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“There is no better tool or equipment you can have on board than a well-trained crew.” -Larry Pardey

Holiday greetings from all of us at KFA.

Over the last five years we have been working hard at building out more services and a larger team at KFA for our clients.



During that period of time our assets under management, along with those from our colleagues at Starboard Advisors, have grown to over half a billion dollars. New clients have joined us along the way while at the same time we are beginning to push into our third decade of service with legacy relationships. It is this endurance and steadfastness of which we are most proud. As the late Denis Kelleher frequently said, “It’s all about the people.”

He could not have been more right – it is timeless counsel and rings through our halls each day. We are thankful for the opportunities our friends and client families have provided us to serve them and, just as important, for our working colleagues. We are a team at KFA and that is often what we point to as the “secret sauce” in serving families.

We are pleased to add three new members to our KFA family, Keith Marks, Neil Cataldi and Pamela Lessard – you will be hearing more about them further down in the newsletter. They join Mike Ouellette who stepped onboard our Starboard Advisors division this past January as part of our new team in 2022. KFA’s capacity and skillsets have expanded significantly, and we could not be more pleased with the early returns. If you haven’t already, we invite you to meet our new members.

The markets and world continue the march of volatility as the bubble of speculation from 2021 unwinds. We have been working with clients as appropriate on restructuring bond portfolios to take advantage of the current rates of 1 year U.S. Treasuries that are yielding +4.5%. These yields in low-risk U.S. Treasuries have not occurred in almost a generation and are one of the few bright spots in the investment markets this year. Our colleague Tom Burnett provides the precise numbers on the markets YTD below, and we have added a Year-End Planning Checklist for your review.

As always, we will watch the markets and global economy in making investment choices to the best of our ability for each and every client portfolio. If you have any questions about your portfolio, our views expressed in this letter or other financial matters, please do not hesitate to call. A healthy and happy holiday season to all of you.

Colleen, Bart & Mike



Colleen Kelleher Sorrentino
Managing Partner- Kelleher Financial Advisors



Barton W. Weisenfluh, CFP®
Founder & CEO- Starboard Advisors
a Division of Kelleher Financial Advisors



Michael Ouellette
President- Starboard Advisors
a Division of Kelleher Financial Advisors

ON TO THE MARKETS

Analysis and Review by [Thomas Burnett, CFA](#), Vice Chairman & Director of Research at Kelleher Financial Advisors

<u>INDEX</u>	<u>% Change YTD as of 09/30/2022</u>
Dow Jones Industrial AVG. (TR)	-19.3%
S/P 500 Index (TR)	-23.3%
Nasdaq Composite	-32.4%
Nikkei Tokyo	-9.9%
China (Shanghai)	-16.9%
EURO Stoxx 600	-23.9%
Crude Oil per bbl	5.7%
RATE on Ten-Year T Bond	3.81%
VIX Volatility Index Change	81.3%

Source: WSJ.com October 3, 2022

do. The yield on the 10-Year Treasury bond which began 2022 at 1.51% has increased to 3.80% by Thanksgiving. The spike in interest rates has created a significant headwind for fixed income markets to overcome throughout the year which is reflected in returns where the 20+ year Treasury Bond Index, for example, is off by 29%. Municipal indices are performing poorly, down 11% for the year (WSJ Muni Master 12-22 Year Index) and international bond indices are not faring better with declines of 12% (WSJ Global Government Index).

U.S. investors have their collective vision focused on the Federal Reserve who has implemented interest rate increases at an unprecedented pace throughout the year and is expected to continue doing so, at the least, through the next two meetings. Many observers are watching corporate earnings reports carefully as the anticipated global slowdown begins to pressure earnings lower. Analyst consensus estimates have begun to weaken as warnings and reduced forecast targets are expected as we move into the new year. The rationale for higher interest rates by the Federal Reserve is predicated on elevated inflation. Central banks across the world have pushed interest rates higher to slow economic growth. As growth decelerates, the price of goods and services

Investors have faced a challenging year during the first three quarters of 2022. Equity indices are all down sharply, interest rates have risen, and the fixed income markets have not provided a safe haven as they typically

should follow lower. The results have been mixed thus far but there are signs of improvement in the United States as many categories have begun to roll over.

What comes next? We are focused first on inflation metrics improving in 2023, in addition to interest rates stabilizing at their new higher levels. Treasury yields have moved higher at a historic pace which allows investors to capture a ~4.5% low risk yield today over a one-year duration, a level not seen in over 15 years. Markets have begun to price in the likelihood of a pause to the interest hike cycle by the Federal Reserve early in 2023 which may bode well for investor sentiment and reduced market volatility. Equity valuations should recover as this takes place. We believe investors should remain patient in equities with a focus on higher quality exposure across companies whose balance sheets and market positions will allow them to remain successful through future challenging market environments like the one we have experienced this year.

