



PATIENCE, PATIENCE, PATIENCE

1st October, 2021

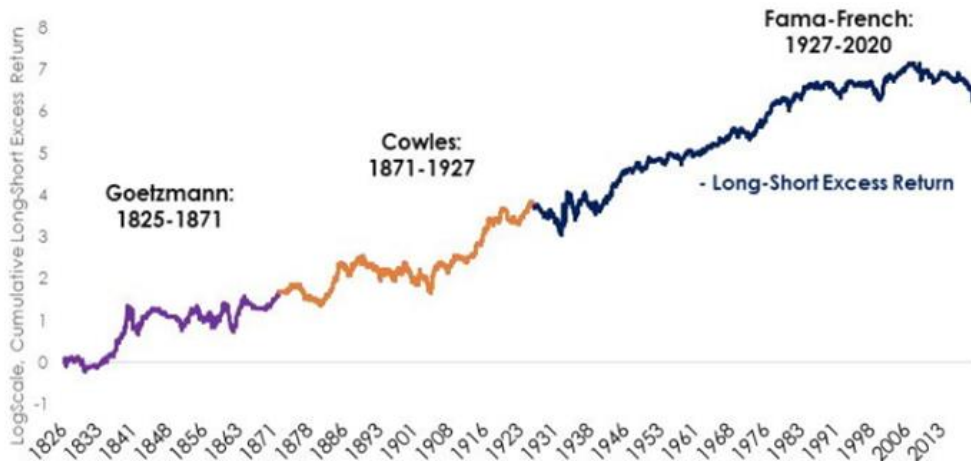
RICHARD OLDFIELD

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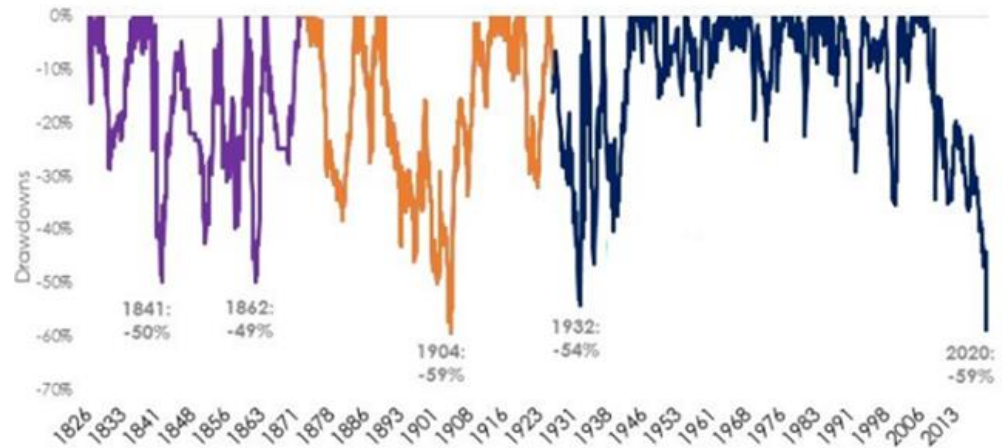
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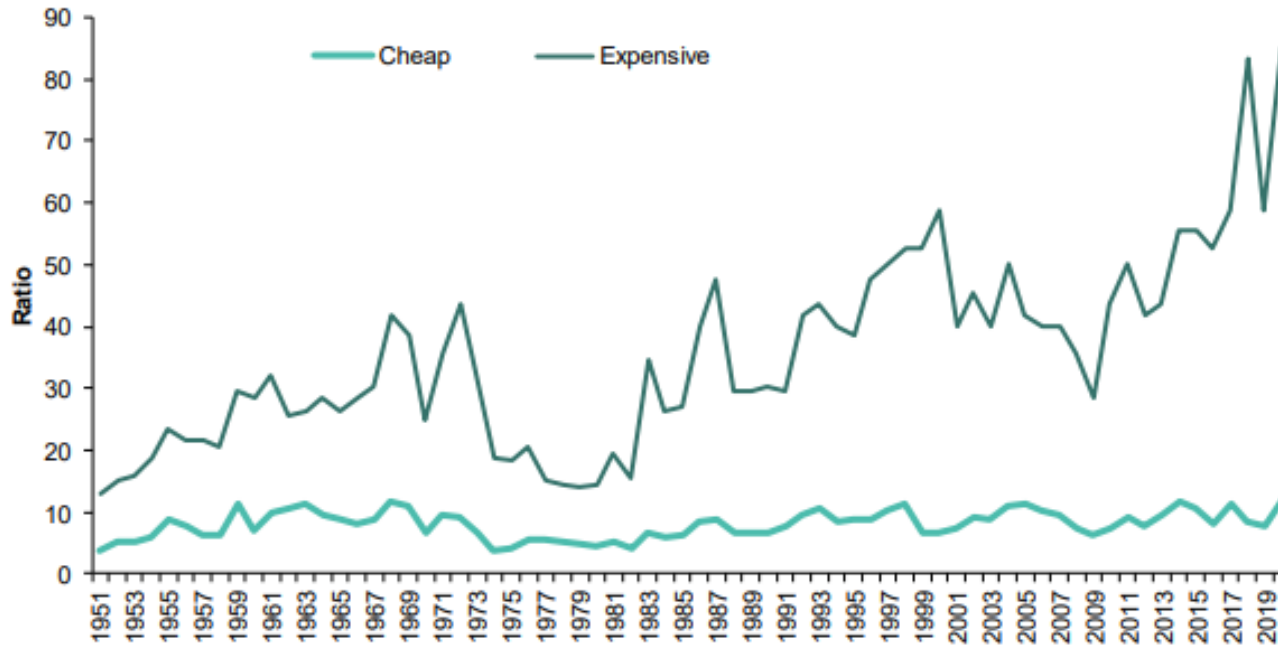


