


A scenic view of a large lake with mountains in the background and a wooden pier extending into the water. The water is a deep blue, and the sky is bright blue with scattered white clouds. The foreground is filled with green pine trees. A small white boat is visible in the middle of the lake. A wooden pier extends from the shore into the water, and a small building is visible on the right side of the shore.

# Battles Fought & Victories Won

## 25 Years of Investment Lessons and Learnings

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 @AdrianSaville

Founding Director | Boutique Asset Management  
Professor in Economics, Finance & Strategy | GIBS

# Jump Off Question: How Much Is Enough?





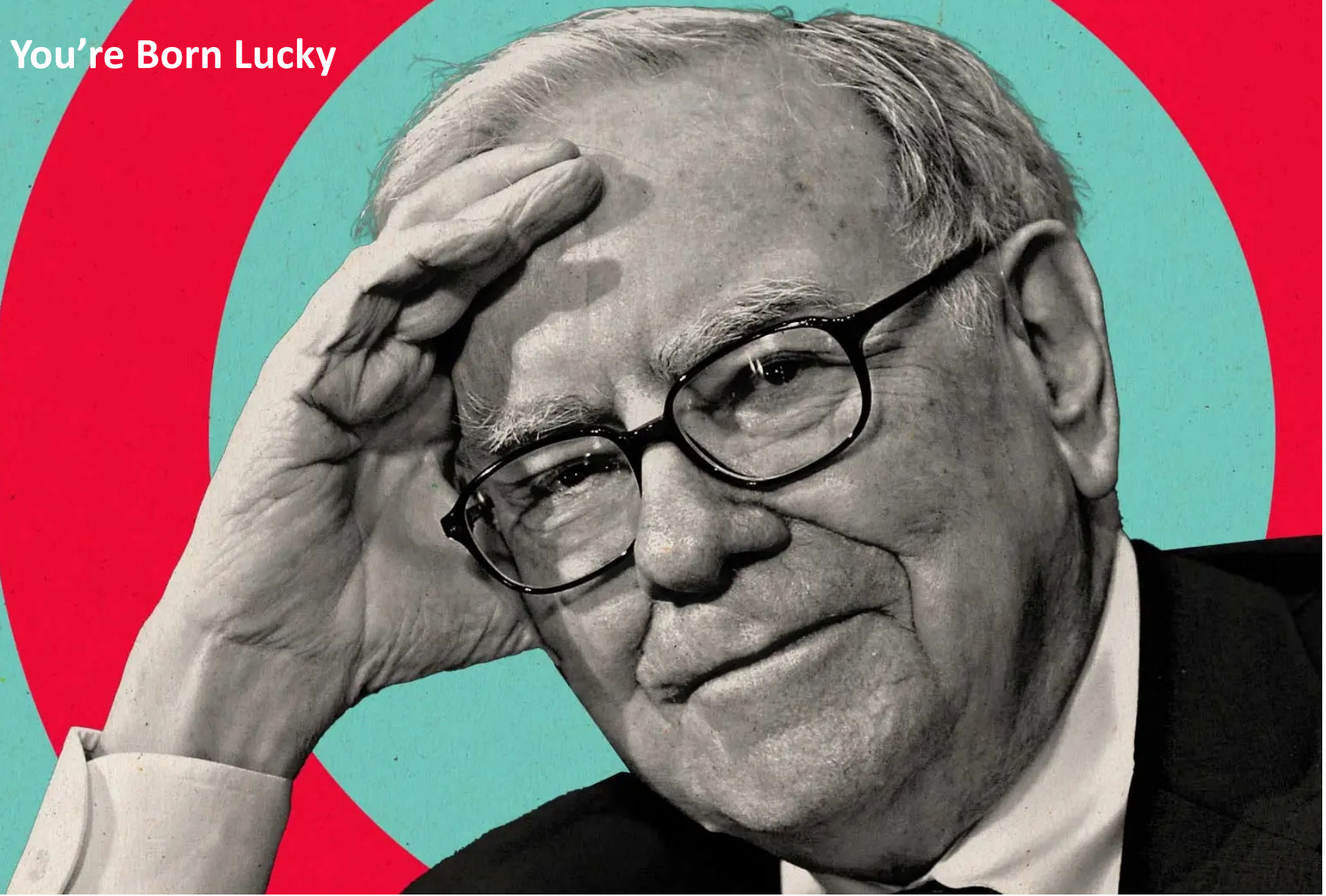
## Skill Or Luck?

Baseball has a lot of luck.  
Business strategy and investing are also filled with luck that is confused with skill - and mistaken for skill.

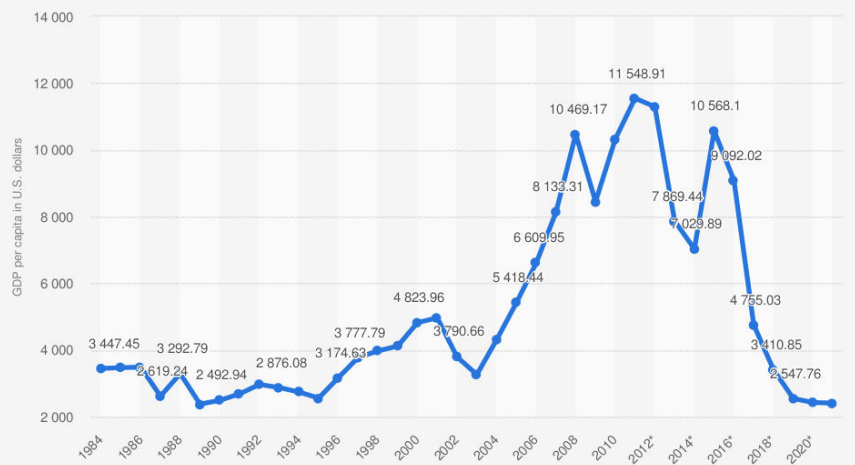
If you can you assign a cause to the effect; reversion to the mean is slow; and predictions are little better than random, then skill is carrying the results. Otherwise, it's luck that's winning the day.

Three Olympics, eight medals, less than 120 seconds on track - and 20 years of training.

**It Helps If You're Born Lucky**



# And If You're Born Unlucky ...



President Nicolás Maduro (2013) previously served under Hugo Chávez. Juan Guaidó, serving as President of the National Assembly since 5 January 2019, took public oath to serve as interim president on 23 January 2019



Between January 2012 and January 2020, the bolivar moved from the equivalent of 10/\$ to 83bn/\$.

From This We Identify The Greatest Destroyer Of Wealth

**POW!**

# It's Not Tax ... It's Inflation



Besoek  
Kentucky by:

- **BLOEMFONTEIN:**  
h/v Zastron- en Mark-  
graaffstraat.
- **KIMBERLEY:**  
h/v Edward- en De  
Beersweg.
- **WELKOM:**  
Langweg 327E.
- **KLERKSDORP:**  
Kerkstraat 21.
- **KROONSTAD:**  
Murraystraat 38.

NEEM KENTUCKY HUIS TOE —  
SEWIE DAE PER WEEK — OOP  
VAN VROEG SOGGENS TOT LAAT  
SAANS. GEEN ONNODIGE GE-  
WAG — DNS IS INGERIG OM 'N  
MINIMUM VAN 40 PERSONE ELKE  
KWARTIER TE BEDIEN I  
BELASTING INGESLUIT.

