



# Our Quarterly Report

*"A goal without a plan is just a wish."*

**Rewald, Sebranek, & Frawley**  
An Independent Firm

**July 2023**

## Reflection on the Previous Quarter

The drama for most of the spring was the debt ceiling debate. Would a crisis be averted? Would the U.S. default? How many people would lose their jobs? The media was having a field day with all of this. Yet the sober minded long term investor remembered "History doesn't repeat itself, but it often rhymes." Since the end of World War II, Congress and the President have modified the debt ceiling more than 100 times. In that time frame, the debt limit increased from \$300 billion to just under \$31.4 trillion. Sure enough, yet again a debt limit increase deal was reached and the media had to move onto another fear mongering topic.

Let's take a moment to reflect on the "rhyming" history of the U.S. debt ceiling:

- **July 31, 2011: S&P 500 at 1,292**  
*Congress raised debt limit under the Budget Control Act of 2011 but the impasse led to the downgrading of U.S. debt by S&P from AAA to AA+*
- **October 17, 2013: S&P 500 at 1,733**  
*Debt ceiling raised following a 16-day partial government shutdown.*
- **June 3, 2023: S&P 500 at 4,282**  
*President Biden signs legislation lifting the debt ceiling with two days to spare.*

The last two existential debt ceiling crises got resolved and had ramification. Yet take note of the value of the S&P 500 which is comprised of some of the most profitable, publicly traded companies in the U.S. If you haven't noticed the theme, the S&P 500 years later is significantly higher.

With this in mind, one item you haven't heard from the news media is since the S&P 500 reached its most recent lowest bear market close back in October 2022 (down > 20%), the S&P 500 has risen nearly 25% (excluding dividends) and almost 17% this year alone. Quite fascinating to hear this statistic knowing the political and recession drama that has been proliferated. Remember, stocks are said to "climb a wall of worry." During this time, most investors have shunned stock investments rather seeking the safety and appeal of fixed income earning 4%-5%.

We might not be out of the woods yet from the damage caused by COVID and excessive government spending. Furthermore, the federal reserve is still in a battle against inflation and the storm clouds of a recession are looming. We don't know what "the stock market" is going to do over the next 12 month; neither does anyone else. Rather it isn't so much one's faith that's being tested these days as it is one's patience. We must never forget Warren Buffett's dictum to the effect that the stock market is a marvelous mechanism for transferring wealth from the impatient to the patient.

### 2023 Index Returns (Year-to-Date)

<u>Major Stock Indices</u>	<u>(As of 6/30/2023)*</u>	<u>Major Bond Indices</u>	<u>(As of 6/30/2023)*</u>
S&P 500	+16.62%	U.S. Aggregate Bond Index	+1.89%
Dow Jones Industrial Ave	+5.00%	U.S. High Yield Bond Index	+5.28%
NASDAQ	+32.19%	U.S. Government—Long	+3.34%
MSCI World ex USA	+9.66%	CPI—Headline	+2.17%

*\*Source: MSCI Net Returns, Barclays Capital*



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## *Financial Planning with Terry*

Terry Sebranek, Financial Advisor

### *Ask Questions While You Can*

The recent celebration of Father's Day reminded me about the importance of relationships that we have with our parents and family. Positive relationships between parents and children are so important – from infants' development through the end of our parents' lives. Allowing yourself as a child or a parent just to 'live/be in the moment' is becoming increasingly difficult with worldly and technological distractions. Leaving my phone on the night-stand for an entire weekend and just watching the kids jump in the lake and working/playing in the yard was a fabulous way to celebrate Father's Day this year.

I've been working through some material on asking better/more meaningful questions to improve my skills as both a financial planner and a friend.

My mom was sick for a long time before she passed away, and there are so many things I wish I would have asked her. If either your parents or your children are alive, consider asking some of these questions while having quality conversations:

What are you most proud of in your life?

Why did you choose your career?

Who was the most influential person in your life? Why?

What do you admire most about your own father/mother?

What is your biggest life lesson? Marriage – raising kids – finances?

What is the best advice you've ever received, and who gave it to you?

Is there anything you regret not doing in your life?

What do you enjoy most about being a parent/spouse?

What was the hardest moment for you as a parent/spouse?

What are some of your fondest memories?

What is one story I don't know about you?

What mistake taught you most about life?

How do you want to be remembered/known for?

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Declan and Desi finished 4 year-old Kindergarten and are looking forward to lots of hiking and swimming this summer. We have lots of plans to spend weekends with family and friends having campfires and boat rides.



