



Q3 2023 Conference Call Summary

You can click on each link to jump to the discussion of the topic.

- [Volatility Tax](#)
 - Volatility tax is the effect of large investment losses (or volatility) on compound returns. It is the mathematical difference between geometric averages compared to arithmetic averages.
 - Through prudent diversification, Chicago Partners aims to engineer a smoother, or less volatile, investment return.
- [Guest Speaker Richard Beletz, AIR Asset Management](#)
 - AIR Asset Management seeks to access noncorrelated returns with life settlements.
- [The U.S. Treasury Yield Curve](#)
 - Right now, the yield curve is inverted, which portends a slowdown in the economy.
- [World Interest Rate Probability](#)
 - There is an 88% chance that the Fed is going to raise rates 25 basis points at the end of July.
 - But after that, it's unlikely that the Fed is going to continue to raise rates, based on everything we know today.
- [Inflation-Adjusted Value of a U.S. Dollar](#)
 - One of the reasons why the Fed is raising interest rates is in attempt to limit the inflation in the economy. Inflation is considered to be a deep risk, which is the permanent loss of capital or purchasing power.
- [U.S. Dollar Impact on Stocks](#)
 - A declining U.S. dollar has actually been helpful for stock prices. The strong correlation between the declining U.S. dollar and the rising stock prices tells us that there are still a lot of algorithmic trades happening.
- [U.S. Debt Clock](#)
 - U.S. national debt can have profound implications on the rest of the economy.
- [The Fed & Interest Rates](#)
 - The Fed is doing whatever they can to bring inflation to their long-term target of 2.5%.
- [S&P Aggregate Annual Returns & Intra-Year Declines](#)
 - In the early 1980s interest rates spiked at around 20%, but after the spike, there was disinflation in the economy. Disinflation is a good backdrop for equity prices to move higher over a long period of time.
- [The Market Return Equation](#)
 - The market return is always made up of earnings growth, dividend yield, and the change in the P/E ratio.
 - [Earnings growth](#) is a major fundamental that drives stock prices, and earnings have been coming in strong despite the Fed's efforts to slow down the economy.
 - The [dividend yield](#) is growing, and the market is a little bit higher, in terms of valuation, than the 25-year average, but not dramatically higher.



- This morning's [P/E ratio](#) was 20, which still portends a likelihood that one-year and five-year returns will be positive.
- [Evolving Portfolio DNA](#)
 - We attempt to dampen the negative volatility in client portfolios, but still have robust returns when things are good. One of the key ways we have delivered more consistency in client returns is through [private credit](#).
 - We are getting closer to Schwab approving the [BC Partners Opportunistic Credit Fund](#), anticipating an opportunity in Q3.
 - We are also anticipating a late Q3 launch of the [Brookfield Infrastructure Income Fund](#).
 - The [Innovator Equity Managed Floor ETF](#) is a strong candidate to help us control downside risk. This actively managed ETF seeks upside participation similar to the S&P 500, but maximum losses to 10% downturn in the S&P.
- [Optimal Recessionary Condition Checklist](#)
- [Leading Economic Indicators](#)
- [TD Ameritrade to Schwab Transition](#)
 - As many of you know, Schwab purchased TD Ameritrade and they're now in the process of consolidating the accounts from the TD platform.
 - If you have accounts at TD, please pay attention to the communication you're receiving from TD and Schwab. In early August, you should receive a new Schwab account number and a prompt to create a Schwab Alliance login ID and password.
 - This transition should be relatively smooth, but if you have any questions, don't hesitate to reach out to your advisor.
- [Client Experience and Client Access](#)
- [PwC Corner](#)
 - The Brokerage Simplification Team at PwC is working directly with TD and Schwab to update your account numbers in Checkpoint.
 - There's no action needed at this time, but please keep an eye out for further communication from PwC.
 - Please reach out to discuss any year-end distribution options regarding AAP, Accrual Capital, PDP, or any other investment options.
- [Administrative Trust Services](#)
 - We are currently evaluating a potential partnership that would allow clients to name Chicago Partners as a trustee as well as have a competitive fee structure relative to banks and other corporate entities.
 - Please reach out directly to your advisor if you have any interest. You can also [fill out this brief survey to indicate your interest](#).