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FINANCIAL RESERVE

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The background of the slide features a warm, orange-to-yellow gradient. Overlaid on this gradient is a faint, semi-transparent image of a group of people. Several individuals are visible, with their hands raised in the air, suggesting a positive, interactive, or celebratory atmosphere. The image is slightly blurred, emphasizing the overall mood rather than specific details.

Questions
Welcome

Today's Agenda



REVIEW OF THE FIRST HALF:
U.S. MARKETS



A CLOSER LOOK: WHAT DROVE
U.S. EQUITY MARKET
PERFORMANCE



SECOND-HALF OUTLOOK:
MARKET FORCES

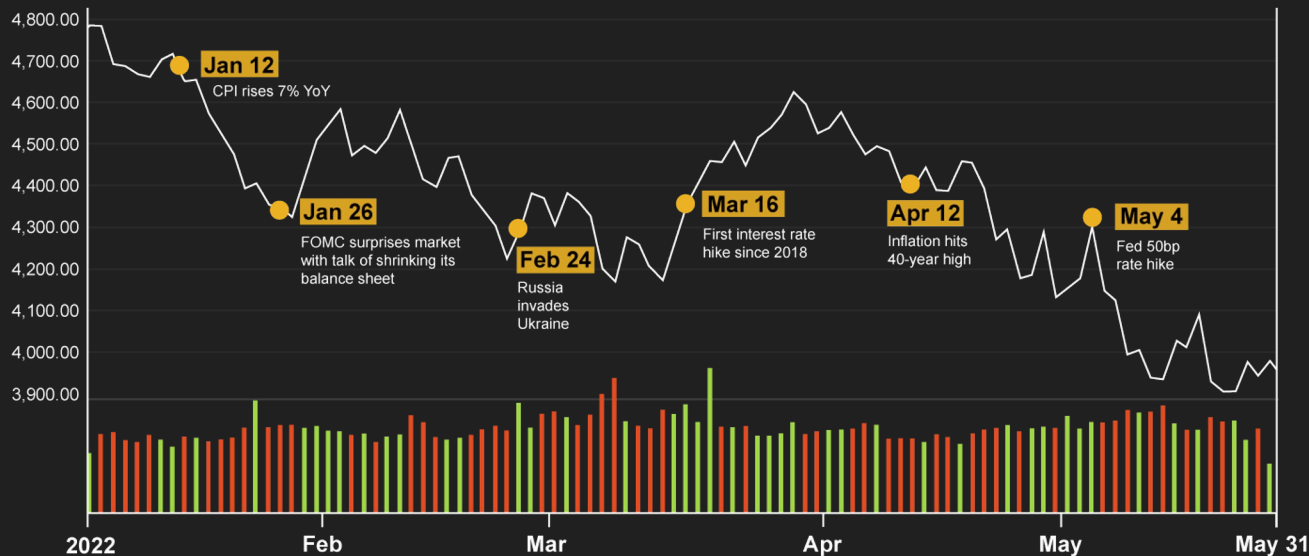


REVIEW OF THE FIRST HALF: U.S. Markets

Review of the First Half: U.S. Markets

The S&P 500 Composite Index is an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. And the return and principal value of stock prices will fluctuate as market conditions change. Shares, when sold, may be worth more or less than their original cost.

S&P 500 Performance through May 2022



2022 Forecast: S&P 500

The S&P 500 closed at
**4,766 on December
31, in 2021**

FIRM	2022 S&P 500 TARGET
Morgan Stanley	4,400
UBS	4,850
Wells Fargo	5,200
BoA Global Research	4,500
RBC	5,050
Goldman Sachs	4,300
GROUP AVERAGE	4,633

*Forecasts are based on assumptions and subject to revisions over time. Financial, economic, political, and regulatory issues may cause the actual results to differ from the expectations expressed in the forecast.