*Family is not an important thing...  
It's everything.*



Joseph@rsfwi.com

## Joe's Journal

Joseph Brown, Financial Advisor

### Overcoming Long Odds!

It was the bottom of the 5th inning, the score 0-7, in the Division 4 State Championship Game when the rally began. Following a dreadfully long 5 innings in which the Ithaca baseball team struggled to get a hit (let alone score) they got the spark they needed. A pitching change and a couple hits scored a single run. What ensued the following two innings was a 7-run rally capped with a walk-off base hit scoring Micah Salisbury (my nephew) to win the state championship!

Making this championship more sweet is Ithaca is the school my kids attend, the place I met my wife, where we graduated from and where I now serve on the school board. OUR team wasn't a juggernaut, rather an underdog. A team that wasn't supposed to be there, a team who at one point had lost 4 of 5 games, hailed from an unincorporated village and was called "bad" mid-season. This team battled the longest of odds and provided themselves and also our entire community a lesson far greater than anyone could imagine.



This child's game provided lessons of persistence and perseverance that anyone would be hard pressed to ignore. The power of never giving up, fighting for your teammates and the will to overcome long odds was on full display. Thankfully my youngest boy was in attendance that day while my wife and other children watched from home.

On a personal level, for the non-sports fan, this amazing feat on the baseball diamond hasn't been the only courageous battle I've had a front row seat to—my mother's diagnosis of breast cancer earlier this year. Seeing her battle through chemotherapy and its ugly side effects has been difficult, but the underlying lessons/message prevail.

Life doesn't always give us the opportunity to bask in glory. Oftentimes life takes unexpected turns: one minute you're leading 7-0 and the next moment you're watching another team celebrate the improbable. Sometimes the will to fight a health diagnosis simply isn't enough, we've all lost jobs and lived through times where the stock market seems to be spiraling out of control. It's easy to say "stick to the plan" during the mountain top moments of our life but it's when we're in the valley that sticking to the plan becomes vital. The times when not allowing emotion to control our action matters. Never give up!

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### Brown Family Update

This June, Karia and I celebrated our 15th wedding anniversary! The two of us took a trip to the Pacific Northwest in May to enjoy the sites and our first "kid free" vacation in nearly 13 years.

Our two boys are participating in youth baseball as you would likely expect. Peyton is on the 7th-8th grade team and Cameron the 3rd-4th grade team. We're fortunate that the schedule hasn't required significant travel, though we'll still be found on a ball field every Tuesday and Thursday into July!

Our two girls Ellyn (6) and Allison (3) aren't quite as busy as the big boys, though they really enjoy having each other to play with every day. In particular the girls really enjoy playing in their pool!







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## Jesse's Analysis

Jesse Peckham, Business Manager

### Time is Your Ally

In the early 1900s Serbian scientists studied the earth's position and came up with the theory of ice ages that we now know is accurate. The gravitational pull of the sun and moon gently affect the earth's motion and tilt towards the sun. During parts of the cycle—over 10,000 years—each of the earth's hemispheres get a little more or a little less solar radiation.

When a summer never gets warm enough to melt the previous winter's snow, the leftover ice makes it easier for the snow to accumulate the following winter. It increases the odds of snow sticking around in the following summer, which attracts even more accumulation the following winter. Perpetual snow reflects more of the sun's rays and exacerbates cooling.

This example illustrates how big something can grow from a relatively small change in conditions. You start with a thin layer of snow leftover from a cool summer that no one would think anything of. Then in a geological blink of an eye, the entire earth is covered in miles of thick ice.

The big takeaway from the ice ages is that you don't need a tremendous amount of force to create tremendous results. If something compounds, little growth serves as the fuel for future growth. A small starting base can lead to results so extraordinary that it can be difficult to comprehend. It can be so logic-defying that you underestimate what growth can lead to.

When compounding isn't intuitive, we often ignore its potential and focus on solving problems through other means. Not because we're overthinking, but because we rarely stop to consider the compounding potential. The practical takeaway is that the counter intuitiveness of compounding is responsible for the majority of disappointing trades, bad strategies, and successful investing attempts. Good investing isn't necessarily about earning the highest returns because the highest returns tend to be one time events that can't be repeated. It's about earning pretty good returns you can stick with and which can be repeated for the longest period of time. That's when compounding takes off.

That's true for finance, as well. Compounding is so counterintuitive that it's easy to look at someone like Warren Buffett and think he's worth a hundred billion dollars, and it must have been the most powerful and brute force intelligence to get to that point. Reading about the course of his life, 99% of his net worth was accumulated after his 50th birthday, and roughly 98% of his net worth was accumulated after his 65th birthday. That's just how compounding works.

