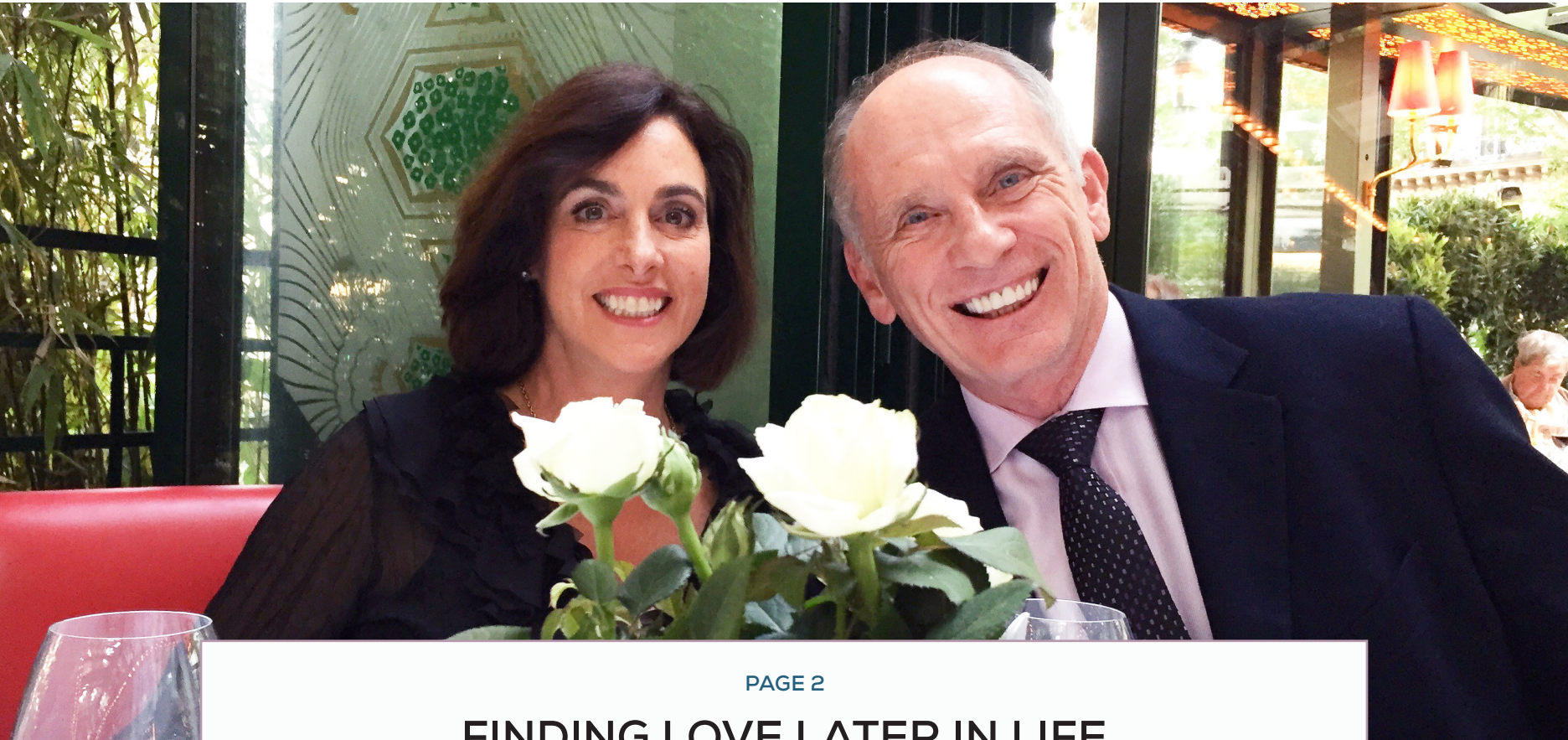


FALL 2022

# HARVEST

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*Helping create great lives, one story at a time.*



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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, CFP®; Chris McConaughy, CFP®, ChFC; Hunter Shepherd; Nick Boyden, Dave Suchland, CRPC



Dear Clients & Friends:

We recently announced that The Joseph Group will be moving our office in early 2023. I (Scott Mizer) was recently on site to visit our new home at 605 South Front Street in the Brewery District. It is very exciting to see walls being framed and the new space starting to come to life. I turned to a colleague and said, “I just can’t believe we are standing here looking at our new home taking shape. If you would have told me 10 plus years ago, as the eighth Team Member of The Joseph Group that I would be here looking at this, I don’t think I would have believed you.”

As I reflect on my tenure and our next chapter at the Joseph Group a big thank you is due to our clients and team – thank you. It has been such a privilege to help our clients live their great lives and to learn about their stories – what a blessing that we serve more than twice the number of clients today as we did when I arrived. Our team has seen similar growth over this timeframe, but more importantly, our team is the finest group of people that I have ever had the privilege to serve with.

One of my favorite authors, John Maxwell, states “Change is

inevitable, growth is optional.” Our growth has led us to this change of securing a new home. While we believe that change is inevitable, we strive to simply not change just to change, but rather to make it better. In the midst of all that is changing with The Joseph Group and around us, we pledge that our foundational Values and Our Commitment to Simplify, Clarify and Encourage will remain our bedrock.

We are excited that we have found our new home for the next decade plus and look forward to sharing more details with you as we get closer to our move early next year.

In this issue of Harvest Magazine we introduce you to Jack Unroe and Lisa Joy Unroe who, after successful careers have found love later in life and are filling their retirements with mutual hobbies and exciting travel.

