

# Tax Management Services in Select UMA

## Tax Savings Quarterly – Q2 2023

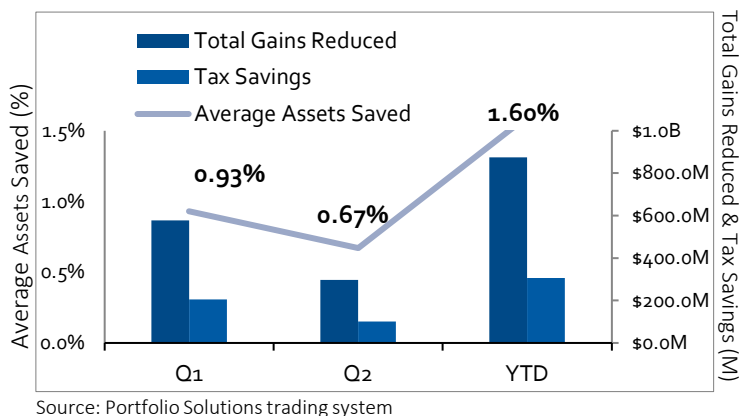
### Tax Loss Harvesting Opportunities

#### MARKETS

The S&P 500 closed the quarter up over 8%, while the NASDAQ increased 13.1% and Russell 2000 rose 5.2%. Leading the S&P outperforming sectors were, Information Technology up (17.2%), Consumer Discretionary (14.6%) and Communications Services (13.1%). The top laggards for the S&P included Utilities (-2.5%), Energy (-0.9%) and Consumer Staples (0.5%). Large cap value outperformed growth, and mid and small cap growth outperformed value. The yield on the 10-year US Treasury note closed the 2nd quarter at 3.84%, up from 3.4% in the 1st quarter, while the Bloomberg US Agg Total Return, fell 0.8% in the quarter.

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 \$101.80 million by offsetting more than \$296.80M in realized capital gains this quarter through active tax-loss harvesting. This represents a potential after-tax earnings improvement of over .67%.

**Tax management through active tax loss harvest opportunities reduced total realized net gains this quarter by more than \$296 million and increased total tax savings by more than \$101 million.**



#### ACTIVE TAX MANAGED RESULTS\*\*

	Q2	YTD*
<b>Total Gains Reduced</b>	\$296.80M	\$874.90M
<b>Total Tax Savings</b>	\$101.80M	\$306.60M
<b>Average Assets Saved</b>	.67%	1.60%
<b>Peak Assets Saved</b>	9.14%	9.62%

\*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 Diversified Telecommunications and REITs. **The Top Index Buys** consisted mostly of US Large Cap Value equities, as these represented the equity asset classes where the most significant tax-loss opportunities were identified. The Fed raised interest rates .25% in May to 5%, while equities outperformed fixed income for the quarter.

#### TOP 5 LOSSES HARVESTED\* TOP 5 INDEX BUYS\*

<b>Diversified Telecommunications</b>	<b>iShares Russell 1000 Value ETF (IWD)</b>
<b>REITs</b>	<b>SPDR S&amp;P 500 ETF Trust (SPY)</b>
<b>Banks /Financials</b>	<b>Russell 1000 Growth ETF (IWF)</b>
<b>Textiles / Apparel</b>	<b>iShares MSCI EAFE ETF (EFA)</b>
<b>Utilities</b>	<b>iShares Select Dividend ETF (DVY)</b>

\*Based on total AUM traded during current quarter tax harvest

## Tax Management Services

Reach out to your Financial Advisor for additional information on Tax Management Services or a copy of the [Tax Management Services In Select UMA Primer](#)  
[Tax Management Services- External Site](#)

## Support

Phone: (800) 442-4636  
E-mail: [taxmanageduma@ms.com](mailto:taxmanageduma@ms.com)

### Disclosures

Generally, investment advisory accounts are subject to an annual asset-based fee (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If a client's account is invested in mutual funds or exchange traded funds (collectively "funds"), they will pay the fees and expenses of any funds in which their account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to the client and would not be included in the Fee amount in their account statements. The advisory program the client chooses is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may affect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, the client may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at:

[www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf). For more information on trading and costs, please refer to the ADV Brochure for your client's program(s), available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

This material has been prepared for informational purposes only. It does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley Smith Barney LLC ("Morgan Stanley") recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Morgan Stanley Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The discussion of any securities in this material should not be construed as a solicitation to buy or sell such securities. Portfolio holdings are subject to change and there is no guarantee that any securities mentioned will be held in a client's account. It should not be assumed that the securities transactions or holdings discussed were or will be profitable. Historical data shown represents past performance and does not guarantee comparable future results. The information and statistical data contained herein have been obtained from sources that are believed to be reliable but in no way are guaranteed by Morgan Stanley Smith Barney as to accuracy or completeness.

Morgan Stanley does not provide tax or legal advice. Financial Advisors should encourage their clients to consult his/her personal tax and/or legal advisor to learn about any potential tax or other implications that may result from acting on a particular recommendation.

Morgan Stanley and the Select UMA Tax Management Service do not guarantee adherence to the IRS Wash Sale Rule.

A client may elect Tax Management Services for the account by notifying their Financial Advisor, and indicate what Maximum Tax or Realized Capital Gain Instruction is desired for the account, if any. The Tax Management Services Terms and Conditions attached to the Morgan Stanley Smith Barney LLC Select UMA ADV brochure as Exhibit A will govern Tax Management Services in the account. Clients should review the Morgan Stanley Smith Barney LLC Select UMA ADV brochure carefully with their tax advisor. Tax Management Services are not available for all accounts or clients and may adversely impact account performance. Tax Management Services do not constitute tax advice or a complete tax-sensitive investment management program. There is no guarantee that Tax Management Services will produce the desired tax results.

Investing in the markets entails the risk of market volatility. The value of all types of securities, including mutual funds and exchange-traded funds, may increase or decrease over varying time periods.

This material may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm has not reviewed the linked site. Equally, except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of Morgan Stanley Wealth Management) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the material or the website of the firm shall be at your own risk and we shall have no liability arising out of, or in connection with, any such referenced website. Morgan Stanley Wealth Management is a business of Morgan Stanley Smith Barney LLC.

Diversification and asset allocation do not assure a profit or protect against loss. Past performance is not a guarantee of future results.

Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Clients should consult their tax advisor before implementing such a strategy.

## Disclosures

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment. Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects. Past performance does not guarantee future results.

Please see the Morgan Stanley Smith Barney LLC Select UMA Form ADV Wrap Fee Brochure (the "Morgan Stanley ADV") for more information on the Select UMA Investment Advisory Program. The Morgan Stanley ADV is online at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV)

***Clients should consider the investment objectives, risks, charges, and expenses of the Mutual Fund/Exchange Traded Fund (ETF) carefully before investing. The prospectus contains this and other information about the fund and can be obtained by contacting your Financial Advisor. Please read the prospectus carefully before investing.***