

All-Actuaries Summit

GETTING CLOSER
THINKING BIGGER

2-4 May
2022

Melbourne Convention
and Exhibition Centre
(Hybrid Event)



Actuaries
Institute



Equity market outlook

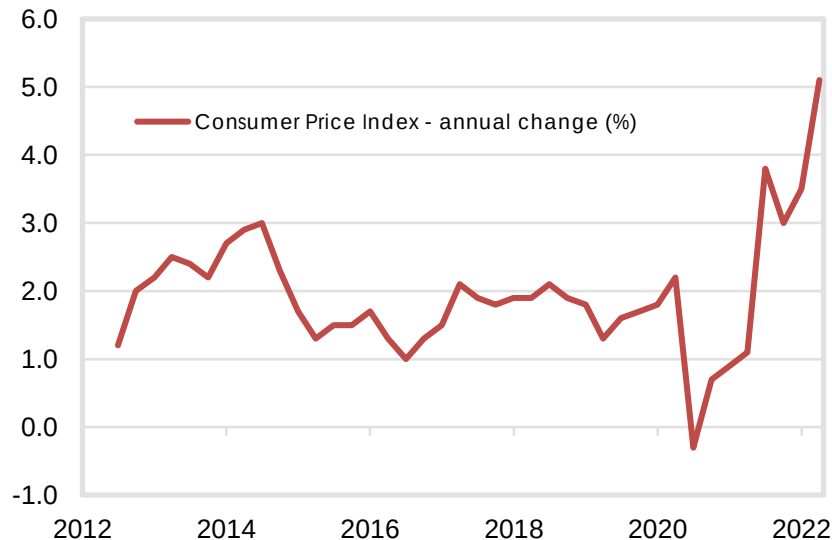
Jon Fernie
Chief Investment Officer



*This presentation has been prepared for the Actuaries Institute 2022 All-Actuaries Summit.
The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those
of the Institute and the Council is not responsible for those opinions.*

Higher inflation a concern

Inflation well above 2-3% target



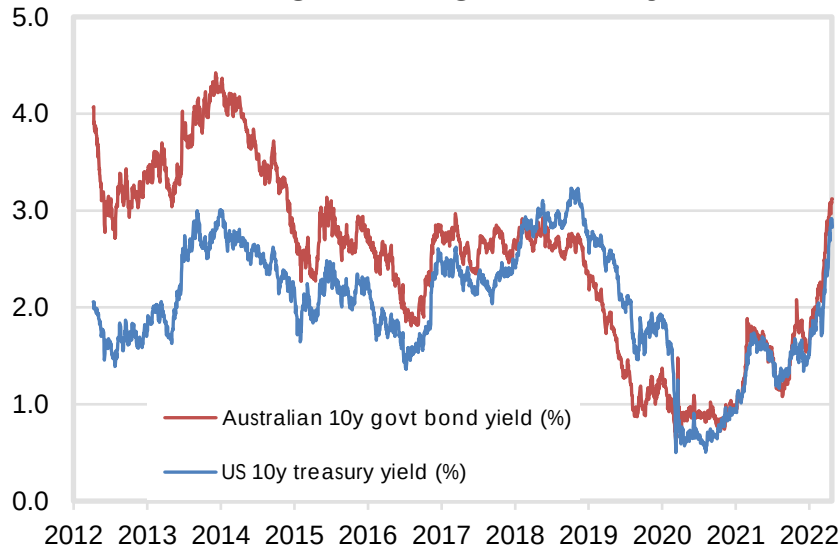
Source: Factset , Australian Bureau of Statistics as at 26/04/22

Broad-based inflation

Category	Annual % change
All groups CPI	5.1
Food and non-alcoholic beverages	4.3
Alcohol and tobacco	1.8
Clothing and footwear	-1.5
Housing	6.7
Furnishings, household equipment and services	4.9
Health	3.5
Transport	13.7
Communication	-0.8
Recreation and culture	3.0
Education	4.7
Insurance and financial services	2.7

