

# nuveen

powered by BROOKLYN

## Tax Advantaged Long/Short

Personalized managed account solutions combine expertise and innovation, leveraging advanced technology, institutional-grade portfolio optimization and automated tax-loss harvesting to create scalable strategies tailored to each client.

### STRATEGY AT-A-GLANCE

#### Tax Advantaged Long/Short

Tax advantaged long/short strategies seek to generate additional tax savings by buying stocks on margin to extend the size of the portfolio (to 130% or higher) and short a corresponding amount of stocks (30% or higher) to ensure that the net exposure remains 100% or less. Long/short portfolios can also help mitigate risk potential, tax transition portfolios and reduce client acquisition friction. Systematic portfolio optimization seeks to efficiently harvest tax losses, while accommodating individualized customizations and adhering to clients' desired portfolio characteristics.

#### AT-A-GLANCE

Target allocation exposures <sup>1</sup>	<ul style="list-style-type: none"> <li>• Traditional indices</li> <li>• Active equity SMAs</li> <li>• ETF models</li> <li>• Blend of above</li> </ul>
Customization capabilities	<ul style="list-style-type: none"> <li>• Tax preferences</li> <li>• Concentrated positions</li> <li>• Investment restrictions</li> <li>• ESG exclusions</li> </ul>
Long/short leverage ranges	<ul style="list-style-type: none"> <li>• 110/10 to 325/225</li> <li>• 10/10 to 275/275</li> </ul>
Beta range	Market neutral to beta one

Diversify concentrated positions	Offset gains from liquidity events	Tax transition or enhance core exposures
Tax-neutrally sell down large, appreciated stock positions to derisk a client portfolio and help preserve wealth	Aims to rapidly generate meaningful tax losses to offset taxable gains from the sale of a business, real estate or private equity distributions, etc	Tax transition client portfolios to recommended target allocations. Long/short strategies can also replace traditional direct indexing

### EXPANDED TAX LOSS HARVESTING OPPORTUNITIES



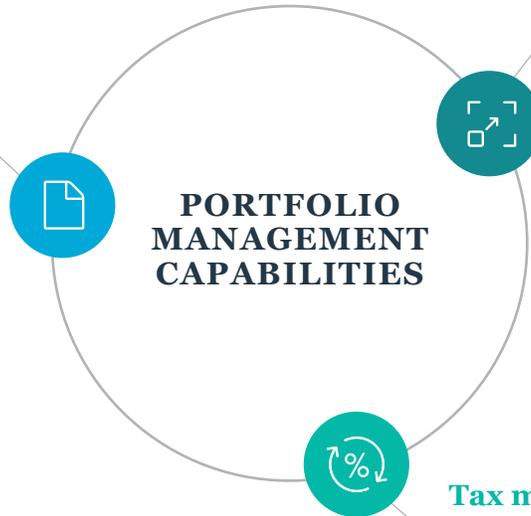
NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

## BUILT FOR PRACTICE MANAGEMENT NEEDS

### On-demand Advisor Portal dashboard & reporting

In-depth reports for any date range

- After-tax performance
  - Portfolio & benchmark
- Tax transition analyses and proposals



### Scalability & efficiency

Financial professionals can take direct advantage of practice management efficiencies, enabling them to better focus on the client

### Tax management

Year-round automated tax loss harvesting and rebalancing

## CUSTOM PROCESS

 <p><b>1 Strategy selection &amp; tax transition</b></p>	 <p><b>2 Portfolio implementation</b></p>	 <p><b>3 Ongoing tax optimization &amp; maintenance</b></p>
<ul style="list-style-type: none"> <li>• Select desired target allocation, beta and leverage amount</li> <li>• Choose personalized customization preferences</li> <li>• Generate tax transition analysis<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Implement tax aware transition plan</li> <li>• Identify tax loss harvesting opportunities and reinvest proceeds in the appropriate replacement securities</li> </ul>	<ul style="list-style-type: none"> <li>• Systematically monitor and evaluate opportunities to generate tax alpha</li> <li>• Maintain frequent portfolio oversight, rebalancing and risk management</li> </ul>

