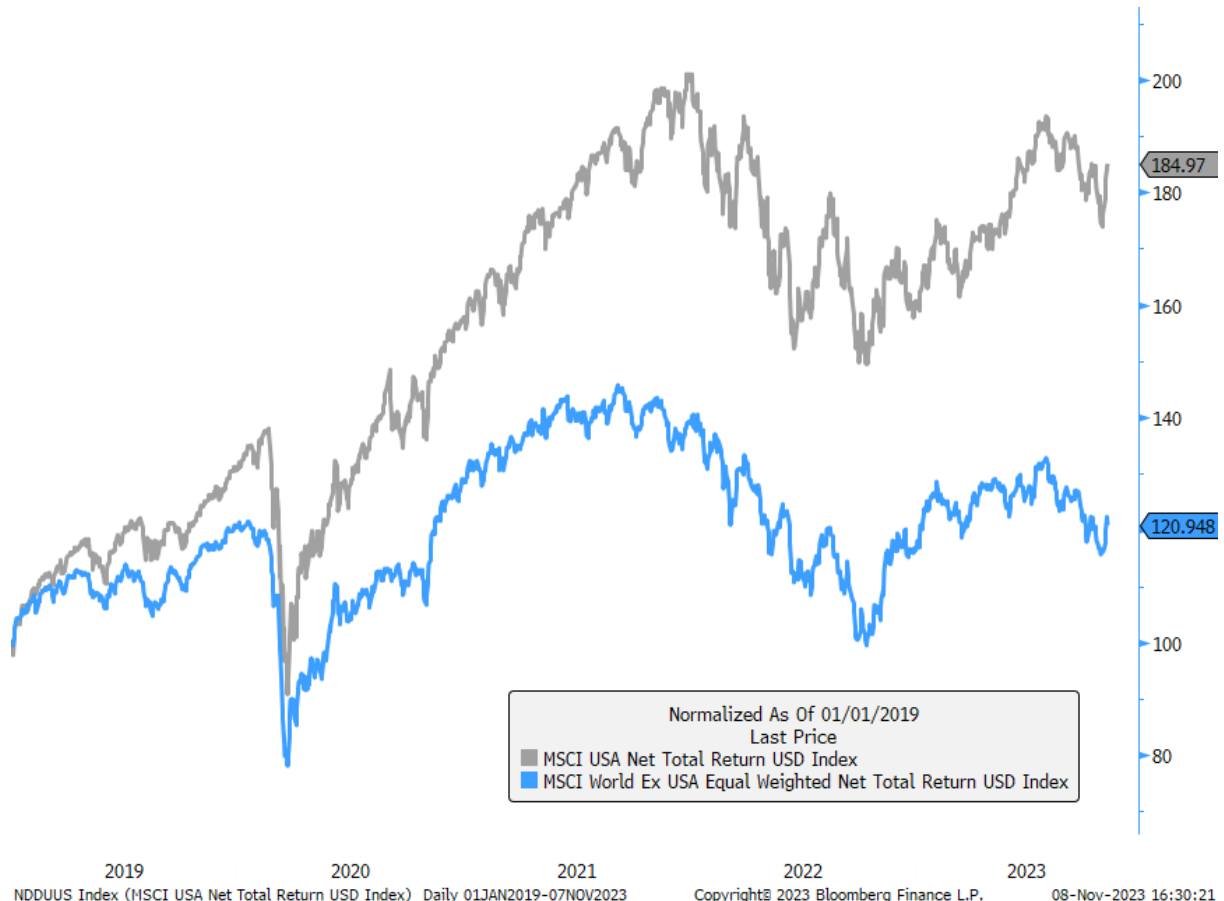




ASSET OR SECTOR ALLOCATION AND ITS IMPORTANCE

Performance of MSCI USA and MSCI World ex USA equally weighted rebased to 100 as of January 1, 2019



It has been of utmost importance how you allocated your assets since 2019. Widely distributed variable assets (equities) by means of a collective instrument (fund, ETF or similar) by shunning the US would have left you with an approximative 0% annualized return.

If you or your bank/asset manager was favouring the US and, beware, within the US, the “magnificent 7” (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms and Tesla) you outperformed the prior allocation by at least 50%.

The portfolio manager who would have underweighted the United States and who would have adopted an equally-weighted approach for portfolio construction would have suffered greatly. The performance gap over the period is simply enormous between that of the MSCI USA and that of the equally-weighted MSCI World ex USA. Again, the latter is currently trading at its 2019 levels (4 years for nothing) while the MSCI USA is rising sharply.

Is this divergence lasting? how long can the distortion created by the American giants last and remain to the advantage of market cap weighted indices? No crystal ball, I’m afraid.



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