



TAX-MANAGED TRANSITION

ANALYSIS PROVIDED FOR
SAM AND CHRIS SMITH

Trusted Advisor
ABC Wealth Management

November 4, 2022

SAMPLE

EMBRACE
THE POSS/BLE™

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The analysis does not reflect fees or other expenses. Tax scenarios will change based on your current tax situation and rates applicable at the time of investment. Tax drag can reduce the potential investment returns.

The analysis provides comparison among immediate, tax-aware, and tax agnostic transition strategies. Three types of tax-aware transition strategies are considered: timeline transition, capital gains budget transition, and tax-budget transition.

All transition strategies move your portfolio closer to the selected target, taking into consideration specified constraints. The immediate transition strategy balances between an instant move and cost consequences (taxes and transaction cost). Other tax-aware transition strategies must meet the specified tax or capital gains budget while being considerate of cost. The timeline transition strategy spreads the tax burden over the course of the transition period.

For all transition strategies, only securities available in the selected target universe are considered. Additionally, the restrictions specified by you (environmental, social and governance (ESG) restrictions, no buy, no hold, and no sell) are also honored.

A portfolio's alignment with the target is measured by performance, exposures to industry, sector, factor, and region (if applicable). The transitioned portfolio might avoid holding securities that constitute too small of a part of the target for cost purposes.

The optimization uses historical and more recent performance data, and therefore the results may vary with the selected date of transition.

The timeline approach which moves the existing portfolio to the new strategy over a set number years, is available for all Personalized separately managed accounts (SMA).

The capital gains budget and the tax-budget transition approaches which move the existing portfolio to a new strategy while limiting capital gains or taxes per year, are available for: both Personalized Core Equity solutions, Personalized DI Large Cap SMA, Personalized DI All Cap SMA, and the Personalized DI International SMA.

Investor summary

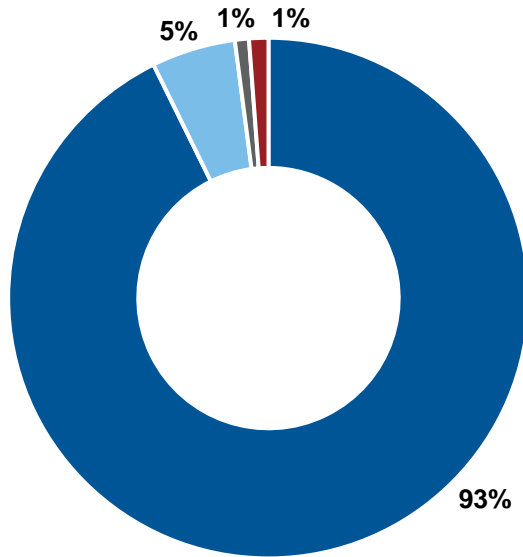
Sam and Chris Smith

Summary		
Assets to be invested:	\$662,096	
Tax rates:	Federal income: 40.8%	Long-term capital gains: 23.8%
Portfolio constraints:	Exclude security EVR; Incorporate Thermal Coal ESG constraint	

This analysis analyzes your current portfolio and provides estimates of the tax cost of transitioning to a Personalized Managed Account.

Current portfolio summary*

Asset allocation and tax summary



- U.S. Large Cap Equities
- U.S. Small/Mid Cap Equities
- International Developed Equities
- Other

