

Market Flash Report

July 2022

Key Takeaways

- Markets in July bounced back dramatically after poor performance in June. The S&P 500 and the tech heavy NASDAQ had their best month so far this year returning +9.2% and +12.4%.
- Growth significantly outperformed Value during the month as sectors like Technology and Consumer Discretionary, which had been lagging, rallied. The S&P 500 Information Technology Index was up 13.5% and the S&P 500 Consumer Discretionary Index was up a massive 18.9% for the month.
- After being up 6.5% in June, Chinese equities were down -9.5% in July and dragged down the entire Emerging Markets index with them. EM Latin America and EMEA countries were up +4.3% and +3.5% for the month.
- Despite increasing the Fed Funds rate 75 bps at the end of June and July, bonds rallied as well. U.S. High Yield, Treasuries, and Munis all had their best month of the year.
- 372,000 jobs were added in June which beat estimates of 265,000. Average economists' estimates are showing that 235,000 jobs will be added in July. The June Jobs Report is really what drove markets in July and kept the momentum going even after a poor and negative Q2 GDP print and higher than expected inflation. The QoQ annualized figure for Q2 GDP came in at -0.9% and CPI moved to 9.1% YoY.

Index Performance (as of 7/31/2022)

| | | July | Year-to-Date | One-Year |
|---------------------|---------------------------|---------|--------------|--------------|
| ARIZONA | Equity | | | |
| | U.S. Large Cap | 9.22% | -12.58% | -4.64% |
| CALIFORNIA | U.S. Small Cap | 10.44% | -15.43% | -14.29% |
| COLORADO | Developed Non-U.S. | 4.99% | -15.22% | -13.86% |
| FLORIDA | Emerging Markets | -0.16% | -17.61% | -19.77% |
| GEORGIA | Real Assets | | | |
| MASSACHUSETTS | Real Estate | 6.76% | -13.88% | -9.40% |
| | Commodities | 4.26% | 23.49% | 27.23% |
| NEW JERSEY | Natural Resource Equities | 7.44% | 24.49% | 38.58% |
| NEW YORK | Fixed Income | | | |
| TEXAS | <u>Core Plus</u> | | | |
| | U.S. High Yield Debt | 5.90% | -9.12% | -8.02% |
| BELLEVUE, WA | Emerging Market Debt | 0.29% | -14.28% | -18.70% |
| SEATTLE, WA | <u>Core Bonds</u> | | | |
| WASHINGTON D.C. | U.S. Aggregate Bonds | 2.44% | -8.16% | -9.12% |
| | U.S. Treasuries | 1.59% | -7.69% | -8.69% |
| | U.S. Municipal Bonds | 1.92% | -3.74% | -4.18% |
| 888-750-PATH (7284) | | Current | Prior Month | One-Year Ago |
| www.pathstone.com | Month-End Values/Yield | | | |
| | CBOE Volatility Index | 21.33 | 28.71 | 17.22 |
| | 10-Year Treasury Yield | 2.65% | 3.02% | 1.51% |

Disclosures

Past Performance Is No Guarantee of Future Performance. Any opinions expressed are current only as of the time made and are subject to change without notice. This report may include estimates, projections or other forward looking statements, however, due to numerous factors, actual events may differ substantially from those presented. The graphs and tables making up this report have been based on unaudited, third-party data and performance information provided to us by one or more commercial databases. Additionally, please be aware that past performance is not a guide to the future performance of any manager or strategy, and that the performance results and historical information provided displayed herein may have been adversely or favorably impacted by events and economic conditions that will not prevail in the future. Therefore, it should not be inferred that these results are indicative of the future performance of any strategy, index, fund, manager or group of managers. While we believe this information to be reliable, Pathstone bears no responsibility whatsoever for any errors or omissions. Index benchmarks contained in this report are provided so that performance can be compared with the performance of well-known and widely recognized indices. Index results assume the re-investment of all dividends and interest. Moreover, the information provided is not intended to be, and should not be construed as, investment, legal or tax advice. Nothing contained herein should be construed as a recommendation or advice to purchase or sell any security, investment, or portfolio allocation. Any investment advice provided by Pathstone is client specific based on each clients' risk tolerance and investment objectives. This presentation is not meant as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's accounts should or would be handled, as appropriate investment decisions depend upon the client's specific investment objectives.

U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the Bloomberg Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.