

SPECIAL REPORT: WEALTH MANAGEMENT

Wealth Managers Weigh In On Recession Risks

FINANCE: Near-Term Downturn Unlikely But 'Fed Has Delicate Balancing Act'

■ By Jeff Clemetson

On March 31, a usual telltale sign of the dreaded “r” word – recession – appeared for the first time since 2019, sparking speculation of an impending downturn in the U.S. economy.

The inversion of the 10- and 2-year Treasury bond yield curves along with the war in Ukraine, rising gas prices, suddenly soaring inflation and anticipated additional interest rate hikes by the Federal Reserve all added fuel to the recession-talk fire.

However, despite the many current headwinds for the economy, local wealth managers are not yet ready to throw in the towel on the end of the strong pandemic recovery that’s been taking place over the last year.

“A recession in the near term is possible, but it’s not probable,” said **Bambos Charalambous**, managing director of **J.P. Morgan Private Bank San Diego**. “Our firm remains optimistic on the economy, at least for the short term.”

Charalambous cited healthy levels in consumer savings, business balance sheets, as well as consumer spending as positive indicators the economy will weather the current storms.

“Even with expected rate hikes this year and increased inflation, there is still unused stimulus and excess savings from the pandemic in the economy and it will take time to slow down growth and demand,” he said. “So instead of a recession, the more likely outcome is a deceleration in growth from the blistering pace it set last year back down toward, or slightly below, trend through the first part of 2023.”

Linda Kitchens, director of wealth management at **Aspiriant San Diego**, puts the probability of a recession in the next 18 to 24 months in the 25-30% range. “Which is meaningfully higher than where we were at the end of 2021 – probably less than 10% chance of recession then,” she said.

In addition to looking out for recession signs in the financial markets like an inverted yield curve and a drawdown in equities, Kitchens said it is important to watch signs in the economy like slowing growth, increasingly higher inflation and elevated commodity prices.

UBS Financial Services Senior Vice President of Wealth Management, USA **Matt Hansen** said his office also puts chances at a recession at 25% due to a “number of headwinds” in the economy. But overall, Hansen also remains optimistic about the economy.

“Persistent supply shortages severely limit economic activity while adding to inflationary pressure, forcing the Fed to raise rates quickly despite disappointing growth,” he said. “On



Bambos Charalambous
Principal, Managing Director
J.P. Morgan Private Bank San Diego

a positive note, the labor market is very tight and wage growth has accelerated. So the rising income we’re seeing and strong household balance sheets will likely support strong consumer spending.”

Hansen is also optimistic about inflation, which he said is strong at the moment but should start to “cool off” as bottlenecks are resolved and financial conditions tighten.

“We also feel that if the Russia and Ukraine military conflict is resolved by summer, we are likely to avoid a recession. Our forecast for economic growth remains at 3.5% for 2022, and 2.4% in 2023,” he said.

Robert Lopez, portfolio manager at **HoyleCohen**, also pointed out that current economic signals indicate continued growth in the near term, making recession unlikely in the next year, even as odds of one have increased.

“For example, the March jobs report showed 431,000 new hires, with most sectors posting positive job numbers and the labor participation rate increased from 62.3% to 62.4%. Wage growth also increased and showed a .4% increase (\$.13 per hour) to \$31.73,” he said. “When all is said and done, the U.S. has recovered 93% of job losses since the start of the global pandemic.”

However, despite the positive signs in the job market and wage growth, the Fed’s aggressive monetary policy to combat inflation could cause more inversion to the yield curve, even though the inversion at the beginning of the month quickly reversed, Lopez said.



Matt Hansen
Senior VP of Wealth Management
UBS Financial Services, Hansen Wealth Management



Robert Lopez
Portfolio Manager
HoyleCohen

“In our view, it’s likely that we won’t see a recession in 2022, but by 2023 this risk could become elevated.” Lopez said. “The Fed has a delicate balancing act to navigate, whereby it must coordinate a reduction in inflation without hiking rates too quickly and causing the economy to sputter out.”

