

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.

Important Disclosures: The transaction must meet Internal Revenue Code Section 351 requirements. Tax outcomes depend on individual circumstances. **This information is not to be relied on as legal, tax, business, investment, accounting, or any other advice. Recipients should seek their own independent financial and tax advice. Investing involves inherent risks, and any particular investment is not suitable for all investors; there is always a risk of losing part or all of your invested capital.** The information is in a summary format and therefore very limited in scope and not meant to provide comprehensive descriptions or discussions of the topics mentioned herein. Moreover, this has been prepared without taking into account individual objectives, financial situations or needs. As such, this presentation is for informational discussion purposes only. No statement herein should be interpreted as an offer to sell or the solicitation of an offer to buy any security (including, but not limited to, any investment vehicle or separate account managed by Polen Capital). This information is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Any statements made by Polen Capital regarding future events or expectations are forward-looking statements and are based on current assumptions and expectations. Such statements involve inherent risks and uncertainties and are not a reliable indicator of future performance. Actual results may differ materially from those expressed or implied. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations. This information may not be redistributed and/or reproduced without the prior written permission of Polen Capital.