

HUGHES | FINANCIAL
SERVICES, LLC



2021 Year-End Market Review

Markets, Inflation & Investment Portfolio Management Strategies

OUR SPEAKERS



SCOTT HUGHES, CFP®, MBA

Managing Partner
& Financial Advisor



PATRICK HUGHES, CFP®

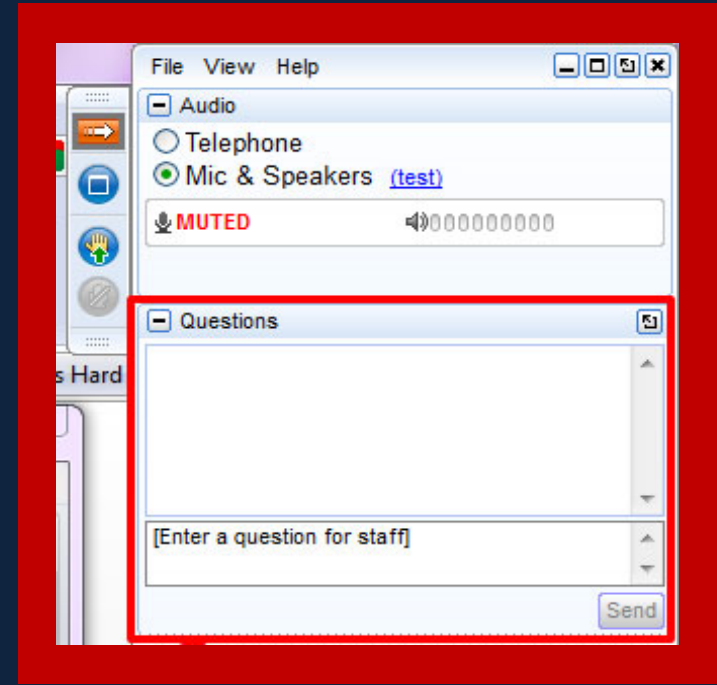
Managing Partner
& Financial Advisor



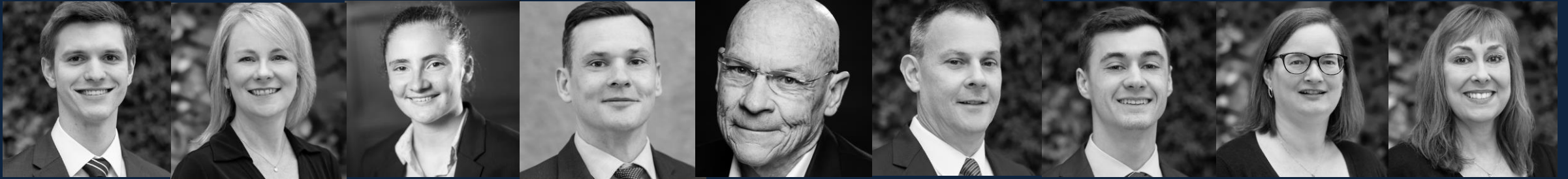
BERKELEY MEREDITH, CFP®

Financial Advisor

Q&A HAVE QUESTIONS?



