

# BKMWM Newsletter Year-End 2023



## Topics:

1. Where is the Value?
2. Bill Berrall
3. Bill Manders
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5. Matt Kons
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### 1) Where Is the Value?

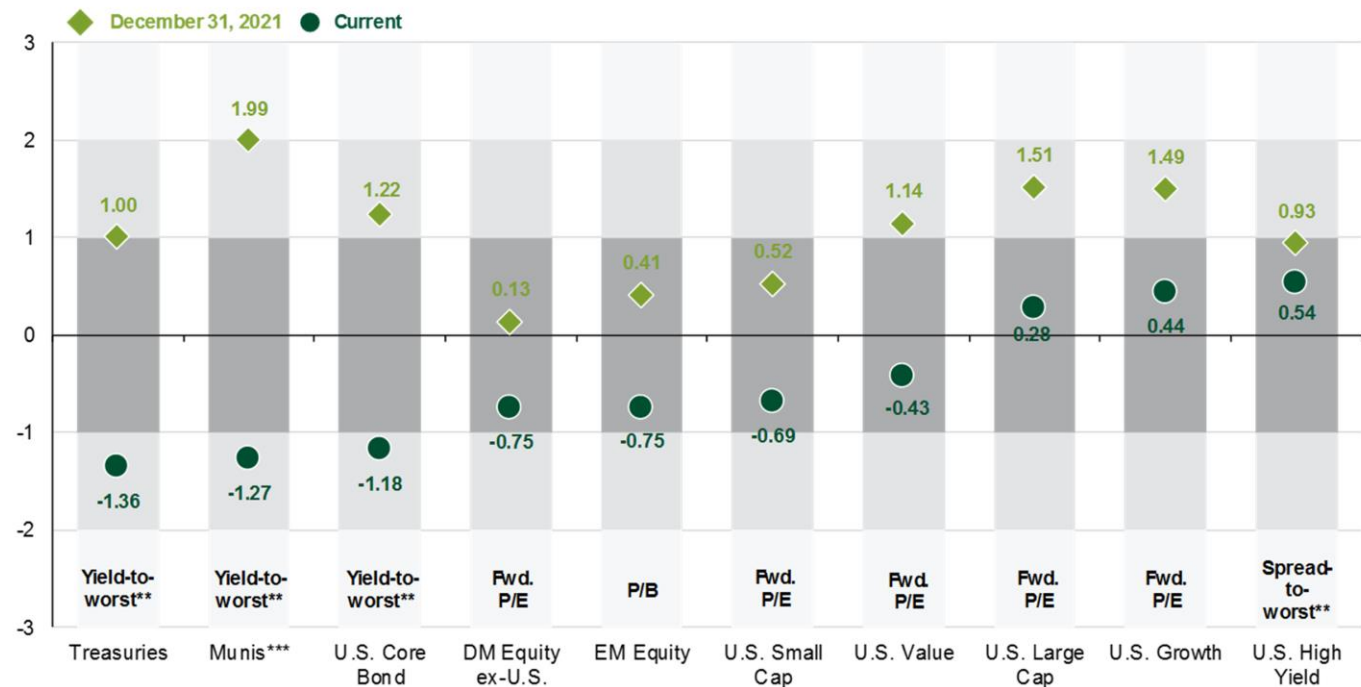
We are constantly asking ourselves, where is the value? Which asset classes are on sale, and which are expensive? Reasonable insight comes from the chart below which ranks asset classes from the cheapest (left) to the most expensive (right). Currently, bonds are trading the furthest below their 25-year average valuations, followed by international stocks, then small U.S. stocks and U.S. value stocks. Meanwhile, U.S. large cap stocks, growth stocks and high yield bonds are above their average valuations.

There is no rule that says that assets must return to their 25-year averages, but it adds to our thesis that investors should look to diversify beyond the S&P 500 index and growth stocks. With many bonds and CDs now yielding 5%+, savers and companies with little debt and high cash flows should be beneficiaries in the months and years ahead.

Please contact us to review your allocation and refine your financial plan in 2024.

#### Asset class valuations

Z-scores based on 25-year average valuation measures\*



*Chart sources: Bloomberg, BLS, CME, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management. U.S. Large Cap: S&P 500, U.S. Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, U.S. Value: Russell 1000 Value, U.S. Growth: Russell 1000 Growth, U.S. High Yield: J.P. Morgan Domestic High Yield Index, U.S. Core Bond: Bloomberg US Aggregate, Treasuries: Bloomberg U.S. Aggregate Government - Treasury, Munis: Bloomberg Municipal Bond. \*Averages for U.S. High Yield and U.S. Small Cap are since January 1999 and November 1998, respectively, due to limited data availability. \*\*Yield-to-worst and spread-to-worst are inversely related to fixed income prices. \*\*\*Munis yield-to-worst is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%. Guide to the Markets - U.S. Data are as of October 31, 2023.*

## **2) Bill Berrall's Year End Thoughts & Thanks**

Amazing how quickly the last 45+ years have passed. That is how long I have been working on financial planning and investments with many of you and your families. I am very thankful for your business and loyalty. As I get older and see so many friends and clients being impacted by illness and/or death, I am very thankful for all the wonderful people like you that I have met. I am profoundly grateful that I am still healthy and enjoy "working" some of the time but also doing other things much of the time.

