



## The Ukraine Invasion

As someone put it this morning, "Putin has made his move." The headline and the videos of the invasion are anxiety provoking. It is a natural reaction and we feel it too. No doubt Putin has designs to reestablish the former Soviet state and has been diligently working over his 15+ year "reign" to prepare Russia for this.

Today the markets are reacting in a knee jerk fashion-as they typically do. Many retail investors are tempted to sell at any price. The thinking being, "I'll go to cash and wait until the dust settles." Trying to time the market, let alone correctly predicting Putin's next move, while tempting, is a fool's errand. Will Mr. Putin call you when his offensive is over?

Furthermore, by the time "the dust settles" markets generally have already made their move higher. Investors who went to cash may miss their opportunity to get back in. Consider the MSCI World Index' reaction to Russia's invasion of Crimea (a large swath of the Ukraine) in 2014. When would the investor have sold? When would they have gotten back in? What would they have missed out on?



You may be asking yourself.... Should I buy Exxon with oil at \$105 per barrel? Should I exit European stocks? If you are a trader, these are actions you might consider, but you might be buying Exxon at the top of the market and selling European stocks at the bottom.

Times like these are why we believe CastleKeep clients are best served by diversified portfolios and a long-term approach. European stocks may be lower today as a result of the invasion. But exposure to energy related stocks may be higher. Fixed income may have underperformed stocks over the last ten years but should provide support today. Cash hasn't vacillated. This is why we look to rebalance the portfolio periodically. It enables us to take profit in the winners and purchase more of those that have moved lower (making them more attractive)--all with taxes in mind for taxable portfolios.

Not surprisingly, we do not have a crystal ball on Putin's next moves, nor do we have an inkling of how other global super powers (including China) may react as things progress (or not). Short-term there will volatility. It can be painful to withstand. But longer-term, we have found that a diversified portfolio of reasonably valued, well-managed companies, funds and ETFs is the right strategy. It has served our clients well through the myriad of corrections and geo-political tensions throughout our firm's 20+ year existence.

I began my career in finance in 1973. My work took me all over the world including managing risk in places like Iran and Paraguay. I have weathered my fair share of geopolitical events over the last four decades. This too, shall pass.

If you have any specific questions or concerns, please reach out to Steve or me.

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