

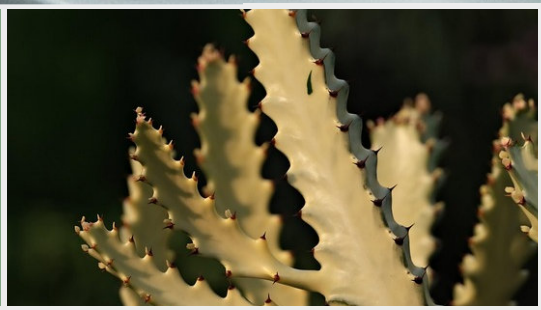
FinPlanCo

NEWSLETTER H2 Oct 2026

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1 PASSIVE AGGRESSIVE

Since 2005 the rise of Passive Investments has been astonishing. Some unanticipated risks seem to be building in passive strategies due to their very nature.





2 INVESTOR BEHAVIOUR

We cannot control what happens in investment markets, but we can control how we react to them. Behaviour can be more important than the market narrative.

3 THE FIG TREE PROBLEM

Sometimes indecision is the largest stumbling block to getting started with improving your finances. We offer some practical input.





4 BUBBLE OR BOOM

An extra article about the A.I. Investment debate and the nuance in this discussion. While the outcomes are wide we examine the layers to this proverbial onion.



"Doing well with money has a little to do with how smart you are and a lot to do with how you behave." – Morgan Housel

INTRODUCTION

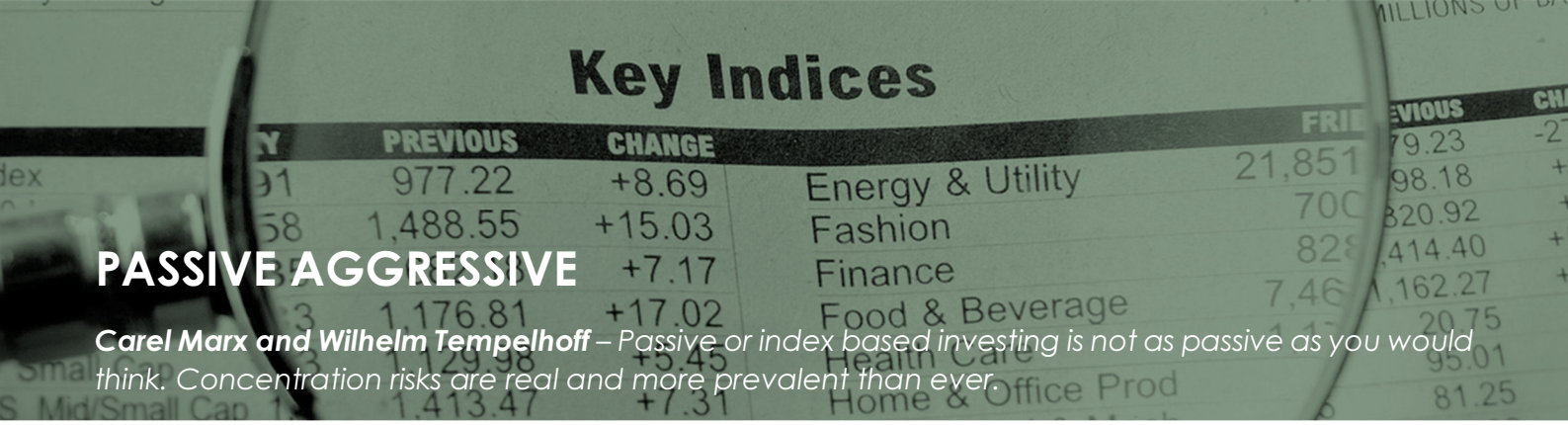
In this newsletter we have a mix of topical and planning articles to share.

We explore some of the hidden risks posed by the strategy of index tracking passive investments. These risks have been slowly building, and they are worth taking note of as concentration builds at index level.

We then also explore investor behaviour in a few articles that cover the impediments to getting started with a financial plan and to sticking to it when the going gets tough.

Apart from the normal "pink articles" which are short and to the point, we also thought it best to include a longer article about the Artificial Intelligence investment boom and how to practically identify the areas that are most frothy and therefore leaning towards bubble territory and consider how this compares to some of the previous bubbles in history.

This extra article means no Financial FAQ in this edition.



