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INVESTORS ONLY

Tech stocks: Boom or bubble?

Asia Wealth Management Forum

February 2018

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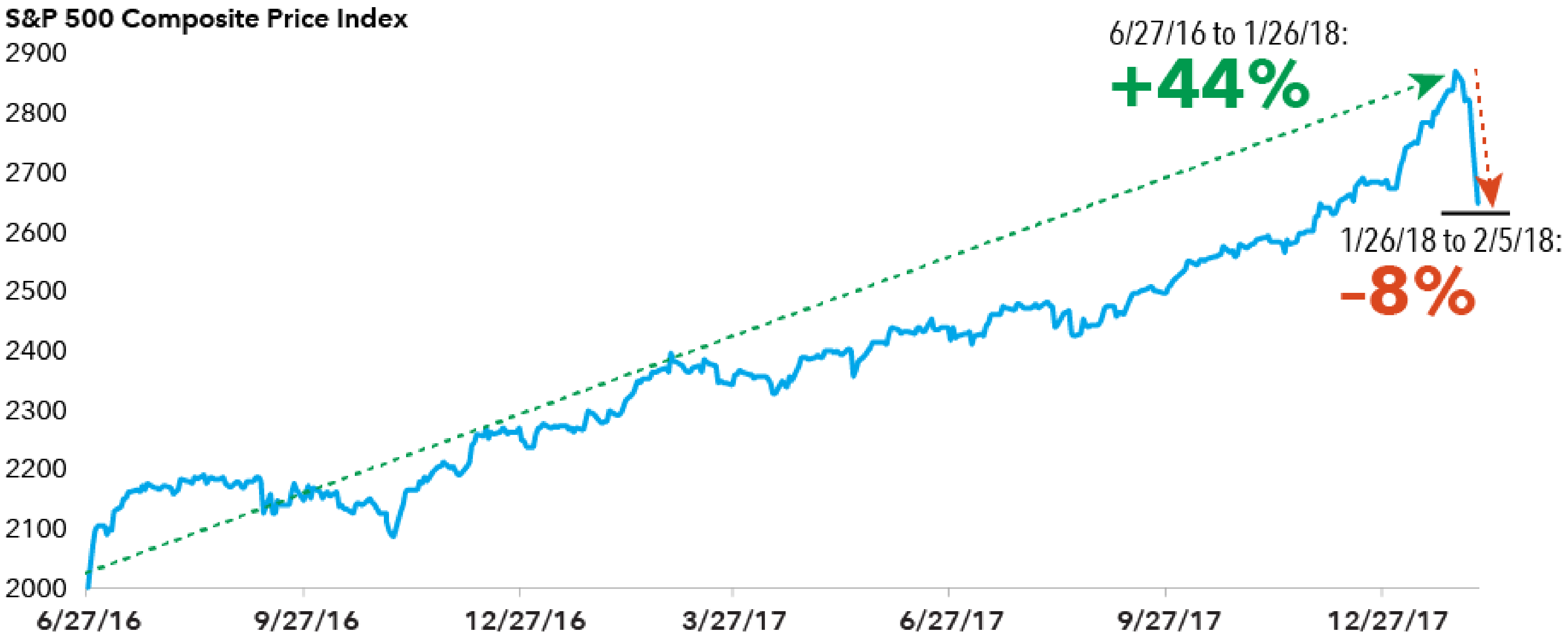
Market volatility is back

