

## IFS Client Summary

**Total assets: \$23,000,000**

### Client Portfolio:

Advisory fee: **\$218,000 (.95%)**

Product cost: **\$276,000 (1.2%)**

Total cost: **\$495,000 (2.15%)**

### Client reduced portfolio costs:

Advisory fee: **\$92,000 (.40%)**

Product cost: **\$207,000 (.90%)**

Total cost: **\$299,000 (1.30%)**

Opportunity cost due to under performance: 2.60% since inception, estimated to be \$8mm

**IFS client savings \$196,000 per year.**

**Annual savings compounded at 8% over 20 years creates additional portfolio growth of**

**\$8,284,000**

### Scope of Work

**Client:** Funds held in an Irrevocable Trust. Trustee/investment manager provided no service or advice, for all intents and purposes, due to dysfunction within family.

**Engagement:** Analyze efficiency, service, and costs of portfolios. Report findings. Negotiate with provider and gather alternative options.

**Findings:** Costs were 2.15%. Manager's performance reports indicate that the portfolio underperformed benchmarks by approximately 2.60%, since inception and before tax. The exact opportunity costs cannot readily be calculated, primarily due to the sequencing of returns and tax liability, but conservative estimates indicate a loss of more than \$8mm. Portfolio was not managed efficiently for tax purposes. Trustee/investment manager assessed full fees. The trust was paying a very substantial amount of taxes each year.

**Additional findings outside of the scope of Engagement (at no cost to client):** The Trustee had paid several hundred thousand dollars to an attorney who had not been practicing law for a number of years and was severely ill. None of the siblings had the ability to act on behalf of institutionalized parent.

**Outcome:** After negotiations with IFS, trustee/investment advisor reduced fees and re-structured the portfolio, with tax implications factored in, for improved performance and tax efficiency

Portfolio changes were made to allow portfolio to more closely track benchmarks.