

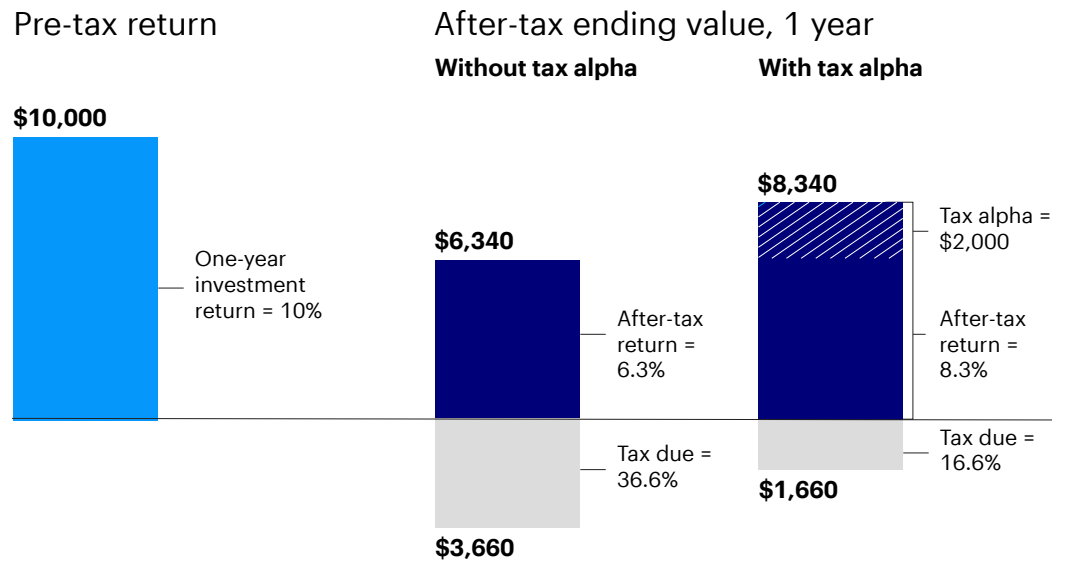
# Tax alpha: Seek to boost your wealth with a tax-smart portfolio

For investors, maximizing the amount you get to keep after taxes is what really counts. That's why generating tax alpha — using tax-loss harvesting and other techniques to enhance a portfolio's post-tax return — is such a powerful tool to pursue your investment goals with the help of your financial professional.

## Exhibit 1

### Tax alpha can generate major savings even in one year.

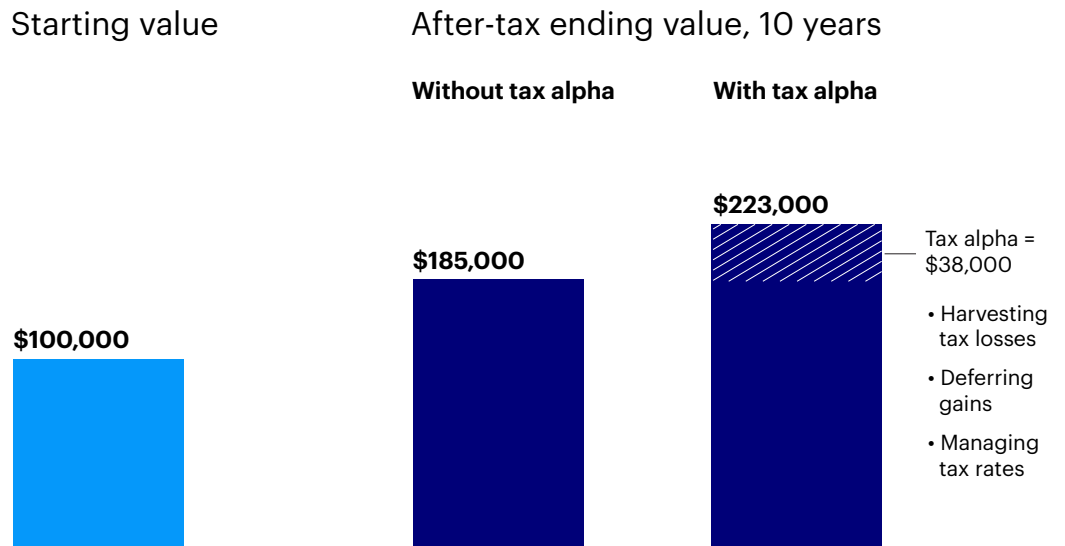
Take a \$100,000 portfolio and assume a 10% investment return and a combined tax rate of 36.6% on the growth and earnings. If tax-optimization can add 2% of tax alpha, that boosts the after-tax return by \$2,000.



