

### Summary of Topics Reviewed in this Edition

- Planning for Your Life Goals - Money is the easy focus when thinking about investments, but don't lose sight of the important things in life. Learn about our F.O.R.M. approach to planning for goals and retirement income.
- Beginning of year compliance actions and custodian provided tax documents
- 2018 saw the return of volatility and losses for 90% of asset classes. A review of annual equity market performance.
- Despite negative performance, U.S. equity markets were the best performers in 2018, by virtue of going down the least. Emerging markets were the worst, but may now represent a significant opportunity.
- Mutual fund and exchange traded fund selections - Why we work with certain companies.

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We hope 2019 is off to a great start for you and your family. In the beginning of year newsletter, we traditionally review some of the bigger picture trends affecting the investment environment, financial planning concepts and some compliance obligations. Let's get started!

### Planning is a Great Idea

***Plans are worthless, but planning is everything.*** – President Dwight Eisenhower

The beginning of the year is a traditional and good opportunity to assess the status of your progress toward financial goals, as well as to set new objectives. We can help in this effort through conversation, plan development and updating of financial plans that are more than a year old.

Financial plans generally fall into two categories. Goals-based plans assess your readiness for achieving your personal lifestyle objectives and include a stress test to see how down markets may impact your situation. The second type of plan is a retirement income plan. This type of plan is also known as a time segmentation and addresses how to invest assets in retirement to make sure you have sufficient inflation adjusted income that has a high probability of lasting for your entire life.

Integra Capital has refined a process we call the Waypoint FORMula. At the root of this process is a concept we call F.O.R.M. This acronym stands for Family, Occupation, Recreation, and Money. The first three entail pretty much everything that is important to us as humans. The Money is the "how" that helps you achieve the really important goals in the Family, Occupation and Receptions categories. To learn more about our Waypoint FORMula and using F.O.R.M. to set and achieve your goals, as well as developing a goals-based or retirement income plan, call your personal advisor here at Integra Capital.

## Compliance Related Information

We'd also like to hear from you if there have been any significant changes to your financial situation that you haven't spoken with us about yet. Examples would include job changes, retirement, changes in your health, new additions to the family, etc. Please contact your advisor to share this information and schedule a meeting if necessary to discuss necessary adjustments to your investment or financial plan.

Integra Capital is required to offer to deliver an updated copy of our disclosure brochure known as Form ADV - Part II on an annual basis. To request a copy please email Christina Sherman at: [christina@integracapitaladvisors.com](mailto:christina@integracapitaladvisors.com) or by phone at 941-778-1900. You originally received this document at the onset of your relationship with us.

Lastly, from a compliance perspective, we are required, like all financial institutions, to provide a copy of our Privacy Notice annually. The last page of this newsletter contains the Privacy Notice for 2019.

## Tax Documents

Our account custodian, Charles Schwab & Company, is responsible for issuing 1099 Composite forms for any taxable brokerage accounts and 1099-R Forms for distributions from retirement accounts. These generally become available around the time you received this letter. But, for the 1099 Composite Form, which summarizes taxable account activity for dividend and interest income and realized capital gains, we suggest waiting until mid - late March before filing your tax return. Corrections to 1099's in late February and early March are common and may necessitate filing an amended tax return if you filed before the correction was issued. We encourage you to work with your tax preparer to get your return ready to go, but hold it for filing until late March or early April to avoid this situation.

