

June 2022 Market Update

All asset classes were sharply lower in June with U.S. stocks down 8.2%, international stocks down 8.0%, bonds down 1.6% and real estate down 7.5%. U.S. stocks experienced their worst first half since 1970, dropping 21.3%. International stocks are down 17.8% year-to-date, bonds down 10.2%, and real estate down 20.5%.

On June 10 CPI inflation was up 8.6% vs. expectations of 8.3%. Prior to the inflation release the FOMC was communicating a 50 bp rate at their June 15th meeting but with inflation accelerating, the Fed decided to increase rates 75 bp. The market now expects another 75 bp increase in Fed Funds on July 27th.

The market is reasonably priced but considerable market risk remains. We have been balancing our concerns about market risk against our commitment to long-term goals. We remain short to neutral on risk but we have are biased to moving low-risk portfolios to neutral risk.

Table 1: Benchmark Index ETF Performance as of June 30, 2022

<i>Benchmark Index</i>	<i>1 Mo</i>	<i>YTD</i>	<i>12 Mo</i>	<i>5 Yr Ann</i>
U.S. Stocks	-8.2%	-21.3%	-14.2%	10.5%
International Stocks	-8.0%	-17.8%	-18.7%	2.8%
U.S. Bonds	-1.6%	-10.2%	-10.3%	0.8%
U.S. Real Estate	-7.5%	-20.5%	-8.0%	5.7%

Table 2: Vanguard Asset Allocation Benchmarks as of June 30, 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	-7.0%	-18.2%	-14.9%	6.2%
LifeStrategy Moderate Growth Fund: 60/40	-5.7%	-16.2%	-13.7%	5.0%
LifeStrategy Conservative Growth Fund: 40/60	-4.3%	-14.2%	-12.5%	3.7%

Chart 1: Year-to-Date Market Performance as of June 30, 2022

