



# RETURNING TO NORMAL

EVEN IF IT TAKES SOME TIME



# THERE ARE SIGNIFICANT ALLOCATIONS INTO EQUITIES POST AN ELECTION YEAR

- ✓ Oxford AstraZeneca Covid vaccine 90% efficacy; Pfizer/BioNTech 95% effective. Moderna vaccine is 94.5% effective.
- ✓ COVID-19 is obviously able to be stopped.
- ✓ World Growth Forecast – Revised up.
- ✓ We said this would happen / Good ol' Santa Claus: Market gains 7.21% from November (low) to December (high) on average since 1800s.
- ✓ JP Morgan: "US equities have one of the best backdrops for sustained gains for years." Forecast 12% by early 2021.
- ✓ Significant allocations into equities post an election year. This will be more pronounced in 2021 as the COVID-19 vaccine starts to work and the economy continues to improve.

THE WORLD  
ECONOMIES WILL  
SLOWLY RETURN  
TO NORMAL.  
ECONOMIES ARE  
STARTING TO  
GROW

## Covid-19 Vaccine Will Return The World to Normal



- ✓ With more vaccines being approved with high efficacy rates, confidence is returning to the world economies as people get back to their normal lives once more.
- ✓ This will be a positive sign for equities, allocating now will give the best chance to capture the upside.

