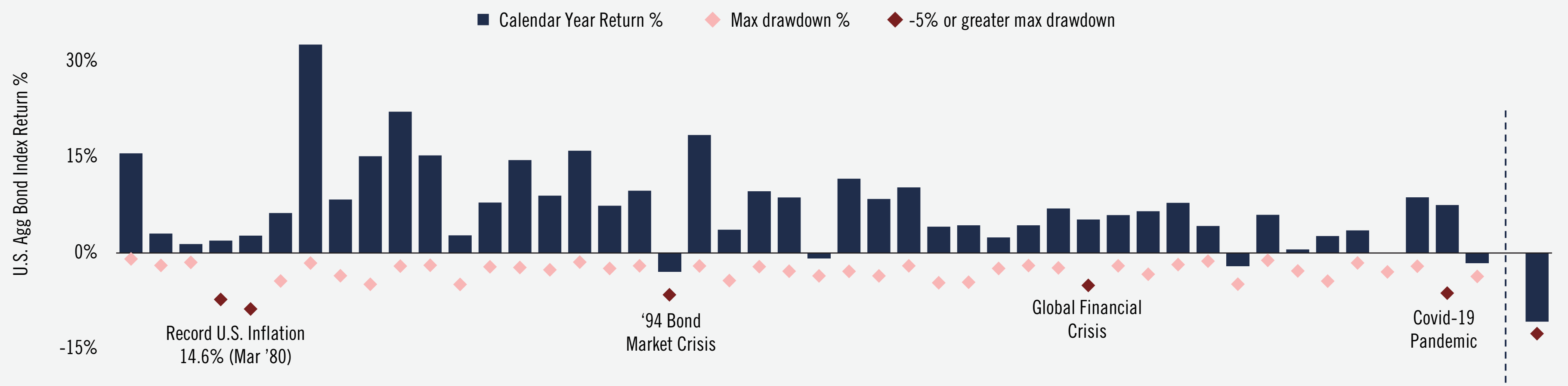
PUTTING RECENT BOND MARKET VOLATILITY IN PERSPECTIVE

MARKET VOLATILITY TIP

Recent volatility across the bond market may be creating anxiety for investors. It is important for investors to keep a long-term perspective and to remember that over the last 46+ years, bonds have delivered positive total returns in 91% of the calendar years.

- As seen in the chart below, the Bloomberg U.S. Aggregate Bond Index "U.S. Agg Index" has delivered positive total returns in 42 of 46 calendar years (1976 to 2021). However, year-to-date, the U.S. Agg Index has experienced significant volatility, with a total return of -10.8% through August 2022. To put this in perspective, the worst calendar year return for the U.S. Agg Index was -2.9%, which occurred in 1994.
- Additionally, from 1976 to 2021, the U.S. Agg Index experienced an intra-year max drawdown of -5% or worse in five calendar years. In four of those five years, the U.S. Agg Index ended the full calendar year with a positive total return, with the only negative year occurring in 1994 (-2.9%).

BLOOMBERG U.S. AGGREGATE BOND INDEX CALENDAR YEAR RETURNS AND INTRA-YEAR MAX DRAWDOWNS (1976-2022)



	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98
Calendar Year %	15.6	3.0	1.4	1.9	2.7	6.2	32.6	8.4	15.1	22.1	15.3	2.8	7.9	14.5	9.0	16.0	7.4	9.7	-2.9	18.5	3.6	9.7	8.7
Max Drawdown %	-0.9	-1.9	-1.5	-7.3	-8.8	-4.4	-1.6	-3.5	-4.9	-2.0	-1.9	-4.9	-2.1	-2.3	-2.6	-1.4	-2.4	-2.0	-6.6	-2.0	-4.3	-2.1	-2.8

	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	YTD '22
Calendar Year %	-0.8	11.6	8.4	10.3	4.1	4.3	2.4	4.3	7.0	5.2	5.9	6.5	7.8	4.2	-2.0	6.0	0.5	2.6	3.5	0.0	8.7	7.5	-1.5	-10.8
Max Drawdown %	-3.6	-2.8	-3.6	-2.0	-4.6	-4.6	-2.4	-2.0	-2.3	-5.1	-2.0	-3.3	-1.8	-1.3	-4.9	-1.1	-2.8	-4.4	-1.5	-2.9	-2.1	-6.3	-3.7	-12.6

Source of return and intra-year max drawdown data: Morningstar as of 8/31/2022. Intra-year max drawdown is defined as the maximum observed loss from a peak to a trough of the U.S. Agg Index, before a new peak is attained during each respective calendar year. From 1976 through 1988, peak to trough intra-year max drawdown data was calculated monthly data. From 1989 through current period, peak to trough intra-year max drawdown data was calculated daily data. All indexes are unmanaged. An investment cannot be made directly in an index. Source of Inflation data: Federal Reserve as of 8/31/2022, inflation represented by headline CPI. **Past performance is no guarantee of future results.**

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Indices are unmanaged and an investment cannot be made directly in an index.

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