



IT IS SLOWLY BECOMING REAL

VACCINATIONS HAVE STARTED



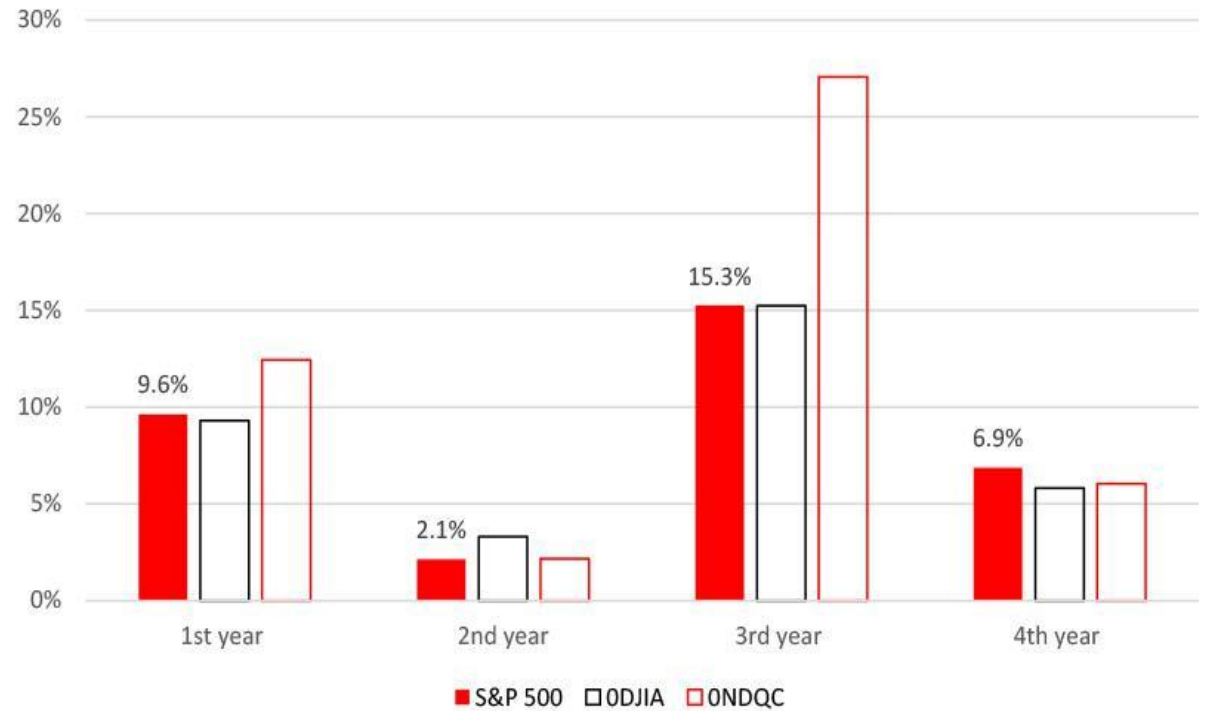
VACCINATIONS HAVE STARTED GLOBALLY

- ✓ Vaccinations have started Globally and will stop the spread of Covid-19. It will take some time to achieve this result.
- ✓ S&P 500 earnings are expected to keep rebounding. The Federal Reserve has assured markets that it will not rise interest rates. Economy will start to return to normal.
- ✓ Stocks follow earnings. 2021 should be a good year for equity investors. S&P 500 earnings are expected to rise 20%+ in 2021. It doesn't come from a year when earnings declined in 2020.
- ✓ *There is nowhere else for investors to put money. It must be allocated to equities. Only asset class that will make a positive return.*
- ✓ 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.

