Alpesh Patel's Newsletter

Exclusively for ShareScope Alpesh Patel Special Edition Subscribers

31 December 2023

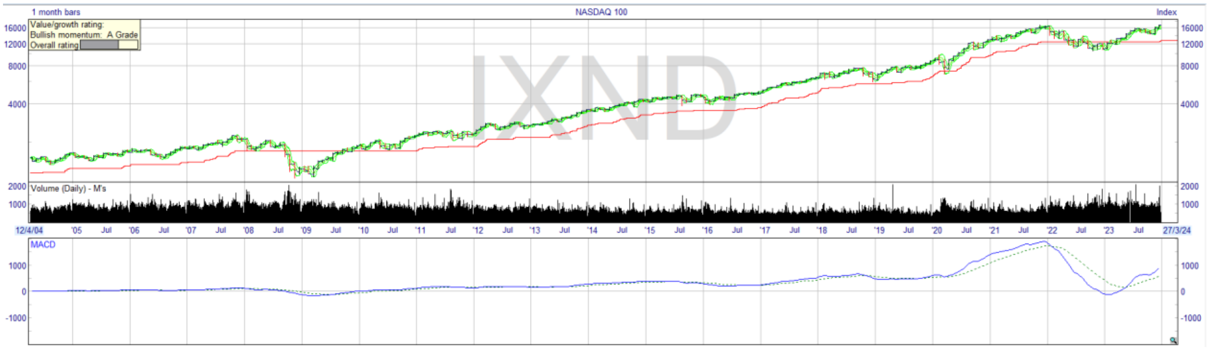
Overview

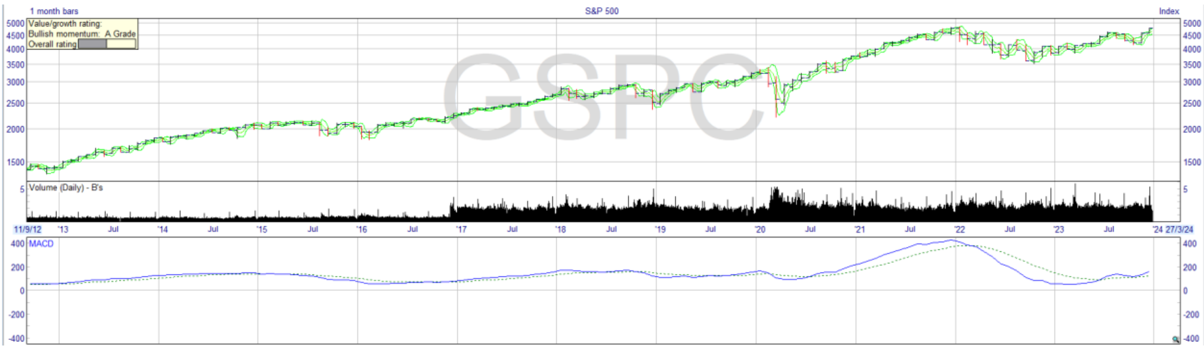
: Major global indices - All sectors - Alpesh Table (Li

Name	Price% 2/1/23
I - NASDAQ 100	54.54
I - Nikkei 225	29.07
I - Bovespa Stock Index (Brazil)	25.52
I - S&P 500	24.54
I - S&P BSE 100 Index (Mumbai)	20.31
I - FTSE All-World	19.48
I - DAX Xetra (Germany)	19.00
I - FTSE All-World Index - Europe ex UK	18.71
I - CAC 40 (Paris)	14.82
I - Dow Jones Industrial Average	13.60
I - Euronext 100	11.83
I - FTSE 250 Index - Total Return	8.19
I - FTSE 350 Index - Total Return	7.87
I - FTSE 100 Index - Total Return	7.81
I - FTSE 250	4.60
I - FTSE 350	3.80
I - FTSE 100	3.67
I - Swiss Market Index	3.58
I - SSE Composite Index (Shanghai)	-5.65
I - FTSE AIM All-Share - Total Return	-6.46
I - CSI 300 Index (Shanghai)	-13.83
I - Hang Seng (Hong Kong)	-15.96
I - FTSE China 50 Index	-17.91

(above is year to date)

The critical factor I will be watching for is the monthly MACD turning downwards and I go into cash if it falls below its own moving average (signal line).





For now it suggests a strong 2024.

In this bumper newsletter I will go through the year gone by and some views on the year ahead. With my insights and the views of the major banks like Goldman Sachs.

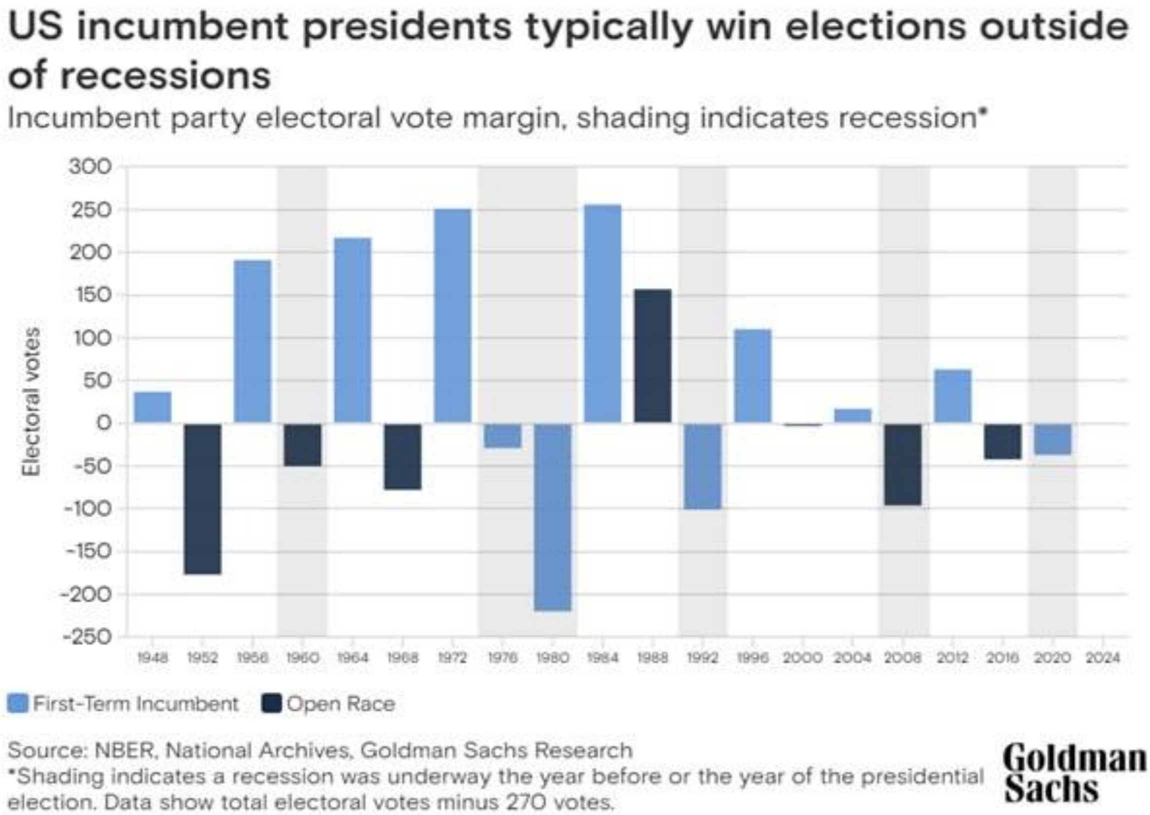
Before we get to the market overall, a startling fact has been the banks and I am pleased to have held on to JP Morgan over the year as it eventually came through. The banks (US) still flashing undervalued.

Rising interest rates are usually helpful to banks, allowing them to increase profits by widening the margin between what they charge for loans and their own borrowing costs.

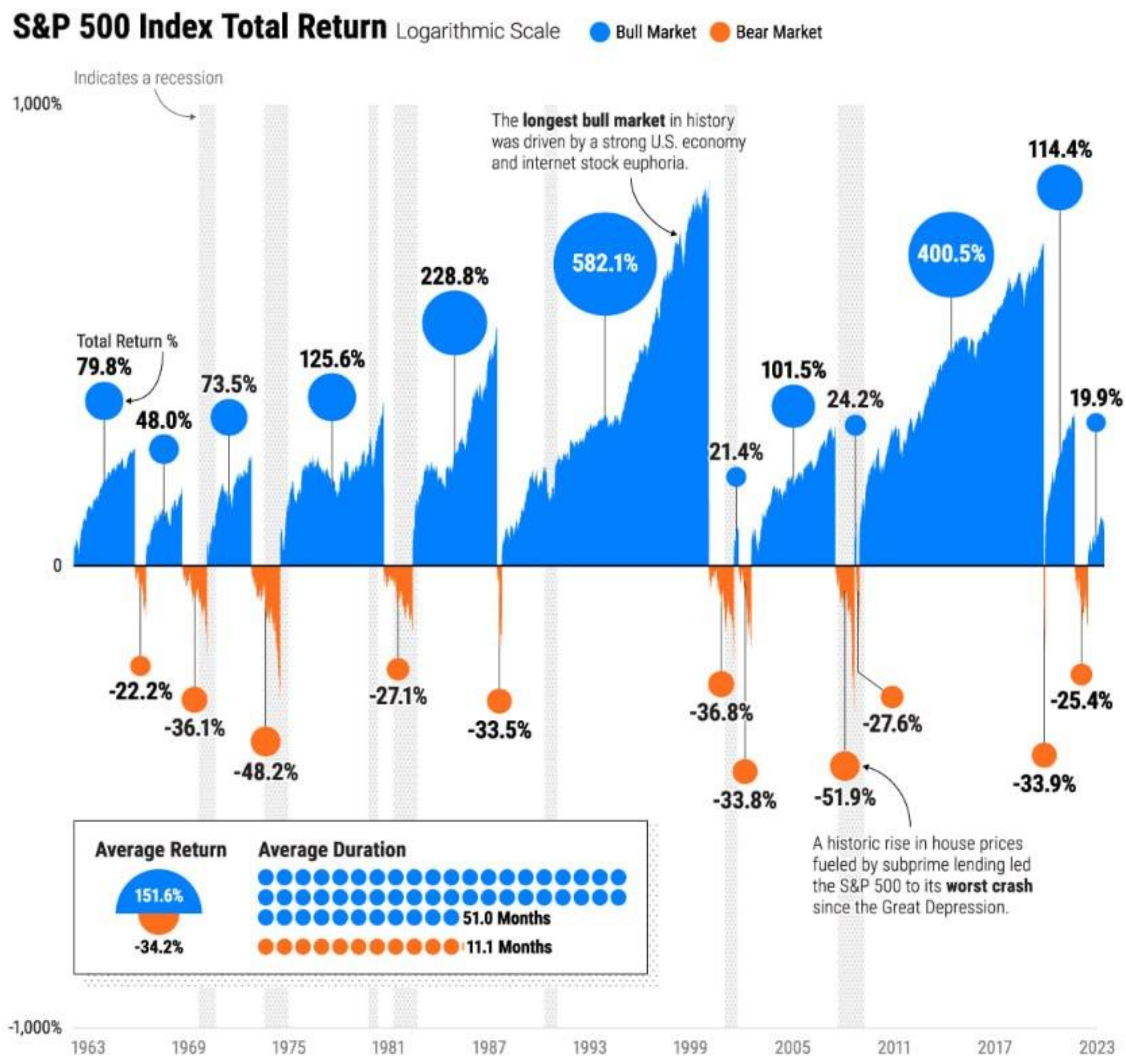
But the speed of the rate rises since early last year has so far done more damage to the bonds held on their balance sheets than any benefit from higher lending income.

And it's an election year – UK and US.

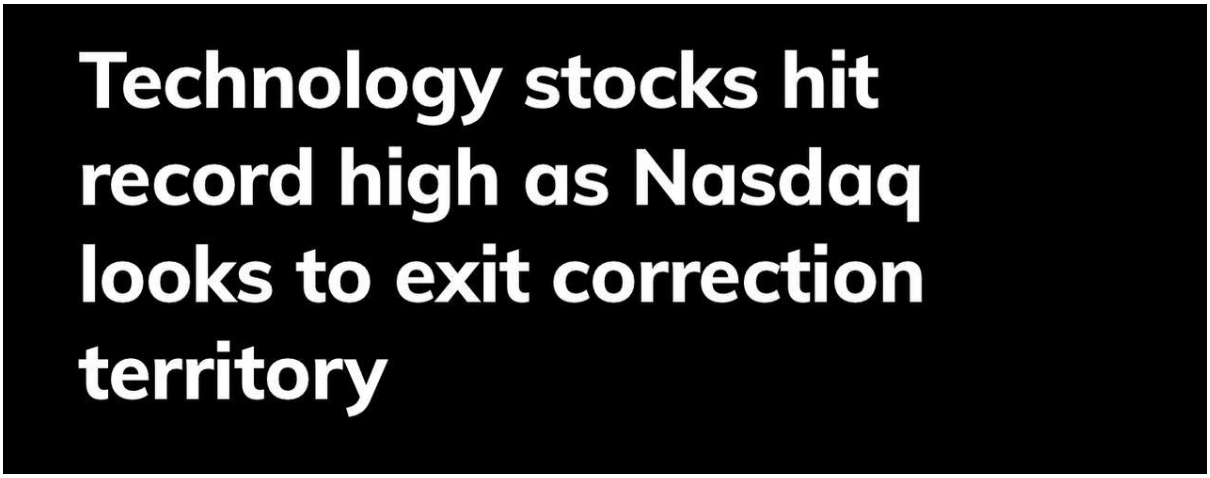
My 2024 picks will be in the next newsletter (post 1st January)!



