



# THE GENERATOR

"Reading is to the mind what exercise is to the body"

Joseph Addison

Q4\_2022

## Survey of our client base

# WONDERFUL FEED BACK RECEIVED!



Earlier this year we engaged Business Health Pty Ltd to conduct an anonymous survey of over 230 of our invested clients to gather feedback on their perceptions of us and our services.

Business Health is an Australian based company that works extensively with leading fund managers and insurance companies, broker-dealer groups, advisory practices and individual advisers to enable businesses to identify both problems and opportunities.

We would like to thank those clients

who took the time to participate in the survey and we are delighted to share the overall results with you.

The following table compares our clients feedback with that from all other surveys that have been done with financial advisory practices in Australasia.

We are very proud to be ranked in the top quartile in 8 of the 8 categories and promise to continue working hard at everything that we do for our clients. We appreciate the trust and faith that you all place in us.

Category Points	0-25% 1	25-50% 2	50-75% 3	75-100% 4
Understanding				✓
Business relationship				✓
Financial Knowledge				✓
Range of Financial Services				✓
Implementation of Solutions				✓
Standard of Support Staff				✓
Financial Review Process				✓
Communication				✓



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## Best wishes for the festive season

All of us at Generation Wealth Management would like to wish you and your family a very Merry Christmas and prosperous New Year.

### Christmas Office Hours:

Last Day - Wednesday 21 Dec.

Reopening - Thursday 12 Jan. 2023



If you need to contact us, please leave a message on our answerphone or email.

We'll be checking these periodically and will respond as soon as we can.

## Inside

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# Finding *PROGRESS* in a sea of negativity

THERE IS A LOT OF NEGATIVITY IN THE WORLD THESE DAYS AND I'M NOT JUST TALKING ABOUT INVESTMENT MARKETS, RECESSIONS AND INFLATION. THE WORLD IS FAR FROM PERFECT THESE DAYS BUT THINGS REALLY ARE GETTING BETTER.

Negativity is much easier to latch onto because it fits in a headline or tweet or 30-second news clip. Progress doesn't fit in a headline because it takes time to play out.

I don't read nearly as many non-fiction books as I used to but two books I've read in recent months — *"Ten Global Trends Every Smart Person Should Know"* by Ronald Bailey and Marian Tupy and *"How the World Really Works"* by Vaclav Smil — reminded me of the unfathomable amount of progress we've made as a species over the past few centuries.

Technology has improved our lives in countless ways but the pandemic showed us all how much we need the physical world to function. I never put much thought into things like supply chains, manufacturing, the movement of goods around the globe, food production and energy storage. These things all just kind of happened behind the scenes.

In the early-1800s more than 70% of Americans worked on farms. By 1900, that number was still north of 40% of the workforce.



Smil points out that less than 1% of the U.S. population is directly engaged in producing the food we eat today. These are the people who run the farms, plough the fields, plant the seeds, apply the fertilizer and so on. Even though the workforce is much smaller, they are now able to produce on a much bigger scale.

In 1800, it took 150 hours of labour to produce the same amount of wheat than can now be produced in 2 hours of work. The labour needed to produce grain has fallen by 98% since 1800. These efficiency gains have made it easier to feed more people.

The rate of malnutrition globally decreased from 65% in 1950 to less than 9% by 2019. In 1950 that meant fewer than 900 million people with an adequate food supply. It's now over 7 billion people.

Because of these gains in efficiency, people are working far less than our ancestors. In 1830, the average worker put in 70 hours a week from Monday-Saturday. That's basically a 12 hours day, 6 days a week. And it was back-breaking work.

The average workweek is now 40 hours a week, Monday-Friday, meaning we've cut down on hours worked by one-third. Now many of us are calling into Zoom meeting in our sweatpants, not getting up at the crack of dawn to milk the cows and plough the fields.

*Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly, and applying the wrong remedies."*  
*Groucho Marx*

## Summing up

- the labour needed to produce grain has fallen by 98% since 1800
- the rate of malnutrition globally decreased to less than 9% by 2019
- In 1830, the average worker put in 70 hours a week from Monday-Saturday
- Today it is 40 hours a week, Monday-Friday

4	1
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Despite working fewer hours and not performing nearly as much physical labour, the economy is massively bigger than it was in the 19th century. Since 1820, the world's population is up around eightfold while the size of the global economy has grown more than one hundredfold.

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Bailey and Tupy estimate if the global economy maintains its 2.8% growth rate since the year 2000, it will be up another tenfold by the end of this century to more than one quadrillion dollars.

People are also making far more money than they did in the past.

The average global income when Jesus Christ was born is estimated to be around \$800 a year (adjusted for inflation). By 1800, that number was up to a little more than \$1,100/year. Then from 1800 to 1900, average global incomes doubled to nearly \$2,200. By 2016, it was almost \$15,000.

So we saw just a 40% increase in the average income over 18 centuries, a 100% increase over the next 100 years and a 600%+ rise in the past 100+ years.

