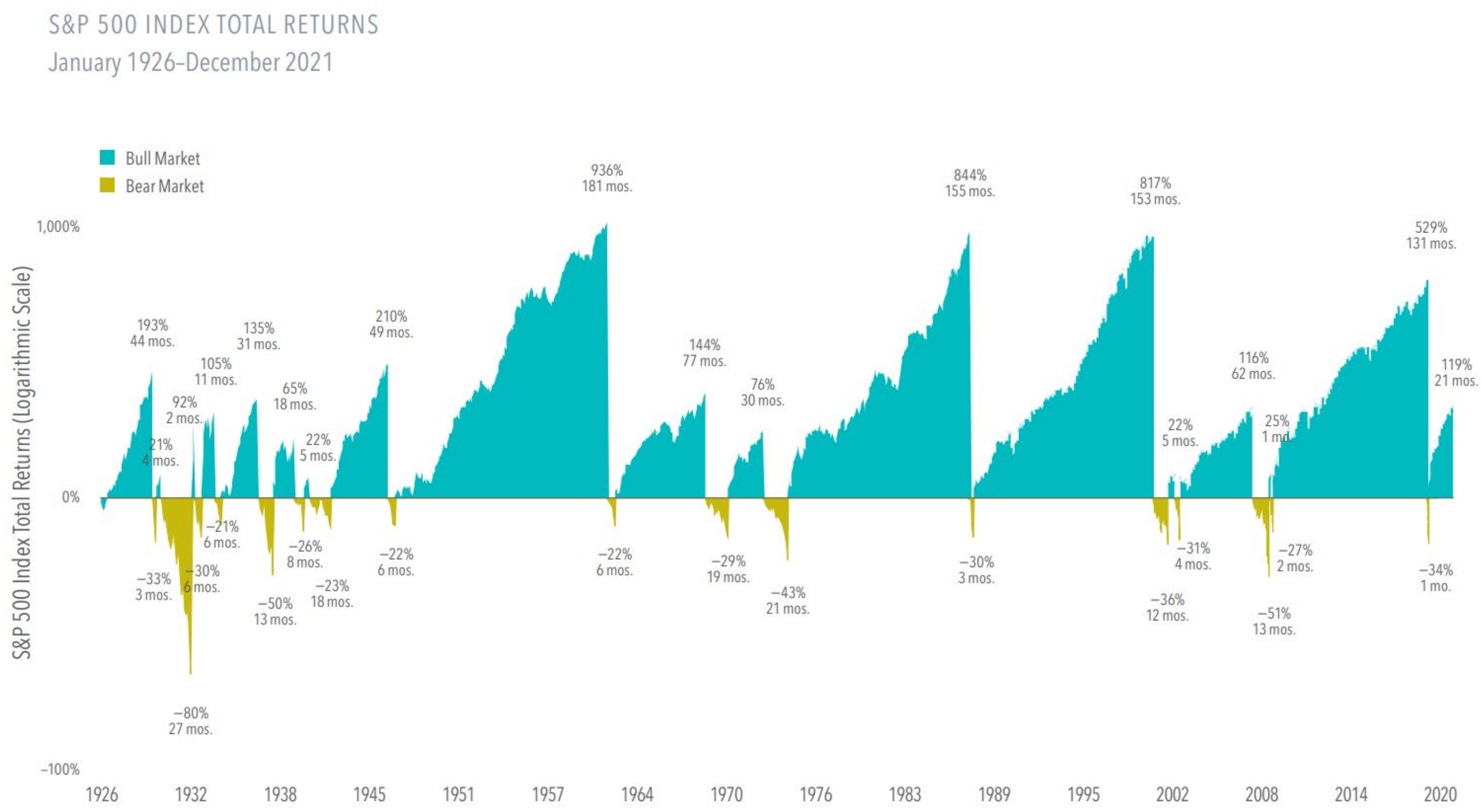
Hart Patterson
FINANCIAL GROUP

Summer Newsletter
July, 2022

The Benefits of Stock Investing

With second quarter performance worse than the first, sometimes it feels like downturns last forever. The reality is they have not.

