



Preparing for the new reality

Session 3: Volatility – opportunities or run for cover?

—
1 July 2020



Agenda

- Introduction
- Update from KPMG ESG team
- Market update – Rebecca Cretney, Nedbank Private Wealth
- Questions and wrap up



Simon Nicholas
Markets Partner





NEDBANK
PRIVATE WEALTH
SINCE 1834

VOLATILITY - OPPORTUNITIES OR RUN FOR COVER?

REBECCA CRETNEY | 1 JULY 2020

WHAT IS THE BEST QUESTION ?

IS NOW THE RIGHT
TIME TO INVEST?

WHAT IS THE STOCK
MARKET GOING TO DO
OVER THE NEXT
12-24 MONTHS?

Any investments detailed are examples for information purposes only. They should not be relied on and do not constitute an invitation or inducement to buy or sell. This discussion does not constitute advice or a personal recommendation. The value of investments can go down, as well as up, to the extent that you might get back less than you originally invested. Exchange rates also affect the value of investments, and past performance is no guide to future returns.

IS NOW THE RIGHT TIME TO INVEST FOR YOU?

Why?

What?

When?

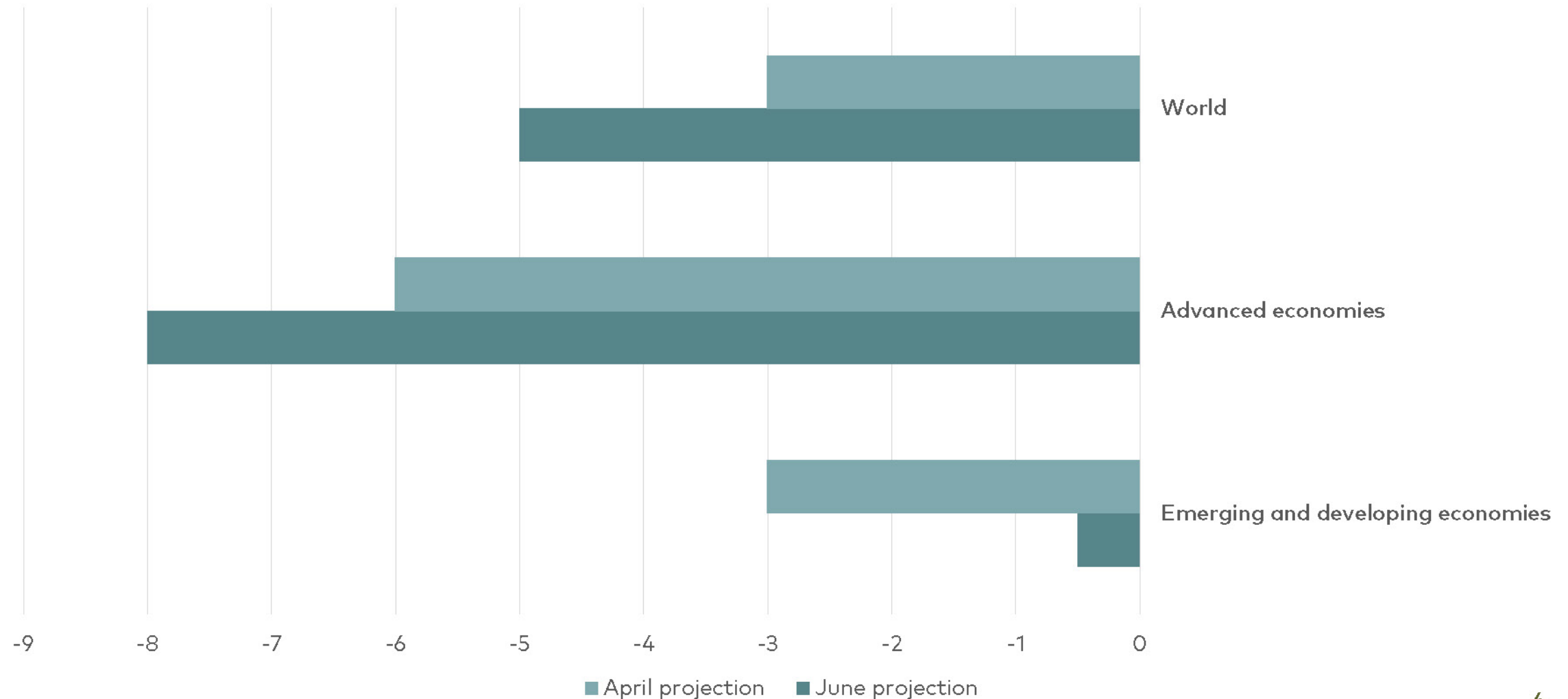
How much?

