



THE AEGIS

Quarterly insights from your friends at Armor Investment Advisors

Armor GPT

by Adam J. Morgan, CFA, CMT

We thought we'd try something different this quarter. In our quest to stay abreast of the newest and latest technological advancements in artificial intelligence, I accidentally fell in love with ChatGPT. If you haven't tried it, you really are missing out!

The investment management community has been worrying for decades that someday artificial intelligence would surpass human intelligence and leave us all out of work. So, I wanted to meet this ambitious little thing gunning for my job. I was fully prepared to hate it and speak ill of it, and then I turned it on...

I remember back in the 90s when my mother first bought a book on Amazon. My initial thought was, "where did you insert the credit card?" I know what you're thinking. I'm not exactly setting the bar very high for ChatGPT 😊. But we all knew then that things were going to be different going forward. It feels like that moment is again upon us.

At this point in time, I see ChatGPT as more of an aid than any kind of threat. In fact, I've already begun using it for investment research. It is more than an internet search tool. As the name implies, it works better if you think of your interaction with ChatGPT as a conversation. So, I interviewed it.

I created a list of questions and fired away. What is the stock market going to do next year? Who is going to win the presidential election in 2024? Who is better looking, Adam Morgan or Austen Hawkey? Ya know, the important stuff.



ChatGPT refused to predict the future and opted out of hurting Austen's feelings. So, instead I told it to write this quarter's article for THE AEGIS. In less than one second, it did, and it was actually sort of good. So, I replied, "re-write it only this time make it funny." Below is the response. I hope you enjoy!

Jeff and Austen took a different approach and used ChatGPT as more of an editor. While I plan to use ChatGPT going forward to aid in our research process, it will not be authoring anything with our names at the bottom. So, without further ado, please enjoy your quarterly commentary by ChatGPT.

Greetings, fellow financial adventurers!

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It's that time of year again when we gather 'round the digital campfire, sip our virtual cocoa, and chat about the thrilling world of investments. If you're reading this with a furrowed brow, fret not; I promise to make this quarter's commentary as entertaining as a three-ring circus with a twist of Monty Python absurdity!

So, my dear readers, let's dive head-first into the wild ride that is the world of investments! This quarter felt a lot like riding a roller coaster in the pitch dark, except we were blindfolded, holding onto a rubber chicken for dear life.

Inflation, the beast we thought was safely tucked away in the history books, decided to grace us with its presence. It crawled out from under the bed, and now we're all sleeping with one eye open. Inflation is like that recurring nightmare where you keep losing your wallet. You wake up, relieved it's just a dream,

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only to discover that it's still gone. But don't fret! Remember, it's just a blip on our financial radar, like a pesky mosquito at a picnic. We're all in this together, swatting at the inflation bug with our economic flyswatters.

Market volatility this quarter? Oh, it was like watching a soap opera! One minute, we're up in the clouds with a soaring stock market, and the next, we're plummeting faster than Elon Musk's Tesla on Ludicrous Mode. It's like the market had a caffeine overdose and then crashed on the couch.

But remember, folks, it's all part of the investment tango. Just when you think you've

got the steps down, the music changes, and you're doing the cha-cha with your 401(k). Stay nimble and remember to laugh, because as they say, "When the market gives you lemons, make investment lemonade."

In conclusion, fellow financial voyagers, investing is a wild journey filled with twists, turns, and the occasional facepalm moment. As we sail through the choppy waters of inflation, and ride the roller coaster of market volatility, remember that Armor Investment Advisors is here to navigate this adventure with you.

Stay diversified, stay informed, and most importantly, stay entertained by the finan-

cial circus. After all, what's life without a little laughter, even in the world of finance?

Until next quarter, keep those investments soaring and your spirits higher!

Yours in financial merriment,

—A. Morgan 2.0



ARMOR GIVES BACK



Last quarter we volunteered with The Salvation Army's Project CATCH, Community Action Targeting Children who are Homeless. Their Back-to-School event provided school supplies to children in our community.

Join us this quarter as we host a Holiday Pocket Tree through Note in the Pocket. This is Note in the Pocket's version of an angel tree. Armor will decorate a tree with ornaments listing clothing items of different sizes for homeless and impoverished children and families of Wake County.

Please drop off donations at Armor by Monday, December 18th.

We extend an invitation for all to join us, as well as welcome any suggestions for volunteer initiatives you are passionate about. Reach out to Allison at amiller@armor-investmentadvisors.com with suggestions for future events, requests to participate, or if you would like to donate to this cause.



YEAR-END TAX PLANNING 2023

by Austen Hawkey, CPA, CFP®

“ Now is the time to review your current tax situation... ”

With the fall air arriving, school buses impacting morning commutes, and football games back in action, the last thing at top of mind for most people are taxes. After all, Tax Day isn't for several more months and we still have the holidays and year-end to get through. However, now is the time to review your current tax situation for the 2023 tax year so planning strategies can be implemented prior to year-end. At Armor, we have been reviewing our client's prior year tax returns and facilitating discussion with their CPAs to ensure we are all on the same page regarding their individualized plan to optimize the current year as well as their lifetime tax bill. Through this process we have noticed some recurring themes that I will highlight.