Central banks hiking interest rates

Rise in longer term govt bond yields



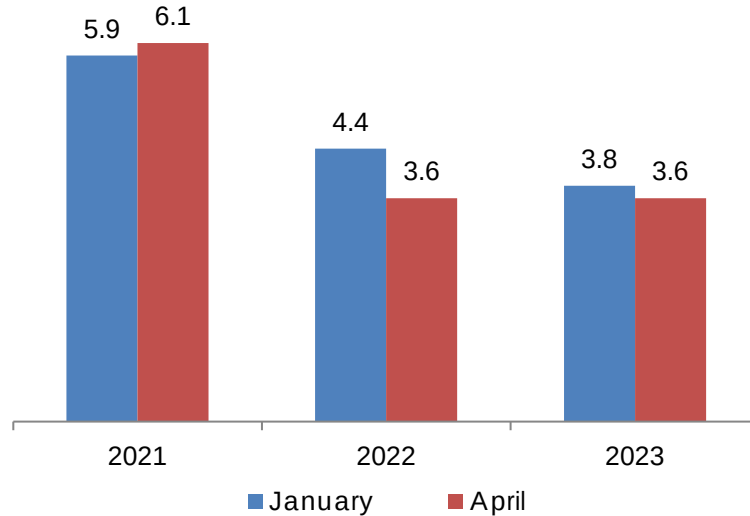
"It is appropriate in my view to be moving a little more quickly... I would say 50 basis points will be on the table for the May meeting"

- Federal Reserve Chairman Jerome Powell

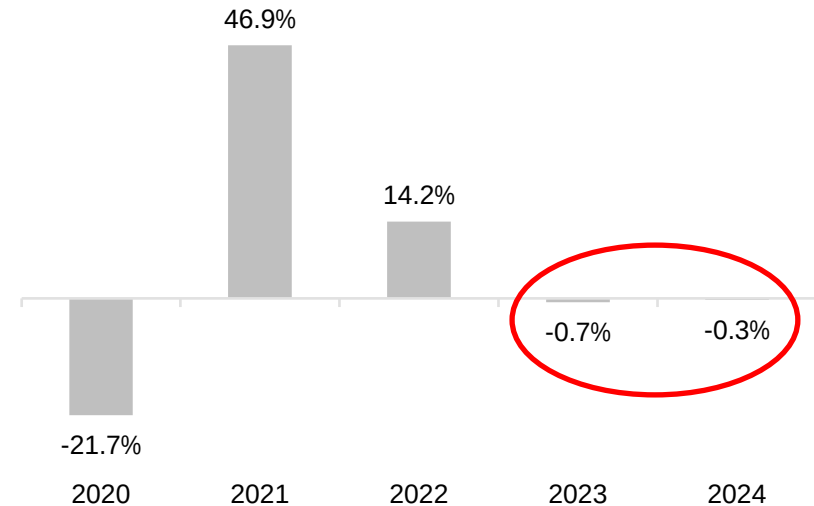
Source: Factset , Australian Bureau of Statistics as at 26/04/22