PASSIVE AGGRESSIVE

Carel Marx and Wilhelm Tempelhoff *– Passive or index based investing is not as passive as you would think. Concentration risks are real and more prevalent than ever.*

For many years, passive investment funds such as index funds and exchange-traded funds (ETFs) have been promoted as a low-cost, diversified, and effective way to build wealth. By simply tracking a market index, investors can gain broad market exposure without paying the higher fees typically associated with active fund managers. The idea was simple: it is hard to *beat* the market, why not just invest *in* the market and at the lowest possible fee?

Passive investing remains an important tool in many portfolios, but several respected researchers, investment firms and market commentators have raised concerns about the unintended consequences of its growing popularity. As more money flows into passive funds, some experts believe that the risks associated with passive investing may be increasing.

Increased Market Concentration

One of the biggest concerns is that passive funds allocate money according to the size of companies in an index. As the largest companies become bigger, passive funds automatically invest even more money into those companies. This has resulted in a growing concentration of investor capital in a relatively small number of mega-cap technology companies.

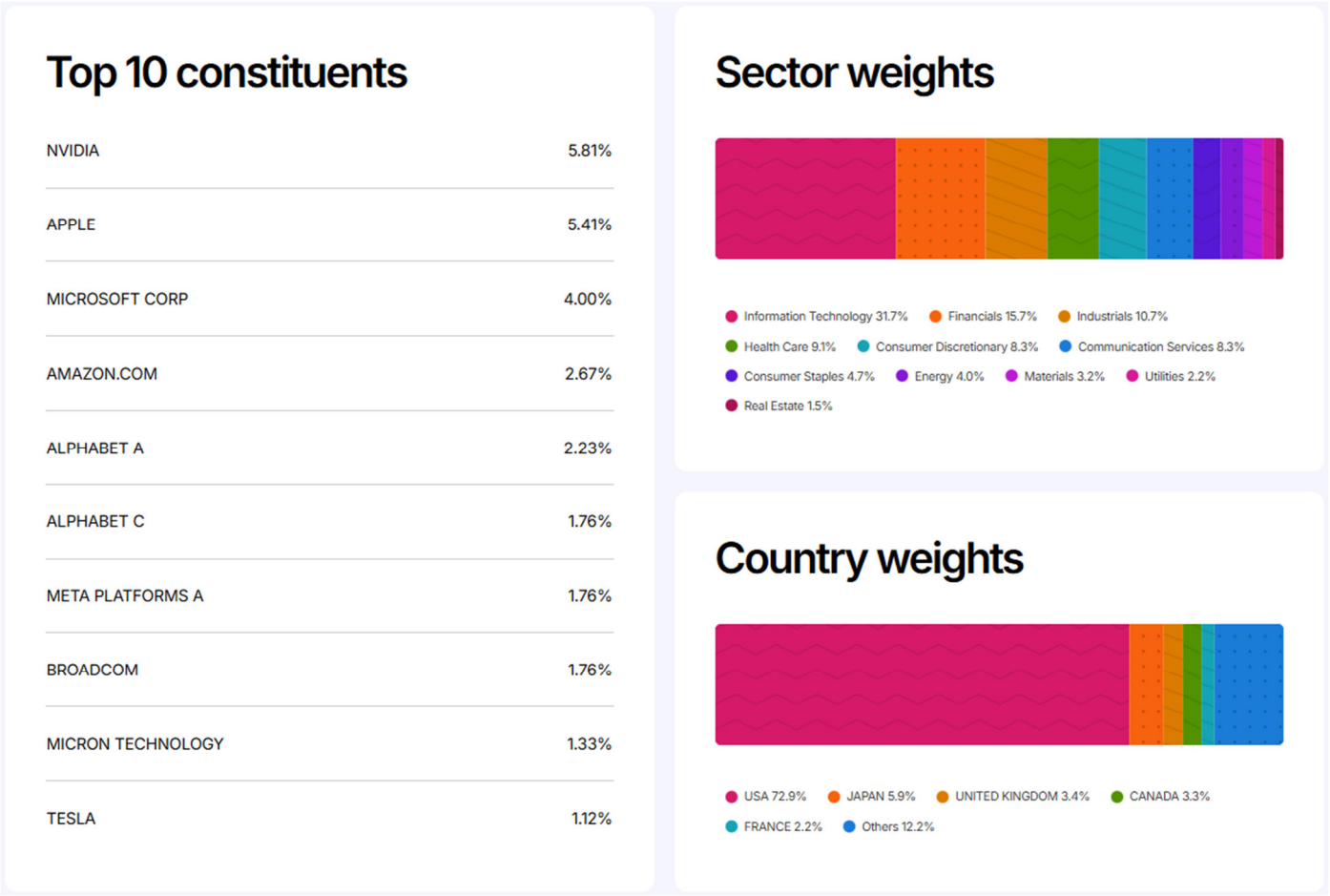
According to research discussed by Charles Schwab, the ten largest companies in the S&P 500 represented approximately 40% of the index's total value during 2025, exceeding concentration levels seen during the technology bubble of the early 2000s.