Dowling & Yahnke Wealth Advisors CEO **Dale Yahnke** is certain of a recession in the future. “Exactly when the recession will take place and how long it will last is uncertain,” he said. “I won’t pretend to be able to predict the future, while many others will try to explain how things will play out.”

Instead of predictions, Yahnke uses common gauges that indicate looming recession: inverted yield curve, rising unemployment and declining corporate profits. All these gauges are currently trending in positive directions, with the exception of the yield curve which is “not a certainty and still doesn’t tell us when exactly the next recession will happen,” Yahnke said.

“The general theme here is the economy has bounced back strongly since experiencing its low points during the pandemic,” he added. “Things have gone well but there may be some challenges for businesses and individuals ahead. Be prepared.”

Investing for a Downturn

Even with odds of a near-term recession unlikely, wealth managers still have advice for people looking to prepare for eventual downturns in the economy.

Lopez said **HoyleCohen** advises clients to stick to long-term financial plans and the proven benefits of a diversified investment portfolio. “We do not subscribe to the investment philosophy of market timing. The only thing that we can control are our actions by rebalancing portfolios to maintain their long-term strategic portfolio allocations,” he said, and suggested clients tilt their allocation towards “defensive dividend paying companies” that have “wide economic moats and pricing power.”

“High growth stocks that benefit during an economic expansion should also be reviewed for their role in the portfolio to determine whether a client is comfortable holding these

positions through an economic downturn,” he added.

Kitchens also stressed the importance of investors staying focused on “a long-term time horizon” and avoiding market timing. “As has often been said, far more money has been lost by investors trying to anticipate a recession than lost in recessions themselves.”

Kitchens advises clients to “move up in quality” of equities and reduce exposure to “the more expensive technology-related areas of the market” because of their potential over-valuation and susceptibility to rising interest rates. She also suggests reducing high-yield bonds and reinvesting in core bonds.

Hansen said he has also been paring back on large cap tech investments, as well as healthcare, REITs and small cap growth in favor of large cap value, dividend paying stocks, energy, financials and “some hedge fund exposure to take advantage of market volatility.”

Overall, UBS has not made major changes to its client portfolios. Hansen said the firm’s investment strategy designed for liquidity, longevity and legacy provides two to three years of spendable cash, a variety of fixed income securities, alternative investments and equities for balanced and long-term growth.

“We have been building in hedges to our clients’ portfolios this past year. From a tactical standpoint, we have been reducing duration in our fixed income by replacing intermediate and long-term bonds with short term, floating rate bonds and treasury inflation-protected securities, to help protect against inflation and a rising interest rate environment,” he said.

Two Types of Recession

Charalambous said that while a “soft landing” from the uncertainty caused by the war in Ukraine and the Fed rate hikes is still the most likely outcome for the economy, navigating the next few months is “critical” and investors should be prepared for a couple possible downturns.

“The investment rule of thumb says that as we approach the end of a cycle, one should allocate more to ‘safe’ assets such as core bonds and defensive sectors such as utilities in equities. The

➔ *Wealth page 20*

The World's Best Private Bank* is in San Diego

J.P. Morgan sets the standard in private banking, delivering a uniquely elevated experience shaped around you. Whether you're focused on building, preserving or transferring wealth, we bring you a team of specialists in planning, investing, lending and banking, carefully curated to match your goals.

