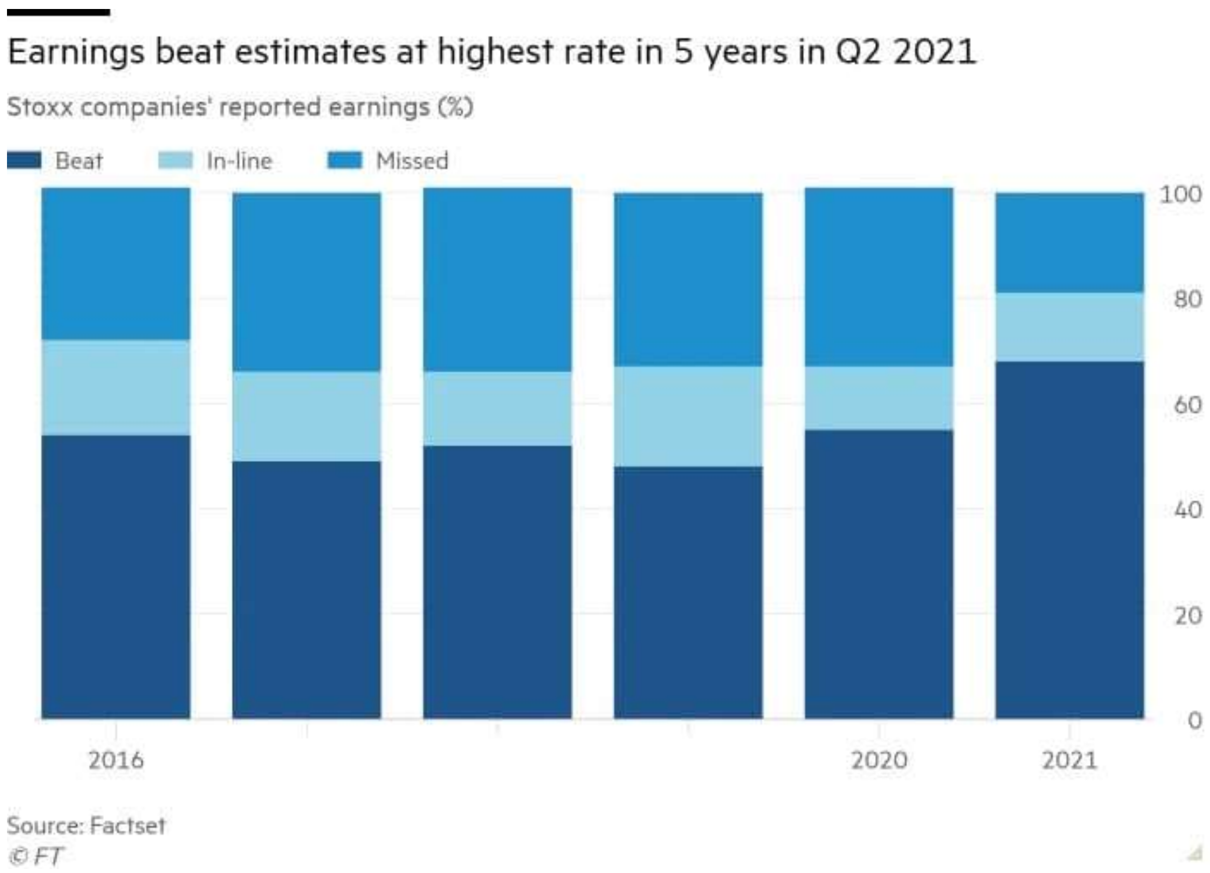
07 October 2021

Overview

The main worry people have is – 'how much of my profits will I be able to keep?' And of course if the good times are over.

One the latter, the answer is no, as long as you pick well (read on) and on the former issue – you can manage that by tightening stops to exit say 50% of your position. Simple. How much to exit and when is a matter of appetite. Mine may be 100% of any position if it drops 25% from it's peak since I bought it. Yours may be 50% if it drops 15% and 50% if 25% from peak.

The good news is earnings are beating estimates in many stocks and that is what is key for future price resumption.



Of course headlines like below are in my mind.

FINANCIAL TIMES

myFT

Opinion On Wall Street

Has US corporate profitability peaked?