US Value versus Growth since 1825

Value Factor Drawdowns 1825 – 2020

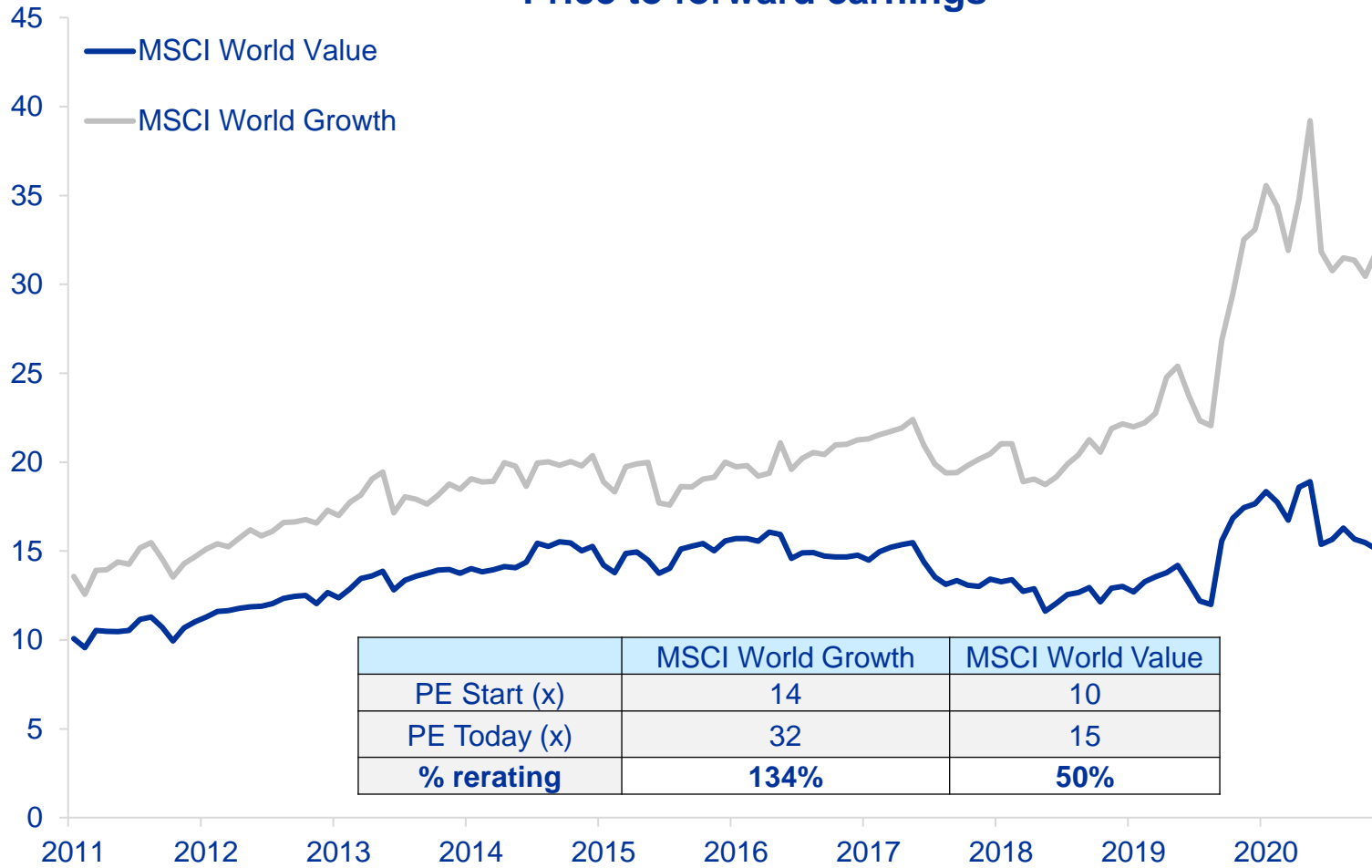


Valuation spread of most expensive quintile of US large-caps to cheapest



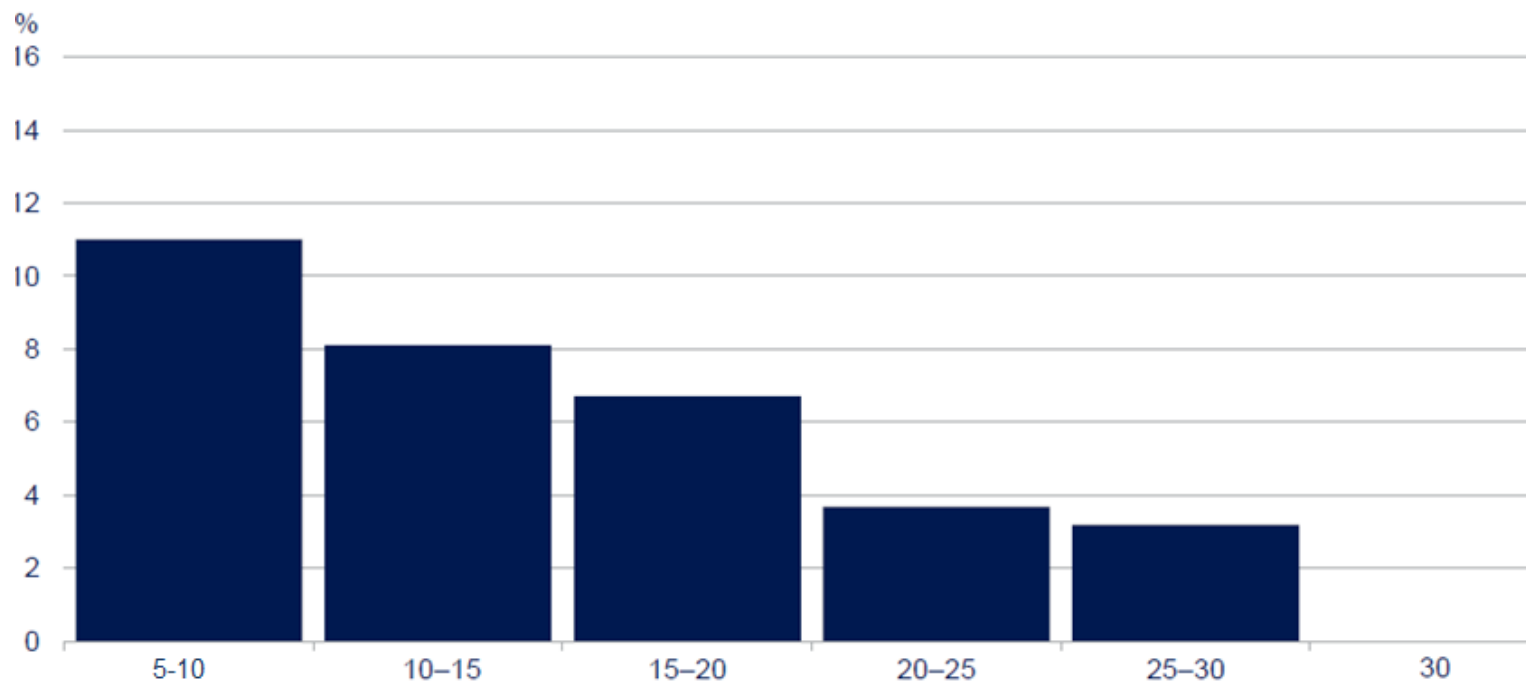
Source: Ken French Data Library, MSCI, Bloomberg, Factset, Bernstein analysis. The historic series is derived from the Ken French Data Library and it is the market cap weighted inverted trailing earnings yield for the most expensive and cheapest quintile of stocks out of the largest 1200 US stocks. The latest data point (the dots) on the chart are estimates derived by us from current valuation data. Note that we exclude stocks with negative trailing earnings. As of 24th September 2020.

