YOUR WEALTH

O'Donnell Wealth Management's Quarterly Newsletter

We are pleased to announce that we are adding a quarterly newsletter to the services that we provide to our many clients throughout the country.

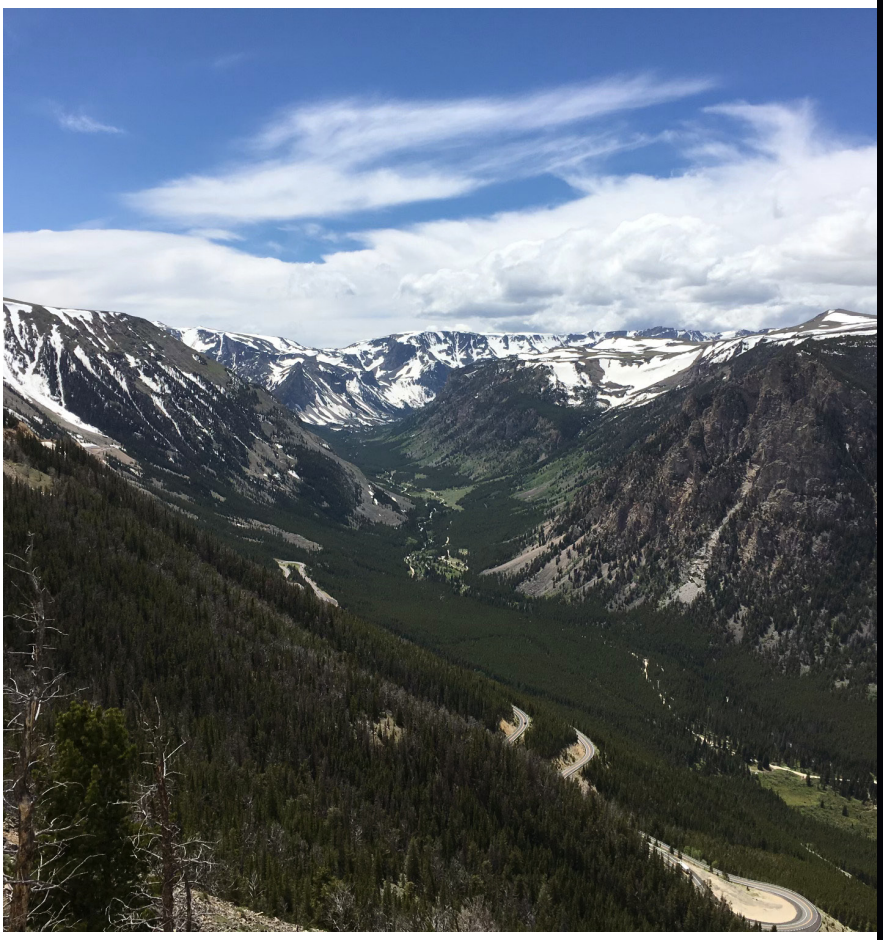
This publication will be distributed electronically via email and mailed to clients who prefer a paper hardcopy. It will also be posted on our web site.

