

Q4

Quarterly Market Review

Fourth Quarter 2022



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 |
|--------------------------|-----------------|--------------------------------|-------------------------|--------------------|----------------|--------------------------|
| Q4 2022 | STOCKS | | | | BONDS | |
| | 7.18% | 16.18% | 9.70% | 6.88% | 1.87% | 0.18% |
| | | | | | | |
| Since Jan. 2001 | | | | | | |
| Average Quarterly Return | 2.1% | 1.5% | 2.5% | 2.2% | 0.9% | 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 |

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

Long-Term Market Summary

Index returns as of December 31, 2022



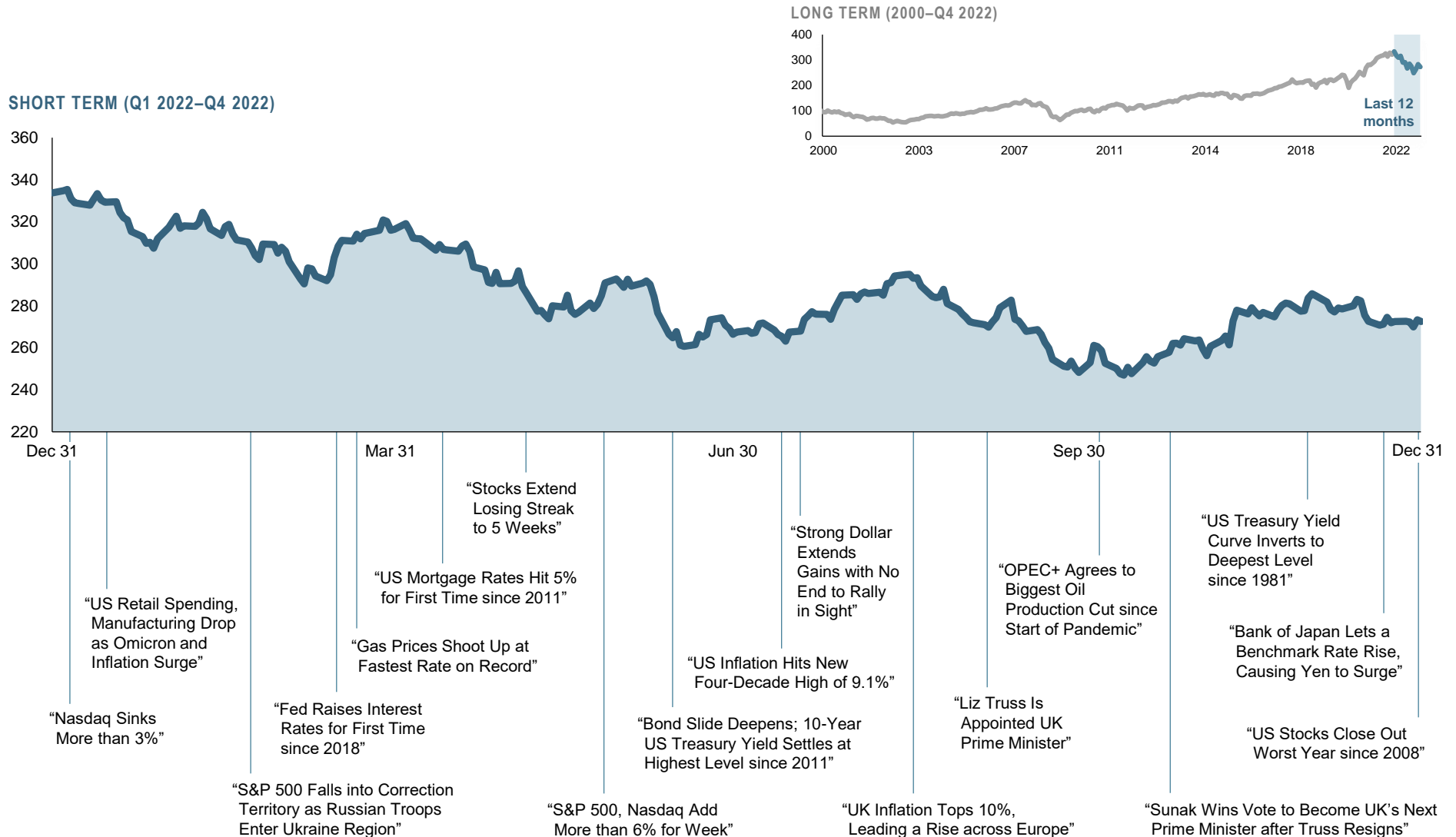
| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|----------|-----------------|--------------------------------|-------------------------|--------------------|----------------|--------------------------|
| 1 Year | STOCKS | | | | BONDS | |
| | -19.21% | -14.29% | -20.09% | -24.36% | -13.01% | -9.76% |
| | | | | | | |
| 5 Years | | | | | | |
| | 8.79% | 1.79% | -1.40% | 0.92% | 0.02% | 0.52% |
| | | | | | | |
| 10 Years | | | | | | |
| | 12.13% | 4.59% | 1.44% | 3.88% | 1.06% | 2.10% |
| | | | | | | |

