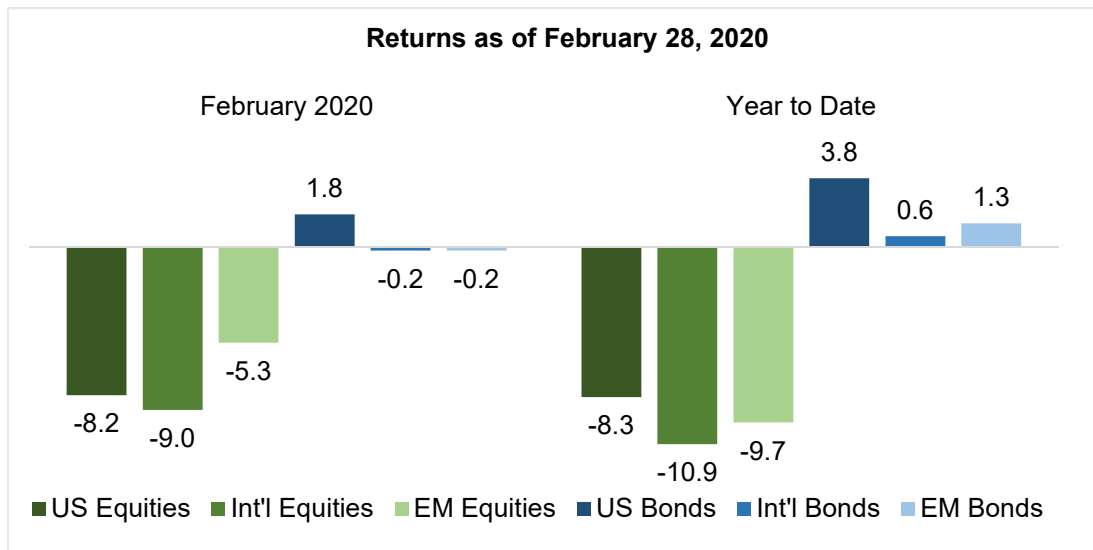


MONTHLY Market Review



Market Review

A growing number of confirmed coronavirus cases outside the origin country of China rattled markets in February. Market volatility sent stocks into correction territory, while bonds rose as investors sought safety and the yield on the 10-year Treasury note fell to record lows.¹



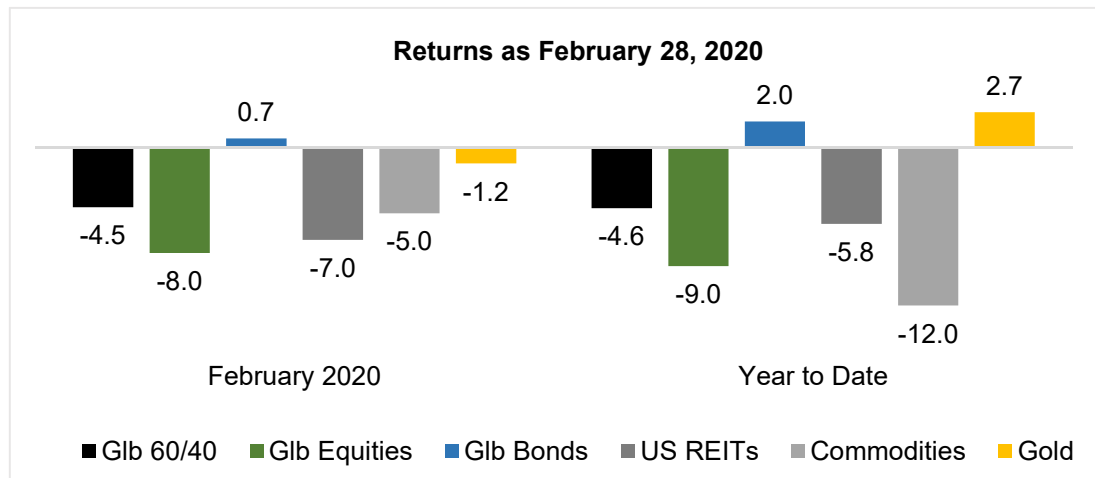
Global stocks ended the month in the red. US stocks entered correction territory, which is defined as a drop of at least 10% from the last peak. The S&P 500 declined approximately 12% from its peak on February 19th through month-end, ending the month down -8.2%. Emerging markets, at the center of the coronavirus concern, ended the month down -5.3%. Developed international stocks were down almost twice as much as emerging markets amid worries this could be a tipping point for an already weak Eurozone and fell -9.0%. Year-to-date, bonds remain positive while stocks remain negative.

Within US stocks, all styles and sectors were down for the month. Growth stocks, often synonymous with the technology sector, continued to outperform their value peers like financials. The energy sector was the worst performer for a second-straight month, as oil and gas companies faced weak growth expectations across the globe.

In fixed income, bonds outperformed stocks for the month as investors sought safety. US bonds gained 1.8%. Longer-term Treasuries were the best-performing asset class in the fixed-income sector. Lower-quality bonds like high-yield corporate bonds ended the month in the red as investors feared credit risk. Developed international bonds gained 0.7%.

Traditional safe-haven assets were not spared either; gold ended the month down -1.2%. Commodities fell the most, mostly due to oil, and lost -5.0% in January. US REITs fell -7.0%.

Relative to a globally-balanced (60/40) stock/bond index, exposure to developed equity markets and commodities hurt portfolio returns while diversification into high-quality bonds helped for the month.



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.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>

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