



# **STOCKS IN THE DOCK**

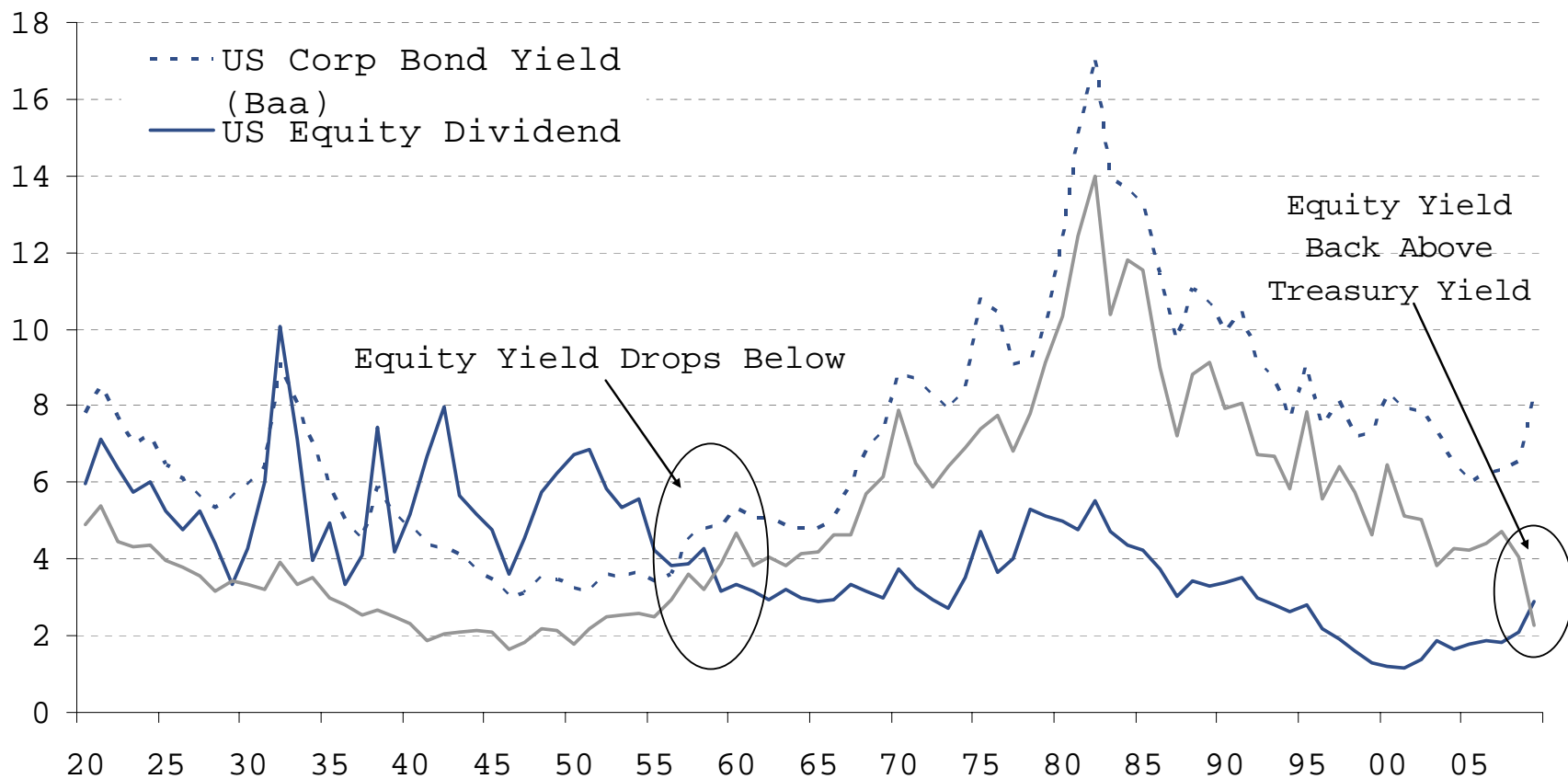
## **Is the Cult of Equity Dead?**

**Pramit Ghose**  
**Managing Partner**  
**BLOXHAM**

**BLOXHAM**



