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**Introduction**

We are issuing this note on Trump's recently announced tariff policy outside of our usual monthly publication cycle. We do so in recognition of the significant importance of this policy development and its complex multifaceted character.

**Trump's Policies**

Trump opened the month by imposing across the board tariffs. Favored nations were hit with 10% tariffs, typical nations with 25% and disfavored nations with tariffs up to 50%. The disfavored nations are mostly small poor less developed countries which themselves maintain high tariffs to protect whatever local business activity they possess. Trump, however, made no allowance for consideration of different stages of economic development in imposing tariffs.

**Public Reception**

The initial public reaction to the tariffs was quite negative.

1. The S&P500 fell nearly 500 points (about 10%) in the 2 days after the tariffs were announced.

2. China promptly announced a 34% across the board tariff on US goods. Other nations indicated they also would impose counter-tariffs.

3. The tariffs were severely criticized by trade experts. For instance a 10% tariff was imposed upon two remote islands in the Antarctic ocean blessed with an active volcano and a large flock of penguins but with no human inhabitants or even visitors. This and other blunders point to the policy being an ill considered rush job. Given the year long gestation of the policy one can only understand that as weakness in the team and indifference to product quality on the part of policymakers.

4. The policy also drew fire from some conservative politicians. Sen Ron Paul, for instance, noted that the McKinley tariff lost the Republicans half their congressional representation, while the Smoot-Hawley tariff consigned them to sixty years as Congress's minority party. Paul doubted results would be better the third time round. Mainstream economists rubbed their eyes in disbelief that they were in agreement with Paul on an issue.

5. Tariffs are a tax. Normally only Congress can impose tariffs. Historically Congress has granted President's discretion over tariffs for the purpose of negotiating trade deals (i.e. as part of his conduct of foreign policy.) Trump has made his tariffs by executive order rather than enacted law. To do so he had to declare a national emergency and then used his emergency powers. The emergency he chose was the opioid addiction epidemic caused by imported Fentanyl (as distinguished from the opioid epidemic cause by over prescription of domestically produced Oxycontin.) Various group are bringing legal challenges to the policy. Basically they argue the President is usurping Congressional powers under cover of an emergency declaration whose relationship to the proposed policy is tenuous at best.

6. The economics profession was almost uniform in condemning the tariffs. Besides the publication of the American Declaration of Independence, the year 1776 also

saw the publication of Adam Smith's Wealth of Nations. In it he asked and answered the question “why are some nations richer than others.” Smith's answer was that the road to prosperity was to focus on what one did best, export it and with the earnings import that which others did better. This thesis was shocking in its day as the prevailing theory was that a nation should try to do everything itself and not allow foreigners to extract its national wealth. Smith argued that economic autarky was actually the road to national poverty. Centuries of debate have gone on about this proposition and the conclusion is that Smith was right. The inference is that tariffs are bad policy and for 80 years international policy has been to reduce barriers to international trade, both tariff and non-tariff.



Subsequent Reactions

Predictably Trump's policy provoked foreign opposition and Trump escalated. A round of counter-tariff moves raised the US tariff on China to 145%. China's tariff on the US stands at 125% and it has a number of other pressure tactics it can deploy – e.g. barring sale of strategic materials to the US. Trump's threats to the rest of world also escalated, although not to this degree.

Table 1: Trump’s Tariffs

Status	Region	Rate
in force	China	145%
	world ex China, Mexico, Canada	10%
	Canada, Mexico	25%
	steel, aluminum, automobiles, auto parts	25%
	countries importing oil from Venezuela	25%
pending	Venezuela	15%
	Israel	17%
	EU	20%
	Japan	24%
	South Korea	25%
	India	27%
	Switzerland	31%
	Thailand	36%
	Liechtenstein	37%
	53 other countries and dependencies	11%-50%

In general, but not always, tariffs are additive. In other words an item attracting two tariffs pays both. Some items are at lower tariff rates due to prior treaties. In short, the situation is so complex that a large manual is required to implement it. Foreign counter tariffs have their own set of complexities.

