

Stephen R. Foerster's *Everything Investing* Newsletter

Volume 1: October 11, 2024

MESSAGE FROM STEPHEN



Welcome to my inaugural *Everything Investing Newsletter*—thanks for signing up! In this periodic newsletter I'll be sharing the latest news about my book projects as well as a number of regular features including:

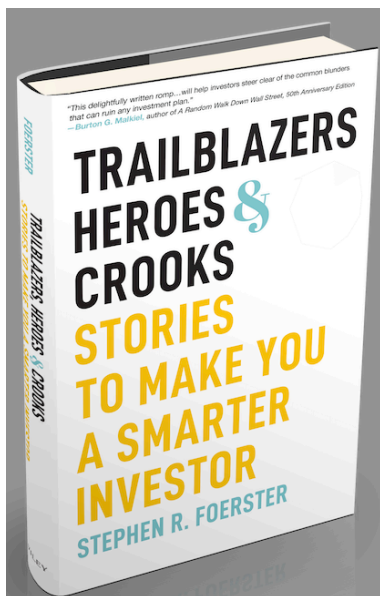
- **Perfect Portfolio Investing Blog:** Free access to my blogs
- **Off the Charts:** An interesting and timely chart
- **Classic Read:** A classic investment book overview
- **Just for Fun:** Something whimsical

My primary purpose is to connect with you, my network, and so any comments and feedback are appreciated. Also, please tell your friends and encourage them to subscribe for free as well—they can email me at sfoerster@ivey.ca.

For more, check out my website: StephenRFoerster.com.

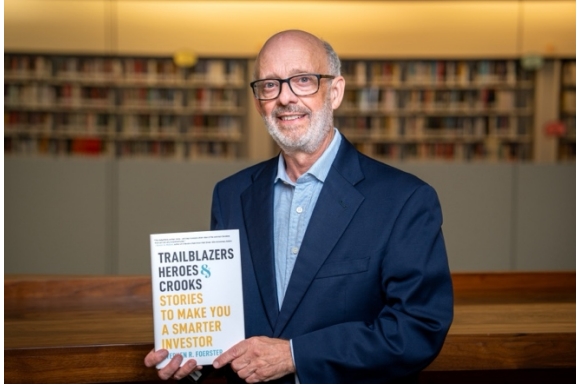
Stephen

TRAILBLAZERS, HEROES, AND CROOKS



It's been a busy time since the book launch on September 24, 2024. *Trailblazers, Heroes, and Crooks: Stories to Make You a Smarter Investor* is a highly entertaining and insightful look into key stories from history, teaching lessons about sound principles of investing, and controlling emotions and bias when managing your investment portfolio to help you become a stronger, more intelligent investor. The book has been featured in:

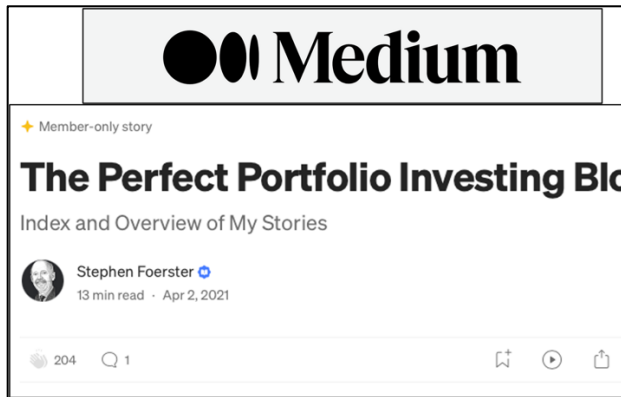
- [Fortune](#) (chapter excerpt)
- [Yahoo!Finance](#) (Brad Smith interview)
- [The Globe & Mail](#) (Q&A with Rob Carrick)
- [CFA Institute](#) (chapter excerpt)



I've also had the pleasure of being on many podcasts to talk about my new book:

- [On the Couch](#) with Henry Jennings
- [The Kuderna Podcast](#) with Bryan Kuderna
- [The Unlimited Podcast](#) with Brian Ginsler
- [Earn & Invest](#) with Jordan Grumet

