THE EAGLE'S VIEW

EAGLE WEALTH STRATEGIES
AN INDEPENDENT PRACTICE

IN THIS ISSUE:

Chris Tully, CFP®, RICP®, CIMA®

The investment markets' troubles in the first half of 2022 continued through the 3rd quarter, with September being negative almost across the board in terms of differing asset classes. As we've said previously, with so many variables in play, this might take time to correct. Instead of writing at length about what has brought us to this point, we want to take this as an opportunity to put things in perspective, and then discuss how we're positioned now and what we're looking at in terms of potential future changes.

In terms of "perspective", we want to start with recent thoughts from an analyst we follow:

"The news seems to increasingly worsen (i.e. currency volatility, sharply higher bond yields, Nordstream pipeline leak, etc.), as is often the case during bear markets. And this impacts human emotion, as long-term investors get sucked into the short-term uncertainty and volatility. On the positive side, this is the type of reaction often seen closer to the end of a bear market- as investor psychology shifts from fear to panic and ultimately capitulation. In fact, the AAII investor sentiment survey shows the highest percentage of bears since March 2009 (lows of the credit crisis). We believe we are in the fear/panic phase currently, which suggests further downside in the near-term (weeks to months). However, we also believe we could be 3/4ths of the way through this bear market cycle."

"In sum: While it is easy to become increasingly more short-sighted in volatile periods, we remind investors that a lot of negative news has already been priced in at current levels. High inflation is an issue, but leading indicators suggest it should improve; the timing and degree are the unknowns. Equities likely still contain downside in the short-term (weeks to months), but don't lose sight of the long-term bull market opportunity on the other side of the current weak trend. Bull markets go up 152% on average and last for years." - Source: Michael Gibbs, Director of Equity Portfolio & Technical Strategy at Raymond James (9/29, "Weekly Market Guide")

"Take time to correct" is the key phrase from our opening. Perhaps the most important thing for investors to consider at the start of the fourth quarter is that, while

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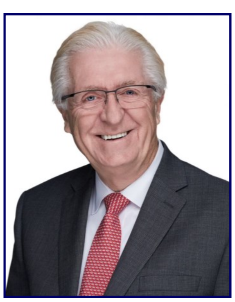

Paul J. Tully, CFP®, RICP®

I have decided this quarter to write less about the investment markets and economy and instead offer some perspective on two events I experienced: a conversation with a friend this week and one Instagram post I received as I was writing this.

Chris' comments on the economy and investment markets sum up our collective feelings on what has been a very difficult year to experience so far, though not the most difficult year I have ever experienced. We have always recovered, though there has never been a guarantee for that, nor will there be this time either.

The investment markets once again this quarter experienced a decline and it is rea-

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at the start of the year, most major asset classes were priced very favorably, today many have been seemingly discounted for disaster. Both favorable and disastrous are extreme emotions that mean reverse always. A theme from our research is a belief that while short term could be challenging where we could continue to see volatility and potential downside, in the long-term high quality and diversified strategies help you achieve your goals. Predictions aren't guaranteed to come true, and any number of things could transpire to start a reversal. As we've seen even in the past few weeks, many analyst predictions prove to be incorrect (inflation was hotter in August than expected) and changes in thinking could follow (the Federal Reserve's more negative comments following the inflation report). As such, it's always possible that the reverse happens at any moment: positive data could lead to a positive reversal. As Burton G. Malkeil, said in a WSJ op-ed, "Are Stock Prices Headed for a Fall?", *"Don't think you can time the market and sell your stocks now, hoping to get back in later after there is a correction. No one can consistently time the market, and you are more likely to get it wrong than right."* **We couldn't agree more.**

In the short-term, markets can overstretch like a rubber band, with a subsequent snap back in the opposite direction. So, why remain invested? Because if the stock market has always historically recovered and the timing of such a reversal is difficult to predict, the greater danger – in our opinion – is missing out on the eventual upside that follows. A few key stats on the "average bear market" from Wells Fargo:

Bear market length in months:	14.9
Bear market leads a recession by how many months?	9.6
Bear market return?	-33.8%
Market returns 6 months after bear period ends?	**27.4%**
Market returns 12 months after bear period ends?	**42.2%**
How many months did it take for the market to recover from its bottom?	22.6

*Sources: Morningstar, Wells Fargo Investment Institute (July 2022); averages do not include current bear market

Humans experience emotion – it's a biological fact. And when it comes to money, science shows that our emotions can be quite powerful. Unfortunately, those emotions can drive short-term thinking and erratic investing choices. If you are a long-term investor and you believe that markets will recover – as they always have – and the average rebound in prices is substantial in the first 6- and 12-months, we would argue that the most damaging outcome for an investor is not experiencing a further temporary decrease in prices, but missing out on future potential gains that – if missed – could be impossible to recoup. A long-term focus is not always easy to maintain but is essential when positioning oneself for what could be a multi-decade investment time horizon looking ahead.

To recap: 2022 has been dreadful, September was dismal, and the short-term future remains uncertain. So, how are we positioned and what are we looking towards in the future?

Volatility is a feature of the markets, and how we react to it is key, with a need to remain disciplined and diversified. Managing through uncertainty can be tricky. We want to make sure we remain invested (more on this below) but want to be thoughtful in terms of what we own.

Within our client portfolios, we often use the terminology "growth" and "conservative" when describing the two sides of our asset allocation. Typically, this coincides with stocks (growth) and bonds (conservative), however, there is a third broad category of "alternative investments" (broad, meaning many differing types of strategies with distinct features) that we believe can be at times be in line with "growth" or "conservative" philosophies.

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sonably likely that we are in or close to a recession, as interest rates rise to quell the worst inflation in decades.

This message is pretty much what I have said all year and will be repeated until we, in fact, see several months of inflation falling. I believe we will see that sooner than later, though there are many very smart people who disagree. Let's hope this time the smarter people are wrong. Eventually though, inflation will run its course, interest rates will stabilize, and then decline and our disaster *du jour* will be fear of deflation, which was the case a few pre-Covid years ago.

On September 27, the day before Hurricane Ian devasted much of southwest Florida, I flew into Miami to visit my grandchildren. We were warned before takeoff that the second half of the flight would likely be rough, even though the storm was still hundreds of miles from Florida and not expected at all in Miami.

The flight was actually smooth right up to the moment it became rough and when the pilot told everyone, including the flight crew, "to immediately return to your seats", it became probably the roughest 30 minutes I have ever experienced in a plane. People remained calm (or too afraid to move), the pilot was calm, and the flight crew looked calm, so I confidently sat there and despite thinking we may not be able to land where planned, I felt confident we were in good hands, the flight crew was experienced, and we would reach our goal shortly, which is exactly what happened.

I also been advised by a friend who flew to NJ the previous day that his "ride was bumpy" so I was somewhat prepared in advance for the next day, though I cant say I enjoyed it anymore with the advance warnings.
I see this analogy (metaphor) as somewhat similar to the economy and markets.

We saw something coming as a result of Covid, low interest rates for a decade, and excess government spending, but we reluctantly fastened our financial and emotional seatbelts, and here we are, riding what I believe is the last half of this year's long bumpy flight to its inevitable successful landing, perhaps in a "new normal" economy.

Some people, having experienced this, will never fly again, but most will acknowledge that it is a part of what investing is and move on, a little less confident perhaps, but not so much that they will abandon long term goals to avoid the turbulence.

My goal was to see my grandchildren, and a bumpy flight I knew about in advance was simply not enough of a deterrent to abandon that goal. The rest of the week, for me and for almost everyone in southwest Florida rapidly got a lot worse.

We own a condo in the Estero area (south of Ft Myers) and it experienced several feet of water throughout, ruining a car, all furniture and a bunch of appliances. Compared to others, we were lucky - things can be replaced or rebuilt, but over 100 people lost their lives and livelihood, and many homes were damaged beyond repair.

