

Ask Steve

The following questions were submitted by clients to asksteve@greatdiamondpartners.com. Keep them coming!

MARCH 19, 2020



STEVEN E. TENNEY

Founding Partner & CEO

stenney@greatdiamondpartners.com
207.274.2506

Q: You're not recommending just selling now, then letting the market go down, and then getting back in when this episode appears to be over. Why not?

A: We do not recommend changes in target asset allocations. For example, if you normally target 60% in stocks, that should stay the same. It's simply too difficult to time a turnaround, and missing the rebound makes these losses permanent. Within that allocation, however, we are very aware of managing risks. Following our investment process, we have sold certain stock positions, adding the proceeds to bonds and cash.

Q: With stock prices dropping do you think it is a good time to buy if there is cash in the investment account to do so? What opportunities do you see?

A: Yes, there are some good opportunities due to lower prices. First, tax-free municipal bonds now yield more than U.S. Treasuries, whereas they usually pay less. Second, "dividend growth" stocks look attractive. These companies raise their dividends every year and have been through plenty of crises in the past. Their (now higher) dividend yields look very attractive as bond yields have dropped, and they are more likely to make it through an economic slowdown.

Q: Why are we trading? Is Schwab entering trades?

A: We are trading consistent with our investment discipline. That has led us to reduce exposure to international and smaller companies, adding the proceeds to larger U.S. companies, high quality corporate bonds and cash. All trades are either initiated by us (Great Diamond Partners) or by a third-party manager that we hired for specific client situations. As your custodian, Schwab does not initiate any trades but simply reports them to you.



GREAT DIAMOND
PARTNERS



Q: Are you open? How do you keep doing your work?

A: Our office is closed as we work from home. Working remotely is something we anticipated before we launched the firm and practiced as recently as early February. Our technology allows us to conduct business, communicate with each other and with clients as we normally do. Interestingly, we are discovering new administrative efficiencies that will help us when we return to the office.

DISCLOSURES

Great Diamond Partners, LLC is an investment adviser in Portland, Maine. Great Diamond Partners, LLC is registered with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any specific level of skill or training and does not constitute an endorsement of the firm by the Commission. Great Diamond Partners, LLC only transacts business in states in which it is properly registered or is excluded or exempted from registration. Great Diamond Partners, LLC's current written disclosure brochure filed with the SEC which discusses among other things, Great Diamond Partners, LLC business practices, services and fees, is available through the SEC's website at: www.adviserinfo.sec.gov.

Please note, the information provided in this document is for informational purposes only and investors should determine for themselves whether a particular service or product is suitable for their investment needs. Please refer to the disclosure and offering documents for further information concerning specific products or services.

Past Performance is not a guarantee of future results.

Nothing provided herein constitutes tax advice. Individuals should seek the advice of their own tax advisor for specific information regarding tax consequences of investments. Investments in securities entail risk and are not suitable for all investors. This is not a recommendation nor an offer to sell (or solicitation of an offer to buy) securities in the United States or in any other jurisdiction.

This document may contain forward-looking statements relating to the objectives, opportunities, and the future performance of the U.S. market generally. Forward-looking statements may be identified by the use of such words as; "believe," "expect," "anticipate," "should," "planned," "estimated," "potential" and other similar terms. Examples of forward-looking statements include, but are not limited to, estimates with respect to financial condition, results of operations, and success or lack of success of any particular investment strategy. All are subject to various factors, including, but not limited to general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting a portfolio's operations that could cause actual results to differ materially from projected results. Such statements are forward-looking in nature and involve a number of known and unknown risks, uncertainties and other factors, and accordingly, actual results may differ materially from those reflected or contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on any forward-looking statements or examples. None of Great Diamond Partners, LLC or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.