A Perspective on the Current Market Volatility

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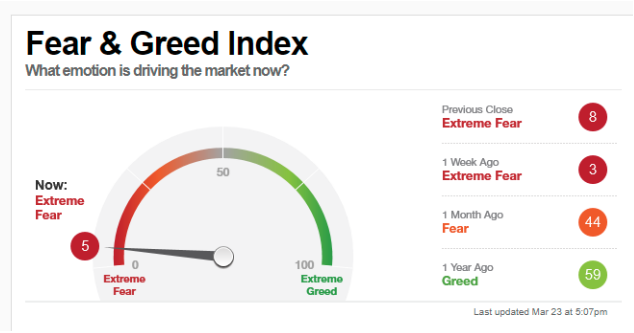
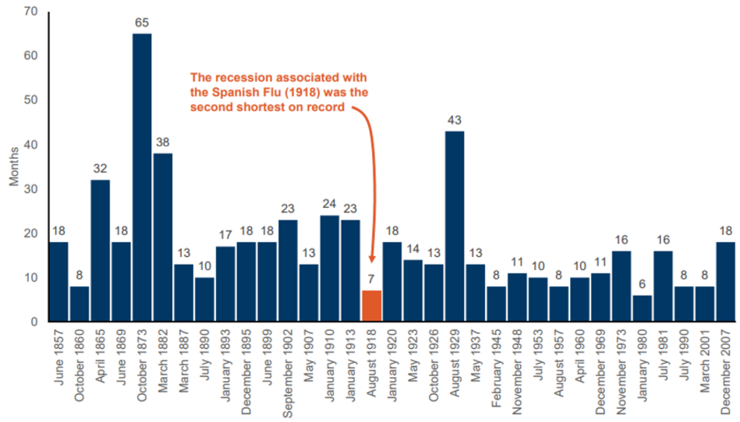
While the world grapples with this unprecedented Coronavirus (COVID-19) pandemic and financial markets reach historic levels, it is important to step back and ensure that your emotions are not driving investment decisions. The consequences of the COVID-19 pandemic have been far reaching. Fear and uncertainty remain high, but it is prudent to be remind yourself that retirement plans are intended for the long-term. While no one can predict what the future has to offer, we can look back at past financial market experiences as a guide for future decision-making. **The following is a perspective on the current market volatility and how to approach your retirement plan investments in these uncertain times.**

Fear & Greed – The Twin Evils of Poor Decision Making

Extreme fear is driving markets currently as investor worries hit historic levels based upon the uncertainty surrounding the viral outbreak. Historically, when emotions swing to the extremes, poor investment decisions follow like our current situation where fear instead of fundamentals are driving the decision making.

As in other areas of life, fear and greed are poor tools for making investment decisions.





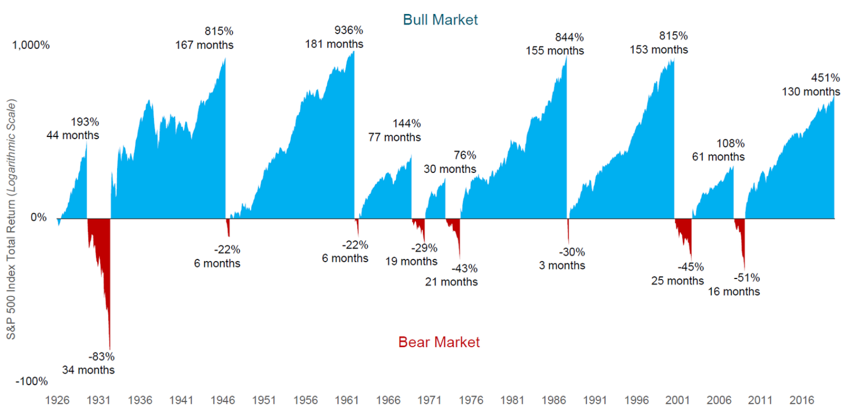
Source: NBER

Length of All U.S. Recessions on Record

The Spanish Flu that ravaged the world in 1918 killed approximately 50 million people worldwide as it quickly spread through the rapid movement of soldiers involved in WWI. The recession brought on by the Spanish Flu was the second shortest on record as, the economy quickly recovered as the viral outbreak subsided.

