

# Tax Aware Investment Management

*Leveraging Intelligent Automation to Get More Out of Your Portfolio*

## What is Tax Aware Investment Management?

Tax aware investment management or “active tax management” is the practice of factoring in the potential tax impact to your portfolio of: entering a new strategy, ongoing tax management or tax-efficient withdrawals – with the goal of reducing your current taxes and increasing your wealth. Tax loss harvesting (TLH) is the underlying approach to tax managed investing. TLH seeks opportunities to capture losses that may help offset the short-term and/or long-term tax burden. The difference that this can make in your tax bill and long-term wealth can be significant.



## Advanced Capabilities Customized to Your Portfolio Objectives

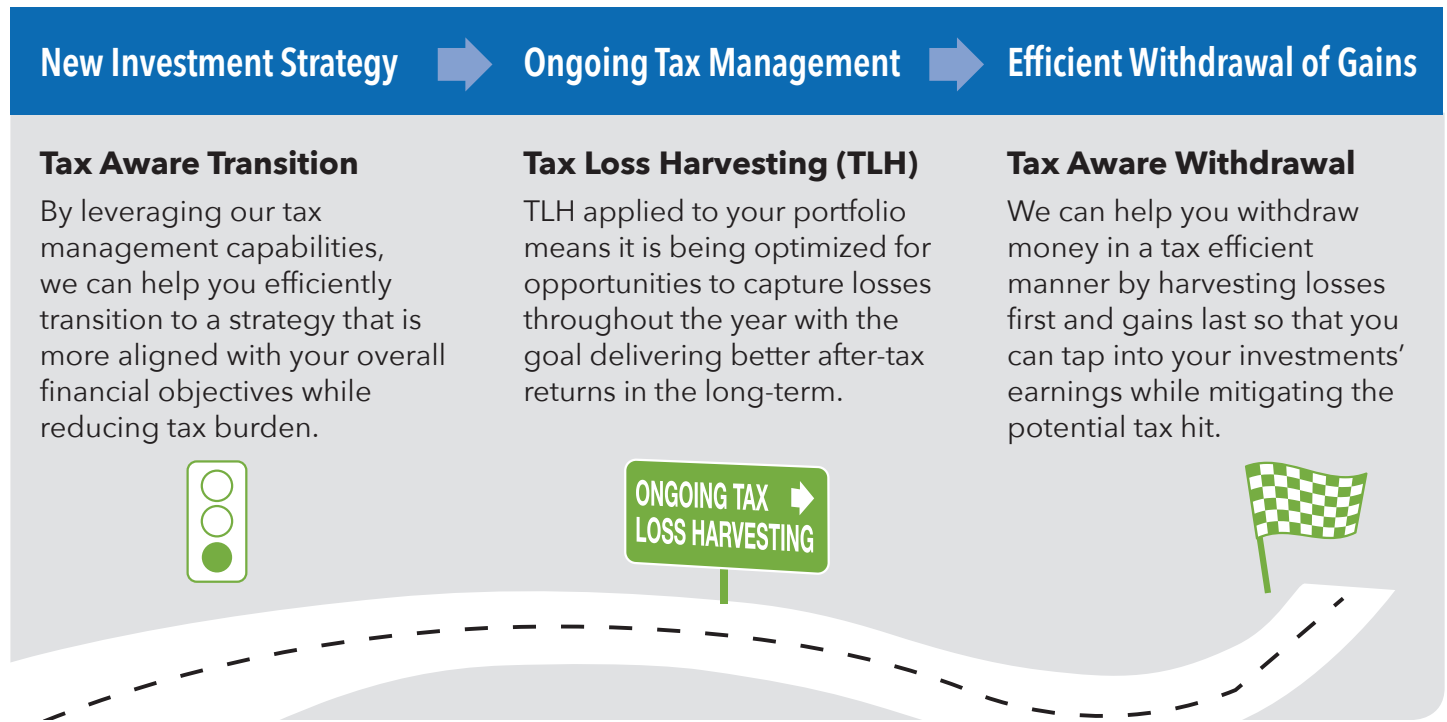
Effective tax management demands advanced capabilities customized to your unique portfolio and objectives.