What a year. More in 2024. Less than 2023. But positive yes. The image below is instructive. I think pictures paint a thousand words so in these newsletters I always give you the images which caught my attention.



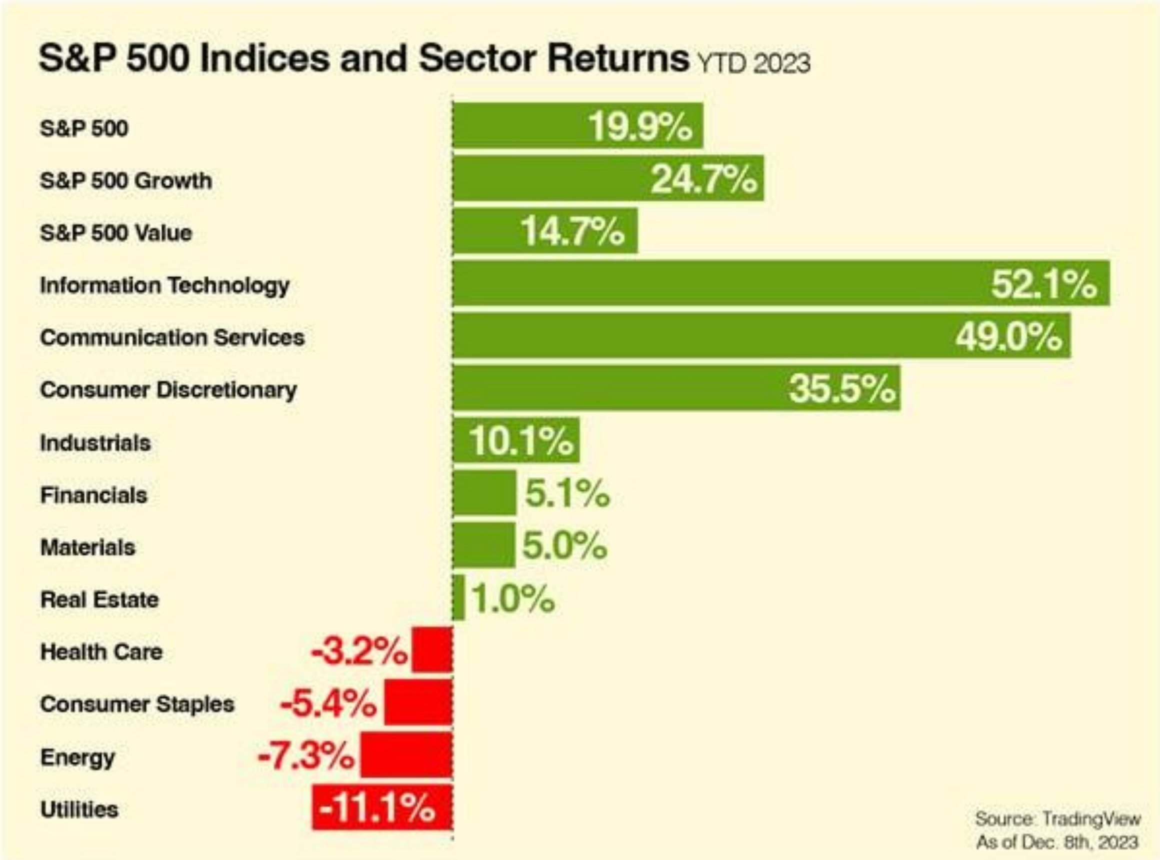
This notice popped up this year a few times! So much for all the bears – Michael Burry, The Rich Dad author and Jeremy Grantham. Really they should quit. My son was more accurate. My son is five.



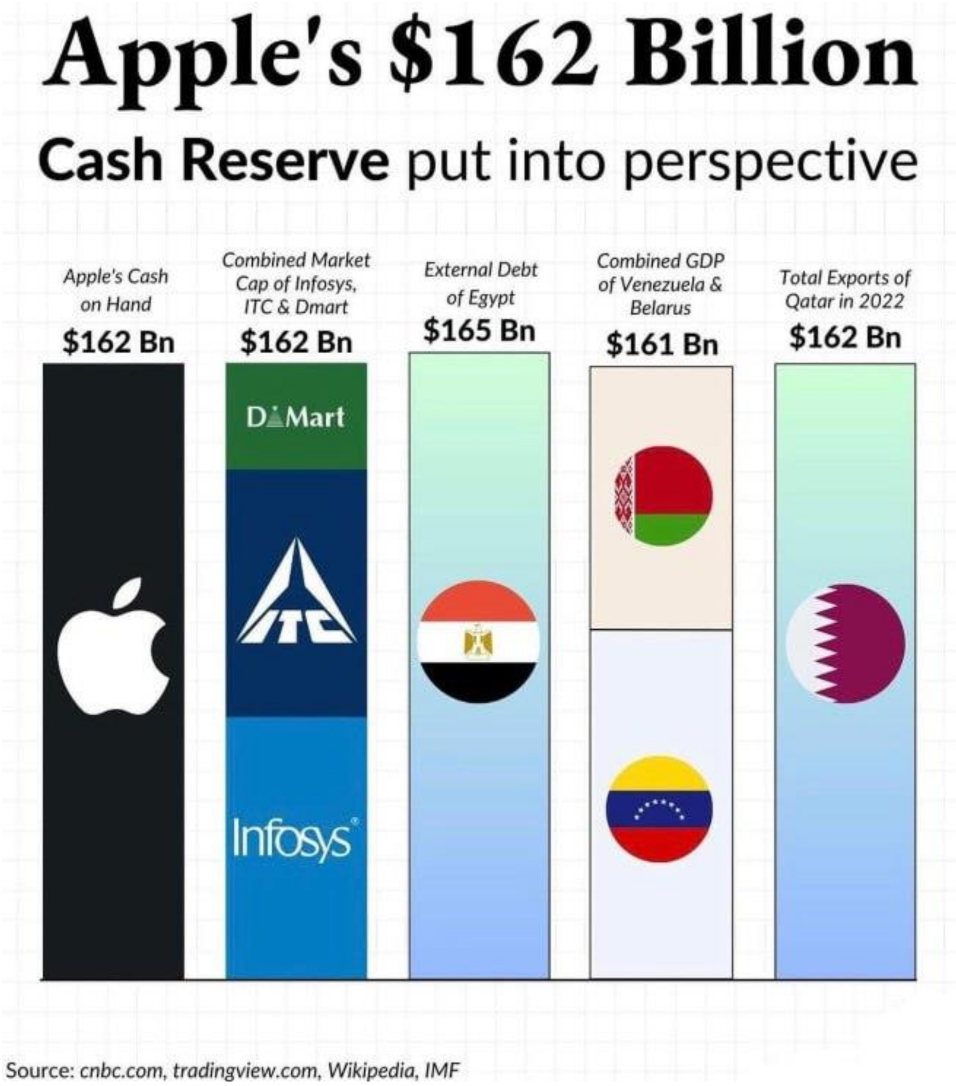
Of course one of my stocks this year was Apple, part of the 2Ms and 3As – Meta, Microsoft, Apple, Amazon, Alphabet. For now I stay in them in 2024. But I do regular updates on my Telegram channel because once every few years eg February 2022, I have to go into cash out of them.

This image I liked. Don't read too much into it. Don't project too far into 2024 off it. Just enjoy it.

Below are the indices and sectors making up the returns. This does not mean for me to go into laggards in 2024. I look at companies on their merits.


S&P 500 Indices and Sector Returns YTD 2023
S&P 500 19.9%
S&P 500 Growth 24.7%
S&P 500 Value 14.7%
Information Technology 52.1%
Communication Services 49.0%
Consumer Discretionary 35.5%
Industrials 10.1%
Financials 5.1%
Materials 5.0%
Real Estate 1.0%
Health Care -3.2%
Consumer Staples -5.4%
Energy -7.3%
Utilities -11.1%
Source: TradingView
As of Dec. 8th, 2023


TECHNOLOGY
MSFT +54.59%
ORCL +26.40%
ADBE +73.74%
NVDA +234.54%
AVGO +102.05%
AMD
QCOM
TXN +2.07%
INTC
ADI
MU
AAPL +52.06%
CRM +97.30%
NOW
ACN +28.97%
IBM
INTU
CSCO
KLAC
COMMUNICATION SERVICES
GOOG +50.84%
META +178.31%
TMUS +11.54%
VZ -5.15%
CMCSA +27.20%
T -10.27%
NFLX +60.09%
DIS +7.57%
CONSUMER CYCLICAL
AMZN +78.54%
TSLA +105.80%
MCD +9.01%
SBUX -2.47%
HD +12.07%
NKE +3.88%
CONSUMER DEFENSIVE
WMT +7.72%
COST +44.32%
KO -7.88%
PG -5.01%
PEP -7.56%
PM -6.67%
HEALTHCARE
LLY +56.36%
MRK
ABBV
UNH +0.18%
JNJ -12.16%
PFE -48.03%
ABT -2.28%
INDUSTRIALS
GE +88.47%
BA +38.73%
RTX -20.45%
CAT
DE -9.96%
HON -5.09%
UPS -6.27%
FINANCIAL
V +24.20%
JPM +23.21%
BAC +1.45%
WFC +21.84%
MA +20.37%
BRK-B +15.41%
COP



So how are things looking back? See the image below. Wow! 55% on the Nasdaq as I write. Check your pension was my big warning – see this video I did: https://youtu.be/7j1C7THdnQ4?feature=shared

Nasdaq

	'19	'20	'21	'22	'23	Avg
Jan	9.74	1.99	1.42	-8.98	10.68	2.30
Feb	3.44	-6.38	0.93	-3.43	-1.11	-1.46
Mar	2.61	-10.12	0.41	3.41	6.69	-1.31
Apr	4.74	15.45	5.40	-13.26	0.04	2.47
May	-7.93	6.75	-1.53	-2.05	5.80	0.11
Jun	7.42	5.99	5.49	-8.71	6.59	2.22
Jul	2.11	6.82	1.16	12.35	4.05	4.92
Aug	-2.60	9.59	4.00	-4.64	-2.17	2.41
Sep	0.46	-5.16	-5.31	-10.50	-5.81	-4.26
Oct	3.66	-2.29	7.27	3.90	-2.78	0.67
Nov	4.50	11.80	0.25	4.37	9.75	4.25
Dec	3.54	5.65	0.69	-8.73		-1.67
Yearly	35.23	43.64	21.39	-33.10	34.75	

Michael Burry closes $1.6 billion bet against the market with huge loss

Based on the Goldman Sachs Asset Management Outlook for 2024, here is a 10-point summary focusing on equities :

Economic Landscape: Expectations of higher interest rates for a prolonged period and varied economic growth and inflation patterns across nations.

Equity Market Dynamics: A shift from macroeconomic to microeconomic drivers in public equity markets, underscoring the importance of company-specific factors over broader economic indicators .

Fixed Income Alternatives: The emergence of viable alternatives to equities, such as high-quality government and corporate bonds, especially in a context of higher bond yields post-pandemic.

Supply Chain and National Security: Investment opportunities in companies that align with efforts to secure supply chains and enhance national security, particularly those in semiconductor production, industrial automation, and clean energy sectors.

AI-Driven Investment Strategies: The growing importance of leveraging AI techniques for data analysis to inform investment decisions, especially in complex and less structured data environments .

Sustainability and Impact Investing: The rising focus on investments that contribute to managing climate change effects and driving economy-wide decarbonization, with a need to balance short-term resource needs against long-term climate goals.

Active Investment Management: A shift towards active investment strategies to navigate a landscape of higher interest rates, geopolitical risks, and emerging megatrends.

Diversification and Risk Management: Emphasis on diversification and risk management in response to increased volatility and the potential for external shocks in a post-pandemic world.

Integrated Portfolio Construction: An integrated approach to investing that capitalizes on the differences between public and private capital markets, especially in high-growth and real asset sectors.

Investor Adaptability: The need for investors to adapt to a changing environment with greater growth volatility, higher capital costs, and geopolitical instability, while focusing on delivering alpha through active investment strategies.

The 2024 outlook from UBS focuses on navigating uncertainties and leveraging opportunities in a changing global landscape. Here's a summarized 10-point takeaway focused on equities:

Global Economic Dynamics: Slower growth expected, especially in the US, with Europe remaining subdued and China entering a "new normal" of lower, quality-focused growth.

