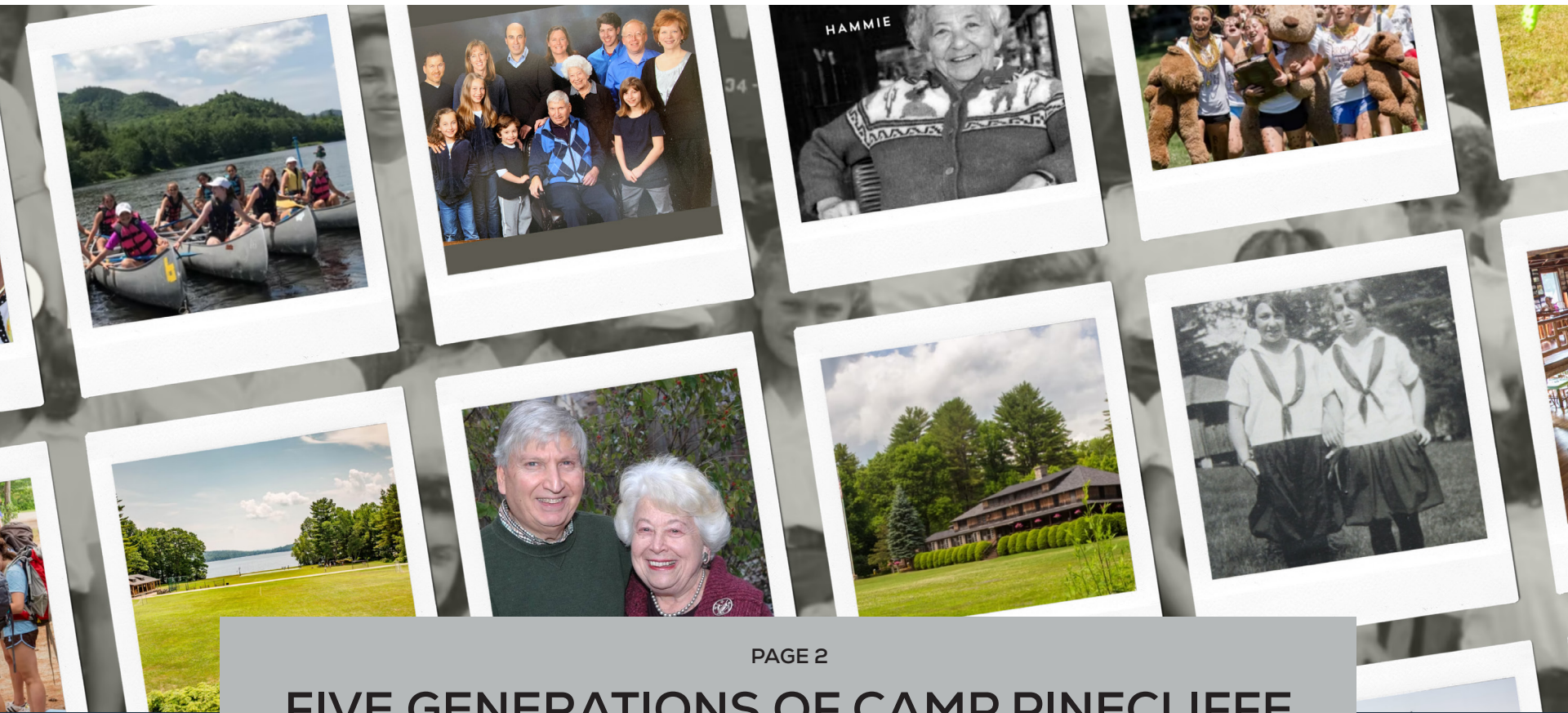


SUMMER 2022

HARVEST

a journal on true wealth building and sharing



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FIVE GENERATIONS OF CAMP PINECLIFFE

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OUR COMPANY

The Joseph Group has a simple but powerful mission: *helping create great lives...one story at a time.* We do this by understanding and encouraging our clients' cherished dreams and then develop tailored financial plans and portfolios that help each client live a life of greatness.



▲ The Joseph Group team, from left to right:

Michelle O'Brien; Matt Kruckenberg, QKA®; Alex Durbin, CFA; Lori Fiske; Jeff Tudor, CRPS®; Kimberly Kline, CRPS®; Jake Martin, CFP®; Mark Palmer, JD; Todd Walter, CFP®, CPA; Scott Mizer, QKA®; R. Travis Upton, CFA, FRM, CAIA; Matt Palmer; Jodi Picetti; Angie Eversole; Theresa LeChard; Chris McConaughy, CFP®, ChFC; Hunter Shepherd; Nick Boyden, Dave Suchland, CRPC

Dear Clients and Friends:

I (Mark) recently tuned in to a webinar by Joseph Coughlin PhD, Director of MIT's Age Lab, a multidisciplinary research program created to understand the behavior of the 50+ population.

Coughlin shared how society is undergoing a Great Reframing. Framing, in the simplest sense, is the psychological lens by which we look at the world. It includes conscious and unconscious beliefs and biases that affect our view of how the world works, and what we believe to be important. The Great Recession of 2007-09 demonstrated the fragility of our financial life. For the 15 years that followed, nearly every deviation from what was considered normal was explained by the phrase, "well, since the Great Recession..."

The pandemic is different. Forget fears of financial security, the pandemic threatened our very life. The pandemic's legacy is a new framing calculus that reinforces the belief that life, and many things in life, are uncertain.

People have come to realize that it is important to enjoy life now, today. Working from home, even working from far away, now works. The rules and routines of work before the pandemic are, in fact, socially constructed ideas from a past era, arbitrary, and entirely malleable.

The pandemic did not introduce change. Instead, it brought once latent values and beliefs people held to the forefront, reshaping today's and tomorrow's preferences and behaviors. Fifteen months of suspended normalcy demonstrates that work – and life – can be different.

