



Pictured left to right:

Ross Aho, Financial Advisor

Amanda Zorza, Registered Client Associate

Joe Jeeves, CFP®, CIMA®, Financial Advisor

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Nicole Burony-Noble, Registered Executive Assistant

Eric Froberg, AAMS, Financial Advisor

Dear Friends,

This has been an awesome fall. The leaves have had more brilliance than I have seen in a long time. I'm sure the warm weather in August and September was much appreciated by everyone. When we look at the markets during the past quarter, it seems there wasn't an asset class which escaped negative returns. As you can see on the following page we have negative returns in all categories. You are probably wondering what is one to do in markets like this? I realize I am repeating myself here, but, we structure your investments to meet your long-term goals and for the most part do not alter your investment portfolio for short-term current events.

The economic picture at the present time points us to a recession- depending on your definition of a recession (two quarters of negative GDP growth). If this is a recession, this is the ninth one since December of 1969. During each one of these difficult times the future tends to look cloudy to bleak. Then our

emotions start to create all kinds of negative thoughts about what might go wrong. However, let's go back to December of 1969 and see what our equity markets have done. Remember this has been accomplished while going through nine recessions.

	<u>1969</u>	<u>Currently</u>	<u>Difference</u>
U.S. GDP	\$4.95 Trillion	\$19.7 Trillion (as of 6/30/22)	Up 4 times
Real GDP per Capita	\$24,300	\$59,168	Up 140%
S&P 500	92.06	3,589 (as of 9/30/22)	Up by 40 times
Earnings	\$6.10	225 (estimate for 2022)	Up by 40 times
Dividends	\$3.24	\$65 (estimate for 2022)	Up by 20 times
Inflation CPI	38	297	Up by 8 times

Sources: U.S. population: Census Bureau, multpl.com, Real GDP and real GDP per capita: Bureau of Economic Analysis, multpl.com, St. Louis Fed. S&P 500 levels, earnings, dividends: NYU Stern School. Consensus 2022 earnings and dividend forecasts: Yardeni Research, Bloomberg. Consumer Price Index: Bureau of Labor Statistics, Inflationdata.com

This information by itself tells me that historically you would have done quite well by staying in the equity market right on through all of the past eight recessions. So this ninth recession in my opinion

may give us similar results. Thinking of the equity markets, as represented by the S&P 500 index, an increase of 40 times while riding through the past eight recessions has to give you some solace. The next question most people ask is “how long will this downturn last?” The longest duration during the past eight was 18 months (The global financial crisis). The shortest was most recently during the pandemic. This lasted 3 months, February-April 2020. So for most of us this should not be an issue.

The other item I would draw your attention to is the growth of Earnings during this time. As most of you know, earnings is what I watch closely. The value of just about any company is dependent of earnings. As you can see there is a close relationship of capital growth and earnings. During the time period above, both are up 40 times.

Inflation has once again reared up again. It was a major problem back in 1971 when President Nixon took us off the gold standard and also in 1982 when then Fed Chair Paul Volker actually created two recessions to kill inflation dead for 40 years. So if we need to have a recession to end our current inflation dilemma....so be it. Inflation is like cancer and it needs to be defeated. I am confident, one way or another it will be brought down to an acceptable historic norm. That said, take a look at the numbers above and focus on dividend growth and inflation as measured by CPI. Cash dividends are up 20 times while inflation as measured by CPI is up 8 times.

This is why I continue to be a fan of equity markets. I especially like high quality companies which have long histories of increasing their earnings and dividends. From a factual historical basis this, in my opinion, is the best place to have your long-term goal based investment money.

One more point. With the S&P 500 index off as of September month end, -24.77%, if you have cash which is for long-term investment, I would suggest you consider adding it to your long-term investment portfolio. This may not be the bottom, however from a historical numbers perspective, Price/Earnings ratios are now about at their long-term average. This tells me the equity markets going forward will start to match their long-term averages.

The issue as I see it is always about your perspective. Remember, you get to choose your perspective. Our advice to you will always be from a perspective based on long-term goals and not be emotionally pushed off track because of short-term current events. It is our job to make sure we can give you the facts and proper perspective to help meet the goals for your future.

We are grateful for the opportunity to help you reach all of your long-term objectives. We understand it is sometimes hard to follow financial plans designed for long term results. However, we must follow these plans and not be emotionally pushed off course. Don't forget our six investment principles:



Our advice to you will always be from a perspective based on long-term goals and not be emotionally pushed off track because of short-term current events.



- Faith in the future
- Patience
- Discipline
- Asset Allocation
- Diversification
- Re-balancing

The first three are what we ask of you each day. For the next three, we will try to hold your hand through all of the current swings in our economic system to guide you to your goals.

