
EPISODE 389
Nucleus Wealth
STOCK MARKET LOOKS EXPENSIVE? BLAME THE GIANTS

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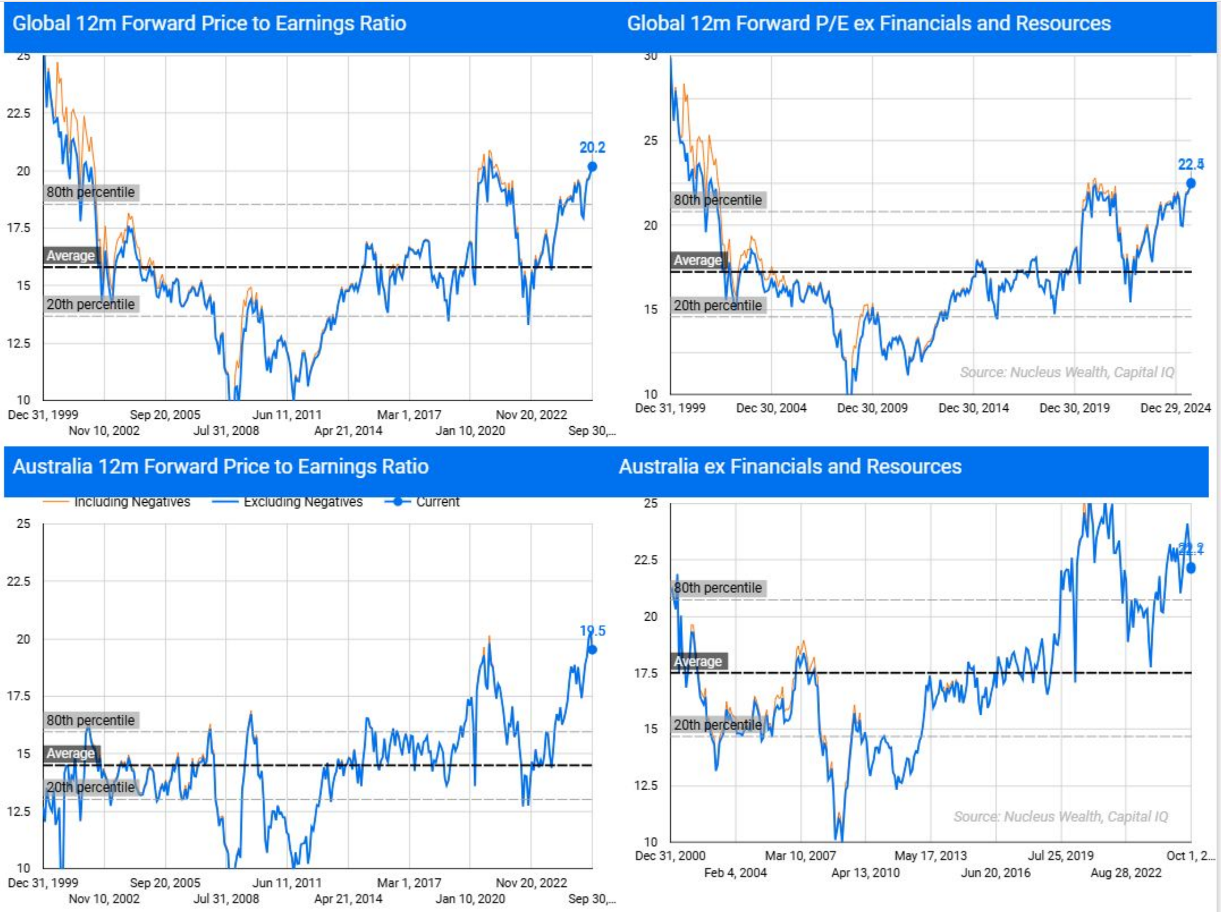
Agenda:

- Company earnings can be dramatically different to GDP growth. Currently, earnings look far stronger than the US economy.
- Politics in the US is fraught. The current trajectory is toward a considerably more dictatorial regime. That doesn't mean a weaker economy/stock market. But extended government shutdowns and civic strife would.
- Regulations have been removed. Potentially enough to create future risks for consumers. But, company earnings will be higher.
- Tariffs are pushing up inflation, and reduced immigration is pushing up wages - both short term effects. But a weaker economy reduces the medium term risk.
- Governments around the world seem much more comfortable spending money and going into debt. Long term yields are rising, increasing the capital cost for companies. But, company profits are likely to be the key beneficiary.
- Valuations are extended. But, only really for a handful of the largest stocks. Small, medium stocks are arguably below average in valuation. And the largest stocks have the best growth.