# CAPITAL ECONOMICS REVISED UP THE WORLD GDP GROWTH FORECAST

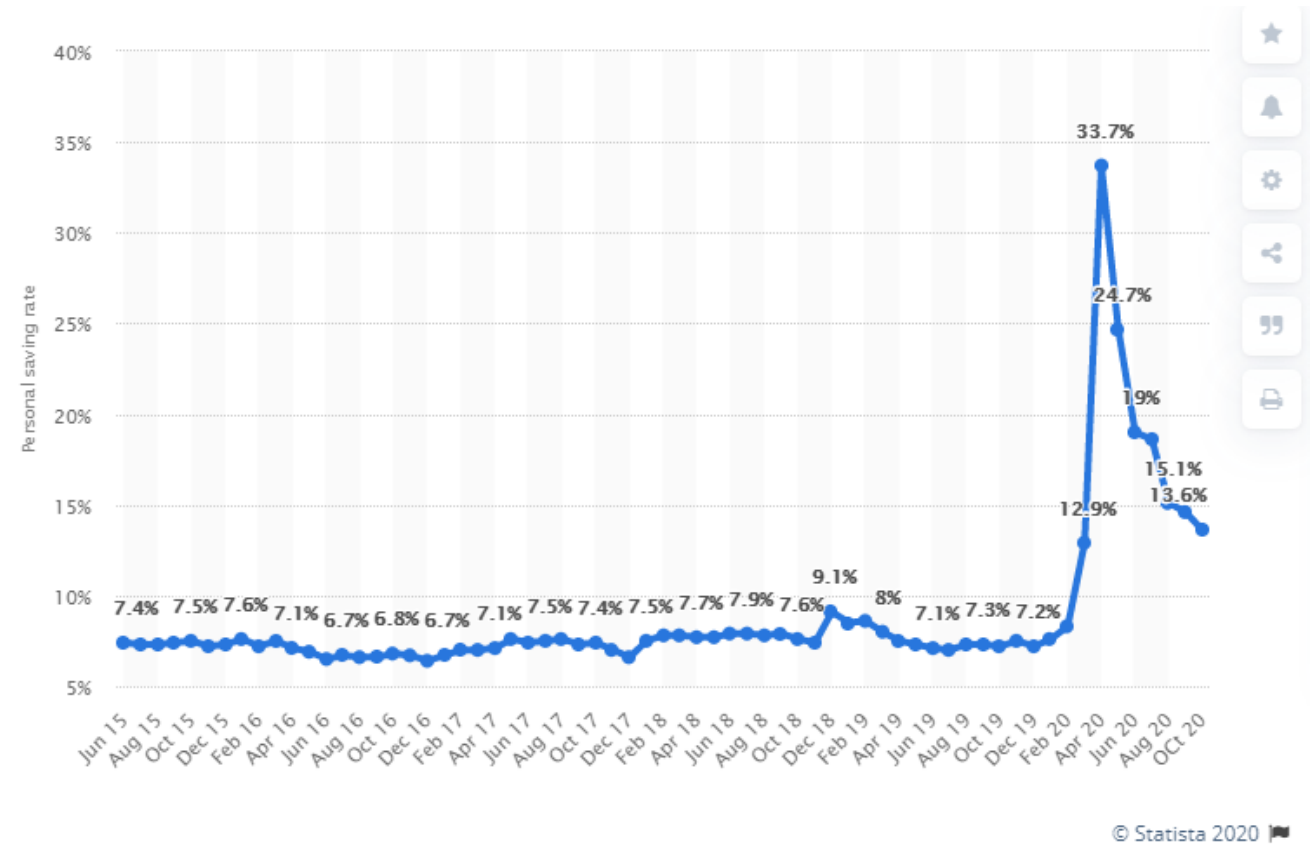
## World GDP Growth Forecast Raised

While a difficult few months lie ahead for many economies, the news of effective vaccines has led us to revise up our world GDP growth forecast by 0.8%-pt and 0.5%-pt, to 6.8% and 4.6%, in 2021 and 2022. The positive effects will be biggest in DMs, while China looks set to lose out from a shift in spending from goods back to services in advanced economies. For the world as a whole, there are reasons to think that activity will not quite return to its pre-virus path in the next two years, but it should come close.

- ✓ The world GDP has been raised, increasing the positivity surrounding the coming months and years following breakthroughs in finding effective vaccines for Covid-19.

THE CONSUMER  
IS HEALTHY.  
PERSONAL  
SAVING RATES IN  
THE US FROM  
JUNE 2015 TO  
OCTOBER 2020

## Consumers Have Healthy Cash Reserves



- ✓ Consumers with bolstered cash reserves will look to spend as economies begin to open up again.