S&P 500 HAS
HISTORICALLY
GONE UP 9.6% IN
THE FIRST YEAR
OF A NEW
PRESIDENT

Equities Rise After A Presidential Election Year

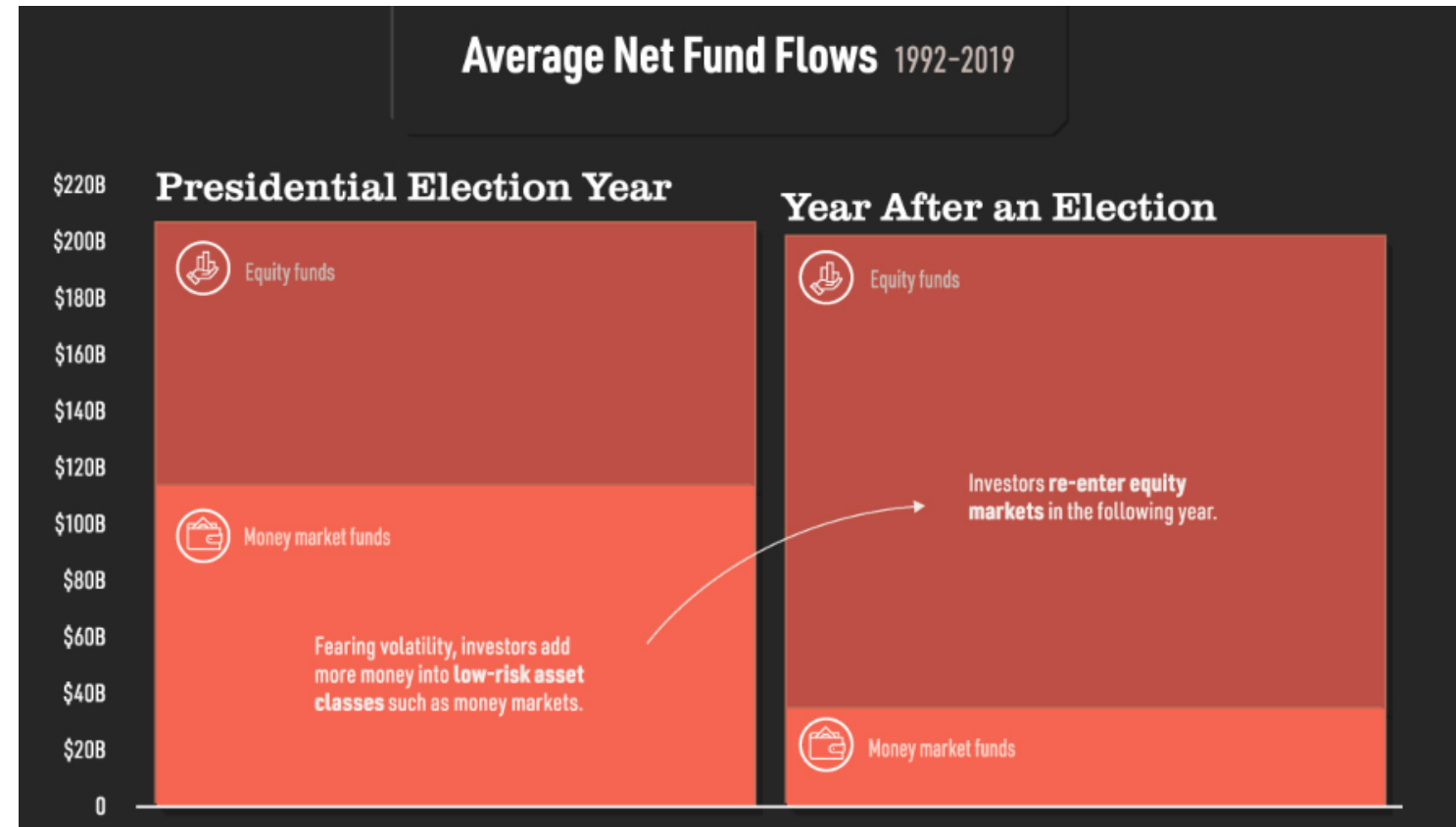
U.S. Presidential Cycle, Annual Averages 1970-2020



- ✓ Historical data shows the potential for gains the year after a presidential election.
- ✓ Significant inflows are expected, especially with vaccines now in circulation, giving real signs we can soon return to a more normal way of life.

