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**QUARTERLY MEMO
TO CLIENTS AND FRIENDS**

SPRING 2020.

This is long. So please be patient.

I've written these quarterly memos for many years, in good times and bad, in bull markets and bear markets. In all the panics I've worked in and through, each time, commentators have trumpeted that society would be changed dramatically and perhaps forever.

This time is different. Because every corner of American life will be transformed. In many cases however, the changes may very well be beneficial and transformative in positive ways.

Before we get to those many changes, let me back up a bit and talk about previous panics that I've observed from the trenches, over many decades. I've built up an incredible amount of scar tissue through assassinations of a President, to the biggest single daily drop in our history, to a decade of inflation, twenty percent interest rates, gas lines, the bursting bubble of dot.coms, 9/11, the Great Recession of 08/'09. Now this, the self-induced economic coma affecting the entire world. As I'm writing to you, my protective mask hangs down upon my chest. Surreal. What science fiction novel are we actually living in?

When it comes to your money and the stock market, I've always taken the long view. Those of you who have been with us for many years, through many bumps, realize that this long view has been beneficial to our financial health. When I came into this business in my very early twenties, the Dow Jones Industrials stood at 650. In every one of the panics I've described you should have been a buyer, not a seller. I will predict that in this scary time the approach should be the same. In previous challenging times, if you felt

the stock market was not for you, there have been safe havens like US Treasuries, money funds, CDs. But those safe havens typically paid four, five, six, on up to 15% in the 1970s. Those were strong alternatives to stocks. Now the safe havens are paying the buyer close to zero. Retired people in our universe cannot afford to get zero on their money. They need income. The income on their stock portfolios represents their paychecks. The cash flow from these dividends can somewhat ease the volatility in stocks because those paychecks will keep coming. Yes, companies can and will reduce or eliminate their dividends. But in our view the companies with strong balance sheets will not, and many companies who do cut to preserve cash, will be anxious to restart their payouts as the country eases back to life.

I believe in the resilience and ingenuity of our people. We are a unique society because of our diversity and of our genius over the generations of reinventing ourselves. Which is why when you feel anxiety and fear in your gut, that's when we find bargain prices, whether it's in real estate, collectibles, or stocks. Eventually we will be rewarded for having the courage to act and believing that in time this madness is behind us.

It's always difficult when emotions are high and fear, bordering on panic, surrounds us like a foggy day in summer.

I'm not approaching this as if I'm a cockeyed optimist. I'm not. If anything, I'm a lifelong cynic about many things, including pretention, entitlement, and politics as well. I also believe in not being a headline reader unless you really have inside knowledge, which few of us do.

On my belief in our American ingenuity and willingness to attack mutual problems, I'm fond of a story about a friend of mine. This friend is a woman, distinguished in her profession, funny and very smart. She is progressive in her politics and passionate in her beliefs. Some years ago, she was invited to participate in a forum held in Moscow. She had never been to Russia but looked forward to the adventure. She returned after almost a week. It was in the days before 9/11, with no heavy security at US airports. She got off the plane in Boston and everyone walked down the arrivals stairs onto the runway. My friend got down on her knees and kissed the tarmac, so glad to be in the United States.

I tell this story because it reflects our view of our society in this pandemic. There are many different Americas: the Midwest, the South, the Southwest, the two coasts. People make and spend their money differently in these different settings. Their attitudes are different as well. The accents differ from place to place. But, in my view, they share the same ability to look forward, not back, to be entrepreneurial, to be resilient in the face of tragedy, and yes, even in the face of pandemics. Grace under pressure.

I try to be a long term thinker. We and our team are not traders. We are patient. We like value.

And yes, we like dividends. We like to be paid while we wait.

We are at war. The only war since World War II that has really gotten us all on the same side. All in. Observing the landscape after many recessions, even great recessions, it has always taken several years to put it behind us. This time will be no different. But as we emerge there will be many changes. Those who can adapt to it, who can reinvent and learn to pivot with the changes, will successfully put the past in the past. The same will happen in different industries and individual companies. I had never even heard the term 'zoom' until a few months ago. Now I'm participating in so many events; business, non-profits, and social life, almost daily. Change, or step aside. The best example I know is the readjusting to technology for grandparents. Almost every grandparent I know has embraced technology. Not to surf You tube. But to see and communicate with children and grandchildren. "A miracle," said one such grandmother to me. "I don't feel so old. I feel hip." Change, or step aside.

There will be a vaccine and a cure. This is also the first time in history that every great scientific brain in the world may be focusing on giving us that cure. None of you should be short term thinkers. No one can predict in the short term. So being obsessed with much of the news can be irrelevant to any of our long term plans.

From constant communication back and forth with clients and friends from all over the world, the biggest future themes, mentioned by the smartest, seem to be topped by the future of healthcare, education, how we work, and where we work. Part of our job will be to identify the areas that will add value to our portfolios that can adapt to the future of our new normal, areas that can give us, yes, dividends. But growth as well. Our team of seven people have had their shoulders to the wheel every day remotely for a little over two months. And I'm talking seven days a week. The role of technology has made sure that no client of ours could tell that we were not all working together in one office.

But the important message here and my closing thoughts are that, stripping the verbiage away: it's our people, our team that really makes it seamless. Felicia, Yvonne, Daniel, Nik, and my partners, Financial Advisors, Scott and David, all share several traits: they care about real relationships, not virtual ones. They work long hours and treat our clients like family. They are my family. And yours too, in many ways.

Please be safe and healthy. And it would be good in this truly Year of the Plague, if you try to have a belly laugh in our new subnormal world, every day.

If we take the long view, collect our dividends, and have confidence in a country that is always emerged better and stronger from chaos, we can ride this out.

All of our best wishes for your safety and good health,

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The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. An investment cannot be made directly in a market index.

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