

# Aperio's Long/Short Strategy

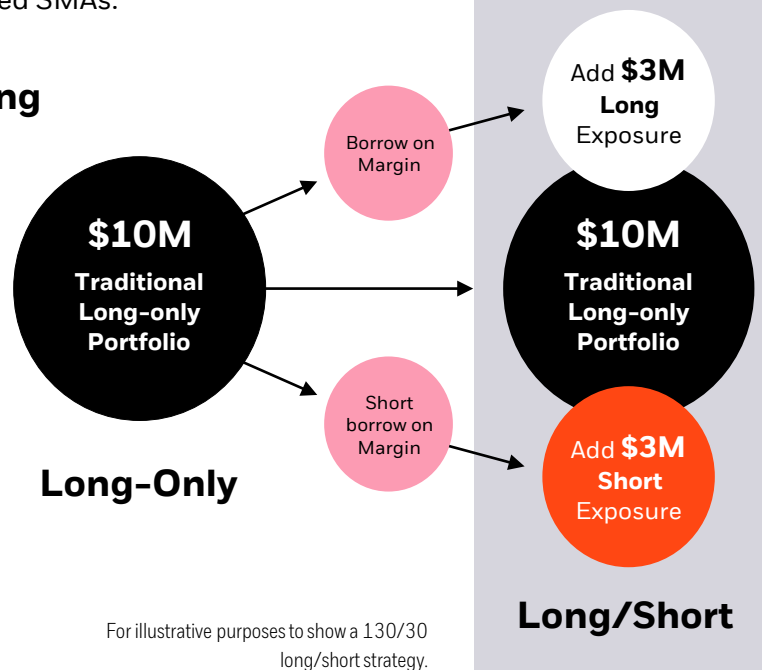
Aperio's flagship long-only tax-managed separately managed accounts (SMAs) seek to deliver tax management and personalization for values preferences. While this remains a compelling offering, Aperio continues to innovate and lead the industry with new applications for personalized SMAs.

## Enhance the power of loss harvesting with our long/short strategy

A tax-managed long/short strategy can be thought of as an extension to a traditional long-only portfolio.

Similar to direct indexing, a long/short strategy systematically harvests losses to generate tax alpha.

By combining long and short positions, the strategy aims to enhance the use cases of long-only tax-managed SMAs by providing additional loss-harvesting opportunities in both up and down markets.\*



## Complex challenges require innovative solutions

**“**  
 I have a liquidity event coming up. I need losses to offset the gains.”

A long/short strategy can help accelerate capital loss generation to more quickly accumulate losses to offset future gains.

**“**  
 My direct indexing portfolio is appreciated and is not generating as many losses.”

Transitioning an appreciated portfolio into a long/short strategy can rejuvenate loss harvesting.

**“**  
 I have a large concentrated stock position and would like to tax-efficiently diversify.”

For portfolios with concentrated stock positions, transitioning to a long/short portfolio can accelerate diversification tax neutrally.

\*To benefit from tax-loss harvesting, investors must have eligible gains that can offset those losses. The types of gains a client offsets with the generate losses and the timing and method of portfolio disposition (e.g. liquidation, donation, transition to long-only) will determine the effectiveness of this strategy. See "Important notes" for risks associated with short selling and trading on margin.

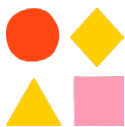
# Great capabilities are not built overnight

For 25+ years, we have worked side-by-side with advisors to craft personalized, tax-managed SMAs that reflect the goals of each investor.



## Tax management with factor strategies

We seek to improve after-tax performance with systematic tax loss harvesting while also offering the potential for improved pre-tax performance from factor strategies.



## Personalized solutions

Based on each client's goals and preferences, we offer customized solutions including varying levels of leverage, active investment strategies, and benchmark exposures.



## Team of professionals

Our investment strategists, portfolio managers, and after-tax wealth strategists act as an extension of your advisor's team and can help determine if long/short strategy is right for you.

## Looking for other solutions personalized for you?

Each investor's situation is different, so it's important to consider your goals and objectives before moving forward. Explore our SMA solutions platform, built to meet the unique investment needs of every investor.\*

### Aperio Direct Indexing

For decades, Aperio has been a leader in the direct indexing space, specializing in personalized, tax-managed equity SMAs.

### Fixed income

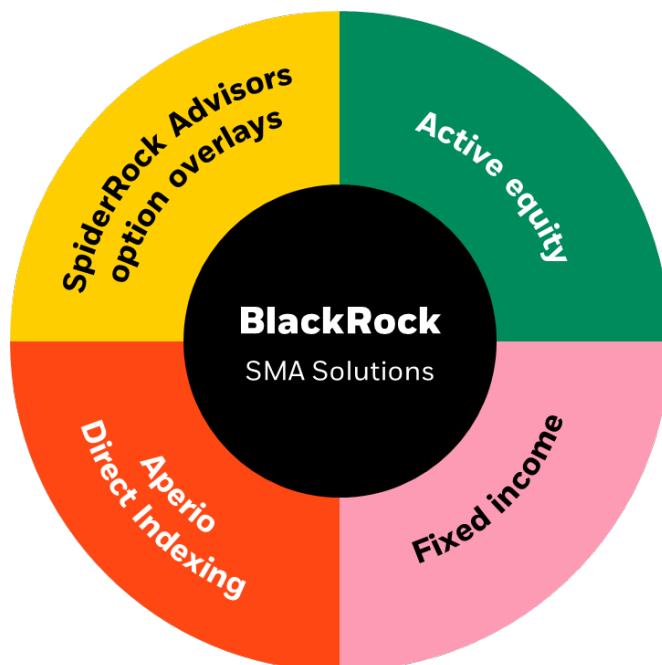
BlackRock's fixed income team provides advisors a better way to do bonds by crafting high-quality, personalized fixed income SMAs.

### Active equity

BlackRock's active equity SMAs help advisors deliver high-conviction portfolios of individual stocks, seeking to generate consistent alpha.

### SpiderRock Option Overlays

SpiderRock brings comprehensive options expertise and technology to deliver actively managed, customized option overlays.



\*The direct indexing strategies discussed are made available by Aperio Group, LLC (Aperio). Fixed income and active equity strategies referenced are made available by BlackRock Investment Management, LLC (BIM). Option overlay strategies referenced are made available by SpiderRock Advisors, LLC (SRA). Aperio, BIM and SRA are registered investment advisors, and direct or indirect wholly-owned subsidiaries of BlackRock, Inc.

# Want to learn more? Contact your financial advisor.

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## **Short Sales**

In a short sale, a portfolio sells securities it does not own. To accomplish this, the portfolio borrows the securities at a fee from the custodian (the lender). The position is "closed" by "returning" the security (buying a replacement security on the lender's behalf). This "return" obligation to replace the borrowed securities does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss: The price at which a portfolio must buy "replacement" securities could increase without limit. A portfolio may experience losses on short positions that are not offset by gains on long positions.

## **Possibility of Margin Calls or Liquidations**

Borrowings are usually from securities brokers and dealers and are typically secured by a portfolio's securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures a portfolio's obligations, and if a portfolio is unable to provide additional collateral, the broker or dealer could close either long and/or short positions held in a portfolio's account to satisfy a portfolio's obligations. Closing positions in that manner could have extremely adverse consequences, including initiating closing transactions at disadvantageous times and prices and the acceleration of tax consequences.

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