



Our vision...

To be a financial services team as distinct as the people we serve, transforming lives, businesses and communities through the power of personal relationships and professional advice.

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FROM JIM'S DESK: 7/27/22

We sure hope this newsletter finds you doing well health wise. Unlike last year at this time, I did not know anybody that had Covid, now just about everyone I know has it or just had it. Thankfully the new variants are less severe though much more contagious. The pandemic continues to weigh on the world!

Interesting to me, many more of our clients are talking about the spike in inflation and its impact. Inflation is definitely too high. Let us briefly discuss this. First, in economics 101 you learn that when you have high demand for goods and services but are short of supply, you set the stage for inflationary pressures. Well, we certainly have that. The pandemic caused people to save a lot of cash and they want to buy stuff but there is not enough stuff!

Let us be clear, there are a number of factors that have exacerbated this situation. It is no one thing, no one country, no one person; but things tie back into good old supply and demand. We have had and still have supply chain disruptions including the war in Ukraine, lack of labor, tariffs, shut downs, governments around the world pumping in money to prop up their economies along with droughts of historic proportions. By the way, though impossible to prove, I do not think anyone would want to see what would have happened if governments did not infuse huge amounts of capital into the world. Did they do it perfectly, far from it- but I believe we would be in a far worse position without it.

On top of this, we heap on the fourth best year in the history of the stock market in 2021. One more factor setting us up for a lousy market in 2022. When we go up so far, even

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FROM TRACY'S DESK: Financial Literacy

In just a few short weeks school will begin and another group of young men and women will be preparing for the next stage of education in college, technical schools, or many other career choices. In this newsletter, we wanted to give you a look into what our school system is doing to promote financial literacy for its students. It's long been recognized that financial literacy has not been a focus in our educational system, and I was pleased to see that the state of Florida will make that more of a focus for high school students.

The fact is many adults seem to be missing some of the basics of financial literacy. Of course we could all use some additional education in many areas, but we do find that in our meetings we spend a good deal of time educating our investors. We think this is one of the most important things we can do in our relationship with clients and are eager to help fill in the gaps. One common misunderstanding that has been highlighted in this most recent economic cycle is the relationship that interest rates have on bond values. Although this is not the format to go into detail on many of these topics, I will mention just a few that have come up over the years that I think we can help with.

Interest rates. Many bond investors have been surprised to see their fixed income values go down in these recent months as interest rates have risen. The relationship that bond values have with interest rates is not often understood.

Taxes. Are you really aware of how much you pay in federal income tax? Do you consider yourself someone who does not pay taxes because you get a refund? Have you really looked at a summary of tax return to see how much you paid in taxes as a percent of the taxable income that you have? This can be useful when making investment decisions. Sometimes we become very sensitive about taxes when in fact that number may play a much smaller role than we realize.

Inflation. Most of our clients are pretty good at managing their budget and understand banking and credit. But have they really factored in the impact of inflation? How do we plan for our needs tomorrow with this in mind?

All of these things can be factored into our financial plan both with historical knowledge, and with some sophisticated software that we use to model these variables going forward. I hope you enjoy reading Laura Wingate's interview, and should you have any questions, please reach out to us so that we can help you fill in your knowledge gaps so that you can become a more well-rounded investor.

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COMMUNITY SPOTLIGHT: *Q&A with Crystal River High business teacher Laura Wingate*

Earlier this year the state of Florida moved to make a class in basic financial literacy a requirement to graduate from high school. Laura, you have been advocating for this for a while haven't you? Absolutely, I've been begging the state for years to get this class. I have a BS in Business Education with an emphasis in



Accounting, and I think that it's long overdue. It's extremely important to tie personal finance to the economics class; kids like this. They want something they can use every day in their life.

So what have you been doing to move this effort forward? I started my own curriculum a couple of years ago. There were no books or plans. I just searched for the standards, bought some videos and made notes. Eventually I created sections and presented them to the kids in easily teachable units. They include credit, savings, investing, banking, budgeting, careers, taxes, and insurance. I teach using my personal financial information as much as possible. The students look at my financial goals, statement of net worth, budget, investment portfolio, credit reports, credit card statements, insurance policies, will, trust, medical documents, pay checks, and tax forms. As often as possible I bring in a guest speaker to talk to the kids about the real life application of this. I also think that it helps to build community relations when the kids see these experts in person. These are people that hopefully the students will feel a connection to and will be comfortable reaching out with questions and follow up and the move on in life.