To put things in more perspective for me, on Thursday I spent time with a friend and I asked how his daughter, a pediatric doctor at one of the world's leading hospitals in Boston, was doing. She is a pediatric oncologist, I believe specializing in brain cancer in children. Plenty of treatments that extend life, very few cures he told me.
He told me how stressful that specialty is and to me, the daily stress is unimaginable. I thought to myself that it makes dealing with the daily gyrations of the investment markets, confident that the losses are temporary, really seem almost embarrassingly insignificant compared to her days of sadness.

Then, as I was getting ready to start typing this memo, I checked Instagram where I see pictures of family, friends and an occasional post for someone totally unknown to me.

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Growth

- ***Current*** – Within the growth segment of our strategies, in January we made several shifts that we believe should remain intact. When you break down the stock market, you can compare companies in a variety of ways: their style (value vs. growth), their size (large-, mid-, and small-capitalization), and their sector (there are 11 sectors – such as Financials, Health Care, and Technology that make up the S&P 500 index). In January, we shifted towards value and changed the makeup of our sector weightings. All of this was done with inflation and rising rates in mind, as value companies tend to outperform during these periods (they have in 2022). We've seen greater declines in foreign markets, and while that sometimes leads us to "rebalance" (buying more), we have purposely held off because of the strength of the dollar and other issues overseas (namely, trouble in Europe and the war in Ukraine).

- ***Thoughts for the future*** – While we haven't rebalanced back into overseas companies yet, we have explored these investment opportunities as valuations become more attractive (relative to the US market). While we have passive exposure in our strategies, we are looking at active management. In a significant downturn, many stocks tend to fall in sync; however, during the recovery phase talented active managers may be able to outperform their benchmarks. Therefore, we'll be vetting such managers for possible inclusion. Small-cap stocks also tend to outperform during recoveries (as they tend to underperform during declines), so this is another investment opportunity we have been exploring. We like our current sector positioning, but as the data changes, this could always change as well.

Conservative

- ***Current*** – Within the conservative segment of our strategies we are positioned more in certain categories that have historically outperformed during periods of rising rates: short-term bonds, bank loans, and alternative investments to hedge. The global bond market has experienced a historically rough ~2-year period.

- ***Thoughts for the futu**re* – As rates continue to rise, and we begin to position for the next phase, we have been diligently researching what we feel are favorable positions given the potential rise in interest rates. With recent comments from the Federal Reserve (namely, a higher probability of rate hikes continuing for a longer period of time), we want to remain cautious for the time being. For this segment of our strategies, we'd rather be a little late than too early in terms of making changes.

Riding out periods of volatility and uncertainty is never easy. Historically, it's been the correct course of action, however. We believe the impact of emotional investing is undeniable. It's not a question of being smart; many intelligent investors have had their decision-making hijacked by their emotions. That's why at EWS, we've built a team-based, process-driven investing system designed to help us (and our clients) mitigate stress and emotional decision-making that can derail a disciplined, long-term investment strategy. Because if you expect a strategy to work, you need to stick with it. **We will continue to keep a watchful eye, continue to adjust along the way we believe that will be beneficial to our clients, and we will always be available to talk any time, day or night.**

Please contact us with any questions.

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It was a picture of 2 children standing over a toilet. The 5-year-old girl was holding her 4-year-old brother as he vomited from the effects of the chemotherapy treatments he was receiving. To say the picture was riveting was an understatement and my immediate thought was, my problems are quite small.

