

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -2.45% in February.
- ▶ Within the S&P, only one of the 11 sectors posted positive returns. The Information Technology sector was the best performer of the month, returning 0.45%. Industrials was second best, posting a return of -0.89%. Energy was the worst-performing sector, posting a return of -7.12%.
- ▶ Negative returns were seen across all market capitalizations, with small-caps (Russell 2000) returning -1.69%, while mid-caps (Russell Mid Cap Index) returned -2.43% and large-caps (Russell 1000 Index) returned -2.39%. Growth stocks outperformed value stocks across all capitalizations.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -3.51%. Developed markets, represented by the MSCI EAFE Index, saw returns of -2.09%, and emerging markets (EM), represented by the MSCI Emerging Markets Index, saw returns of -6.49% in February.
- ▶ Within the ACWI ex-U.S. Index, all 11 sectors posted negative returns. Energy was the best-performing sector internationally, with a return of -1.39%, closely followed by the Industrials return of -1.39%. Materials was the worst performer, posting a return of -7.05%.
- ▶ Regionally, non-U.S. equities saw negative returns across the board, with Europe ex-UK performing the best, returning -0.88%, while EM Asia performed the worst, returning -6.87%.

Fixed Income

- ▶ Treasury yields rose across the yield curve in February. On the long end, the 10-year saw a 41 basis points (bps) increase in rates and the 30-year saw an increase of 28 bps. While on the shorter end, the 2- and 5-year rates increased by 62 and 57 bps, respectively, leading the Broad Treasury Index to return -2.41% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned -2.59% in February. Investment-grade (IG) credit as a whole returned -3.01%, AAA-rated bonds returned -1.94%, AA-rated bonds returned -2.88%, A-rated bonds returned -3.03%, and BBB-rated bonds returned -3.18%. High yield corporates also saw a loss of -1.29% during the month.

Alternatives and Other Asset Classes

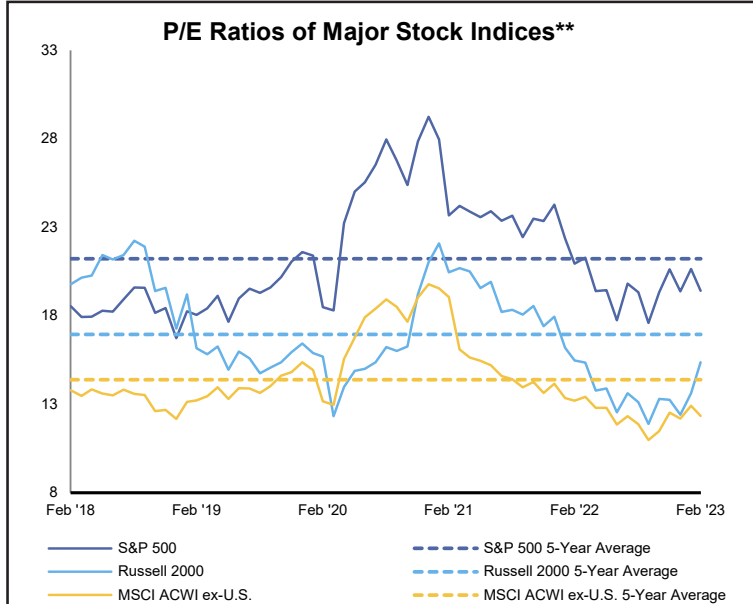
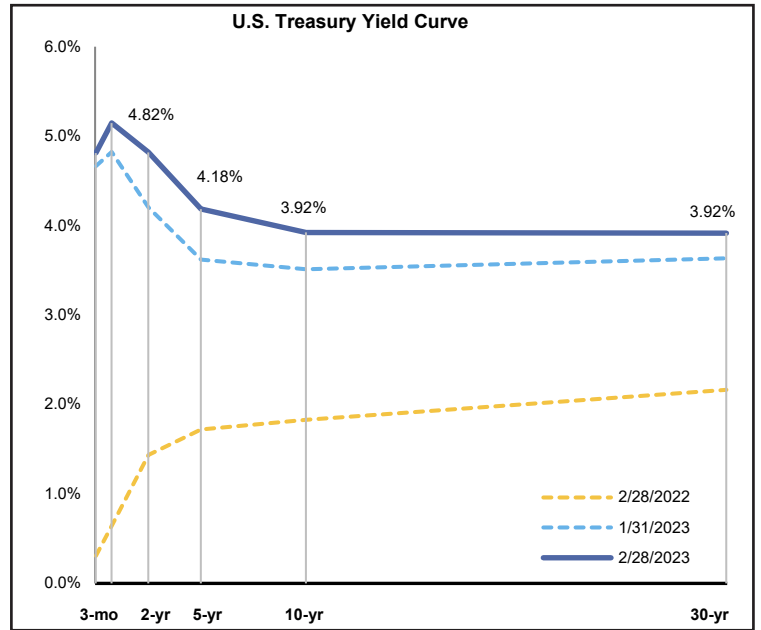
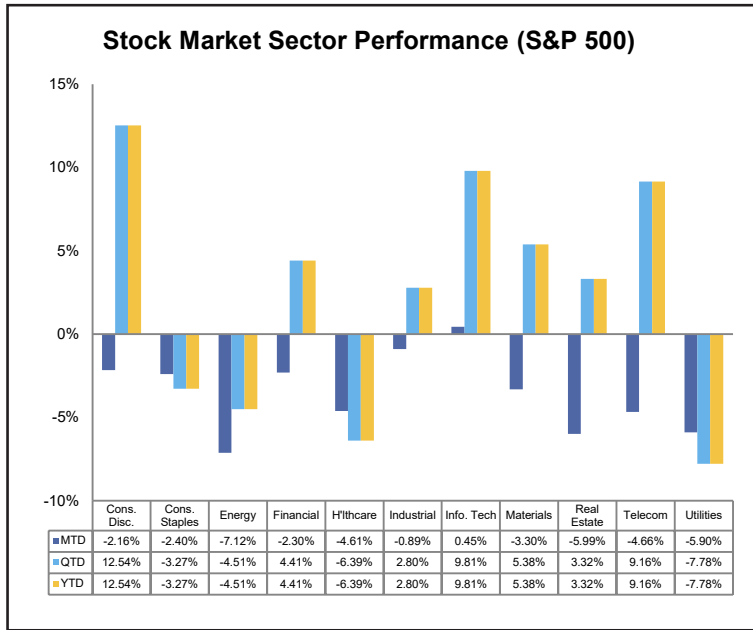
- ▶ Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, returned -4.80%. Performance was mixed, with only one of the nine real estate sectors seeing positive returns. Self-Storage did the best, returning 1.65%. The worst-performing sector of the month was Office, returning -10.76%.
- ▶ The active contract for West Texas Intermediate (WTI) crude fell to \$77.05/barrel in February, down from \$78.87/barrel at the end of January and down \$18.67 year-over-year (YoY).

