Financialfreedom
WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE
SUMMER 2022

Summer is in full swing, which means you may be enjoying vacations, barbecues and outdoor fun.

As you bear with the warmer weather, here are 3 money tips to focus on during the summer.

1. Continue to track your spending. With summer activities, it is easy to lose sight of your spending. Monitoring your spending helps you live within your means and not overextend your budget.

2. Shop for bargains. Summertime can bring big savings. Between holiday weekends, back to school and online promotions, there are opportunities for shoppers to save money while purchasing items.

3. Double check your subscriptions. During the summer, you may be focused on different priorities. For example, you may be traveling or out of the house more often. See if you use each service enough to justify the monthly expense, especially if you can resubscribe to them later.

And most of all, enjoy the rest of your summer!

Team Updates

Sammie, Wealth Advisor and Marketing Manager, and her husband Matt welcomed their daughter Andie Hart Guajardo to the world late spring at 9lb 12oz.

Investment Manager and Wealth Advisor DJ Wright married the love of his life, Cecilia, on March 19th in Eugene. Congratulations to Mr. and Mrs. Wright!

MARKET UPDATE

The S&P 500 continued to decline in the second quarter, hitting its lowest level since December 2020. The factors that pressured stocks in the first quarter also contributed to the decline in the second quarter. These factors include high inflation, the prospect of sharply higher interest rates, geopolitical unrest, and rising recession fears. While these factors remain, markets will continue to be volatile.

2nd Quarter Performance Review

All four major stock indices posted negative returns for the second straight quarter. Two aspects mirrored that of the first quarter. The first aspect is that the tech-heavy Nasdaq underperformed, thanks primarily to rising interest rates, while the Dow Jones Industrial Average relatively outperformed. The second aspect is that rising rates and growing fears of an economic slowdown fueled the continued rotation from tech stocks to sectors of the market that are more resilient to rising rates and slowing economic growth.

Considering market capitalization, large-cap stocks again outperformed small-cap stocks in the second quarter, although the performance gap was small. Large-cap outperformance continued to be driven by the rise in interest rates as well as growing recession fears. Small-cap stocks are typically more reliant on debt financing to sustain their businesses, and therefore, more sensitive to rising interest rates than large-cap stocks. Additionally, investors again moved to the relative safety of large-caps amidst rising risks of a future slowing of economic growth or recession.

On a sector level, all 11 S&P 500 sectors finished the second quarter with negative returns. Relative outperformers included traditionally defensive sectors such as utilities, consumer staples, and healthcare.

US Equity Indexes	Q2 Return	YTD
S&P 500	-17.41%	-19.96%
DJ Industrial Average	-12.17%	-14.44%
NASDAQ 100	-23.50%	-29.22%
S&P Mid-Cap 400	-16.62%	-19.54%
Russell 2000	-18.02%	-23.43%

Source: YCharts

These sectors have been historically less sensitive to a potential economic slowdown, and the quarterly losses for these sectors were modest. Energy was also a relative outperformer thanks to high oil and gas prices for much of the second quarter, although a late-June drop in energy commodities caused the energy sector to finish the quarter with a small loss.

But while the volatility and market declines of the first six months of 2022 have been unsettling, with the S&P 500 at its current lower valuation, it's now more attractive for investing new money

Internationally, foreign markets declined in the second quarter as the Russia-Ukraine war continued with no signs of a ceasefire in sight. However, foreign markets relatively outperformed U.S. markets as foreign central banks are expected to be less aggressive with future rate increases compared to the Fed. Emerging markets outperformed foreign developed markets thanks to high commodity prices (for most of the quarter) and despite rising global recession fears.

Despite high market prices, commodities registered slightly negative returns in the second quarter. Oil finished the quarter with a small loss. Due to the strong US dollar and rising interest rates, gold logged solidly negative returns despite the increase in market volatility and multi-decade highs in inflation.

Switching to fixed-income markets, most bond indices again registered solidly negative returns as high inflation and the prospect of faster-than-expected rate increases from the Fed weighed on fixed-income investments.

3rd Quarter Market Outlook

The S&P 500 just realized its worst first-half performance since 1970. Its decline is understandable, considering inflation reached a 40-year high. The Federal Reserve also raised interest rates at the fastest pace in decades, the world's second-largest economy (China) effectively shut down, and the Russia-Ukraine war rages on.