A staggering equity bull market has given way to recent volatility



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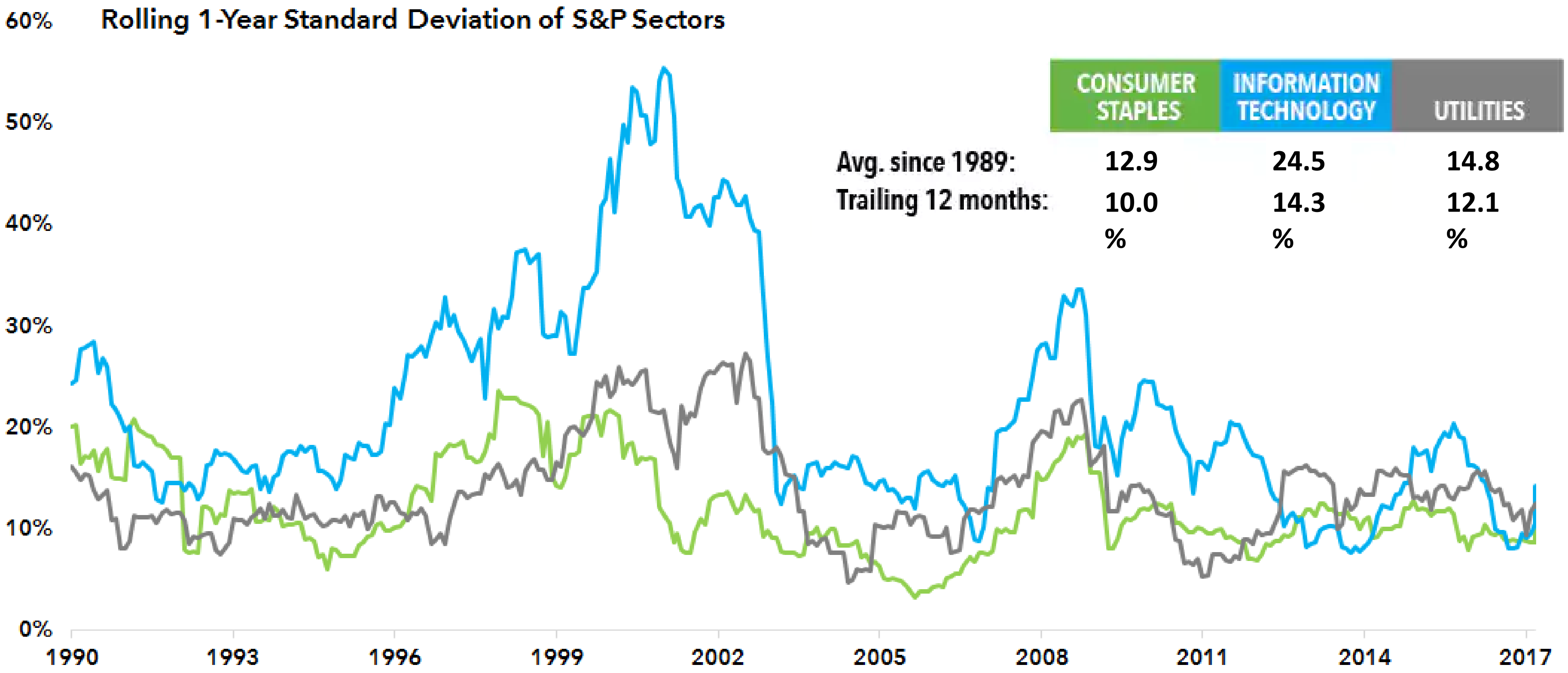
Past results are not a guarantee of future results.
Source: Thomson Reuters, as of 5 February 2018.

But where’s all the volatility in tech stocks?

Volatility among tech stocks has been relatively on par with the more defensive sectors



Past results are not a guarantee of future results. Data as at 5 February 2018.
Sources: RIMES, Standard & Poor’s