A CLOSER LOOK:

What Drove U.S. Equity Market Performance



Economic and Financial Indicators

January 2012

- POSITIVE IMPACT ON INVESTMENT
- NEUTRAL IMPACT ON INVESTMENT
- NEGATIVE IMPACT ON INVESTMENT

INDICATORS REFLECT FORECASTS OF A
3- TO 6-MONTH TIME HORIZON





Economic and Financial Indicators

January 2022

- POSITIVE IMPACT ON INVESTMENT
- NEUTRAL IMPACT ON INVESTMENT
- NEGATIVE IMPACT ON INVESTMENT

INDICATORS REFLECT FORECASTS OF A
3- TO 6-MONTH TIME HORIZON





Economic and Financial Indicators

May
2022

- POSITIVE IMPACT ON INVESTMENT
- NEUTRAL IMPACT ON INVESTMENT
- NEGATIVE IMPACT ON INVESTMENT

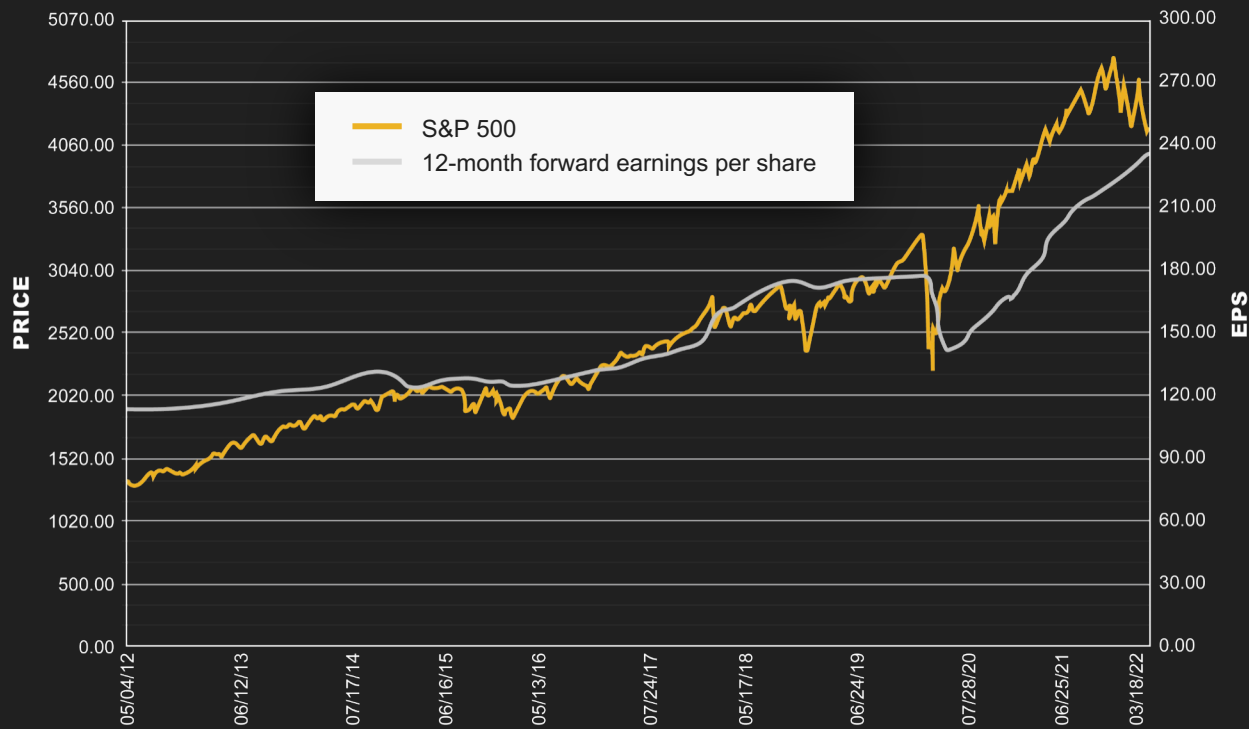
INDICATORS REFLECT FORECASTS OF A
3- TO 6-MONTH TIME HORIZON



Corporate Earnings: A Driver of Stock Prices

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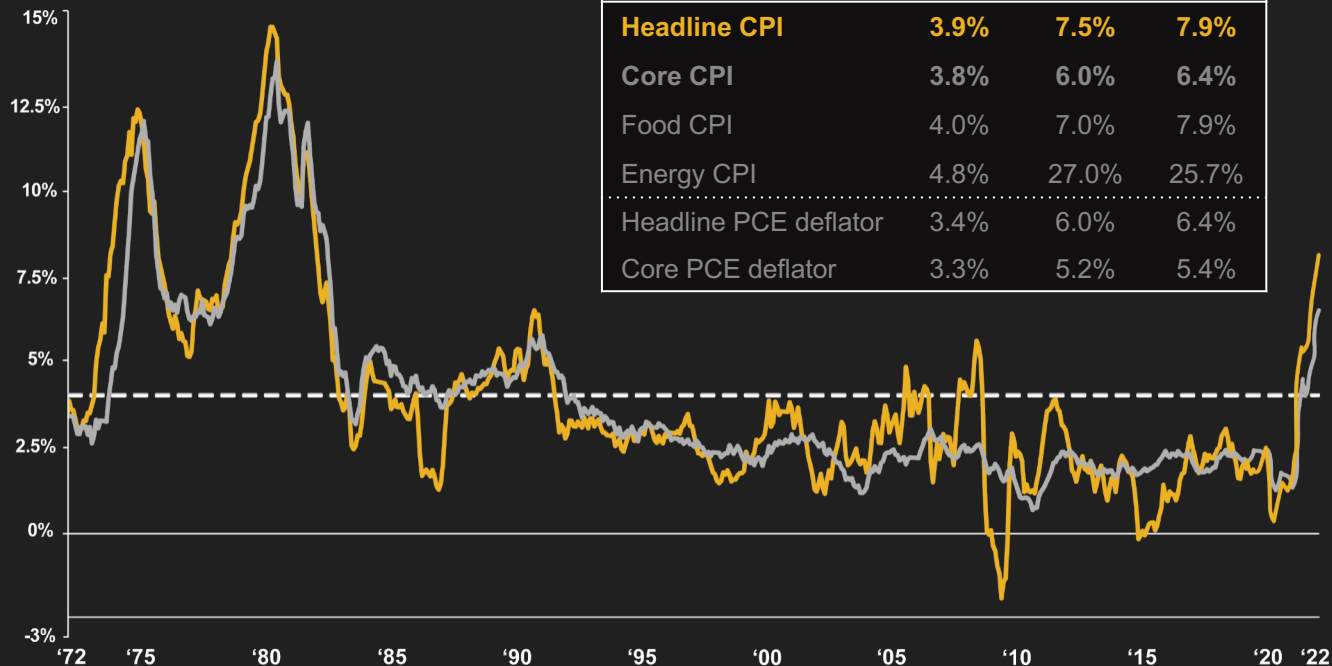
Changes in S&P 500 performance and the 12-month forward earnings per share (EPS)



