

Schroders



IMAP Conference

Schroder Australian Equities Outlook

Martin Conlon, Head of Australian Equities

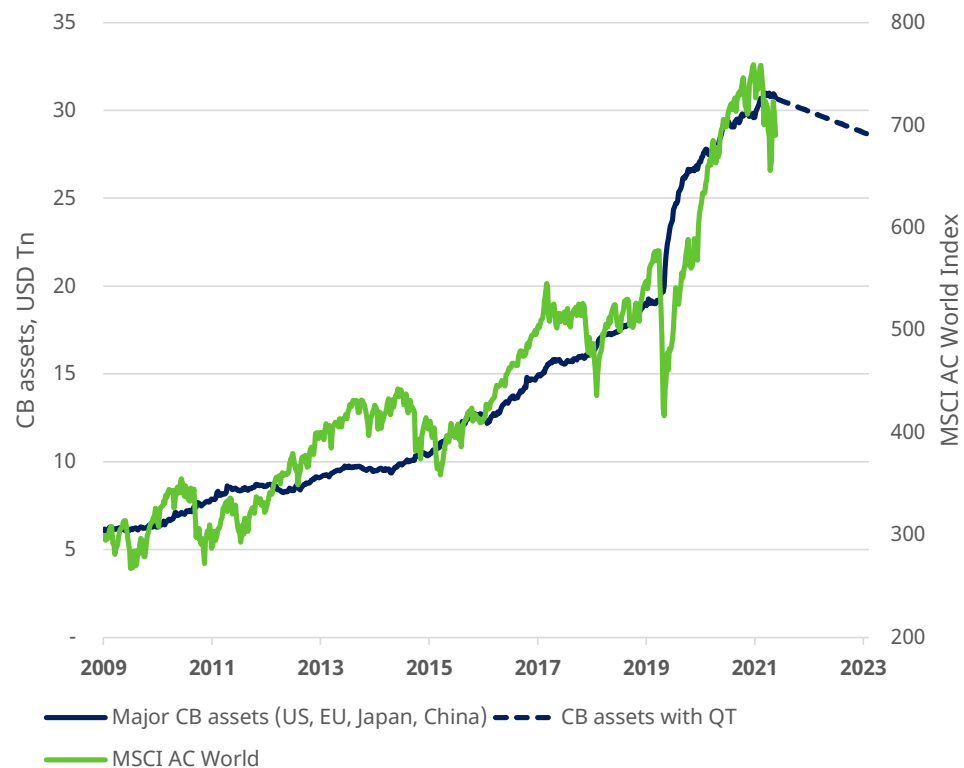
September 2022

For professional investors only. Not for retail clients

