MOMMAERTS MAHANEY
FINANCIAL SERVICES, INC
ACHIEVE MORE.

989 W Washington St., Suite # 101
Marquette, MI 49855
(906) 226-8711
www.mommaerts-mahaney.com

February 24, 2022

Portfolio Thoughts and Actions

Jon C. Mommaerts	Robert Kea	J. Matthew Tuccini	Jason J. Rolling
Certified Financial Planner®	Chartered Financial Analyst	Certified Financial Planner®	Financial Advisor

Traditionally we communicate our thinking and portfolio positioning every few weeks. During volatile periods, we communicate more frequently. We rarely communicate on back-to-back days. Here is what we are currently thinking;

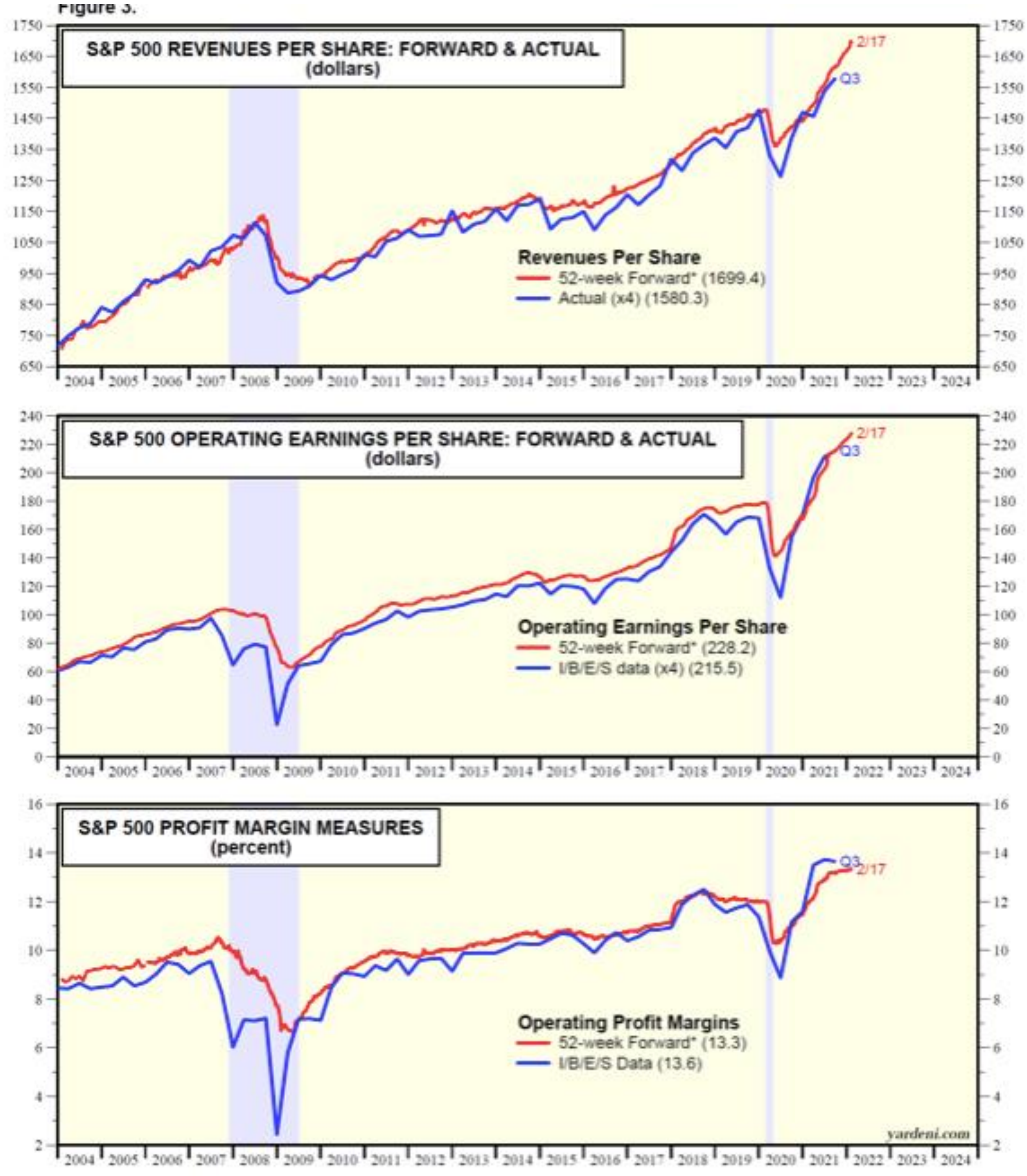
Although we invest based upon economic fundamentals and market prices, geopolitical events and other external market shocks have consistently impacted markets and created volatility. The recent pandemic is an example. It's important that we more frequently communicate our thinking and potential changes in your portfolio during these times. We will keep it brief, please reach out if you'd like to discuss anything in more detail.

