



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 3.84% in December, ending the year on a strong note after plunging into a bear market in February and March as the pandemic threw the global economy into a deep recession.
- Within the S&P, all 11 sectors posted positive returns. Financials did best, returning 6.25%. Information Technology followed, returning 5.74%. The Utilities sector was the worst performer of the month and returned 0.70%.
- By market capitalization, small-caps (Russell 2000) returned 8.65%, large-caps (Russell 1000 Index) returned 4.22% and mid-caps (Russell Mid Cap Index) returned 4.68%. Growth stocks outperformed Value stocks across all capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 5.41%. Developed markets ex-U.S., represented by the MSCI EAFE Index, returned 4.65%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 7.35% in December.
- Within the ACWI ex-U.S. Index, all 11 sectors posted positive returns. Information Technology did best, returning 11.48%, followed by Materials, which returned 9.02%. The Real Estate sector was the worst performer, returning 1.65%.
- Within the ACWI ex-U.S. Index, EM Latin America performed best during the month, returning 11.90%. Canada was the worst-performing region during the month, returning 3.55%.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) returned 0.14% in December. Credit spreads tightened, leading to strong performance across spread sectors, including investment-grade (IG) corporates (0.46%), high yield (1.88%, out of index) and Agency CMBS (0.41%). CCC-rated credit had a particularly strong month, up 3.19%. The 10- and 30-year treasuries rates rose nine and seven basis points (bps) respectively during the month, leading to the broad treasury index declining 0.23%.
- IG credit within the Aggregate returned 0.46%. Within the IG credit spectrum, AAA-rated bonds returned 0.03%, AA-rated bonds returned 0.27%, A-rated bonds returned 0.20% and BBB-rated bonds returned 0.77%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 1.88% in December.
- Yields generally climbed across the U.S. Treasury Yield curve in December.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, rose 3.29% in December. Performance was positive in all nine real estate sectors. Healthcare did best, returning 4.67%. The worst performing REIT sector of the month was Office, returning 1.85%.
- The active contract for West Texas Intermediate (WTI) crude increased to \$48.52/barrel in December from \$45.34/barrel at the end of November as vaccines were a very welcome sign for the oil market.

Items to Watch

- Three states across the U.S. have now identified cases of the new coronavirus strain in people with no travel history, a sign that the variant could already be spreading unknowingly among Americans. The new variant threatens to make matters worse if more people are hospitalized due to its spread. December was the deadliest month of the pandemic in the U.S., as hospitals reached capacity and the highly anticipated vaccine rollout ended up slower than expected.
- Britain formally left the European Union's trade bloc on December 31, marking a new era for the UK and EU relationship. After months of wrangling, new trade rules were finally agreed upon just days before the year-end deadline. However, there was minimal mention of financial services, a sector which accounts for 7% of the UK's economy and 10% of its tax receipts.
- Nearly half-million jobs were lost in December in restaurants, casinos and other businesses most impacted by the spreading pandemic. Still, strong job gains in other areas show an encouraging resilience in the labor market. Non-farm payrolls were expected to increase by 50,000 jobs, but instead declined 140,000 in December. The unemployment rate was unchanged at 6.7%, as was the number of unemployed, at 10.7 million.
- Democrats will have unified control of Capitol Hill and the White House for at least the first two years of President-elect Joe Biden's term. The news came on a chaotic and violent day in Washington D.C. as supporters of President Trump stormed the U.S. Capitol, forcing Congress to recess while they were set to count the Electoral College votes.

Total Return of Major Indices as of 12/31/20

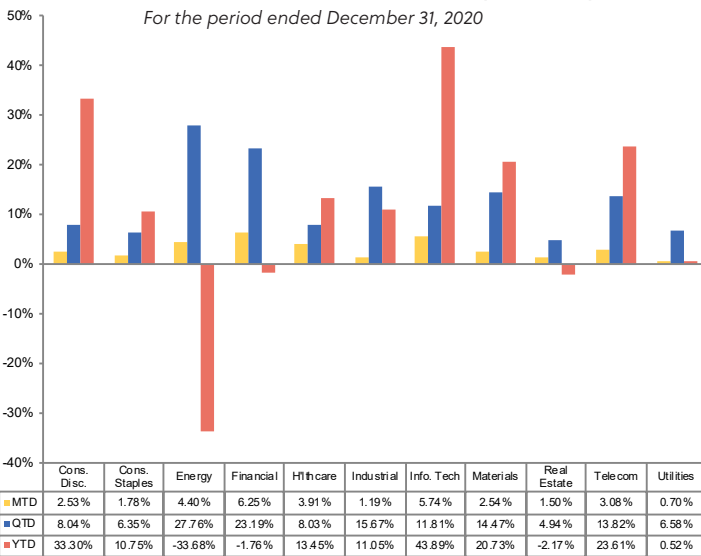
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.84%	12.14%	18.39%	18.39%
Russell 3000	4.50%	14.68%	20.88%	20.88%
Russell 2000	8.65%	31.36%	19.93%	19.93%
Russell 1000	4.22%	13.69%	20.95%	20.95%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	5.41%	17.01%	10.65%	10.65%
MSCI EAFE	4.65%	16.05%	7.82%	7.82%
MSCI Emerging Markets	7.35%	19.70%	18.31%	18.31%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	0.14%	0.67%	7.51%	7.51%
Bloomberg Barclays Global Agg	1.34%	3.28%	9.20%	9.20%
Bloomberg Barclays U.S. HY	1.88%	6.45%	7.11%	7.11%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	3.29%	11.57%	-8.00%	-8.00%
Bloomberg Commodity	4.97%	10.17%	-3.50%	-3.50%

