



How does a capital gain of \$100,000 reinvested in an Opportunity Fund and a traditional portfolio perform over time?

Example 1

Investor A has realized a capital gain of \$100,000 and can reinvest it in a traditional portfolio or an Opportunity Fund

- 10 year hold in a traditional portfolio:
- 1) 15% annual investment appreciation;
 - 2) 37% combined tax rate;

Capital Gain	\$100,000
<u>-Tax Payable (37%)</u>	<u>\$37,000</u>
Total Capital to Invest:	\$63,000
Sales Price After 10 Years	\$254,870
<u>-Tax on Appreciation (37%)</u>	<u>\$70,992</u>
After Tax Funds Available	\$183,878
After Tax Net Return	6.3%

- 10 year hold in an Opportunity Fund:
- 1) 15% annual investment appreciation;
 - 2) 37% combined tax rate;

Capital Gain	\$100,000
<u>-Tax Payable</u>	<u>0</u>
Total Capital to Invest:	\$100,000
Sales Price After 10 Years	\$ 404,556
-Tax on Appreciation	0
<u>-Deferred Capital Gain Tax (37%)</u>	<u>\$ 31,450</u>
After Tax Funds Available	\$ 373,106
After Tax Net Return	14.1%

Example 2

- 7 year hold in a traditional portfolio:
- 1) 15% annual investment appreciation;
 - 2) 37% combined tax rate;

Capital Gain	\$100,000
<u>-Tax Payable (37%)</u>	<u>\$37,000</u>
Total Capital to Invest:	\$63,000
Sales Price After 7 Years	\$167,581
<u>-Tax on Appreciation (37%)</u>	<u>\$38,695</u>
After Tax Funds Available	\$128,886
After Tax Net Return	3.7%

- 7 year hold in an Opportunity Fund:
- 1) 15% annual investment appreciation;
 - 2) 37% combined tax rate;

Capital Gain	\$100,000
<u>-Tax Payable</u>	<u>0</u>
Total Capital to Invest:	\$100,000
Sale Price After 7 Years	\$ 266,002
-Tax on Appreciation (37%)	\$ 61,421
<u>-Deferred Capital Gain Tax (37%)</u>	<u>\$ 31,450</u>
After Tax Funds Available	\$ 173,131
After Tax Net Return	8.2%