



First and foremost we hope you and your loved ones are well.

Financial markets over the past four weeks have been on a wild ride. The fear and uncertainty surrounding COVID-19 and its impact on public health, industry and the economy have created extreme levels of volatility and days where historical correlations are irrelevant. Markets remain quick to react to headlines and with the popularity of market based investments (exchange-traded funds for example), the good and the bad in the market can face the same short-term consequences. While the COVID-19 health crisis is new, the way markets and investors react to exogenous shocks is often more a study in investor behaviour and psychology. Consider some of the more recent pandemics, Avian flu, SARS, H1N1, Ebola, all pretty sinister stuff. If you look at performance after the initial shock was digested by equity markets, invariably, six months later the market was actually higher. To be clear, we are not implying COVID-19 will have the same health and economic impact as previous pandemics. We're simply making reference to the psychology of being in the middle of an event versus having the benefit of hindsight.

Portfolio

We have and will continue to manage risk as best we know how, utilizing the same objective tools we have used to successfully mitigate risk for years. We continue to be in capital protection mode and we are taking every opportunity to increase security in the portfolio. We have and will continue to reduce equity exposure as warranted based on our tools. We are reducing equity exposure from solid, blue chip companies that have managed through crisis in the past. We are doing it regardless, as it is part of our risk management process. Having capital on the sidelines will allow us to have resources to purchase leadership when markets eventually begin pricing in recovery.

Business Continuity Planning

We believe it is important for you to know we are also taking the necessary precautions to continue to serve you through these extraordinary times. Two weeks ago we made the proactive decision to separate our team. This week we've moved further to limit public interaction by all working from home. We will continue to be available to conduct business as usual, holding meetings remotely using conference calls, reports and technology where possible. Our office telephone lines are forwarded to our mobile devices and we continue to have full access to our desktop systems.

Internet Predators

Times like these allow us to see the best of people, unfortunately we also find the worst. Thieves and internet predator activity has been on the rise. We ask you to carefully select email communication and websites to visit. If you receive email communication that appears to be from BMO Nesbitt Burns and you are unsure, please feel free to forward to us for review and confirmation.

Comments from Brian Belski, Chief Investment Strategist at BMO Capital Markets

Lastly we will leave you with some brief comments and perspective from our BMO Capital Markets Chief Investment Strategist.

Thank you and as always, we continue to be here to navigate these times with you.

Please note: We cannot take trading instructions via email or voice mail, please contact your Investment Advisor directly.

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Brian G. Belski
Chief Investment Strategist
BMO Capital Markets Corp.

This Too Shall Pass - Control What You Can Control

"Worst birthday ever." Such were the words uttered by the secular bull market as it turned 11 this week, all while it was unceremoniously being smacked into a cyclical bear (by definition down more than 20% from the peak). Panic, fear, and ambiguity remain firmly entrenched as the only drivers of investment strategy, as perspective, poise, and process continue to be ignored. Unfortunately, there is no magic bullet, support level, fiscal or government response, let alone containment protocol that would release the gripping anxiety that has paralyzed the world. As such, those seeking academic templates and traditional signals to diagnose the ultimate bottoming mechanism of US stocks will continue their befuddlement, in our view.

However, the same holds true for the recovery - which WILL occur. Why? We are choosing to default to the principles of the founding fathers. They were incredible people of faith and fortitude, helping to create one of the greatest countries in the world with a mindset and culture of optimism. As a result, that template and mindset has spawned companies whose innovation, services, and products have shaped and the led the world.

Coronavirus (COVID-19 virus) is a human tragedy - there is no way around that. But our experience tells us that it cannot and will not wipe out every fabric of investing. As such, we continue to believe US companies will ultimately provide, define, and lead the recovery - when and only when the fear abates. The collateral damage is what it is. As a strategist who is defined by perspective, poise, and process - these are unprecedented times which require unwavering courage, conviction and resolution.

Therefore, we must control what we can control - realizing that earnings will be impacted and the internal parts of our models and sector positioning need to be adjusted accordingly. While the secular bull market's birthday party was literally crashed this week, the depth and duration of any cyclical bear simply cannot and should not be foretold. Faith defines our perspective that this too shall pass; poise fuels our courage to not react; and process exemplifies our discipline.