

4th Quarter 2021



THE WATER STREET JOURNAL

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Financial Advisor

Securities offered through Raymond James
Financial Services, Inc. Member FINRA/SIPC

Guiding and giving direction through all
of life's adventures...

"No one is useless in this world who lightens the burdens of another." Charles Dickens

Staying In Touch

CALENDAR OF EVENTS

OUR OFFICES WILL BE
CLOSED:

THURSDAY NOVEMBER 25
FRIDAY NOVEMBER 26

THURSDAY DECEMBER 23
FRIDAY DECEMBER 24

THE MARKET WILL BE
CLOSED:

THURSDAY NOVEMBER 25
FRIDAY NOVEMBER 26

THURSDAY DECEMBER 23
FRIDAY DECEMBER 24

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raymondjames.com/daniellevalleau, where Client
Access, The Water Street Journal, market and
investment updates are all some of the resources at
your fingertips.

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**"Danielle Valleau, Financial Advisor with
Raymond James Financial Services"**

Just more ways we can stay in touch.

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From Danielle's Desk: September market review

Markets prefer clarity – or at least as close a facsimile as they can get. Since the start of the pandemic, we've seen how markets can push through uncertainty, up to a certain point.

September, however, brought a stack of compounding uncertainties, combining to end the S&P 500's seven-month streak. To understand what caused this downward tilt, look to these four Cs:

- **China:** The potential default of Evergrande, the Chinese real estate giant
- **Congress:** Brinkmanship over the federal debt ceiling and pending legislation
- **Commodities:** The rapid oil price hike to values not seen since 2018
- **COVID-19:** The continuing surge, even as global lockdowns are at a low point

These and other issues have led Federal Reserve officials and most economists to slightly lower their expectations for 2021 gross domestic product growth.

"Supply chain difficulties have lasted longer and have been more severe than anticipated and will likely continue into the early part of 2023," Raymond James Chief Economist Scott Brown said. "Inflation forecasts for 2021 have moved higher, though Federal Reserve officials still view much of the increase as transitory. Needless to say, there is a high level of uncertainty in the economic outlook."

Still, there are good reasons to see the strength underneath this September dip and to consider it in context, Chief Investment Officer Larry Adam said.

"Market performance highlights the underlying strength and resiliency of this bull market as indices bounced back from their worst day since May and are about 5% from recent record highs," Adam said. "Fundamentals continue to provide support for this young bull, even as we recommend caution in the short term given the uncertain environment."

Let's see where we're at as we enter the last quarter of the year.

	12/31/20 Close	9/30/21 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	30,606.48	33,843.92	+3,237.44	+10.58%
NASDAQ	12,888.28	14,448.58	+1,560.30	+12.11%
S&P 500	3,756.07	4,307.54	+551.47	+14.68%
MSCI EAFE	2,147.53	2,281.47	+133.94	+6.24%
Russell 2000	1,974.86	2,204.37	+229.51	+11.62%
Bloomberg Barclays Aggregate Bond	2,392.02	2,354.38	-37.64	-1.57%

Performance reflects price returns as of market close on September 30, 2021.
MSCI EAFE and the Bloomberg Barclays Aggregate Bond figures reflect
September 29, 2021, closing values

And here's a look at some other ongoing and related issues here and abroad:

Federal Reserve may start drawdown of pandemic policies

The Federal Reserve's Federal Open Market Committee (FOMC) may slow down its \$120 billion per month purchases of long-term securities – a pandemic response – if the economy continues to grow as expected. A plan to taper the purchases through the middle of 2022 could be announced at its November policy meeting, Chair Jerome Powell said. Notably, Federal Reserve officials are not debating when to raise short-term interest rates, but most have moved their preferred timeline forward. They are now evenly split on whether an initial rate hike will occur next year.

