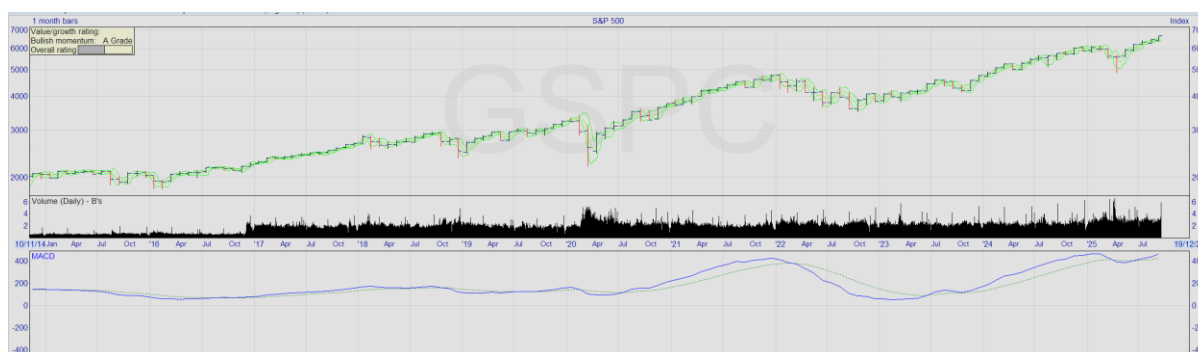




24 September 2025

Overview

It continues to be an endless rise in US markets. But this is the time to think in terms of portfolio not stocks. What I mean is when the markets are overbought, you want to think about the sharp falls that individual stocks might have and therefore consider your whole portfolio and not try to be 100% correct on each stock. Some of your portfolio team will get hit, but that's to be expected in such markets. The team as a whole should see you through nicely though.



And as wealth is created largely for Americans by Americans (all my holdings are US stocks and I am British) here is the list of trillion dollar companies and the next in queue to join.

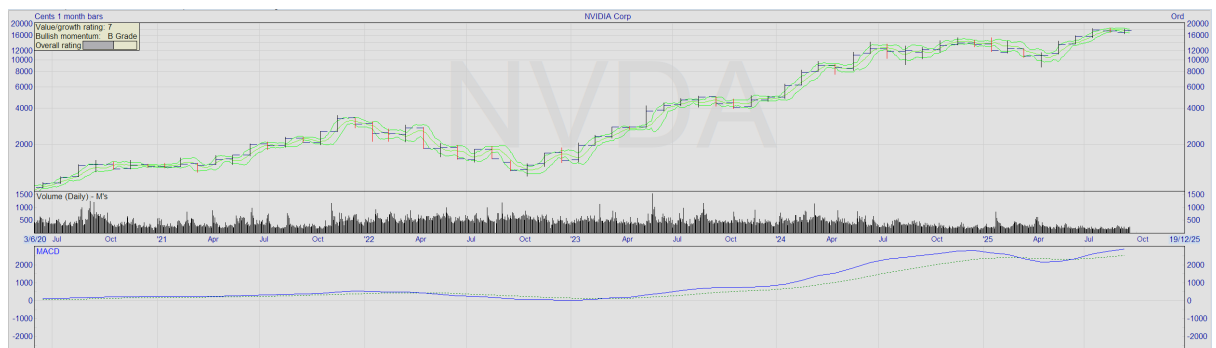
Name	Alpesh value/growth rating	Capital (£m)
NVIDIA Corp		73,192,833.0
Microsoft Corp		72,857,675.2
Apple Inc		82,704,361.5
O - Alphabet Inc		62,289,823.5
Alphabet Inc		62,287,878.5
Amazon.com Inc		71,832,477.6
Meta Platforms Inc		81,451,399.8
Broadcom Inc		71,209,124.6
Tesla Inc		51,051,623.2
Taiwan Semiconductor Manufacturing Co Ltd		8 809,871.4
Berkshire Hathaway Inc A		2 790,429.1
O - Berkshire Hathaway Inc B		2 789,896.6
Oracle Corp		8 651,315.3
JPMorgan Chase & Co		7 642,555.4
Walmart Inc		7 605,363.0
Eli Lilly & Co		7 500,616.8
Visa Inc		5 491,862.2
Mastercard Inc		6 391,834.5
Netflix Inc		7 387,007.1
Exxon Mobil Corp		5 357,022.6

Who will join the trillion dollar club next:

1. TSC
2. Berkshire
3. Oracle
4. JP Morgan
5. Eli

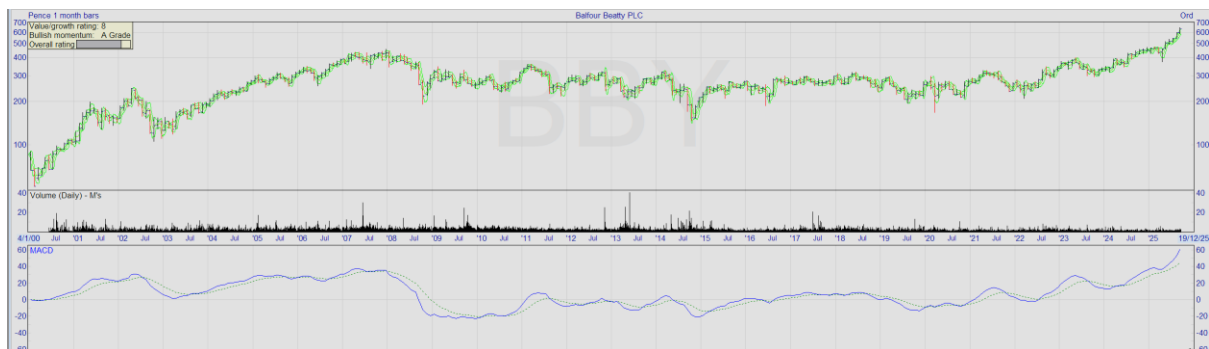
Will be my next 5 bet.

They are all overbought (see MACD in the next chart) and that does not guarantee a fall.





Others in this group are Balfour Beatty (stop building homes and start building data centres for good ness sake!).



Then there are volatile but fundamentally sound and oversold companies like Coats. To me, I don't like the volatility, so I stay away. Man Group is in this category.



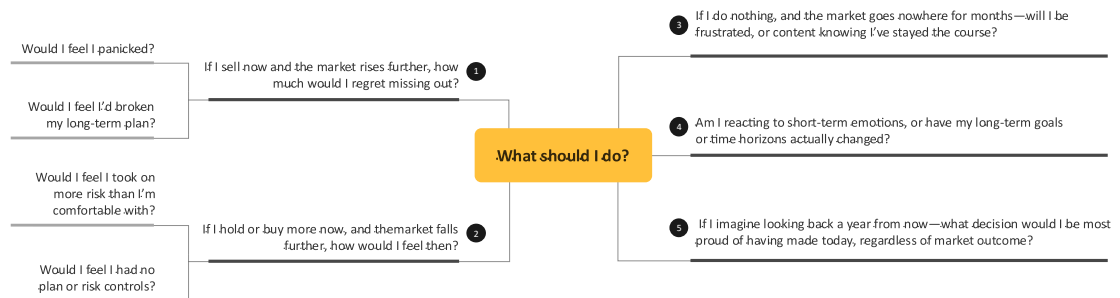
And everyone else is not fundamentally sound. Simple – based on my ratings. There are none which are sound, non-volatile and also oversold and without prolonged downtrends. I mean, Jupiter Fund Management at a stretch. Me Group potentially but looks like it needs to fall more first. Renishaw is like Jupiter. Asking us to trust again. 4Imprint is like Me Group – more falls first.

So, I would rather have a portfolio of the first category and judge the portfolio not the individual stocks. 1

But if you want to know what to do and what is coming, see these images I created.

Ask Yourself These Questions

Please take a moment to consider each of the following:



This isn't about getting the perfect outcome.
It's about making the least regrettable one for you.

The right answer is always personal.
It depends on your risk tolerance, your financial goals, and
your emotional resilience.

What the Research Says

Academic studies show that trying to time markets often results in lower long-term returns and higher stress. What tends to work better is **having a clear plan, understanding your tolerance for regret, and making decisions that align with your values and comfort**—not the headlines.

For the S&P500 (this image – before recent rises) shows how I read it.



Investment Strategies for Different Risk Appetites

Investor Profile	Strategy	Advantages	Drawbacks
 Risk-Loving, Impatient	All-In, Immediately Lump sum investment without waiting.	✓ Maximum upside if bottom is in ✓ Simple and fast deployment	✗ Full exposure to further declines ✗ High emotional and financial stress
 Risk-Loving, Strategic	Accelerated Averaging Large tranches over 2-3 months	✓ Captures rebounds quickly ✓ Some downside smoothing	✗ Still high volatility risk ✗ Requires strict discipline during market swings
 Cautious but Hopeful	Traditional Dollar-Cost Averaging (DCA) Small regular investments over 12+ months	✓ Smooths risk of entering too early ✓ Combines data and timing	✗ Can miss early gains ✗ Indicators are often unreliable
 Highly Risk-Averse	Wait and See Hold cash until clear recovery signs (e.g., rate cuts, earnings turnaround)	✓ Maximum capital protection ✓ Avoids catching "falling knives"	✗ Almost certain to miss the strongest recovery ✗ Inflation erodes cash holdings

'It's not about predicting perfectly — it's about surviving well enough to thrive when you are wrong.'

Bill Gates

STOCK	MARKET CAP	HOLDING VALUE (REPORTED)	# OF SHARES	LAST TRADE
 Microsoft Corp Technology	\$3.7B	\$15 Billion 22.27% OF PORTFOLIO	24,091,207	Q2 2025 REDUCED 7.64%
 Berkshire Hathaway Inc Class B Financial Services	\$654B	\$11.7 Billion 24.53% OF PORTFOLIO	24,023,684	Q2 2025 ADDED 40.46%
 Waste Management Inc Industrials	\$10.7B	\$7.3B 15.44% OF PORTFOLIO	52,236,344	Q3 2024 REDUCED 9.87%
 Canadian National Railway CO Industrials	\$65.4B	\$5.7 Billion 11.84% OF PORTFOLIO	54,826,786	Q3 2022 ADDED 455.49%
 Caterpillar Inc Industrials	\$227B	\$2.85 Billion 5.98% OF PORTFOLIO	3,333,694	Q1 2022 REDUCED 24.87%
 Deere & CO Industrials	\$144B	\$1.81 Billion 3.79% OF PORTFOLIO	3,351,378	Q4 2023 REDUCED 9.32%
 Ecolab Inc. Basic Materials	\$79B	\$1.41 Billion 2.94% OF PORTFOLIO	5,238,044	Q4 2022 ADDED 7.13%
 Walmart Inc. Consumer Defensive	\$633B	\$889 Million 1.88% OF PORTFOLIO	9,090,477	Q1 2024 ADDED 220.2%
 Coca Cola Femsa Sáb De Cv Consumer Defensive	\$719B	\$601 Million 1.38% OF PORTFOLIO	6,294,719	Q1 2017 NEW

Warren Buffet

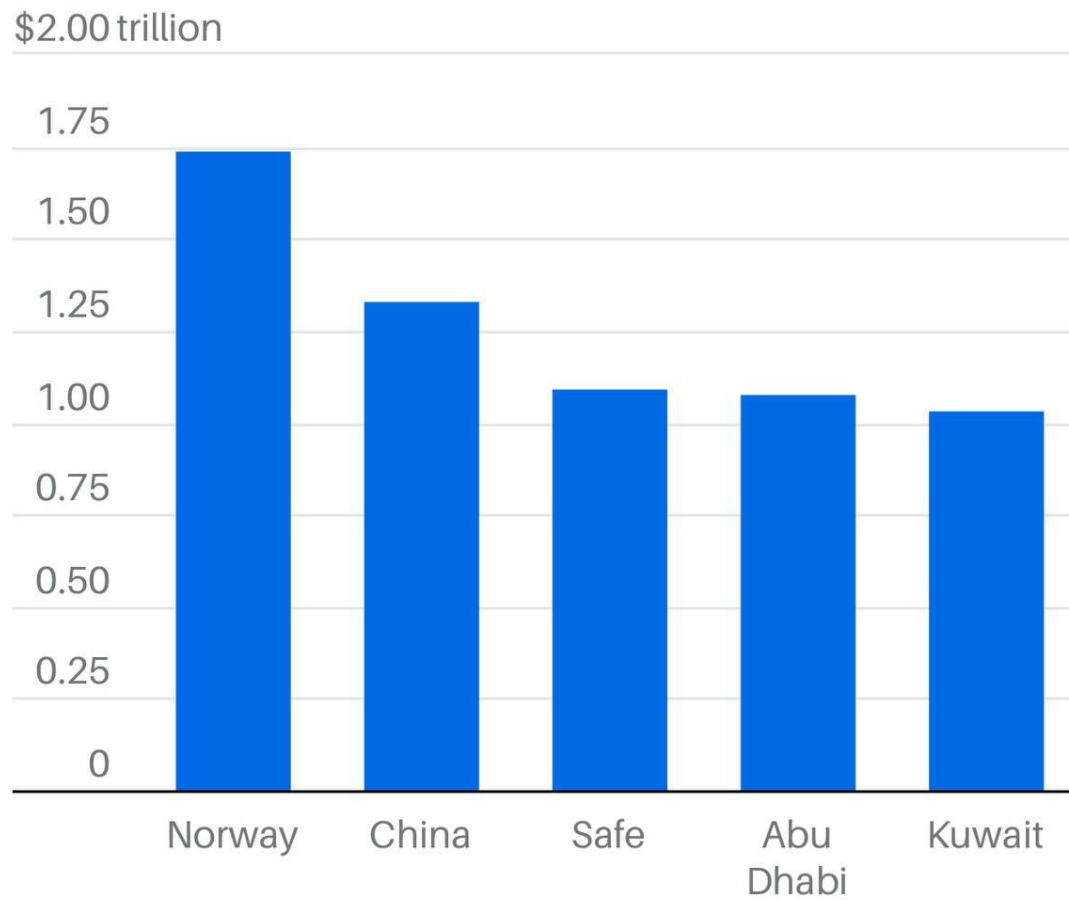
STOCK	MARKET CAP	HOLDING VALUE (REPORTED)	# OF SHARES	LAST TRADE
 Apple Inc. Technology	\$1.7T	\$71.4 Billion 22.7% OF PORTFOLIO	290,000,000	Q2 2025 REDUCED 4.67%
 American Express CO Financial Services	\$248B	\$48.4 Billion 18.3% OF PORTFOLIO	151,692,700	Q1 2017 NEW
 Bank Of America Corp Financial Services	\$407B	\$28.6 Billion 11.52% OF PORTFOLIO	605,263,375	Q2 2025 REDUCED 4.17%
 Coca Cola CO Consumer Defensive	\$278B	\$28.3 Billion 11.38% OF PORTFOLIO	400,000,000	Q1 2017 NEW
 Chevron Corp Energy	\$178B	\$17.5 Billion 6.9% OF PORTFOLIO	122,094,792	Q2 2025 ADDED 2.81%
 Moodys Corp Financial Services	\$154B	\$12.4 Billion 4.89% OF PORTFOLIO	24,680,778	Q3 2017 NEW
 Occidental Petroleum Corp Energy	\$413B	\$17.1 Billion 6.4% OF PORTFOLIO	264,946,431	Q1 2025 ADDED 2.29%
 Kraft Heinz CO Consumer Defensive	\$34.3B	\$6.41 Billion 3.52% OF PORTFOLIO	325,654,898	Q1 2017 NEW
 Chubb LTD Financial Services	\$146B	\$7.85 Billion 3.09% OF PORTFOLIO	27,035,784	Q2 2024 ADDED 4.48%

