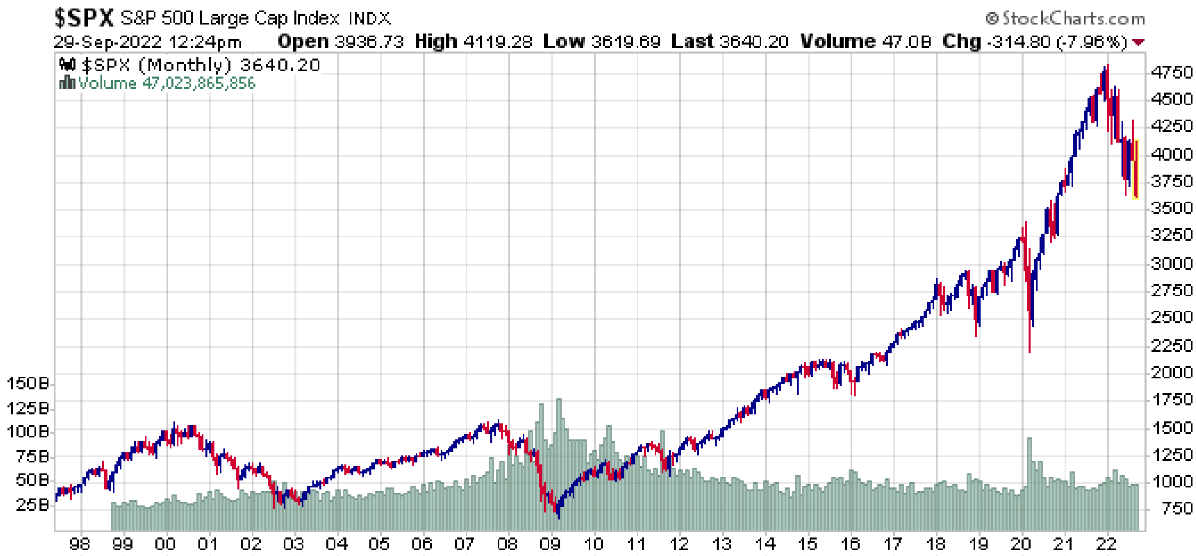
11711 N. College Ave. #200
Carmel, IN 46032

Archer September 30, 2022 Market Update and Outlook:

In our last update we said the Bear is awake again. The bear is not only awake, but he is causing havoc in the woods we all like to enjoy. It is not a surprise the bear feels this way, we have created a forest of plentiful berries and everyone has plenty of money to go and find these berries, which we will now call inflation.

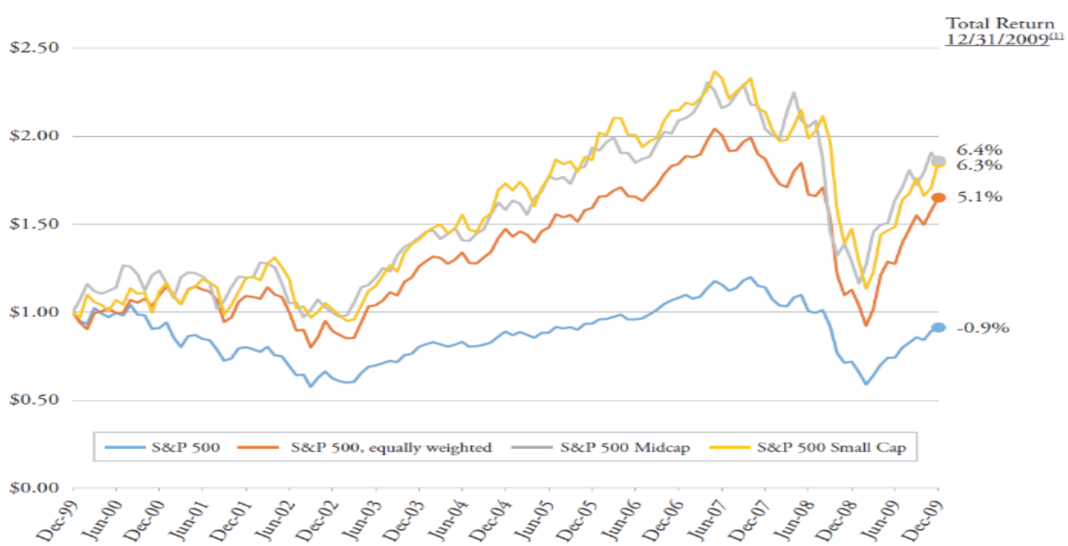
Right now, the fear amongst investors is this is going to be the new normal. Spoiler alert: Stocks have gained over the long-term. History has shown that there is no alternative to providing better potential for capital growth over the long term. The market has overcome temporary setbacks of all kinds and continued to march ahead. No matter how dire the situation appeared, think of Black Monday, the dot com bubble, 9/11, the sub-prime mortgage meltdown of 2008, and Covid. These are just some of the corrections and crashes in our lifetime.

