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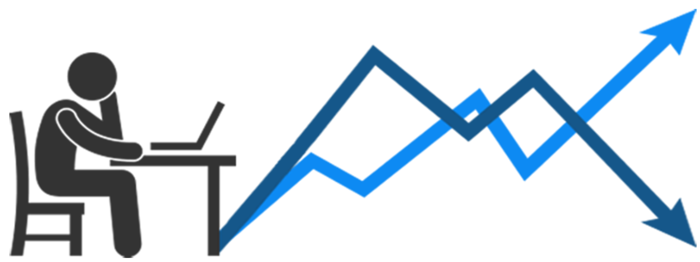
Commerce Concepts

Market Updates, Asset Allocation, and Investment Education for Plan Participants and Individuals

Coping with Market Volatility: Avoid Rash Decisions

If you've been watching the market lately, you may be wondering, "Should I make a big change in my investments?"

A volatile market isn't the best time to do a complete makeover of your portfolio, especially if you have long-term financial goals you're trying to address. Even if you feel that your portfolio needs adjusting, maintaining a firm grasp on your fundamental investment strategy can help you be more thoughtful about making any changes.



Think of each investment as a tool in your investing tool kit, and your asset allocation strategy as your blueprint. Some investments are generally designed to pursue long-term growth, others to provide income, and still others to represent stability. Each is valuable in its own way, and it doesn't make sense to use a hammer to remake your portfolio if what you really need is a screwdriver to make minor adjustments.

If recent events have changed your long-term investment plans or strategy, there may be some portfolio modifications in order. However, don't abandon one investment for another unless you know its intended role in your portfolio, whether that role is still appropriate, and the pros and cons of any replacement you're considering.

Remember that diversification can help offset the risks of certain holdings with those of others. When one type of investment is losing ground, another may be gaining or holding steady. Diversification and asset allocation cannot ensure a profit or guarantee against a loss, but they can help you understand and manage investment risk.

In these uncertain times, it's tempting to let fear guide your decision making. But when it comes to your investments, a more measured, long-term outlook may be your strongest ally.

Bear Markets Come and Go

The longest bull market in history lasted almost 11 years before coronavirus fears and the realities of a seriously disrupted U.S. economy brought it to an end. If you are losing sleep over volatility driven by a cascade of recent disheartening news, it may help to remember that the stock market is

continued on page 4...

WIN A $25 GIFT CARD

to your choice of Amazon or Starbucks! (See page 2 for details)

Congratulations to our most recent winner:

Leah M. of Oregon Society of Certified Public Accountants

Visit ***thecommco.com/commerce-concepts*** *for the answer to last issue's question.*

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Retirement & Investment Services

Indexes are unmanaged and cannot be invested in directly. Past results are not predictive of future results. Individual results will vary. The trailing returns shown include dividends. See page four for index definitions.

Source:
Raymond James Financial Services

To be entered into a drawing to win a

$25 Gift Card,

email free@thecommco.com with the answer to this question:

Not including the present, how many bear markets have there been in the US since 1950?

Market Update

Through March 31, 2020		Trailing Returns			
		3 mos	12 mos	5 yrs	10 yrs
Blue Chip US Stocks	Dow Jones Industrial Average	-22.73%	-13.38%	6.86%	10.00%
Large Company US Stocks	S&P 500	-19.60%	-6.98%	6.73%	10.53%
Small Company US Stocks	Russell 2000	-30.61%	-23.99%	-0.25%	6.90%
Non-US Stocks	MSCI EAFE (Gross Div)	-22.72%	-13.92%	-0.13%	3.20%
US Bonds	Barclay's Capital US Aggregate	3.15%	8.93%	3.36%	3.88%
Cash Alternatives	ICE Bof A 3 Month US Tsy Bill	0.57%	2.25%	1.19%	0.64%

Economic Snapshot

Gross Domestic Product (GDP)
Efforts to mitigate the spread of COVID-19 are having a significant negative impact on many sectors of the economy.

Employment
Job losses are expected to surge sharply. The unemployment rate will continue to head higher in the next couple of months.

Inflation
While the coronavirus has created supply issues, the reduction in global demand should put downward pressure on commodity prices. Weak domestic demand should limit consumer price inflation.

Manufacturing
Supply chain disruptions have broadened as the virus has spread around the world. Lower consumer spending and a drop in business investment are also factors. Global demand is weak.

Housing and Construction
The housing sector was experiencing year over year improvement in early 2020. However, current events appear to be affecting housing activity.

Monetary Policy
The Fed has lowered short-term interest rates to effectively zero, restarted large-scale asset purchases, and introduced several credit, liquidity, and funding facilities.

Investment Strategy Quarterly: Published by Raymond James and Associates, April 2020 . For a complete PDF copy of the April 2020 issue of Investment Strategy Quarterly, click here or email newsletter@thecommco.com.

