

This Time Feels Different. It Always Does.

If you've turned on the news at any point this spring, you'd be forgiven for thinking we've crossed into uncharted territory.

The headlines are not small. A war that began in late February took the life of Iran's supreme leader, drew in U.S. forces, and for a stretch this spring choked off traffic through the Strait of Hormuz, the choke point through which roughly a fifth of the world's oil moves. The fighting flared again only last week, in the most serious exchange since the spring. Yet within days, the direction reversed: this week, U.S. and Iranian negotiators announced an agreement to halt the fighting and reopen the Strait, with a memorandum of understanding set to be signed on June 19 and a sixty-day path toward a formal end of the conflict. Oil, which had spiked toward \$100 a barrel at the height of the disruption, fell back below \$81 on the news.

The war in Ukraine, meanwhile, has settled into a grinding fifth-summer stalemate, the front line barely moving over the past year despite relentless drone exchanges.

And here at home, the stock market has been on a tear and a tantrum in the same breath: the S&P 500 closed above 7,600 for the first time in early June, then watched roughly \$1.3 trillion evaporate from chip stocks in a single session after a disappointing earnings outlook from Broad com (the sector clawed much of it back days later), all while inflation refuses to fully cooperate and the Federal Reserve sits on its hands.

It is a lot to absorb, and the natural response is to feel that the old rules no longer apply.

I want to make the case that they do.

What's Actually New

I won't wave away the moment. Several things are genuinely different about 2026, and they're worth naming plainly.

Geopolitics Has Gotten Louder And More Direct

The conflict with Iran was not a proxy skirmish; it was a direct confrontation that briefly threatened the single most important energy artery in the world, and the move toward a ceasefire this week does not erase the months of disruption that came before it. Oil and gas prices swung violently, toward triple digits at the peak, then sharply lower as the guns quieted. Ukraine continues to absorb enormous human cost for marginal territorial change. These are real events with real consequences for real people, and nothing about an investment philosophy requires pretending otherwise.

The Market's Leadership Is Extraordinarily Narrow

This is the part I'd ask you to pay the most attention to, and I'll come back to it. The records of 2026 have been driven by a handful of artificial-intelligence names. By early June, the index had set more than twenty all-time highs this year, yet the average member of the S&P 500 had been down roughly a fifth from its own peak at some point in the year. By some counts, only a sliver of the index's stocks were trading at new highs, a degree of narrowness not seen since the late 1990s. On standard measures, valuations sit near the richest levels in the index's history.

Inflation Is Sticky, And The Fed Is Stuck

Core inflation has hovered around three percent rather than gliding to the two-percent target, and the spring's energy shock only added to the pressure. A surprisingly strong jobs report pushed long-term Treasury yields back above five percent. The Fed has held its policy rate steady, in the 3.5 to 3.75 percent range for a third straight meeting, rather than delivering the cuts the market spent last autumn pricing in. Higher-for-longer is no longer a forecast. It's the reality.

So yes, the particulars are new. They always are. The dot-com mania, September 11th, the 2008 collapse, the pandemic, and the 2022 inflation shock: each looked nothing like the last, and each convinced a fresh cohort of investors that the playbook was obsolete.

What The Evidence Keeps Telling Us

Here is the truth at the heart of how we invest: the headlines you read this morning are already reflected in the price.

Markets are not a slow-moving bureaucracy waiting for you to interpret the news for them. They are a continuous, fiercely competitive auction in which millions of participants, many with far more information, faster data, and stronger incentives than any of us, have already acted on everything you know and much you don't. The war, the inflation prints, the chip selloff, the Fed's posture: by the time it reaches your screen, it has already reached everyone's, and the price has moved to reflect it. What you're left to forecast is not the news but the surprise: the gap between what happens and what was already expected. And reliably forecasting surprises over time is something almost no one has demonstrated the ability to do.

This is not a comforting bedtime story. It is one of the most thoroughly documented findings in finance, running from the mutual-fund performance studies of the 1960s straight through to the data we have today. The professionals paid handsomely to time markets and pick winners do not, as a group, beat the simple discipline of owning the market at low cost. Adding geopolitical forecasting to that job (guessing how a Middle East conflict resolves, or whether a ceasefire signed this month holds) only stacks a second impossible task on top of the first.

The instinct to do something in response to dramatic news feels like prudence. But here, prudence and action point in opposite directions. Patience costs almost nothing: no trades, no tax bills, no selling low and missing the rebound. Reaction quietly runs up all three, and your returns pay the bill.

The One Risk Worth Your Attention

If I've persuaded you to tune out the war coverage as an input to your portfolio, let me redirect that attention to something more useful: the one item on the list that's changed in a way that matters for how a portfolio is built.

The original case for index investing rested on a specific idea: own the whole market, weighted broadly and at minimal cost, rather than a favored slice or a fashionable theme. That breadth was the entire point.

What's happened over the past several years, and accelerated dramatically in the AI boom, is that the most popular "diversified" funds have quietly become concentrated. When a small number of mega-cap technology names make up a large share of a market-cap-weighted index, owning that index is no longer the broadly diversified position it appears to be. You can hold a fund with thousands of stocks in it and still have an outsized share of your outcome riding on the fortunes of a few companies and a single investment theme. The concentration risk didn't disappear when indexing won the argument. It migrated inside the index.

That is why genuine diversification matters now: across the whole global market, across the dimensions of expected return the research points to, and deliberately away from the crowding at the top. It is also why a session like the recent one, where some \$1.3 trillion evaporated from semiconductor stocks in a matter of hours, lands very differently for a portfolio built for breadth than for one that's drifted, perhaps without its owner noticing, into a concentrated AI bet.

What Never Changes

Strip away the specifics of June 2026 and the discipline is what it always was: stay broadly diversified, keep costs low, and don't let the day's headlines set your allocation. The war will resolve, or relapse, in ways no one can reliably predict. Inflation will do what it does. The AI story will turn out to be some mix of revolution and over-excitement, and we won't know the proportions until well after it matters for positioning.

Your plan was not built for calm weather. It was built for this, for the moments when abandoning it feels most tempting. The sense that this time is different is not new information; it is the oldest feeling in investing, the same one that surfaced in every crisis before this one. Seeing it for what it is, a recurring false alarm rather than a signal to act, may be the most valuable skill an investor can develop.

As always, if anything here raises a question about your own situation, that's the conversation worth having: not a reaction to the news, but a check that your plan still fits your life.



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