CONNECT WITH US

Bambos Charalambous

Managing Director

B.Charalambous@jpmorgan.com

12860 El Camino Real, Suite 200
San Diego, CA 92130

858.812.6131



J.P.Morgan

PRIVATE BANK

PLAN INVEST BORROW BANK

**Global Finance Magazine, 2022. Awards or rankings are not indicative of future results.*

INVESTMENT PRODUCTS: • NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

"J.P. Morgan Private Bank" is a brand name for private banking business conducted by JPMorgan Chase & Co. and its subsidiaries worldwide. JPMorgan Chase Bank, N.A. and its affiliates (collectively "JPMCB") offer investment products, which may include bank-managed investment accounts and custody, as part of its trust and fiduciary services. Other investment products and services, such as brokerage and advisory accounts, are offered through J.P. Morgan Securities LLC ("JPMS"), a member of FINRA and SIPC. JPMCB, JPMS and CIA are affiliated companies under the common control of JPMorgan Chase & Co.

© 2022 JPMorgan Chase & Co. All rights reserved.

WEALTH MANAGEMENT FIRMS

Ranked by assets managed locally for fiscal year 2021

Rank	Company Address Website Phone	Logo	Total assets managed: 2021 2020 % + (-)	Services							Compensation			# of local portfolio managers or investment advisers	Top local exec.(s) CIO Year est. locally	Photo	
				Financial planning	Brokerage services	Asset management	Estate planning	Life insurance/ risk mgmt.	Other	Hourly	Commissions	Fixed fee	Performance-based fees				Min. investment account: Individual Institution
1	Chandler Asset Management Inc. 6255 Lusk Blvd., San Diego 92121 www.chandlerasset.com 800-317-4747		\$25.8B \$22.2B 16	N	N	Y	N	N	N	N	N	Y	N	\$250,000 \$10,000,000	12	Martin Cassell Kay Chandler Jayson Schmitt William Dennehy Scott Prickett 1988	
2	Merrill Lynch Wealth Management 701 B St., Suite 2400, San Diego 92101 www.ml.com 619-699-3700		\$24.0B \$20.0B 20	Y	Y	Y	Y	N	Y	N	Y	Y	N	\$250,000 \$0	188	Mark Kremers Joe Holsinger 1922	
3	Brandes Investment Partners L.P. 4275 Executive Square, Fifth Floor, La Jolla 92037 www.brandes.com 858-755-0239		\$22.7B \$20.5B 10	N	N	Y	N	N	N	N	N	N	N	\$100,000 ⁽¹⁾ \$10,000,000	22	Brent Woods Kenneth Little 1974	
4	UBS Financial Services Inc. 1200 Prospect St., Suite 100, La Jolla 92037 www.ubs.com 858-454-9181		\$22.0B \$17.8B 23	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	\$1,000,000 \$1,000,000	99	Chris Marsh Michael Ryan 2001	