It's only been a couple of years since you've done this formally, but do you have any success stories? There were a few kids that actually started investing with the assistance of adults in their own families. I especially am excited to see that some kids are beginning to talk about money in their own terms. Early in the year, they really don't have much to say, but by the end of the 18 week program I can see that they are more comfortable and confident talking about money. By the end of the class most have at least opened a savings and/or checking account and are beginning to save and manage their money.

Tell us a little bit about your start as an educator. I started teaching in 1987. I was a Business and Accounting teacher in Michigan for five years. I also spent two years as an administrator in middle and high school, but I really wanted to be with the kids. Twenty eight years ago I moved to Citrus County, Florida and continued my teaching career.

I understand that your involvement with students doesn't end in the classroom. That's true. I also have coached varsity softball, basketball, and weightlifting, and I was also an official for softball and volleyball. I am starting to volunteer more these days: kids triathlons, road races, adopt-a-highway.

Clearly athletics is part of your life. What do you do in your spare time? In 2010 I started running, and in 2011 I participated in my first triathlon. I have completed numerous road races and almost 100 triathlons. During a 5K race in my hometown, I was hit by a deer. We both went down, both got up, I finished 1st in my age group, and I completed a triathlon the next day (not sure where the deer placed)!

In addition to all that you do for your students, what other things are important to know about Laura? In 2005, I became nationally board-certified and this is a rigorous accomplishment as a teacher. I love spending time with my family and friends. I enjoy being outdoors. My motto is: work hard; play harder!

FROM NANCI & KRIS: *Evacuating for a storm or fire? Have these documents ready.*

Preparing for an unexpected storm or fire can help protect both your personal and financial well-being. Consider these recommendations for protecting important documents and making a swift, safe evacuation.

Saving your documents: If a fire, hurricane or other natural disaster occurs, the documents needed to rebuild your life should either be with you or stored somewhere safely out of harm's way. Waterproof, fireproof safes offer protection for your most important items, offering a level of security in the event of a last-minute evacuation. For disasters that can be forecasted further in advance – think weather-related events like hurricanes – it may be beneficial to take important papers with you. While many of the documents below can be replaced, keeping them safe will make insurance claims and other recovery activities easier. Consider bringing:

- ◆ Identification: passports, immigration papers, military discharge papers, immunization records, Social Security cards
- ◆ Family records and certificates: birth, adoption, marriage, divorce, death
- ◆ Home and vehicle: deeds, titles, registration, loan papers
- ◆ Planning documents: wills, trusts, powers of attorney, healthcare directives
- ◆ Insurance information: health, life, home, vehicle
- ◆ Consider placing them in a three-ring binder with pockets for easy portability, and store within a water resistant bag. Waterproof and fireproof boxes are usually quite heavy, but a heavy-duty waterproof bag from a sporting goods store or large, re-sealable plastic bag can serve as a lighter alternative.



Preparing your emergency bag: Proponents of preparedness recommend keeping a small bag packed with essentials for a quick escape. Your emergency bag should remain ready to go at all times, ideal for an unanticipated evacuation. Your water resistant duffel bag or knapsack can include items such as: your documents binder; photos or video of your property for later insurance claims; safe deposit box key, if applicable; notepad and pen flashlight; small first-aid kit; bottled water and nonperishable snacks; and extra re-sealable bags.

An additional "quick grab" list will ensure you won't forget items that would be inconvenient to keep in your emergency bag at all times. Examples include: backup of your computer, especially if it stores personal information; cash for food and gas, as ATMs may not be in service; required medications; and phone or tablet and chargers.

Planning for pets: If conditions are unsafe for you, they're unsafe for your pets as well. Research in advance which public shelters, lodging facilities or kennels can take care of your pets if you're unable to bring them with you during an evacuation. If you have an exotic pet, try contacting local pet stores or zoological gardens located in a safe area. Your local SPCA or other pet-oriented organization can also likely provide information. Additional steps include:

- ◆ Making copies of your pets' updated immunization records
- ◆ Filling out a pet ID card with a recent picture, description, contact information, medical details and care instructions
- ◆ Compiling a kit with items like collars, leashes, medications, food, water, treats, toys, litter/pans, first aid supplies, and carriers
- ◆ Depending on the type of natural hazards your area is prone to, additional provisions might be needed. But regardless of the particular peril, these precautions can provide a greater sense of security in the face of an unexpected disaster.

