

THRIVING IN CHAOS

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Welcome to May! Each month, we aim to provide fresh insights into the financial markets and break down current headlines to help you cut through the noise and become a more informed investor. Your feedback and suggestions are always welcome, and if you know someone who might benefit from this piece, we encourage you to share it!

April has only 30 days – we’ve known that since we were kids – but with the nonstop chaos of trade headlines and shifting U.S. economic policies, last month felt an awful lot longer. The month kicked off with a pronounced drop after President Trump’s “Liberation Day” reciprocal tariff announcement, but by the end, markets had pulled off their first nine-day winning streak since 2004¹. Although volatility isn’t likely to fade anytime soon, we believe April 8th may have marked the low point for this cycle. As of Friday, May 2nd, the S&P 500 had gained +14% from its lows and is now down only -3.3% for the year. Of note, the “Magnificent 7” tech giants are down -11.7% in the same timeframe¹, highlighting how much of the pressure has been concentrated in a handful of tech-related names.

Understandably, we’ve had quite a few conversations with clients over the last month, and one analogy keeps coming up: watching the Trump Administration’s tariff policy unfold feels a lot like watching sausage being made. The outcome might be fine, but we’d rather not witness the process. As investor Lauren Templeton recently wrote in *The Big, Beautiful Selloff*, this chaotic approach may be all part of his strategy. Citing *The Art of the Deal*, she reminds us that President Trump often embraces unpredictability – frequent shifts in messaging, conflicting public statements, and extreme opening positions – to gain leverage. The aim isn’t just to confuse, but to create pressure and leave room for both sides to claim victory once a deal is struck.

Whether or not we agree with this approach, it seems clear that the recent string of chaos and shifting policies have been a calculated maneuver. And if that’s the case, perhaps it’s reasonable to expect more of the same: more noise, more volatility, more headlines. But none of this changes

a fundamental truth we’ve emphasized before – it’s often during uncertain times that investors are tempted to retreat. The idea of selling everything, sitting in cash, and waiting for the storm to pass may sound appealing, but history suggests we do otherwise.

The problem with this approach comes down to two things: market concentration and market timing. Gains in the market tend to be highly concentrated in just a handful of trading days each year. If we miss these, we miss meaningful returns. And perhaps more importantly, this pullback has largely stemmed from a singular issue – tariffs. That means a singular breakthrough, like a trade agreement, could reverse the damage, and rather swiftly.

At the heart of it all is a lesson we relearn every cycle: no one can reliably forecast what happens next. The past few months have offered a masterclass in unpredictability. And as much as we value insights and analysis, even the most credentialed experts can’t offer certainty. In times like these, we turn less to predictions and more to perspective.

In that spirit, we’ll leave you with a few lines from legendary hedge fund investor Howard Marks, who recently wrote:

- We cannot confidently predict the end of the world,
- We wouldn’t know what to do if we could,
- The steps we’d take in response would likely be harmful if the world didn’t end,
- And most of the time, the world doesn’t end.

The last line may seem glib, but it’s essential. The real purpose of planning isn’t to avoid chaos – it’s to help us navigate it, and perhaps more importantly, to thrive throughout. To that end, we work.

As always, there’s more to come.

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