



ALTAIR

WEALTH GUIDANCE FOR LIFE

20 YEARS

# Summer 2022 Update

Wednesday, July 13th

12:00-12:30 CDT

# Midyear Takeaways

Stocks and bonds both had their worst first half in decades.

Four-decade-high inflation is a prime cause of markets' plunge.

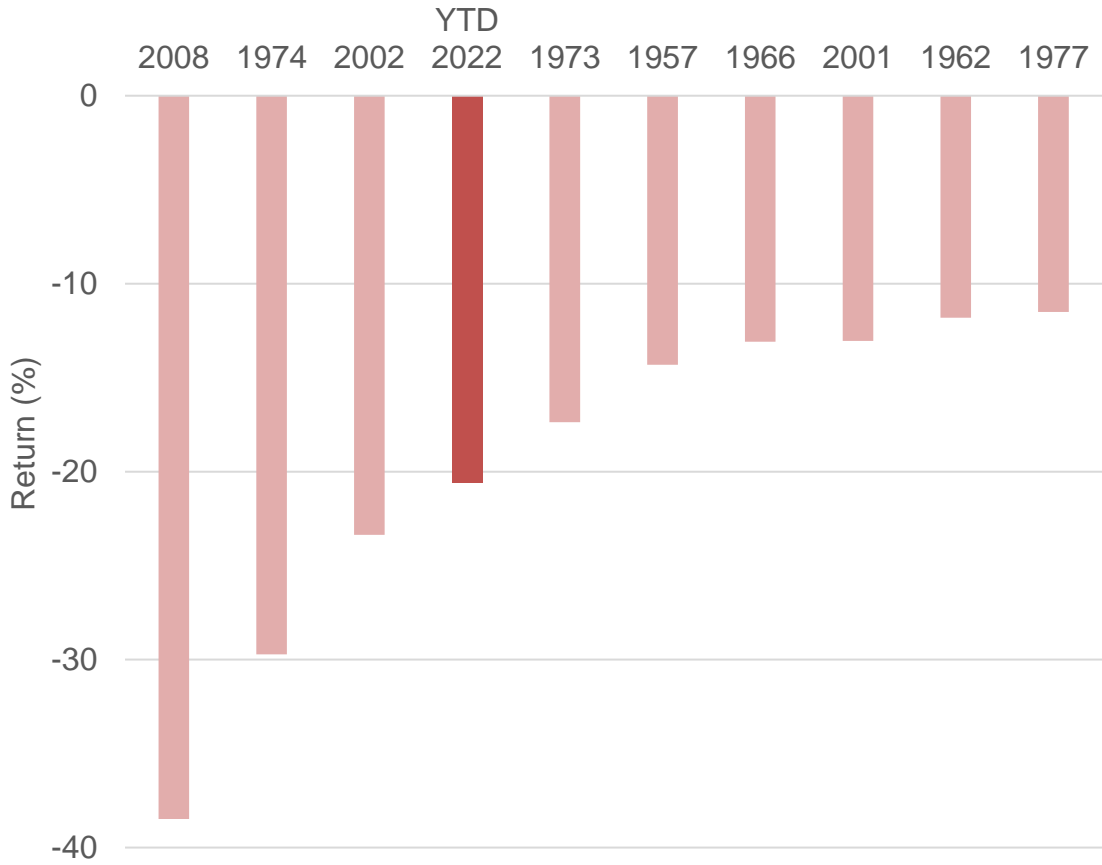
Inflation remains sticky; supply chain issues improving.

Markets and Fed price in same level of rate hikes in 2022.

The economy is decelerating but key elements remain solid.

