

# INVESTING IN A TREACHEROUS WORLD

**JON MALMSÄTER**

12 OCTOBER 2017

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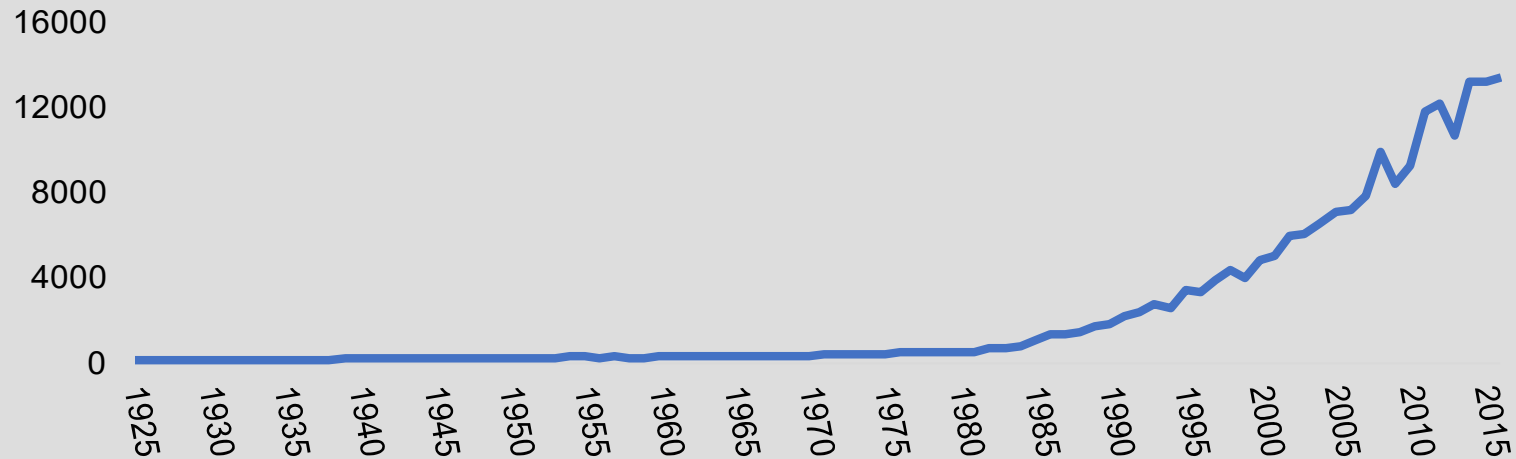
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- When things are so good they cannot get better,  
they very seldom do....

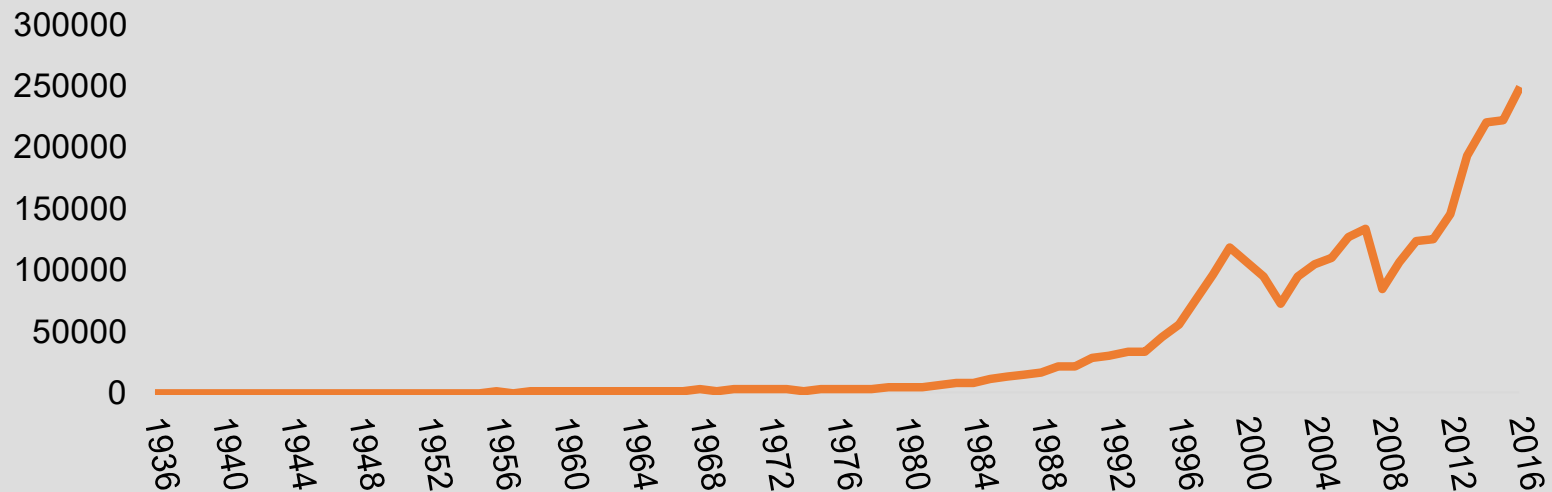
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IA SBBI US LT Govt TR USD



