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WEALTH AND TRUST ADVISORS

*JANUARY 2021*

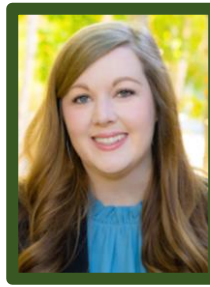
## MARKET COMMENTARY & QUARTERLY MARKET REVIEW



**CARL A.  
JOHNSON**



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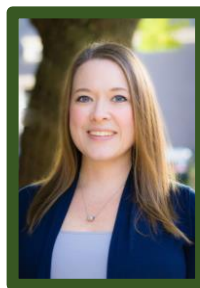
**ASHLEY L.  
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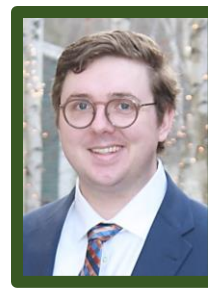
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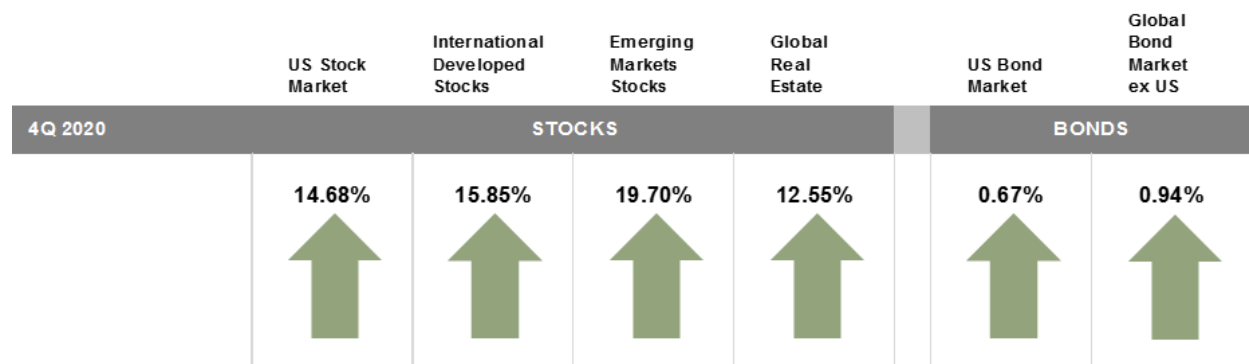
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## Market Commentary: January 2021

For obvious reasons, I waited until after January 20<sup>th</sup> to finish this commentary, and I am glad that I did. Listening to the inaugural poem was not only inspiring, but it also rhymed with my theme this quarter. The poem had a nice balance between looking back and looking ahead. However, unlike the young poet laureate's prose, the balance should never be equal; the future is always more important. We must look back to learn from history but pressing on toward the future is more important.

Markets on the other hand, take that forward looking approach to the extreme. They always look ahead, never back. Even the present moment is disregarded. This was on full display in the last two weeks. While the unimaginable was happening with our Capitol occupied by protestors and later with Washington D.C. in military lockdown for the inauguration, *the world stock markets completely ignored the drama*. Why was that? Simply put, markets set their prices based on expectations of future values and cash flows, not yesterday's news or even the present circumstances. Therefore, as investors we too must look ahead not backward. As usual, before we do that, let us review the figures for the quarter.



In this contrasting year where we had 14.7% unemployment and a recession on Main Street, global stock markets rebounded from the initial COVID-19 shock and soared the rest of the year, looking well past the pandemic that tragically continues to take so many lives. As another example of the dichotomy of this year, in the last 50 years, both the lowest (3.5%) and the highest (14.7%) U.S. unemployment rates occurred in 2020. Stocks of every flavor saw double-digit gains (also found on page 2 of the Quarterly Market Review). Emerging Markets finished as the winner for the year with International Developed stocks a reasonably distant second. This is the first time in almost a decade where international stocks outpaced U.S. stocks. [April and November were two of the best three months the S&P 500 had over the last 30 years!] Again, both U.S. and Global Bonds provided a small but stable return for the quarter.

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In the year ahead, we expect interest rates will remain low, reconciliation will be the dominant political theme, and monetary and fiscal policy will continue to be major benefactors to the global economy. Here at home, expecting the passage of another massive relief package, unemployment will start to come down. More importantly, as the COVID-19 vaccine slowly makes its way into our communities, positive signs of inflation have already started to pick up ahead of businesses reopening and jobs returning.

But can this stock market optimism last? No. We will see difficult days and stock markets with steep declines - double-digit gains will not last. With China's regional aggression, Russia's efforts to destabilize the West, Iran's nuclear ambitions, and our own numerous domestic challenges, the road ahead will be very difficult. Even with all the unpredictable events that have occurred in the last year, and certainly more to come, we are well-versed in what to expect. This run of optimism will run out as well – *and then restart again.*

For those who lost loved ones and friends, a strong stock market is no consolation. At the end of the day, unless those around you are safe and healthy, little else matters. For the financial life advice and responsibility you have entrusted to us, we will be cautious and deliberate to achieve the *security and significance* you want and need. By thinking creatively and being prepared, together we will come out better than ever.

We wish for you a year in which your hopes become real. And we are truly eager to see many of you in person again as soon as we can. We appreciate your flexibility in having phone calls and virtual meetings while awaiting more normal times.

As always, we are incredibly thankful for your trust. May you and your family enjoy a happy and healthy 2021.

Two quotes from Henry David Thoreau to help frame our new year:

*"Never look back unless you are planning to go that way."*

*"Goodness is the only investment that never fails." – Henry David Thoreau*

Best regards,



Carl Amos Johnson, MBA, CFP®, AIF®

January 22, 2021

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# Q4

Quarterly Market Review  
Fourth Quarter 2020

# Quarterly Market Summary

## Index Returns



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	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>4Q 2020</b>	<b>STOCKS</b>				<b>BONDS</b>	
	<b>14.68%</b> 	<b>15.85%</b> 	<b>19.70%</b> 	<b>12.55%</b> 	<b>0.67%</b> 	<b>0.94%</b> 

<b>Since Jan. 2001</b>						
Avg. Quarterly Return	2.3%	1.6%	3.0%	2.4%	1.2%	1.1%
Best Quarter	22.0%	25.9%	34.7%	32.3%	4.6%	4.6%
	<b>2020 Q2</b>	<b>2009 Q2</b>	<b>2009 Q2</b>	<b>2009 Q3</b>	<b>2001 Q3</b>	<b>2008 Q4</b>
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-3.0%	-2.7%
	<b>2008 Q4</b>	<b>2020 Q1</b>	<b>2008 Q4</b>	<b>2008 Q4</b>	<b>2016 Q4</b>	<b>2015 Q2</b>

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg Barclays data provided by Bloomberg.

