

UNCOMMON SENSE

JANUARY 2026 INVESTMENT NEWSLETTER

Enjoy this month's instalment of our newsletter. It is packed with ideas and links that you may find interesting. As always, we're here if you'd like to discuss how any of these ideas might apply to your unique situation.

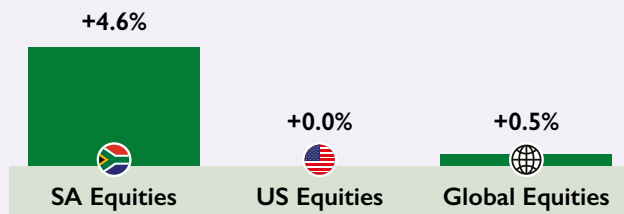
The Stock Markets

DECEMBER 2025

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

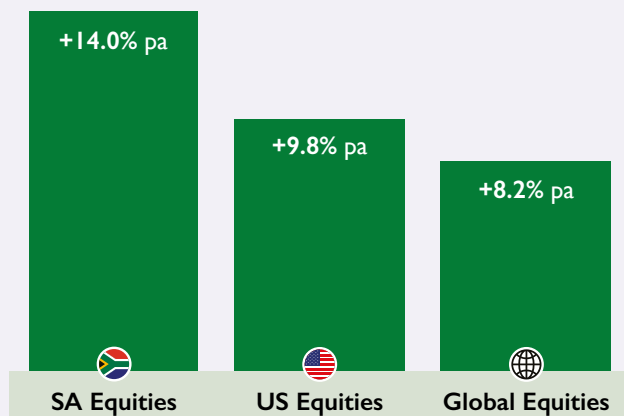
The Unimportant Numbers **1 MONTH**

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 2025

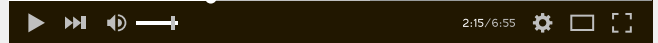
The number one enemy of the long-term investor is the financial dragon called inflation (the silent but steady increase of prices over time).

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.

Put Down Your Phone and Embrace Boredom



Watch

You Need to Be Bored. Here's Why.

[View](#)

Listen

Time Horizons: How the Game Changes When the Clock Changes [12 minutes].

Align the clock with the game, and you give your decisions the chance to compound.

[Listen](#)

BEHAVIOR GAP
RADIO

Three Good Years

Global equity investors have enjoyed a remarkable run. The world's premier stock market index, the S&P 500, rose 24% in 2023, another 23% in 2024, and 16% in 2025. With long-term average returns in the 8-10% range, three consecutive years of above-average performance is something to be grateful for.

This time last year, we discussed with clients the possibility that downside volatility could return after two strong years. It did. Tariff concerns drove a sharp decline in March and April, testing the resolve of investors worldwide. But markets recovered strongly, and those who stayed the course benefited. We enter 2026 with the same mindset.

Understanding the Current Moment

After three above-average years, many investors are asking whether markets have become "overvalued." It's a reasonable question. Unfortunately, it's one that nobody can answer with certainty.

What we do know is that markets tend to revert toward their long-term averages over time. This isn't pessimism. It's simply how markets have always behaved. Extended periods of strong returns are often followed by periods of more modest growth, or temporary declines that bring valuations back in line.

Simply put, a period of below-average returns would be historically normal after the run we've enjoyed. But "normal" doesn't mean "predictable." We have no way of knowing when such a period might begin, how long it might last, or what might trigger it.

What We Can't Know

Current market leadership is concentrated in technology and AI companies. Disappointing earnings from these giants could certainly trigger a change in sentiment. But the decline we experienced in early 2025 came from tariff concerns, something few were discussing a year earlier.

The trigger for the next market decline is almost always something different from what investors expect. This is precisely why we prepare rather than predict. Decades of evidence show that trying to time market exits and entries has consistently failed investors.

How to Approach the Year Ahead

Given all this, you might be tempted to make portfolio changes now. To shift to a more "defensive" position in anticipation of a potential decline.

