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Q2

Quarterly Market Review

Second 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
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% 2020 Q2	25.9% 2009 Q2	34.7% 2009 Q2	32.3% 2009 Q3		4.6% 2001 Q3	4.6% 2008 Q4
Worst Quarter	-22.8% 2008 Q4	-23.3% 2020 Q1	-27.6% 2008 Q4	-36.1% 2008 Q4		-5.9% 2022 Q1	-4.1% 2022 Q1

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Long-Term Market Summary

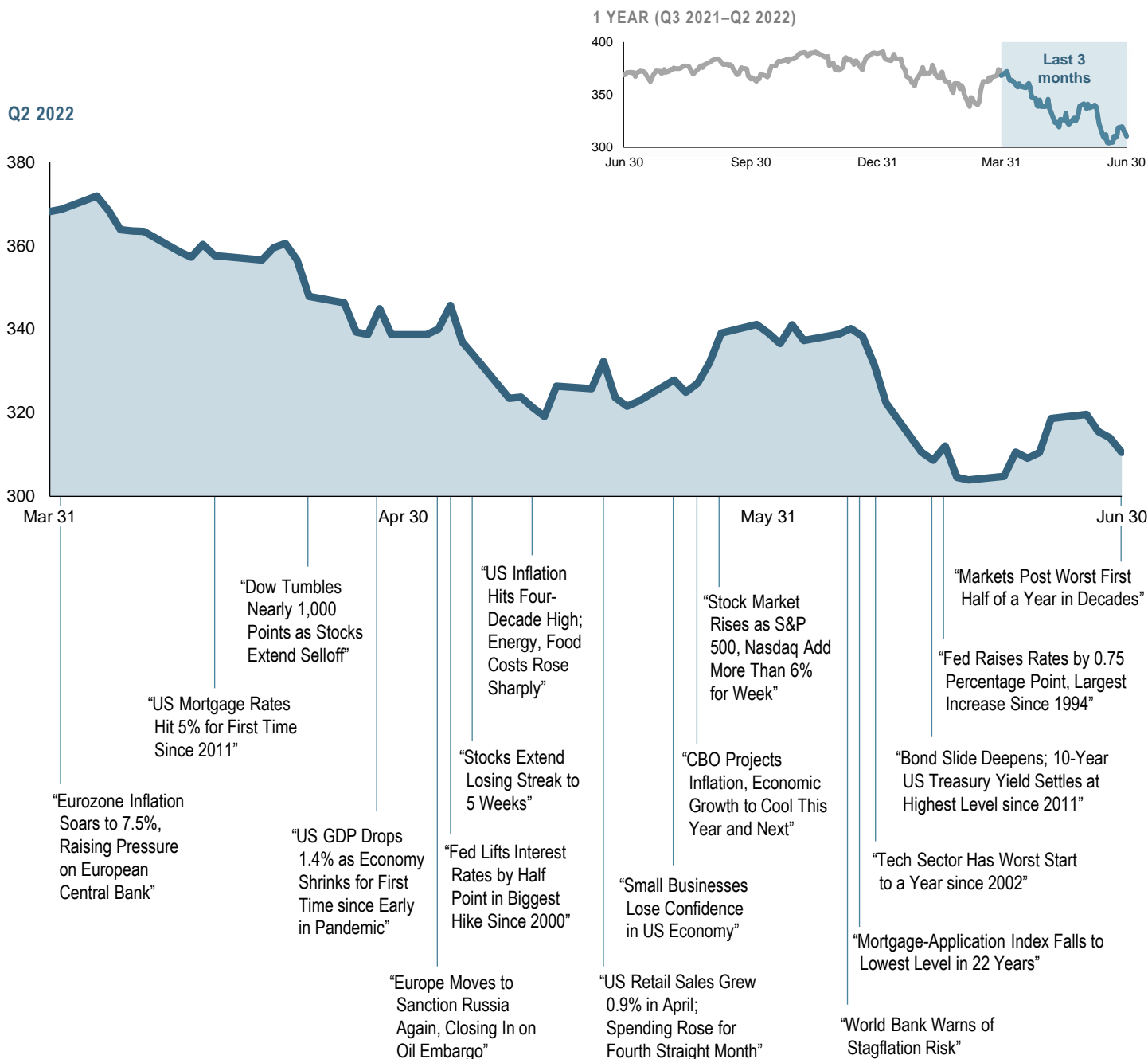
Index Returns as of June 30, 2022

	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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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2022