CAPITAL GAINS

Capital Gains within a taxable investment account (not a tax-deferred account like an IRA, 401(k), or Roth) are potentially taxed at preferential tax rates when compared to ordinary income if the underlying asset is owned for 12 months or longer. Also, there is a netting process between capital gains and capital losses. If there are net losses, up to \$3,000 of capital losses can be used to reduce ordinary income and the balance carried forward to subsequent tax years. Two strategies we consider within our client's portfolios are tax-loss and/or gain harvesting and maximizing tax brackets. Tax loss/gain harvesting can allow a client's portfolio to rebalance over time by using positions at a loss to offset gains in position(s) that have appreciated. Maximizing a client's tax bracket can provide for realizing gains in a lower tax bracket

(15% for example) in a year where they have room to realize more income before moving up to a higher bracket.

CHARITABLE GIVING

Charitable Giving strategies that were commonly used are gifting of appreciated stock and qualified charitable distributions (QCD). When appreciated stock is gifted to a qualifying charity, the potential charitable deduction for the individual is the fair market value of the stock at the time of the gift. If the same stock was sold, the individual would owe capital gains taxes on the gain amount which could reduce the amount of gift to the charity. It is important to know if you itemize deductions or use the standard deduction. For a taxpayer who uses the standard deduction, a gift of appreciated stock would lose its benefit of a deduction. A QCD is when an individual that is age 70 1/2 or older makes a gift (up to \$100,000 per year) directly from their IRA to a qualifying charity. It is important to note that donor advised funds do not qualify. Because this distribution goes directly from the IRA to the charity, the distributions are not included in the taxpayer's ordinary income like other IRA distributions. Once the taxpayer is in Required Minimum Distribution (RMD) status, they can use QCD's to satisfy all or a portion of their RMD if the distribution goes directly to the qualifying charity, they report it as a QCD on their return, and they do not exceed the \$100,000 limit. This is helpful for most taxpayers but especially for those who do not itemize their deductions as they would still benefit from the charitable gift by reducing their taxable income.

RETIREMENT PLANS

Retirement Plan Contributions prior to year-end for individuals who can still make contributions or benefit from Roth IRA conversions is another consideration that can have significant impact over the taxpayer's lifetime. It is important to keep in mind the long-term implications of compounding and tax savings while reviewing what strategy to utilize. We work with clients and their CPAs on an annual basis to revisit the strategic long-term plan while adapting for the tactical annual adjustments.

DEDUCTIONS

Deductions can have a major influence on which tax planning strategies to implement. As described earlier, the individual taxpayer's circumstances will determine if it will be more beneficial to utilize the QCD strategy rather than gifting appreciated stock. Also, bunching deductions into one year to utilize itemized deductions and then offsetting the subsequent year(s) with the standard deduction is another strategy.

The above strategies are not for everyone and are not intended to serve as tax advice. These strategies require careful consideration through conversations and analysis with your financial advisor and CPA prior to implementation as everyone's circumstances are unique. We would recommend reaching out to us for further discussion as to which strategy could be beneficial for you.—A. Hawkey



FOUNDER'S CORNER: RISING ANXIETY

by Jeffrey R. Miller, CFA



Rising Anxiety... Well, if you're not feeling it, you're either living under a rock or have achieved a level of Zen only attainable by monks in secluded mountain temples. Even the Wall Street Journal, the bastion of financial seriousness, joined the anxiety parade last week. It's safe to say that not much in the world seems to be moving in a direction that would prompt a happy dance, except for interest rates, which are rising like an overeager helium balloon at a birthday party (not great news for borrowers, mind you). Gasoline, energy, and food prices are climbing faster than a squirrel on a sugar high. Remember the good ol' dollar menu at McDonald's? Well, it's now the \$2.50 menu. Grab your wallets, folks!

And just when you thought things couldn't get any zanier, the whole world is experiencing an anxiety party together. China, with its real estate sector hemorrhaging trillions and youth unemployment rates soaring like a rocket ship, has decided that being belligerent is a great idea. Meanwhile, the never-ending drama in Ukraine seems more persistent than a stubborn stain on your favorite white shirt.

But, in the midst of all this chaos, there's a glimmer of something not so terrible. For the first time in forever, money markets are offering yields higher than your favorite roller coaster's peak. It's almost as if they're paying you to sit still and not make hasty decisions. How thoughtful!

And speaking of unpredictability, we were recently hit by a surprise upgrade to a new version of Windows. Now, in addition to your daily dose of anxiety, you can enjoy an AI-driven world, complete with ChatGPT-assisted search. Take a deep breath, my friends, and welcome to the hilariously unpredictable future!—*J. Miller*



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