Jerome Powell has driven the equity market

95% correlation between major central bank assets vs MSCI AC World

Correlation between central banks / global market



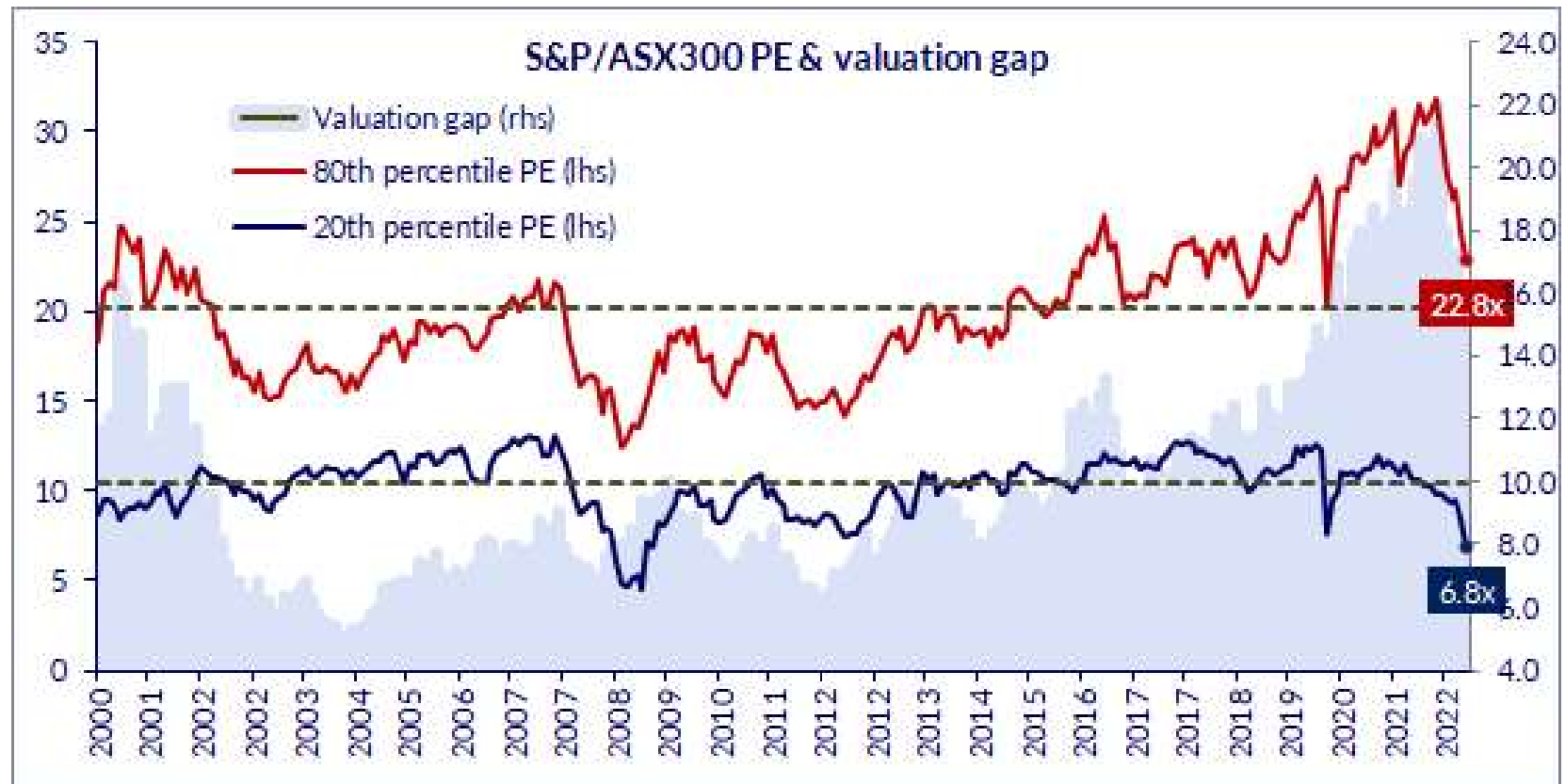
S&P 500 FY2 P/E multiple top and bottom quintiles