Goldman Sachs

STOCK	MARKET CAP	HOLDING VALUE (REPORTED)	# OF SHARES	LAST TRADE
 Nvidia Corp Technology	\$454B	\$25.3 Billion 5.88% OF PORTFOLIO	160,020,054	Q2 2025 ADDED 15.49%
 Microsoft Corp Technology	\$3.7B	\$25.2 Billion 5.29% OF PORTFOLIO	46,777,054	Q2 2025 ADDED 5.4%
 Spdr S&P 500 ETF Trust ETFs	\$0	\$22.8 Billion 5.2% OF PORTFOLIO	36,898,932	Q2 2025 ADDED 5.89%
 Apple Inc. Technology	\$1.7T	\$18.7 Billion 2.44% OF PORTFOLIO	90,922,060	Q2 2025 ADDED 1.95%
 Meta Platforms, Inc. Communication Services	\$1.66T	\$21.8 Billion 1.72% OF PORTFOLIO	16,495,891	Q2 2025 ADDED 15.86%
 Amazon Com Inc Consumer Cyclical	\$2.33T	\$12 Billion 1.7% OF PORTFOLIO	54,827,028	Q2 2025 ADDED 4.37%
 Broadcom Inc. Technology	\$120B	\$10.2 Billion 1.45% OF PORTFOLIO	37,094,782	Q2 2025 ADDED 14.2%
 Tesla, Inc. Consumer Cyclical	\$1.05T	\$9.7 Billion 1.55% OF PORTFOLIO	30,547,996	Q2 2025 ADDED 10.2%
 Alphabet Inc. Communication Services	\$1.27T	\$8.27 Billion 1.08% OF PORTFOLIO	46,952,661	Q2 2025 ADDED 1.49%

This all begs the question why did the UK not listen to me long ago when I said we should have a Sovereign Wealth Fund and buy Apple!

The top five sovereign wealth funds



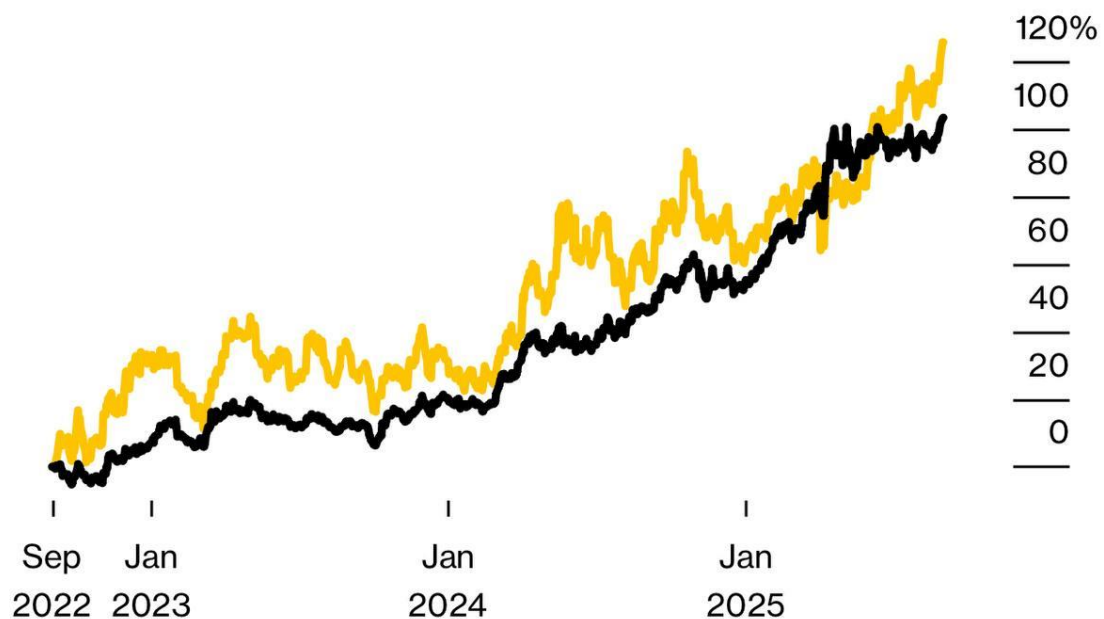
Note: Safe Investment is in China

Source: Sovereign Wealth Fund Institute

Let's turn to Gold for a second. I wrote in my Financial Times column many years ago that about 5% of your portfolio is gold is probably the correct amount. Well in hindsight maybe 100% now and a again! But seriously. 5%, even now on a buy and forget basis is the most I would consider.

Gold and Silver Double in Three-Year Bull Run

Spot gold Spot silver



Source: Bloomberg

Data is normalized with percentage appreciation as of September 2, 2022.

Bloomberg

Ask Yourself These Questions

Please take a moment to consider each of the following:

1 If I sell now and the market rises further, how much would I regret missing out?

2 If I hold or buy more now, and the market falls further, how would I feel then?

3 If I do nothing, and the market goes nowhere for months—will I be frustrated, or content knowing I've stayed the course?

4 Am I reacting to short-term emotions, or have my long-term goals or time horizons *actually* changed?

5 If I imagine looking back a year from now—what decision would I be most proud of having made today, regardless of market outcome?

Would I feel I panicked?

Would I feel I'd broken my long-term plan?

Would I feel I took on more risk than I'm comfortable with?

Would I feel I had no plan or risk controls?

What should I do?

↙

This isn't about getting the perfect outcome. It's about making the least regrettable one for you.

The right answer is always personal. It depends on your risk tolerance, your financial goals, and your emotional resilience.

What the Research Says

Academic studies show that trying to time markets often results in lower long-term returns and higher stress. What tends to work better is **having a clear plan, understanding your tolerance for regret, and making decisions that align with your values and comfort**—not the headlines.

Everyone is panicking about America's \$34 trillion debt.

But here's the thing: markets don't collapse just because the headlines scream louder.

If they did, the S&P 500 wouldn't have returned around 10% annually since 1926.

Through wars.

Through recessions.

Through oil shocks.

Through debt crises.

Buffett doesn't waste time guessing GDP or debt ratios.

He buys businesses.

He holds them.

He lets resilience do the work.

We focus on data, not drama.

- ✓ Quality companies with strong balance sheets.
- ✓ Metrics like Sortino and CROCI that cut through the noise.
- ✓ Portfolios built to weather all seasons, not just sunny days.

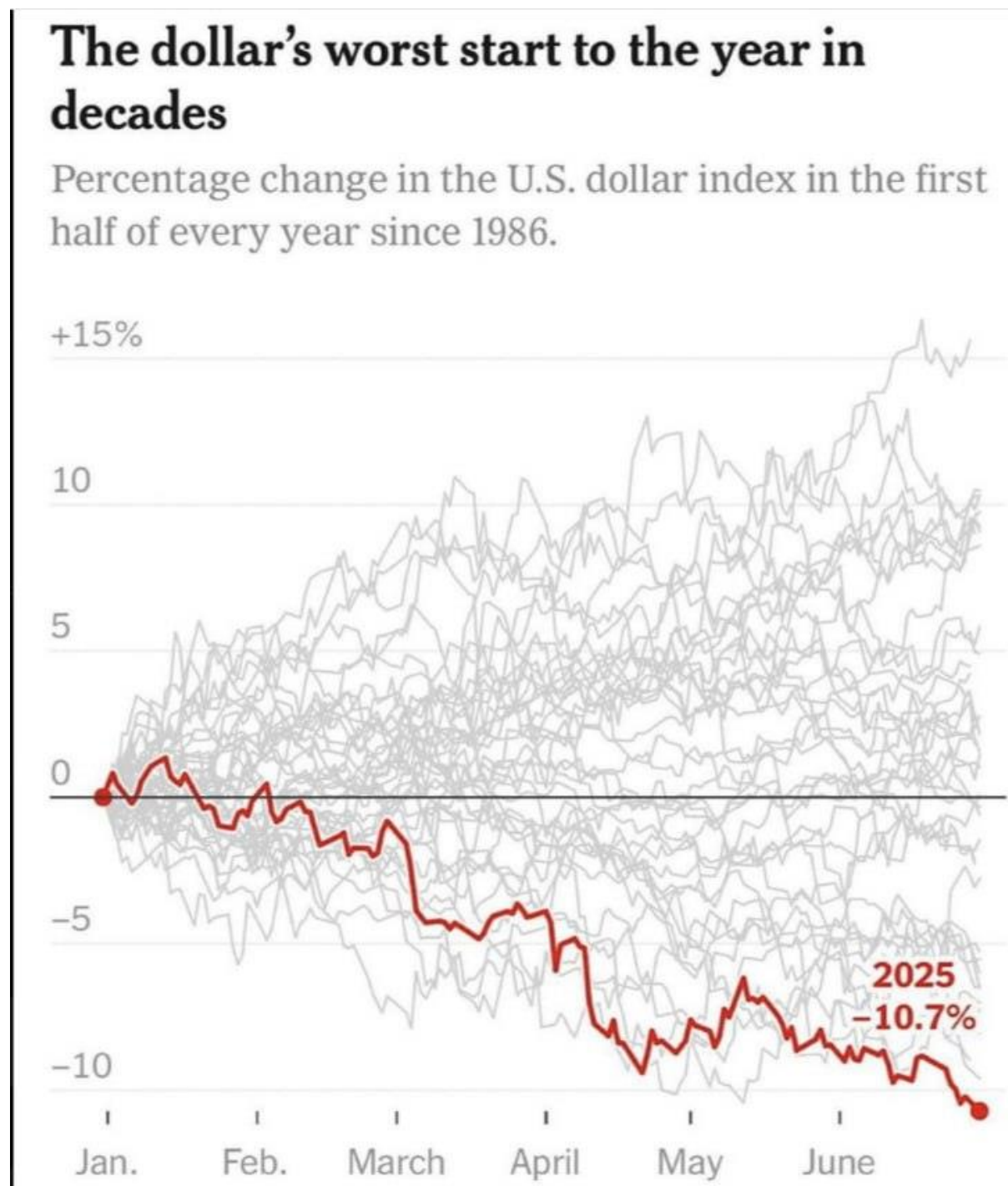
Investing is not about predicting the next headline.

It's about owning businesses that thrive regardless of them.

The question isn't "what happens to US debt?"

The question is: "what's the least regrettable decision I can make as an investor?"

History suggests it's staying invested in resilient companies.





"Investors should bear three things in mind: The enormous likelihood that AI and related developments will change the world... the possibility that it is different for some companies... but also the fact that in most new, new things, investors tend to treat far too many companies (and often the wrong ones) as likely to succeed."

Howard Marks

Trump wants more money into the markets. And that should be coming through his ETFs. (I wouldn't dive into them – I like track record).

Trump Media Announces Filing of Registration Statement for Five America First Themed Equity ETFs

ETFs to Launch Later This Year

SARASOTA, Fla., Sept. 10, 2025 (GLOBE NEWSWIRE) – Trump Media and Technology Group Corp. (Nasdaq, NYSE Texas: DJT) ("Trump Media" or the "Company"), operator of the social media platform Truth Social, the streaming platform Truth+, and the FinTech brand Truth.Fi, announced today that Yorkville America Equities has filed with the U.S. Securities and Exchange Commission (SEC) the initial registration statement (the "Registration Statement") for five America First themed exchange traded funds ("ETFs").

Today's filing for these America First themed ETFs expands the product portfolio by building on the digital asset ETF filings made with the SEC in June and July 2025. These ETFs, along with the previously announced digital asset ETFs, will be collectively known as the "Truth Social Funds".

These new ETFs are designed around five thematic strategies:

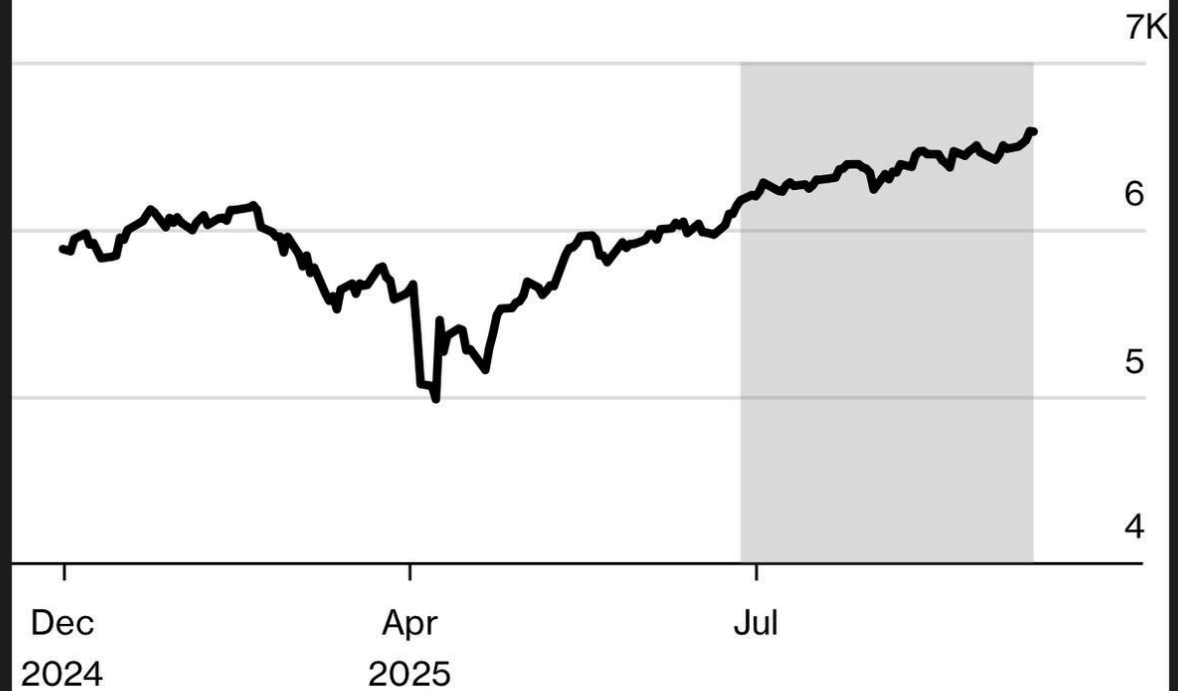
- Truth Social American Icons ETF
- Truth Social American Security & Defense ETF
- Truth Social American Next Frontiers ETF
- Truth Social American Energy Security ETF
- Truth Social American Red State REITs ETF

Imagine if the British PM created financial products to encourage people to invest in the UK

Animal Spirits

S&P 500 has posted a record every three sessions since late June

✓ S&P 500 Index



Source: Bloomberg

Bloomberg



Fed cut sends U.S. tech & chips soaring

The Fed delivered a 25 basis-point cut—first in almost a year—and signal-slipped that more cuts may be coming. Stock index futures climbed, dragging the S&P500 and Nasdaq to fresh intraday highs. Intel ripped +25% after Nvidia pledged a \$5B investment. (Trump forced Intel to give US Govt a stake and Trump just spent 2 nights with NVidia CEO to consummate that deal). Broadcom, Applied, Micron all rose strongly in chip land. Even small-caps, too, got a lift from the rate easing buzz. Small companies tend to do better than elephant companies - well, it's what out of date books in school on investing and your parents told you.

