



Market Commentary

March 14, 2022

Dear Investors:

Investor optimism is quite low.

In just two weeks, the war in Ukraine has changed the status of 1.3 million people – approximately the number of people who live in Philadelphia or Phoenix – from citizen to refugee, reported Rachel Pannett and colleagues at *The Washington Post*.

Investors have been sharply focused on the shorter-term implications of the war, which include slower economic growth and rising inflation as commodity prices soar, supply chains falter and some goods become more scarce, reported Matt Peterson of *Barron's*.

The Standard & Poor's 500 Index and Dow Jones Industrial Average are both in correction territory, down roughly 10 percent from previous highs. The Nasdaq Composite is down 20 percent from its prior peak, putting it in bear market territory, reported Nicholas Jasinski of *Barron's*.

“What we have seen so far is an indiscriminate sell-off, particularly of European equities but also globally...Extremely defensive sectors that were not affected by the crisis have been sold heavily,” commented a source cited by Francesca Friday and colleagues at *Financial Times*.

Last week, though, investors appeared to take a deep breath and begin to reassess.

Major indices in the United States and Europe fell early in the week before reversing course. By the end of the week, stock indices in London, Frankfort, Paris and Milan had regained lost ground. However, U.S. indices finished the week lower after inflation numbers for February were released and talks between Ukraine and Russia failed to produce results.

Inflation in the U.S. rose 0.5 percent in February, excluding energy and food. That was a slower increase than the U.S. saw in December or January. However, with food and energy, which have risen sharply due to the war, inflation was up 0.8 percent and that was higher than December and January numbers. Overall, excluding energy and food, consumer prices were up 6.4 percent over the last 12 months.

The Federal Reserve is expected to raise interest rates this week as it tightens monetary policy to lower inflation.

During the last two years, the world has experienced enormous change. The COVID-19 pandemic led to rapid growth of e-commerce, a new work order (emphasizing work-from-home), innovation in cell and

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gene therapies (vaccines), and a rethinking of global supply chains. Some of these changes created opportunities for investors. Now, the war in Europe is layering on a new set of changes that have implications for defense, cybersecurity, energy and, possibly, other sectors of the market.

It can be difficult to remember during periods of upheaval but change often is accompanied by opportunity.

Data as of 3/11/22	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-2.9%	-11.8%	6.7%	14.7%	12.1%	11.9%
Dow Jones Global ex-U.S. Index	-1.3	-11.6	-10.4	3.8	3.5	2.8
10-year Treasury Note (yield only)	2.0	N/A	1.5	2.6	2.6	2.0
Gold (per ounce)	1.7	8.7	14.8	15.2	10.4	1.5
Bloomberg Commodity Index	-0.5	27.5	46.5	16.3	8.4	-1.3

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHERE ARE WOMEN TREATED LIKE MEN?

Each year, *The Economist's* Glass Ceiling Index (GCI) evaluates 10 metrics to determine “where women have the best...chances of equal treatment at work.” In 2021, the answer was Sweden, Finland, Iceland and Norway. The United States dropped two spots last year, ranking 20th of the 28 countries in the Index.

The U.S. was above average for:

Women's participation in the labor force: Women's participation rate in the labor force was just 10.5 percent lower than the rate for men. The OECD average was 15.6 percent lower.

Women taking graduate school entrance exams: 39 percent of GMAT exams were taken by women in 2021. The OECD average was 38 percent.

Women in management: Women held 41.1 percent of managerial positions in the United States. The OECD average was 33.7 percent.

Women on company boards: Women held about 29.7 percent of board seats. The OECD average was 28 percent.

The U.S. was below average for:

How much women are paid compared to men: Women earned 17.7 percent less than men. The OECD average was 11.6 percent less.

Net childcare costs as a percent of income: Net childcare expenses were 23 percent of the average wage. The OECD average was 15 percent.

Paid leave for mothers: Maternity leave depends on company policy in the United States, so it was scored as zero. The average in the OECD is 33.7 weeks.

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Paid leave for fathers: Paternity leave depends on company policy in the United States, so it was scored as zero. The average in the OECD is 5.1 weeks.

Women in government: Women hold 27.7 percent of the seats in the United States House of Representatives. The OECD average is 33.1 percent of government seats held by women.

A recent report from Citigroup estimated that, “Achieving gender parity in business growth could increase global [economic growth] by up to \$1.6 - \$2.3 trillion, or around 2-3% of global GDP,” and create millions of jobs.

Weekly Focus – Think About It

“Be fearful when others are greedy and greedy when others are fearful.”

—Warren Buffett, *The Oracle of Omaha*

Best regards,



John Y. Kim, J.D., LL.M.
President

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

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