ADVISOR PROFILE · HIGH-NET-WORTH WEALTH MANAGEMENT

HNW RIA 351 ETF Case Study

San Francisco, CA, an independent HNW practice built on multi-generational relationships.



IMPACTADVISOR

Jason

Founder & Lead Advisor

15+

Years in business

$350M

Assets under advisement

120

Client families

Case study for financial-professional education; advisor and client details are based on a real case but names changed for privacy reasons.

THE OPPORTUNITY · CONCENTRATED POSITION

A $4M TSLA Position Was Quietly Building a 7-Figure Tax Bill

TSLA STOCK PRICE

$327.51

Pre-market, Aug. 12, 2026



$40M
Total household wealth

$4M
TSLA market value, 10% of total wealth

2015
Position acquired, cost basis ≈ $184K

37.1%
Combined CA, federal, + NIIT rate

ESTIMATED TAX IF SOLD TODAY

$1.42M

37.1% combined CA, federal, and NIIT rate on a $3.82M gain

Immediate sale estimate. Deferred, not eliminated.

Source: Macrotrends (TSLA 2015 avg. price) · Nasdaq (TSLA current price)

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THE EXCHANGIFI SOLUTION · SECTION 351 ETF EXCHANGE

A $16M Basket Moved TSLA into the Cambria Global Equal Weight ETF

ASSETS CONTRIBUTED

$16M

$4M TSLA + $12M other assets

PRELIMINARY 25/50 SCREEN

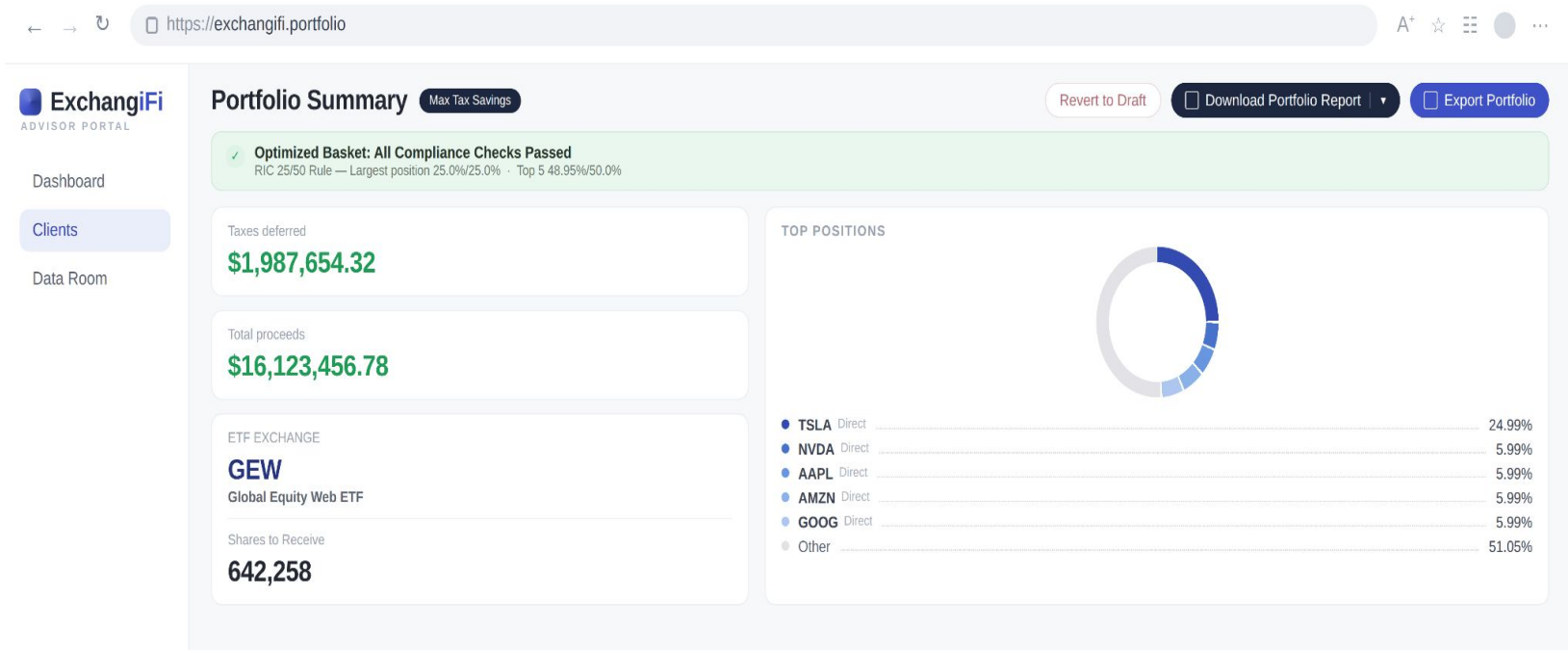
25.0%

TSLA weight, at the single-issuer limit

ETF SHARES RECEIVED

$16M → GEW

Basis & holding period carry over



Source: Cambria / BusinessWire (GEW launch) · Morningstar (GEW holdings)

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PORTFOLIO IMPACT · RISK & DIVERSIFICATION