## APPLYING PORTFOLIO PERSONALIZATION OPTIONS

CUSTOMIZATIONS	EXAMPLES		
<p><b>POTENTIAL TAX SAVINGS</b></p> <p>Apply tax preferences based on client needs, or to help address complex tax situations</p>	<p><b>Tax rate</b></p> <ul style="list-style-type: none"> <li>Federal</li> <li>State</li> <li>Local</li> </ul>	<p><b>Tax budgets</b></p>	
<p><b>LEVERAGE &amp; BETA FLEXIBILITY</b></p> <p>Choose the leverage and market exposure that best fits each client's risk tolerance and time horizon for capital loss generation</p>	<ul style="list-style-type: none"> <li>Full market exposure (beta = 1): 110/10 to 325/225</li> <li>Market neutral (beta = 0): 10/10 to 275/275</li> <li>Blend of the above (custom beta)</li> </ul>		
<p><b>REDUCE CONCENTRATION RISK</b></p> <p>Manage or derisk clients' concentrated exposures</p>	<p><b>Concentrated positions</b></p> <ul style="list-style-type: none"> <li>Tax-neutral selldown programs</li> <li>Manage around current positions</li> </ul>		
<p><b>INVESTMENT RESTRICTIONS</b></p> <p>Restrict specific issuers, securities, industries or sectors to align with specific client portfolio goals<sup>3</sup></p>	<p><b>Industry</b></p> <ul style="list-style-type: none"> <li>Chemicals</li> <li>Media</li> </ul>	<p><b>Sector</b></p> <ul style="list-style-type: none"> <li>Materials</li> <li>Consumer discretionary</li> </ul>	<p><b>Security</b></p> <ul style="list-style-type: none"> <li>AAPL</li> <li>NVDA</li> </ul>
<p><b>ESG PREFERENCES</b></p> <p>Identify exclusions based on specific environmental, social and governance (ESG) practices and outcomes<sup>3</sup></p>	<p><b>ESG</b></p> <ul style="list-style-type: none"> <li>Tobacco</li> <li>Firearms</li> </ul>	<ul style="list-style-type: none"> <li>Alcohol</li> <li>Gambling</li> </ul>	<ul style="list-style-type: none"> <li>Oil/gas</li> <li>Faith-based</li> </ul>

## ONGOING PORTFOLIO MANAGEMENT

We strive to maintain highly efficient portfolios, execute tax-loss harvesting opportunities, and minimize tracking error to the respective benchmark or model through a cyclical process of oversight and maintenance.

### Frequent portfolio monitoring

- Analyzes deviations from account-specific risk targets, active weight constraints and active factor exposures
- Evaluates available tax losses that could be harvested while seeking to respect wash-sale rule
- Reviews portfolios exceeding thresholds for risk or tax loss harvesting opportunities and moves to optimization



### Optimization for tax-loss harvesting and rebalancing

- Seeks to minimize tracking error while accounting for transaction and client-specific tax costs; subject to active weight constraints, factor exposures and other client restrictions
- Considers each client's tax-loss harvesting preferences, optional stock restrictions, industry or ESG considerations, and concentrated positions treatment
- Reviews portfolios requiring rebalancing, reoptimizes with live data and moves to trading

### Trade execution

- Executions at tax-lot level
- Optimizes algorithm type and parameters

# Why Nuveen for personalized managed account solutions?



## Tax management of active and passive strategies

Systematic year-round tax transition management can allow investors to boost after-tax returns while tax-efficiently moving out of low costs basis assets



## Customized portfolios your way

Flexibility to customize portfolios based on preferences such as managing a concentrated position, adhering to a tax budget or applying ESG or other exclusions



## Multi-asset capabilities<sup>4</sup>

Our solutions help remove management complexity and enable advisors to deliver both active equity and fixed income in a single custodian account with the benefits of comprehensive tax management and personalization across the entire portfolio

**For more information on the Tax Advantaged Long/Short strategy, please contact [directindexing@nuveen.com](mailto:directindexing@nuveen.com).**

