MARKET UPDATE

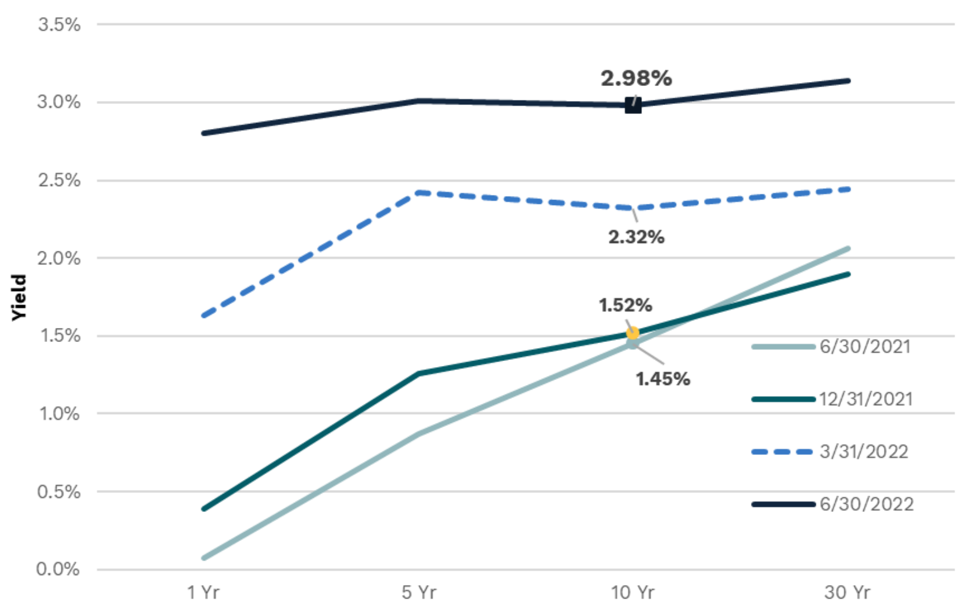
Global investment markets continued to push decidedly lower as inflationary pressures, and the corresponding policy response, dominated the market narrative. The US equity market, as measured by the S&P 500 Index, reported its worst first half (down over 20%) since 1962. Unfortunately for investors, bonds also had one of the worst first half starts to a year on record with a return of -10.4% (as measured by the Bloomberg US Aggregate bond index) which is the worst start to a year since the index's inception in 1973. Non-US markets have provided some relative relief though US investors have been pummeled by the headwinds of a stronger dollar. Chinese markets provided one of the few bright spots as prolonged lockdowns were lifted in some major cities. Fixed income markets pulled back over the period as the Fed announced a 75bps increase to their target rate with a growing likelihood of more aggressive measures on the horizon.

As we move into the second half of the year, we should start to see more signs that this rate-hiking cycle is accelerating an economic slowdown that was set to happen naturally as the pandemic receded. Our base case is for a tolerable landing, but recession risks have clearly risen. Raising rates enough, but not too much, is a tricky balancing act that has eluded central banks historically.

MARKET SUMMARY – Short- and Long-Term Index Returns

Investors grappled with a myriad of economic and geopolitical pressures to begin the year. Against that backdrop, the US stock market, as measured by the Russell 3000 Index, declined 16.7% in the quarter and is down 21.1% year-to-date. Emerging markets outpaced developed markets, large cap narrowly bested small cap and value notably outperformed their growth brethren.

As a result of higher inflation, the Fed has been under pressure to stabilize prices. Fixed income investors took note of the Federal Reserve's recent actions as interest rates moved higher across all maturities during the period. The US yield curve flattened as the 10-Year Treasury Yield ended the quarter at 2.98%, 66 basis points higher. The upward move in interest rates, coupled with widening credit spreads, pushed bond prices lower. The broad fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, dropped -4.7%, and is now down 10.4% year-to-date.



