

Barenaked Money: The Quarterly Update

July 2023

Recent Developments

- Sticky icky: Inflation is sticking around like white on (more expensive) rice.
- It ain't over 'til it's over: Rate hikes continue. It doesn't seem like we're done yet.
- Locomotive: Employment is strong, and the economy is chugging along.

Implications for Portfolio Positioning

- Safety in numbers: We have been adding to bonds. Higher interest rates provide a level of protection.
- Pivot? At some point, we expect higher interest rates to bite the economy. Timing is uncertain.



Reasons for Optimism

- Did we mention the economy is still quite strong? Employment is leading the charge.
- Inflation is sticky but not stuck. It's coming down steadily.



Key Risks

- Inflation: Still there, still high, still a risk to investments.
- Scary by default: There are early indicators (defaults, delinquencies) that show interest rates are having a negative effect.



Investment Principles

Firmer than Dwayne "The Rock" Johnson after a two-hour gym session.

- Stocks go up over the longterm. That's the headline. It's a boring one, that's why you don't see it.
- Market timing is impossible. The world is unpredictable and being reliably able to catch the up days and avoid the down days just isn't a thing.
- Time is your protection for long term money. Cash is your protection for short term money.
- Emotion destroys wealth. Rash decisions or decisions made with a lack of logic or sound advice can really wreck your retirement plans.



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