Questions mount over a squeeze on margins for companies

FINANCIAL TIMES

Opinion Personal Finance Advice & Comment

Stock market investment needs more television promotion

FINANCIAL TIMES

HOME WORLD UK COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HOW TO SPEND IT

Latest on Pensions

UK university union plans industrial action over pension cuts threat

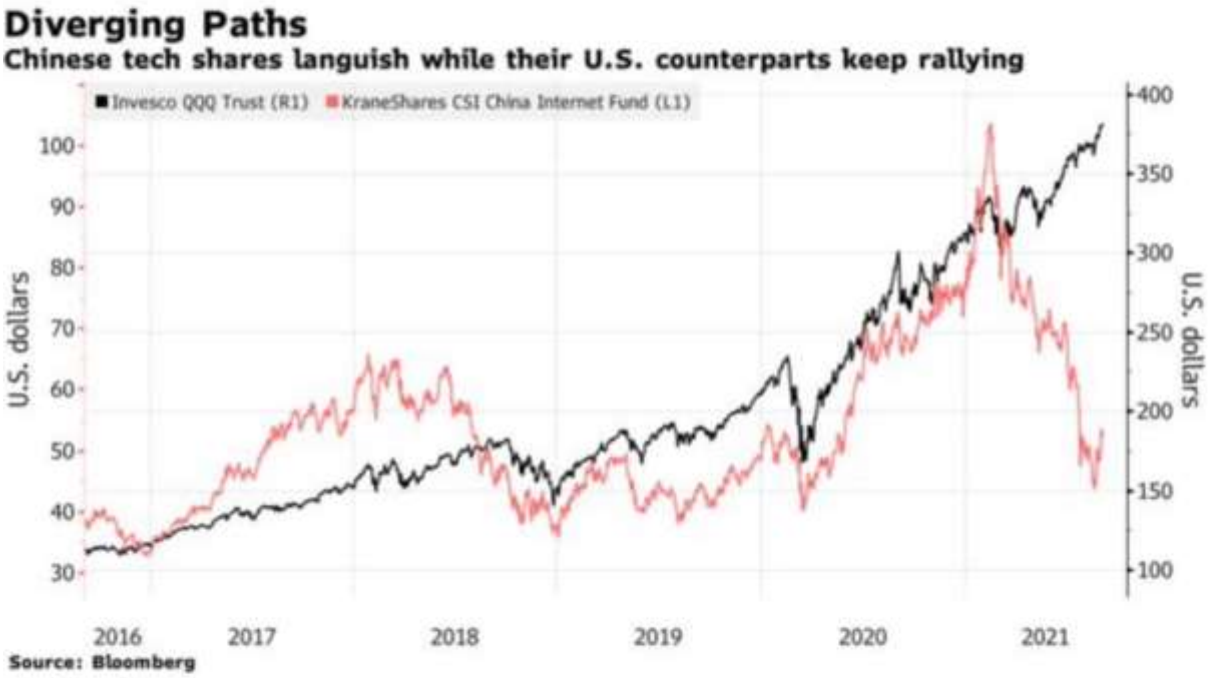
UK dividend recovery at risk from tough new pension rules

UK's Nest pension fund plots £1.5bn push into private equity

Pensions + Add to myFT

Pension contributions hold up well despite Covid

Whilst China's GDP is impacting global markets, giving one more reason to take profits, I am not in the camp of buy Chinese tech. Sure I may miss some opportunities, but I can live with that for a more stable life.