Economic Indicators

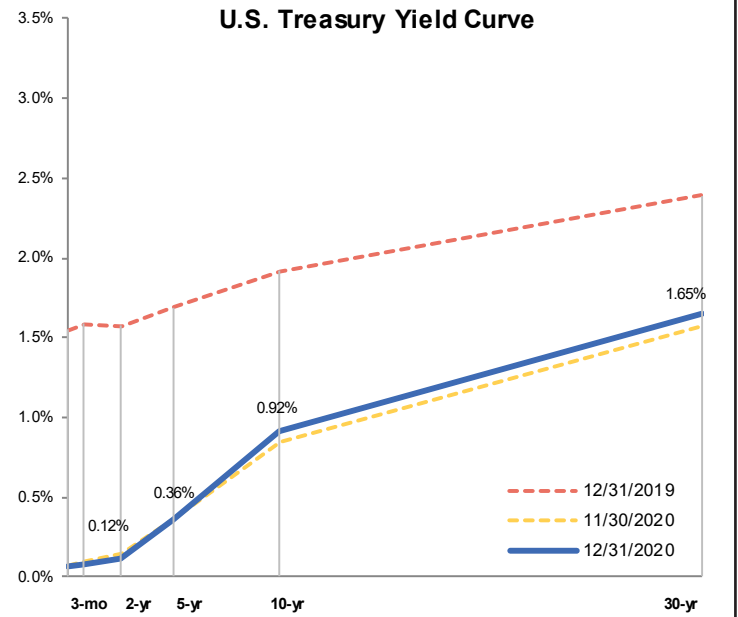
Domestic	Current	Previous Month
Unemployment Rate (%)	6.7%	6.7%
Initial Jobless Claims (4 week average)	818.8 K	837.5 K
CB Leading Economic Indicators	0.6	0.8
Capacity Utilization	73.3%	73.0%
GDP (annual growth rate)	33.4%	-31.4%
University of Michigan Consumer Confidence	80.7	76.9
New Home Starts	841 K	945 K
Existing Home Sales	6.7 MM	6.9 MM
Retail Sales (YoY)	3.6%	4.3%
U.S. Durable Goods (MoM)	1.0%	1.8%
Consumer Price Index (YoY)	1.2%	1.2%
Producer Price Index (MoM)	0.2%	0.6%
Developed International*	9/30/2020	6/30/2020
Market GDP (annual rate)	-0.9%	-12.1%
Market Unemployment	7.9%	7.6%

Stock Market Sector Performance (S&P 500)

For the period ended December 31, 2020

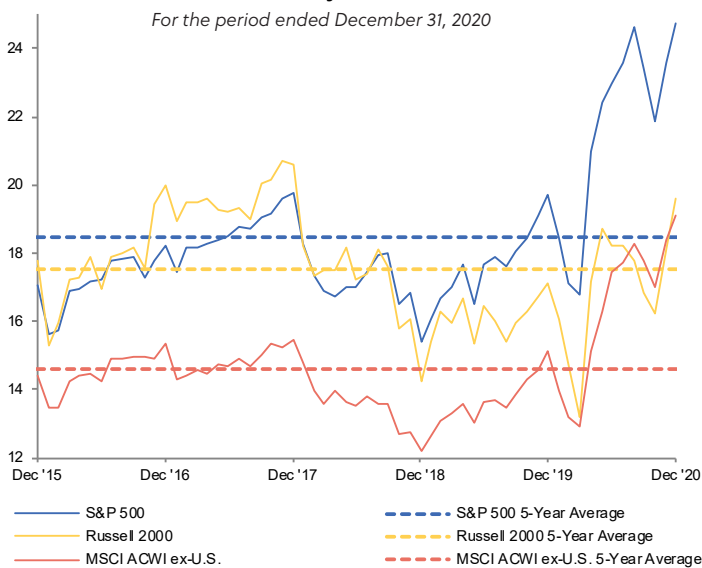


U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**

For the period ended December 31, 2020



Source: Bloomberg. Data as of December 31, 2020, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2020 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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