

THE MOST BEAUTIFUL WORD IN THE INVESTMENT DICTIONARY

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Nope—**isn't** 'tariffs'.

It's **UNCERTAINTY!**

If you ran a word cloud on every line of financial coverage this year, 'uncertainty' would dominate like a cumulonimbus. On Wall Street, it's a feared, loathed, and paralyzing word. Why?

Because most financial institutions—from central banks to asset managers—rely on forecast-driven models. Uncertainty wrecks their assumptions, clouds their predictions, and short-circuits their frameworks. Just this year, Wall Street revised its 2025 targets multiple times, leaving investors dizzy.

“UN•certain•L人,”

It also wrecks havoc on sentiment, risk appetite, and goal setting—the three core pillars of conventional investment, which relies on fixed allocations calibrated to time horizons, risk tolerance, and investment objectives. Is a 60/40 portfolio still appropriate in the face of a potential recession? Is it time for broader international diversification?

Can an aggressive portfolio serve retirees or those who may face job loss in a possible economic downturn? Should portfolios reposition as investment horizons shift in response to rising uncertainty and market volatility? What a headache.

We see it differently. Our strategies love uncertainty—and thrive on it:

Uncertainty, far from being the enemy, is a powerful ally—especially for strategies engineered to navigate actual market regime shifts with adaptability, risk vigilance, and tax awareness. During volatile periods, behavioral overreactions often trigger panic selling, dislocations, and mispricings—prime hunting grounds for those who track deeper regime signals rather than react to the noise.

History makes the case: When the VIX—Wall Street's “fear gauge”—spiked above 80 without confirming a bearish market regime during the CoViD panic of March 2020, the S&P 500 bottomed within days and surged nearly 70% over the following 12 months. A similar dynamic followed Brexit (2016), when panic in the absence of a regime shift proved fleeting—and profitable—for adaptive investors.

Uncertainty penalizes rigid forecasting and rewards regime tracking and portfolio adaptation. It serves as a stress test, flushing out weak hands, and allows conviction-led investors to build and maintain high-quality positions at attractive valuations. Indicators like the Economic Policy Uncertainty Index¹ support this: major spikes—such as during the 2011 debt ceiling standoff or the recent tariff tangle—often precede powerful rallies. For regime-aware strategies, the “wall of worry” isn't a barrier—it's a ladder.

Ironically, calmness and certainty are often suspect. This century's only actual bearish regime shifts—the dot.com bust and the Global Financial Crisis—were both born in periods of high investor optimism and rosy Wall Street forecasts.

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We can help you understand, triage, embrace—and ultimately thrive in—uncertainty. We invite you to explore how our strategies can turn volatility into confidence and opportunity.

[1] Baker, S. R., Bloom, N., & Davis, S. J. (2016). Measuring Economic Policy Uncertainty. *Journal of Economic Perspectives*.

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The CBOE Volatility Index® (VIX®) shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge."

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.