

## Market Facts and Figures from Q1 2022

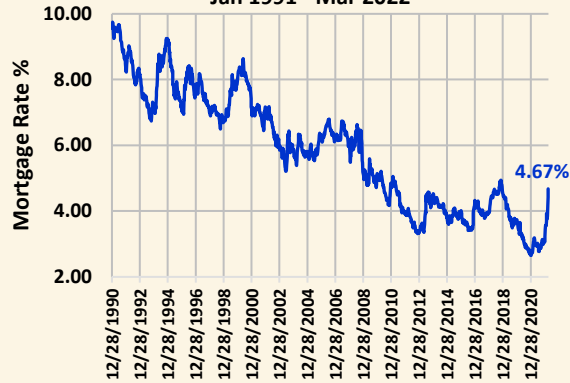
*Value outperformed growth by a wide margin in the first quarter.*

2022 1Q US Returns (Russell Indices)

	Value	Core	Growth
Large	-0.7%	-5.1%	-9.0%
Mid	-1.8%	-5.7%	-12.6%
Small	-2.4%	-7.5%	-12.6%

*The US average mortgage rate rose above 4% for the first time since May 2019.*

Average US Mortgage Rate  
Jan 1991 - Mar 2022



## Best and Worst Markets

### Developed Markets

Top 3	2022 1Q	Bottom 3	2022 1Q
Norway	10.15%	Netherlands	-17.38%
Australia	7.25%	Austria	-19.98%
Portugal	2.32%	Ireland	-20.13%

### Emerging Markets

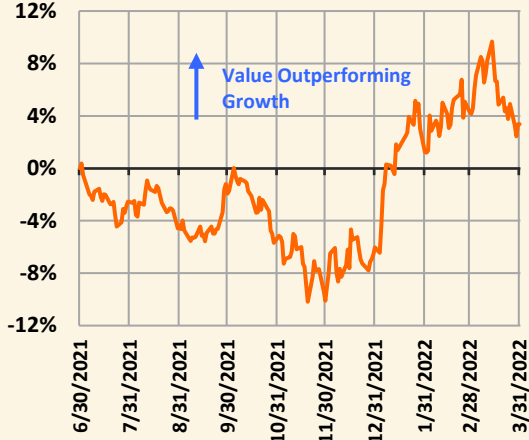
Top 3	2022 1Q	Bottom 3	2022 1Q
Brazil	35.92%	Hungary	-19.38%
Peru	34.90%	Egypt	-23.42%
Colombia	33.80%	Russia	-100.00%

### Frontier Markets

Top 3	2022 1Q	Bottom 3	2022 1Q
Bahrain	19.39%	Slovenia	-17.50%
Oman	18.71%	Kazakhstan	-42.25%
WAEMU	12.69%	Sri Lanka	-50.95%

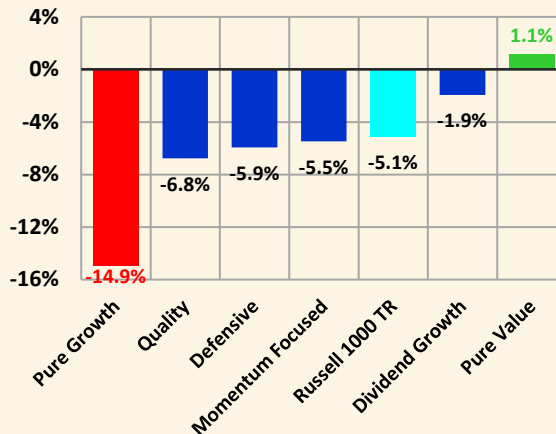
*The US stock market's turn towards Value that began in December continued on into Q1.*

Cumulative Return Since 6/30/21  
R1000 Value minus R1000 Growth



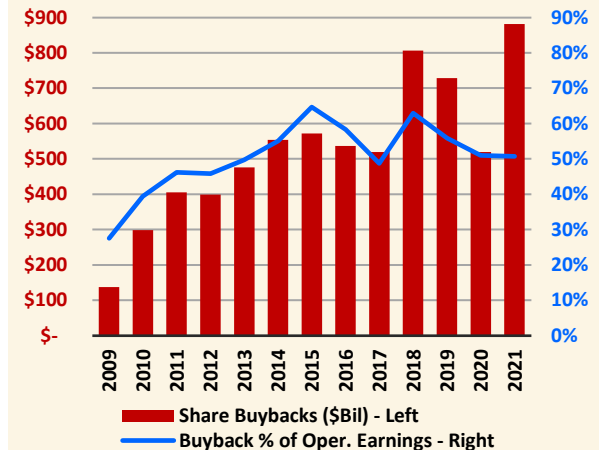
*In US large caps, the spread between the "pure value" and "pure growth" factors was 16% in Q1.*