Price to forward earnings



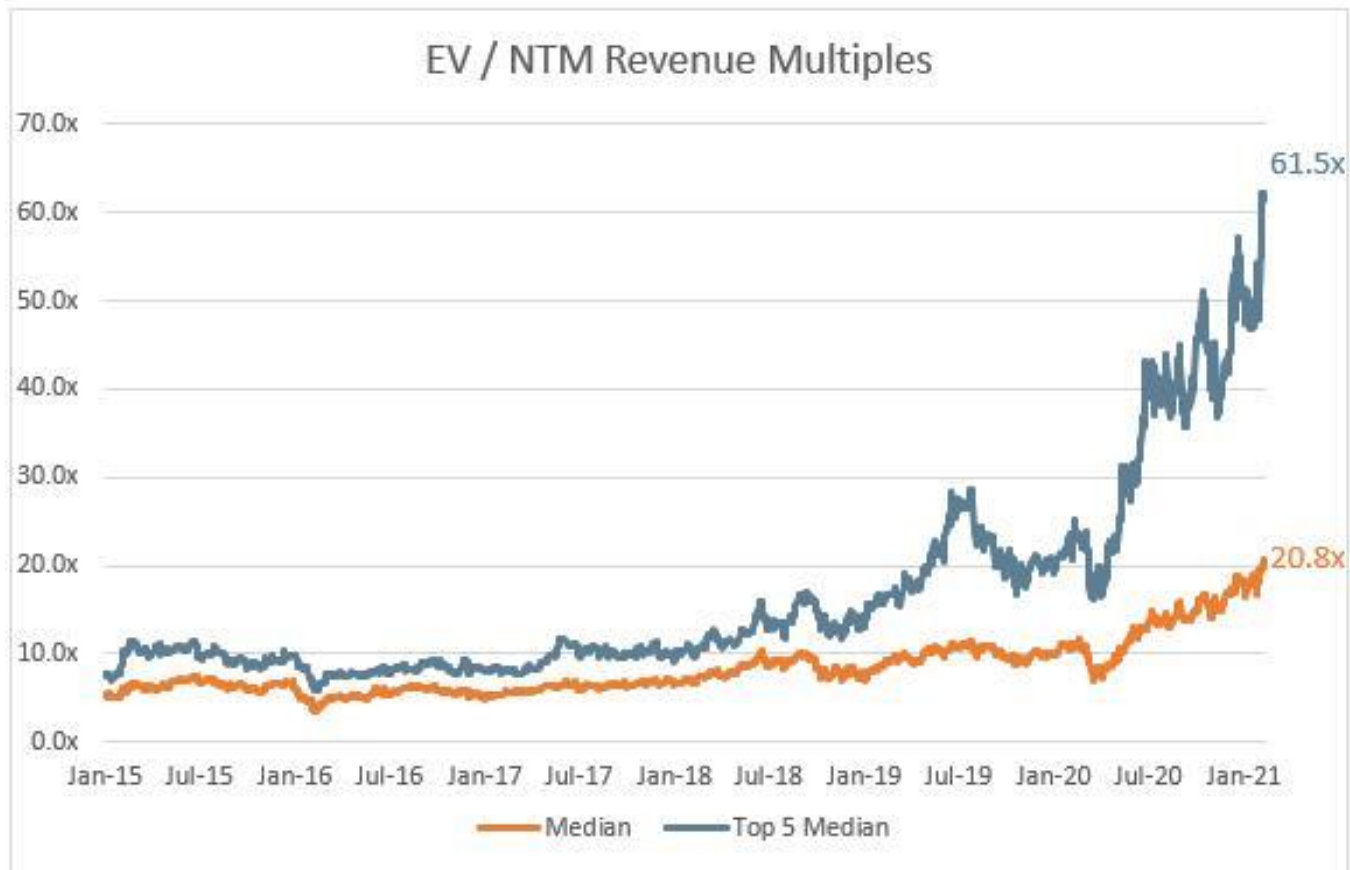
Source: Bloomberg 7th July 2021.

