Is it still 2022? Have this year's market moves aged you? Don't worry, you are not alone in these feelings, but rest assured that we are considering all of the relevant information and working hard to position portfolios with a longer-term view in mind. The S&P 500 has had its worst start to the year since 1962, with yesterday's darlings bearing the brunt of this pain. If anything, the recent market losses serve as a reminder that investors should be focused on their long-term goals that rely upon diligent planning, implementation and actionable items in order to reduce the negative impact of making an emotional decision that is based more upon short-term biases instead of actual facts.

Market corrections have always tested even the most experienced investor. They also happen to be a very normal part of fully functioning investment marketplace. The real challenge is that corrections test an investors' fortitude, conviction, goals and overall approach which quickly leads to even more fear, pessimism, and outright despair. Despite the list of growing negatives that investors are currently facing, there are still a number of positive items that support taking a longer-term view:

- The unemployment rate is within a tick of its multi-decade low in 2019, and job availability is plentiful. This has driven the greatest real wage growth in the lower pay quartiles, those individuals most harmed by inflation.
- Valuation levels for both stocks and bonds are at multi-year lows. A significant discount for further bad news has already been built into the markets.
- Historically, the S&P 500 is higher a year after the first Fed rate increase[1]
- S&P 500 earnings growth and revenue growth were positive in Q1

How are we positioned and what does it mean to you?

Our investment process revolves around our risk controls. As a reminder, client portfolios remain fully invested, are positioned sector-neutral to respective benchmarks, and currently maintain valuation discounts. These tenets have been accretive year to date, as value stocks (lower price to earnings) have generally held up better than pricey growth stocks (higher price to earnings). Given the severity in divergence of returns across sectors, the fact that we also remain diversified across all eleven market sectors has proven beneficial as well. This fully invested positioning should continue to ensure that when, not if, the market moves higher fully invested client portfolios will stand to benefit from the market's shift upward.

We have seen a common theme emerge amongst investment managers that believe current market conditions have provided investors with an attractive buying opportunity. This is a sentiment that we also happen to agree with. As a result, Dana has been focusing its efforts to identify those companies that are less economically sensitive and those that can protect their profit margins. Therefore, we are seeking to own companies that exhibit both a resilient business model as well as strong pricing power, both of which are key elements of our investment process. This type of approach supports a longer-term view regardless of short-term noise.

Overall, we remain committed to our relative valuation discipline which provides the potential for downside protection along with the benefits of more positive price movement when the market regains its footing.

Our counsel has always been to stay invested, within the risk tolerance guidelines that you have set with your clients. Your guidance, as the advisors, is always beneficial in times of stress and uncertainty. This is a time to be proactive with your clients let us know how we can help.

1. https://www.bloomberg.com/news/articles/2022-03-13/what-happens-to-stocks-when-the-fed-hikes-a-historical-guide