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Money managers weigh in on their investing likes, dislikes and what they avoid like a virus

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Investment managers try to keep clients from getting seasick as market crests amid ailing economy

Coronavirus has led to unusual but hardly surprising unanimity about much of what is in or out of favor by wealth managers. There is more agreement on where clients should or shouldn't put their money this year than there has been in past years of this annual wealth-management report.

With everyone working at home and companies likely to see the benefits of permanently reducing their commercial space, commercial real estate is way, way

out. As are airlines and hotels and, with a falling dollar as a result of trillions in stimulus money, U.S. Treasuries.

Always in favor as a hedge in troubling times? Gold. Now, more so than ever, literally, as it has hit all-time highs.

And given the importance of treating people, getting them well and eventually finding a cure, health care is in everyone's portfolio, as is technology, given how it has connected us from home and allowed us to work and allowed us to do all our retail and grocery shopping online.

Here are some typical reactions that reflect what their contemporaries are saying:

"When do I get on an airline and go to a conference and stay in a hotel where the conference is?" asked David Sowerby, the managing director and portfolio manager of Ancora Advisers LLC in Bloomfield Hills. The answer: Who knows, but not any time soon.

"The days of flying to New York or Chicago and having a three-day meeting, those things are in the rear-view mirror," said Scott Bork, senior vice president and director of investments for TCF Bank in Detroit.

"I'm concerned commercial real estate will be permanently impacted," said Mike Dzialo, president and chief investment officer of Managed Asset Portfolios LLC in Rochester.

Here are some investments that 17 wealth managers like and don't like, and their insights into the economy in the time of COVID-19.

John Augustine

- Chief investment officer, Huntington Bank, Columbus, Ohio

Likes: Blue-chip U.S. stocks; health care technology; consumer discretionary; digital real estate investment trusts (REITs), which invest in cell towers and data centers

Dislikes: Foreign stocks, corporate bonds, energy, basic materials, commercial real estate investment trusts

Insight: "Markets have almost become defiant regardless of COVID. They want to go up. With this much cash sloshing around looking for a home, markets will keep going up. It's almost contrarian to our current circumstances, but they are captive to the oceans of liquidity. Brokerage companies are reporting huge numbers of new accounts."

Melissa Spickler

- Managing director, Merrill Lynch's Spickler Wealth Management Group, Bloomfield Hills

Likes: Technology, health care, environmental, dividend-paying stocks, biotechs with a long track record

Dislikes: Emerging markets, international, energy

Insight: "I'm going into my 40th year and can count seven of these crashes. Not panicking on Black Monday in 1987 set the tone for my career."

Tony Catalina

- Director of private banking, Fifth Third Bank Private Banking, Birmingham

Likes: Communication services, utilities

Dislikes: Fixed income, energy, industrials

Insight: "Markets are inherently forward-looking. We're long-term investors. We're not day traders."

Mike Dzialo

- President and chief investment officer, Managed Asset Portfolios LLC, Rochester

Likes: Technology (Nokia, Microsoft, Micron); health care; consumer staples; gold; Grupo Herdez S.A. (a Mexican maker of salsas, chips, guacamole and condiments)

Dislikes: U.S. banks, manufacturing, industrials, transportation, commercial real estate

Insight: "We're seeing an economic rebound, but you need to distinguish between a rebound and a recovery. There won't be a recovery until at least 2022."

Jeffrey Fratarcangeli

- Managing principal, Fratarcangeli Wealth Management of Wells Fargo Advisors, Birmingham

Likes: Blue-chip dividend paying stocks, technology, biotech, industrials, consumer discretionary

Dislikes: Utilities, energy, consumer staples, gold

Insight: "Heading into this pandemic, we had one of the strongest economies I had seen in my career. This is a strong possibility we'll continue on that trajectory. There are obviously a number of uncertainties, but uncertainty leads to opportunity. Very accommodative Fed policies have pumped an enormous amount of liquidity into the market. The demand is off the charts; the problem we face is in the delivery."

Kevin Granger

- Senior vice president and senior investment adviser, PNC Wealth Management, Troy

Likes: Dividend paying large-cap stocks, technology, infrastructure, emerging markets

Dislikes: Value stocks, shopping-center REITs, commercial real estate, hotels

Insight: "Where we are with a potential vaccine or cure is important, but there is a lot of trepidation on individuals' part in taking a vaccine that has been so rushed."

Leon LaBrecque

- Chief Growth Officer, Sequoia Financial Group, Troy

Likes: Dividend paying large-cap U.S. stocks, JP Morgan, Berkshire Hathaway

Dislikes: Developed international stocks, short-term bonds, energy, commercial real estate, Amazon, Alibaba

Insight: "Everyone was saying, 'You gotta buy Tesla. You gotta buy Tesla.' I never would have thought that coming out of COVID, the car company with the best performing stock would be Tesla, and it's a world where no one is traveling anywhere."