# Long-Term Market Summary

Index Returns as of December 31, 2020



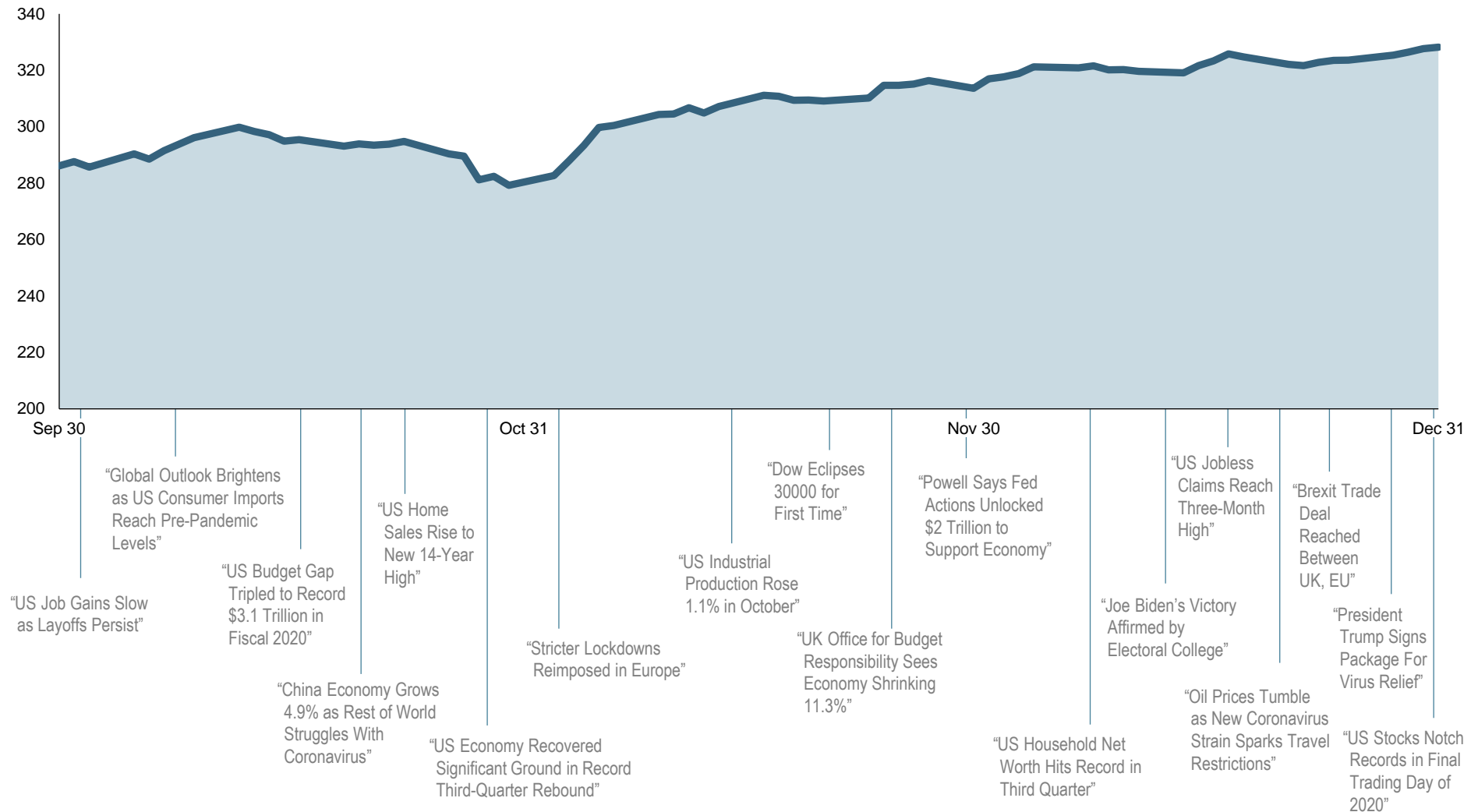
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	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>1 Year</b>	<b>STOCKS</b>				<b>BONDS</b>	
	20.89%	7.59%	18.31%	-9.09%	7.51%	3.94%
<b>5 Years</b>						
	15.43%	7.64%	12.81%	3.66%	4.44%	4.40%
<b>10 Years</b>						
	13.79%	5.19%	3.63%	6.14%	3.84%	4.35%

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# World Stock Market Performance

MSCI All Country World Index with selected headlines from Q4 2020



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

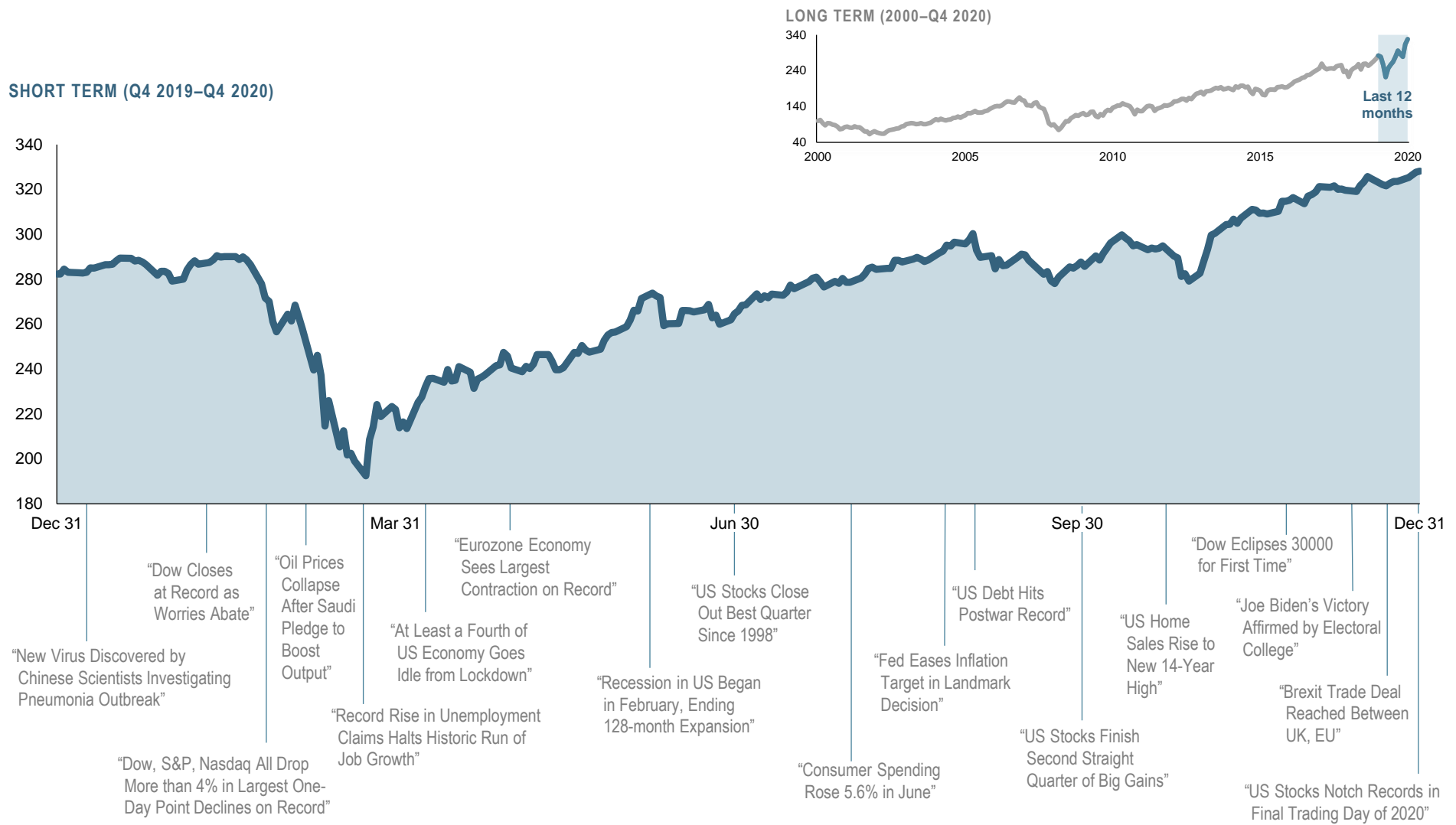
Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**



# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.

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# US Stocks

## Fourth Quarter 2020 Index Returns

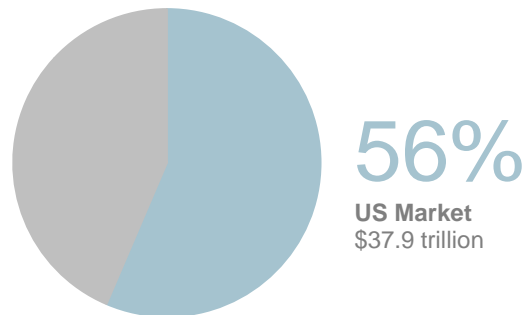
The US equity market posted positive returns for the quarter but underperformed non-US developed markets and emerging markets.

Value outperformed growth across large and small cap stocks.

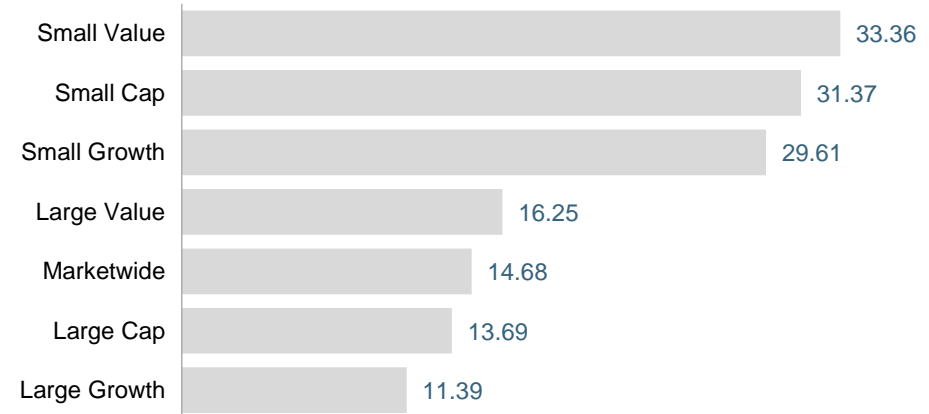
Small caps outperformed large caps.

REIT indices underperformed equity market indices.

### World Market Capitalization—US



### Ranked Returns (%)



### Period Returns (%)

\* Annualized

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Small Value	33.36	4.63	3.72	9.65	8.66
Small Cap	31.37	19.96	10.25	13.26	11.20
Small Growth	29.61	34.63	16.20	16.36	13.48
Large Value	16.25	2.80	6.07	9.74	10.50
Marketwide	14.68	20.89	14.49	15.43	13.79
Large Cap	13.69	20.96	14.82	15.60	14.01
Large Growth	11.39	38.49	22.99	21.00	17.21

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved.



# International Developed Stocks

## Fourth Quarter 2020 Index Returns

Developed markets outside the US posted positive returns for the quarter, outperforming US equities but underperforming emerging markets.

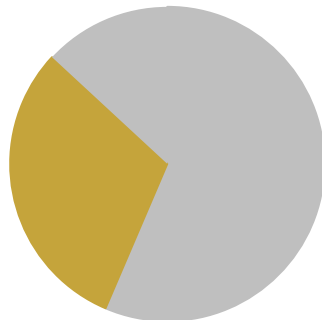
Value outperformed growth.

Small caps outperformed large caps.

### World Market Capitalization—International Developed

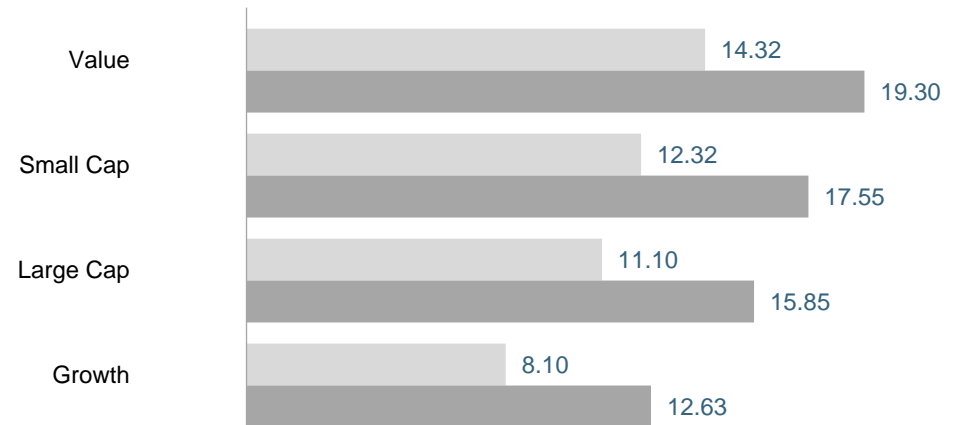
**30%**

International  
Developed Market  
\$20.5 trillion



### Ranked Returns (%)

■ Local currency ■ US currency



### Period Returns (%)

\* Annualized

	QTR	1 Year	3 Years*	5 Years*	10 Years*
Value	19.30	-3.22	-1.28	4.57	3.23
Small Cap	17.55	12.78	5.04	9.63	6.98
Large Cap	15.85	7.59	4.22	7.64	5.19
Growth	12.63	18.41	9.57	10.50	7.01

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# Emerging Markets Stocks

## Fourth Quarter 2020 Index Returns

Emerging markets posted positive returns for the quarter, outperforming the US and developed ex US equity markets.

