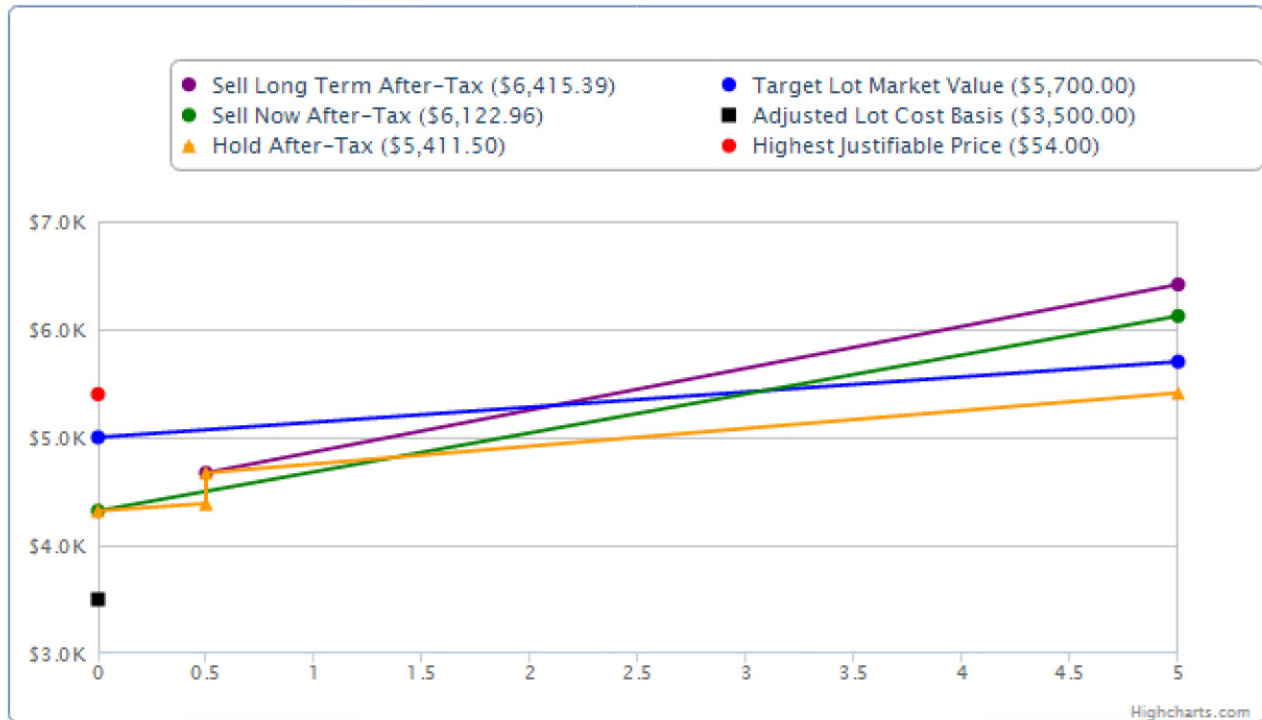


## ETPO Introduction

The American financial services industry has not seen any major enhancements in the management of taxable equity portfolios for over two decades. It still relies on the success metrics of the traditional **tax efficiency** approach, which seeks to simply minimize taxes in a given year. This time-tested approach seems reasonable on the surface, but it is ripe for disruption.

Investment Horizon Year:



Company Name:	Coca-Cola Company	Max Strategy:	SELL WHEN LONG-TERM
Ticker:	KO	Sell Now Total Tax-Lot Tax Liability:	\$879.38
Purchase Date:	12/30/2013	After-Tax Annual Return on Taxes:	20.90%
Original or Residual Shares:	100	After-Tax Annual Avg. Rec. Advantage:	3.70%
Original or Residual Cost Basis:	\$3,500.00	Hold Unrealized Gain:	\$1,500.00
Cost/Share:	\$35.00	Realized S.T. Gains/Losses:	\$0.00
Price Assumption:	\$50.00	Realized L.T. Gains/Losses:	\$0.00
Current Lot Market Value:	\$5,000.00	Adjusted Lot Cost Basis:	\$3,500.00
Current Lot Gross After-Tax Value:	\$4,320.82	Tax Loss Harvesting Matching Shares:	0
Simple Return:	42.90%	Tax Loss Harvesting Alternate Shares:	0
New Purchase After-Tax IRR:	3.10%	Months Until Long Term:	6
Existing Tax-Lot After-Tax IRR:	4.60%		

