

Seeking The Best Tax Outcome

Tax Lot Optimization

UNIFIED MANAGED ACCOUNTS

How your portfolio is managed can impact your realized gains.

Other firms leverage traditional accounting with legacy methodology. Morgan Stanley's proprietary system empowers you to realize the best tax outcome.

Traditional Account (FIFO – First In First Out)

Takes the Oldest Tax Lot & Sells it First

Purchase Date	Cost	Price	Qty	ST/LT	Proceeds	G/L
6/29/2009	\$ 400	\$ 3,500	8	L	\$ 28,000	\$ 24,800
7/20/2011	\$ 500	\$ 3,500	8	L	\$ 28,000	\$ 24,000
8/10/2020	\$ 3,000	\$ 3,500	1	L	\$ 3,500	\$ 500
1/6/2022	\$ 3,100	\$ 3,500	3	S	\$ 10,500	\$ 1,200
9/13/2023	\$ 3,400	\$ 3,500	7	S	\$ 24,500	\$ 700
3/23/2024	\$ 4,000	\$ 3,500	5	S	\$ 17,500	\$ (2,500)

First-In-First Out:

Proceeds= \$56,000

Realized Cap Gains = \$48,800

Estimated Tax Bill = \$10,150

Tax Impact
Not Considered

Why Do Firms Use the Traditional FIFO Approach?

Often, it's most compatible & convenient *for the firm*.

But **why settle** for their “one size fits all” approach to taxes?

Morgan Stanley's Best Tax Outcome

Systematically Identifies & Sells the Most Tax Efficient Lot in the UMA Account

Purchase Date	Cost	Price	Qty	ST/LT	Proceeds	G/L
3/23/2024	\$ 4,000	\$ 3,500	5	S	\$ 17,500	\$ (2,500)
8/10/2020	\$ 3,000	\$ 3,500	1	L	\$ 3,500	\$ 500
9/13/2023	\$ 3,400	\$ 3,500	7	S	\$ 24,500	\$ 700
1/6/2022	\$ 3,100	\$ 3,500	3	S	\$ 10,500	\$ 1,200
6/29/2009	\$ 400	\$ 3,500	8	L	\$ 28,000	\$ 24,800
7/20/2011	\$ 500	\$ 3,500	9	L	\$ 31,500	\$ 27,000

Best-Tax-First Out:

Proceeds = \$56,000

Realized Cap Loss= (\$100)

Tax Savings= ~\$21 ✓

Tax Impact
Optimized

How is Morgan Stanley Different?

Outsourced portfolio management and customization *for your unique situation*.

Considers multiple factors to help save you money on taxes.

Explore Your Opportunity Today

Morgan Stanley

Disclosures

Tax illustrations utilize a 20.8% assumed tax rate.

Morgan Stanley, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters

A client may elect Tax Management Services for the account by notifying their Financial Advisor, and indicate what Maximum Tax or Realized Capital Gain Instruction is desired for the account, if any. The Tax Management Services Terms and Conditions attached to the Morgan Stanley Smith Barney LLC Select UMA ADV brochure as Exhibit A will govern Tax Management Services in the account. Clients should review the Morgan Stanley Smith Barney LLC Select UMA ADV brochure carefully with their tax advisor. Tax Management Services are not available for all accounts or clients and may adversely impact account performance. Tax Management Services do not constitute tax advice or a complete tax-sensitive investment management program. There is no guarantee that Tax Management Services will produce the desired tax results.

Please see the Morgan Stanley Smith Barney LLC Select UMA Form ADV Wrap Fee Brochure (the “Morgan Stanley ADV”) for more information on the Select UMA Investment Advisory Program.

The Morgan Stanley ADV is online at www.morganstanley.com/ADV.

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