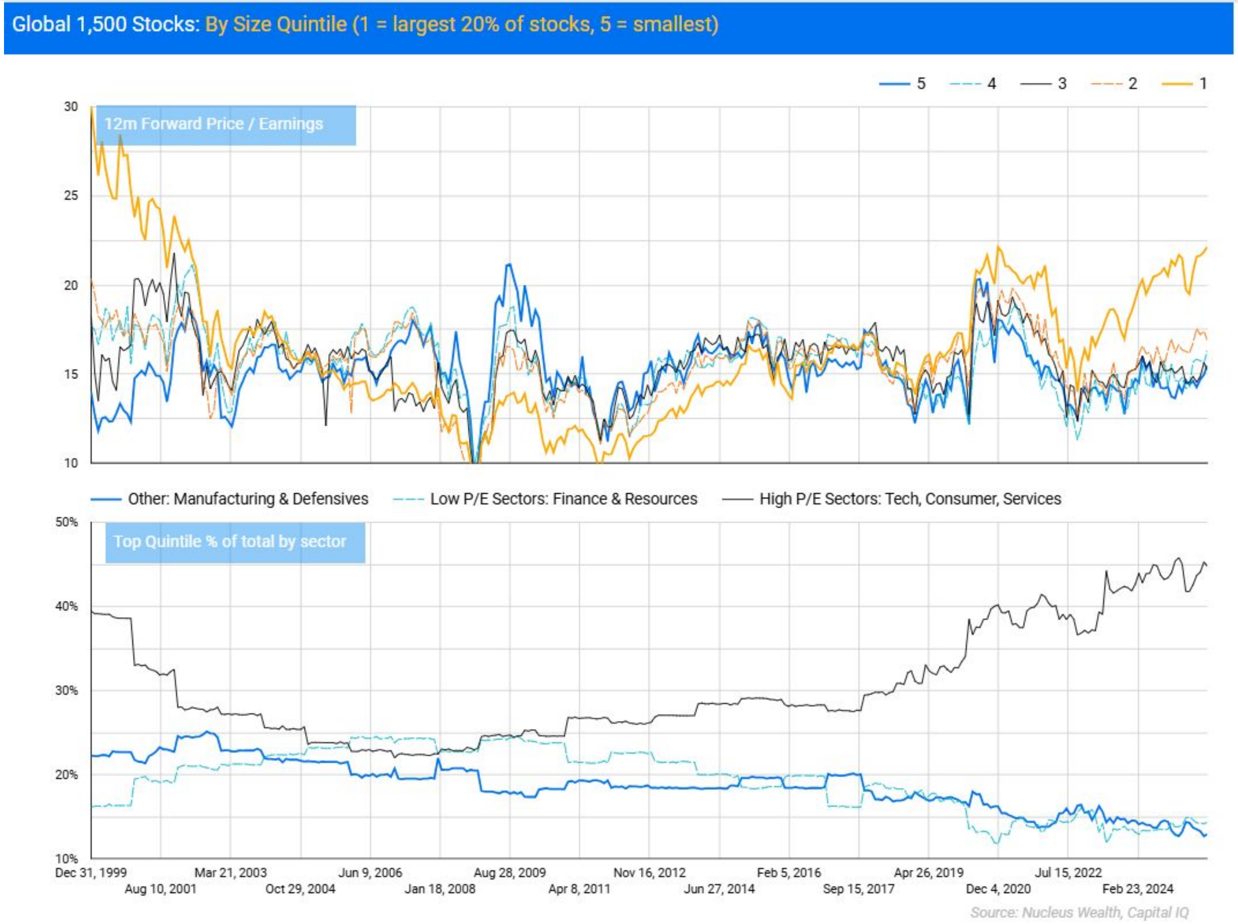
Stocks are expensive:



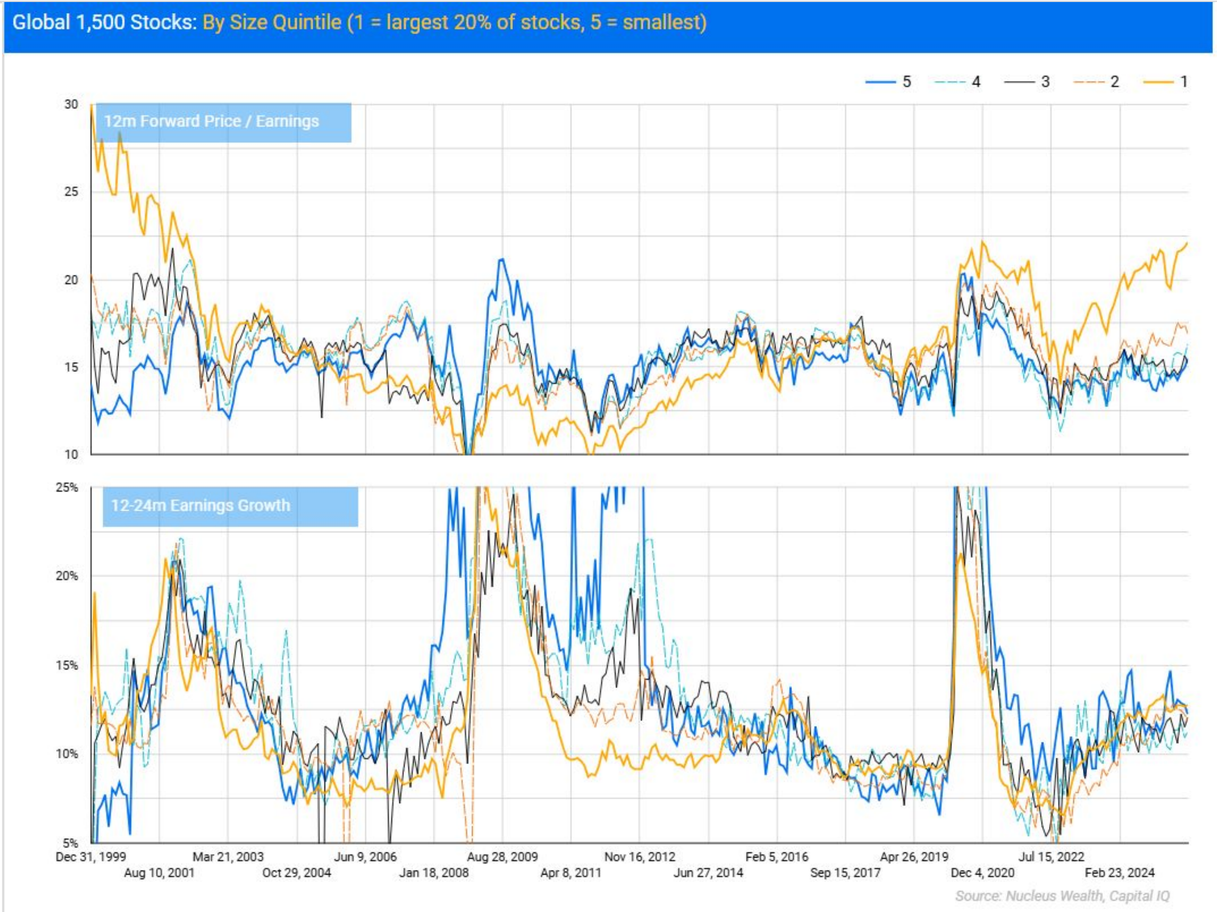
Stocks are expensive: But only really the largest

Global 1,500 Stocks: By Size Quintile (1 = largest 20% of stocks, 5 = smallest)

