

TAX TRANSITION PROCESS

CLS's tax transition process allows you to transfer an existing non-qualified account into CLS's management and spread your capital gains over multiple tax years.

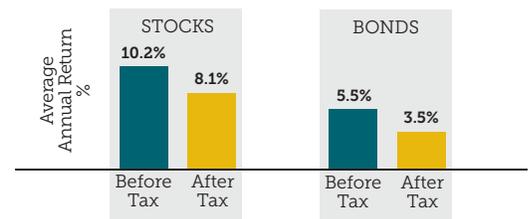
You've worked hard to build your wealth.

CLS's tax transition process helps you keep it by strategically realizing your capital gains.

Taxes are inevitable. Managing them is a lifelong process, as their impact on investment performance can be significant. In fact, a Morningstar, Inc. study showed that during the 87-year period ending in 2013, investors who ignored tax ramifications within their portfolio lost between one and two percent of their annual returns to taxes. To help you realize your capital gains and simplify your tax responsibilities, CLS offers a tax transition process which:

- ▶ Helps you transition your non-qualified accounts to a CLS strategy over the course of up to three tax years.
- ▶ Spreads out your capital gains, reducing your potential tax burden.
- ▶ Provides access to low-cost ETF solutions, possibly reducing the amount of future taxes you may incur.
- ▶ Gives you peace of mind knowing your assets will be transitioned by a professional money manager.
- ▶ Liquidates your account based solely upon the tax consequences of the transaction.

Impact of Taxes on Investment Returns 1926-2017



Taxes can significantly impact your investment portfolio. A tax management strategy can help lessen this impact, creating after-tax return that is closer to the investment's full value before taxes.

Tax Type	Portfolio Impact
Long-Term Capital Gains	Up to 20%*
Short-Term Capital Gains	Up to 37%*

*Source: <https://www.nerdwallet.com/blog/taxes/capital-gains-tax-rates/>. State and local taxes may further impact a portfolio. The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. CLS does not provide legal or tax advice. CLS cannot guarantee that such information is accurate, complete, or timely. CLS makes no warranties with regard to such information or results obtained by its use. CLS disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.



Transition to a strategy that's aligned with your investment goals.

Once liquidated, your assets may transition to any CLS strategy, as long as the minimum for that strategy is met. CLS offers a multitude of strategies to meet the needs of investors at all life stages. Our strategies are focused on helping you accumulate wealth, generate income, protect assets, or mitigate tax consequences within your portfolio. To learn more about our strategy options visit clsinvest.com/strategies.

CLS Tax Transition Process Details	
Account Minimum	\$150,000
Accounts Accepted	All Non-Qualified Accounts
Available Custodians	Fidelity, Schwab, TD Ameritrade
Transfer Process	In-Kind

Account Transition Example	
Account Opening	A new account begins CLS management on August 1 with a net capital gain amount of \$100,000. Between August 1 and December 31, no more than 50% of all net capital gains will be realized (\$50,000).
Year 1	On January 1, the net capital gains for the account will be updated for all the non CLS-managed positions. In this example, \$50,000 of capital gains was realized in year one. On January 1 of year two, the account has \$60,000 in capital gains remaining in the non CLS-managed account.
Year 2	In year two, we will realize no more than 70% of all remaining net capital gains for all of the non CLS-managed assets as of January 1. In this case, the maximum amount of capital gains realized would be \$42,000.
Year 3	In year three, we will liquidate any remaining non CLS-managed assets.

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1726-CLS-7/19/2018