

**Title:** DOES HIKING DAMAGE YOUR WEALTH?

**Speaker:** ELROY DIMSON  
London Business School, Emeritus

**Importance:** Why this matters:

There are investment professionals today with eight years of experience who have never encountered the problems associated with an interest rate “hike.” Dimson uses his extensive database to trace what what has happened when rates have been hiked from 1900 to the present.

He furthers his analysis to study what happens to asset values through “cycles” of tightening and easing interest cycles by the US Federal Reserve Bank and the Bank of England

**Investigation:** "Speaker analyzed XXX data to address the questions yyy, zzz, etc."

Dimson analyzes return patterns for major asset classes (equities, bonds, and currencies) for the USA and the UK, and 21 other countries.

**Innovation:** Are there new techniques of interest in the data or approach to the problem?

A fairly straightforward analysis of business cycles, although defining a “cycle” suffers from the usual vagueries of classification. The value-added comes from the long history of economic data.

**Insights:** 1-2-3, what are the three most important things the speaker offered?

1. On average, investors correctly anticipate interest rate changes.
2. Low returns are, of course, a global challenge. To raise expected returns, investors typically have to take more risk.
3. Long term investors should stress diversification and plan for lower returns in the future. Consideration of *time* in the market is more important than *timing* the market.

**Audience rating:** 3.92