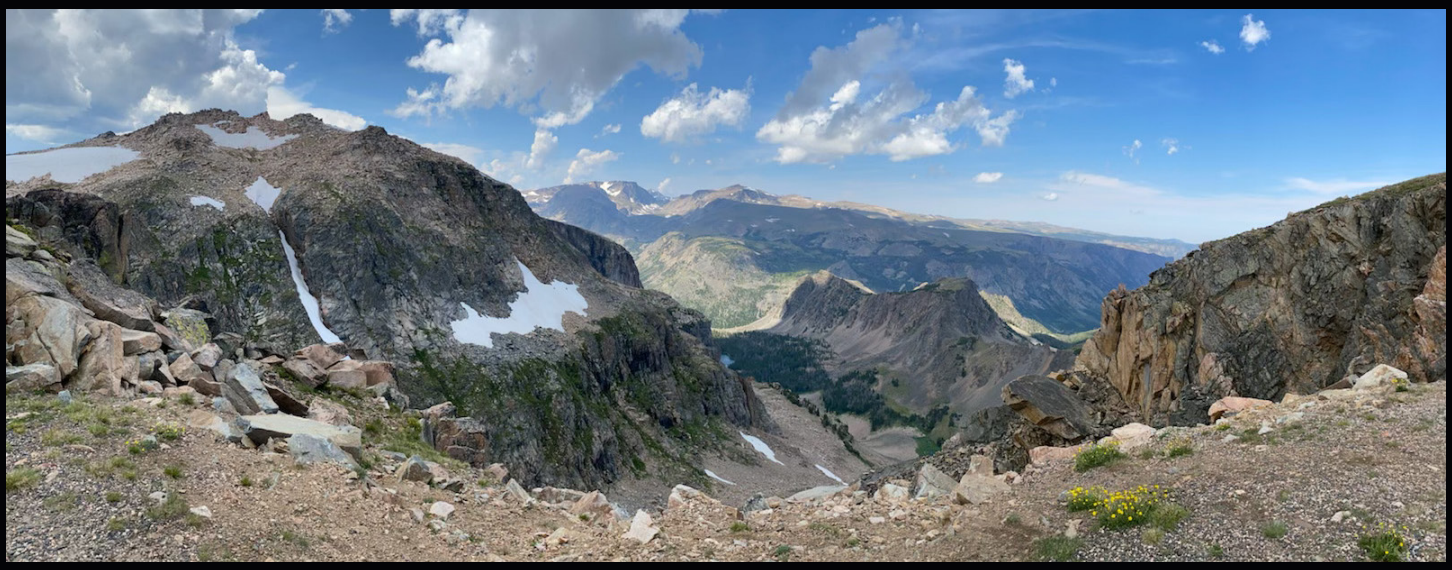
The newsletter will include our outlook on the markets and the various economic indicators as well as recent developments at O'Donnell Wealth Management, such as staff additions and acquisitions. Updates and commentary regarding our current holdings and our investment universe will also be included.

We hope you enjoy the first edition (July 2022) below!

Best Regards,

Stephanie B. O'Donnell
Director, Communications





Greetings and Happy 4th of July to everyone,

It is my great pleasure to communicate with you all via our first edition of our quarterly newsletter, "Your Wealth".

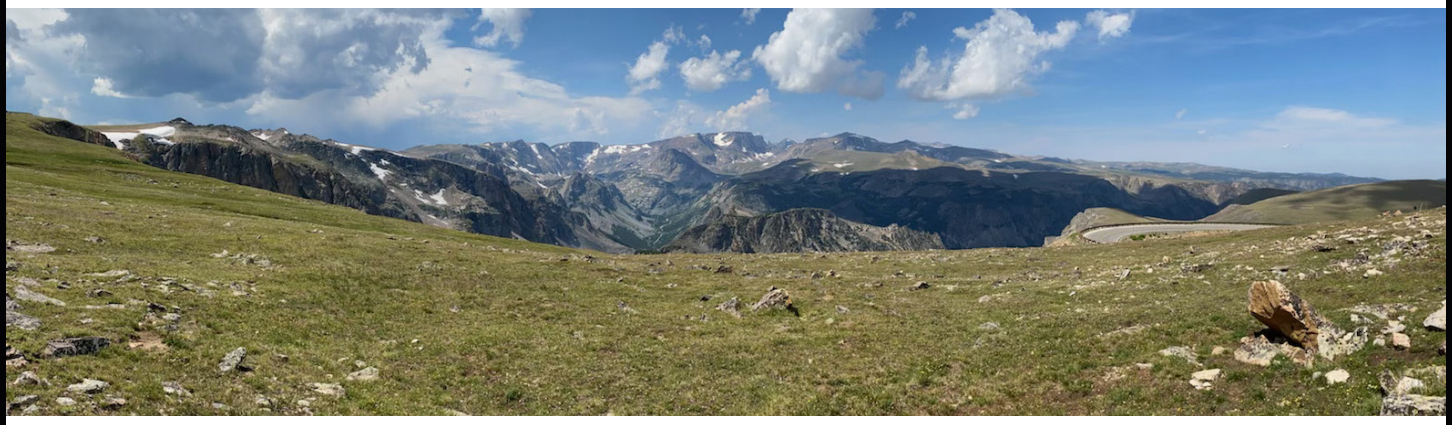
It has been a challenging year to date, with respect to the markets. Increased levels of volatility have returned in force. Both the markets and investors are concerned about the state of the world at the moment, and rightfully so.

Most, if not all, of the current economic problems and market disruptions we have been experiencing can be directly attributed to poor government policy decisions. It all began with "2 weeks to slow the spread" in March of 2020. Government bureaucrats then decided that it would be a good idea to completely shut down the economies of entire nations around the globe for months on end.

