



PHRONESIS

WEALTH MANAGEMENT

phronesis [froh-nee-sis]: From Greek phrónēsis meaning “prudence, practical virtue and practical wisdom. It implies both good judgement and excellence of character.”



CLIENT CONNECT

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DEAR CLIENTS,

I hope the summer heat did not keep you from enjoying the outdoors. For my family and me, we used a portion of our summer to visit Italy. We spent it with family and friends as we celebrated my mother and father’s 60 years together. 60 years seems like a long time, but if you ask my parents it went by very fast! I guess that is no different than how many of you feel. Time is flying by very fast.

I think it’s probably fair to say that many of my clients who invested with me prior to the 2008 and 2009 banking failures, or prior to the 2000 dot-com collapse, realize that it’s been 15 years since the last major prolonged downturn in the markets. Wow, time flies. But how does this relate to today’s market?

As many of you are finding out, I am pleasantly surprised about the resiliency of the US stock market in 2023. But is it good news that you only lost the basketball game by five points instead of 10 points or if you are expected to lose by three goals in a soccer game and you only lose by one, is that good news? Apparently so for most investors today.

You see all the major leading economic indicators are pointing to a declining economy and increased risks. Yet the stock market continues to climb. Is this a repeat of the dot-com era or the real estate collapse? I remember investors were expecting no less than 20% per year investment returns in the late 90s. I remember those same investors stating that it was a new era and even though stocks were trading at the highest levels ever those investors believed even better times were ahead. Similarly in the great run up of real estate prices from 2002 to 2008, I heard investors claiming you can’t lose money in real estate. That, even if the bubble burst, you could sell for at least what you paid for your investment, or you can rent the place. But when the economy bursts there are no renters to rent, or buyers to buy. I know a lot of people lost a great deal of money believing in the hype.

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Like the dot-com and great real estate run I know I don't want you or I to be caught up in all the hoopla or hype of today: AI. I do believe artificial intelligence will change the world similar to how the internet did. And it is part of the reason why we are seeing the market climb today. You see, investors want to be the first in the market. And AI is helping to drive that craze. But remember the lessons of the dot-com and the real estate eras. It is not important to be first, *it's important to be right*. In other words, it's not about chasing returns, it is about making good long-term investment decisions.

This is why the team here at **Phronesis Wealth Management** still believes that a recession or volatile market should occur within the next 3 to 12 months. Yes, most financial professionals expected steeper declines in growth rates and earnings. And so far, they have not been as deep or as violent as we had expected. But I go back to my first question... is that a win? Is that a positive sign? *Again, losing by less is still not a win.*

So today I believe the fascination with artificial intelligence is helping delay the inevitable, and that is the economy is still in decline.

We here at **Phronesis** are not predicting immediate failures or even a downturn as volatile or as massive as the dot-com bust, or the real estate collapse. However, it is truly prudent of me to continue to let you know that we still expect a rough ride over the next year. At some point in time, we believe investors will not have the resources to continue to be buyers in a declining economy. And as such we do believe a correction is forthcoming. But defining when it occurs is impossible.

As such, earlier over summer we decided to become even more conservative overall in our models. If the markets continue to rise, our models will not rise as quickly. And again, because we cannot predict the timing, we remain invested in equities, but now in a slightly more conservative position.

Our allocations may change again depending upon what leading economic indicators suggest. But for now, please be patient. Those individuals who have stayed invested throughout these poor and unfavorable economic conditions have been rewarded long-term. I believe you will be rewarded, too.

Moving away from the economic data, I want to introduce everyone to **Kenneth Pumphrey**. Ken is the newest member on the **Phronesis Wealth Management** team. He comes in with over 17 years of experience with the last 7 being with LPL Financial. He brings a wealth of knowledge and experience with him. Please join us in welcoming Ken to the team!

As a reminder, **Phronesis Wealth Management** is continuing to grow. We continue to add talent and are here to help you continue to pursue your vision of financial success. We also look forward to helping your family members, co-workers, or your closest friends. *Please don't keep us a secret.*

All the best,
Richard

QUOTES & JOKES...