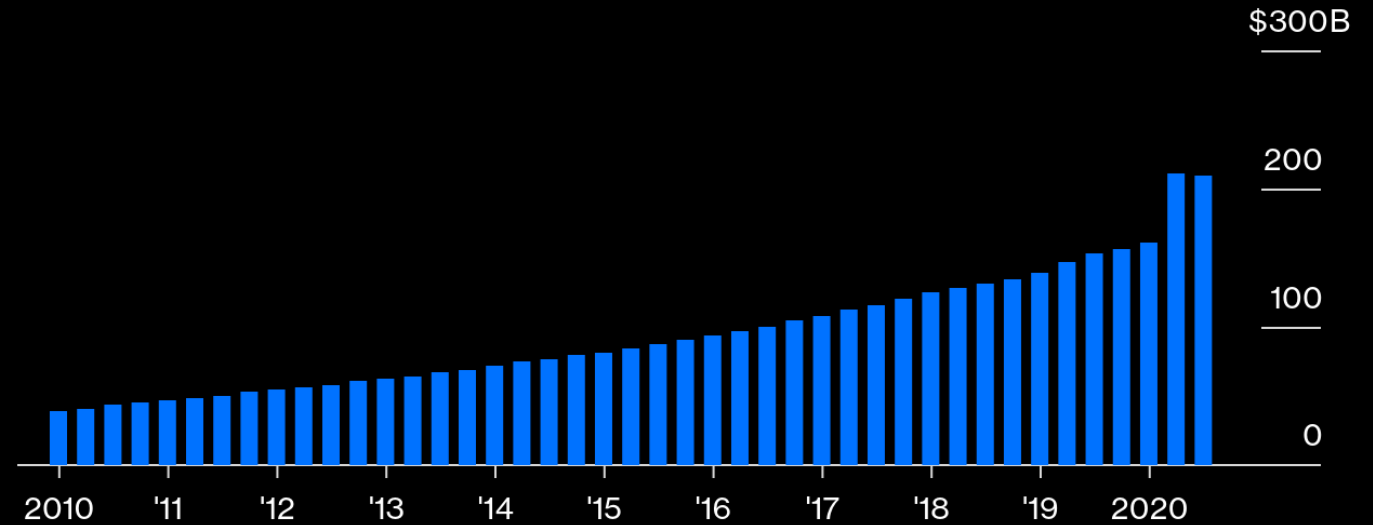
STAY-AT-HOME  
SHOPPING HAS  
ACCELERATED  
E-COMMERCE  
SALES GROWTH

## Online Shopping is Ingrained in our Lives

### Mauling Malls

Stay-at-home orders have accelerated e-commerce sales growth this year

■ U.S. e-commerce retail sales



Source: U.S. Census bureau

BloombergOpinion

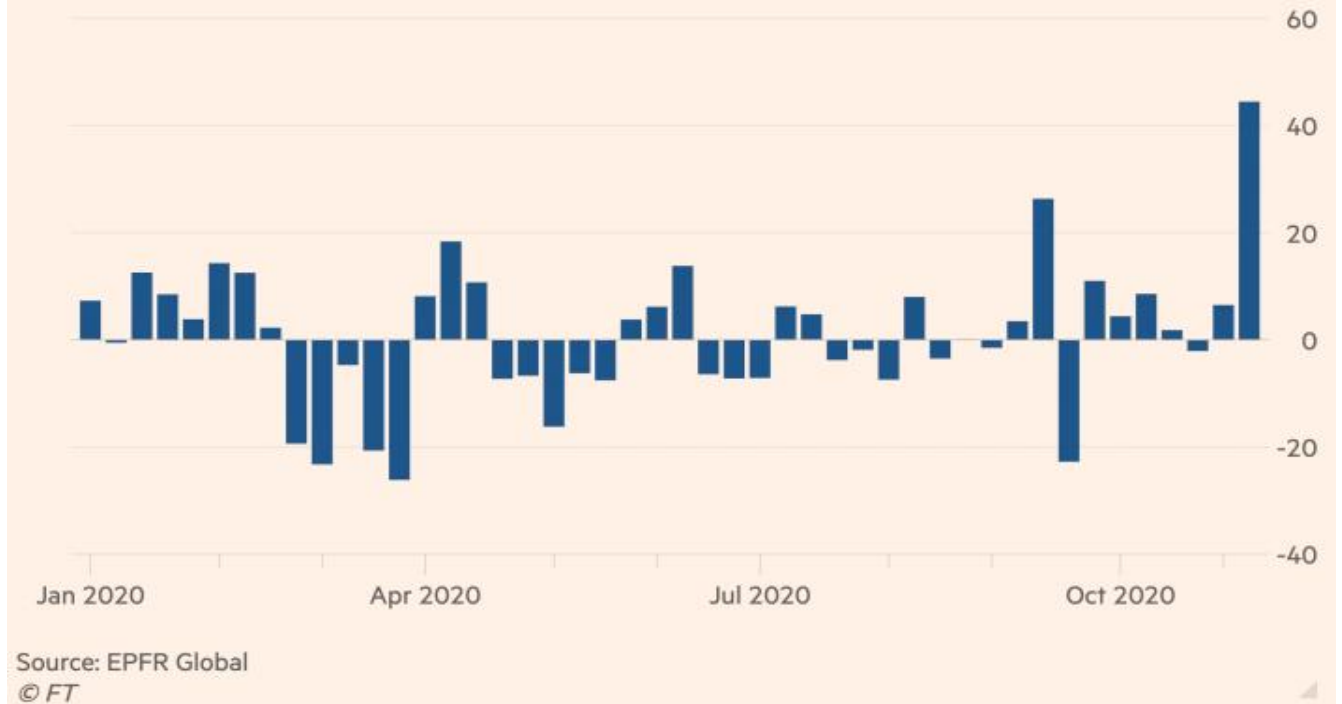
- ✓ Online shopping while using technology to simplify our lives has become deeply embedded into all of us in such a short amount of time.
- ✓ Even with vaccines becoming available, we will continue to shop online and use technology more and more in our everyday lives.

# GLOBAL STOCK FUND INFLOWS HIT 20-YEAR HIGH

## Global Inflows Hit 20-Year High

Global stock funds tally largest inflows in at least 20 years

Weekly flows into equity funds (\$bn)

