



as we  see it

Holiday 2021

THOUGHTS FROM OUR CHAIRMAN

Many will be traveling this holiday season. To navigate our highways, we use digitalized roadmaps. They show us all the options to get from point A to point B. They also show upcoming traffic jams and alternate routes around them that, at times, guide us to more delays. Experience leads one to automatically evaluate the detour environment. Is it better to stay on the original route plan rather than take a chance with the detour? In this holiday issue of AWSI, our associate James Powell discusses the pulsating, ever evolving roadmaps that investment professionals look to for some understanding of the best route.

Alfred B. Van Liew

Bumfuzzled!¹

James M. Powell, CFA CAIA

We have currently a built-in allergy to unpleasant or disturbing information. Our mass media reflect this. But unless we get up off our fat surpluses and recognize that television in the main is being used to distract, delude, amuse, and insulate us, then television and those who finance it, those who look at it, and those who work at it, may see a totally different picture too late.

Edward R. Murrow; Radio-Television News Directors Association Convention Address, delivered 15 October 1958, Chicago, Illinois

He wrote that in 1958! As a lifelong student of history, I often look to the past to help me understand the present and inform my view of what may happen next. I find Mr. Murrow’s statement insightful for his time and prescient in warning us about the perils of an era in which an excess of information may “distract, delude, amuse and insulate us” – but not enlighten us.

When I initially logged onto the internet in 1995, I marveled at the amount of information that was at my fingertips. It was text-based and there really was not much to see at the time but the potential was palpable. Much to my wife’s chagrin, I would gladly wait 20 minutes for the movie times to download rather than

make the three-minute call to the local cinema.

How things have changed! I now have to check my patience if a website takes longer than a few seconds to load. We can instantly get data on almost any topic regardless of our location. According to Statista, “The total amount of data created, captured, copied, and consumed globally is forecast to increase rapidly, reaching 64.2 zettabytes in 2020.”² That is 10²¹ bytes, or simply – a lot! We should be smarter than ever, right?

Please note the use of the word data. According to Merriam-Webster, data “... includes both useful

and irrelevant or redundant information and must be processed to be meaningful.” With all of that data, we can now build an argument for or against almost anything. In fact, we do not even have to build an argument - we can usually find one prepackaged for us on the internet with little effort.

Within seconds, I can find well-reasoned arguments from well-established institutions forecasting inflation, stagflation and deflation in the near-term future and what the outcome of those scenarios might be. I can read a number of well-established newspapers and find conflicting arguments for any number of topics. If I choose, I can turn on the television to a multitude of news channels that provide not just selected data, but opinions on how I should interpret that data. I have to wonder what Mr. Murrow would have to say about our current state after considering the impact of social media where almost anyone can choose to have their news feed tailored to their interests, beliefs, political opinions, etc. Critical thinking is as important as ever.

As investment advisors, we frequently receive product pitches (think: alternative investments), new asset classes (think: cryptocurrencies), conflicting economic data, etc. Our job is to sort through all of the data and create actionable investment strategies for our customers. Applying a historical lens can be very

helpful in understanding the present and informing our view of what may likely happen next.

For example, consider recent reports in the financial press regarding higher inflation and potential tax increases. Neither projects confidence in future equity market performance and, taken to an extreme, both are certain to lead to negative consequences. Our mass media thrives in the extremes, but we live in a far more nuanced world. Historically, stocks have in fact performed quite well during inflationary periods and, perhaps surprisingly, during periods of tax increases.

It is somehow comforting to know that Edward Murrow was warning us about the pitfalls of television in the 1950s. Do not be bumfuzzled by today’s rapid news cycle in its many forms.

At Van Liew Trust, we believe that a well diversified, periodically rebalanced investment portfolio will create wealth far in excess of cash. Our investment committee strives to do the fundamentals extraordinarily well and to apply time-tested investing principles to an ever-increasing information flow. We thank you for your continued trust and confidence.

¹ Yes, it is a real word defined by Merriam-Webster as “in a state of bewilderment : confused or perplexed”

² <https://www.statista.com/statistics/871513/worldwide-data-created/>



Happy Holidays

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