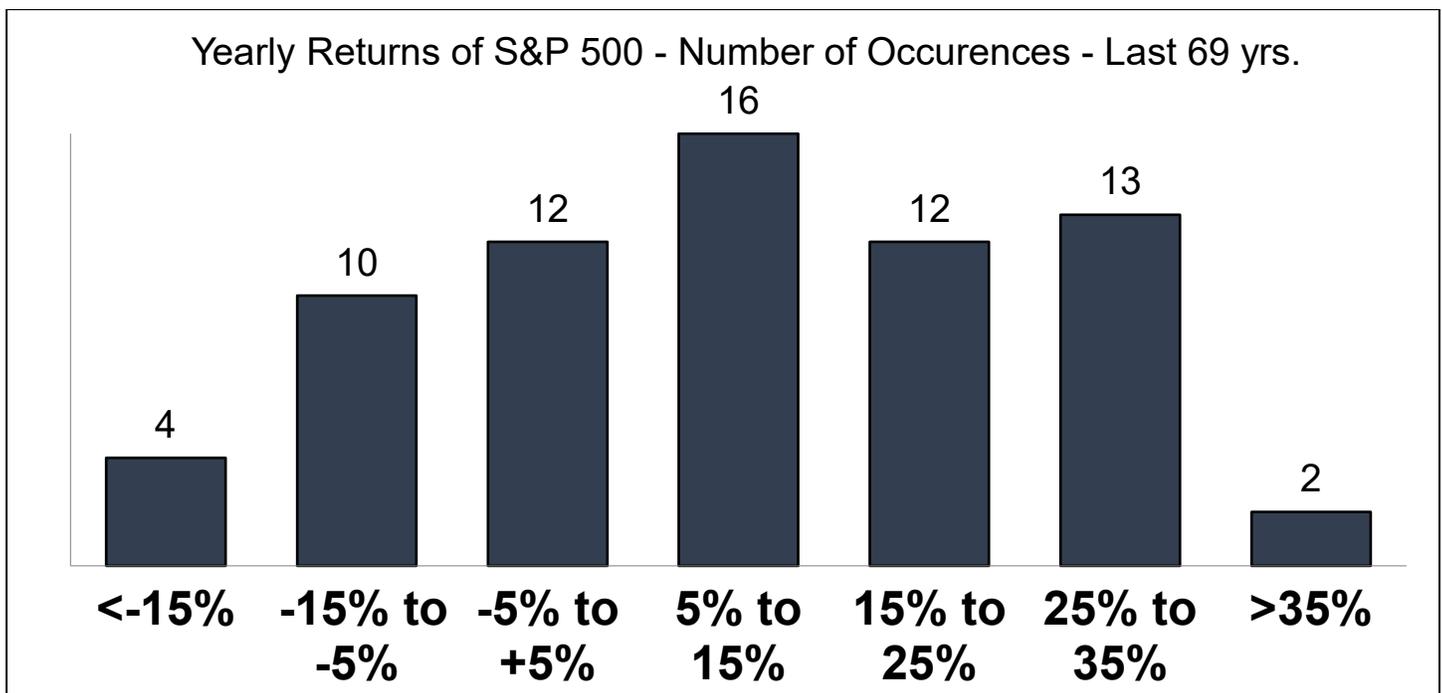
For those clients who own units in partnership investments, you will receive a K-1 Form from each of these entities and this activity is not included on the Schwab 1099 Composite Form. We sent an email earlier in January advising you if you should be expecting K-1 Forms, which are usually issued in late March or early April. Here again, we urge patience with finalizing your tax return until these K-1s are received. Of course, please call us with any questions regarding tax documents.

## 2018 In Review

The current economic expansion and bull stock market trend are almost 10 years old. This ten-year period has generally exhibited low volatility and contained only 4 attention getting stock market corrections of between 10% - 20%. Those occurred in 2011 (a distant, almost forgotten event), 2016 during a crash in crude oil prices and two in 2018 as the equities markets digested rising interest rates and tariff battles between the U.S. and some of our major trading partners.

Increased volatility is a normal expectation as we get later in the economic cycle, and the volatile relationship in the political scene between the administration and Congress, as well as the rest of the globe should keep things lively for the near-term future at least.

As investors, we all have views and expectations as to what returns we should earn from various assets over time. Of course, we tend to focus on equity market returns, which are the highest over time compared to more conservative alternatives like cash and bonds. The investing public typically expects to earn high single digit to low double-digit returns from stocks, and these views are generally accurate depending on the historical periods used as reference. However, the average returns over time are a blend of many up and down years to achieve that “average” return. The chart below breaks down the annual performance of the U.S. stock market into ranges. We like the perspective this shares with the expectation that the long-term positive results of equities come with some potholes on the road to success, as we experienced in 2018.

