

Case Study: Relinquishing Control of a Self-Managed Portfolio

Our client, Xavier, was a successful business owner and had amassed a significant portfolio over a number of years. His father had taught him the foundations of investing at a young age, and he'd begun looking at tickers in the newspaper at just 10 years old. Now he read *The Wall Street Journal* every morning with a hot cup of coffee, and when he hit the gym, he always had The Money-Guy podcast blaring through his headphones.

Xavier had fond memories of a couple of successful investments- one had appreciated 10x, another 8x- and there were significant capital gains taxes due if both issues were sold. The balance of the portfolio had some average performers, and a few issues had suffered significant reversals over a period of time.

But Xavier felt that he no longer had the time to focus on the portfolio as he once did. His business had been growing steadily and his focus was on keeping up with his transitioning firm. He knew the size of his portfolio was large enough to engage professional help, so he reached out to White Oaks.



After review, we developed an exit strategy for each security within Xavier's portfolio. In some cases, stocks with losses were matched up to securities with gains in order to minimize the capital gains impact. Xavier learned that the long-term capital gains rate of 15% is historically low, and felt taxes were likely to increase in the future. A new portfolio strategy was developed in a broadly diversified manner to match the revised portfolio with a determined risk tolerance. In actuality, the expected return in the revised portfolio potentially exceeded the current portfolio, and at a lower expected risk.

Xavier's new portfolio allowed him to focus attention on his business, his angel investing group, and his family. At tax time, too, he found he was free from some burdening paperwork. The new portfolio had the ability to deliver excellent returns at a risk level commensurate with his current desire, and the increased work, family, and *WSJ* time was put to good use.