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Robert A. Stanger & Co. LLC

2ND ANNUAL

# Innovative REAL ESTATE STRATEGIES

HOW ADVISORS CAN ACHIEVE PORTFOLIO DIVERSIFICATION THROUGH REAL ESTATE

## Case Studies from Successful Advisors

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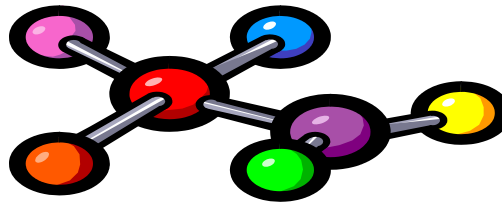
**Michael Zmistowski**

President

*Financial Planning Advisors, LLC*

# *Innovative Ways to Implement Real Estate into a Portfolio*

While some Structured Notes can have fairly complex features, at the “atomic” level they are typically a basket of options (often combined with a zero-coupon bond) ...



Structured Note = Bond ± Option(s)

Source: Credit Suisse

# ***Examples of Current REIT Notes***

**Credit Suisse (11/14/10 buy-11/14/12 maturity) 22546EH80**

10.35% downside buffer, 2x upside leverage, 40% cap

**Citigroup (1/26/12 buy-1/30/14 maturity) 1730T0VW6**

10% downside buffer, 3x upside leverage, 43.5% cap

**Deutsche Bank (3/2/12 buy – 3/2/13 maturity)**

10% downside buffer, 3x upside leverage, 21.9% cap

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# ***Examples of Matured REIT Notes***

- **Morgan Stanley (1/21/10 buy – 1/27/12 maturity) 617482KJ2**
- **10% downside buffer, 2x upside, 61.6% cap**
  - **Sold on 1/3/12 for a 50% Return**
  - **IYR price return was 27.5%**
  
- **Barclays (1/21/10 buy – 1/25/12 maturity) 06740JRW2**
- **10% downside buffer, 2x upside, 60.6% cap, 24 months**
  - **Sold on 1/11/12 for a 49% return**
  - **IYR price return was 28.95%**
  
- **Barclays (1/28/11 buy – 2/28/12 maturity) 06738KAR2**
- **10% downside buffer, 2x upside, 15.5% cap, 13 months**
  - **Matured on 2/28/12 with a 11.2% return**
  - **IYR price return was 5.1%**

# Risks

- Credit Risk of the Underlying Issuer
  - Credit Ratings
  - CDS Spread Levels
- Underperformance versus the Benchmark
- Client Education and Advisor Education
- Liquidity
- Costs
  - Custodial Fees (typically 25 bps)
  - Manufacturers Fees (typically 50-75 bps)
  - Broker Fees (possibly 200 bps)