February 2020 Market Update

The last week of February 2020 will be remembered as one of the most spectacular weeks in market history. Stoked by fears of the Covid-19 coronavirus, the S&P 500 sold off 11.5%, one of the largest one-week sell-offs in the history of the stock market and certainly the worst decline precipitated by a health crisis. Interestingly, U.S. stocks hit all-time highs on Wednesday Feb 19th prior to the sell-off.

The drop in global equities has been remarkably broad, generally averaging a year-to-date decline of 8% to 12% across a range of countries and industrial sectors.

Perhaps the biggest story occurred in the bond market where long-term Treasury yields blew past prior all-time lows. Ten-year Treasuries finished February at 1.13%, well below their all-time low of 1.36%. Thirty-year Treasuries finished at 1.65%, marking the first time they dropped below 2.0%.

In volatile times like this, investors are reminded of the importance of maintaining long-term asset allocations. Asset allocations are developed based on the risk/return goals of the investor and are not dependent on market levels or market reactions to events. Investors with the patience to stay the course through tough markets are rewarded with superior long-term performance.

Table 1: Benchmark Index Performance as of February 29, 2020

Benchmark Index	***1 Mo***	***YTD***	***12 Mo***	***5 Yr Ann***
U.S. Equities (S&P 1500 Composite)	-8.34%	-8.62%	6.96%	8.9%
International Developed Equities (MSCI EAFE)	-9.04%	-10.94%	-0.57%	2.0%
Emerging Market Equities (MSCI EM)	-5.27%	-9.69%	-1.88%	2.7%
Fixed Income (Bloomberg Barclays US Aggregate)	1.80%	3.76%	11.68%	3.6%
US Real Estate (S&P US REIT Index)	-7.91%	-6.84%	3.30%	4.7%
Global Equities (MSCI ACWI)	-8.08%	-9.09%	3.89%	5.5%

Chart 1: 2020 Year-to-Date Market Index Performance