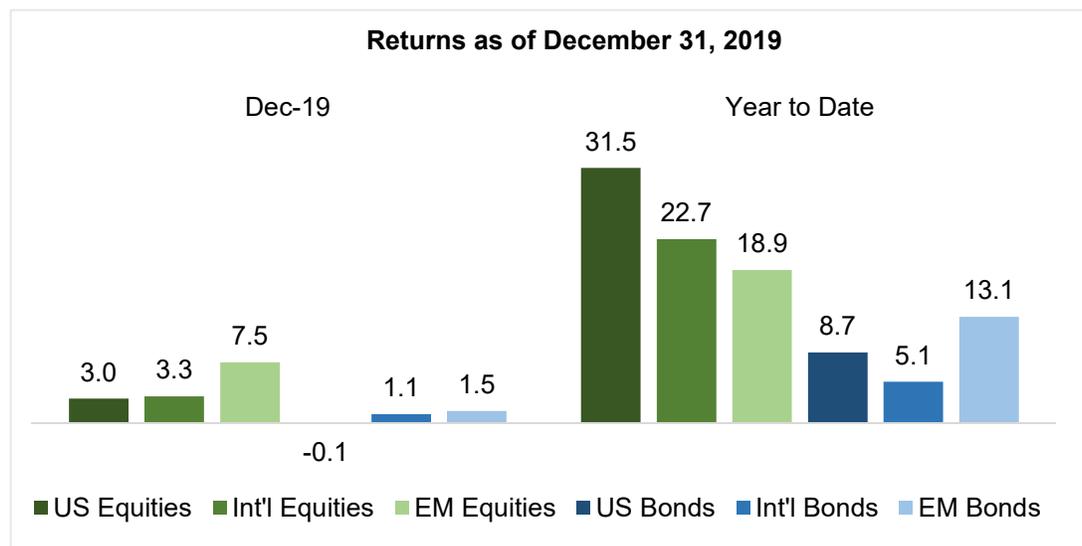


MONTHLY Market Review



Market Review

Global equities continued their year-long rally into December led by the announcement of a “phase one” trade deal with China, ongoing stimulus from central banks and a resilient US economy.



Source: Morningstar

International equities outperformed domestic equities for the month but underperformed for the year. Emerging markets led with strong gains of 7.5% for the month after the “phase one” trade deal announcement but trailed for the year at 18.9%. US equities gained 3.0% for the month and closed out 2019 with a solid gain of 31.5%. Developed international equities gained 3.3% for the month and 22.7% for the year.

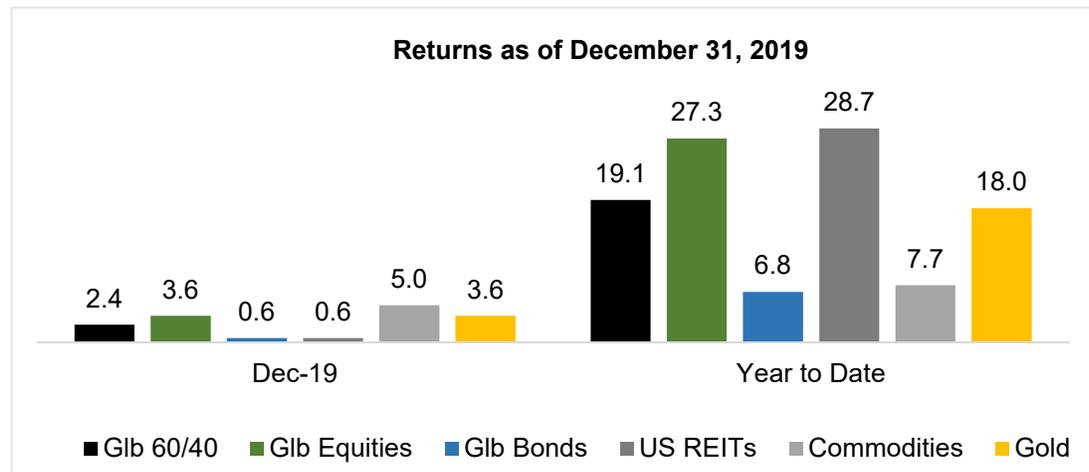
Energy stocks posted the strongest sector return in December up 6.0%, but their 11.5% return for the year lagged every other sector. Information technology stocks continued their strength in December up 4.5%, and were the clear winner for 2019, up 50.3%.

In fixed income, the 10-year government bond yield moved slightly higher¹ and led US bonds down -0.1% but maintained a strong return of 8.7% for the year. Emerging market bonds performed well for the year, up 13.1%, with attractive relative yields in a low interest rate environment.

US REITs gained 0.6% for the month but maintain a healthy return of 28.7% for the year. Ongoing US-China trade war, geo-political tensions, and an increase in investment demand for gold for the risk-averse were among the main factors that led gold to a sharp surge in

2019 with gains of 18%.

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



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 – 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=2019>

AssetMark, Inc.

1655 Grant Street
 10th Floor
 Concord, CA 94520-2445
 800-664-5345

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