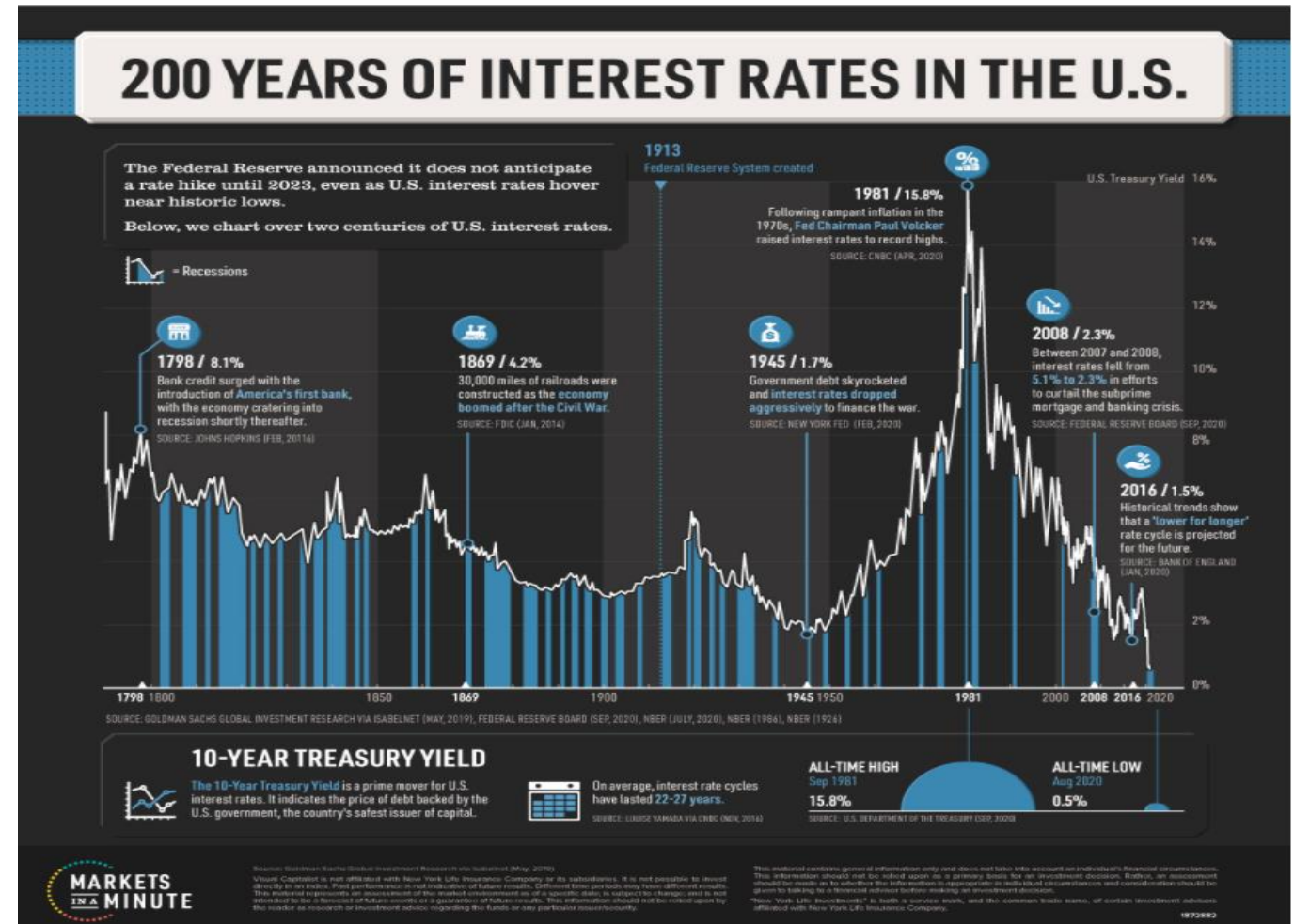


- ✓ This inflow into equities shows the confidence has been restored in the equities market.
- ✓ With the outcome of the election and effective vaccines now being rolled out, people are looking to equities to give the only real return on their money.



200 YEARS OF  
INTEREST RATE  
HISTORY.  
THERE ARE NO  
VIABLE  
INVESTMENTS  
THAT WILL GIVE  
A POSITIVE REAL  
RETURN

## Interest Rates at Their Lowest in 200 Years



- ✓ Interest rates have never been lower. Holding cash will give no returns, equities remain the only option.



