

Providing Context on Recent Market Volatility

John Rothe, CMT

Founder & Chief Investment Officer

john.rothe@riverbendinvestments.com

Monthly Market Summary

- The S&P 500 Index returned -4.1% during August, underperforming the Russell 2000 Index (-2.0%) for a second consecutive month.
- Energy (+2.7%) was the top-performing S&P 500 sector during August despite oil prices falling -9.7%. Utilities (+0.5%) was the only other sector to produce a positive return. Technology (-6.2%) was the worst performing sector as interest rates rose, followed closely by Health Care (-5.8%) and Real Estate (-5.6%).
- Corporate investment grade bonds generated a -4.4% total return, slightly underperforming corporate high yield bonds' -4.3% total return.
- The MSCI EAFE Index of global developed market stocks returned -6.1% during August, underperforming the MSCI Emerging Market Index's -1.3% return.

Stock & Bond Markets Endure a Bumpy August After July's Gains

The S&P 500 produced a -4.1% return during August, but the headline number doesn't tell the full story. Equity markets initially rallied during the first half of the month, with the S&P 500 gaining +4.2% through August 16th as July's market rally continued. However, the second half of August marked a sharp reversal as the S&P 500's gave back all its gains plus more. Credit markets also experienced a reversal during August as interest rates reversed higher and bonds produced negative returns. The increased volatility across stock and bond markets is being attributed to a wide range of investor views creating a tug of war effect in markets, as well as uncertainty regarding how long the Federal Reserve will continue to raise interest rates.

Federal Reserve Chair Pushes Back Against Hopes for Policy Pivot

The Federal Reserve held its annual August Jackson Hole meeting, and Chair Powell used his speech to forcefully push back against the notion the Fed will pivot and cut interest rates if economic data starts to weaken. Powell emphasized the central bank's "overarching focus right now is to bring inflation back down to our 2 percent goal" and cautioned, "Reducing inflation is likely to require a sustained period of below-trend growth ... [and] will also bring some pain to households and businesses."

Investor hopes for a Fed pivot were one of the primary catalysts that propelled the stock market higher during July and August. Chair Powell's speech dashed those hopes and sent the S&P 500 down more than -3% on the day of his speech. Why? Two lines from Chair Powell's speech underscore the Fed's goal, "There is clearly a job to do in moderating demand to better align with supply. We are committed to doing that job." This focus on lowering demand for goods and services may increase portfolio volatility during the months ahead as investors debate how long it will take the Fed to achieve its goal and the impact tighter policy will have on the economy.

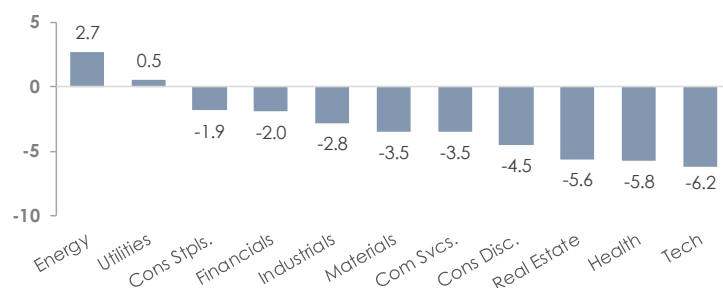
THIS MONTH IN NUMBERS

FIGURE 1
U.S. Style Returns (August in %)

	Value	Blend	Growth
Large	-3.0	-4.1	-4.7
Mid	-3.1	-3.1	-3.3
Small	-3.1	-2.0	-0.9

Data Reflects Most Recently Available As of 8/31/2022

FIGURE 2
U.S. Sector Returns (August in %)



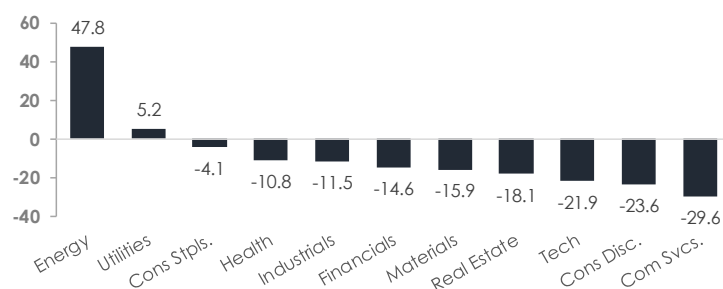
Data Reflects Most Recently Available As of 8/31/2022

FIGURE 3
U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	-9.9	-16.2	-23.3
Mid	-12.0	-16.6	-25.2
Small	-12.2	-17.1	-22.2