Source: Refinitiv / Schroders

Valuation dispersion remains high

The past decade is not normal

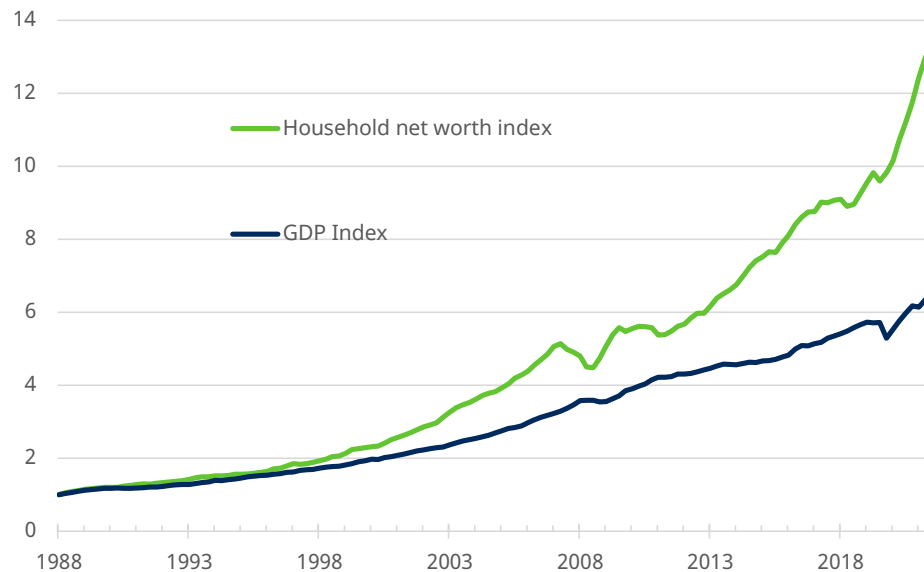


Source: CLSA, Refinitiv

‘Wealth’ is increasingly disconnected from the economy

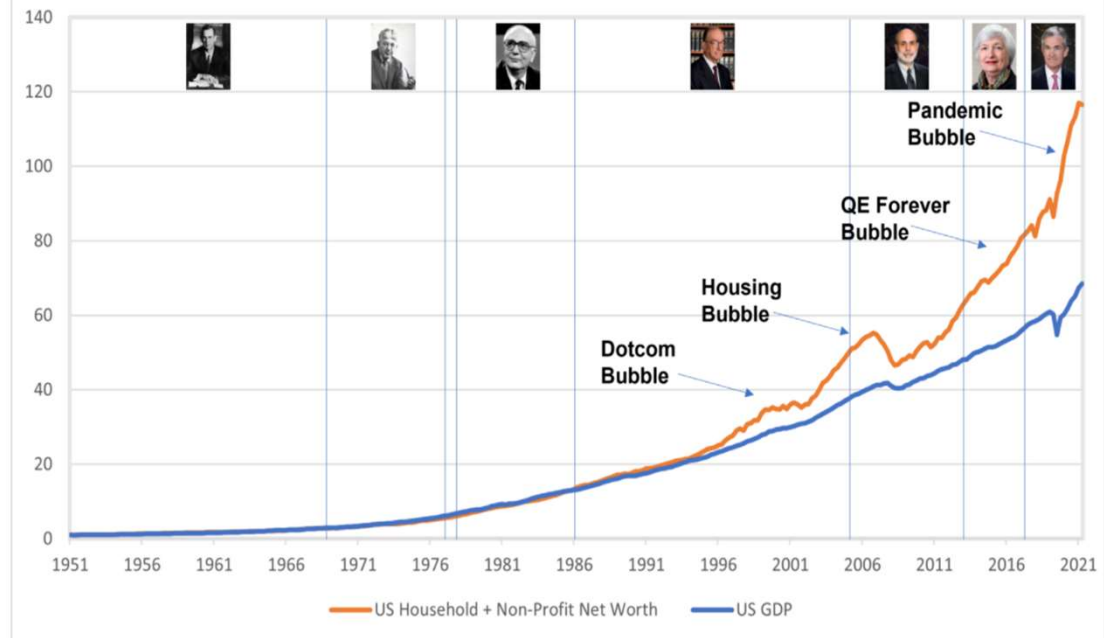
Cashflow supports wealth and the real economy provides the cashflow

