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May Market Volatility Update

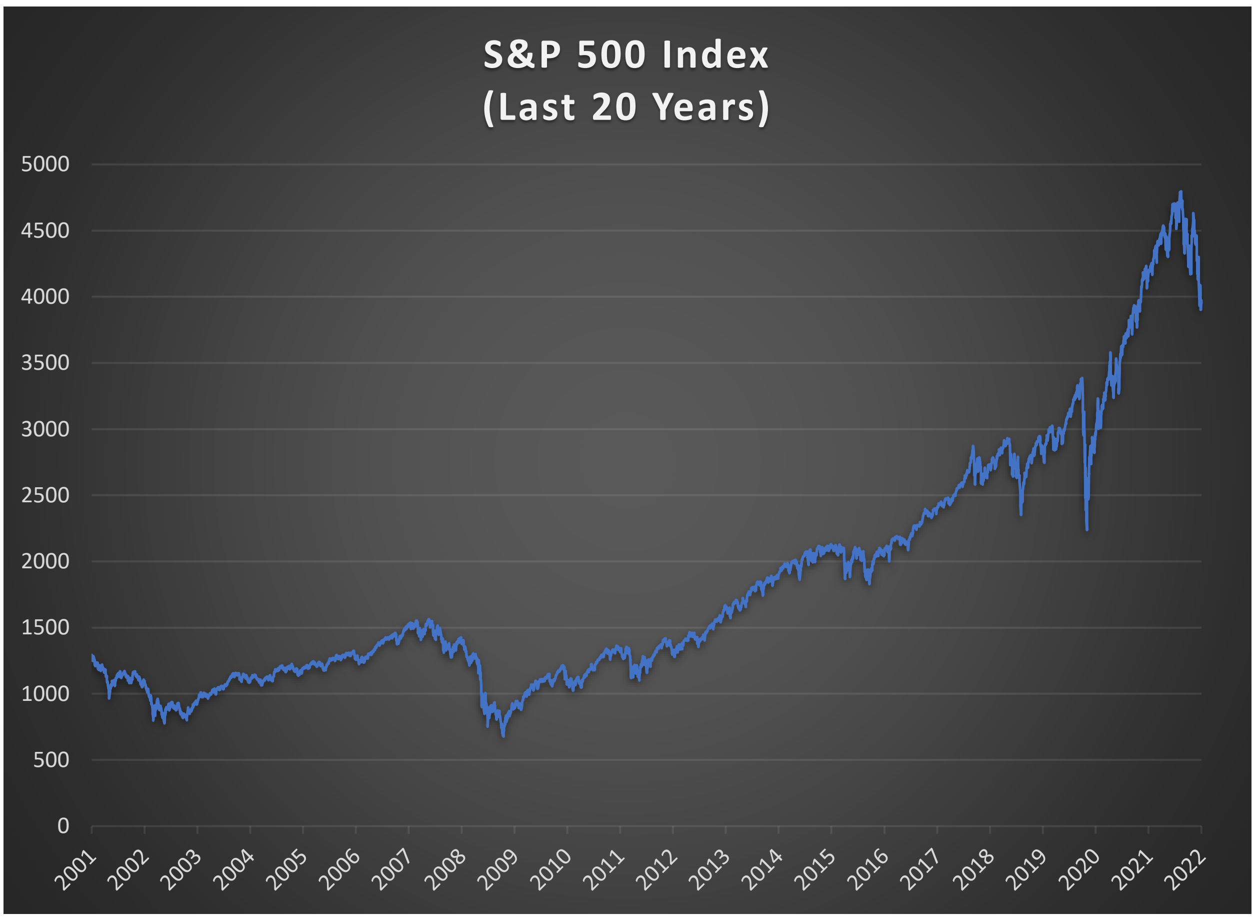
2022 continues to be a challenging year for financial markets. As of last Friday, the S&P 500® Index logged its seventh straight weekly decline (its longest since 2001), while the Dow Jones Industrials Index capped an eight-week losing streak for the first time since 1923. The NASDAQ is currently in bear market territory, down over 20% from its November 2021 peak, and U.S. bonds, represented by the Bloomberg Barclays U.S. Aggregate Bond Index, are down over 9% year-to-date. Setbacks like this occur periodically in the markets and can be caused by a variety of reasons. In our opinion, the current correction is mostly due to the high level of market uncertainty. In our last quarterly update, we highlighted the challenge the Federal Reserve (the "Fed") is facing in their effort to combat high levels of inflation by raising rates, while also trying to avoid a recession. In 2021, the economy grew at a robust 5.7% as measured by Gross Domestic Product (GDP). This pace of economic growth is expected to slow considerably in 2022 due to waning fiscal stimulus and heightened inflationary pressures. While we believe that inflation in the U.S. has likely peaked, it appears that it will take much longer than expected to fall to more acceptable levels. The economic fallout from the war in Ukraine continues to have an impact on the prices of goods (specifically energy and food), and as of this writing, the conflict in Ukraine does not appear to be near a resolution. As such, investors are expecting the Fed to keep raising interest rates against the backdrop of a slowing economy, significantly increasing the possibility of a recession. The longer these inflationary pressures last, the less clear the outlook for the economy becomes.

