

## OPTIMISM PAYS



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## LEARNING OBJECTIVES



To explore the risks and opportunities in global investment markets over 2025 and beyond



To analyse the shifting demographic narratives in India and China and exploring investment ideas that have arisen



To examine the impact of timing the market, the benefits of diversification and the dangers of market concentration

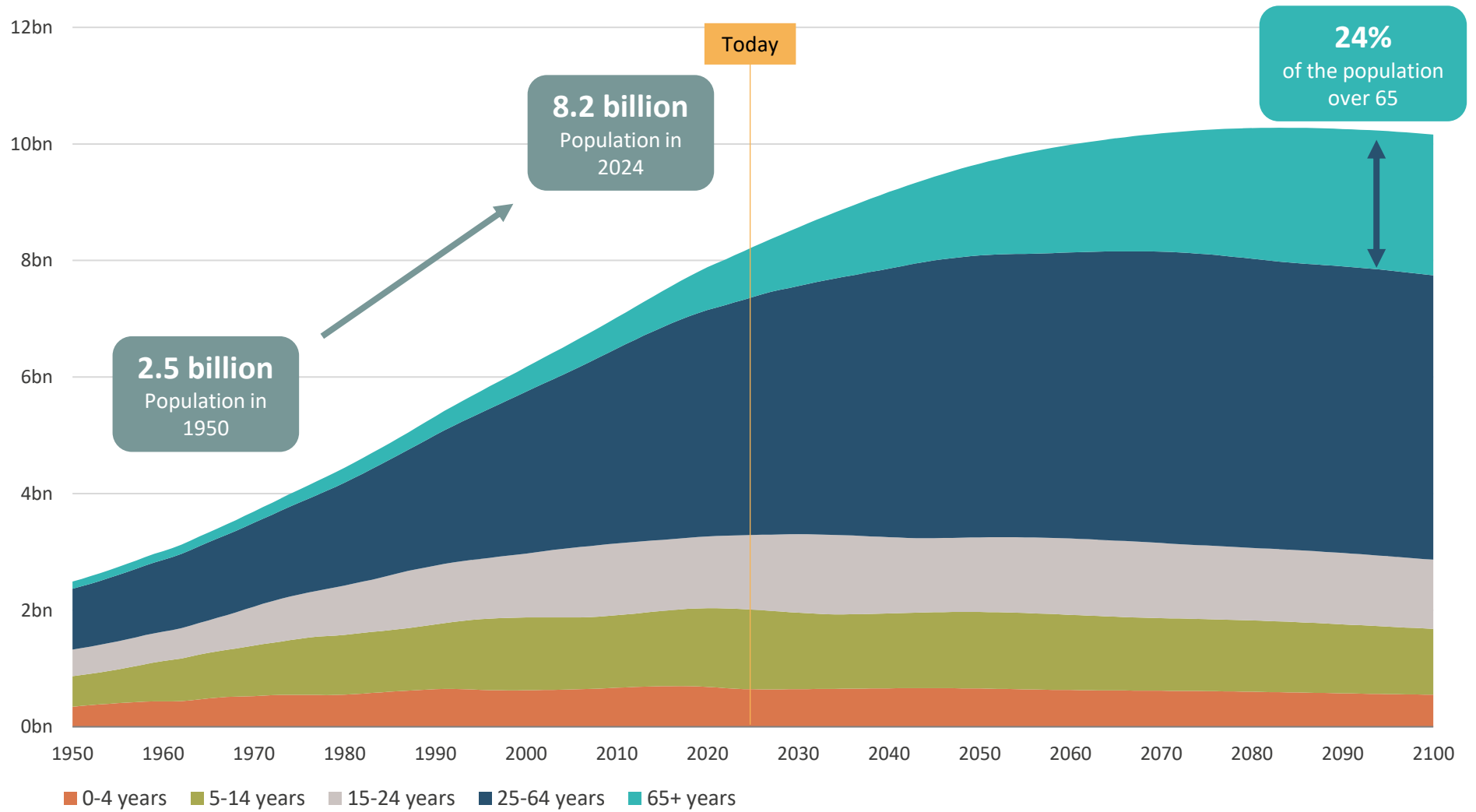
A large, stylized teal zigzag graphic that spans the width of the page. It consists of three downward-pointing 'V' shapes and two upward-pointing 'V' shapes, creating a continuous wave-like pattern. The graphic is positioned in the upper half of the page.

# DEMOGRAPHICS

*Aging gracefully*

## DEMOGRAPHICS: Aging (and declining) populations

Global population is expected to peak this century; whilst the number of 65+ year olds to 3x



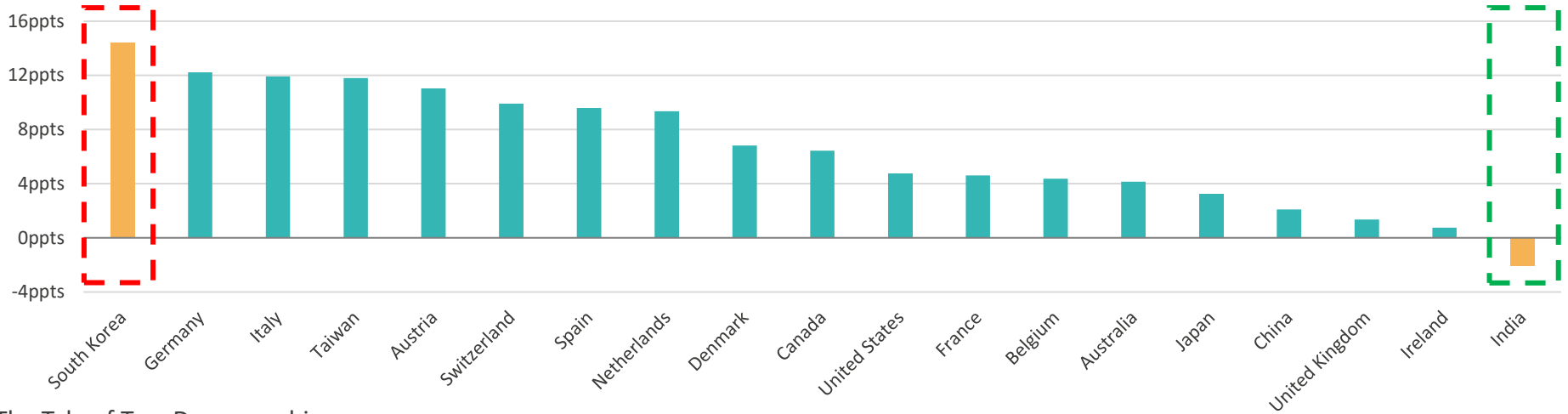
Source: Waverton, UN World Population Prospectus (2024)



