



# ASSET CLASS PERFORMANCE UPDATE

As of September 30, 2020

## HOW TO USE MARKETS AT-A-GLANCE

Markets At-A-Glance shows annual and year-to-date (YTD) performance for a broad array of financial market asset classes. As the overall market moves through different cycles and environments, individual asset class performance can also fluctuate. This report is helpful in illustrating the extent to which asset class performance can vary and how a well-diversified portfolio can potentially help minimize these variations.

Page 2 Asset class performance snapshot

Page 3

**EQUITY**

- The S&P 500 Index returned 8.9% during the third quarter, following one of its best quarters ever in the second quarter. Stocks were lifted by the stronger-than-expected economic rebound and optimism surrounding COVID-19 treatments, even as talks on another fiscal package stalled and election uncertainty lingered.
- Large caps outpaced small caps for the quarter, benefiting from their relatively better positioning for the pandemic, including generally stronger balance sheets.
- Growth stocks continued their impressive 2020 run during the quarter on strength in the consumer discretionary and technology sectors, but underperformed in September.
- Emerging markets stocks outpaced those in the US and developed international markets, as China has led the way out of the global pandemic and helped drive solid gains in emerging Asia.

Page 4

**FIXED INCOME**

- The Bloomberg Barclays US Aggregate Bond Index returned 0.6% during the third quarter. Some of the most economically sensitive areas of the fixed income market fared best as the economy recovered, including high-yield corporate bonds.
- Sectors with less interest-rate sensitivity—particularly bank loans—generally performed better during the quarter. While US Treasury yields remained broadly flat, the return of economic growth pushed investors to position for a rise in yields, increasing the attractiveness of these sectors.
- Municipal bonds also fared well during the quarter, outperforming Treasuries as well as the broader bond market benchmark. High-yield municipals, with exposure to revenue bonds, fared best.

Page 5

**ALTERNATIVES**

- The HFRI Equity Hedge Index returned 5.8% during the third quarter to lead alternative investment returns. The industry was supported by traditional equity markets moving higher, an overweight to information technology stocks, and an underweight allocation to the energy sector.
- The HFRI Event Driven Index also performed well with a gain of 4.3%. Merger and acquisition volumes have continued to rise since the spring, a trend we expect to continue as the economic environment stabilizes.
- The Credit Suisse Managed Futures Index declined 0.97%, as commodity and currency trading losses during September offset positive performance earlier in the quarter. Specifically, the reversal in gold and silver prices weighed on performance as many funds had built up significant long positions over the past year.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a nondiversified portfolio. Diversification does not ensure against market risk.

EQUITY			FIXED INCOME				ALTERNATIVES		
■ Large Growth (LG)	■ Emerging Markets (EM)	■ Broad Bond Market (Agg)	■ Corporate Bonds (CB)	■ Absolute Return (AR)	■ Global Macro (GM)				
■ Mid Growth (MG)	■ Small Foreign (SF)	■ Municipal Bonds (MB)	■ High-Yield Bonds (HYB)	■ Equity Long/Short (L/S)	■ Market Neutral (MN)				
■ Small Growth (SG)	■ REITs (R)	■ Municipal High-Yield Bonds (MHY)	■ Unhedged Foreign Bonds (UFB)	■ Event Driven (ED)	■ Physical Commodities (PC)				
■ Large Value (LV)	■ Domestic Equity (DE)	■ U.S. Treasury (UST)	■ Emerging Market Debt (EMD)	■ Managed Futures (MF)					
■ Mid Value (MV)		■ TIPS (T)	■ Preferred Stocks (PS)						
■ Small Value (SV)		■ Mortgage-Backed Securities (MBS)	■ Bank Loans (BL)						
■ Large Foreign (LF)									