S&P 500 TR USD (1936)

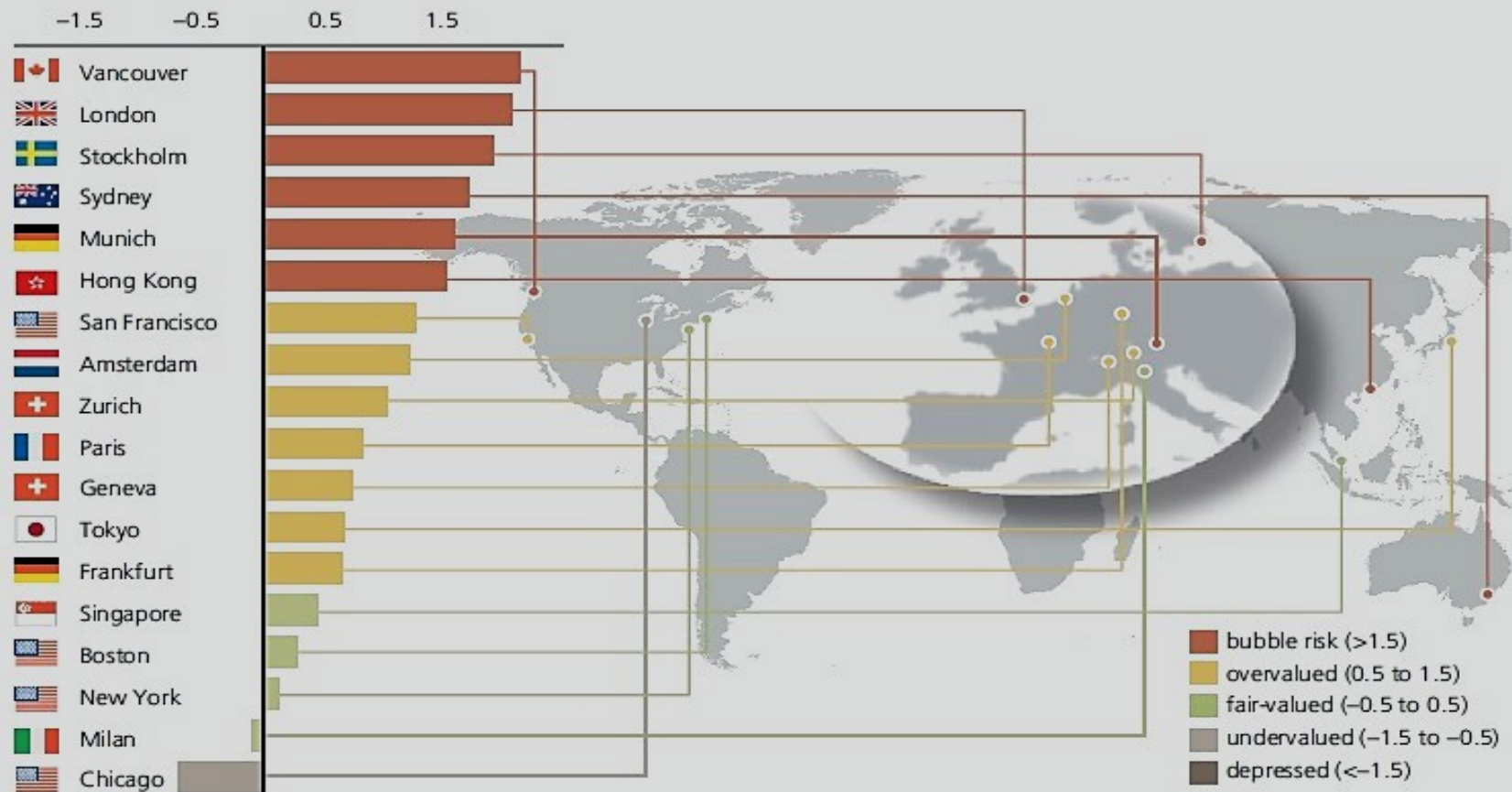


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### UBS Global Real Estate Bubble Index

Latest index scores for the housing markets of select cities



Source: UBS. Remark: For explanation see the section on Methodology & data on page 17.

