



OUR PERSPECTIVE ON MARKETS

Today marks yet another day of heightened volatility as the markets continue to grapple with the multiple unknowns circulating with regards to COVID-19. With widespread cancellations of events, school and store closures, and numerous other necessary disruptions to help stem the potential spread of the virus, markets are left to guess at the depth and duration of the economic disruption caused by these cancellations. In the absence of material information on the total impact of this virus, business decisions are being made in a vacuum, rightfully justified by a desire to manage to the worst possible outcomes. These rightful decisions to significantly err on the side of safety are having and will continue to have, a material slowing effect to the economy.

Markets are now down 30% from the highs of just 30 days ago, with half of that drop coming over just the last few days. While recognizing that these closures and restrictions are in place to enforce distancing efforts and slow this pandemic, we believe it is quite likely that we will reach a technical recession (a contraction of GDP growth over two consecutive quarters) in the very near future.

And yet, dramatic monetary and fiscal policy measures have been taken up globally to help the flow of credit and protect displaced workers and industries. We know from past historic downturns that swift and decisive actions like these help to stabilize markets (as in the example of the Great Recession of 2008) while actions to tighten fiscal and monetary policy only served to draw out the pain (Great Depression). Unlike in those past eras, policymakers are not worried about the moral hazard of “bailing out” bad actors. No such stigma exists with the public health catastrophe now unfolding.

Even with these dramatic interventions and announcements of support, markets continue to roil in uncertainty that is difficult even for the most stalwart investors to experience without reactions of confusion, fear, and anguish. Our investment plans with you have been built by design to have a diversified mix of investments that strive to pace market returns in rising periods and protect on the downside in periods of market decline. Though our portfolios are not immune to the economic impact of COVID-19, these plans have delivered relative downside protection during this time of uncertainty. Despite the volatility in the stock market, we are unwavering in our commitment to an investment approach that does not attempt to time the market, but rather focuses on investments with the fundamentals that position them to outlast market cycles. Companies with enduring business models, managed by forward thinking leaders, financially capable of withstanding external adversity will be generally less economically dependent than the market as a whole.

The speed of this selloff has been record setting, and its impacts have been felt across all geographies and sectors. While a better understanding of the path of this pandemic will need to materialize before a true market recovery may take hold, we do believe we are closer to the lower levels of the rout caused by this outbreak. It can be difficult to see beyond these events, and the true impacts remain unknowable today, but we must remember that markets will always be forward looking. Our efforts and trading activity is therefore highly focused on how to be prepared to benefit when the recovery comes.

We will provide these updates on a weekly basis going forward to help offer additional perspective to the personal phone calls and emails all members of the team are extending under these circumstances.

UPDATE ON BUSINESS CONTINUITY

As we noted in our communication last week, Ropes Wealth has a comprehensive, tested business continuity plan that allows our office to operate remotely. At this time, we have requested that all employees work from home, with only a few designated individuals collecting and managing mail on a daily basis. You may notice that we are sending more forms and requests to you through electronic methods, especially for fast turnaround items. Likewise, we are utilizing a range of new technology for video and teleconference calls to facilitate and streamline our collective communication. We have tested and implemented all needed protocols to ensure our employees can work safely and effectively under all circumstances to serve you.

We thought it might be helpful to pass along a full directory of our portfolio management, financial planning, and client service team members, with all of their relevant contact information. So often our meetings are in person, so we hope this reference sheet provides some benefit to ensure we all stay as connected as possible. Please click [here](#) to access.

As always, we thank you for your trust and confidence and we hope that you stay safe and well in these extraordinary times.

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