

Financial FOCUS

The Porath Howard White DeBeau Group

QUARTERLY COMMENTARY

≡ Providing focus and clarity to your financial picture.

Advanced Planning

≡ This past month marked the one-year anniversary of the beginning of the Federal Reserve interest rate hikes for this cycle. It is the fastest tightening cycle in Fed history with an average hiking cycle taking twenty-one months to accomplish percentage-wise, what the Federal Reserve has in the last twelve. Fed actions taken to catch up from now-debunked "transitory" inflation have created concerns for borrowers; as their cost of borrowing money rises rapidly, and for lenders as they reevaluate their current lending standards and quality of loans outstanding. It feels appropriate to quote comedian Steven Wright who once said, "if you think that nobody cares about you, try missing a couple of payments".

Our gut and experience tell us that higher borrowing expenses and tighter lending will continue to create momentary liquidity concerns as lending capacity is potentially diminished at precisely the time that growth companies need access to capital. Not expecting a full blown "run-on-the-bank" scenario where all backstops are employed to ebb the "crisis", rather, pockets of liquidity stress in specific sectors that need to be worked through. Unfortunately, we don't know where and when these situations will occur. Which leads us to skew portfolios toward high quality, strong balance sheet companies and their bonds and stocks, while accepting that in any market there are pockets of growth that surprise us to the upside.

- Sam

INVESTMENT CONSULTING

≡ As there are many issues facing the economy and the market, the level of caution and concern of investors is understandable. Inflation is the largest concern, mainly because it negatively affects nearly everything in our economy. Corporations and individuals alike are forced to make decisions determining what items or projects can be scaled down, saved for later, or perhaps eliminated. All of this leads to a slowing economy which will eventually slow inflation. We are now in our second year of declining earnings for corporations, although they are still positive. Not to oversimplify, the main drivers of rising costs and inflation appear to be an insufficient energy supply, government spending, and a labor force too small to meaningfully improve our domestic supply chains.

Even with all the challenges noted and more including talk of a pending recession, the S&P Index finished ahead 7% for the first quarter. In addition, growth stocks meaningfully outperformed value stocks. Stocks of companies who provide products and services that improve efficiency or reduce costs can perform well relative to the broader market in a slowing economy.

We always attempt, especially in uncertain times, to help keep things in proper perspective with a long-term view. In that vein, when the pandemic started in February of 2020 the S&P closed at 2954. In February of 2023 it closed at 3970. That represents a 34% increase or approximately 11% annually. I believe this speaks to the resiliency of the market.

As always, please do not hesitate to reach out to us if you have questions regarding your plan.

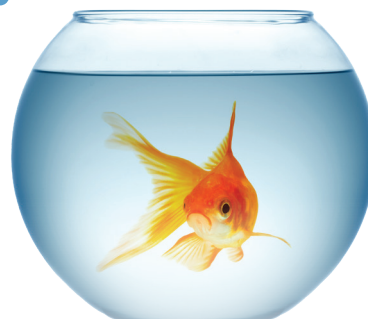
- Dave

RELATIONSHIP MANAGEMENT

≡ Phishing...

7 things to keep in mind when receiving emails.

1. Who is the email from?
2. Who is the email addressed to?
3. When was it sent?
4. What is the subject line?
5. Are there attachments?
6. What is the mail about?
7. Are there any hyperlinks?



Want to read more? Please see the Baird article, "Gone Phishing", at www.bairdwealth.com. Stay electronically safe and healthy!

- Teresa

≡ College Savings Day – 529 - 5/29/2023

Accounts commonly referred to as "529s" are College Savings Plans. This type of account allows participants to save on behalf of a designated beneficiary for Qualified Higher Education. The advantage of 529 accounts is that the investment grows tax-deferred, and distributions made for qualifying expenses are federally tax-exempt. This can be a great way for parents and family members to build up resources for college costs. In 2023 the average annual cost to attend a 4-year public institution was \$23,250 and \$53,430 for private colleges and universities.

Please view the link for additional resources.

[CLICK HERE!](#)

- Brian

ON THE HOME FRONT

≡ With April 28th being the 2023 state of Michigan trout opener, Sam has been working hard on getting his fly box full. This is the "JM Minnow", a shad/shiner imitation that he created to fool aggressive trout or smallmouth alike. Tight lines!"



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JG2023-0420

Each quarter our team strives to provide timely updates and actionable ideas in the areas of; **Advanced Planning, Investment Consulting, and Relationship Management** with the goal of helping clients grow their wealth.