

# SUMMIT PERSPECTIVE

## NOBODY KNOWS NOTHING!

As we write this note, the third quarter of 2022 has closed with a thud. The markets have dipped to their low point (so far) of the bear market with the S&P 500 sitting at 3,585 (-24%+ for the year to date!). Meanwhile, the financial media is shrieking about recession and interviewing every pundit they can find that thinks the market will plunge further off the proverbial cliff!

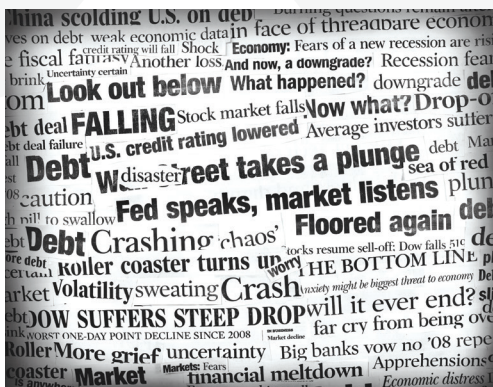
One can be forgiven for asking why someone didn't predict all this, and what we think is going to happen next. It is human nature to want to avoid loss, so when facing it, we look for a way out. In our agitated state, we are more than willing to listen to a bold prediction of further turmoil and react accordingly to avoid the perceived pain. As your advisors, we find this moment the ideal time to highlight the minefield of economic and market forecasting!

Think for a moment of the events of the last two years, and how few pundits (or anyone else for that matter) could have predicted them.

**“Forecasts create the mirage that the future is knowable.”**  
 – Peter L. Bernstein

- **The pandemic** – Remember when the mantra was three weeks to stop the spread?
- **Covid market rout and recovery** – The S&P 500 fell 33 percent in a month in early 2020, but fully recovered in less than six months. Neither had ever happened before.
- **Russia invading Ukraine** – Think about how many articles noted the Russian army buildup but still claimed that they were unlikely to attack. Even less implied the Ukrainians stood a chance!
- **40-year inflation spike** – Although many worried about inflation, few if any anticipated the violence with which inflation surged and the stubbornness with which it has remained.

It seems that ***Nobody Knows Nothing!***



The fact is that economies and markets are incredibly complex with thousands of components constantly interacting. Predicting how one area will be impacted by another without considering the other variables is akin to guessing. Yet the financial community continues to guess. Howard Marks of Oaktree Capital refers to this as “one factor modeling,” whereby someone takes a position on a single issue (like inflation) and then assumes the market response as a result. For example, one might say, “I believe inflation has peaked, therefore the Fed will soften its stance and the market will rise.” Our minds gravitate to this kind of analysis because

it is easy to follow, and the predicted results seem logical. The trouble is those predictions are not very accurate because so many other variables could factor into the results – and none of those variables are predictable either! Furthermore, that kind of modeling seems to have less accuracy at volatile inflection points – the very time at which that forecast would prove most valuable! This has led Mr. Marks to conclude in his latest memo *The Illusion of Knowledge*, that ... “forecasts don’t add to returns.”

Many a reader would embrace our predictions were we to make a market call based on a forecast. While tempting, we would rather invite you to the “I Don’t Know” school of forecasting. Will there be a recession? Will interest rates go up or down? Will the market decline or rebound from here? Will the 49ers make the playoffs?

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*Not what we have, but what we enjoy, constitutes our abundance.*

– Epicurus



# NOBODY KNOWS NOTHING!

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**I Don't Know!** Debate the issues, certainly. Discuss the potential consequences, of course. But refrain from assuming you know the outcome. More importantly, avoid throwing your long-term financial strategy out the window based on a forecast!

Thankfully, you don't need a forecast to be a successful long-term investor. Here are some helpful reminders from the equity markets. There have been eight recessions since 1970 according to the National Bureau of Economic Research. We may or may not already be in the ninth! Note the following statistics during the last 50 years with those nine recessions as backdrop:

	1970	Today	Increase
<b>GDP</b>	4.95 trillion	19.7 trillion	4X
<b>S&amp;P 500 Level</b>	92.06	3,585	40X
<b>S&amp;P 500 Earnings</b>	\$6.10	\$227	37X
<b>S&amp;P 500 Dividends</b>	\$3.24	\$65	20X
<b>Inflation CPI</b>	38	297	8X

*Statistics courtesy of Nick Murray Interactive*

Our economy has quadrupled as measured by GDP. The great publicly traded companies of America as represented by the S&P 500 grew almost 40 times greater in value as a result of earnings that similarly grew almost 40 times over the same period. Note the correlation between earnings and value; in the long run, it is earnings that drive the share price. Furthermore, the dividends paid to investors have increased 20 times, more than double the growth of inflation during the same time period. And this measuring from a moment when the S&P 500 is down -24 percent from its peak, and inflation is at 40-year highs!

