



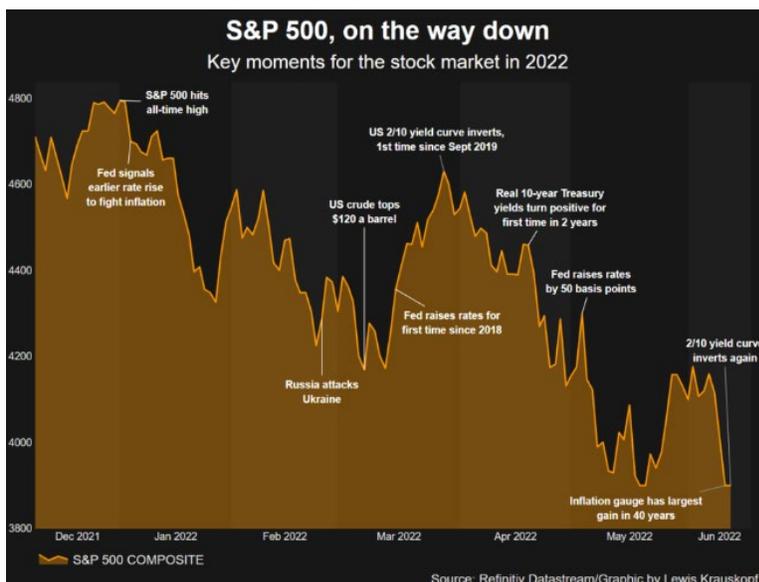
In This Addition:

- “No Matter the Length of the Journey...”
- 2Q2022 Market Commentary
- Bear Markets Snapshot
- Events
- 2Q2022 Portfolio Appraisal & Performance Reports

*No Matter the Length of the Journey,
Check for Compass Error*

The capital markets of 2022 have been disappointing (so far) for investors especially ones that are not prepared to handle downturns. The S&P 500 officially entered a Bear Market on June 13, 2022 with a closing value down approximately 22% from its record high of set on January 3, 2022. We have a brief write up this month for our clients to better understand “What is a Bear Market?” and to provide some historical context.

In this edition of the Navigator, we want to begin with the concept of “compass error”. Compass error generally occurs due to a deviation of the flow of magnetic energy between the earth’s polar caps. While a compass is a proven tool to help travelers to their destinations, it is not immune from error due to natural elements beyond our control. We consider financial

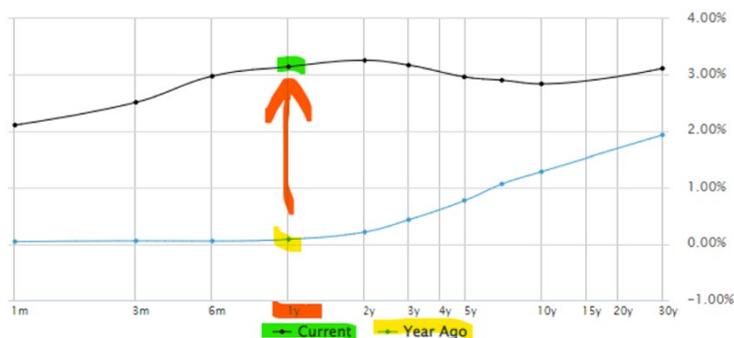


planning a “journey” for our clients and we aim to communicate regularly to keep you abreast of developing market trends and dynamics. Each of our clients have a different financial intent which requires a different plan; however, each financial plan is subject to “deviating energy” such as family intent, interest rates, money supply, domestic politics and geopolitics – just to name a few. Any one of these elements can pull on a financial compass and, if not checked regularly, the intended destination will be missed. One degree of error over a short distance can be harmless and correctable, but one degree over a longer distance will have you many miles off course resulting in additional effort, time, loss of capital, and most importantly not fulfilling a family’s long-term “intent”.

