

MP McShane Partners

MAY 2023 INSIGHTS

INVESTMENT OVERVIEW

THE MCSHANE PARTNERS CORE CONTRARIAN EQUITY PORTFOLIO STRATEGY

The foregone conclusion that 2023 would be the year the global economy would enter into a debilitating recession could end up being the reason that, despite an inverted yield curve, an emergent crisis in the regional banking system, widening credit spreads, an enigmatic rush to safe-haven assets (e.g., precious metals), an encroaching debt ceiling debacle, and a ± 15 -year high in interest rates, the market managed to defy expectations in the first quarter of 2023 (“1Q23”). The absence of irrefutable evidence that the global economy was in a full-fledged recession during the quarter might be the only rational explanation as to why the stock market and other risk assets have performed so well year-to-date (“YTD”). The market has unflappable consistency in its ability to surprise, and investors repeatedly fail to appreciate its ability to do the exact opposite of what everyone expects.

The Investment Team believes that retail investors often exhibit herding behavior and position themselves in-line with popular, headline-making trends, thereby relegating their portfolios to be dependent on a singular outcome. In this instance, investors’ lingering fears of traditional fixed income and equity markets contributed to a buildup of excess cash on the sidelines, which served as a catalyst to sustain momentum in an upward-trending market. While the Investment Team has remained tactically defensive or conservative to account for a growing list of negative catalysts, portfolios were never positioned for a singular eventuality or inevitable binary outcome (e.g., recession). These recommendations helped to position client investment portfolios well for the

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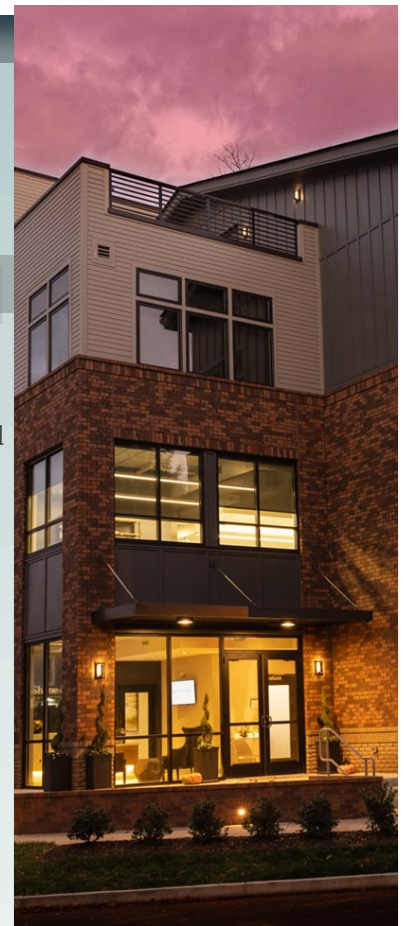
WEALTH ADVISORY OVERVIEW

MEDICARE ADVANTAGE VS. MEDIGAP (MEDICARE SUPPLEMENT)

Medicare, which is Federal government health insurance, doesn’t cover everything. Additional coverage is needed for gaps to reduce your out-of-pocket expenses. Medicare Advantage plans are separate from Medicare. They are private insurance plans, and all your benefits are paid from the plan, not Medicare. Medicare Supplemental plans, also known as “Medigap”, pay as a secondary insurance to Medicare Part A and Part B. Medicare pays its share, then sends the remainder of the bills to your supplemental company. The supplemental company pays its share based on the plan in which you are enrolled. Which should you choose? It can be a confusing and difficult decision, especially if you are not certain of your future health care needs. You must be enrolled in both Medicare Part A and Medicare Part B and pay Part B premiums for either a Medigap or a Medicare Advantage plan. Here is an overview of some of the characteristics of both Medigap and Medicare Advantage plans.

Medigap plans allow you to see any provider that participates in Medicare. You do not need to select a primary care doctor and you have access to Medicare providers nationwide, no referrals needed even for specialists. Some plans also provide foreign travel emergency coverage. Medigap plans require less out of pocket expense, including doctor copays. You will pay higher premiums for these supplement plans because they offer more freedom of choice and flexibility.

