

# Winch Report

## Home insurance industry's 2nd leg looks shaky

The housing market has suffered its share of blows since the industry first showed signs of its latest strain in 2005, and now it appears that another segment is in dire straits.



In a statement released in response to the *Barron's* article, the MICA said:

“Throughout the course of the current residential mortgage market crisis, the U.S.

private mortgage insurance industry has done what its regulatory-mandated structure was specifically designed to accomplish: to pay all valid claims and with regard to the GSEs (government sponsored enterprise), to protect the American taxpayer. To date, and during the current housing market stress, private MIs have paid over \$22 billion in claims to Fannie Mae and Freddie Mac, thereby reducing U.S. taxpayer liability by over 14 percent.”

The future of the industry may be witnessed by the country's fourth-largest monoline, Triad, an aggressive mortgage insurer based in North Carolina. Its mortgage unit is now operating under the supervision of the Illinois Insurance Department. The company is currently paying off existing claims at 60 cents on the dollar in cash.

For more information, please refer to the June 25 *Barron's* article “The next Mortgage Bombshell” and to the MICA release at [privatemi.com](http://privatemi.com).

According to an article in *Barron's*, the private-mortgage-insurance industry, which allows buyers to purchase homes without making a full 20% down payment, is in serious trouble. Private mortgage insurance covers the first 25% of a mortgage's value against default, plus accrued interest. Some \$700 billion of U.S. mortgages carry such insurance, with most of it owned by Fannie Mae and Freddie Mac and backed by the federal government.

The three biggest monoline insurers—MGIC, Radian, and PMI, which comprise 60% of the industry, according to research outfit Inside Mortgage—appear woefully undercapitalized to meet the claims that loom over the next couple of years, as defaulted mortgages owned by their clients make their way through the foreclosure process to eventual insurance payoffs.

The private mortgage industry itself disputes these claims.



### Winch Financial Golf

Winch Financial sponsored a hole during the Appleton North Booster Club golf outing on June 24.

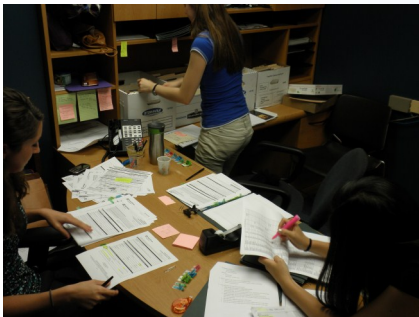
Led by Sam Winch, the Winch Financial team, defending champions of the annual tournament, finished -13 and tied for first place. The team later lost in a tie breaker but looks forward to reclaiming its title next year.

# First phase nearly complete in TD Ameritrade transfer

We are very pleased to report that the first phase in our efforts to consolidate accounts at TD Ameritrade is proceeding smoothly and we are grateful for our clients' support. More than 90 percent of our clients have completed and returned to our office paperwork for all of their accounts. That

means we have received paperwork for nearly 2,000 accounts! We have extended the deadline to return paperwork to Winch Financial in order to accommodate a few clients who received their paperwork from TD Ameritrade late. Meanwhile, we are gearing up for phase two in the process,

which will involve more paperwork for clients with annuities and/or 403(b) accounts. The amount of paperwork needed to complete this entire process may seem overwhelming, but the end result will mean better service for our clients.



Summer clerks check paperwork.

**TD Ameritrade Transfer  
by the numbers**

- 1 microwaved cellphone
- 4 summer clerks
- 7 group meetings
- 66 UPS truck visits
- 900 client households
- 10,000 "sign here" stickers



Christina addresses a group meeting.



Members of Winch Financial team.



One client brought cookies!



We went through thousands of stickers.

## Ginkgo Multi-Strategy fund approved for launch

We are very excited to announce that our new mutual fund has been approved. The Ginkgo Multi-Strategy Fund will enjoy an official launch in August.

Mutual funds are designed to pool money from thousands of small investors who benefit from investment decisions made by the fund manager. They allow smaller investors to enjoy the advantages of a diversified portfolio without the expense.

The Ginkgo Multi-Strategy Fund will take advantage of some of the investment strategies already in place at Winch Financial, but it will allow a much wider pool of investors to take advantage of these strategies.

