



# US EQUITY INFLOWS START STRONGLY IN 2021

VACCINATIONS HAVE STARTED



VACCINATIONS  
HAVE STARTED TO  
BE ROLLED OUT  
PROPERLY  
(FINALLY)

- ✓ Vaccinations have started Globally ..... and are starting to be properly rolled out to people. This will stop the spread of Covid-19. It will take some time to achieve this result, but the world will return to have a more normal economy.
- ✓ Americans have saved a lot of money. They will spend some of their savings. The S&P 500 earnings are expected to keep rebounding into 2021.
- ✓ 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 inflows into ETFs in the first week of 2021. Allocations into equities post an election year will continue. This will be more pronounced in 2021 as the COVID-19 vaccine starts to work and the economy continues to improve.

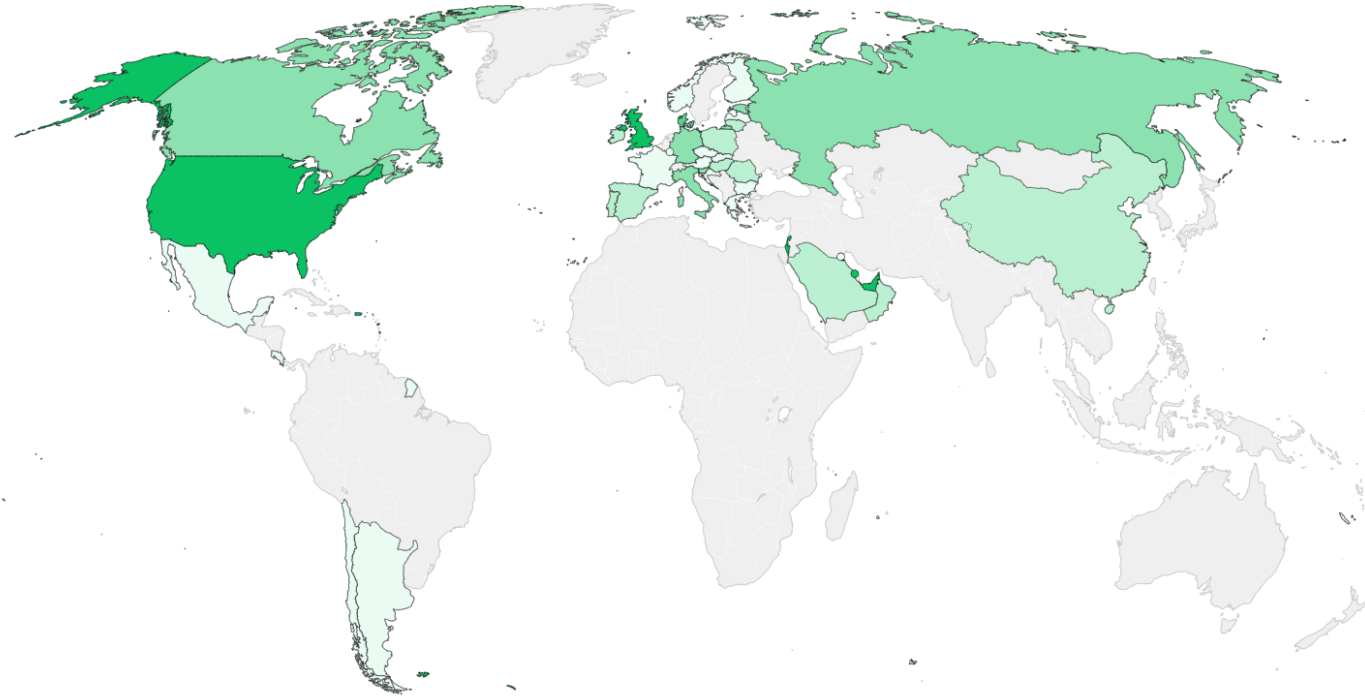
RACE TO END  
THE PANDEMIC IS  
UNDERWAY  
ALTHOUGH IT IS  
SLOWER THAN  
EXPECTED