Russell 1000 Factor Indexes  
2022 YTD Return



*US stock buybacks reached a new peak in 2021, but they were steady as a share of operating earnings.*

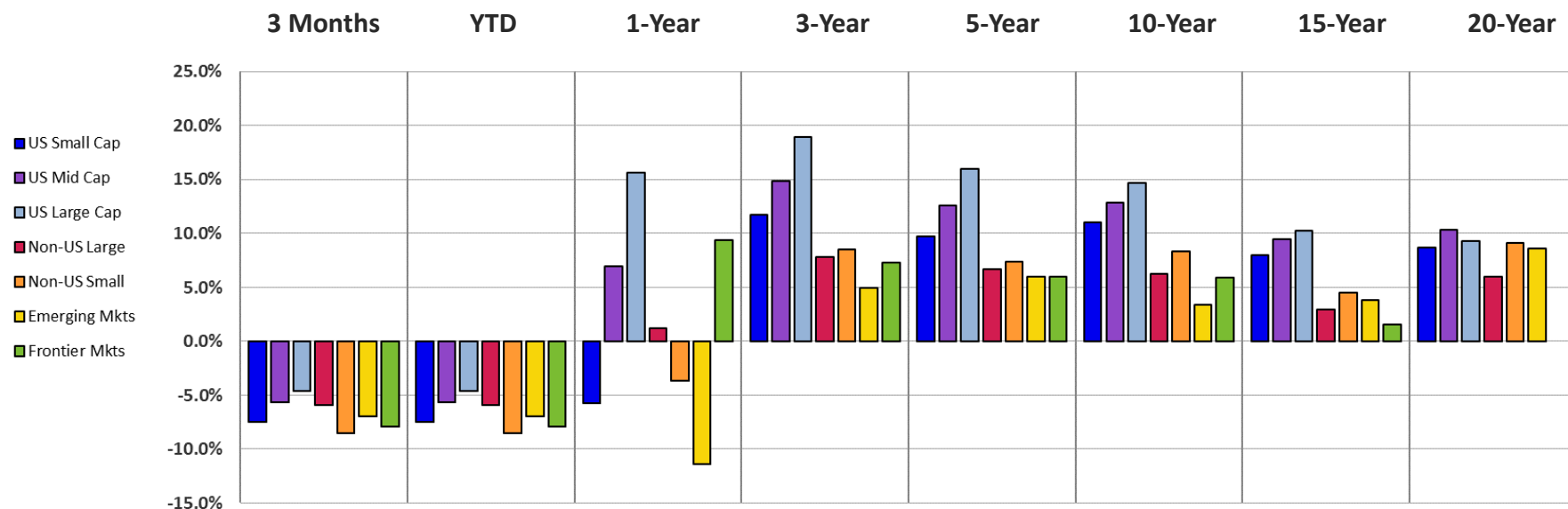
S&P 500 Stock Buybacks & Share of Earnings



