



How far does this bull market have
left to run? How I'm playing it.

Peter Switzer

Investing in a Donald Trump World!



Problem: leaders' short use-by-date!



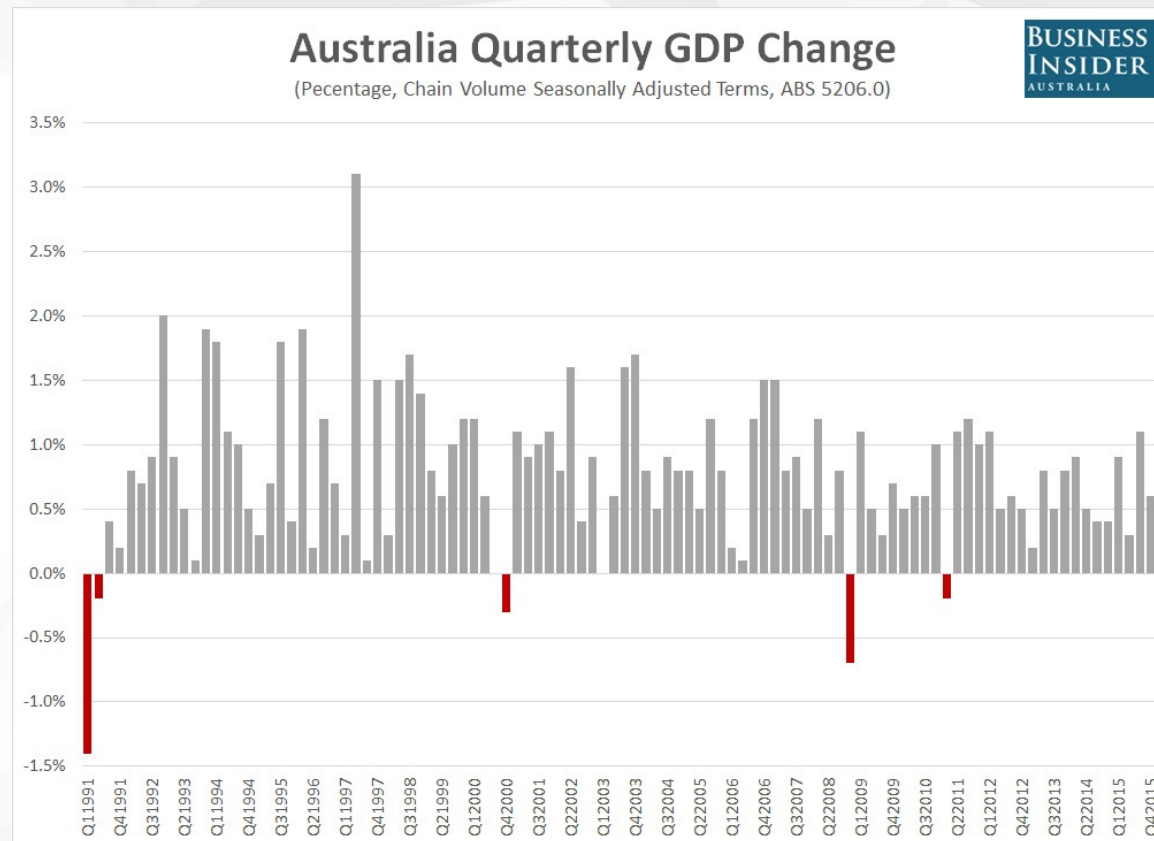
Malcolm in the middle or muddle!



Barnaby's baby balls up



But the economy is the best grower!



The Trump factor and stocks

- Tax cuts greater than tariffs (BHP)
- Retaliation + Facebook fiasco explains stock market negativity
- US growth + US Co. earnings = + for markets
- US inflation good for slow rate rises
- Global growth at 3.9% is strong + China EG
- Volatility remains but stocks on a rising trend

Bull Markets... the true story

- Current U.S. bull market: 9 years & up 300+%
- Av. bull markets: 9 years & up 480%
- 80s bull market: 12.8 years & up 845%
- 90s bull market: 12.9 years & up 816%
- The longest: 15.1 years & up 935% (1950s)

Citi's view on the bull market

- | | |
|---------------------|-------------------|
| • 2000 Dotcom crash | 17.5/18 said sell |
| • 2007 GFC crash | 13/18 said sell |
| • Now | 3.5/18 say sell |



Has Trump killed or helped the bull market?

- Sir John Templeton: “Bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria.”
- Economist IU: “..technical recession in early 2020..”
- Tom Lee (Fundstrat): “Bull market has 11 years to run..”
- I’m watching the US interest rate rises. I always expected to get nervous in 2019 and be wary of 2020 but many things can happen to sustain the rally.