## The Race to End the Pandemic Has Begun

### Race to End the Pandemic

More than 17.5 million doses have been administered in 38 countries

no data 0.25 0.5 1 1.5 per 100 people

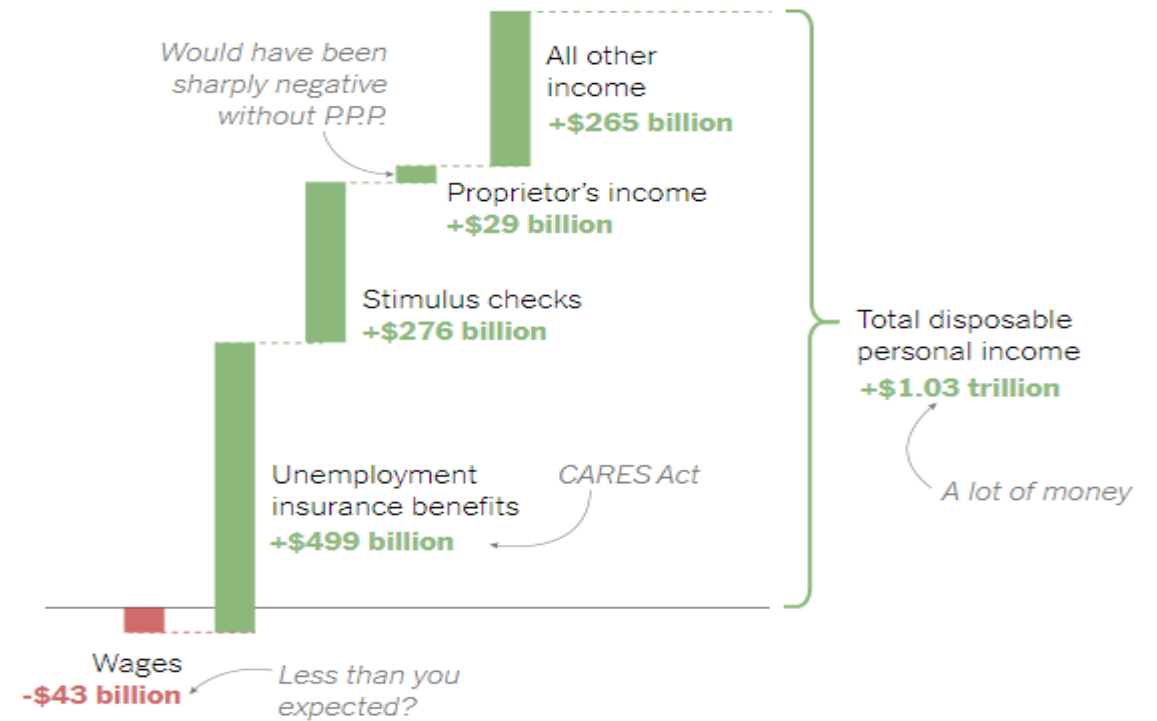


Note: Russia only reports the number of people who have received at least one dose. It doesn't break down the total number of doses administered, which would be higher. Data gathered from government websites, press conferences, public statements and Bloomberg interviews.

- ✓ Vaccinations are being rolled out throughout the world, meaning a real end to the pandemic is underway.
- ✓ Although slower than expected, this is good news for economies across the world.

SALARIES AND  
WAGES  
DECLINED LESS  
THAN EXPECTED.  
PEOPLE IN  
LOWER PAYING  
JOBS WERE THE  
ONES THAT LOST  
THEIR JOBS.

