

### Current Thoughts By Sandy

Last month we witnessed a banking crisis that caused confusion and volatility. U.S. Treasury Secretary Janet Yellen said the banking sector appears to be stabilizing but she is ready if more action is needed. Today, OPEC announced a production cut and oil prices spiked 8%. All components of manufacturing are now slowing which is showing that the Federal Reserve is exhausting its rate hikes, yet the S&P rose 7% and the Nasdaq 100 gained 20.5% this quarter

Pending home sales were down 21%, year over year, for nine months. The 30 year fixed mortgage reached 7.08% again with forecasts to drop below 6% next year. Large layoffs are being conducted by all industries as fears of recession are still alive. Even with all of this news, travel has reached levels of pre-pandemic bookings. Flights are fully booked and costs are higher than before. Hotel costs have also spiked as vacationers are shocked at the prices. Now is the time to look at the branded credit cards of Hilton, Hyatt and Marriott which give one free night per year for the annual card cost, usually \$95. Many cards also have free nights after paying for four nights, Marriott is family friendly and a great way to afford a vacation on a budget.

*Continued on page 2...*

*"There are only two ways to live your life.  
One is as though nothing is a miracle.  
The other is as though everything is a miracle." -  
Albert Einstein*

### Market Review By Carol

The first quarter of 2023 saw a sharp reversal in index and sector performance compared to 2022. On an index level, the Nasdaq (which badly underperformed in 2022) handily outperformed in the first quarter and finished with very impressive returns. Mega-cap tech companies such as Apple, Alphabet, Amazon and others were viewed as "safe havens" amidst the late-quarter banking stress. The S&P 500, with its heavy weighting to tech, finished the quarter with a solidly positive return while the Dow Industrials logged more modest, but still, positive returns through the first three months of the year.

The increase in interest rates also saw an increase in interest being paid of 3%-5% on CDs, Money Market funds and Treasury Bills/Bonds. Note, the interest rates for bonds and CDs over 5 years have not increased much so right now the sweet spot is 1-3 year maturity. FDIC cash is still paying less than 1% and this current banking crisis will keep the FDIC interest rate low and safe.

The following are the market returns as of March 31, 2023 YTD and one year. Please note, each client's portfolio is individually constructed and the benchmarks are presented as a comparison tool.

### How Your Money is Protected at Schwab By Erin

There have been renewed fears in the financial industry with the recent bank closures. In light of this, I've been taking a closer look at Schwab and TD Ameritrade (which is now part of Schwab) to examine their stability. I'm happy to report Schwab's balance sheet looks pretty good and I don't see any significant risks to their stability. Two of the main risks that caused the recent bank failures were long-maturity bond losses & having a high percentage of commercial depositors with balances not covered by the FDIC. Schwab's percentage of both is very low. However, if in the unlikely event a Schwab or another brokerage firm was in financial trouble, there are many layers of safeguards to protect client assets from insolvency.

1. Brokerage firms have more stringent minimum net capital requirements to increase solvency.
2. Brokerage firms must keep customer securities & cash segregated from their company's own.
3. Cash is covered per the usual FDIC insurance limits, but we also get additional limits when buying CDs from outside banks.
4. Brokerage firms must carry SPIC insurance of \$500,000 per customer.
5. Schwab also carries insurance from Lloyd's of London beyond the SPIC insurance including \$1,150,00 in cash coverage. (please note these are not insurance from investment losses for a particular security)

# Spring

Benchmarks:	YTD March 2023
60% Equity/40% Fixed	3.76%
50% Equity/50% Fixed	4.01%
40% Equity/60% Fixed	3.54%
US Agg Bond	2.73%
S&P	7.03%
DOW	0.38%
Nasdaq	20.50%
iShares (EFA) Foreign	8.62%
Benchmarks:	March 2022- March 2023
60% Equity/40% Fixed	-7.43%
50% Equity/50% Fixed	-7.92%
40% Equity/60% Fixed	-7.80%

**Market Outlook By Carol**

Are we heading into a full-blown recession or a soft landing? The Fed has signaled that it is close to being done with rate increases, and that will remove a material headwind on the economy. As long as that expectation for a looming end to rate hikes does not change, it'll increase the chances that the economy can achieve the desired soft landing.

This remains a tumultuous time in the markets. Investors are facing the highest interest rates in decades, the worst geopolitical tensions in years, and a very uncertain economic outlook that deteriorated in the wake of recent bank failures. But while concerning, it's important to realize that underlying U.S. economic fundamentals and U.S. corporate earnings proved incredibly resilient through the first quarter. And those two factors, steady economic growth and strong earnings, are the real long-term drivers of market performance, not the latest disconcerting geopolitical or financial headlines.

As such, we are prepared for continued volatility and are focused on managing both risks and return potential.

**Current Thoughts By Sandy Continued**

Have you booked an expensive vacation and are you fully protected? I recently traveled to New Zealand and two travelers and our bus driver/ tour guide became sick with Covid. They were removed from the tour and had to stay in a hotel in the city until they could travel home or rejoin the tour once they tested negative. Does your travel insurance cover that cost with trip interruption coverage? Will it pay for the hotel cost and the change of flights? Review your coverage of travel insurance and credit card benefit coverage to know exactly what you need to protect your trip.



*Sandy and Nikki in New Zealand*

**ADV (Advisor Disclosure Form) Notice & Updates  
By Carol**

We are required to update and file our Investment Advisor Brochure (Form ADV 2) annually with the SEC by March 31. There were no material changes to report on the ADV this year - our fees and business structure are staying the same. Please contact us if you would like a copy of the entire ADV mailed to you. You can also access our ADV on the internet via our website under resources or directly through the SEC: <http://www.adviserinfo.sec.gov/> Our SEC file number is 801-62993.

Our total assets under management as of December 31, 2022 was \$394,378,447, a decrease of 11.4% due to a decrease in market value and the 2022 stock market decline. The number of clients we serve increased in 2022 to 340 client families across 21 different states.



**Transition from TDA to Schwab by Melani**

For our clients who have their accounts on the TD Ameritrade platform we have been given a date when the accounts will transition from TD Ameritrade to Schwab. The conversion will happen Labor Day weekend of this year. Fortunately, there is nothing needed from you to make this happen.

In the next coming months you will be receiving communications from Schwab with details regarding the transition as well as steps you can take to make the transition smoother. One of those is to make sure you have an online account set up at [advisorclient.com](http://advisorclient.com) through TD Ameritrade. If you have this set up then you will get notices directly in that hub and your online account will automatically be switched over to [schwaballiance.com](http://schwaballiance.com).

Another thing we advise is to make sure your phone number, email address and physical/ mailing addresses are updated at TD Ameritrade. You can do this by making the changes to your profile online at [advisorclient.com](http://advisorclient.com). We will continue to update you with more information as the transition date approaches. Feel free to contact Melani if you have any questions or need help setting up your online account.

