



## WEALTH & WELLNESS GROUP

### RISING RATES ARE DIFFERENT THIS TIME

#### Did You Know? “Treasure hunting”

Ever considered a treasure hunting vacation? It may not make you rich but you can sure have fun trying.

Big Sur, California happens to be home to the largest deposit of jade in the world. Known as nephrite jade, it can be found underwater or by combing the beach at Jade Cove.

Rockhound State Park, Deming, New Mexico near Silver City, is known as a prime spot for thunder eggs, or geodes. Once popped open the “eggs” reveal valuable crystals like rose quartz, amethyst or hematite.

Hiddenite, North Carolina has the only emerald mine in the U.S. that’s open to public prospecting. Located less than an hour from the Blue Ridge Parkway, visitors can pick over buckets that were taken directly from the mine. Amateur rock hounds can also find aquamarines, garnets, topaz, sapphires and amethysts.

Crater of Diamonds Park, Murfreesboro, Arkansas is the only diamond-producing site on the planet where the public can search for diamonds. Nearly 30,000 diamonds have been discovered here in the past 40 years.

Source: RD.com



After markets moved higher to kick off 2023, the indexes were in the red for February. The Dow dropped 4.2% for the month and is down 1.5% so far this year. The S&P 500 and Nasdaq declined 2.6% and 1.1%, respectively, for the month, but are hanging on to early year gains of 3.4% and 9.4%. The markets mood seemed to change early in the month after a couple hotter-than-expected economic releases on the labor market and consumer spending caused investors to reassess their expectations for rate hikes and keeping inflation under control.

As a result, bond yields are rising, with the 10-year Treasury once again at 4%. But something is very different this time. Some of the stocks that were hit hardest last year by higher yields have managed the biggest gains. Put simply, last year higher bond yields were bad for stocks. This year they haven’t been nearly as detrimental, especially for those in the tech-heavy NASDAQ.

Quite frankly, the economy has been remarkably resilient to the largest Federal Reserve rate increases since 1981. Furthermore, a series of other risks, notably those from China, Europe and Russia, have turned out better than expected. Other signs that suggest a recession may be further away or even moving off the table include optimistic signs from across the pond.

European economies have transitioned away from Russian energy faster than expected. This has allowed the German DAX to rally 29% off its low, France’s CAC 40 to move up 23% from its low, and even the United Kingdom is getting in on the fun. The London FTSE 100 Index hit an record high on February 16.

In essence it doesn’t mean we are out of the woods or that the Fed won’t make the classic mistake of overdoing what it has done so far. Our sense is that we are likely to continue to see a “Goldie Locks” economy where growth isn’t too hot, or too cold. Additionally, our call for a barbel type year where the beginning and end of the year carry the most weight appears to be playing out. You may hear similar terms to describe the current mediocre to flat run in markets including a “rolling recession” or a “growth recession,” “midcycle slowdown,” or “soft landing.” Essentially it means that different areas of the economy are experiencing slowdowns at different times rather than all at once.

During times like these, I appreciate the words of wisdom from long-time investors like Warren Buffet. In his most recent annual letter to shareholders he shared, “The weeds wither away in significance as the flowers bloom,” and “Over time, it takes just a few winners to work wonders.” Our focus remains on protecting portfolios against weeds while planting perennials that offer the opportunity to grow and produce income year over year. We see opportunities for this with international markets in terms of developed countries, global and domestic health care, and fixed income, particularly shorter-term bonds.

#### Trivia

- 1) On a Bingo card, what letter’s column contains a free space?
- 2) In bowling lingo, what is a turkey?
- 3) What was the game of scrabble originally called?



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## Backstage Retirement

Back in the day, I had a good buddy who was dating a Rockstar's daughter. Her dad was coming to town and headlining a New Year's Eve concert. I was beyond excited to learn that my buddy had secured us backstage passes for the event. I don't know if you have ever had a backstage pass to a major event, but as you hang this huge lanyard around your neck, you feel like a million bucks. It's like your part of a special, exclusive group.

In fact, I put the special label to the test during one of the jam sessions when I noticed a security guard near an entrance that led under the stage and to the literal back of the performance area. So I walked up like they needed me backstage and the guard stepped aside. Within minutes I had a Rock Star's view to one of the greatest and most memorable concerts ever. Later that night I even got into one of the performers after party.

The next morning, I couldn't thank my buddy enough. I was going on and on about it when he told me something that rocked my world. He said, "The crazy thing is, her dad couldn't get us all the passes we needed so we gave you a badge from last year's concert."

I didn't know what to do think or feel. I went through an intense range of emotions because I had never been through something like that. I was excited and grateful on one hand but also felt set-up and tricked on the other. While you may not have a similar backstage story, something comparable can play out as people enter retirement.

They are on the precipice of one of the greatest events of their life. They have an all-access pass to now do whatever they want, whenever they want. But, like my situation, emotions can sometimes muddle a good thing up. My point is that retirement can often be portrayed as a feeling. Meaning, now that I am not working, I will feel happy or more content. Sarcastically speaking, it's sort of like assuming Disneyland is a happy place. It is beautiful, until it's jammed packed with people, temperatures are sweltering, your kids are hungry, tired, and have to go to the bathroom in the middle of a ride line.

This "feeling" concept should resonate with investors since we are know about the dangers of emotional investing. Investors know that if they let their feelings get the best of them, opportunities can be missed, fears can limit their next move, and goals can end up delayed. Well, feelings can not only impact the investment process, they can also pollute retirement. This is primarily because there's no pre-set action plan to follow once a person retires, leaving the door wide open for feelings to get in the way.

Therefore, since we know that successful investing is guided by plans, actions and self-control, rather than whims or feelings, the same principles can be used for developing a plan for everyday life after work. In other words, daily life needs to be directed by specific goals, daily actions (routines), and self-awareness.

While I don't normally like to brag or name drop, on that crazy night back in early 2000, I got to meet Ted Nugent, watch Metallica play from behind the stage, and hang out with Kid Rock or "Bob" as his family and friends call him. That badge made me superhuman for the night and I made the most of every opportunity and frankly don't care how I got in there. Which is why I want to encourage you to make the most of the retirement badge you have on or will be putting on, no matter how you get there.

## Trivia Answers

- 1) "N" column
- 2) Three strikes in a row
- 3) Lexico

Source: Ultimate Book of Pub Trivia