

## PMC Quantitative Portfolios

Your Foundation for Tax-Smart Investing

Investors have unique needs, especially with regard to tax considerations. With PMC's Quantitative Portfolios, advisors can deliver a flexible, cost-effective solution that is geared towards helping make tax-smart investing easier. Each of our seven Quantitative Portfolios are managed accounts designed to track an underlying index using a focused number of securities. They take passive investing to the next level—providing the diversification and low costs of indexes and ETFs as well as the personal customization available for managed accounts.



### Core Market Exposure



Clients get access to a concentrated version of a well-known market index

### Tax Management



Portfolios can be managed to help minimize a client's tax bill

### Customizable Components

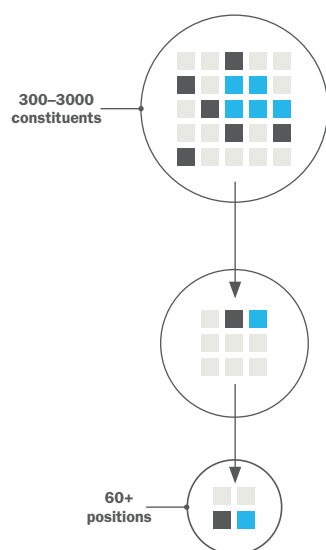


Elements of the portfolio can be adjusted to complement a client's other holdings, or to be consistent with a client's personal convictions



## Diversification Comes Standard

Each portfolio contains a subset of the constituents of a major market index and is designed to mimic the portfolio characteristics of the index as a whole.



### Index Constituents

The list of securities represented within the index, known as index constituents, are obtained from index sponsors (Russell, S&P BNY Mellon). The tracking indices have between **300-3000 constituents**.

### Portfolio Optimization

A sampling technique and optimization process based on Envestnet | Tamarac's proprietary optimizer and risk model is applied to the index constituents.

### Manager Review

PMC's portfolio managers review the portfolio to help ensure target characteristics are satisfied.

### Portfolio

The resulting Quantitative Portfolio model is a concentrated portfolio of **60+ positions** that attempts to closely track the underlying index.

Obtain fully diversified\* or targeted market exposure in major equity asset classes.

Category	Quantitative Portfolio	Tracking Index
Domestic Equity	All-Cap Core	Russell 3000® Index
	Large-Cap Core	Russell 1000® Index
	Large-Cap Growth	Russell 1000® Growth Index
	Large-Cap Value	Russell 1000® Value Index
	Small-Cap Core	S&P Small Cap 600® Index
International Equity	Int'l Developed Markets	BNY Mellon Classic Developed Markets ADR Index <sup>SM</sup>
	Int'l Emerging Markets	BNY Mellon Classic Emerging Markets ADR Index <sup>SM</sup>

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies. The Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. The S&P SmallCap 600® Index measures the performance of the small-cap segment of the U.S. equity universe. The BNY Mellon Classic Developed Markets Index<sup>SM</sup> tracks all developed markets Depository Receipts (ADRs) either traded OTC or on the New York Stock Exchange, NYSE AMEX or Nasdaq. The BNY Mellon Classic Emerging Markets Index<sup>SM</sup> tracks all emerging markets Depository Receipts (ADRs) either traded OTC or on the New York Stock Exchange, NYSE AMEX or Nasdaq.

\*Diversification does not guarantee a profit or guarantee protection against losses.

