What is market volatility?

Market volatility is a term used to describe the daily fluctuations, large and small, of the stock market. Volatility also describes the condition of a security, which is a general term used to describe an investment like a stock, bond or mutual fund. A security has high volatility if its value fluctuates frequently over a period of time, and low volatility if its value remains relatively steady over a period of time. Normally, a security with higher volatility indicates a riskier investment.

There are a wide range of factors that may affect market volatility such as world events, performance of certain sectors of the market, political factors and natural disasters. Most of these factors are beyond anyone's control and happen unexpectedly.

Should I be worried about my savings during a volatile period?

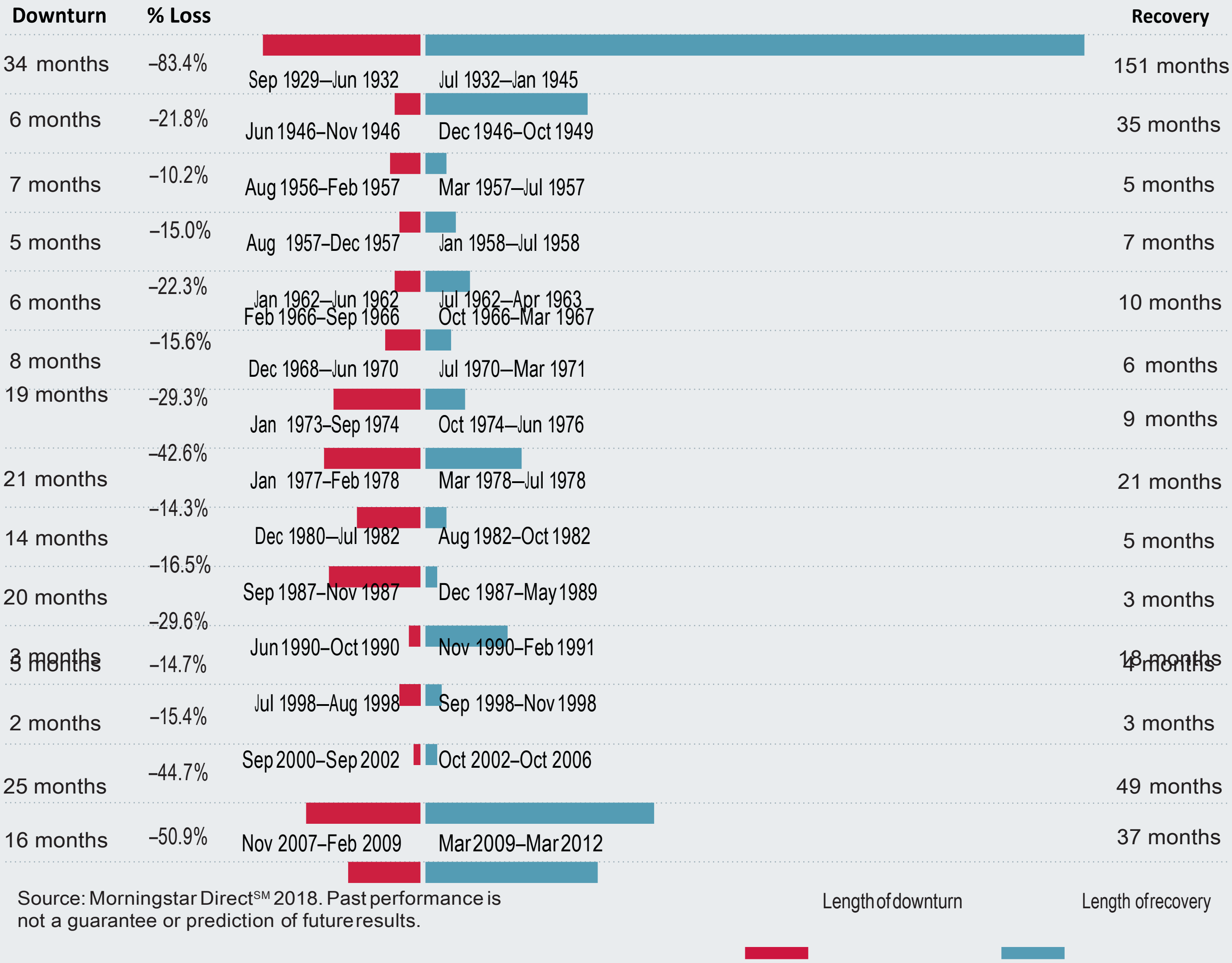
When a drop in the stock market occurs, it's easy to become discouraged or even nervous about your retirement savings funds. But don't overreact.