Like what?

- US growth slows and rate rises are slowed
- US growth increases and productivity grows faster
- EU growth keeps lifting helping world growth
- Emerging economies boost world growth
- China keeps defying its growth critics
- No surprise curve balls

Stock market Crash triggers

- Financial system shock – bond market
- China
- Trump: trade war, tech crackdown, ???
- Kim Jong-un
- Putin
- OPEC

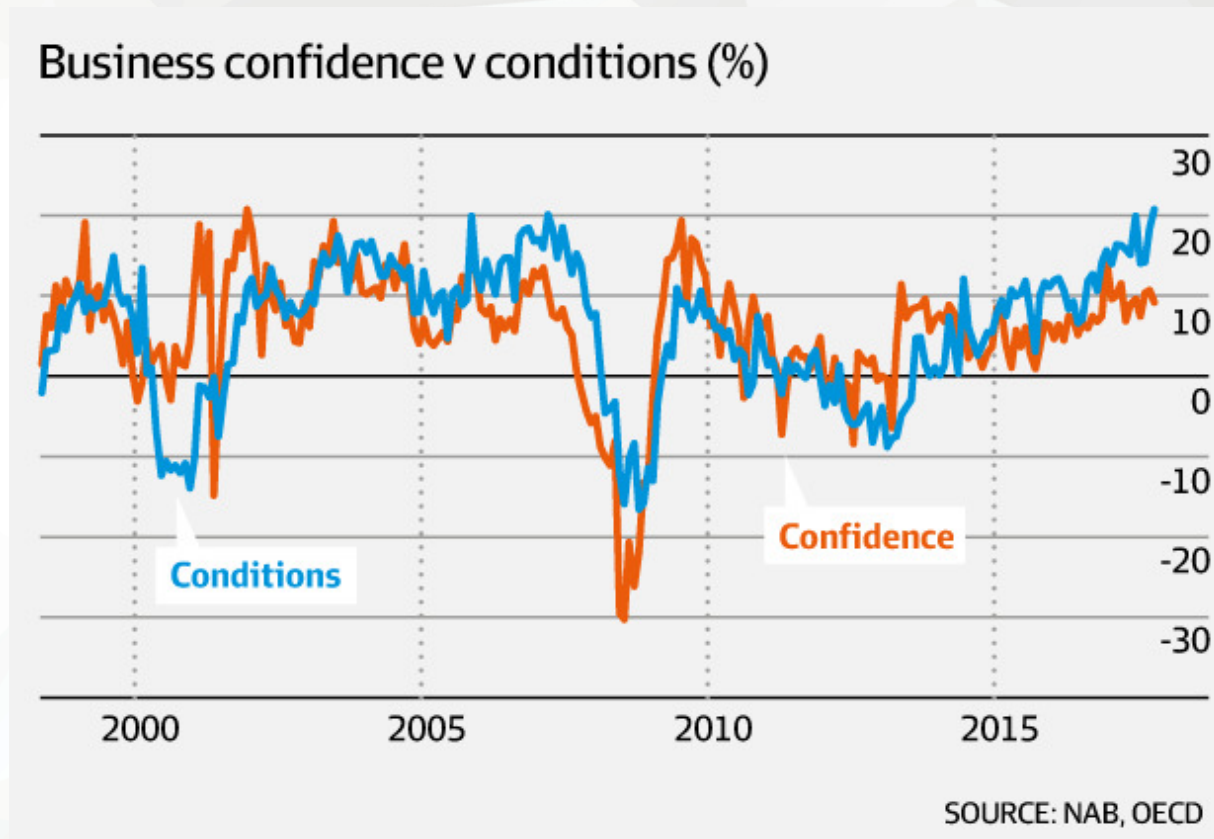
Our Economic & Stocks story

- The economy is improving
- We need Wall Street to rise
- We need a lower dollar
- 6,600 for ASX 200 is my revised target
- A slow grind higher is my expectation and buy the dip

