Market Perspective

Mass unemployment to labour shortages

Issue 129 | September 2021

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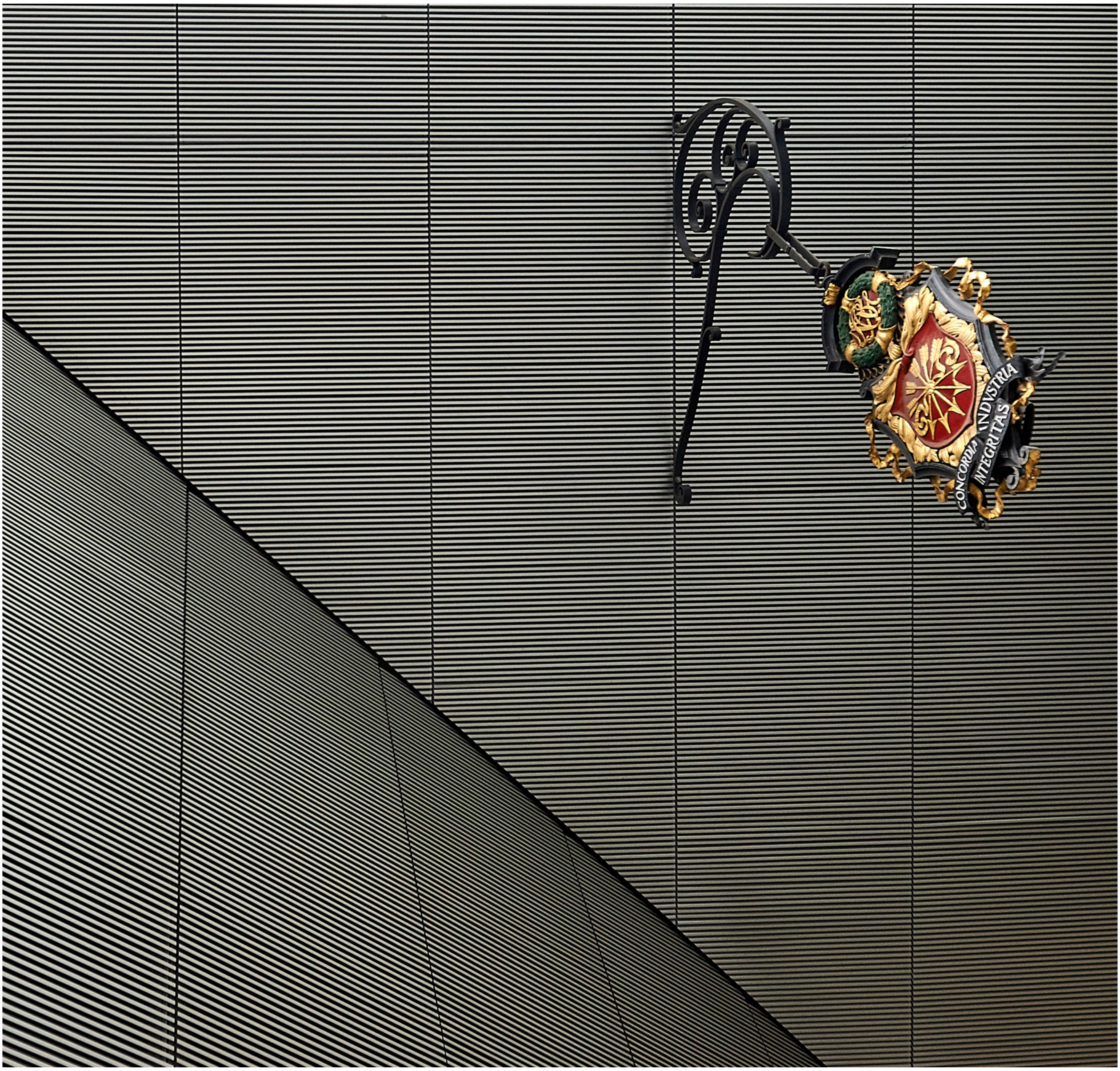

Rothschild & Co
Wealth Management

1 minute read

From mass unemployment to labour shortages

In just 18 months, fears of mass unemployment have been replaced by worries about labour shortages. We are now in one of those periodical episodes when economists warn us loudly that the growth they didn't predict is slowing down.

The slowing need not be alarming. It mostly reflects simple arithmetic (the big reopenings are behind us); supply bottlenecks that may not last (there is actually plenty of US spare capacity); and rising covid contagion, which is leading to some renewed suppression.

The latter could be worrying, but the last year has demonstrated clearly that economies can indeed resume growing when we let them. Many businesses are continuing to adapt to more distanced ways of operating.

Meanwhile, although fiscal support is now being withdrawn – the UK unusually leading the way – the process of monetary normalisation will be slower. The immediate debate is still about when the Federal Reserve (Fed) and European Central Bank (ECB) will slow their ongoing injections of even more support. With the exception of a few mostly emerging and idiosyncratic central banks, official interest rates seem pegged firmly to the floor.

