



FINANCIAL FOCUS:

A Pegasus Newsletter[©]

www.pegasusassetmgt.com

Dear friends, we have made it through the second quarter of 2022 and for the markets, it wasn't pretty. Headlines such as the "equity market's worst first half in over 50 years" or "economists in June see a 44% probability of a recession in the US in the next 12 months" just makes you want to pull the covers over and go back to sleep. Many of the underlying issues I discussed in this year's first newsletter continue to persist. Supply chain bottlenecks from Covid, inflationary pains, Federal Reserve tightening of monetary policy and the war in the Ukraine remain as headwinds to a recovering market.

However, there are some signs of improvement. As I am writing this newsletter oil prices have come down substantially from their highs, used car and plywood prices are no longer out of this world and unemployment rates remain low. One can also look to the past for clues. In 1970, the last time the stock market was down 20% in the first half of the year, stocks recovered all their losses and actually ended positive for the year. Of course, as we always say, past performance is no guarantee of future results but as Mark Twain was quoted, "History never repeats itself, but it does often rhyme". It appears the market volatility will continue for a while, but the trajectory may be ready for a change.

All of us at Pegasus remain available to address your questions and concerns. Also, we have an exciting announcement. John and I would personally like to welcome Jaysen Bohrod as the newest member of our team. Jaysen is a financial analyst, and we are thrilled to have him aboard.

By, Rodd D. Berro

A Tough 6 Months

There was a lot of red at the end of June most of it occurring in the second quarter. The S&P 500 fell a bear market total of 20.6% with the Dow Jones Industrial Average following with a slightly less considerable 15.3%. The Nasdaq Composite which consists of more interest rate sensitive stocks and volatile companies lost an eye popping 29.5% as of June 30th. The Russell 2000, which is similar to the Nasdaq in its interest rate sensitivity, lost 23.9% for the quarter; while the S&P MidCap 400 Index leaked 20.2%. The bond market was also in the red, with yields up and price down. The aggregate Bloomberg bond index was down 10.3% for the first six months of 2022. The 10-year Treasury bond ending at a yield of 2.97% was up from only 1.51% at the beginning of the year, while the 30 year finished the second quarter at 3.12%, up from 1.91%. These yields translated into an average 30 year mortgage rate of 5.9% compared to a measly 3% in December of last year. Gold ended the quarter at \$1,804.10 per ounce, down 1.28% for the year. Continuing to disapprove the asset as a hedge against inflation. Oil climbed a little bit for the second quarter ending on June 30 at \$105.76 per barrel, up 40.6% for the year. Thankfully natural gas dropped from its high on March 31st but still remains up 45.4% for the year. Going into the end of the year for the US and even more so for Europe this could prove to be quite a burden on individuals electric and winter heating bills.

I Bonds

Pegasus has received a number of inquiries regarding I Bonds as they have been prominently displayed in financial writings over the last couple of months due to their impressive current 9.62% annualized rate. The following is what you need to know about these bonds should you be interested in investing in them.

(Continued on next page....)



I Bonds (continued from front)

- Each individual is limited to purchase \$10,000 per year. (\$15,000 if the additional \$5,000 comes directly from an IRS tax refund and is issued in paper form.)
- They can only be purchased online (except for the instance noted above) and must be purchased by the owner directly from the website below. No broker or bank can purchase them for you. www.treasurydirect.gov
- They must be held for at least one year.
- If sold between years 1 and 5, the owner forfeits the last 3 months of interest.
- The interest rate fluctuates every 6 months based on a fixed rate and an inflation adjusted rate composite calculation.
- They are not available to be purchased in an IRA or any other tax advantaged account.
- The current 9.62% rate lasts from May 1 to October 31.
- I Bonds like other Treasury bonds interest is exempt from state and local taxes.

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Exclusive of charts

Money Movement Requests

Please contact our office before Schwab's processing cut off times:

- 1:00 pm Overnight Checks
- 2:00 pm Wires (e-authorization needed by 4:30pm)
- 5:00 pm MoneyLink/ACH transfers

Remember, you can always process a transfer online at any time:

Log onto your account www.schwaballiance.com
From the accounts tab, click the Transfer & Payment tab and follow the instructions

New Website

<https://www.pegasusassetmgt.com/>

Our new website launched in March 2022. It includes direct links to the Client Portal, Schwab Alliance website, and Charles Schwab video library, as well as a Client Resources page with step by step instructions for:

- depositing & withdrawing money
- using Schwab Mobile deposit
- mailing in physical checks for deposit
- preparing for & responding to security issues

Stock Market Holiday Calendar

The stock market, bond market and our office will be closed on the following days:

Monday, July 4, 2022 - Independence Day
Monday, September 5, 2022 - Labor Day

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Pegasus Asset Management, Inc.), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Pegasus Asset Management, Inc.. Please remember to contact Pegasus Asset Management, Inc., **in writing**, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Pegasus Asset Management, Inc. is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of Pegasus Asset Management, Inc.'s current written disclosure statement discussing our advisory services and fees is available for review upon request.