

As of March 31, 2022

First Quarter 2022



First Quarter 2022: Rising Prices, Rising Rates, Rising Tensions

The stock market's mild single-digit dip in the first quarter concealed wide swings in bond and commodity markets as investors dealt with the highest inflation readings in 40 years, Russia's invasion of Ukraine, and a tightening Federal Reserve that increased their number of projected rate hikes for 2022.

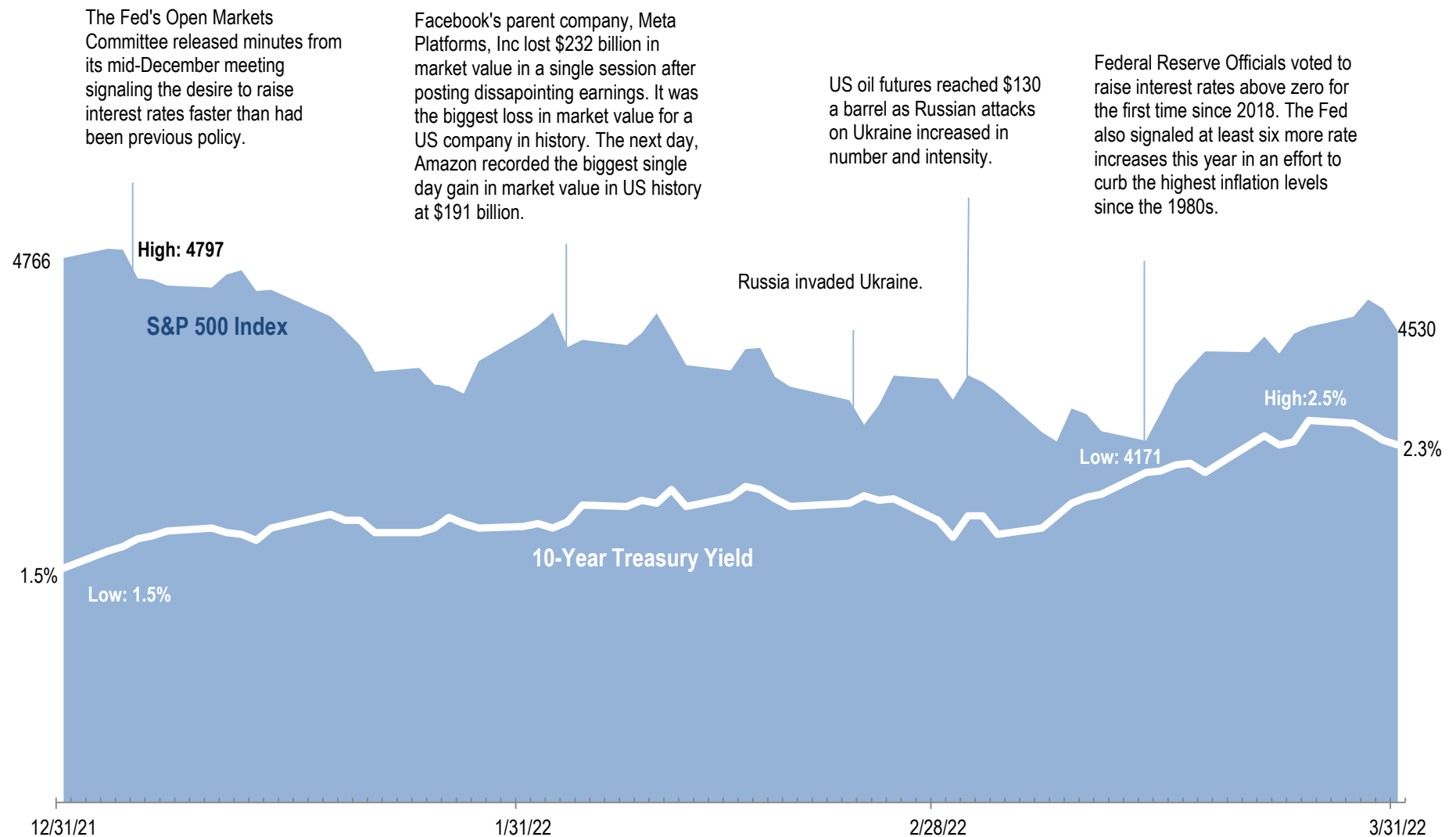
After reaching all-time highs in late 2021, equity markets were already reaching correction territory in early 2022 before the Ukrainian invasion pushed equity markets lower and commodity prices sharply higher. Supply chains, already stretched from the impact of the pandemic, took another blow as crude oil prices rose briefly above \$120 a barrel. Other commodities were also impacted. With almost a third of the world's wheat supply coming directly from Russia and Ukraine, prices per bushel doubled in early March before retreating slightly to end the quarter.

