

**KEY TAKEAWAYS**

- Markets started 2021 with a solidly positive run, until becoming unsettled over the last few trading days of the month.
- Volatility perked up as speculative trading and a notable short squeeze in GameStop, led by retail investors, shook markets and caught the attention of even non-financial media outlets. Despite the price swings, the S&P 500 finished the month within 4% of its recent all-time high.
- From an equity index perspective, Small Caps and Emerging Markets led the charge during the month, solidifying a strong three-month period of performance. Large Cap equities in both U.S. and Developed Non-U.S. markets fell modestly.
- Returns from fixed income asset classes were largely muted. Municipal bond indices squeezed out a positive return while treasuries ended slightly negative. The yield on the 10-year Treasury Note inched higher in January.
- The U.S. GDP grew at a 4% annualized rate in Q4, led by business investment and a strong housing sector. Discussions are ongoing for another round of fiscal stimulus. Meanwhile, vaccinations have been ramping up and the number of COVID cases declining, both positive developments for continued economic recovery.

**INDEX PERFORMANCE (as of 1/31/2021)**

ALASKA  
 ARIZONA  
 CALIFORNIA  
 FLORIDA  
 GEORGIA  
 MASSACHUSETTS  
 NEW JERSEY  
 TEXAS  
 BELLEVUE, WA  
 SEATTLE, WA  
 WASHINGTON D.C.

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Equity	January	Three Month	One-Year
U.S. Large Cap	-1.0%	14.1%	17.3%
U.S. Small Cap	5.0%	35.2%	30.2%
Developed Non-U.S.	-1.1%	19.6%	8.9%
Emerging Market	3.1%	20.9%	27.9%
<b>Real Assets</b>			
Real Estate	-1.0%	14.8%	-7.7%
Commodities	2.6%	11.5%	7.3%
Natural Resource Equities	1.3%	23.3%	-10.6%
<b>Fixed Income</b>			
<u>Core Plus</u>			
U.S. High Yield Debt	0.3%	6.3%	7.4%
Emerging Market Debt	-1.1%	8.0%	2.9%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-0.7%	0.4%	4.7%
U.S. Treasuries	-1.0%	-0.8%	4.4%
U.S. Municipal Bonds	0.4%	1.6%	3.3%
<b>Month-End Values/Yield</b>			
CBOE Volatility Index	33.1	22.8	18.8
10-Year Treasury Yield	1.1%	0.9%	1.5%

Sources: Bloomberg, Morningstar, treasury.gov, S&P Dow Jones Indices.

You cannot invest directly in an index; therefore, performance returns do not reflect any management fees. Returns of the indices include the reinvestment of all dividends and income, as reported by the commercial databases involved.

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the DJ UBS Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.