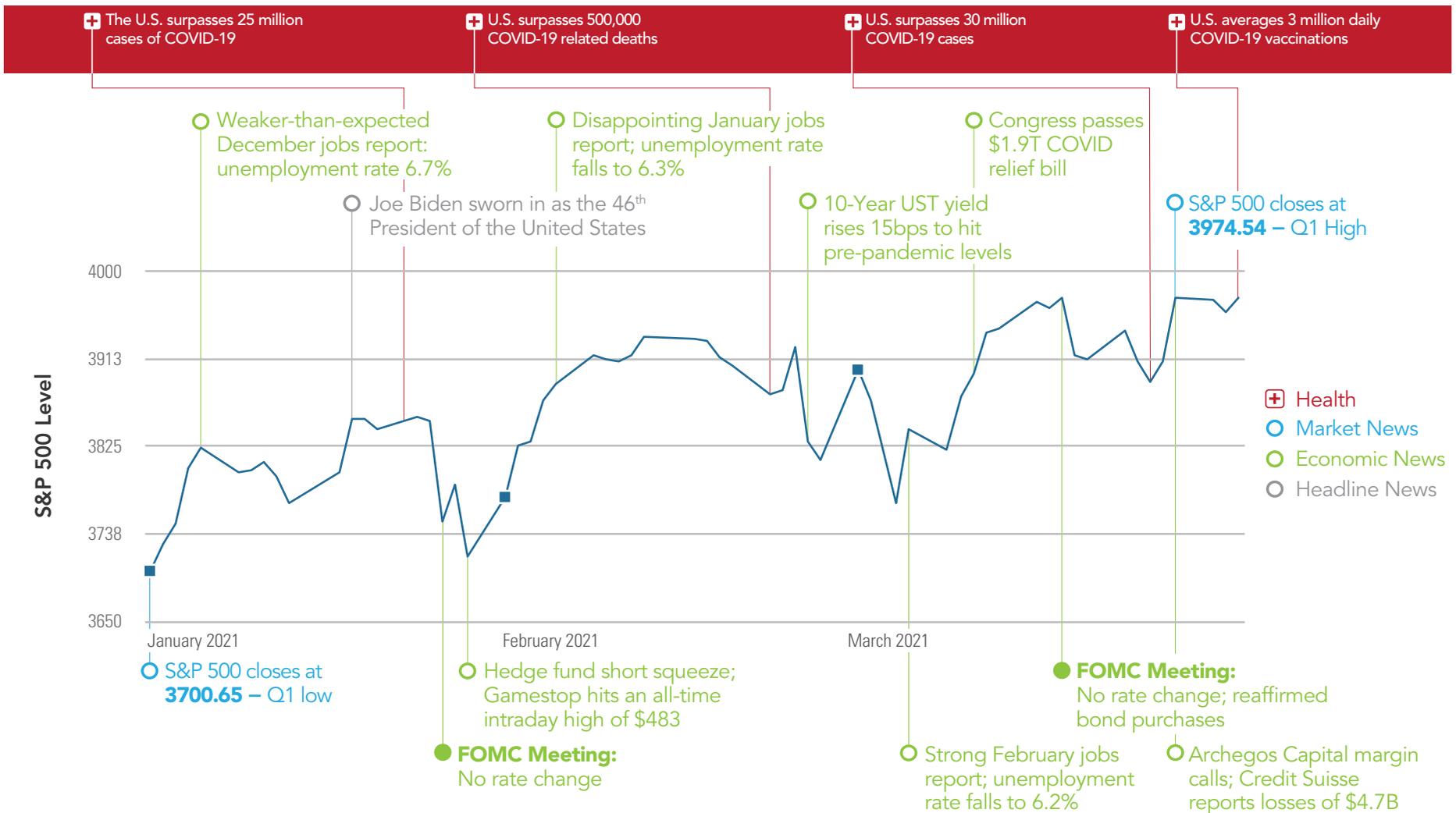


# First Quarter 2021 in Review



THE S&P 500® INDEX AND KEY EVENTS



It is not possible to invest directly in an index. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. Index performance assumes the reinvestment of dividends.

## A Positive Quarter for Global Stocks

- In the first quarter, global equities continued their advance led by U.S. stocks which hit record highs. In stark contrast to 2020, small cap, dividends and value were standout performers amid a pronounced rotation toward broad economic reopening themes. Perhaps, most notable, was the poor performance of last year's dominant contributor, the Technology sector. Developed international and emerging market equity returns were more modestly positive.

## Challenging Environment for Bonds

- Fixed income assets were generally dealt losses as inflation expectations picked up in earnest and yields rose. U.S. Treasuries saw their worst quarter since 1980 as the 10-Year UST closed March yielding 1.74% after soaring 83bps, the largest quarterly increase since 2016. Investment grade, MBS and municipal bonds similarly struggled while bank loans and high yield corporates eked out modest gains.

## Notable Events

- The Federal Open Market Committee (the Fed) left the fed funds rate unchanged at the January and March meetings. However market expectations for Federal Reserve tightening have begun to move forward into 2022. U.S. real gross domestic product (GDP) rebounded, growing 4.1% in the fourth quarter of 2020 and U.S. unemployment rate declined to 6.3%.
- Congress passed a \$1.9T relief package known as the American Rescue Plan in an effort to boost the economy and aid the response to the COVID-19 pandemic.

## Savos Expectations

- Savos expectations for 2021: economic recovery accelerates in Q2 amid vaccination progress and fiscal support; recovery back on track by second half; elevated market volatility continues due to economic policy uncertainty, particularly regarding monetary policy and tax policy.

## 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.*

Sources: FactSet; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Federal Reserve.

## Important Information

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Investments in equities, bonds, options, and other securities, whether held individually or through mutual funds and exchange traded funds, can decline significantly in response to adverse market conditions, company-specific events, changes in exchange rates, and domestic, international, economic, and political developments.

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 1 - 3 Month US Treasury Bills Index measures the performance of US Treasury public obligations with 1 month to less than 3 months to maturity.

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

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