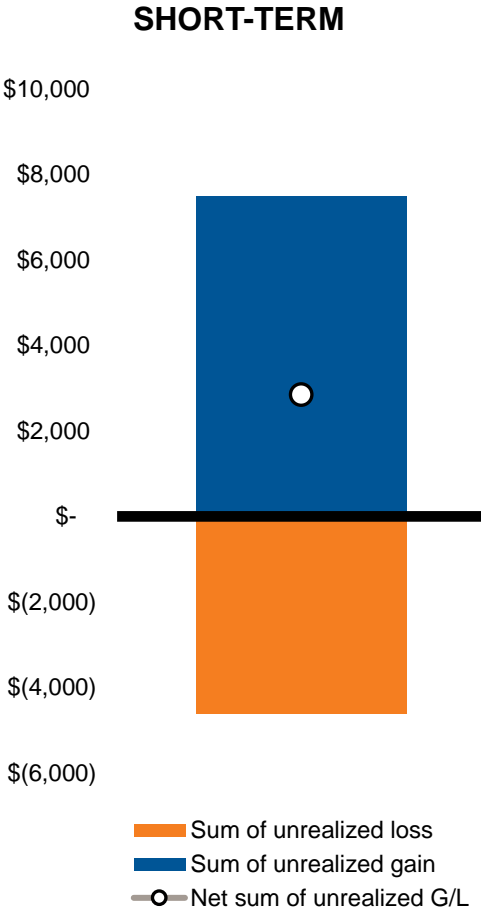
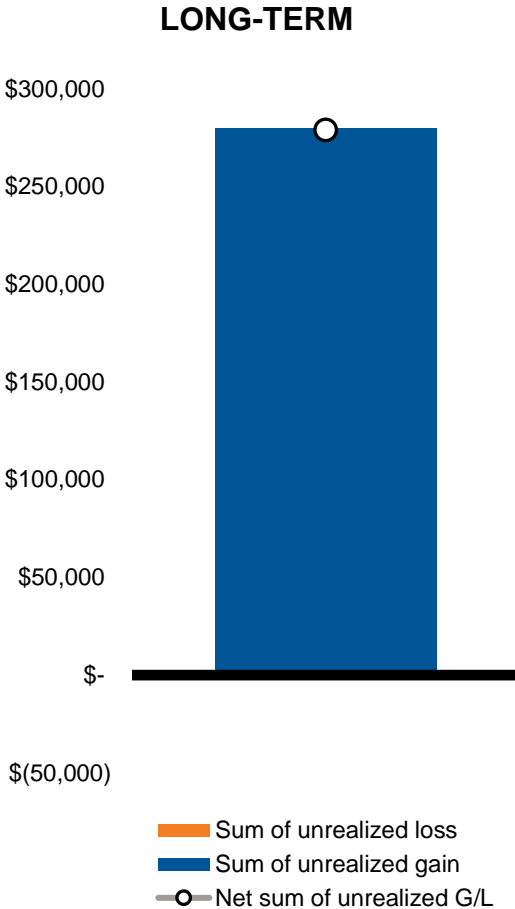
Portfolio securities tax summary:

Number of securities:	164
Number of holding lots:	272
Current portfolio balance:	\$ 662,095.89
Current portfolio cost basis:	\$ 380,107.66
Unrealized gain/loss:	\$ 281,988.23
Short-term gain:	\$ 7,481.71
Short-term loss:	\$ (4,629.18)
Net short-term gain/loss:	\$ 2,852.53
Long-term gain:	\$ 279,904.46
Long-term loss:	\$ (768.76)
Net long-term gain/loss:	\$ 279,135.70

*Data provided by your financial advisor.

As of 1/24/2022

Security-level unrealized gain/loss of current portfolio



A summary of the unrealized gain/loss of your current portfolio, broken out by short-term (held for less than a year) and long-term (held for more than a year).

Short-term gains are taxed at the income tax rate. Long-term gains are taxed at the capital gains tax rate.

Actively managing the transition of your current portfolio can be impactful from a tax perspective.

As of 1/24/2022

Transition illustrations

Target portfolio: Personalized Core Equity SMA

Transition from the current portfolio to the target portfolio illustrated with the following scenarios:

- Liquidate existing portfolio and fund with cash
- Different scenarios with a personalized transition service:
 - Immediate transition
 - Transition over 3 years
 - Transition over 5 years
 - Annual tax budget: \$1,000
 - Annual capital gains budget: \$0 short-term; \$5,000 long-term

Given different transition scenarios, we analyzed the first-year tax impact and the portfolio trade-off of transitioning:

- An immediate transition would result in a portfolio that is closely in line with the target portfolio but with potentially higher taxes
- A more gradual transition (over time or by limiting the taxes/gains realized) could potentially lower the tax bill but could result in a portfolio not in line with the target portfolio.

