

April 2023



The first full month of spring is upon us. Here in the Northeast, snow is not yet out of the question. The average temperatures are slowly climbing, however, and [birds are returning](#) to their (albeit chilly) perches in trees whose buds are pressing towards their glorious open. April is the [threshold between winter and spring](#) and here at White Pine Wealth Management, we are excited for what the new season has in store...

Rainy days and Mondays...



We're in the thick of [mud season](#). Your commute to work is wet and dirty. Perhaps your floors are covered in [muddy paw prints](#). The rainy season has its bonuses (it's not snow!), but it also has some challenges. We've compiled a list of "bests" to help you stay safe, dry, and clean in the elements.

[Raincoats](#)

[Rainboots](#)

[Umbrellas](#)

[Waterproof Hats](#)

[Doormats](#)

[Dog Raingear](#)

[Dog Paw Cleaners](#)

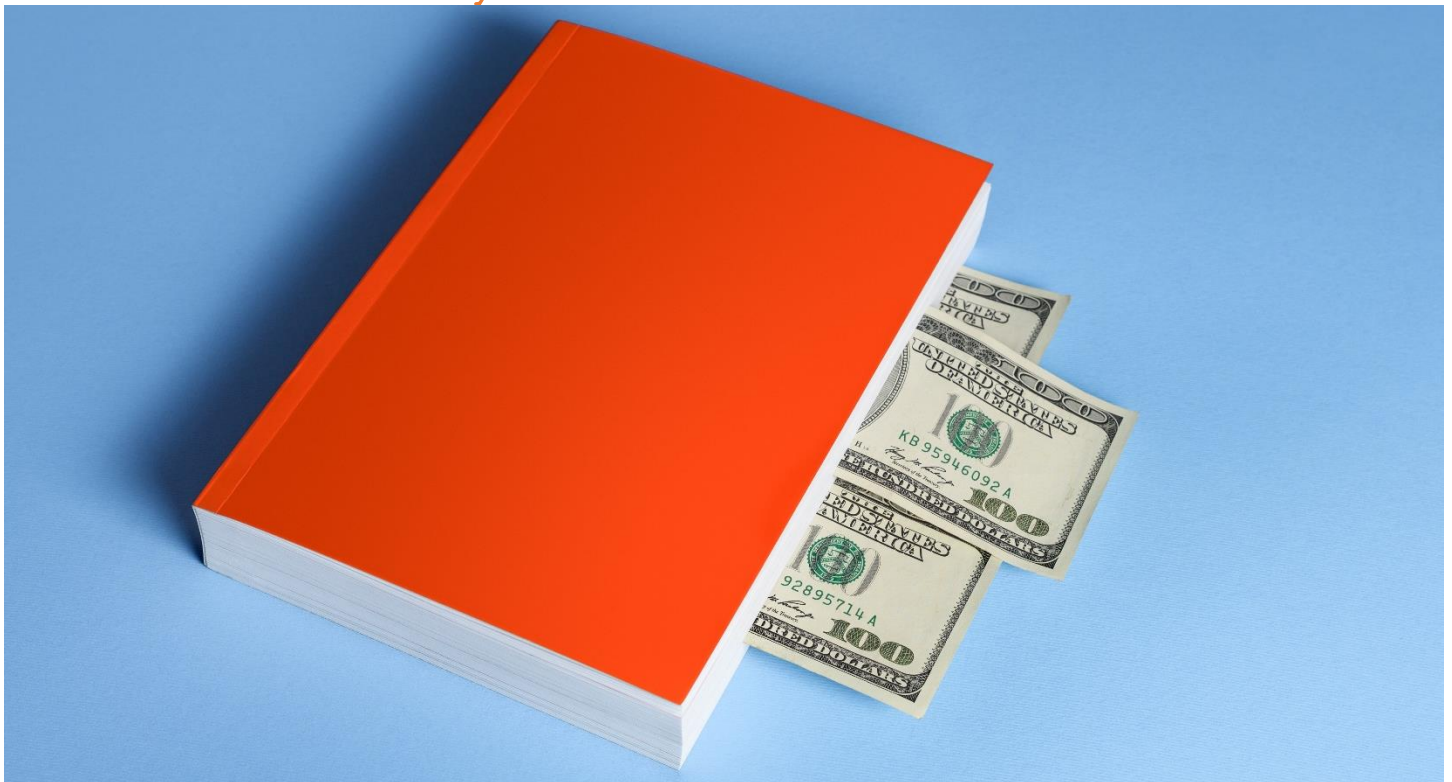
[Waterproof Backpacks](#)

