

In focus

Russia's invasion of Ukraine, in addition to having potential widespread implications for the global economy, is a humanitarian tragedy and our thoughts are with the people in Ukraine.

On Thursday, Russia commenced a full-scale invasion of neighboring Ukraine. Accordingly, Western countries, including the U.S., European Union, and the U.K announced several rounds of sanctions on Russia. Markets were volatile as investors weighed the sanctions' potential impact on inflation, monetary policy, and economic growth. However, U.S. markets finished the week on an incredibly strong foot and finished 0.8% higher for the week. International stocks, which are more exposed to the ongoing conflict, fell for the week. International developed and emerging markets fell -2.5% and -4.9%, respectively. This is similar to what we saw when Russia annexed Crimea in 2014 with U.S. stocks holdings up better than European and Russian stocks.

Part of the reason U.S. stocks held up better is that the U.S. economy, while not immune, is more insulated from the current crisis than Europe, which relies on Russia for energy supplies. The U.S. is a major energy producer; whereas, disrupted energy supply from Russia would have a much larger effect on the European economy. Furthermore, Russia is a constituent in emerging market stock and bond indices.

The economic impact from the conflict depends, in part, on its duration, in addition to other factors such as the impact from sanctions. Additional sanctions have been discussed and the situation is fluid, making the ultimate impact from the sanctions difficult to ascertain. In the U.S., the biggest impact from the conflict is that it aggravates inflationary pressures due to disrupted supply chains in addition to Ukraine being a major exporter of key commodities. Ultimately, despite the conflict being a modest negative for U.S. growth, our view is that recession risk in the U.S. is still low.

A look back

- Global equities finished -0.6% lower for the week, with international developed and emerging markets equities slumping -2.5% and -4.9%, respectively. U.S. stocks gained 0.8% on the week, snapping a two-week decline.
- 10-year U.S. Treasury yields climbed four basis points to 1.96%.
- After sending troops into separatist-controlled regions in Ukraine, Russia launched a full-scale invasion. Western countries, including the U.S., Europe, and the U.K, responded with sanctions.

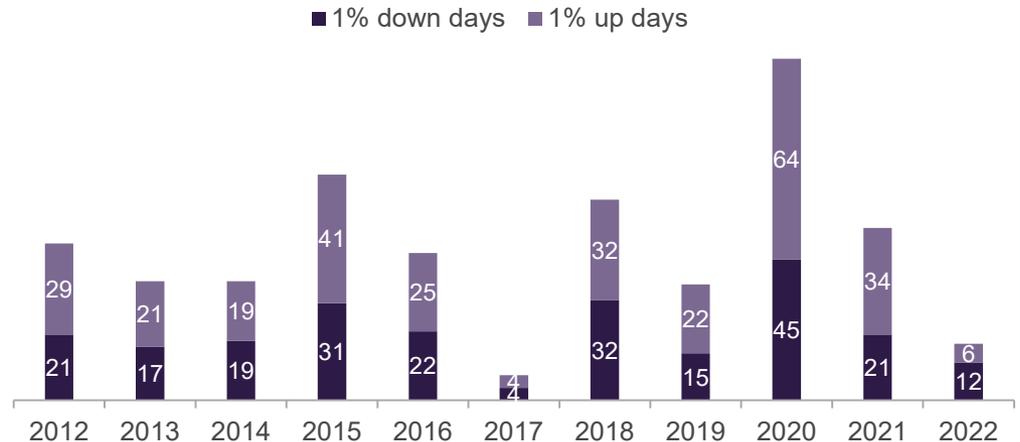
A look ahead

- Russia's invasion of Ukraine and the response by the rest of the world will be watched closely for its potential impact on inflation, monetary policy, and global economic growth.
- Federal Reserve (Fed) Chair Powell will give his semiannual monetary policy testimony to Congress on Wednesday and Thursday.
- Economic releases: Wholesale Inventories, ISM & Markit Manufacturing & Services, Dallas Fed Manufacturing, Factory Orders, Durable Goods Orders, Nonfarm Payrolls, the Unemployment Rate.

Chart of the week – Daily moves of at least 1% in the S&P 500

The S&P 500 finished last week in positive territory after a total gain of 3.7% on Thursday and Friday. This brought the number of 1% up moves in the S&P 500 from four to six year to date. That is compared to 12 days with a drop of at least 1% year to date.

