



PROFESSIONAL
FINANCIAL

Purposeful Wealth Management

CLARITY. CONVICTION. CONFIDENCE.

Request your free ebook
Planning for Key Retirement Risks



Paul Byron Hill, MBA, MFP, MSFS, ChFC®, RICP®, CFP®
CEO | Wealth Management Certified Professional™

Professional Financial Strategies, Inc.

Powder Mill Office Park
1159 Pittsford-Victor Road, Suite 120
Pittsford, NY 14534

(585) 218-9080

<http://www.professionalfinancial.com>

Q4

Global Market Review

Fourth Quarter 2022

Global Market Review

Fourth Quarter 2022

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features a quarterly topic.

Overview:

Commentary: *2022: Stress-Testing Your Planning*

Market Summary: Quarterly & Long-Term

World Stock Market Performance:
Quarterly & Annual/Long Term

US Stocks

International Developed Stocks

Emerging Markets Stocks

Real Estate Investment Trusts (REITs)

Fixed Income

Global Fixed Income

Wealth Planning Stress Testing Offer

Disclosure: Professional Financial Strategies, Inc. ("Professional Financial") is an independent investment advisor registered with the Securities and Exchange Commission. CFP professionals are fiduciaries with a duty of loyalty and care licensed by the Certified Financial Planner Board of Standards.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Professional Financial Strategies, Inc. ["PFS"]), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, content herein may no longer reflect current opinions or positions.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your PFS account holdings correspond directly to any comparative indices or categories. **Please Also Note:** (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your PFS accounts; and (3) a description of each comparative benchmark/index is available upon request.

Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from PFS or a CFP professional. PFS is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the PFS' current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request or at the [PFS website](#).

Remember: If you are a PFS client, please contact us, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently. **Be sure to advise us** if you have **not** been receiving account statements (at least quarterly) from your account custodian(s).

2022: Stress-Testing Your Planning

Fourth quarter 2022

Think back to December 2019. The economy was in full growth mode. Unemployment, interest rates, and inflation were at historically low levels. But then what happened?

- A mysterious virus would lead to a global pandemic, dropping U.S. S&P 500 stocks nearly 20% in value by the end of March 2020.¹
- Later in 2020, scientists would announce a new vaccine, and markets would rocket.
- FAANG stocks soared in 2020... before giving up a lot of gains last year.²
- Meme stocks shot way up in 2020... and eventually plunged last year.
- Bitcoin and other cryptocurrencies reached record highs... and then crashed.
- Inflation spiked to the highest levels most Americans have ever experienced.³
- U.S. bond markets would collapse, with the worst real returns in over a century.
- U.S. stock markets would post their worst return year since the 2008 crisis during 2022.⁴
- Russia invaded Ukraine, triggering geopolitical turmoil and a humanitarian crisis.

I don't know anyone who predicted all of that. It's the script of a bad movie. But what if a prophet from God told you all this, and you believed them? What would you have done?

Next question: What if your guardian angel then appeared and told you that, despite all that being true, U.S. stock market broadly would average a return of 10% a year over the next three years?⁵ Would you have believed them, and keep investing in your systematically diversified, allocated strategy?

A yearly U.S. equity return of 10% is what happened! That's very close to the stock market's historical average over the past century.⁶ Those staying invested as planned were rewarded.

It's unrealistic to think that anyone can predict the future or that you of all the people in the world can outguess what any market will do over the next three years or even three months. You're better off having faith in an optimistic philosophy and investing approach backed by decades of trusted research that expects publicly traded markets to do a good job capturing the collective human ingenuity at work daily across thousands of publicly traded companies and valuing stocks fairly.

What do I mean by markets doing their job? When news of the pandemic hit, markets quickly adjusted, and stock prices went down. In other words, when uncertainty peaked in March 2020, investors demanded a higher return to invest or to stay invested. Then, when news of a vaccine spread, the market accordingly adjusted its expectations. Short term market swings can be wild. Making a change emotionally without a sound and informed strategy is hazardous to your wealth.

2022: Stress-Testing Your Planning

(continued from page 3)

The past three years tested whether you really had an investment plan that you could stick with in stressful times. So, take a moment to think about why you did what you did, and make sure you are prepared for the next crisis. The next three years could be just as uncertain, and markets just as wild.

First, make sure your investment plan is informed and based on financial science. Second, make sure it's sensible for you and your own unique situation. Even the greatest plan in theory is no good if you can't stick with it through tough times. Plan your investments so that you keep disciplined.

Conclusion

Investors actively trading are not just potentially missing out on the expected return of the market—they're stressed out, always worrying about how the news alert they just received will impact their future financial health, and whether they can or should do anything about it. Informed financial planning instead looks at your entire wealth picture and how best to achieve your shorter and lifetime investing goals for retirement and legacies.

CFP® professionals providing holistic advice bring together the different parts of your financial life to build a roadmap for the future and help you maximize your potential for meeting your financial goals and dreams. We help you stop worrying and guessing about what to do next when the media sensationalizes bad news once again with a plan that gives you confidence about your family's future financial welfare even as an awful crisis terrifies others.

I don't make predictions, but I do believe in the power of human ingenuity to innovate in capitalist societies and fix problems big and small. What has stayed constant over two hundred years is the power of free peoples in different countries and at different times to make progress in the face of unpredictable challenges.

So, let's remember what your planning strategy with us has done over the past three, five, ten, twenty and longer years, in reliably capturing the God-given benefits of human ingenuity so that you can hope to look forward to seeing your goals and dreams potentially realized.

