



4925 Greenville Ave., Suite 200  
Dallas, Texas 75206

**January 5, 2018**

Happy new year! We wish everyone of our clients a healthy and prosperous 2018. At the conclusion of this correspondence is a form requesting that you update your current financial status with our office. Lorintine Capital is required to keep current financial information on our clients. Please complete the form at the end of this letter and either email, fax, or mail it back to us at your convenience. Also included with this correspondence is a copy of our firm's current privacy policy.

### **2017 Year in Review**

2017 was a successful year for Lorintine Capital and its clients. Professionally, both Chris and Jesse achieved the highest standard of financial planning credentials by receiving the CERTIFIED FINANCIAL PLANNER™ designation. Although many professionals call themselves either a “financial planner” or “financial advisor”, only CFP® professionals have completed extensive training and are held to the highest ethical and education standards. The CFP® certification process, administered by CFP Board, identifies to the public that those individuals who have been authorized to use the CFP® certification marks in the U.S. have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients. Both Chris and Jesse completed coursework and passed a comprehensive 6-hour CFP Board exam that covered the topics of financial planning, insurance, investments, income taxation, retirement planning, and estate planning. This designation is acknowledgement of our dedication to continuing to provide every client's unique circumstances the best financial planning and investment advice money can buy. We encourage every client to engage us in the process of comprehensive financial planning.

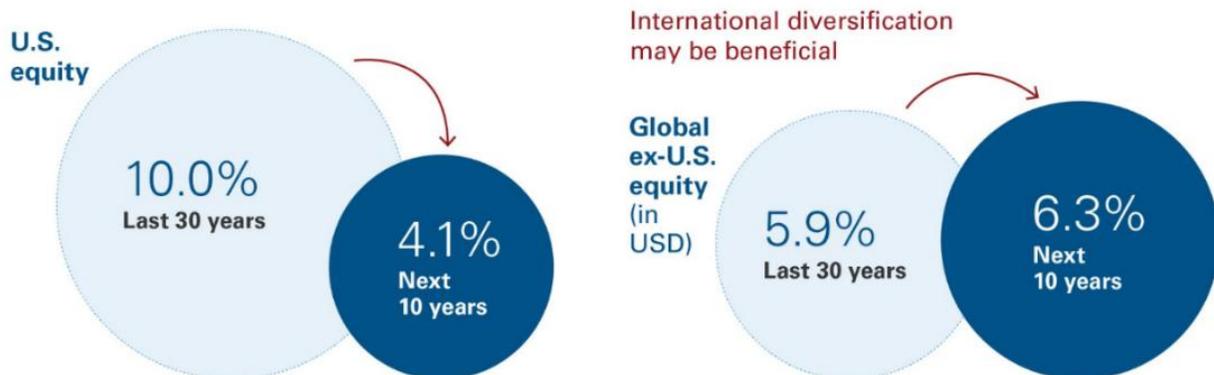
In 2017 we also added a new piece of software to our online client experience called Blueleaf. Blueleaf allows clients to view all of your accounts under our management, as well as other accounts such as your employer 401(k), checking, savings, life insurance, etc., all in one place under one secure login. Blueleaf also provides performance reporting, allowing you to view the return history of each account. Blueleaf sends a consolidated email to you once per week (or month), providing a quick snapshot of your net change over the period. Additionally, Blueleaf allows the advisor and client to securely share documents with each other, all with bank level security that is so important today.

Stock and bond markets were strong in 2017, with stocks both US and globally setting records in many ways. For example, the S&P 500 was up every single month for the first time in history. International stocks were up even more than US stocks, both producing gains of more than 20% for the year. Bonds performed as expected, producing gains of around 3%. As great as 2017 was, it means that stock and bond valuations are even higher and therefore forward looking expected returns over the next 10 years are lower than their historical averages. Vanguard's projects just 4.1% for US and 6.3% for International stocks. Please feel free to reach out to us if

you'd like to review how this information should be considered with regard to your specific situation and portfolio.

## The outlook for equity markets is subdued

Annualized returns



Notes: Data for the last 30 years are from January 1987–December 2016, in U.S. dollars. Next-ten-year data are based on the median of 10,000 simulations from VCMM as of September 30, 2017, in U.S. dollars. Historical returns are computed using indexes defined in "Indexes used in our historical calculations" on page 5 of the paper. Historical cash returns are from Dimson-Marsh-Staunton data. See Appendix section "Index simulations" for further details on asset classes shown. Source: Vanguard, Dimson-Marsh-Staunton Dataset, FactSet, Morningstar Direct, and Thomson Reuters Datastream.

## Firm Offerings

Lorintine Capital products and services continue to expand to serve our diverse client base. Below is a brief summary of the services we currently offer. If you would like to discuss any of them, please feel free to contact us.