## VRYSTAAT EN KENTUCKY

### Altyd 'n WEN-KOMBINASIE







<p><b>MIDDAGETE-PAK</b> ..... <b>88c</b></p> <p>1 stuk hoender. 2 Klein slaai van u keuse. 1 Broodrolletjie.</p> <p><b>SNOEPPAK</b> ..... <b>R1.10</b></p> <p>2 Stukke vingerlek-lekker hoender. Kapokaartappels met sous. Broodrolletjies.</p> <p><b>ETEPAK</b> ..... <b>R1.60</b></p> <p>3 Stukke vingerlek-lekker hoender. Geurige koolslaai. Kapokaartappels met sous. 2 Broodrolletjies</p> <p><b>VYFPAK</b> ..... <b>R1.95</b></p> <p>5 Stukke vingerlek-lekker hoender, genoeg vir 2 tot 3 hongeriges.</p> <p><b>ANDER BYDISSE:</b> SNACKS: Kaas Hamburger 80c. Gewone 70c. Skyfies groot pak 75c, Klein pak ..... <b>30c</b> SLAAIE: Koolslaai, Kerrieboontjies, Russiese Slaai, Beetslaai. Groot Houers ..... 500 g <b>60c</b> VRUGTESLAAI: Groot houers ..... 500 g <b>70c</b> KAPOKAARTAPPELS EN SOUS 125 g <b>20c</b> SOUS (die Kolonel se spesiale resep) ..... <b>40c</b></p>	<p><b>SPAARPAK</b> ..... <b>R3.25</b></p> <p>9 Stukke vingerlek-lekker hoender, genoeg vir 3 tot 5 hongeriges.</p> <p><b>WAARDEPAK</b> ..... <b>R4.30</b></p> <p>12 Stukke vingerlek-lekker hoender, genoeg vir 4 tot 6 hongeriges.</p> <p><b>EMMER</b> ..... <b>R5.45</b></p> <p>15 Stukke vingerlek-lekker hoender. 6 Broodrolletjies en sous, genoeg vir 5 tot 7 persone.</p> <p><b>PARTYPAK</b> ..... <b>R5.95</b></p> <p>18 Stukke vingerlek-lekker hoender, genoeg vir 6 tot 9 persone.</p> <p><b>BALIE</b> ..... <b>R6.85</b></p> <p>21 Stukke vingerlek-lekker hoender, genoeg vir 7 tot 10 persone.</p>
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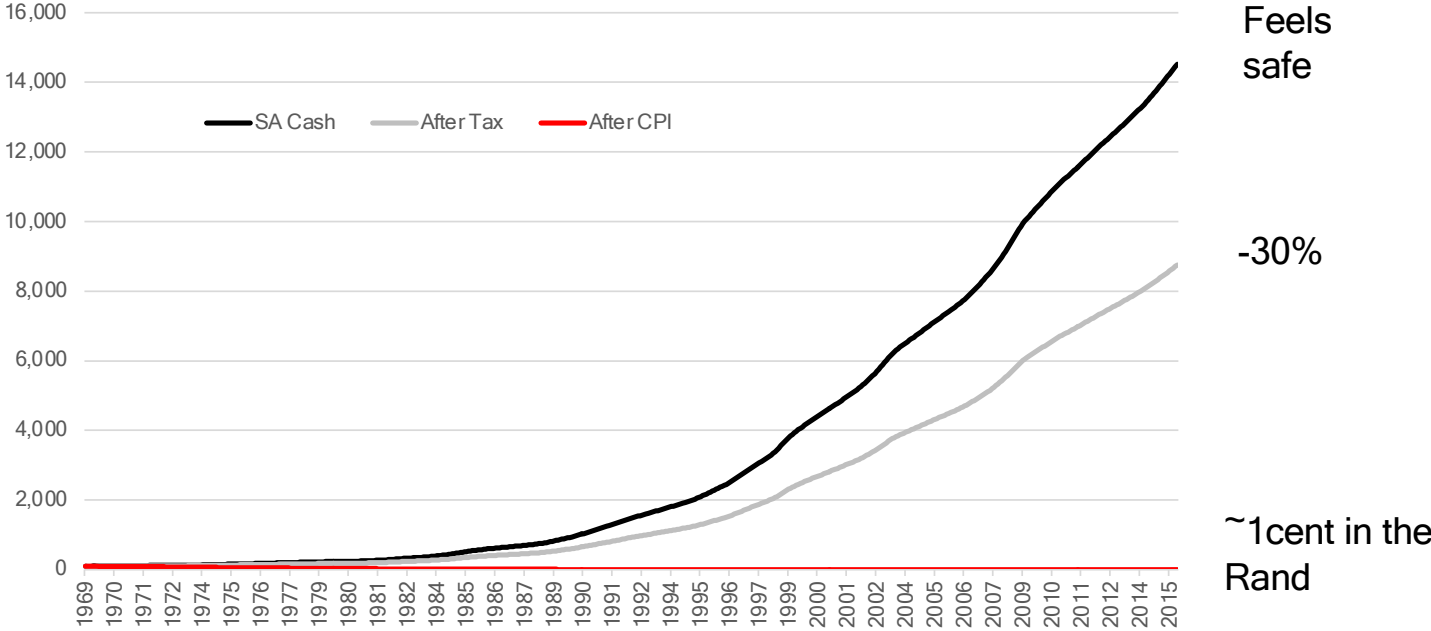
# Kentucky Fried Chicken.

## Dis Vingerlek-lekker

	
9 Piece Bucket	114.90
15 Piece Bucket	189.90
	
21 Piece Bucket	249.90
Streetwise Feast	129.90
	
Dinner deal 1	99.90
Streetwise Five with one large chips	79.90



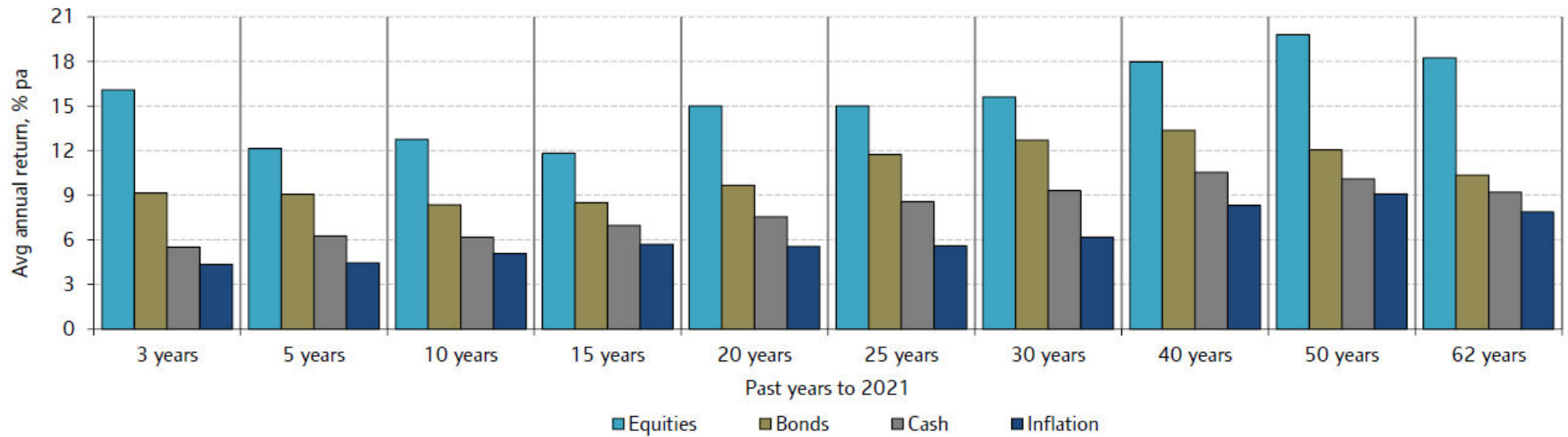
# The Greatest Destroyer Of Wealth





# Asset Allocation: The Single Greatest Protector

Figure 15: SA broad asset class average annual total returns (1960 – 2021)