[Windshield Wipers](#)

[Mudflaps](#)

[Windshield Treatments](#)

National Financial Literacy Month



The [memes on social media](#) that circulate every year about this time seem apt... "I'm glad I learned about parallelograms in high school instead of how to do my taxes. It comes in so handy during parallelogram season." April is National Financial Literacy Month, a subject that seems sorely lacking in education today. From the time we are very young, we are inundated with advertising telling us how to *spend* money, but there is very little attention paid to how we earn it, save it, invest it, manage it, budget it, and *wisely* spend it. [Financial illiteracy is quite expensive](#). According to an article by [Moneyzine.com](#), "51.4% of high

schoolers feel that money management was the course that would most benefit their lives”. The article reveals shocking statistics about overall financial competency in the US and puts dollar figures on the losses that result from financial illiteracy. White Pine Wealth Management has many years of collective financial experience. We are committed to educating ourselves and our clients. We will be starting a new monthly series on Financial Competency. This month, we’re talking about emergency savings.

Emergency Savings

Emergency savings is something that we recommend every client have, in readily available cash, consisting of 3-6 months’ worth of living expenses. For the purposes of this explanation, living expenses should include everything you need to pay for housing, food, utilities, transportation, debt service, childcare, and other necessities that will not stop in the event of job loss, incapacitation, disability, or other impediments to your regular income . You should not include things like vacations, shopping for non-essentials, entertainment, large discretionary purchases, or other things that you can do without should life hand you a hiccup. To get a little more specific:

If you are single: 3-6 months

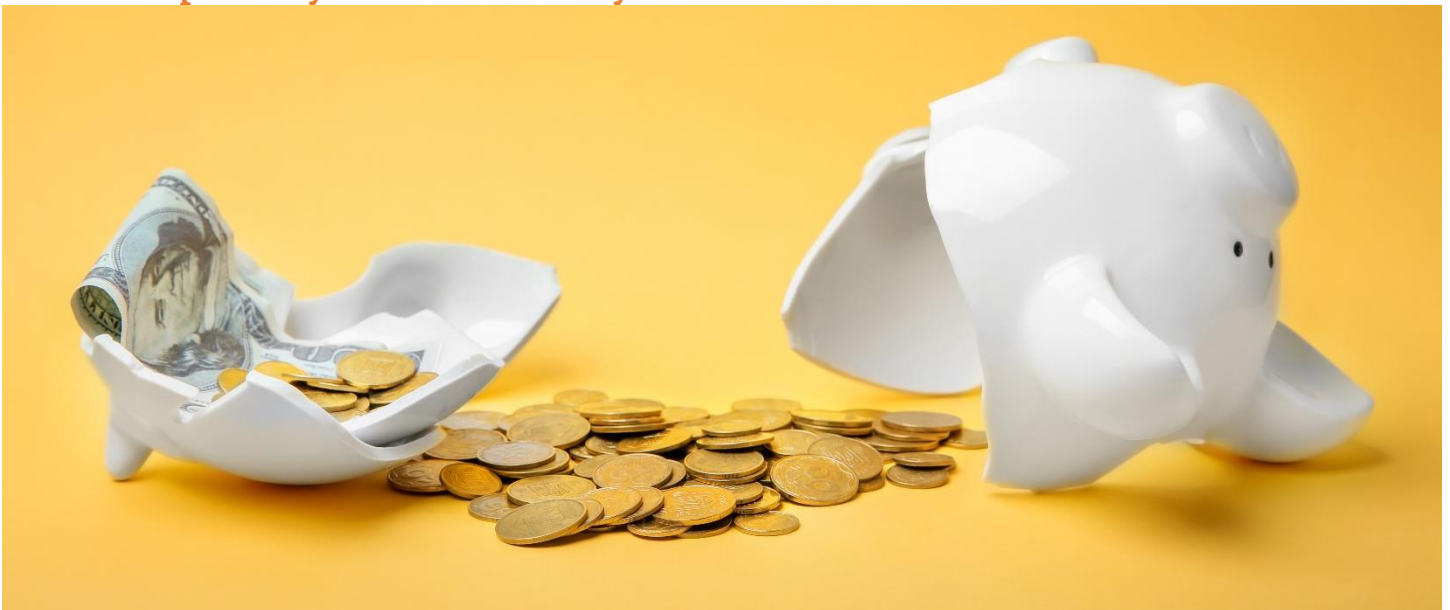
If you are in a dual income household: At least 3 months

