Investment Insights

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Our Philosophy **A broadly diversified portfolio gives our clients the best chance to achieve their goals while taking as little risk as possible. However, there are fundamental economic realities that warrant consideration as we construct and modify portfolios.**

Assumptions & Outlook

- The Russian invasion of Ukraine continues to create uncertainty in global markets.
- The Federal Reserve may raise rates at one of its final meetings in 2023 even though inflation continues its downward trend.
- The yield on intermediate term bonds has increased and some bond traders are forecasting interest rate cuts late in 2024.
- As of September 30, 2023, our Circuit Breaker is showing a "Normal" sign, with the closing Index value 2.6% above an "Underweight" signal.
- Inflation is moderating but continues to be above the 2% Federal Reserve target.
- Many analysts are forecasting a recession in 2024.
- U.S. Government signed a funding bill to keep the government open for 45 days. It is unknown what will happen after this.

Portfolio Implications

- For clients in the distribution phase, we will continue to review and manage an appropriate level of reserves (i.e. bank cash, money market funds and high quality bonds).
- One benefit of a rising interest rate environment is cash positions are now paying a meaningful yield of about 5%.
- For clients in the accumulation phase, rebalancing your portfolio to ensure you are aligned with your target allocation may have merit.
- For clients in the distribution phase, it may be advantageous to hold a little extra money in their Money Market funds.
- Our investment policy provides the framework and discipline for making investment decisions. We continue to invest globally, in both stocks and bonds.
- Rising interest rates will lead to higher bond yields which should help the total return of bond holders in the intermediate and longer term.
- During market corrections, it can be a good idea to consider reducing discretionary spending to help with investment sustainability.

As always, thank you for your trust and confidence.