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Pearsall Wealth Management

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April 2023 Pearsall Wealth Management Newsletter

<u>Index</u> ¹	<u>Jan. 2023</u>	<u>Q1 2023</u>
S&P 500	6.28%	7.50%
Dow Jones Industrial Average	2.93%	0.93%
Russell 2000	9.75%	2.74%
MSCI EAFE	8.11%	8.62%
Barclays Aggregate Bond	3.08%	2.96%
US Treasury Bill – 3 month	0.34%	1.09%

Thomson Reuters via UBS Portfolio Management Report performance data as of 03/31/2023

After a nice rally in most asset classes in January, prices softened mid February through the end of the quarter in several asset classes as inflation stayed higher than had been projected, and the Fed reiterated that they would continue raising interest rates as long as they felt necessary. As you may recall UBS had projected that the Fed would likely pause after the March rate increase earlier in the year; we now see another rate increase in May². This remains very data dependent, and a significant softening of inflationary pressures may cause the fed to change course earlier, or conversely if inflation stays strong they may continue tightening. Turmoil in the banking sector also roiled markets in March, and likely complicated the Federal Reserve's interest rate discussions³.

So where might we go from here? Thankfully after a rough year last year most asset classes are rebounding a bit, and we see that continuing, especially in fixed income and overseas markets. UBS continues to favor investment grade and municipal fixed income (bonds) and emerging market equities⁴. We expect inflation to continue to slow, and the federal reserve may pause their rate increases after the May meeting, though financial conditions may continue to tighten as past fed action begin to impact the economy⁵. Unfortunately, at this time we suspect a ceasefire in Ukraine will likely continue to remain elusive. Should a ceasefire or other deescalation occur the markets are likely to move higher⁶.



Making lemonade from lemons With interest rates having increased significantly by the Federal Reserve in response to inflation, in addition to fixed income having more attractive yields than last year cash and cash equivalents are also worth taking time to review. Savings account yields have increased considerably from a year ago, including in the UBS Core Savings – please see the attached / enclosed informational sheet. Current rates for Core Savings, as well as various cash account programs are available at <https://www.ubs.com/us/en/wealth-management/misc/account-sweep-yields.html>. That said, as Chief Investment Officer of UBS Global Wealth Management Mark Haefele noted in this month's House View Letter "*History has taught us that for well-diversified investors, the greatest threat to real wealth tends not to come from being invested through periods of short-term volatility, but from being under-invested in the long term. Tactically we see a higher probability that central bank hiking cycles will end sooner. We therefore think it's time to increase exposure to bonds, which we upgrade this month to most preferred. We see high-quality fixed income as attractive given decent yields and the potential for capital gains in the event of a deeper economic slowdown. Investors holding excess cash should consider opportunities to lock on today's yields within the asset class.*"

As Benjamin Franklin famously noted, "...in this world nothing can be said to be certain, except death and taxes." As you've likely filed your taxes by now I encourage you to read the attached / enclosed report from our Advanced Planning group on the former topic, providing an overview of estate planning. It is common that as life changes occur the last thing we think about (or want to think about!) is updating our estate planning documents. If you haven't reviewed your will in several years I encourage you to do so. I know creating or reviewing your will is likely on the very bottom of the list of things you want to do, but having everything in good order will make it much easier for those you leave behind.

From Melissa-

Savings Are you confident you're saving enough for the future? No matter what phase of life you are in, good money management practices can put you on the path toward pursuing short term and long term financial goals.

For the majority of the American population, Social Security alone will not be enough to fund retirement, as it typically only replaces 27% – 40% of an individual's earned income.⁸ Many defined benefit plans (a.k.a. pensions) are a thing of the past in most industries. It's never too late to start saving. In my experience some of the most successful savers follow these key steps:

- Assess your current financial situation
- Make a plan and set goals
- Build a budget and have spending plan



- Make savings automatic
- Have an emergency fund
- Use credit wisely
- Check in by watching your cash flow
- Educating yourself on retirement solutions available
 - 401ks for the working individuals
 - Individual retirement account (IRAs and Roth IRAs) for anyone with earned income
 - Health Saving Account- to pay for current and future health care expenses

If you need help figuring out if you're saving enough and/or need help coming up with a plan to do so, please reach out to us. We would love to help make sure you're on the right track.

