



# THE COMPASS

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Second Quarter 2023



## LOOKING TO THE FUTURE

By Gary Krasnov, AIF®, CLTC® – RAA Vice President

Here in Atlanta, spring is in the air, the dogwoods and azaleas are in bloom, and the pollen count is high. Whether you are like me, acknowledging spring's

official arrival by the Masters Tournament, or just someone who suddenly finds joy in being able to roll the car windows down on a weekend drive, the promise of spring and the rebirth of nature that comes with it is something I've always loved. I guess it reminds me that just like nature, we are always in a state of change and evolution.

In this Compass, we feature two long-time RAA team members in celebration of their significant work milestones: Kat Schraeder and Robert Gecker. RAA would not be the company it is today without their significant contributions over the last three decades. If you have the opportunity, please reach out to them to offer congratulations. We are very proud of their service.

We have also included an article on the importance of cybersecurity and the steps you should take to help ensure your online privacy. We cannot stress strongly enough the importance of being ever vigilant while online.

In our previous edition of the Compass, we took a few moments to look back at where we have been as a company. So today, I would like to take a few moments more to look ahead at where we are going.

As you know, RAA is the Airline Division of Allworth Financial. Like RAA, Allworth was a firm founded by focusing on key niche markets, which is just one of the many reasons why we wanted to become part of Allworth. You

see, they too embraced and understood the importance of providing specialized financial guidance to people in highly specialized careers. And as we said four years ago when we announced our partnership with Allworth, RAA will remain laser focused on serving airline employees and their financial needs - today, tomorrow, and always.

We firmly believe that the advice we give our clients adds value and helps them live rich and meaningful lives. That is why one of our goals is to build a nationally recognized fiduciary advisory firm so we can help more in the airline community. This requires increasing brand recognition as part of the solution.

So over time, you will be introduced to our new name, Allworth Airline Advisors. As the name implies, our division will be comprised of the same familiar and trusted airline professionals, and our mission will remain entirely focused on serving our airline community – as we always have.

As I reviewed my last Compass article, I'm reminded that we have had many names over the years: PH&H, E-Trade, and Advisor Financial Services, to name just a few. But those are just names. What matters most, is the trust our clients put in us as we provide Fiduciary advice and personalized comprehensive financial planning. That is not changing, and, most importantly, neither is our mission to provide you with world-class financial guidance.

What's next? This name change will be gradual, and for the foreseeable future, you will continue to see the RAA name and iconic windows logo alongside our new Allworth Airline Advisors name.

As I conclude 2023's Q2 Compass introduction, I want to remind you that, for clients and non-clients alike, we offer a host of both in-person and virtual educational and even social events to help you stay on course for retirement, and, to provide you with opportunities to become better acquainted with the folks here at RAA, and your airline comrades. Just go to the "Resources

and Events" tab on the toolbar at RAA.com. Until we meet again, I want to extend my sincerest appreciation for the opportunity to serve you, and from everyone here at RAA and Allworth, we look forward to seeing you soon.



**FROM SHARKS TO SCAMMERS: WORKING TOGETHER TO PROTECT YOU AND YOUR FINANCIAL INFORMATION.**

**By Scott Hanson**  
Co-CEO

When it comes to protecting your confidential information from the scourge that are cyber thieves, one of the most vivid descriptions I have yet heard compares these criminals to sharks: "Never sleeping, unemotional, relentless in their pursuit of prey."

Now, before any fans of Shark Week correct me, I understand that some sharks do enter a state that is vaguely sleep-like. And let me be clear that, unlike cyber criminals, I have nothing against sharks. They are miracles of nature and fascinating creatures. But the comparison has relevance because, as a consumer, protecting yourself from scammers can sometimes feel like swimming in the ocean: You know that sharks are out there, but you hope they will leave you alone.

Fortunately, when it comes to defending your personal information, we at RAA and Allworth Financial take a more proactive approach. And, frankly, you should too.

As I know significantly less about technology than I do about investing and finance, for this important Weekly Update I have called upon the expertise of our Chief Technology Officer, Sandeep Mishra, and our Information Security Manager, Venkatesh Patil. These two folks work night and day with other members of our highly trained IT department to keep information safe.

What follows are some of the things we do to protect personal and financial client information, followed by a list of what you can do to help us protect you.

**1. Team members are screened, trained and tested**  
Suffice it to say, be they client-facing or behind the scenes,

we value and appreciate all our associates throughout the country. However, working for Allworth Financial certainly does not mean that they automatically have access to sensitive client information.