Although our most important relationship

is not with our employer but with our spouse or partner, many are rethinking those relationships. An online legal contract provider reported a 34% increase in downloads of basic divorce agreements. Perhaps most striking (if not disturbing) was that 20% of the sales of those divorce contracts were to newlyweds.

If work and relationships are in flux, how we think about retirement cannot remain the same. Many financial advisors are changing their conversations with clients from a singular focus on financial security to a much broader discussion of how to live well in retirement. As one advisor put it, "our business is now as much about helping clients prepare for their quality of life as it is about paying for it." Those of you who are clients of The Joseph Group know that this more holistic approach is something we have embraced since the founding of our company. Our focus is and always has been helping our clients "live great lives."

It is tempting to believe that as the pandemic recedes from memory, many of life's activities will appear to drift back to their pre-pandemic rhythms. Not so. The pandemic, with far more impact than the Great Recession, has created a new psychosocial equilibrium – a renewed and heightened vigilance and priority to



determine what is truly important and to make choices accordingly. Our view of life has been reframed!

In this issue of Harvest Magazine, we share the great life story of the Lifter Family who for five generations have owned and operated one of the nation's most respected summer camps for girls.

We also have some highlights from our long-awaited return to live events and we spotlight Kindway, a non-profit we love to support. We have the pleasure of introducing you to two new team members, and we celebrate our latest Joseph Palmer Award winners.

And as always, in the pages that follow we offer our regular columns – **MARKETalk**, **Savvy CFP** and a book suggestion we hope you'll find inspiring.

Please let us know if there is anything we can do to help you with your great life.

In joy and hope,

Mark, Matt, Travis, Scott, and Todd



THE LIFTER FAMILY & CAMP PINECLIFFE

FIVE GENERATIONS AND STILL GOING STRONG!

Editor's Note: For five generations the Lifter family has owned and operated Camp Pinecliffe, one of the nation's most respected summer camps for girls. Since its beginning in 1917, the camp has nurtured the personal development of girls from all walks of life based on tradition, teamwork and family, while also helping them build lifelong friendships.

The Lifters have been long time clients and friends. While Jim and Sue have passed on, their legacy of love for the thousands of campers they served over many decades continues now through their adult children who continue to own and operate the camp. Enjoy learning more about this remarkable family and the camp their family has owned for over 100 years.

The Camp's Early Years

The camp was founded by Sue Lifter's aunts, Esther and Mildred Hamburger. Mildred was a social worker and teacher while Esther was a registered nurse.

In 1917 they moved from Syracuse, New York to New York City with a dream of helping young girls get out of the crowded city for the summer. This was a time when polio had no cure and doctors were encouraging families to send their children out to the country. Their first camp was just above Augusta, Maine and was named Camp Sunnycrest. That first year there were 60 girls and 20 counselors. A year later Esther and Mildred bought a fox farm in the



Miss Esther & Miss Mildred, third and fourth from left

small village of Harrison, Maine and named it Camp Pinecliffe. With their educational backgrounds they were able to find staff at some of the best colleges in the country; in most cases these were young women who either taught physical education or were physical education majors. It was the beginning of a new era focused on educating young girls to learn how to live closely with nature and, at the same time, providing encouragement to build physical strength and a solid understanding of how to live and get along with



Helen Hammie Rosenthal, left, 1924

others. One of those young campers during Camp Pinceliffe's first summer was Mildred's and Esther's niece, Helen Hamburger Rosenthal (Sue Lifter's mother). And in a generations-altering coincidence, also present was another young camper, Marjorie Sollfrey, (Jim Lifter's mother!). Together, with their cousins, family friends and new friends – all numbering about 90 girls – they spent their summer hiking, canoeing, climbing mountains, playing tennis, swimming, and engaging in arts and crafts, drama, music and dance.

Helen "Hammie" Rosenthal

In 1938 Esther had an illness that kept her from working at the camp. Helen "Hammie" Rosenthal (her camp friends gave her the

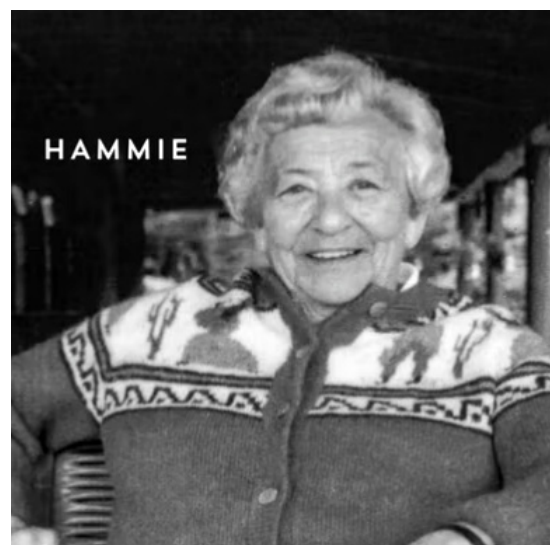
nickname of "Hammie" as a child and it stayed with her throughout her life), now a young woman, returned to help run the camp. These years were not easy ones as the Great Depression was still affecting the financial ability of parents to send their children to camp. By 1940 there were only 48 campers and 18 counselors and one of them was Helen's daughter, Sue Rosenthal – who eventually would marry Jim Lifter. But Helen was now taking over ownership of the camp and in the next decade, under her leadership, this small camp's national reputation and influence grew significantly.

In 1942, Helen helped the war effort by having the campers do many jobs formerly done by men. The girls helped local farmers grow and pick vegetables used by the camp kitchen. One of Helen's friends came to help run the kitchen and she collected sugar, butter and meat ration coupons from the campers so that healthy meals could continue to be served.

Everyone brought their own bicycles to camp (as trucks were no longer available) and the stronger girls took turns climbing to the top of Mount Pleasant in the evenings to stand guard at the fire station located there, a job up to that time done only by men.



