

Aspire. Prepare. Enjoy. With you for life.

SUMMER 2023

THE QUARTERLY

A Surprisingly Resilient U.S. Economy So Far, but Recession Risk Still High



BY JAMES WALDEN, CFA
Partner and Chief Investment Officer

The U.S. economy has been surprisingly resilient so far in 2023. In fact, the Commerce Department revised first-quarter gross domestic product (GDP) growth to a 2% annual rate from its initial estimate of 1.3%.

Strong consumer spending, aided in part by a tight labor market that continues to add jobs, was a big contributor to the new number.

In turn, financial markets enjoyed a strong first half of the year. Including dividends, the S&P 500 gained almost 17%. A big driver is simply that things haven't been as bad as some feared. The market has also been buoyed by the progress on bringing down inflation and hopes the Federal Reserve will soon end its campaign of interest-rate hikes, if it doesn't pivot to rate cuts outright. Combined, lower inflation and hopes for interest-rate relief have boosted investor sentiment. Further, the hype around artificial intelligence has driven gains for mega-tech stocks, which have accounted for the lion's share of first-half returns.

All that is good and well. However, in investing, it's more important to focus on where we're headed, not where we've been. In our opinion, the risks of a recession in the near term remain high.

Every business cycle is unique. But certain conditions, with varying lead times, have tended to result in recessions, including:

- Annual inflation of at least 5%
- Fed tightening and an increase in market interest rates
- An inverted yield curve

INSIDE THIS ISSUE

A Surprisingly Resilient U.S. Economy So Far, but Recession Risk Still High	pg. 1
Stop Procrastinating and Plan Your Estate!	pg. 2
My Internship Journey	pg. 3
Fidelity Updates	pg. 4

TAKE NOTE!

Our office will be closed on the following date:

MONDAY, SEPTEMBER 4
Labor Day

CONTINUED ON PAGE 2 ▶



CWP is a Corporate Member of the National Association of Personal Financial Advisors (NAPFA). If you'd like more information about NAPFA, visit their website at napfa.org.

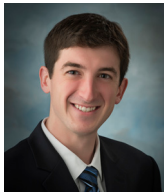
- A significant decline in consumer confidence
- A meaningful contraction in new manufacturing orders
- An increase in initial claims for unemployment insurance
- A significant tightening of bank lending standards

All of these are time-tested precursors to historical recessions. And all of them are flashing red right now.

Historically, recessions have coincided with a decline in corporate profits. And a decline in earnings would weigh on the stock market.

We're happy to participate in the year's strong gains so far. But we're still mindful of the risks that remain for the economy and financial markets.

Stop Procrastinating and Plan Your Estate!



BY ERIC PURCELL
Wealth Advisor

Estate planning is one of the pillars of wealth management and is critical to the success of your financial plan.

Depending on how simple or complex your situation is, estate planning can encompass one or several goals. Some of these goals are implemented while you're living (e.g., power of attorney designations), and many more occur upon your passing (e.g., asset distribution). Some critical reasons for the importance of estate planning include, but are not limited to:

- 1. Avoiding probate:** Probate is the legal process of distributing assets that flow through your probate estate. Your probate estate is open to the public, has expenses that reduce the estate's value, and can be considered a burden on family members. Some common examples of assets that flow through probate estate include any assets that flow through a last will and testament. Common examples of assets that bypass probate are assets with a beneficiary designation assigned to them or assets that flow through a trust.



- 2. Asset distribution:** Estate planning can implement your final wishes on how you'd like your assets distributed upon your passing. Asset distribution can be straightforward, where everything is transferred into the name of one individual (most commonly a spouse), or can be complex, requiring written rules on how assets are to be distributed, like that of a complex will or trust.
- 3. Financial, healthcare, and end-of-life decisions:** Estate planning can include designating a person to act on your behalf on financial, healthcare, and end-of-life decisions. You do not have to select the same individual as your power of attorney for each category.

Of all the pillars of wealth management, estate planning is most put on the back burner. Why is that?

1. Because estate planning is often thought to be a rather complex process. Some estate plans are more complicated and complex than others, but that is not always the case. However, this perception of complexity discourages individuals and couples from undergoing the process.

2. Estate planning can trigger an emotional response resulting in an unwillingness to not only plan but not even discuss the topic. However, our passing is one of life's certainties, making it best to plan for.
3. Finally, it's easy to procrastinate. If you're in good health, planning for your passing is the last thing on your mind, making it easy to ignore. However, good health can change instantly or during a doctor's visit.