The large jump in commodity prices presents another headache for the Federal Reserve, which hiked interest rates for the first time since 2018 and has managed expectations for future hikes upward as inflation has remained persistently elevated. Expectations for higher rates sooner pushed bond yields higher and prices lower, leading to the worst quarter for investment-grade bonds in more than 40 years. The Bloomberg Aggregate, which measures investment-grade US debt, was down 6% in the first quarter while the Bloomberg Long-Term Treasury index was down almost 11%. Correspondingly, mortgage rates surged to the highest level since 2018.

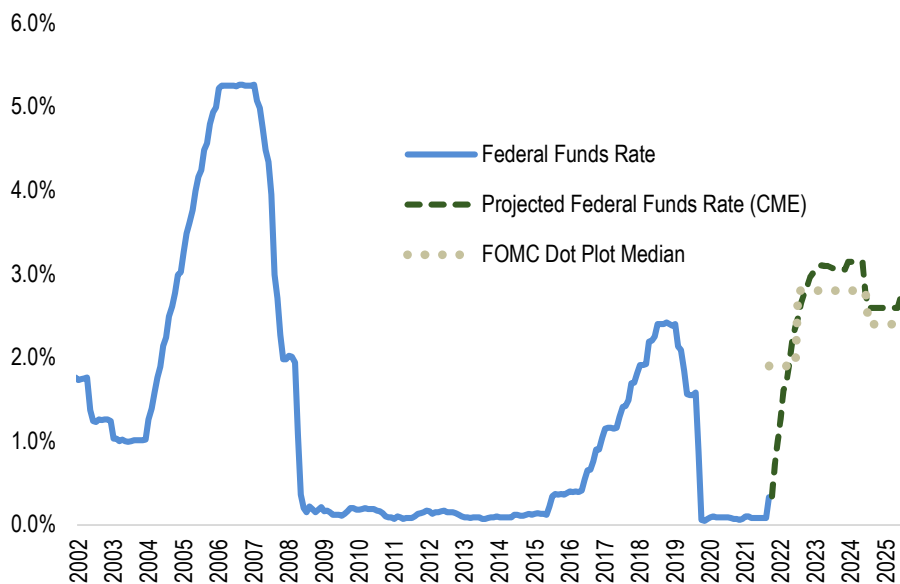
What had been a double-digit loss for world equity markets midway through the quarter turned into a single-digit one as investors piled back into stocks, as well as more speculative bets, late in March to help cut losses. Energy shares were the main source of strength for the quarter, while investors with a value style tilt to their equity investments were also partially protected.

	QTD	YTD	1 Year	3 Years	5 Years	15 Years
S&P 500	(4.6%)	(4.6%)	15.6%	18.9%	16.0%	10.3%
S&P 500 Value	(0.2%)	(0.2%)	12.6%	14.1%	11.1%	7.5%
S&P 500 Growth	(8.6%)	(8.6%)	18.2%	22.5%	19.9%	12.7%
Russell 2000	(7.5%)	(7.5%)	(5.8%)	11.7%	9.7%	8.0%
Russell 2000 Value	(2.4%)	(2.4%)	3.3%	12.7%	8.6%	6.9%
Russell 2000 Growth	(12.6%)	(12.6%)	(14.3%)	9.9%	10.3%	8.8%
MSCI EAFE (USD)	(5.9%)	(5.9%)	1.2%	7.8%	6.7%	2.9%
MSCI EAFE (Local)	(3.7%)	(3.7%)	6.2%	8.2%	6.6%	3.7%
MSCI Emerging Markets (USD)	(7.0%)	(7.0%)	(11.4%)	4.9%	6.0%	3.8%
MSCI Emerging Markets (Local)	(6.1%)	(6.1%)	(9.9%)	6.3%	7.5%	5.8%
Bloomberg US Aggregate	(5.9%)	(5.9%)	(4.2%)	1.7%	2.1%	3.6%
Bloomberg Long Treasury	(10.6%)	(10.6%)	(1.4%)	3.3%	3.9%	5.8%
FTSE NAREIT Developed	(3.8%)	(3.8%)	15.4%	6.4%	7.5%	3.7%
HFRI Fund of Funds	N/A	N/A	N/A	N/A	N/A	N/A
BofA ML 3-Month T-Bill	0.0%	0.0%	0.1%	0.9%	1.2%	0.9%