FROM AMY'S DESK: *The benefits of investing with intention*

\$111 million and counting. That's how much tennis superstar Serena Williams' venture capital fund raised to invest specifically in founders with diverse points of view. Serena Ventures actively invests in a growing portfolio of more than 60 companies that align with the angel investor's broader goals, including elevating women-owned businesses. Williams has been interested in investing and tech, in particular, for a while but was blown away when she learned that less than 2% of venture capital went to women.

Of course, you do not have to be a mega-celebrity to effect change on a broader scale. Specialized strategies, many firmly rooted in what's known as sustainable investing, can elevate any portfolio. Ultimately, investing and philanthropy are calculated exercises of hope that tomorrow will be brighter than today. Sustainable investing takes that idea even further, using vehicles designed to purposefully and intentionally make a positive impact in the world.

Often referred to as ESG investing for the criteria on which companies are evaluated – environmental, social and governance – sustainable investing considers that progress toward solving global challenges such as climate change, social inequality and unethical business practices can be made by investing in companies and enterprises that promote sustainability. It's a conscious approach to align your personal values with your portfolio. In short, it's putting your money where your mouth is.

A spectrum of strategies: Each sustainable investing approach aligns with different motivators and options on how to implement it in your portfolio. The exclusionary approach, for example, helps you avoid investments that don't align with your values or standards. Options include funds and ETFs available that seek to adhere to religious values, or avoid tobacco producers and weapons manufacturers, or classify their holdings as "fossil fuel free." Other approaches to sustainable investing focus on achieving a net-positive global impact alongside a financial return. To achieve change, many foundations and family offices are establishing funds that support local economic development and social impact missions across the globe, like a 2016 impact investment in Civic Builders that built a new school to serve a city in financial ruin with a 29% poverty rate. Or an investment in funds that build affordable housing for people with disabilities. Impact investing ranges from grant support to private equity, with liquidity risk and return potential varying dramatically.

From exclusionary screening to impact investing, and many other strategies, sustainable investing can take on a form that fits your financial and sustainability goals. Some look at integrating ESG factor analysis into the investment selection process as an additional layer of due diligence to vet how sustainable the company will be in the future, and therefore how well it will perform in a changing world.

As the sustainable investing space evolves, investors of just about any net worth have more opportunities to create positive social or environmental impact and achieve long-term financial goals. Some of these opportunities have arisen in the alternative investment space, where debt and equity investments can be used to create positive impact. Many alternative investments, including venture capital, private equity, real estate and lesser-known assets such as farmland, were formerly out of reach for many individual investors, due to high minimum investments. However, technology has made alternative investments more accessible. Of course, you'll want to weigh the risk/reward tradeoffs before diving in.

Change makers: Sustainable investing allows you to invest in companies and initiatives making a positive impact in the world. It's an approach that considers not only a firm's bottom line, but the way the company gets there, achieving global goals beyond growth. There is no "one size" approach, but we can help you find a particular strategy that aligns with your goals and the impact you seek to make, whether you're concerned about diversity and inclusion in the workplace, desire to level the playing field when it comes to social inequality, want to contribute to the transition to clean energy, or seek to promote data privacy. It's about aligning your investments with the causes you're most passionate about. Working closely with us, you can tailor a sustainable investing portfolio of any size to promote the kind of world you'd like to see. Here and now.

Sustainable investing may incorporate criteria beyond traditional financial information into the investment selection process. This could result in investment performance deviating from other investment strategies or broad market benchmarks. Please review any offering or other informational material available for any investment or investment strategy that incorporates sustainable investing criteria, and consult your financial professional prior to investing. Sources: Morningstar, "2019 Morningstar Sustainable Funds U.S. Landscape Report." 2019; Eccles, Robert G. and Ioannou, Ioannis and Serafeim, George, "The Impact of Corporate Sustainability on Organizational Processes and Performance." (November 23, 2011). Management Science, Forthcoming; Global Sustainable Investment Alliance, "2018 Global Sustainable Investment Review." 2018; nytimes.com; pbs.org; U.S. SIF Foundation, Report on U.S. Sustainable, Responsible and Impact Investing Trends, 2018 Biennial Report; 2018 Global Sustainable Investment Review; CNBC; MSCI; Global Impact Investing Network; worth.com; nerdwallet.com

JIM'S DESK: *continued*

without a spike in inflation, the market will correct. But wait, there's more. What do government central banks do when inflation rears its head? Raise rates. And what are the two primary factors that influence stock prices? Interest rates and earnings. Earnings continue to appear to be okay overall, but rising interest rates are a strong negative on stock prices. Oh, and rising rates are also a strong negative on bond prices. When have we seen stock prices and bond prices down over 15% at the same time? Answer is NEVER! Cash and cash equivalents continue to return close to zero, a sure recipe for long-term failure to keep up with the cost of living (inflation) and taxes! The only area of the economy to keep up this year is real estate, but interest rates are starting to impact this fourth area of the economy as well, as expected.