Stock markets fell around the world. In the US the S&P500 index briefly was down 20%. Initially the bond market was quiet. But results of a Treasury auction were poor and long bond rates started to trend up. Reading the peril in the charts, Trump deescalated. He paused the tariffs shown above as pending for three months. According to Trump foreign leaders were flocking to Washington “to kiss his ass” and he wanted to allow time for that ceremony to take place. Notably Israel showed up to do so, but was denied tariff relief. That probably discouraged others from making the trip. Allegedly Japan, the US's largest creditor, instead sent some bankers to explain their plan to devastate the Treasury bond market. The air is full of rumor and speculation. One of those rumors involves significant market trading 20 minutes prior to the announcement of the tariff pause which sparked a 6% up move in the equity market. We think this credible. Nothing about the Trump team suggests they have the discipline to compartmentalize market sensitive information.

While markets rallied strongly in immediate response, they remain volatile and likely have a declining bias. Consumer and business confidence have cratered, which usually presages a business slowdown. Oil prices have fallen indicating global economic slowdown. The dollar has fallen and gold prices have risen indicating that Treasury bills are not regarded as the safe haven asset in this crisis.



The Case For Tariffs

The declared purpose of the tariffs is to protect American business from unfair foreign competition. In that case one would exempt from tariffs categories of items which the US does not produce – e.g. tropical fruits, certain minerals,

native handicrafts, antique furniture etc. However tariffs were imposed across the board with no such exceptions. As such we see protecting US firms from foreign competition as only a secondary objective of the tariff policy. We believe its primary purpose is to shift the government's revenue base away from income taxes and toward consumption taxes. However, as we have noted in our regular monthly commentary, foreign trade is too narrow a tax base upon which to raise revenues which would meaningfully replace income taxes. Accordingly, we believe this is just the first of what will likely be a comprehensive program of consumption taxes. Such taxes could take the form of a VAT or a national sales tax on wholesale trade. We continue to believe a national sales tax on retail trade stirs up too much political opposition to be feasible.

Peter Navarro is currently a special counselor to the President on trade. His commitment to the Trump program seems beyond question – he chose to serve a four month prison sentence for contempt of Congress rather than answer a subpoena from the January 6th committee. We think, therefore, he is a reasonable spokesman for the administration viewpoint. In an interview with Michael Smerconish he advanced the following ideas:

- a. A stock market repricing of firms was an inevitable response to the change in policy . That response should be self limiting and not generate sustained downward momentum.
- b. Tariffs would lead to a necessary revival in US manufacturing which would produce broad based prosperity.
- c. The Biden prosperity was narrowly based in the high tech industry whereas the Trump prosperity would reach a wider section of society.
- d. The Dow Jones Industrial Average would touch 50,000 by 2028. For context, the index was at 38,314 at interview time, down 14% from its peak of 44,747 on February 6. Navarro's forecast is therefore for a 7% compound rate of return.

We note that US manufacturing in 2023 constituted 10.2% of GDP and employed 9.7% of the civilian workforce. Ten years ago manufacturing was 11.8% of GDP. Total jobs in manufacturing have increased about 4%, but manufacturing's share of the work force has declined by about 0.2 percentage points. In other words, manufacturing is currently a fairly narrow sector of the economy and its history over the last ten years has been one of growth albeit more slowly than the economy as a whole.

The heart felt story of American business being slaughtered by unfair foreign competition to the destruction of good paying jobs and America's vibrant community of small towns is a well worn political trope which has been circulating since the days of the railroads. It had some currency a generation ago when the steel based industries of the Midwest turned into the Rust bowl. But it is not the story of American manufacturing today.

Granting Navarro all of his claimed benefits we do not see a broad based prosperity flowing from these moves. Nor do we see equity market investors particularly thrilled by a two year program of recovering to where they were pre-tariff followed by two more years of slightly subpar growth.

