

NEW FEATURE

“Sell-only” substitutes

Currently, Advisors can establish primary and secondary (taxable + IRA) substitute holdings in their Security Groups to leverage our TLH+ and wash sale avoidance functionality.

Betterment is unlocking an additional category we’re calling “Sell-only” substitutes.

This functionality allows you to add additional tickers to your Security Groups for greater control over rebalancing behavior in your Custom Model Portfolios.

1

“Sell-only” substitutes will be considered part of your Security Group and will contribute to the drift of the assigned Security Group, but we will not buy additional shares of “Sell-only” positions.

2

Advisors often seek this functionality when their clients have appreciated legacy positions that the advisor is comfortable incorporating into the target model while controlling rebalancing and realized gains.

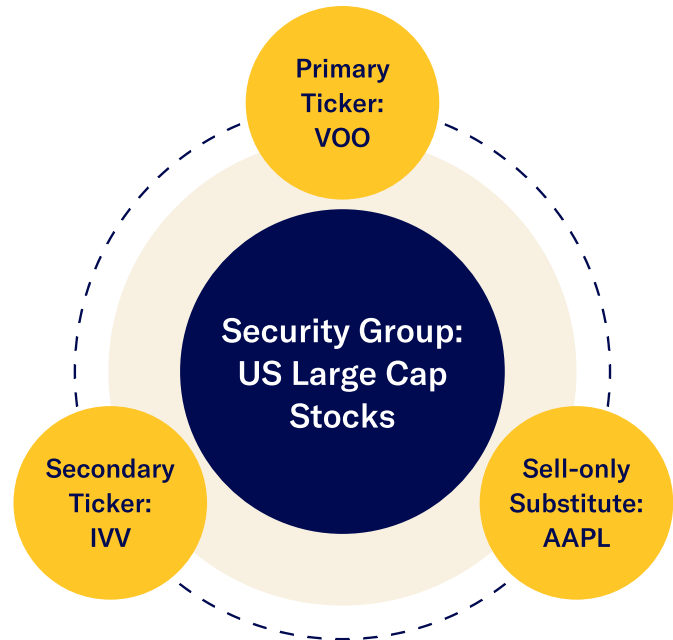
3

Establishing a position as a “Sell-only” substitute allows you to customize how our portfolio management system views exposure to these positions and offers greater control over managing these positions.

Example

Security group with “Sell-only” position in AAPL

Imagine having a client with a legacy position in AAPL that you did not want to liquidate immediately. The AAPL position would be part of your US Large Cap Stocks Security Group. Your goal could be to either reduce exposure to AAPL over time or simply not buy additional shares of the position.



Here's how the AAPL “Sell-only” substitute would be managed:

- 1 Our portfolio management systems will not buy any more of AAPL.
- 2 When assigned as a Sell-only Substitute, AAPL's value will be considered as part of the US Large Cap Stocks Security Group and will count towards the current allocation and drift for the assigned Security Group.

Note: For tax optimization, the system may prioritize selling the primary or secondary ticker, rather than the “Sell-only” ticker, in an overweight Security Group.

- 3 As of now, the Sell-only substitute, AAPL, is not reflected in projections.

Questions about “Sell-only” substitutes?

Please review our disclosures on sell-only substitutes, which cover important information about how these securities behave in custom portfolios. Reach out to your dedicated Relationship Manager or send us an email at support@bettermentadvisorsolutions.com.