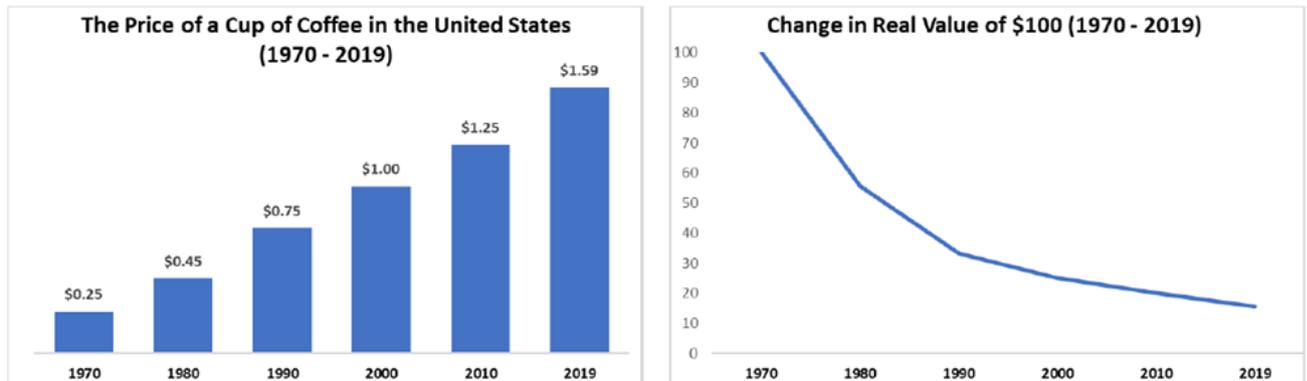


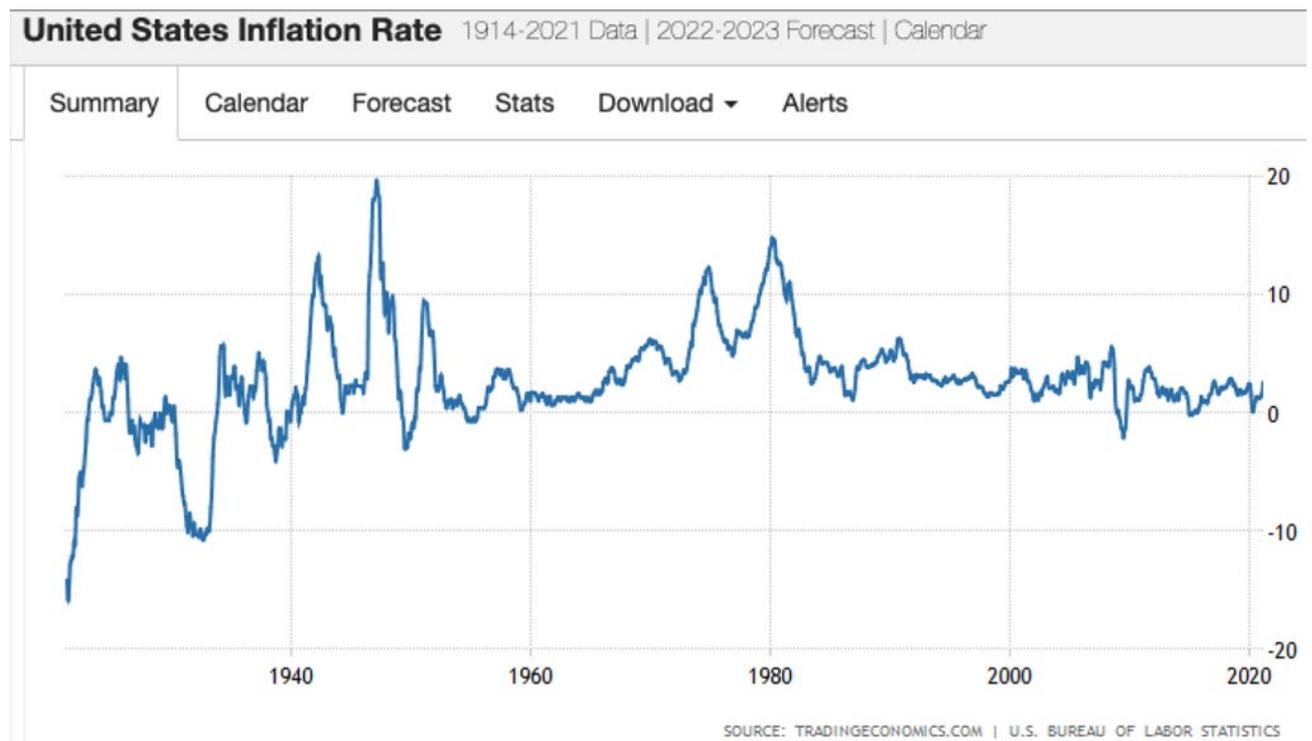
Inflation

Inflation (or deflation) represents the change in purchasing power of a currency over time.



Inflation has been in the news leading to some market falls as a result of higher than expected US inflationary pressure.

History tells us if you leave your money in cash over the long term, you are losing money relative to market forces.



Is inflation good or bad?

Deflation is very bad – 1930s depression, 1990s Japan

High Inflation and Hyperinflation is very bad – 1920s Germany wrecked the economy and directly lead to the rise of fascism.

Low and stable inflation is very good - The most prosperous times in economic history are typically associated with low and stable inflation.

What is the outlook?

Deflation – Probability Low

Higher Inflation – Probability Medium

Low and Stable Inflation – Probability Medium

Protect money from high inflation by

- Avoiding more cash than is necessary
- Consider bond markets carefully. Bonds are fixed income assets where inflation reduces the real return.
- Prefer equities where companies can pass on price inflation to their clients

Over the longer term, equities have consistently outperformed other asset classes.

There is a high chance we will see some higher inflation in 2021-2022 driven by the economic recovery from COVID. Pent-up demand combined with strong fiscal and monetary stimulus means we should expect higher economic growth and some higher inflation. This should be prepared for by investors. The risk of uncontrolled inflation, however, remains low.

Investing vs Speculating



Blockchain technology and cryptocurrencies could revolutionize commerce. This is driving price speculation in related assets.

Bitcoin mining now uses more electricity each year (58.9 TWh) than the entire country of Switzerland (58.5 TWh). Concerns that much of this is run by fossil fuels led to the recent Bitcoin sell off.

There are no UK regulated crypto funds due to vague and challenging regulations and the US is in a similar position and are currently reviewing. China just introduced some restrictions and warnings which hit the price significantly, although the price of some are still historically high. Even if mainstream investment managers wanted to purchase cryptos as part of their portfolios, they currently could not.

Cryptocurrencies really might change the world..... but that doesn't necessarily make bitcoin a good investment.

This is speculation rather than investing and is under regulated.

Investment Managers we recommend

We recommend discretionary fund managers and multi-asset managers who make investment decisions based upon value of investing rather than speculation, using focus, patience, valuation and growth as key factors. They undertake independent research and due diligence, have a long and consistent performance track record and are highly regulated.

Please do contact AIMS if there is any subject you would like more information about.

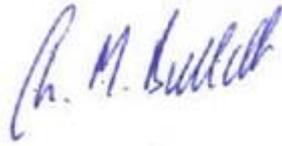
If you have any issues with pictures included, please let us know and we can send them to you separately.



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