PERFORMANCE SNAPSHOT

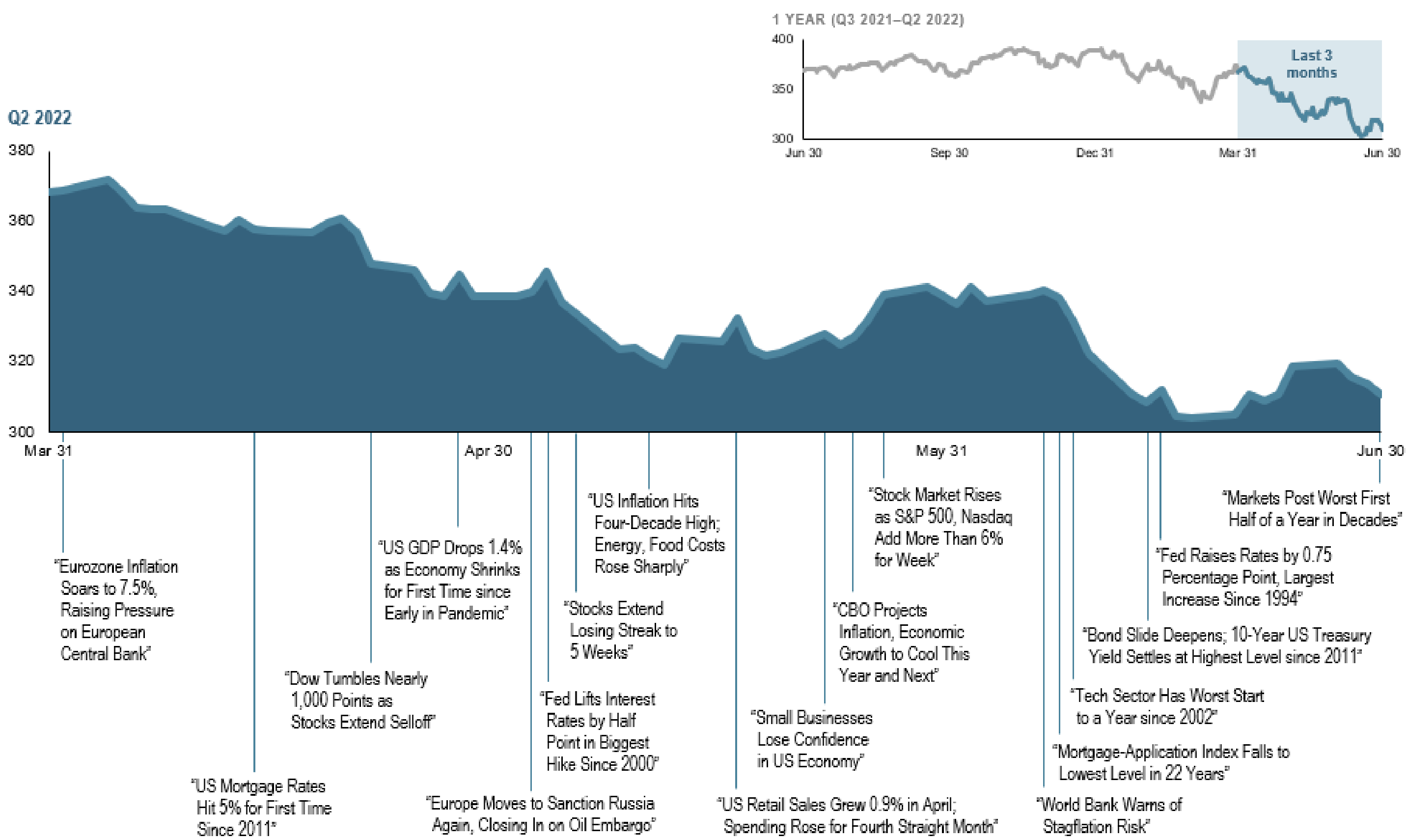
	US Stock Market	International Developed Stocks	Emerging Market Stocks	Global Real Estate	US Bond Market	Global Bond Market ex-US
Q2 2022	-16.70%	-14.66%	-11.45%	-17.22%	-4.69%	-4.01%
1 Year	-13.87%	-16.76%	-25.28%	-10.61%	-10.29%	-7.75%
5 Year	10.60%	2.66%	2.18%	2.79%	0.88%	1.30%
10 Year	12.57%	5.37%	3.06%	5.15%	1.54%	2.66%

Index performance is provided as a benchmark. It is not illustrative of any particular investment. An investment cannot be made in an index. Past performance is not an indication of future results. Russell 3000 Index, MSCI World ex USA Index, MSCI Emerging Markets Index, S&P Global REIT Index, Bloomberg Aggregate Bond Index and Bloomberg Global Aggregate Bond Index ex-US. Returns as of 6/30/2022

ECONOMY

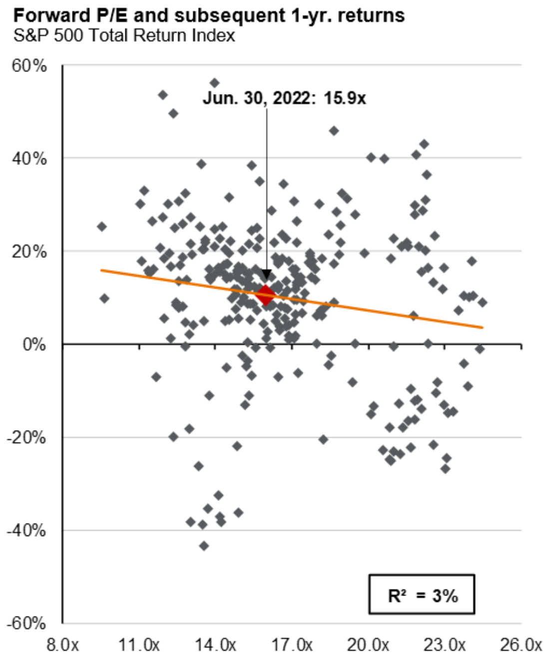
U.S. economy faltered with US GDP declining 1.6% in the first quarter of 2022 led by strength in private inventories. Despite the economic disruption wrought by yet another COVID variant, the job market remained resilient with unemployment falling to 3.6%. Inflation remains on the minds of many investors as the Consumer Price Index (CPI) rose 8.6%, the strongest annual growth since the 1980s. The index was materially influenced by energy prices.