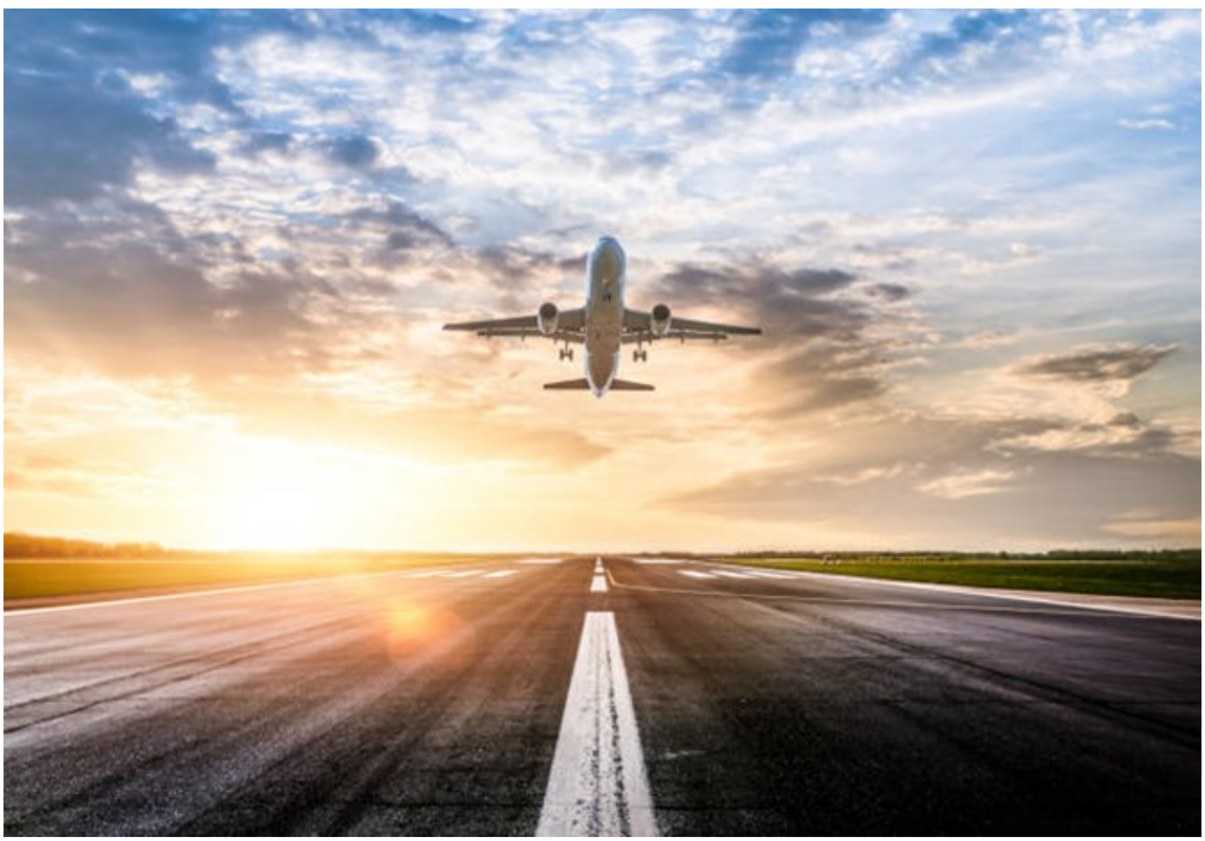
Things that occupy much of my day, like dealing with a very bad year for what we do, for worrying about exactly when inflation will come back down, etc. are not all that important.

History tells us that, but in our lives today, the world and the news moves so fast that we want answers, improvements, results today, not tomorrow. Often it works that way, but not with inflation.

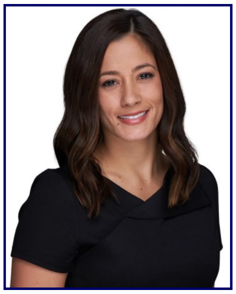
I am extremely confident that we will emerge form the current period in better shape in many ways. We will get inflation under control. We will still have extremely low unemployment (even if it rises a little in the very near future) and the technology and medical advances I have talked about for years will continue to enhance and extend lives.

I realize it is difficult to watch, even if temporary, your savings get pummeled by investments that seem like they will never stop going down.

We have seen this many times before, always for a different reason, but always with a similar result. We experience the decline, we don't know when it will end, but when it does end, we recover and in the US, we recover and then move on to greater financial heights.