We design investment portfolios with a conservative bias to weather both good times and bad ones, such as a bear market. Our clients’ investment portfolios generally have a significant exposure to cash and U.S. Treasuries to address their personal cash-flow needs during a market downturn without selling their equity positions that are trading lower or are “on sale”. Our clients are wealth creators, savers, and investors – and we do not lose sight of their efforts to build wealth. Our job is to help our clients preserve and grow their financial base – we don’t risk their wealth with “one way” market bets or with unproven market investments, like cryptocurrencies. We hold cash, U.S. Treasuries, and stocks of the top companies of the S&P 500. We feel just as comfortable about your portfolio today when compared to your portfolio at yearend 2021 when the S&P 500 was up for the year around 28%.

Similar to how a sailor checks for compass error to course-correct, we check for compass error rather to find opportunities for our clients. Our Federal Reserve Bank has been (and

Yield Curve US



Source: WSJ

will continue in the near-term) raising interest rates to combat the current inflationary pressures. This will ultimately reduce the global money supply, meaning those who have cash will have greater demands for their cash, leading to higher interest rates offered for cash. Our clients

with cash and maturing U.S. Treasuries can purchase a one-year U.S. Treasury Bill yielding 3.30%* -- a year ago, the same U.S. Treasury Bill was only yielding about 0.08%!

We focused on inflation in [our last Navigator](#) and we continue to stand by our forecast of a longer-term inflation rate within the 4-5% range. June's inflation number was higher than expected at 9.1% and the Federal Reserve Bank responded quickly with a 0.75% interest rate hike. There is, however, some good news that the Wall Street Journal reported this week but is not getting much traction in the media: Gasoline prices have fallen approximately 10% from their highs; wheat futures have fallen by 37% since mid-May; corn futures are down 27% from the highs of mid-June; and the cost of shipping goods from East Asia to the west coast of the United States has dropped 11.4% in just a month. These decreases alone will not help the U.S. avoid a recession but will play an important part as to whether the recession in the United States is shallow or deep.

Here at Starboard during these rough seas, we will continue to check the compass for opportunities along the way to stabilize your financial intent and to stay the course.

Our very best,

Bart & Mike

Barton W. Weisenfluh, CFP®
Founder & CEO

Michael Ouellette
President

*One-year U.S. Treasury Bill yields of 3.30% and 0.08% are as of August 8, 2022 and August 9, 2021, respectively, according to the Wall Street Journal.

ON TO THE MARKETS

We are pleased to be partnering with the Kelleher Family Office and their holding company Wall Street Access Corp and [Kelleher Financial Advisors](#). Together and in collaboration with our [Investment Committee](#) we will be providing quarterly (and as needed) commentary on the capital markets. [Thomas Burnett, CFA, Vice Chairman and Director of Research at Kelleher Financial Advisors](#), will be helping lead the charge for this portion of our client communications.

<u>INDEX</u>	<u>% Change YTD as of 06/30/2022</u>
Dow Jones Industrial AVG. (TR)	-14.6%
S/P 500 Index (TR)	-19.7%
Nasdaq Composite	-29.5%
Nikkei Tokyo	-9.9%
China (Shanghai)	-6.9%
EURO Stoxx 600	-16.9%
Crude Oil per bbl	44.2%
RATE on Ten-Year T Bond	2.99%
VIX Volatility Index Change	66.6%

Source: WSJ.com July 1, 2022

As the Performance Table reflects, investors fared poorly in the first half of 2022. For equity investors, the period was extremely challenging. In fact, the 20+% decline (before dividends) was the worst first half for the S/P 500 index since 1970. The technology heavy NASDAQ Composite lost 29.5% during the six months ending June 30. The fixed-income markets did not offer a safe haven. The Muni bond index was down 8.0% and the 20+ year Treasury bond return was a negative 17.1%. Commodities provided the only asset classes with positive returns. The Bloomberg Commodity Index rose 19.3% in the first half. The Energy sector was the leading performer in the first half with natural gas rising 62.8% and gasoline up by 63.0%. Food prices also rose as Wheat prices increased by 15.6% in the first half of the year.

Crypto investors did not escape the severe downturn either. BITCOIN was down 58.4% in the first half of 2022 and is off by a stunning 70% from its high price of \$65,000 in November 2021.