If you look at the following chart, it is hard to believe all these major corrections happened, because each time, the market recovered and moved higher. Although each time is different and the worries are a bit different, we think this time will be no different. However, we also believe it will change the investment climate in terms of what kind of investments will perform better than others for several years.



Let’s look at one of the rolling 10-year periods the S&P 500 was negative. When we think of the S&P 500 index, we all think of the cap weighted index, where one stock, like Apple accounts for nearly 6.5% of the total index, so if Apple were to fall, the index could fall even if all the other stocks did not change. In this chart, you can see where the equal weighted index of the S&P 500 actually returned 5.1% annually as well as some of the other indices were positive when the S&P 500 cap weighted was down.

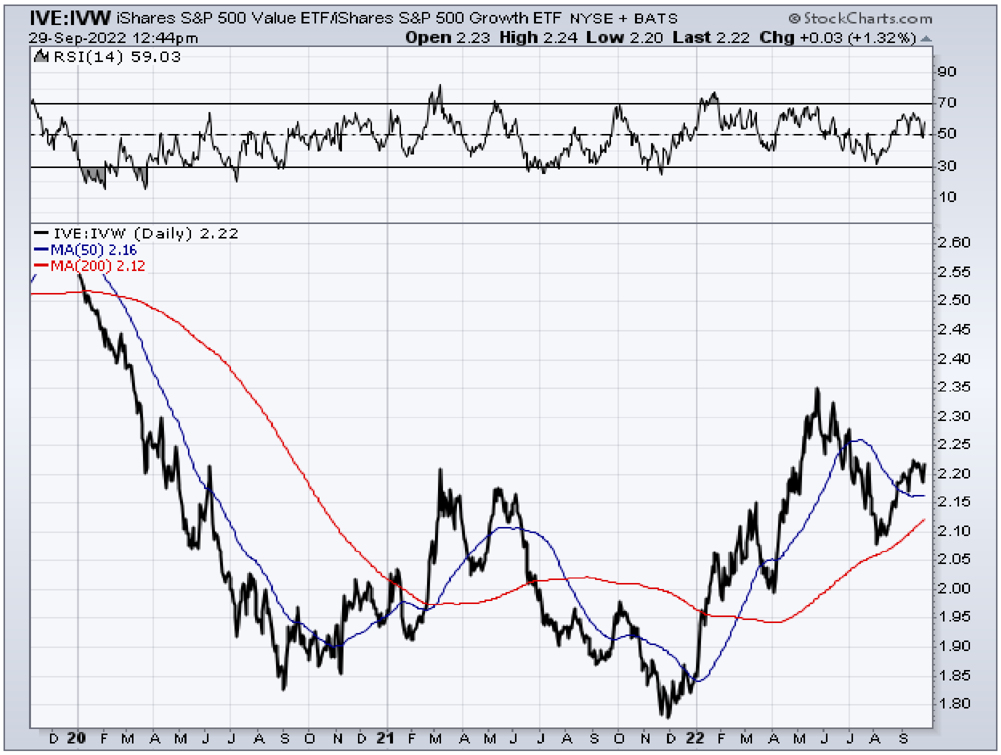
Growth of $1 Invested From 12/31/1999 – 12/31/2009



[1] Annualized return

Sources: Renaissance Research, FactSet

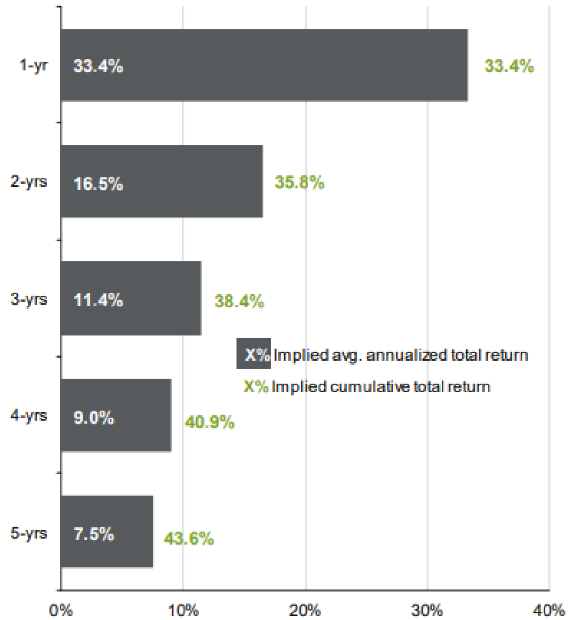
We believe we are entering a period where we could see similar comparisons where cap weighted indices could underperform as their valuations were a bit too high. Likewise, as we have stated for many years, Value could now be the outperformer for the next 5 years with inflation being higher than the past few years.



If you think back to the picture at the start of this outlook, it is reasonable to be unsure of the direction of the market in the near-term. Uncertainty as we often say creates volatile markets and can create downward pressure on the stock market as well as the bond markets. We have inflation, mid-term elections, Covid, supply chain issues, and many other things as usual to worry us. However, if you think the market at some point will get back to its high that it reached, then you might be interested in the next chart. We saw this chart from JPMorgan at our Advisor's conference and thought it was well worth sharing with our clients.

