How Has 2022's Carnage Reshaped Global Stock and Bond Markets?

Morningstar Indexes' equity and bond benchmarks tell a story of falling prices, rising yields, less technology, and more energy.

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Following financial markets in 2022 has only been fun for history majors. The highest inflation in 40 years, the largest interest-rate hike since 1994, and the most severe European conflict since World War II all contributed to the worst first half for equity markets since 1970 and the steepest bond market losses since the Reagan presidency. Meanwhile, crashes in the tech sector and cryptocurrency have drawn comparisons to the dot-com bubble, the Ponzi scheme, and even the Dutch tulip mania.

Very few investors remember such a horrid first half of a year. The **Morningstar Global Markets Index**, a broad gauge of equities across developed and emerging markets, officially entered bear-market territory, with a decline of 20.1% in the first half of 2022. The **Morningstar US Market Index,** the largest contributor to global equities, was down 21.3%, the **Morningstar Europe Index** fell 23.3%, and the **Morningstar Asia Pacific Index** was off 17%.

Bonds, which typically cushion losses during times of equity market stress, provided no refuge. The **Morningstar Global Treasury Index** fell more than 15% over the first six months of 2022, while the **Morningstar US Core Bond Index** declined roughly 10% for the same period.

As investors look to the second half of 2022 and beyond, they must reckon with an altered market complexion. How has the investment landscape shifted in terms of sector, region, yield, and so on? Which leaders have been dethroned and which are ascendant?

Among the findings of this report:

- Global equity markets saw a decline in technology sector representation and an increase in energy. Elevated valuations and rising interest rates sent tech stocks plummeting in the first half of 2022, while a soaring oil price lifted the energy sector's share of the Morningstar Global Markets Index.
- Yields on the Morningstar US Core Bond Index and the Morningstar Global Treasury Bond Index more than doubled in the space of just six months thanks to inflation, interest-rate hikes, and monetary policy tightening across markets.
- Meta Platforms META, one of the world's five largest public companies at the start of the year, has fallen out of the top 10. Just as Meta's meteoric rise from its 2012 IPO showed that tomorrow's market leaders might not be listed today, its decline demonstrates the impermanence of leadership.
- Index-level price/earnings ratios look far more modest and yields more enticing after the carnage in both equity and bond markets in the first six months of 2022.

Morningstar Global Equity and Bond Indexes

The Morningstar global equity indexes include large-, mid-, and small-cap stocks from developed and emerging markets, covering roughly 97% of equity market capitalization. As of June 30, 2022, the family spanned 48 markets. To be eligible, constituents must meet liquidity requirements. Certain classes of listed securities are excluded, including limited partnerships and funds. The indexes are market-capitalization-weighted and are reconstituted (membership reset) on a semiannual basis in June and December.

The Morningstar Global Markets Index[1] is the most comprehensive index in the series, representing the investable universe for developed- and emerging-markets equities. The index included 8,061 securities from 48 markets as of June 30, 2022. Carve-outs of this index featured in this paper include:

- Morningstar US Markets Index
- Morningstar Europe Index
- Morningstar Asia Pacific Index

On the fixed-income side, the Morningstar Global Treasury Bond Index includes sovereign bonds with maturities greater than one year issued by developed-markets countries. The index's inception date is April 1, 2019, and its performance inception date is Dec. 31, 1999. It is market-capitalization-weighted and contained 1,093 securities from 24 issuers as of June 30, 2022.

