



Longevity: Microsoft will outlast the Trump presidency
Reuters/Gonzalo Fuentes

best investors get excited about potential opportunities.”

Against this background, I scraped together all the courage I could muster and reminded listeners of my favourite listed share, Microsoft. The stock was trading at \$354 as we spoke, which happened to be exactly \$100 less than the record high it had set just before Christmas last year. I liked the share at \$454 a few months earlier, I said, which means that I should really love it when I see the counter trading at \$354. I have exactly the same conviction I had before, which is that Microsoft’s business will continue to innovate and grow, and in a few years’ time this will be reflected in substantially higher profits; no doubt the share price will eventually catch up to that as well. What’s more, the company will outlast Trump’s presidency.

Based on this, my suggestion was that people holding diversified portfolios of quality stocks should sit tight and ignore the noise (and how noisy it’s been!). And, for the lucky

few who had cash to deploy, it was probably a good time to nibble.

All’s well that ends well. As mentioned earlier, share prices across the board have made a dramatic comeback. At the time of writing, Microsoft itself is trading just 3% shy of its December high.

Readers of a certain age (and specifically those who come from an Afrikaans background) may remember the *Saartjie* books. I read these when I was a child and I remember how Saartjie’s brother, Apie, liked to remind his best friend, Bennie (who couldn’t swim), that he had once saved his life when Bennie nearly drowned. To which Bennie would always reply indignantly: “But you were the one who pushed me into the swimming pool!”

So, to come back to the question Grootes asked me: the cause of the problem may still be in charge, but at least he’s been trying to fix things by freezing tariffs and pretending to do trade deals in between rounds of golf. Pity he tried to break everything in the first place. ✕

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All’s well that ends well

“Usually, when we see falls in financial markets such as those experienced in the first week of April, the people in charge of the global financial system try to fix it. It may take a long time, but the fact that people are at least trying to fix it means that there’s a reason for markets to stop falling ... that doesn’t appear to be the case this time – could asset prices go much lower simply because the cause of the problem is still in charge?”

I was asked this by Stephen Grootes on *The Money Show*, just as equity prices were nearing their lows of the market’s Trump tantrum in early April. How does one begin to answer that, with perhaps tens of thousands of people listening to their radios while stuck in late-afternoon traffic?

I am only human; I go through emotional swings and suffer from behavioural biases like everyone else. When I’m forced to witness the person who is meant to be the leader of the free world making one nonsensical statement after the other and doing untold damage, not

only to the US’s standing in the world but also to the global economy and the value of elderly people’s pension pots, I can’t help but get upset.

I also don’t have a crystal ball. As it happens, the conversation I had on CapeTalk took place just as the stock market was about to turn and make back most of its dramatic decline in the three weeks that followed; by the end of April, the S&P 500 was trading at more or less the same level it had on the morning of US President Donald Trump’s “liberation day” (talk about a misnomer!).

But, of course, I had no way of knowing about this imminent recovery when being put on the spot, on live radio, while the headlines were screaming and the screens were red.

Ignore the noise

I did, however, take some comfort from a tweet that I’d seen earlier that day, posted by Peter Mallouk, a financial adviser based in Kansas City (the typical reader of this column would benefit from following him). He said: “Bad investors sell in markets like this. Good investors get nervous but hold. Great investors are completely unfazed. The