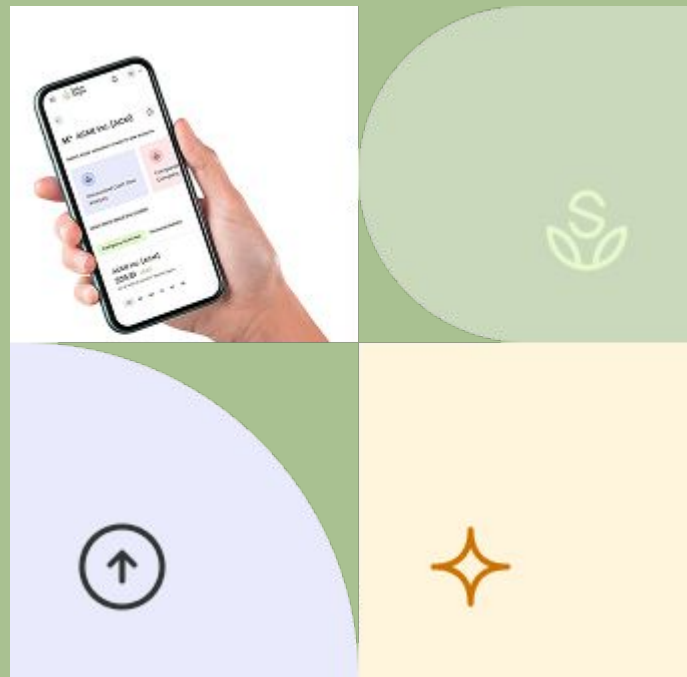


Inflation: How It Affects Saving and Investing

A simple guide for beginners

www.valuesages.com



Educational only – not personal advice
Your capital can go up or down!

What You'll Learn Today

1 What Inflation actually means?

2 Main tools people use in practice

3 A simple process to avoid common mistakes



Why Everyday Costs Increase?

Food, rent, energy, tickets

Everyday essentials cost more than before.

Same money buys less over time

Your purchasing power slowly declines.

Everyone feels this in daily life

Inflation affects nearly every household.



Inflation shows up first in the things you buy all the time.

Inflation: Same Basket, Higher Price



Example: prices rising about 3% per year.
Same items, higher cost over time.

How Economies Track Inflation



When Cash Grows Slower Than Prices



Example:
inflation ~3% a year



Many savings
rates are lower



Number grows,
buying power shrinks



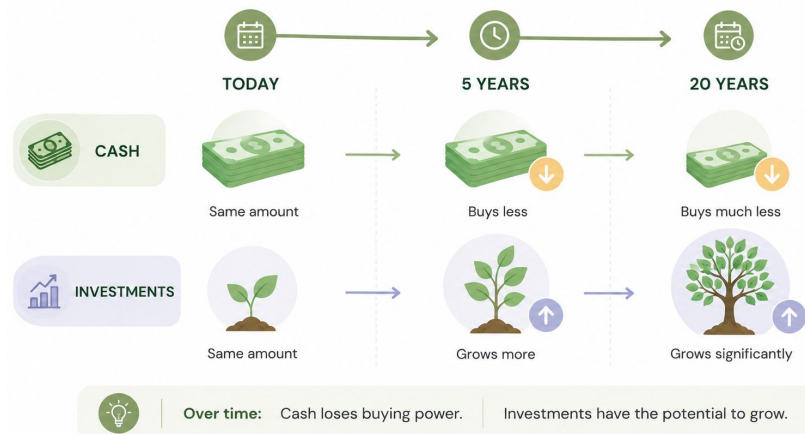
Cash is still essential – but it has limits for **long-term goals**.

Why Look Beyond Cash?

1 Prepare for future, not just today

2 Try to keep up with rising prices

3 Accept some risk for potential growth



The Main Money Tools We'll Cover



**Cash & Government
Bonds**



**Individual Company
Shares**



**Mutual Funds &
ETFs**



**Properties (homes,
flats, shops)**



Each tool has its own role, risk, and effort level.