Treasuries feed on Fed news

Treasuries sold off following the FOMC meeting, pushing yields higher across the curve. The belly of the curve has seen the most movement, emphasizing that opportunity still exists in high-quality corporate bonds around four to eight years in maturity. Municipal yields have inched higher alongside Treasuries, with the benchmark 10-year, AAA bond yield topping 1.10% for the first time since March.

Congress brings clarity and opacity

This month, we got the first glimpse of details in the much-debated budget reconciliation bill. Things remain hazy – we can expect more details through October. Here's what we know, with an understanding it's in flux.

Proposed tax policy changes include:

- The introduction of a progressive corporate tax rate
- An increase in the top individual income tax rate to 39.6%
- A 3% surcharge for individuals with income over \$5 million a year
- An increase of investment taxes to 25%
- A number of changes to high-balance IRAs and restrictions on Roth IRA conversions

Also being discussed are lower estate tax exclusions, increased IRS enforcement and changes to international taxes. Overall, the known provisions are trending more moderate than those initially proposed by President Biden. While the Senate and House passed a bill ensuring government funding through early December, a looming debt ceiling showdown is making the future murkier for the markets. Congress will need to act within an October to November time frame to avoid a default.

The world report

Improvements in job creation numbers didn't keep European markets from falling modestly through September. Energy prices also pushed higher on a round of fuel panic buying in the U.K. and an unrelated fire that interrupted transmissions with continental Europe. Moving forward, key focuses include third-quarter corporate earnings and the formation of Germany's next coalition government.

The Chinese and Hong Kong markets were volatile throughout the month on the heels of Evergrande's debt uncertainty and the continued evolution of corporate policy in China. In the energy space, Chinese authorities have cracked down on carbon-intensive activities, including cryptocurrency mining and some manufacturing operations.

And while COVID-19 inoculations have continued to build across the emerging markets, rising inflation levels were apparent in many countries, which has led to tighter monetary policy at a number of central banks.

The bottom line

The events that led to September's retreat are unfortunate, but they by no means indicate the end of a momentous period of growth. We continue to see resiliency in the market as investors have been quick to "buy the pullback" in this low-rate environment. Further:

- The cure for uncertainty is often time. As issues are resolved – or their effects clearly known – the future-focused markets find confidence again.
- The underlying market fundamentals remain strong. We see continuing growth despite new issues emerging and old ones hanging on longer than expected.

Thank you for your ongoing trust. I am steadfastly committed to you and your economic well-being and eager to answer any questions you may have about this monthly market update, your investments or your financial plan. Please do not hesitate to reach out.

Material prepared by Raymond James for use by its advisors

A Plan For All Seasons A Bountiful Harvest

DATES TO REMEMBER

Oct 1: Last day to establish a SIMPLE IRA plan or a Safe Harbor 401(k) to be effective for 2021

Oct 15: Open Enrollment for Medicare Parts C and D begins. Make any changes to your coverage by Dec. 7.

Oct 15: The final day to file a 2020 income tax return for those issued an extension.

Dec 31: New Year's Eve is the year-end charitable gift deadline for check and wire transfers.

Dec 31: Last day to take 2021 required minimum distributions for those who turned 72 in or before 2020.

THINGS TO DO

- **Check on cost of living:** Next year's Social Security adjustment is typically announced in October.
- **Prepare for open enrollment:** Ready your documents for Medicare open enrollment, if eligible. If you're working and your employer offers benefits, take the time to understand them.
- **Spruce up your plan:** It's important to monitor your retirement and investment accounts regularly and make adjustments to insurance and estate plans as needed. The holidays can be a good time to do this if you want to discuss what you're planning with close friends or relatives.
- **Fight Fraud:** Start by tracking and reviewing all of your bank and credit card statements for irregular activity. You can also request a copy of your consumer credit profile and stay on the lookout for scams asking you to confirm or update your account information via email. divorces, a sudden windfall and more.
- **Analyze your portfolio:** If you're invested in mutual funds, don't forget about capital gains distribution dates that typically fall in December. Consider balancing your realized capital gains with losses where appropriate. Talk to your advisor about whether this strategy might help lower your tax liability.
- **Give wisely:** As deadlines for year-end gift and charitable contributions approach, make a strategy for your philanthropic goals. Consult with your advisor if you're interested in bunching, which means donating a few years' worth of contributions in one year, usually to a donor advised fund, to help you meet the threshold for itemizing on your tax returns.
- **Reflect on resolutions:** Before beginning your New Year's celebrations, review the financial planning you did for the past year. Did you make progress toward your goals?

