

MARRIOTT

INVESTMENT MANAGERS

A MEMBER OF  **OLDMUTUAL** INVESTMENT GROUP

Growth vs Value Characteristics



VS



GROWTH STOCKS

- ✓ Higher P/E ratio
- ✓ Higher P/B ratio
- ✓ Faster earnings growth
- ✓ No (or low) dividend yields

VALUE STOCKS

- ✓ Lower P/E ratio
- ✓ Lower P/B ratio
- ✓ Slower earnings growth
- ✓ Higher dividend yields

Growth vs Value



Value investing is struggling to remain relevant

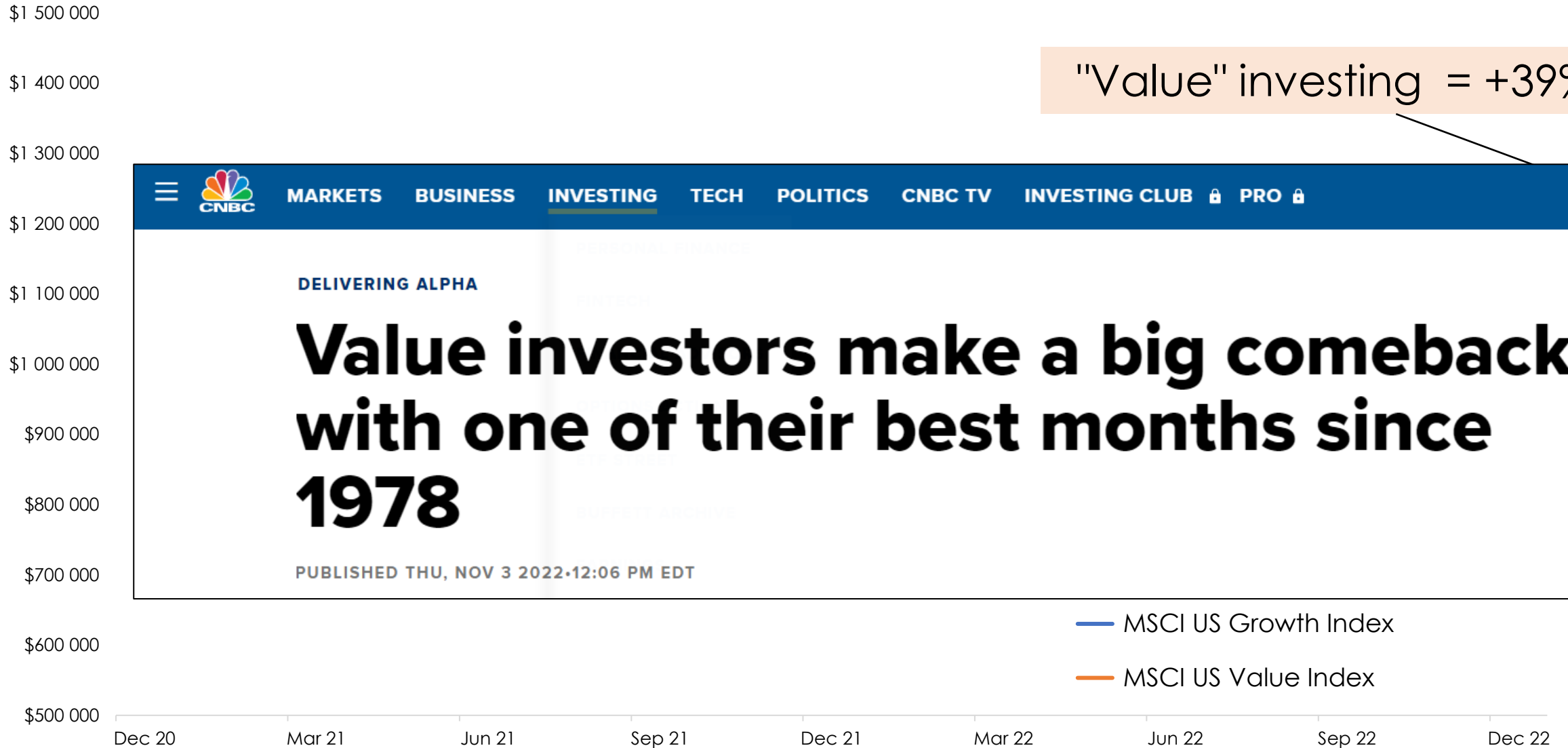
The main reason is the inexorable rise of hard-to-analyse intangible assets



Nov 14th 2020

[Share](#)

Growth vs Value



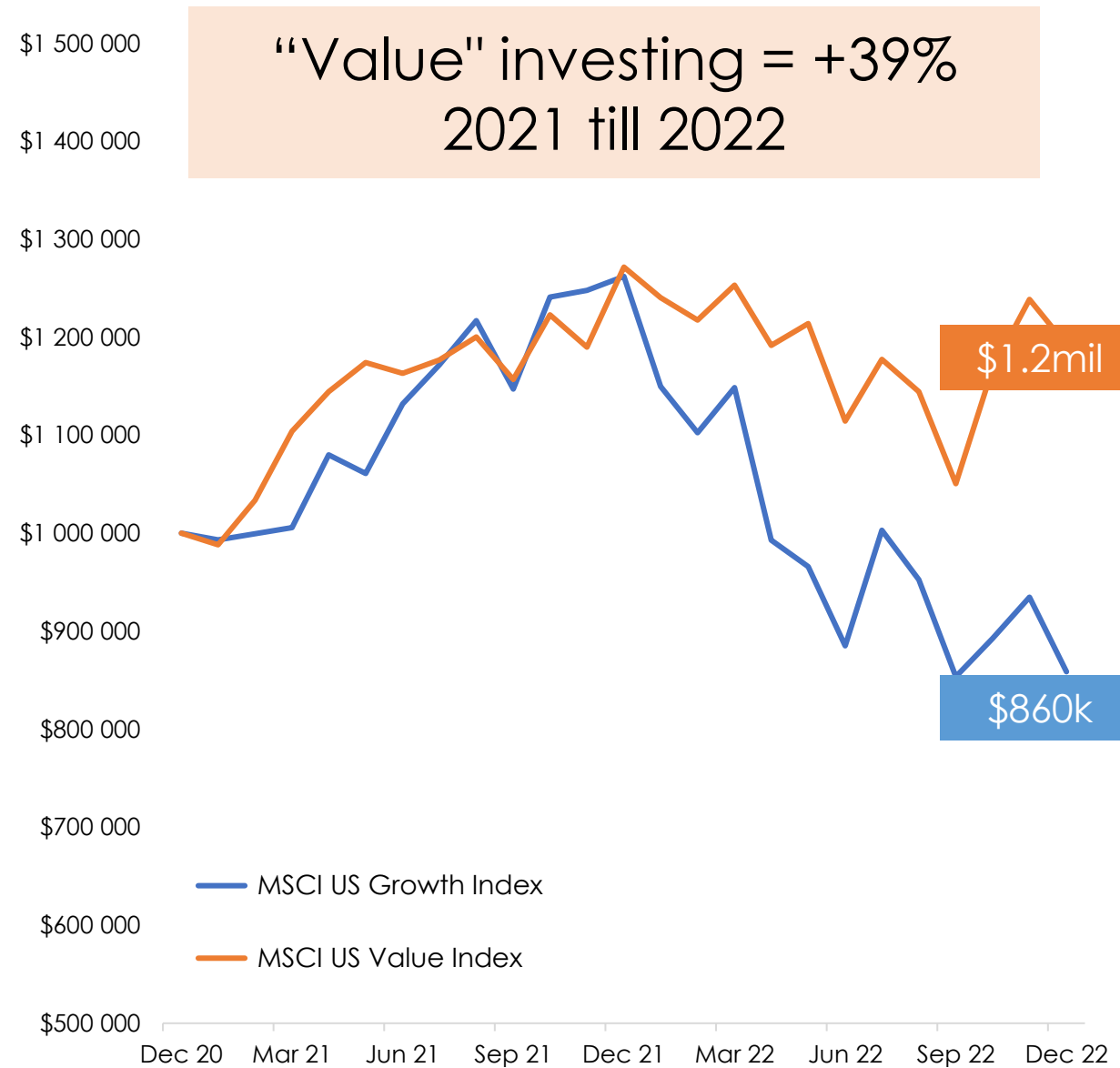
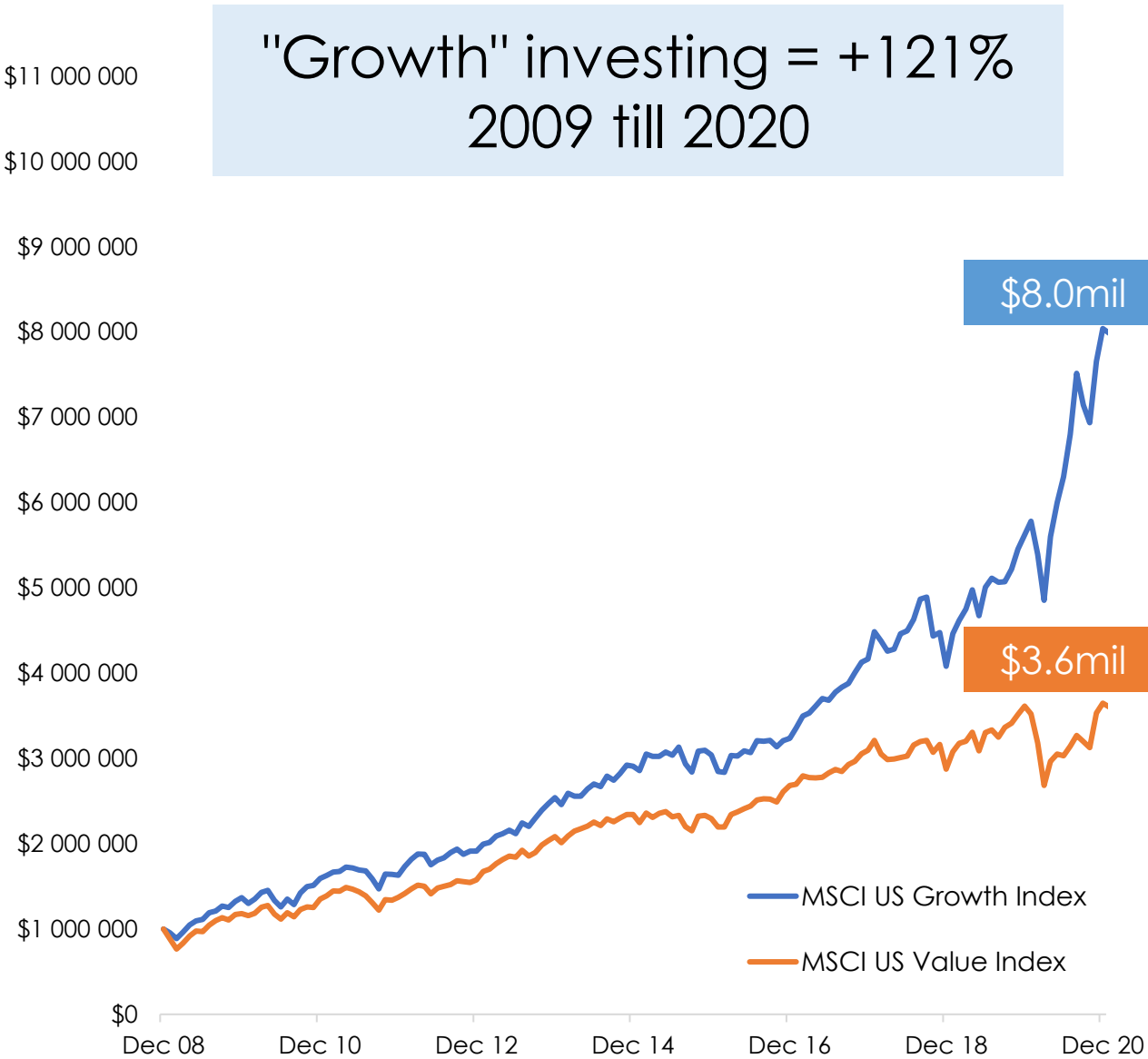
MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING CLUB PRO

DELIVERING ALPHA

Value investors make a big comeback with one of their best months since 1978

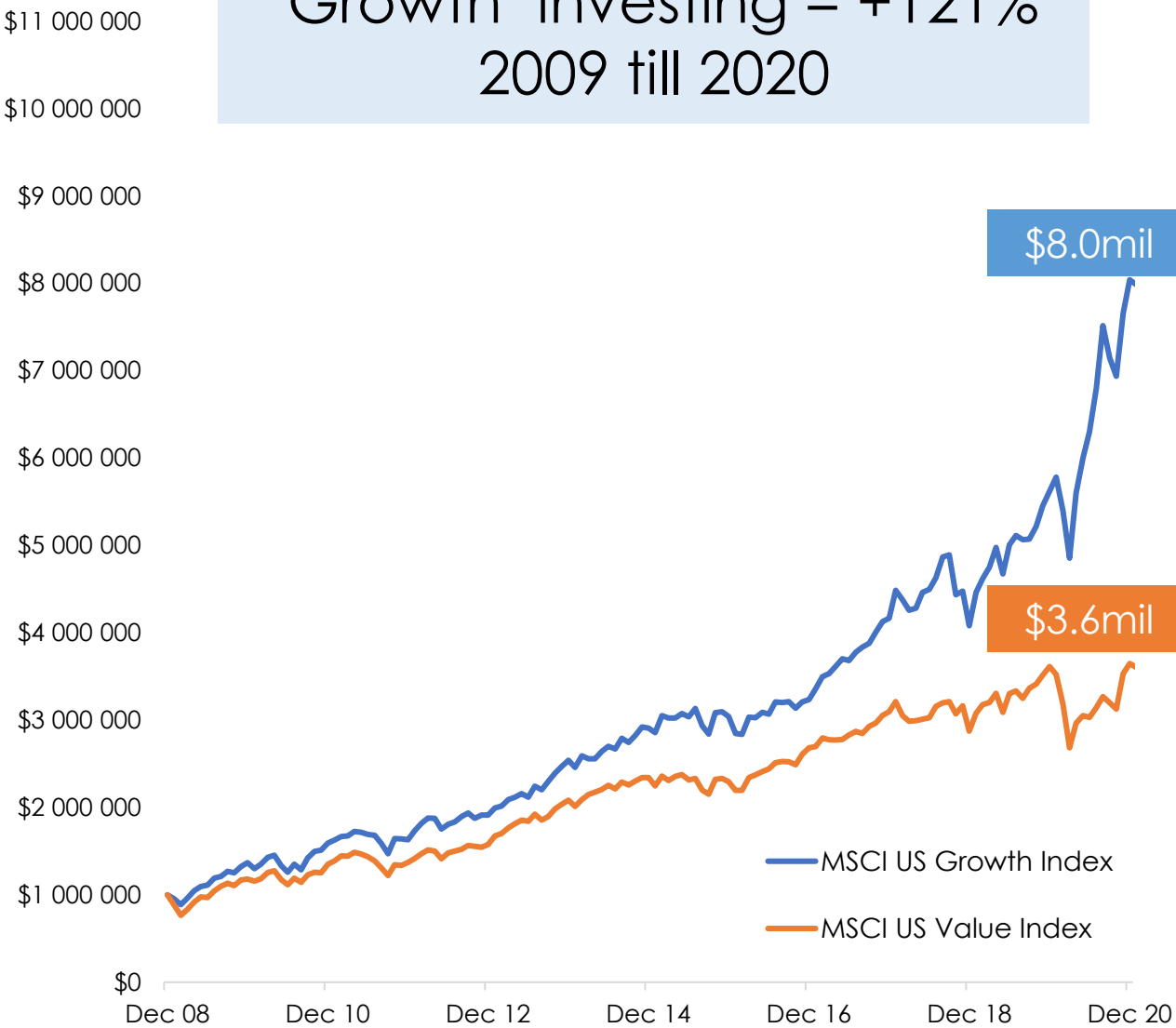
PUBLISHED THU, NOV 3 2022 • 12:06 PM EDT