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POINTS OF INTEREST

- [Monthly Index Review](#)
- [Around McShane Partners](#)

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reemergent volatility endured in 1Q23 and has contributed to robust risk-adjusted returns over the past ±12-18 months, as exemplified by the meaningful outperformance of the McShane Partners Core Contrarian Equity Portfolio Strategy (“the Strategy”), which returned **-3.05%** vs. a comparable return of **-7.73%** for the S&P 500® Index (“S&P 500®”) over the trailing 12-month period ended March 31st 2023.

PERFORMANCE REVIEW

The Investment Team’s intentional efforts to incorporate incremental conservatism into portfolio-level positioning by mitigating unnecessary equity market risk (i.e., beta) within the Strategy succeeded in generating/producing consistent downside protection relative to passive market indexes and benchmarks throughout calendar year 2022 (“CY2022”), which contributed to cumulative relative outperformance of **±714 basis points** (“bps”) vs. the S&P 500® for CY2022. This tactical reduction in portfolio-level beta did, however, result in the Strategy exhibiting marginal short-term relative underperformance through the first three months of calendar year 2023 (“CY2023”); as can be seen in the consolidated performance review included in Table I, below, the Strategy returned **+4.76%** in 1Q23 vs. comparable returns of **+7.50%**, **+5.17%**, and **+9.63%** for the S&P 500®, the S&P 500® Value Index (“Value”), and the S&P 500® Growth Index (“Growth”), respectively.

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TABLE I: MP CORE CONTRARIAN STRATEGY - PEER COMPARISON & PERFORMANCE ANALYSIS
USD TOTAL RETURN - DATA AS OF MARCH 31ST 2023

NAME DESCRIPTION	SYMBOL/ TICKER	2020	2021	2022	1Q23	2023 YTD
MP CORE CONTRARIAN EQUITY PORTFOLIO STRATEGY*		17.29%	25.83%	-10.97%	4.76%	4.76%
S&P 500® Index	SP50	18.40%	28.71%	-18.11%	7.50%	7.50%
S&P 500® Value Index	SVXK	1.36%	24.90%	-5.22%	5.17%	5.17%
S&P 500® Growth Index	SGX	33.47%	32.01%	-29.41%	9.63%	9.63%
S&P 500® Dividend Aristocrats Index	SP50DIV	8.68%	25.99%	-6.21%	1.80%	1.80%
iShares MSCI USA Quality Factor ETF	QUAL	16.66%	26.76%	-20.46%	9.19%	9.19%
Invesco S&P 500 Quality ETF	SPHQ	16.94%	27.86%	-15.78%	8.00%	8.00%
Parnassus Core Equity Fund	PRBLX	20.77%	27.38%	-18.51%	7.54%	7.54%
iShares Core S&P 500 ETF	IVV	17.96%	28.59%	-18.11%	7.42%	7.42%
FlexShares US Quality Large Cap ETF	QLC	13.29%	28.33%	-17.12%	6.96%	6.96%
FMI Large Cap Fund	FMIHX	10.09%	18.00%	-14.76%	3.95%	3.95%
WisdomTree US Quality Dividend Growth ETF	DGRW	13.48%	24.23%	-6.38%	3.70%	3.70%
AMG Yacktman Fund	YACKX	15.04%	19.52%	-7.42%	2.60%	2.60%
FlexShares U.S. Quality Low Volatility ETF	QLV	9.43%	25.94%	-9.99%	2.50%	2.50%
MFS Low Volatility Equity Fund	MLVAX	11.15%	25.00%	-10.83%	2.08%	2.08%
Vanguard Dividend Appreciation ETF	VIG	15.09%	23.55%	-9.86%	1.92%	1.92%
ProShares S&P 500 Dividend Aristocrats ETF	NOBL	7.93%	25.24%	-6.57%	1.78%	1.78%
iShares MSCI USA Min Vol Factor ETF	USMV	5.35%	20.69%	-9.43%	1.33%	1.33%
SPDR SSGA U.S. Large Cap Low Volatility ETF	LGLV	7.11%	27.68%	-8.22%	1.30%	1.30%
iShares Core Dividend Growth ETF	DGRO	8.98%	26.40%	-7.94%	0.58%	0.58%
Fidelity U.S. Low Volatility Equity Fund	FULVX	3.81%	17.52%	-10.46%	0.00%	0.00%
Invesco S&P 500 Low Volatility ETF	SPLV	-1.57%	23.89%	-4.93%	-1.79%	-1.79%
Invesco S&P 500 High Dividend Low Volatility ETF	SPHD	-10.47%	24.65%	0.56%	-2.70%	-2.70%