God Bless you always,
Mark

Sources: U.S. population: Census Bureau, multpl.com, Real GDP and real GDP per capita: Bureau of Economic Analysis, multpl.com, St. Louis Fed. S&P 500 levels, earnings, dividends: NYU Stern School. Consensus 2022 earnings and dividend forecasts: Yardeni Research, Bloomberg. Consumer Price Index: Bureau of Labor Statistics, Inflationdata.com



Mark and Julie starting
to teach Jesse how to drive
a boat



Mark and his daughter
Christina running in Crystal Falls



Capital Markets Snapshot

For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report:

Index	9/30/2022	2021	Last 10 years
Dow Jones Industrial Average	-20.95%	18.73%	7.89%
S&P 500 Index	-24.77%	26.89%	9.55%
NASDAQ Composite Index	-32.40%	21.39%	13.00%
Russell 1000G Large Cap Growth	-30.66%	27.60%	13.70%
Russell 1000V Large Cap Value	-17.75%	25.16%	9.17%
Russell 2000G Small Cap Growth	-29.29%	2.83%	8.81%
Russell 2000V Small Cap Value	-21.12%	28.27%	7.94%
MSCI EAFE Developing International	-26.76%	11.78%	4.15%
MSCI EM Emerging Markets	-26.89%	-2.22%	1.42%
DJ US Select REIT U.S. Real Estate	-29.32%	45.91%	5.49%
Barclays US Intermediate Govt/Credit	-9.68%	-1.46%	1.00%
Citigroup World Government Bond Index	-21.27%	-6.97%	-1.76%

Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values. Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow", is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

FALL CLEANING? SHRED!

Do you have documents or personal information that should be shred versus placed in the garbage? Protecting personal information and your identity are very important in today's world. We offer a free shredding bin available for your use. It is locked, and our shredding service comes once a month to shred the contents of the bin on-site. You may stop at our office at any time during business hours to place **paperwork** in our shredder. We welcome you to take advantage of this free **and** valuable service.



WHAT WE'VE BEEN UP TO!

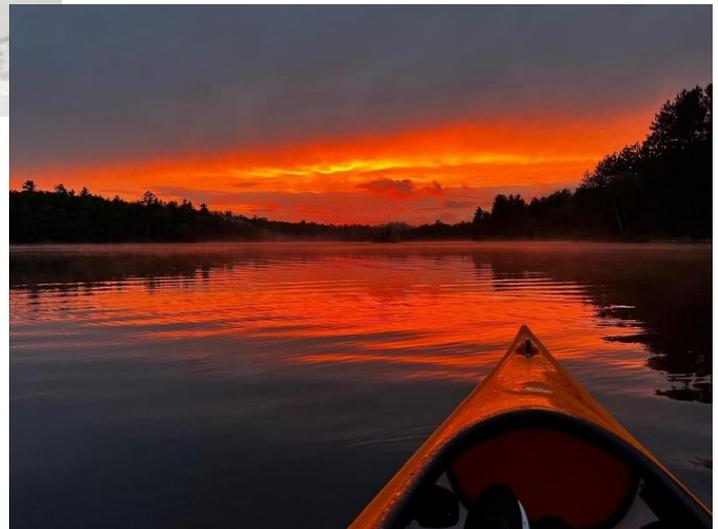


Eric recently volunteered as a Referee at the United Way of Marquette County fundraiser which was held at Berry Events Center. The game was played between the Detroit Red Wings Alumni and the Yoopers United ending in a 7-7 tie. Yooper United was a team made up of ex local hockey players with ties to the community, many of who were former teammates and friends of Eric. It was a great night in for the United Way which raised over 100k and a fun way to kick off the 2023 hockey season.

Enjoying fall!

Some beautiful pics from around
The UP!

Joe enjoying some time outside
with his family!





Charitable Giving

When developing your estate plan, you can do well by doing good. Leaving money to charity

rewards you in many ways. It gives you a sense of personal satisfaction, and it can save you money in estate taxes.

A few words about transfer taxes

The federal government taxes transfers of wealth you make to others, both during your life and at your death. In 2022, generally, the federal gift and estate tax is imposed on transfers in excess of \$12,060,000 (\$11,700,000 in 2021) and at a top rate of 40 percent. There is also a separate generation-skipping transfer (GST) tax that is imposed on transfers made to grandchildren and lower generations. For 2022, there is a \$12,060,000 (\$11,700,000 in 2021) exemption and the top rate is 40 percent.

The Tax Cuts and Jobs Act, signed into law in December 2017, doubled the gift and estate tax basic exclusion amount and the GST tax exemption to \$11,180,000 in 2018. After 2025, they are scheduled to revert to their pre-2018 levels and cut by about one-half.