# DEMOGRAPHICS: BUT THE STORY IS NUANCED...

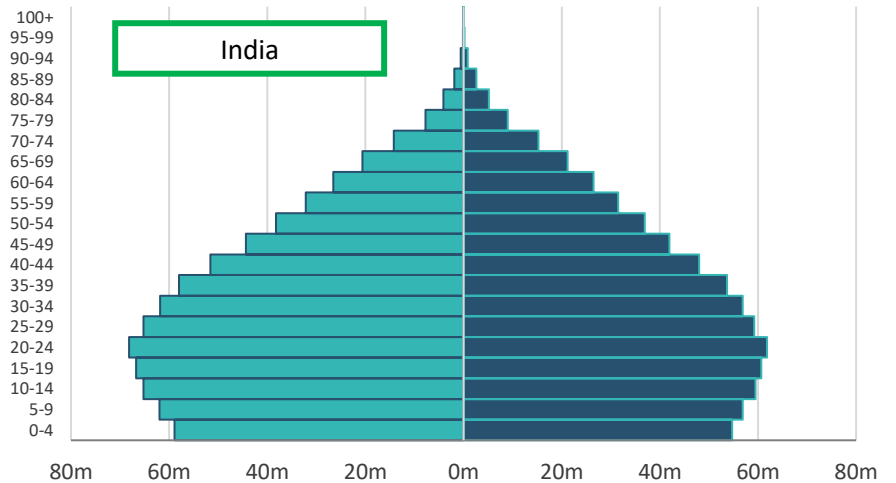
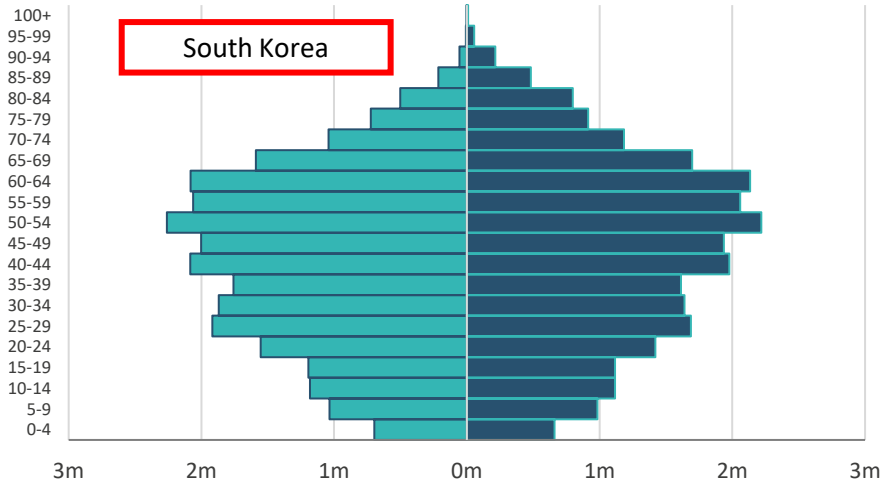
## Change in Dependency

Percentage point change from 2024-2034



## The Tale of Two Demographics

Population Pyramids (South Korea vs India)



Source: Waverton. UN World Population Prospects (2024). Dependency is the ratio of the non-working age population to the working age population (15-64).

Male Female

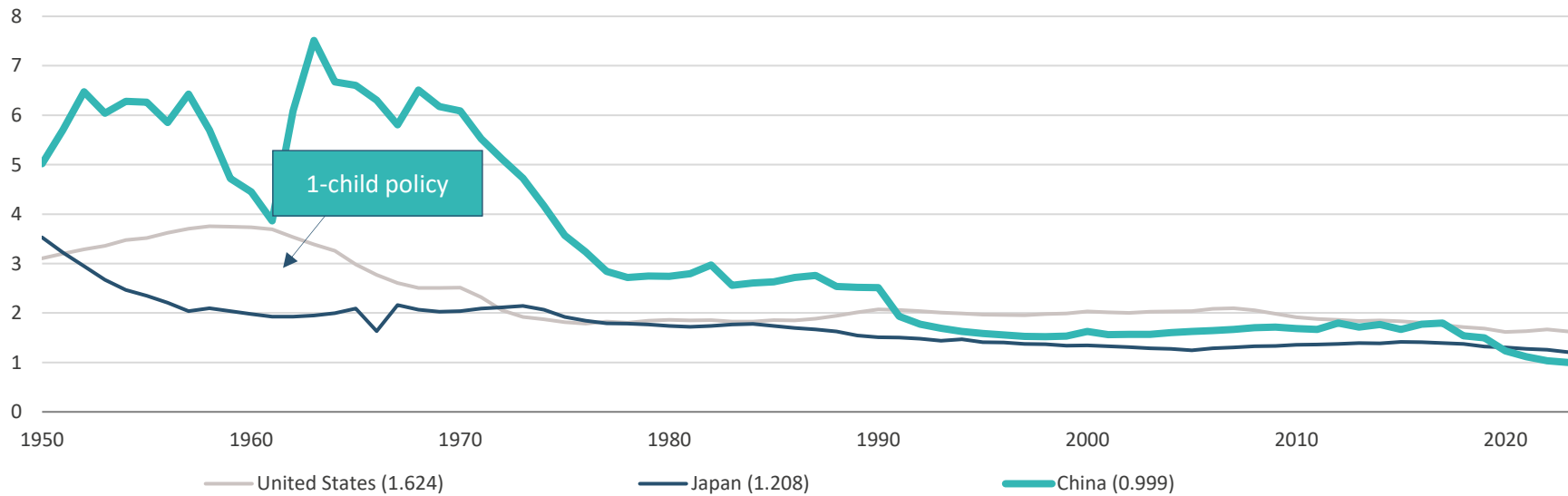


# DEMOGRAPHICS: China – long-term challenges but short-term respite

More recently, the go-to demographics scare-story



China Fertility Rate (0.999 births per woman)