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World Stock Market Performance



MSCI All Country World Index with selected headlines from past 12 months

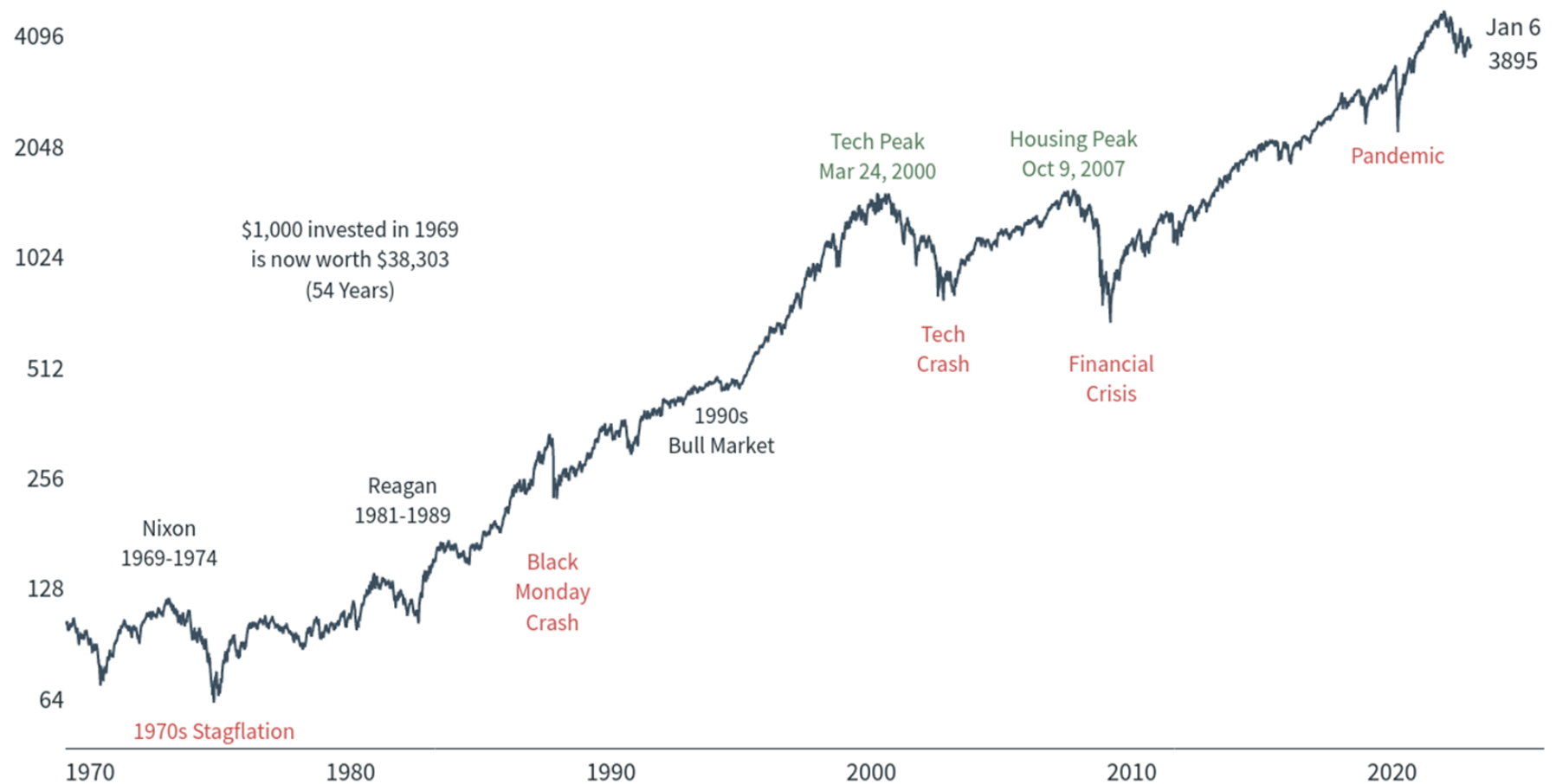


These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2023, all rights reserved. Index level based at 100 starting January 2001. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

