

UNCOMMON SENSE

JANUARY 2025 INVESTMENT NEWSLETTER

Enjoy this month's instalment of our newsletter. As always, it is packed with links that you may find interesting.

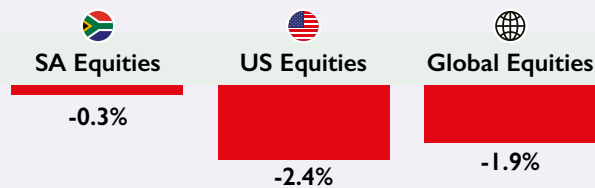
The Stock Markets

DECEMBER 2024

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

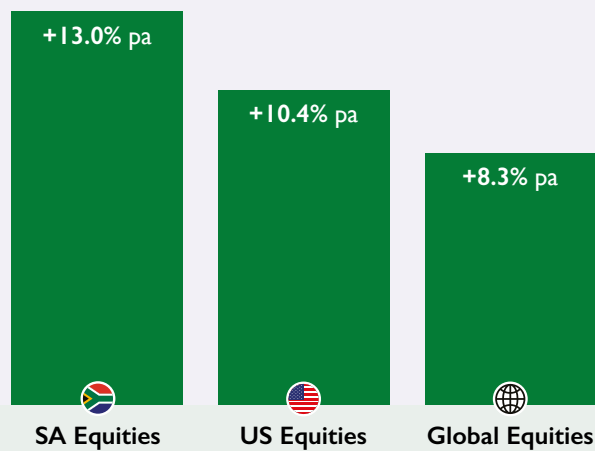
The Unimportant Numbers **1 MONTH**

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. Returns are in local currencies.

Inflation THE REAL ENEMY

DECEMBER 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.



Sources: FE Analytics, Humans Under Management. For illustrative purposes only.



Watch

Do you really own what you buy?

[View](#)

Listen

Money's Resignation Letter

[3 minutes].

We often ask money to provide things it simply can't.

[Listen](#)

BEHAVIOR GAP
RADIO

The Year Ahead

As we begin a new year, we have an excellent opportunity to reset and reflect before life gets busy again.

As this relates to your financial planning, it's the perfect time to remind ourselves of a few core beliefs underpinning how we approach the world of planning and investments.

These are the beliefs that inform how we engage with you and the recommendations we make.

We hope this reminder provides the foundation for a successful 2025.

A Reminder of What We Believe

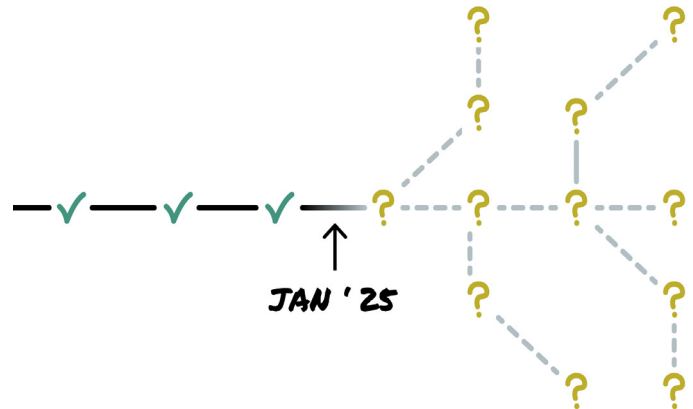
1. Any investment portfolio decisions must be made based on a personal financial plan, and any financial plan must be based on your unique circumstances and life goals.
2. If there's been no change to your circumstances and goals, your plan should not change. If there's been no change to your plan, your portfolio should not change.
3. Purchasing power is the only sane definition of money, and the biggest threat to purchasing power is inflation.
4. Historically, global equities (ownership of the great companies of the world) have been the asset class providing the best long-term returns and protection from inflation.
5. When we invest in global equities, we do so as long-term owners of businesses, not as short-term stock market speculators.
6. Equity markets undergo frequent, temporary declines that cannot be predicted or timed. The only way to earn the market's full return has been to remain invested at all times.
7. Lifetime investment success comes from acting continuously on your plan. Likewise, substandard returns and even lifetime investment failure come from reacting to current events.

How We See The World In 2025

You will find no shortage of forecasts and predictions in other publications. Based on the accuracy of past forecasts, we do not believe these hold any value for long-term investors. Therefore, we will not attempt the impossible.

However, we think it's valuable to "zoom out" to understand the current state of investment markets and the world.

