



RICHMOND BROTHERS

Matt's Minutes: March 2023 "Closed Captions"
Watch the video online at: www.richmondbrothers.com

Hi everyone, this is Matt Curfman, CEO and Co-Owner of Richmond Brothers and this is Matt's Minutes for March of 2023. Thank you so much for tuning in. Well, there has been a lot of commotion economically, globally, and inside of the US in March. And so, a couple of the key things that are causing ups and downs in just the overall market and economic conditions, first and foremost, we started the month off with the Federal Reserve commenting that they were not done battling inflation yet. Everyone widely believed that meant they were going to continue to possibly aggressively go after raising that short-term rate. That caused a lot of fear and uncertainty.

As the weeks went by in March, what eventually happened in mid-March was the collapse of SVB Bank out in California, and that was a little bit of a scary time and it kind of took many of us back to that time in the fall of 2008 in the middle of the global financial crisis, and all of the concern and uncertainty back then. This appears to be a little more concentrated and it certainly does have some ripple effects. It sounds like another bank, First Republic Bank, was another very highlighted regional bank that the ripple effects of this played out with.

So first, that Sunday the FDIC Insurance came out and the Treasury came out, and they backstopped all deposits. So deposits mean you had a checking, savings, for example at that bank. And they actually backstopped deposits larger than the \$250,000 FDIC Insurance limits, so that should help continue to add some peace of mind. That is certainly not expected, however SVB was a publically traded bank, so they had stock. So, if you were a stock holder or a bond holder, once the FDIC came in and took over the bank, all of your investment assets would have been completely worthless, just totally void. So, depositors were not harmed. If you were an investor, you very much were harmed in that circumstance.

It appears that because of the inverted yield curve, which means short-term rates are as high or higher than sometimes longer term rates, it's caused a little bit of a chaotic situation there. As that unfolded eventually in March the Federal Reserve met again and they did come out and they did raise the short-term rate, but they raised it by .25%, which is kind of, we feel like, a balancing act on the fence, so to speak. Had it not been for the bank failures, it's probable they would have raised that short-term rate more. But also we need some financial stability and public concern about the banking system is really, really important.

Those are really big things and everyone is wondering is there a banking crisis? Should I be concerned? So, with bank accounts or credit unions, pay attention to FDIC limits. In a credit union it's the NCUA, National Credit Union Administration limits. They mirror the FDIC limits, but just check with your local banks and credit unions to make sure. Generally speaking, the limit you will find is \$250,000 and there's

a way that you can do that per person, between accounts, spouses, but just make sure you check those out if you have concern.

As far as portfolio's go, always really, really important we continue to review your risk scores. We've had a large increasing group of clients that have a lot of interest inside of the smoother ride strategies. Many of you have watched the five video series that I have put out over the last 4, 5, 6 months up through the first quarter of this year. The whole theory and thesis behind the smoother ride is to really say, look we want a different strategy with our liquid stocks and bonds and funds to have some downside protectors inside of there. For example, during the week of the banking crisis a financial sector fund we actually ended up getting out of because it owned a lot of banks and that financial sector got really scary for a period of time. That's just one example I wanted to bring that to light. We've had great engagement and great dialogue and questions with those of you so far that have already moved in that direction, so keep those questions coming. We really appreciate it.

The other thing we're starting to see is as the Federal Reserve has raised that short-term rate, even really safe lower risk score – remember the risk is on a scale of 1 to 99 – so let's say you had a short-term bond fund. Whether it's a Vanguard or a Guggenheim – short duration means low time to maturity – you are seeing gross yields on those funds start to come up anywhere between 3, 4, and maybe 5%. And it's not a specific recommendation for anything, but a year ago those types of funds were paying 1% and money market funds were paying .03%. So, we're starting to see short-term yields be a little bit higher. You'll also see that happening with bank CDs and credit union CDs as well.

Coming up in the month of April if you're local to the Jackson, MI market we're going to have a [shred event](#) for after and around tax season if you want to get rid of a whole bunch of historical documents. We'll have a big shred truck out at the office, so pay attention to those dates. Then just this past week we did host our first Client Advisory Board Meeting virtually. We have clients in a couple of different states who are on the panel this year, so you will start to see their names and profiles come out through our newsletter and also just communication in general and they are the eyes and ears. And our goal is to continue to be better as a firm and as an entity and just continue to create a better client experience, so we take a deeper dive with a small group of clients every year and you will start to see some outcome from some of those as well.

If you have any questions around tax time, I created some separate tax topic videos especially around the topic of a K1 tax form and what does that mean. If you're a client at Richmond Brothers and we use Fidelity, whether you have a qualified or non-qualified – so retirement or non-retirement account – how, where and when do you need to actually pay attention to those K1s. Let us know if anything comes up. We are here to help educate, inform and guide you no matter what the world is throwing in our path. In the meantime, happy hopeful spring to all of you. We appreciate you tuning in. We appreciate you being part of our Richmond Brothers family.

The commentary in this video reflects the personal opinions, viewpoints and analyses of Richmond Brothers employees, and should not be regarded as advisory services provided by Richmond Brothers, and are subject to change at any time

without notice. Any mention of a particular security and related performance data is not a recommendation to buy or sell that security. Investments in securities involve the risk of loss. Past performance is no guarantee of future results.

Richmond Brothers, Inc. does not provide tax advice. Please consult a qualified tax advisor regarding your personal situation.

Sources:

<https://www.fidelity.com/tax-information/tax-topics/ubti>

https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/taxes/form-990-T-fact-sheet.pdf

Research Reports

Richmond Brothers, Inc. is a SEC-Registered Investment Adviser.
3568 Wildwood Avenue, Jackson, MI 49202
www.richmondbrothers.com