Equity Market Strategy: Emphasize quality stocks, especially in the technology sector, capable of delivering earnings growth despite global economic slowing.

Interest Rate Trends: Anticipate central banks, including the Fed, to start rate-cutting cycles in 2024, influencing equity markets.

Investment in Technology: AI's significant impact on various sectors, suggesting opportunities in AI-related companies.

Geopolitical Considerations: Increased political uncertainties, including the US presidential election, could drive market volatility.

Strategies for hedging risks include focusing on capital preservation, macro hedge funds, and investments in oil and gold.

Decarbonization and Green Transition: Significant investment opportunities in companies aiding the global shift towards decarbonization.

China's Economic Transition: Opportunities in investments aligned with China's new growth model, focusing on higher value-added manufacturing and green transition.

Diversification Strategies: Importance of diversification in portfolios, including alternative assets and credit strategies to navigate market volatility.

Quality Bonds: Quality bonds expected to offer attractive income and capital appreciation as interest rates fall.

Long-Term Perspectives: Emphasis on long-term investment strategies and the importance of balancing liquidity, quality investments, and diversification to manage risks and capitalize on growth opportunities.

I am often asked about SIPPs and ISAs and you can see something I found on the internet about brokers and charges. I thought you'd find this helpful.

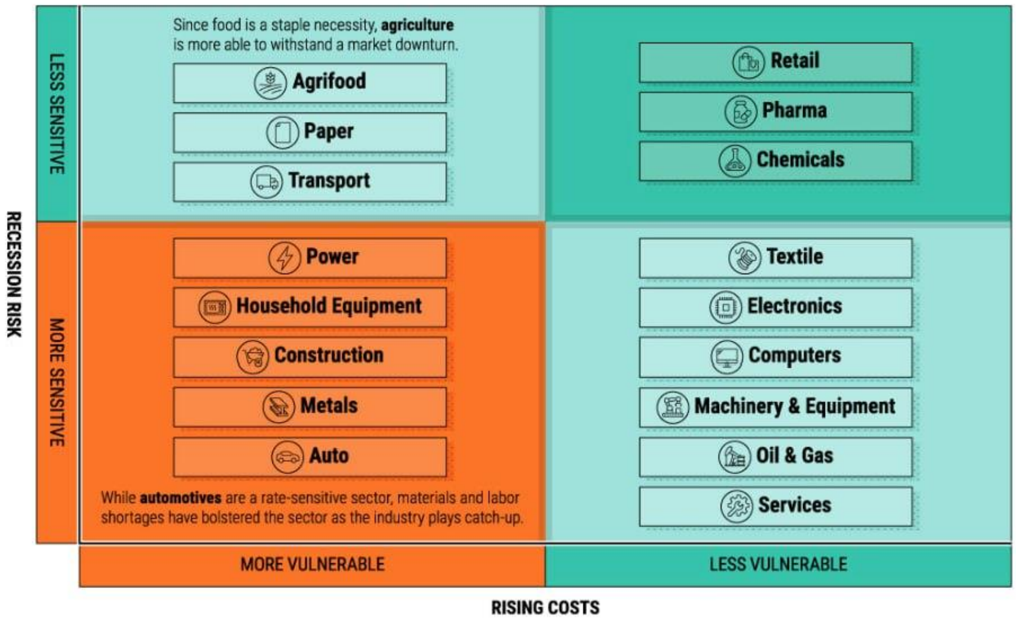
Bestinvest (powered by Tilney)	Min investment amount £500 lump sum or £100 per month	✓ Ready-made portfolios ✓ Investment research tools ✓ Low cost	Cost to you **£20 per year** for £10,000 invested
AJBell	Min investment amount £31.25 per month	✓ Risk based portfolios ✓ Easy to use platform ✓ Low costs	Cost to you **£25 per year** for £10,000 invested
Fidelity International	Min investment amount £1000 lump sum or £25 per month	✓ Good all-round platform ✓ Mobile app ✓ Reliable customer service	Cost to you **£35 per year** for £10,000 invested
willis:owen	Min investment amount £25 lump sum or £25 per month	✓ Accessible fund research ✓ Explains jargon clearly ✓ Low min investment amount	Cost to you **£40 per year** for £10,000 invested
Hargreaves Lansdown	Min investment amount £100 lump sum or £25 per month	✓ Mobile app ✓ Lots of fund options ✓ Individual share trading	Cost to you **£45 per year** for £10,000 invested
Nutmeg.	Min investment amount £500 lump sum	✓ Great for beginners ✓ Risk based portfolio choice ✓ Excellent mobile app	Cost to you **£45 per year** for £10,000 invested
PensionBee	Min investment amount N/A	✓ Intuitive platform ✓ Excellent for beginners ✓ Mobile app	Cost to you **£50 per year** for £10,000 invested
moneybox	Min investment amount £1 per month	✓ Transparent fees ✓ Great mobile app ✓ Good for beginners	Cost to you **£57 per year** for £10,000 invested
wealthify	Min investment amount £50 lump sum or £50 per month	✓ Fully managed ✓ Multi-award-winning platform ✓ Backed by Aviva	Cost to you **£60 per year** for £10,000 invested
AVIVA	Min investment amount £1000 lump sum or £200 per month	✓ Well known reputable brand ✓ Low cost ✓ Good for beginners	Cost to you **£70 per year** for £10,000 invested

I once wrote in my Financial Times column that last year's winning fund managers almost never do well the year after (that's because they work on luck not talent) and sadly the poorest performers don't get lucky the year after a bad year either. The below was done mid 2023.

Name	2022 (%)	YTD
The Schiehallion Fund Limited Ord NPV	-62.6	-37.3
Baillie Gifford China Growth Trust PLC Ord 25P	-25.6	-22.2
Edinburgh Worldwide IT PLC Ord	-39.8	-20.7
Baillie Gifford Shin Nippon PLC ORD 2P	-30.5	-20.1
The Baillie Gifford Japan Trust PLC Ord	-21.7	-12.9
Pacific Horizon Investment Trust PLC Ord	-32.5	-7.1
Baillie Gifford UK Growth Trust Plc Ord	-29.9	-4.9
Keystone Positive Change Investment Trust plc Ord	-33.5	-1.8
Scottish Mortgage Investment Trust PLC	-45.7	-0.9
Baillie Gifford Baillie Gifford European Growth Trust plc Ord 2.5 P	-41.3	1
The Scottish American Investment Company P.L.C. Ord	-3.5	1.2
Monks Investment Trust PLC Ord	-31	5.6
Baillie Gifford US Growth Trust PLC Ord	-52.8	7.9

	Name	2022 (%)	YTD
[+]	JPMorgan Emerging Europe Middle East & Africa Securities plc ORD 1P ORD 1P	-88.1	43.9
[+]	Schroders Capital Global Innovation Trust PLC Ordinary 1p ORD 1P	-53.3	-1.4
[+]	abrdn UK Smaller Companies Growth Trust PLC Ordinary Ord	-38.4	-9.5
[+]	CEIBA Investments Limited Ord	-36.7	-19.8
[+]	Schroder British Opportunities Trust PLC Ordinary ORD 1P	-36.1	5.8
[+]	Smithson Investment Trust ORD 1P	-35.2	-2.7
[+]	Aberdeen Smaller Companies Income Trust Plc Ord 50p Ord 50p	-33.7	-0.1
[+]	JPMorgan Mid Cap IT plc	-31.9	5.3
[+]	JPMorgan Japanese IT plc	-30.5	3.7
[+]	JPMorgan Japan Small Cap Growth & Income Plc	-29.5	-4.1
[+]	JPMorgan UK Smaller Companies Investment Trust plc Ord 5P	-28.5	-3.4
[+]	JPMorgan China Growth & Income plc Ord 25 P	-26.3	-27.9
[+]	JPMorgan European Discovery Trust Plc Ord 5P	-25.9	1.8
[+]	The Mercantile Investment Trust (THE) Plc Ord 2.5P	-25.9	9.3
[+]	abrdn China Investment Company Limited Ord 1p	-22.8	-25.5
[+]	Schroder UK Mid Cap	-21.2	3.4
[+]	abrdn Property Income Trust Limited ORD 1P	-19.4	-19.2
[+]	UK Commercial Property REIT Limited Ord 25P	-18.6	1.6
[+]	Schroder Asian Total Return Investment Company Plc Ord 5P	-17.4	3.3
[+]	Asia Dragon Trust plc Ord 20p	-17.2	-15.3
[+]	JPMorgan US Smaller Companies IT PLC Ord 2.5P	-15.7	-12.6
[+]	JPMorgan Asia Growth & Income Plc Ord 25P Ord 25P	-15.6	-1.6
[+]	JPMorgan Emerging Markets IT plc Ord 2.5P	-13.4	-2.6
[+]	Schroder Asia Pacific	-13.1	-1.8

There is still talk of recession in 2024 in the US and of course the UK might be in one. I do not do top down ie sector first. I focus on the bottom up ie company data. But some of you might like the below.



Recession Risk: Which Sectors are Least Vulnerable?

Speaking of tech – I was in Bangalore to see the latest developments. India of course had a stonking good year and there are many India ETFs with high Sortinos and Alphas.

Sadly for the UK (and US to a lesser extent) spending power has been hit, but the halt in rising rates brought this year a massive Santa Claus rally. I didn't think or know it would come through. As always I was positioned in case it did and if it did not, my stocks would equally have been fine. (Better with market rallies of course!).

The image below shows the Indians growing significantly.

Global Rank	Stock Exchange	Country	Market Cap Aug 2023
1	NYSE	🇺🇸 U.S.	$25.0T
2	Nasdaq	🇺🇸 U.S.	$21.7T
3	Euronext	🇳🇱 Netherlands	$7.2T
4	Shanghai Stock Exchange	🇨🇳 China	$6.7T
5	Japan Exchange Group	🇯🇵 Japan	$5.9T
6	Shenzhen Stock Exchange	🇨🇳 China	$4.5T
7	Hong Kong Exchanges	🇭🇰 Hong Kong	$4.2T
8	National Stock Exchange of India	🇮🇳 India	$3.5T
9	LSE Group	🇬🇧 UK	$3.4T

Bank of England Financial Stability Report: Average mortgage payments to rise by £2,900 a year

