Summer 2023

MAJESTIC
FINANCIAL

"You cannot swim for new horizons until you have courage to lose sight of the shore."
- William Faulkner

A Message from Leon Bennett *CFP®, COO, Majestic Financial, Financial Consultant, RJFS*

First half of 2023 is in the books. As is usually the case, it went by quickly. Also, as it usually seems to happen, some/most of the bad memories of the market returns of 2022 are starting to fade. Human psychology is funny in that aspect. When we were at the depths of the lowest performing months of last year, the market returns (or lack thereof) were at the forefront of people's thoughts with theories of why and what to do next. Well, now that the S&P 500 is hovering around a positive 15%, all seems well. Those sentiments may not be accurate, though. If you look at the S&P a little more deeply you will find out that most companies that are not big Tech are only up on average of 5.9%, according to a recent Raymond James article. The index is being bolstered by a few companies that are outperforming the rest by a lot. These were the same companies that sorely underperformed the market last year. While some clients ask why their portfolios may not be beating the S&P index today, they were happy they weren't losing the same amount as the index last year. In the simplest terms, our job 8 years out of 10 is to put your hard earned money to work in the best place possible to help provide for your individual needs, but there are also those 2-3 years out of 10 that we are human tourniquets trying to stop the bleeding and put your portfolios in a place that can weather the storm and rebound well when things turn for the better. It's a rather tricky balancing act, and that was last year. We are currently not in the same mess of last year, but it also isn't as glorious as what the S&P 500 is being portrayed. Like all investing decisions, we are taking this market with a level-headed approach and removing emotions. While we will take the returns, we still have ground to make up from last year. So, in the meantime, enjoy the sunshine of Summer and create memories with your loved ones, because soon it will be Fall, and even Winter, and in step with human psychology, some of us may complain about how hot it is now, but we will soon be complaining of how cold it is before too long. Be happy the market isn't last year's, cherish today and daydream about the future. We look forward to being part of making those daydreams a reality. While we enjoy and are honored to be your investment managers, we can be of more help to many of you by using your investments to develop a robust financial plan to enable you to make your dreams come true. Please let us know when you would like to do more in depth planning.

Beyond the Mountain Range

A blog written by Leon Bennett, CFP®

Benchmarks

Benchmarks help us gauge our progress, performance, and results. As humans we compare ourselves to others more often than we think, consciously and subconsciously. Sometimes this can be a healthy behavior, while other times it can be a detriment. Kids racing each other at a park, constant sibling rivalries (usually about the most ridiculous things), competition for a promotion at work, an inner motivation to improve oneself by improving one's fitness from one point of time to the next, reading more books than last year, or earning more money from one year to the next; all involve comparing one result to another over a given timeframe. Comparison and competition go hand in hand. It is paramount to compare similar things to each other though. At one time, it would be silly to gauge my performance by me beating my son in a race. I'm older, been doing it for longer, have longer legs and should be faster and stronger, but he just beat me recently…and I'm still trying to cope with it. Benchmarks need to be evaluated for their accuracy and this benchmark recently changed. The comparison should be apples to apples.

This leads me to something that should be addressed, especially when it comes to investing and specifically this year. After a tough last year where it seemed all areas of the market experienced losses, which doesn't happen often at all, we are experiencing a rebound this year. As I am typing this, the "market" (Standard and Poor's 500 Index) is up 14.54% (7/10/2023). Should we be overly excited with this increase, be cautiously optimistic since the Nasdaq Composite is up 31.12% for the year or totally dismiss it since the Dow Jones Industrial Average is only up 2.21% for the year? When people refer to the "market", they can be referring to any of these indexes (or indices, both are acceptable versions of the plural form of index, by the way), or benchmarks. These are all ways to gauge how the "market" is doing, but they are not all the same and far from a good apples to apples comparison. There are a lot of other indexes that are used as benchmarks in the investing industry. For instance, the Bloomberg US Aggregate Bond Index would be a good index to use to know how the bond market is doing, but a poor benchmark for international markets. The MSCI EAFE or FTSE 100 would be better alternatives for this. A closer comparison would be the Russell 2000 compared to the Wilshire 5000, but still not apples to apples, since the Russell 2000 is for small companies and is more volatile, while the Wilshire is meant to be a broad-based representation of the domestic investment market. While this can be confusing, it is important to know what you may be comparing your investable life savings to and ultimately could be using to make very important decisions.

