



Forward Focus

January 2022



Yearly Market Review

U.S. stocks posted solid gains in 2021 with the S&P 500 leading the way, driven by just 5 stocks. Internationally, the MSCI EAFE index gained 11.2% while Emerging Market stocks declined 3.7%. Bonds were mixed with both Treasury's and the overall bond market losing money, while municipal bonds and inflation bonds remained positive.

Gold was down 3.5%, its worst decline in 6 years. Oil gained 50% with WTI Crude ending the year at \$75.21/bbl. That resulted in pump prices rising by \$1/gallon.

The chart on the right shows the daily market returns over the past two months of the year. While the trajectory has been higher, as we predicted, the ride has been choppy.



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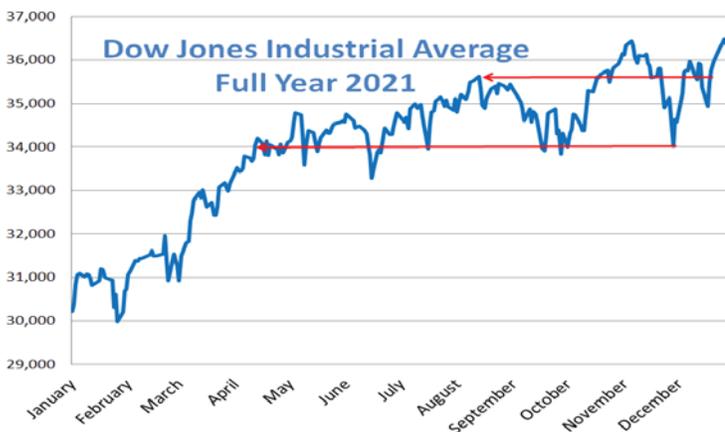
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Inflation and Covid Variants were the two biggest worries of the year. Neither are going away completely, but **Forward** anticipates that both of them will peak soon, creating a better economy for the first half of 2022.

Last year saw multiple contraction and earnings expansion. In layman's terms, corporate earnings grew faster than stock prices (S&P 500 corporate profits were up 45%!!). So, interestingly, stocks actually got "cheaper" throughout the year. Although stocks are "cheaper" than 12 months ago, stocks are still 30% above their 25 year average. The majority of wall street analysts still predict 2022 will be a positive year in the market, but with much more muted gains (in the range of 6%-11%).



The chart on the left shows the annual gain for the Dow Jones Industrial Average. Notice that the vast majority of the gain occurred in the first four months. Then from April through early December (see **longer red line**) markets chopped around, before the so called 'Santa Claus rally' took markets higher into year-end.

The **shorter red line** shows that it was not until the waning final days of December that we finally eclipsed the highs of August and set new highs.

Growth stocks are the most expensive they have been relative to Value stocks since 2001. This is why the tech-heavy S&P 500 index performed so well, while the more cyclical International indexes lagged a bit. **Forward** expects International stocks to perform better in 2022. For the year, the best performing sectors were Energy, Real Estate, and Financials, while the worst performing sectors were Utilities, Consumer Staples, and Industrials.

Full Year 2021

Dow Jones Industrial Average 20.7% ● S&P 500 28.6% ● MSCI EAFE (International) 11.2%
Russell 2000 (Small Cap) 14.6% ● MSCI EMI (Emerging) -3.7% ● Barclays Capital Aggregate Bond -1.7%

A Clear Picture of our Services

A better understanding of our services will produce a better outcome for your financial life.

Devote time to meet with me this year and your financial life will become clearer.

Clarity brings about focus, focus creates direction, and a clear direction can lead to success (and peace of mind).

Our services encompass your entire financial life.

A clear picture of your **current situation (Where you are now)**: It begins by completing a Monthly Budget, Net Worth Statement, and providing us with other details and statements (Salary, 401k, IRA's, Life Insurance, Social Security, Pension, Loans, etc...) By gathering this information, we create a foundation from which to build upon. We then show you the risks you are taking right now, the likely outcomes, where and what you are invested in, and exactly what your complete financial picture looks like. When I say complete picture, I mean it. We literally provide you with a one page picture of your entire financial life. It is great! This first step is vital and allows us to focus on what truly matters to you.

A discussion of **goals**: We talk about your desired future (goals). This is where it's ok to dream. We talk about when you want to retire, how much you can save now, how much you want to spend later, where you want to live, amount of travel, lifestyle, etc. This same process is used for other goals like education funding, first or second homes, cars, vacations, or weddings. By gathering this information, we create a financial budget for how much it will cost, a timeframe for how long until the money is needed and for how long it needs to last, determine the risk required to reach the stated goals and determine the best investment vehicles (401k, Roth IRA, Traditional IRA, 529 Plan, Brokerage Account) and the best investment options (Stocks, Bonds, High Risk, Low Risk, Dividend, Growth). By determining the ultimate use of your years of saving and investing, we provide purpose for your money.

A clear picture of your **desired future (Where you want to be)**: After gathering the data stated above, we map out your desired future. We incorporate all present and future savings and income sources (social security, pension, 401k contributions, company matches...) along with your investments, your risk, your resources, your timeframe, your legacy goals, life insurance, and agreed upon assumptions such as inflation and longevity. Then we create a blueprint from which to build your future. We then show you the path, the direction and the steps to take in order to live out your desired dream. It is possible. It simply takes understanding, planning, and determination to see it through.

A discussion of **risk**: After seeing where you are and deciding where you want to be, the risk discussion becomes much clearer. We visually show you the annual return and range of returns needed to reach your goals. If the range of risks is not acceptable or a good fit, we make adjustments to fit you. Examples of that are saving more, working longer, spending less, increasing risk over time, etc. Your desired future is not determined solely by how much risk you take. Finding a risk you can stick to is more important. Your risk should be a balance of what you can handle when markets get tough and what safely accomplishes your goals. By gathering this information, we create an investment directive and road map to guide us to your desired future.

Take the Time

My goal for 2022 is to create a clearer picture for you. Honestly. The last few years, life has been hard for us all. Whether it has been through sickness, death, divorce, online schooling, Zoom fatigue, job loss, increased stress... Life has been hard. I have not met one person over the past two years that the pandemic has not effected in some way. I desire to provide you with a vision of a better day. One that is obtainable, one that can see you through the current winter. Today will someday be yesterday, and the future will someday be the present. When that day comes, I want you to enjoy it and be prepared to live it well. The only way to do that is to take the time today.