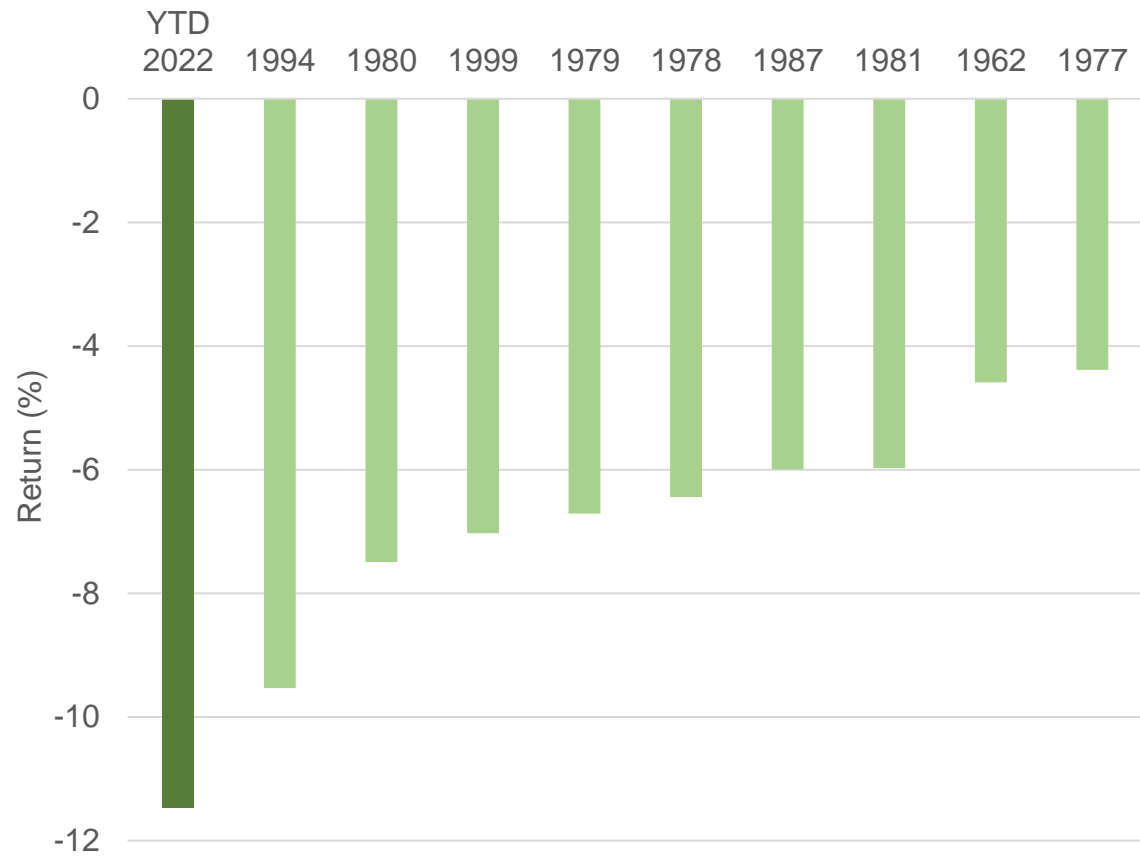
# Historically Poor Start For Stocks *and* Bonds