5	Dowling & Yahnke Wealth Advisors 12265 El Camino Real, Suite 300, San Diego 92130 www.dywealth.com 858-509-9500		\$6.1B \$5.5B 12	N	N	Y	N	N	N	N	N	N	N	\$1,000,000 \$2,000,000	15	Dale E. Yahnke Will G. Beamer 1991	
6	Northern Trust 4747 Executive Drive, Suite 1100, San Diego 92121 www.northerntrust.com 858-824-1200		\$6.1B \$5.6B 9	Y	Y	Y	Y	Y	Y	N	N	Y	N	\$3,000,000 \$50,000,000	11	Paul Thiel Angelo Manioudakis 1989	
7	J.P. Morgan Private Bank 12860 El Camino Real, Suite 200, San Diego 92130 privatebank.jpmorgan.com/san-diego 858-812-6131		\$5.4B \$1.7B 211	Y	Y	Y	Y	N	Y	N	N	N	N	\$5,000,000 \$0	18	Bambos Charalambous David Regan 2019	
8	LM Capital Group LLC 750 B St., Suite 3010, San Diego 92101 www.lmcapital.com 619-814-1401		\$4.9B \$5.1B (4)	N	N	Y	N	N	N	N	N	N	N	\$10,000,000 \$10,000,000	6	Luis Maizel John Chalker 1989	
9	The Private Bank at Union Bank 530 B St., Suite 2400, San Diego 92101 www.unionbank.com/private-banking 619-230-3496		\$3.4B \$3.4B (1)	Y	Y	Y	Y	Y	Y	N	N	N	N	\$0 \$0	16	Steve Sherline 1864	
10	HoyleCohen LLC 9350 Waxie Way, Suite 500, San Diego 92123 www.hoylecohen.com 858-576-7300		\$3.2B \$2.7B 22	Y	N	Y	Y	N	N	N	N	Y	N	\$1,000,000 \$1,000,000	17	Mark Delfino Vanessa Wieliczko 2001	
11	Pure Financial Advisors, LLC 3131 Camino del Rio N., Suite 1550, San Diego 92108 www.purefinancial.com 619-814-4100		\$2.9B \$2.2B 29	Y	N	Y	N	N	N	N	N	Y	N	\$0 \$0	26	Joseph Anderson Brian Perry 2007	
12	U.S. Bank 4747 Executive Drive, Third Floor, San Diego 92121 www.usbank.com 858-334-0750		\$2.7B \$1.5B 80	Y	Y	Y	Y	Y	N	N	N	N	N	\$3,000,000 \$3,000,000	18	Ryan K. Nelson 1999	
13	Crest Capital Advisors 12680 High Bluff Drive, Suite 450, San Diego 92130 www.crestcapadv.com 858-356-6340		\$2.2B \$1.7B 28	Y	N	Y	Y	Y	Y	N	N	Y	N	\$10,000,000 \$10,000,000	3	Drew Nordlicht David Molnar 2012	
14	CoastEdge Partners LLC 888 Prospect St., Suite 220, La Jolla 92037 www.coastedge.com 858-997-2777		\$2.1B \$2.0B 4	Y	N	Y	N	N	N	N	N	Y	N	\$5,000,000 \$5,000,000	5	Steve Simpson Rich Effress 2010	
15	Callan Capital 1250 Prospect St., Suite 1, La Jolla 92037 www.callancapital.com 858-551-3800		\$1.5B \$1.1B 39	Y	N	Y	N	N	N	N	N	Y	N	\$2,000,000 \$2,000,000	3	Trevor Callan Ryan Callan Tim Callan 2007	
16	AlphaCore Capital 875 Prospect St., Suite 315, San Diego 92037 www.alphacorewealth.com 858-875-4100		\$1.5B \$1.0B 45	Y	N	Y	N	Y	Y	N	N	N	N	\$500,000 \$5,000,000	12	Dick Pfister 2015	