When Will Markets Bottom?

What we have witnessed is a continuous and orderly market decline over the past four plus months. Technical indicators that we look at suggest that we are moving closer to a bottom, but we don't believe we are there yet, as none of these data points are at extremes typically seen at a bottom. Bond yields have begun to come down in the past two weeks as investors assess the increasing likelihood of a slowdown or recession. This is a welcome sign that maybe we are closer to a more "normal" investment environment, as bonds have historically outperformed when equity markets correct. We believe the path of least resistance for equity markets will be lower until the Fed reverses course on tightening monetary policy and raising rates. Back in the fourth quarter of 2018, the Fed quickly changed its policy stance (from tightening financial conditions to loosening them) after the S&P 500 fell 19.7%. Unfortunately, the Fed cannot quickly change its current policy stance due to today's inflationary environment. Therefore, the Fed will likely try to find some other event to give them an excuse to reverse course. Perhaps a problem in the high yield market (as credit spreads have begun to widen), or maybe an issue in the housing market (the recent surge in home prices does not seem sustainable). The challenge is that it is very difficult to estimate when the Fed may pivot, however, with mid-term elections on the horizon, the Fed will probably be getting some pressure from the White House to ease up in the coming months. The current market reflects the assumption that the Fed will raise its Fed Funds rate an additional 2.0% (so the rate will be in the range of 2.75% - 3.0%) by next February. If the Fed gives any indication that rates won't reach those levels, or if they decide to re-implement their Quantitative Easing program, the equity markets should react positively. Given that we don't know when the Fed will change policy, it is important to remain invested in these markets, as we expect to see immediate, significant upside in stock prices once they signal a change. Past studies have shown that missing only a few days of positive returns can lead to significant under-performance over time.

Putting things into perspective

Lastly, keeping a long-term perspective is always important, but it's essential when markets are stormy and emotions are running high. Frequent market corrections are a normal event. A look at history shows that while markets react to events in the short term, they have historically rewarded patient investors over longer time periods. While the past is not predictive of the future, it does offer valuable perspective.



We thank you for your confidence and trust. Please rest assured that the entire Beaumont team will remain dedicated to helping you successfully navigate these financial markets.

Disclosures:

This material is provided for informational purposes only and does not in any sense constitute a solicitation or offer for the purchase or sale of securities nor does it constitute investment advice for any person. It contains forward or backward-looking statements regarding intent, beliefs regarding current or past expectations. The views expressed are also subject to change based on market and other conditions.

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An investment cannot be made directly in an index. As with all investments, there are associated inherent risks, including loss of principal. Fixed Income investments include risks such as exposure to interest rate fluctuation, credit changes and inflation. Positions held in cash are subject to inflation risk.

Definitions:

S&P 500® Index is a registered trademark of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"). S&P 500 Index is an unmanaged index used as a measurement of change in U.S. equity markets. Performance numbers for the index are total return with dividends reinvested in the index.

The Bloomberg Barclays US Aggregate Bond Index provides a measure of the total return performance of the U.S. dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage-backed securities and asset backed securities that are publicly for sale in the United States.

The Nasdaq Composite Index is a market capitalization-weighted index of more than 3,700 stocks listed on the Nasdaq stock exchange. It uses a market capitalization weighting methodology.

Quantitative easing (QE) is defined as large scale purchases of securities, typically fixed income, by a monetary authority such as the Federal Reserve. In theory, the result is an increase in demand for those securities, putting upward pressure on their prices and pushing yields down. Quantitative easing allows a monetary authority the ability to influence longer duration securities, while traditional monetary tools can only directly influence shorter duration securities.

Please contact us at 781-400-2800 with any questions or for more information on how we can assist you with your financial needs.