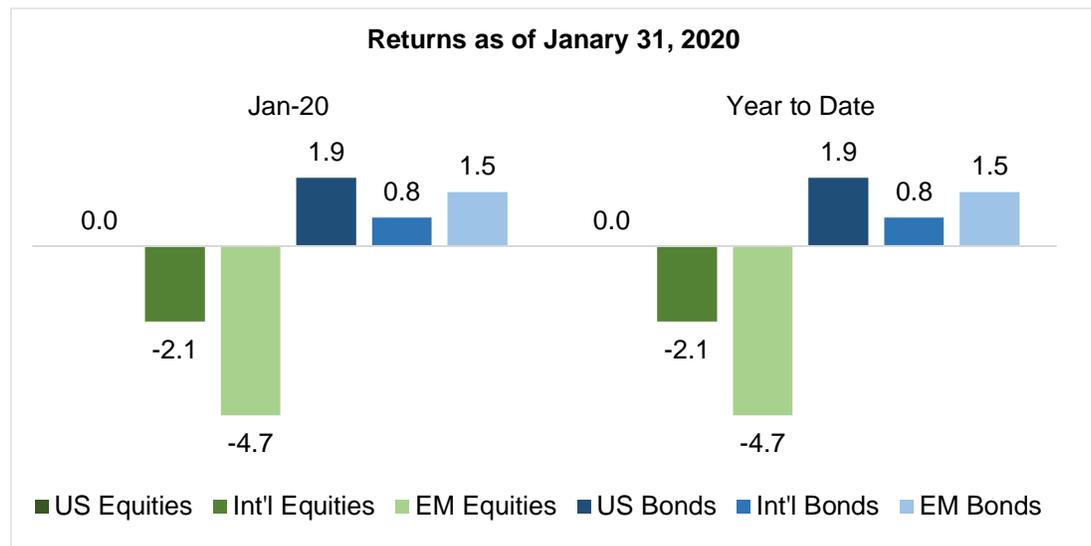


MONTHLY Market Review



Market Review

Stock markets were off to a good start in 2020 but fear of spreading coronavirus from China curbed the enthusiasm and some stocks declined. Safe-haven assets like Treasuries and gold rallied in the face of uncertainties.



Source: Morningstar

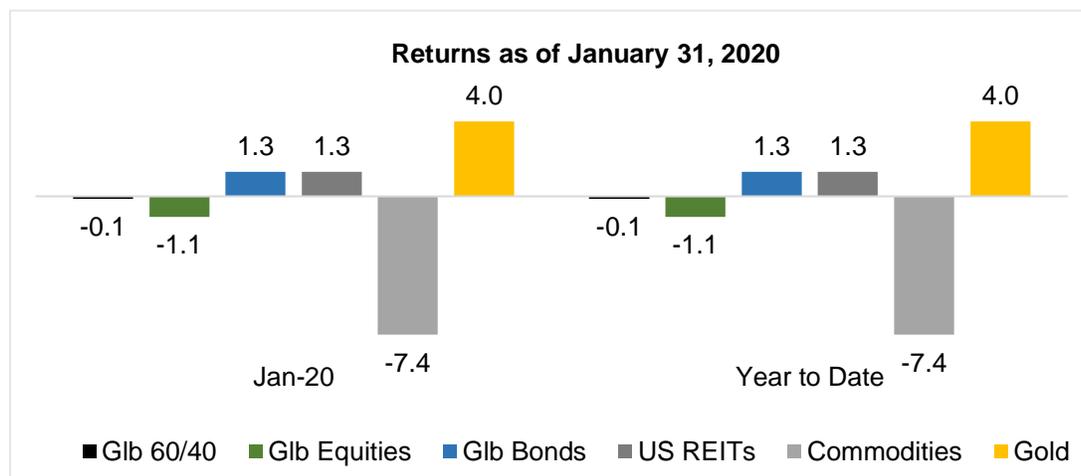
US equities once again led the charts and were flat for the month while international stocks suffered more severe losses. Emerging markets at the center of the coronavirus concern lost -4.7% for the month. Developed international equities were not spared either and fell -2.1%.

Within US stocks, there was notable dispersion in sector returns. Utilities, a defensive sector, was the best performer and up by 6.7% as reactionary investors sought safety. The Technology sector also posted positive returns led by strong earnings and gained 4.0%. On the other hand, the Energy sector was the worst performer and down by -11% as oil prices collapsed. The recent trend across growth and value also continued as large-cap growth stocks outperformed large-cap value stocks by 4.4%.

In fixed income, as investors sought safety, bonds outperformed stocks for the month. US bonds gained 1.9% while emerging market bonds and developed international bonds also gained 1.5% and 0.8% respectively.

As interest rates fell, US REITs gained 1.3% for the month.¹ Geopolitical tensions and uncertainty from coronavirus contributed to a sharp surge in gold, with gains of 4%. Slumping oil prices were mostly responsible for the steepest decline of the month as Commodities fell -7.4%.

Relative to a globally balanced (60/40) stock/bond index, exposure to emerging market equities and commodities hurt portfolio returns while diversification into REITs and gold helped for the month of January.



Source: Morningstar

DEFINITIONS

Asset Class	Index	Definition
US Equity	S&P 500	measures the performance of 500 leading companies in the U.S. Constituents generally have a market-cap above \$5 billion and represent approximately 80% of the investable market.
Global Equity	MSCI ACWI	measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe.
International Developed Equity	MSCI EAFE	measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Emerging Markets (EM) Equity	MSCI Emerging Markets	measures the equity market performance of countries considered to represent emerging markets.
Sector – Utilities	S&P 500 Sector Utilities	measures the performance of electric and gas companies, water and renewable electricity producers.
Sector - Energy	S&P 500 Sector Energy	measures the performance of companies involved in the development and production of crude oil, natural gas and provide drilling and other energy-related services.
Sector – Real Estate	S&P 500 Sector Real Estate	measures the performance of all Real Estate Investment Trusts (REITs) with the exception of mortgage REITs, which is housed under the financial sector.
Sector - Technology	S&P 500 Sector Technology	measures the performance of companies involved in technology hardware, storage and peripherals, software, communications equipment, semiconductors and semiconductor equipment, internet software and services, IT services, electronic equipment, instruments and components.
Global Fixed Income	Barclays Global Aggregate	measures the performance of global, investment-grade debt from 24 local currency markets. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
Emerging Markets Fixed Income	Barclays Emerging Markets USD Aggregate	measures the performance of hard-currency emerging markets debt including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.

International Fixed Income	Bloomberg Barclays Global Aggregate ex-USD	measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
Commodities	Bloomberg Commodity	measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Gold	Bloomberg Sub Gold	measures the performance of futures contract on Gold and is quoted in USD.
US REIT	FTSE NAREIT All Equity REITs	measures the performance of a comprehensive family of REIT indexes that spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors.

¹ <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2020>

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