Fundsmith asset management has raised a similar concern, where Terry Smith noted that by the end of 2025 the ten largest constituents of the S&P 500 accounted for ~40% of the market value and around 50% of the annual return. His concern was not simply that these companies were large, but that a diversified investor may end up taking an increasingly concentrated bet through a broad index fund without necessarily making a conscious decision to do so.

Ranmore Fund Management also made a similar point in their June 2026 fund commentary, noting that by some estimates almost 60% of the US market is now concentrated in technology-related companies. Ranmore also highlights that the semiconductor index has grown to around 20% of the S&P 500 Index, which it describes as the highest level on record. These observations reinforce the concern that broad market indices may now be far more exposed to a single investment theme than many investors realise.

For investors, this means that what appears to be a diversified index fund may be heavily dependent on the performance of a handful of large companies and a narrow set of market themes.

Here is the breakdown of the MSCI World Index for example at the end of September 2026, although it is the "World Index" it only contains developed markets and over 72% is American…



Passive Funds May Amplify Valuation Risks

Several analysts argue that passive investing may create a feedback loop. When a company's share price rises, its weighting in an index increase. Passive funds then allocate more money to that company, which can further support higher valuations.

Mike Green of Simplify Asset Management argues that this process may contribute to increasing market concentration and potentially inflate valuations beyond what company fundamentals justify. Green warns that if investor flows eventually reverse, markets could become vulnerable to sharp corrections.

Simon Evan-Cook describes this as a form of the "Paradox of Passive": it may make sense for one investor to buy the index, but if too many investors do the same, the market mechanism that made index investing work in the first place can become less reliable. He argues that passive investing was originally justified as a low-cost way to accept average market returns, but recent index outperformance has been so strong that it may now be reinforcing the very flows that drive further index dominance.

Although this does not mean a market crash is inevitable, it does suggest that investors should be aware that passive funds and ETFs are not immune to valuation risk, thematic excess, or speculative behaviour.

Reduced Price Discovery

Healthy financial markets rely on investors actively assessing whether shares are expensive or cheap. Active managers conduct research, analyse financial data and make investment decisions based on their assessment of value.

Researchers Chris Brightman and Campbell Harvey argue that as passive investing becomes increasingly dominant, fewer market participants may be engaged in this process of price discovery. Because passive funds purchase securities based on index membership and weighting rather than company fundamentals, market prices may become less reflective of a company's true value.

This creates an important role for active managers who can identify overvalued and undervalued opportunities.

Passive Investing May Change Market Behaviour

The risk is not only that passive funds own more of the market. The deeper concern is that passive flows may change how the market behaves.

Fundsmith argues that the combination of passive fund flows and the boom around artificial intelligence have produced a market increasingly dominated by momentum rather than traditional fundamentals such as profitability, returns on capital, and sustainable growth. In this environment, companies that are already rising can attract more index-driven demand, while companies that temporarily disappoint may be punished more severely as momentum turns against them.

This is an important point for investors. A passive fund does not ask whether a company is good value, whether its profits are sustainable, or whether the price already reflects too much optimism. It simply follows the index. This discipline has benefits, but it can also mean that investors become more exposed to market momentum at precisely the point when valuations are most stretched.

Greater Opportunity for Active Managers

The growth of passive investing may actually increase the opportunities available to skilled active managers.

Wilmington Trust notes that active managers tend to have the greatest opportunity to outperform in less efficient markets, during periods of market weakness, and when there is greater dispersion between stock returns. In these environments, careful security selection can add value that simple index tracking cannot provide.

Harding Loevner also argues that passive investing ultimately depends on active management. Active investors interpret earnings, economic data and changing business conditions, helping to anchor prices to fundamentals and provide liquidity during periods of stress. If the pool of active investors becomes too small, markets may become more fragile, with sharper price swings and more persistent mispricing.

In other words, the more passive investing dominates market flows, and the more investors crowd into popular themes, the more likely it becomes that pricing anomalies may arise, potentially creating opportunities for active managers to add value.

Diversification May Not Be What It Appears

Many investors choose passive funds because they believe they offer broad diversification. While passive funds still provide exposure to many companies, growing concentration can reduce the practical benefits of diversification.

