



Selected Market Indexes 2020

Equities

- An astounding year. Covid shut down the world and markets collapsed; central banks dropped rates; equity markets looked beyond to the expected recovery - and perhaps more.
- Equities are now at very high valuations justified mostly by extremely low interest rates.
- Large Cap and technology led the way. Mid and Small Cap were slower to recover but were catching up late in the year.
- Longer term Large Cap returns are much higher than long term average, helped by rebound from 2008-9 early in those periods.
- REITs have lagged due the unknown, but significant, impact of Covid on hotels, offices and retail.
- Foreign Developed and Emerging Markets have also rebounded but results were si

Fixed Income

- Federal Reserve reduced short term rates to 0% in March. Fed is expected to hold until 2023.
- Extensive Fed purchases of bonds have also kept longer term rates low. There is a limit to how long and how much it can do.
- Fixed income total returns benefited from the decline in rates but current yields are at historic lows. There is little upside from rate changes going forward.
- High Yield yield spread is higher than the longer term average but is not enough for the default rate forecast by Moody's

Asset Class Indexes - Total Return	Periods Ending December 31, 2020								
	Q4	December	November	October	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Large Cap	12.15	3.84	10.95	-2.66	18.40	18.40	14.18	15.22	13.88
S&P 400 Mid Cap	24.37	6.52	14.28	2.17	13.66	13.66	8.45	12.35	11.51
S&P 600 Small Cap	31.31	8.32	18.17	2.58	11.29	11.29	7.74	12.37	11.92
S&P US REIT	11.51	3.66	10.72	-2.57	-7.52	-7.52	3.45	4.62	8.17
MSCI EAFE (Foreign Developed)	16.05	1.65	15.50	-3.99	7.82	7.82	4.28	7.45	5.51
MSCI Emerging Markets	19.70	7.35	9.25	2.06	18.31	18.31	6.17	12.81	3.63
Bloomberg Barclay's US Aggregate Bond	0.67	0.14	0.98	-0.45	7.51	7.51	5.34	4.44	3.84
Bloomberg Barclay's US High Yield	6.45	1.88	3.96	0.51	7.11	7.11	6.24	8.59	6.80
Fixed Income Rates	On 2020 Month End					On December 31			
	Q4	December	November	October	Jan 1	2020	2017	2015	2010
Fed Funds Target	0-.25	0-.25	0-.25	0-.25	1.50-1.75	1.75-2.00	1.00-1.25	0.25-0.5	0-0.25
10 Year Treasury	0.66	0.69	0.72	0.55	0.69	0.93	2.33	2.06	2.53
30 Year Treasury	1.41	1.46	1.49	1.20	1.46	1.46	2.86	2.87	3.69

Data Sources: FactSet Research Sytems via AJO Partners; Federal Reserve; U.S. Treasury

See Page 2 for important disclosures and contact information.

Index results do not reflect any investment costs or fees. Investments in securities involve the risk of loss, particularly over shorter time frames. Future results will be different from past results.

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