The interesting thing about Buffett is if he had retired at age 60, like a normal person might, we would have never heard of him. He never would have become a household name. He never would have accumulated a fraction of what he has. All this is not to diminish his greatness as an investor—he's one of the best in history. But the whole secret is that he's been a good investor for 80 years. And that number is the exponent in the equation that does all the heavy lifting.



*"My wealth has come from a combination of living in America, some lucky genes, and compound interest."*

- Warren Buffett



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## Beth's Bulletin

Beth Kepler, Financial Services Professional

### The Constant Changes of Life

Change: What does it really mean for people and how does it affect us? It can be different for everyone. Change can be good or it can be bad. It can be the start of something new and exciting, but it can also be the opposite, and having to let something or someone go. We must deal with change every day, whether we want to or not: It is a part of our lives. I'd like to share a few of the changes in my life over the last few years and how I believe we have grown through them.

In January of 2020, my husband and I put our 80 acres and home up for sale. This was a tough decision as my husband grew up on this farm his entire life but we really wanted to do something that would be in the best interest of our family. If you recall, the housing market was really a buyers' market in 2020 as the prices were low. Right after we listed our property, COVID happened. It was an awful time to list a home! There weren't a lot of prospects. However, we found a place we really wanted and didn't want to let it slip by. During this, like many people did during COVID, my husband lost his job. So now we were in the process of buying and selling our home and down to one income. My husband was lucky to find a job but at about a third of the salary we were used to. This was a difficult change to get used to. However, we were lucky enough to find a place we really wanted to purchase and found a buyer for our place. The interest rates were still low and we were able to purchase at a good price (over the hood of my van since it was still COVID).

While the house selling and buying was happening, health changes affected us during 2020. My mother-in-law was diagnosed with cancer. Luckily it was caught early enough that it was treatable and she is now back to her normal self. This probably affected our oldest son the most and he pretty much lived at their house that summer. I remember the first holiday get-together after all her treatments, when she was feeling normal, she went over-the-top for a dinner spread. It was insane, but she was making up for the ones she couldn't do.

Fast-forward to late summer/early fall of 2021, both my husband and I started new careers. He was able to go back to being a construction superintendent, but with a different company and I started at RSF. These were good changes for us mentally and financially. After these changes, things have settled down. It was a lot to take in over a relatively short period of time.

We are currently refinancing our place after remodeling it the last two and a half years. With higher interest rates right now, it seems like a bad time to refinance, but at the same time the value of our property has more than doubled since we purchased it. To me it is mind boggling that a property can increase that much in under three years. Even though we bought it during COVID and the rollercoaster in changes, I feel as though we made a wise investment, even if it was scary at the time. And, yes, we FINALLY moved into the remodeled farmhouse after living in the two-bedroom little house with four kids and two dogs. We are still settling in and getting used to having our own spaces after being on top of each other for so long.

In addition to refinancing, we are also purchasing the adjoining 37 acres of farmland. This too has doubled in price from what we had originally thought. We weren't happy that the price was so much higher but land prices aren't likely to fall any time soon, if ever.

A couple of upcoming changes on the horizon is that my first baby is going to be entering high school this fall! We have also made the difficult decision to put our old English bulldog down. She is now 12, so has been with us a long time, especially for her breed. She was a great dog and will be missed dearly. And as many now know, after almost seven years of no diapers, we are starting over by adding another baby to our family. We will be busy this summer for sure!