Transition illustrations summary

Summary		
Assets to be invested:	\$662,096	
Target portfolio:	Personalized Core Equity SMA	
Tax rates:	Federal income: 40.8%	Long-term capital gains: 23.8%
Annual realized capital gains budget:	Short-term: \$0	Long-term: \$5,000
Annual realized tax budget:	\$1,000	
# securities in common	102	
Constraints:	Exclude security EVR; Incorporate Thermal Coal ESG constraint	

As of 1/24/2022

First year results of different transition scenarios

Scenario	Tracking Error	Alignment %	Realized Tax	Realized Short-term Gains	Realized Short-term Losses	Realized Long-term Gains	Realized Long-term Losses
Liquidate and fund with cash			\$ 67,672	\$ 7,482	\$ (4,629)	\$ 279,904	\$ (769)
Tax-agnostic immediate transition	0.02%	100.0%	\$ 29,947	\$ 4,674	\$ (4,629)	\$ 105,897	\$ (769)
Tax-aware immediate transition	1.13%	91.8%	\$ 12,925	\$ 1,053	\$ (4,608)	\$ 61,559	\$ (769)
1st of 3 year transition	1.64%	71.4%	\$ 4,308	\$ 2,001	\$ (4,629)	\$ 23,663	\$ (769)
1st of 5 year transition	1.76%	66.3%	\$ 2,585	\$ 2,679	\$ (4,629)	\$ 15,187	\$ (769)
Capital gains budget	1.96%	64.2%	\$ 1,190	\$ 4,629	\$ (4,629)	\$ 5,769	\$ (769)
Tax budget	1.99%	61.2%	\$ 1,000	\$ 4,629	\$ (4,629)	\$ 4,970	\$ (769)
Current	3.61%	30.6%					

- Tracking error is active risk relative to the target portfolio. For example, a tracking error of 1% implies the portfolio return will be within 1% of the target portfolio return approximately two out of every three years; and within 2% (double the tracking error) 95% of the time.
- Another measure of how closely a portfolio in transition is to its target portfolio is Alignment. An alignment of 90-100% is considered fully transitioned.

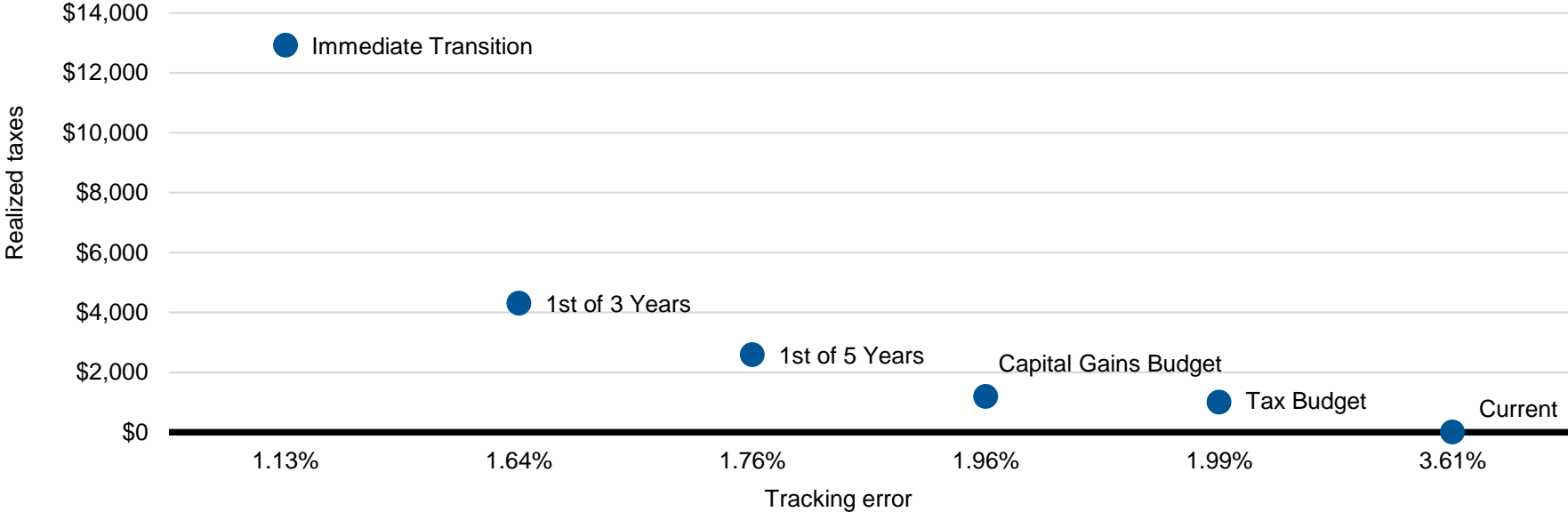
Assumes a transition from the current portfolio to the target portfolio, using different transition approaches (as identified in the row headers).