Source: McShane Partners - Envestnet | Tamarac, Inc. & FactSet Research Systems, Inc.

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Furthermore, the Strategy's lack of direct positioning in the small cohort of mega cap INFORMATION TECHNOLOGY stocks with outsized index-level weightings also detracted from the relative performance of the Strategy in 1Q23; for example, shares of APPLE, INC. ("AAPL"), which had an index-level weighting of **±6.1%** within the S&P 500® at the beginning of CY2023, returned **+27.09%** in 1Q23 and contributed approximately **±164 bps** to index-level returns for the quarter. Despite not holding AAPL or any of the other five largest top-contributors throughout the quarter, the Strategy did manage to outperform several of the quality factor-based, low-volatility passive investment strategies within its peer group, many of which had significant exposure to and sizable positions in AAPL, as well as several other top-performing stocks, within their top-five holdings as of quarter-end.

PORTFOLIO OVERVIEW

The largest contribution to absolute and relative performance through the first three months of 2023 came from the Strategy's core positioning in shares of ANSYS, INC. ("ANSS"), ALPHABET, INC. CLASS A ("GOOGL"), and NUCOR CORP. ("NUE"), which returned **+37.75%**, **+17.57%**, and **+17.58%**, respectively, in 1Q23. Moreover, the Strategy's differentiated positioning in names such as BADGER METER, INC. ("BMI") and EQUINIX, INC. ("EQIX"), which returned **+11.94%** and **+10.61%**, respectively, in 1Q23, provided incremental positive contribution to absolute portfolio-level returns that helped to offset the negative contribution from the short-term relative underperformance in the Strategy's positions in PFIZER, INC. ("PFE") and COLGATE-PALMOLIVE CO. ("CL"), which returned **-14.76%** and **-4.01%**, respectively, this past quarter.*

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TABLE II: S&P 500® INDEX SECTOR HEAT MAP
USD TOTAL RETURN - DATA AS OF MARCH 31ST 2023

SECTOR-LEVEL INDEX	2019	2020	2021	2022	1Q23	2023 YTD
<u>DEFENSIVES</u>						
Utilities	+26.35%	+0.48%	+17.67%	+1.57%	-3.24%	-3.24%
Communication Services	+32.69%	+23.61%	+21.57%	-39.89%	+20.50%	+20.50%
Health Care	+20.82%	+13.45%	+26.13%	-1.95%	-4.31%	-4.31%
Consumer Staples	+27.61%	+10.75%	+18.63%	-0.62%	+0.83%	+0.83%
<u>NEAR CYCLICALS</u>						
Energy	+11.81%	-33.68%	+54.64%	+65.72%	-4.67%	-4.67%
Financials	+32.13%	-1.69%	+35.04%	-10.53%	-5.56%	-5.56%
Real Estate	+29.01%	-2.17%	+46.19%	-26.13%	+1.95%	+1.95%
<u>CYCLICALS</u>						
Information Technology	+50.29%	+43.89%	+34.53%	-28.19%	+21.82%	+21.82%
Consumer Discretionary	+27.94%	+33.30%	+24.43%	-37.03%	+16.13%	+16.13%
Industrials	+21.12%	+11.06%	+21.12%	-5.48%	+3.47%	+3.47%
Materials	+24.58%	+20.73%	+27.28%	-12.27%	+4.29%	+4.29%
S&P 500® INDEX	+31.49%	+18.40%	+28.71%	-18.11%	+7.50%	+7.50%

Source: McShane Partners - FactSet Research Systems, Inc.