Australian Household net wealth vs GDP
Nominal dollars 30/09/1988 = 1



US Wealth Growth vs. US GDP Growth

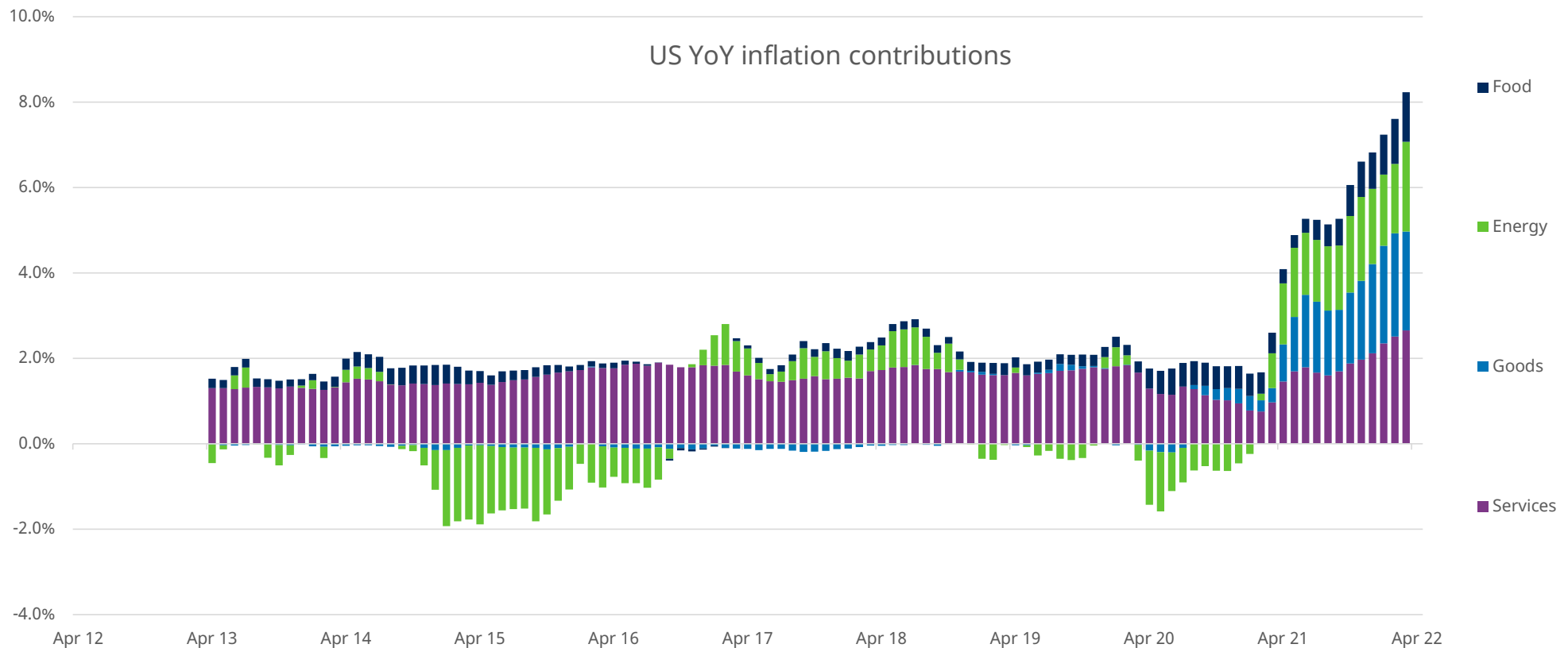
Oct. 1951 - Jan. 2022
Nominal USD, Oct. 1951 = 1