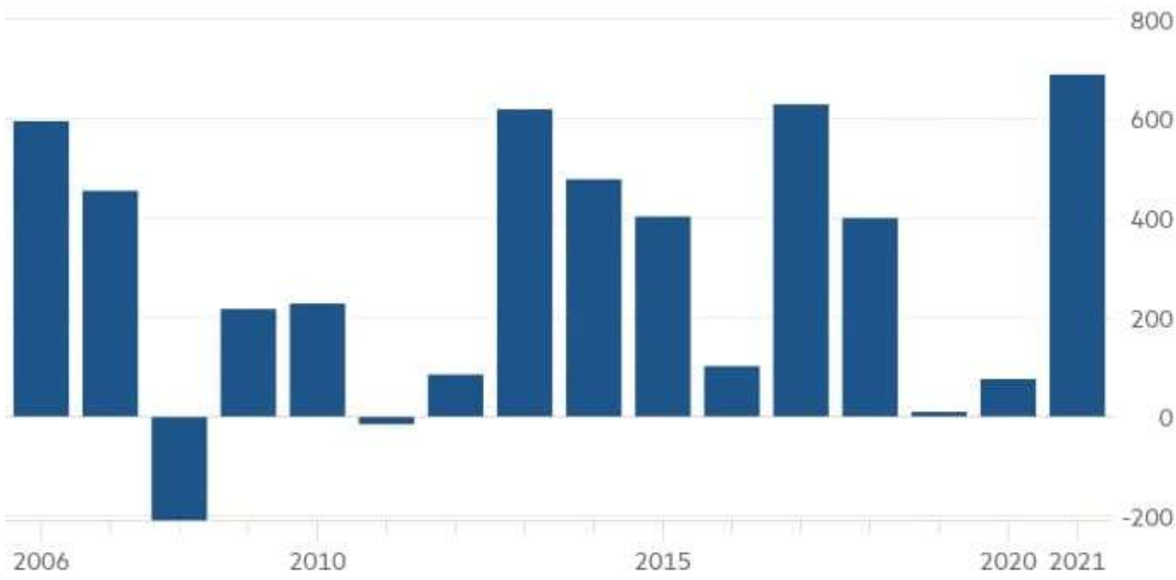


Yes US stocks on many measures are overvalued but on two or three, there is room to go up. Like Brexit or anything else in life, people will see what they want to see and do what they ultimately through greed and fear want to do. So there is no right answer leading to one conclusion eg overvalued so sell. You may be right, but if markets keep rising then there is not much point 'being right'.

For us, the key is solid companies still which regardless of who is right over valuation will see us safe. Bit like Brexit. I don't care who is right, I care that I should survive either way.

Global equity fund inflows race past previous records

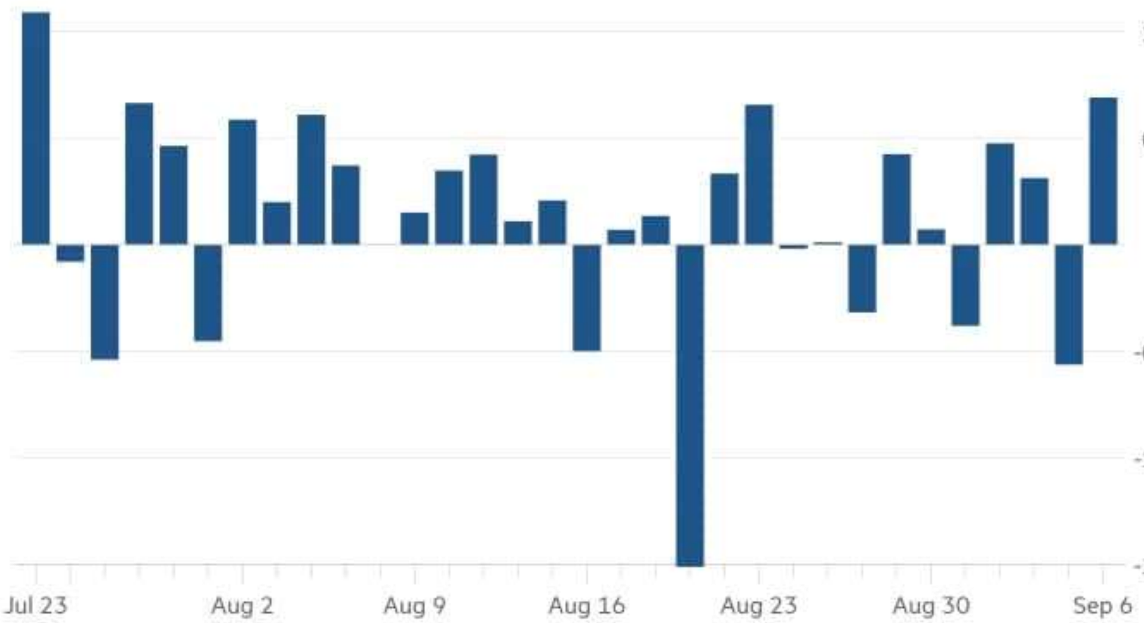
$bn per year



Underlying data from ICI, EPFR and Bloomberg
Source: JP Morgan

European stocks notch best day in six weeks

Stoxx Europe 600 index, daily % change



Source: Refinitiv

Are US shares overvalued?