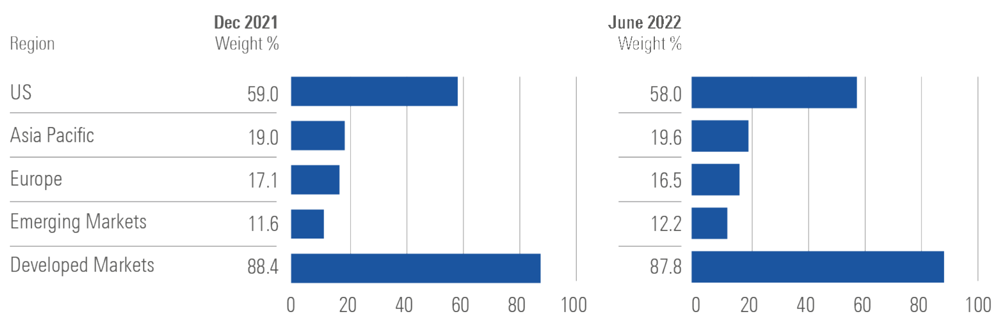
The Morningstar US Core Bond Index represents the broad investable universe for bonds in the United States. Securities must have a fixed coupon rate and must have a minimum of 24 months to final maturity to be eligible for index inclusion. The index is market-capitalization-weighted and contained 8,685 securities from 1,252 distinct issuers as of June 30, 2022.

1 For a full methodological discussion of the indexes mentioned, refer to their construction rules and other documentation posted on the Morningstar Indexes' website: https://indexes.morningstar.com/

Morningstar Global Markets Index

The Morningstar Global Markets Index declined 20.1% in the first half of 2022 on a total-return basis, officially entering bear-market territory. The loss was especially jarring after the index posted average annual gains of more than 20% per year from 2018-21. Though the losses in the first half of 2022 were broad-based, Europe's decline was the steepest, as Russia's invasion of Ukraine hit the continent hard. European equities declined as a share of global equity market value. Although the U.S. also saw its share slip, U.S. equities still represent an outsize chunk of the global market. Consider that the U.S. only represents one fourth of global gross domestic product. Its current weight is reminiscent of the late 1990s, when the U.S. exceeded 60% of global market capitalization. Meanwhile, emerging markets increased their share of global equities over the first six months of 2022. China was one of the world's better-performing markets in the second quarter. As a result, emerging markets' share of the global equities universe grew.

Exhibit 1 Morningstar Global Markets Index—Regional Weights



Source: Morningstar Indexes. Data as of June 30, 2022.

From a sector perspective, the Morningstar Global Markets Index saw a decline in the technology sector's representation in the first half of 2022, from 21.0% at the start of 2022 to 18.5% as of June 30. Tech shares had led the market for years, enjoying a massive boost from the digitization trend accelerated by the pandemic. The sector came into the year overvalued, in the view of Morningstar equity research, so it wasn't surprising to see it fall the furthest in a "risk off" trade, leading to a decline in index representation. Rising interest rates also devalued their long-dated earnings streams. Energy, for its part, increased its share of global equities over the first half of 2022, as the effects of Russia's invasion of Ukraine, rising demand from reopening economies, and already constrained supply sent oil prices soaring, boosting energy companies' stock prices. Despite its rising share of the global equity market, energy represents a much smaller portion of the market than 10 years ago, while technology remains a fair larger chunk. Defensive sectors like consumer staples, healthcare, and utilities also gained share in 2022, as fears of economic recession in the U.S. and Europe prompted a flight from more economically sensitive areas of the market. Consumer cyclicals were hit especially hard by inflation. The downturn of 2022 brought the index-level price/earnings ratio down substantially in the first half of the year. Price depreciation contributed more to the fall than weak earnings. Meanwhile, equity price declines were a silver lining for income investors. The market's dividend yield has risen significantly in 2022.

Exhibit 2 Morningstar Global Markets Index—Sector Weights, Yield, and Valuation

Sector	Dec 2021 Weight %	June 2022 Weight %
Cyclical		
Basic Materials	4.9	5.0
Consumer Cyclical	11.9	10.8
Financial Services	15.2	15.6
Real Estate	3.6	3.7
Sensitive		
Communication Services	8.3	7.5
Energy	3.5	4.9
Industrials	10.8	10.7
Technology	21.0	18.5
Defensive		
Consumer Defensive	6.8	7.6
Healthcare	11.6	12.6
Utilities	2.7	3.2
Trailing 12-Mo Dividend Yield (%)	1.7	2.5
P/E Ratio	19.5	13.9

Source: Morningstar Indexes. June 30, 2022.