Source: Factset, ABS

Just when central banks were sure everything was fine

Inflation expectations are crucial

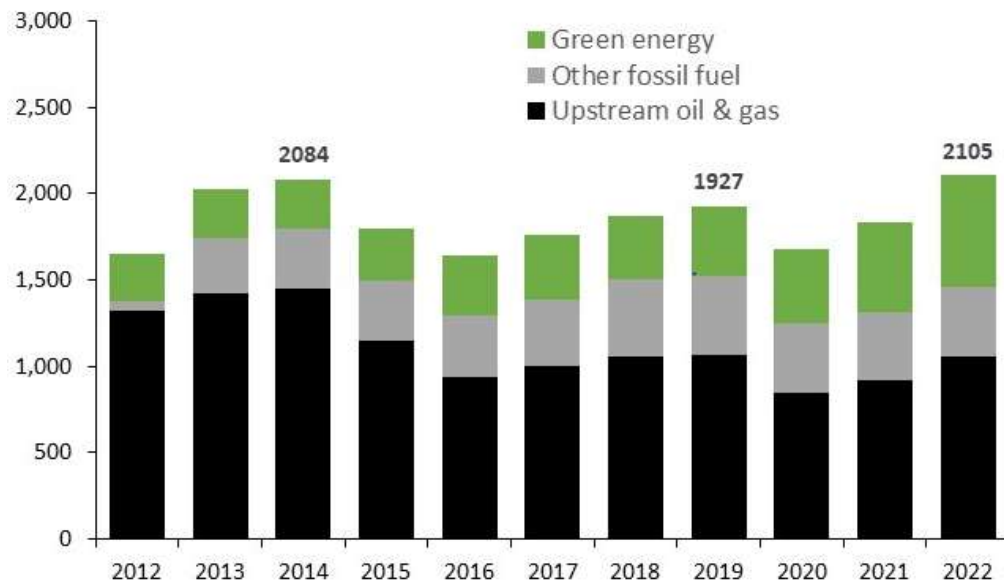


Source: Refinitiv, Datastream, US Bureau of Labor Statistics

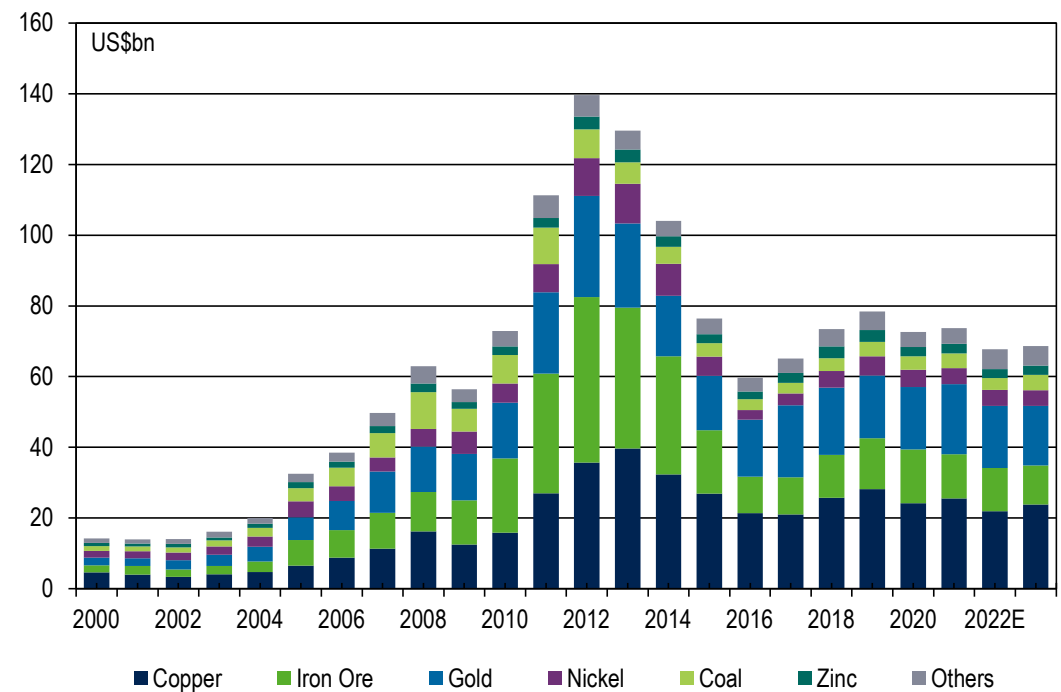
Subdued energy and mining spend is starting to bite

Decarbonisation requires a change in direction

Energy spending by sector (\$USbn)



