



Prepared for: Association of Corporate Counsel - Houston

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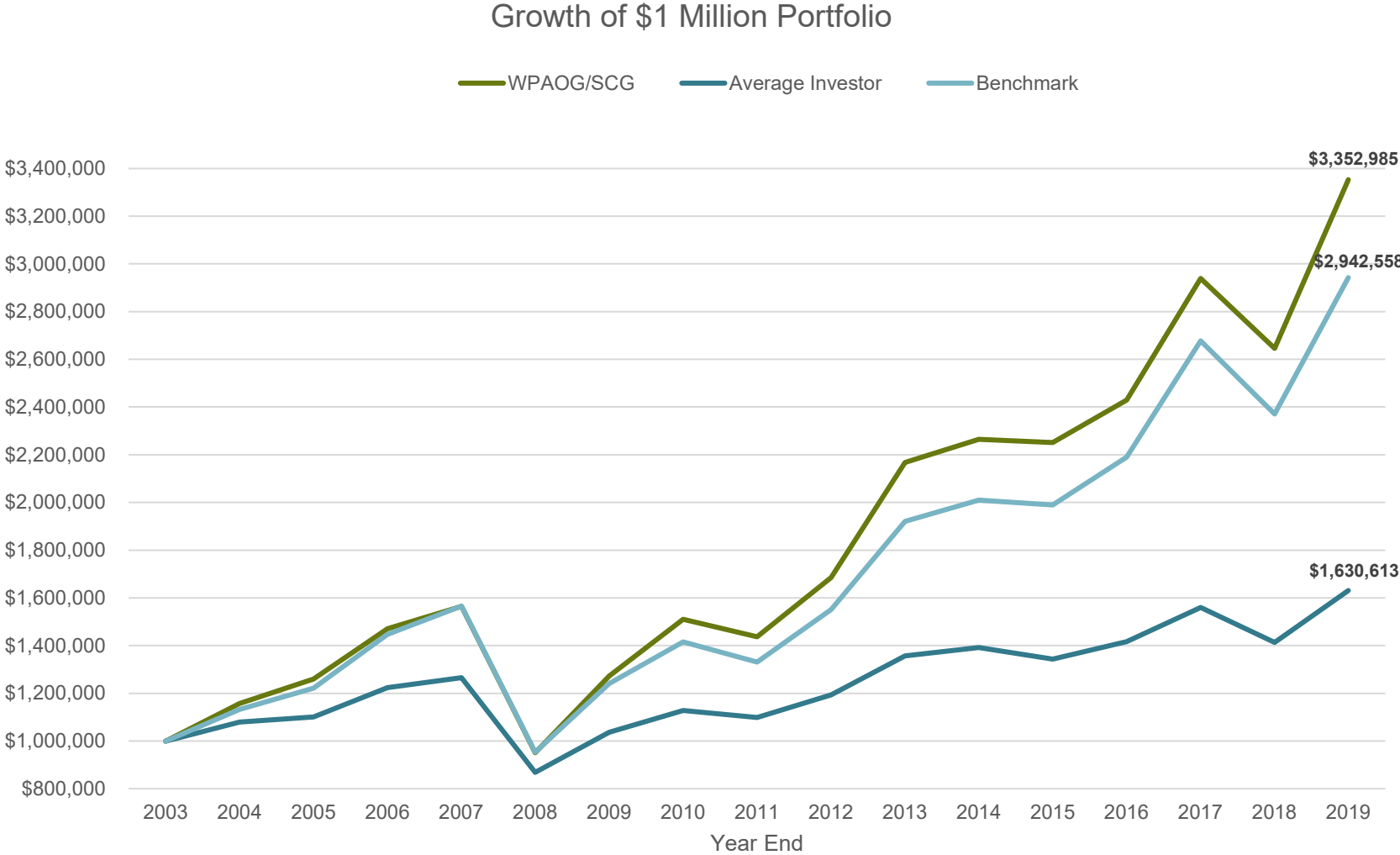
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The Path of Returns Matters

Portfolio Starting Value	Year 1 Return	Year 1 Portfolio Value	Year 2 Return	Year 2 Portfolio Value	Average Annual Return
\$100	10%	\$110	10%	\$121	10%
\$100	20%	\$120	0%	\$120	10%
\$100	(20%)	\$80	40%	\$112	10%

Investment Track Record – Sample \$1M Portfolio



Case Study #1 – Nearing Retirement

Julie is 58 years old and is planning on retiring from her job as corporate counsel at ABC oilfield service company when she turns 65. Julie has put her kids through school and does not foresee any major life events in the near future. Julie has saved \$400,000 in her 401(k), \$100,000 in her company stock plan, and \$500,000 in personal taxable investments for a total portfolio of \$1,000,000. She expects to maintain her current salary of \$200,000, growing with inflation, for the remainder of her working years. She currently spends \$100,000 annually and would like to continue spending that amount in retirement, growing with inflation. She expects to start receiving Social Security benefits at full retirement age (67). She lost a significant amount of money in her portfolio during the 2008 crisis and has been risk averse ever since. How should she allocate her current portfolio in order to have a high probability of sustaining her spending needs throughout her lifetime as well as preserve peace of mind that she can comfortably retire in 7 years?



