



D|A|DAVIDSON

SUMMER 2022

**TROST WEALTH
MANAGEMENT**

A service of D.A. Davidson & Co. member SIPC

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Happy Summer

The Trost Wealth Management team would like to wish everyone wonderful summer! After a very dry winter and spring, some parts of Montana got more rain than they hoped for in June. While we're happy to see the reservoirs full, severe flooding devastated several areas near Yellowstone National Park. We pray for all those effected and hope for a quick recovery and reconstruction. All that extra moisture has made a good start for the growing season for farmers and ranchers, created some amazingly green scenery throughout Montana, and helped to reduce fire risk significantly, so we can at least be thankful for those things.

Office Reminder: Davidson recently decide to remodel the Helena branch, and contractors started in earnest mid-April. We've temporarily moved into some limited space upstairs in the same building, so we'll continue to manage checks and documents, but we may need to meet via zoom or somewhere else for the next couple of months. Thank you for your understanding, and we'll look forward to seeing you in our new digs after completion, scheduled for September!



Economic and Market Update

It's an understatement to say that financial markets have been difficult. In fact, after setting a new all-time high the first week in January, volatility whipsawed the S&P 500 until it lost more than 20% by June, falling into a "bear market." There has since been a slight recovery, but all of the major indexes remain down significantly. Part of this decline is likely a reaction to excessive speculation in technology and crypto-related companies over the past couple of years, but the remainder is based on several significant issues. There are plenty of ugly headlines to go around, with various shortages plaguing consumers, the war in Ukraine, and yet another Covid variant, but the central issue is inflation and whether the Federal Reserve can reign it in without causing a recession.

At this point, the Fed still has a reasonable chance, but even if they can't, any recession in the near term should be a minor one for several reasons: First, U.S. households are in good shape reporting record-highs for average net-worth and the lowest percentage of household income going toward debt payments ever recorded. The job market remains strong with very low unemployment and two job openings for every unemployed worker. Banks are well capitalized and underwriting has been better than during prior downturns. Finally, the ongoing lack of supply should put a floor under real estate values. These conditions have not historically been hallmarks of any deep or long recessions, and the good news is, financial markets have already priced-in a small one.

That's not to say that markets can't fall further from here. Additional volatility is likely, but we can look to history as a guide for what may happen soon. Since 1950, the S&P 500 has been higher within 3 months of falling into a bear market 75% of the time (by an average of 6.4%). A full year after falling into a bear market, the index has climbed 17% on average. History shows that bear markets don't last forever, and the worst tends to be behind investors once the official definition is reached.

For those with a longer time horizon and the stomach for more volatility in the short run, now might be a good time to consider adding to your investments. Likewise, with markets lower, you might consider a few tax planning ideas like tax loss harvesting or initiating a Roth conversion if that was something on your agenda.

Financial markets are forward-looking, and no virus, or war, or recession has ever been permanent. Market volatility will always go along with equity investing. In fact, it's the risk premium in stocks that allows returns to be higher than bonds or cash, and investors who remain calm in the face of uncertainty will continue to earn better returns over the long run.



Dan Trost, CFP[®], CWS[®]
Financial Advisor
Senior Vice President

WHAT'S NEW

Team Happenings



Dan Trost, CFP®, CWS®
Financial Advisor,
Senior Vice President



Lexie Bass, FPQP™
Associate Financial Advisor
Supervisory Branch Ops Manager

The Bass family is trying to soak up every minute of these warm days and long summer nights. They've been enjoying weekends at the lake where the girls are quickly becoming tubing pros with Hazel (4), the daredevil, always asking to go faster! The whole family was lucky enough to visit Yellowstone just before the terrible flooding. The girls loved the bison traffic jams and Old Faithful, but when asked about their favorite part of the trip, both said, "The gift shop ice cream, for sure." :) Vivian (6) has been busy this summer with cheer, basketball, and ballet camp. Hazel is taking swim lessons and is a little fish in the water. Lexie is further down the road-to-recovery from her knee injury and has started training for a half-marathon in October. She's very thankful to be running again and is looking forward to the day her girls can join her.

After a very busy spring, the Trost Family is trying to slow down a bit and enjoy summer. As usual, they're hitting the bike trails and hanging out at the lake as much as possible. The boys already attended a few sports camps and a science program that they really enjoyed. Lucas (12) had a great first year of middle school, and his Mom and Dad have an "honor student" bumper sticker to prove it! He rode his bike to school almost every day and is looking forward to even more independence next year. Aaron's (10) favorite things lately are to be on a mountain bike or a wake board, which fits well in to the Trost family's summer plans. Isaiah (4) received the "creator of fun" award on his last day of preschool. Also very fittingly, he was asked to be an ambassador this fall to help onboard next year's incoming preschoolers, which he joyfully accepted. He's an incredibly sweet kid with an independent streak, although he may be a bit of a hoarder based on the condition of his room, the living room, and the back yard at the Trost House. ☺





Darbi Linder
Client Associate

Darbi and her family have been enjoying time together since Libby made it home from her first year of college, where she's been accepted into the undergraduate Architecture program. They are very proud of her hard work! She's working for Northwestern Energy for the summer analyzing soil for corrosion around gas pipes. The very day middle school got out, Brit was indoctrinated into high school sports with football practice and basketball open gym. He'll spend the summer gearing up for freshman year and becoming a Capital High Bruin. Isabelle is eagerly awaiting her July trip to Thailand where she'll work with elephants and teach English to Thai primary students. In Helena, she's working with the little ones at Bloom Montessori this summer and really enjoys her time there. Nate and Darbi make sure the camper is stocked, the raft is inflated, and the s'more fixin's are ready as the summer weekends come and go so quickly. They are all grateful for the beautiful weather!



Mindy Diggins
Registered Client Associate

The Diggins' family had a lovely spring, and now summer is in full swing! Nick, Mindy, and their boys recently traveled south to visit family and were excited to meet Mindy's new great niece. Se'amus (16) ended this Track season at the Divisional Meet with personal records in both of his events. Deklyn (11) is thrilled to be heading into Middle School next year. On a recent tour of the school, he was amazed at how big the library was! Nick and Mindy are preparing the camper for several camping trips over the next couple of months. Summer in Montana goes so quickly, and they plan to enjoy the outdoors as much as possible.



THROUGH IT ALL

Our Promise

Our team works hard to help clients meet their financial goals and believes in a thoughtful planning and disciplined investment process. We promise to be there for you during life's key moments and times of uncertainty, and we'll do our level-best to provide the exceptional service that you deserve. Please don't hesitate to contact us with any questions related to investment management, retirement cash flow planning, tax planning, insurance analysis, estate and wealth transfer planning, family and elder care, banking and liability management, or charitable giving options.





WE BELIEVE IN

Giving Back

Dan was recently appointed to the Montana Board of Investments and is excited to be part of the organization helping to manage, protect, and grow Montana's nearly \$15 billion in investments related to our public employee pensions and other funds. Dan also serves on the board of the Teachers' Retirement System, another organization he believes in wholeheartedly. Lexie recently joined the United Way board and is leading the fundraising committee and plans to help spread awareness about the organization. Our team has also recently raised funds for Helena Food Share, the Friendship Center, and recently added the American Red Cross and Doctors without Borders to our list of supported charities.

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