If a small group of companies drives a significant portion of index performance, investors may unknowingly carry more risk than they realize. Charles Schwab has highlighted that concentration risk can undermine diversification benefits and increase exposure to sector-specific downturns.

J.P. Morgan Asset Management has also warned that the risks inside broad benchmarks have shifted materially over time. For example, a global equity index may be far more exposed to the United States and large technology companies than many investors realise, while passive bond

indices can allocate more capital to the most indebted issuers simply because they have issued more debt.

What Does This Mean for Investors?

The purpose of this article is not to suggest that passive investing should be abandoned. Passive funds remain cost-effective, transparent and tax-efficient investment vehicles (compared to direct share portfolios).

However, recent research suggests that investors should be cautious about relying exclusively on passive strategies. Growing market concentration, reduced diversification, valuation concerns, reduced price discovery, momentum-driven flows and increased systemic risks may make a purely passive approach less attractive than it was in the past.

It is also true that being different from the benchmark can be valuable, provided it is done with discipline and proper research. A high active share (the measure the degree to which a share portfolio's holdings differ from its benchmark index) does not guarantee outperformance, but it does show that an active manager is not simply replicating the index at a higher fee. For investors who already have meaningful passive exposure, selected active managers may provide a useful source of diversification away from crowded index positions.

For many investors, a balanced approach that combines selected active managers with passive investments may provide a more robust solution. Active managers can potentially help manage concentration risks, identify undervalued opportunities, and provide diversification away from the largest index constituents.

As always, investment decisions should be aligned with your personal financial goals, risk tolerance and long-term financial plan.



Leaving a Legacy of Knowledge – by Enrique Janjetich

We plan carefully what to leave our children but often forget to pass on the knowledge they need to manage it. There is an adage that says wealth goes "*from shirtsleeves to shirtsleeves in three generations*". The first generation builds it, the second preserves it, and the third, never having learnt what it cost, lets it slip away. Money passed on without wisdom rarely lasts.

Assets can be transferred with a signature. Judgement and the ability to manage wealth wisely are not afforded the same courtesy. The choices we make with money are quietly observed, absorbed and mirrored by the next generation. Children see how we respond to a windfall, a setback, a tempting purchase, a bonus or an unexpected inheritance, and their own attitude towards money tends to follow suit. The lessons we never teach can do the most harm, because one day our children will most likely become parents themselves. When they do, the same gaps in knowledge and money management will be passed on once again. Often, the cycle is only broken when one generation recognises where their parents went wrong, deals with the root cause and makes a deliberate effort to teach their own children to do better. In doing so, they begin to build a way of thinking about money that can be carried forward for generations.

Breaking the cycle starts with conversation, because silence is not neutral. A home where money is never discussed still teaches a lesson: that money is private, perhaps uncomfortable, or simply something that takes care of itself. What silence fails to teach is responsibility and foresight: handling money with care, and thinking about what it needs to do tomorrow, not only what it can buy today. Children who learn this early are far better placed to look after whatever they one day receive. After all, the most legacy is not what we leave our children, but what we leave in them.



BEHAVIOUR IS MORE IMPORTANT THAN MARKETS

***Carel Marx** – In his book "The Psychology of Money" Morgan Housel writes: "Doing well with money isn't necessarily about what you know. It's about how you behave."*

When investors think about their financial success, they often focus on market performance. They worry about interest rates, elections, recessions, inflation, and stock market crashes. Yet history consistently shows that investor behaviour has a far greater impact on long-term outcomes than market movements themselves.

Markets will rise and fall, and asset price volatility is inevitable. The real challenge is whether investors can maintain discipline when emotions are running high. The most successful investors are not necessarily those who predict markets correctly, they are usually the ones who can avoid making poor decisions during periods of heightened uncertainty.

Making a Financial Decision Is Only Half the Battle

Most people know what they should do financially, for example that they should save regularly, invest for the long term, diversify their portfolios, and stick to a plan. The difficult part is implementation.

A well-designed financial plan only works if it is followed consistently through market booms and market downturns. The gap between knowing and doing is where many investors fall short. Financial success is less about intelligence and more about discipline.

Panic Selling

Market declines create fear. When portfolios lose value, it can feel as though the safest option is to sell and "wait until things settle down." Unfortunately, this frequently results in investors selling after markets have already fallen and buying back after markets have recovered.

The biggest market gains often occur during periods of uncertainty. Missing only a handful of the market's best days can have a significant impact on long-term returns. Panic selling converts temporary market declines into permanent losses.