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The positive effects of globalisation, deregulation, automation and transparency on investment returns have been absolutely **MASSIVE!**

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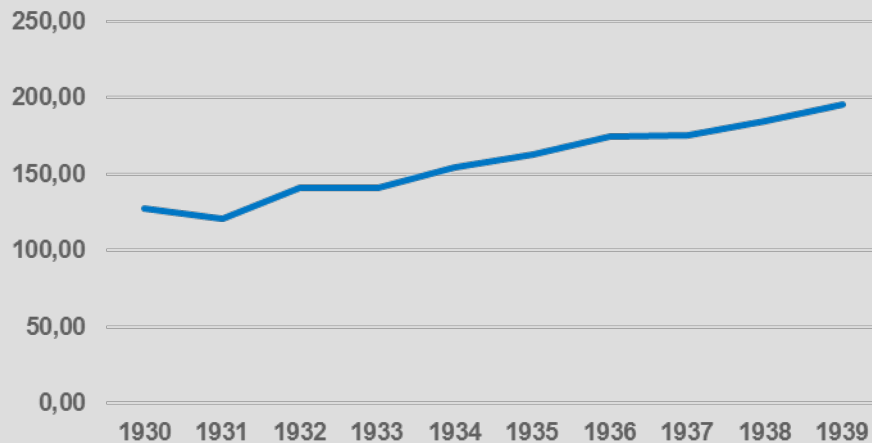
### **A Treacherous World:**

- Rise of authoritarian, nationalistic leaders: Russia, the US, (the UK), Poland, Hungary and the Phillipines.
- Nationalists in the Bundestag, chaos in Spain.
- Risk of nuclear war.
- Russian meddling in Western elections, 1970's redux.
- The world-wide extreme monetary stimulus ending.
- Valuations challenging to say the least: (Über, Snap, Amazon and Facebook).
- Negative Sovereign Yields.

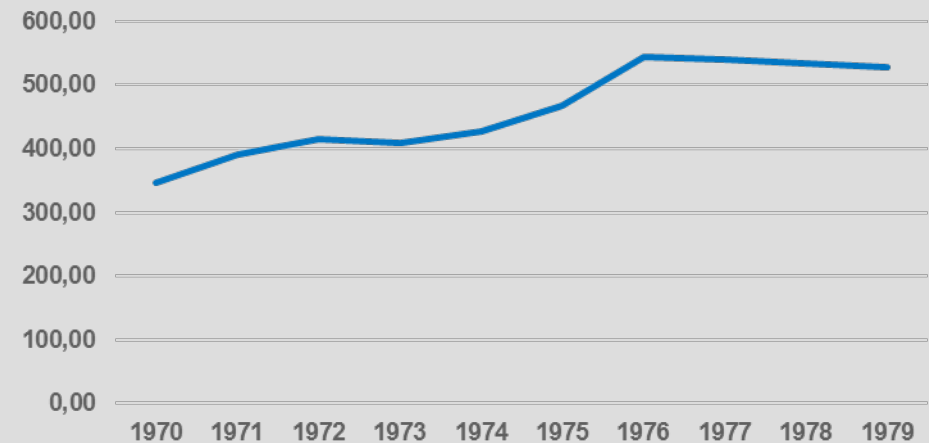
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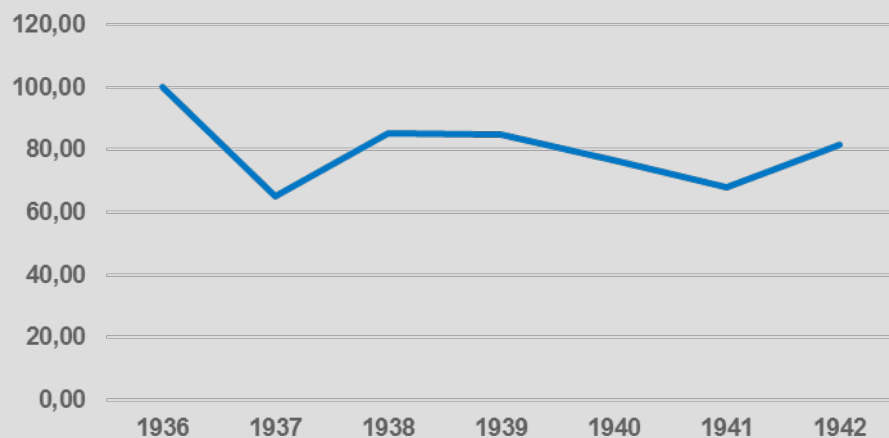
### ● Bonds 30's



