



An Insider's Take

Welcome to the first edition of "An Insider's Take." Each quarter, we'll focus on financial issues that may be on your mind and I'll provide my perspectives on it. The state of the market, economic trends, our upcoming Assets & Aspirations speaker and what's happening at Van Leeuwen & Company are also on the docket. There's even a mini-book review. Please let me know what you'd like to hear about and any other feedback at ken.vanleeuwen@vanleeuwenco.com.

Last month, Americans were already reckoning with the [highest inflation rate](#) (nearly 8%) in 40 years and a stormy stock market when Russia invaded Ukraine.

- The war has further exacerbated a decline in consumer purchasing power with [large spikes](#) in the price of oil, wheat, natural gas, and the metals used in semiconductor chips, which are needed in many home appliances and cars.
- The Fed [hiked interest rates](#) to try and rein in rising inflation. Several more increases are expected throughout 2022.
- [Goldman Sachs](#) and [Bank of America](#) downgraded their forecasts for U.S. economic growth for this year. They expect consumers will spend less, which could negatively affect corporate earnings and the stock market.
- The labor market remains strong with [historically low unemployment](#).

What this all means: As consumers, businesses and investors grapple with the dynamic situations listed above, as well as a new rise in Covid-19 cases in Europe, the overriding sentiment is uncertainty. The bright spot is employers' robust hiring, but we are on guard for a weakening economy.

What we're doing: What we've always done: to [never underestimate inflation](#) in financial planning and to avoid the types of bonds and growth stocks that are hurt the most by higher interest rates. Our clients' portfolios are built to weather today's volatile times.

- Recognizing that every negative reaction creates an opportunity to be a buyer, we have cash ready to buy high-quality companies.
- Scouring the market to find good value stocks at a lower price.
- Given concerns around consumers potentially tightening their belts, we're focused on companies that meet people's needs (e.g., food, health care) versus their wants (e.g., a vacation or new car).
- Continuing to keep a very close eye on inflation, interest rates and the war in Ukraine, including what position China takes.
- Working our tails off!

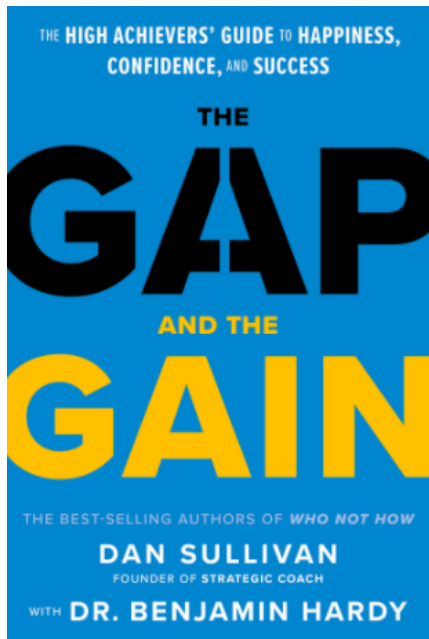
What's next: Waiting to see how people react to the 401(k) statements they receive in April (*will they feel more or less confident about spending?*) and companies' earnings reports, which also come out in April.

The big picture: We believe there are still gains to be had as many Wall Street analysts expect stock market returns in mid- to high-single-digit growth. This would mark a much lower return than the S&P 500 had in 2021, but the last two years of market returns are out of historical norms.

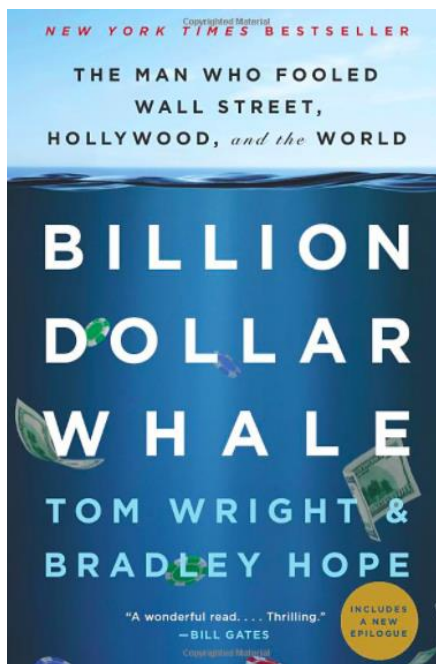
As always, we take the long view at Van Leeuwen & Company, focusing on investing in fundamentally strong companies that have time-tested track records of successfully navigating different economic environments, including ones with inflation and rising interest rates.

What I'm reading

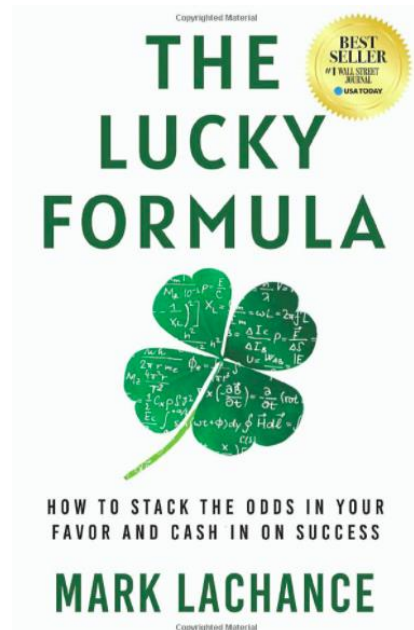
I often get great book recommendations through friends and colleagues. In that same spirit, I'm sharing some of my recent favorites reads. Please tell me yours so I can add them to the pile.



The Gap and The Gain. Do you measure your success at achieving a goal based on the perfect place you haven't reached yet or the amount of progress you've made since you started? The author makes a robust case for focusing on the latter in order to be a fulfilled high performer. A thought-provoking and motivating read that I've been handing out to friends.



The Billion Dollar Whale. This is a fascinating and entertaining page-turner about a young man who started at University of Pennsylvania and went on to hoodwink Wall Street and Hollywood. Given the many dizzying scenes of this true story, I'd recommend it as a gripping beach read.



The Lucky Formula. This author doesn't believe in the wait and wish approach! Instead, he believes people should focus on how to create their own "luck." His clear and simple formula to do so resonated with me.

Your thoughts

As life inches back to normal, I am shifting from sending "Mindful Moments," which I had started to stay connected to clients during lockdown, to this new "An Insider's Take."

Just like I appreciated people sharing their responses to the "Mindful Moments," I hope to foster similar conversations with you through this vehicle. Please let me know what you'd like to read about in upcoming issues!

Thank you for reading!

Best,

Ken

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