Stock Market Cycles

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



Latest data point is Jan 6, 2023

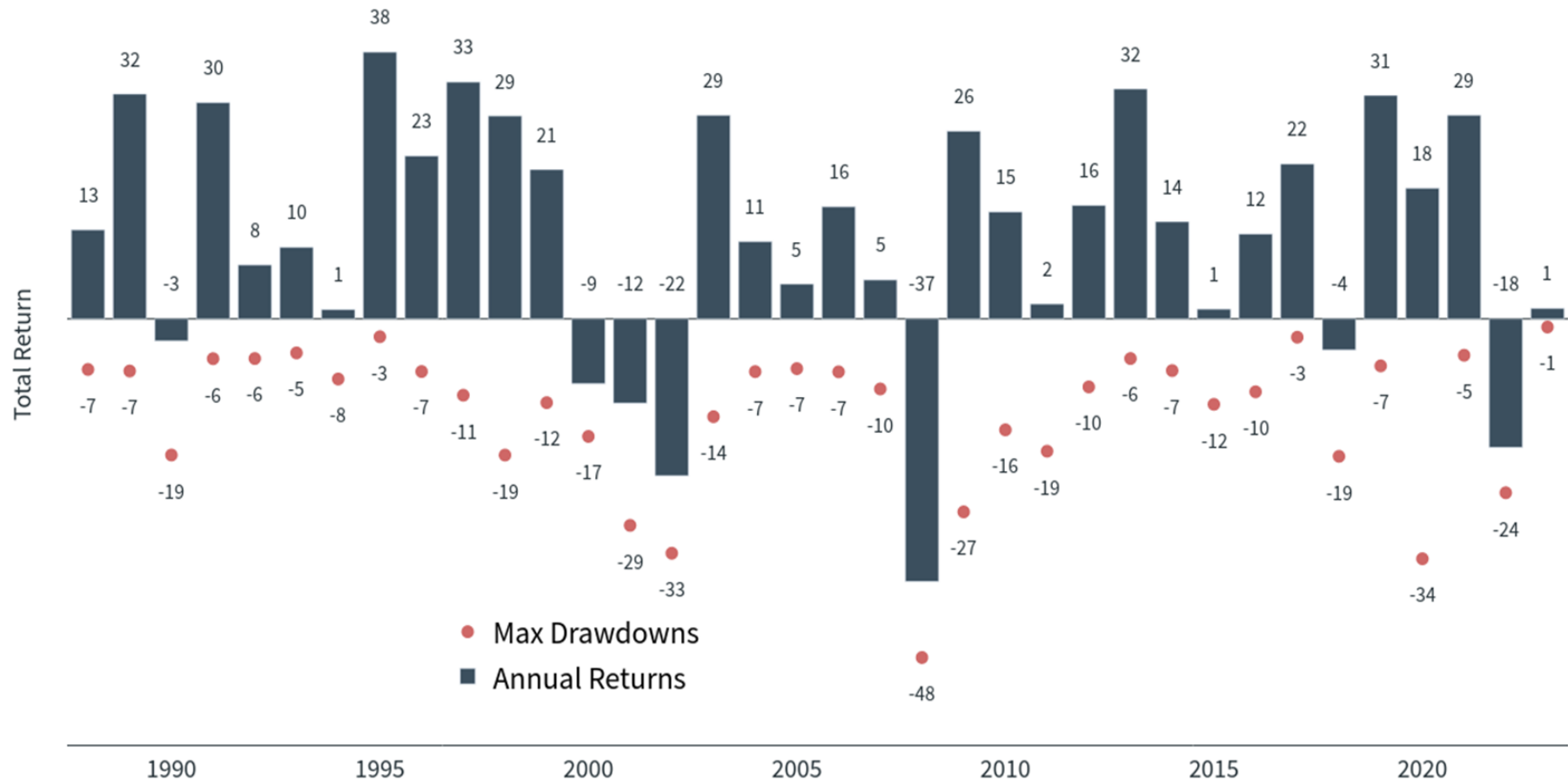
- As this chart shows (log scale), the stock market has performed well over the past 50 years despite short-term ups and downs.
- These periods of turbulence were due to economic, political and global turmoil during those decades.
- This emphasizes the importance of staying invested, rather than focusing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

