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I started in the investment business 27 years ago. It was 1995, and we were at the dawn of the technology stock bubble that peaked in March of 2000. That was my first Bear market, and there have been many since then. Every time I experience a market like this, I think of all the things I could have done to make it easier for clients. It's really easy to do that when you have the benefit of hindsight. The truth is that there is little that can be done because this is a long-term game, and Bear markets are a part of that process.

Over the course of history, the market is up in 7 out of every 10 years. Spending time and energy trying to figure out which 3 you should avoid is not nearly as profitable as focusing on where you should have your money for the other 7. Time in the market is much more important than timing the market. The best minds in the investment world do not even try. But a market like the one we are in will certainly create doubts and questions about any strategy beyond holding cash. Truth be told, we have experienced a pullback of 10% or more in 10 of the last 20 years or 50% of the time. When it is happening, it feels like it will never end, and that you will never forget it. Most would be challenged to remember off the top of their heads when the last time and the time before that was. This year will be forgotten in the same way in future years.

The biggest reason we have seen the selloff in the stock market is actually because of the selloff in the bond market. Believe it or not, bonds are having as bad or an even worse year than stocks depending on what part of the bond market you are looking at. The Federal Reserve is raising rates aggressively and the market is making those moves even larger by trying to anticipate where the Fed will stop. Odds are the market will overshoot and take things too far. It probably already has. There is a risk the Fed will do the same. One thing I know for certain is that you will not want to be out of the market when it is clear the Fed's work is done. Stocks will be like coiled springs and the move up will be significant. Our job is to make sure you are properly positioned for that eventuality. Do not be surprised if you see some changes to your account before the end of the year. There are opportunities we did not have 6 months ago, and we want to do all we can to be positioned for the recovery in stock prices. That is what we are here to do.

Enjoy the Fall weather and let us know if there is anything we can do to be of help.

David J. Sculati
President
Accredited Investment Fiduciary®

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