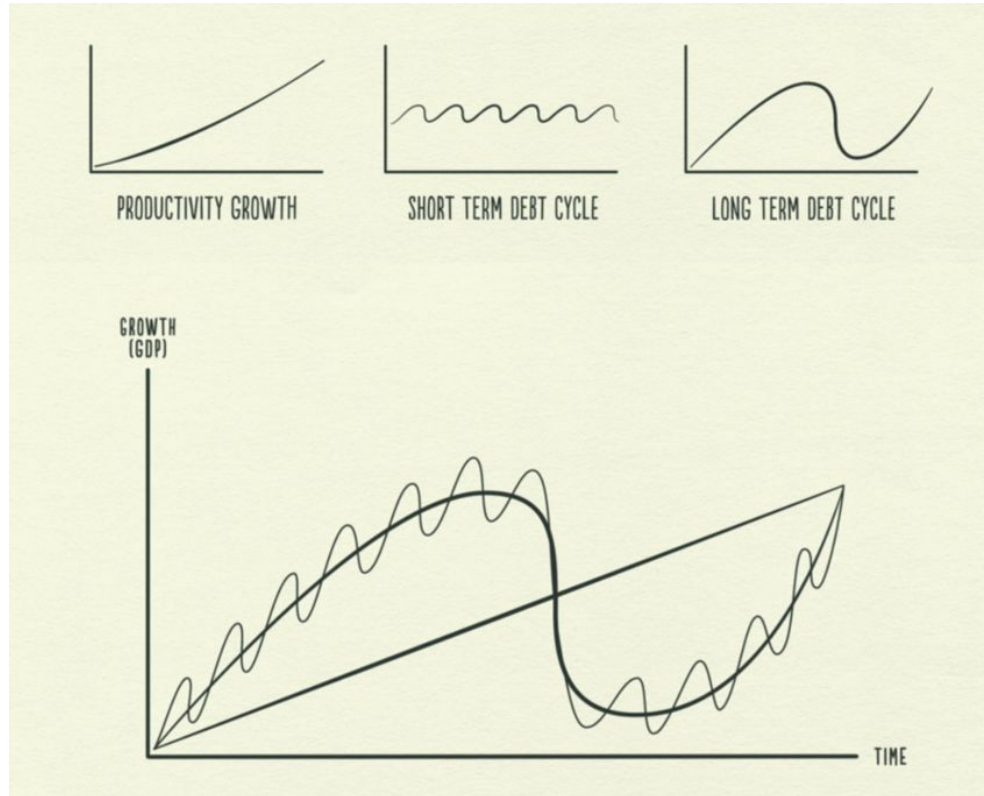




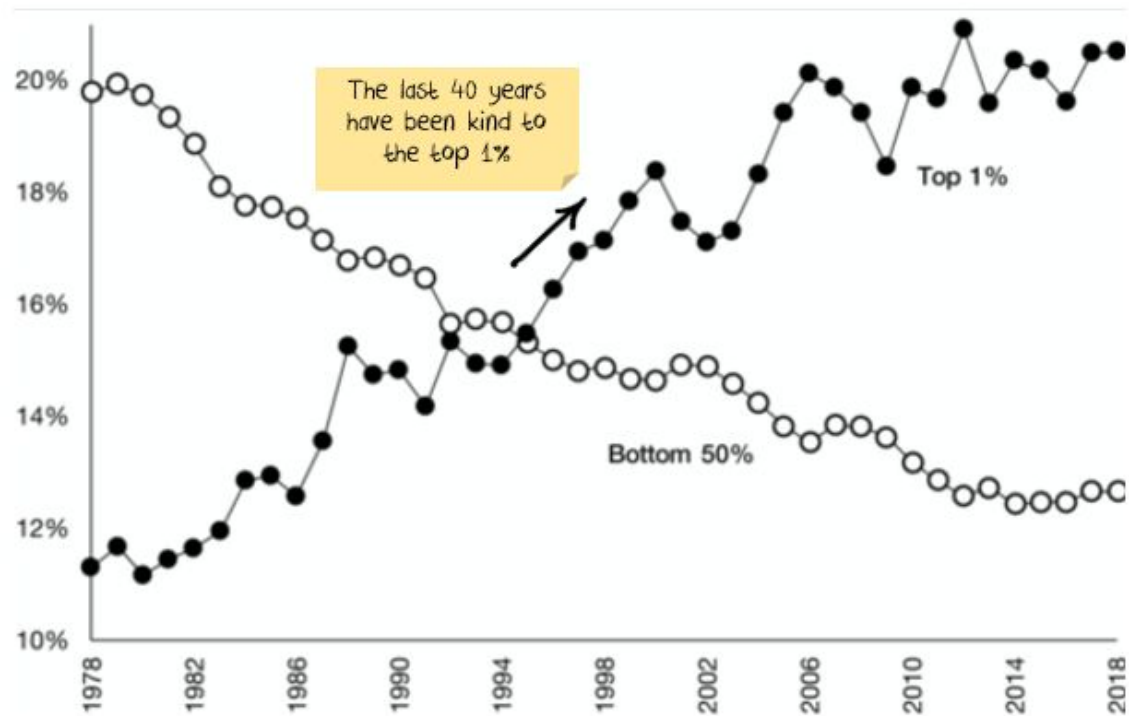
# Long Term Trends: Introduction

