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Investing for a
world of change

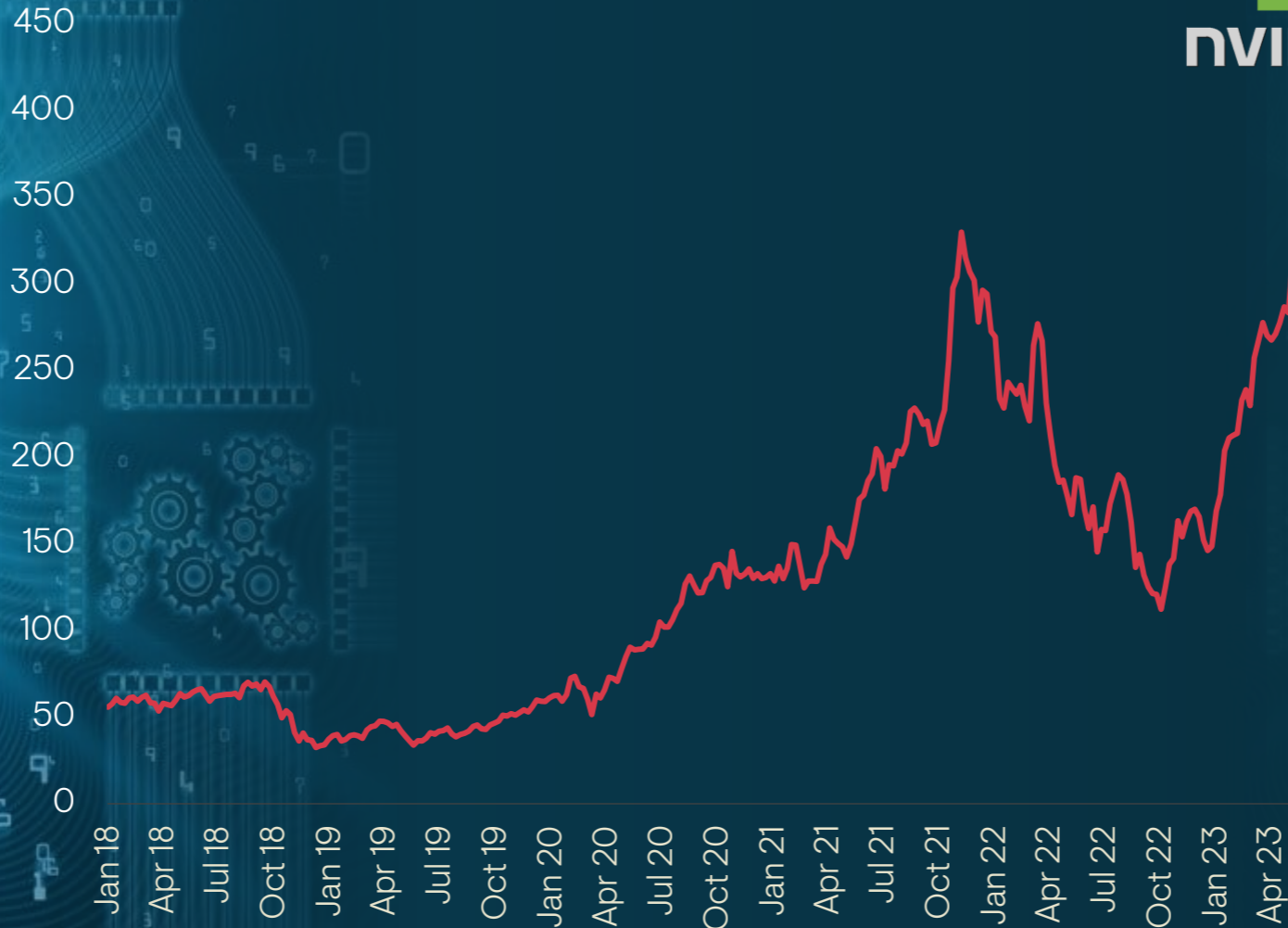
Adapting to a new reality The next decade