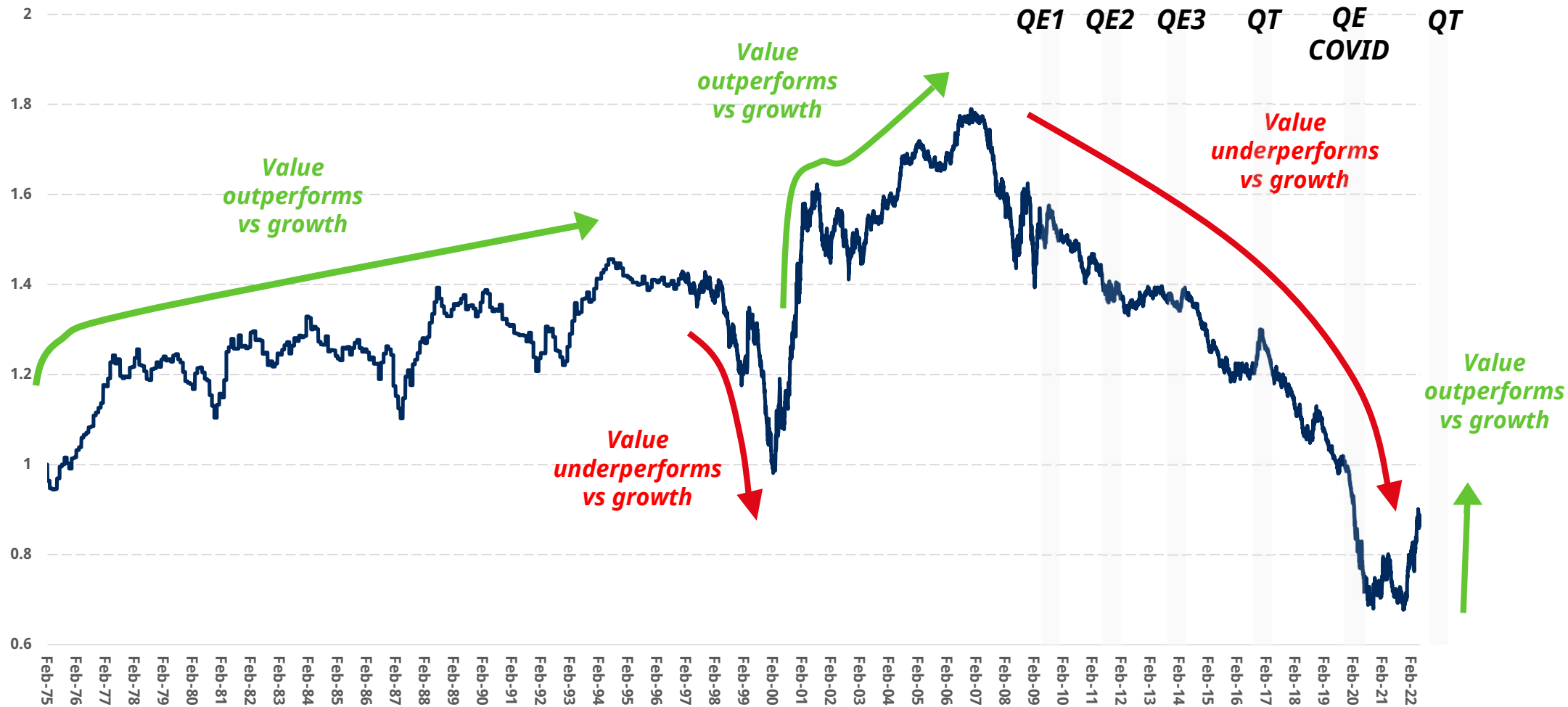
Global Mining Capex (\$USbn)