Smerconish pressed Navarro on the plight of a bicycle salesman. The salesman currently sources bicycles from Taiwan and is faced with a 43% price increase due to tariffs. Navarro's response was that he should source domestically. Perhaps, but we do not see a lot of business value being created in opening bicycle plants in the US. The US has been exiting low value add light manufacturing for several generations. Current US manufacturing is concentrated in high value add or large ticket items. It is done either in high volume highly automated factories or in high precision near custom build shops. Mass production by armies of wrench turners organized along vast assembly lines is a long outdated manufacturing technology. For some reason wistful feelings now exist about such jobs. In their heyday they were thought of as soul deadening, not very safe and firmly under the control of union bosses and line supervisors - neither of whom were very congenial colleagues.

We note that stimulus to US manufacturing was already part of the Biden economic package. Covid had created an awareness of US dependency on foreign suppliers for a wide range of mundane but necessary items, such as quarantine gowns and bandages. Biden had deployed a variety of tools targeted at restoring national self sufficiency in such goods. These measures were relatively uncontroversial – being of moderate scope and clear need.

Taken at face value Navarro's claim is that tariffs are an effective wealth redistribution strategy. Money is taken from consumers and transferred to factory workers. As noted 100% of voters are consumers, whereas factory workers are less than 10% of the adult population. Its difficult to see how such a redistribution policy can long be viable in a democracy. The much reviled DEI policies took less and benefited more people, but they have proved to have no staying power. The factory worker cohort is drawn from the 28% of the population which graduated high school but sought no further education. They earn \$15-\$22 per hour, which is comparable to wage rates in Germany and Japan. The current unemployment rate in this group is 4%, which is close to full employment. Its difficult to see why this cohort should be a candidate for government uplift other than as an attempt to build a voting block. Even so, factory workers constitute only one-third of the less educated voter group to which Trump caters.



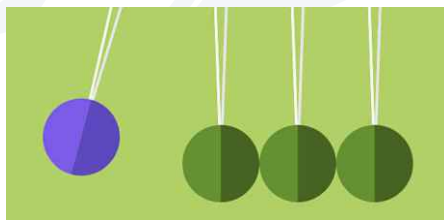
The Politics of Tariffs

Tariffs are very much the President's policy. It is a policy to which he is wedded despite nearly every shade of political economists recognizing it as a bad policy choice. The effort to explain this situation has spawned all sorts of speculations and conspiracy theories. We think there is actually a simple explanation. American school kids typically learn their American history about age 14. The president reached that age in 1960. The boards which select textbooks for schoolkids

generally prefer to steer clear of live political disputes. As a result the text books typically end their coverage of US history about 50 years before present. It is likely that Trump's education in US history ended about 1910, i.e. in the Taft administration. Tariffs, the Panama Canal and seizing the possessions of weak European powers were all policies of that day. The President is simply a somewhat elderly stopped clock.

We also note that the President's personal business career was in hotels. Hotel chains can be an international business, but hotels face no threat from foreign trade competition. It is not to be expected, therefore, that the President's business career would have provided him with much education about foreign trade or the issues of manufacturing in a global economy.

Politically tariffs do have one great advantage. Trump's primary policy aim is to extend the tax cuts which were the signature policy of his first term. To get those cuts through Congress a certain formula must indicate budget stability. Tariffs enter into that formula as a revenue item and thus facilitate the tax cuts. Since there is no real experience to estimate the revenue contribution of tariffs from, one may plug highly optimistic estimates into the formula. In short, tariffs are a good tool for cooking the government's books and granting tax relief which is actually fiscally unsound. We think this is a key current consideration in administration thinking.



Direct Impact of Tariffs

The impact of tariffs is estimated by various experts as a 1-2% immediate decrease in world growth. The disfavored nations will suffer more substantial damage, but as noted they are a minor slice of the global economy.

We are concerned that this is an underestimate of the impact. Close study of the policy indicates that Trump's goal is to balance goods trade on a bilateral basis. This is a much tighter

control than alternate policies. Trump might have sought trade balance on the basis of both goods and services. Or he might have sought balance in just goods but across all trade partners as a group. Both policies would have been much looser and allowed the economy to adjust to the policy constraint more easily. The economy naturally seeks to optimize output and any constraints imposed on it reduce it to a suboptimal solution. By choosing to impose 50+ restrictions rather than one Trump is likely to have driven the economy to a more suboptimal point than first analyses would suggest.