As the six-months period ended, investors faced many significant headwinds. Inflation is running at a level not experienced in 40 years, the Federal Reserve has made it clear that it will be raising interest rates over the next several months and geopolitical pressures from China and the Russia-Ukraine conflict add to the economic uncertainties. Many observers are worried that the restrictive Fed policies will push the economy into a

recession which will devastate corporate earnings, pushing stock market prices even further downwards. The selling pressures will eventually abate, but no one can predict the market bottom or the timetable for a recovery. The most productive strategy remains –staying with a diversified portfolio of successful companies with strong balance sheets, buttressed by a holding of low cost general funds and ETF’s held for the long term.

BEAR MARKETS SNAPSHOT

The S&P 500 index, which is the largest 500 publicly -traded companies in the United States based on market capitalization, entered a bear market in June 2022. According to

US bear markets since the 1900s

Schroders

Bear market dates		Length (months)	Decline (%)	Recession (yes or no)	Recession dates
Start	End				
Sep 1902	Oct 1903	13	-29	Yes	Sep 1902 to Aug 1904
Sep 1906	Nov 1907	14	-38	Yes	May 1907 to Jun 1908
Dec 1909	Dec 1914	60	-29	Yes	Jan 1910 to Jan 1912 and Jan 1913 and Dec 1914
Nov 1916	Dec 1917	13	-33	No	-
Jul 1919	Aug 1921	25	-32	Yes	Jan 1920 to Jul 1921
Sep 1929	Jun 1932	33	-86	Yes	Aug 1929 to Mar 1933
Mar 1937	Apr 1942	62	-60	Yes	May 1937 to Jun 1938
May 1946	May 1947	12	-28	No	-
Aug 1956	Oct 1957	15	-21	Yes	Aug 1957 to Apr 1958
Dec 1961	Jun 1962	6	-28	No	-
Feb 1966	Oct 1966	8	-22	No	-
Nov 1968	May 1970	18	-36	Yes	Dec 1969 to Nov 1970
Jan 1973	Oct 1974	21	-48	Yes	Nov 1973 to Mar 1975
Nov 1980	Aug 1982	21	-27	Yes	Jul 1981 to Nov 1982
Aug 1987	Dec 1987	4	-34	No	-
Jul 1990	Oct 1990	3	-20	Yes	Jul 1990 to Mar 1991
Mar 2000	Oct 2002	30	-49	Yes	Mar 2001 to Nov 2001
Oct 2007	Mar 2009	17	-57	Yes	Dec 2007 to Jun 2009
Feb 2020	Mar 2020	1	-34	Yes	Feb 2020 to Apr 2020
Sep 2018	Dec 2018	3	-20	No	-
Jan 2022	?	5*	-24*	?	?
Averages		19	-37		
Averages - bear market and recession		24	-40		
Averages - bear market without recession		8	-28		

*Based on the S&P 500 data so far. The averages exclude the latest bear market episode. Source: Schroders Economics Group, Refinitiv, Yahoo, Robert Shiller, 16 June 2022. 605339

the Wall Street Journal, this index reached its all-time high on January 3, 2022 only to lose 22% of its value by June 13, 2022. While there is no official definition for a bear market, it is generally accepted (and has been for many years—see below chart) that an index enters a bear market once that index falls 20% from a recent high.

According to Schroders, the United States has been in 21 bear markets since 1902.

What causes a Bear Market:

- a) Bear markets represent a severe market correction and usually develop as an economy slows or is expected to slow and moves towards a recession. Investors will typically watch key economic indicators such as, but not limited to, overall employment, wage growth, inflation, and interest rates. Weakness or a serious disruption to any or all of these indicators can amount to severe price correction in the S&P 500 index.
- b) A reduction or expected reduction in corporate profits in the short or near-term can cause significant stock price decline throughout the S&P 500 Index or similar indices.

