



*“Smart Decisions About Serious Money”*

## Meet our Team

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## A Message From The President

**Thomas G. Twombly**



We are now living through one of the most complex investment, economic, geopolitical, and social environments we have all experienced in a long, long time. Even prior to the

Russian invasion of Ukraine, you could feel the tension and uncertainty wrought by two years of pandemic, fervent political discord, and intense competition for resources and influence in an increasingly crowded and interconnected world. Now it's been ramped up to a whole new level, and the resulting sense of anxiety and even existential threat is palpable.

Believe me, as investors ourselves, and as human beings, we feel that anxiety too. We sometimes feel it about our own financial plans and investment portfolios. More frequently and more pointedly, we feel it about the financial plans and investment portfolios we oversee for our clients, because your sense of trust and confidence in us is precious, and because your long-range success is so important to our own wellbeing. So, it's natural that any time that trust and confidence might be shaken we feel a sense of concern. We wouldn't be human if we didn't.

What we don't do though, is to act on those emotions. We act instead on core principles and clearly defined practices, because serving as a fiduciary doesn't

mean we have a crystal ball that works. It means we have a prudent, written, time-tested process that we follow. That discipline becomes especially important during times of stress and anxiety, so as to avoid the risk of making impulsive, emotionally based decisions. In an environment where so much is beyond anyone's control, our behavior is the one thing we can control, and doing so is paramount.

We take a patient, long-term view that matches each client's most treasured objectives with a carefully crafted asset allocation that carries a broad historical likelihood of being able to help them achieve those goals over time. We build disciplined, broadly diversified portfolios comprised of professional money management teams with proven expertise in their respective specialties. We exercise judicious oversight over those management teams, and we periodically rebalance overall allocations to maintain that discipline. And we keep a resolute faith, grounded in hard-nosed historical fact, that the future will eventually be better – because one can't be a successful long-term investor in anything if one's underlying world view is grounded in fear. Investment success requires courage.

We're acutely aware that to be trusted by others, we must be trustworthy. If we are to help our clients move forward in an uncertain world; to make measured decisions in the face of multiple risks and challenges; to endure the inevitable setbacks, and to reap the long-term rewards of diligent planning and investing, we must inspire confidence. To do that, we must have trust and confidence

in ourselves. Not the false confidence that we know the future, for nobody does - but the authentic confidence that comes from being experienced, battle-tested, prepared to adapt to whatever conditions come our way, and assured that our value is all that it should be going forward.

From the very beginning, it was clear that if we built this business on a value proposition we couldn't control and on promises we'd never be able to keep, we'd be doing ourselves and our clients no favors. To succeed, we had to build that enduring trust. That meant making promises judiciously; and only those we could reliably keep. We had to focus our efforts on inputs, and not to waste valuable resources pretending we have dominion over outcomes nobody can control.

So, in this time of great challenge and change, let me reiterate the following things that we can control together. We promise to help you get organized, and to bring order to your financial life. We promise to help you be accountable, and to follow through on your financial plans and commitments. We promise to be objective, and to serve as a reliable sounding board to help you avoid making emotional mistakes about important money matters. We promise to provide education, and to bring you the specific knowledge and insight you need to succeed in your unique circumstances. We promise to be proactive, and to help you to anticipate key life transitions so you're financially prepared when they happen. We promise to be responsive, and to be there when unforeseen events occur, giving you the confidence to adapt. And we promise, always, to put your interests first.

As always, we sincerely appreciate all the confidence and trust you have placed in us. Please reach out if there is anything we can do to assist you now, or if there is anything you would like to discuss.

And if someone you care about would like to sit and have a conversation with one of us regarding their own financial and investment concerns, please let us know. We promise to treat them with the same care and respect as we do all our clients, and we would welcome an introduction.

Thomas G. Twombly  
President

## Investment Commentary

It has been said that corrections and bear markets are periods when the shares of the great businesses of the world are returned to their rightful owners. We witnessed plenty of that activity during the first quarter of 2022 as the Russian invasion of Ukraine added an entirely new level of anxiety and uncertainty to a globe already over-stressed by two years of pandemic, rising populism and toxic political partisanship in many countries, severely impeded supply chains, an inflationary spike that outstrips anything we've seen in 40 years, and a US Federal Reserve that has just begun to unwind the unprecedented level of fiscal stimulus undertaken since the Great Financial Crisis. It was a painful period of time for virtually everyone with a diversified investment portfolio, and a heartbreaking time for anyone with family and friends in Ukraine.

Both fixed income and equity markets around the globe fluctuated dramatically during the quarter, with every major asset class save cash and commodities (which leaped a stunning +25.5%) finishing the period with marked declines. And with the powerful 8.5% surge of inflation we're now witnessing, even the nominal 0% return cash assets provided during the period offered little in the way of a real salve.