It is often said that a picture is worth a thousand words, and the image below supports that statement. There have been 17 bear markets (as defined by a drop of 20% from the prior market high) since 1926. These downturns shown in gold below have averaged a duration of 10 months. On the flipside, there have been 18 bull markets (as defined by gains of 20% or more from a prior downturn). The average has been 55 months in length. It remains to be seen how long the current bear market will last which is why it is not yet shown in the chart below. The S&P 500 is simply a gauge for the U.S. stock market. Chart courtesy of Dimensional Funds



19 Research Drive Amherst, MA 01002 p. 413.253.9454 f. 413.256.0047 hartpatterson.com

Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. Chart end date is December 31, 2021; the last trough to peak return of 119% represents the return through December 2021. Due to availability of data, monthly returns are used January 1926 through December 1989; daily returns are used January 1990 through present. Periods in which cumulative return from peak is –20% or lower and a recovery of 20% from trough has not yet occurred are considered Bear markets. Bull markets are subsequent rises following the bear market trough through the next recovery of at least 20%. The chart shows bear markets and bull markets, the number of months they lasted and the associated cumulative performance for each market period. Results for different time periods could differ from the results shown. A logarithmic scale is a nonlinear scale in which the numbers shown are a set distance along the axis and the increments are a power, or logarithm, of a base number. This allows data over a wide range of values to be displayed in a condensed way.

Source: S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global.

April 21, 2022

The Predictable Tease

As we have been discussed in past newsletters, the Federal Reserve is currently using the one tool it has to try and tamp down inflation, which is to increase interest rates. Daily headlines announce that we are currently experiencing inflation at rates not seen in many years. The Fed is grappling with trying to determine whether high inflation is the result of demand far outstripping supply or is it brought on by supply chain issues or some combination of both. The cause of inflation is important to get a handle on because that will determine how aggressive the Fed thinks it needs to be and for how long. Once again you can see that it is not an exact science when determining how to tame inflation.

As interest rates are increasing, mortgage rates are beginning to climb but continue to be at historically low levels. However, because housing prices have increased dramatically over the last few years, each little uptick in mortgage rates can certainly make the difference in how affordable, or not, a potential new home purchase will turn out to be.

The predictable tease of higher rates for CDs and money markets is coming. It is important to have a reserve in cash, meaning bank accounts, CDs, and/or money markets. Everyone's comfort level is different in terms of how much of a cash balance to maintain. However, it is important to not have more in cash than is prudent. The S&P 500, which is a proxy for the U.S. stock market, continues to teeter in bear market territory. It may feel like a safter bet to reduce stock holdings and move towards money market and CDs. If money market and CD rates are high, inflation is running high which generally means money in these vehicles is treading water. However, cash and stocks serve distinctly different purposes. Investing in stocks is for the long haul, which comes with bumps along the way. Cash holdings are to provide for anticipated shorter-term needs and a cash cushion.

It is never easy to weather gyrations in the markets. However, time and time again history shows us that a well- balanced portfolio is our best opportunity for long-term returns that outpace inflation and the effect of taxes

As always, please contact us with any questions and/or concerns that you may have.

Series I Bonds

While interest rates on bank accounts are quite low, one opportunity for a much higher yield is Series I bonds. The "I" stands for inflation and these bonds are offered to protect some of your money from inflation. With inflation running high, semi-annual interest on these bonds is currently 4.81%. This rate is variable and resets in October (and every six months thereafter). The maximum limit is $10,000 per person annually and they can be purchased directly from the Treasury Direct website. Series I bonds can be redeemed after one year, however you will forfeit three months of interest if you redeem between years and five.

Save the Date – Shredding and Lunch – Friday, October 14 12-2PM

We have Pro Shred back on site this fall. Save the date and any documents you'd like to shred… and come hungry as we'll have lunch!

Beware of Scams

Once again, we are hearing about an increasing number of sophisticated scams. *Please remember to contact your bank, credit card issuer or retailer (e.g. Amazon) DIRECTLY if you receive a text, email or phone call reporting possible fraud. Do not click on the link provided nor use the phone number listed.*

Locally, Greenfield Savings Bank has compiled a comprehensive list of various scams and what to look out for. We encourage you to review this resource.

Building Renovations

If you visit us over the next several months, you will see our building under renovation. We will soon have a new entrance and layout, and will be returning to our prior conference room! Until then, pardon the dumpster and construction materials.

We hope you are enjoying this lovely summer. Stay safe and healthy and we hope to see you in October!

Vikki D. Lenhart
Registered Investment Adviser