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Economic Commentary

WHAT ROLE DOES REAL ESTATE PLAY IN INVESTING?

by Justin Thomas, CFP®

In my work with clients over the years, one of the most common questions I get is "should I purchase investment real estate?" Most of the time, the client's interest is in purchasing a single family residence as a rental property with the strategy of rental income paying down the mortgage for the end goal of having a paid off rental property, generating passive income. Diversity, tax benefits and future equity are part of the real estate conversation and, while this might sound like a great idea, there are downsides that can outweigh the upsides. Before discussing the

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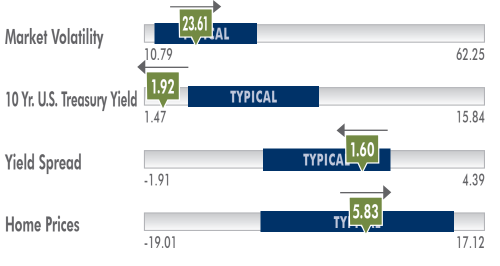
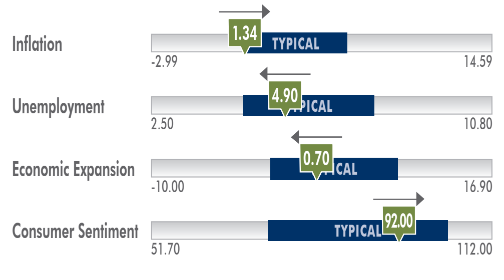
MARKET SNAPSHOT



ECONOMIC SNAPSHOT



MOST RECENT | 3-MO. TREND | TYPICAL RANGE | ACTUAL RANGE

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What role does real estate play in investing?

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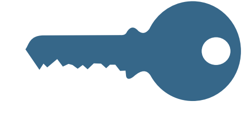
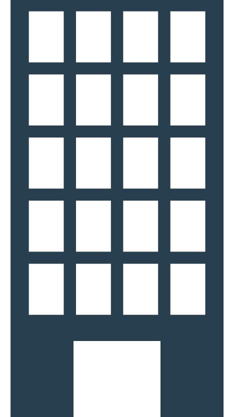
pros and cons of rental real estate, an explanation of TCI's approach to real estate exposure is in order.

Shares in real estate investment trusts (REITs) are the form of investment real estate exposure we commonly recommend in our client's portfolios. These are diversified funds that hold securitized real estate holdings. REITs pool together dollars to invest in income-producing real estate or real estate related entities. The exposure covers many different areas including but not limited to retail, office, residential, industrial and hotels. This broad exposure provides for diversification and a reduction of risk. The funds we utilize contain a few hundred different holdings which are publicly traded and the fund shares can be bought or sold on a daily basis, thereby providing liquidity. Ownership of shares in a REIT carries no direct liability to the investor for the property held in the REIT. The percentage exposure in most of our recommended portfolios will typically range between 1% and 10%, depending on the goals of a particular client. While most of our clients' accounts will include real estate as a component piece to their portfolio, there are cases where the client already has exposure to investment real estate in the form of residential or business properties. In these cases, we would exercise caution in purchasing a real estate fund, so as to not overweight their overall portfolio.





Ownership of shares in a REIT is very different than owning a residential rental property. There is a saying in the real estate world that there are two ways to really get to know someone; one way is to marry them, the other way is to rent to them. The risk and return of direct ownership of rental property requires direct participation by the investor in a myriad of factors such as property repairs, maintenance, credit-worthy tenants, responsible tenants, tenants that pay rent on time, consistency in zoning, taxation and regulations. The likelihood of having different tenants over the years involves costs in time and money for cleaning, additional repairs, relisting and vetting of new renters. The investor/landlord can do this work but it requires time, energy, and liquid reserves. More importantly, does this work bring you happiness or stress? Does it match your lifestyle? Is it time well spent? These are important considerations; direct ownership of rental real estate is a very "hands on" proposition. Many investors hire a property management company, the net result being less profit or return. No matter who the investor hires, the liability for the property remains with the investor. Rental income is taxed at ordinary tax rates and the earnings can be offset with related rental expenses. Depreciation may be a tax benefit of owning rental property because it allows the owner to spread out the cost of buying the property over multiple decades, thereby reducing their tax liability. Of note, if the property is sold for greater than the depreciated value, then you could owe tax on the gain, this is called the depreciation recapture tax.

