



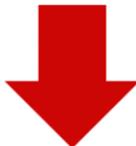
Q2

Quarterly Market Review
Second Quarter 2022

Where Are We Now?

Quarterly Market Summary

Index returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q2 2022	STOCKS				BONDS	
	-16.70%	-14.66%	-11.45%	-17.22%	-4.69%	-4.01%
						
Since Jan. 2001						
Average Quarterly Return	2.2%	1.4%	2.6%	2.3%	1.0%	0.9%
Best Quarter	22.0%	25.9%	34.7%	32.3%	4.6%	4.6%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2022 Q1	2022 Q1

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Long-Term Market Summary

Index returns as of June 30, 2022

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	-13.87% 	-16.76% 	-25.28% 	-10.61% 	-10.29% 	-7.75% 
5 Years						
	10.60% 	2.66% 	2.18% 	2.79% 	0.88% 	1.30% 
10 Years						
	12.57% 	5.37% 	3.06% 	5.15% 	1.54% 	2.66% 

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US Stocks

Second quarter 2022 index returns

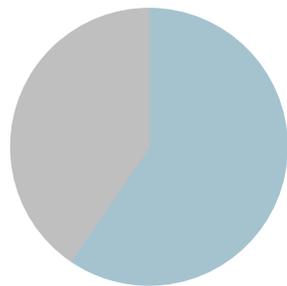
The US equity market posted negative returns for the quarter and underperformed both non-US developed and emerging markets.

Value outperformed growth.

Small caps underperformed large caps.

REIT indices underperformed equity market indices.

World Market Capitalization—US



60%

US Market
\$37.6 trillion

Ranked Returns (%)



Period Returns (%)

Asset Class	* Annualized					
	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Value	-12.21	-12.86	-6.82	6.87	7.17	10.50
Small Value	-15.28	-17.31	-16.28	6.18	4.89	9.05
Large Cap	-16.67	-20.94	-13.04	10.17	11.00	12.82
Marketwide	-16.70	-21.10	-13.87	9.77	10.60	12.57
Small Cap	-17.20	-23.43	-25.20	4.21	5.17	9.35
Small Growth	-19.25	-29.45	-33.43	1.40	4.80	9.30
Large Growth	-20.92	-28.07	-18.77	12.58	14.29	14.80

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Why?

Interest Rates

10-year and 2-year yields since 2010



Latest data point is Jul 6, 2022

- Many interest rates have risen this year as inflation remains hot and the Fed raises rates.
- The 10-year Treasury yield has jumped this year and many expect it could continue to increase over time.

