



ALLEN DENGLER, HEAD OF PORTFOLIO MANAGEMENT, DIRECTOR

CLEARSTEAD CONTINUES TO BOLSTER TEAM WITH NEW TALENT

We are pleased to announce that we have added talent to the Private Client team with John Glad.

John joined Clearstead as a Client Planning Associate, Tax. He has a BS from Ashland University, majoring in Accounting. John was previously employed at CBIZ and AmTrust.

These changes underscore the firm's commitment to building its investment consulting practice, promoting the next generation of leadership, and maintaining a rigorous investment process.

A REVIEW OF OUR NEXT GENERATION OF LEADERS AND ENGAGING THEM IN THE WORKPLACE

BY ALLEN DENGLER, HEAD OF PORTFOLIO MANAGEMENT, DIRECTOR

This article is about engaging and developing emerging leaders in professional services firms. The basis for the article is [*Deloitte's 2023 Gen Z and Millennial Survey*](#) (the Survey) that analyzes feedback from more than 22,000 Gen Z and Millennial respondents to explore attitudes about work and the world around them. Using the Deloitte results, feedback gathered from colleagues, and my own observations, this ClearPoint focuses on opportunities and challenges organizations face, specifically smaller ones, with creating an engaging workplace environment for young professionals and fostering their growth for long-term success.

MILLENNIALS VS. GEN Z

Most organizations define "young professional" as younger than 35 years of age. A significant challenge is creating an environment that is broad enough to capture different career phases, yet specific enough to have direct benefits for the individual. We begin with the year 1996, and Millennial vs. Gen Z. Understanding how these two generations engage is a good start. Millennial is the broad term defining anyone born between 1981 and 1996, whereas Gen Z spans 1997 to

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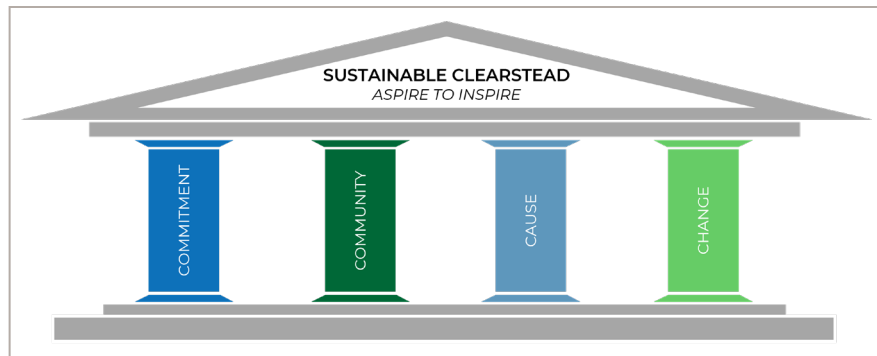
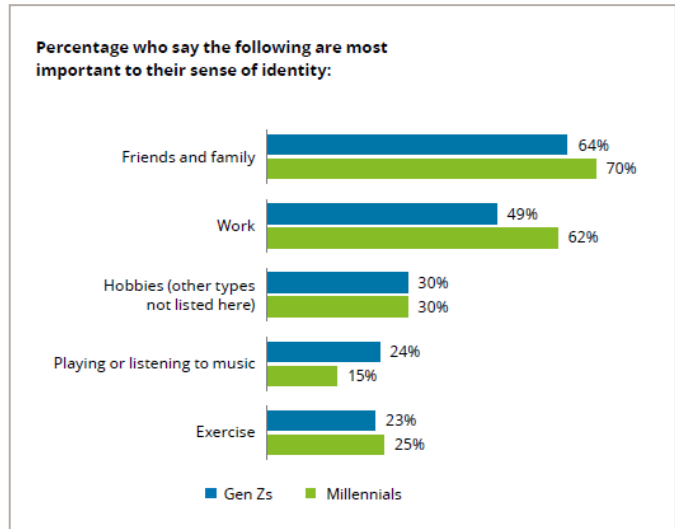
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2013. According to the Deloitte Survey, nearly half of Gen Zs, and most millennials, say their job is central to their sense of identity, second only to family and friends. So how do we tap into this sense and build a workplace that is more fulfilling?

I propose three recommendations that can go a long way for any organization to increase engagement and satisfaction in the workplace among younger employees:

(1) *Develop and document your firm's core beliefs and track how they relate to your employees and community.* I think the takeaway here is the tracking. Younger generations want to see how growth in their companies affects the community and have high expectations. According to the Survey, less than half of Gen Zs (48%) and millennials (44%) believe businesses are having a positive impact on society. 39% of Gen Z and 34% of millennials say they have turned down employers that do not align with their personal values.

Businesses should create a plan to show their impact. For Clearstead, this is Sustainable Clearstead, a resource group founded on four pillars: Commitment, Community, Change, and Cause. This is a living, breathing core of our firm's culture, focused on increasing our workforce diversity, promoting women and minority candidates to leadership positions and partners, and supporting our clients and communities. Sustainable Clearstead serves as an umbrella for the firm's Diversity, Equity, & Inclusion initiative, EmpowHER initiative, and the Clearstead Foundation. The next generation wants to be empowered to drive change from within.