ABOUT HUGHES FINANCIAL SERVICES



Independent
Registered
Investment
Advisor



Comprehensive
financial planning
and wealth
management



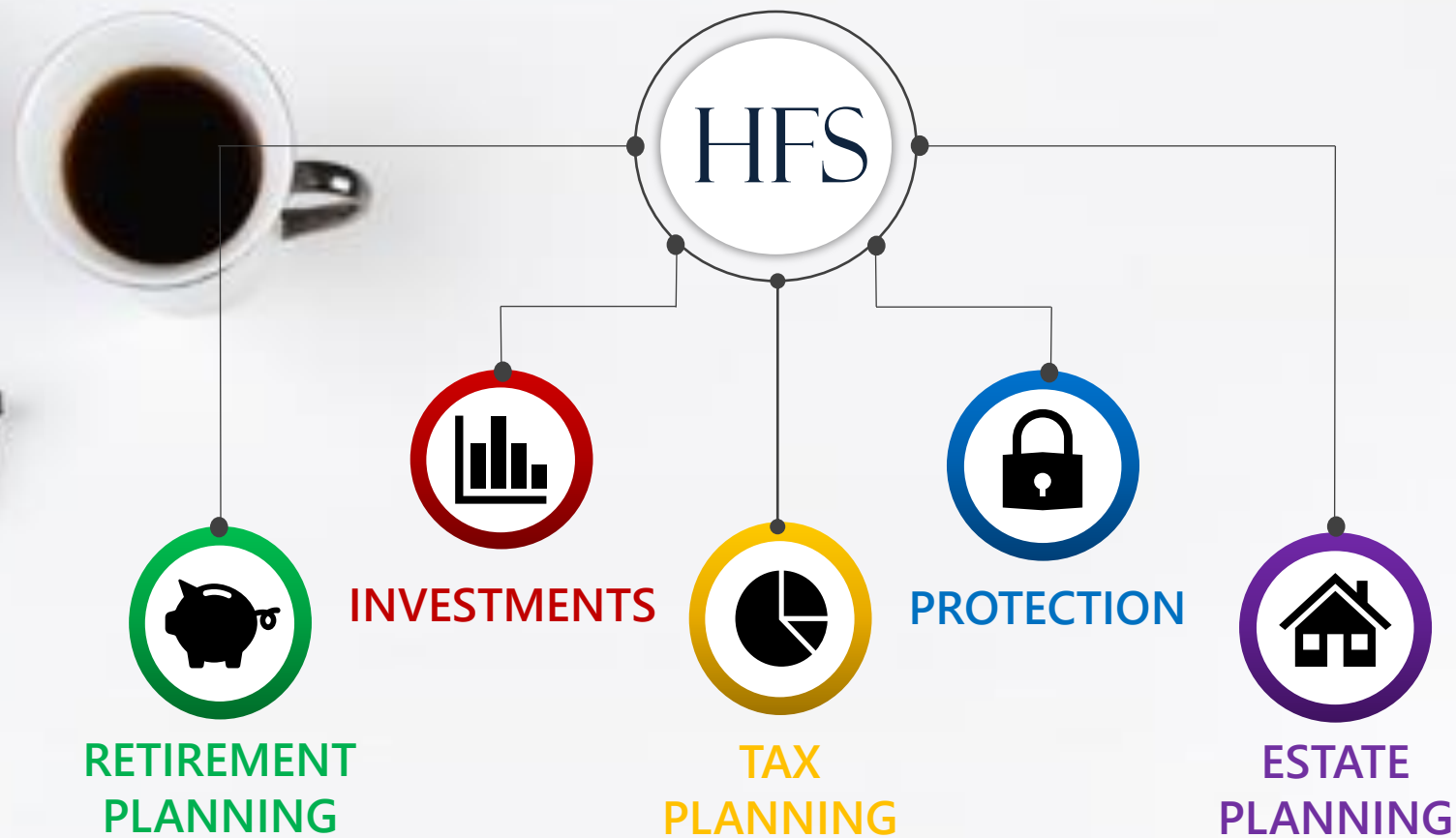
Fiduciary



Professional
certifications,
licenses, and
continuing
education



Over 100
years
combined
advisor
experience





















5 KEY AREAS OF FINANCIAL PLANNING

Knowledge is power.

Francis Bacon

An Educated Client is Our Best Client!

Long-Term Market Summary

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 YEAR	STOCKS				BONDS	
	31.88% 	26.50% 	18.20% 	31.61% 	-0.90% 	-0.54% 
5 YEARS						
	16.85% 	8.88% 	9.23% 	4.65% 	2.94% 	2.71% 
10 YEARS						
	16.60% 	7.88% 	6.09% 	8.70% 	3.01% 	3.87% 

Equity Market Concerns

Rising inflation expectations

Impending interest rate changes

Monetary policy and tax law changes



Rising Inflation Expectations

THE WALL STREET JOURNAL.

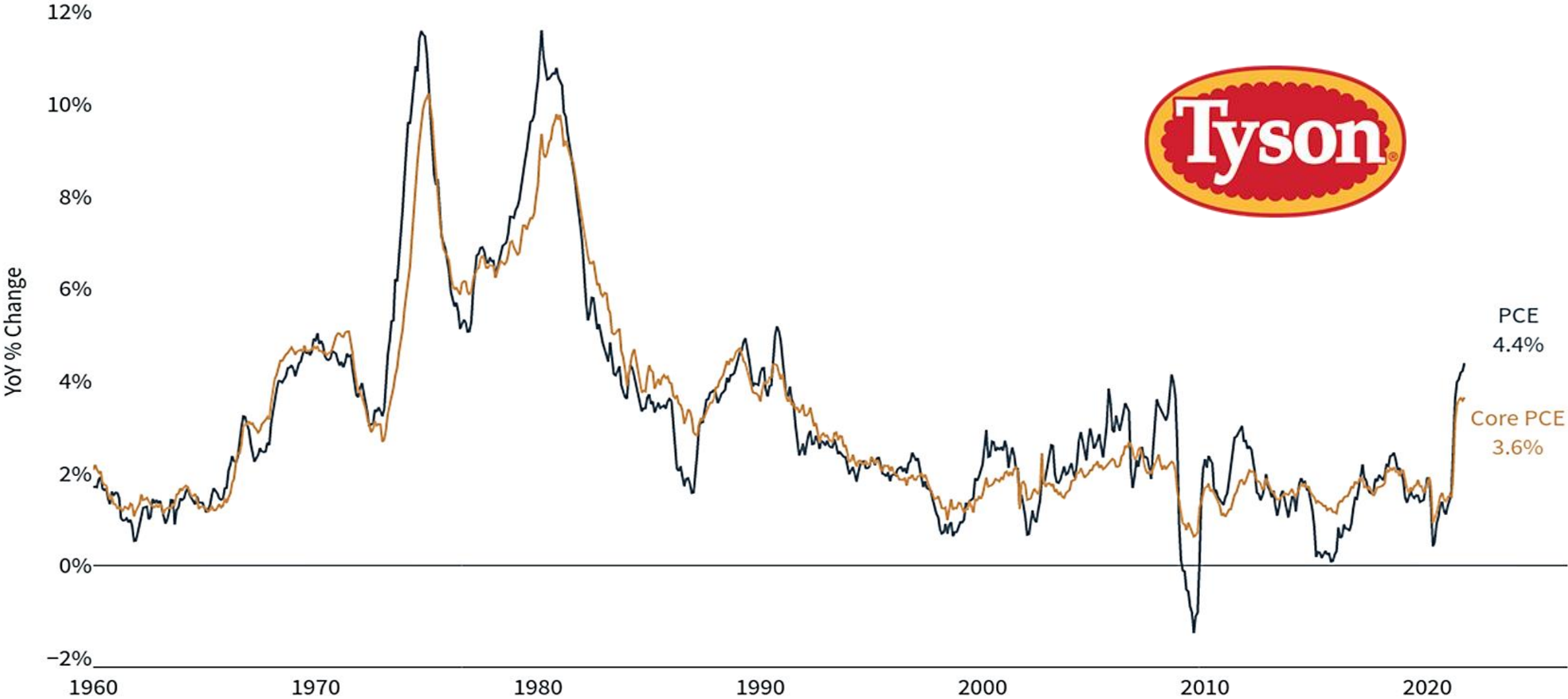
McDonald's Raises Menu Prices

| OCTOBER 26, 2021

“Those higher costs are making their way to consumers, as McDonald’s executives said they expect U.S. prices to be up about 6% this year compared with last year.”