## Disposable Income has Increased

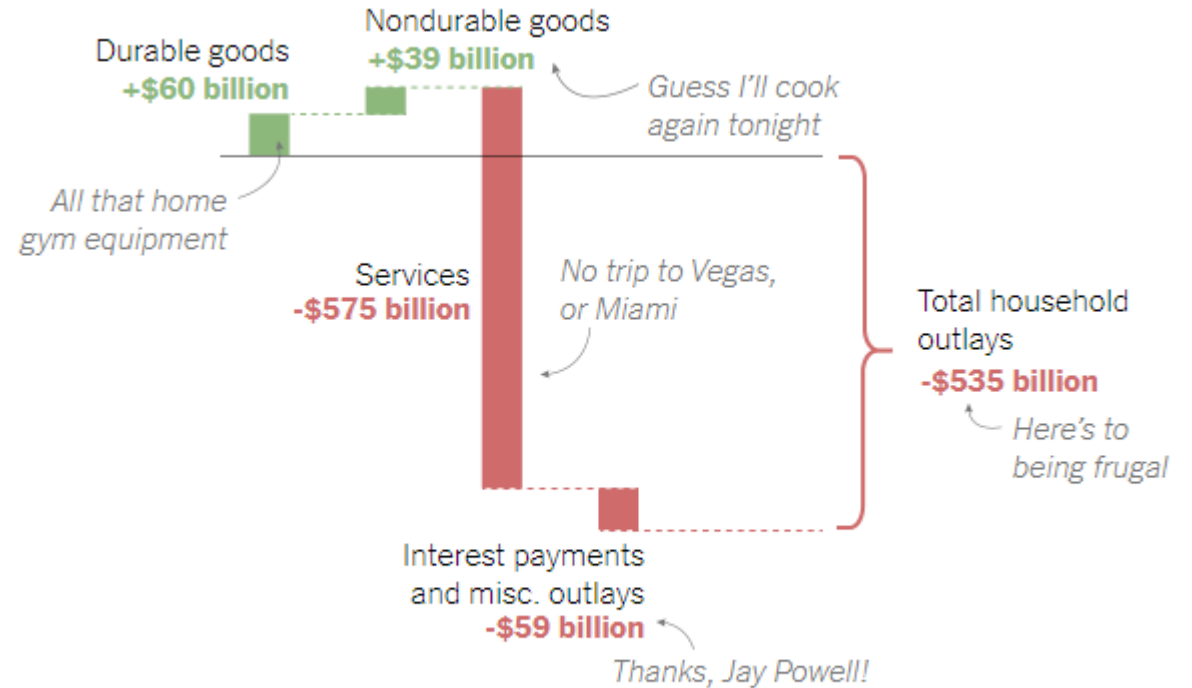


Note: Data from March to November 2020 compared with the same time period in 2019. - Source: Bureau of Economic Analysis

- ✓ Income has not declined as much as expected.
- ✓ This, coupled with the inability to spend as we once might have, has led to a large increase in personal savings.

# DECLINE IN SPENDING ON SERVICES, RESTAURANTS, FLIGHTS, SPORT AND CONCERT TICKETS.

## Spending has Decreased

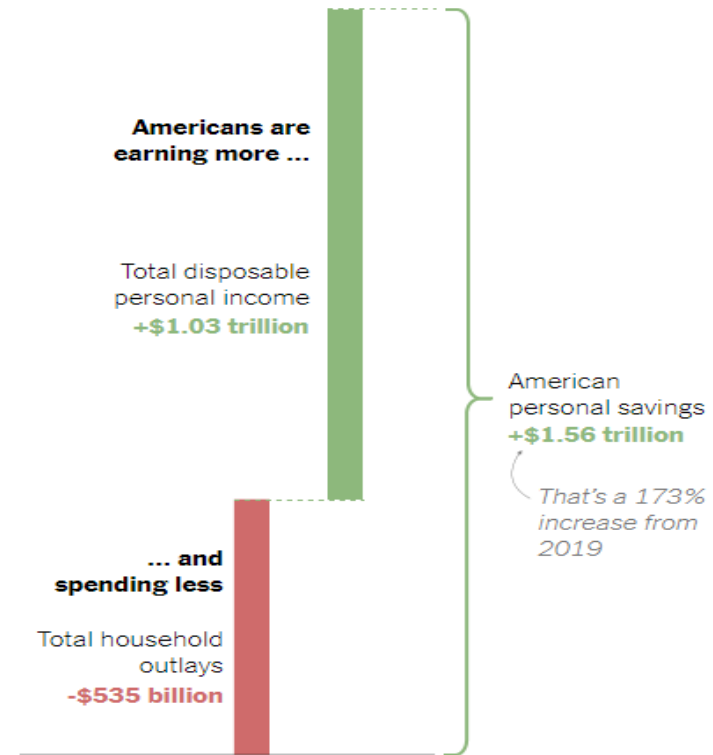


Note: Data from March to November 2020 compared with the same time period in 2019. - Source: Bureau of Economic Analysis

- ✓ Due to lockdowns across the globe we have not been spending as we would normally.
- ✓ This money has been saved, and once the economies begin to open up again the consumer will be looking to spend again, which will benefit many different sectors.