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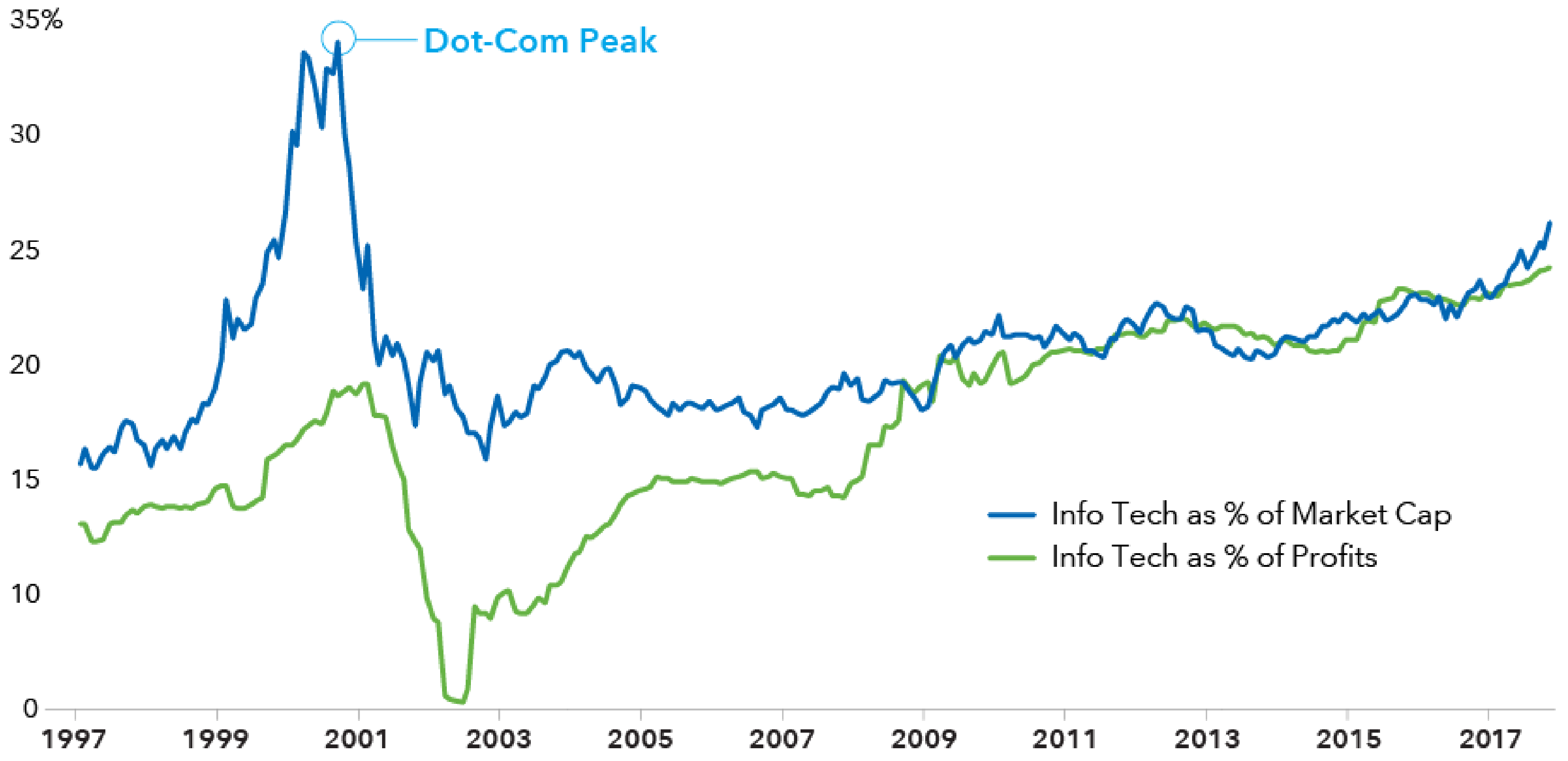
Valuations vs. fundamentals

