

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -3.00% in February.
- ▶ Within the S&P, one of the 11 sectors posted positive returns. The Energy sector was the month's best performer, returning 7.14%. Industrials was second best, though still posting a negative return of -0.87%. Telecom was the worst-performing sector posting a negative return of -6.98%.
- ▶ By market capitalization, small-caps (Russell 2000) returned 1.07%, large-caps (Russell 1000 Index) returned -2.74% and mid-caps (Russell Mid Cap Index) returned -0.72%. Value stocks outperformed growth stocks across all capitalizations.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -1.98%. Developed markets, represented by the MSCI EAFE Index, returned -1.77%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned -2.99% in February.
- ▶ Within the ACWI ex-U.S. Index, three of the 11 sectors posted positive returns. Materials was the best-performing sector, returning 4.02% and the second-best performer was Utilities, returning 1.53%. Consumer Discretionary was the worst performer by far, returning -5.92%.
- ▶ Non-U.S. returns were mixed, with the EM Latin America performing the best, returning 4.83%, while EMEA (Europe, Middle East, and Africa) lagged for the month, returning -10.23%.

Fixed Income

- ▶ In February, the U.S. Treasury yield curve flattened slightly, with rates on the shorter end of the curve rising more than rates on the longer end. The 10- and 30-year treasury rates rose five and six basis points (bps), respectively, while the 2-year rates rose 25 bps and led the broad treasury index to return -0.8%.
- ▶ The Bloomberg Barclays U.S. Aggregate Index (Aggregate) lost -1.12% in February. Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned -0.74%, AA-rated bonds returned -1.52%, A-rated bonds returned -1.89%, and BBB-rated bonds returned -2.14%.
- ▶ Yields generally increased across the curve during the month of February, with the biggest increases happening at the shorter end of the curve.

Alternatives and Other Asset Classes

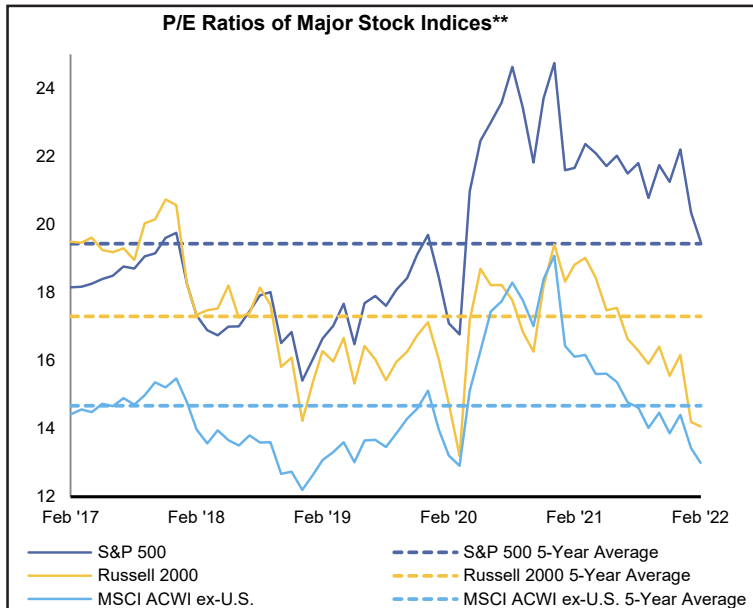
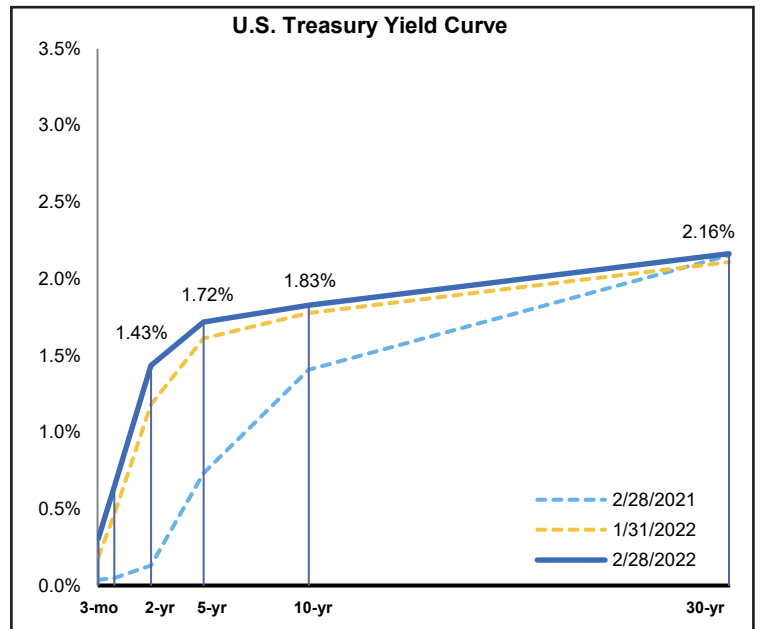
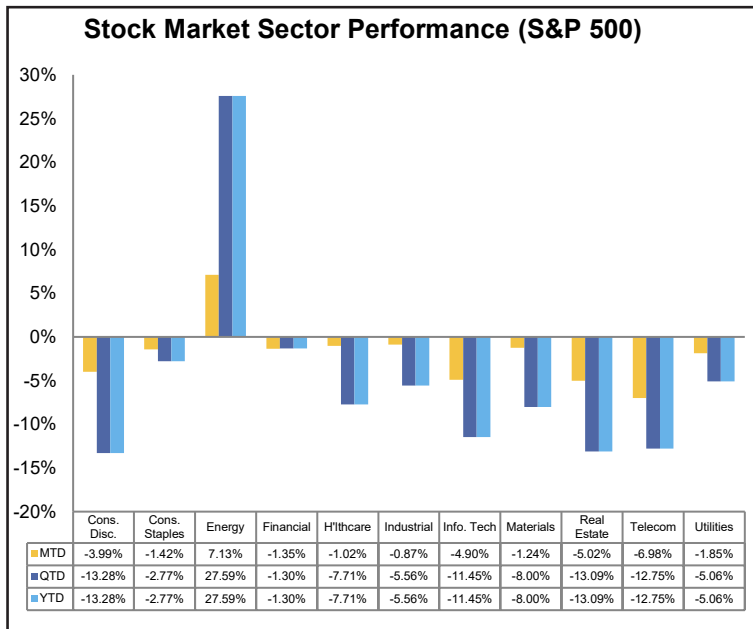
- ▶ Real estate investment trusts (REITs) represented by the FTSE NAREIT Index fell -3.13%. Performance was negative across seven of the nine real estate sectors. Office Space did the best, returning 3.74%. The worst-performing sector of the month was Industrial, returning -6.46%.
- ▶ The active contract for West Texas Intermediate (WTI) crude rose to \$95.72/barrel in February from \$88.15 /barrel at the end of January.

