SALTMARSH FINANCIAL ADVISORS, LLC

2nd Quarter 2022

INVESTMENT UPDATE

INSIDE THIS ISSUE

WE'VE BEEN RECOGNIZED AGAIN AS TOP WEALTH ADVISORY FIRM BY ACCOUNTING TODAY

We are honored to be recognized by *Accounting Today* as a top firm by total assets under management (AUM) once again! *Accounting Today's* yearly report recognizes the top 150 CPA financial planners by assets under management, which increased by 50% collectively over the past year.

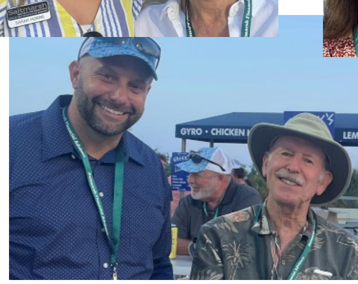
"Over Saltmarsh Financial Advisors' 25-year history, the evolving needs of our clients during wealth accumulation, preservation and distribution has led us to an investment philosophy that takes a holistic approach to planning and a steadfast commitment to integrity," said Christina Doss, AAMS®. "As fiduciaries, we are dedicated to doing what's best for those we serve. We continue to provide a deep pool of talent and resources to support our clients' multi-generational financial planning, wealth management, tax and estate planning needs."

NIGHT AT THE BALLPARK: A HOMERUN!

On Thursday, May 12th we hosted our 7th annual Night at the Ballpark and the weather, the atmosphere and food was just perfect! Thank you to our clients who were able to join us - you made the Blue Wahoos win against the Trash Pandas even sweeter!






- UPCOMING WEBINAR -

QUARTERLY MARKET REVIEW WITH DFA

LIVE Webinar | Tuesday, July 26 @ 2:00 PM CST/3:00 PM EST

We understand that investors have questions in both good and bad economic times – that's why we are pleased to introduce a new quarterly 30-minute series to provide insight. Each quarter, Saltmarsh Financial Advisors will host a guest from Dimensional Fund Advisors to discuss recent market events and implications to investors and address top-of-mind client questions. Please join **Mark Hemby, CFA**, and guest **Chad Burns, CIMA®**, for our first Quarterly Market Review focused on inflation, interest rates and bear markets. Learn more and register: www.saltmarshcpa.com/seminars/#itm_236

HALFWAY THROUGH THE YEAR, HERE'S WHAT YOU SHOULD KNOW

A LETTER TO OUR CLIENTS | JUNE 24, 2022

After growing 90% the prior three calendar years, as of the writing of this letter, the U.S. Stock Market has posted a YTD return of -21%, International Developed Markets -19%, and Emerging Markets -16%. Why? In one word: *Inflation*. More specifically rising oil and gas prices, food costs, housing, and the rippling effects of 2021's headlines: additional stimulus, lingering supply chain issues, job vacancies, and a hangover from the Great Resignation along with heated 2022 midterm elections.

We expect markets will continue to experience volatility. While timing economic expansions and contractions is difficult, the market has consistently been a leading indicator and emotions can often be swept up in the recurring ebb and flow. In light of this, our client's portfolios are always broadly diversified across industries and geographies comprised of high-quality companies and a strategic focus on shopping for value opportunities which can routinely occur when markets are in an oversold position.

We rely on the stock portion of your portfolio to outpace inflation over your investing lifetime and include real historical negative returns into our planning and asset allocation recommendations. We continually review portfolio asset allocations along with changes in the financial markets.

