

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -8.26% in June.
- ▶ Within the S&P, all of the 11 sectors posted negative returns. The Consumer Staples sector was the best performer of the month, returning -2.50%. Healthcare was second best, posting a return of -2.66%. Energy was the worst-performing sector, posting a negative return of -16.91%.
- ▶ By market capitalization, small-caps (Russell 2000) returned -8.23%, large-caps (Russell 1000 Index), returned -8.38%, and mid-caps (Russell Mid Cap Index) returned -9.98%. Though all had negative returns, growth stocks significantly outperformed value stocks across all capitalizations.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -8.60%. Developed markets, represented by the MSCI EAFE Index, returned -9.28%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned -6.65% in June.
- ▶ Within the ACWI ex-U.S. Index, all of the 11 sectors posted negative returns. Consumer Discretionary was the best performing sector, with a loss of -2.45%, and the second-best performer was Healthcare, returning -4.14%. Materials was the worst performer, returning -15.38%.
- ▶ Non-U.S. returns were all negative, with EM Asia performing the best, returning -4.84%, while EM Latin America saw the largest losses, returning -17.00%.

Fixed Income

- ▶ The Federal Reserve's (Fed) decision to raise the fed funds rate 75 basis points (bps) in June led to flattening in the Treasury curve with 2-year rates only 6 bps below the 10-year. The 10-year saw an increase of 17 bps and the 30-year saw a gain of 14 bps, while the 2-year and 5-year rates saw gains of 40 and 22 bps, respectively, leading to the broad treasury index returning -0.7%.
- ▶ The Bloomberg Barclays U.S. Aggregate Index (Aggregate) lost -1.57% in June. Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned -1.03%, AA-rated bonds returned -1.84%, A-rated bonds returned -2.42%, and BBB-rated bonds returned -3.18%. High yield corporates also saw a loss of -6.73% during the month.
- ▶ Yields saw larger gains on the short end of the spectrum of the U.S. Treasury yield curve during the month of June.

Alternatives and Other Asset Classes

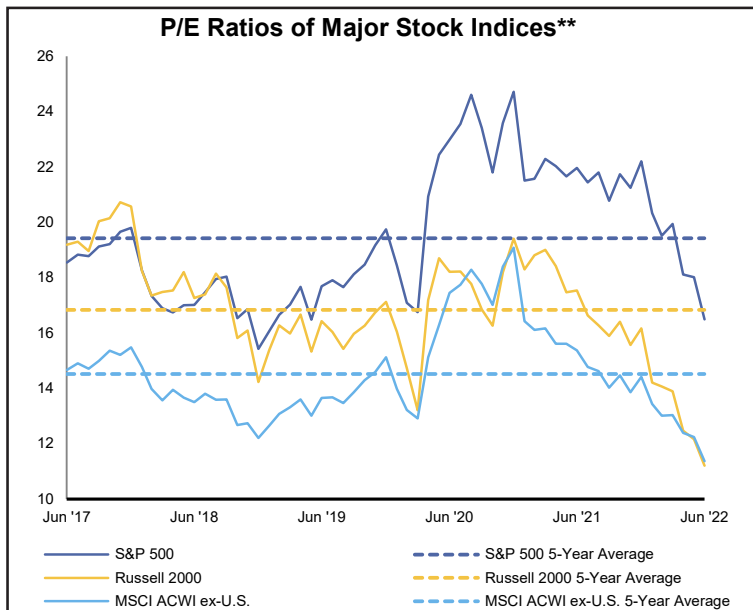
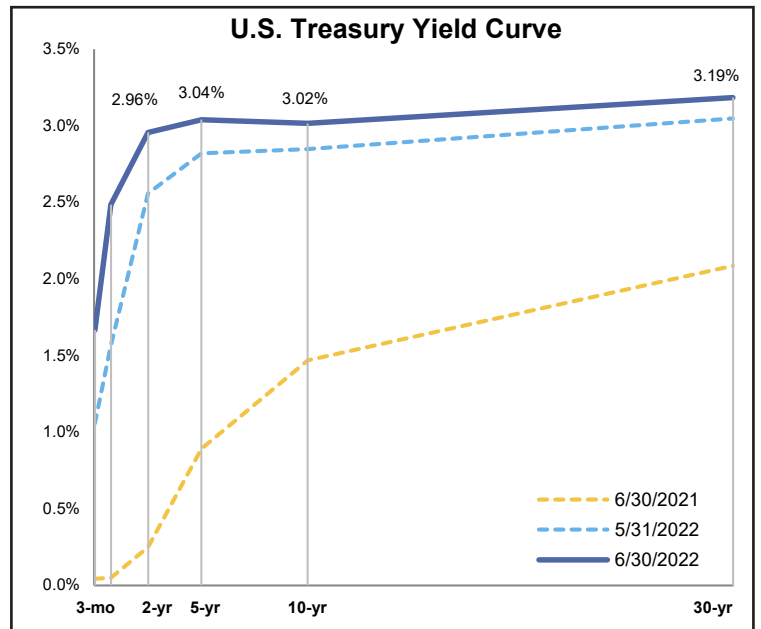
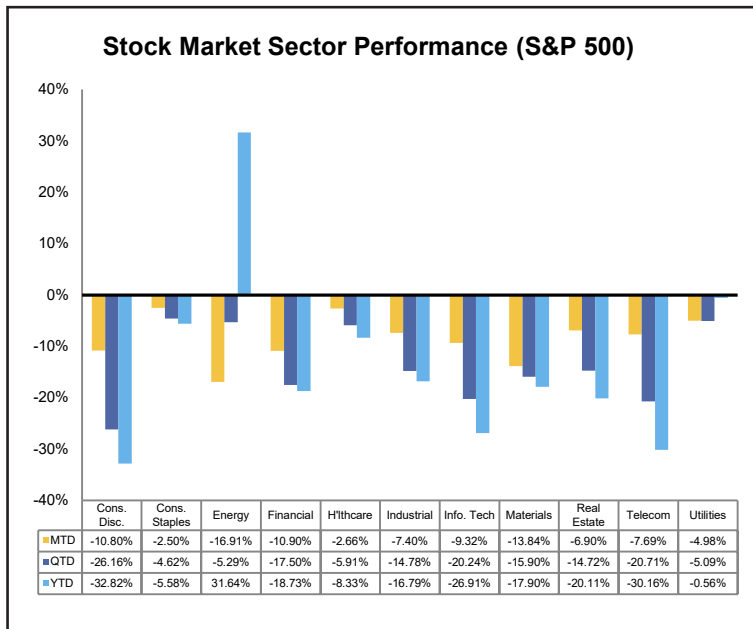
- ▶ Real estate investment trusts (REITs) represented by the FTSE NAREIT Index returned -7.41%. Performance was negative for all of the nine real estate sectors. Self-Storage did the best, returning -4.24%. The worst performing sector of the month was Lodging and Resorts, returning -19.65%.
- ▶ The active contract for West Texas Intermediate (WTI) crude fell to \$105.76/barrel in June down from \$114.67/barrel at the end of May, and up \$32.29/barrel year over year.

