First Quarter 2020 in Review
THE S&P 500® INDEX AND KEY EVENTS

S&P 500 Level

January 2020
- Strong December jobs report
- US and China sign "phase one" trade deal
- Senate votes to acquit President Trump on two articles of impeachment
- The UK exits the EU

February 2020
- S&P 500 peaks; record high of 3386.15
- Very strong February jobs report
- Stronger than anticipated January jobs report
- S&P 500 closes in bear market territory, ending 11-year bull market

March 2020
- S&P 500 closes at 2237.40 – Q1 low; down 34% from peak
- Very strong February jobs report
- Dow Jones Industrial Average largest point drop in history; the Cboe VIX Index spikes to highest level since 2008

April 2020
- 10Y Treasury yield hits intraday low of 0.318%; 30Y Treasury yield falls below 1.0% for first time in history
- Coronavirus declared a global pandemic by WHO
- President Trump declares National Emergency
- US surpasses 100,000 confirmed coronavirus cases

FOMC Meeting:
- Unscheduled: 0.50% rate decrease; announces asset purchases
- Unscheduled: 1.0% rate decrease; announces asset purchases
- No rate change

Health
- First reported case of coronavirus in the US
- White House announces coronavirus task force
- US bars entry by foreign nationals traveling from China
- US reports first coronavirus death and expands travel restrictions
- 1,000th reported case of coronavirus in the US
- Coronavirus declared a global pandemic by WHO
- President Trump declares National Emergency
- US surpasses 100,000 confirmed coronavirus cases

Market News
- US House and Senate agree on $2T stimulus package

Economic News
- US and China sign "phase one" trade deal
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Headline News
- Senate votes to acquit President Trump on two articles of impeachment
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Global equities plummet

- Equities experienced a punishing quarter as coronavirus news dominated the headlines. Finishing in deep negative territory, both the S&P 500® and Dow Jones Industrial Average® reported their worst first quarter returns on record. US small cap, US large cap, non-US developed, and emerging markets stocks all delivered negative returns.

Multiple fixed income markets negative

- Some bond market sectors struggled during the quarter, including high yield corporate and investment grade corporate bonds. Municipals landed in very mild negative territory; Treasuries and broad investment grade bonds were a bright spot with positive performance. Notably, during the quarter, yields on short-term Treasury bills settled into negative territory for the first time in more than four years. The spread between the 3 month and 10 year yield on Treasuries remained wide in March—as large as 1.23 percentage points on March 18—which we believe reflects the desire for investors to hold cash positions.

Important events

- The Federal Open Market Committee (the Fed) held two unscheduled meetings in March, reducing the fed funds rate a total of 1.5%.
- A record 3.3 million workers applied for unemployment benefits the week ending March 21, marking the end of a decade-long job expansion.
- US lawmakers approved a $2 trillion relief bill in response to the economic conditions resulting from the coronavirus pandemic.

Savos expectations

- Savos expectations for 2020: sharp, short economic contraction followed by strong rebound; policy stimulus limits damage to corporations and consumers; capital markets recover in advance of real economy.

Data as of 3/31/20, unless noted. Sources: Bloomberg, U.S. Department of Labor.

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 expertly constructed portfolios and personalized investment solutions.

Simply Smart. Simply Savos.


Important Information

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It is not possible to invest directly in an index. The S&P 500® Index 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. The MSCI All Country World (ACWI) Index measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe. The MSCI EAFE® Index measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada. The MSCI Emerging Markets (EM) Index measures the equity market performance of countries considered to represent emerging markets. The Russell 2000® Index measures the performance of companies considered to represent the small-cap segment of the US equity market. The Bloomberg Barclays US Aggregate Bond Index measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related and Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS sectors. The Bloomberg Barclays US Treasury 7-10 Year Index measures the performance of US Treasury bonds, including all publicly issued securities with 7 to 9.9999 years to maturity. The Bloomberg Barclays US Corporate Bond Index 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. The Bloomberg Barclays US Municipal Bond Index 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. The Bloomberg Barclays US Corporate High Yield Bond Index 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. The Dow Jones Industrial Average® measures the performance of an index of 30 large U.S. companies. Excludes the transportation industry and utilities sector.