

FINANCIAL NEWSLETTER UPDATE-August 2022

As we settle into Q3 of 2022, we still are in the midst of a volatile market. It's during these rollercoaster rides we remember that we are investors and not traders. We are not investing for tomorrow, October, or even 2023. We are long-term investors. Your accounts are diversified, with many dividend payers, and most of your portfolios are built to weather storms like this. We would encourage you to add to your portfolios and minimize withdrawals when you can. This is what creates long-term wealth.

We are investors. We have seen times like this before (most recently 2020, 2018, etc.) and we will most likely see them again. Remember...

WE ARE INVESTORS.

Change of Broker Dealer- As we also settle in with our new Broker Dealer, Royal Alliance Associates, Inc (RAA), let us tell you a little more about them...

Royal Alliance Associates, Inc. is a wealth management firm owned by Advisor Group Holdings, Inc. We are affiliated with Royal Alliance. The firm is regulated by FINRA and the SEC. We feel that Royal Alliance is better positioned to provide us with tools, security features and resources to manage your account and develop appropriate investment solutions based on your goals.

- Established in 1969.
- Headquartered in Jersey City, NJ.
- Over \$138 Billion Total Client Assets Under Administration
- Royal Alliance and Advisor Group provide your financial professional with back office, technology, regulatory and operational support to help further your financial well-being.
- Availability to offer access to thousands of diverse financial options.



OneView/Albridge- You will all soon be receiving “Invitations” to access OneView/Albridge. This is replacing DST Vision which many of you found cumbersome and confusing.

In a series of two emails (one with a temporary password and one with a link to sign up), you will be able to view all your accounts aggregated together in a much more intuitive, customizable, and versatile application.

Volatility- Gas prices are coming down. Supply chains are getting slightly better. The unemployment rate is at a record low 3.5%. We have record low unemployment. Inflation seems to be showing signs of peaking and trending downward. However, we are still amid uncertainty and angst. The DJIA has rebounded a bit (for now) and is up from its recent 52-week low of 29,653.29 but is still far from its 52-week high of 36,952.65.

We believe this is “*not your grandmother’s inflation*”. Many market signals are strong, but we feel that in order to really “punch out” inflation, we need even more workers working (who’s going to be unloading those ships as they come into to port to stock our shelves?), get supply chains fully back on track, gas prices back to the mid-low \$3 range and a resolution to Russia’s war on Ukraine. There are other items on the table, of

course, there always are, but just raising interest rates isn't going to do it. In saying that, we are confident the Fed knows that, too.

I-Bonds- Some of you have inquired about I-Bonds (Inflation linked saving bonds). There are pros and cons to everything. Currently the initial interest rate on new Series I savings bonds is 9.62%. You can buy I-bonds at that rate through October 2022. Keep in mind that many of you have TIPS (Treasury Inflation Protected Securities) in some of your holdings.

- They are bought directly online at treasurydirect.gov. We can certainly help you navigate the site, but they are meant to be purchased directly.
- You can buy up to \$10,000 per calendar year/per person.
- They are a *variable* interest rate product combining a fixed rate and an inflation rate. It adjusts twice a year.
- Ideally, you would hold them for at least 5-years (they can earn interest up to 30-years) or you surrender the last 3-months of interest payments should you cash them in sooner. Redeemable after 12 months with three months interest penalty. No penalty after 5 years.
- They are available in any amount from \$25 to \$10,000.
- They are subject to Federal income tax but not state income tax.*
- The interest on the I-Bond is compounded semi-annually and is earned every month.

**Consult your tax advisor if considering adding I-Bonds to your portfolio.*

Dividends- I know we've said it before, and we will say it again, remember that during times of volatility or a down-market, you are buying more shares "on sale." Many companies have excess cash on hand and in addition to stock buybacks, are increasing their dividend payout which potentially means even more shares in your portfolio. I know it may not seem like a lot of comfort when your portfolio is down, but this is what creates long-term wealth. Think of your portfolio as a 3-family house in S. Boston. The value goes up and the value goes down. If you don't sell your property, you haven't lost anything. Your value is simply down, not lost. But the good news is your 3 tenants don't miss their rent payments. They may have even paid you more. Those are your dividend payers. They are the key to long-term growth and wealth. They help carry you.

We are not day traders.

WE ARE INVESTORS.

Thank you all for your continued confidence, trust, and support --not just in a crazy market, but every single day. As always, we value and appreciate each and every one of you...

Best,

Joan K. Norton & Associates

Call the office with any questions or to make an appointment.