



Eighth District Electrical Fringe Benefit Funds



Date: April 7, 2020

To: All Plan Participants of the Eighth District Electrical Pension Fund and Eighth District Electrical Pension Fund Annuity Plan

From: Board of Trustees

RE: Update on Plan Investments Amid Coronavirus

As you are aware, the coronavirus pandemic has impacted the performance of the global financial markets. The following is information from the Board of Trustees regarding this issue.

This is undoubtedly an unsettling time for all of us as the coronavirus fears, falling oil prices, and concerns about the implications on the economy have rattled the global financial markets. The markets can digest bad news, but even worse than bad news is uncertainty, which defines this environment we find ourselves in- and that's what is driving the extreme volatility we are experiencing day-to-day. No one knows how long this will play out and how significant the implications might be.

While the situation we are all experiencing is unprecedented and while the short-term pain is real, the markets have withstood much more over time including plagues, wars, famines, market crashes, 9/11, and other shock events- and will survive this too. We are likely, however, to see significant market volatility continue for a while as global economic activity is halted – and this will probably persist until we have more clarity and until we start seeing the results of all of the proactive steps taken by the Federal Reserve and government.

Generally speaking, over time investors have been rewarded for staying focused on the long-term and avoiding reacting to short-term market fluctuations. While it is sometimes challenging to stay the course, it is important to not overreact in times like these- and to stay true to one's long-term investment objectives. Over the past 10 years through the end of 2019, the S&P 500 Index generated a return of over 13% per year. If as an investor you had missed just 10 of the best trading days during that time period, your return would have been reduced to 9% per year. Those who sold all of their stock investments after the 2008-09 market crash learned that difficult lesson firsthand.

Both the Eighth District Electrical Pension Fund (“Pension Fund”) and the Eighth District Electrical Pension Fund Annuity Plan (“Annuity Plan”) (together, the “Plans”) are designed to provide long-term investment solutions that support participants for years to come. The Plans are well-diversified and comprised of quality, institutional investment strategies. The Board of Trustees, with the assistance of an investment consultant, monitors the Plans and investments on a regular basis. There will be some short-term impact to the Plans due to these markets (as has

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been the case with other challenging times we've experienced in the investment markets over the past several years). The Pension Fund will maintain a long-term investment objective with a diversified asset allocation approach to help navigate through a variety of market environments.

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