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## Harvesting Strategy

### October Review: Fall (Tax Loss) Harvesting

Stocks rocketed in October with the S&P 500 gaining 7.0% to achieve a new all-time high. Despite strong pre-tax returns, there are almost always opportunities to capture or harvest tax benefits to improve [after-tax returns](#), and this month was no exception. Below are harvesting highlights for October with accompanying chart and statistics on page 2:

- We captured the most tax benefits in the Healthcare sector. While its 2.2% intra-month drawdown was just below average, Healthcare stocks found fresh new lows (which, for our clients was a good thing). On three separate occasions early in the month, they briefly bottomed, offering repeated opportunities to harvest. Healthcare is typically one of the least volatile sectors, and true to form, the sector recovered by month-end, returning 5.1% for the month.
- The Energy sector on the other hand, offers an illustrative contrast. Regular readers may recall that [Energy was the sole sector to gain in September](#) during the broader market's pullback. As such, this sector's October declines didn't offer many new opportunities to harvest, as many accounts had already experienced the prior month's gains.
- Outside the U.S., harvesting opportunities were even greater. International stocks have scarcely kept pace with their U.S. counterparts and some areas, such as Latin America, are down for the year. While the S&P 500 is up 24.0% year-to-date, Japan is up just 2.0% and China and Latin America are both down by double digits.
  - Having recently peaked in June, Latin American stocks fell for four consecutive months to new 2021 lows in October. More than half of non-US and Global tax benefit capture was in this region.
  - After Latin America, Japan and China were the two regions with the greatest number of harvesting opportunities.

Overall, October yielded solid returns for stock investors, particularly in the U.S. At the same time, Green Harvest capitalized on opportunities which captured tax benefits, helping clients further their after-tax investment goals.

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

Market Exposure	Sectors/Regions with TLH	Total Return (%)	Volatility	Max Drawdown	
				(%)	Date of Low
<b>S&amp;P 500</b>		<b>7.02%</b>	<b>10.88%</b>	<b>-1.81%</b>	<b>10/4</b>
Materials	X	7.60%	13.69%	-2.07%	10/6
Energy	X	10.33%	22.59%	-3.42%	10/28
Financials	X	7.27%	15.91%	-3.28%	10/13
Industrials	X	6.80%	12.14%	-2.01%	10/13
Consumer Staples	X	3.50%	7.35%	-1.59%	10/6
Utilities	X	4.74%	14.35%	-2.74%	10/11
Health Care	X	5.12%	13.17%	-2.22%	10/6
Real Estate	X	7.58%	12.82%	-2.46%	10/6
Info Tech	X	8.18%	15.12%	-3.09%	10/4
Consumer Discretionary	X	12.09%	13.34%	-1.96%	10/25
Communication Services	X	0.24%	17.02%	-3.37%	10/28
<b>MSCI ACWI Ex-US</b>		<b>3.00%</b>	<b>10.90%</b>	<b>-2.43%</b>	<b>10/6</b>
Asia Ex-Japan	X	1.36%	14.54%	-2.91%	10/29
Japan	X	-2.63%	14.78%	-5.20%	10/6
Australia	X	6.61%	12.22%	-2.25%	10/6
Switzerland	X	6.98%	10.26%	-1.14%	10/25
EuroZone	X	4.57%	11.40%	-1.94%	10/6
United Kingdom	X	4.24%	9.01%	-1.77%	10/6
Lat America	X	-5.50%	25.33%	-8.27%	10/29
Canada	X	7.93%	12.06%	-1.64%	10/27

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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