Financial Planning Update



Jessica L. Ortega, CFP, RICP®
Director of Planning

Some Clarity (and Good News!) for Inherited IRA Beneficiaries

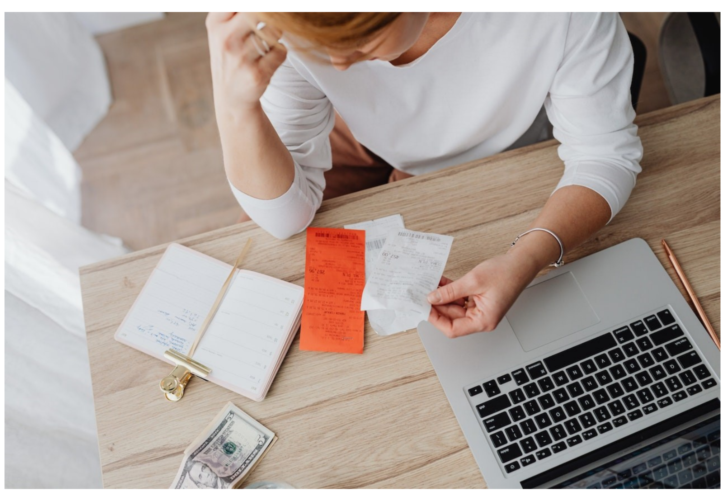
In late 2019, the Setting Every Community Up for Retirement Enhancement (SECURE) Act was passed, which got rid of the ability for beneficiaries to stretch required minimum distributions (RMDs) out over their lifetime for most beneficiaries besides spouses. Instead, beneficiaries inheriting IRAs beginning in 2020 are required to fully draw down the balance within a 10-year window.

Earlier this year, the IRS proposed that beneficiaries will be required to take RMDs in years one through nine if the original account owner died after they were required to begin taking RMDs themselves. This caused a bit of a stir because many beneficiaries hadn't taken a distribution in 2021 since they believed they only needed to fully deplete the account within the 10-year period. With nothing finalized, many beneficiaries and financial planners have been unsure about whether any distributions should be taken in 2022, either for the current year or to make up for a "missed" RMD from 2021.

Finally, the IRS published Notice 2022-53 in October, announcing that beneficiaries who inherited IRAs after 2020 do not need to take unwanted distributions for the 2021 and 2022 tax years. They have also signaled that they intend to finalize the proposed rules soon, and although nothing has been finalized, we now have another year to plan.

Social Security Cost of Living Adjustment – Biggest Hike since 1981

Each year the Social Security Administration announces its annual inflation adjustment aimed at helping seniors keep pace with the cost of living. Based on inflation data, the cost-of-living adjustment (COLA) for 2023 will be 8.7%. This will be the highest COLA since 1981 and will translate to an average monthly increase of $140 for the average recipient. In addition, Medicare announced last month that it would be dropping premiums in 2023 by about 3%. The insulin price cap for Medicare beneficiaries will also go into effect starting in 2023, ensuring that seniors on Medicare won't pay more than $35 per month for the medication. The COLA will begin to be reflected in payments received in January.

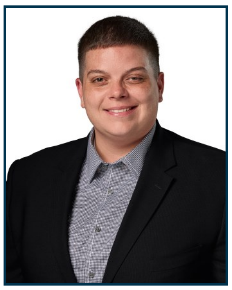


Employee Spotlight

Melissa Phillips
Operations Manager

Last issue, we received such positive feedback on this section that we are pleased to present it again, this time with our newest team member, Erin Fago. In her short time here, Erin has proven to be a fantastic addition to our team, bringing enthusiasm, humor, and dedication to learning every single day. If you're lucky enough to have Erin as your Relationship Manager, she'll attend meetings alongside your Wealth Advisor and be your first point of contact for service requests. We're excited to have augmented our team once again and hope you enjoy getting to know her as much as we have so far.

About Me: Erin Fago



Erin Fago
Relationship Manager

Tell us a little bit about yourself.
I was born and raised in Deptford, NJ, where I still reside with my dog, Marley. You can usually find me spending time with friends, whether we are just hanging out, traveling, or going on some other type of adventure it's always a good time. I love to laugh, and I try to live everyday like it's my last because life is great, but short!

How did you get into this business?
After I graduated high school in 2010, I didn't necessarily know what I wanted to do, but I knew I wanted to work with people, so I was a server working in restaurants for most of my 20s. It was a lot of fun, and I learned a lot about life in general, but the older I got, the more I realized I wanted more stability. One of my best friends is in the business and was telling me for years that he thought I would be a good fit. Then Covid hit, and the restaurant industry changed forever. I decided to take the leap and try something new. I was hired at Merrill Lynch in January of 2021 as a remote Financial Services Rep. I fell in love with how much there was to learn, and I got my Series 7 and Series 63 licenses later that year.