CAPE and q of the S&P 500 (log % differences of own values)*

* A market which is log 100% overvalued needs to halve to be at fair value and one which is log 100% undervalued needs to double **Ratio between the value of companies according to the stock market and their net worth measured at replacement cost

Sources: Stephen Wright, Robert Shiller, Andrew Smithers, Federal Reserve

US tech sector storms ahead

S&P 500 indices, rebased

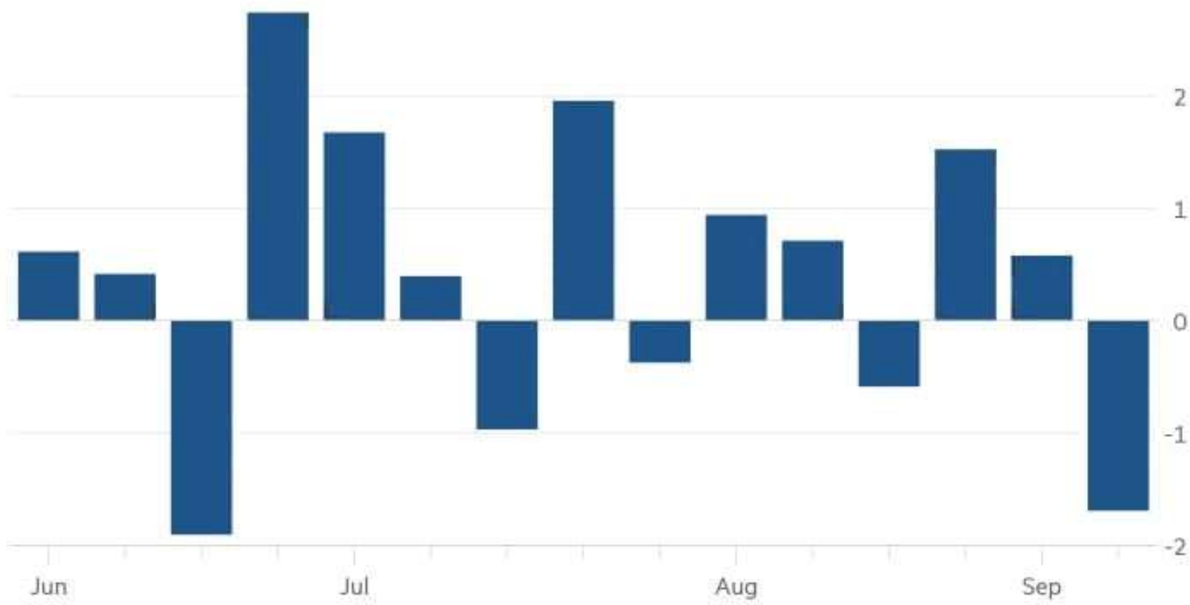
Source: Refinitiv

RANK 2020	RANK 2019		Country/Territory	REVENUES $millions	REVENUES % change from 2019	PROFITS $millions	PROFITS Rank	PROFITS % change from 2019	ASSETS $millions	ASSETS Rank	EMPLOYEES Number	EMPLOYEES Rank
1	1	WALMART[1]	U.S.	559,151.0	6.7	13,510.0	26	(9.2)	252,496.0	127	2,300,000	1
2	3	STATE GRID[6]	CHINA	386,617.7	0.7	5,580.4	89	(30.0)	666,088.5	58	896,360	4
3	9	AMAZON.COM	U.S.	386,064.0	37.6	21,331.0	16	84.1	321,195.0	102	1,298,000	2
4	4	CHINA NATIONAL PETROLEUM[6]	CHINA	283,957.6[1,2]	(25.1)	4,575.2	112	3.0	626,616.7	62	1,242,245	3
5	2	SINOPEC GROUP[6]	CHINA	283,727.6[2]	(30.3)	6,205.2	77	(8.7)	343,289.0	92	553,833	9
6	12	APPLE[3]	U.S.	274,515.0	5.5	57,411.0	1	3.9	323,888.0	101	147,000	149
7	13	CVS HEALTH	U.S.	268,706.0	4.6	7,179.0	66	8.2	230,715.0	133	256,500	67
8	15	UNITEDHEALTH GROUP	U.S.	257,141.0	6.2	15,403.0	23	11.3	197,289.0	147	330,000	39
9	10	TOYOTA MOTOR[1,3]	JAPAN	256,721.7	(6.5)	21,180.1	17	13.1	562,994.0	66	366,283	30
10	7	VOLKSWAGEN[1]	GERMANY	253,965.0	(10.2)	10,103.5	43	(35.0)	608,368.1	63	662,575	7
11	14	BERKSHIRE HATHAWAY	U.S.	245,510.0	(3.6)	42,521.0	6	(47.8)	873,729.0	47	360,000	34
12	16	MCKESSON[3]	U.S.	238,228.0	3.1	(4,539.0)	480	(604.3)	65,015.0	319	67,500	323
13	18	CHINA STATE CONSTRUCTION ENGINEERING[6]	CHINA	234,425.0	13.9	3,578.4	146	7.4	338,033.2	94	356,864	35
