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Matt's Minutes June "Closed Captions"
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Hi everyone, this is Matt Curfman here with a Matt's Minutes edition. I'm recording this in the first two weeks of June but covering a little bit of content for May and early June as we get started in the summer. As you can see over here, I can't point quite correctly, my little buddy, Oliver, is in back working on his rawhide and his bone, so he wanted to be part of Matt's Minutes.

I'm going to go over some data points and then I'll have a closing thought as well. But, in general, if you look at market conditions, this is a chart I've been continuing to educate and share with you, and I just wanted to go over the broad benchmarks and say what's happening in the S&P 500, the Dow Jones, the NASDAQ, even Bloomberg U.S. aggregate, which would be a measure of corporate U.S. bonds. And I want to go back in time still about two, two and a half years. So, look at '22, '23, and then year-to-date. This is through midday, June 10th of '24. What you really see is up until the quadrant in the very top right in '24, that's really where we started to see broad markets come up a little bit and actually start to be positive after two years.

And so, when you look at the pink line here, that is the Bloomberg U.S. aggregate. So, bonds are still negative. And we've talked about this before, but we believe bonds will stay down in value while they're continuing to pay off dividends until the Federal Reserve reverses course on interest rates, which we'll talk about that in a little bit, but this is literally a two-and-a-half-year chart of the market. So even though markets are hitting fresh highs, this is what we've experienced as investors. Now, don't get me wrong, coming back above this zero line over two and a half years and continuing to move in that direction this year is certainly positive.

You can see this little blip right here where my mouse is. That was the month of April. So, my last minutes I recorded in May, we talked about storms in the market and that coincided with the spring storms, and that's what we were seeing. So, we're seeing a little bit of recovery coming out of that, and I just wanted to give this perspective. So, in general, what's going on in the world that affects all of this?

We still have higher inflation, and you and I as consumers feel that more in grocery prices, going out to eat, food prices and a lot of times, fuel. Those are things that affect our monthly income. It's not escalating. It's still just staying high. So as a result, the Federal Reserve and their policy on short term rates is they have not continued to raise rates. They've, in fact, lowered them -- I'm sorry they will eventually lower them. They're just keeping them steady for the moment. And so that's good. As far as we're concerned, eventually, if things turn the other direction, they'll start lowering them and that probably will at least initially help the market as well.

But keep in mind when they lower them, they're trying to lower them to cool things off because the economy is getting maybe a little overheated. Corporate earnings are still pretty strong. Most of the companies in the S&P 500 have recorded for the first quarter by now. And those earnings came in very positive according to bull market research, according to Goldman Sachs and a few others.

When you look at equities, stock market versus bond market, that's what we just talked about here on the chart that you see, and we feel pretty positive about that. Now, keep in mind, we're heading into the summer, we're heading into primaries and it's still a presidential election year. So, you may recall from earlier Matt's Minutes that historically speaking, in a presidential election year, regardless of which party gets elected, that there's generally a historically positive momentum and 83% of presidential election years had a positive outcome for the S&P 500, according to multiple research outlets.

So with that in mind, I think, what does this mean to all of you? So, we've been actually working with a lot of you to see on some of your safer holdings, such as your fixed equity index annuities. If there is a chance to refinance or upgrade to try to get you better rates because of what the federal reserve has done. So, we're going to continue to do that throughout the year where we see opportunities and work with you on the positives, the drawbacks, and then what it means if you do make those changes. And then separately in your Fidelity accounts, typically where we take a little more risk or where we have more risk, you know, I think it's a good time to revisit safety nets.

Anytime the market has come up positive, you can own things. But if the market falls off a cliff one day for some reason, which it inevitably will, what safety nets do we have in place? And so those of you that are already utilizing our Beacon or Smoother Ride strategies, remember you can sleep easier at night knowing that even on your equities and your bonds, you have some safety nets in place.

The whole point of that is not to say we can never lose anything. But it's meant to avoid catastrophic or extreme downside. And so, if you're not in those programs yet, but you're interested or you want more information, we'd be happy to continue to talk to you about that on your call with your advisor and we may actually reach out sometime this summer if there are accounts that we think it could make sense based on your own personal risk tolerance. Again, we think safety nets are really important and it's a good time to look at this before things get hairy in the overall markets.

So, we hope you have a great start to summer. I do have some sad news. I've had a lot of people reach out and ask, so I will certainly share, but this is my golden doodle, Parker. Parker just turned 13 in the very early days of June, and unfortunately, very shortly after, we found out had an extreme form of a blood cancer and we laid Parker down to rest just shortly after his birthday. I've had a lot of questions and a lot of nice notes. He has been a big part of my life and a big part of your life through Matt's Minutes potentially. And you've seen him at a lot of events that we've hosted at the hangar or at the Ella Sharp Beer and Wine Festival, for example. So, I appreciate your kindness and your thoughts.

And Parker enjoyed getting to spend time with all of you if you had a chance to meet him. So, I just wanted to share that news. And thank you for allowing me to share that. And I hope that you have a great start to your summer. And we'll continue to monitor things, continue to be in touch. If you have any questions, please reach out to questions@richmondbrothers.com. We're here to help guide you and

support you no matter what the world throws in our path. Thank you for tuning in.

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