

The Long & Short of It

Quarterly Newsletter
First Quarter 2025

Why “Buy and Hold” Isn’t Enough: Managing Macro Risks in Your Portfolio

Is the media helping or hurting your investment strategy? In today’s polarized world, outrage fuels politics and the media profits from it. Professional investors cannot afford to get caught in the noise. Instead, they should recognize the biases at play and position themselves strategically, even tactically, to benefit. Investors should realize that the profit-driven media regularly creates noise by bringing certain items to people’s attention and building consensus that can prove temporary.

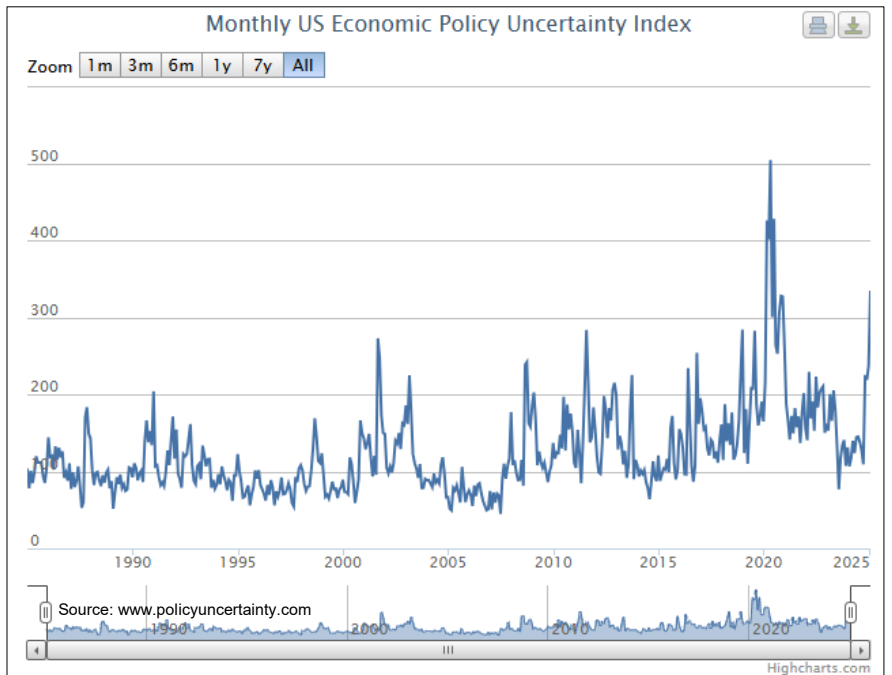
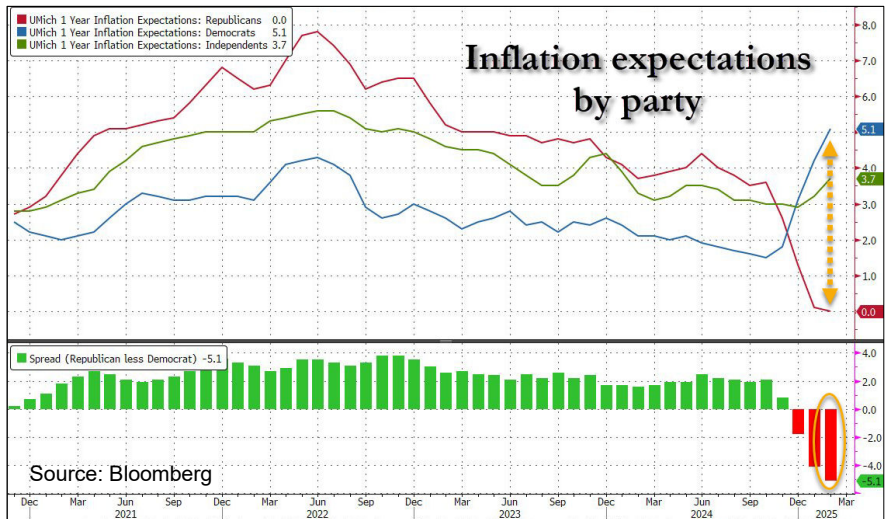
How Bias Shapes Market Perception

Nowadays, consensus always seems to be binary: Yes or no, right or left. The University of Michigan’s One Year Inflation Expectations by Political Party ([UMich 1Year Inflation Expectations](#)) from February 2025 depicts this. Before the election, Democrats’ expectations for inflation began low and then skyrocketed afterward. Republicans, on the other hand, reported high expectations for inflation that plunged after the election.

Beyond these measures of investor optimism and pessimism that are dictated by investor party, changes in policy uncertainty can also be driven by events and media coverage. Among these events are transitions of power and economic news releases, as well as the normal budgeting and policy-making process in Congress.

Rather than taking a side based on one’s political leanings and media selections, we advocate taking a step back to see market movements for what they are: driven by factors of control, uncertainty, and liquidity. People are always about control, and markets are always about uncertainty and liquidity, these factors ebbing and flowing with our political and economic cycles.

When making adjustments to long-term strategic positions, investors should not be swayed by the media and political messaging that mainly serve to grow media revenues, party contributions, and votes. Objectivity is a good approach but one can go further, seeking to take advantage of this “wind in your sails, wind in your face” environment and the pricing noise that results from the war of words.





The Role of Government and Investor Sentiment

For over 30 years, we have researched the impact of government on the economy and investment markets. The government's increasing size and bureaucratic nature mean that its ordinary spending and policy-making process have greater influence on market liquidity and uncertainty. When combined with media-driven investor behavior, risks and opportunities in the markets arise.

Why "Buy and Hold" Needs Adjustments

While "buy and hold" is a sound principle, it's not enough in today's market environment. Optimizing the timing and size of adjustments is arduous work and is increasingly affected by our large government and mass media delivery.

As investors/clients run the investment race, our job is to adjust the large levers of their portfolio across equity, precious metals, long-term treasuries, and cash, ultimately to avoid being overcommitted to the wrong foot when significant changes come.

Ours is never a "cash for the crash" approach but rather incremental, using multiple levers. No one, including us, can predict the next crash but we do seek to take advantage of the noise in the markets in a way that reduces sensitivity to stock market moves (beta)—without as much damage to long-term return expectations as what takes place when "balancing" a portfolio with significant exposures to intermediate bonds or cash.

Cutting Through the Noise for Long-Term Success

At Robinson Value Management, we understand macro. With many years of inquiry, insight, and patience, we have learned to take a step back.

The noise and commotion caused by presidential changes, inflation predictions, policy changes, and economic news releases, etc., can be intermediate-term opportunities. Our research has given us the insight to help you mitigate the impact of stock market exposure and seek to benefit from the noise-related risk in today's market.

If you want an investment strategy that seeks to look through the political fog and media frenzy, let's talk.

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