**Worst Years for Stocks**  
S&P 500 Since 1950



YTD 2022 as of 6/30/2022

**Worst Years for Bonds**  
Bloomberg U.S. Aggregate Index Since 1976



YTD 2022 as of 6/30/2022

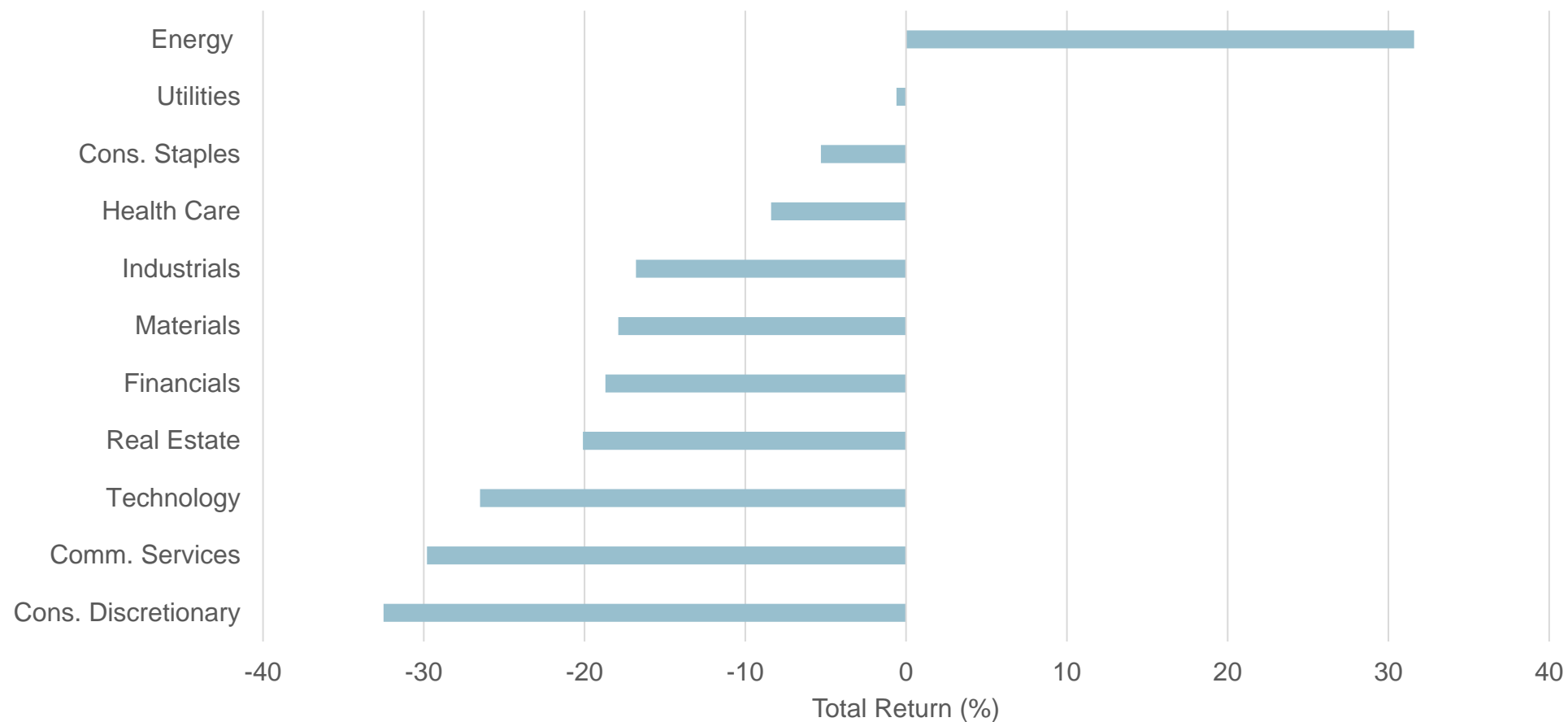
# Select Market Returns

Markets	2022 YTD (%)
iShares Core S&P 500 (large cap)	-20.0
Russell 1000 Growth ETF (large growth)	-28.1
Russell 1000 Value ETF (large value)	-12.9
iShares Russell 2000 (small cap)	-23.5
iShares MSCI EAFE (international)	-19.0
iShares MSCI Emerging Markets (emerging markets)	-17.4
Vanguard REIT Index Fund (real estate)	-20.5
Vanguard Global ex-US REIT Index Fund (real estate)	-18.1
Vanguard Total Bond Market ETF (taxable)	-10.4
Market Vectors Sh/Inter Muni ETF (municipal)	-6.3

