

November 2022

The Other Ballot Box: The Stock Market. In the short run, the stock market is a voting machine and in the long run, a weighing machine. In other words, taking advantage of good valuations should be rewarded over time. The chart to the right tackles the issue of valuation. The main chart shows the forward price-to-earnings (P/E) ratio for the S&P 500 over a 25-year history. The box in the chart shows other valuation metrics. On any measure, the S&P 500 is at a much better value than at any time in the past 2 years. While valuation is not a great timing tool, stocks look “cheap” and represent a good bargain with a longer-term perspective.



S&P 500 Index: Forward P/E ratio



Investment Decisions

October marked a strong start to the fourth quarter of the year for stocks while interest rates continued to rise, hurting bonds. We identified the start to an uptrend and added several “buffered” ETFs to client accounts. These ETFs participate in strong moves up for stocks over the next 12 months while “buffering” against corrections of 9-15% declines. Short-term Treasury bond was also added. During this month and December, clients will likely see activity in taxable accounts designed to minimize tax ramifications by offsetting gains with losses and avoiding taxable mutual fund distributions.

We stay on alert overseeing your investment holdings with the two goals of growing your wealth while guarding it. We look at risk and return both strategically and protectively. Strategically, through good offense, by combining different asset classes we create an allocation with great prospects for delivering the growth you seek while guarding against unnecessary risk. Protectively, through great defense, we incorporate data to flexibly respond to market information and to help guard against losses.

Thank you for your continued loyalty and trust.



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