In addition to an update on our new office – coming in early 2023, we introduce the newest edition to our growing team, and we share our latest Joseph Palmer Award winner. We also feature one of our great Retirement Plan Services clients, Dupler Office.

Of course we have our regular columns: MARKETalk which looks at silver linings in bear markets, including some interesting points on asset classes, and Savvy CFP which makes the case for keeping your perspective and your eyes on the bigger picture in today’s market.

Finally, our back cover highlights a great book about learning to be kinder – a favorite that we love to share with clients and friends.

Blessings to you all,

Scott, Travis, Todd, Matt and Mark





JACK & LISA JOY UNROE

## FINDING LOVE LATER IN LIFE

**Editor's Note:** *In this issue of Harvest, we shine our cover story spotlight on dear friends and clients, Jack and Lisa Joy Unroe. Each had successful careers and began dating about 10 years ago – but married earlier this year! The newlyweds were in Columbus recently and I had the pleasure of sitting down with them to learn more about finding love later in life and their advice on living a great life as they both step into retirement. Enjoy!*

**MATT:** Share with our readers about your growing up years – childhood through college.

**LISA JOY:** I grew up in southern California with my sister Linda who still lives in Orange County. My father was from Pennsylvania and my mother grew up in France, coming to America as a young girl with her parents – all of them having survived the Holocaust.

Something that truly shaped my childhood in a positive way was Jameson Ranch Camp, a sleep away camp I attended each summer from the age of 9 til I graduated from high school. As a city girl, camp was exciting; we grew our own food, milked cows, fed the pigs, collected the eggs and did a lot of hiking, camping and



▲ Baby Lisa Joy

horseback riding. Camp gave me a sense of independence and helped me develop my own identity, separate from my parents.

My parents were very focused on our academics. I was very fortunate to attend Castilleja School, a private girls school which was a wonderful experience. My dad was a lawyer and from the age of 5 I wanted to be a lawyer like him. I initially attended UC Davis as a genetics major but graduated with a degree in political science and public service in order to pursue an eventual career in law.

**JACK:** I grew up in Steubenville, Ohio as an only child. My dad had served in WWII as a pilot, returning home and graduating from UNC Chapel Hill. He worked for Wheeling Steel as an industrial engineer for his entire career (his father had been GM of the entire mill, overseeing 6,000 employees). My mother graduated from Mt. Carmel School of Nursing in Columbus and became Head Nurse of the ICU department at St. John's Hospital in Steubenville.

I had a very modest upbringing, but my memories are of a wonderful childhood with two engaged and supportive parents. Both set an example of giving to those in need: my mom served as a volunteer cook at St. Peter's Cafeteria for those experiencing homelessness and my father and mother donated food often to striking coal or steel workers who were not able to feed their families during those periods. We also were a very focused sports family. My grandfather played for the old Canton Bulldogs, one of the first professional football



▲ Jack vs. Crab

teams and my uncle played for Purdue and the Dallas Cowboys. My first cousin is Danny Abramowitz who played for Xavier and had a long and successful career with the New Orleans Saints.

I attended Catholic grade school and high school and went on to college at Xavier.

**MATT:** Please share with our readers an overview of your respective careers and what you enjoyed most about your work life.

**LISA JOY:** I delayed law school for seven years, working in a variety of jobs: first as an office manager at an accounting firm and then into sales – for a custom signage company working with hotels, hospitals and airports. A Dale Carnegie sales course led me to both teach the course and later, to join Merrill Lynch as a young financial consultant where I learned so much about serving the needs of clients and helping them achieve financial security.

My experience there helped fulfill a fascination I had with the stock market since my dad bought me one share of Disney stock as a present for my 8th birthday. We followed the price every night when he came home from work.

I gave up my career at Merrill to go to law school and upon passing the bar, began a private practice. My primary focus was representing architects and engineers in construction related litigation. During an off period, I became a developer of upscale estate homes. I discovered I had an ability to help clients “see” the ultimate design during the construction phase when otherwise they might struggle. But I always returned to law, practicing it on and off for many years until my retirement several years ago.

**JACK:** I was very fortunate throughout my business career, and I look at it in three phases. Phase 1 was starting right out of college as a sales trainee with Xerox. I stayed there for 19 years, rising over the years to become VP of the Western Region of the U.S. I lived all over the country, ending my career with them in northern California. I believe a key to my success there was assuming high risk/high reward positions or being the first to accept a newly created role in a high-profile situation.

Phase 2 was my switch from a product-based company (Xerox) to a



▲ Falconry

service delivery career in staffing/temporary placement industry with Adecco. At age 44 I moved from there to my first CEO role, replacing the founder of a privately held company whose primary investor was a venture capital company in New York. As the company grew so did my responsibilities, including activities not



▲ Jacklyn, Leslie, Brad, Jack, and Lisa Joy

only in the U.S. but in Mexico, Argentina, Brazil, Chile, India, and the UK.

In Phase 3 over the final 30 years of my career (until I recently retired) I served four companies as either a member of the Board of Directors or





▲ With the butterflies

the CEO, moving them from family-owned or generational leadership to outside professional management. Though the challenges were many, this focus became my career passion and focus, and I was blessed to accomplish the goals set out in each situation.

**MATT:** You were just married and now are both retired. As you look at the chapter you're now beginning, what are the pursuits and interests that give your life joy and purpose.

