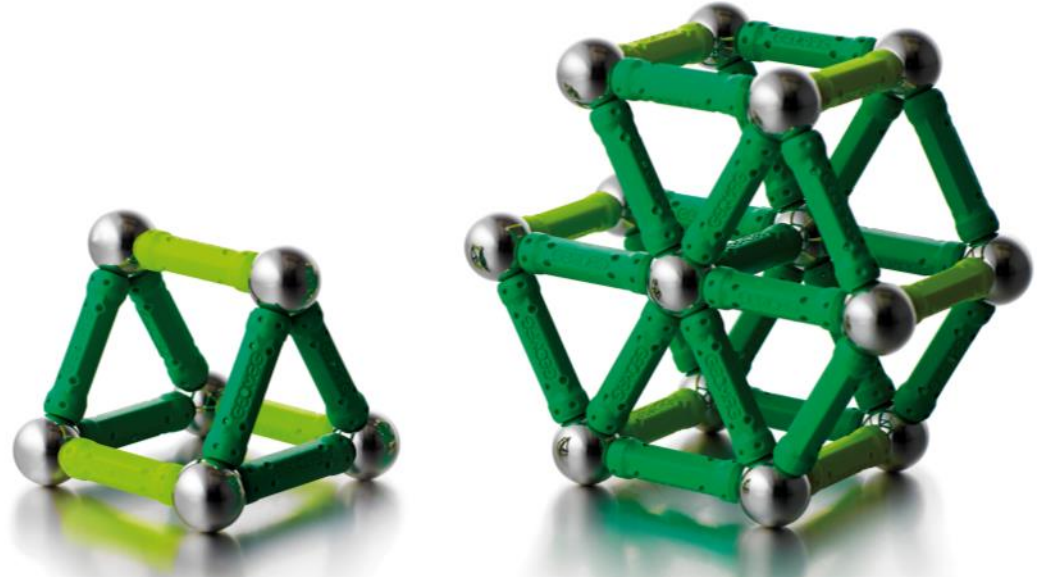


GLOBAL EQUITIES

JUSTIN WELLS
STRATEGIST



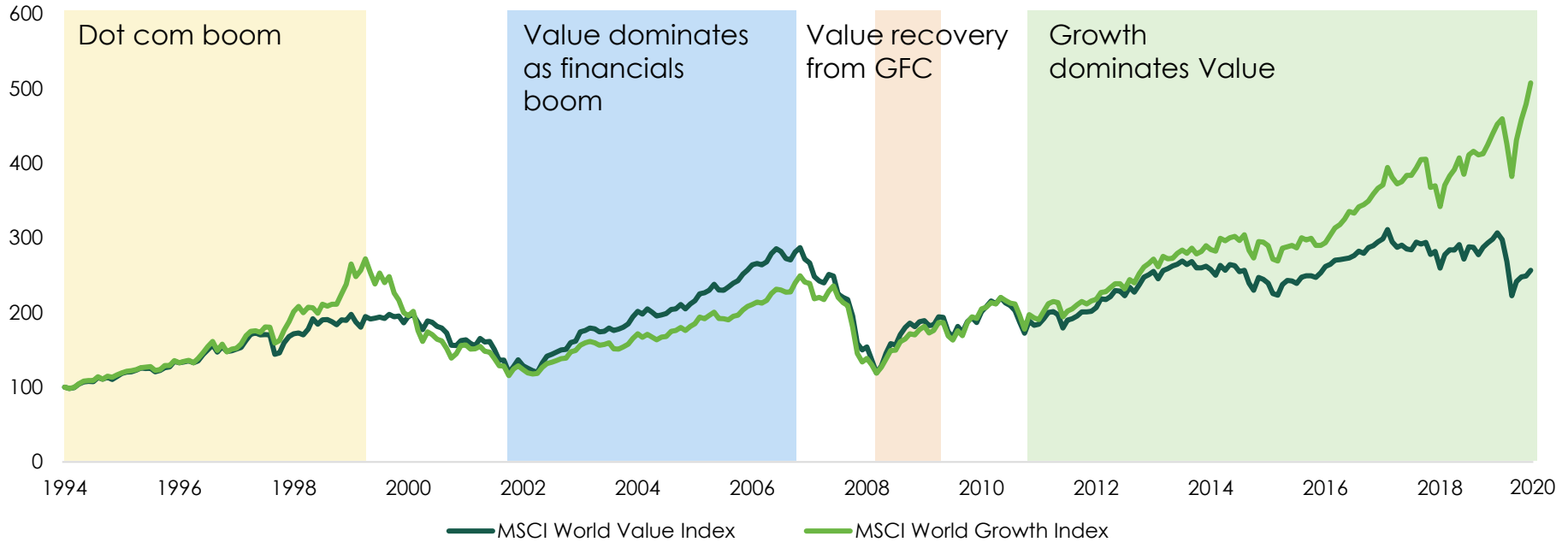
For Professional/Institutional/Qualified Investors only



OLDMUTUAL
INVESTMENT GROUP


JUPITER
Asset Management

DIFFERENT INVESTMENT STYLES PREVAIL IN DIFFERENT ERAS



Source: Bloomberg as at 30/07/2020.



