Greenland Trade Tariffs

In the world of investing, there are weeks that test our patience and weeks that test our perspective. The recent headlines regarding the dispute over Greenland and the subsequent threat of trade tariffs on NATO allies undoubtedly fall into the latter category.

When geopolitical friction dominates the news cycle, our natural instinct is to "do something". From a behavioural standpoint, this is a reflexive response to uncertainty, a desire to regain a sense of control when the global stage feels unpredictable. However, as we navigate this period of heightened rhetoric, I want to share four principles to help us stay anchored.

1. **Distinguish Investing Signal from Market Noise**
   While the 10% tariff threat (and the potential escalation to 25% in June) may impact the near-term profits of certain companies, it is vital to remember that a business's intrinsic worth is determined by its long-term ability to generate cash, not by a social media post or a temporary trade standoff.
   We focus on the *signal* of fundamental value, rather than the *noise* of daily price discovery.

2. **The Danger of Extrapolation**

   It is tempting to look at current tensions and forecast a "downward spiral" for global alliances. However, history shows that extreme opening positions in negotiations are often just that, openings. By reacting to the *possibility* of a worst-case scenario, investors frequently sell assets at a discount, only to watch them recover when a pragmatic middle ground is typically reached.

3. **Focus on "Robustness," Not Predictions**
   Neither we nor the market possess a crystal ball. Instead of trying to predict the specific outcome of the Greenland dispute, we focus on ensuring your portfolio is designed to endure a future that will continue to surprise us. By diversifying across geographies, sectors, and asset classes, we ensure your financial plan does not have a "single point of failure" tied to any one geopolitical event.

4. **Volatility is the Price of Admission**
   Volatility is the "psychological tax" we pay for the long-term returns that markets provide. While uncomfortable, it is not the same as a **permanent loss of capital**. A permanent loss typically occurs only when an investor is forced to sell during a dip or when the fundamental value of an asset is destroyed. Current events may change the *path* of prices in the short term, but they rarely alter the long-term *destination* of a disciplined investment strategy.

My role is to help you look past the immediate horizon. Our strategy remains focused on your specific life goals rather than the shifting tides of international trade policy.

Both we and our investing partners are monitoring the situation with a calm, analytical eye. If you have concerns about your specific plan or simply want to discuss the current environment, I am here to talk.

Sincerely,

Andy

Andy Maher
Director, Maher Brownsword Ltd