Growth to moderate

Global GDP growth forecasts



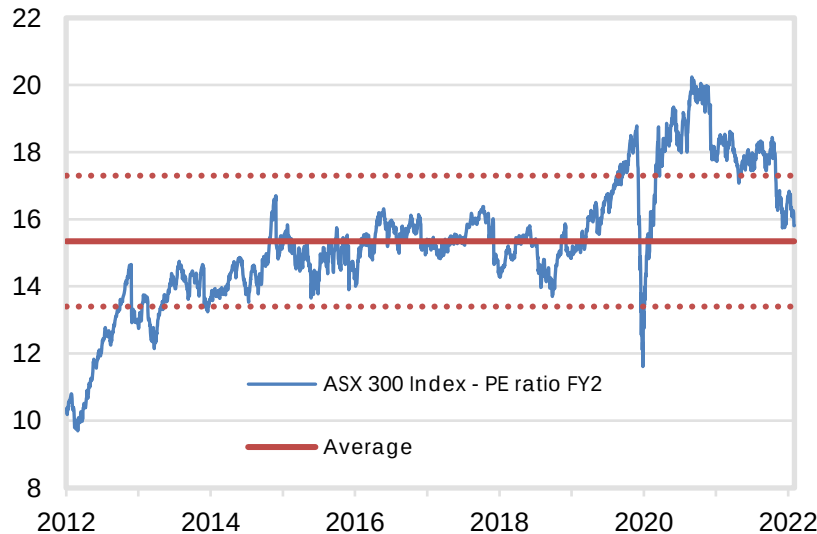
ASX 300 Index - EPS growth



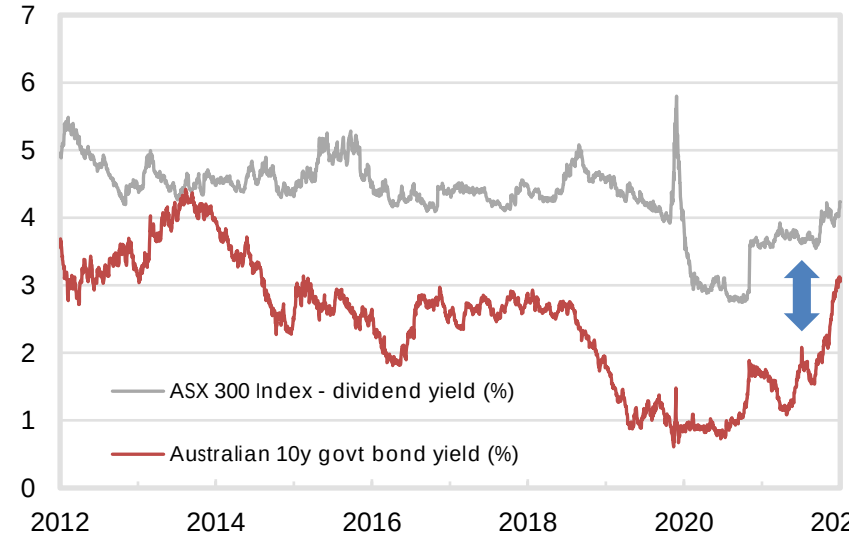
Source: International Monetary Fund, Factset consensus as at 26/04/22