Sources: Clearnomics,
Standard & Poor's

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Total Returns and Pullbacks

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



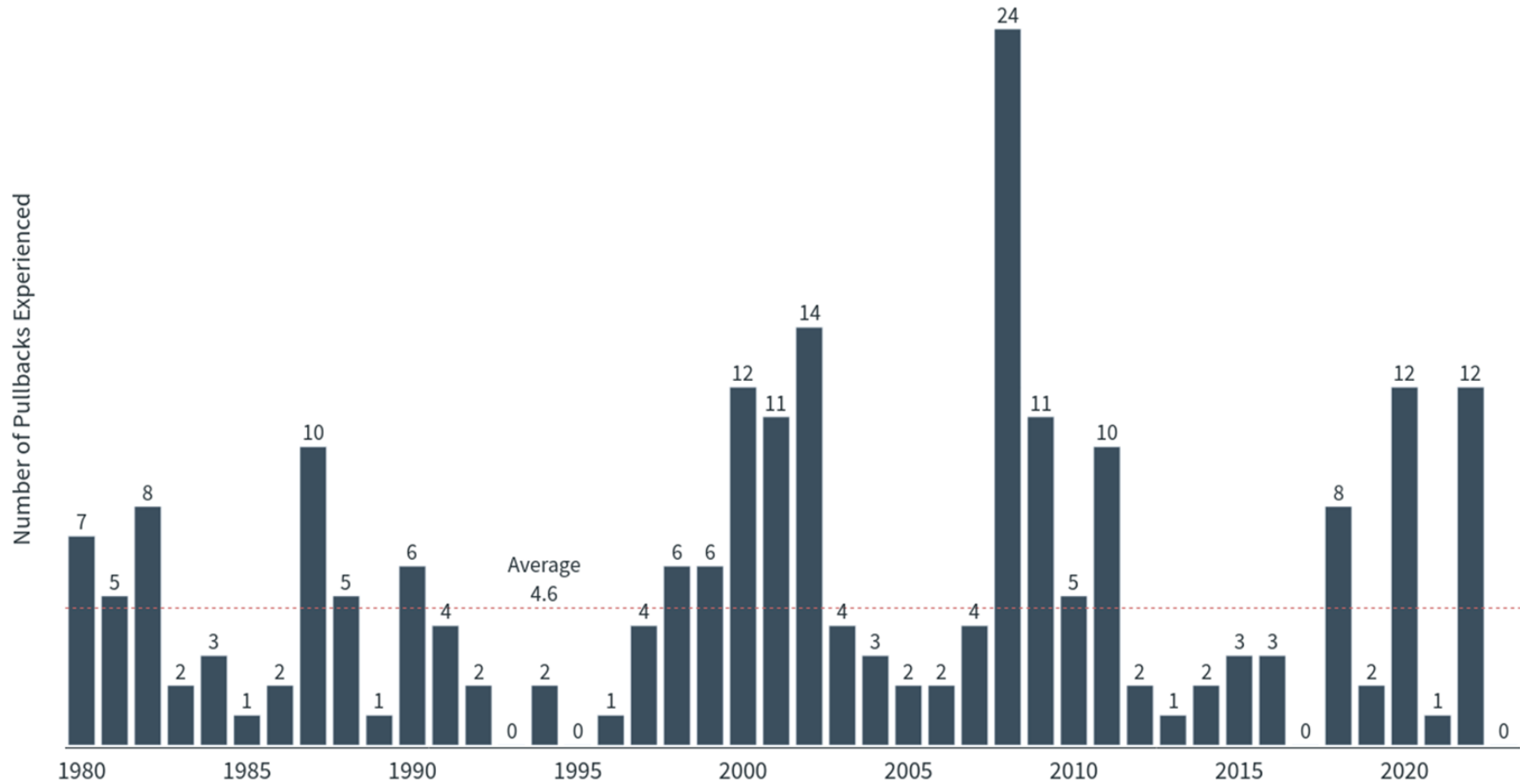
Latest data point is Jan 6, 2023

- 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

Stock Market Pullbacks

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



Latest data point is Jan 6, 2023

- 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.