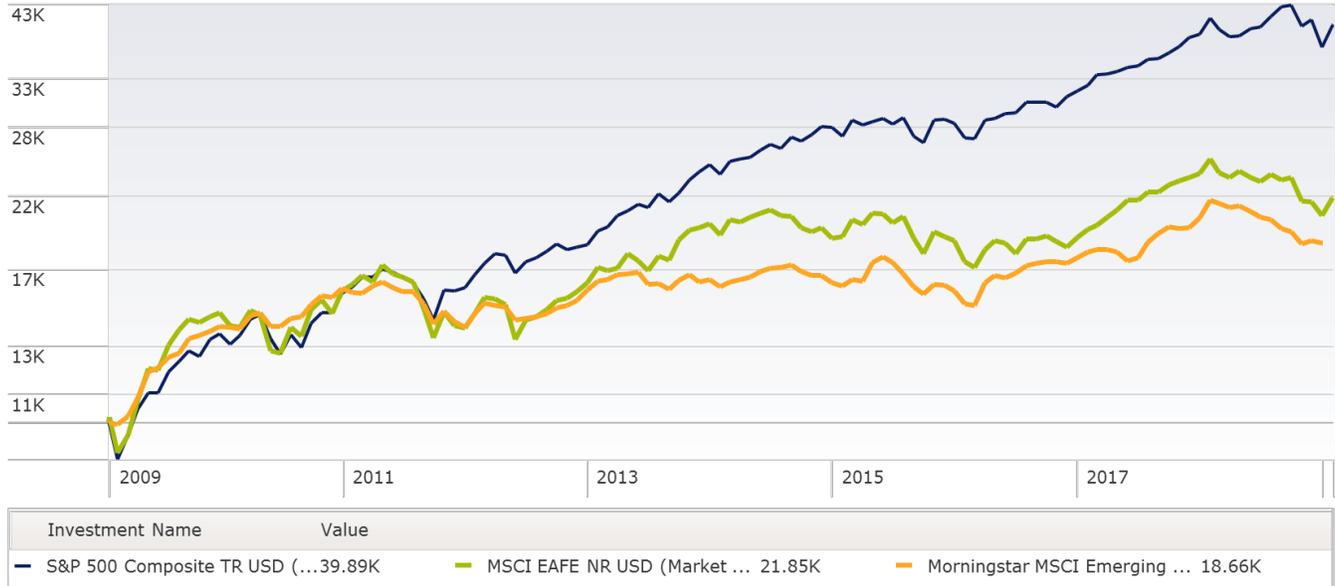


### U.S. Equities Continue Streak of Outperformance Despite Negative Returns in 2018

All major stock market averages were negative in 2018, but the U.S. Market effectively continued its streak of dominance by being the major index down the least. For perspective, the total returns of major indexes are displayed below:

S&P 500 Index	- 4.30%
MSCI EAFE (International)	-13.79%
MSCI Emerging Markets	-14.98%

The U.S. S&P 500 Benchmark has now outperformed the broad-based international MSCI EAFE Index for 7 of the last 10 years. This skewing of performance has been driven by the U.S. economy being the most stable and consistent in achieving at least moderate growth over the 10 years since the 2008 - 2009 financial crisis and the “Great Recession” it caused. The chart on the next page shows the divergence of the U.S. equities market from the broad-based international stock market index and the emerging markets.



The human tendency is to invest more in the asset type that looks great on a chart, and that may work for a while. History reveals that eventually the region that has done the best for several years, the U.S. stock market in this case, under-performs in the regions that have lagged. It’s hard to say when the trend will reverse, but eventually they always have.