□ 60/40 Portfolio (P)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020
29.09 (SG)	13.56 (T)	20.42 (SF)	43.30 (SG)	28.03 (R)	9.94 (SF)	31.74 (SV)	37.75 (EM)	4.76 (MHY)	36.39 (LG)	24.33 (LG)
27.95 (R)	10.70 (MB)	19.70 (R)	35.74 (MG)	18.37 (MF)	7.72 (PS)	20.00 (MV)	33.50 (SF)	1.28 (MB)	35.47 (MG)	13.92 (MG)
26.38 (MG)	9.81 (UST)	18.63 (EM)	34.52 (SV)	14.75 (MV)	5.67 (LG)	17.34 (LV)	30.21 (LG)	1.00 (MBS)	31.02 (DE)	9.22 (T)
24.75 (MV)	9.25 (MHY)	18.54 (EMD)	33.55 (DE)	13.84 (MHY)	5.46 (MN)	17.13 (HYB)	25.62 (LF)	0.86 (UST)	28.66 (R)	8.90 (UST)
24.50 (SV)	8.46 (EMD)	18.51 (MV)	33.48 (LG)	13.68 (PS)	3.30 (MB)	12.74 (DE)	25.27 (MG)	0.01 (Agg)	28.48 (SG)	7.14 (UFB)
22.40 (SF)	8.28 (R)	18.14 (MHY)	33.46 (MV)	13.45 (LV)	2.86 (AR)	11.60 (EM)	22.17 (SG)	-0.49 (AR)	27.06 (MV)	6.79 (Agg)
19.20 (EM)	8.15 (CB)	18.05 (SV)	32.53 (LV)	13.05 (LG)	2.83 (R)	11.37 (PC)	21.13 (DE)	-0.62 (BL)	26.54 (LV)	6.65 (P)
16.93 (DE)	7.84 (Agg)	17.90 (LF)	29.69 (SF)	12.56 (DE)	1.81 (MHY)	11.32 (SG)	13.81 (P)	-0.84 (UFB)	25.47 (SF)	6.64 (CB)
16.71 (LG)	6.35 (UFB)	17.51 (LV)	23.29 (LF)	11.90 (MG)	1.46 (MBS)	11.08 (ED)	13.66 (LV)	-1.26 (T)	22.66 (LF)	5.41 (DE)
15.51 (LV)	6.14 (MBS)	16.42 (DE)	18.19 (P)	9.96 (P)	1.23 (EMD)	10.88 (BL)	13.34 (MV)	-1.51 (LG)	22.39 (SV)	4.58 (ED)
15.12 (HYB)	4.98 (HYB)	15.81 (HYB)	13.87 (ED)	9.05 (MB)	0.84 (UST)	10.19 (EMD)	12.03 (PS)	-2.08 (HYB)	21.94 (P)	3.88 (SG)
13.97 (PS)	4.07 (P)	15.81 (MG)	11.14 (L/S)	7.46 (CB)	0.73 (P)	8.79 (P)	9.98 (L/S)	-2.51 (CB)	18.88 (EM)	3.74 (MBS)
13.25 (P)	2.64 (LG)	15.26 (LG)	7.44 (HYB)	6.07 (MBS)	0.55 (Agg)	8.63 (R)	9.69 (MHY)	-2.87 (P)	17.63 (PC)	3.33 (MB)
12.22 (MF)	1.86 (PS)	14.59 (SG)	5.02 (BL)	5.97 (Agg)	0.48 (DE)	7.33 (MG)	9.32 (EMD)	-3.16 (MN)	17.32 (PS)	2.24 (PS)
12.04 (EMD)	0.63 (BL)	11.64 (PS)	3.57 (AR)	5.60 (SG)	-0.20 (MG)	7.08 (LG)	8.67 (R)	-3.25 (GM)	14.54 (CB)	0.62 (HYB)
