

# Ravinsky Wealth Management Group



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### Recent Posts



Is the Fed fighting inflation with blinders on?

We explore how Fed officials ignore positive inflation indicators and over-emphasize signs of an overheated labor market to justify restrictive policy.



Would you create a digital Will?

Audio Commentary: The shift towards digital can have its benefits, but it also comes with a few risks. When it comes to digital Wills, do we know enough?

Global markets have benefitted from a combination of subtle changes that have taken place in recent months. It's also a reminder of an important, but often overlooked factor in investing: time. We explain more below.

At first glance, it may seem that not much has changed over the past year. After all, inflation is still high, interest rates are still rising, and expectations remain for future economic growth to slow. That was exactly the case nearly a year ago. Beneath the surface however, things are different. The pace of inflation is slowing and its trajectory over the next year may take it closer to the more normal levels we were accustomed to years ago than the elevated levels we saw last year. Meanwhile, interest rates are rising, but the scale of the rate hikes has been diminishing and policy makers are increasingly talking about "disinflation" rather than just "inflation". Lastly, expectations for slowing growth and an outright recession remain. However, the global economy to this point has been arguably resilient, and some estimates for economic growth have moved higher of late as a result. These shifts have been key drivers of the greater stability in equity and bond markets in recent months.

These developments are a reminder that things can change over time, for better or worse. While that may not seem particularly insightful, there are two more noteworthy takeaways that investors should keep in mind when it comes to the issue of time.

First, it's important to avoid focusing too much on the short-term and letting current circumstances dictate emotions and decision making as things can inevitably change. Most broad bear markets in history have been followed by a bull market, and vice versa. Some of these transitions can take time to unfold, such as with the global financial crisis in 2008/2009. Others can occur more swiftly, such as in the wake of the pandemic.

Secondly, investing can be particularly rewarding if an investor has time on their side. This is primarily because the investing experience over the long-run, particularly in equities, is dictated more by the earnings growth and dividends generated from the underlying businesses rather than events that unfold from one year to the next. The longer-term pace of earnings growth has historically averaged in the mid to upper single digits for the broad equity market as a whole. Add to that the phenomenon of compounding which results in exponential growth, and it's no wonder that equities are relied upon in investment portfolios. The bottom-line: avoid getting caught thinking too short-term and focus on the power of compounding returns over the long-run.

We wouldn't be surprised if the trajectory of inflation, interest rates, and growth shift yet again at some point this year, forcing investors to re-evaluate expectations about the short-term. We remain attentive because market swings, particularly outsized ones, often present opportunities for us to refine portfolios. Nevertheless, it won't alter our commitment to our clients' financial plans, which for most, remain focused mostly on the long-term.



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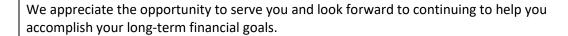
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Should you have any questions, please feel free to reach out.

Sincerely,

The Ravinsky Wealth Management Group



Jo-Anne MacKenzie

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