Sources: Clearnomics, Standard & Poor's

The Stock Market and Earnings

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



Latest data point is Jan 6, 2023

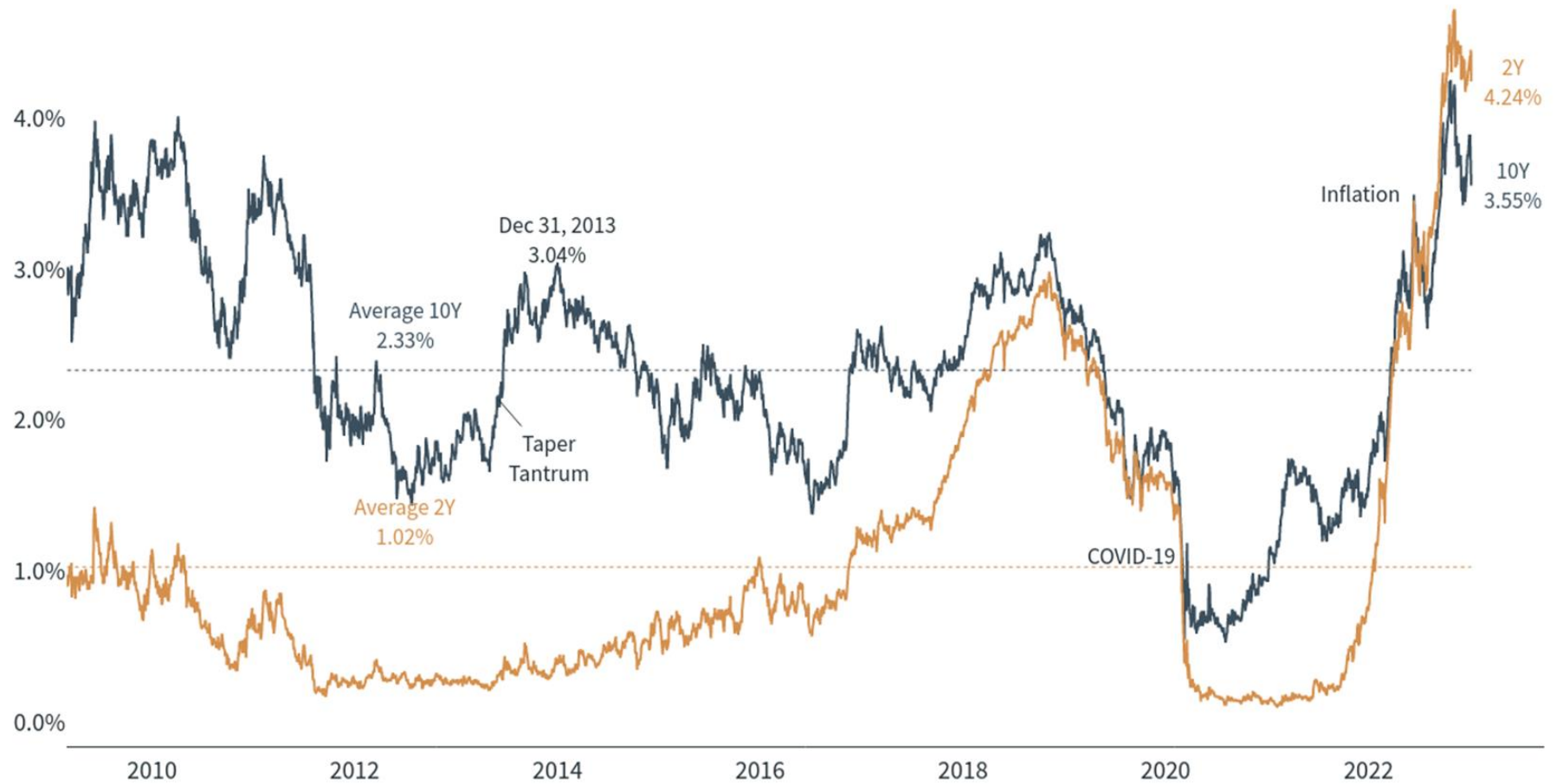
- This chart shows the S&P 500 index alongside its trailing 12 months earnings-per-share.
- Over the long run, the stock market tends to follow earnings. If earnings are rising, investors are willing to pay more per share.
- Earnings, in turn, tend to track economic growth. Thus, a healthy economy tends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

