May 2023

<u>"There is no such thing as an investment without risk. The reason an asset pays a return IS that it carries risk."</u>

This is a terrific quote, as far as quotes can be rated. It contains a great deal of accurate, relevant information, which is succinctly stated. You've probably heard it before, or versions of it, such as "No risk, no reward". It's during economic times like these that we're reminded of the wisdom and warning contained in these words. There is no escape from risk. We are exposed to it, by the very nature of 'playing the game', living life, and by being part of an economy. We ARE exposed to risk. Our challenge is to manage it, wisely.

With regard to Risk and investing, when we allocate part of our portfolios to the historically safe area of bonds/CDs/Fixed Income, today, we must also analyze the risk associated with various aspects of the US and worldwide banking systems. When it comes to another form of risk, called Duration, the Yield Curve, which is still inverted, portends impending recession. Where on the curve should we invest? We're getting roughly 5% on money markets, but only 3.3% on a 10 year Treasury bond. These are the questions our team asks itself, daily.

With regard to the risk associated with spending ones assets, while actively generating income from investments we need to minimize account value volatility so as to avoid invading principal. Risk matters!

On May 3rd the FED announced its decision to raise the Fed Funds rate by 25 basis points, or .25%. The range of the rate is now 5.00-5.25%. The market largely expected this increase. However, the change in the Fed's written communique left open the possibility of future rate hikes, which Fed Chairman Powell confirmed during the following live conference.

"The Markets" which simply refer to the accumulated mass of worldwide investors, both professional and non, are in complete disagreement regarding the next year. Will the recession deepen, perhaps causing yield across the curve to fall on the long end? Will the recession be mild, and rates will rise? For investors, there are risks, and costs (profits or losses), to committing to a decision. Even simply hiding cash under the mattress carries risk as well. We can't hide from risk. Living IS risky. We must build an intentional plan to MANAGE the risks in our lives. Providing this professional guidance and advice is the center of our team's service model.

Our team is currently hedging the risk of an uncertain future by using an intentional blend of short term money markets as well as some longer term bonds. As well, we continue to maintain a position in our managed futures funds. Please feel free to call us for more information on current rates.

When it comes to stocks, we continue to favor companies with high, repeatable, trustworthy cash flow over riskier, growthy, companies. We don't know whether consumers will continue to pay extra money for designer handbags. But we're willing to bet that they'll buy toothpaste and toilet paper.

On another note, our team and firm continue to actively update client mobile phone records. Two-level security verification requires a mobile number to be on file. As a result of the efforts, keep an eye out for a text, email, or phone call from Wells Fargo Advisors asking to confirm your mobile phone number. If you're not certain as to whether the outreach is 'legitimate', then please contact one of our team in order to verify the legitimacy of any message received. We fully appreciate everyone's natural, and appropriate, questioning of such communications. Also, feel free to proactively reach out to our team with your current mobile phone numbers.

Did you know that you can text our team, at our offices? You may receive 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.

We continue to see tremendous demand 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.

There's a well-known quote that goes like this…"Sell in May and go away". Historically, the markets slow down as summer days get lazy with warmer weather. While we hope the weather continues to brighten, our team will not being 'going away'. There is simply too much for us to monitor in the coming months.

We have one last item to address before our attention turns toward summer. Our team attended an educational conference last week, in Portsmouth, NH. The focus of the conference was on 1) an economic update and 2) risk management using insurance. We heard all too many situations involving family's where an unexpected death or disability (think Long Term Care) such as Alzheimer's destroyed a family's financial well-being, on top of the family dynamics itself. What's unfortunate about these real life examples is that they're all PREVENTABLE. We encourage everyone to consider what will happen if a similar events occurs in the family. Are there enough financial resources to cover all situations? If the answer is no, or if there's any level of uncertainty, then please reach out to our team. We are insurance licensed and will run a comprehensive risk analysis designed to identify any shortfalls, and to put minds at ease.

We look forward to speaking with you soon.

Sincerely,

Chris, Darcy & Greg

Christopher P. Yalanis, MBA
CERTIFIED FINANCIAL PLANNER™ Practitioner
Managing Director - Investments
Branch Manager
CA Insurance License Number: 0K42043
Senior PIM Portfolio Manager

7 Brown & Howard Wharf, Newport, RI 02840
Telephone: 401-848-9949, Direct: 401-848-3009, TEXT: 401-240-4740
Toll Free: 888-848-9738, Fax: 401-847-0329
Email: Christopher.yalanis@wfa.com
Email: Christopher.yalanis@wellsfargoadvisors.com

View our website:
www.yalanispwmg.com
http://fa.wellsfargoadvisors.com/yalanis-wealth-management-group/