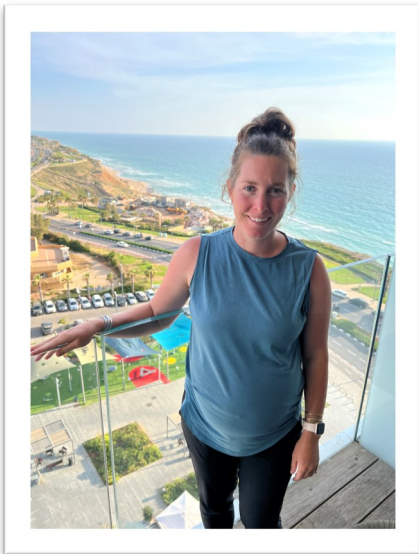


### Israel Highlights

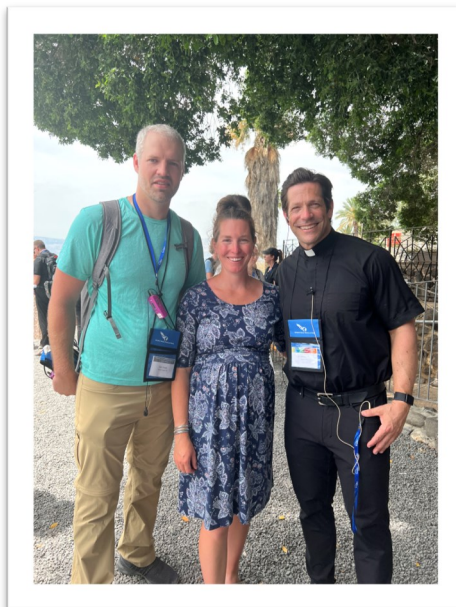
For two weeks in June, Maggie and I were on a pilgrimage in Israel hosted by Father Mike Schmitz and Jeff Cavins. These men have grown in popularity over the past few years with their “Bible in a Year” podcast and I would call them “Catholic celebrities.” Rather than bore you with the details, here are some highlights:

- Israel is a safe country. At no point in our journey did we feel threatened. Our Jewish Israeli guides wanted us to spread this message and don't listen to what the big media outlets are promoting. As our guide stated “Israel is better prepared for a suicide bomber than we are two inches of snow.”
- Israel is an innovative country:
  - Energy independent and a net exporter thanks to natural gas.
  - Leads the world in water recycling.
- Israel in the summer is very hot and humid. Furthermore, being 26 weeks pregnant doesn't help either.
- Worst Moments
  - Did I mention how hot and humid it was yet?
  - Lack of legroom on international flight.
  - Maggie was sick for close to a week combined with motion sickness on the bus.
  - We take for granted our bathroom facilities and overall cleanliness.
  - Stray cats everywhere and not too mention birds.
  - Being treated like a tourist.
  - Driving in Jerusalem specifically the motorcycles and mopeds.
- Best Moments:
  - Renewing our marital vows on the Sea of Galilee at the location of Peter's primacy.
  - Swimming in the Sea of Galilee and encountering 3+ foot high waves.
  - At the Dead Sea, Father Mike referred to Maggie as his “Good Samaritan.” She was the only one who stopped and offered him her towel to dry off.
  - Living through the “ins and outs” of the Jewish Shabbat (Holy Day).
  - Experiencing the actual biblical events and historical sights—from mountains to desert to garden.
  - The numerous teachings and lessons offered by Father Mike and Jeff throughout the trip.
- Speaking of those lessons, here were the most appealing to us:
  - Expectations are the killer of joy.
  - Love is a verb. Not a noun. Love is a “conch shell.” Without the truth inside, the world will fill it.
  - The shape of your day reflects the importance and love of your life.
  - The importance of forgiveness which is not the same of forgetting. Nobody has forgotten Peter's denial of Jesus three times however it has been redeemed.
  - When you give yourself away you find out who you really are.
  - Most people would rather have a broken leg than a broken heart.
  - Live in the present. Most spend their health pursuing riches and then when older spend their riches to maintain their health.
  - Guilt is when I know I failed to live up to a standard. Shame is different. It's relational. “I know that you know I violated the standard.” Why one can't look a person in the eye.
  - Environment beats will power every time.
  - Lastly, the average married couple spends about 20 minutes per week communicating with each other. Ignoring whether that is enough, are you getting the best 20 minutes you want out of it with your spouse? Compare it to a burning fire. What is one fire extinguisher to remove from your relationship? What is an additional fuel or oxygen you could add?

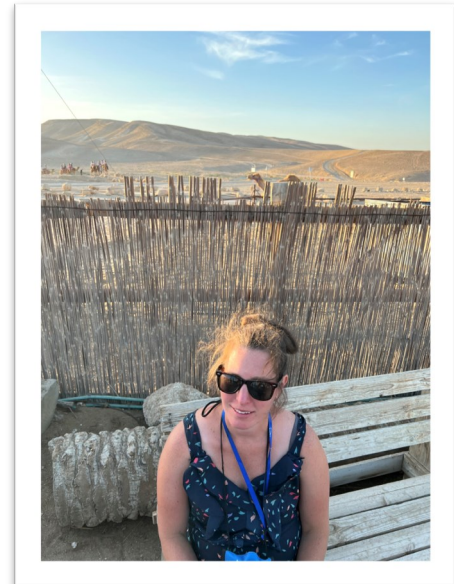




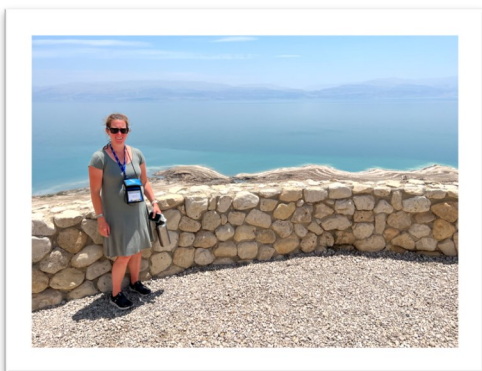
View of Mediterranean Sea  
from Natanya



