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Peace is the result of retraining your mind to process life as it is, rather than as you think it should be.

- Wayne W. Dyer

In chaos, there is fertility.

- Anaïs Nin

It's chaotic out there right now.

Humans generally hate uncertainty. We have a tendency to play the worst possible scenarios in our minds, and the fight-or-flight response kicks in. Our society feeds off of fear, because it generates clicks, and views, and votes. It's very hard to stay calm and rational when the voices all agree with our natural instinct, which is to fight, freeze, or run and hide.

Nobody knows what will happen. Even the voices in the media (shocker!) don't know the future.

My view is that this chaos is temporary, and investors will be rewarded if they are merely patient. So, let's shut off the voices, and focus on the things we know for sure.

Some Facts

In recent months the U.S. has started trade wars with most of the country's trading partners, whether friendly or not. These tariffs are on goods, not services. Some countries, like China, are playing hardball by retaliating with the same level of tariff. Others, like Vietnam, have offered to lower their tariffs to zero. President Trump has backed down from his threats several times in the past, but broad tariff rates are now in effect and trade barriers with China have gone up, however temporarily.

Tariffs are taxes on something you bought in another country. They thereby raise the price you pay for foreign items. Historically, tariffs result in less trade. Economists generally agree that restricted trade between countries makes everyone poorer, while free trade makes us wealthier. The most famous high-tariff period in the U.S. was Smoot-Hawley, which is believed to have worsened the Great Depression.

Deciphering Trump

We can only guess why President Trump is using tariffs as a weapon at this moment. But here is my interpretation.

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Trump is a real estate developer from Queens; he loves making deals. He owes his political life, in large part, to lower-income manufacturing workers in “rust belt” states who have suffered for decades from free trade, as jobs have moved offshore where labour is cheap. He understands that government has been spending too much money, and that, without action, the U.S. could enter a spiral of debt. He craves attention and relishes a fight.

He seems to believe tariffs are the best way to reduce America’s debt, reward political supporters, win better trade deals, and be the global centre of attention, all at the same time.

Reality Bites

The trouble for America is, tariffs have a poor track record throughout history and could do more damage than good. The pressure to reverse course is extremely strong and getting stronger, from CEOs, politicians, Americans, and from the market itself. The Supreme Court could soon remind the President of their “major questions doctrine” and force him to take the policy through Congress, where it could easily fail.

I think this policy is unsustainable and is likely to be temporary. But it could take months to come to a conclusion.

A Steady Hand

The companies in your investment portfolios are less exposed to tariff turmoil, although they have not escaped the market’s recent drop. After this odd episode in history is over, patience will be rewarded.

History has shown that an investment strategy of buying undervalued businesses with strong cash flows and smart management tends to yield solid returns over longer periods of time. Periods of turmoil happen regularly—the Dot-Com Bubble, the Great Financial Crisis, and Covid-19 all occurred within the past 25 years. And in each case, markets have come through it and made new highs. With patience, we will emerge from this one as well.

Looking Forward

It will take a few months for the chaos to subside. In the meantime, the voices will be loud. Try not to think about your investments, I am thinking about them for you! Feel free to reach out anytime, especially if you are concerned about our political moment. It’s times like this when your advisor earns your trust.

Best regards,



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