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**KAREN BROWN TISDALE**

# Financial News

4TH QUARTER 2023

## Should Investors Be Worried About Israel/Palestine Conflict?

There's no denying we live in a world where tragic headlines seem to occur daily. From floods, earthquakes, and devastating wildfires to inflation, political discord, and world hunger, the bad news can be hard to stomach some days. The recent news of the traumatic conflict in the Middle East triggers feelings of both sorrow and fear, including fear of how this will impact financial markets.

The U.S. and global economies were already rattled by inflation and rising interest rates. With the news of the surprise attack by Palestine's Hamas group on Israel (and Israel's subsequent declaration of war), there are certainly worries about how this could impact financial markets. The fallout of this war will take time to be fully understood, but if the conflict spreads to the rest of the Middle East, there could be far-reaching concerns. Iran, specifically, supports Hamas and is a significant oil producer; if they become embroiled in this conflict, it will likely impact the price and availability of crude oil.

Just after the Hamas attack, crude prices jumped by about 4%, but that's a typical "fear premium" market reaction based broadly on the speculation of higher risk. It wasn't a huge increase, and prices readjusted over the following days. While none of us knows for certain how things will play out, investors are understandably watching closely to see the impact of these events on an already volatile market. And the potential for far-reaching and/or long-term effects can be especially worrisome for those who are following this crisis closely. Please know that we are continuously evaluating what it may mean for world and U.S. markets as well as your personal investments.

If you're looking for more information to better understand the roots of this conflict, *Financial Times* put together a list of recommended books to help you understand the Israeli-Palestinian conflict. Look up these titles to read more about them and find one that is of interest to you:

- *Enemies and Neighbours: Arabs and Jews in Palestine and Israel 1917-2017* by Ian Black (2017)
- *Eighteen Days in October: The Yom Kippur War and How it Created the Modern Middle East* by Uri Kaufman (2023)
- *Bibi: The Turbulent Life and Times of Benjamin Netanyahu* by Anshel Pfeffer (2018)
- *A Day in the Life of Abed Salama: A Palestine Story* by Nathan Thrall (2023)
- *Footnotes in Gaza* by Joe Sacco (2009)
- *Hamas: The Islamic Resistance Movement* by Beverley Milton-Edwards and Stephen Farrell (2010)
- *The Iron Cage: The Story of the Palestinian Struggle for Statehood* by Rashid Khalidi (2007)
- *A Peace to End All Peace: The Fall of the Ottoman Empire and the Creation of the Modern Middle East* by David Fromkin (1989)
- *A Line in the Sand: Britain, France and the Struggle That Shaped the Middle East* by James Barr (2011)
- *Israel: A History* by Anita Shapira (2012)

Finally, a reminder: market volatility is expected, and fluctuations are a natural part of normal market cycles (as are recoveries). It's hard to say how long this heartbreaking crisis may last nor what the financial impacts may be as a result. But, we can say that the financial plans we have in place are built to help withstand volatility.

# DON'T BE A VICTIM – STAY SECURE IN A DIGITAL WORLD

Cyber Security. We all know we need it. Unfortunately, as our society continues to be more digitally connected, it creates a breeding ground for heightened criminal activity. The growing pool of personal and financial data being stored and transferred online exposes each of us to a significant threat of cybercrime.

While there's no easy fix for keeping your data 100% secure, there are things you can do to deter criminals. Here are some basic (but essential) tips to keep your information and online accounts safe.

**Keep your machine updated.** Enable auto-updates for both your operating system and browser. This minimizes the window of opportunity hackers have to sneak in.

**Use a VPN.** A Virtual Private Network (VPN) allows you to create a secure connection to another network over the Internet. VPNs can be used not only to shield your browsing activity from prying eyes on public Wi-Fi, but also to access home networks when traveling. It can also protect your logins on questionable networks.

**When in doubt, throw it out.** Before clicking on any questionable link, "preview" the address by hovering your cursor over the link. The URL (web address) should appear in the window's lower-left corner. Examine it carefully for odd spellings or other inconsistencies; if it doesn't look the way you think it should, do **not** click the link. If you have ANY doubts about hyperlinks or attachments within emails or social media messages, delete them. Instead, go directly to the company's website or the person who claimed to send it to determine its legitimacy.

**Make your passwords secure.** Your passwords should be lengthy and difficult to guess. If your biggest problem is remembering them, start using passphrases or a password manager (a password manager is a program/app that stores and manages passwords for you). Do NOT use the same password to access all your different accounts and sites; create unique passwords for each location.

**Back up your data regularly.** Data backup allows you to restore corrupted, lost, or stolen data due to computer viruses or damage. If you worry you'll forget to backup data regularly, you can pay for an automated service like Carbonite, iDrive or Backblaze.

**Protect.** Installing security software is essential, and enabling it to be *auto-updated* is a must. Whether on your smartphone, gaming system, or other web-enabled devices, anything that connects to the Internet needs protection. Programs like Norton, McAfee, ScanGuard, and others are simple to install and can help prevent viruses from hijacking your device.

And don't forget, everyone in your household needs the same amount of cyber security. As soon as they're allowed access to the Internet, your kids should be taught safety protocol and best practices. Each family member should take the same precautions to keep their information safe. Taking extra precautions **now** can help prevent headaches **later!**

## CHARITABLE GIVING STRATEGIES FOR TODAY

Whether you're fully or partly retired, you may find that your retirement assets are sufficient to cover your lifestyle for the remainder of your retirement. In that case, you may not feel like you need to use any additional money from your IRA. And that's fine – until you reach age 73.

