Tax Management

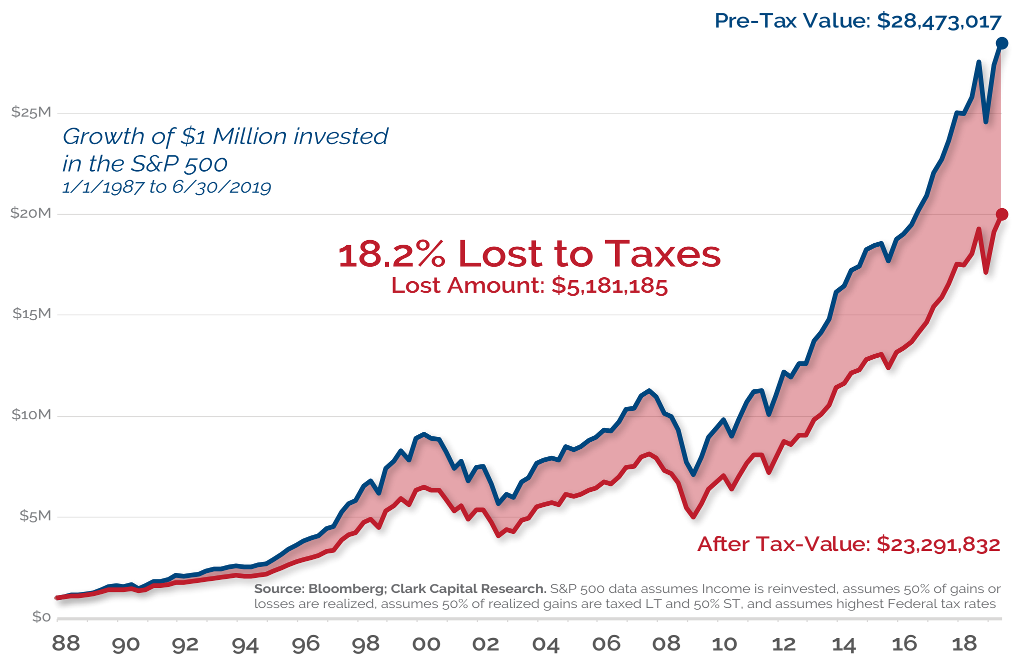
Strategies to Help Enhance After-Tax Returns

Shield Your Clients' Returns from Tax Drag

Lowering Tax Bills Enhances Investment Returns

High net worth investors often have unique tax considerations. Improper tax management can impact investors' long-term results and limit their spending power in retirement. The below chart shows that during a period of over 30 years, a non-managed account lost over $5 million due to taxes. This unmanaged approach can dramatically lower the long-term value of a client's overall portfolio.

Taxes Reduce Value Over Time



Mitigating tax burdens can help raise cash flow, reduce risk, and increase the long-term value of a client's overall portfolio. Based on internal research, **tax-loss harvesting has helped our clients earn an average of 104 bps of added annual returns over a 3-year period.***

**Tax loss harvesting is a strategy of selling securities at a loss to offset a capital gains tax liability. It is typically used to limit the recognition of short-term capital gains, which are normally taxed at higher federal income tax rates than long-term capital gains, though it is also used for long-term capital gains. The tax-loss data presented is based on internal research of existing Clark Capital taxable accounts over $1 million that were invested in at least 80% equities from 12/31/15 to 12/31/18. Any accounts funded after 12/31/15 were excluded from the study. The study assumed a tax rate of 20% for long-term, 39.6% for short-term for 2016 and 2017, and 37% for short term for 2018. Added annual returns were calculated by dividing the amount in taxes saved each year by the average beginning market value plus ending market value. The benefits of tax loss harvesting, if any, in reducing an investor's tax liability will depend on the investor's entire tax and investment circumstances, including but not limited to: income, state of residence, the purchases and dispositions of assets in household accounts outside of Clark Capital, type of investment, and investment holding period. Investors should confer with their personal tax advisor regarding the tax consequences of investing with Clark Capital. Past performance is not indicative of future results. Please see the Important Disclosures section for more information.*

Identify the Right Tax Management Solutions

We take the time to consider how we can deliver better outcomes through dedicated tax transition strategies and ongoing tax awareness. During each phase of the investment process, we work with you and your clients to identify the right tax strategies to help lower the impact of taxes over time.

Our Process

Analyze Existing Assets

Develop a Tax Budget

Design a Multi-Stage Transition Plan

Perform Ongoing Tax-Loss Harvesting

Strategies Available to Investors

Tax Transition Strategies

- High net worth investors often own securities with low cost basis. We offer tax transition strategies that help move clients out of low basis holdings over time, without having to take a big up-front tax hit.
- We aim to spread out tax consequences so that your clients' assets can be thoughtfully reinvested into the right long-term strategy.

Capital Gains Management

- We utilize individual stocks and bonds whenever possible in a separately managed account structure to help keep costs low and mitigate embedded capital gains.
- Unlike mutual funds, separately managed accounts are only taxed on realized gains in the individual investor's portfolio, and capital gains may be partially offset by utilizing tax management strategies.

Asset Location

- We consider the tax status of every client account registration (qualified and non-qualified) before working with you to identify which strategy is appropriate for the corresponding registration.
- Planning for optimal asset location across household accounts may help generate higher after-tax returns for clients.

Tax-Loss Harvesting

- Throughout the year, Clark Capital incrementally harvests investment losses in order to offset gains and reduce ordinary income. Realized losses can offset gains and significantly reduce ordinary taxable income, resulting in a higher net after-tax return.
- Based on internal research, **tax-loss harvesting has helped our clients earn an average of 1.04% of added annual returns over a 3-year period.***

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The utilization of losses harvested through tax loss harvesting will depend upon the recognition of capital gains in the same or a future tax period, and in addition may be subject to limitations under applicable tax laws. Losses harvested through the strategy that are not utilized in the tax period when recognized (e.g., because of insufficient capital gains and/or significant capital loss carryforwards), generally may be carried forward to offset future capital gains, if any.

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