Philip Saunders
June 2023



Roller coaster markets

NVIDIA share price



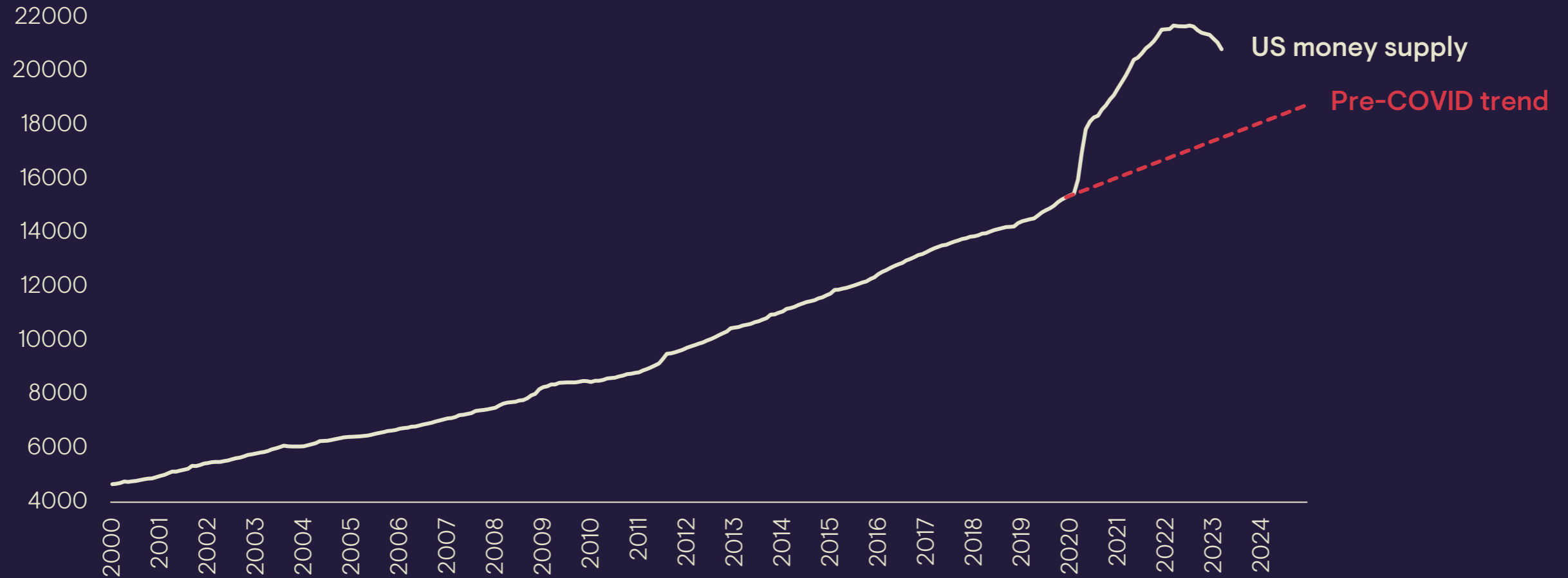
The Ukraine crisis
underlines the return
of geopolitical risk





