

INDEPENDENT.
OBJECTIVE.
FOCUSED.
PROFESSIONAL.

Investment Management &
Financial Advisory Services



The SCP Difference

We believe we are truly different.

“SCP is always firmly committed to meeting the needs of our clients – preserving their capital, managing risk and delivering reasonable investment returns through differing economic and market cycles .”

Our investment philosophy, proactive portfolio management techniques and client service approach sets us apart. We are convinced that building globally diversified portfolios and proactively managing asset allocation decisions are prerequisites for achieving long-term financial objectives. We believe our firm’s distinctive characteristics - our independence, experienced multi-generational team, client-centric focus, collaborative culture, highly flexible and customized advice, stability, commitment to full transparency and ethical values - provide us with a competitive edge in guiding investors through bull and bear markets.

The “SCP difference” is characterized by the following:

- ▶ Independence
- ▶ Experience
- ▶ Client Service
- ▶ Senior-Level Attention
- ▶ Flexibility
- ▶ Customization
- ▶ Transparency & Stability
- ▶ Guiding Firm Principles
- ▶ Ethical Values

Our Services

Schmitz Capital Partners takes a proactive, holistic approach to managing financial affairs which enables our clients to make intelligent decisions regarding their life goals. We strive to provide our clients with a clear direction and unbiased advice within a broad spectrum of financial advisory services including:

- ▶ Investment Advisory Services (Portfolio Management)
- ▶ Retirement Planning
 - Retirement Income Planning
 - Pension & Profit Sharing Design
 - Non-Qualified Deferred Compensation
- ▶ Estate Planning
 - Trust Services
 - Art & Collectibles Succession Planning*
- ▶ Education Planning
- ▶ Financial Planning
- ▶ Income Tax Planning*
- ▶ Insurance Services

* Royal Alliance Associates, Inc. does not offer professional tax advice, trust services or any of the services mentioned under “Art & Collectibles Succession Planning”.

Who We Serve

We serve a nation-wide clientele whom we expect to remain clients forever.

"At Schmitz Capital Partners our focus is on the client. We strive to simplify and enhance the quality of our clients' lives through active portfolio management and highly customized financial advice tailored to each individual's unique needs."

At SCP, we have a keen focus on our clients. We are deeply committed to providing exceptional service and to forging genuine relationships established through [mutual respect, compassion, trust and understanding](#). As a provider of comprehensive financial advice, our firm's objective is to build lasting, long-term relationships based on expert counsel, trust and quality service that exceeds expectations and helps our clients achieve their life goals.

Our clients include [corporate executives, business owners, entrepreneurs, foundations/endowments, groups, trusts \(personal and institutional\), family offices, companies, individuals and families](#) that demand focused attention. We believe that all clients, regardless of earnings or asset size, deserve our full attention and most diligent efforts. Accordingly, we don't have a stated "account minimums". We specialize in working with investors of all sizes. For those investors of more modest means, our goal is to create financial independence for them as they grow their assets base in pursuit of their financial goals.

- ▶ Individuals
- ▶ Law Firms (Attorneys)
- ▶ Medical Groups (Physicians)
- ▶ Companies (Entrepreneurs)
- ▶ Foundations/Endowments
- ▶ Trusts (Personal & Institutional)

The SCP Team

Professional Management

“Our professionals are highly educated, highly-credentialed enjoy problem solving and pride ourselves on delivering high-touch client service. We are analytical, objective, proactive and results-driven. We combine decades of collective financial experience with deep financial backgrounds and strive to be- ing thoughtful, comprehensive and proactive problem-solvers.”

Schmitz Capital Partners offers the quality and experience of a Wall Street advisory team with the focus and attention of a small advisory boutique. For more than 22 years, SCP has been committed to putting our clients first. SCP professionals have sophisticated financial backgrounds and offer exceptional expertise on a range of financial issues. From investment management, retirement, education, tax and estate planning to pension design and insurance services, our seasoned perspectives and fresh thinking are fully committed toward designing solutions tailored to your unique needs.