Growth vs Value



Growth

"Growth" investing = +121%
2009 till 2020

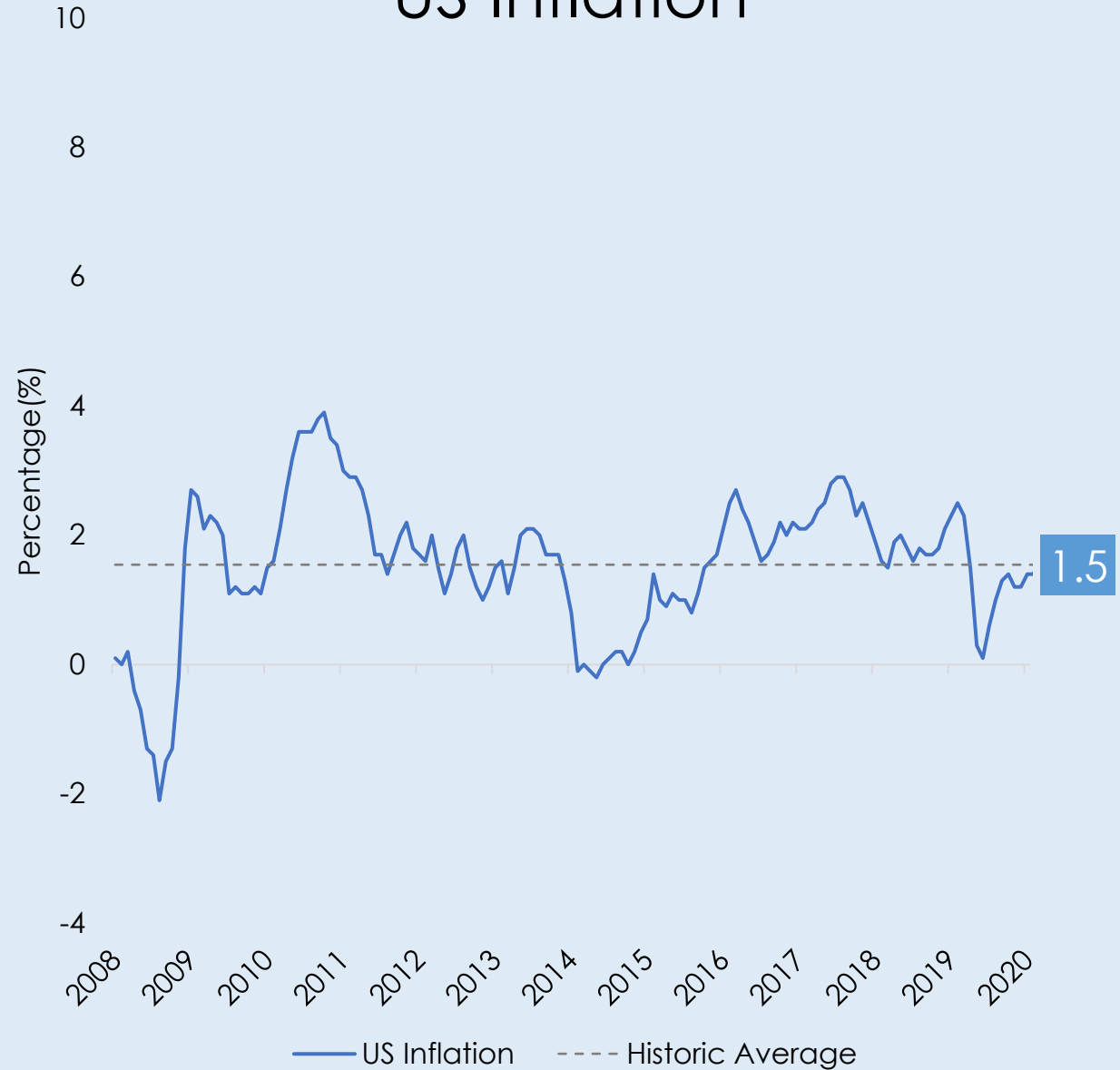


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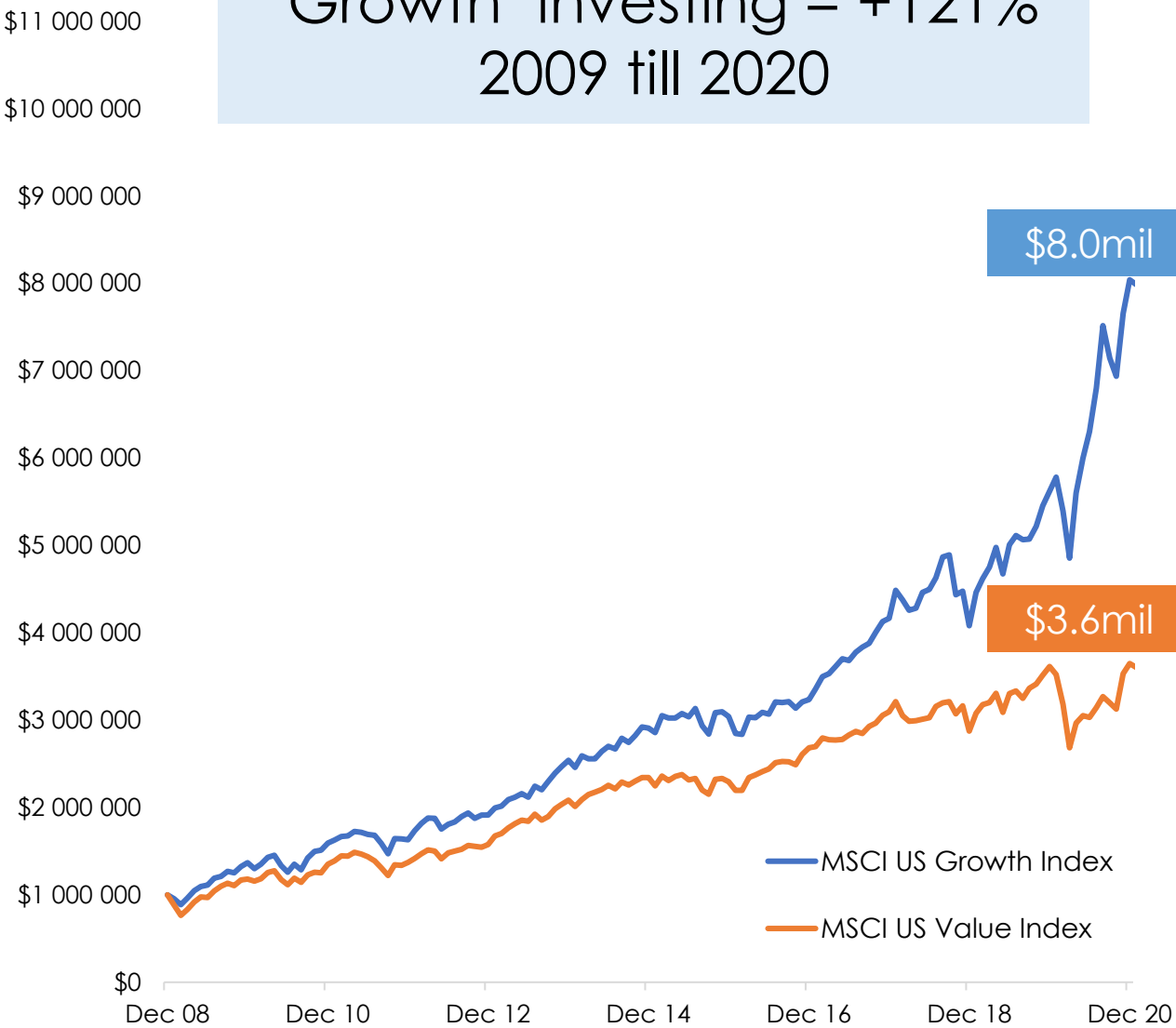


