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Brad Kinkelaar: How to stay calm amid market chaos

By Perpetual Asset Management

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When markets are volatile, sometimes it’s better to do nothing than try to predict the unknowable, says Barrow Hanley's Brad Kinkelaar.

- Tariff volatility has echoes of COVID
- Patience and discipline the key
- Find out about Barrow Hanley's global equities investment solutions

Wild market swings as investors try to anticipate US President Donald Trump's next moves have echoes of the early days of the COVID pandemic – and investors are falling into the same trap of trying to forecast the unknowable, says Barrow Hanley's Brad Kinkelaar.

Trump's tariff war has sparked aggressive repositioning across global markets as investors react to policy changes.

But Kinkelaar warns the temptation to try to predict events and make portfolio decisions based on that guesswork is the very behaviour that failed during the pandemic uncertainty.

"We're going through something that none of us have gone through before. It's all new," he says.

"Everyone wants to predict the first domino, but it's very hard to do that, and it's almost impossible to predict two, three, four and five as they topple over.

"We're not trying to manage this portfolio based on Trump's tweets. But amazingly, there are people who are doing that.

"We see sell side research doing the same thing. I saw somebody put a recession call on, and three days later they removed their recession call. This is a professional sell side firm that did this, who we actually have some respect for."

Patience and discipline

Kinkelaar says Barrow Hanley's response is patience and discipline.

"Nobody knew what was going to happen in the first three months of COVID, and so we sat patiently rather than trying to make big guesses. And we really didn't do a lot the first three months.

"Similarly, we have not bought a new stock in this portfolio in two months. That doesn't sound impressive to most people, but for us to sit still and be patient for two months – that's out of the ordinary for us."

Growth stories amid the gloom

Still, disciplined value investing does not mean forgoing growth.

Kinkelaar highlights the addition of German defence contractor Rheinmetall to the portfolio in 2020 when shares were trading closer to €100. Just five years later, Rheinmetall now trades at an all-time high near €1500.

“We made one investment in Rheinmetall in 2020 when the stock was under €100 a share and they were generating about €7 in earnings a year.

“Our discipline came on the buy when we bought a good company that was out of favour, and the upside analysis told us that there could be a fantastic runway behind this stock.

“We continue to update our upside analysis, and while we could not buy this stock at today’s valuations, but we can hold it and that’s a huge differentiator.”

Rheinmetall has seen significant growth as Europe refocuses on defence spending amid geopolitical tensions.

Barrow Hanley analysts say Rheinmetall could triple in size by 2030 as Europe lifts defence spending and redirects that spending towards European-based companies.

“We haven’t added to it, and actually we’ve trimmed along the way. Every trim has been a horrible trim, but that’s been our discipline that we’ve done throughout the years, across the portfolio in all stocks.

“So that can keep us in the stock for now. We’re still trimming it. We’re still disciplined about taking that risk off the table and, and at this point, we’re clearly playing with house money.”

Value approach outperforming

Kinkelaar says many investors are surprised to learn that value is once again outperforming growth – and that Barrow Hanley’s Global Value Equity (GVE) strategy has outpaced both over the past three to five years.

“It’s really hard to believe that all of our clients and potential clients would have been better off owning our strategy versus the world for the last five years. It just doesn’t feel that way.”

Kinkelaar says GVE delivered an annualised return of 17.75% over five years gross of fees, compared to 14.97% for MSCI World Value and 16.12% for MSCI World, as at 31 March 2025.

“I would be willing to bet that 95 per cent of the people that we talk to out there would not guess that that was the case.

“Value works – value has worked for the last five years.”

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