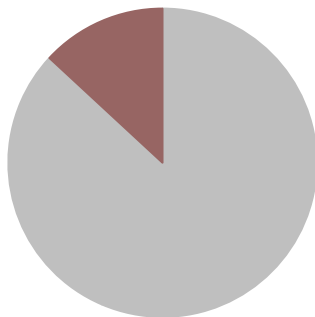
Value outperformed growth.

Small caps outperformed large caps.

### World Market Capitalization—Emerging Markets

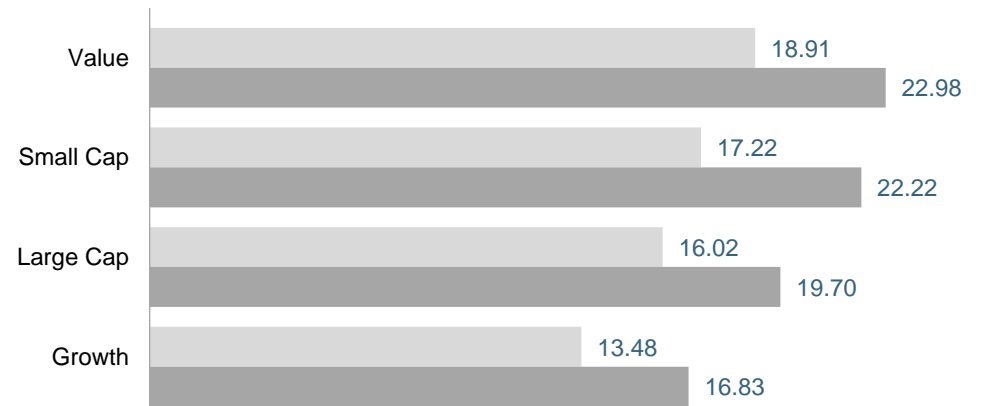
**13%**

Emerging Markets  
\$8.8 trillion



### Ranked Returns (%)

■ Local currency ■ US currency



### Period Returns (%)

\* Annualized

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Value	22.98	5.48	1.77	9.18	0.90
Small Cap	22.22	19.29	2.69	8.19	2.29
Large Cap	19.70	18.31	6.17	12.81	3.63
Growth	16.83	31.33	10.33	16.23	6.21

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2021, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

# Select Market Performance

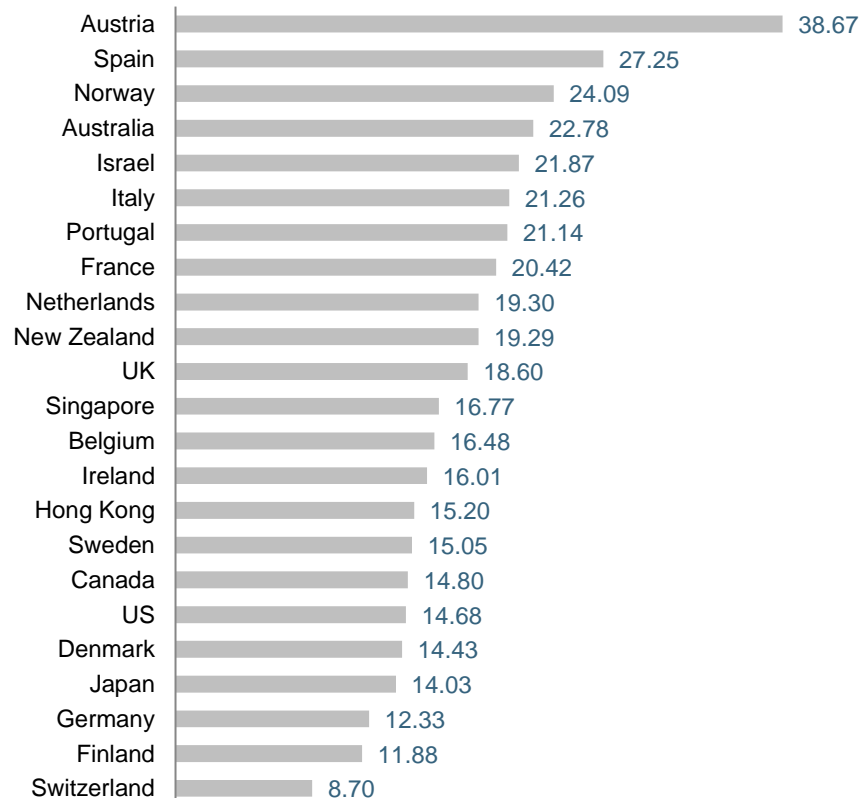
## Fourth Quarter 2020 Index Returns



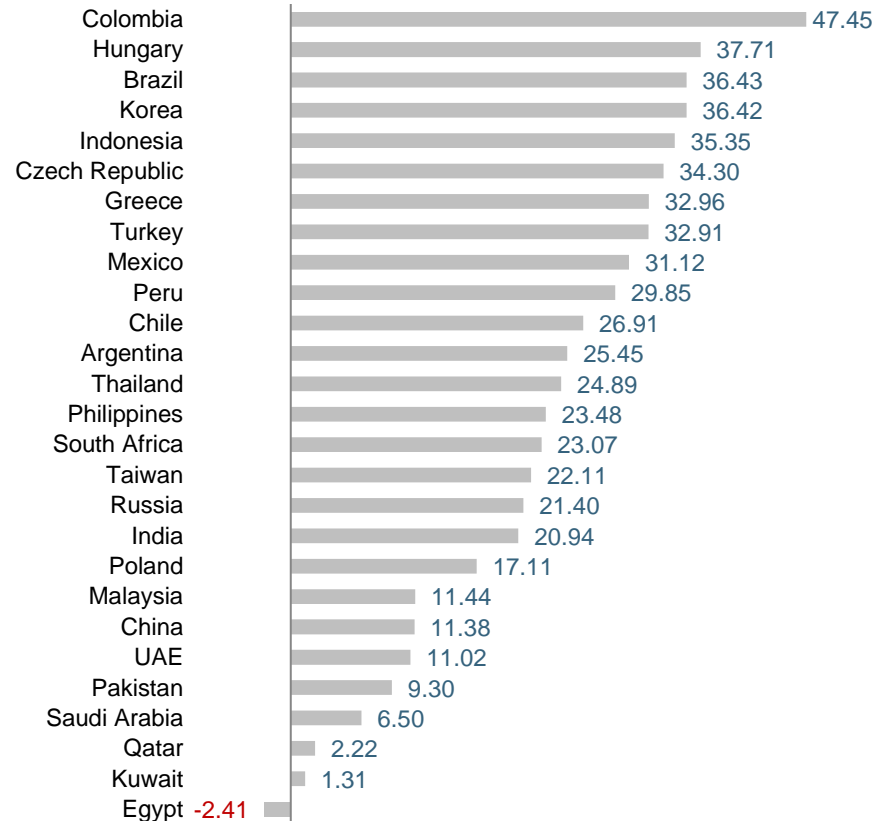
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In US dollar terms, Austria and Spain recorded the highest country performance in developed markets, while Switzerland and Finland posted the lowest returns for the quarter. In emerging markets, Colombia and Hungary recorded the highest country performance, while Egypt and Kuwait posted the lowest performance.

