



MEEDER PRIVATE WEALTH

Capital Markets Update Q2 2022

STOCKS AND BONDS ARE NEGATIVE

It was a challenging quarter for investors. High inflation, slowing growth and rising global interest rates negatively impacted global equity and fixed income markets. The equity market officially fell into bear market territory (down more than 20%) and “low risk” bond markets registered losses. Since 1975, there have been 8 years when the S&P 500 has posted negative annual returns. If current returns remain at year-end, this will mark the first year the S&P 500 and Bloomberg US Aggregate Index were negative. Fixed income allocations have failed to provide diversification and income that would be necessary to offset equity weakness. For those balanced investors in 60/40 allocations, this is the worst first half of the year since 1962. While the past 6 months have been challenging, it is important to maintain a longer-term investment horizon.

S&P DOWN YEARS AND BOND RETURNS

YEAR	S&P 500 TOTAL RETURN STOCKS	BLOOMBERG US AGG INDEX TR BONDS	60/40 PORTFOLIO S&P 500/BLOOMBERG AGG
1977	-7.2%	3.0%	-3.1%
1981	-4.9%	6.2%	-0.5%
1990	-3.2%	9.0%	1.7%
2000	-9.1%	11.6%	-0.8%
2001	-11.9%	8.4%	-3.7%
2002	-22.1%	10.3%	-9.2%
2008	-37.0%	5.2%	-20.1%
2018	-4.4%	0.0%	-2.6%
2022 YTD	-20.0%	-10.4%	-16.1%

SOURCE: BLOOMBERG

NOT EVERY BEAR MARKET IS THE SAME

While not all bear markets precede recessions, all recessions are preceded by bear markets. There have been only 14 S&P 500 bear markets since WWII (based on 20%+ decline on a closing basis with no rally of 20%+ in between). Highlighted are the 8 of the 14 bear markets that turned out to be a recession. On average, the average full bear market decline has been 32% and the bear market has averaged 339 days. No bear market is the same, but history can give us a gauge on possible outcomes.

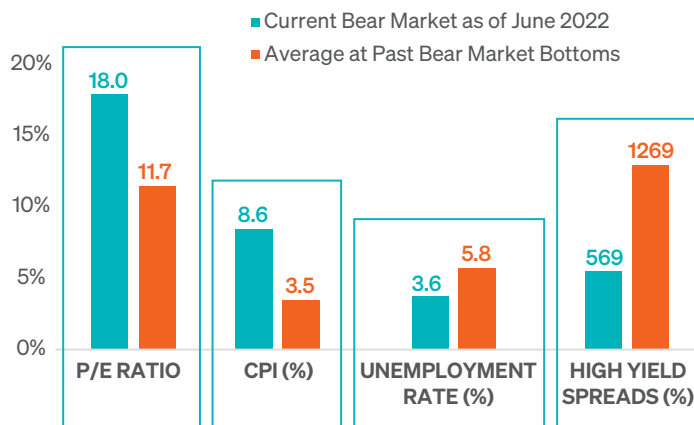
BEAR MARKETS POST WW2

START	END	% CHANGE FROM -20% END	FULL BEAR % CHANGE	FULL BEAR # OF DAYS	NEXT YEAR
5/29/46	5/19/47	-8.20	-28.47	355	2.20
6/15/48	6/13/49	0.00	-20.57	363	42.07
8/2/56	10/22/57	-0.43	-21.63	446	30.96
12/12/61	6/26/62	-5.73	-27.97	196	26.14
2/9/66	10/7/66	-1.78	-22.18	240	24.62
11/29/68	5/26/70	-19.14	-36.06	543	11.89
1/11/73	10/3/74	-34.92	-48.20	630	-26.92
11/28/80	8/12/82	-8.22	-27.11	622	30.37
8/25/87	12/4/87	-0.41	-33.51	101	23.19
3/24/00	9/21/01	-18.16	-36.77	546	-1.24
1/4/02	7/23/02	-13.34	-31.97	200	7.41
10/9/07	11/20/08	-39.55	-51.93	408	-29.08
1/6/09	3/9/09	-8.99	-27.62	62	47.26
2/19/20	3/23/20	-19.81	-33.92	33	58.96
1/3/22	?	?	?	?	?
AVERAGE		-12.05	-31.99	339	17.70

SOURCE: BESPOKE

INDICATORS AT BEAR MARKET BOTTOMS

Looking at various indicators we can compare the current bear market to past bear markets. The P/E ratio remains elevated relative to historical turning points. The CPI is far above average and the unemployment rate is below average. The recent aggressive tightening of monetary policy will likely result in a normalization of CPI and unemployment. Interestingly, high yield spreads have not widened to a level close to previous bear markets and there could be further spread widening.