Commit acts of kindness: This Nov 30, celebrate Giving Tuesday. It's a tradition that began in 2012 as a way to encourage generosity around the world. Whether it's buying a stranger coffee, helping a neighbor or donating to charity, every kind act counts.



Making Memories

Whether you're cooking up savory dishes in the kitchen, sitting around the TV watching the Thanksgiving Day Parade or catching up with visiting family, Thanksgiving is about spending time with the ones we cherish. If you're looking for new ways to create memories with those you're thankful for, you might want to add these to your list of yearly holiday traditions:

Work up an appetite

Want an excuse to spend time enjoying the crisp fall weather before staying in with your loved ones? Consider signing up for a turkey trot with your family. These footraces often range from 5K to 10K and can be a fun way to work up an appetite. And if you're worried about not having the athletic chops for it, don't be. These races are usually about enjoying the experience at your own pace.

Schedule in playtime

You've probably played classics like Scrabble and Monopoly, but have you tried a newer game, like BeanBoozled? This jelly bean game consists of 20 different flavors: 10 classic ones, like buttered popcorn, that look identical to 10 bizarre flavors, like toothpaste and canned dog food. The players spin a small wheel that dictates which color jelly bean they'll eat, but they won't know whether it's a traditional flavor or an unexpected one until they taste it. Whether you pick up BeanBoozled or something else, trying out new games with family can create timeless (and entertaining!) memories.

Create a pumpkin decoration station

Sure to be a hit with kids and anyone who enjoys arts and crafts, consider setting up an area with a spacious table to serve as a pumpkin decoration station. You can supply it with miniature pumpkins, a variety of paints, googly eyes and other fun accessories. Family and friends can pull up a chair and catch up as they create their own customized masterpieces. You can also set aside a large pumpkin to serve as a centerpiece and hand out pens and markers for everyone to write on it the blessings for which they're grateful.

No matter how you prefer to spend time with your loved ones on this holiday, we hope you take a moment to reflect on all you have to be thankful for while making memories you'll cherish for years to come.



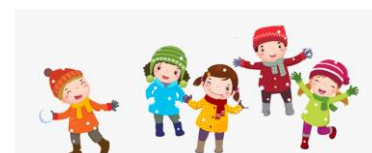
Danielle & Annette

Community Involvement

In August, the Greater Augusta Back to School event was very successful and provided hundreds of students with backpacks full of school supplies. We want to thank those of you that generously donated to this very important program.



As the winter months approach, bringing colder temperatures and holiday celebrations, our attention turns to helping families and children that are facing financial hardship. Below are some programs that provide clothes, winter coats, boots, hats, mittens, toys, books, games and more to families in need. Please read for more information and consider donating.



The Greater Augusta Back to School Program has shifted its focus from backpacks to warm winter coats. Check them out on Facebook, donate on their website <https://secure.givelively.org/donate/operation-warm-inc/team-up-with-greater-augusta-back-to-school-program> or send a check to:

Greater Augusta Back To School Program
Attn: Lina Michaud
27 Bunny Street
Augusta, ME 04330

From their website:

"Christmas Program at Maine Children's Home (MCH) is the only one of its kind that provides brand new clothes, winter essentials, toys, books, and games to more than 1,500 Maine children whose families are facing financial hardship. This program that relies on the generosity of so many people — donors, volunteers, and community supporters — also connects families to licensed social workers who can provide mental health and parenting support."

For more information:

<https://www.mainechildrenshome.org/programs/christmas-program>

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