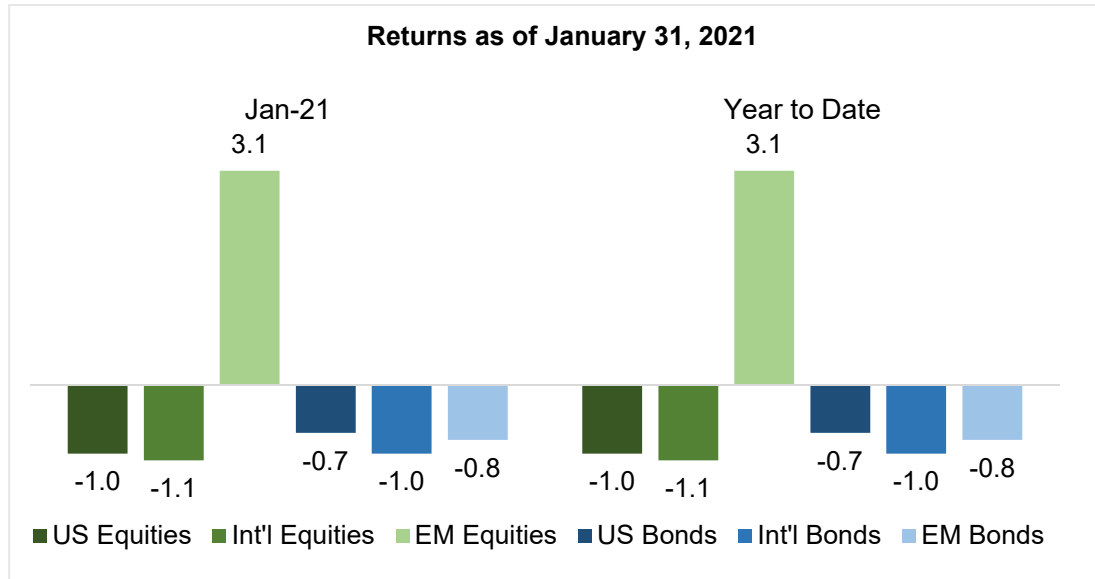


MONTHLY Market Review



Market Review



Source: Zephyr Style Advisor

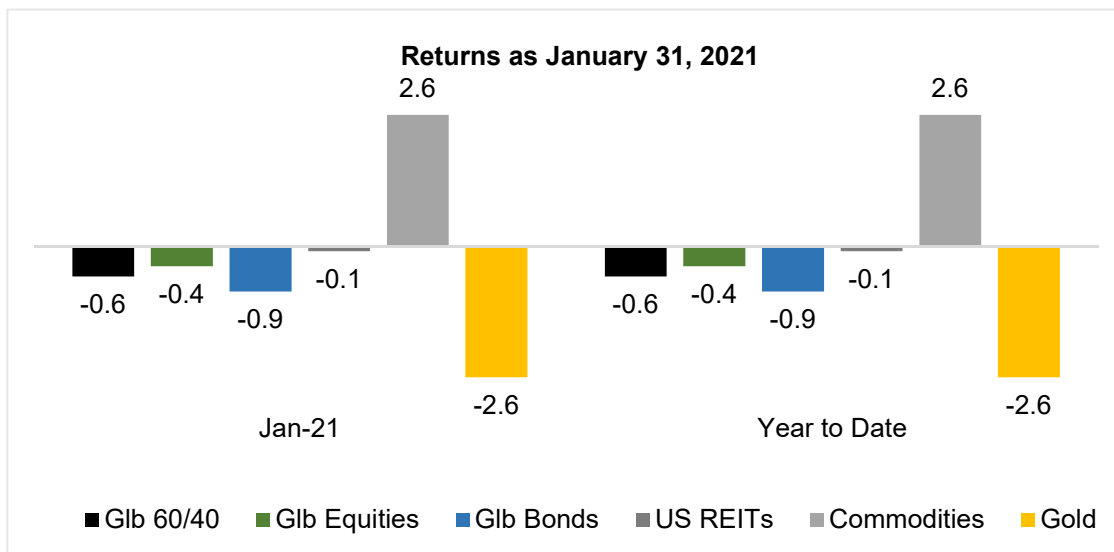
US equities started the month with a bang as the vaccine distribution and hopes of additional fiscal stimulus fueled new record highs. However, US equities lost steam at the end, to finish down -1%, as speculative angst in select stocks sparked concerns about bubbles in markets. Small-cap stocks, which have led the market for the past several months, maintained their strength, with the Russell 2000 index gaining 5%. Emerging market equities outperformed developed markets to post +3% as China’s economy continues to rebound.

Sector performance was mixed with only four out of eleven sectors with positive returns. Energy was the best performing sector, while consumer staples was the worst.

US bonds started with negative returns in the first half but, as equity markets sold off in the second half, it pared back some of its losses to end the month down -0.7%. International bonds and emerging market bonds also lost ground and posted negative returns. While most bonds struggled, high-yield and municipal bonds posted positive returns. Fear of potential higher taxes in the new administration led municipal bonds to outperform taxable bonds.

Gold fell -2.6% as the global economic recovery showed improvement, and the US dollar rose. Commodities gained as oil and grains rebounded after being crushed by weak demand in 2020.

Relative to a globally balanced (60/40) equity/bond index, allocations to commodities, US REITS and global equities helped, while global bonds and gold hurt for the month.



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 – Consumer Staples	S&P 500 Sector Consumer Staples	measures the performance of companies involved in the development and production of consumer products including food and drug retailing, beverages, food products, tobacco, household products and personal products.
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.
US Municipal	Barclays US Municipal	measures the performance of the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

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.

AssetMark, Inc.

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

IMPORTANT INFORMATION

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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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