

Aperio offers a wide range of customization options for advisors seeking to construct a client-specific public equity solution tailored to the client's customization choices. These options, whether standalone or in combination, can better meet each client's unique needs regarding taxes, risks, and values. The following are general descriptions and serve as a starting point for Aperio's custom solutions. Please contact Aperio to discuss further.

## Benchmark/Market Exposures

- Standard
  - US Total Market
  - US Large Cap
  - US Mid Cap
  - US Small Cap
  - US Large/Mid Cap
  - US Small/Mid Cap
  - US REITs
  - Global Developed & Emerging
  - Global Developed
  - International Developed & Emerging
  - International Developed
  - International Developed ex Canada
  - Global Natural Resources
- Blended Benchmarks: Clients may select their individual, custom, market exposure weights in order to reflect allocations that differ from standard market-cap-weighted benchmarks (e.g., 75% US index + 25% International index). This offers the potential for better tax- and cost-efficient management than placing each strategy in its own SMA.

## Tax Management

- Tax Rates: > State > Federal
- Tax-Loss Harvesting: > Standard > Aggressive > Tight Index Tracking > Tax Neutral
- Gain Harvesting: > Standard

## Factor-Based Investing (Factor-Tilted or Smart Beta Solutions)

- Aperio Preconfigured Factor Strategies
 

Beta-1	Lower Risk
<ul style="list-style-type: none"> <li>• Value</li> <li>• Value + Small Size</li> <li>• Value + Momentum</li> <li>• High Dividend Yield</li> <li>• Multi-Factor</li> </ul>	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Quality Light</li> <li>• Minimum Volatility + Value</li> </ul>
- Factors Available for Tilting
 

<ul style="list-style-type: none"> <li>• Book-to-Price</li> <li>• Earnings Yield</li> <li>• Dividend Yield</li> <li>• Size</li> <li>• Momentum</li> <li>• Earnings Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Investment Quality</li> <li>• Earnings Variability</li> <li>• Profitability</li> <li>• Leverage</li> <li>• Beta</li> <li>• Volatility</li> </ul>
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- Also Available: Industries, Countries, Regions

## SRI-ESG (Values/Mission Alignment)

- Accounts over \$1 million: see the Aperio [SRI-ESG customization menu](#).
- Accounts over \$5 million where the SRI-ESG menu does not adequately address the investors' values and/or mission: Aperio will build a bespoke social profile.

## Services and Analyses

Aperio offers personalized services and analyses beyond just managing portfolios.

### Tools and Analysis

- [Tax Transition Analysis](#)
- [Charitable Donation Analysis](#)
- [Concentrated Stock Diversification Analysis](#)

### Specialized Trading

- Gain Harvesting
- Offset Portfolios

### Consulting

- Tax Economics Consulting
- Tax Modeling
- [State Tax Guides](#)

### Reporting

- After-Tax Monthly Performance
- Performance Attribution Reports
- [SRI Reports](#)

## DESCRIPTIONS

### Blended Benchmarks

- Reporting on the blended benchmark will be provided. Individual components are not broken out. See [sample report](#).
- While clients can revise their allocations as their views evolve, this is not intended to be used as a market timing vehicle. Allocation shifts can result in tax consequences.

### Tax Management\*

(\*We provide this information with the understanding that we are not engaged in rendering legal, accounting, or tax services.)

### Tax Rates

Use this section to indicate tax rates including a state tax rate. Can also be used to indicate AMT.

### Tax-Loss Harvesting

- **Standard** accounts typically have forecast tracking errors of 0.75% to 1.50%. Generally, they are rebalanced when losses in the account as a percentage of portfolio value are between 1.00% and 1.50%. The majority of Aperio clients in our tax-loss harvesting strategies typically use standard loss harvesting, although for clients who may expect significant net capital gains in the current year, we believe that the aggressive loss harvesting strategy may be more appropriate.
- **Aggressive** accounts typically have forecast tracking errors up to 2.00% or higher. Generally, we will rebalance such accounts when losses in the account as a percentage of portfolio value reach 1.00%. Greater emphasis is placed on harvesting losses than on maintaining forecast tracking error.
- **Tight Index Tracking** accounts typically have forecast tracking errors less than 1.00%, and greater emphasis is placed on maintaining forecast tracking error than on tax-loss harvesting. Please note that while tax-loss harvesting will continue to occur, the emphasis in the management of the portfolio will be maintaining forecast tracking error.
- **Tax Neutral** accounts will be rebalanced with the intention of seeking to maintain a zero net tax cost and to minimize forecast tracking error while maintaining the portfolio's investment constraints (i.e., factor tilts or SRI overlays). Please note that an investor choosing this strategy will not have tax-loss harvesting applied to the portfolio by Aperio. If you do not wish to harvest losses, please choose this strategy.

### Gain Harvesting

This option may be appropriate for investors needing gains to cover income requirements on a bond covenant or for other internal fiscal and tax management reasons.

## DISCLOSURE

The information contained within this document was carefully compiled from sources Aperio believes to be reliable, but we cannot guarantee accuracy. We provide this information with the understanding that we are not engaged in rendering legal, accounting, or tax services. In particular, none of the examples should be considered advice tailored to the needs of any specific investor. We recommend that all investors seek out the services of competent professionals in any of the aforementioned areas.

With respect to the description of any investment strategies, simulations, or investment recommendations, we cannot provide any assurances that they will perform as expected and as described in our materials. Past performance is not indicative of future results. Every investment program has the potential for loss as well as gain.