Sources: Morningstar, fred.stlouisfed.org, finance.yahoo.com, www.spglobal.com

## World Equity Performance

Quarter Ending March 31, 2022

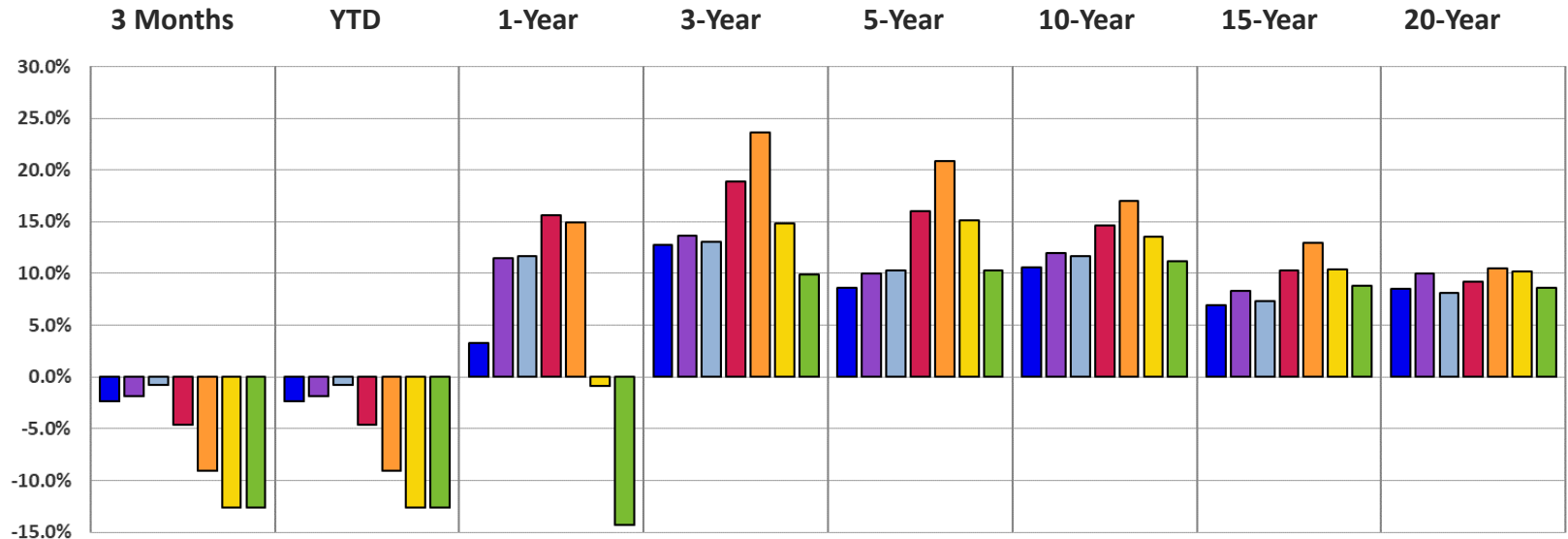


<b>US Small Cap</b>	<b>-7.5%</b>	<b>-7.5%</b>	<b>-5.8%</b>	11.7%	9.7%	11.0%	8.0%	8.7%
<b>US Mid Cap</b>	<b>-5.7%</b>	<b>-5.7%</b>	6.9%	14.9%	12.6%	12.9%	9.5%	10.3%
<b>US Large Cap</b>	<b>-4.6%</b>	<b>-4.6%</b>	15.6%	18.9%	16.0%	14.6%	10.3%	9.3%
<b>Non-US Large</b>	<b>-5.9%</b>	<b>-5.9%</b>	1.2%	7.8%	6.7%	6.3%	2.9%	6.0%
<b>Non-US Small</b>	<b>-8.5%</b>	<b>-8.5%</b>	<b>-3.6%</b>	8.5%	7.4%	8.3%	4.5%	9.1%
<b>Emerging Mkts</b>	<b>-7.0%</b>	<b>-7.0%</b>	<b>-11.4%</b>	4.9%	6.0%	3.4%	3.8%	8.6%
<b>Frontier Mkts</b>	<b>-7.9%</b>	<b>-7.9%</b>	9.4%	7.3%	6.0%	5.9%	1.6%	

Rising inflation and the Russian invasion of Ukraine combined to send global equity markets tumbling in the first quarter. Natural gas (up 122% since the end of 2020) and fertilizer (+157%) are among the commodities that have seen significant price increases – Russia is a major exporter of both products. US large cap stocks held up best in the first quarter, down -4.6%.

