



## **NAVIGATING THE SELL-OFF**

Investors' natural questions during Market Selloffs are:

- a. Will this get worse, and how do I limit losses?
- b. What opportunities are available for the long term?

### **Major Financial Distress Events in Recent History**

- Dot-Com Bust
- Savings and Loan Crisis
- Black Monday
- 9/11
- Subprime Mortgage Crisis
- European Sovereign Debt Crisis (PIGS)
- Covid-19
- Global Tariff War (Current)

### **It's always Different (but ultimately not)**

All were "different" but with hindsight shared the common attribute of being only a short to intermediate term disruption in the longer-term evolution of the dynamic and adaptable \$30 Trillion U.S. Economy.

### **THE WOUNDED**

Dot Com	Paper companies with no product, astronomically valued Internet co's
Subprime	Brokerages, Insurance, Mortgage firms
Covid	Cruise Ships, Airlines, Small Brick-and-Mortar Retail
Tariff	Foreign Autos, China, Global Shipping

### **POTENTIAL BENEFICIARIES**

**Aerospace & Defense** - Countries such as Vietnam and others in Emerging Markets will shift purchases from Russia to U.S. to address trade imbalance.

**Natural Gas and LNG** - LNG being an easy purchase for countries attempting to improve trade relations.

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**Preferred Stocks** - Trade with Bonds, which have been hit, but have experienced larger declines given lower claim priority on credit stack; look for high quality issues that got caught in the backwash.

**Nuclear** - Long-term energy demand and need for power grid expansion remains.

**Municipal Bonds** – Forced Selling is presenting unique opportunities for both high tax-free yield and potential capital appreciation.

**Robotics / Logistical Efficiency** - Companies will need to offset high input supply chain costs. This trend will accelerate sharply. Walmart today announced it will be absorbing price increases and taking a short-term financial hit to keep costs low and limit pass through to consumers.

**India** – Modi will continue its high growth trajectory and remain and be a necessary ally and counterbalance to China for the Trump Administration.

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