As Volatility Decreases People Move Back To Equity Funds

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



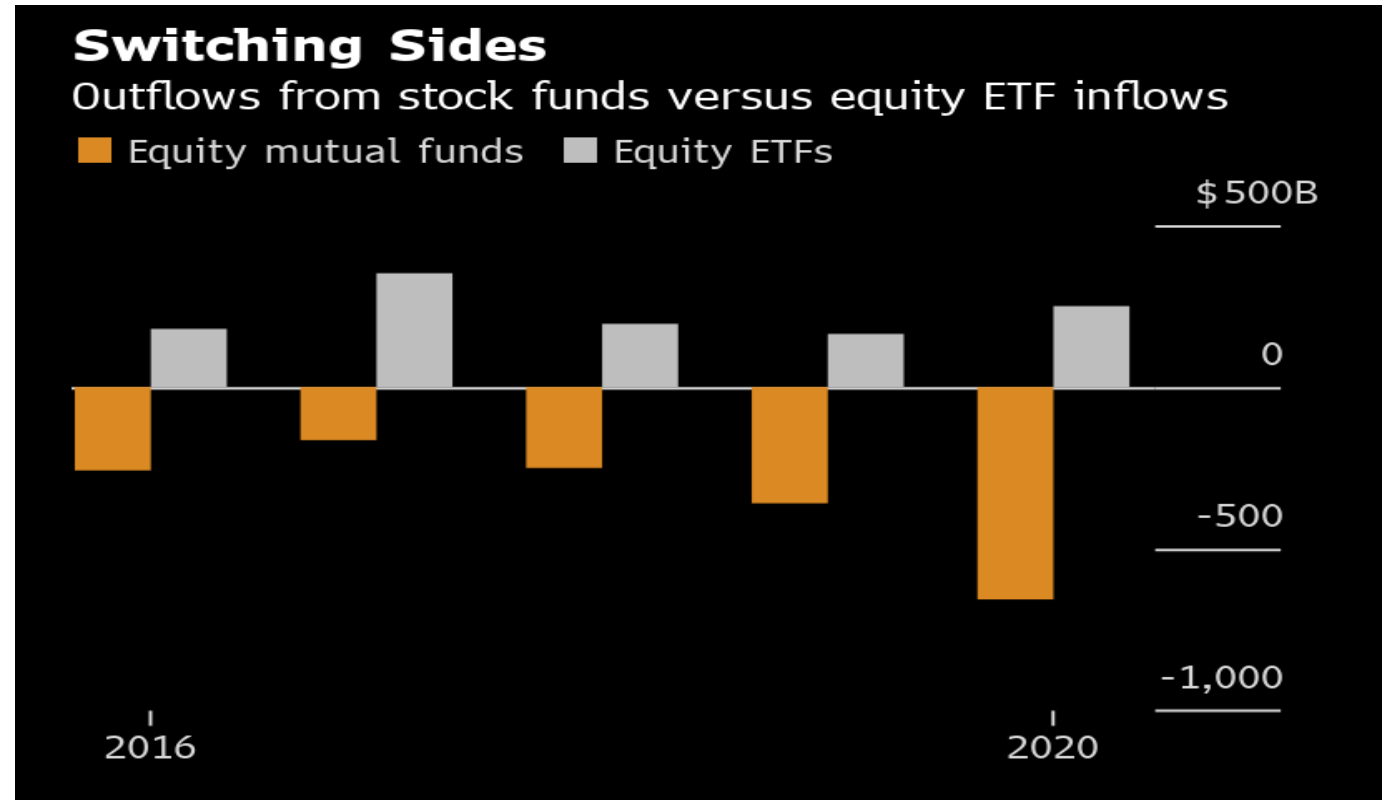
- ✓ This inflow into equities will only push prices higher. Investing now will be more beneficial.
- ✓ With effective Covid-19 vaccines now in circulation confidence will quickly return to the economy and consequently, the markets.

