Market Update March 2020

In recent weeks, the news of COVID-19 (referred to as the coronavirus) has gained attention due to the serious nature of the disease, as well as its spread from China to several other countries. Globally, governmental and medical resources have prioritized the challenges posed by the disease. While this article focuses on the recent disruption in the capital markets, our thoughts and support are with both those individuals impacted directly, and with those on the frontline addressing the situation.

Today the global economy is highly interconnected, and COVID-19 has interrupted a wide range of production and transportation schedules. These impacts began in China, which serves a critical manufacturing role in many global industries; provides a variety of commodities to other countries; and represents a market with over 1.3 billion individuals. This economic disruption means that some companies may be unable to deliver enough of their product to meet their customers' demand, and other companies may experience a drop-off in demand for their goods and services.

The magnitude of this disruption is somewhat unknown at this time, which heightens risk and uncertainty for investors. In the near-term, investors globally have experienced major declines in capital markets.

While it is uncommon for a public health issue to so clearly impact the capital markets, over time investors often experience market volatility (on both the upside and the downside) for a variety of reasons including: company-specific results, geopolitical events, broad changes to the economic environment, and a myriad of other factors.

It is certainly understandable for investors to become more aware of changes in market levels during periods of duress. That said, it remains important for investors to establish an overall asset allocation appropriate for their specific goals, as well as timeline, and work to maintain that allocation even during challenging times.

Market Volatility and Your Retirement

Stock prices rise and fall every day. That's perfectly normal. In fact, you've probably noticed periods when the stock market gains for several weeks or even several months. These increases are the reason we invest in stocks in the first place. However, prices can also fall, sometimes for extended periods. Knowing what to do—

and what not to do—during difficult times in the stock market may help you manage your retirement investments.

Don’t Count Paper Losses

Any losses your investments suffer during market declines are only “paper losses” until you sell the investments to switch with other investments (or to take a cash distribution). As long as you continue holding an investment, you haven’t lost money yet. Your portfolio may be able to recover from its paper losses over time.

Don’t Be Caught on the Sidelines

Selling your stock investments during down periods could potentially do more harm than good. Past market declines have often been followed by periods of price gains. You won’t be able to benefit from potential upswings in the market if you have moved out of stocks and are sitting on the sidelines.

Look at the Long-term Record

Investing for retirement is a long-term goal. Although there are no guarantees, based upon historical stock market performance, no other asset class matches the potential of stocks to provide inflation-beating returns over the long term—despite periodic downturns. This fact may help you maintain a long-term view of investing when the market is falling.

Keep Your Portfolio Diversified

While it’s true that stocks have an historical track record of long-term growth, consider the other types of investments your plan offers. Diversification simply means that you invest your plan money in a range of investments in several different asset classes (stocks, bonds, and cash equivalents). Then, if one investment type loses value, the others may gain or hold steady. This time-tested strategy can help you manage investment risk in your portfolio.

Stay Focused on Your Goals

Don’t let market ups and downs make you lose sight of why you are investing—for a financially secure retirement. By focusing on your goal, you’ll be more likely to make the right moves when the investment climate is stormy.

If you have further concerns regarding your retirement goals, you may reach an Investment Advisor at 1-800-881-3938 on business days from 9:00 a.m. to 9:00 p.m. ET. From the "benefits" menu select the "401(k) Plans" option, then "Contact an Advisor regarding Investment Advice and Financial Guidance."

Plan Contact Information

Online:

To view your account information online, log in to the Your Benefits Resources™ website through My Total Compensation and Benefits at www.totalcomponline.com. Click on “Contacts” on the left side of the Welcome page, then select the “Your Benefits Resources” website. Once on Your Benefits Resources, select the “Savings & Retirement” tab to get to the “Retirement Account Summary” page.

Telephone

For participants in the United States, Puerto Rico, Canada, and Guam: Call ConnectOne at 1-800-881-3938 and refer to the ConnectOne information below.

For Expatriate employees and from outside the United States, Puerto Rico, Canada, and Guam: Call the Human Resources Shared Services (HRSS) North America Service Center at 1-469-220-9600. Press 1 when prompted and refer to the ConnectOne information below.

If you use a TDD: Call the Telecommunications Relay Service at 711 and then call ConnectOne at 1-800-881-3938 and refer to the ConnectOne information below.

In Puerto Rico: Call the Telecommunications Relay Service at 1-866-280-2050 and refer to the ConnectOne information below.

ConnectOne Information

From the ConnectOne “benefits” menu, choose the “401(k) Plans” option. Representatives are available from 8 a.m. to 8 p.m. Eastern time on weekdays, excluding holidays.

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