Sue Rosenthal



Hammie Rosenthal

Helen also established a more rigorous educational program that further increased the high standards of teaching young girls the disciplines and self confidence that could help them accomplish



Camp traditions continue

whatever they chose to do. Her philosophy is used by many camps today - that children can and should push themselves to do their personal best without the stress of trying to outdo others. Helen's views garnered tremendous support among parents and by 1950 there were 150 girls and 40 staff. The camp was gaining a national reputation and was regarded highly by top colleges as a serious learning

community where student teachers could staff the camp during the summer to get the experience they needed for going on to teaching positions at the grade school, high school and university levels.



Bunk life at Camp Pinecliffe



Jim & Sue Lifter

Sue Rosenthal Lifter & the Next Generation

Helen's daughter Sue and her eventual husband Jim met as teenagers attending the same dance class in New York City. They became high school sweethearts and upon graduation Sue headed to Hobart College while Jim went off to City College (leaving prior to graduating to help financially support his mother and younger sister). Jim then entered the Marines, ultimately working guard duty at the Los Alamos Nuclear Testing facility in New Mexico. But their love persevered, and they were married in 1954. Jim entered the rapidly growing New York City



Patty as a young camper



Blue Team campers

retail clothing industry while Sue returned to Camp Pinecliffe to help her mother, becoming Assistant Program Director in 1959. Hammie and Sue's desks were directly across from one another and together, known as the Hammie and Sue Show, they continued the rapid growth that Helen had initiated during the previous two decades (by then Helen was nationally known and listed in *Who's Who in American Business*. And, like Sue's father, Jim chose not to work in the family business but to support his wife's passion for it 100%).

Jim and Sue had three children: Patty, Jim Jr. and Les. Patty was a camper at Camp Pinecliffe in the late 1960's and early 1970's and both she and Les served as camp counselors at Pinecliffe. But it was Patty, just like her mother and grandmother, that developed a passion for continuing the legacy they had built. In the 1980's she began working at the camp and by the 1990's, soon after Hammie's death in 1991, Patty was co-directing the camp with her mom and sitting across from her at her grandmother's desk.

Les served as a counselor throughout the 1980s while attending Emory University. In 1989 Sue asked Les to fill a last-minute role at camp. As Les was already planning to attend NYU for graduate school in the fall, he happily quit his job early to join the family business once again. Not only did Les come to

camp, but he convinced his college girlfriend, Marcy (whose sister attended Pinecliffe in the 1980s) to join as a counselor. A few years later, when Marcy finished graduate school at Columbia University with degrees in psychology and counseling, she worked for Camp America, a firm placing international staff with summer camps across America as counselors. One of Marcy's biggest clients was her future mother-in-law, Sue Lifter, and Camp Pinecliffe.

In short order, Sue brought Marcy on board to



The lodge at Camp Pinecliffe

oversee staffing and all these years later, she's still actively assisting Patty in the management of the camp. Like Helen and Sue's husbands before them, Patty's husband, Mark, and Marcy's husband, Les, visit the camp during the summer months.

And now a fifth generation of Lifters have attended the camp and served as counselors. Jim Jr. has two children: Jeremy, now 25, a lawyer in Cincinnati, and Amanda, 22, a recent graduate of Miami of Ohio who is interviewing for marketing jobs. Les and Marcy have two daughters: Hannah, 23, a graduate of Bucknell University and now a marketing coordinator with a strategic branding agency in Philadelphia, and Sabrina, 18, who will enter Tulane University this fall. Patty and Mark's son Jack, 15, is a freshman in high school. All have been involved with the camp in various ways, continuing a legacy that has lasted for over 100 years.

Sue & Jim's Legacy

When asked about Sue and Jim's impact, Les offered

the following:

1. **Family First** - whether it was their own family or the family of campers they loved and served over the generations, Jim and Sue taught that we all are here to support and help each other and that through caring and listening we help build healthy families.
2. **Treat campers like family but run the camp as a business.** Helen, Sue and now Patty have ensured that Camp Pinecliffe maintains its deep traditions and values. But they also know that to continue to operate into the future, the camp must be run as a profitable business. Each of these women have been gifted with outstanding business acumen and the camp continues to thrive - helping maintain a bright future.
3. **Core Values** - for 100 years the camp's core values of truth, fortitude, love and respect for nature have been the four cornerstones upon which the camp's foundation rests.

Having known this family for many years, I can say with great sincerity that these same values are central to the family itself.

We are so grateful for the opportunity to have worked with Jim and Sue so closely for many years and to now continue serving the family's next generation.

And for the significant contributions the family has made to generations of girls, we share our thanks along with continued prayers and best wishes for the generations that will follow. ▲



The Lifter Family

GREAT LIVES... ONE STORY AT A TIME.

MORE STORIES TO INSPIRE

Here at The Joseph Group, our mission is "Helping create great lives... one story at a time." Some define a great life by time spent with family – children and grandchildren. Some are motivated to serve others, to support – or sometimes start – charitable organizations. Others want to have experiences – travel to new places or try new things.

However they define it, we love helping clients and friends build the great retirement they deserve and we love capturing and sharing their stories. Watch for our client stories in our WealthNotes newsletter and on our social media feeds. All of our stories can be found at JosephGroup.com/stories. And let us know if you're ever interested in sharing your story!



BUSINESS LEADER: JOHN LOWE

After a long two years, we are happy to return to a regular schedule of live events in 2022, including a Business Leaders event in May.

A great group of business owners and leaders joined us at The Fives to listen to John Lowe, CEO of Jeni's Splendid Ice Creams, the Columbus-based artisan ice cream company that has grown from four local shops to 65 branded 'scoop shops' and retail distributors nationally.

John talked about the habits that have helped make him a better leader throughout his career. He also talked about some of the past challenges faced by Jeni's, and how he and their team approached the decision-making process to navigate each of the challenges. Guests also enjoyed some Jeni's Ice Cream!

Watch for email invitations or visit josephgroup.com/events for details and to register for upcoming events. We hope to see you soon!