Inflation Trend

CPI and Core CPI

% change vs. prior year, seasonally adjusted

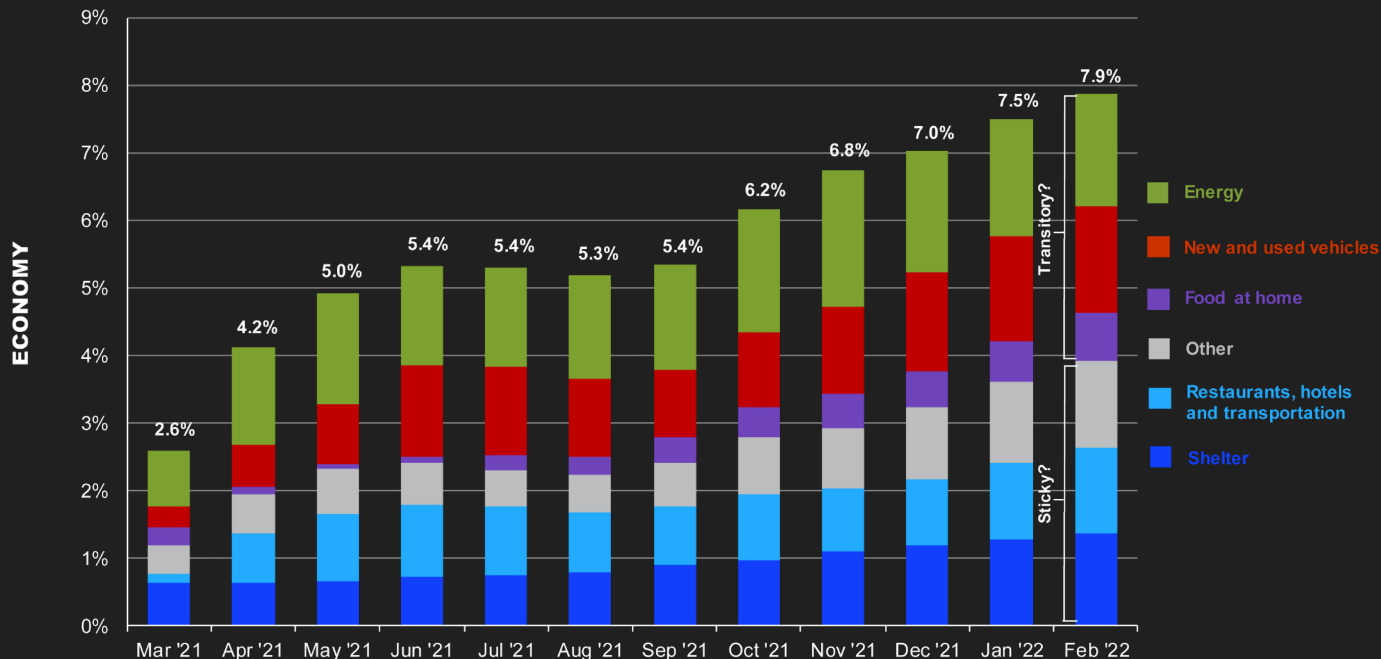




Components of Inflation

Contributors to Headline Inflation

Contribution to y/y % change in CPI, non seasonally adjusted



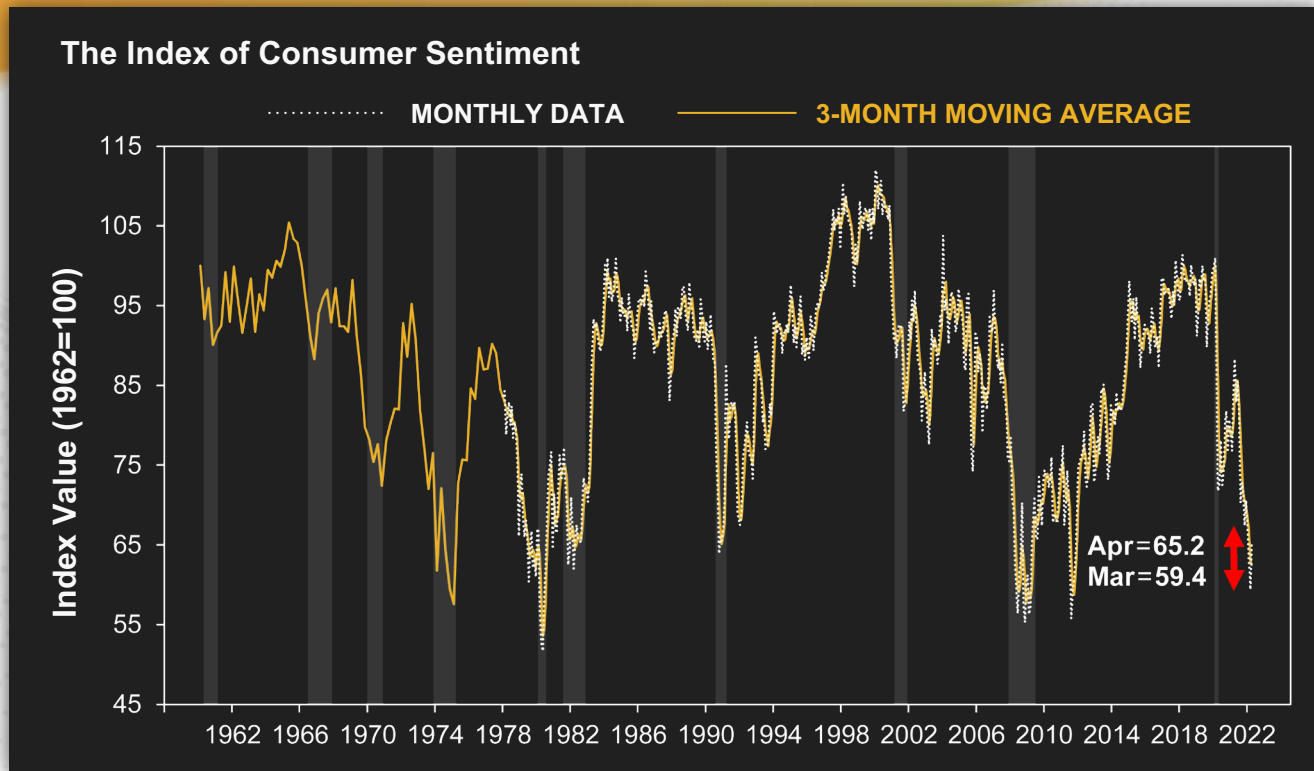
Labor Market

Civilian
unemployment rate
and year-over-year
wage growth for
private production
and non-supervisory
workers.





