

2022 Annual Market Review

2022 Annual Market Review

This report features world capital market performance for the last year.

Overview:

Market Summary

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

Commodities

Fixed Income

Global Fixed Income

Market Summary

Index returns

| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|-----------------------|-----------------|--------------------------------|-------------------------|--------------------|----------------|--------------------------|
| 2022 | STOCKS | | | | BONDS | |
| | -19.21% | -14.29% | -20.09% | -24.36% | -13.01% | -9.76% |
| | | | | | | |
| Since Jan. 2001 | | | | | | |
| Average Yearly Return | 8.9% | 6.1% | 11.4% | 9.2% | 3.8% | 3.6% |
| Best Year | 33.6% | 39.4% | 78.5% | 37.4% | 10.3% | 8.8% |
| | 2013 | 2003 | 2009 | 2006 | 2002 | 2014 |
| Worst Year | -37.3% | -43.6% | -53.3% | -45.7% | -13.0% | -9.8% |
| | 2008 | 2008 | 2008 | 2008 | 2022 | 2022 |

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.

US Stocks

2022 index returns

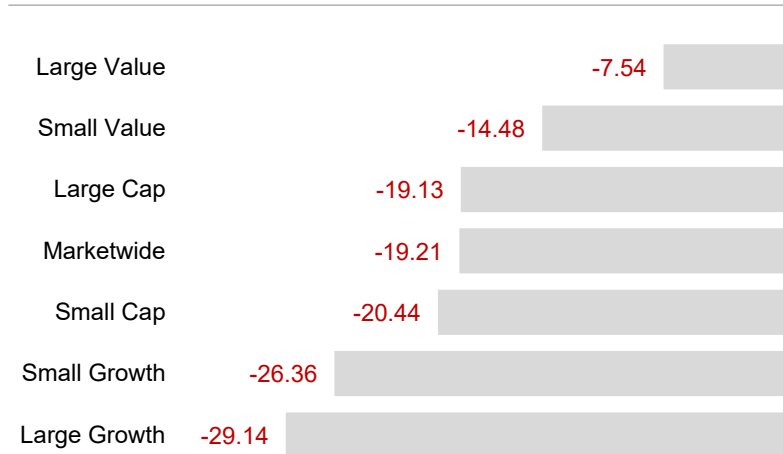
The US equity market posted negative returns for the year and underperformed non-US developed markets, but outperformed emerging markets.

Value outperformed growth.

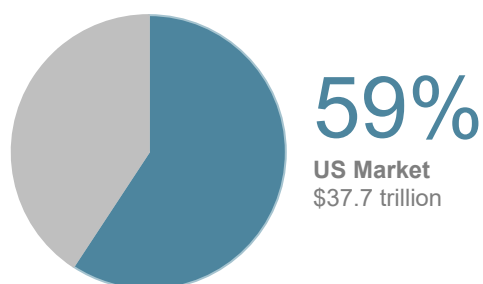
Small caps underperformed large caps.

REIT indices underperformed equity market indices.

Ranked Returns (%)



World Market Capitalization—US



Period Returns (%)

| Asset Class | 1 Year | Annualized | | |
|--------------|--------|------------|---------|----------|
| | | 3 Years | 5 Years | 10 Years |
| Large Value | -7.54 | 5.96 | 6.67 | 10.29 |
| Small Value | -14.48 | 4.70 | 4.13 | 8.48 |
| Large Cap | -19.13 | 7.35 | 9.13 | 12.37 |
| Marketwide | -19.21 | 7.07 | 8.79 | 12.13 |
| Small Cap | -20.44 | 3.10 | 4.13 | 9.01 |
| Small Growth | -26.36 | 0.65 | 3.51 | 9.20 |
| Large Growth | -29.14 | 7.79 | 10.96 | 14.10 |

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: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. 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.