Bear Market Observations:

- a) Upon entering a bear market, it is not uncommon to see equity prices drop further and over a sustained period of time.
- b) It is also common to see “relief” rallies in the index (like the end of June 2022) but it is important to remember that the general trend of equity prices can remain negative over multiple quarters.
- c) Prior to entering a bear market and many months following, many investors develop pessimism and maintain a low degree of confidence whereby ignoring good news and pushing stock prices to lower levels.
- d) Some investors with optimism and confidence will generally use their cash surpluses, discretionary income, and/or business income to buy stocks during and throughout a bear market cycle.
- e) Overall, the average length of a bear market is 19 months with an average decline of 37% in the S&P 500 index.

- f) If a recession* occurs during a bear market, then the average length of a bear market increases to 24 months with an average decline of 40% in the S&P 500 index.
- g) If a recession does not materialize during a bear market period, then the average length of a bear market decreases significantly to eight (8) months with an average decline of 28% in the S&P 500 index.

Bear Markets and Recessions:

According to the Schroder’s historical chart above, a recession occurs 2 out of 3 times when a bear market emerges with the S&P 500 index. The Wall Street Journal notes that each recession that the United States has experienced, included two ingredients: (1) a reduction in GDP or economic output, and (2) an increase in the unemployment rate.

The bear market of June 2022 has one of these ingredients now, which is a contraction in economic output (over the last two quarters). Yet the unemployment rate (and employment overall) is showing no signs of slowing. Since March 2022, the economy is steadily adding jobs and the month-over-month numbers increase each month. Also, the number of open jobs in the United States still hovers around 11 million openings while the total number of individuals seeking employment is roughly 5 million. While the Federal Reserve is steadily increasing interest rates to combat inflation, there is some comfort knowing that businesses in theory could slash 6 million job openings without impacting overall employment. As the chart suggests, the number of openings just started to decrease but still ample job openings – companies are still hiring during a bear market!



The labor force is now back to pre-pandemic levels. Employers recognize that labor is scarce and seem reluctant to release any employees despite a slowing in economic output in the United States. Over the coming months, the economy may continue this conflict between jobs and output, but most economists forecast that the unemployment rate may increase from 3.5% to 4.6% which would be the lowest unemployment rate of any recession in the post-World War II era. Previously, the United States did not escape a recession with an unemployment rate of lower than 6.1%. The evidence of the Schroder's chart strongly suggests that a recession occurs alongside a bear market. This bear market, in particular, is proving difficult to predict whether a recession will occur, and if so, for how long.

Here at Starboard Advisors, we continue to monitor the employment picture in the United States along with a heavily energy-influenced inflation picture. We continue to believe that the inflation rate will settle in the 4-5% range and the employment picture bodes well for a "short" recession. Meanwhile, the bear market is not even two (2) months old and the S&P 500 index has bounced back around 14% from its recent low.

Although we do not have a crystal ball into our economic future, we are recommending that clients brace for continued spats of significant price fluctuations in their portfolio and to avoid selling high quality assets under short-term pricing pressure.

*There is no official definition of "recession" but it is generally accepted that two (2) consecutive quarters of negative economic output of the United States economy constitutes a recession.

EVENTS

On June 2nd, Starboard and KFA hosted a family office workshop at Tavistock Country Club, just outside of Philadelphia, PA

We had handful of families from the Greater Philadelphia area join us for presentations made by business professionals and family office fiduciaries. Here's a peak at the agenda for that day.