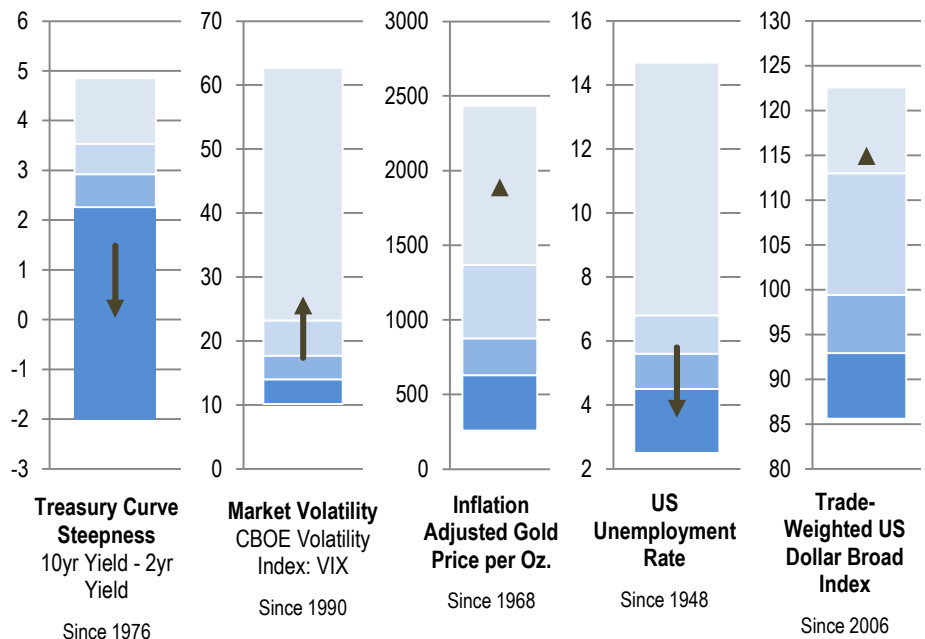
Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data
Returns for periods longer than 1 year are annualized. HFRI returns are available on a lag following month-end.



