

February 2022 Market Update

All asset classes continued to post losses in February. U.S. stocks were down 2.5% for the month and are down 8.4% for the year. International stocks lost 2.8% and are down 5.6% YTD. Bonds lost 1.1% in February to 3.1% YTD. Real estate was the worst performer, down 3.5% in February and 11.6% YTD.

The market sell-off was led by the coming certainty that the Fed will increase interest rates to combat inflation and slow the economy. January CPI was up 0.6% month-over-month and 7.5% year-over-year while PPI was up 1.0% m-o-m and 9.7% y-o-y. The 2-year Treasury increased from 1.18% to 1.44% and 10-year Treasuries increased from 1.79% to 1.83%.

The sell-off was enhanced by risk-off pressure when Putin invaded Ukraine on February 24th. Putin's invasion of Ukraine pushed market participants to re-evaluate geopolitical risk. Commodities prices soared due to supply disruptions. With the increase in geopolitical risk we have reduced allocations to international stocks as a precautionary measure.

Table 1: Benchmark Index Performance as of February 28, 2022

Benchmark Index	1 Mo	3 Mo	12 Mo	5 Yr Ann
U.S. Stocks	-2.5%	-4.9%	12.0%	14.6%
International Stocks	-2.8%	-2.2%	0.3%	7.5%
U.S. Bonds	-1.1%	-3.5%	-2.6%	2.7%
U.S. Real Estate	-3.5%	-3.0%	20.0%	7.8%

Table 2: Vanguard Asset Allocation Benchmarks as of February 28, 2022

Vanguard Fund: % Stock/% Bond mix	1 Mo	3 Mo	12 Mo	5 Yr Ann
LifeStrategy Growth Fund: 80/20	-2.4%	-3.7%	5.2%	10.0%
LifeStrategy Moderate Growth Fund: 60/40	-2.1%	-3.6%	3.2%	8.2%
LifeStrategy Conservative Growth Fund: 40/60	-1.8%	-3.6%	1.3%	6.4%

Chart 1: Year-to-Date Market Index Performance as of February 28, 2022