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# Long Term Trends: 1. Inequality

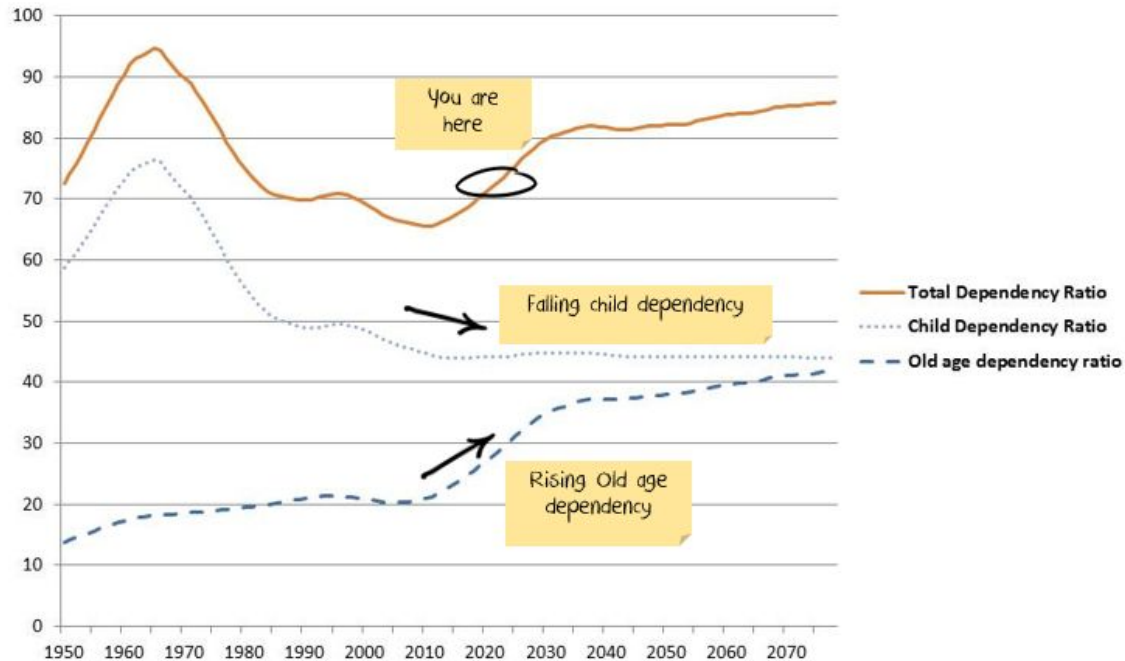
Share of US income: Top 1% vs Bottom 50%



