

Quarterly Insights

Economic and Investment Environment

A breather in the markets, but what's on the horizon?

The third quarter of 2023 saw modestly negative performance in most asset classes; however, despite these setbacks, most areas of the stock market remained positive for the year. This might seem counterintuitive to many, given the prevailing sense that the world is in a state of decline. Factors we can't seem to get away from hearing about like inflation, persistently high interest rates, escalating conflicts in the Middle East, and political discord in the U.S. and abroad have contributed to a sharp decline in consumer sentiment – reaching levels typically associated with a recession. While we are not in a recession according to the current metrics, the negativity in the air can make it feel that way.

It's now more important than ever to separate the outlook for the investment world from our emotional response to the state of the world in general. They can say very different things despite what our intuition may tell us.



As we have often said, news typically moves the markets only when it is new or unexpected. When people are expecting negative outcomes and those predictions come to pass, it does not necessarily trigger market downturns. In fact, when people brace for the worst, and the actual results turn out to be somewhat better than feared, this is a recipe for rising markets. This is what we have been seeing with corporate earnings, and we believe the reason for the stock market's positive performance this year. By this measurement, we have the potential for further growth, even without resolving all the world's ongoing challenges.

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3. Portfolio Updates
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Cyber Security Awareness Month: Safeguard your Financial Future

In honor of October being cyber security awareness month we wanted to share a few key tips as threats are constantly evolving:

Strong Passwords: Use unique and complex passwords for your financial accounts. Consider a password manager for added convenience.

Multi-Factor Authentication (MFA): Enable MFA whenever possible. It provides extra layers of security.

Phishing Awareness: Be cautious of unsolicited emails, messages, or calls. Cybercriminals use these tactics to steal sensitive information.

Regular Updates: Keep your devices, software and apps up-to-date. Updates often include crucial security patches.

Secure Wi-Fi: Use a secure and password protected Wi-Fi network, especially when accessing financial accounts.

Data Encryption: Ensure your financial transactions and communications are encrypted, denoted by "https://" in the URL and emailing your financial advisor with SECURE in the subject line.



We hope you stay safe and secure and do not hesitate to reach out to us if you ever feel you have been compromised!

Staff & Office Updates



Welcome Paul Klinges to our new Portland, Maine office!

Over the summer, Harvest Asset Group, a firm in Portland, Maine, merged with Berger Financial Group to increase the resources available to their clients. After years of experience as an Associate Advisor, and under the mentorship of his uncle Michael Donahoe, Paul Klinges has taken the lead working with clients to achieve their financial goals.

Paul is also an experienced sailing instructor for the American Sailing Association and loves the outdoors, trying new restaurants around Portland and listening to live music.

We are very excited to grow our presence on the east coast and to have Paul join the team!



Welcome Alana Dittes to our Plymouth, MN office as a dedicated Human Resources Generalist, helping to oversee recruitment efforts, onboarding and off-boarding processes, updating employment documents and building out the BFG HR department. She brings with her a wealth of human resources knowledge from a variety of industries and is particularly adept at fostering a positive workplace culture to drive employee growth and company success..

Outside of the office, she enjoys family time, walks with her dogs Otis and Riley, travel, trying new restaurants, and thrifting.



Welcome Daniel Samson to our South Burlington, VT office as a Paraplanner working closely with Financial Advisor, Rebecca Fetterman to craft comprehensive financial plans, ensure seamless client communication, and provide dedicated client service. Daniel has a background providing client assistance for retail brokerage account servicing.

In his free time, you'll often find him in the mountains skiing, mountain biking, or running.



Welcome Carson Wooters to both our Scottsdale and Sun City West, AZ offices. Carson serves as a Client Services Associate and is a member of our central service team, processing client paperwork and developing a deep understanding of our systems to contribute to process improvement projects. Carson brings with him a background in sales and account management.

Although he hails originally from Minnesota, Carson now lives in Arizona, where he leads an active lifestyle - working out, golfing, snowboarding and spending weekends with friends.

Model Portfolio Update

With recent choppiness in the markets, we have been getting ready for potential trades in both our Bond and Stock strategies. Higher interest rates in the Bond world present new opportunities and there could be a shift in some Dividend Stock Portfolio positions, depending on how the coming weeks unfold. Our daily analysis keeps us well-prepared to respond to the ever-evolving market conditions.