Cash & Government Bonds – Basics



Cash

- Bank account balances
- Quick access for emergencies



Bonds

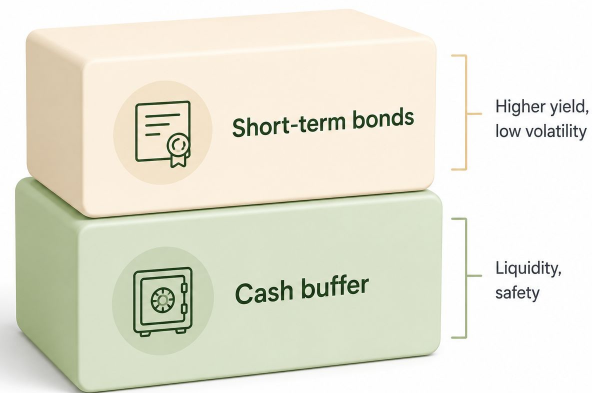
- You lend to your government
- Receive interest, get money(principal) back at end

Desislava's Safety Cushion

1 New city, wants calm and flexibility

2 3–6 months of expenses in cash

3 Small extra layer in short-term bonds



Her first goal is peace of mind, not maximising returns.

Cash & Bonds – Trade-Offs



Cash

- + Very Liquid
- + Easy to understand
- Lag behind prices over time



Bonds

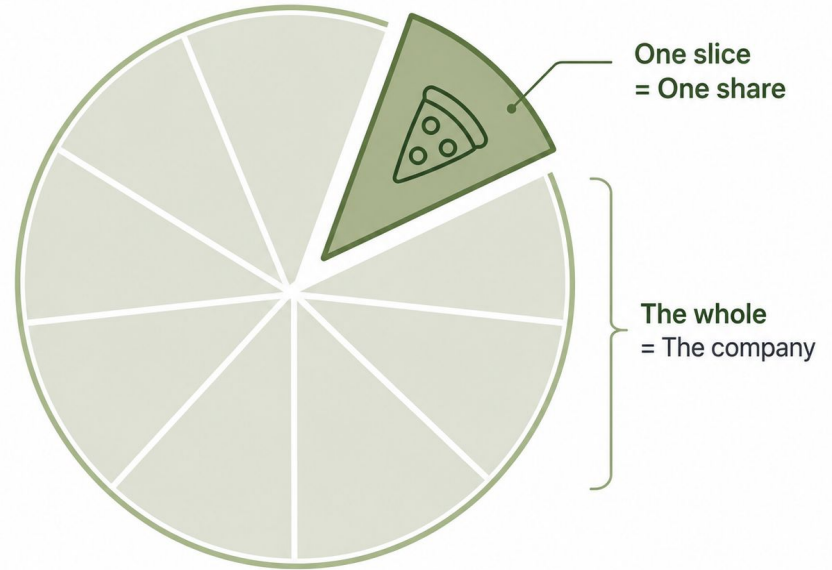
- + Regular interest payments
- Prices can move
- Lower risk \neq no risk

Stocks – Owning Tiny Pieces of Businesses

1 Each share = small slice of a company

2 Value can rise if business grows

3 Some companies pay cash dividends



George: Small, Informed Stock Bets

1 Experienced investor, loves tech

2 Reads financials instead of chasing trends

3 Keeps single stocks as part of a wider plan



Individual picks are a tool he uses *after* doing his homework.

