



October 6, 2016

Fish Tacos and Alternative Lending Share a Common Denominator

By Alan Snyder

Most investors are unfamiliar with the breadth of alternative lending, its merits and risks, and therefore conclude, why bother? This conclusion reminds me of a story about my son.

Several years ago, this dutiful parent took his family to Belize, a truly captivating place. One morning we embarked on a fishing expedition with a local guide in his outboard boat, definitely not a fancy yacht. The fishing was sensational! Noon came, and with all of us worn out from winching in our catch, our guide said we would go ashore; with our help, he would clean the catch, gather some palm fronds to cook the fish and then we would feast on fish tacos. My son, about 10 at the time, proclaimed that he really didn't like fish and wondered what else was available. Our guide, with a twinkle in his eye, quickly replied that there was always "dinner" to be had much later. Well, we did cook the fish and lunch was delicious. Although he was hesitant to join the feast, our son became an immediate convert, pronouncing lunch to be the best he had ever had! After we got home to Los Angeles, he sought to replicate this repast - a good thing that we lived where we did in order for him to secure the necessary palm fronds.

Not surprisingly, there is a moral to this personal vignette. It is too easy, maybe even comfortable, to stay with the familiar. However, if we succumb to that we will be limited by narrow experience, miss opportunities and never expand our present horizon. New discoveries can be great. Fish tacos is one, and alternative lending another. Alternative lending, a \$51 trillion global market offers attractive, risk-adjusted returns and thus worth the effort to learn why and, hopefully, become a convert. Broaden your thinking and assess the payoff by digging deeper into alternative lending which can enjoy the following:

1. 6-8% return versus the 10-year Treasury, around 1.70%.
2. Short duration (approximately 2 years) to protect against interest rates ultimately rising.
3. Liquidity, in case there is a change of heart.
4. Downside protection buffers for when defaults rise as they no doubt will, if and

when economic conditions deteriorate. In fact, defaults could rise by over 450% before principal loss given an even distribution.

5. Low correlation against equities and other yield assets for "honest" portfolio diversification. Participate in marketplace lending, secured consumer lending, small business lending in its various forms, bridge real estate lending, trade finance and life settlements.

6. Cash income or automatic reinvestment.

In sum, a little knowledge about alternative lending can have the same positive effect on the investor as the fish tacos had on my son. The common denominator is two great discoveries. We assert the exploration is worth the effort and stand ready to help. Check it out at www.Shinnecock.com or call us.

Upcoming Events

In the meanwhile, Shinnecock will be out and about spreading the gospel of alternative lending at these upcoming events:

October 6 - Los Angeles

California Chartered Financial Analyst ("CFA") Meeting - 4:00 p.m. - 7:00 p.m.

Intercontinental Hotel

2151 Avenue of the Stars, Los Angeles, CA 90067

October 18 - Denver

Afternoon of Alternatives, Investor Forum - 2:00 p.m. - 6:00 p.m.

Denver Country Club

1700 E. 1st Ave., Denver, CO 80218

October 20 - San Diego

ivyFON Conference - 9:00 a.m. - 4:30 p.m.

Offices of Morrison & Foerster LLP

12531 High Bluff Dr. #100, San Diego, CA 92130

November 3 - Los Angeles

Chartered Alternative Investment Analysts ("CAIA") Meeting on FinTech - 4:00 p.m.

41 Ocean Club

1541 Ocean Ave. #150, Santa Monica, CA 90401

November 9 - Webinar

Beyond Wall Street Series, hosted by Arixa Capital - 11:00 a.m. PDT

For access information, contact Arixa Capital Advisors at (310) 905-3050