Consumer Sentiment

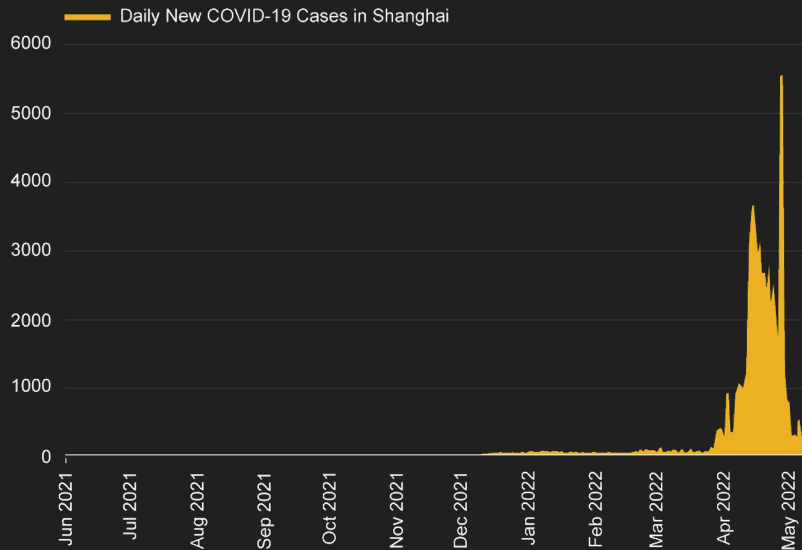




China Weighs on Markets

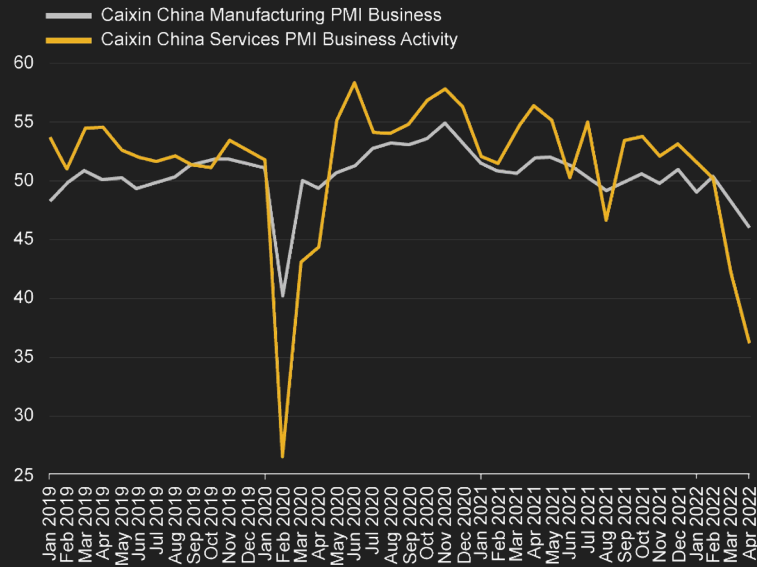
Daily New COVID-19 Cases in Shanghai

Cases accelerated during April before slowing in early May.



China's Economic Activity

As lockdown fears loomed, two of China's economic indicators accelerated lower in February 2022.





Economic Impact of Russian Invasion

- **Higher energy costs**
- **Further stress in global supply chains**
- **Higher food costs**
- **Lower economic growth**
- **Unsettled global economic order**