10 year annualised return by starting Graham & Dodd P/E



What you pay, not the growth you get, is the biggest driver of future returns

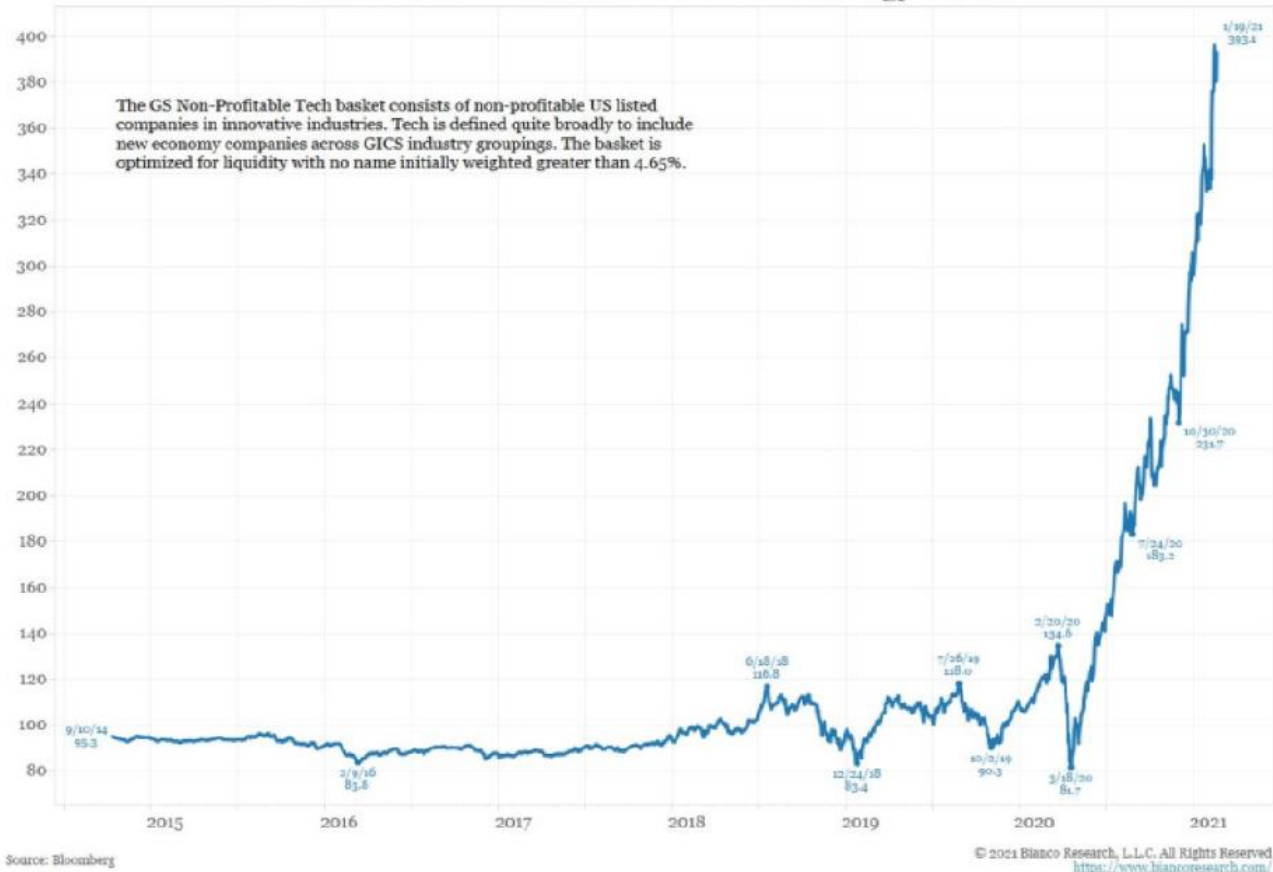
Valuation of software companies



Source: Clouded Judgement, January 2021;

Note: Median is based on 69 listed Software-as-a-Service (SAAS) companies.

Goldman Sachs Non-Profitable Technology Index



Source: Two Centuries Investments.

