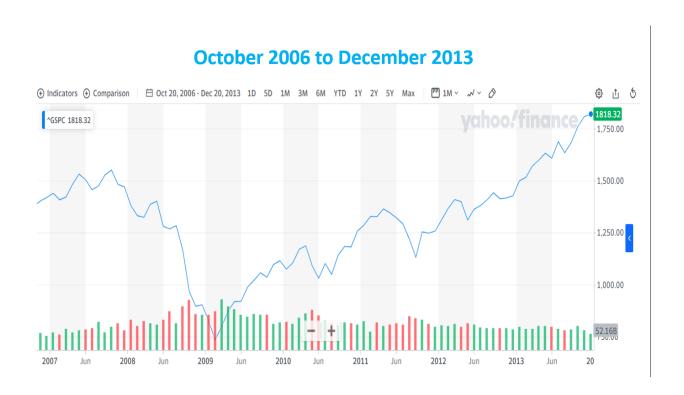
2020 Year in Review The "COVID Compression" Year

Here we are, just closing out 2020, and this was a year we'll never forget. We started out the year with a bang, as the S&P 500 hit a new record high of 3257 the first day the market was open (please refer to top chart below). More records came over the next few weeks, and on 19 February the S&P 500 had its "13th" new high of the year, closing at 3386. I'm not superstitious, but then it happened. Coronavirus hit and our lives changed. Suddenly the markets sold off culminating in the quickest fall ever. Over the next five weeks, the S&P 500 dropped 34% closing at 2237 on 23 March. This was historic, as it averaged just over a 1% loss each trading day. In the throes of despair, the markets then reversed, starting the quickest rebound ever. We kept fighting back, and on 18 August, six months after the sell off started, we made a new S&P 500 record high of 3389. As 2020 closed out, we did have good news with the COVID vaccine becoming a reality. That said, on the final trading day of 2020 the S&P 500 set another new record at 3756, something I would never have expected on 23 March. Finally, I'd like to compare the 2020 market to previous bear markets just to emphasis the magnitude of this year's market movement. If you compare the blue line of the two, they look very similar. However, the bottom chart covers the 2008 bear market and seven plus years of financial fallout. As mentioned above, the top chart war for only this year. Putting it another way, we "compressed" seven years of movement into 2020, so it is no wonder we are a little exhausted as we finish out 2020.





Next, let's focus on ProFunds TIPS in 2020 specifically. The below chart shows the growth of \$10,000 from 31 December 2019 through 31 December 2020. All three ProFunds TIPS strategies had double digit returns and outpaced the S&P 500. You can also see how all three avoided the sharp sell off in March, as the allocation was primarily in cash. Additionally, note how all three outperformed during November and December.

Ultra TIPS was the number 1 performer with a return of 45.42 percent, where the allocation has been in the Small and Mid Cap sectors along with the NASDAQ 100 fund in the last two months.

Classic TIPS was second with a return of 27.79 percent. Of particular note is the correlation with Ultra TIPS. You can see how it actually kept pace with Ultra TIPS until November, but then the Ultra 2:1 index ratio kicked in. It should also be noted that Classic TIPS most closely resembles TSP TIPS in that it utilizes 1:1 index ratio funds. However, the big delta is that Classic TIPS allows daily reallocations, instead of the TSP twice a month. With volatile markets (refer to COVID Compression above), this really makes a difference. If you're looking for a place to put your TSP after retirement, we recommend using the Classic TIPS strategy. Personally, I've done an age-based withdrawal with some TSP funds to Classic TIPS this year.

Finally, we had Sector TIPS rounding out ProFunds TIPS with still a respectable 23.27 percent. Sector TIPS, as the name implies, is more oriented on sectors whether it be China, Consumer Goods, Banks, etc.

Lastly, as we finish out 2020, we are making progress on the ProFunds TIPS web site and app. We are currently in the pre-production phase, but if you would like to check it out as it is being built, please sign in at ProFunds TIPS user name and password. Our intention is to have one login to access both TSP TIPS and ProFunds TIPS. As this is pre-production, please continue to utilize these emails for your allocations. As we get closer to the finished product, we'll inform you with cutover instructions

