

DISCIPLINED EQUITY TAXMANAGED



GREAT LAKES ADVISORS

A WINTRUST WEALTH MANAGEMENT COMPANY

GOAL: DELIVER MORE CONSISTENT EXCESS AFTER-TAX RETURNS FOR OUR CLIENTS



Maximize after-tax returns by combining superior stock selection with rigorous & active tax management



Nearly 20 years experience in implementing & delivering tax management for clients



Considers the client's existing holdings, actual cost basis during transition



Accommodates client's ESG and/or stock/industry preferences or restrictions

greatlakesadvisors.com

OVERVIEW

Great Lakes Advisors' Disciplined Equity Team delivers a customized solution based on the client's existing holdings and cost basis. We focus on total return as a source of alpha – not only loss harvesting – to construct a portfolio with an optimal balance of risk, return, and cost.

Candidates for TaxManaged

- Clients with taxable U.S. stock portfolios
- Client portfolios that need to amend the strategy objective and/or style & cap exposures
- Clients with concentrated and/or low cost basis portfolios seeking diversification

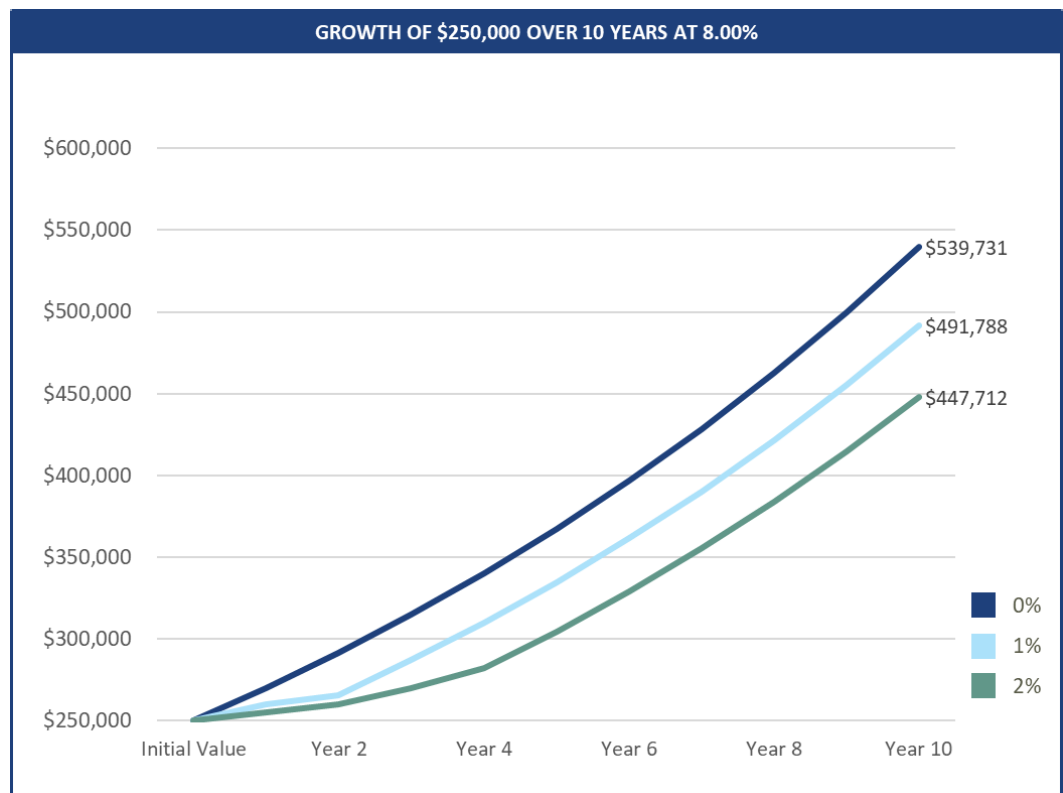
Tax Loss Harvesting

Research shows that over the decades, the tax impact on taxable investors in actively managed funds has averaged between one and two percent per annum – or up to 20% of the stock market's long-term gains.^{1,2}

Tax loss harvesting can be a manual and arduous undertaking, in fact, "studies find that less than one third of advisors take time to manage losses."³ Many advisors focus on end of the year loss harvesting as their only means of tax management. Calendar years such as 2012, 2014, 2015, and 2016 all experienced stock market losses in the early part of the year that eventually became gains by the time tax harvest season approached.