9.65 (BL)	1.03 (DE)	11.55 (P)	2.86 (R)	5.53 (EMD)	-0.39 (LF)	6.11 (CB)	7.84 (SV)	-4.04 (R)	14.42 (EMD)	0.47 (AR)
9.03 (PC)	0.39 (LV)	10.50 (BL)	1.72 (MN)	5.24 (GM)	-0.68 (CB)	4.68 (T)	7.50 (HYB)	-4.61 (EMD)	14.32 (HYB)	0.37 (EMD)
9.00 (CB)	-1.18 (PC)	9.82 (CB)	-0.94 (PS)	5.05 (UST)	-2.75 (BL)	2.99 (MHY)	7.49 (UFB)	-4.71 (PS)	10.71 (L/S)	0.37 (MHY)
8.92 (L/S)	-1.38 (MV)	6.98 (T)	-1.22 (PC)	4.22 (SV)	-0.93 (MF)	2.65 (Agg)	6.48 (ED)	-4.75 (MG)	10.68 (MHY)	0.11 (GM)
8.21 (LF)	-1.65 (MG)	6.78 (MB)	-1.39 (MBS)	3.64 (T)	-1.38 (SG)	2.55 (SF)	6.42 (CB)	-5.24 (DE)	10.65 (BL)	-0.53 (BL)
7.80 (MHY)	-2.91 (SG)	5.96 (ED)	-1.53 (CB)	3.63 (MN)	-1.44 (T)	1.77 (PS)	5.77 (PC)	-6.67 (MF)	9.96 (ED)	-0.91 (EM)
6.54 (Agg)	-2.92 (MN)	4.81 (L/S)	-1.79 (GM)	2.45 (HYB)	-1.96 (GM)	1.67 (MBS)	5.45 (MB)	-8.27 (LV)	9.01 (MF)	-2.86 (MF)
6.31 (T)	-3.71 (AR)	4.21 (Agg)	-2.02 (Agg)	0.99 (BL)	-2.33 (L/S)	1.60 (UFB)	3.54 (Agg)	-9.31 (SG)	8.72 (Agg)	-2.95 (L/S)
5.87 (UST)	-4.19 (MF)	2.59 (MBS)	-2.27 (EM)	1.42 (L/S)	-3.57 (UFB)	1.51 (LF)	3.39 (AR)	-9.42 (L/S)	8.43 (T)	-3.90 (SF)
5.67 (MBS)	-4.88 (GM)	1.99 (UST)	-2.55 (MB)	0.79 (AR)	-3.83 (LV)	1.04 (UST)	3.31 (BL)	-11.68 (ED)	7.54 (MB)	-6.73 (LF)
5.17 (UFB)	-4.90 (ED)	1.65 (UFB)	-2.56 (MF)	-0.48 (UFB)	-4.47 (HYB)	0.31 (AR)	3.29 (MF)	-12.29 (MV)	6.86 (UST)	-6.85 (MN)
2.64 (MN)	-5.50 (SV)	0.88 (AR)	-2.75 (UST)	-1.82 (EM)	-4.78 (MV)	0.25 (MB)	3.01 (T)	-12.86 (SV)	6.51 (MBS)	-11.58 (LV)
2.38 (MB)	-11.73 (LF)	0.08 (PC)	-4.00 (UFB)	-4.06 (ED)	-6.94 (ED)	0.10 (L/S)	2.51 (GM)	-13.36 (LF)	5.90 (UFB)	-12.27 (R)
1.98 (ED)	-15.66 (SF)	-1.00 (GM)	-5.51 (MHY)	-4.48 (LF)	-7.47 (SV)	-2.93 (GM)	2.45 (MBS)	-13.82 (PC)	4.84 (GM)	-12.84 (MV)
-0.12 (AR)	-18.17 (EM)	-2.93 (MF)	-6.58 (EMD)	-4.63 (SF)	-14.60 (EM)	-5.08 (MN)	2.31 (UST)	-14.25 (EM)	4.37 (AR)	-21.54 (SV)
-1.73 (GM)	-19.08 (L/S)	-4.66 (MN)	-8.61 (T)	-33.06 (PC)	-32.86 (PC)	-6.84 (MF)	1.73 (MN)	-17.58 (SF)	-1.87 (MN)	-33.38 (PC)