I am also thankful for my longtime colleagues. Bill Manders and I have worked together since 1985. Bill's son Steven has been with us since 2012. My son-in-law, Matt Kons, and son, Casey, have been here 22 and 20 years, respectively. How lucky I am to continually learn with and from them. I rest easy knowing that your families will be well served for decades to come.

Jackie Pappalardo, our Director of Operations, and I have worked and laughed together for 28 years. I am grateful for her loyalty to our family business and clients. You often tell us how great she is. We know. She genuinely enjoys helping people every day. All of us do. Jackie and her husband Joe live in Oak Creek with their daughter Lilliana, age 17 and a senior in high school. Their daughter Gia, age 20, is a sophomore at UW-Whitewater.

My wife Jeannie and I have been married for 51 years. Again, lucky me being together for so long with the best person I know. This year we had two big trips: a cruise to the Arctic Circle in January and the entire 21 person Berrall families to Alaska in August. I also spent two weeks hiking and camping in the Scottish Highlands and another week in the Netherlands, Germany, and Denmark. Finally, in September I made a one thousand mile solo motorcycle camping trip, getting as far as the North Dakota border.

Our oldest daughter J.J. (Jennifer Jo), has three children. Jackson, age 18, Tyler age 15, and Teagan age 14. All are attending Sussex Hamilton High School. This year she and husband Jim have been concentrating on parenting, as well as business and real estate projects in Menomonee Falls, North Carolina, and the Turks and Caicos.

Youngest son Tim, his wife Rose, and son Mason, age six (seven in January), also live in Menomonee Falls. Tim continues as General Manager of a wine and spirits distributor. Rose is Manager of Food and Nutrition Services for a Grafton, WI hospital system.

Daughter Kelly (married to Matt Kons) and son Casey are detailed below. Jeannie and I are so fortunate that all our children and 11 grandchildren live close by and see each other very often.

I hope you too made some good memories this year. Enjoy the holidays and thank you again for your business and trust.

## **3) Bill Manders' Year End Thoughts & Thanks**

Our family has had another excellent year to be thankful for. Everyone is healthy and happy, and there's not much else you can ask for.

We have had time now to settle into our new house, and are enjoying turning it into a home, and being able to host friends and family on occasion. I have also been happy to find time to get on my bike and get some exercise, having put on more than 3,000 miles this year.

As life has settled down, we have had the opportunity to travel to some new places. My wife, Janean, and I went on our first cruise, sailing around Alaska, and enjoying the sights and new experiences at the stops. As by sea, so by land, we also were able to fit in a road trip around the Southeast, hitting a number of destinations, including Charlotte, Lexington, and Hilton Head, while visiting friends and family.

One of those stops was visiting my daughter, Marne, who took a job in Charlotte this year. My son Brian, and his wife, Sam, are still doing well and living in Chicago with their six cats and visit us regularly. Quinn, the youngest, has

adjusted to adult life and is doing well over a year into his career, having already climbed the corporate ladder a bit. He is on the docket for a management position. And you know about Steven, I will let him talk about his family.

Our dog Izzy is not getting around as well as she used to but is still a happy and much-loved member of the family.

I am grateful for another fantastic year, a healthy family, and am extremely thankful that I am lucky enough to be able to work with so many remarkable clients and friends. Thank you.

#### **4) Steven Manders' Year End Thoughts & Thanks**

2023 has been another wonderful year to reflect on and be thankful for in the Manders household. Life has settled down again following the maelstrom of work that went into BKM becoming a Registered Investment Advisor in March, providing our family the opportunity to kick back and enjoy life after the sacrifices the whole family made with my time during the transition.

We all benefited from a relaxing, albeit busy, summer. Liz, the kids, and the animals enjoyed our limited warm Wisconsin months, and Steven entered on the harrowing journey of building a large backyard playset, complete with corkscrew tube slide and in-fort kitchen. He had the time to do so thanks to Liz keeping the household together and on track, despite all the energy she's devoting to growing a baby.

The serenity is destined to be short-lived, however, as Violet and Rin will be getting a little sister come February. Our new addition has not yet been named, but she does have a nickname which has stuck. When asked for her opinion, Rin offered the name Doopy, which may or may not be spelled properly, since, well, Rin cannot spell yet. I guess that is what you get when you ask a 2-year old.

Violet and Rin have both had great years, with Violet getting involved in dance, sports and musical theater, and Rin making an early play for the dance team while trying to participate from the sidelines. Both have also continued in their mom's footsteps, extending their nascent acting careers with a handful of new ads and commercials to log in their portfolio of work, including a commercial for Froedtert Hospital, notably featuring the whole family – sadly, excluding the animals, but including Dad.