For illustrative purposes only. The simulations are hypothetical in nature and implemented using a tax minimization algorithm. Actual client experience may be different from the data presented. Federal income and capital gain tax rate assumptions used for this analysis are investor-dependent. Please see the "Investor Summary" page for specific tax rate assumptions used for this analysis.

As of 1/24/2022

First year taxes realized to move towards the Personalized Core Equity SMA

REALIZED TAXES VS. TRACKING ERROR



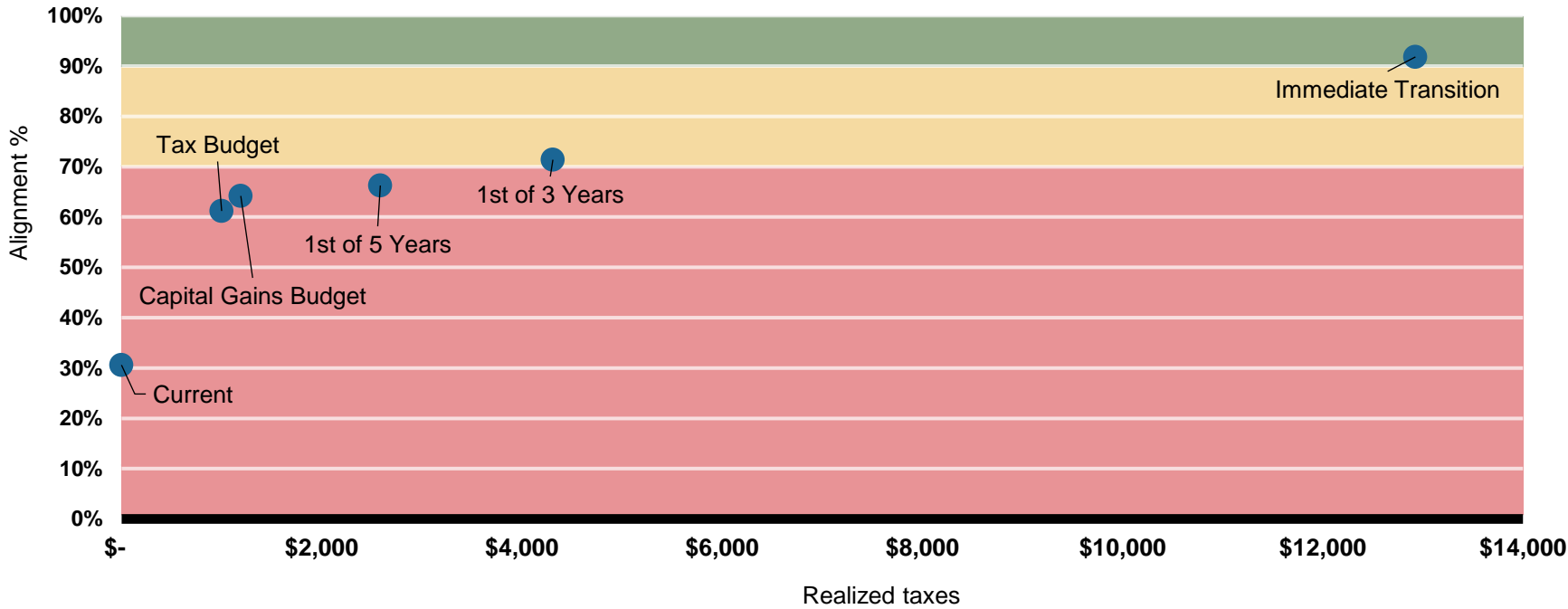
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As of 1/24/2022