PERFECT PORTFOLIO INVESTING BLOG



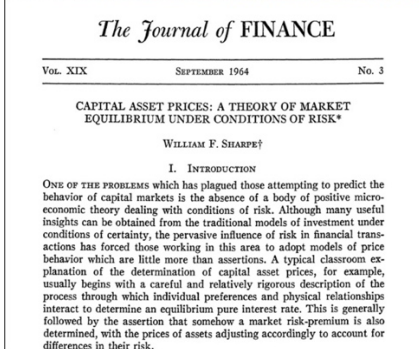
As a subscriber to this newsletter, I'm providing you with free access to the three most recent post of my Perfect Portfolio Investing Blog on medium.com, which is generally behind a paywall. Simply click on the blog titles below.

Three Important Valuation Lessons — From a Diner in Queens



I show why cash matters when it comes to valuation, and time value of money is key. I love the “Please pay today not tomorrow” sign—the proprietor understands time value of money!

Happy 60th Anniversary CAPM! Why the Capital Asset Pricing Model Still Matters



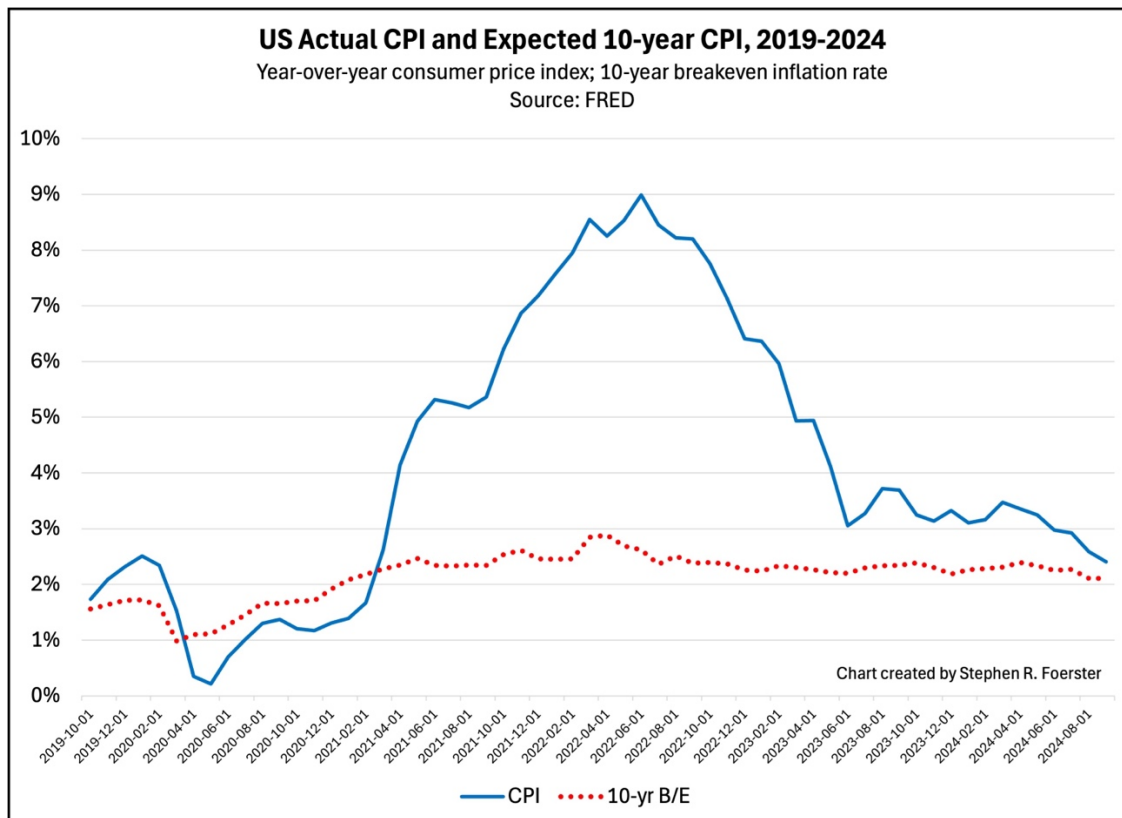
I provide some insights into Bill Sharpe’s seminal 1964 paper, and why it still matters today. This one is near and dear to me as my current book project is Bill’s authorized biography.