JP MORGAN  
STRATEGIST “US  
STOCKS HAS ONE  
OF THE BEST  
BACKDROPS FOR  
SUSTAINED  
GAINS FOR  
YEARS”

Interest Rates at Their Lowest in 200 Years

ELECTION OUTCOME PRESENTED A  
“GOLDILOCKS OUTCOME FOR EQUITIES”

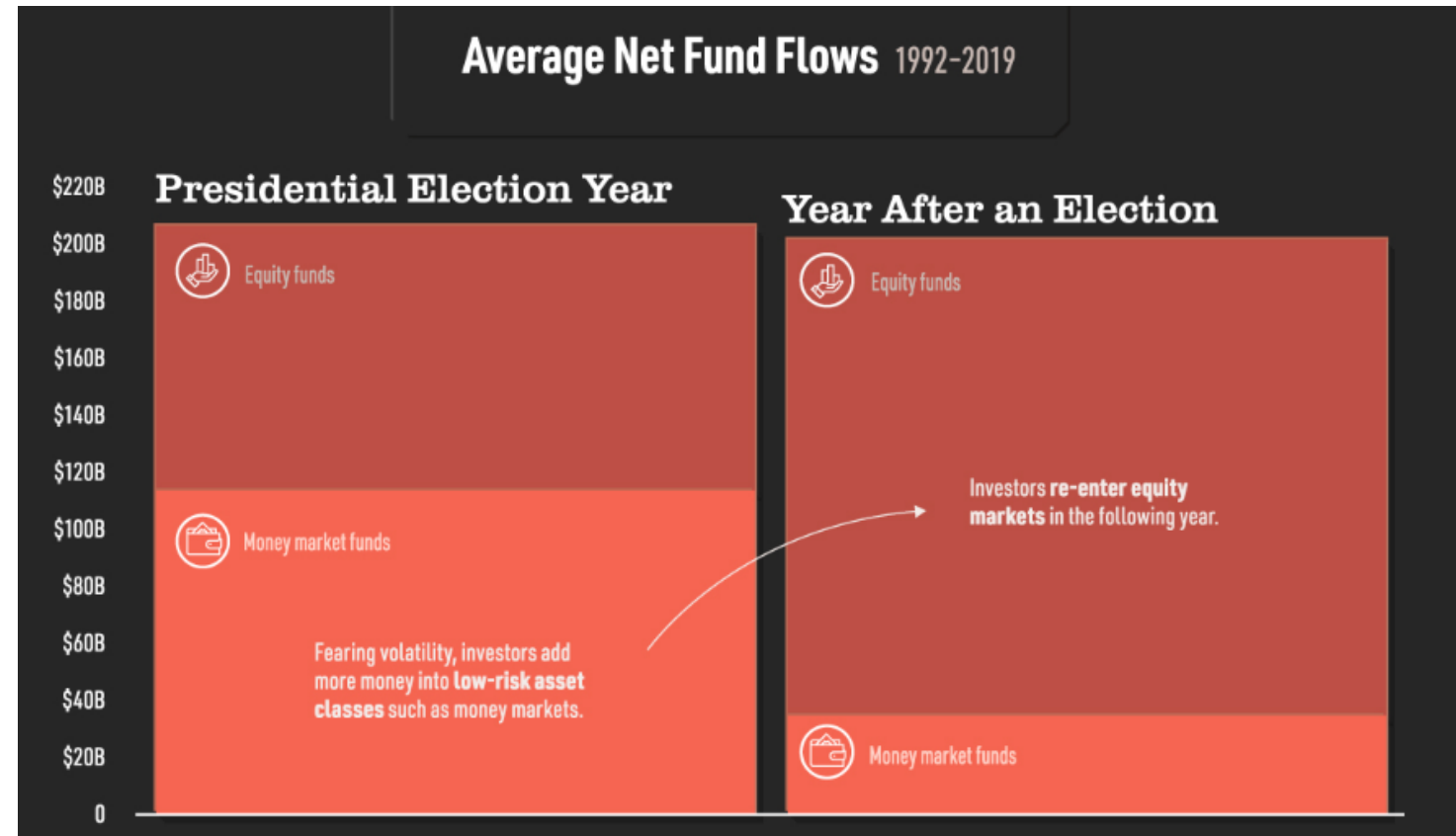


FORECAST THE S&P 500 COULD GAIN A FURTHER  
12% BY EARLY 2021

- ✓ More positive news is emerging from influential companies such as JP Morgan for the near future, as fears from both the Presidential Election and Covid-19 abate.

AVERAGE NET  
FUND FLOWS  
1992-2019.  
INVESTORS RE-  
ENTER EQUITY  
MARKETS IN  
THE  
FOLLOWING  
YEAR

## As Volatility Decreases People Move Back To Equity Funds



- ✓ This inflow into equities will only push prices higher. Investing now will be more beneficial.
- ✓ With effective Covid-19 vaccines being announced confidence will quickly return to the economy and consequently, the markets.

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