

Memo to: Ransome Clients
From: Dawson A. Ransome
Date: February 28, 2020
Re: How I Frame and Respond to Market Panic

A few things always come to mind during market panic. In no particular order:

1) Ralph Block. During the late 90s early 00s, as a FA with Raymond James, I had the pleasure of listening to Ralph and watching how his keen assessments of sentiment played out in and through market turmoil. Extremes in VIX and Advance Decline, multi swing sessions et. al. were as valuable then as they are now. I am always thankful for the wisdom I gained from listening to Ralph, especially when there is extreme behavioral inefficiency as we have seen the last few days.

2) Cycling. When I was a competitive road cyclist there were times in every race when a decision had to be made between comfort and achievement. In cycling vernacular, we referred to that time or those times in a race as the “selection.” More common phraseology for non-cyclists is “crunch time.” This is the moment in the race when the winners would separate themselves from the peloton and the also rans would fall back. In the end, there were differences in physiology and application of race strategy between athletes, but the primary determinant(s) of success in an endurance sport like cycling are the willingness and ability to endure pain in excess of the balance of the competition and knowing when to make hard efforts in pursuit of victory. Investing is also an endurance sport.

3) My Parents. With the benefit of age and experience my parents would remind me that things were not as dire as they may seem. They would focus me on facts, help me to consider other points of view, and assure me that I would survive. Like many others burdened by the wisdom of youth I could not comprehend the logic of such a statement, or the alternate points of view my parents would share when myopic vision and strong emotion were present in such material quantity. Now, with the benefit of experience, time and having survived numerous apparently lethal situations, I remind my daughter of the same truism. The market can be much like a child

suffering from myopic vision and prone to extreme emotional response when faced with uncertainty and opposing circumstance.

I say all this as a reminder to look at and respond strategically to fact, lean in to the effort with the goal in mind, and finally remember all the times in life that emotion got the best of you. In terms of the latter, with the benefit of hindsight, you will likely find most of those events to be meaningful opportunities wrapped in a thin veil of catastrophe.

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