Source: UN World Population Prospectus (2024)



# DEMOGRAPHICS: Japan – through the worst of it and opportunities for stock pickers

In the 21<sup>st</sup> century, Japan has borne the brunt of negative press surrounding demographics

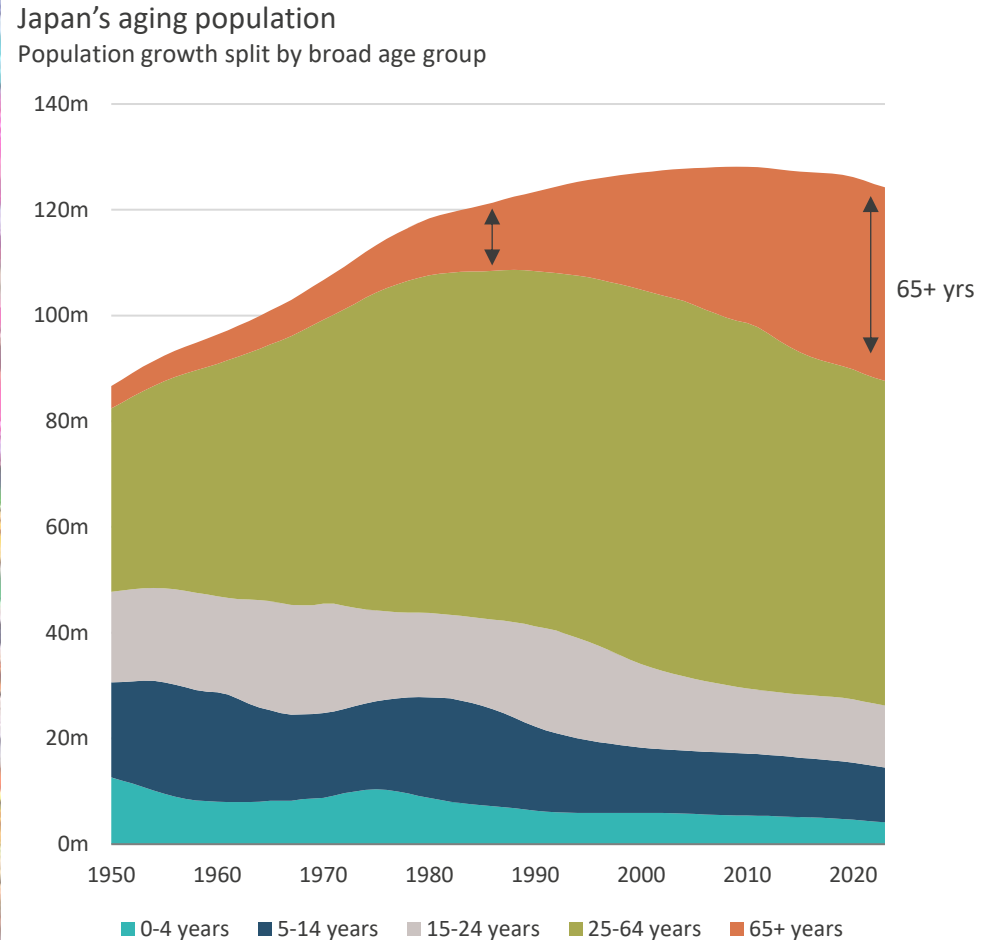


**Japan's population falls by almost 100 people per hour**  
Source: Financial Times

**Japan asks young people why they are not marrying amid population crisis**  
Source: The Guardian

**Japan faces labor shortages and demographic crisis as elderly population hits record high**  
Source: Asia Pacific News

**Japan's native population declines at record rate as births plunge**  
Source: Financial Times



Source: Waverton, UN World Population Prospects (2024)

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# GEOPOLITICS

Trade wars and tensions rising...



## GEO-POLITICS: Six months is a long time in politics...



Source: Waverton, CNN

## GEO-POLITICS: Six months is a long time in politics...



Source: Waverton, CNN

# OTHER TRUMP 2.0 POLICIES ALSO CREATE UNCERTAINTY

US Tariffs as % of Federal Government tax revenue Fiscal years 1959 - 2023



Source: St Louis Federal Reserve, Bloomberg, Waverton. As at 30.09.23



## GEO-POLITICS: Continues to dominate news headlines

Conflicts and geo-politics have real economic impacts



# GEO-POLITICS: Alternatives can provide uncorrelated protection against equity risks

## Gold has outperformed the S&P 500 in the 21<sup>st</sup> Century



Source: Bloomberg, Waverton.

Risk warning: The information above is for example purposes only and should not be considered a solicitation to buy or an offer to sell a security. It is based on our current view of markets and is subject to change. Past performance is no guarantee of future results and the value and income from such investments and their strategies may fall as well as rise. You may not get back your initial investment. Capital security is not guaranteed.

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# US EQUITY MARKETS

Are they expensive?

And the importance of staying in the market

## US EQUITIES

Are they expensive? Are we in a bubble?

**Is This Wildly Overvalued Stock Market Doomed? Yes, but Maybe Not Yet**

**Markets Are Way Out of Line With Reality, According to These Measures**

### **Are US stocks too expensive?**

US stocks have rallied since Donald Trump's election win, but starting valuations are so high that analysts forecast weak performance over the next decade. Is this the dot-com bubble 2.0?

