MP McShane Partners

November 2020 Insights

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

Quarterly Update & Strategy Review

Through the end of the third quarter of 2020 (“3Q20”), the McShane Partners Core Contrarian Equity Portfolio Strategy (“the Strategy”) was outperforming the S&P 500® Index (“S&P 500®”) on a year-to-date (“YTD”) basis for 2020, exhibiting demonstrably less risk in what has been a strong, momentum-driven market environment. The Investment Team is particularly pleased with the Strategy’s relative performance because it has been driven by unique stock selection that has managed to offset the headwinds from the Strategy’s ±10.0% allocation to cash, as well as the regrettable decision to not own Apple, Inc. (“AAPL”). The point being, the Strategy’s positioning has always been intentionally different than that of popular market indexes, and the Strategy’s recent outperformance, lower *equity market risk* (i.e., beta), and attractive *relative downside deviation* are positive indications of the Strategy’s ability to navigate through broader market volatility or any potential sell-off precipitated by a sudden, unexpected rotation out of the “FAAMG” stocks or large-cap Information Technology names that have provided outsized positive contribution to and driven the majority of the gains in equity market indexes/benchmarks YTD through 3Q20.

This supposition is supported by the Strategy’s consistent track record over the past five years, which has included pronounced periods of sustained bull market enthusiasm, as well as precipitous plunges into bear market territory. During that time, the Strategy’s *upside capture* has been driven by high-quality, high-conviction

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Wealth Advisory Overview

Leaving Assets to Minor Children

While no one wants to think about how our loved ones will be cared for after we pass, it is important to plan for how assets will be distributed in the event of our death. Leaving assets to your loved ones helps your family, but it is important to plan properly if you wish to leave valuable assets to minors because good intentions with poor planning often have unintended results.

Leaving Assets in Your Will

A will is critical for distributing your assets properly. You can leave assets to a minor in your will; however, this does not necessarily mean that the minor can manage these assets. In North Carolina, until a child is eighteen years old, they cannot inherit property in their own name. A property guardian will be appointed by the court upon your passing to manage the assets until the minor becomes of age. Once the minor reaches the age of 18, which is the legal age in most states, they can effectively inherit the assets left to them in your will.

UTMA and UGMA Accounts

Sometimes people may leave money to a child under what is called the Uniform Transfers to Minors Act (“UTMA”) or the Uniform Gifts to Minors Act (“UGMA”). Each state law allows the “Custodian” the right to collect, hold, manage,

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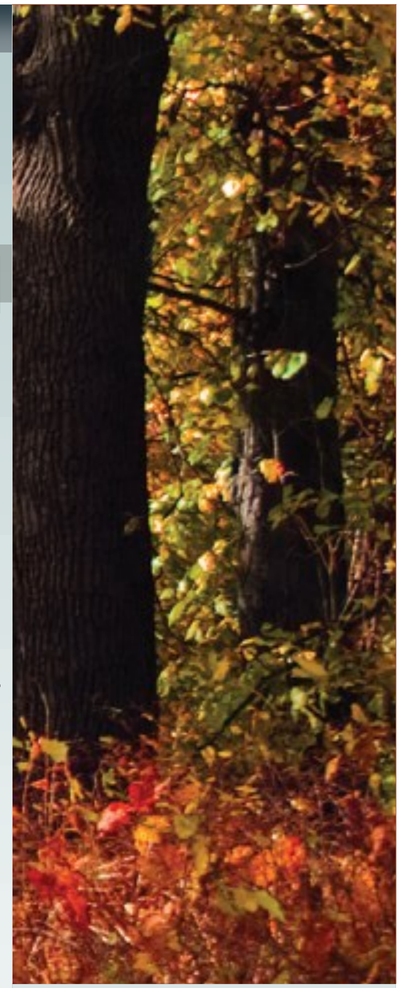

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Points of Interest

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individual stock selection within Information Technology and Consumer Staples: *not* by outsized beta exposure or positioning in *high-momentum* trades (e.g., FAAMG). Confidence in this approach is supported by the Strategy having returned **+6.53%** YTD through 3Q20 vs. **+5.57%** for the S&P 500®, with the Strategy's U.S. Equity names/positions returning **+9.35%** and outperforming the S&P 500® by **±378 basis points** ("bps"), despite the aforementioned relative headwind of not owning/holding AAPL; through 3Q20, shares of APPL had returned **+58.84%** YTD and constituted **±11.3%** of the S&P 500®.*