## U.S. Equity Style Performance

Quarter Ending March 31, 2022

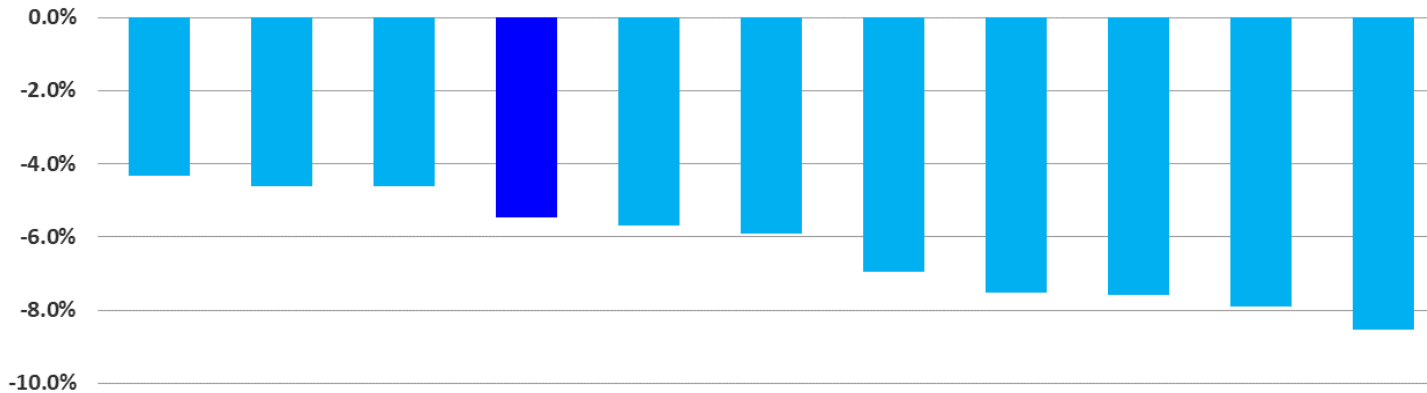


<b>Small Value</b>	<b>-2.4%</b>	<b>-2.4%</b>	3.3%	12.7%	8.6%	10.5%	6.9%	8.5%
<b>Mid Value</b>	<b>-1.8%</b>	<b>-1.8%</b>	11.5%	13.7%	10.0%	12.0%	8.3%	10.0%
<b>Large Value</b>	<b>-0.7%</b>	<b>-0.7%</b>	11.7%	13.0%	10.3%	11.7%	7.4%	8.1%
<b>S&amp;P 500</b>	<b>-4.6%</b>	<b>-4.6%</b>	15.6%	18.9%	16.0%	14.6%	10.3%	9.3%
<b>Large Growth</b>	<b>-9.0%</b>	<b>-9.0%</b>	15.0%	23.6%	20.9%	17.0%	12.9%	10.5%
<b>Mid Growth</b>	<b>-12.6%</b>	<b>-12.6%</b>	<b>-0.9%</b>	14.8%	15.1%	13.5%	10.4%	10.2%
<b>Small Growth</b>	<b>-12.6%</b>	<b>-12.6%</b>	<b>-14.3%</b>	9.9%	10.3%	11.2%	8.8%	8.6%

US value stocks outperformed growth stocks by a wide margin in Q1. The growth and technology-heavy NASDAQ index briefly fell into bear market territory during the quarter, however growth stocks rallied to a degree in the second half of March. The University of Michigan US Consumer Sentiment Index has been falling since mid-2021, as of February 2022 it had reached its lowest point since October 2011.

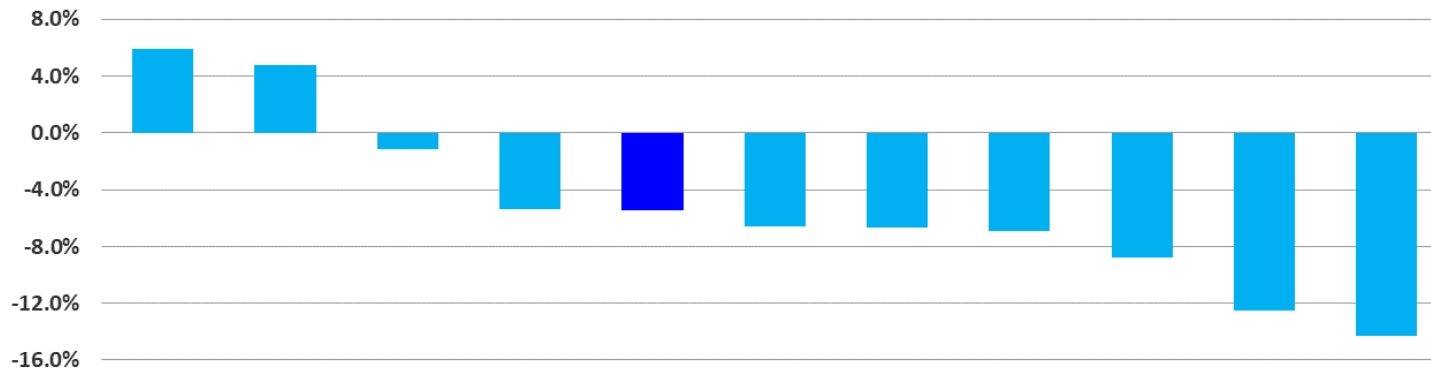
## Equity Performance Breakdown

### 2022 1Q World Index Returns



	MSCI Emrg Small Cap	S&P 500	S&P 100	MSCI ACWI IMI	Russell Mid Cap	MSCI EAFE	MSCI Emerging Markets	Russell 2000	Russell Micro Cap	MSCI Frontier Markets	MSCI EAFE Small Cap
<b>2022 1Q Return</b>	-4.3%	-4.6%	-4.6%	-5.5%	-5.7%	-5.9%	-7.0%	-7.5%	-7.6%	-7.9%	-8.5%