Source: Nucleus Wealth, Emmanuel Saez and Gabriel Zucman

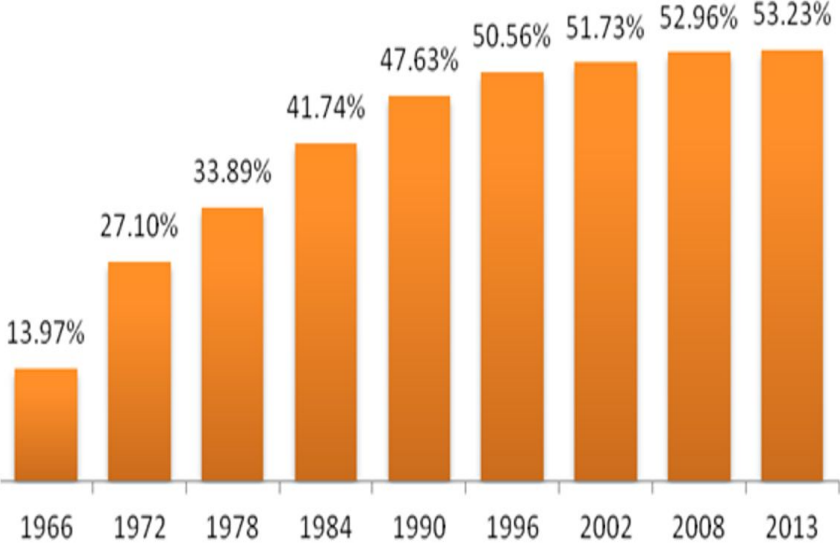
## Long Term Trends: 2. Demographics

### Dependency ratios in the U.S. over time



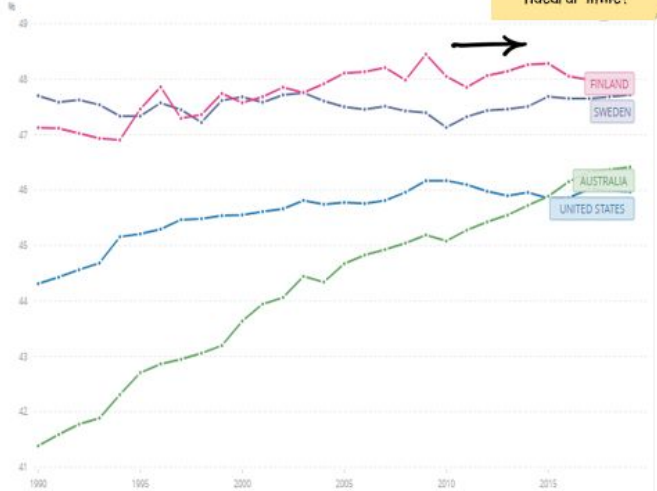
# Long Term Trends: 3. Female Participation

