

# Firetrail

*Invest with Conviction*

Anthony Doyle

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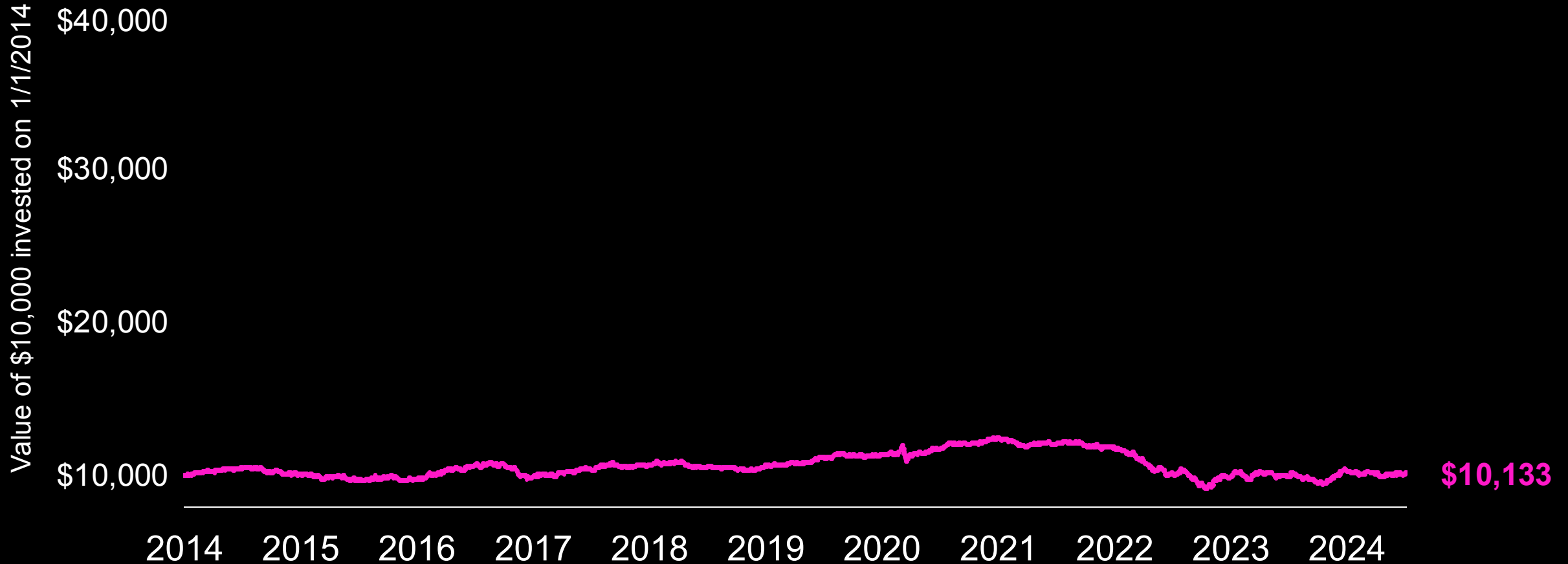
Head of Investment Strategy



# *Triumph of the Optimists*

# Bonds have been safe

Inflation means they have gone backwards in real terms



Source: Firetrail, Bloomberg, July 2024. Global Equities = MSCI World Net Total Return (AUD) Index.  
Global Bonds = Bloomberg Global-Aggregate Total Return Index Unhedged AUD. Rebased to \$10,000 on 1/1/2014.

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# The equity investor's patience is rewarded