The consequences of central bank overreach

US money supply vs pre-COVID trend

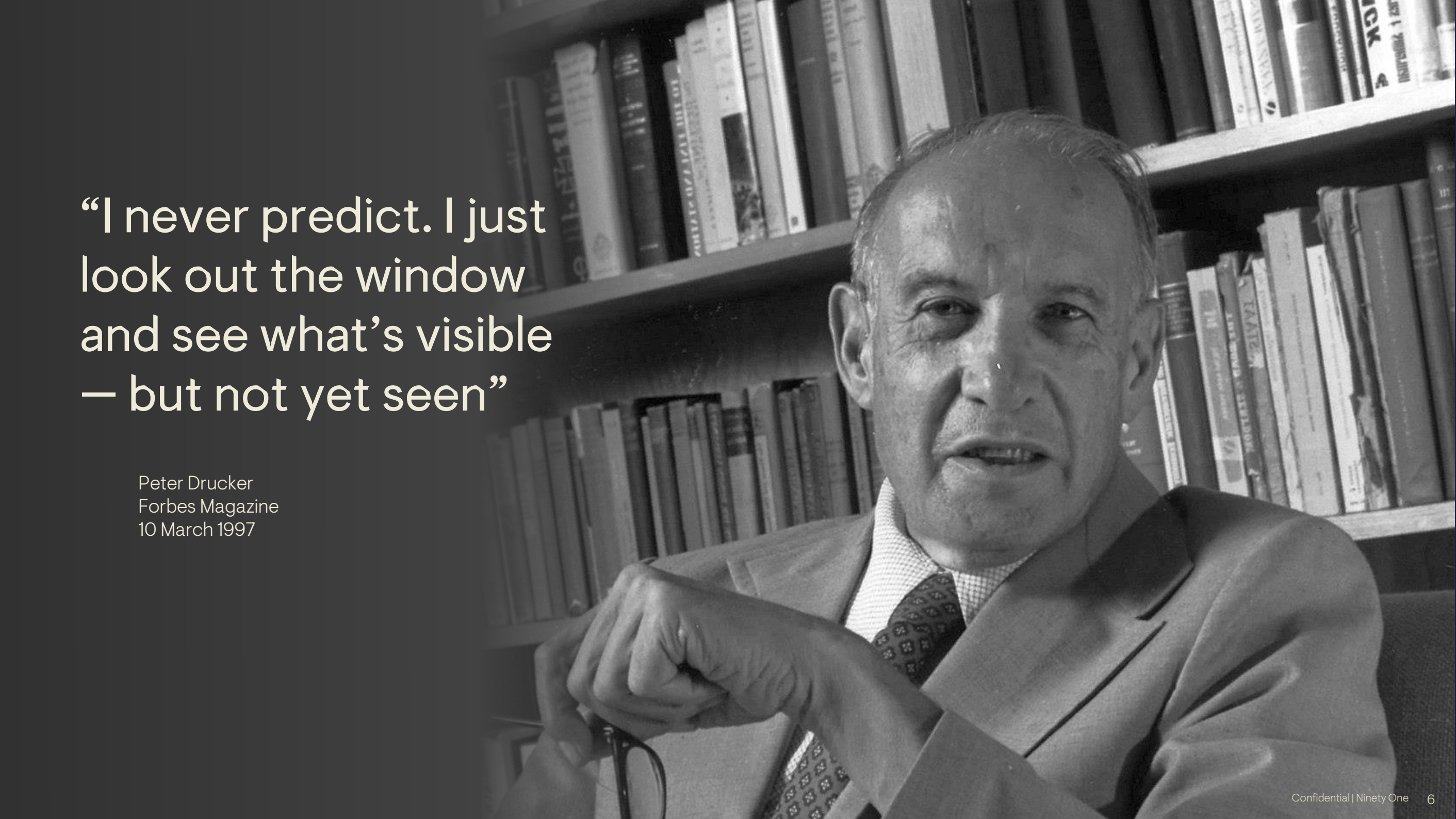




Boom turns to bust

Cathie Wood's ARK Innovation ETF



A black and white photograph of Peter Drucker, an older man with short hair, wearing a suit and tie. He is sitting in a library, with bookshelves filled with books behind him. He is looking directly at the camera with a serious expression. His hands are clasped in front of him, holding a pair of glasses.

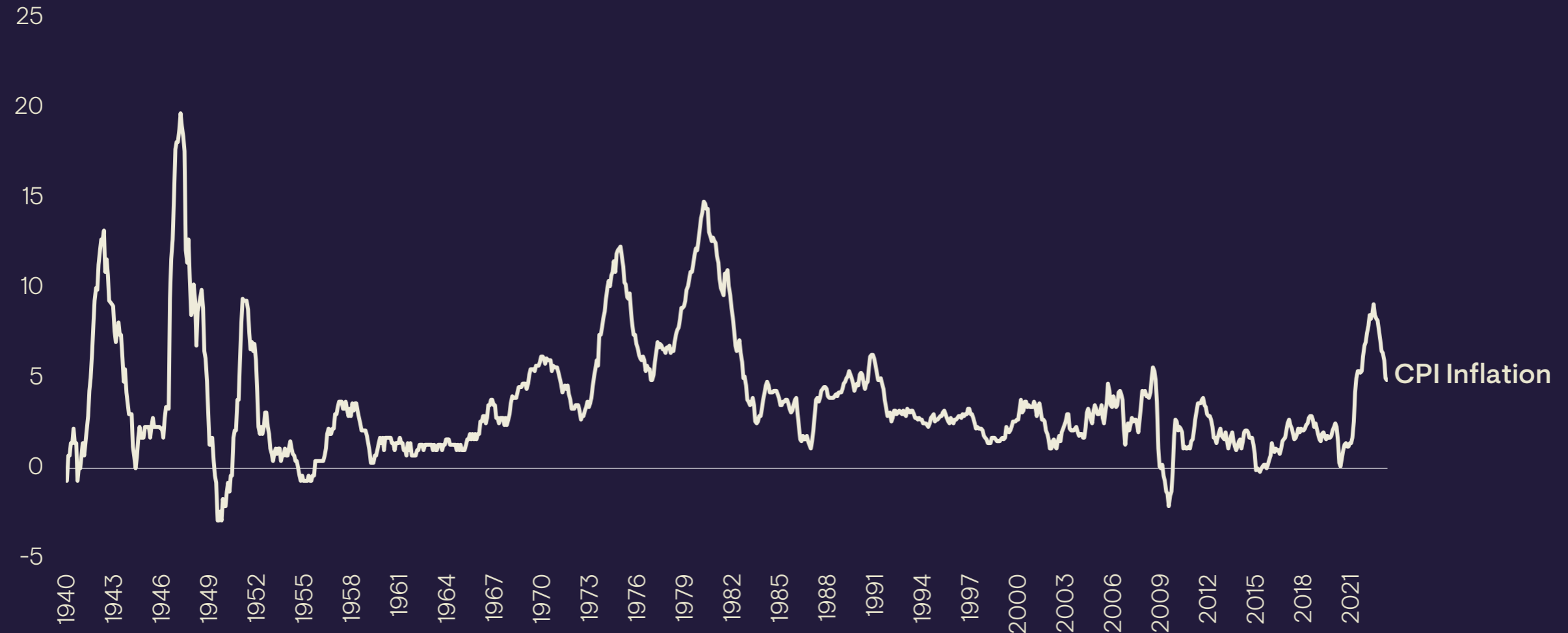
“I never predict. I just
look out the window
and see what’s visible
— but not yet seen”

Peter Drucker
Forbes Magazine
10 March 1997



Long term US inflation trends – aberration or tipping point?