S&P 500 - Number of 1% up and down days



Data Source: Truist IAG, FactSet



Wealth

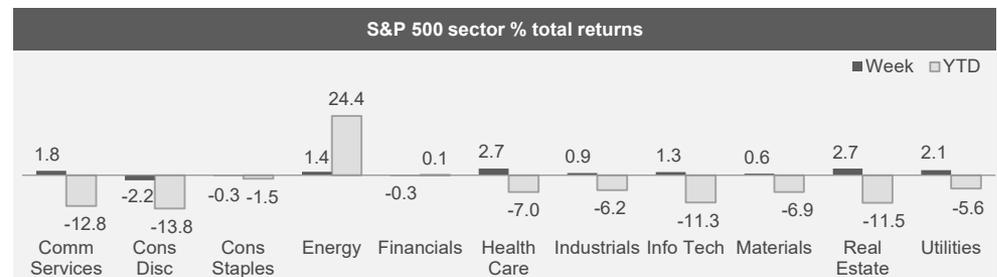
Market Pulse

As of February 25, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.64	-2.52	-7.31	-7.31	6.26
S&P 500	0.84	-2.77	-7.80	-7.80	16.05
MSCI EAFE (net)	-2.49	-1.84	-6.58	-6.58	-0.22
MSCI Emerging Markets (net)	-4.85	-2.94	-4.78	-4.78	-13.47
Dow Jones Industrials	-0.03	-2.85	-5.99	-5.99	10.43
NASDAQ Composite	1.08	-3.83	-12.47	-12.47	4.37
S&P U.S. REIT	2.15	-1.60	-8.44	-8.44	22.94
Bloomberg Commodity Index	0.70	4.23	13.38	13.38	28.98
Bloomberg Aggregate	-0.33	-1.88	-4.00	-4.00	-2.58
ICE BofA US High Yield	0.44	-1.14	-3.86	-3.86	0.39
Bloomberg Municipal Bond Blend 1-15 Year	0.16	-0.40	-2.84	-2.84	-1.16
ICE BofA Global Government xUS (USD Unhedged)	-0.76	-1.56	-3.75	-3.75	-9.93
ICE BofA Global Government xUS (USD Hedged)	-0.10	-1.61	-2.91	-2.91	-2.06
JP Morgan EMBI Global Diversified	-3.12	-4.67	-7.39	-7.39	-5.91

Rates (%)	2/25/22	12/31/21	9/30/21	6/30/21	3/31/21
Fed Funds Target	0.25	0.25	0.25	0.25	0.25
Libor, 3-Month	0.52	0.20	0.13	0.14	0.19
T-Bill, 3-Month	0.32	0.05	0.03	0.05	0.02
2-Year Treasury	1.58	0.72	0.28	0.25	0.16
5-Year Treasury	1.88	1.26	0.99	0.87	0.93
10-Year Treasury	1.96	1.51	1.52	1.44	1.73
30-Year Treasury	2.29	1.90	2.09	2.06	2.42
Bloomberg Aggregate (YTW)	2.44	1.75	1.56	1.50	1.61
Bloomberg Municipal Bond Blend 1-15 Year	1.66	0.87	0.84	0.76	0.87
ICE BofA US High Yield	5.59	4.31	4.08	3.85	4.27
Currencies	2/25/22	12/31/21	9/30/21	6/30/21	3/31/21
Euro (\$/€)	1.12	1.14	1.16	1.19	1.18
Yen (¥/\$)	115.58	115.16	111.57	110.99	110.50
Pound (\$/£)	1.34	1.35	1.35	1.38	1.38
Commodities	2/25/22	12/31/21	9/30/21	6/30/21	3/31/21
Crude Oil (WTI)	91.59	75.21	75.03	73.47	59.16
Gold	1,888	1,829	1,757	1,772	1,716
Volatility	2/25/22	12/31/21	9/30/21	6/30/21	3/31/21
CBOE VIX	27.59	17.22	23.14	15.83	19.40

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
0.68	0.84	1.01	-2.48	-7.80	-12.58	Large
0.36	1.14	1.97	-2.65	-6.18	-9.62	Mid
0.89	1.00	1.12	-2.45	-6.36	-10.18	Small



Data Source: Truist, FactSet

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Commonly used acronyms— SAAR = seasonally adjusted annual rate— MoM = month-over-month change— QoQ = quarter-over-quarter change— YoY = Year-over-year change— K = thousands— M = millions.

Investing in the bond market is subject to certain risks, including market, interest rate, issuer and inflation risk— investments may be worth more or less than the original cost when redeemed. The value of most bond strategies and fixed income securities are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and more volatile than securities with shorter durations— bond prices generally fall as interest rates rise, and values rise when interest rates decline.

S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

S&P 500 Information Technology Index —a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Bloomberg Global Aggregate Index is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

The Bloomberg Municipal Bond Blend 1-15 Year (1-17 Yr) is an index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

The Bloomberg U.S. Corporate High Yield measures the USD-denominated high yield fixed-rate corporate bond market. Bonds are classified as high yield if they are rated below BBB by Moody's and S&P.

The Bloomberg Dollar Spot Index tracks a basket of 10 leading global currencies versus the U.S. dollar.

The ICE BofAML Global Government ex U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in U.S. dollars.

JP Morgan EMBI Global Diversified index includes only USD-denominated emerging markets sovereign bonds and the traditional, market capitalization weighted method for country allocation is modified to limit the weights of index countries with larger debt loads by only including a specified portion of the eligible fact amounts of the debt outstanding.

The Bloomberg Commodity Index is a composition of futures contracts on physical commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock.

The S&P U.S. REIT index measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

IA SBBBI U.S. Large Stock Index measures the total return of U.S. large cap stocks on a monthly basis.

IA SBBBI Intermediate-Term Government Bond Index measures the total return of U.S. intermediate-term government bonds on a monthly basis.

IA SBBBI U.S. 30-day T-Bill index measures the total return of T-Bills with a maturity of one month on a monthly basis.

The S&P 500 High Beta index measures the performance of 100 constituents in the S&P 500 that are the most sensitive to changes in market returns.

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