International Developed Stocks

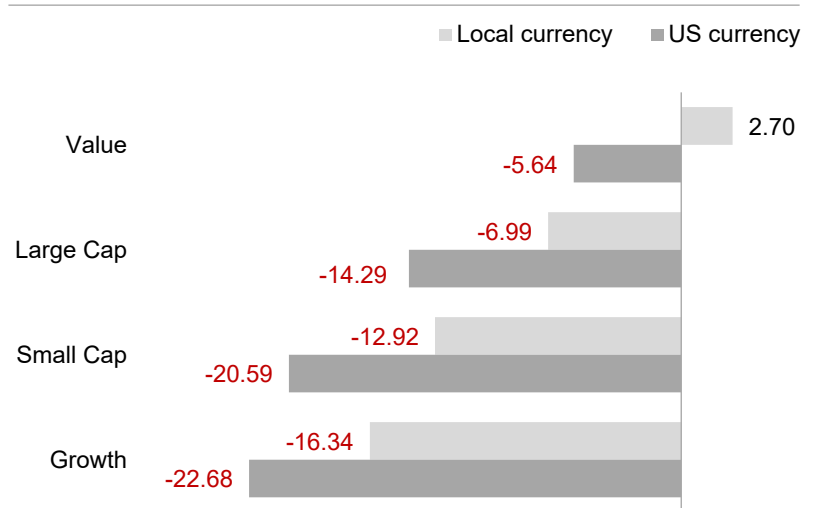
2022 index returns

Developed markets outside of the US posted negative returns for the year and outperformed both US and emerging markets.

Value outperformed growth.

Small caps underperformed large caps.

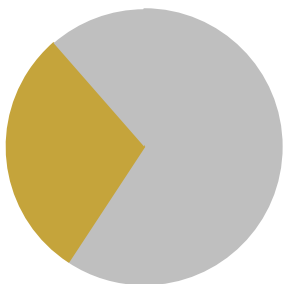
Ranked Returns (%)



World Market Capitalization— International Developed

29%

International
Developed Market
\$18.6 trillion



Period Returns (%)

| Asset Class | 1 Year | Annualized | | |
|-------------|--------|------------|---------|----------|
| | | 3 Years | 5 Years | 10 Years |
| Value | -5.64 | 1.13 | 0.56 | 3.55 |
| Large Cap | -14.29 | 1.27 | 1.79 | 4.59 |
| Small Cap | -20.59 | -0.15 | 0.45 | 5.77 |
| Growth | -22.68 | 0.71 | 2.56 | 5.35 |

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: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Emerging Markets Stocks

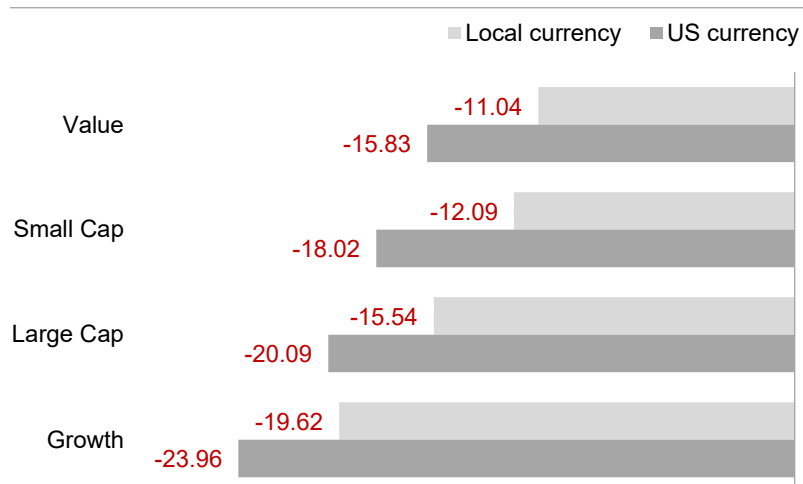
2022 index returns

Emerging markets posted negative returns for the year and underperformed both US and non-US developed markets.

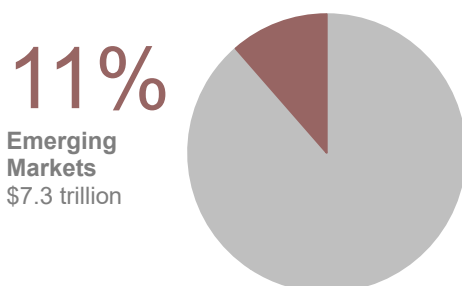
Value outperformed growth.

Small caps outperformed large caps.