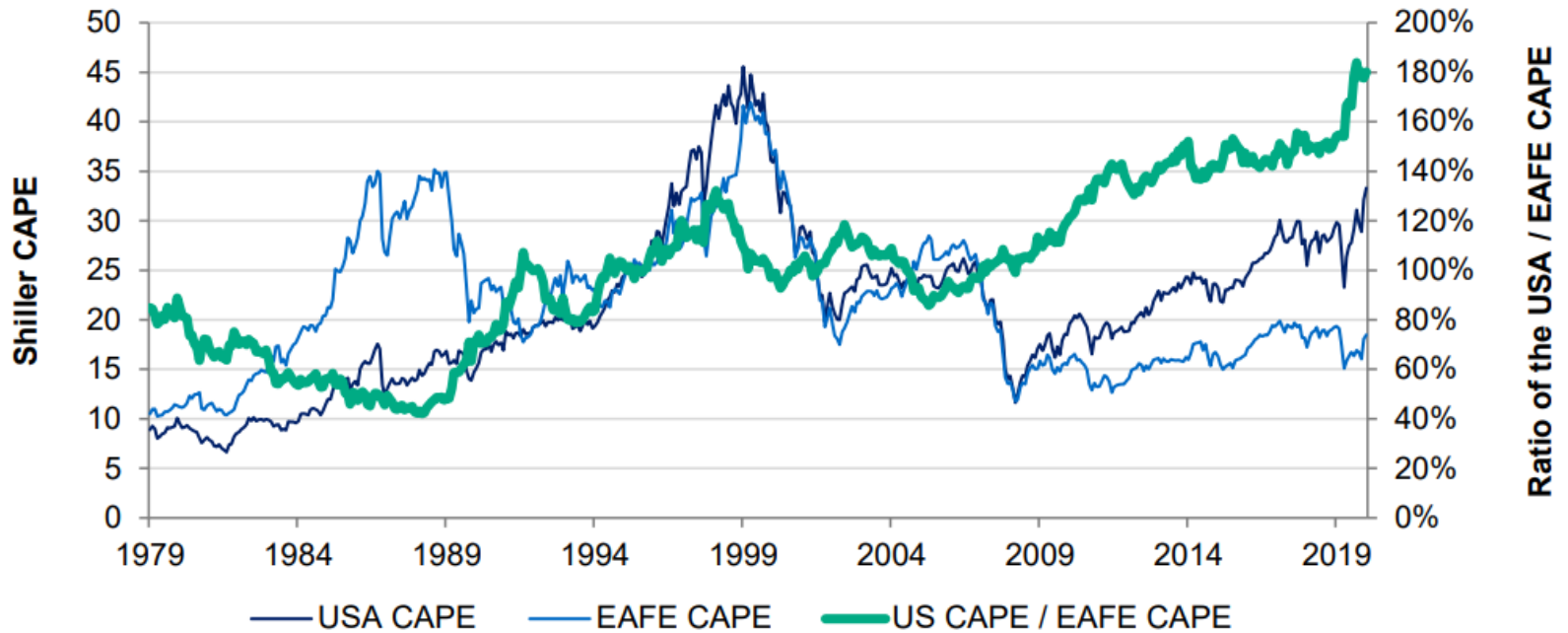
Shiller PE Ratio for the S&P 500



Source: Robert Shiller, Yale University.