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 div.). MSCI data © MSCI 2022, all rights reserved.

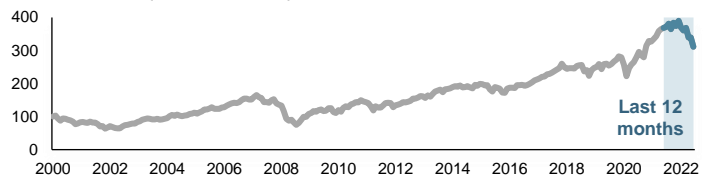
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio.

Past performance is not a guarantee of future results.

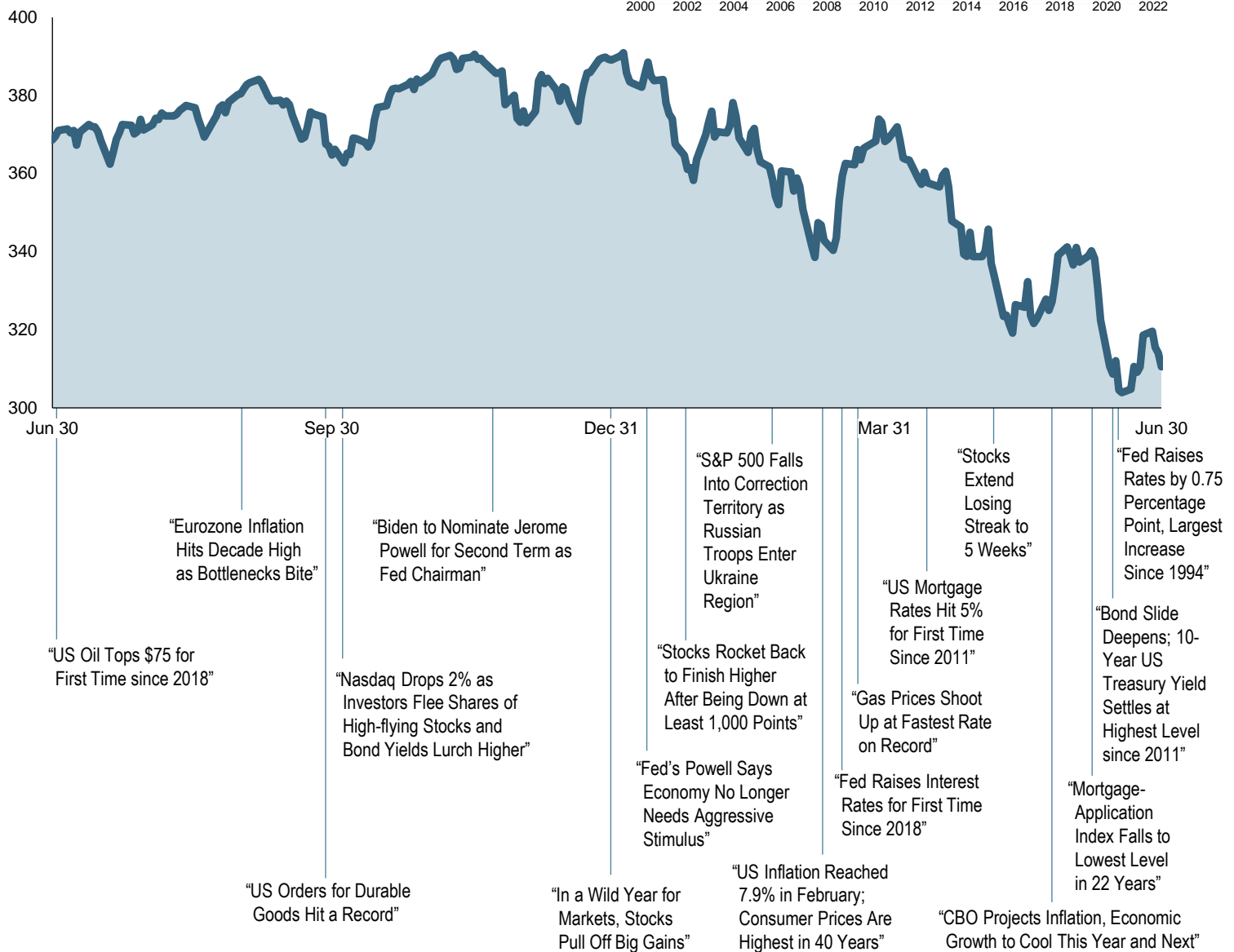
World Stock Market Performance

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

LONG TERM (2000–Q2 2022)



SHORT TERM (Q3 2021–Q2 2022)



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 2022, all rights reserved.

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.

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.

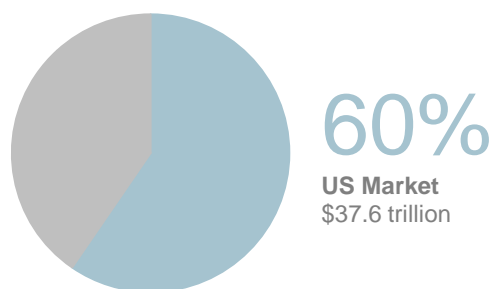