At that point, the IRS requires you to withdraw funds from your IRA in **statutorily-mandated annual increments known as “Required Minimum Distributions” (RMDs)**. The way IRAs are structured, you receive a tax deduction for making contributions on the condition that withdrawals from the account are taxed at ordinary income.

That means two things: a) you must take the money out of the IRA whether you want to or not (there's a huge penalty if you don't) and b) the withdrawal amount *could* push your adjusted income into a higher tax bracket, **depending on your taxable income**.

If making regular charitable contributions is important to you, a qualified charitable distribution (QCD) may be a suitable tax-relief strategy. Starting at age 70.5, you can direct IRA distributions of up to \$100,000 per year to a qualified 501(c)(3) charity of your choice.

**The distribution satisfies the IRS' RMD rules.** Because the money went to a charity instead of you, you do not have to report the income or pay taxes on the distribution. The QCD rule permits you to deduct the donation, which lowers your adjustable gross income (AGI). Since the IRS uses AGI in several calculations, including the taxable portion of your Social Security benefits and what deductions and credits you qualify to receive, you can minimize the impact on your other retirement benefits. You may find the QCD rule can be an attractive option, particularly if you regularly support charities.

Before you make any decisions, be sure to **consult with your tax professional** for guidance specific to your household. Then, we can review your portfolio to determine if your current assets can support these contributions without impacting your overall financial plan.

## 10-YEAR TREASURY YIELD REACHES LEVEL NOT SEEN IN MORE THAN 15 YEARS

Latest Update: 10-year Treasury yield reaches highest level in over 15 years!

- The benchmark 10-year Treasury yield rose to 4.634%, its highest since 2007.
- The 2-year Treasury yield also climbed to 5.148%.
- Yields and prices have an inverted relationship, with one basis point equaling 0.01%.
- The Commerce Department reported a 0.2% increase in durable goods orders for August, surpassing economists' expectations of a 0.5% decline.
- Key data points, including new home sales and consumer confidence, fell short of forecasts, adding to concerns about the state of the economy.
- The Federal Reserve's indication of higher interest rates for a longer period has raised worries among investors about the economy's future.
- Investors are also worried about a potential government shutdown starting on Oct. 1. Moody's rating agency warns of a negative impact on the U.S. credit rating, while Wells Fargo predicts a decline in the U.S. dollar index.

# BRUCE & KAREN'S NOTES

We hope this newsletter finds you well and enjoying the cooler days of fall and the beginning of the holiday season. We would like to take this opportunity to give you a brief office update.

Technology is our best friend...until it isn't. As many do and because our industry demands it, we rely heavily on our computers, internet, and phone services. Unfortunately, we have had multiple issues over the last several weeks with our phones and internet. After reporting the outages, we were told that there was damage to our outside line which could not be repaired quickly because of its location. They also denied to supply us with a temporary line because it would run over a sidewalk. As a result, we had intermittent phone and internet usage/problems for over two weeks! Since then, we have changed internet and phone providers and are still working through minor issues but believe that our major concerns are over. We apologize for any inconveniences or interruptions to our service that these circumstances may have caused you. Consequently, with our change in phone provider, our toll-free number is no longer active. Our research showed the number wasn't being used, so it didn't seem appropriate to keep the line. Please update our office number in your contacts to only 910.485.2672. In addition, we ask for your continued patience as we also just purchased a brand new phone system. We are confident that all of these enhancements will improve our service to you in the long-run, but we are certainly experiencing short-term growing pains and lagging usability as we settle our upgraded services and learn our new system.

As a reminder, our normal business hours are Mondays—Thursdays 8:30am until 4:30pm and Fridays 8:30am until 4pm. If you have trouble reaching us during normal business hours, you are always welcome to call our cell numbers (Karen: 252.258.8151 and Bruce: 910.850.3990) or text the office number (910.485.2672). Due to regulations, we cannot use our personal cell numbers to text for business purposes. It is our goal to be available to you when needed.

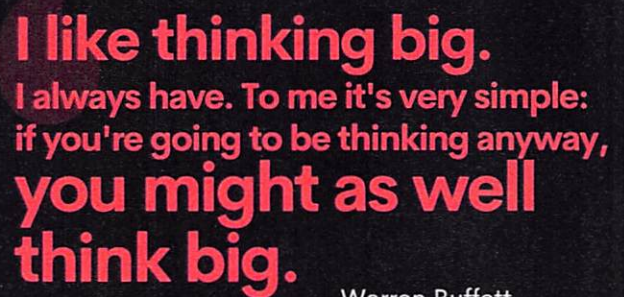
Lastly, we would like to provide a brief market update. As of this writing on November 6, 2023, the S&P 500 has experienced a year-to-date gain of 15.0%, and the Dow Jones Industrial Average has experienced a year-to-date gain of 4.5%. We had a pull-back in October but since have made some improvement while we continue to remain positive for the year.

Do not hesitate to call or email if you have questions or concerns. We are thankful for you, and we appreciate you allowing us to partner with you.



Resources:

1. <https://www.cnbc.com/2023/09/27/us-treasury-yields-investors-assess-state-of-the-economy.html>



**I like thinking big.**  
**I always have. To me it's very simple:**  
**if you're going to be thinking anyway,**  
**you might as well**  
**think big.**  
– Warren Buffett

Source: Buffett: The Making of an American Capitalist (1995) by Roger Lowenstein