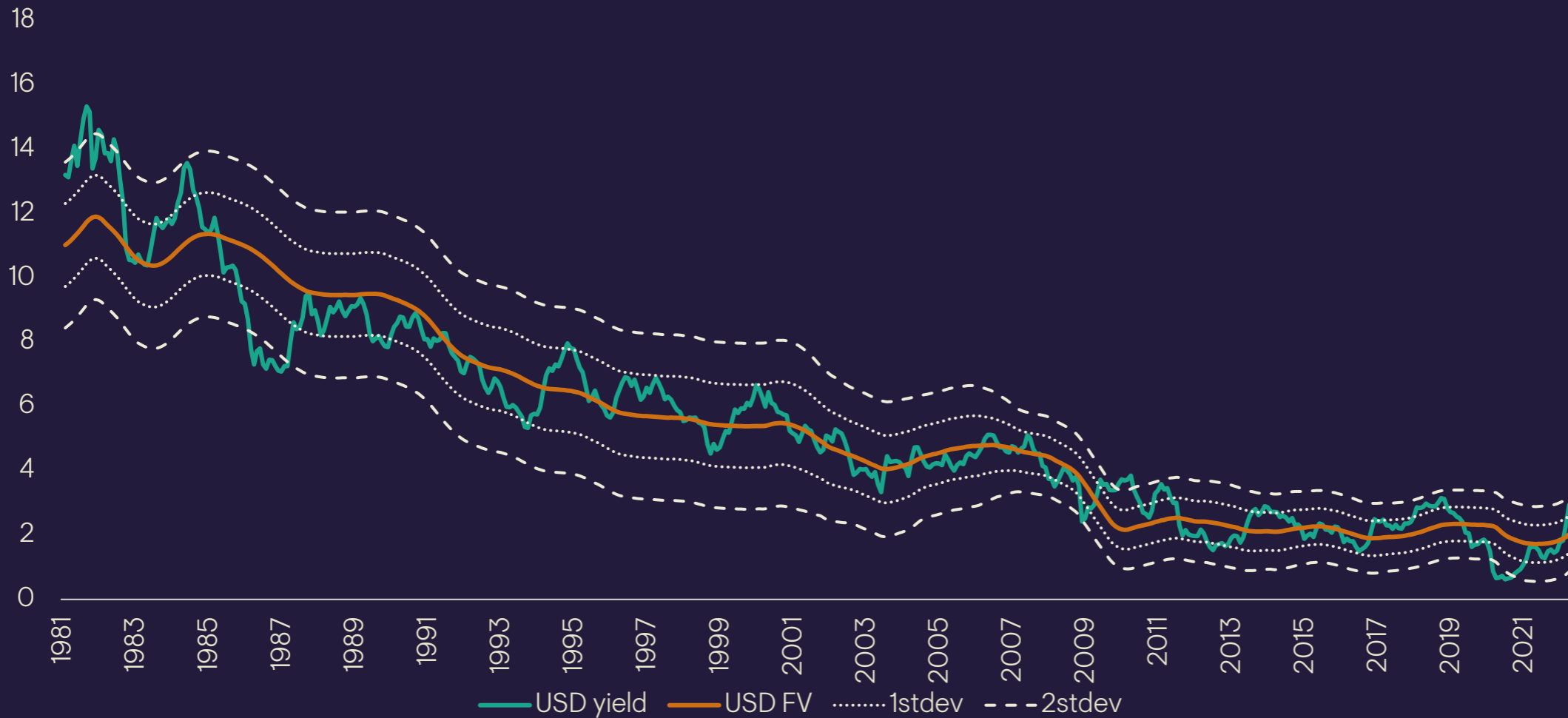
US Consumer Price Inflation





A secular bond bull market has probably culminated

10 Year US Treasury yields. Labels – US Bond Yield, Ninety One Fair Value estimate



■ Silicon Valley Bank – America’s biggest bank failure since 2008





AI – a ‘Stochastic Parrot’ or a game changer?