UK stands pat—but eases the financial strain

Bank of England held rates at 4% (as expected) but threw markets a bone by slowing down its gilt sales and QT programme. (ie reassured people who run the country financially (bond market - the Government will play nice will be good and not pile on debt) Inflation is still too sticky (~3.8%), so the BoE's foot is off the accelerator, not the brakes. Sterling eased a little vs dollar on that mixed messaging. Good to keep markets as confused as policy makers are.

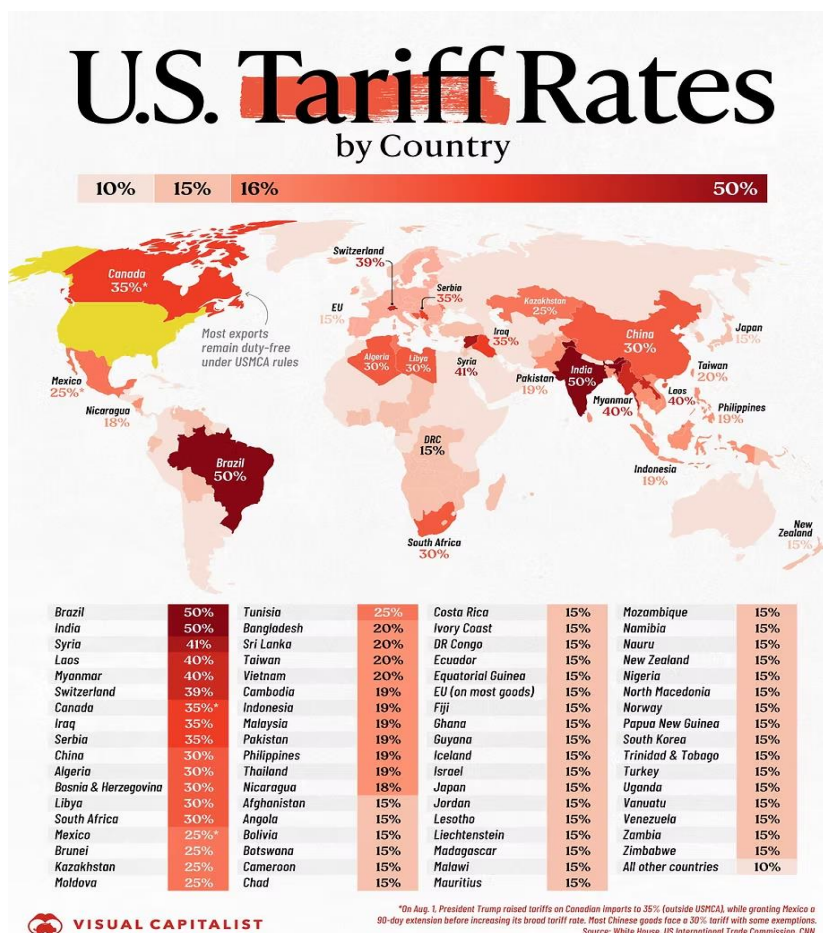
Rate cuts and AI investments are the sizzle—but don't buy the steak if the fundamentals don't hold. Focus on companies with recurring income, strong balance sheets, and pricing power. The headline that gets the clicks won't necessarily fatten your portfolio long-term. Ignore the noise—let your winners compound quietly.

U.S. Tariff Rates by Country: What Investors Need to Know

When most people think about tariffs, they imagine obscure trade negotiations happening in faraway capitals - Washington, Brussels, Beijing.

But tariffs are not just lines on an economic report. They are levers of power, tools of diplomacy, and often, weapons of economic war.

More importantly for you and me as investors, tariffs reshape supply chains, shift profit margins, and influence which companies thrive - and which struggle - on the global stage.



The infographic above provides a striking snapshot of just how varied U.S. tariff rates are by country. From Brazil and India at the punitive **50% rate**, to allies like the EU, UK, and Japan at **15%**, and others in between, these numbers tell us more than just trade policy. They reveal the broader chessboard of international economics.

Today, I want to break this down for you. We'll go country by country, region by region, and pull-out lessons not just on economics, but on investing. Because tariffs don't just make goods more expensive - they reshape entire industries.

And as I often remind people on www.campaignforamillion.com, the goal is not simply to understand the numbers, but to act on them intelligently. To invest where opportunity lies, and to avoid being blindsided by political or economic risk.

Why Tariffs Matter for Investors

Before diving into the global map, let's clarify why this topic is not just for policymakers. Tariffs affect:

1. **Corporate Margins:** Companies relying on imports or exports can see profit margins squeezed. Apple, for example, has spent years diversifying supply chains to offset potential U.S.-China tariffs.
2. **Consumer Prices:** Higher tariffs raise the cost of imported goods. That filters down to inflation, which directly impacts central bank policy - and therefore interest rates, currencies, and bond yields.
3. **Global Supply Chains** – Trade barriers force companies to rethink where they source parts, assemble products, or sell goods. That's why Vietnam, for example, has benefitted massively from the U.S.-China trade war.
4. **Investment Hotspots** – Countries and sectors shielded from tariffs can become winners. Others, unfairly burdened, may see capital flee.

For investors like us, tariffs are not just “policy noise.” They are signposts to potential risks and opportunities.

The Outliers: Brazil and India at 50%

The most eye-catching numbers on the map are **Brazil** and **India**, both facing a **50% U.S. tariff rate**.

- **Brazil:** Latin America's largest economy, Brazil has long struggled with protectionism. The high U.S. tariffs reflect both economic rivalry and a lack of deep trade agreements. For investors, this makes Brazilian exporters less competitive in the U.S. market. But here's the nuance: it also pushes Brazil to deepen ties with China. Brazilian soybeans, beef, and iron ore increasingly flow East rather than North. For investors, this means opportunities in Brazilian companies aligned with China's demand - Vale

(mining), JBS (meat processing), and Embraer (aerospace, diversifying beyond the U.S.).

- **India:** The world's most populous nation also faces 50% tariffs. This is partly legacy (India's history of protectionism) and partly geopolitics (a balancing act between U.S. friendship and trade friction). But here's the irony: India is also one of the fastest-growing investment destinations. With Apple and other giants shifting production from China to India, tariffs matter less for exports and more for domestic growth. Indian IT (Infosys, TCS), pharmaceuticals (Sun Pharma, Dr. Reddy's), and digital services are global winners unaffected by tariff wars.

Investor takeaway: Don't dismiss high-tariff countries. They may lose access to U.S. markets, but they often pivot and strengthen ties elsewhere. For you as an investor, that means diversifying your portfolio globally - and recognizing that U.S.-centric thinking can be a trap.

The Middle-Tier: China, Switzerland, Canada, Iraq

- **China (30%):** The U.S.-China trade war escalated under Trump and continues in subtler forms today. Almost all Chinese goods face tariffs. Yet, China remains the world's factory. Multinationals hedge their bets by moving partial supply chains to Vietnam, Mexico, and India. For investors, this is both risk (Chinese stocks face margin pressure) and opportunity (countries benefiting from "China+1" strategy).
- **Switzerland (39%):** Home to Nestlé, Novartis, and Rolex, Switzerland faces steep U.S. tariffs. But here's the thing - most of these companies sell high-value, brand-driven products where tariffs hardly dent demand. Consumers don't stop buying Rolex watches because they cost 3% more. This is where the idea of a "**moat**" comes in - strong brands insulate against tariffs.
- **Canada (35%*):** The asterisk matters. Most Canadian exports remain duty-free under **USMCA rules**. The headline number looks dramatic, but reality

is friendlier. For investors, Canada remains a key partner. Think energy (oil sands, uranium), banking (Toronto-Dominion, RBC), and real estate.

- **Iraq (35%):** Political instability explains much of the tariff friction. Few U.S. investors are directly exposed, but Iraq illustrates how geopolitics feeds into trade costs.

Investor takeaway: Companies with strong brands (Switzerland) or trade agreements (Canada) can weather tariffs. Meanwhile, China continues to be the wildcard - both unavoidable and risky.

The UK Factor: Post-Brexit Tariffs

You may have noticed the map groups the **UK under the EU's 15% tariff band**, but since Brexit, the UK has been negotiating trade agreements independently.

- The **U.S.-UK trade relationship** is relatively stable, with tariffs around **15% for most goods**. The political rhetoric about a “big U.S.-UK free trade deal” has yet to materialise, but most industries continue on predictable terms.
- For investors, UK sectors most sensitive to U.S. trade are **pharmaceuticals (AstraZeneca, GSK), luxury goods (Burberry), and financial services (London still clears significant U.S. dollar trades)**.
- The UK's advantage lies in being a services-driven economy. Services face fewer tariffs than goods. That's why the UK can remain competitive despite the absence of a comprehensive deal.

Investor takeaway: UK companies with global operations - especially in finance and pharma - remain attractive. For retail investors, FTSE 100 giants are less tariff-exposed than manufacturers.

The 15% Club: EU, Japan, Australia, New Zealand

- **EU (15%):** For most goods, tariffs remain low. Despite periodic disputes (Boeing vs. Airbus, cheese vs. wine), the U.S. and EU maintain relatively open trade. For investors, this stability benefits luxury goods (LVMH, Hermès), industrials (Siemens), and energy transition firms (Vestas in wind, Ørsted in renewables).
- **Japan (15%):** Despite past frictions, Japan enjoys relatively low tariffs. This benefits exporters like Toyota, Sony, and Nintendo. Investors should note Japan's resilience - it thrives on innovation, not cheap labor.
- **Australia & New Zealand (15%):** As resource-heavy exporters, both countries benefit from U.S. access. Lithium, rare earths, and agricultural goods flow relatively freely. For investors, Australia is especially critical in the **EV battery race**.

The Hidden Stories: Syria, Laos, Myanmar

- **Syria (41%), Laos (40%), and Myanmar (40%)** highlight where tariffs become a proxy for sanctions or political instability.
- These are not big trading partners. But they show how tariffs are also about politics. For investors, the lesson is simple: political risk translates into economic cost.

Case Studies: Companies on the Frontlines of Tariffs

To make this real, let's examine companies caught in tariff crossfires:

1. **Apple (U.S.-China):** Apple assembles most iPhones in China. When tariffs hit Chinese imports, Apple's margins came under threat. Its solution? Diversify into India and Vietnam. This is the **"China+1" strategy** in action.

2. **Tesla (China-U.S.):** Tariffs on Chinese imports into the U.S. pressured Tesla's supply chain. Elon Musk responded by building a Shanghai Gigafactory - a hedge against U.S.-China tariffs and a move to access China's EV market directly.
3. **Boeing vs. Airbus (U.S.-EU):** This decades-long trade dispute over aircraft subsidies led to tit-for-tat tariffs. The EU slapped tariffs on U.S. goods like whiskey and Harley-Davidsons. For investors, the lesson is that even giant firms can become pawns in geopolitical chess.
4. **JBS (Brazil):** The world's largest meat producer faces 50% U.S. tariffs. But instead of being crippled, JBS pivoted exports to China. This diversification protected revenues and highlights how global firms adapt.
5. **Burberry (UK):** Luxury fashion houses like Burberry face tariffs on U.S. imports but rely on brand power. High-end buyers are price-insensitive - a reminder that **pricing power shields investors**.

Global Patterns: The Tariff Chessboard

Step back, and patterns emerge:

1. **High Tariffs = Weak Trade Ties.** Countries like Brazil, India, and China face higher tariffs partly because they lack deep free trade agreements with the U.S.
2. **Low Tariffs = Alliances.** The EU, UK, Japan, Australia benefit from alliances and shared political goals.
3. **Politics > Economics.** Syria, Myanmar, Iran, and others face punitive rates because of politics, not trade volume.

As investors, this reinforces the importance of **geopolitical awareness**.

Portfolio Lessons from Tariffs

1. **Diversify Across Regions:** Don't rely solely on U.S. or Chinese markets. Growth is increasingly spread across India, Southeast Asia, and Africa.
2. **Invest in Brands with Moats:** Companies like Nestlé, Apple, or Hermès can withstand tariffs better than commodity players.
3. **Spot the Winners of Trade Shifts:** Vietnam, Mexico, and Bangladesh benefit as supply chains diversify. ETFs tracking these regions (e.g., Vietnam's VNM ETF) are worth watching.
4. **Inflation Hedges:** Tariffs raise consumer prices. Commodities, REITs, and inflation-linked bonds can be defensive plays.
5. **Think Long-Term:** Tariffs rise and fall with political cycles. But companies that adapt - through supply chain resilience, brand power, or technology - always outperform.

Final Thoughts

Tariffs are sometimes called the “invisible tax.” They don't show up on your payslip, but they shape everything from the price of your iPhone to the performance of your pension fund.

This map is a reminder that the global economy is interconnected, but not equally. Some nations face high walls; others enjoy open gates. For investors, the key is not to fear those walls, but to navigate them intelligently.

So, the next time you hear a politician talk about tariffs, don't tune out. Think about your portfolio. Think about where supply chains might shift. Think about which companies can raise prices without losing customers.

That's how professionals think. And that's how you, too, can invest like a professional.

Why Investors Should Stop Obsessing About US Debt (and Other Macro Ghost Stories)

Every week, someone asks me: “Alpesh, what about the size of US debt? Won’t that bring down the equity markets?”

It’s a fair concern. The US is carrying over **\$34 trillion in federal debt** (US Treasury), a number so large it might as well be Monopoly money.

Commentators talk about fiscal cliffs, debt ceilings, and looming crises as if the Four Horsemen of the Apocalypse are already saddling up.

But here’s the inconvenient truth: **markets don’t live in the headlines**. If they did, the S&P 500 would have collapsed a dozen times over in the last century.

Instead, it has compounded at around **10% annually since 1926** (Morningstar) - through wars, recessions, oil shocks, dot-com busts, and yes, mushrooming government debt.

Buffett’s Blind Spot for Macro

Warren Buffett, the world’s most famous investor, is known for many things - folksy wisdom, Cherry Coke, and the occasional \$50 billion acquisition. What he’s not known for is obsessing about GDP forecasts or debt-to-GDP ratios.