The Overall Portfolio Grew More Diversified, Not Just One Position

PORTFOLIO METRIC	CONCENTRATED		DIVERSIFIED
Underlying holdings	10% TSLA	→	**452 holdings**
Top-5 direct equity concentration	48.95%	→	**7.51%**
5-Yr Beta vs. Market	1.83	→	**0.90**
Price / earnings ratio	Elevated (TSLA-driven)	→	**29x blended**
Geographic exposure	100% U.S.	→	**65% N. Am., 35% Intl.**



Source: Yahoo Finance (beta) · WSJ (GEW beta, P/E) · Investing.com (region) · Morningstar (holdings)

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THE OUTCOME · WIN-WIN ROI

One Exchange Preserved $1.42M for the Client and Grew the Practice

FOR THE CLIENT

$1.42M

CAPITAL GAINS TAX DEFERRED

37.1% combined rate on a $3.82M gain deferred in the ETF's basis, not eliminated.

FOR THE ADVISOR

+$90,000/yr

in new annual revenue at a 75 bps advisory fee

75 bps × $12M of newly consolidated assets, a 3.4% increase to the practice's $350M AUA from a single relationship.

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GET STARTED · CONNECT WITH EXCHANGIFI

See How a Section 351 Exchange Could Work for Your Clients

Reach out to screen a concentrated position, model the tax-deferral opportunity, or see the platform in action.

WEBSITE ExchangiFi.com

EMAIL info@exchangifi.com

PHONE +1 561-206-2416

Book a meeting or watch a platform demo at ExchangiFi.com

Source: ExchangiFi (contact & platform info)

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IMPORTANT DISCLOSURES

Important Disclosures

This case study is a hypothetical, illustrative example prepared for financial-professional education. It is not investment, tax, or legal advice and should not be construed as a recommendation to buy or sell any security. The scenario is based on a real transaction; the advisor, client, and firm names and identifying details have been changed to protect privacy.

RISK WARNING

Investors should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. This and other information can be found in the Fund's prospectus or summary prospectus, which may be obtained by visiting the fund sponsor's website or at the links above on this page. Please read the prospectus carefully before investing or sending money. This material is for informational purposes only and should not be construed as investment advice or a recommendation to buy or sell any security. Past performance is no guarantee of future results. All investments involve risk, including the possible loss of principal. The Fund is not intended to be a sole investment strategy for any investor. Please consult your investment adviser for investment advice tailored to your specific situation.

INVESTMENT RISKS

Investing in the Fund involves significant risks, including the potential loss of all or a portion of your investment. Stock markets are inherently volatile, and the price of equity securities fluctuates based on changes in a company's financial condition, historical and prospective earnings, interest rates, investor perceptions, and broader market or economic conditions. Because the Fund is actively managed, there is no guarantee that the investment adviser's strategies or techniques will be successful or that the Fund will achieve its investment objective (Management Risk). Furthermore, the Fund may be subject to Growth Style Risk, as growth stocks can be more volatile and sensitive to investor perceptions of future earnings than the broader market. To the extent the Fund focuses on a particular sector, industry, geography, or asset class, it faces Concentration Risk and may be more susceptible to adverse developments than a more diversified portfolio. Additionally, certain holdings may be subject to Liquidity Risk, making them difficult or impossible to sell at a desired time or price, which could force the Fund to realize a loss.

ETF RISKS

Shares of ETFs are bought and sold at market price rather than net asset value (NAV), which may result in shares trading at a premium or discount to the Fund's underlying value due to supply and demand imbalances or market volatility. Unlike conventional mutual funds, ETF shares are not individually redeemable directly from the Fund; they must be bought and sold on a secondary market where an active trading environment may not always be maintained or could be subject to exchange-mandated halts. This secondary market liquidity is heavily dependent on Authorized Participants; if their number is reduced, the Fund's shares may experience wider bid-ask spreads and increased price deviations from NAV. Furthermore, investors should be aware of Brokerage Commission Risk, as the costs of frequent trading and standard Fund expenses will reduce overall investment returns.

SECTION 351 & TAX RISK

Certain investors may seek to contribute appreciated securities to the Fund in exchange for Fund shares under Section 351 of the Internal Revenue Code; however, participation in such an exchange is subject to significant tax, legal, and regulatory risks, and there is no guarantee that any such transaction will qualify for tax-deferred treatment. A valid Section 351 exchange results in tax deferral—not tax elimination—as the investor's original cost basis and holding period carry over to the ETF shares, meaning a future sale will trigger the recognition of previously deferred capital gains. To qualify for this treatment under Section 351(e), the contributed portfolio must satisfy strict diversification tests (the “25/50 rule”) and a “control requirement” where contributing investors collectively own at least 80% of the Fund immediately following the exchange; failure to meet these standards may result in the entire transaction being treated as a taxable event. Furthermore, investors face Post-Contribution Rebalancing Risk and IRS Challenge Risk, as the IRS may invoke the “substance over form” doctrine to tax the exchange if it deems the transaction a pre-arranged sale. Tax treatment is also subject to Legislative and Regulatory Risk, as future changes to the Internal Revenue Code or Treasury regulations could retroactively or prospectively eliminate the benefits of these ETF seeding strategies. Nothing herein constitutes tax advice, and because these consequences are complex and fact-specific, investors are strongly encouraged to consult with a qualified tax advisor or attorney before contributing assets in reliance on Section 351.