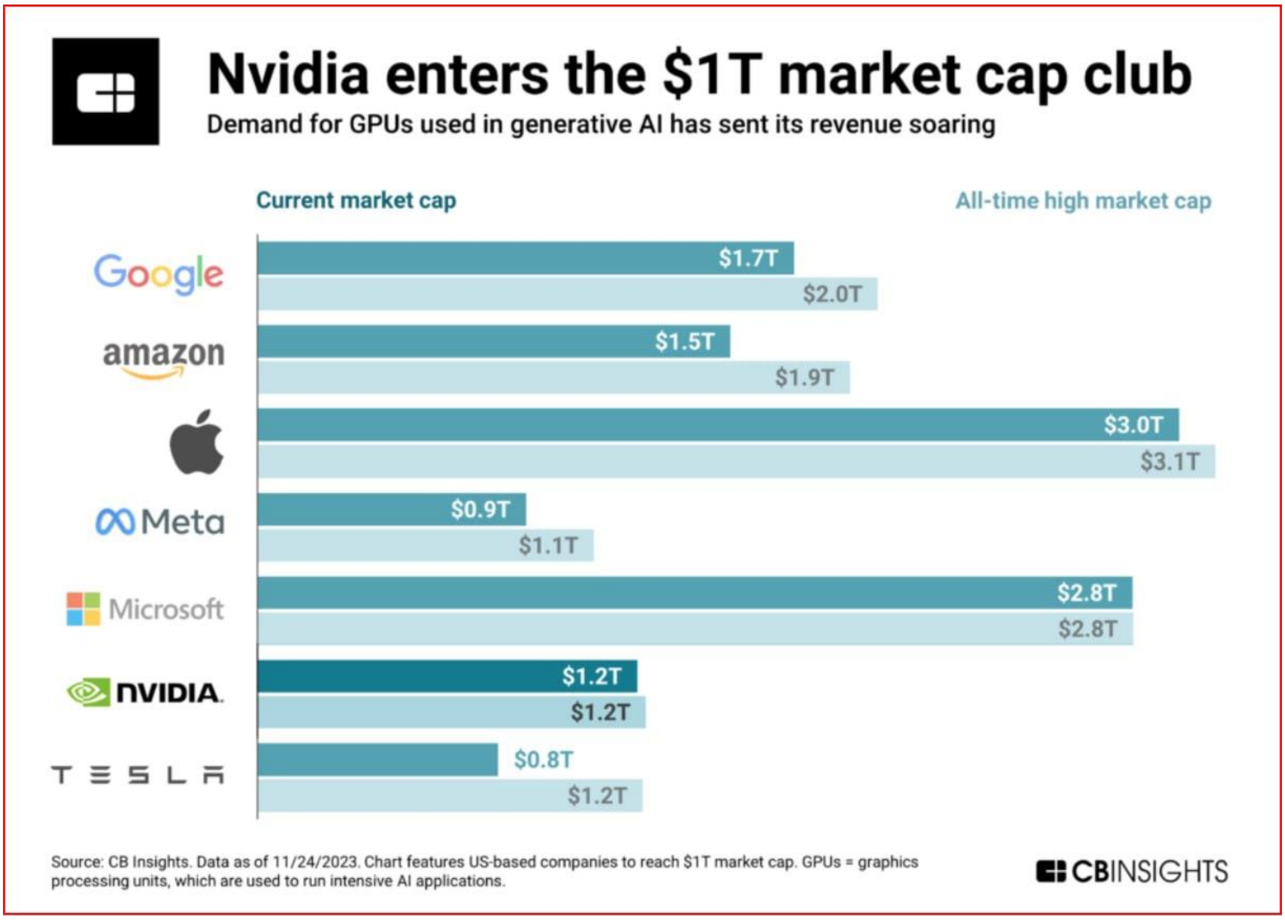
Mehreen Khan, Economics Editor

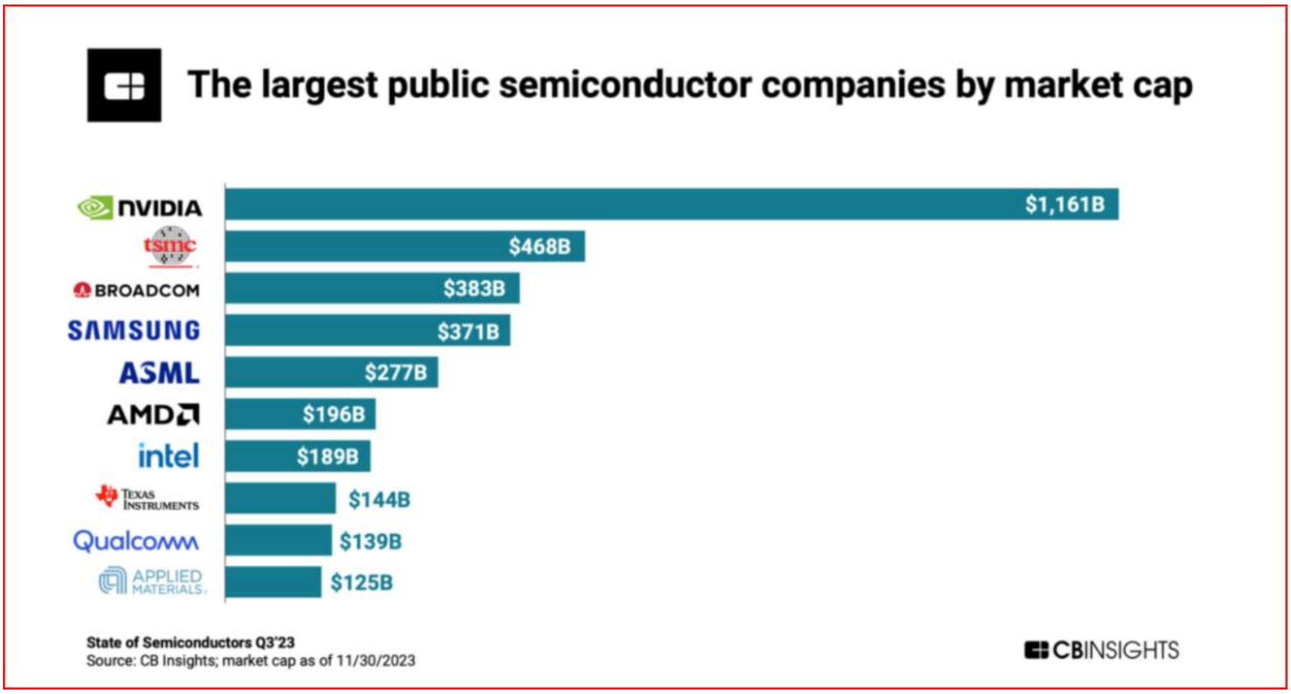
December 6 2023, The Times

The average mortgage burden is expected to rise to nearly 9 per cent, the Bank of England said — the highest since the financial crisis
Gareth Fuller/PA

Five million UK households are facing an average £2,900 increase in their annual mortgage payments as debt servicing costs rise to the highest level since 2008, the Bank of England has warned.

We cannot leave 2023 without Semi conductors, tech. These images caught my eye.





Remember when Apple hit a trillion? That was a long long time ago.

Apple Hits Record High While Big Tech Stocks Rally

- Shares surpass July high, putting market cap at $3.08 trillion
- Revenue seen growing again in 2024 after falling this year

By Subrat Patnaik **+ Get Alerts**

December 13, 2023 9:04 PM

S&P 500's year-end rally lifts 51 stocks to a record close

By Joy Wiltermuth

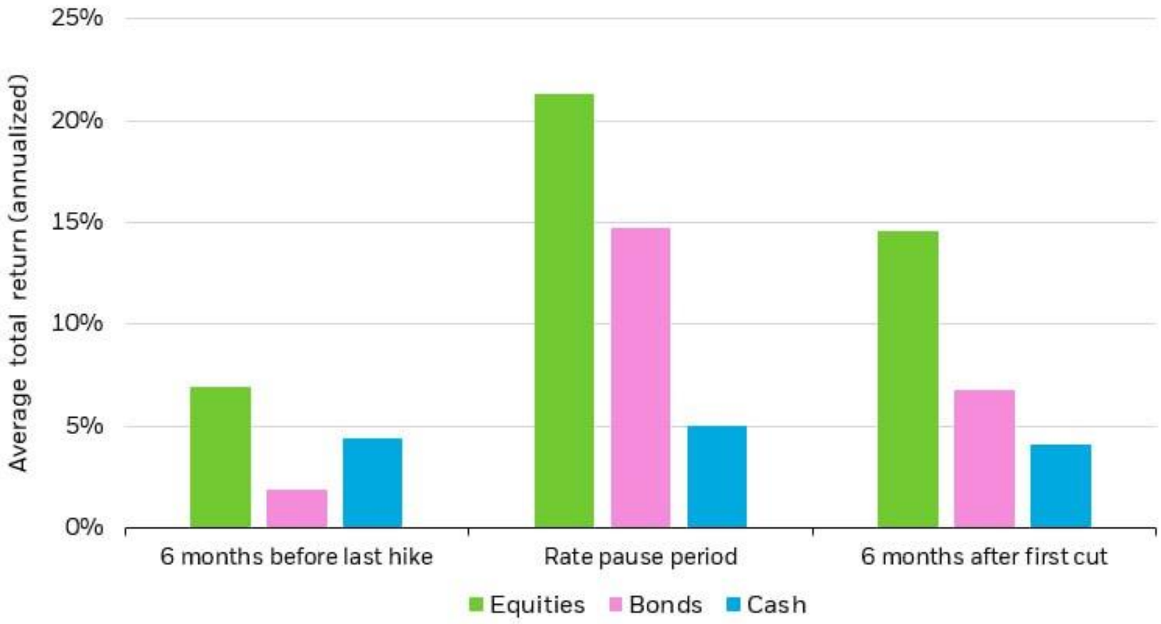
December 12, 2023, 5:26 pm EST

Tuesday saw the biggest batch of S&P 500 stocks log a record close since April 2022

The best may be behind us in 2023. It's unlikely 2024 will repeat or exceed 2023 for stock performance. So we will have to work harder for our picks and I plan to keep up my research for you into the year.

I remain optimistic. I think excess profits which can exceed expectations will occur and those are the stocks I will target.

Figure 2: Pauses have paid off, even more than easing periods

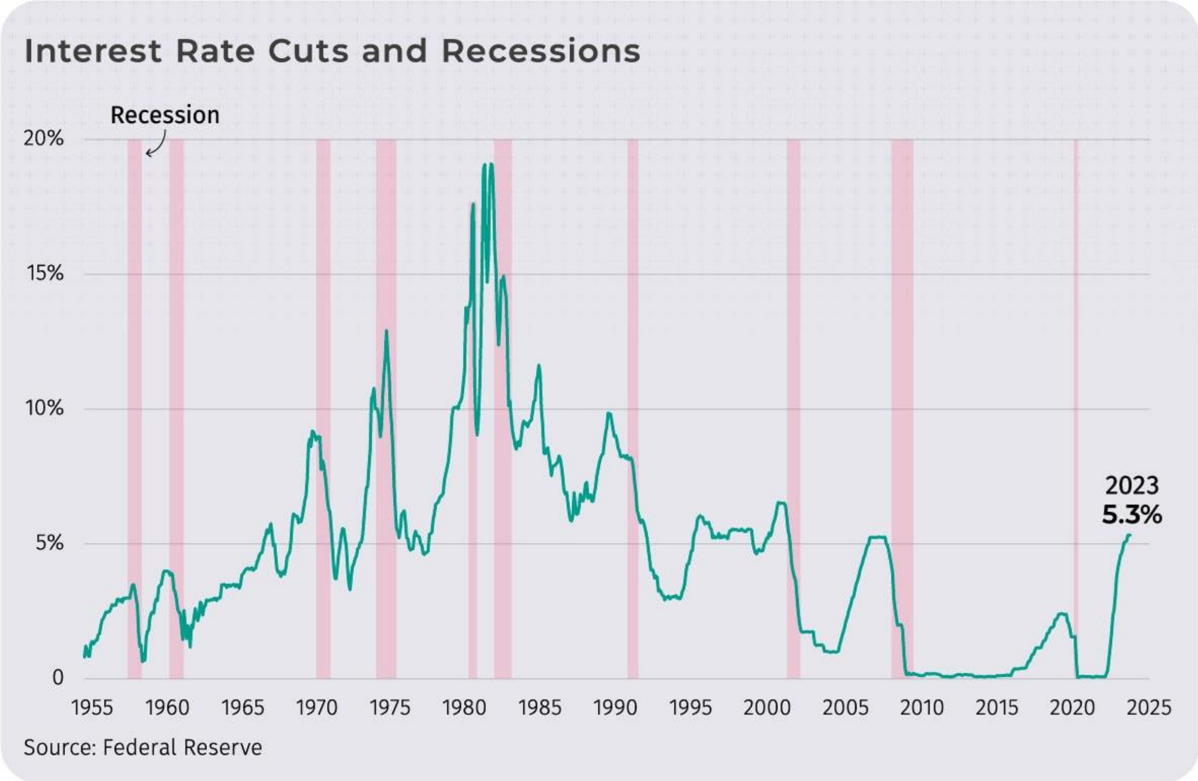


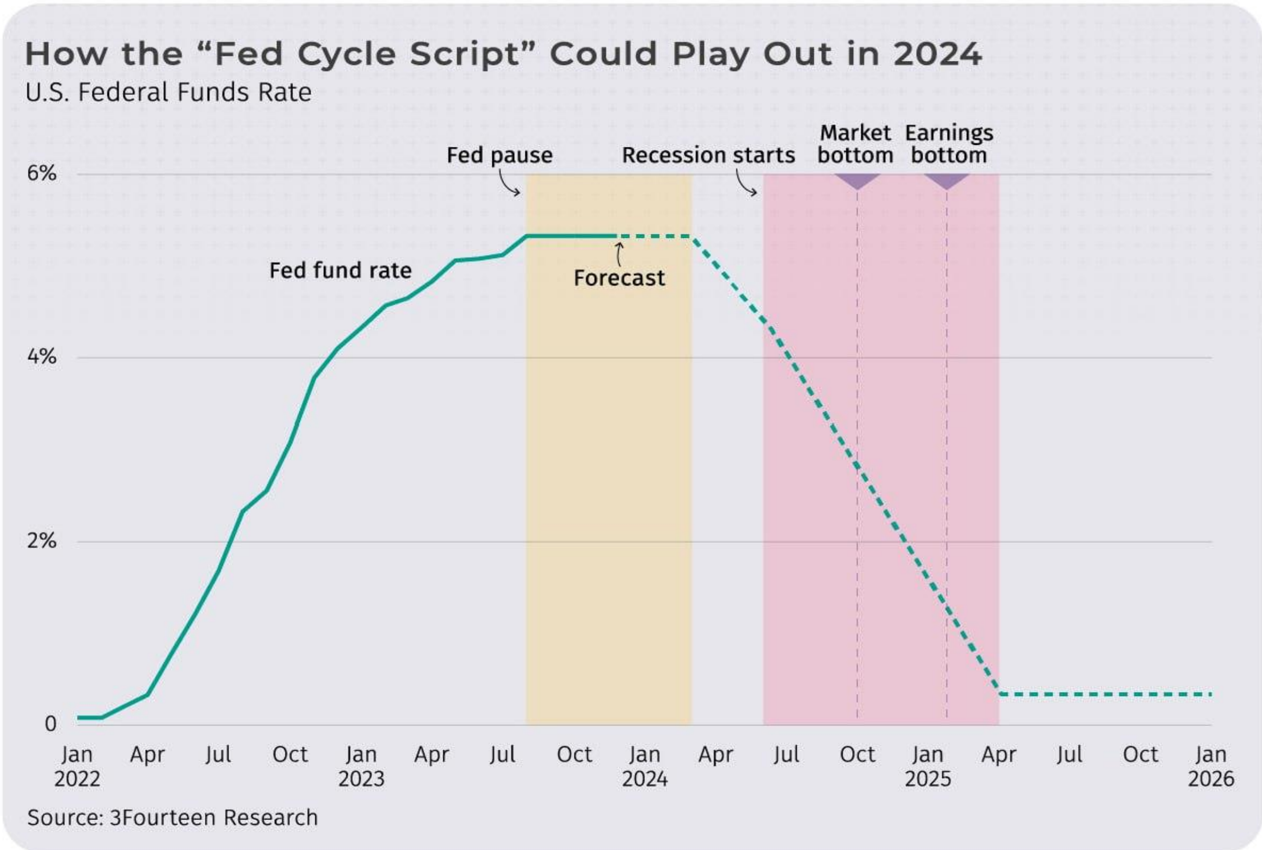
Source: Bloomberg, as of November 16, 2023. Total return analysis produced by iShares Investment Strategy. Historical analysis