COMMENT ON THINGS TO CONSIDER 2021

- ✓ Biden President. Plan to raise taxes on the wealthy. But the market reacted favourably to Biden victory on election night and the rally has continued.
- ✓ Beginning of the end of Covid-19.
- ✓ Pent-up demand for spending by consumers?
- ✓ *FAANG stocks are the major weighting in the S&P 500 Index. Actively managed stock mutual funds had one of the worst years of outflows. Significant inflows into exchange-traded funds.*
- ✓ *Inflows into equities 1st year of a new President.*
- ✓ Current yield on the S&P 500 is 1.62%.

OUTFLOWS FROM STOCK FUNDS VS EQUITY ETF INFLOWS

The Switch from Equity Mutual Funds to ETF's Continues to Gain Pace

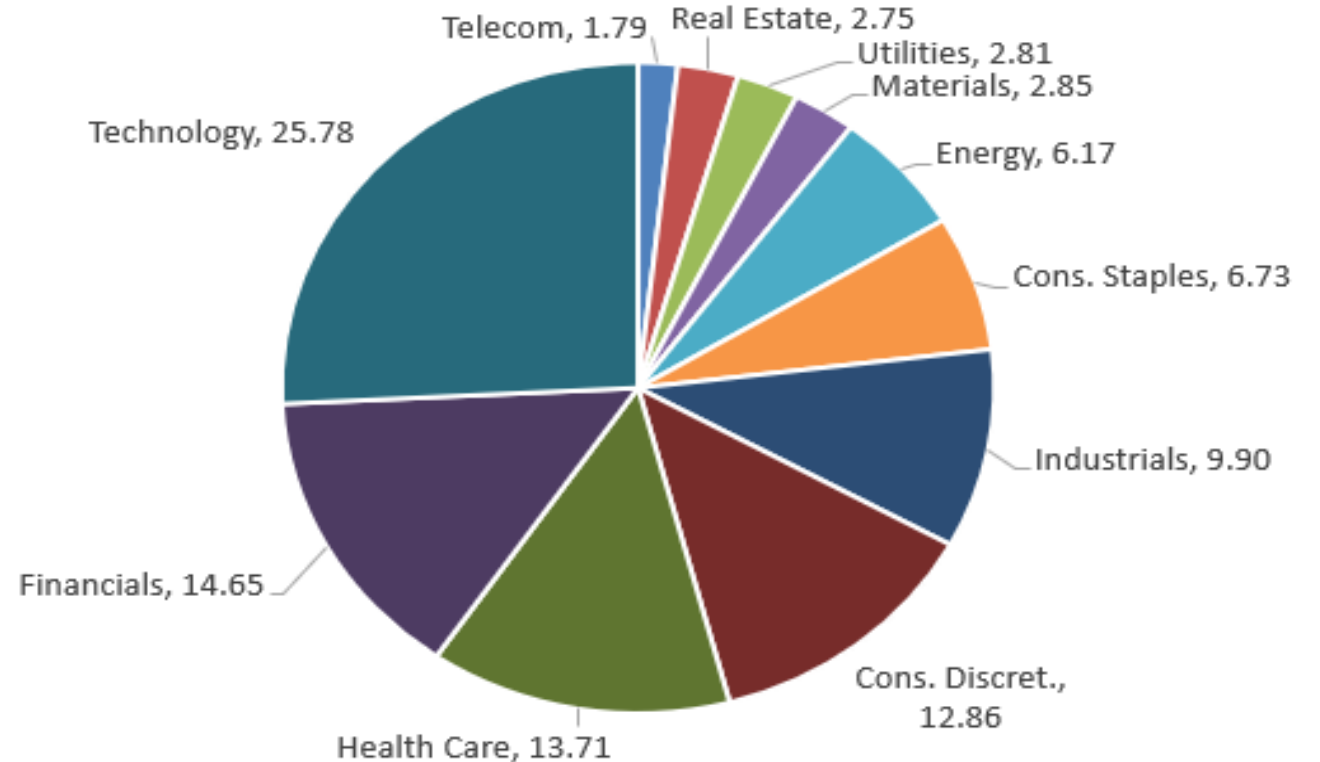


- ✓ Actively managed funds have had one of their worst years on record, as people move money into ETF's.
- ✓ Around \$25 in every \$100 traded in ETF's will go to FAANG stocks, meaning prices will rise as these grow more popular.