If you are the sole breadwinner with dependents: At least 6 months

If you have a job that is not easily replaced: At least 6 months

Emergency savings is something you should have before you begin investing anywhere else. It can be held in cash at the bank, or in a money market, but it should be readily liquid and easy to access if you need it. [Click here](#) for how to build up your savings step by step.

Market Update by Matthew Emery



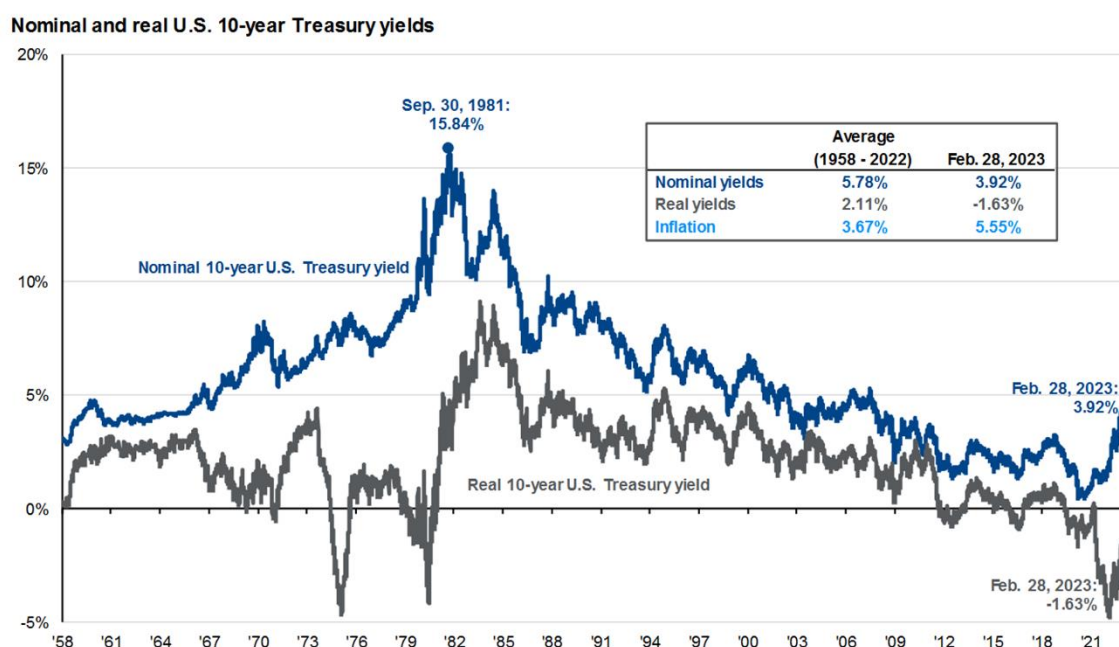
By now, we're all aware of the recent failures, or near failures, of Silicon Valley Bank, Signature Bank, First Republic Bank, and Credit Suisse. While the news of a bank failing is worrisome, it should be noted that these banks had a large number of depositors who shared some particularly unique characteristics that left them more vulnerable than most. For those who are interested in the mechanics of Silicon Valley Banks's collapse, Hightower's Chief Investment Strategist and Portfolio Manager, [Stephanie Link, wrote a helpful summary](#) just after the collapse. We are mentioning these recent bank failures not because we believe they will spark a "contagion" of other bank failures, but rather because they are serving to reinforce the notion that the current market environment is radically different from the one we've experienced for the past 15 years. During one of his shareholder meetings, Warren Buffet famously quipped, "You don't find out who's been swimming naked until the tide goes out." It's low tide and some banks have been caught skinny dipping.