1 S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Decrease of 19.6% was from Jan. 1, 2020–March 31, 2020.

2 Facebook-parent Meta, Amazon, Apple, Netflix, and Google-parent Alphabet.

3 Gwynn Guilford, "U.S. Inflation Hit 7% in December, Fastest Pace Since 1982," Wall Street Journal, January 12, 2022.

4 Akane Otani, "Stocks Log Worst Year Since 2008," Wall Street Journal (December 31, 2022), A1.

5 In US dollars. Russell 3000 Index annual returns December 2019–November 2022.

6 In US dollars. S&P 500 Index annual returns 1926–2021. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

The information in this material is intended for the recipient's background information and use only. It is provided in good faith and without any warranty or representation as to accuracy or completeness. Information and opinions presented in this material have been obtained or derived from sources believed to be reliable and there are reasonable grounds to believe that all factual information herein is true as at the date of this material. It does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. Before acting on any information in this document, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice. It is the responsibility of any persons wishing to make a purchase to inform themselves of and observe all applicable laws and regulations. **Investments involve risks. Diversification neither assures a profit nor guarantees against loss in a declining market. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.**

Returns Looking Back: Over the Past Quarter, Past Year & Past Ten Years

Despite a volatile December, global stocks and bonds generally advanced in the fourth quarter amid expectations for central banks to change course. But the fourth-quarter rebound wasn't enough to offset the year-to-date effects of high inflation, rising interest rates, geopolitical unrest and growth uncertainty. Accordingly, most stock and bond indices posted steep losses for 2022.

- Market optimism reigned in October and November, as inflation's pace eased and expectations for a Fed policy pivot mounted. Nevertheless, the Fed remained steadfast in its rate-hike outlook for 2023, and the market sold off in December.
- Gains in October and November gave the S&P 500 Index a 7.6% return for the fourth quarter. For the year, the S&P 500 lost more than 18%, its worst performance since 2008.
- All sectors of the S&P 500 Index declined in December, but most sectors gained for the quarter. The consumer discretionary sector was the quarter's weakest, declining more than 10%, while the top-performing energy sector rallied 23%.
- Non-U.S. developed markets stocks declined slightly in December, and they rallied in the fourth quarter to sharply outperform U.S. stocks. Emerging markets stocks also outperformed U.S. stocks.
- Annual U.S. headline and core inflation moderated in the quarter. Against this backdrop, the Fed raised rates 75 bps in November and downshifted to a 50 bps rate hike in December. Central banks in Europe and the U.K. also raised rates 50 bps in December as annual inflation eased but still topped 10%.
- U.S. Treasury yields ended the quarter modestly higher, but bonds delivered positive fourth-quarter returns.

Returns (%)


INDEX	3 MO	1 YR	3 YR	5 YR	10 YR
U.S. Large-Cap Equity					
S&P 500	7.56	-18.11	7.65	9.42	12.56
U.S. Small-Cap Equity					
Russell 2000	6.23	-20.44	3.10	4.12	9.01
Intl. Developed Markets Equity					
MSCI World ex USA Index	16.18	-14.29	1.27	1.79	4.58
Emerging Markets Equity					
MSCI Emerging Markets	9.70	-20.09	-2.69	-1.40	1.44
Global Real Estate Equity					
S&P Global REIT	6.88	-24.36	-3.33	0.92	3.88
U.S. Fixed Income					
Bloomberg U.S. Aggregate	1.87	-13.01	-2.71	0.02	1.06
Global Fixed Income					
Bloomberg Global Aggregate Bond	4.55	-16.25	-4.48	-1.65	-0.44
U.S. Cash					
Bloomberg U.S. 1-3 Month Treasury Bill	0.89	1.52	0.70	1.22	0.73

Data as of 12/31/2022. Performance in USD. Periods greater than one year have been annualized.
Past performance is no guarantee of future results. Source: FactSet.

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

Global Market Summary



















Index returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
Q4 2022	STOCKS					BONDS	
	7.18%	16.18%	9.70%	6.88%		1.87%	0.18%
							
Since Jan. 2001							
Average Quarterly Return	2.1%	1.5%	2.5%	2.2%		0.9%	0.9%
Best Quarter	22.0%	25.9%	34.7%	32.3%		4.6%	4.6%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3		2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%		-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4		2022 Q1	2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