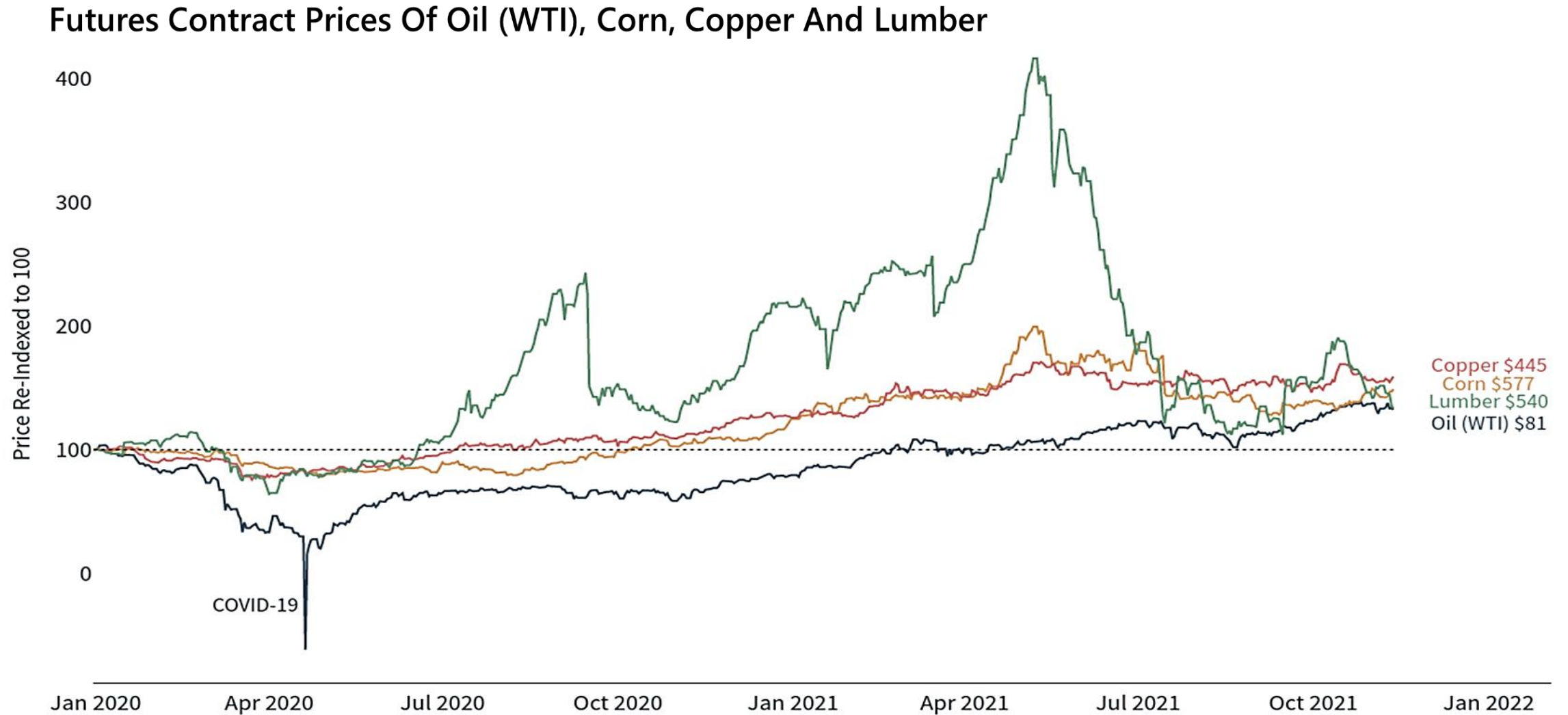


Personal Consumption Expenditures (PCE) Inflation



Source: U.S. Bureau of Economic Research / Latest data point is Sep 2021

Economically Important Commodities



“We are also raising our inflation forecast. We expect the headline PCED to increase 4.5% this year and 3.5% next yearThen it should moderate to 3.0% - 4.0% during the second half of next year.”

| ED YARDENI, OCTOBER 27, 2021





BONDS

**short-term
investments**



REITS

TIPS



Commodities

ETFs

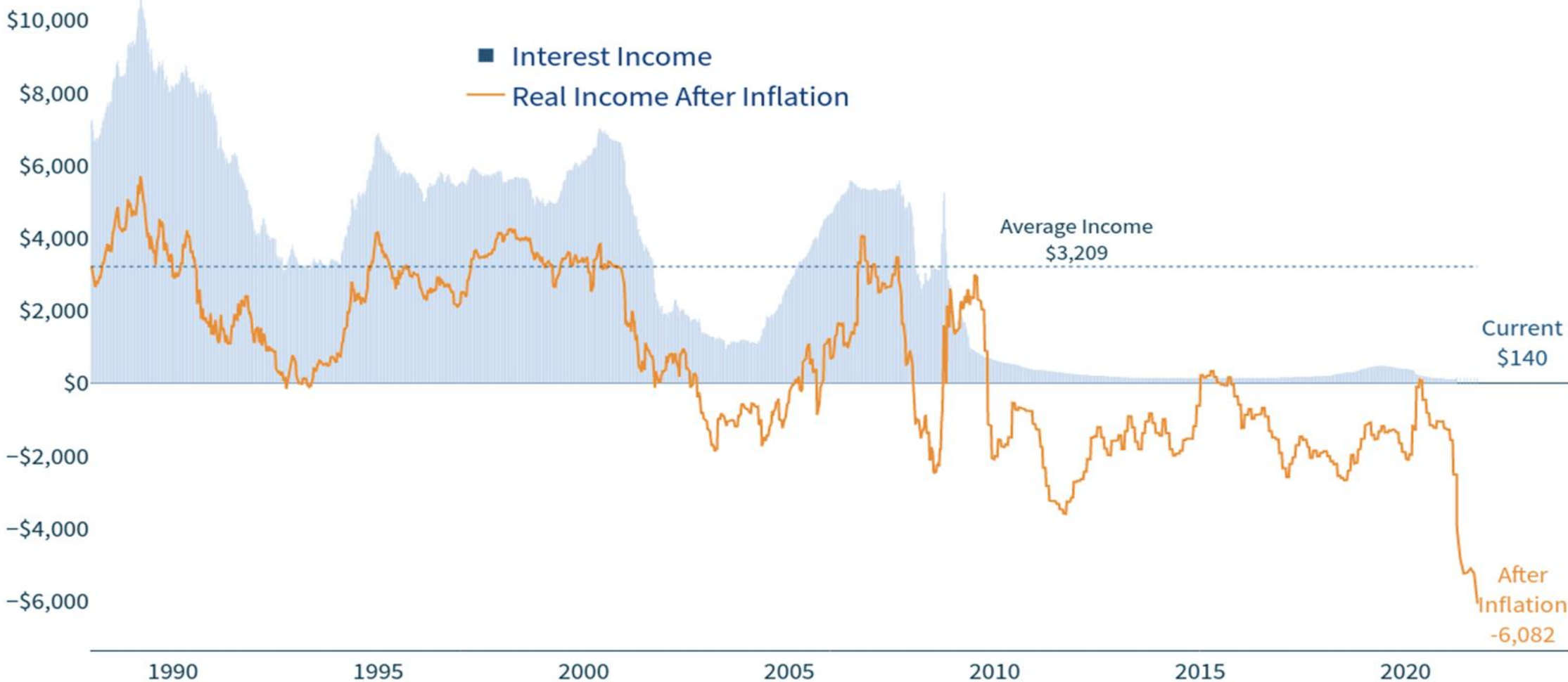
US Stocks

The Cost of Safety

MONEY RATES		
(as posted in Barron's 10/4/2021)		
	LATEST WEEK	YR AGO
Fed Funds Rate (Avg. weekly auction) ^c	0.08%	0.09%
Bank Money Market ^z	0.07%	0.10%
12-month CD ^z	0.15%	0.27%
c- Annualized yields, adjusted for constant maturity, reported by the Fed Reserve on a weekly average basis. z – Bankrate.com (Source: Barron's; bankrate.com)		

Interest Income on Cash

\$100k Invested in 6-Month CDs Against Inflation





THE WALL STREET JOURNAL.

