



Commentary on Recent Market Events

March 6, 2020

In an effort to keep the lines of communication as open as possible during this volatile period, we will be periodically sending out written and emailed communications from the F.L. Putnam team. Additionally, we will post the communications on our website ([www.flputnam.com](http://www.flputnam.com)) that we hope will serve as a resource to you in the weeks ahead.

The F.L. Putnam team has been working hard to evaluate the impact of current events on your portfolio and is making thoughtful moves as appropriate. Our investment team is on top of the latest research and analysis and has a strong grasp on daily events. Their eyes will remain firmly focused on the markets and securities we oversee for our clients.

At the corporate level we have redundancy and backup across all functions within the company. We have conducted tests to ensure that 100% of our staff can work from home in the event they are ever forced to do so. All employees have uninterrupted access to our systems and we are fully functional across all aspects of our business, regardless of where things progress from here.

We have reached out to our custodial partners to be sure we understand their protocols and contingencies in the event they too must work remotely. We feel we are in a strong position to navigate these unsettling times on your behalf.

The spread of the coronavirus has certainly been a daunting development, but its ultimate economic impact is still unknown. The uncertainty has whipsawed investor confidence and prices of financial assets, causing the Federal Reserve and other global monetary authorities to adjust monetary policy. Governmental (fiscal) authorities have also mobilized, releasing significant funds in preparation for the possibility of very negative outcomes in the weeks and months ahead. On a positive note, as illustrated by this morning's report on employment in the U.S., our economy has been relatively strong. While no time is ever a good time for this type of event, we enter this one at a time of relative economic strength.

The markets have been volatile, to say the least. However, while the swings may appear chaotic, price movements have largely been rational and more akin to market action following the 9/11 terrorist attacks than in the lead-up to the Great Financial Crisis. Travel-, leisure- and hospitality-related stocks have suffered large declines, as one might expect, while other companies exposed to a slowing economic environment have also suffered out-sized losses (energy and financials being good examples). Markets have acted quickly in reflecting the news flow and uncertainties associated with the spread of the coronavirus. As we indicated in our letter in late February, this is not a financial crisis but a medical one, albeit with economic and financial market implications. Know that while there are clear unknowns, we will continue to operate in the realm of real, emotionless data and indicators while working our way through this turmoil on your behalf.

Please do not hesitate to call us to discuss how recent events are impacting your portfolio or your plans. There is never a bad time to take stock of your financial picture and we are here to help.

Sincerely,

Tom Manning, CFA  
CEO and President