Top: Guests enjoy The Fives terrace

Bottom: TJG's Matt Palmer and John Lowe

2022 SUMMER WEALTH SUMMIT

The Joseph Group was excited to welcome clients and friends to the 2022 Summer Wealth Summit in late June. Colonel William J. Butler, U.S. Army (Retired), Chief of Staff of the National Veterans Memorial Museum spoke with Joseph Group Partner and Co-founder Matt Palmer, discussing the military disciplines he has learned throughout his storied career than can help everyone live a great life. Col. Butler also shared his thoughts on many of the military and geopolitical situations currently happening around the world, then took questions from guests.

The National Veterans Memorial Museum provided an inspirational backdrop to Col. Butler's talk, and guests were able to tour the museum before the evening ended. The memorable evening inspired us all to lead great lives.

Thank you to all of our guests for making this a wonderful event!



Top Left: Veterans Portrait Project in the Museum's Grand Hall; Bottom Left: Joseph Group clients Greg Hutt (Left) and Bruce Lackey (Right); Right: Colonel William J. Butler, U.S. Army (Retired)

Mark Palmer: Purpose in Service

The Joseph Group Partner and Co-Founder Mark Palmer has had a successful career as an attorney and wealth advisor, but many are not aware of his passion and talent for serving and leading non-profit and government boards.

As an Ohio Northern University (“ONU”) undergraduate, Mark served as president of the student government which placed him on the university’s Board of Trustees as its sole student representative. That introduced Mark to board service.

Ten years after Mark graduated from ONU he rejoined the Board for two years when elected president of the university’s alumni association. Upon completion of those two years Mark joined the ONU board as a “regular” Board Member and served in that role for 30 consecutive years until stepping off the board last Fall. During those years Mark chaired several board committees, including the board’s investment committee overseeing the university’s endowment. Mark’s service on his alma mater’s board totaled 33 years

In 1995, Mark was asked to visit Wesley Glen, a United Methodist Church affiliated senior residential/healthcare campus on North High Street in Clintonville. Mark met with a board member and the then Wesley Glen CEO. He learned that a sister campus was to be developed in Reynoldsburg. The more he learned, the more he was drawn into the mission of Wesley Glen and the new campus to be. He was placed on the initial board of what would become the Wesley Ridge campus. “Taking a project like this from undeveloped land to multiple phases of construction and then to the operation of a senior community provided wonderful opportunities for learning and serving.” Twenty years later Pat and Joe Palmer (Mark and Matt’s parents) moved to Wesley Ridge and spent their last years as Wesley Ridge residents.

In 2015, the Wesley Woods campus in New Albany was developed and its doors opened to serve that community’s seniors. At about the same time Mark was elected Chair of the Board of Trustees of The Wesley Communities (Wesley Glen, Wesley

Ridge and Wesley Woods). Having been exposed to different board leadership styles over the years, he developed his own board leadership style.

He served in that board leadership role until recently when The Wesley Communities entered into an affiliation arrangement with Life Enhancing Communities (LEC) a United Methodist Church affiliated senior residential and healthcare organization based in Cincinnati. Mark now serves as a member of the LEC Board of Trustees.

Finally, Mark’s board service also takes place in the public sector.

In 2011 he was appointed by then Governor John Kasich to a term on the Board of Directors of the Ohio Bureau of Workers’ Compensation. Subsequently he was reappointed by Governor Kasich in 2013 and 2016, and was then reappointed to the board by Governor DeWine in 2019. Recently Mark was appointed to a new three-year term on the BWC Board by Governor DeWine. Mark serves the Board as an expert in securities and investments, overseeing the management of the BWC’s \$20+ billion portfolio, and also serves as Vice Chair of the Board.

Whether Mark’s board service has been for the benefit of college students (Ohio Northern), senior citizens (the Wesley Communities) or Ohio’s injured workers (the BWC), Mark has found meaning and purpose in that service.

Thank you Mark for the inspiring example you give all of your teammates!



WELCOME ANDREW AND JACOB!

We are pleased to share **Andrew Burkey** has joined the firm as Investment Operations Associate. Andrew is a member of the Investment Team and oversees all the execution and implementation of the Investment Team's discussions and decisions. He is responsible for making sure all accounts are being invested properly and functioning with the best possible outcome for our clients.

Partner, CEO and Chief Investment Officer Travis Upton said, "We thought this might be a tough position to fill - it takes a really special mix of knowledge and skills, but as soon as we talked to

Andrew, we knew we had our guy. He has such a passion for the market and investment strategies, he's a great addition to our team."

Andrew grew up in Westerville and attended Ohio Dominican University, where he graduated with a bachelor's degree in Business Administration and an MBA in Finance. He worked at Cardinal Health for five years and held several positions as a data analyst. Andrew was self-employed for two years while operating an options trading research company, where he analyzed institutional options trades and provided context for individual traders.

Andrew lives in Westerville with his dog, a pit bull mix named Odin. In his free time, he likes spending time outside - camping, fishing, hiking, and kayaking. He also enjoys traditional country music, trying new beer/whiskey, and traveling.



We are also happy to announce **Jacob Kipi, CPA** has joined our firm as a Wealth Advisory Associate, supporting a team of advisors in planning, preparing, and executing financial plans for clients. Jacob continues to develop his knowledge in the financial planning industry in order to provide the highest quality service to as many people as possible.

In commenting on Jacob's hiring, Partner and Chief Wealth Planning Officer Todd Walter commented, "Jacob has such a commitment to helping people reach their financial goals, and has amazing integrity. He is going to be such an asset to our advisor team and we know our clients will love him."

Jacob received a Bachelor of Science in Business Administration with a specialty in Finance from The Ohio State University. He also is a Certified Public Accountant (CPA) in the state of Ohio. Jacob has always helped friends and family with their financial questions and wants to continue to help as many people as possible in reaching their financial goals and best life.

Jacob lives in Galloway with his wife Karla and Goldendoodle Bruno. In his free time, he likes to exercise, spend time with friends and family, go on adventures with his wife, and walk Bruno. He also loves to travel with his wife with the goal of going to as many different countries as possible.