COMBINATION  
OF SOARING  
PERSONAL  
INCOME AND  
FALLING  
SPENDING HAS  
INCREASED THE  
SAVING RATE

## Spending has Decreased



Note: Data from March to November 2020 compared with the same time period in 2019. - Source: Bureau of Economic Analysis

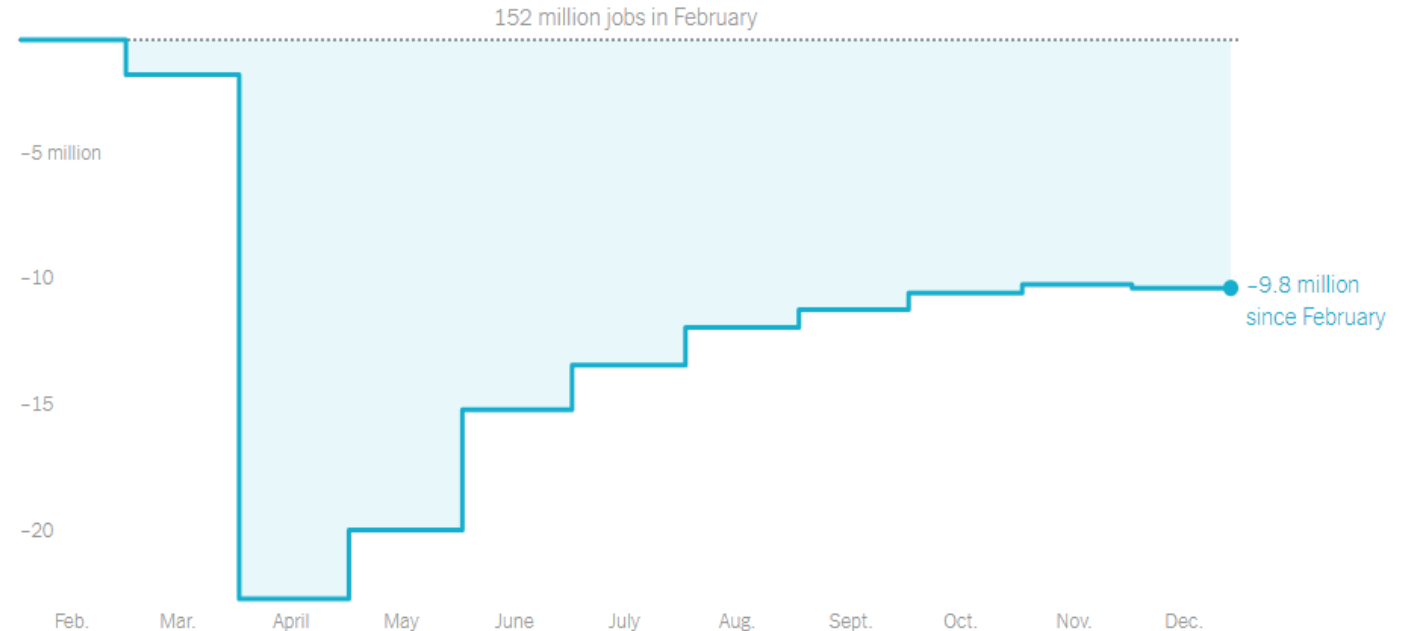
- ✓ In America alone there is over \$1.5 Trillion in personal savings, increased by 173% from 2019.
- ✓ This shows there is money ready to be spent, which will help the economy and raise stock prices.