Ranked Returns (%)



World Market Capitalization— Emerging Markets



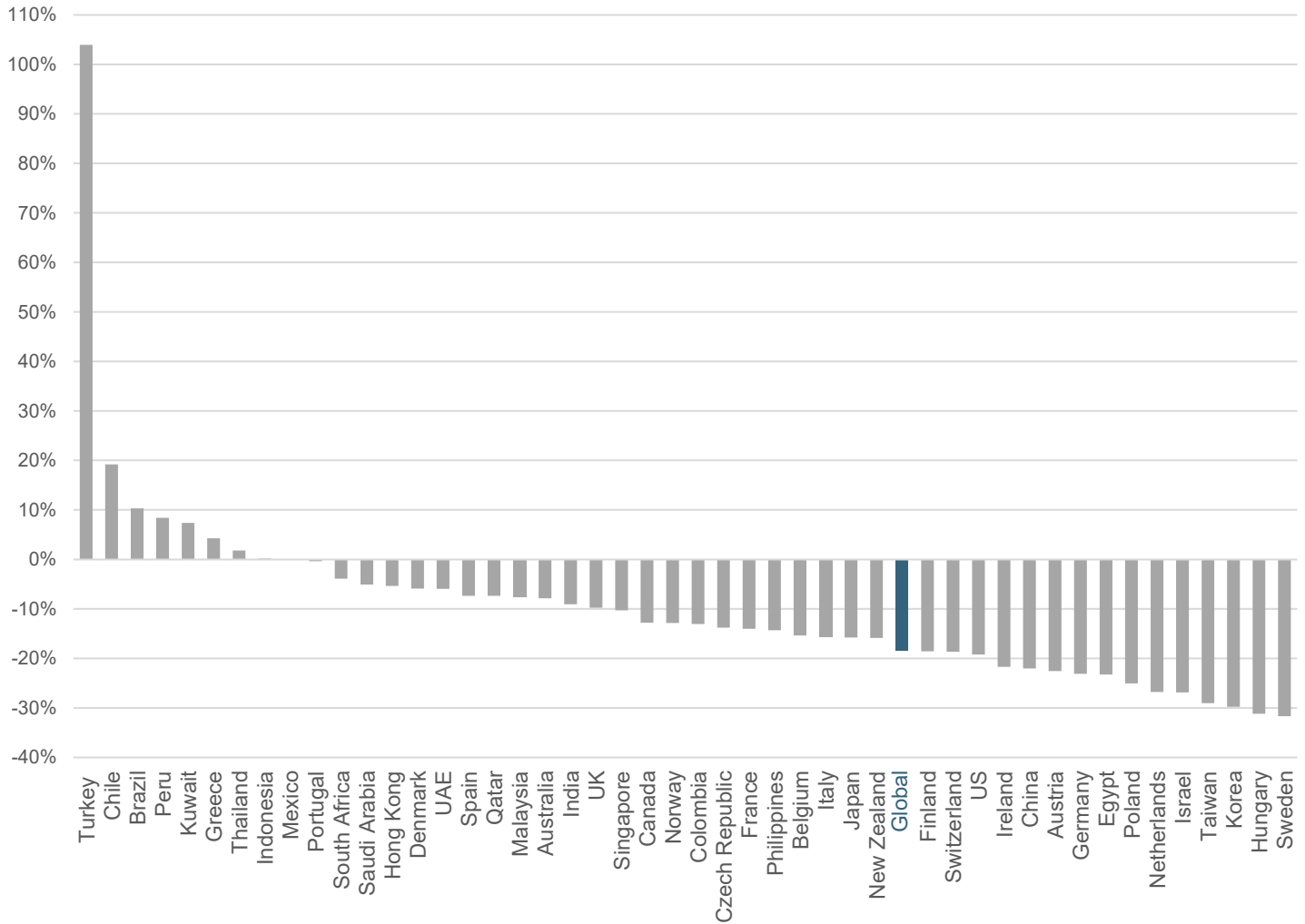
Period Returns (%)

| Asset Class | 1 Year | 3 Years | Annualized | |
|-------------|--------|---------|------------|----------|
| | | | 5 Years | 10 Years |
| Value | -15.83 | -2.62 | -1.59 | 0.06 |
| Small Cap | -18.02 | 5.11 | 1.06 | 3.21 |
| Large Cap | -20.09 | -2.69 | -1.40 | 1.44 |
| Growth | -23.96 | -2.93 | -1.33 | 2.68 |

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: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Country Returns

2022 index returns



Past performance is no guarantee of future results.

Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. 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.

