

Concentrated Equity

Concentrated equity positions impose risk to an owner’s overall financial picture. They often subject the client’s assets to increased volatility and can have substantial tax consequences upon sale. We assist our client’s in the analysis and implementation of strategies designed to balance each client’s unique overall circumstances with the risk/return characteristics of each holding.

We highlight factors that may help guide which strategy is best for you.

Factors about You

+

Factors about your Stock

Personal

- Your tax situation
- Your perspective on the stock
- Dividend income needed
- Sentimental attachment

Company Insider

Officer/director or 10% owner

Acquisition of Stock

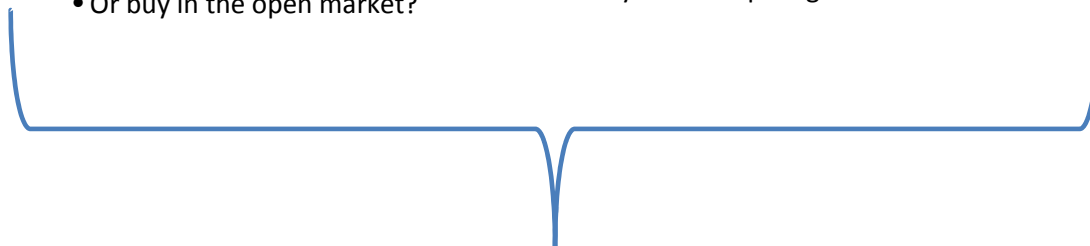
- How did you get it?
- Did you exercise options?
- Or buy in the open market?

Stock Characteristics

- Stock type: Is it restricted?
- Long-term stock performance
- Trading volume
- Percentage of outstanding shares
- Locked-up (due to IPO or M&A)
- Is your stock tradable?
- Restricted stock is traded at a discount
- Does the stock have any liens?
- Can you borrow against your shares?

Period Held

1 year for capital gains



A better understanding of your objectives.

Provide Liquidity + Diversification + Hedge Downside Risk

Upside Potential + Position Exit Speed + Manage Tax Liability

Concentrated Equity Strategies

		<i>Investor Objectives</i>					
		Provide liquidity	Diversification	Hedge Downside Risk	Upside Potential	Position Exit Speed	Manage Tax Liability
Strategies	Immediate Sale	Greater Proceeds are immediately available	Greater Proceeds are available for reinvestment	Greater After sale, portfolio is no longer impacted	Lesser Position is immediately exited	Greater Position is immediately exited	Lesser Gains are immediately realized
	Separate Account Workout	Moderate Proceeds are available as sales are executed according to plan	Moderate Proceeds from sales are reinvested in uncorrelated securities	Greater Position may be temporarily hedged during work-out period	Greater Price appreciation is possible during workout period if unhedged	Greater Position is gradually exited	Moderate Exit strategy is planned to balance potential gain/loss and tax consequences
	Equity Collar	Moderate Client may borrow up to 50% of the position for reinvestment, 100% for other purposes	Moderate Loan proceeds may be reinvested	Greater Downside risk is limited to the put strike price for the duration of the contract	Moderate Price appreciation is limited to the call strike price for the duration of the contract	Lesser Position may be disposed of when the collar is unwound	Moderate Under straddle rules gains on the put are realized and deductions may be limited
	Prepaid Variable Forward	Greater Immediate payment of floor amount	Greater Prepayment proceeds are available for reinvestment	Greater Downside risk is limited to the floor amount	Moderate Price appreciation is limited to the ceiling	Greater Position is typically delivered at contract expiration	Moderate Gains are realized upon disposition of the position at expiration
	Exchange Fund	Lesser A seven-year commitment period is required	Greater Client receives share of diversified portfolio	Moderate Market exposure to a diversified portfolio	Moderate Market exposure to a diversified portfolio	Greater At redemption client receives a diversified portfolio	Greater The exchange of shares is tax-free
	Charitable Trusts	Moderate Provides income stream based on the term of the trust	Greater Asset is sold and proceeds are reinvested in diversified portfolio	Moderate Income stream is affected by value of the diversified portfolio	Moderate Income stream is affected by value of the diversified portfolio	Greater Immediate disposition of position	Greater Generates an immediate tax-deduction and the assets are excluded from the donor's estate for estate-tax purposes

Contact Us

California:
Perigon Wealth Management LLC
55 Second Street, Suite 1900
San Francisco, CA 94105
Main dial: 415.430.4140

Hawaii:
Perigon Wealth Management LLC
900 Fort Street Mall, Suite 504
Honolulu, HI 96813
Main dial: 808.540.0900