



# Frec Social Media Disclosures

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Frec does not provide tax or legal advice. Tax savings will vary from client to client due to many factors including market conditions, tax characteristics of securities, client-imposed investment restrictions, client tax rate or status, and changes in tax regulations.

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Reference to direct indexing strategy harvesting up to 2 x more tax losses vs. ETF-to-ETF strategy: This reference is based on simulated data in Frec’s direct indexing (“DI”) model, which tested data from Frec’s direct indexing strategy tracking the S&P 500 index and the same data in an ETF-to-ETF strategy that invested in SPDR S&P 500 ETF (SPY) and harvested losses by trading between iShares Core S&P 500 ETF (IVV). The ETF strategy was chosen to capture ETF-to-ETF tax loss harvesting in ETFs that track the S&P 500 index and had historical data that could be used.

The data is hypothetical, does not reflect actual portfolio results, and is not a guarantee of future results. The two strategies (DI and ETF-to-ETF) were run in the same one-time \$50,000 deposit simulations over 10-yr periods, with starting dates every ninety days, over the period of 12/17/2003 to 07/25/2023. Based on the simulations of these two strategies and incorporating a .25% fee in the ETF-to-ETF strategy and Frec’s .10% fee into its direct indexing strategy, the results showed that 18% of the portfolio was harvested under the ETF-to-ETF strategy vs. 38.3% (2.1 times more) with Frec’s direct indexing strategy.

[See our Tax Loss Harvesting White Paper: ETFs or Direct Indexing?](#) for more information.

Reference to 45.1% Tax loss harvesting and 2.11% additional return : These projections were generated by Frec’s Direct Indexing Model tracking the S&P 500 index and is hypothetical, does not reflect actual investment results, and is not a guarantee of future results. Simulations were run on a weekly basis in a ten-year time frame of ninety day increments from December 17, 2003 through June 10, 2022 with a \$50,000 initial deposit. The simulations averaged at the end of year ten resulted in a 45.1% accumulated tax loss savings that were reinvested with a 42.3% tax rate, and included a 0.10% AUM fee, resulting in a 2.11% additional return. The prices used for stocks were adjusted for dividends and corporate actions. It is not possible to invest directly in an index. Results may vary.

References to 40% Tax Loss Harvesting: These projections were generated by Frec’s Direct Indexing Model tracking the S&P 500 index and is hypothetical, does not reflect actual investment results, and is not a guarantee of future results. Simulations were run on a weekly basis in a ten-year time frame of ninety day increments from 12/17/03 - 6/10/2022 with a \$50,000 initial deposit and including a 0.10% AUM fee. The simulations averaged at the end of year ten resulted in a 40% accumulated tax loss

savings without reinvesting the tax losses. The prices used for stocks were adjusted for dividends and corporate actions. It is not possible to invest directly in an index. Results may vary.

[See our Frec Direct Indexing White Paper for more information.](#)

Frec's fee comparison: SPY ETF, the oldest S&P 500 tracking ETF, has an expense ratio of 0.09%. Wealthfront and Betterment charge 0.25%. Fidelity charges 0.40%. Fees as of 10/12/2023. Wealth advisers charge 1.0%: <https://money.usnews.com/financial-advisors/articles/financial-advisor-fees-and-costs>. As of December 2024, Wealthfront launched an SP 500 direct index at 0.09%.

Frec charges between 0.09%-0.35% annual fee for its Long Direct Indexing strategies. [See Frec's Pricing and Fee Schedule for more details.](#)

High-Yield Treasury: This is Frec's interest rate based on the 7-day SEC yield of the MMF(s) where we've invested your money with the deduction of our 0.20% advisory fee. The 7-day SEC yield is as of close of the previous market day.

Industry projections on direct indexing growth:

Cerulli Associates issued a report in 2022 projecting that direct indexing will grow at a faster rate than ETFs, mutual funds, and separate accounts over the next five years and will reach more than \$800 billion in assets by 2025. See the press [release here](#).

Frec's Long Direct Index Strategies fees & minimums:

Frec offers different direct index strategies that are charged an annual fee ranging from 0.09% - 0.35% depending on the strategy chosen. There are also minimum investment requirements for the direct indexing strategies: either \$20,000 or \$50,000 depending on the strategy chosen.

3 month 0% Promotion: [Terms and conditions apply.](#)

Frec's Long/Short Direct Index Strategy Tax Loss Harvesting Results:

Our results of 2.5-3x more losses for 140/40, 3-7x more for 200/100 and 7-10x more for 250/150 direct index strategies are results based on 10-year simulations between 12/31/2003-11/14/2024 with a one-time \$1M deposit into a 140/40, 200/100, or 250/150 long/short strategy as compared to the simulation results of the long only direct indexing of the S&P 500 over 10 years between 12/17/2003-06/10/2022 with a \$50,000 initial deposit.

The simulations, based on results at the end of year ten, showed that the long/short strategy harvested losses that were approximately 2.5-3 times greater per dollar invested for the 140/40 allocation, 3-7 times greater for the 200/100 allocation, and 7-10 times greater for the 250/150 allocation. These figures are normalized on a per-dollar-invested basis to account for varying initial deposit sizes across simulations, and they include Frec's AUM fees. The results are hypothetical, do not reflect actual investment results, and are not a guarantee of future results.

The 0.31% pre tax excess return and 121% tax losses over 10 years for 140/40 long short value factor tilted strategy and 0.53% pre-tax excess return and 117% for 140/40 long short growth factor tilted strategy are based on 10-year simulations of one-time \$1M deposit run between 04/01/2005-02/13/2025 with a 42.3% short term tax rate and 28.1 long-term tax rate, including a 1.09% cost. The pre-tax excess returns are results before considering the tax loss benefit. The results are hypothetical, do not reflect actual investment results, and are not a guarantee of future results.

References to Tax Loss Harvest Rates/Harvest Rates:

References to tax loss harvest rates or harvest rate means an estimated loss harvesting rate. This rate is either generated by a model that identifies the relationship between tax loss harvesting rates and index dispersion (how differently stocks within an index move relative to each other) across various S&P, Russell and CRSP indices or based on a historical simulation of the index itself with a one-time \$100,000 deposit into the S&P 500® from Oct 1, 2021 to May 1, 2025, using weekly tax loss harvesting and includes Frec's AUM Fee. Frec currently harvests daily.

Based on 2022 Vanguard research, higher harvesting frequency generally increases losses harvested, making our weekly-based estimates more conservative. These results are hypothetical, do not reflect actual investment results, and are not a guarantee of future performance.

### References to Indices or Index Performance:

Index performances are presented for illustrative purposes only. Each of Frec's strategies uses an index as its benchmark. It is not possible to invest directly in an index. Index returns do not reflect fees, expenses, or transaction costs and are not an indication of the performance of any specific investment.

### Additional Disclosures:

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