Small caps underperformed large caps.

REIT indices underperformed equity market indices.

Ranked Returns (%)

Large Value	-12.21	
Small Value	-15.28	
Large Cap	-16.67	
Marketwide	-16.70	
Small Cap	-17.20	
Small Growth	-19.25	
Large Growth	-20.92	

World Market Capitalization—US



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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International Developed Stocks

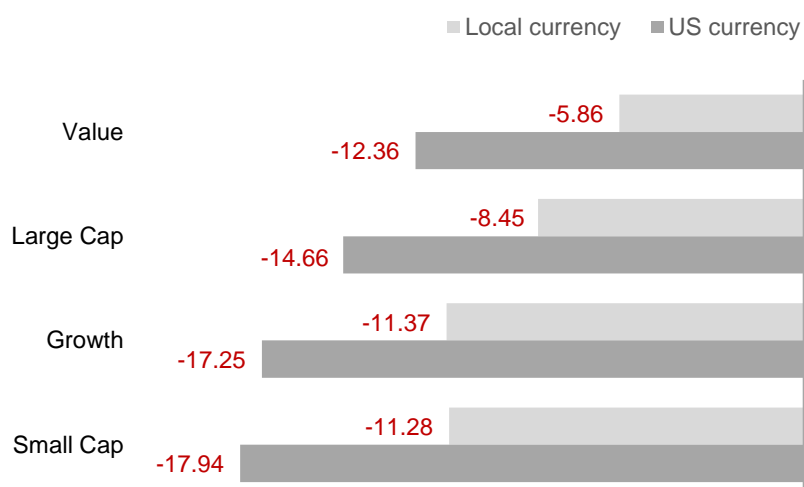
Second quarter 2022 index returns

Developed markets outside of the US posted negative returns for the quarter, outperforming the US and underperforming emerging markets.

Value outperformed growth.

Small caps underperformed large caps.