This has proven to be disastrous on many levels. The supply chain disruptions caused by the so called "lock downs" continue to this day, more than two years later. The inflation caused by the printing and distribution of trillions of dollars into the economy has caused absurd levels of inflation not seen in this country for nearly half a century.

It has yet to be proven that the lockdowns and masking did anything to either save lives or slow the spread of a virus. In fact, one could easily argue to the contrary, that the unintended consequences of the lockdowns and masking actually caused more death and suffering than would have resulted from simply doing nothing. What should be blatantly obvious to everyone at this point is that we can never do this again. We cannot duplicate the policy responses of the past two years ever again in the future.

The implications of these ill-considered policies on our national security are staggering as well. The consequences of weakening our country by piling on unimaginable debt and devaluing our currency are significant, and they are real. A nations military superiority is directly connected to its economic superiority. The two cannot be decoupled. Add weak foreign policy to the mix and you create a very dangerous world in which dictators and crazies display aggressive offensive behavior. Case in point, the Russian invasion of the Ukraine. Displays of weakness encourage and draw aggression. This has been a maxim throughout the history of mankind.



In response to these emerging and growing risks, we have made several tactical decisions during the past 12 months at O'Donnell Wealth Management that have proved critical with respect to the reduction of volatility and the preservation of capital for our clients.

A constant of asset values is that their prices fluctuate over time. We call this volatility. Periods during which assets are re-priced because they were temporarily overvalued are referred to as "corrections". We are experiencing one of these periods at the moment. We look to mitigate the effects of market corrections by allocating capital to less risky and less volatile parts of the market, and even to cash for a period of time.

Seeing the markets trade into what we felt was very overvalued territory, O'Donnell Wealth Management began selling into strength and raising cash in the 3rd and 4th quarters of 2021. Additionally, we sold our entire bond position 5 months ago, well before the first interest rate increase. Since that time, the bond market has deteriorated into being the worst bond market since 1842*. The iShares Core US Aggregate Bond ETF (AGG), a widely used measure of bond market performance, is down 10.53% year to date**. As part of our "de-risking" strategy, we also added a number of consumer defensive names. At present we retain a significant cash position in client accounts ranging between 15% and 25% of account value, as well as a 5% to 8% position in gold (GLD).

Going forward, we see economic conditions continuing to weaken further in the near term. We believe a recession is imminent. Inflation will most likely ensure that we experience a recession as it has proven to be nothing close to "transitory" as the government class bureaucrats erroneously informed us for months on end. Food, energy, rent, and home prices remain at all-time highs. Interest rates are rising as well. This combination, in our view, will make recession unavoidable.

We are maintaining our defensive posture as we look for opportunities in undervalued areas. We continue to emphasize capital preservation during these challenging times. A couple of old Wall Street sayings come to mind in times like this: "Don't confuse brains with a Bull Market" and "Panic is NOT an investment strategy".

Our team has been working diligently on your behalf, advancing their education, training, and professional licensing. Stephanie, our Administrative Associate, has been promoted to Communications Director. She also recently successfully completed the S.I.E. Exam. She is presently studying for the Series 66 Exam while performing all of her other duties.

Ryan has successfully completed both the S.I.E. and the Series 66 exams. He continues to also serve in the role of Internet Technology Director while he undergoes Portfolio Management training.

John, Associate Financial Advisor and Director of Trading, has recently undergone additional advanced training in block trading. Block trading is one of the key technologies we use to build and manage client portfolios.

Sue Jean, Managing Partner and Office Manager, has been busy processing an influx of new clients and the associated account transfers into the firm. She has also been working hard to ensure that we remain compliant with regulatory changes, document changes, and continuing education requirements.

Our office expansion renovation was completed in April, adding 3 additional offices and an additional 1,000 square feet of office space. The expansion also includes a second conference area and coffee station. We celebrated our expansion with an Open House event on May 7th. More than 80 clients, guests, and friends attended the event throughout the evening. We contracted a local caterer, Gourmet To Go, to provide Hors D'oeuvres and beverages and received many compliments and "thank yous" from attendees.
We wish everyone a happy, healthy and prosperous summer!

Steve Sr.
Stephen P. O'Donnell Sr.
President & CEO
Director, Portfolio Management

Notes:
*It's the Worst Bond Market Since 1842. That's the Good News. The Wall Street Journal, May 6, 2022
**All Performance Data is sourced from Morningstar.com and is calculated as year-to-date through June 10, 2022