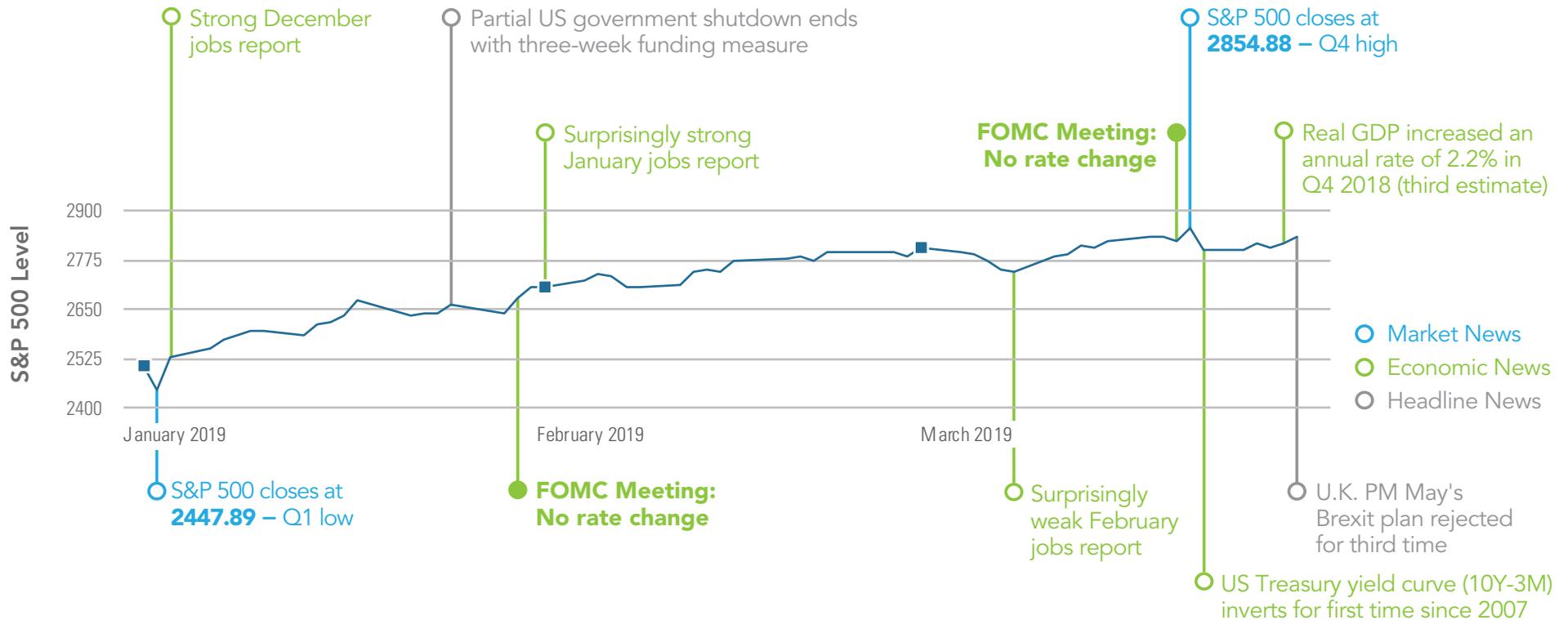


# First Quarter 2019 in Review

THE S&P 500® INDEX AND KEY EVENTS



## In a sharp reversal from last quarter, US and global equities rebounded

- US and global markets roared back from last year's disappointing performance. US small cap outpaced both US large cap and non-US developed stocks over the quarter. Emerging markets, emerging from a troubled 2018, started 2019 in positive territory.
- Equity market volatility drifted down over the quarter, falling below the long-term average.

## Fixed income markets strong

- Fixed income was strong across multiple maturities and sectors in the first quarter of 2019. Treasuries, investment grade corporate bonds, municipal bonds, and corporate high yield all posted positive returns.

## Important events

- The Federal Open Market Committee (the Fed) refrained from raising the fed funds rate at two meetings during the quarter (January and March). More significantly, with the March meeting, the Fed adjusted its expectations for interest rate increases. At the end of last year, the Fed had anticipated two rate hikes in 2019; as of March, the Fed's expectations are more in line with the market (zero hikes in 2019).
- For the first time since 2007, the US Treasury yield curve (10Y-3M) inverted. An inverted yield curve occurs when short term Treasuries (3 months) offer a higher yield than longer term Treasuries (10 year). Unlike prior inversions, the March inversion was driven by falling long-term yields rather than rising short-term yields. While the last five recessions were preceded by an inverted yield curve, the nature of the March inversion suggests a less predictable relationship with economic growth.

## Savos positioning

- Savos expectations for the remainder of 2019: slower economic growth; strong corporate profits, but slowing profit growth; Fed on hold (no interest rate increases).

Data as of 3/29/19, unless noted. Sources: Bloomberg, Bureau of Economic Analysis.

## About Savos Investments

Savos Investments specializes in risk-managed strategies for financial advisors and their clients on the AssetMark platform. Savos aims to help clients reach their financial goals with carefully crafted portfolios and personalized investment solutions.

## *Simply Smart. Simply Savos.*

First quarter 2019 returns Dow Jones Industrial Average®: 11.8%; Russell 2000® Index: 14.6%; MSCI EAFE Index: 10.2%; MSCI EM Index: 9.9%; Bloomberg Barclays US Treasury 7-10 Year Index: 2.9%; S&P 500® Investment Grade Corporate Bond Index: 4.7%; S&P Municipal Bond Index: 2.8%; S&P 500 High Yield Corporate Bond Index: 6.9%.

## Important Information

All investments involve the risk of potential investment losses as well as the potential for investment gains. Prior performance is no guarantee of future results. This information is not a solicitation for investment, but is intended only as a discussion of certain economic or finance related topics, or as a general discussion of certain services offered to financial advisors through the AssetMark platform. Opinions are those of Savos and may change at any time. Investors seeking more information about the investments available on the AssetMark platform should discuss with their financial advisor. Prior to making any investment decision, investors should always discuss their particular situation with both a qualified financial advisor and a qualified tax advisor. Financial advisors may seek more information regarding all services offered through the AssetMark platform by contacting Savos at (818) 528-3788.

It is not possible to invest directly in an index. The **Bloomberg Barclays US Treasury 7-10 Year Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. The **MSCI EAFE Index** is an equity index which captures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada. With 921 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Emerging Markets (EM) Index** captures large and mid cap representation across 24 Emerging Markets countries. With 1,125 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **S&P 500 Index** is an unmanaged index that is generally considered representative of the US equity market, consisting of 500 leading companies in leading industries of the US economy (typically large cap companies) representing approximately 75% of the investable US equity market. The **Russell 2000® Index** consists of the smallest 2,000 securities in the Russell 3000® Index. The **Dow Jones Industrial Average® (The Dow®)**, is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities. The **S&P 500® High Yield Corporate Bond Index**, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with a high-yield rating. The **S&P 500® Investment Grade Corporate Bond Index**, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with an investment-grade rating. The **S&P Municipal Bond Index** is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market.

**Savos Investments** / [AskSavos@Savos.com](mailto:AskSavos@Savos.com) / 818.528.3788

Savos Investments is a division of AssetMark, Inc. AssetMark, Inc. is an investment adviser registered with the Securities and Exchange Commission.  
©2019 AssetMark, Inc. All rights reserved.

22576 | C33535 | 4/2019 | EXP 9/30/20

For use with the general investing public.