



SMA: A Path to Better Client Portfolios

Investment flexibility? Tax efficiency? Those attributes make separately managed accounts (SMAs) an attractive proposition for high earners. SMAs are cost-effective solutions that can help you enhance portfolios—and tailor them to clients' individual needs. Below are a few scenarios where deploying an SMA can improve outcomes.

Scenario	Example
Restricting Specific Sectors or Companies	<p>Religious and Charitable Institutions</p> <p>A client's ethics and morals may preclude investing in companies involved with alcohol, gambling, tobacco, sex-related industries or weapons. Customizing a client's SMA portfolio is an effective way to exclude these exposures.</p> <p>Reducing Political Risk and Taxation</p> <p>"Sin" stocks carry higher political risk—they may be outlawed altogether or taxed at a higher rate. Excluding sin stocks from a client's SMA can reduce these risks.</p>
Liquidity Events	<p>Sale of a Business or Land</p> <p>A person or company that has sold off assets may be looking to put the proceeds in a tax-efficient vehicle. Allocating those assets to an SMA positions your client to benefit from tax harvesting on capital gains or losses. Buying securities directly in an SMA can help offset large tax bills on capital gains, with the cost basis based on the day and price they were purchased.</p>
Wealth Transfer Through a Trust Account	<p>Opening a Trust Account for an Individual</p> <p>Municipal bond SMAs may be suitable for investors focused on preserving principal with tax-free income. That's because trust beneficiaries face different tax rules than they would in ordinary investment accounts—they pay taxes on income and other distributions received from the trust, but not on principal returned from trust assets.</p>
Large Non-Qualified Accounts	<p>Brokerage Account</p> <p>Unlike an individual retirement account (IRA), brokerage accounts are subject to normal taxes. Investments are made with after-tax money, held in tax-deferred accounts and returns are taxed annually. SMAs offer a more tax-efficient approach for non-qualified assets.</p>
Institutional Accounts	<p>Foundations and Endowments</p> <p>Because of their size and sophistication, foundations or endowments looking to invest large sums of money should consider SMAs, which can reduce fees and taxes while also allowing for portfolio customization that aligns with a specific Investment Policy Statement.</p>
Philanthropic Gifting	<p>Charitable Remainder Trusts</p> <p>This charitable giving strategy is a tax-exempt irrevocable trust designed to reduce taxable income by dispersing income to any beneficiaries and donate the remainder to charities. SMAs allow for environmental, social and corporate governance (ESG) considerations.</p>

Strategy Name	Description	Launch Date
Domestic Equity		
AB Concentrated Growth Portfolio	Long-term growth of capital	December 1974
AB US Large Cap Growth Portfolio	Long-term growth of capital	December 1977
AB Strategic Research Equity Portfolio*	Long-term growth of capital	December 1981
International Equity		
AB Sustainable Global Thematic ADR† Portfolio*	Long-term growth of capital	December 2008
AB Sustainable International Thematic ADR† Portfolio*	Long-term growth of capital	December 2002
AB Concentrated International Growth ADR† Portfolio	Long-term growth of capital	November 2006
Fixed Income		
AB Tax Aware Fixed Income Portfolio	Flexible Strategy Seeking After-Tax Total Return	March 1991
AB Tax Aware Limited Duration Fixed Income Portfolio	Flexible Strategy Seeking After-Tax Total Return	June 2012
AB Municipal High Quality Portfolio	Capital Preservation and Income	August 2010
AB Municipal Income Portfolio	Flexible Strategy Seeking After-Tax Total Return	October 2010
AB Municipal Impact Portfolio*	Socially Responsible Investing	January 2017
Balanced		
AB Strategic Research Balanced Portfolio*	Combination of AB Strategic Research and Fixed Income strategies which combines a top-down perspective on secular trends with bottom-up security selection	December 1981

* Responsible investing solutions through AB's Portfolios with Purpose

† American Depositary Receipt

There is no assurance that a separately managed account will achieve its investment objective. Separately managed accounts are subject to market risk, the market values of securities owned will fluctuate so that your investment, when redeemed, may be worth more or less than its original cost.

The [A/B] logo is a registered service mark of AllianceBernstein and AllianceBernstein® is a registered service mark used by permission of the owner, AllianceBernstein L.P.

© 2022 AllianceBernstein L.P., 501 Commerce Street, Nashville, TN 37203