Source: Federal Reserve

Unemployment Rates

U-3 unemployment and U-6 under-employment rates, since 1960



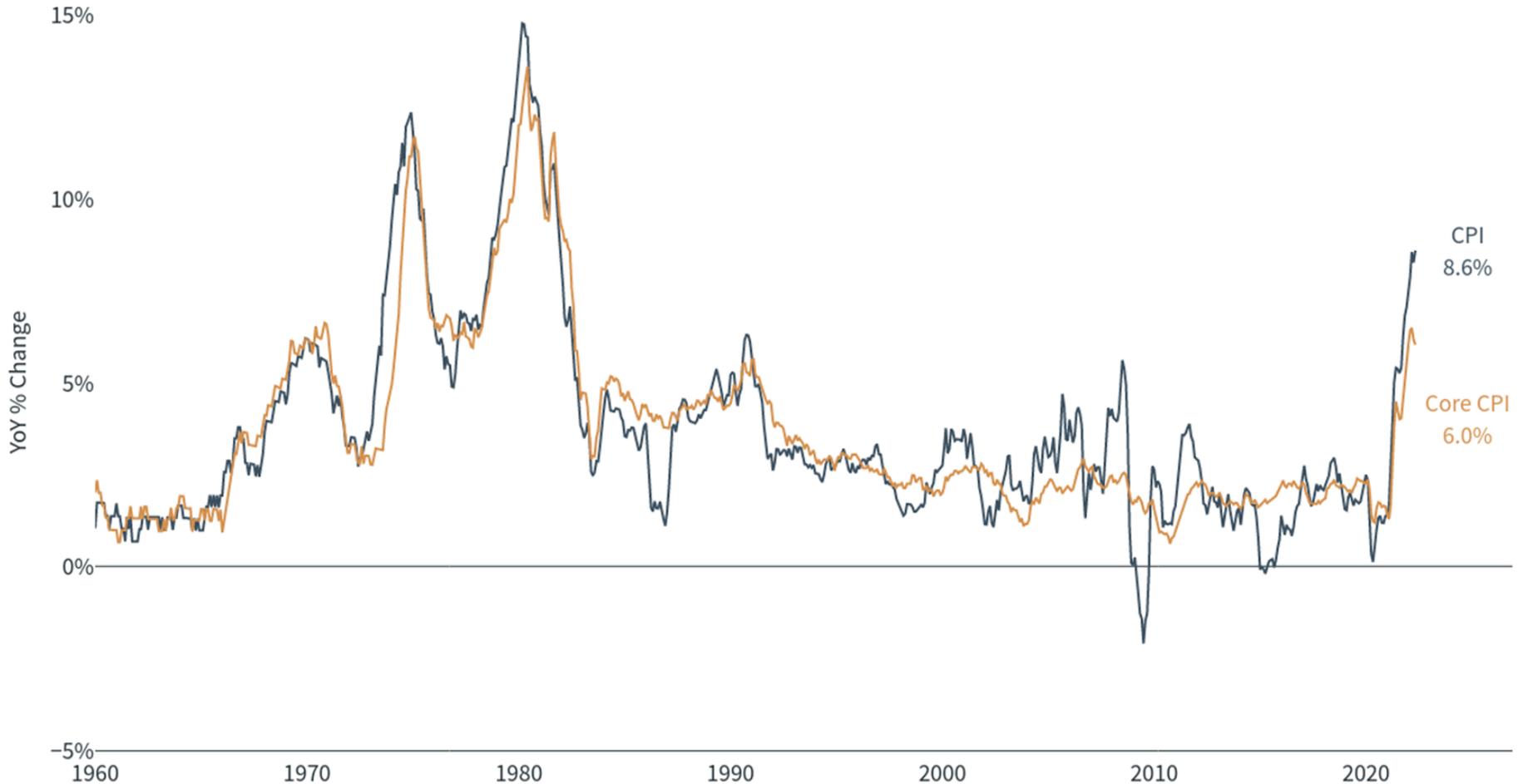
Latest data point is May 2022

- Unemployment is near historic lows due to the strength of the job market.
- Even the so-called under-employment rate has fallen to near historic lows as jobs remain plentiful.
- The balance between unemployment and inflation is a tricky one that the Fed will need to navigate.

Source: Bureau of Labor Statistics

Consumer Price Index

CPI and Ex Food and Energy, YoY % Change



Latest data point is May 2022

- CPI is a commonly cited measure of inflation. It uses a basket of goods and services to track price changes for consumers.
- In order to measure the underlying trend in inflation, rather than temporary shocks to food and energy, economists often focus on Core CPI.
- Inflation remains at four-decade highs due to strong demand and supply chain disruptions.

Source: U.S. Bureau of Labor Statistics

What Should We Do?

Stock Market Cycles

S&P 500 Index over the past 50 years (Log Scale)