Federal Funds Rate

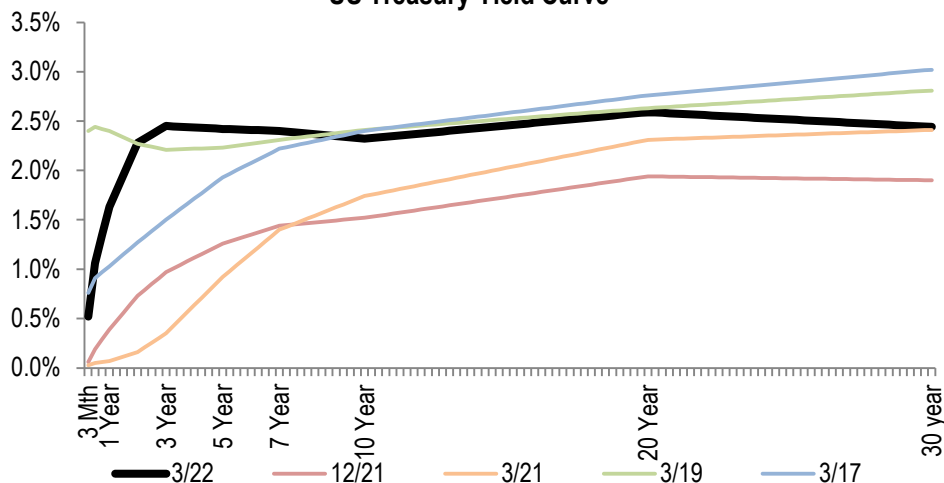


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	<u>3/2022</u>	<u>12/2021</u>	<u>3/2021</u>	<u>3/2019</u>	<u>3/2017</u>
Market Inflation Expectations					
5 Year	3.3	2.9	2.5	1.8	1.8
10 Year	2.8	2.6	2.4	1.9	2.0
20 Year	2.8	2.6	2.4	1.9	2.0
CPI Year-over-Year	---	7.1	2.7	1.9	2.4
West Texas Crude Oil	107.6	75.3	59.2	60.2	50.5
Consumer Sentiment Index	59.4	70.6	84.9	98.4	97.6
S&P 500 Operating EPS	51.2*	56.7	47.4	38.0	28.8
Real GDP Growth YoY	---	6.9	6.3	2.4	1.9
Federal Funds Rate	0.20	0.08	0.07	2.41	0.79

