

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 0.18% in May.
- ▶ Within the S&P, six of the 11 sectors posted positive returns. The Energy sector was the best performer of the month, returning 15.77%. Utilities was a distant second best, posting a return of 4.32%. Real Estate was the worst-performing sector posting a negative return of -5.02%.
- ▶ By market capitalization, small-caps (Russell 2000) returned 0.14%, large-caps (Russell 1000 Index) returned -0.15%, and mid-caps (Russell Mid Cap Index) returned 0.07%. Value stocks significantly outperformed growth stocks across all capitalizations.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 0.72%. Developed markets, represented by the MSCI EAFE Index, returned 0.75%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 0.44% in May.
- ▶ Within the ACWI ex-U.S. Index, eight of the 11 sectors posted positive returns. Energy was the best-performing sector, returning 8.70%, and the second-best performer was Information Technology, returning 1.59%. Real Estate was the worst performer, returning -2.24%.
- ▶ Non-U.S. returns were mixed, with EM Latin America performing the best, returning 8.18%, while EMEA (Europe, Middle East, and Africa) lagged for the month, returning -4.16%.

Fixed Income

- ▶ At the end of May, the U.S. Treasury yield curve steepened slightly. The 10- and 30-year treasury rates moved in different directions, with a loss of nine basis points (bps) for the 10-year and a gain of five bps for the 30-year, while the 2- and 5-year rates fell 16 and 14 bps, leading to the broad treasury index returning 0.06%.
- ▶ The Bloomberg Barclays U.S. Aggregate Index (Aggregate) gained 0.64% in May. Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned 0.73%, AA-rated bonds returned 0.67%, A-rated bonds returned 0.99%, and BBB-rated bonds returned 0.87%. High yield corporates also gained 0.25% during the month.
- ▶ Yields saw rises on the very short and very long end of the spectrum while decreasing in the middle of the U.S. Treasury Yield curve during the month of May.

Alternatives and Other Asset Classes

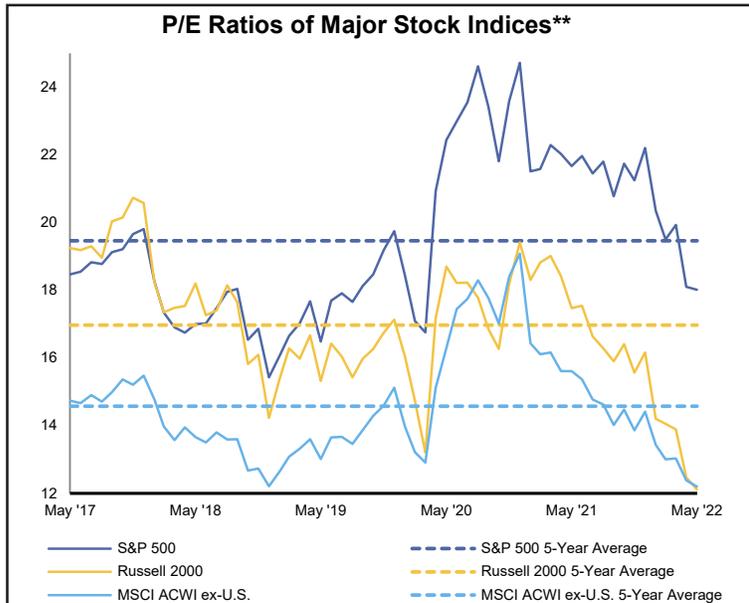
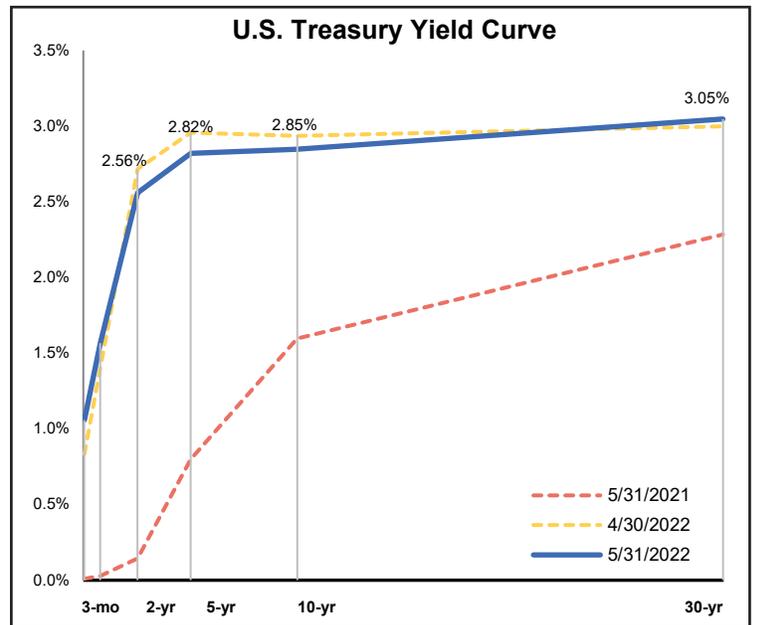
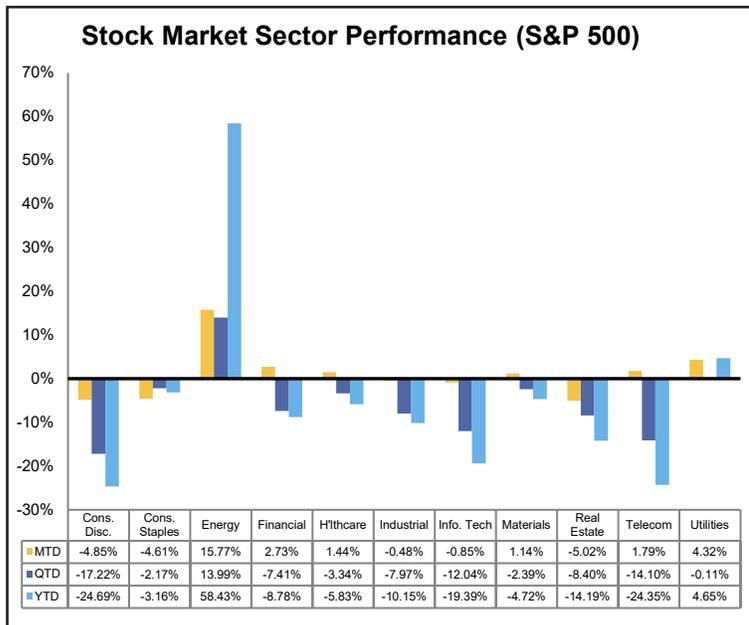
- ▶ Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, returned -6.23%. Performance was positive for two of the nine real estate sectors. Healthcare did the best, returning 1.27%. The worst-performing sector of the month was Industrial, returning -15.64%.
- ▶ The active contract for West Texas Intermediate (WTI) crude rose to \$114.67/barrel in May from \$104.69/barrel at the end of April, up \$48.35/barrel year-over-year.