It might be helpful to remind ourselves how we got here. In the years following the Great Financial Crisis, the Federal Reserve executed an unprecedented program of buying-up treasuries and other bonds, which drove down interest rates of various stripes (not just the Fed Funds rate) in an effort to boost the markets and the economy. This program became known as "Quantitative Easing". Not only did this situation enable risky investing behavior by making it very cheap to borrow money to invest, but the investing public became accustomed to the Fed coming to the rescue when trouble came, as it did when the pandemic struck in March of 2020 by once again bringing rates down to nearly zero. The implicit expectation that the Federal Reserve would bail-out the markets whenever anything went wrong was referred to as "the Fed put" in investing circles. Now that Quantitative Easing is over, interest rates are no longer near zero and the unfortunate effects of a shifting environment are starting to appear. Investors are dealing with an unusually high level of uncertainty at this moment, to say the least. In other words, there seems to be a very broad range of possible outcomes from this point forward. Though not exhaustive, we share some thoughts below relating to the current environment to serve as a playbook for investing in times of uncertainty.

- **Bonds may become useful again:** As both stocks and bonds saw double-digit losses in 2022, many market observers commented on the failure of the traditional "60/40" portfolio of stocks and bonds, since bonds provided little shelter from the storm. Bonds did not fulfill their intended role of smoothing portfolio returns by taking the edge off stock market volatility. But bonds have not really fulfilled that role for much of the past 40 years. Since peaking in 1981, yields on 10-year Treasuries have, until very recently, been on the downtrend, as the below chart provided by JP Morgan Asset Management illustrates. When yields fall, bond prices rise, and though few would complain when both the stocks *and* the bonds in their portfolios are rising in

value, investors experienced the inverse of that dynamic in 2022 when both asset classes simultaneously dropped as the Federal Reserve began to rapidly increase interest rates. Two asset classes (stocks and bonds) that investors presume will be somewhat uncorrelated had become quite correlated instead. The good news is that, since the initial rate hikes that brought us from near-zero interest rates to a target Fed Funds rate between 4.75 and 5% (source: *Federal Reserve Bank of New York*) are behind us, high-quality bonds are actually providing meaningful yields again. For much of the past 40 years, and the past 15 years especially, the bulk of the “total return” on a portfolio of bonds was coming from price appreciation (due to falling interest rates). Now, it would seem that the bulk of the total return on bonds will come from interest payments, which flow to the investor regardless of what the stock market is doing.

[\[Per JP Morgan\]](#)



“ In uncertain times, where the stock market may have more potential than usual to swing wildly, a cash cushion can be invaluable...”

- **Cash is an asset:** 2021 was an incredibly easy year for investing. All one had to do was invest their cash—in virtually anything—and returns followed. During such times, cash might seem like dead-weight, dragging performance down. But we have been recently reminded that dead-weight can quickly transform into ballast. If a hypothetical investor who placed all their cash in the market in 2021 suddenly had a large cash need in 2022, they would have made matters worse for themselves by having to sell into a down market to raise that cash. In uncertain times, where the stock market may have more potential than usual to swing wildly, a cash cushion can

be invaluable and in an investment portfolio, we recommend setting enough cash aside to cover 6 to 12 months' worth of anticipated portfolio withdrawals.

- **A potential return to fundamental investing:** Investing in companies with sound balance sheets, tangible cash flows, and skilled leaders with solid track records, could once again prove important. In truth, choosing stocks based on the soundness of their underlying business prospects and balance sheet strength never lost its merit. It was simply overshadowed by the eye-popping returns that became commonplace during the era of easy money. It seems that such an unprecedented period of ultra-low interest rates warped what it meant to be a successful investor—for a while—and that we're now returning to reality. At White Pine Wealth Management, when we choose a mutual fund for one of our models, we consider it an investment in the people who are actually managing the fund and we believe it is important to practice a degree of patience with the fund managers with whom we partner. Given that we are investing for the long term, performance over short time periods should be taken with a grain of salt when assessing manager performance (and the managers that we are *not* using).