US Treasury Yield Curve

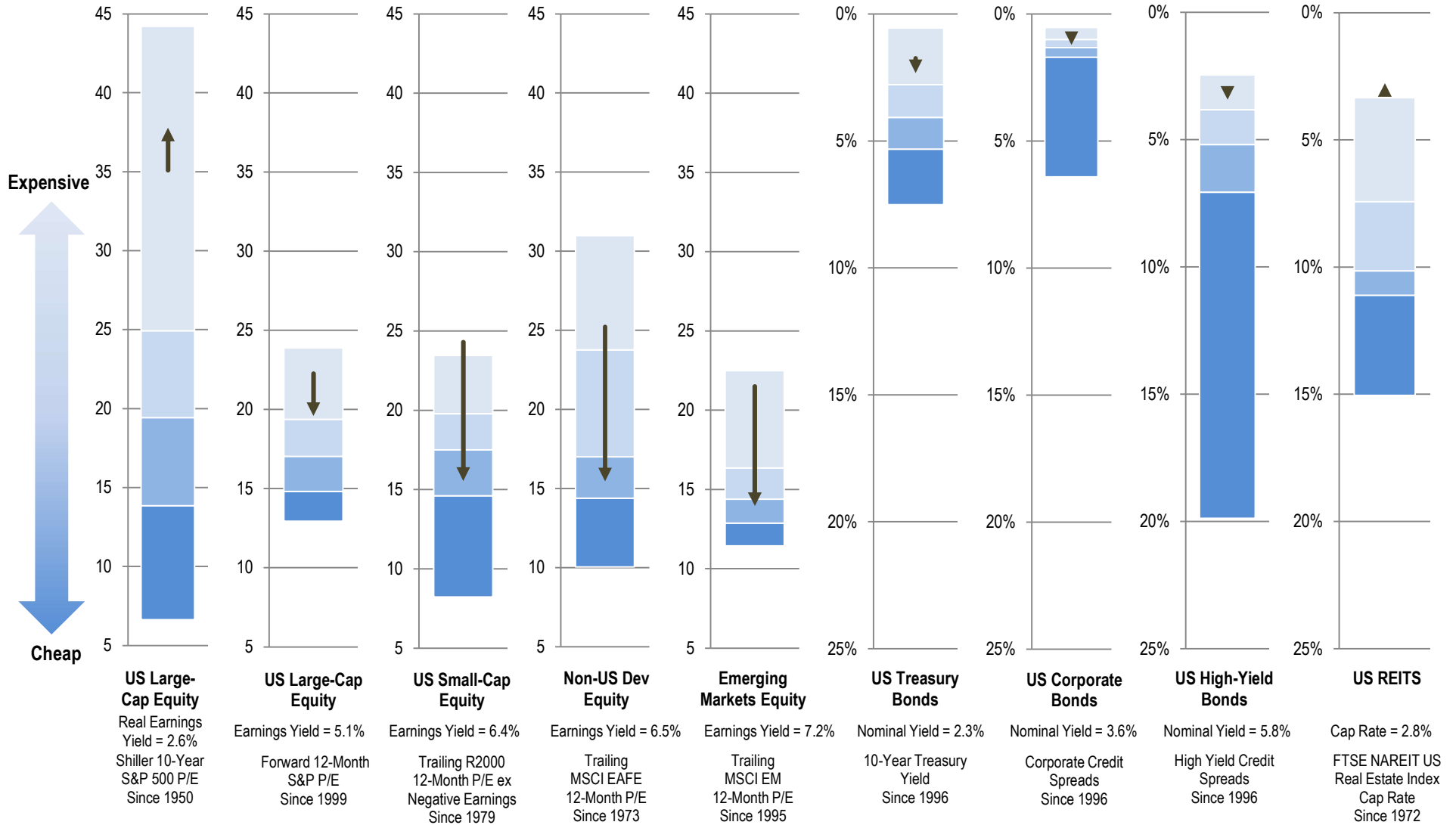


Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

*Estimate provided by S&P Dow Jones Indices

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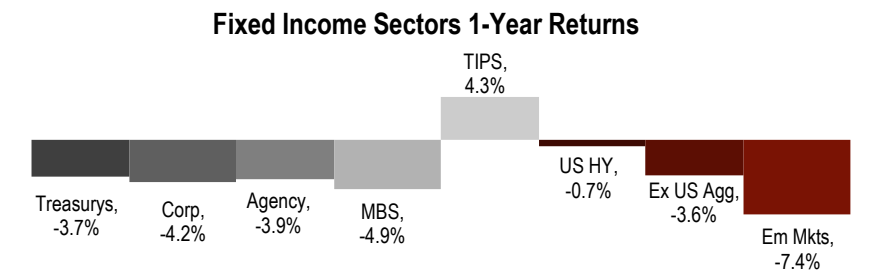
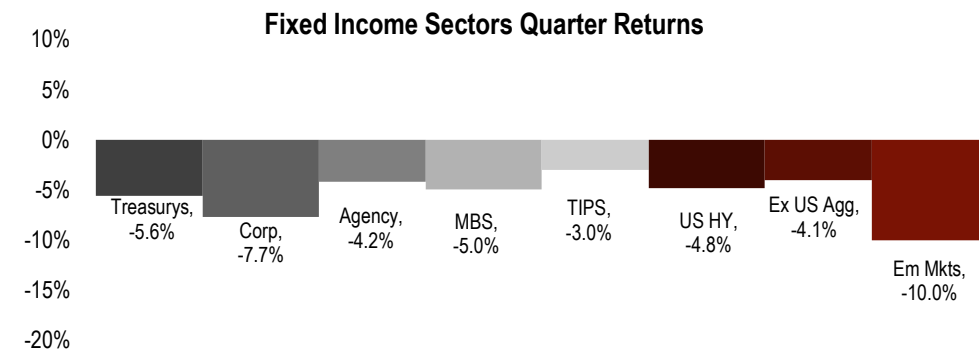
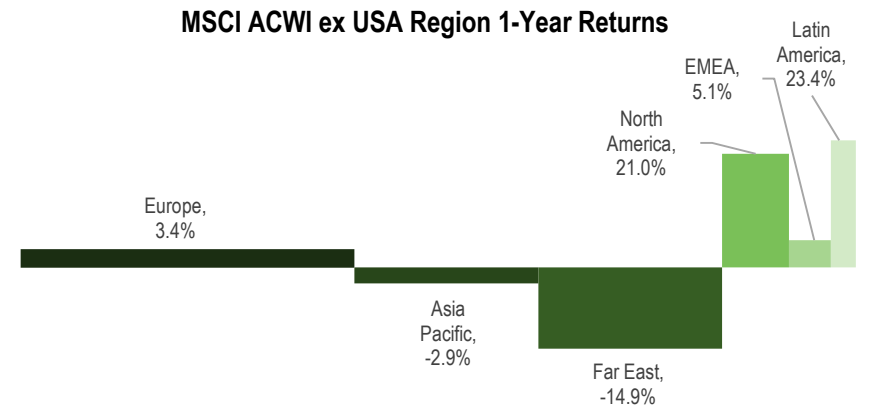
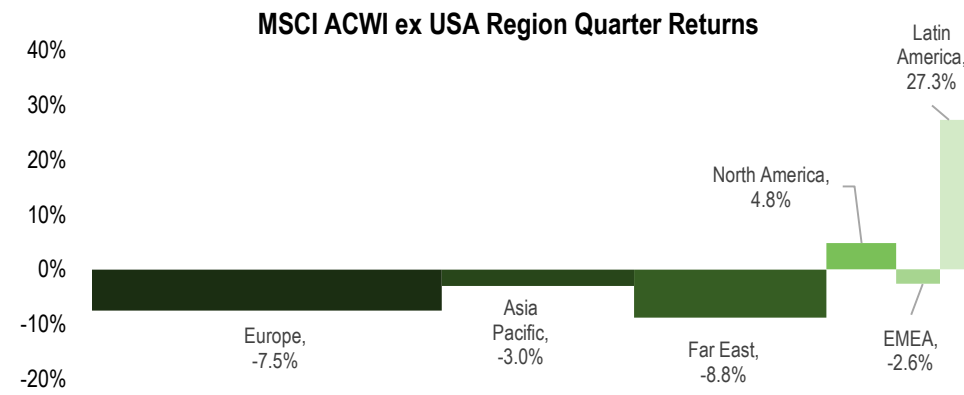
