

## Stay the Course

At Mesirow Financial Investment Strategies, we are committed to investing for retirement because it gives participants an opportunity to take part in global economic growth and prosperity. As a fiduciary, we seek to optimize outcomes by focusing on the long run. While it may sound like a basic tenet to focus on the long run, this objective often proves challenging for many investors during periods of severe market stress...but not for us.

It is important to note that the catalysts underlying periods of market stress are typically different:

- 1998: Russia defaults
- 2002: Accounting irregularities lead to WorldCom and Enron defaults
- 2008: Mortgage defaults lead to U.S. financial crisis
- 2020: COVID-19 spreads globally

It is common to evaluate markets through business cycles (defined as the period in between two default spikes). So, Russia defaulting in 1998 to the corporate defaults of 2002 represents a four-year business cycle. The most recent cycle, however, which began in the first quarter of 2009, has been unusually extended and is now moving through a rapid market sell off that began in mid-February 2020. In such an extended business cycle, the economy can build up excesses, and increased uncertainty can spur market dislocations such as the one we are currently experiencing.

We believe it is critical to keep in mind our core principle, **investing for the long run**, which has guided us through historical periods of market stress. At this time, we are keeping a close eye on the markets while maintaining steady communication with fund managers covering market segments from equities to fixed income to commodities. We are also maintaining steady communication with money market, stable value and target date fund managers to glean their insights regarding how their strategies are navigating current market conditions. We are studying the domestic and international markets, constructing and basing investment decisions on long-term capital market assumptions, and we are monitoring correlations across markets as well as deviations from historical norms.

We believe in the power of long-term, compounding returns, and we too are personally invested in the markets. Therefore, we give ourselves the same advice that we communicate to the outside world: **Regardless of the scope of this market correction, we will stay the course because we believe that patient investors are the true beneficiaries of long-term global economic growth.**

This material has been prepared for informational purposes only and has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. Mesirow Financial refers to Mesirow Financial Holdings, Inc. and its divisions, subsidiaries and affiliates. The Mesirow Financial name and logo are registered service marks of Mesirow Financial Holdings, Inc. Mesirow Financial Investment Strategies Group is a division of Mesirow Financial Investment Management, Inc. an SEC-Registered Investment Advisor. Intellectual property of Mesirow Financial Investment Management may not be copied, reproduced, distributed or displayed without MFIM's express written permission. © 2020. All rights reserved.