Einfach mit Matze

SIMPLE INVESTING

Understand ETFs. Prepare informed decisions.



Practical course with calculators, exercises and templates

8. See the loss in money

A percentage can feel abstract. Translate it into the amount you would see on a statement. With 10,000 and 90% equities, 9,000 is in the equity component. If that component falls 50% in a chosen stress scenario and the other component stays flat, 5,500 remains. The loss is 4,500 or 45%. This is neither a forecast nor a maximum possible loss.
Test both components falling too. If the second component also loses 5%, the remaining value is 5,450. It does not automatically prevent every loss. The calculator allows both assumptions to change and compares allocations side by side.
Then ask separately: can I financially withstand the loss, how might I react emotionally, and when do I need the money? Enthusiasm for risk does not replace affordability. Forced selling can crystallise losses.

Calculate the same 50% equity-loss scenario with 60% equities and a flat remainder. How much growth is needed to recover from a 45% portfolio loss?

At 60/40, 7,000 remains: a 30% loss. After a 45% loss, recovery requires 45/55, approximately 81.82% growth.