

SUCCESSFUL INVESTING IN PICTURES

YOUR JOURNEY TO DIGNITY & INDEPENDENCE.

A 2023 VISUAL GUIDE BY



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The investing world is full of people looking for shortcuts to quick riches, and there's no shortage of professionals willing to sell you a cure that doesn't exist.

Rather than short-term tactics that may or may not lead you to success, I believe that a proper understanding of a few key fundamental principles will stand you in good stead on your journey towards financial independence.

Guiding families on this journey is our reason for being.



Chris Broome

Longhurst Managing Director

FIGHT THE WORRY

1

On any given day there are countless reasons to be pessimistic about the world, and the mainstream media delights in bringing these to your attention.

While it's easy for this negativity to affect our perception, we encourage you to remember that the world has never been a better place, despite our current problems.

Despite wars, recessions, stock market declines and a pandemic, the market continues to climb a Wall of Worry. If history is a guide, optimism is the only realism.

When the next crisis arrives, fight the worry.



1993

2022

KNOW THE ENEMY



The only sane definition of money is purchasing power, the ability to buy the same amount of goods in the future as you can today.

The number one enemy on your financial journey is the financial dragon called inflation - the silent but steady increase of prices over time.

Is your money invested in assets that will defeat this enemy?

£1



Thanks to the destructive power of inflation, £1 from 1960 has lost 96% of its purchasing power.

1960

2022

4p

CHOOSE YOUR GAME



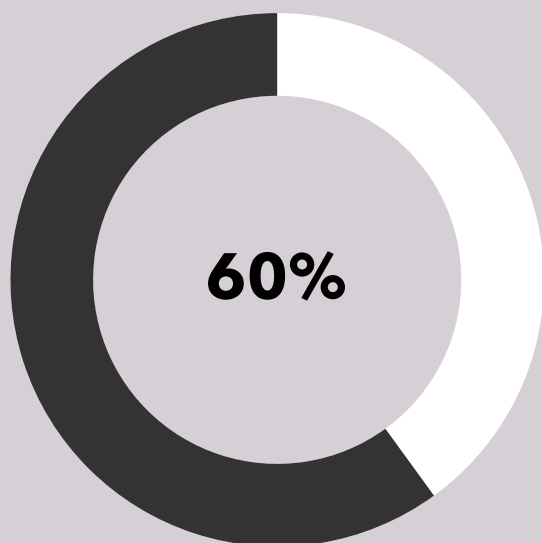
The financial markets consist of millions of participants, and they're all playing a different game.

The professional short-term trader with hopes of a year-end bonus does not have the same goals as a long-term investor investing for their financial independence.

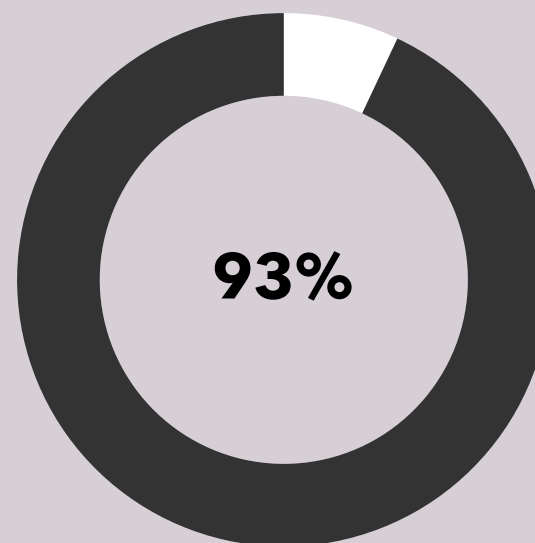
Carefully decide what game you are playing and then ruthlessly eliminate all information that does not apply to you.

The monthly market returns are irrelevant - do not let them distract you from the wonders of long-term investing.