Valuations better in absolute terms

Forward PE close to 10y average



Yield gap narrowing



Source: Factset consensus as at 26/04/22

Longer-term opportunities

Health & wellbeing



Circular economy



Decarbonisation



Automation & AI



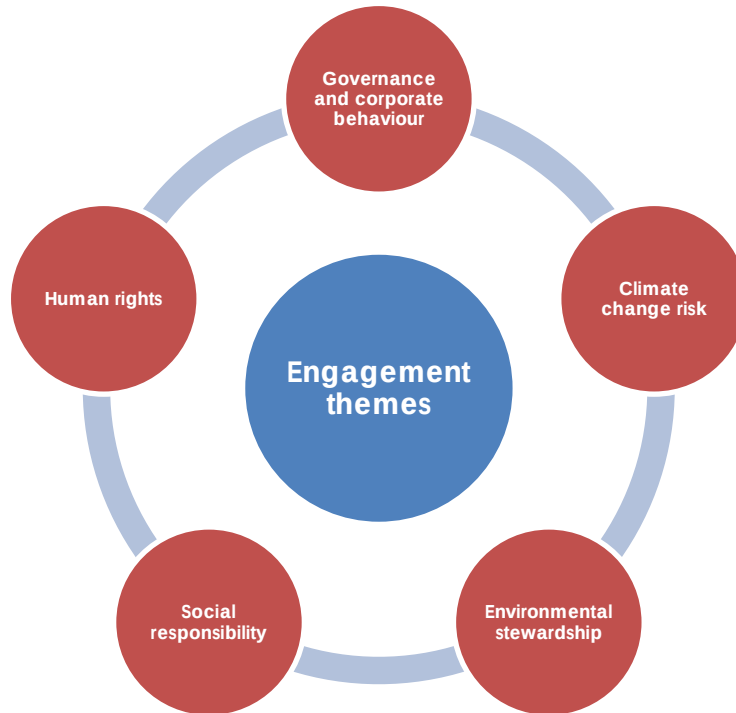
Smart & sustainable cities



Digitisation & connectivity



Active stewardship focus



Disclaimer

This presentation is provided by Uniting Ethical Investors Limited (a registered business name of Uniting Ethical Investors Limited ABN 46 102 469 821 AFSL 294147) in relation to the U Ethical International Equities Trust - Wholesale, U Ethical Australian Equities Trust - Wholesale, U Ethical Diversified Income Trust – Wholesale, U Ethical Enhanced Income Trust - Wholesale, U Ethical Cash Management Trust - Wholesale, U Ethical Australian Equities Trust - Retail, U Ethical Cash Management Trust - Retail and the U Ethical Growth Portfolio. In particular, the U Ethical Australian Equities Trust – Retail and U Ethical Cash Management Trust - Retail are issued and managed by U Ethical as the Responsible Entity.

The information provided is general information only. It does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any U Ethical Funds of which U Ethical is the Manager, Administrator, Issuer, Trustee or Responsible Entity. This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Product Disclosure Statement (PDS), Information Memorandum (IM) or Offer Document which can be found on our website www.ueethical.com or by calling us on 1800 996 888. U Ethical may receive management fees from the U Ethical Funds (see the current PDS, IM, or Offer Document). U Ethical, its affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any U Ethical Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any U Ethical Fund. Past U Ethical Fund performance is not indicative of future performance. The U Ethical Growth Portfolio is not prudentially supervised by the Australian Prudential Regulation Authority (APRA). Therefore, an investor in the U Ethical Funds will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. The U Ethical Growth Portfolio is listed as a religious charitable development fund in APRA's Banking Exemption. Investments in the U Ethical Growth Portfolio are used to support charitable purposes. We are required to notify investors that the debentures in the U Ethical Growth Portfolio and its offering are not subject to the usual protections for investors under the Corporations Act or regulation by ASIC and have not been approved or examined by ASIC. Investors in the U Ethical Growth Portfolio may be unable to get some or all of their money back when the investor expects or at all. Investment in the U Ethical Growth Portfolio is not comparable to investments with banks, finance companies or fund managers. The U Ethical Growth Portfolio is issued by UCA Growth Fund Limited ABN 39 075 948 435 (UCA Growth). UCA Growth relies on the exemptions under sections 5(1) and 5(2) of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.