As for the pets, kitty Byakuya continues to believe that Rin does not create enough chaos and destruction herself, and that he has been placed on Earth for the purpose of rectifying the shortfall. Lacy, the little dog, is the social butterfly, eager to make the acquaintance of anyone and everyone, whether or not they are willing. If there is sad news on the year, it is that Quanta, at 15 years old, is in her dotage, with mobility severely limiting all the magnificent things dogs enjoy in life, and if I'm not able to write about her again next year, I want to express how appreciative I am of the wonderful years I've gotten to spend with her.

Our family is again thankful for what has been a sublime year for both our personal lives and for BKM. We especially appreciate the enormous role all of you play in that, making working for and with everyone a fulfilling pleasure. Thank you to everyone for placing your trust in us and being wonderful clients and friends.

#### **5) Matt Kons' Year End Thoughts & Thanks**

When I reflect on 2023, there is much to be thankful for. Health, family, love, good co-workers, and friends. I am truly blessed. A highlight for me this past May was being able to return to Honduras with my two teenage daughters. We helped to build a shelter alongside the feeding center in the mountains. It's wonderful to see this feeding center up and running currently feeding 150 children daily. We watched the first brick being placed not long ago.

A personal highlight for me was competing in and winning the Pewaukee Triathlon Sprint Relay this summer as the cyclist in the relay. Another highlight for the year was a trip with the extended Berrall Family which included a helicopter ride to a glacier, and a train trip along the mountains.

Kyrie is a sophomore at UW-River Falls. She has advanced to a higher competitive level on the school's Western Horse team. She is employed by the university as a Finance Intern. We are proud of the success Kyrie is finding as she continues to pave her own way in her second year away from home.

Lariska (Lari) is a Senior at Brookfield East High School. Lari has been accepted to a few colleges but has not yet committed to where she is going next year. We believe she will succeed no matter where she goes. She enjoyed her time as a member of the "stage crew" for the high school musical this past year. Lari is a good student, a good friend, and a go to problem solver for all things that need fixing around her.

Declan is a freshman at Brookfield East. He played football for the first time this year. He also enjoys playing racquet games like tennis and badminton and plans to try out for the tennis team next year. Declan demonstrates a good heart, lends a helping hand, and shares his unique sense of humor with those around him.

Hugo, our youngest is eleven years old and in sixth grade. He is an enthusiastic member of the Pilgrim Park Middle School robotics team. His team has done well and is currently on pace to have the opportunity to compete in Madison at the state competition. Hugo also enjoys baseball, soccer, and anything Roblox.

I am especially thankful to my wife, Kelly. I am blessed to have her by my side and to care for the people in our lives including me. In her spare time, she enjoys reading, managing our rental property, and volunteering.

Looking back on this year we are thankful for so many blessings in our lives and are grateful that we can count you as one of those blessings. We pray that 2024 will bring lots of joy to you and the ones you love.

## **6) Casey Berrall's Year End Thoughts & Thanks**

"Living the dream." I frequently respond with that too-often-hollow term when people ask me, how's it going? However, I do not use it lightly. I really mean it. I am living the dream. I have a healthy, supportive family. I enjoy my work, thanks largely to you, our incredible clients and to my fellow teammates at BKM. I am living the dream. Thank you!

My incredible wife, Cathy, continues to support me and our three daughters. She is coaching our youngest's volleyball and basketball teams with a kind smile and genuine care for her players. Cathy is an avid runner and loves to travel. Highlights from our year include trips to Paris and Barcelona, Cape Coral, a cruise to Alaska with the extended Berrall Family (21 in all!), and a Taylor Swift concert in Minneapolis.

Amelia is the President of her junior class, a member of the National Honor Society, on the high honor roll, and serves as a student ambassador. She also competed in cross country, got her driver's license, and is working part-time as a baker at Crumbl Cookie. She is a compassionate young lady, and her future is very bright.

Elizabeth is a freshman at Hamilton High School. She is on the student council and golf team, volunteers for the Best Buddies program, and enjoys downhill skiing. I enjoy our time golfing and skiing together. Elizabeth's ability to learn quickly and retain knowledge impresses me. She has a quick wit, a warm smile, and will do great things.

Felicity is a fifth grader at the Silver Spring Intermediate School and serves on the student council. She is a fierce competitor and excels at basketball and volleyball. She will also try golf this winter. Felicity is gifted at math and can quickly devour a good book. Her energy, smile, and humor keep our house lively!

Earlier this year BKM became a fiduciary-only, advice-only firm (no commissions or broker-dealer affiliation). While the transition went about as smoothly as such a change could go, we know that it involved effort and change on your part. For that, and your ongoing business and trust, we are extremely grateful.

I hope that 2023 brought you and your family many blessings. Thank you for your business and trust.

Merry Christmas!



*Financial advisors whose mission is to positively impact lives.*