With all the indexes to pick from, the most widely used are the Dow, S&P 500, and the Nasdaq. All are used to gauge the equity market, or stock. But as noted before, not the same. Besides the vast difference in returns between the three this year, there are other differences. The wide discrepancies of returns are due to what they are representing. The Nasdaq is heavily made up of Technology stocks. Its high return makes sense since the Technology sector of the market is up 40.7% this year according to Franklin Templeton. While investors enjoy those returns in a good year, the same sector was down over 30% last year. The middle ground index, S&P 500, is made up of a more diversified lineup of companies but is Capitalization Weighted (so is the Nasdaq), or Market Cap weighted. Essentially, what this means is that bigger, more valuable companies are given a bigger percentage of the Index. … (cont.)

Read the rest of the blog along with past and future posts at InvestMajestic.com.

New Service Offering: Managing Individual Employee Retirement Accounts

While a large percentage of the working population contributes to an employer sponsored retirement plan, many employees simply choose a single fund to invest in and never look again. This can create both positive and negative situations – in good times you're a genius, in bad markets you wonder why you even contribute. This is where we step in. Majestic Financial advisors will actively manage the individual client's retirement account. There are three steps to this service.

First, the client opens an account and Majestic helps them link their retirement plan to their Majestic Financial account. This does not move the money/investments out of the employer plan, but it allows the Majestic advisors to see the daily movement of the investments.

Second, Majestic will schedule short quarterly appointments to help the client make the appropriate changes to their investments.

Third, Majestic Financial will bill a set fee for this service. The fee will be discussed and agreed upon before or during the first step in this process.

If you are tired of having a second (or third) job managing your employer retirement account, please call (269) 443-2160 to set up an appointment with one of our advisors, or bring it up at your next scheduled appointment.

Letter from the Chief Investment Officer "Moving to the Next Stage"

Written by Lawrence V. Adam, III, CFA, CIMA®, CFP®, Chief Investment Officer, Raymond James

This year marks the 110th edition of the Tour de France, the most prestigious bicycle race in the world. And like the markets, the Tour is always challenging—and evolving. The three-week, grueling 2,200+ mile route changes every year and, surprisingly, starts in different countries—this year in Spain versus the UK, the Netherlands, Germany, Belgium, and Denmark the previous five years! The point is, just like the Tour, economic and market cycles have different starting points, and no two routes are alike.

Just look at the economic course we are currently on: It began with a historic pandemic and has since snaked through near-record inflation, a war, assorted political tensions, and unprecedented fiscal and monetary policy changes. For investors, the trip has been as exhausting as climbing the iconic Col du Tourmalet in a brutal mountain stage this year. But, as we move to the next stage of our investment journey, the goal for cyclists and investors is the same: Be ready, adjust when necessary, and maintain a long-term perspective.

The US economy continues to pedal forward, defying predictions it would skid into a recession, thanks in part to the 'doping' effects of unparalleled fiscal (i.e., the approximately $5 trillion pandemicrelated government stimulus) and monetary stimulus (i.e., record-low interest rates and Federal Reserve (Fed) bond-buying program). Many cheered the robust labor markets, strong consumer spending and strong wage gains that resulted. Now we will see how the economy performs without artificial stimulus and on its own merits. Like Tour officials clamping down on 'dopers', the Fed is cracking down on inflation, tightening interest rates by 500 basis points (5%) over the last 15 months, boosting borrowing costs on everything from credit cards to autos. Today, with mountainous interest expenses and excess consumer savings evaporating quickly, consumers can no longer coast. Understandably buyers are showing signs of fatigue. This, combined with credit tightening and job growth slowing, suggests the economy will slide into a mild recession beginning in the fourth quarter. Despite the slowdown, this year's fast start keeps overall 2023 GDP growth positive at 1.3%. But we do expect it to decelerate to between 0.5–0.7% in 2024.

Every cyclist's nightmare is a chain-reaction crash, and the Fed is trying to avoid a pile-up after its interest rate hikes. Banking turmoil in March may have been the Fed's flamme rouge: The red banner that tells cyclists they're close to the finish line. Restrictive rates seem to be doing their job—putting the brakes on the economy. There is no question that the economic data (slowing inflation, rising jobless claims and below-trend growth) are moving in the direction the Fed wants, it's just not happening at the pace it wants. The big question is how much patience the Fed must have to allow the disinflationary trend to continue before tightening further. Ultimately, we believe the Fed is in the latter stages, if not near the end, of its tightening cycle. We expect the federal funds rate to end the year at 5.50%. However, as the economy downshifts in 2024 and the unemployment rate nears 5%, expect the Fed to cut the fed funds rate to 4.0%.