The Cost of Not Managing Taxes

Equity strategies which don't manage for taxes have given back up to 2% of total returns to taxes.

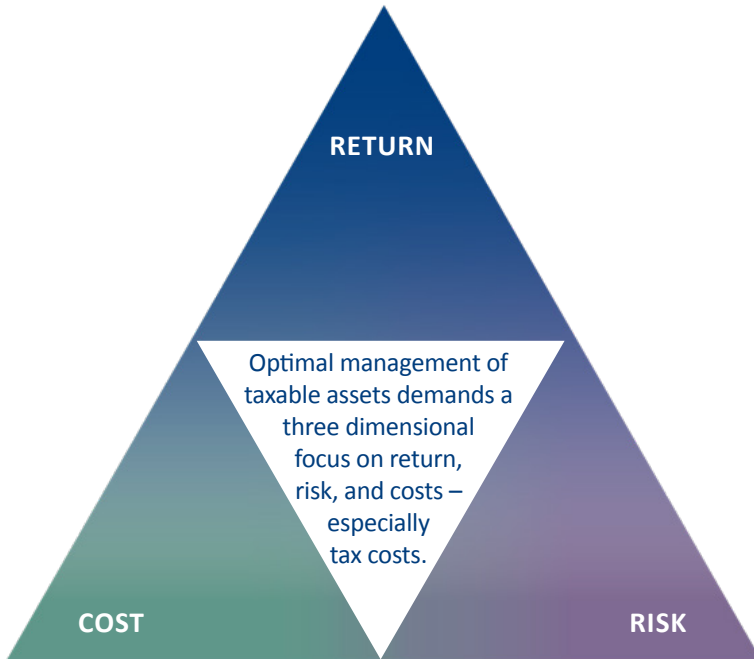


Source: The Disciplined Equity Team

STRATEGY OBJECTIVE

The TaxManaged strategy seeks to outperform the benchmark on an after tax basis by combining superior stock selection with rigorous, precise portfolio risk management and active tax management.

PROCESS



STRATEGY	PRIMARY BENCHMARK	ALTERNATE BENCHMARK
LargeCap	S&P 500	Russell 1000
SMidCap	Russell 2500	Russell 2000
AllCap	Russell 3000	S&P Composite 1500

RETURN

- History of Alpha vs S&P500/Russell 3000/Russell 2500
- Excess return through stock selection
- Experts in portfolio construction

RISK

- Benchmark aware & risk controlled
 - » Beta of 0.97-1.03
 - » Tight sector and industry constraints
 - » Tight market cap and style constraints

COST

- Capital Gains Tax Controls
 - » 10% cap on capital gains
 - » Active loss harvesting
- Trading costs
 - » Market impact
 - » Spreads

Year Round Tax Management - Controlling Taxable Gains

Gains and losses are reviewed on an individual tax lot basis

- The tax implications of realizing gains and losses (both long-term and short-term) are factored into all trading decisions
- Holdings with an unrealized short-term gain are assigned additional trading penalties as they approach the long-term (one year) threshold
- Since short-term losses can offset either short-term or long-term gains, they are assigned trading incentives – particularly as they approach the long-term (one year) threshold

Wash-sale monitoring is fully automated within the account

Cash for withdrawals is raised while tax implications are minimized

Portfolios are customized to reflect each client's tax brackets

DUAL BENCHMARK IMPLEMENTATION

Our TaxManaged strategies employ a unique dual benchmark approach.

The primary benchmark is used to ensure the TaxManaged portfolios maintain a true core large cap, smid cap, or all cap profile, respectively. We believe this construct is essential in maintaining the client's overall asset allocation.

