



CASE STUDY

Extraordinary Service for Extraordinary Clients

Real-life event. Client name has been changed.

The background.

Retired from a successful career in commercial real estate, John was referred to Naples Global Advisors (NGA) by another client. He was an astute real estate investor and that skill carried over to the management of his public investment markets accounts over the years. Now in his early 90s, he sought NGA's assistance to manage his \$3.5 million of taxable trust assets.

At his stage in life, estate planning was a priority concern for John. He wanted to ensure that his wealth would be smoothly transferred to his three children, maximizing the value and minimizing the tax burden.

In our initial meeting, we listened as John shared his history and investment philosophy. Within one week, we created a guide that outlined our analysis, and we walked John through our recommendations for future asset management and tax efficient structuring.

One of the first observations was that John's accounts were largely comprised of equities, which had served him well over the years. But that same allocation and risk was no longer appropriate for his age and stage of life.

Our goal was to reduce his portfolio risk, taking advantage of the higher yields that were currently available in fixed income assets.

Based on our conversations and the client-provided information reviewed, we outlined a plan of action that would address:

- Tax-neutral asset allocation adjustments
- Low-cost basis stock
- Concentrated positions
- High-cost mutual funds

The proposed plan seemed straightforward, but after taking a closer look into his accounts, we realized the situation was more



Persistent Advocacy

*Going the extra mile
on our clients' behalf.*



Our client had no idea how diligently we had been working on his behalf over those four months. But after a couple dozen phone calls and countless emails with the custodian, the reward of telling our client that we had successfully reduced his high-cost mutual fund holdings, saving him \$2,000 in annual fund fees, was so worth it. We provide this level of service because we care about doing what is right for our clients.”

*Kent Cheesborough
Portfolio Manager*

complex than expected, requiring a thoughtful solution and significantly more effort than originally anticipated.

Going the extra mile.

Upon gaining online visibility into John's account via the custodian, Charles Schwab, his NGA team went to work behind the scenes to begin peeling back the layers of information accumulated over the years. There were significant mutual fund positions purchased years ago and the growth over that period had created sizeable unrealized taxable gains.

We discovered that over ten years earlier, a setting had been selected that averaged the cost basis as mutual fund shares were accumulated. This seemingly harmless election made by the client was not in his favor. Consequently, the larger positions did not reflect an accurate cost basis for each lot, and we would have a difficult time selling those positions without incurring major realized gains. The rub: adjusting this average basis selection could only be done by the custodian, and most have strict policies that do not allow for any retroactive adjustments. Our initial request to John's custodian was denied.

Recognizing the potential tax savings at stake, our NGA team continued advocating for our client and discovered one exception found under a 2012 IRS ruling. After thorough, time-consuming research, we concluded that, based on this prior ruling, John's account met the criteria for the adjustment. Our efforts turned to providing the custodian with the documentation needed to make the change.

Persistent passion to do what is right.

John's NGA representative began what would be a four-month process of diligent follow-up with the custodian. Navigating the red tape bureaucracy of a large corporation, he eventually found the right point of contact who could potentially help, although that help would not come easily, or quickly.

After a couple dozen phone calls and countless emails, we finally got a breakthrough. The custodian agreed that certain securities were eligible for the retroactive basis adjustment. This key decision ultimately allowed us to transition more than \$300,000 into a more appropriate conservative asset allocation for our client.

All our work was done in a tax-sensitive manner, and in addition to reducing portfolio risk, we successfully reduced the high-cost mutual fund holdings, saving the client more than \$2,000 annually in fund fees.

"At first it seemed that John's custodian was dodging my phone calls and purposefully not answering," recalls NGA Portfolio Manager, Kent Cheesborough. "But I kept calling. Eventually I was able to build a relationship with my contact and he began understanding the problem we were trying to solve on behalf of our client."

It is important to note that the above and beyond effort required to minimize our client's tax burden was not explicitly communicated to John. We did not have to be asked to carry such a load; we willingly persisted because it was the right thing to do for our client. When you choose Naples Global Advisors, you can be assured that our team members will go the extra mile for you as well.

About Naples Global Advisors

Founded in 2011, Naples Global Advisors is an SEC Registered Investment Advisor serving individuals, families, trusts, retirement plans, and charitable foundations and endowments. As an employee-owned LLC, we operate as a fiduciary and manage clients' portfolios with transparency and accountability. Whether you have an established portfolio or are investing as a result of a life event, our team is consistently seeking ways to put the odds of investment success in our clients' favor.



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