

# WORTH A REED

Second Quarter 2023



## Digital Assets

Amanda Lisachenko, COO

Estate documents are a key component of any financial plan. We encourage our clients to review their Estate Plan annually to verify that there are not any changes they would like to make to their legacy. One area that many individuals don't consider during their review is their digital assets. Digital assets are anything that can be stored or transmitted electronically. Many think they don't have to worry about this because they don't own any cryptocurrency or non-fungible tokens (NFTs). But for most individuals it is more about sentimental value items and not necessarily monetary value. Everyone today has photographs and videos of their friends and families on their phones, computers, and on-line accounts. It is important to consider these during regular Estate Planning. If you are looking to update your documents, language can be added to appoint individuals so they will have the ability to access this information.

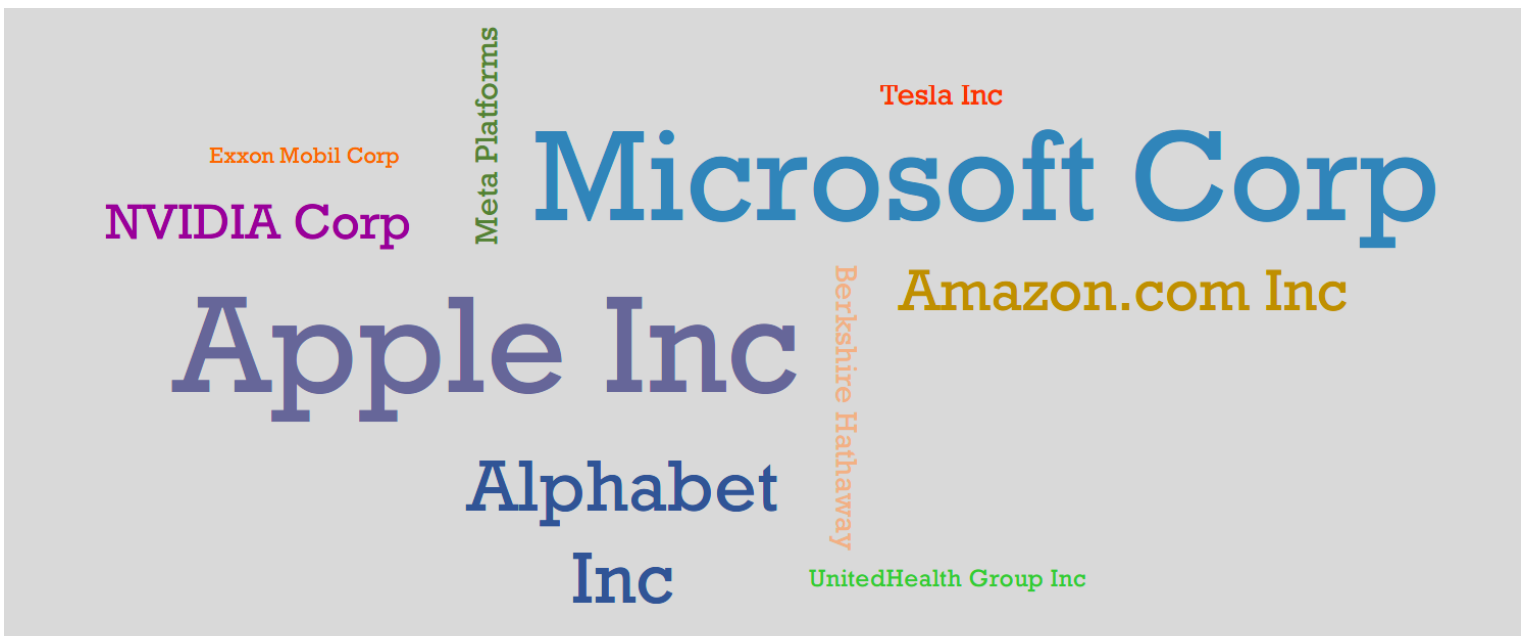
Where to start? The best way to start is by creating an inventory of your digital assets. This list should include type of asset, where it's held, contact information, and if any arrangements have been put in place if you should pass. Please be sure to store passwords separately.

Consider these types of digital assets:

- Email accounts
- iTunes and Google Play purchases and accounts
- Online shopping accounts (Amazon) and digital gift cards
- Online banking and investment accounts
- All data stored on personal computing devices such as iPads, laptops, desktops and other tablets
- Social Media accounts (Facebook, Instagram, Twitter, etc.)
- Digital photographs and videos and photo accounts
- Memberships or subscriptions with credit card information stored on them
- Medical and insurance accounts (ex: MyChart)
- Data stored on your mobile phone.

