

# Tax Advantaged Large Cap & Tax Advantaged Balanced

*Nuveen and Brooklyn Investment Group are collaborating to create integrated solutions for clients that can be tailored to their investment preferences*

## STRATEGIES AT-A-GLANCE

### Tax Advantaged Large Cap

An equity direct indexing strategy is designed to closely mirror the performance of a specific stock market or custom index on a pre-tax basis while seeking to outperform it on an after-tax basis. The strategy applies portfolio optimization designed to harvest tax losses, accommodate individualized customizations and adhere to clients' desired portfolio characteristics.

### Tax Advantaged Balanced

Tax efficient balanced account combines an equity direct indexing portfolio with a municipal bond portfolio that gives investors exposure to both equity and fixed income markets in a comprehensively managed, single custodian account. Clients can customize their target allocation for the equity and fixed income portions of the account. The ability to tax-loss harvest specific bonds gives investors flexibility to realize tax losses while staying within their desired portfolio characteristics.

## Portfolio descriptions

Investment options	Equities benchmarks	Municipal bond strategies <sup>2</sup>
	<ul style="list-style-type: none"> <li>• CRSP U.S. Large Cap</li> <li>• NASDAQ-Brooklyn ADR</li> <li>• Morningstar Global Markets ADR Large Cap</li> <li>• Russell 1000<sup>1</sup></li> <li>• S&amp;P 500<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Limited Maturity</li> <li>• Intermediate High-Quality</li> <li>• Intermediate ESG</li> <li>• Long Term</li> <li>• Ladders (1-7, 1-10, 1-15, 5-15, 10-25)</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>	<ul style="list-style-type: none"> <li>• State specific, State preference, National</li> <li>• Duration, Maturity</li> <li>• Credit quality</li> <li>• Alternative minimum tax</li> </ul>
Permitted investments	<ul style="list-style-type: none"> <li>• Listed U.S. equities</li> <li>• ADRs</li> <li>• ETFs</li> </ul>	<ul style="list-style-type: none"> <li>• Individual tax-exempt municipal bonds</li> </ul>
Industry exposure	<ul style="list-style-type: none"> <li>• In-line with respective index chosen</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified portfolio across multiple sectors</li> </ul>
Expected issuer exposure	<ul style="list-style-type: none"> <li>• No stated exposure limits</li> <li>• Similar to underlying index</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent on account size</li> </ul>

## BUILT FOR PRACTICE MANAGEMENT NEEDS

### Ongoing reporting

Performance  
Holdings  
Transition management

### Scalability & efficiency

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






### Cost efficiency

Overall cost of the portfolio seeks to be competitive given the pricing model of custom direct indexing in contrast with traditional active management

### Tax management

Year-round automated tax loss harvesting and rebalancing

## CUSTOM PROCESS

 <p><b>1</b> Asset allocation and index creation</p>	 <p><b>2</b> Customization options</p>	 <p><b>3</b> Portfolio construction</p>	 <p><b>4</b> Ongoing management of portfolio</p>
<ul style="list-style-type: none"> <li>• Select an index or a blend of multiple indices that will serve as a reference point for the desired equity portfolio<sup>3</sup></li> <li>• Select a fixed income strategy, if desired<sup>4</sup></li> <li>• Choose desired allocations to equities and fixed income, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Tax management</li> <li>• Concentrated positions</li> <li>• Sector, industry or individual holdings exclusions</li> <li>• ESG exclusions</li> <li>• Municipal bond preferences<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Transition analysis and management<sup>5</sup></li> <li>• Implementation of customizations</li> <li>• Portfolio optimization</li> </ul>	<ul style="list-style-type: none"> <li>• Frequent portfolio monitoring</li> <li>• Optimization for tax-loss harvesting and rebalancing</li> <li>• Trade execution across accounts and allocation of tax lots</li> </ul>

