

YOUR PENSION MATTERS

3/16/20

SPECIAL EDITION

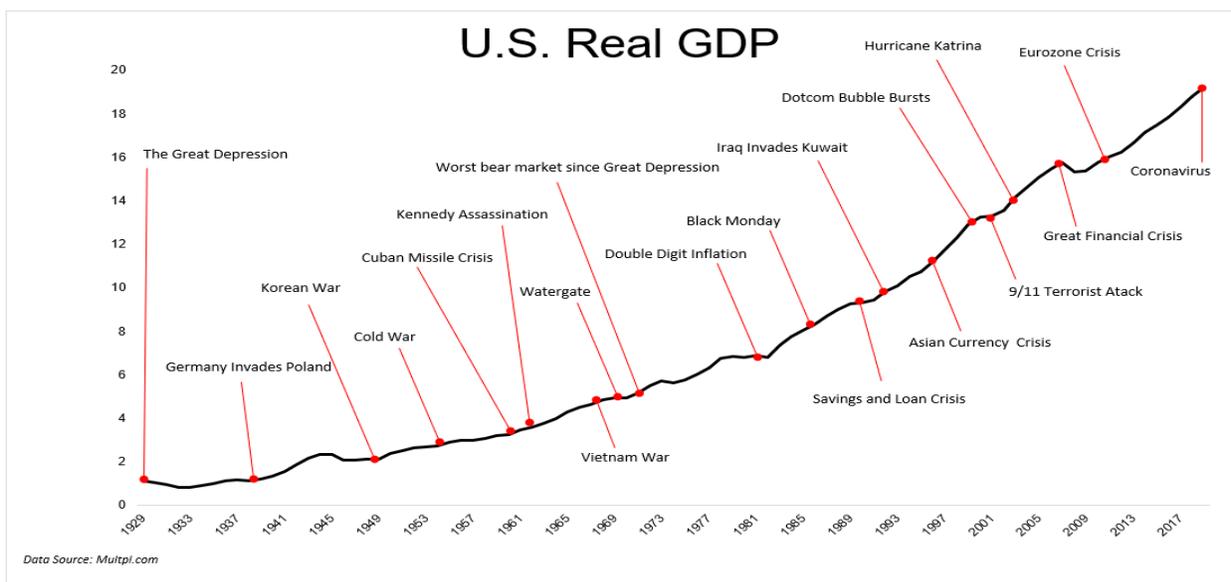
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Board Chairperson
3/16/20

The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger--but recognize the opportunity.— **John F. Kennedy**

March Madness of a different kind. **WOW** it truly has been madness in the market during the past 4+ weeks! First the **COVID 19** virus hit the market hard during the last week of February and the first week of March. Over those 10 trading days it was estimated that the market lost \$2 Trillion in value! Then came the "oil price war" inside of **OPEC** and the price of oil dropped to \$31/barrel; a price not seen since the Gulf War of 1991!! Saudi Arabia declared war among the members of OPEC+ with the country seemingly interested in "turning on the spigots" and flexing its oil market muscle.

The Panic of 2020? Wait, slow down! Here is what I recently read (written by **Michael Batnick**) and it helped calm my nerves and I hope it will calm your nerves too: *stocks generally go up over time. Why? Because stocks are not just numbers on a screen, they represent something very real. Stocks are fractional shares of ownership in a business. Businesses are the life blood of the economy, and the economy is an irrepressible engine of progress.*

This country has seen it all: war and peace, inflation and deflation, natural disasters, and financial crises, just to name a few. The chart below shows the growth of real GDP over time. It is a testament to human's ability to strive for and create a better tomorrow. Very few people have gotten rich by betting against progress.



Remember the quote from Warren Buffett?

“Be fearful when others are greedy. Be greedy when others are fearful.”

As things play out in the marketplace, your Fund has cash on the sideline. **“Dry powder”** sort of speak which will be utilized in a timely fashion. Again, we will rely on our experts as we explore investments in infrastructure and other opportunities as they become available.

The above quote by President Kennedy and the chart illustrated above combine to show how and why your Board of Trustees rely on experts to guide us through turbulent times like now. Remember, it is a long game; a marathon and **NOT** a sprint; a 30+ year vision and strong diversification designed to capture the upward movements of the market while minimizing the adverse impact of the downward movements which are inevitable.

Our March meeting was canceled. This was done in the abundance of caution and concern for our staff and Trustees. The Annual Symposium which will be held in late April is still on our calendar. **BUT**, it will be subject to cancelation or postponement depending on how the next four weeks play out. We will certainly post on our website any change that develops. *The number one issue will be the health and safety of those who are scheduled to attend.*

COVID 19 in perspective: no doubt there will be an increase in the numbers in the U.S. (both in fatalities and those who contract the virus) and the markets will react emotionally. Your Fund will not.

Here are some interesting numbers from Italy: As of this week, Italy has published the following statistics: over 1,000 people have died in Italy: Percentage of deaths by age group: 90+ years old: **6% of deaths**; 80 - 89 years old: **42% of deaths**; 70 - 79 years old: **35% of deaths**; 60 - 69 years old: **16% of deaths**. Bottom line: *99% of all deaths are for people aged 60 or over.* Interestingly, few to any deaths of been reported in Africa, South America, Mexico or Central America. Hopefully this *may be* a sign that higher temperatures help offset the spread of this virus although it is too soon to tell for sure.

In our next newsletter when we report our returns for the FY 2nd quarter (January – March) we will, no doubt, see a lot of red; just like every other pension plan in America and just like our respective individual investments. This is the time to **“keep calm and carry on.”**