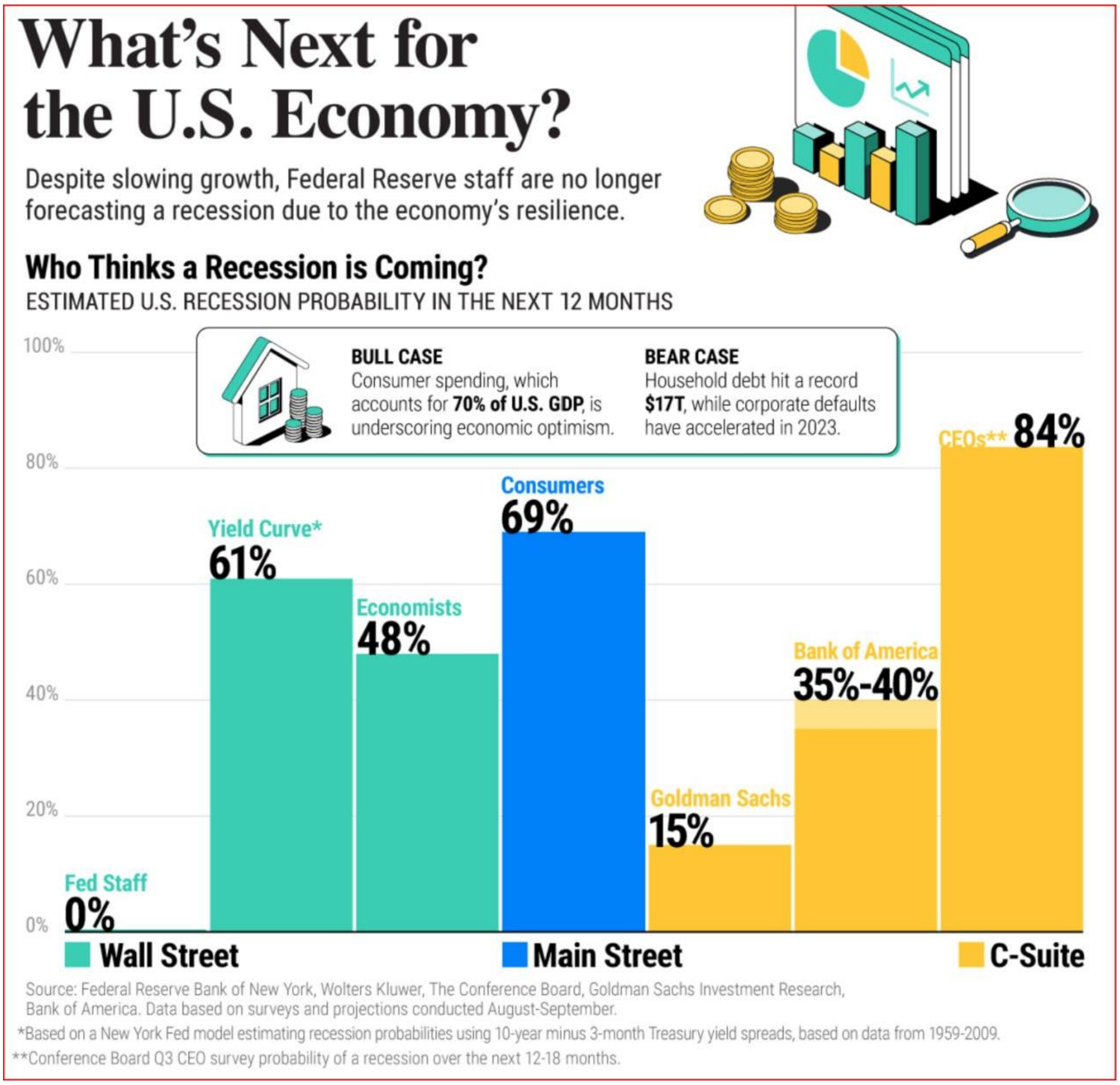
Figure 1: Investors have stockpiled cash in the face of macro uncertainty

Source: EPFR, Bloomberg. As of November 22, 2023.

Chart description: Line chart depicting the total net assets of all money market funds for the past 5 years. Currently, investors have over $8.3tn allocated in cash, an all-time high.

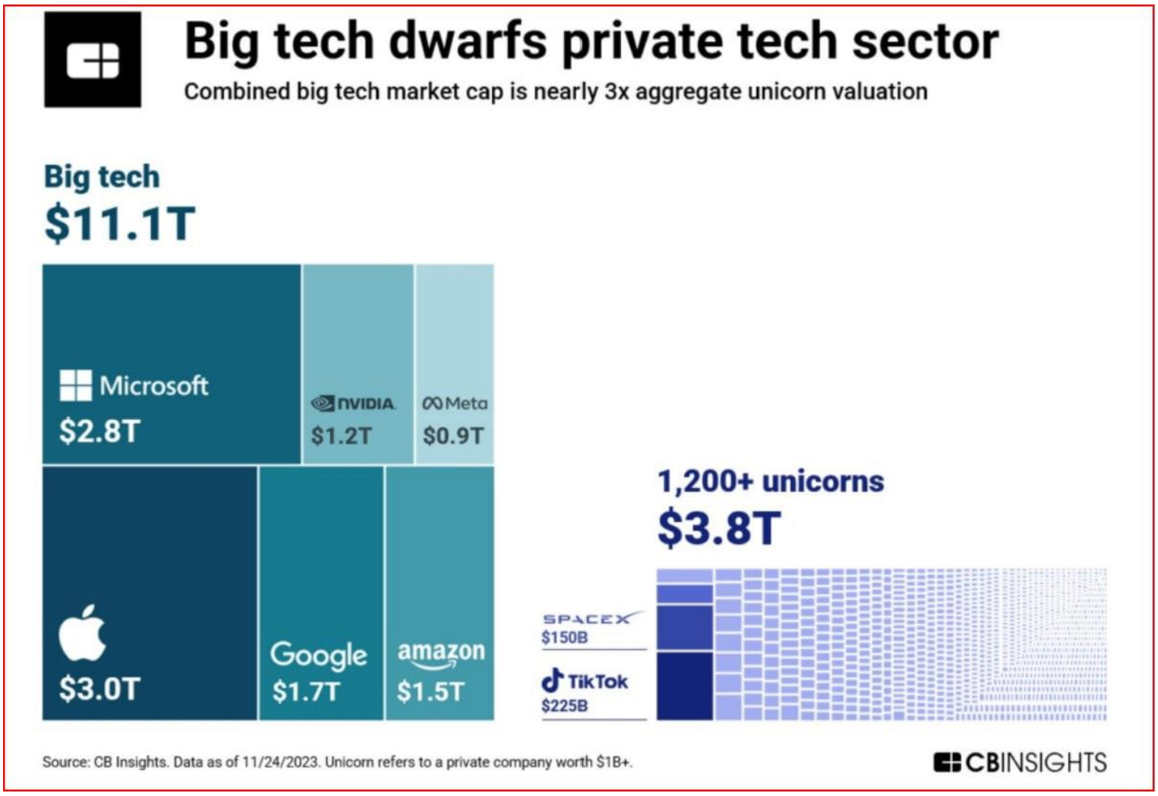

Interest Rate Cuts and Recessions
Recession
20%
15%
10%
5%
0
1955
1960
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
2023
5.3%
Source: Federal Reserve

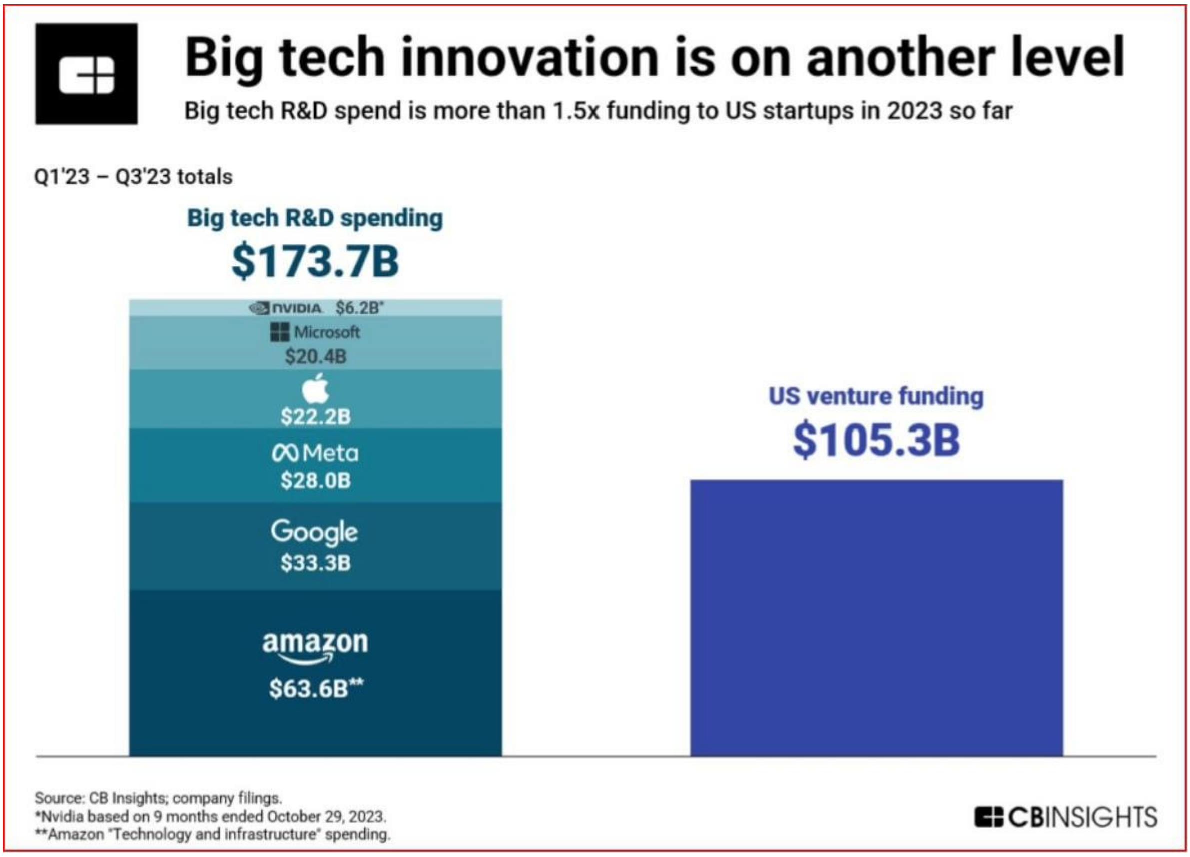

How the "Fed Cycle Script" Could Play Out in 2024
U.S. Federal Funds Rate
Fed pause
Recession starts
Market bottom
Earnings bottom
Fed fund rate
Forecast
6%
4%
2%
0
Jan 2022
Apr
Jul
Oct
Jan 2023
Apr
Jul
Oct
Jan 2024
Apr
Jul
Oct
Jan 2025
Apr
Jul
Oct
Jan 2026
Source: 3Fourteen Research



