

Wealth Management

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To: Clients and Friends

From: John D. Spooner

Subject: Quarterly Memo – Spring 2026

I've never written to you about war and its implications for stock markets before. But I have written many times, scary times, when markets were in disarray, and fear was the dominant emotion. I've worked through sudden events, where panic put stocks into free fall, with selling so dramatic that exchanges were shut down, fearing economic and social disaster. A few of these were: the JFK assassination, the Crash of 1987, the imploding of Lehman Brothers, 9/11, the first days of The Pandemic.

Then there were prolonged bear markets when it seemed that nothing could be good... ever again. The entire decade of the 1970s when Volcker, the head of the Federal Reserve, jacked up interest rates to 'cure inflation.' Rates got as high as 20%. Bonds were king. US 30 year Treasuries yielded as much as 15% a year. For thirty years. Almost completely without risk, (assuming the United States paid its bills). Why didn't everyone with money do this? My opinion: most people are *short term* thinkers; last week and next week. I'll repeat a theme of ours: don't be a headline reader, unless you know what's *behind* the headlines. Emotional reactions to news can be dangerous for your financial health.

We at the Spooner Group try to look over chasms... Where will we be 3 to 5 years from now with the stocks we buy today? Growing net worth comes with time. Traders in and out, and market timers, in my opinion, often make decisions that end in tears. Whenever you see panicky markets, when almost everything goes down, the good the bad and the ugly... That's when you can find bargains: in real estate, art... and stocks. Growing your net worth requires patience and long term optimism. And, most important, keeping your emotions in check.

But there are always areas that go counter to the tide. Even in the Great Depression, there were companies that were ports in the storm. We are contrarians, looking for what we view as bargains. All of our clients own energy stocks, which we have accumulated over the last several years when they were entirely out of favor. Now, they lead the pack, hitting multi year highs. Going against the crowd is a hallmark of our investing philosophy. In times of stress, we have found over the years to look for areas that are overlooked and out of favor. That's why we have accumulated energy, healthcare companies, the defense group, in our managed accounts. We try never to buy companies selling at their highs. We look for bargains, not playing the game of fads, or bubbles.

You cannot time the markets. The 1,000 point rallies can come out of the blue - and if you're on the sidelines, it can be tough to catch up.

In our managed accounts, we *have* been selling, in strategic ways, when certain of our stocks hit price targets. This gives us cash to deploy into areas we feel will prove to be on the bargain counter where we can accumulate slowly. Our current thinking is bringing us to housing related companies, very much out of favor. 'Out of favor,' with patience, can become 'in vogue'.

We are long-term investors.

We like out of favor. We take the long view. America is still the most entrepreneurial nation in the world. As you read this, there are many young people in mythical garages, inventing new ways to make life better and more productive. Many other young people are in laboratories, discovering new ways to treat maladies of all kinds. That doesn't stop, no matter the political climate.

I started writing this when markets were in chaos. The month of March was the worst month in years. Today is the 31st of March. The Dow Jones was up over 1,000 points.

If you're on the sidelines, you'll miss too many days like this.

Will it ever be Spring?

John

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(All statistical items, data on markets and past history, were checked and sourced in Google and Bloomberg.)

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