*In accordance with Rule 206(4)-1(a)(2) of the Investment Adviser Act of 1940 (the "Advisers Act"), upon request by an individual or interested party, McShane Partners (the "Adviser") will make available a list of applicable discretionary investment recommendations made by the Adviser with respect to the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy") over the corresponding trailing 12-month period ended March 31st 2023.

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While the Investment Team has rotated out of the Strategy's long-term holdings of PFE as part of a firm-wide recommendation to rationalize risk-return exposures within U.S. EQUITY allocations, it does not believe that the short-term relative underperformance of CL in 1Q23 is reflective of any degradation in the underlying fundamentals of the company and continues to believe in the long-term outlook for shares of CL at this time.*

"With a good perspective on history, we can have a better understanding of the past and present, and thus a clear vision of the future."

- Carlos Slim Helu

PORTFOLIO POSITIONING: BALANCING SHORT-TERM RISKS & LONG-TERM OBJECTIVES

As the Investment Team mentioned earlier this year, the Strategy's performance over the past ±12-18 months has been extremely encouraging with respect to validating the primary tenet upon which the Investment Team based the Strategy: excess risk-adjusted returns result from the identification of high-quality investments through in-depth, fundamental research and objective analysis, a strict adherence to defined valuation parameters, and an astute contrarian overlay.

Given the severity with which financial markets have been reacting to idiosyncratic risk events over the past ±12 months, the Investment Team continues to prefer taking a measured approach to positioning portfolios in reasonably valued investments with discernable, quantifiable risk-return attributes, and the Strategy is no exception to this rule. Over time, the Strategy's ability to navigate through periods of heightened market volatility should contribute to superior long-term risk-adjusted returns relative to passive equity market indexes and broad-based benchmarks, and the Investment Team believes that the Strategy will continue to deliver on this core investment mandate as financial markets progress through the later stages of the current market cycle.

MONTHLY INDEX REVIEW
USD TOTAL RETURN

DATA AS OF APRIL 30TH 2023	APRIL 2023	2023 YTD	2022	2021
S&P 500® Index	+1.56%	+9.17%	-18.11%	+28.71%
Dow Jones Industrial Average	+2.57%	+3.53%	-6.86%	+20.95%
NASDAQ Composite	+0.07%	+17.12%	-32.54%	+22.18%
Russell 2000	-1.80%	+0.89%	-20.44%	+14.82%
MSCI Emerging Markets	-1.11%	+2.86%	-19.74%	-2.22%
MSCI EAFE	+2.93%	+11.80%	-14.01%	+11.78%
Bloomberg U.S. Aggregate Bond Index	+0.61%	+3.59%	-13.01%	-1.54%

* In accordance with Rule 206(4)-1(a)(2) of the Investment Adviser Act of 1940 (the "Advisers Act"), upon request by an individual or interested party, McShane Partners (the "Adviser") will make available a list of applicable discretionary investment recommendations made by the Adviser with respect to the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy") over the corresponding trailing 12-month period ended March 31st 2023.

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DISCLOSURES: THE MCSHANE PARTNERS CORE CONTRARIAN EQUITY PORTFOLIO STRATEGY

Performance data for the McShane Partners Core Contrarian Equity Portfolio Strategy reflect aggregated, asset-weighted returns of underlying account-level performance and is unaudited.

STRATEGY LIMITATIONS The Investment Strategy (the “Strategy”) performance shown reflects the asset-weighted performance of actual performance data and time-weighted returns for representative Investment Portfolios (the “Portfolios”) over the respective time frames in accordance with the objectives of the McShane Partners Core Contrarian Equity Portfolio Strategy (the “MP Core Contrarian Strategy”) managed by McShane Partners (the “Adviser”). While the performance of the Strategy is believed to have been calculated reliably and accurately, the Strategy performance data and returns have not been audited, and, as such, the results are subject to limitations inherent in the use of historical performance reporting and returns.

