

# INVESTING IN PROGRESS: 5 WAYS THE WORLD IS GETTING BETTER



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We certainly don't have to look too far to find negativity. Whether it's in the news, via social media or even just through conversations with colleagues or friends and family around the dinner table, we're fed a constant barrage of bad news. Our 'negativity instinct', designed to protect us against risks, leads us to pay a lot more attention to bad news over good news - leaving us with a sombre sense that things are generally going from bad to worse. This is not something specific to South Africans, it's a worldwide phenomenon.

In his book "Factfulness" physician and academic Hans Rosling outlines how he has posed hundreds of questions about poverty and wealth, population growth, births, deaths, education, health, gender, violence, energy and the environment to thousands of people across the world. His sample size includes people from all walks of life: medical students, teachers, university lecturers, eminent scientists, investment bankers, executives in multinational companies, journalists, activists and even senior political decision makers. What he found was that a stunning majority of people tend to systematically overestimate how bad the world is on many of the most important metrics, such as mortality, poverty, and income. He explains that our misperception about the trajectory of the world's progress is not rooted in ignorance, but in behavioural biases that cause us to systematically overestimate how bad things are.

However, this negative worldview does not recognise the significant improvements the world has seen over time. On many measures, things are vastly better than they've ever been before - and these general trends extend to every part of the globe.

In the dynamic world of investing, identifying and capitalising on emerging themes can be key to long-term investment success. As forward-thinking investors, understanding where the world is headed in broad brush strokes helps us make better investment decisions and populate our portfolios with businesses poised to benefit from some of these shifts.

Listed below are just 5 ways the world is getting better<sup>1</sup> and some examples of how Foord portfolios are positioned to benefit from these improvements:

## **1. EVERY SINGLE COUNTRY IN THE WORLD HAS DRAMATICALLY IMPROVED CHILD SURVIVAL RATES**

In 1800 of all babies born, roughly half died during childhood. Today, every single country in the world has a lower infant or child mortality rate than it had in 1950. Since 1990, the global under-5 mortality rate has

dropped by 59%, from 93 deaths per 1000 live births in 1990 to 38 in 2021. Global food giant Nestle – a holding in Foord’s global funds – will continue to benefit from increased focus on child nutrition and health, and global funding to drive improvements in food health worldwide.

## **2. MOST OF THE WORLD’S CHILDREN ARE VACCINATED**

More than 80% of the world’s 1 year old children have been vaccinated against disease. This is up from only 22% in 1980. This means that almost all human beings alive today have some access to basic modern health care, even in low-income countries. Aspen Pharmacare, a holding in Foord portfolios, recently concluded a ten-year agreement with the world’s largest vaccine producer to market and distribute routine vaccines in Africa.

## **3. PEOPLE EVERYWHERE ARE LIVING LONGER**

In 1800, life expectancy was 30 years and no country had a life expectancy above 40. Today, average life expectancy for the world is 72 years. Life expectancy for low-income countries is 62 years. Men in Lesotho have the lowest life expectancy in the world, but even this has risen significantly to 50 years. Healthcare spending is rising as the globe’s population gets older and their healthcare needs rise commensurately. Foord portfolios hold several companies well-positioned to benefit from this long-term theme including CVS Health, Roche and Johnson & Johnson.

## **4. AIR TRAVEL IS SAFER THAN IT’S EVER BEEN BEFORE**

Flying has not only gotten far safer, it’s also much cheaper. Flying is 2,100 times safer today than it was 70 years ago. The odds of dying in a plane crash are now just 0.000025%. The real price of air travel has also fallen by more than half since the late 1970s. Travel-oriented stocks such as Trip.com feature in Foord portfolios and will benefit from the continued rise in global travel - in particular by Asian tourists, who are also moving up the income curve with more disposable income for travel.

## **5. TWO THIRDS OF THE WORLD’S POPULATION NOW HAVE ACCESS TO THE INTERNET**

Out of the nearly 8 billion people in the world, 5.35 billion of them, or around 66% of the world's population, now have access to the internet. As the capabilities of the internet continue to grow and change to keep up with life around us, the number of internet users will continue to increase at a rapid rate. Many consumer-oriented tech stocks in Foord’s global funds benefit from the world’s increasing reliance on the internet including JD.com, Alibaba, Tencent, Microsoft and Alphabet.

As investors, we need to recognise secular trends and marry them with individual investment opportunities. This means understanding how broad market forces will affect future earnings of companies in the investment universe. Over the long term, share prices always respond to rising earnings. It’s also good to be reminded that if we take a step back and consider the full path of human progress - in many ways, this is the greatest time in history to be alive.



<sup>1</sup> Sources: Factfulness by Hans Rosling, World Health Organization, Forbes, Wall Street Journal

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