As of June 30, 2022

# Energy Is Lone Positive Sector

**S&P 500 Sector Returns**  
January 1, 2022– June 30, 2022

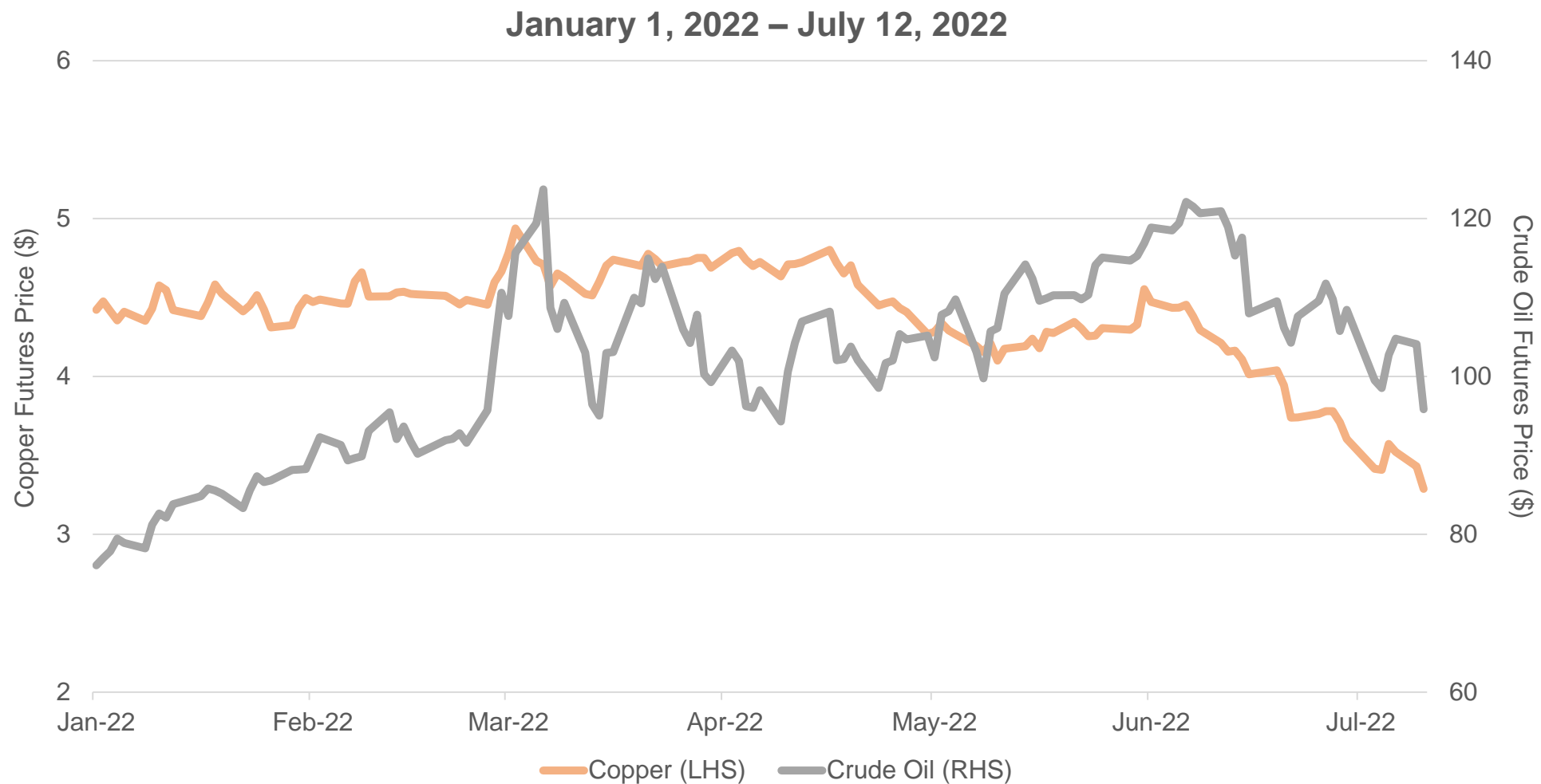


# Markets Pressured By Elevated Inflation

**Inflation at 40-Year High**  
January 1961 – June 2022