# Markets Have Discarded the Cult of the Equity





# Dow – 100 Year History

**INDU** ↑ 7520.27 -32.33 i  
At 15:28 Op 7546.35 Hi 7591.15 i Lo 7479.97 i Prev 7552.60

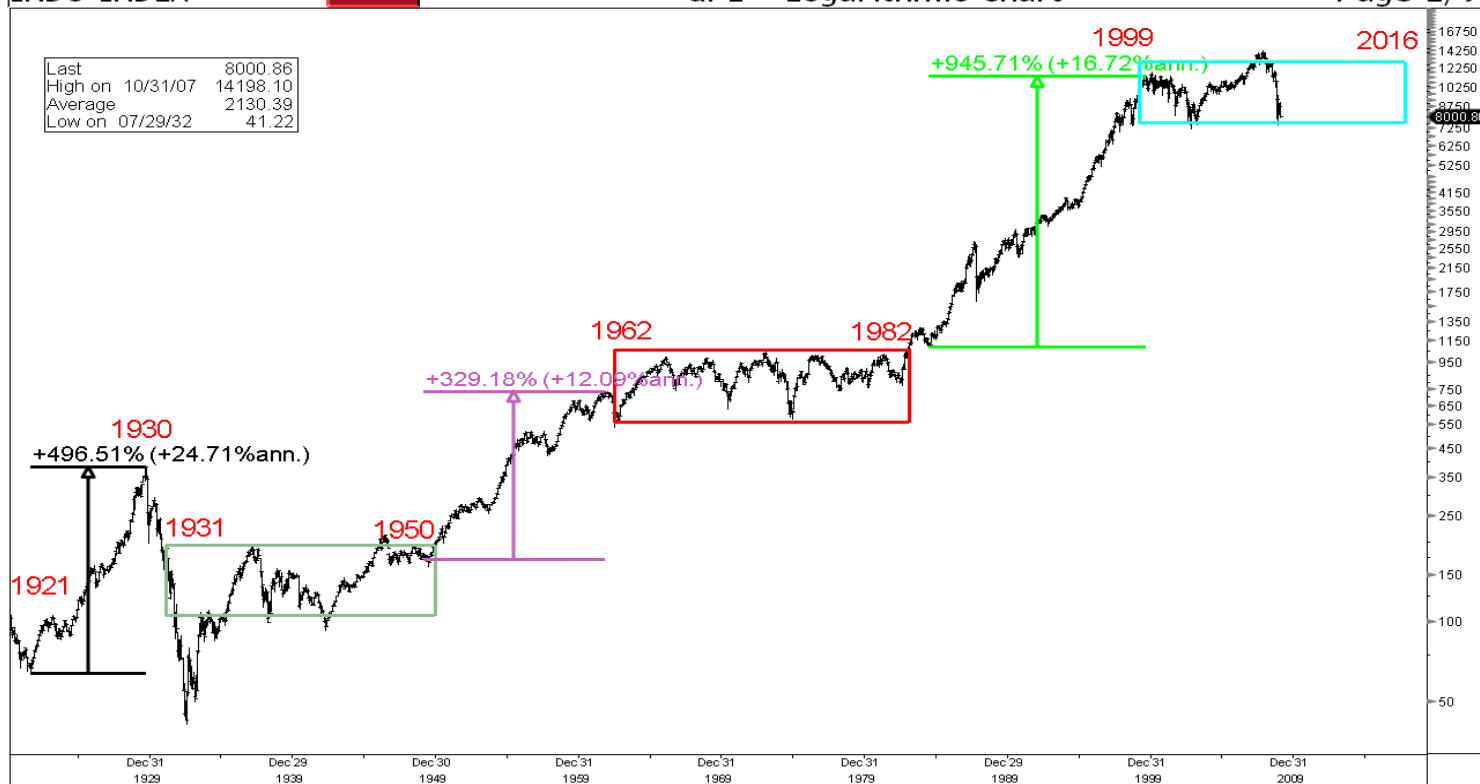
Index **GPL**

INDU INDEX

Show

GPL - Logarithmic Chart

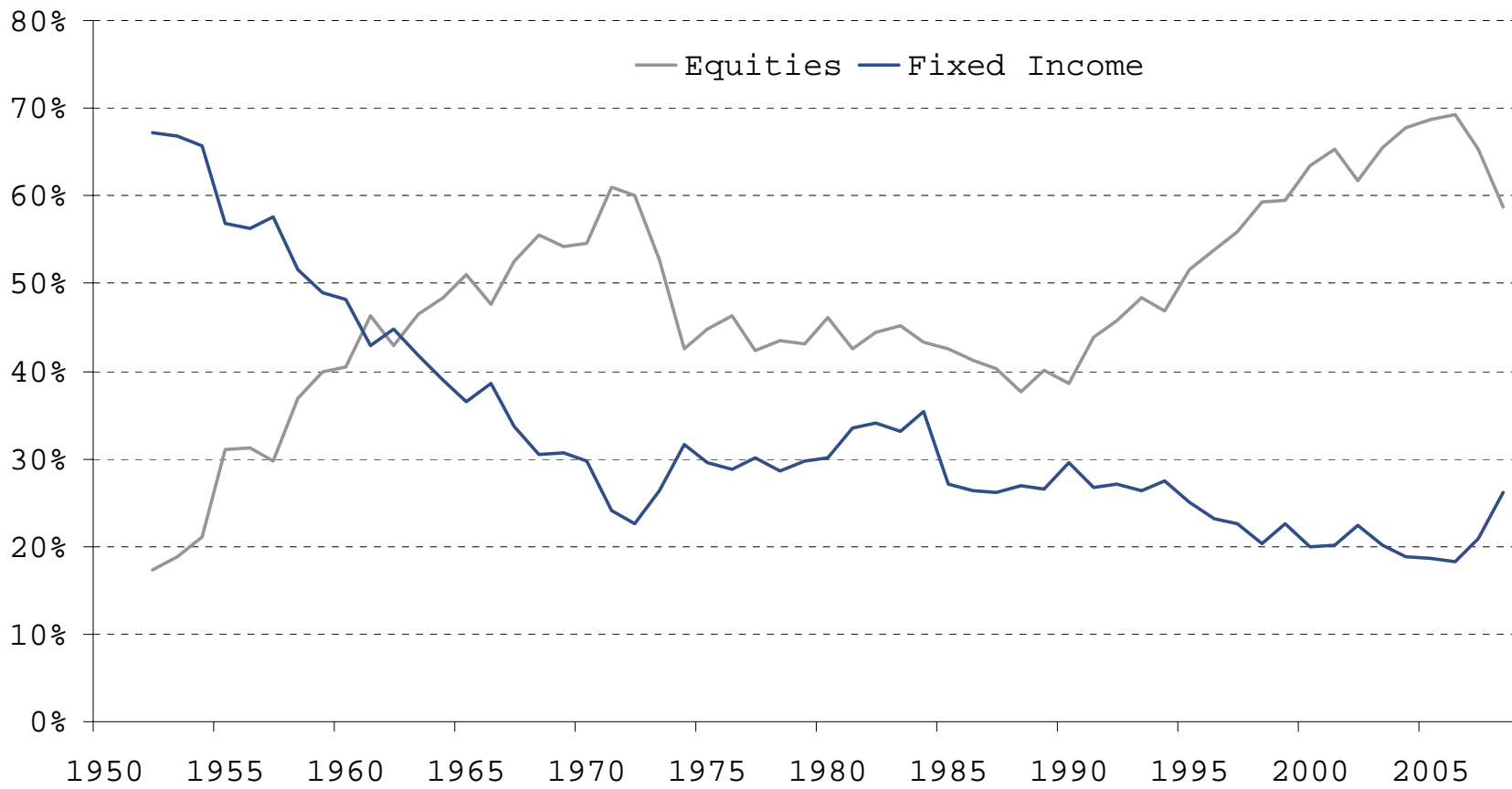
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Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
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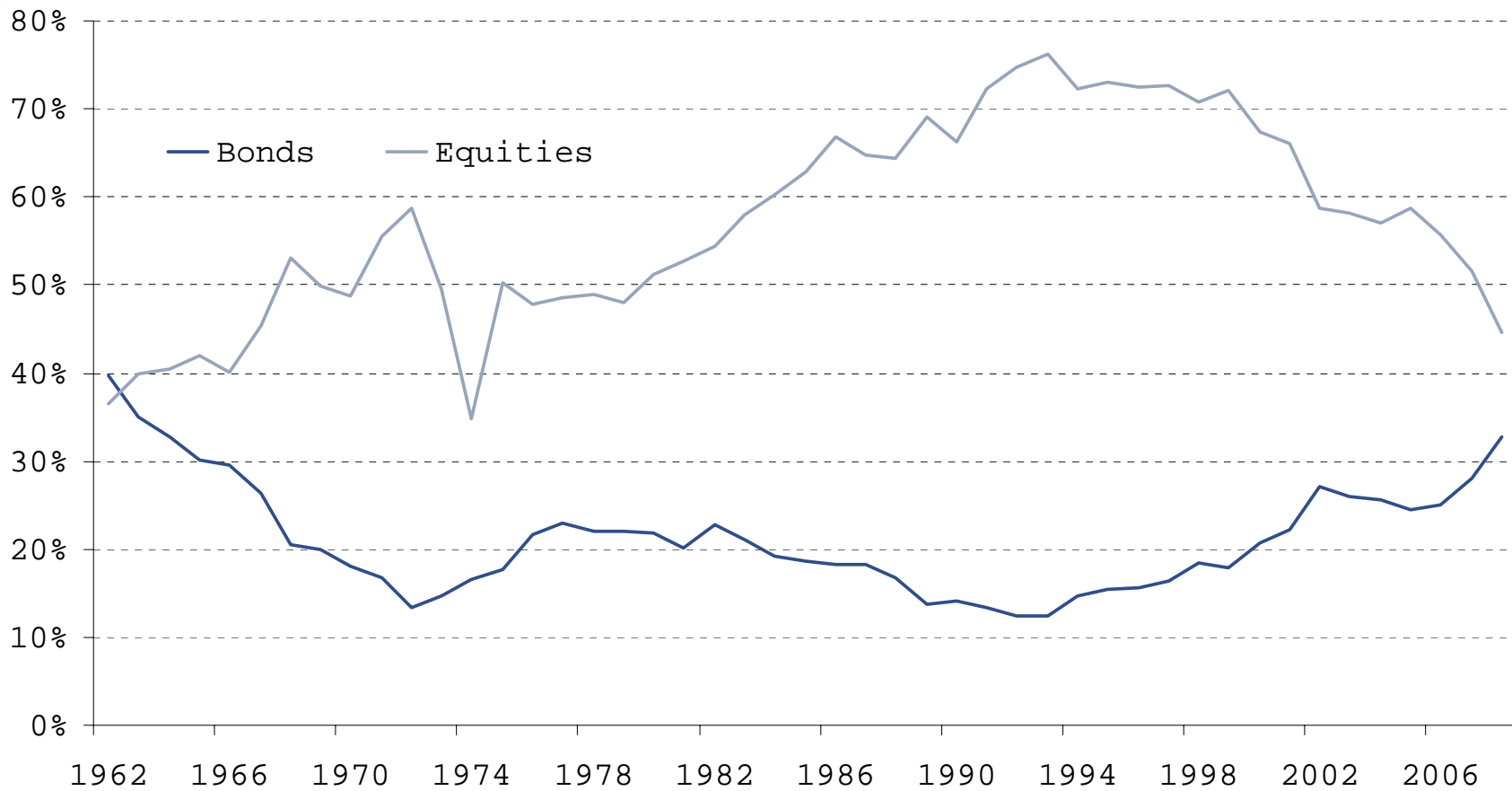