**LISA JOY:** There are several. Golf is a passion we share. I didn't start playing golf until I was 46 but I really caught the bug. My father was an avid golfer but died young and I didn't have a chance to play with him. But sometimes I can almost feel his presence when I'm out on a course. I play in two leagues at our club and Jack and I enjoy playing other

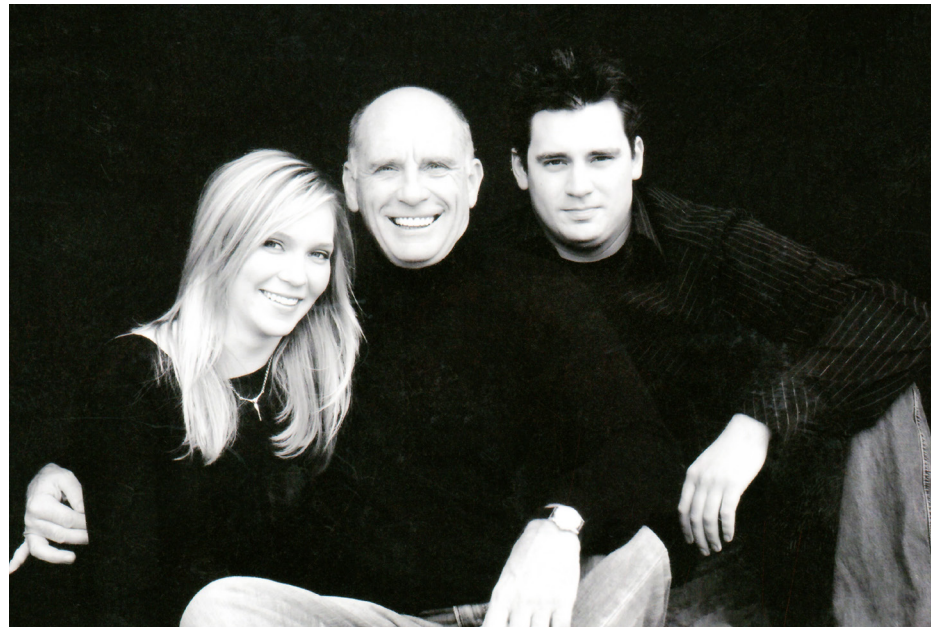
courses as well.

Travel is another passion of ours. When I was young, my mother told me I had "wanderlust" and I think she was right. I have a genuine interest in how people live in other countries and places and I love exploring new cultures and different kinds of experiences not available in the States. And I love traveling with Jack – his curiosity is infectious, and we share a passion for learning as much as we can in each place – including the cuisine! I am so blessed to be able to travel with Jack, my best friend.

I also love to cook for our friends and find my self going into the kitchen while everyone is eating – simply to listen to our guests enjoying each other and the meal. And Jack is my biggest fan – he will try anything I cook!

**JACK:** I agree with all that Lisa Joy has shared. We truly do love to travel and explore new places and new cultures. We are foodies and we also have become passionate about red wine and now belong to several wine clubs and get up to Napa often to visit the many wineries. We laugh over how many bottles of wine we have in our home – we'll never get through all of them and they keep coming!!

I have two grown children – my son Brad and my daughter Leslie. Brad is a Bucknell graduate and has a master's degree in organizational development from George Mason University. He served as a consultant for Booz Allen, focused on high level security contracts for the Department of Defense but has stepped out of the workforce temporarily to care for their first child, Jake, born earlier this fall. His wife, Jacklyn, is a Lieutenant Colonel in the Air Force. Leslie is a University of



▲ Leslie, Jack, and Brad

Michigan graduate (no boos please) who now lives in Boston and works for Google. She has taken full advantage of working remotely by traveling the world!

Through my parents' example, I am doing more giving back. As an example, I was privileged to establish a scholarship in my mom's name at my old high school, Steubenville Central Catholic. My hope has been that the education those students receive will be a solid foundation for their adult years – as was my experience there. And more recently, through that Patricia





▲ Jack with a new friend

Franckhauser Unroe Scholarship, I've been able to be the lead donor for rebuilding the chapel there – to be named after my mom. It's a small way for me to thank God for all the good that has come my way and to create a holy place where my mom's legacy will be remembered for years to come.

**MATT:** Wonderful! Finally, what encouragement would each of you give to our readers, especially those close to but not yet in retirement. They often need encouragement that retirement is a great chapter – what



▲ The beauty of the mountains

## words of wisdom would you share?

**LISA JOY:** Jack and I are blessed to have the time and resources to be retired relatively early. My encouragement is to see each other as best friends and get a head start on developing shared interests. If you haven't been each other's best friend, make the decision now

to become each other's best friend and know that you may each need to compromise a bit when choosing your shared interests. But remember that sharing experiences and mutual interests will give you far more joy than spending on material goods.

But I also think it is important that each spouse have some of their own friendships and interests so there is not an overdependence on one another. Jack loves yard work for example – and I'm glad he does because that is not something I want to spend time doing.

**JACK:** I would add that you want to make sure that you are rowing in the same direction with your life. Asking for and extending forgiveness is huge as well. While we dated for the last 10 years, we only were married this summer. But it's important that we and your readers recognize that your marriage must be the priority and not children or grandchildren. We're thrilled that we've become grandparents but we want



▲ Windmills

to make our sure priorities are clear. I also think that this is a time to narrow the number of friendships you want to maintain. Time together is so valuable and we're learning that we don't need lots of close friends but simply a few couples that we can enjoy golfing or traveling with. Bottom line, at the end of your life, you want to have made a positive impact on those around you; left nothing unsaid or undone that is important to you; and built a legacy of love.