### Ranked Developed Markets Returns (%)



### Ranked Emerging Markets Returns (%)



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# Real Estate Investment Trusts (REITs)

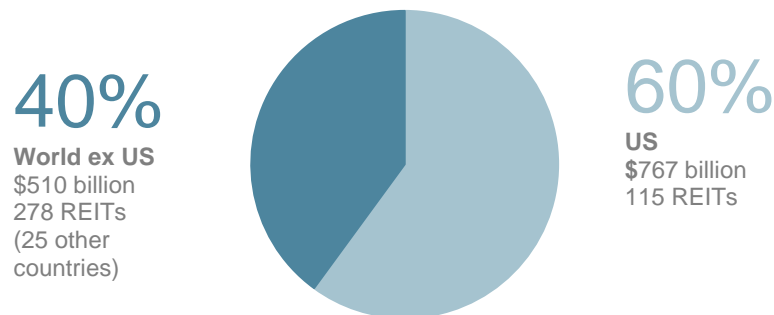
## Fourth Quarter 2020 Index Returns

US real estate investment trusts underperformed non-US REITs during the quarter.

### Ranked Returns (%)



### Total Value of REIT Stocks



### Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	* Annualized	
				5 Years*	10 Years*
Global ex US REITs	15.03	-10.09	0.95	4.17	4.94
US REITs	12.92	-11.20	1.54	3.00	7.56

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.



# Commodities

## Fourth Quarter 2020 Index Returns

The Bloomberg Commodity Index Total Return returned 10.19% for the fourth quarter of 2020.

Soybean oil and soybeans were the best performers, gaining 28.42% and 27.39%, respectively.

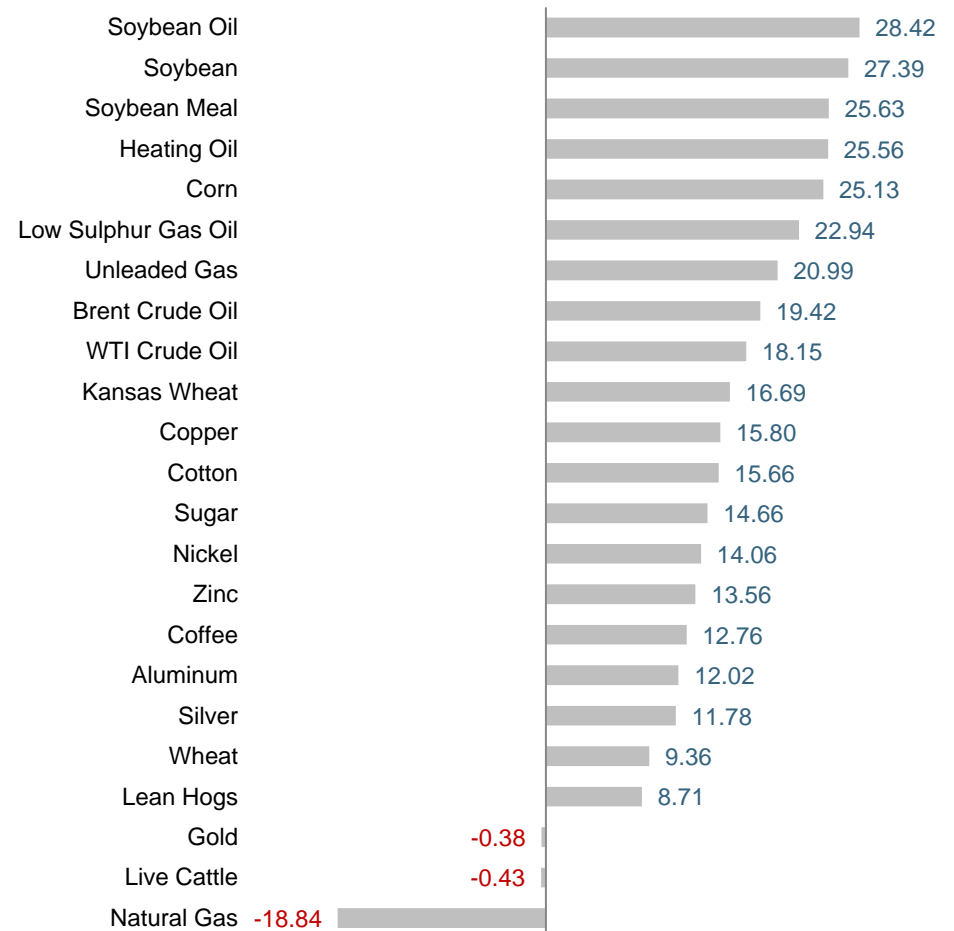
Natural gas and live cattle were the worst performers, declining 18.84% and 0.43%, respectively.

### Period Returns (%)

*\* Annualized*

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Commodities	10.19	-3.12	-2.53	1.03	-6.50

### Ranked Returns (%)



# Fixed Income

## Fourth Quarter 2020 Index Returns

Interest rate changes were mixed in the US Treasury fixed income market during the fourth quarter of 2020. The yield on the 5-Year US Treasury note increased 8 basis points (bps), ending at 0.39%. The yield on the 10-Year Treasury increased 29 bps to 0.93%. The 30-Year US Treasury bond yield increased 18 bps to finish at 1.64%.

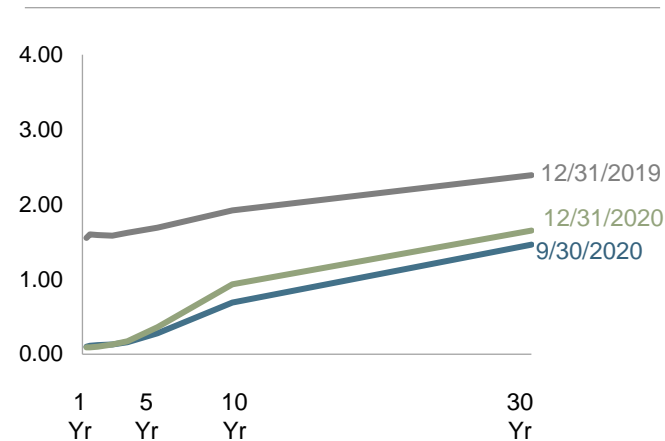
On the short end of the yield curve, the 1-Month US Treasury bill yield remained unchanged at 0.08%, while the 1-Year US T-bill yield decreased 1 bps to 0.13%. The 2-Year US Treasury note yield finished unchanged at 0.09%.

