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## THE SCIENCE BEHIND THE NUMBERS: WINNING IN THE LONG-TERM, WHICH ASSET CLASS HAS HISTORICALLY PERFORMED THE BEST

What has been the best investment since the start of the twentieth century? Is it world equities, bonds, homes, or something a little different like art, commodities, or even fine wines. Using asset data from the London Business School, the average annual returns adjusted for inflation have been calculated from Dec 31, 1899 to Dec 31, 2017. Over this 118 year period the average annual real returns of these assets were as follows.

#	Asset Type:	Real Return % (After Inflation):	Inflation Adjusted Growth of \$1 from 1899 to 2017:
1	Global Stock Portfolio	5.20%	\$ 396.15
2	Fine Wines	3.70%	\$ 72.76
3	Postage Stamps	2.60%	\$ 20.67
4	Rare Violins	2.40%	\$ 16.42
5	Global Bonds	2.00%	\$ 10.35
6	Art	1.90%	\$ 9.22
7	U.S Treasury Bills	0.80%	\$ 2.56
8	Gold	0.70%	\$ 2.28
9	U.S. House Prices	0.30%	\$ 1.42
10	Silver	0.00%	\$ 1.00
11	Diamonds	-0.60%	\$ 0.49

Sources: E. Dimson, P.Marsh, M.Staunton (London Business School); Credit Suisse Global Investment Returns Yearbook 2018

Over the past 118 years equities have outpaced the next best performer (Fine Wine) by a factor of 5.4x. When compared to other financial assets equity outperformance is even greater:

- Bonds = 38x
- T-Bills = 155x
- Gold = 174x
- U.S. Real Estate = 279x

### What the Numbers Tell Us, and our Resulting Strategy...

- 1) Equities offer the greatest return potential for long term investment funds.
- 2) Equities offer the best protection against the long term effects of inflation (Purchasing Power).
- 3) Equities should represent a significant portion of any long term (5+ years) portfolio.

If you would like to discuss your current investment mix/strategy, please contact us at your earliest convenience to arrange an appointment.



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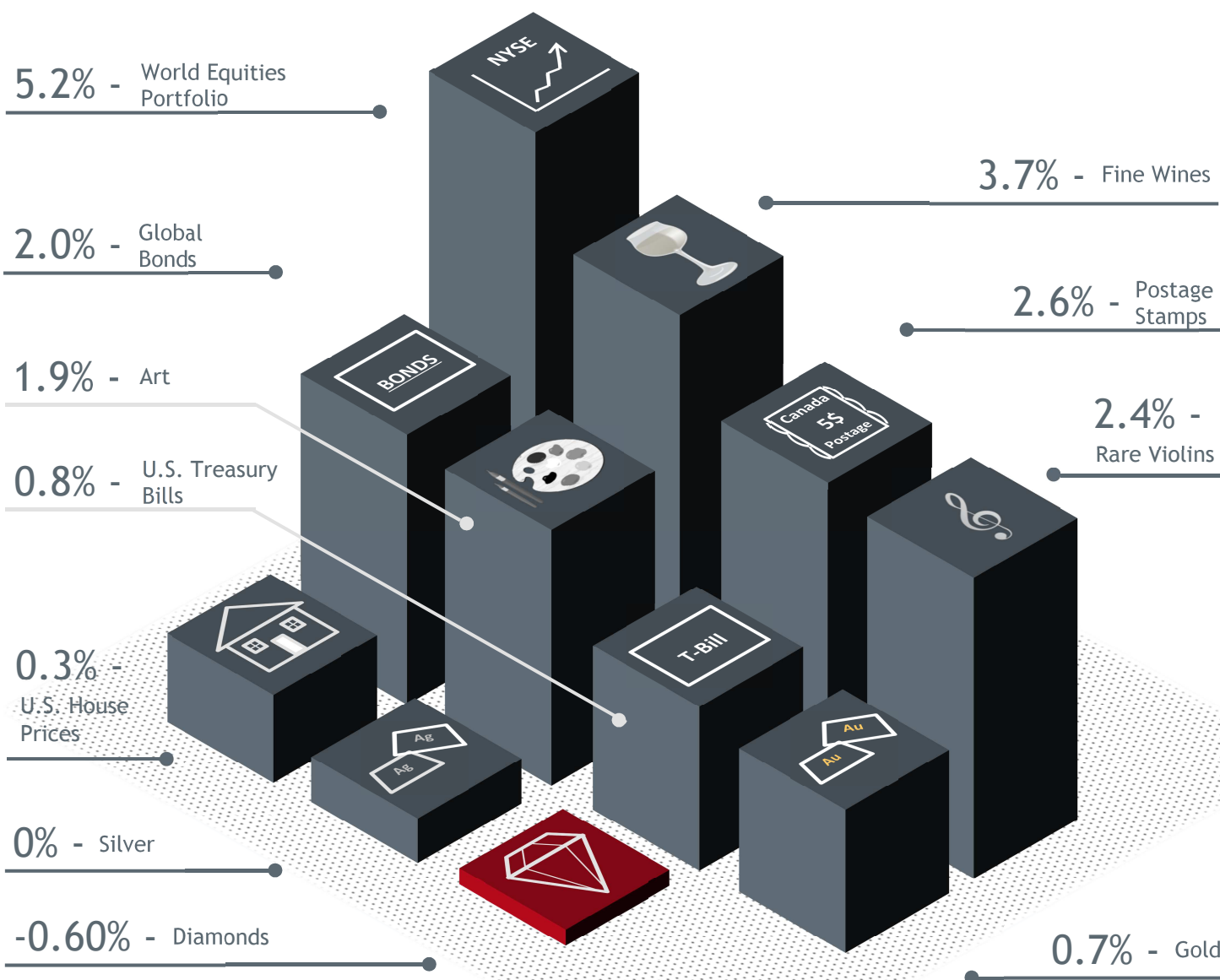


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## AVERAGE ANNUAL RETURNS OF INVESTMENTS SINCE 1899, ADJUSTED FOR INFLATION:



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#### Sources:

- 1) E. Dimson, P.Marsh, M.Staunton (London Business School); *Credit Suisse Global Investment Returns Yearbook 2018*
- 2) Nicolas Rapp Design Studio. (2018). Raise a Glass to Equities. Retrieved from Nicolas Rapp Design Studio (<https://nicolasrapp.com/studio/portfolio/raise-a-glass-to-equities/>)

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