

Market Outlook:

(Warning: today's commentary will not appeal to investment "cowboys", speculators, yahoos, or those otherwise predisposed to unrealistic capital gains expectations)

Embrace the lag

The nature of change, positive or negative, is that it evolves over time, sometimes hidden in plain sight, or more so at the impulse of vast emotional, fiscal, or social stimuli. We know what the issues are today: hunger, poverty, security, and sustainability. The question is whether we as a society have the resources and willpower to do something to solve them. As investors, the lynchpin is always *how much time and patience are we willing to offer before a financial reward is contemplated.*

Therein lies the essence of the problem for Wall Street and for Main Street. More frequently than I have seen in the past, the financial community has become fixated by and dependent upon the big score, the immediate payoff. And why not? Public companies are obligated to their stakeholders to deliver a profit. Clients are unwilling to wait for professionals to customize portfolios and risk assessments, preferring the internet for direct access to ideas and rumors. But obstacles to social progress emerge when those short term expectations supplant the urgency to get things done that cannot be solved in 3 minutes, 3 weeks, 3 months.

Consider your own matriculation through life. Did you...could you...master geometry on the first day of class? Could you complete a marketing assignment on your first day of a new job? Can you "learn" to play golf in one day? Fly a plane? Repair a car? These things take time. And unless you expect to be incompetent at everything you undertake, you know going in that anything worth doing requires a commitment and an effort.

Thus, an investor must also have the willingness to stick it out, to bide one's time, and to manifest the guile to differentiate the bright spots of a larger purpose of problem-solving that only a real investor, not a gambler, can embody.

During periods of social evolution it is necessary to align with *transition* and *adaptation* to any new normal. In so many ways, the recent Covid pandemic wreaked havoc upon our social and professional lives. Kudos to us all for the effort it required to come out on the other side. But now we are faced with questions about our humanity and our connections with one another. No one is asking you to sit back with a wait and see approach, but we also cannot avoid the matters of rebuilding daily structure and its impact upon our communities for the future.

Solving these misfortunes is a journey over time. We must think about a *new energy economy, innovative agribusiness, advanced pharmaceuticals, and rebuilding crumbling infrastructure.* There will be setbacks and punctuation marks...it's all part of the cycle of life.

Amid ongoing global uncertainty the grip of negativity *is* certain. Are we in a recession? Is inflation permanent? Consider that the world's economy was dormant for nearly two years; that the pent-up petition for all things necessary and discretionary became so great as to put a chokehold on global supply lines; that the "price" of things had been stunted during an economic hiatus then unleashed as demand outpaced supply. Yet, still, we are emerging from the crisis in robust fashion absent a well-defined political agenda...it is survival time.

After two very challenging years we should be under no illusion that the answers are immediate. However, we should not misrepresent the challenge by waving our arms, abandoning the processes of success and tolerance, or failing to recognize the enormous investment potential that any downcycle always offers on the reverse-side. Against the backdrop of last week's news about inflation and GDP, we feel quite euphoric about extending our investment horizon towards thematic, sustainable, and socially responsible alternatives.

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