A simple JSE illustration showed:

- R100,000 invested in the ALSI from 2011 to 2020 grew to roughly **R276,000**
- Missing only the **10 best days** reduced the outcome to about **R158,000**

That's approximately **43% less wealth** merely from being out of the market during a handful of days. The best days often occur very close to the worst days. Investors who panic-sell during market stress don't just avoid losses. They frequently miss the sharp recovery days that drive long-term returns. Studies show the best and worst days tend to cluster during periods of crisis and volatility.

Chasing Performance

One of the most common mistakes investors make is moving money towards whatever has performed best recently. When technology shares are leading, investors want more technology exposure. When property is outperforming, property suddenly becomes attractive. When offshore investments are delivering strong returns, investors want to move everything offshore.

The problem is that by the time an asset class becomes popular, much of the strong performance has often already occurred. Successful investing requires patience and diversification, not constantly chasing yesterday's winners.

A practical example:

- Investment A returns 12% p.a. over a 10 year investment period bud during that time returns fluctuate between +18% and -8% depending on the year in question.
- Investors pile in after three exceptional years, but the fund subsequently delivers a normal 8% p.a. for a few years.
- Investors become disappointed and switch elsewhere.

The fund may still deliver 12% p.a. over the full period, but the average investor may only earn 8%-9% p.a. because they arrived after the gains and left before the recovery. We often tell clients, "The best-performing investment over the next five years is rarely the one that was the best-performing investment over the previous five years."

Recency Bias

Human beings naturally assume that recent events will continue. When markets have been falling for months, investors begin to believe they will fall forever. When markets have been rising for years, investors assume the good times will continue indefinitely.

This tendency, known as recency bias, can lead investors to make poor decisions based on short-term events rather than long-term fundamentals. The reality is that markets move in cycles. What feels permanent today is often temporary.

Overconfidence

Many investors believe they can predict what markets will do next. They may feel compelled to increase exposure before a rally or move to cash before a downturn. While this sounds sensible in theory, consistently timing markets is extraordinarily difficult.

Research shows that you must be correct 75% of the time when you seek to "time" markets, to beat a buy-and-hold strategy. Investment fund managers usually perform well if they get 50-60% of their calls right. Overconfidence can lead investors to take excessive risks, trade too frequently, and deviate from carefully constructed financial plans.

Media-Driven Investing

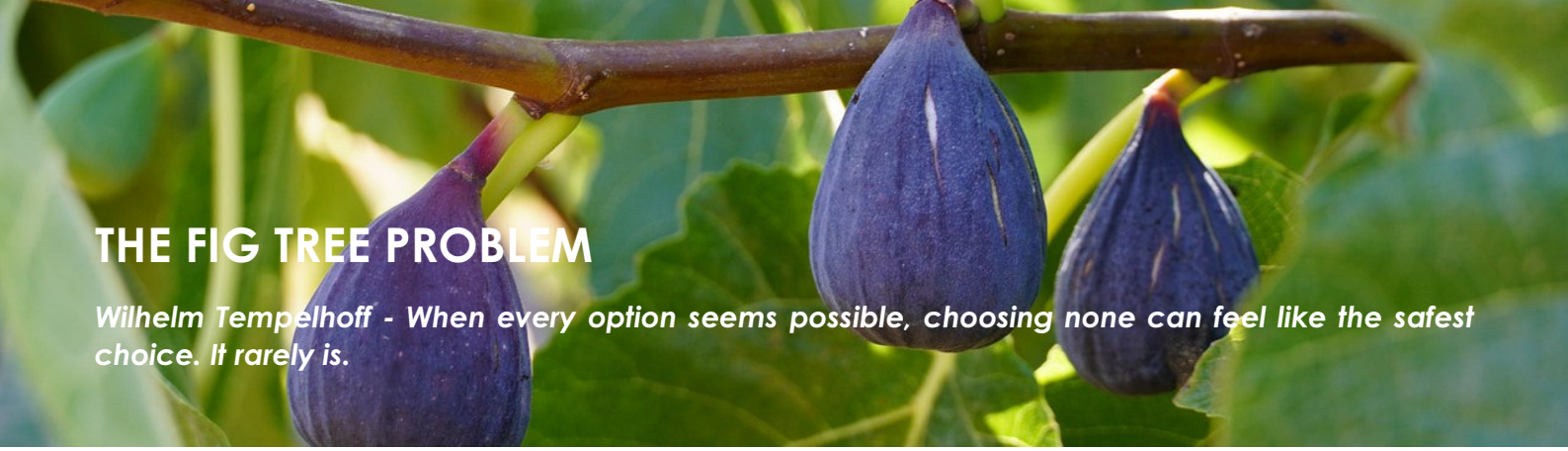
The financial media thrives on attention. Headlines are designed to evoke emotion because emotion generates clicks and viewership. Investors are bombarded with stories about market crashes, political uncertainty, economic crises, and the next big investment opportunity.