Market volatility is a normal and inevitable part of the stock market cycle and should be factored into your long-term investment strategy. It's like experiencing a cramp while running a marathon; you may feel uncomfortable in the moment and begin to lose sight of the end goal, but staying the course is the best way to cross the finish line.

Similarly, understanding your investment strategy and maintaining that focus through a volatile period may help you reach your retirement goals.

Familiarizing yourself with the history of the stock market may give you peace of mind if you are concerned about market volatility. Historically, stock market drops have been followed by an eventual bounce and market growth. The graph on the next page shows that recovery periods have historically lasted longer than downturn periods.

Market downturns and recoveries 1926-2017[1]



Source: Morningstar Direct℠ 2018. Past performance is not a guarantee or prediction of future results.

How can I minimize risk?

Understand your risk tolerance

When determining an investment strategy that will help you meet your retirement goals, you may want to consider factors such as your current age, desired retirement age and current savings to determine the amount of risk or volatility you are comfortable with in your portfolio. If you have plenty of time before your planned retirement age, you may feel comfortable creating a more aggressive portfolio that, while typically characterized by high growth potential, could be subject to greater short-term fluctuations.

However, if you are nearing retirement, you may want to consider a more conservative portfolio. You may need access to your money sooner and therefore won't want to be exposed to potential market drops in the short term.

Diversify your portfolio

One step you can take to reduce the impact of market volatility on your investment portfolio is to allocate your assets across different asset classes in more than one market segment. This is called diversification. For example, you may purchase a variety of stocks and bonds representing various industries. While one segment may

be experiencing a downturn, another could be growing. Therefore, you may be able to offset losses in one segment with gains or smaller losses in another segment.
The data in the top chart below show how different investments have performed both during and after past recessions.