**HUMANS ARE VERY GOOD
AT ANTICIPATING
SOME THINGS...**

... BUT BAD AT FORECASTING OTHERS

“Apparently a lady rang the BBC and said she heard there was a hurricane on the way. Well, don't worry if you're watching, there isn't.”

Michael Fish, 1987

“There is not the slightest indication that nuclear energy will ever be obtainable. It would mean that the atom would have to be shattered at will.”

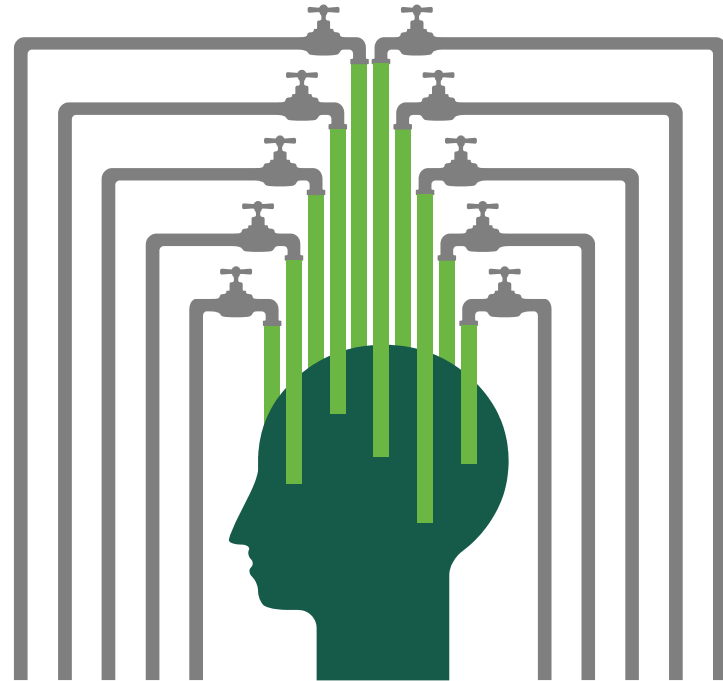
Albert Einstein, 1934

“I think there is a world market for maybe five computers.”

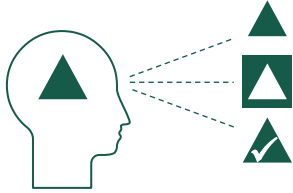
**Thomas Watson, Chairman of
IBM, 1943**

BEHAVIOURAL FINANCE

WHEN FACED WITH TOO MUCH DATA,
PSYCHOLOGY OFTEN TAKES OVER



BEHAVIOURAL FINANCE



CONFIRMATION BIAS

Investors tend to apportion more importance to data that supports their existing views



HERDING

Investors mimic the behaviour of others, especially when faced by highly uncertain outcomes