**MATT:** Lisa Joy and Jack, thank you so much for sharing your great life story with all of us. We are so grateful for the many life lessons you've given in this conversation and we wish you a continued life of beauty, giving, joy and love. Congratulations on your recent wedding and may God continue to bless you both! ▲

## THE JOSEPH GROUP IS ON THE MOVE

# 605 SOUTH FRONT STREET

As announced in July, The Joseph Group is moving! With our continued growth, we need more space and have selected 605 S. Front Street for our new office.

Construction started in August, and as of this writing, work on our new space is moving fast! Offices and conference rooms are framed in, drywall is going up and painting has begun.

With 13,000 square feet, our new location is more than double the size of our current space and, in the words of our CEO Travis Upton, "...it provides room for years of future growth while also being centrally located for our clients and team."

We can't wait to welcome you to our new space! Move-in is planned for early March. Stay tuned for more details as we get closer to the move.



Partners Travis Upton, Scott Mizer, Todd Walter, Matt Palmer, and Mark Palmer inspecting the work at 605 South Front Street

## WHAT MAKES US UNIQUE?

We often are asked what makes our firm unique. It's an important question and as we've listened to our clients and our team, we've learned that there are three aspects of our firm that we believe do make us unique:

1. **Our Mission** – We are passionate about our mission of helping clients and team members live great lives, one story at a time – lives of purpose, joy, and impact. We do that by designing wealth plans and company retirement plans tailored to each client and by designing and managing personal portfolios and company retirement plans that use specific strategies designed to accomplish specific objectives.
2. **Living Our Values** – Integrity, teamwork, humility, excellence, and enthusiasm. These are our five core values, and they shape everything we do. We hire with these in mind, we focus on them in annual team member reviews and we celebrate these values, presenting the Joseph Palmer Values Award each quarter to a team member who has exemplified these values.
3. **Storyboarding** – Clients now see their entire financial picture and plan captured on one page – a touchstone document we refer to as a storyboard. It summarizes how their financial plan and portfolio have been designed to support their great life in a focused and intentional way. Powerful.

These three uniques: pursuing our mission for clients and team members; allowing our values to shape everything we do; and keeping a "storyboard" for each client are distinctive in the marketplace and provide a powerful lens through which we continue to grow and thrive as an organization.





# NAVIGATING CHANGING WORK ENVIRONMENTS

*Editor's Note: Dupler Office is one of our wonderful Retirement Plan clients, and in this post-COVID time, we asked them to share with our readers a look at their business and trends in office design today.*

Over the past two years, organizations have stopped and started and stopped again, declaring then postponing their plans for bringing staff back to the office. It's not surprising that there is still so much uncertainty and organizations are looking for "no regret" decisions so they can act while still hedging their bets. The workplace is evolving and Dupler Office is working alongside business leaders, architecture and design teams, and educators to guide and prepare them for what's next.



Dupler Office, established in 2006, is most often associated with office furniture, but we do much more. Our passion is to create great places for people to work, heal, learn, and live. How we work is what makes us unique. It begins with understanding a company's culture and how they work, then designing a space that best meets their goals.



As the workplace evolves, we believe that the human experience needs to be the primary focus. Given the vast array of workers' needs, personal preferences and workplace requirements, we can help organize the chaos by focusing on four pillars of the human experience – culture, well-being, choice and change.

## Culture

Culture is the unwritten rules of "how we do things here" and organizations need to double-down on a people-first culture. You can't just talk the talk, you need to walk the walk. The workplace can be designed to nurture connections and interactions. We can create environments that support flexible work experience and use the office to make connections with each other, share ideas and strengthen social



cohesion. The workplace can be a place for all employees, at all levels, using a wide variety of spaces. And no space is off-limits.

## Well-being

Work environments that are inclusive, psychologically safe, and where employees feel healthy and engaged are generally places where people want to be. Creating spaces that offer heads-down workspace and physical separation alongside open collaborative spaces gives workers the ability to easily shift from solo to team-based work. The use of plants and maximizing natural light also enhances the overall well-being of a space.



## Choice

As so many have an expanded choice of how, where and when we do our best work, offering a range of experiences will engage employees in new and meaningful ways, both in person and remote. We want to give workers options when they come in to the office to allow for the type of work they need to get done that day. Lounge spaces promote team gatherings or informal touch-downs while privacy booths allow for confidential conversations and virtual meetings with remote team members. The employee can decide where they will work to be the most productive.



## Change

While change is constant, we can typically assess the known and make intelligent predictions on what could happen. Understanding an organization's culture, business goals, and individual and team activities will inform robust workplace strategies. It's important to constantly assess the utilization and functionality of a space to see what changes need to be made for the way an organization works.

Together culture, well-being, choice and change make up the human experience. As these concepts and strategy evolve to keep up with the changing norms, we're excited about how it's forcing us to be better listeners and advisors to our clients. ▲

# TJG HOSTS ANNUAL BUS TRIPS



The Joseph Group was privileged to host clients and friends on annual bus trips to two Ohio prisons.

On July 19th, nearly 40 of our female clients and friends of the firm traveled to the Ohio Reformatory for Women (ORW) in Marysville for an inspiring day with a group of women incarcerated there. And on October 18th we took a similar number of male clients and friends to the Marion Correctional Institution.