### 2022 1Q Country Returns for the MSCI ACWI IMI



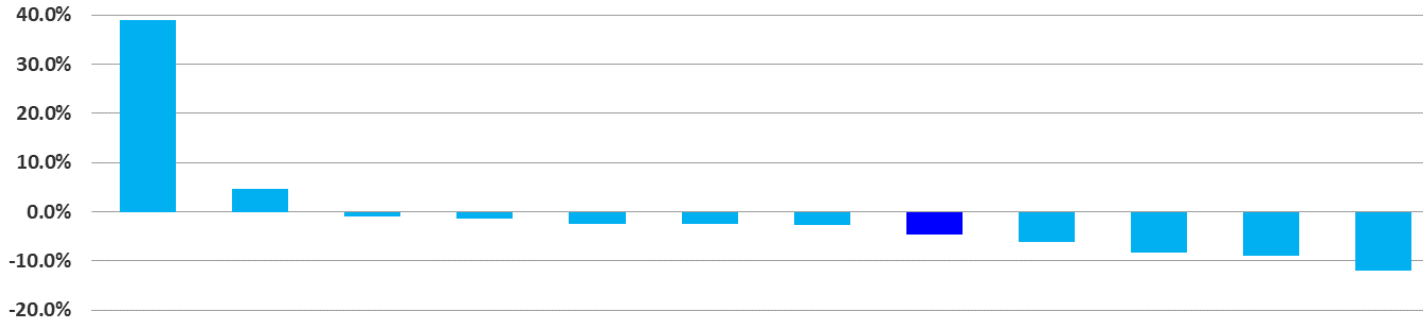
	Australia	Canada	United Kingdom	U.S.	MSCI ACWI IMI Index	Taiwan	Japan	Switzerland	France	Germany	China
<b>2022 1Q Return</b>	5.9%	4.8%	-1.2%	-5.4%	-5.5%	-6.6%	-6.7%	-6.9%	-8.7%	-12.5%	-14.3%
<b>Weight in ACWI</b>	2.2%	3.3%	3.9%	60.3%	-	1.9%	5.8%	2.4%	2.6%	2.0%	3.0%

Both developed markets and emerging markets equities were down to start the year, with small cap developed markets stocks among the weakest performers. Rising interest rates were a theme of the quarter, with the US and UK both experiencing a rate hike and the European Central Bank indicating they are likely to raise rates later in the year. The 10-year bond yield for countries like Germany and Switzerland has returned to positive territory after an extended period of negative interest rates.

The more commodity-driven Australian and Canadian stock markets were up in Q1, while other major markets declined. Chinese stocks were under pressure due to renewed Covid lockdowns in China and investor fears that a number of Chinese companies may be de-listed from American stock exchanges. The Chinese government recently forecast GDP growth of 5.5% for 2022, which is their lowest annual target of the past 25 years.

