

UNCOMMON SENSE

OCTOBER 2024 INVESTMENT NEWSLETTER

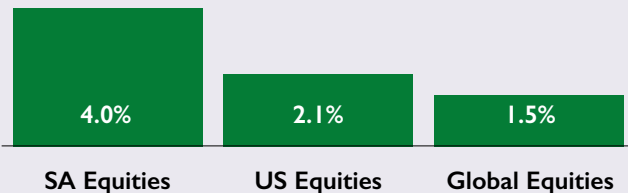
The Stock Markets

(updated 30 September 2024)

The key benchmark you should care about is achieving all of your financial and life goals, and not running out of money

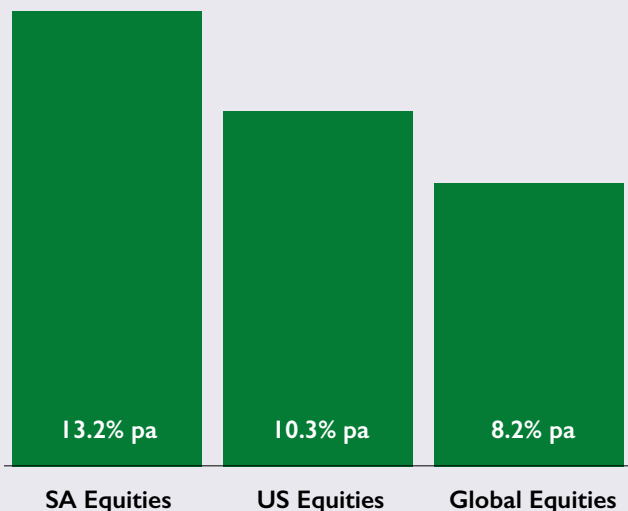
The Unimportant Numbers - 1 Month

Monthly figures are a distraction from your long term goals.



The Important Numbers - 30 Years

Investing in the Great Companies of the World has produced life-changing returns for the disciplined and patient investor over the last 30 years, the average length of a two-person retirement.

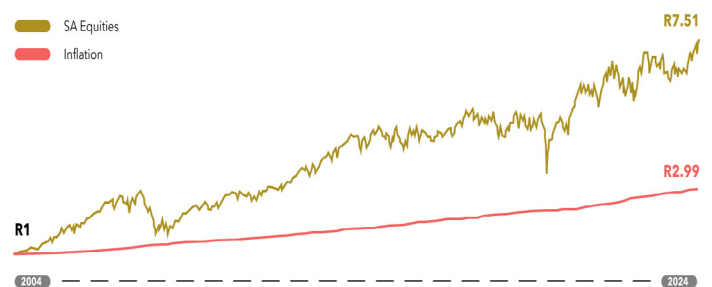


Source: FE Analytics, Humans Under Management. Returns are based on the total return of the respective indices, which assures all dividends are re-invested. Country returns are in local currencies, global returns in USD. Past performance may not be indicative of future results.

Inflation - The Real Enemy (updated September 2024)

The number one enemy of the long-term investor is the financial dragon called inflation (the silent but steady increase of prices over time).

An investment in the South African share market has consistently provided protection from this enemy. To earn this return, you had to be willing to see your investment value temporarily decline by about -15% on average every year without being panicked into selling.



Watch

What If You Only Invested at Market Peaks?

[View](#)

Listen

Buying Back Time

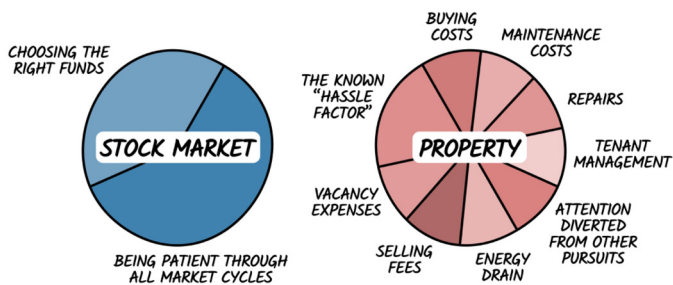
[5 minutes].

Where are we willing to spend money to buy back time?

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BEHAVIOR GAP
RADIO

The Overlooked Hassles of Owning Property



When building wealth for retirement, we often focus solely on the price tag of investments. However, many overlook a crucial insight that the true cost of owning assets extends far beyond the initial purchase price.