You may also be subject to state transfer taxes.

Careful planning is needed to minimize transfer taxes, and charitable giving can play an important role in your estate plan. By leaving money to charity the full amount of your charitable gift may be deducted from the value of your gift or taxable estate.

Make an outright bequest in your will

The easiest and most direct way to make a charitable gift is by an outright bequest of cash in your will. Making an outright bequest requires only a short paragraph in your will that names the charitable beneficiary and states the amount of your gift. The outright bequest is especially appropriate when the amount of your gift is relatively small, or when you want the funds to go to the charity without strings attached.

Make a charity the beneficiary of an IRA or retirement plan

If you have funds in an IRA or employer-sponsored retirement plan, you can name your favorite charity as a beneficiary. Naming a charity as beneficiary can provide double tax savings. First, the charitable gift will be deductible for estate tax purposes. Second, the charity will not have to pay any income tax on the funds it receives. This double benefit can save combined taxes that otherwise could eat up a substantial portion of your retirement account.

Use a charitable trust

Another way for you to make charitable gifts is to create a charitable trust. There are many types of charitable trusts, the most common of which include the charitable lead trust and the charitable remainder trust.

A charitable lead trust pays income to your chosen charity for a certain period of years after your death. Once that period is up, the trust principal passes to your family members or other heirs. The trust is known as a charitable lead trust because the charity gets the first, or lead, interest.

A charitable remainder trust is the mirror image of the charitable lead trust. Trust income is payable to your family members or other heirs for a period of years after your death or for the lifetime of one or more beneficiaries. Then, the principal goes to your favorite charity. The trust is known as a charitable remainder trust because the charity gets the remainder interest. Depending on which type of trust you use, the dollar value of the lead (income) interest or the remainder interest produces the estate tax charitable deduction.

There are costs and expenses associated with the creation of these legal instruments.

Why use a charitable lead trust?

The charitable lead trust is an excellent estate planning vehicle if you are optimistic about the future performance of the investments in the trust. If created properly, a charitable lead trust allows you to keep an asset in the family while being an effective tax-minimization device.

For example, you create a \$1 million charitable lead trust. The trust provides for fixed annual payments of \$80,000 (or 8 percent of the initial \$1 million value of the trust) to ABC Charity for 25 years. At the end of the 25-year period, the entire trust principal goes outright to your beneficiaries. To figure the amount of the charitable deduction, you have to value the 25-year income interest going to ABC Charity. To do this, you use IRS tables. Based on these tables, the value of the income interest can be high — for example, \$900,000. This means that your estate gets a \$900,000 charitable deduction when you die, and only \$100,000 of the \$1 million gift is subject to estate tax.

Why use a charitable remainder trust?

A charitable remainder trust takes advantage of the fact that lifetime charitable giving generally results in tax savings when compared to testamentary charitable giving. A donation to a charitable remainder trust has the same estate tax effect as a bequest because, at your death, the donated asset has been removed from your estate. Be aware, however, that a portion of the donation is brought back into your estate through the charitable income tax deduction.

Also, a charitable remainder trust can be beneficial because it provides your family members with a stream of current income — a desirable feature if your family members won't have enough income from other sources.

For example, you create a \$1 million charitable remainder trust. The trust provides that a fixed annual payment be paid to your beneficiaries for a period not to exceed 20 years. At the end of that period, the entire trust principal goes outright to ABC Charity. To figure the amount of the charitable deduction, you have to value the remainder interest going to ABC Charity, using IRS tables. This is a complicated numbers game. Trial computations are needed to see what combination of the annual payment amount and the duration of annual payments will produce the desired charitable deduction and income stream to the family.

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Spinach Crescent Roll Appetizers

Sometimes it is hard to believe the holiday season is coming up on us and finding easy appetizers to take to gatherings can be tough. And no one wants to keep taking that "same old dish", so try something easy and new sure to be a crowd pleaser.



- 1 package 10 oz chopped spinach, thawed and drained with the moisture squeezed out
- ½ cup mozzarella cheese
- ¼ cup Parmesan cheese
- ½ cup softened cream cheese
- ½ teaspoon onion powder
- ½ teaspoon garlic powder
- 1 egg separated, egg white beaten
- 1 can refrigerated crescent rolls

Preheat oven to 350 degrees. Line a baking sheet with parchment paper.

Mix the first 6 ingredients together with the egg yolk in a medium sized mixing bowl until well blended together.