A thematic framework for thinking about the future





The United States versus China



World's Largest Car Exporter Title Shifts from Japan to China

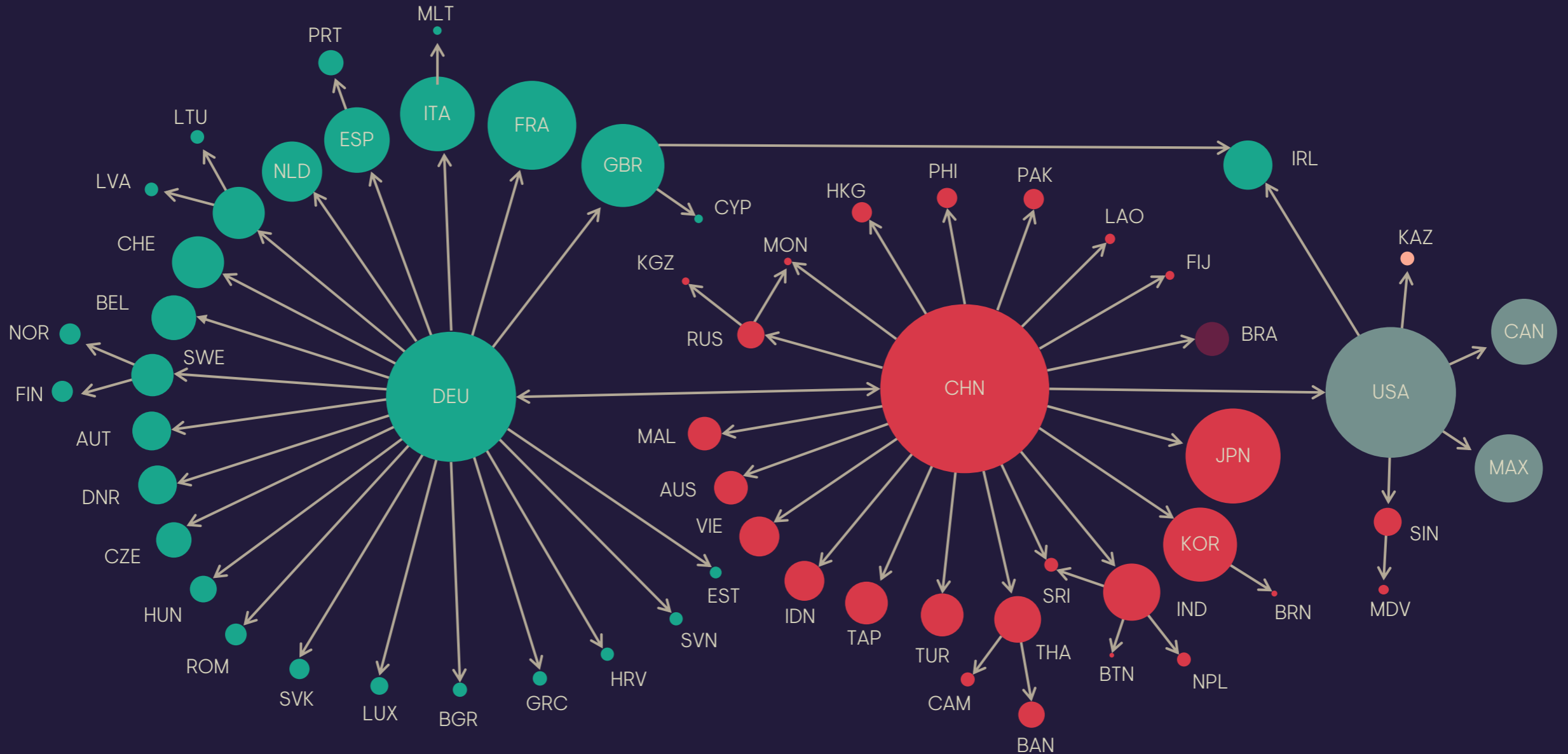
World's Largest Car Exporter Title Shifts from Japan to China: China exported 1.07 million vehicles, a 58% increase compared to the same period in 2022, becoming the world's largest exporter of cars.