1. **Financial Planning.** With two CFP® professionals leading the firm, Lorintine Capital is providing comprehensive financial planning services for its clients. This includes everything from ensuring your retirement goals are met, risk management with insurance, planning for college or the purchase of a new home, and income tax and estate planning (i.e. do you have a will?). Between Jesse and Chris's CFP® designations, Chris's additional work as an attorney, and Jesse's background in life insurance, Lorintine Capital is prepared to help you make smart financial decisions;
2. **401(k) Advice.** Lorintine Capital acts as an advisor to multiple 401(k) plans on behalf of small and medium sized businesses. We have discovered that most employer provided retirement plans come with excessive fees and/or little to no financial advice. If you are a small business owner with the responsibility of providing and overseeing a retirement plan to your employees, or if you are an employee with a growing 401(k)/403(b)/etc. account balance, we can help;
3. **Individual Account Management.** Lorintine Capital's core business still revolves around managing individual client accounts at TD Ameritrade Institutional. Our investment philosophy at it's core is that good investor behavior is the dominant determinant of real-life long-term investment returns, and the right investment portfolio for each client is the one they will stick with for the long term. The rest is just details that matter far less than most investors intuitively think.

4. Hedge Funds. Lorintine Capital's private fund offerings available to high net worth investors continue to expand and include:
- A. LC Diversified Fund I – this is our firm's flagship fund, using the principle of true diversification to compound capital over the long term using ETF's, mutual funds, and option selling as its primary vehicles. The goal of the fund is to provide stock-like returns with materially lower volatility and drawdown than traditional stock concentrated portfolios;
  - B. Steady Options Fund I – this is our firm's option oriented fund for high net worth investors seeking higher risk and therefore higher potential returns. It trades a variety of option strategies and seeks to provide positive returns that are independent of the stock market. This fund began trading in September;
  - C. Woodside Capital Partners Fund I – this is currently our firm's only real estate offering. It invests in real estate debt and commercial properties. This fund operates on a four year cycle. Years one and two are spent acquiring property and debt, which is then disposed of over the next two years. This fund is secured by its real estate investments. Similar to our other private fund offerings, this fund seeks positive returns independent of the stock market. *The next iteration of this Fund is scheduled to launch in Q2 of 2018.* If you have interest in investing, contact us soon.

### **Concluding Remarks**

Our business could not succeed without our clients and *we deeply appreciate each and every one of you*. If there is anything you feel we could do better, please let us know. Lastly, Lorintine Capital primarily grows through word of mouth, so please don't keep us a secret! The greatest compliment we can receive is an introduction to friends and family, business colleagues, and employers that you feel may also benefit from our services.

Our current contact information is as follows:

Christopher Welsh, President  
Lorintine Capital  
4925 Greenville Ave., Suite 200  
Dallas, TX 75206  
P: 214-800-5164  
F: 214-800-5165  
E: [cwelsh@lorintinecapital.com](mailto:cwelsh@lorintinecapital.com)

Jesse Blom, Vice President  
Lorintine Capital  
207 N. Gilbert Rd., Suite 001  
Gilbert, AZ 85234  
P: 605-680-2972  
F: 214-800-5165  
E: [jblom@lorintinecapital.com](mailto:jblom@lorintinecapital.com)

QUESTIONNAIRE

1. Has your contact information changed?

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

2. Have you had any of the following life events occur since our last discussion?

Lost or Switched Jobs

Retired

Had a child

Moved

Death in the family

Inheritance or other windfall

Married/Divorced

3. Has your income changed? \$ \_\_\_\_\_

4. Has your net worth materially changed?

Checking/Savings: \$ \_\_\_\_\_

Brokerage Accounts: \$ \_\_\_\_\_

Retirement Accounts: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

5. Do you have any new financial goals or concerns you would like us to be aware of? (e.g. buy a house, a vacation home, increase savings for college, retirement, etc.) If so, please describe:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Have your investment objectives changed? Please circle what you feel best describes your long-term investment objective:      Income                  Growth                  Aggressive Growth

7. Has your risk tolerance changed? Please complete the attached risk tolerance quiz and we will contact you to review the results. Or visit the following link:

<https://risktolerancequiz.com/risk/assessment/158130074959bc257140258/>

- 1) In general, how would your best friend describe you as a risk taker?
  - A real gambler
  - Willing to take risks after completing adequate research
  - Cautious
  - A real risk avoider
  
- 2) You are on a TV game show and can choose one of the following. Which would you take?
  - \$1,000 in cash
  - A 50% chance at winning \$5,000
  - A 25% chance at winning \$10,000
  - A 5% chance at winning \$100,000
  
- 3) You have just finished saving for a "once-in-a-lifetime" vacation. Three weeks before you plan to leave, you lose your job. You would:
  - Cancel the vacation
  - Take a much more modest vacation
  - Go as scheduled, reasoning that you need the time to prepare for a job search
  - Extend your vacation, because this might be your last chance to go first-class
  
- 4) If you unexpectedly received \$20,000 to invest, what would you do?
  - Deposit it in a bank account, money market account, or an insured CD
  - Invest it in safe high quality bonds or bond mutual funds
  - Invest it in stocks or stock mutual funds
  
- 5) In terms of experience, how comfortable are you investing in stocks or stock mutual funds?
  - Not at all comfortable
  - Somewhat comfortable
  - Very comfortable
  
- 6) When you think of the word "risk" which of the following words comes to mind first?
  - Loss
  - Uncertainty
  - Opportunity
  - Thrill