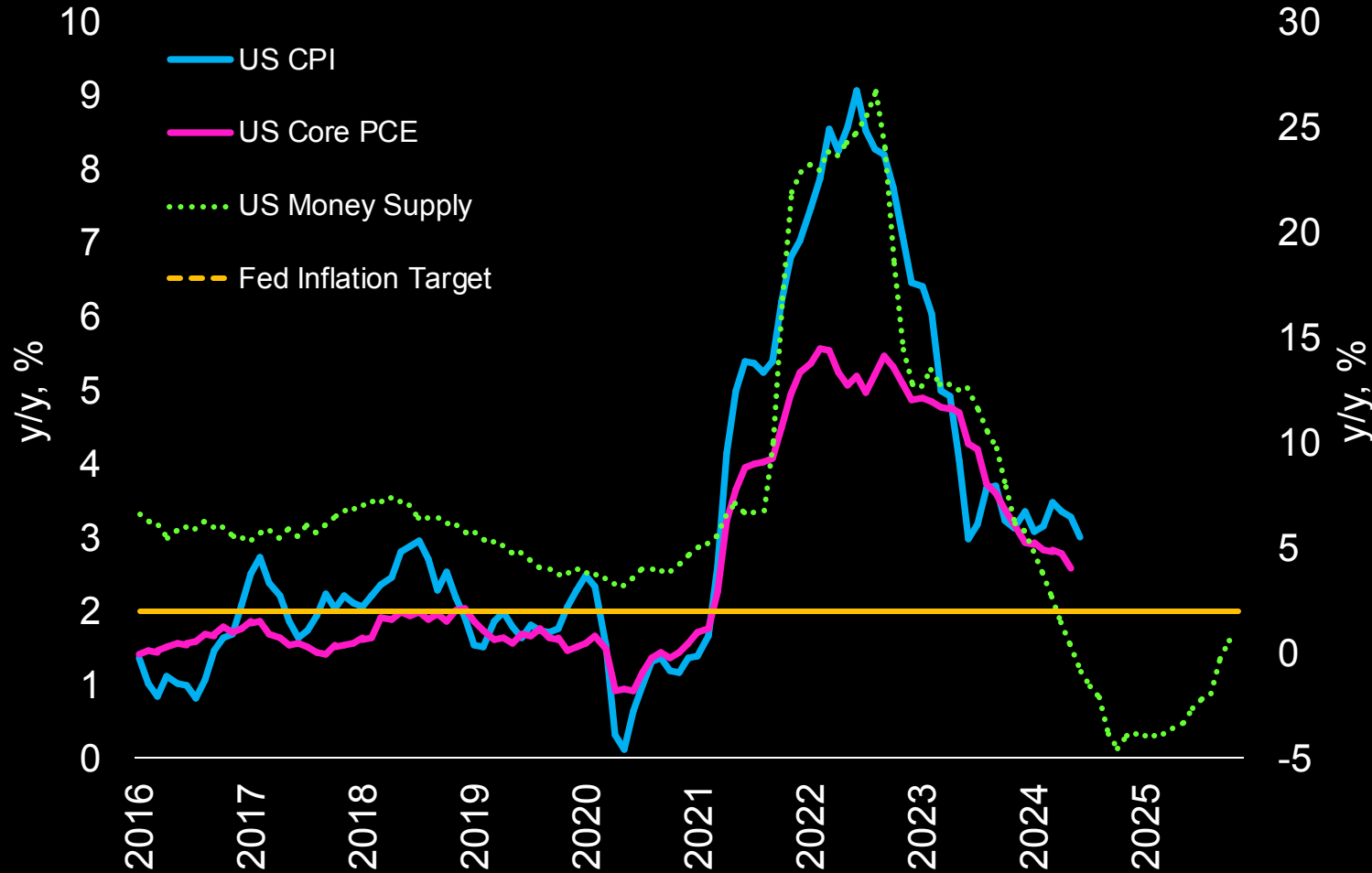
Humans are hardwired to look out for negative information



Source: Firetrail, Bloomberg, July 2024. Global Equities = MSCI World Net Total Return (AUD) Index. Global Bonds = Bloomberg Global-Aggregate Total Return Index Unhedged AUD. Rebased to \$10,000 on 1/1/2014.

