

Inflation - The Real Enemy (updated February 2023)

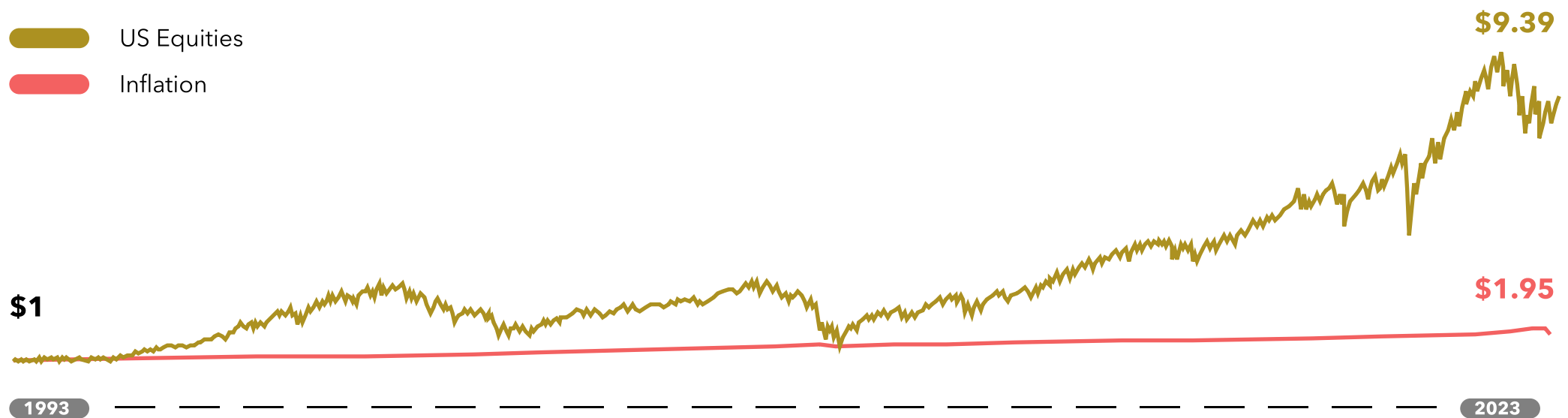


The number one enemy of the long-term investor is the financial dragon called inflation (the silent but steady increase of prices over time).

The only sane definition of money is purchasing power, and over the last 30 years, inflation in the USA has halved the value of your money.

But an investment in the American share market has consistently provided protection from this enemy. What did you have to do to earn this? Two (behavioural) things:

1. Invest and stare out of the window (much harder than it sounds).
2. Be willing to see your investment value *temporarily* decline by about -15% on average every year without being panicked into selling.



Source: FE Analytics, Humans Under Management.
Returns are based on the price return of the index, which does not take into account dividends.