

# BOSTON BUSINESS JOURNAL

## Boston wealth advisor talks recession, investing and ‘millionaires tax’

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The Boston advisory firm GW&K Investment Management has a diverse client base that ranges from individuals and families to endowments and foundations. That gives GW&K, the firm at the top of the list of largest investment advisors in Massachusetts with nearly \$48 billion in assets, a broad view into investing and what it is looking for on behalf of its clients. The Business Journal asked Daniel Fasciano, the director of private wealth management at GW&K, about the latest on the firm and investing.

### What does GW&K hear from investors about concerns for a recession or the effects of rising interest rates?

Over the past 18 months we've had a number of client conversations about the effects of rising interest rates on the economy and markets. We remain mindful of the challenges faced by firms that rely on debt financing as a means to support operations. These include financial companies, real estate firms and early-stage startups. We think any recession will be mild. Performance in U.S. equities so far this year has been impressive. Near-term, we believe there could be increased volatility in U.S. markets, at the same time we remain constructive on equities going into 2024.

### Older generations of investors have been reported to be far more likely to have stocks and mutual funds in their portfolios than younger generations. Has GW&K seen a generational shift in how people invest?

The data we see supports that baby boomers have a bias toward a higher allocation to equities. It's important to note that following the global financial crisis, investors were rewarded over the subsequent 12-plus years by having a higher allocation to U.S. stocks. Baby boomers experienced this period in their prime wealth accumulation and early retirement years. This experience reinforced allocating a greater percentage of their portfolios to stocks than traditionally recommended. We don't believe the next 10 years will mirror the prior decade. The relationship between stocks and bonds over the next five and 10 years will look different. We ad-



vise our clients to be deliberate about establishing their goals and risk tolerances and develop an asset allocation that services this plan.

### Is GW&K generally advising clients in particular ways with investing, say more conservatively or aggressively, as interest rates have climbed and as the stock market has been flat this year? Or does it vary?

While each client has their own goals and risk tolerances, we advise consistently across them all. Within that, we remain constructive on equities. We are cautioning clients as the Fed slows down its tightening campaign, volatility is expected to pick up and we continue to monitor growth and inflation data going into the second half of 2023. As for interest rates, we encourage our clients to not remain complacent with cash allocations given how much rates have risen in the past 18 months. Looking forward, we believe non-US equities are looking attractive in select countries.

### Who is a typical GW&K client?

Our client base is quite diverse. We've served in-

dividuals and families for nearly a half century. Our institutional clients range from smaller endowments and foundations, to larger corporations and public funds. What we have discovered is given our firm's commitment to investment expertise the results have broad appeal to both institutional and individual investors.

### Has the firm seen any signs of effects from the state's millionaires tax, such as investors moving from the Boston office to, say, the Florida one?

Given the many clients we serve, we recognize that everyone's situation is unique. We have seen a modest but measurable increase in client relocation during the pandemic. Some of this has been due to work-from-home flexibility, while others have moved for retirement or lifestyle purposes. There are many considerations one needs to evaluate before purchasing a second home and declaring that as their primary residence. We remind clients that wherever they consider "home," must be their primary, full-time residence.