When there is no place to have been, what is an investor to do? I will spare you the mantra of "buying low" and give you some food for thought going forward (and we will go forward). Remember, and this is critical, the markets are predictors. Markets are not the economy, rather, they are forecasting what is going to happen 6 to 9 months out (and they have historically been good at it – not perfect). Most economists and money managers contend the markets have already priced in a recession. I do not think we are in a recession but will probably get there – but again, it is likely priced in already! Could it be worse or better than the markets have priced in – of course.

A quick sidebar here, the rule of thumb is that two negative quarters of GDP constitute a "recession." Ladies and gentlemen, it is a rule of thumb, not a definition. So if on the 28th of July we get a negative GDP, I don't think we are in a recession yet; but you can be sure some will jump on it and call it a recession either because of political expediency or they don't know what they are talking about.

Back to the markets, some "green shoots." There are some signs that inflation is abating. The one everyone points to- gas prices have come down by about 20% rather quickly, depending on where you live. I would like to advocate all gas stations post this near their signs: "gas prices reduced 20%." There are some serious talks about reducing reciprocal tariffs with some bipartisan support, which could unlock some of the supply chain impediments. Countries are not currently pumping money into their economies, which can also reduce inflationary pressures.

Finally, there is not an individual alive that is 18 years or older who hasn't been through a recession. They come, they are painful, and they go away! This will pass, though no one can tell you when. When it passes, if you are an investor, you want to be there. I will leave you with the thoughts of two legendary money managers. Sir John Templeton said "The 'this time is different' statement is very dangerous." This summer Ron Baron of the Baron Funds renown said "The markets have given us an opportunity of a generation." I do not know if Ron is right but who am I to argue with Ron Baron!



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SAVE THE DATE

- September 1: **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- September 5: The office & markets will be closed in observance of **Labor Day**.
- September 12: **Market Update Webinar** with Chief Investment Officer Larry Adam & other Raymond James investment thought leaders, 4:00pm (replay available).
- September 16: **Casino Night** to benefit Jessie's Place, 6:00-10:00pm, Citrus Hills Golf & Country Club, Hernando.
- September 17: **Royal Run 5K, 1 Mile Walk & Kids Fun Run**, 7am, Citrus High School, Inverness.
- September 24: **Chamber Business Expo**, 9am-1pm, Depot Pavillion, Inverness.
- September 30-October 3: Friends of Citrus County Library System **Fall Mega Sale**, Citrus County Auditorium, Inverness.
- October 6: **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- October 13: **20th Annual Steak & Steak Dinner** to benefit Boys & Girls Club of Citrus County, 6:00-10:00pm, Citrus County Auditorium, Inverness.
- October 22: **7th Annual Halloween Ball** to benefit Citrus County Blessings, 6:00-10:00pm, Right Rudder Aviation, Inverness.
- October 28-30: **Inverness Country Jam**, featuring music, food trucks & festival vendors, 4:00-8:00pm, Liberty Park, Inverness.
- November 3: **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- November 5: **Lake Hernando Dragon Boat Festival** to benefit Citrus County Education Foundation, 8:00am-5:00pm, Lake Hernando Park, Hernando.
- November 11: **Happy Veteran's Day** to all our veterans. Thank you for your service.
- November 18: **Foundation Fest** featuring celebrity bartenders, live music, food & silent auction to benefit Citrus County Education Foundation, 6-10pm, College of CF, Lecanto.
- November 19-20: **Festival of the Arts**, 9:30am-4:30pm, Downtown Courthouse Square, Inverness.
- November 19: **Women of Sugarmill Woods Fashion Show** to benefit local charities & students, 11:00am, Citrus Hills Golf & Country Club, Hernando.
- November 24: The office & markets will be closed in observance of **Thanksgiving** & will close early (1:00pm) on November 25.
- December 1: **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- December 4: **Crystal River Christmas Parade**, 6:00-9:00pm, Downtown Crystal River.
- December 11: **Inverness Christmas Parade**, 12:00-1:30pm, Main Street, Inverness.
- December 26: The office and markets will be closed in observance of **Christmas**.

Call or email us for more information on these events or if you would like to include your community events in our next newsletter.

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