# Inflation is falling to more comfortable levels

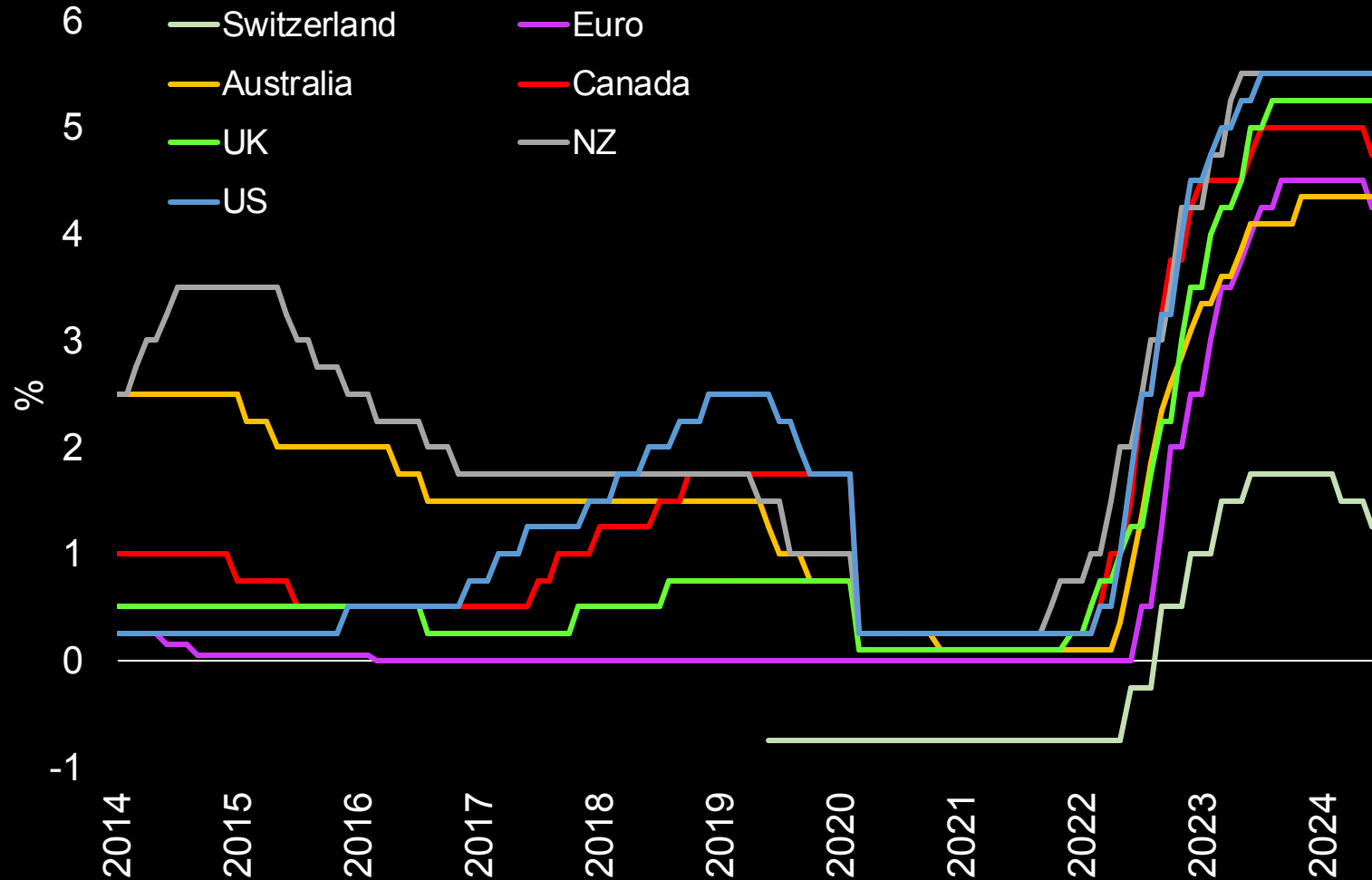
Moving in the right direction



- Inflation is a monetary phenomenon
- Fed's 2% target is in sight
- "We don't need to be in a hurry to cut"

