

September 19, 2022 Update

Good morning. I know it sounds cliché to say “the volatility & trading range continued last week” but that is exactly what happened. The main drivers of the markets being down so much last week (S&P 500 -4.77% Source: CNBC) were:

- 1) Core Inflation readings still high
- 2) Terminal Fed Funds (where they will stop) being raised to 4.25%-4.50%
- 3) Earnings Warnings from a few high-profile companies

The main question is: Did the outlook for stocks really get that much worse? In short, no. All that happened is that we were knocked down to more of a “fair value” range because the news the market PRICED IN was simply not as good as the trading levels justified. That being said, we did break some Technical trading levels that have changed the near-term trend of the market back to neutral/negative¹. As I opened with my last update, we are not market timers but we do respect the trend lines. So, with last week’s breaks, we have reduced some of our U.S. Growth exposure in favor of Managed Futures. This will help to mitigate the downside and act as a buffer to market volatility. The net result of our asset allocation update reduced exposure to the U.S. stock market, maintained our multi-sector fixed income exposure (although bonds may start to look attractive soon) and increased our alternatives through managed futures. For a further and more detailed explanation of this, please feel free to reach out to me or Mike to discuss.

Thank you as always for your time and attention to this update. Have a great week.

Regards,

Tim

See my latest thoughts on the market:

<https://tdameritradenetwork.com/video/-roku-intc-aapl-amzn-are-we-headed-toward-friendly-inflation->

Timothy Davis, CFP®

Executive Managing Director – Wealth Manager

Partner

Davis Executive Wealth Management Group

Steward Partners Global Advisory

One International Place, Suite 3210

Boston, MA 02110

(Direct) 617-377-4418

(Office) 617-377-4422

(Toll Free) 888-371-0086

(Fax) 857-233-2966

t.davis@stewardpartners.com

<http://www.davis.stewardpartners.com/>

<https://www.linkedin.com/in/timothyjdavis/>

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Sources:

¹*The Sevens Report*

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Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Technical analysis is the study of past price and volume trends of a security in an attempt to predict the security's future price and volume trends. Its limitations include but are not limited to: the lack of fundamental analysis of a security's financial condition, lack of analysis of macro economic trend forecasts, the bias of the technician's view and the possibility that past participants were not entirely rational in their past purchases or sales of the security being analyzed. Investors using technical analysis should consider these limitations prior to making an investment decision.

The terminal rate is defined as the peak spot where the benchmark interest rate — the federal funds rate — will come to rest before the central bank begins trimming it back. This terminal rate is not just a number, but a planning point for an uncertain time

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