Seed Global

Benjamin Franklin once wrote, *"remember that time is money"*. Time is a precious and limited resource and should not be wasted.

In this article, Ian De Lange Seed Chief Investment Officer, explores ***The Ultimate Time Thief.***

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The Ultimate Time Thief.

While exchanging your time for money is a worthwhile pursuit, it becomes problematic when the value of money depreciates significantly.

Inflation is typically defined as *"general increase in prices"*, but it should be more accurately defined as *"devaluation of purchasing power"*. When considering the finite nature of our time being exchanged for money, inflation acts as a silent time thief.

This is very evident in hyperinflationary environments like Venezuela, Argentina, and Turkey etc., where inflation rates are running above 100%, leading to a collapse of their currencies. At these levels, the currency devaluation directly robs individuals of their lifetime accumulated savings, with far reaching societal consequences.

But inflation is not only a problem in these countries. In the wake of the Covid-19 pandemic and the Russian invasion, inflation have been on the rise worldwide. Several factors contributed to this trend, not least of which is the huge expansion of the monetary base during 2020 and 2021. Over the past year, central bankers have been trying to put the genie back into the bottle.

So, what does this have to do with investing?

If our main objective is to protect the value of our hard-earned savings from the ravages of high inflation, we need to be smart about where we allocate our money. Over the shorter-term higher interest rates will compensate for a portion of purchasing power devaluation, but it's likely to come up short over longer periods of time. Therefore, its essential to consider investments that have demonstrated inflation resistant qualities over longer periods of time, such as:

- Shares in companies, especially those with high returns on equity.
- Property – residential, commercial and farmland.
- Certain income producing infrastructure investments e.g., toll roads or utilities.
- Precious metals, particularly gold.
- Treasury inflation protected securities (TIPS).
- Digital assets with proven scarcity – i.e., bitcoin.
- High quality collectibles – watches, art.

Allocating to these assets incurs the downside of capital and price volatility, but avoiding them entirely subjects your hard-earned money to the ultimate time thief.

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If you have any questions about the global investment environment, Ian and our team are here to assist you. We welcome you to reach out to us directly on global@seedinvestments.co.za.

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