Sources: Clearnomics, Refinitiv, Standard & Poor's

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Interest Rates

10-year and 2-year yields since 2010



Latest data point is Jan 6, 2023

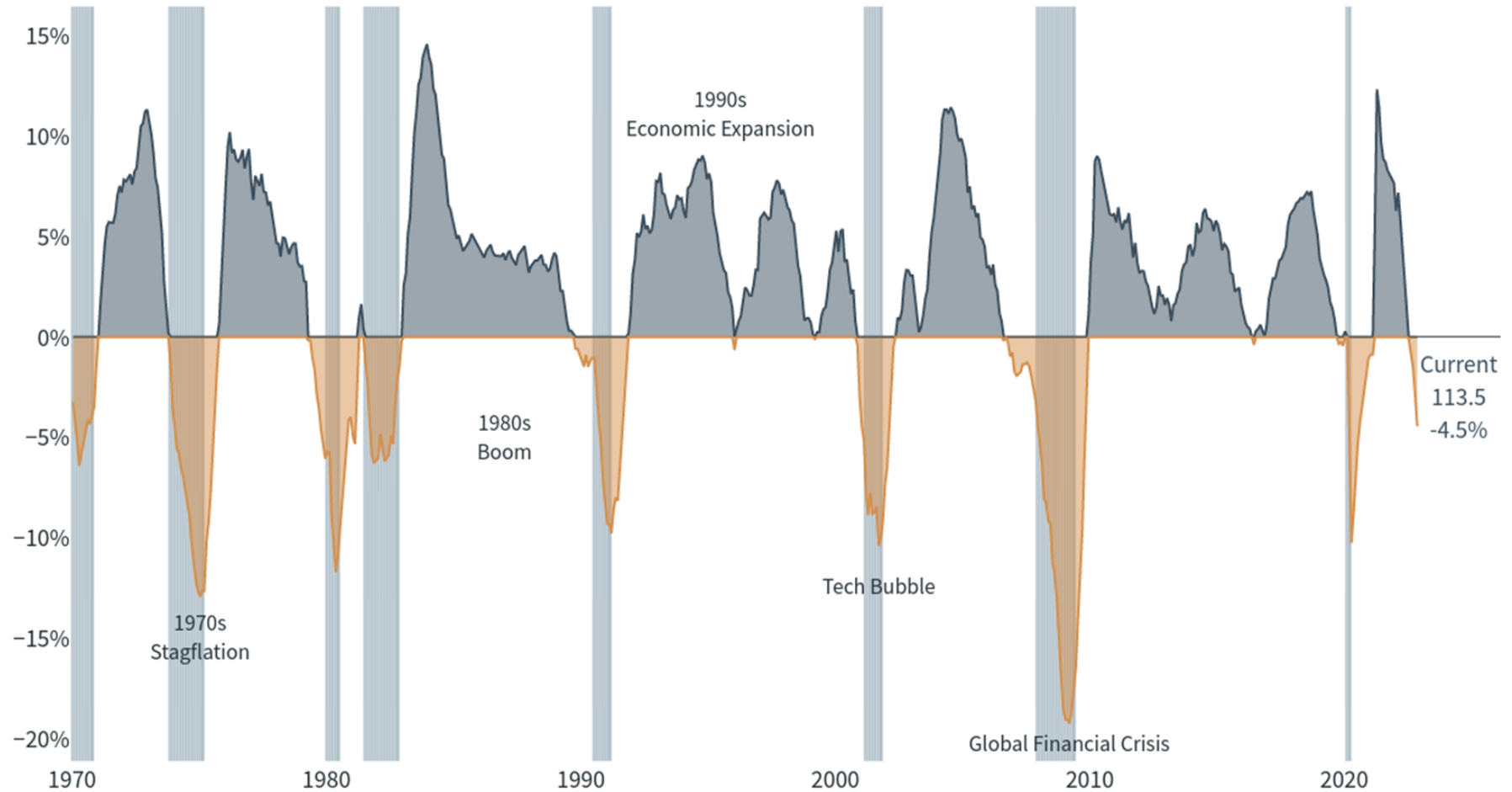
- Many interest rates have risen over the past year as inflation remains hot.
- The 10-year Treasury yield has been volatile as the possibility of a recession looms.