Buffett himself said: “If you spend your life worrying about the macro picture, you will waste your life.”

He buys businesses, not economic predictions. His holding period, famously, is “forever.” That’s because **resilient companies outlast macro noise**. Coca-Cola sells sugary fizz in booms and busts. Apple sells iPhones whether Washington is running a surplus or a deficit. The right stocks are like camels in the desert—they survive droughts because they’ve adapted to scarcity.

An All-Weather Approach

Instead, we focus on **data-driven selection**:

Quality scores: Companies with strong balance sheets and consistent earnings.

Sortino ratios: Rewarding return relative to downside risk.

CROCI filters: Cash-return-on-capital to separate the genuinely profitable from the pretenders.

Think of it as the difference between buying a sturdy umbrella versus predicting tomorrow’s exact rainfall in inches. One is practical, the other is fortune-telling.

Investing is Holding, Not Trading

Clients often confuse investing with trading. Investing means ownership, patience, and resilience. Trading is speculation, headlines, and heartburn.

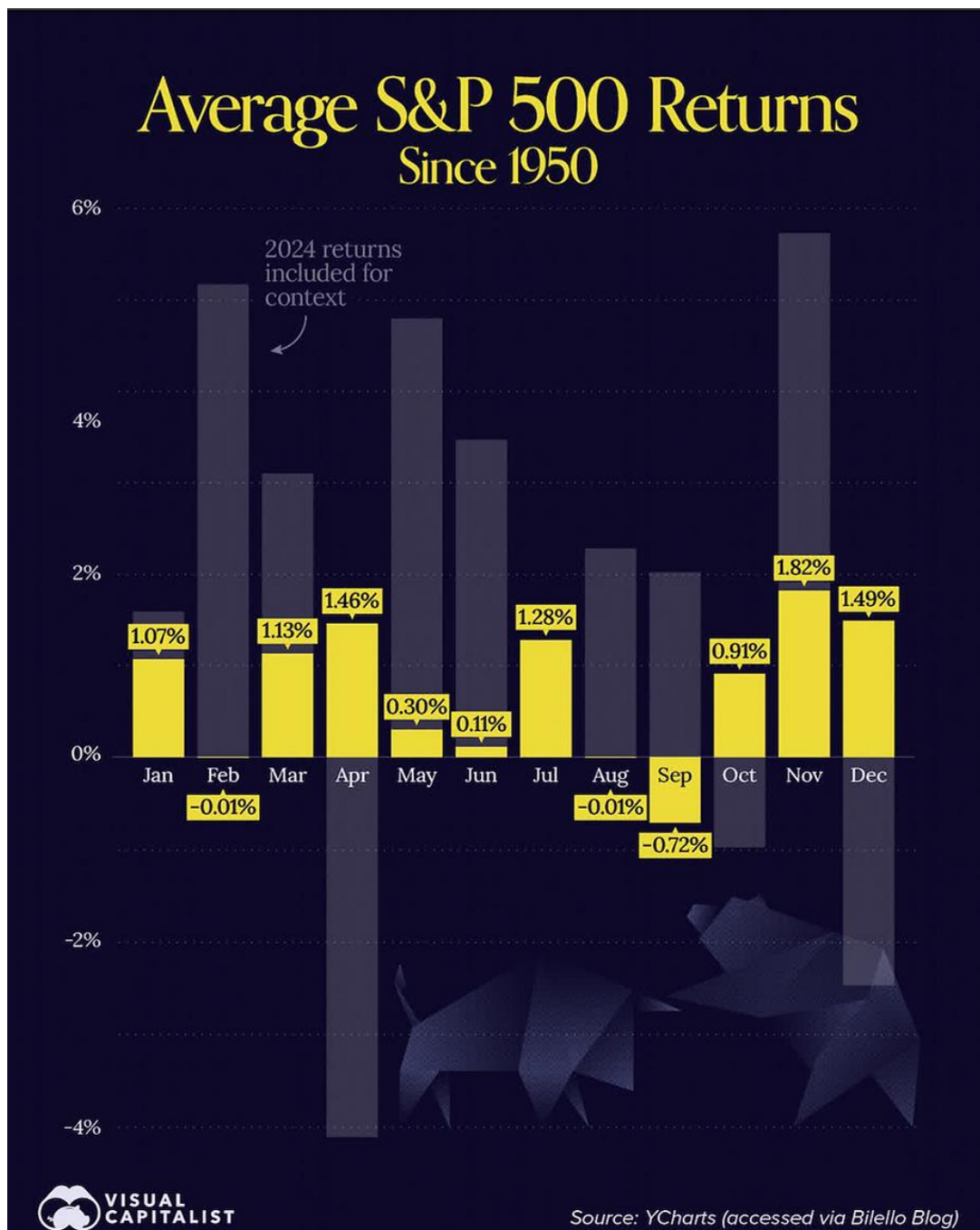
Yes, US debt may balloon further. Yes, politicians may stage yet another theatrical showdown. But equity markets are forward-looking machines. They price in fear quickly, then move on. Investors who panic out often miss the recovery - the part where real wealth is made.

- What's the least regrettable decision you can make?
- If you sell because of macro fears, and markets rise, will you regret missing out?
- If you hold, and markets wobble, will you regret the volatility?
- If you stick to your long-term plan with resilient stocks, will you regret ignoring the noise?

In the long run, history suggests the last option delivers both wealth and peace of mind.

The US debt clock is scary, but it's not an investment strategy. Headlines don't compound, **quality businesses do**. Buffett never needed a time machine, and neither do we.

Investing, done right, is boring. It's about resilience, not clairvoyance. And that's precisely why it works.



This reinforces the same story across seven decades: September is the only month with negative average returns (-0.72%). While months like April, July, November, and December consistently deliver gains.

What makes this so powerful is the consistency - whether we look at 20 years, 50 years, or nearly a century of data, September repeatedly emerges as the weakest link in the calendar.

Why September Struggles

The question is: *why?* Why has one month, across generations, earned such a poor reputation?

Institutional Flows

September is fiscal year-end for many mutual funds. That means managers sell holdings to lock in gains, rebalance portfolios, and harvest tax losses. When trillions move in and out of equities, markets wobble.

Investor Psychology

There's a behavioural finance angle too. After the summer lull, traders and investors return in September with a sharper focus on risks: Fed policy, budget deadlines, earnings warnings. Fear and caution dominate — and markets reflect that mood.

Macro Triggers

Some of the worst market events in history happened in September:

- Lehman Brothers collapsed (September 2008).
- The 9/11 attacks (September 2001).
- Black Wednesday in the UK (September 1992).

History has a way of reinforcing psychological biases. September feels dangerous because it often has been.

Academic Insights

Economists call this a “calendar anomaly.” Just like the “January Effect” (small-cap rallies) or “Sell in May” (summer weakness), September's struggles have been studied in journals and hedge fund research. Some attribute it to reporting cycles, others to investor sentiment. The debate rages, but the numbers are hard to ignore.

Case Studies: When September Bites



It's not just about weak returns - September also has one of the lowest win rates, with fewer positive years than almost any other month.

Win Rate vs Average Return Chart: Highlights how September underperforms both in magnitude and frequency.

To truly appreciate the September Effect, let's revisit three case studies.

2008: The Financial Crisis Peaks

September 2008 was catastrophic. Lehman collapsed, AIG required a bailout, and the global banking system teetered. The S&P 500 fell nearly 9% that month alone. Panic gripped markets.

But here's the lesson: by March 2009, the bear market had bottomed. Over the next decade, investors who stayed invested saw one of the greatest bull runs in history.

2000–2002: The Dot-Com Bust

September repeatedly delivered pain during the early 2000s tech bubble burst. Overvalued internet stocks collapsed, wiping out trillions. Yet those who held quality businesses (or re-entered the market) participated in the massive mid-2000s rally that followed.

2020: Pandemic Volatility

After a sharp rebound from March's crash, September 2020 reminded investors that uncertainty lingers. The S&P fell 3.9% as vaccine doubts, political tensions, and tech valuations weighed. Yet just months later, markets roared back to record highs.

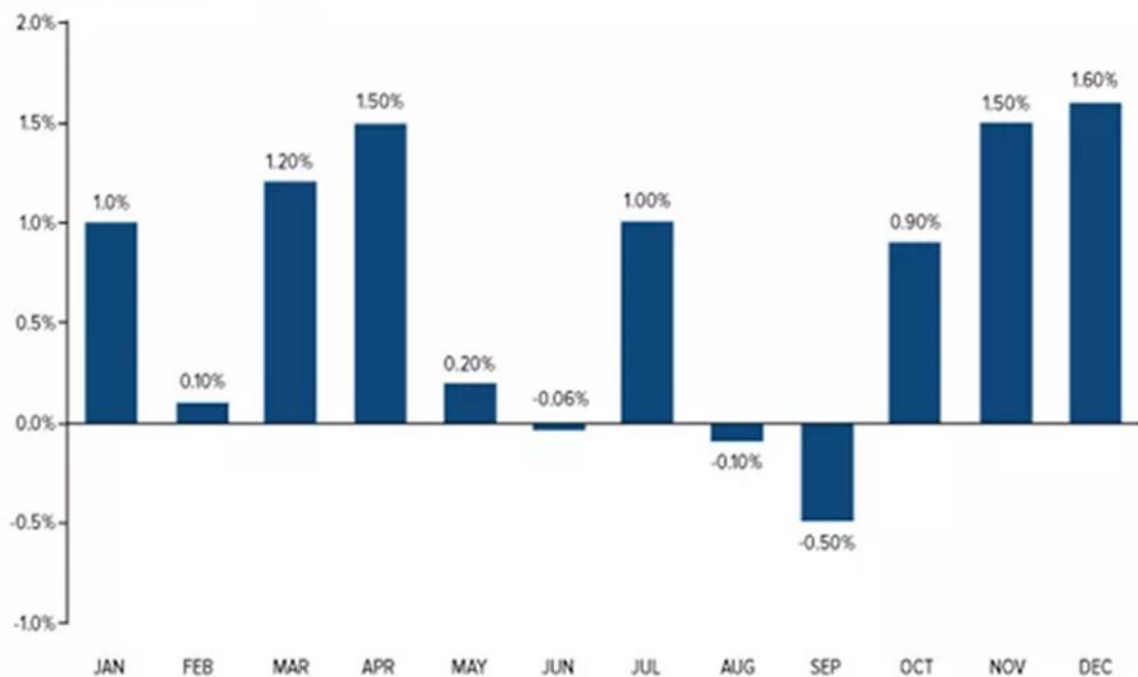
The lesson? September may be rough, but it rarely changes the long-term trajectory of markets.

Best & Worst Months (1950–2017): Demonstrates that August and September consistently lag.

Average Monthly S&P 500 Returns 1950–2017 (Stock Trader's Almanac)

Average Monthly S&P 500 Index Returns

Jan. 1950 – Apr. 2017



Source: Stock Trader's Almanac (2018). U.S. Global Investors
Past performance does not guarantee future results.

From 1950 through 2017, September again stands out as the weakest month for equities - proving that the 'September Effect' is no modern anomaly.

The Tactical Investor's Playbook

So, how should you approach September as an investor?

Expect Volatility, Don't Fear It

Knowledge turns fear into preparation. If you know September is historically weak, a few red days won't rattle you.

Stick to the Big Picture

The S&P 500 has delivered:

- **+69% chance of gains over 1 year**
- **+88% over 10 years**
- **+100% over rolling 20-year periods**

That's the magic of compounding. September's dips are temporary noise.

Use September to Buy, Not Sell

Corrections are chances to accumulate. Buffett's advice applies here: *"Be greedy when others are fearful."*

Seasonal Strategies

Some traders avoid September entirely. Research from Jay Kaepfel showed that skipping the month and re-entering in October dramatically boosted long-term returns. That's not advice to sell everything, but it illustrates how reliable the pattern can be.

Diversify Smartly

September corrections tend to hit broad indices hardest. Rotating into defensive sectors (healthcare, utilities) or diversifying globally can help smooth volatility.

Heatmap of Monthly Returns: Vividly shows September "in the red" across decades.

S&P 500 Monthly Total Returns												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	1.9%	4.0%	0.1%	1.0%	1.4%	0.6%	2.1%	0.3%	2.1%	2.3%	3.1%	1.1%
2016	-5.0%	-0.1%	6.8%	0.4%	1.8%	0.3%	3.7%	0.1%	0.0%	-1.8%	3.7%	2.0%
2015	-3.0%	5.7%	-1.6%	1.0%	1.3%	-1.9%	2.1%	-6.0%	-2.5%	8.4%	0.3%	-1.6%
2014	-3.5%	4.6%	0.8%	0.7%	2.3%	2.1%	-1.4%	4.0%	-1.4%	2.4%	2.7%	-0.3%
2013	5.2%	1.4%	3.8%	1.9%	2.3%	-1.3%	5.1%	-2.9%	3.1%	4.6%	3.0%	2.5%
2012	4.5%	4.3%	3.3%	-0.6%	-6.0%	4.1%	1.4%	2.3%	2.6%	-1.8%	0.6%	0.9%
2011	2.4%	3.4%	0.0%	3.0%	-1.1%	-1.7%	-2.0%	-5.4%	-7.0%	10.9%	-0.2%	1.0%
2010	-3.6%	3.1%	6.0%	1.6%	-8.0%	-5.2%	7.0%	-4.5%	8.9%	3.8%	0.0%	6.7%
2009	-8.4%	-10.6%	8.8%	9.6%	5.6%	0.2%	7.6%	3.6%	3.7%	-1.9%	6.0%	1.9%
2008	-6.0%	-3.2%	-0.4%	4.9%	1.3%	-8.4%	-0.8%	1.4%	-8.9%	-16.8%	-7.2%	1.1%
2007	1.5%	-2.0%	1.1%	4.4%	3.5%	-1.7%	-3.1%	1.5%	3.7%	1.6%	-4.2%	-0.7%
2006	2.6%	0.3%	1.2%	1.3%	-2.9%	0.1%	0.6%	2.4%	2.6%	3.3%	1.9%	1.4%
2005	-2.4%	2.1%	-1.8%	-1.9%	3.2%	0.1%	3.7%	-0.9%	0.8%	-1.7%	3.8%	0.0%
2004	1.8%	1.4%	-1.5%	-1.6%	1.4%	1.9%	-3.3%	0.4%	1.1%	1.5%	4.0%	3.4%
2003	-2.6%	-1.5%	1.0%	8.2%	5.3%	1.3%	1.8%	2.0%	-1.1%	5.7%	0.9%	5.2%
2002	-1.5%	-1.9%	3.8%	-6.1%	-0.7%	-7.1%	-7.8%	0.7%	-10.9%	8.8%	5.9%	-5.9%
2001	3.5%	-9.1%	-6.3%	7.8%	0.7%	-2.4%	-1.0%	-6.3%	-8.1%	1.9%	7.7%	0.9%
2000	-5.0%	-1.9%	9.8%	-3.0%	-2.1%	2.5%	-1.6%	6.2%	-5.3%	-0.4%	-7.9%	0.5%
1999	4.2%	-3.1%	4.0%	3.9%	-2.4%	5.5%	-3.1%	-0.5%	-2.7%	6.3%	2.0%	5.9%
1998	1.1%	7.2%	5.1%	1.0%	-1.7%	4.1%	-1.1%	-14.5%	6.4%	8.1%	6.1%	5.8%
1997	6.2%	0.8%	-4.1%	6.0%	6.1%	4.5%	8.0%	-5.6%	5.5%	-3.3%	4.6%	1.7%
1996	3.4%	0.9%	1.0%	1.5%	2.6%	0.4%	-4.4%	2.1%	5.6%	2.8%	7.6%	-2.0%
1995	2.6%	3.9%	3.0%	2.9%	4.0%	2.3%	3.3%	0.3%	4.2%	-0.4%	4.4%	1.9%
1994	3.4%	-2.7%	-4.4%	1.3%	1.6%	-2.5%	3.3%	4.1%	-2.4%	2.2%	-3.6%	1.5%
1993	0.8%	1.4%	2.1%	-2.4%	2.7%	0.3%	-0.4%	3.8%	-0.8%	2.1%	-1.0%	1.2%
1992	-1.9%	1.3%	-1.9%	2.9%	0.5%	-1.5%	4.1%	-2.0%	1.2%	0.3%	3.4%	1.2%
1991	4.4%	7.2%	2.4%	0.2%	4.3%	-4.6%	4.7%	2.4%	-1.7%	1.3%	-4.0%	11.4%
1990	-6.7%	1.3%	2.6%	-2.5%	9.7%	-0.7%	-0.3%	-9.0%	-4.9%	-0.4%	6.5%	2.8%

LPL Research

The Daily Shot®

A bird's-eye view of the last three decades: notice how September repeatedly flashes red, reinforcing its reputation as Wall Street's most difficult month.