At the surface, there appears to be significantly less uncertainty in the world than a year ago. After a slew of important elections in 2024, global governments are primarily settled. However, as is often the case, the next risk is likely one we are unaware of. We, therefore,



expect uncertainty to continue around a range of geopolitical factors that will be impossible to predict.

On an economic front, global companies continued their trend of increasing profits and raising dividends. These metrics are ultimately the driver of future stock market returns, and we are confident that they will continue to do so no matter what challenges await us.

After a year of negative returns in 2022, global markets provided disciplined investors with exceptional returns in 2023 and 2024. These returns also came, unusually, with very low volatility. It would be reasonable to expect this trend to reverse at some point, and we would caution against expecting the same smooth ride we experienced over the last two years.

Stand Firm

History, as we know, is a chain of constant surprises. We await to see what surprises await us in 2025.

We therefore urge you to remain optimistic about the long term but open to the possibility of anything happening over the next 12 months. Your financial plans should reflect this.

No matter what is in store for this year, we encourage you to remember the core beliefs we've shared above. For the long-term investor, the short-term future is mainly irrelevant. What does matter is how we respond to short-term surprises. If you continue to act on your long-term plans rather than reacting to short-term events, we are confident that your family's financial success will be secure.

We encourage you to focus your energy and attention on the things you can control and hope that you will continue to achieve your family's cherished goals this year.

We are always here to assist you with any financial decisions, and we look forward to continuing to work with you.

Read



Retire Without Regrets [10 minutes].

Understanding personal experiences and lessons can help create a fulfilling postcareer life.

[Read the full article](#)

Why You Need a News Vacation [3 minutes].

Improve mental well-being and create a more balanced perspective on current events.

[Read the full article](#)

3 Improvements for 2025 [4 minutes].

Aim for systems over resolutions.

[Read the full article](#)

Rethinking Resolutions [2 minutes].

Create space for intentionality and personal growth.

[Read the full article](#)



"SUCCESSFUL CAREERS ARE NOT PLANNED. THEY DEVELOP WHEN PEOPLE ARE PREPARED FOR OPPORTUNITIES BECAUSE THEY KNOW THEIR STRENGTHS, THEIR METHOD OF WORK, AND THEIR VALUES."

PETER DRUCKER
MANAGEMENT CONSULTANT, AUTHOR

Ten Small Actions to Have a Better Life Today

[6 minutes]. Small actions can make a profound difference.

[Read the full article](#)

If you're so smart, why aren't you rich? [4 minutes].

True wealth comes from recognizing what is enough for a fulfilling life beyond mere financial success.

[Read the full article](#)

Rational Optimism

144 ways the world got better in 2024



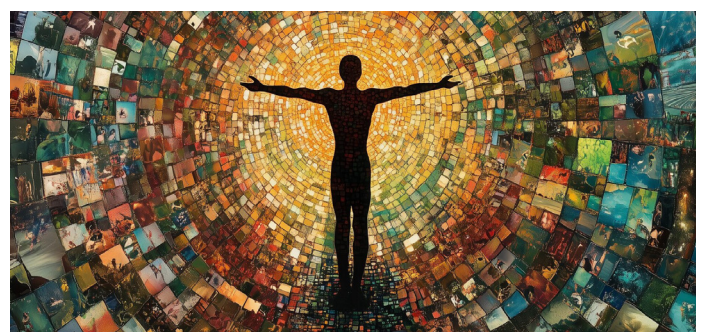
Happy New Year! And welcome to our annual look back at the boldest, most surprising ways the world has changed for the better. This epic list is a treasure trove of hopeful facts, each linked to one of our stories from 2024. We hope it brings you joy and inspiration for the year ahead.

[Read the full article](#)

The 50 greatest innovations of 2024

In 1988, we launched the Best of What's New Awards. The original list highlighted "the very things that make our lives more comfortable, more rewarding, more exciting, and more fun," to quote then-Publisher Grant A. Burnett. Now, in 2024, we continue our decades-old tradition of honoring big ideas. We even see hints of our original honorees in this year's list: Sea-Doo and Ford made both lists, 36 years apart.