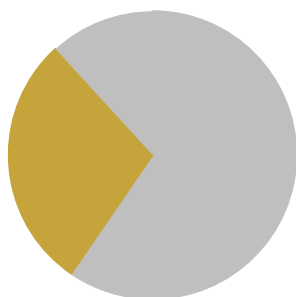
Ranked Returns (%)



World Market Capitalization— International Developed

29%

International
Developed Market
\$18.1 trillion



Period Returns (%)

Asset Class	* Annualized					
	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Value	-12.36	-11.00	-10.28	1.13	1.26	4.42
Large Cap	-14.66	-18.76	-16.76	1.70	2.66	5.37
Growth	-17.25	-26.33	-23.37	1.55	3.61	6.04
Small Cap	-17.94	-23.87	-23.02	1.97	2.16	6.70

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Emerging Markets Stocks

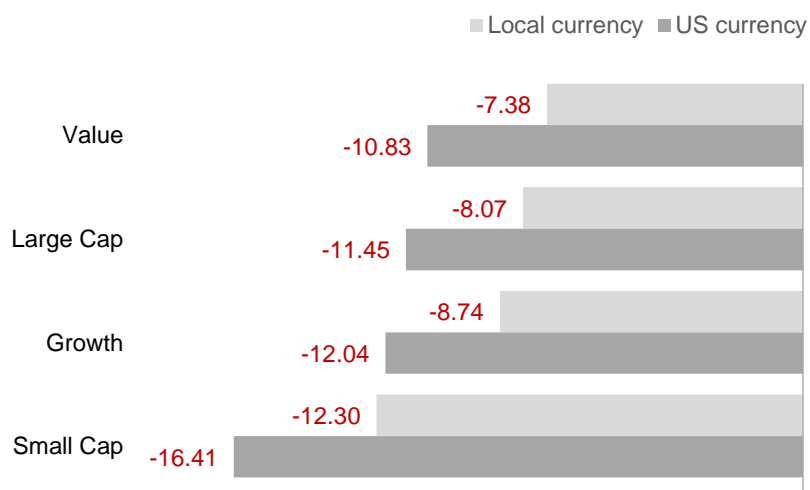
Second quarter 2022 index returns

Emerging markets posted negative returns for the quarter, outperforming the US and non-US developed markets.

Value outperformed growth.

Small caps underperformed large caps.

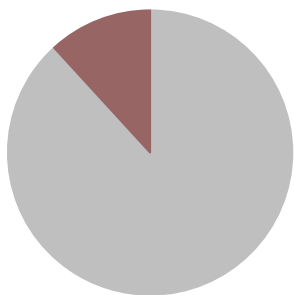
Ranked Returns (%)



World Market Capitalization— Emerging Markets

12%

Emerging
Markets
\$7.4 trillion



Period Returns (%)

Asset Class	* Annualized					
	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Value	-10.83	-13.89	-18.59	-0.97	1.25	1.46
Large Cap	-11.45	-17.63	-25.28	0.57	2.18	3.06
Growth	-12.04	-21.07	-31.18	1.88	2.92	4.54
Small Cap	-16.41	-20.03	-20.72	5.78	3.48	4.31

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Real Estate Investment Trusts (REITs)

Second quarter 2022 index returns

US real estate investment trusts underperformed non-US REITs during the quarter.

Ranked Returns (%)

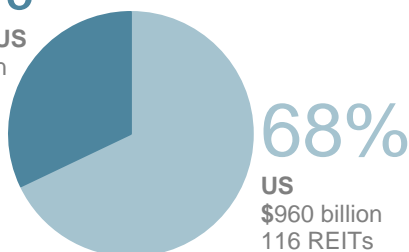
Global ex US REITS -17.50

US REITS -18.10

Total Value of REIT Stocks

32%

World ex US
\$453 billion
298 REITs
(25 other countries)



Period Returns (%)

* Annualized

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global ex US REITS	-17.50	-19.93	-17.73	-4.38	0.20	3.47
US REITS	-18.10	-21.14	-6.41	2.54	4.28	6.61

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. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Fixed Income

Second quarter 2022 index returns

Interest rates increased across all maturities in the US Treasury market for the quarter.