 Madhavi Gaur  Published On May 23rd, 2023





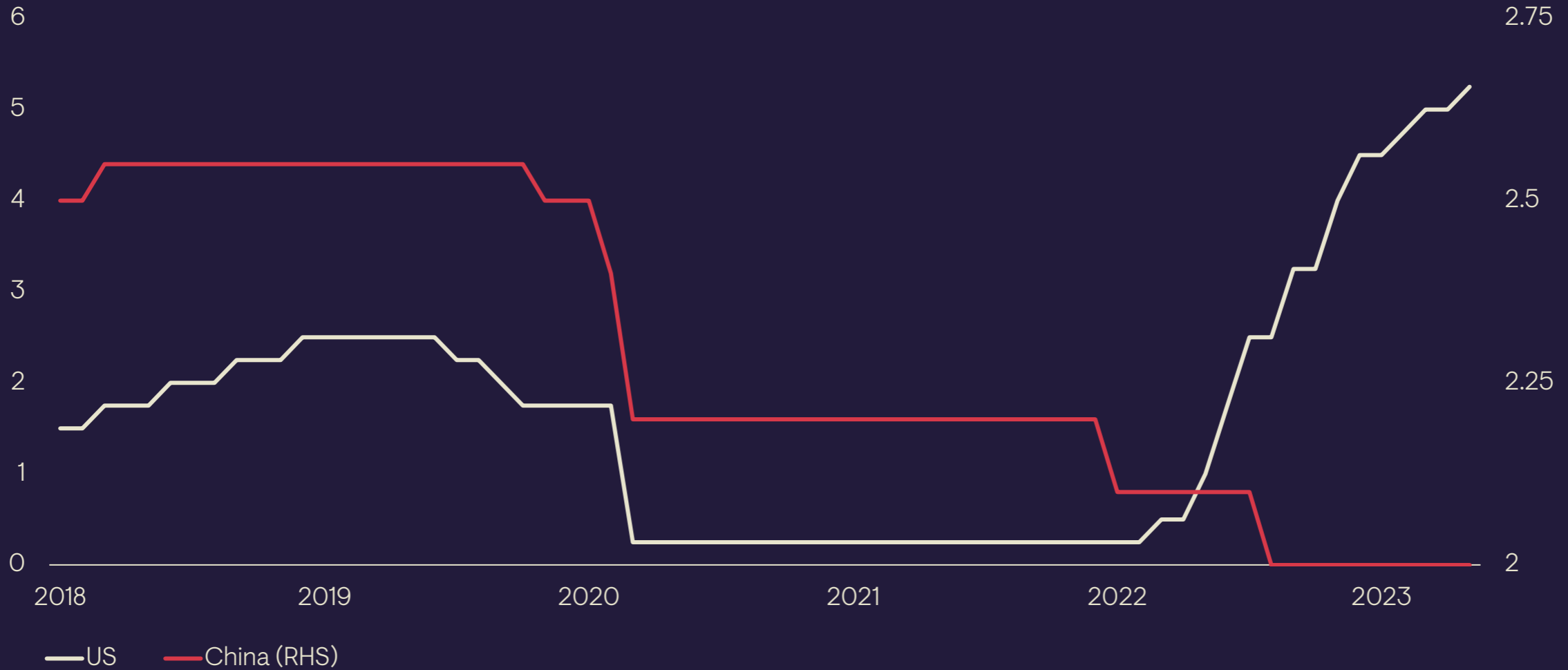
Globalisation is dead, long live regionalisation





