

Why Do Investors Get So Nervous About Change?

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If you have children or grandchildren, you'll have noticed what a different world they're growing up in compared to when you were their age. Whether you're 70 or 35, the world has changed dramatically during your lifetime.

Of course, we've always expected lifestyles to evolve from one generation to the next. Think about how a "slow" computer frustrates us today, whereas the same machine was considered lightning-fast just a few years ago. What feels sluggish now once seemed revolutionary.

Whilst our world has always experienced change, the rate of change is speeding up considerably. Many historians and sociologists have noted this acceleration in recent years, telling us that today's world is transforming at a pace unlike anything previous generations have witnessed.

Humans naturally struggle with anything other than linear, predictable change. Consider this. The Earth spins at roughly 1,000 miles per hour at the equator, yet we don't feel this constant motion at all. Our daily experience feels stable and predictable. The sun rises and sets every twenty-four hours, week follows week in familiar patterns. Everything seems much the same, but underneath, enormous forces are constantly at work.

What has driven this rapid transformation? In one word: technology.

The printing press in the 15th century certainly created a paradigm shift – a fundamental change in how information spread, and societies developed. But that transformation unfolded over roughly a century. Before that, with only word of mouth and slow travel, major shifts in societal thinking might take several centuries to occur. Now, with the internet, such changes can happen in just a few years.

The development of artificial intelligence promises to accelerate this trend further, potentially reducing barriers to entry across many industries, perhaps, ironically, most significantly in the technology sector itself as AI replaces human roles.

Investing in this environment presents different challenges and opportunities. The barriers to entry for many industries have fallen dramatically over the past decade. How else could an internet company like Amazon compete so aggressively with established retailers like Tesco, Carrefour, and Walmart in such a short timeframe?

No company is completely insulated from competition from nimbler, technology-driven competitors. Consumers adapt their behaviour daily, embracing new ways to interact through smartphones and tablets. Only companies with strong intellectual capital can truly protect themselves from these threats – and even they must keep innovating to maintain their competitive edge.

Most people will never feel entirely comfortable with this constant technological change, and that's perfectly natural from a psychological standpoint. We are wired to prefer predictability and gradual change over rapid transformation.

However, at Tacit, we believe this dynamic environment makes investing more interesting rather than more frightening. The companies that successfully navigate technological disruption often emerge stronger and more valuable. Those that adapt, innovate, and serve changing customer needs tend to reward their shareholders handsomely over time.

Technology is now permanently embedded in the global economy and will continue driving innovation and changing how people behave and companies operate. Whilst this might feel unsettling, it's worth remembering that human ingenuity has always found ways to harness change for positive outcomes.

Just as we don't feel the Earth spinning beneath our feet, many of the most profound technological changes integrate so seamlessly into our lives that they quickly become invisible. The smartphone revolution seemed dramatic when it happened, but now these devices are simply part of how we live and work.

For investors, the key is partnering with investment managers who understand these dynamics and can identify companies positioned to benefit from, rather than be disrupted by, technological progress. Our conviction-led approach becomes particularly compelling during periods of rapid change, when careful analysis and long-term thinking can separate the genuine opportunities from the temporary noise.

Rather than fearing change, we can embrace it as a source of opportunity, much like learning to appreciate that the Earth's constant motion through space is what gives us our seasons, our weather patterns, and ultimately, the dynamic world we inhabit.

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