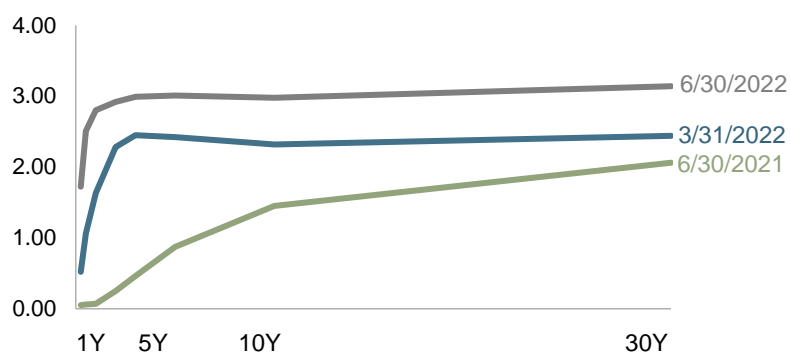
The yield on the 5-Year US Treasury Note increased 59 basis points (bps) to 3.01%. The yield on the 10-Year US Treasury Note increased 66 bps to 2.98%. The yield on the 30-Year US Treasury Bond increased 70 bps to 3.14%.

On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 111 bps to 1.28%, while the 1-Year US Treasury Bill yield increased 117 bps to 2.80%. The yield on the 2-Year US Treasury Note increased 64 bps to 2.92%.

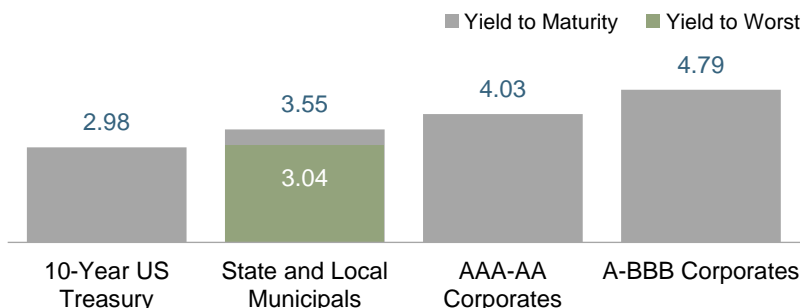
In terms of total returns, short-term corporate bonds returned -1.94% and intermediate-term corporate bonds returned -3.92%.¹

The total return for short-term municipal bonds was +0.08% and -1.30% for intermediate-term municipal bonds. Within the municipal fixed income market, general obligation bonds outperformed revenue bonds, returning -2.51% vs. -3.37%, respectively.²

US Treasury Yield Curve (%)



Bond Yields Across Issuers (%)



Period Returns (%)

Asset Class	*Annualized					
	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
ICE BofA US 3-Month Treasury Bill Index	0.10	0.14	0.17	0.63	1.11	0.64
ICE BofA 1-Year US Treasury Note Index	-0.48	-1.27	-1.44	0.53	1.10	0.73
FTSE World Government Bond Index 1-5 Years (hedged to USD)	-0.95	-3.30	-3.79	0.04	1.08	1.22
Bloomberg Municipal Bond Index	-2.94	-8.98	-8.57	-0.18	1.51	2.38
FTSE World Government Bond Index 1-5 Years	-4.28	-7.69	-9.90	-2.02	-0.57	-1.05
Bloomberg U.S. Aggregate Bond Index	-4.69	-10.35	-10.29	-0.93	0.88	1.54
Bloomberg U.S. TIPS Index	-6.08	-8.92	-5.14	3.04	3.21	1.73
Bloomberg U.S. High Yield Corporate Bond Index	-9.83	-14.19	-12.81	0.21	2.10	4.47
Bloomberg U.S. Government Bond Index Long	-11.89	-21.20	-18.42	-2.94	0.50	1.65

1. Bloomberg US Corporate Bond Index.

2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. 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. Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&P) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2022 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2022 ICE Data Indices, LLC. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Three Crucial Lessons for Weathering the Stock Market's Storm

Second Quarter 2022

Marlena Lee, PhD

Global Head of Investment Solutions

Investors can always expect uncertainty. While volatile periods like the one we're experiencing now can be intense, investors who learn to embrace uncertainty may often triumph in the long run. Reacting to down markets is a good way to derail progress made toward reaching your financial goals.