September 2025: This Year's Unique Risks

What makes September 2025 special?

- **Trade Tariffs:** New tariffs have rattled supply chains, creating uncertainty in corporate earnings.
- **Fed Independence Under Pressure:** Political meddling in central banking creates unease for global markets.
- **Earnings at High Altitude:** Corporate profits remain strong, but valuations are stretched - any disappointment could spark sell-offs.

In other words, September 2025 is shaping up to be "classic September": volatility at high altitude.

But here's the important reminder - every past September looked scary too. And yet, over time, markets powered through.

Pension Panic and the Three Questions That Always Come Up

Every week, people worried about their pensions ask me the same questions. They're variations on the same anxieties: "Is the market too high?" "Why are my returns so low with my IFA?" "Can I really do this without losing sleep?" This week was no different.

1. Is the American market overvalued?

It's the most common dinner-table worry. The short answer: it doesn't matter if you own resilient companies. Good investing is like building a house. You don't panic every time the Met Office forecasts rain; you trust the roof you built to withstand it.

Likewise, resilient businesses are designed to navigate recessions, interest-rate swings, even political chaos. You're not betting on next quarter's GDP. You're backing managers who know how to make money in good weather and bad.

Yes, Wall Street looks expensive on a price-to-earnings basis compared to history. But that's always been the case just before it goes higher. Valuations are not timing tools; they're like complaining your house is "too expensive" ten years ago and missing out on a decade of rising property values.

Valuations alone do not move share prices, if they did you would have the perfect most simple investing algorithm. Momentum, growth also matter. We pay more for stocks which are expected to grow more. So 'overvalued' is for simpleton journalists.

And if it were that easy Wall St analysts would have predicted the crash of 2008. So, build a brick house not one of straw and hope to take it down each time you see a cloud.

2. Can I do better on my returns? I'm only getting 4%.

Of course. Four per cent is basically the financial equivalent of a parking fine: small, irritating, and certainly not enough to secure your future. Over the past century, global equities have outperformed cash and bonds in all but a handful of years.

Yes, there will be bad years – 2008, 2020 – but history shows the equity premium exists for a reason. Those who stay invested, rather than hiding in cash, almost always win.

The trick isn't to chase every headline stock but to systematically build a diversified portfolio of resilient businesses. That's where people fall down: they confuse "doing better" with "getting rich quick."

Good returns require patience. The best compounding comes from letting time do the heavy lifting, not from trading your pension like a slot machine.

3. But what if I panic? Or get bored?

This is where I come in. I'm not just a portfolio builder; I'm a mentor. Money is emotional. Left alone, many investors sell low, buy high, or switch strategies at the worst possible moment.

If you think of investing as watching paint dry, you'll be tempted to poke the paint. That's when the damage happens.

A mentor's job is to remind you that wealth is built slowly, not dramatically. It's less James Bond, more Warren Buffett. A pension is not meant to be exciting. It's meant to make sure you can afford to be bored in comfort later in life.

So yes, markets are volatile. Yes, 4% is poor. And yes, without guidance most people sabotage themselves. But that's why the answer isn't a stock tip. It's a mindset: build your financial house properly, trust in resilient companies, and have someone at your side to stop you doing something stupid when the weather turns.

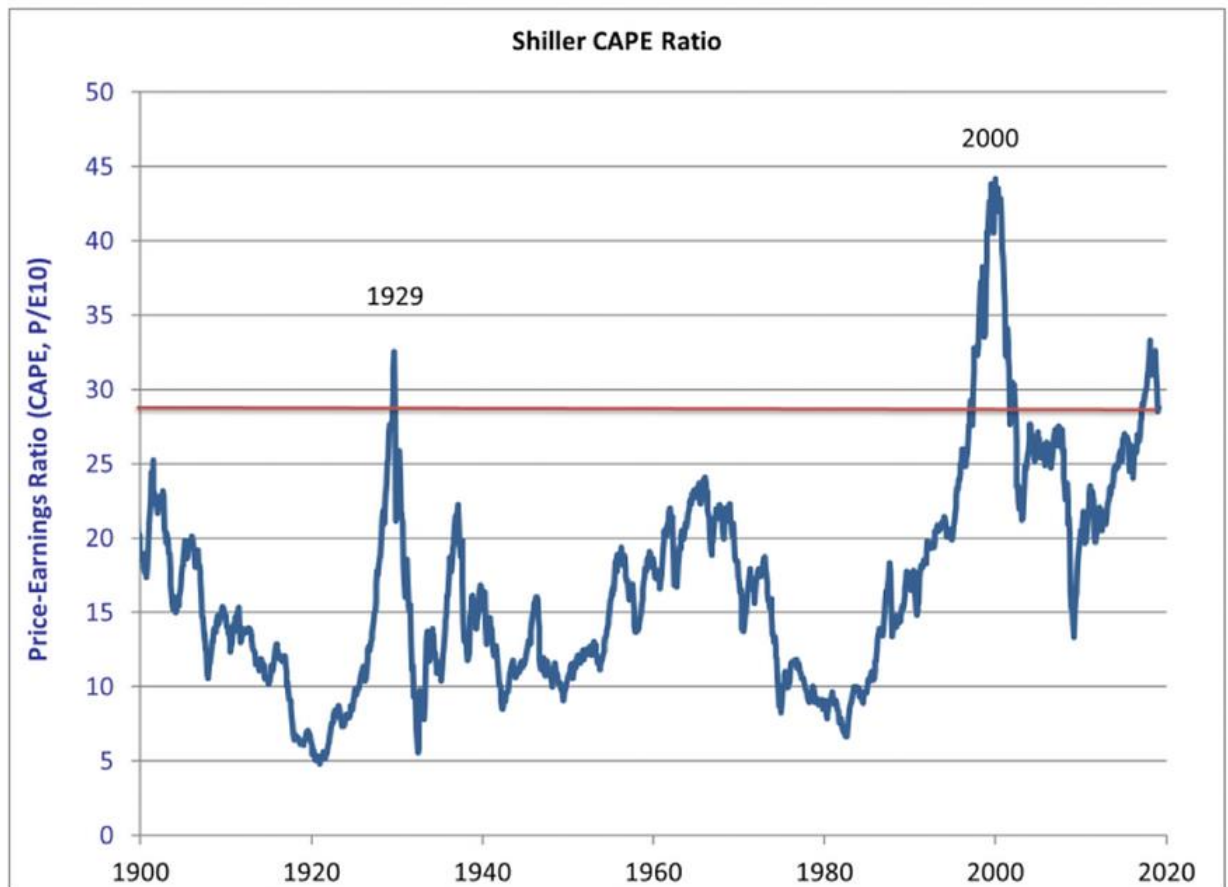
Is the American Market Overvalued? So, What Does it Mean?

Let's start with the charge sheet. The S&P 500's forward 12-month P/E sits a little above 22, well north of its 10-year average around the high-teens.

S&P 500 Forward 12-Month P/E Ratio: 20 Years
(Source: FactSet)



The Shiller CAPE is hovering near 38, a level historically associated with rich pricing.



Verdict: expensive by most yardsticks. But expensive is not the same as un-investable, and valuation is an unreliable stopwatch for market timing.

Valuation is a poor short-term forecaster

Serious research shows valuation has some power over very long horizons but is weak to useless for one, three, even five-year timing. Vanguard's multi-decade study found P/E-based signals explained only about 40% of the variation in real returns at long horizons and far less over shorter ones.

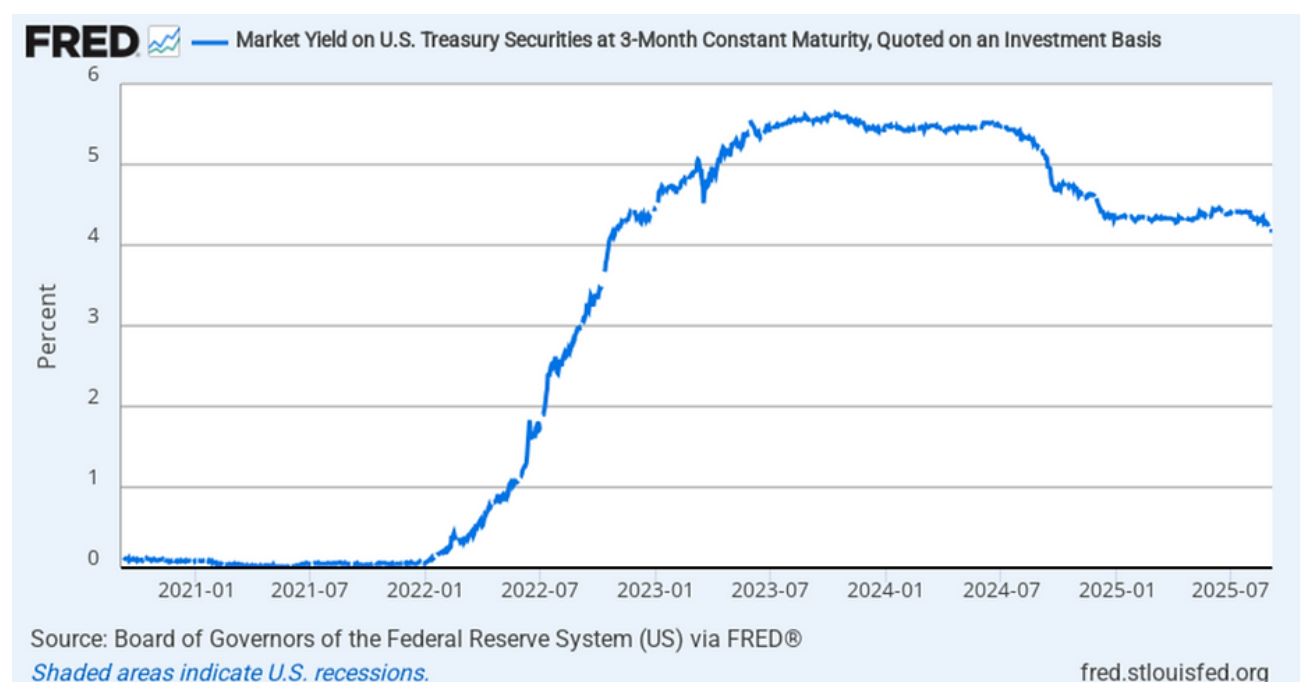
In other words, shouting "CAPE!" is not a strategy. Earnings growth, margins, interest rates and risk premia matter, and they move.

A useful refinement is to adjust valuation for the macro backdrop. "Fair-value CAPE" work, for example, shows the multiple that makes sense changes with real

rates and inflation. If discount rates fall or productivity improves, higher multiples are not necessarily bubble territory.

Damodaran's implied equity risk premium points to the same nuance: expected returns are a function of price, cash flows and rates. His 2025 updates put the US implied ERP a touch above 4% recently – not cheap, not absurd – which is entirely consistent with “rich but rational if earnings deliver.”

Cash still loses the long game



Yes, 3-month T-bills around 4% feel comforting. Comfort is not compounding.

Over 125 years, global equities beat both bonds and bills after inflation, with a roughly 4.3% real premium over cash in the 21st century to date.

That is the oxygen of pensions. Park in cash for a year while you wait for Godot-the-Correction if you must, but recognise the opportunity cost of missing equity risk premia.

If you need more motivation to avoid market-timing purgatory: decades of data show most wealth creation comes from a small minority of stocks. Miss the winners and you can match T-bills with equity-like volatility - a terrible trade.

Bessembinder finds the top 4% of US companies generated the entire net market gain since 1926. Translation: broad, disciplined equity exposure beats heroic stock picking and cash dithering.

If you'd like to explore the data behind this in more detail, UBS publishes the Global Investment Returns Yearbook, a landmark study of 125 years of financial history across global markets.



The public summary edition for 2025 covers equities, bonds, bills, diversification, and factors, and is widely regarded as the gold standard reference for long-term returns. You can read the full summary [here](#):

“Overvalued” does not mean “uninvestable”

What moves returns from here? Earnings growth and breadth. Analysts still expect double-digit EPS growth into 2026, and forward P/Es that look stretched can compress harmlessly if profits catch up. Sector dispersion is also rising, which is what you want if you actually do research.

Crucially, quality matters. Decades of peer-reviewed evidence show that profitable, conservatively financed, well-managed firms deliver superior risk-adjusted returns. Call it profitability and investment in Fama-French. Call it Quality-Minus-Junk in Asness-Frazzini-Pedersen.

Call it common sense. It is the antidote to fretting about the index multiple.

What this means for pensions

1. **Cash is a holding pen, not a home.** Today's T-bill yield near 4% is fine for near-term liabilities, not for decades-long purchasing power. History still says equities outcompete cash by wide margins over realistic pension horizons.
2. **Stop treating valuation as a weather forecast.** Expensive markets can keep rising if cash flows grow or discount rates fall. Cheap markets can stay cheap. Use valuation for expectations and risk control, not red-button timing.
3. **Own resilience, systematically.** We tilt to resilient companies - high profitability, strong balance sheets, sensible reinvestment, and diversification - is precisely what the academic literature rewards. In a market where a minority of firms create most of the wealth, process beats punditry.