US Inflation

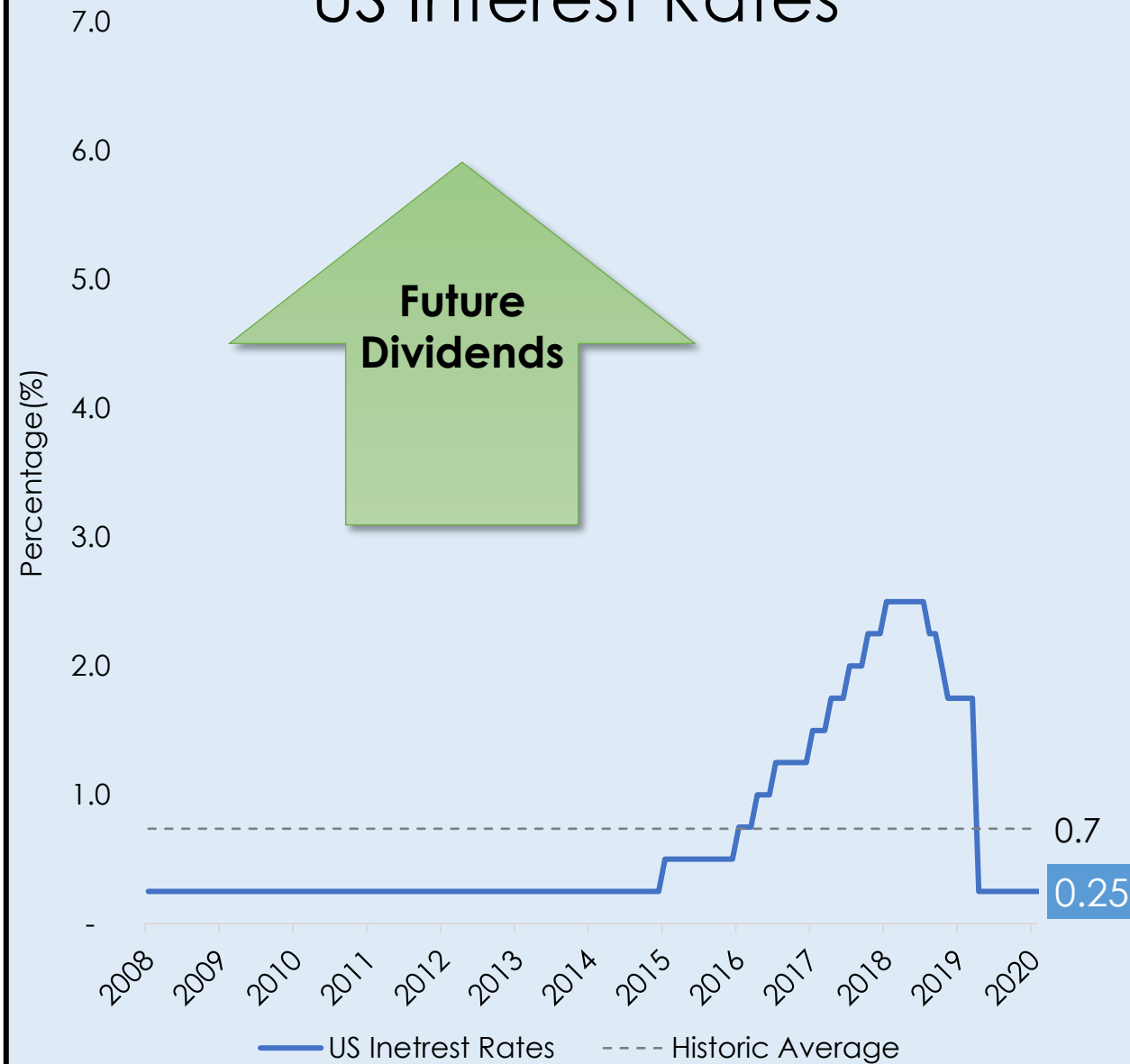


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US Interest Rates

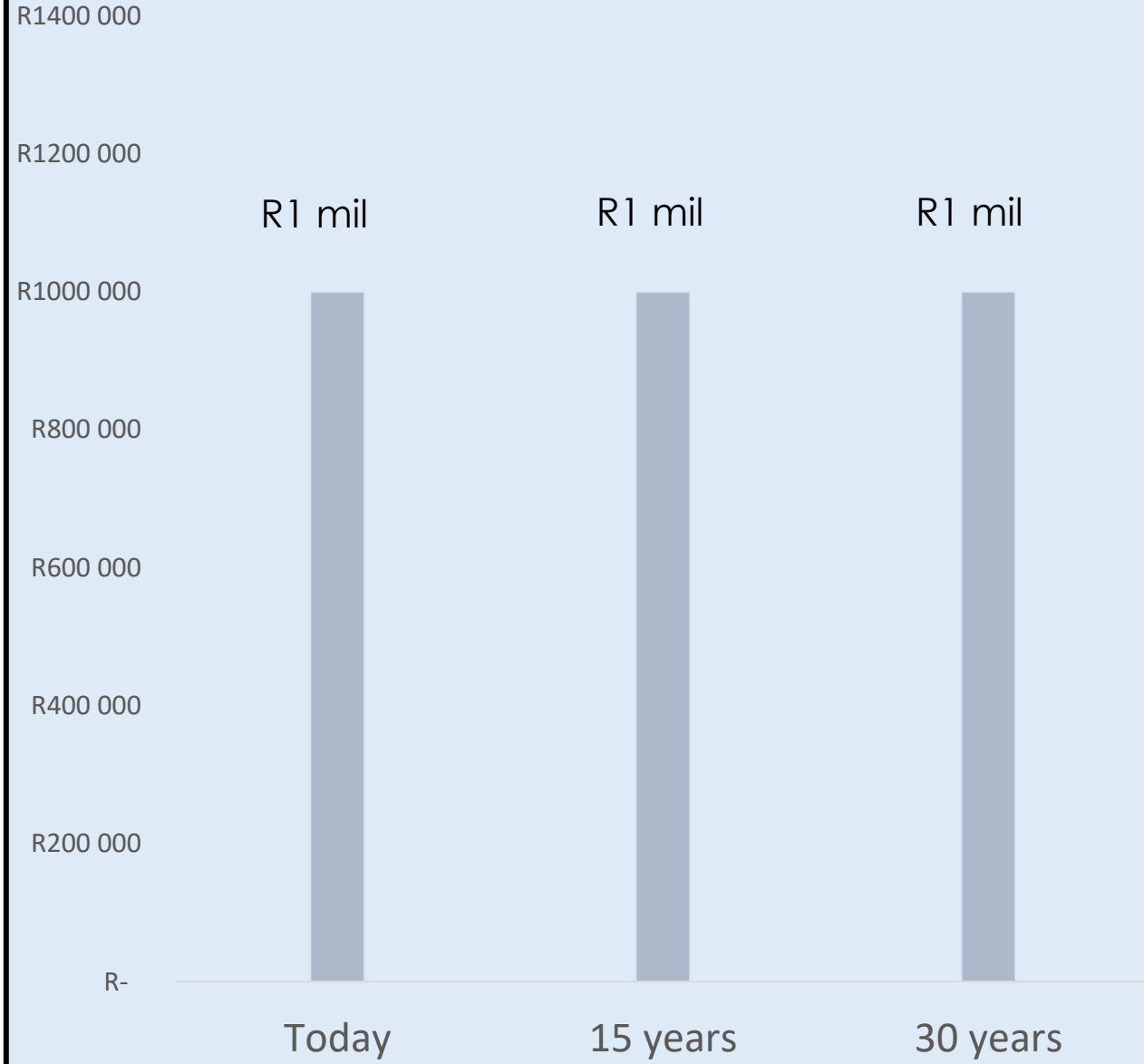


Growth

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2009 till 2020



R1million received over varying periods

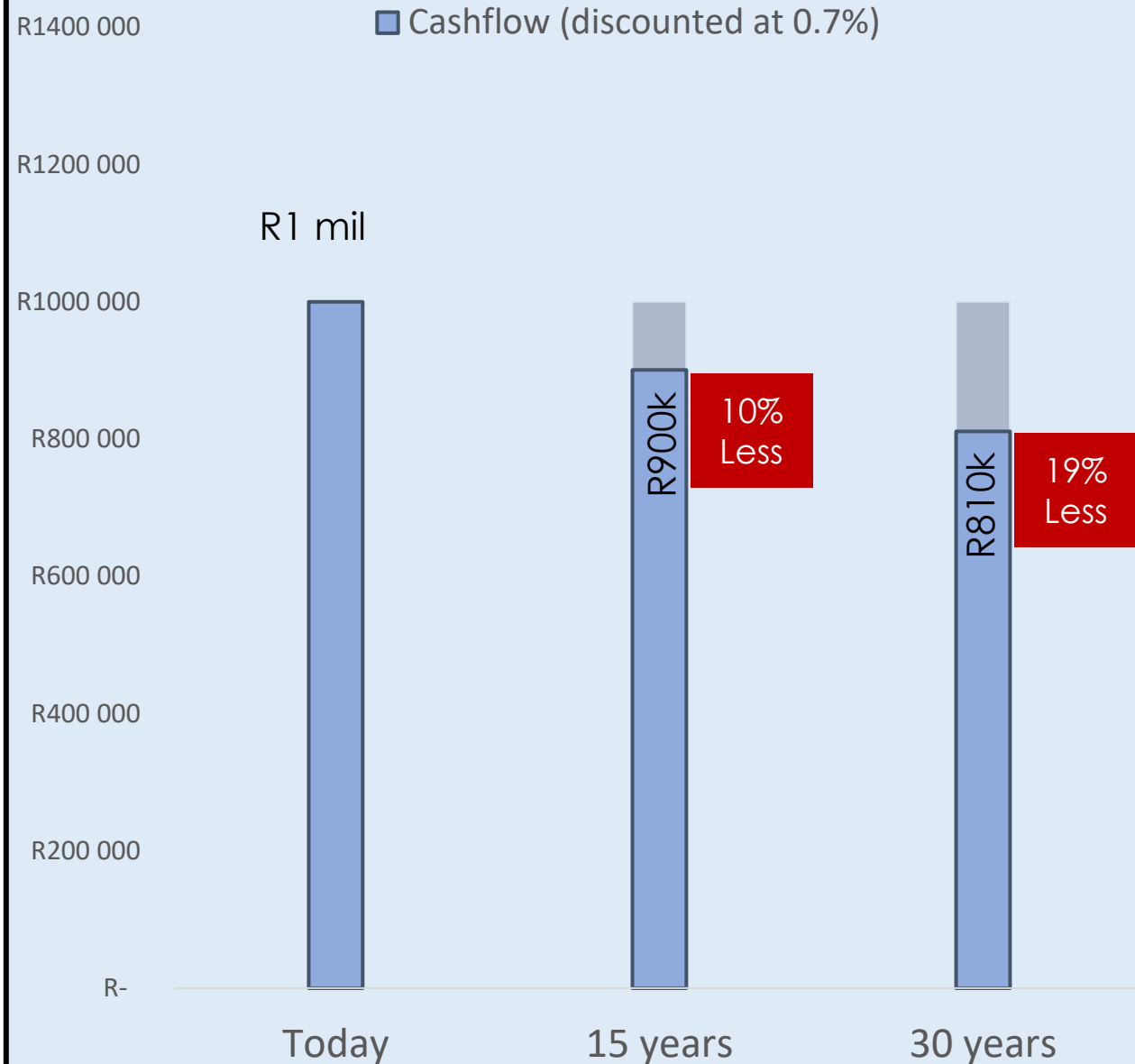


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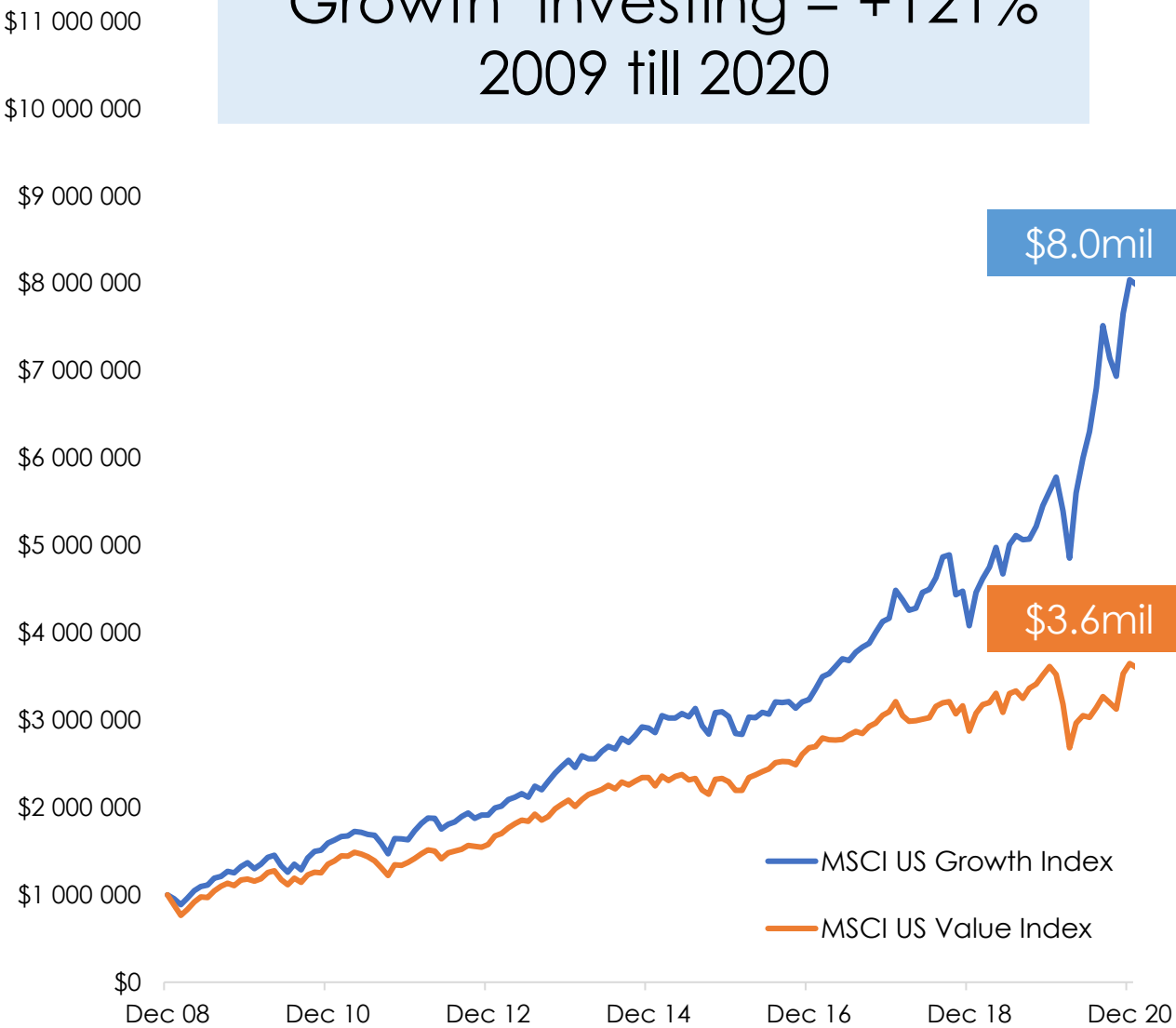


R1million received over varying periods in the US



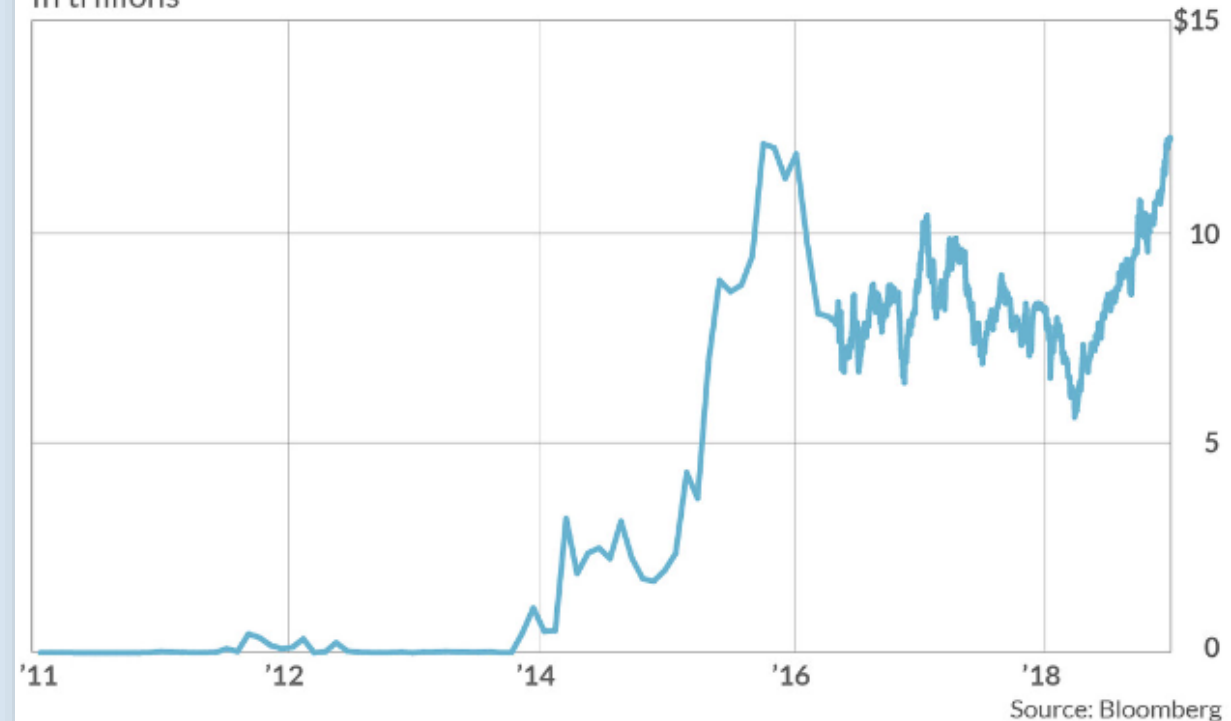
Growth

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Negative-yielding debt

In trillions



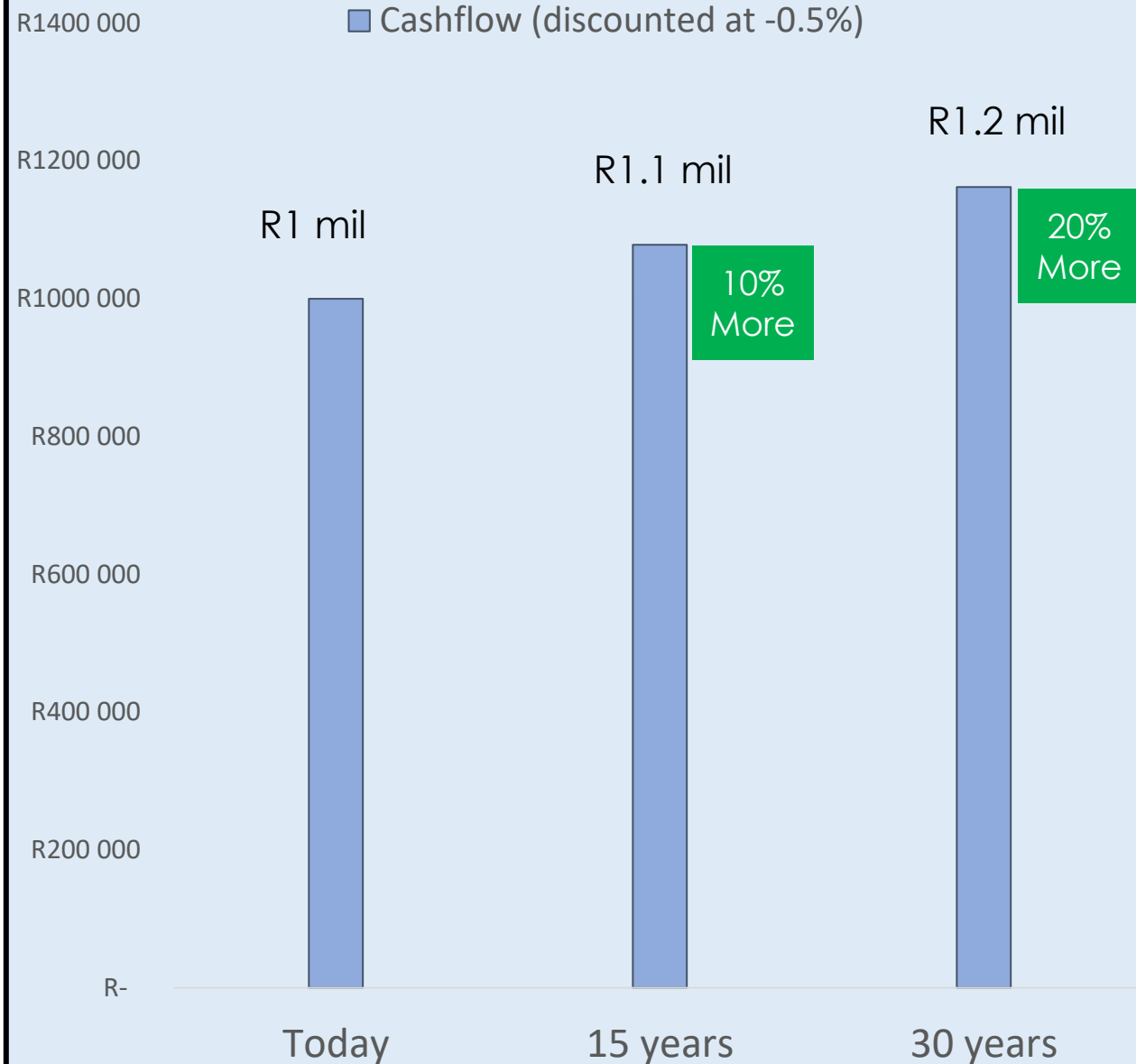
Source: Bloomberg

Growth

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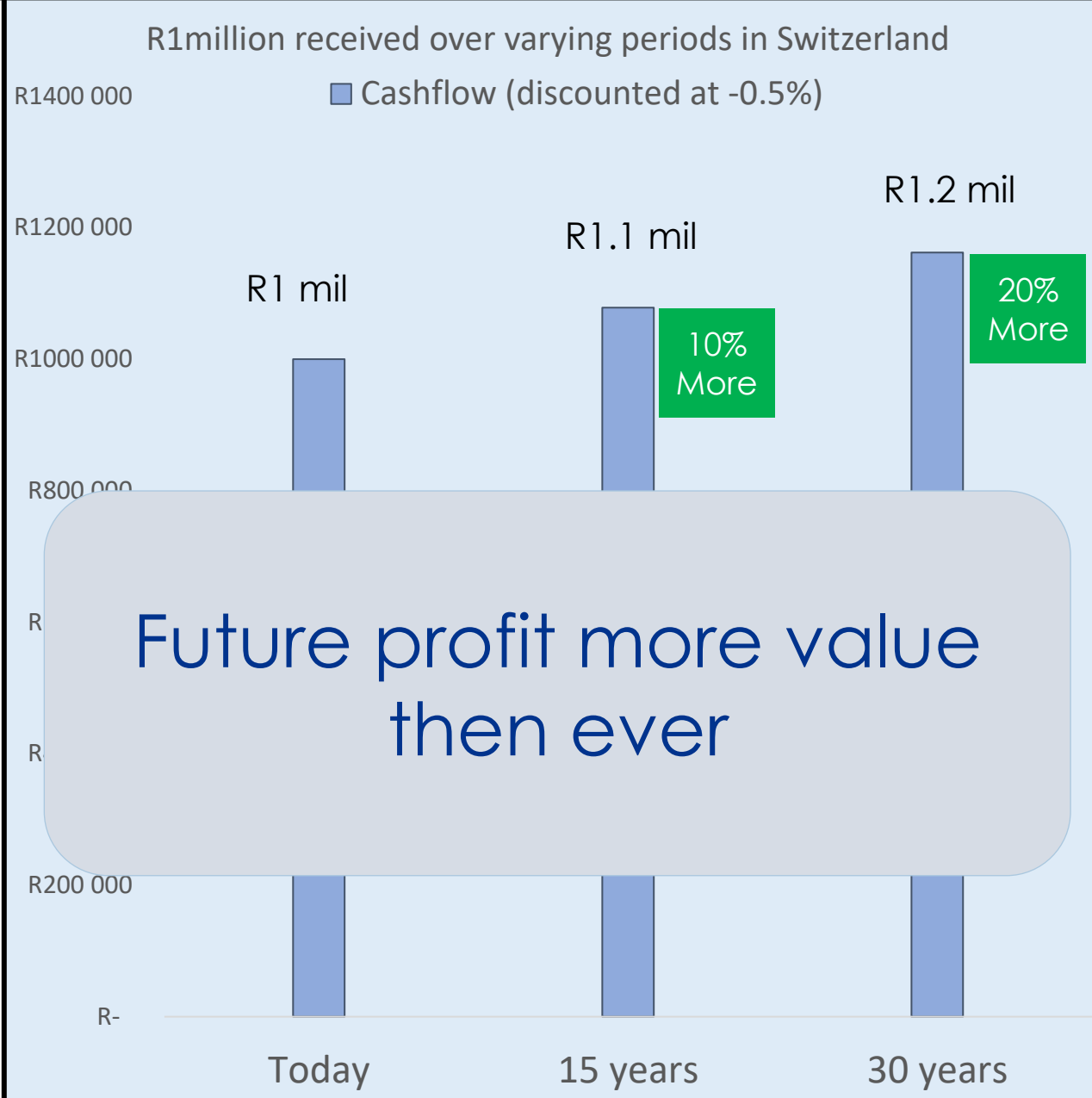


