

# Customized, Tax-Smart Separately Managed Accounts (SMAs)

Stock portfolios combining personalization  
and active tax management

# It's not what you earn, it's what you keep after taxes

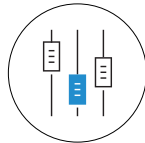
## What is a separately managed account?

Like ETFs and mutual funds, SMAs are diversified portfolios of stocks managed by investment experts. Unlike those vehicles, SMAs don't pool your money with other investors. As the only account holder, you directly own each stock, giving you and your advisor more control over customizing portfolio holdings and managing taxes.

After more than a decade of generally rising U.S. stock prices, many investors face large tax bills if they sell at a profit. And tax rates on those capital gains may be rising to eat away even more at investment earnings, making it more important than ever to get your money working harder and tax-smarter.

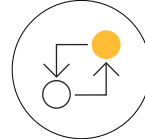
The J.P. Morgan Tax-Smart separately managed accounts (SMAs) allow you to customize a stock portfolio to your unique financial and tax needs. You get a professional team managing your investments, and our powerful tax-smart technology can help ease your tax burden. The result: Personal solutions with the potential to earn more on what you invest and keep more of what you earn.

## The J.P. Morgan Tax-Smart platform offers personalization and the potential for higher after-tax returns



### Customization

Allows you to tailor your portfolio by restricting specific industry sectors, special categories and individual stocks



### Tax-smart transitioning

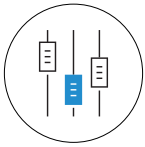
Helps lessen the tax impact of moving your existing securities to a new portfolio using a custom transition plan



### Ongoing tax management

Monitors your holdings on a daily basis for opportunities to save on taxes while keeping your portfolio on track

While J.P. Morgan aims to scan accounts daily for tax loss harvesting opportunities, there may be circumstances where this might not occur.

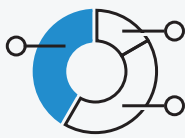


# Customizing your SMA portfolio

## Turn our portfolio into your portfolio

In addition to personalized tax management, the J.P. Morgan Tax-Smart SMAs give you a voice in how your money is invested. You start out with a diversified U.S. stock portfolio built by our investment professionals. Then, you and your advisor can decide if and how to customize the investment mix to better suit your needs.

## Three ways to customize your portfolio



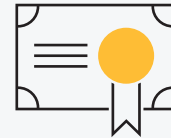
### Sector screens

Limit your exposure to specific industry sectors



### Value screens

Avoid certain categories based on your personal values



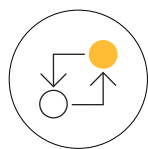
### Stock restrictions

Restrict exposure to individual stocks you already own or wish to avoid

## Is a tax-smart SMA right for me?

Consider a J.P. Morgan solution if you:

- ☐ Invest in taxable accounts
- ☐ Own investments that have gone up significantly in value
- ☐ Hold large investments in single stocks or industries – for example, company stock from your employer
- ☐ Are in a high tax bracket or concerned about rising tax rates
- ☐ Have special or sophisticated needs requiring more personal attention and customization
- ☐ Want input into which stocks you own and how they are taxed
- ☐ Can meet the higher account minimums of SMAs



# Transitioning assets in a tax-smart way

## Two ways we help ease your tax burden

### 1. Tax-smart transitions

Reduces, defers or avoids capital gains taxes as you move your investments to an SMA.

### 2. Tax-loss harvesting

Monitors your portfolio on an ongoing basis to take advantage of tax-saving opportunities.

## Don't let capital gains keep you from a better portfolio

In many cases, a J.P. Morgan Tax-Smart SMA may offer broader diversification, greater customization or better tax management than your current portfolio holdings. However, selling existing investments to make the switch may trigger high taxes that erode your hard-earned gains. Rather than sell everything at once, our tax-smart technology generates custom transition options so you and your advisor can balance the desired tax bill with the speed of transition to your target portfolio. The goal is to reduce, defer or completely avoid capital gains taxes to help you keep more of what you've already accumulated.

## How it works: Customizing a flexible, tax-smart transfer to a J.P. Morgan Tax-Smart SMA

### 1. Analyze your current investments

Estimate total taxes due on a full, one-time transfer

### 2. Create your personalized plan

Determine percent of current holdings that can be moved immediately to meet your personal tax budget and investment needs

### 3. Complete the transfer over time

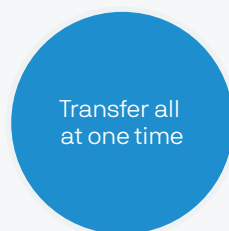
Sell remaining assets when it's most favorable, with little or no tax impact

Your advisor can generate on-demand tax transition proposals to help you compare tax outcomes and choose the right transition plan for your situation.