## APPLYING PORTFOLIO PERSONALIZATION OPTIONS

CUSTOMIZATIONS	EXAMPLES	Tax Advantaged Large Cap	Tax Advantaged Balanced						
<p><b>TAX</b></p> <p>Apply tax preferences based on client need, or to help address complex tax situations</p>	<p><b>Tax rates</b></p> <ul style="list-style-type: none"> <li>• State</li> <li>• Federal</li> </ul> <p><b>Active tax-loss harvesting preferences</b></p>	<p>✓</p>	<p>✓</p>						
<p><b>CONCENTRATION</b></p> <p>Manage clients' concentrated positions</p>	<p><b>Concentrated positions</b></p> <ul style="list-style-type: none"> <li>• Tax-neutral sell-down</li> <li>• Manage around current position</li> </ul>	<p>✓</p>	<p>✓</p>						
<p><b>INVESTMENT</b></p> <p>Restrict specific issuers, securities, industries or sectors to align with specific clients portfolio goals<sup>6</sup></p>	<table border="0"> <tr> <td><b>Industry</b></td> <td><b>Sector</b></td> <td><b>Individual security</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• Chemical</li> <li>• Media</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Materials</li> <li>• Consumer discretionary</li> </ul> </td> <td></td> </tr> </table>	<b>Industry</b>	<b>Sector</b>	<b>Individual security</b>	<ul style="list-style-type: none"> <li>• Chemical</li> <li>• Media</li> </ul>	<ul style="list-style-type: none"> <li>• Materials</li> <li>• Consumer discretionary</li> </ul>		<p>✓</p>	<p>✓</p>
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<p><b>ESG</b></p> <p>Identify exclusions based on specific environmental, social, and governance (ESG) practices and outcomes<sup>6</sup></p>	<p><b>ESG</b></p> <table border="0"> <tr> <td> <ul style="list-style-type: none"> <li>• Tobacco</li> <li>• Firearms</li> <li>• Alcohol</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Cannabis</li> <li>• Gambling</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>• Tobacco</li> <li>• Firearms</li> <li>• Alcohol</li> </ul>	<ul style="list-style-type: none"> <li>• Cannabis</li> <li>• Gambling</li> </ul>	<p>✓</p>	<p>✓</p>				
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<p><b>Municipal</b></p> <p>Select municipal bond characteristics based on client's preferences</p>	<p><b>Municipal</b></p> <ul style="list-style-type: none"> <li>• State specific, State preference, National</li> <li>• Duration, Maturity</li> <li>• Credit quality</li> <li>• Alternative minimum tax</li> </ul>	<p>✓</p>	<p>✓</p>						

## ONGOING PORTFOLIO MANAGEMENT

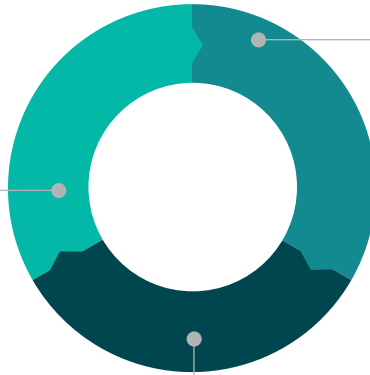
We strive to maintain highly efficient portfolios, execute tax-loss harvesting opportunities, and minimize tracking error to the respective benchmark through a cyclical process of oversight and maintenance.

### KEY<sup>7</sup>

- EQUITIES TEAM
- MUNICIPAL TEAM

### 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

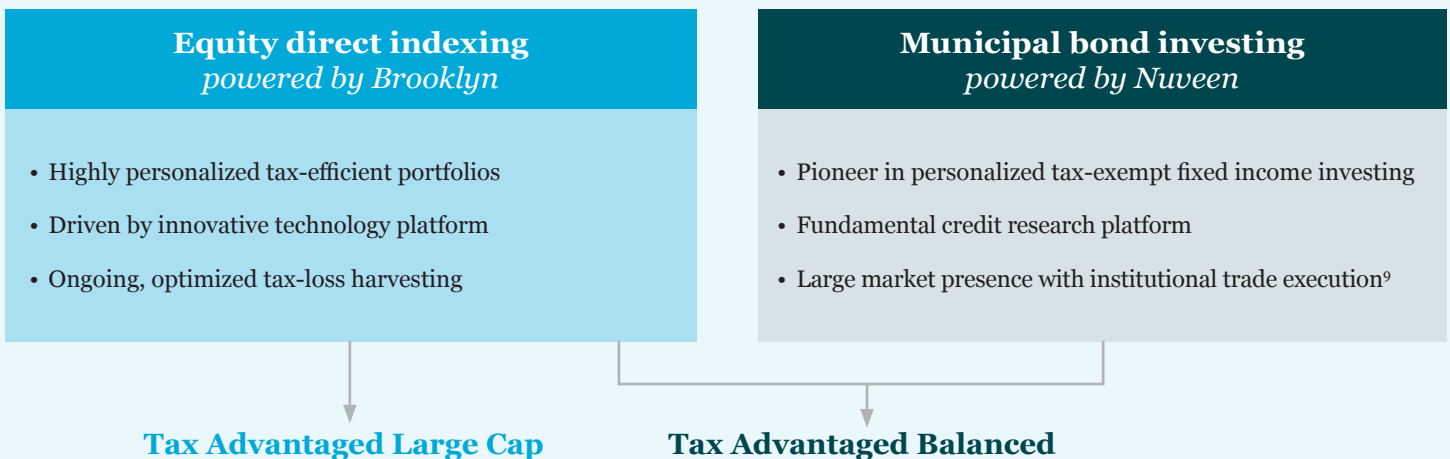
- Seeks to minimize tracking error while accounting for transaction and client-specific tax costs; subject to active weight constraints, factor exposures and other client restrictions ●
- Considers each client's tax-loss harvesting preferences, optional stock restrictions, industry or ESG considerations,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

### Trade execution

- Executions at tax-lot level ●●
- Optimizes algorithm type and parameters ●
- Seeks more efficient trade execution through institutional pricing and broad market access ●

