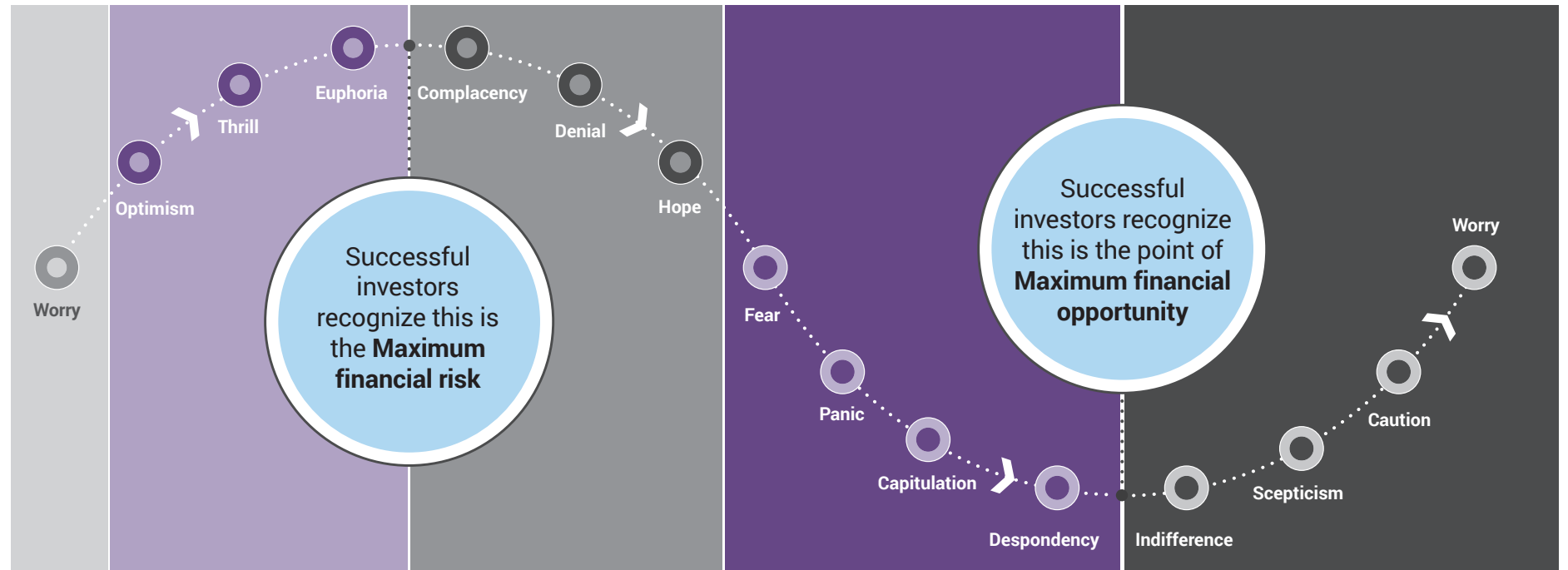


The Cycle of Market Emotions



| | OPTIMISM | THRILL | EUPHORIA | COMPLACENCY | DENIAL | HOPE | PANIC | CAPITULATION | DESPONDENCY | SCEPTICISM | CAUTION | WORRY |
|------------------------------|--|--------|----------|--|--------|------|--|--------------|-------------|---|---------|-------|
| Market Cycle Return 1 | 25% NOV 1971 - DEC 1972 › Inflationary pressures. Productivity improvements. › Rapid corporate earnings growth. › Introduction of paperless technology. | | | -19% JAN 1973 - NOV 1973 › OPEC Oil crisis - crude oil prices tripled. Inflation. › Credit squeeze. › Property company failures. | | | -27% MAR 1974 - NOV 1974 › Global recession. › Extended bear market. | | | 36% DEC 1974 - JUN 1975 › Share market recovery despite recession. | | |
| Market Cycle Return 2 | 119% AUG 1984 - AUG 1987 › Credit Boom. › Strong world economic growth. | | | -2% SEP 1987 › Irrational shareholder sentiment. › Peak of overinflated share values vs historical PEs. | | | -28% OCT 1987 - NOV 1987 › 1987 Global stock market crash. | | | 53% NOV 1987 - DEC 1989 › Share market recovery as value hunters sought to buy quality stocks cheaply. | | |
| Market Cycle Return 3 | 90% APRIL 97-SEP 2000 › Tech boom. Investor exuberance. › Emergence of 'new economy' sectors. | | | -28% OCT 2000 - SEP 2001 › Tech wreck. › September 11 Terrorist Attacks. | | | -24% MAR 2002 - FEB 2003 › Reduced global economic growth forecasts. › Extended bear market. › Corporate accounting scandals. | | | 42% MAR 2003 - MAY 2005 › Geopolitical uncertainty. › Refocus on world economic fundamentals. › Boom in resources in response to industrialisation of China. | | |
| Market Cycle Return 4 | 22% JUN 2005 - JUL 2007 › US home prices hit highs. › Credit boom. › Higher interest rates. | | | -20% AUG 2007 - SEP 2008 › Credit crunch. Sub-prime mortgage crisis. CDO failures. › Lehman Brothers declares bankruptcy. | | | -37% OCT 2008 - FEB 2009 › Global financial crisis. › US and European recessions. Negative real GDP reported for major developed countries in Q4 2008. | | | 174% MAR 2009 - OCT 2014 › Global share market recovery. › Deleveraging, slow economic growth. | | |
| Market Cycle Return 5 | 35% NOV 2014 - JUN 2018* | | | * Latest month-end data available at the time of publishing as at 28 February 2018. Market cycle returns calculated using S&P500 Price Index (in USD). Indexes are unmanaged, cannot be invested in directly, and do not take into account any fees and costs associated with an actual investment. | | | | | | | | |

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