JOSEPH PALMER VALUES AWARD WINNERS

Named after the father of the company's founders, the Joseph Palmer Values Award is given each quarter to a team member who has demonstrated a high commitment to living out our company values of integrity, teamwork, humility, excellence, and enthusiasm. Winners are nominated by teammates and are celebrated at our quarterly team meetings. Join us in celebrating our latest award winners; congratulations to each of them!

THERESA LECHARD - Q3 2021

Wealth Advisory Associate Theresa LeChard – known around the office as TLC, was our award winner for the third quarter of 2021. Theresa joined The Joseph Group in early 2021 and made an immediate impact. As one nominator said, “TLC! Her amazing spirit lifts up our office about 5 notches and in front of clients – her confidence, personable demeanor, optimism and KNOWLEDGE is impressive!!!!” One of our advisors said, “I have had the chance to interact with Theresa on a few projects and know she is in great collaboration with the Service Team quite often on client projects. What a textbook example of TEAMWORK! Also, do I need to say anything whatsoever on ENTHUSIASM? She brings her welcoming personality every day to the office.” Another teammate noted, “TLC has been showing incredible initiative and Enthusiasm (one of our core values) for the work she's engaged with so far. She's completely jumped in and started to make things better.



KIMBERLY KLINE, CRPS - Q4 2021

As part of our Retirement Plan Services (RPS) team, fourth quarter winner Kim Kline expects a busy year-end, but with the team suddenly short-staffed, busy took on a new meaning! Talking about Kim, her RPS teammate said, “Kim took OUTSTANDING care of our clients, visiting client locations, enrolling newly eligible employees at multiple locations, and handling employee education and training for multiple clients.” From another TJG-er, “She seems to just know how to problem solve and cut through nonsense quickly to pinpoint solutions... Kim gets ahead of issues – so proactive and well rounded!” And from another, “She's so organized and really able to keep her cool – she rarely gets ruffled. She did it all – going out to multiple plan locations, taking all the phone calls, rescheduling things as needed – she juggled it all and made it work. All while providing the same level of care to plan participants that she would at any other time.” Great work Kim!



LORI FISKE - Q1 2022

Most Joseph Group clients and friends know Client Concierge Lori Fiske. Lori has a consistently sunny attitude, is indispensable to the office and was our award winner for the first quarter of 2022. In nominating Lori, one of her teammates wrote, “Lori is excellent! Everything she does is done with such care, thoughtfulness, perfection, and willingness to make it the best experience possible that it's just part of who she is. She is kind like of the unsung hero around here, and she deserves to be recognized for ALL she does for ALL of us, AND our clients!” Talking about a big project, another said, “This type of TEAMWORK exercises great and careful attention to detail as well as being extremely organized. I would bet with great confidence she has taken on this project with her usual ENTHUSIASM and HUMILITY.” They continued, “As usual many of my colleagues are crushing it to make TJG stronger and better...I think Lori has stood out just a bit more this quarter.



Kindway

Editor's Note: We are privileged to assist Kindway in its amazing work and asked Juan Martinez, Director of Development and Communications, to introduce their work to our readers.

Kindway is a non-profit ministry on a mission to transition people from prison to independence by investing in the lives of those impacted by incarceration. Kindway deploys its flagship program

EMBARC in three Central Ohio prisons: the Ohio Reformatory for Women (ORW), the Marion Correctional Institution (MCI), and the Pickaway Correctional Institution (PCI).

EMBARC is a two-year mentoring/discipleship ministry that begins with one year of mentoring and cognitive behavioral therapy in small accountability groups before release, and one year of mentoring and community acclimation after release, including employment and housing opportunities. Since 2011, 167 men and women EMBARK alumni have been released from prison. Of those who have remained committed to the one-year ministry support after release, only two have returned to prison.

Much of Kindway's success is the result of community support such as that from local volunteers, churches, and community conscious businesses. The Joseph Group's journey with Kindway began in 2015 when Matt and Mark Palmer proposed an exciting idea. The pitch was to sponsor a bus trip to MCI where community and business leaders would spend a day inside prison with our EMBARK graduates awaiting release.

The Joseph Group has sponsored six bus trips to MCI and one to ORW. The days are filled with group discussions and activities where paradigms are shifted and unexpected friendships are forged. From this experience, many of those who have made the trip have left with a sense that they have been on holy ground. Many have realized that they had more in common with prisoners than they realized. And those in the faith community leave professing that the spiritual maturity of the EMBARK graduates far exceeded what they have experienced before visiting prison.



The days are filled with group discussions and activities where paradigms are shifted and unexpected friendships are forged. From this experience, many who have made the trip left with a sense that they have been on holy ground.

In July 2022, The Joseph Group bus will be heading back to ORW, and in October 2022, MCI. From these trips, Kindway has been blessed with some of our most passionate volunteers and supporters. Additionally, the men and women who attend the bus trips to prison have been great resources who connect Kindway with potential employment and housing partners.

In the Kindway ministry, as with any organization, the danger is to stifle innovation because we do not want to rock the boat when things are going well. Kindway's vision is to enable people, restore hope, and honor God. The more we serve the better. Expansion is always on our mind and we are grateful that providence has connected us with Mark, Matt, and the entire The Joseph Group family who challenge us think BIG, trusting great ideas initially may seem crazy, but often materialize miraculously. We thank the Lord for the Joseph Group.

After missing the 2020 trip due to COVID, the sixth Joseph Group bus trip to the Marion Correctional Institution took place on Tuesday, November 16, 2021. These trips offer an incredible opportunity for attendees to get to know a group of men whose lives have taken a very different turn from theirs and to see the impact the Kindway Embark program can have on the lives of those incarcerated.

The 2022 Joseph Group bus trip to the Marion Correctional Institution is scheduled for Tuesday, October 18. If you are interested in joining the 2022 trip or are interested in more information, please email Michelle O'Brien at michelle.obrien@josephgroup.com.



