

“There are two types of forecasters, those who don’t know and those who don’t know that they don’t know.” – Howard Marks

Tariffs, Fear & Angst

Geopolitics, tariffs, and war have helped create a narrative enveloping the investing world that we are on the verge of economic collapse. All the while, as I write this, western stock markets are in and around 10% of their all-time highs. Trying to make sense of the effect of tariffs is virtually impossible at this point as we don’t know what will be manifested from them, if they will be repealed or renegotiated. One of my observations about investors is that they tend to shoot first and ask questions later, and that just might be what we are seeing. And while the narrative might be tariffs leading to economic collapse, perhaps that’s just an excuse for a sell-off. For some time, markets were viewing the White House rhetoric as noise, but as ‘Liberation Day’ came, investors were disappointed with the tariff proposals as most see them as potentially destabilizing and debilitating to the global economy.

What has always been a constant in the market is fear. From the time I entered the financial world, markets have been climbing the proverbial ‘wall of worry’. It is when you feel that things are under control and the outlook is rosy (the carrot we all crave), that we should worry the most. In Joni Mitchell’s song, *Down to You*, she states, *“just when you think you’ve finally got it made, bad news comes knocking at your garden gate.”*

One of the great business books called *The Most Important Thing* by Howard Marks focuses on higher level of thinking about one’s investments. One of his most clever insights was that *“There’s no place in our profession for certainty. You can’t predict, but you can prepare.”* In the spirit of this, I would like to highlight that we have been building up large cash reserves for over a year, not because we know, but because I believe we want to be prepared.

As I write this, most of our holdings have released good earnings, reasonable growth given their valuations, while a few laid out more difficult numbers and challenging outlooks. These are positions where, I believe, we will have to make the more difficult decisions. However, we are happy that we have been

building cash and hope to take advantage of this time that will hopefully reward us in the future.

There is a big tug of war going on and it's impossible to know the future, so we look to each one of our disparate investments and value them independently, considering what their potential is. If the value proposition continues to exist, we will continue to build the positions.

These challenging days can feel particularly difficult when you consider how well our investment accounts have been performing previously, but we remain committed to our long-term view of building wealth through the unique investment process that has a track record of success few have been able to achieve.

Thanks for taking a look, and as always,

All Good Things

Adam, Jennifer, and Brian