

Heading into the Fall, we've continued to experience a bumpy ride in the markets as higher interest rates and inflation have stifled returns. Minimizing the negative noise and anxiety is vital to your financial plan. Why is this? Because your team at Klaas Financial understands that successful investing requires two things: time and consistency.

At the moment it is difficult to feel as if patience and the markets in tandem will reward us for riding out the turbulent weather. Should we be making changes to our financial plan or investment strategy? Why should we be staying the course?

Cannot Control the Markets

Try as we might, we cannot control or predict the stock market. Headlines swing like a pendulum up and down, and our perceptions often make us feel as if we are stuck in a valley. The best plan we can implement is to be well diversified from the start and know that long-term success requires staying calm throughout the ups and downs. Time and history has demonstrated that our portfolio value tends to rise with the benefit of time. When the downswings occur, it feels as if they will never end. We become discouraged that there is no way we can stay the course.

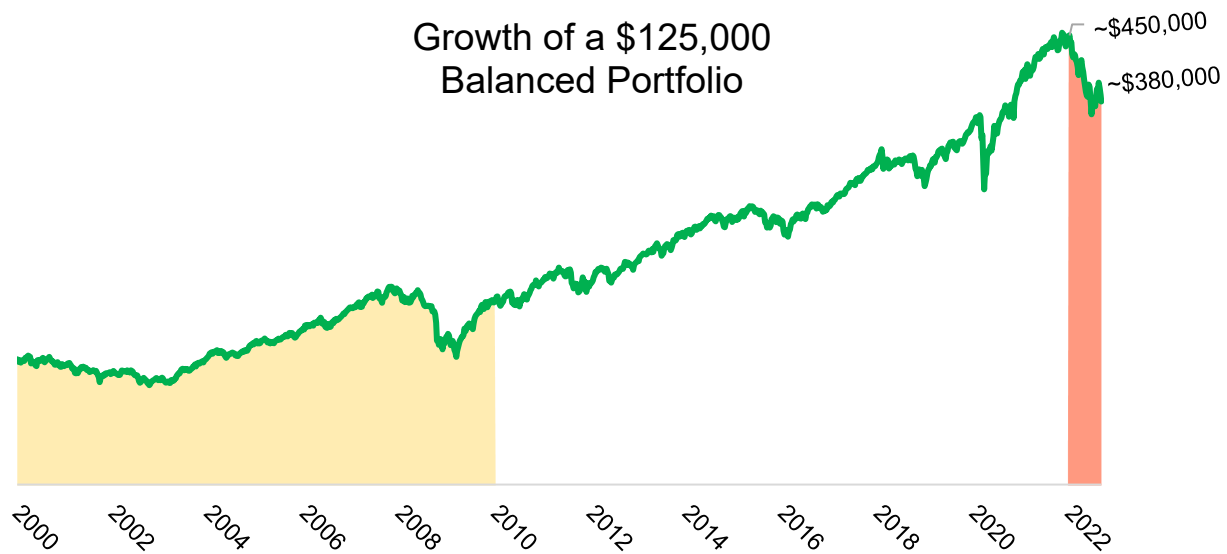
Time in the Market

When you look at your personal investing experience, don't concentrate only on this year or even the brief period of time since opening your account and investing your portfolio. Short time periods are misleading when we see a decline and negative results in the recent past. As we can see in the graph below, a portfolio that grew over time substantially dropped \$70,000 this year. These moments can feel as if we've fallen too far into a valley we cannot return from.

Looking back to 2000, this portfolio would have started with a modest launch of \$125,000. With time and patience, the investment tripled over the course of ~22 years and made it through many down markets along the way.

The power of investing is in the time we dedicate to implement our unique plan and rebalancing along the way. Significant shifts may be necessary when our circumstances or the control levers change in our lives. A drop in stocks or bond bear market in isolation doesn't warrant abandoning the long-term plan you aspire to.

Growth of a \$125,000 Balanced Portfolio



Source: Morningstar Direct | *As of 8/31/2022

Past performance is not indicative of future results. Hypothetical portfolios are for illustrative purposes only and do not represent actual investment performance. The performance and risk data shown above is based on index benchmarks, not specific portfolio holdings. An index is not managed and it is not possible to invest directly in an index. Balanced portfolio constructed with: 60% global equities, represented by the MSCI ACWI IMI Index; 38% Fixed-Income, represented by the Bloomberg Barclay's U.S. Aggregate Bond Index; and 2% Cash, represented by the Bloomberg Barclays US Treasury Bills Index as a proxy for cash. Returns are annualized and include reinvestment of all dividends and interest; but do not reflect management fees or effects of taxes on capital gains or distributions.

Your Financial Plan

Even though we cannot control the ups and downs in the market, we can control major decisions in our own financial plans to design our outcomes. These are aspects that are part of the core foundation of financial planning when you work with our team:

- **Spending:** How much you need or want to spend before and during retirement.
- **Savings:** Building reserves and planning on savings for the future.
- **Timing:** Deciding when the important events in your life occur, whether it's retirement, education, or critical decisions about a family members future.
- **Risk:** The level of market volatility exposure expected in your portfolio.
- **Legacy:** The impact you leave for your family and community.

These planning elements make up our full picture and change over time with new dynamics such as family, children, education, careers, and stage of life. The plan you've developed with our team is unique to you. We'll help reevaluate and recommend course corrections after taking inventory of the full spectrum in your life.

At the valley floor, it is critical that we look up and see the outcomes that our plan has been designed around. Market headline news and the macroeconomy can be perceived as exceedingly important, but time and consistency are the keys that will define our success.

If the conditions or circumstances in your life are changing, your team and adviser will help you navigate so you don't let emotions steer you off course. We are continuously working with others on our team to plan for your best long-term outcomes. With time and our guidance, you can define and arrive at your one best retirement.

Important Disclosures

The opinions, information, data, and analyses presented herein do not constitute investment advice; are provided as of the date written; and are subject to change without notice. Every effort has been made to ensure the accuracy of the information provided, but we do not guarantee the accuracy or completeness of such information. Past performance does not guarantee future returns. The value of investments may go down as well as up and an investor may not get back the amount invested. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Neither diversification nor asset allocation ensure a profit or guarantee against loss. It is important to note that investments in securities involve risks, including as a result of market and general economic conditions, and will not always be profitable. Indexes are unmanaged and not available for direct investment. This commentary may contain certain forward-looking statements. We use words such as “expects”, “anticipates”, “believes”, “estimates”, “forecasts”, and similar expressions to identify forward- looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially as expressed or implied by those projected in the forward-looking statements for any reason.