Before you are qualified to become employed by Allworth, you must undergo a thorough background check. After you become a team member, you must complete quarterly clearance attestations, engage in ongoing education, and pass regularly scheduled cybersecurity training.

Additionally, client information is only accessible to those team members whose job responsibilities require that level of clearance to fulfill their responsibilities.

**2. Walls of protection, constant monitoring**

As mentioned earlier, bad actors never stop trying to gain access to other people's confidential information.

To protect against them, we have implemented, and continue to upgrade, multiple factors of authentication to ensure that unauthorized users and cyber criminals are kept at bay. Our systems and personnel monitor all transactions and activity 24 hours a day, seven days a week, 365 days a year to identify and defend against any threat or suspicious activity.

Simply, if someone or something probes our defenses, we will see them.

To further help keep information safe, the ever-vigilant members of our IT department send out regular updates to staff that identify threats and ingrain protocol. On a day-to-day basis, we automatically block access to unsecure

websites and consistently probe our own defenses and response times to identify ways we can improve.

But our exceptional technology team is not merely reactive, they also thoroughly review and verify the security practices at our vendors to help minimize supply chain risks. Before we will conduct business with a firm, we analyze their systems and policies, and if they fail to meet our rigorous IT standards, we refuse to work with them.

**So, how can you help us protect you?**

You or someone you know has almost certainly been the victim of cybercrime. Additionally, I understand that reports about online scams are ubiquitous, and that their presence may in some way contribute to breaches, as it could give some folks a sense that there is little that private citizens can do to protect against them.

But that is simply not true.

Here are a few ways that you can help us (or any entity you work with) protect you.

**3. Use two-step verification**

I use two-step verification (also known as two-step authentication) for virtually everything.

You should, too.

Typically texted to your phone (or via email), two-step verification is a security feature that requires you to enter a single-use security code whenever you access an account online. This makes it significantly more difficult for bad actors to gain access to your information.

**4. Secure your passwords and make them unique**

Using a trusted password manager not only makes it easier to manage your login information across websites – it will also help you create secure, strong, and unique passwords.

And when it comes to creating your own passwords, you should also:

- Make them long (even 20+ characters long)
- Use a combination of characters (numbers, upper- and lower-case letters, unique symbols, etc.)
- Never use personal information that would be easy to guess
- Use unique passwords for each account
- Change them every few months

When it comes to passwords, while there are never any guarantees, longer is typically better. One method to create more secure, memorable passwords - that are

**2023 UPCOMING EVENTS**

We wanted to make sure you were aware of some upcoming events for 2023. We are looking forward to spending time with you, serving the airline community, and having lots of fun.

- **May 18: Atlanta Client Seminar**
- **June 20: Dallas Client Seminar**
- **July 6: Seattle Client Seminar**
- **July 13: Park City Client Seminar**
- **August 9: Costa Mesa Client Seminar**
- **Sept 12: Tysons Corner Client Seminar**
- **Sept 13-17: Reno Air Races**

Keep an eye out for more details via email and also please continue to refer to [www.raa.com/events](http://www.raa.com/events) for any updates on the specific dates and times of the events. We hope you will join us and bring your friends, family, or colleagues!

both long and personal - is to tell a story. For example: "IlovetheGREENhousethatis#4thfromthecorneron#44thstreet."

**5. If available, use biometrics**

In the not-so-distant future, all our identification will be biometric, which is the utilization of your unique physical characteristics to enable access to your devices and secure websites. If your smartphone or PC offers biometric security options such as a fingerprint reader, or voice or facial recognition, begin using them now.

**6. Never click on links in emails and texts**

Billions of dollars in phishing fraud each year prove that cybercriminals are phenomenally successful in their attempts to make their emails and texts appear legitimate. Because it is so easy to get fooled by criminals, be skeptical of all emails, texts, and any links and attachments, until you are 100% certain that their origin is legitimate.

**7. Be economical with your online presence**

Lastly, try and minimize what you share on social media



and set privacy and security settings on websites and applications to safeguard your information.

It can be unnerving when you consider that criminals, perhaps living thousands of miles away, spend their lives probing people and businesses for access to confidential information. But that is an unfortunate reality of the world

we live in. With that in mind, if you stay vigilant, shred your personal information before throwing it away, check your credit often, avoid clicking on suspicious links and attachments, and you commit to putting time and energy into the creation of complex passwords, you will significantly lower your risk of being the victim of cybercrime.