Source: Rystad Energy, Citigroup

Extrapolating the past decade may be unwise

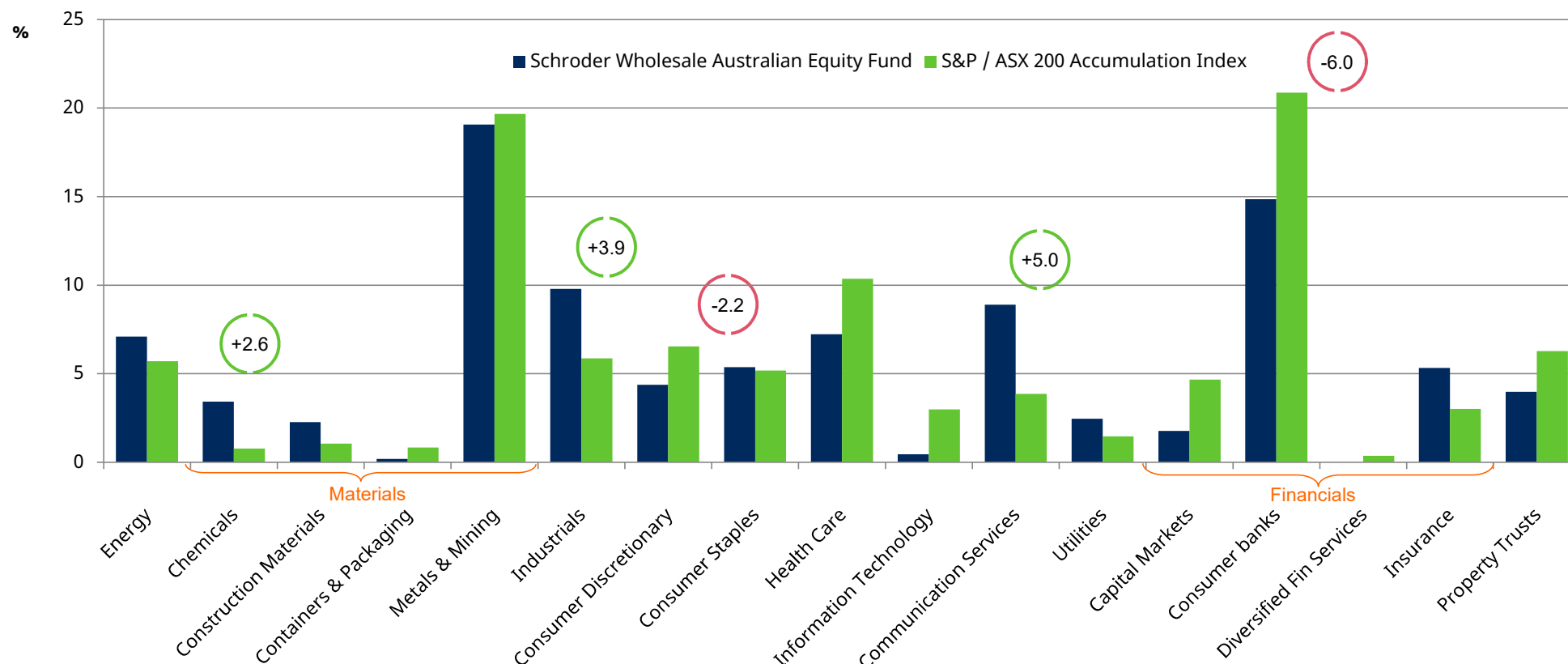
MSCI World Value vs MSCI World Growth



Source: Datastream, Schroders Research.

Schroder Australian Equities positioning

As at 31 July 2022



Source: Schroders, Aladdin

Disclaimer

This presentation is intended solely for the information of Wholesale Investors as defined under the Corporations Act by Schroder Investment Management Australia Limited (ABN 22 000 443 274, AFSL 226473) (Schroders). Investment in any of the Schroder Funds may be made on an application form in the Fund's Product Disclosure Statement available from Schroders. This presentation does not contain and should not be taken as containing any financial product advice or financial product recommendations. You agree not to pass on any credit rating and/or related research to a party who is not a Wholesale Client.

Schroders does not give any warranty as to the accuracy, reliability or completeness of information which is contained in this presentation. Except insofar as liability under any statute cannot be excluded, Schroders and its directors, employees, consultants or any company in the Schroders Group do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this presentation or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this presentation or any other person.

Total returns are calculated using exit price to exit price, after fees and expenses, and assuming reinvestment of income. Gross returns are calculated using exit price to exit price and are gross of fees and expenses. The repayment of capital and performance in any of the detailed funds are not guaranteed by Schroders or any company in the Schroders Group. Returns shown are before tax and fees and all income is reinvested.

You should note that past performance is not a reliable indicator of future performance. Opinions constitute our judgement at the time of issue and are subject to change. For security reasons telephone calls may be taped. Investment guidelines represented are internal only and are subject to change without notice.

Third party data including MSCI data is owned by the applicable third party identified in the presentation and is provided for your internal use only. Such data may not be reproduced or re-disseminated and may not be used to create any financial instruments or products or any indices. Such data is provided without any warranties of any kind. Neither the third party data owner nor any other party involved in the publication of this document can be held liable for any error. The terms of the third party's specific disclaimers, if any, are set forth in the Important Information section at www.schroders.com.au.