**'Are we in a bubble, or are US stocks just incredibly expensive?'**

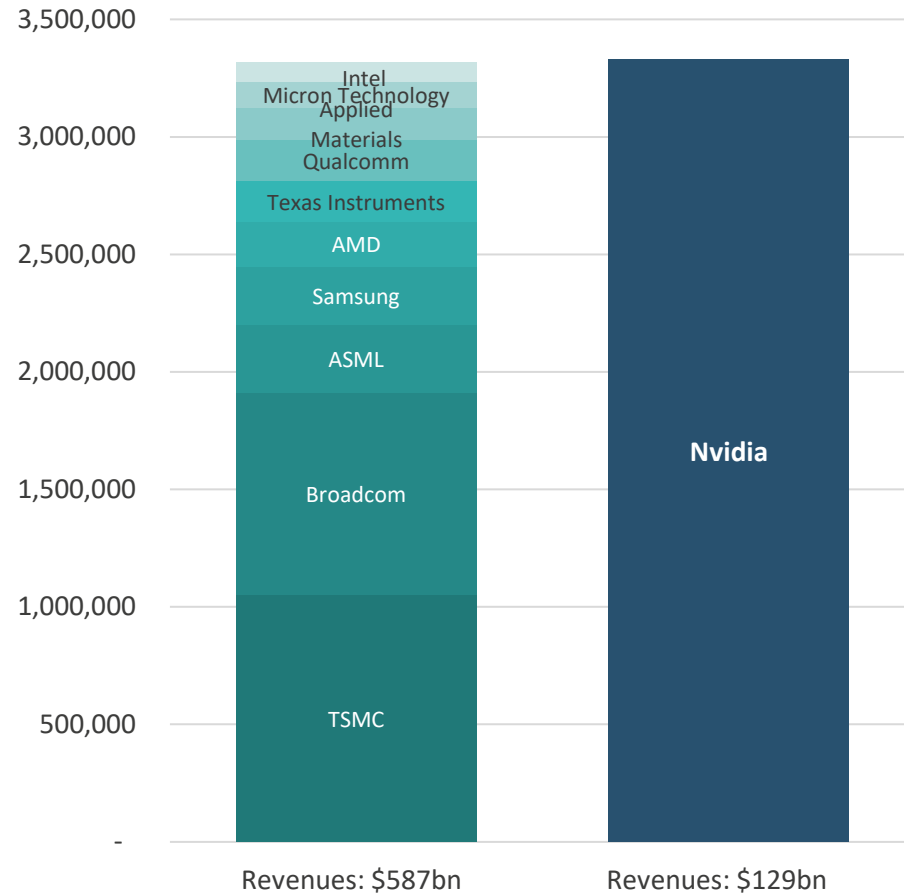
**New eras, same bubbles: the forgotten lessons of history**

With US equities at record valuation peaks, investors should re-examine their risk appetite