UNEMPLOYMENT  
RATE WAS  
UNCHANGED AT  
6.7%, DOWN  
SHARPLY FROM  
ITS HIGH OF  
NEARLY 15% IN  
APRIL 2020

## Unemployment Figures Unchanged

### Job growth reversed for the first time since April

Cumulative change in **all jobs** since before the pandemic



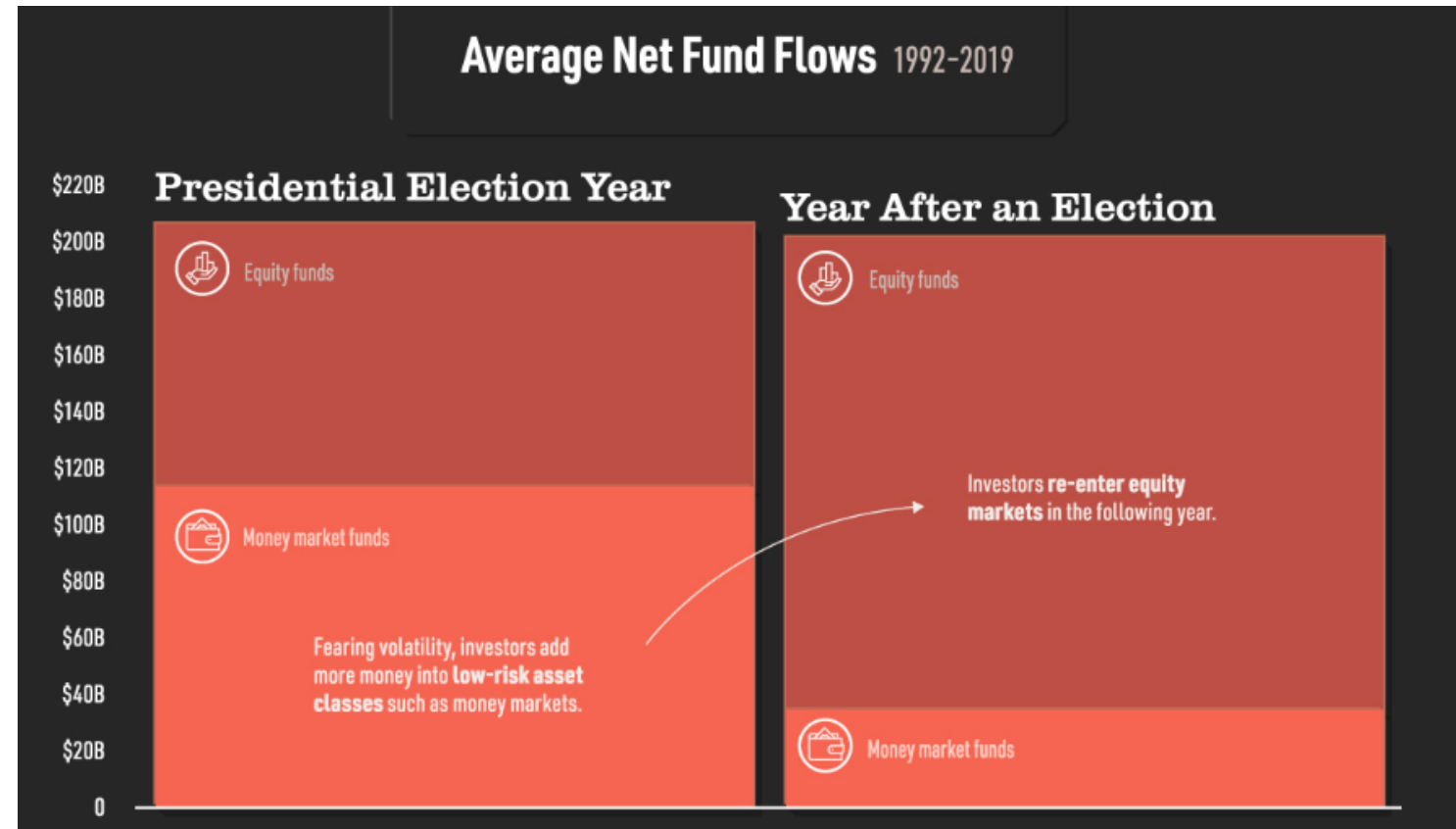
By Ella Koeze · Seasonally adjusted · Source: Bureau of Labor Statistics

- ✓ Unemployment figures have worsened slightly, but understandably with lockdowns increasing over the winter period.
- ✓ The figure is still a vast improvement on lows in April and should improve further as the vaccination rollout continues.

