
Harvesting Strategy

September Review: Fall (Tax Loss) Harvesting

The S&P 500 lost 4.7% in September in its worst monthly performance since March 2020. Neither gold nor Treasury bonds, nor crypto, offered safe haven. However, last month's volatility did offer multiple opportunities to harvest tax benefits (i.e., realized losses) to improve [after-tax returns](#). Below are harvesting highlights for September with accompanying chart and statistics on page 2:

- Overall, markets fell enabling multiple loss-capturing opportunities. Specifically, key factors to exploit were at the sector level.
 - Nine out of the eleven sectors that make up the S&P 500 experienced greater intra-month declines than the broad index with the average drawdown among sectors at 6.7% (more than 1.5% greater than the overall S&P 500's drawdown).
 - Three of the typically most defensive, least volatile sectors (Utilities, Health Care and Consumer Staples) were the most heavily harvested (representing 40% of trading collectively).
 - InfoTech, the largest sector, declined a full percentage point more than the broad index, enabling incremental tax benefits to be captured.
 - In a turn-about event, Energy, [already harvested heavily in prior months](#), was the best performing (up 9%) and least harvested sector.¹
 - The S&P 500's lowest point for the month arrived in a nearly vertical descent during the final 30 minutes of trading last Thursday, a difficult period to be trading. Green Harvest, however, executed more harvesting-related trades on September 20th, when five of the eleven sectors bottomed.
- Outside the U.S., Latin America and Switzerland saw the steepest declines and were the two most heavily harvested areas.

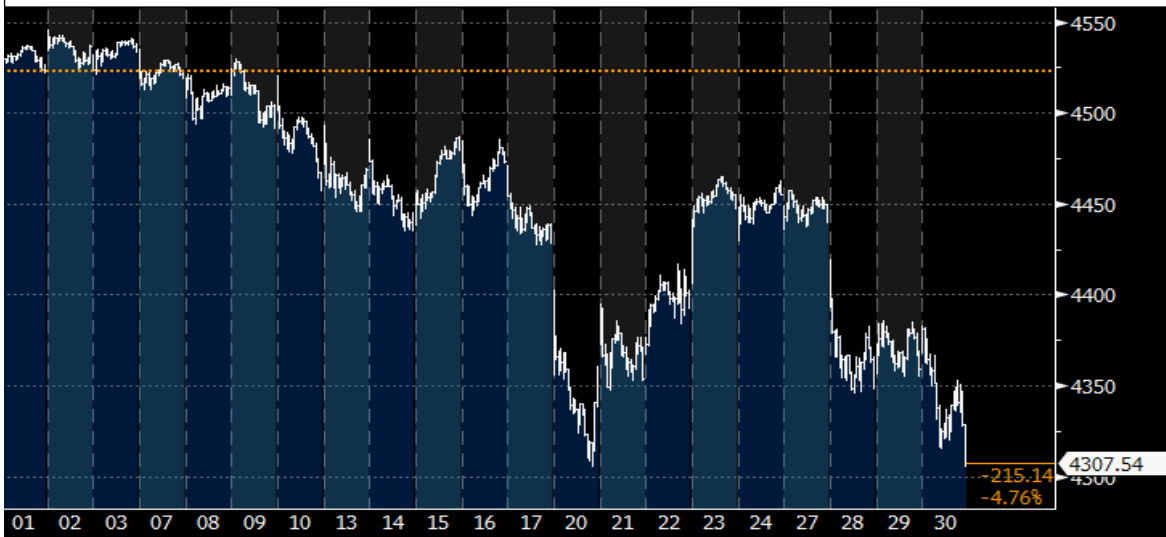
September was a prime month for harvesting tax benefits, succinctly illustrating how a smart, systematic, harvesting approach can maximize opportunities for improving after-tax returns. Targeting sectors and regions is just one way that Green Harvest can add additional tax benefits.

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¹ Energy stocks are up again at time of writing on October 4th, continuing to buck the broader market.



S&P 500 Bottomed September 30th but Many TLH Opportunities were Better Captured on September 20th



Market Data and Green Harvest Tax Loss Harvest Heat Map Summary for month of September 2021:

Market Exposure	Sectors/Regions with TLH	Total Return (%)	Volatility	Max Drawdown	
				(%)	Date of Low
S&P 500		-4.66%	12.76%	-5.08%	9/30
Materials	X	-7.19%	15.48%	-8.41%	9/20
Real Estate	X	-6.25%	15.52%	-8.27%	9/30
Communication Services	X	-6.28%	13.29%	-6.76%	9/30
Industrials	X	-6.08%	14.99%	-6.83%	9/30
Utilities	X	-6.09%	14.89%	-8.88%	9/28
Info Tech	X	-5.84%	15.97%	-6.21%	9/30
Health Care	X	-5.52%	12.28%	-6.73%	9/30
Consumer Staples	X	-4.14%	11.17%	-5.05%	9/30
Consumer Discretionary	X	-2.14%	14.31%	-3.85%	9/20
Financials	X	-1.84%	18.65%	-5.77%	9/20
Energy	X	8.93%	31.75%	-6.42%	9/20
MSCI ACWI Ex-US		-3.43%	14.10%	-5.54%	9/20
Lat America	X	-10.31%	26.00%	-11.47%	9/20
Switzerland	X	-8.38%	13.36%	-8.93%	9/28
EuroZone	X	-5.33%	16.35%	-6.93%	9/30
Australia	X	-4.58%	19.43%	-7.75%	9/20
Asia Ex-Japan	X	-4.08%	16.71%	-7.37%	9/20
United Kingdom	X	-2.30%	14.83%	-5.77%	9/20
Canada	X	-2.79%	16.21%	-6.51%	9/20
Japan	X	2.70%	18.08%	-5.41%	9/30

Sectors/Regions with TLH: Darker green areas indicate where greater proportion of tax loss harvest trades were executed in each market exposure across all eligible accounts.

Volatility calculated as annualized standard deviation over the period.

Max Drawdown calculated as max decline from Interim peak to Intra-Day Low.

Market statistics calculated using representative ETFs. Market Data Source: Bloomberg



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