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A Decade in Review

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The seemingly arbitrary passage of roughly 3650 days is celebrated as a decade, which is the amount of time it takes our planet to revolve around the sun 10 times. Businesses and economic cycles do not however take note of such precisely choreographed celestial marathons. The last 10 years have shown that trying to make macroeconomic forecasts is a fool's errand. The start of this new decade however mark's Tacit Investment Management's 10th year of existence and we are pleased to have helped our longer term clients achieve their non arbitrary goal of preserving and growing their wealth.

Over the last decade, we have lived through the Fukushima nuclear disaster, the Euro crisis, the oil price crash, the Brexit vote, the rise of populism on both the left and right of the political spectrum, the Trump trade wars and the ongoing fires in Australia.

If you could only read the news about the global economy and politics over the last 10 years and had to wager which direction equity prices went in this period, the astute gambler would have bet that they went down. The astute gambler would have, however, been very wrong. This is because two inputs are missing from the barrage of negativity often written about in the press. One of these is what we often write about here at Tacit – that is the fact that valuations matter and can often compensate for a poor economic outlook. The other is the fact that the world is not as bad and scary as it seems.

Intelligent people who shape public discourse are often pessimists. Also, pessimism sells. Optimism does not garner as much attention to sell advertising. You will never hear about a nuclear reactor that didn't accidentally release harmful radiation, countries peacefully trading with each other or a forest that isn't in flames. This is not to offhandedly dismiss credible political and climate threats we are facing. It is however important to recognise the progress that has occurred and have our facts firmly rooted in reality.

According to the latest data, people globally are living longer, are better fed, safer, more connected and extreme poverty is in steady decline. At the same time, there is an increased sense of gloom and dread. This disconnect is explained by the political scientist John Mueller – "People seem simply to have taken the remarkable economic improvement in stride and have deftly found new concerns to get upset about."

At Tacit, our job remains the same for the next decade. To process the inputs from the data about the global economy, political developments and valuations in order to make rational investment decisions. This is the most likely way of helping our clients continue to achieve their personal objectives.