The challenge is that daily news rarely has a meaningful impact on a long-term financial plan. Investors who react to every headline often end up making frequent changes that add stress but not value. The best investment decisions are usually made with a long-term perspective, not in response to breaking news.

The Bottom Line

Markets will always be unpredictable. There will always be reasons to worry and reasons to feel optimistic. What investors can control is their behaviour. Staying invested during periods of uncertainty, following a well-considered financial plan, avoiding emotional decisions, and maintaining a long-term perspective often matter far more than trying to predict market movements.

In the end, successful investing is less about finding the perfect investment and more about managing the person in the mirror. That is because behaviour, not markets, remains the greatest determinant of long-term investment success.



THE FIG TREE PROBLEM

Wilhelm Tempelhoff - When every option seems possible, choosing none can feel like the safest choice. It rarely is.

In Sylvia Plath's 1963 novel The Bell Jar, the protagonist Esther Greenwood pictures her life as a fig tree. Every branch carries a fig, and every fig is a different future: a husband and children, life as a poet, a career as a professor or editor, travel abroad, and more. Esther sits in the fork of the tree, unable to pick one, because choosing one fig means giving up all the others. And while she hesitates, the figs begin to wrinkle, darken and drop to the ground.

It is one of literature's best-known images of indecision, and in our experience, it describes many people's relationship with their finances surprisingly well.

Why does this matter?

Most people we meet know they should be saving more, investing differently, or putting a proper plan in place. A lack of awareness is seldom the problem, nor is a lack of good intentions. What often stands in the way is the sheer number of options. Retirement annuity or tax-free savings account? Local or offshore? Unit trusts, exchange-traded funds, endowments or property? Which platform, which manager, which fees, which fund? Each question opens five more, and somewhere along the way "*I'll sort it out properly next year*" quietly becomes the plan.

The difficulty is that waiting is also a decision. Time, arguably the most valuable ingredient in any long-term plan, does not pause while we deliberate. Like Esther's figs, opportunities seldom disappear all at once; they simply ripen and fall while we look on.

The paradox of choice

American psychologist Dr Barry Schwartz explored this in his 2004 book The Paradox of Choice: Why More Is Less. His central argument is that while some choice is essential to our wellbeing, beyond a certain point more options stop freeing us and start weighing us down. A long menu can raise our expectations, increase our fear of regret and, quite often, lead us not to choose at all. Psychologists call this "choice overload". In everyday language we know it as "analysis paralysis" - thinking about a decision so carefully that we never actually make it.

Schwartz draws on research that illustrates the point neatly. In a well-known study by Sheena Iyengar and Mark Lepper, supermarket shoppers who were offered six flavours of jam at a tasting table were far more likely to buy a jar than those who were offered twenty-four. The bigger display attracted more interest but led to fewer purchases.

The same pattern appears with money. A study of American workplace retirement plans found that the more investment choices employees were offered inside their retirement plans, the less likely they were to join the plan at all, with participation falling by roughly two percentage points for every ten additional options. The problem was not that people chose badly, many simply did not choose.

Schwartz also distinguishes between "maximisers", who feel they must find the single best option, and "satisficers", who settle on an option that is good enough for their needs. His research suggests that satisficers are often more content with their decisions. Just as importantly, they actually make them.

An age-old dilemma

None of this is new. Medieval philosophers told of Buridan's donkey, standing exactly between two equally appealing bales of hay and starving because it could find no reason to prefer one over the other. Centuries later, Voltaire popularised the saying "le mieux est l'ennemi du bien" - the best is the enemy of the good. The modern financial world simply offers far more than two bales of hay.

How does this affect a financial plan?

The practical implication is that an imperfect plan that is up and running is usually more useful than a perfect plan that never leaves the drawing board. A plan that exists can be reviewed, adjusted and improved. A plan that does not exist cannot.

Starting imperfectly is not the same as starting carelessly. It means taking a sensible first step that fits your goals, time frame and risk profile, and accepting that it will be refined as your life and circumstances change.