Aubrey Lee Jr.

- Senior partner of Merrill Lynch's Aubrey Lee Jr. and Julius Readus Group, Farmington Hills; first vice president, Merrill Lynch Wealth Management/Bank of America

Likes: Health care, U.S. utilities, consumer staples, corporate bonds, gold, financials

Dislikes: Government bonds, energy, materials

Insight: "We feel pretty good about where we are headed. We're going to have some starts and stops, but it's proving to be a faster recovery than we thought."

John Lynch

- Chief investment officer, Comerica Wealth Management, Dallas

Likes: Gold, technology, growth stocks, materials

Dislikes: Real estate, utilities, energy, value stocks, fixed income

Insight: "Investors are looking at a return to record profitability in 2021, and I think that will be hard to achieve. I'm all for a rising market, but that depends on a strong foundation of corporate profitability, and I'm not saying that's going to be there."

Anne MacIntyre

- President and CEO, Annie Mac Financial LLC, Sterling Heights

Likes: Large-cap stocks, U.S. and Japan over other developed international, communication services, health care, technology

Dislikes: Short-term bonds, China, small- and mid-cap stocks

Quote: "They've been talking about regulating tech for a long time, but big technology companies are big contributors to both sides. One thing to watch for? How the S&P performs. If the S&P is up for the last three months before a presidential election, the incumbent has won every election since 1980 and 87 percent of elections since 1928."

Nancy Meconi

- Partner, Plante Moran Financial Advisors LLC, Auburn Hills

Likes: Small-cap value stocks, high-yield municipal bonds, international developed market equities

Dislikes: Long-term U.S. Treasuries, real-estate investment trusts

Insight: "After this significant bounce off the bottom, investors should be ready for more volatility. Markets are fairly richly valued. Risks remain for a reversal."

Angela Palacios

- Partner, director of investments, Center for Financial Planning, Southfield

Likes: Gold and gold-mine companies, high-yield municipal bonds, fixed annuities

Dislikes: U.S. large caps, commercial real estate

Insights: "We think there might be a little more inflation than people are thinking."

Jim Robinson

- CEO, Robinson Capital LLC, Grosse Pointe

Likes: Mortgage REITs, including AGNC Investment Corp., which buys government-backed mortgages; business development companies (BDCs), which loan to public and private companies; VanEck Vectors BDC Income ETF, which invests in publicly traded BDCs; silver; Bitcoin; municipal bonds; tax-exempt closed-end funds, which buy portfolios of municipal bonds and leverage them up with short-term borrowings.

Dislikes: Commercial REITs, brick and mortar retail, travel, entertainment, traditional banks, Tesla.

Insight: "Everyone is saying, 'When our lease is up, we're looking for a smaller footprint.' Your whole reason for an urban lifestyle is going to change."

Peter Schwartz

- Principal, Gregory J. Schwartz & Co., Bloomfield Hills

Likes: Energy, oil, financials

Dislikes: Gold, growth stocks, technology

Insight: "I like things that are out of favor. At some point, we'll be back to normal, and I'd rather buy low. Small-cap stocks have been hit harder by the pandemic, but the small-cap index usually leads us out of recessions."

David Sowerby

- Managing director and portfolio manager, Ancora Advisers LLC, Bloomfield Hills; co-manager of the Ancora Dividend Value Equity Fund.

Likes: Some technology (Apple, Accenture, Texas Instruments); health care (Amgen, Johnson & Johnson, Humera, Allergan); U.S. small-cap

Dislikes: High-flying tech stocks trading at very high price-to-earnings ratios (Tesla, Amazon, Netflix, PayPal, Shopify); long-term U.S. Treasuries; non-U.S. developed markets.

Insight: "I did a Bloomberg TV interview at the beginning of the year about risks in the coming year. I said it's the risk you don't know you have to worry about. And here we are. In the end, I have confidence that the pharmaceutical industry will more than rise to the occasion."

Scott Bork

- Senior vice president and director of investments, TCF Bank, Detroit

Likes: Health care; technology; gold; silver; emerging markets Dislikes: Energy, hotels, cruise lines, sit-down restaurants, big-box and mall retail

Insight: "Our group feels the market got ahead of itself and is a bit overpriced. There will be at some point in time a correction. I'm not saying a correction of 20 percent, but I think there will be a pullback."

Lyle Wolberg

- Partner, Telemus Capital LLC, Southfield

Likes: Value stocks, securitized credit, AAA- and AA- rated municipal bonds, gold

Dislikes: High-yield bonds, corporate real estate, growth stocks, high-yield municipal bonds

Insight: "In March, the hurricane moved in and we got hit. Now, we're in the eye of the storm, and the stimulus helped. We just don't know what the back end of the storm will bring."

Letter
— to the —
Editor

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