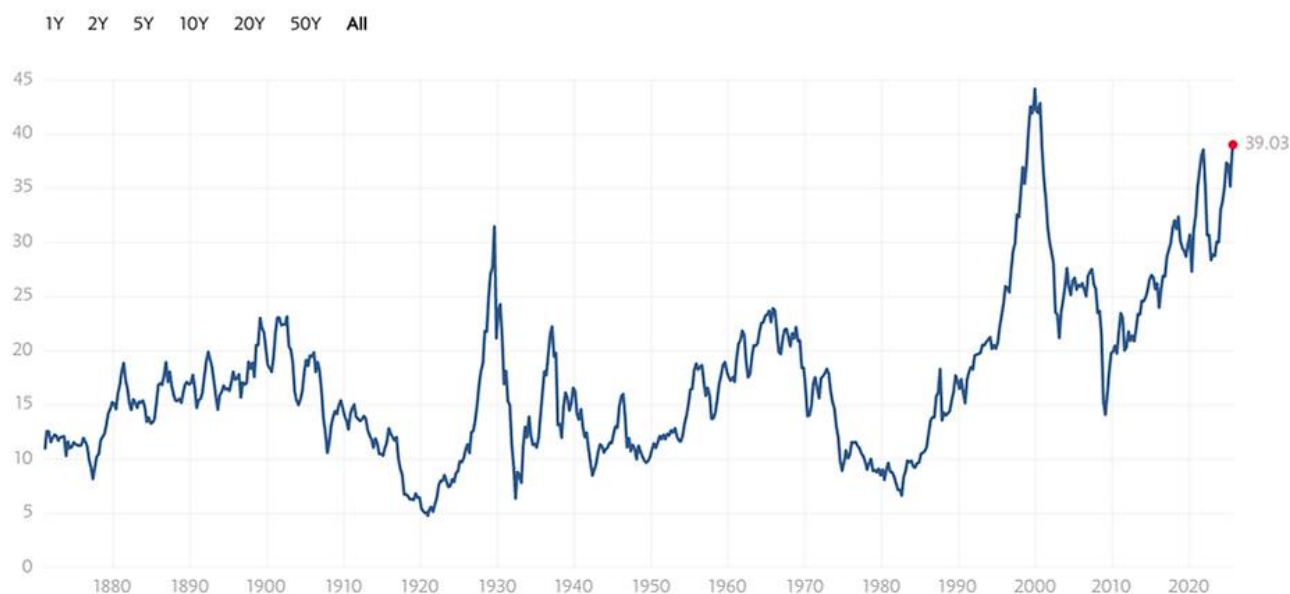
Bottom line

Yes, the American market screens rich. No, that does not make cash your friend. For pension savers, the rational play is not to outguess the next 300 points on the S&P 500. It is to stay invested in resilient businesses, sized to your risk, rebalanced with discipline, and judged over years, not headlines. The roof matters more than the weather.

What if The USA is Overvalued?

You're right to worry about expensive assets. By classic yardsticks the US looks rich. The **Shiller CAPE** sits in the high 30s, historically elevated.

Shiller PE Ratio



MSCI's August 2025 factsheet shows the **MSCI USA** on a **forward P/E ~22.8**. Meanwhile, **MSCI ACWI ex USA** trades nearer **~14.6** forward earnings - a sizeable discount.

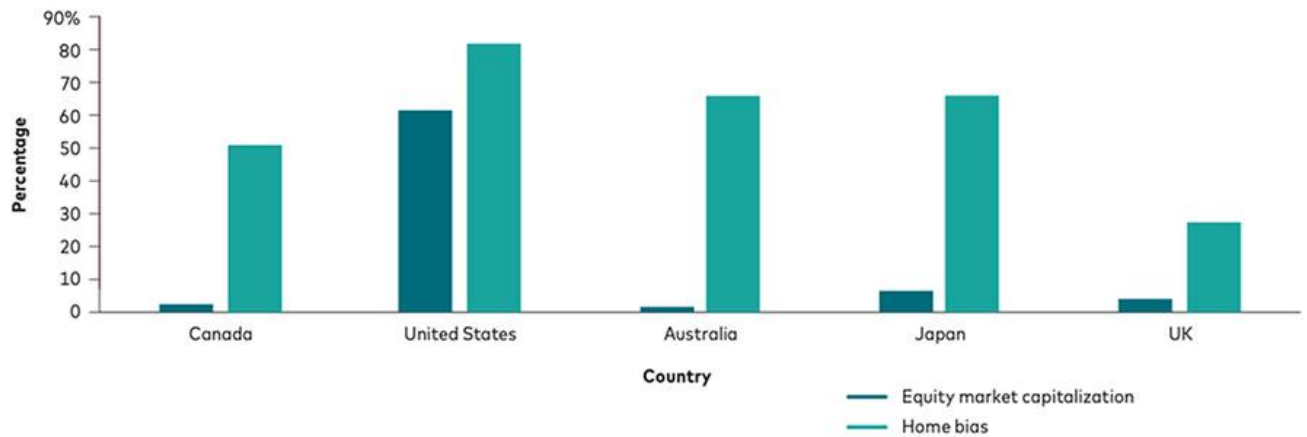
Expensive doesn't mean "crash tomorrow," but concentration plus high multiples should nudge rational investors toward **global diversification** and **valuation discipline**.

Vanguard's research on home-bias and global equity diversification is clear: home-bias is costly and diversification is your only free lunch in finance.

FIGURE 2B

Home bias is a phenomenon observed worldwide

Equity market capitalization and home bias by country



Notes: Canada equities represented by FTSE Canada All Cap Index; global equities represented by FTSE Global All Cap Index. Data as of April 30, 2024.

Sources: Vanguard calculations, using data from Bloomberg.

2

“Fine,” you say, “so when do we rotate?” Here’s the awkward truth: timing valuation spreads reliably is **hard**. AQR’s work shows factor timing and market timing add little on average - big spreads can persist longer than your patience.

The saner response is structural - own the world, **tilt** toward reasonably priced quality and value, and rebalance instead of gambling on a date with destiny.

For instance, **MSCI USA Value** sits at a lower forward P/E than broad USA, while **ACWI ex USA Value** is cheaper still.

MSCI USA Value Index (USD)

The **MSCI USA Value Index** captures large and mid cap US securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

For a complete description of the index methodology, please see [Index methodology - MSCI](#).

CUMULATIVE INDEX PERFORMANCE – PRICE RETURNS (USD) (AUG 2010 – AUG 2025)



ANNUAL PERFORMANCE (%)

Year	MSCI USA Value	MSCI USA
2024	11.69	23.40
2023	6.27	25.05
2022	-8.64	-20.76
2021	24.22	25.24
2020	-2.02	19.22
2019	21.99	29.07
2018	-9.82	-6.33
2017	12.16	19.50
2016	13.39	9.21
2015	-4.78	-0.77
2014	9.16	11.10
2013	28.61	29.85
2012	11.56	13.52
2011	-1.33	-0.11

INDEX PERFORMANCE – PRICE RETURNS (%) (AUG 29, 2025)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			
					3 Yr	5 Yr	10 Yr	Since Dec 31, 1974
MSCI USA Value	2.58	7.31	6.02	8.32	9.89	10.02	7.53	7.61
MSCI USA	1.85	9.33	14.96	9.97	17.92	12.78	12.58	9.22

FUNDAMENTALS (AUG 29, 2025)

Div Yld (%)	P/E	P/E Fwd	P/BV
2.15	20.64	17.44	3.21
1.20	27.87	22.84	5.39

INDEX RISK AND RETURN CHARACTERISTICS (AUG 29, 2025)

	Turnover (%) ¹	ANNUALIZED STD DEV (%) ²			SHARPE RATIO ^{2,3}			Since Dec 31, 1974	MAXIMUM DRAWDOWN	
		3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
MSCI USA Value	18.90	14.91	15.32	14.98	0.39	0.51	0.42	na	61.32	2007-06-04–2009-03-05
MSCI USA	2.07	14.99	16.21	15.57	0.87	0.65	0.71	na	56.78	2000-03-23–2009-03-09

¹ Last 12 months

² Based on monthly price returns data

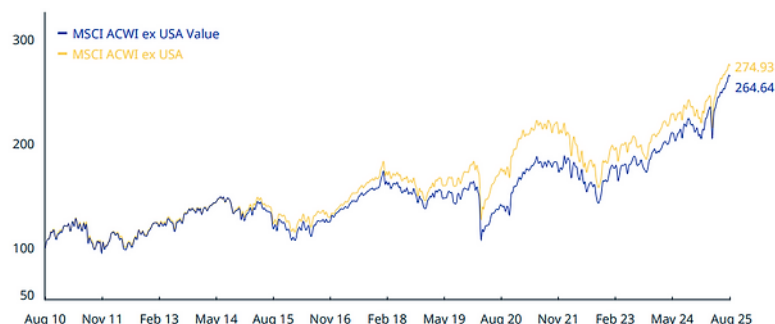
³ Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

MSCI ACWI ex USA Value Index (USD)

The **MSCI ACWI ex USA Value Index** captures large and mid cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries*. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

For a complete description of the index methodology, please see [Index methodology - MSCI](#).

CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (AUG 2010 – AUG 2025)



ANNUAL PERFORMANCE (%)

Year	MSCI ACWI ex USA Value	MSCI ACWI ex USA
2024	6.87	6.09
2023	18.13	16.21
2022	-7.95	-15.57
2021	11.13	8.29
2020	-0.21	11.13
2019	16.44	22.13
2018	-13.44	-13.77
2017	23.35	27.77
2016	9.59	5.01
2015	-9.59	-5.25
2014	-4.60	-3.44
2013	15.65	15.78
2012	17.68	17.39
2011	-12.71	-13.33

INDEX PERFORMANCE – GROSS RETURNS (%) (AUG 29, 2025)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			
					3 Yr	5 Yr	10 Yr	Since Dec 31, 1996
MSCI ACWI ex USA Value	4.25	8.02	20.89	26.53	18.84	13.56	7.86	6.56
MSCI ACWI ex USA	3.54	6.83	16.11	22.19	15.77	9.49	7.86	6.06

FUNDAMENTALS (AUG 29, 2025)

Div Yld (%)	P/E	P/E Fwd	P/BV
3.94	12.82	11.40	1.40
2.74	16.73	14.58	2.06

INDEX RISK AND RETURN CHARACTERISTICS (AUG 29, 2025)

	Turnover (%) ¹	ANNUALIZED STD DEV (%) ²			SHARPE RATIO ^{2,3}			Since Dec 31, 1996	MAXIMUM DRAWDOWN	
		3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
MSCI ACWI ex USA Value	20.68	14.09	15.45	15.66	0.97	0.71	0.43	0.31	62.51	2007-10-31–2009-03-09
MSCI ACWI ex USA	3.55	14.76	15.04	14.77	0.75	0.49	0.45	0.29	60.58	2007-10-31–2009-03-09

¹ Last 12 months

² Based on monthly gross returns data

³ Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

GIP's approach reflects that evidence: reduce single-country risk, favour sensible valuations, and use rebalancing rules to harvest volatility.

If US leadership endures, you still own it. If leadership rotates, you're already there. Either way, you stop betting the farm on one postcode.

Hot Stocks and Cold Returns: How FOMO Hurts Retail Investors

Chasing the Next Hot Thing - and Paying for It

Retail investors have an unfortunate habit of being their own worst enemies. Time and again, **fear of missing out (FOMO)**, panic or sheer boredom lure individuals away from carefully constructed model portfolios into chasing the latest market darlings.

From meme stocks to crypto crazes, many **amateur investors switch strategies at the worst possible moments**, invariably with painful results.

As early as 1936, John Maynard Keynes warned that investing is “intolerably boring” without a gambling instinct – and those with it “must pay to this propensity the appropriate toll”. In plainer terms: the **thrill of hot trades comes at a cost**, usually deducted straight from your returns.

How FOMO Harms Retail Investors' Returns.pdf
Download PDF • 466KB

The Behaviour Gap: What the Data Shows

This isn't just anecdotal. *Behavioural finance research* consistently finds that **frequent trading and performance-chasing lead to underperformance**.

A classic study of 66,000 brokerage accounts found that **households trading most actively earned a net annual return of only 11.4%, versus 18.5% for those who traded least**.

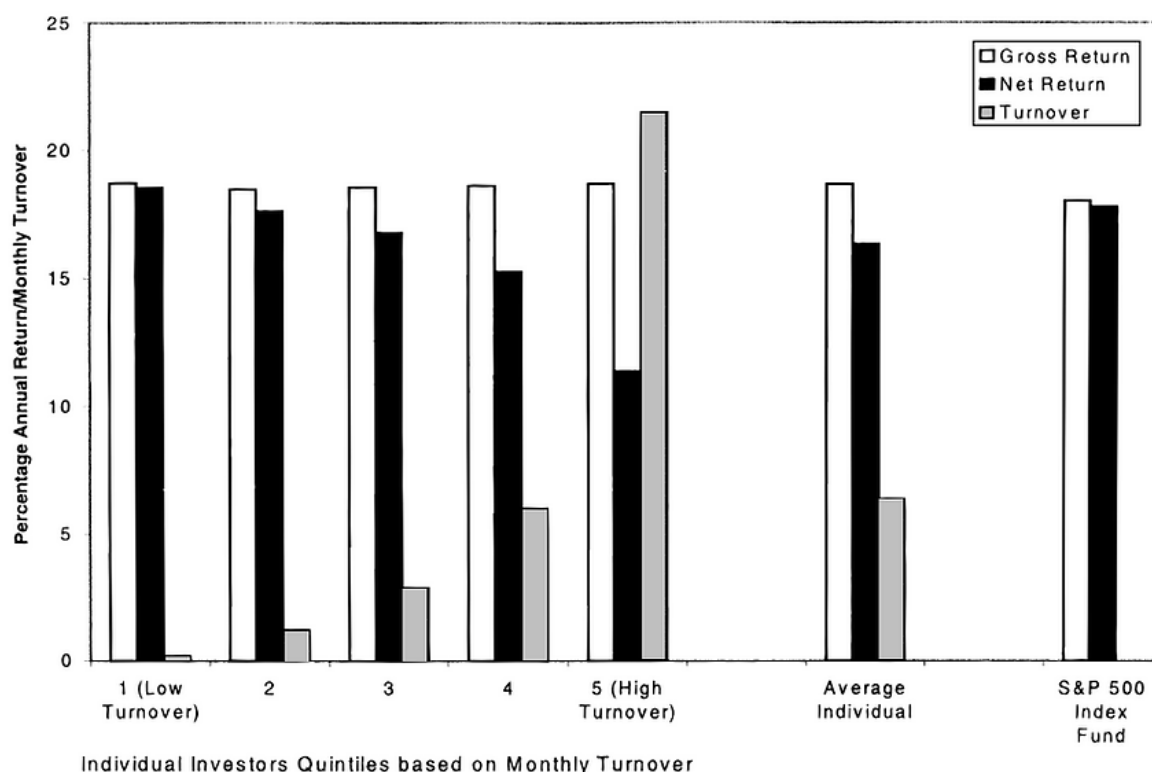


Figure 1. Monthly turnover and annual performance of individual investors. The white bar (black bar) represents the gross (net) annualized geometric mean return for February 1991 through January 1997 for individual investor quintiles based on monthly turnover, the average individual investor, and the S&P 500. The net return on the S&P 500 Index Fund is that earned by the Vanguard Index 500. The gray bar represents the monthly turnover.

