

Portfolio Tax Analytics

Moving from accuracy to awareness

Ask Deloitte how

Historically, a comprehensive analysis of the tax impact of securities trading has been a manual and time-consuming process for hedge fund managers mandated by the need to meet an annual tax-reporting deadline. The process produced a snapshot of past results, sufficient for regulatory compliance, but not optimized and too late for effective tax planning.

Identifying the “tax alpha” in a portfolio (that is, the ability to make tax-aware decisions) is a significant challenge unless the manager has the ability to frequently import the right data into a robust and configurable technology platform with useful reports to make tax-aware decisions on a rolling basis.

Deliver accurate results and plan with confidence

Deloitte's skilled tax professionals powered by advanced technology expand the tax department's value proposition to your organization. You can visualize your historical tax positions and risks with detail you can drill into, enhance the reliability of your tax-reporting process with easier access to more frequent estimates, and analyze various scenarios based upon configurable tax positions that can be toggled based upon your objectives. The analysis that supports scenario planning allows you to understand the tax opportunities and risks inherent in a specific portfolio's trading strategy.

Deloitte's tax professionals use the iPACS Financial Products (iFP) application to:

- Tax-sensitize the fund's portfolio data
- Analyze tax positions based on the trading strategy, security types, and investor demographics
- Consider multiple scenarios based on your specific objectives—whether annual tax reporting, periodic estimates, audit defense, or strategic planning

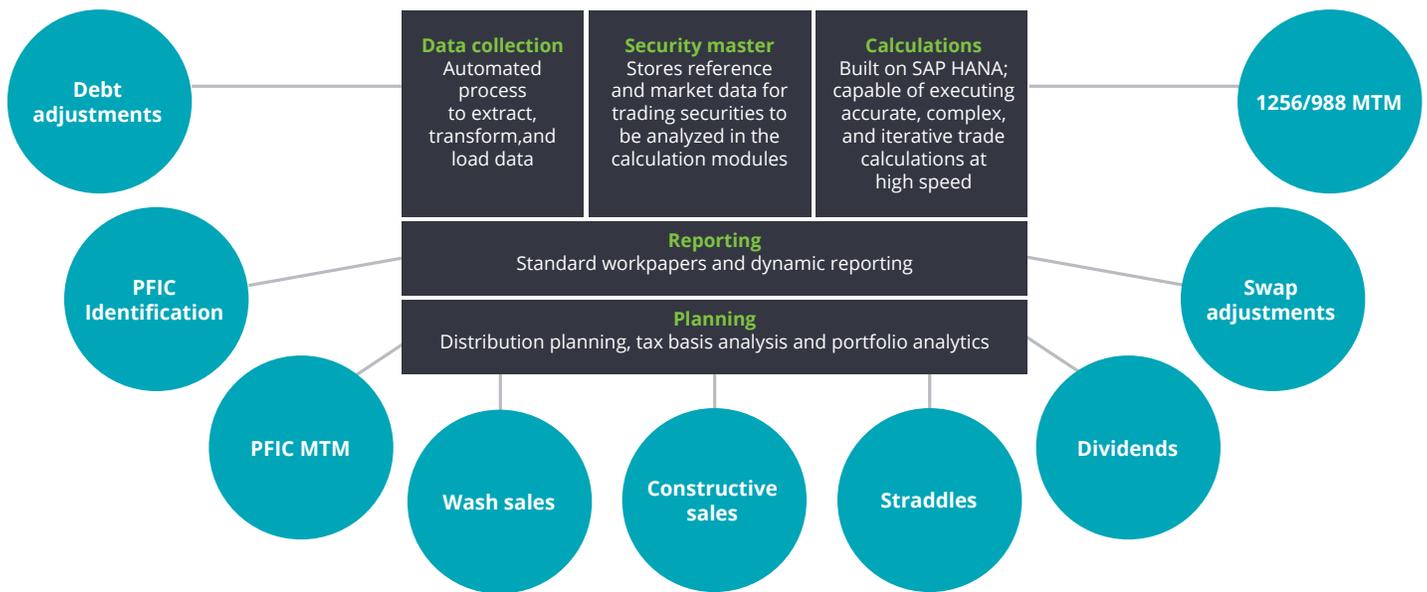
The pursuit of tax alpha

Adding tax alpha necessarily means that the tax basis and holding period of each lot of securities is known, which requires a proper application of tax adjustments such as the wash sale, straddle and constructive sale rules, and others. Choosing the right tax lots to sell may seem easy. However, doing it right requires up-to-date data and a platform to calculate tax basis and holding period. With the transparency of a truly tax-sensitized holdings analysis, your portfolio tax planning can impact long-term capital gain and qualified dividend income, accelerate and preserve short-term capital losses, and mitigate the potential for loss deferral.

How the Deloitte Tax iFP team works: Experience meets technology

The iFP platform has been built from the ground up—as a true greenfield solution—to specifically serve the unique RIC or hedge fund trading environment. At the tool's core is SAP HANA® in-memory platform, capable of executing accurate, complex, iterative trade calculations at incredibly high speed. We can streamline the process of gathering and cleansing the necessary data. And the tool's user-friendly, web-based dashboard simplifies Deloitte's ability to prepare and share tax results on demand.

Our seasoned tax professionals work with clients to meet their specific needs. iFP has dozens of configuration options that enable clients to determine how certain tax rules may be applied. Our tax specialists review the calculations and provide insights to assist clients in their efforts to improve fund tax compliance, while also delivering new value.



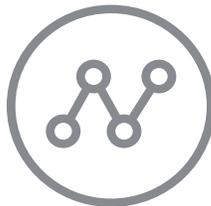
Enabling new opportunities

The Deloitte Tax iFP team provides the data, analysis, and insights you need to explore new, potentially tax-efficient opportunities for these key trading-related activities:



Wash sales and straddles

Explore basic tax planning, which may allow you to increase the net long-term capital gain position of the fund.



Constructive sales

Understand where you may have accelerated gains on an appreciated position by entering into an offsetting position.



Qualified dividends

Validate positions that meet specified holding period requirements, which may lead to getting a beneficial tax rate on dividend income.

The Deloitte Tax iFP team can help you identify and pursue improvements in:

- **Accuracy** in compliance for revenue authorities and investors
- **Awareness** for developing tax estimates
- **Advantage** from routine Deloitte tax analysis reviewed with portfolio managers
- **Alpha** through optimization and analysis embedded in the portfolio management process

The Deloitte Tax iFP team difference



Deep experience in tax planning and compliance, advanced technology, and the hedge fund industry allows us to recognize and understand specific sector challenges.



Tailored technology-enabled services to meet individual client needs and goals.



Analytics and data visualization to help identify opportunities or problems that require attention.

The iPACS track record

Over the past 10 years, Deloitte's iPACS process and platform has helped more than 1,000 leading investment management firms address their tax compliance and reporting challenges.

Connect with our team

Contact us to discuss your tax compliance and planning challenges or to request a demo of iFP.

Ted Dougherty

Tax Partner

Deloitte Tax LLP
edwdougherty@deloitte.com
+1 212 436 2165

Robert Guarnieri

Tax Principal

Deloitte Tax LLP
rguarnieri@deloitte.com
+1 212 492 3940

Eric Fox

Tax Principal

Deloitte Tax LLP
efox@deloitte.com
+1 203 905 2618

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. All other product and service names mentioned are the trademarks of their respective companies. Please see <http://www.sap.com/trademark> for additional trademark information and notices.

As used in this document, "Deloitte" means Deloitte Tax LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2019 Deloitte Development LLC. All rights reserved.