

Q2 2023 News

July 26, 2023

Tips to Safeguard Your Financial Information

- Utilize the USPS's free Informed Delivery service to receive email notifications and photos of your mail to ensure nothing is stolen from your mailbox.
- Take outgoing mail directly to the post office to prevent thieves from stealing checks and compromising your bank accounts.
- Consider installing a video camera to enhance your home security.
- Utilize unique passwords for each online account.
- Utilize two-factor authentication for all secure websites you visit, particularly financial institutions.
- Maintain anti-virus software on your computers for additional protection against malware.
- Regularly review the account detail for each financial institution you use and promptly report any irregularities.
- Periodically review your credit report for any suspicious activities.
- Make copies of the essential cards in your wallet and store them safely.
- Send calls from unknown numbers directly to voicemail.
- Never respond to unsolicited business texts.
- Say no and end conversations with suspicious callers and do not engage with texts or emails from strangers.

Index	2nd Quarter Total Return	YTD Total Return
S&P 500	8.74%	16.89%
Russell Mid Cap	4.76	9.01
Russell 2000	5.21	8.09
MSCI EAFE	2.95	11.67
Bloomberg US Aggregate Bond	-0.84	2.09
Bloomberg Muni Bond Index	-0.10	2.67
Dow Jones Industrial Average	3.97	4.94

*Index return data as of 6/30/2023 provided by Morningstar DirectSM

Quarterly Market Review

- Equity market indexes were led higher during the second quarter of 2023 as the largest companies, which make up a significant percentage of market capitalization weighted indexes, significantly outperformed. This was partly fueled by investor enthusiasm around anything connected to artificial intelligence. If you exclude the impact of the 10 largest holdings, the S&P 500 would have a negative return for the year. While not unprecedented, this narrow market leadership is a concern and seems unlikely to provide the basis for a durable market advance.
- Fixed income markets were down just slightly for the quarter. Interest rates continued to drift higher, particularly after the debt ceiling was increased. The expectations are that the Fed will continue rate hikes in the coming months and there will be an increase in bond issuance to fund our high level of government borrowing, combining to push interest rates higher.
- We are struggling to connect the dots to justify the current level of optimism in the equity markets. Earnings are down slightly year to date, meaning that the increase in the markets has been entirely driven by multiple expansion. It is hard to reconcile this with relatively high inflation and rising interest rates, which historically have pushed market multiples lower. Manias like the current popularity of AI stocks are not particularly rare, but often don't end well.
- Interestingly, while the largest stocks in the market do not appear particularly attractive, the average stock is beginning to look cheap. The P/E ratio of the equally weighted S&P 500 is now trading at a 25% discount to the market cap weighted S&P 500. This is one of the larger discounts we have seen and has led us to focus our efforts on this segment of the market as buying low is one of the most important goals for investors.
- As a whole, the economy appears to be holding up relatively well and we don't see signs of a recession for at least the rest of 2023. Inflation is coming down, albeit gradually. Similarly, the Fed is clearly closer to the end of its rate-raising cycle, though the impact of much of the Fed's actions has not yet been felt. While it is hard to argue for significant economic expansion in the current environment it does seem a major slowdown is also unlikely.



Where Families Invest



About Us

Triangle Wealth Management is a privately owned investment advisory firm that specializes in assisting families with developing a realistic strategic plan to provide the best opportunity for achieving their long-term financial goals as prudently as possible.

We provide clients structure, clarity, confidence and reassurance as they move toward the next phase of life.

Our clients value our honesty, integrity, transparency and genuine concern for their well-being.

We are in business to serve our clients.

Reminder: Please use email or the phone to communicate with us on business matters. Social media messaging or text messages are not approved methods of communication.

For a digital version of “Market News” update, please visit TriangleWealth.com

Summer Reading List — Help Kids Learn the Basics of Finance

Finance 101 for Kids: Money Lessons Children Cannot Afford to Miss, by Walter Andal. Best for: Kids’ first introduction to financial literacy

How to Turn \$100 into \$1,000,000: Earn! Invest! Save! by James McKenna, Jeannine Glista and Matt Fontaine. Best for: Learning to grow wealth

How to Money: Your Ultimate Visual Guide to the Basics of Finance, by Jean Chatzky and Kathryn Tuggle. Best for: Teens starting to earn their own money

I Want More Pizza: Real World Money Skills for High School, College, and Beyond, by Steve Burkholder. Best for: Teaching teens financial independence

Source: US News & World Report

Importance of Umbrella Insurance

Umbrella insurance provides extra liability coverage and covers legal defense costs beyond the limits of your car insurance, homeowners insurance, or other policies. The policy pays if you are at fault for injuries or damage to someone else or their property and your other policies’ benefits have been exhausted.

Consider the purchase of an umbrella insurance policy if you:

- Are a landlord
- Own property and have significant savings/assets
- Have an inexperienced driver in your household
- Coach kids’ sports
- Often host parties in your home
- Own a swimming pool, trampoline, guns, or dogs
- Want protection for liability claims against you when traveling outside the U.S.
- Participate in sports where you could easily injure others – hunting, skiing, or surfing
- Serve on the board of a nonprofit
- Are a public figure

To decide how much umbrella coverage you need, add up the value of your property, savings, and investment accounts. Then, subtract the amount of liability insurance you already have and purchase enough umbrella insurance to make up the difference.

Keep in mind that employer-sponsored retirement accounts, such as 401(k)s are protected from most lawsuits under the Federal Employee Retirement Income Security Act of 1974 (ERISA). ERISA does not protect Individual Retirement Accounts (IRAs), except for the funds rolled over from an employer-sponsored account. State laws may partially protect your IRA accounts and the equity you have in your home. It is important to check local laws when deciding how much umbrella insurance you need. Since your financial situation can change over time, it’s important to review your insurance policies regularly.

Save the Date:

August 9, 2023 at 10:00 am – Please join us at our Town Hall Meeting for a review of the first half of 2023, hear our outlook for the remainder of the year, receive important investor updates, and answer your questions.



TriangleWealth.com

1301 Annapolis Drive • Raleigh, NC 27608

Local: 919.838.3221 • Toll Free: 877.678.5901