First year taxes realized to move towards the Personalized Core Equity SMA

REALIZED TAXES VS. ALIGNMENT



An alignment of 90-100% is considered fully transitioned.

Assumes a transition from the current portfolio to the target portfolio, using different transition approaches (as identified in the row headers). For illustrative purposes only. The simulations are hypothetical in nature and implemented using a tax minimization algorithm. Actual client experience may be different from the data presented. Federal income and capital gain tax rate assumptions used for this analysis are investor-dependent. Please see the "Investor Summary" page for specific tax rate assumptions used for this analysis.

As of 1/24/2022

First year results of different transition scenarios

Note: only for transitions into Personalized Core Equity SMA.

Region	Current	Immediate Transition	1st of 3 Years	1st of 5 Years	Tax Budget	Capital Gains Budget
Asia ex Japan	-1.2%	0.1%	-1.0%	-1.0%	-1.0%	-1.0%
Australia / New Zealand	-0.5%	0.2%	-0.5%	-0.5%	-0.5%	-0.5%
Canada	-1.9%	-0.3%	-1.0%	-1.0%	-1.0%	-1.0%
Europe ex UK	-14.7%	-0.3%	-1.0%	-2.2%	-4.9%	-4.6%
Japan	-6.4%	-0.2%	-1.0%	-1.0%	-1.7%	-1.5%
United Kingdom	-4.3%	-0.1%	-1.0%	-1.0%	-1.0%	-1.0%
U.S.	30.1%	1.0%	6.5%	7.6%	11.1%	10.6%
Emerging markets	-1.1%	-0.5%	-1.0%	-1.0%	-1.0%	-1.0%
Frontier markets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Differences in regional exposure can be a useful gauge of how different a portfolio is from the target. The differences in regions from the current versus the target portfolio is shown on the left. The differences in regional exposures from the different transition scenarios are shown to the right.

Assumes a transition from the current portfolio to the target portfolio, using different transition approaches (as identified in the row headers). For illustrative purposes only. The simulations are hypothetical in nature and implemented using a tax minimization algorithm. Actual client experience may be different from the data presented. Federal income and capital gain tax rate assumptions used for this analysis are investor-dependent. Please see the "Investor Summary" page for specific tax rate assumptions used for this analysis.

As of 1/24/2022

First year results of different transition scenarios

Sector	Current	Immediate Transition	1st of 3 Years	1st of 5 Years	Tax Budget	Capital Gains Budget
Communication Services	0.9%	-0.3%	-0.4%	-0.8%	-1.0%	-1.0%
Consumer Discretionary	-0.3%	-0.6%	-1.0%	-1.0%	-1.0%	-1.0%
Consumer Staples	-2.6%	-0.3%	-1.0%	-1.0%	-1.0%	-1.0%
Energy	-1.1%	-0.1%	-0.9%	-0.9%	-1.0%	-1.0%
Financials	-1.8%	0.0%	0.5%	-0.3%	0.6%	0.7%
Health Care	1.7%	-0.7%	-0.2%	-1.0%	-1.0%	-0.9%
Industrials	-2.5%	1.0%	0.9%	1.0%	0.3%	0.2%
Information Technology	8.6%	1.0%	2.7%	4.9%	5.2%	5.0%
Materials	-3.0%	0.4%	-1.0%	-0.9%	-1.0%	-0.9%

Differences in sector exposure can be a useful gauge of how different a portfolio is from the target. The differences in sectors from the current versus the target portfolio is shown on the left. The differences in sector exposures from the different transition scenarios are shown to the right.

