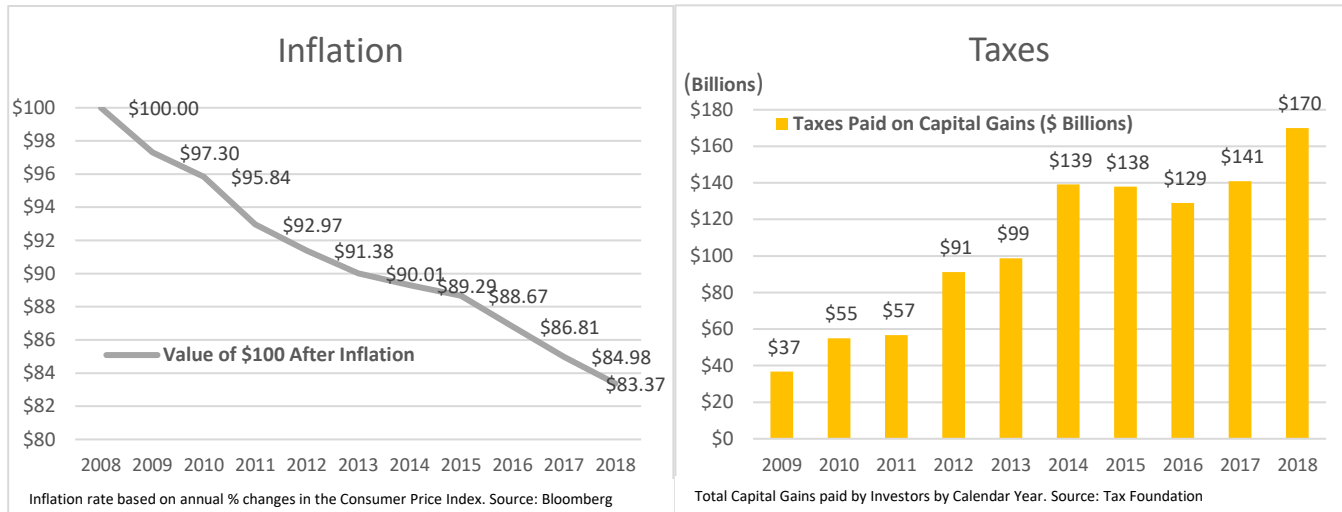


## Harvesting Strategy

Keeping It Real: Focusing on Taxes and Inflation

“Acknowledging what you don’t know is the dawning of wisdom” – Charlie Munger

Taxes and inflation are two critical watchwords for investors – see chart below highlighting the cost of both.



In the financial world, the return on an investment after [inflation](#) is referred to as a *real* return. Last week, investors witnessed a number of events perhaps best described as *surreal*. Over the weekend there was [Bitcoin 2021](#), the in-person [crypto conference](#) that’s already generated much discussion for fans and anti-fans alike. The meme stock phenomenon, where securities’ price movements are seemingly [divorced from fundamentals](#), continued to crescendo last week as well, as the near bankrupt movie chain AMC more than doubled in price, only to fall by half and nearly double again.

For experienced investors, perhaps they’d be better served focusing on what’s “real.” Some possible examples are: actual sales, profits, and cash flows. And in terms of investment returns, what is most *real* arguably is what investors [ultimately keep](#), namely their returns after both inflation and their largest investment cost, [taxes](#).

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