Potential Headlines





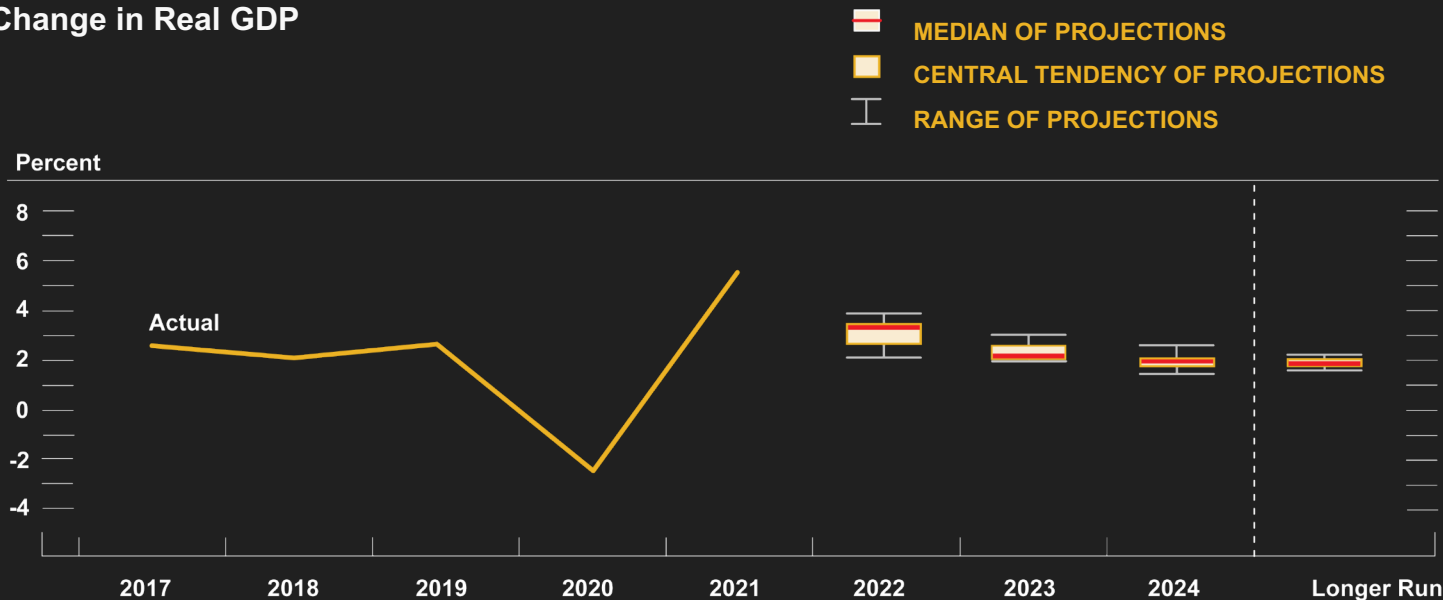
SECOND-HALF OUTLOOK:

Market Forces



U.S. Gross Domestic Product

Change in Real GDP



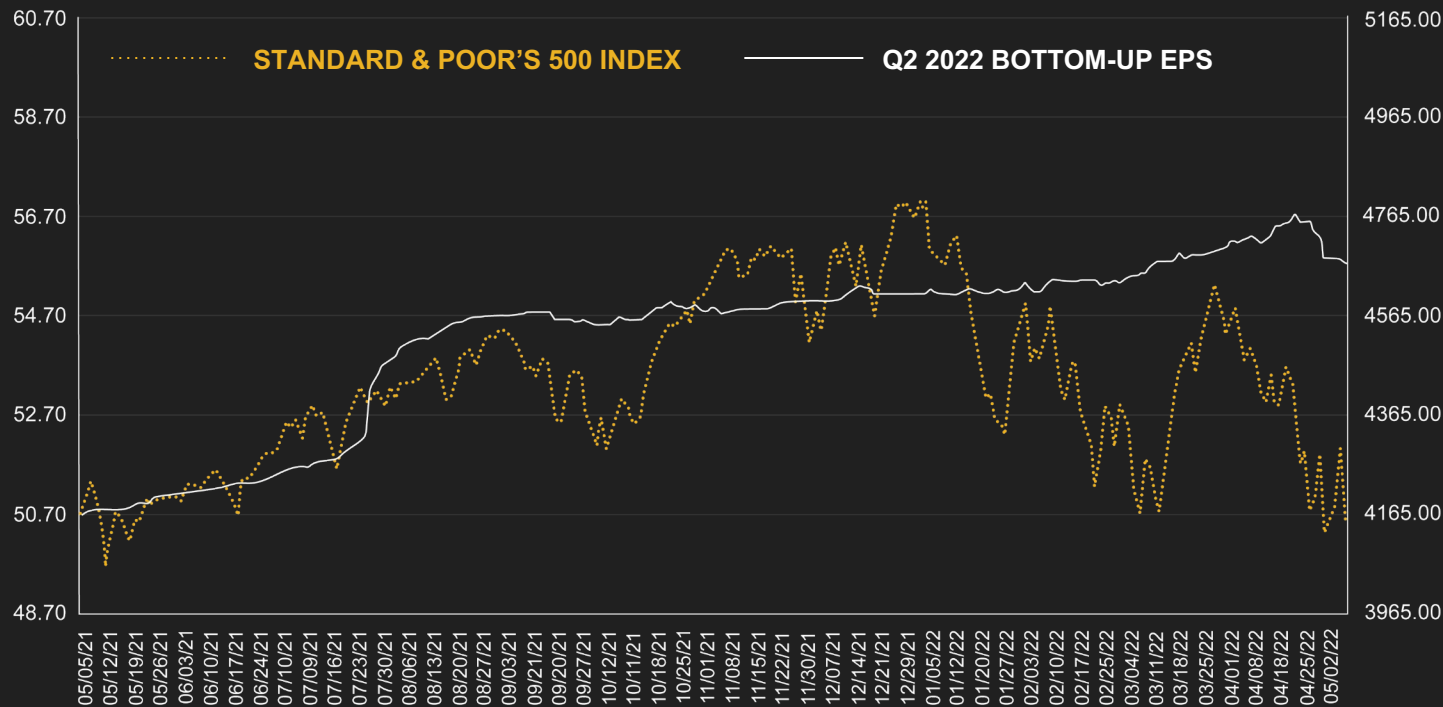
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Market Strategists