FEES & EXPENSES Strategy performance results shown are presented net of applicable management fees of and assumes the reinvestment of dividends and all other income. Because some investors may have different fee arrangements, and, depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

Net Strategy performance is presented gross of custodial fees but net of investment management fees and transaction costs. Net performance is calculated by using the actual fees charged to each Investment Portfolio throughout the Strategy for the performance period. Returns include the reinvestment of dividends and other earnings. Prospective investors should expect their rates of return to be reduced by investment management fees, along with other expenses incurred in the management of the account, which are fully described in the McShane Partners’ Brochure (Form ADV Part 2A). Because some investors may have different fee arrangements and, depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

OTHER INFORMATION Past performance is not necessarily indicative of future results. All investments are subject to risk, and investing in accordance with the strategy, like all investments, may lose money. The performance shown is representative of investment strategies and styles used by the Adviser and such style may not be suitable for each potential investor. The Strategy is representative of an investment strategy and style used by the Adviser and such style may not be suitable for each potential investor. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be considered as an offer to buy or sell any financial instruments. Additional information regarding policies for calculating and reporting returns is available upon request.

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McShane Partners maintains strict confidentiality policies and have in place procedural, electronic, and physical safeguards to protect your personal, private information. We collect certain information about you and your financial situation, including names, addresses, social security numbers, assets, income, cash flow and investment objectives. In the course of our service to you, we also track transactions, basis, use of accounts and products preferred. We share client information that is necessary to effect, administer, document or enforce a transaction as you have directed or authorized us to do so. We do not disclose any information with any person or firm for marketing purposes.

This disclosure is made pursuant to the Gramm-Leach-Bliley Act and Regulation S-P (Privacy of Consumer Financial Information), as issued by the U.S. Securities & Exchange Commission. It is important to note that the relationship you have with the custodian where your assets are held is independent of that with McShane Partners. Each custodian has its own privacy disclosures and policies, as distributed to clients.

McShane Partners is a Registered Investment Advisor.

INFORMATION REGARDING BENCHMARKS & INDEXES

Information about indexes is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indexes. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indexes may be materially different from the performance of the Adviser. In addition, the Adviser’s recommendations may differ significantly from the securities that comprise the indexes.

BENCHMARK & INDEX DEFINITIONS The following benchmark and index definitions used by the Adviser for the Strategy have been sourced directly from the respective index provider’s website, and the data are considered to be widely-known, publicly-available information.

RETURN METHODOLOGY [S&P Dow Jones Indices](#) calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices: Gross Total Return (“TR”) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.

S&P 500® INDEX

The S&P 500® Index (“S&P 500®”) is widely regarded as the best single gauge of large-cap U.S. equities. There is over \$11.2 trillion indexed or benchmarked to the index, with indexed assets comprising approximately \$4.6 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

S&P 500® VALUE INDEX | S&P 500® GROWTH INDEX

The S&P U.S. Style Indices measure the performance of U.S. equities fully or partially categorized as either growth or value stocks, as determined by Style Scores for each security. The Style series is weighted by float-adjusted market capitalization (“FMC”). The Style index series divides the complete market capitalization of each parent index approximately equally into growth and value indices based on three factors each used to measure growth and value.

S&P 500® DIVIDEND ARISTOCRATS INDEX

The S&P 500® Dividend Aristocrats Index measures the performance of S&P 500® companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company

KHC FAIR FUND NOTICE

Several of our clients have received notices from the Kraft Heinz Co. (“KHC”) Fair Fund indicating that they may be eligible for compensation as a result of their prior ownership of shares of KHC. At this time, McShane Partners has not been advising clients to take any action with respect to submitting claim forms to the KHC Fair Fund. It has been the experience of the firm that the probability of receiving meaningful compensation from participating in similar class action lawsuits or settlements has been fairly low, therefore McShane Partners is skeptical about the risk-reward proposition of the KHC Fair Fund and is reticent about advising clients to send in private non-public information.

