



MONTHLY INVESTMENT COMMENTARY

# Digging In, Digging Out

*Crack That Whip.*

FROM THE PORTFOLIO MANAGER

## Winter Is a Test. Spring Is Coming.

There is an ancient annual spring festival celebrated in the Swiss valleys primarily where the tiny language of Romansh is still spoken by the locals. Calandamarz is celebrated on the first day of March. The tradition features the children of each village coming together in traditional costumes and making a huge racket clanging huge cowbells and singing while parading in the town squares. The villagers use it as an excuse to have a traditional meal and quaff a few beers. The boys crack long whips — a difficult and dangerous skill to master, especially for a boy. They do this to scare off winter so that spring will come at last.

In the old days, before ski tourism, winter was a test of survival for the farm animals and the people who lived in isolation in these remote valleys. The little village where I take my annual ski holiday celebrates this holiday enthusiastically. I think we all should crack the whip this year to scare off this winter as well. The winter has been challenging for investors as the AI boogeyman has been stalking one industry after another, testing valuations and investor nerves.

*“Challenging times are the best of times with this mindset. Challenges endured lead to satisfaction. Winter is ending. Spring is coming.”*

PORTFOLIO POSITIONING

## Resilience Through the Drawdown

Despite repeated avalanches of rather dire predictions of the longer-term effects of AI on various industries, the portfolio has fared well. The portfolio has not been unscathed, but the drawdown in valuations has enabled access to some new names that have been too expensive in the recent past.



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It ought not to be a news item to investors that the stock market is volatile. This should be a given. We build portfolios with this as the starting point.

It is still unnerving to have the market question the very tenets of so many business models. Ultimately, the market is doing what the market does best — allocate capital through the collective wisdom of the crowd. This process is the part of that I find most fascinating. Challenging times are the best of times with this mindset.

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