THE THREE
MAJOR SECTORS
(USE OF
TECHNOLOGY,
BANK LENDING,
HEALTH CARE
ADVANCEMENTS)
WILL ALL DO
WELL IN 2021

The Three Main Sectors Look Set For A Good Year

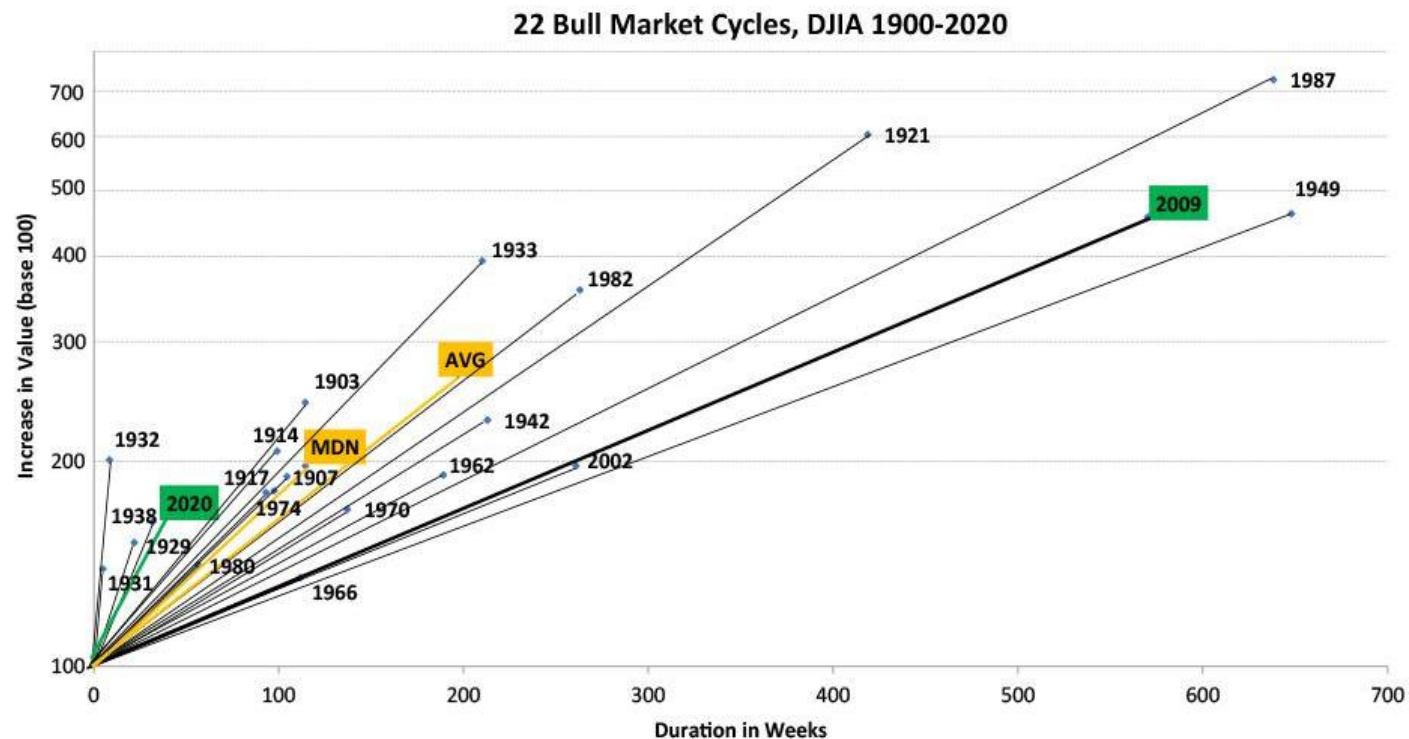
S&P 500 Current Sector Weightings (%)



- ✓ Technology will continue to be embedded in our daily lives, bank lending will improve as the economy recovers & more investments will be made into healthcare advancements.
- ✓ This will have a positive effect on the S&P 500.