# ANNIVERSARY SPOTLIGHT

In this issue of The Compass, we would like to celebrate and thank two of our associates, Kat Schraeder and Robert Gecker for the time, dedication, and commitment they have shown. Kat, who is currently Senior Vice President of Client Relations and Delivery, has been working for RAA for the past 17 years, holding various positions. Robert has been a Financial Advisor for the past 26 years, serving his clients diligently. Happy work anniversary, Kat and Robert!

Here are some of their thoughts on working for RAA and some fun facts about them:



- What is your favorite part about your job and working at RAA?  
The fact that I get to help others help our clients succeed. I also immensely value the relationships I have with my coworkers and my clients.
- What is the best career lesson you've learned so far?  
Never quit learning and growing and look for lessons in every interaction.
- What do you like to do when you are not working?  
When I am not working, I love being a wife and a mom. I enjoy coaching my kids' events, helping at my church, and reading.
- What's a fun fact about you that many people may not know?  
A fun fact about me is that I love music, but I can't play a musical instrument. So, I have signed up for guitar and piano lessons with my kids.

Here is what Kat's teammate, Adam Peters, Regional Director, would like to share about her:

"Kat has a genuine and inherent ability to forge lasting relationships with coworkers and clients alike. One of her

greatest strengths is seen in the care and compassion she exhibits in her interactions with people from all walks of life. This is showcased whether she is working as a financial advisor, as a leader, or as a mentor and teacher in her community. Kat leaves a positive mark on those around her and we are so fortunate to have her. Congratulations, Kat, on your 17-year anniversary! We all look with anticipation on what you'll help us, and our clients, accomplish next!"



- What is your favorite part about your job and working at RAA?  
I started my career with RAA in 1997 and my favorite part about working here are the people we help. As advisors, we form a special bond with our clients, some of whom I've worked with since I joined. We have shared many life events together, from the birth of my son to the passing of family members. In addition to our clients, I also enjoy the people I work with, some of whom I consider dear friends. Our families interact with each other outside of work and it's truly like a family here. I am very fortunate to have the opportunity to work with some incredibly caring and talented people.
- What is the best career lesson you've learned so far?  
Talk less and listen more. Early in my career I would always try and impress clients with what I know. Not too long after, I discovered that the most important thing I can do for my clients is be there to listen, understand their concerns and try to provide them with the best possible solutions.
- What do you like to do when you are not working?  
When I am not working, I like to spend time at various car events around town. I love cars in all forms and share this passion with my son who is 24 and an

automotive technician. Every car has a story, and, for me, that is probably the most interesting thing about the automotive industry.

- What's a fun fact about you that many people may not know?  
One thing that people may not know about me is that I'm infatuated with wrist watches. I love the juxtaposition between art and science that they offer. It's a cool hobby that anyone can participate in at any economic level.

Here is what Robert's teammate, Rutledge Gordon, Managing Director, would like to share about him:

"I have worked with Robert for almost 25 years, and I consider him a great co-worker and an even better

friend. We have watched each other's families grow up and have been together through interesting financial times. Through it all, he has been a wonderful advisor to hundreds of clients and their families over the years.

One of my first memories of Robert was back in the late 90's when we were both fairly new at RAA. He told me about growing up in Brooklyn and moving to Texas. He had never had biscuits and gravy before and when he first had it in Texas, he ate it for breakfast every day for a week. That's when he knew he would love Texas.

Congrats to Robert and his career at RAA, I can honestly say that the dedication and care for his clients and co-workers have made life changing impacts to all who know him."