INPUTS			
Filing State:	NY	Current Market Price Per Share:	\$50.00
Fed. Marginal Short-Term Tax Rate:	40.00%	Annual Dividend Assumption:	\$0.80
Fed. Marginal Long-Term Tax Rate:	20.00%	Dividend Growth Rate:	2.50%
Other Income Offset:	\$3,000.00	Before-tax Reinvestment Return Rate:	10.00%
Brokerage Cents per Share:	\$0.00	Highest Justifiable Price:	\$54.00
Brokerage Annual Wrap Fee:	0.00%	Stock Risk Premium Adjustment:	0.00%
Annual Advisor Fee:	0.00%	Minimum Compound Selling Advantage:	0.00%
Portfolio Turnover:	50.00%	Price Targeting Option:	Price
		Price Target:	\$57.00

**Efficient Tax LLC** has developed and patented an advanced tool to help investment professionals go beyond minimizing taxes to deliver increased long-term after-tax wealth to their clients with taxable investments. **The Efficient Tax Portfolio Optimizer (ETPO)** provides daily reports informing money managers when it's time to sell a security and invest in other equities that offer better after-tax returns. This strategy still minimizes taxes, but not at the expense of future after-tax wealth accumulation. It's a just-in-time stock portfolio management system, powered by patented algorithms that act as a mathematical prism through which all equity investment decision choices are calculated on an after-tax basis, at the end of the day. Or rather a chosen investment horizon. **The Efficient Tax Portfolio Optimizer** rationalizes fundamental market economics on an after-tax basis, at the tax-lot level. Optimizing across entire portfolios. With the ability to rank the investment merit of each holding on an after-tax basis, by comparing each investment with every other investment, all of the time.

For each stock, index, or ETF investment in a given portfolio, **ETPO** calculates whether a substitute investment's expected return is greater than those of a current investment, including the tax cost -- or benefit -- of selling the current holding. The tool analyzes each individual tax-lot (the separate purchases of a specific security) to incorporate its cost basis, applicable tax rates, relative after-tax return potentials, realized gains and losses, and length of time held into its recommendations. This helps determine the best sequence and combination of tax lots to sell when trying to raise cash or rebalance a portfolio.

The **ETPO** guides investors to optimally harvest tax losses by quantifying the hidden value in them. The after-tax value of a profitable position is the market value of the tax lot, minus its tax liability. Conversely, the after-tax value of a losing position is the market value of a tax lot, plus the tax savings value resulting from not having to pay taxes on an otherwise profitable position, should an unrealized loss be realized through a sale.

**Efficient Tax LLC** can provide value to firms of any size across the financial services landscape. Applications range from a modestly priced, scalable web-based tax selling solution to a custom integration suitable for the largest of organizations. Potential customers include separate account and mutual fund investment managers; financial advisors; bank trust department managers; financial planners; insurance underwriting pool managers; family office managers; certain categories of hedge and private equity investment managers; and sophisticated retail investors.

**About David Gottstein:** David established his Registered Investment Advisory money management practice in 1994. Prior to that, he worked in the Anchorage, Alaska, grocery business established by his grandfather in 1915, which originally delivered goods by dogsled. Getting products to almost every corner of Alaska was very challenging indeed. David has brought the science of inventory management that he learned as a procurement officer to the his wealth management business. Having first used sophisticated tools and algorithms to forecast consumer demand on 10,000 stock keeping units across a thousand vendors, he then leveraged these forecasting disciplines to forecast future stock prices on all the stocks in the S&P500 and Nasdaq100 indexes. That led him to be able to forecast both before, and after-tax performance, on a stock by stock, and tax-lot by tax-lot basis. He's been mining Big Data and using predictive analytics for 40 years.

Over the last two decades, David has blended his passion for just-in-time inventory management and his experience as a registered investment advisor. The result is the **ETPO**, which he believes can fix a longstanding failing of the money management industry. The **ETPO** takes a smarter approach – using a just in time approach to managing investment portfolios that goes beyond simple tax minimizing tax efficiency to deliver materially higher after-tax investment returns.