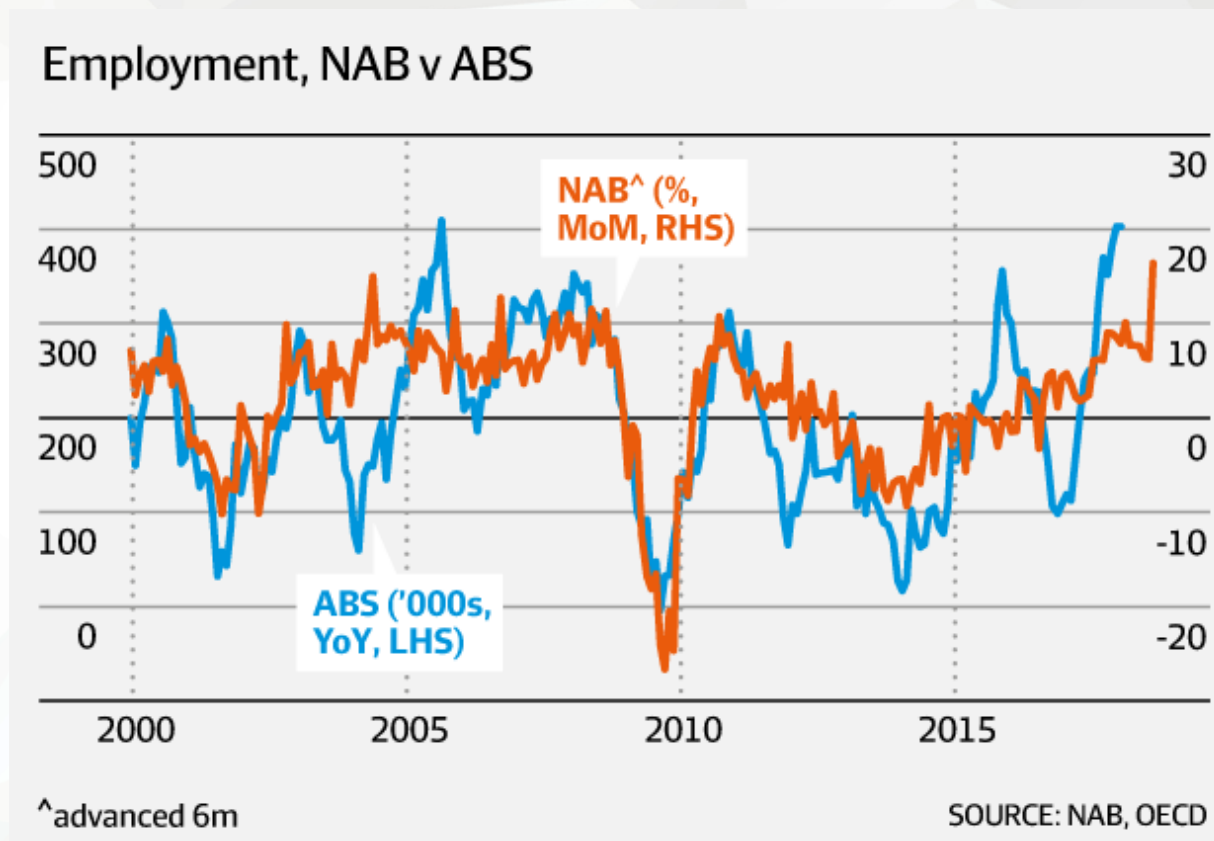
Buy the dip ... how?

- Doesn't work for everybody
- Sell and take profits
- Reinvest cash (dividends)
- Reweight from other assets