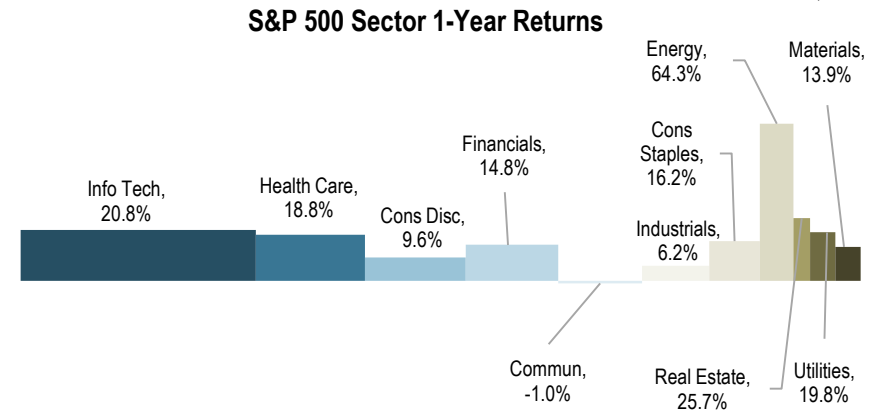
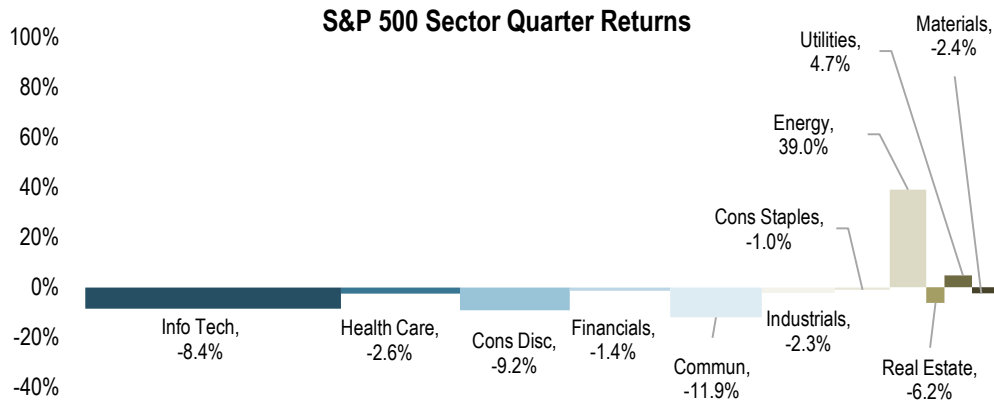


Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

Sources: Sellwood Consulting LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

Sector and Region Returns

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The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Consulting LLC, Morningstar Direct