BLOG POST
Asset Class Performance
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The year 2020 was extraordinary by any measure. We observed volatility at levels never experienced before, including during the Financial Crisis of 2008. As the coronavirus hit, broad swaths of the economy began to shut down. Many asset classes experienced drawdowns of -20% or more. The pace at which the drawdown occurred was not experienced since the market crash of 1987. Then, as we worked our way through the initial wave of the pandemic, market returns became highly bifurcated. Certain parts of the equity market began soaring to new highs, while others continued to languish as investors began to realize who was going to benefit from the current shutdown. As a result, we saw a large-scale asset rotation.

- The obvious winners this year were technology stocks as measured by the NASDAQ, which has advanced roughly 47% year-to-date. The index is on pace for its best year since 2009. Meanwhile, the large cap S&P 500, which is roughly 30% technology, is up approximately 17% for the year after delivering 31% in 2019. Likewise, both developed and emerging markets are higher year-to-date by roughly 7% and 14%, respectively.

- Much of the return from fixed income came during the height of the pandemic during March as yields plummeted. The Bloomberg Aggregate Bond index is higher by roughly 7% for the year. After Fed intervention to support liquidity, high-yield bonds have risen by roughly 4% for the year, but dividend paying stocks and real estate are lower this year by roughly -7% and -8%, respectively.