Both days were sponsored by Kindway, a Christian ministry located in Westerville that strives to positively impact the lives of incarcerated men and women. Their nationally recognized re-entry program, EMBARK, works with carefully selected men and women from those two institutions before they are paroled. The program offers innovative curriculum and outside volunteer mentors who begin working with these men and women a year before they are released and continue to accompany them for the first year after their release. In addition to spiritual and emotional formation, EMBARK helps these men and women secure vital needs like social security cards, drivers licenses, housing, and

employment. It also offers social interaction with staff, volunteers and those released earlier and now living and thriving in the Columbus area. Of some 150 graduates of the program only two have gone back to prison over the last seven years, a recidivism rate far below the national average of 40-50%.

At both prisons, the day consisted of small group exercises, testimonies from some of the incarcerated men and women and deep sharing around faith, forgiveness and moving forward

with hope. In reflecting on her experience at ORW, client and friend Chrissie Landolfi shared, "While everyone involved came from such diverse backgrounds, we were united by faith and love. It was such a gift to have women -- who had only known each other for minutes -- open up their lives, hopes, fears, transgressions and triumphs to one another in such an atmosphere of understanding and acceptance."

We look forward to next year's bus trips and to introducing more of our clients and friends to these amazing men and women through their journeys from brokenness to wholeness in Christ. If you are interested in joining the 2023 trip or in more information, please email Michelle O'Brien at [michelle.obrien@josephgroup.com](mailto:michelle.obrien@josephgroup.com).





# TJG TEAM NEWS

## JOSEPH PALMER VALUES AWARD

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.

Wealth Advisory Associate Theresa LeChard was our award winner for the second quarter of 2022. Despite just joining the Joseph Group in early 2021, this is Theresa's second selection, a testament to her impact on the firm.

Talking about Theresa, one teammate said, "...it is obvious that she does an amazing juggling act with a disposition that



sparkles at all times. Theresa innately possesses all of our Values but visibly exudes Enthusiasm and Teamwork. Theresa creates a one-of-a-kind environment with both clients and our team." In his nomination, one of our newer employees said, "She was so helpful and willing to give so much of her time. I know she is really busy and has a lot of responsibilities, but she was always willing to drop whatever she was doing to help me out. She is always a

team player, always striving to do better and help others, and enthusiastic about everything inside and outside work." And finally, from one of our Advisors, "Theresa does phenomenal work day in and day out, but what really stood out was her willingness to stay while another employee waited on a vendor who was running late so that teammate wouldn't be alone in the office. Teamwork comes in a lot of different forms, but this one really stood out for caring for a coworker.

Congratulations Theresa!

## WELCOME MATT ZIMMERMANN!

We're excited to welcome Matt Zimmermann, CFP, to the Joseph Group as Client Advisor.

Matt loves developing meaningful, long-term relationships with his clients. He believes there are few opportunities greater than the impact an advisor can have on their clients' lives.

Partner and Chief Wealth Planning Officer Todd Walter said, "Matt is just the type of Joseph Group person we were looking for and he has all the experience we wanted for our advisor team. Matt is really going to be able to hit the ground running and he has an incredible heart for loving and serving clients well."

Matt received his Bachelor of Business Administration with a specialization in Finance from the University of Cincinnati. He has been working in the financial services industry since 2015 and joined the Joseph Group earlier this year. Matt is a Certified Financial Planner™.

Matt and his wife, Lily, live in Clintonville with their children, Evelyn and Lucas, and beloved dog, Beatrice. Outside of work and spending time with his family, he loves to travel, experience many of the great Columbus restaurants, hike, read, and play as much golf as possible!

Welcome Matt!



## SILVER LININGS IN BEAR MARKETS



Travis Upton, Partner, CEO and Chief Investment Officer

One of my favorite investment quotes comes from value investor Shelby Davis who said, “you make most of your money in a bear market; you just don’t realize it at the time.” Davis believed down markets present the opportunity to buy quality assets at cheap prices and investors with a long-time horizon were likely to be rewarded with higher future returns.

The first three quarters of 2022 have been rough for financial assets. With stocks, bonds, real estate, gold and pretty much any other asset class you can think of down double digits, there haven’t been

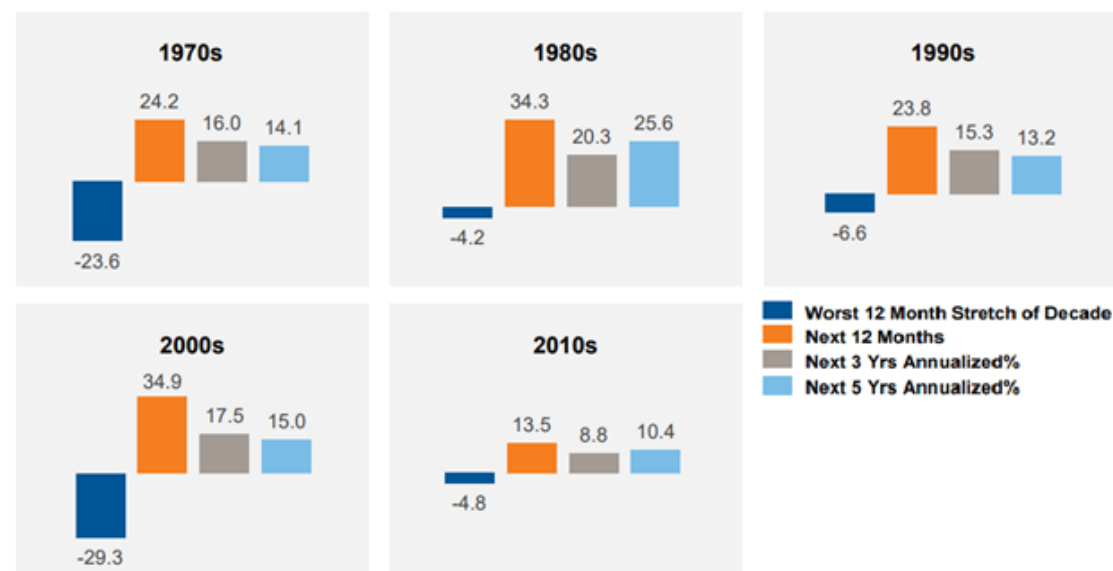
many places to hide, and investors are understandably frustrated. But could today’s market decline set the stage for tomorrow’s outperformance?