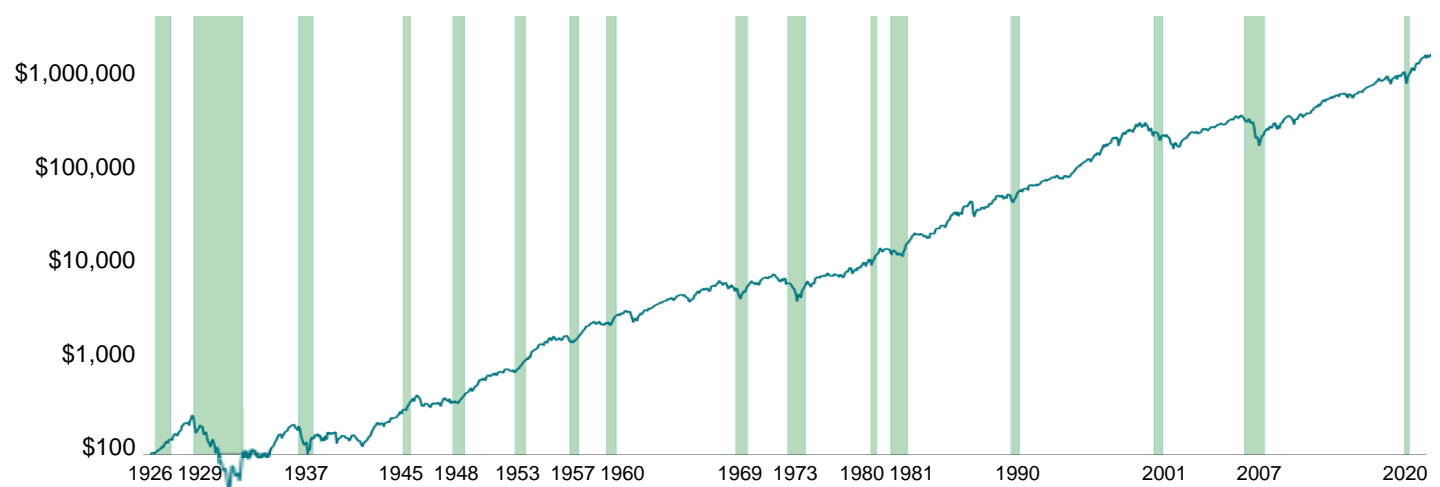
Here are three lessons to keep in mind during periods of volatility that can help you stick to your well-built plan. And if you don't have a plan, there's a suggestion for that too.

1. A recession is not a reason to sell

Are we headed into a recession? A century of economic cycles teaches us we may well be in one before economists make that call.

But one of the best predictors of the economy is the stock market itself. Markets tend to fall in advance of recessions and start climbing earlier than the economy does. As the below shows, returns have often been positive while in a recession.

Growth of \$100, 1926–2021



Past performance is no guarantee of future results.