In fixed income, with Fed tightening nearing the end, inflation gearing down, and the economy no longer 'pumped up' by stimulus, Treasury yields are poised for a downhill glide. In fact, we expect the 10-year Treasury yield to reach 3.25% by year end. In cycling, the downhills can be dangerous, and in an environment where growth will be dicey, we prefer to play it safe and focus on high-quality bonds. We recommend Treasurys, investment grade and municipal bonds. They combine healthy coupon yields with an opportunity for capital gains if yields decline. The yield curve is likely to remain inverted—short-term yields higher than long-term yields—until the Fed starts easing. Therefore, it's prudent for investors to balance their bond maturity exposure and lock in some longer maturity yields before they move lower.

Read the full article and the rest of the Raymond James Investment Strategy Quarterly online here.

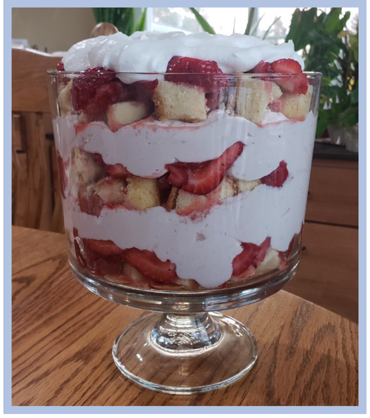
Seasonal Recipe
By Becky Sharp

Strawberry Trifle

Ingredients:
- 16 oz pound cake, thawed
- 16 oz frozen sliced strawberries in syrup, thawed
- 1 qt fresh strawberries
- 1 lemon
- 3 (8oz) strawberry yogurts
- 1 (3.4oz) cheesecake instant pudding
- 16 oz Cool-whip

Cooking Directions:
- Cut pound cake into 1 inch cubes, set aside
- Hull strawberries and cut into quarters and place in medium bowl. Add frozen strawberries and mix well
- Juice lemon. In another bowl, add 2 TBSP lemon juice. Wisk together with yogurts, and pudding mix until smooth. Fold in one half of the tub of Cool-whip

Trifle Assembly Directions:
- Place one-third cake cubes into bottom of a trifle bowl
- Top cake cubes with one-third strawberry mixture
- Top strawberry mixture with half of the yogurt mixture, spread evenly
- Repeat layers
- Top with remaining cake cubes and strawberry mixture
- Spread remaining cool-whip over the top
- Chill in fridge until ready to serve



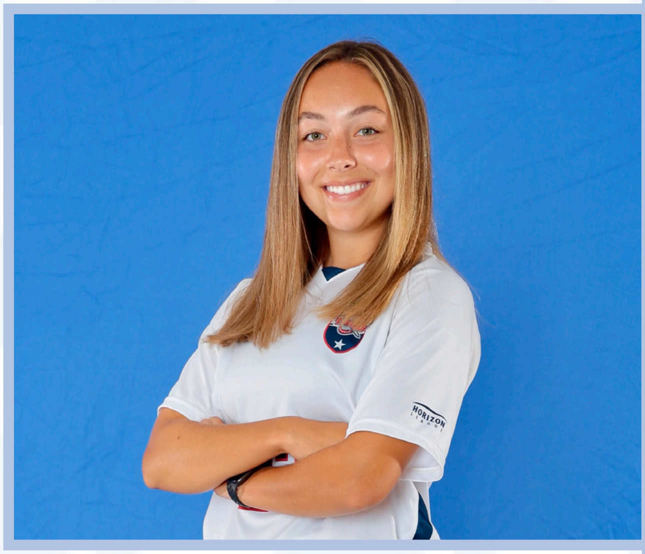
Employee Highlight

Sophia Blankenship, Majestic Financial Intern

Sophia is Majestic Financials' Summer intern for 2023. She is currently attending the University of Detroit Mercy with an anticipated graduation year of 2026. She is majoring in Business with a concentration in Finance and a minor in Leadership. She has been primarily shadowing Sean and helping out with options. You may see her around the Plainwell office or sitting in on appointments occasionally.

What's your favorite part about interning at Majestic?
• Helping Sean with Options and learning more about how they work.

What's a random interesting fact about yourself?
• I snowboard out west in my free time.



What's the best piece of advice you've ever been given?
• Always be listening.

What's your favorite hobby?
• Playing soccer.