Second, consider how you would like these assets disposed of or transferred and whom should receive them

*(Continued on page 3)*



## Market Concentration

Evan Watson, Investment Analyst

As the first half of 2023 looks to wrap up, many investors are cheering the returns of the S&P 500.<sup>1</sup> While the returns have been strong, there are some areas that are causing many who watch the markets to scratch their heads. The biggest of these head-scratchers is the dominance of a group of stocks dubbed the “Magnificent Seven.” This is the group of seven stocks that have not only outperformed, but dominated the market and are the primary driver of returns this year. These seven companies are Apple, Microsoft, Nvidia, Amazon, Meta, Tesla, and Alphabet.

The S&P 500 index is made up of the largest 500 companies by total market value (number of shares in the market multiplied by the price of a share). Each stock is then weighted based on the size of the company with the largest market value at the top and the lowest at the bottom. This does lead to the bigger names having more market share than the others so it is not uncommon for there to be concentration. To put the level of concentration in perspective, the current top ten stocks in the S&P 500 account for roughly 30%<sup>2</sup> of the S&P 500 according to Morningstar’s holdings data. Now this level of concentration may seem high but is rather normal for the S&P 500. Some call this a feature rather than a bug of the index as the mix of these stocks at the top can change and provide those who invest in S&P 500 indices exposure to the best performing names. However, this is another level of concentration that market participants are looking at that is driving the cause for concern.

Morningstar’s data shows that through June 14<sup>th</sup>, the S&P 500 is up 14.73%.<sup>2</sup> Of that return, the top ten companies in the index accounted for 89%<sup>2</sup> of those gains! This means that the market is very much focused on just a few of the largest stocks so far this year. One of the big reasons that the market has run so much is the returns for NVIDIA, a chipmaker that has announced it is in advanced stages of developing technologies to enhance artificial intelligence. Similarly, Microsoft and Alphabet (the parent company of Google) are in battles over who will produce the most used consumer focused AI search engine. While artificial intelligence is expected to make many changes to our economy, similar to the revolution that the internet and personal computer have brought, some are worried that we are trading on optimism around a technology that has yet to significantly show growth or revenue increase to any business.

*(Continued)*

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## Market Concentration (Continued)

Evan Watson, Investment Analyst

This isn't to say that the market is in a bubble or that we are looking at a strong correction. It is important to keep in mind that a few of these companies are still below their all-time highs that were created so there is still some recovery. The main story that many are discussing is that they would like to see the strength of these seven companies spread out to some of the other businesses in the S&P 500. While the top ten companies are performing well, about half of the index is down for the year. This could provide opportunities for investors who have missed the run on the top ten to invest in good companies that haven't seen some of the AI exuberance.

Having a concentrated market is neither a good or bad thing. We would like to see things spread out to remove the risk of having the power of returns in the hands of a few companies, albeit strong companies. Like many other things in the last couple of years, this too is just another interesting feature of markets. ■

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**Our office will be closed on**  
**Wednesday, July 26th**  
**for our RFS Team Building Day.**



## Digital Assets (Continued)

Amanda Lisachenko, COO

(provide detailed instructions). States have varying laws on inheriting digital assets so be sure to read over the laws applicable to your state of residence. For example, Ohio and many other states have enabled the Revised Uniform Fiduciary Access to Digital Assets Act (RUFADAA), that outlines how a fiduciary can access a decedent's digital asset, and how you can plan for fiduciary access after your death.

### Quick Take-away

In the most recent IOS update for iPhone you can assign a legacy contact. A legacy contact is someone you trust to have access to the data in your account after you pass. It can easily be found in Settings under your Apple ID > Password & Security.

Hopefully this article gets you thinking about your digital assets, which is our intent, rather than providing a step by step or how to guide. We can help make your planning easier, so please reach out to us to get started or if you have any questions. ■

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## Are You Living the Life You Want to Live?

Janet Edwards, Director of Client Relations

One of the fun things about meeting with our clients is listening to the things they want to do in their lives, whether it is go on a spectacular vacation, restore some old collectible car, learn some new skill or hobby, spend precious time with their loved ones and so many more! It makes me think about all the things I would love to do in my lifetime and that I need to make my own bucket list and get busy living!



Oftentimes, experiences that are on bucket lists involve adventure or travel or both. A bucket list is defined as a list of all the things you want to try, goals you want to achieve and life experiences you want to have before you die.

It seems that since the pandemic, some people started creating their bucket list earlier in life, then potentially updating it with a spouse and again revising it in their later years.

