

Goldman Sachs Meeting & Finlay Group Update

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I'm just back from a professional investor conference at the Goldman Sachs headquarters in New York City. In my industry, this represents the center of the world for finance. Just a block from Ground Zero and in the shadow of the new World Trade Center building, we witnessed “the crowning” as cranes affixed the spire, making the building the highest in the western hemisphere at 1,776 feet, and the third tallest building in the world. I must say that witnessing the renaissance at Ground Zero as well as working in Boston during the lockdown in the aftermath of the Marathon bombing, I'm extremely proud of our country and what we represent to the world. Americans have an incredible strength of spirit and perseverance.

We had some excellent speakers present at the conference, from Lloyd Blankfein, Chairman and CEO of Goldman Sachs, who gave a candid assessment of the financial crisis and Goldman's role through the eyes of one who was in the center of the storm. Lloyd has been a lightning rod with the media and much maligned by the politicians, but I was able to gain insight into a complex series of events that we would all do well to understand. Next was Erskine Bowles, former co-chair of the National Commission on Fiscal Responsibility and Reform, former White House Chief of Staff and co-author of the Simpson Bowles Deficit Reduction Plan. He discussed the deficit plan that he co-authored in a well-balanced and bipartisan way and implored all of us to put pressure on our politicians to reach across the aisle, put ideology aside, and address the deficit, lest we follow Greece into the fiscal abyss. We were also honored by the appearance of General McChrystal, former commander of US and International Forces in Afghanistan, who gave an inspiring talk about the challenges, successes, and failures of the US wartime involvement. He amazed me with his sensitivity, something that I wasn't expecting from a soldier of his caliber. The final presenter was Billy Beane, General Manager of the Oakland A's and subject of the movie, “Moneyball.” Billy Beane applied the statistical logic of Wall Street to his sports franchise and was able to produce a winning team despite having one of the lowest payrolls in professional baseball—intriguing! Moving beyond the headlines we also heard from David Kostin, Chief US Equity Strategist for Goldman Sachs, who predicts that the US market will produce average annual returns of 8% for the next decade. Now that's a message I like to hear! Dividend strategists, emerging market and bond market gurus all discussed their respective topic of expertise. All in all, it was an excellent, inspiring event.

To summarize the meeting topics into three bullet points:

- US stocks are recovering, and the rally appears sustainable;

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- Be very cautious about bonds, especially longer-term duration. Once the Fed stops its buying program, rates are likely to rise, and bonds will suffer;
- Focus on Emerging Markets: In fact, Goldman sees 60% of global GDP growth over the next decade coming from what they term the “Growth Countries”: Brazil, Russia, India and China, Mexico, Indonesia, South Korea, and Turkey. US investors need to be less US-centric and include increased exposure in their portfolio mix.

On a more personal note, our very own Ann Hackney completed her studies and earned her MBA from Northeastern University’s School of Business this month. I witnessed firsthand the energy and long hours she put into this, while working full time and being a mom. Ann, we’re all very proud of you!

Paul Roy will be taking his second level test for his CFA (Chartered Financial Analyst) designation about the time you read this letter, another amazing feat in its own right, and will follow that with a wedding to his beautiful fiancée Kathryn this August.

The ever-smiling Lauren Solomon continues to astound me with her ability to do the work of three and keep all of us in order.

Me? I’m just sitting at my desk snoozing...

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