Even as growth slows, then, corporate earnings – still being underestimated by analysts – may stay ahead for a while yet in their ongoing race with interest rates. Even cyclically adjusted PE ratios may 'normalise' faster than feared.

Stocks have done remarkably well. Some short-term setback may be overdue (that phrase again!). But even from here they might still beat inflation on a long-term view – even if, as we think likely, inflation pressure outlasts the spring's 'transitory' surge. That surge, largely unnoticed, has now pushed the annualised five-year rate for the Fed's preferred measure back above target.

Kevin Gardiner/Victor Balfour

Global Investment Strategists

Cover:
A very public symbol of the heritage and values of the family business is the Rothschild shield positioned on the exterior wall of our New Court office in St Swithin's Lane, London. The five arrows combined with the family motto is the only advertisement for the business within.

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Values: all data as at 31 August 2021.
Sources of charts and tables: Rothschild & Co or Bloomberg unless otherwise stated.

6 minute read

While we were away

Inflation and growth are slowing, but not alarmingly; and monetary policy in the larger Western economies is still likely to begin normalising (very) slowly in the months ahead. Meanwhile, projected corporate profits continue to hit new highs; China's regulatory tightening may have been extrapolated too far; and Afghanistan's plight changes little.

Inflation and growth

The immediate surge in US consumer prices – the biggest inflation 'surprise' in recent years – seems to be rolling over, as expected. The annualised rate of core CPI inflation in August was 1%, after averaging 8% in the previous three months. Meanwhile, second-quarter US GDP growth fell short of expectations at 'just' 6%, and covid contagion – and suppression – has been rising again globally, reinforcing expectations of renewed economic slowdown.

However, it is way too soon to sound the all-clear on inflation, and/or to be talking of the next recession.

The 'transitory' component of recent CPI inflation was visible from the beginning, but it turned out bigger than expected, and may yet prove more durable too (producer prices are still accelerating). Even when commodity prices stabilise and supply bottlenecks clear, we think the prospect of a renewed, more modest but longer-lasting rise in inflation remains very much in place.

Much of the shortfall in US growth reflected a further run-down in inventories as those bottlenecks persisted: final demand was robust, with consumer spending annualising at 12%, a second consecutive double-digit surge. Final demand must surely cool during H2 – as per the July retail sales data – but some rebuilding of inventories might now work in the opposite direction, to support growth.

Some slowing in growth is inevitable: after all, you can only reopen an economy once. But we doubt a sustained fall to below-trend (that is, sub 2–2.5%) growth is likely yet.

Second-quarter growth in the eurozone and UK outpaced that in the US – their economies saw a covid-related setback in the first quarter, and were rebounding – and exceeded expectations. The UK economy in particular grew at an annualised pace of almost 20%, continuing on its idiosyncratic path, and embarrassing once again the unlucky Office for Budgetary Responsibility, whose forecasts again materially understated near-term GDP. Nonetheless, in terms of the covid recovery as a whole, European GDP continues to lag that in the US – as does European inflation, where surprises have been small by comparison to the CPI shocks in America.

Tighter covid suppression could deliver a bigger US and global slowdown, or even another reversal. Widespread vaccination seems so far to be muting the damage done by the current wave of contagion, however, and companies and workers are adapting to more distanced ways of doing business.

If a covid-led retracement is avoided, we think the US labour market will continue to tighten, and full employment (or close) looms towards the end of the year.

As we've noted before, US output is 1% above its pre-pandemic levels, but employment is some 4% lower than it was. The overlooked surge in output per person is a reminder that the productivity gloom of recent years may have been overdone, and is one of the drivers of surging corporate profits in 2021 (see below). It is likely to fade, however, as labour supply responds to the withdrawal of higher unemployment pay; and as it does so, unemployment will fall further. Wage costs are the likely driver of the higher trend inflation we're expecting.

Interest rates, stocks and the dollar

The recent surge in US inflation has already pushed the Fed's targeted measure of inflation (the consumer expenditure deflator), not just the CPI, back above its 2% target on an annualised five-year basis. At 2.1%, that five-year average, though rising, is firmly below July 2021's year-on-year rate of 4.2%, and so may remain above target even as the immediate surge fades. In other words, the 'transitory' episode is registering in some longer-term trends.

This could be enough for the Fed to feel that "substantial further progress" towards meeting its inflation objective has been met, even allowing for its newly announced intention (as of last year's monetary policy review) to allow the economy to run hot for an unspecified period before acting. The progress made in reaching the Fed's other objective, a sustainably tighter labour market (for which there is no explicit target), has been less conclusive, but as noted, that may be about to change.

As a result, we think a reduction (tapering) in the pace of bond purchases is still likely to be announced in the autumn (*as has been been all but confirmed by Fed Chair Powell at the Jackson Hole symposium since this blog was posted*), and (in our view) the timetable for higher policy rates will also shorten, though an increase still remains unlikely before 2022 (Fed officials and the money markets have been suggesting 2023).