(NR) Not ranked
Sources: The firms and CPA/CFO-attested statements.

To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions to the Research Department at the San Diego

Business Journal at sdbjlists@sdbj.com. This list may not be reprinted in whole or in part without prior written permission from the editor. Some companies have declined to participate or did not return a survey by press time. It is not the intent of this list to endorse the participants or to imply a firm's size or numerical rank indicates its quality.

(1) Through approved programs.

Deloitte.



Take control of your financial future

Lead. Navigate. Disrupt.

In fast-changing times, the best outcomes depend on continuous rigor in governance and processes across an array of transactional and restructuring events. We can help you lead in global markets, navigate complex regulations, and disrupt traditional processes to emerge stronger than ever.

www.deloitte.com/us/risk

WEALTH MANAGEMENT FIRMS

Ranked by assets managed locally for fiscal year 2021

Rank	Company Address Website Phone	Logo	Total assets managed: 2021 2020 % + (-)	Services						Compensation			Min. investment account: Individual Institution	# of local portfolio managers or investment advisers	Top local exec.(s) CIO Year est. locally	Photo	
				Financial planning	Brokerage services	Asset management	Estate planning	Life insurance/risk mgmt.	Other	Hourly	Commissions	Fixed fee					Performance-based fees
17	Mariner Wealth Advisors 11512 El Camino Real, Suite 370, San Diego 92130 www.marinerwealthadvisors.com 858-795-9000		\$1.2B \$877.1M 38	Y	N	Y	Y	Y	Y	N	N	N	N	\$531,432 \$0	13	Kyle Quinn Katrina Scott 2011	
18	Weatherly Asset Management 832 Camino del Mar, Suite 4, Del Mar 92014 www.weatherlyassetmgmt.com 858-259-4507		\$1.2B \$1.0B 21	Y	N	Y	Y	Y	N	N	N	Y	N	\$1,500,000 \$1,500,000	8	Carolyn Taylor 1994	
19	Aspiriant 12481 High Bluff Drive, Suite 110, San Diego 92130 www.aspiriant.com 858-755-8899		\$1.1B \$748.2M 52	Y	N	Y	Y	Y	Y	Y	N	Y	N	\$1,500,000 \$1,500,000	9	Mark Petrie Paul Hynes John Allen 1987	
20	Private Asset Management Inc. 5348 Carroll Canyon Road, Suite 200, San Diego 92121 www.pamgmt.com 858-750-4200		\$1.1B \$947.8M 14	Y	N	Y	Y	N	Y	N	N	Y	N	\$645,109 \$0	5	Jeffrey Witt David Allen 1993	
21	Christopher Weil & Co. Inc. 11236 El Camino Real, Suite 200, San Diego 92130 www.cweil.com 858-724-6040		\$1.0B \$843.5M 20	Y	N	Y	Y	Y	Y	N	N	Y	Y	\$842,254 \$0	9	John Wells 1995	
22	Blankinship & Foster LLC 420 Stevens Ave., Suite 250, Solana Beach 92075 www.bfadvisors.com 858-755-5166		\$786.5M \$722.2M 9	Y	N	Y	N	N	N	N	N	Y	N	\$1,000,000 \$1,000,000	7	Stefan Prvanov Mengxi (Monica) Ma 1989	
23	WestPac Wealth Partners 5280 Carroll Canyon Road, Suite 300, San Diego 92121 www.westpacwealth.com 619-684-6400		\$781.4M \$556.4M 40	Y	N	Y	Y	Y	N	N	Y	Y	N	\$10,000 \$25,000	30	Nash Subotic 2012	
24	Rowling & Associates LLC 8889 Rio San Diego Drive, Suite 202, San Diego 92108 www.rowling.com 619-295-0200		\$615.5M \$532.0M 16	Y	N	Y	N	N	Y	N	N	Y	N	\$0 \$0	4	Juan Aguilar Lorenzo Sanchez 2020	
25	Centura Wealth Advisory 3570 Carmel Mountain Road, Suite 220, San Diego 92139 www.centurawealth.com 858-771-9500		\$584.6M \$408.0M 43	Y	N	Y	Y	Y	Y	Y	N	Y	N	\$1,500,000 \$1,000,000	5	Derek Myron Christopher Osmond 2018	
26	American Money Management P.O. Box 675203, Rancho Santa Fe 92067 www.amminvest.com 858-755-0909		\$550.0M \$355.0M 55	Y	N	Y	Y	N	Y	N	N	N	Y	\$100,000 \$100,000	12	Gabriel Wisdom Michael Moore 1999	
27	Ariston Services Group LLC 750 B St., Suite 2630, San Diego 92101 www.aristonservicesgroup.com 619-241-2326		\$505.0M \$427.9M 18	Y	N	Y	Y	N	N	N	N	Y	Y	\$2,000,000 \$2,000,000	2	Peter Shenan Peter Shenan 2008	
28	Marine Street Financial 7825 Fay Ave., Suite 240, La Jolla 92037 www.marinestreetfinancial.com 858-754-3501		\$495.0M \$357.5M 38	Y	Y	Y	Y	Y	Y	N	N	N	N	\$100,000 \$500,000	4	Perry Bacon Daniel Racicot 2013	
29	Financial Alternatives Inc. 7825 Fay Ave., Suite 210, La Jolla 92037 www.financialalternatives.com 858-459-8289		\$458.5M \$245.1M 87	Y	N	Y	N	N	N	Y	N	Y	N	\$2,000,000 \$2,000,000	5	Jim Freeman Chris Jaccard 1991	
30	Beta Wealth Group 11421 W. Bernardo Court, San Diego 92127 www.betawealthgroup.com 858-207-3377		\$410.0M \$342.0M 20	Y	Y	Y	Y	Y	N	Y	N	Y	N	\$0 \$0	3	Jodi Vleck 2009	
31	Clelland & Co. Inc. 5151 Shoreham Place, Suite 130, San Diego 92122 www.clelland.com 858-587-8700		\$392.5M \$380.0M 3	Y	N	Y	Y	N	N	N	N	Y	N	\$500,000 \$1,000,000	3	Robert Clelland Matthew Medeiros 1989	
32	Wilsey Asset Management 10680 Treena St., Suite 160, San Diego 92131 www.wilseyassetmanagement.com 858-546-4306		\$379.7M \$291.2M 30	N	N	Y	N	N	N	Y	N	Y	N	\$100,000 \$0	2	Brent Wilsey Brent Wilsey 1995	