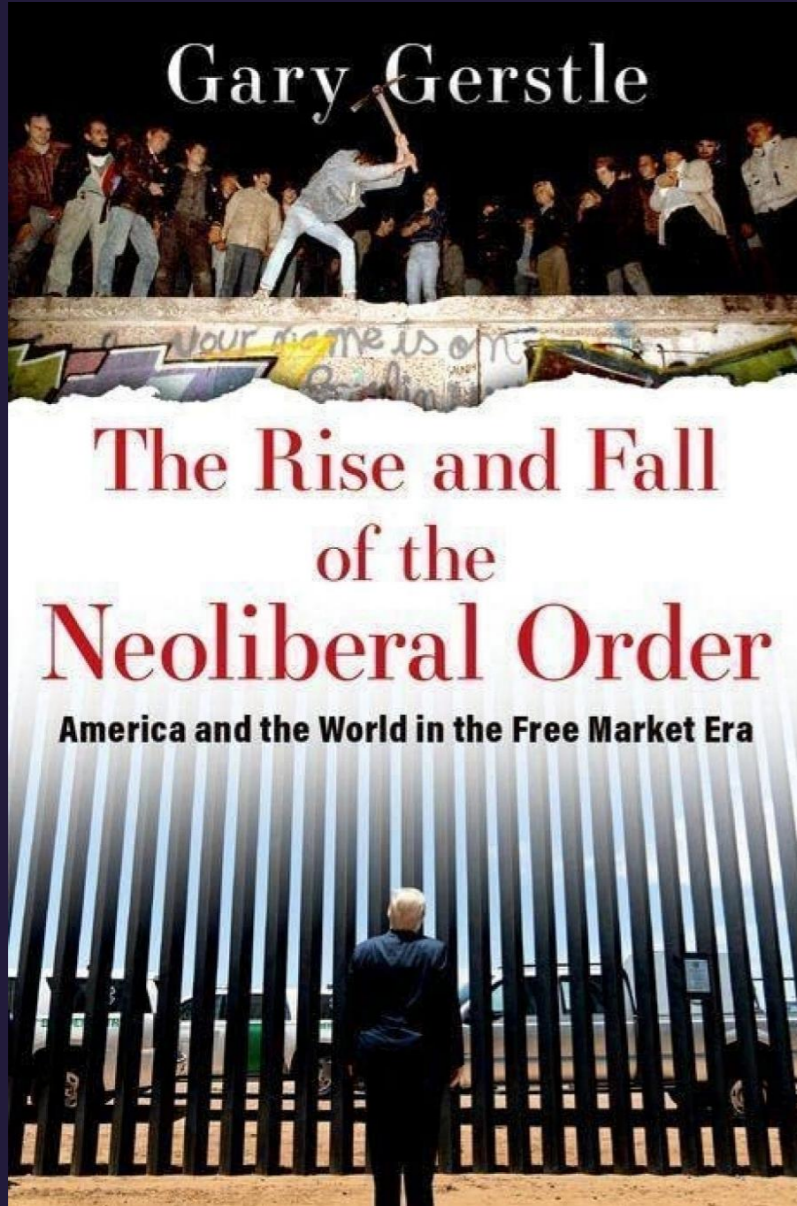
A tale of two cycles

Central bank policy rates





The consequences of the end of the free market era?



New cycles typically result in new equity market leadership





New cycles typically result in new equity market leadership

Emerging Market Equities vs Developed Market Equities





Currency cycles – another inflection point?