Data Reflects Most Recently Available As of 8/31/2022

FIGURE 4
U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 8/31/2022

FIGURE 5
Market Data Center

Stocks	Level	1 month	3 months	YTD	1 year	3 years
S&P 500	3,955	-4.1%	-3.9%	-16.2%	-11.2%	41.0%
Dow Jones	31,510	-3.8%	-4.0%	-12.0%	-9.1%	26.2%
Russell 2000	4,583	-2.0%	-0.7%	-17.1%	-17.8%	27.4%
Russell 1000 Growth	1,552	-4.7%	-1.7%	-23.3%	-19.1%	49.1%
Russell 1000 Value	909	-3.0%	-5.6%	-9.9%	-6.3%	27.5%
MSCI EAFE	1,217	-6.1%	-9.7%	-19.7%	-19.8%	7.8%
MSCI EM	59,911	-1.3%	-6.7%	-18.5%	-22.7%	5.6%
NASDAQ 100	12,272	-5.1%	-2.8%	-24.5%	-20.7%	62.4%

	Dividend Yield	NTM P/E	P/B
S&P 500	1.51%	17.1x	4.0x
Dow Jones	1.92%	16.1x	4.3x
Russell 2000	1.21%	18.5x	2.1x
Russell 1000 Growth	0.70%	22.9x	10.2x
Russell 1000 Value	1.91%	13.3x	2.4x
MSCI EAFE	4.85%	12.1x	1.6x
MSCI EM	2.79%	11.2x	1.7x
NASDAQ 100	0.62%	22.0x	6.8x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	3.96%	-3.0%	-2.1%	-10.6%	-11.5%	-5.6%
U.S. Corporates	4.80%	-4.4%	-3.8%	-16.1%	-16.9%	-7.2%
Municipal Bonds	3.76%	-2.4%	-1.7%	-8.0%	-8.0%	-2.2%
High Yield Bonds	8.35%	-4.3%	-5.1%	-11.8%	-11.3%	-1.1%

Commodities	Level	1 month	YTD
Oil (WTI)	89.01	-9.7%	18.3%
Gasoline	2.99	-8.7%	34.3%
Natural Gas	9.16	11.3%	157.4%
Propane	1.09	-4.6%	5.3%
Ethanol	2.58	3.6%	5.1%
Gold	1,718	-3.6%	-6.1%
Silver	17.63	-12.7%	-24.5%
Copper	3.55	-1.1%	-20.4%
Steel	780	-8.8%	-45.6%
Corn	6.70	8.0%	12.9%
Soybeans	15.15	-9.3%	15.4%

Key Rates	8/31/2022	7/31/2022	5/31/2022	2/28/2022	8/31/2021	8/31/2019
2 yr Treasury	3.44%	2.90%	2.54%	1.43%	0.20%	1.50%
10 yr Treasury	3.13%	2.64%	2.84%	1.84%	1.30%	1.50%
30 yr Treasury	3.25%	2.98%	3.05%	2.19%	1.93%	1.96%
30 yr Mortgage	5.89%	5.40%	5.35%	4.30%	3.03%	3.69%
Prime Rate	5.50%	5.50%	4.00%	3.25%	3.25%	5.25%

Data Reflects Most Recently Available As of 8/31/2022

Riverbend Investment Management (“Riverbend”) is a registered investment advisor offering advisory services in registered states and in other jurisdictions where exempted. Registration does not imply a certain level of skill or training.

This communication is for informational purposes only and is not intended as tax, accounting, or legal advice, as an offer or solicitation of an offer to buy or sell, or as an endorsement of any company, security, fund, or other securities or non-securities offering. This communication should not be relied upon as the sole factor in an investment making decision.

Past performance is no indication of future results. Investment in securities involves significant risk and has the potential for partial or complete loss of funds invested. It should not be assumed that any recommendations made will be profitable or equal the performance noted in this publication.

The information herein is provided “AS IS” and without warranties of any kind either express or implied. To the fullest extent permissible pursuant to applicable laws, Riverbend Investment Management LLC (referred to as “Riverbend”) disclaims all warranties, express or implied, including, but not limited to, implied warranties of merchantability, non-infringement, and suitability for a particular purpose.

All opinions and estimates constitute Riverbend’s judgement as of the date of this communication and are subject to change without notice. Riverbend does not warrant that the information will be free from error. The information should not be relied upon for purposes of transacting securities or other investments. Your use of the information is at your sole risk. Under no circumstances shall Riverbend be liable for any direct, indirect, special, or consequential damages that result from the use of, or the inability to use, the information provided herein, even if Riverbend or a Riverbend authorized representative has been advised of the possibility of such damages. Information contained herein should not be considered a solicitation to buy, an offer to sell, or a recommendation of any security in any jurisdiction where such offer, solicitation, or recommendation would be unlawful or unauthorized.



Riverbend Investment Management, LLC

www.riverbendinvestments.com