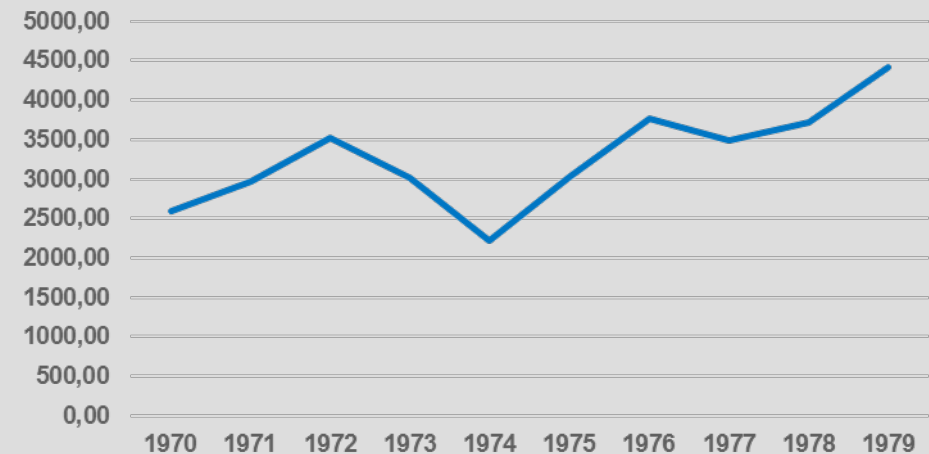
### ● Bonds 70's



### ● Stocks 1936-1942



### ● Stocks 70's



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### How to make money:

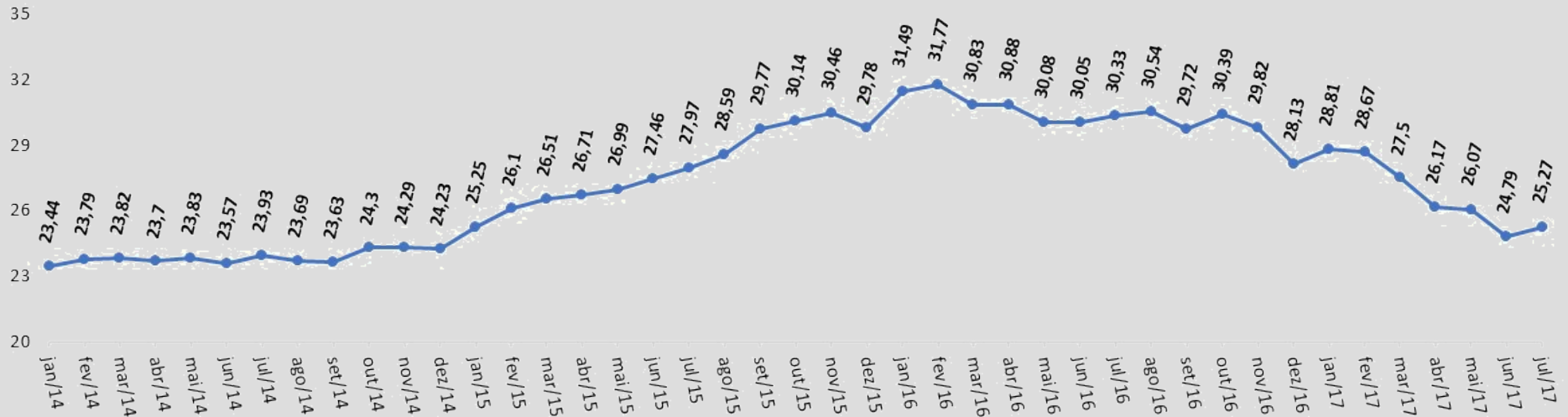
- Old yardsticks will not work
- "All trades go to value"
- Seek outstanding risk adjusted absolute returns
- Avoid "crowded trades"
- Banking still needed, banks have, however, stopped doing business
- Keep innovating by automation



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Average Interest Rate New Non Financial Transactions



New Transactions Non-Financial Companies - BILLION BRL



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