The research and data presented by the academic community has justified the inclusion of real estate as an investable asset class due to its beneficial risk/reward profile and lack of correlation (movement) with other asset classes such as equities and fixed income. Lower correlation across some assets provides for a lower risk portfolio because some assets will move up in price when other assets move down in price. From a historical performance perspective, the S&P U.S. Select REIT Index has tracked this asset class back to 1978 showing an annualized return of 12.7%. Academic research supports the inclusion of international real estate due to its low correlation with domestic real estate, among other asset classes. The S&P Global Ex-U.S. REIT Index has had an annualized return of 7.39% since 1989. These returns include both dividends and capital gains which may or may not be taxable depending on the type of account and whether the gains are realized or unrealized.

Calculating the Capitalization Rate quantifies the return on a rental property. It is calculated by dividing the net income from the property by the current value of the property. For example, if a property generates $12,000 per year in income and the property value is $150,000, the Cap Rate would be 8%. This return can be improved upon in two ways: either the net income goes up while the property value holds steady or the net income is held steady while the property value decreases. Stated

in different terms, owners should strive to increase rent when the property value goes up. Increasing rent is not always an easy task and it is dependent on comparable properties and vacancy rates. Also, owners may want to keep the current tenants, and not price them out of the property with a rent increase. Direct ownership of rental property is investment in an illiquid asset. Access to equity is gained through leverage or selling the property and the value of the property is affected by the various aforementioned factors and how quickly the seller needs to liquidate.

TCI's firm-wide preference for clients who are not professional real estate developers/investors is to have real estate exposure in a fund with globally diversified holdings, tax sheltering of capital gains, and publicly traded with liquidity at a moment's notice. Rental properties can be a good investment but there are many potential downsides that make them much riskier than the alternative. Having witnessed both successful and unsuccessful rental experiences, it's a big decision to take on a rental property. A thoughtful conversation with your financial advisor, CPA and attorney about how real estate best fits into your overall financial plan will be time well spent. ⅄

Justin Thomas, CFP® is an Advisor and Shareholder in our Reno/Tahoe office.

Young, Fabulous and ~~Broke~~ Rich (on Paper)

by Sam Van Denburgh, CFP®

When you're starting out as a young professional, reflecting on your net worth can be disheartening. On one side you have your assets – your 401(k) that seems like it will never be hundreds of thousands of dollars, your home that is in need of decorating and often fixing up, and your emergency fund that you are eyeing to spend on your next vacation. On the other side you have your liabilities – student loans that never seem to go away, a mortgage with at least a favorable interest rate, and credit card balances that you should be paying off every month. It feels overwhelming at times. Don't be discouraged. A traditional net worth calculation fails to capture your most valuable asset: your human capital. Your human capital is your ability to earn and save money over time.

Here is the good news — you are young!!! Young professionals typically have thirty to forty years of earnings to convert into financial capital that can grow over the long-term. Consider these numbers, let's say you make $50,000 per year and you anticipate your income to increase three percent per year. You will earn almost $4M over your career. If your salary increases five percent per year, that's more than $6M dollars over your career or a $2M asset on your balance sheet today (assuming a three percent adjustment for inflation). By quantifying your human capital and treating it as the asset it is, you get a more accurate picture of where you stand.

Now that your net worth looks a bit rosier, take the time and ask yourself what do you really want? Why do you want it? And how are you going to achieve it? By defining your goals (and writing them down!), you can start to properly allocate your human capital and convert it to financial capital. Time is opportunity. You, forty years down the road, will be eternally grateful for the financial freedom and independence. ⅄

Sam Van Denburgh, CFP® is a Paraplanner in our Scottsdale office and works with ASPIRE clients.

ASPIRE is a program offered by TCI Wealth Advisors that provides young professionals access to sound financial planning and education in order to plan for long term financial success. To learn more about the program, visit www.aspirebytci.com.

2015 YEAR IN REVIEW
plus Equity Factors

by TCI Investment Committee

The data is in and 2015 will not go down in history as a remarkable year for stock markets in either a positive or negative sense. With the exception of a good year for international small cap stocks and a terrible year for emerging market stocks, most other markets were relatively flat. See **FIGURE 1**.

It was a year where diversification resulted in surprisingly lower performance than our frame of reference would indicate. This will happen anytime large U.S. stocks are one of the relatively better performing asset classes. Of course, we expect many years where investors will be positively surprised by outperformance when large U.S. stocks are relative underperformers. Our intent for this newsletter is not to rehash the argument in favor of global diversification but suffice it to say nothing we saw in 2015 produced evidence to the contrary. See **FIGURE 2**.