SOURCE: STRATEGAS

INCOME HAS RETURNED TO FIXED INCOME

The sharp rise in yields has led to greater income in fixed income portfolios. Across fixed income, yields have more than doubled in only 6 months. The Bloomberg US Bond Aggregate returned 1.75% and is now nearly 4%. For taxable clients, the municipal index has increased from 1.11% to 3.21%, which is over 5% on a tax equivalent basis for investors in the highest federal tax bracket. The higher yield on fixed income allocations provides greater protection to portfolios and reduces portfolio volatility. Actively managed fixed income portfolios with a longer term horizon are in a much better position to capitalize on fixed income opportunities and diversify allocations.

FIXED INCOME	12/31/2021	6/30/2022	% CHANGE
US Aggregate	1.75%	3.72%	113%
Invnt Grade Corporates	2.33%	4.70%	102%
Municipals	1.11%	3.21%	189%
High Yield	4.21%	8.89%	111%

SOURCE: STRATEGAS

WHAT IS MEEDER PRIVATE WEALTH?

Meeder Private Wealth is our customized separately managed account (SMA) which is managed with a strategic investment discipline. As we look at the core components of private wealth, it is important to note that we have a vast ability to customize. This is not a one size fits all approach. Each client is unique and has their own goals and objectives, so each portfolio is built specifically to that client's unique situation. Additionally, as we move through time and the client's goals and objectives change, Private Wealth has the flexibility to adjust and change as needed.

For risk management we take a holistic approach, we want to know as much about each client's financial situation as possible. The more information we have about their entire financial picture the more effectively we can manage their investments and ensure we are maintaining their specific risk profile. We can manage around concentrated positions, excluding stocks, sectors, or industries. All this information can be considered and allows our team to build the portfolio to be as effective and efficient as possible while maintaining the agreed-upon risk profile.

An area that we would consider to be one of the most underserved from a portfolio management standpoint is tax management, tax management often represents a large part of our conversations with advisors and clients. We implement active and ongoing tax-loss harvesting, as well as gain deferral when needed. The tax loss harvesting isn't simply selling stocks that are down at the end of the quarter or the end of the year. This is a more thoughtful approach where every account is reviewed daily to determine if there are opportunities within the portfolio to harvest losses. This active tax management allows us to maximize after-tax wealth for our clients and generate tax alpha.

Finally, this is a transparent and unbiased approach. While Meeder does offer a full suite of mutual funds, we do not use any proprietary products inside of private wealth. Also, the clients will always be able to see in real-time the positions that are being held in the account, along with access to our investment team as needed to answer any questions that may arise.

To learn more, reach out to your Meeder Private Wealth professional today.



ABOUT MEEDER

Meeder has been helping our advisors and clients achieve their goals and objectives for nearly 50 years. We are headquartered in Columbus, OH. At Meeder, we offer a full suite of investment solutions for you and your clients throughout their investment lifecycle, from accumulation to preservation, and into distribution. We offer turnkey asset management as well as custom solutions. As part of our turnkey offerings, you can select from our lineup of tactically managed mutual funds, or a combination of our funds which we have used to create models and portfolios.

6125 Memorial Drive, Dublin, Ohio 43017 | meederinvestment.com | 866.633.3371

The views expressed herein are exclusively those of Meeder Investment Management, Inc., are not offered as investment advice, and should not be construed as a recommendation regarding the suitability of any investment product or strategy for an individual's particular needs. Investment in securities entails risk, including loss of principal. Asset allocation and diversification do not assure a profit or protect against loss. There can be no assurance that any investment strategy will achieve its objectives, generate positive returns, or avoid losses.

Commentary offered for informational and educational purposes only. Opinions and forecasts regarding markets, securities, products, portfolios, or holdings are given as of the date provided and are subject to change at any time. No offer to sell, solicitation, or recommendation of any security or investment product is intended. Certain information and data has been supplied by unaffiliated third parties as indicated. Although Meeder believes the information is reliable, it cannot warrant the accuracy, timeliness or suitability of the information or materials offered by third parties.

Investment advisory services provided by Meeder Asset Management, Inc.