# US Pension Funds Start to Turn Away From Equities





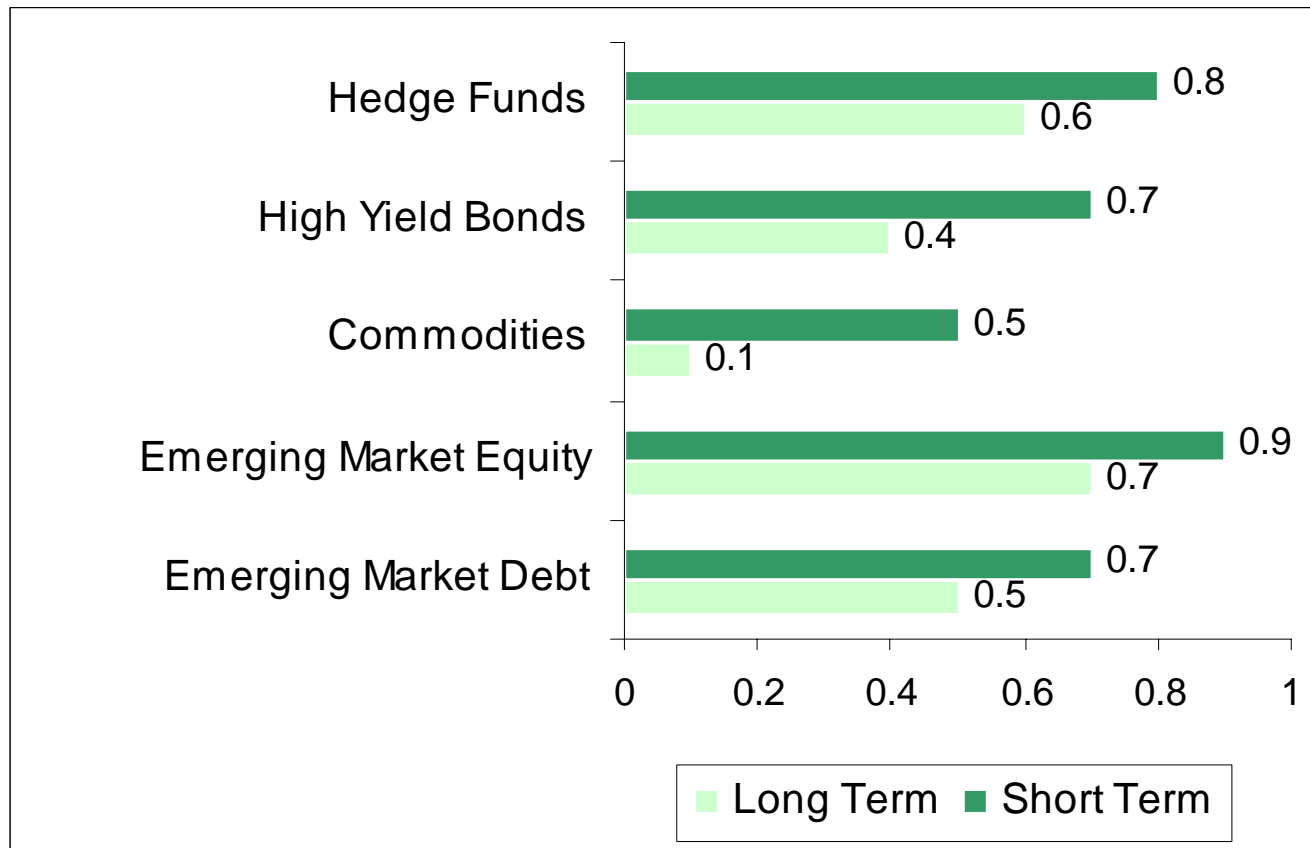
# .... as are UK Pension Funds





