



STRATEGIC CLIENT NEWSLETTER

FIRST QUARTER 2022

FIRST QUARTER 2022

Market Performance www.bloomberg.com

Dow Jones Industrial Average

This Quarter	-4.52%
Year-to-Date	-4.52%

S&P 500

This Quarter	-5.18%
Year-to-Date	-5.18%

Nasdaq Composite

This Quarter	-9.61%
Year-to-Date	-9.61%

Indices are unmanaged and you cannot invest directly in an index

CONTENTS

Market Overview	pg. 1
Inflation	pg. 2
Estate Planning Strategies	pg. 2
Scams/Phishing	pg. 3
CHB Group News	pg. 4

Inflation, Overvalued Equity Markets and Ukraine War Lead to Market Pullbacks in First Quarter

Inflation has risen dramatically in the first quarter of 2022, and along with the overvalued equity markets – which we’ve been cautious about for the past two years – there were significant pullbacks in both the equity and fixed income markets. We believe the volatility was intensified by the Russian/Ukraine crisis, which remains unresolved.

While the markets are experiencing negative returns, the U.S. economy remains in positive growth territory, though market returns tend to be leading economic indicators which may lead to a mild recessionary environment later this year.

- Gross Domestic Product in 2021 finished the fourth quarter at an adjusted annual rate of 6.9%. The third quarter GDP was revised to also show an increase of 2.3%. (Source: www.bea.gov)
- The National unemployment remains low: 4.2% for November 2021; 3.9% December 2021 as additional jobs were added to the economy. The beginning of 2022 continued with lower unemployment rates of 4.0% for January and 3.8% for February. (Source: www.bls.gov)
- Nonfarm productivity decreased at a rate of -3.9% in the third quarter of 2021 followed by an increase of 6.6% in the fourth quarter of 2021. From the fourth quarter of 2020 to the fourth quarter of 2021, nonfarm productivity increased 1.9%. (Source: www.bls.gov)
- The Consumer Price Index (CPI), which measures changes in the price level (inflation) of consumer goods and services, was at 0.6% in December 2021, remained level in January 2022 at .6% and increased to .8% in February 2022. From February 2021 to February 2022, the unadjusted CPI was 8.0%. (Source: www.bls.gov)
- Personal Income increased in January 2022, at a rate of 0.1%, before rising slightly in February 2022 at a rate of 0.5%. This was followed by a December 2021 increase of 0.4% and an increase in November 2021 of 0.5% (Source: www.bea.gov)

- Corporate profits increased in the fourth quarter of 2022 by \$20.4 billion, following by a third quarter increase of \$96.9 billion. (Source: www.bea.gov)

Inflation Soars in 2022

Core Inflation is a measurement of the rate of price change of goods and services (measure by the Consumer Price Index), minus volatile sectors like food and energy. The Federal Reserve uses core inflation as a measurement of inflation, and one of the Federal Reserve's mandates is to control inflation, which it can do through interest rates.

As the Federal Reserve increases interest rates (which we've seen one increase already this year, with 3-4 additional increases expected in 2022), rates for bank loans and mortgages also increase. This leads to a tightening of credit which slows economic growth. Because of this, companies will need to lower their prices to stay in businesses – this reduces inflation.

We feel we've been fortunate not to see inflation impacting market growth over the past 13 years of economic growth and expansion, however, as we expect inflation to be more prevalent in the next few years, we will continue to monitor it and reach out to clients if we feel any adjustments are necessary.

Core Inflation Rate in the United States

(Feb. 1997 – Feb. 2022)



TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Estate Planning Strategies for 2022

When reviewing your Will and Estate Planning, there are some important notes to take into consideration for 2021:

- The Unified Estate and Gift Tax Exclusion amount has increased to \$12,060,000 for 2022. This will continue to be indexed for inflation until 2026, when the exclusion is scheduled to revert back to inflation-adjusted 2006 exclusion levels (\$5 million).
- The annual gift tax exclusion for gifts made to any individual is \$16,000 in 2022
- Estate, Gift and GST tax rate: 40%

*** RECOGNIZING AND AVOIDING SCAMS ***

Over the past several years, as technology has made our daily lives easier and provided additional convenience, our industry has seen an ever-increasing number of scams and fraudulent attempts to access client funds.

It is EXTREMELY IMPORTANT to notify our office immediately if you suspect any unauthorized attempts to access your account or personal information. Your investment accounts with CHB Investment Group can only be accessed by our staff and we will NEVER execute orders that are made through e-mail, text or voicemail. We will ALWAYS call to confirm any transaction requests that are received, and further confirm client identities as needed.