Source: IRESS, FactSet, SARB, SBG Securities analysis

# But Returns Are Bumpy & Volatility Becomes The Enemy

Figure 42: Top 40 - historical 1 year nominal total returns (1995 – 2021)

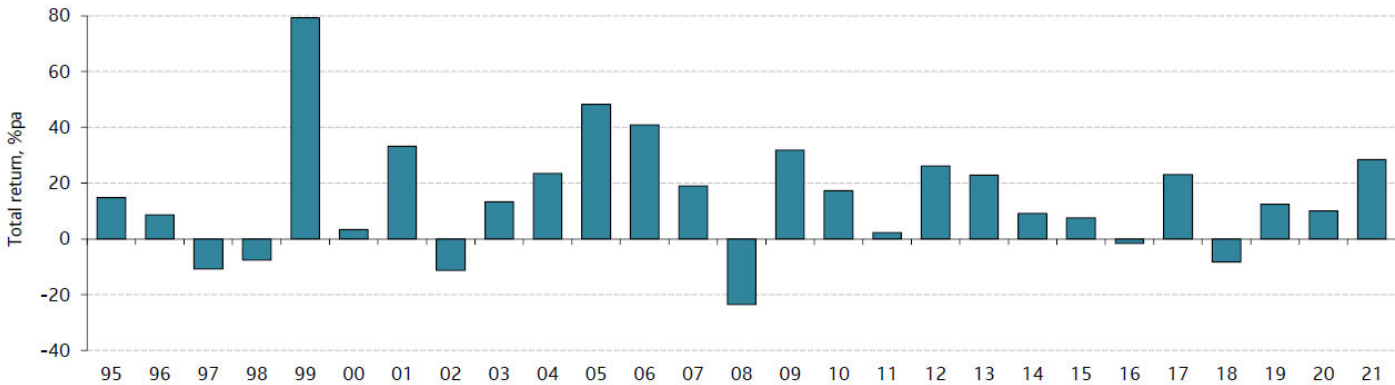
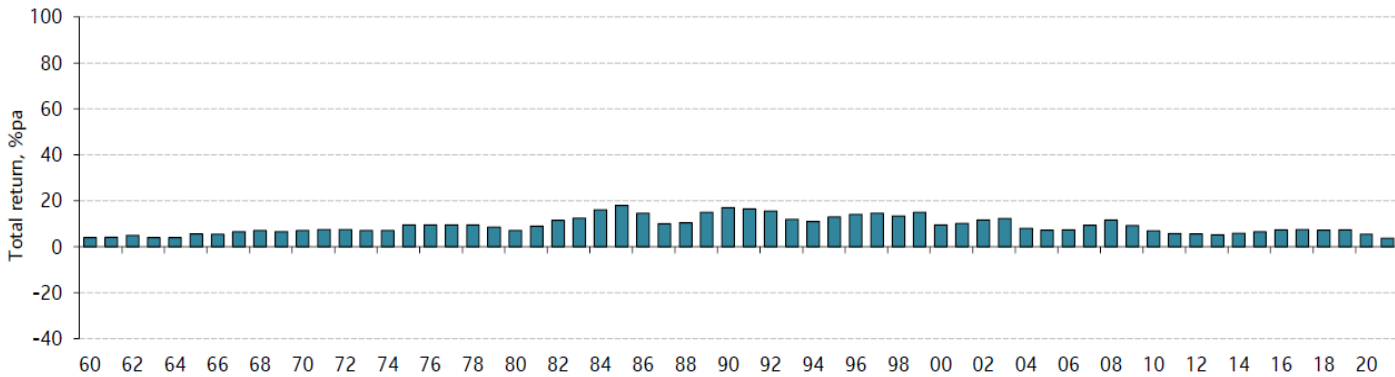


Figure 23: Cash - historical 1 year nominal total returns (1960 - 2021)



Source: IRESS, SARB, SBG Securities analysis

## And Then We Get In Our Own Way



Pogo On Investing

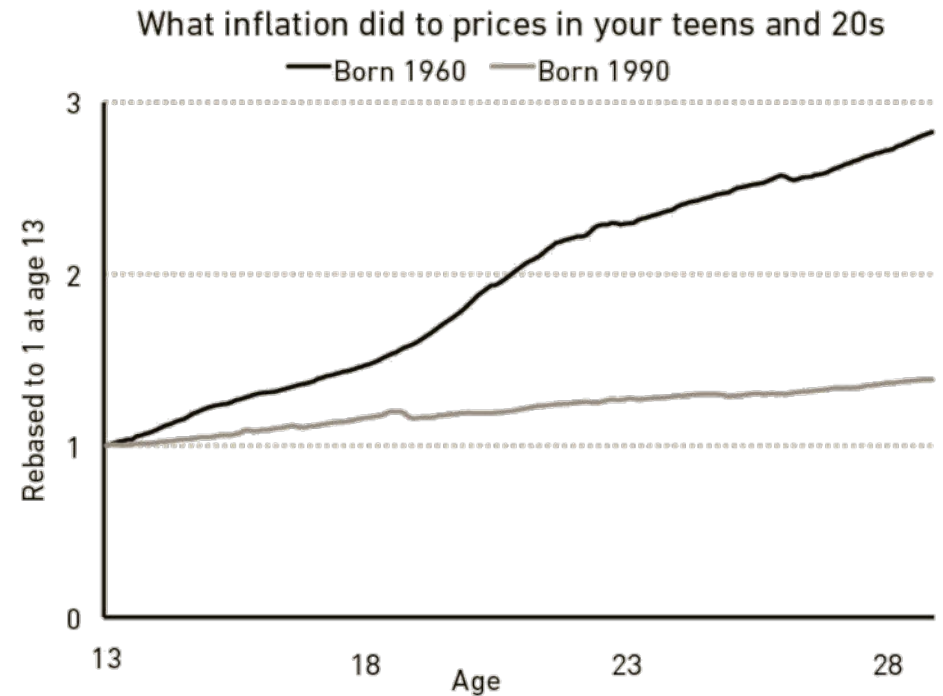
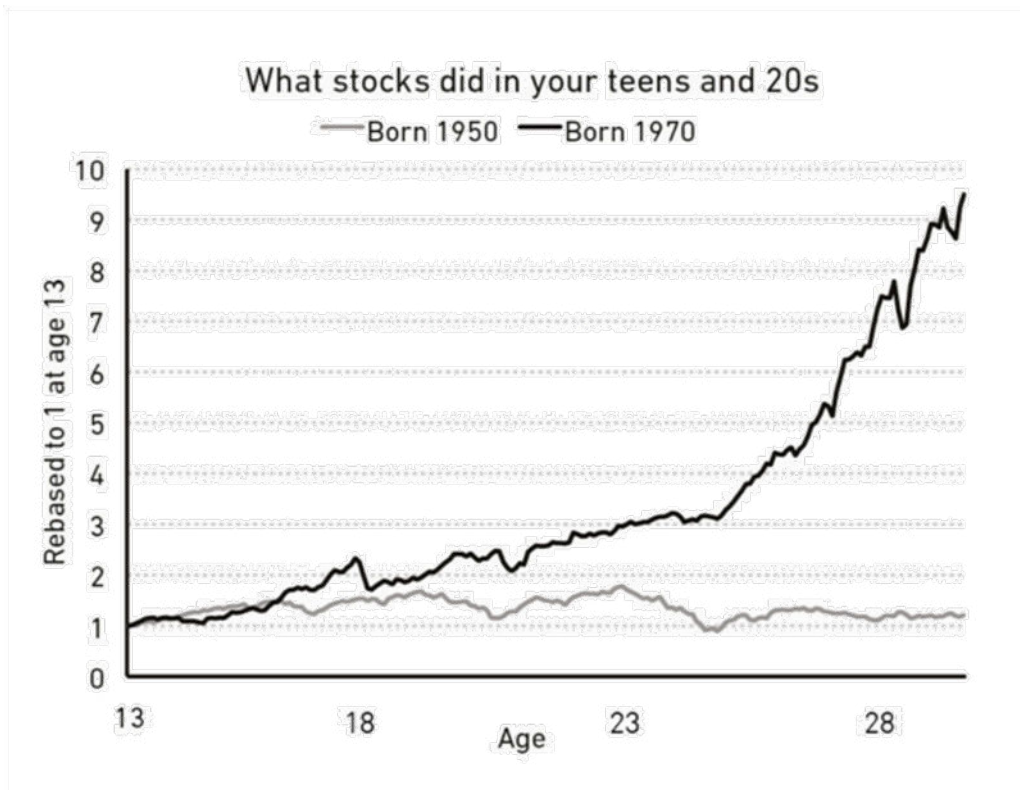
IT *IS* HARD  
WALKIN'  
ON THIS  
STUFF.