The ECB is also poised to slow its bond purchases, though it seems likely to be the last of the big three western central banks to start raising policy rates. The Bank of England has already slowed its buying of bonds as its ceiling on purchases has approached, and in early August, the Bank seemed to suggest that interest rates might rise sooner than previously thought (perhaps, like the Fed, in 2022).

As we see it, all this means that – at current valuations – the investment climate likely still favours stocks over bonds. Rising interest rates (eventually) will hurt both, and as the riskier asset, stocks are likely to be most immediately vulnerable to an initial rise in rates; but eventually, ongoing growth should underpin corporate profits (see below), and give stocks the edge.

The money and bond markets largely ignored the surge in US inflation, with Treasury yields and even implied (breakeven) inflation rates falling. We continue to see the yield curve as mispriced, its negative yields offering not the traditional risk-free returns but rather the opposite.

Having been prematurely wary of long-dated bonds in particular for so long, we have to recognise that even if we are right about the economics, a continued global shortage of high-quality bonds and ongoing purchases by (some) central banks and liability-driven investors may yet keep yields suppressed. That does not make bonds a 'buy', however.

Currency markets have seemed closer to sharing our views on interest rates: the dollar has rallied modestly through the summer. It might be reflecting a deterioration in risk appetite – it can be a 'safe haven' – but we have not seen a wider retreat from risky assets (US and global stock indices have hit new highs). Luckily, we resisted the dollar bear bandwagon that was starting to roll at the beginning of the year: it has been right to be boring on exchange rates.

Corporate profits

The resilience of corporate earnings must be one of the best-kept secrets in the covid episode. US GDP growth may have undershot expectations in the second quarter, but it was still dramatic, and accompanied by surging labour productivity. Corporate profits and cashflow comfortably beat expectations, leading to a further wave of upgrades to estimates for the rest of 2021 and 2022.

Consensus forecasts now see operating earnings for the S&P 500 companies rebounding by 63% in 2021, after a fall of 22% in 2020. This would leave them 27% above their 2019 level – and, remarkably, around 5% above the level for 2021 that had been expected before the pandemic. This is not as bizarre as it sounds: productivity (as noted) may turn out higher, and interest charges lower, than would have been expected then.

A marked slowdown in earnings growth seems inevitable in 2022, but to a level of earnings that is now projected to be roughly a tenth higher than seemed likely before the results season.

Resumed covid suppression could derail these projections. But in the meantime, the ongoing upward revisions to forward earnings estimates continues to contrast starkly with the circumstances when stock valuations were last elevated. In 2000, valuations were actually materially higher, but earnings were poised to collapse. The scale of 2021's rebound makes even cyclically adjusted PE ratios less daunting than they could be.

China's setback

The summer has seen a further sell-off in China's stock markets, discussed more carefully below. There is substance to it: China's government has genuine grievances with the education and technology sectors, and both of these have been popular with overseas investors. However, the grievances are different, and we believe many investors are extrapolating them into a direct threat to foreign investment per se, which we see as mistaken.

The education sector's business model has effectively collapsed: the government – which still controls much of the economy – will not permit teaching of the national curriculum for profit. The threat to the tech sector's business models, however, is more incremental – in a way that should be familiar to western investors, because regulators there have been similarly trying to tackle their tech giants' hubris for some time.

We do not know what will happen next, but we think the strategic attractions for overseas investors of investing in China – including its tech stocks – will remain compelling, and valuations may now be undershooting.

Afghanistan

We have noted often how even the most unsettling geopolitical and humanitarian developments sometimes have little read-across to economics and finance. The people and places involved are often poor and powerless, and markets are callously focused on the bottom lines of global profitability and interest rates. Despite some portentous 'Big Picture' commentary, we think this will prove the case with Afghanistan.

Afghanistan's economy is too small to make a difference directly. We can see how it might indirectly trigger a renewed escalation in the ongoing international refugee crisis; and longer term, it might result in an increased risk of terrorism, and perhaps even some rebalancing of superpower influence. The European Union and eurozone partners might yet find themselves again at odds over how best to accommodate/finance any extra burden, and with a very open election looming, Germany is poorly placed to offer its usual leadership. The euro has softened a little and Italian bond spreads widened. But the movements to date are small. Geography provides a buffer, and so too does realpolitik.

'The Great Game' has more players today, and its playing field has shifted and fragmented. Comparisons with the fall of Saigon make for great journalism, but poor investment analysis: Afghanistan is not Vietnam, and today's inflation risk is qualitatively different to 1975's.

This means, in turn, that the country's plight may sadly persist – at least, while the West's fortunes and relativism remain intact.

Kevin Gardiner — 25 August

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1 minute read

Central bank policy rates

Some central banks in smaller, mostly developing, economies have begun raising interest rates. The green highlighted numbers in the table below show interest rate increases, while the yellow highlighted dates indicate rate changes that have happened this year (in the case of Denmark, a rate cut, not a rise).

The most significant rate hike to date is perhaps South Korea's, which raised rates by 25bps in late August. Despite its classification (by MSCI, but not FTSE) as an emerging economy, the diversified South Korean market is arguably one of the more advanced in Asia, and something of a bellwether for world trade and the global business cycle.