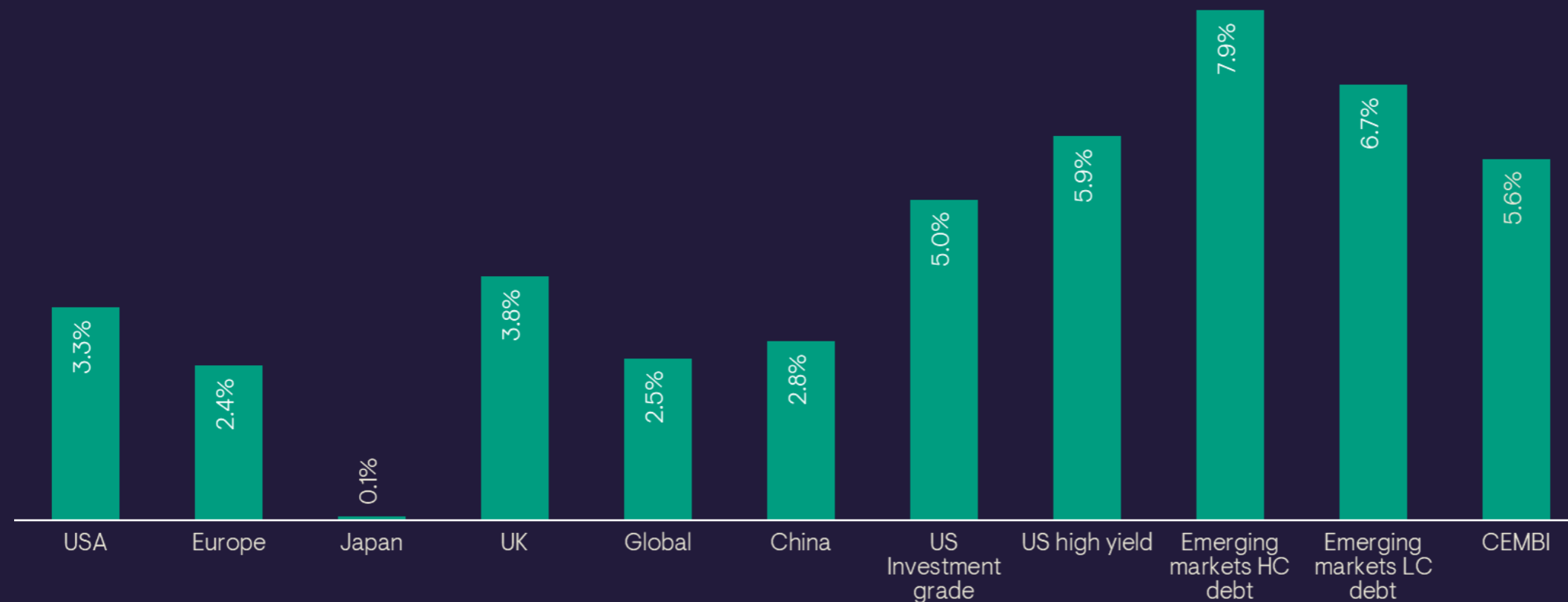
USD Real Effective Exchange Rate





Long term Capital Market Assumptions – Bonds

Fixed income 10 year total return forecast in local currency



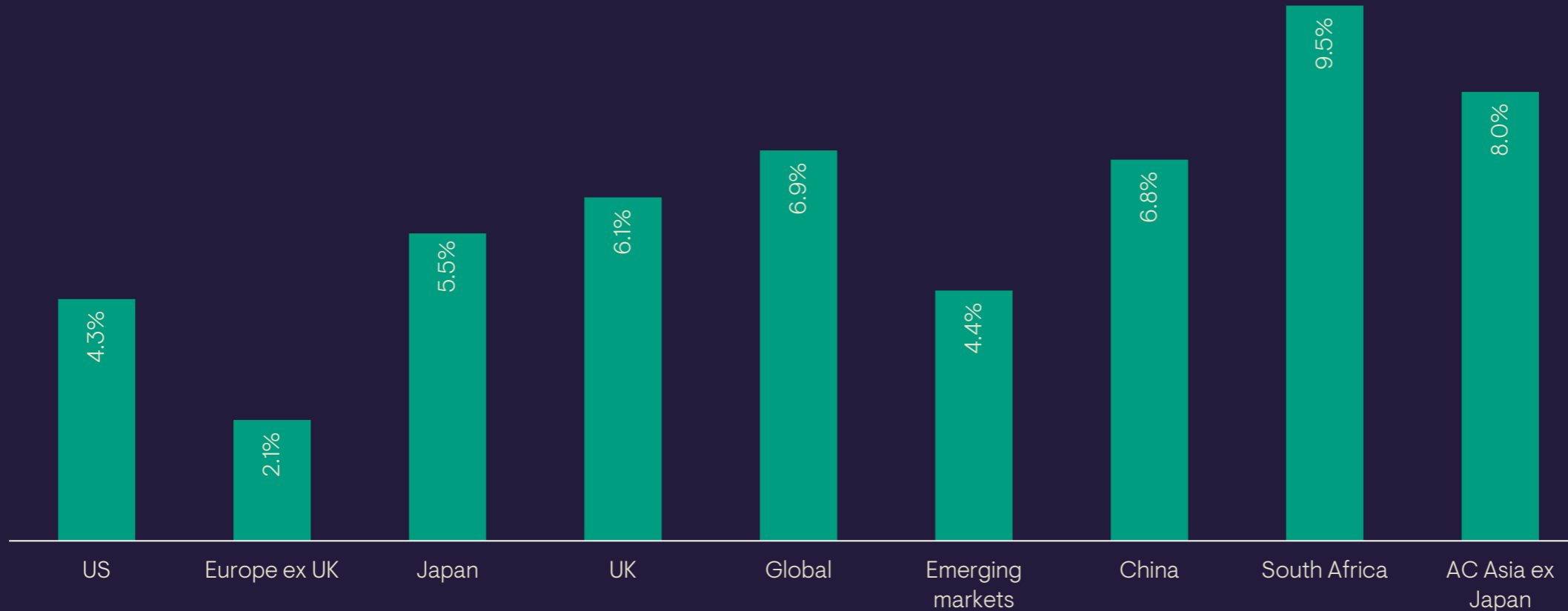
Forecasts are inherently limited and modelling involves risks, assumptions and uncertainties, they are forward looking and are not guarantees nor a reliable indicator of future results. Actual returns could be materially higher or lower than projected. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise of future performance.

Source: Ninety One proprietary capital market assumptions as at 31 March 2023. These estimates are gross of fees (returns can be reduced by management fees and other expenses incurred) and reflect the view of Ninety One's multi-asset team, whilst the views of other teams across Ninety One may differ. Details on our Capital Market Assumptions methodology available upon request.



Long term Capital Market Assumptions – Equities

Equity 10 year total return forecast in local currency



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A new market regime?

- Structural inflation pressures persist
- Higher interest rates and an enduring ‘reset’ in the cost of capital
- More macro volatility
- Capital investment driven cycle – rising risk premia?
- New equity market leadership – style, sector and region

A photograph of George Soros in a dark blue suit and red tie, sitting in a brown leather chair. He is holding a white mobile phone to his ear with his right hand and looking at a document in his left hand. The background shows a city skyline through a window.

“I don’t have a particular style of investing. More exactly, I change my style to fit the conditions. The (Quantum) Fund has changed its character many times. Put it this way: I don’t play according to a given set of rules; I look for changes in the rules of the game”

George Soros



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Investment Process: Any description or information regarding investment process or strategies is provided for illustrative purposes only, may not be fully indicative of any present or future investments and may be changed at the discretion of the manager without notice. References to specific investments, strategies or investment vehicles are for illustrative purposes only and should not be relied upon as a recommendation to purchase or sell such investments or to engage in any particular strategy. Portfolio data is expected to change and there is no assurance that the actual portfolio will remain as described herein. There is no assurance that the investments presented will be available in the future at the levels presented, with the same characteristics or be available at all. Past performance is no guarantee of future results and has no bearing upon the ability of Manager to construct the illustrative portfolio and implement its investment strategy or investment objective.

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Audience

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General risks

The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth.

Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations.

Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.