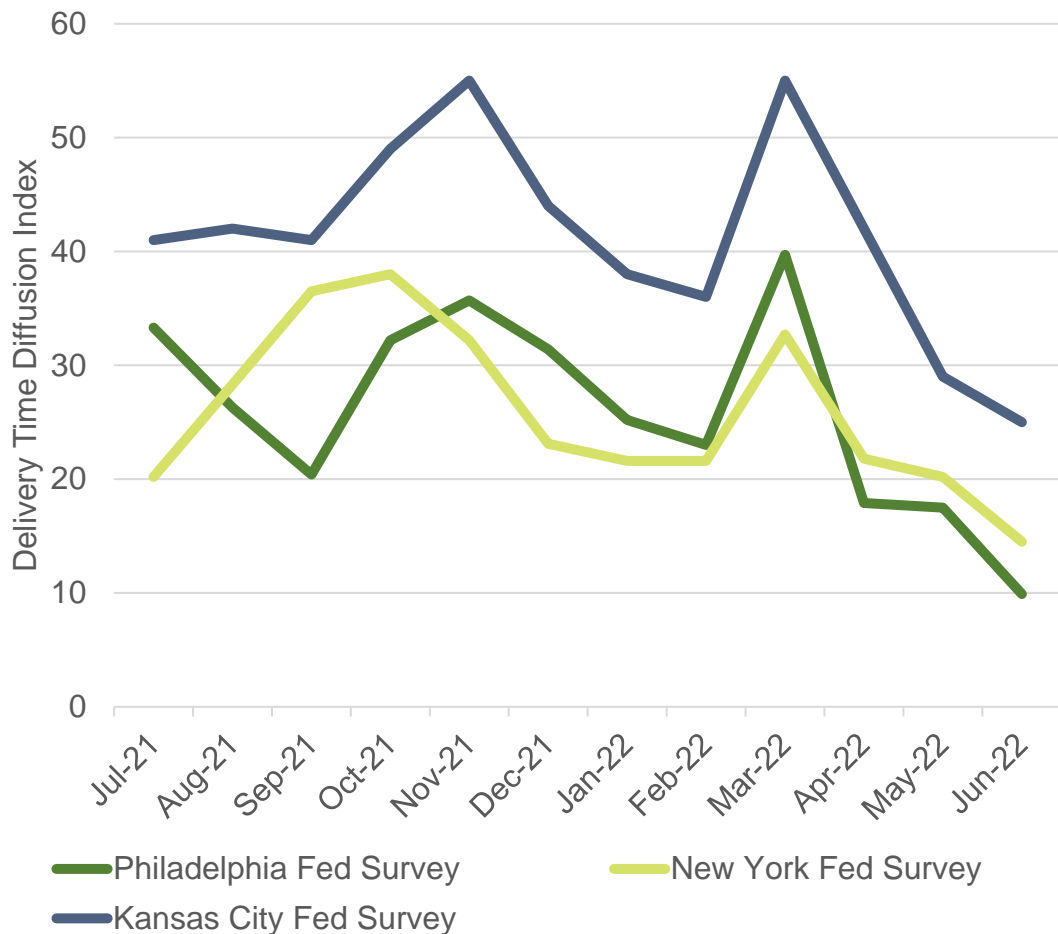
# Commodity Prices Show Signs of Relief



# Supply-Chain Bottlenecks May Be Easing

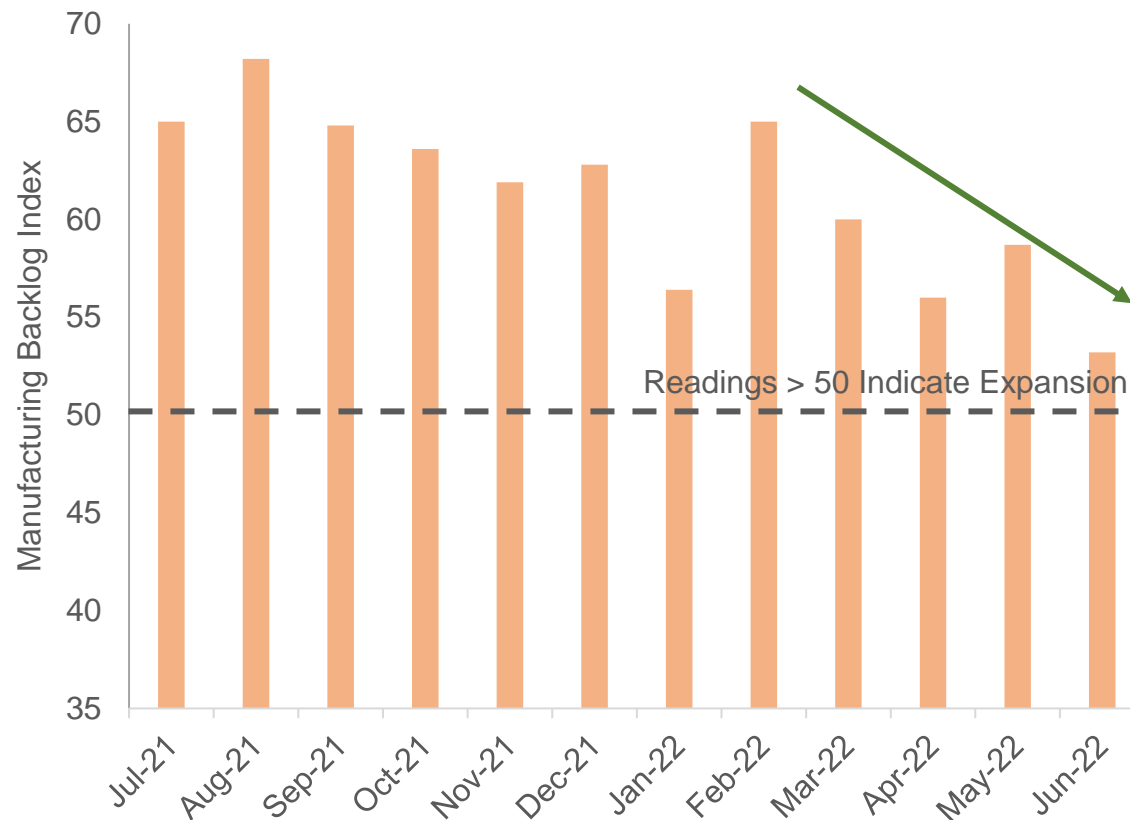
**Regional Surveys Report Declining Delivery Times**