An Investor's Guide to Deflating Inflation Fears

| OCTOBER 30-31, 2021

“Fortunately, the stock market overall has outpaced moderate rises in the cost of living. From 1927 through 2020, according to Dimensional, U.S. stocks, as a whole, outperformed inflation by an average of 4.9 percentage points annually in years when rises in the cost of living were above the median. **If your stock portfolio is already well diversified, it should be able to keep pace with modestly rising prices.”**

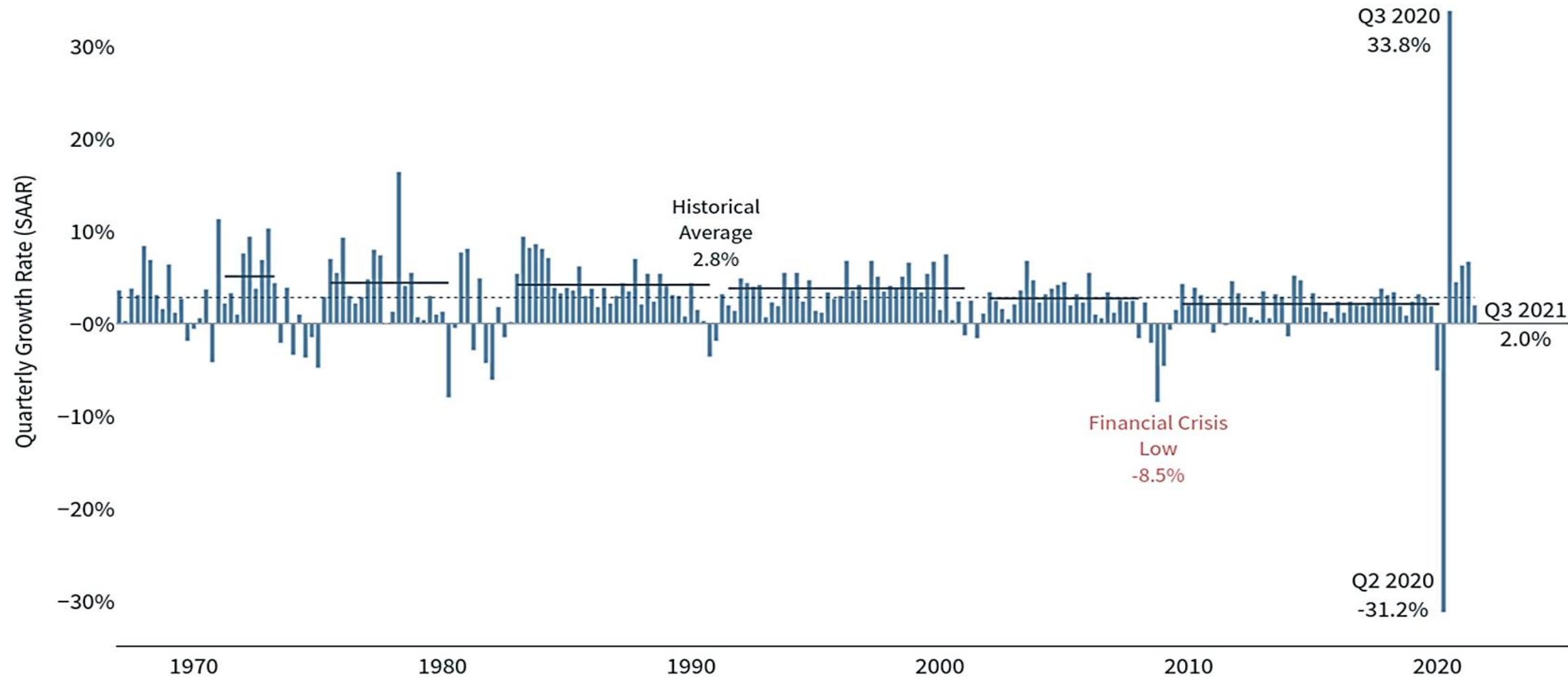


Economic Environment



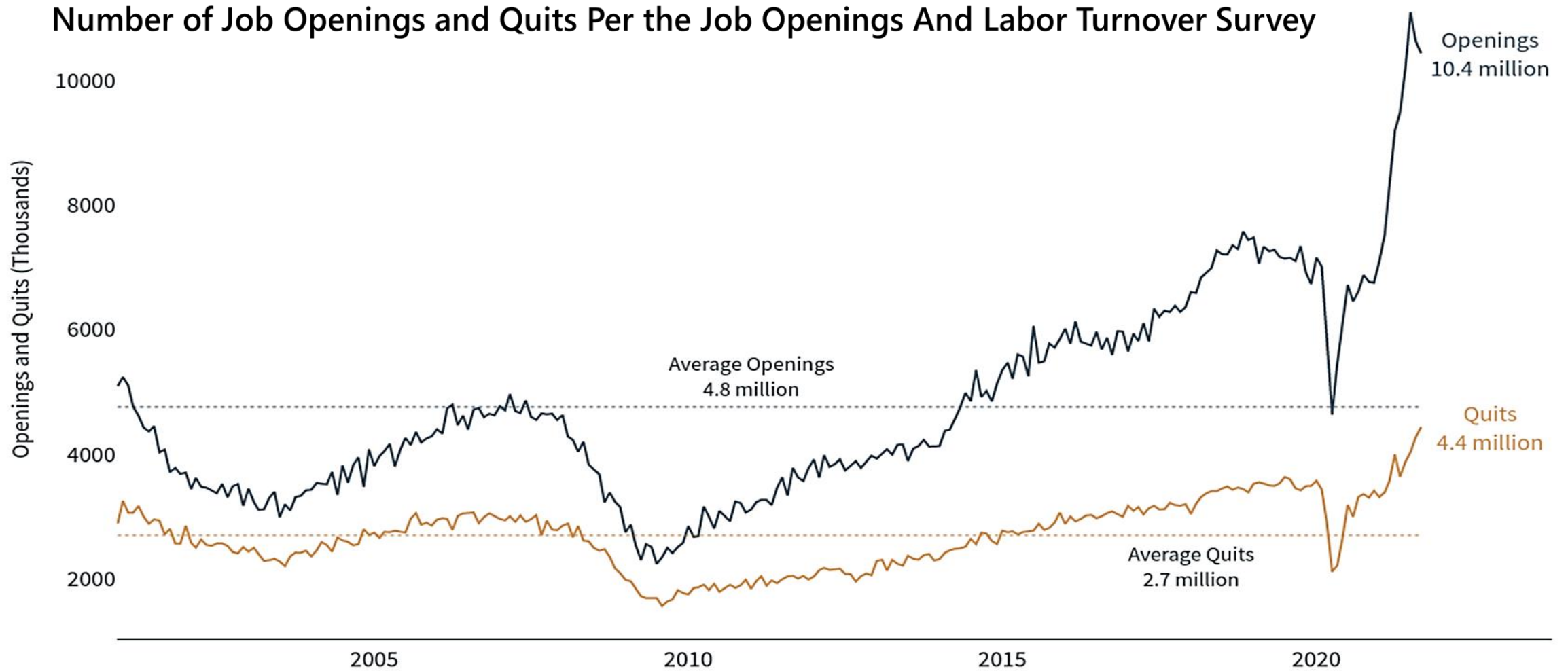
U.S. Economic Growth

Quarterly GDP, Year-Over-Year Percentage Change



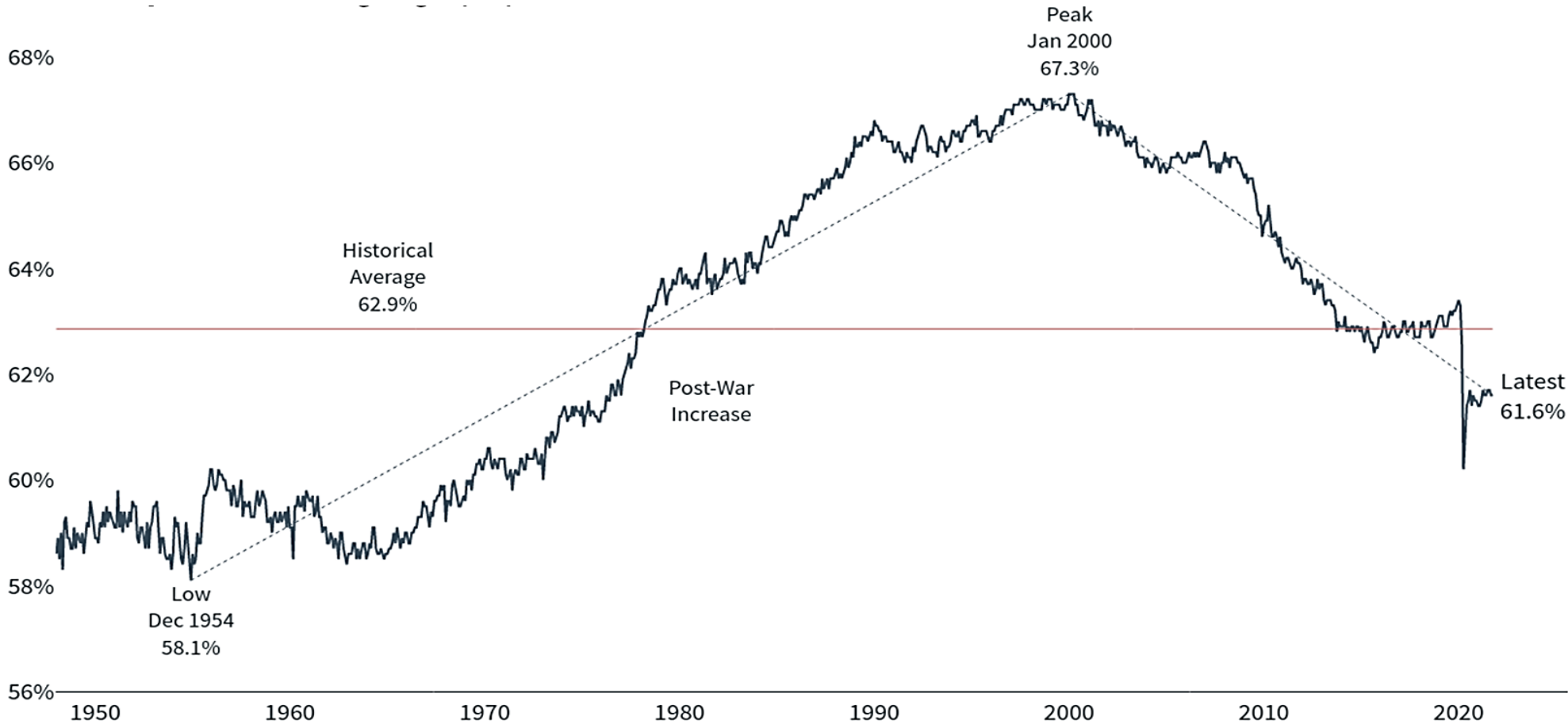
Source: U.S. BEA, NBER / Latest data point is Q3 2021

Job Openings and Quits (JOLT Report)