The biggest change to the Morningstar Global Market Index's top 10 constituents in the first half of 2022 was the decline of Meta Platforms (parent company of Facebook). Meta came into the year as one of the five largest public companies in the world. But its share price fell roughly 50% in the first six months of 2022, in part because of Apple's AAPL decision to allow its users greater control over privacy settings, undermining Meta's ability to compile data valuable to advertisers. Just as Meta's meteoric rise from its 2012 IPO showed that tomorrow's market leaders might not even be listed today, its precipitous decline in 2022 demonstrates the impermanence of leadership. Meta should be encouraged by the comeback of Johnson & Johnson JNJ, which climbed back into the index's top 10 in the first half of 2022. Long considered a "blue chip," Johnson & Johnson had badly underperformed the market for several years and announced a restructuring of its operations that was perceived positively by the market. Meanwhile, Berkshire Hathaway BRK.B, which looked sluggish in the era of digital dominance that characterized the years through 2021, has been rewarded for its defensive qualities in 2022. Observers will note that the world's 10 largest stocks as of June 30, 2022, remain entirely U.S. based. The last time the Morningstar Global Markets Index had an all-American top 10 was the late 1990s.

Exhibit 3 Morningstar Global Markets Index—Top 10 Holdings

Company	Dec 2021 Weight %
Apple	3.4
Microsoft	3.1
Amazon	1.9
Alphabet A	1.1
Alphabet C	1.0
Meta Platforms	1.0
Tesla	1.0
Nvidia	0.9
Berkshire Hathaway	0.7
UnitedHealth	0.6
Top 10 Constituent Weight	14.7

Company	June 2022 Weight %
Apple	3.3
Microsoft	3.0
Amazon	1.5
Alphabet A	1.0
Alphabet C	1.0
Tesla	1.0
Berkshire Hathaway	0.8
UnitedHealth	0.8
Johnson & Johnson	0.7
Nvidia	0.6
Top 10 Constituent Weight	14.0

Source: Morningstar Indexes. Data as of June 30, 2022.

Morningstar US Market Index

The Morningstar US Market Index represented 97% of equity market value spanning 1,542 large-, mid-, and small-cap stocks as of June 30, 2022. The index declined 21.3% for the first six months of 2022, after having posted an average annual return of 26.0% in the three-year period of 2019-21. Energy was the only equity sector in positive territory in the first half of 2022, which explains why its share climbed from 2.7% of the Morningstar US Market Index weight at the start of the year to 4.4% as of June 30, 2022. Technology was the big loser, dropping from 26.4% of the U.S. equity market to 24.0%. Historical perspective is useful, however. Tech remains a far larger chunk of the U.S. market than one decade ago, and energy smaller. As inflation rampaged and fears of a U.S. recession mounted, the consumer cyclical sector saw its share decline, while consumer defensives gained share along with healthcare and utilities. The market-level P/E ratio fell significantly, while the dividend yield rose. In context, though, a yield of 1.8% is paltry, and an inflation rate of more than 8% makes any real yields negative.

Exhibit 4 Morningstar US Market Index—Sector Weights, Yield, and Valuation

Sector	Dec 2021 Weight %	June 2022 Weight %
Cyclical		
Basic Materials	2.4	2.5
Consumer Cyclical	12.1	10.5
Financial Services	13.1	13.1
Real Estate	3.6	3.8
Sensitive		
Communication Services	9.7	8.2
Energy	2.7	4.4
Industrials	8.7	8.9
Technology	26.4	24.0
Defensive		
Consumer Defensive	5.8	6.8
Healthcare	13.2	14.8
Utilities	2.5	3.0
Trailing 12-Mo Dividend Yield (%)	1.2	1.8
P/E Ratio	25	16.1

Source: Morningstar Indexes. Data as of June 30, 2022.