R1million received over varying periods in Switzerland



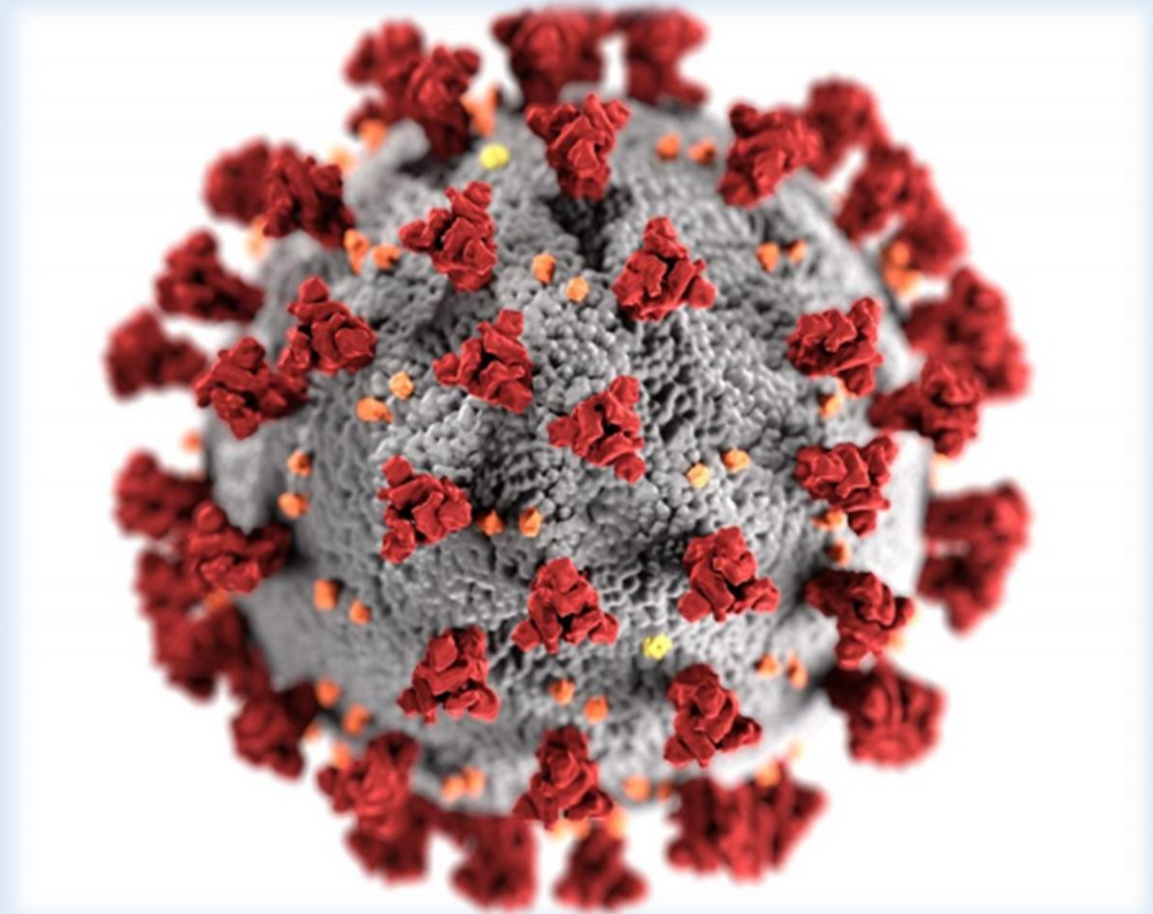
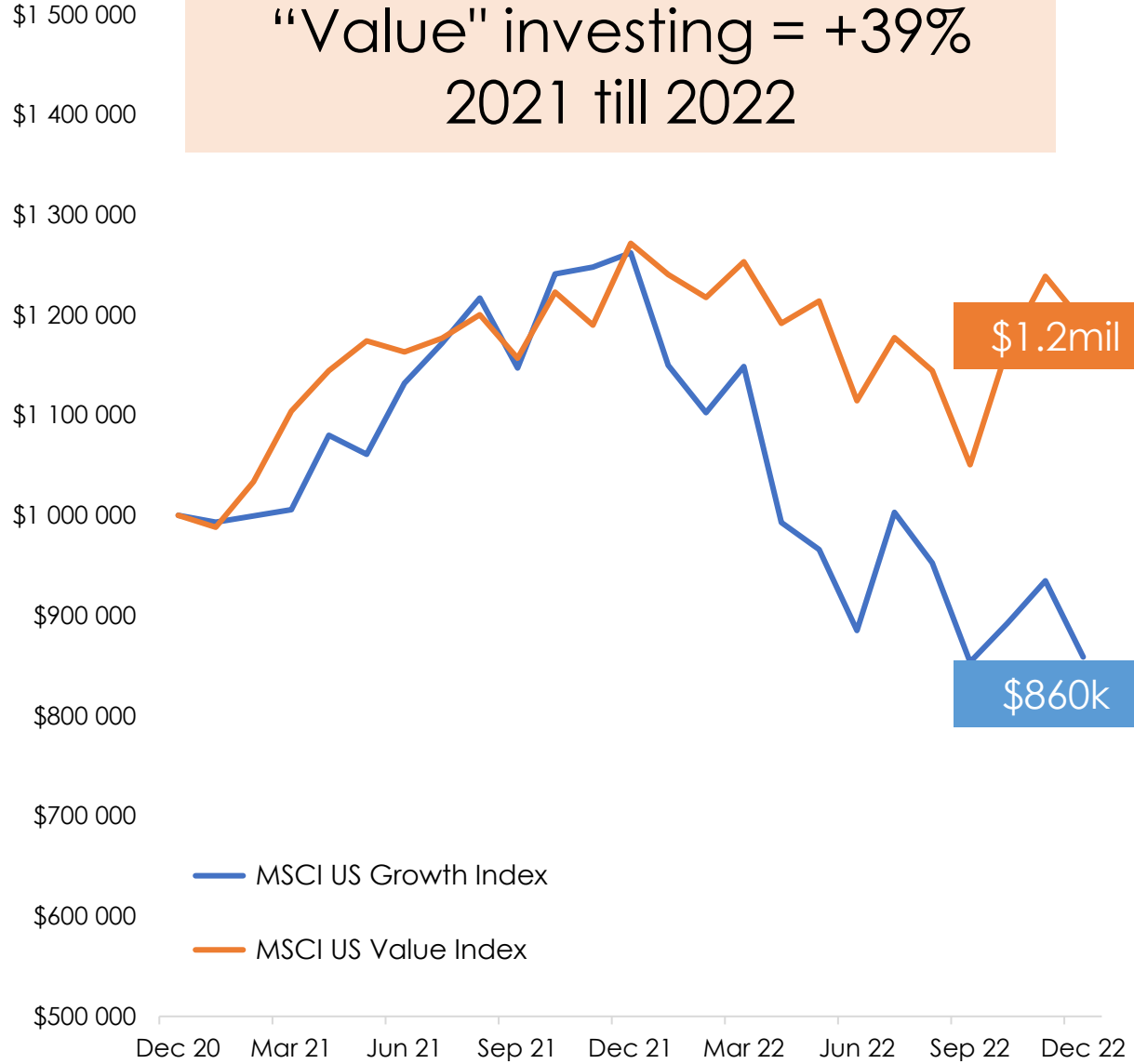
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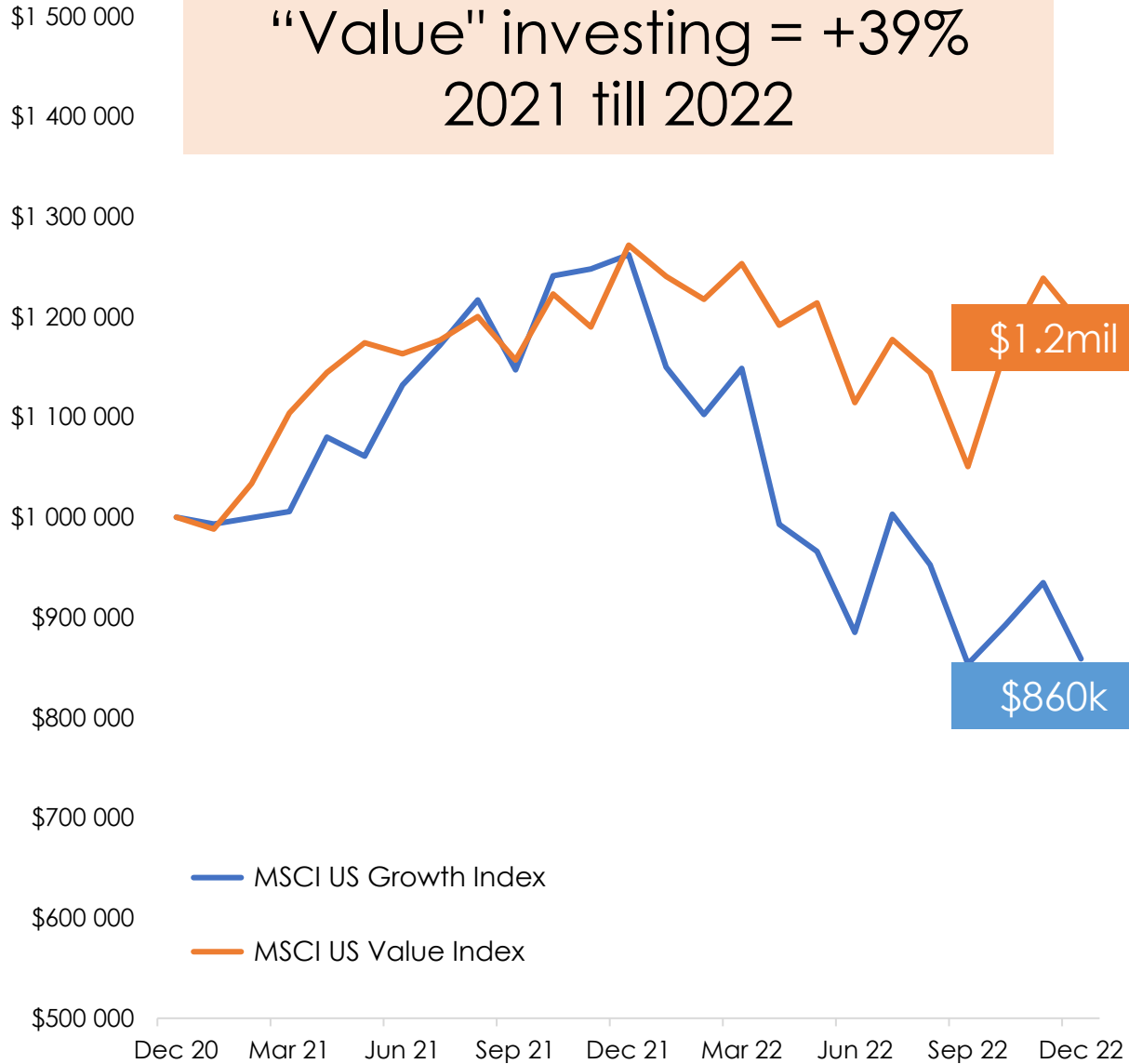
Growth

“Value” investing = +39%
2021 till 2022

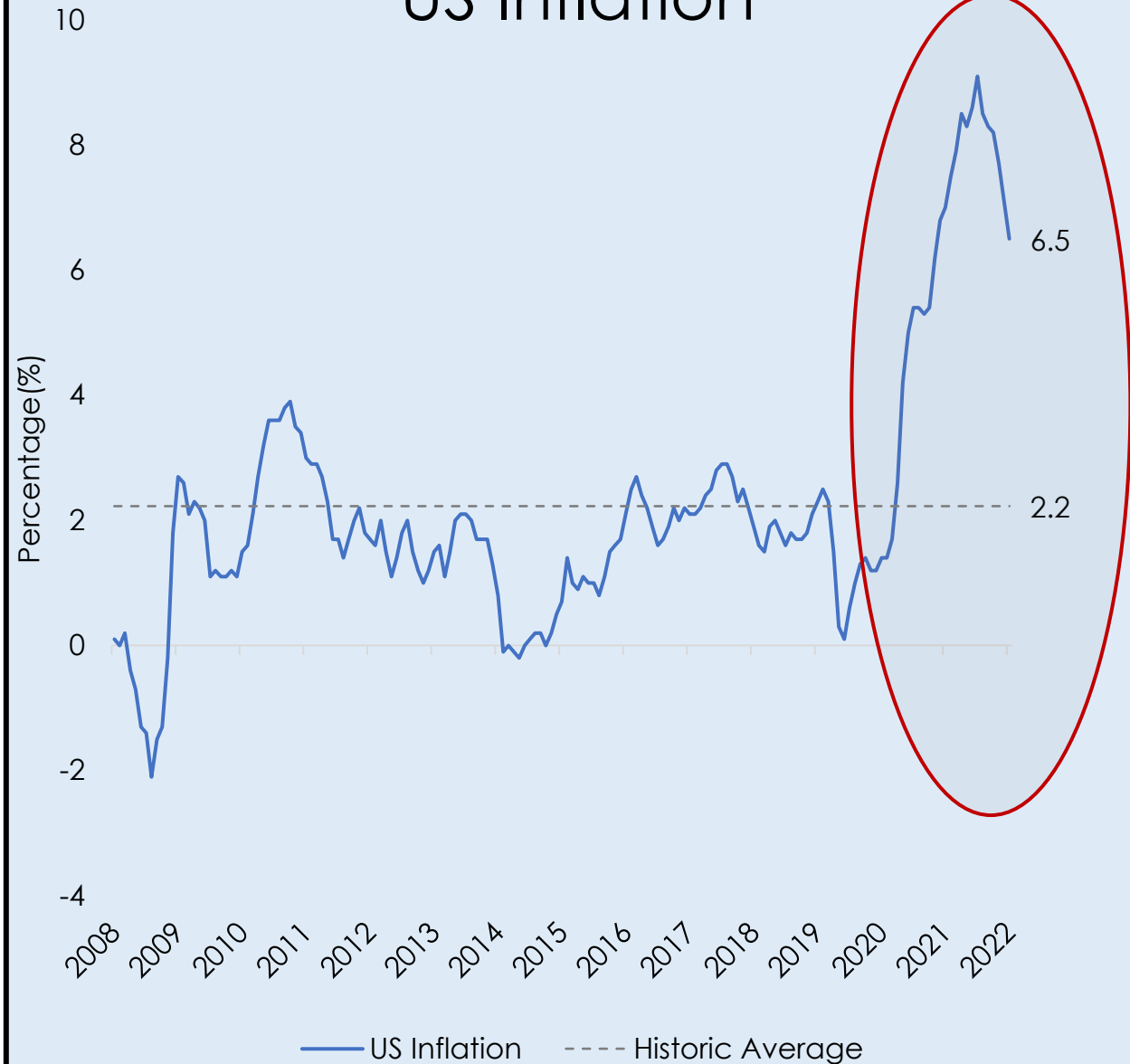


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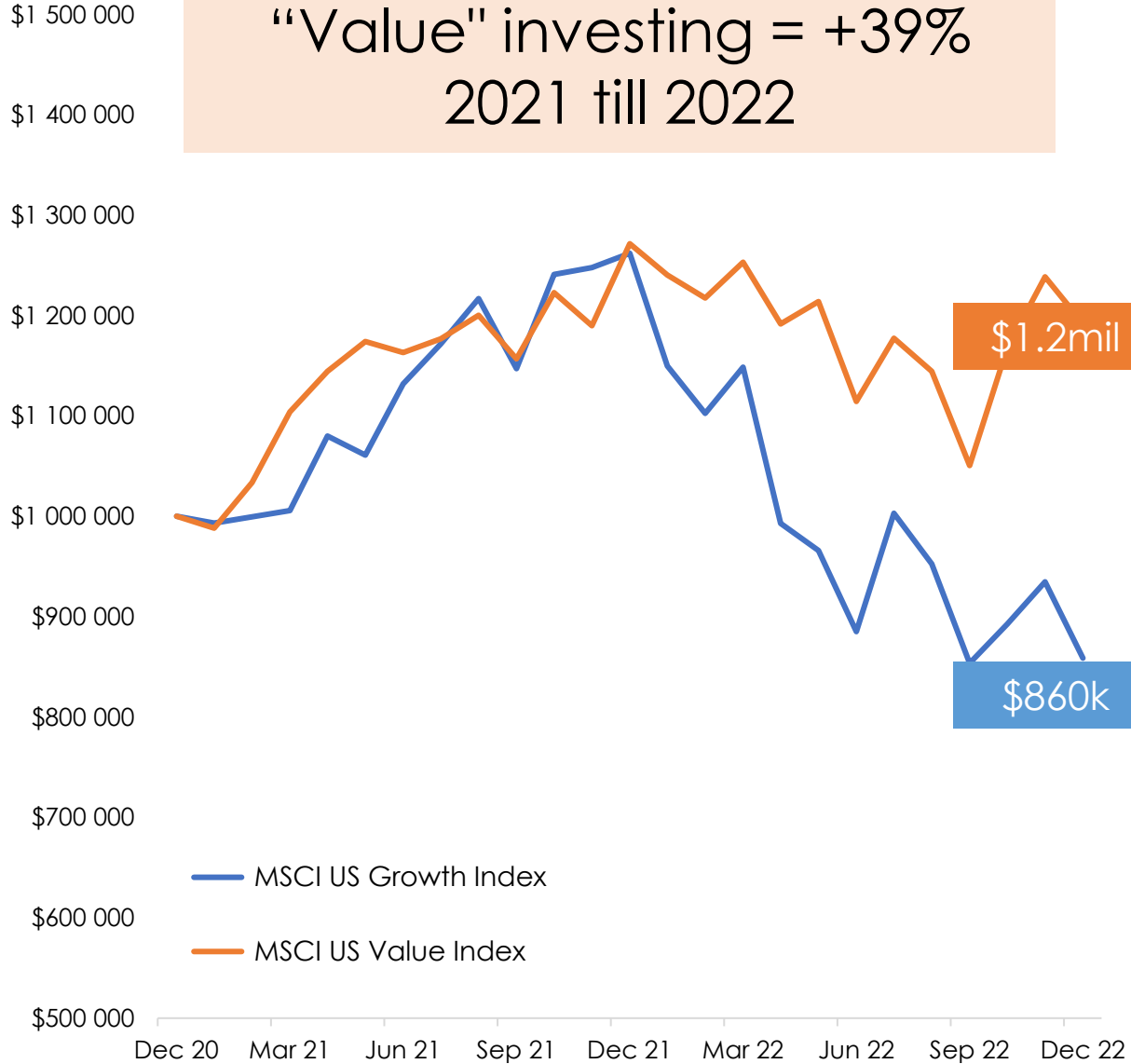