If you think the S&P 500 will take 3 years to get back to its high, then as of 9/27/2022 if you were invested in the S&P 500 weighted index which is the normal one usually discussed on CNBC and nearly every other news outlet, then you would return 11.4% annually before any fees. Even if it is 5 years, you would have a decent return. We believe this chart should reinforce why you would stay invested in the market. If not, you might consider investing back into the stock markets in a diversified manner.

Return needed to reach January 2022 peak
Current S&P 500 peak is 4797



Bull and bear markets

Bull markets			Bear markets		
Bull begin date	Bull return	Duration (months)	Market peak	Bear return*	Duration (months)*
Jul 1926	152%	37	Sep 1929	-86%	32
Mar 1935	129%	23	Mar 1937	-60%	61
Apr 1942	158%	49	May 1946	-30%	36
Jun 1949	267%	85	Aug 1956	-22%	14
Oct 1960	39%	13	Dec 1961	-28%	6
Oct 1962	76%	39	Feb 1966	-22%	7
Oct 1966	48%	25	Nov 1968	-36%	17
May 1970	74%	31	Jan 1973	-48%	20
Mar 1978	62%	32	Nov 1980	-27%	20
Aug 1982	229%	60	Aug 1987	-34%	3
Oct 1990	417%	113	Mar 2000	-49%	30
Oct 2002	101%	60	Oct 2007	-57%	17
Mar 2009	401%	131	Feb 2020	-34%	1
Mar 2020	114%	21	Jan. 2022**	-24%	8
Averages	**162%**	**51**	**-**	**-41%**	**20**

Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. (Right) The current peak of 4797 was observed on January 3, 2022. The current market level as of September 26, 2022 is 3647. (Left) *A bear market is defined as a 20% or more decline from the previous market high. The related market return is the peak to trough return over the cycle. Bear and bull returns are price returns. **The bear market beginning in January 2022 is currently ongoing. The "bear return" for this period is from the January 2022 market peak through the current trough. Averages for the bear market return and duration do not include figures from the current cycle.
Guide to the Markets – U.S. Data are as of September 27, 2022.

J.P.Morgan
ASSET MANAGEMENT

Since 1994, according to Yahoo Finance, the Fed has raised interest rates 5 times. In each scenario, the S&P 500 turned negative, only to ultimately move higher. Only in one instance in 1994 was the market still lower one year later when it lost 1%.

History also tells us mid-term elections are on the horizon and it usually does not bode well for stocks short term. In fact, with inflation and rising interest rates as one of the top election issues coming to a polling booth this November, it is likely we see a shakeup in the mix of politicians in Washington. Let's focus for a moment on how the stock market performs in years when there is a mid-term election.

Since 1931, market returns tend to be muted until later in midterm years. Clearly by looking at the next chart, we can see the path of the market is much different than most years. As we often state, markets do not like uncertainty, and that applies to Washington, just as much as it applies to inflation, and economic uncertainty. The chart clearly shows that once most people believe there is an outcome to the politics, the market starts to rise a couple of weeks prior to the election. The one point we do not show in this chart, is volatility. The volatility of the market in August through October is also higher, so we are likely going to see larger swings up and down in the stock market until this uncertainty is resolved.

Sources: Capital Group, RIMES, Standard & Poor's. The chart shows the average trajectory of equity returns throughout midterm election years compared to non-midterm election years. Each point on the lines represents the average year-to-date return as of that particular month and day and is calculated using daily price returns from 1/1/31-12/31/21.

Each time the stock market throws us a pitch we have not seen or remember, it is scary and makes us nervous as investors and we do not want to be at the plate. We are not sure what the market will do short-term, but we do think at some point we will see the old high in the market and move past it, much like the past. We encourage you to reach out with questions about your accounts and stay focused on the long-term. Trying to pull money out and stay in cash until the market gets better, is similar to waiting to buy tickets to your favorite sports team once they reach the World Series, NBA finals, or Super Bowl. You can buy the tickets, but it will be much more expensive and cost you more than it would today.

Regards,

The Archer Team

Past performance is not a guarantee of future results.

This Market Update reflects the thoughts of Archer Investment Corporation as of September 30, 2022. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment making decision, nor should it be considered a recommendation. The views and opinions expressed are those of the Investment Managers at the time of publication and are subject to change. There is no guarantee that these views will come to pass. As with all investments, there are associated inherent risks. Please obtain and review all financial material carefully before investing.

The indices cannot be invested in directly. The returns of the index do not include any transaction costs, management fees or other costs.

The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of sale if asset values have fallen. No assurance can be given that an investor will not lose invested capital. The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, durations and timing of participation in an investment. A client portfolio's risk tolerance, investment objectives, and investment time horizon should be considered with any investment. All investments carry a certain degree of risk, including the loss of principal and are not guaranteed by the U.S. government.