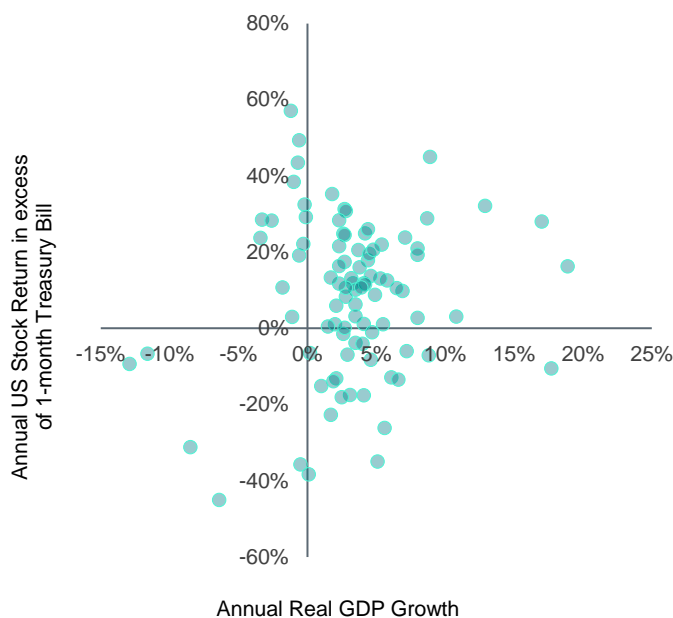
In US dollars. Recessions shaded in green. Stock returns represented by Fama/French Total US Market Research Index, provided by Ken French and available at mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html. This value-weighted US market index is constructed every month, using all issues listed on the NYSE, AMEX, or Nasdaq with available outstanding shares and valid prices for that month and the month before. Exclusions: American depositary receipts.

Sources: CRSP for value-weighted US market return. Rebalancing: Monthly. Dividends: Reinvested in the paying company until the portfolio is rebalanced. Growth of wealth shows the growth of a hypothetical investment of \$100 in the securities in the Fama/French US Total Market Research Index from July 1926 through December 2021.

Three Crucial Lessons for Weathering the Stock Market's Storm

(continued from page 16)

All the dots in the upper left quadrant in the chart below are years where the US economy contracted but US stocks still outperformed less-risky Treasury bills. It's a great illustration of the forward-looking nature of markets. If you're worried, other investors are too, and that uncertainty is reflected in stock prices.



Past performance is no guarantee of future results.

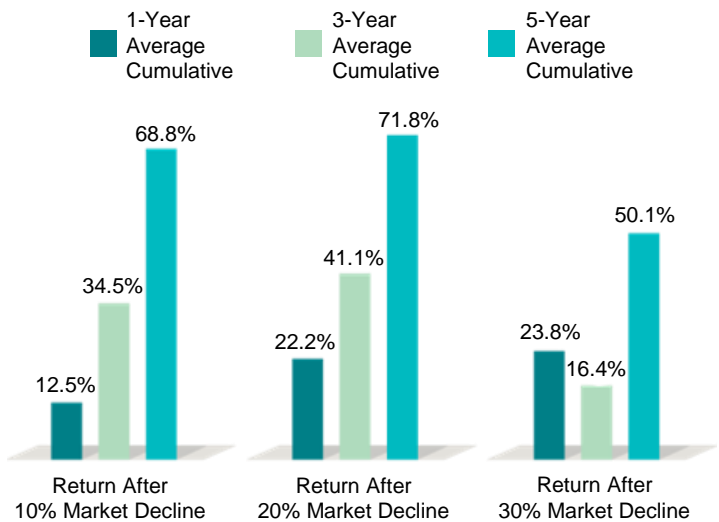
Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. In USD. Annual GDP growth rates obtained from the US Bureau of Economic Analysis. GDP growth numbers are adjusted to 2012 USD terms to remove the effects of inflation. Data provided by Fama/French. Eugene Fama and Ken French are members of the Board of Directors of the general partner of and provide consulting services to, Dimensional Fund Advisors LP. Please see "Appendix Descriptions" for a description of the Fama/French index data.

Results shown during periods prior to each index's index inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

Whether accompanied by recessions or not, market downturns can be unsettling. But over the past century, US stocks have averaged positive returns over one-year, three-year, and five-year periods following a steep decline.

A year after the S&P 500 crossed into bear market territory (a 20% fall from the market's previous peak), it rebounded by about 20% on average. And after five years, the S&P 500 averaged returns over 70%.¹

Fama/French Total US Market Research Index Returns July 1, 1926–December 31, 2021



Past performance is no guarantee of future results.