It might not feel like it right now because inflation is so high, but our incomes go a lot further these days as well. We now have far more room in our budgets for discretionary spending than people did in the past.

According to the US Bureau of Labour Statistics, in 1900 the average American family spent nearly 80% of their pay on necessities (food, clothes and housing). People spent more than 40% of their income on food.

Owning a home feels out of reach for many young people today but less than 20% of households owned their home in 1900.

The homeownership rate is now more than 60% while household spending that goes towards necessities has dropped to less than 50%.<sup>1</sup> The amount spent on food is now less than 13%.

The average size of a new home has increased from 700 square feet in 1900 to more than 2,600 square feet today. Houses are bigger, better and we now have fewer people crammed into them as well. For much of the 19th and early 20th centuries, big families often shared one or two rooms.

Throughout much of human history, women gave birth to an average of 6-8 children because infant mortality was so high. Until 1800, 60% of children died from disease, malnutrition or violence before reaching adulthood. One-third of children died before the age of 5.



By 1960, women still gave birth to an average of 5 children. It's now less than 2.5 while life expectancy for women has increased from 53 to 72 in that time. Global life expectancy has doubled over the past 200 years.

Does any of this information help if you're struggling in life today? Probably not.

It might not always feel like it when you're watching the news or on social media, but it's important to remember that our species has an unparalleled track record of progress.

Progress is happening. You just don't see it in the news every day because progress doesn't make for a good headline. It's a process not an event.

Things are getting better even if you don't see it every day.

- Ben Carlson

## Summing up

- The average size of a new home has increased from 700 square feet in 1900 to more than 2,600 square feet today
- Global life expectancy has doubled over the past 200 years

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# REGENCY BIAS

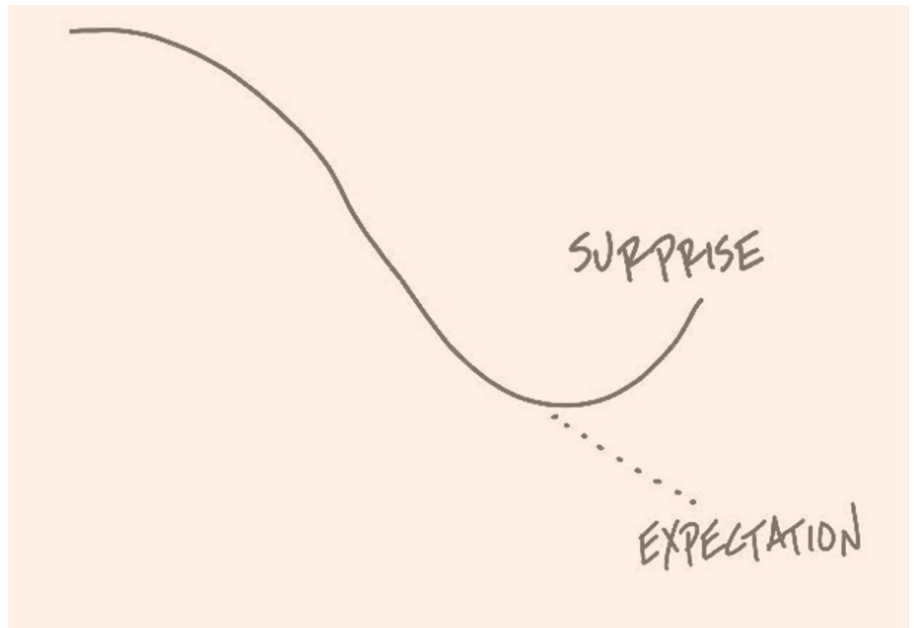
One crazy thing we do as humans is take the recent past and project it indefinitely into the future.

As the news cycle has sped up, this problem has only gotten worse. It used to feel like the “recent past” went as far back as a couple of years. Now, it can feel like the last couple of minutes.

We think if things are going terribly, they are going to continue being terrible forever. If your portfolio value seems to be dropping, it's tempting to say, “At this rate, if this continues, I won't have any money [insert number of months] from now.”

On the other hand, if things are going well, we expect them to continue going well forever.

If every year for the past five years you've gotten a bonus in January, and in October of this year you want to buy a new house, it may be tempting to factor that bonus you will *surely* get in January into your decision. Of course, it's terribly disappointing if that bonus doesn't come.



Turns out, this phenomenon has a name. It's called Recency Bias—and if you're not aware of it, it can wreak havoc in your life.

The only solution I've come across is to lengthen your definition of the recent past.

As they say, those who don't learn from history are doomed to repeat it.

We would do well to make our memories go back just a little bit further than the common goldfish.

That way, we may find ourselves

recalling a time when the bonus didn't come, or the market was better, or whatever financial boon or burden we need to keep in mind is a distinct possibility in the very near future.

If we can do that, we stand a much better chance of not falling into the same traps over and over again. Not just in our finances, but in every aspect of our lives.

- **Carl Richards**, [Behaviorgap.com](http://Behaviorgap.com)

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3	2

*Next step*

... See us about the best investment options for you.

**GENERATION**  
WEALTH MANAGEMENT