US Inflation

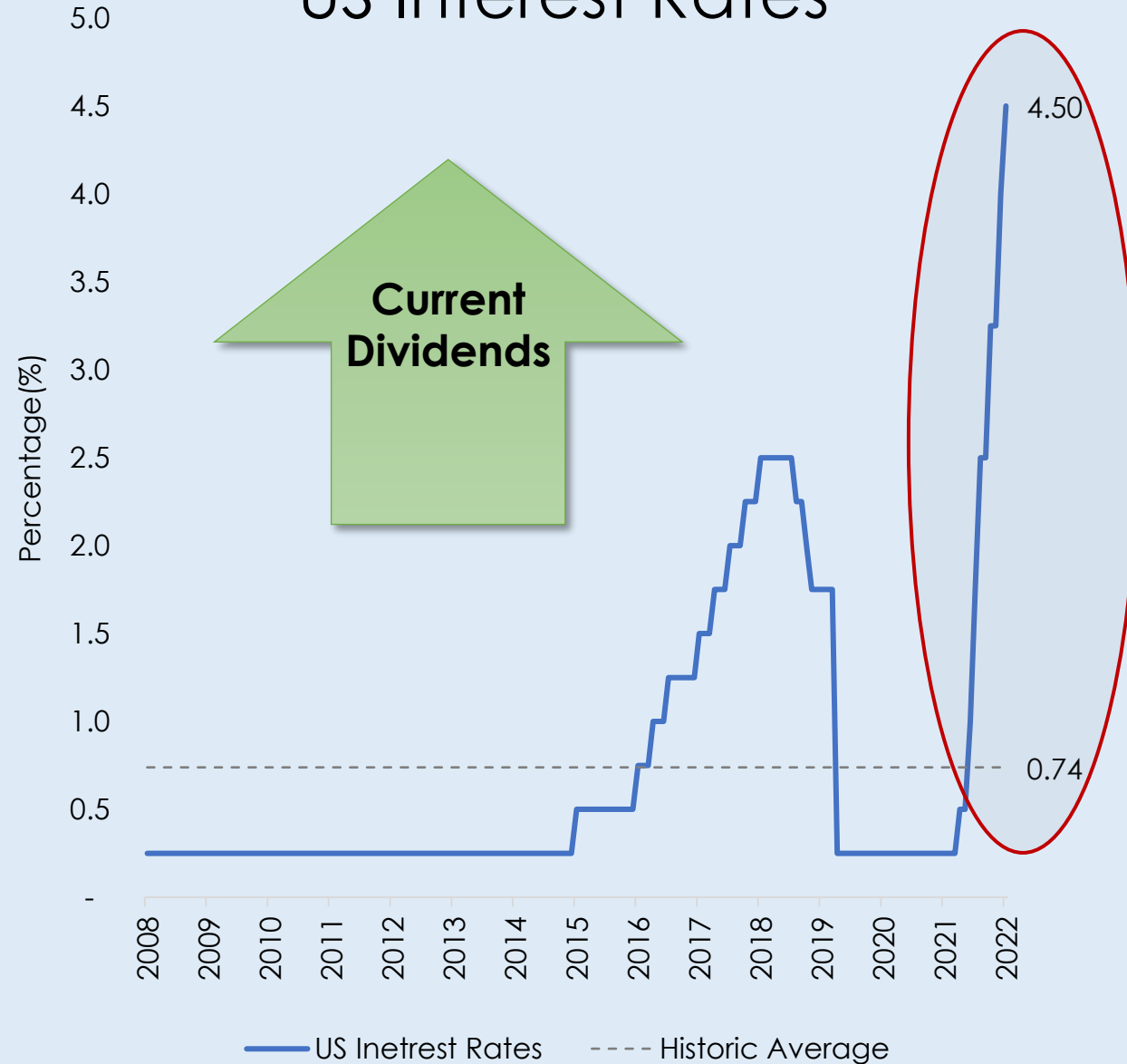


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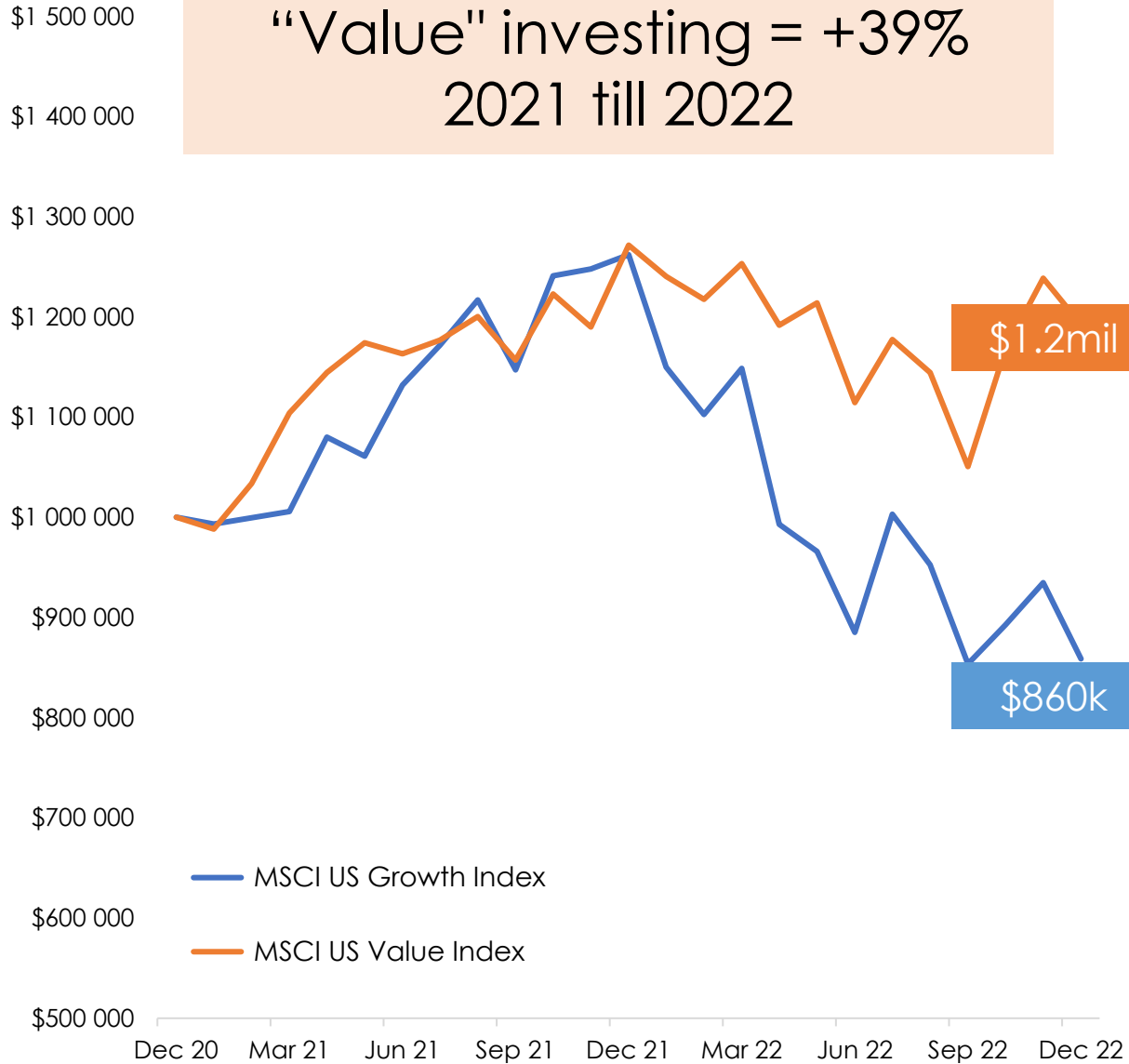


US Interest Rates

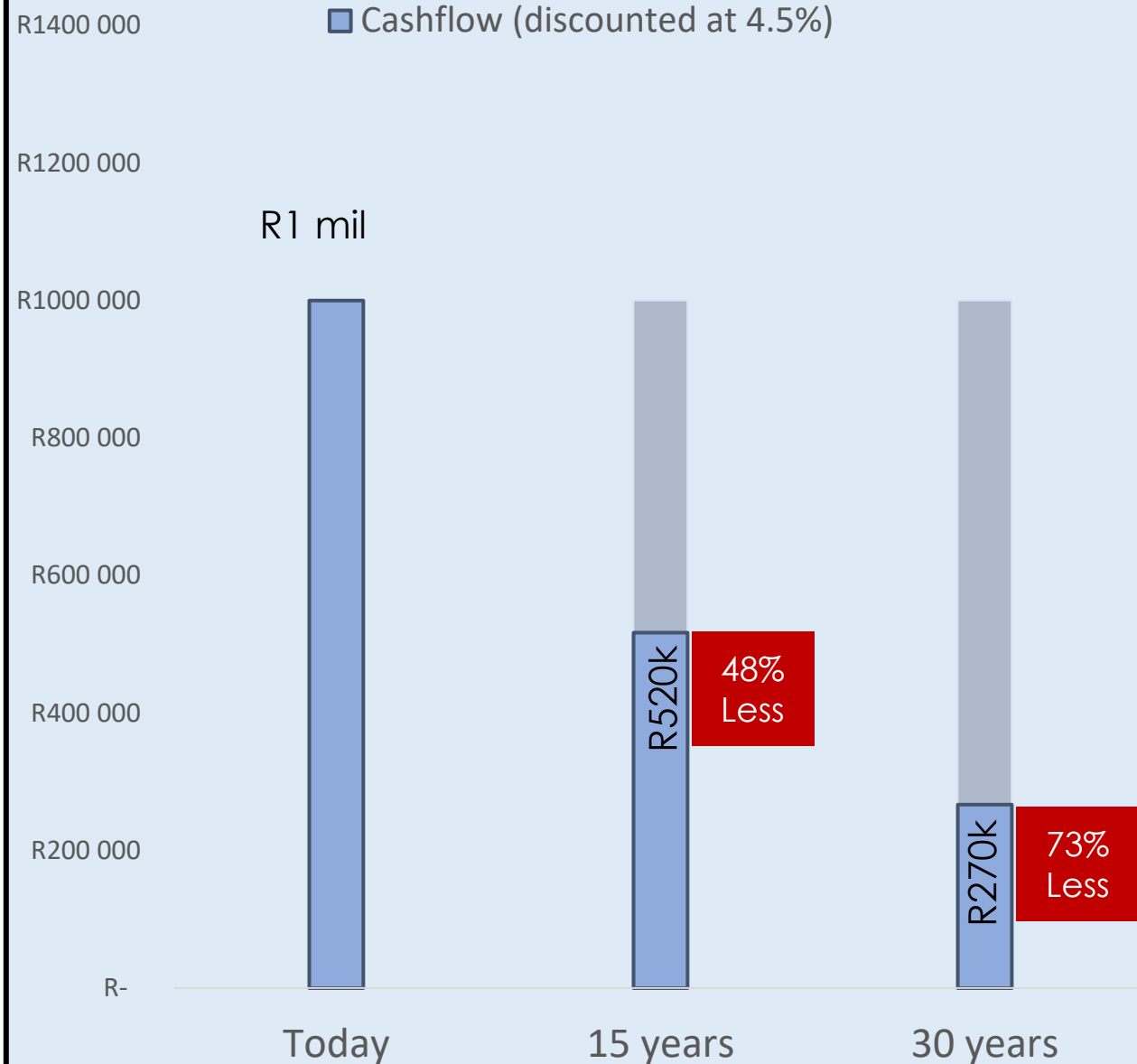


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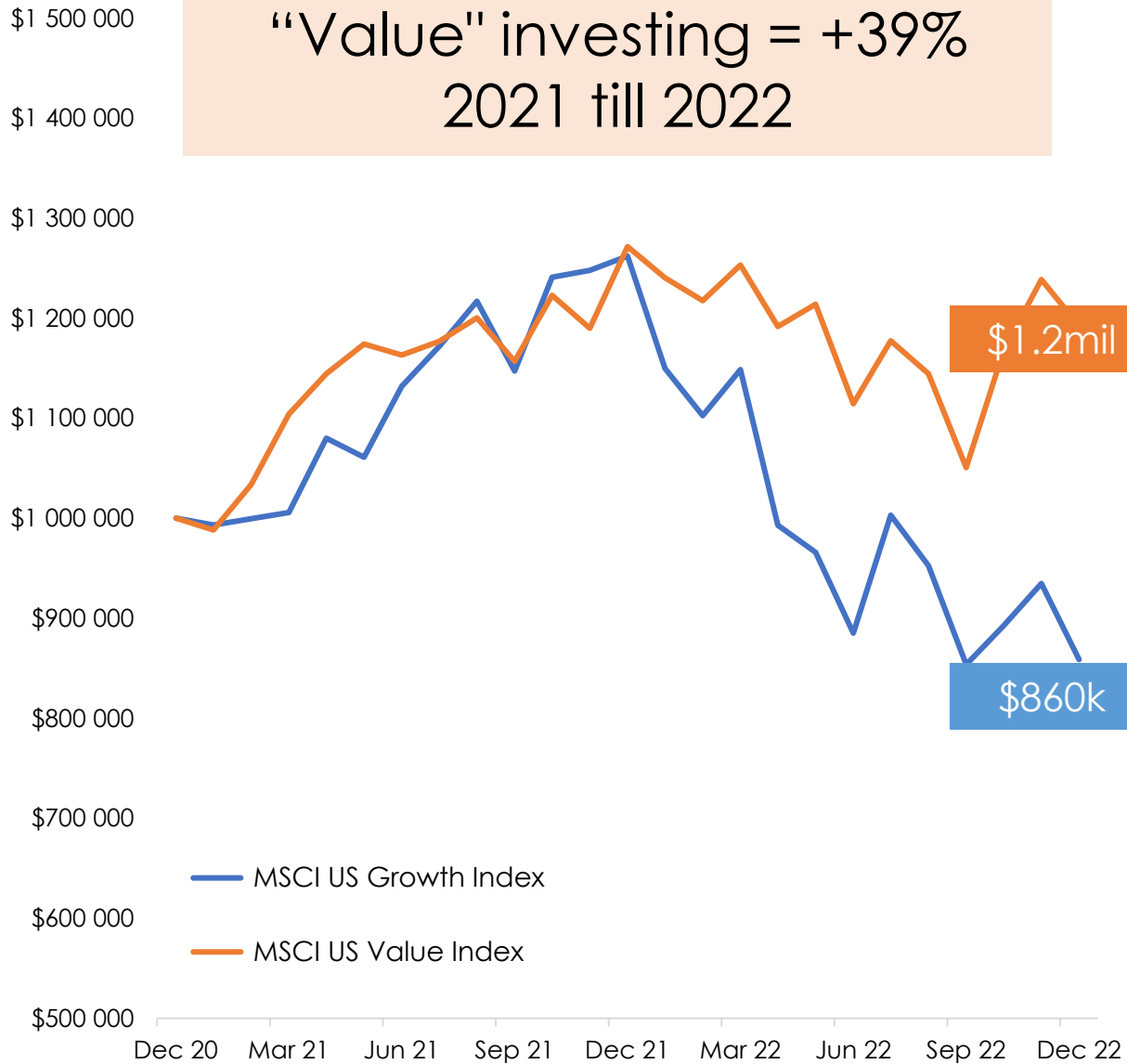