Labor Force Participation

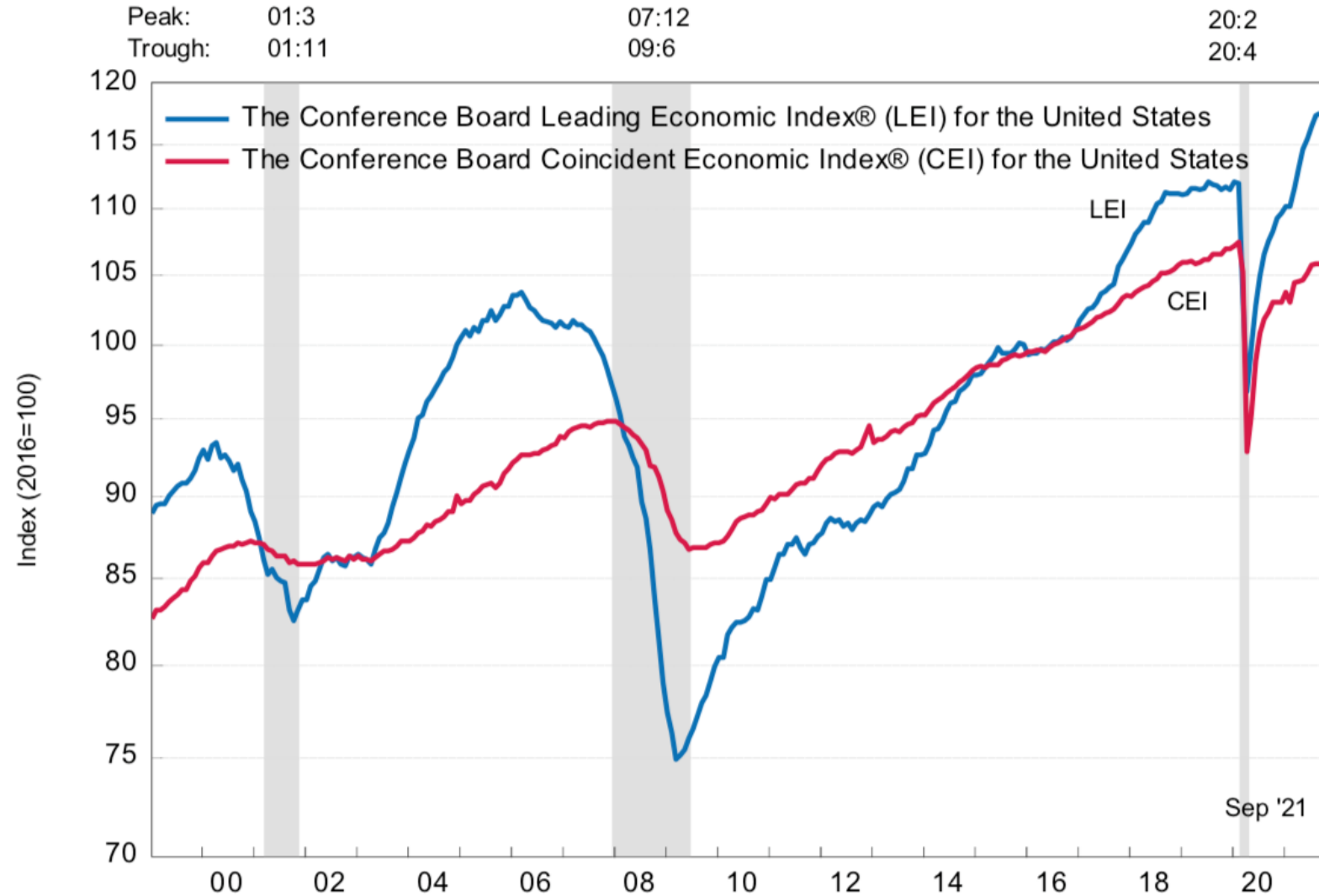
% of Population Working or Actively Seeking Work Divided By Working-Age Population



Source: Bureau of Labor Statistics / Latest data point is Oct 2021

Economic Data

U.S. Index of Leading Economic Indicators – Strong Recovery



Source: The Conference Board / Data through September 2021 / Shaded bands represent recession

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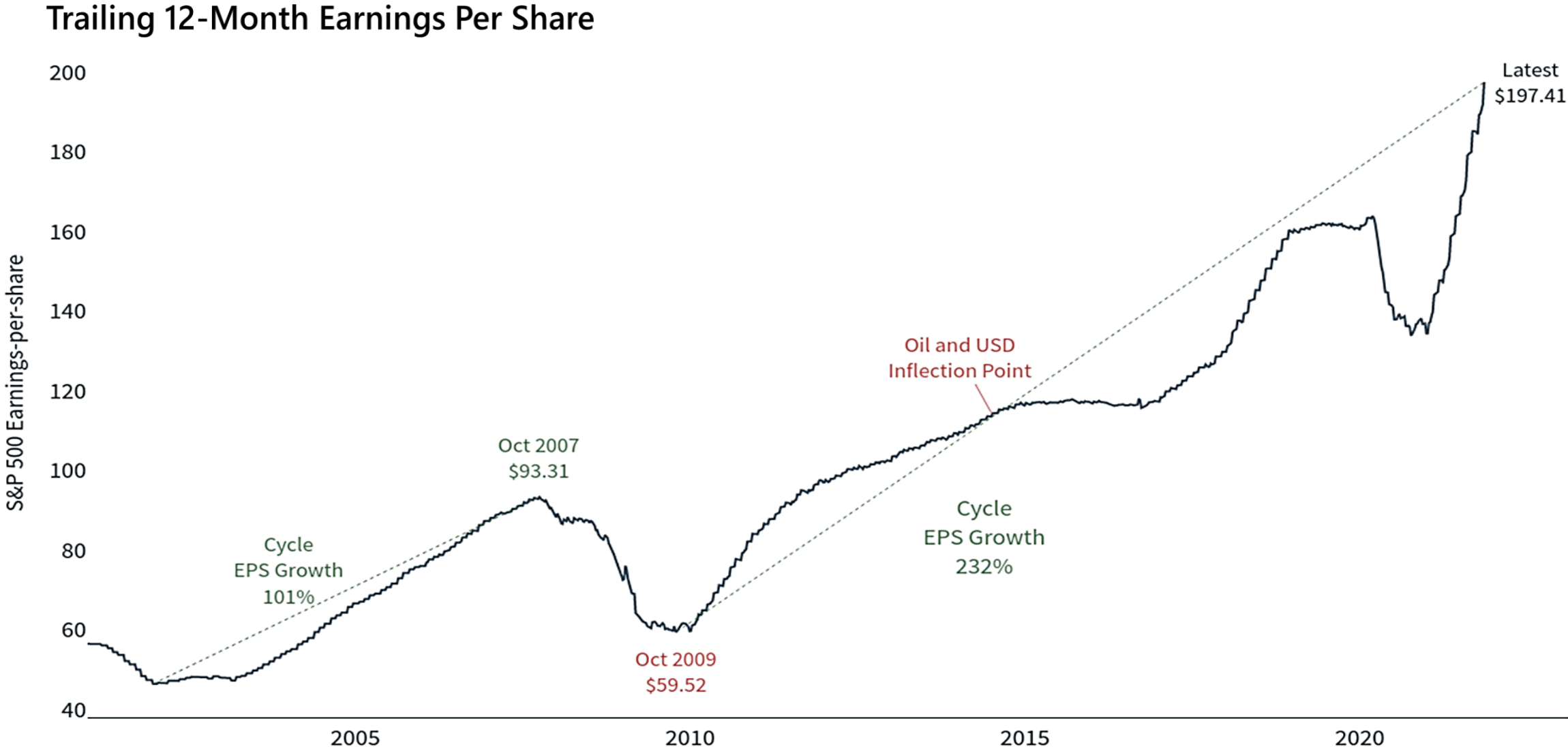
Strong Earnings Power S&P to Record