Traditionally, geopolitical events have created buying opportunities for long-term stock investors. During the Trump presidency, threats of war with North Korea and trade wars with China both caused stock market corrections, which stocks recovered from relatively quickly. The S&P 500 moved into correction territory yesterday and markets are further selling off this morning. The question we are always focused on is could this correction turn into a systemic bear market? Unless this crisis creates a recession, we don't expect a systemic bear market will result. Higher oil and gas prices are certainly a headwind to economic global economic growth, but likely not enough to cause a recession in the United States. Investor portfolios have and continue to be 100% domestic. There is no exposure to European stocks.

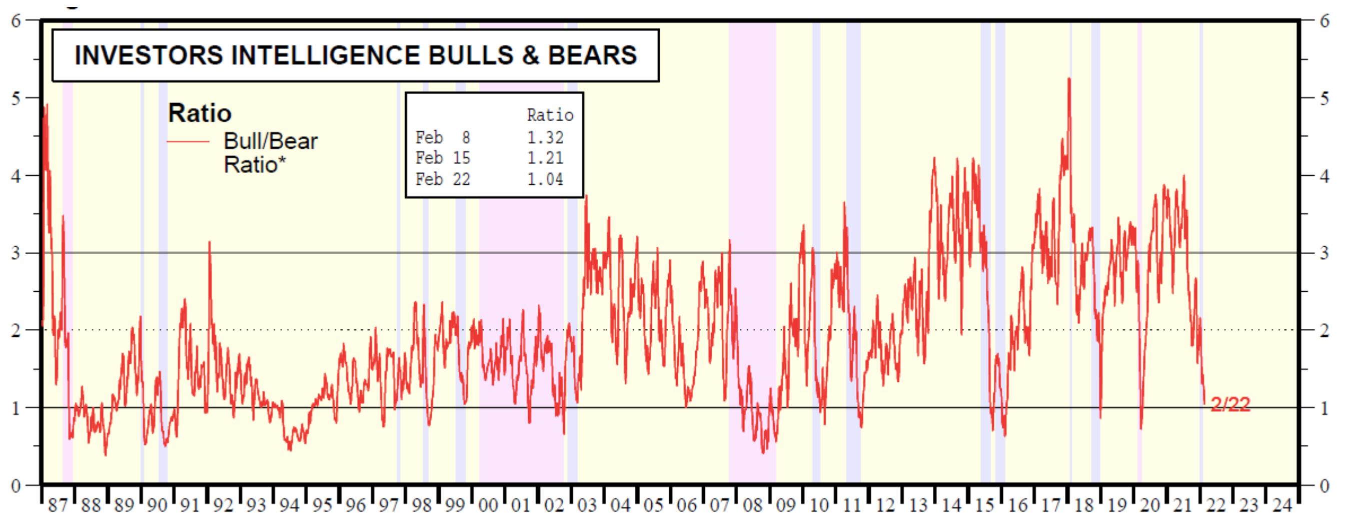
Although we are tempted, we are holding off on adding equity exposure at this time. The more likely immediate move will be to lower duration by shifting bond exposure into cash. Government bonds have rallied considerably due to geopolitical risk and the yield on the 10-Year Bond is now back at 1.85%. Bonds have performed their duty of cushioning portfolios during this sell-off and this is an attractive exit point.