Frequent trading erodes returns: data from Barber & Odean (2000) shows that the most active traders significantly underperform the market.

Overall, these retail investors **“significantly underperform” benchmark indices after costs**. The pattern persists over long periods: one industry study found the *average retail investor* lagged the S&P 500 by **6.1 percentage points annually over a 20-year period**.

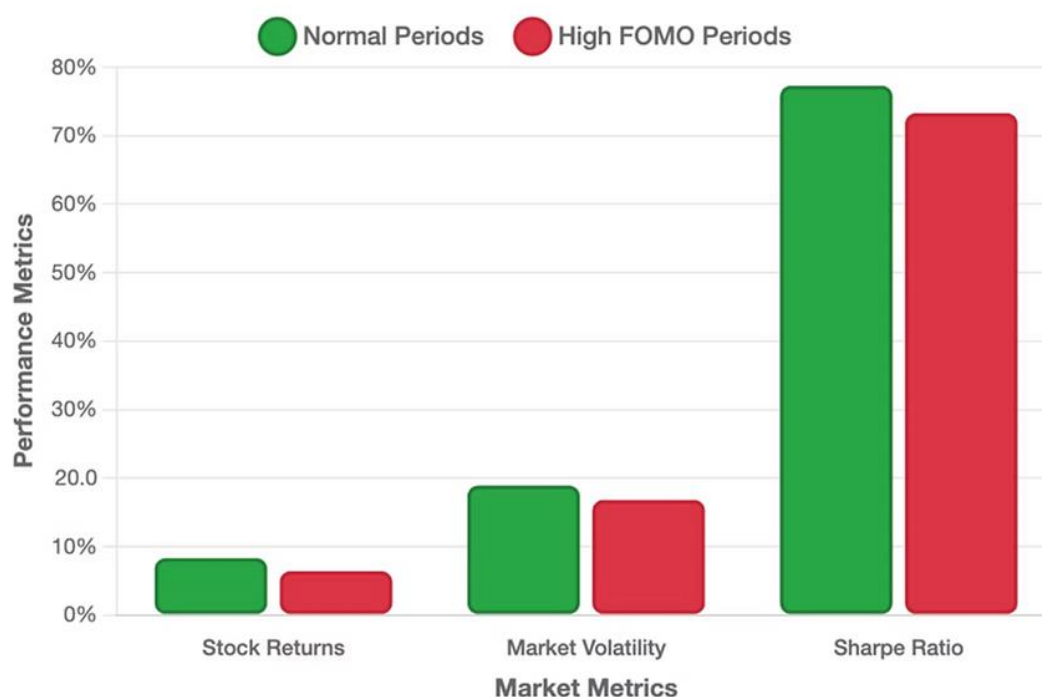
Even in the bull market of 2023, when the S&P 500 surged over 26%, the typical equity fund investor earned about 5.5% less than the index. Why? Because **emotional decisions – selling in fear during downturns and chasing fads in frothy markets – consistently erode investors’ gains**.

Dalbar's annual analysis of investor behavior bluntly concludes that **“investors tend to sell out of investments during downturns and miss out on rebounds”**, sabotaging their long-term returns.

Academic research dubs this the *“behaviour gap”* – the difference between an investment's returns and the **lower returns investors actually achieve due to poor timing**.

The behaviour gap in action

Market performance during high FOMO vs normal periods (Bonaparte's findings)



-1.9%

Average return impact during high FOMO periods

-2.1%

Volatility reduction (less opportunities)

-4.0%

Sharpe ratio decline (risk-adjusted returns)

High FOMO periods reduce returns and increase risk, proving the behaviour gap is not just theory but measurable reality. Source: *EvidenceInvestor*

One recent study even quantified a “Global FOMO Index” based on Google searches, showing that **when public excitement about investing peaks, subsequent market returns consistently disappoint.**

The FOMO timing trap

Bitcoin price vs Google search volume for "Bitcoin price" (2017-2022)



Key insight: Search interest peaks exactly when prices peak, not before. When everyone's Googling "Bitcoin price," the opportunity has already passed—confirming that FOMO investing captures regret, not foresight.

Search peaks mirror price peaks: by the time investors rush in, the gains are gone - classic FOMO timing trap. Source: *EvidenceInvestor*

In other words, by the time everyone is talking about the “**next big thing**,” the **big gains have likely already been made**. As the study noted, **surges in hype are “warning signs of a bubble about to burst,” not opportunities.**

When **excitement reaches fever pitch, rational decision-making disappears – replaced by FOMO that “destroys wealth rather than creating it.”**

From GameStop to Crypto: Lessons from 2020–2023

The past few years have offered textbook examples. In early 2021, **meme stocks** like GameStop and AMC rocketed “to the moon” as throngs of retail traders on social media drove shares up hundreds or even thousands of percent.

But many small investors only piled in during the frenzy’s peak. As GameStop’s stock inevitably came back to earth, “**many retail investors suffered significant losses,**” with some losing the majority of their savings.

The **AI-stock hype** of 2023 has a similar echo: Nvidia’s share price tripled in mere months amid AI enthusiasm, and lesser-known names like C3.ai surged on speculation.

Latecomers chasing these high-fliers risk discovering that **gravity hasn’t been repealed** – indeed, *those who bought C3.ai near its 2023 highs saw the stock plunge by over 50% within months.*

And in cryptocurrencies, the **boom-bust cycle is even more brutal**. Take Dogecoin: fuelled by online buzz and celebrity tweets, it **soared over 8,000% in early 2021, then crashed more than 70% just weeks later.**

Bitcoin’s manic run to nearly \$69,000 was followed by a 75% collapse into 2022. Each time, **the pattern is the same**: waves of FOMO buyers crowd in late, only to hold the bag when reality returns.

Discipline Over Drama - Boring Is Better

None of this is to single out retail investors for scorn - **it’s human nature** to get caught up in euphoria or to panic at the first sign of trouble. **Sticking to a model portfolio** can indeed feel dull when everyone else seems to be getting rich quick (or claiming to).

But the **sobering truth** is that **jumping from one flashy trend to the next usually ends in disappointment and depleted wealth**. Markets have a knack for **rewarding patience and punishing the impulsive**.

A well-constructed, diversified portfolio may not deliver pub-worthy bragging rights, but it also won't have you **chasing your tail or selling at the bottom** after a bout of fear.

The message from both data and experience is clear: **FOMO is hazardous to your financial health**. Yes, the discipline to **stay the course** – rebalancing, tuning out noise, and avoiding needless switches – can feel like watching paint dry while others ride roller-coasters.

Yet time and again, the tortoise beats the hare in investing. As the old saying (updated for markets) goes, **sometimes the hottest portfolio move is no move at all**. In the end, **boring stability trumps exciting chaos** – and your returns will thank you for it.

How Much Can You Safely Withdraw From £1m in the S&P 500 Over 20 Years?

Safe Withdrawal Strategies: £1 Million in the S&P 500 Over 20 Years

Exploring sustainable monthly withdrawals with historical returns and risk considerations



Alpesh Patel

www.campaignforamillion.com



Imagine you have £1 million, and you invest it in the S&P 500. The natural question is: how much can you safely withdraw each month for 20 years without running out of money?

Executive Summary: Withdrawal Potential and Key Insights

Realistic income planning based on historical S&P 500 returns and risk considerations



1 Estimate monthly withdrawals from £1M portfolio over 20 years

Assuming the S&P 500 repeats its last 10 years of returns, monthly withdrawals range between £11,000 and £12,500 nominal.



2 Adjust withdrawals for inflation to reflect today's value

With an inflation rate of approximately 3%, monthly withdrawals adjust downward to about £9,000–£10,350 in today's pounds.



3 Acknowledge risks reducing withdrawal sustainability

Withdrawals are based on past average returns, not forecasts; sequence risk, fees, and taxes diminish real sustainability.



4 Advocate prudent planning with buffers and reviews

Effective planning includes buffers, tax considerations, and regular portfolio reviews to prevent depletion over time.

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The Short Answer

If the S&P 500 repeated its last 10 years, you could withdraw roughly £11,000–£12,500 per month for 20 years before exhausting the pot.

The Core Question

How much can you withdraw monthly from £1 million invested in the S&P 500 over 20 years without running out of money?

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That depends on which historical return you use. This is purely mathematical, based on past averages - not a forecast or a promise.

The Maths in Plain English

Mathematical Foundation: Withdrawal Calculation Using Annuity Formula

Calculating monthly withdrawals for a £1M investment over 20 years with fixed returns



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We use the annuity formula with a fixed annual return r , monthly rate r_m , and 240 months (20 years):

Monthly withdrawal $W = PV \times r_m \div [1 - (1 + r_m)^{-240}]$ Where $r_m = (1 + r)^{(1/12)} - 1$ and $PV = £1,000,000$.

Two credible sources for the last 10-year total return of the S&P 500 give different figures:- YCharts reports ~12.6% CAGR.- FinanceCharts (SPY) reports ~15.0% CAGR as of September 2025.

Historical Return Scenarios: 10-Year S&P 500 CAGR Comparison

Two credible 10-year S&P 500 CAGR figures and adjusted withdrawal estimates as of September 2025

Source	CAGR (%)	Monthly Withdrawal (Nominal)	Monthly Withdrawal (Real, Adjusted for 3% Inflation)
YCharts	12.6%	£10,900	£8,940
FinanceCharts (SPY)	15.0%	£12,450	£10,350

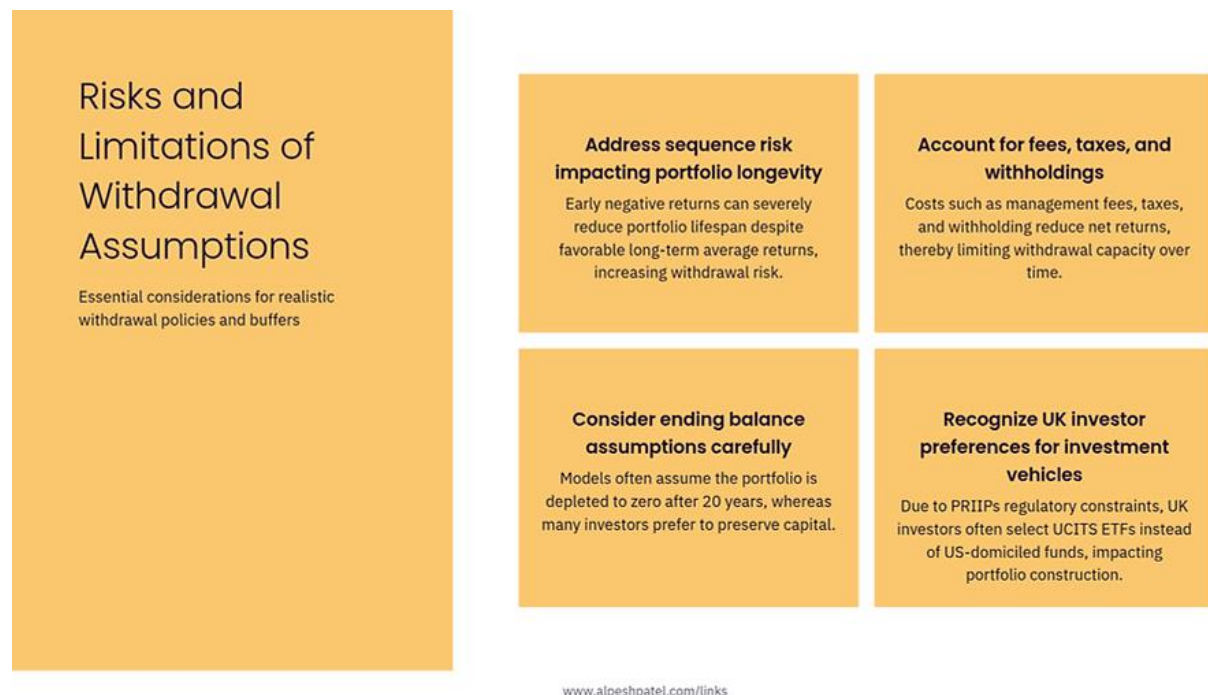
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Plugging those into the formula gives:- At 12.6% CAGR: ~£10,900 per month. - At 15.0% CAGR: ~£12,450 per month.

If you adjust for inflation (say 3%), the real returns are lower:- 12.6% nominal $\approx$ 9.3% real $\rightarrow$ ~£8,940 per month in today's pounds.- 15.0% nominal $\approx$ 11.6% real $\rightarrow$ ~£10,350 per month in today's pounds.

Why You Shouldn't Bet the House on This



- Markets are lumpy. Sequence risk means poor early years can sink an otherwise 'safe' plan.
- Fees, taxes and withholdings reduce returns.
- This assumes ending balance = £0 after 20 years. You may want capital left.
- UK investors often use UCITS ETFs instead of US-domiciled funds due to PRIIPs rules.

Practical Adjustments for Sustainable Withdrawal Strategies

Key investor considerations to enhance withdrawal sustainability beyond models



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Bottom Line

If you assume the S&P 500 repeats the last decade, £1m supports ~£11k–£12.5k a month nominal, or ~£9k–£10.3k in today's money over 20 years. Sensible planning builds in buffers: cash reserves, bad-sequence modelling, fees, taxes, and annual reviews.

Summary: Withdrawal Amounts and Strategic Insights

Data-driven insights for sustainable £1M S&P 500 withdrawal planning over 20 years



Identify sustainable monthly withdrawal ranges from £1M S&P 500 investment

Historically, £1 million invested in the S&P 500 supports £11k–£12.5k monthly nominal withdrawals over 20 years, providing a baseline for withdrawal expectations.



Adjust withdrawal amounts for inflation impact

Accounting for inflation reduces monthly withdrawals to approximately £9k–£10.3k in today's purchasing power, highlighting the importance of real value consideration.



Incorporate market variability, fees, taxes, and residual balance in planning

Sustainable withdrawal requires factoring in market fluctuations, associated fees, tax obligations, and preferred portfolio residuals to maintain long-term income security.



Implement proactive planning with buffers and regular portfolio reviews

Ongoing portfolio assessment and incorporating financial buffers are essential strategies to ensure withdrawal plans remain viable throughout varying market conditions.

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Lucky Joe vs Sad Sally: Why the Same Average Return Can Leave You Rich or Broke

Most people think that if two investors get the *same average return*, they should end up with the same amount of money. It feels obvious. But when you are withdrawing money to live on, the timing of returns matters just as much as the average.

What is Sequence of Returns Risk?