Sources: Clearnomics, Federal Reserve

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Leading Economic Indicators

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

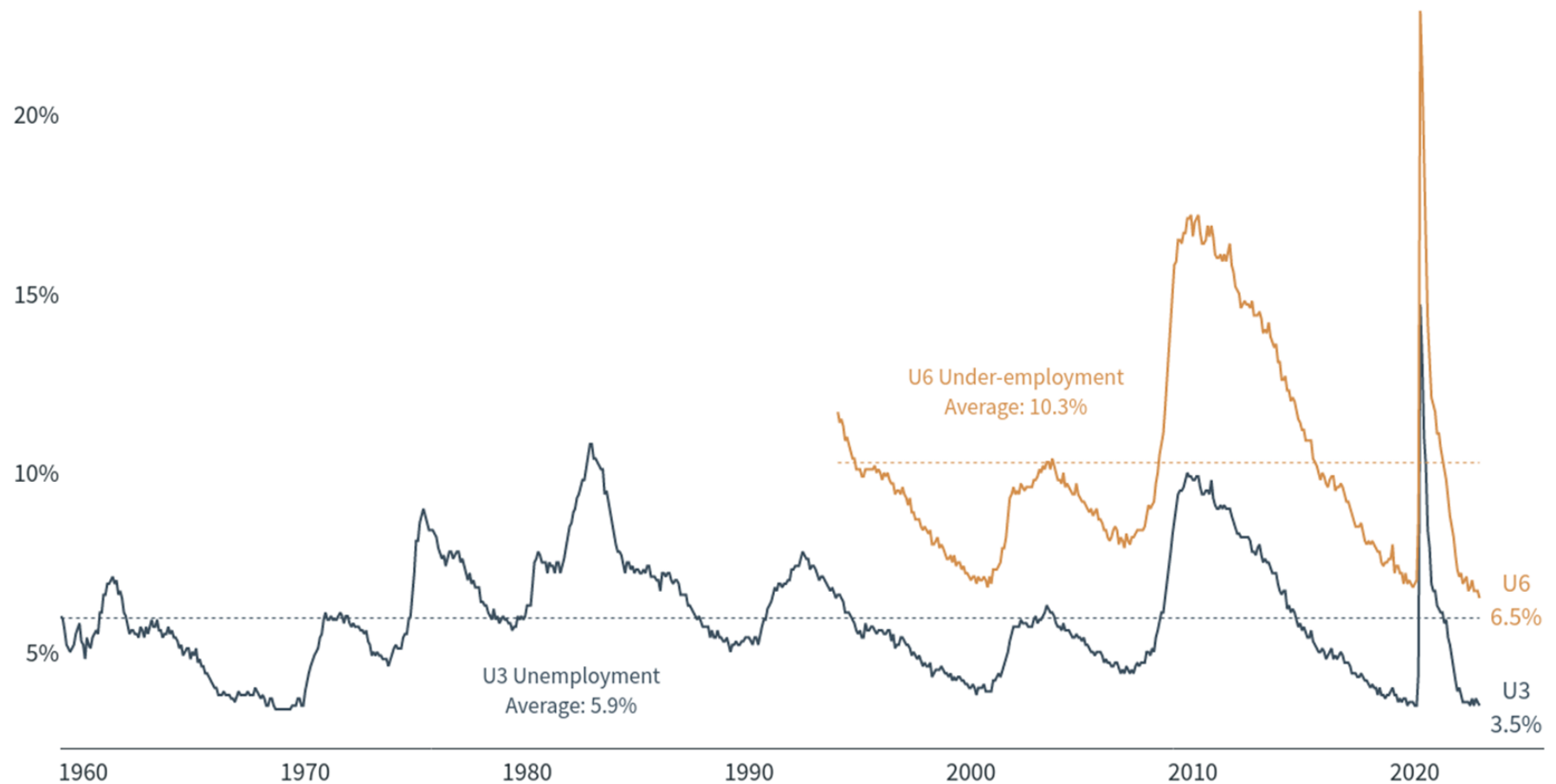


Latest data point is Nov 2022

- 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 as the economy decelerates.
- This pattern is also evident over the prior seven recessions and is the result of the economic cycle.