### STARTING WITH THE PUNCHLINE - MARKETS TEND TO REBOUND AFTER SHARP DECLINES

We believe there is an innate human desire to move through difficult times and make things better. As a result, short term challenges, while difficult, tend to lead to long-term progress.

#### FIGURE 1: PORTFOLIOS TEND TO REBOUND, EVEN FROM THE MOST DIFFICULT STRETCHES

WORST 1-YEAR RETURN (%) OF RECENT DECADES, FOLLOWED BY THE NEXT YEAR’S BOUNCE BACK



▲ Source: Russell Investments

History has myriad examples of wars, bubbles, economic downturns, pandemics (I could go on), and that’s what makes the collection of charts in Figure 1 so interesting.

The charts look at the worst one-year decline in each decade for a diversified portfolio consisting of 40% U.S. stocks, 20% foreign stocks, and 40% high quality bonds. Each decade has had its struggles with a difficult 12 months stretch for markets, but history shows in each instance, once the market hits bottom, portfolios have higher than average returns for the next 1, 3 and 5 years.

The current market decline so far in 2022 ranks in the middle of the five instances shown here. Unfortunately, no one rings a bell to say “this is the market bottom” so it’s our job to plan for a better future before the challenges of inflation, war in Ukraine and potential recession subside. As we look at the math, the prospect for future returns has improved, and perhaps more importantly, the stability of client financial plans looks solid.

### ASSET CLASS - THE MATH BEHIND HIGH QUALITY BONDS

Interest rates have soared in 2022 with the rate on a 10-year Treasury bond increasing from about 1.5% at the beginning of the year to over 4% as I write. Investors must go back almost 15 years to see a rate that high! There is bad news/good news here. The bad news is interest rates and bond prices move in opposite directions like two ends of a teeter-totter. Sharply higher interest rates have meant plunging bond prices, hence the double-digit decline in bond returns this year. However, based on bond math from today forward, rates at the highest levels in close to 15 years have three key benefits:

**Investors can earn higher income:** Higher rates = higher cash flow from bonds, something which can provide clients with stability when it comes to combining their portfolios with their long-term financial plans.

**Bonds have a bigger cushion against price declines from further rate increases:** Could bonds have another double-digit decline in price due to further increases in interest rates? While nothing is impossible, bond math makes it less likely. The higher interest rates go, the less sensitive bond prices are to further rate increases.

**Bond prices may appreciate if rates go down:** The “teeter-totter” works in both directions – if rates go down from current levels, bond prices may go up, leading to price appreciation in addition to a higher rate of income.

### ASSET CLASS - THE MATH BEHIND JUNK BONDS

What if I told you there was an asset class which is historically less volatile than stocks,



FIGURE 2: ASSET CLASS - HIGH QUALITY BONDS

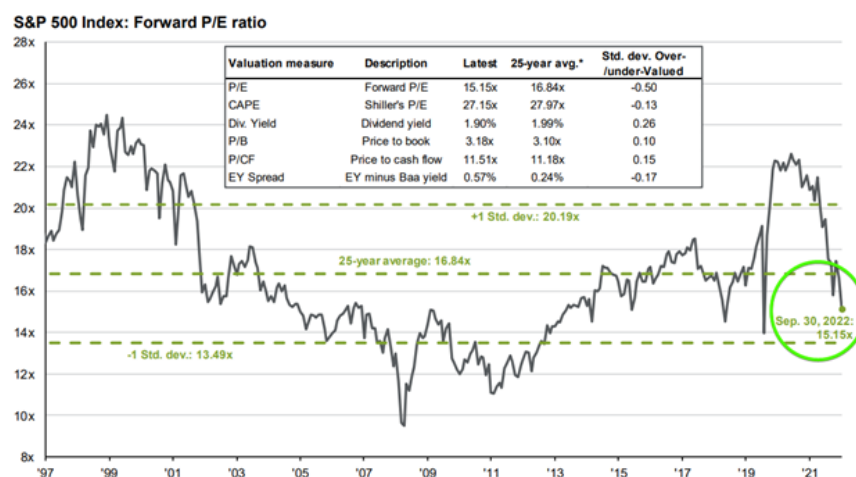


▲ Source: MacroTrends.net

and even though prices may bounce around (especially with changing economic conditions) it pays an income stream of about 9% so investors can get paid while they are patient? Interesting, right?

Market shifts in 2022 mean high yield, or junk bonds, are paying their highest rates in years. Because junk bonds are sensitive to economic or bankruptcy risk, they pay investors a “spread” over and above the government bond rate as compensation for that risk. As I type, the current “spread” is about 4.9%. When you combine that spread with a 4.1% Treasury rate, investors are getting paid about 9% on junk bonds. For perspective, at the beginning of the year, spreads were closer to 3.0% and Treasury rates were 1.5%, leading to an income rate of only 4.5%. With both spreads and Treasury bond rates increasing, the rate investors can earn going forward on high yield bonds has doubled this year.

