

Chart of the Month

"Bonds are boring". This is a quote from a client a few years ago and is a pretty good summary in most years. The start to 2022 is anything but boring in the bond market. Most investors recognize that a diversified portfolio should hold some bonds in their portfolios to provide protection at times of market stress. Wall Street likes to call this "risk-off", meaning investors tend to exit equities for assets considered safer or less volatile when events rattle the markets.

Given the declines in the stock market and the geopolitical tensions in Q1, it is reasonable to think that bonds should have provided some risk mitigation to portfolios, but in fact, bonds underperformed stocks in Q1. The US Fixed Income benchmark (U.S. Agg) is experiencing the second worst drawdown in its history, down 11.2% at its lowest point on 4/22/2022. So instead of being the ballast in a portfolio, it has been moving more in sync with equity markets during this year of volatility and exacerbating perceived losses.

Why has this happened? The bond market quickly priced in a significant increase in interest rates - which in turn led with lower fixed income prices. We believe this move down in bond prices is due to higher rates and not due to declining credit quality or higher default risk. What can you expect moving forward? We believe that most of the increase in long-term rates is likely behind us. As a result, bond prices should be more stable and investors should benefit from higher rates and income going forward.



Understanding Extended Care

The important question: are you prepared?

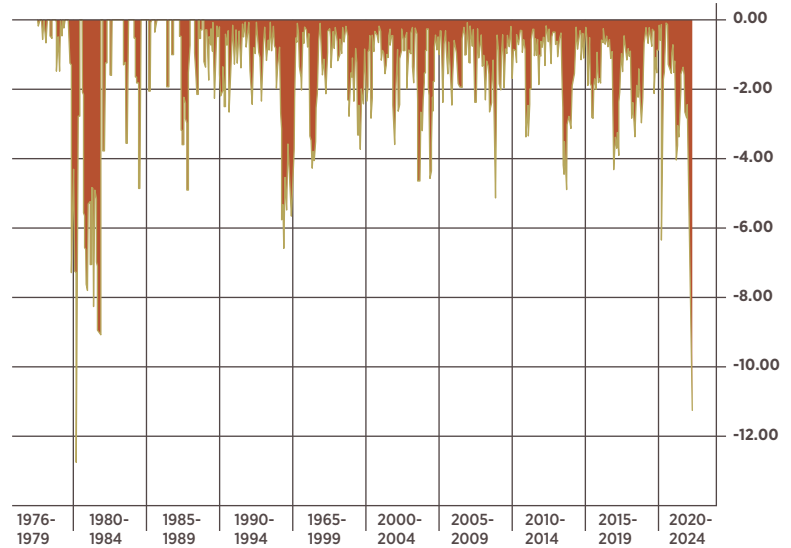
Addressing the potential threat of extended care expenses may be one of the biggest financial challenges for individuals who are developing a retirement strategy. The Administration for Community Living estimates that by 2060, 94.7 million Americans will be aged 65 and older. Of those, it's estimated that someone who just turned 65 has an almost 70% chance of needing some type of extended care.^{1 2}

What Is Extended Care? Extended care is not a single activity. It refers to a variety of medical and non-medical services needed by those who have a chronic illness or disability that is most commonly associated with aging. Extended care can include everything from assistance with activities of daily living, like providing help with dressing, bathing, using the bathroom, or even driving to the store. Extended care may also include more intensive therapeutic and medical care requiring the services of skilled medical personnel. Extended care may be provided at home, at a community center, in an assisted living facility, or in a skilled nursing home. It's also important to recognize that extended care is not exclusively for the elderly; it is possible to need extended care at any age.

How Much Does Extended Care Cost? Extended care costs vary state by state and region by region. The national average for extended care can cost anywhere from \$50,000 to \$100,000 or more a year. The cost for a home health aide starts at an average of \$20 per hour, but can be expected to increase if skilled nursing is involved.³ Individuals who would rather not burden their family and friends have two main choices for covering the cost of extended care: they can choose to self-insure or they can purchase extended-care insurance. Many self-insure by default, simply because they haven't made other arrangements. Those who self-insure may depend on personal savings and investments to fund any extended care needs. The other approach is to consider purchasing extended care insurance, which can cover all levels of care, from skilled care to custodial care to in-home assistance. Several factors will affect the cost and availability of extended-care insurance, including age, health, and the type and amount of insurance purchased. You should consider determining whether you are insurable before implementing a strategy involving extended-care insurance. Any guarantees associated with a policy are dependent on the ability of the issuing company to continue making claim payments. When it comes to addressing your extended care needs, many look to select a strategy that may help them protect assets, preserve dignity, and maintain independence. If those concepts are important to you, consider your financial approach to extended care.

1. ACL.gov, July 28, 2020 2. ACL.gov, February 18, 2020 3. AARP.org, November 20, 2020

Chart: Bloomberg U.S. Aggregate Drawdowns



Source: Bloomberg

	Source: Bloomberg 2022	April	YTD	2021	Benchmark
Stocks	United States	-8.7%	-12.9%	28.7%	S&P 500
	Intl Developed	-6.5%	-12.0%	11.3%	MSCI EAFE
	Emerging Markets	-5.6%	-12.2%	-2.5%	MSCI Emerging Markets
Bonds	US Investment Grade	-3.8%	-9.5%	-1.5%	Barclays US Aggregate
	US Municipals	-3.3%	-10.2%	1.9%	Barclays Municipal Bond 15y
	Intl Investment Grade	-6.8%	-12.6%	-7.0%	Barclays Global Aggregate xUSD
	Global High Yield	-4.6%	-10.0%	1.0%	Barclays Global High Yield
	Emerging Markets \$	-4.3%	-13.2%	-1.7%	Barclays Emerging Markets USD Aggregate
Other	Commodities	4.1%	30.7%	27.1%	Bloomberg Commodity
	Gold	-2.1%	3.7%	-3.6%	Gold New York Spot (\$/oz)
	Oil	4.4%	39.2%	55.0%	Crude Oil WTI/Global Spot NYMEX

E / contact@6meridian.com • P / 316.776.4601 / 855.334.2110 • F / 316.776.4620

WWW.6MERIDIAN.COM • 8301 E 21st St N, #150, Wichita, KS 67206

Securities offered through Hightower Securities, LLC, Member FINRA/SIPC. Advisory services offered through Hightower 6M Holding, LLC, an SEC registered investment adviser.

6 Meridian is a Registered Investment Adviser. This newsletter is solely for informational purposes. Advisory services are only offered to clients or prospective clients where 6 Meridian and its representatives are properly licensed or exempt from licensure. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital. No advice may be rendered by 6 Meridian unless a client service agreement is in place. Index returns assume reinvestment of dividends and do not reflect any fees or expenses. An investor cannot invest directly into an index.

Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary, therefore, the information should be relied upon only when coordinated with individual professional advice. Investors cannot invest directly in an index. These unmanaged indexes do not reflect management fees and transaction costs that are associated with some investments.