Meta's decline in market capitalization saw it exit the Morningstar US Market Index's top 10, while Johnson &Johnson staged an impressive comeback to rejoin the list. Apple, Microsoft MSFT, Amazon.com AMZN, and Alphabet GOOG/GOOGL retained their positions as the four largest companies in the market, though all saw their share slip. One effect of the market decline was to leave the U.S. equity market a bit less top-heavy than at the start of the year. Whereas 25.0% of the Morningstar US Market Index's weight was represented by its top 10 constituents as of the end of 2021, that concentration level declined to 23.4% as of June 30, 2022. This was still high by historical standards and compared with other regions, though.

Exhibit 5 Morningstar US Market Index—Top 10 Holdings

Company	Dec 2021 Weight %
Apple	5.8
Microsoft	5.3
Amazon.com	3.2
Alphabet A	1.9
Alphabet C	1.8
Meta Platforms	1.7
Tesla	1.6
Nvidia	1.5
Berkshire Hathaway	1.2
UnitedHealth	1.0
Top 10 Constituent Weight	25

Company	June 2022 Weight %
Apple	5.7
Microsoft	5.2
Amazon.com	2.5
Alphabet A	1.8
Alphabet C	1.6
Tesla	1.5
Berkshire Hathaway	1.3
UnitedHealth	1.3
Johnson & Johnson	1.3
Nvidia	1.0
Top 10 Constituent Weight	23.4

Source: Morningstar Indexes. Data as of June 30, 2022.

Morningstar Europe Index

The Morningstar Europe Index includes companies from more than 20 equity markets, across both developed and emerging Europe. The eurozone is represented, along with the United Kingdom, Switzerland, and the Nordics. After years of declining share—compounded by Brexit—the U.K. saw its share rise in the first half of 2022. This owed less to the success of the British market and more to the struggles of large eurozone markets. Germany, France, and Italy were impacted by the economic ramifications of Russia's invasion of Ukraine. Switzerland also took share in this environment, bolstering its credentials as a defensive market, home to multinationals like Nestle, Roche, and Novartis that retain some insulation from economic distress and inflation. Russian stocks became uninvestable in the first half of 2022, a far cry from its days as a dynamic "BRIC" market in the early 2000s.

Exhibit 6 Morningstar Europe Index—Country Weights

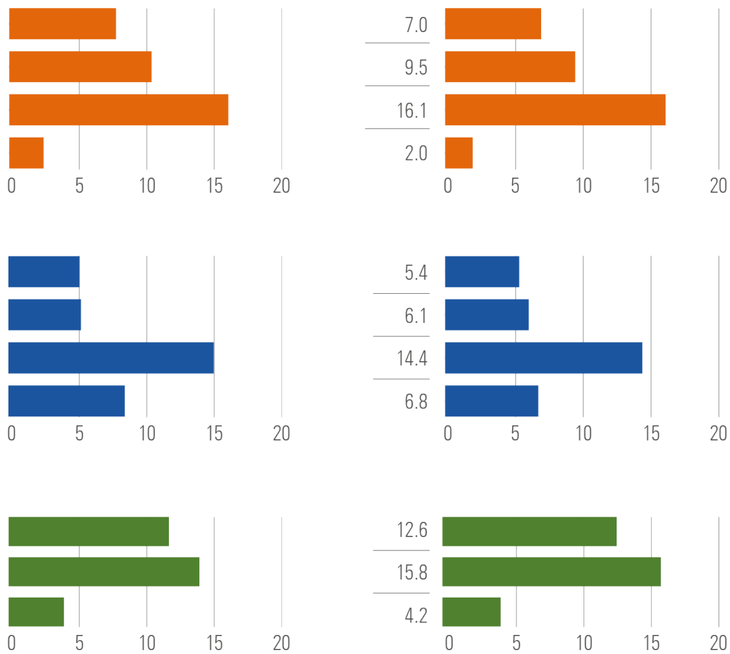
Country	Dec 2021 Weight %	June 2022 Weight %
Austria	0.5	0.5
Belgium	1.7	1.6
Czech Republic	0.8	0.1
Denmark	3.7	4.0
Finland	1.9	1.8
France	15.4	15.0
Germany	12.2	11.4
Greece	0.2	0.2
Hungary	0.1	0.1
Ireland	0.9	0.4
Italy	3.8	3.3
Netherlands	7.0	7.0
Norway	1.5	1.7
Poland	0.6	0.5
Portugal	0.3	0.3
Russian Federation	2.0	0.0
Spain	3.3	4.0
Sweden	7.0	5.8
Switzerland	14.5	15.9
Turkey	0.2	0.4
United Kingdom	22.9	24.1

Source: Morningstar Indexes. Data as of June 30, 2022.