Long-Term Market Summary

Index returns as of December 31, 2022

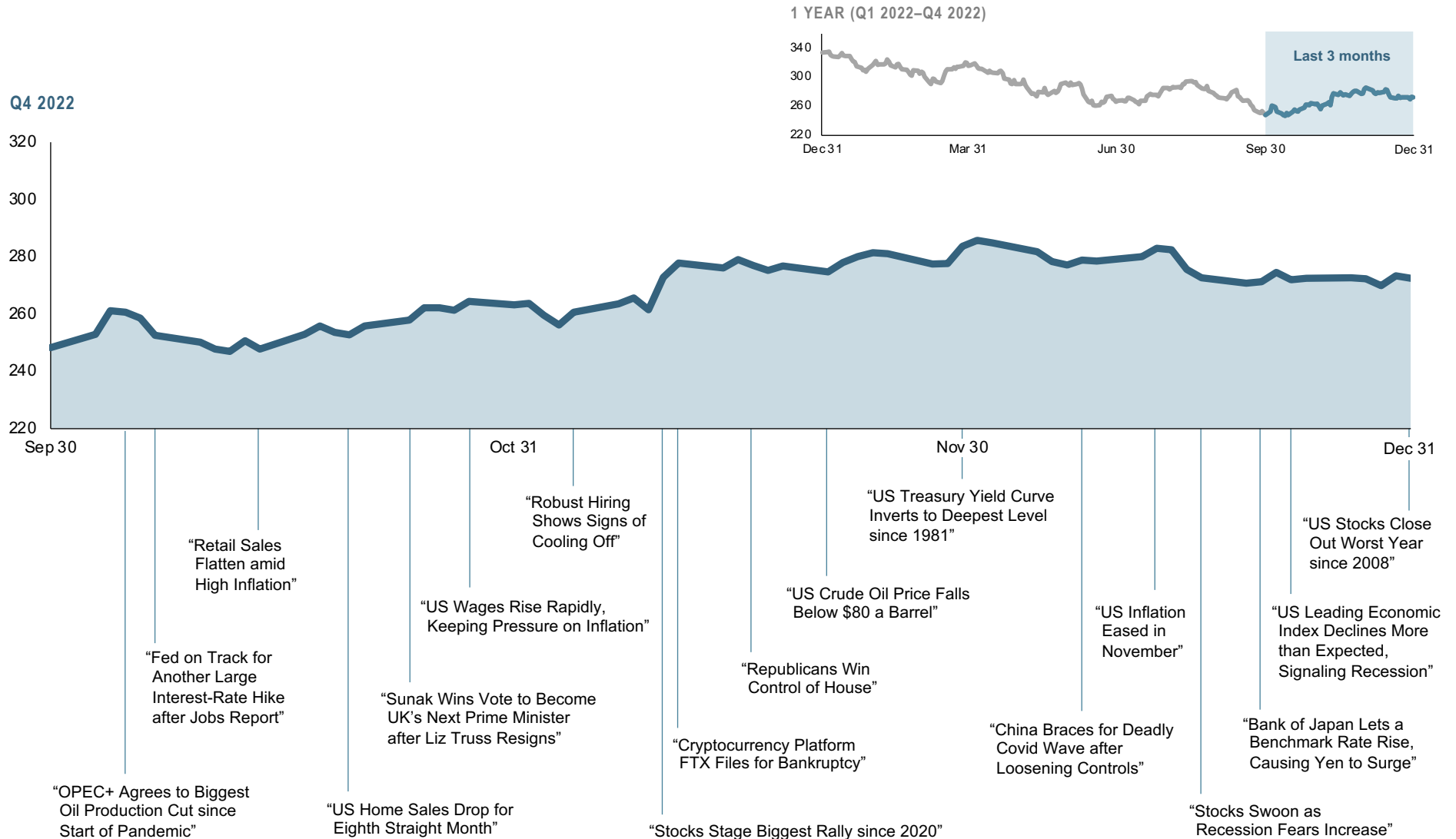
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
1 Year	STOCKS					BONDS	
	-19.21%	-14.29%	-20.09%	-24.36%		-13.01%	-9.76%
							
5 Years							
	8.79%	1.79%	-1.40%	0.92%		0.02%	0.52%
							
10 Years							
	12.13%	4.59%	1.44%	3.88%		1.06%	2.10%
							

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

World Stock Market Performance

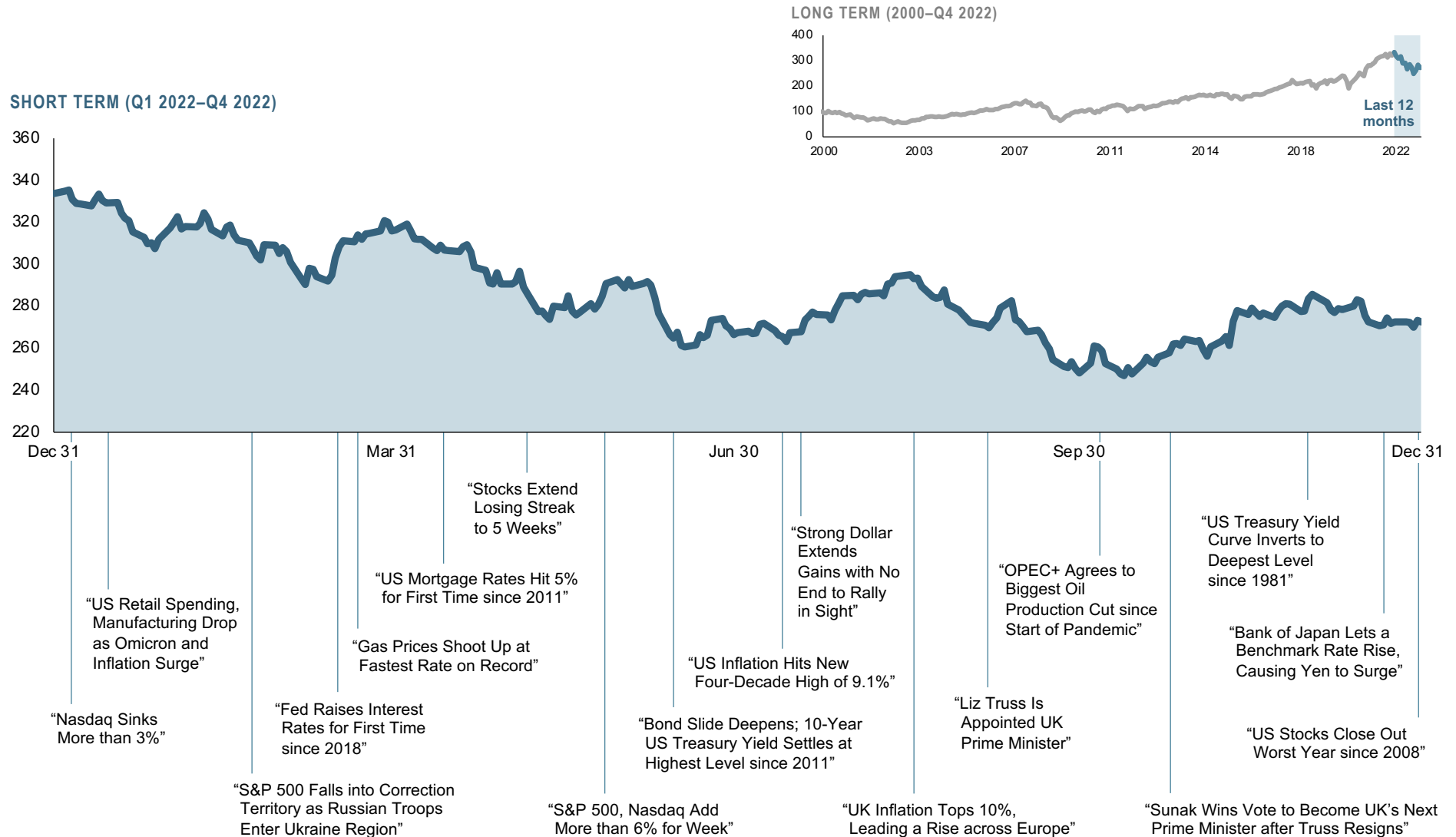
MSCI All Country World Index with selected headlines from Q4 2022