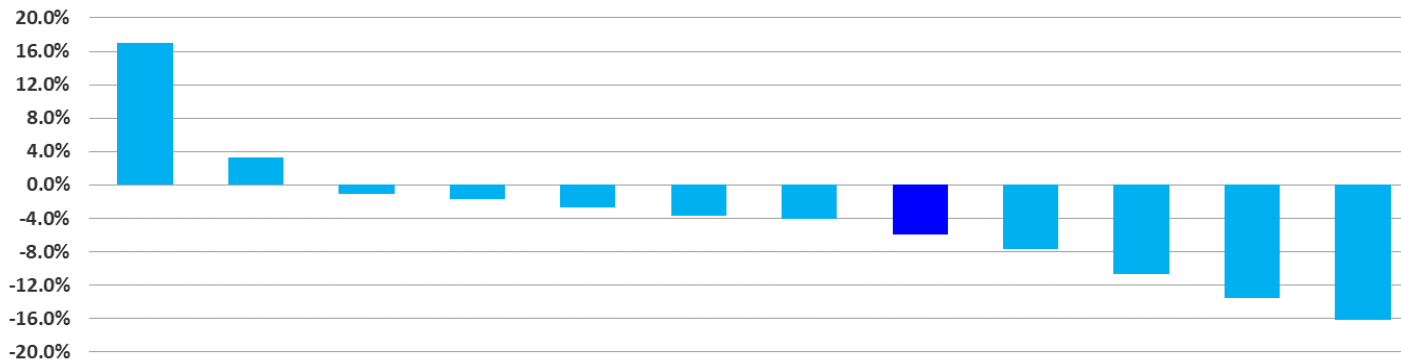
## Equity Performance Breakdown

### 2022 1Q Sector Returns for the S&P 500



	Energy	Utilities	Consumer Staples	Financials	Industrials	Materials	Health Care	S&P 500 Index	Real Estate	Technology	Consumer Discretionary	Comm. Services
<b>2022 1Q Return</b>	39.0%	4.8%	-1.0%	-1.5%	-2.4%	-2.4%	-2.6%	-4.6%	-6.2%	-8.4%	-9.0%	-11.9%
<b>Weight in S&amp;P</b>	3.9%	2.7%	6.1%	11.1%	7.9%	2.6%	13.6%	-	2.7%	28.0%	12.0%	9.4%

### 2022 1Q Sector Returns for the MSCI EAFE



	Energy	Materials	Financials	Comm. Services	Real Estate	Health Care	Utilities	MSCI EAFE Index	Consumer Staples	Industrials	Consumer Discretionary	Technology
<b>2022 1Q Return</b>	17.0%	3.3%	-1.1%	-1.7%	-2.7%	-3.7%	-4.1%	-5.9%	-7.7%	-10.7%	-13.6%	-16.1%
<b>Weight in EAFE</b>	4.1%	8.2%	17.7%	4.9%	2.9%	13.1%	3.4%	-	10.2%	15.4%	11.5%	8.6%

Rising oil prices sent the Energy sector soaring to start the year. The price of oil had retreated below \$100 as of early April, as the Biden administration announced they would tap into the nation's strategic oil reserves to tamp down energy inflation. While US stocks broadly experienced a decline in valuation multiples to start the year, the consensus earnings-per-share forecast for the S&P 500 continues to look strong.

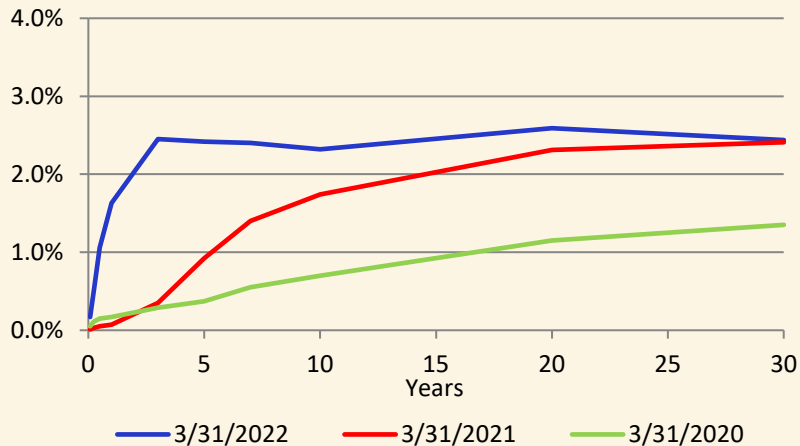
Russia's unexpected decision to launch a major war on the European continent weighed heavily on non-US stocks and introduced significant uncertainty over near-term economic growth. The ECB projected that an "adverse war scenario" could lower their forecast of Eurozone GDP growth from 3.7% to 2.5%. Energy and Materials were the top performers in the EAFE index in Q1, as investors shunned growth stocks in favor of more defensive parts of the market.