### Female Participation Rate



Source: US Equal Employment Opportunity Commission

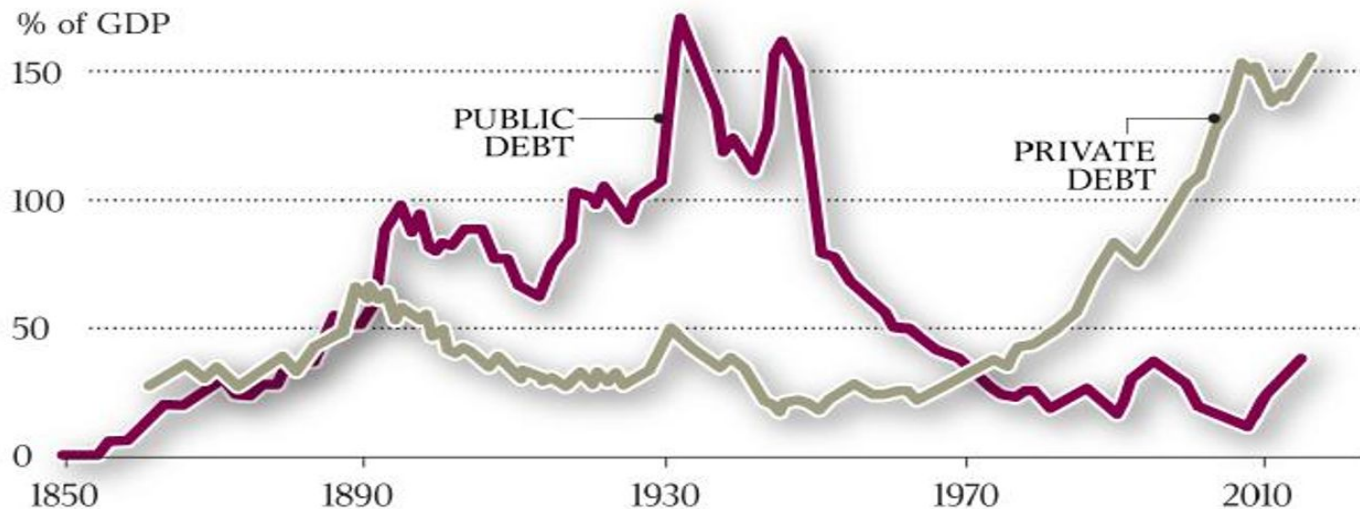
### Female % of Labor Force



Source: Nucleus Wealth, World Bank, International Labor Organization

## Long Term Trends: 4. Rising Debt

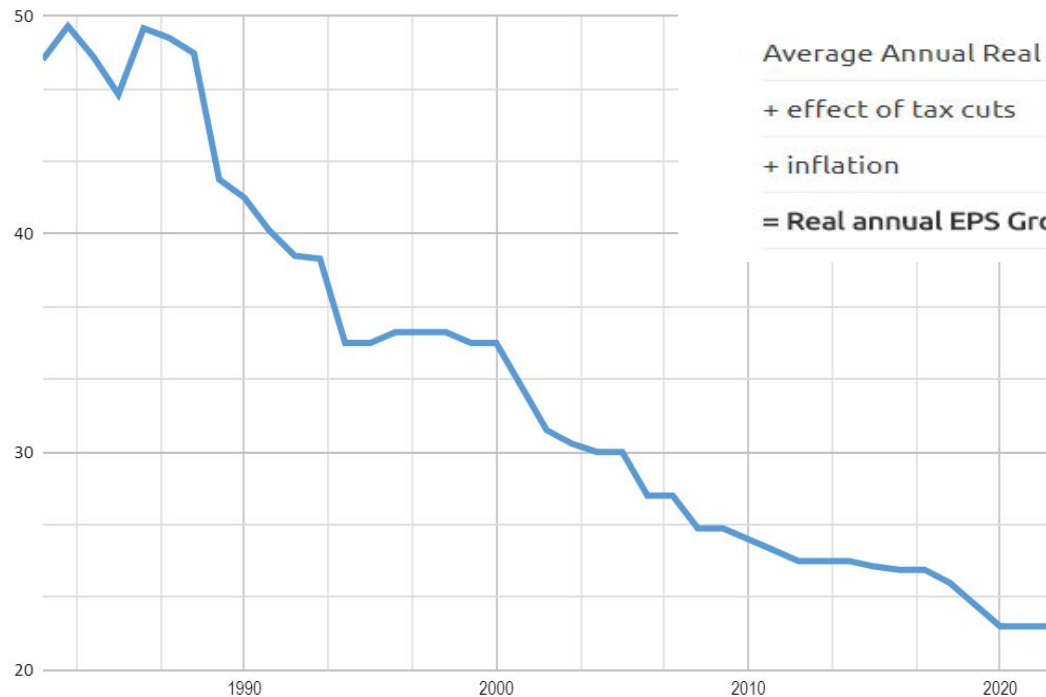
### Up, up and away



Source: UBS, LF Economics

# Long Term Trends: 5. Falling Taxes

Median OECD Corporate tax rate



Average Annual Real pretax EPS growth	2.0%
+ effect of tax cuts	1.3%
+ inflation	2.8%
<b>= Real annual EPS Growth</b>	<b>6.1%</b>