Understand how return order impacts your retirement withdrawals



Recognize early losses can harm your portfolio

Losses early on can cripple your portfolio because you're withdrawing money while your pot is shrinking, making recovery harder over time.



Appreciate benefits of early gains

Gains early on protect you because your pot is bigger when losses eventually come, cushioning the impact and preserving your savings.



Understand the importance of return sequence

The sequence (order) of returns matters just as much as the average return when withdrawing funds, affecting long-term portfolio sustainability.



Identify who is most affected by this risk

This risk is critical for retirees or anyone drawing down investments for income, as withdrawals during down markets can severely impact funds.

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This is called “**sequence of returns risk**”. To explain, let’s meet Lucky Joe and Sad Sally.

Key Takeaways for Investors Managing Withdrawals



Recognize that average returns don't guarantee retirement success

Understand that the sequence of returns matters just as much as average returns when managing retirement portfolios.



Focus on early years' performance to protect portfolio longevity

Performance during the initial withdrawal years greatly influences how long your portfolio lasts in retirement.



Plan for sequence of returns risk in retirement strategies

Incorporate sequence of returns risk into your retirement planning to avoid unexpected portfolio depletion.



Use flexible withdrawals and diversification to reduce risk

Consider strategies like adjusting withdrawal amounts, diversifying investments, or layering income sources to mitigate risks.

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The Setup

The Setup: Comparing Lucky Joe and Sad Sally

Understanding how timing of returns impacts investments over 10 years

- **Start with the same initial investment amount**

Both Joe and Sally begin with £250,000 as their starting investment capital, setting an equal baseline for comparison.
- **Withdraw £2,000 monthly to cover living expenses**

Each withdraws £2,000 per month, totaling £24,000 per year, which simulates real-life living costs affecting their portfolio.
- **Invest for a 10-year period**

Both invest their funds consistently over a decade, allowing the effects of returns and withdrawals to play out over time.
- **Achieve an average annual return of 15%**

They each experience a 15% average return annually, representing strong investment performance over the 10 years.
- **Experience different sequences of returns**

Joe benefits from good returns early on (lucky), while Sally faces poor returns early (unlucky), highlighting the impact of return timing on portfolio outcomes.

- Both start with **£250,000**.
- Both withdraw **£2,000 per month** (£24,000 per year) to live on.
- Both invest for 10 years.
- Both average **15% annual returns** over that time.

But:

- Joe gets his good returns early (lucky).
- Sally gets her bad returns early (unlucky).

The Numbers

Lucky Joe: Strong Early Years

Year	Return	Start Value	End Value After Withdrawals
1	+25%	£250,000	£288,500
2	+20%	£288,500	£320,200
3	+18%	£320,200	£346,000
4	+15%	£346,000	£362,900
5	+12%	£362,900	£366,400

6	+10%	£366,400	£360,800
7	+8%	£360,800	£346,500
8	+5%	£346,500	£326,000
9	-5%	£326,000	£281,700
10	-10%	£281,700	£225,000

Result: After 10 years, Joe still has around **£225,000** left.

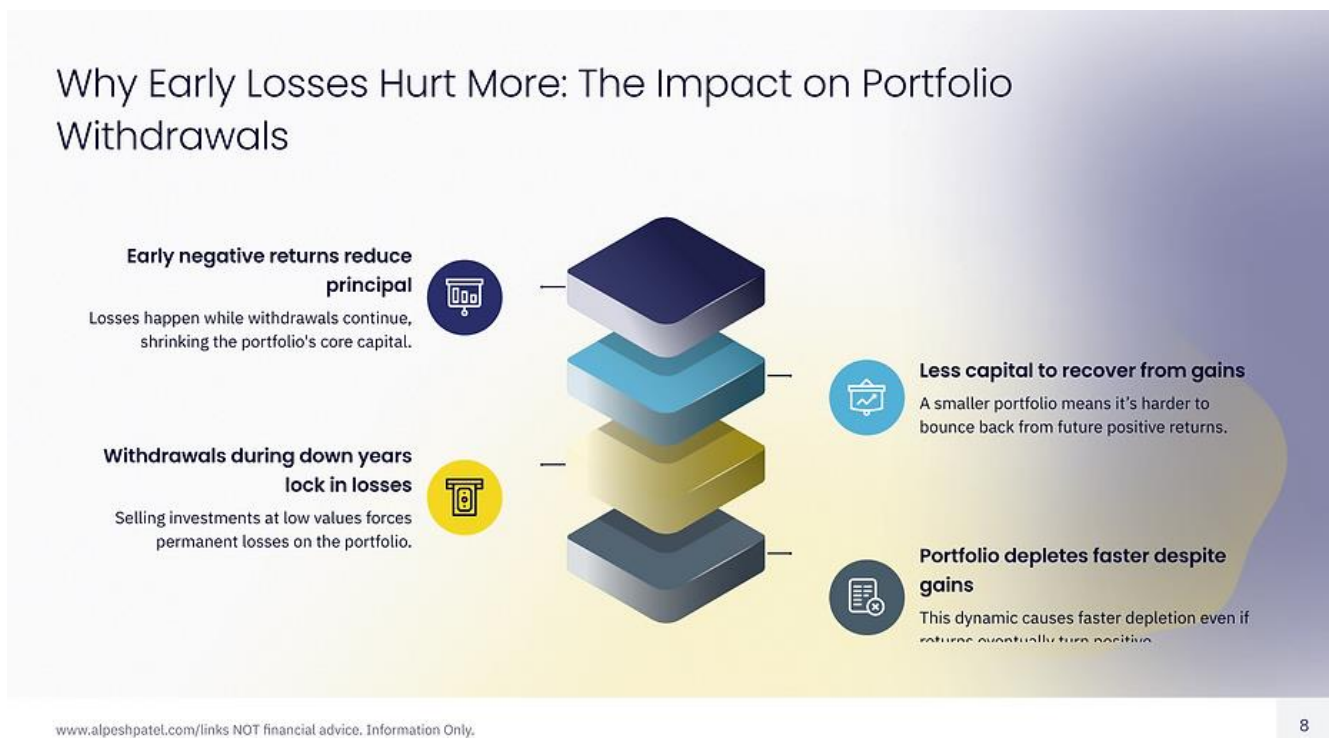


Sad Sally: Weak Early Years

Year	Return	Start Value	End Value After Withdrawals
1	-10%	£250,000	£201,000
2	-5%	£201,000	£162,000
3	+5%	£162,000	£145,100
4	+8%	£145,100	£135,600
5	+10%	£135,600	£130,600

6	+12%	£130,600	£131,900
7	+15%	£131,900	£135,100
8	+18%	£135,100	£140,200
9	+20%	£140,200	£147,000
10	+25%	£147,000	£158,000

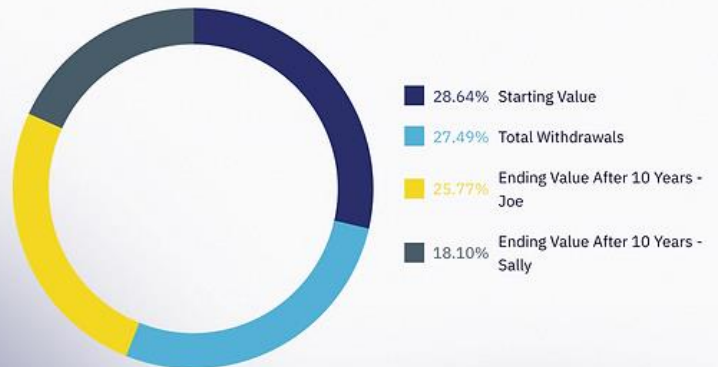
Result: After 10 years, Sally has only **£158,000** left.



Comparing Outcomes: Joe vs Sally After 10 Years

How timing of returns affects ending portfolio values despite identical average returns

Ending Portfolio Values And Withdrawals After 10 Years

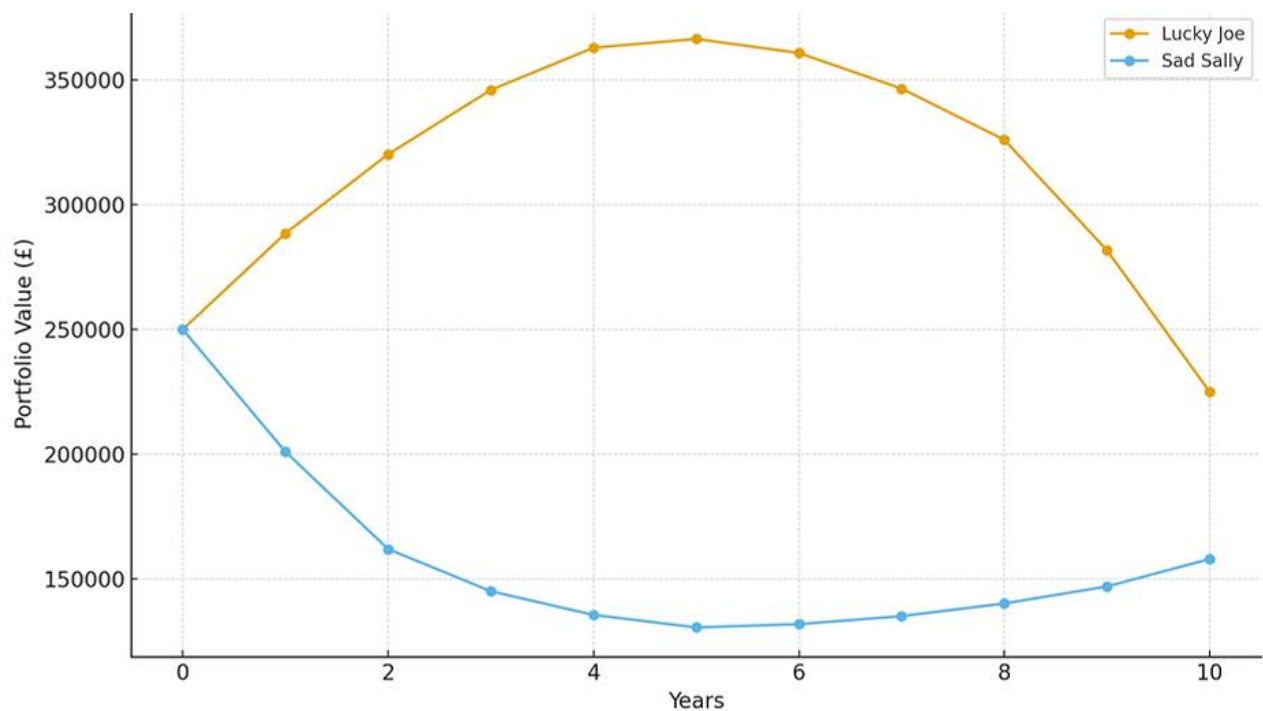


Investor portfolio data over 10 years with 15% average return

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The Lesson



Even though both had the **same average return (15%)**, Joe finishes with **£225,000** while Sally has just **£158,000**.

That's a difference of nearly **£70,000** - simply because Sally's bad years came first, when her pot was biggest and she was withdrawing money at the same time.

This is **sequence of returns risk**:

- Losses early on can cripple your portfolio, because you're taking withdrawals while your pot is shrinking.
- Gains early on protect you, because your pot is bigger when losses eventually come.

Think of two runners doing a marathon. Both average the same speed. But Joe runs the first half downhill and Sally runs the first half uphill. Same "average," very different results.

Why It Matters

Key Takeaways for Investors Managing Withdrawals



Recognize that average returns don't guarantee retirement success

Understand that the sequence of returns matters just as much as average returns when managing retirement portfolios.



Focus on early years' performance to protect portfolio longevity

Performance during the initial withdrawal years greatly influences how long your portfolio lasts in retirement.



Plan for sequence of returns risk in retirement strategies

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Use flexible withdrawals and diversification to reduce risk

Consider strategies like adjusting withdrawal amounts, diversifying investments, or layering income sources to mitigate risks.

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For retirees, this risk is critical. You can't control when markets are up or down.

But you *can* control:

- How much risk you take.
- How you diversify.
- Having a plan so that early bad years don't sink your retirement.

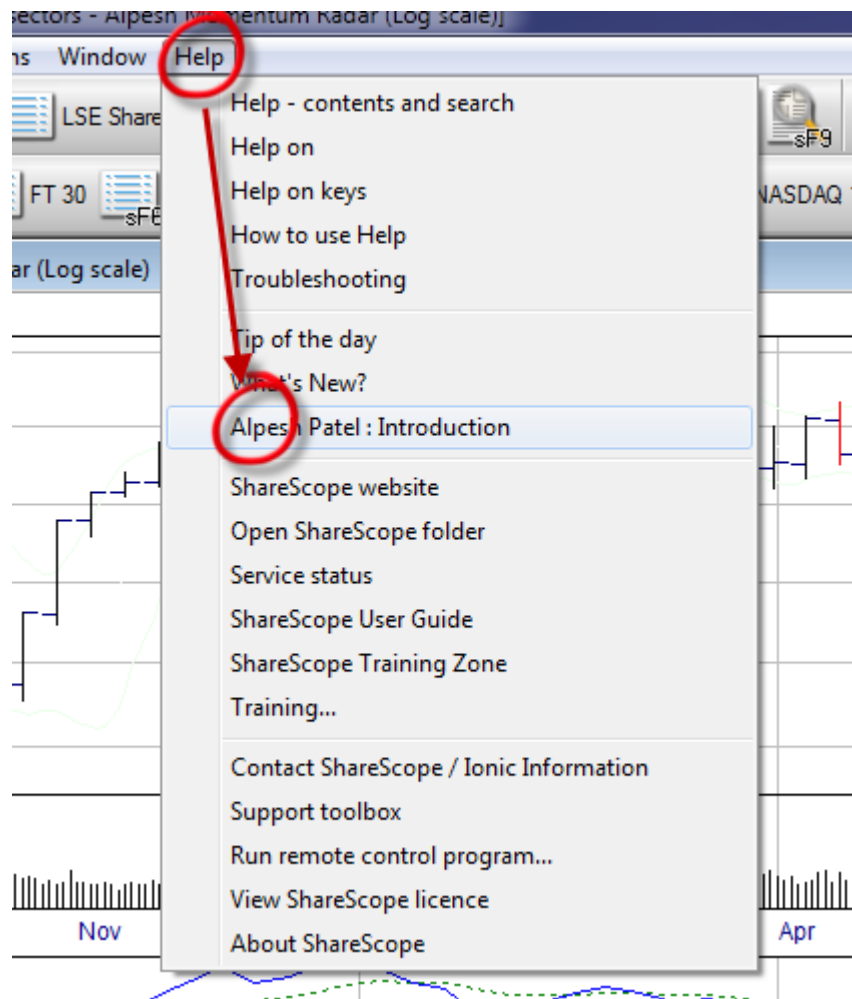
It's not just about the average return. It's about when the returns come.



Let's educate investors and develop strategies to secure lasting retirement income.

Understanding and managing sequence risk to protect retirement income and boost investor confidence

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