R1million received over varying periods in the US



Growth

“Value” investing = +39%
2021 till 2022



Returns (Dec 20 - Dec 22)

amazon

-48%

NETFLIX

-46%

PayPal

-70%

zoom

-80%

TESLA

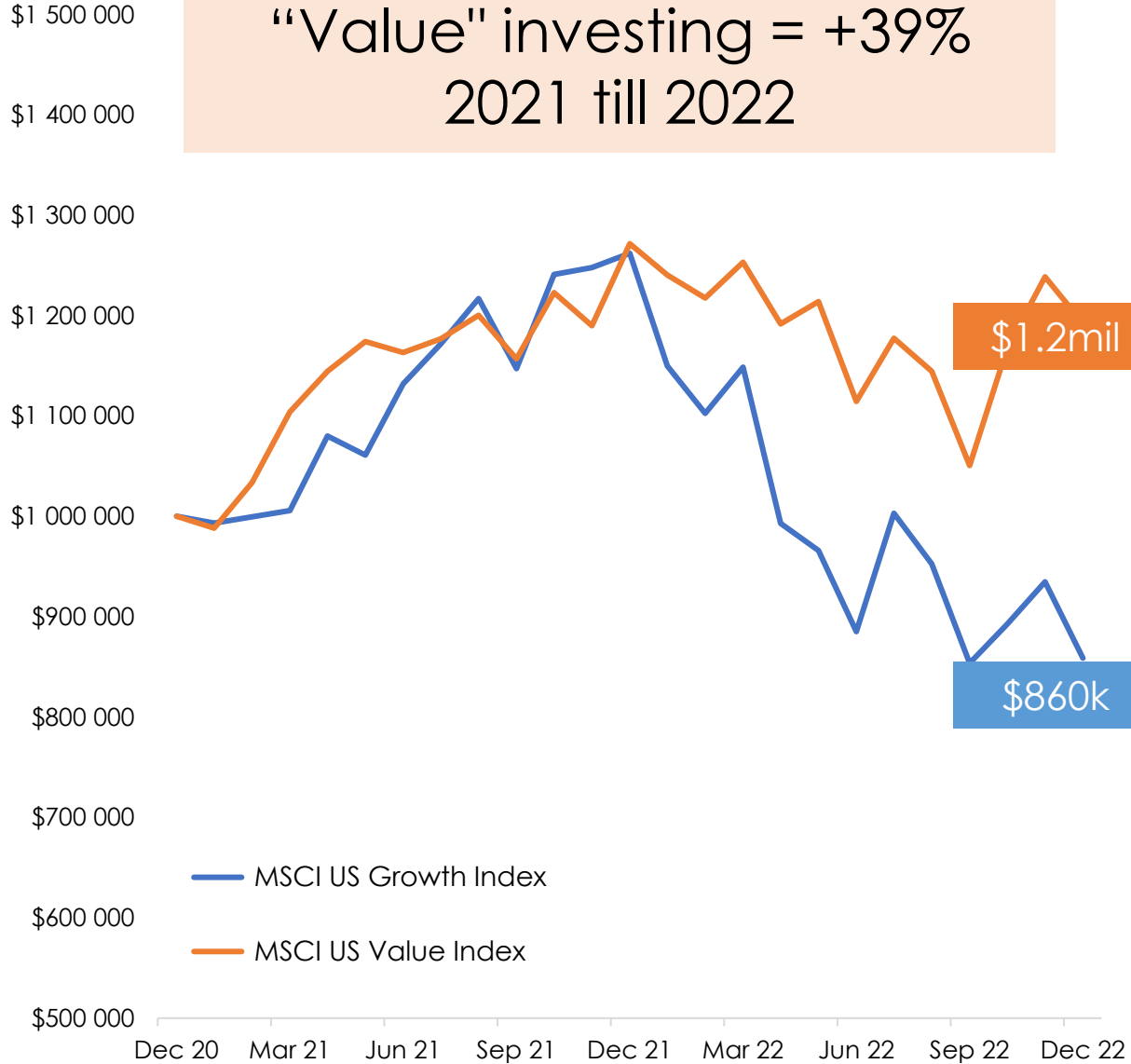
-48%

Meta

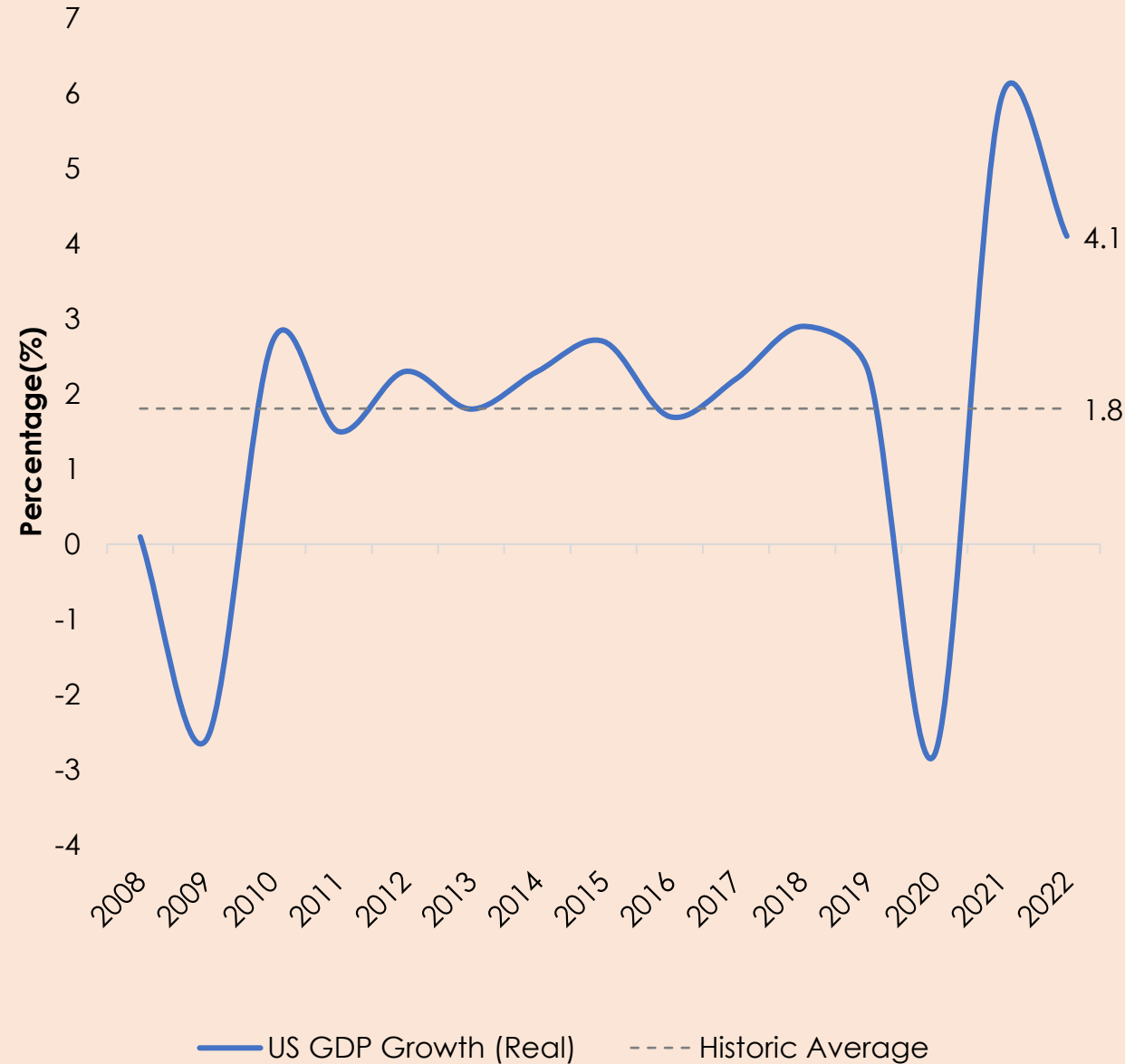
-56%

Value

“Value” investing = +39%
2021 till 2022

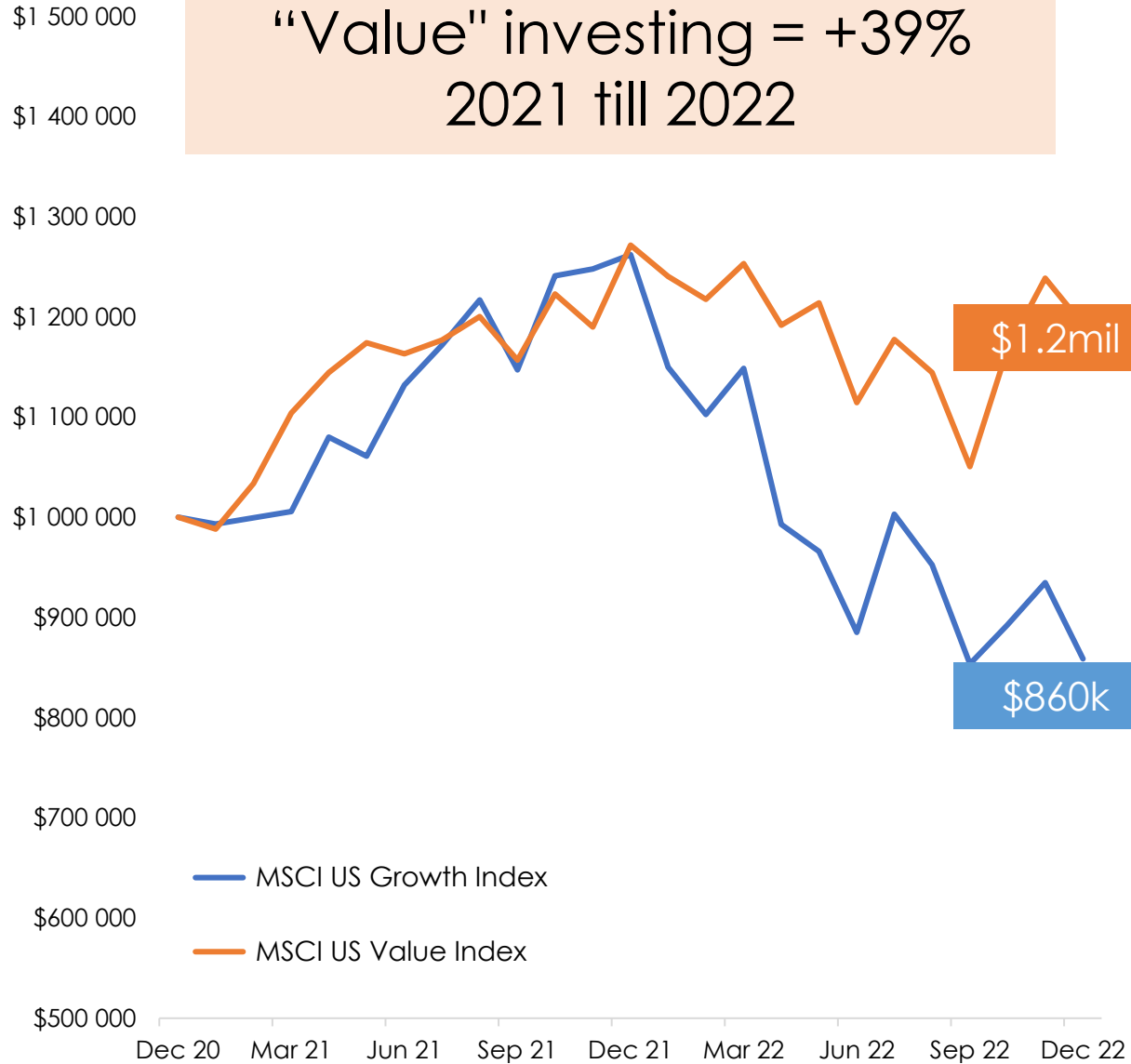


US Real GDP Growth



Value

“Value” investing = +39%
2021 till 2022

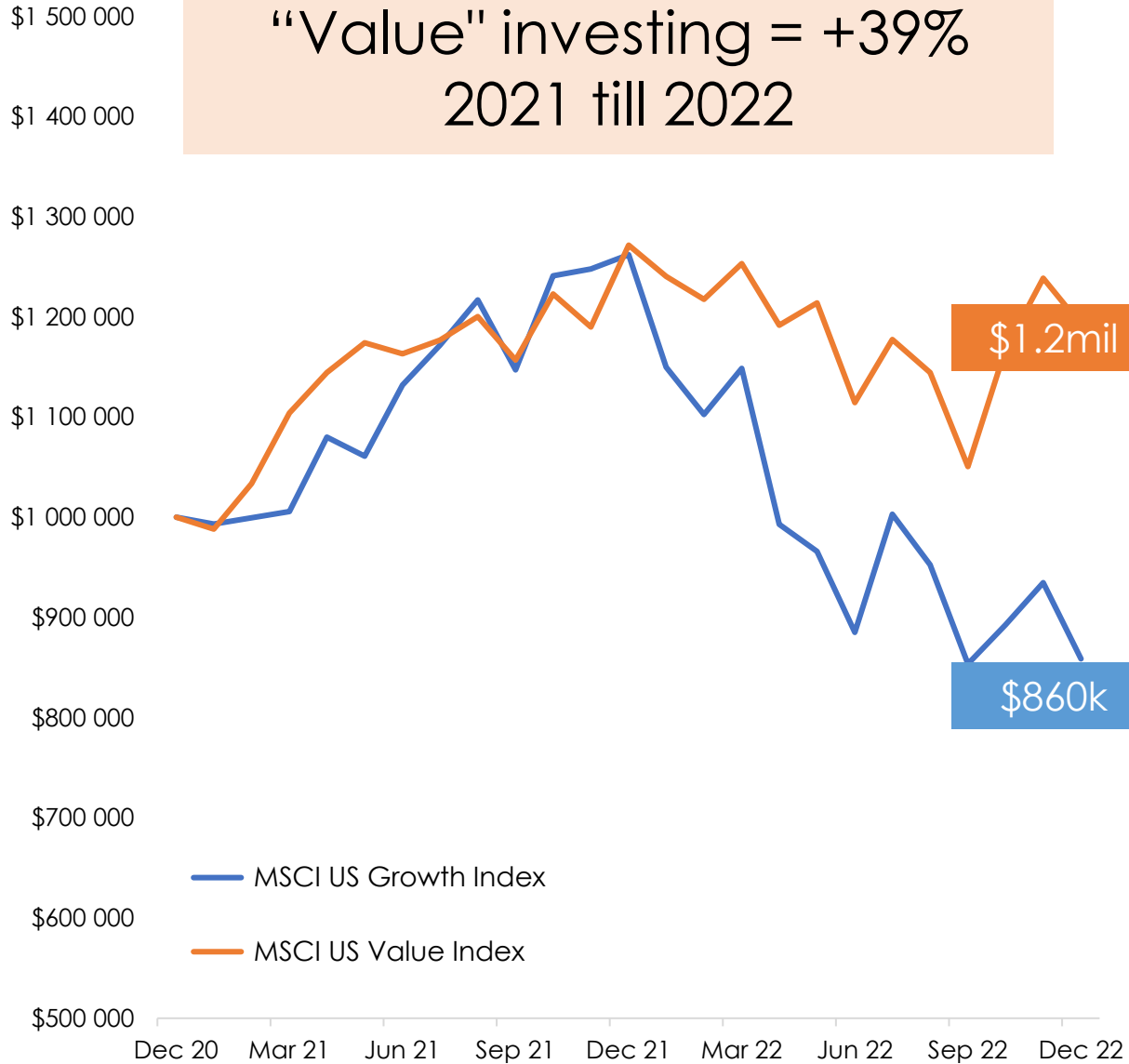


*The rising