2021 Marion Correctional Institution Bus Trip

Looking Back 20 Years: Applying Lessons From A Growth Stock Bear Market

Over 20 years ago I was hired as Portfolio Manager in the trust department for a large regional bank in Northwest Ohio. I had previous roles at a financial planning firm and a mutual fund company, but the job at the bank represented my first opportunity to sit in the chair as the “portfolio manager.” To say I received an education is an understatement. After Y2K and the bursting of the “tech bubble” in March of 2000, the early 2000’s represented a bear market in stocks overall, and an even worse period for growth stocks.



Travis Upton, Partner and
Chief Investment Officer

I love the saying often attributed to Mark Twain “history does not repeat itself, but it often rhymes.” The recent bear market in stocks has some things in common with 20 years ago. Growth stocks are bearing the brunt of the downturn after a long

period of leadership, areas outside of the U.S. have attractive valuations, and geopolitics is adding tensions to the markets. While the circumstances are always different, investor psychology can be similar. Let’s look at some of the lessons from 20+ years ago and how those lessons may apply today.

Asset Allocation May Matter More Than Stock Picking

When I was at the bank, I was the young guy, which meant I was responsible for asset allocation accounts using mutual funds. Most portfolio managers wanted to be stock pickers, so the more “exciting” accounts were put together using individual stocks. Portfolio managers would start with an approved list of stocks but were given latitude to pick 30-50 which they believed were most attractive to put together a diversified portfolio. Each portfolio manager had a subset of accounts which they used to track their performance. While that subset consisted of individual stocks for most portfolio managers, my list (as the young guy) consisted of a mix of

individual stock and diversified mutual fund accounts.

A funny thing happened during the 2001-2002 period. I received a letter from the President of the bank congratulating me on my investment performance. It turns out the accounts I was responsible for were not only the best performers in the department, they were also some of the best performing across offices throughout the Midwest. I wish I could say the outperformance was the result of some investment genius, but it wasn’t – it was simply the impact of asset allocation. Outperformance didn’t come from picking the better home improvement retailer for the consumer sector, it came from diversification and looking different from the S&P 500. At the time, using mutual funds to obtain broad diversification and including areas such as small caps, natural resources, and real estate investment trusts (REITs) did far more to protect portfolios and generate positive results than picking stocks within the S&P 500.

Large Growth Isn't the Only Game In Town for U.S. Stocks

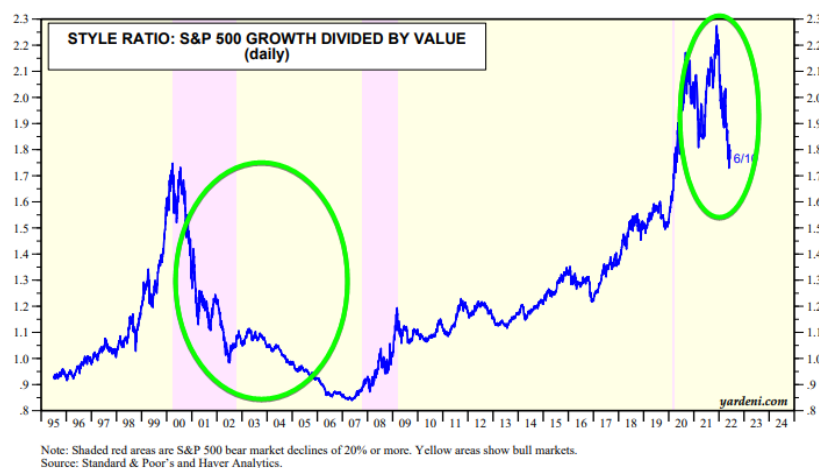
The stock picking philosophy at the bank was described as “quality growth” – looking for high quality companies which were growing their sales and earnings faster than competitors. It’s an approach which makes sense and despite some periods of underperformance, has worked well over time.

During the early 2000’s the bank was acquiring other asset managers with different styles and approaches. One in particular was a “value” manager. Rather than focus on companies which were growing rapidly, this manager was looking for companies which were cheap regardless of growth. After the acquisition, a dividend focused value fund and a small cap value were added to the repertoire of what we could include in client accounts.

I remember my boss at the time resisting the new investment approach. She pounded her fist on the table and said “we are not buying value stocks in our office!” Being the young guy (and responsible for most mutual fund accounts), I did include some of the new strategies and I’m glad I did. Dividend paying companies, value stocks, and especially small cap value stocks outperformed growth in the early 2000’s.

The chart below shows “growth vs. value” investing going back to 1995. When the line is going up, growth is outperforming and when the line is going down, value is outperforming. The first green circle reflects value

outperformance after the tech bubble burst. Value stocks had a sharp period of outperformance in mid-2000, and then went on to outperform growth stocks for the next seven years. The second green circle shows value vs. growth since the beginning of 2022. Could we be at the beginning of another multi-year cycle of value stocks outperforming growth stocks?



Source: Yardeni.com. Standard and Poors

Foreign Stock Outperformance

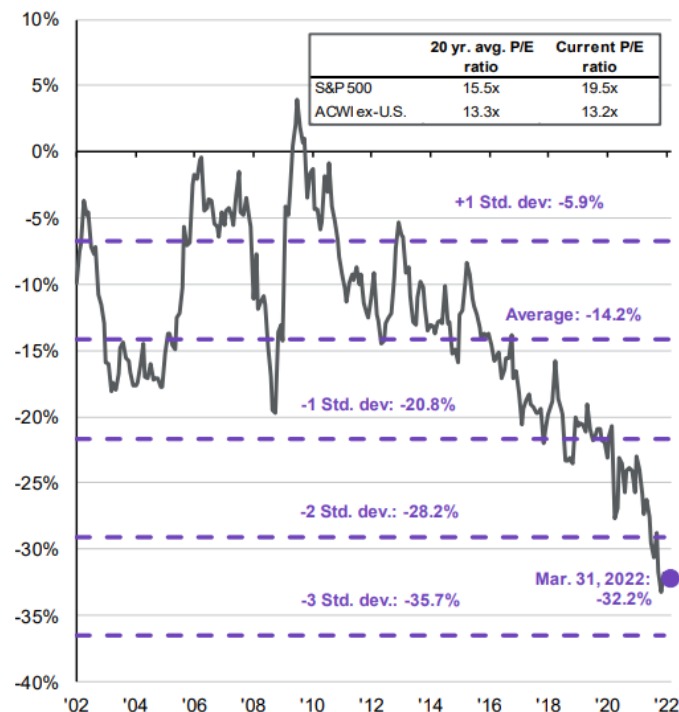
While I worked at the bank, I remember a series of meetings during the 2002-2004 period where the statement was frequently made, “the stocks in your portfolio outperformed the S&P 500!” It was a factual statement, but it always struck me as a little funny. In most cases, the U.S. stocks (with a quality growth approach) underperformed the S&P 500, but a small allocation to foreign stocks added to performance. The entire global stock allocation did outperform the S&P 500, but all of the outperformance was attributable to foreign stocks!