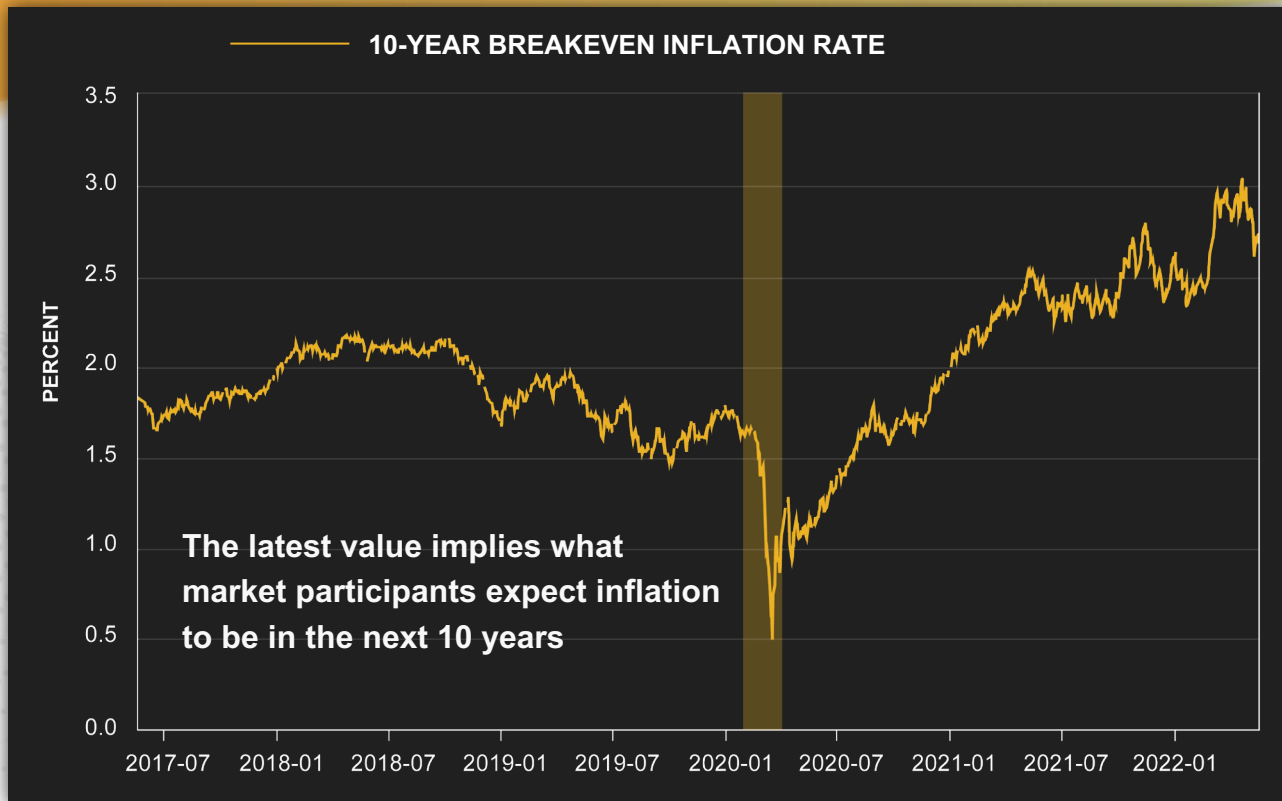
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S&P 500 Q2 2022 Bottom-up EPS: 1-Year





Inflation Expectations





What's Ahead for Short-Term Rates?