Date: As at 4th May 2021

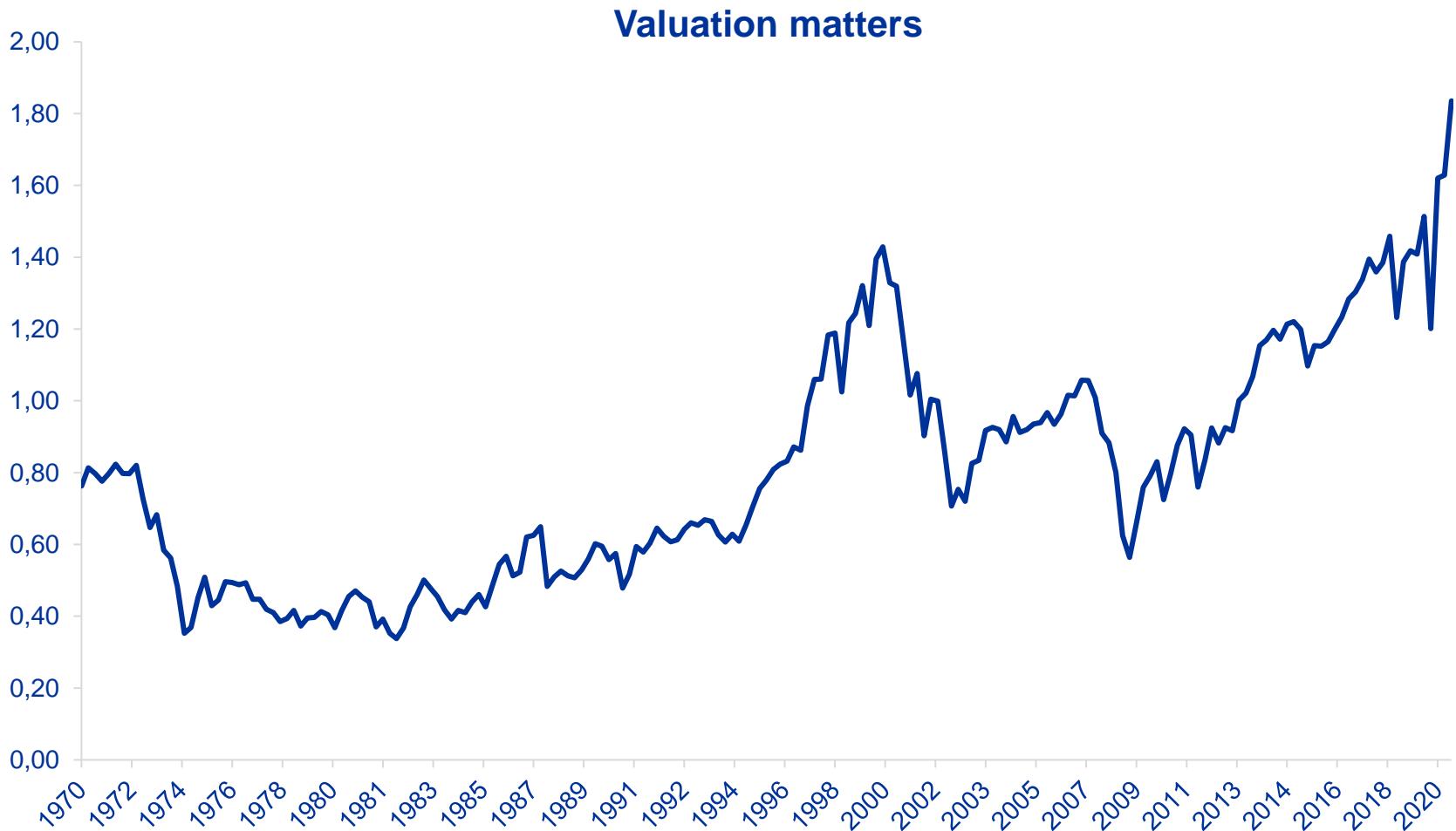
USA vs. EAFE Shiller CAPE

December 31, 1979 – December 31, 2020.