In line with global trends, energy gained share and technology fell as a percentage of the Morningstar Europe Index's weight. Defensive sectors like healthcare, consumer staples, and utilities also expanded their representation, while economically sensitive areas like consumer cyclicals declined. Fears of recession in Europe in the wake of Russia's invasion of Ukraine and its economic repercussions (namely the continent's dependence on Russian gas) are mounting. It's striking to compare the share of technology stocks in the U.S. market with Europe. Whereas technology represents roughly one fourth of U.S. market weight, Europe boasts only a handful of technology-focused companies. Financials, industrials, healthcare, and consumer companies, many of them old businesses, dominate European markets. The P/E ratio on European equities fell to a very modest 11.25 while the market-level dividend yield climbed to an attractive 3.3%,

Exhibit 7 Morningstar Europe Index—Sector Weights, Yield, and Valuation

Sector	Dec 2021 Weight %	June 2022 Weight %
Cyclical		
Basic Materials	7.8	7.0
Consumer Cyclical	10.4	9.5
Financial Services	16.0	16.1
Real Estate	2.5	2.0
Sensitive		
Communication Services	5.2	5.4
Energy	5.3	6.1
Industrials	15.0	14.4
Technology	8.5	6.8
Defensive		
Consumer Defensive	11.6	12.6
Healthcare	13.8	15.8
Utilities	4.0	4.2
Trailing 12-Mo Dividend Yield (%)	2.5	3.3
P/E Ratio	16.4	11.3



Source: Morningstar Indexes. Data as of June 30, 2022.

Two energy companies re-entered Europe's top 10 in the first half of 2022, a sign of the sector's resurgence. Shell and Total, two of the world's largest integrated energy companies, benefited mightily from the skyrocketing price of oil. Meanwhile, Europe's largest technology player, ASML, saw its share slip as the sector sold off globally, and German software business SAP fell out of the top 10 entirely. In a risk-off environment, it wasn't surprising to see consumer defensives like Nestle, and healthcare leaders like AstraZeneca, Roche, and Novartis hold up relatively well. Interestingly, the European market went the opposite direction to the U.S. and became slightly more concentrated in the first half of 2022. The Morningstar Europe Index's top 10 constituents as of June 30, 2022, were well-established companies that benefited from a flight to quality, whereas U.S. leaders included companies like Tesla and Meta that have only been public for 10 years and had high valuations coming into the year.

Exhibit 8 Morningstar Europe Index—Top 10 Holdings

Company	Dec 2021 Weight %
Nestle	3.0
ASML Holding	2.3
Roche	2.2
LVMH Moet Hennessy	1.6
Novartis	1.6
AstraZeneca	1.3
Novo Nordisk	1.3
SAP	1.1
Unilever	1.1
Siemens	1.0
Top 10 Constituent Weight	16.5