The impact of tariffs on an individual goods basis are well understood. Let us consider several cases to get a feel for what happens.

1. Consider an essential good, say a medicine, produced only abroad which is subjected to a 25% tariff. The tariff raises the price to consumers 25%, but the good is essential so they continue purchasing it as before. The incremental price flows to the government as revenue. The foreign producers revenues and profits do not change.

2. Consider a good produced both at home and abroad where production volumes cannot be quickly altered. The foreign producer's price goes up 25%. The domestic producer raises his the same amount. The price to the consumer goes up 25% and he reduces his volume of purchase. The foreign producers revenues go down by the amount by which volumes decrease. The government earns 25% on the foreign producer's share of the reduced market, so the government sees less revenue than in case 1. The domestic producer also is shipping less volume, so he reduces staff. However revenue per unit has gone up. The domestic producer's profit margin will improve, his revenue could be less or more, and net he probably sees modest profit growth.

3. If the facts are as in 3. but the domestic producer can expand his volume, then he has a choice between expanding his market share and raising his price. He picks the combination that is optimal for him. The government sees less revenue than in case 2. and the higher costs paid by the consumer flow mostly to the domestic producer's profits.

4. Now suppose the product is one such that the consumer can easily shift to an alternate product. The foreign producer is priced out of the market and exits. The value of his US distribution operation is destroyed. The government gets no income. The US producer keeps his market price the same. If he has spare production capacity he can pick up extra volume at historic profit margins. If not, then he simply does the business he was doing before. The consumer absorbs the cost of transitioning from one product to another.

As we see the effect of tariffs is very situation dependent. Uniformly costs to consumers go up and in general volumes go down. Some but not all of the additional money extracted from consumers flows to the government. The rest goes to domestic producers. Initially owners get most of the benefit, but some ultimately reaches workers in the form of higher wages or more job openings. Tariffs generate domestic economic growth in a very specific set of circumstances

1. volumes do not drop (much) as prices rise
2. domestic producers can rapidly expand production capacity Even so, job losses in foreign distribution may offset employment gains in domestic production.

In general government revenues collected from tariffs will be less than initially expected as consumption patterns shift to evade the tax. As a revenue raising tool, tariffs are inefficient – which is why the main reliance has been on income taxes. Smuggling also goes up and border enforcement must be increased to control the growth of organized crime.

The Trump administration hopes that factories will be built in the US so domestic production can displace foreign production. But before committing capital to such projects, investors will want to know that tariff policies will be sustained. Tariffs are a controversial policy very much associated to Trump. It is likely that Democrats will remove or reduce Trump's tariffs because the general welfare gain to consumers more than offsets job loss in highly automated manufacturing activities. We think investors will be slow to expand domestic production capacity in view of this risk.

What happens when tariffs are long sustained is also well known. The market is captured by domestic producers which grow inefficient behind the shelter of tariff barriers. Their products sink in quality and become overpriced. First they lose any export business. Next the domestic consumers ultimately rebel against shoddy over priced domestic product. They tear down the tariff barriers, the foreign producers swoop in and take the business from the domestic firms which go out of business.



Macroeconomic Impacts

Macroeconomic impacts also are straightforward

1. A one time increase in the price level at best, a trigger for accelerated inflation at worst.
2. A slowdown in GDP growth with job losses at exporters and at distributors of imports.
3. Value destruction in exporters and distributors

In general the combination of rising prices with a contracting economy is known as stagflation. To escape stagflation the Federal Reserve normally needs to push the economy into a serious contraction.



Geopolitics of Tariffs

Trump has basically launched an economic war against the rest of the world. The question is how will the world respond. Trump hopes they will negotiate with him one-on-one allowing him endless opportunities to play one country off

against another. President's are free to be optimistic about adding value through the political process. But as investment managers we are paid to worry about risks and what could go wrong.

We are concerned about the less rosy scenario. We think the rest of the world is fed up with US arrogance and could conclude that the US has become a rogue nation. They might decide to close ranks against the US. To compensate for the loss of the US market they will likely reduce tariff barriers among themselves while raising them against the US. US Tech firms could meet the fate of Huawei and Tik-Tok – feared as Trojan horses for the NSA they will be subjected to outright expropriation or crippling operating restrictions. Exports of US defense gear will be limited to spare parts for equipment in place. US manufactures will be tarified off world markets just as world manufactures are tarified off US markets.