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

US Stocks

Fourth quarter 2022 index returns

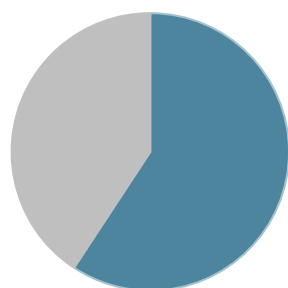
The US equity market posted positive returns for the quarter and underperformed both non-US developed and emerging markets.

Value outperformed growth.

Small caps underperformed large caps.

REIT indices underperformed equity market indices.

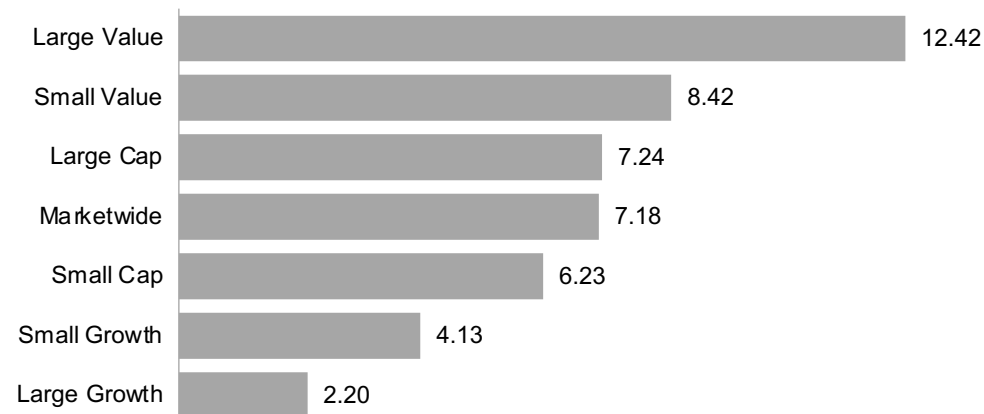
World Market Capitalization—US



59%

US Market
\$37.7 trillion

Ranked Returns (%)



Period Returns (%)

Asset Class	QTR	1 Year	Annualized		
			3 Years	5 Years	10 Years
Large Value	12.4	-7.5	6.0	6.7	10.3
Small Value	8.4	-14.5	4.7	4.1	8.5
Large Cap	7.2	-19.1	7.4	9.1	12.4
Marketwide	7.2	-19.2	7.0	8.8	12.1
Small Cap	6.2	-20.4	3.1	4.1	9.0
Small Growth	4.1	-26.4	0.7	3.5	9.2
Large Growth	2.2	-29.1	7.8	11.0	14.1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved.

International Developed Stocks

Fourth quarter 2022 index returns

Developed markets outside of the US posted positive returns for the quarter and outperformed both US and emerging markets.

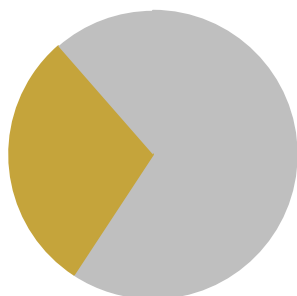
Value outperformed growth.

Small caps underperformed large caps.