We spend a lot of time talking with clients about what your goals and desires are and what will fulfill you in this lifetime. It seems like a worthwhile experience for everyone to think about what might be on your bucket list because:

- It may help you think about what you truly want to experience in your lifetime.
- It serves as a reminder that life is precious, and no one knows how long we will be here and we should live life to the fullest.
- It can be very motivating and exciting to work towards doing something you have always wanted to do or what might fulfill your sense of purpose.

Bucket list ideas can be as grand or as simple as you like. Ideally, they should align with who you are and what you care about. Often these ideas are based on your interests, purpose, and passions.

The concept of a bucket list seems simple, but actually writing it down and doing it may be much harder. Sometimes, it helps to break your list into categories such as travel, career goals, skills or hobbies you would like to learn, some form of entertainment, relationship building and more. The categories will be based on your interests and values and what will be motivating for you. Even if the grander dreams may seem further off, it should help motivate you now.

Once you develop your list, it will act as a roadmap that you can follow. It will help you stay on track, prioritize, and budget for your dreams. Set some time constraints on realistic goals that you can achieve. Maybe set goals for one-, three- and five-year increments. You could consider broader lifetime goals for big ticket items and of course, you can speak to us about how you might budget appropriately for them. As always, we want to know about your goals big or small and how we can help you get there. ■

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## Charitable Spotlight

Each year Reed Financial chooses to support local charities, not only through monetary donations but donating our time. We are excited to participate in a staff volunteer day in July for the Ronald McDonald House in Cleveland. We thought we would provide a little more information on this wonderful charity!



The Ronald McDonald House began in 1974 when the daughter of Fred Hill (former Philadelphia Eagles football player) was undergoing treatment for leukemia. He felt the need for a supportive environment away from the hospital for families of seriously ill children. Fred, his teammates, and local McDonald's restaurant owners raised funds to help purchase and renovate the first Ronald McDonald House. Today, there are more than 380 Ronald McDonald House Programs, 265 Ronald McDonald Family Room Programs and 40 Care Mobile Programs. Every local chapter is an independently operated not-for-profit corporation.

The Ronald McDonald House Program of Cleveland was established in 1979. It can accommodate up to 53 families and gives families a place to stay so they can focus on caring for their child while relieving the stress and burden of daily living. It also eliminates driving to and from the hospital as well as the financial burden of staying close to the hospital.

There are many opportunities to volunteer at the Ronald McDonald House:

- House Support (giving tours, greeting families, compassionate services and other tasks)
- Family Meal Support (providing breakfast, boxed lunches, snacks and dinner to house guests)
- Maintenance (upkeep, cleaning, repairing and organizing)
- Transportation/Driver
- Grounds and Gardening (seasonal)
- Other Opportunities for special events, pet therapy, music therapy and speaking engagements

Volunteering not only helps charities, but there are also several benefits to helping others:

- Provides you with a sense of purpose
- You can meet new people/make new friends
- Increase your social skills
- Learn new skills
- Make a difference in the lives of others
- Improves mental and physical health
- Improves self-esteem
- Pushes you out of your comfort zone
- Brings fun and fulfillment to your life

We will be offering another Volunteer Day in October (charity to be determined) with client participation, if you have any interest in volunteering, please let us know.

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<sup>1</sup> In our Market Commentaries, we frequently refer to one or more well-known, broad-based market indices for general reference and educational purposes; however, such indices are not used as "benchmarks," and should not be used by any investor to compare the relative performance of the investor's specific portfolio or the strategy used to invest the investor's account. Comparison of a portfolio with a benchmark requires careful analysis and explanation of the details of the specific benchmark and investor portfolio to ensure an accurate comparison with respect to volatility, security composition, performance under different market conditions, and other key parameters to enable the investor to understand how the portfolio is likely to perform in relation to the index under different conditions. Below, we provide general information regarding the indices discussed in this Market Commentary, without comparison to any investor's individual portfolio. Further information regarding each index is available from its publisher, as shown below.

S&P 500 Index ("S&P 500") is an unmanaged index comprised of the 500 stocks with the largest market capitalizations trading in the United States and is widely regarded as one of the best measures of the large-cap, equity markets in the United States. The S&P 500 is calculated and published by S&P Dow Jones Indices LLC. Values reflect reinvestment of dividends. Published and maintained by S&P Dow Jones Indices LLC, [www.spdji.com](http://www.spdji.com).

<sup>2</sup> Information regarding the performance of the S&P 500 and the constituents were obtained from Morningstar a source believed to be generally reliable. However, RFS has not independently verified such information, and makes no representation of its completeness.

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