Our advice: resist this urge.

Your portfolio is already designed around your long-term goals and your ability to weather temporary declines. Making changes based on feelings about where markets might head in the short term isn't planning, it's speculation.

Instead, ensure you have sufficient cash available for any known short-term expenses. This simple step prevents you from being forced to sell investments at an inopportune time. Beyond that, your long-term investments should remain exactly that: long-term investments.

The irony of good preparation is that it often looks like doing nothing. The financially literate understand this and find peace in it.

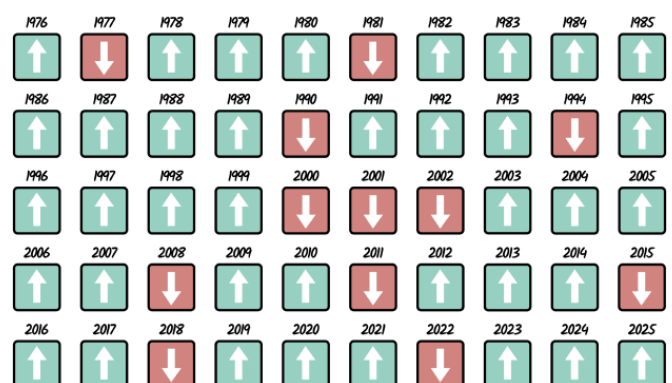
Standing Ready with Confidence

Whether 2026 brings continued gains or a temporary setback, your long-term trajectory remains unchanged. Declines, when they come, have always been temporary. The long-term growth of the great companies of the world has been permanent.

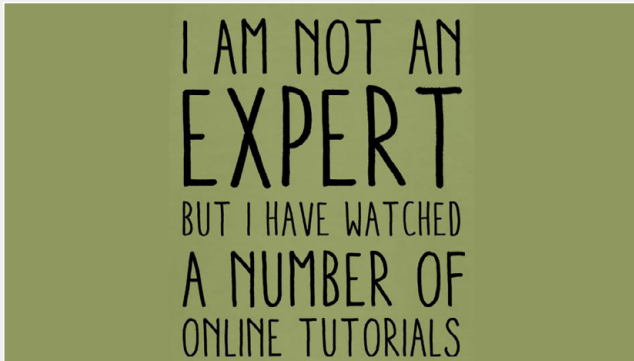
Your role is not to predict the future but to remain invested through it. We've navigated uncertain periods before. The experience of 2025 reminded us that this approach works.

We remain confident in the wealth-building power of owning shares in the world's leading businesses. These companies will continue to innovate, adapt, and grow their earnings regardless of what headlines dominate the news cycle.

If you have any concerns about your situation or would like to review your cash position ahead of the new year, please reach out. We're here to help you approach 2026 with clarity and confidence.



Read



How To Become An Expert At Anything: 5 Scientific Steps To Mastery [7 minutes].

Five scientifically-backed steps that challenge conventional wisdom.

[Read the full article](#)

Living for the Eulogy [5 minutes].

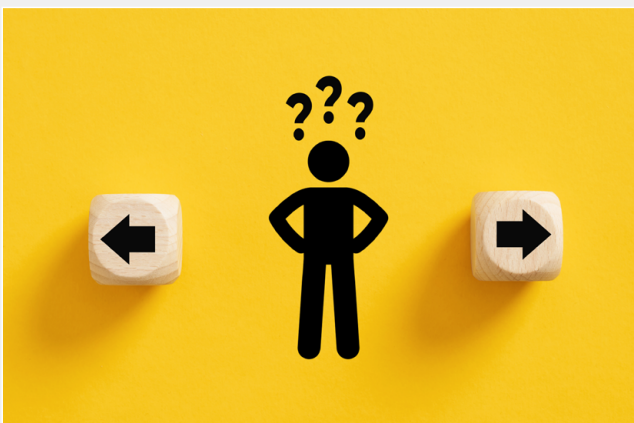
What will your legacy be when you're gone, and are you living for your resume or your eulogy?

