

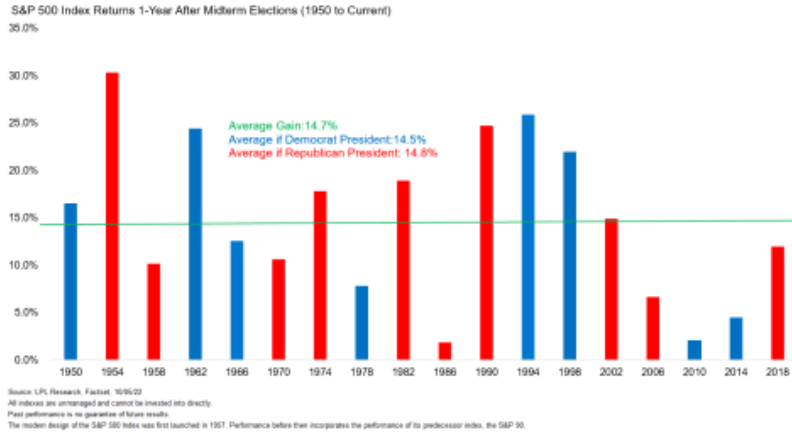
October 2022



Interest rates, inflation, elections. The tough slide for both stocks and bonds all year is creating interesting places to put cash to work. Looking forward into the fourth quarter, we are watching for: (1) Who is the first Fed member to signal a pause in rate hikes is not too far out into the distance? (Would be bullish); (2) Will investors brush aside third-quarter earnings reports being pressured by the strong U.S. dollar?; and (3) With so much focus on the equity bear market, inflation, interest rates, and slowing economic growth, when will we begin to see the historically positive tailwinds from U.S. midterm elections?

Traditionally, the fourth quarter has delivered the strongest returns for stocks. This is especially true in the midterm election years. Another favorable historic trend for stocks is looking at returns a year out from the midterm election. Going back to 1950, the chart below shows that stocks have delivered positive returns one year after the midterm election every year, regardless of which party is in office.

Stocks Have Always Gained a Year After Midterms (No Matter Who's in Office)



Investment Decisions. During the month, we opportunistically purchased Treasury bonds maturing in January-March 2023 at a discount to par creating a 3.5-4% fixed yield. Accounts ended the quarter cautiously optimistic holding 10-15% in cash equivalent holdings. The high liquidity avoids the volatility of the current environment and also provides “dry powder” for the future.

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.



Terri Spath

Terri Spath, CFA, CFP®
Founder & Chief Investment Officer
Terri@ZumaWealth.com



Kevin D. Steele

Kevin D. Steele, Ph.D
Strategy Architect & Client Concierge
Kevin@ZumaWealth.com