Five Investing Myths



I debunk myths that allow our emotions and biases to get in the way of investment performance. (Spoiler alert: That’s not the real Loch Ness Monster!)

OFF THE CHARTS

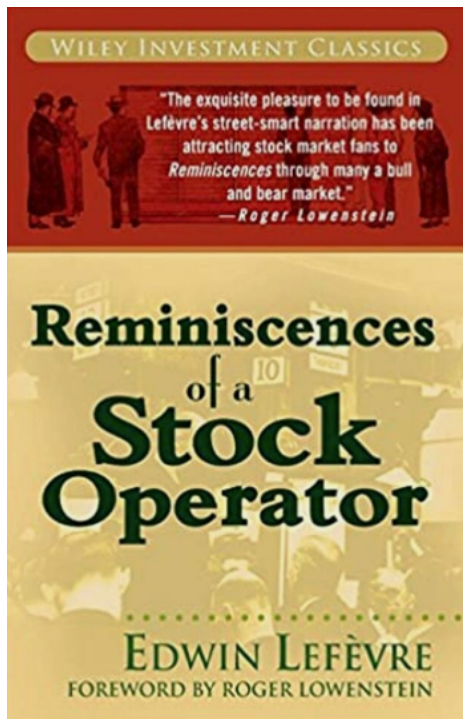


Inflation continues to be a hot topic. As the chart above shows, U.S. inflation (as measured by year-over-year changes in the overall “Consumer Price Index for All Urban Consumers” (solid blue line) peaked at 9% in June 2022, and most recently, in September 2024, is down to 2.4%.

What’s revealing is a comparison of actual inflation rate with expected inflation, known as the breakeven inflation rate (dotted red line), slightly lower at 2.1%. According to Federal Reserve Economic Data (FRED), “The breakeven inflation rate represents a measure of expected inflation derived from 10-Year Treasury Constant Maturity Securities (BC_10YEAR) and 10-Year Treasury Inflation-Indexed Constant Maturity Securities (TC_10YEAR). The latest value implies what market participants expect inflation to be in the next 10 years, on average.” Essentially it represents the difference in yield between 10-year nominal and real (inflation-adjusted) Treasuries.

Some interesting observations: First, even when actual inflation was spiking, market participants viewed the spike as temporary. Second, actual inflation and expected inflation are closer than in the past four years. Third, expected inflation has been quite steady for the past three years. A key to successful monetary policy is to ensure that inflation expectations remain low and steady.

CLASSIC READS



Reminiscences of a Stock Operator by Edwin Lefèvre, written over a century ago in 1923, is one of the true timeless investment classics. Here's the Amazon description: "Few investors have made and lost fortunes to equal those of the legendary Jesse Livermore, a notorious stock market speculator during the first half of the 20th century. Enjoy this highly readable, entertaining chronicle of one of history's boldest speculators. Written in 1923 by Edwin Lefevre, this work is cleverly written as a narrative biography. Independent-minded investors today will enjoy and even profit by Lefevre's shrewd, witty book. His observations of human behavior and market trends are as wise and accurate now as they were 75 years ago. There is nothing new on Wall Street, Livermore observes, 'Whatever happens in the stock market today has happened before and will happen again.'"

The book is really a disguised biography of legendary speculator Jesse Livermore. I see it as a book about behavioral finance, and the impact of our emotions on investing. Here's my favorite passage (recall, written over a century ago): "Nowhere does history indulge in repetitions so often or so uniformly as in Wall Street. When you read contemporary accounts of booms or panics, the one thing that strikes you most forcibly is how little either stock speculation or stock speculators today differ from yesterday. **The game does not change and neither does human nature.**"

JUST FOR FUN



Looking for a fun group outing? How about Axe Throwing? And if you want to get that lumberjack feel, make sure to encourage everyone to wear flannel. This photo is from a recent Ivey Business School [Women in Asset Management](#) program alumnae event. I'm with the Maddison DeLancey, the Senior Office Manager, and Saurin Patel, who was the co-director (now the director after I stepped down as the co-director).