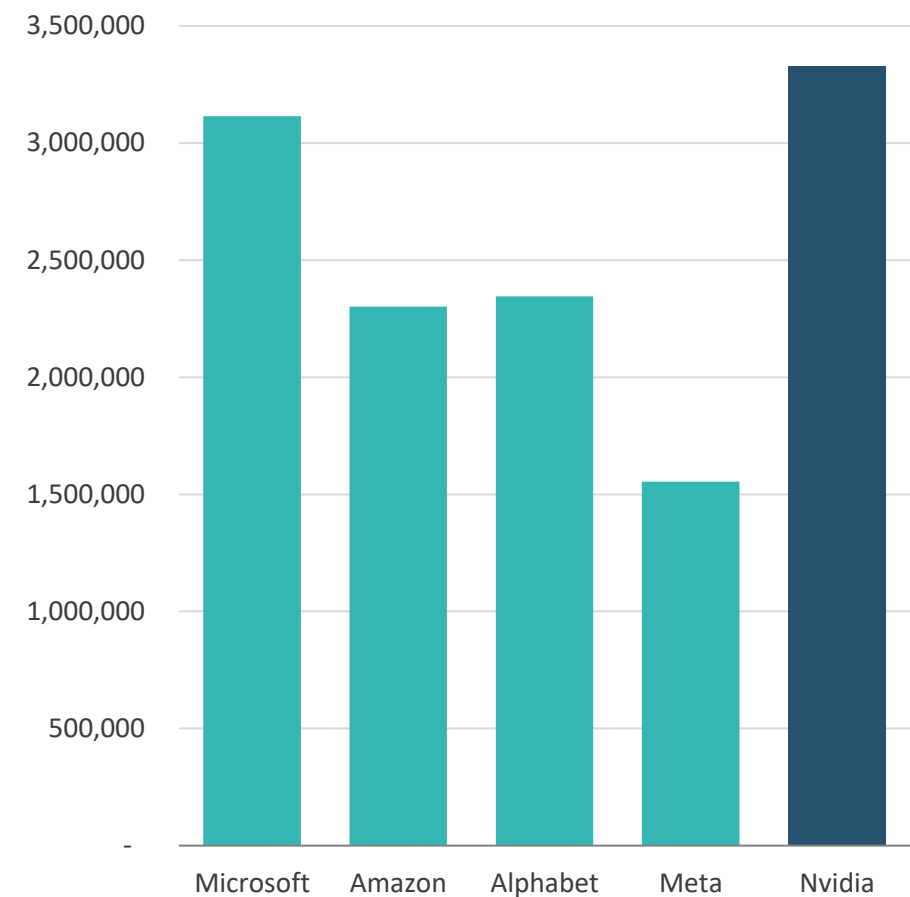
# NVIDIA

## Some context on the valuation

Market cap of Nvidia (\$m) versus the next 10 largest semis



Market cap of Nvidia (\$m) versus its largest customers



Source: Factset, as at 14.01.2025

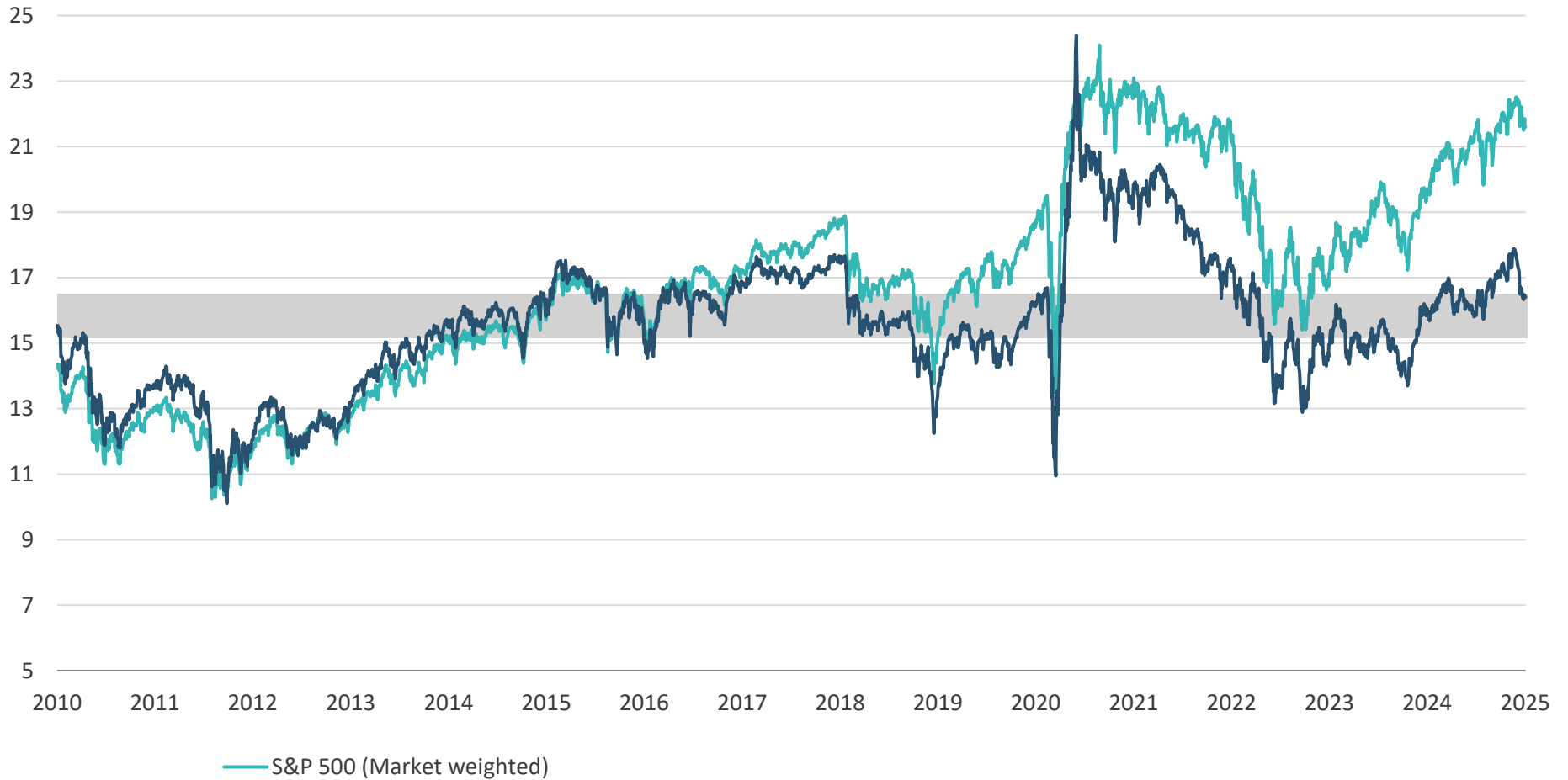




# US EQUITIES

Are they expensive? Yes and no, the average company is trading in-line with history

US Valuations (P/E)