“Investing in companies with sound balance sheets, tangible cash flows, and skilled leaders with solid track records, could once again prove important.”

But we do occasionally part ways with mutual fund managers, and with each of the new managers we have chosen since 2020, a theme seems to have materialized: while they operate in differing corners of the market, each of them is very selective with the stocks they choose to own, believing that the stocks they do not to own are even more important to their success than the stocks they *do* own. Consequently, the number of stocks in each of their portfolios is modest, but they have a deep understanding of the underlying business for each of their holdings. Moreover, they tend to be smaller, independent operations that are more interested in taking care of their existing investors than in attracting new ones. Even those funds that happen to be owned by larger companies, have largely been left alone by their owners and given the freedom to run their funds as they see fit. They are “active” managers in the truest sense.

The punchbowl of ultra-low interest rates has been removed from the investing party and the economy and Wall St. are in the process of coming to grips with a new reality of meaningful interest rates and a Federal Reserve that could easily bring about a recession in its efforts to tame inflation. In such an environment, mutual fund managers with the philosophies that we have described give us the most comfort.

[Matt Emery](#) is our Director of Research & Portfolio Management.

Explore Maine – Blue Hill Peninsula



According to [Yankee Magazine](#), “The Blue Hill Peninsula has become known for its colony of writers, including the novelists [Jonathan Lethem](#) (who deejays occasional fund-raising dance parties in a local barn), [Michael Chabon](#), [Edmund White](#), [Ben Marcus](#), and [Heidi Julavits](#).” [Shopping is a special treat on the peninsula](#), where you’ll find local artists, gift shops, galleries, and more. Take a sunset drive for dinner about 30-35 minutes away in [Deer Isle and Stonington](#), or head to dinner at one of Blue Hill’s [many restaurants and cafes](#). It’s a bit of a drive – approximately 2.5 hours from Portland – but you can [rent a cottage](#) and stay for the weekend to fully experience all that the area offers. Enjoy!

National Stress Awareness Month



According to [stress.org](https://www.stress.org), “The current stress level experienced by Americans is 20 percentage points higher than the global average”. As cited in [this article](#), “the average American worker only has about 10 days of vacation per year”. Stress can impact more than your mental health, too. In fact, the American Psychological Association reports that [it affects all the systems](#) of the body. If you’ve ever heard someone say “On top of all that, I’ve come down with a nasty cold!” the reason may not be a cosmic conspiracy, but a lowered immune system in response to chronic or acute stress. While here at White Pine Wealth Management, we are doing our best to encourage work/life balance for everyone on our team, stress is still something we all deal with. Here’s how we manage stress when it rears its ugly head:

[Casey McClurkin](#) – For me, it's [jigsaw puzzles](#). I've monitored my heart rate dropping by about 10 BPM on average while working on a puzzle. Also, getting out for a run in the woods always works to clear my mind.

[Matt Emery](#) - Though I’m clearly no athlete, exercise is the most effective stress reliever for me. [Getting out into nature](#) in any way possible helps as well.

[Natalie Munn](#) – My stress relief changes seasonally now that we live in Maine. In the spring/summer/fall, I love to head to the beach. I find nature, especially around water, helps calm my mind. The sound of the waves, the smell of the air, and the feel of the sand under your feet melts stress away. When the air is too cold to go to the beach, I relieve stress through cooking. I find joy in using my creativity to experiment with different flavors. There is also something comforting about having a structured activity to focus on, knowing you have a delicious reward at the end.

[Gabrielle Nadeau](#) - My stress relief go-to is going for a walk on the beach. It really helps during finals!

[Nancy Mackin](#) – The beach! ["Grounding" is so important](#) - and if you do it at the ocean, you absorb the properties of the salt from the water and sand.

[Gibson Wilkes](#) – [Pickleball](#), or mountain biking, or anything that [makes me or someone else laugh](#).

[Joey Terry](#) – I use [The Calm App](#) (10 minutes daily) for different meditations. [Jeff Warren](#) does something called the Daily Trip and [Tamara Levitt's](#) Daily Calm – both good sources of centering. I also find walks on the beach with my dogs very grounding.

