



NEWS

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Second Quarter 2020

PEOPLE, PLANNING AND PROCESSES STAND OUT DURING CHALLENGING TIMES

Responsible business models include processes and protocols that may be implemented to face a bevy of challenges. At The Trust Company of Tennessee our amazing teams have pulled together with agility and speed to face our current climate. These plans provide a guide, but it's the people – our people – who really stand out during challenging times.



Daniel K. Carter
President

Leading through the first half of 2020 has reinforced my knowledge that The Trust Company of Tennessee has an exceptional workforce laser focused on serving our clients.

CEO and Founder Sharon Pryse has been a great source of encouragement to all of us by connecting through messages and videos. Creating space for our teams to excel in their expertise, while supporting the many changes, has allowed us to flex appropriately to keep everyone safe, while providing top-notch client service.

Each of our department heads has been in constant contact, making quick decisions, reviewing all of the factors that impact our business and communicating to our staff. Chief Investment Officer Miranda Carr and the investment committee proactively opened consistent and clear lines of communication both internally and externally to keep everyone informed during rapid change.

>> *Continued inside*

STAY THE COURSE

The first three months of 2020 caused many investors significant anxiety, especially those nearing retirement. While no one can control what happens in the market, as investors we can control our reaction.



Kelci Slagle, CFP®
Wealth Specialist

Several money managers and recordkeepers have started to report that during the recent market

volatility, retirement plan participants in managed portfolios and target date funds made far fewer changes to their allocation than participants who were choosing their own investments. This is evidence that participants in managed strategies found it easier to “stay the course” and not succumb to market timing out of fear or concern.

Unfortunately, participants who deviated the most from their allocation often were those closest to retirement, which means they have

>> *Continued inside*

In our communities



Local non-profit groups get needed support

During the COVID-19 pandemic, local non-profit groups have activated to expand services to support communities and individuals who have been impacted.

The United Way of Greater Knoxville in partnership with the Alliance for Better Nonprofits and the East Tennessee Foundation created the COVID-19 Community Response and Recovery Fund, which provides direct support to local agencies that have expanded their services to the community.



United Way
of Greater Knoxville



Second Harvest Food Bank of East Tennessee, a member of Feeding America, is the region's largest hunger-relief charity with programs in 18 counties. The organization needs essential resources to aid in the response to COVID-19.

The Trust Company of Tennessee recently donated \$25,000 to the COVID-19 Community Response and Recovery Fund and \$5,000 to Second Harvest Food Bank of East Tennessee. It's a great privilege to help East Tennesseans who need it most as our community continues to grapple with the economic effects of this pandemic. We are so grateful for these capable organizations who are stepping up their services during this challenging time.

If you would like to support these causes, visit <https://www.uwgk.org> and <https://secondharvestetn.org>.

Workplace wellness program gets the gold

The Trust Company of Tennessee has been recognized for excellence in worksite wellness with gold status by the East Tennessee Wellness Roundtable (ETWR).

ETWR bestows bronze, silver or gold status for companies and organizations that implement policy, system and environmental changes that promote wellness. Our team enjoys an on-site fitness area; wellness programs; exercise and yoga classes; and physical fitness activities outside the office.

Workplace wellness keeps us healthier and builds team camaraderie inside and outside of the office. It prepares us to be mentally and physically ready to focus on client needs.



Should I feel fine?

In May, The Trust Company CEO and Founder Sharon Pryse joined Tracie Woidtke and Andy Puckett of the University of Tennessee Haslam College of Business for a webinar called "It's the end of the world as we know it. Should I feel fine? COVID-19 and capital markets."

The speakers gave an overview of how COVID-19 is affecting our capital markets; disruption in equity and debt markets; changes in publicly traded companies; and broached the question: Should investors panic? Visit <https://haslam.utk.edu/webinar-series> to watch a recording of the event.

>> *People, Planning and Processes, continued*

Vice President of Information Technology Neil Patel and the entire IT group quickly and successfully set up our employees to work remotely. Every employee embraced new ways to collaborate to keep our business moving forward.

Moving systems such as bill payment, mail management, customer service, client services and more to a remote model presented opportunities for creative solutions, and our team members delivered.

We even moved our speaking initiatives such as a session for attorneys on navigating divorce settlements to an online format with the leadership

of Chief Development Officer Chad Schollaert. We were able to expand our reach to one of the largest groups we've had to date.