The U.S. Bond Market is also down this year, with 10-year Treasuries returning -10% YTD. Why? Rising Interest Rates. Interest rates have been historically low since the Great Financial Crisis of 2008. To combat inflation, the Federal Reserve Board has begun to raise interest rates.[1] While rising interest rates are ultimately a long-term positive for bond investors, there is a temporary negative side-effect. Interest rates have an inverse relationship with the price of a bond. When interest rates go up, bond prices typically go down. All things being equal, investors seek bonds with higher interest payments to help combat inflation. Unfortunately, we are currently experiencing dislocation in the bond market as interest rates reset and bond portfolio managers add or replace bonds with higher expected future returns

1. *www.saltmarshcpa.com/cpa-news/blog/inflation_and_the_fed.asp*
2. *www.saltmarshcpa.com/cms/_fle/97336REKZD-89149.pdf*

WHAT ARE WE RECOMMENDING?

Over the coming weeks, a member of Saltmarsh Financial Advisors will reach out to review your current asset allocation, discuss your specific circumstances, and update retirement projections as needed. In the meantime, this is broadly where we feel our clients are best positioned to meet their long-term financial goals: While we are not advocating for wholesale changes to clients' portfolios, we are discussing the possibility of accelerating rebalancing to increase cash reserves for spending needs or to raise funds for upcoming Required Minimum Distributions (RMDs) for retired or soon-to-be-retired clients.

For our pre-retirement age clients or those holding excess cash balances, we will discuss techniques to leverage your longer time horizon in these market conditions.

Regardless of where you are in life, we recognize that the current market environment can be unnerving. While we cannot predict how markets will respond over the short term, as any number of national and global macro events can influence outcomes. We are confident inour approach and the 40+ years of research that validates our investment philosophy (and the research from Dimensional Fund Advisors)[2] and continue to advocate that the most reliable way to reach your financial goals is to remain committed to your plan and engage with your Saltmarsh advisory team about your unique circumstances.

If you have any immediate questions or time-critical needs, please do not hesitate to reach out to a member of the team.

WORRIED ABOUT STOCKS? WHY LONG-TERM INVESTING IS CRUCIAL

BY DAVID BOOTH, EXECUTIVE CHAIRMAN & FOUNDER, DIMENSIONAL FUND ADVISORS | MAY 23, 2022

We are living in a time of extreme uncertainty and the anxiety that comes along with it. Against the backdrop of war, humanitarian crisis, and economic hardship, it's natural to wonder what effect these world events will have on our long-term investment performance.

While these challenges certainly warrant our attention and deep concern, they don't have to be a reason to panic about markets when you're focused on long-term investing.

Imagine it's 25 years ago, 1997:

- J.K. Rowling just published the first Harry Potter book.
- General Motors is releasing the EV1, an electric car with a range of 60 miles.
- The internet is in its infancy, Y2K looms, and everyone is worried about the Russian financial crisis.

A stranger offers to tell you what's going to happen over the course of the next 25 years. Here's the big question: Would you invest in the stock market knowing the following events were going to happen? And could you stay invested?

- Asian contagion
- Russian default
- Tech collapse
- 9/11
- Stocks' "lost decade"
- Great Recession
- Global pandemic
- Second Russian default

With everything I just mentioned, what would you have done? Gotten into the market? Gotten out? Increased your equity holdings? Decreased them?

Well, let's look at what happened. From January of 1997 to December of 2021, the US stock market returned, on average, 9.8% a year.[1] A dollar invested at the beginning of the period would be worth about $10.25 at the end of the period.[2]

These returns are very much in line with what returns have been over the history of the stock market. How can that be? The market is doing its job. It's science.

INVESTING IN MARKETS IS UNCERTAIN. THE ROLE OF MARKETS IS TO PRICE IN THAT UNCERTAINTY.

Investing in markets is uncertain. The role of markets is to price in that uncertainty. There were a lot of negative surprises over the past 25 years, but there were a lot of positive ones as well. The net result was a stock market return that seems very reasonable, even generous. It's a tribute to human ingenuity that when negative forces pop up, people and companies respond and mobilize to get things back on track.