Unemployment Rates

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



Latest data point is Dec 2022

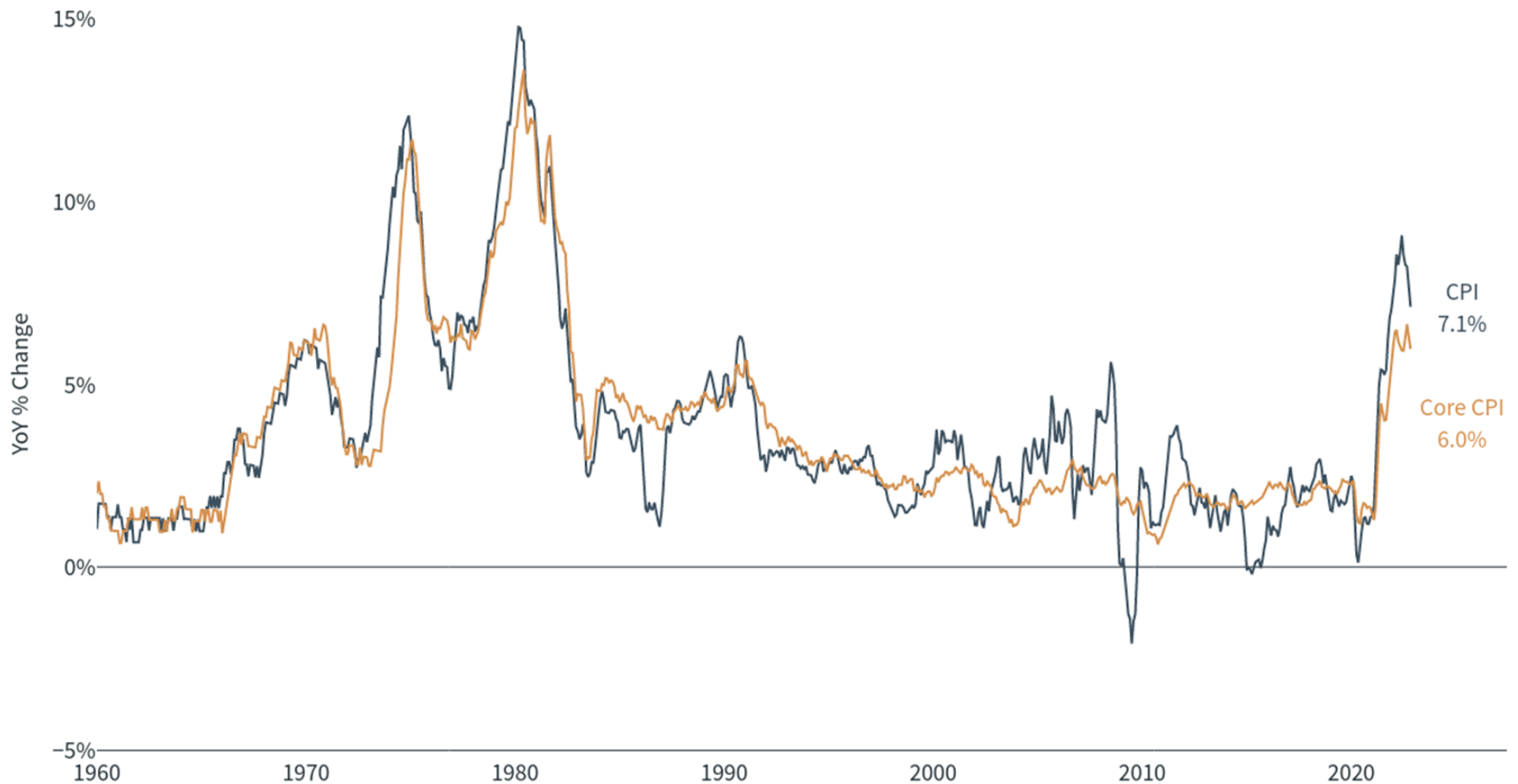
- Unemployment is still near historic lows despite rising rates and a broader economic slowdown.
- Even the so-called under-employment rate has fallen to near historic lows as jobs remain plentiful.
- The balance between unemployment and inflation is a tricky one that the Fed is attempting to navigate.

Sources: Clearnomics,
Bureau of Labor Statistics

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Consumer Price Index

CPI and Ex Food and Energy, YoY % Change



Latest data point is Nov 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 but price pressures are already cooling.

Sources: Clearnomics, Bureau of Labor Statistics

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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. 16.1% |
| 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. -13.0% |
| 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% | EAFE -14.0% |
| 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% | Balanced -14.4% |
| 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% | S&P 500 -18.1% |
| 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% | EM -19.7% |
| 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 -20.4% |

Latest data point is Jan 6, 2023

- 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.

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.

Sources: Clearnomics, Refinitiv

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