Turkey was the first economy to raise its benchmark rate this year (up 200bps to 19%), following three increases at the end of last year, but (as often) Turkey is something of a special case, given its double-digit inflation (almost 19% in July), weak currency, and persistent turnover of central bank governors.

Brazil and Mexico are two other noteworthy rate raisers – though again, they are perhaps less symptomatic of global trends than South Korea.

We suspect the table is going to get more colourful in coming months.

Some smaller central banks have started raising rates

List of central bank policy rates and dates of change

Country/region	Current rate	Previous rate	Rate change	Date of change
US	0.25%	1.25%	-1.00%	March 2020
UK	0.10%	0.25%	-0.15%	March 2020
Eurozone	0.00%	0.05%	-0.05%	March 2016
China	3.85%	4.05%	-0.20%	April 2020
Japan	-0.10%	0.10%	-0.20%	February 2016
Australia	0.10%	0.25%	-0.15%	November 2020
Canada	0.25%	0.75%	-0.50%	March 2020
Chile	1.50%	0.75%	0.75%	March 2020
Brazil	5.25%	4.25%	1.00%	June 2021
Czech Republic	0.75%	0.50%	0.25%	August 2021
Denmark	-0.35%	0.05%	-0.40%	March 2021
Hungary	1.50%	1.20%	0.30%	August 2021
India	4.00%	4.40%	-0.40%	May 2020
Indonesia	3.50%	3.75%	-0.25%	June 2016
Israel	0.10%	0.12%	-0.02%	April 2020
Malaysia	1.75%	2.00%	-0.25%	July 2020
Mexico	4.50%	4.25%	0.25%	August 2021
New Zealand	0.25%	1.00%	-0.75%	March 2020
Norway	0.00%	0.25%	-0.25%	May 2020
Poland	0.10%	0.50%	-0.40%	May 2020
Russia	6.75%	6.50%	0.25%	July 2021
South Africa	3.50%	3.75%	-0.25%	July 2020
South Korea	0.75%	0.50%	0.25%	August 2021
Singapore	5.25%	5.33%	-0.08%	
Sweden	0.00%	-0.25%	0.25%	December 2019
Switzerland	-0.75%	-0.25%	-0.50%	January 2015
Thailand	0.50%	0.75%	-0.25%	May 2020
Turkey	19.00%	17.00%	2.00%	March 2021

Source: Bloomberg, Trading Economics, Rothschild & Co
Note: Some central banks have more than one reference rate. We've chosen the most widely watched policy rates for the ECB (refinancing rate) and for China (one year loan prime rate). Correct to 10th September 2021.

Charlie Hines — 2 September

4 minute read

US Stocks: valuations and prospective returns

CAPE valuations interpreted

Ever wondered why people disagree so much about stock market valuations, even when they're looking at the same measure?(1)

Cyclically adjusted PE ratios (CAPE) are supposed to make it easier to judge whether stocks are cheap or dear. We use them a lot. Nonetheless, even when starting with the same number, any two analysts seem to be able to reach at least three different conclusions from it.

CAPEs replace trailing earnings (the latest reported full-year 'E- in the PE) with a 10-year moving average. The smoothed denominator eliminates much of the short-term noise of the business cycle.

The resultant number can't be directly compared with a conventional PE. If earnings grow over the longer term, their current level will usually be above their 10-year moving average, and a CAPE calculated from that moving average will be bigger (by an amount equivalent to five years' trend earnings growth). Instead, we focus on the CAPE's level relative to its own history.

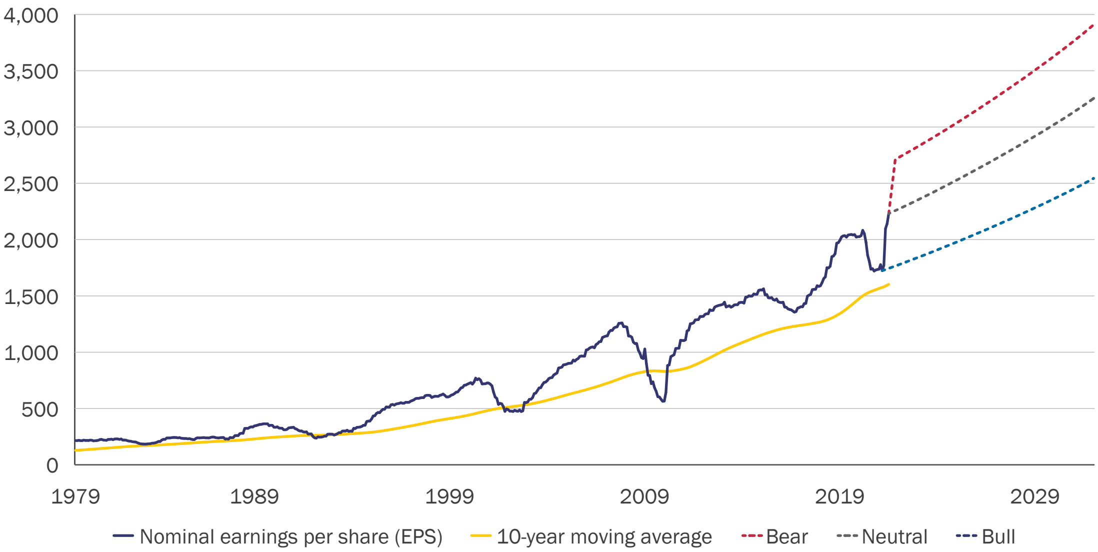
So far, so good – and so objective. The problem is that the interpretation we place on a given CAPE will inevitably depend on our expectations for the future – in particular, on how we think that 10-year moving average is going to evolve.