Stocks End First Quarter With Double-Digit Declines

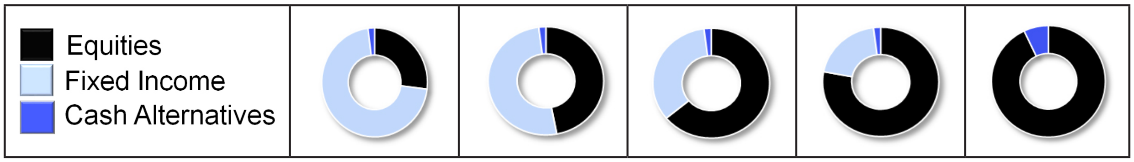
- March may have come in like a lion, but it did not go out like a lamb, at least for the global equity markets, according to European Strategist Chris Bailey. The full implications of the health challenge of COVID-19 are still being worked through, but policymakers are unleashing all the tools at their disposal to "buy time" for the economy while we await medical solutions, explains Raymond James Chief Investment Officer Larry Adam.

- While the ultimate duration and magnitude of the outbreak and its economic impacts remain uncertain, there are glimpses of optimism. US stocks, particularly healthcare names, rallied slightly as testing became more available and the stimulus package passed. However, it wasn't enough to make up for the earlier substantial losses. The S&P 500 returned -12.5% for the month of March, while the Dow Jones and Nasdaq delivered -13.7% and -10.1% respectively.

Asset allocation models can be viewed online anytime at ***thecommco.com***

Strategic Asset Allocation Models

As of April 2020



	Conservative	Moderate	Balanced	Growth	Aggressive
Equity	**27%**	**47%**	**64%**	**78%**	**93%**
Equity allocation comprises:					
U.S. Large Cap Blend	17%	19%	24%	28%	34%
U.S. Large Cap Growth	0%	3%	5%	7%	8%
U.S. Large Cap Value	0%	5%	7%	9%	10%
U.S. Mid Cap Equity	2%	5%	7%	8%	10%
U.S. Small Cap Equity	1%	3%	4%	6%	6%
Non-U.S. Developed Market Equity	7%	12%	13%	16%	20%
Non-U.S. Emerging Market Equity	0%	0%	4%	4%	5%
Fixed Income	**71%**	**51%**	**34%**	**20%**	**0%**
Fixed income allocation comprises:					
Investment Grade Intermediate Maturity	48%	36%	24%	15%	0%
Investment Grade Short Maturity	15%	11%	7%	5%	0%
Non-Investment Grade (High Yield)	3%	2%	0%	0%	0%
Multi-Sector Bond	5%	2%	3%	0%	0%
Cash & Cash Alternatives	**2%**	**2%**	**2%**	**2%**	**7%**
Totals	**100%**	**100%**	**100%**	**100%**	**100%**

These asset allocation targets are based on our changing views of the risk and return in the various asset classes, looking out over three or more years. The models assume fully allocated portfolios and do not take into account outside assets, additional cash reserves held independent of these models, or any actual investor's unique circumstances. Investors should consult their financial advisor to decide how these models might assist in the development of their individual portfolios. Material is provided for informational purposes only and does not constitute a recommendation.

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continued from page 1...

historically cyclical. There have been 10 bear markets (prior to this one) since 1950, and the market has recovered eventually every time.

Bear markets are typically defined as declines of 20% or more from the most recent high, and bull markets are increases of 20% or more from the bear market low. But there is no official declaration, so in some cases there are different interpretations regarding when these cycles begin and end.

Since 1950, on average, bull markets lasted longer (1,955 days) than bear markets (431 days) over, and the average bull market advance (172.0%) was greater than the average bear market decline (-34.2%).

The bottom line is that neither the ups nor the downs last forever, even if they feel as though they will. During the worst downturns, there were short-term rallies and buying opportunities. And in some cases, people have profited over time by investing carefully just when things seemed bleakest.

If you're reconsidering your current investment strategy, a volatile market is probably the worst time to make large changes. Dramatic price swings can magnify the impact of a wholesale restructuring if the timing of that move is a little off. A well thought out asset allocation and diversification strategy is still the fundamental basis of good investment planning. Changes in your portfolio don't necessarily need to happen all at once. Try not to let fear derail your long-term goals.

We're here to help and to answer questions. To request an account review and investment advice, please email advice@thecommco.com. For all other questions, please email newsletter@thecommco.com.

Index definitions: The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The ICE BofAML 3-Month US Treasury Bill index consists of a single issue that is purchased at the beginning of the month and held for a full month. At month's end, that issue is sold and rolled into a newly selected issue, which is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. The selected issue must have settled on or before the month-end rebalancing date.