THE PERCENTAGE
RECOVERY IS
BELOW THE
AVERAGE
(THERE IS MORE
UPSIDE)

Further Potential for Upside in the Ongoing Recovery



- ✓ The recovery so far is still below the overall average of 22 Bull market cycles.
- ✓ There is the potential for further upside this year.

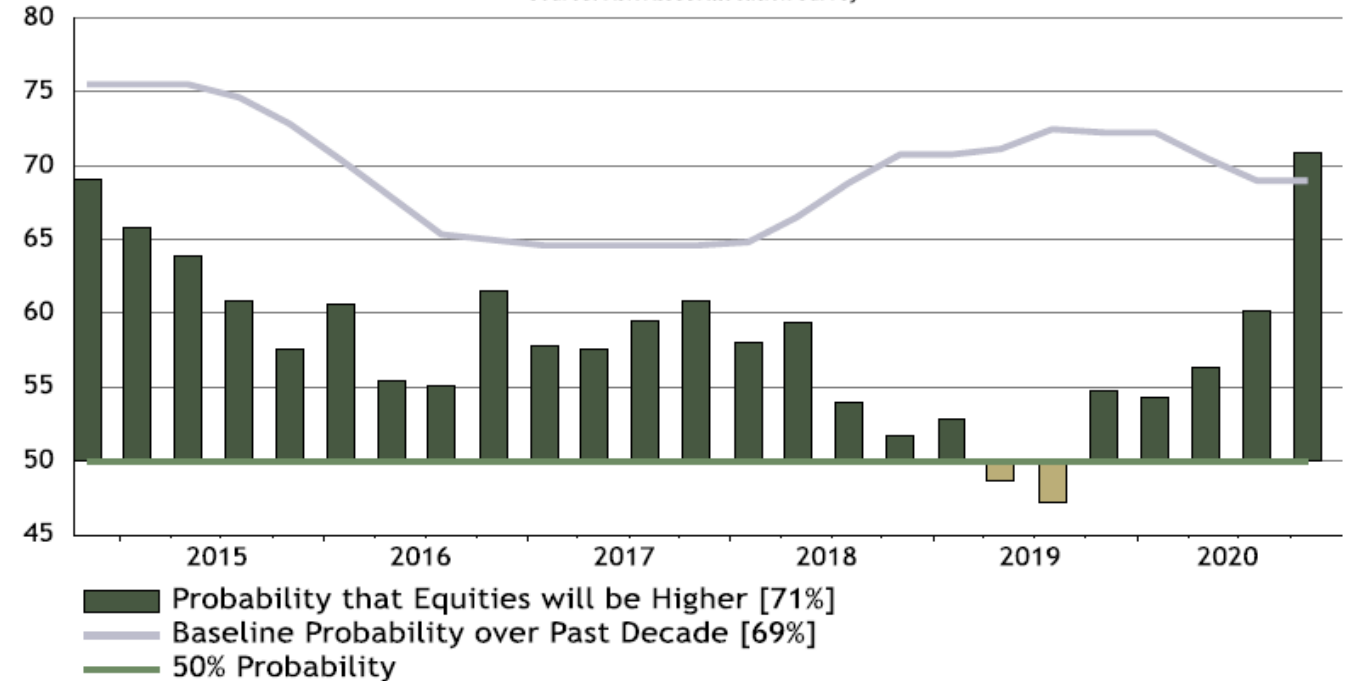
PROBABILITY
THAT GLOBAL
EQUITIES WILL BE
HIGHER IN 12M
TIME

Probable That Equities Will Rise This Year

AAS.17: Probability that Global Equities will be Higher in 12m Time

Probability that Global Equities will be Higher a Year from Now

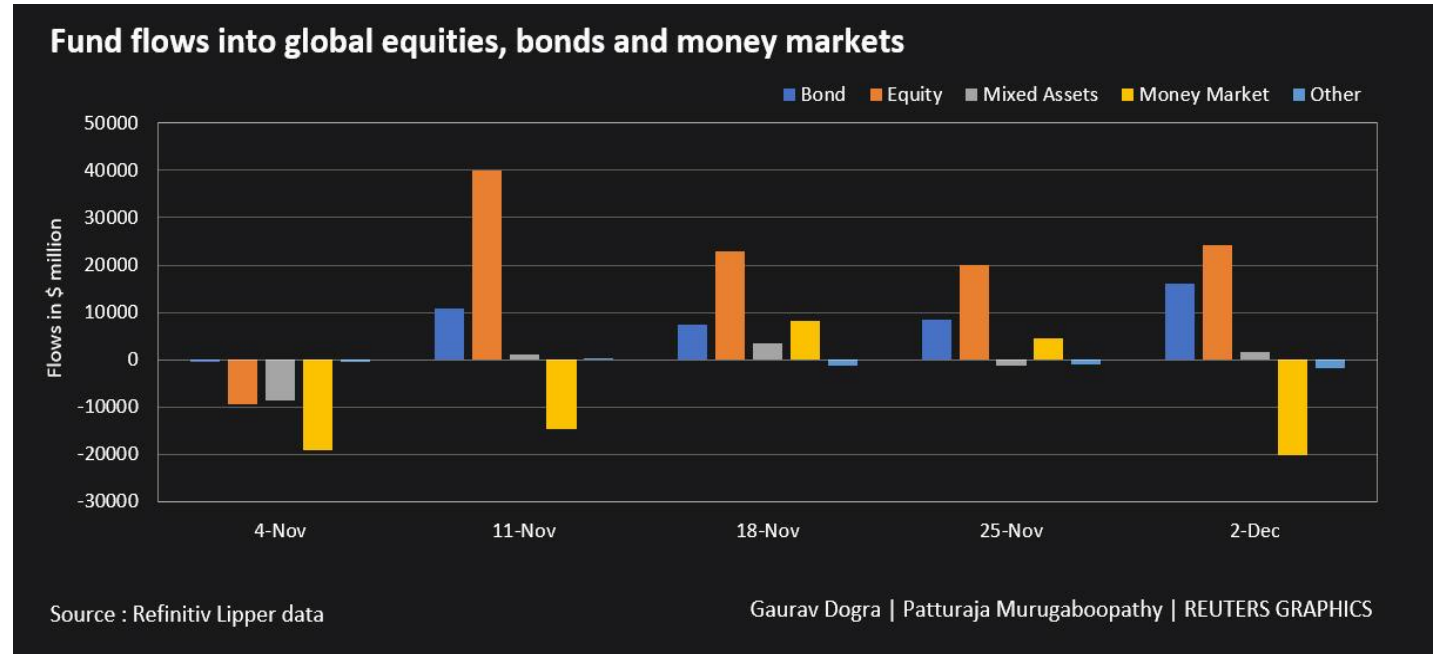
Source: ASR Asset Allocation Survey



- ✓ Probability that equities will be higher in 12 months time is increasing.
- ✓ This will increase investors confidence and is an indicator that now is a good time to invest.

INFLOWS
CONTINUE INTO
EQUITIES & OUT
OF MONEY
MARKET FUNDS

Inflows Continue Into Equities



- ✓ Investors are allocating toward equities, and looks likely to continue.
- ✓ This inflow will further raise prices and confidence in the markets.

A Rise In Equities Can Still Be Expected In 2021

EQUITY RETURNS
WONT BE AS
GOOD AS 2020
BUT THEY CAN
STILL RISE BY
8%-12%
OVER 2021



- ✓ Equity returns will not be as high as last year, however there is still the potential for a large increase this year.
- ✓ No other asset class is giving any real return on investment.

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