Sound financial planning involves accumulating assets that provide sustainable, growing retirement income. While the monetary cost is obvious, it's just the tip of the iceberg. Hidden costs can significantly impact our well-being and financial success, yet they're frequently overlooked in investment decisions.

In this article, we'll explore these often neglected aspects of asset ownership. Our goal is to provide a comprehensive understanding of what it truly means to own different assets, equipping you to make informed decisions about investing your money, time, energy, and attention.

Many investors forget to consider ongoing financial costs like storage, maintenance, and insurance. They also overlook the time required to maintain assets, the attention diverted from other pursuits, and the emotional resilience some assets demand.

To illustrate, let's compare two asset classes that have long been popular with long-term investors: equities (ownership in great global companies) and residential property.

By examining the full spectrum of ownership costs for each, we can better guide our investment choices to secure a comfortable retirement.

The Cost of Equity Ownership

Owning a diversified equity portfolio demands an informed upfront decision. However, in terms of ongoing costs, it demands very little. Counterintuitively, the less you do, the more likely your chances of long-term success are.

At most, we'd recommend an annual valuation review and confirmation that the portfolio still suits your needs. Day-to-day, the global companies you own a share of are managed by professional management and boards, and the fund you are invested in is reviewed by an experienced team of advisers, managers, and custodians. There is a monetary cost for this advice and management, but the right team can help you to minimise these and provide tremendous value on your road to financial independence.

The one intangible cost of this asset class is the emotional fortitude required to endure the frequent but temporary declines in the value of your portfolio. However, the pain of these declines is likely to be forgotten in time while your long-term gains remain permanent.

The Cost of Property Ownership

The allure of tangible assets like residential properties often captures investors' imaginations. The ability to see and touch an asset, coupled with the promise of ownership, leads many to equate tangibility with value. However, the picture looks very different when we analyse the true cost of owning physical property.

In this case, we've seen the extensive upfront monetary costs and a seemingly never-ending list of ongoing financial costs associated with ownership. These ongoing costs are often forgotten in the initial analysis of a property's attractiveness and are frequently left out when calculating the return on the investment.

The ongoing costs include annual maintenance, finance costs, insurance, various taxes, vacancy periods, tenant damage, outsourced management, and many others.

More worrying, especially for retired investors, is the ongoing "hassle factor" that can take many, often unexpected, forms. Property ownership is a high-hassle game. These intangible costs frequently surpass monetary considerations, impacting investors' well-being and decision-making processes.

If it ever becomes time to sell, another round of valuation and selling costs await you.

All these factors add layers of complexity that affect not only your financial standing but also your personal stress levels.

Another aspect to consider is that selling property is a one-and-done deal. You can't sell half a property, so the sale tax cannot be strategically planned.

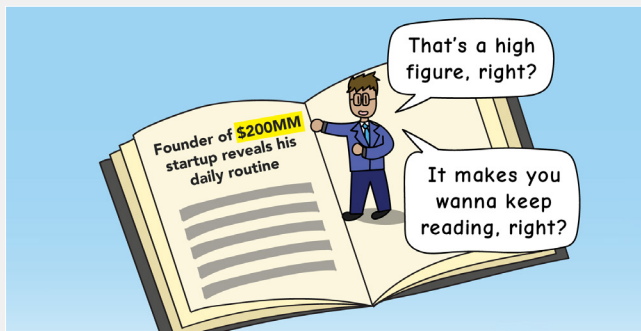
Moving Forward

While property may be a suitable investment for some investors, understanding the full spectrum of costs associated with different asset types empowers investors to make decisions beyond surface-level attraction.

Financial planning involves allocating financial resources and optimising time, attention, and energy. By considering all aspects of asset ownership, investors can make informed choices that enhance their overall quality of life while securing long-term financial stability.

As you review your investment strategy, consider your financial goals and the time, energy, and attention each asset demands.

Read



Metric-Less Success [8 minutes].

Exploring the difference between traditional success metrics and the deeper, more fulfilling metric-less success that truly enriches our lives.

[Read the full article](#)

Investing in an Age of Distraction [5 minutes].

The lines between speculation and investment have become blurred in today's fast-paced world.

[Read the full article](#)

The Tradeoffs Of Living A Balanced Life [4 minutes].

Contrasting perspectives on work and adventure.

[Read the full article](#)

Never Quite Enough [5 minutes].

Exploring the elusive balance between ambition and satisfaction.

[Read the full article](#)

Do It Your Way [3 minutes].

Discover why following your own unique path is the key to unlocking your true potential.