YEP, SON,  
WE HAVE MET  
THE ENEMY  
AND HE IS US.



WALT KELLY

## Outside In: Context Shapes Belief



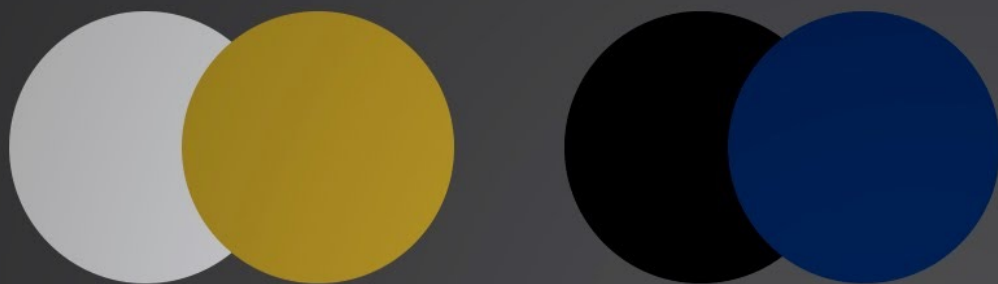
Your personal experiences with money make up maybe 0.00000000001% of what's happened in the world, but maybe 80% of how you think the world works. There's a huge gap between firsthand knowledge and how we parlay those limited insights into making sense of the world. Our experiences color our judgment, but the foundations of that judgement are dubious, incomplete, and full of blind spots.

Let's Go Back To The Oracle of Omaha: Investing Is Simple, But Not Easy





Imagine If We Could Make It Simple & Easy!