tide lifts
all boats.*

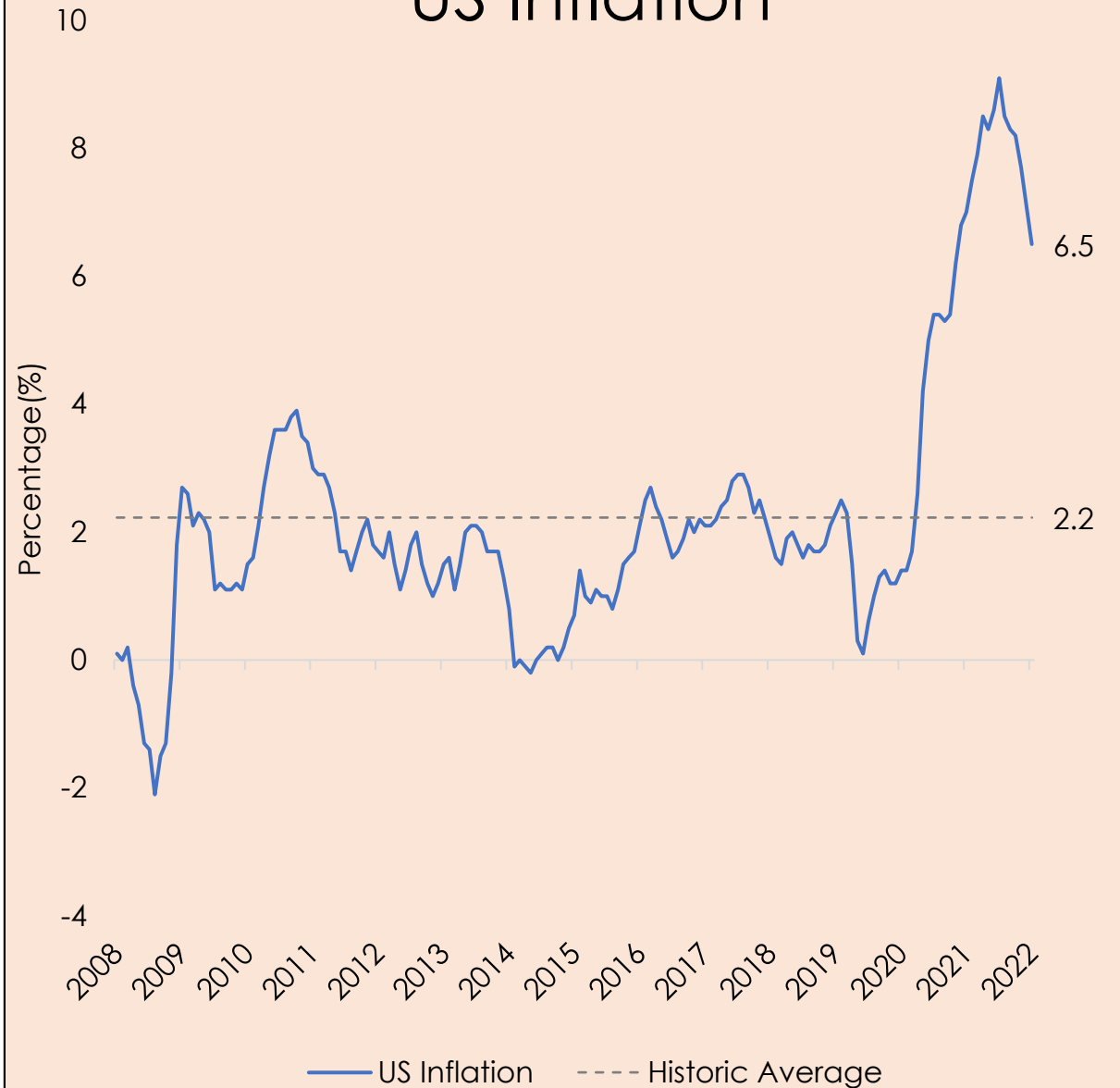
Especially cheap ones

Value

“Value” investing = +39%
2021 till 2022

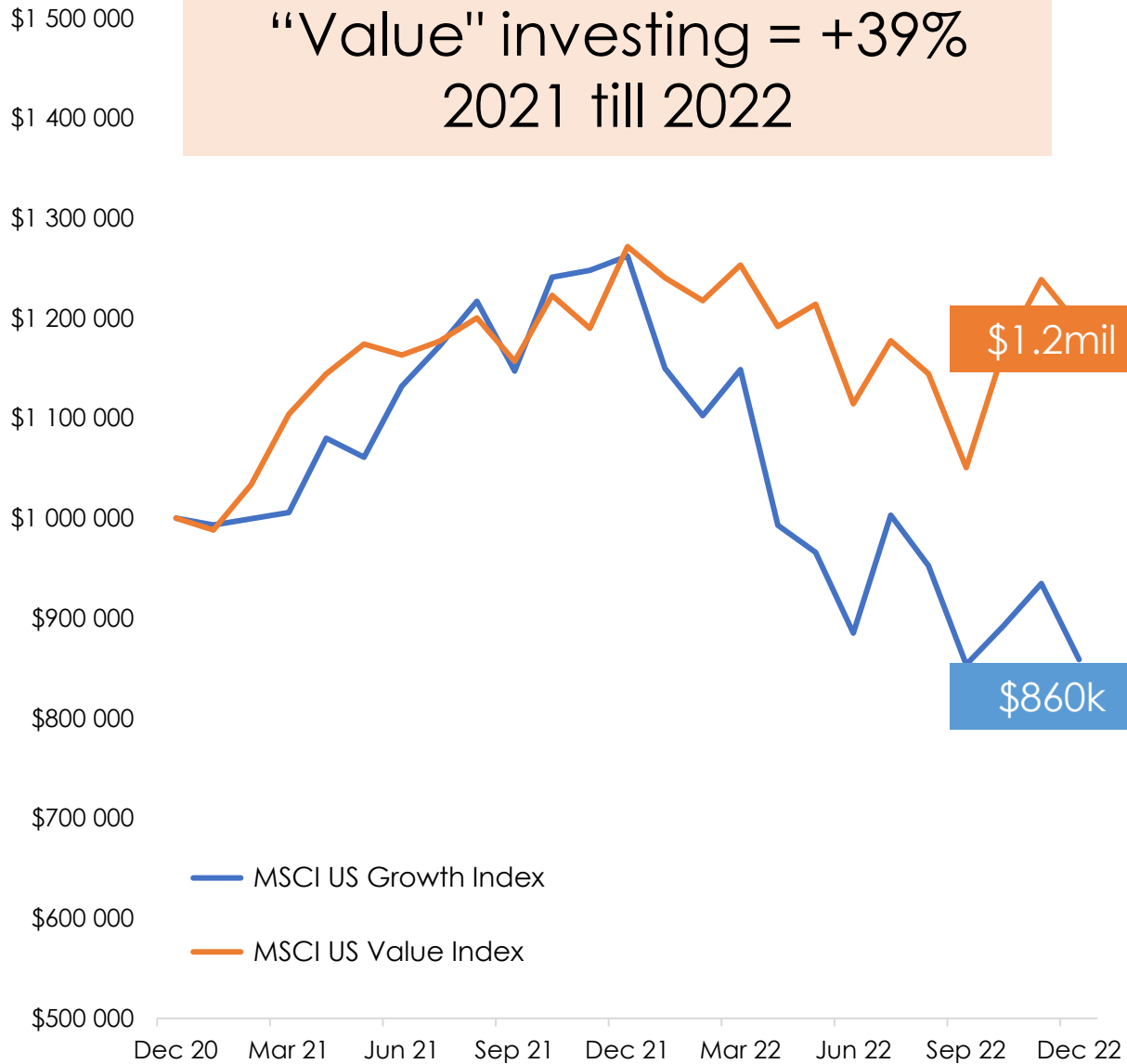


US Inflation



Value

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2021 till 2022



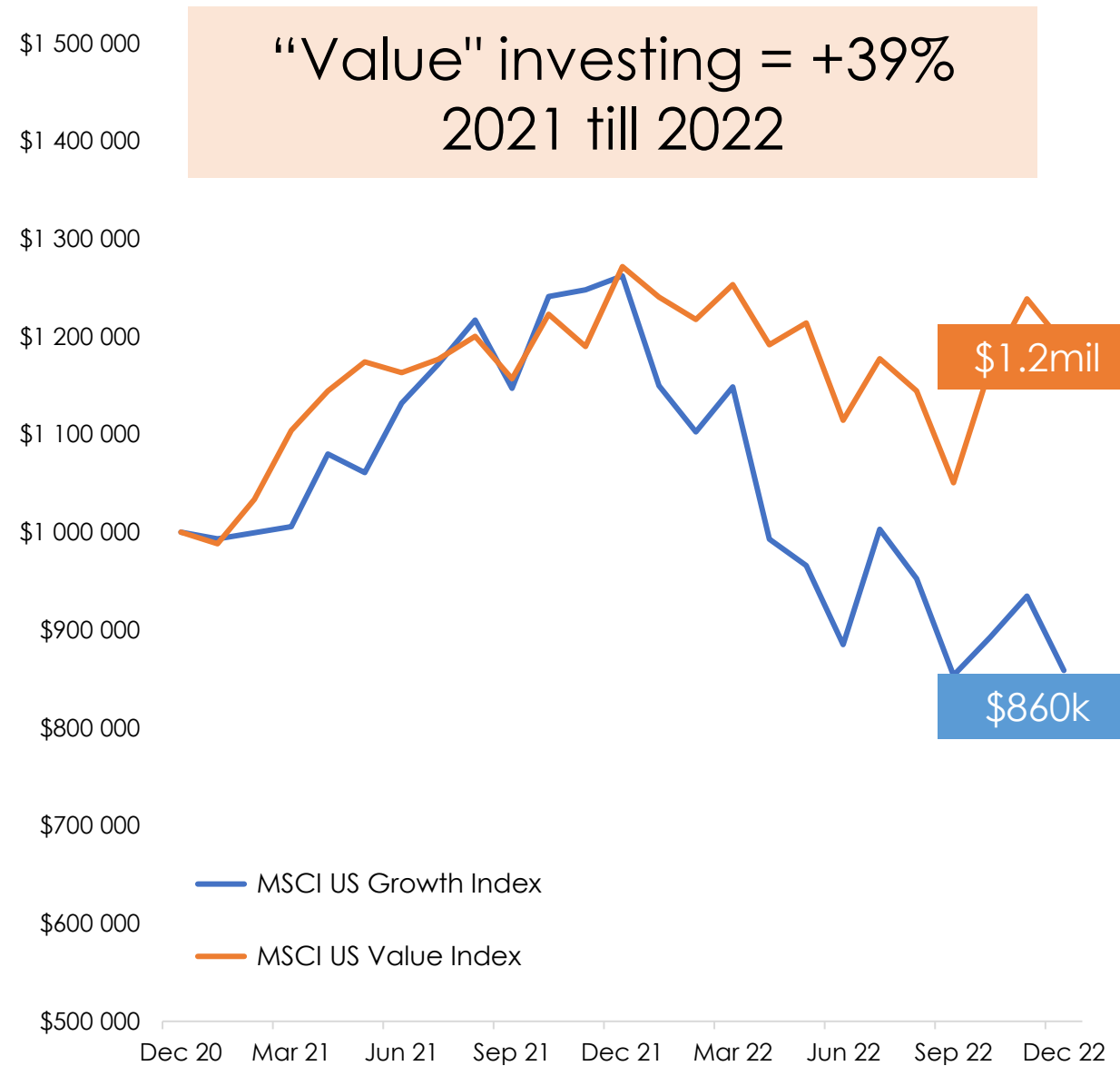
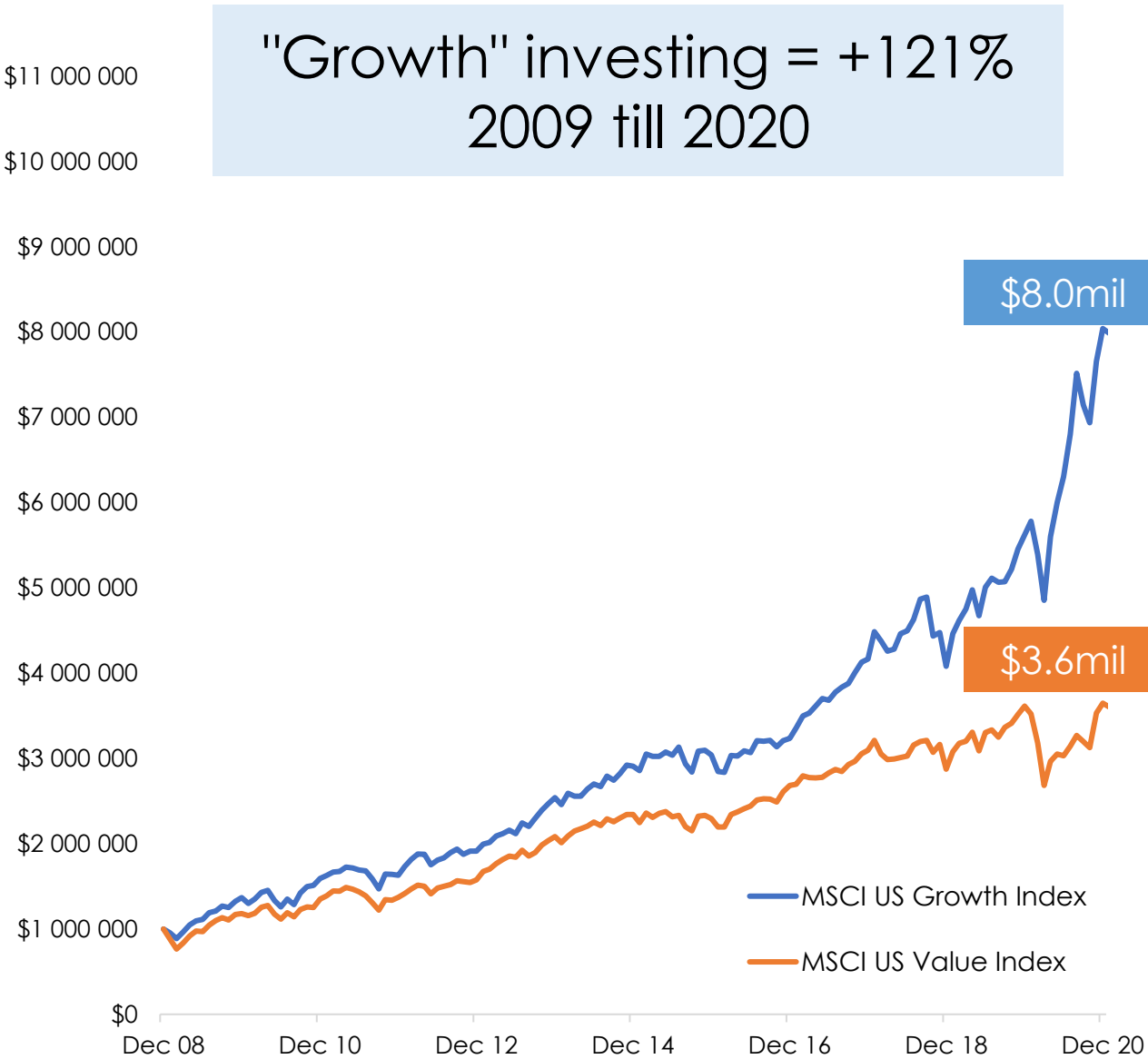
Returns (Dec 20 – Dec 22)

ExxonMobil +195%

GLENCORE +132%

 +71%

Growth vs Value



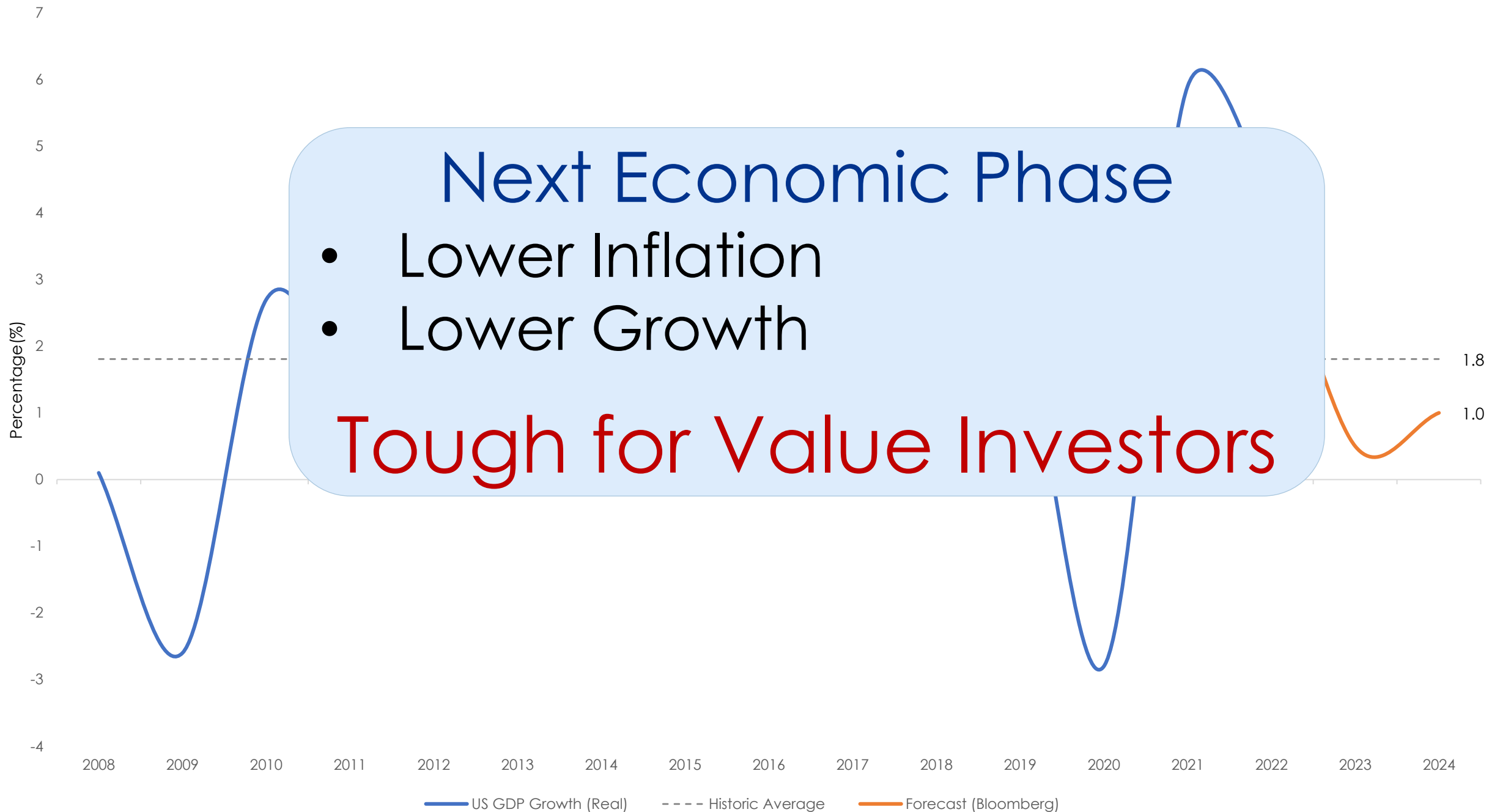
Where to from
here?