In the past, when there has been a credible case for participating in this type of class action lawsuit or settlement, McShane Partners has typically recommended that clients submit the claim forms themselves but has made itself available to help and assist clients in preparing the forms and providing supporting documentation, as needed.

If you would like to pursue this matter further, or if you have any follow-up questions, comments, or concerns, please feel free to reach out to your Wealth Advisor or Portfolio Manager, as we would be happy to help out however we can.

WEALTH ADVISORY OVERVIEW

MEDICARE ADVANTAGE VS. MEDIGAP (MEDICARE SUPPLEMENT)

Medicare Advantage plans require you to use the plan’s network of providers, except when you need emergency care. This means you will have substantially fewer doctors to choose from. You will need to check with your preferred doctors to see if they are in the plan’s network as well as your preferred hospital. Advantage plans require you to pay copays (which can vary), deductibles and coinsurance. This means that your out-of-pocket expenses could be very large depending on your health each year. These plans can also have restrictions such as prior authorization, so make sure you understand your benefits. Medicare Advantage plans do have lower premiums, sometimes even \$0 premiums but you will still need to pay your Medicare Part B premium.

Medicare Advantage plans also cover benefits that Original Medicare and Medigap plans do not cover such as routine dental, vision and hearing services, transportation, gym memberships, telehealth services and over-the-counter items. Some Advantage plans may even cover hearing aids.

Medicare Advantage plans do have out of pocket maximums which will protect you if you have a bad health year, but they can be high. Medigap plans, while they will have higher premiums, will have much more predictable out-of-pocket expenses. You’ll want to be sure you have enough savings to cover out-of-pocket expense maximums should you develop a serious illness if you have a Medicare Advantage plan.

Medigap plans do not cover retail medications. They only cover medications administered in a hospital. Therefore, a separate Medicare Part D plan is required for prescription medication coverage.

Medicare Advantage plans usually cover prescription drug costs so there is no need to enroll in Medicare Part D. However, be sure to check the prescription drugs you take to confirm that the built in prescription drug coverage includes your meds.

Why not enroll in Medicare Advantage to start when you are healthy then switch to Medigap when your health care costs increase? Unfortunately, due to restricted enrollment periods and health assessments, you may not have those options available to you.

There are no health questions when applying for Medicare Advantage plans but there are certain times of the year for enrollment and dis-enrollment and also for changing your Advantage plan. This may prohibit you from changing plans at the desired time.

There are no health questions for enrolling in a Medigap plan *if you enroll when you are first eligible*. However, if you opt to change to a Medigap plan later, you may be subject to underwriting and could be declined for certain health conditions or for medications that you take.

While we don’t sell insurance products, your advisor at McShane Partners is here to help you make this important decision. We can steer you in the direction of a qualified Medicare Insurance Specialist, if needed, to help you make the right choice.

THE GUIDE TO A HOME INVENTORY



Sandy Carlson, CFP®, CPA, CDFIA®
President | Partner | Wealth Advisor

Creating and updating an inventory of your personal possessions is one of the best ways to make the most of your homeowners or renters' insurance, and it makes filing a claim easier and more efficient.

A home inventory is simply a list of your personal possessions, along with their estimated financial value. You can create a home inventory in a simple, low-tech manner by writing down everything in a notebook and keeping receipts in a folder, or you can utilize a home inventory software program. One such program recently used and shared by one of our clients is Collectify. Collectify helps manage the contents of your home by allowing you to personalize the room descriptions and store your receipts, manuals and warranties and other important personal and household documents related to any object.