During the first quarter, a number of major equity indices breached the -20% mark from previous highs set during the course of 2021 that commonly defines a "bear market." Among those were the technology-focused NASDAQ and the small-cap Russell 2000 in the United States, and the Europe, Asia & Far East (EAFE) index of developed international markets, which finished the quarter down -5.8%. German stocks were particularly hard hit, dropping by -12.8% for the quarter. Emerging market equity indices also breached bear market levels during the quarter, finishing the period down -6.9% after a small rebound. Those declines were exacerbated by the value of Russian equities being marked down -100% as a result of international sanctions, and by Chinese markets falling by -14.2%.

The overall S&P 500 Index of large company US stocks finished the quarter down -4.6%, but many US equity allocations that were more heavily weighted towards the formerly strong Growth half of that index, which fell by -9% during the quarter, experienced deeper declines. Only two sectors of the S&P 500 managed gains for the quarter, with utilities eking out a +4.8% gain, and the energy sector exploding upwards to finish the quarter up +39% as sanctions of Russian energy resulted in an anticipated windfall for US energy companies moving forwards. Mid-cap and Small-cap US equity indices also fell by -5.7% and -7.5% respectively for the quarter, with similar internal results in that the Growth components of both of those indices declined by -12.6% each.

Bonds offered little in the way of protection from broad-based equity declines, with long-term US Government Bonds experiencing their worst quarter in decades. 30-year US Treasuries fell by -11.4% during the quarter, while 10-year US Treasuries dropped by -6.9% - resulting in the overall US Aggregate Bond index declining by -5.93%. Even Treasury Inflation Protected Securities (TIPS) which many investors had sought as a safe haven from rising inflation, fell by -3% for the quarter, while tax-free Municipal bonds overall fell by -6.23%.

Q1 of 2022 was a sharp and sudden reminder that exogenous events beyond anyone's control can quickly upset almost every apple cart, and it helped to reinforce our admonition of the last several quarters that long-term investors must always be temperamentally and financially prepared to handle tough setbacks. We certainly don't like them any more than anyone else, but they are an unavoidable consequence that can only be overcome with personal resilience, determination, and time.

Looking forwards, it's important to remind oneself of the reasons – years, decades, and even generations from now – that we're all investors in the first place. It's also important to focus some attention on opportunities and strengths, not just on the potential threats and weaknesses. Again, the Chinese word for "crisis" is comprised of two written symbols – one for danger, the other for opportunity.

There is little question in our minds that the massive shifts in the geo-political world that we're witnessing right now will result in significant opportunities for certain geographic regions, industry sectors, and individual companies in the fullness of time. It's also inevitable that other regions, sectors, and individual companies will suffer. One highly respected management team to whom we have entrusted assets recently characterized the Russian invasion of Ukraine as "Europe's 9-11" – which is an apt description for what is clearly a major inflection point in global political and economic affairs. It's not unrealistic to say that, as was the case with 9-11, many investors are still reluctant (or too bewildered) to embrace the magnitude and implications of that change. As a result, we believe there should be plenty of opportunities for experienced management teams with disciplined processes and deep research capabilities to separate compelling long-term investment opportunities from those that are no longer as attractive. Despite the short-to-intermediate challenges we all must endure, we are confident that the organizations to whom we entrust long-term investment assets have exactly those kinds of capabilities.

Nonetheless, each of us individually is on our own unique path. What is right for one person's situation may not be right for another. If you have specific questions or concerns about your personal circumstances as we navigate this highly fluid environment, or if you'd just like to sit and have a conversation about our perspective, please reach out. We would welcome the opportunity.

### General Market Results

	1 <sup>st</sup> Quarter	YTD	One Year	Three Year	Five Year	Ten Year
Bloomberg US Agg Bond TR USD	-5.93	-5.93	-4.15	1.69	2.14	2.24
S&P 500 TR USD	-4.60	-4.60	15.65	18.92	15.99	14.64
DJ Industrial Average TR USD	-4.10	-4.10	7.11	12.57	13.40	12.77
S&P MidCap 400 TR	-4.88	-4.88	4.59	14.14	11.10	12.20
Russell 2000 TR USD	-7.53	-7.53	-5.79	11.74	9.74	11.04
NASDAQ Composite TR USD	-8.95	-8.95	8.06	23.57	20.31	17.77
MSCI EAFE NR USD	-5.91	-5.91	1.16	7.78	6.72	6.27
MSCI EM NR USD	-6.97	-6.97	-11.37	4.94	5.98	3.36



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