What we would like to do is talk more specifically about some long-term portfolio structuring and how we should expect "tracking error" relative to the reported indices we are familiar with. "Tracking error" is the difference between a portfolio's return and the index to which it is benchmarked. In this, we refer to a

FIGURE 1 — Various Asset Class Returns for 2015

Asset Class	2015 Return
U.S. Large Cap	1.38%
U.S. Small Cap	-4.41%
Int'l Large Cap	-0.81%
Int'l Small Cap	9.59%
Emerging Markets Stocks	-14.92%
Real Estate	-0.44%
U.S. Fixed Income	0.55%
Int'l Fixed Income	1.02%

FIGURE 2 — The Randomness of Returns

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Highest Return	14.0	7.6	62.6	34.2	34.5	36.0	39.8	8.8	79.0	28.1	9.4	20.1	38.8	32.0	5.8
	12.3	5.1	60.2	33.2	25.5	32.6	8.2	6.6	53.3	26.9	3.4	18.6	34.5	13.7	4.5
	8.4	3.6	56.3	29.9	21.1	30.0	7.5	4.7	51.4	24.9	2.3	18.1	32.5	13.5	1.5
	7.3	3.4	47.3	26.0	15.1	27.9	6.3	-28.9	37.6	24.5	2.1	18.1	32.4	4.9	1.4
	6.4	2.2	46.6	25.0	13.8	23.5	5.9	-33.8	28.5	21.2	0.6	17.9	28.3	4.2	1.0
	2.5	-6.0	46.0	22.2	7.0	22.2	5.5	-36.8	27.2	19.2	0.4	17.5	26.0	1.9	0.9
	-2.4	-7.1	36.2	18.3	4.9	19.8	3.6	-37.0	26.5	15.5	-4.2	17.1	22.2	1.2	0.2
	-5.6	-11.4	30.0	16.5	4.7	18.4	2.5	-39.2	20.6	15.1	-5.5	16.4	1.2	0.2	-3.8
	-7.6	-15.5	28.7	10.9	4.6	15.8	-0.2	-43.9	19.7	5.4	-11.1	16.0	0.6	-1.8	-4.4
	-10.2	-15.6	2.0	2.7	3.1	4.3	-1.6	-45.6	2.3	3.7	-15.5	2.1	0.3	-4.9	-7.2
	-11.9	-20.5	1.9	1.3	2.4	4.1	-9.8	-47.8	0.8	2.0	-16.4	0.9	-0.1	-5.0	-7.5
Lowest Return	-17.5	-22.1	1.5	0.8	1.3	3.8	-17.6	-53.2	0.2	0.8	-18.2	0.2	-2.3	-5.4	-14.6

KEY

- U.S. Large Cap
- U.S. Large Cap Value
- U.S. Small Cap
- U.S. Small Cap Value
- International Large Cap Value
- International Small Cap
- International Small Cap Value
- One-Year U.S. Fixed
- Five-Year U.S. Government Fixed
- Five-Year Global Fixed
- U.S. Real Estate
- Emerging Markets

Each colored box represents a different asset class. It's impossible to know beforehand which asset classes will outperform and which will underperform, so we're better off owning them all given the positive expected returns collectively. Historically, the S&P 500 has outperformed a globally diversified portfolio once every three years on average. Despite that, the globally diversified portfolio has outperformed by nearly 5% annualized over time.

portfolio's tilt towards small, value, and direct profitability stocks. As a reminder, these are compensated risk factors — in return for taking on more short-term volatility, we expect higher returns over time. See **FIGURE 3**.

It's worth remembering that the biggest factor we invest in is the stock market itself. The higher positive returns that we expect from the market over time do not translate into outperformance over less risky fixed income investments every single year as long term investors can attest. Similarly, though we expect higher returns from the small cap, value, and profitability premium, we do not expect to see those premiums show up each and every year. Here are the returns of the premiums for 2015:

- The market premium was basically 0 — in other words, there was no excess return for owning stocks over bonds in 2015.
- Globally, small stocks returned a premium of about 3.5% although this was mainly observed in international markets. U.S. markets actually saw small stocks underperform large stocks.
- The profitability premium was about negative 8.5% for the year. Much like value, this was a cause for underperformance in portfolios.
- Value stocks underperformed their growth counterparts by greater than 10% and their blend counterparts by about half of that. The S&P 500, for example, is a U.S. Large Cap Blend Index, it is a blend of growth and value stocks. In Figure 4, we've compared it to the Russell 1000 Value which is a U.S. Large Cap Value Index and then did similar comparisons for each broad asset class. See **FIGURE 4**.

