

ACG Market Commentary for OkMRF Website

March 29, 2022

Investors are facing a lot of uncertainty as the Russia/Ukraine invasion, inflationary pressures on goods and services, prospect of rising interest rates, lingering effects of the coronavirus, and concerns about the implications on the economy have all been weighing on the global financial markets. The markets can digest bad news, but even worse than bad news is uncertainty. No one knows how long these factors will take to play out and what the exact implications might be.

Over time, investors have been rewarded for staying focused on the long-term and not reacting to short-term market fluctuations. While it can be challenging to stay the course, it is important to not overreact in times like these and to stick to long-term investment objectives. In recent years of low market volatility, it is easy to forget that market corrections do happen quite frequently, and during any given year it is not uncommon for equities to selloff 5% - 10%. In the past 41 years, EVERY YEAR has had an intra-year decline, but in 34 out of those 41 years the market went on to be positive for the year.

Importantly, over the past 10 years through the end of 2021, the S&P 500 Index generated an annualized return of over 16% per year. Investors that adhered to their strategic investment plans benefitted from the tailwinds of financial assets during a period when monetary and fiscal policy were particularly supportive. If investors had missed just 10 of the best trading days during that period, their return would have been reduced to 10% per year. Those who sold all their stock investments after the 2008-09 market crash or after the announcement of the initial COVID-19 lockdown measures learned that difficult lesson firsthand.

Our investment program has a long-term investment time horizon, as it is structured to support and sustain plan participants for years to come. Our investment portfolios are well-diversified and comprised of quality, institutional investment strategies. The OkMRF staff and Board, with the assistance of our investment consultant, monitor our investments on an ongoing basis. While there will be some short-term impact to the portfolios due to these markets (as has been the case with other challenging times we've experienced in the investment markets over the past several years), we maintain our confidence and conviction that our portfolio allocations are appropriately postured to meet or exceed objectives well into the future.