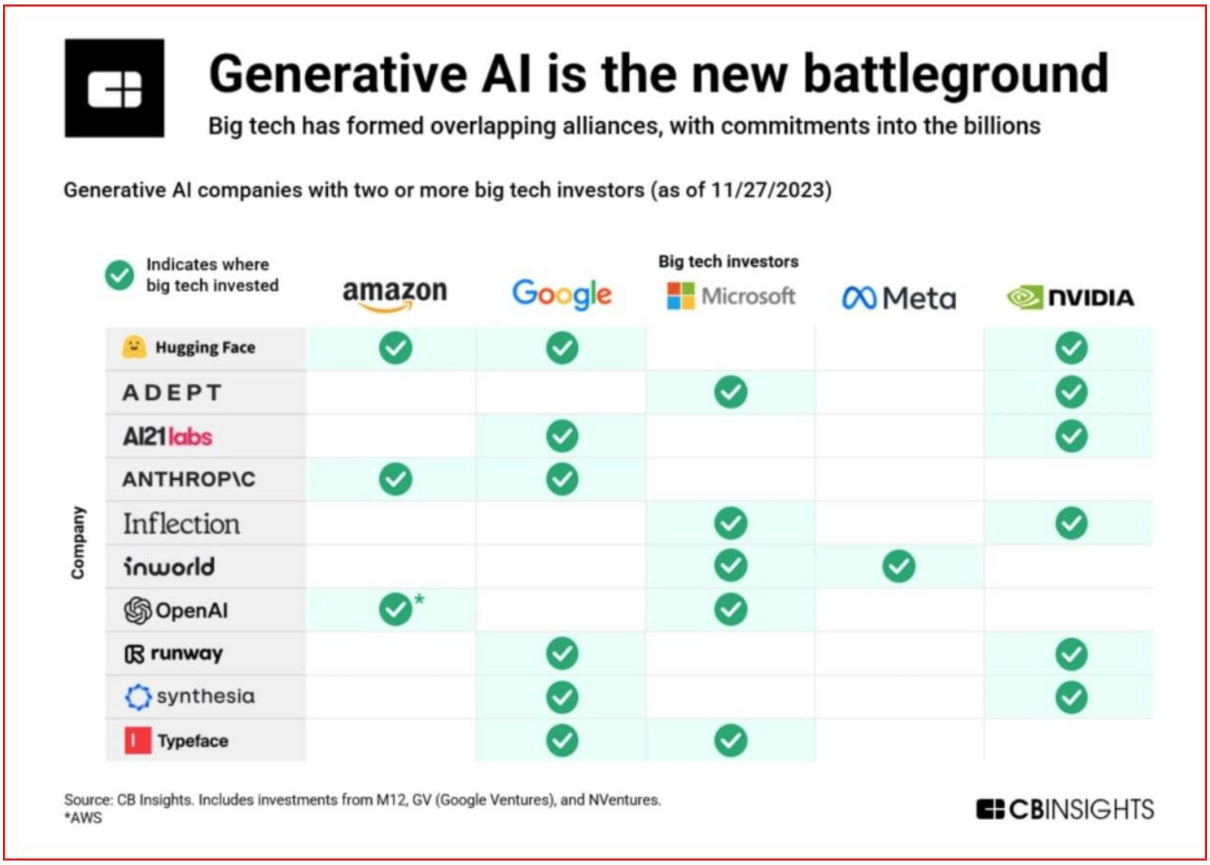
I expect at the time of writing I will be heavily into tech in 2024. I will name names in the next January newsletter. But these charts speak for themselves.


Seven largest companies as a share of S&P 500 total market cap
Pandemic
GFC
Dotcom bubble
28
26
24
22
20
18
16
14
1979
1990
2000
2010
2020
Goldman Sachs Global Investment Research
© FT


Big tech dwarfs private tech sector
Combined big tech market cap is nearly 3x aggregate unicorn valuation
Big tech
$11.1T
Microsoft
$2.8T
NVIDIA
$1.2T
Meta
$0.9T
$3.0T
Google
$1.7T
amazon
$1.5T
1,200+ unicorns
$3.8T
SPACEX
$150B
TikTok
$225B
Source: CB Insights. Data as of 11/24/2023. Unicorn refers to a private company worth $1B+.
CBINSIGHTS


Big tech innovation is on another level
Big tech R&D spend is more than 1.5x funding to US startups in 2023 so far
Q1'23 – Q3'23 totals
Big tech R&D spending
$173.7B
NVIDIA $6.2B*
Microsoft
$20.4B
$22.2B
Meta
$28.0B
Google
$33.3B
amazon
$63.6B**
US venture funding
$105.3B
Source: CB Insights; company filings.
*Nvidia based on 9 months ended October 29, 2023.
**Amazon "Technology and infrastructure" spending.
CBINSIGHTS

I am obsessed with AI and ChatGPT. Do keep up with it. This image is instructive.



Generative AI is the new battleground

Big tech has formed overlapping alliances, with commitments into the billions

Generative AI companies with two or more big tech investors (as of 11/27/2023)

✓ Indicates where big tech invested

Big tech investors

Company	amazon	Google	Microsoft	Meta	NVIDIA
Hugging Face	✓	✓			✓
ADEPT			✓		✓
AI21labs		✓			✓
ANTHROPIC	✓	✓			
Inflection			✓		✓
inworld			✓	✓	
OpenAI	✓*		✓		
runway		✓			✓
synthesia		✓			✓
Typeface		✓	✓		

Source: CB Insights. Includes investments from M12, GV (Google Ventures), and NVentures.
*AWS

CBINSIGHTS

The 25 Largest Economies in the World by 2075: A Forecast by Goldman Sachs

In a groundbreaking report, Goldman Sachs has projected the landscape of the global economy in 2075, identifying the 25 largest economies. This forecast, based on extensive data analysis and economic modeling, offers a fascinating glimpse into the future, highlighting shifts in economic power and the emergence of new players on the global stage.

Methodology

Goldman Sachs' predictions are rooted in a comprehensive analysis of current economic trends, demographic shifts, technological advancements, and potential geopolitical changes. The methodology incorporates factors such as GDP growth rates, population dynamics, productivity improvements, and technological innovation. It's important to note that such long-term forecasts are inherently speculative and subject to change based on unforeseen global events and trends.


ECONOMIC TRAJECTORIES:
THE WORLD'S TOP 15 ECONOMIES THROUGH TIME
According to projections from Goldman Sachs, the weight of global GDP will shift substantially towards Asia over the next several decades.
Ranking based on real GDP projections (2021 USD)
1980
2000
2022
2050P
2075P
1 U.S. U.S. U.S. China China
2 Japan Japan China U.S. India
3 Germany Germany Japan India U.S.
4 France UK Germany Indonesia Indonesia
5 UK France India Germany Nigeria
6 Italy China UK Japan Pakistan
7 China Italy France UK Egypt
8 Canada Canada Canada Brazil Brazil
9 Argentina Mexico Russia France Germany
10 Spain Brazil Italy Russia UK
11 Mexico Spain Brazil Mexico Mexico
12 Netherlands S.Korea S.Korea Egypt Japan
13 India India Australia Saudi Arabia Russia
14 Saudi Arabia Netherlands Mexico Canada Philippines
15 Australia Australia Spain Nigeria France
HIGHLIGHTS FROM 2075
Indonesia, which has the world's fourth largest population at 277M, could grow its GDP from $1.3T in 2022 to nearly $14T by 2075.
Japan's GDP is expected to grow by less than 1% annually for the next several decades, pushing it out of the top 10 by 2075.
Although China's population is beginning to shrink, its GDP could climb to $57T by 2075, keeping ahead of India ($52.5T) and the U.S. ($51.5T).
SOURCE: GOLDMAN SACHS GLOBAL INVESTMENT RESEARCH (2022)
VISUALCAPITALIST.COM

Overview of the Global Economic Landscape in 2075

Goldman Sachs' projection paints a picture of a world where Asia's economic clout is markedly pronounced, with China and India leading the charge. The list also reflects the significant growth of economies in Africa, the Middle East, and Latin America, indicating a more diversified global economic landscape.

The Top 25 Economies in 2075

1. China: $57 trillion
Growth Drivers: Continued technological innovation, a shift to a consumer-driven economy, and large-scale infrastructure projects.
Challenges: Aging population, environmental concerns, and the need for political and economic reforms.

2. India: $52.5 trillion
Growth Drivers: Demographic dividend with a young workforce, advancements in technology and digital infrastructure, and increasing foreign investment.
Challenges: Infrastructure development, addressing income inequality, and reforming education and healthcare systems.

3. United States: $51.5 trillion
Growth Drivers: Technological leadership, strong consumer market, and innovative capabilities in various sectors.
Challenges: Aging population, political polarization, and adapting to changing global trade dynamics.

4. Indonesia: $13.7 trillion
Growth Drivers: Strategic location for trade, growing middle class, and a focus on infrastructure and manufacturing.
Challenges: Political stability, environmental issues, and improving education and healthcare.

5. Nigeria: $13.1 trillion
Growth Drivers: Large and young population, potential in agriculture and energy sectors, and emerging technology sector.
Challenges: Political instability, infrastructure deficits, and diversifying economy beyond oil.

6. Pakistan: $12.3 trillion
Growth Drivers: Youthful population, potential in manufacturing and services, and strategic geographic location.
Challenges: Political stability, economic reforms, and addressing education and healthcare needs.

7. Egypt: $10.4 trillion
Growth Drivers: Strategic location, growing service sector, and government reforms in infrastructure and energy.
Challenges: Political stability, water resource management, and diversifying the economy.

8. Brazil: $8.7 trillion

Growth Drivers: Rich natural resources, agricultural and energy sectors, and a large internal market. Challenges: Political and economic stability, environmental concerns, and improving education and infrastructure.

9. Germany: $8.1 trillion
Growth Drivers: Strong industrial base, technological innovation, and robust export sector. Challenges: Demographic trends, energy transition, and maintaining its technological edge.

10. Mexico: $7.6 trillion
Growth Drivers: Manufacturing and service sectors, trade agreements, and proximity to the U.S. market. Challenges: Political stability, addressing crime and corruption, and economic inequality.

11. United Kingdom: $7.6 trillion
Growth Drivers: Financial services sector, technological innovation, and global trade relationships. Challenges: Post-Brexit economic adjustments, productivity growth, and regional disparities.

12. Japan: $7.5 trillion
Growth Drivers: Technological leadership, strong manufacturing sector, and a focus on innovation. Challenges: Aging population, public debt, and adapting to global economic changes.

13. Russia: $6.9 trillion
Growth Drivers: Natural resources, particularly in energy, and potential in agriculture and technology sectors. Challenges: Geopolitical tensions, economic sanctions, and diversifying economy beyond oil and gas.

14. Philippines: $6.6 trillion
Growth Drivers: Growing service sector, remittances from overseas workers, and increasing industrialisation. Challenges: Infrastructure development, political stability, and environmental vulnerabilities.

15. France: $6.5 trillion
Growth Drivers: Strong industrial and service sectors, technological innovation, and a skilled workforce. Challenges: Structural reforms, demographic changes, and maintaining competitiveness in the EU.

16. Bangladesh: $6.3 trillion
Growth Drivers: Rapidly growing garment sector, remittances, and developing sectors like IT and pharmaceuticals. Challenges: Political stability, climate change impacts, and improving infrastructure and education.

17. Ethiopia: $6.2 trillion
Growth Drivers: Agricultural potential, growing manufacturing sector, and large population. Challenges: Political instability, infrastructure needs, and managing ethnic divisions.

18. Saudi Arabia: $6.1 trillion
Growth Drivers: Oil wealth, economic diversification efforts, and investments in technology and tourism. Challenges: Oil dependency, regional geopolitical tensions, and social reforms.

19. Canada: $5.2 trillion
Growth Drivers: Natural resources, strong banking sector, and technological innovation. Challenges: Aging population, climate change impacts, and trade dependencies.

20. Turkey: $5.2 trillion
Growth Drivers: Strategic location, diversified economy, and a large, young population. Challenges: Economic stability, currency volatility, and geopolitical risks.

21. Australia: $4.3 trillion
Growth Drivers: Natural resources, strong service sector, and ties to Asian economies. Challenges: Geographic isolation, environmental challenges, and reliance on commodity exports.

22. Italy: $3.8 trillion
Growth Drivers: Manufacturing strength, tourism, and a skilled workforce.
Challenges: Political instability, public debt, and demographic trends.

23. Malaysia: $3.5 trillion
Growth Drivers: Diversified economy, strategic location in ASEAN, and growing tech sector.
Challenges: Political stability, managing ethnic diversity, and economic competition in the region.

24. South Korea: $3.4 trillion
Growth Drivers: Technological innovation, strong manufacturing, and export-oriented economy.
Challenges: Geopolitical risks, aging population, and reliance on a few large conglomerates.

25. South Africa: $3.3 trillion
Growth Drivers: Rich in natural resources, developed financial and legal systems, and regional influence. Challenges: Political instability, economic inequality, and addressing unemployment and education.

India's Economic Surge

India's projected rise to the second-largest economy globally by 2075 is a testament to its immense growth potential. This growth is attributed to:

• Demographic Dividend: India's large and youthful population is a significant driver of its economic growth.
• Technological Advancement: India's burgeoning tech industry and digital economy are key growth factors.
• Economic Reforms: Continued reforms in economic policies and infrastructure development are crucial for India's growth trajectory.
• Manufacturing and Services: India's focus on manufacturing under initiatives like 'Make in India', coupled with a robust services sector, particularly in IT and ITES, are pivotal to its economic expansion.

Conclusion

Goldman Sachs' projection for 2075 highlights a world where economic power is more evenly distributed globally, with emerging economies playing increasingly prominent roles.