July 2021 – June 2022



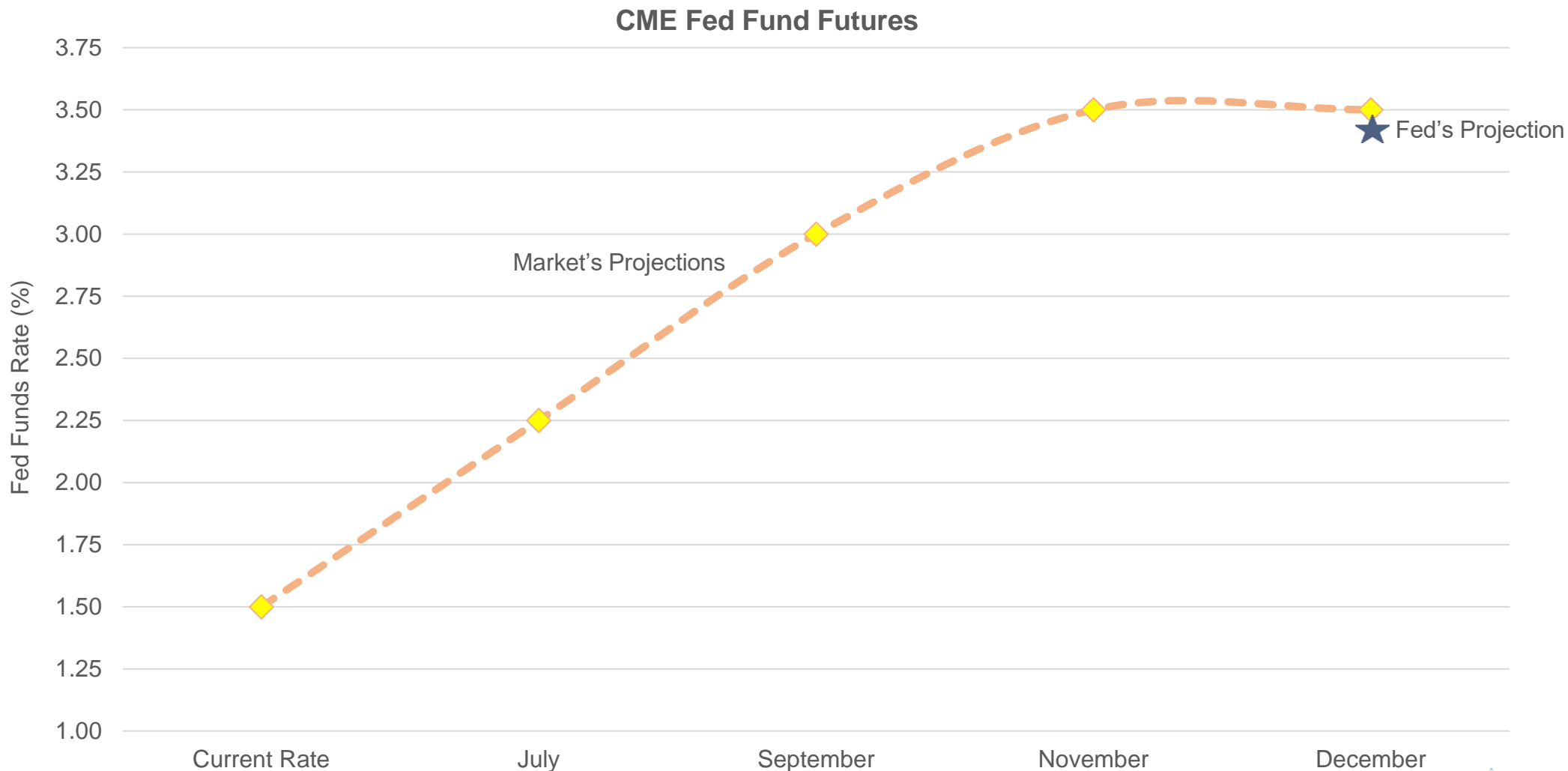
**Manufacturers Improve Backlog**

July 2021 – June 2022





# Market Prices In More Rate Hikes



# Leading Indicators Send Mixed Signals

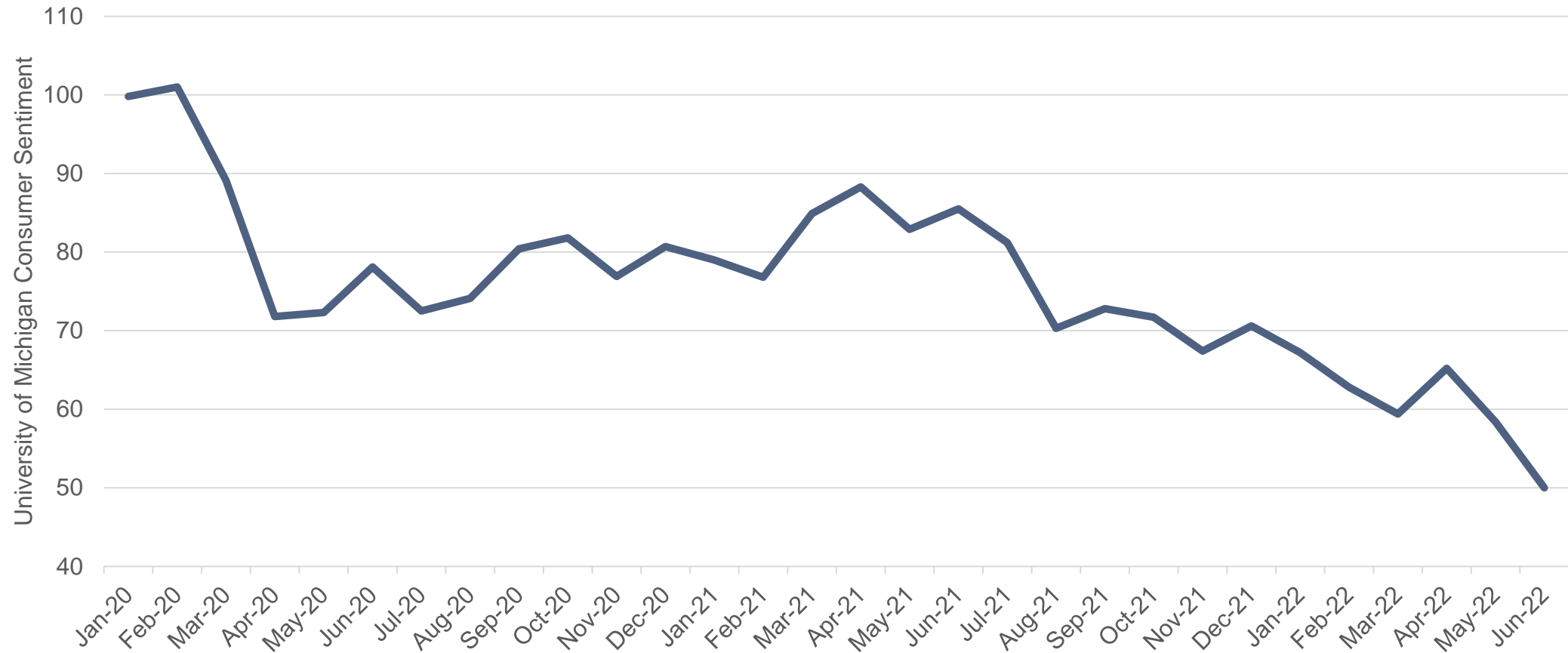
## Leading Economic Index Components

Manufacturers' New Orders, Nondefense Capital Goods Excluding Aircraft	●
Manufacturers' New Orders, Consumer Goods, and Materials	●