Despite the intensely emotional and polarized political climate surrounding the election, the stock market has steadily

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Table I: MP Core Contrarian Strategy - Peer Group Comparison & Performance Analysis
USD Total Return - Data as of September 30th 2020

Name/Description	Symbol/ Ticker	1Q20	2Q20	3Q20	2020 YTD
MP Core Contrarian Equity Portfolio Strategy*		**-12.32%**	**11.41%**	**9.06%**	**6.53%**
S&P 500® Index	SP50	-19.60%	20.54%	8.93%	5.57%
S&P 500® Value Index	SVXK	-25.34%	13.15%	4.79%	-11.47%
S&P 500® Growth Index	SGX	-14.50%	26.23%	11.75%	20.61%
S&P 500® Dividend Aristocrats Index	SP50DIV	-23.29%	17.74%	7.84%	-2.60%
BMO Low Volatility Equity Fund Class A	BLVAX	**-18.11%**	10.00%	3.82%	-6.54%
iShares Core Dividend Growth ETF	DGRO	-21.95%	16.14%	6.52%	-3.62%
WisdomTree US Quality Dividend Growth Fund	DGRW	-19.26%	**17.63%**	**9.40%**	3.71%
FMI Large Cap Fund Investor Class	FMIHX	-23.43%	15.47%	7.67%	-4.81%
Fidelity U.S. Low Volatility Equity Fund	FULVX	-19.04%	14.88%	5.07%	-2.28%
iShares Core S&P 500 ETF	IVV	-19.59%	**20.34%**	**9.00%**	**5.30%**
MFS Low Volatility Equity Fund Cl A	MLVAX	-18.26%	14.57%	8.14%	1.19%
ProShares S&P 500 Dividend Aristocrats ETF	NOBL	-23.25%	**17.50%**	7.74%	-3.00%
Parnassus Core Equity Fund-Investor Shares	PRBLX	**-16.91%**	**17.86%**	**11.40%**	**9.02%**
FlexShares US Quality Low Volatility Index Fund	QLV	-18.37%	16.13%	7.27%	1.59%
iShares MSCI USA Quality Factor ETF	QUAL	-19.36%	**18.80%**	8.61%	**3.91%**
Invesco S&P 500 High Dividend Low Volatility ETF	SPHD	-30.77%	11.24%	1.58%	-21.93%
Invesco S&P 500 Low Volatility ETF	SPLV	-18.98%	6.61%	8.54%	-6.39%
iShares MSCI USA Min Vol Factor ETF	USMV	**-17.19%**	12.82%	5.63%	-1.44%
Vanguard Dividend Appreciation ETF	VIG	**-16.68%**	13.92%	**10.27%**	**4.52%**
AMG Yacktman Fund - Class I	YACKX	-21.68%	15.96%	5.38%	-4.30%

* *For Additional Information, Please Refer to Disclosures: The McShane Partners Core Contrarian Equity Portfolio Strategy*

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

Monthly Index Review
USD Total Return

Data as of October 31st 2020	October 2020	2020 YTD	2019	2018
S&P 500® Index	-2.66%	+2.77%	**+31.49%**	-4.38%
Dow Jones Industrial Average	**-4.52%**	-5.38%	+25.34%	-3.48%
NASDAQ Composite	-2.26%	**+22.50%**	**+36.69%**	-2.84%
Russell 2000	**+2.09%**	-6.77%	+25.52%	-11.01%
MSCI Emerging Markets	+2.08%	+1.15%	+18.88%	**-14.24%**
MSCI EAFE	-3.98%	**-10.44%**	+22.66%	-13.36%
Bloomberg Barclays U.S. Aggregate Bond Index	-0.45%	+6.32%	+8.72%	**+0.01%**