Family Office Workshop

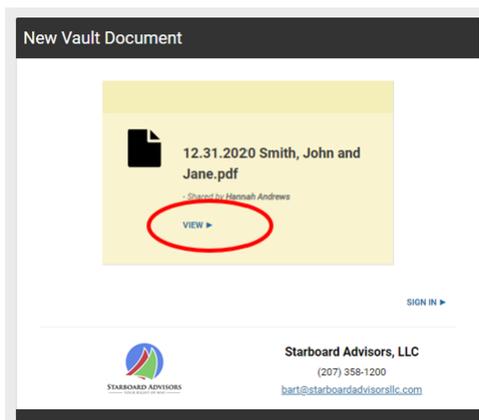
Thursday, June 2, 2022

Tavistock Country Club

10:00 am	Doors Open	
10:00 am	Refreshments are served	
10:15 am	Bart Weisenfluh Starboard Advisors	Welcome!
10:30 am	Sean Kelleher The Kelleher Family	Passing of the Baton: Managing the family business while maintaining its values.
11:05 am	Hugh O'Donnell True Equity	The New Lifecycle of Private Equity: From venture to buyout and other strategies.
Break		
11:50 am	Jim Haeefe & Jim Rogers Haeefe Flanagan	Prepare to Sell!: Planning considerations for families contemplating selling the family business.
12:30pm- 1:30pm: Lunch		
1:35 pm	Kay Shah Agreus Group	Family Success: Identifying successful leadership for serving family offices.
2:10 pm	Travis Coley White Penny	Built to Last: How families create long lasting value from a family brand.
Break		
2:50 pm	Erich Hickey Green Family Office	This is Not a Drill: Economics meets geopolitics- this time it's real.
3:25 pm	Mike Ouellette Starboard Advisors	Honoring Intent: Key factors to identify intent and build best practices to honor.
3:55 pm	Bart Weisenfluh Starboard Advisors	Close
4:00 pm	Reception	

2Q2022 PORTFOLIO APPRAISAL & PERFORMANCE REPORTS

2Q2022 Portfolio Appraisal & Performance Reports are now available. We've uploaded your reports to your online vault in Starboard's eMoney. You should have received an email notification from "notification@emoneyadvisor.com" with the subject "New Vault Document".



From the email, click "View" and you'll be taken to the login in screen, (which can also be accessed by [clicking here](#)).

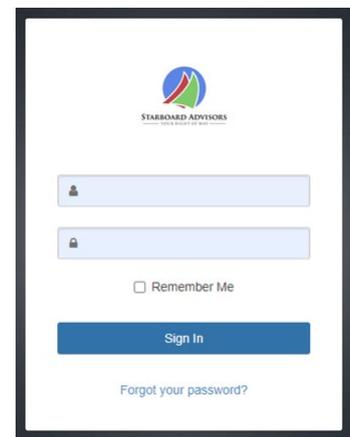
If you log in through the email notification link, you'll be taken directly to your vault. From there, you can click on the name of the report you want to view. If you want to log in another time and view the report, you'll need to go to your vault first, by clicking "Vault" and then click through to "Reports" -> "Portfolio Appraisal and Performance Reports" and then the report you wish to view.

Please contact [Hannah](#) or [Rita](#) if you have any questions or need assistance in accessing your report.

STARBOARD ADVISORS
YOUR RIGHT OF WAY
A DIVISION OF KELLEHER FINANCIAL ADVISORS, LLC



PORTFOLIO APPRAISAL &
PERFORMANCE REPORT



ABOUT US

Definition of Starboard: *Starboard is the traditional nautical term for the "right" side of a ship's hull and represented by the color green for navigational purposes. In addition, sailing vessels must give the "right of way" to sailboats on starboard tack (where the wind is coming over the right side of the vessel) and be provided clearance for safe passage.*

Starboard Advisors was founded by Barton Weisenfluh and partners with the Kelleher Family Office and their RIA, Kelleher Financial Advisors, LLC. The firm provides a dedicated platform exclusively serving families as a single point of accountability for the stewardship of their financial lives.

The Kelleher Family business interests were founded by Denis Kelleher and have grown into a diversified financial service firm with a reputation as one of the best managed and best capitalized independent firms in the industry. Today the entrepreneurial spirit is alive and well where the second generation, led by Sean Kelleher, continues to press on with secure and sustained growth with likeminded professionals.

Starboard Advisors, LLC a division of Kelleher Financial Advisors, LLC. Kelleher Financial Advisors is an SEC registered Investment Advisor and is an affiliate of Wall Street Access, Member NYSE, FINRA and Member SIPC. Although the information upon which this material is based has been obtained from sources which we believe to be reliable, we do not warrant its completeness or accuracy. This presentation is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any security or investment.