FIGURE 3 — Factor Premiums

Factor Premiums

U.S. PREMIUMS (Arithmetic Average of Annual Premiums)

Factor	Premium	Period
Market (EQUITY PREMIUM)	8.06%	1928-2015
Company Size (SMALL CAP PREMIUM)	4.11%	1928-2015
Relative Price (VALUE PREMIUM)	4.81%	1928-2015
Profitability (PROFITABILITY PREMIUM)	3.76%	1964-2015

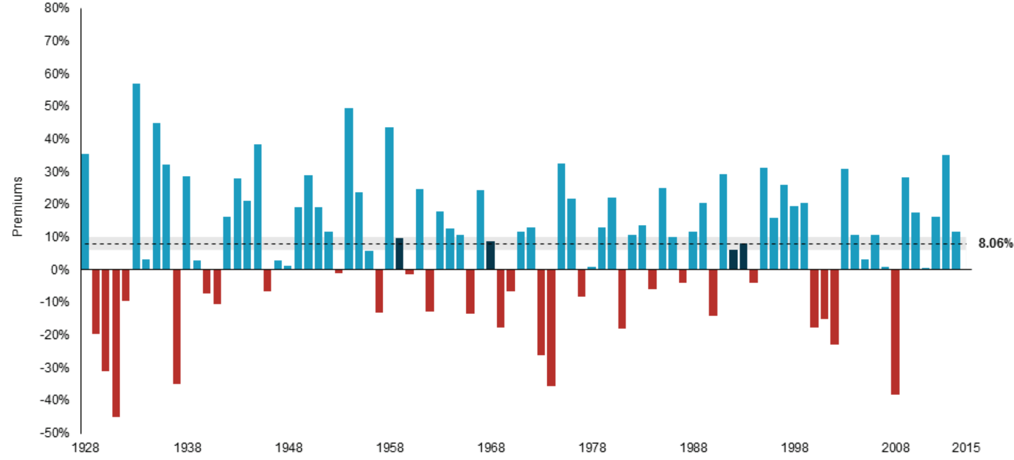
Market is the return on stocks minus bonds. Company size is the return of small cap stocks minus large cap stocks. Relative price is the return of value stocks minus growth stocks. Profitability is the return of high profitability stocks minus low profitability stocks.

FIGURE 4 — Value vs. Blend Indices for various asset classes

Portfolio	Value	Blend	Difference
U.S. Large Cap	-3.83%	1.38%	-5.21%
U.S. Small Cap	-7.47%	-4.41%	-3.06%
Int'l Large Cap	-5.68%	-0.81%	-4.87%
Int'l Small Cap	5.24%	9.59%	-4.35%
Emerging Markets	-18.57%	-14.92%	-3.65%

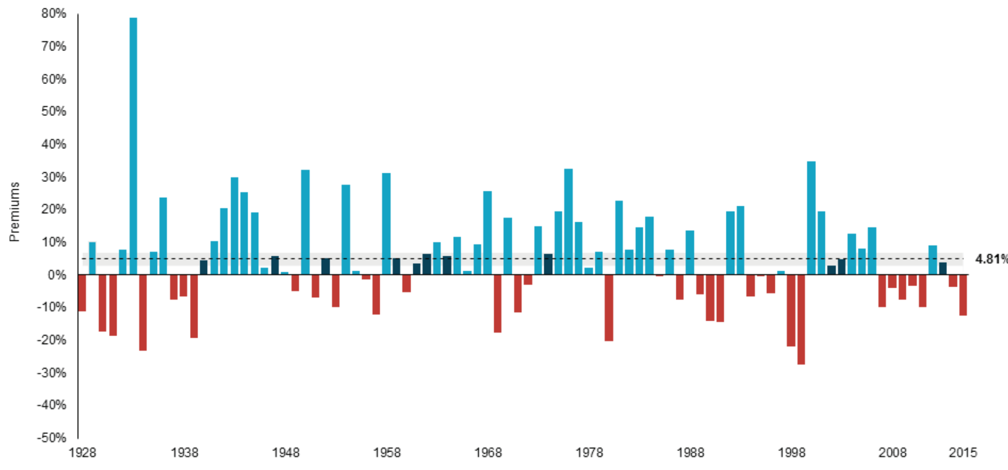
Indeed, the value premium is primarily where TCI investors felt underperformance relative to the respective benchmarks last year. In fact, the value premium has been negative in five of the last seven years and is in the midst of one of its worst extended periods ever. It understandably follows that a reasonable question to ask would be whether or not it is still worth tilting a portfolio towards value stocks. See **FIGURE 5** and **FIGURE 6**.

FIGURE 5 — Market Premium



Red bars are years where stocks underperformed relative to bonds. Blue bars are years of outperformance.

FIGURE 6 — Value Premium



Red bars are years where value stocks underperformed relative to growth stocks. Blue bars are years of outperformance.