FIGURE 3: ASSET CLASS - STOCKS



▲ Source: JPMorgan Asset Management

Saying investors can expect higher future long-term returns from junk bonds going forward isn't a prediction – it's just math.

## ASSET CLASS - THE MATH BEHIND STOCKS

To achieve long-term success, investors are supposed to “buy low and sell high.” It's such simple logic, but why is it so hard to do? A “silver lining” of this year's market decline is stocks no longer appear “overvalued” based on popular valuation metrics. Figure 3 looks at the forward price to earnings (P/E) ratio for the S&P 500.

Corporate earnings in 2022 have held up well, but the price paid for those earnings has come down dramatically, leading to a P/E ratio on the S&P 500 which is below its 25-year average. We note other areas of the stock market, such as small cap and foreign stocks, have valuations which are even lower. Valuations are not a perfect timing tool, but for investors with a long time horizon, lower valuations set the stage for potential higher long-term returns.

## ASSET CLASS - THE MATH BEHIND REAL ASSETS

We look at “real assets” such as commodities, real estate investment trusts (REITs), and infrastructure as areas which can generate returns when inflation is high or increasing. While commodities tend to get a lot of attention when inflation is spiking, we are intrigued with the nature of the cash flows coming from investments in REITs and infrastructure when inflation is running high. Within real estate, rents tend to go up for offices, apartments, warehouses, etc., leading to higher income rates for REIT investors. Similarly, infrastructure, which includes areas such as toll roads, oil pipelines, and cell towers, are often regulated with contracts which have built in automatic “inflation escalators.” We're no fans of inflation, but we recognize there are areas of the market where the result of inflation is higher cash flows for shareholders.

## PUTTING IT ALL TOGETHER - THE ACTION PLAN

*“If you want to do better as an investor, the single most powerful thing you can do is increase your time horizon.” – Morgan Housel, The Psychology of Money*

To manage through the current volatility, we need to think about two different time frames concurrently. First, we need to acknowledge the reality of the challenges in the near term – war, inflation, rising rates, slowing economy...and the resulting volatility in markets due to changing conditions and emotions. Second, we need to acknowledge the innate human desire to “make it better” and take advantage of the long-term opportunity created from dislocations and lower valuations. For investors in 401(k) or other retirement plans, this may mean “staying the course” as contributions are buying more shares at lower prices. For investors who are retired, this may mean having a bigger buffer of short-term bonds in the near-term to allow the rest of their portfolio to seek higher future growth and cash flows over the long-term.

Our goal is to use planning and portfolios to lay out a path to help our clients live out their purpose. It's a crazy world out there – thank you for the privilege of allowing us to help you on the journey. ▲

# CORE PORTFOLIO ALLOCATIONS

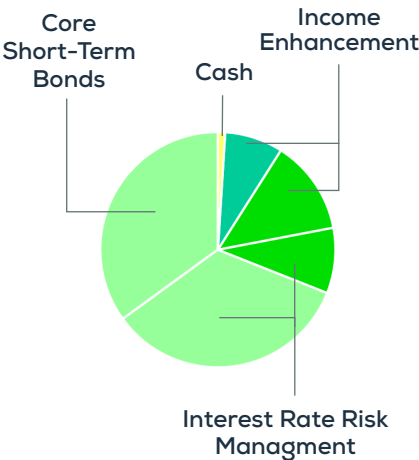
AS OF SEPTEMBER 30, 2022

## 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:**  
13% Securitized, flexible



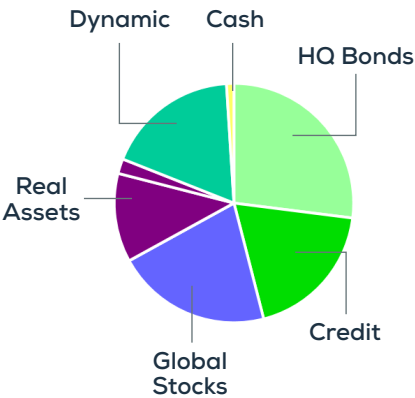
## PROVISION

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:**  
27% Corporate, TIPS
- Credit:**  
19% High yield, bank loan
- Global Stocks:**  
21% Blue chip dividends
- Real Assets:**  
14% REITs, commodities
- Dynamic:**  
18% Tactical income



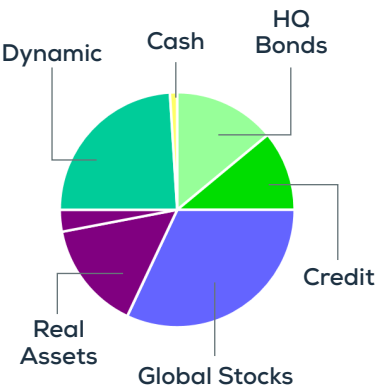
## HARVEST

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:**  
14% Corporate, TIPS
- Credit:**  
11% High yield
- Global Stocks:**  
32% Growth and dividends
- Real Assets:**  
18% REITs, commodities
- Dynamic:**  
24% Tactical, hedged stocks



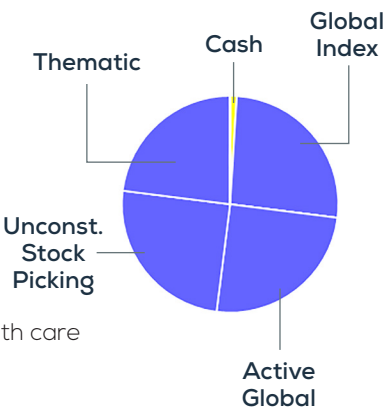
## ABUNDANCE

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:**  
27% Low cost index
- Active Global:**  
26% Growth, value, small
- Unconst. Stock Picking:**  
23% Value tilt
- Thematic:**  
23% Emerging markets, health care



