

Dear Clients,

As we've crossed the halfway point of the year, we find the markets in a very different place than at the beginning. Following new all-time highs in January we have entered a bear market in the S&P 500 index, having reached the technical definition on June 13th (A "bear market" is defined as a drop of at least 20% from peak to trough). We currently face after-effects from the pandemic, a hot labor market, war between Russia & Ukraine, record gas prices, record housing prices, interest rates that have doubled in less than 6 months and a stock market that had doubled in record time coming out of the Covid downturn. Typically the Fed comes to the rescue in a bear market, but in our opinion this time they are part of the cause as they try to tame the highest level of inflation we've seen in 40 years and the fears of a recessions that are looming. While there is a lot to unpack here, our analysts believe that inflation should moderate, the Fed should be able to avoid a Recession in 2022 and risk assets can settle.

Markets hate uncertainty and can respond erratically so we continue to do what we have done over the last 50 years; try to help protect and guide our clients through uncertain times. It is during times of volatility that we typically see the benefits of a diversified allocation, reaffirming the importance of keeping a long-term view and recognizing the value of having a strategy and implementing a plan. When we have a plan in place, we are able to avoid making emotional decisions that can be costly. Bear markets are a strain on investors, but it is important to remember that they are a function, not a fault of the system. "Volatility is not a fine worth avoiding, but a fee worth paying and is the price of admission. The prize inside is superior long-term returns." (The Psychology of Money by Morgan Housel)

There are three things that make UBS unique for our clients: 1) UBS is a Global Wealth Management Firm, 2) we have over 160 years' experience in financial markets, and 3) approximately half of the world's billionaires are counted as clients of UBS (Forbes, 2019). What this means for our clients is that you have access to global resources, research, intellectual capital, human capital and capabilities that range from the simple to complex from one of the oldest firms on the street. It becomes especially apparent how important this accessibility can be during the drawdowns.

The Cole Group has been dedicated to helping clients realize their financial goals for over 50 years. Howard started in the business straight from his military service and his focus ever since has been first and foremost- the client. This was the very foundation upon which The Cole Group was formed when Rena joined the industry 30 years ago. As a pioneering father-daughter team we are able to offer a multi-generational approach to our clients, with Rena also focusing on working with successful women in the workplace. (As a female financial advisor in a male-dominated industry, this is a segment she is extremely passionate about working with and empowering). Steven joined the team five years ago and adds an important breadth to the Cole Group. As Rena's son and Howard's grandson, the world of finance was not foreign to Steven. In addition to helping grow our business, he plays a critical role during our financial planning process and is currently pursuing the advanced CERTIFIED FINANCIAL PLANNERTM certification. Most importantly, he has been able to help our team continue to offer the multi-generational service that is integral to our culture.

We are a family just like yours. We are a family business serving families. As always but especially during these uncertain times, we want to thank you again for the trust you place in our team and in UBS.

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We want to remind you that the three of us, along with Karina, are vigilantly monitoring your portfolios and are always available. Please let us know if you'd like to schedule a time to speak in detail.

Be well and stay healthy,

Howard, Rena, Steven and Karina

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