## 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.



ETF INFLOWS  
SHOWED  
INVESTORS  
ADDED \$16.8BN  
TO ETFS IN THE  
FIRST WEEK OF  
2021  
(US EQUITY)

## Inflows Into Equities Start Strong in 2021

### Asset Classes (Year-to-Date)

	Net Flows (\$, mm)	AUM (\$, mm)	% of AUM
U.S. Equity	10,249.14	3,128,860.90	0.33%
International Equity	3,891.70	1,083,067.22	0.36%
U.S. Fixed Income	742.74	965,530.97	0.08%
International Fixed Income	858.15	124,335.32	0.69%
Commodities	993.63	148,899.48	0.67%
Currency	-33.39	1,885.71	-1.77%
Leveraged	-847.89	45,039.87	-1.88%
Inverse	779.63	11,528.55	6.76%
Asset Allocation	3.95	13,323.24	0.03%
Alternatives	169.61	5,546.28	3.06%
<b>Total:</b>	<b>16,807.26</b>	<b>5,528,017.52</b>	<b>0.30%</b>

- ✓ The increase in inflows into equities will drive up market prices as the demand continues to rise.
- ✓ This is a real indicator that confidence has returned to the markets after a tumultuous 2020.

ON AVERAGE,  
THE S&P 500 HAS  
GENERATED  
POSITIVE  
RETURNS IN  
ELECTION YEARS  
REGARDLESS OF  
WHO WON

## Average S&P 500 Returns Indicate Positive Signs for A Good Year Ahead

On average, the S&P 500 has generated positive returns in election years regardless of who won.

### Average S&P 500 Return in Presidential Election Years 1928-2016

New president is elected

9.3%

Incumbent president win

13.4%

All election years

11.3%

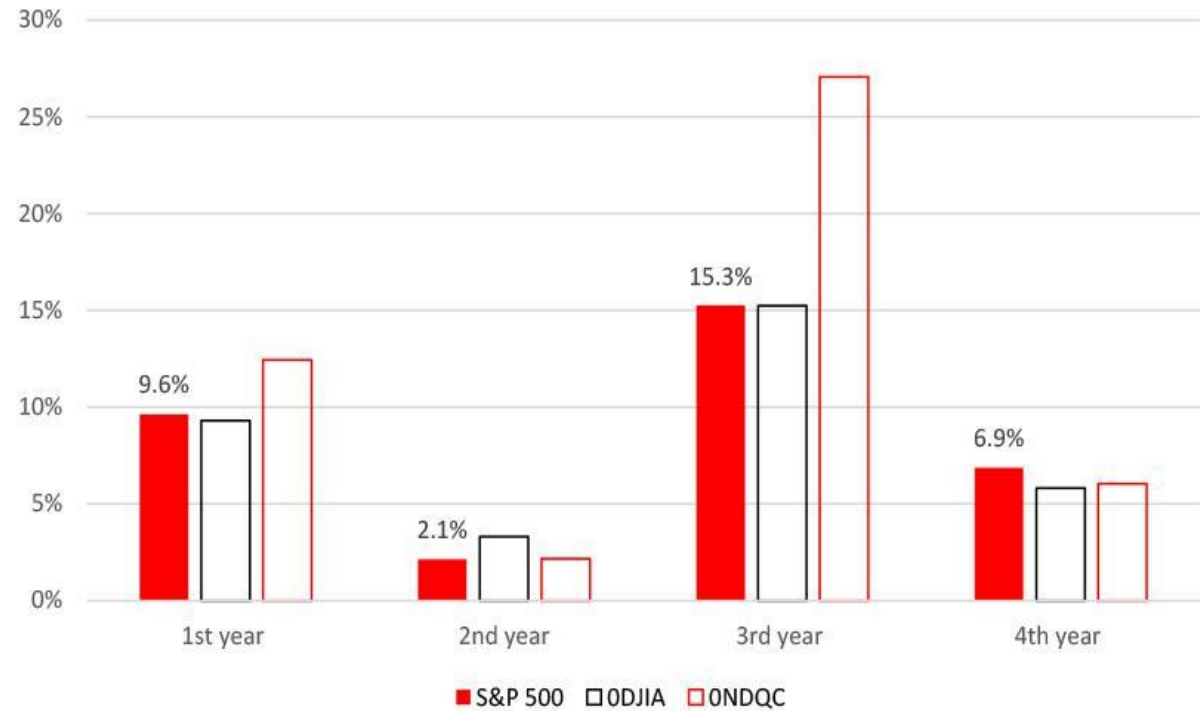
Source: Morningstar (Dec 2019)