Real Estate Investment Trusts (REITs)

2022 index returns

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

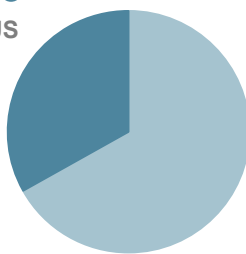
Ranked Returns (%)



Total Value of REIT Stocks

33%

World ex US
\$435 billion
298 REITs
(25 other countries)



67%

US
\$879 billion
112 REITs

Period Returns (%)

| Asset Class | 1 Year | Annualized | | |
|--------------------|--------|------------|---------|----------|
| | | 3 Years | 5 Years | 10 Years |
| Global ex US REITs | -22.56 | -7.77 | -2.13 | 1.61 |
| US REITs | -25.96 | -1.37 | 2.50 | 5.74 |

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 © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

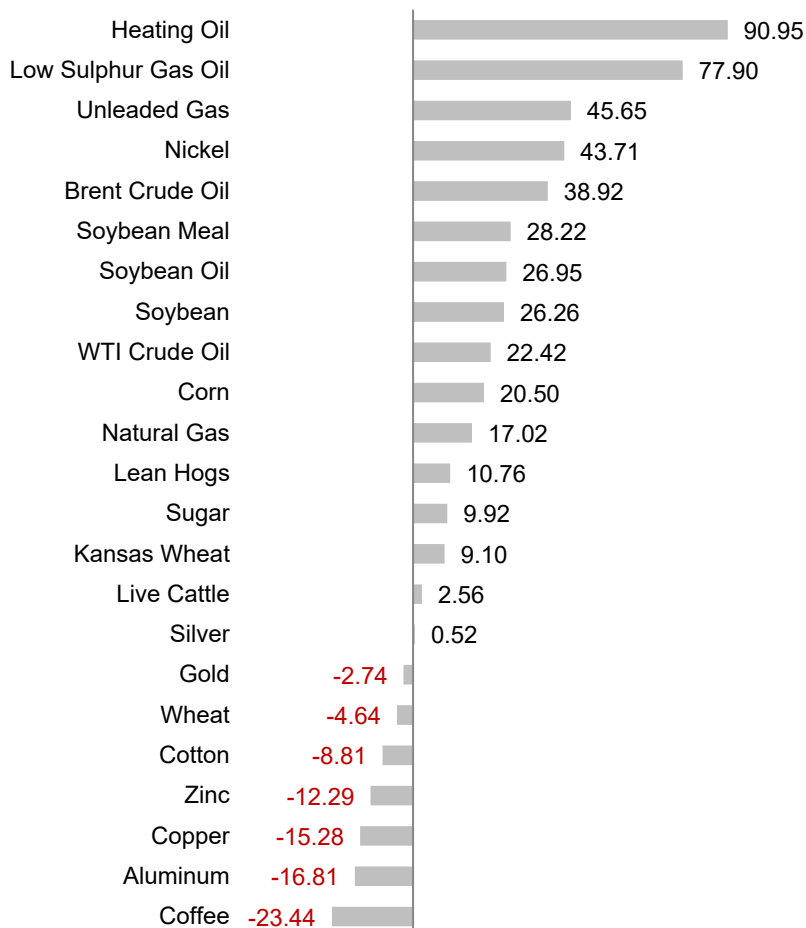
Commodities

2022 index returns

The Bloomberg Commodity Total Return Index returned +16.09% for the year.

Heating Oil and Low Sulphur Gas Oil were the best performers, returning +90.95% and +77.90% during the year, respectively. Coffee and Aluminum were the worst performers, returning -23.44% and -16.81% during the year, respectively.

Ranked Returns for Individual Commodities (%)



Period Returns (%)

| Asset Class | 1 Year | Annualized | | |
|-------------|--------|------------|---------|----------|
| | | 3 Years | 5 Years | 10 Years |
| Commodities | 16.09 | 12.65 | 6.44 | -1.28 |

Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Commodities returns represent the return of the Bloomberg Commodity Total Return Index. Individual commodities are sub-index values of the Bloomberg Commodity Total Return Index. Data provided by Bloomberg.

Fixed Income

2022 index returns

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

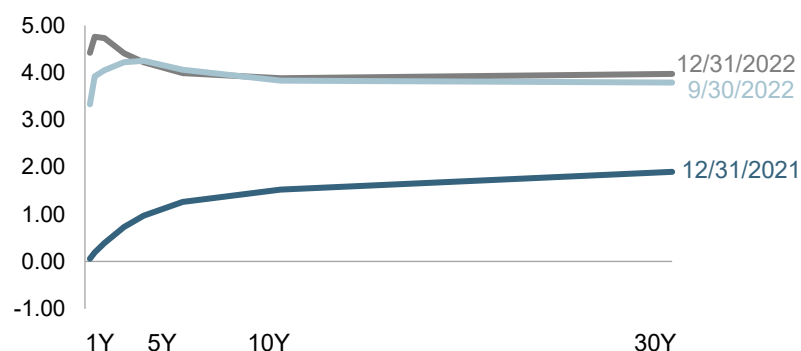
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 406 basis points (bps) to 4.12%, while the 1-Year US Treasury Bill yield increased 434 bps to 4.73%. The yield on the 2-Year US Treasury Note increased 368 bps to 4.41%.