[Shana Bennett](#) – My stress reset button is [to simply go outside](#). Sometimes it's a full day excursion, other times it's a brief putter around the yard. It's important to me to get outside every day, regardless of the weather. I'm a firm believer in the old saying there is no such thing as bad weather, only bad clothing. Layers and [muck boots](#) usually do the trick!

[Paige Batchelder](#) – I'm a planner by nature, and I struggle with being present in the moment. Putting things in their place helps me reduce stress. [Cleaning something](#), organizing something, creating order out of chaos – it helps me stop thinking about what is stressful or out of my control and forces me to focus entirely on the task at hand. I also recommend [getting regular massages](#). It is something to look forward to and it's all about you.

[Grey Terry](#) - I use daily meditation – specifically [The Calm App](#). I find exercise, either at the gym, or even better, outside, to be helpful in managing stress and releasing some energy. [Gardening around the house](#) is something I really enjoy, too. (And he won't brag about himself, but Grey's wife says he's a spectacular landscape designer!)

[Melissa Duffy](#) - [I love to take a walk](#) after dinner at night to decompress from the day. Mark and I try to do this a few nights a week with the dog, especially when we have all of the girls in the house at once - it's very busy and we can escape for 30-45 minutes. We do some light gardening in the summer and that is always relaxing. I also like to get a massage once in a while, but I always forget to schedule them. Other relaxing activities: jigsaw puzzles, reading and [coloring books](#).

Wild Maine



(Source: Paige's backyard)

Spring in Maine can bring some truly delightful surprises. If you've ever come across a [fawn or a hatchling](#), you know how magic it can be to see nature's most precious and vulnerable creatures up close and personal. Too young to know they should be afraid, they are easily

approached, but do you know what to do, and more importantly, what *not* to do, should you find what appears to be a distressed animal in the wild? [This article](#) provides some helpful information about how to tell if they are in distress, and what to do next. (Example: the fawn above was just waiting for his mother to return with food, but in the cold drizzle of an April rain shower, it's easy to get carried away by well-meaning concern...)

What to do, what to do...



It's the in-between season when the weather isn't quite right for picnics, or gardening, or swimming at the beach, but there are still lots of things to do while we wait for warmer days. The [Coastal Maine Botanical Gardens](#) isn't open until May, but [they provide educational programming all year](#). You can [check this site for information on Maine's ice out dates](#). You can still ski at [Sunday River](#), [Sugarloaf](#), and other resorts. [Spring hiking](#) can be amazing, [particularly if you like waterfalls](#), and [the kids will love it](#), too, if you're prepared. Dogs, like humans, tend to slow down a bit in the winter. You may notice your pup is exhibiting signs of increased energy, so don't forget to [bring them along](#) when you get out and about this spring. And just to make sure you don't waste away to nothing after all that activity, these popular ice cream stands are opening up for the season after a long winter. Make sure to get in line before the crowds return.

[Red's Dairy Freeze](#), South Portland – Opened Beginning of March

[Willard Scoops](#), South Portland – Open sunny weekends in April, 7 Days per week in May

[The Dairy Corner](#), Scarborough – Opening April 14th

[Lib's Dairy Treats](#), Portland – Opened March 11th

[Papa's Ice Cream](#), Standish – Opened March 29th

[Super Scoops](#), Falmouth – Opening April 15th

[Toots Ice Cream](#), North Yarmouth – Open Year Round

[Mainely Custard](#), Freeport – Opening April 6th

Upcoming Events & Reminders



We'll be hosting our annual shred event June 12th through the 16th. Whether it's a folder, a box, or a bin, if you have paperwork sitting around [that contains sensitive information](#), bring it on in and we'll handle the secure disposal. This is always a popular event - we love helping our clients stay safe. For more information, stay tuned for the email invite announcing the details.

As a reminder, our office will be closed on Friday April 7th in observance of Good Friday, a [New York Stock Exchange holiday](#). We'll resume regular business hours on Monday, April 10th.

April showers bring...



We'll be back next month with more information about our upcoming event. Until then, we are hopping into spring with you, our wonderful clients. Wherever you find yourself this April, White Pine Wealth Management is so very pleased to help you get there!



Find White Pine Wealth Management on social media



Connect with us!