Three ways in which having a home inventory can be beneficial:

- Assists in helping you purchase the right amount and type of insurance. Having an accurate list of all your possessions helps you to have a more productive conversation with your insurance professional. After all, if you don't know what you have, how can you insure it adequately?
- Makes filing a claim as simple as possible. Disasters are scary and stressful, which can make trying to list damaged property for a claims form even more challenging. Having your belongings already documented in your home inventory can be a huge relief at times like these.
- Substantiate financial losses for tax purposes or when applying for financial assistance. Following a catastrophe, the only way to determine whether you qualify for a tax break or disaster assistance is to substantiate your financial losses. A well-organized home inventory can be an extremely useful tool in this process.

NEXGEN: DIFFERENT OPTIONS TO PAY FOR SCHOOL



Ryan Vaudrin, CFP®, CDFIA®
Partner | Wealth Advisor

With the rapid increase of education costs, it is possible that the expenses can exceed the saved balance of an education savings account or 529 plan. Other than writing a check, what other options are available to make up the difference? Listed below are some of the loan options that are available to either students or parents to help cover the costs:

Direct Subsidized Loans

These loans are available to undergraduate students that have a financial need. The loan amount is determined by the attending school and is typically issued at a lower interest rate than personal loans. The U.S. Department of Education will pay the interest on the loan if the student is enrolled and for the first six months after the student leaves school.

Direct Unsubsidized Loans

These loans are available to both undergraduate and graduate students who do not meet the financial needs status. Like before, the loan amount is determined by the attending school, however the student is now responsible for paying the interest during all periods of the loan.

Direct PLUS Loans

These loans are available for parents of undergraduate students or graduate students themselves. The amount that can be borrowed is the total amount of school attendance, less any other financial assistance used. To be eligible for the loan, an application will need to be filed and a credit check will be issued. Like a Subsidized loan, payments can be deferred if the student is enrolled more than part time and the repayment will begin six months after the student leaves school.

A combination of these three options can be a great option for students or parents to help cover the cost of education. Before applying for a plus loan, make sure a Free Application for Federal Student Aid (FAFSA) form has been completed. This will give additional information on what types on loans are applicable for your individual situation and how much you are able to borrow. To help with this process, your McShane Partners team can create Education Plans and help navigate any future scenarios that you may encounter.

NEXTGEN: UGMA vs. UTMA ACCOUNTS



Daniel Hudspeth, CFP®
Wealth Associate

Available methods of transferring assets to children or family members who are minors is an often-discussed topic in the realm of comprehensive financial planning. Two commonly utilized methods are the Uniform Gift to Minors Act (UGMA) and the Uniform Transfers to Minors Act (UTMA). UGMAs and UTMA are similar to each other but also have key differences.

Uniform Gift to Minors Act (UGMA)

The Uniform Gift to Minors Act provides an option for those looking to contribute financial assets to a minor and is available nationwide. UGMAs are established through financial institutions and once opened allow individuals to gift funds. UGMAs do not have contribution limits but it is important to keep in mind that for 2023 the gift tax exclusion is \$17,000 for an individual and a lifetime gift exclusion limit of \$12,920,000.

UGMA accounts are limited in their investment options and are only allowed to hold financial products (i.e., stocks, bonds, mutual funds). The funds gifted to an UGMA are irrevocable and belong to the minor. However, UGMA accounts do provide custodial control until the child reaches adulthood. An important item to note is that the person gifting into the account and custodian cannot be the same. UGMA accounts may also have a negative impact on financial aid for education. Since UGMAs are the child’s asset, up to 20% of the account value can be considered “available for use”.

Uniform Transfers to Minors Act (UTMA)

The Uniform Transfers to Minors Act is similar to the Uniform Gift to Minors Act but varies in availability and type of assets eligible to be held within the account. UTMA accounts are available in all states with the exception of South Carolina and Vermont. UTMA accounts also differ from UGMA accounts since they can hold physical property such as real estate in addition to financial assets.

As with most things, UGMA and UTMA accounts have their benefits and drawbacks. A major advantage for both is the flexibility of funds within the account since they aren’t limited in their use such as 529 Plans (view previous article on 529 plans [here](#) for more information). Another advantage is that both accounts allow unlimited contributions from anyone who wants to contribute to them. Significant drawbacks for UGMAs and UTMA are their irrevocable nature and lack of control as the assets within the account immediately belong to the minor and will not include any restrictions for use once they reach adulthood. As always, contact a McShane Partners advisor if you would like more information on these options for transferring assets to minors.