Source: LPL Research, FactSet 09/30/20

Investing involves risk including the risk of loss. Asset class returns are represented by the returns of indexes and are not ranked on an annual total return basis. Indexes are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results. Because of their narrow focus, specialty sector investing will be subject to greater volatility than investing more broadly across many sectors and asset classes.

Bank Loans (BL) asset data based on Barclays U.S. High Yield Loan Index (2008) and S&P/LSTA U.S. Leveraged Loan (2009–2018 YTD).

Indexes:

60/40 Portfolio – 60% Russell 3000/40% Bloomberg Barclays Aggregate; Large Growth – Russell 1000 Growth; Mid Growth – Russell Mid Growth; Small Growth – Russell 2000 Growth; Large Value – Russell 1000 Value; Mid Value – Russell Mid Value; Small Value – Russell 2000 Value; Large Foreign – MSCI EAFE; Emerging Markets – MSCI Emerging Markets Free; Small Foreign – MSCI EAFE Small Cap; REITs – NAREIT Equity REIT; Domestic Equity – Russell 3000; Broad Bond Market – Bloomberg Barclays U.S. Aggregate Bond Index; Municipal Bonds – Bloomberg Barclays Municipal Bonds; Municipal High-Yield Bonds – Bloomberg Barclays Municipal High Yield Bonds; U.S. Treasuries – Bloomberg Barclays U.S. Treasuries Index; TIPS – Bloomberg Barclays U.S. Aggregate Government - Treasury Inflation-Protected Securities (TIPS); Mortgage-Backed Securities – BofA Merrill Lynch Mortgage Master Index; Corporate Bonds – Bloomberg Barclays U.S. Aggregate Credit; High-Yield Bonds – Bloomberg Barclays U.S. Aggregate Credit - Corporate - High Yield; Foreign Bonds (Unhedged) – Citigroup WGBI ex U.S.; Emerging Market Debt – JP Morgan EMBI Global Index; Preferred Stocks – Merrill Lynch Preferred Stock Hybrid; Bank Loans – Bloomberg Barclays U.S. High Yield Loan; Absolute Return – HFRX Absolute Return; Equity Long/Short – HFRX Equity Hedge; Event Driven – HFRX Event Driven; Managed Futures – Credit Suisse Managed Futures; Global Macro – HFRX Macro; Market Neutral – HFRX Equity Hedge: Equity Market Neutral; Physical Commodities – S&P GSCI

# EQUITY ASSET CLASSES

60/40 Portfolio (P)	Small Growth (SG)	Small Value (SV)	Small Foreign (SF)
Large Growth (LG)	Large Value (LV)	Large Foreign (LF)	REITs (R)
Mid Growth (MG)	Mid Value (MV)	Emerging Markets (EM)	Domestic Equity (DE)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020
SG 29.09	R 8.28	SF 20.42	SG 43.30	R 28.03	SF 9.94	SV 31.74	EM 37.75	LG -1.51	LG 36.39	LG 24.33
R 27.95	P 4.07	R 19.70	MG 35.74	MV 14.75	LG 5.67	MV 20.00	SF 33.50	P -2.87	MG 35.47	MG 13.92
MG 26.38	LG 2.64	EM 18.63	SV 34.52	LV 13.45	R 2.83	LV 17.34	LG 30.21	R -4.04	DE 31.02	P 6.65
MV 24.75	DE 1.03	MV 18.51	DE 33.55	LG 13.05	P 0.73	DE 12.74	LF 25.62	MG -4.75	R 28.66	DE 5.41
SV 24.50	LV 0.39	SV 18.05	LG 33.48	DE 12.56	DE 0.48	EM 11.60	MG 25.27	DE -5.24	SG 28.48	SG 3.88
SF 22.40	MV -1.38	LF 17.90	MV 33.46	MG 11.90	MG -0.20	SG 11.32	SG 22.17	LV -8.27	MV 27.06	EM -0.91
EM 19.20	MG -1.65	LV 17.51	LV 32.53	P 9.96	LF -0.39	P 8.79	DE 21.13	SG -9.31	LV 26.54	SF -3.90
DE 16.93	SG -2.91	DE 16.42	SF 29.69	SG 5.60	SG -1.38	R 8.63	P 13.81	MV -12.29	SF 25.47	LF -6.73
LG 16.71	SV -5.50	MG 15.81	LF 23.29	SV 4.22	LV -3.83	MG 7.33	LV 13.66	SV -12.86	LF 22.66	LV -11.58
LV 15.51	LF -11.73	LG 15.26	P 18.19	EM -1.82	MV -4.78	LG 7.08	MV 13.34	LF -13.36	SV 22.39	R -12.27
P 13.25	SF -15.66	SG 14.59	R 2.86	LF -4.48	SV -7.47	SF 2.55	R 8.67	EM -14.25	P 21.94	MV -12.84
LF 8.21	EM -18.17	P 11.55	EM -2.27	SF -4.63	EM -14.60	LF 1.51	SV 7.84	SF -17.58	EM 18.88	SV -21.54

