



IBEW

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS LOCAL NO. 150
FRINGE BENEFIT FUNDS



IBEW Local No. 150 Welfare Fund
IBEW Local No. 150 Pension Fund
IBEW Local No. 150 Supplemental Pension Fund
IBEW Local No. 150 Vacation Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

To: Participants in the IBEW 150 Supplemental Pension Fund
From: Board of Trustees

May 4, 2020

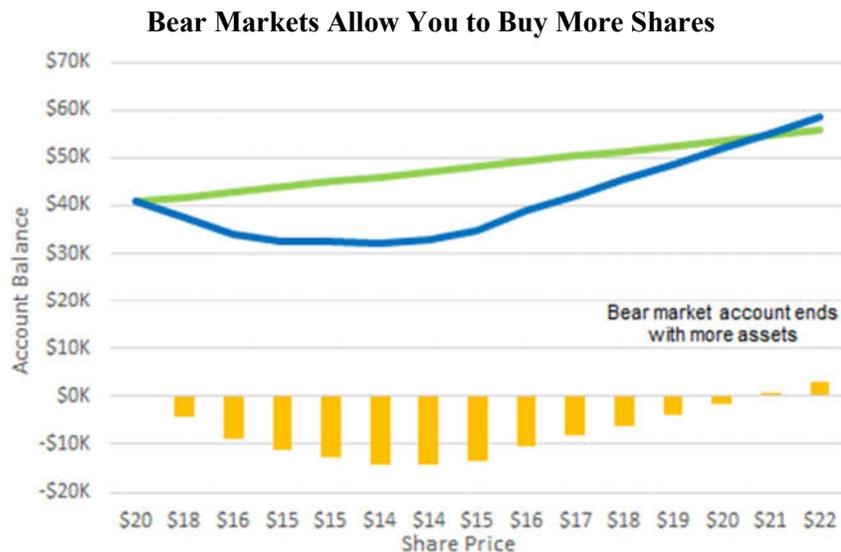
One glance at your Supplemental Pension Fund statement, available at johnhancock.com/myplan or mailed to your home in April, and you will see that March has been a tough month for the global stock markets. Last year the investment return for the Total Plan was +21.6%, and this year the Plan has declined by about 10%, as of April 30.¹ **This means that performance over the last two years has been positive.**

We understand that this is a challenging time for you and your family, and we wanted you to know that the Trustees are carefully monitoring the retirement plan investments. For some investors, the knee jerk reaction is to abandon equity holdings and seek cover until the storm ends. **But history has shown that bear markets may create great opportunities to invest at lower share prices**, so stay the course, and consider rebalancing your account to maintain your equity allocation.

What the Lower Prices on Wall Street May Mean for You

There is more to this story than just watching your account fall in value - because **lower stock prices can also create value**. We are not going to whitewash the bad news, but we want to point out the positive side of being able to buy stocks at low prices. You can think of it as a sale on Wall Street, and you may want to **take advantage of the discount**. Most financial advisers would tell you to maintain a diversified account and resist the urge to sell stock funds at the bottom.

In a bear market, your account balance can fall even though employers are making regular contributions. For some, this may seem like a waste. But the contributions are **buying more fund shares at lower prices**, reducing the average cost in your account.² As shown in the chart below, at the end of two years, the participant (like you) who suffers through a bear market (the curved blue line) has an **ending value that is higher** than the straight green line, because you were able to buy shares on sale (assuming the same ending share price).



¹ The return of your individual account may differ.

² Dollar cost averaging does not guarantee a profit or protect against a loss, and it requires continuous investment.

Declining Prices May Produce Higher Values

We know what you are saying, “this can’t be true for my account.” Markets tend to recover, so buying mutual funds on sale may be a good deal, depending on your individual circumstances. Even if you’re close to retirement, you may not need to spend all of your retirement account in the next year. It is more likely that you may need these funds over the next 20 years and there will be time to benefit from a diversified portfolio.

Bear Markets Have Been Short and Bull Markets Have Been Long

The current rate of return for a savings account is less than 1% per year, which is below the rate of inflation. The rate of return for a balanced portfolio of stocks, bonds, and other assets is expected to be 6% to 7% per year.³ Managing your account for a real return requires that you balance inflation risk (always present) with investment risk (subject to short declines), as you can see in the graph of the US stock market below.⁴



The typical bear market lasts about 18 months. **You may take advantage of this decline by maintaining a diversified portfolio consistent with your time horizon.**⁵ You should review your investment strategy regularly. This health crisis may lead to a slowdown at work, but it may still be an investment opportunity.

The Trustees will continue to carefully review the investment options in the Plan through Meketa Investment Group, the Plan’s registered investment adviser. They are focusing on the characteristics of each investment option, and the investment strategy of the IBEW 150 Core Fund. For additional information on navigating these volatile markets from John Hancock, please login to your account at johnhancock.com/myplan, click on the envelope icon  at the top of the home screen (for your messages) and open the Market Volatility Webinar.

In this challenging time, you can feel confident that the Trustees are carefully monitoring the Pension and Supplemental Pension Plans, so you can focus on the health and safety of your family.

³ For the period ending December 31, 2019 the 10-year compounded average rate of return for the Plan was +8.0%/year (est). Past performance is not an indication or guarantee of future returns; all investing involves risk including the possible loss of principal.

⁴ Source: First Trust Advisors, based on the S&P 500, as of March 2020

⁵ Not investment advice for your individual account; please contact your personal tax or financial adviser.