

February 2022

Who Let the Bears Out?



It was an unusual period when both stocks and bonds lost ground. Tormenting investors, the Fed affirmed that they intend to increase interest rates at their next meeting in March. An expected four rate hikes in 2022, though, equates to a move from zero to 1%, hardly a problematic increase for most Americans and investors. After rising on the first trading day of 2022, the benchmark S&P 500 index fell over 5% in January. While this can (and did) grab headlines in the financial press, the move is a normal one; in any given year there are two drops of 5% that occur on average.

Investor sentiment hit the most “bearish” levels for the decade. Extremes in investors pessimism can be a contrarian indicator. The chart illustrates legendary investor Sir John Templeton’s observation: “Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria.”



Progress on investments.

As always, we stay on alert overseeing your investment holdings with the two goals of growing your wealth while guarding it. We look at risk and return both strategically and protectively. Strategically, through good offense, by combining different asset classes we create an allocation with great prospects for delivering the growth you seek while guarding against unnecessary risk. Protectively, through great defense, we incorporate data to flexibly respond to market information and to guard against losses.

By the end of January, clients held higher-than-normal cash levels protecting against current market volatility and allowing dry powder for a future uptrend. Holdings in diversified commodities funds were increased and provide a great place to hide out in this period of time.

Thank you for your continued loyalty and trust.



*Terri Spath*

Terri Spath, CFA, CFP®  
Founder & Chief Investment Officer  
[Terri@ZumaWealth.com](mailto:Terri@ZumaWealth.com)



*Kevin D. Steele*

Kevin D. Steele, Ph.D  
Strategy Architect & Client Concierge  
[Kevin@ZumaWealth.com](mailto:Kevin@ZumaWealth.com)