Historical Probability of a Positive Return



One Month



Ten Years

OWN, NOT LOAN



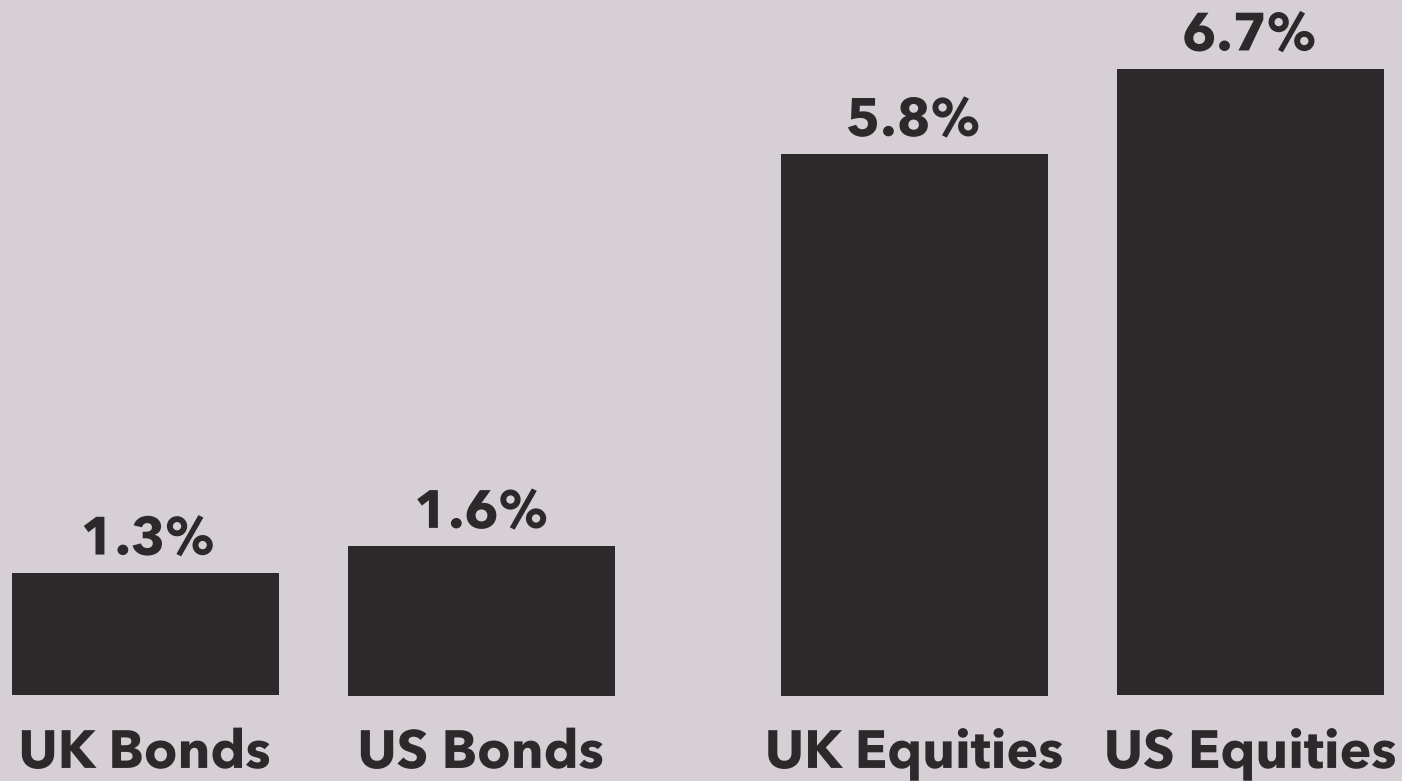
If you define risk as the probability of running out of money rather than the chance of short-term market volatility, you will approach your investment strategy differently.

Understand how different asset classes perform over time and make sure to include those that will help you to secure a lasting retirement income.

Investing in equities (the Great Companies of the World) will make you the owner of great businesses, leading to rising dividends and rising capital values.

Investing in bonds will make you a lender to governments and corporations, earning a fixed income and no increase in capital.

Annualised Real Returns From 1900 - 2000



PAY THE PRICE

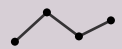


Being a mature long-term investor comes at a price.

Not a financial price, but an emotional one. You will be forced to endure frequent, but temporary, declines in the market value of your assets.

Your reward? The life-changing returns of being an owner of the Great Companies of the World.