Nobody could have accurately forecast the recessions and bear markets over the last 50 years. Nobody could have timed the markets as a result of those forecasts either. Nobody had to! **Nobody Knows Nothing**, and it is okay!

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or stocks in particular, nor should it be construed as a recommendation to purchase or sell a security. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested.

The S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. Please note an investor cannot invest directly in an index.

# SUMMIT UNIVERSITY



## Upcoming Courses and Workshops



*There's still time to sign up for our fall retirement seminars!*

### RETIREMENT PLANNING TODAY

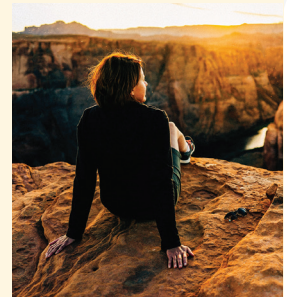
Whether you plan to retire 20 years from now or have just recently retired, the

information you'll learn in this class can deliver rewards throughout your lifetime. During this two-evening workshop, you will learn how to create an informed plan and set goals for a successful retirement.

### Second Saturday Divorce Workshop

Are you considering divorce, or in the midst of a divorce? As you contemplate your next steps and possibly plan your next chapter, it is important to have the tools needed to evaluate the impact divorce can have on your personal and financial life.

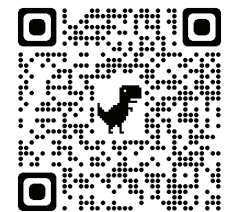
This workshop run by an attorney, a therapist, and a financial advisor will touch on the legal, emotional, and financial topics involved with divorce. Discussions will include issues and challenges that everyone considering or going through a divorce should understand. Come educate yourself and explore various options available to you as you work toward building a strategy for future emotional and financial success.



**Learn more and register for classes through the Summit University page on our website:**

[summitadvisors.com/education/university/](https://summitadvisors.com/education/university/)

**OR call 925-866-7800.**



## COMMUNITY CORNER

# A WARRIOR AMONG US: KIRSTIN LITZ – HERS



Autumn is here and Breast Cancer Awareness Month is a hallmark of the season. Unfortunately, the presence of Covid has drawn focus away from the fight against breast cancer in recent years.

As a reminder, here are a few statistics that show the importance of continuing the fight:

- About 1 in 8 U.S. women will develop invasive breast cancer over the course of her lifetime<sup>1</sup>.
- Breast cancer is the most diagnosed cancer among women in America and around the globe<sup>1</sup>.
- In 2022, it's estimated that about 30% of newly diagnosed cancers in women will be breast cancers<sup>1</sup>.

In this edition of Community Corner, we would like to introduce you to a breast cancer warrior among us and her cause. Meet Summit client Kirstin Litz, breast cancer survivor, advocate, and volunteer extraordinaire.

Kirstin serves as Board Chair for HERS (Hope, Empowerment, Renewal and Support) Breast Cancer Foundation, a little-known organization that supports women diagnosed with breast cancer who undergo a mastectomy by offering post-surgical garments, wigs, and prosthetic bras regardless of insurance or financial status.

A longtime Pleasanton resident who has worked as a software engineer and developer for more than 30 years at local companies including Elevance Health and Franklin Templeton, Kirstin was diagnosed with Stage 1 breast cancer in 2014 during a routine mammogram. Early detection and swift intervention saved her life.

Kirstin had been involved with HERS for four years as a volunteer before her diagnosis. She was grateful to receive their services after her mastectomy. "Having gone through the experience ... your self-esteem is not great because you've had surgery and you're tired," said Kirstin. "You go in and are fitted and treated like a queen. It's uplifting. We have women on staff that are breast care specialists and have been trained to determine what size bras are needed, the prosthetics that fit to make you look 100 percent again. It makes a huge difference. Some of them have been there 20 years. They are all ages, diverse, multilingual. The other thing I appreciated is the fact that I didn't have to deal with insurance. That was such a great peace of mind. There are no bills in the mail."

Kirstin is no stranger to giving back to her community. In 2018, she received the Pleasanton Mayor's Award for her longstanding commitment to breast cancer awareness and for her work with dozens of Tri-Valley and regional nonprofits over the past 20-plus years, including Valley Humane Society, Relay for Life, Kids Against Hunger, Open Heart Kitchen, Hope Hospice, Alameda County Food Bank, American Cancer Society, Toys for Tots, Blue Star Moms, One Warm Coat, Junior Achievement, Red Cross, National Breast Cancer Coalition, Sleep in Heavenly Peace, Goodness Village, Sunflower Hill, and Museum on Main (Amador Valley Association).