But while the volatility and market declines of the first six months of 2022 have been unsettling, with the S&P 500 at its current lower valuation, it's now more attractive for investing new money. With these prices, a lot of negative factors have been accounted for in the market, opening the possibility of positive returns as we move forward in 2022.

The S&P 500 has declined more than 15% through the first six months of the year; however, this has only happened five times since 1932. In all those instances, the S&P 500 registered a solidly positive return for the final six months of those years.

Past performance is not necessarily indicative of future results. We will continue to be vigilant to additional risks to portfolios, but market history provides a clear example that positive surprises can and have occurred even in difficult markets such as this. More importantly, through each of those declines, markets eventually recouped the losses and moved to considerable new highs.

Rest assured that our entire team remains dedicated to helping our clients successfully navigate this market environment.

Source: The Sevens Report

5 STEPS TO PURSUE FINANCIAL STABILITY IN A WORLD OF VOLATILITY

How would it feel to have confidence that you'll have financial stability no matter what happens in the economy, stock market, or with real estate prices? Could it provide the confidence that you may be searching for? Could it possibly allow us to cast our fears aside and live presently and calmly in the moment? Let us explore strategies that could guide us to this euphoria and help cope with the world of financial volatility that we find ourselves in.

1. Define what financial stability is for you.

We all have different income needs, cash needs, long term financial needs, and charitable desires. You may also wish to provide for others both while you are alive and after you're gone. The first step is to determine the dollar amounts to be allocated for each of your needs and desires. Financial stability also includes understanding what your risk tolerance is and how comfortable you are as an investor. Investments must match your risk tolerance for you to feel confident. These are all components of a solid financial plan, and it is critical to consider each one as you develop your plan.

2. Define your current situation.

All progress starts by accurately stating the numbers of your current financial status. Many of us will avoid this because we either don't know where to start or it feels overwhelming. If we don't take time to really understand our current financial situation, we can't set the plan in motion to pursue financial stability. In our minds, we tend to either understate or overstate our current situation. Once you face it and put it down on paper, then you can create specific actions to pursue financial stability. It's empowering to have this knowledge and then develop and implement your plan. It may not happen overnight but by diligently executing your plan over a long period of time, you can make great progress towards achieving your desired outcomes.

3. Stick to the facts.

When problems or unexpected turbulence arise, stick to the facts, and be cautious of opinions and assumptions, including your own. Market corrections are as constant as the changing seasons. It can feel like we are going to be in this bear market for a while with stubbornly high inflation, geopolitical tensions, and gas prices at all-time highs. When we give our energy to things outside of our control, it usually creates worry, stress, and anxiety. This is the opposite of what we desire. Understanding the facts brings to light what is happening and often alleviates concerns. It allows us to look at things objectively instead of emotionally or frantically and then take the appropriate actions.

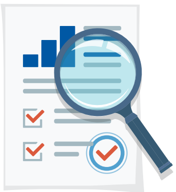
4. Strive for financial confidence.

Financial stability isn't just about money. It's also a state of mind. To have financial confidence. doesn't mean you don't react to external events, as we all do, but it does mean we don't allow fear to take over and shake our confidence. When others are fearful, you can remain calm in the storm. A key to remaining calm is to have and stay committed to a financial plan which includes investments that match your risk tolerance. Everyone is different and it's essential to have a tailored strategy that works for your specific situation. Having confidence in your plan can positively shape your outlook, knowing that it's designed to withstand periods of volatility.

5. Get Resourceful.

It's hard to go it alone. Ask yourself the following: who can I trust to collaborate or partner with, what are my resources when I am feeling worried and stressed, and who can help me see the situation in a different way. Often, an experienced financial advisor can help you think independently, cut through the noise of social media and news, and guide you back to what's important for your unique financial plan. The more resources available to help guide you, the more confident you will feel when problems and issues inevitably arise.

Our wish for you is to challenge your doubts and fears and seek financial stability. Avoid making emotional financial decisions that go against your long-term best interest. Instead, make sure your financial plan is designed to withstand volatility, and then stay true to it.



Complimentary Consultation!

If you are not a client with us, we would like to offer you a one-hour, complimentary, private consultation with one of our Wealth Advisors. To schedule, please call us at 458.777.4458 and someone from our team will be happy to assist you!