| OCTOBER 29, 2021

“Forecast-beating results have helped ease investors’ worries that supply-chain difficulties would dent profits ...”

With nearly half of S&P 500 companies having posted results this reporting season, about **82% of those have beat analysts’ expectations for earnings ...**”

S&P 500 Earnings Per Share



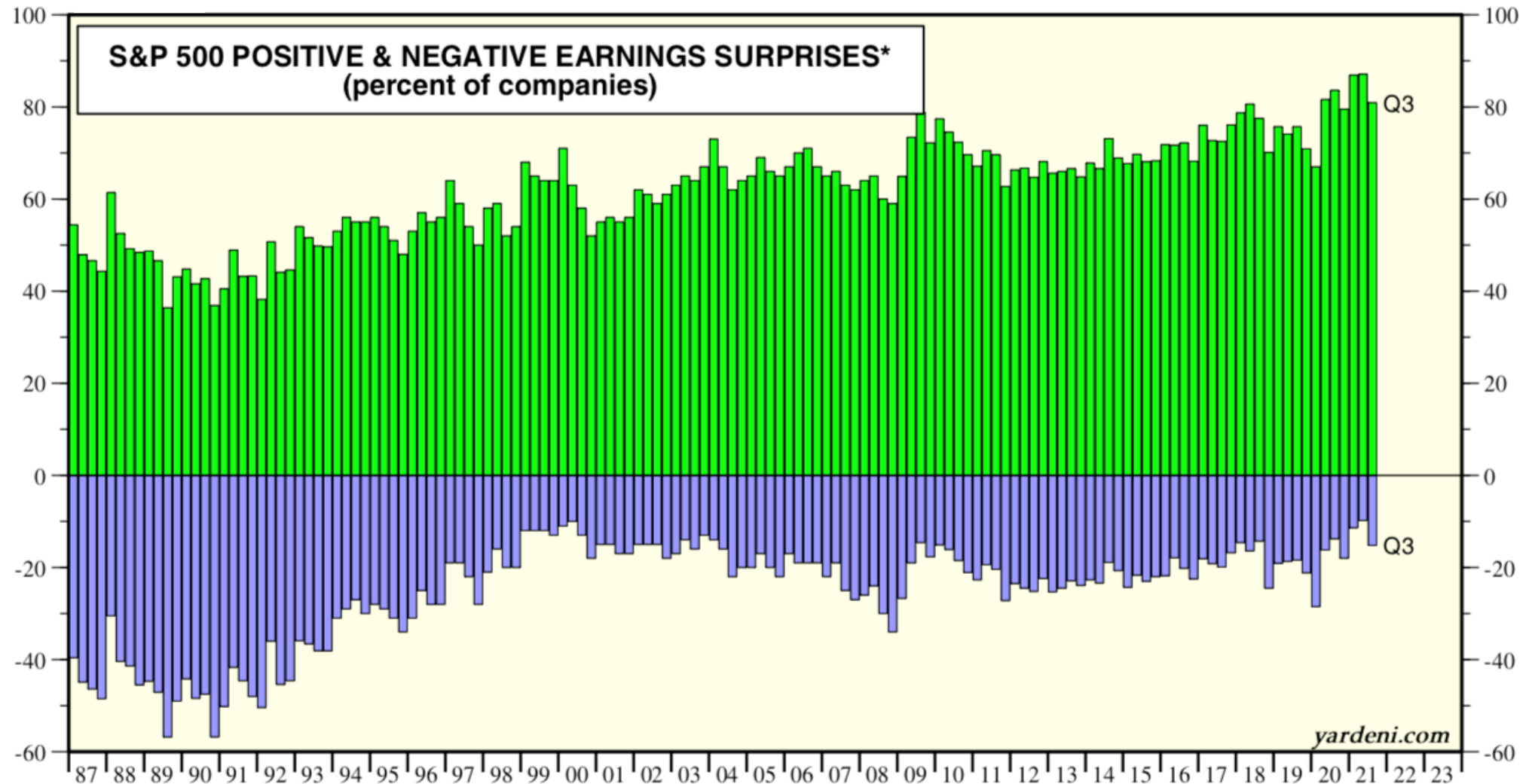
The Stock Market and Earnings


S&P 500 Index Price and Trailing Earnings-Per-Share Since 1990



Stock Market Arithmetic

S&P 500 Earnings Surprises



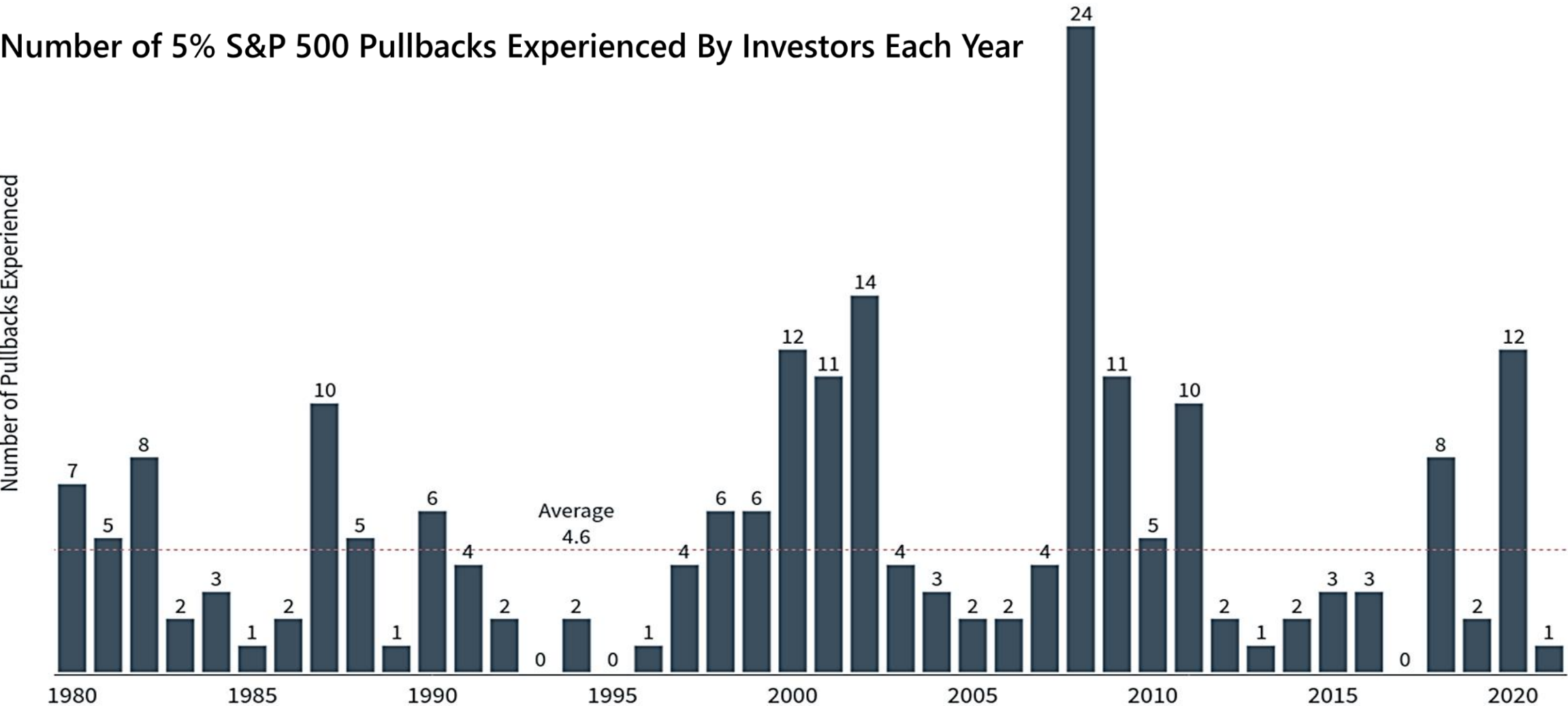


“Our targets for the S&P 500 by the end of 2021, 2022 and 2023 are 4800, 5200 and 5500 (respectively) ... so the ‘meltup’ should continue to be led by earnings.”

| ED YARDENI, NOVEMBER 3, 2021

Stock Market Pullbacks

Number of 5% S&P 500 Pullbacks Experienced By Investors Each Year



Source: Clearanomics, Standard & Poor's / Latest data point is Nov 12, 2021

Key Takeaways

We are here to help you



Investor
caution



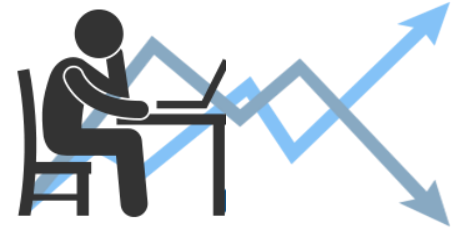
Interest
rates may
increase



Inflation
continues to
be a concern



Revisit cash
reservoir
policy



Prepare for
market
volatility

Portfolio Rebalancing



Portfolio Rebalancing

Buying or selling investments to maintain a targeted mix

Threshold



Opportunistically when markets rise and fall