What brought you to EWS?
Merrill was a great experience, and I learned so much, but working in a call center environment was not for me. I felt like I was just a number, and I wanted that face-to-face interaction that I grew to love from serving tables. I saw the job posting for EWS online and thought it seemed like a perfect fit for me, and it truly is!

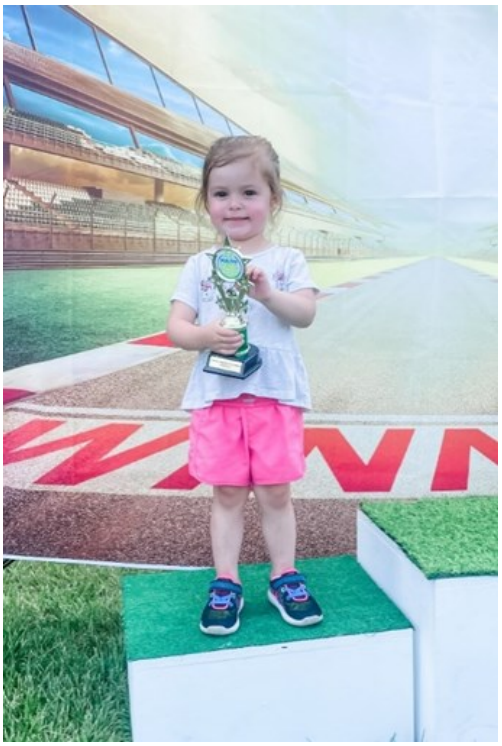
What is your favorite part about working with EWS?
My coworkers are by far my favorite part about working here. It's such a welcoming environment and everyone gets along great. It's an incredible feeling waking up every day and looking forward to going into work! And it's just a plus living only 9 minutes away from the office.

How has the past year been with EWS?
I have only been here since June, but these past few months have been amazing! I have never felt so comfortable so quickly at any job I've had. It has been challenging and rewarding, and everyone has been so eager to help me. I feel like I have been here for years, and yes, that's a good thing!

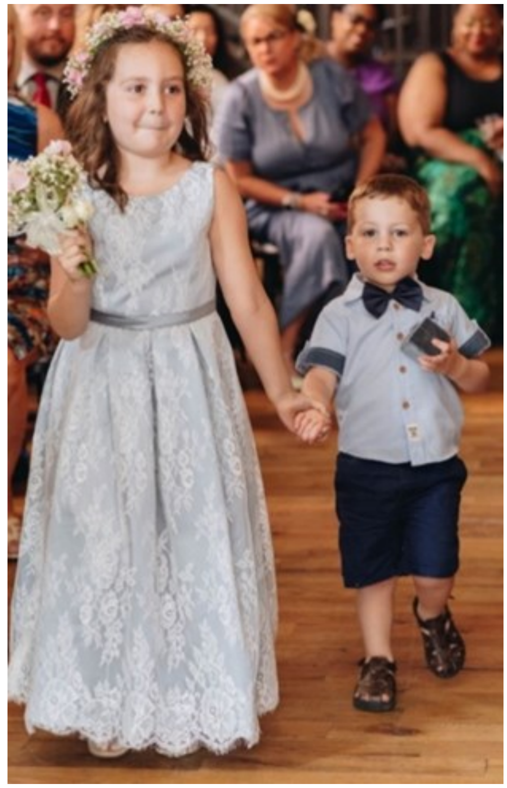
What's one of your favorite things to do when you are not working?
I am a diehard Philly sports fan, so I love going to games and tailgates. Go Birds!