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

climbed as much as **±60.0%** since late-March after its precipitous **-33.9%** bear market correction during the first quarter of 2020 ("1Q20"). As can be seen in Table II, below, the S&P 500® returned **+8.9%** in 3Q20, despite briefly pulling back after hitting new all-time highs in early-September. Once again, large-cap growth stocks drove the broader market higher, returning **+11.8%** in 3Q20 and significantly outperforming large-cap value stocks, which returned **+4.8%** in 3Q20 but remained down **-13.4%** YTD through quarter-end. Even more startling has been the *dispersion* in *sector-level performance* YTD in 2020, reflective of a decided preference for "new-economy" stocks, with Information Technology returning **+28.7%** vs. declines of **-50.2%** and **-21.7%** for the Energy and Financials sectors, respectively. Market breadth remains extremely narrow and sector-level exposures have dictated performance, with clear indications of investors' preferences. Retail investors have continued to favor the FAAMG cohort – Facebook, Inc. ("FB"), Amazon.com, Inc. ("AMZN"), Apple, Inc. ("AAPL"), Microsoft Corp. ("MSFT"), and Alphabet, Inc. ("GOOGL") – with a little Tesla, Inc. ("TSLA") on the side. As of quarter-end, the *top five stocks* in the S&P 500® made up **±22.6%** of the index vs. a historical average of **±14.0%** for the S&P 500®. Given prevailing market conditions, the *lack of breadth* has become increasingly disconcerting because it has historically been a hallmark of a *mature*, *late-stage bull market*, and, with current concentration outpacing that of the frothy dot-com bubble days, investors should be on high alert for owning too much of a good thing! The Investment Team believes this is an ideal set-up for the Strategy, which has only owned GOOGL: a relative laggard amongst the FAAMG constituents.

Investment portfolios are facing a common quandary, and it is not unique to the election; rather, it is the scarcity of high-quality investment ideas capable of providing incremental yield at reasonable valuations. With 10-year Treasury bonds yielding **±0.83%** and a current account deficit of **-$170.5 billion**, the marginal downside to U.S. Treasury bonds outweighs their historical reliability as the *de facto risk-free asset* for investment portfolios. Conversely, investors are not being compensated for taking incremental credit risk as *Continued on next page*

Table II: S&P 500® Index Sector Heat Map
USD Total Return - Data as of September 30th 2020

Sector-Level Index	2019	1Q20	2Q20	3Q20	2020 YTD
Defensives					
Utilities	+26.35%	-13.50%	**+2.73%**	+6.14%	-5.68%
Communication Services	**+32.69%**	-16.95%	+20.04%	+8.94%	+8.60%
Health Care	**+20.82%**	**-12.67%**	+13.59%	+5.87%	+5.01%
Consumer Staples	+27.61%	-12.74%	**+8.12%**	+10.38%	+4.13%
Near Cyclicals					
Energy	**+11.81%**	**-50.45%**	+30.51%	**-19.72%**	**-48.09%**
Financials	+32.13%	**-31.92%**	+12.20%	+4.45%	**-20.22%**
Real Estate	+29.01%	-19.21%	+13.22%	**+1.92%**	-6.78%
Cyclicals					
Information Technology	**+50.29%**	**-11.93%**	**+30.53%**	+11.95%	**+28.69%**
Consumer Discretionary	+27.94%	-19.29%	**+32.86%**	**+15.06%**	**+23.38%**
Industrials	+29.37%	-27.05%	+17.01%	+12.48%	-3.99%
Materials	+24.58%	-26.14%	+26.01%	**+13.31%**	+5.47%
S&P 500® Index	**+31.49%**	**-19.60%**	**+20.54%**	**+8.93%**	**+5.57%**

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 corresponding 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 September 30th 2020.*

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

reflected in the tightness of high-yield credit spreads vs. U.S. Treasuries, with high-yield corporate bonds trading **±544 bps** above U.S. Treasury bonds, slightly *below* the ±20-year average of **±548 bps**. This would suggest disconcerting yield-chasing behavior without regard for the inherent credit and liquidity risks.

Patience in strictly adhering to disciplined portfolio management and investment strategies will ultimately prove a valuable asset to all long-term investors. Time spent prudently waiting, watching, and making informed investment decisions based on objective analysis and valuation is time well spent. Inevitably, the market is a mean-reverting mechanism, and patience is always rewarded eventually, albeit not immediately.