## Exhibit 2

### The benefits of tax alpha compound over time.

If that same \$100,000 portfolio continues growing at 10% annually, generating 2% of tax alpha on average each year adds approximately \$38,000 of after-tax value over 10 years.



For illustrative purposes only. These educational exhibits are hypothetical and shown to illustrate the possible benefits of a tax alpha strategy. Please see the additional notes on the last page, including the assumptions made. There is no guarantee that a profit will be realized and all investments are subject to the risk of loss.

Invesco does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. It is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer under U.S. federal tax laws. Federal and state tax laws are complex and constantly changing. Investors should always consult their own legal or tax advisor for information concerning their individual situation.

Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value Not Insured by any Federal Government Agency

# Generating tax alpha

## Customization and scalability.

Comprehensive tax optimization involves considerable skill and experience, along with specialized technical tools. Custom SMAs (Separately Managed Accounts) by Invesco, work with financial professionals to use three tax-optimization techniques that seek to generate tax alpha.



### Harvesting tax losses

Swapping securities that are trading at a loss for similar securities can reduce capital gains taxes — all while staying invested to continue seeking to earn income and grow wealth.



### Deferring gains

Postponing the realization of gains allows growth to compound for longer.



### Managing tax rates

Paying attention to holding periods (long-term versus short-term capital gains) and types of dividends (qualified versus non-qualified) helps to ensure earnings are taxed at the lowest possible rate.

## Unlock the power of personalization with Custom SMAs by Invesco

Custom SMAs by Invesco seek to deliver the customized solutions and tax-efficient outcomes investors expect. These solutions are fueled by our extensive experience as an SMA provider and one of the world's largest asset management firms.



### Customized solutions

Customized portfolios to express investors' views and achieve desired exposures.



### Tax-smart portfolios

Enhance the amount investors keep through tax-loss harvesting and other tax-optimization techniques.



### High-touch service

Centralized service model that provides high-touch service through every step of the process.

**\$14 billion+**

Over \$14B of AUM in SMAs.<sup>2</sup>

**23,000 +**

Currently servicing over 23,000 unique client accounts.<sup>2</sup>

**30+ years**

Established provider in the SMA business since 1988, including 15+ years of experience with custom, tax-optimized investing.



For more information, consult your financial professional.

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## End notes

### Exhibit 1:

All assumptions are hypothetical and intended as educational examples only.

The 10% investment return is not based on any historical period.

The 36.6% tax rate reflects the average of the combined federal and state long-term and short-term capital gains rates for a California resident who is an individual filer with \$200,000 of modified adjusted gross income, as of June 2022.

The generation of 2% of tax alpha through tax management is hypothetical; no claim is made that any tax-optimization effort would achieve this result.

### Exhibit 2:

The portfolio shown is by way of example only and is not intended to represent any actual investment situation but as an illustration over time of the assumptions shown in Exhibit 1.

Portfolio End-Value Without Tax Alpha shows the outcome for a portfolio with a start value of \$100,000 compounding over 10 years at an after-tax annualized return of 6.3%, reflecting the nominal tax rate in Exhibit 1.

Portfolio End-Value With Tax Alpha shows the outcome for the same portfolio compounding over 10 years at a 8.3% after-tax annualized return, reflecting the after-tax return in Exhibit 1. Added Value from Tax Alpha is the difference between the two outcomes.

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There is no guarantee that a profit will be realized and all investments are subject to the risk of loss.

It may not be possible to replicate the results shown. The illustrations do not factor in economic and market conditions that can impact results.

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This does not constitute a recommendation of any investment strategy for a particular investor. Each investor's portfolio must be constructed based on the individual investor's financial resources, investment goals, risk tolerance, investing time frame, tax situation, and other relevant factors. Investors should consult a financial professional before making any investment decisions if they are uncertain whether an investment is suitable for them. This does not constitute a recommendation of the suitability of any investment strategy for a particular investor. Please read all financial material carefully before investing. For additional educational information about the strategy, contact Invesco. The opinions expressed herein are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

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