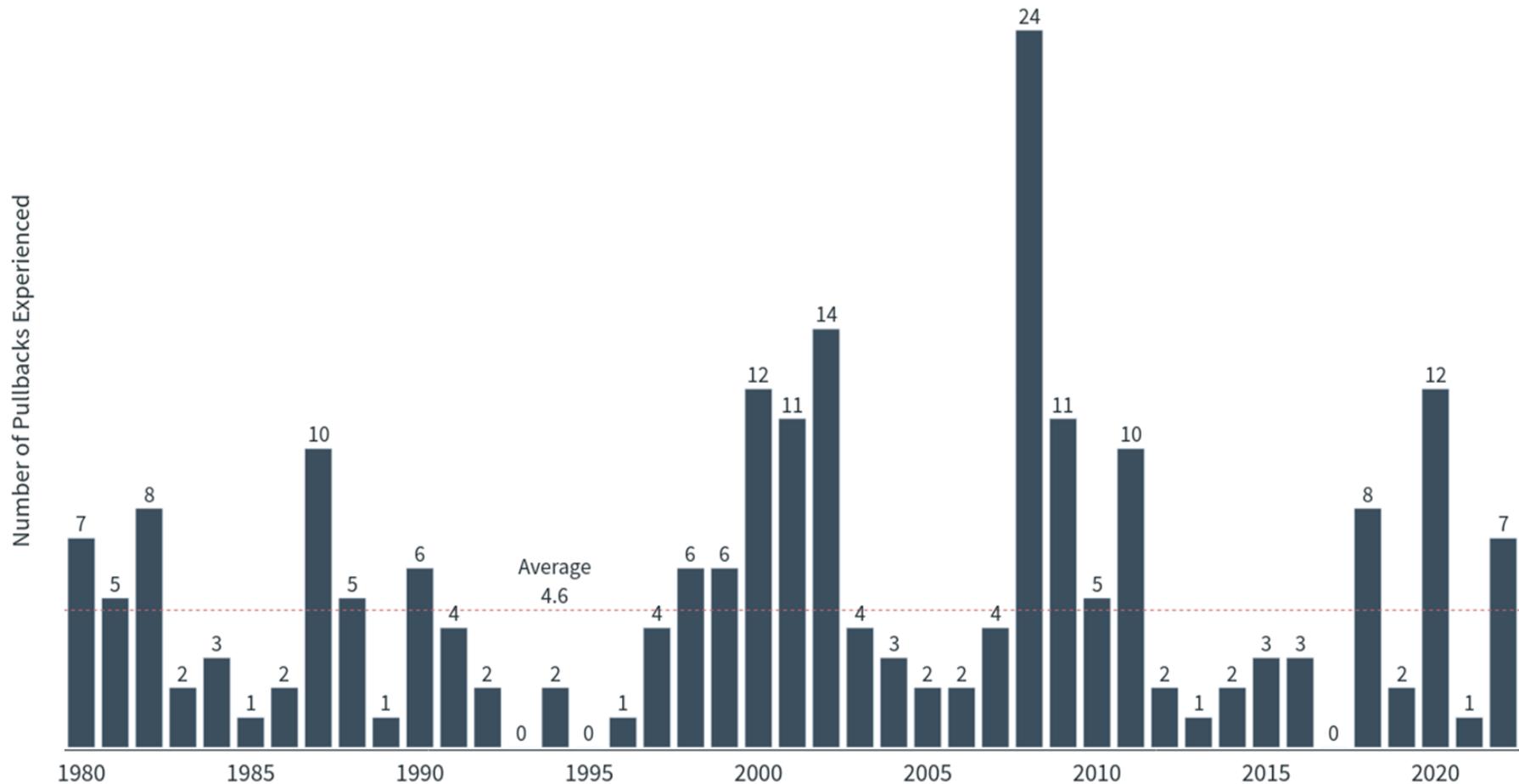
Latest data point is Jul 6, 2022

- As this chart shows (log scale), the stock market has performed well over the past 50 years despite short-term ups and downs.
- These periods of turbulence were due to economic, political and global turmoil during those decades.
- This emphasizes the importance of staying invested, rather than focusing on days or months, especially as volatility rises.