She has completed a variety of 5K and 10K walks for cancer support and other causes. In fact, when we spoke, she was gearing up for the HERS Breast Cancer 5/10k Run/Walk/Yoga and Community Expo.

Kirstin and HERS Executive Director Tina Fernandez Steckler do the heavy lifting for the event that aims to raise \$100,000 for the organization.

Along with holding events, Kirstin spreads awareness by mentioning HERS to everyone she meets at networking events. "Eventually, someone is going to go, 'Oh yeah, I know somebody who has cancer, or I know someone who is a breast cancer survivor.' We all know somebody. That's the thing. You may not know somebody today, but it's most likely going to touch your life in the future. And then you can go and tell that person about this amazing organization that can help," said Kirstin. "We're not like a Susan G. Komen or American Cancer Society. People really get what they are doing because they understand research. We're little and we're making a difference one individual's life at a time."

Despite how active she is in the community, Kirstin does not enjoy being in the spotlight. When asked by her Summit advisor, Kim Damiani, to do this interview she jokingly refused. "The red neon sign is always there saying no, but I always end up saying, well, of course."

When asked what drives her to help others her response was, "It's not about me, it's about spreading awareness and being the voice to let others know how they can help." This notion was instilled in her by her parents who were (and are) ardent volunteers and activists.

Her mother focused on helping those with disabilities. A preschool was named in her honor after her passing in 2007 from brain aneurysms. She was elected to the school board during her hospitalization, a sign of the community's strong belief in her.

Her father is a chemical engineer whose passion is conservation with an emphasis on open space and parks. Back in the 1960s in Lakewood, Colorado, he convinced a conservation organization to put a small tax on the ballot that would go toward the purchase of land. He knew that by the time they raised money another way, the land price would rise.

"There's a lot of open space because my father had that foresight," said Kirstin. "His job was to take minerals from the earth. He wanted to make sure the earth was preserved." He is still employed. When she asked him what he was going to do when he retired, his response was he would spend more time volunteering at the senior center.

"People don't understand how much volunteering can do for you," said Kirstin. "You get paid back. You think, I did something to help this many other people. It's a priceless gift. When I started volunteering, I couldn't afford to donate monetarily, but I could donate my time. With HERS, I donated a lot of time. Now, thanks to Kim, I can donate both time and money. It comes full circle and there's just a good feeling doing it."

To learn more about HERS, visit [hersbreastcancerfoundation.org/](https://hersbreastcancerfoundation.org/)

<sup>1</sup> Statistics from Breastcancer.org; July 14, 2022

# STAFF SPOTLIGHT

## Welcome to Summit, Tiffany and Susan!



### Tiffany Taylor, Director of Development

Tiffany joins Summit Financial Group with over 20 years of experience in leading business growth and development at various successful broker-dealers and registered investment advisors (RIAs).

As Director of Development, she aids in the growth strategy of the firm as a dedicated resource for the existing Summit Financial Advisors and through the recruitment and onboarding of new advisors to Summit.

Tiffany is passionate about working with financial advisors at various levels of success, helping them create strategies and approaches to meet their practice and business goals.

Tiffany currently lives in Walnut Creek with her rescue terrier, Milo, and is the proud mother of her (*handsome and smart*) son, Michael, currently serving in the U.S. Army.

### Susan Sherwood, Front Desk/ Client Services Associate



Susan joined the Summit team in July as the Front Desk/Client Services Associate. In her role, she aims to provide a positive experience for our clients whether in person or on the phone. She also provides support to our team and oversees the general operations for our busy office.

Susan possesses over 35 years of experience in strategic and business planning, performance analytics, and technology development. She has worked in numerous business segments, including marketing, logistics, shipping, finance, compliance, human resources, corporate real estate, environmental management, and information technology.

Born and raised in Northern California, Susan currently resides in San Ramon. She enjoys spending time with friends and family, as well as visiting her daughter and son-in-law in Austin, Texas.



## SAVE THE DATE

Join us for our  
**11th Annual Summit Symposium.**

**When:** Saturday, February 25, 2023

**Where:** Casa Real at Ruby Hill Winery

## SUMMIT TRIVIA CHALLENGE



The answer to this quarter's question can be found on the Summit Facebook page [facebook.com/summitfinancialgroup/](https://facebook.com/summitfinancialgroup/). Each person to submit the correct response will be entered to win a \$25 Starbucks gift card.

*Congratulations to last quarter's winner, Sharon Walker!*

**Ready? Here it is ...**

**What special award did Summit receive from readers of a local magazine over the summer?**

Know the answer?

Email it to [angela@summitadvisors.com](mailto:angela@summitadvisors.com) by November 11.

The Trivia Challenge winner will be notified via email.

## CONTACT US



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