Market Commentary
November 21, 2022

Dear Investors:

Thanksgiving and football go together like turkey and stuffing.

For some families, though, this year may be more like a turducken, stuffed with American football and the sport the rest of the world knows as football (soccer). The men's World Cup, which is played every four years for national glory, the Jules Rimet trophy, and millions of dollars in prize money, began on Sunday and will end on December 18.

During the tournament, researchers may track the influence of sentiment on markets. According to Mark Hulbert of *MarketWatch*, previous research has found that a team's performance – especially a loss – can have a short but powerful effect on the national mood.

"You would be excused for being skeptical that a soccer tournament has anything to do with the stock market. But you need to understand how disheartened a country's investors can become after their team loses in the World Cup. A significant body of academic research has found that their dejection has a pronounced impact on the stock market," reported Hulbert. "…our moods play a powerful role on our investment decisions. We tell ourselves that we base our portfolio decisions solely on sober and rational analysis. As the academic research into the World Cup Effect reminds us, this isn't always so."

Investors in the United States were a bit dejected last week. Stronger-than-expected retail sales in October indicated consumer demand remained strong, despite the Federal Reserve's efforts to slow spending by raising rates. Hawkish commentary from multiple members of the Federal Reserve also affected markets as it suggested the Fed is not ready to pause its inflation fight any time soon, reported Ben Levisohn of *Barron's*.

Last week, major U.S. stock indices moved lower, and yields on shorter-term Treasuries moved higher. The yield on a 2-month Treasury bill finished the week at 4.2 percent, while the yield on the benchmark 10-year Treasury ended the week at 3.8 percent.

Data as of 11/18/22	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-0.7%	-16.8%	-15.7%	8.3%	9.0%	11.1%
Dow Jones Global ex-U.S. Index	0.0	-19.5	-20.7	-1.3	-1.1	2.2
10-year Treasury Note (yield only)	3.8	N/A	1.6	1.8	2.4	1.6
Gold (per ounce)	-0.4	-3.8	-5.8	6.1	6.4	0.1
Bloomberg Commodity Index	-1.8	15.8	11.9	13.6	5.9	-2.1

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.

IT'S THAT TIME OF THE YEAR. In mid-November, people begin to prognosticate and predict, offering their thoughts about what the future may hold. While everyone else is future-gazing, we thought it might be interesting to look at some past predictions and see how they panned out.

- **A shorter alphabet and taller Americans**. In 1900, John Elfreth Watkins, Jr. published an article in the *Ladies Home Journal* titled, "What May Happen in the Next Hundred Years". He forecasted that the population of the United States would reach 350 to 500 million people, Americans would be one to two inches taller, and life expectancy would increase to age 50 from age 35. He also thought the letters 'C', 'X' and 'Q' would be eliminated from the alphabet because people would begin to spell words the way they sound.

- **Remote work and uploading brains**. At the 1964 New York World's Fair, science-fiction writer and futurist Arthur C. Clarke said, "Trying to predict the future is a discouraging and hazardous occupation." That didn't stop him, though. Clark predicted that advancements in communication, especially satellites, would make it possible for people to be in instant contact with each other. They would be able to get in touch, no matter where they were, allowing everyone to work remotely. He also suggested that a machine might be developed to transfer information directly to the human brain, making it possible to become an instant expert on any topic.

- **ESG and economic indicators that reflect values**. In a 1968 edition of *Harvard Business Review*, environmentalist and futurist Hazel Henderson predicted that companies would be motivated to pollute less, build mass transit, recycle goods and pursue other actions through a combination of social pressure, media attention and the desire for financial gain. She also thought economic indicators would be adapted to reflect "a healthy bottom line in financial terms as well as an additional bottom line that addresses people's growth needs and their psychological, spiritual and cultural values."

Through the end of 2022, we expect there will be predictions about the war in Ukraine, the likelihood of recession, changes in energy supplies, the future of social media, and much more. If you have any questions about how our changing world may affect your financial goals and investment portfolio, please let us know.

Weekly Focus – Think About It
"It's tough to make predictions, especially about the future."
—*Yogi Berra, baseball player, manager and coach*

Best regards,

John Y. Kim, J.D., LL.M.
President

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

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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* 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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* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.

Sources:
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4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
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