

# Value Added Partners

Helping clients since 1981

April 2025

## The News Today and Five Years Ago

**On Wall Street, we are trained to be skeptical of the phrase, 'This time is different.' We think that way because it is typically used to justify elevated valuations for new investments. For example, in the late 90s, we heard that the internet's unbounded potential explained why various online stores with almost no sales were worth hundreds of millions of Dollars. As we all now know, that did not work out very well.**

So, it is with some trepidation that we tell you that the past few months have been a novel experience, even for those of us with decades of experience on Wall Street. It is not that we are unaccustomed to governmental policy causing valuations of financial assets to fluctuate. The recent support for domestic chip manufacturing was just one recent example of actions in Washington having a direct impact on the fortunes of particular companies. What is unprecedented is the sheer volume of changes to America's tariff policies since early February. The swings in rates and, thus, the movement in stock and bond prices from hour to hour, have been breathtaking.

We know that many of you have found it difficult to watch these gyrations. The bad news is that we cannot assure you that this volatility is coming to a close. It seems that announcements about tariffs, particularly those that relate to China, will likely continue for the foreseeable future. However, we also have some good news:

First, every financial plan that we write takes the possibility of serious market declines into account. We do that to reassure ourselves and you that you can achieve your financial goals in all but the most dire economic circumstances. For what it is worth, we do not think that 2025 will end up being one of those dire circumstances, but, even if we have misjudged things, it is very unlikely to derail your long term goals.

Second, we have recent historical precedent for US businesses adapting to changing economic circumstances. With all of the headlines of 2025, you could well have overlooked the fifth anniversary of the Covid pandemic. Five years ago, almost all of us were avoiding contact with other human beings, causing an immediate cessation of economic activity and the fastest 30% decline in the history of the S&P 500. At that point, none of us would have thought that the index would be up approximately 100% in sixty months, but that is what happened.<sup>1</sup>

Our government deserves some of the credit because it pumped money into the economy to keep it afloat. The scientists who invented a Covid vaccine in record time performed something of a miracle. The entrepreneurs of the world also deserve praise. If you think about the new products and services that did not exist just five years ago, most notably the new applications of artificial intelligence, it is an impressive list. Those innovations helped to trigger the rise in stock valuations of the past two years.

In their own way, the tariffs are having a similarly disruptive effect on the world's supply chain. While that disruption is unwelcome and will likely hurt 2025 profits, it strikes us as wrong to assume that businesses will never figure out ways to be profitable. Taking appropriate amounts of risk may turn out to be painful in the short run, but our best guess is that intelligent investments could perform well over the long term. Our focus is on putting you into the best possible position for the five year anniversary of the imposition of the tariffs.

We promise to keep you current regarding our thinking as events play out, and we certainly hope that you will call us whenever you have questions about the volatile markets or your specific situation.

## The Fun Way to Be a Wall Street Nerd

**For those of you who think that we are Wall Street nerds, we plead guilty. We find it fun to dive into the details about the companies we recommend, including all sorts of financial minutia.**

Recently, we stumbled upon a podcast called *Acquired*<sup>2</sup> that delivers very entertaining content about the companies that make many of the products which we use daily. Specifically, *Acquired* focuses on discussing the history and unique characteristics of some of the world's largest companies and is narrated by Ben Gilbert and David Rosenthal. During their discussions, which are presented in an easily digestible on-the-go podcast format, they provide interesting facts about the company's start, almost from the birth of the founder to its present-day success, and detail both the good and bad decisions that led each company to where it is today.

Many of us enjoy listening to the podcast when we are in the car on business trips. While tuning in on-the-go, we listened to some of the fun topics they covered. For instance:

- How the founder of the Mars company went bankrupt four times before finding success with the Milky Way bar.
- Why Costco has an almost zero cost to put inventory in its stores.
- How Bill Gates' Dad rescued Howard Schultz and Starbucks from a near-death experience.
- Why the two World Wars boosted the wristwatch business in general and Rolex in particular.

If this sounds like something that might interest you, visit *Acquired*, pick a company whose product you like, give it a try, and let us know what you think.

## AI Comes to UBS

**It should come as no surprise to you that UBS is a cautious company. The firm likes to test new investments or services repeatedly before introducing them. It does something similar with its technology.**

As such, we are just beginning to use Microsoft's AI offerings. We mention this because Microsoft can now let its AI summarize meetings that occur via Teams. We can only turn on this feature if the other person on the screen agrees. As such, we may ask you if you are comfortable allowing us to use this feature. We like to use it because it ensures that we do not forget something from the meeting, but we are happy to take our notes by hand if you prefer.

<sup>1</sup>CNBC Markets S&P 500 Index Chart. See <https://www.cnbc.com/quotes/.SPX?qsearchterm=>

<sup>2</sup>UBS Financial Services Inc. is not affiliated with any of the third-party entities mentioned.

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**We look forward to hearing from you.**

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