# HOW TO SEE THE DRESS BOTH WAYS



# Lessons Learned: The Building Blocks For Investment Success

Time **1**

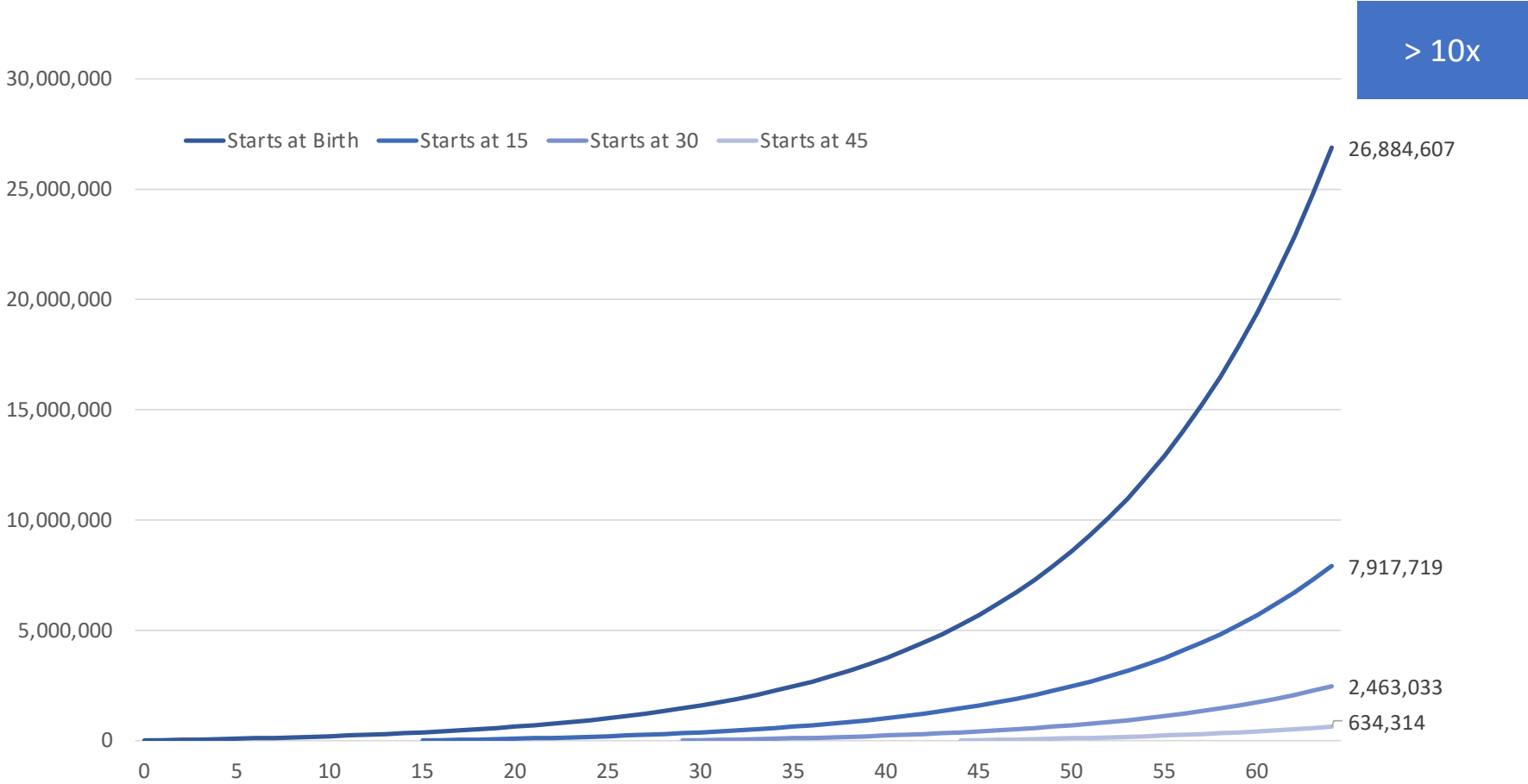
Fees

Buy the Market

Diversify

Manage Yourself

# If Inflation Destroys, Time Builds



Investment of R1,000 per month; average return of 8.4% per annum net of fees

# Lessons Learned: The Building Blocks For Investment Success

Time **1**

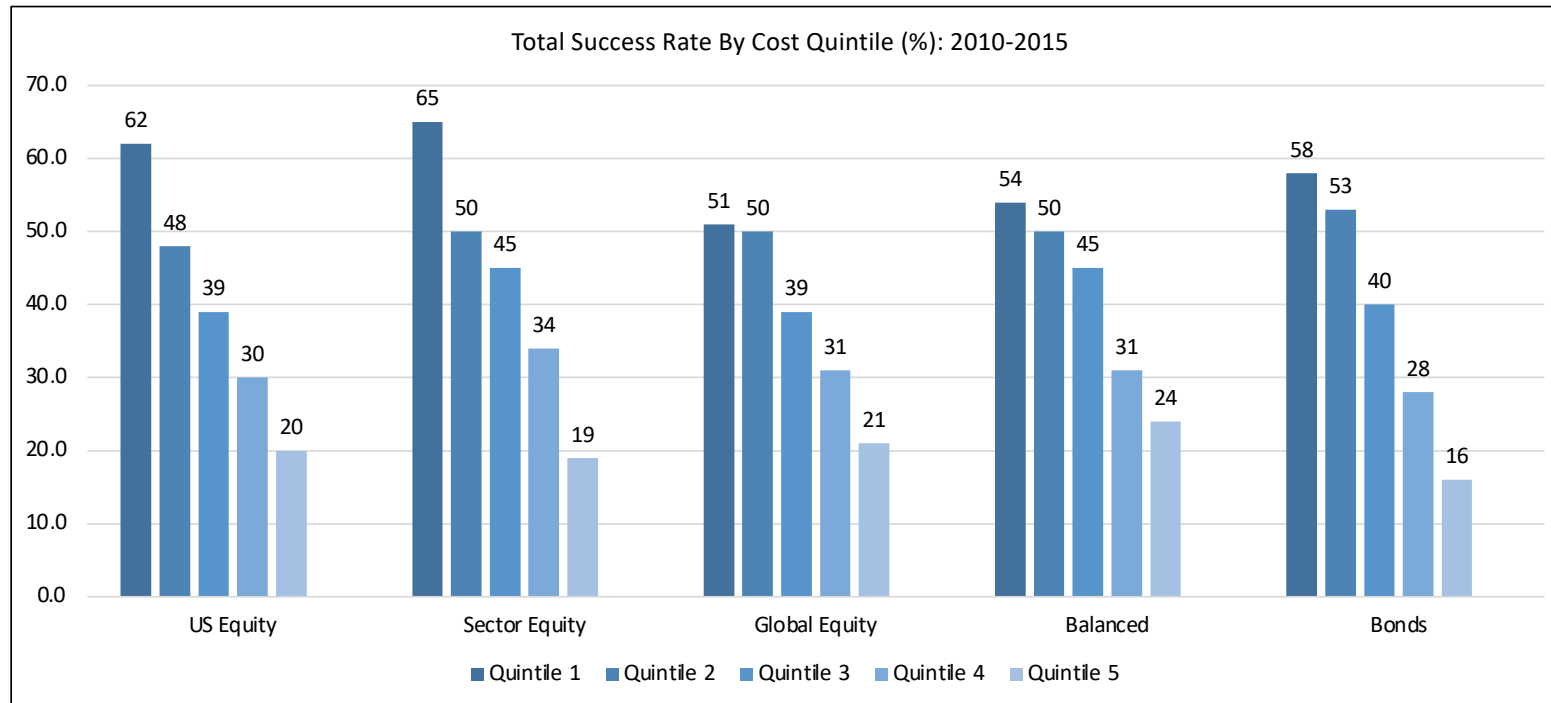
Fees **2**

Buy the Market

Diversify

Manage Yourself

## Get Fees Low



“Success requires that a fund survives and outperforms its category. All told, lowest cost funds are three times as likely to succeed as the priciest quintile.”

# Lessons Learned: The Building Blocks For Investment Success

Time **1**

Fees **2**

Buy the Market **3**

Diversify

Manage Yourself

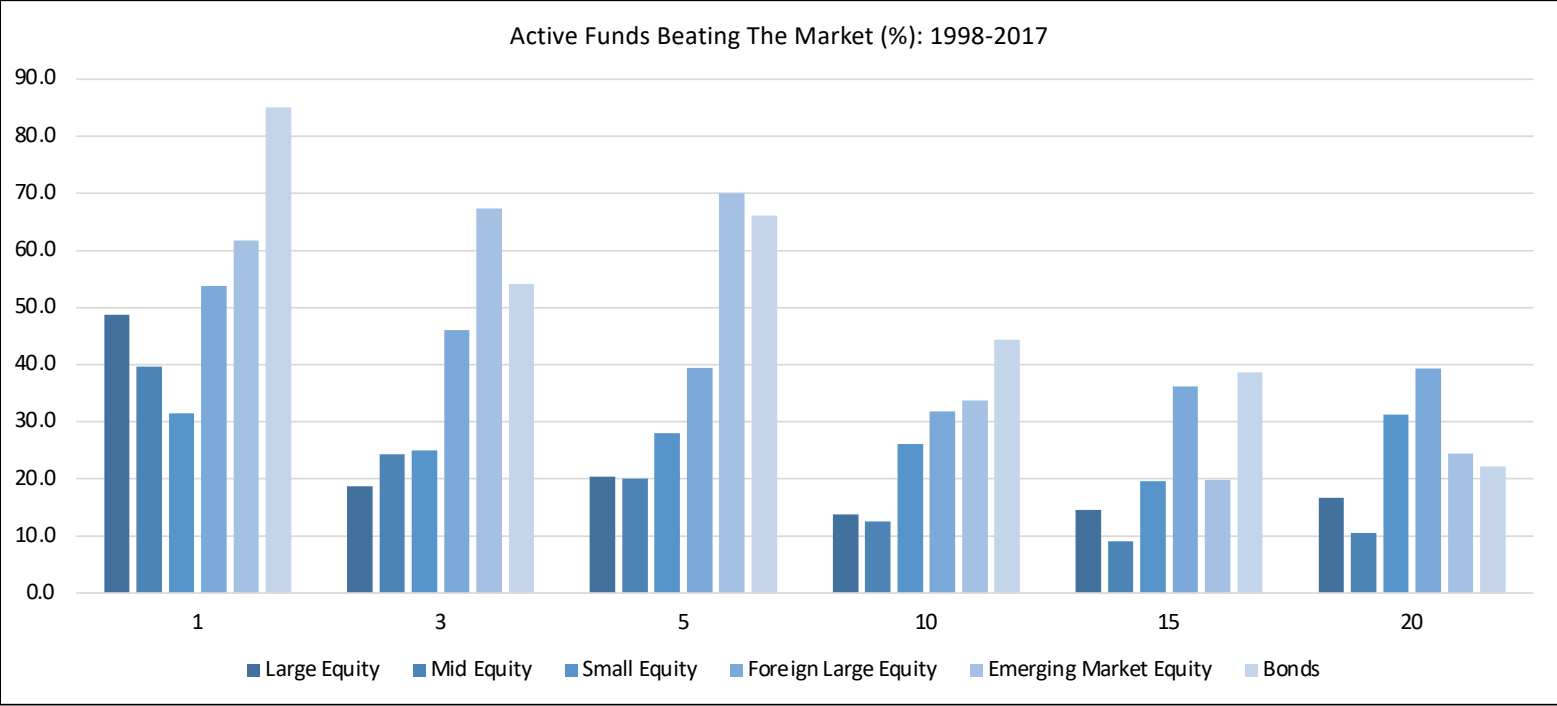




“If you are ready to give up everything else and study the whole history and background of the market and all principal companies whose stocks are on the board as carefully as a medical student studies anatomy – if you can do all that and in addition you have the cool nerves of a gambler, the sixth sense of a clairvoyant and the courage of a lion, then you have a ghost of a chance.”

– Bernard Baruch  
Financier, investor and  
philanthropist  
1870-1965

# Buying The Market Beats The Market



“There is no category where a majority of active managers beat the market over a 10-year period, let alone longer ones.”