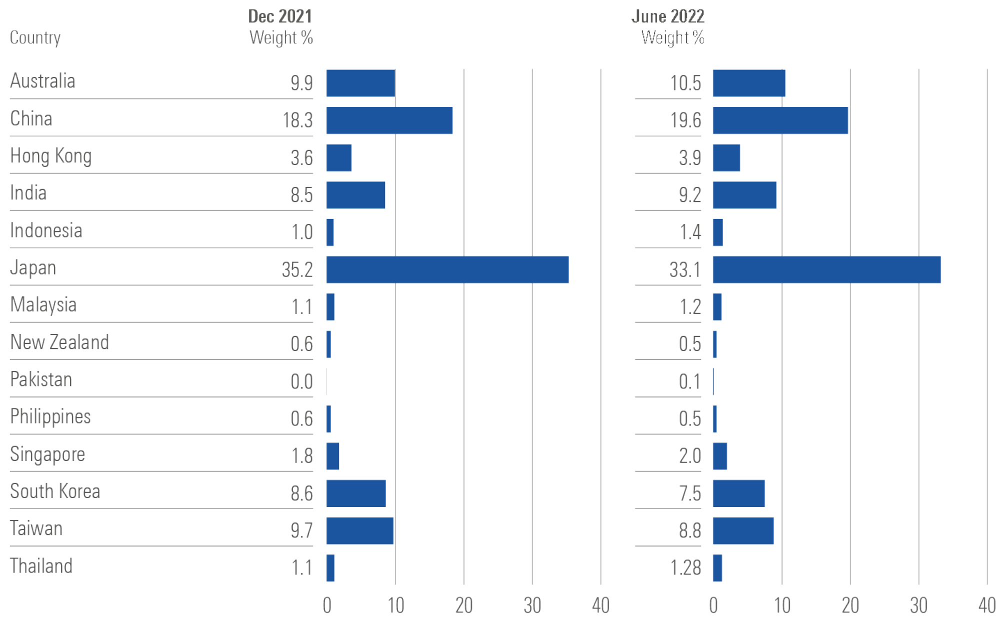
Company	June 2022 Weight %
Nestle	3.2
Roche	2.3
AstraZeneca	2.0
Novartis	2.0
Shell	1.9
ASML Holding	1.9
Novo Nordisk	1.8
LVMH Moet Hennessy	1.6
HSBC	1.3
TotalEnergies	1.3
Top 10 Constituent Weight	19.2

Source: Morningstar Indexes. Data as June 30, 2022.

Morningstar Asia Pacific Index

The Morningstar Asia Pacific Index includes stocks from 14 countries, across both developed and emerging markets. Despite its "zero-COVID" policy and regulatory changes that hampered its tech giants, China saw its share of the index increase in the first half of 2022. Still, China's weight in the index has not recovered to its 2020 levels, when Alibaba and Tencent were among the 10 largest public companies in the world. Japan remains the largest equity market in the Asia-Pacific region, though its share fell during the first half of 2022. Taiwan's share fell because Taiwan Semiconductor, while riding long-running digitization trends, declined in line with the global tech sector. On the flip side, Australia benefited from strong demand for natural resources, and it gained share. India is enjoying robust growth and saw its share of Asian equities increase.

Exhibit 9 Morningstar Asia Pacific Index—Country Weights



Source: Morningstar Indexes. Data as June 30, 2022.

The Morningstar Asia Pacific Index saw a large decline in technology sector representation in the first half of 2022, in line with the global trend. The region boasts many global tech giants, including familiar names from Japan, Taiwan, Korea, India, and China. Technology's share of index weight declined from 20.1% to 15.9%. Meanwhile, rising demand for commodities elevated the weights of the basic-materials and energy sectors in the index. Financial services also increased its share, thanks to strong relative performance from Australia's banks. Index-level P/E came down dramatically in the first six months of 2022, from 20.3 at the start of the year to 12.6 as of June 30. Index-level yield more than doubled to 4.1%, becoming far more attractive to income investors.

Exhibit 10 Morningstar Asia Pacific Index—Sector Weights, Yield, and Valuation

Sector	Dec 2021 Weight %	June 2022 Weight %
Cyclical		
Basic Materials	7.7	7.9
Consumer Cyclical	14.0	14.6
Financial Services	16.1	17.4
Real Estate	4.9	5.1
Sensitive		
Communication Services	7.0	7.7
Energy	2.5	3.1
Industrials	12.9	13.2
Technology	20.1	15.9
Defensive		
Consumer Defensive	5.7	5.9
Healthcare	7.1	6.8
Utilities	2.1	2.4
Trailing 12-Mo Dividend Yield (%)	2.0	4.1
P/E Ratio	20.3	12.6

Source: Morningstar Indexes. Data as June 30, 2022.