Items to Watch

- ▶ Consumer confidence dragged on economies globally. In the U.S., consumer spending growth fell in May, rising just 0.2%, down from 0.9% growth in April. Consumer confidence hit 16-month lows, decreasing to 98.7 from a downwardly-revised 103.2 reading in May amid rapid inflation and Fed interest rate hikes. In the EU, the consumer confidence indicator decreased by 1.9 points from the previous month to -24 in June 2022, the lowest since April 2020.
- ▶ While consumers may be gloomy, jobs remain strong. As the Fed continues to hike rates in the fight against decades-high inflation, U.S. employers added 372,000 jobs in June, better than the expected 265,000 jobs, but fewer than the 384,000 added in May. This slowdown in job growth is still well above the pre-COVID-19 average, and the unemployment rate in June remained at 3.6%. With the average hourly earnings growth slowing to 5.1% year on year from a revised 5.3%, the Fed's hope of reducing wage growth inflationary pressure may be coming to fruition. But whether they can maintain that "Goldilocks scenario" of reducing inflation without pushing unemployment higher remains to be seen.
- ▶ The housing market has also seen a change in recent weeks as demand cools due to decreasing affordability. The National Association of Realtors' housing affordability index fell to near record lows of 102.5 in May, the lowest level since July 2006, as mortgage rates increased sharply with the Fed's recent interest rate hikes. Prices may even begin to fall as the Fed continues to combat inflation by raising rates. Global markets including Canada and New Zealand have seen their real estate markets reacting to increases, with New Zealand's home prices falling 2.3% in the second quarter, the most in 13 years, as the NZ Reserve Bank is expected to raise rates to 2.5%.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-8.26%	-16.11%	-19.97%	-10.64%
Russell 3000	-8.37%	-16.71%	-21.11%	-13.88%
Russell 2000	-8.23%	-17.21%	-23.45%	-25.24%
Russell 1000	-8.38%	-16.68%	-20.95%	-13.05%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-8.60%	-13.73%	-18.42%	-19.42%
MSCI EAFE	-9.28%	-14.51%	-19.57%	-17.77%
MSCI Emerging Markets	-6.65%	-11.45%	-17.63%	-25.29%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-1.57%	-4.69%	-10.35%	-10.29%
Bloomberg Barclays Global Agg	-3.21%	-8.26%	-13.91%	-15.25%
Bloomberg Barclays U.S. HY	-6.73%	-9.83%	-14.19%	-12.81%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	-7.41%	-17.00%	-20.20%	-6.27%
Bloomberg Commodity	-10.88%	-5.92%	18.03%	23.81%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.6%	3.6%
Initial Jobless Claims (4 week average)	231.8 K	224.5 K
CB Leading Economic Indicators	-0.4	-0.4
Capacity Utilization	80.8%	80.9%
GDP (annual growth rate)	-1.6%	6.9%
University of Michigan Consumer Confidence	50.0	58.4
New Home Starts	696 K	629 K
Existing Home Sales	5.4 MM	5.6 MM
Retail Sales (YoY)	11.2%	10.5%
U.S. Durable Goods (MoM)	0.8%	0.4%
Consumer Price Index (YoY)	8.6%	8.3%
Producer Price Index (MoM)	1.6%	0.8%
Developed International*	3/31/2022	12/31/2021
Market GDP (annual rate)	4.2%	4.9%
Market Unemployment	5.6%	5.9%



Source: Bloomberg. Data as of June 30, 2022, 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 March 31, 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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