



Quarterly Market Review: 2022-Q3

For ClearLogic Financial

MARKET NEWS

The third quarter of 2022 was another difficult one for US and global markets. Although the third quarter was not as negative as second quarter, the US stock market was down nearly 5% this quarter, compared to 17% in 2Q. The bond market performed similarly in 3Q down 4.8% vs 4.7% in 2Q.

In times like these it is helpful to remind ourselves that current investment losses are not real losses until they are realized via sale transactions. The average Bear market lasts 289 days¹, so this will eventually pass. In the meantime, we continue to manage near-term cash needs via short-term bond funds.

It is also helpful to try focusing on the positive news where we can:

Tax Loss Harvesting. Over the last few months, when applicable for our clients, we have executed many tax loss harvesting sales in both bond and equity funds. This intentionally realizes losses for the purpose of reducing tax liabilities, and we then immediately reinvest in other appropriate funds to ensure that the funds stay invested.

Buying In a Down Market. If you are still working and/or saving, your regular deposits are buying assets while they are cheap.

Rebalancing. We are monitoring client portfolios to determine if and when rebalancing may be appropriate. We will have those conversations with clients as applicable. This will allow you to stay close to your overall target and buy additional equities while they are down.

Inflation. There are two positive outcomes from inflation. Eventually, the yield on bonds and interest on savings will go up for the first time in many years.

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The cost-of-living increase for Social Security and CSRS Federal pensions will increase 8.7% for 2023; and for FERS pensions the increase is expected to be approximately 7.7%.

Medicare tiers for Part B and prescription drugs are also being adjusted in 2023 to the benefit of many retirees. If you remain in the same tier in 2023, you can expect your premium to decrease approximately 3%.

For additional information on these changes, please see the following link:

<https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly>

Focus. Remember to focus on the things we can control: Costs, taxes, diversification, asset allocation, portfolio structure, saving and spending.







If you are feeling anxious or have questions about the impact of recent market and economic volatility on your situation, please let us know. We would be happy to schedule time to discuss the current market environment as it relates to your financial plan.

1. Freedman, D., Carrying On, <https://humbledollar.com/2022/10/carrying-on/>, October 11, 2022.



The US equity market posted negative returns for the quarter and outperformed both non-US developed and emerging markets. Value underperformed growth. Small caps outperformed large caps. REIT indices underperformed equity market indices.

The first chart is a snapshot of the market performance for the third quarter. The second chart shows the world markets and events over the last twelve (12) months. Your 2022 third quarter portfolio review report is posted in your Tamarac portal.

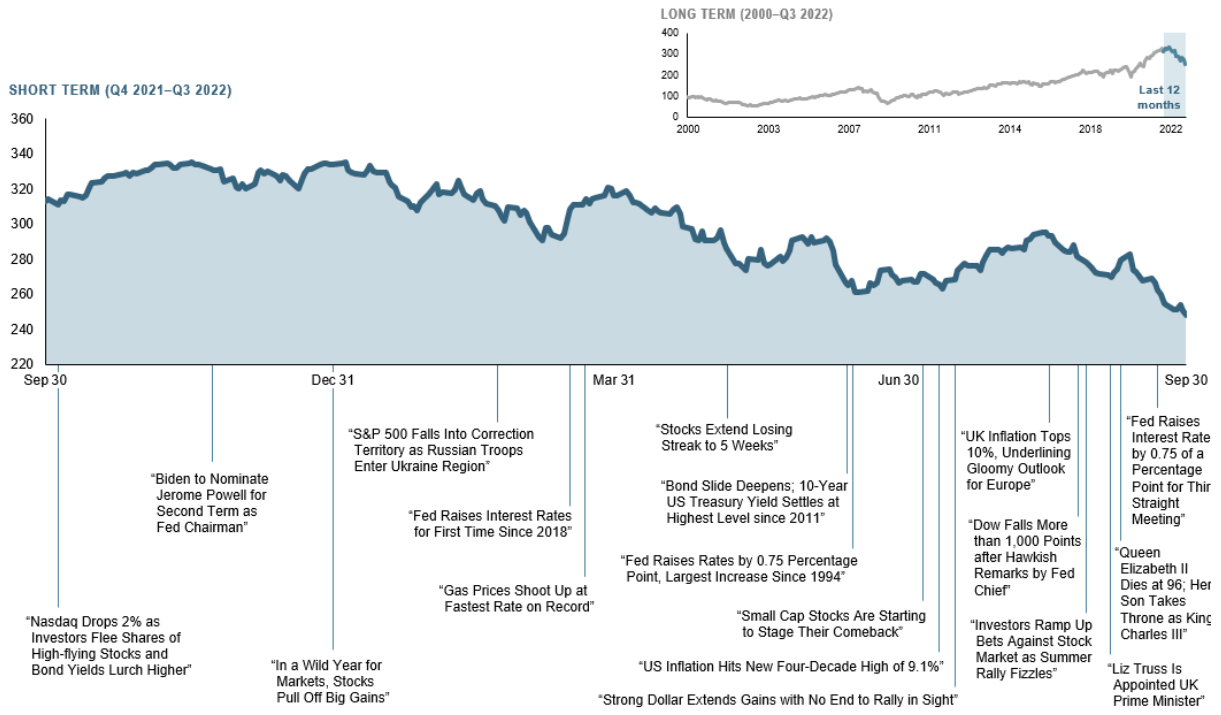
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q3 2022	STOCKS				BONDS	
	-4.46%	-9.20%	-11.57%	-11.12%	-4.75%	-2.21%
						
Since Jan. 2001						
Average Quarterly Return	2.1%	1.3%	2.4%	2.2%	0.9%	0.9%
Best Quarter	22.0%	25.9%	34.7%	32.3%	4.6%	4.6%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2022 Q1	2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2022, all rights reserved. Bloomberg data provided by Bloomberg.



World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends), MSCI data © MSCI 2022, all rights reserved.
 It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.