[Read the full article](#)

26 Useful Concepts for 2026 [7 minutes].

26 Valuable concepts for 2026 that could reshape your perspective.

[Read the full article](#)



A Decision a Day [4 minutes].

Making better decisions in a world flooded with information.

[Read the full article](#)

The Spiritual Basis for Capitalism [6 minutes].

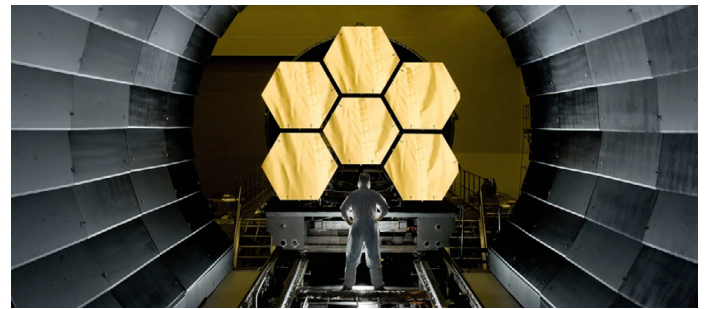
What if the secret to understanding capitalism lies not in economics, but in the very fabric of faith and human nature?

[Read the full article](#)

Rational Optimism

The media is not a friend of the disciplined and patient investor. Ignoring the key determinants of lifetime investor returns, the media focuses on short-term returns, market predictions, and negative news.

We present the following as an antidote to the onslaught of negative news:



The 25 most powerful ideas of the 21st century (so far)

We asked the world's foremost minds to highlight some of the game-changing scientific breakthroughs shaping our world since the year 2000. To reflect on the progress so far, we asked some of the world's leading thinkers to spotlight the groundbreaking scientific breakthroughs that have transformed our world since the turn of the millennium.

[Read the full article](#)

97 ways the world got better in 2025

Happy New Year! And here it is, our roundup of the many ways the world changed for the better in 2025. We hope it makes you feel warmer about the year behind us — and the year ahead.

[Read the full article](#)



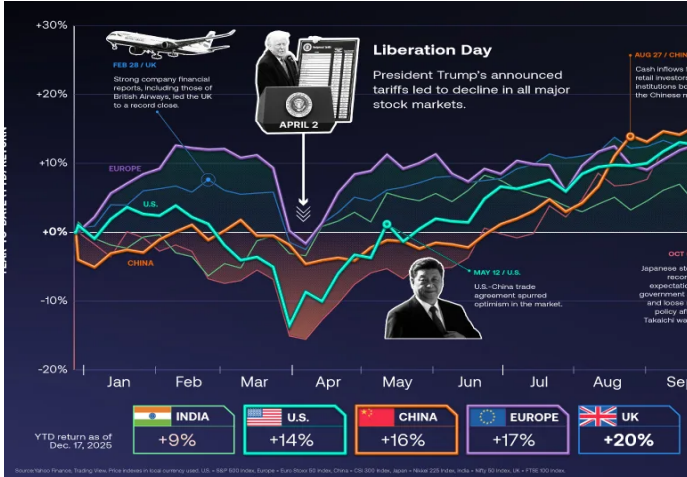
1,084 Reasons the World Isn't Falling Apart

In a Gallup poll from last January, around one-fifth of Americans reported being satisfied with how things are going in the country. Just four percent were very satisfied. It's not a surprising finding for anyone who goes outside and talks to people.

[Read the full article](#)

Visuals

Stock Markets in 2025: Ups, Downs, and Returns Globally



Amid trade shocks and strained geopolitical ties, stock markets in 2025 faced a test of resilience. How long did it take them to recover, and which key moments contributed to market rebounds? In this graphic, we explore the performance of major stock markets and the milestones that fueled ups and downs throughout the year.

