

Coach's Corner

Our latest commentary to help you elevate the success of your practice

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"Muni Bonds Will Win the Election": A Thesis to Capture Referable Moments

By: David Richman | July 8, 2024

When a big market meme—the upcoming election—collides with summer gatherings, it creates a crescendo of referable moments. A referable moment is anytime the topic of financial markets, money, retirement, financial plans or legacy comes up in conversation between your client and a friend, family member or colleague when you're not in the room. It either turns into a conversation about you or it doesn't.

How do you increase the chances that you'll organically pop up in conversations? Develop and articulate your theses—timely, pithy, soundbites that connect the dots to the advice you are delivering to your clients. We turned to Parametric managing director and head of SMA portfolio management Nisha Patel for inspiration.

David: "Nisha, you recently shared a rather bold thesis. You believe 'muni bonds will win the election.' Can you elaborate?"

Nisha: "Let's think about all fixed income investing in general. Fixed income as an asset class should perform well if the trend of softening inflation and employment data continues. If the Fed cuts, even once, yields could re-adjust lower to price in a cooling economy."

David: "That makes sense. Let's go back to your thesis. Why munis now?"

Nisha: "It's hard to imagine that debt and deficits will continue to run at this pace. The US debt to GDP ratio is 123%, according to the International Monetary Fund, and in line with other major global economies. The interest cost of US debt alone is more than defense spending. If the US sets a policy objective of reducing its debt, higher taxes may be an important component of a solution, no matter the results of the upcoming election—making munis more favorable tomorrow due to their tax-favored component."

How might Nisha's thesis help you capture a referable moment this summer? Consider your client conversing with a friend at a cookout:

Friend: "Who do you think is going to win the election?"

Client: "We think muni bonds will win the election."

Friend: "What do muni bonds have to do with it?"

Client: "Our advisor, Jennifer, says that no matter the election outcome, taxes may likely go up considering the deficits we're facing—making muni bonds more favorable tomorrow."

Is your ability to influence the conversation between your client and a friend as easy as delivering a message that helps your client look smart? Could it be that simple? We think so.

Bottom line: Capitalize on this summer's upcoming crescendo of referable moments by developing and articulating your theses to influence

the conversation when you aren't in the room.

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