[www.marketwatch.com/story/more-active-managers-are-beating-the-market-but-it-wont-last-2017-08-23](http://www.marketwatch.com/story/more-active-managers-are-beating-the-market-but-it-wont-last-2017-08-23); Ryan Vlastelica, Morningstar (2017)



# Lessons Learned: The Building Blocks For Investment Success

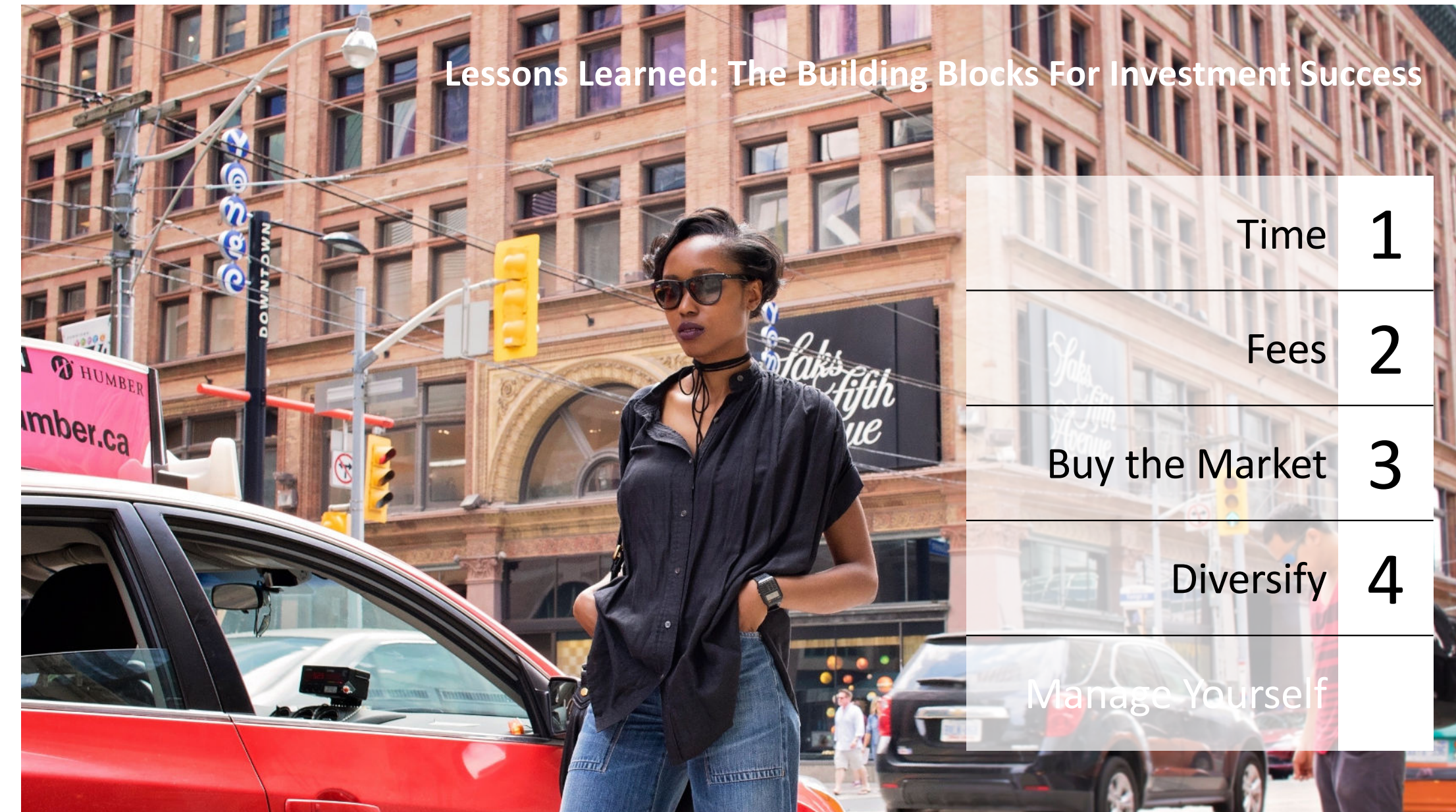
Time 1

Fees 2

Buy the Market 3

Diversify 4

Manage Yourself



# Diversification: The Freest Lunch In Investing

	Year	Gold	Cash	Bonds	Property	Equities	"Safe" Five	Blended Five
• In times of heightened anxiety and uncertainty, investors will often favour a "safe asset" that gives "a stable 5% return".	1	100	100	100	100	100	100	100
• To get this steady return, investors will sell out of other riskier asset classes, such as real estate and equities which have less knowable returns.	2	100	103	105	108	110	105	105
	3	100	105	110	116	121	110	110
	4	100	108	116	124	133	116	116
	5	100	110	122	134	146	122	122
	6	100	113	128	144	161	128	129
	7	100	116	134	154	177	134	136
• This may not be as rational as it first seems - especially if you have a long investment timeline.	8	100	119	141	166	195	141	144
	9	100	122	148	178	214	148	152
	10	100	125	155	192	236	155	162
	11	100	128	163	206	259	163	171
• To illustrate, let's imagine you find a stable, single asset investment that will give you a guaranteed 5% per annum over the next 25 years.	12	100	131	171	222	285	171	182
	13	100	134	180	238	314	180	193
	14	100	138	189	256	345	189	206
	15	100	141	198	275	380	198	219
	16	100	145	208	296	418	208	233
• If you invested \$100 today, it would then be worth \$323 at the end of the term.	17	100	148	218	318	459	218	249
	18	100	152	229	342	505	229	266
	19	100	156	241	368	556	241	284
	20	100	160	253	395	612	253	304
• Then, let's put 20% into each of five assets that have a blended average return of 5,0%.	21	100	164	265	425	673	265	325
	22	100	168	279	457	740	279	349
	23	100	172	293	491	814	293	374
	24	100	176	307	528	895	307	401
• \$431 beats \$323	25	100	181	323	567	985	323	431