Foreign stocks started a long streak of outperformance in 2002 where the MSCI EAFE index outperformed the S&P 500 each year from 2002 to 2007 (source Morningstar). Could we be setting up for a similar period of outperformance today?

The chart below from JP Morgan shows foreign stocks are trading at an approximate 30% discount to the S&P 500 – the biggest gap in valuation between U.S., and foreign stocks in over 20 years. If that gap narrows to even an average discount, it could set up a similar strong period of outperformance in foreign stocks.

International: Price-to-earnings discount vs. U.S.

MSCI AC World ex-U.S. vs. S&P 500 Indices, next 12 months



Source: JPMorgan Guide to the Markets

Is the Path to Investing Success Today Similar to the Path 20 Years Ago?

While growth stocks struggled during the early 2000's, other areas of the financial markets performed much better. For investors willing to look outside of the mainstream S&P 500, there were opportunities to not only outperform but even earn positive returns. In the early 2000's, allocating to value/dividend stocks, small caps, REITs, natural resources and even foreign stocks were all means to protect capital and outperform mainstream U.S. stock indexes.

Twenty years later we seem to be at a similar juncture. Then it was Y2K and the internet, today it's COVID and stay at home tech stocks. Recently, growth stocks have led the way downward into a bear market while other areas of the markets look attractive. Churchill is credited with saying “those who fail to learn from history are condemned to repeat it.” The objective-based portfolios we have the privilege of managing for clients apply many of the lessons from 20 years ago. The resulting portfolios may look different and perform differently than the mainstream U.S. stock market, but in a downturn, that can be a good thing.

CORE PORTFOLIO ALLOCATIONS

AS OF MARCH 31, 2022

CONSERVATION

Objective*: Minimal risk and modest income, consistent with preserving principal over time periods of one year or more.

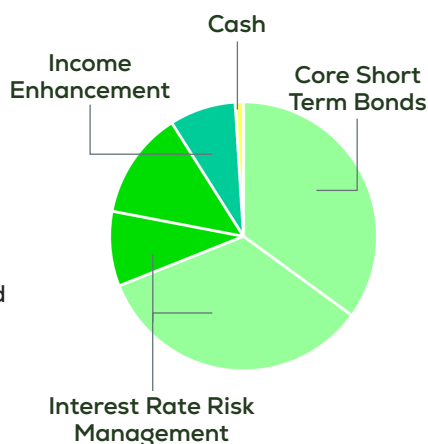
SECTOR ALLOCATION:

Cash:
1% Liquidity

Core Short Term Bonds:
35% High quality, low cost index

Interest Rate Risk Mgmt:
43% Ultra short diversified

Income Enhancement:
21% Securitized, flexible



PROVISION

Objective*: Sustain wealth by focusing on current income and low principal volatility over the long term.

Volatility Target*: 3 to 8%

SECTOR ALLOCATION:

Cash:
1% Liquidity

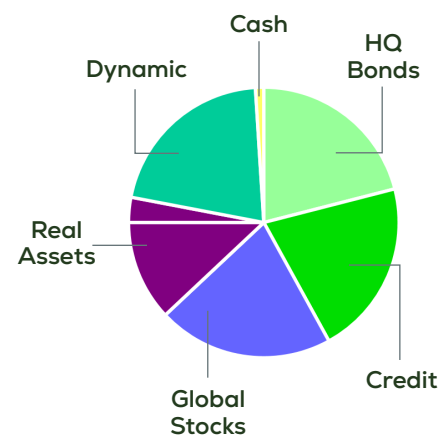
HQ Bonds:
21% Corporate, TIPS

Credit:
21% High yield

Global Stocks:
21% Blue chip dividends

Real Assets:
15% REITs, commodities

Dynamic:
21% Tactical income



HARVEST

Objective*: Risk-managed growth through a multi-asset strategy to achieve long-term dreams and goals.

Volatility Target*: 8 to 15%

SECTOR ALLOCATION:

Cash:
1% Liquidity

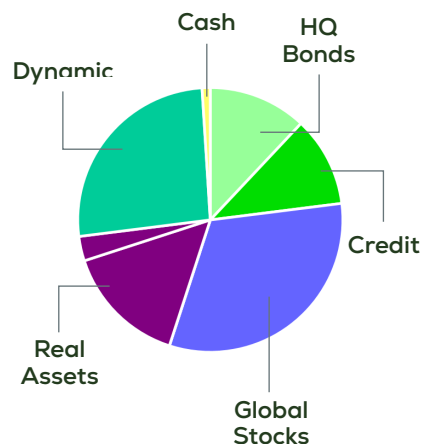
HQ Bonds:
12% Corporate, TIPS

Credit:
11% High yield

Global Stocks:
32% Growth and dividends

Real Assets:
18% REITs, commodities

Dynamic:
26% Tactical, hedged stocks



ABUNDANCE

Objective*: Aggressive, concentrated portfolio that seeks to outperform major market averages over long-term market cycles.

