



OCTOBER 2022 2022 OUTLOOK Q3

THIS TOO SHALL PASS

By Scott Savage, CEO & Kevin Kelly, CFA, President

Past as Prologue?

As advisors and professional investors, we hold **vivid memories of the times when markets are volatile** and bear markets ensue. So far, 2022 is going to be a year we won't soon forget, joining 1987, 2000 through 2002, 2008 & 2009, and 2020, among others.

The primary culprit this year for lower bond and stock prices is an **unexpected increase in short-term interest rates**, reaching levels not seen in over fifteen years. The Federal Reserve that is responsible for the level of short-term rates has acted decisively, raising short term rates by 3.0% between March and September, attempting to halt and reverse the inflation rate from its current annual pace of 8%+. The Fed's rate hikes flow directly to higher lending rates which tend to slow economic activity, thus **increasing the risk of a recession**.

All of this has been a significant headwind for stock and bond prices, giving the calendar year of 2022 its bear-market distinction.

INSIDE THIS ISSUE

This Too Shall Pass	1
Stories of Giving & Achievement: The Series	2
SJS Welcomes Ryan Walter!	3
Looking Forward to Q4 2022	4

Good Decisions vs. Good Predictions

Despite our opinions, we have never held ourselves out as predictors or market timers. However, we believe you rely on us to help make good decisions in a thoughtful and disciplined manner, in good markets and bad; decisions that involve **re-balancing** and making sure your long-term asset allocation targets are maintained. For your taxable accounts, we **harvest losses** where appropriate with the intention of deferring future taxes.

Last year at this time we made the decision to **add a new alternative manager** to our stable of asset managers. This decision has proved to be helpful thus far in 2022, adding some stability to the portfolio with our diversified alternatives fund (symbol: SRDAX) experiencing a nominal decline of 4%, compared to much sharper drops of 25% for the MSCI ACWI and 15% for the Bloomberg U.S. Aggregate Bond Index. We continue to look for new managers and strategies that strive to improve the risk/reward profile of your portfolio.

The hard-to-find silver lining in such a difficult time is that going forward, the long-term expected rates of return on our capital market assumptions are higher than they were at the start of the year, due to more attractive price valuations as of September 30, 2022. Does this mean we are close to a bottom? **That is never knowable in advance. But if history repeats, we want to make sure that your investments are well-positioned to benefit from rising asset prices, if and whenever that may come.**

We remind ourselves, knowing that past performance is not indicative of future returns, that periods following past bear markets have offered very meaningful market returns, the historical “reward” in the risk-reward trade-off:

Post-Bear Market Period	Russell 3000 Index US Market Annualized Return
Oct 2002 – Sep 2007	16.2%
March 2009 – Jan 2020	16.9%
Apr 2020 – Dec 2021	45.2%

Source: Russell Indexes, Jan 1979 – Sep 2022.

We can only speculate on the short-term vagaries of the markets, and in the meantime, we will keep making what we believe are the best decisions for you!

STORIES OF GIVING & ACHIEVEMENT: THE SERIES

When we say, “You come first. All the time. Every time,” we certainly mean you, the individual. But we also mean you, the community. Yes, SJS Investment Services has had a nearly three-decade-long track record of putting the communities where you live first, whether that be Toledo, Ohio; Phoenix, Arizona; Chicago, Illinois, or elsewhere in the U.S. and even the world.

“I believe that the measure of any community is how that community walks hand-in-hand with the most vulnerable among us. And that positive results come by doing the hard things,” says SJS Founder & CEO Scott Savage.

Candidly, Scott has never wanted to talk publicly about our giving; but, he does agree that sharing with you all the good news, and all the impact our efforts are making, is a positive that can fuel more progress. Perhaps even inspire others to give more to great causes.

So introducing, “Stories of Giving and Achievement: The Series.” We promise that within these articles in our upcoming Quarterly Outlooks and blog posts on our website, we will temper the self-serving photos of us and stories where we give ourselves pats on the back. That’s not our style. What you will see are stories of achievement that can only come through caring enough about you, your communities, and the world to give our time, financial support, our passion to offer a helping hand to those in their time of need.



Cannaley Treehouse Village, Metroparks Toledo. Scott Savage is the President of the Board of Park Commissioners of Metroparks Toledo.

SJS WELCOMES RYAN WALTER!

We would like to welcome Ryan Walter to the SJS Team in Sylvania, Ohio! Ryan serves as Client Service Associate, working alongside Jeff Yost and Lisa Denstorff to serve our clients through trading, reporting, account management, and communications with clients and other professionals.

An Ohio native, Ryan grew up in Toledo, graduating from St. John's Jesuit High School in 2005. He received a Bachelor of Science in Business Administration degree from the University of Toledo (UT). Ryan began his career



at Hileman Associates, working his way up to a Senior Pension Analyst with a primary focus on corporate retirement accounts. His duties included working with trustees, ensuring plan compliance within IRS and DOL regulations, and focusing on business development.

Ryan's interest in investing has flourished over time, with an emphasis on working more closely with families to help them achieve their financial goals. He values working in a culture with a client-first approach and was delighted to join SJS in August 2022.

Outside of work, Ryan loves spending time with his wife Nikki and son Edwin, as well as his two dogs Sherlock and Bilbo. In his free time, Ryan enjoys running, international travel, working on projects around the house, and offering a helping hand to family and friends.

We are very grateful that Ryan decided to join SJS. Please join us in welcoming Ryan to the SJS Team!

LOOKING FORWARD TO Q4 2022

As we enter the fourth quarter of 2022, we want to highlight a few dates and events to keep in mind:

- **November 1 - 2:** Federal Open Market Committee (FOMC) Meeting.
- **November 24:** SJS offices closed in observance of Thanksgiving.
- **November 25:** U.S. stock markets close at 1:00 PM EST.
- **December 13 - 14:** FOMC Meeting.
- **December 26:** SJS offices closed in observance of Christmas.
- **January 2:** SJS offices closed in observance of New Year's Day.
- **Throughout:** Wishing you a happy Autumn and a joyous start to Winter!

ABOUT SJS INVESTMENT SERVICES

SJS Investment Services has been serving as investment advisor and co-fiduciary for individuals, foundations, public entities, retirement plans, and corporations since 1995 through our proprietary process called MarketPlus Investing.

With more than \$2.0 billion* in assets under management, we bring you major money center investment experience and a team of people whose small-town values put you first, all the time, every time.

*As of 09/30/2022

You come first.
All the time. Every time.™

SJS Investment Services | sjsinvest.com | 419.885.2626

There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results. Diversification neither assures a profit nor guarantees against a loss in a declining market.

Statements contained in this report that are not statements of historical fact are intended to be and are forward looking statements. All forward looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected.

Indices are not available for direct investment. Index performance does not reflect the expenses associated with management of an actual portfolio. Index performance is measured in US dollars. The index performance figures assume the reinvestment of all income, including dividends and capital gains. The performance of the indices was obtained from published sources believed to be reliable.

Advisory services are provided by SJS Investment Services, a registered investment advisor (RIA) with the SEC. Registration does not imply a certain level of skill or training. SJS Investment Services does not provide legal or tax advice. Please consult your legal or tax professionals for specific advice.