Parametric

Parametric Tax Optimized Ladders

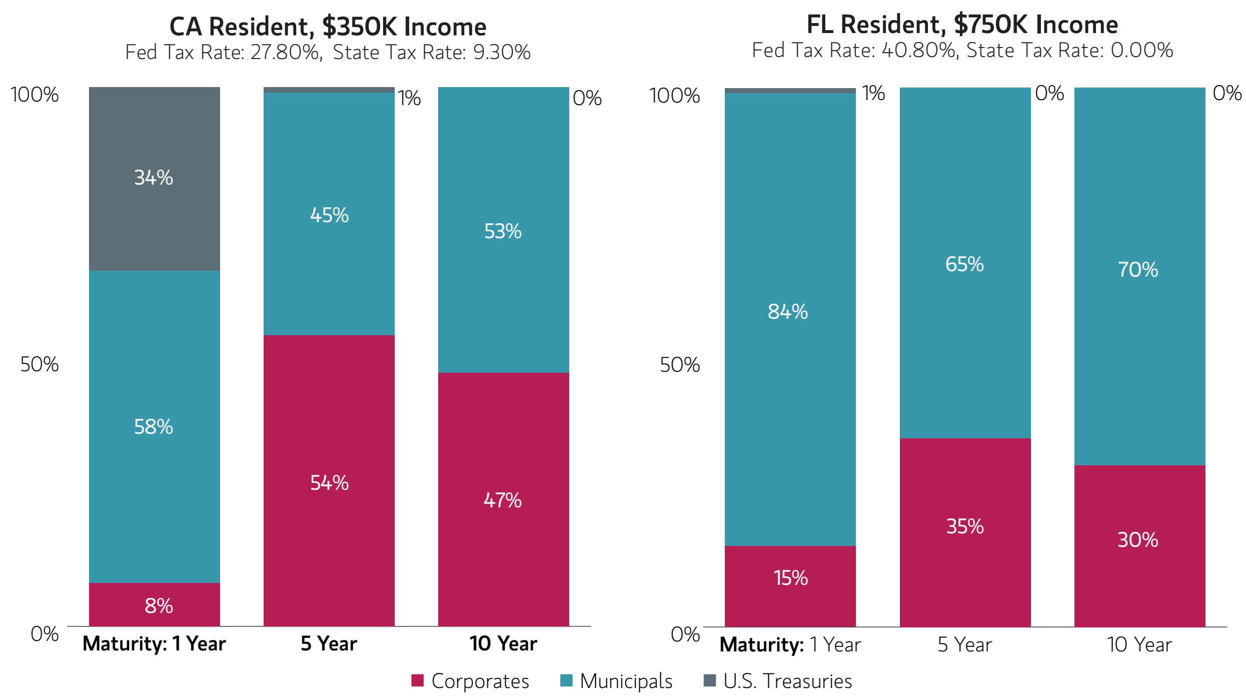
It's not what you make, it's what you keep.

Yield curves are constantly changing and taxes can take a bite out of income. By looking through the lens of tax rates, Parametric can build optimized portfolios seeking to maximize after tax income for our investors.

Investors often wonder which fixed income asset class offers the most income after taxes. It's a good question and the answer will change over time. In the exhibit below we examine two different investors, subject to different tax rates. For example, a California resident with $350,000 in annual income would have been best served in U.S. Treasuries 34% of the time in the 1-year maturity over the last five years.

How often do Corporates, Municipals and U.S. Treasuries offer the most after-tax yield in the 1, 5 and 10-Year parts of the curve?

% of time over the last five years when each asset class offered the highest after-tax yield



Source: Bloomberg as of 12/31/2023. Corporate yields based on the Bloomberg US Corporate A+ A A- BVAL Yield Curve. Municipal yields based on the Bloomberg US General Obligation A+ A A- Muni BVAL curve. US Treasury yield based on the US Treasury Bills and Bonds BVAL Curve. Tax rate assumptions include tax filing status as married filing jointly. This analysis is not meant to be tax advice. For more individualized information, you should consult your tax advisor or investment professional.

Is your fixed income allocation optimized?

Request a sample portfolio today based on your tax rate

WHY PARAMETRIC TAX OPTIMIZED LADDER?

TAXES. OPTIMIZED
Analyze municipals, corporates and treasuries to determine optimal mix of securities based on valuations and income opportunities

PERSONALLY TAILORED
Optimal mix is different for each individual investor based on their federal and state tax rates

ELEVATED INCOME
Ongoing bond purchases reflect highest after-tax income available in the market

For more information: Investors, please contact your financial advisor. Advisors, please contact your dedicated representative at **(800) 836-2414**.

About
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Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Company defaults can impact the level of returns generated by corporate debt securities. An unexpected default can reduce income and the capital value of a corporate debt security. Furthermore, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of corporate debt securities.

An imbalance in supply and demand in the municipal market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads, and a lack of price transparency in the market. There generally is limited public information about municipal issuers. As interest rates rise, the value of certain income investments is likely to decline. Longer-term bonds typically are more sensitive to interest-rate changes than shorter-term bonds. Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of nonpayment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments.

Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions may limit the ability to generate tax losses. Tax-loss harvesting involves the risks that the new investment could perform worse than the original investment and that transaction costs could offset the tax benefit. Also, 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. Prospective investors should consult with a tax or legal advisor before making any investment decision.

Parametric is located at 800 Fifth Avenue, Suite 2800, Seattle, WA 98104. For more information regarding Parametric and its investment strategies, or to request a copy of the firm's Form ADV or a list of composites, contact us at 206 694 5500 or visit www.parametricportfolio.com.

NOT FDIC INSURED | OFFER NO GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A BANK DEPOSIT