2023 McSHANE PARTNERS HOLIDAY OFFICE CLOSURES

Monday, Jan. 2	<i>New Year’s Day</i>
Monday, Jan. 16	<i>Martin Luther King, Jr. Day</i>
Monday, Feb. 20	<i>President’s Day</i>
Friday, April 7	<i>Good Friday</i>
Monday, May 29	<i>Memorial Day</i>
Monday, June 19	<i>Juneteenth National Independence Day</i>
Tuesday, July 4	<i>Independence Day</i>
Monday, Sep. 4	<i>Labor Day</i>
Thursday, Nov. 23 & Friday Nov. 24	<i>Thanksgiving</i>
Monday, Dec. 25	<i>Christmas Day</i>

AROUND McSHANE PARTNERS

LA TRAVIATA



McShane Partners sponsored a Charlotte Opera pre-curtain dinner with Maestro Meena. The dinner was held at the Bank of America Lobby prior to the performance of La Traviata.

La Traviata is a tragic tale about Parisian courtesan, Violetta, who attempts to leave the life she knows behind to try and finally find true love. When she meets romantic Alfredo the hypocrisy of upper-class society threatens their love and someone has to pay the ultimate price.

Daniele Donahoe, along with the McShane Partners clients in attendance, enjoyed meeting some of the cast members after the performance.

MINT MUSEUM SPRING SYMPOSIUM



McShane Partners sponsored the Spring Symposium presented by the Mint Museum Auxiliary. The event featured Suzanne Tucker. Suzanne is an interior design icon that believes that by surrounding ourselves with what is beautiful, we enrich and enhance the quality of our lives. Suzanne's book is called "Extraordinary Interiors".

Since its founding in 1956, the Auxiliary and its partners have contributed over \$14.5 million to the Mint Museum for exhibitions, educational programs and acquisitions for the permanent collection. Proceeds help to fund student field trips to the Museum and community outreach programs, such as the Grier Heights Community Arts Project. With the generous help of sponsors, the Museum also procured and funded over 3,800 significant works of art for the Mint's permanent collection.

McSHANE PARTNERS

Wealth management is our only business; therefore, our attention is undivided, and our intentions are transparent.

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Information provided in this newsletter should not be considered or interpreted as advice for your particular financial situation. Please consult a professional advisor for advice regarding your specific financial needs.

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McShane Partners is a Registered Investment Advisor.

AROUND McSHANE PARTNERS

FEMALE FINANCIAL EMPOWERMENT



FEMALE FINANCIAL EMPOWERMENT

MONDAY, MAY 8TH 5-7PM
MERE'S 2400 PARK RD SUITE H

Let's get together and talk about empowering you to get your finances in order. We'll discuss topics such as access to logins, net worth, debt, credit score, tax returns, and life insurance. The goal is to make you comfortable with being the boss of your financial future, whether you have ever handled your own money or not. Bring any questions!

RSVP: TSTRICKLER@MCSPANEPARTNERS.COM

CHARLOTTE WINE & FOOD



McShane Partners was a Grand Cru Sponsor for the Charlotte Wine + Food Week (CW+F) 2023. The wine and food experiences included intimate vintner dinners, a large gala dinner, a grand tasting, as well as an online charity auction.

CW+F started in 1989. This organization brings together leading wine industry experts from around the world and pairs them with Charlotte's top chefs to celebrate and advance public knowledge of and appreciation for fine wine and food, while making significant contributions to charitable organizations that benefit children and their families in the Charlotte community.

Since its inception, CW+F has contributed over \$6 million to the Charlotte community. Beneficiaries for the 2022-2023 fiscal year include A Child's Place, Augustine Literacy Project, GenOne, and The Learning Collaborative.



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