# Long Term Trends: 6. Rising Trade

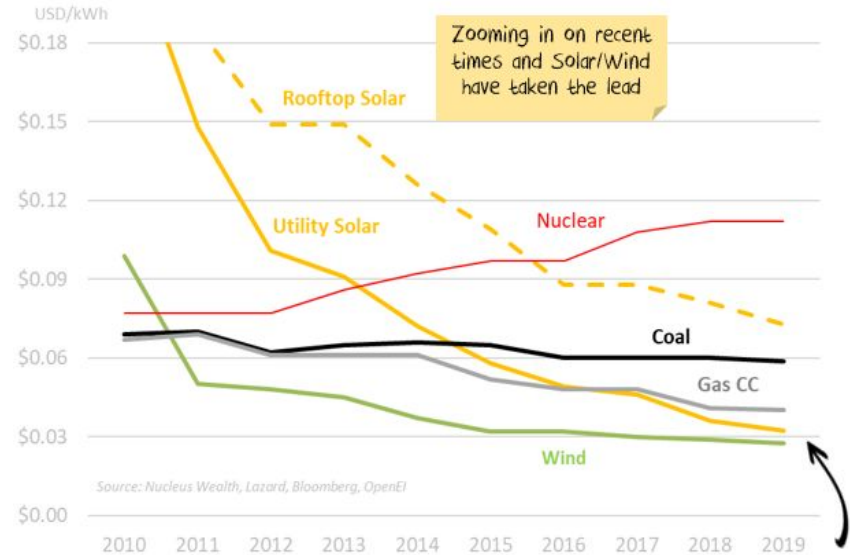
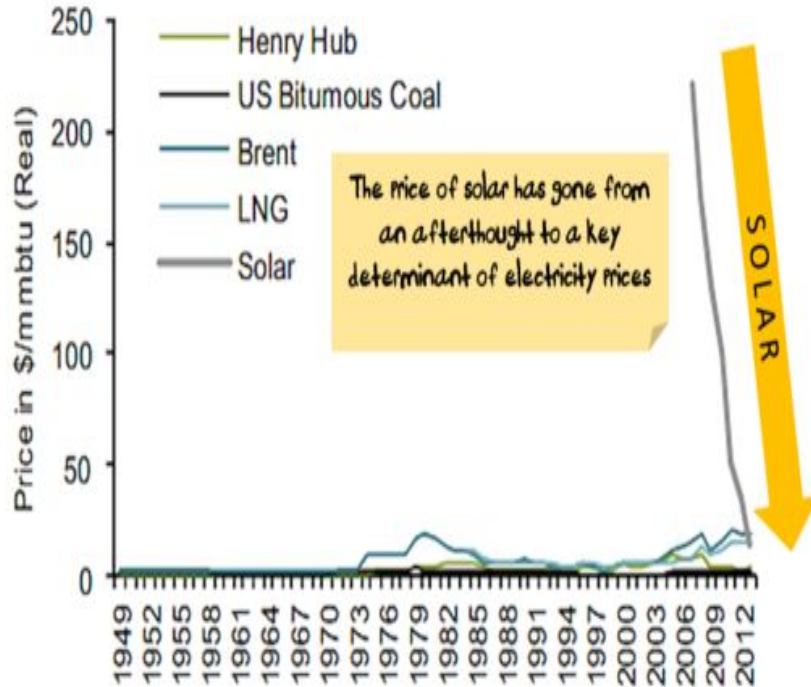
Merchandise trade (% of GDP)  
%



Source: World Trade Organization, and World Bank GDP estimates



# Long Term Trends: 7. Energy Costs



In Australia, gas is way more expensive than this as gas prices are higher

## Long Term Trends: 7. Energy Costs

Levelized Costs (USD/kWh)	Levelised Cost Ex Fuel	Fuel	Total
Onshore Wind	\$ 0.03		\$ 0.03
Utility Solar	\$ 0.04		\$ 0.04
Natural Gas @\$3/mmBtu	\$ 0.02	\$ 0.02	\$ 0.04
Natural Gas @\$6/mmBtu	\$ 0.02	\$ 0.04	\$ 0.06
Coal @ \$50/Ton	\$ 0.04	\$ 0.02	\$ 0.06
Coal @ \$75/Ton	\$ 0.04	\$ 0.02	\$ 0.07
Utility Solar + partial battery	\$ 0.07		\$ 0.07
Coal @ \$100/Ton	\$ 0.04	\$ 0.03	\$ 0.07
Natural Gas @\$9/mmBtu	\$ 0.02	\$ 0.06	\$ 0.08
Utility Solar + full battery	\$ 0.09		\$ 0.09
Offshore Wind	\$ 0.10		\$ 0.10
Nuclear	\$ 0.10	\$ 0.01	\$ 0.10

Source: Nucleus Wealth, Lazard, Bloomberg, Open EI

Utility solar and wind  
the cheapest option

And adding a partial  
battery to offset the  
evening load is now at  
parity with other costs

# Long Term Trends: Summary

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- Inequality
- Demographics
- Women in Workforce
- Rising Debt
- Falling Taxes
- Rising Trade
- Falling Energy Costs

Viewer question of the week:

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**What Megatrend have we missed?**

**Drop your answers in the comments**

# Investment outlook: Tactical Asset Allocation

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- Will the historic bull market end in an historic bear market?
- Managing downside risks
  - Bond / Equity sequencing
  - Earnings downgrades
- Positioning for the up-cycle
  - Energy prices peaking
  - China the new Japan
  - Onshoring: higher cost manufacturing followed by lower cost
  - Automation productivity gains
  - Currency hedging
  - Inflation - down first. Question marks on up again.

# More from Nucleus Wealth:

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