



THE MCCREA - BOLLINGER GROUP

FIRST KENTUCKY SECURITIES CORPORATION

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Maintaining a Long Term Perspective in a Short Term World

A LOOK BACK

Part of our roll as your financial advisors is to provide insight and perspective. While this year has certainly been a wild ride, it has not been unanticipated or unplanned for. To help with the perspective we would like to reiterate perspectives from our recent newsletters:

Second quarter 2021– “While we do not see the market as a bubble, we do view it like a balloon that will slowly deflate. Rising inflation is also likely to lead to higher interest rates increasing the near-term risk of bonds.”

Third quarter 2021– “If higher inflation proves to not be transitory...higher inflation would likely lead to higher interest rates. Our concern is that the stock market appears to be somewhat overvalued by most historic measures.”

Fourth quarter 2021– “The U.S. stock market remains overvalued by most historic measures. We recently increased cash holdings and are in a more defensive position than normal. An injured bull can be a dangerous thing.”

First quarter 2022– “Our concern is that inflation remains high and interest rates will rise higher...a significant rise in interest rates over time could substantially cool the hot stock and real estate markets leading to a stagnating economy.”

Second quarter 2022– “We expect elevated inflation to be with us awhile...we have rotated toward more defensive areas of the market.”

Third quarter 2022– “The market got overvalued last year...through the end of June the market was down over 20%. We believe this decline has brought the market down to fair value. Given record corporate profits it may even be undervalued.”

A LOOK FORWARD

There’s an old saying in the investment world, “They don’t ring a bell at the bottom of the market”. While we are not in the business of market timing, we are seeing signs that the deeply oversold market may be beginning its long climb back. Of course, there is still be some near term risk, but for long term investors we feel there is some good value in the market today.

We continue to see signs of inflation leveling off. The Dow Jones – UBS Commodity Index is down nearly 20% since mid-April when the Fed began raising interest rates. While we anticipate the Fed to raise short term rates a few more times, there will be less need to do so in the months ahead. After a substantial rise in long term interest rates this year, we expect them to level off, creating good opportunities in the bond market. As investors begin to anticipate inflation, and interest rates level off, we expect to see a strong 4th quarter for the stock market.

We continue to recommend a well-balanced and well-diversified portfolio that fits your long-term investment objectives and is suitable for your near-term risk tolerance. However, we do not believe in “riding it out”. We will continue to make necessary adjustments with the expectation of taking advantage of opportunities as they arise.

The information presented in this newsletter is the opinion of the author and does not reflect the view of any other person or entity. The information provided is believed to be from reliable sources but no liability is accepted for any inaccuracies. This is for information purposes and should not be construed as an investment recommendation.



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The investment markets are constantly changing. As long-term investors, we look at these changes as opportunities for your overall investment strategy. What is your timetable? How best to balance risk and rewards based on your objectives? What are the important reasons for you to build and protect wealth? We monitor each investor’s portfolio against changing market conditions to maximize performance. It is our simple approach to wealth management.

Your Team:

Bruce, Sheree, Chris, Bryan, TC, Brandi and Jennifer

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The McCrea-Bollinger Group Legacy

The McCrea-Bollinger Group has had the privilege of working with many of you for years, or even decades. We formed our group with the concept that working together will provide a higher level of expertise and better service for our clients. What many of you may not know is we actually started our partnership nearly 20 years ago as “The McCrea-Bollinger-Kane Group”. For more most of those years, Sheree and I had the honor of working with our partner Jim Kane.

Some of you may have had the opportunity to meet Jim over the years. Jim became a Financial Advisor in the 1980s as a second career and worked with us into his 90s until he passed away in 2016

Jim was a member of the “Greatest Generation” and is an honored Veteran of World War II and the Battle of the Bulge. I worked with Jim for nearly 10 years before I even knew he fought in the war. Like many of the soldiers from his generation, while not reluctant, Jim rarely spoke of the war. He just did his duty and returned home after the war. Several years ago, I had the privilege of accompanying Jim and 79 other amazing veterans participating in the Honor Flight Program, a non-profit organization that honors America’s veterans (www.honorflightbluegrass.org).

Before he retired, my sons Chris and Bryan had the opportunity to work with Jim for several years and had the honor of escorting Jim to St. Louis in 2011 for what was the last reunion of the 84th Infantry Division.

I wanted to share the attached article from 1977 written by one of Jim’s platoon members describing a memorable night he shared with Jim in 1944.

I thought you might be interested in some of our history and the legacy Jim left behind. In September, Jim would have celebrated his 100th birthday.

~Bruce