This doesn't sound like a problem: after all, a 10-year average will change only slowly, right? Well, yes – but after a number of years, even the slowly-moving 10-year average could end up in very different places, depending on what sort of path you think earnings are going to follow. And with short-term earnings particularly volatile just now, the paths they could follow from here vary dramatically.

For example, a pessimist who expected no lasting recovery from the covid setback might extrapolate future earnings from March's low point in trailing earnings. Someone expecting earnings to rebound as they have done to date might extrapolate forward from July's more elevated level. An optimist (realist?) who sees the short-term bounce in earnings as incomplete might start at a significantly higher level again.

The starting point makes a big difference

Nominal US earnings per share (index)



Source: MSCI, Datastream, Rothschild & Co

The chart shows how the three different starting points might evolve over the decade ahead, assuming in each case the same trend growth rate. The optimist's projection for the 10-year moving average of earnings in 10 years' time would be for a doubling from today's level, whereas the pessimist would project a 30% gain only.

With today's CAPE (2) roughly 50% above its own 10-year trend, the optimist will see valuations returning to 'normal' (or lower: the CAPE's own 10-year trend may well continue to drift higher over this period). The pessimist will see them remaining elevated. The former's projected CAPE will be a third lower than the latter's. It makes a market, as they say. All this is calculated at today's stock prices.

Conclusion? Separating investment signal from noise is always subjective. Our judgement so far has been that earnings will rebound sharply, and we doubt the rebound is complete. As in 2009, many commentators have taken their eye off the arithmetic. That said, we also doubt that earnings' future evolution will be quite as smooth as in the chart.

1. There are many reasons why analysts disagree about valuing stocks. Do interest rates matter? What about profitability (as opposed to earnings)? Can 'Tobin's Q' tell us anything? In this essay we're looking at just one.

2. The ratio is often plotted in inflation-adjusted terms, as per Robert Shiller, who did most to popularise the CAPE. The profiles are often similar.

Valuations and prospective returns

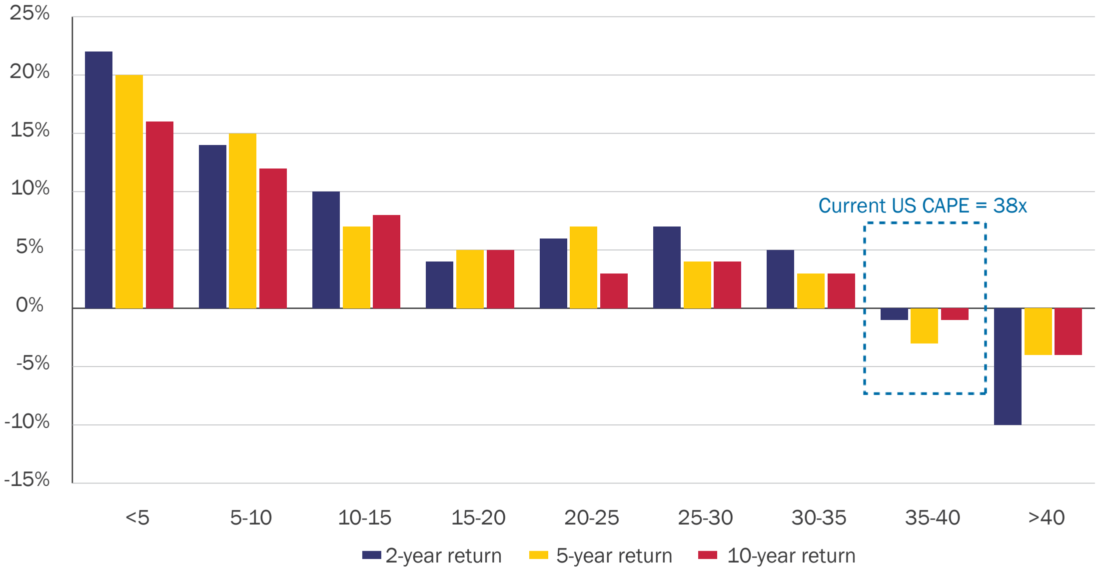
These past 17 months have seen the second-fastest doubling in US stock prices on record (superseded only by the post-Great Depression recovery, when stocks had fallen much further to begin with). Much of this likely reflects a positive macro backdrop – reopening economies, surging productivity and low interest rates. But at what point are these objective developments fully priced in?