FRAMING

How a question is presented influences the answer that people give



ANCHORING

Investors tend to rely heavily on limited information

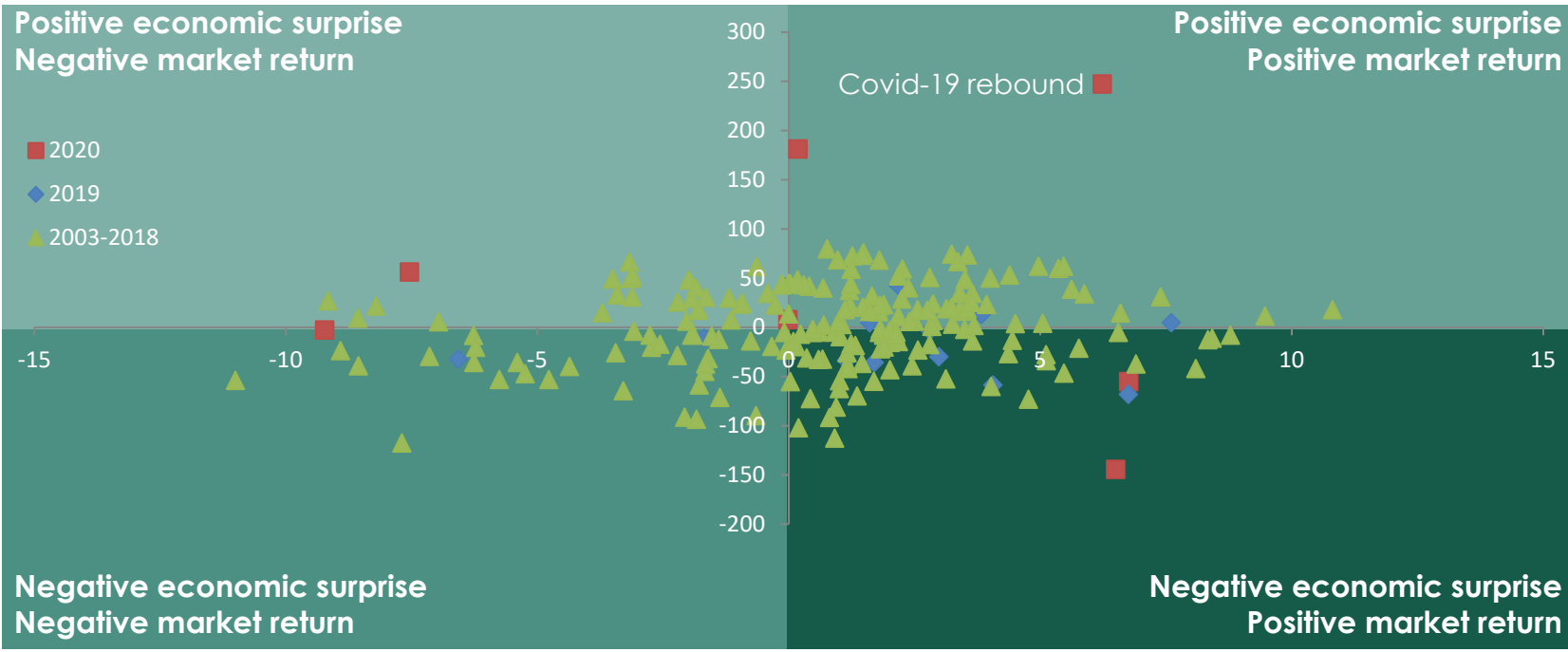


ENDOWMENT EFFECT

Investors tend to value more highly an asset they already own

ECONOMIC DATA DOES NOT ALWAYS LEAD THE MARKET

CITI Economic Surprise Index US



Monthly return of S&P 500 (%)

Source: Bloomberg as of 31 July 2020.

MACRO VS MARKET MISMATCH

3 March 2020
FED STARTS CUTTING RATES



S&P 500
NEXT 4 MONTHS

Calendar year 2018
US\$ INDEX RISES 4%



Emerging
Markets Equities
THAT YEAR

18 September 2007
FED STARTS CUTTING RATES



Calendar year 2016
US\$ INDEX RISES 4%



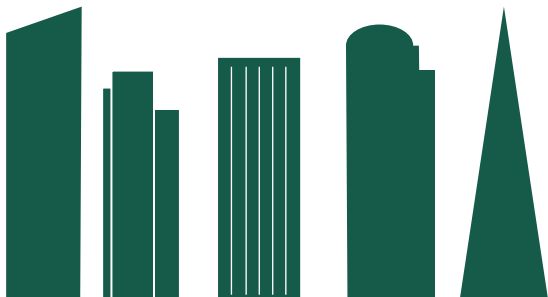
Source: Bloomberg, as of 31 July 2020. US\$ index = DXY index. Emerging Markets = MSCI Emerging Markets Index.

IS NARROW MARKET LEADERSHIP A PROBLEM?