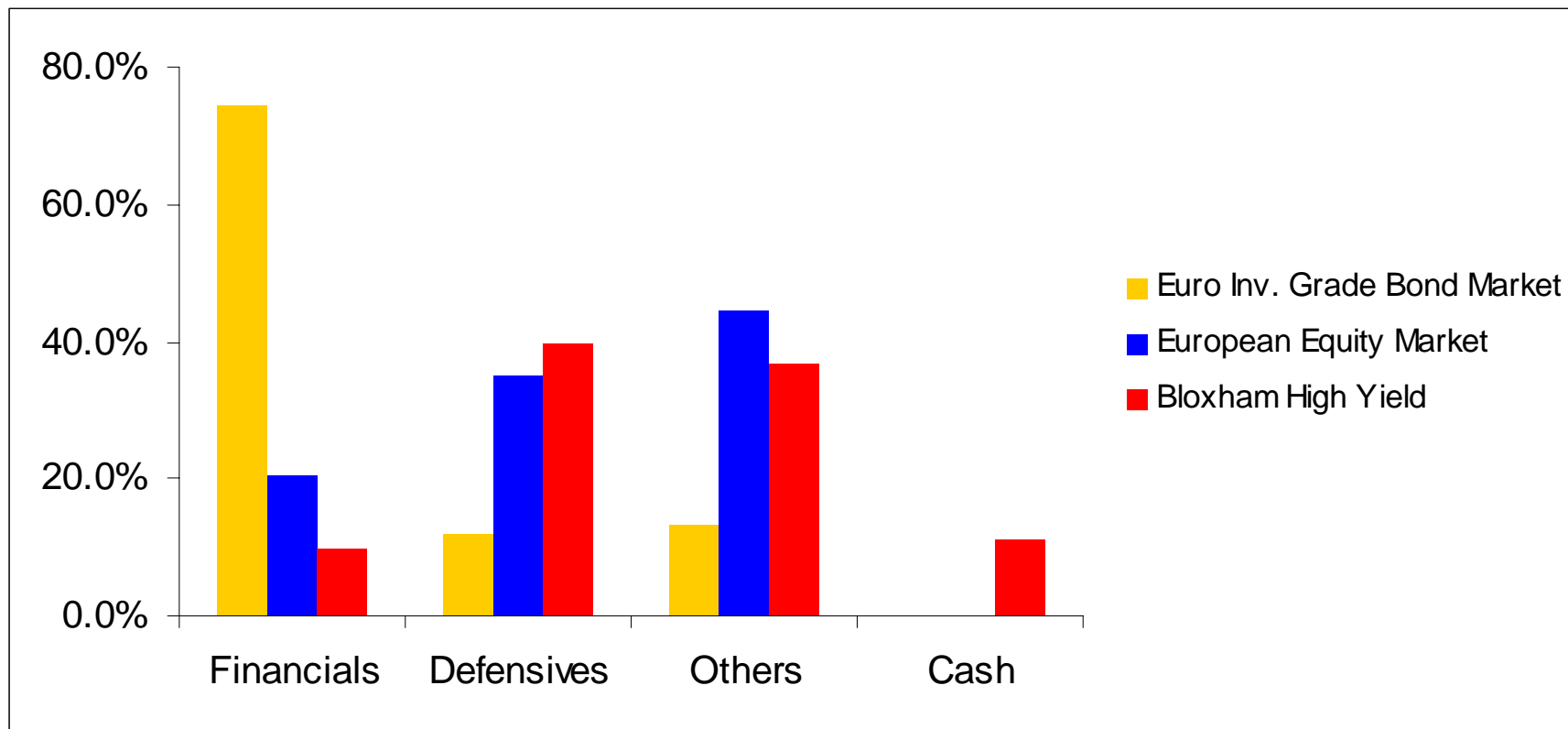
# Asset Classes Moved Together in Credit Crisis

Correlation v global equity (1 = perfect correlation 0 = no correlation)