In terms of total returns, short-term corporate bonds added 1.14%.

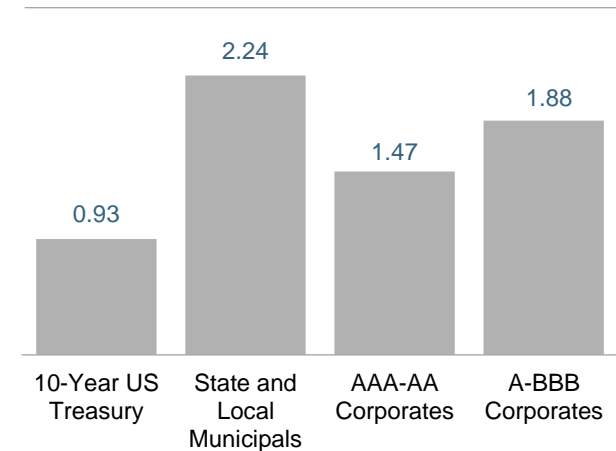
Intermediate-term corporate bonds returned 1.76%.

The total return for short-term municipal bonds was 0.44%, while intermediate-term munis returned 1.36%. Revenue bonds outperformed general obligation bonds.

### US Treasury Yield Curve (%)



### Bond Yield across Issuers (%)



### Period Returns (%)

\*Annualized

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Bloomberg Barclays US High Yield Corporate Bond Index	6.45	7.11	6.24	8.59	6.80
FTSE World Government Bond Index 1-5 Years	2.20	6.45	2.67	2.70	0.43
Bloomberg Barclays Municipal Bond Index	1.82	5.21	4.64	3.91	4.63
Bloomberg Barclays US TIPS Index	1.62	10.99	5.92	5.08	3.81
Bloomberg Barclays US Aggregate Bond Index	0.67	7.51	5.34	4.44	3.84
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.17	3.21	3.06	2.36	1.97
ICE BofA 1-Year US Treasury Note Index	0.05	1.82	2.20	1.58	0.93
ICE BofA US 3-Month Treasury Bill Index	0.03	0.67	1.61	1.20	0.64
Bloomberg Barclays US Government Bond Index Long	-2.95	17.55	9.83	7.84	7.74

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2021 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2021 ICE Data Indices, LLC. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Global Fixed Income

## Fourth Quarter 2020 Yield Curves



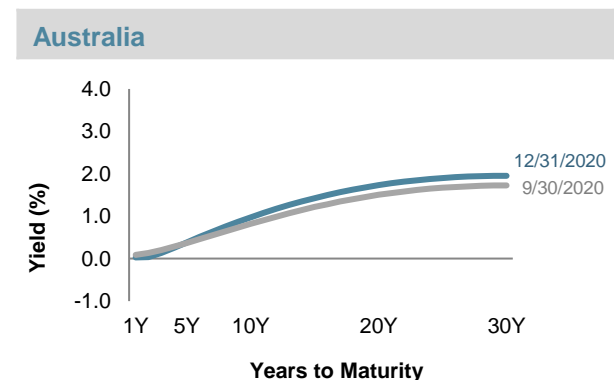
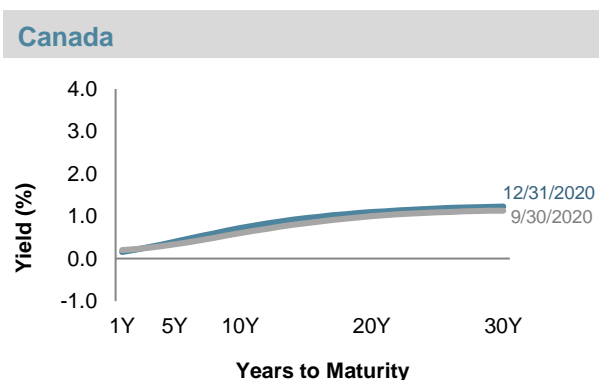
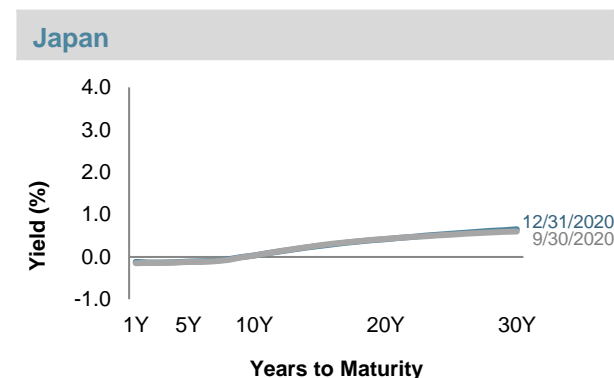
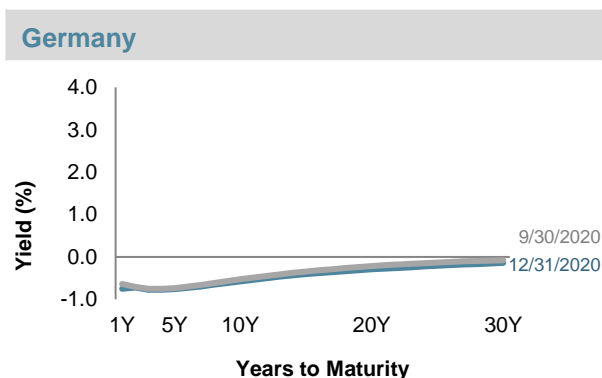
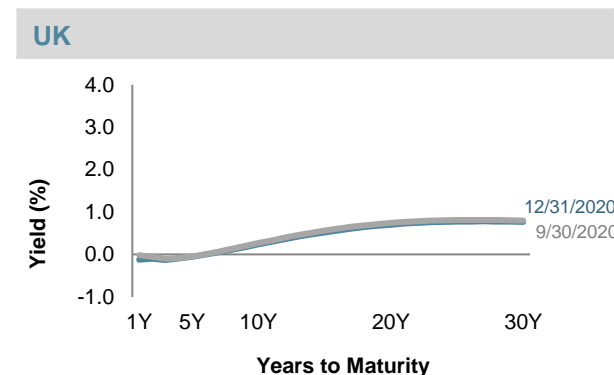
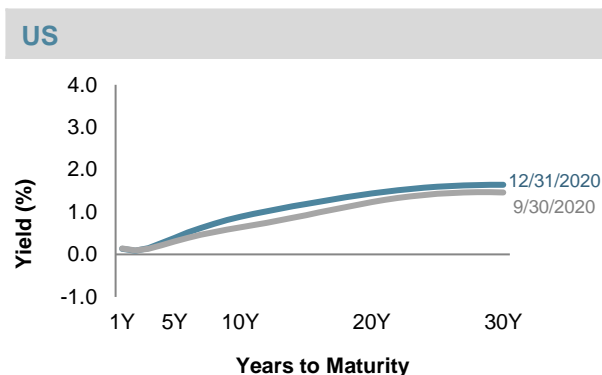
Changes in government bond interest rates in the global developed markets were mixed for the quarter.