For whom?



GROWTH PREDICTIONS

Projected changes in 2020 GDP forecasts (year-on-year)



Source: IMF

PUBLIC DEBT SET TO EXCEED POST-WWII PEAK

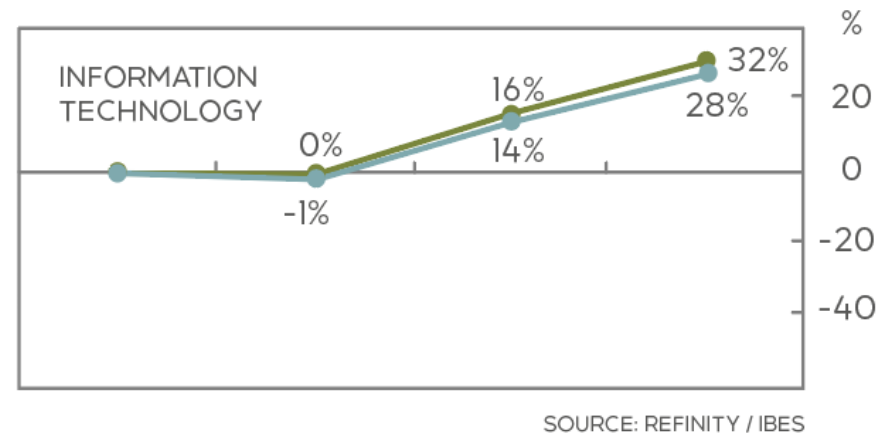
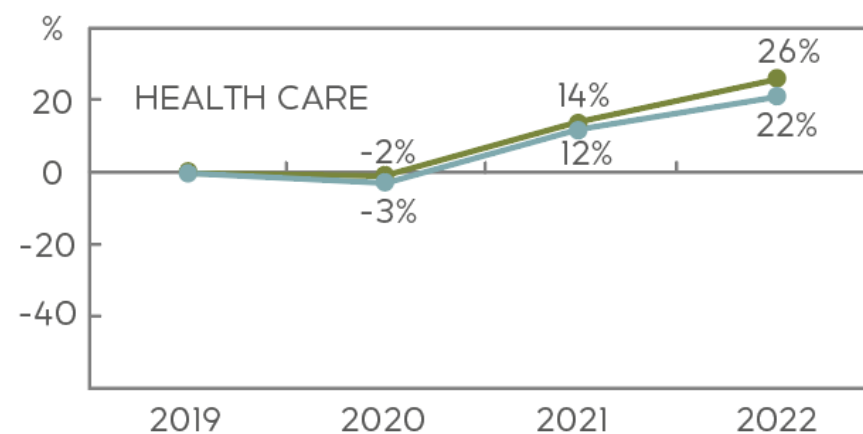
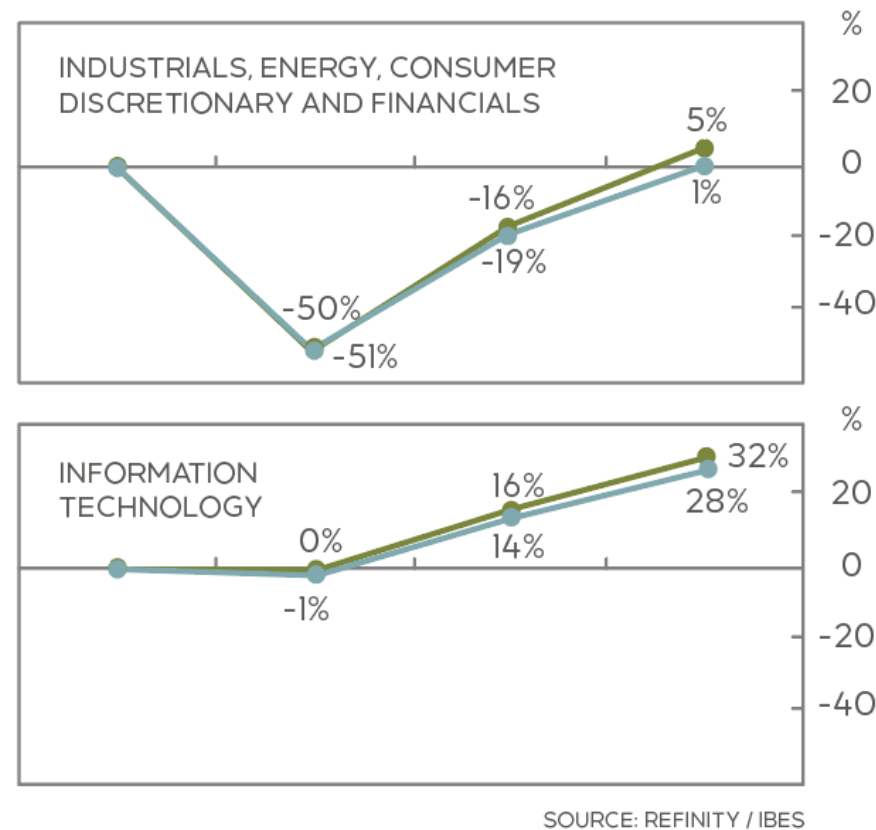
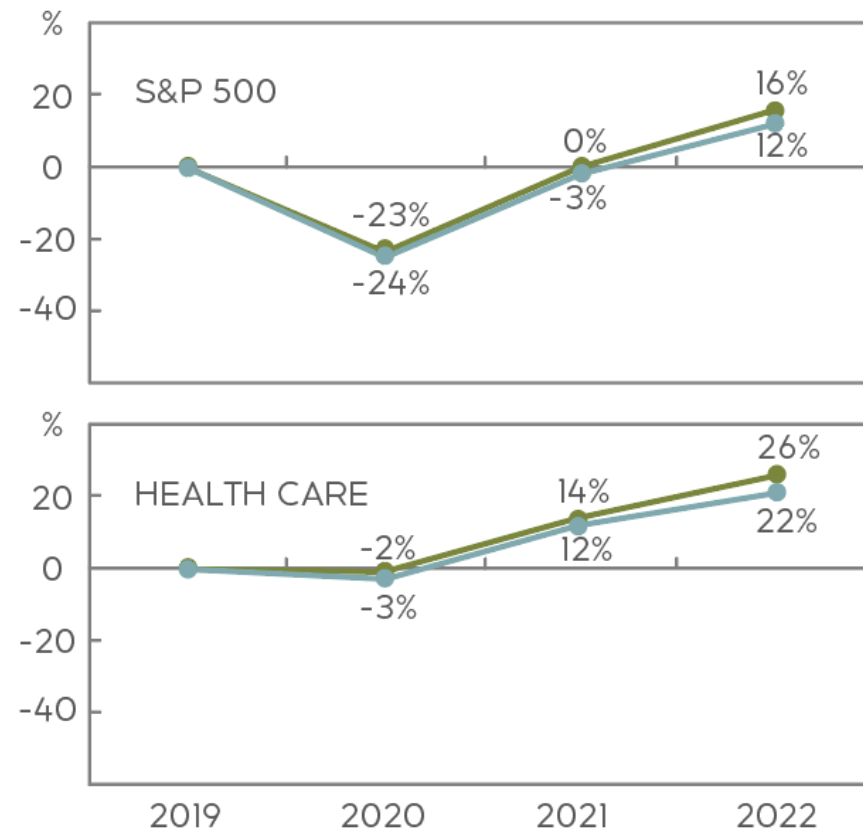


