

36 South Views

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BY RICHARD "JERRY" HAWORTH

I have been on a bit of a health kick lately. Starting the year with a 14 day fast which went a lot better than expected. During the day, there were talks on all things healthy... woo woo stuff which I used to scoff at, but I had a lot of time on my hands so I listened with an open mind. It was quite disturbing...

What was troubling was the extent to which we are living in a multiple delusional existence, fed absolute nonsense about what to eat and why. When that fails, pharma rides to the rescue to solve all the ailments and we get by happily eating suboptimally (to say the least!).

I was struck by one author who commented that our cells have adapted to get more of their energy from sucrose and less from oxygen. Who cares you would say?

Short to medium term, there is no obvious effects on your health except maybe having to photoshop your dating profile. Longer term, it leads to chronic illness ...

Unaccustomed to a good metaphor, it did remind me of the stock market and its reliance on credit and central banks as opposed Cadbury's and Coke.

As investors in the short and medium term, we scarcely notice the difference. The stock market goes up and we feel good.

The problem, like unhealthy eating habits, is the growing fragility of the market and the increased likelihood of chronic illness in the market... a bit like what China is experiencing now.

Take away easy credit, central bank largesse and our investment ill health will be revealed.

Once we get a chronic illness, it is amazing how quickly eating healthily becomes a priority, but sadly it is often too late.

Value stocks seem to be the healthy food of the stock market while go-go meme stocks and growth stocks appear to be the fast food outlets.

They perform in the short to medium term, often better than their value counterparts. However, their value in a portfolio is only felt when the market is ill.

I suppose the same can be said of tail hedges... they are like getting an old style vaccine.

Would you pay a small percentage of your annual income to get vaccinated against most chronic illnesses? At least to the point of giving you the comfort they probably won't kill you?

I know I would.

But, like I mentioned earlier, we live in a multiple delusional world where we feel safe with central banks and credit. So what could possibly go wrong?

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