

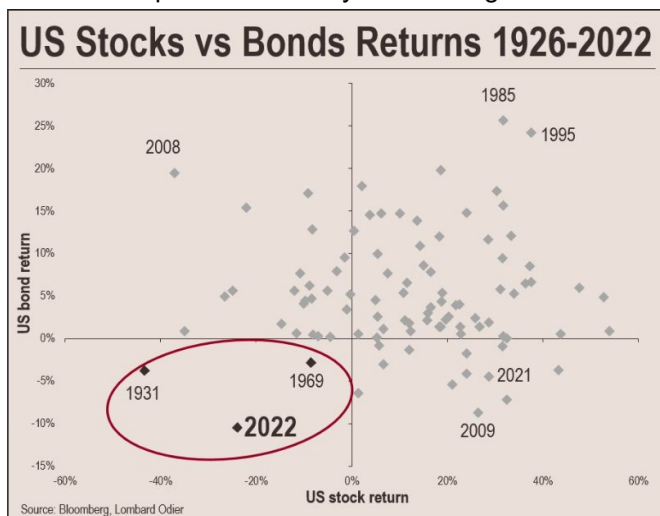
## Medley

### Issue 100: November 2022

The idea has never been to write these letters with the intention to share news per se. We are constantly being bombarded with events and daily news updates. Per definition, we don't want to share old news. Instead, we would like to share insights, or questions that may provoke thought or perspective on relevant financial matters. The material and opinions out there are vast. I'd like to think that we search for those timeless truths (if there is such a thing) that might help us craft our financial milestones and goals. In the words of Charlie Munger: "*If it is trite, it is right*". As a reminder, the true value of our planning process lies in those continual discussion and reviews.

No one would disagree that we live in extraordinary times. This year, together with 1931 and 1969, were the only years when both bonds and equities posted negative returns (with reference to the graph below). These two asset classes usually move in the opposite direction during periods of recession. This time there was literally nowhere to hide. Even Gold was lower over the last 6 months whereas it typically is seen as a store of wealth and protection against severe uncertainty. Jack Bogle said: "*Time is your friend and impulse your enemy*." Keep saving and investing, stay invested and ignore the noise.

Globally tolerance levels between different groups and communities are at alarmingly low levels. Brexit, Donald Trump's presidency, the BLM and other liberal movements with the COVID pandemic have cemented this trend. People are angry, opinionated, divided and politically polarised – not only in South Africa. It is clear that the world as "we" (the so-called westerners) may know it, is changing. Towards what we may ask? We don't know what this new future might look like, but perhaps we may see a de-globalisation where groups of countries and opposing economic powers as such emerge. In this new world order with a potential "Chinussia", the dominance of the US Dollars and American capital will certainly be challenged.



### Bad times inevitably seed better times

When it goes well, we often forget that the world we live in keeps on changing. It is fluid. What would it look like when it is not going so well? As a result, most of us end up worrying about the potential future outcomes and ironically that may in the end never come to fruition. I

sometimes wonder what you will hear from someone who would recount the period shortly after World War II. What do you think would they share with us? What did they feel or think about the future?

It is never as bad as one would like to believe and neither is it as good as one thinks. As a planet and specie, we shall always move between good, not so good and bad times. Luckily the world is never in a static state. The wheel turns and times change. So does the seasons and weather patterns!

Never should we underestimate humans' inherent drive to innovate change and adapt. In the past, and often, pessimists have been proven wrong by the emergence of new opportunities and alternative technology. We should not discount our ability to re-invent ourselves.

Good planning is in essence trying to mitigate risks associated with something catastrophic (not necessarily with a certain outcome) or something with a material impact on our well-being, physically or financially speaking – obviously all unforeseen circumstances. We need to assess the known as well as the potential unknowns and try to plan accordingly. Unfortunately, this is easier said than done.

### The frailty of forecasts

Nils Bohr, a physics Nobel laureate apparently once said: "*Prediction is very difficult, especially if it is about the future*." Take the weatherman's forecasts this past winter. Many of them were wrong. After all, professional economists certainly don't charge a fee for humility. "I don't know" are the three most underused words in our financial industry. We work with the future, but ironically people seemingly are so convinced.

A valid question at the moment may be "Is it a good time to be invested?" Or, perhaps given all that is going on in the world, "Is now a good time to sell and run for the hills?" Often a response is something like: "I think I'm just going to wait it out until things turn around." We can relate and understand the sentiment and emotional reaction as investing isn't easy and involves so much uncertainty – all the time.

To try and find an answer to "when is the right time" is the equivalent of trying to read cards for what the future may hold. It is simply unknowable. But perhaps if you take the view that so many great minds have expressed, that the stock market is a place of madness, it could help simplify your decision-making.

Predictions about financial markets are often pointless, never mind difficult. The challenge really is to evaluate news flow and commentary critically and to guard against emotional decision-making on the basis of a sensational viewpoint. This could be **easier with a sound financial plan and seeing through the business cycles with a longer-term approach.**

### Season Greetings

We would like to wish everyone a blessed Christmas and a joyful time with family and friends. It is a time of the year to reflect and re-evaluate. May 2023 be a year in which good and just leaders in South Africa emerge.

Once again thank you to all our clients for your support and patronage. We acknowledge the trust you place in our family business and appreciate these relationships over so many years.