Japanese representation in the top 10 holdings of the Morningstar Asia Pacific Index has declined since the start of 2022. Sony declined in share, and Keyence dropped out of the top 10. BHP, an Australian iron ore miner benefiting from natural-resources demand, and Reliance Industries, whose businesses include oil refining, joined the top 10 in the first half of 2022. Meituan, a Chinese delivery phenom, has dropped out of the top 10.

Exhibit 11 Morningstar Asia Pacific Index—Top 10 Holdings

Company	Dec 2021 Weight %
Taiwan Semiconductor	3.0
Tencent	2.3
Samsung Electronics	2.2
Toyota	1.6
Alibaba	1.6
Sony	1.3
Keyence	1.3
AIA	1.1
Commonwealth Bank of Australia	1.1
Meituan Dianping	1.0
Top 10 Constituent Weight	14.7

Company	June 2022 Weight %
Taiwan Semiconductor	2.5
Tencent	2.2
Samsung Electronics	1.8
Alibaba	1.7
Toyota	1.6
BHP	1.2
AIA	1.1
Reliance	0.9
Commonwealth Bank of Australia	0.9
Sony	0.8
	14.7

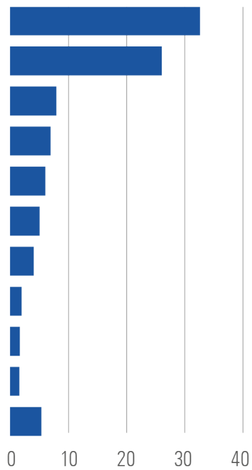
Source: Morningstar Indexes. Data as of June 30, 2022.

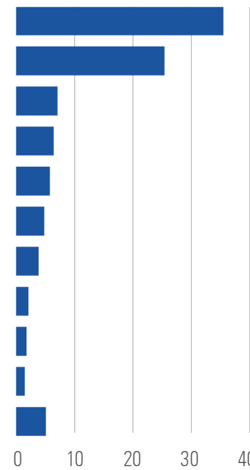
Morningstar Global Treasury Bond Index

The Morningstar Global Treasury Bond Index includes investment-grade sovereign bonds with maturities greater than one year issued by developed-markets countries. The index contained 1,093 securities from 24 issuers as of June 30, 2022. It takes extreme market conditions for an index of bonds backed by the world's most reliable governments to produce large moves. So, the index's 15.6% decline in the first half of 2022, driven primarily by rising yields across the curve, was nothing short of eye-popping (bond yields and prices move in opposite directions). The rapid increase in inflation, not seen in more than a generation, has prompted an aggressive response from monetary policymakers. From the Reserve Bank of Australia's 50-basis-point rate hike on June 7 to the U.S. Federal Reserve's 75-basis-point increase soon thereafter, to the Bank of England setting rates to their highest level in 13 years and the European Central Bank's tightening, monetary authorities are trying to combat rampant price increases. The index's yield to maturity jumped to nearly 2% as of June 30, 2022, up from just 0.61% at the start of the year. The U.S., historically the index's largest constituent, already held nearly one third of the index's weight at the start of 2022 and increased its share to 35.7% as of June 30, 2022, while average yields increased from 1.23% to 3.05%. Japan, which holds the second-largest weight in the index, also contributed to the rise in index yield as average yields on Japanese government bonds moved further away from negative territory, from 0.13% at the start of 2022 to 0.34% as of June 30, 2022, the highest level in nearly seven years. Though Japan is currently experiencing inflation, the Bank of Japan has not yet joined its counterparts in tightening.