Don’t try timing the market

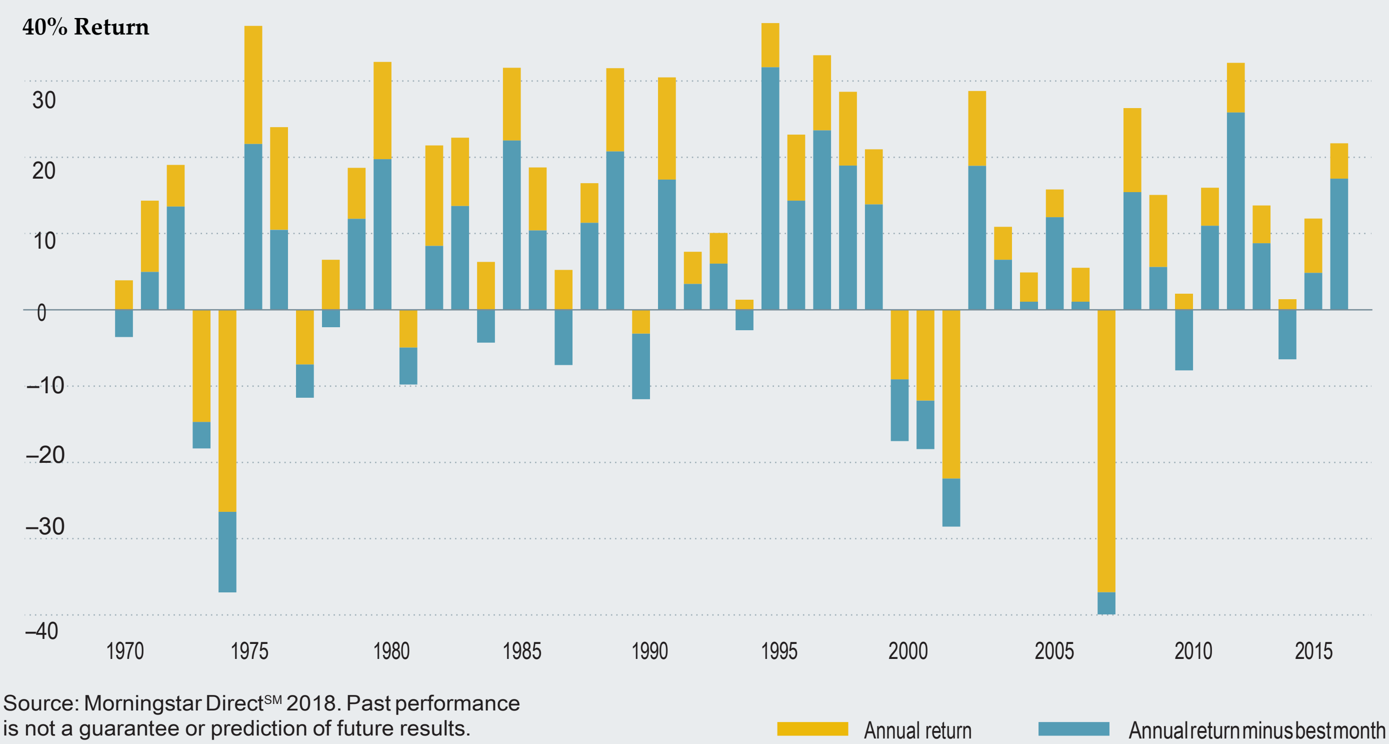
Taking your money out of the market in order to avoid the worst days may end up setting you back. While avoiding the worst market days may help your overall growth, the market’s unpredictable nature can result in market spikes on any given day. Missing out on the best days of the market may result in significant losses compared to riding out the volatility.

The data in the lower chart below show the cost of missing out on the best market days.

Performance during and after recessions[2]

Source: Morningstar Direct℠ 2018. Past performance is not a guarantee or prediction of future results.

Market-timing risk: the effect of missing the best month of annual returns 1970-2017[3]



Source: Morningstar Direct℠ 2018. Past performance is not a guarantee or prediction of future results.

If you have any questions, visit www.COJDCP.com, call (855) COJ-4570 (265-4570) or schedule a one-on-one meeting with your local retirement plan advisor at (904) 255-5569.

As with any financial decision, we encourage you to discuss your options with a financial advisor and consider costs, risks, investment options, and limitations prior to investing. You should choose the option that is right for you and your specific situation

Diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.

1 Source: Morningstar Direct℠ 2018. Large stocks are represented by the Ibbotson® Large Company Stock Index. Downturns in this example are defined by a time period when the stock market value declined by 10% or more from its peak, while the recovery period indicates the number of months from the trough of the downturn to the market's previous peak. An investment cannot be made directly in an index. The information assumes reinvestment of all income and does not account for taxes or transaction costs.

2 Source: Morningstar Direct℠ 2018. Recession data is from National Bureau of Economic Research (NBER). The average cumulative returns are calculated from the end of each of the 10 recessions in U.S. history since 1953. The National Bureau of Economic Research (NBER) does not define a recession in terms of two consecutive quarters of decline in real GDP. Rather, a recession is a recurring period of decline in total output, income, employment, and trade usually lasting from six months to a year and marked by widespread contractions in many sectors of the economy. The data assumes reinvestment of income and does not account for taxes or transaction costs.

3 Source: Morningstar Direct℠ 2018. Stocks are represented by the Ibbotson® Large Company Stock Index. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for taxes or transaction costs.