

# Q2 2022 News

July 22, 2022

## Actions To Consider During Market Volatility

Volatility is part of the investment experience and often investors' instinct is to sell during times of fear. However, historical data has shown that the longer an investor stays invested, the less significant each bump in the road will be and the greater the potential is to generate increased positive returns.

We believe one of the best times to make opportunistic investments is when markets are volatile. At Triangle, we seek to manage our clients' portfolios by finding the balance between each investor's time horizon and the opportunities present in the market.

- If you are holding more than your normal cash reserves, market downturns are an opportunity to make selective investments. While trying to time the market is ill-advised, investing during down markets is exactly in line with the old adage "buy low, sell high."
- Make retirement and college savings plan contributions while the market is down to help increase gains once the market recovers.
- Rebalancing in times of volatility allows us to both bring portfolio allocations back into alignment with their long-term strategic targets and provides opportunities to potentially harvest tax losses.

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Index	2nd Quarter Total Return	YTD Total Return
S&P 500	-16.10%	-19.96%
Russell Mid Cap	-16.85	-21.57
Russell 2000	-17.20	-23.43
MSCI EAFE	-14.51	-19.57
Bloomberg Barclays US Aggregate Bond	-4.69	-10.35
Bloomberg Barclays Muni Bond	-2.94	-8.98
Dow Jones Industrial Average	-10.78	-14.44

\*Index return data as of 6/30/2022 provided by Morningstar Direct<sup>SM</sup>

## Quarterly Market Review

A confluence of issues including surging inflation, a steep rise in interest rates, snarled global supply chains, new COVID-19 variants, and a tense geopolitical environment highlighted by the war in Ukraine, have altered the bullish sentiment that propelled markets to all-time highs last year leaving investors to contemplate the possibility of a recession.

- The S&P 500 Total Return index fell just shy of 20.0% during the first half of 2022, its worst performance for a first half of a year since 1970.
- All 11 S&P 500 sectors declined in the 2nd quarter as recession fears and general economic uncertainty impacted stocks broadly. However, the strong 1st quarter rally in Energy stocks made it both the overall performance leader for the first half of 2022 by a wide margin and the only sector with positive returns.
- Matching the turbulence in stocks, the selloff in the global bond market has been abrupt and painful as interest rates have soared in most developed markets. The combination of historically low-interest rates that have defined fixed income markets for much of the period after the 2008-2009 global financial crisis, coupled with the rapid rise in rates this year, has led to double-digit price declines for bond investors at mid-year.

## News & Notes

- Fears of out-of-control inflation forced the U.S. Federal Reserve into an accelerated rate-hiking path along with steps to reduce the size of the Fed's balance sheet. In May, the Fed raised rates by 0.5%, the largest upward adjustment since 2000, and began gradually trimming its \$8 trillion+ balance sheet starting June 1st. At its June meeting, the Fed raised rates an additional 0.75% to a range of 1.50% to 1.75%.
- True to its history as a "safe haven" asset during times of turbulence, the U.S. dollar has surged to multi-decade highs this year.
- According to the Wall Street Journal, the U.S. economy has experienced 12 recessions since World War II, and each one included two features: economic output fell and unemployment rose. While economic output fell in the first quarter and signs suggest a possible contraction again in the second, the job market showed little sign of faltering during the first half of the year.



## About Us

Triangle Wealth Management is a privately owned investment advisory firm that specializes in assisting families with developing a realistic strategic plan to provide the best opportunity for achieving their long-term financial goals as prudently as possible.

We provide clients structure, clarity, confidence and reassurance as they move toward the next phase of life.

Our clients value our honesty, integrity, transparency and genuine concern for their well-being.

**We are in business to serve our clients.**

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## Actions To Consider During Market Volatility Continued

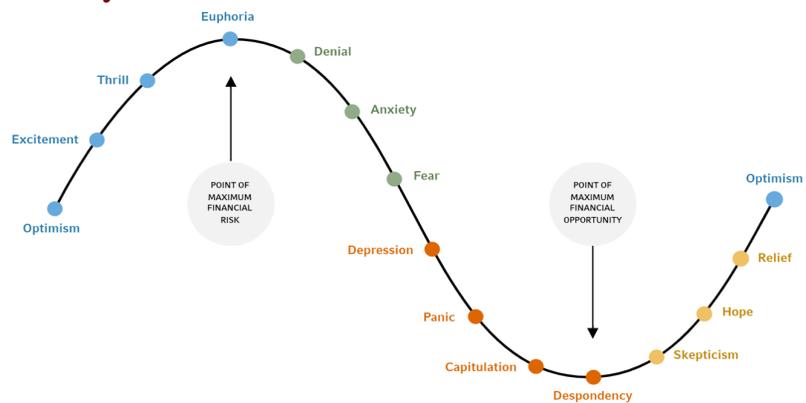
This is one tool we use to manage both our clients' portfolio risk and tax efficiency, while also looking to increase their long-term performance.

- Using market volatility as a time to convert a traditional IRA (or partially convert) to a Roth IRA could be attractive because taxes are paid on a lower amount and the balance is positioned for tax-free growth. Unlike traditional IRAs, qualified distributions from Roth IRAs are not taxable. Roth IRAs are also not subject to required minimum distribution rules.

*"Be fearful when others are greedy and greedy when others are fearful"*

-Warren Buffett

## The Cycle of Investor Emotions



## Save the Date July 27<sup>th</sup> at 10:00 am ET

Please join us for our Town Hall Meeting to review the first half of 2022, hear our outlook, and answer any questions you may have.

The presentation will be delivered via Zoom. The registration and presentation link will be sent out by email in July.

## Congratulations

Mary Margaret Reynolds and Taylor Hutchens were married on April 30, 2022 at Christ Episcopal Church in Raleigh NC. Please join us in congratulating Mary Margaret and Taylor Hutchens.



[TriangleWealth.com](https://TriangleWealth.com)

1301 Annapolis Drive • Raleigh, NC 27608

Local: 919.838.3221 • Toll Free: 877.678.5901