How Inflation and the Current Market Volatility Affect Your Portfolio
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I look for new and innovative ways to help my clients navigate through their financial choices.

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Exceptional client service is about going beyond what the client expects. To be successful, you must always put your clients’ best interest first.

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Agenda

- Welcome & Introduction
- Market Update & Economic Outlook
- Personal Financial Strategies to Consider During Volatile Times
- Live Q&A
Intractable Inflation

- Inflation at a 40-year high pre-war
- 7.9% annual pace in February
- Gasoline, shelter, and food prices were the largest contributors

Source: Labor Department via St. Louis Fed.
Intractable Inflation

Source: Federal Reserve Bank of St. Louis
How are businesses passing on or handling these rising costs?

• Higher prices for inelastic goods/services
• Eating the cost if demand falls by too much
• Shrinkflation or “shadow inflation”
Here Comes the Fed

- Fed expected to raise rates more aggressively
- Balance sheet reduction
- Data dependent
- Stagflation risk

Source: FactSet
Putin vs. Powell...and the West

- Russian forces stalled in Ukraine
- China's balancing act
- Russian economy collapsing
- Export pain further raising prices

Source: WSJ, Capital Economics
History points to short-lived volatility during geopolitical events

<table>
<thead>
<tr>
<th>Event</th>
<th>Start of sell off</th>
<th>Duration of sell off (trading days)</th>
<th>Duration to recover to prior level (trading days)</th>
<th>Size of sell off (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel Arab war / oil embargo</td>
<td>29 Oct 1973</td>
<td>27</td>
<td>1475</td>
<td>-17.1</td>
</tr>
<tr>
<td>Shah of Iran exiled</td>
<td>26 Jan 1979</td>
<td>9</td>
<td>34</td>
<td>-4.6</td>
</tr>
<tr>
<td>Iranian hostage crisis</td>
<td>5 Oct 1979</td>
<td>24</td>
<td>51</td>
<td>-10.2</td>
</tr>
<tr>
<td>Soviet invasion of Afghanistan</td>
<td>17 Dec 1979</td>
<td>12</td>
<td>6</td>
<td>-3.8</td>
</tr>
<tr>
<td>Libya bombing</td>
<td>21 Apr 1986</td>
<td>20</td>
<td>7</td>
<td>-4.9</td>
</tr>
<tr>
<td>First Gulf War</td>
<td>1 Jan 1991</td>
<td>6</td>
<td>8</td>
<td>-5.7</td>
</tr>
<tr>
<td>Kosovo bombing</td>
<td>18 Mar 1999</td>
<td>4</td>
<td>9</td>
<td>-4.1</td>
</tr>
<tr>
<td>9/11 attacks</td>
<td>10 Sep 2001</td>
<td>6</td>
<td>15</td>
<td>-11.6</td>
</tr>
<tr>
<td>Iraq war</td>
<td>21 Mar 2003</td>
<td>7</td>
<td>16</td>
<td>-5.3</td>
</tr>
<tr>
<td>Arab spring (Egypt)</td>
<td>27 Jan 2011</td>
<td>2</td>
<td>3</td>
<td>-1.8</td>
</tr>
<tr>
<td>Ukraine conflict</td>
<td>7 Mar 2014</td>
<td>6</td>
<td>13</td>
<td>-2.0</td>
</tr>
<tr>
<td>Intervention in Syria</td>
<td>18 Sep 2014</td>
<td>21</td>
<td>12</td>
<td>-7.4</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1973-2014</strong></td>
<td><strong>12</strong></td>
<td><strong>137</strong></td>
<td><strong>-6.5</strong></td>
</tr>
</tbody>
</table>

Source: JPM Asset Management, Deutsche Bank, Refinitiv Datastream, Standard & Poor’s
We are staying invested, but defensive
- Inflation sensitive sectors
- Rising rate beneficiaries
- Quality factor focused strategies
- Active managers that are picky with their stock selection
- From a sector standpoint that means:
  - Traditional and green energy producers/suppliers
    - Commodities as inputs to green energy
  - Consumer Staples
  - Materials
  - Industrials
  - Cyber security
  - Tech companies with strong cashflow (avoiding profitless tech)
  - Financials
  - Real estate
  - Metals, agriculture commodities
Portfolio Positioning

• Tilt to value strategies, ESG, services over goods, quality factors (low leverage, high earnings, fortress balance sheets)
• Higher domestic equities exposure, lowered Emerging market and Europe exposure for now
• Bond sectors – short duration/maturities, floating rate, TIPS, Munis for tax
• Recession risks flashing on the horizon, but economy still quite strong
Wealth Planning Opportunities in Volatile Times

- Review your financial plan
- Tax loss harvesting and rebalance portfolio
- Consider a Roth Conversion
- Review estate plans and irrevocable trusts
- Make lifetime gifts
- Review cash flow needs
- Consider strategic leverage
- Review risk management strategies