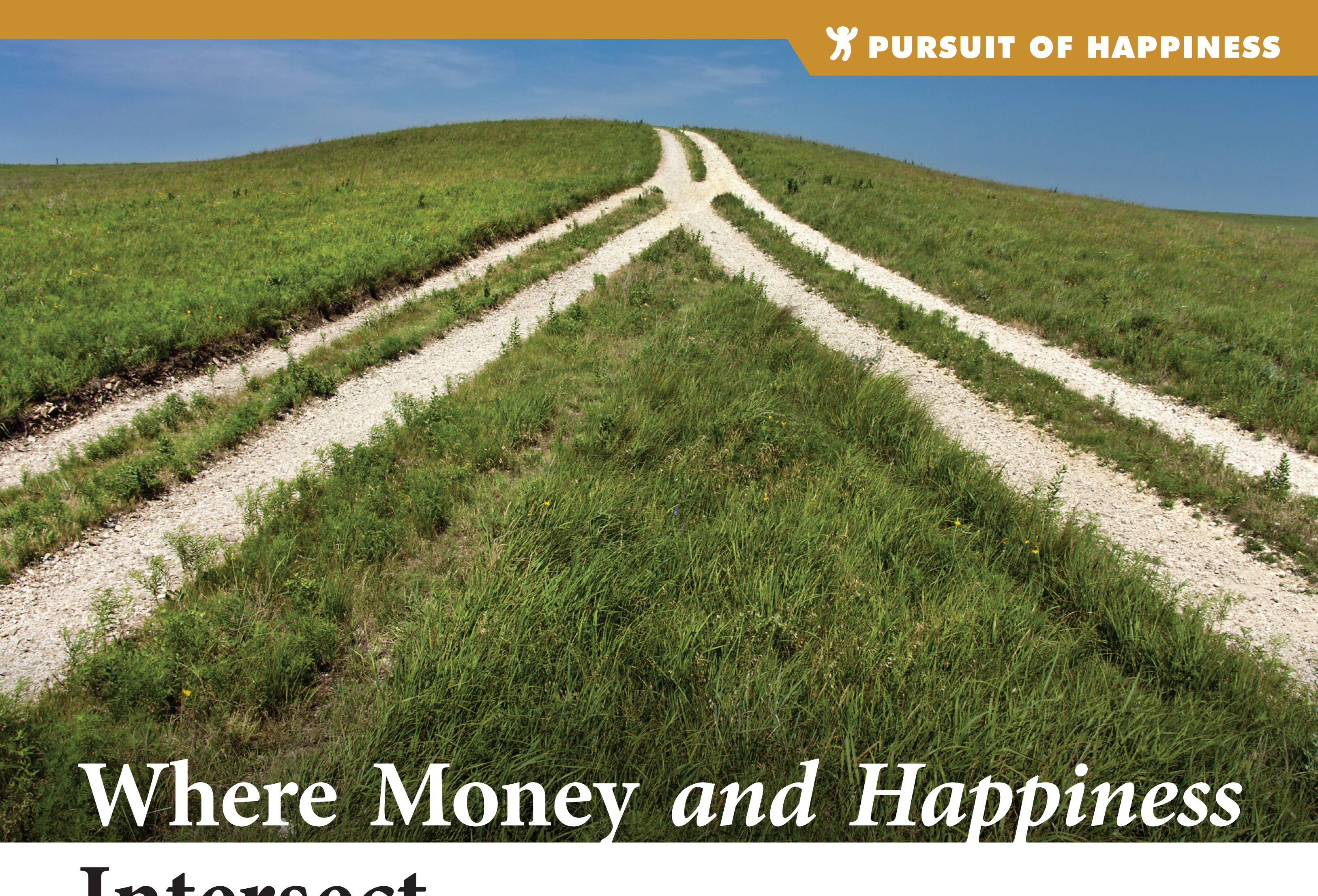
Figure 5 shows the market premium. There are multiple years where an investor would have been better off in bonds, but that fact alone does not counteract the principle that risk and return are related and that we should still expect higher long-term returns from holding stocks. No one disputes that. The same is true in Figure 6 when it comes to the value premium. Because the relationship between risk and return is a fundamental truth of investing, several years of value underperformance does not change the fact that we still expect higher future returns for holding riskier value stocks.

Furthermore, we consider this underperformance relatively unsurprising. It's certainly within reason that any one of the factor premiums (including the market itself) may be negative for multiple years at a time and, in essence, that is the price we pay to achieve higher returns over longer periods of time. "Value vs. Growth" from a risk/return perspective can be somewhat harder to conceptualize than "Stocks vs. Bonds", but the principle is exactly the same.