Volatility Target*: 15 to 24%

SECTOR ALLOCATION:

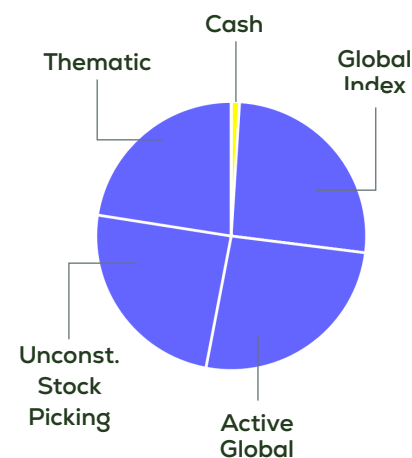
Cash:
1% Liquidity

Global Index:
26% Low cost index

Active Global:
26% Growth, value, small

Unconst. Stock Picking:
24.5% Value tilt

Thematic:
22.5% EM, innovation



*There is no guarantee portfolio objectives or volatility targets will be met. Allocations subject to change without notice.



Todd Walter, Partner and
Chief Wealth Planning Officer

Inflation and Spending Habits

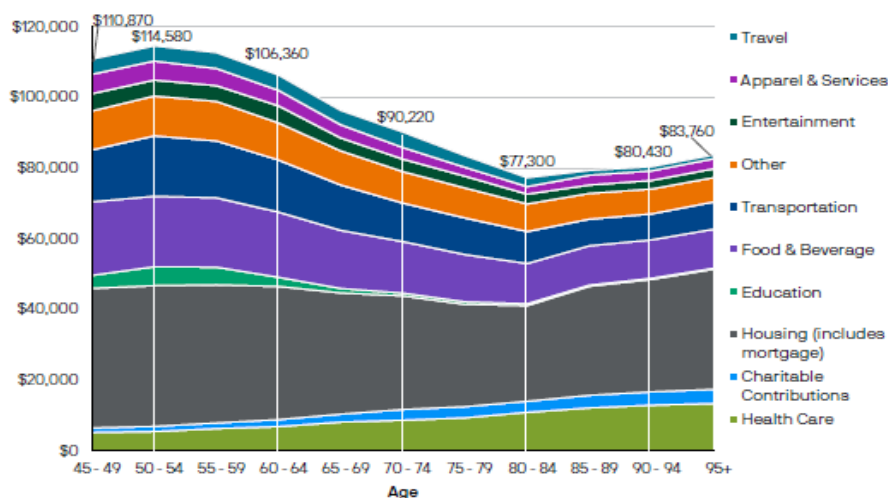
“I’ll gladly pay you Tuesday for a hamburger today.”

Ever wonder if Wimpy considered inflation? Not to mention supply chain issues! We’re all experiencing it, so in this issue of Harvest we’ll explore how we help alleviate inflation concerns with the planning work we do for our clients.

To begin, The Joseph Group's Advisors regularly assess historical and current inflation rates. We then factor those rates into our financial projections. Inflation has been very low for a long time and projections going forward are only slightly higher so we have been comfortable using a conservative 2.5% inflation rate for ongoing living expenses.

So why not increase that 2.5% rate? Take a look at this chart:

Annual average household spending by age
Households with investable wealth of \$1m - \$3m



First, a couple key observations:

1. **Age Matters:** This shows after peak spending around age 50, average household expenses actually decline over time.
2. **What We Spend Money on Matters:** Certain categories decrease over time and some increase, but overall, the trend is declining.

If we were to look at an updated chart one year from now, we'd see the impact of inflation as the numbers would all be higher, but the declining expense trend would still be the same. This may explain why we have retirees who have comfortably taken the same monthly draw from their investment accounts for 10 years!

Further, the chart shows the spending pattern for an “average household” and as we know, no two households are the same. We all have our own priorities and spend money differently between these categories. Not to mention, each of the categories shown has its own separate inflation rate.

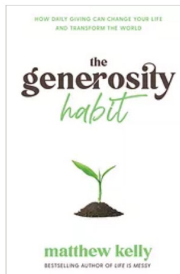
To account for all this, we build a very individualized plan and that starts with a conversation. In our interactive planning sessions with our clients, we break out several of the important categories listed above (based on a person's priorities) and apply separate inflation rates to each.

We consider what's important to you. If it's travel, we'll breakout higher travel expenses until a specific age (e.g. 80). If it's charitable giving, we'll separate those gifts and consider what, if any, inflation rate should be used. If you are concerned about health care costs later in life, we build those into the plan and even consider how those will impact your other expenses.

As you can see, it's not as simple as applying the same inflation rate to all a person's expenses. We find it's through our discussions that we all gain comfort with the inflation assumptions we use.

So unlike Wimpy, if you are worried the \$1 menu will be \$1.10 soon, let's have a conversation and bring it back to your plan. Just because costs are up doesn't mean your anxiety needs to be!

FROM THE BOOKSHELF



The Generosity Habit by Matthew Kelly

Matthew Kelly's books and ideas have been inspiring men, women, and children of all ages for thirty years. Now he directs our attention toward a single idea that has the power to inject our lives with limitless meaning and purpose, while at the same time transforming the world. That single idea: generosity.

The Generosity Habit is built on a simple and profound principle: give something away every day. It doesn't need to be money or material things. It could be complimenting a stranger, teaching someone how to do something, spreading

a positive message, helping someone who is in a hurry, or simply smiling at someone generously. In fact, the philosophy behind the generosity habit rests on this singular truth: You don't need money or material possessions to live a life of staggering generosity.

This book is a profound and practical invitation to go beyond the problems plaguing society and become part of the solution. Along the way, you will discover the beauty and nobility of your own humanity.



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For Important Disclosures, please visit: josephgroup.com/custody-and-policy/

As of December 31, 2021, the total assets we had under management and consulted on was \$871,080,000. Of that total, The Joseph Group's total discretionary Regulatory Assets Under Management were \$763,778,000 (RAUM) and the remaining \$107,302,000 of assets were comprised of group retirement plan assets for which we consult.

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