The cyclically adjusted PE (CAPE) ratio discussed above – our preferred valuation measure – is the most stretched since the early noughties, in its 98th percentile and only 15% below the TMT bubble high. But as noted, interpreting this depends on how you see trajectory of earnings (and interest rates).

Historically, such elevated valuations have been a difficult starting point for stock returns – markets have not often been here, but when they have been, subsequent returns have been low:

Subsequent returns from today's valuations have historically been low

Average forward US stock returns ('real', annualised) from starting CAPE valuation



Source: Shiller, Bloomberg, Rothschild & Co

How worried should we be?

The possibility of a short-term setback feels higher after such a run, but we know that purely valuation-driven selloffs rarely occur, and that timing the market is not easy – as one investor once quipped: "The only problem with market timing is getting the timing right."

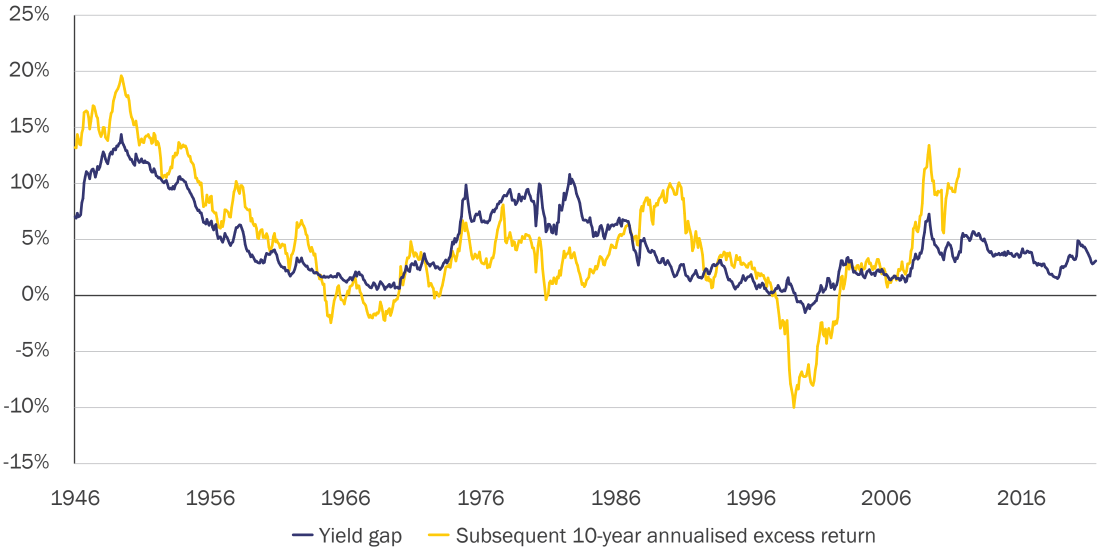
We still see think a constructive outcome for stock returns is plausible over the next 10 years – the period for which we project such returns. As noted, the remarkable upward revisions to projected earnings unfolding at present may yet see a more rapid normalisation in those lofty valuations. And since dividends – and their growth – are part of the total return from stocks, those total returns may be positive, and by enough to outpace inflation, even as valuations fall. Dividends are paid from earnings, but are currently lagging behind them, suggesting more of a catch-up still to come.

Meanwhile, with bond yields even more subdued than cyclically adjusted stock yields, and some normalisation in valuations likely there too, the prospective total returns on bonds may be negative in nominal terms. This would leave them well below inflation – and leave the prospective relative return on stocks looking more attractive.

The yield gap between stocks and bonds is often used as a guide to the likely excess annualised return (often called, misleadingly, their 'risk premium') that stocks will deliver over bonds going forwards. Though the relationship is far from stable, there is some explanatory power in the post-war period (the chart uses stocks' cyclically adjusted earnings yield rather than the dividend yield):

Relative valuations still favour equities

Yield gap between CAPE earnings yield and 10-year real Treasury yield (%)



Source: Shiller, Bloomberg, Rothschild & Co
Yield gap represents the US 10-year 'real' yield (based on average inflation over the previous decade) less the CAPE earnings yield

This is not how we project relative returns: as noted, we try to anticipate likely changes in those yields as valuations normalise. But for now, the current yield gap – a little over 3% – is in line with its long-term average and at least suggests that relative stock valuations, viewed through the lens of current interest rates and bond yields, are far from threatening.

Conclusion

Stock markets are undeniably expensive in their own terms, but as noted earlier could yet normalise faster – and more safely – than many assume. Total returns from here may still beat inflation, and more comfortably outpace those on bonds.

Meanwhile, we are still short of the all-time high CAPE valuations witnessed during the TMT episode in 2000 – when 10-year Treasury yields were close to 7%, compared to 1.3% today.