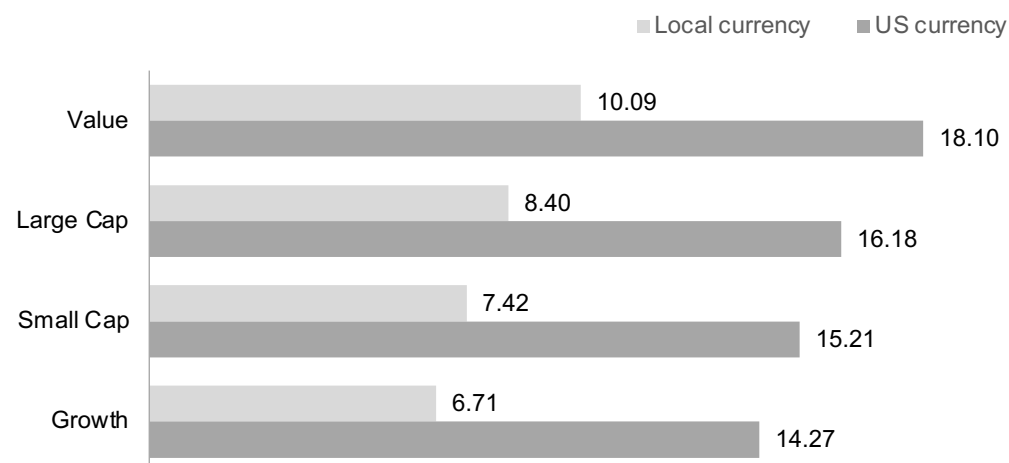
World Market Capitalization—International Developed

29%

International
Developed Market
\$18.6 trillion



Ranked Returns (%)



Period Returns (%)

Asset Class	QTR	1 Year	Annualized		
			3 Years	5 Years	10 Years
Value	18.1	-5.6	1.1	0.6	3.6
Large Cap	16.2	-14.3	1.3	1.8	4.6
Small Cap	15.2	-20.6	-0.2	0.5	5.8
Growth	14.3	-22.7	0.7	2.6	5.4

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Emerging Markets Stocks

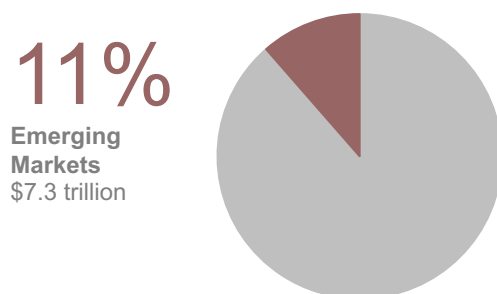
Fourth quarter 2022 index returns

Emerging markets posted positive returns for the quarter and outperformed the US market, but underperformed non-US developed markets.

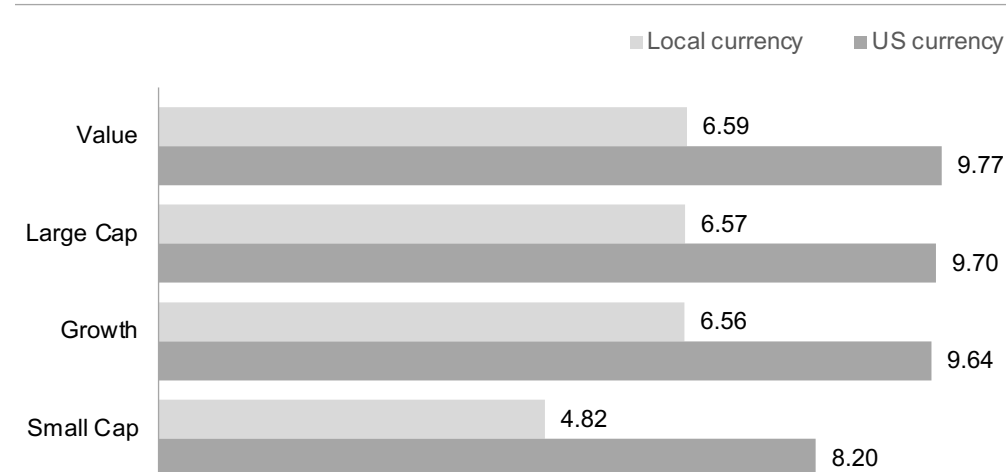
Value outperformed growth.

Small caps underperformed large caps.

World Market Capitalization—Emerging Markets



Ranked Returns (%)



Period Returns (%)

Asset Class	QTR	1 Year	Annualized		
			3 Years	5 Years	10 Years
Value	9.8	-15.8	-2.6	-1.6	0.1
Large Cap	9.7	-20.1	-2.7	-1.4	1.4
Growth	9.6	-24.0	-2.9	-1.3	2.7
Small Cap	8.2	-18.0	5.1	1.1	3.2

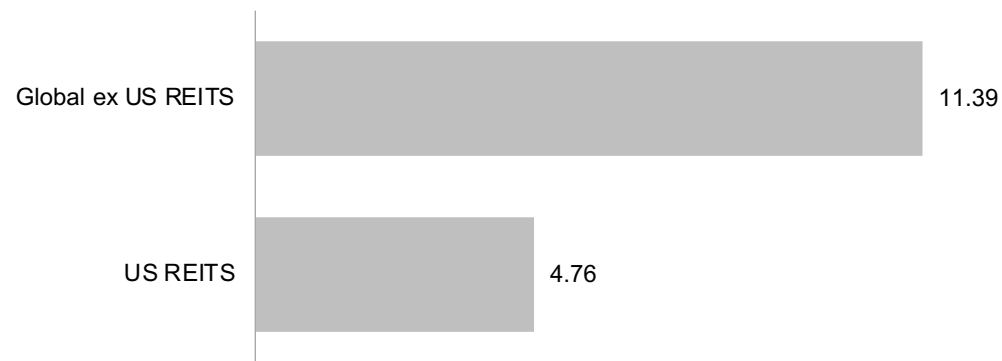
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Real Estate Investment Trusts (REITs)