We see this as an opportunity to emphasize international developed and emerging markets in our portfolio models at some point in the future. We recently established a position in emerging markets in our diversified portfolio strategies, as we believe the turning point is at hand and an uptrend is beginning.

### Mutual Fund and ETF Selection

The choices of mutual funds and exchange traded funds (ETFs) are almost endless and we have access to pretty much the entire universe of these choices through our account custodian, Charles Schwab & Company. Some of the funds and ETFs we choose are not “household names” like Schwab, Vanguard or Fidelity. Why do we choose funds from companies like AB Global, First Trust, Invesco, Griffin and Pioneer rather than just sticking with more recognizable brands?

As a fee-only registered investment advisor, Integra Capital acts in a fiduciary capacity and this means placing our clients’ interests first. In making decisions on your behalf, we consider several factors. These include the costs of transaction fees, the internal expense ratios of the funds, the historical risk-reward characteristics of the fund in question, and the quality and experience of the fund’s management team.

When we seek to target exposure to a market segment where active management and experience are less important, we will generally use an ETF that provides that exposure with a low expense ratio. In these cases, you will see funds from Schwab, Vanguard, and iShares.

When we target an asset class or a special niche within an asset class, we may use funds that offer a unique approach to achieve an attractive risk-reward relationship. These include, for example, low volatility funds for our more conservative portfolios, high quality stock focus, dividend paying stocks, etc. In these areas, we find attractive opportunities from First Trust, Invesco, and iShares.

We place an emphasis on active management in the fixed income, real estate and special opportunities areas. In these market segments portfolio manager experience is more important and you will see funds from firms like Griffin, AB Global, Pioneer, Deer Park, and others which have provided the results that give us confidence the future returns will be attractive.

At all times, we seek funds with appropriate risk-reward characteristics to be prepared for the times when markets experience inevitable turbulence every few years. It might be easier to use funds from just one company that is a recognizable brand name, but we don't believe that "easy" is the right decision when investing your capital.

#### DISCLOSURES:

The information contained herein has been obtained from sources believed to be reliable but the accuracy of the information cannot be guaranteed, nor should it be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Information presented does not involve the rendering of personalized investment advice, but is limited to the dissemination of thoughts and opinions on investment topics. Information presented is not an offer to buy or sell, or a solicitation of any offer to buy or sell the securities mentioned herein.

Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of your portfolio. The use of charts, formulas or models does not guarantee a particular success rate or prevent potential losses.

The performance of various indexes referred to in this newsletter do not reflect the performance of Integra Capital clients. Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. This publication is provided for informational purposes only, and should not be construed as tax or legal advice. Always consult an attorney or tax professional regarding your specific legal or tax situation.

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This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Integra Capital Advisors takes the protection of your privacy seriously and has instituted policies and procedures to help safeguard your nonpublic personal information.<sup>1</sup>

<sup>1</sup> Nonpublic personal information means personally identifiable financial information and any list, description or other grouping of consumers that is derived using any personally identifiable financial information that is not publicly available.

### INFORMATION WE COLLECT

Integra Capital Advisors must collect certain personal information about its customers to provide financial services and advice. The personally identifiable financial information that we gather during the normal course of business with you may include, but is not limited to: name, address, telephone number, e-mail address, tax identification number, date of birth, annual income, net worth, account numbers, etc.

In providing investment advice and services to you, we may collect nonpublic personal information about you from these sources:

1. Investment/insurance applications, new account forms and other forms and agreements;
2. Transactions with us, account custodians, or other chosen investment sponsors; and
3. Other various materials we may use to put forth an appropriate recommendation or to fill a service request.

### INFORMATION WE DISCLOSE

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

### CONFIDENTIALITY AND SECURITY

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information. If you terminate your agreement with Integra Capital Advisors, we will continue to adhere to the privacy policies and procedures described in this notice.

### SUMMARY

Protecting your personal non-public information is high priority for us. We will continue our best efforts to ensure your privacy. If you have any comments or questions about this topic please call us at 941-778-1900 (local), 800-800-7075 (toll-free).