MARKET CAP GAIN YTD

US\$1,938bn

Apple, Microsoft,
Amazon, Alphabet,
Facebook



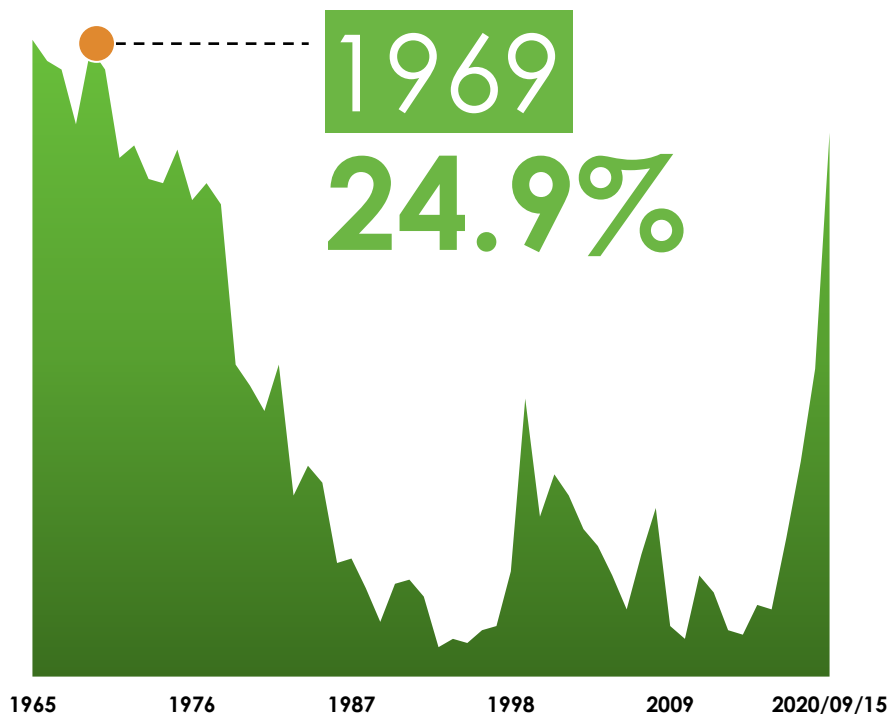
-US\$540bn






Rest of S&P 500 Index



LEADERSHIP HAS BEEN NARROW IN THE PAST

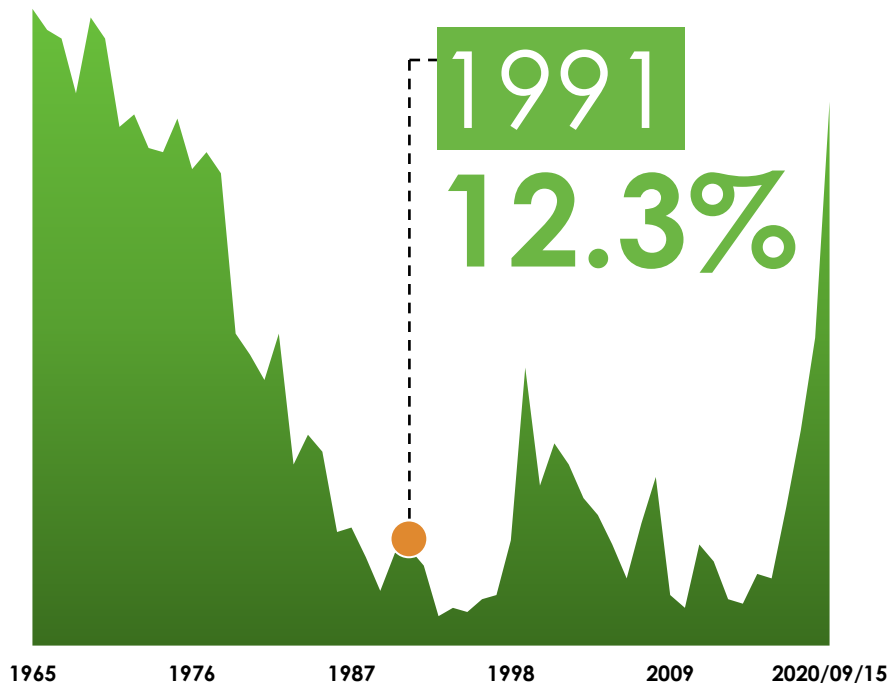
Percentage of S&P500 market cap accounted for by the largest five stocks



1. IBM		9.0%
2. AT&T		5.8%
3. General Motors		4.3%
4. Exxon		2.9%
5. Eastman Kodak		2.9%

LEADERSHIP HAS BEEN NARROW IN THE PAST

Percentage of S&P500 market cap accounted for by the largest five stocks





1. Exxon		2.7%
2. Phillip Morris		2.6%
3. Walmart		2.4%
4. Merck		2.3%
5. General Electric		2.3%

LEADERSHIP HAS BEEN NARROW IN THE PAST

Percentage of S&P500 market cap accounted for by the largest five stocks



1. Apple		6.6%
2. Microsoft	 Microsoft	5.2%
3. Amazon		5.2%
4. Alphabet		3.4%
5. Facebook		2.5%

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A money market fund is not a bank deposit account. Its unit price aims to be constant but investment capital is not guaranteed. The total return is primarily made up of interest (declared daily at 13:00) but may also include any gain/loss on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the fund. The published yield is calculated using the average of the fund's previous seven days' net income (and assumes all income was reinvested). This figure is then annualised, which is the weighted average compound growth rate. Excessive withdrawals from the fund may place the fund under liquidity pressures. In such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Income funds derive their income primarily from interest-bearing instruments as defined. The yield is a current yield and is calculated daily. A fund of funds is a portfolio that invests in other funds which levy their own charges, which could result in a higher fee structure for the fund of funds. Some funds hold assets in foreign countries and therefore may have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement, and the availability of information. Please contact us for risks specific to each country.

The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Annualised returns are the weighted average compound growth rates over the performance period measured. Performances are in ZAR. Sources: Morningstar and Old Mutual Investment Group.

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Telephone number: +27 21 509 5022

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