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# How a local chief investment officer views investing during Covid-19

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for Post Oak Private Wealth Advisors

By Chris Mathews – Reporter, Houston Business Journal Jun 11, 2020

*As financial markets continue to climb back from the downturn caused by Covid-19, investors need to think hard about the industries that will thrive in a post-coronavirus world, one local investment advisor said.*

*Robert Wyrick Jr. is managing member and chief investment officer of Houston-based Post Oak Private Wealth Advisors, a money management and advisory firm with over $500 million in assets under management. Wyrick spoke with the Houston Business Journal about Covid-19's impact on the firm and how average traders should approach the financial markets.*

**From an investing standpoint, how have the past few months been for the firm?**

We've been fortunate, really. We generally hedge our portfolios, which always serves clients well when the market drops. And we also have a little bit of a heavier weighting toward technology and communication services, which were really leading the market over the last years. They really held up well.

When you think of defensive types of holdings, you normally think about utilities, health care, consumer staples and things like that. But as it turned out, technology ended up being almost the perfect Covid hedge. Companies are spending more money on cloud computing, enterprise software, e- commerce, technology infrastructure and things like that.

Setting the hedge aside, I think when the [S&P 500] was down out at its lowest point — down about 30% — [Invesco QQQ], which is basically the Nasdaq 100, was down about 20%. So with no other hedge or no other way to mitigate risk, technology ended up being an amazing hedge in and of itself.

Covid just sort of accelerated the trends that were already in place. I think about 75% of Fortune 500 CEOs expect to spend substantially more on technology over the next few years — and that was going into Covid. Now, that really just seems to have been accelerated.

**How would you characterize where the markets are right now?**

Unprecedented is the first word that comes to mind. About a week ago, I was reading that it was the biggest 50-day rally in the market history. Normally

when you see a correction like we saw, the average recovery time is about three and a half years. To see it go back up faster even than it went down just was unprecedented.

The Fed pumped about $3 trillion into the economy over less than 90 days, so you can't really discount that. A lot people, myself included, maybe discounted the impact of that more than we should have. The amount of money that got pumped into the economy through low interest rates, through the Fed buying back bonds, the PPP loans and all the things that they were doing, seem to have helped.

Because the market was going up so much, so fast, what it looked like for a while was that maybe it was pricing in perfection — like we were going to have a vaccine by fall. But what I think we've seen is, when I listed to the various CEOs of public companies, they really are starting to see a pretty rapid comeback in terms of customers spending money.

**As a professional investment manager, what advice might you have for the average day trader given these unprecedented market conditions?**

Peter Lynch, the guy who used to manage the Fidelity Magellan Fund, wrote a couple books some years ago — one was called "One Up on Wall Street" — but he had some great advice: Look around. Where are you spending your money? Where are your neighbors spending their money? What areas of the economy do you have a little bit of an understanding of? Of course you want to look closer, to make sure you're not buying at the top of the market or make sure they have good fundamentals.

My guidance would be to buy companies that you have a sense of what they do, so that you're not just blindly buying. I think there could be value in looking at some of the really beaten down areas like airlines or cruise lines. There could be some value there, but understand that that really does become speculation.

If you're buying Home Depot, we know that they're just killing it. If you're buying Amazon, we know that they're killing it. Apple is generally killing it, surprisingly. But look around at sectors that make sense, and it's OK to speculate — a lot of money has been made speculating on sectors that have been beaten up.

But Wall Street is pretty smart, and the markets are pretty efficient. So if a sector is still down 30% or so for the year, there might be a reason for that.