"It's not whether you get knocked down, it's whether you get up."

—Vince Lombardi

Q: What is red and smells like blue paint?

A: Red paint.



**Do you know
someone who
could use
our expertise?**

Whether it's a business owner or an individual whose financial needs are anything but simple, we'd be thrilled if you made an introduction.

PHRONESIS NEWS:

NEW DIGITAL SERVICE AND STATEMENT ENHANCEMENTS

Coming to a computer or smartphone near you this fall is a completely new and revamped digital experience. The Digital Gateway Experience is a personal account summary that is separate from Account View. There will be a quick and easy set up to follow to get you started which will offer a more dynamic experience and provide information outside of your statements. Thanks to a recent redesign, client statements should be easier to read and understand. Statements will offer a clear representation of quarterly and year-to-date values. For those who still prefer monthly statements, please contact the office. Stay tuned!

PHRONESIS SERVICE MEETINGS IN 2024

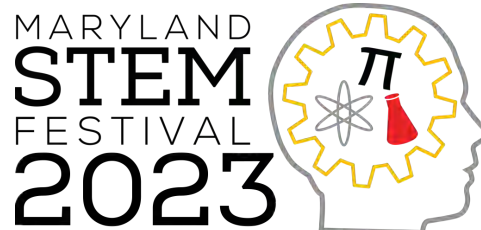
You may notice a change in your service meeting months next year. One of the new enhancements to our service delivery system is to now schedule clients with similar needs in a potentially more appropriate month. For example: clients who are required and prefer to take their Required Minimum Distribution (RMD) from their IRA(s)/retirement accounts early in the year will be scheduled in the first couple of months of the year. Clients with Beneficiary IRA distributions will also be scheduled in the first few months of the year. Clients who contribute to their SIMPLE or SEP IRAs will be scheduled closer to the tax deadline. These are just a few of the parameters we are using to streamline our service process, and to deliver timely advice when you need it most. Of course, if the month, day, or time that we “preschedule” your appointment is not convenient for you, just let us know and we will work around your schedule as best we can.

GIRL STEM-POWERMENT

THURSDAY, OCTOBER 26

The team at Phronesis is thrilled to support and be a GOLD Sponsor for this year’s Girl STEM-Powerment event hosted by the Maryland Tech Council Chesapeake Regional Chapter, Maryland STEM Festival and Anne Arundel Community College. This FREE event is to encourage area middle and high school girls to follow a STEM path. STEM careers are referred to as the jobs of the future, yet according to the UNESCO report, ‘Cracking the Code: Girls’ and Women’s education in STEM’, only 35% of STEM students in higher education around the world are women. Additionally, fewer US students than ever are seeking out careers in science and technology

Girl STEM-Powerment is being held on Thursday, October 26 from 6:00PM-8:30PM at Anne Arundel Community College’s Health and Life Science Building on College Parkway in Arnold. This fun family-friendly event will host a variety of presentations and discussions from female STEM professionals and college students along with informational booths from various science, technology, engineering and mathematics organizations including US Space Force. 2023 Miss Maryland, Taylor Kennedy, will be headlining a panel discussion regarding why girls should pursue STEM careers.



HOW CAN WE HELP?

If you are not getting the best level of service, you should be! Please reach out to us immediately if you have any questions or concerns.

In which summer did the music festival Woodstock take place?

A. 1966 B. 1965 C. 1969 D. 1967

The first person to email team@wearephronesis.com with the correct answer will win a \$25 Amazon gift card.

The answer to our last trivia question “How large is the Naval Academy campus in Annapolis, MD?” is D. 338 acres.



CLIENT APPRECIATION CRAB FEAST 2023

What an amazing turnout for this year's client appreciation crab feast at Fisherman's Inn & Crab Deck on Saturday, September 9th. Please visit our Facebook or Instagram pages for more photos!



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