Market declines or downturns are defined as periods in which the cumulative return from a peak is -10%, -20%, or -30% or lower. Returns are calculated for the 1-, 3-, and 5-year look-ahead periods beginning the day after the respective downturn thresholds of -10%, -20%, or -30% are exceeded. The bar chart shows the average returns for the 1-, 3-, and 5-year periods following the 10%, 20%, and 30% thresholds. For the 10% threshold, there are 29 observations for 1-year look-ahead, 28 observations for 3-year look-ahead, and 27 observations for 5-year look-ahead. For the 20% threshold, there are 15 observations for 1-year look-ahead, 14 observations for 3-year look-ahead, and 13 observations for 5-year look-ahead. For the 30% threshold, there are 7 observations for 1-year look-ahead, 6 observations for 3-year look-ahead, and 6 observations for 5-year look-ahead. Peak is a new all-time high prior to a downturn. Data provided by Fama/French and available at mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html. Fama/French Total US Market Research Index: 1926–present: Fama/French Total US Market Research Factor and One-Month US Treasury Bills. Source: Ken French website.

We believe that staying invested puts you in the best position to capture the recovery. If you take risk out of your portfolio, it should be a strategic, not tactical, choice. We believe the only good reason to sell out of a stock portfolio now—so long as it's diversified and low-cost—is because you learned something about your risk tolerance or your investment goals have changed.

Three Crucial Lessons for Weathering the Stock Market's Storm

(continued from page 17)

2. Time the market at your peril

When stocks have declined, it might be tempting to sell to stem further losses. You might think, "I'll sit out until things get a bit better." But by the time markets are less volatile, you'll have often missed part of the recovery. Yes, it stings to watch your portfolio shrink, but imagine how you'll feel when it's stuck while the market rebounds.

Big return days are hard to predict, and you really don't want to miss them. If you invested \$1,000 in the S&P 500 continuously from the beginning of 1990 through the end of 2020, you would have \$20,451. If you missed the single best day, you'd only have \$18,329—and only \$12,917 if you missed the best five days.²

History shows the stock market tends to rebound quickly. The same can't be said for individual stocks or even entire sectors. (How many railroad stocks do you own?) So, while investing means taking on some risk for expected reward, investors should mitigate risks where they can. Diversification is a top risk mitigation tool, along with investing in fixed income and having a financial plan.

3. It may be a good time to reassess your portfolio and your plan

We saw many fads crop up through the pandemic, from baking to puppy adoption. Did you experiment with one of the

pandemic investment fads—FAANGs or meme stocks or dogecoin? If so, it may be time to put those fads in the rearview.

Do you know the names of all the stocks you own? Then you probably own too few. How much of your portfolio sits outside the US? Because about half the global market is comprised of foreign stocks. If you only invest in the S&P 500, you're missing half of the investment opportunity set. A market-cap-weighted global portfolio is a better starting point than chasing segments of the market that have outperformed in the past few years.

And if you want to outperform the market, allow decades of academic research to light the way. Portfolios focused on small caps, value stocks, and more profitable companies have had higher returns over the long run. The portfolio I use is invested across more than 10,000 global equities in over 40 countries.

Beyond a well-designed portfolio, one of the best ways to deal with volatile markets and disappointing returns is to have planned for them. A financial advisor can help you develop a plan that bakes in the chances you'll experience some market lows. And they can help you find the confidence to weather the current storm and get to the other side.

A sound approach to investing—through a plan, a well-designed portfolio, and an advisor—is the ultimate self-care during these rough markets. Your future self will thank you.

This piece first appeared in MarketWatch with the title "Follow these 3 crucial lessons for weathering the stock market's storm."

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Diversification neither assures a profit nor guarantees against loss in a declining market. Past performance is not a guarantee of future results.

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