[Read the full article](#)

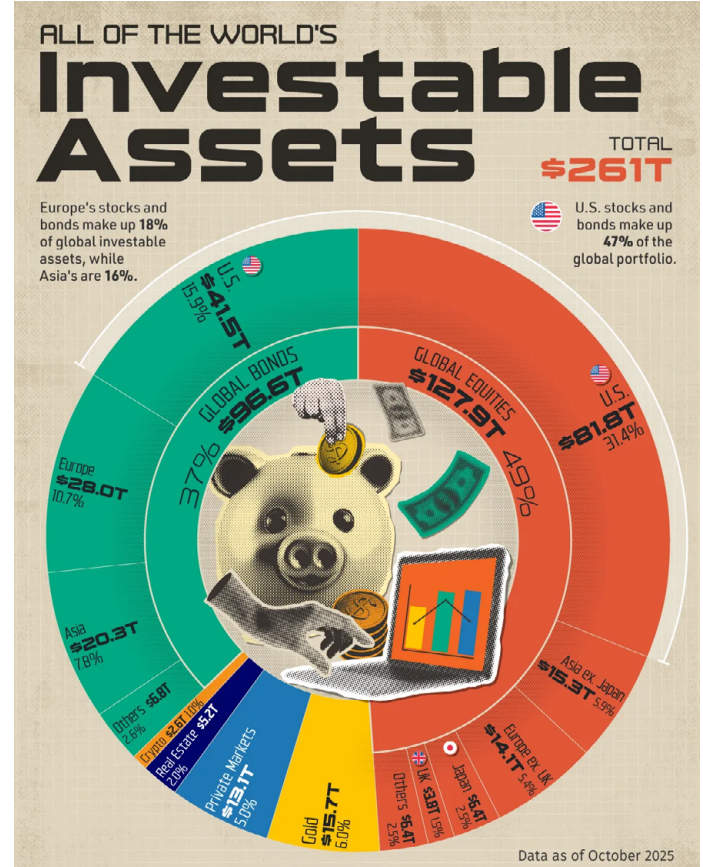
Prediction Consensus: What the Experts See Coming in 2026

China Leans on Exports and Manufacturing	Widespread Investment in Agentic AI	Global GDP Growth Moderates to ~3% <small>Below pre-pandemic average but not recessionary</small>	AI-Powered Cyber Defense Gains Ground	AI Finally Shows Up in Productivity
Space Becomes the New Fad Trade	AI Threatens Professional & Graduate-Level Jobs	Equities Still Powered by AI & Big Tech	GLP-1s Spark Ethical Enhancement Debate	1.5°C Target Officially Off the Table
Treasury Curve Steepens <small>Widens to levels not seen since 2021</small>	Hyperscaler Clean Power Deals Accelerate	Double-Digit Gains for S&P 500 <small>Targets: 7,400-8,000</small>	Data Center Build-Out Becomes a Macro Theme	Tariffs Become the New Normal
Stablecoins Go Quietly Mainstream	Marketing and Personalization Supercharged by AI	Continued Erosion of Rules-Based Order	Fiscal-Monetary Deregulation Trifecta Acts as Tailwind	Defense Spending Marches Upward

For the seventh straight year, we've sifted through the forecast landscape to bring you the Prediction Consensus, a synthesis of what analysts, thought leaders, and industry experts expect for the year ahead.

[Read the full article](#)

All of the World's Investable Assets in One Visualization



America commands a significant share of global investment assets, with U.S. equities and bonds accounting for 47% of the world portfolio.

This dominance is driven in part by the S&P 500's strong long-term performance and the outsized influence of major U.S. tech firms. At the same time, the dollar's status as the world's reserve currency underpins demand for U.S. fixed income.

This graphic shows the global portfolio of investable assets, based on data from Goldman Sachs Investment Research. Global equities total \$127.9 trillion, and the U.S. alone accounts for 64% of global stock market capitalization.

[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.

As always, we're here for you. See you next month.