What would be your personal motto?
• I can do all things through Christ who strengthens me.

Who is your favorite music artist?
• Bazzi.

What are you happiest doing, when you're not working?
• Being on the lake.

What do you hope to take away from this internship?
• Having a better feel for day-to-day operations of a financial firm and a financial advisor.

If you could travel to anywhere in the world, where would you go and why?
• I would travel to Greece because of all the beautiful buildings and clear blue water.

What's your favorite food?
• Tacos.

Dogs or Cats?
• Dogs 100%

Majestic
Dogs vs Cats

Dogs: 7 Cats: 4

Options Accounts: Risk and Benefits

Written by Sean Budlong, CFP®, CEO, MF, Financial Conslutant, RJFS on 6/30/2023

If Sean, Brandon, or Leon ask clients what they want to see their money do, they will be told "I want my money to grow!" Kind of a "duh!" question and answer, right? Except there are more investment strategies than most people are aware of. Stocks, bonds, mutual funds, certificates of deposits are the most commonly known investments. Investing money in a 401k, 403b, Roth IRA, or a rollover into a Traditional IRA are the types of accounts that most investors think of.

However, there are other ways to protect your investment, grow your investment, or create a combination of both. At Majestic Financial, we use structured investments, variable annuities, and indexed investments to tailor solutions to client needs. Feel free to ask us about any of these strategies.

One strategy that Majestic has been using for over a year is option accounts. Option accounts are very simple accounts with what can be very complicated strategies. This newsletter is not the place to make recommendations, so I'll just say that options can help generate extra income or add protection to a portfolio. Options strategies are customized to the client goals and risk tolerance. Options are not appropriate for all clients.Sean and Kendra work together with clients to identify what strategy makes sense for them.

Starting in August, Sean and Kendra will be hosting quarterly zoom webinars on Options for clients. These webinars will discuss current strategies, potential future opportunities, and cover basic options concepts. These webinars are designed to help clients become more comfortable with overall options and potentially increase the interaction between Majestic and our options clients.

Please contact us if you are interested in discussing options and whether they are right for you. And watch our website and the newsletter for information on the zoom webinars.

Like Majestic Financial on Facebook

Disclaimer: Options involve unique risks, tax consequences and commission charges and are not suitable for all investors. When appropriate, options should comprise a modest portion of an investor's portfolio. Prior to making any options transactions, investors must receive a copy of the Options Disclosure Document which may be obtained from your financial advisor.

Upcoming Local Events

DC Super Heroes™: Discover Your Superpowers
Air Zoo
July 17th - Aug 31st

Barry County Brewfest
Middleville Village Pavilion
August 19th

Gus Macker 3 on 3 Tournament
Downtown Otsego
August 26th & 27th

Grand Haven Coast Guard Festival
Grand Haven
July 28th - Aug 6th

Allegan County Fair
Allegan
Sept 8th - 16th

Majestic Financial Zoom Webinar: Options
Online - Zoom
August

BBQ Beer Garden
Allegan Event
Every Sunday until Sept. 3rd

Majestic Finanical Client Appreciation Event
Revel and Roll
Oct 21st

The Majestic Team

Brandon Wilkins
CFO, Majestic Financial
Financial Consultant, RJFS
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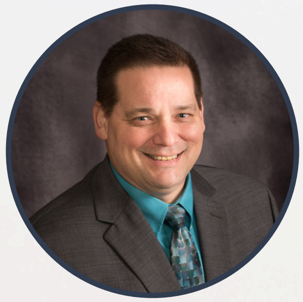

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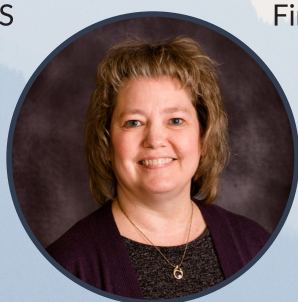

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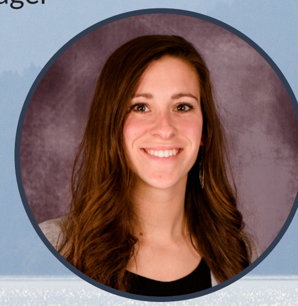

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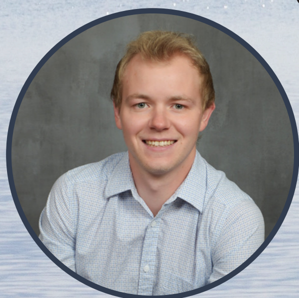

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