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



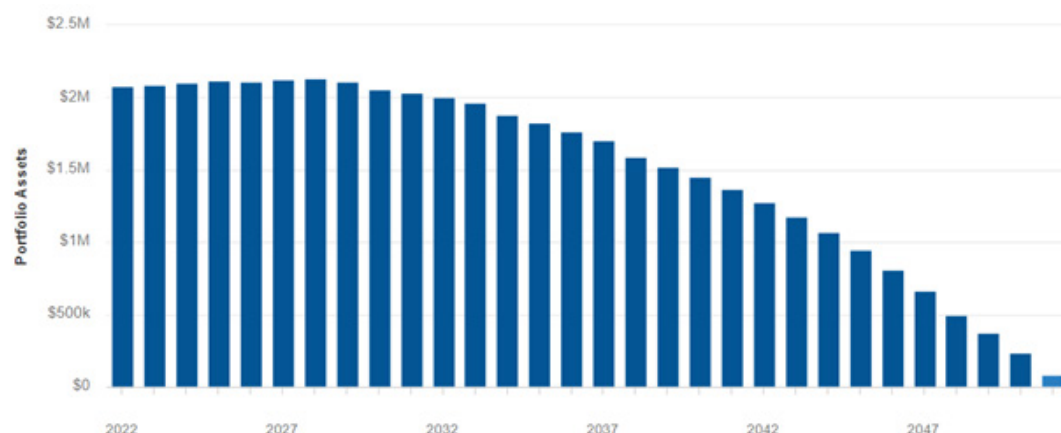
# A BRIGHT FUTURE

**"It is always darkest just before the day dawneth."**

**– Thomas Fuller**

Optimism abounds for financial planners. No, we don't have a crystal ball for where we might be headed, but it might surprise you to hear when we look at the retirement projections we build for our clients, our confidence level is near all-time highs. Let me explain.

Below is a typical retirement graph.



This retiree has \$2 million of investable assets and spends those assets down (with the help of inflation) over an assumed 30-year time horizon. There are many details behind this graph, but one key assumption is a 4% investment return. How reasonable is that 4% investment return? Let's look at this from the perspective of the two components of total return:

**1. Yield:** The 10-year U.S. Treasury is still considered one of the safest investments in the world, and it began the year yielding approximately 1.5%. As Travis Upton, our Chief Investment Officer, would say: "It's tough to

get 4% returns with 1.5% bonds." Today as I write, the 10-year Treasury is yielding 3.5%–4.0%. That's a big improvement in yield. In the short run, it certainly has hurt as bond prices have fallen, but longer-term, savers will be rewarded by clipping a higher interest coupon on their bonds. Not only will this pay off with higher yields, but it sets up the potential for price appreciation on bonds because at some point in the future the Fed is likely to cut rates and that should lead to bond price appreciation. Bond

math is likely to work in investors' favor.

**2. Growth:** Pop quiz, which retiree was in better shape?

A. the one who retired in early 2008 when markets were near then all-time highs

B. the one who retired in early 2009 when markets were at a decade low

Answer: B. The person who retired in early 2008 thought he was sitting pretty, but history would tell us otherwise. He saw his portfolio cut in half and it took 3 years to rebound. That's not a good equation when



**Todd Walter, CFP®, CPA; Partner and Chief Wealth Planning Officer**

taking portfolio withdrawals. As for the 2009 retiree, he experienced one of the greatest bull markets in history and felt secure taking a monthly paycheck from his portfolio. Bottom line: forward-looking returns matter, and after major market pullbacks like what we've seen this year, we would expect future return assumptions to be even higher, giving us much more confidence in our return assumptions for retirement planning purposes.

As we consider the reasonableness of the retirement graph, my mind can't help but reflect on our Provision Strategy. Designed to provide cash flow to our clients, Provision's yield is now about 4%. Provision has had a strong relative performance year and those returns are likely to improve in the future as we realize the benefits of a higher yield and price appreciation as the market recovers. That's a fantastic equation for retirement success.

So don't let this year's market correction cause you to lose your perspective on the bigger picture. As the 80's hit song said, "The future's so bright, I gotta wear shades." ▲

Note: There is no guarantee that portfolio objectives or volatility targets will be met.

## FROM THE BOOKSHELF



### *The Hidden Power of Kindness* by Lawrence G. Lovasik

Kindness counts. If you have trouble acting with the consistent kindness our Lord expects, your relationships with God and those you love may be suffering.

Maybe you just can't find the time or can't seem to develop the patience that you need in order to be consistently kind amid the irritations that afflict you daily. That's why this book is such a godsend.

There's nothing complicated or magical about learning to be kinder; it just takes greater attention to the things that you do and how you do them.

The Hidden Power of Kindness shows you how to become more aware of even your most offhand daily actions. You'll find simple, step-by-step, and spiritually crucial directions for how to overcome the habitual unkindnesses that creep undetected into the behavior of even the most careful souls.

If you want to make progress in the spiritual life, you can't afford to miss the bracing insights in this handbook for souls who yearn to be kinder. They'll give you years of solid help in overcoming sin so that you'll live more fully with others and truly transform your corner of the world!



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*Important disclosures can be found at [josephgroup.com/custody-and-policy](https://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 plans for which we consult.

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