Items to Watch

- ▶ Inflation continues to cool domestically, with the January Consumer Price Index (CPI) reading coming in at 6.4% year over year, down from 6.5% in December, marking the seventh straight month of slowing.
- ▶ Globally, inflation is mixed, with consumer prices in Europe and Japan continuing to accelerate compared to last year, while UK inflation fell for the third month in a row. Through January, Eurozone prices rose 8.6%, up from original estimates of 8.5%; in Japan, prices gained 4.4%, up from 3.9% the prior month, the fastest rise since 1981. UK consumer prices rose 10.1%, down from December's 10.5% gain and below economists' expectations.
- ▶ U.S. gross domestic product (GDP) growth in the fourth quarter of 2022 was downwardly revised to 2.7% from an advance estimate of 2.9%. This rate was slower than the previous quarter's 3.2% and reflects a downward revision in consumer spending late last year. January, however, has seen consumer spending rebound sharply amid strong income growth, with spending and personal incomes rising 1.8% and 0.6% in January, respectively.
- ▶ While China's official GDP growth stalled in 2022 at just 3%, the second lowest in nearly half a century behind only 2020, the removal of the restrictive "zero-COVID" policy has provided hopes of a rebound in 2023. The 2023 growth target has, however, been set somewhat more modestly at "around 5%", down from 2022's 5.5% target, as it emerges from the shadow of the pandemic. The Chinese government has indicated they will focus on expanding domestic demand and stabilizing the property market, which is estimated to be anywhere from about 15% to 30% of GDP.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-2.45%	3.68%	3.68%	-7.72%
Russell 3000	-2.35%	4.38%	4.38%	-8.10%
Russell 2000	-1.69%	7.89%	7.89%	-6.04%
Russell 1000	-2.39%	4.16%	4.16%	-8.23%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-3.51%	4.31%	4.31%	-7.19%
MSCI EAFE	-2.09%	5.84%	5.84%	-3.14%
MSCI Emerging Markets	-6.49%	0.90%	0.90%	-15.28%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	-2.59%	0.41%	0.41%	-9.72%
Bloomberg Global Agg	-3.32%	-0.15%	-0.15%	-13.60%
Bloomberg U.S. HY	-1.29%	2.47%	2.47%	-5.46%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	-4.80%	5.36%	5.36%	-11.69%
Bloomberg Commodity	-5.05%	-5.89%	-5.89%	-7.33%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.4%	3.5%
Initial Jobless Claims (4 week average)	193 K	191.3 K
CB Leading Economic Indicators	-0.3	-0.8
Capacity Utilization	78.3%	78.4%
GDP (annual growth rate)	2.7%	3.2%
University of Michigan Consumer Confidence	67.0	64.9
New Home Starts	670 K	625 K
Existing Home Sales	4 MM	4 MM
Retail Sales (YoY)	7.3%	7.1%
U.S. Durable Goods (MoM)	-4.5%	5.1%
Consumer Price Index (YoY)	6.4%	6.5%
Producer Price Index (MoM)	1.4%	-1.2%
Developed International*	12/31/2022	9/30/2022
Market GDP (annual rate)	1.9%	2.8%
Market Unemployment	4.3%	4.3%



Source: Bloomberg. Data as of February 28, 2023, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2022 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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