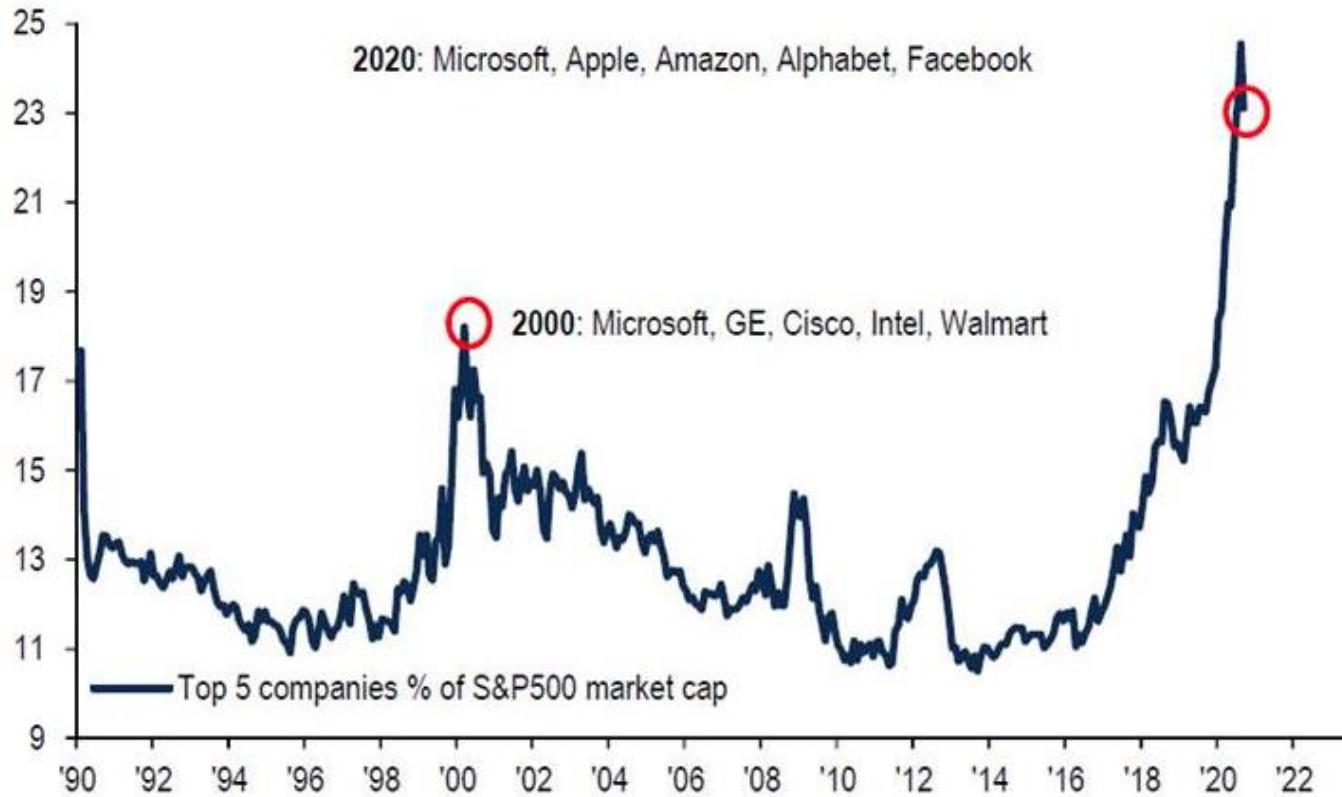
Source: AQR, Bloomberg, Robert Shiller's Data Library, MSCI, Consensus Economics.

US market cap to GDP



Source: Bloomberg, 31st December 2020. Wilshire 5000/ US Nominal GDP.

S&P 500 5 largest stocks as % of market cap



10 year US government bond yield



Source: Bloomberg 30th July 2021.