Some of the most common scams that have recently become more popular are:

1. **Tech Support Scams** – Fraudulent parties will attempt to access your computer through a phone call or a screen pop up on your computer. The scammers will identify themselves as from a reputable company like Microsoft or Apple, and tell you they can fix an error or virus issue. **DO NOT GIVE ANY THIRD PARTY ACCESS TO YOUR COMPUTER.** They will have access to any information you store on your computer, including financial records, e-mails and saved password information.
2. **Family Emergency Scams** – These are calls or e-mails where the scammer disguises the caller ID/email address as a familiar one to you, and attempt to have money sent to them through a dire story of need. They will use known names that can be found on the internet, and ask that the story not be verified by other family members since it's either embarrassing or they are scared. **CONFIRM ANY IDENTITIES BY ASKING SPECIFIC, PERSONAL QUESTIONS THAT WOULDN'T BE EASILY FOUND ONLINE.** Always take the time to verify any stories before giving money away.
3. **IRS Scam** – The scammers will claim they are representatives from the IRS and that you owe back taxes that are owed immediately or they will send the police and send you to jail. They will almost always request to be paid immediately through a wire transfer or gift cards. They will typically even stay on the phone through the entire payment process – including you driving to a store to purchase the gift cards. **DO NOT EVER MAKE PAYMENTS TO ANY PARTY USING GIFT CARDS. THE INTERNAL REVENUE SERVICE WILL NEVER CONTACT YOU BY PHONE.**
4. **Counterfeit Cashier's Checks** – You receive a cashier's check drawn from a reputable bank for an overpayment from a job, sweepstakes fees, online transactions, etc. You are asked to deposit the check, keep some of the funds and wire back the rest of the "overpayment" you received. **ALWAYS BE AWARE OF CHECKS RECEIVED FROM STRANGERS.** If you deposit a counterfeit check, even if it's part of a scam that you're a victim of, you can be charged with a crime.

Scammers are constantly trying new methods and tactics, and there are some signs to be aware of:

1. **They contacted you** – When someone is contacting you, you can't be certain who's on the other end of the call or email. Remember that phone numbers and email addresses can be faked.
2. **They dangle bait – usually money** – People don't typically give away large sums of money easily. If someone is dangling large prizes, shopping sprees or easy loans for free, they're probably lying.
3. **They want your personal information** – Anytime anyone asks for your personal information, you should be alert. Don't give away any of this information away easily, especially to someone you don't know.
4. **You have to pay them first** – If you're being offered a prize, debt relief, personal loans or employment, but there are upfront fees to pay first, you're most likely being scammed.
5. **You have to wire money or send gift cards** – Do not wire money or send gift cards in order to receive a gift, prize or to pay off a debt collector that contacts you.

Always call us first if you suspect or question anything.

CHB Investment Group Recommendations

Recommendations made by CHB Investment Group, LLC may not be suitable for all clients, and we suggest calling our office to review any recommendations that may meet clients' specific financial needs and risk tolerance.

We continue to recommend that clients maintain their long-term investment plan, and proper asset allocation of their investment portfolios. We advise that clients review any changes in risk tolerance with us, so that we can continue investment strategies and retirement planning models that meet the needs of each client.

We will continue to meet to review client portfolios and cash flow models, and will reach out if there are any necessary changes that we recommend making.

CHB Investment Group News

- Please note we have included our updated 2022 client disclosure package with this newsletter for your information.
- Please **DO NOT** click on any suspicious links or give out any personal information to unverified sources. ***Call our office if you're unsure of whether or not you're receiving scam or phishing notices and we will verify the validity of them.***
- The IRS has extended the Federal tax filing deadline to **April 18, 2022**.

For clients who would like to receive non-confidential information regarding general market conditions and CHB Investment Group updates, please send your preferred e-mail address to chris.lindenthal@chbinvestmentgroup.com

Reminder: We do not accept orders over email or through messages left on our voicemail system. We will always require verbal authorization for any transaction or liquidation request.

CHB Investment Group
A Limited Liability Corporation

Christopher H. Brashier
Managing Director
chb@chbinvestmentgroup.com

Debra T. Jones
Registered Associate
debra.jones@chbinvestmentgroup.com

Christopher Lindenthal
Portfolio Administrator
chris.lindenthal@chbinvestmentgroup.com

31 North Main Street
New Hope, PA 18938
Phone: 215-862-6900
Fax: 215-862-5700
Toll Free: 855-862-6900

www.chbinvestmentgroup.com
Investment products and services are offered through Charles Schwab and Co. CHB Investment Group, LLC is a separate entity from Charles Schwab and Co.

Past performance is no guarantee of future results.

Indices are unmanaged and you cannot invest directly in an index.

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

Generally, CDs may not be withdrawn prior to maturity. CDs are FDIC insured up to \$250,000 per depositor per insured depository institution for each account ownership category. CDs may be issued by out of state institutions.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The prices of mid-cap company stocks are generally more volatile than large company stocks. The often involve higher risks because mid-cap companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment. All fixed income investments may be worth less than original cost upon redemption or maturity.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. Diversification does not guarantee profit or protect against loss in declining markets.

This newsletter is designed to provide accurate, authoritative information. CHB Investment Group, LLC is not engaged in rendering legal, accounting or tax advice. If legal, accounting, or tax assistance is required, the services of a competent professional should be sought. The hiring of a professional is an important decision and should not be based on advertising. Ask for written information stating qualifications, experience and Firm association before making a decision.

This report is provided courtesy of your Financial Advisor, Christopher H. Brashier, who can be contacted at 215-862-6900. The opinions expressed in this report are those of the author(s). The material has been prepared or is solely distributed for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

You should be receiving statements at least quarterly from Charles Schwab & Co., LLC. If you are not receiving these statements, or you need another copy of a statement, please call us and we will provide one to you. Clients are encouraged to review the information on the statements, especially the amount of fees deducted, and compare that information with any information provided by CHB Investment Group, LLC. If there are any questions or discrepancies, please contact us as soon as possible