The Federal Reserve Open Market Committee has the following meetings scheduled:

- **July 26–27**
- **September 20–21**
- **November 1–2**
- **December 13–14**



Bond Yield



Bond Price



The market value of a bond will fluctuate with changes in interest rates. As bond prices fall, the yield typically rise. If an investor sells a bond before maturity, it may be worth more or less than the initial purchase price. By holding a bond to maturity, an investor will receive the interest payments due, plus the original principal, barring default by the issuer. Investments seeking to achieve higher yields also involve a higher degree of risk. Certain call or special redemption features may exist that could impact yield. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

STAY FOCUSED ON

The Fundamentals

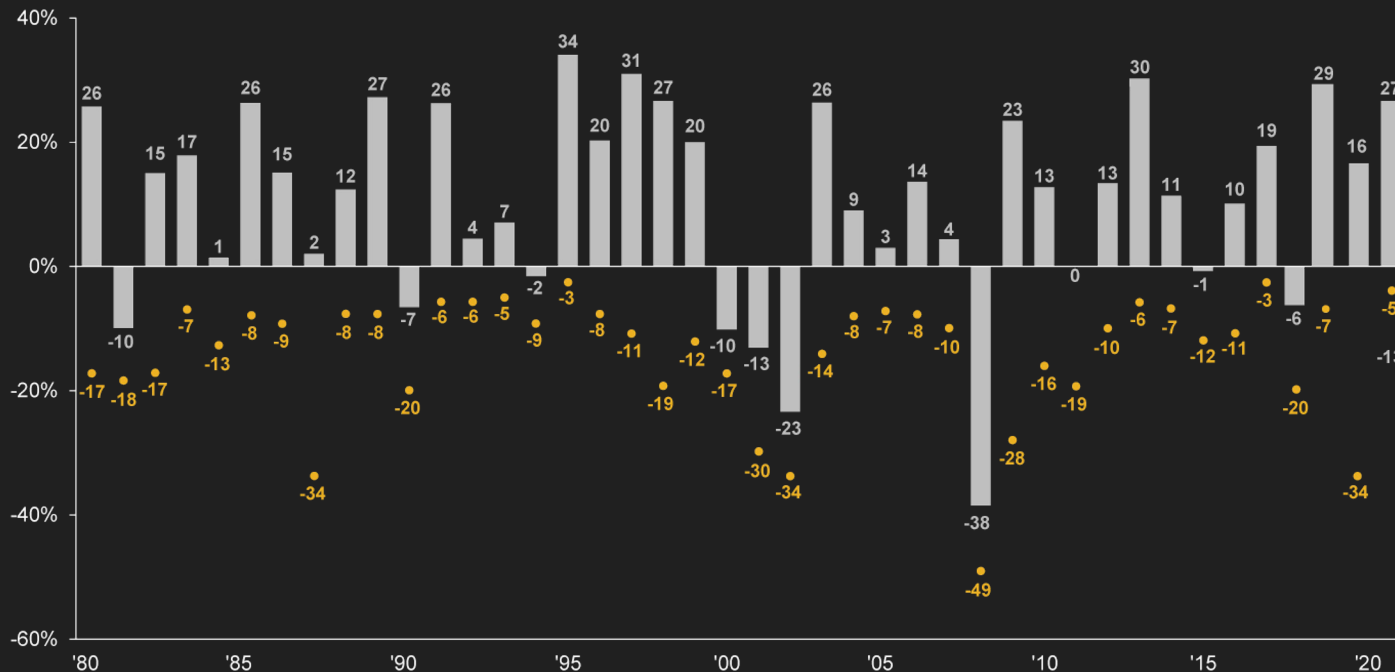


Annual Returns and Intra-Year Declines

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S&P 500 Intra-Year Declines vs. Calendar Year Returns

Despite average intra-year drops of 14.3% annual returns positive in 31 of 41 years





Tune Out the Noise

By staying fully invested over the past 15 years, you would have earned \$24,753 more than someone who missed the market's 10 best days.



Data is historical. Past performance is not a guarantee of future results. Started with a \$10,000 investment on January 2, 2006.

The background is a soft-focus image of a person's hand holding a pen, set against a warm, orange-toned backdrop. The hand is positioned on the right side of the frame, with the pen held between the fingers. The overall aesthetic is clean and professional, with a focus on the text.

Your **Questions**

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The background is a dark, textured surface with wavy, golden-yellow dots that create a sense of depth and movement. Three bright, circular spots of light are scattered across the scene: one on the left, one on the right, and one near the bottom center.

Until
Next Time!