



SOUTHERN CAPITAL SERVICES WELCOMES OUR NEW CUSTODIAN — CHARLES SCHWAB

It has been a 'MOVING' experience this past month since our transfer over to Schwab! Most everything went very smoothly, which we are grateful for. There have been, however, some minimal issues which we expected. Below we have listed some of the most common reasons why clients have called with issues.

Top reasons clients are calling the Schwab Alliance Service team

Schwab is currently experiencing higher call volumes as they welcome thousands of new advisors and their clients to Schwab over this past Labor Day weekend. To help you, we want to share some tips and resources you can use.

1. Setting up Schwab Alliance credentials to access the site for the first time.

- You can sign up for online access today by going to SchwabAlliance.com to begin enrollment. You will need to provide your Schwab or TD Ameritrade account number, date of birth, Social Security number, and the phone number that they had on file at TD Ameritrade.
- Another way to sign up is by calling Schwab Alliance specialist at 800-515-2157.

2. Giving your spouse or trusted third-party view only access to your Schwab accounts

(View only access was not automatically converted from TD Ameritrade)

- Log into Schwab Alliance and click the **Profile** icon in the upper-right corner. Select **Account Access** to initiate the process for granting View only access. Once you enter the request (and all account holders approve it), Schwab will send a communication to you, the view-only agent, prompting you to complete an online request.
- We also have a form you can complete. Just contact our office and we will forward it on to you

3. Changing an outdated phone number or address

- Log into Schwab Alliance and click the **Profile** icon in the upper-right corner, then select **Contact Information** from the drop-down menu. From there, select **Edit** to update your physical address, primary email, or phone number.
- We can also assist with many updates you may have, like Change of Address or Change of email. Just give us a call.

Did you know? You can log in to the Schwab Alliance website to make changes yourself!

Once you're online, you can change or update your address, email, phone number, beneficiaries, etc. You can also review statements, sign up for electronic documents, and keep track of your investments on the go with the Schwab mobile app.

Please be assured we are working daily to become as proficient and accommodating to you as we continue to learn all we can about our new association. Thank you for your patience. Our goal is to cultivate a comprehensive and gratifying experience with you, our valued client! **Please check your email for more information and helpful links.**

WHAT IS THE STATE OF THE U.S. MILITARY INDUSTRY?

Eric Nager, LTC (retired) U.S. Army Reserve

Wearing my military historian hat, I wrote in our August 2022 issue about the threat China poses to Taiwan and the effect a conflict between them would have on the world economy. In February I wrote about the one-year anniversary of the war between Russia and Ukraine. These global events matter because they affect markets.

Setting aside the question as to whether the United States *should* support Taiwan and Ukraine in a hypothetical or actual conflict, this article will examine if the U.S. *could* support both at the same time, if necessary. During the Cold War, the stated U.S. military doctrine was to be capable of fighting two conflicts at once. One would be the focus of attention while the other would be a “holding” action until the first was concluded.

Today the question is not could the U.S. military fight two conflicts, but if U.S. industry could supply two. This might sound like a silly question because of the nation’s industrial might and capacity, but the issue is a complex one. My short answer is “no” and “yes.”

The case for NO:

For the past two decades, the U.S. has been engaged in the Global War on Terror (GWOT), or what the military calls a “low-intensity conflict.” This means that no heavy weapons like armor or artillery are generally involved, and

very few precision weapons. As a result, the Pentagon has ordered fewer weapons and less ammunition over the years and the defense industry has consolidated – there are not as many companies producing military hardware. Almost all of these items have very long production cycles, so when a conflict suddenly creates great demand, there are very long lead times in order to be able to ramp up production.

An example is artillery shells. Ukraine now requires about 100,000 rounds per month in order to prosecute the war against Russia. The U.S. produces only about 15,000-20,000 per month. It will take a couple of years to gear up for that kind of volume. It is not as easy as adding an extra shift to a plant. This is why the U.S. is now needing to buy rounds from allies like Japan and South Korea in order to supply Ukraine. It is also why we are giving Ukraine cluster munitions instead of traditional rounds. Cluster munitions disperse many small explosives over a wide area that are excellent for clearing minefields or attacking entrenched troops. They are also controversial since unexploded ones can pose hazards to civilians for years. As for “smart” or precision weapons, estimates for a conflict with China over Taiwan are that the U.S. would expend the current supply in a matter of hours or, at most, a few days.

The case for YES:

No two conflicts are exactly alike, and they can require very different weapon systems. For example, in Ukraine they are using the Javelin, an anti-tank weapon, to great effect. That weapon would not be needed by Taiwan against China in any big numbers. Instead, the Harpoon, an anti-ship missile, would be much more useful in repelling an amphibious invasion against an island like Taiwan, and the U.S. has a good supply of Harpoons. Likewise, the Patriot, an anti-aircraft weapon that can also shoot down cruise missiles and drones, would be needed in Taiwan in great numbers and there are only a couple operating in Ukraine right now.

In short, current conflicts have exposed the dangerous shortfall in U.S. weapon stocks and there is no quick fix. Given the rise of aggressive bad actors on the world stage, we probably need to embark upon a crash program to rebuild the military with ships, planes, and ammunition. In an ideal world, this would be a bipartisan goal. As we learned in the Cold War, freedom is not free.