"Not voting is not a protest. It is a surrender."

- Keith Ellison

Strategy Summary & Fundamental Outlook

After ±5 years of managing the Strategy, the Investment Team believes that it has been consistent in its track record of delivering *relative downside protection*, in accordance of the Strategy's stated objective of seeking superior *risk-adjusted returns* vs. the S&P 500®, while also exhibiting *lower turnover* compared to other actively managed investment strategies. Over the next few months, we will continue to look to take advantage of *value-additive*, *mean reversion* opportunities in select sectors and industries, while also increasing high-conviction positioning in long-term, secular investment themes, such as water infrastructure, deteriorating demographics, socioeconomic diversity, and environmental changes. With growth increasingly scarce in a global economy plagued with suffocating debt and leverage, diminishing natural resources, and an aging population, the Strategy's fundamental approach should become increasingly valuable in identifying and investing in high-quality companies with attractive fundamentals capable of achieving consistent, above-trend growth in excess of inflation over the next decade.

The exaggerated, unilateral outperformance of the Information Technology sector, as well as selective industry-level outperformance within the Consumer Discretionary sector, appears excessive but may not be unwarranted from a fundamental, secular growth perspective. Markets and investors appear to be sending a clear message regarding concurrent changing of the guard and shifting expectations for the new paradigm ahead, which we generally believe to be accurate and reflective of current realities; that being said, however, the onslaught of excessive liquidity and unsophisticated herding behavior and investor crowding into a concentrated number of companies will not end well, as these stocks appear expensive and over-owned. At this time, our primary concern as fiduciaries - for the Strategy and all client investment portfolios - is achieving a delicate balance between strategic positioning in compelling investment trends, secular themes, and tactical exposure to short-term mania, all while navigating incremental volatility and delivering on stated investment mandates.

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

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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All information contained is believed to be from reliable sources, but we make no representation as to its completeness or accuracy. All economic and performance data is historical and not indicative of future results. Past performance does not guarantee future returns. Circular 230 Notice: To comply with requirements imposed by the U.S. Treasury Department, any information regarding any U.S. Federal tax matters contained in this communication is not intended or written to be used, and cannot be used, as advice for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein

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.

Wealth Advisory Overview

Leaving Assets to Minor Children

invest and reinvest a minor's property. When the custodianship ends, the assets belong to the beneficiary to use as they choose. Additionally, each state law may allow an adult such as the minor's parent or grandparent to request that the minor's inheritance be placed in an UTMA or UGMA account.

Conservatorships for Minors as Beneficiaries

If assets left to a minor are not placed in a UTMA or UGMA account, or if the laws of the state where the minor lives do not authorize these types of accounts for inherited assets, a court-supervised conservatorship must be established for the benefit of the minor. The court-appointed personal representative of the estate will file a petition requesting that a conservator be appointed on behalf of the minor to manage the assets.

Leaving Assets in Trust

Leaving assets to a minor in trust can be beneficial because it allows for greater control over your assets after your death. Through a trust, you can name a trustee who is responsible for managing the assets until the beneficiary reaches an age that is decided by you and not by state law. It is the responsibility of the trustee to act in the best interest of the beneficiary and to follow the exact written instructions expressed in the trust. In a trust, you may leave instructions on what is to be done with the assets, including when the beneficiary is to receive them. There are two types of trusts that can be established to leave your assets to a minor: a revocable living trust and a testamentary trust.

Setting Up A Revocable Living Trust

A revocable living trust is created during your lifetime and gives you control over how the assets are to be handled in the event of your death, as well as if you were to become incapacitated. By setting up a revocable living trust, you can select a trustee to manage the trust, rather than allowing the court to assume this responsibility. The trust, which requires more effort and cost to implement, can allow your assets to avoid probate, reduce administration expenses and provide privacy for your beneficiaries. In addition, if structured properly a revocable living trust can be named as a beneficiary of life insurance policies, as well as retirement accounts. This option is preferred if minor children are involved. Naming the minor individually will require the assets to be managed by a custodian and released to the minor at age 18, versus at the age specified within the trust document.

