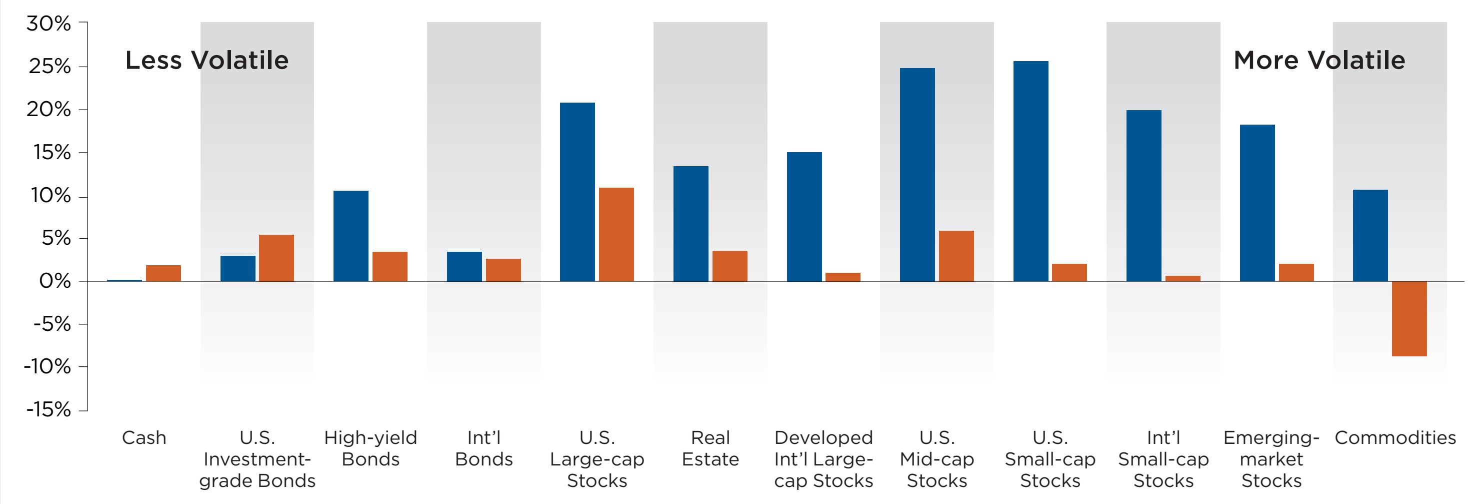
Asset Class Performance



Source: Morningstar Direct, 6/30/2020. Cash represented by the Barclays U.S. Treasury Bellwethers 3Mon Index. U.S. investment-grade bonds represented by the Barclays U.S. Aggregate Bond Index. High-yield bonds represented by the Barclays U.S. HY 2% Issuer Cap Index. International bonds represented by the Barclays Global Aggregate Ex U.S. Index. U.S. large-cap stocks represented by the S&P 500 Index. REITs represented by the FTSE NAREIT All Equity REITs Index. Developed international large-cap stocks represented by the MSCI EAFE NR Index. U.S. mid-cap stocks represented by the Russell Mid Cap Index. U.S. small-cap stocks represented by the Russell 2000 Index. International small- and mid-cap stocks represented by the MSCI EAFE Small-cap Index. Emerging-market stocks represented by the MSCI EM Index. Commodities represented by the S&P GSCI Index. Past performance does not guarantee future results. An index is unmanaged and is not available for direct investment.

QUARTERLY MARKET OUTLOOK: **THIRD QUARTER 2020**

Second Quarter in Review

Investment markets rebounded in Q2, with stocks outpacing bonds amid a sharp rally following the pandemic-driven sell-off. Sizable policy responses prompted markets to shift their sights toward the reopening of the economy and the rebound in consumer and business spending. While a sustained expansion will take shape, in our view, equities will likely proceed in a choppier fashion than experienced the past few months.

Strongest quarter in more than two decades – U.S. large-cap equities gained 20% from April through June, the best quarter since 1998 and the fourth-best in the past 70 years, putting the market 40% above the March lows at the halfway mark of 2020. Looking back at quarters with a gain of more than 15%, the average return in the next quarter was 7%.* While there is no guarantee that the worst is behind us or that history will repeat itself, since 1950, every instance in which the stock market rose more than 30% from a bear market low turned out to be the beginning of a bull market.

Policy and progress spark a turnaround – A historic spike in unemployment and an economic shutdown prompted unprecedented support from the Federal Reserve and the federal government, including the largest fiscal rescue program since the 1930s. These actions, in combination with incremental progress related to the health care crisis, shifted the market's sights to the reopening of the economy and a rebound in corporate profits.

Higher-volatility, economically sensitive areas led the way – All 12 asset classes in our diversified portfolio framework logged positive returns in Q2, with the more cyclical investments leading the way. This showed up in the outperformance of small-cap equities as well as leadership from the technology and consumer discretionary sectors. Bonds posted modest gains as longer-term interest rates remained near historic lows.

▶ *Action for Investors*

Performance in the first half of 2020 highlights the importance of a long-term perspective, diversification and a disciplined strategy. We anticipate greater volatility as we advance this year, so consider opportunities for proactive rebalancing and enhanced diversification within both equity and fixed-income allocations.

*Source: FactSet, S&P 500 Total Return Index, Edward Jones calculations since 1970. The S&P 500 Total Return Index is unmanaged and is not available for direct investment. Past performance of the market is not a guarantee of what will happen in the future.

Rebalancing and diversification do not ensure a profit or protect against loss.

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