

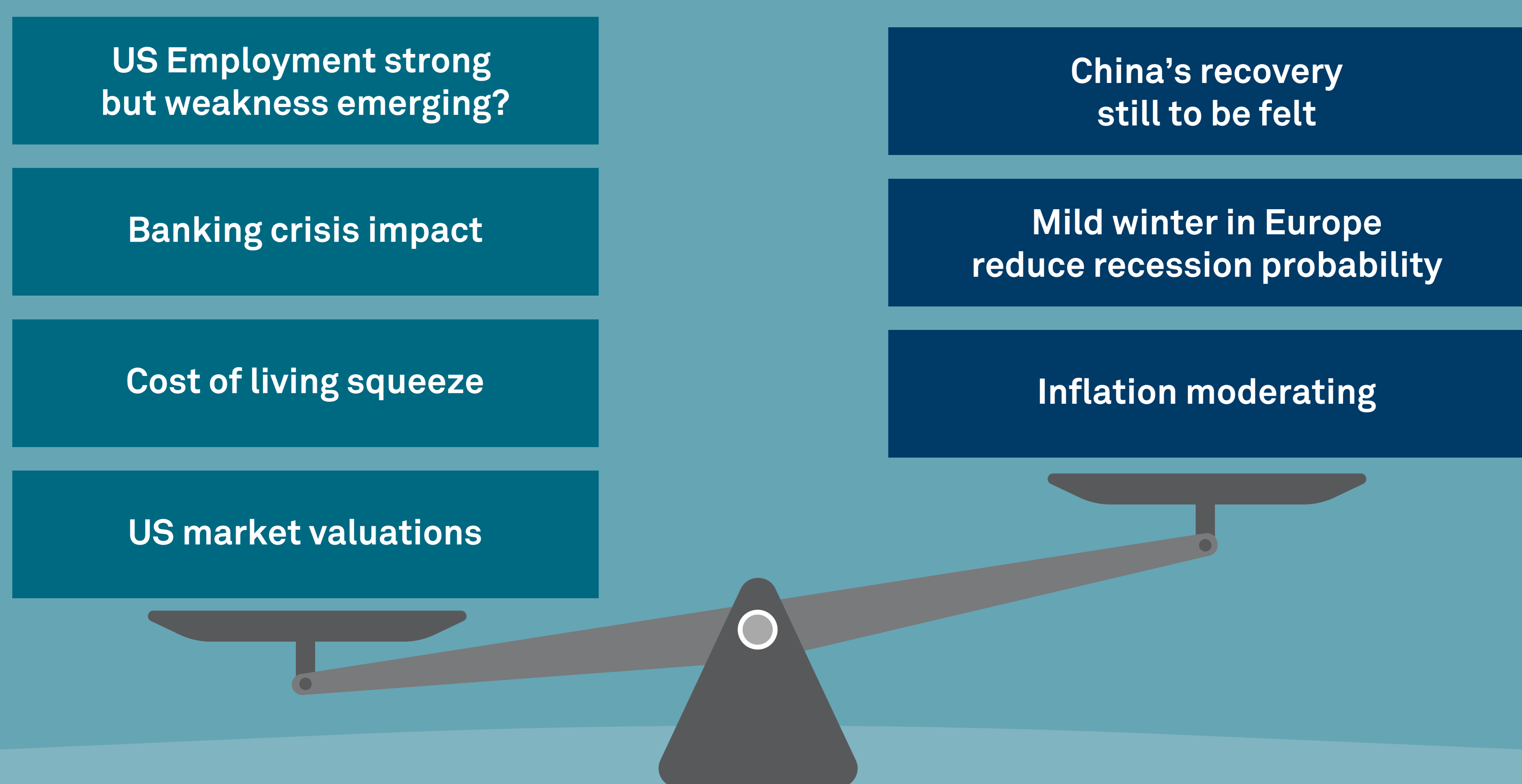
A 70s revival?



	UNITED STATES		UNITED KINGDOM	
	1973	2023	1973	2023
Unemployment	4.90%	3.40%	3.40%	3.90%
Average inflation	6.22%	4.90%	9.10%	8.70%
Annual GDP growth	5.60%	1.30%	2.60%	0.10%
Price of a beer (A pint in the UK)	\$0.94	\$8.66	18.5p	£5.99