[Read the full article](#)



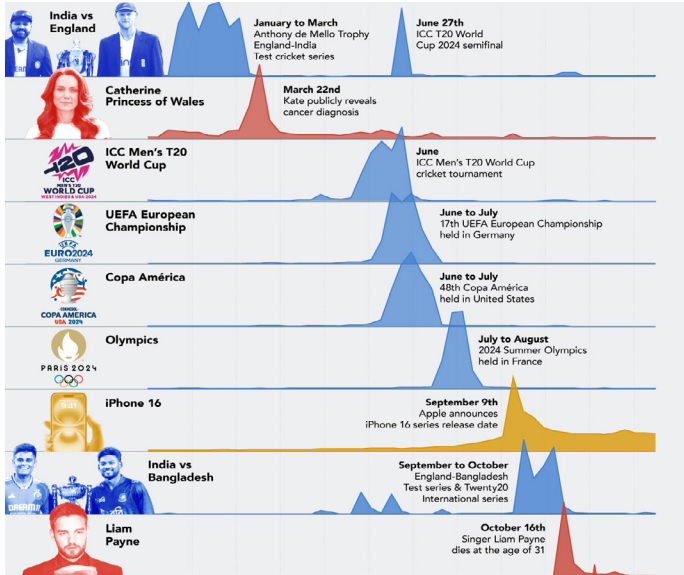
1,066 Good News Stories You Didn't Click On in 2024

Psychologists think that our demeanors are contagious: being around anxious, pessimistic people causes our own moods to tank. Bad news creates a similar phenomenon, with one negative story coloring our perception of other, unrelated events. Good news and cheerful company can have the opposite effect, but the overall battle is tilted toward negativity.

[Read the full article](#)

Visuals

Visualising What the World Googled in 2024



From international sports milestones to the loss of major celebrities, 2024 was a year packed with headlines. To get a pulse on what the world was most curious about, we look at what the world Googled the most this past year. This graphic visualizes the top 10 trending Google searches worldwide in 2024.

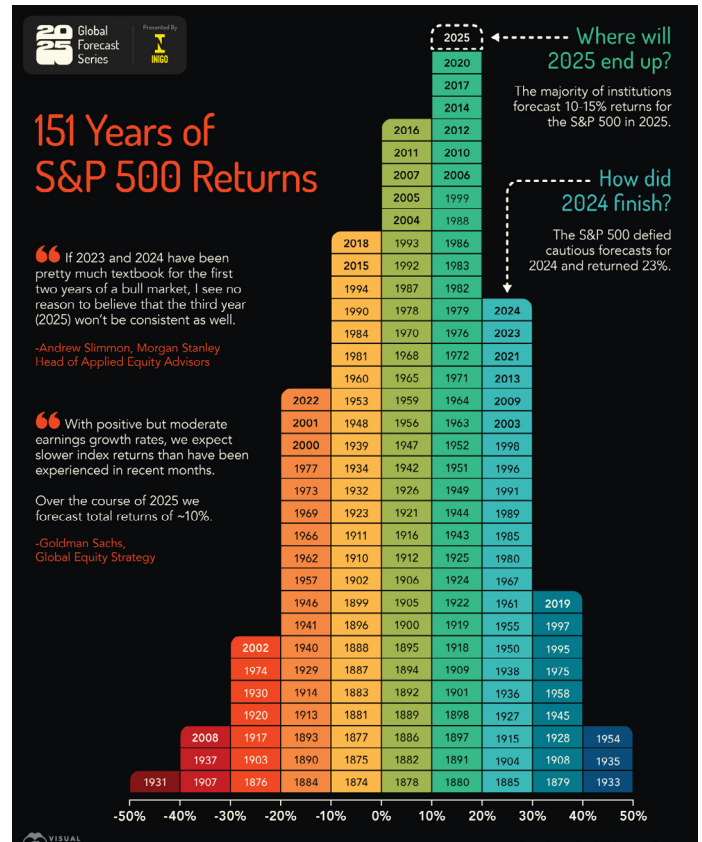
[Read the full article](#)



This graphic reveals the most optimistic countries based on how their populations are feeling about 2025, relative to 2024. Results are based on the Ipsos Predictions Survey 2025, a 33-country study which looks at people's expectations and predictions for the year ahead.

[Read the full article](#)

The Pyramid of S&P 500 Returns (1874-2024)



The S&P 500 soared 23% in 2024, beating virtually every forecast as AI enthusiasm and the tech sector fueled returns.

Over the past two years, the index has climbed 53%, marking one of its strongest two-year performances since the late 1990s. This has pushed the S&P 500's cyclically adjusted price-to-earnings ratio (CAPE) to near-record levels, but despite these valuations, many analysts remain cautiously optimistic for the year ahead.

This graphic shows S&P 500 annual returns over the last 151 years, based on data from TradingView. Looking back, many forecasters expected the S&P 500 to see modest gains, with many projections falling in the middle of the bell curve of historical returns. Goldman Sachs, for instance, forecasted 5-10% returns in 2024, but by March the S&P 500 had already exceeded this target.

[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.