

October 2018

Greetings,

I always look forward to being able to take some time to think about what I think is important for you to know. Over the years, I think I may have touched on almost all aspects of your financial life, from charitable giving, to spending rates, to getting your estate planning documents in order, to tax saving strategies and on and on. These quarterly letters also give us a chance to bring you up to date on what is going on here at The Lubitz Financial Group, and that is what will be the primary focus this quarter. I sent you an email a few days ago about investment topics and hope you had time to take a look at it, and remember, we are always here to talk about your individual situation.

Now, to the goings on at LFG! As the old saying goes “When one door closes, another opens”; actually it was Alexander Graham Bell who is credited with saying it first. This is certainly true for us during the last few weeks. We were presented with a closing door when our Investment Operations Manager, Josh Davison, decided to move his family away from Miami. We miss Josh and all the contributions he has made over the years at LFG will live on.

Now to the opening door. When I started our firm over 20 years ago, the options available for doing the administrative side of our investment operations work were extremely limited. One basically hired a person to do that work with the assistance of very rudimentary software to help. The work to be done involved making sure that each of our client account data was correctly captured in our internal performance accounting software on a daily basis, audit these transactions with the account(s) at the custodian, manually review each client portfolio to determine buys or sells to be made in accordance with that client’s Investment Policy Statement (IPS), prepare the quarterly performance reports and create the quarterly investment management invoice and bill the client’s account. Then years later, technology advances provided us with a software technology that helped us efficiently review each client portfolio for IPS compliance, then, based on our investment management philosophy and fund selections, provide initial trade recommendations. These trade recommendations have been reviewed by our Client Advisor and the trades were made. This new software significantly increased our efficiency allowing us to respond more rapidly to changing market conditions or tax loss harvesting opportunities. All of these operational functions were still carried out by one staff member. When our one staff member, Josh, left, we examined the technology environment we are currently living in and discovered we had quite a number of options available to us to perform the functions previously done totally ‘in house’.

After extensive research and due diligence, have chosen to source certain technology and administrative services to a firm headquartered in Phoenix named Dynamic Wealth Advisors (Dynamic). Dynamic will provide a centralized solution for IT and administrative services, technology platforms, and investment reporting services. These include secure cloud-based technologies and services, as well as certain administrative functions of our investment operations. This relationship will help us deliver to you the highest level of value, service, transparency, convenience, and efficiency.

We, at The Lubitz Financial Group, through our Investment Management Committee, continue to create our investment strategy, research and perform due-diligence of investments we want to use for your portfolios, and give Dynamic the guidelines for the administrative work to be done. We will have access to higher level and more sophisticated software platforms as well as more intellectual resources in the Dynamic team, and to leverage these resources, scale and expertise of both teams in order to meet the challenges of the rapidly evolving financial landscape. By partnering with Dynamic and their breadth of

staff, this will enable our team at LFG to focus more time and energy on our core service of financial planning for you. We are really excited about this opportunity to become more efficient and streamlined.

**What will the impact be on you?** At first, nothing, as these changes are within our internal operations that you rarely see. However, in the future, there will be the opportunity to review and revise our reporting to you and to customize it to your likes. When we get familiar with these new software programs, we will be sharing what new features are available and asking your feedback in designing new reporting formats.

As you could imagine, all these internal changes will involve learning new software systems, rewriting our procedures and creating new roles within LFG. It is an exciting, although at times frustrating experience and our team has stepped up to the plate with enthusiasm for what lies ahead. For the first time, we expect that all of our key software programs will be totally integrated and 'talk' to each other. This will greatly enhance our efficiency and ease of daily work. But, we have to swallow a big elephant to get there, and the best way to eat an elephant is one bite at a time. We have started taking those bites and hope that we will have all our systems "go" by the end of the year.

We apologize for the tardiness in getting your 3<sup>rd</sup> quarter reports to you as we started our systems conversion just as the reporting cycle started. We expect to return to our normal reporting cycle next quarter. I may have gone into more detail than is truly necessary about what is going on internally however, you know that transparency is one of our key traits and I felt it is important that you know what is going on "behind the scenes".

As always, we're here for questions and comments and look forward to talking with you soon.

Best regards,

A handwritten signature in blue ink, appearing to read "Linda", written in a cursive style.

Linda Lubitz Boone, CFP®

President