### Endnotes

#### Sources

- 1 Additional capabilities available by request. Brooklyn's acceptance of any security used for funding a Long/Short SMA is subject to client portfolio review and could change based on security marginability, strategy selection and/or other factors. **Considerations:** Costs: Long/short strategies typically incur higher costs compared to traditional SMA strategies. **Availability:** Fidelity and Schwab. **Risks:** See 'Important Information on Risk'. **Tax treatment:** Tax treatment cannot be guaranteed, may constitute deferral, and may not be suitable for all end clients to pursue.
- 2 Portfolio transition analysis is applicable in certain cases where clients elect to fund the portfolio with legacy securities.
- 3 Restrictions or exclusions, if applicable, are applied solely at the direction of the client.
- 4 Not all offerings include multi-asset capabilities. See your consultant for more information.

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**Past performance is no guarantee of future results.** All investments carry a certain degree of risk, including the possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Certain products and services may not be available to all entities or persons. There is no guarantee that investment objectives will be achieved. See the applicable product literature for details. Equity investments are subject to market risk or the risk that stocks will decline in

response to such factors as adverse company news or industry developments or a general economic decline. In addition, growth stocks or growth investing may fall out of favor and underperform value stocks and other investing styles over any period of time. Certain sectors or growth stocks may shift characteristics over a long market cycle and may not perform in line with stated benchmarks. Investments in foreign securities are subject to special risks, including currency fluctuation and political and economic instability. These risks are often heightened for investments in emerging markets.

The following risks are associated with long / short strategies and must be communicated to any end client on whose behalf such strategy is to be utilized: Market risk can lead to loss due to the impact of general market movements. Idiosyncratic risk, due to company-specific factors that are generally not correlated with the broad market environment, can lead to loss. Short-sale risk can amplify losses if the stock price appreciates. Borrow risk can result in a "short squeeze," meaning that securities borrowed with a short sale need to be returned to the securities lender on short notice and at a time when other short sellers of the security are receiving similar requests, compelling the end client to buy such securities on the open market at prices significantly in excess of the proceeds received, which can lead to loss. Leverage risk, due to time-varying correlations that introduce unexpected net exposures between longs and shorts, resulting in improper portfolio hedging. Investors using leverage should realize that one can lose the full balance of their account. It is also possible to lose more than the initial deposit when using leverage. All funds committed should be purely risk capital. Borrow rate risk for stocks can lead to loss.

Tracking error risk: Tracking error risk refers to the risk that the performance of a client portfolio may not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, client-imposed restrictions, tax-loss harvesting, imperfect correlation between the portfolio's investments and the index, changes to the composition of the index, regulatory policies, and high portfolio turnover all contribute to tracking error. Tracking error risk may cause the performance of a client portfolio to be less or more than expected.

Tax-managed investing risk: Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Any reduction in taxes will depend on an investor's specific tax situation. Market conditions may limit the ability to generate tax losses. A tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. A tax loss realized by a U.S. investor after selling a security will be negated if the investor purchases the security within thirty days. Although portfolio managers can seek to avoid such a "wash sales" and temporarily restrict securities sold at a loss within the same portfolio, a wash sale can inadvertently occur for a variety of factors, including trading in other accounts, including accounts managed by the same investment adviser, client-directed activity and account contributions, withdrawals or rebalancing. Investment strategies that employ tax-loss harvesting also involve the risk that a replacement investment could perform worse than the original investment and that such factor, as well as transaction costs, could offset any potential tax benefit. This pitchbook provides general tax information and should not replace a client's consultation with a tax professional regarding their tax situation. Neither Nuveen nor Brooklyn Investment Group, LLC can offer tax advice. Nuveen and Brooklyn are not tax professionals. Investors should discuss the implications of tax-managed strategies, including but not limited to, the suitability and likely tax treatment of the long/short strategies in their particular circumstances, with their tax and financial professional before making any tax or investment decisions. Tax rates and IRS regulations are subject to change at any time, which could materially affect the information provided herein. Tax treatment of the long / short strategies cannot be guaranteed, may constitute deferral, and may not be suitable for all end clients to pursue.

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