### MOST ADVISORS

### powered by 55ip

	MOST ADVISORS	powered by 55ip
<b>WHO</b>	Only offered to select clients	Offered to all clients (implemented by client election only)
<b>WHEN</b>	End of year	Throughout the year (looking at harvesting opportunities monthly)
<b>HOW</b>	Manual and subject to error	Powered by advanced tax technology

## Timely Opportunities for Tax Management



### Where is Tax Management Not Appropriate?

Tax management is always a good idea; however, as part of responsibly implementing any new strategy, such as tax management, we will take a deep dive into your portfolio and analyze the potential impact any change may have in the context of your investment strategy and your overall financial picture. For example, tax loss harvesting may not be appropriate for clients:

- In non-taxable accounts, such as IRAs or 401(k)s
- Whose investments haven't appreciated significantly
- In a lower tax bracket now than they will likely be later (younger, student, parental leave)

### Keeping an Eye on the Markets



While no one can predict the future, industry pundits are in agreement that this positive cycle is in its later stages. If and when markets turn downward, advisors who don't offer more sophisticated portfolio strategies will no longer be able to hide behind positive market performance and the value of active tax management will be even more important.

### LEARN MORE

Let's review your portfolio and see how tax aware investment management may benefit your long-term wealth creation goals.

Contact us at [info@55-ip.com](mailto:info@55-ip.com) or 617.960.9559

**Tax aware investment management capabilities are driven by the 55ip investment strategy engine.**

### 55ip Table Assumptions – Hypothetical Wealth Creation With and Without Active Tax Management

Backtested performance of two \$1M accounts invested in 60/40 Global Allocation strategy (60% S&P and 40% AGG exposure), one with active tax management and one without active tax management.

- One account has active tax management and has benefited from 0.81% of after-tax over-performance over the other account without active tax management.
- Average gross post-tax returns are assumed to be 6.29% which is the average post-tax return of a 60% SPY ETF and 40% AGG ETF portfolio for last 10 years (from 2007 until 2017). Gross returns imply returns without considering management fees.

This chart depicts the historical investment performance of a portfolio or index including capital appreciation/depreciation, dividends and other investment income. Past performance is not indicative of future returns. Estimated returns are derived from simulated models or historical back tests and scenario analysis when sufficient historical data is unavailable. These hypothetical returns do not reflect actual trading and therefore do not account for market risks, economic conditions, taxes, fees or expenses.

While calculating wealth creation estimates and projections, it is assumed a portfolio will grow cumulatively at the average annual rate of return (not actual rate of return) of the portfolio of securities input during the holding period from Jan 2007 until approximately the date of the report or chart displayed (the "Backtest Period").

### 55ip Disclosures

55ip is the marketing name used by 55 Institutional Partners, LLC, an investment technology developer, and for investment advisory services provided by 55I, LLC, an SEC-registered investment adviser. Such registration does not imply a certain level of skill or training. These materials are intended for Registered Investment Advisors only and describe a risk management strategy that may not work as intended, in part because the strategy is not modified more frequently than monthly. As a result, the strategy cannot be counted on to provide protection to client portfolios. Even when using the strategy, portfolios remain subject to multiple risks, including the risk of loss of the entire amount invested.

Past performance does not guarantee or indicate future results and there can be no assurance that any investor will achieve comparable results or that any return objectives will be met. No representation is made that any investor will, or is likely to, achieve results comparable to those shown. All investments involve risk, including loss of principal. The impact of a tax-loss harvesting strategy depends upon a variety of conditions, including the actual gains and losses incurred on holdings and future tax rates. The results shown in these materials are hypothetical and do not represent actual investment decisions, but instead were achieved by the retroactive application of a model designed with the benefit of hindsight. Note that the benefit is shown by applying the highest marginal tax rate, which may be higher than that of an actual investor and that tax rates change over time. The tax-loss harvesting service is available for an additional advisory fee and the results shown represent the net effect of the advisory fees but may not consider the impact of fees charged by others, including transaction costs or other brokerage fees. The information in this report is for general information purposes only. It is not intended as personal financial or investment advice and should not be construed or relied on as such. No information contained within this report should be construed or relied upon as providing recommendation in relation to any financial product or investment strategy. Neither 55 Institutional Partners, LLC, nor 55I, LLC provide tax, legal, or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

The information contained herein is subject to change without notice, is not complete and does not contain certain material information about the investment strategy, including additional important disclosures and risk factors associated with such investment and information about fees, trading costs and taxes. Neither the U.S. Securities and Exchange Commission nor any state securities administrator has approved or disapproved, passed on, or endorsed, the merits of this document. More information at [www.55-ip.com](http://www.55-ip.com).