Source: Standard and Poor's

Stock Market Pullbacks

The number of 5% S&P 500 pullbacks experienced by investors each year



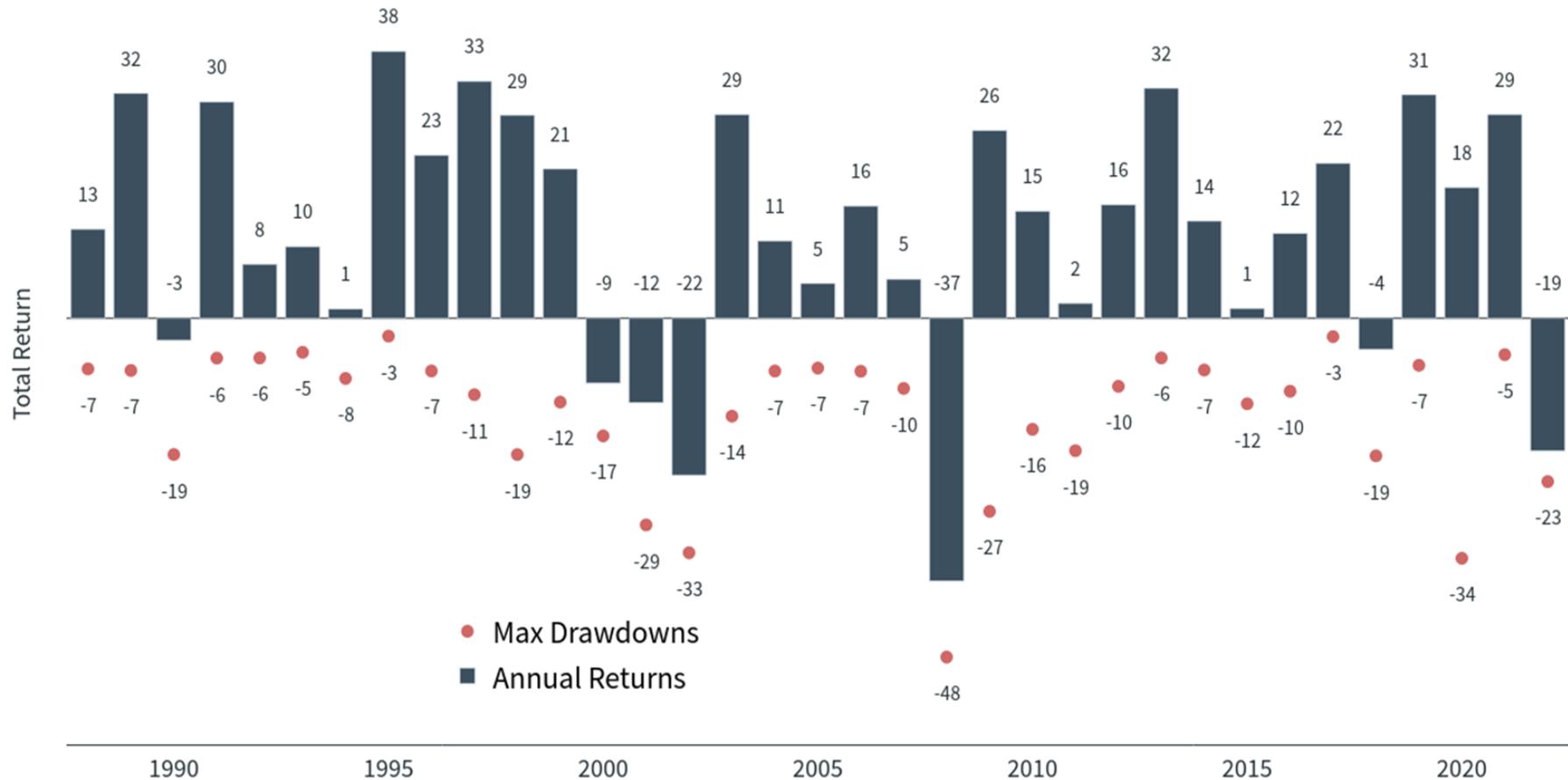
Latest data point is Jul 6, 2022

- Investing in the stock market is inherently uncertain. Large pullbacks can occur at any time.
- Investors experience several large pullbacks each year with very few exceptions.
- Over the long run, stocks are still the best way to protect and create wealth. Staying invested is thus an important discipline.

Source: Clearnomics, Standard & Poor's

Total Returns and Pullbacks

S&P 500 Index total returns. Max drawdown represents the biggest intra-year decline