Average Weekly Initial Claims	●
Average Weekly Hours, Manufacturing	●
Interest Rate Spread	●
Leading Credit Index	●
ISM Index of New Orders	●
Building Permits, New Private Housing	●
Stock Prices	●
Average Consumer Expectations for Business and Economic Conditions	●

# Consumers Feeling the Pressure

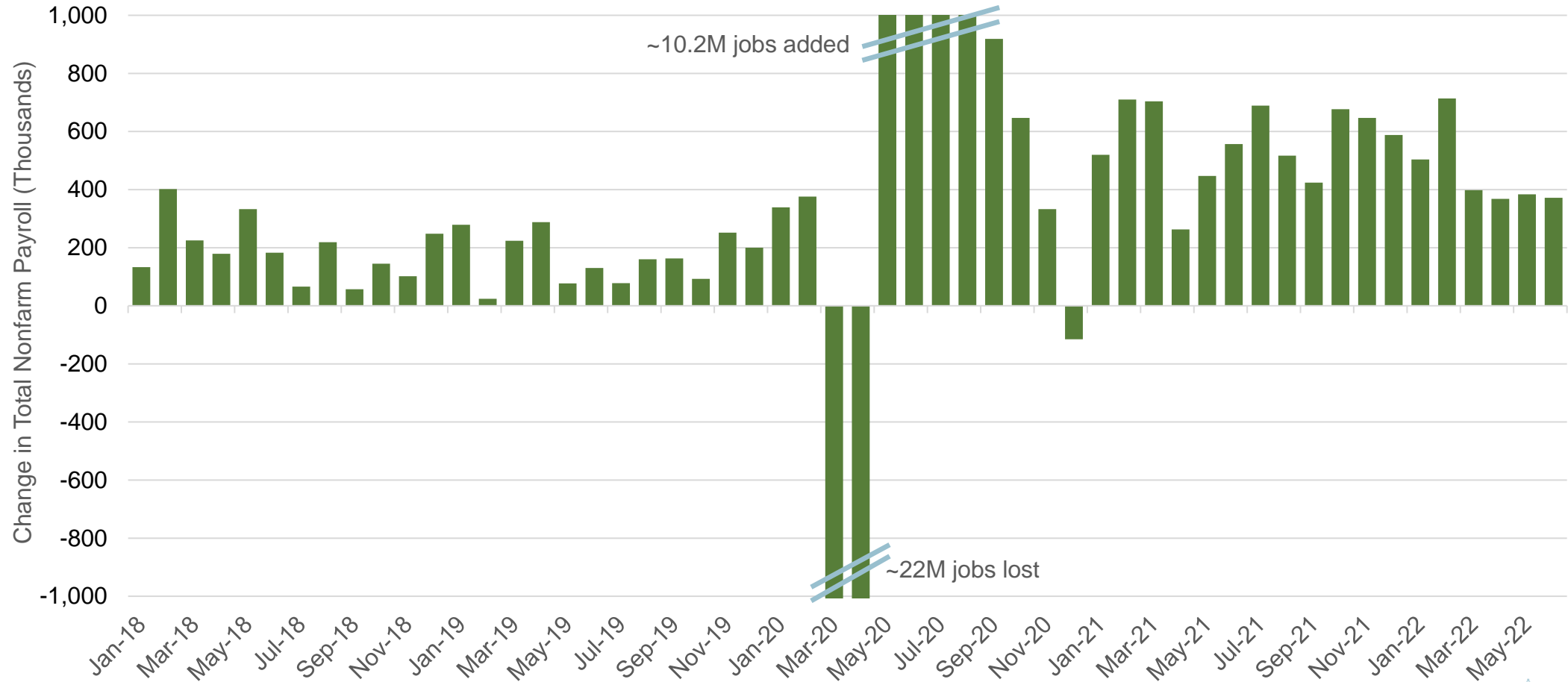
## Consumer Sentiment Reaches Pandemic Low

