



Ben's Bow Tie Brief

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TARIFF TANTRUM *June 2025*

April 2, 2025 was deemed “Liberation Day”. That day, all hell broke loose. What ensued was one of the greatest panic attacks I’ve witnessed in such a brief period. Only COVID, the Lehman bankruptcy and Black Monday 1987 come anywhere close.

By now you know that “losses” generated by this catastrophe were fully made up in about six weeks. The tragedy of panic may be nearing completion.

It’s likely (if history is our guide) that the market will eventually close at a new all-time high level. Everyone that sold in a panic during the downdraft of 2025 for any “reason” – and is still holding the sale proceeds in cash – will be under water. At that point, the tariff tantrum will become the seventh “end of the world” event just in the last quarter century.

It’s important to note how thoroughly (in this case quickly) “investors” who lose faith can be negatively impacted, and how meaningless were the words and commentary to which we were subjected to along the way. Everyone spent weeks in vain trying to analyze and model the possible effects of tariff proposals that changed from day to day, only to be postponed. Time and energy were wasted on the unknowable.

Why? Because investors allowed themselves to be drawn into conversations about variables which they could neither predict nor control. And in doing so turned their backs on all the history and logic that went into the formulation of a long-term financial plan. Current events again proved to be toxic.

None of this is meant to suggest that all is well and only rainbows will follow. The market is still characterized by overconcentration and stretched valuations. The irony is the panic-driven correction in the interim had nothing to do with concentration, valuation, or any other financial metric. It was entirely manmade. But even that fact is irrelevant to the practice of Behavioral Investment Counseling. The precipitant of the panic never matters; only the human nature manifesting in the panic itself. For the Tariff Tantrum was – as the Corona Crash had been five years earlier – a study in mob psychology. When mass hysteria takes hold, in both directions, the facts cease to matter.

What matters moving forward is how we elect to respond. We must always tread water intellectually and calmly guide ourselves back to the soundness of our financial plan. We should start actively preparing for the next panic storm now, particularly as the equity market continues to right itself, as our human nature will work to erase the memory of what's just happened. There will be other crises – real and imagined – triggering episodes of mass panic. But we can and must redouble our efforts to desensitize ourselves to the panic impulse.

Best,

Ben

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