



March 2020

Dear Clients:

As you know, the past few weeks have seen a rapid escalation in the impact of Covid-19 (“coronavirus”) on the lives of people and markets worldwide.

We will be brief in our commentary, as there are numerous public news sources that summarize all that has happened, and we defer to medical experts when it comes to what may happen with the spread of the virus in the future.

We would like to use this note to emphasize that, just as in good markets, we continue to monitor your investments and consider the impact of current events on your long term plan. While it is true that markets have fallen with extraordinary speed, down markets and business cycle changes are a part of our economic fabric. Our investment philosophy has always been to build robust portfolios with a long term view, knowing full well that there are inevitable, and sometimes sudden, ups and downs.

Part of building a strong portfolio is of course diversification. There will always be a part of your portfolio that you wished you owned more of, and a part you wish you did not own. For example, in certain times that may be stocks, and other times it may be bonds. Diversification will appear to limit the speed at which your portfolio climbs in good markets, but it will also cushion any rides down, ultimately resulting in lower variability that compounds to produce winning results over time.

Another key building block in a strong portfolio is taking an appropriate level of risk for your circumstances. We aim to avoid circumstances

where clients are “forced sellers”. We try to guide our asset allocation decisions with clients such that they will never need to be selling assets when the market is unfavorable.

In summary, we encourage you to continue to take a long term view. Yes, the stock markets may drop further, and yes, the economy may enter a recession. Investors always have and will face the risk that tomorrow will bring bad news; that is why investors are paid a return for their investment. However, the market may also go up on any given day because the news turns out to be better than expected. Over the long run, humans continue to find improved methods to produce energy, discover new medical treatments, and develop many other technologies that improve our lives. These innovations come slowly, but repeatedly over the years, and on the whole the good news outweighs the bad. When you invest for the long run, you are able to weather the days that bring bad news, because you also capture the many days of good news.

We share in humanity’s prayers for the eventual days of good news with regard to this virus, and we hope they come sooner rather than later. Either way, we remain committed to investing your portfolio to the best of our abilities.

As always, we stand ready for a conversation if you would like to review your specific portfolio circumstances.

Andrew Grinstead
President, Chief Executive Officer