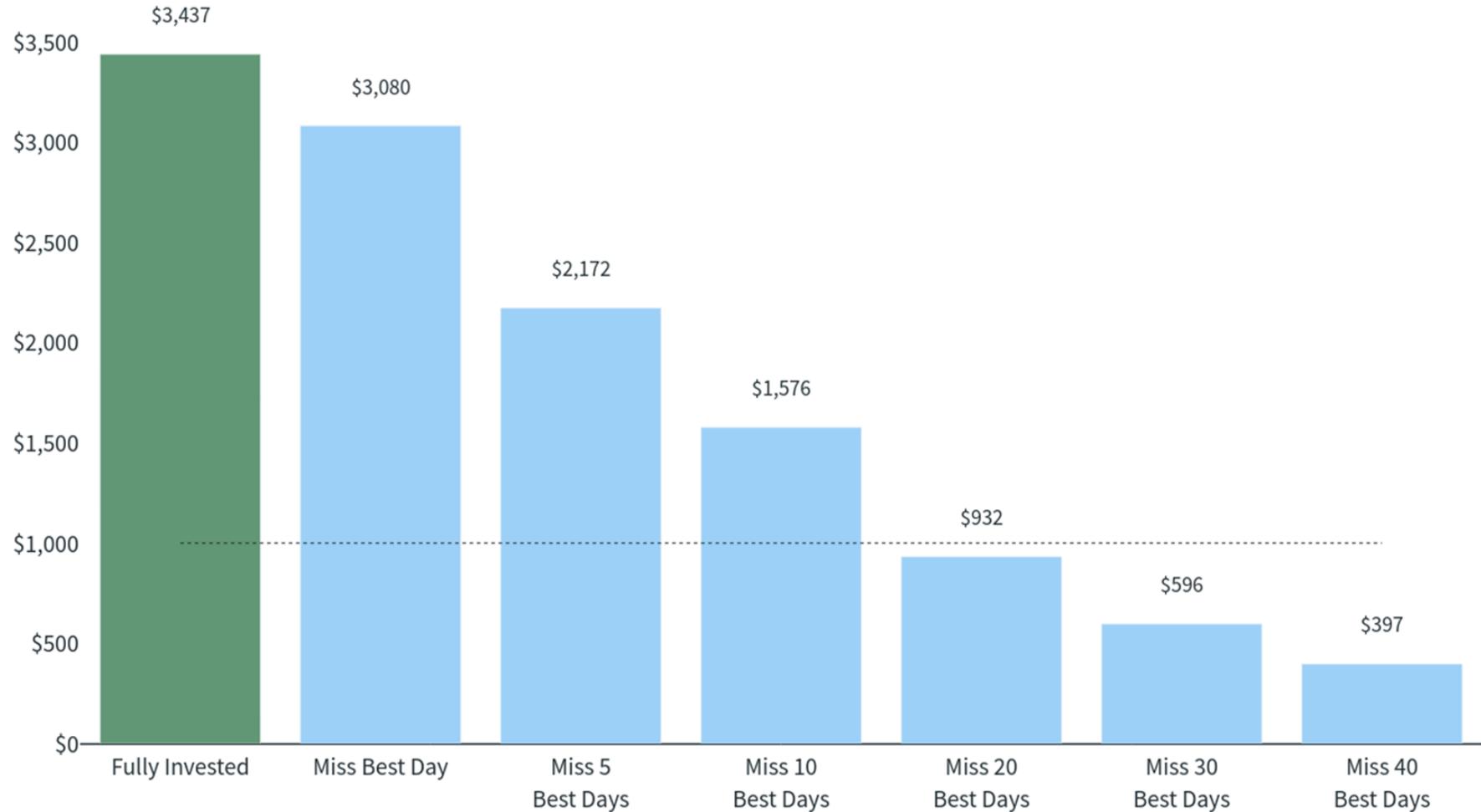
Latest data point is Jul 6, 2022

- This chart shows total returns of the stock market (bars) and the largest intra-year decline (dots) each year.
- The average year sees a significant intra-year drop. However, most years still end in positive territory, especially with dividends.
- Volatility in prices is a normal part of investing. It is important to not forget that investments also generate income.

Source: Clearnomics, Standard & Poor's

Staying Invested: Missing the Best Days

*The impact of missing the best market days over the past 25 years
Based on an initial \$1,000 investment using S&P 500 returns before transaction costs*



