

# Summary and Commentary



1ST QUARTER 2022



**SUMMIT WEALTH**  
&  
**RETIREMENT PARTNERS**  
GUIDING YOU TO YOUR FINANCIAL DESTINATIONS

**"We don't have to be smarter than the rest. We have to be more disciplined than the rest."**

-Warren Buffett



**ROBERT CUCCHIARO, CFP**

Partner



**HAL PORTER, MBA**

Partner

As we started 2022, there was no shortage of headwinds facing both the financial markets and the economy:

- Geopolitical risk from Russia and the threat to Ukraine
- Rising interest rates
- Surging inflationary pressures
- Economic growth slowing
- Profit margins under pressure
- Tighter monetary policy from the Federal Reserve
- Surging oil and natural gas prices

There are certainly others, but you get the idea. The many tailwinds that supported the rapid rise in the markets from 2020 to the present have started to reverse.



In times like these, it is often good to review some of the investing fundamentals that drive our wealth management decisions in managing your family's wealth:

- Fundamentals and economics drive long term investment decisions- "Greed and fear" drive short term trading
- "Market timing" is impossible- managing exposure to risk is both logical and possible
- Investment management and planning are about discipline and patience- placing either one above the other can be destructive to your long-term goals. Please see Mr. Buffett above
- There is no value in daily media commentary- turn off the television and your computer and save yourself the mental capital
- Emotions have no place in investing- you are generally better off by doing the opposite of what you "feel"

With the uncertainty facing the financial markets and the economy, what should we do as long term, goal-oriented investors?

1. Resist the urge to sell based solely upon recent market movements
2. Keep the long view
3. Review your risk tolerance **and** your risk capacity
4. Maintain a diversified portfolio
5. Rebalance your portfolios as needed

As Benjamin Graham said many years ago, "The investor's chief problem- and even his worst enemy- is likely to be themselves."

### First Quarter 2022 in review

Asset class returns in Q1 2022 were impacted by heightened geopolitical tensions, tighter monetary policy and a divergence in COVID-19 policies across regions. Commodities led the way in the first quarter, as import bans on Russian oil along with only a gradual improvement in supply chains have boosted energy, food and raw materials prices.

Equities, overall, had a difficult quarter due to higher interest rates, challenging equity valuations and fears that inflation may put a dent in consumer spending and earnings. Domestic, international and emerging market equity markets all registered negative quarterly returns.

In Fixed income, U.S. markets were negative in Q1 as the Federal Reserve moved forward with hiking interest rates and balance sheet reduction and the markets anticipate further tightening through year end.

Global bond markets were also under pressure from the Russian-Ukraine conflict and continued downgrades in Chinese bond sectors.





As always, we want to thank you for the continued trust and support you show to us in managing your family's wealth management needs and planning.

Should you have any questions about your planning, how your portfolios are structured or any wealth management issues you may have; please reach out to us so we are able to review them with you.

Thank you and best wishes.

Your Summit Team

Hal, Rob, Scott, Naumy, Ryan, Jennifer, Geoff, Maryline, Kevin, Debbie and Dewi

Looking ahead in 2022, the question is whether improvements will continue. We see progress on COVID and the re-opening of the economy. Risks in the first quarter such as interest rate increases, COVID, inflation and supply chain issues seem to be priced into the markets and are now a part of the picture, rather than a shock. This is not to say that nothing bad could happen in the short term. We could see another COVID spike, the Ukraine war could expand or hiring and the economy could slow. As always, the headlines could drive market performance in the short term and we could have market volatility. But despite the headlines, the fundamentals will ultimately drive both the economy and the markets.

We could easily see more market volatility in the short term, but neither "getting in" nor "getting out" of the market is an investment strategy to grow long term wealth; they simply represent gambling on moments in time. Investment and wealth management are always a disciplined process over time: diversification in and across asset classes... periodic rebalancing... and maintaining a cash position for your cash flow needs.



Sources:

BlackRock

Charles Schwab

Real Investment Advice

Raymond James

Goldman Sachs

Morgan Stanley

Summit Wealth & Retirement Partners is the marketing name for Summit Wealth & Retirement Planning, Inc., a California corporation.

Investment advisory services offered through Summit Wealth and Retirement Partners, an SEC registered investment adviser. Custody, trading and support services provided to clients of Summit Wealth and Retirement Partners are offered by Charles Schwab & Co., Inc. ("Schwab"), Member FINRA/SIPC. Information contained herein is taken from sources believed to be reliable, but cannot be guaranteed as to its accuracy. It is for informational and planning purposes. Nothing herein shall be construed as an offer or solicitation to buy or sell any securities. Nor is it legal or accounting advice. Investing carries risks and expenses and involves the potential loss of investment. Past results are not indicative of future results. Summit Wealth and Retirement Partners disclosure document ADV-Part 2 is available upon request.

Securities offered through Mutual Securities, Inc., Member FINRA/SIPC. Supervisory office located at 807-A Camarillo Springs Road, Camarillo CA 93012. Summit Wealth and Retirement Partners is not affiliated with Mutual Securities, Inc.