[Read the full article](#)



Tips to Help You Spend Less (or More) in Retirement

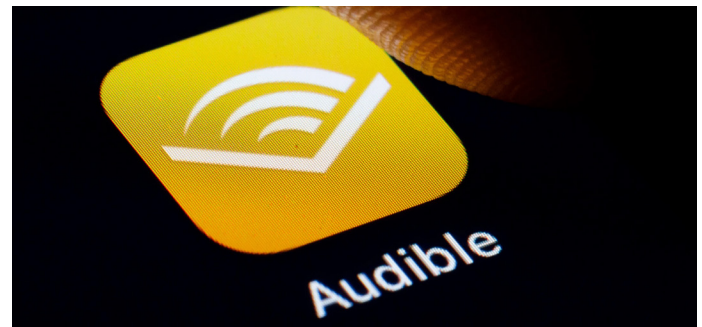
[5 minutes].

Understanding behavioural biases can empower you to make smarter spending decisions in retirement.

[Read the full article](#)

Rational Optimism

Audible to Start Generating AI Voice Replicas of Select Narrators



“Amazon.com Inc.’s Audible will begin inviting a select group of US-based audiobook narrators to train artificial intelligence on their voices, the clones of which can then be used to make audiobook recordings.

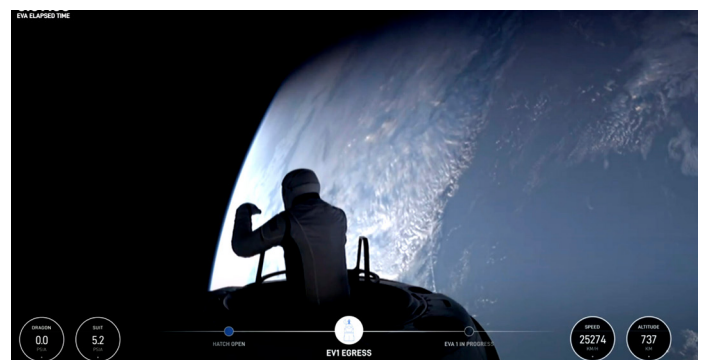
[Read the full article](#)

Working Hours in Wealthy Countries Declined by Half over Last 150 Years

“The average worker in wealthy countries now works only about half as many hours per year as in the late 19th century. Based on data from economic historians Michael Huberman and Chris Minns, the average worker used to work between 2,700 and 3,500 hours per year, which is about 50 to 70 hours each week.

[Read the full article](#)

Tech Billionaire Pulls off First Private Spacewalk High Above Earth

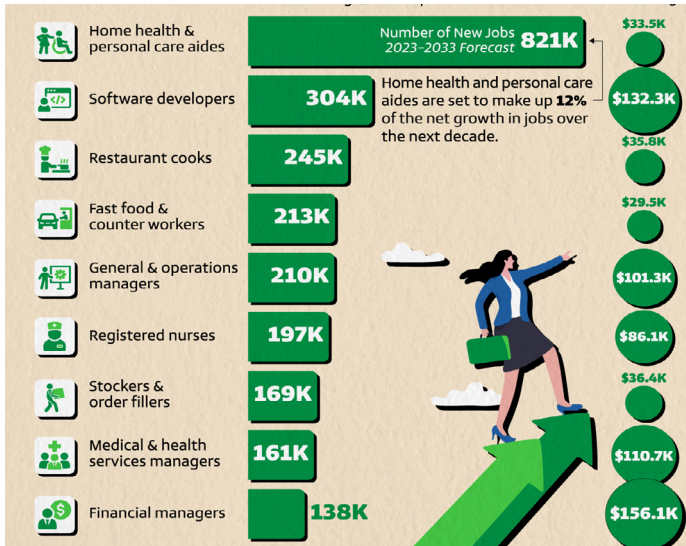


“A tech billionaire performed the first private spacewalk hundreds of miles above Earth on Thursday, a high-risk endeavor reserved for professional astronauts — until now... The commercial spacewalk was the main focus of the five-day flight financed by Isaacman and Elon Musk’s company, and the culmination of years of development geared toward settling Mars and other planets.