- 7) Some experts are predicting prices of assets such as gold, jewels, collectibles, and real estate (hard assets) to increase in value; bond prices may fall, however, experts tend to agree that government bonds are relatively safe. Most of your investment assets are now in high interest government bonds. What would you do?
- Hold the bonds
  - Sell the bonds, put half the proceeds into money market accounts, and the other half into hard assets
  - Sell the bonds and put the total proceeds into hard assets
  - Sell the bonds, put all the money into hard assets, and borrow additional money to buy more
- 8) Given the best and worst case returns of the four investment choices below, which would you prefer?
- \$200 gain best case; \$0 gain/loss worst case
  - \$800 gain best case; \$200 loss worst case
  - \$2,600 gain best case; \$800 loss worst case
  - \$4,800 gain best case; \$2,400 loss worst case
- 9) In addition to whatever you own, you have been given \$1,000. You are now asked to choose between:
- A sure gain of \$500
  - A 50% chance to gain \$1,000 and a 50% chance to gain nothing
- 10) In addition to whatever you own, you have been given \$2,000. You are now asked to choose between:
- A sure loss of \$500
  - A 50% chance to lose \$1,000 and a 50% chance to lose nothing
- 11) Suppose a relative left you an inheritance of \$100,000, stipulating in the will that you invest ALL the money in ONE of the following choices. Which one would you select?
- A savings account or money market mutual fund
  - A mutual fund that owns stocks and bonds
  - A portfolio of 15 common stocks
  - Commodities like gold, silver, and oil
- 12) If you had to invest \$20,000, which of the following investment choices would you find most appealing?
- 60% in low-risk investments 30% in medium-risk investments 10% in high-risk investments
  - 30% in low-risk investments 40% in medium-risk investments 30% in high-risk investments
  - 10% in low-risk investments 40% in medium-risk investments 50% in high-risk investments

- 13) Your trusted friend and neighbor, an experienced geologist, is putting together a group of investors to fund an exploratory gold mining venture. The venture could pay back 50 to 100 times the investment if successful. If the mine is a bust, the entire investment is worthless. Your friend estimates the chances of success is only 20%. If you had the money, how much would you invest?"
- Nothing
  - One month's salary
  - Three month's salary
  - Six month's salary

Please return to (mail, fax, e-mail, or upload to Blueleaf secure document sharing portal):

Lorintine Capital  
4925 Greenville Ave., Suite 200  
Dallas, TX 75206  
F: 214-800-5164  
E: [cwelsh@lorintinecapital.com](mailto:cwelsh@lorintinecapital.com)  
E: [jblom@lorintinecapital.com](mailto:jblom@lorintinecapital.com)

You may download our firm's current privacy policy and Form ADV at:  
<http://www.lorintine.com/documents/>

A copy of our firm's privacy policy has also been provided with this correspondence.

## Client Privacy

Lorintine Capital takes our client's privacy and confidentiality of your personal information seriously. Your continued business is important to us and we understand the trust you put in your investment advisors. As part of our relationship, we collect, maintain and use information about you on a routine basis, much of which is confidential. To help you better understand how your personal information is protected by us we are providing you with the following statement describing our practices and policies with respect to the privacy of customer information. In the event you terminate your client relationship with us, or become an inactive client, we will continue to adhere to the policies and practices described in this notice.

### Information We Collect

As a trusted investment advisor, we collect, retain and use nonpublic personal information about individual client to provide products and services to our clients. We directly collect from you the following information:

- a) Financial information;
- b) Contact information (address, phone numbers, email);
- c) Social security number and tax information;
- d) Personal background information; and
- e) Personal goals.

We may also collect nonpublic personal information about you from such sources as:

- a) Transaction information;
- b) Credit Reports; and
- c) Applications.

The above is not meant to be an exhaustive or complete list of the information we may assemble on you.

### Who Receives Information and Why

All of the information we collect is used for only one purpose: to help deliver the services you have requested, easily and efficiently. It may also permit us to design and offer specific products that will be useful to you, as well as put together a financial plan specifically tailored to suit your needs.

**Lorintine Capital does not disclose any non-public personal information about our clients or former clients to any third party, except as permitted by law.**

### Service Providers

At times, Lorintine Capital will enter into arrangements with companies or firms whose expertise is essential for our own services to function properly or to complete transactions. For example, Lorintine Capital uses outside brokerage services to transact trades in a client's portfolio. As permitted by law, and as necessary to service your account, certain service providers have access to customer information that is necessary to perform these functions.

Lorintine Capital only uses service providers that have in place privacy policies to protect your information.

### How We Protect Your Information

We understand that the protection of your nonpublic personal information is of the utmost importance. Guarding your privacy is our obligation. Lorintine Capital maintains strict procedures and policies to safeguard your privacy. We restrict employee access to customer information to only those who have a business reason to know such information, and we educate our employees about the importance of confidentiality and client privacy.

## **Where to Find Out More**

If you have any questions about our privacy program or the way your information is maintained and used, we would like to hear from you. Please call us at (214) 800-5164, or write to:

Christopher Welsh  
**Lorintine Capital, LP**  
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Dallas, TX 75206