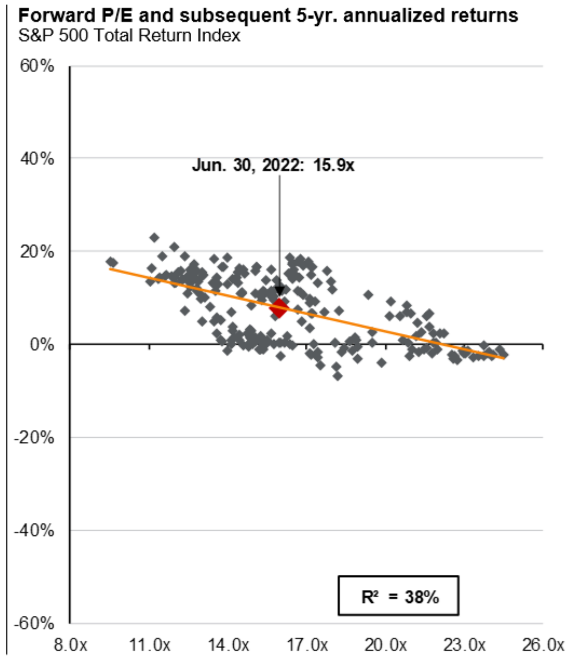
WORLD STOCK MARKET PERFORMANCE – Selected headlines from the past 3 months



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.

VALUATIONS MATTER – Short-term and longer-term outlook encouraging. At current valuations, the typical go-forward result is positive, especially over longer time periods.

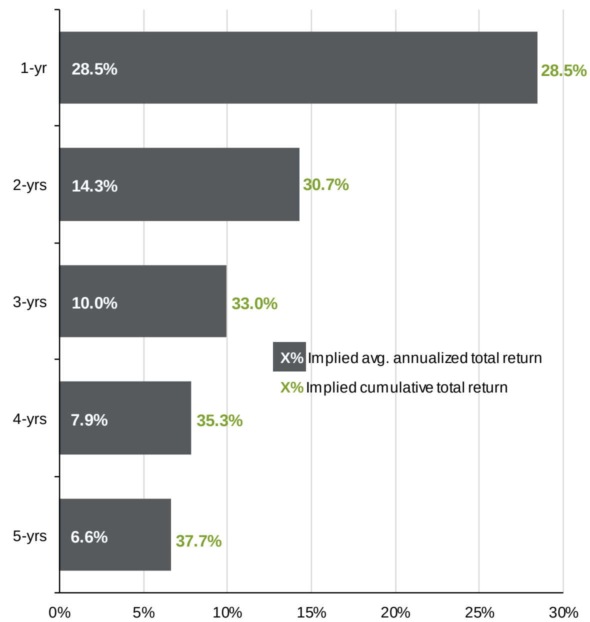




Source: FactSet, Refinitiv Datastream, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Returns are 12-month and 60-month annualized total returns, measured monthly, beginning 5/31/97. R^2 represents the percent of total variation in total returns that can be explained by forward price-to-earnings ratios. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since January 1997 and by FactSet since January 2022. Guide to the Markets – U.S. Data are as of June 30, 2022.

SCENARIO – Now what? With the market officially falling into a Bear market, it's important to put the returns needed to recover and the typical duration of these market wobbles into context.

Return needed to reach January 2022 peak
Current S&P 500 peak is 4797



Bull markets			Bear markets		
Bull begin date	Bull return	Duration (months)	Market peak	Bear return*	Duration (months)*
Jul 1926	152%	37	Sep 1929	-86%	32
Mar 1935	129%	23	Mar 1937	-60%	61
Apr 1942	158%	49	May 1946	-30%	36
Jun 1949	267%	85	Aug 1956	-22%	14
Oct 1960	39%	13	Dec 1961	-28%	6
Oct 1962	76%	39	Feb 1966	-22%	7
Oct 1966	48%	25	Nov 1968	-36%	17
May 1970	74%	31	Jan 1973	-48%	20
Mar 1978	62%	32	Nov 1980	-27%	20
Aug 1982	229%	60	Aug 1987	-34%	3
Oct 1990	417%	113	Mar 2000	-49%	30
Oct 2002	101%	60	Oct 2007	-57%	17
Mar 2009	401%	131	Feb 2020	-34%	1
Mar 2020	114%	21	Jan. 2022**	-24%	5
Averages	**162%**	**51**	**-**	**-41%**	**20**

*Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. (Right) The current peak of 4797 was observed on January 3, 2022. The current market level as of June 30, 2022 is 3785. (Left) *A bear market is defined as a 20% or more decline from the previous market high. The related market return is the peak to trough return over the cycle. Bear and bull returns are price returns. **The bear market beginning in January 2022 is currently ongoing. The "bear return" for this period is from the January 2022 market peak through the current trough. Averages for the bear market return and duration do not include figures from the current cycle. Guide to the Markets – U.S. Data are as of June 30, 2022*