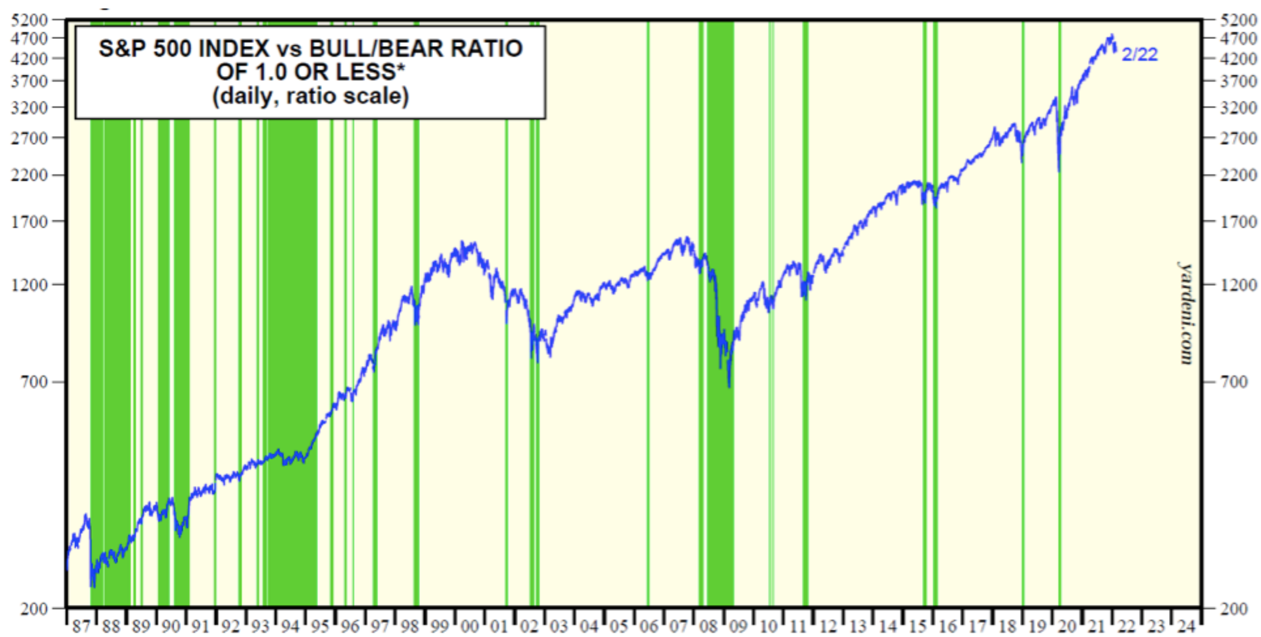
When to add equity exposure is always part art and part science. Q4 GDP came out this morning and was at 7%. Forward revenues, forward earnings, and forward profit margin of the S&P 500 all at record highs last week. Q4 earnings once again beat earnings expectations, up 27% YOY vs 20% consensus expectations.

Figure 3.



We also wouldn't be surprised to see the Fed back off its promise of a 50 basis point hike during their March meeting. The bottom line is we expect the economy to survive this crisis. As far as an entry point for when we would overweight stocks, one data point we look at is the Investors Intelligence Bull/Bear Ratio. It is a contrarian sentiment signal that has been an excellent indicator of buying opportunities for stocks. When this ratio drops below 1, which we are currently just above, investors have done well to enter the market at that time.





* Green shaded areas indicate Bull/Bear Ratio equal to or less than 1.0.

We would prefer to err on the side of caution right now and not increase equity exposure. We will continuously keep you updated during this volatile period.

The Mommaerts Mahaney Team

Jon C Mommaerts, CFP®: Jon is a Principal of Mommaerts Mahaney Financial Services, Inc. He has over 30 years of experience working with professionals and those about to retire. He is a member of the Financial Planning Association, as well as a member of the Preferred Financial Advisors.

J. Matthew Tuccini, CFP®: Matt has over 17 years of experience working in the financial services industry with vast experience in retirement planning, tax strategies, and financial planning.

Robert Kea, CFA: Bob has over 30 years of experience in portfolio management. He was a founding member and Co-Head on Putnam's Asset Allocation Group, which managed $12Bn in both retail and institutional assets.

Jason Rolling, Financial Advisor: Jason has been in the financial services industry for the past 15 years. His financial experience includes retail banking, consumer & commercial lending, bank management at the local, regional and SVP level, wealth management, and financial planning.

FPA FINANCIAL PLANNING ASSOCIATION PROUD MEMBER

Mommaerts Mahaney Financial Services, Inc. provides advisory services through ERTS Wealth Advisors, LLC, a registered investment advisor.
989 W. Washington Street, Suite 101 Marquette, MI 49855
(906) 226-8711