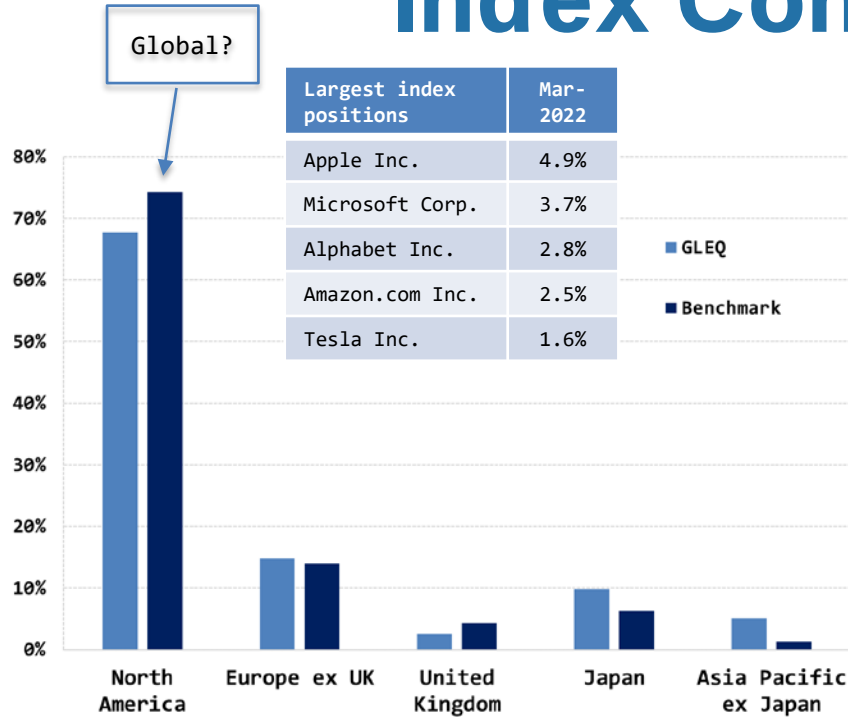
Equity Factor Rotation

Roger McIntosh
Partner, Quantitative Strategies

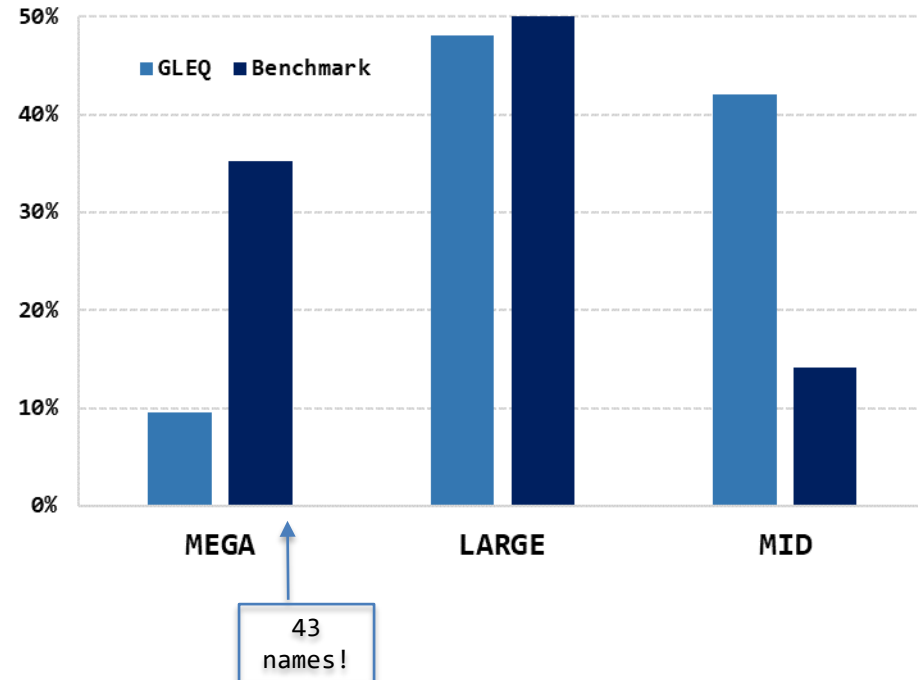
© Sayers Wealth Pty Ltd

*This presentation has been prepared for the Actuaries Institute 2022 All-Actuaries Summit.
The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those
of the Institute and the Council is not responsible for those opinions.*