## Case study: Save on taxes when moving to a new portfolio

(\$5 million in existing investments, with \$1 million in unrealized gains)

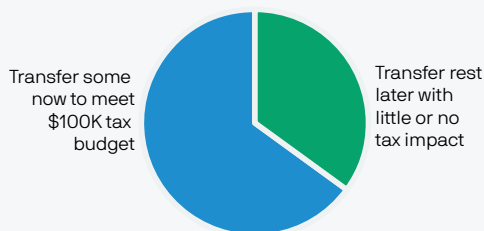
### Without a Tax-Smart transition



**One-time transfer**  
Total taxes: \$294,700

**VS.**

### With a Tax-Smart transition



**Gradual tax-efficient transfer**  
Total taxes: \$100,000

One-time transfer	\$294,700
Gradual tax-efficient transfer:	\$100,000
<b>Total saved with J.P. Morgan tax-smart transition:</b>	<b>\$194,700</b>

Source: J.P. Morgan Asset Management. One-time transfer assumes one-third of gains are short-term gains taxed at 40.8% and two-thirds are long-term gains taxed at 23.8%.



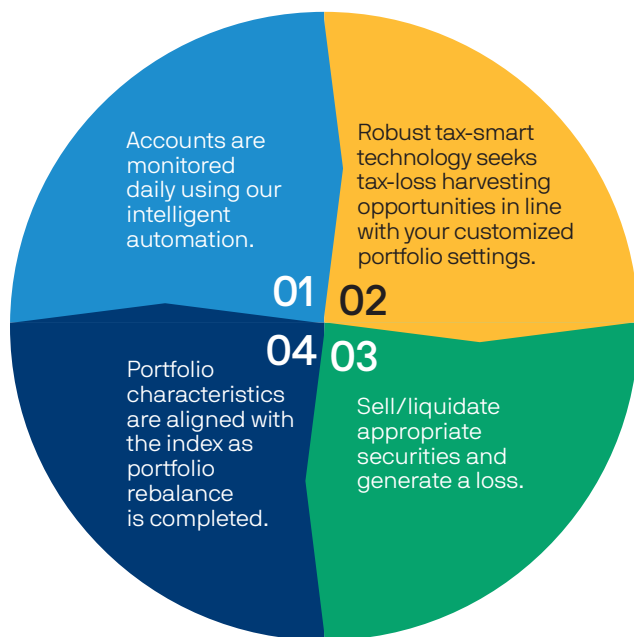
# Enhancing after-tax return potential throughout the year

## Put stock losses to work for you

Seeing stocks drop in value is never easy, but there is an upside to market downturns. It's called "tax-loss harvesting," which means selling stocks at a loss, when it makes sense, and replacing them with similar investments to keep your investment strategy intact. You and your advisor can use those losses to offset gains from other areas of your portfolio, lower your overall tax bill and increase after-tax returns.

## Automated daily portfolio monitoring for better tax management

Even though stock prices rise and fall throughout the year, tax-loss harvesting is often done only at year-end, resulting in missed tax-saving opportunities. At J.P. Morgan, we use sophisticated technology to monitor your portfolio daily and identify possible losses to harvest as soon as they arise.



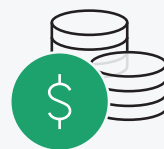
## Why are SMAs more tax-friendly than other investments?

Because you directly own each stock in an SMA, your advisor knows the "cost basis" used to calculate gains and losses when stocks are sold. They can use this information to better control the taxes you might owe on your investments each year.



Stock sales price  
(what you receive)

Minus



Cost basis  
(what you paid)

Equals



Capital gain  
or loss

While J.P. Morgan aims to scan accounts daily for tax loss harvesting opportunities, there may be circumstances where this might not occur.

# Case Study

## Turn negative returns into positive results with tax-loss harvesting

How does J.P. Morgan assist my financial advisor with tax-loss harvesting?

Determining which stocks to sell at a loss, how to reinvest the proceeds and when to make trades are complex and time-consuming decisions. Our tax-smart technology gives your advisor digital tools that simplify and automate the process to help them deliver superior after-tax performance results to you.

You have a \$100,000 investment in Stock A and the price falls by 20%



How can you turn this loss into greater value?



If you sell \$80,000 of Stock A, you can potentially claim a tax loss of \$20,000 and potentially see **\$4,760 in tax savings\***

Reinvest in a stock with similar characteristics to Stock A to keep your portfolio in line with your objectives

You save \$4,760 in taxes and increase your value to \$84,760 while keeping your portfolio on track.

