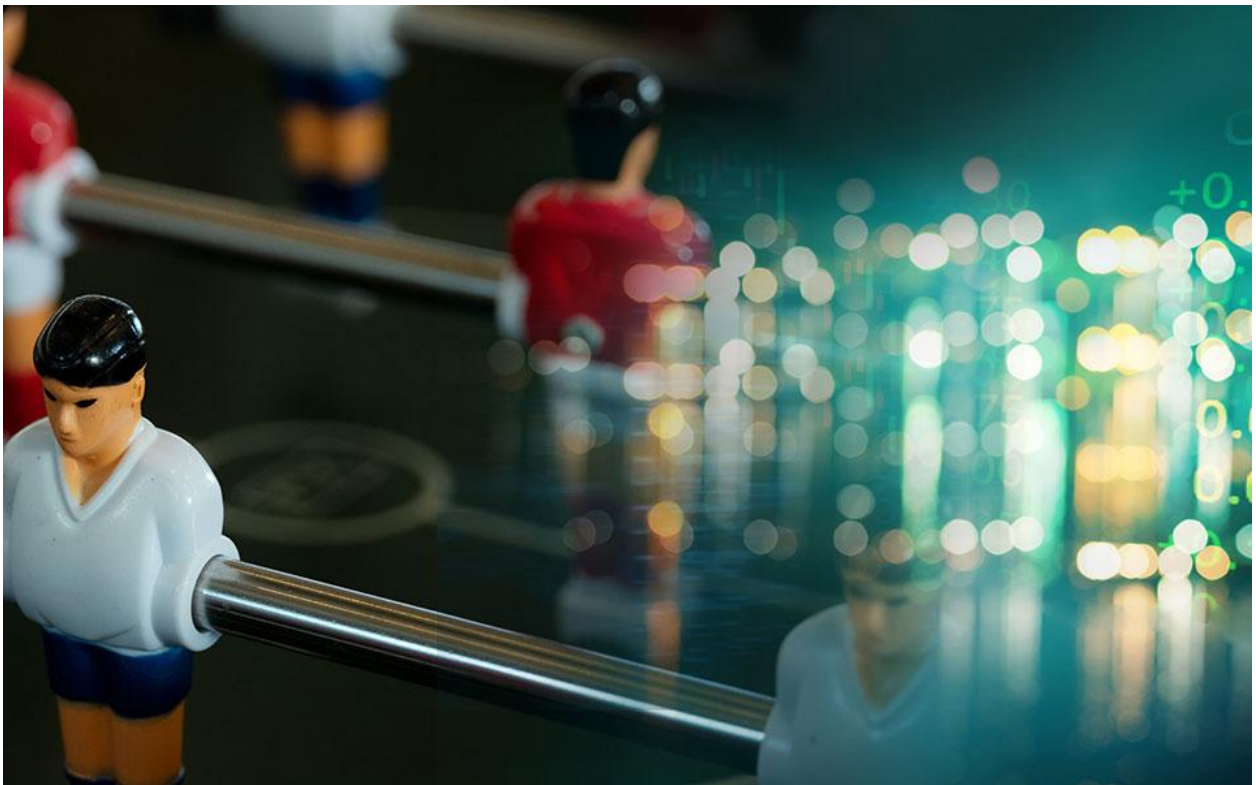


## 3 Easy Trades

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I grew up playing soccer. Even to this day, I can still hear my coach shouting, “Easy ball! Easy ball!” I will never forget that, especially since it sounded even better coming from a former Zambian National player with an awesome accent. Translated from coach-speak to English, this meant to look for the obvious and easy pass. Keep possession and move the ball up field. Do not go for the hero play, which has a low probability of success and high risk.

People always ask me, “Where’s the market going in the next few months?” What’s the hottest theme or the best stock pick?” These are all questions looking for the hero play. Nice if you can get it right, but far more risk. More often than not, this

results in losing the ball (money) to the other team.

It is far simpler to look for the easy pass. Do this often enough, and small wins compound into something much bigger. Here are three easy trades to make today.

1. **Cash management** – The rapid rise in interest rates has brought yields to levels we have not seen in over 15 years. Money markets and treasuries yield over 5% today. Treasury bills have the advantage of not being taxed at a state and local level. If you have excess cash in a checking or traditional savings account, you are leaving money on the table.
2. **Locating Assets** – Put interest-earning bonds in IRAs and 401k accounts. Hold equities in taxable accounts. Historically, equities will outperform bonds over the long term. When you need the money in the future, it is better to pay a lower capital gains rate in your taxable account by selling equities. This beats the alternative of having your growth assets taxed at the ordinary income rate to pull money out of your IRA account.
3. **Unwanted capital gains** – Mutual funds in taxable accounts can be a problem. While great funds are available, a majority are making people's portfolios more complex and less tax efficient. Investors do not control the capital gains distributions from funds, which occur at each year's end. These are based on the gains generated inside the fund, not whether the investor sold any shares. The result is a tax bill that could likely be avoided with more efficient structures like ETFs. Look at swapping out mutual funds that are performing in the middle of the pack or worse, even if there is a capital gain to take initially. This could save money in the long run.

We investors often make this more complicated than it needs to be. Diving into data, economic projections, and stock ideas make it so we can't see the forest through the trees. The low-hanging fruit is often all we need.

At Marcum Wealth, these three simple ideas are baked into our investment and trading process. We execute on these ideas for our clients every day. Any individual or advisor unable or unwilling to do the simple things is leaving money on the table.

Remember, it is often the easy pass that we need to move the ball up the field.

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