Time

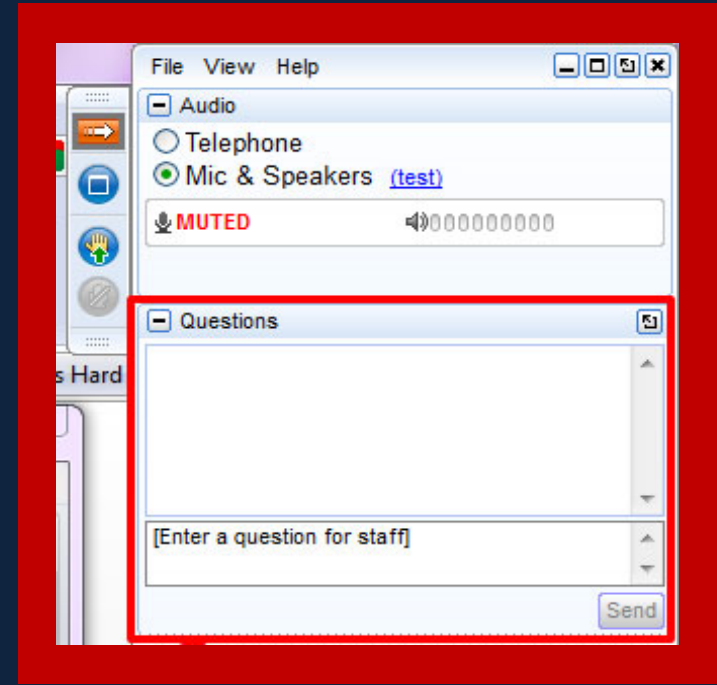


Annually towards end of year



Tax Loss Harvesting

Q&A HAVE QUESTIONS?



Hughes Financial Services, LLC, is an independent Registered Investment Advisor (RIA) that works closely with individuals and families, helping them to accomplish their unique financial goals through the allocation of their assets. We are a fee-only firm that seeks to adhere to the highest fiduciary standards and provide clients with advice that is truly unbiased and has only our clients' best interests in mind.

We offer our clients an impressive wealth of expertise in retirement and estate planning, investment and risk management, insurance, and education planning. Our advisers hold a variety of professional designations and certifications and are well versed in a number of financial disciplines. Our combined education and experience allows us to proudly offer you independent financial advice that you can trust.

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SOURCES: Dimensional Funds; Wall Street Journal; US Bureau of Economic Research; Clearanomics; Bloomberg; Ed Yardeni; Barron's; bankrate.com; FDIC; US BEA; NBER; Bureau of Labor Statistics; The Conference Board; Refinitiv; Standard & Poor's; Yardeni Research Inc.; APFA

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