Unlike the dot-com bubble, profits of tech companies are now in sync with prices



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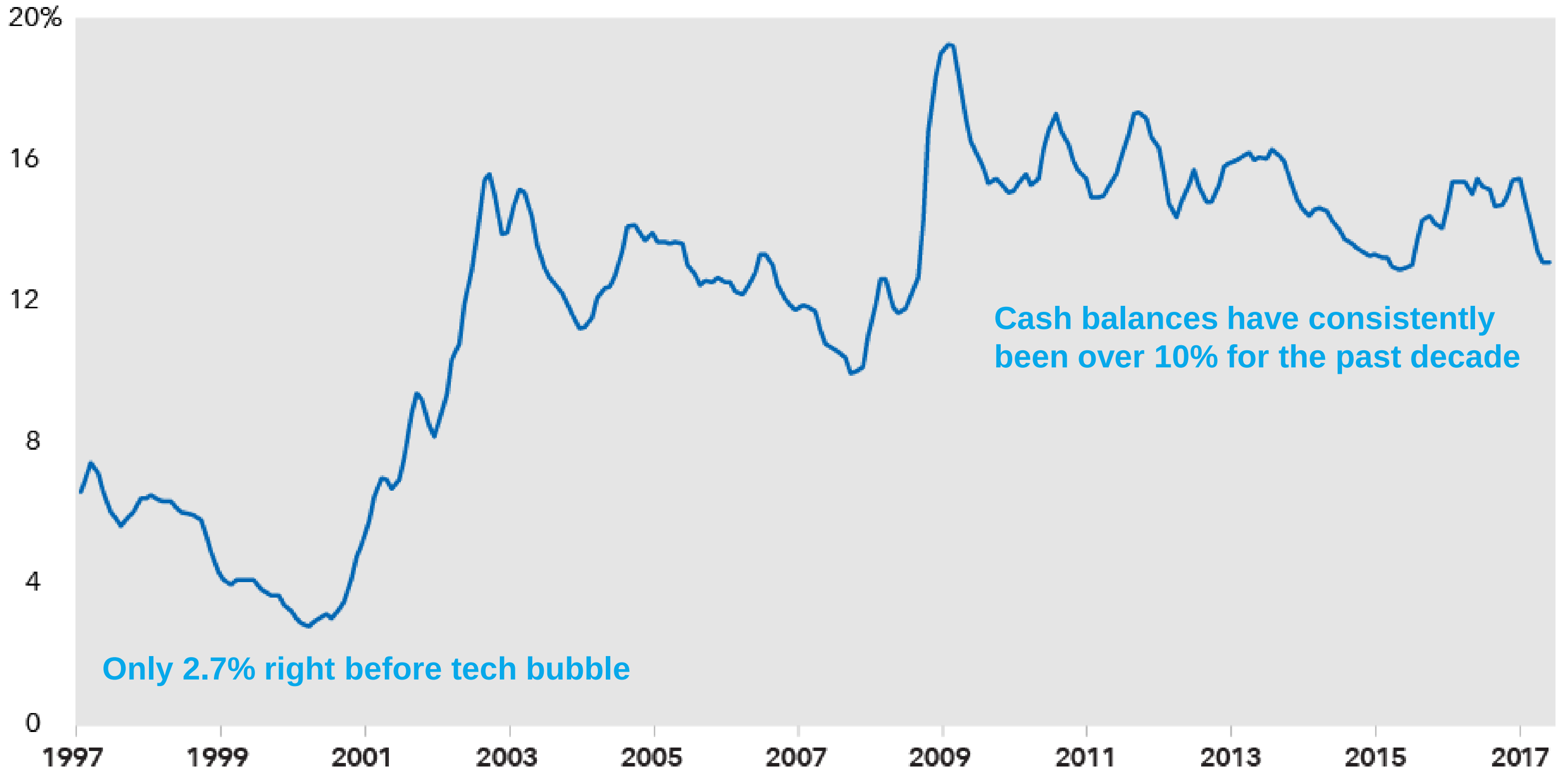
Past results are not a guarantee of future results.
Sources: FactSet, Standard & Poor's, as of 31 October 2017.

Tech balance sheets are cash-heavy

Stronger balance sheets of tech companies are a testament to the underlying strength of their business models