In this scenario the end-state we foresee is the world's largest market being Eurasia and that market being governed by the big four (China, EU, Russia, India) under Chinese leadership. The Mideast, Pacific and Latin America blocks will mostly go along with this leadership to preserve their access to the Eurasian market. The US will become an ignored backwater, rapidly falling behind the technology curve as its national economy proves too small to sustain broad technological leadership. Its exports will be mainly low value add agricultural produce: wheat grain and hog feed.

The US is also highly vulnerable to foreign economic pressure. It imports most of its strategic minerals, all of its tropical produce, essentially all of its pharmaceuticals, all of its chip making equipment, the majority of its semiconductors, and much of its consumer manufactures. Its capital market relies on a continual inflow of foreign capital. Its high tech industries rely on a steady inflow of foreign trained talent.

In short we think Trump has started a war which he could lose and which taken to its full conclusion could crush the United States. As this becomes obvious internal opposition will of course develop. Opposition has already begun in the courts. We think the court system is well on its way to freezing

up under a load of cases it is not designed to handle. Immediately that will empower Trump to act in a less restrained manner.

Opposition is also flowing into political channels and raising partisan strife. Americans have an innate belief in the stability of their system and will instinctively dismiss as fear mongering any predictions of serious breakdowns in their system. Foreigners, by contrast, do not share this innate confidence. They assess the US as having moved well along a road which they recognize all too well and which ends in a fascist type dictatorship. They will be increasingly wary of the United States – reluctant to invest here or to partner with the US or its citizens. Indeed, with the US taken off the global stage as an upholder of democratic norms, they may have issues of resisting their own anti-democratic forces.

We do not think the US can regain foreign trust and influence without both rejecting Trump's policies and enacting structural Constitutional reform to stabilize government policy. An event as serious as the 1930s depression can forge the sort of national unity required for such steps. But absent such a coalescing force, we think divided counsels and partisan warfare will defeat any efforts to reverse policy or make serious reforms.



Winners and Losers

Broadly these developments are bad for US friends and especially good for China. In the grim geopolitical scenario, we think Japan, South Korea and Taiwan could be forced into the Chinese orbit on China's terms. The Philippines also would lose considerable independence. Indonesia, Australia and New Zealand may preserve a modicum more freedom of motion. China would likely be satisfied if they terminate military relations with the US.

India may decelerate economically as the US policy of building it up as a counterbalance to China comes to an end. India will revert to being Russia's only friend. However it can probably continue to grow to some degree based on its large national economy and export opportunities to Europe and the Mideast.

Shorn of its US special relationship, the UK looks to increasingly orient towards the EU although political reunion is probably not in the cards for one or two generations.

Loss of the US market is a heavy blow to Canada and Mexico – especially Mexico.

Beneficiaries other than China are harder to spot. Possibly Russia, France and Turkey will find their position enhanced.

We have identified the most vulnerable sectors of the US economy. Beneficiaries will be businesses with no foreign trade exposures, the opportunity to displace high tariff imports, strong cash flows and modest capital needs. We would expect to find such firms currently located in the Mid Cap sector.



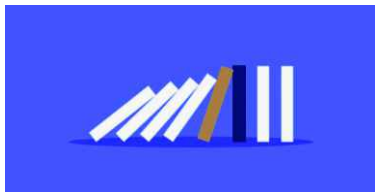
A Question of Power

Ultimately in any war results depend on how strong you are. In an economic war military might counts for nothing. Nuking customers does not fill order books and nuking suppliers has even worse results. What counts is economic heft. The US economy is about 28% of the global economy which implies rest of world is nearly 3 times larger. In international trade specifically the US is just 15% of trade volume.

One hears much of “rules based order” which might lead you to think the US has a privileged role with regard to the rules. It does not. The UN owns the rules. They consist of technical and economic rules. The technical rules establish logistic arrangements, product standards and financing

arrangements. These rules are owned by a number of UN agencies focused on specific domains. The economic rules are owned by GATT a multilateral treaty making operation which establishes the rules of fair trade.