STEVEN J. SCHMITZ

Portfolio Manager

- Founder, President & Chief Investment Officer
37 years of experience
- **Education:**
B.S., Cum Laude, Mechanical Engineering, Santa Clara University
M.B.A., with Honors, Anderson School of Business, UCLA
Post-graduate studies, Accounting and Taxation, Golden Gate University
- **Securities Registrations:** Series 7, 24, 63,
- **Insurance Licenses:** California Life, Health, Disability and Variable Contracts Agent

MICHAEL J. SCHMITZ

Portfolio Manager

- Vice President - Investments & Chief Operating Officer
14 years of experience
- **Education:** B.S., Finance, Leavey School of Business, Santa Clara University
- **Securities Registrations:** Series 7, 63, 65
- **Insurance Licenses:** California Life, Health, Disability and Variable Contracts Agent
- **Professional Designations:** CMFC® (Chartered Mutual Fund CounselorSM)

PATRICK F. MASON, PH.D.*

Consultant & Economist

- Economist
30 years of experience
- **Education:**
B.A., Economics, Santa Clara University
M.A., Economics, University of Colorado at Boulder
Ph.D., Economics, University of Colorado at Boulder

SVEN H. A. BRUNTJEN, PH.D.*

Consultant & Appraiser

- Consultant and Expert Appraiser
30 years of experience
- **Education:**
B.A., Philosophy & Fine Arts, Georgetown University
M.A., Art History, Stanford University
Ph.D., Art History, Stanford University

* Patrick F. Mason and Sven H. A. Bruntjen are not registered representatives affiliated with Royal Alliance Associates, Inc.

DISCOVER | DEFINE | DEVELOP | DESIGN | CONSTRUCT | MONITOR | EVALUATE

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Our Philosophy and Approach

Philosophy

“Fundamentally, we strive to offer outstanding advice driven by a true understanding of our clients’ objectives, willingness to accept risk, thorough economic analysis, intelligent market insight and the tenacious pursuit of enhanced value.”

Our investment philosophy is simple: to provide conflict-free, unbiased, trusted investment advice in order to help our clients achieve their financial milestones. Our investment philosophy is rooted in a long-term approach to growing client assets through active management, broad asset allocation, diversification and risk management while helping to build both confidence and financial independence. At SCP, we look to provide reasonable long-term investment results by building globally diversified portfolios and proactively managing asset allocation decisions.

SCP’s investment philosophy is based on the following:

- ▶ Trust
- ▶ Consistent Participation
- ▶ Global Thinking
- ▶ Broad Asset Allocation and Diversification
- ▶ Active Management
- ▶ Performance
- ▶ Risk Management and Education

Approach

We exist to simplify our clients’ financial lives through a collaborative and inclusive approach to investment management. Our investment approach, although different than many of our competitors, always retains a sharp focus on pre-defined risk tolerance levels and the preservation of our clients’ capital.

SCP’s investment approach is based on the following:

- ▶ Focused Attention
- ▶ Multiple Managers & Asset Allocation
- ▶ Multiple Investment Styles

Investment Process

Investment Process

“We believe that a comprehensive review of our client’s financial profile and clear understanding of their current needs and future objectives are essential to developing customized investment plan. To help ensure clarity and continuity in the management of your investments, we have identified seven phases in our investment process which we believe help us better understand each client as we move toward executing a long-term plan.”

Investment management demands more than simply allocating assets across various diversified investment vehicles. Delivering on our promise to provide customized investment advice is an involved undertaking and is grounded in our highly-developed investment philosophy and investment process.

Our investment process allows us to:

- ▶ Educate our clients about various investment methodologies so that they can make informed decisions about which ones are appropriate for their particular situation.
- ▶ Help nudge clients to articulate their current lifestyle needs, long-term family needs, expectations for retirement, career aspirations, business affairs and other interests.
- ▶ Gain a deeper, broader understanding of client values, current requirements, future goals, investment time horizon and tolerance for risk.
- ▶ Work closely with each client to assure individual attention and an investment product mix that meets their unique needs.
- ▶ Create a flexible, customized plan that aligns with each client’s particular situation.
- ▶ Develop simple, succinct investment policies that are designed to clearly address the specific goals each client.
- ▶ Maintain a systematic and disciplined approach to help keep the investment plan on track throughout each step of the investment process.

Portfolio Design

We design and implement investment portfolios which are consistent with each client’s investment goals, objectives and risk/reward preferences. SCP utilizes portfolio construction and security selection process that employs global diversification among various low to negative correlating asset classes. The purpose designing portfolios in this fashion are to decrease volatility and achieve reasonable rates of return over a full market cycle or specified investment time horizon. This global asset allocation strategy is implemented in an effort to produce reasonable risk adjusted returns over time.

- ▶ Customized Design
- ▶ Senior Level Attention
- ▶ Independent, Objective, Unbiased Selection
- ▶ Properly Diversified
- ▶ Multiple Managers
- ▶ Hedging Opportunities

Risk Management

Risk Management

“We believe that the portfolio managers must be responsive to changes in risk at the individual investment level, the portfolio level and to changes in the overall economic and financial markets.”