(NR) Not ranked
Sources: The firms and CPA/CFO-attested statements.
 To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions to the Research Department at the San Diego Business Journal at sdbjlists@sdbj.com. This list may not be reprinted in whole or in part without prior written permission from the editor. Some companies have declined to participate or did not return a survey by press time. It is not the intent of this list to endorse the participants or to imply a firm's size or numerical rank indicates its quality.

WEALTH MANAGEMENT FIRMS

Ranked by assets managed locally for fiscal year 2021

Rank	Company Address Website Phone	Logo	Total assets managed: 2021 2020 % + (-)	Services						Compensation			Min. investment account: Individual Institution	# of local portfolio managers or investment advisers	Top local exec.(s) CIO Year est. locally	Photo	
				Financial planning	Brokerage services	Asset management	Estate planning	Life insurance/risk mgmt.	Other	Hourly	Commissions	Fixed fee					Performance-based fees
33	Aldrich Wealth LP 5946 Priestly Drive, Suite 200, Carlsbad 92008 www.wealthadvisors.com 760-431-8440		\$350.1M \$282.5M 24	Y	N	Y	Y	N	Y	Y	N	Y	N	\$150,000 \$1,000,000	3	Carl Pinkard Darin Richards 1998	
34	Platt Wealth Management 3838 Camino del Rio N., Suite 365, San Diego 92108 www.plattwm.com 619-255-9554		\$256.0M \$209.4M 22	Y	N	Y	N	N	N	Y	N	Y	N	\$500,000 \$500,000	3	Jeff Platt 2018	
35	Silvia McColl Wealth Management 402 W. Broadway, Suite 2100, San Diego 92101 www.silviamccoll.com 619-637-9920		\$240.0M \$195.0M 23	Y	N	Y	Y	N	Y	Y	N	Y	N	\$750,000 \$2,000,000	2	William McColl Brandon Silvia 2018	
36	Copley Financial Group Inc. 2650 Camino Del Rio N., Suite 350, San Diego 92108 www.financialplannersandiego.com 619-294-6008		\$226.5M \$154.2M 47	Y	N	Y	Y	Y	Y	N	N	N	N	\$100,000 \$100,000	5	Matthew Copley Matthew Copley 2013	
37	Guide My Finances 6120 Paseo Del Norte, Suite I-2, Carlsbad 92008 www.guidemyfinances.com 760-547-7585		\$150.0M \$100.0M 50	Y	N	Y	N	N	N	Y	Y	Y	N	\$250,000 \$250,000	3	Jackie Mazur 2009	
38	D'Arcy Capital Management 12625 High Bluff Drive, Suite 314, San Diego 92130 www.darcycapital.com 858-914-1133		\$146.1M \$126.8M 15	N	N	Y	N	N	N	N	N	N	N	\$500,000 \$1,000,000	2	Brett D'Arcy 2011	
39	Zeit Capital Advisors 10755 Scripps Poway Parkway, Suite 429, San Diego 92131 www.zeitcapital.com 206-713-9655		\$126.8M \$115.0M 10	Y	N	Y	N	N	N	N	N	N	N	\$100,000 \$100,000	1	Phillip J. Weber 2015	
40	Nerad + Deppe Wealth Management 4250 Executive Square, Suite 545, La Jolla 92037 www.nd-wm.com 858-457-1325		\$113.1M \$88.2M 28	N	N	Y	N	N	N	N	N	Y	N	\$500,000 \$500,000	2	Richard Nerad Steven Deppe 2009	

