

# The Old Fashioned

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## Introduction

Happy New Year! This year's letter is slightly different than prior iterations. We have had some significant changes at RMB, not the least of which is that it's no longer called RMB! I want to highlight some of the changes here at Curi RMB Capital and what they mean for us—and, more importantly, for all of you.

Our team's annual letter is divided into five sections:

1. A summary of the Curi RMB Capital merger and some changes to our business operations that are unrelated to the merger, but also important.
2. A reiteration of the fundamental philosophies we hold to be true in the world of financial planning and investing.
3. A recap of the year from an investment perspective. As a reminder, we are not predictors of the market, and it would be detrimental to think anybody had that skill. However, I think it's informative to look back on where we have been as further edification of the fundamental philosophies.
4. Brief snippets of our lives in 2023.
5. Trevor's written fireside chat.

These are all my opinions based on my experience in this business, the research I have read, and my own understanding of what it takes to be successful. I'd be happy to discuss anything contained herein in more detail in our next meeting.

## Curi RMB Capital Merger

In late 2023, we announced the [merger of Curi Capital and RMB Capital](#) in a partnership that will unlock new opportunities and value for both companies and for our clients. Together, our depth of resources, experience, and leadership will position Curi RMB Capital to forge a stronger future while preserving the relationships and values that form the core of the work we do every day.

We are excited to welcome [Dimitri Eliopoulos](#) back to RMB as CEO of the combined firm. Dimitri worked in a variety of roles at RMB from the firm's inception in 2005, eventually becoming RMB's President of Wealth Management before taking the CEO position at Curi Capital in early 2020. Dick Burrige has moved into a new

role as Executive Chairman and remains co-Chief Investment Officer. Should you have any questions or concerns about the merger please don't hesitate to reach out.

## **Business Changes**

Unrelated to the merger, we have also made several structural changes to how we work behind the scenes that are important to share. For continuity and consistency of service, we have centralized our operations and administration functions under one National Client Service team with individual team members located across the country. Our former team member Emily Van Grinsven now works on this centralized service team and completes tasks and work from clients and advisors across the country. This team is overseen by a collection of our most experienced operations staff, and our team still relies on Molly Eggert for that function. Therefore, when it comes to money movements, journal requests, monthly distributions, account opening/closing, trading, questions about statements, etc., there may be a wider variety of people responding to your questions. They are all excellent and are being overseen by our advisors and Molly, and we are confident that the quality of service you experience will be the same or better. Again, the only practical change you will experience is a greater variety of RMB professionals might be reaching out to you regarding operational items in the future. We have been using this new model since June 2023, so it's likely you have experienced this change already without even noticing it! If you have any concerns or questions, don't hesitate to reach out.

## **Unalterable Truths of Financial Planning/Investing**

The concept of rootedness and the importance of bedrock beliefs is strewn across ancient wisdom texts. "Much though he recites the sacred texts, but acts not accordingly, that heedless man is like a cowherd who only counts the cows of others—he does not partake of the blessings of the holy life." Chapter 1 Verse 19 of the Dhammapada. Or, "Therefore everyone who hears these words of mine and puts them into practice is like a wise man who built his house on the rock. The rain came down, the streams rose, and the winds blew and beat against that house; yet it did not fall because it had its foundation on the rock. But everyone who hears these words of mine and does not put them into practice is like a foolish man who built his house on sand. The rain came down, the streams rose, and the winds blew and beat against that house, and it fell with a great crash." Matthew 7:24-27.

Bedrock beliefs protect us when times get tough. When confronted with fear we are prone to be overwhelmed and become uncertain of our reactions. Whether it's religious conviction, morale platitudes, or investment philosophy, repeating our core beliefs strengthens our resolve and ingrains a response when the real threats arise. The rituals we perform in this newsletter are not empty containers devoid of meaning. They serve to call us back to the heart of what matters so that we respond faithfully when the chips are down and our hope is threatened.

The following are my truths of successful investing:

1. Create an investment plan that is goals focused.
2. Use your plan, not the market, to define your success.
3. Risk is only measured as the probability of not meeting our financial goals (i.e.. running out of money!).
4. Long-term commitment to equities is the single greatest risk reduction tool we can utilize.
5. Owning a small amount of "risk-off" assets creates the confidence to maintain a majority position in equities.
6. All market declines are temporary and should be opportunities for the disciplined investor.

These rules are battle tested year in and year out and have yet to fail me. My team's role is to provide a steady hand at the wheel in these tests. In the event you lose your confidence, we are the coaches that push you back towards the path. We look forward to serving in that role for many decades to come.