January 2020 – June 2022



# Labor Market Holding Firm

**Job Additions Still Strong**  
January 2018 – June 2022



# Drawdown Approaching Mild Recession Bottom

## Last 10 Bear Markets

Peak	Trough	Price Decline From Peak to Trough (%)	Months from Peak to Trough	Months from Peak to Breakeven	Total GDP Decline (%)	Peak to Trough Earnings Decline (%)
12/12/1961	6/26/1962	-28.0	6.5	20.7	-1.3	-13.6
2/9/1966	10/7/1966	-22.2	8.0	14.8	No Recession	
11/29/1968	5/26/1970	-36.1	18.1	39.2	-1.1	-20.6
11/28/1980	8/12/1982	-27.1	20.7	23.2	-2.2	-16.0
8/25/1987	12/4/1987	-33.5	3.4	23.0	No Recession	
1/3/2022	6/16/2022*	-23.6	5.5	?	?	?
Median		-28.0	8.0	23.0		

### Mild

Less than 3% GDP  
Decline and Less  
than 50% Earnings  
Decline

Peak	Trough	Price Decline From Peak to Trough (%)	Months from Peak to Trough	Months from Peak to Breakeven	Total GDP Decline (%)	Peak to Trough Earnings Decline (%)
7/15/1957	10/22/1957	-20.7	3.3	14.1	-3.6	-27.7
1/11/1973	10/3/1974	-48.2	21.0	90.2	-3.1	-21.1
3/24/2000	10/9/2002	-49.1	31.0	86.2	-0.4	-55.3
10/9/2007	3/9/2009	-56.8	17.2	65.6	-4.0	-92.1
2/19/2020	3/23/2020	-33.9	1.1	5.9	-10.1	-31.7
Median		-48.2	17.2	65.6		

### Severe

More than 3% GDP  
Decline and/or More  
than 50% Earnings  
Decline

# Powerful Recoveries Typically Follow Large Sell-Offs

## All Two Quarter Periods of 20%+ Declines in S&P 500 Since 1945

Second Quarter End	2-Quarter Drop (%)	Next Quarter (%)	Next Two Quarters (%)	Next Year (%)
Jun-62	-23.5	2.8	15.3	26.7
Jun-70	-21.0	15.8	26.7	37.1
Sep-74	-32.4	7.9	31.2	32.0
Dec-74	-20.3	21.6	38.8	31.6
Sep-02	-28.9	7.9	4.0	22.2
Dec-08	-29.4	-11.7	1.8	23.5
Mar-09	-31.6	15.2	32.5	46.6
Jun-22	-21.1	?	?	?
<b>Median</b>	<b>-28.9</b>	<b>7.9</b>	<b>26.7</b>	<b>31.6</b>



ALTAIR

WEALTH GUIDANCE FOR LIFE

20 YEARS

# Disclosures

The material shown is for informational purposes only. Past performance is not indicative of future performance, and all investments are subject to the risk of loss. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, and actual results may differ materially from those anticipated in forward-looking statements. As a practical matter, no entity is able to accurately and consistently predict future market activities. Information presented herein may incorporate Altair Advisers' opinions as of the date of this publication, is subject to change without notice and should not be considered as a solicitation to buy or sell any security. While efforts are made to ensure information contained herein is accurate, Altair Advisers cannot guarantee the accuracy of all such information presented. Material contained in this publication should not be construed as accounting, legal, or tax advice. See Altair Advisers' Form ADV Part 2A and Form CRS at <https://altairadvisers.com/disclosures/> for additional information about Altair Advisers' business practices and conflicts identified.

It is not possible to invest directly in any index shown, and any investment in an instrument which tracks the index shown will likely entail trading costs as well as management fees, neither of which are reflected within the performance shown. As such, individuals attempting to mimic the performance shown will likely realize lower net returns.

ETFs selected by Altair are intended to approximate performance of respective asset class in lieu of an established index. Altair has no relationship with the ETFs selected.

© 2022 Altair Advisers LLC. All Rights Reserved.