Renewing marriage vows on Sea  
of Galilee with Father Mike  
Schmitz



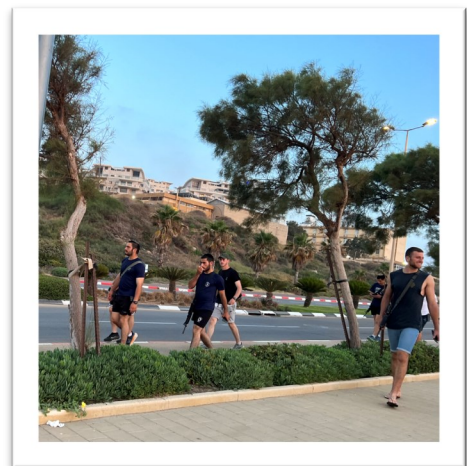
Hot Mama in the desert



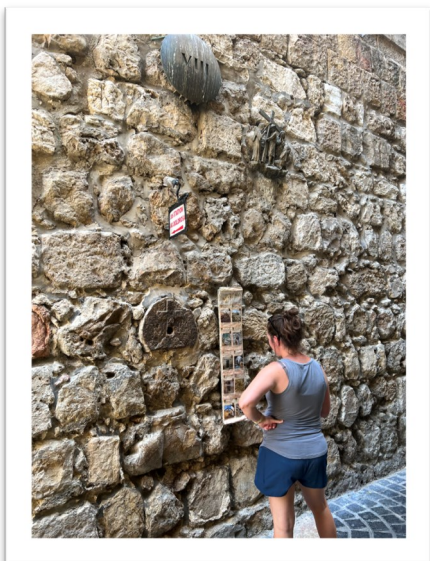
Dead Sea overlook



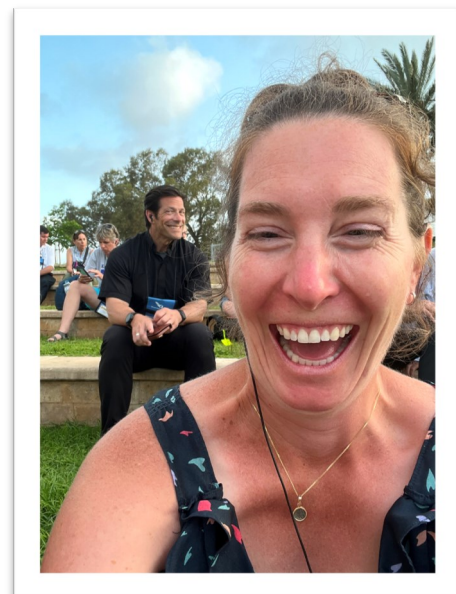
Celebrating Mass on the  
Mount of Beatitudes



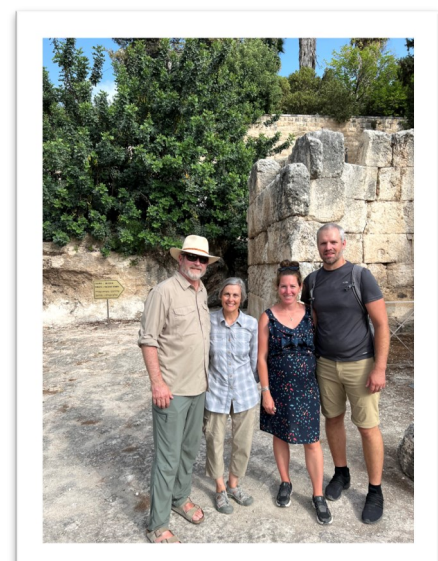
Off duty military presence



8th Station on the Via  
Dolorosa



Surprise selfie with Father  
Mike



Farewell picture with  
Jeff & Emily Cavins



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## ***STOP THE PRESSES!!***

Moments before our newsletter was set to be printed, Beth went into labor. We are happy to report that on June 29th at 12:45pm a healthy baby girl—Larkyn Grace Kepler—arrived into this world. Larkyn weighed in at 6 pounds 9 ounces and 21.25 inches long.