# MARKET UPDATE

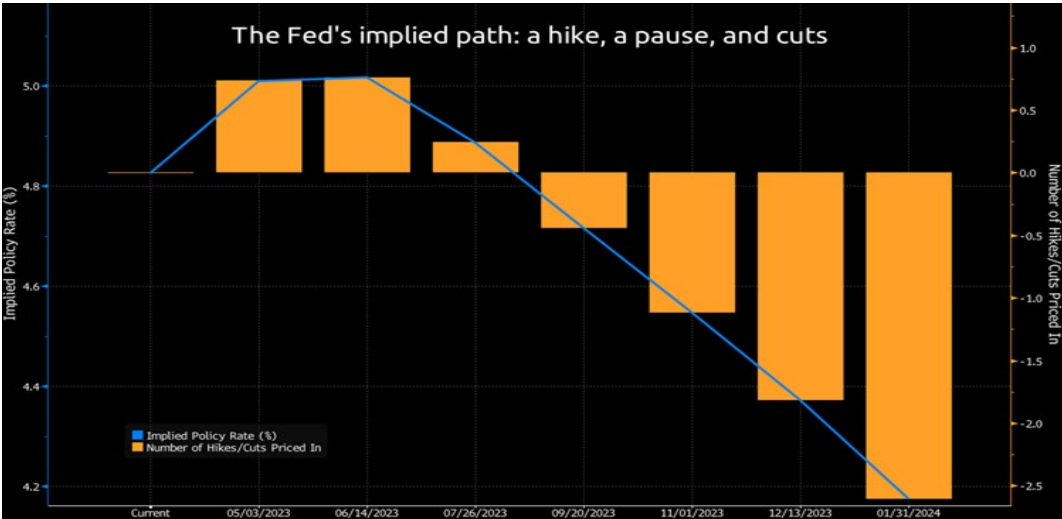
By Andy Stout, CFA, CFP® - Chief Investment Officer

Chief Investment Officer Andy Stout gives you an in-depth update on where things stand with inflation.

We are all looking forward to the day when our Monthly Market Update can, if not totally ignore inflation, then at least view it as an afterthought and push it back to where it stood for some 40 years: the end of the line of our chief economic concerns.

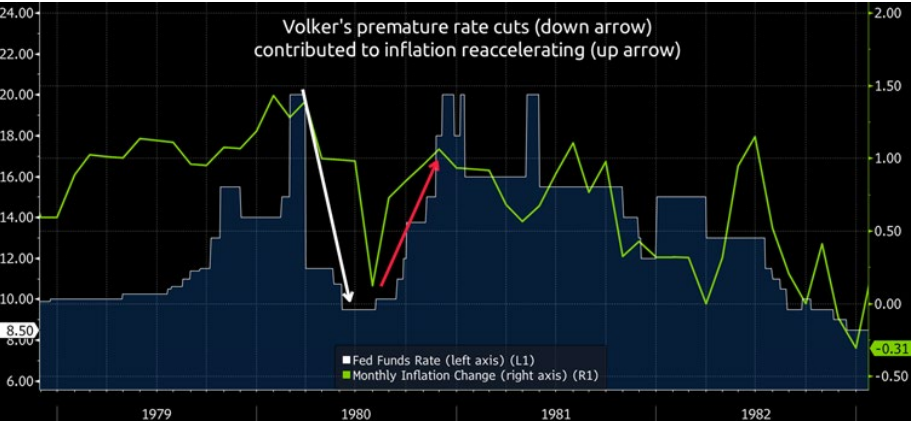
Unfortunately, today is not that day. That's because the Federal Reserve (Fed) may have won the battle, but has it won the war?

To begin: Consumer inflation (CPI) peaked last June at 9.1% and has since fallen to 5%.



A few indicators suggest the Fed has won the war against inflation. For example, the difference between traditional treasury bonds and treasury inflation-protected securities (TIPS) is the breakeven inflation rate. That's the inflation rate the bond market estimates over different periods, and it points to a continued move lower in inflation. Inflation expectations are





We believe the market might be ahead of itself regarding rate cuts. At his press conference following the Fed's last meeting, Chair Jerome Powell stated that no members had a rate cut in their forecast. In addition, Powell has repeatedly mentioned the 1970's policy errors, by then Fed Chairs Arthur Burns and William Miller, that led to the high inflationary environment of the early 1980s. Powell appears set not to repeat those same mistakes.

It wasn't until Paul Volker took over the Fed that inflation was finally under control. But contrary to popular opinion, Volker also made a mistake: For instance, inflation started to drop in the first half of 1980, and the economy fell into a recession, so Volker quickly cut rates from 20% to 9.5% from March to June of 1980. Unfortunately, inflation immediately increased after those rate cuts, forcing Volker to lift rates back to 20%.

Chair Powell appears determined to kill inflation and, not surprisingly, is reluctant to lower interest rates, especially because there are signs that inflation could persist at a higher-than-normal level.

Overall, March's CPI release was encouraging on many levels, as total consumer inflation increased by just 0.1% for the month and 5% over the past year. Other month-over-month inflation highlights include egg prices falling 11%, energy expenditures declining 3.5%, and shelter costs increasing at their slowest pace since April 2022.