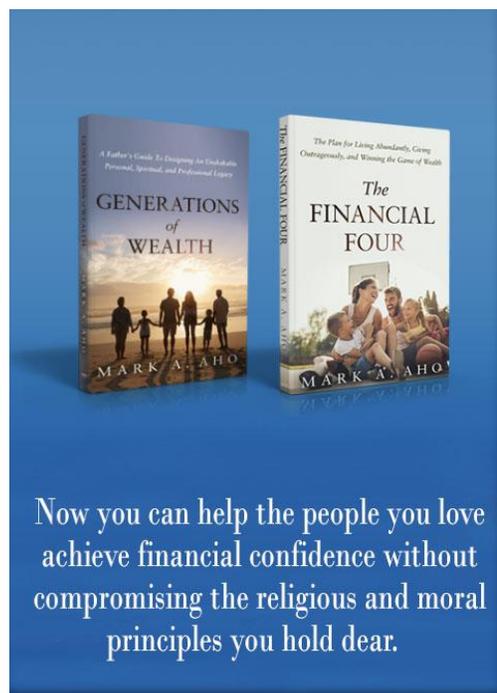
Unroll crescent dough and cut each triangle in half making 2 triangles. In the middle of each one place 1 tablespoon of the spinach mixture. Fold up the corners of the crescent dough around the mixture making a little "package" and pinch to seal it. Place on the baking sheet. When you have finished making all the little packages, brush each one with the egg white.

Bake for 12-15 minutes or until lightly golden brown on top. Enjoy!

THE FINANCIAL FOUR IS NOW AVAILABLE!

Mark's 2nd book, *The Financial Four* is now available! Please let us know if you are interested in a copy of this book and we will send to you.

Also available is the 2nd Edition of Mark's book "*Generations of Wealth*".
Both are available through us or on Amazon.



Enjoying Lake of the Clouds!



Newsletter 3rd Quarter 2022

A beautiful day For a hike!



FREQUENTLY DEPOSITING CHECKS?

RAYMOND JAMES

If you are interested in the convenience of mobile check deposit versus mailing or dropping them off, check out how you can use your phone.

Mobile Check Deposit frequently asked questions



Q. How do I start using Mobile Check Deposit?

All you need is online access to your account(s) and the Client Access mobile app.

Q. What mobile devices are supported?

You can use Mobile Check Deposit on Apple and Android mobile devices such as phones and tablets.

Q. How much does it cost?

The mobile app and all its features – including Mobile Check Deposit – are free.

Q. How does Mobile Check Deposit work?

Select the Deposit Checks option from the menu. Choose the account in which you want to deposit your check. Enter the check amount. Place your check on a flat, dark, well-lit surface. Take pictures of the front and back of your check, while being sure to hold the camera steady.

Q. What types of checks can I deposit?

Official checks, cashier's checks, United States Treasury checks, or other payment instruments drawn on a financial institution within the United States, payable in United States currency, and payable to you or Raymond James.

Q. How much can I deposit?

There are daily deposit limits based on your relationship with the firm. Your daily limits will appear on the Mobile Check Deposit screen in the app.

Q. What types of accounts are eligible?

Most brokerage and retirement accounts are eligible. Only eligible accounts will appear in the account selection menu on the Deposit Checks screen.

Q. Can I use Mobile Check Deposit to contribute to my IRA?

Yes, as long as you haven't met your annual contribution limit. You can also choose to make a contribution for the prior tax year, if it's between January 1 and tax day.

Q. When will my funds be available?

Deposits made through Mobile Check Deposit are subject to verification and generally will post to your account within one business day. Holds are placed on all check deposits based on relationship and check type. Holds do not limit the ability to earn interest or to make trades, but until the hold period has expired, they do prevent cash transactions such as check writing, wires and automated clearing house (ACH) transactions.

Q. What should I do with my paper check after I deposit it?

Please mark your check as deposited or void with the date you submitted the deposit and retain the check for at least 14 days. After confirming your deposit has been accepted and your funds are available, properly destroy the check.

Q. How will I know if there's a problem with my deposit after I submit it?

You will receive an email with an explanation if your deposit is unable to be processed.

Q. Are the check photos stored anywhere on my device?

No, the photos are not stored on your device. You may view the front and back images of your checks under the Activity tab.

Online Access – to log on to your online access, please go to our website above. You will click on CLIENT ACCESS, and then ENROLL IN CLIENT ACCESS.

You will need to set up a login and password, and then enter one of your new account numbers. You can find that on your statement, or give us a call at 906-226-0880, and we will gladly give you that information.

DON'T WANT TO DRIVE FOR YOUR APPOINTMENT???

We are now happy to offer Zoom Meeting as an option for your appointments with us.

With an easy to use, screen sharing, web based meeting, you can talk with us and just follow along on your computer without having to leave your home.

We will provide you with easy to follow instructions, and you can enjoy your meeting in the comfort of your home. Consider this option for your next meeting with us!

Let us help you help those you care about. Contact us today.

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