# Central banks have policy ammunition

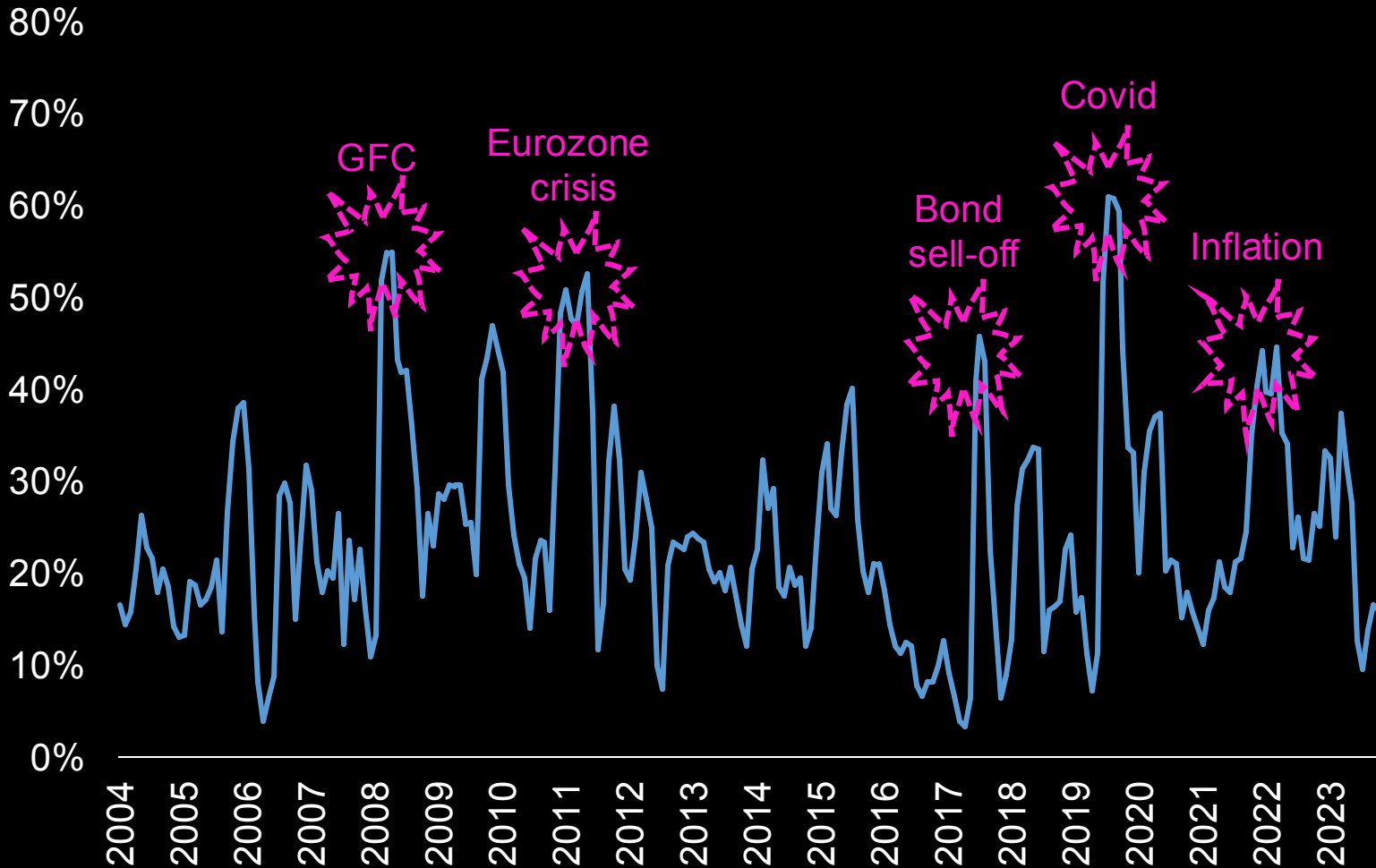
Some have begun cutting rates



- Central banks have done a good job
- Can cut aggressively if needed
- Expanded policy toolkit

# Stocks and sectors and moving more independently

MSCI World average pairwise correlation



- More opportunities across the market
- Opportunity to diversify
- Valuations more compelling

**1** Beware of bad news

**2** Tailwinds for risk assets

**3** Stock picking environment



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