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As of 1/24/2022

Immediate transition

Retained securities

In an immediate transition, these are securities from your current portfolio *that would be kept*, the remainder of the securities would be sold.

Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
CMCSA	TSLA	MDLZ	BP	MA	PFE	MMM	AAPL	LIN	CBRE	NGG
DIS	LOW	PEP	MRO	V	LLY	UNP	MSFT	ASH	LADR	PNW
GOOGL	F	WMT	COP	PYPL	DHR	ETN	FB	RPM	FR	NEE
ZD	GM	CL	XOM	MS	ABBV	JCI	NVDA	CE	AMT	
	NKE	PG	KMI	GS	MDT	TXT	ADBE	CC	PDM	
	PHM	KO	LNG	AXP	ZTS	CAT	CSCO		IRM	
	FBHS		CVX	KEY	MRK	JBHT	INTC		XHR	
	MAR		BKR	RF	CVS	NSC	MU		REXR	
	MGM			FITB	BMJ	RTX	MPWR			
	H			BEN	UNH	EMR	RPD			
	AMZN			PGR	AMGN	PCAR	CRM			
	HD			AFL	AMN	GBX	GRMN			
				FULT	INVA	MWA	DT			
				EIG	JNJ	ALLE	MCHP			
				OMF	HOLX		QCOM			
				WTW		GGG	AMD			
				BRK.B		CSX	CAN			
				JPM		TEX	VRNT			
				BAC		AZZ	DOCU			
				FBP		SNDR	AAT			
				AMP		DAL	NTAP			

Portfolio provided for illustrative purposes and does not represent an actual invested account.

As of 1/24/2022

Immediate transition

Retained securities – largest tax lots

In an immediate transition, these are the largest 25 tax lots from your current portfolio *that would be kept*, the remainder of the securities would be sold.

Ticker	Shares	Buy Date	Cost Basis	Price	Value	Weight	Stock Weight
AAPL	168.00	2017-09-27	38.65	161.62	27,152.16	4.09%	4.29%
MSFT	86.17	2017-09-27	74.11	296.37	25,537.11	3.84%	3.84%
FB	34.38	2018-12-12	145.20	308.71	10,614.26	1.60%	1.60%
AMZN	3.21	2020-06-04	2,455.36	2,890.88	9,267.70	1.40%	1.40%
NVDA	39.17	2021-08-17	194.31	233.72	9,154.63	1.38%	1.38%
BRK/B	25.00	2017-09-27	183.56	303.73	7,593.25	1.14%	1.34%
UNH	16.00	2017-09-27	194.83	462.27	7,396.32	1.11%	1.15%
PG	44.75	2018-07-19	78.92	161.30	7,218.08	1.09%	1.09%
HD	19.66	2017-09-27	161.34	363.81	7,154.30	1.08%	1.08%
BAC	146.45	2020-06-19	24.76	44.55	6,524.29	0.98%	0.98%
V	31.00	2017-09-27	104.09	201.85	6,257.35	0.94%	0.94%
ADBE	11.14	2017-09-27	147.00	519.66	5,789.50	0.87%	0.87%
CSCO	100.47	2021-01-29	44.62	56.90	5,716.90	0.86%	0.86%
MA	16.00	2017-09-27	139.99	349.42	5,590.72	0.84%	0.96%
TSLA	6.00	2020-09-11	366.94	930.00	5,580.00	0.84%	0.84%
LIN	15.62	2019-03-15	174.98	316.16	4,938.80	0.74%	0.74%
DIS	35.00	2017-09-27	99.33	137.46	4,811.10	0.72%	0.72%
MS	48.19	2018-12-12	41.40	98.08	4,726.61	0.71%	0.71%
GOOGL	1.73	2021-08-17	2,628.19	2,616.08	4,536.13	0.68%	0.68%
ABBV	33.00	2019-09-18	71.31	132.16	4,361.28	0.66%	0.74%
AXP	27.16	2020-06-18	101.61	158.93	4,316.40	0.65%	0.65%
ZTS	21.32	2020-04-30	129.44	200.07	4,265.95	0.64%	0.64%
F	202.06	2020-06-18	6.32	20.39	4,119.99	0.62%	0.62%
INTC	77.42	2017-09-27	37.56	51.94	4,021.33	0.61%	0.61%
GM	74.00	2020-06-18	26.89	52.64	3,895.36	0.59%	0.59%

