



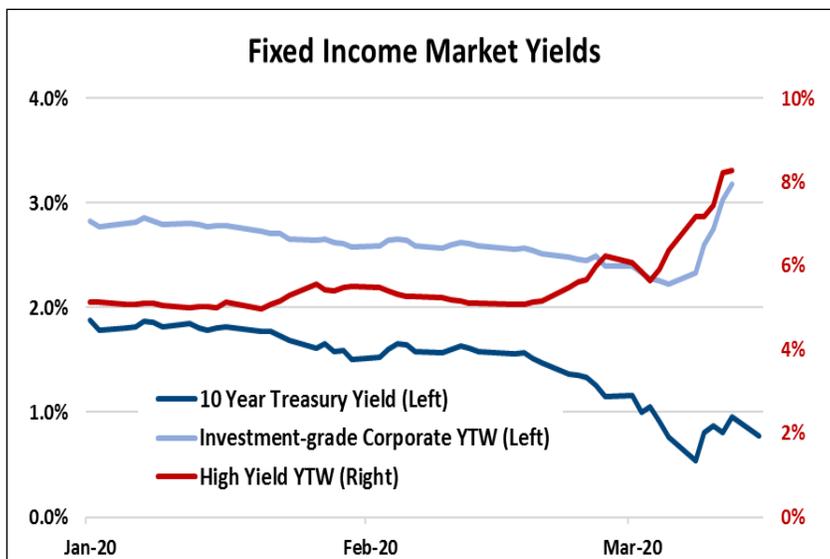
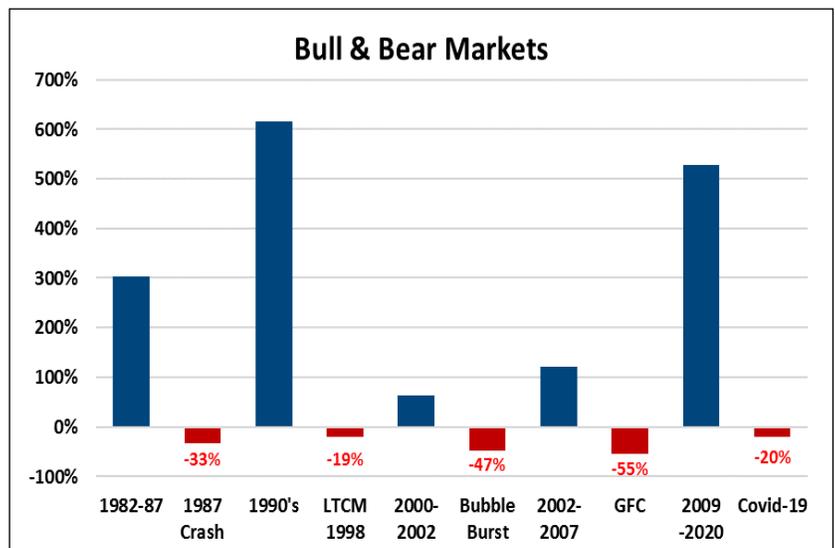
COVID-19 Virus - Update

We share your concerns for the well-being of those affected by the Covid-19 virus. As a firm, Concord has been taking measures to ensure that we do our part to keep our clients' and associates' best interests protected. These steps include limiting in-person meetings, curtailing travel, and expanding the use of remote work spaces.

At the same time, we have been monitoring investment markets, gaining market color from investment managers, and considering next-steps. We would like to share our research and thinking with you.

Equities:

- The Covid-19 bear market has been similar to previous market selloffs, sparked by an exogenous event and following a period of strong equity performance. In this and most previous market corrections, stocks fell very fast, as markets rapidly discount worst case outcomes.
- The information communicated by equity managers has been reassuring. Stock markets are still functioning normally, equity market liquidity remains intact, and panic can create good relative value opportunities in stocks. Overall, it has been an orderly sell-off.



Fixed Income:

- For Treasury bonds, the downward move in rates has been unprecedented.
- The yields available in spread sectors, including corporate and high yield bonds have increased.
- Bond managers report that transacting in their market has become more difficult and expensive. The bond market is less homogeneous than the stock market and individual bonds have been behaving differently.

Next Steps:

When markets act as they have been, it creates stress, but we must operate within the strategic plans that have been established over many years. The recent events are most likely a short to intermediate-term disruption and can provide an opportunity for long-term investors. Concord has been recommending that asset owners maintain excess liquidity to buffer against market disruptions, similar to the events we are now experiencing. The next step in that plan may be to consider, on a case-by-case basis, using this sell-off as an opportunity to purchase risk assets at a discount through an active rebalancing program (selling bonds – buying stocks).

Finally, we hope for the best, but can not predict the course this virus will take. However, it is easier to predict that governments and central bankers will be pressured to act. We should expect coordinated fiscal and monetary stimulus to attempt to aid financial markets. To date, their efforts have not been enough to stabilize markets, but we expect them to keep trying.

Please review the following performance table to put the recent market activity into the context of the past few years.

Performance History				
Example Portfolios (Equity/Fixed Income):	2018	2019	March	YTD 2020
Reserves Portfolio (20%/80%)	-1.71%	11.91%	<u>-3.37%</u>	-2.57%
Conservative Risk Tolerance (40%/60%)	-3.32%	15.72%	<u>-5.58%</u>	-7.30%
Moderate Risk Tolerance (60%/40%)	-4.99%	19.57%	<u>-7.84%</u>	-11.92%
Endowment Foundation (80%/20%)	-6.71%	23.48%	<u>-10.15%</u>	-16.43%
<i>S&P 500</i>	-4.38%	31.49%	<u>-8.13%</u>	-15.73%
<i>Russell 2000</i>	-11.01%	25.52%	<u>-17.95%</u>	-27.27%
<i>MSCI ACWI Ex USA</i>	-14.20%	21.51%	<u>-16.26%</u>	-24.95%
<i>Bloomberg Barclays US Agg Bond</i>	0.01%	8.72%	<u>-1.35%</u>	2.36%
<i>FTSE WGBI (global bonds)</i>	-0.84%	5.90%	<u>-0.72%</u>	1.89%

*YTD through March 13, 2020. Estimates based on index returns. Actively managed accounts may have performance patterns that deviate significantly from the estimates noted above.

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