Setting Up A Testamentary Trust

A testamentary trust is a trust that is created through your will at the time of your death. The trust will provide a way for assets to minor children to be protected and managed until such time as you specify for them to inherit the assets outright. If you have multiple children or minors that you wish to leave assets to, you may consider setting up a testamentary trust to encompass every individual into one trust, or you may setup separate trusts for each beneficiary. If you have a special needs child, you can also consider a special needs trust for that individual. While the setup costs are relatively low, the trustee must oversee the trust for its duration, which can involve a considerable time commitment and legal liability. In general, trusts are more complicated, however, they can offer more flexibility and protection for a minor.

Minor children can complicate most estate plans. Therefore, it is important to understand how estate assets will be handled in the event they end up being directed to a minor. At McShane Partners, we prepare an estate planning summary each year that summarizes your estate documents. The purpose of this review is to allow you to understand what your documents currently say, and whether any changes are needed to bring them in line with your current wishes. We also summarize your beneficiary designations to make sure that these assets are distributed according to your wishes since any beneficiary designation supersedes your legal directives. We believe that the estate planning review is an important annual exercise to your comprehensive planning process.

ESTATE PLANNING: DO I NEED BOTH A HEALTHCARE POWER OF ATTORNEY AND A LIVING WILL?

Sandy Carlson
CFP®, CPA, CDFA®
President & Partner | Wealth Advisor

A Health Care Power of Attorney ("HCPOA") and a Living Will allow you to express your wishes for future health care and guide decisions about that care. It does not address financial decisions, a Durable Power of Attorney is used for that purpose. Although there is no legal requirement for you to have a HCPOA and a living will, having these documents may help you receive the health care you desire.

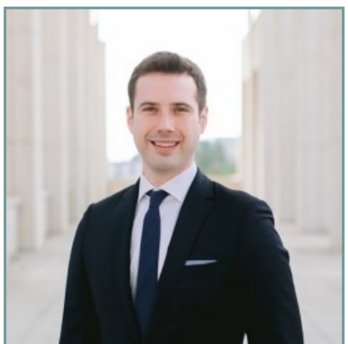
Health Care Power of Attorney

A HCPOA is a legal document in which you name another person, called a "health care agent," to make health care decisions for you when you are not able to make those decisions for yourself. Any competent person who is at least 18 years old and who is not your paid health care provider may be your health care agent. You should choose your health care agent very carefully, because that person will have broad authority to make decisions about your health care. A good health care agent is someone who knows you well, is available to represent you when needed, and is willing to honor your wishes. It is very important to talk with your health care agent about your goals and wishes for your future health care, so that he or she will know what care you want.

Living Will

A living will allows you to state your desire not to receive life-prolonging measures in certain situations. Life-prolonging measures are medical treatments that would only serve to postpone death, including breathing machines, kidney dialysis, antibiotics, tube feeding (artificial nutrition and hydration), and similar forms of treatment. Advance directives need to be in writing. Each state has different forms and requirements for creating legal documents. You can change your directives at any time. If you want to make changes, you must create a new form, distribute new copies, and destroy all old copies.

NEXTGEN: THE TIME VALUE OF MONEY AND WHY IT PAYS TO START SAVING EARLY



Ryan Vaudrin, CFP®
Wealth Advisor

"I can start tomorrow" or "I will catch up later" are some of the pitfalls young people face as they evaluate saving for the future. At the start of your career, it can be difficult to begin investing for a retirement that could be decades in the future. However, making the decision to invest today versus waiting until tomorrow could translate into a significant difference in your bank account at retirement.

The time value of money is a concept that a dollar today is worth more than the same dollar tomorrow. Understanding the time value of money highlights the importance of saving early. For example, if an investment of $1,000 earns 10% in the first year, you will earn $100 by the end of the year. Beginning in year two, you will start with $1,100. Therefore, if you also earn 10% in year two, the growth in year two will be $110. Year over year, your earnings will increase because the starting value increases, allowing your investment to grow over time.

The easiest way to start saving early is through a 401(k) plan that is sponsored by your employer. These plans are typically available for employees during their first year of employment. To save to a 401(k) account, employees will automatically defer part of their income into a pre-selected investment option within the 401(k). This is a great starting point and makes saving easy because the deferrals are withheld from your paycheck and saved for retirement before they are deposited into your checking account.