This shift underscores the importance of economic reforms, technological advancement, and demographic factors in shaping the future global economic landscape. The rise of countries like India, Indonesia, and Nigeria, alongside the sustained economic influence of nations like the U.S., China, and Germany, paints a diverse and dynamic picture of the world economy in the latter half of the 21st century.

Alpesh Patel OBE

They always show Indian Jones movies at Xmas. So you may enjoy this:

Adventures in Financial Archaeology: Balancing Risk and Return with Indiana Jones

Imagine navigating the thrilling world of investments, drawing inspiration from the daring exploits of the iconic adventurer, Indiana Jones. As we delve into the realms of financial archaeology, let's use Indy's escapades as a metaphor to understand and strike the right balance between risk and return.

1. Risk and Reward: The Essence of Financial Adventures

        - Defining the Terms:
        - Risk: The uncertainty or variability in investment returns. Higher risk often equates to the potential for greater rewards but also the possibility of greater losses.
        - Return: The gain or loss on an investment, typically represented as a percentage of the initial amount.

    - Parallel with Indiana Jones: Like Indy's quest for artefacts such as the Ark of the Covenant, higher risks can lead to greater rewards, but they also come with inherent dangers.

2. Investment Choices: Mapping Your Financial Journey

    - Asset Allocation: Your Investment Compass: Just as Indiana Jones would never venture out without a reliable map, investors need a strategic plan. Asset allocation acts as that guiding map, indicating how to distribute resources among various investment avenues like stocks and bonds.

3. Diversification: A Toolkit for Financial Success

    - The Concept: Distributing investments across various asset classes to balance returns and mitigate risks.
    - Parallel with Indiana Jones: Indy possesses diverse knowledge in archaeology, anthropology, and history, enabling him to approach challenges from different angles. Similarly, a diversified investment strategy provides multiple avenues for potential success.

4. Risk Tolerance: Understanding Your Financial Limits

    - Defining Risk Tolerance: Every individual has a different comfort level with risk, influenced by factors such as age, financial goals, and personal preferences.
    - Parallel with Indiana Jones: Indy bravely confronts dangers but also understands his boundaries. Like him, investors must recognise their comfort level with risk and adjust their strategies accordingly.

5. The Long Game: Maintaining a Long-Term Investment Perspective

    - The Concept: Focusing on enduring growth and financial prosperity rather than getting swayed by short-term market fluctuations.

    - Parallel with Indiana Jones: Indy's relentless pursuit of artefacts, like the Holy Grail, signifies the importance of long-term goals and perseverance.

6. Emotional Resilience: Staying Calm Amidst Financial Storms

    - The Concept: Not succumbing to panic or impulsive decisions, even when the market is volatile.

    - Parallel with Indiana Jones: Just as Indy remains unflappable in high-stress situations, investors need to stay composed, ensuring rational decision-making during market downturns.

7. Lifelong Learning: Adapting and Growing in Financial Archaeology

    - The Concept: Regularly updating one's knowledge about market trends and emerging investment opportunities.

    - Parallel with Indiana Jones: Indy's thirst for new knowledge is never-ending. Emulating him, investors must continually educate themselves to stay ahead in the dynamic world of finance.

Indiana Jones' adventures serve as a fascinating lens through which to view the intricate world of finance. By internalising the principles of risk and return, asset allocation, diversification, risk tolerance, long-term vision, emotional resilience, and continuous learning, you're better prepared to embark on your financial journey. So, with Indiana Jones as your metaphorical guide, chart your course and set forth on your quest for financial success!

Alpesh Patel OBE

Goodbye and Good Riddance: An Investor's Scathing Breakup Letter to Underperforming Fund Managers

For those who need this, this year - feel free to use the template I've created for you:

Dear Investment Advisor,

I'm writing to you today not with the usual cautious optimism that greets the financial world but with a simmering frustration that's been brewing for far too long. It's time to address the elephant in the room - or should I say, the underperforming stocks and funds in my portfolio.

Let's start with the glaringly obvious: the market has been on a bullish run, soaring to a staggering 50% increase. Yet, when I look at my portfolio, it seems to be on a completely different trajectory. Now, I'm no financial wizard, but I can certainly tell when something is amiss.

I hired you for your expertise, hoping you'd navigate the complex world of investments with finesse. Instead, what I got was a masterclass in 'spray and pray' investing. It appears you've adopted a strategy akin to throwing darts blindfolded, hoping by some miracle they'd hit the bullseye.

Your penchant for over-diversification has left my portfolio stretched thinner than a budget at a bargain store. The result? A collection of lackluster funds that couldn't ride the market wave if they were strapped to a surfboard.

Let's not even get started on your choices of markets. If there was an award for 'Most Inopportune Market Timing', I believe you'd be a frontrunner. It's as though you've been playing a different game, one where the goal is to miss every possible opportunity presented by the market.

And the fees! Oh, the fees. I must commend you for the unwavering consistency in collecting them. It's fascinating how the one aspect of your service that works flawlessly is the invoice system.

In light of these concerns, I've come to a decision. Consider this letter your 'pink slip', your 'walking papers', your invitation to explore new opportunities elsewhere. Yes, you're fired. The accompanying image should clarify any ambiguity about my decision.

In pursuit of a more competent and effective investment strategy, I am switching to Alpesh Patel at www.campaignforamillion.com. Alpesh brings a wealth of experience and a proven track record of success. His strategic approach to investing, emphasizing informed decisions and tailored strategies, aligns perfectly with my financial goals. Unlike the 'spray and pray' method that has characterized our time together, Alpesh's methodology is meticulous, data-driven, and focused on long-term growth.

It's time for me to take control of my investments, to steer my financial ship away from the Bermuda Triangle of your investment strategies. I wish you luck in your future endeavors, though I would suggest a career change. Maybe something less... financially consequential.

With all due respect (which, at this point, is minimal),

[Your Name]

P.S. I'm attaching an image that perfectly encapsulates my feelings about our professional relationship. It's parting gift, one I hope you'll appreciate for its honesty and slight touch of humor.


YOU'RE
FIRED!

Snakes and Ladders of Investing: Navigating Market Ups and Downs with Strategic Positioning

The image created visually represents the concept that the stock market isn't about predicting the future with certainty, like gazing into a crystal ball, but rather about strategic positioning.

It's akin to the game of snakes and ladders, where your investment moves can either climb ladders, benefiting from market tailwinds, or slide down snakes, minimizing the impact of market headwinds. This metaphor is critical in understanding investment strategies.

Investment, particularly in the stock market, is often misconstrued as a game of precise prediction or timing. However, as your analogy and this image suggest, it's more about strategic placement and risk management.

The ladders in the game can be seen as opportunities or strategies that can propel investments upward when the market is favorable. These could include investing in fundamentally strong companies, diversifying across sectors, or taking advantage of growth trends.

On the other hand, the snakes represent the risks and downturns inherent in the market. A well-thought-out investment strategy should include safeguards against these downturns.

This might involve diversification to spread risk, investing in defensive stocks that are less affected by market volatility, or employing stop-loss orders to limit potential losses.

It's about making calculated moves that position you to capitalize on market upsides while protecting you as much as possible from the downsides.
This approach is crucial for sustainable long-term investment success.

It emphasizes the importance of understanding market dynamics, researching investment options thoroughly, and continuously revising strategies based on market changes and personal financial goals.

Such a strategy is particularly relevant in volatile market conditions, where sudden swings can lead to significant gains or losses.

By focusing on strategic positioning rather than prediction, investors can navigate these turbulent waters more effectively, aligning with your advice and expertise in the field of investment and economics.

Get a free portfolio review at www.alpeshpatel.com/links

Rethinking Investment Strategies: The Case for Self-Directed Stock Selection Over Relying on IFAs

The reluctance of investors to dismiss their Independent Financial Advisors (IFAs) and opt for self-directed stock selection can be attributed to several factors, which, when closely examined, reveal compelling reasons for considering a more hands-on approach to investment.

1. Perceived Expertise of IFAs

Argument: Investors often perceive IFAs as experts who possess deep knowledge of financial markets, superior to their own understanding. This perception is bolstered by the IFAs' qualifications, experience, and regulatory compliance.

Counter-Argument: However, studies have shown that the performance of fund managers, akin to IFAs, does not consistently outperform the market.

For instance, the SPIVA (S&P Indices Versus Active) report consistently demonstrates that a majority of active fund managers fail to outperform their benchmarks over medium to long-term periods.

The 2020 SPIVA Europe Scorecard, for instance, revealed that over 80% of active equity funds in Europe underperformed their benchmarks over a 10-year period.

2. Comfort in Delegating Responsibility

Argument: Many investors find comfort in delegating the responsibility of managing their investments to a professional, particularly during volatile market periods.

This delegation is seen as a way to mitigate the stress and time commitment associated with direct stock selection.

Counter-Argument: Delegating investment decisions does not always equate to better outcomes.

Empirical evidence suggests that individual investors, when properly educated and disciplined, can match or even exceed the performance of professionals.

A research paper published in the Journal of Finance (Brad M. Barber and Terrance Odean, 2000) indicates that individual investors who trade selectively and infrequently can perform as well or better than the market average.

3. Fear of Direct Investment Risks

Argument: Direct stock picking is often seen as risky, especially for those without substantial financial knowledge.

This fear is exacerbated by the potential for significant financial losses.

Counter-Argument: The rise of information technology and investment tools has democratized access to investment knowledge, making it more feasible for individual investors to make informed decisions.

Conclusion and Recommendation

While the expertise and convenience offered by IFAs are valuable, the evidence suggests that self-directed investment, underpinned by a sound strategy and adequate financial education, can yield comparable or even superior results.

References:

S&P Dow Jones Indices LLC, "SPIVA Europe Scorecard," SPIVA Report.
Barber, Brad M., and Terrance Odean, "Trading Is Hazardous to Your Wealth: The Common Stock Investment Performance of Individual Investors," Journal of Finance, Research Paper.

Vanguard, "The Impact of Costs on Investment Returns," Vanguard Study.

Trade Like the Titans: Insights from 'The Mind of a Trader' Transformed into AI Wisdom

Crikey! I created my own AI ChatGPT. It's based on my book The Mind of a Trader: Lessons in Trading Strategy from the World's Leading Traders.

You can ask my ChatGPT questions here about trading from the world's leading traders such as Bill Lipschutz, Global Head of Forex Trading at Salomon Brothers and Hedge Fund Manager of the Year.

You might ask "Clarify risk management techniques in trading".
https://chat.openai.com/g/g-tzI5jhsFC-the-mind-of-a-trader (ChatGPT4+ needed)

This is crazy exciting. It's here:

I asked AI to read my book and then tell me the 10 most important insights. I confess it's an outstanding 10-point summary.

BUT nothing beats reading the whole book to understand the context, nuance, subtlety and importance of the insights from the world's leading traders.

"The book "The Mind of a Trader" by Alpesh B. Patel offers valuable insights into the strategies and mental processes of some of the world's leading traders.

Through interviews and analysis, the book delves into various aspects of trading, including the importance of understanding market dynamics, the role of fundamental and technical analysis, and the psychological aspects of trading.

Here are ten key lessons for becoming an exceptional trader, as gleaned from the book:

1. In-depth Analysis: Emphasize bottom-up analysis by becoming an expert on individual companies rather than relying solely on broad market trends.

2. Dynamic Analysis: Understand the 'story' behind a company or a trade. This involves recognizing the motives, influences, and potential outcomes affecting a stock.

3. Contrarian Thinking: Often, being successful means going against the consensus. Understand why the market is behaving a certain way and consider if an opposite approach might be more profitable.

4. Emotional Management: Keep emotions in check. Whether you are dealing with gains or losses, maintaining an objective perspective on your trades is crucial.

5. Risk Management: Be aware of the risks involved in every trade and have strategies in place to mitigate them.

6. Flexibility and Adaptability: The market is dynamic, so being flexible and adapting your strategies as conditions change is vital.

7. Understanding Leverage and Influence: Recognize who has influence over the companies and situations you are trading in. This could range from government policies to company management.

8. Continuous Learning: Stay informed and continuously learn about new strategies, market conditions, and financial instruments.

9. Patience and Discipline: Patience in waiting for the right trade and discipline in sticking to your trading plan are key.

10. Self-Reflection and Honesty: Regularly assess your trading decisions and be honest with yourself about your successes and failures.

Each of these lessons contributes to the mindset and skill set required for exceptional trading, emphasizing the combination of analytical skills, emotional intelligence, and a deep understanding of market dynamics.

Ten New Year Resolutions for Pensioners

As we embrace a new year, it's an opportune moment for UK pensioners to reassess their pension strategies. As a financial expert with a deep understanding of the economic landscape, I advocate for self-education and self-management in pension planning. Here are ten resolutions to help you take charge of your pension this year:

1. Educate Yourself About Pension Management: Knowledge is power. Invest time in understanding the basics of pension funds and investment strategies. My books and software offer easy-to-understand insights and tools to help you make informed decisions. https://www.trading-champions.com/p/investing-champions

2. Review Your Pension Plan Fortnightly and Annually: Regularly assess your pension plan to ensure it aligns with your retirement goals. Adjust your contributions and investment choices as necessary. Fortnightly just in case anything is tanking. Not because you trade your investments.