Account Protection at UBS We deeply value the trust you place in us and our ability to help you grow and protect your assets. We feel confident that your UBS Financial Services Inc. account is one of the safest places to hold your assets. Your account is protected in a variety of ways that all work together to give you confidence in the safety of your assets, including the:

- Financial strength of the parent company, UBS Group AG.
- Control policies and procedures employed across all our organizations to segregate customer assets.
- Protection provided by the Securities Investor Protection Corporation (SIPC®) and our supplemental insurance policy.
- Eligibility of Federal Deposit Insurance Corporation (FDIC) insurance for UBS Bank USA deposit accounts.

In response to the recent volatility in the banking sector we sent out an email on March 14th with more details on this and how UBS protects your assets. It's important to understand how your financial accounts are protected, whether they are at UBS or other financial institutions, so if you have any questions or would like us to print the details for you please reach out, your peace of mind is a priority for us.

UBS Mobile App Even though I work here at UBS and can bring up my own accounts in just a few seconds, I still use the UBS Mobile App several times per week. Here are a few of my favorite features :

1. The number one feature I love is definitely **Mobile Deposit**. Just a few quick clicks and I can make easy contributions to my accounts.



2. **Electronic Funds Transfer Service-** you can now set up the ability to move money in and out of UBS by linking your outside bank accounts. There are some types of managed accounts this won't work for, but if you think this is something that might interest you let us know and we can walk you through or share a quick tutorial video on how to set it up.
3. **Statements-** new for this year is the ability to download your statements and tax forms that previously you could only do on a desktop site.
4. **MyTotalPicture-** I link all outside bank accounts and any liabilities to my UBS Online Services. It gives me a quick net worth figure and also lets me see trends and progress.
5. **QR Code for Desktop login-**increased security and no need to remember another password.

From Tara-

Online Services QR Code for Mobile App: As Melissa stated above, using the UBS mobile app allows you to use a QR code when logging in to UBS Online Services on **your computer** instead of a username and password. This enhances security by using biometrics from the mobile app to log in to UBS Online Services website. Download the UBS app on your mobile device, log in using OLS credentials, enable biometrics and allow notifications. Open UBS

Online Services on your computer:

- a. Select sign in with QR Code
- b. Open UBS Financial Services app on your mobile device
- c. Tap the QR code scanner on the top right
- d. Scan the code and just like that you are signed in.

If you any questions about this process please give us a call and we would be happy to walk you through it.

IRA contributions-If you are eligible to make IRA contributions and would like to set up automatic monthly contributions to spread it out for the current year please give me a call and I would be happy to set that up for you. I will send you an Electronic Funds Transfer form to sign which you will send back along with a voided check from your banking institution.

Best wishes for a great spring,

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We are providing the descriptions above to help you understand services or products we may make available to you, or factors that you should generally consider when deciding whether to engage in any transaction, service or product. Please note that it is important that you evaluate this material and exercise independent judgment when making investment decisions. This information, including any description of specific investment services or products, is marketing material and is solely for the purposes of discussion and for your independent consideration. It should not be viewed as a suggestion or recommendation that you take a particular course of action or as the advice of an impartial fiduciary.

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¹ Thomson Reuters via UBS Portfolio Management Report performance data as of 03/31/2023

² US Economics Weekly, The FOMC signals the end is near, Global Research and Evidence Lab, March 24, 2023

³ Financial system stress adds to risks, US Economy, UBS Chief Investment Office GWM, March 20, 2023

⁴ UBS House View Monthly Extended April 2023, Chief Investment Office GWM Investment Research

⁵ UBS House View Monthly Letter March 23, 2023

⁶ UBS House View At a Glance, March 27, 2023

⁷ [https://en.wikipedia.org/wiki/Death_and_taxes_\(idiom\)](https://en.wikipedia.org/wiki/Death_and_taxes_(idiom))

⁸ ssa.gov. Social Security Administration website

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