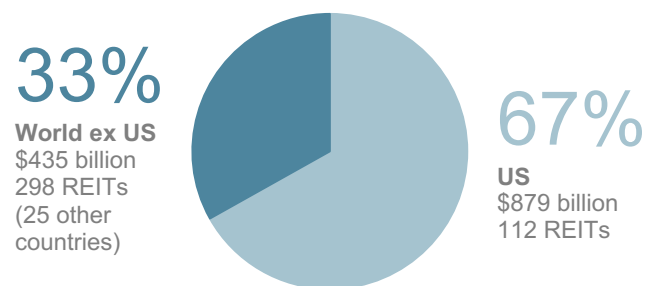
Fourth quarter 2022 index returns

US real estate investment trusts underperformed non-US REITs during the quarter.

Ranked Returns (%)



Total Value of REIT Stocks



Period Returns (%)

Asset Class	QTR	1 Year	Annualized		
			3 Years	5 Years	10 Years
Global ex US REITS	11.4	-22.6	-7.8	-2.1	1.6
US REITS	4.8	-26.0	-1.4	2.5	5.7

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Fixed Income

Fourth quarter 2022 index returns

Interest rates changes were mixed in the US Treasury market for the quarter.

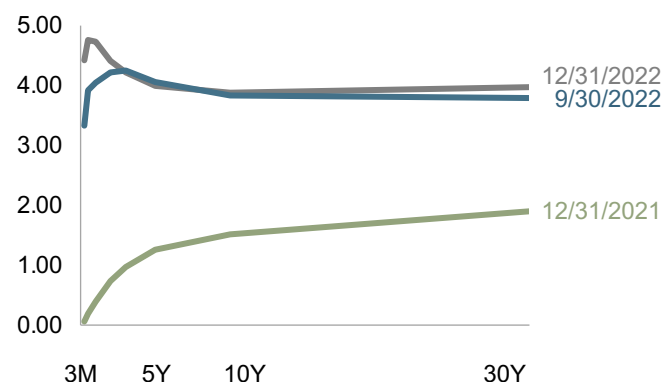
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 133 basis points (bps) to 4.12%, while the 1-Year US Treasury Bill yield increased 68 bps to 4.73%. The yield on the 2-Year US Treasury Note increased 19 bps to 4.41%.

The yield on the 5-Year US Treasury Note decreased 7 bps to 3.99%. The yield on the 10-Year US Treasury Note increased 5 bps to 3.88%. The yield on the 30-Year US Treasury Bond increased 18 bps to 3.97%.

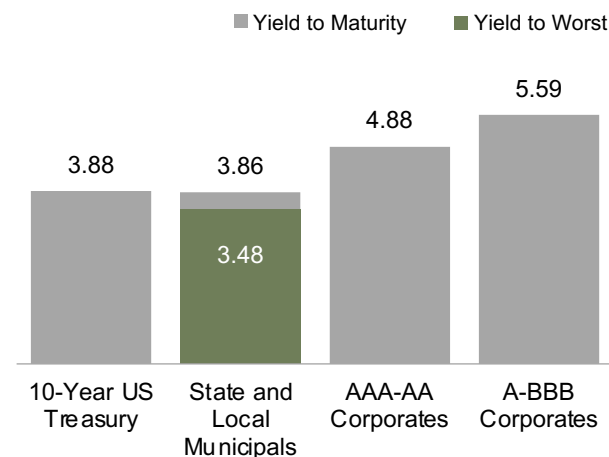
In terms of total returns, short-term US treasury bonds returned +0.94% while intermediate-term US treasury bonds returned +1.02%. Short-term corporate bonds returned +1.95% and intermediate-term corporate bonds returned +2.72%.¹

The total return for short-term municipal bonds was +2.00% and +3.81% for intermediate-term municipal bonds. Within the municipal fixed income market, general obligation performed in line with revenue bonds, returning +4.19% vs. +4.21%, respectively.²

US Treasury Yield Curve (%)



Bond Yield Across Issuers (%)



Period Returns (%)

Asset Class	QTR	1 Year	Annualized		
			3 Years	5 Years	10 Years
Bloomberg U.S. High Yield Corporate Bond Index	4.2	-11.2	0.1	2.3	4.0
Bloomberg Municipal Bond Index	4.1	-8.5	-0.8	1.3	2.1
FTSE World Government Bond Index 1-5 Years	3.8	-8.7	-2.4	-1.2	-1.2
Bloomberg U.S. TIPS Index	2.0	-11.9	1.2	2.1	1.1
Bloomberg U.S. Aggregate Bond Index	1.9	-13.0	-2.7	0.0	1.1
ICE BofA US 3-Month Treasury Bill Index	0.8	1.5	0.7	1.3	0.8
ICE BofA 1-Year US Treasury Note Index	0.8	-1.0	0.2	1.1	0.7
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.6	-4.5	-0.8	0.7	1.0
Bloomberg U.S. Government Bond Index Long	-0.6	-29.2	-7.4	-2.2	0.6

1. Bloomberg US Treasury and US Corporate Bond Indices

2. Bloomberg Municipal Bond Index

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.** Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2023 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2023 ICE Data Indices, LLC. S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

Global Fixed Income

Fourth quarter 2022 yield curves

Interest rate changes were mixed within global developed markets for the quarter. Generally, interest rates increased the most along the ultra-short and longer-term segments.

