



JULY 2023 2023 OUTLOOK Q2

EMPOWERING OUR TEAM TO BUILD UP OUR COMMUNITY

By Founder & CEO Scott J. Savage

At SJS, one of our treasured values is Giving Back. When you have a great team (and we do!), it means you have the privilege of not only taking care of your clients, but also the communities where we all live, work, and play.

Time, talent, and treasure are the three ingredients, along with desire, that can drive tremendous change. Many companies choose one cause to support, and that's great! At SJS, we have chosen one cause too: our local communities. **That allows us to focus on a variety of organizations and projects that are near and dear to our team, our families, and our clients.**

One such organization is Metroparks Toledo. Just last month on the east side of downtown Toledo along the shoreline of the Maumee River, we dedicated the 19th park in our diverse and award-winning park system, the Glass City Metropark. This dedication was the first major step in building the **Glass City Riverwalk, a brand new 300-acre contiguous park that will connect five miles of trails and one-of-a-kind amenities on both sides of the Maumee River, connecting the east and**

INSIDE THIS ISSUE

Empowering Our Team To Build Up Our Community	1
Unexpected Good News: Market Performance So Far In 2023	3
Even More Members Of The SJS Family!	4
Looking Forward To Q3 2023	5

west sides of the central city like never before and turning it into the best riverfront park in the country! With the help of my fellow commissioners and neighborhood kids, I had the great privilege of "throwing the switch" on the transformational park in east Toledo (pictured below). In my 20 years of involvement as a volunteer for Metroparks Toledo, I can't recall a more rewarding feeling! **We are looking forward to the positive impact from this project on our local community for years to come.**

SJS also has dozens of clients that are non-profit organizations whose assets we manage. **We advise them on topics of good governance**

and planning, guided by their clear Mission and inspired by their Vision that is grounded in their institutional Value system. In turn, these organizations can thrive and grow and be more effective and deliver bigger impact. We are proud and grateful for the relationships we've formed with these organizations over the years.

The SJS Mission is to empower you to build a better life. That extends to our teammates, clients, and community members. **I have deep gratitude for my teammates at SJS** who created the supportive culture that allows me and my fellow colleagues the opportunity to be part of improving our respective communities.



Glass City Metropark Phase 2 Grand Opening
Photo: Metroparks Toledo

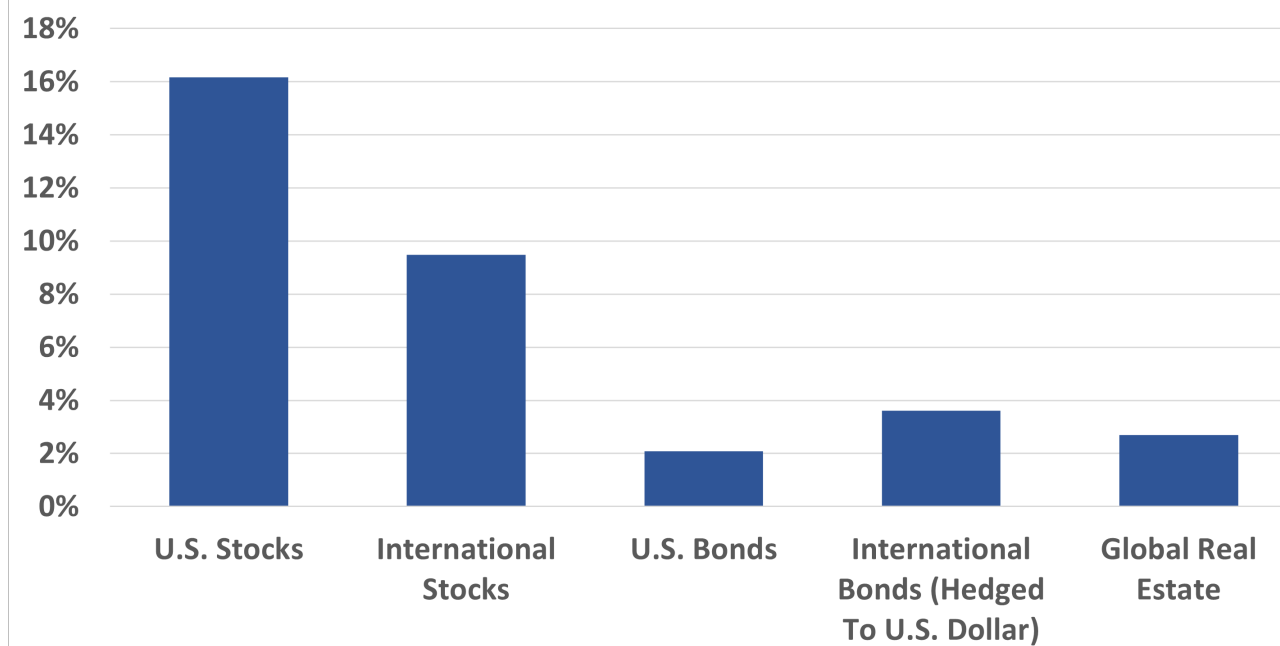
UNEXPECTED GOOD NEWS: MARKET PERFORMANCE SO FAR IN 2023

By Chief Investment Officer Tom Kelly, CFA

If you looked at economic and market forecasts at the beginning of the year, you may have expected a lot of volatility and negative returns in stock and bond markets for 2023. For example, the headline for J.P. Morgan's 2023 Market Outlook is, "Stocks Set to Fall Near-Term as Economic Growth Slows".¹ Additionally, on the first page of UBS' 2023 US Equities Outlook, UBS writes, "With pressure on corporate profits for the next few quarters, equity markets could slip in the near term. However, the outlook should improve later in the year and into 2024."²

