

MARCH 12, 2023



RZH SPECIAL MEMO

The biggest story in the markets this week was the rapid collapse of Silicon Valley Bank (SVB), the 16th largest bank in the country. This was the second largest bank failure in US history. SVB did business primarily with the technology and venture capital industry. (If you'd like to know why this happened, please feel free to call us or read this piece by Fidelity: [Click Here](#))

Below are a few important pieces of information for RZH clients:

- RZH does not conduct business with SVB and RZH has no known exposure to this event.
- The investments RZH uses for our clients do not have any direct exposure to SVB.
- Our custodian, Fidelity, has informed us that the money market funds used in your accounts do not have any exposure to SVB.

As is often the case during the early stages of such an event we are dealing with incomplete and imperfect information - we will learn much more in the days ahead. However, according to Jurrien Timmer, Director of Global Macro at Fidelity, "The good news is that this seems to be an isolated incident, or at least a problem that may be limited to some smaller banks...In my view, this does not appear to be a situation that could become systemic, like the sub-prime mortgage collapse did in 2007."

Cash deposits at US banks are insured up to \$250,000 per depositor, per bank (\$250,000 per person / \$500,000 per couple). If you are worried about the amount of cash held at your local bank, please call us as we have other solutions available. Fidelity's money market funds are currently yielding over 4% and we can buy short-term US Treasury bonds yielding around 5%.

RZH will be monitoring this situation closely and will keep you informed of any actions we believe are prudent or necessary. Please feel free to reach out to us with any questions or to discuss this further.

Best regards,

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