## Lessons Learned: The Building Blocks For Investment Success

Time 1

Fees 2

Buy the Market 3

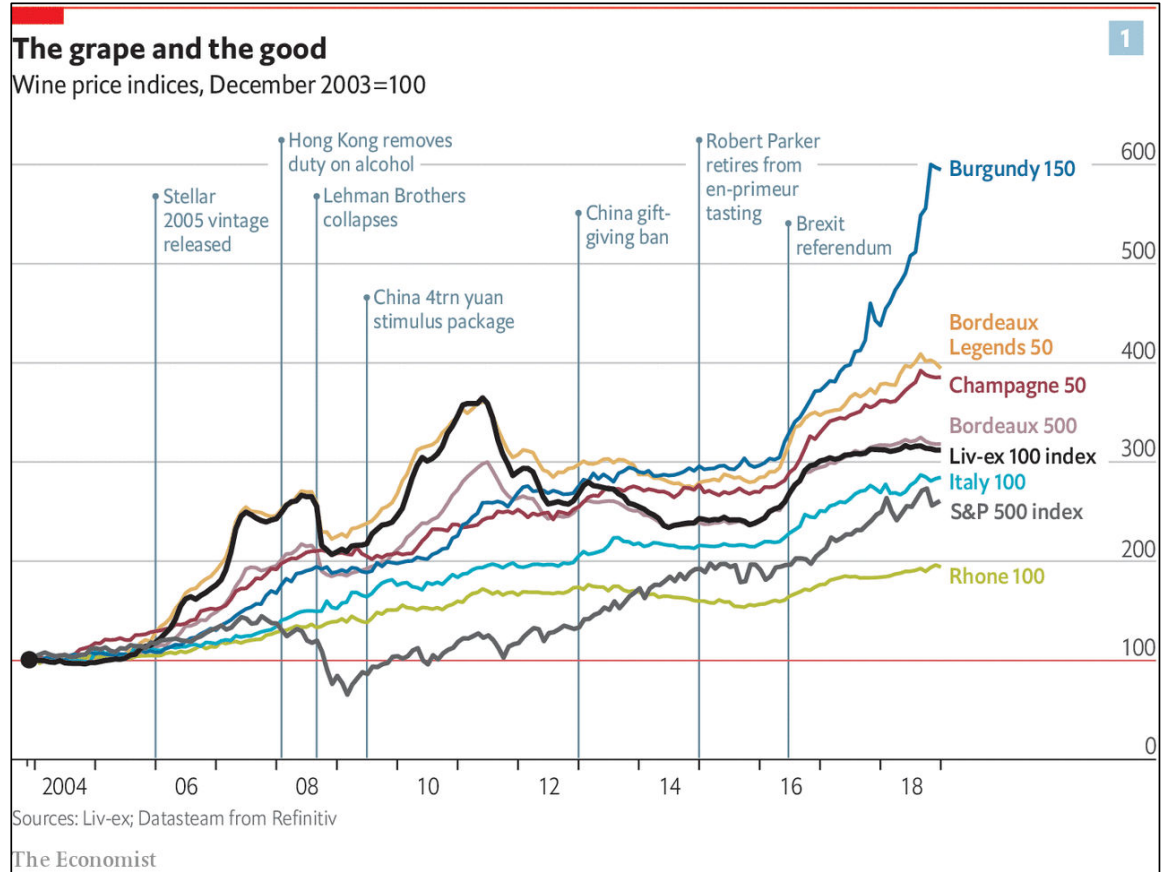
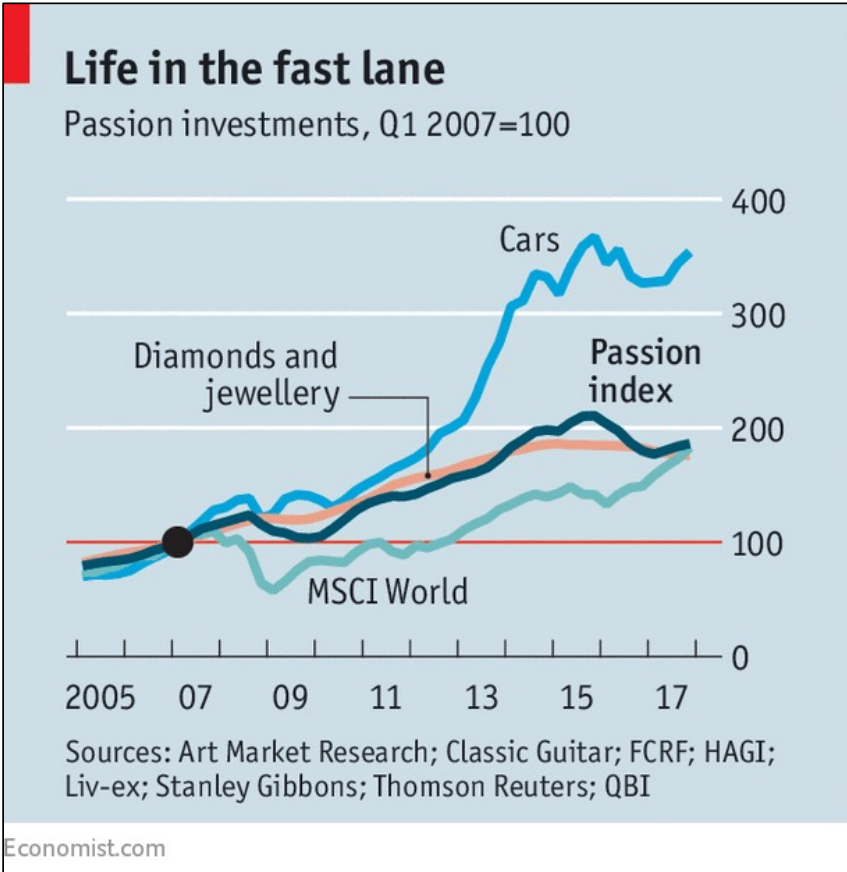
Diversify 4

Manage Yourself 5

“The world is your oyster.  
You could go to Mars.”

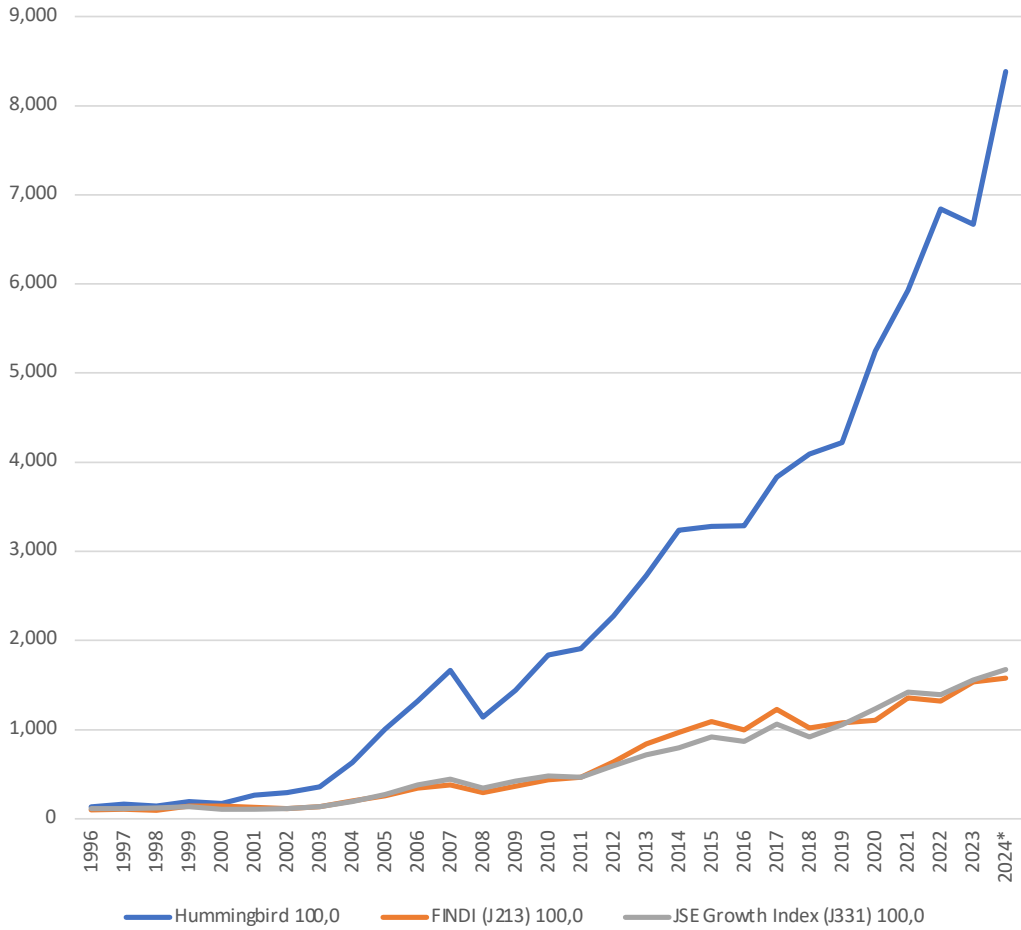


# Try These ...



# Dogs Fly: Hummingbird At 28

	Hummingbird	FINDI (J213)	JSE Growth Index (J331)
1996	34,0	2,4	11,8
1997	21,7	3,1	0,2
1998	-14,3	-9,9	8,2
1999	37,5	47,4	11,3
2000	-9,3	0,0	-21,0
2001	52,1	-7,9	0,6
2002	12,0	-12,8	4,9
2003	21,2	17,6	18,1
2004	75,3	48,8	48,1
2005	58,7	29,6	39,5
2006	31,7	36,0	37,2
2007	26,3	8,4	17,6
2008	-31,6	-22,2	-22,6
2009	26,7	25,7	23,0
2010	27,5	18,9	13,5
2011	3,9	6,3	-2,5
2012	19,1	37,9	27,7
2013	19,9	30,7	20,1
2014	18,7	15,9	11,7
2015	1,2	12,1	15,0
2016	0,3	-8,3	-5,5
2017	16,6	22,4	22,4
2018	6,7	-16,8	-13,9
2019	3,1	5,6	15,2
2020	24,4	2,7	17,0
2021	12,9	22,5	15,0
2022	15,5	-2,7	-2,0
2023	-2,6	16,6	11,9
2024*	25,8	2,7	7,5
Return (% p.a.)	18,4	12,1	11,7
Volatility (% s.d.)	21,7	18,6	16,2
Return/Risk	0,9	0,7	0,7







# Empowering Your Finances with Every Swipe!

[Open an account](#)



Be Very Careful Of These ..