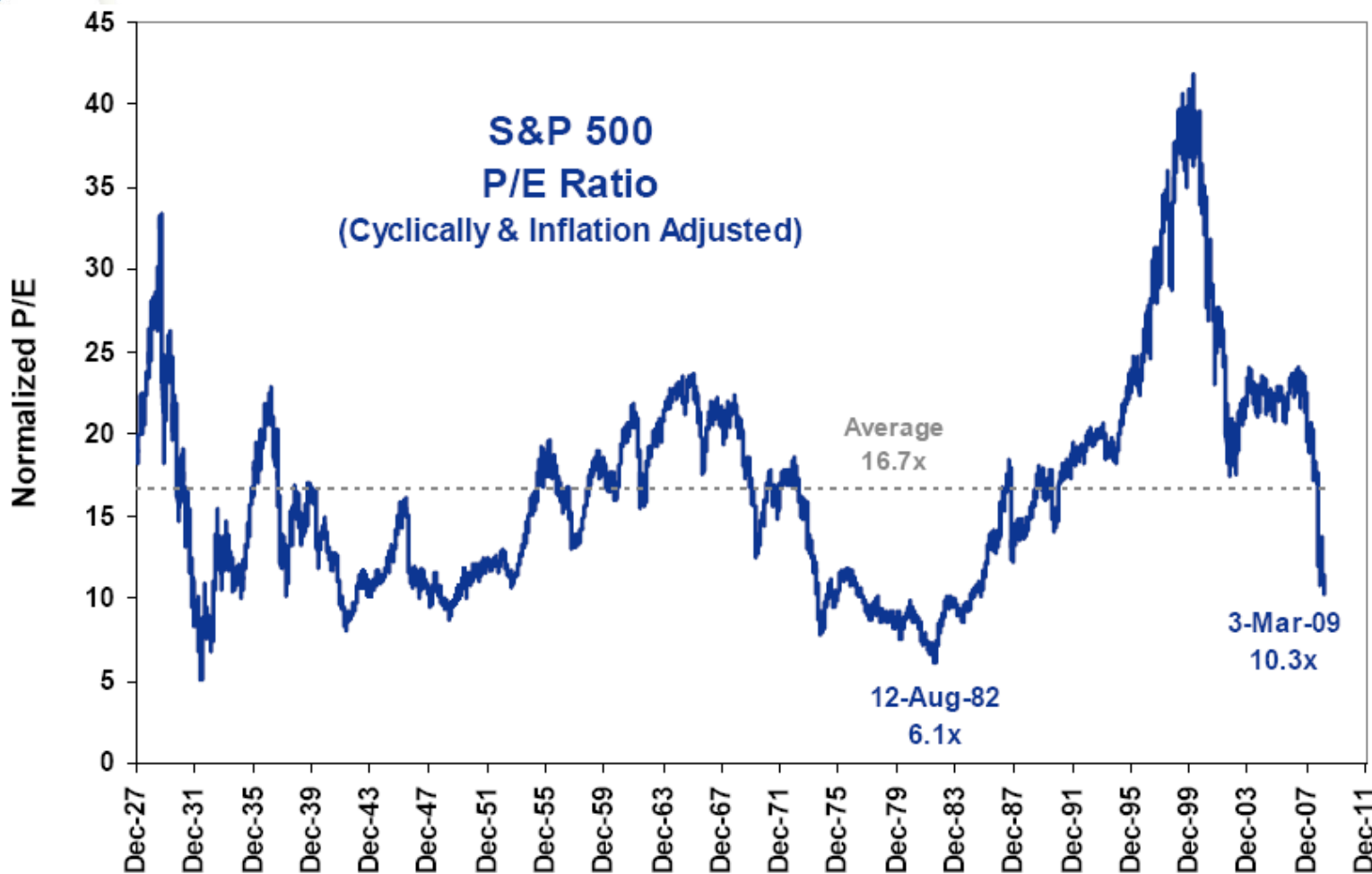




# Be Careful What You Wish For



# Valuations Don't Matter Today



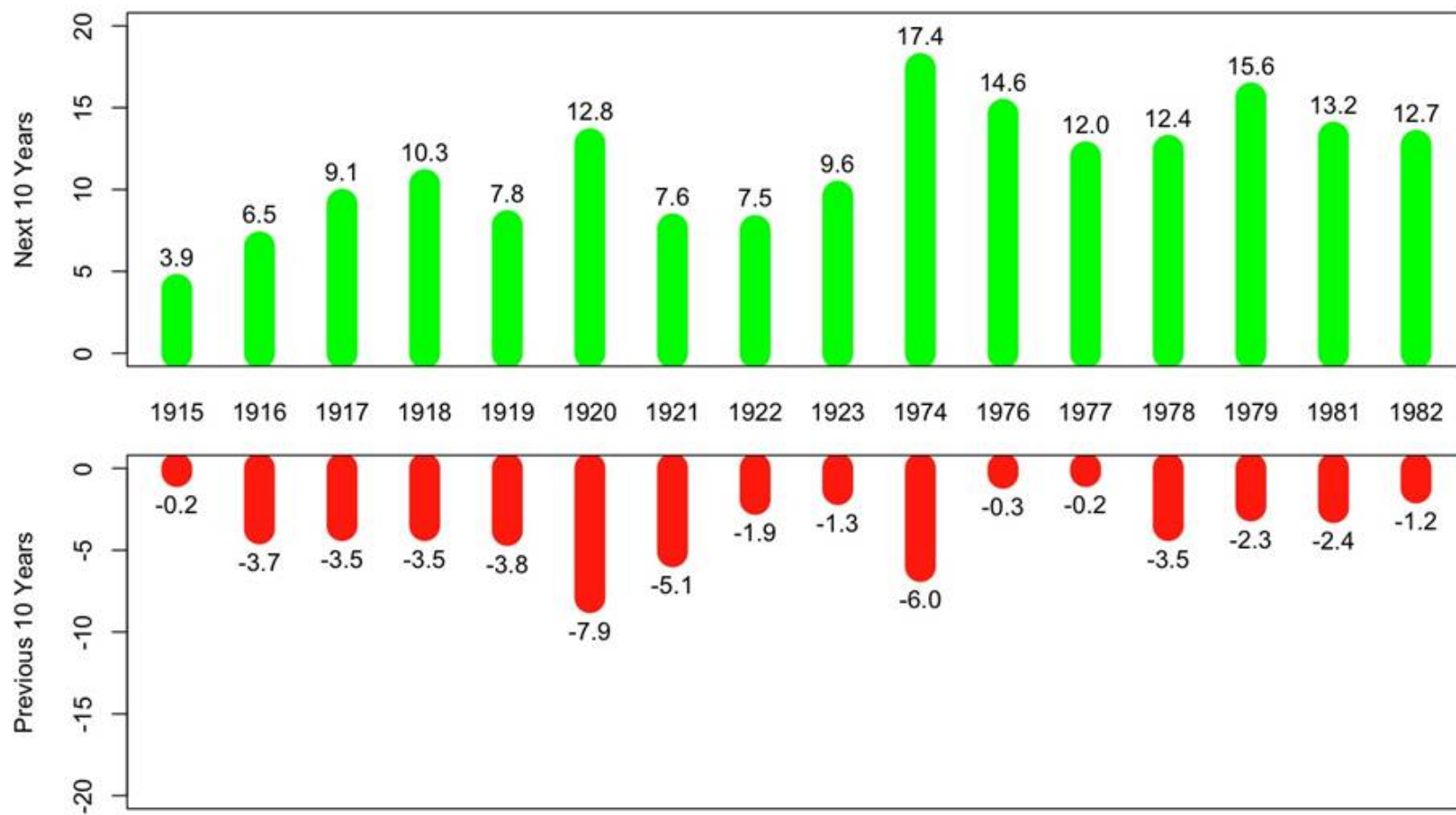
As of March 3, 2009.

Source: Compustat, Robert Shiller, Goldman Sachs Research.





# The Next 10 Years for Equities?





# The Next 10 Years

- Equities to produce 10%+ p.a. returns
- But Pension funds to use market rallies to reduce equity exposure
- Exposure to 'Alternatives' to increase significantly
  - ❖ Long/short equity
  - ❖ Currencies
  - ❖ Commodities
  - ❖ Distressed debt



# Average Pension Fund Weighting : 2019