## Fixed Income Performance

Fixed Income Rates of Return		2022 1Q	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>	Bloomberg US Aggregate TR	-5.93%	-5.93%	-4.15%	1.69%	2.14%	2.24%
	Bloomberg US Govt/Credit TR	-6.33%	-6.33%	-3.85%	2.12%	2.44%	2.45%
<b>Intermediate Indices</b>	Bloomberg US Int Agg TR	-4.69%	-4.69%	-4.38%	1.19%	1.67%	1.81%
	Bloomberg US Govt/Credit Int TR	-4.51%	-4.51%	-4.10%	1.50%	1.81%	1.85%
<b>Government Only Indices</b>	FTSE 3 Month Treasury	0.03%	0.03%	0.06%	0.76%	1.09%	0.60%
	Bloomberg US Govt 1-3 Yr TR	-2.50%	-2.50%	-3.03%	0.84%	1.05%	0.85%
	Bloomberg US Govt Int TR	-4.19%	-4.19%	-4.16%	1.03%	1.34%	1.28%
	Bloomberg US TIPS TR	-3.02%	-3.02%	4.29%	6.22%	4.43%	2.69%
	Bloomberg US Govt Long TR	-10.57%	-10.57%	-1.46%	3.23%	3.88%	3.96%
<b>Municipal Indices</b>	Bloomberg US Municipal TR	-6.23%	-6.23%	-4.47%	1.53%	2.52%	2.88%
	Bloomberg US Municipal 1 Yr TR	-1.61%	-1.61%	-1.51%	0.68%	0.97%	0.83%
	Bloomberg US Municipal 10 Yr TR	-6.23%	-6.23%	-4.79%	1.45%	2.58%	2.96%
	Bloomberg US Municipal 20 Yr TR	-7.21%	-7.21%	-4.57%	2.18%	3.40%	3.76%
<b>Mortgage Backed Indices</b>	Bloomberg US MBS TR	-4.97%	-4.97%	-4.92%	0.56%	1.36%	1.70%
<b>Corporate Bond Indices</b>	Bloomberg US Credit TR	-7.42%	-7.42%	-4.16%	2.81%	3.18%	3.44%
	Bloomberg US High Yield TR	-4.84%	-4.84%	-0.66%	4.58%	4.69%	5.75%
<b>World Bond Indices</b>	FTSE World Government Bond	-6.46%	-6.46%	-7.74%	-0.09%	1.27%	0.34%
	Bloomberg EM USD Sovereign TR	-9.68%	-9.68%	-6.54%	0.10%	1.50%	3.46%

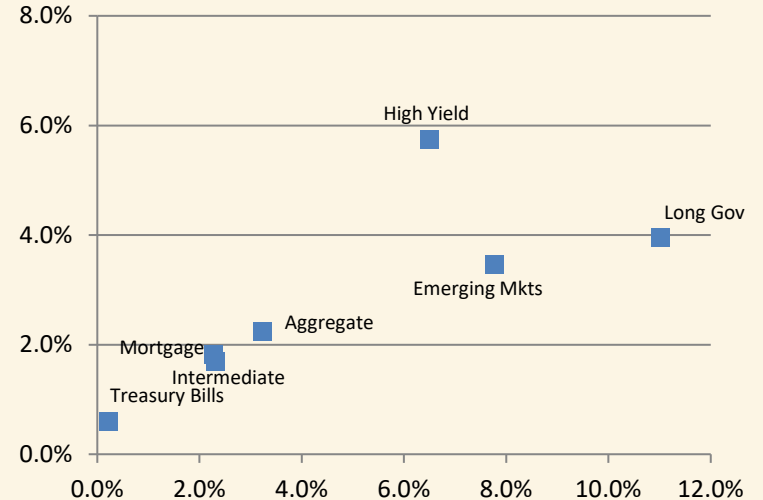
Source: Morningstar Advisor Workstation

### United States Yield Curve



Source: United States Treasury

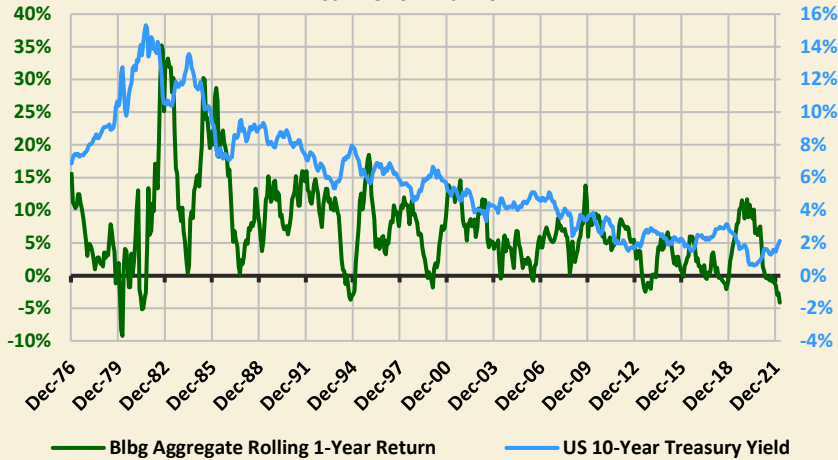
### 10 Yr Risk vs Return - Selected Indices



