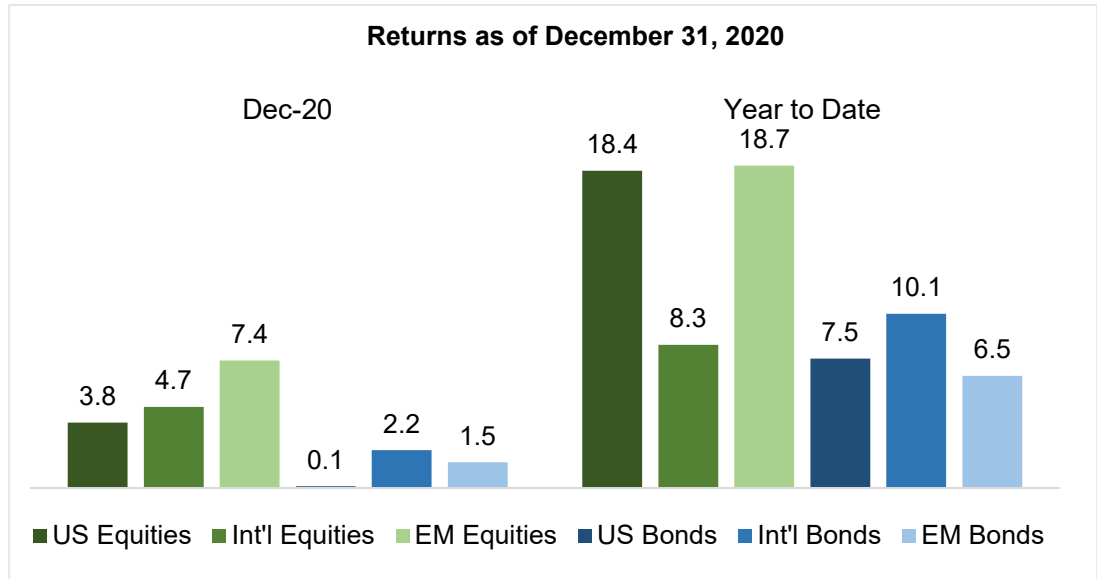


# MONTHLY Market Review



## Market Review



Source: Zephyr Style Advisor

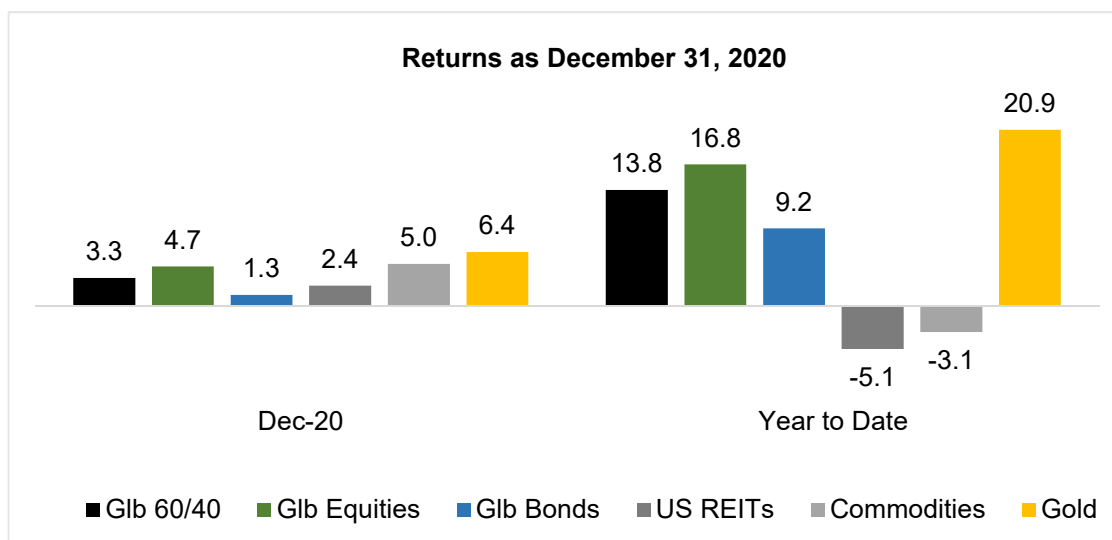
Positive news of the vaccine and the long-awaited stimulus from Congress led stocks to new highs during the month of December. Emerging markets equities outperformed developed markets both for the month and the year, as China made steady economic progress. US equities gained 3.8% for the month and delivered an impressive 18.4% for the year. However, within US equity markets, it's small-cap stocks that stole the show. The Russell 2000 index made a remarkable comeback in the final months and rose 20% for the year as the vaccine fueled hopes of a broader economic recovery. However, it didn't come close to the tech-heavy Nasdaq's remarkable 45% rally for the year as consumers relied on technology while staying at home.

All sectors in the US posted positive returns for the month of December. Financials and energy rebounded in the final month but were unable to recover losses for the year. Technology held on to its leadership for the month and for the year.

Overall, it was a strong year for fixed income despite muted returns in December. US bonds returned 7.5% for the year. International bonds outperformed US bonds on hopes of a more friendly policy under the new incoming administration and a continued weaker dollar.

Gold rose 6.4% in December and gained an impressive 20.9% for the year. US REITs and commodities also saw positive returns for the month but were unable to reverse earlier losses and thus ended the year with negative returns.

Relative to a globally balanced (60/40) equity/bond index, allocations to global equities, gold and commodities helped, while global bonds hurt for the month. For the year, the globally balanced portfolio generated strong returns helped by global equities and gold, while commodities and US REITS detracted from returns.



Source: Zephyr Style Advisor

## 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.
China Equity	MSCI China	measures the performance of small-cap equities in developed market countries around the world, excluding the U.S. and Canada. The index covers approximately 14% of the market cap in each country.
US Small Cap Equity	Russell 2000	measures those companies in the Russell 2000 Index considered to represent the small-cap segment of the US equity market.
US Equity	Nasdaq 100	measures companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology.
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.
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 - 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	Bloomberg 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.
US Fixed Income	Bloomberg Barclays US Aggregate	measures the performance of USD-denominated, non-investment-grade, fixed-rate taxable corporate bonds. "High-yield" securities have the middle rating from Moody's, Fitch or S&P of Ba1/BB+/BB+ or below. Index excludes emerging market debt.
US High Yield Corporate Credit	Bloomberg Barclays Corporate High Yield	measures the performance of the investment-grade, fixed-rate, taxable corporate bond market. Includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers that meet specified maturity, liquidity and quality requirements.
US Long Treasuries	Bloomberg Barclays US Treasury Long	measures the performance of US Treasury and US Agency markets. The index includes USD-denominated fixed-rate, nominal US Treasuries and US agency debentures (securities issued by the US government-owned or sponsored entities), and explicitly guaranteed by the US government.
Emerging Markets Fixed Income	Bloomberg 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.

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**Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results.** Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio. No investment strategy, such as asset allocation, can guarantee a profit or protect against loss. Actual client results will vary based on investment selection, timing, market conditions, and tax situation. It is not possible to invest directly in an index

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