

Discernment Over Cynicism: Seeing Markets for What They Are

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Introduction

Markets have been climbing again this year, with several reaching record highs. Each new milestone brings familiar headlines about bubbles, crashes, and looming corrections. It's easy to see why investors feel uneasy.

The truth is that the media often sounds more negative than the facts justify. As advisers, you are likely having more of these conversations with clients. Our role at TAM is to support you with facts, context, and perspective. This note looks at why market commentary is so often gloomy, what history shows, and how we think about uncertainty in portfolios.

1. Why the media sounds so negative

Fear sells. It grabs attention, keeps people watching, and drives clicks. Bad news spreads faster than good

news because we are wired to look for danger. This was useful when avoiding predators but is less helpful when deciding how to invest.

The result is a steady stream of headlines predicting the next crash. Commentators use dramatic language because it works. It's easy for clients to mistake attention-grabbing headlines for genuine analysis. You can help clients by putting this in context. Explain that financial journalism is written to entertain and provoke, not to guide investment decisions. Short-term shocks are normal, and what matters most is staying invested through market cycles.

2. The myth of the perfect forecaster

The media loves experts who "called" a previous crisis. Their name recognition makes a good story. But being right once doesn't make anyone a prophet.

Michael Burry, best known from The Big Short, is a good example. His 2008 call was extraordinary. Since then, he has predicted multiple "imminent crashes" that never arrived. Following every one of those warnings would have meant missing years of strong returns.

A long-term study by social scientist Philip Tetlock looked at almost 28,000 forecasts. On average, expert predictions were barely more accurate than chance. In other words, nobody knows for sure what happens next.

This is a useful point to share with clients who follow market commentary closely. The best results come from consistency, diversification, and discipline, not from chasing the next big call.

At TAM, we work with managers who base their decisions on research and evidence, not forecasts. A sound process, tested over time, matters far more than opinion.

3. On AI bubbles and market highs

Artificial intelligence has become the latest talking point. Some claim it's the next tech bubble. Others believe it's the foundation of a new economic cycle. The truth probably lies somewhere in between. AI will change how businesses operate, but progress will be uneven. Some areas may look expensive now, but others remain attractively priced.

The same logic applies to market highs. Many clients worry that "all-time highs" mean a correction is due. The data says otherwise. Since 1926, US large-cap stocks have ended a month at a record level around 31% of the time. Investing at those points has delivered returns that match or exceed the long-term average.

By contrast, investors who sold out each time markets hit a new high would have lost about 90% of total gains over the past century. The message for clients is simple. Staying invested usually wins. Timing the market rarely does.

4. Why predictions fail

Markets don't move in straight lines. They react to events, expectations, and emotions. Small changes

can cause big swings, and large announcements can sometimes move prices hardly at all.

This unpredictability is frustrating, but it's part of how markets work. You can reassure clients that volatility doesn't mean danger. It's the cost of being invested in growth assets.

At TAM, we build portfolios that can cope with different scenarios rather than relying on one view of the world. This means preparing, not predicting.

5. What the long-term data shows

Long-term market data helps clients see the bigger picture.

- Since 1926, US equities have produced positive returns**around 75% of the time over one-year periods**.
- Over ten-year periods, that rises to **about 95% of the time.**

These figures cover world wars, recessions, oil shocks, and pandemics. Through all of it, human progress has continued. Companies adapt, innovate, and grow.

Over time, that growth drives share prices higher.
This is powerful context when speaking to clients who feel nervous about the next correction. It shows that market setbacks are temporary, not permanent.

6. How TAM applies this view

We focus on what we can control.

- **Diversification.** Portfolios include a mix of assets, sectors, and regions to spread risk.
- **Active management.** We work with experienced fund managers who use research and evidence, not forecasts.
- **Scenario planning.** We test portfolios against a range of outcomes so we're ready when conditions change.
- **Defensive tools.** We use assets like gold, absolute return funds, and volatility strategies to cushion shocks when markets move too far or too fast.

Our goal is to keep portfolios invested in growth while managing risk sensibly. We hope this gives you practical points to share with clients when markets feel unsettled.

7. Discernment over cynicism

The past few years have tested every investor's patience. The constant stream of bad news can make even experienced clients question their strategy. But history tells a clear story. Markets reward patience and discipline.

You can remind clients that their financial goals have not changed even if headlines have. Diversified portfolios and a steady hand remain the best defence against noise.

At TAM, we continue to see good opportunities in global markets. We manage portfolios with balance, flexibility, and a clear process so your clients can stay invested with confidence.

Final note

We hope this commentary gives you useful context and a few clear points to share in your client conversations.

As always, we're happy to discuss our current positioning or any questions you receive from clients. Please feel free to get in touch if you'd like to talk through our market outlook in more detail.

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