The Ginkgo Multi-Strategy Fund's manager will be Christina Winch and, together with our investment department, she will be making the investment decisions.

Highlights of this particular fund include:

- Focuses on a combination of diversification, relatively low expenses, transparency and performance.
- Bases security selection on momentum, value, growth opportunities and dividends.
- Achieves its objective by investing, directly or through ETFs and mutual funds, primarily in a combination of equity securities, fixed income securities, cash securities and alternative



asset securities

The name Ginkgo Multi-Strategy fund developed due to the Winch family's long association with the ginkgo tree. Prior to his death in 2005, Dr. Tim Winch, Christina's husband, planted hundreds of ginkgo trees on various properties the family owned. The ginkgo tree can withstand both natural threats like extreme weather, and man-made threats like pollution. They thrive in any environment and grow quickly. With proper care, Ginkgo trees can live up to a 1,600 years, according to a report by the University of Georgia.

We are building toward an official launch and we look forward to providing you with more specifics of how you can invest in the Ginkgo Multi-Strategy fund.

*Mutual Funds involve risk including the possible loss of principal. There is no assurance that the fund will achieve its investment objectives. Investing in the commodities markets through commodity-linked ETFs, ETNs and mutual funds will subject the Fund to potentially*

*greater volatility than traditional securities. There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. In addition to the risks generally associated with investing in securities of foreign companies, countries with emerging markets also may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues. ETF's are subject to specific risks, depending on the nature of the underlying strategy of the fund. These risks could include liquidity risk, sector risk, as well as risks associated with fixed income securities, real estate investments, and commodities, to name a few. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. In general, the price of a fixed income security falls when interest rates rise. The Fund may invest in high yield securities, also known as "junk bonds." High yield securities provide greater income and opportunity for gain, but entail greater risk of loss of principal. Please see **Mutual Fund**, page 4*

## Winch Financial

Founded in Appleton, Wisconsin by Christina Winch more than 30 years ago, Winch Financial has become a nationally recognized, full service financial planning firm.

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<http://twitter.com/winchfinancial>



[www.linkedin.com/company/winchfinancial](http://www.linkedin.com/company/winchfinancial)

## We work with businesses, foundations

In the middle of a busy week full of client appointments and seven group meetings, Winch Financial CEO Christina Winch travelled to Pound, Wisconsin to meet with the owners and employees of one of the state's premier electrical companies.

In addition to private clients, Winch Financial also manages profit sharing plans for several companies.

The Employee Retirement Income Security Act of 1974 (ERISA) requires employers who establish pension plans for their employees to meet certain

standards, one of which is education.

On that day, armed with business folders and a power point presentation, Christina was there to fulfill the education requirement.

She spoke with employees about their specific plan and the Winch Financial role in helping to maximize profits from that plan.

Winch Financial is well known as a wealth management firm for individuals. But, we also work with businesses and charitable foundations.

## Investment representative welcomes twins

On Thursday, June 23rd Winch Financial portfolio analyst Jeremy Landskron and his wife Amanda Leigh welcomed twin boys.

Parker Leigh Landskron was born at 8:58 p.m. and was 4 lbs. 9 oz. and 17 inches long.

Isaac Robert Landskron was born

at 8:59 p.m. and was 4 lbs. 9 oz. and 17.5 inches long.

Because they were born a few weeks early, both babies will remain in the NICU for a while, but they are doing quite well, according to their father.

Jeremy will be taking some time off to spend with his family and,

## Ginkgo Multi-Strategy Fund set to launch

**Mutual Fund**, from page 3  
*Investments in lesser-known, small and medium capitalization companies may be more vulnerable than larger, more established organizations. A higher portfolio turnover will result in higher transactional and brokerage costs.*

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Ginkgo Multi-Strategy Fund. This**

**and other important information about the Fund is contained in the prospectus, which can be obtained at [www.ginkgofunds.com](http://www.ginkgofunds.com) or by calling 855-289-4656 (BUY-GNKO). The prospectus should be read carefully before investing. The Ginkgo Multi-Strategy Fund is distributed by Northern Lights Distributors, LLC, member FINRA.**

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