SYMPHONY
FINANCIAL SERVICES, INC.

Market Commentary
September 26, 2022

Dear Investors:

Central bank tightening sparked recession fears.

Last week, the Federal Reserve (Fed) raised the federal funds rate for the fifth time this year. During 2022, the Fed has lifted its benchmark rate from near zero to 3.12 percent. Fed policymakers indicated that they expect to raise the rate again this year. That's going to make borrowing more expensive as rates on credit cards, home mortgages and business loans increase.

Frankly, that's the Fed's goal. It wants to tamp down consumer and business spending. When spending falls, demand for goods and services falls and so do prices. Lower prices mean lower inflation. Unfortunately, inflation has a long way to fall. The Fed's inflation target is two percent. In August, the Consumer Price Index showed inflation was 8.3 percent.

The Fed isn't the only central bank hiking its country's rate. "We are experiencing one of the most synchronized bouts of monetary and fiscal tightening in the past five decades," reported Daniel Moss of *Bloomberg*. Ninety central banks have raised rates during 2022.

"The relentlessness with which central banks are increasing interest rates reflects alarm at rising prices — and an aversion to being portrayed as insufficiently courageous at a time of economic peril. With so much hiking, officials should fret about the broader impact of the course they are on. The recession they are courting may be no ordinary downturn."

The possibility of a global recession was top of mind for investors last week. Major U.S. stock indices dropped lower, and yields on U.S. Treasury yields reached multi-year highs.

In times like these, people often worry about how to protect the wealth they have accumulated. In the investment industry, we say that past performance is no guarantee of future results; however, during market downturns, it can be reassuring to consider current market events within the context of long-term market events.

A chart of the performance of the Standard & Poor's 500 Index shows that the path of investing is rarely smooth and upward. Bull markets follow bear markets with corrections along the way. The accumulation of evidence over time supports the idea that staying the course is a sound choice during market downturns. It takes patience and discipline, and it can be particularly difficult to do during times like these.

Data as of 9/23/22	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-4.7%	-22.5%	-17.0%	7.3%	8.2%	9.8%
Dow Jones Global ex-U.S. Index	-3.7	-24.8	-26.1	-2.3	-2.1	1.2
10-year Treasury Note (yield only)	3.7	N/A	1.4	1.7	2.2	1.7
Gold (per ounce)	-1.3	-9.7	-6.1	2.6	4.9	-0.7
Bloomberg Commodity Index	-3.7	13.3	14.4	12.1	5.7	-2.6

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

YEET! THEY ADDED PUMPKIN SPICE. You may be more familiar with some of the new words Merriam Webster added to its dictionary than others. Earlier this month, 370 words were added to the lexicon, including:

- **Pumpkin spice**. Autumn is pumpkin spice season. The flavor, which is now two decades old, is available in lattes, candles, pancake mix, lip balm, beer and deodorant, among other items. It also can be found in the dictionary where it is defined as "a mixture of usually cinnamon, nutmeg, ginger, cloves, and often allspice that is commonly used in pumpkin pie."

- **Yeet**. Even though 'yeet' was the American Dialect Society's slang word of the year in 2018, Merriam Webster did not add it to the dictionary until this year. They explained, "When a new word starts making the rounds, we don't just yeet it into the dictionary the first time we encounter it." Yeet is slang, "used to express surprise, approval, or excited enthusiasm" or "to throw especially with force and without regard for the thing being thrown."

- **Magnet fishing**. Rather than tie a hook on a line and cast for fish, magnet fishers are hoping to attract sunken treasures. The activity is a meld of environmentalism and treasure hunting that is defined as, "the sport or hobby of using a strong magnet attached to the end of a rope to find metal objects in bodies of water."

Some of the new entries are abbreviated versions of words that have been part of our vocabulary for a long time. This may be the inevitable outcome of adapting to text and social media communications. See if you can guess the longer version of these new words:

- FWIW
- ICYMI
- Sus
- Laggy

If you get stumped, visit merriam-webster.com or give us a call.

Weekly Focus – Think About It
"Knowledge is the treasure of a wise man."

—William Penn, founder of Pennsylvania

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com