(NR) Not ranked

Sources: The firms and CPA/CFO-attested statements.

To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions to the Research Department at the San Diego

Business Journal at sdbjlists@sdbj.com. This list may not be reprinted in whole or in part without prior written permission from the editor. Some companies have declined to participate or did not return a survey by press time. It is not the intent of this list to endorse the participants or to imply a firm's size or numerical rank indicates its quality.

HoyleCohen.

We do more because you deserve more.

When it comes to your financial journey, we believe in doing more. We deliver thoughtful strategies, tailored options, expert guidance, and full transparency—providing the confidence to make decisions that drive your life goals. We're proud of the way we support our clients, but we couldn't do it without our amazing people.

HoyleCohen is one of the nation's fastest growing firms and the InvestmentNews 2022 #1 BEST PLACE TO WORK* and we're looking for passionate talented people to join our team.

Visit our website to learn more about us and explore exciting career opportunities—let's work together!

We build futures. Ask us about a life plan >

858.576.7300 // hoylecohen.com



Plan well. Live fully.
HoyleCohen
WEALTH MANAGEMENT

*For award information and disclosures visit hoylecohen.com/our-story/awards/

Wealth

➔ from page 14

USD would be stronger in this scenario, but commodities would do worse," he said. "On the other hand, a stagflationary recession is conceivable, where growth slows amid very high supply-driven inflation and rising rates. History doesn't offer a lot of parallels. Tentatively, we would lean towards allocating more to gold, commodities and real assets in this latter scenario."



Dale Yahnke
CEO
Dowling & Yahnke
Wealth Advisors

"Given the concern among some investors of a looming recession, investors should build these protections into their portfolios when opportunities arise," Charalambous added.

practical advice for people to prepare for downturns in the economy.

Practical Fiscal Practices

Yahnke stresses practical advice for people to prepare for downturns in the economy.

"When and how long the next recession will be is not something any of us has control over, so focus on areas of your life over which you do have control," he said. "Know how much income you have coming in and know where your money is going."

Differentiating fixed expenses like mortgage/rent, utilities and groceries from discretionary expenses like eating out, travel and entertainment allows for the flexibility in a budget plan to make adjustments in challenging times. Yahnke also suggests having a plan for possible job loss or business slowdowns in a recession.

"Make sure you have set aside an adequate emergency reserve to cover expenses and provide a cushion," he said. "A simple rule of

thumb is 3-6 months of living expenses. Make sure this money is held in cash, money market or another stable investment that can be easily converted into cash. It won't pay much, but it will be there if and when needed."

Homeowners with limited budget for saving could also consider a home equity line of credit, as long as it is used for emergencies.

"This strategy isn't intended for people to ramp up their lifestyle as it is a loan and will have to be repaid," he said. "It also generally has a floating interest rate which in today's rising rate environment makes the cost of borrowing more expensive."

Special Considerations

Although the general principles of long-term investing and budget planning are universal, there are some special investment considerations for people, depending on their age and family status.

Hansen said financial advice should be customized to a client's personal situation, but in general the advice is usually consistent and not based on swings in the market, with one exception.