Kevin Gardiner/Victor Balfour — 26 August/3 September

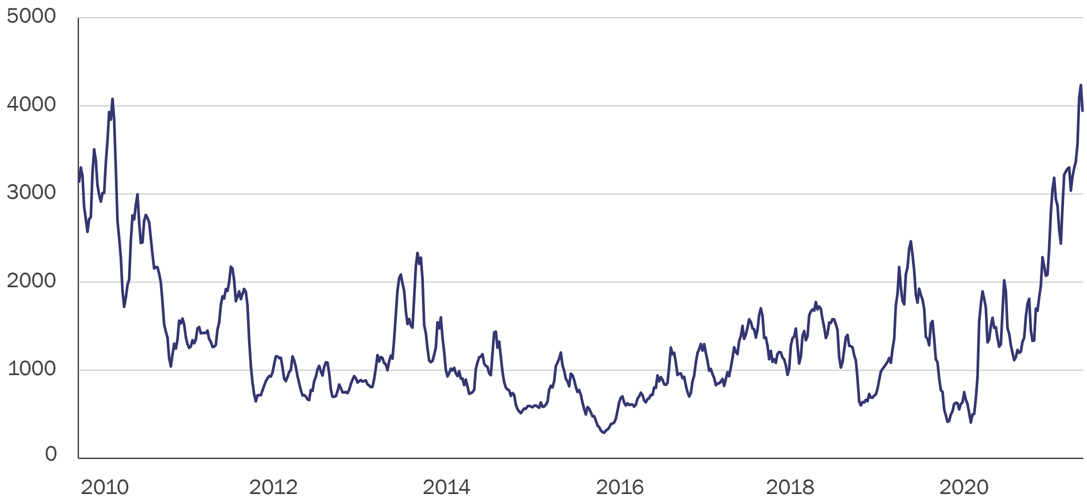
2 minute read

Surging shipping costs

How much does it cost to transport a 40ft shipping container – the equivalent of 400 mattresses, or rather more inefficiently, four medium-sized cars? Today an average journey costs almost $10,000 – up more than five-fold relative to pre-pandemic levels. The ever-volatile Baltic Dry index (BDI), a widely watched measure of shipping costs also often believed to have all sorts of wider predictive powers, has recently notched its highest reading in over a decade.

Shipping costs surge to their highest level in more than a decade

Weekly price data for the Baltic Dry Index



Source: Bloomberg, Rothschild & Co

The BDI is not a convincing leading economic indicator: in the decade to the end of 2020, the index and global trade volumes moved in opposite directions (the former fell by two-fifths, while the latter expanded by two-fifths). But it does illustrate the very visible surging cost of shipping capacity for dry bulk carriers.

At the heart of this latest development is a cocktail of factors: renewed covid outbreaks, seasonality, ongoing supply chain bottlenecks and labour shortages. Congestion at ports is historically intense – particularly in the US, where many ships are being forced to queue idly at anchor until a berth becomes available. At some ports the average time to offload US cargo has almost doubled to nearly eight days over the past year.

Further pinchpoints are evident at warehouses and in road haulage, where delivery drivers are increasingly scarce (with scarcity being amplified, in the UK, by Brexit). As a result, many just-in-time supply chains, already stretched by depleted inventories, are close to breaking.

It's quite a turn of events for a global shipping industry that has had a challenging few years. Trade wars, chronic oversupply (a legacy of the noughties shipbuilding boom) and tighter regulation of the most polluting vessels created a difficult environment for maritime trade, suppressing charter rates. Ahead, freight forwarders are more optimistic: global trade volumes are expected to expand at by 8% this year according to the WTO.

But what may be good for shipowners is more challenging for businesses and consumers, where the impact on corporate profits and/or higher inflation will be felt.

There is some evidence that certain companies are simply absorbing these costs, perhaps where pricing power is weakest. But at the sharp end are the extractive industries – energy, timber and agricultural goods – where surging freight and transport costs form a big part of the total. The surge in producer price indices – and to a lesser extent, the US 'goods' basket in the CPI, up 8.4% year on year in July, suggests many companies are passing on such costs.

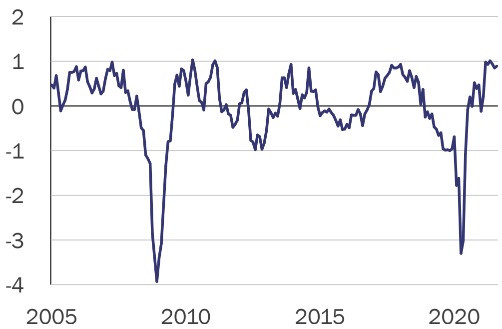
One of the reasons the BDI does not always correlate with the global economy is that if prices stay elevated for long, more ships are built, eventually pulling prices back down. This can take a year or two, however. It's also important to note that the relative importance of transportation costs varies tremendously by industry and geography – from as much as one quarter (as a percentage of sales) for those extractive sectors, to low single-digit percentages. At least for now though, this component of the inflation story seems unlikely to fade quickly.