Human ingenuity created incredible innovations over the past 25 years. Plenty of things went wrong, but plenty of things went right. There's always opportunity out there. Think about how different life is from the way it was in 1999: the way we work, the way we communicate, the way we live. For example, the gross domestic product of the US in 1997 was $8.6 trillion and grew to $23 trillion in 2021. (Read more about the merits of investing in innovation.)[3]

I am an eternal optimist, because I believe in people. I have an unshakable faith in human beings' ability to deal with tough times. In 1997, few would have forecast a nearly 10% average return for the stock market. But that remarkable return was available to anyone who could open an investment account, buy a broad-market portfolio, and let the market do its job.

Investing in the stock market is always uncertain. Uncertainty never goes away. If it did, there wouldn't be a stock market. It's because of uncertainty that we have a positive premium when investing in stocks vs. relatively riskless assets. In my opinion, reaping the benefits of the stock market requires being a long-term investor.

By investing in a market portfolio, you're not trying to figure out which stocks are going to thrive, and which aren't going to be able to recover. You're betting on human ingenuity to solve problems.

The pandemic was a big blow to the economy. But people, companies and markets adapt. That's my worldview. Whatever the next blow we face, I have faith that we will meet the challenge in ways we can't forecast.

I would never try to predict what might happen in the next 25 years. But I do believe the best investment strategy going forward is to keep in mind the lesson learned from that stranger back in 1997: Don't panic. Invest for the long term.

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1. *In US dollars. S&P 500 Index annual returns 1997–2021. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.*
2. *Data presented for the growth of $1 are hypothetical and assume reinvestment of income and no transaction costs or taxes. This value is for educational purposes only and is not indicative of any investment.*
3. *www.saltmarshcpa.com/cms/_fle/40428CXOWU-64158.pdf*

Saltmarsh
Financial Advisors, LLC
AN AFFILIATE OF SALTMARSH, CLEAVELAND & GUND

Saltmarsh Financial Advisors

Pensacola:
900 North 12th Ave
Pensacola, FL 32501
Phone: (850) 435-8300

Tampa:
201 N. Franklin St., Ste 1625
Tampa, FL 33602
Phone: (813) 287-1111

Email:
christina.doss@saltmarshfa.com
george.peaden@saltmarshfa.com
chris.stennett@saltmarshfa.com
mark.hemby@saltmarshfa.com
brett.snyder@saltmarshfa.com
pierce.broscious@saltmarshfa.com
sarah.horne@saltmarshfa.com

EXTRA, EXTRA! WHY FINANCIAL HEADLINES SHOULDN'T DRIVE YOUR INVESTMENT DECISIONS

BY SARAH HORNE | JUNE 21, 2022

Alarming financial headlines can challenge investors' resolve as they weigh their options. It's tempting to question your approach and reverse course in the face of market adversity, like switching lanes in standstill traffic. Yet evidence has continually shown that investors who remain disciplined during market selloffs benefit from future market gains by staying committed to their financial plan.

Read the entire article: www.saltmarshcpa.com/cpa-news/blog/extra__extra__why_financial_headlines_shouldn_t_drive_your_i.asp

THE SILVER LINING OF TODAY'S INFLATION

BY CHRIS STENNETT, CFP | MAY 11, 2022

Five months into the new year, it's clear that 2022 will be just as unpredictable as the last five years have been. At the present moment, the S&P 500 Index (Large US Stocks) is down almost -14% on the year. The Bloomberg Barclays Aggregate Index (US Bond Market) is down -10% on the year. Inflation has persisted and has forced the Federal Reserve to tighten the money supply. Though the challenges investors face this year are substantial, it's important to keep in mind a few things.

Read the entire article: www.saltmarshcpa.com/cpa-news/blog/the_silver_lining_of_today_s_inflation.asp

Christina Doss, AAMS®
Managing Director
christina.doss@saltmarshfa.com
(800) 477-7458

Chris Stennett, CFP®
Senior Financial Advisor
chris.stennett@saltmarshfa.com
(800) 477-7458

Mark Hemby, CFA®
Financial Advisor
mark.hemby@saltmarshfa.com
(800) 477-7458