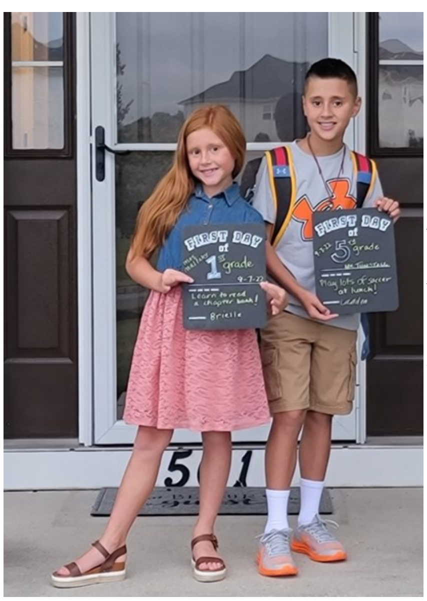
News at EWS

Jess *crossed off another state on her quest to run a half marathon in all 50 states. Earlier this year, she ran the Mad Half Marathon in Vermont while her husband Dave completed the marathon. Wanting to get in on the fun, their daughter Emerson participated in her own races – the Health Kids Running Series in Pitman. Emerson took second place overall in her age group – here she is proudly showing off her trophy!*

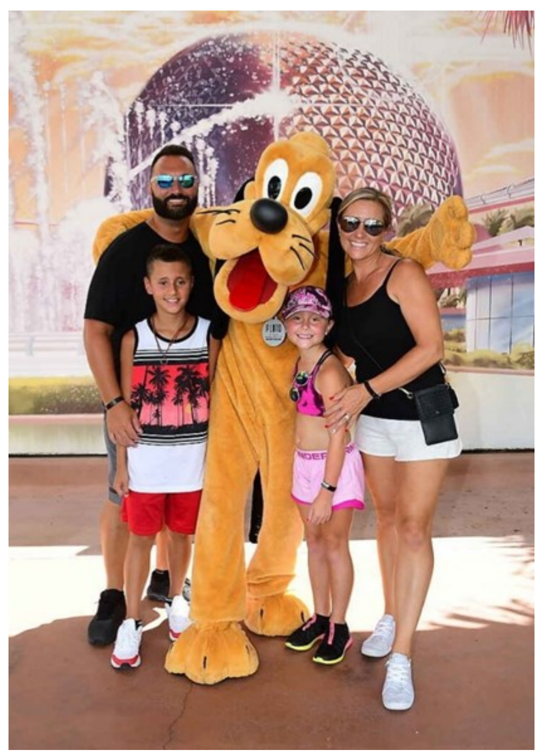


Maureen's *grandkids, Cora and Charlie, were the little stars at their very first wedding. They did a great job and looked adorable as usual!*