As the rest of world has gotten richer the US has lost relative power in the trade process. Its not happy about this and has been a disruptive force – trying to replace GATT with bilateral deals in which it can exert more leverage. US claims to be a good citizen in international trade will not garner foreign assent.



Political Consequences

The spin masters are out in force trying to persuade us that the turmoil of the last week was all a masterly move on Trump's part. Well they are paid to do so, but we are not paid to believe them. Actually the administration has been visibly at war with itself. Policy has changed daily and the explanations of policy have sounded either like lies, foolishness or both. No sort of recognizable policy making process has been in sight. The administration has looked like a bunch of rank amateurs trying to run an organization 100x-1000x larger and more powerful than they have ever run before. And in fact that is exactly what the best of them are. The weaker members of the cabinet actually have never run anything before. Unquestionably the administration is wounded, is currently bleeding power and looks to continue doing so.

In the February Market Commentary we said the capital market was trying to make up its mind as to whether Trump was another Liz Truss. It now has its answer. Truss was somewhat more competent.

In a parliamentary system Trump would exit at this point.

In the US the mechanism for that result exists. Trump could voluntarily resign. That would bring Vance to power. He is equally unprepared for office, but party elders would get to pick a new Vice President. They could settle on a broadly

acceptable experienced policy maker who could play a role similar to what Cheney played with the younger Bush. The Trump cabinet was hand picked to be nonentities. Vance could retire this group and replace them with a team actually capable of running the government.

So healing is possible and the next election is far enough away the party could escape the knacker's shop to which Ron Paul fears Trump is leading them. But the GOP is probably too weak to save itself.

The likelihood is Trump and his team will remain in place continuing to do damage for four years. At the midterms the public may cashier the GOP for allowing this misgovernment. Or perhaps the public will be fussed about something else and allow the circus to continue. Eventually, however, the pendulum will swing and a swing to the hard left must be considered as a possible outcome of this misgovernment.



Discontinuities

Increasingly we are seeing the Trump administration as a discontinuity in historical development.

This recognition should cause us to reexamine the conclusions of history based analyses. Immediately quant models, especially those based on just the last 20 years of history, come into question. But more fundamental assumptions may also need to be re-examined. For instance, the belief that the US is a secure stable country whose Treasury bills are a safe haven and whose equity market is a good long term bet may need to be reassessed. It may turn out that developments will reaffirm those judgments. Especially that will be so if the system is seen to rapidly and effectively reel in Trump's excesses. But moments of fear could also develop in the interim.



Investment Advice

We are potentially entering into troubled times as opposed to ordinary times. In such circumstances, the focus shifts to capital preservation ahead of opportunity capture. Several points apply:

1. Always one should be in a strategically sound position. That is especially true when risk levels are rising.
2. Emphasis on portfolio diversification, asset quality and liquidity increases. We would review asset class composition and prefer, where appropriate, TIPS to long term corporates or municipals, Treasury notes to medium quality corporates, a weighting in domestically focused blue chip value stocks to concentration in high priced growth stocks or internationally exposed blue chips and healthy diversification within top tier equity markets over a US concentration.
3. Similarly real assets should be reviewed and potentially fragile commitments reduced or buttressed.

These moves may cost a bit in expected return, but one can afford to give up a percentage point of expected performance for a few years as a reasonable insurance premium against a possible blow out.