- ✓ On average the S&P 500 increases by 9.3% when a new president is elected.
- ✓ Investing now will give the best chance of capturing these potential gains.

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



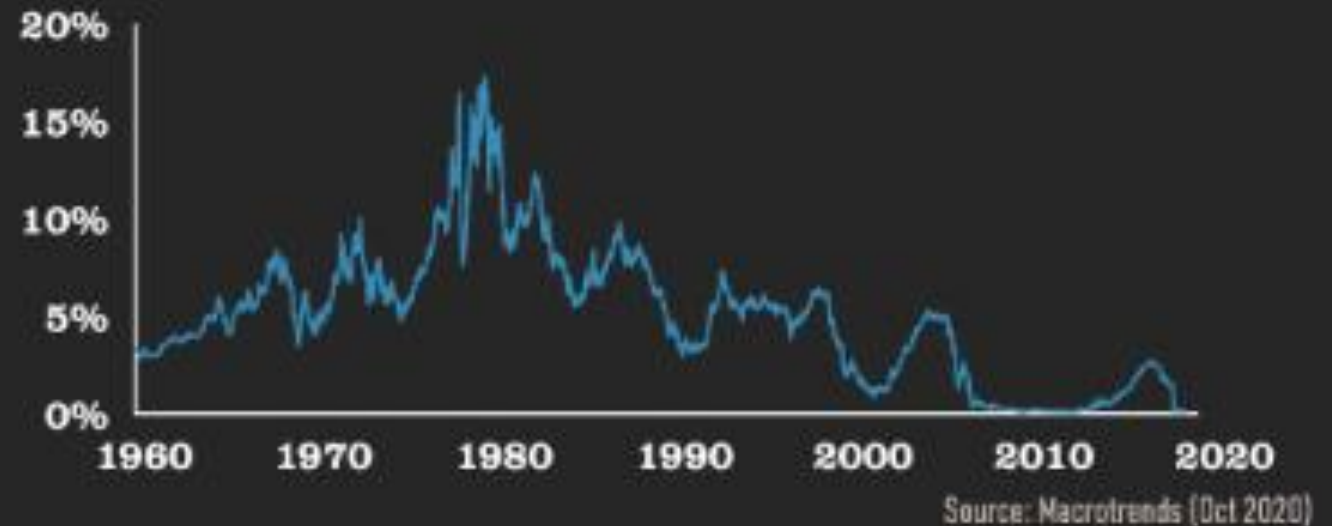
- ✓ Historical data shows the potential for gains the year after a presidential election.
- ✓ Significant inflows are expected, especially with vaccines now in circulation, giving real signs we can soon return to a more normal way of life.

YIELDS ON  
MONEY MARKET  
SECURITIES ARE  
CLOSE TO ZERO

## Treasury Bill Rates Near Zero

Meanwhile, yields on money market securities have been deteriorating since the 1980s.

### 1 Year U.S. Treasury Bill Rates



- ✓ Yields on Treasury Bills are near zero, meaning there is no return in holding bonds.
- ✓ Equities are the only realistic place to make any return on your money.

## A Rise In Equities Can Still Be Expected In 2021

US EQUITY  
COULD RETURN  
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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