Victor Balfour — 8 September

Economy and markets: background

Growth: major economies

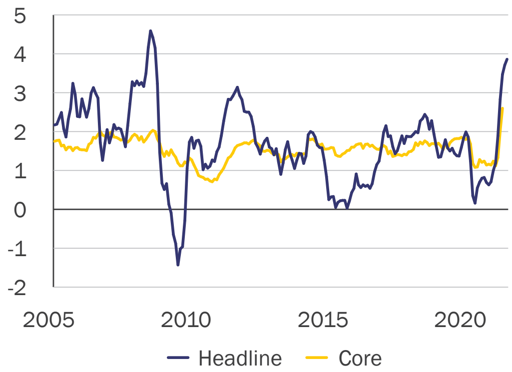
Business optimism: standard deviations from trend



Source: Bloomberg, Rothschild & Co
Composite of the forward-looking components of manufacturing surveys from China, Germany, Japan, UK and US loosely weighted by GDP

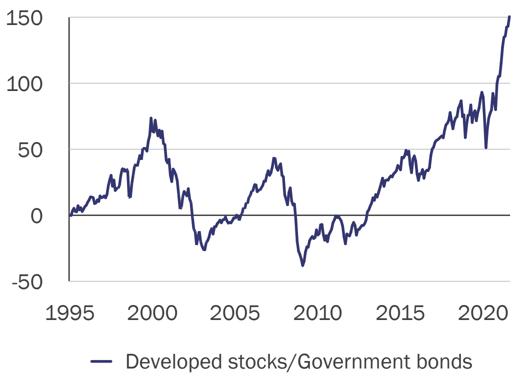
G7 inflation

%, year-on-year



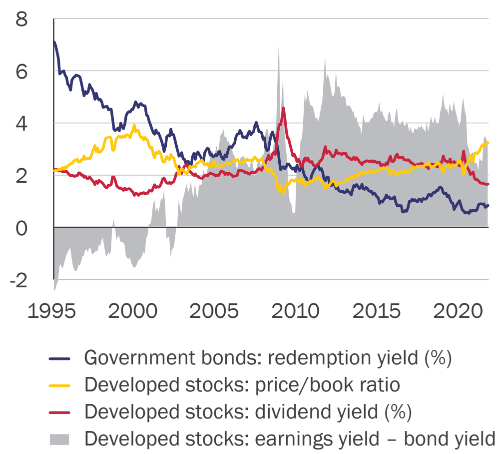
Source: OECD, Bloomberg, Rothschild & Co

Stocks/bonds – relative return index (%)



Source: MSCI, Bank of America Merrill Lynch, Bloomberg, Rothschild & Co

Stocks/bonds – relative valuations



Source: MSCI, Bank of America Merrill Lynch, Bloomberg, Rothschild & Co

Selected bonds

Current yields, recent local currency returns

	Yield (%)	1yr (%)	3yr (%)
10-yr US Treasury	1.3	-3.2	20.4
10-yr UK Gilt	0.7	-3.0	9.0
10-yr German bund	-0.3	-1.1	5.8
10-yr Swiss Govt. bond	-0.3	-1.2	1.5
10-yr Japanese Govt. bond	0.0	0.4	1.5
Global credit: investment grade (USD)	1.1	0.3	15.2
Global credit: high yield (USD)	4.3	9.2	22.2
Emerging (USD)	3.9	3.6	22.7

Source: Bloomberg, Rothschild & Co

Selected stock markets

Dividend yields, recent local currency returns (MSCI indices)

	Yield (%)	1yr (%)	3yr (%)
World: all countries	1.7	33.5	51.6
Developed	1.7	35.5	53.6
Emerging	2.2	20.7	37.9
US	1.3	38.3	66.6
Eurozone	2.1	32.6	32.4
UK	4.3	24.0	7.1
Switzerland	2.5	21.4	46.2
Japan	1.9	32.1	35.2

Source: Bloomberg, Rothschild & Co

Selected exchange rates

Trade-weighted indices, nominal (2000 = 100)

	Level	1yr (%)	3yr (%)
US Dollar (USD)	106.7	-3.0	-1.3
Euro (EUR)	129.4	-1.6	1.4
Yen (JPY)	89.6	-6.5	-1.6
Pound Sterling (GBP)	81.4	4.5	5.2
Swiss Franc (CHF)	165.4	-1.7	3.6
Chinese Yuan (CNY)	138.4	5.3	5.5

Source: Bloomberg, Rothschild & Co

Commodities and volatility

	Level	1yr (%)	3yr (%)
CRB spot index (1994 = 100)	219.3	50.2	15.2
Brent crude oil ($/b)	72.6	82.5	-5.5
Gold ($/oz.)	1,789.3	-7.4	49.5
Industrial metals (1991 = 100)	348.2	39.2	46.0
Implied stock volatility: VIX (%)	18.0	-42.9	20.7
Implied bond volatility: MOVE (bps)	57.0	12.5	15.4

Source: Thomson Reuters, Bloomberg, Rothschild & Co

Data correct as of 31 August 2021.

Past performance should not be taken as a guide to future performance.

Notes

At Rothschild & Co Wealth Management we offer an objective long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth.

We provide a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities.

In an environment where short-term thinking often dominates, our long-term perspective sets us apart. We believe preservation first is the right approach to managing wealth.

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