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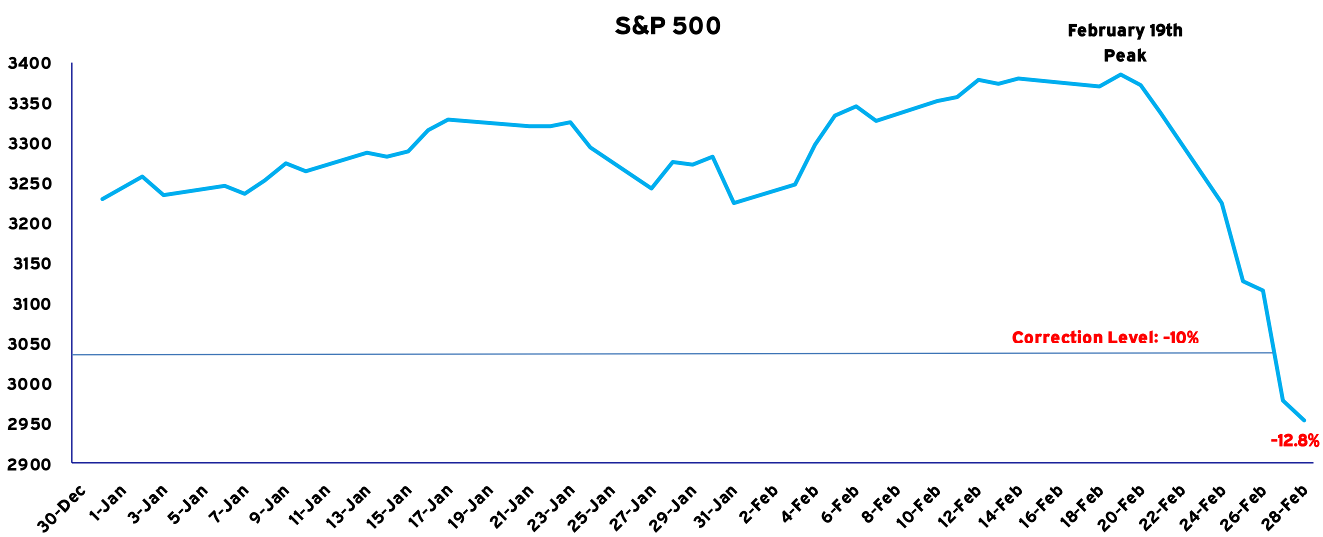
MEMORANDUM

TO: All Clients
FROM: Meketa Investment Group
DATE: February 28, 2020
RE: COVID-19 Update

Since our last memorandum earlier this week, equities have continued to decline, as the markets have begun pricing in a material economic slowdown related to the global spread of COVID-19. From February 25 through today, the S&P 500 declined an additional 8.6%, including the 4.4% decline yesterday, which was the largest single-day decline since 2011. This brings the total decline from the peak on February 19 to close to 13%. The six-day trading period it took to reach correction levels has been cited as the fastest in history. The ten-year Treasury yield finished today at 1.16%, a record low, as investors continued to seek its perceived safety.

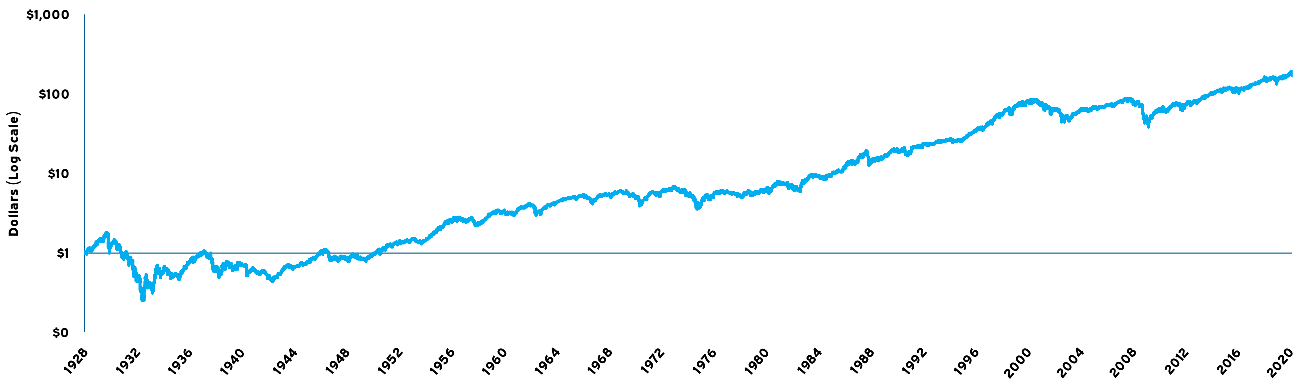


Source: Bloomberg

In terms of the virus spread, we are approaching 84,000 infections globally, with approximately 79,000 cases in mainland China followed by over 2,300 in South Korea. Italy, Iran, and Japan continue to have growing numbers of cases. In the US, there are 60 confirmed cases, including the first where someone had no known exposure to an infected person or travel to an infected area. This highlights the difficulty the long incubation period of COVID-19 poses. The response globally continues to develop. Japan recently announced that it would close all schools in the country as a preventive measure. Today, the World Health Organization raised its risk assessment of COVID-19 to its highest level, sending a strongly worded message to governments around the world to prepare for the virus.

Despite the headline numbers of steep equity market declines, it is important to keep in mind that a diversified portfolio is likely down approximately 3%-6% in 2020. As we have mentioned before, investors with long-term time horizons and diversified portfolios are often structured to weather this type of volatility. As you can see below, a long-term investment in the S&P 500 Index has experienced tremendous long-term growth through many market cycles and events.

Growth of a Dollar invested in S&P 500



Source: Bloomberg

We understand the concern related to recent market events. We will be hosting a webinar on next Wednesday to further discuss COVID-19 and answer any questions you might have. Details will be sent out shortly.

Also, please feel free to reach out to your client team directly if you have any questions about your portfolio's positioning.

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