## 2023 Markets Synopsis

Economic forecasters were in lockstep in late 2022, sharing a consensus along the lines of, “The economy in 2023 will experience a recession and the stock market will continue to struggle.” Boy, it’s a good thing we don’t believe in short term predictions here at Curi RMB Capital. A recession did not manifest, thanks to a combination of high employment, strong earnings, and continued consumer spending. High interest rates certainly had a cooling effect and supply and demand imbalances began to moderate due to lessening demand, yet the U.S. economy still expanded in 2023.

This “unexpected” resilience led to a strong year in the U.S. equity markets. The S&P 500 was up 24% in 2023, erasing a good portion of the losses experienced in 2022. Much of that momentum was concentrated in the “Magnificent Seven” group of stocks (a quite fantastic piece of media marketing right there). The seven largest technology companies associated with advancements in artificial intelligence (AI) all had fantastic returns on the year: Microsoft, Google, Amazon, Meta, Nvidia, Tesla, and Apple. AI is the now-common nomenclature that refers to deep machine learning software systems that can do anything from providing synopses of books to driving our cars for us, and thousands of other applications. It is being touted as the “next great advancement” in technology, and hence productivity and human advancement. Considering most of the world is still digesting the impact of the last great technology advancement, cloud computing, it’s still too early to determine the near-term impact of AI. The recent improvements in the field combined with increased and easily accessible computing power makes it an incredibly exciting possibility for the future.

While AI euphoria gripped the equity markets, the bond market was rife with its own problem of rising interest rates. Prices fell accordingly across the bond markets and the yield curve grew flatter as the year went on. With 6- to 12-month treasury bills yielding 4-5% and longer dated bonds offering lower yields, there was little incentive to take on duration risk. That held true until the fourth quarter, when the Fed began signaling they were ready to stop raising interest rates. Bond prices popped and yields fell as the curve made attempts to right-size itself. Throughout all this turmoil, very real and very scary unintended consequences were created.

The Silicon Valley Bank collapse and subsequent failures of First Republic and Signature Bank were directly related to the falling bond prices. These banks had large, concentrated depositors and had reinvested those deposits into long duration bonds. When those depositors began asking to withdraw their funds in droves, the bonds were sold at losses and the spiral began. It took emergency actions from the FDIC to make all depositors whole and ultimately led to panic and fear across the country as Americans questioned whether their money was safe. We spent much of the spring educating our clients on FDIC insurance limits and the difference between custodians of investment securities and banks. Thankfully, the contagion was contained to just a few risky actors and the FDIC system of reinsurance held. Hopefully investors now better understand their “cash” options and the differing risks they take on with those deposits. Should you still not understand the nuances between money market funds, CD’s, and checking/savings deposits, please don’t hesitate to reach out to your RMB advisor.

2023 was a fantastic demonstration of why we remain committed to equity investing for the long haul. The vast majority of so called “experts” were screaming recession, and yet every major stock market around the world had double digit positive returns. As we turn the page on 2023 and look ahead to 2024, I haven’t a clue what will happen—but I know we will spend the year coaching our client families to be ready to respond confidently to anything the markets bring. The team’s conviction around buying high-quality stocks as the best long-term risk mitigation tool is unchanged.

## 2023 Team Updates



**Reece Piotter:** Reece joined us this spring and has quickly cemented himself as an invaluable member of the team. Reece came with several years of experience doing bond analysis and trading work at a local Milwaukee asset manager and a hunger to shift towards a career based around relationship building and trust. His role as Wealth Management Associate has led him to reach out to almost every client as we collected tax returns this summer to utilize our new tax planning tool. He will be touching base again in early Q1 to get clients trained on our new investment portal. When not putting in hard work at Curi RMB Capital, Reece can be found working out at his local gym, spending time with his family back in Michigan or exploring downtown Milwaukee with his longtime girlfriend.



**Molly Eggert:** Molly spent 2023 doing two jobs. Her first remained providing administration and operational assistance and oversight to our clients and team. Her second was beta testing the new Central Services team model within our firm. Due to this extraordinary effort, I am pleased to announce her promotion to Client Service Manager and Vice President! She will continue to serve as our team's Client Service Manager, and we are so lucky to have her guiding the administration and operations of our team. Molly enjoyed her first year of marriage and took several overseas trips to Europe and South America. Molly continues to love on her fur baby golden retriever, Nala, who is fast becoming an Instagram star.



**Brian Klein:** It's hard to believe that Brian has been with RMB for over a year now, as it seems both too long and too short at the same time. Brian jumped into the advisory role with both feet and has done an outstanding job learning about RMB, working with clients, and delivering phenomenal advice and guidance. He has become lead advisor for many of our clients as we continue to add depth of coverage and good succession practices into our Milwaukee team. Brian got married this spring, has two dogs, and enjoys hiking, tennis, and traveling. He and his wife recently bought a home on the north shore of Milwaukee and are experiencing all the "joys" of home ownership. On a related note—if you know a good handyman in the area, please let Brian know!