Items to Watch

- ▶ U.S. consumer confidence edged lower in May, falling from 108.6 in April to 106.4, still a relatively strong reading but significantly lower than the the same period a year ago (which came in at 120.0). The report showed that despite high inflation eroding real incomes, consumers are willing to dip into their savings to finance purchases of goods and services. This continued consumption despite rising prices has begun to take its toll, with savings rates falling six bps to 4.4% in April, significantly lower than pre-COVID levels of 8.3%.
- ▶ Not all consumption has been bolstered by savings. As gas prices continue to rise across the country, with expectations of hitting \$5 a gallon nationally in the near future, the eroding confidence and financial cushion of consumers has led to changes in consumption. Gasoline consumption levels have been declining at a 3-5% rate over the past seven weeks. Currently, they are 3.1% lower than a year ago, even as more workers begin to commute, with office occupancy double that of May 2021.
- ▶ In response to the continued inflation, central banks look to rate hikes to rein in consumer prices. In the U.S., the most recent Federal Open Market Committee minutes showed a broad consensus for half-point hikes, with most officials saying that 0.50% rate increases would be necessary over the next couple of meetings to fast-forward to a "more neutral" approach. The Bank of England's Monetary Policy Committee approved a 25-basis point increase in May, bringing the base interest rate up all the way up to 1%, their highest level in 13 years after UK inflation hit a 30-year high in March. Europe is also planning on raising rates, with the head of the European Central Bank stating they are likely to start raising interest rates in July and exit sub-zero territory by the end of September.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	0.18%	-8.55%	-12.76%	-0.32%
Russell 3000	-0.14%	-9.10%	-13.90%	-3.70%
Russell 2000	0.14%	-9.79%	-16.58%	-16.96%
Russell 1000	-0.15%	-9.05%	-13.72%	-2.72%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	0.72%	-5.61%	-10.74%	-12.41%
MSCI EAFE	0.75%	-5.77%	-11.34%	-10.38%
MSCI Emerging Markets	0.44%	-5.15%	-11.76%	-19.83%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	0.64%	-3.17%	-8.92%	-8.22%
Bloomberg Barclays Global Agg	0.27%	-5.22%	-11.06%	-13.21%
Bloomberg Barclays U.S. HY	0.25%	-3.32%	-8.00%	-5.27%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	-6.23%	-10.35%	-13.81%	3.88%
Bloomberg Commodity	1.44%	5.57%	32.44%	41.49%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.6%	3.6%
Initial Jobless Claims (4 week average)	206.5 K	207 K
CB Leading Economic Indicators	-0.3	0.1
Capacity Utilization	79.0%	78.2%
GDP (annual growth rate)	-1.5%	6.9%
University of Michigan Consumer Confidence	58.4	65.2
New Home Starts	591 K	709 K
Existing Home Sales	5.6 MM	5.8 MM
Retail Sales (YoY)	10.9%	9.6%
U.S. Durable Goods (MoM)	0.5%	0.7%
Consumer Price Index (YoY)	8.3%	8.5%
Producer Price Index (MoM)	0.8%	2.1%
Developed International*	3/31/2022	12/31/2021
Market GDP (annual rate)	4.2%	5.0%
Market Unemployment	5.6%	5.8%



Source: Bloomberg. Data as of May 31, 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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