Stocks – Potential & Risk

- + Historically strong long-term growth in broad markets
- + Direct participation in business success
- Prices can swing sharply
- A company can bankrupt



Mutual Funds – One Shared Basket

1 Many investors, one big pool of money

2 Professional team buys many shares/bonds

3 You own a slice of the whole basket

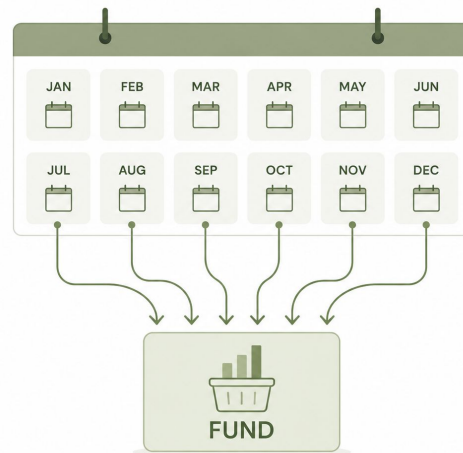


Desislava's Long-Term Retirement Fund

1 Broad global fund, not single stocks

2 Same amount invested every month

3 Focused on 30 years, not 30 days



She uses a simple basket to stay invested without constant monitoring.

Mutual Funds – Trade-Offs

- + Quick diversification in one step
- + Professional monitoring of holdings
- Ongoing fees every year even when the fund is at loss

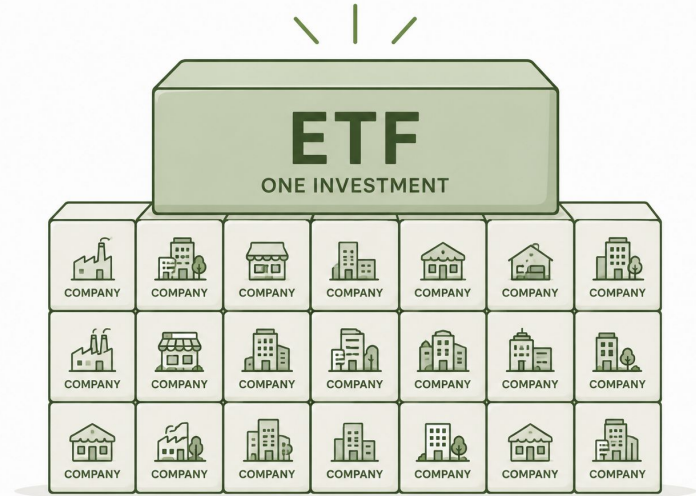


ETFs – Baskets You Can Trade Like Shares

1 Hold many investments inside one unit

2 Bought and sold on stock exchanges

3 Many simply follow an index



George's Simple ETF Core

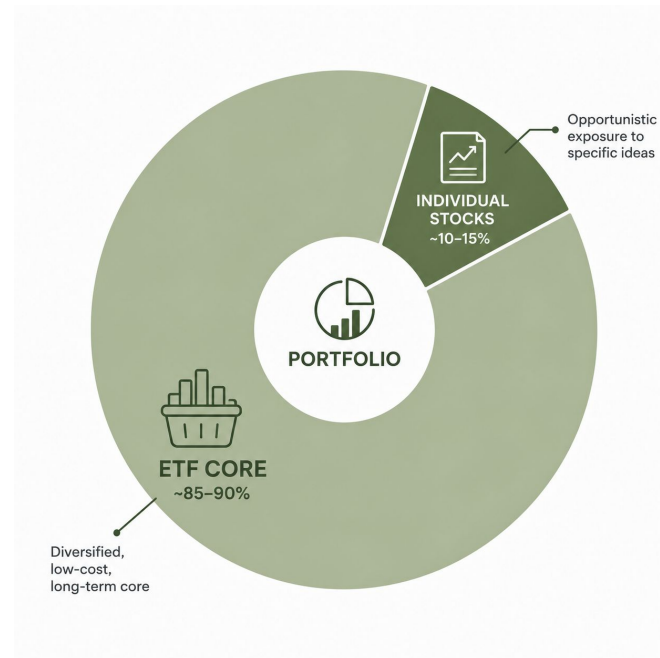
1 Global stock ETF + government bond ETF