We understand that our clients have finite investing horizons and that sometimes the "long-term" is not so "long-term." Portfolio design with regard to the equity factors comes down to the balance between the reasonable expectation of higher returns over our investor's entire lives versus the chance that those factor premiums may not show up over shorter, yet significant time horizons. This is also the nexus of robust financial planning an portfolio construction to achieve known goals over known time periods.

Given the current environment, we continue to focus on rebalancing portfolios as it makes sense. In addition, we're always researching for new evidence that could alter our approach in regards to the factor premiums to achieve the best efficiencies for risk/reward matching each client's goals and unique plan.

The TCI Investment Committee conducts on-going research and analysis that guides portfolio construction for TCI clients.



Where Money *and* Happiness Intersect

by Lori Booth-Houle, CPA, CFP®

Money doesn't always equal happiness, and figuring out why is a bit of a "chicken and egg" dilemma: Does having more money make us happy? Or does being happy increase the likelihood that we will have more money?

Turns out, it's a bit of both, as I learned at TCI's Life Strategy Conference, which was held in Santa Monica in the end of 2015. The Life Strategy Conference was created, hosted and organized by TCI's southern California-based advisor, Marc Campbell, CFP®, who is an avid student of the many ways in which money, investing, and happiness are interconnected. At this conference, nine highly-credentialed speakers with expertise in psychology, neurology, cognitive science, behavioral coaching, and wealth management shared many actionable ideas intended to help people use their money to achieve happier, more fulfilled lives.

As a TCI advisor in our Scottsdale office, I was intrigued by the presenters Marc had lined up for this conference, and was eager to learn more about this "intersection of wealth management and the science of happiness," as Marc describes it. A client couple with whom I have worked for many years also attended, and they commented that the conference was "well balanced between health and happiness, ethics, and actual investment advice." We all came home with some key takeaways, which I've shared below.

About Happiness…

- The pursuit of happiness is really important — and the more happiness you can achieve, the better. Happy people are more productive, creative, philanthropic, and they tend to make more money. They enjoy better social connections, are more resilient to stress, and most importantly, are generally healthier and have lower mortality. In one study, healthy volunteers completed a measure of happiness, and then were administered a cold virus via nasal drops. After one month, the happier volunteers were less likely to develop a cold. (And coincidentally, pursuing happiness is much more fun than buying loads of Kleenex and decongestant!)

"What is 'enough'?" After all, money really isn't the end goal in the pursuit of happiness, it is simply a resource for helping us achieve it. The end goal, really, is to use money to ensure that we're living our lives in alignment with our personal goals and vision.

- Dr. Sonya Lyubomisky presented that happiness is influenced by the following determinants: 50% by biology and genetics; 10% by life circumstances; and 40% by our own intentional activity. This means that to a significant degree, how happy we are is within our control!
- We can increase our level of happiness through strategies such as: Expressing gratitude (interestingly, writing in a "gratitude journal" one time a week was shown to be more effective than doing it three times a week); Practicing kindness; Being optimistic; Learning to forgive; Savoring the moment; Nurturing relationships; Committing to significant life goals. Studies also consistently show that meditating and regular exercise make us happier people. If you aren't into both, try at least one!
- As with meditation, mindfulness is also highly correlated to happiness. Key factors in mindfulness are being present in a given moment, reducing distractions, minimizing ruminating thoughts, and sustaining focus. Here's a shocker that has encouraged me to shut my office door and minimize distractions when I'm working on more complex projects: A mere 4-second interruption can disrupt our thought process and creativity to such a degree that it takes 25 minutes to get back to our focused state!
- The point is, happiness takes work, so try to learn more about these underlying factors of happiness and then work on those that fit best for you, your personality, and your life situation. There is no one-size-fits-all prescription to happiness — what makes us happy is as individual as we are.

…And the Intersection of Money and Happiness

- Not surprisingly, Dr. Jay Kumar cited money as the #1 cause of stress, followed by work, family, and health.
- We have three brain biases that can make happiness elusive, as it relates to money:

1. Loss aversion/negativity bias: Daniel Kahneman has said, "A $100 loss requires a $200 gain to offset the pain." And in Buddha's Brain, Rick Hanson wrote, "The brain is like Velcro for negative experiences and like Teflon for positive experiences." As financial advisors, we see this manifest itself in investor behavior all the time. The fear of losing money in the short-term is primal, and can overcome not only your emotions, but your long-term, well-reasoned investment strategy as well. As it turns out, says conference presenter Dr. Jay Kumar, "Money brings out our inner Neanderthal."
2. Hedonic treadmill: We've all recognized this phenomenon to some degree, in ourselves or others. The more we have, the more we want. So as a person makes or accumulates more money, expectations rise accordingly, and there is no greater level of happiness as a result. This may be why many studies show that lottery winners are significantly happier shortly after they win, but in the following months, from a happiness standpoint, they're back where they started. Once they get used to having more, having more isn't as pleasurable.
3. Reflected appraisal: We are primally motivated to follow the herd and belong to our "tribe," so in order