The yield on the 5-Year US Treasury Note increased 273 bps to 3.99%. The yield on the 10-Year US Treasury Note increased 236 bps to 3.88%. The yield on the 30-Year US Treasury Bond increased 207 bps to 3.97%.

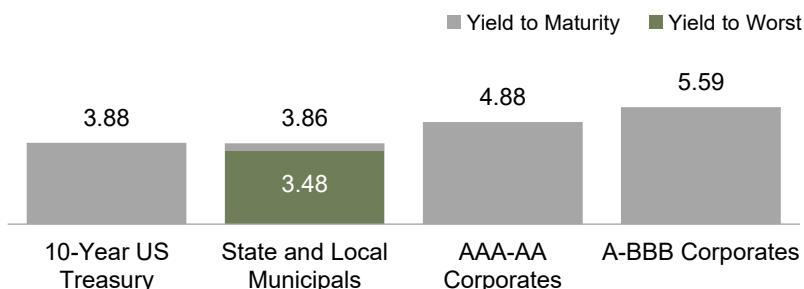
In terms of total returns, short-term US treasury bonds returned -5.47% while intermediate-term US treasury bonds returned -7.77%. Short-term corporate bonds returned -5.62% and intermediate-term corporate bonds returned -9.40%.¹

The total return for short-term municipal bonds was -3.17% and -6.01% for intermediate-term municipal bonds. Within the municipal fixed income market, general obligation bonds outperformed revenue bonds, returning -7.74% vs. -9.29, respectively.²

US Treasury Yield Curve (%)



Bond Yields Across Issuers (%)



Period Returns (%)

| Asset Class | Annualized | | | |
|--|------------|---------|---------|----------|
| | 1 Year | 3 Years | 5 Years | 10 Years |
| ICE BofA US 3-Month Treasury Bill Index | 1.46 | 0.72 | 1.26 | 0.76 |
| ICE BofA 1-Year US Treasury Note Index | -1.02 | 0.23 | 1.09 | 0.74 |
| FTSE World Government Bond Index 1-5 Years (hedged to USD) | -4.49 | -0.75 | 0.73 | 0.98 |
| Bloomberg Municipal Bond Index | -8.53 | -0.77 | 1.25 | 2.13 |
| FTSE World Government Bond Index 1-5 Years | -8.73 | -2.44 | -1.15 | -1.20 |
| Bloomberg U.S. High Yield Corporate Bond Index | -11.19 | 0.05 | 2.31 | 4.03 |
| Bloomberg U.S. TIPS Index | -11.85 | 1.21 | 2.11 | 1.12 |
| Bloomberg U.S. Aggregate Bond Index | -13.01 | -2.71 | 0.02 | 1.06 |
| Bloomberg U.S. Government Bond Index Long | -29.19 | -7.39 | -2.19 | 0.61 |

1. Bloomberg US Treasury and US Corporate Bond Indices

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&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2023 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2023 ICE Data Indices, LLC. S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Global Fixed Income

2022 yield curves

Interest rates generally increased within global developed markets for the year.

Realized term premiums were negative within global developed markets.

In Japan, except for ultra-short term interest rates, interest rates were positive. In Canada, the ultra-short-term segment of the yield curve inverted.

Changes in Yields (bps) since 12/31/2021

| | 1Y | 5Y | 10Y | 20Y | 30Y |
|-----------|-------|-------|-------|-------|-------|
| US | 430.2 | 274.3 | 233.8 | 221.9 | 205.8 |
| UK | 306.6 | 280.5 | 279.6 | 283.4 | 278.4 |
| Germany | 295.5 | 297.9 | 269.3 | 250.9 | 225.3 |
| Japan | 10.6 | 34.0 | 52.1 | 80.9 | 84.3 |
| Canada | 368.7 | 211.6 | 183.2 | 165.5 | 158.6 |
| Australia | 302.0 | 239.2 | 236.4 | 208.8 | 194.6 |

