

# March 2022 Market Update

U.S. stocks recovered 3.3% in March to close Q1 down 5.4%. International stocks had a slight loss of 0.3% to end Q1 down 5.9%. Real estate bounced back in March, up 6.3% to end the first quarter down 6.1%.

Bonds lost 2.8% in March and finished down 5.8% for the quarter. The 5.8% quarterly loss for bonds is the worst on record going back to 1995. Over the first quarter, 2-year Treasury yields increased from 0.73% to 2.28% and 10-year Treasury rose from 1.52% to 2.32%.

On March 16<sup>th</sup> the FOMC increased Fed Funds and the Discount Rate by 0.25%. They updated their interest rate projections to show 6 rate hikes in 2022 and another 4 in 2023, ultimately putting Fed Funds at 2.75%.

The U.S. and other Western countries waged their own economic war against Russia, imposing unprecedented sanctions against Russia and its citizens. The Russian military embarrassed itself as Ukraine put up stiff resistance against Russia. Certain war-sensitive commodities, including oil, gas, nickel, uranium, and wheat incurred large price increases.

We shortened maturities in our bond portfolios to better position them against interest rate increases.

**Table 1: Benchmark Index Performance as of March 31, 2022**

<i>Benchmark Index</i>	<i>1 Mo</i>	<i>YTD</i>	<i>12 Mo</i>	<i>5 Yr Ann</i>
U.S. Stocks	3.3%	-5.4%	11.6%	15.4%
International Stocks	-0.3%	-5.9%	-1.8%	6.8%
U.S. Bonds	-2.8%	-5.8%	-4.3%	2.1%
U.S. Real Estate	6.3%	-6.1%	21.3%	9.7%

**Table 2: Vanguard Asset Allocation Benchmarks as of March 31, 2022**

<i>Vanguard Fund: % Stock/% Bond mix</i>	<i>1 Mo</i>	<i>YTD</i>	<i>12 Mo</i>	<i>5 Yr Ann</i>
LifeStrategy Growth Fund: 80/20	0.9%	-5.7%	4.0%	10.0%
LifeStrategy Moderate Growth Fund: 60/40	0.0%	-5.7%	1.9%	8.1%
LifeStrategy Conservative Growth Fund: 40/60	-0.9%	-5.7%	-0.2%	6.1%

**Chart 1: Year-to-Date Market Index Performance as of March 31, 2022**