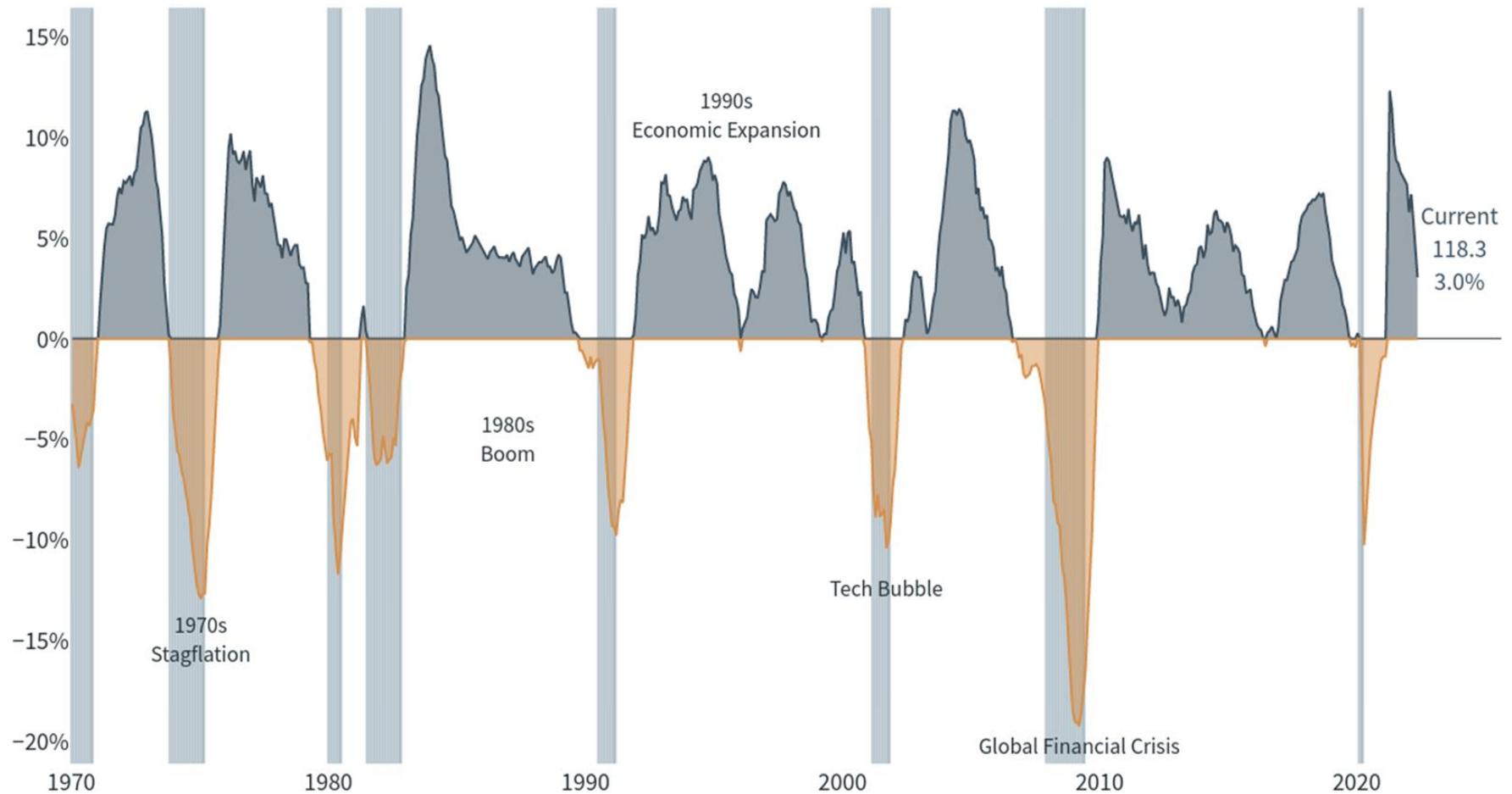
Latest data point is Jul 6, 2022

- Staying invested is a key principle of long-term financial success.
- This chart shows the impact of missing the best market days over the past 25 years.
- Staying invested through ups and downs can make a significant difference in final investment outcomes.

Source: Clearnomics, Standard & Poor's

Leading Economic Indicators

Conference Board LEI year-over-year percent change
Recessions are shaded



Latest data point is May 2022

- This chart shows the year-over-year percent change in an index of leading economic indicators.
- This indicator usually turns negative several months before a recession. This also happened prior to the current crisis.
- This pattern is also evident over the prior seven recessions and is the result of the economic cycle.

Source: Conference Board,
NBER, Refinitiv
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The Stock Market and Earnings

