



## **ECONOMIC VIRUS: WHATEVER IT TAKES**

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Given the stalling of the global economy in order to stop the spread of COVID-19, central banks and governments are forced into a corner to do “whatever it takes” to dampen the impact of a recession. The lessons of being proactive rather than reactive learned during the Great Recession of 2007/09 are still fresh in the mind of policy makers. To combat a shock to the global economy, large monetary and fiscal stimulus programs have been announced to calm markets and support the economy during this health crisis.

In the last two weeks, central banks have rapidly reacted with large interest rate cuts, more quantitative easing (buying assets such as commercial paper and bonds) to ensure credit markets do not freeze up and providing direct lending to small businesses and corporations. Meanwhile, G20 governments have announced over US\$5 trillion worth of fiscal stimulus programs with more likely to follow. The combination of massive monetary and fiscal policies will not only reduce the depth of a recession but also recharge the eventual stock market and economic recovery.

### What Matco is Doing

During periods of high market volatility and uncertainty we continue to rely on our compass, which is our objective based investment process. Our conservative process is built on investing in dividend paying companies with strong balance sheets that can withstand an economic shock such as COVID-19. Another part of our investment process is rebalancing our equity, fixed income and cash exposures where appropriate. Given that it is impossible to call the bottom of the stock market, we remain close to fully invested in our funds and are well positioned to benefit from the eventual recovery.

Please contact a Matco Portfolio Manager if you have questions regarding the markets, our investment process or would like a review of your current investment portfolio.

**ANIL TAHILIANI, MBA, CFA**  
Vice President, Portfolio Manager  
[atahiliani@matcofinancial.ca](mailto:atahiliani@matcofinancial.ca)



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Our mission is to simplify the investment world for our clients by understanding their needs and providing exceptional investment solutions that preserve and grow capital.

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Our mailing address is:

350, 440 - 2nd Ave SW,  
Calgary, Alberta T2P 5E9  
Phone: 403.539.5740  
Fax: 403.539.5744

[www.matcofinancialinc.com](http://www.matcofinancialinc.com)