Items to Watch

- ▶ The war between Russia and Ukraine has not only wrought destruction in Ukraine, but its ripple effects across the world economy have begun to make their mark as well. The conflict is expected to knock an estimated \$1 trillion off the world's economy and add 3% to global inflation this year, according to the UK's National Institute of Economic and Social Research. The prospect of another possible supply chain crisis caused by the war has raised concerns for many industries whose supply chains have only recently begun to recover from the last shock.
- ▶ Sanctions from the U.S., EU, and others have been put into effect as an attempt to pressure Russia into peace talks, but in today's globalized economy, sanctions are rarely ever free of cost. With Russia standing at the world's eleventh largest economy, removing it from the global financial system will almost certainly cause collateral damage.
- ▶ Energy prices have already seen the conflict's impact, with oil and gas prices spiking, despite carve-outs in the sanctions to specifically not affect them. The EU has seen inflation hit a record-breaking 5.8% in February due to surging energy prices, as Russia supplies almost 40% of its natural gas. Despite only importing approximately 3% of its oil from Russia, the U.S. has seen its highest price since 2014.
- ▶ With rising energy prices contributing to an inflation rate already at record highs, the Federal Reserve (Fed) is on track to raise rates this March, an estimated 25 bps, to begin a tightening cycle to curb inflation. Although the war has brought more uncertainty to the markets, the Fed has said that it will continue to move, though "carefully."

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-3.00%	-8.02%	-8.02%	16.37%
Russell 3000	-2.52%	-8.25%	-8.25%	12.28%
Russell 2000	1.07%	-8.67%	-8.67%	-6.04%
Russell 1000	-2.74%	-8.23%	-8.23%	13.71%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-1.98%	-5.59%	-5.59%	-0.40%
MSCI EAFE	-1.77%	-6.51%	-6.51%	2.83%
MSCI Emerging Markets	-2.99%	-4.83%	-4.83%	-10.69%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-1.12%	-3.25%	-3.25%	-2.64%
Bloomberg Barclays Global Agg	-1.19%	-3.21%	-3.21%	-5.32%
Bloomberg Barclays U.S. HY	-1.03%	-3.73%	-3.73%	0.64%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	-3.13%	-9.76%	-9.76%	24.14%
Bloomberg Commodity	6.20%	15.51%	15.51%	34.33%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.8%	4.0%
Initial Jobless Claims (4 week average)	230.5 K	236.5 K
CB Leading Economic Indicators	-0.3	0.7
Capacity Utilization	77.6%	76.6%
GDP (annual growth rate)	7.0%	2.3%
University of Michigan Consumer Confidence	62.8	67.2
New Home Starts	801 K	839 K
Existing Home Sales	6.5 MM	6.1 MM
Retail Sales (YoY)	13.4%	18.7%
U.S. Durable Goods (MoM)	1.6%	1.2%
Consumer Price Index (YoY)	7.5%	7.0%
Producer Price Index (MoM)	1.3%	0.0%
Developed International*	12/31/2021	9/30/2021
Market GDP (annual rate)	4.6%	3.7%
Market Unemployment	5.8%	6.3%



Source: Bloomberg. Data as of February 28, 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 December 31, 2021 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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