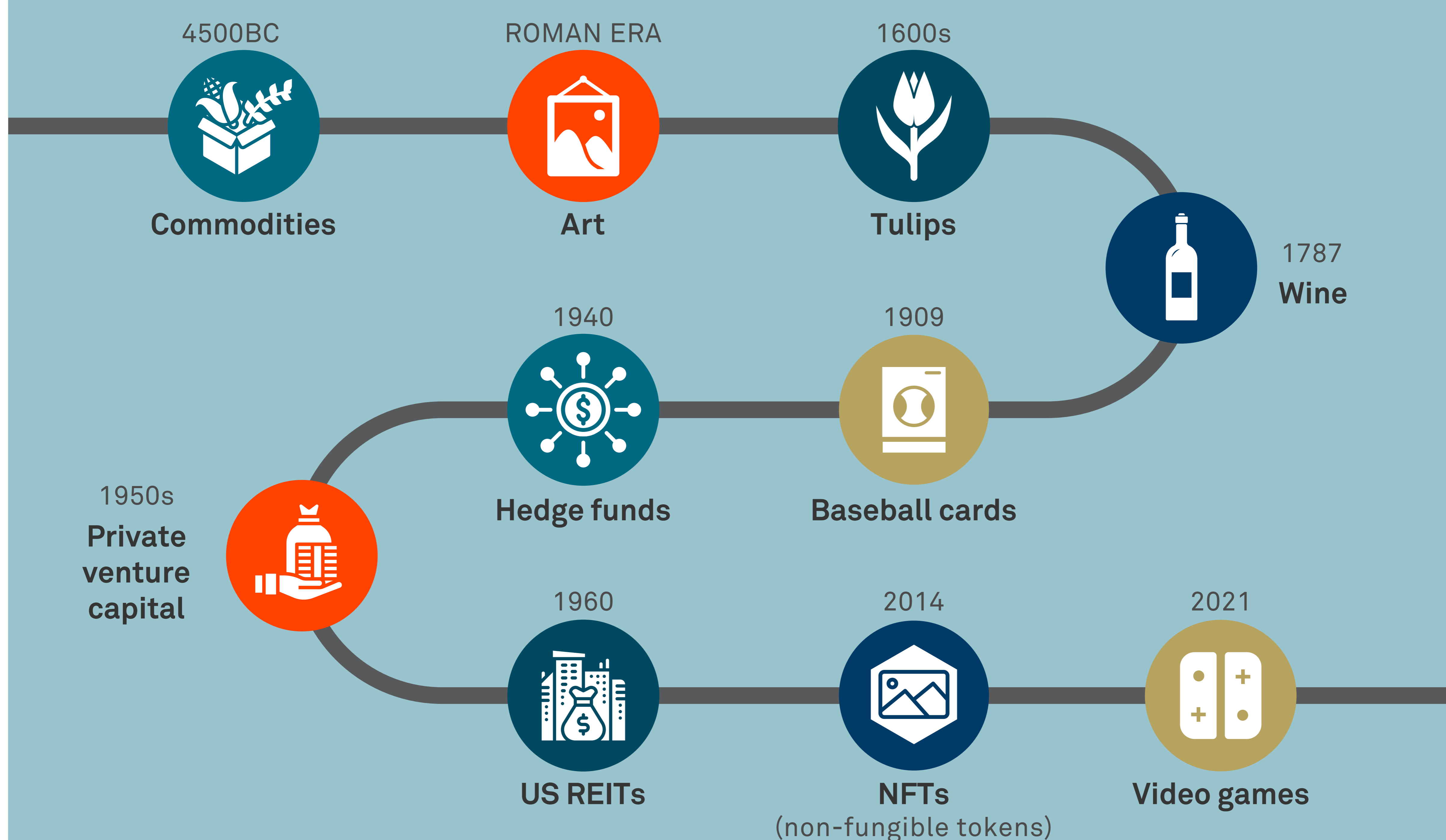
Sources: Tradingeconomics, Statista, Thisismoney.co.uk, in2013dollars.com, thebalancemoney.com, census.gov, brookstonbeerbulletin.com, retrowow. Accessed May 2023.

CHALLENGES AND POSITIVE INFLUENCES



Source: Newton, April 2023. Left side indicates challenges. Right side indicates positive influences.

TIMELINE OF ALTERNATIVES BEING TRADED



Source: Entrepreneur.com. The evolution of alternative investments. November 2021. NFTnow.com. Accessed June 2023.

With a return to higher volatility and shorter business cycles, equities and bonds look less stable – similar (but not the same) as in the 1970s. Correlations have shifted so bonds may no longer be the best way to stabilise portfolios. While we are unlikely to ever get to c15% interest rate levels of past generations, from here we are also unlikely to ever return to zero again. This is why investors may start considering a broader set of alternative investments, such as commodities, energy storage and infrastructure. The use of alternatives is about being more dynamic. If we're to learn from times, like the high inflation, raising rate environment of the 1970s, then we also need to remember the 70s saw aggressive equity rallies. Investors should be adaptable.

Andy Warwick, portfolio manager, Newton Investment Management

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