Investment Committee (IC)



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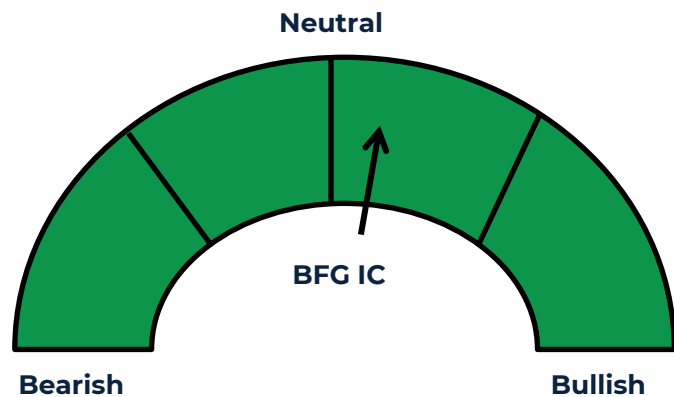
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Kim Lillehaug,
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Benchmark Returns as of 9/30/2023		
	3rd Qtr	YTD
Bond Markets		
Barclay's US Aggregate Bond Index	-3.23%	-1.03%
Barclay's Global Aggregate Index	-3.59%	-4.60%
Stock Markets		
S&P 500	-3.27%	13.06%
All Country World Index Ex-US (ACWX)	-3.77%	5.02%
Russell 2000	-5.13%	2.50%
Blended Indexes		
25% Equity	-3.24%	2.49%
50% Equity	-3.25%	6.02%
50% Equity w/ Foreign	-3.35%	4.41%
Commodity		
Goldman Sachs Commodity Index (GSCI)	15.98%	7.24%

BFG Investment Committee Market Outlook for Q4



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

Now that 2022 tax season is officially over, we can discuss the estimated safe harbor rules for 2023. These rules are analyzed by your tax advisor with your 2023 tax projection to ensure you're avoiding or minimizing federal and state penalties and interest. Currently, the IRS charges 8% (7% for first through third quarters) and Minnesota charges a 5% rate when the rules, explained below, are not met. The rate will vary slightly by state. The estimated safe harbor rule has three parts and to avoid penalty you must meet one of the three:

- If you expect to owe less than \$1,000 after subtracting your withholding, you are safe.
- If you pay 100% of your previous year tax liability via estimated quarterly tax payments or through withholding on your paychecks as an employee, you are safe. If your adjusted gross income for the prior year is greater than \$150,000 then it is 110%.
- If you pay at least 90% of your actual current year tax liability via withholding and/or estimated tax payments, you are safe.

If you are worried that you are underpaying your 2023 tax, please reach out to your tax advisor and we will work with you to complete a year end projection and see if a fourth quarter estimate is necessary.

As 2023 draws to a close, the avalanche of W-2s, 1099s, 1098s, and other tax forms will soon be upon us. These are items you can gather now that will mitigate the amount of time you have to take to bundle your completed tax organizer and tax forms this coming January:

- All charitable contribution receipts, including documentation of non-cash donations to organizations like Goodwill. If these donations exceed \$500 in total, you also need to provide a description of the items donated along with the fair market value of each donation.
- Receipts for medical expenses, including insurance premiums, co-pays, prescriptions, and other out of pocket costs.
- Property taxes, both real estate and personal property (car tabs).
- If you have charitable, medical, or business miles on your personal vehicle and typically itemize your deductions, make sure you have a log of these trips which includes the date and purpose of each trip along with the number of miles driven.

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BFG and the Community

Before heading back to school this fall, BFG's next generation joined in our most recent volunteer opportunity. We enjoyed great conversation with veteran volunteers and marveled over potatoes in the shape of snowmen, pumpkins, and faces to name a few. Together, we packed over 7,000 meals with Second Harvest Heartland and look forward to packing many more in the future!

If you are interested in volunteering please visit Second Harvest Heartland's website for more details:
<https://volunteer.2harvest.org/need/>



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.

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