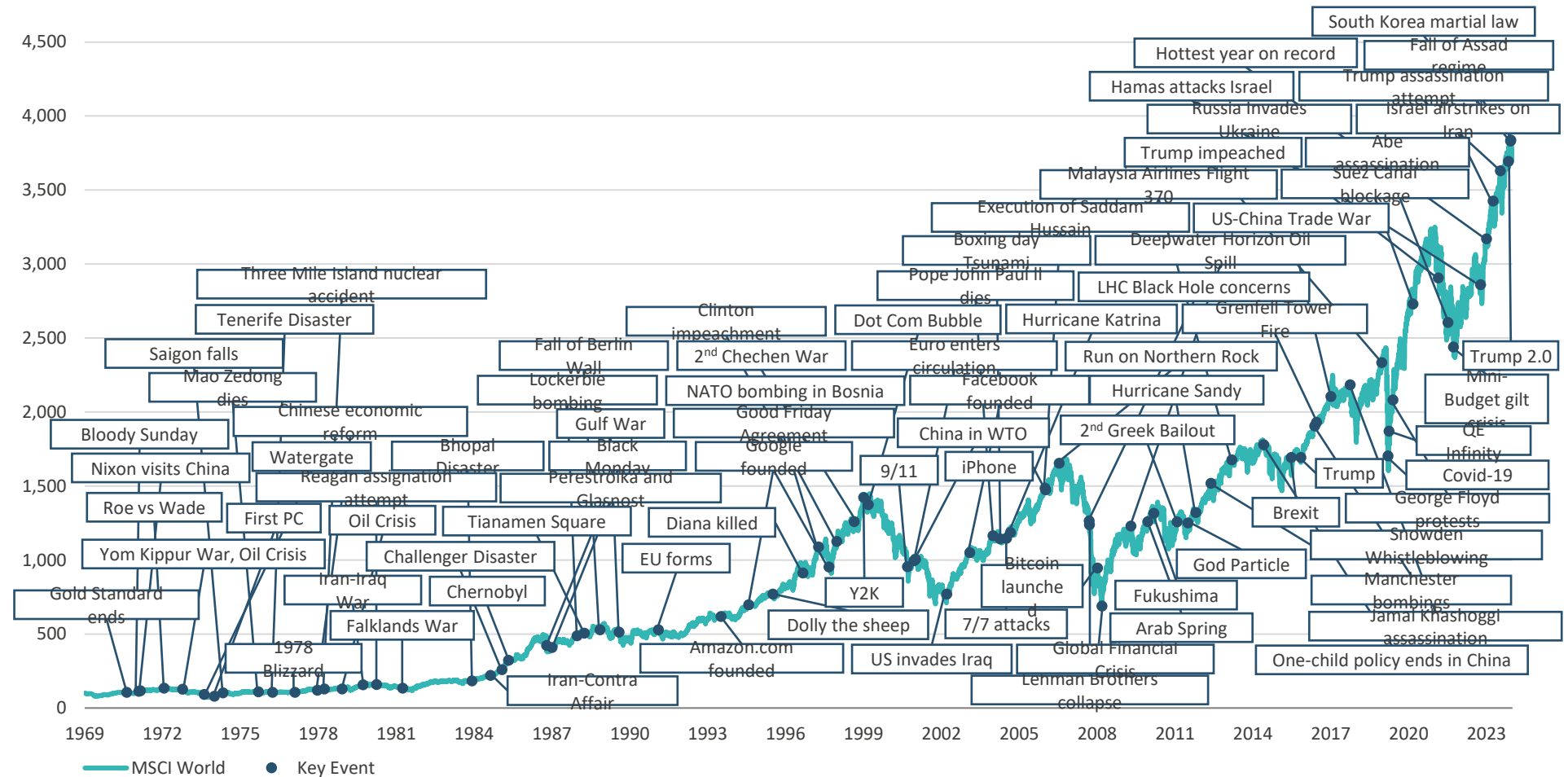


Source: Factset, accurate as at 09.01.25



# THERE IS ALWAYS A REASON NOT TO BE INVESTED...

## “Climbing the Wall of Worry”



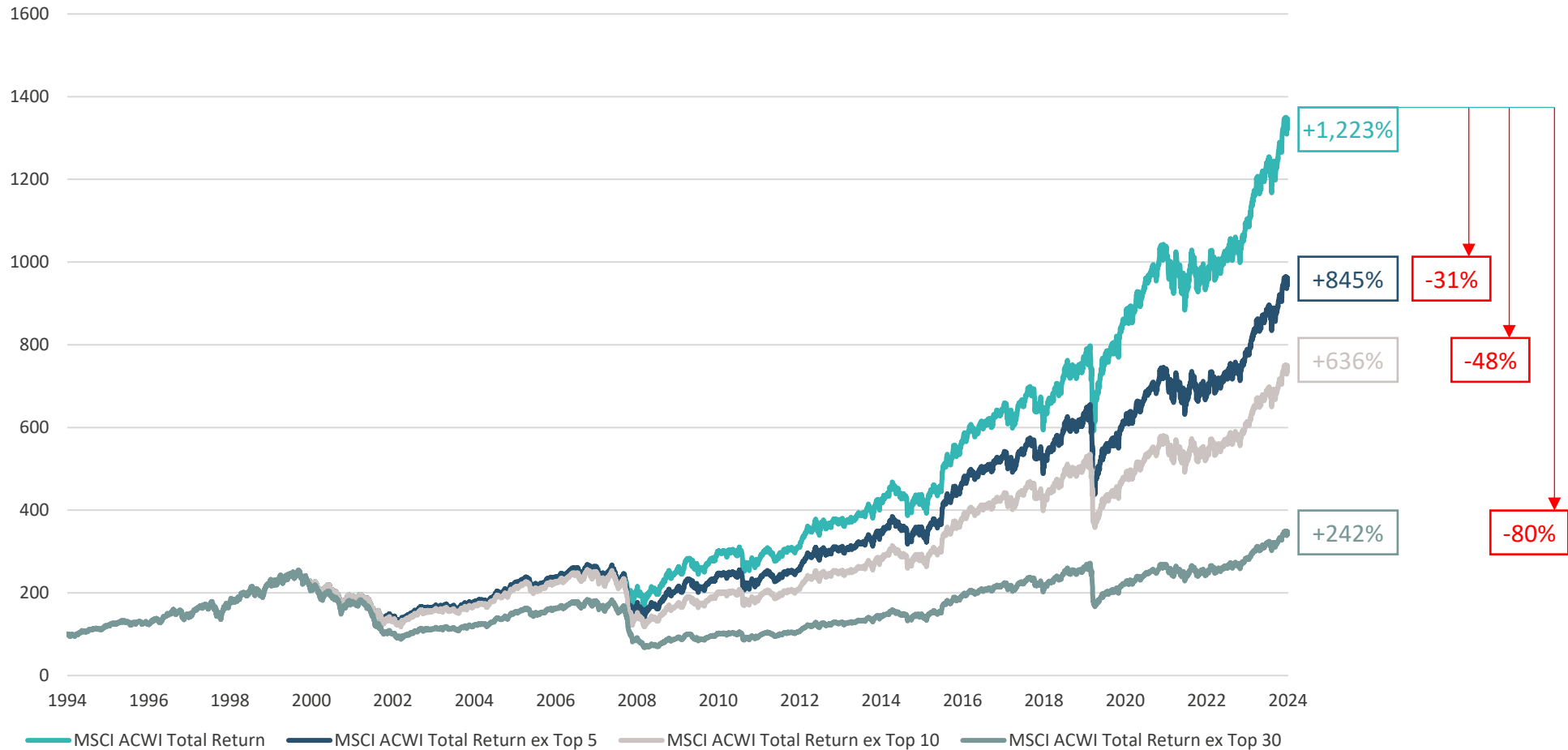
Source: Waverton, Bloomberg. As at 31.12.24.