Longer-term bonds generally outperformed shorter-term bonds in global ex-US developed markets.

Short- and intermediate-term nominal interest rates were negative in Japan, while all maturities finished in negative territory in Germany.

Changes in Yields (bps) since 9/30/2020

	1Y	5Y	10Y	20Y	30Y
US	-0.7	8.4	24.8	20.5	18.1
UK	-10.3	-0.6	-2.8	-4.1	-3.3
Germany	-11.4	-2.8	-4.7	-7.8	-6.2
Japan	3.0	0.2	-0.2	-0.2	4.8
Canada	-4.3	6.0	12.0	9.8	9.6
Australia	-5.8	1.8	15.4	22.9	22.6





# Market Review 2020: Looking Back on an Unprecedented Year

Fourth Quarter 2020

The year 2020 proved to be one of the most tumultuous in modern history, marked by a number of developments that were historically unprecedented. But the year also demonstrated the resilience of people, institutions, and financial markets.

The novel coronavirus was already in the news early in the year, and concerns grew as more countries began reporting their first cases of COVID-19. Infections multiplied around the world through February, and by early March, when the outbreak was labeled a pandemic, it was clear that the crisis would affect nearly every area of our lives. The spring would see a spike in cases and a global economic contraction as people stayed closer to home, and another surge of infections would come during the summer. Governments and central banks worked to cushion the blow, providing financial support for individuals and businesses and adjusting lending rates.

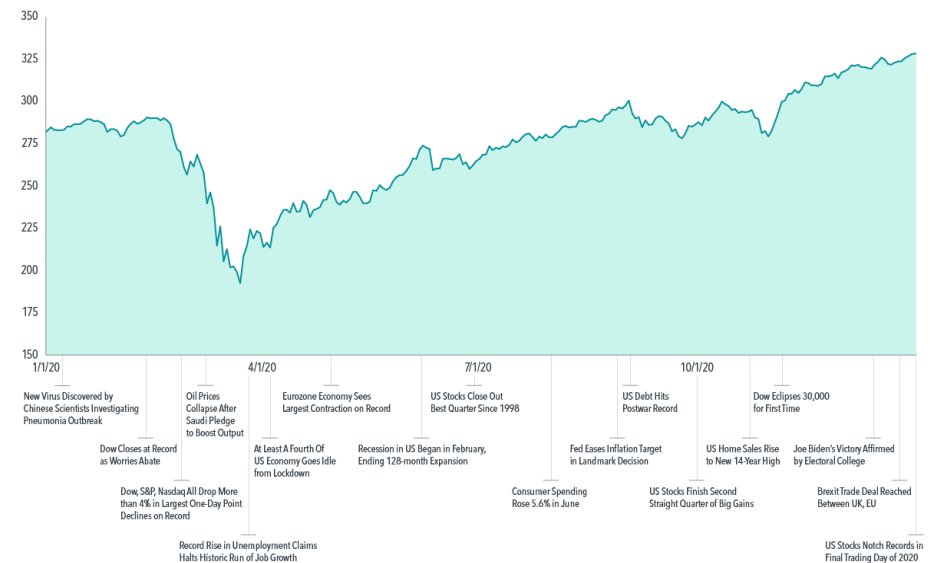
On top of the health crisis, there was widespread civil unrest over the summer in the US tied to policing and racial justice. In August, Americans increasingly focused on the US presidential race in this unusual year. Politicians, supporters, and voting officials wrestled with the challenges of a campaign that at times was conducted virtually and with an election in the fall that would include a heightened level of mail-in and early voting. In the end, the results of the election would be disputed well into December. As autumn turned to winter, 2020 would end with both troubling and hopeful news: yet another spike in COVID-19 cases, along with the first deliveries of vaccines in the US and elsewhere.

For investors, the year was characterized by sharp swings for stocks. March saw a 33.79% drop in the S&P 500 Index<sup>1</sup> as the pandemic worsened. This was followed by a rally in April, and stocks reached their previous highs by August. Ultimately, despite a sequence of epic events and continued concerns

over the pandemic, global stock market returns in 2020 were above their historical norm. The US market finished the year in record territory and with an 18.40% annual return for the S&P 500 Index. Non-US developed markets, as measured by the MSCI World ex USA Index,<sup>2</sup> returned 7.59%. Emerging markets, as measured by the MSCI Emerging Markets Index, returned 18.31% for the year.

## Exhibit 1. Highs and Lows

MSCI All Country World Index with selected headlines from 2020



### Past performance is no guarantee of future results.

In US dollars, net dividends. MSCI data © MSCI 2021, all rights reserved. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

1. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment.

2. MSCI data © MSCI 2021, all rights reserved. Indices are not available for direct investment.

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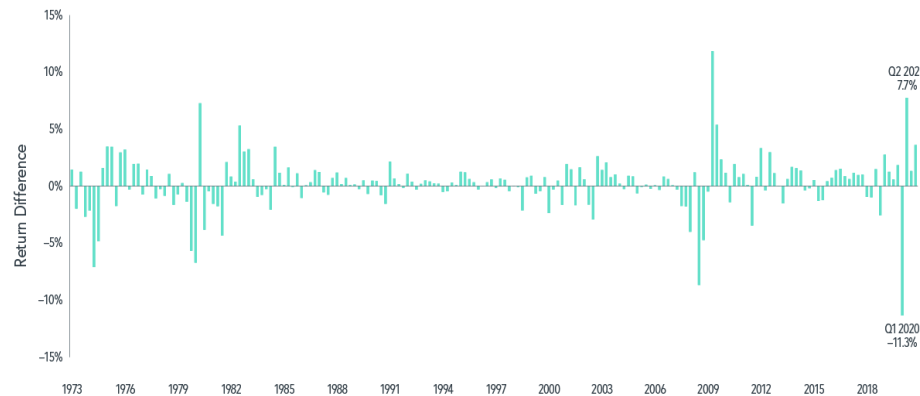
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Fixed income markets mirrored the extremity of equity behavior, with nearly unprecedented dispersion in returns during the first half of 2020. For example, in the first quarter, US corporate bonds underperformed US Treasuries by more than 11%, the most negative quarterly return difference in data going back a half century. But they soon swapped places: the second quarter was the second-most *positive* one on record for corporates over Treasuries, with a 7.74% advantage.<sup>3</sup> Large return deviations were also observed between US and non-US fixed income as well as between inflation-protected and nominal bonds.