Contrary to these headlines, most global stock and bond markets are up to start 2023. While some markets (like U.S. bonds) are modestly positive based on their increased yields, others (such as U.S. stocks) are up significantly more than even we could have reasonably optimistically expected. We have experienced a lot of events to start 2023 (persisting core inflation, U.S. debt ceiling negotiations, the expansion of artificial intelligence, corporate job layoffs, etc.), and it would have been difficult for us to predict this market performance given these events. While it is easy to look back at the headlines from the beginning of 2023 and point toward their inaccuracies, **it's important to recognize how difficult it is to predict what will happen in the short-term for investment markets,** and how much margin for error there should be for any prediction.

2023 Year-To-Date Asset Class Returns: January - June



Source: Morningstar, as of June 30, 2023. The asset classes are represented by the following indices: U.S. Stocks - Russell 3000 Index (measures performance of the 3,000 largest U.S. companies representing roughly 96% of the investable U.S. stock market); International Stocks - MSCI All Country World Ex USA IMI Index (Gross Div.) (measures performance of approximately 99% of the global stock opportunity set outside of the U.S.); U.S. Bonds - Bloomberg U.S. Aggregate Bond Index (tracks performance of the U.S. investment-grade bond market); International Bonds - Bloomberg Global Aggregate Ex-USD Bond Index (Hedged To USD) (measures the performance of international investment grade bonds, with currency exposure hedged to the U.S. dollar); Global Real Estate - S&P Global REIT Index (Gross Div.) (tracks performance of publicly traded equity REITS globally). The index performance figures assume the reinvestment of all income, including dividends and capital gains. See Important Disclosure Information.

When it comes to investment markets, it's easy to look back positively on the past and worry about the future. This is part of human nature, written about extensively through research on biases such as the availability bias (over-emphasizing news that is readily available to us) and negativity bias (focusing on negative aspects of a situation). This makes sense, because most people are more negatively impacted by losses than they are positively impacted by gains.³ **But we're always here to help take the worry away!**

Over the long-term, we expect positive returns from global stock, bond, and alternative markets. Positive returns will not occur every year, but over a long enough time period, we expect these asset classes to continue to have positive returns.⁴ We don't know what will happen for the rest of 2023 or even in the coming years, but we remain optimistic about investment returns over the long-term for the future. **Staying invested and remaining disciplined in your investment allocation is often the best way to avoid psychological pitfalls and achieve your desired outcomes.**

EVEN MORE MEMBERS OF THE SJS FAMILY!

Over the last year, the SJS Family has continued to grow:

- Tom welcomed his third child, Leo, which adds to Kevin's crew of grandchildren.
- Andrew is being kept busy with his growing family, including his daughter Mary as the newest member.

All of the parents and grandparents at SJS are grateful for the joy and light brought by these new arrivals - **and there are more on the way!**



Leo Kevin Kelly, born June 4th, 2023.

LOOKING FORWARD TO Q3 2023

As we enter the third quarter of 2023, we want to highlight a few dates and events to keep in mind:

- **Tuesday, July 25th - Wednesday, July 26th:** Federal Open Market Committee (FOMC) meetings.
- **Monday, September 4th:** U.S. stock and bond markets as well as SJS offices closed in observance of Labor Day.
- **Tuesday, September 19th - Wednesday, September 20th:** FOMC meetings.
- **Throughout:** Wishing you a summer of family and friends, picnics and parades, sunshine and smiles!

ABOUT SJS INVESTMENT SERVICES

SJS Investment Services has been serving as investment advisor and co-fiduciary for families, individuals, business owners, foundations, public entities, retirement plans, and corporations since 1995 through our proprietary process called MarketPlus Investing®.

With more than \$2.1 billion* in assets under management, we bring you major money center investment experience and a team of people whose small-town values put you first, all the time, every time.

*As of 06/30/2023

You come first.
All the time. Every time.™

¹ "2023 Market Outlook: Stocks Set to Fall Near-Term as Economic Growth Slows". J.P. Morgan, 05-Jan-2023, [jpmorgan.com](https://www.jpmorgan.com).

² "US equities 2023 outlook: From inflation to growth". UBS, 16-Dec-2022, [ubs.com](https://www.ubs.com).

³ *Thinking, Fast and Slow*. Daniel Kahneman, 2011, Farrar, Straus and Giroux.

⁴ "Historical Returns on Stocks, Bonds and Bills: 1928-2022". Aswath Damodaran, January 2023, [stern.nyu.edu](https://www.stern.nyu.edu).

There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results. Diversification neither assures a profit nor guarantees against a loss in a declining market.

Statements contained in this report that are not statements of historical fact are intended to be and are forward looking statements. All forward looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected.

Indices are not available for direct investment. Index performance does not reflect the expenses associated with management of an actual portfolio. Index performance is measured in US dollars. The index performance figures assume the reinvestment of all income, including dividends and capital gains.

Advisory services are provided by SJS Investment Services, a registered investment advisor (RIA) with the SEC. Registration does not imply a certain level of skill or training. SJS Investment Services does not provide legal or tax advice. Please consult your legal or tax professionals for specific advice.