S&P 500 Index price and trailing earnings-per-share since 1990

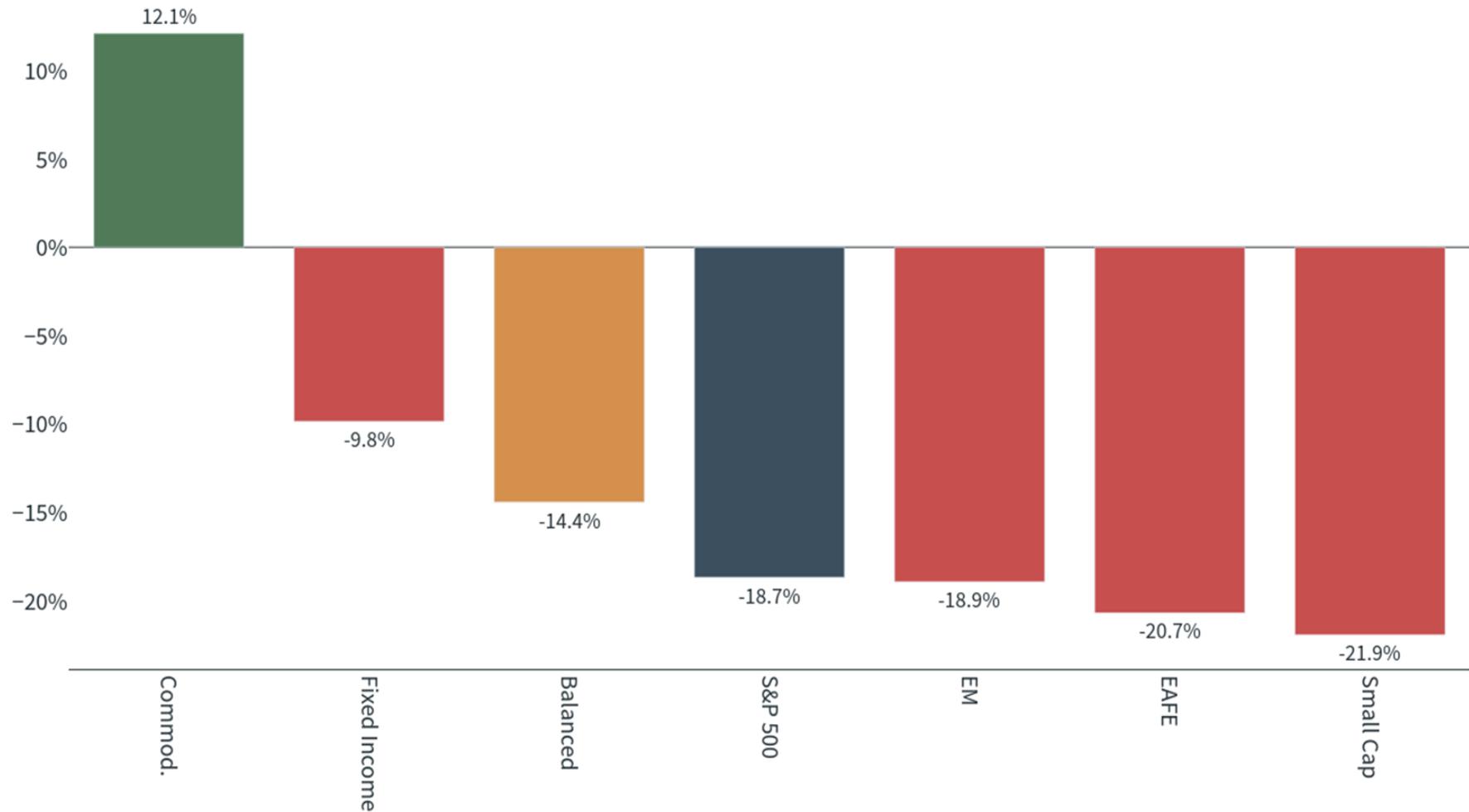


Latest data point is Jul 6, 2022

- This chart shows the S&P 500 index alongside its trailing 12 months earnings-per-share.
- Over the long run, the stock market tends to follow earnings. If earnings are rising, investors are willing to pay more per share.
- Earnings, in turn, tend to track economic growth. Thus, a healthy economy tends to result in a rising stock market.