\*Assumes a U.S. federal income tax rate of 23.8% applies to the \$20,000 loss.

# Choosing your Tax-Smart SMA

## Actively managed and index-based strategies for your core stock portfolio

J.P. Morgan's Tax-Smart SMAs invest in large, well-established U.S. companies that form the foundation of any well-diversified stock portfolio.



### Active

#### Tax-Smart – U.S. Large Cap Leaders Strategy

- Guided by experienced portfolio manager, backed by 20+ dedicated research analysts and 35-year stock ranking process<sup>1</sup>
- Seeks to outperform S&P 500 Index by investing in 40-80 large, well-managed U.S. companies offering strong earnings growth potential with flexibility to customize portfolio holdings

#### Tax-Smart – U.S. Value Strategy

- Managed by a team of three portfolio managers with an average of 25+ years of industry experience and two dedicated research analysts, supported by the insights of the J.P. Morgan Equity organization
- Seeks to deliver a portfolio of high quality companies including those with improving fundamentals at compelling valuations, enhanced by active tax management



### Index

#### Suite of J.P. Morgan Tax-Smart Index-Based SMAs

- Leverages 30+ years experience managing passive strategies<sup>1</sup>
- Combines benefits of low-cost index investing with ongoing tax management and portfolio customization

#### Our strategies

- **Tax-Smart – U.S. Large Cap Index Strategy** tracks the S&P 500 Index
- **Tax-Smart – U.S. Focused Large Cap Index Strategy** tracks the S&P 500
- **Tax-Smart – U.S. All Cap Index Strategy** tracks the Russell 3000 Index
- **Tax-Smart – U.S. Carbon Transition Index Strategy** tracks the JPMorgan Asset Management Carbon Transition U.S. Equity Index
- **Tax-Smart – U.S. Large-Mid Cap Index Strategy** tracks the Russell 1000 Index
- **Tax-Smart – International Developed ADR Index Strategy** tracks the MSCI EAFE Expanded ADR Index<sup>1</sup>

### What is the difference between actively managed and index-based investing?

**Actively-managed SMAs** seek to outperform an index by investing only in stocks the management team considers most attractive. Your financial advisor can help you decide which approach is a better fit for you.

**Index-based SMAs** seek to closely match the diversification, risks and returns of a broad market index by investing in most or all of its stocks. Index-based investing is a proven way to gain access to a segment of the market in a cost-efficient way.

### For more information

Consult your financial professional to discover how easy it can be to solve your unique investment and tax needs.

<sup>1</sup> Additional fees and/or transaction costs may be incurred based on your custodian and you should check with your custodian to determine if they apply. These fees and costs are your responsibility and are charged by the custodian. They are in addition to the management fee charged by JPMAM.



## Invest with J.P. Morgan's market experts

For more than 150 years, J.P. Morgan has helped investors achieve life's most important goals. Explore our Tax-Smart SMAs with your advisor and see for yourself why we are among the world's largest, most respected investment managers.

Top **3**  
SMA provider<sup>2</sup>

**\$3.6t**  
asset under supervision<sup>3</sup>

**\$110bn+**  
in index strategy assets<sup>3</sup>

**20+**  
year track record of  
managing SMA assets<sup>3</sup>

<sup>2</sup> Source: Cerulli Associates, as of 12/31/2024. <sup>3</sup> Source: J.P. Morgan Asset Management, as of 12/31/2024.

### Risk summary

The following risks could cause the Strategies' portfolios to lose money or perform more poorly than other investments.

**Equity Securities Risk.** Investments in equity securities (such as stocks) may be more volatile and carry more risks than some other forms of investment. The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for a portfolio or the securities as a whole, such as changes in economic or political conditions.

**Growth Investing Risk.** Growth investing attempts to identify companies that the Adviser believes will experience rapid earnings growth relative to value or other types of stocks. The value of these stocks generally is much more sensitive to current or expected earnings than stocks of other types of companies. Short-term events, such as a failure to meet industry earnings expectations, can cause dramatic decreases in the growth stock price compared to other types of stock. Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value.

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Tax loss harvesting may not be appropriate for everyone. If you do not expect to realize net capital gains this year, have net capital loss carry forwards, are concerned about deviation from your model investment portfolio, and/or are subject to low income tax rates or invest through a tax-deferred account, tax loss harvesting may not be optimal for your account. You should discuss these matters with your investment and tax advisors.

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.

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Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate, risk, nor do they imply low risk.

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