Consider two fictional friends, Lerato and Johan, both in their early thirties. Lerato sets up a modest monthly debit order into a diversified investment suited to her long-term goals, planning to increase it as her income grows. Johan spends three years comparing funds, reading online forums and waiting for "the right time" in the markets. Lerato's choice may not turn out to be the best-performing option available; in hindsight, very few are. But she has three years of contributions, a savings habit and something concrete to build on. Johan has a very well-researched spreadsheet.

Five ways to get out of the fig tree



Start with one goal, not every goal. An emergency fund, retirement, or a child's education: pick the one that matters most right now and give it a home.



Choose "good enough" over "perfect". A sensible, diversified, cost-conscious option that suits your time frame is a sound first step.



Automate it. A monthly debit order means you make the decision once, rather than every month.



Diarise a review. Knowing you will revisit the plan in six or twelve months takes the pressure off getting every detail right today.



Narrow the field with help. Part of a planner's role is to turn hundreds of possibilities into a short, relevant list: six jams, not twenty-four.

There is no perfect product, no perfect platform and no perfect moment to begin. As the old proverb explains: the best time to plant a tree was twenty years ago, the second-best time is today. Esther's tragedy was never that she might pick the wrong fig. It was that, in waiting for certainty, she picked none.

If you have been sitting in the fig tree yourself, you are in good company, and it may be easier to climb down than you think. We would be glad to help you narrow the options and take a first, sensible step.

BUBBLE OR BOOM – THE AI INVESTMENT DEBATE

Carel Marx and Wilhelm Tempelhoff - Not every part of the AI story carries the same risk, and knowing the difference may matter more than trying to predict the top.

"The four most dangerous words in investing are: 'This time it's different.'" — Sir John Templeton

Over the past few years, a small group of companies linked to artificial intelligence (AI) has driven a large share of global stock market returns. Because most global index funds and offshore portfolios hold these companies in substantial weights, many investors are exposed to the AI theme even if they have never chosen an "AI fund".

The concern is not that AI is a fad. In our view, the technology is real and represents a step change in human productivity. The concern is that share prices and investment spending may have run ahead of the profits AI can realistically deliver, at least in the short to medium term. Market commentators usually point to four warning signs:

Spending ahead of revenue - The large cloud companies are expected to spend well over US$600 billion on capital investment in 2026, mostly on AI data centres. Revenue from AI is growing quickly, but not yet at the same pace.

Elevated valuations - Broad US market valuation measures are reported to be at their highest levels in roughly 25 years.

Concentration - A handful of AI-linked companies now make up an unusually large share of the main US index.

Circular deals and rising debt - Some suppliers invest in their own customers, who then use that money to buy the suppliers' products. At the same time, more of the building programme is being funded with borrowed money rather than profits.

It helps to remember that a bubble is not the same as a fraud. The internet in 1999 was real and went on to change the world. Prices simply ran far ahead of reality. The more useful question is therefore: if the excitement fades, who is left holding what?

Not all A.I. expenditure is equal

It can help to think of the AI industry as layers, each with a different mix of profitability, debt and dependence on continued spending. Below, we work from the layers we regard as most vulnerable to those that appear more resilient.

AI model companies: highest valuation risk - These companies are growing revenue very quickly, but they are also spending heavily and are not yet consistently profitable. Their private valuations have reportedly approached US$1-2 trillion in some cases. If funding became harder to obtain, valuations could reset sharply and weaker players could be absorbed by larger ones. Because most are private companies, ordinary investors hold little of them directly. The bigger risk is that their very large spending commitments flow through to every other layer below.

Debt-funded data-centre builders: the weakest link - A newer group of specialist companies rents out AI computing capacity, often funded by long-term debt and private lending. The risk lies in the mismatch: long-term loans are backed by chips that may become outdated within three to five years, with income concentrated in a few large customers. If demand slowed, this is where defaults

could appear. This layer most resembles the 2008 Great Financial Crisis, because problems here would travel through lending markets, not only through share prices.

Memory chip makers: profitable, but historically cyclical - AI demand has caused a shortage of memory chips, pushing prices and profits to strong levels. Memory has, however, always been a boom-and-bust industry: high prices attract new factory investment, which eventually leads to oversupply and falling prices. If new capacity arrives just as AI demand cools, earnings could fall quickly. Balance sheets are generally sound and demand from cell phones, PCs and cars continues, so a painful cycle seems more likely than lasting damage.

AI chip designers: strong businesses but share prices can still fall hard - Unlike many companies in 2000, the leading AI chip designers earn very large, real profits and carry little debt. The risk is that today's earnings reflect peak spending by their customers. Cisco Systems was a genuinely successful company in 2000 and kept growing, yet its share price took more than 20 years to regain its peak after the dot-com-bubble popped. A good business and a good investment at any price are not the same thing.