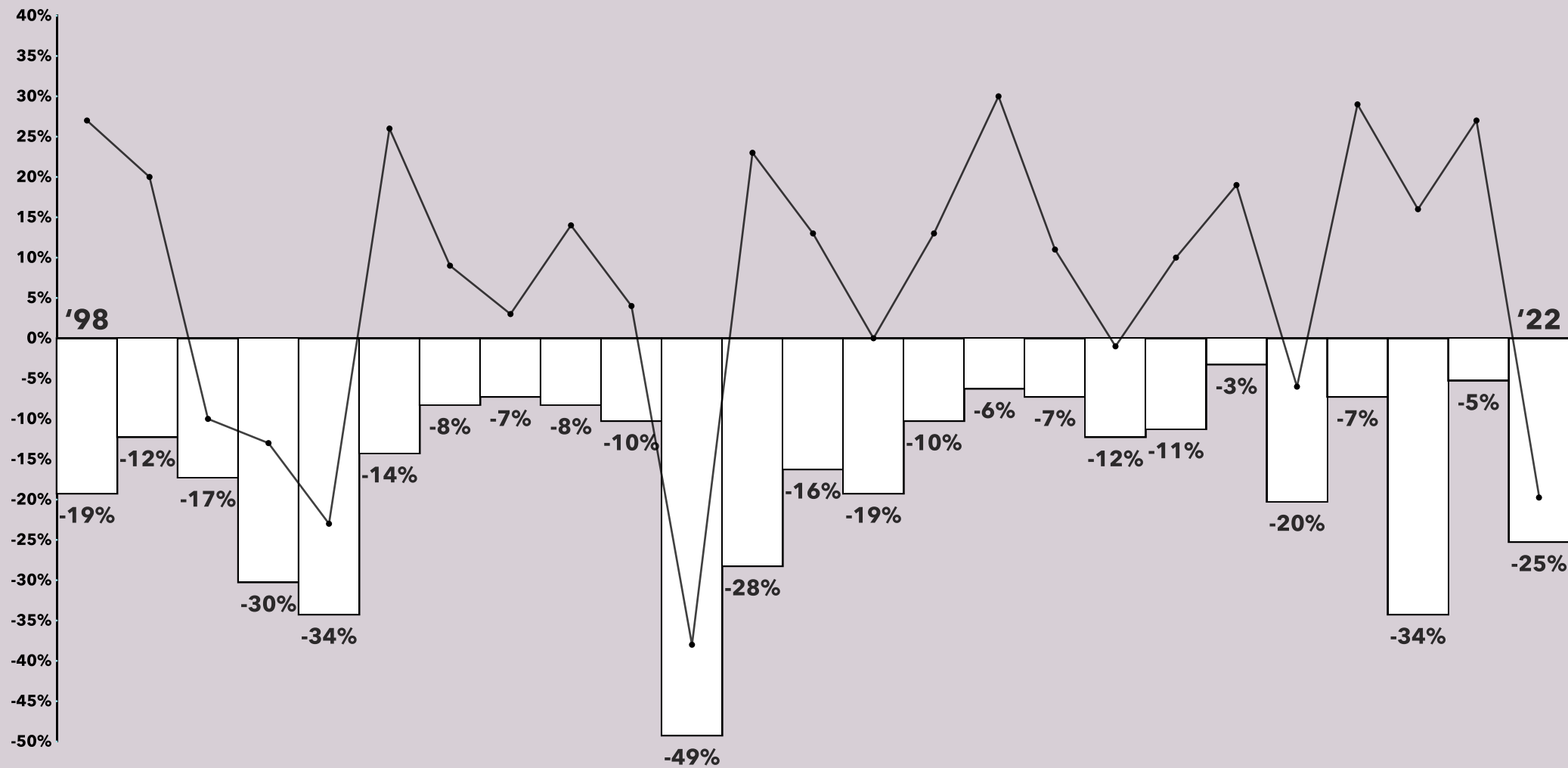
Can you pay the price?



Calendar Year Return (%)



Maximum Intra-Year Decline (%)



TURN OFF THE NOISE



During times of financial uncertainty, you will be overwhelmed by the mainstream media trying to derail your long-term financial plan.

The risk is that you abandon your perfectly-crafted globally-allocated portfolio for the comfort of short-term “safety”.

Do everything you can to turn off the media noise. The companies you own are continually innovating, finding ways to navigate the challenges of the day.

You’re an investor, not a speculator.



STAY THE COURSE!



The only way we know to capture the full returns of the equity markets is to stay invested.

There will be many obstacles on your journey, but it is a journey worth taking. Your discipline and patience will be rewarded.

In a world obsessed with instant results, you will have the last laugh.

Enjoy the ride!

63

1962

61x

2022

THE STOCK MARKET
(S&P 500 Index Value)

3,840

2.2

1962

31x

2022

THE STOCK MARKET DIVIDENDS
(S&P 500 Dividend Income)

68.34

30.4

1962

10x

2022

INFLATION
(US Consumer Price Index)

298.4

SOURCES:

The visuals shown in this guide are intended to communicate general investing principles. They are for illustrative purposes only, with no guarantee that future results will reflect past results.

1. MSCI, Humans Under Management. Returns are based on the MSCI World price index from 1993 and do not include dividends.
2. World Bank, Humans Under Management. Based on the United Kingdom Consumer Price Index (CPI).
3. Koyfin, Humans Under Management. Returns are based on the FTSE All Share price index from 1980 and do not include dividends. Month-end closing prices were used to calculate returns for 370 consecutive rolling periods.
4. *Triumph of the Optimists: 101 Years of Global Investment Returns*. Dimson, Marsh, Staunton.
5. Fund Analytics, Humans Under Management. Returns are based on the S&P 500 price index from 1998, excluding dividends.
6. Time Magazine, MSCI, Humans Under Management. Chart is based on the MSCI World price index from November 1992 to November 2022.
7. U.S. Bureau of Labor Statistics, Stern School of Business at New York University, Humans Under Management.

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