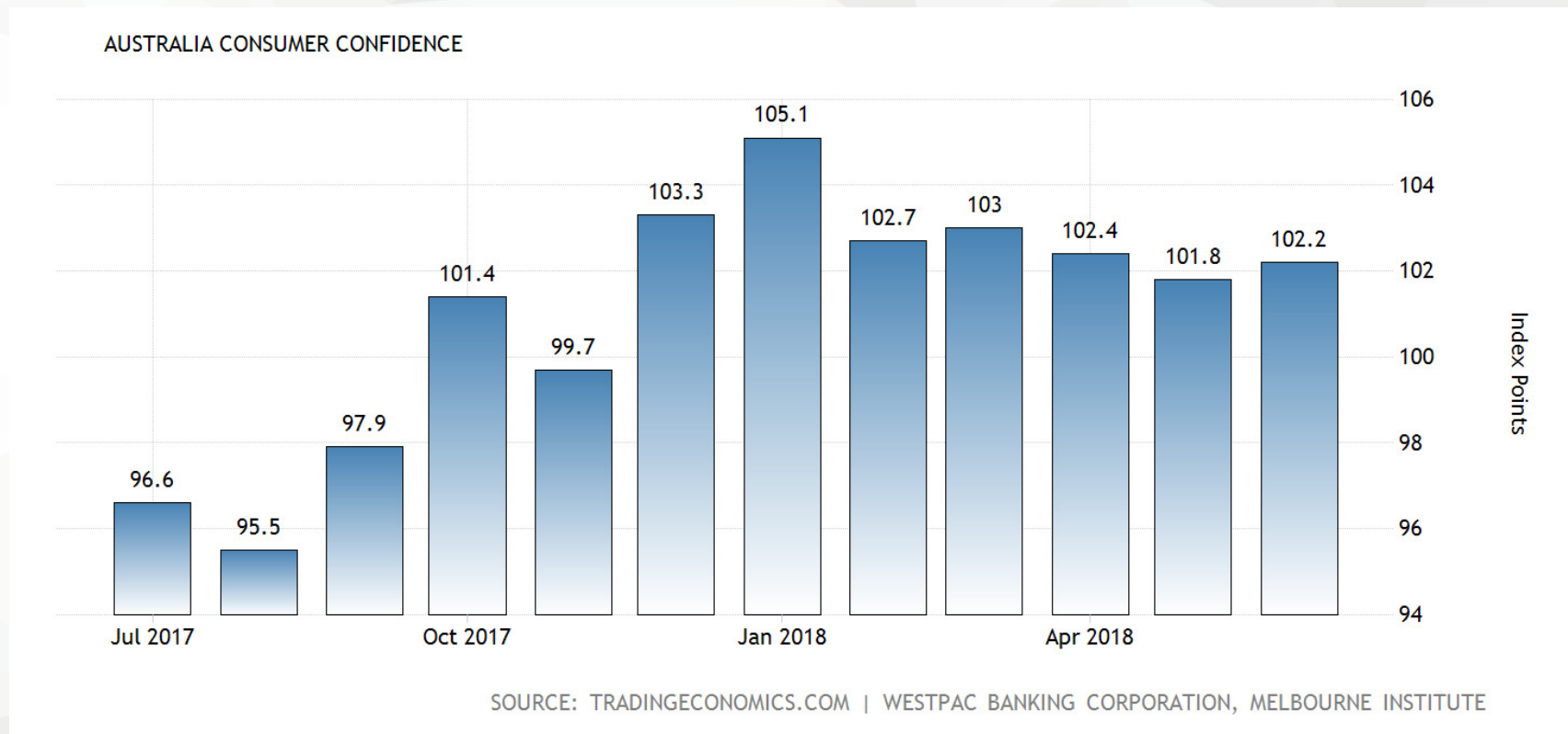
Biz Conditions and Confidence



Employment is a great story



Consumer confidence on an uptrend



But despite Oz's leadership issues...

- Economic growth is tipped to head to 3% by OECD 2018 & 2019.
- Unemployment is 5.4% and falling — 9 year low
- Employment: Up 17 months straight & best growth in 12 years!
- CommSec: “Business borrowing is surging!”
- Biz conditions at record high of 21.1 in April
- Biz confidence was 10.1 and the long-term average is 5.9
- Consumer confidence has been on a rising trend since October.

House prices are behaving

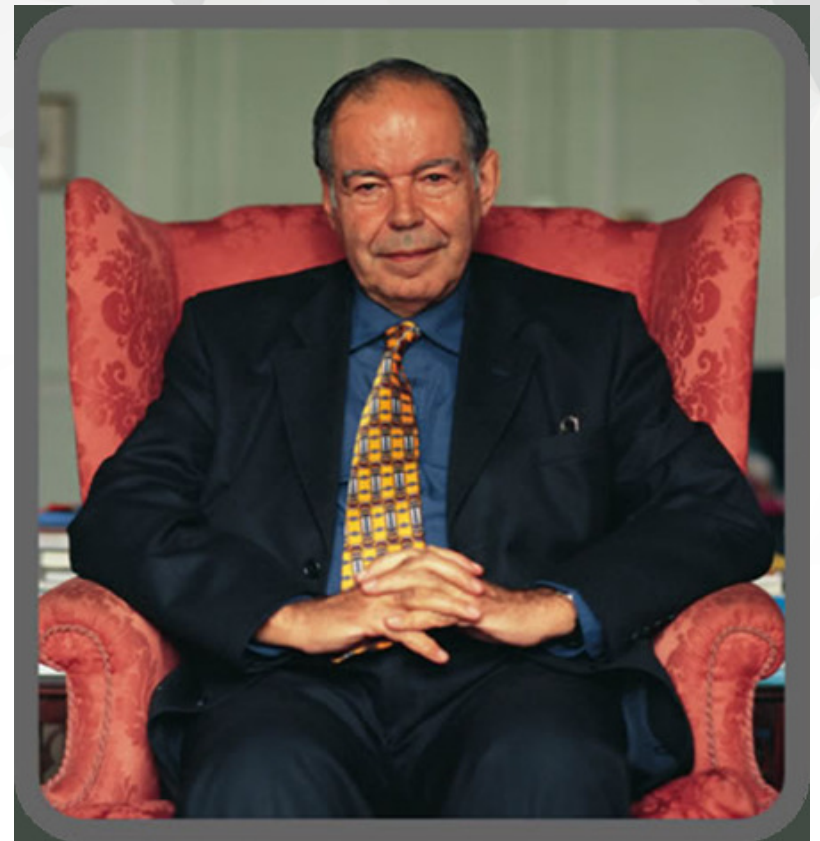


In case you missed it....