[Read the full article](#)

Visuals

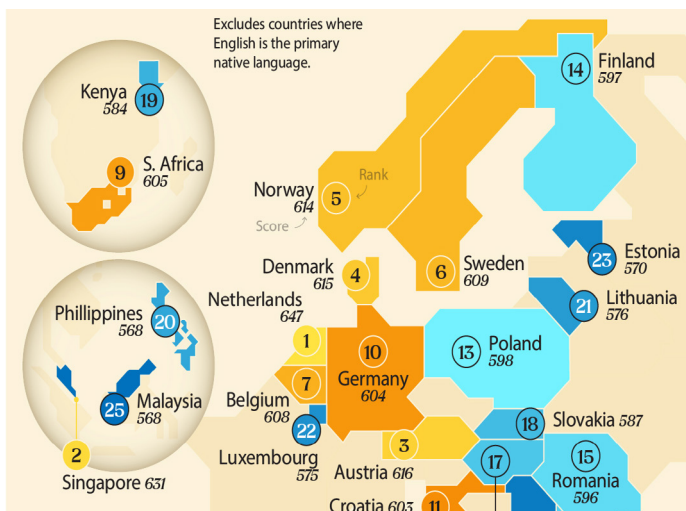
The Fastest Growing Jobs (2023-2033F)



What could be some of the best jobs for the future? To answer that question, you'd need to know which jobs will be in high demand as the U.S. and global economies shift. This graphic uses data from the U.S. Bureau of Labor Statistics (BLS) to highlight the roles that are projected to have the most job growth over the next decade.

[Read the full article](#)

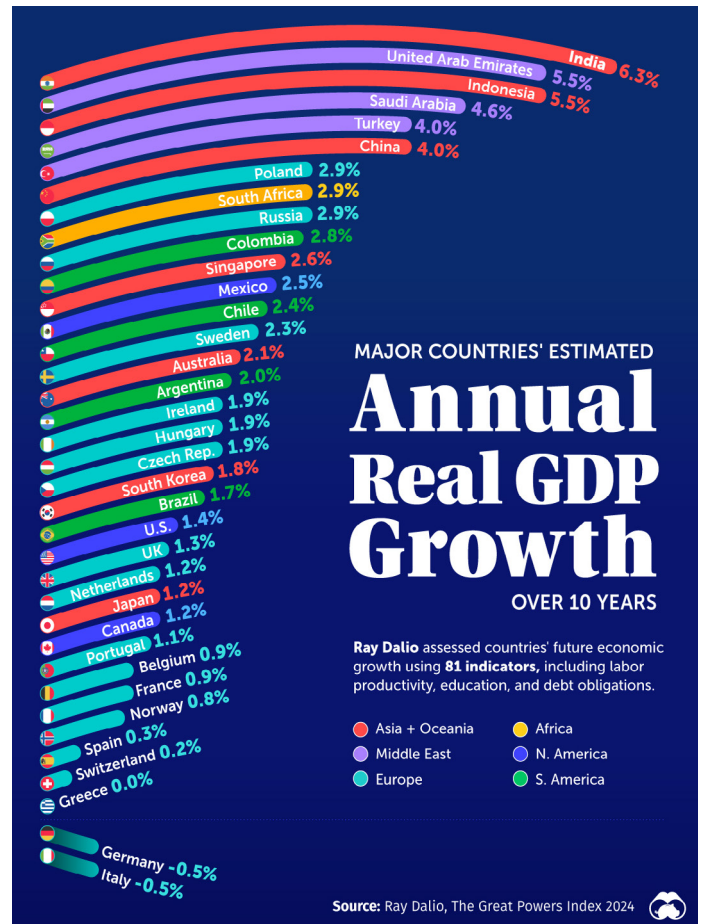
Top Countries by Their Second-Language English Skills



This graphic ranks the top 25 countries according to their English proficiency. Data is sourced from the EF English Proficiency Index, which aggregated the test results of 2.2 million adults across 113 countries.

[Read the full article](#)

Visualizing Real GDP Growth Projections Over 10 Years



Since 2021, hedge fund manager Ray Dalio has published reports on global power dynamics amid evolving geopolitical and economic trends. In particular, Dalio analyzes the future prospects of major nations, shaped by labor market forces, economic stability, and social factors. Looking ahead, many advanced economies are expected to experience slower growth as they grapple with their highest debt levels since World War II. Meanwhile, emerging markets are forecasted to achieve the strongest growth, fueled by rising productivity.

This graphic shows annualized 10-year real GDP growth projections, based on analysis from Ray Dalio's Great Powers Index 2024.

[Read the full article](#)

We hope that you enjoyed this month's newsletter. Please let us know what you enjoyed or write back with any of your own news.

Please forward to a friend, relative, or colleague. As always, we're here for you. See you next month.