

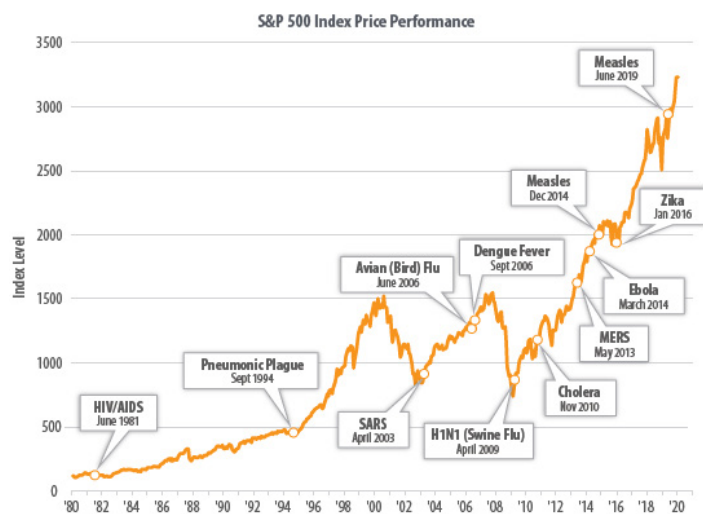


March 2020

An Epidemic of Market Jitters

Experts provide perspective on recent volatility

Even before the recent correction started, Ken Kozlowski, chief investment officer of AXA Equitable Funds Management Group LLC, reminded us that bouts of volatility come and go. In today's economic environment, investors may choose to look for value in the equity markets, as J.P. Morgan counsels—and some may choose to wait and let the virus run its course, as PIMCO suggests. But keeping a long-term view on your asset allocation is always important.



Past performance is no indication of future results. Source: First Trust Portfolios LP and Bloomberg, as of 2/24/2020. See next page for more details on chart and sources.

- We are strong believers in diversification and allocation.
- While interest rates are low, we believe bonds add a critical buffer to extreme stresses in the market.
- Well-documented behavioral biases may lead investors astray during euphoric and panic-driven markets.
- Investors tend to be emotional in their investment decisions. Flows tend to follow short-term performance.
- Systematic rebalancing may combat behavioral issues, and lead to better outcomes.

J.P. Morgan Asset Management

Dr. David Kelly, Chief Global Strategist

It is crucial to focus on valuations and recognize that the value of long-term assets depends on long-term economic performance. 2020 may be the year of the virus but the value of bonds and particularly stocks depends only to a small extent on the current year and much more on what happens in the years and decades ahead. The most important question in personal investing is never “when” but rather “what”, and investors should consider whether their portfolios are constructed both to weather the problems of 2020 but also to benefit from an inevitable rebound as the calendar moves forward.

PIMCO

Tiffany Wilding, Nicola Mai

We favor remaining cautious in portfolio positioning and are mindful of liquidity and market dislocations. Recent market moves could create buying opportunities, but we would caution against rushing to take risk at this stage.

Lord Abbett

Stephen Hillebrecht, Director, Product Strategy

Stay calm: News headlines may be alarming, but long-term investors have weathered scary times before. Rather than reacting to short-term market moves, it may be more important to make sure your asset allocation is appropriate for your time horizon and risk tolerance.

MFS

Robert M. Almeida, Jr., Global Investment Strategist

Don't blame COVID-19

Our view has been that investors should shift their approach to portfolio construction from one that does not discriminate to one that is selective, specifically, by seeking to avoid companies whose deteriorating earnings quality can no longer be hidden. We think there will be scarcity value for the stocks and bonds of companies that are able to deliver consistent cash flows.

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Month end numbers were used for the 6- and 12-month % change. *12-month data is not available for the June 2019 measles.

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