We expect further shelter disinflation as price increases in lease agreements begin to slow.

However, the Fed has recently honed in on core services (ex-shelter) as a key indicator in determining how entrenched inflation is in the economy. Unfortunately, there's been little reprieve here, as it's hovered between 0.2% and 0.4% over the past six months. The Fed needs this to decrease more to conclude inflation is under control.

Other inflationary measures have also improved. For example, producer inflation (PPI) declined 0.5% in March compared to February, pushing the 12-month change from 4.9% to 2.7%.

Based on the current environment, we believe the Fed will hike one more time and pause for the remainder of the year, even if there is a mild economic slowdown.

Even though we believe that's the path, we also understand how the market can expect about three rate cuts this year. It would be the midpoint of our baseline scenario (no hikes) and a severe credit crunch. The Fed could cut rates by about 2% this year if a financial crisis erupts.

Leading economic indicators are data points that move before the broad economy does, and they currently point to economic weakness. How much of a slowdown we experience may depend on the cost of money and the availability of money.

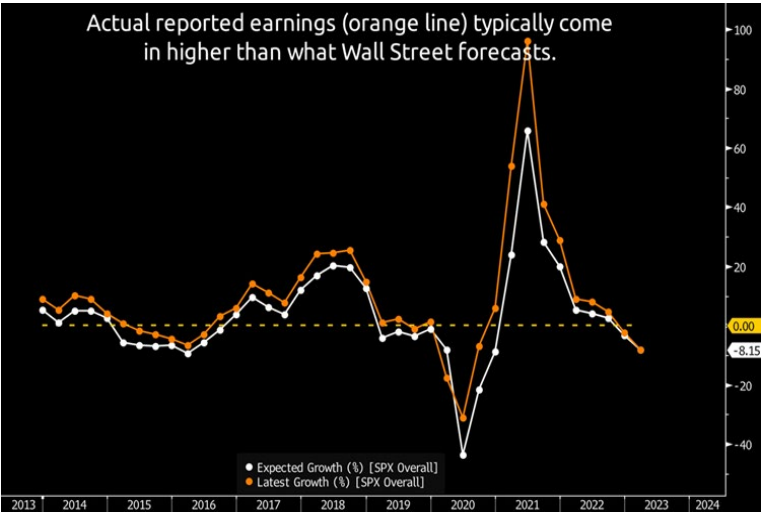
The Fed has made the cost of money quite expensive, increasing the likelihood of a slowdown. The availability of money is dependent on how much banks lend out. The failure of Silicon Valley Bank, Signature Bank, and Credit Suisse is forcing banks to shore up their balance sheets. As a result, bank lending will likely decrease. The depth of a potential economic slowdown depends on how much banks pull back their lending.

2.9% over the next 12 months and 2.2% over the following 12 months.

In addition, Wall Street traders buy and sell securities called fed fund futures, and their prices show what traders expect the Fed's rate hike path to be. Currently, the implied path is about a 70% chance of a quarter-point hike on May 3rd, followed by a brief pause, and then approximately three quarter-point rate cuts over the next nine months.

Monthly CPI Change (%)

Product Category	Weight (%)	Mar 23	Feb 23	Jan 23
Food	13.5	0.0	0.4	0.5
Energy	7.0	-3.5	-0.6	2.0
Core Goods	21.3	0.2	0.0	0.1
Core Services ex-Shelter	23.7	0.3	0.4	0.3
Core Services Shelter	34.5	0.6	0.8	0.7
Total CPI	100.0	0.1	0.4	0.5



We'll continue to monitor many other factors besides the Fed's policy, but one that we want to point out is earnings. Wall Street expects earnings for the first quarter to have declined by 8.2% compared to 2022's first quarter.