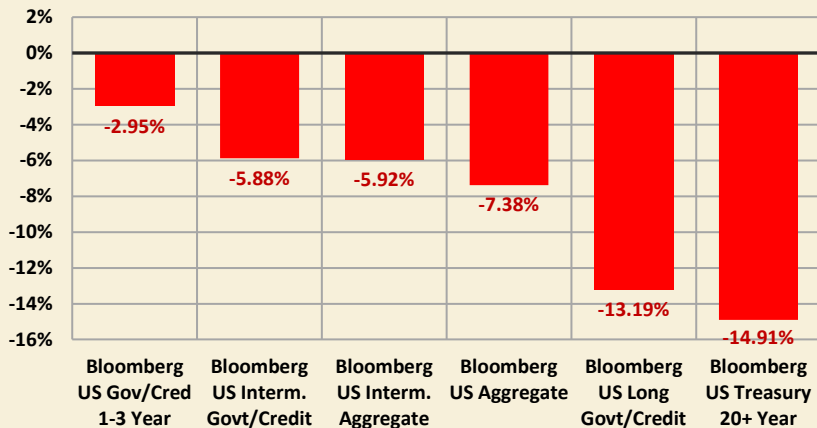
# MARKET MICROSCOPE – A Bear Market For Bonds?

It has been a long time since US investors have experienced this kind of negative return in the bond market.

**Bloomberg Aggregate Index 1-Year Return & US 10-Year Yield**  
Jan 1976 - Mar 2022

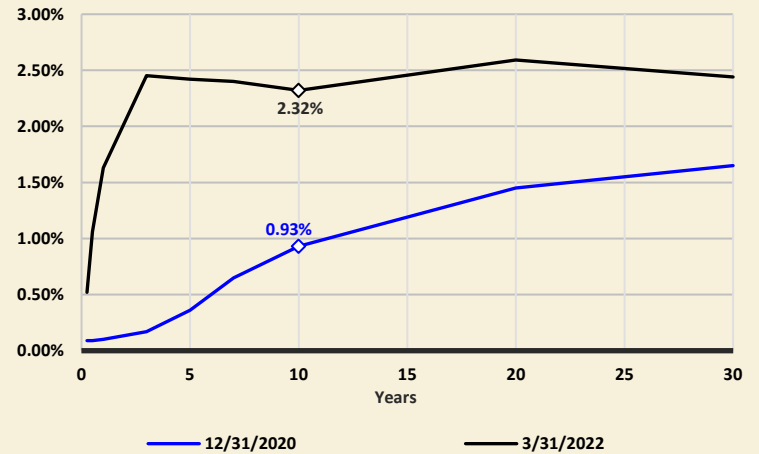


**Cumulative Return Since Jan 2021**

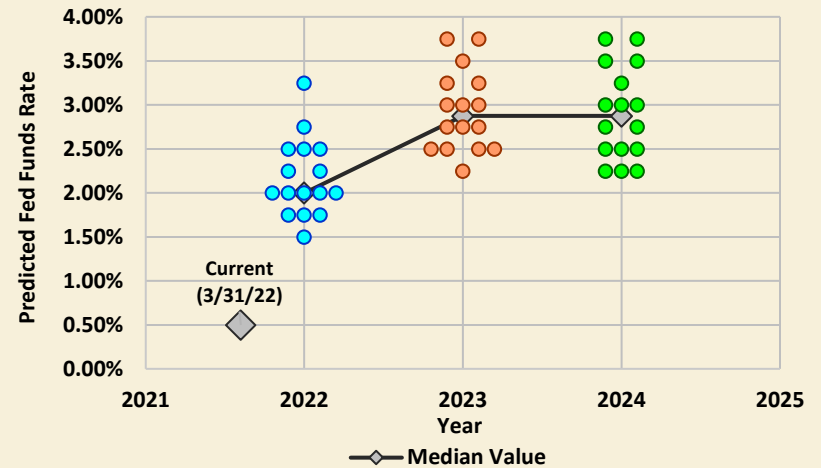


On a rolling 1-year basis, the Aggregate index's return sank below -4% for the first time since 1981. Since the start of 2021, the Aggregate is down over -7%, with long-term Treasury bonds down nearly -15%

**US Yield Curve Change Since 12/31/2020**



**Fed Funds Rate "Dot Plot" March 2022**



As of the end of the first quarter, portions of the US yield curve had become inverted. The Federal Reserve increased the Fed Funds Rate in March, with 5-to-8 more rate hikes expected in the near term.