NEW TEAM MEMBERS



KEITH MARKS, J.D. joined Kelleher Financial Advisors in October 2022 as the Chief Compliance Officer with 23 years of compliance experience as an Executive Director at Compliance Solutions Strategies (2017-2022); Partner and General Counsel of Ascendant Compliance Management (2007-2017) and Director of Investment Adviser Services at National Regulatory Services (1999-2007). Prior to starting his compliance career,

Keith clerked for a year at both the Connecticut Supreme Court and Connecticut Appellate Court and spent two years in employment law litigation at Day, Berry & Howard, LLP (1997-1999). Keith has been a regular compliance speaker at events for Ascendant Compliance Management; the National Society of Compliance Professionals; the Investment Adviser Association; Charles Schwab & Co. and Charles River Development among others. Keith is a graduate of Western New England University Law School and the University of Connecticut. He served as President and Board Chair of the New England Broker Dealer Investment Adviser Association from 2012-2017 and Board Chair of SOAR Educational Enrichment, Inc. from 2016-2022. Keith and his wife Kristen have two daughters, Josie and Tess.



NEIL CATALDI, Managing Director, joined Starboard Advisors division in September 2022. Previously he served as Vice President and led the investment process for \$250 Million+ in holdings at the Viking Group, a family office in Cherry Hill, NJ. Mr. Cataldi has over 20 years of Wall Street industry experience across equities, options, alternatives, and Family Office governance. He began his career on the floor of the Philadelphia Stock Exchange where he worked for both TFM Investment Group and Goldman Sachs. He then worked as a derivatives strategist at Susquehanna International Group, generating stock and option trading ideas, mainly within the Consumer sector. Neil has also consulted for multiple private Family Offices managing a range of investments, including actively managed equity and fixed income portfolios, as well as the oversight and management of a large portfolio of hedge funds.



PAM LESSARD, Principal, joined Starboard Advisors in September 2022. Before joining the Starboard crew, Pam worked at Simon Pearce in Quechee, VT for over 9 years as Executive Assistant to the Founder and his family. Prior to that Pam was the Accountant & Grants Manager for the Woodstock, VT School District, and a Sales Assistant with Goldman Sachs on their Institutional Corporate Bond desk in Boston. Pam holds a B.A. in Business and Fine Arts from Skidmore College. She and her husband Kevin have two sons, Taylor and Curtis. She enjoys skiing and spending time with her family in Bozeman, Montana.

EVENTS

In early September, to help us better serve our clients, we hosted a Family Office Workshop meeting with industry professionals. If you are interested in receiving any of the material covered and/or presented, we would be happy to provide. Material can also be accessed by [clicking here](#).

IN THE NEWS

On November 1st, *Advisor Perspectives* published an article co-written by Colleen entitled "**The Challenges of Family Wealth Preservation**" You can read the full article [here](#).

YEAR-END PLANNING CHECKLIST

- The Year-end charitable gifting deadline is December 31st. Please send in your requests no later than December 19, 2022.

- For 2022, the Annual Exclusion from Gift Tax is \$16k per person from an individual or \$32k per person from a married couple.

It is not included in your gross income and does not count against the limits on deductions for charitable contributions. These can be significant advantages for certain high-income earners.



GIFTING FROM YOUR IRA

If you have to satisfy an RMD and you would also like to make a gift to charity, then consider a qualified charitable distribution. (QCD).

A QCD is a direct transfer of funds from your IRA custodian, payable to a qualified charity. Once you have reached age 72, the QCD amount counts toward your RMD for the year, up to an annual maximum of \$100,000 per individual, or \$200,000 for a married couple filing jointly (\$100,000 from each of their respective IRAs). It is not included in your gross income and does not count against the limits on deductions for charitable contributions. These can be significant advantages for certain high-income earners. Due to changes enacted by the Tax Cuts and Jobs Act, a number of retirees may now choose to take the standard deduction when filing taxes (\$12,950 for singles; \$25,900 for couples in 2022) rather than itemize. For those people, QCDs may be a useful alternative. ~ Source: [Fidelity.com](#) November 2022

SOCIAL SECURITY BENEFITS INCREASING IN 2023

Social Security checks will be 8.7% bigger in 2023, the largest cost of living adjustment (COLA) to benefits in four decades. The Social Security Administration also said the maximum amount of earnings subject to the Social Security tax will increase to \$160,200 in 2023, from \$147,000 this year. ~ Source: [WSJ.com](https://www.wsj.com) October 13, 2022



ABOUT US

Since 1995, our firm and its affiliate has provided clients with thoughtful and personalized solutions in many areas of financial planning. At KFA, we place our clients at the center of everything we do. And while situations and experiences differ, our belief is that every client deserves the very best of what we have to offer.

Our firm acts as both an advisor, formulating long-term strategies, and as a manager, making specific recommendations and implementing decisions in areas such as portfolio construction, estate planning and investment management.

KFA educates our clients, communicating with them and sharing our rationale and analysis about issues that should be considered on an ongoing basis and ensuring that appropriate actions are taken. We do not sell proprietary financial products and are paid solely by our clients. In this way, KFA is able to recommend and incorporate independent investment vehicles and managers into a portfolio as needed.

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