Case Study #1 – Analysis Results

Julie's Age 20/80 - (20/5/75)	62 Year 5 2024	67 Year 10 2029	72 Year 15 2034	77 Year 20 2039	82 Year 25 2044	87 Year 30 2049
Poor Markets - 25th %	\$ 1,383,314	\$ 1,495,967	\$ 1,174,788	\$ 776,337	\$ 294,436	\$ (282,703)
Average Markets - 50th %	\$ 1,506,174	\$ 1,805,534	\$ 1,691,944	\$ 1,501,560	\$ 1,221,121	\$ 828,466
Excellent Markets - 75th %	\$ 1,624,748	\$ 2,130,559	\$ 2,291,567	\$ 2,441,614	\$ 2,580,423	\$ 2,699,997
Julie's Age 40/60 - (35/15/30)	62 Year 5 2024	67 Year 10 2029	72 Year 15 2034	77 Year 20 2039	82 Year 25 2044	87 Year 30 2049
Poor Markets - 25th %	\$ 1,413,179	\$ 1,568,674	\$ 1,291,251	\$ 931,769	\$ 481,770	\$ (73,520)
Average Markets - 50th %	\$ 1,584,356	\$ 2,016,938	\$ 2,075,673	\$ 2,092,170	\$ 2,057,802	\$ 1,954,483
Excellent Markets - 75th %	\$ 1,773,206	\$ 2,573,972	\$ 3,194,782	\$ 4,019,849	\$ 5,142,868	\$ 6,688,864
Julie's Age 60/40 - (55/15/30)	62 Year 5 2024	67 Year 10 2029	72 Year 15 2034	77 Year 20 2039	82 Year 25 2044	87 Year 30 2049
Poor Markets - 25th %	\$ 1,437,475	\$ 1,629,027	\$ 1,390,300	\$ 1,067,735	\$ 651,114	\$ 123,244
Average Markets - 50th %	\$ 1,659,086	\$ 2,229,509	\$ 2,484,887	\$ 2,764,186	\$ 3,078,776	\$ 3,435,764
Excellent Markets - 75th %	\$ 1,909,595	\$ 3,017,184	\$ 4,187,557	\$ 5,939,520	\$ 8,604,604	\$ 12,688,375
Julie's Age 80/20 - (70/20/10)	62 Year 5 2024	67 Year 10 2029	72 Year 15 2034	77 Year 20 2039	82 Year 25 2044	87 Year 30 2049
Poor Markets - 25th %	\$ 1,462,134	\$ 1,691,387	\$ 1,494,861	\$ 1,214,846	\$ 839,595	\$ 349,672
Average Markets - 50th %	\$ 1,729,643	\$ 2,439,648	\$ 2,911,290	\$ 3,505,654	\$ 4,275,584	\$ 5,285,944
Excellent Markets - 75th %	\$ 2,046,555	\$ 3,496,882	\$ 5,355,269	\$ 8,404,000	\$ 13,464,815	\$ 21,907,953

Case Study #1 - Conclusion

- Julie and her Advisor agreed that a balanced allocation of 60/40 (55/15/30) best matches her goals and risk tolerance.
 - 55% Return Generating Assets
 - 15% Diversifying Assets
 - 30% Risk Mitigating Assets

Case Study #2 – Employment Change

Bill was recently laid off from ABC oilfield service company. While he believes that he is going to be able to get another job when things get back to normal, he does not know how long that might be. He is unsure if he should change anything in his investment approach. What are some considerations that might help Bill?

■ Matching Duration of Assets to Liabilities

- How much cash savings does Bill have set aside for situations like this?
- Will he need to spend from his portfolio in the near term? If so, take from taxable funds before touching any retirement funds.
- Consider setting aside 1-2 years worth of spending in cash from taxable portfolio

■ Consider Options for 401(k) Assets

- Keep it where it is
- Rollover to an IRA
- Transfer to new employer's 401(k)

Case Study #3 – Consulting Services

Kelly is 47 years old and has recently divorced. In the settlement she retained her family ranch land ownership & mineral interests rights in East Texas. Family dynamics add an element of complexity. Julie has a shared interest in the ranches and owns her own property and house in the area. She expects to start receiving trust benefits in the next few years but is financing her share of the expenses. The family is looking for a trusted outside CFO they can rely on to work with their current professionals to wade through the estate matters. Their land was hit hard during Hurricane Harvey. She needs help reconciling the monthly bills and oil & gas accounting. How can she navigate the immediate situation and plan for the future?



Case Study #3 - Conclusion

- In Addition to Investment Management - Stone Creek provides Kelly with a suite of solutions.
 - Monthly Oil & Gas Accounting
 - Well by Well Net Cash Flow, JIBs, Revenue Breakdowns
 - Production Reports & Annual Review
 - Professional Partner Wrangling
 - Coordinate Zoom Calls with Estate Attorneys, Personal Attorneys, CPAs, Operations, Family
 - Work with Accounting and Bookkeeping Professionals
 - Shepard Estate Division, Checkpoints
 - Review/Revise Ranch Management Practices
 - Long Term Planning
 - Estate Planning for future generations
 - Conservation Practices on Ranch Lands
 - Partner with local conservation/wild land study
 - RFP for Solar and Wind Companies

Who are our clients that can benefit immediately?

Planning for Retirement

Recent Employment Change/Layoff

Liquidity

- Sale of company
- Sale of a fixed asset (i.e. residence)
- Inheritance

Single Stock Diversification

Recent or near death of spouse or parent

Roll over situations

Working Interest

Inherited assets that have Required Minimum Distributions (RMDs)

Planning for multiple generations

Contact Us!

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