Portfolio provided for illustrative purposes and does not represent an actual invested account.

As of 1/24/2022

Immediate transition

Transitioned portfolio – top 25 tax lots

The largest 25 tax lots, including those retained from your current portfolio and those purchased after an immediate transition, are listed below.

Ticker	Shares	Buy Date	Cost Basis	Price	Value	Weight	Stock Weight
AAPL	168.00	2017-09-27	38.65	161.62	27,152.16	4.09%	4.29%
MSFT	86.17	2017-09-27	74.11	296.37	25,537.11	3.84%	3.84%
FB	34.38	2018-12-12	145.20	308.71	10,614.26	1.60%	1.60%
AMZN	3.21	2020-06-04	2,455.36	2,890.88	9,267.70	1.40%	1.40%
NVDA	39.17	2021-08-17	194.31	233.72	9,154.63	1.38%	1.38%
BRK/B	25.00	2017-09-27	183.56	303.73	7,593.25	1.14%	1.34%
LVMUY	48.40	2022-01-24	153.38	153.38	7,423.72	1.12%	1.12%
UNH	16.00	2017-09-27	194.83	462.27	7,396.32	1.11%	1.15%
PG	44.75	2018-07-19	78.92	161.30	7,218.08	1.09%	1.09%
HD	19.66	2017-09-27	161.34	363.81	7,154.30	1.08%	1.08%
BAC	146.45	2020-06-19	24.76	44.55	6,524.29	0.98%	0.98%
V	31.00	2017-09-27	104.09	201.85	6,257.35	0.94%	0.94%
NSRGY	45.12	2022-01-24	129.91	129.91	5,862.04	0.88%	0.88%
ADBE	11.14	2017-09-27	147.00	519.66	5,789.50	0.87%	0.87%
CSCO	100.47	2021-01-29	44.62	56.90	5,716.90	0.86%	0.86%
MA	16.00	2017-09-27	139.99	349.42	5,590.72	0.84%	0.96%
TSLA	6.00	2020-09-11	366.94	930.00	5,580.00	0.84%	0.84%
SHECY	128.89	2022-01-24	40.59	40.59	5,231.78	0.79%	0.79%
JHX	146.22	2022-01-24	34.47	34.47	5,040.20	0.76%	0.76%
LIN	15.62	2019-03-15	174.98	316.16	4,938.80	0.74%	0.74%
DIS	35.00	2017-09-27	99.33	137.46	4,811.10	0.72%	0.72%
SIEGY	60.02	2022-01-24	79.59	79.59	4,777.10	0.72%	0.72%
AZN	83.22	2022-01-24	56.97	56.97	4,741.19	0.71%	0.71%
MS	48.19	2018-12-12	41.40	98.08	4,726.61	0.71%	0.71%
RHHBY	95.28	2022-01-24	47.80	47.80	4,554.34	0.69%	0.69%

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As of 1/24/2022

Tax managed transition benefits

Help you keep more of your investment returns

Personalized tax management at the individual account and underlying securities level to:

- Manage large embedded capital gains
- Diversify concentrated portfolio positions
- Transition portfolios overtime in a tax efficient manner while tracking the underlying investment strategies
- Allow for individual customization based on individual tax preferences

Important information and disclosures

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Each Personalized Separately Managed Account is a product of RIM and offered through PMA program. It represents a composite of model portfolios provided by RIM, in which each composite reflects model portfolios of RIM and third-party investment advisors selected by RIM.

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