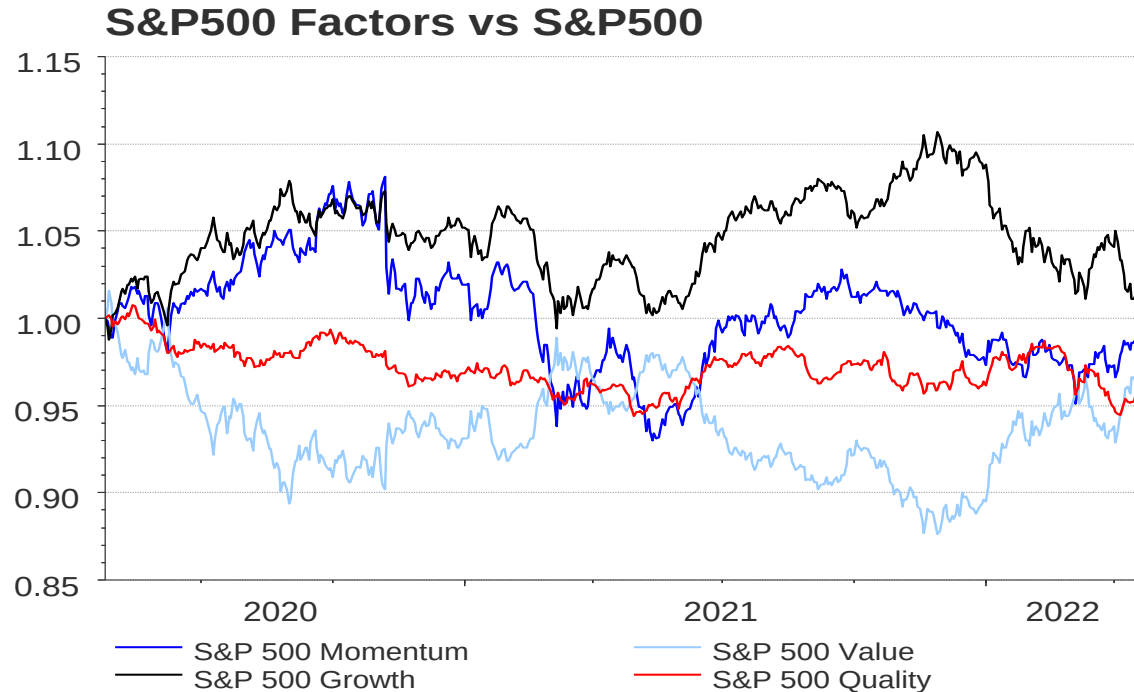
Index Concentration?