I'm so proud of the way everyone stepped up and stepped out of their comfort zones in order to continue serving our clients. As we navigate our next steps, we will continue to offer our services with the same care and support as you've come to expect.

I send my heartfelt thanks to our clients and employees.

We're here to help you make better decisions with money – even during challenging times. You can always reach out to me at dcarter@thetrust.com with questions or concerns.

>> *Stay the Course, continued*

the shortest time horizon and generally the largest balances. We know that trying to time the market almost always fails.

In fact, some of the worst days in the market often are closely followed by some of the best. On March 23, we saw the S&P 500 dip to -30.41% for the year; but by early June the market was almost back to being unchanged year-to-date.

As prudent investors, we know the market over time will continue to go up, but at times like these it is easy to second-guess. As your trusted advisor, it's part of our responsibility to keep you on track to meet your long-term goals. Sometimes, that means taking a deep breath and remembering the big picture.

THEMES FOR THE REMAINDER OF 2020

Since we cannot time markets, we think investors should stick to their long-term strategic allocations.



Tune out the noise.

Block out financial news, if needed, to avoid emotional decisions.



Revisit your financial plan.

If you're losing sleep over market headlines, now is the time to revisit your financial plan and be reminded of your long-term goals.



Set realistic expectations.

With equity and bond markets posting relatively high returns over the past few years, it's reasonable to expect lower performance in the future.



Control what you can – savings and expenses.

What happens in the market is outside of our control. But we can control what we're saving and spending. Now is the time to review what you're saving to your retirement plan, IRAs, college savings plan and other savings goals.



Stay diversified.

Don't put all of your eggs in one basket. It's critical to remember the principle of diversification in a down market. Even if it hurts at the time, you'll thank yourself later.

ECONOMY VS. STOCK MARKET PERFORMANCE: AN EXPLANATION



Miranda Carr, CFA®
Chief Investment Officer

Have you noticed a difference recently in stock market performance versus the state of the economy? We've heard a lot of questions about why the stock market has generally performed well, even amid a struggling economy. It's interesting that the link between the two has been relatively weak.

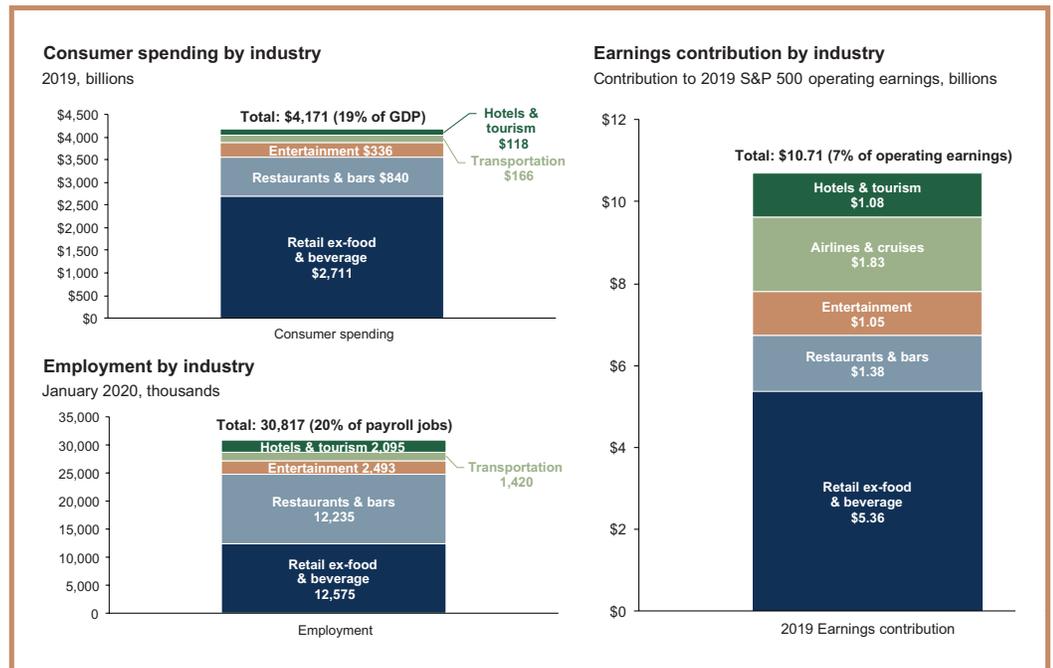
While economic data likely will continue to be poor, there is a difference between what the market does and what the economy does – even in times of crisis. While it is not a time to panic, it is a good time to ensure that you have a sound financial plan in place. The Trust Company of Tennessee can help you align your investment portfolio with your risk tolerance and build a long-term financial plan.

