

July 2023

Happy mid-summer!

In our May 2023 letter we highlighted the underlying reality of being an investor: that there is no reward without risk. As summer plays out (with too much rain and fog – in our opinions) this theme continues.

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The Federal Reserve will soon make a decision about its approach to managing its two mandates: keeping inflation and unemployment levels at ideal levels. The Market is pricing in the expectation that the Fed will raise the short term/overnight rate by another 25 bps in July. If you're a 'saver', then that means that short term interest rates ought to increase by similar amounts. If you're a 'borrower', then expect the interest rates of adjustable-rate-types of loans to go up.

Beyond the July meeting, the Markets disagree about the Fed's next steps, through year-end. As a result, we have limited clarity of what to expect with regard to the shape of the Yield Curve. Similar to the weather in the area recently, it's 'wicked' foggy.

Given the reality of the unknowns we face, on July 17th we conducted a number of trades in our model portfolios. We made changes to the portfolios with regard to 1) rebalancing and 2) asset allocation. We rebalance portfolios in order to bring the individual positions back into their correct percentages. As a normal course of business, some investments do better than expected, and some worse. We trim some of the winners and add to the lower priced assets, (aka buy low and sell high), in order to reset the relationships. Secondly, depending upon our outlook for the economy, we will make changes to the nature of the investments themselves to reflect our expectations for economic growth.

In addition to these intentional trade strategies, we also conduct 'tax harvesting' in preparation for end-of-year planning. Our goal is always to minimize capital gains. We actively work toward this goal throughout the year, in addition to conducting year-end tax minimization actions.

Related, at the firm level, Wells Fargo Advisors has updated both the client website (called Access Online) as well as the Wells Fargo App. It's easy to create a profile for each. Let our team know if you'd like assistance with establishing these.

There's a great deal of research available online, including the recently published Wells Fargo Investment Institute's 2023 Capital Market Assumptions (CMA) report, which highlights the firm's strategic asset allocation assumptions. These are important pieces of data, affecting everything from our Envision and EMoney plan assumptions, to expectations for rates-of-return of various investment models. Keep an eye out for an email with links to the CMA report. Contact the team if you'd like to discuss the report further.

Many clients are taking advantage of the ability to text our team (in addition to email, phone

and office visits). The process requires us to send a text, asking permission for our team to communicate via text. The message asks for a simple 'yes' reply. To be able to text our team, this reply is required. Please let us know if you'd like to be able to contact us in this way.

Demand continues for safe, high yielding, investments. In addition to providing FDIC, SIPC and Treasury type investments to individual clients, we offer these products to businesses, trusts, non-profits, endowments, and other corporate entities. Big or small, we professionally manage accounts of all sizes and types. Give us a call if you'd like a quote for current rates.

A big "Thank you" to those who were able to join us for another successful Yalanis Wealth Management American Heroes Night at Cardines Field on Friday, July 14th. It was great to see so many of our American Heroes gathered at the field to honor them for all they do to serve and protect communities across Rhode Island. It was a terrific evening at the historic stadium! We are already looking forward to next year!

And, speaking of events, mark your calendars to join us on September 13th for our highly anticipated team event at Ragged Island Brewery in Portsmouth, RI. Food and drink start at 5:00 p.m. Enjoy local food and terrific small batch craft beers at the completely remodeled 1890's farmhouse taproom with stunning views of Narragansett Bay. It's a terrific location and a great evening.

As always, we are grateful for the trust our clients and their families place in our team. Please, if there's anything we can do to improve our service, don't hesitate to let us know.

Sincerely,

Chris, Darcy & Greg

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