

Monthly Market Commentary

We hope that you were able to enjoy the 4th of July weekend! Here in Wisconsin, we were able to enjoy a weekend filled with beautiful weather! Now that we are halfway through summer, we look forward to county fairs, football season, and of course more summer activities. Make sure to plan something fun for you and your family, because we all know summer will be gone before you know it!

As the first half of the year comes to an end, global assets marked one of the worst starts to a year posting negative returns across most asset classes. Both risk and risk off assets saw meaningful weakness and investors had nowhere to seek shelter except USD for safety. Growth sectors fared the worst in the first half while value sectors were relative outperformers driven by the strength in energy. The re-rating in equities can be attributed to the froth built over the last few years with accommodative policies providing excess liquidity to markets, creating a speculative frenzy. While some of these policies were crucial to stimulate the economy during the complete collapse of economic activity during Covid, prolonged stimulus has caused inflationary pressures not seen in decades. As a result, policy makers are stuck in between a rock and a hard place to fight inflation at a time when economic growth is slowing. This shift in policy from extreme accommodation to extreme hawkishness in a short time span had the bond market re-rate quickly and not provide the hedging properties it did historically in risk-off environments. Despite these aggressive measures from policy makers to curtail inflation, we should expect inflation to remain elevated for some time before these actions flow into the economy. On the other side, growth should be expected to slow at a faster pace with these aggressive measures and the risk of a recession should not be taken lightly.

Considering the current environment, we continue to be positioned defensively with more cash than normal. Having ample liquidity for short term needs and higher than normal levels of cash in investment portfolios should provide a cushion to take advantage of opportunities that arise in uncertain times.

Not FDIC Insured	No Bank Guarantee	May Lose Value
------------------	-------------------	----------------