... Watch Out  
For These ...

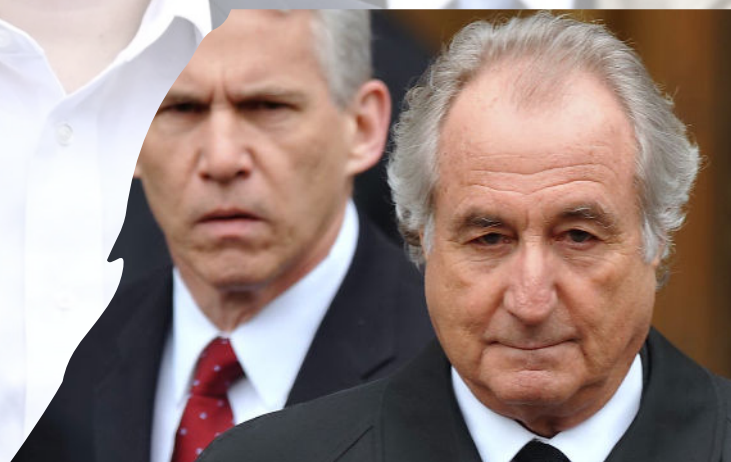


MARKUS JOOSTE

### GROUP REJECTS ALLEGATIONS

#### STEINHOFF

Share price, daily close (cents)



Expect These ...

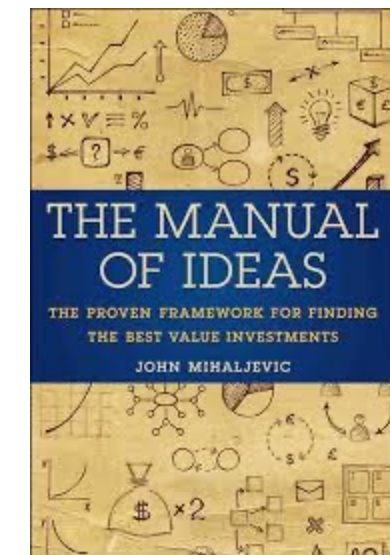
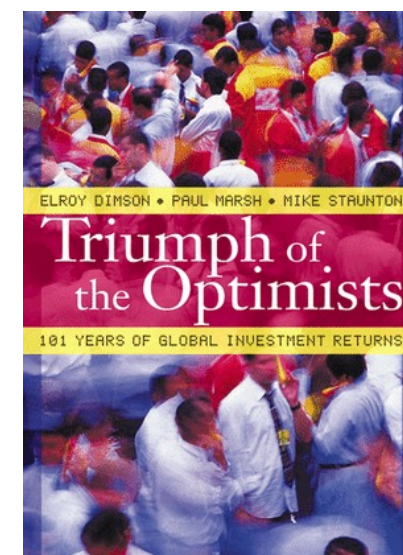
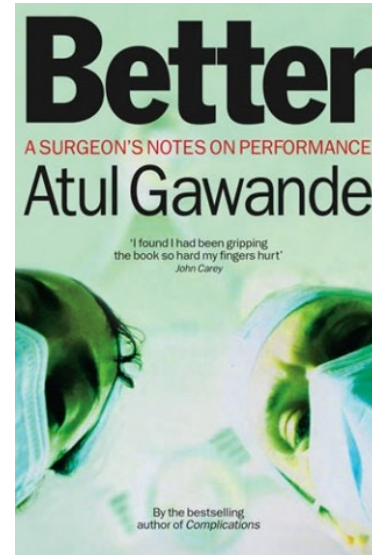
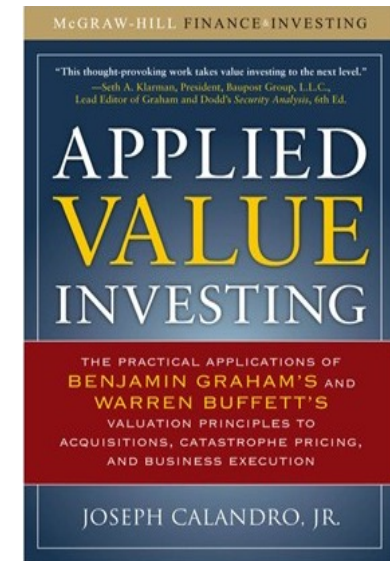
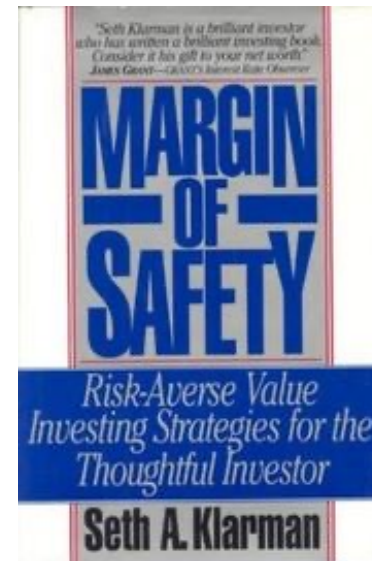
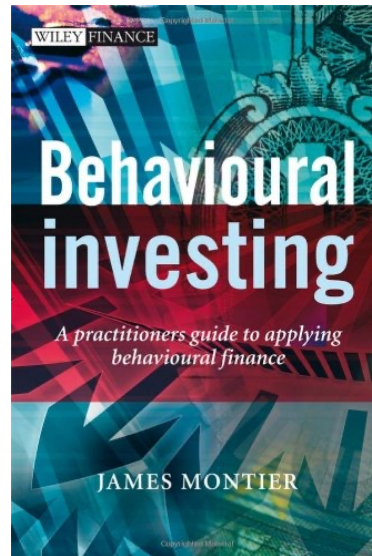
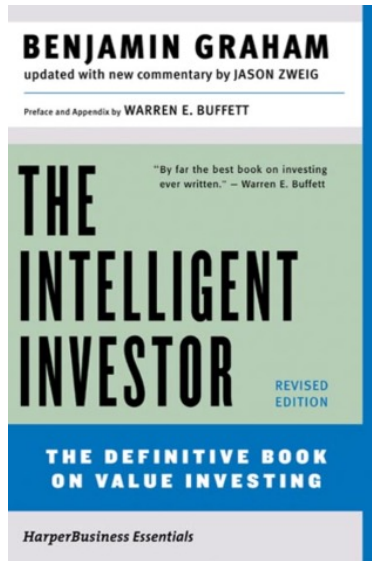


Alt text: A group of people hugging each other

A Final Framework

	Good Outcome	Bad Outcome
Good Process	Deserved Success	Bad Break
Bad Process	Dumb Luck	Poetic Justice

Never Stop Reading & Learning



See also Ben Carlson (2020) A Wealth of Common Sense <https://awealthofcommonsense.com/2020/07/tldr-the-best-finance-books-in-one-sentence-2/>

“Let’s change the future ...  
We start today.”





Thank You

savillea @ AdrianSaville