**Trevor Isham:** I just celebrated 11 years at RMB Capital. I continue to serve as the team's Senior Wealth Manager and love all the interactions I have with our big roster of clients. I spent much of 2023 building roots and relationships in our local Milwaukee market as we hope to build a strong base of clients here. I hosted the third annual Young Life golf outing and am already filling spots for 2024 (let me know if you can attend, as we have a great time on a great course!). On the family front, my daughters are now 5, 7, and 9 years old. I am hopelessly outnumbered, and they are starting to take advantage. My wife and I enjoyed time with friends on both the golf course and ski slopes. This fall, I had the pleasure of taking a three-generation golf trip with my brother, father, and grandfather in the Cape Cod area. It was an unforgettable trip!

## Conclusion

I wrote last year about my path back from struggles with burnout and low energy. Thank you to all that reached out to discuss your shared experiences. Those conversations were very meaningful. One of the driving reasons behind this section of my newsletter is to spark dialogue that goes to a soulful level. Vulnerability begets vulnerability. This year, I am most interested in sharing what has persevered from then to now. That is, the concept of identity.

*“Be a tree in the breeze, adapting to the changing winds of circumstance, yet grounded in the solid soil of your principles.” Robert Frost*

Principles are the building blocks of our identity, the water and nutrients. But you don't simply select principles out of thin air, name them, and suddenly your identity is rooted deeply. No, you must take them in, experience them, and live them, and only then can your roots strengthen. When we carry out our principles and remind ourselves of them, we form a lasting identity that will be ready to hold fast despite the changing conditions around us.

The modern world is designed to provide more wind than ever before. The same technology companies improving our work productivity and our knowledge of the world are also ruthlessly attacking the attention of our minds. Our phones are now equipped with a “Digital Well-Being” section! What?!? If we are not careful, we will become fixated on the breeze and withhold from the roots the conversations, convictions, and principles they desperately need to thrive.

*“Embrace the dance of the tree in the breeze, embodying the poise of life's changes, yet anchored in the profound wisdom of your roots.” Unknown Sage*

For two weeks this year, I contemplated replacing my smart phone with a 2004 era flip phone. I even practiced moving through the world without a smartphone. It was an enlightening experience, but it was impossible. Before you can dance with these distractions, you must identify them as such. It's a hard road but it's been a fun challenge to verbally call myself out when I am treating temporary noises as if they were foundational ideas.

As I was wrestling with my own identity and teaching myself how to affirm it every day (journaling, positive phrasing, goal setting), I began to think more about my daughters. Their minds are still infinitely moldable, and their roots are shallow and therefore susceptible to the whims of the day or season. I decided to take one course of action and my wife, and I chose to take another together. Together, we chose to turn off all technology in the house (no shows, no digital games, no YouTube, only homework). The change in attitudes, cravings, and routines was almost immediate and all positive. All of us turned towards our core identities and acted from those place rather than from the whims of the moment or the clutches of technology.

On my own, I chose to start ending my goodnight tuck-ins with my girls by repeating the same phrase, “We made you strong and brave. We made you smart and kind. We made you beautiful inside and out. We love you and are proud of you now and forever.” When tough times arise in their lives, I want their identities to be rooted in those ideas and I hope this nightly ritual will instill in them those deep roots of their identity.

These practices of course turned inward, and I asked myself, “What are you telling yourself about your identity?” I harkened back to a challenge my therapist gave me the year before: “Monitor your self-talk. Try talking to yourself the same way you talk to your children.” It's all too easy to lose sight of who we are and who we were made to be. Life is coming at us hard and we need to remind ourselves who we are. After doing so, if you have some energy left, don't be afraid to tell somebody else who they are too!

Then I asked, "What noise is getting in the way of you nourishing your identity with the affirmations it needs to thrive and grow?" Turns out I needed to tune out some distractions as well (goodbye Clash of Clans and YouTube golf videos).

Identity has always been hard and it's not getting any easier. So, let's take time to nourish our identities and perhaps even help each other out on the way. I continue to be humbled by the awesome nature of life, honored to serve in a trusted position in your lives, and confident the future holds bright promise for us all.

P.S. Just for fun, I asked ChatGPT to come up with its own quote on rooted trees in the breeze. Here it is:

"Like a tree swaying gracefully in the breeze, yet firmly rooted in the earth, may we find strength in flexibility and resilience in our unwavering foundation." Chat GPT

Not bad. If it hasn't taken all our jobs in the next year, I'll talk to you soon.

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