"In fact, we encourage younger investors to add more stocks – with strong fundamentals – to their equity portfolios in times like this primarily to take advantage of a lower share price for their positions and the expected recovery and growth over long time periods," he said.

Lopez also sees upside for clients in their "wealth building years" during recessionary periods. "Market corrections provide a great opportunity to find attractive entry points and/or to consider increases to automatic purchases through employer retirement plans," he said.

Lopez also stressed the importance of maintaining savings discipline during a recession.

"This is especially true for clients with young children, as they can make contributions to educational savings accounts (529s) while markets are down, allowing for enhanced

participation in the eventual rebound," he said. "These contributions can be super-sized in certain situations, allowing for long-term tax-advantaged returns."

For clients in retirement, Lopez said it is usually best to stay the course and not risk moving in and out of the markets.

"If you have an appropriately diversified portfolio, with an allocation that you were comfortable with before the recession, there's no need to change your plan," he said.

Charalambous suggests families craft wealth strategies that support a goal of preserving wealth across generations.

"Also, if you have children, no matter how young they are, children of all ages can gain a great deal from understanding how the family manages its resources," he said. "We always tell our clients that a child's financial education doesn't happen overnight. Active appreciation and stewardship of family resources begin by helping children develop leadership skills and financial acumen, according to their ages, abilities and interests."

Discussing financial topics like budgets, saving and investing with the family also better prepares children to face changes to the family's financial situation, Charalambous added.

Recovery Readiness

When the inevitable recession does come, there are also moves investors can make to prepare for the eventual recovery. Typical recessions have lasted an average 11 months, with the exceptions of the Great Recession that lasted 18 months and the most recent recession during the pandemic that lasted only two.

If a recession occurs, Yahnke said, past economic data like unemployment, GDP growth and earnings will already reflect the downturn, even before one is officially recognized.

"On the other hand, the stock market is forward looking, which is to say the stock market will likely begin to anticipate the

economic recovery before we know we are in one," he said. "It may feel good to wait until things get better with the economy, but often times the stock market will have already run up by then, so you could miss out if you try waiting until things get better [to invest]."

Yahnke advises investors have and follow an investment plan with a target allocation for stocks and bonds to be held in portfolio and practice "disciplined rebalancing."

"This approach removes the emotion or the need to successfully predict the direction of the economy or stock market," he said.

Kitchens said predicting recessions and how long they last is difficult, but that equities historically have experienced drawdowns of 20-30% "well before a recession is formally underway."

"Long-term investors are usually well-served by rebalancing portfolios or, better yet, adding to equities in those situations," she said.

Should a recession materialize, Lopez recommends staying invested and focusing on long-term financial goals.

"Statistical data supports that disciplined investors often fare best, while those that try to time the market often fare the worst," he said. "Equities recover before an economy officially exits a recession and hiding in cash does more harm than good to your long-term investment performance."

Whether in recession or recovery, Hansen stressed the "utmost importance" of having an investment strategy.

"Matching our assets with our liabilities is key so that we don't have to sell stocks, potentially at a loss, to support our current income need," he said. "Our liquidity, longevity and legacy framework accomplishes this goal so that our clients are not panicking, but rather asking where the best opportunities are to reinvest some of their idle cash." ■

GUIDE MY FINANCES

Jackie Mazur CFP®, CDFA®, MSBA



Guiding you on your financial journey



www.guidemyfinances.com



Securities and Investment Advisory services offered through Woodbury Financial Services, Inc. Member FINRA/SIPC, and Registered Investment Advisory Firm PO Box 64284, St Paul MN 55164.800-800-2638. Guide My Finances is not an affiliated entity of the Woodbury Financial Service companies.



Proudly Serving San Diego
Since 1993

Investing Globally, Managing Locally

- Registered Investment Advisor
- Financial Planning
- Tax Services
- Trust Services / Bill Pay



858-750-4200

www.pamgmt.com