

Quarterly Insights

Economic and Investment Environment

Markets dislike uncertainty. The second quarter of 2023 was positive for most investments and this continued upswing was likely a result of diminishing uncertainty. The debt ceiling was a major hurdle to pass. Watching how quickly inflation is cooling and what the Federal Reserve will do as a result has become a bit more clear. Surprising to some, corporate earnings are also relatively stable and healthy. These are all positive catalysts for the markets.

Looking ahead, where does this leave us?

Our optimism about the years ahead remains strong, but there are many causes of volatility that could play out in the meantime.

We are getting the question more frequently:

What could drive markets up from here?

In a word: *Earnings*. Stock prices are built on the earnings of each company, and despite inflation happening in most parts of the world, companies have an opportunity to navigate this and sometimes retain or even increase their own profit as a result.



Beyond the inflation topic, we also believe that the incoming impacts of generative artificial intelligence (ChatGPT and many others evolving very quickly) is something that will help companies do more/better with less expense in the near future. This would be a recipe for continued profit growth which in turn is a reason the market may continue to have legs to keep this upswing alive.

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3. Portfolio Updates
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BFG Sun City West Expanding!

Our office in Sun City West, Arizona is expanding into the retail space next door! We have added 2,200 square feet with six new offices, two new conference rooms, a large work room for the tax department, two more bathrooms, a training room and employee break room.

Construction is complete and the finishes and furnishings are going into place.



Staff Updates



Welcome Haley Newhouse to our Plymouth office as a Financial Services Associate supporting financial advisors Ryan Kompelien and Larry Berger. Haley assists to build and maintain client relationships, prepare for client meetings, and provide overall support to both advisory teams. She has a background in the restaurant industry and previously worked for another local financial group as a financial analyst intern.

Haley graduated from North Dakota State University with a bachelor's in business management and finance. Outside of the office, you can find Haley outside all summer long, spending time with friends and family, camping, riding ATVs, paddleboarding, and playing sand volleyball. She is a coffee connoisseur and enjoys trying all the new coffee shops around town.



Congratulations to Jack Waletich from our Plymouth, MN office on his recent engagement to his girlfriend, Kendall. They met in college and have been together for four years. Jack proposed while they were vacationing in Clearwater Beach, Florida on a private dinner cruise.

The wedding date has been set for September 2024 in Waconia.

Congrats Jack & Kendall!



Congratulations to Matthew Gibbs from our South Burlington, VT office. Matthew and his wife recently bought a new condo down the street from their current rental, making the move a breeze.

They are looking forward to having more space, especially since they are expecting their first child at the end of December! They cannot wait to be parents and nest in their new space.

Congratulations Matthew & Annie!

Model Portfolio Update

Very little trading needed to happen as the markets were essentially a rising tide for the quarter. Our analysis and monitoring never stops, but in this type of environment, not many changes have been viewed by our team as productive.

Looking ahead, unless we see meaningful market volatility, it is unlikely we will be making a high number of trades in the coming quarter. Nevertheless, we remain ready and watchful for potential opportunities.

Investment Committee (IC)



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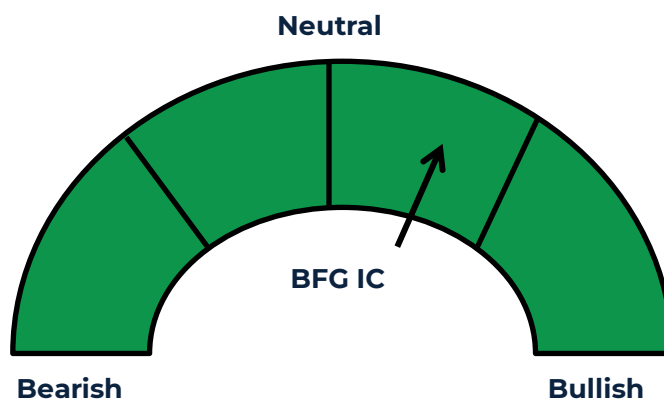
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Benchmark Returns as of 6/30/2023		
	2nd Qtr	YTD
Bond Markets		
Barclay's US Aggregate Bond Index	-0.84%	2.26%
Barclay's Global Aggregate Index	-1.53%	1.43%
Stock Markets		
S&P 500	8.74%	16.88%
All Country World Index Ex-US (ACWX)	2.44%	9.95%
Russell 2000	5.20%	8.06%
Blended Indexes		
25% Equity	1.56%	5.92%
50% Equity	3.95%	9.57%
50% Equity w/ Foreign	2.69%	8.18%
Commodity		
Goldman Sachs Commodity Index (GSCI)	-2.73%	-7.54%

