
The Power of Human Ingenuity

David Booth
Chief Founder and Chairman

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Against a backdrop of geopolitical tensions, economic challenges, and electoral uncertainty, 2024 proved the resilience of public financial markets and the power of human ingenuity once again. Markets continued to do what they do best: efficiently process information and set fair prices, rewarding long-term investors with positive returns.

The year started with concerns about stubbornly high inflation, changes in interest rates, and the ripple effects from conflicts in Ukraine and the Middle East. Some observers speculated this could be the beginning of a prolonged economic downturn. But as the months unfolded, businesses adapted and innovated. Entrepreneurs launched new ventures. Scientists announced groundbreaking discoveries. Once again, the power of human ingenuity kept the economic engine going. While markets can be hard to predict, people are constantly seeking to solve problems and create opportunities.

This year's market performance reflected the power of human ingenuity. The S&P 500 returned a robust 28.1% through November, while the global stock market, as measured by the MSCI All Country World Index, was up 20.3%. Even bonds, after struggling earlier in the decade, delivered solid returns (4.2% as measured by the Bloomberg Global Aggregate Index). Investors with broadly diversified portfolios who stayed invested through the volatility of recent years were rewarded for their patience and discipline.

Of course, there were plenty of surprises and short-term fluctuations along the way. Individual stocks and sectors went up and down based on current events, earnings reports, and shifting consumer sentiment. But zoom out and the big picture becomes clear: Over the past century, driven by people's collective ingenuity and productivity, the stock market has consistently risen, returning on average about 10% a year.¹

This is why I have unwavering faith in markets. By owning a broad slice of global capitalism, we can participate in the upside of human problem-solving and innovation, wherever it occurs. This year provided yet another compelling data point for this hypothesis. Despite all the challenges, people found ways to adapt, create, and move forward. Markets reflected this reality, as they always have.

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So while no one can predict what 2025 will bring, I remain confident in the power of human ingenuity to drive progress—and markets—over the long run. Investors harness this power by staying disciplined, diversifying globally, minimizing costs, balancing risks, and pursuing higher expected returns. These timeless principles don't depend on predictions or guesswork—they simply allow everyone to participate in the rewards of human creativity and resilience. Over my 50 years in finance, I've witnessed a great democratization of investing, which has made it much easier for investors to access public markets and benefit from the market's returns.

This past year also reminds us it's always worth remembering too that true wealth is about more than the balance in your investment account. It's about having the financial security and peace of mind to be able to focus on what matters most—your health, your relationships, your passions and purpose. It's about living a life of meaning and optimism, even in the face of uncertainty. And it's about trusting in the power of human ingenuity to help shape a better future, for yourself and for the world.

As we start 2025, let's carry these lessons with us. Let's continue to invest in markets and in ourselves. Let's have faith in progress, even if the path isn't always smooth. And let's remember that as long as people keep dreaming and solving problems, opportunities to grow and develop will be abundant—for investors and for society as a whole. That's a future worth believing in.

1. In US dollars. Based on S&P 500 Index annual returns, 1926–2023.

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