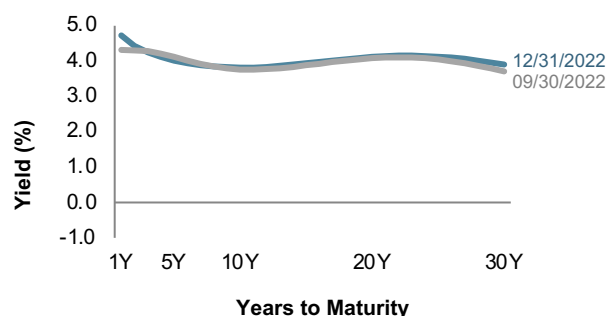
Realized term premiums were mixed within global developed markets. Intermediate-term bonds were generally the best performers and long-term bonds were generally the worst performers.

In Japan, except for ultra-short term interest rates, interest rates were generally positive. In Canada, the short-term maturity segment of the yield curve remained inverted.

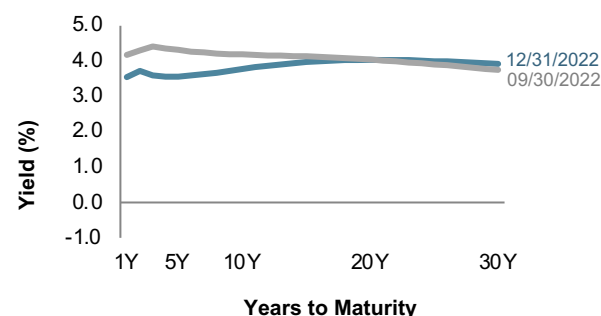
Changes in Yields (bps) since 9/30/2022

	1Y	5Y	10Y	20Y	30Y
US	41.0	-10.2	4.8	3.6	19.4
UK	-63.7	-74.6	-41.2	-0.5	16.1
Germany	63.1	55.9	39.1	35.3	30.3
Japan	13.1	17.9	24.4	27.1	19.2
Canada	46.9	4.0	12.0	13.0	17.1
Australia	4.2	2.3	14.4	23.7	24.1

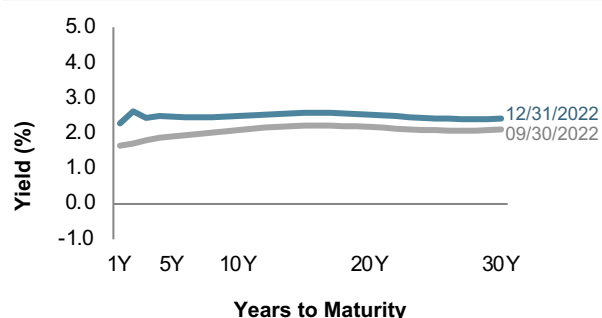
US



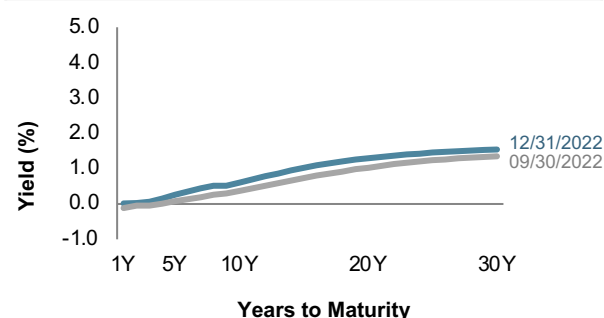
UK



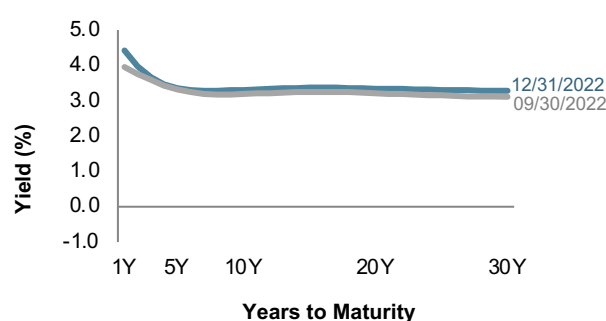
Germany



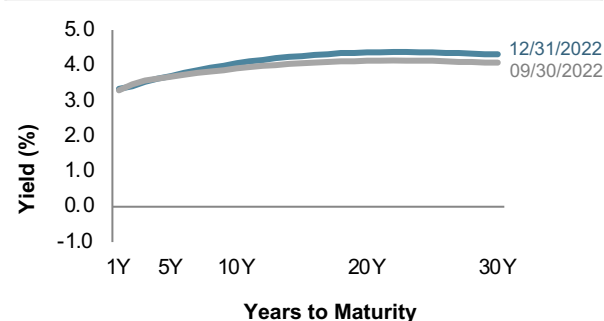
Japan



Canada



Australia



Wealth Planning Stress Test

In these uncertain times, you may know a friend, family member or colleague who may have a difficult situation, or who wonders whether they are getting the right advice, or simply needs sound professional advice but doesn't get it. That's not uncommon. Studies suggest that over 80 percent of "middle-class millionaires" would value a second opinion for planning.*

In order to help those you care about achieve their goals and dreams, we provide a complimentary **Wealth Planning Stress Test** for those people. We're pleased to offer your friends, family and colleagues the same guidance and expertise that you've experienced as a valued client of Professional Financial.