Saving early is extremely important even though it can be daunting to get started. In the coming months, we will take a deeper dive into the 401(k) plan saving options, along with the different types of investment options that are available to allow you to attain a successful financial future. Stay tuned!

Tax Update: The IRS Pursues Syndicated Conservation Easement Transactions

Becky Hoover
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Director of Tax | Wealth Advisor

Earlier this Fall, the IRS announced its first settlement in a case involving syndicated conservation easements. In the settlement, Coal Property Holdings LLC and its partners agreed to the IRS' disallowance of the entire $155 million charitable contribution deduction claimed by the company for an easement placed on a 3,700- acre tract of land in Tennessee. Since then, the IRS Chief Counsel has contacted dozens of partnerships involved in conservation easements whose cases are pending before the U.S. Tax Court.

The IRS has been cracking down on syndicated conservation easements. Typically, the proposed transactions allow investors to claim a tax benefit by investing in some property for a relatively small amount, setting aside the land for conservation purposes rather than development, and taking tax deductions based on the appraised value of the "highest and best use" of the property in perpetuity. Under the terms of the IRS settlement, the investor partners were allowed to deduct their cost of investing in the conservation easement transactions and they were assessed a 10 percent penalty. However, the promoter partner was denied any deduction and was assessed a 40 percent penalty. The taxpayers were also required to pay in full all the taxes, penalties, and interest due to the disallowed charitable deduction in accordance with the settlement.

In the case on Syndicated Conservation Easements, the problematic part of the transaction involves the determination of a value frequently based on an imagined future, where all property is developed and maintained according to a "best use". The determination of those underlying drivers of the property's value are difficult at best, and at worst, impossible to reasonably ascertain.

If you are approached with investment opportunities that seem too good to be true, it is a good idea to vet those transactions with your trusted tax advisor. Not all conservation easements are considered abusive, and not all tax-effective investment transactions are scams. However, sometimes only a qualified tax professional can accurately assess the risks involved.

Senior Planning: Protect Yourself Against Fraud

Lorri Tomlin, FPQP™
Wealth Advisor

Each year people fall prey to fraud. Scammers often take advantage of the elderly because they are trusting, less tech savvy, and generally isolated. Common tactics include pretending to be the IRS, your bank, a charity, or some other business or website that you visit frequently.

No legitimate financial institution, corporation, or government agency will contact you and ask for your personal information. Therefore, never give out personal information to someone who calls or emails you. In addition, never click on any link or call any phone number included in emails or on websites that you do not know and trust. Instead, find a number for the institution yourself by looking online or in your records and call directly to inquire about any potential issues.

At McShane partners, we are not immune to fraud attempts against our client's accounts. Many of you have granted us the authority to request money movement transactions on your behalf. Most of these transactions are "first-party" transactions, which means the two accounts involved have the same owner. An example would include a transfer from your brokerage account to your checking account. There is little risk of fraud in these circumstances, however, third-party transactions are particularly susceptible to fraud. These transactions involve moving money from your account to a third party. For these transactions, we take extra precautions and require a client signature and speak directly with the client to confirm their request.

Some of our clients initiate transactions themselves through the custodian (Schwab or Fidelity) by accessing their accounts online. To increase security, we recommend that clients take advantage of the extra safeguards these custodians offer like 2-factor authentication or voice recognition.

If you think you have been the victim of a scam, tell someone you trust. You can report the incident to local authorities if you have lost money. The Federal Trade Commission (FTC) is the main agency that collects scam reports. Report your scam online with the FTC complaint assistant or call 1-877-382-4357.

Around McShane Partners

McShane Partners Building Update & Address Correction

McShane Partners has moved out of Morehead Place as of October 16th. In the interim, we have rented a temporary location where we can host clients meetings and will be in touch with further details. Please note that last month, we posted an incomplete address. The correct mailing address has changed to 338 S. Sharon Amity Rd, #401, Charlotte, NC 28211.

Opera Carolina Pop Up Opera

Daniele Donahoe and Fiancé Erik Rosenwood enjoyed a night out at one of Opera Carolina's pop up operas sponsored by McShane Partners. Several events were held last month, so stay tuned for future dates and other announcements!

Verse & Vino

McShane Partners

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

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