## COLLABORATION ACROSS INVESTMENT TEAMS

Nuveen and Brooklyn Investment Group are working together to offer clients two portfolio options, including a customized equity and municipal investing capability within a single portfolio<sup>8</sup>



## WHY NUVEEN FOR DIRECT INDEXING?

Tax alpha	Customization	Efficiencies	Multi-asset approach
Tax loss harvesting and rebalancing opportunities are frequently monitored to help deliver a highly tax-efficient portfolio	Using restrictions and exclusions, portfolios can be customized at the individual level to align closely with personal investor preferences	Financial professionals can benefit from efficiencies that help streamline operations, while the management style offers competitive fees for investors	Delivers both equities and fixed income in a single custodian account providing comprehensive tax management and personalization across the entire portfolio <sup>10</sup>

### For more information on the Tax Advantaged Large Cap and Tax Advantaged Balanced strategies, please contact your Nuveen representative.

Investment professionals and assets under management as of 01 November 2023.

- Indices available at an additional cost.
- Nuveen municipal strategies respective benchmarks: Bloomberg Inter/Short (1-10) Municipal Bond Index: Limited Maturity; Bloomberg 3-15 Year Blend (2-17) Municipal Bond Index: Intermediate High-Quality and Intermediate ESG; Bloomberg Municipal Bond: Long Term; Bloomberg Managed Money Short Term Index: Ladder (1-7); Bloomberg Municipal Managed Money Short/intermediate (1-10 Year) Index: Ladder (1-10); Bloomberg Municipal Managed Money intermediate (1-17 Year) Index: Ladder (1-15); Bloomberg Municipal Managed Money Short/intermediate (1-10 Year) Index: Ladders (1-10) and (5-15); Bloomberg Municipal Managed Money Long Index: Ladder (10-25)
- Certain indexes are available at an additional cost.
- Fixed income available through the Tax Advantaged Balanced portfolio only.
- Portfolio transition analysis is applicable in certain cases where clients elect to fund the portfolio with legacy securities.
- Restrictions or exclusions, if applicable, are applied solely at the direction of the client.
- Brooklyn manages the equity allocations and Nuveen manages the municipal allocations.
- Equity plus fixed income investing available through the Tax Advantaged Balanced portfolio only.
- Institutional trade execution applies primarily to municipal bond trading as part of ongoing account management and generally does not include sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions. Nuveen seeks to expeditiously and efficiently effect sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions, generally by directing the execution of sale to the relevant broker-dealer/custodian designated by the client's managed account program, subject to program limitations. Primarily due to the time constraints and lot sizes applicable to these transactions, and because the full range of trading techniques is generally not available (including aggregation), the prices received in these transactions may be less favorable than the prices that could be attained for sales of securities selected by Nuveen as part of ongoing management. Clients always reserve the right to fund accounts with cash as opposed to legacy securities and to keep any securities in their accounts upon termination of services.
- Available through the Tax Advantaged Balanced portfolio only.

#### Important information on risk

All investments carry a certain degree of risk, including possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. It is important to review investment objectives, risk tolerance, tax liability and liquidity needs before choosing an investment style or manager.

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. 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.

Debt or fixed income securities are subject to market risk, credit risk, interest rate risk, call risk, and income risk. As interest rates rise, bond prices fall. Below investment grade or high yield debt securities are subject to liquidity risk and heightened credit risk. Investments in mortgage-backed and asset-backed securities are subject to prepayment risks. There is no assurance that the private guarantors or insurers will meet their obligations.

An investment in any municipal portfolio should be made with an understanding of the risks involved in investing in municipal bonds, such as interest rate risk, credit risk, and market risk. The value of the portfolio will fluctuate based on the value of the underlying securities. Please contact a tax professional regarding the suitability of tax-exempt investments in your portfolio. Nuveen Asset Management is not a tax professional. If sold prior to maturity, municipal securities are subject to gain/losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the investor's state of residence. Income from municipal bonds held by a portfolio could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax.

Impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

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 sale" 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. Investors should discuss the implications of tax-managed strategies with their tax advisor.

Model and Quantitative Risks: Certain strategies, such as direct indexing, use proprietary quantitative tools to assist portfolio managers in making investment decisions. If these tools have errors or are flawed or incomplete and such issues are not identified, it may have an adverse effect client investment performance. Clients should consult their financial professional regarding unknown financial terms and concepts.

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The comments and statements made are based solely upon the opinions of Nuveen, Brooklyn and the data available at the time of publication, which may change without notice. Strategies are only provided through separately managed accounts program sponsors.

Check with your financial professional for availability. Financial professionals should consider the appropriateness of the manager, strategy and program for its clients on an initial and ongoing basis. It is important to review investment objectives, risk tolerance, tax liability and liquidity needs before choosing an investment style or manager.

Certain investment personnel concurrently provide services for more than one affiliate, which may produce conflicts in the services provided.

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