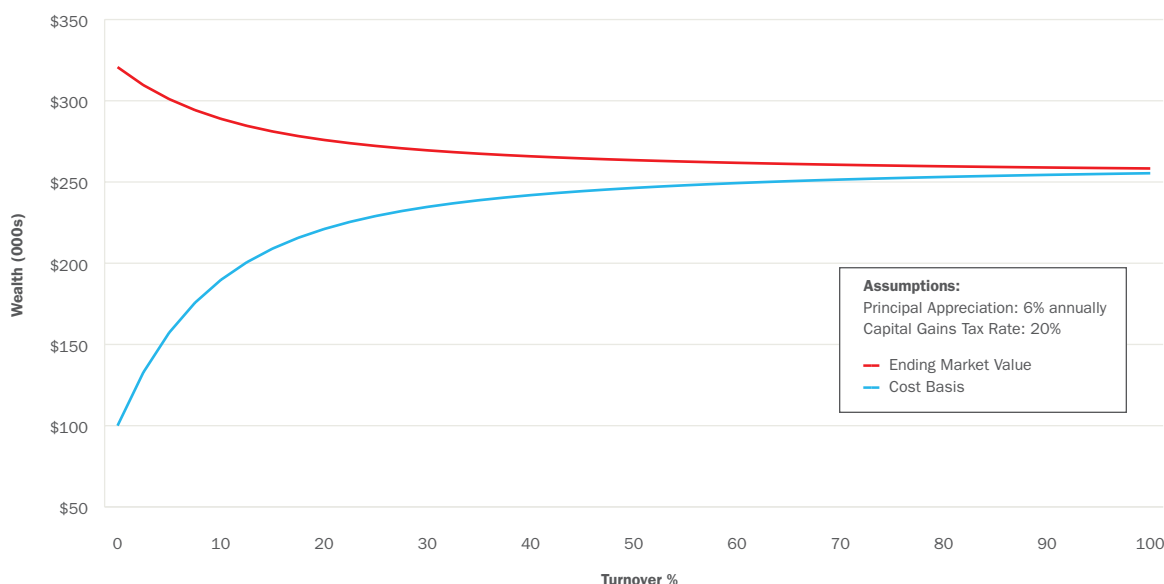


## The Pursuit of Tax Alpha\*

While passive investment strategies may tend to create relatively low tax bills, PMC's Quantitative Portfolios help take tax efficiency even further through a range of techniques and capabilities.

- Minimize portfolio turnover by holding fewer positions and through thoughtful rebalancing guidelines that limit the need to frequently rebalance.
- Choose from advisor-driven tax-loss harvesting or PMC's proprietary tax management that uses innovative software and risk models to help monitor client portfolios for potential opportunities to harvest losses and implement additional tax strategies—while weighing potential tax benefits against risk and trading costs to prevent overtrading.
- Help meet more complex tax situations, by leveraging PMC to help manage accounts according to client-specific situations, such as tax transitions, low-basis stock holdings, and anticipated cash flows.

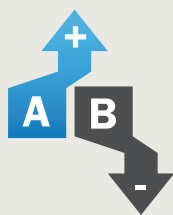
### The Impact of Turnover on After-Tax Portfolio Results



The graph above demonstrates the relationship between various levels of portfolio turnover – the amount of trading activity undertaken – and the resulting after-tax portfolio value. The results show that for an assumed positive return and capital gains tax rate low portfolio turnover produces higher after-tax results because realized capital gains are also low. As turnover increases, the portfolio's after-tax return declines as a result of the larger amount of realized capital gains.

Source: Envestnet | PMC

\* Tax Alpha is the improvement of portfolio returns created by proactively employing sound tax management strategies such as selling depreciated stocks for losses as opportunities occur. These harvested losses can be used to reduce the investor's tax bill by offsetting capital gains the investor may have realized.



## Flexibility Makes All the Difference

Managed accounts provide the flexibility to help a client actively manage taxes, harvest losses, and customize holdings to an investor's needs and preferences.

PMC has more than 10 years of experience in customizing portfolios to help meet investor requests. The Quantitative Portfolios can accommodate:

- Security level restrictions (i.e. significant existing positions, conflicts of interest)
- Industry level restrictions (i.e. existing overexposure, sustainability screening)

### Each portfolio is available in your choice of four managed account formats:

	UMA Sleeve	SMA Beta	SMA Tax-Optimized	SMA Custom
<b>Ideal for...</b>	Asset class exposure, core/satellite constructs	Asset class exposure, portfolio customizations	Asset class exposure, tax efficiency	Complex tax and portfolio customizations
<b>Min. Investment</b>	As low as \$60k	\$100k	\$200k	\$750k
<b>Tax Management Strategies</b>	Tax-efficient Rebalancing	Advisor-initiated Tax Loss Harvesting	PMC Tax Optimization Overlay	Custom
<b>Portfolio Customization</b>	Security/industry restrictions	Security/industry restrictions	Security/industry restrictions	Custom

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk which is the risk that debt securities in a fund's portfolio will decline in value because of increases in market interest rates.

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