3. Dont Over-Diversify Your Investments: Use tools and resources that I offer to understand how diversification works in practice.

4. Understand Pension Charges: Be aware of the fees and charges associated with your pension. Sometimes, these can erode your savings significantly over time. Remember your paying for your fund managers kids school fees. Ask your IFA which private school his kids go to and which car he drives.

5. Consider Delaying Your Pension Withdawls: If you can afford to, delaying your pension drawdowns. That can result in higher weekly payments later on.

6. Maximize Tax Efficiencies: Understand how to make the most of tax reliefs and allowances available to pensioners. This can significantly enhance your pension pot. ISA and SIPPs and how to open one and buy a share.

7. Challenge Your IFA's Strategy: If you have an Independent Financial Advisor (IFA), critically evaluate their advice. Remember, you have the ultimate say in your financial decisions. Ask them why they've not generated 45 percent like the Nasdaq. Here are their sackable responses "it's just one year. You wouldn't want those high growth risky companies like Microsoft. Yours is a safer underperforming low risk low return funds."

8. Embrace Technology for Better Management: Utilize financial technology, like my investing software, to manage and monitor your pension more effectively.

9. Stay Informed About Regulatory Changes: Pension regulations can change. Stay updated with the latest changes to ensure your pension strategy remains compliant and efficient. Like the max you can put in your SIPP.

10. Build a Retirement Budget: Plan your spending in retirement. A well-structured budget helps you understand how far your pension needs to stretch. unbiased.co.uk has a good tool.

Rocking the Business World: How to Channel Your Inner Rock Star for Success and Influence

Being a rockstar. Another one of the bucket list. (The world tour continues with the band - see you in 2024)

The Essence of a Rock Star in Business

1. Unyielding Passion and Commitment:
At the heart of every rock star is an unwavering passion for their craft. This translates into the business world as a deep commitment to one's vision and the relentless pursuit of excellence. Leaders who exhibit this passion inspire their teams, drive innovation, and demonstrate resilience in the face of challenges.

2. Charismatic Leadership:
Rock stars have an innate ability to connect with their audience, creating a magnetic allure that captivates and influences. In business, this charisma translates to leaders who can engage and motivate their employees, stakeholders, and customers. They communicate their vision effectively and create an environment of enthusiasm and commitment.

3. Innovativeness and Creativity:
Just as rock stars push the boundaries of music, successful entrepreneurs and CEOs are often those who think outside the box, challenging the status quo and bringing innovative solutions to complex problems.

4. Mastery and Expertise:
Rock stars are masters of their instruments and their art. Similarly, in the corporate world, being a rock star means having a deep understanding of your industry, continuously honing your skills, and being recognized as an expert in your field.

5. Building a Following:
A key aspect of being a rock star is the ability to attract and retain a loyal fan base. In business, this equates to building a strong brand, cultivating a loyal customer base, and creating a network of supporters and advocates.

6. Impact and Influence:
Rock stars leave a lasting impression; they influence music and culture. In the business realm, this means making significant contributions to your industry, shaping trends, and having a tangible impact on society or the economy.

7. The Art of Performance:
Being a rock star isn't just about playing music; it's about putting on a show. In business, this translates to the ability to present your ideas compellingly and convincingly, whether in a boardroom, at a conference, or in a pitch meeting.

Being a rock star in the business world means embodying a set of qualities that go beyond mere technical expertise. It involves passion, charisma, innovation, and the ability to influence and inspire those around you.

Campaign For A Million: Exposing the Stark Contrast in UK vs. US Pension Growth

A man emailed me today. He said he just checked his pension. Over the past 10 years it's up 20%. He's with Legal and General. The poverty inflicted by these ruinous asset managers on British pensioners is something I will be writing to the Parliamentary Select Committees about to investigate.

My Campaign for a Million to teach people about investing so they have over their lifetimes a million more in their pensions shows data on the impact on UK workforce, productivity, mental health and relationships by having fund managers keep British pensioners in relative poverty.

It was open to the British pensioner to have the returns of their American counterpart. Based on the growth percentages provided in the image for the 10-year period, here's what someone starting with £100,000 in their pension would have now in each index:

NASDAQ 100 (NDX): The investment would have grown by 382.22%, resulting in a final value of approximately £482,220.

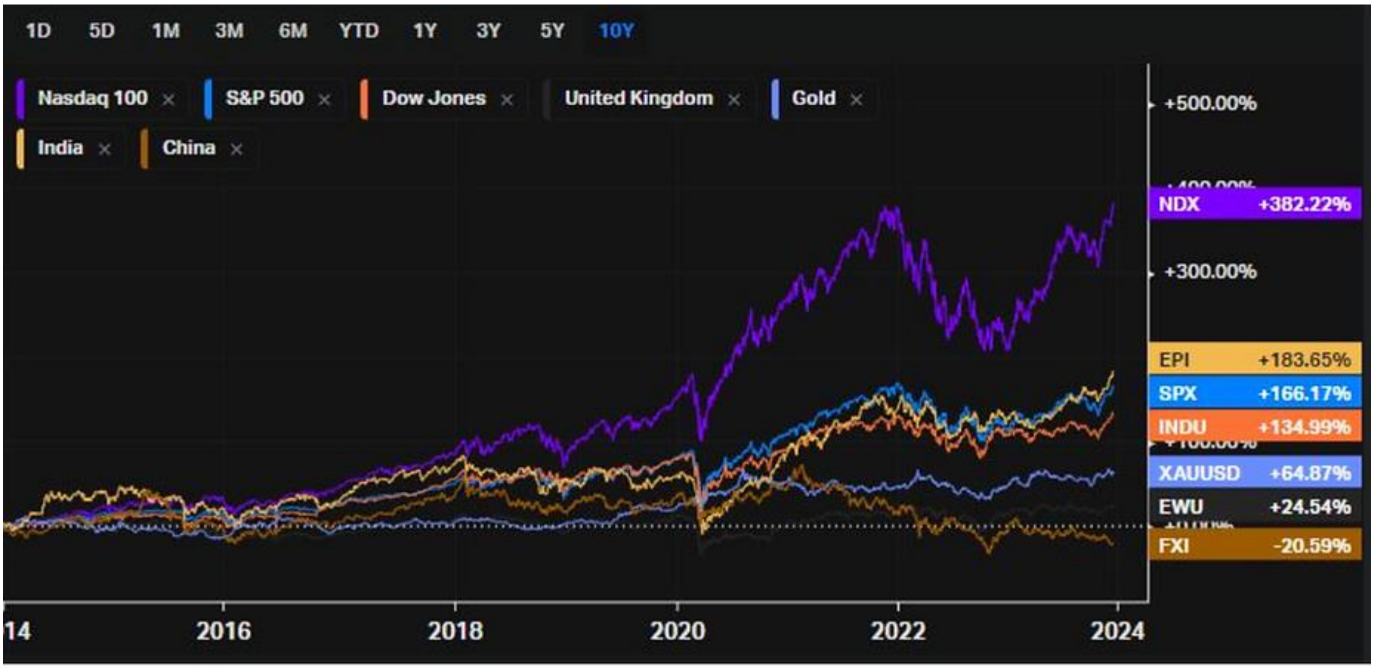
S&P 500 (SPX): The investment would have grown by 166.17%, resulting in a final value of approximately £266,170.

MSCI United Kingdom Index (EWU): The investment would have grown by 24.54%, resulting in a final value of approximately £124,540.

And what do poorer pensioners do? Rely on the State. Higher taxes for younger people. Fewer resources for everyone. Except the fund manager.

My first Financial Times column about this was over 20 years ago. Nothing changed. It's got worse. I've grilled people on Bloomberg TV on my show about it. I've decried it on BBC paper reviews many times.

2024, we will add to the Campaign a specific focus on pensions and women who the data shows get the worst of it. https://www.campaignforamillion.com/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United Kingdom
Gold
India
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+300.00%
NDX +382.22%
EPI +183.65%
SPX +166.17%
INDU +134.99%
XAUUSD +64.87%
EWU +24.54%
FXI -20.59%
14
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2020
2022
2024

Empowering a Million Futures: The Trillion-Dollar Vision of Democratising Financial Literacy

You don't need to be Prime Minister to make a difference. Imagine the profound impact of reaching a million individuals, not just in the sheer number but in the depth of that reach.

Now, extend that vision further – teaching a million people how to add an extra million to their pensions over their lifetimes.

This isn't a mere financial transaction; it's a monumental shift in wealth creation, cumulating in a staggering trillion.

This vision is democratic in its purest form. It's about levelling the playing field, where knowledge and education become the great equalisers.

In a world where financial disparity is rampant and the complexities of investing leave many at a disadvantage, providing accessible, high-quality financial education is not just a service, it's a social revolution.

The power of technology in this endeavour cannot be overstated. Through digital platforms, online courses, and interactive tools, the barriers to financial education are crumbling.

Gone are the days when such knowledge was the preserve of the elite or those with the means to access exclusive information.

Now, anyone with an internet connection can tap into a wealth of resources, guided by experts who demystify the world of finance.

This democratisation of financial knowledge aligns closely with the principles of inclusivity and empowerment.

It's a pathway to financial independence, where individuals are equipped with the tools and understanding to make informed decisions about their money. This isn't just about investing in stocks or bonds; it's about investing in people's futures.

Moreover, this approach challenges the traditional paradigms of wealth management. Rather than relying on fund managers or IFAs, whose interests may not always align with their clients, individuals are empowered to take control of their financial destinies.

This empowerment is crucial, as it fosters a sense of ownership and responsibility over one's financial well-being.

My expertise, honed through years of experience and enriched by my diverse background, positions me to lead this charge.

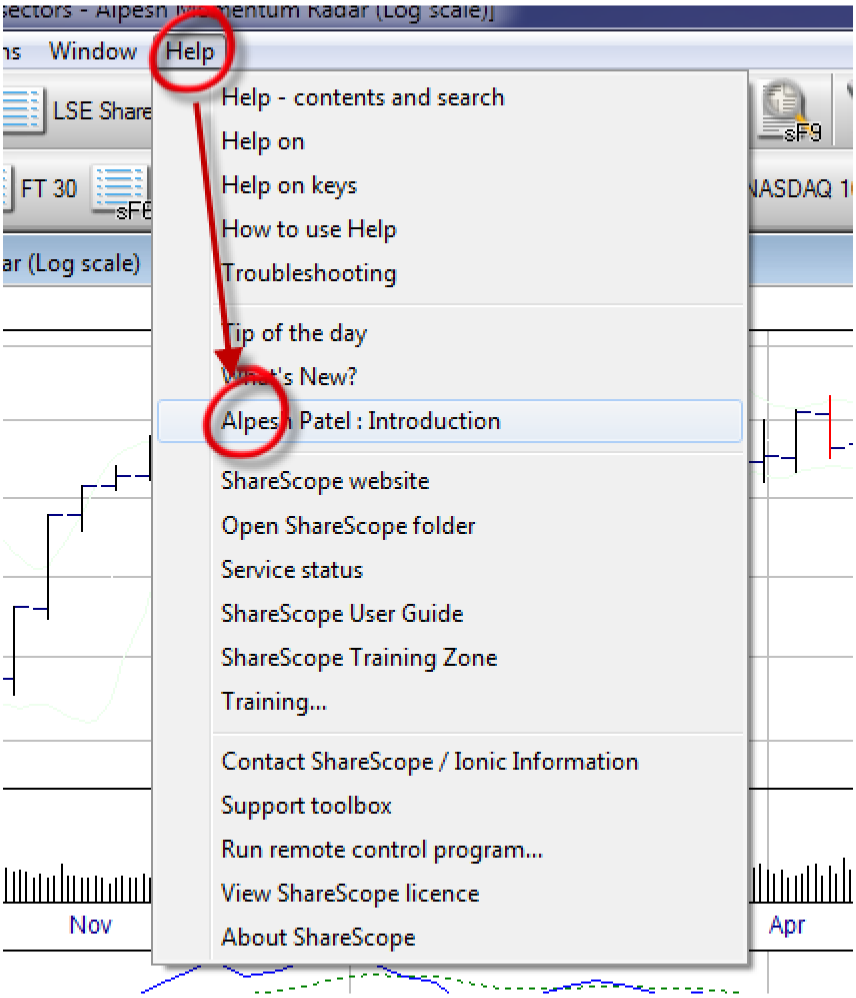
Your vision of adding value to a million pensions is more than just a financial goal; it's a commitment to social change.

In conclusion, the fusion of technology, education, and financial expertise holds the key to unlocking a new era of wealth creation and distribution. It's an era where knowledge transcends boundaries, where financial literacy is a right, not a privilege, and where every individual has the opportunity to secure their financial future.

This is more than a trillion-dollar vision; it's a blueprint for a more equitable and financially empowered society.

Alpesh Patel OBE

Help Page



Personal

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