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Investing for a
world of change

A new capex supercycle is on the way

Ellie Clapton
Iain Cunningham
Sahil Mahtani



Major themes of the last financial cycle

Major thematic changes

China's rise



- China's economy – **transitioned from fixed asset investment to consumption growth**
- Placed downward pressure on growth

Debt



- **US households deleveraged** majorly post the GFC
- **European governments enacted austerity**

Demographics



- **Working age population growth slowed sharply** across the US and Europe

Material decline in resource & capital intensity vs. the 2000's financial cycle

vs.

Overinvestment in resources over the past decade

Macro & market implications

1
Notable headwinds to growth and inflation

2
Allowed for a extended period of easy money

3
Lower asset correlations

4
Equity multiple expansion and tech / asset light leadership

5
Long synchronised DM cycle and a shorter volatile Chinese cycle



Major themes of the next financial cycle

Major thematic changes

China's rise



- US response is increasing geopolitical risk
- Driving **deglobalisation** & **defence** spending

Climate change



- Accelerated **energy transition** is underway
- Requires considerable capital expenditure

Demographics & Debt



- **US households** deleveraging cycle complete
- **Millennials** in household formation lifecycle stage

A material increase in resource & capital intensity over the next decade

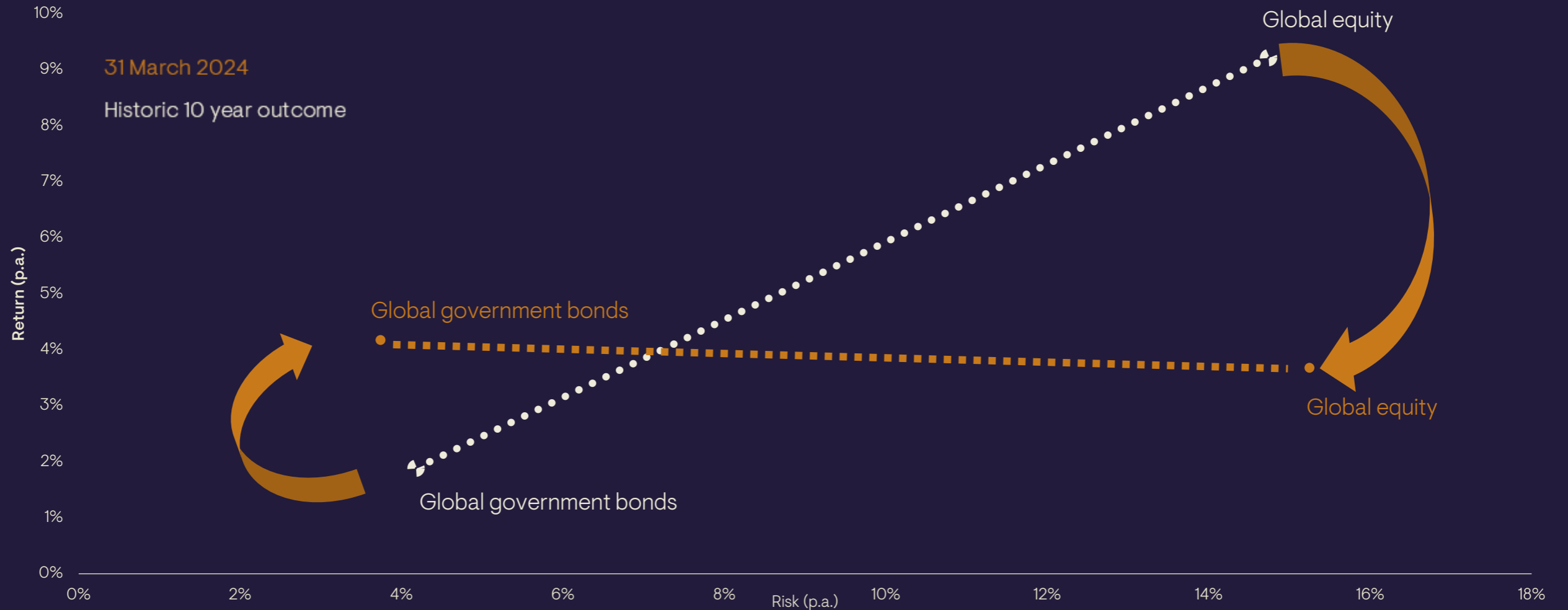
vs.

Significant underinvestment in resources over the past decade



Prospective asset class returns are likely to be quite different

Forecasted versus historic 10-year outcomes (USD)



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 2024. 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.



The next decade – Manage portfolios for what’s to come rather than for what was

Starting point for the next financial

Lower expected returns

Prospective macro environment

1

A higher and more volatile inflation impulse

2

Increased volatility in rate cycles

3

Higher asset correlations

4

Equity multiple compression and new market leadership

5

Increased cycle divergence: US vs. China

Investment tools required

Significant investment flexibility

A broad and unbiased opportunity set

A structural thematic investment roadmap

A robust cyclical process to support capital allocation



Thank you

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