

MARKET Perspectives

HNH PRIVATE CLIENT GROUP
of Oppenheimer & Co. Inc.

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As world markets continue to be roiled by the Russian invasion of Ukraine, cutting through the “noise” in the media is very difficult and that’s especially the case right now because, as usual, there is so much contradictory information. Most of the media is now focused on Ukraine when just a few weeks ago they were entirely focused on the Federal Reserve.

Perspective is the key. There are always reasons to be bearish, but volatile markets often present the best opportunities to deploy capital. But at the end of the day, talk is cheap, which is why we want to share with you what we are doing and share some key data points.

As events unfold, we are constantly reviewing existing holdings, asking the questions; are we positioned for the future, do we still like what we own, is there anything we want to add? We are keenly aware of the historical market reactions to geopolitical as well as domestic events over the past decades. We cannot predict, but we can prepare.

- Historically, the markets have done quite well at tolerating geopolitical struggles and have recouped losses in relative short order. However, as we all know, history is not a perfect predictor of the future.
- We are constantly reviewing diversification strategies.
- We try our hardest not to react emotionally to short term events and focus on your long term goals.
- We are preparing and positioning for anticipated higher interest rates. We are reviewing value vs. growth stock exposure and are reviewing sectors that have historically performed well in rising interest rate environments.

One of our partners, First Trust, put together an excellent review showing the market’s overall resiliency through several major crises and events that help us gain perspective on the benefits of being a long term investor. This piece is attached.

Often, investors tend to see short term volatility as the enemy. Volatility may lead investors to make emotional decisions while ignoring their long term goals. If one moves money out of the markets to “sit on the sidelines” until things “calm down”, this approach may appear to solve one problem, but it creates another:

- When do you get back in? Remember back to the first quarter of 2020 when the world was gripped with the fears of Covid and the market sold off substantially, but then recovered swiftly and registered new all-time highs? You must make two correct decisions back-to-back; when to get out, and when to get back in.
- After going to the sidelines, timing the rebound is extremely difficult.

We are disciples of long term, diversified investing strategies. The big money in investing is made not in the short term wiggles but in the long term moves, which only come with a healthy dose of patience, time and perspective.

We will continue to share our thoughts and ideas as they arise. As always, we appreciate you and welcome your calls if you have any questions.

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Oppenheimer & Co. Inc.
500 108th Ave NE, Suite 2100
Bellevue, WA 98004
Phone: (425) 709-0400
Fax: (425) 709-0470
Toll Free: (800) 531-3110
Email: HNHGroup@opco.com