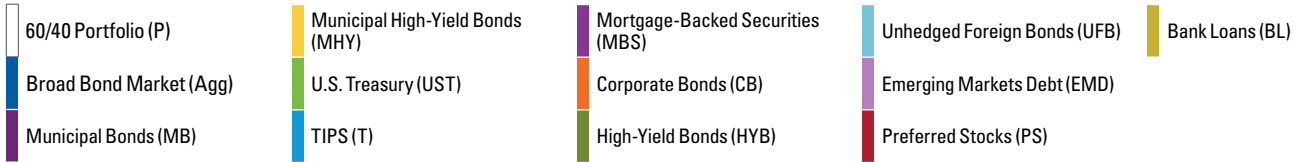
Source: LPL Research, FactSet 09/30/20

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# FIXED INCOME ASSET CLASSES



2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020
HYB 15.12	T 13.56	EMD 18.54	P 18.19	MHY 13.84	PS 7.72	HYB 17.13	P 13.81	MHY 4.76	P 21.94	T 9.22
PS 13.97	MB 10.70	MHY 18.14	HYB 7.44	PS 13.68	MB 3.30	BL 10.88	PS 12.03	MB 1.28	PS 17.32	UST 8.90
P 13.25	UST 9.81	HYB 15.81	BL 5.02	P 9.96	MHY 1.81	EMD 10.19	MHY 9.69	MBS 1.00	CB 14.54	UFB 7.14
EMD 12.04	MHY 9.25	PS 11.64	PS -0.94	MB 9.05	MBS 1.46	P 8.79	EMD 9.32	UST 0.86	EMD 14.42	Agg 6.79
BL 9.65	EMD 8.46	P 11.55	MBS -1.39	CB 7.46	EMD 1.23	CB 6.11	HYB 7.50	Agg 0.01	HYB 14.32	P 6.65
CB 9.00	CB 8.15	BL 10.50	CB -1.53	MBS 6.07	UST 0.84	T 4.68	UFB 7.49	BL -0.62	MHY 10.68	CB 6.64
MHY 7.80	Agg 7.84	CB 9.82	Agg -2.02	Agg 5.97	P 0.73	MHY 2.99	CB 6.42	UFB -0.84	BL 10.65	MBS 3.74
Agg 6.54	UFB 6.35	T 6.98	MB -2.55	EMD 5.53	Agg 0.55	Agg 2.65	MB 5.45	T -1.26	Agg 8.72	MB 3.33
T 6.31	MBS 6.14	MB 6.78	UST -2.75	UST 5.05	CB -0.68	PS 1.77	Agg 3.54	HYB -2.08	T 8.43	PS 2.24
UST 5.87	HYB 4.98	Agg 4.21	UFB -4.00	T 3.64	BL -2.75	MBS 1.67	BL 3.31	CB -2.51	MB 7.54	HYB 0.62
MBS 5.67	P 4.07	MBS 2.59	MHY -5.51	HYB 2.45	T -1.44	UFB 1.60	T 3.01	P -2.87	UST 6.86	EMD 0.37
UFB 5.17	PS 1.86	UST 1.99	EMD -6.58	BL 0.99	UFB -3.57	UST 1.04	MBS 2.45	EMD -4.61	MBS 6.51	MHY 0.37
MB 2.38	BL 0.63	UFB 1.65	T -8.61	UFB -0.48	HYB -4.47	MB 0.25	UST 2.31	PS -4.71	UFB 5.90	BL -0.53

Source: LPL Research, FactSet 09/30/20

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**Indexes:**

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## IMPORTANT DISCLOSURES

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Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

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