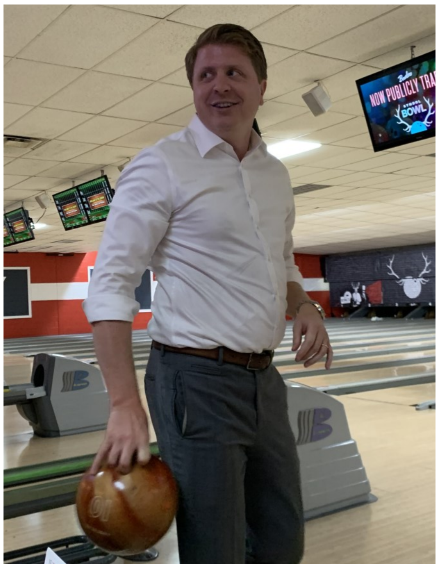
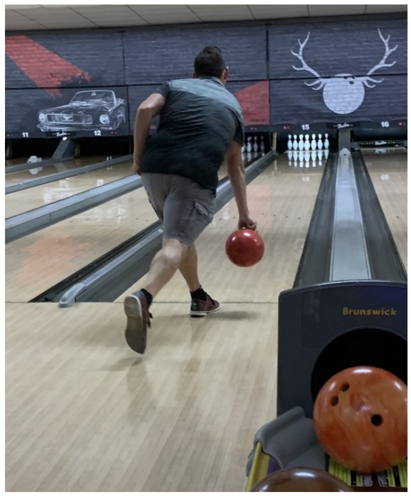
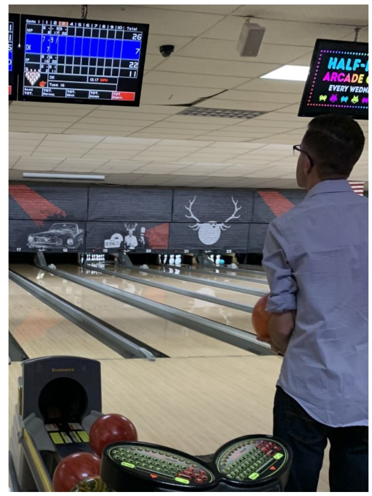
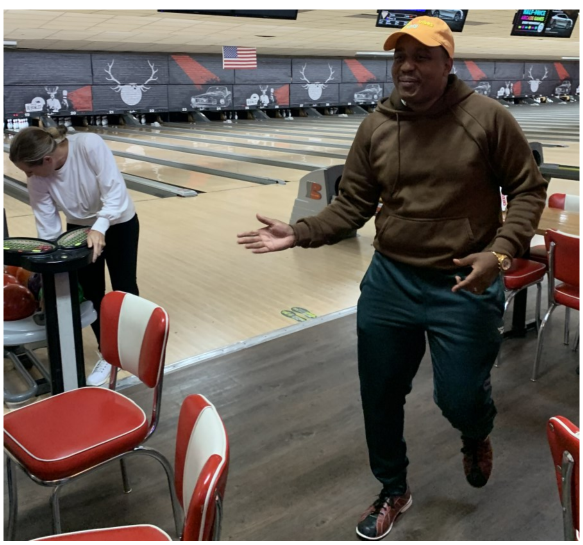
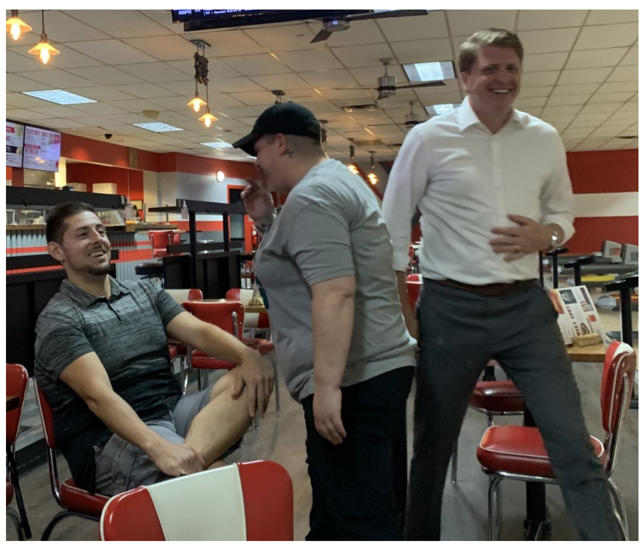


Steff *and family have been busy as always! Landon and Brielle are back to school after a fun trip to Disney over the summer.*



News at EWS (cont.)

This quarter's teambuilding activity was one of Chris' favorites, bowling! The team took a much needed break to have a little competition, a few drinks, and a healthy amount of (friendly) trash talking!

EWS Toy Drive 2022

TOYS FOR TOTS

We plan to hold our annual toy drive again this year in late November to mid-December —keep an eye on your email inbox for exact collection dates!

Our team of financial advisors provides comprehensive financial and retirement planning services to successful individuals and families, retirees and those nearing retirement, single, widowed and divorced women, and attorneys, accountants and physicians.

Five of our financial advisors – **Paul Tully, Chris Tully, Steffanie Lerch, Jessica Ortega, and David Koehler** – hold the CERTIFIED FINANCIAL PLANNER™ certification, and Paul, Chris, Steffanie and Jessica also hold the Retirement Income Certified Professional® certification. The CFP® credential is awarded to a select number of financial professionals who satisfy the CFP® Board of Standard's rigorous educational and examination requirements, and who agree to adhere to its high level of ethical and professional standards. In order to receive the RICP® designation, one must meet experience requirements and ethic standards, successfully complete three courses which include rigorous tests to pass, and agree to comply with The American College Code of Ethics and Procedures.

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