BFG Investment Committee Market Outlook for Q3



Indices mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. These are the opinions of BFG Investment Committee and are for informational purposes only, and should not be construed or acted upon as individualized investment advice. The market view information is based on a collective view of the current economy. This information cannot be guaranteed and should not be used as the basis for making an investment decision. Please consult your financial professional prior to making investment decisions.

Income Tax Update

Minnesota Tax Updates

On May 24th, a Minnesota tax bill was signed into law containing the following items:

One-time Refundable Credit Payment (Rebate)

- Effective for tax year 2021, a taxpayer is allowed a credit against the individual income tax equal to \$520 for a married couple filing a joint return and \$260 for a single filer, head of household, or married taxpayer filing a separate return. For a taxpayer with a dependent the credit is increased by \$260 per dependent up to an additional maximum credit of \$780.
- The credit is not available to a taxpayer who:
 - (1) was not a resident of Minnesota during any part of 2021;
 - (2) was a dependent for 2021;
 - (3) did not file a 2021 Minnesota individual income tax return, or a property tax refund return under Minnesota Statutes, chapter 290A, based on property taxes payable in 2022 or rent constituting property taxes paid in 2021, by December 31, 2022;
 - (4) had AGI for taxable years beginning in 2021 greater than: (a) \$150,000 for a married couple filing a joint return, and (b) \$75,000 for all other income tax filers; or
 - (5) died before January 1, 2023.

If You...	Then...
Met the eligibility requirements and your bank information or address have not changed since filing your 2021 return	You do not need to take any action. We will deposit the refund to your bank account or mail a check to the address on your 2021 return.
Met the eligibility requirements and your bank information or address have changed since filing your 2021 return	You will need to update your information with us. Update your information using the secure online portal .
Exceeded the income limits or did not file a 2021 return	You do not qualify for this tax refund payment.

What do taxpayers need to do?

Payments are expected to be made in early fall.

Property Tax Refund:

If you filed a Minnesota property tax return for 2022, you may be receiving a larger refund than expected. The bill provides for a one-time increase by 20.572% of the amount of the homestead refund and the renter's credit otherwise payable.

Special property tax refund

Historically, homeowners who have seen their property taxes increase by 12% or more from the previous year have been entitled to a special property tax refund. On 2022 returns, that increase has dropped to 6%. As a result, more taxpayers have become eligible for the special refund. Your tax advisor will be reviewing your return and reaching out if there is any action needed.

Social security benefits

Starting in 2023, social security benefits for taxpayers with adjusted gross income below \$78,000 (\$100,000 for married filing joint) will be tax free at the state level in Minnesota. The federal tax treatment of social security benefits remains unchanged.

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BFG and the Community

May 23rd - Second Harvest Heartland
<https://volunteer.2harvest.org/need/>

July 12th - Treehouse Golf for Hope Event
<https://treehousehope.org/volunteer>



At BFG, we provide comprehensive, ethical and personal service to help our clients navigate the complex world of personal finance. With experienced financial planners and dedicated CPAs, our unique tax-focused, team approach to planning sets us apart. As a result, we are able to seamlessly collaborate, plan for and implement multi-year financial and tax strategies few others are capable of.

Advisory services through Berger Financial Group, Inc., a Registered Investment Advisor