



CAPTRUST

Creating personalized, tax efficient separately managed accounts

Introduction to Ethic

Ethic is an independent, tech-driven asset manager with over \$2.5 billion in assets under management.

Ethic powers the creation of uniquely personalized public equity portfolios via separately managed accounts (SMAs) in partnership with CAPTRUST advisors.

CAPTRUST advisors can personalize a given benchmark to correspond with a client's investment, values, and tax management preferences while minimizing tracking error to the underlying benchmark.

Ethic's team

Ethic is a team of institutional investing, technology, data and design experts representing 20 countries combining experience from over a dozen leading institutions.

Ethic serves as an extension of the CAPTRUST team to help facilitate a high quality client experience both in person and via our technology.

The advantage of using SMAs for tax management

Using the SMA format provides for greater customization, implementation of values, and efficiency of tax management (vs a pooled vehicle like an ETF).

Ethic's sophisticated portfolio management tools and technology provide the ability to analyze the overall portfolio composition and transact the securities that are held at a capital loss and rebalance the portfolio in line with the clients' preferences. This can help us seek to achieve greater losses as we are not forced to net out any gains from other positions as we would with a pooled structure.

Using the SMA structure means clients can access a tax managed, benchmark-tracking solution while incorporating company specific inclusions/exclusions, and/or other custom preferences.

Ethic's key backers

Ethic's backers include institutions (Fidelity, UBS), fintech funds (Nyca Partners, Oak HC/FT) and impact investors (Kapor Capital, Urban Innovation Fund).

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Ethic's unique approach to tax management

Agility alpha

Ethic's tech-driven investment management engine provides a more dynamic adaptation to a quickly changing market.

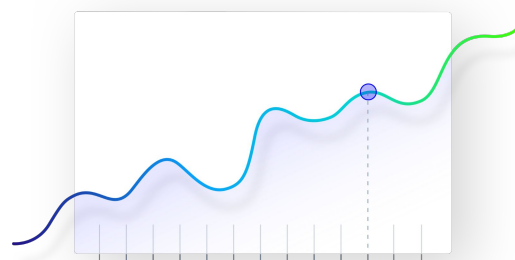
Hyper customization

Ethic creates portfolios that directly reflect a client's factor preferences, tax considerations, values priorities, and other custom constraints.

Transparent daily tax reporting

Access the following reporting via the Ethic Platform:

- Financial performance
- After-tax value add
- Losses harvested
- Trading events summaries
- Impact reporting



Dynamic tax management

Ethic's tech-driven personalized tax management engine dynamically evaluates opportunities to tax-loss harvest each day. In 2022, on average Ethic harvested ~15.6% in losses per portfolio which roughly equates to **6.5% after-tax value add**.¹

At Ethic, portfolio optimizations are personalized to each client circumstance and include weighing tradeoffs between tracking error, sustainability, and optimal tax while taking into account costs. Running multiple optimizations and then comparing a portfolio's utility function, enables tailored ongoing portfolio management compared to the pervasive coefficient based approach.

1. For Portfolios with Active Tax and Sustainability settings. Metrics as of December 30, 2022. Past performance is not indicative of future results. Ethic Inc. does not render any legal, accounting, or tax advice. Ethic Inc. recommends all investors seek out the services of competent professionals in any of the aforementioned areas. ALL INVESTMENTS INVOLVE RISK, ARE NOT GUARANTEED, AND MAY LOSE VALUE. BE SURE TO FIRST CONSULT WITH A QUALIFIED FINANCIAL ADVISER AND/OR TAX PROFESSIONAL BEFORE IMPLEMENTING ANY STRATEGY.**Average % losses per portfolio harvested is calculated as the average of: net losses harvested as a percentage of AUM in each account active tax account. % after tax value add is take as the average of: (total short term net losses * 40.8% + total long term net losses * 23.8%) as a percentage of AUM in each active tax account.



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Implementation & Next Steps

Custodian Access

Ethic is integrated with key custody platforms including:

- Charles Schwab
- TD Ameritrade
- Fidelity Investments
- Morgan Stanley
- Pershing Advisor Solutions
- Northern Trust
- US Bank

Pricing

Management fees for Ethic's Tax Managed Solutions range from 10-17 bps depending on the account size. If you'd like to speak through specifics further, please reach out to captrust@ethic.com.

Next Steps

Do you have a client who might be interested in an Ethic Tax Managed Solution? In order to proceed, please reach out to captrust@ethic.com and a team member will be in touch regarding the below next steps.

1. Open account at the Custodian and Link with Ethic
2. Sign Investment Strategy Statement (ISS), if applicable
3. Fund Ethic account
4. Submit Trade Instructions via the Ethic Platform

Benchmark availability

Ethic delivers portfolios that achieve US, Global and International exposure.

Commonly used benchmarks at Ethic include the following – and more!

- S&P 500 Index (IVV/VOO/SPY)
- MSCI World Index (URTH)
- MSCI EAFE Index (IEFA, EFA)
- Russell 1000 Index (IWB)
- Russell 2000 Index (IWM)
- Russell 3000 Index (IWM)
- MSCI All Country World Index (ACWI)
- MSCI All Country World Index ex US (ACWX)
- FTSE Developed Market Index (VEA)
- Vanguard Total Stock Market Index (VTI)



Ethic Disclosures

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