Asset Class Performance Year-to-Date

Total Returns



Latest data point is Jul 6, 2022

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

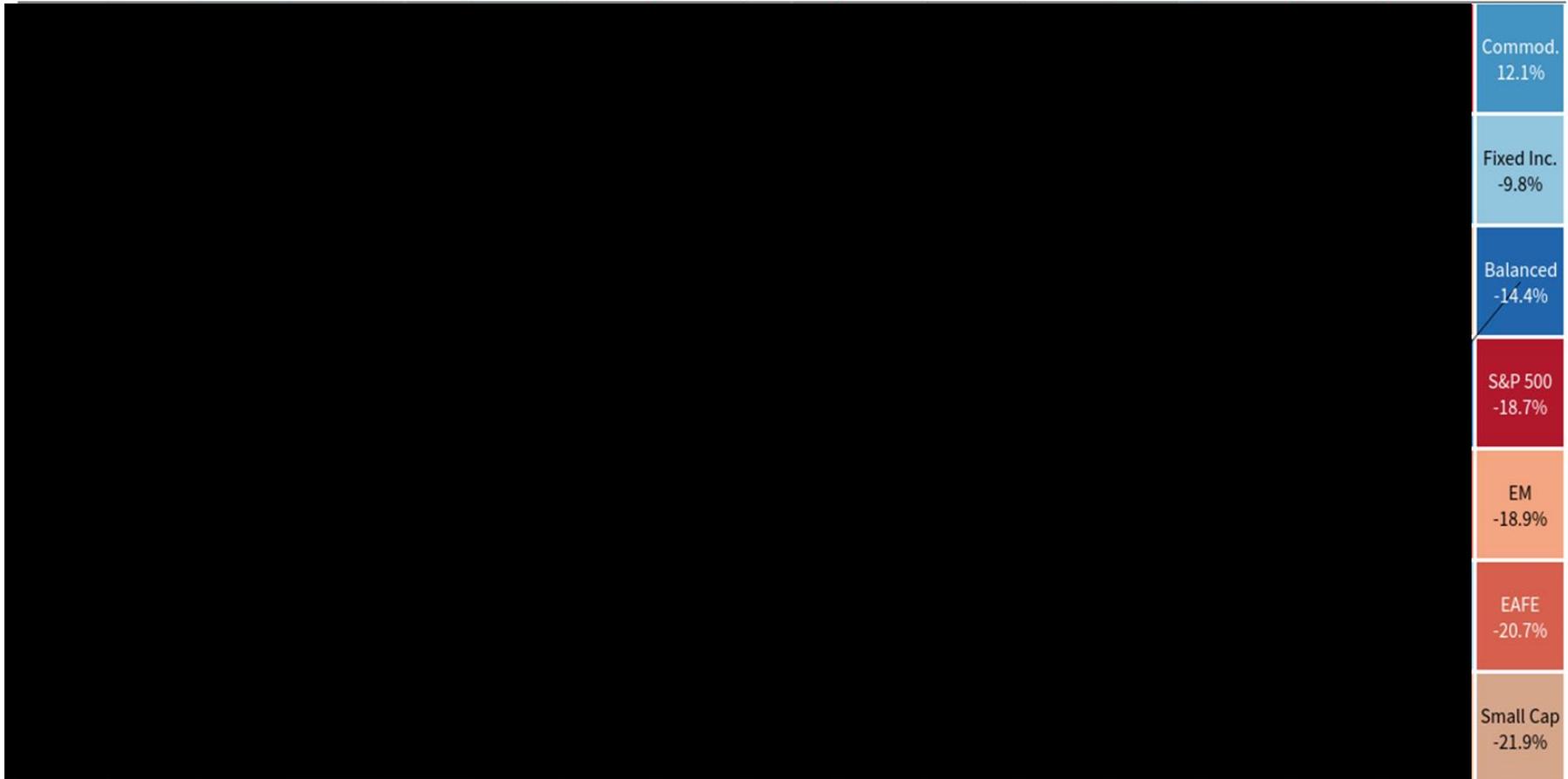
Source: Clearnomics, Refinitiv

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Asset Class Performance

Total Returns

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022



Latest data point is Jul 6, 2022

- Diversifying properly across a variety of asset classes is the most important way for investors to weather market volatility.
- The balanced portfolio approximates a 60/40 stock/bond allocation. By design, it performs steadily through both good and bad markets.
- It is difficult if not impossible to predict which asset classes will outperform from year to year.

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Asset Class Performance

Total Returns

Asset Allocation

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EM 32.6%	EM 39.8%	Fixed Inc. 7.9%	EM 79.0%	Small Cap 26.9%	Fixed Inc. 7.7%	EM 18.6%	Small Cap 38.8%	S&P 500 13.7%	S&P 500 1.4%	Small Cap 21.3%	EM 37.8%	Fixed Inc. 0.1%	S&P 500 31.5%	Small Cap 20.0%	S&P 500 28.7%	Commod. 12.1%
EAFE 26.9%	Commod. 16.2%	Balanced -22.5%	EAFE 32.5%	EM 19.2%	S&P 500 2.1%	EAFE 17.9%	S&P 500 32.4%	Balanced 6.4%	Fixed Inc. 0.5%	S&P 500 12.0%	EAFE 25.6%	S&P 500 -4.4%	Small Cap 25.5%	EM 18.7%	Commod. 27.1%	Fixed Inc. -9.8%
Small Cap 18.4%	EAFE 11.6%	Small Cap -33.8%	Small Cap 27.2%	Commod. 16.8%	Balanced 0.6%	Small Cap 16.3%	EAFE 23.3%	Fixed Inc. 6.0%	EAFE -0.4%	Commod. 11.8%	S&P 500 21.8%	Balanced -4.9%	EAFE 22.7%	S&P 500 18.4%	Small Cap 14.8%	Balanced -14.4%
S&P 500 15.8%	Balanced 8.4%	Commod. -35.6%	S&P 500 26.5%	S&P 500 15.1%	Small Cap -4.2%	S&P 500 16.0%	Balanced 15.9%	Small Cap 4.9%	Balanced -1.5%	EM 11.6%	Balanced 15.2%	Small Cap -11.0%	Balanced 20.4%	Balanced 12.6%	Balanced 14.0%	S&P 500 -18.7%
Balanced 13.0%	Fixed Inc. 6.6%	S&P 500 -37.0%	Balanced 21.1%	Balanced 12.2%	EAFE -11.7%	Balanced 11.2%	Fixed Inc. -2.0%	EM -1.8%	Small Cap -4.4%	Balanced 8.0%	Small Cap 14.6%	Commod. -11.2%	EM 18.9%	EAFE 8.3%	EAFE 11.8%	EM -18.9%
Fixed Inc. 3.9%	S&P 500 5.5%	EAFE -43.1%	Commod. 18.9%	EAFE 8.2%	Commod. -13.3%	Fixed Inc. 3.8%	EM -2.3%	EAFE -4.5%	EM -14.6%	Fixed Inc. 2.4%	Fixed Inc. 3.6%	EAFE -13.4%	Fixed Inc. 8.5%	Fixed Inc. 7.5%	Fixed Inc. -1.8%	EAFE -20.7%
Commod. 2.1%	Small Cap -1.6%	EM -53.2%	Fixed Inc. 3.0%	Fixed Inc. 6.4%	EM -18.2%	Commod. -1.1%	Commod. -9.5%	Commod. -17.0%	Commod. -24.7%	EAFE 1.5%	Commod. 1.7%	EM -14.2%	Commod. 7.7%	Commod. -3.1%	EM -2.2%	Small Cap -21.9%

Latest data point is Jul 6, 2022

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Source: Clearnomics, Refinitiv

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