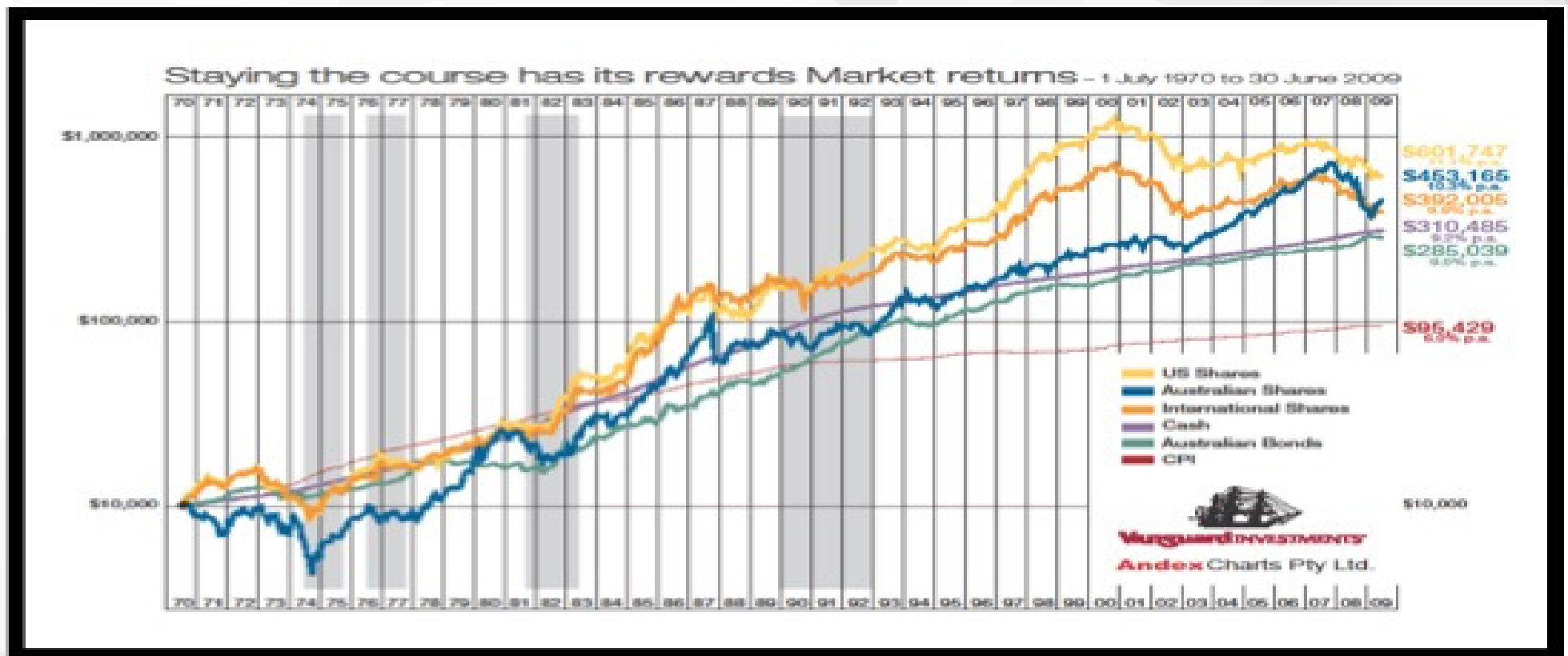
- “We’re living in an economy where unemployment is falling, jobs are being created, interest rates are historically low, we have grown for over 27 years in a row, which is a world record, our government debt-to-GDP is the lowest in the Western World and our super funds have returned 8.1% pa over 23.5 years!”
- The world is on a slow grind higher = OK.

My greatest lesson

- Think outside the square!
- What's your competitive advantage?



My favourite chart



Why I created SWTZ (a little plug)

- Stock markets rise about 8 out of 10 years
- Half of the gain is dividends, even without franking credits
- Income gets you through the bad years
- Good years' returns add to your buffer
- SWTZ is a solid core for a portfolio

Summary

- More info on SWTZ – go to www.switzerassetmanagement.com.au