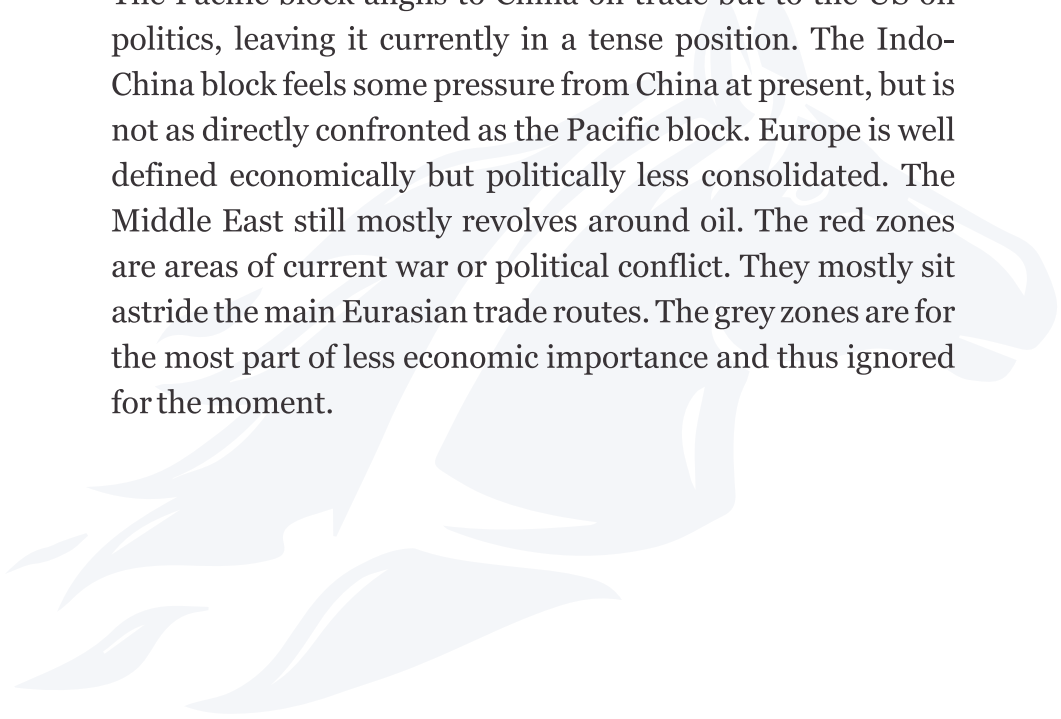
We would also opportunistically build cash reserves as the occasions to do so present themselves. We do not place especial confidence in shorts or bear hedges. Those techniques are very effective in abrupt panics, but in the long drawn out grinding declines engendered by a sustained flow of bad news they are less effective.

Once the core portfolio allocation is in shape, selective satellite portfolio commitments can be made to potential growth areas. Here we would identify mid cap equities positioned to prosper under Trump's economic policies,

computer services and AI driven business process automation. Microeconomically sound businesses can prosper and grow even in unsettled macro environments. Smaller firms typically can respond in a more nimble fashion than large firms, although those with weak capital bases may be overwhelmed by market turbulence.

About the Cover

The map shows the major world economic blocks that are emerging. Trump's tariffs have dissolved the former North American block, setting Canada and Mexico free to revert to their historic alignments. The China Block (in which we include Russia as a junior member) is currently expanding. The Pacific block aligns to China on trade but to the US on politics, leaving it currently in a tense position. The Indo-China block feels some pressure from China at present, but is not as directly confronted as the Pacific block. Europe is well defined economically but politically less consolidated. The Middle East still mostly revolves around oil. The red zones are areas of current war or political conflict. They mostly sit astride the main Eurasian trade routes. The grey zones are for the most part of less economic importance and thus ignored for the moment.





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Lloyd Tevis Investments LLC is a registered investment adviser offering its services over the internet to US individual investors and their families. Our Precision investing service provides clients with highly personalized investment solutions tuned to the client's specific circumstances and objectives. We believe the strategic asset allocation decision is the key decision faced by our investors. Accordingly, our monthly commentary focuses on matters which can shape the longer term performance of asset classes. We do not time market swings or pick individual stocks. Discussion at this level of detail is made for the light which it throws on relative valuations and such discussion should not be read as an investment recommendation. Indeed, our investment focus is on maximizing diversification, careful risk budgeting and maximizing implementation efficiency. These are the proven builders of long term investment success. In evaluating political and social developments our perspective is that of long term investors. We believe the investor's interest is best served by a stable environment in which change occurs incrementally as broadly supported policies rather than by an environment of abrupt changes and frequent U-turns driven by transient partisan advantages. Finally, our assessments should always be read as what we consider likely to occur and not as expressions of what we would like to see come about.

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