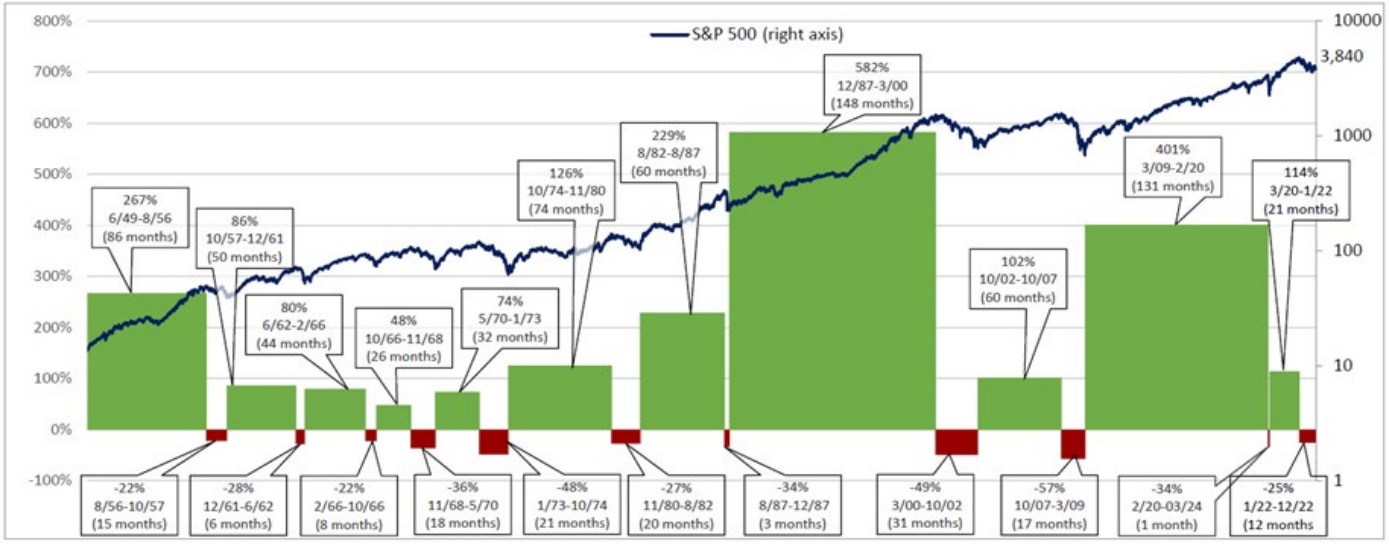
Usually, about 70-75% of large-cap companies report better-than-expected profits, so it's not surprising that companies often report better earnings (orange line) than expected earnings (white line).

Meanwhile, analysts believe sales will rise by 1.9%. Increasing sales and decreasing earnings means profit margins will contract.

We are clearly in an uncertain environment with many

possible outcomes, which is why it's critical that you have the right investment mix of stocks, bonds, and cash to not only withstand market volatility but so you're invested during market rallies.

Below is a chart of the S&P 500 tracking the last seven decades, but I could have used other indexes to make my point, as well.



The key is to stay invested and stick with your plan. While it's certainly true that selloffs can be challenging, history shows again and again that markets move higher much more often than they move lower.

April 14, 2023

All data unless otherwise noted is from Bloomberg. Past performance does not guarantee future results. Any stock market transaction can result in either profit or loss. Additionally, the commentary should also be viewed in the context of the broad market and general economic conditions prevailing during the periods covered by the provided information. Market and economic conditions could change in the future, producing materially different returns. Investment strategies may be subject to various types of risk of loss including, but not limited to, market risk, credit risk, interest rate risk, inflation risk, currency risk and political risk.

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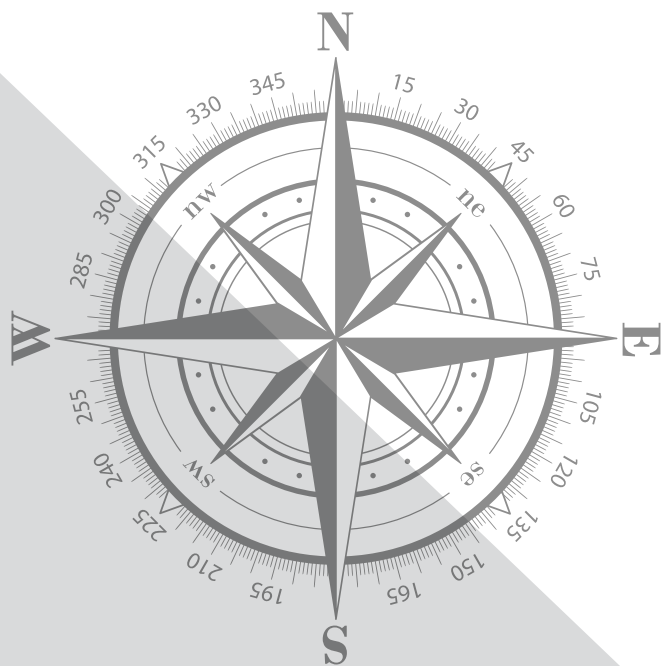
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