Paul Byron Hill, MBA, MFP, MSFS, ChFC®, RICP®, CFP® is a nationally recognized Wealth Management Certified Professional™ and Certified Financial Planner™ professional, written about in *Fortune*, *Forbes*, *Bloomberg Businessweek*, and *Money*. Paul is the co-author of *Retire Abundantly*. Reuters AdvisePoint recognized Mr. Hill as one of 500 "Top Advisers" in the U.S. and featured him in an interview on their website.

Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first fiduciary planning firms that specializes in retirement and wealth management for affluent and aspiring families. Paul is a personal chief financial officer acting in best interest of clients. He brings together a proven process and a network of specialists for making informed decisions for systematic strategies, secure income, mitigating taxes, protecting assets, and preserving wealth for family and purposeful causes.

Mr. Hill received a BA with distinction from the University of Rochester and later an MBA in finance from its Simon School of Business. He earned an MS in financial services from The American College along with his Chartered Financial Consultant and Retirement Income Certified Professional designations, and then received an MS in financial planning from the College for Financial Planning (now at the University of Phoenix). The College for Financial Planning appointed him as adjunct faculty, and he taught at St. John Fisher College. Who's Who presented Paul with the Albert Nelson Marquis Lifetime Achievement Award, and featured him with others in *The Wall Street Journal* and other publications.

INTRODUCTORY WEALTH PLANNING PROCESS



*Source: Russ Alan Prince and David A. Geraciotti, *Cultivating the Middle-Class Millionaire*, 2005.

Wealth Planning Stress Test

Working with experts who defined the professional wealth management process

Ask ten investors to define wealth management. Rather, ask ten financial advisors you meet to do so. You'll probably get ten different answers, and most replies will focus on investing or only products. As a client of Professional Financial, however, you benefit from a team of CFPs® with a network of experts sharing a distinctive vision of integrative wealth management.

Our professional planning process

At Professional Financial we approach each engagement with a time-tested, collaborative process. We'll have an open conversation so we can learn about your values, goals and dreams. This proven process enables us to expertly tailor an individual plan that works toward your wealth and legacy goals. As a valued client, you'll recognize each of the six steps above. In our **Wealth Planning Second Opinion**, we offer a portion of our consultative service, complimentary, to your friends, family and colleagues.

What to expect from wealth planning second opinion

We will meet with your friends and family in a conversation to explore their concerns and opportunities to see if we can help. If there is a fit and a benefit, we will invite them back for a follow up conversation. We may confirm whether they are on the right track with their existing financial advisors. Or if we are not the right fit, we will suggest another qualified professional firm that may be more appropriate. Either way, they will receive constructive advice and recommendations regarding their planning situation—easily a value of \$5,000 or more.

STRESS TESTING CONVERSATION

Phase 1

Phase 2

Financial
Envisionment
Conversation

Retirement
Stress Testing
Conversation

PURPOSEFUL WEALTH MANAGEMENT

INVESTMENT MANAGEMENT

- Strategic planning
- Goal monitoring
- Performance evaluation
- Risk evaluation
- Portfolio structuring
- Manager due diligence

WEALTH PLANNING

- Wealth enhancement, including tax minimization and liability restructuring

- Asset Protection
- Securitizing Heirs' Lifestyle
- Legacy Planning
- Charitable Impact

RELATIONSHIP CONSULTATIONS

- Regularly scheduled calls, emails, reviews and in-person meetings
- Professional network, including accounting, tax, legal, insurance, actuarial and benefits experts

Let us help those you care about. Contact us today.

Paul Byron Hill, MBA, MFP, MSFS, ChFC®, RICP®
CEO | Certified Financial Planner™
Wealth Management Certified Professional™

Kam-Lin K. Hill, MBA, ChFC®, CFP®
Chartered Global Management Accountant
Accredited Wealth Management Advisor™

Professional Financial Strategies, Inc.

Powder Mill Office Park
1159 Pittsford-Victor Road, Suite 120
P. O. Box 999
Pittsford, NY 14534
(585) 218-9080
planning@ProfessionalFinancial.com
www.ProfessionalFinancial.com



Disclosure: Professional Financial Strategies, Inc. ("Professional Financial") is an independent investment advisor registered with the Securities and Exchange Commission. CFP professionals are fiduciaries with a duty of loyalty and care to act in client best interest and individually licensed by the Certified Financial Planner Board of Standards.

Note Limitations: Neither rankings and/or recognitions by unaffiliated rating services, publications, media, or other organizations, nor the achievement of any professional designation, certification, degree, or license, membership in any professional organization, or any amount of prior experience or success, should be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if Professional Financial is engaged, or continues to be engaged, to provide investment advisory services. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser and are generally limited to participating advisers. Unless expressly indicated to the contrary, the firm did not pay a fee to be included on any such ranking. No ranking or recognition should be construed as a current or past endorsement by any of its clients. **ANY QUESTIONS:** The firm's Chief Compliance Officer remains available to address any questions regarding rankings and/or recognitions, including the criteria used for any reflected ranking.

Moreover, you should not assume that any discussion or information contained herein serves as the receipt of, or as a substitute for, personalized planning or investment advice. Professional Financial is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the firm's current written Disclosure Brochure discussing our advisory services and fees continues to remain available upon request or at the [Professional Financial Strategies website](#).

Please Remember: If you are a Professional Financial client, please contact us, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as done currently. **Be sure to advise us** if you have **not** been receiving account statements (at least quarterly) from account custodian(s).