Exhibit 12 Morningstar Global Treasury Bond Index Profile

	Dec 2021 Weight %	June 2022 Weight %
US	32.80	35.70
Japan	26.20	25.57
UK	8.00	7.14
France	7.00	6.47
Italy	6.10	5.82
Germany	5.10	4.86
Spain	4.10	3.88
Canada	2.00	2.13
Australia	1.70	1.79
Belgium	1.60	1.51
Other	5.40	5.13





	Dec 2021	June 2022
Market Value ($tril)	30.7	27.78
Number of Issuers	23	24
Number of Securities	1071	1093
Average Coupon (%)	1.54	1.56
Average Yield to Maturity (%)	0.61	1.98
Effective Duration (Years)	8.8	7.92
Term to Maturity (Years)	10.16	9.31
BBB Credits as % of Total Market Value	6.76	6.43

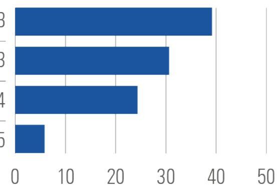
Source: Morningstar Indexes. Data as of June 30, 2022.

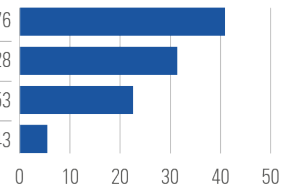
Morningstar US Core Bond Index

The Morningstar US Core Bond Index represents the opportunity set for fixed-income investors, including investment grade, U.S.-dollar-denominated Treasury, government-related, corporate, and securitized debt securities. Soaring inflation, monetary tightening, and the biggest interest-rate increase since 1994 all sent bond yields up sharply, which saw the index decline 10.2% in 2022 on a total-return basis. This was after rising yields in 2021 caused the index's first down year since the 2013 taper tantrum. The good news is that the index's yield to maturity climbed from 1.7% at the start of the year to 3.6% as of June 30. For income-seeking investors, bond yields are starting to look much more attractive, but with the U.S. inflation rate exceeding 8%, it should be noted that real yields are in negative territory. In another shift in index complexion, the number of issuers rose, as did term to maturity. This reflects a rush to issue debt at interest rates anticipated to increase. Relatedly, the average corporate credit rating fell from A- coming into 2022 to BBB at the year's midway point. Corporate-credit quality could become an issue if a recession manifests. Still, it's important to remember that more than 40% of the index's weight is consumed by Treasuries, which reflects quantitative easing and the massive government borrowing designed to rescue the economy after the pandemic, as well as after the 2008 financial crisis.

Exhibit 13 Morningstar US Core Bond Index Profile

	Dec 2021 Weight %	June 2022 Weight %
Treasury	39.18	40.76
Securitized	30.63	31.28
Corporate	24.34	22.53
Other	5.85	5.43





	Dec 2021	June 2022
Average Corporate Credit Quality	A-	BBB
BBB Credits as % of Corporate Market Value	52.47	52.41
Market Value ($tril)	25.8	24.33
Number of Issuers	1252	1797
Number of Securities	8553	8685
Average Coupon (%)	2.43	2.43%
Average Yield to Maturity	1.72	3.64%
Effective Duration (Years)	6.39	6.45
Term to Maturity (Years)	8.48	8.76
BBB Credits as % of Total Market Value	14.09	12.92

Source: Morningstar Indexes. Data as of June 30, 2022.

Focus on the Long Term

Some of the first half of 2022's market shifts were predictable. Morningstar and others had been pointing out lofty valuations in technology and tech-related stocks for a while. Rising interest rates are well known to present challenges to companies with long-dated earnings streams. After pandemic-related stimulus drove down bond yields, their rise is hardly shocking. But the velocity and magnitude of market shifts over the first six months of the year were astounding. And Russia's invasion of Ukraine caught many off guard. For investors, the synchronized decline across equity and bond markets is unusual. In both the pandemic-driven downturn of 2020's first quarter and the financial crisis of 2008, high-quality bonds provided refuge from equity market turmoil. The lesson here is that the relationship between asset classes is dynamic. In investing, the past is never prologue. It's also key for investors to maintain a long-term focus. The remainder of 2022 could prove much brighter. It could also be worse. What's easiest to predict is that it will not be the same. As ever, the case for holding a diversified portfolio of stocks and bonds for long-term capital appreciation and income remains strong.

About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across major asset classes, styles and strategies. From traditional benchmarks and unique IP-driven indexes, to index design, calculation and distribution services, our solutions span an investment landscape as diverse as investors themselves.

Please visit indexes.morningstar.com for more information.

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