Cash as a percentage of market capitalisation



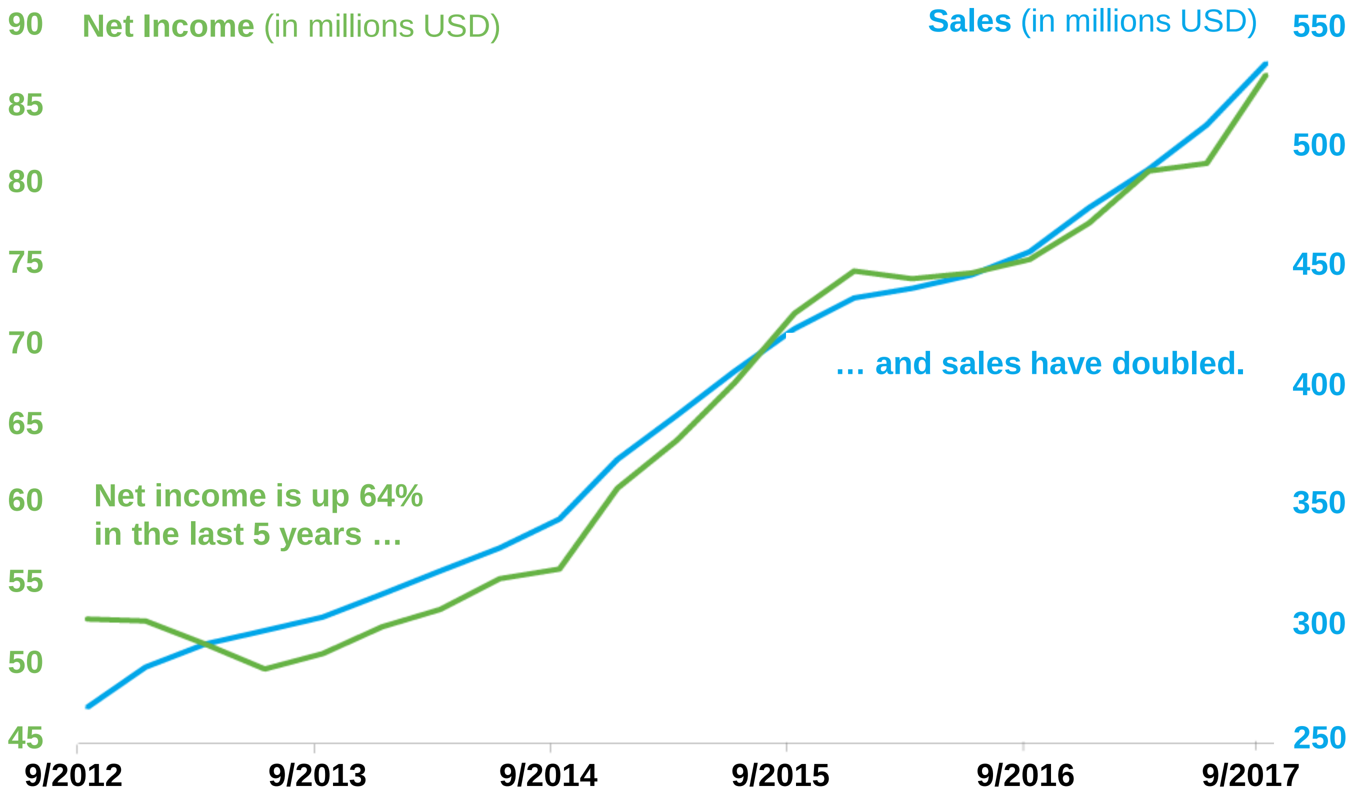
Sources: FactSet, Standard & Poor's, as of 30 June 2017.

The big players are 'battle-tested'

Businesses that have withstood tough competition may be better positioned over the longer term

Financial muscle

Growth of Apple, Amazon, Alphabet and Facebook



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Source: FactSet, as of 30 September 2017. Data represents trailing 12 months of aggregate sales and net income for Apple, Amazon, Alphabet and Facebook.

More than tech

Idea-driven companies are becoming global leaders in a world that favours big thinkers

Top 10 largest companies in MSCI ACWI[1] by market cap

1997	2007	2017
General Electric	Exxon Mobile	Apple
Coca-cola	General Electric	Alphabet (Google)
Microsoft	Microsoft	Microsoft
Exxon	AT&T	Amazon
Merck	BP	Facebook
Royal Dutch Petroleum	Procter & Gamble	JPMorgan Chase
Intel	Chevron	Johnson & Johnson
NTT	Vodafone	Exxon Mobile
Philip Morris	HSBC holdings	Tencent
Toyota	Johnson & Johnson	Bank of America

Idea-driven, innovative[2] companies prevalent in the TOP 10 in 2017

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1. MSCI All Country World Index, adjusted for free float. Source: MSCI
2. Source: The Most Innovative Companies 2018, The Boston Consulting Group, January 2018

14:30pm

Workshop: The world is *still* open for business

- Global companies are scouring the world for customers – where a company does business can be more important than where it's located
- Technology has been a game changer and idea-driven companies are taking the lead
- Protecting on the downside has become ever more important – how can we improve resilience of portfolios?