Regardless of how simple or complex your situation may be, estate planning is a crucial step in the financial planning process. If you've recently updated your estate documents, we would like copies. Don't hesitate to ask your advisor any questions regarding your estate plan.

My Internship Journey



MAGI JACQUES
Wealth Advisor Intern

For those of you who I have not had the pleasure to meet, my name is Magi Jacques, and I am a Wealth Advisor Intern at Clayton Wealth Partners this summer. This fall, I will be a Junior at Kansas State University, majoring in Personal Financial Planning and minoring in Business. Through K-State's program, I have had the opportunity to learn so much about financial planning topics from my professors and have been able to connect with industry professionals to hear their perspectives. While what I have learned in the classroom has been fascinating, I have been looking forward to seeing this information in action. Fortunately for me, I have seen just that while I have been with the Clayton Wealth Partners team.

My main goal for my internship has been to learn as much as possible from industry professionals and to get exposure to the industry in action. There are just some things that cannot be learned in a classroom, and I hope to use the knowledge that I gain from my experience and apply it to my coursework in a practical sense. One lesson I have learned so far is just how complex the process of financial planning

can be, and how important collaboration is in this process. This collaboration helps to ensure that clients get the best possible service and that no energy is spared when putting a plan together.

At Clayton Wealth Partners, I have seen the dedication that this team has to providing clients with what they need and helping them to achieve their personal and financial goals. Another lesson that I have learned is that it is truly the interactions with clients that make this profession so special. I have thoroughly enjoyed each meeting that I have had with clients, and I find that it is the part of my week that I looked forward to the most. For those that I had the opportunity to meet and work with, thank you for making this such a positive experience!

In the fall, I will be continuing my financial planning coursework with Retirement Planning Concepts and Personal Investment Concepts. Through my time at Clayton Wealth Partners, I have already been exposed to these in a practical manner through client meetings and the preparation that goes into them. I will most definitely be using this knowledge and applying it to my coursework when the time comes. Combining classroom knowledge and real-world applications will help me to envision the full picture of these important financial planning topics.

Before this summer, my knowledge of financial planning and the industry was purely from a textbook perspective. However, I can now say that I view the profession in a whole new light. I will carry these lessons into the classroom and beyond, and I am so grateful that I had this opportunity. So, to those that I had the chance to meet and that made this such a wonderful experience, I appreciate you!

Fidelity Updates

Effective for 2023, CWP is required to provide an email address and mobile number to Fidelity when establishing new accounts. Cyber fraud attempts are on the rise industrywide. Fidelity already has a range of safeguards and multiple layers of security in place, and adding digital credentials (email addresses and mobile numbers) will allow further client account authentication when needed. Fidelity is also strongly encouraging the electronic delivery of documents. If you have questions or concerns about your delivery options on your Fidelity accounts or any mailings you receive, please do not hesitate to contact us.

SAVE THE DATE: QUARTERLY SEMINAR & WEBINAR

Our in-person seminar will be held on Tuesday, August 8, at noon at The Foundry Event Center in Topeka. Lunch will be served. For those who do not live locally or prefer to attend virtually, our live webinar will be held on Thursday, August 10, at noon. We will email the webinar registration details in advance. As usual, our team will speak on current financial planning and economic topics. Please RSVP if you plan to attend in person so we can ensure enough food is prepared.

We hope you will plan to join us in person or virtually or enjoy the recorded version of our quarterly presentation. We look forward to seeing you!

Dates and Times:

TUESDAY, AUGUST 8

Noon

In Person, Lunch Provided

LOCATION:

The Foundry Event Center
400 SW 33rd St., Topeka, KS 66611

THURSDAY, AUGUST 10

Noon — Live Webinar Only

Registration information will be sent via email.

YOUR ADVISORY TEAM

BARBARA DUNCAN,
CFP®
Partner, Senior Wealth Advisor

ELIZABETH YOUNG,
CFP®
Partner, Senior Wealth Advisor

ERIC PURCELL, CFP®
Wealth Advisor

ZAC POHLENZ, CFP®
Wealth Advisor

COLTON WALKER, CFP®
Wealth Advisor



716 S. Kansas Ave.
Topeka, KS 66603

832 Pennsylvania St., Suite 1005
Lawrence, KS 66044