**Weekly Market Commentary |   
May 16, 2022**

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**05.16.2022**

**The Markets**

Living with a bear.

On the survival series “Alone,” the tension ratchets higher whenever participants encounter bears. Some participants live warily alongside bears, while others tap out. A similar thing happens among investors when they encounter a bear market.

**What is a bear market?**

People define bear markets in different ways. Some people say a share price decline of 20 percent is bear market territory. Last week, the Standard & Poor’s (S&P) 500 Index was down 19.6 percent before Friday’s rally, according to Ben Levisohn of *Barron’s*, and the Nasdaq Composite was already down more than 20 percent.

Other people say a bear market occurs when more investors are bearish than bullish. That’s certainly the case today. The Association of Independent Investors’ Consumer Sentiment Index found 49 percent of investors were bearish and 24 percent were bullish last week. Other sentiment indicators, including theConsensus Bullish Sentiment Index cited by *Barron’s*, also show that investors and investment professionals are feeling more bearish than bullish.

So, it’s safe to say we’re either in a bear market or quite close to one.

Last week, major U.S. stock indices finished lower. Rates on U.S. Treasuries moved lower, too, as risk-averse investors moved assets into Treasury bonds, reported Samantha Subin and Vicky McKeever of CNBC.

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| --- | --- | --- | --- | --- | --- | --- |
| **Data as of 5/13/22** | **1-Week** | **Y-T-D** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| Standard & Poor's 500 Index | -2.4% | -15.6% | -2.2% | 12.7% | 10.9% | 11.6% |
| Dow Jones Global ex-U.S. Index | -2.0 | -17.0 | -15.7 | 1.9 | 1.1 | 3.0 |
| 10-year Treasury Note (yield only) | 2.9 | N/A | 1.7 | 2.4 | 2.3 | 1.8 |
| Gold (per ounce) | -3.8 | -0.5 | -0.6 | 11.8 | 8.0 | 1.5 |
| Bloomberg Commodity Index | -1.6 | 29.4 | 39.9 | 17.9 | 9.0 | -0.4 |

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**Perspective is critical**

When markets cycle lower like they have been lately, perspective is critical. If you’re not connected to someone with experience, it can be easy to miss the big picture.

If you zoom out a bit in history, most investors haven't lived through a prolonged price drawdown. For example, a bond fund manager would need to be around 80 years old today to have been working during the inflation of the 1970s (the last time we saw similar movements to what we’re seeing today). We are certainly living through unusual times.

But price swings aren’t surprising to those who are prepared, and you don’t have to figure things out on your own.

When we created your portfolio, we looked at your unique goals, time horizon, and risk profile. Our team has managed several market cycles, and we’ve seen plenty of ups and downs across the investing process.

Please reach out if today's markets have you feeling uncertain. You don’t have to go it alone: we are here to help you keep things in perspective.

**Weekly Focus – Think About It**

“A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful.”

*―Warren Buffet, investor and philanthropist*

Best regards,

Adam B. Hartung

P.S.  Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.  However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

\* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

\* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

\* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

\* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

\* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

\* Asset allocation does not ensure a profit or protect against a loss.

\* Consult your financial professional before making any investment decision.

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