



GREAT DIAMOND PARTNERS

Sunday, March 15, 2020 | Here Hear

We are here for you. This is a challenging time, and social distancing- a nice term for isolation- doesn't help. We want and expect to hear from you- how you're doing, what concerns you have and how we can help. To that end, we are taking several steps:

- What's on your mind? Today's environment triggers endless questions. It's very likely that a question you have others are also wondering about. As a result, we are starting a public Q&A. Email your questions to **asksteve@greatdiamondpartners.com**. We will aggregate and answer them and send them back out.
- We hired a new office coordinator, Colleen Garrick. Among other benefits, she will allow each of us to be increasingly responsive to your calls, emails and requests. Colleen is scheduled to start March 23. We look forward to introducing her to you.

Now a few comments about the financial markets. Anytime events are compared to 1987, we know the environment is challenging. The stock market dropped 9% on both Monday and Thursday last week, somewhat offset by a late day surge on Friday. As we emphasized last week, bond allocations helped to mitigate the damage.

Among other things, our job is to take an empathetic and objective view of the situation and have an opinion. As long as you understand my foggy crystal ball may prove to be wrong, let's take a quick look at the issues.

The virus: There's nothing more important than the growth in the number of infections. I am certainly not an epidemiologist, but rather someone with a bit of logic and market experience. When the numbers get "less bad," or increase at a slower rate, the markets may settle down. Why? Today it's exceedingly difficult to predict the economic impact of the virus. Once the numbers slow, certainty should begin to replace uncertainty.

Politics and oil: Forget about it. Both are far more certain than a week ago, pale in comparison to the virus, the markets will adjust and move on.

The economy and markets: Both will suffer. We've already seen it with stocks and a recession is all but assured. Keep in mind the likely progression- virus leads stocks, and stocks lead the economy. There are lag times between each. By the time a recession is officially and retroactively declared, it's possible that the virus is on the decline or gone, and stocks may have experienced a rebound.

Responses: It is truly spectacular how businesses, states, towns and schools have hunkered down. While it creates a bizarre atmosphere and will have some "interesting" consequences, I believe history will point at this collective effort as the key to defeating the virus. This Sunday afternoon, the Federal Reserve took dramatic action when they cut interest rates to near zero and launched a massive "Quantitative Easing" program. Both actions are designed to ensure the markets function properly. Congress and the administration agreed on several measures late last Friday. Those measures don't include fiscal stimulus, however that's still possible if reason and public pressure overcome election politics.

What we are doing: Most clients differ from one to the next. At the same time, there are some common themes. As we alluded to last week, we reduced international and smaller company stocks and split the proceeds between large U.S. stocks, high quality corporate bonds and cash. Looking forward, we will stick with our disciplined approach and make decisions we feel are in your best interests.

Finally, an update from the Great Diamond office. We are all working from home this week and likely next week. When planning for the launch of the firm, we were careful to select technology that would allow for a seamless client experience regardless of where we are located. In addition, we have practiced for this contingency without any resulting issues.

When you call us, you will be automatically routed to our cell phones. If you leave a voicemail, we will be notified and will get back to you as soon as we can.

In closing, we are all here for you and we want to hear from you.



STEVEN TENNEY
Founding Partner & Chief Executive Officer



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