Source: Refinitiv



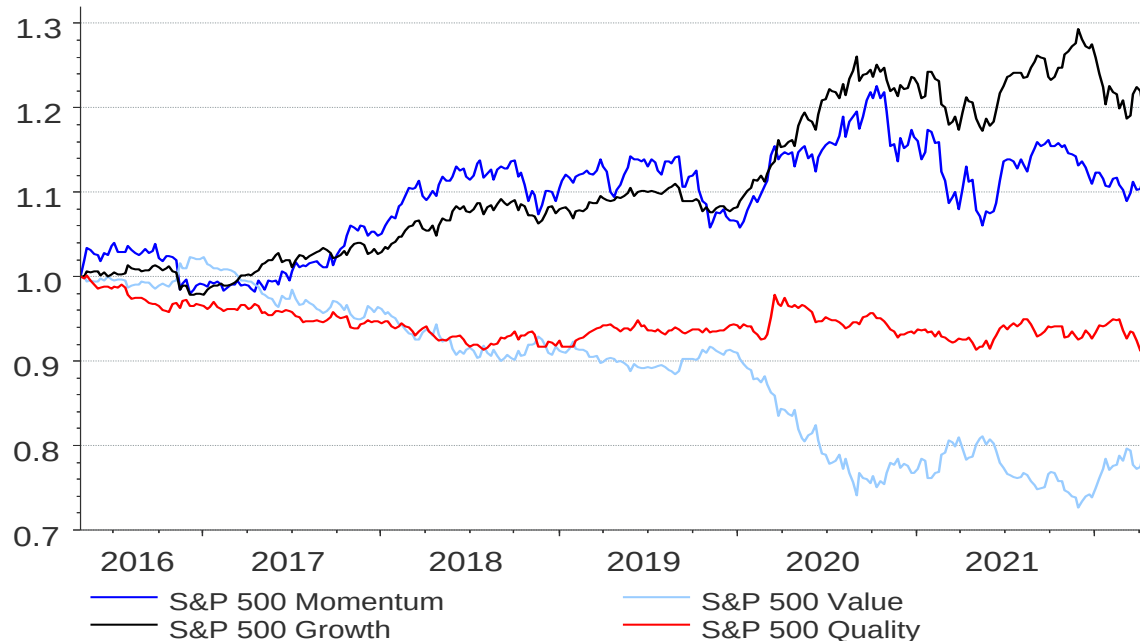
Factor Rotation



Source: Refinitiv Datastream/Fathom (Note: Past Performance is not a reliable indicator of future performance)

Factor Rotation

S&P500 Factors vs S&P500

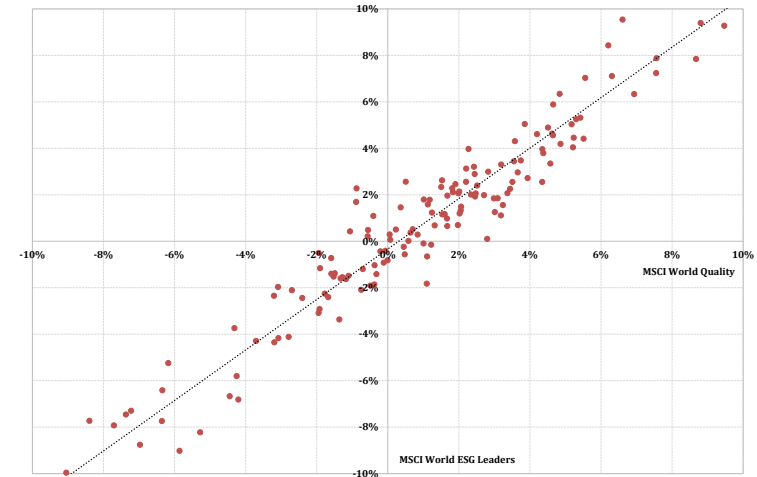


Source: Refinitiv Datastream/Fathom (Note: Past Performance is not a reliable indicator of future performance)

Value
factor
rebounding
->
significant
gap
remains for
how long?

ESG factors in other alpha sources?

USD Monthly Gross Total Returns



- MSCI World Enhanced Value vs Momentum: $\rho \sim 0.63$
- MSCI World Quality vs World ESG Leaders: $\rho \sim 0.94$

ESG Current State of Play

ESG challenges:

- Regional Incomparability
- Size – Large Cap bias vs Small Cap coverage; typically limited ESG coverage of Small Caps and Emerging Markets
- Equities focused; What about Fixed Income & Private Equity?
- Assets with poor G may still exhibit strong alpha from other sources (eg some US Tech stocks)
- How best to balance competing investment objectives?

ESG analysis requires robust ongoing ex-post analysis & justification like any other alpha source

Disclaimer

This document has been prepared without consideration of any persons' investment objectives, financial situation or needs. The document is for wholesale investors only and is general advice only. Before acting on any advice or information contained in this document, Sayers Wealth Pty Ltd | AFS Licence No: 525093 (Sayers Wealth) recommends that you obtain professional advice based on your personal circumstances. Whilst this document is based on the information from sources which are considered reliable, Sayers Wealth, its directors, and employees, do not represent, warrant, or guarantee, expressly or impliedly, that the information is complete or accurate as at the date of publication. This document is not authorised for publication outside of Australia.

This document has been prepared by Sayers Wealth in good faith, but no independent verification has been made, nor is its accuracy or completeness guaranteed. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation or needs. Past performance is not a reliable indicator of future performance."

Q&A