Risk warning: Past performance is no guarantee of future results and the value and income from such investments and their strategies may fall as well as rise. You may not get back your initial investment. Capital security is not guaranteed. .



## ...BUT MISSING OUT ON MARKET MOVES CAN BE EXPENSIVE

### The impact of missing the 5, 10 and 30 best days of stock market returns



Risk warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. Investors may not get back their initial investment. Capital security is not guaranteed.

**Just 10 days account for almost half of stock market returns over the last 30+ years**



# THE IMPORTANCE OF A DIVERSIFIED PORTFOLIO

## Discrete Annual Calendar Year Returns from 2001 to 2024

BEST	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
1	16.0	25.7	40.1	24.8	55.5	21.7	38.3	44.7	58.9	27.3	6.8	18.3	24.4	30.4	9.1	52.4	25.4	5.1	28.5	29.7	38.3	22.4	29.3	28.2	Developed market value
2	7.3	4.0	25.0	17.1	49.9	15.9	37.1	5.2	40.2	24.2	5.2	13	24.3	12.7	6.4	40.1	16.9	3.8	19.7	14.7	33.7	5.3	12.6	13.5	REITs
3	5.1	-2.5	24.2	11.1	27.6	9.7	12.8	1.9	33.8	22.6	2.8	11	13.8	10.1	2.9	34.0	13.2	1.1	17.1	11.4	23.1	1.6	7.0	12.3	Investment Grade bonds
4	0.0	-7.8	17.6	10.7	23.5	5.6	12.0	-8.0	25.6	18.8	2.5	10.5	5.4	8.9	0.9	32.6	7.0	0.6	17.0	5.6	22.3	0.0	5.2	10.2	WS Waverton Portfolio Fund
5	-4.5	-	15.2	10.5	22.5	4.8	5.9	-	22.5	18.6	0.7	10.4	5.3	7.9	0.7	28.9	5.8	-0.9	13.8	3.6	15.0	-2.7	5.2	9.5	Cash
6	-	-	15.2	4.5	22.4	1.0	1.7	-	18.7	18.1	-1.2	9.4	0.5	7.6	0.5	27.5	1.5	-1.9	13.1	2.9	14.7	-6.4	4.7	9.4	Commodities
7	-	-	3.7	3.4	14.9	-2.0	0.5	-	18.7	16.6	-2.6	7.4	0.5	5.6	0.3	22.6	0.3	-5.2	12.0	0.2	6.3	-9.5	4.7	5.8	Emerging markets
8	-	-	-0.4	3.4	4.7	-	-	-	12.8	12.4	-4.8	0.6	-4.0	3.9	-1.3	21.9	-1.8	5.6	10.0	-4.2	0.1	-	3.6	5.1	Developed market growth
9	-	-	-	-	-	-	-	-	0.8	8.9	-4.9	-0.3	-4.4	0.5	-10	17.3	-1.8	-9.3	2.7	-9.0	-1.6	-	0.4	4.4	Average
10	-	-	-	-	-	-	-	-	-	-4.6	0.6	-	-4.1	-4.5	-	0.4	-2.3	-	0.7	-	-4.4	-	-	-0.3	High-yield bonds
									35.4		17.8			29.8	21.1			10.1		10.9		20.3	17.2		

WORST	Category	Index Used
Dev Growth	Developed Market Growth Equities	MSCI World Growth Total Return
Dev Value	Developed Market Value Equities	MSCI World Value Total Return
EM	Emerging Market Equities	MSCI Emerging Markets Total Return
REITs	REITs	S&P Global REIT
Inv Bonds	Investment Grade Bonds	ICE BofA Global Broad Market Index
HY Bonds	High Yield Bonds	US High Yield Index
Cash	Cash	S&P 0-3m Cash
Commods	Commodities	S&P GSCI Commodity Index
Portfolio	LF Waverton Portfolio Fund	
Average	Equally weighted portfolio	

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Source: Factset, RIMES, Morningstar as at 31.12.24.



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# MULTI ASSET INVESTING AT WAVERTON

# WAVERTON INVESTMENT TEAM

CHIEF INVESTMENT OFFICER William Dinning (40 yrs exp.)								
HEAD OF EQUITIES Jennifer Fisher (31 yrs exp.)					HEAD OF FIXED INCOME Jeff Keen (40 yrs exp.)		CO-HEADS OF MULTI-ASSET STRATEGIES Luke Hyde-Smith (20 yrs exp.) James Mee (12 yrs exp.)	
US	EUROPE	UK	JAPAN	ASIA ex-JAPAN				
Jennifer Fisher (31 yrs exp.)	Chris Garsten (39 yrs exp.)	Tineke Frikkee (26 yrs exp.)	Stefan Rheinwald, Head of Research (31 yrs exp.)	Benjamin Hall (14 yrs exp.)	Rabhani Wahhab (43 yrs exp.)	James Carter (8 yrs exp.)	Benjamin Jenkins Head of QIS (21 yrs exp.)	Matthew Parkinson (9 yrs exp.)
George Williams (13 yrs exp.)	Charles Glasse (38 yrs exp.)				Jack Smith (12 yrs exp.)	Lewis Sutherland (12 yrs exp.)	Dhruv Satish (7 yrs exp.)	Gabrielle Park (4 yrs exp.)
Alena Isakova (8 yrs exp.)	Roger Jones (27 yrs exp.)				Anastasia Grimaldi (26 yrs exp.)	Janet Wong (7 yrs exp.)	Tom Pocock (6 yrs exp.)	Ananya Sirohi (2 yrs exp.)
Charlie Walker (9 yrs exp.)							Rebeca Sanchis Marin (11 yrs exp.)	James Hancock (6 yrs exp.)
Punit Patel (14 yrs exp.)								
INVESTMENT STRATEGY			RESPONSIBLE INVESTMENT					
Matt Farrell Head of Investment Strategy & Comms. (21 yrs exp.)			Michelle Newman Responsible Investment Manager (27 years exp.)			John Buckland Senior Equity/ESG Analyst (40 years exp.)		
Simon Laing (27 yrs exp.)	Katrina Norris (31 yrs exp.)	Mark Smith (30 yrs exp.)	Algernon Percy (32 yrs exp.)					