2 Monthly contributions, no market timing

3 Individual stocks sit on top of this core

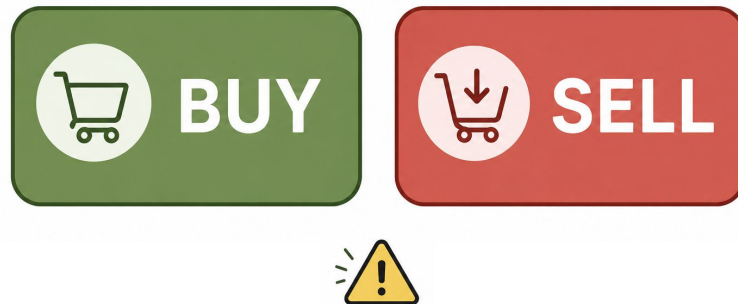


Experience doesn't stop him from using simple building blocks.



ETFs – Trade-Offs

- + Often lower ongoing fees than many funds
- + Intra-day trading adds flexibility
- Easy trading can tempt frequent, emotional moves



Properties – Owning Real Places

1 Flats, houses, small shops

2 Rent income + price changes over time

3 Returns are very local and cost-heavy



George & Desislava: Home First, Then Maybe Rental

1 First flat = stable home using a mortgage

2 Later: consider small rental flat carefully

3 Check rent vs loan, tax, repairs, empty periods



HOME



POSSIBLE RENTAL



They treat numbers and risks seriously before adding property.

Properties – Trade-Offs

- + Tangible asset many people understand
- + Can provide regular rental income
- Big upfront cost, loans, and ongoing work



How People Often Combine These Tools

1 INFLATION

Prices rise over time
→ Same money
buys less



2 MAIN TOOLS

Different tools,
different roles



3 TIME HORIZON & SITUATION MATTER

Match the tool to the job



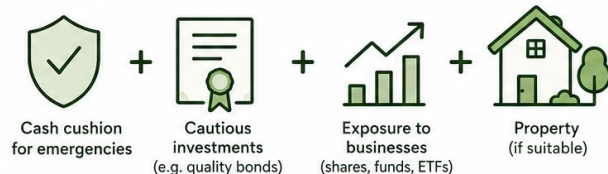
Short term needs
→ Safer, easy access



Long term goals
→ Broader investments
(funds, ETFs)

4 REAL LIFE: COMBINE FOR BALANCE

Not perfect – but a mix you can live with



Understandable. Suitable. Sustainable.
Through good times and bad.

The S.A.G.E. Process at ValueSages



S

SCREEN

Eliminating the noise
and finding the signal.



A

ANALYZE

Checking fundamentals
and "Glass-Box" valuation.



G

GOVERN

Enforcing rules and
discipline.



E

EVOLVE

Evolution of wisdom
through adaptation.



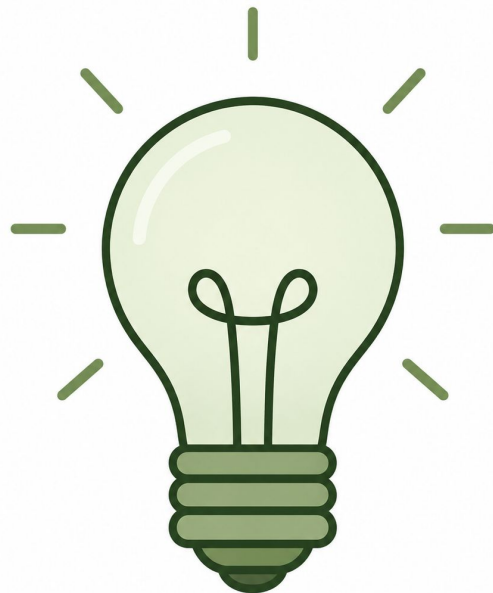
Simple process to reduce noise, rely on data, and learn over time.

Key Ideas from This Lesson

1 Inflation changes what your money can buy

2 Tools (cash, bonds, shares, ETFs...) have different roles and trade-offs

3 Process and behaviour matter as much as picking tools



Thank You!

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