Maximum Chances of Happiness = Clear Priorities + Efficient Resource Allocation

to avoid feelings of abandonment, we strive to "keep up with the Joneses." This may lead to making poor financial decisions, and deters us from using money to achieve our true goals and purpose.

- A potential solution to overcoming these primal brain biases in the pursuit of greater happiness is to examine carefully what gives our lives meaning and purpose. This will lead to recognition of our personal values are and how we can use money to align our lives with those values — that "aha!" moment:

  1. Start with identifying your top motivational values — the "Why?"

  2. Then move on to the "What?" by creating a Vision Statement of what you want in your life (expressed in the present tense even if these things, states of being, or relationships aren't part of your life yet), followed by a Money Purpose Statement, which identifies how you can use your money to help you achieve those things listed in your Vision Statement.

  3. Complete the process by addressing the "How?" – consider whether the details of your financial plan, charitable giving plan, and the legacy you are leaving serve to align your vision with your values.

  4. In choosing an advisor as your partner to help you navigate this intersection of happiness and wealth, understand what qualities make a good advisor. There are four "I's" to consider: Independence (your advisor should adhere to a fiduciary standard and a business model that minimizes conflicts of interest); Investment philosophy (ours include the beliefs that markets are efficient, timing or tactical allocation strategies do not serve investors well, costs should be minimized, and diversification should be emphasized); Inquiry (the best advisors ask about your values and goals, and they address your planning issues in a holistic manner); and Intangibles (you should have a high comfort level with your advisor, share aligned values, and enjoy being with each other).

After the conference, on my flight back to Phoenix, I spent some time considering a question posed at the conference: "What is 'enough'?" After all, money really isn't the end goal in the pursuit of happiness, it is simply a resource for helping us achieve it. The end goal, really, is to use money to ensure that we're living our lives in alignment with our personal goals and vision. Marc Campbell's Life Strategy Formula sums this up well: "Maximum Chances of Happiness = Clear Priorities + Efficient Resource Allocation."

One final thought: Happiness is a skill, like playing the piano or violin. So now — let's go practice!

The slide presentation from each of the speakers is available on TCI's Life Strategy website, at www.lifestrategybytci.com/life-strategy-conference-presentations/. We encourage you to peruse them — they're chock-full of great ideas and information.

Lori Booth-Houle, CPA, CFP® is an Advisor and Shareholder in our Scottsdale office.

TCI is very pleased announce the expansion of our Scottsdale office with the addition of Bill Moss, CPA/PFS and Lori Booth-Houle, CPA, CFP®. Together they bring over 50 years experience in the financial industry to our team and extend TCI's depth of expertise with their extensive backgrounds in accounting, financial planning and investment management. The collaboration is best told through the eyes of Lori and Bill in the piece below.

Please join us in welcoming Bill and Lori.

Bill Moss, CPA/PFS

Lori Booth-Houle, CPA, CFP®

You Had Me at "Hierarchy"

by Lori Booth-Houle, CPA, CFP®

There comes a time in almost every life, including that of a business, when it seems natural to pause, take stock, and consider what the future looks like. Or perhaps more accurately, to ask, "What should the future look like?"

And so it was that many years into our financial advisory careers and nearly seven years into owning our own growing wealth management practice, my partner Bill Moss and I asked and answered that question by merging our firm, Moss Booth Wealth Advisors, into TCI Wealth Advisors. From the beginning, our decision to partner with TCI was a logical answer to the question, "What should the future look like?"

As relative newcomers to the TCI team we are perhaps still new enough to say that TCI does have its quirks — and they are endearing ones. In February 2014 (quite some time prior to the official merger), Bill and I were invited by TCI to attend one of its periodic advisor/shareholder meetings. Many of the values and thematic goals imprinted into TCI's culture are developed in these meetings. For this particular session, the book Leaders Eat Last by Simon Sinek had been assigned to the attendees as pre-meeting "homework." One of that day's thorough and quite lengthy discussions centered around the three-level hierarchy of priorities which TCI has incorporated into its culture. In this hierarchy, serving clients' best interests comes above everything else, and is a priority at the very top level of importance. Ensuring the TCI staff's well-being is also highly prioritized, second only to clients' best interests. The advisors/shareholders (i.e. the "Leaders") are in the decidedly lowest position on the totem pole.