US Inflation



US Real GDP Growth



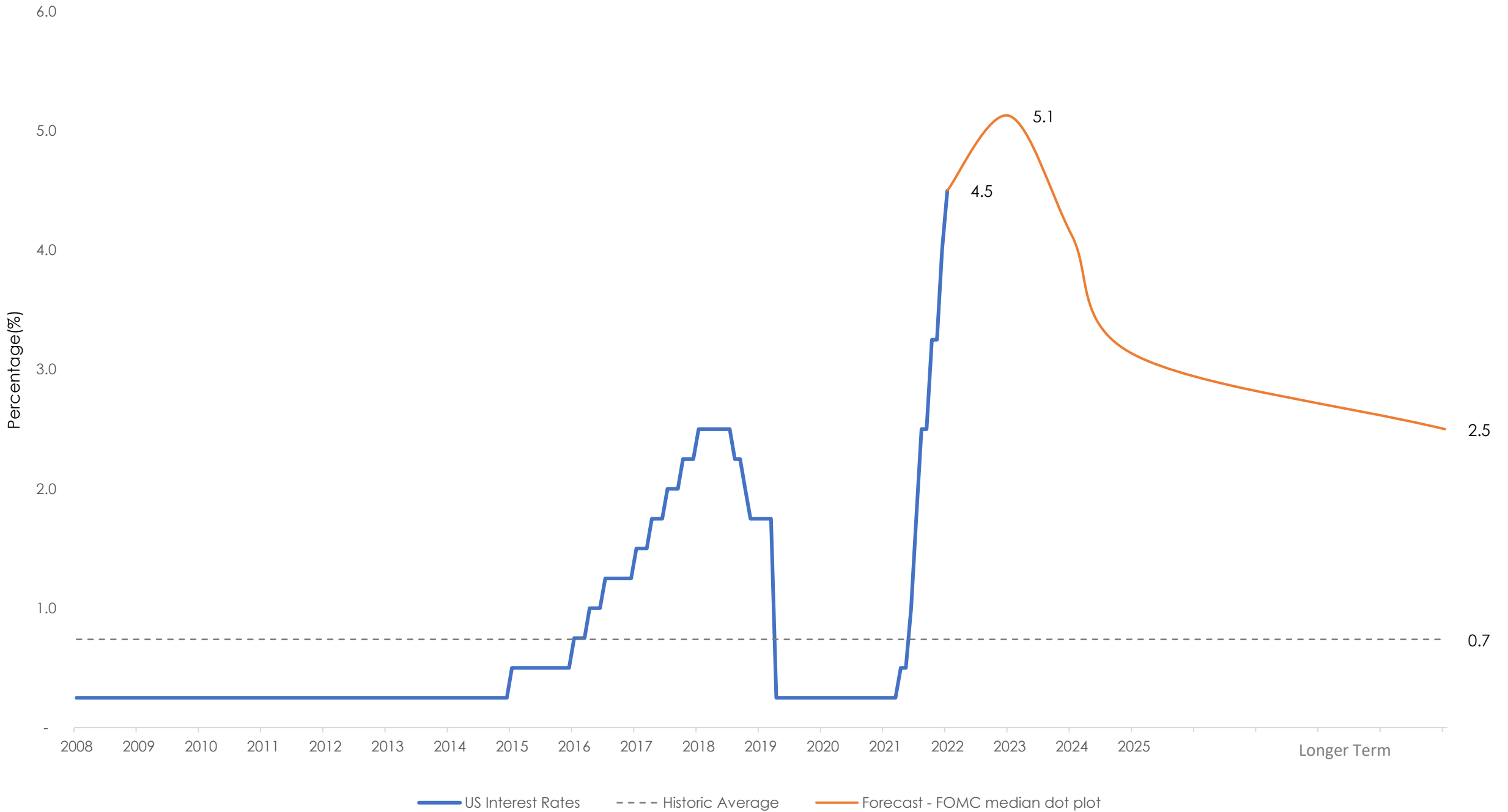
Returns in 2023

Value = +3%

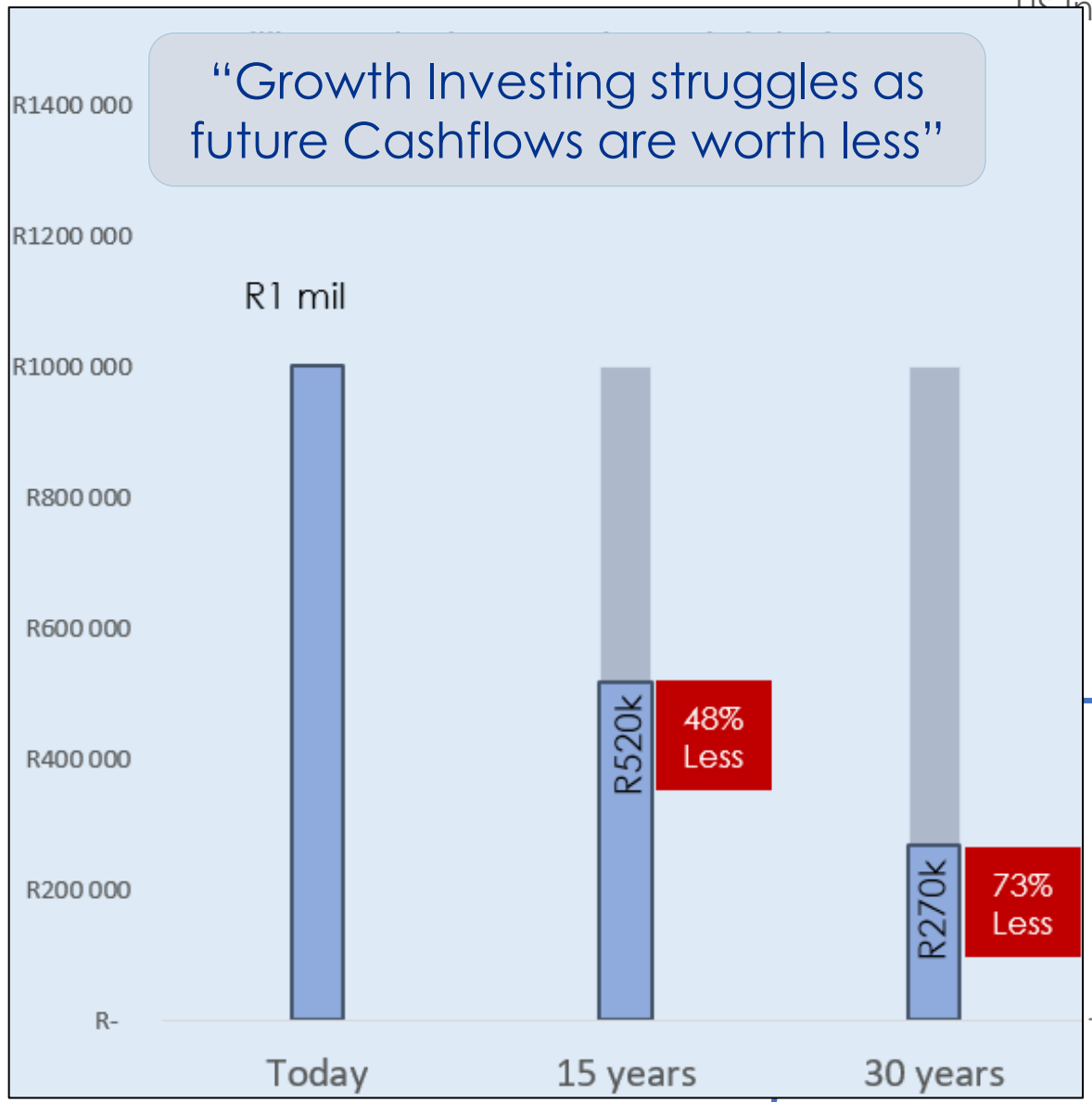
Growth = +10%



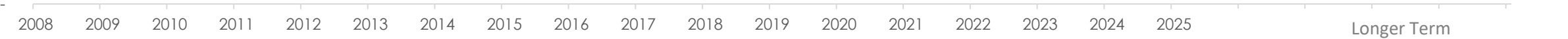
US Interest Rates



“Growth Investing struggles as future Cashflows are worth less”



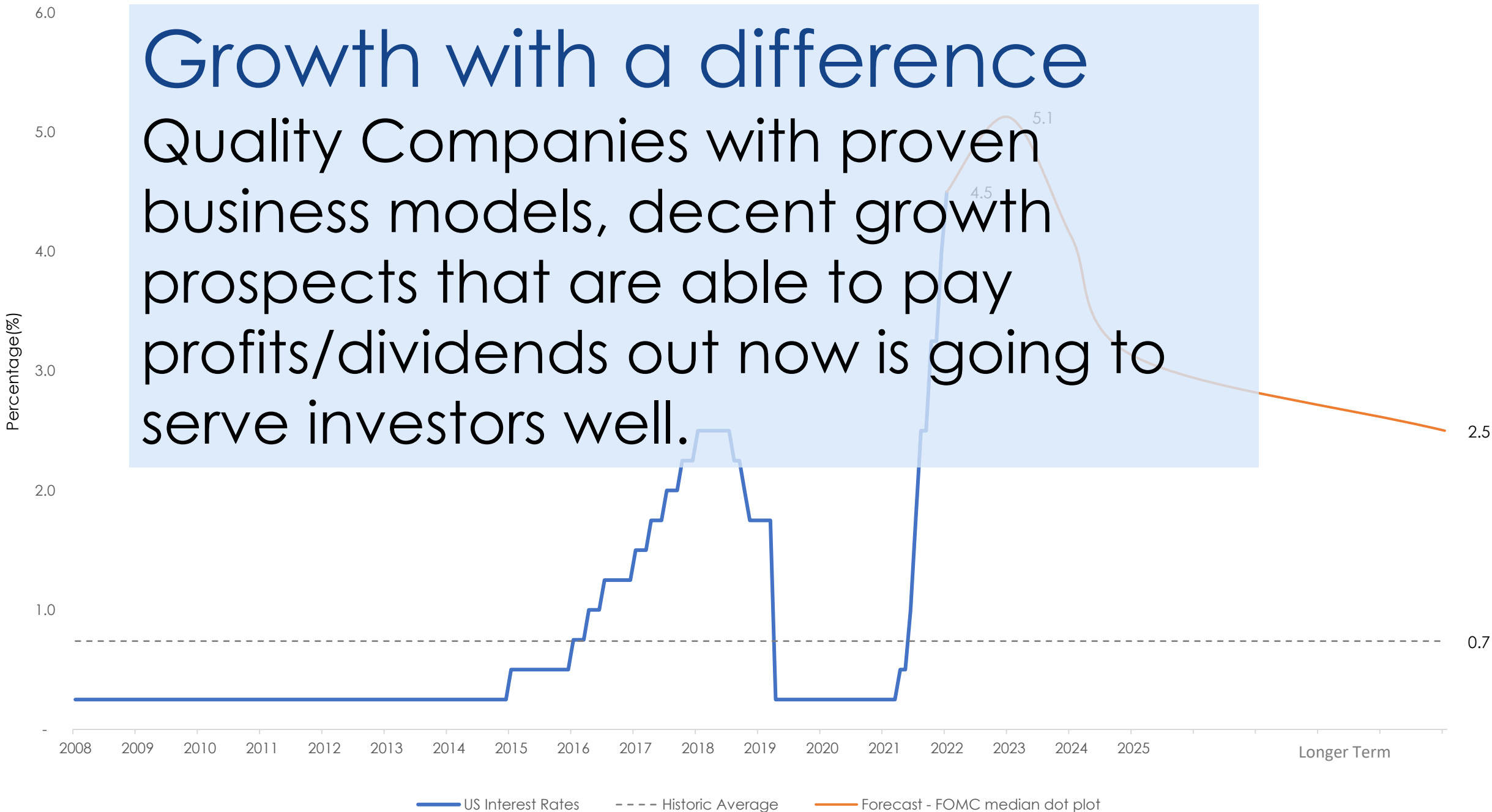
Cash/Dividends today are worth more than ever given higher rate environment



US Interest Rates

Growth with a difference

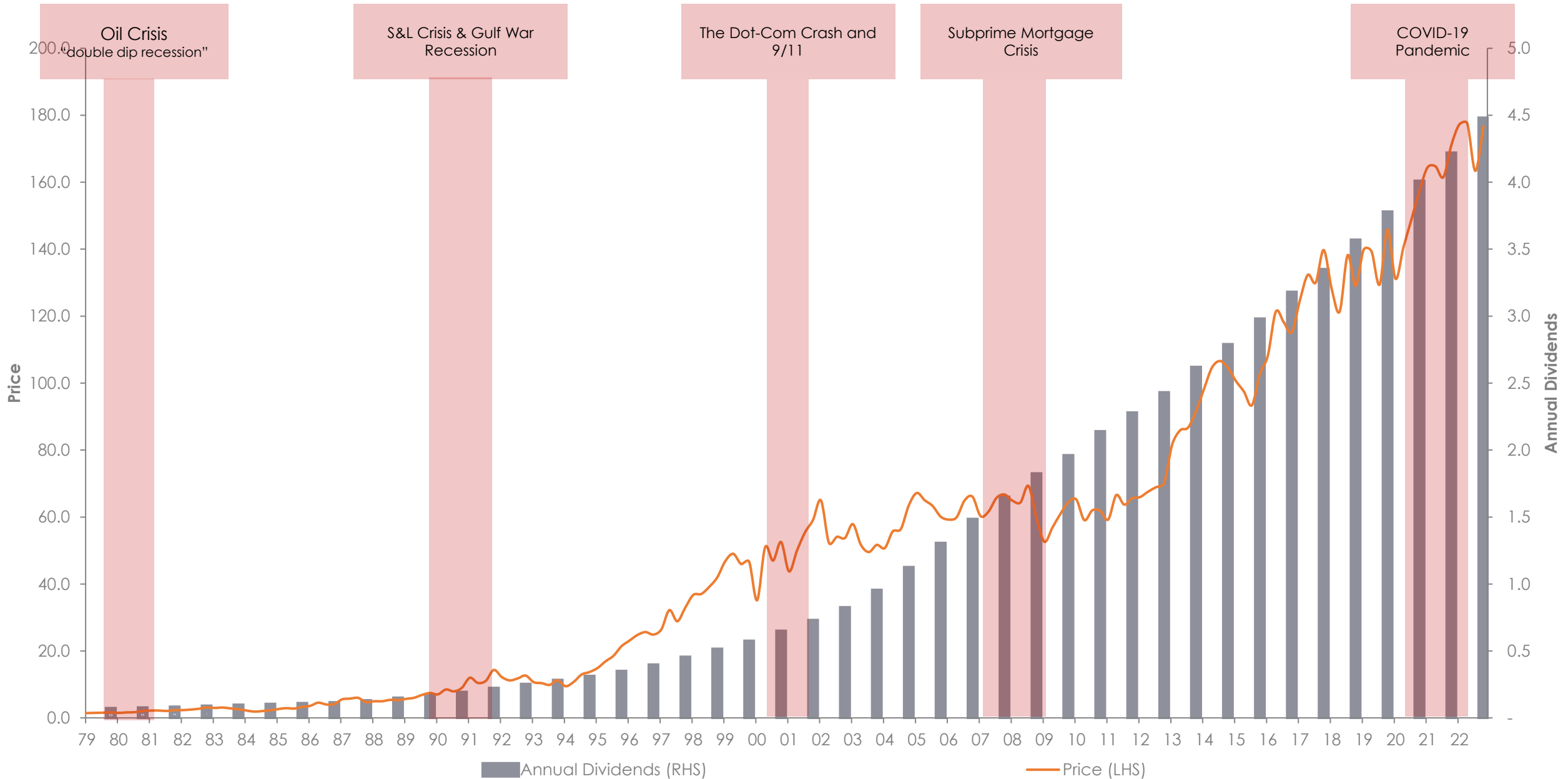
Quality Companies with proven business models, decent growth prospects that are able to pay profits/dividends out now is going to serve investors well.



Income Focused Investing

Designed for tougher times

Johnson & Johnson



Income Focused Investing



L'ORÉAL



P&G

Johnson & Johnson



Honeywell



DIAGEO

VISA



S&P Global



Income Focused Investing



100%
Pay Dividends
Average Dividend Yield = 2.6%

Income Focused Investing



100%

Growing Dividends

Average Dividend Growth (2yr) = $\pm 6\%$

Income Focused Investing



100%

Proven Business Models

Average Age of Companies = ± 80 years

Income Focused Investing



100%
Investment Grade Rating
Average S&P Credit Rating = A+

Income Focused Investing

100%
Market Leaders



Unilever



Nestlé



EQUINIX

SANOFI

Abbott

Honeywell



DIAGEO

VISA



S&P Global



Income Focused Investing

0%

Dividends cuts in the last 10 years



Income Focused Investing



L'ORÉAL



P&G

Johnson & Johnson



Honeywell



DIAGEO

VISA



S&P Global



Income Focused Investing

EXHIBIT 7 RETURN OF STOCKS BY CATEGORY JANUARY 31, 1972–SEPTEMBER 30, 2011

	<u>Annual Return</u>	<u>\$100 Became</u>
Dividend Cutters or Eliminators	-1.2%	\$62
Non-Dividend Payers	1.2%	\$159
S&P 500	6.8%	\$1,346
Dividend Payers with No Change in Dividends	6.8%	\$1,353
Dividend Growers and Initiators	9.1%	\$3,185

Source: Ned Davis Research

Thank You





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