Source: IMF

EARNINGS PER SHARE FOR S&P 500 SECTORS

EPS ESTIMATE: CUMULATIVE % CHANGE FROM 2019

NOMINAL REAL



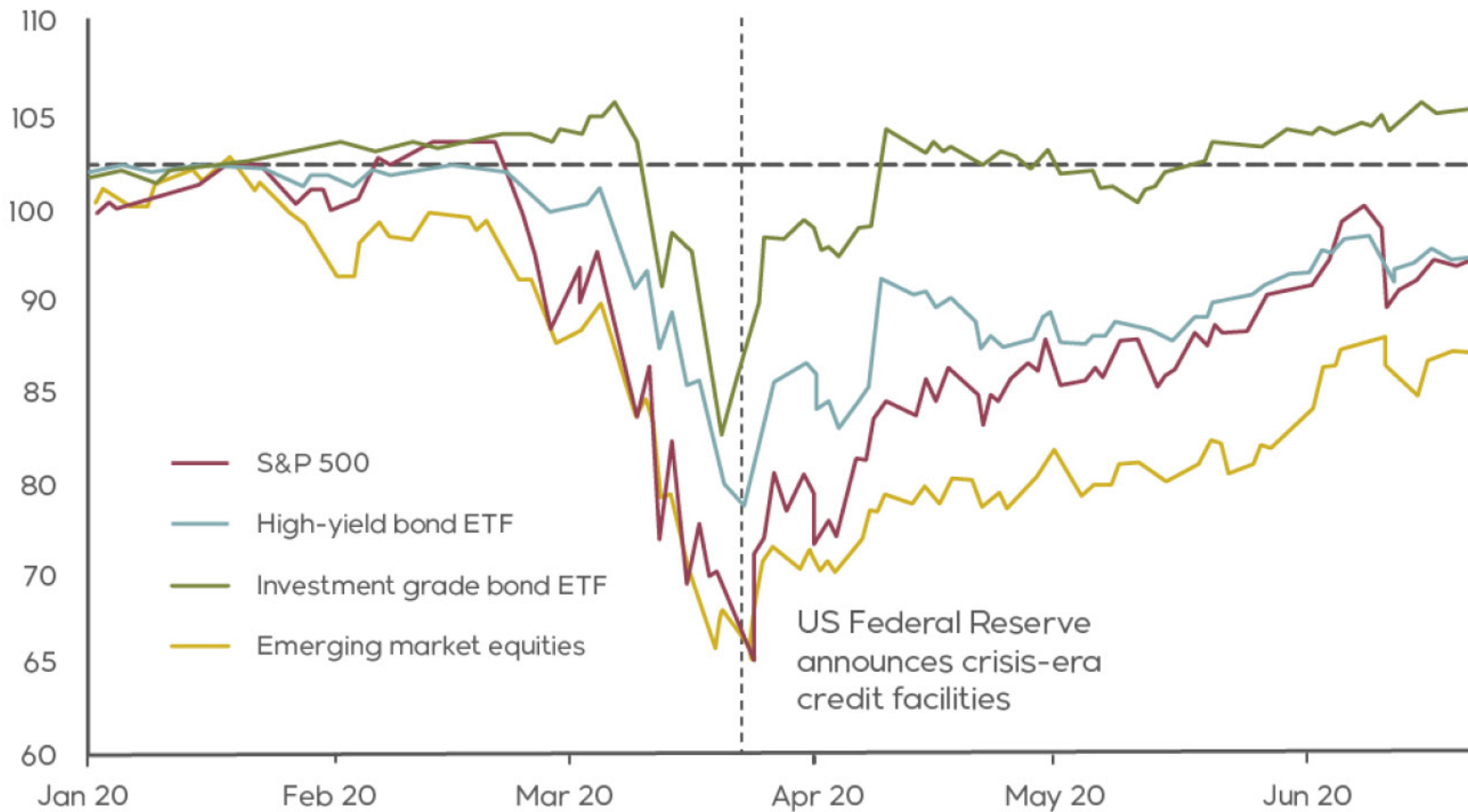
SOURCE: REFINITY / IBES

MARKET CAP-WEIGHTED WORLD EQUITIES

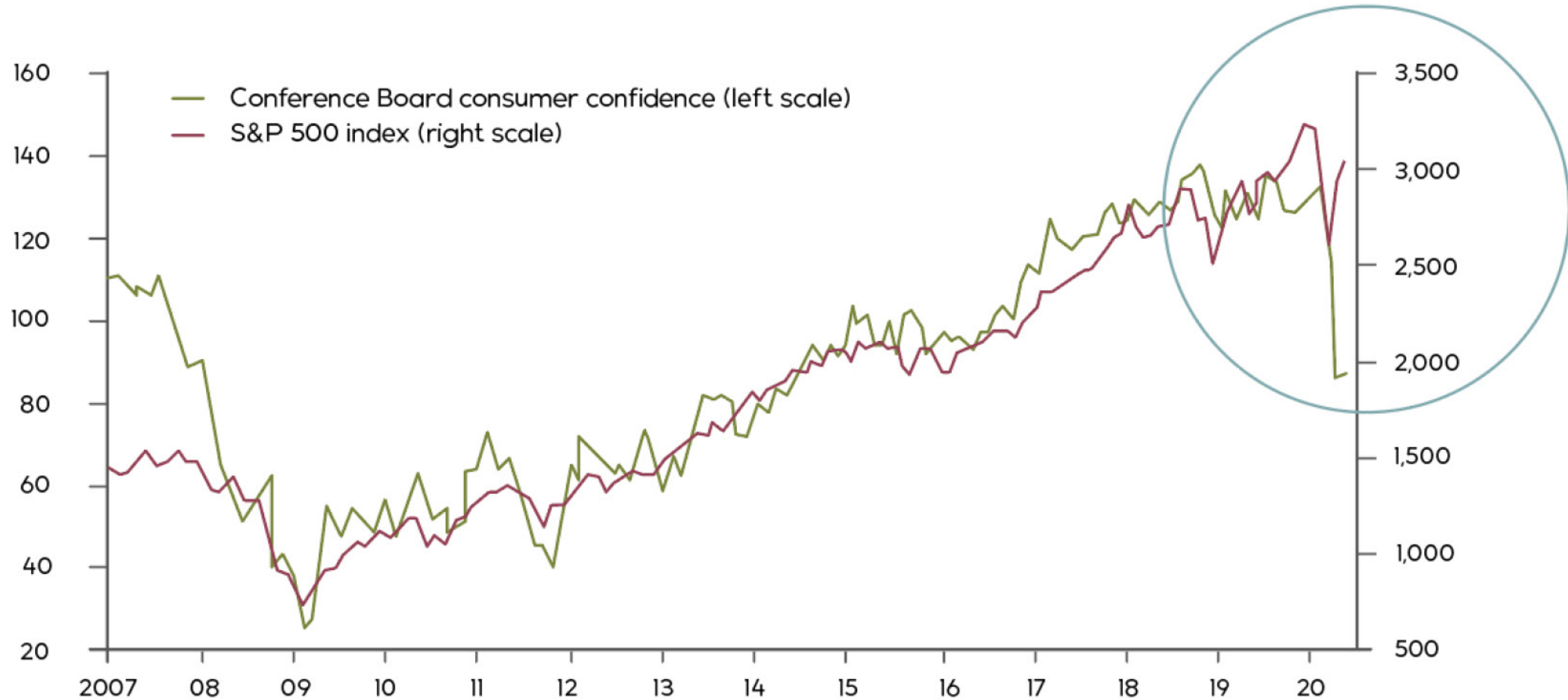


DISCONNECT BETWEEN FINANCIAL MARKETS AND THE REAL ECONOMY

US stocks and credit markets plunged and then recovered



EQUITY PRICES AND CONSUMER CONFIDENCE



Sources: Bloomberg Finance L.P.; and IMF staff calculations

RISKS TO THE CURRENT RALLY

Second wave of infections leading to additional containment measures.

Geopolitical tensions.

Broadening social unrest in response to rising global inequality.

Reassessment of expectations as to the extent of central banks' support.

WHY MIGHT THE SELL-OFF NOT HAPPEN?

Not all sectors are expensive.

The equity risk premium is elevated.

Cash on the side lines and equities supply.

IN SUMMARY

Understand that you should invest over the medium to long term.

Consider your circumstances. You should seek advice before any financial decision.

Look to invest in companies that are able to adapt to the new reality, and diversify.



Reaction
Respond to crisis



Resilience
Manage through uncertainty



Recovery
Identify opportunities



New Reality
Adapt to a new world

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Wrap up and questions

Simon Nicholas - Markets Partner





Thank you



Simon Nicholas
Markets Partner
KPMG Isle of Man
T: +44 (0) 1624 681002
E: snicholas@kpmg.co.im





kpmg.co.im



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