Hyperscalers: most likely to come through intact - The large cloud companies fund most of their AI spending from existing profits and have strong core businesses in search, advertising, cloud services, software and online retail. If the AI boom cooled, they may face years of higher depreciation costs (the gradual write-off of what they have built) and lower valuations. Their survival would not be in question, though, and their data centres and power contracts would still serve ordinary cloud computing. Some are, however, starting to rely more on debt, which is worth watching.

Broader suppliers: diversified and essential - Chip manufacturers and equipment makers serve the whole technology industry, not only AI. Electricity and grid infrastructure is needed regardless, as power demand grows. These businesses would likely feel a slowdown in orders but have limited debt and strong market positions.

Layer	Main vulnerability	Main cushion	Possible outcome if the boom cools
AI model companies	High valuations, cash burn	Fast-growing real usage	Valuation resets; consolidation
Debt-funded data centres	Debt backed by fast-ageing chips	Long-term customer contracts	Refinancing stress; possible defaults
Memory makers	Boom-and-bust pricing	Sound balance sheets; broad demand	Sharp but cyclical earnings decline
AI chip designers	Earnings tied to peak spending	High profits, little debt	Large share price fall; business intact
Hyperscalers	Overbuilding; depreciation	Profitable core businesses	Lower valuations; solvency not at risk
Broader suppliers	Order cuts	Diversified customers	Cyclical slowdown

How does this compare with past bubbles?

The dot-com bubble (2000). The similarities are real here, a transformative technology, investment running ahead of revenue, supplier financing of customers and heavy market concentration. The important difference is that most dot-com companies had little or no profit, whereas today's largest AI spenders are among the most profitable companies in history.

The global financial crisis (2008). The 2008 crisis was driven by extreme borrowing throughout the banking system. Today, debt is concentrated in specific pockets, such as data-centre lending and

private credit, and banks are far better capitalised. The comparison is relevant mainly to those pockets, not to the market as a whole.

Conclusion

For long-term investors, the history of past bubbles points to the same lessons: the underlying technology often survives, the strongest businesses tend to endure, and investors who stay diversified and avoid selling in panic have generally been better placed to recover.

Our perception is that the active asset managers are very aware of the considerations here and they understand the layers of the AI investment opportunity well. They tend to find most value in some of the chip manufacturers (where supply is constrained and likely to remain so with barriers to competition) and in the cloud computing Hyperscalers that have diversified businesses with strong enough cashflow to take advantage of the opportunities posed by AI adoption.

The valuation, quality, and/or contrarian managers are all focussing on the unloved areas of the investment markets. These areas are often outside of the A.I. realm or in companies that have adopted A.I. internally and not overtly. The disparity between the top performing assets and the worst performing assets has become wide and, in that disparity, there is opportunity. We are however concerned about the index tracker funds or ETF funds that are built on index composition. Here there are likely to be pitfalls created by the outsizing of the A.I. index constituents.

Our view is that A.I. is a truly transformative technology which will provide humans with an incredible productivity leap. It is similar to the invention of electricity, the building of the railroads, the creation of the internet… all of which caused some type of bubble to be created because of the hype. Ultimately however society wins from the new technology or infrastructure but there will be casualties as well, whether A.I. model companies, venture capital investors, or private financiers.



The Jargon

Hyperscalers: the very large cloud-computing companies (such as Microsoft, Alphabet, Amazon and Meta) that build and run the data centres AI depends on.

AI model companies: firms such as OpenAI and Anthropic that build the AI systems themselves. Most are not listed on a stock exchange.

Memory chips (DRAM/HBM): the chips that store data while a computer works. HBM is a specialised, high-speed type used in AI systems.



How do we, at FinPlanCo, use Artificial Intelligence?

We see AI as an amazing productivity tool and as such we have been incorporating its use into our practice from an administrative perspective. It is like any other tool, albeit a powerful one. We use secured enterprise AI environments in accordance with our POPI Data Security and AI Usage Policy. Our enterprise-licensed Artificial Intelligence tools and cloud infrastructure AI environments are not public, and the data cannot be used to train public AI models.

We have therefore spent a great deal of time building proprietary AI tools that are purpose built for our financial planning process to help with administrative tasks such as summaries, research, meeting agendas, fact checking, drafting of processes, transcription, etc. It is, however, important to mention that we do not use AI to generate financial plans, advice, or suggestions for our clients. All financial planning, financial advice and planning suggestions are still solely created by our financial planners; humans with experience, intuition and emotional connection.

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