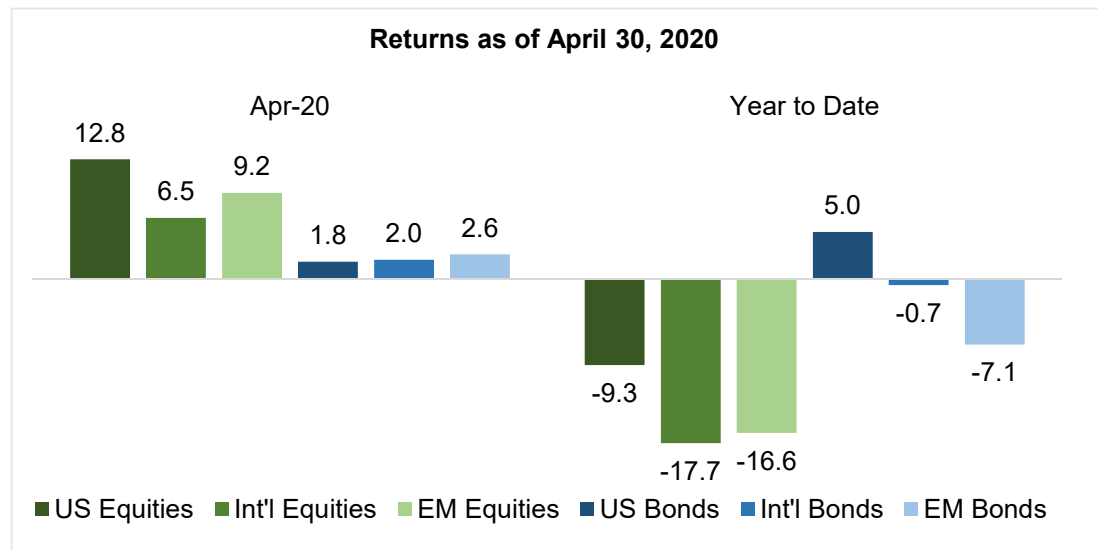


MONTHLY Market Review



Market Review

Following a devastating sell-off in March, stocks posted a stunning recovery in April. The recovery was fueled by massive fiscal and monetary stimulus, which led the markets to gradually shift focus towards reopening the economy.



Source: Morningstar

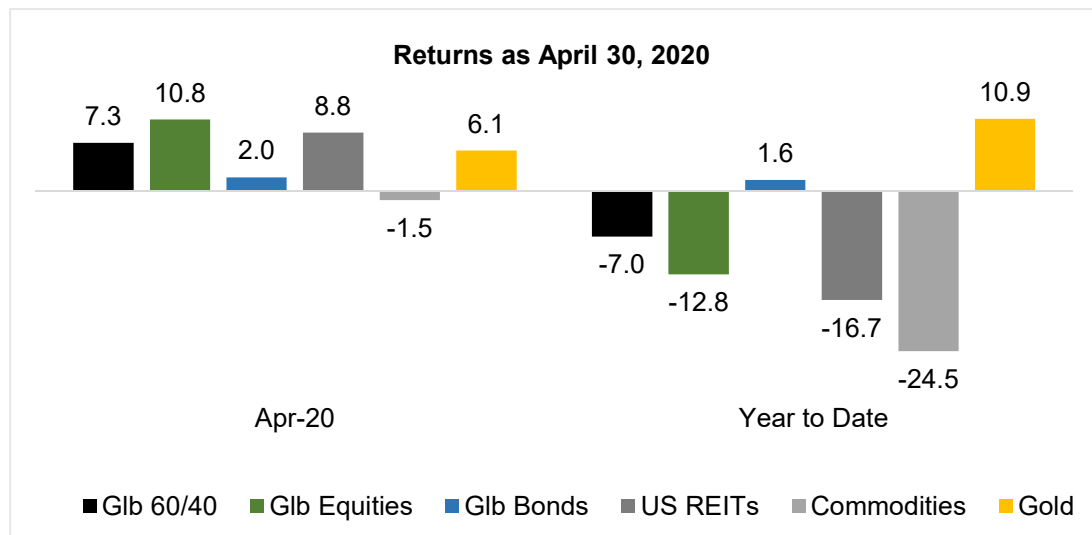
US equities had their best month in decades¹ despite significant negative economic headlines, returning 12.8%. International equities were also positive but lagged US markets. The recent rally has come from a narrow group of mega-cap growth stocks, which have been driving market cap-weighted benchmark returns higher. Microsoft, Apple and Amazon alone account for 9% of the market cap for the all-country world equity index, a percentage that exceeds every country outside the U.S.²

Within US stocks, all sectors finished higher led by energy, which rallied despite collapsing oil prices. Growth stocks performed better than their value peers, as larger tech companies were seen favorably in the new “stay-at-home” era.

Fixed income rallied, supported by monetary stimulus globally. Both high quality and high yield corporate bonds outperformed government bonds with support from the Fed.

Traditional safe-haven asset (e.g., gold) rose 6.1%³. Commodities continued to sell off and lost -1.5% in April on concerns of weaker global demand⁴. US REITs gained 8.8% along with other risk assets on hopes of the economy reopening⁵.

Relative to a globally balanced (60/40) stock/bond index, investments in global equities, U.S. REITs helped for the month while global bonds and commodities hurt.



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.
Sector - Financials	S&P 500 Sector Financials	measures the performance of companies in an array of diversified financial service firms, insurance, banks, capital markets, consumer finance and thrift companies.
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.cnbc.com/2020/04/30/stock-market-live-today.html>

² Ned Davis Research:

https://www.ndr.com/invest/products/INF20_17.PDF?card=3&source=WKLYCRH_EST202005011.HTML&downloadType=EL

³ Morningstar

⁴ Ibid.

⁵ Ibid.

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