

**Actual client results may vary

Against this market backdrop, Tax Management Services was able to seize create **additional opportunities** for clients **at no additional cost.**



Ask Your Advisor Today
How Can TMS Improve My Portfolio At No Additional Cost?

Tax Management Services in Select UMA

Tax Savings Quarterly – Q4 2022

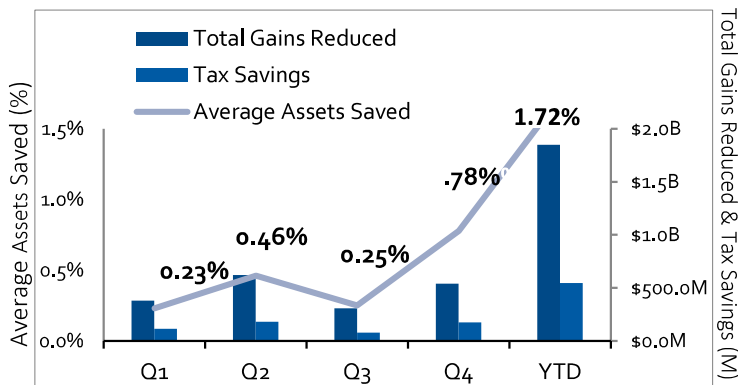
Tax Loss Harvesting Opportunities

MARKETS

The S&P 500 declined -18.1% in 2022, taking the S&P 500 to its lowest annual return since 2008. In the 4th quarter however, the Energy sector (+21.7%) and Industrials (+18.7%) led as outperformers, while Consumer Discretionary (-10.4%) and Communication Services lagged. US value outperformed growth, and US large-caps outperformed small-caps. Additionally, mid-cap and small-cap value outperformed growth. International equities and the MSCI ACWI rose in the 4th quarter up 9.9% over US Equities. The yield on the 10-year US Treasury note closed the fourth quarter at 3.87%, up from 3.83% at the end of the third quarter, while the Bloomberg US Agg Total Return, rose 1.9% in the quarter, however closed down 13% for the year.

For appropriate clients enrolled in Tax Management Services in Select UMA, heightened volatility and market dislocation often presents certain tax-loss harvest opportunities. Tax Management Services was successful in generating an estimated client tax savings of more than \$77.82 million by offsetting more than \$306.88M in realized capital gains this quarter through active tax-loss harvesting. This represents a potential after-tax earnings improvement of over .77%.

Tax management through active tax loss harvest opportunities reduced total realized net gains this quarter by more than \$539 million and increased total tax savings by more than \$179 million.



Source: Portfolio Solutions trading system

ACTIVE TAX MANAGED RESULTS**

	Q4	YTD*
Total Gains Reduced	\$539.52M	\$1.8BN
Total Tax Savings	\$179.42M	\$533.42M
Average Assets Saved	.77%	1.72%
Peak Assets Saved	24.95%	10.67%

*Source: Portfolio Solutions trading system.

**Actual client results may vary

Top Tax Loss Opportunities Found

The **Top Tax Losses Harvested** across Tax Managed accounts were concentrated in Internet & Direct Marketing and Health Care Equipment. **The Top Index Buys** consisted mostly of US Large Cap Growth equities, as these represented the equity asset classes where the most significant tax-loss opportunities were identified. The Fed raised interest rates to 4.25-4.5% to end 2022, while both equities and fixed income declined, Fixed income returns falling the most in decades.

TOP 5 LOSSES HARVESTED* TOP 5 INDEX BUYS*

Internet & Direct Marketing	Russell 1000 Growth ETF (IWF)
Health	iShares Russell 1000 Value ETF (IWD)
Software	SPDR S&P 500 ETF Trust (SPY)
IT Services	Vanguard FTSE Developed Markets ETF (VVO)
Fixed Income	Vanguard Total Bond Market (BND)

*Based on total AUM traded during current quarter tax harvest