This clarity of priorities around who we serve, and the evident and considerable care for the well-being of TCI's clients and staff, was one of many early insights Bill and I gained into what makes TCI "tick." At that meeting, we were simultaneously thrilled and flabbergasted that these key people within the firm had devoted so much thought and energy to this hierarchy of priorities. Remember the 1996 movie Jerry Maguire, and Renee Zellweger's infamous line "You had me at 'Hello?'" Well, in our case, TCI had us at "Hierarchy."

Now, having cohabitated with TCI for over a year (we started sharing office space in September 2014), Bill and I can honestly say that this hierarchy informs every decision made and every policy adopted within the organization, which is one of the many reasons TCI has always stood out to us as a very special and singular firm in our industry.

You've often heard of mergers taking place in the business world for financial gain, but in this case, there was no cash sale or exchange driving this merger — we have had a far different motivation. This is all about bringing together best ideas, skill, experience, and long-term business continuity into one organization dedicated to serving its clients.

Whether you have always been with TCI or came here via Moss Booth, you are probably aware of the fact that all of us here have a very long-term outlook on our relationships with clients — it's not an overstatement to say that the financial life and well-being of our clients is our life's work. We care very much about all of you and know that you count on us in many ways. This is a responsibility we take very seriously, and we have always felt it was important to have a continuity plan that would ensure the future caretaking of our clients and their succeeding generations.

At Moss Booth, with only two advisor/owners, this concern was magnified by our smaller size. Who would we trust to care for our clients and staff if something happened to either me or Bill? As we explored our options, we realized that partnering with TCI would be a natural, win-win solution for our clients and for us — TCI is a firm that shares our strong commitment to high-quality client service and our disciplined investment and planning process. All of us at TCI are committed to a "100-year" philosophy — we intend to ensure that the firm and its services will be here, not only for our clients today, but for their children and grandchildren. As Moss Booth, that 100-year philosophy was a concept that strongly resonated with us but seemed difficult to make actionable. Now, as part of TCI, we recognize that it's a reality which is firmly stamped into our firm's culture and purpose. The fact that TCI is 100% owned by shareholders active in the firm and is committed to always remaining independent was also a critical attribute for us in this transition, working as we do in a financial advisory universe fraught with conflicts of interest.

Bill and I met recently with several members of our TCI management team to recap what we have accomplished throughout the merger process and to look ahead at opportunities and best ideas for 2016 and beyond. On all of our calendars, the subject line of this meeting was, "We Are One."

Indeed. We are one — with you, our clients and valued partners, as you are at the core of our mission and purpose. And we are one here at TCI as well, as we support each other in our efforts to continuously define the standard of excellence in the financial industry for our clients, our team and the communities we serve.

At Team TCI, we embrace the challenge of finding the best answers to that difficult question, "What should the future look like?" And you can be sure that as we do so, we'll be doing it with great energy, optimism, and most of all, with your best interests in mind.

Lori Booth-Houle, CPA, CFP® is an Advisor and Shareholder in our Scottsdale office.

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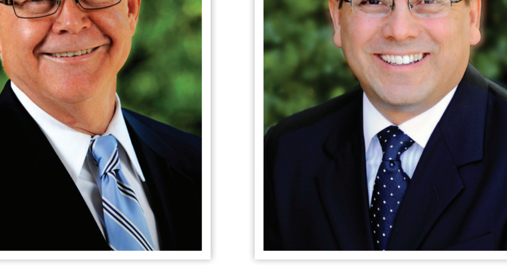
TCI NEWS



Mike Sullivan, CFA

Art Tellez

TCI is excited to announce two new shareholders: Mike Sullivan, CFA and Art Tellez. Mike Sullivan, CFA is an Advisor and Director of Advisory Services based out of our Tucson office and has over 35 years experience providing comprehensive wealth management for high net worth individuals, families, foundations and endowments. Art Tellez is the Director of Operations and oversees TCI's trading and account operations and brings over 26 years experience in financial services. Art is based out of our Scottsdale office. One of TCI's core values is our commitment to remaining independent and owned by shareholders all active in the firm. With the addition of Mike and Art, TCI has 18 shareholders and continues our dedication to being a 100-year firm.

Reminders—

Beginning in 2016, TCI is providing clients with a quarterly billing statement detailing the fee(s) paid to TCI. The statement will be posted in the client portal within the first 2 weeks of each new quarter. If you have questions or feedback about your billing statement please contact your Advisor or Associate.