Insight on market performance in times of economic downturn

- The stock market is forward-looking and currently focused on economic reopening and a rebound in economic data in the latter half of 2020 and into 2021.
- Equity markets have rallied on optimism over hopes for treatment for the virus and positive news on vaccine progress.
- Big companies in the United States that make up the S&P 500 are in a much better position to weather downturns in general.
- Fiscal stimulus has so far replaced 100 percent of income for 75 percent of people not working and savings rates are going up, boding well for the long-term if we can bridge the gap to the recovery.
- The Federal Reserve has injected an incredible amount of liquidity into the financial system, creating a benefit of less risk for investors. Large, publicly traded

companies have easy access to credit and rates have lowered, which generally associates with higher asset prices.

- Roughly 40 percent of revenues to large cap companies comes from abroad, and the U.S. is behind the curve of pandemic containment relative to Europe and Asia. So, our economic reality in the U.S. may not be captured in our largest stock markets. Exposure to international companies and consumers either directly or indirectly is a good hedge against our own economic situation.
- The following chart shows that industry concentration in the stock market is different than industry composition in our economy. Companies that make up the S&P 500 are not fully representative of sectors in the economy that will be hurt the most by social distancing measures. This will lead to a divergence in performance as the stock market reflects the value of the companies of which it is composed.



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Factset, S&P 500, J.P. Morgan Asset Management. Consumer spending (2019 annual): membership clubs; sports; amusement parks; campgrounds; movies; theaters; museums; libraries; casino gambling; purchased meals and beverages; packaged tours; air and water transportation; hotels and motels; and select retail goods and services. Employment (January 2020): air and water transportation; transit and ground passenger transportation; support activities for air and water transportation; arts; entertainment; recreation; accommodation; food services and drinking places; and retail ex-food and beverage stores. Earnings (2019 operating): hotels restaurants and leisure; airlines; select entertainment and travel booking companies; multiline and specialty retail; and textiles apparel and luxury goods. *Guide to the Markets – U.S.* Data are as of April 2, 2020.

FAMILIAR FACES, EXPANDED ROLES

We celebrate the successes of our team members and delight in the expansion of roles and responsibilities among our talented team. Four familiar faces are now in new leadership positions.



Chad Schollaert, AIF®, CRSP
CHIEF DEVELOPMENT OFFICER

Chad works collaboratively with the marketing department to foster growth in service lines.



Lara Fleming
CHIEF PEOPLE OFFICER

Lara fosters a supportive and functional environment to both retain and expand staff.



Adam Davies, CFA®, RPA
VP OF RETIREMENT PLAN SERVICES

Adam ensures that retirement plan sponsors receive stellar service through our company protocols and procedures.



Matt Prince, AIF®
VP OF WEALTH MANAGEMENT

Matt expands his role in wealth management as a trusted advisor and financial counselor for clients.

Chad, Lara, Adam and Matt earned these expanded responsibilities because of their commitment to our philosophy and principles. These promotions will help us attain our growth goals and provide outstanding client experiences.

OUR GROWING TEAM



KATE JOHNSON

**Administrative Assistant
Knoxville**

Kate supports our team of relationship managers, so that they can focus on helping our clients achieve financial success.



CASSANDRA "CASSIE" CARDWELL

**Administrative Assistant
Knoxville**

Cassandra brings customer service savvy to benefit our team's client service.

Tastes of the season:

PEACH PORK PICANTE

Feel like you've cooked about a million meals this year? Try this quick and simple (just four ingredients!) pork loin recipe over rice for an easy midweek dinner.



Ingredients

- 1-2 pound boneless pork loin
- 1 (1 oz.) package taco seasoning mix
- 1 cup salsa
- ¼ cup peach or apricot preserves

Instructions

Cut the pork loin into half-inch cubes and season with the taco seasoning.

Spray a nonstick pan with cooking spray or heat a tablespoon of your favorite cooking oil in a skillet over medium heat, add pork loin, and sauté until cooked through, 5-7 minutes.

Add salsa and preserves and stir until preserves are dissolved. Cover and let simmer on low heat for 10 more minutes.

Serve over hot rice, cauliflower rice or your favorite grain.