A History of Market Ups and Downs

S&P 500 Index total returns in USD, January 1926- December 2019 (using 20% threshold for downturns). While bear markets, defined as a -20% or greater market decline, are unpleasant in real-time, they have always been followed by periods of robust growth and market returns.

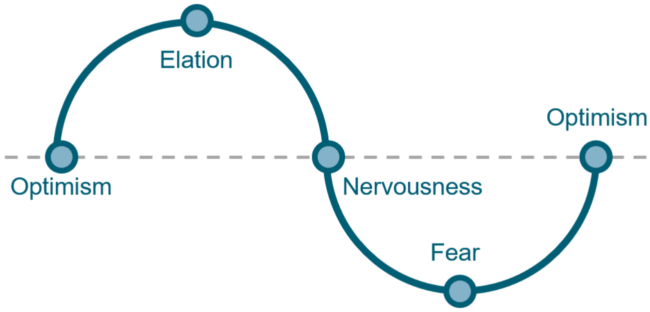


Stick with it: The Benefits of a Diversified Portfolio

A balanced portfolio of both aggressive (stocks) and conservative (bonds) investments has performed very well over the past 20 years even though that time period encompassed two separate major downturns not including the current volatility

Note: Diversified Portfolio consists of 40% S&P 500, 15% MSCI EAFE, 5% Russell 2000, 30% Barclays Agg Bond, 10% Barclays High Yield Bond. Source: Blackrock; data as of 9/30/19

YEARS	S&P 500	DIVERSIFIED PORTFOLIO	
2000 – 2002	(37.6%)	(16.3%)	I lost money
2003 – 2007	82.9%	73.8%	I didn't make as much money
2008	(37.0%)	(24.0%)	I lost money
2009 – Current	272.9%	160.80%	I didn't make as much money
Total Return	+192.3%	+201.2%	Diversification works even though it feels like its losing.
Gr $100K	$292,285	$301,175	

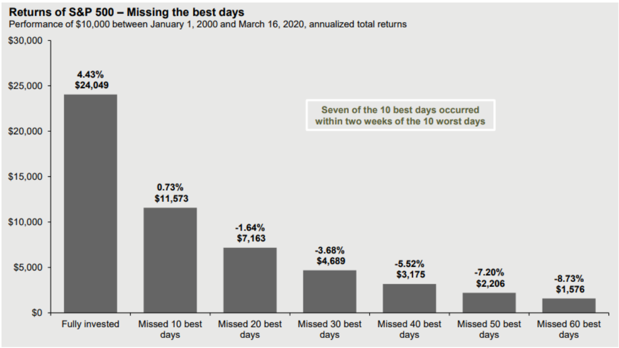


Many Investors Follow Their Emotions

People may struggle to separate their emotions from their investment decisions. Following a reactive cycle of excessive optimism and fear may lead to poor decisions at the worst times.

Returns of S&P 500 – Missing the Best Days is Disastrous

Trying to time the market is extremely difficult to do. Market lows often result in emotional decision making. Investing for the long term while managing volatility has historically led to better performance outcomes. Market data – in the form of investment flows in stocks, bonds, and cash – continue to show that market participants are making the exact wrong decision at the exact wrong time. Attempts at market timing continue to be exposed as failed strategies. As highlighted, just missing a few of the best performance days, which typically immediately proceed the worst performing days, quickly erodes overall portfolio performance.



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Data are as of March 13, 2020.

Focus on What You Can Control

- Create an investment plan to fit your needs and risk tolerance
- Structure a portfolio along the dimensions of expected returns
- Diversify globally
- Stay disciplined through market dips and swings
- Professional expertise and guidance can help you focus on actions that add value which can lead to a better investment experience

Past performance is not a guarantee of future results