Tracking error targets ensure each client's portfolio maintains a similar profile, while providing the flexibility needed to manage the unique tax characteristics of each individual account.

Market cap, style, and sector biases are permitted to vary among individual portfolios and will be permitted to depart from the Model Portfolio in an optimized trade off between the tax liabilities and portfolio risks of individual accounts.

Individual portfolios may also hold more positions than the Model Portfolio to facilitate desired return and risk enhancements at a greater level of tax efficiency.

INDIVIDUALLY MANAGED AND CUSTOMIZED STRATEGY

Portfolios are individually managed to each client's existing holdings and tax situation

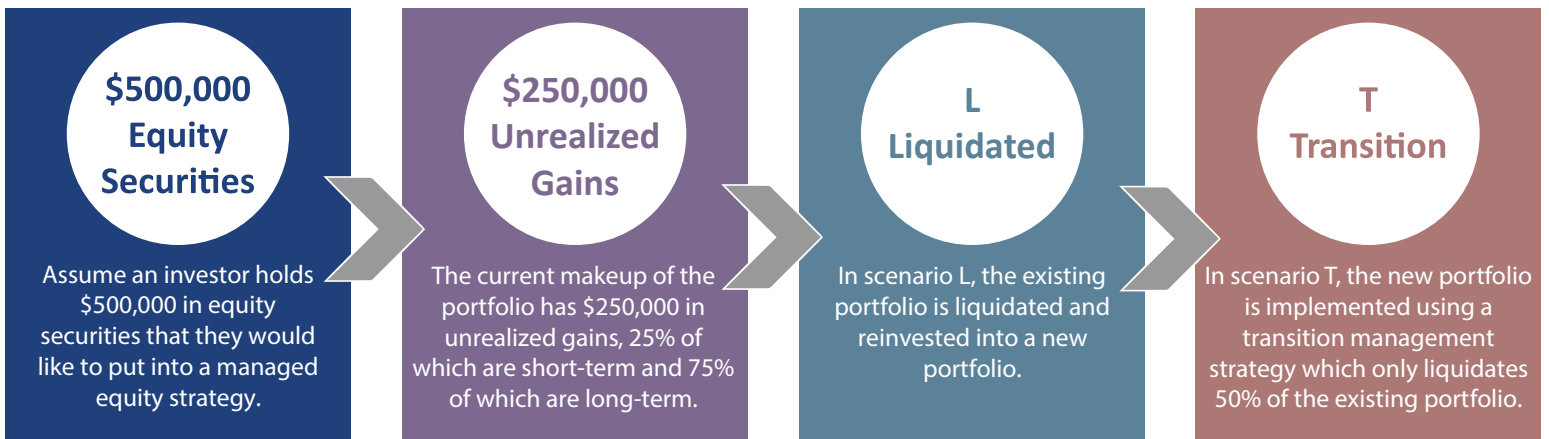
Transition Management evaluates each client's existing holdings:

- Holdings are not sold off simply because they are not in the model
- Holdings are evaluated for return potential, tax consequence, and risk profile versus the overall portfolio
- This leads to a solution which incorporates some portion of the client's holdings with new securities that complement portfolio in achieving similar characteristics of the model
- Realized gains are capped at 10% of the portfolio's value at transition

Accommodates client-driven investment restrictions including:

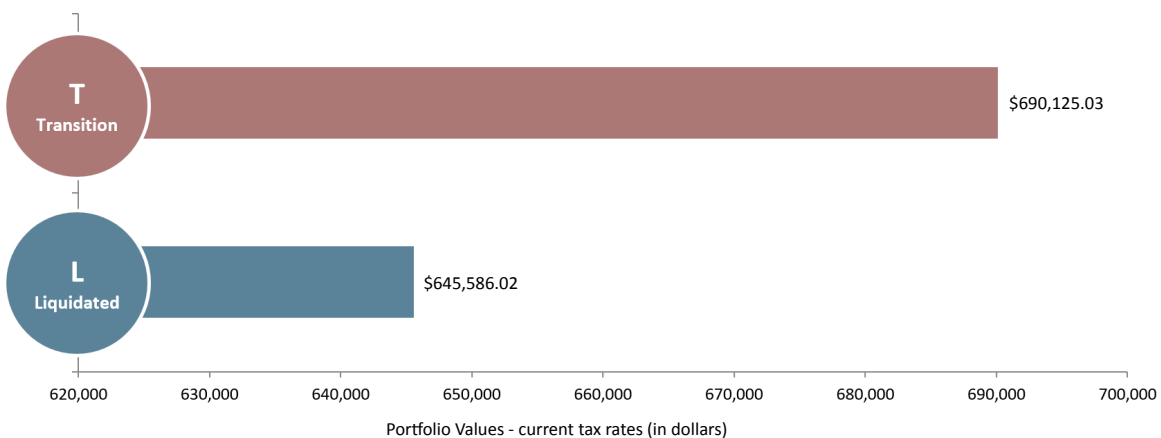
- Stock specific
- Industry
- Environmental, Social, and Governance (ESG) consideration

TAXMANAGED ACCOUNT TRANSITION



If each portfolio earns 8% per year, the portfolio which was transitioned has \$44,540 in additional value after 5 years.

IMPACT OF TRANSITION VERSUS LIQUIDATION ON PORTFOLIO VALUE



Source: The Disciplined Equity Team

The liquidated portfolio in this example would have to earn 1.45% more each year for 5 years to match the value of the Transition portfolio.



ABOUT GREAT LAKES ADVISORS

Founded in 1981, Great Lakes Advisors is headquartered in Chicago, Illinois with an additional office in Tampa, Florida. We offer a wide range of fixed income, equity, and multi-asset strategies across all market capitalizations and have deep portfolio management capabilities within ESG, Socially Responsible, Tax Managed, and Customized account solutions. Our clients include public funds, multi-employer plans, corporations, religious communities, endowments/foundations, health care plans, and private wealth management clients.

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1. Andrew Tanzer, "Pay Less Tax on Your Funds"; Kiplinger's Personal Finance, November 2008 http://www.kiplinger.com/magazine/archives/2008/11/tax_efficient_funds2.html?kipad_id=x
2. Taxes in the Mutual fund industry 2010- Assessing the impact of shareholders returns. Lipper research study, April 2010, authored by :Tom Roseen Research Manager, US & Latin America Lipper Retrieved 12/21/10 from <http://individuals.eatonvance.com/includes/loadDocument.php?fn=2349.pdf&dt=fundPDFs> ii) 2011 year end tax management How to Add Value in a Volatile and Uncertain Market pg 4 <http://www.statestreetspdrs.com/872/files/whitepaper.pdf>
3. 2011 year end tax management How to Add Value in a Volatile and Uncertain Market pg 4 <http://www.statestreetspdrs.com/872/files/whitepaper.pdf>
4. "Why Worry About Transaction Costs?" Advanced Investment Partners

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The S&P 500 Index is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. They are usually the 500 largest companies in terms of market capitalization and are chosen to represent the entire market's value. Index returns are provided to represent the investment environment existing during the time periods shown. The Russell 2500 index measures the performance of the 2,500 smallest companies in the Russell 3000 Index and represent less than 20% of the capitalization of the Russell 3000 Index. The Russell 3000 index contains 3,000 of the largest capitalization stocks of U.S. domiciled companies, which represents about 98% of the total U.S. equity market capitalization. All indexes are fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs. The index is not available for direct investment. Industry sectors are presented to illustrate the diversity of areas in which we may invest, and may not be representative of current or future investments.

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Great Lakes Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of firm composites and performance results, and the policies for valuing portfolios, calculating performance, and preparing GIPS compliant presentations are available upon request. Great Lakes Advisors, LLC's fees are available upon request and may be found in our Form ADV Part 2A. Performance data quoted herein represents past performance. Past performance does not guarantee or indicate future results. Returns and net asset value will fluctuate. 19-1-0073