Global yield curves finished the year generally lower than at the start. US Treasury yields, for example, fell across the board, with drops of more than 1%

## Exhibit 2. Sharp Shifts

US Credit minus US Treasury: Quarterly Returns, March 1973–December 2020



### Past performance is no guarantee of future results.

In US dollars. US credit represented by the Bloomberg Barclays US Credit Bond Index. US Treasuries represented by the Bloomberg Barclays US Treasury Bond Index. Bloomberg Barclays data provided by Bloomberg. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

- US corporate bonds represented by the Bloomberg Barclays US Credit Bond Index. US Treasuries represented by the Bloomberg Barclays US Treasury Bond Index. Bloomberg Barclays data provided by Bloomberg. Indices are not available for direct investment.
- ICE BofA government yield. ICE BofA index data © 2021 ICE Data Indices, LLC.
- Bloomberg Barclays data provided by Bloomberg. All rights reserved. Indices are not available for direct investment.

on the short and intermediate portions of the curve.<sup>4</sup> The US Treasury curve ended relatively flat in the short-term segment but upwardly sloped from the intermediate- to long-term segment. For 2020, the Bloomberg Barclays Global Aggregate Bond Index returned 5.58%.<sup>5</sup>

Uncertainty remains about the pandemic and the broad impact of the new vaccines, continued lockdowns, and social distancing. But the events of 2020 provided investors with many lessons, affirming that following a disciplined and broadly diversified investment approach is a reliable way to pursue long-term investment goals.

## MARKET PRICES QUICKLY REFLECT NEW INFORMATION ABOUT THE FUTURE

The fluctuating markets in the spring and summer were also a lesson in how markets incorporate new information and changes in expectations. From its peak on February 19, 2020, the S&P 500 Index fell 33.79% in less than five weeks as the news headlines suggested more extreme outcomes from the pandemic. But the recovery would be swift as well. Market participants were watching for news that would provide insights into the pandemic and the economy, such as daily infection and mortality rates, effective therapeutic treatments, and the potential for vaccine development. As more information became available, the S&P 500 Index jumped 17.57% from its March 23 low in just three trading sessions, one of the fastest snapbacks on record. This period highlighted the vital role of data in setting market expectations and underscored how quickly prices adjust to new information.

One major theme of the year was the *perceived* disconnect between markets and the economy. How could the equity markets recover and reach new highs when the economic news remained so bleak? The market's behavior suggests investors were looking past the short-term impact of the pandemic to assess the expected rebound of business activity and an eventual return to

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more-normal conditions. Seen through that lens, the rebound in share prices reflected a market that is always looking ahead, incorporating both current news and expectations of the future into stock prices.

## OWNING THE WINNERS AND LOSERS

The 2020 economy and market also underscored the importance of staying broadly diversified across companies and industries. The downturn in stocks impacted some segments of the market more than others in ways that were consistent with the impact of the COVID-19 pandemic on certain types of businesses or industries. For example, airline, hospitality, and retail industries tended to suffer disproportionately with people around the world staying at home, whereas companies in communications, online shopping, and technology emerged as relative winners during the crisis. However, predicting at the beginning of 2020 exactly how this might play out would likely have proved challenging.

In the end, the economic turmoil inflicted great hardship on some firms while creating economic and social conditions that provided growth opportunities for other companies. In any market, there will be winners and losers—and investors have historically been well served by owning a broad range of companies rather than trying to pick winners and losers.

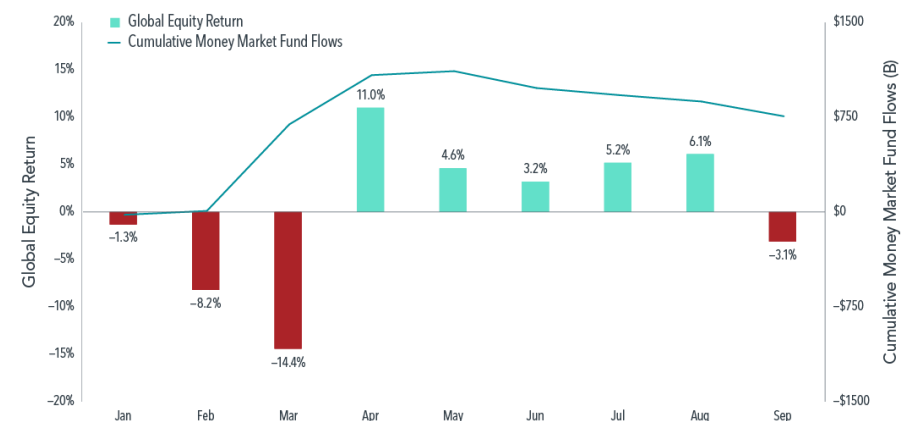
## STICKING WITH YOUR PLAN

Many news reports rightly emphasized the unprecedented nature of the health crisis, the emergency financial actions, and other extraordinary events during 2020. The year saw many “firsts”—and subsequent years will doubtless usher in many more. Yet 2020’s outcomes remind us that a consistent investment approach is a reliable path regardless of the market events we encounter. Investors who made moves by reacting to the moment may have missed opportunities. In March, spooked investors fled the stock and bond markets, as money-market funds experienced net flows for the month totaling \$684 billion. Then, over the six-month period from April 1 to September 30, global equities

and fixed income returned 29.54% and 3.16%, respectively. A move to cash in March may have been a costly decision for anxious investors.

It was important for investors to avoid reacting to the dispersion in performance between asset classes, too, lest they miss out on turnarounds from early in the year to later. For example, small cap stocks on the whole fared better in the second half of the year than the first. The stark difference in performance between the first and second quarters across bond classes also drives home this point.

**Exhibit 3. Cash Concerns in 2020**



### Past performance is no guarantee of future results.

*In US dollars. Global equity returns is the MSCI All Country World IMI Index (net div.). MSCI data © MSCI 2021, all rights reserved. Money market fund flows provided by Morningstar. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.*

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## A WELCOME TURN OF THE CALENDAR

Moving into 2021, many questions remain about the pandemic, new vaccines, business activity, changes in how people work and socialize, and the direction of global markets. Yet 2020's economic and market tumult demonstrated that markets continue to function and that people can adapt to difficult circumstances. The year's positive equity and fixed income returns remind that, with a solid investment approach and a commitment to staying the course, investors can focus on building long-term wealth, even in challenging times.

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