QUICK TAKES

Diversify. Defer Taxes. Defend Your Gains.

The Dual Power of Section 351 Exchanges – Tax-Free Today, Tax-Efficient Tomorrow

Who: Who Benefits Most

Investors and advisors with concentrated, low-basis positions.

- UHNW investors
- Families / individuals with large embedded gains
- Clients with concentrated employer or legacy stock
- Advisors managing complex taxable portfolios

Why: The Problem

Concentrated, low-basis positions create three compounding challenges:

Concentration: Large single-stock exposure increases risk and limits flexibility

Tax implications: Selling appreciated stock triggers immediate capital gains, and a tax bill,

Drift: Megacap performance and direct indexing can amplify unintended concentration over time

What: The Solution

A **Section 351 Exchange** provides a tax-deferred path to diversification Investors reposition without triggering a tax hit. Portfolios realign with intended asset allocation

A simple three-step process:

1. Contribute appreciated stock into the ETF
2. Receive diversified ETF shares aligned with the investor's target allocations
3. Defer capital gains while preserving full investable value.

A **Section 351 Exchange** can help address concentration, eliminates the tax barrier to repositioning, and corrects portfolio drift — all in one mechanism.

A Section 351 Exchange provides a tax-deferred exit from concentrated, low-basis positions. Proceeds are redeployed into an ETF restore diversification and portfolio alignment.

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