Our Investment Team is comprised of 36 individuals, with 32 dedicated to investment. As at 01.01.25.

Names highlighted in white boxes in bottom row are Senior Private Client/Charity Client Portfolio Managers who are members of the Recommended Portfolio or Asset Allocation Committees.

- Fund Managers (17 total)
- ▲ Analysts (12 total, incl. 1 Quantitative)
- Global Stock Selection Committee (12)
- ◆ Asset Allocation Committee (7)
- Responsible Investment Working Group (6)
- Recommended Portfolio Committee (5)

# MPS RANGE

	CONSERVATIVE	DEFENSIVE	CAUTIOUS	BALANCED	GROWTH	EQUITY
Dynamic Planner						
Defaqto						
Total Costs	0.61% pa	0.61% pa	0.60% pa	0.59% pa	0.58% pa	0.58% pa



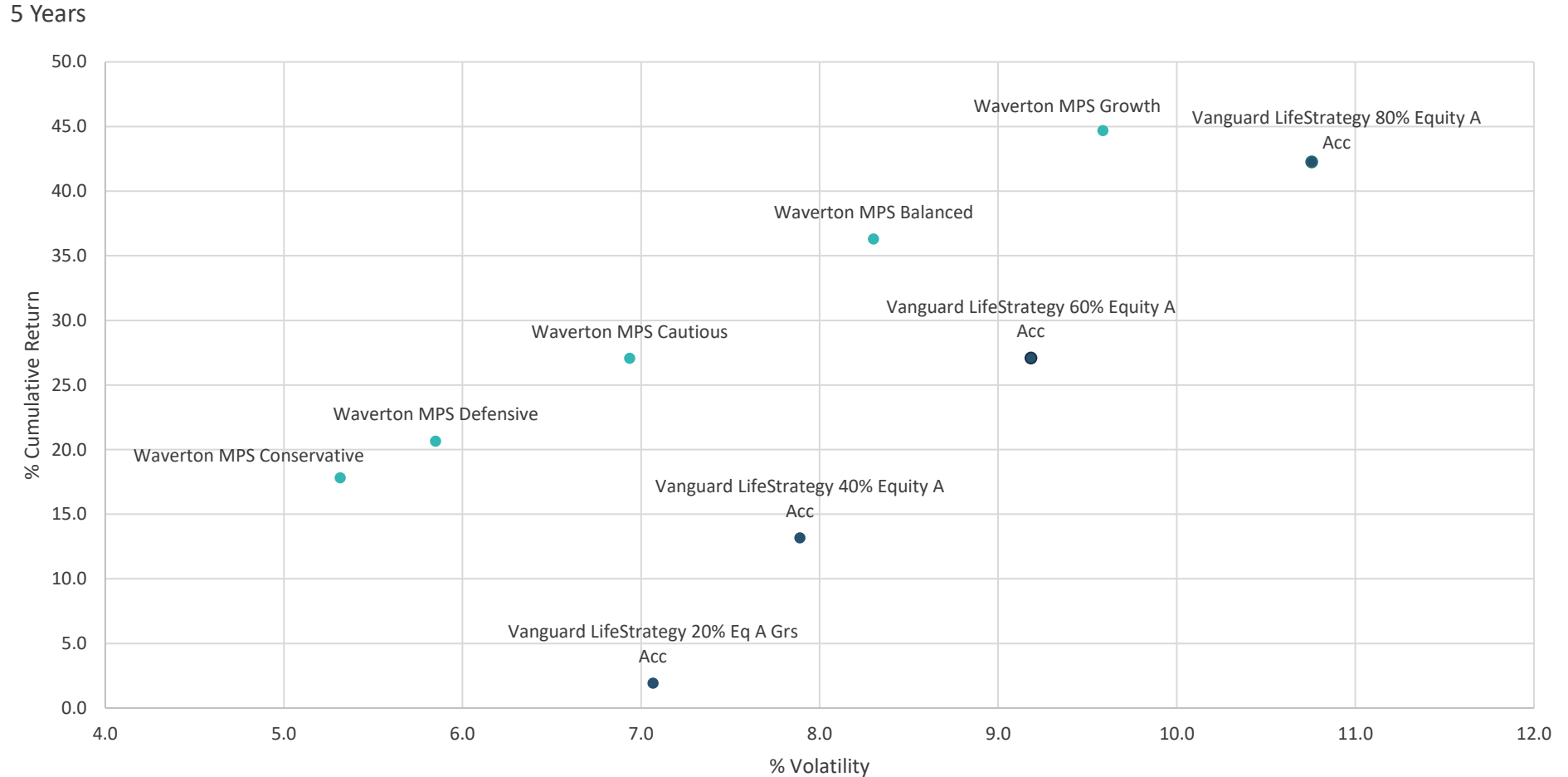
Risk warning: The costs represent the total expenses of each fund within the portfolio, including the costs of any underlying holdings and administration charges. The costs do not allow for platform charges such as platform trading charges. Portfolio asset allocation is based on the tactical asset allocation of each model portfolio. Third party trademarks are used with the express permission of the trademark owners and must not be used or reproduced without their permission.





# GOLDEN PERIOD FOR PASSIVE?

## Waverton MPS Vs Vanguard LifeStrategy Funds



Source: Waverton, Morningstar. Data to 31.12.24.

Risk warning: Past performance is no guarantee of future results and the value and income from such investments and their strategies may fall as well as rise. You may not get back your initial investment. Capital security is not guaranteed. Different asset allocation strategies will lead to varying investment performances.





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