Risk tolerance is one of the most important aspects of determining client suitability and Schmitz Capital Partners believes in both defining and managing risk. We believe that risk management is as important as asset allocation strategy and investment selection. However, risk is subjective and heavily influenced by several factors including current personal circumstances, past investment experiences, temperament, personality and prevailing market conditions. This subjective nature is precisely what makes risk difficult to quantify and even harder for investors to effectively articulate.

At SCP, we believe that investors often have incomplete or inaccurate views of risk and they don't always actually invest in ways consistent with their true underlying risk profile because:

- ▶ Risk tolerance is not a physical constant or stable entity...it's a dynamic variable which changes over time.
- ▶ Each client has a unique barometer for what they perceive to be “risky”
- ▶ Each client has a different ability, willingness and desire to accept risk
- ▶ Risk tolerance is often heavily influenced by outside, disinterested parties (i.e. friends, family, media).
- ▶ Investors tend to have an asymmetric view of risk - they are more scared of sustaining losses than they are of missing the opportunity to generate returns.
- ▶ Clients are not always accurate in describing their risk tolerance thresholds. Therefore we have identified both “stated” and “psychological” components to defining risk.
- ▶ Risk carries a “recency effect” (i.e. investors' most recent investment experiences are often what they expect to happen in the future). In the investment world, this often turns out to be precisely the wrong thing to do.

In response, we attempt to truly understand the client and construct portfolios in accordance with each client's tolerance for both business risk (non-systematic) and market risk (systematic), tailoring the mix of investments from very conservative, less volatile vehicles to aggressive, more volatile vehicles. In addition to our careful examination of individual investments, we attempt to further reduce risk by diversifying our client's portfolios, taking care to limit concentration in any one sector, industry, asset-class or product.

We believe that risk management strategies should also include a review of insurance coverage. We believe insurance plays vital role in defining risk exposure. For many clients, it is imperative to have both adequate levels coverage and the right types of insurance to increase the likelihood of achieving your objectives. Without proper risk management strategies in place, even the most carefully crafted investment plans can be completely derailed if the unexpected occurs.



We invite you to learn more about Schmitz Capital Partners and what makes us unique.

Visit www.schmitzcapital.com for more comprehensive information about:

- ▶ Investment Advisory Services (Portfolio Management)
- ▶ Estate Planning
- ▶ Education Planning
- ▶ Financial Planning
- ▶ Insurance Services
- ▶ The SCP Team
- ▶ Who We Serve
- ▶ Our Investment Philosophy
- ▶ Our Investment Approach
- ▶ Our Investment Process
- ▶ Risk Management
- ▶ Why Hire An Investment Advisor?
- ▶ Fiduciary Responsibility
- ▶ Ethical Values

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Important Disclosures

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Note: Steven J. Schmitz is the Founder, President, and Chief Investment Officer, and Michael Schmitz is the Vice President of Investments and Chief Operating Officer of Schmitz Capital Partners ("SCP"), which is an investment advisory firm registered with multiple states (see below). Both are Portfolio Managers and Advisers. Steven J. Schmitz and Michael J. Schmitz are also registered representatives of Royal Alliance Associates, Inc., ("RAA") a FINRA registered broker-dealer. Opinions expressed in these reports may change without prior notice.

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Investing involves risk including the potential loss of principal. No investment strategy such as diversification or asset allocation can guarantee against a profit or protect against loss in periods of declining values. Global investing involves special risks including greater economic and political instability, as well as currency fluctuation risks, which may be even greater in emerging markets.

Please note that rebalancing investments may cause investors to incur transaction costs and, when rebalancing a non-retirement account, taxable events will be created that may increase your tax liability. Rebalancing a portfolio cannot assure a profit or protect against a loss in any given market environment.

Technical Analysis is based on the study of historical price movements and past trend patterns. There is no assurance that these movements or trends can or will be duplicated in the near future. It logically follows that historical precedent does not guarantee future results. Conclusions expressed in the TA section are personal opinions; and may not be construed as recommendations to buy or sell anything.

Indexes cannot be invested in directly, are unmanaged and do not incur management fees, costs and expenses.

The price of commodities is subject to substantial price fluctuations of short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility.

In general, the bond market is volatile as prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Alternative investments involve specific risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements. You should consider the special risks with alternative investments including limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements.

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