Once a business has established this core, it is important to engage a cross section of employees to lead the charge. According to the Survey, over half of respondents (58% of Gen Zs/55% of millennials) say their organization currently seeks input from employees and incorporates their feedback, but roughly a third (32% of Gen Zs/35% of millennials) say decisions are still made from the top down and employee feedback is not often acted upon. Sustainable Clearstead has its own committees made up of a

diverse mix of backgrounds and work experiences. To track progress, Clearstead produces an [Impact Report](#) each year to track the growth in workplace diversity and community impact.

2) *Provide financial wellness resources.* Concerns around personal financial stability are top of mind for Gen Z and millennial workers. Cost of living leads the way for both Gen Z (35%) and Millennials (42%) for top financial concern. The Survey also looked at short-term economic concerns that could impact their future. Over 50% of Gen Z's feel it will become harder or impossible to ask for a raise (56%); get a promotion (50%); start a family (50%); or buy a new house (61%). This is echoed by similar feelings from Millennials (55% for a raise; 49% for a promotion; 47% to start a family, and 62% to buy a house). As an investment advisory firm, we have a wealth of knowledge on these topics and sponsor programs to help educate our employees. For other professional firms, reaching out to your retirement plan provider is a good place to start. Many retirement plan providers are willing to host workshops or provide resources to educate employees. This should go beyond the once-a-year high level summary of the "Client Portal." Encourage employees to schedule one-on-one meetings with plan providers to discuss their specific financial situations in a private setting.

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- 3) *Design a “Road Map” for young employees who wish to grow in their career.* Today's generation is not as comfortable with the “keep doing what you are doing and you will succeed” response from a manager. They are hardworking but want to understand the “why”. Developing in a career takes patience, but the younger generation does not buy into the blind faith narrative. This may be a challenge for small firms. Part of that challenge is because the work environment may be very different five years from now for a company experiencing fast-moving growth. Without knowing what the future may hold, we can still draw on the past to articulate what a career path may look like. Identify an individual who has been with the company for some time, ideally having started in an entry level job and found success. Document his or her trajectory and educate employees on how they found success. Additionally, identify qualitative and quantitative benchmarks on how the firm defines success at different levels. It is important for smaller firms to be up-front with younger employees about the ambiguous and non-linear path that may be required at the start of the job. Part of the fun in being with a small company is that you can control your own path and have impact at a higher level early on. You can be given responsibilities and put in situations that may take you twice as long to achieve in a larger institution. Highlight this for your employees and help them understand how challenges and experiences might prepare them for later in their career and what doors it may open with your company.

Providing programming that is relevant to how up-and-coming leaders think, engage, and learn is key to their buy-in and long-term development. Deloitte's 2023 Gen Z and Millennial Survey can serve as a guideline to help firms re-evaluate internal initiatives. With added direction for young employees, smaller companies can decrease turnover and create a culture that drives growth and builds an even more dedicated workforce. This, in turn, will drive better outcomes and increase overall client service and experience.

Clearstead is actively working with clients to increase the dividend and yield income components of their portfolios. Examples include increasing exposure to corporate lending strategies that feature high, floating-rate yields, or working to ensure that portions of U.S. equity exposure are oriented to dividend-paying stocks. When capital gains are harder to achieve, dividend-paying stocks provide a way for investors to get paid through potentially rocky markets. Equally, we continue to advocate for exposure to real-assets—private if possible, or public if not—that have high-dividend yields, the explicit ability to pass along rising inflationary dynamics to investors, and feature stable, recession-resilient cash-flows.

Ultimately, Clearstead believes in the core tenants of diversified, balanced investment strategy and remaining disciplined through periods of elevated volatility. While balanced portfolios struggled in the calendar year 2022, as both equities and bonds suffered negative returns, now is an opportune time to reassess investment strategy. The benefits of equities drive long-term returns through capital appreciation, but the current economic environment may favor a larger component of returns from income. Until we are confident the Federal Reserve has reached its terminal rate, we believe portfolios that focus more on income characteristics will aid in helping clients achieve their investment objectives.

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Performance data shown represents past performance. Past performance is not an indicator of future results. Current performance data may be lower or higher than the performance data presented.

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MARKET BENCHMARK RETURNS

May 31, 2023		1M	3M	12M	YTD
US Large Cap	S&P 500	0.4%	5.7%	2.9%	9.6%
US Small Cap	Russell 2000	-0.9%	-7.4%	-4.7%	0.0%
Developed Intl	MSCI EAFE	-4.2%	0.9%	3.1%	6.8%
Emerging Intl	MSCI Em Mkt	-1.7%	0.2%	-8.5%	1.1%
Real Estate	NAREIT	-4.2%	-5.9%	-16.0%	-2.4%
Core Fixed	BarCap Agg	-1.1%	2.0%	-2.1%	2.5%
Short Fixed	BarCap 1-3Yr	-0.3%	1.5%	0.2%	1.5%
Long Fixed	BarCap LT G/C	-2.7%	2.3%	-6.2%	3.6%
Corp Debt	BarCap Corp	-1.4%	2.1%	-1.6%	2.8%

Source: Bloomberg

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