STRATEGY ASSET MANAGERS™

Strategy Asset Managers Market Alert – March 2023

At Strategy Asset Managers, we are closely monitoring the recent banking crisis and its impact on markets and the economy. We have held several webinars to discuss this situation and have provided updates to help you understand what has happened. We want to assure you that Strategy Asset Managers has no direct exposure to Silicon Valley Bank, regional banks, or Credit Suisse. We have taken measures to protect your investments and know what we own.

Here are the key points you need to know:

- Strategy Asset Managers does not have any direct exposure to regional banks.
- Depositors at SVB and Signature Bank were made whole, and all funds were accessible late Monday.
- We do not believe this is a systemic crisis like the Global Financial Crisis of 2008.
- Your bank accounts are protected by the FDIC up to $250,000.
- Don't follow the herd mentality during times of market volatility.
- March and October have historically been volatile months.

What happened?

The recent banking crisis was driven by several factors, including the mismanagement of interest rate risks and asset sensitivity at SVB Financial and other banks. The selloff in unprofitable technology firms and cryptocurrencies has also contributed to the situation. The crisis has spilled overseas, and Credit Suisse, one of the largest banks in Europe, has failed.

Know What You Own

Strategy Asset Managers' managed portfolios hold high-quality stocks with strong balance sheets and positive cash flows. We believe that larger banks like JP Morgan will weather this crisis better than smaller banks, which may see deposits leave.

Understand Your Protection

It's important to understand the protections in place for your separately managed brokerage accounts. SEC regulations ensure that all the securities in your account are segregated, and your segregated assets are not available to a brokerage company's creditors. In addition, SIPC insurance protects your account for up to $500,000, including up to $250,000 of cash. Schwab also has additional insurance from Lloyd's of London.

Why This Is Not 2008

Unlike in 2008, the current banking crisis is not driven by assets with unclear valuations on bank balance sheets. The assets at the heart of the current bank troubles, including U.S. Treasuries, are among the most liquid and transparent in the world, and losses on these assets can be easily assessed. The Federal Reserve is well-equipped to protect depositors at the expense of shareholders, and the banking sector as a whole is responsible for any shortfall in deposit insurance funds stemming from the protection of uninsured deposits.

When Will We See the Markets Improve?

We believe that the markets will improve as interest rates may be peaking, and inflation is cooling. The U.S. has addressed inflation by raising interest rates and is ahead of the rest of the world in this respect. You will see the markets head higher before the economy improves, and we are looking forward to warmer temperatures and better times.

Thank you for your continued trust in Strategy Asset Managers.

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