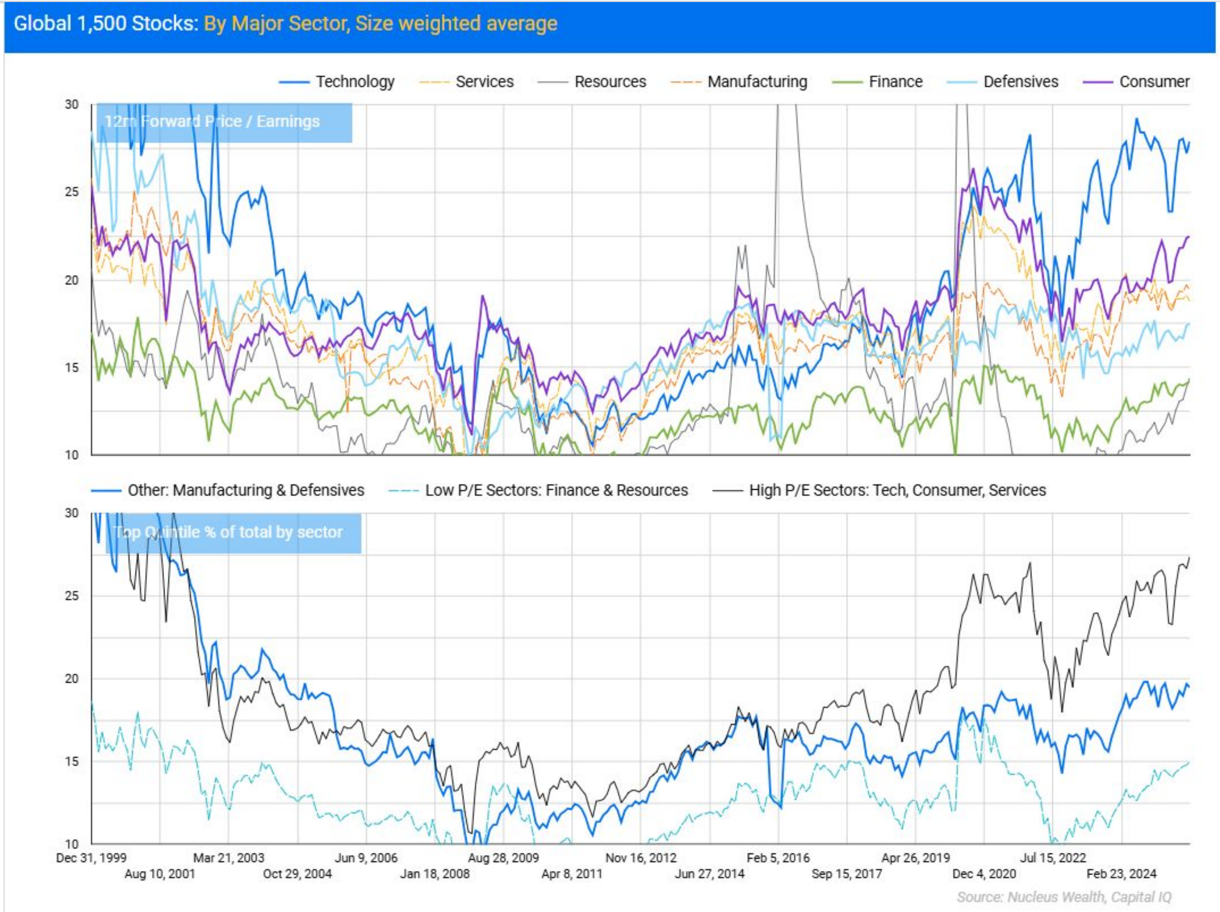
Stocks are expensive: Some of this is sector specific



Stocks are expensive: Could it be growth?



Stocks are expensive: Sector based P/Es



Other

- Median doesn’t really change the story
- This is global. US vs other countries arguments I don’t really buy.
- Many other countries are cheaper. But how much of this is just that they aren’t part of the same basis

Europe & Japan

Investment Outlook:

- Company earnings can be dramatically different to GDP growth. Currently, earnings look far stronger than the US economy.
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Investment Outlook

- I let earnings and revisions guide exposure. The GDP–earnings disconnect is as wide as I’ve seen in years. Macro landmines exist, but if earnings grind higher, equities can hold even as yields shift.

Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change | War | Human Rights | Health

Vices | Animal Rights | Religion | Asset Class

Thematic

Climate Change

- [ ] No Fossil Fuels (Worst Offenders)
- [ ] No Fossil Fuels (Any)
- [ ] No Coal Seam Gas or Fracking
- [ ] No Nuclear Power
- [ ] No Old Growth Forest Logging

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change | War | Human Rights | Health | Vices
Animal Rights | Religion | Asset Class | Thematic

- No Fossil Fuels (Worst Offenders)
- No Fossil Fuels (Any)
- No Coal Seam Gas or Fracking
- No Nuclear Power
- No Old Growth Forest Logging

Tilts

You can add the below to customise your portfolio

Investment Style Factors | Climate Change | Technology
Consumption | Commodities | Military | GICS Sectors

- Quality Stocks
- Value Stocks
- Growth Stocks
- Defensives

Personalise your portfolio now ›

Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- **Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts

Quality Stocks	Value Stocks	Growth Stocks
Oil & Gas Stocks	Gold Stocks	Agribusiness
Large Technology Stocks	Cloud Computing Stocks	Robotics/AI
Video Gaming	Cybersecurity	Clean Energy
Defensives	Battery Supply Chain	Nuclear Power
Defense Contractors	Travel	Luxury Goods
Logistics	Global Communication Services	Global Consumer Discretionary
Global Consumer Staples	Global Energy	Global Financials
Global Health Care	Global Industrials	Global Information Technology

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