14	6	SAUDI ARAMCO[1,10]	SAUDI ARABIA	229,766.2	(30.3)	49,286.8	2	(44.1)	510,265.5	72	79,800	285
15	19	SAMSUNG ELECTRONICS[1]	SOUTH KOREA	200,734.4	1.5	22,116.4	15	19.9	347,991.8	90	267,937	65
16	21	PING AN INSURANCE[1]	CHINA	191,509.4	3.9	20,738.9	19	(4.1)	1,460,210.0	25	362,035	33
17	23	AMERISOURCEBERGEN[3]	U.S.	189,893.9	5.7	(3,408.7)	473	(498.5)	44,274.8	395	21,500	460
18	8	BP[1]	BRITAIN	183,500.0[4]	(35.1)	(20,305.0)	496	(604.3)	267,654.0	119	68,100	321
19	5	ROYAL DUTCH SHELL[1,4]	NETHERLANDS	183,195.0[4]	(48.0)	(21,680.0)	497	(236.9)	379,268.0	83	87,000	263
20	24	INDUSTRIAL & COMMERCIAL BANK OF CHINA[1,6]	CHINA	182,794.4	3.2	45,783.4	4	1.3	5,110,353.7	1	439,787	20
21	29	ALPHABET	U.S.	182,527.0	12.8	40,269.0	7	17.3	319,616.0	103	135,301	165
22	26	HON HAI PRECISION INDUSTRY[1]	TAIWAN	181,945.4	5.3	3,456.7	153	(7.3)	130,845.6	208	878,429	5
23	11	EXXON MOBIL	U.S.	181,502.0[4]	(31.5)	(22,440.0)	498	(256.5)	332,750.0	96	72,000	309
24	20	DAIMLER[1]	GERMANY	175,827.3	(9.1)	4,132.8	123	55.3	349,684.9	89	288,481	54
25	30	CHINA CONSTRUCTION BANK[1,6]	CHINA	172,000.2	8.3	39,282.5	8	1.7	4,311,456.6	2	373,814	28
26	22	AT&T	U.S.	171,760.0	(5.2)	(5,176.0)	481	(137.2)	525,761.0	70	230,760	84
27	33	COSTCO WHOLESALE[5]	U.S.	166,761.0	9.2	4,002.0	128	9.4	55,556.0	345	214,500	93
28	32	CIGNA	U.S.	160,401.0	4.5	8,458.0	52	65.7	155,451.0	176	72,963	306
29	35	AGRICULTURAL BANK OF CHINA[1,6]	CHINA	153,884.6	4.5	31,293.4	9	1.9	4,169,355.9	3	462,592	18
30	37	CARDINAL HEALTH[8]	U.S.	152,922.0	5.1	(3,696.0)	476	(371.2)	40,766.0	404	48,000	377
31	27	TRAFIGURA GROUP[1,7]	SINGAPORE	146,994.3	(14.3)	1,699.2	246	94.9	56,985.6	342	8,619	492
32	45	CHINA LIFE INSURANCE[6]	CHINA	144,589.1	10.2	4,648.1	110	(0.3)	776,308.8	51	183,417	111
33	47	MICROSOFT[8]	U.S.	143,015.0	13.6	44,281.0	5	12.8	301,311.0	112	163,000	133
34	17	GLENCORE[1,7]	SWITZERLAND	142,338.0	(33.8)	(1,903.0)	469	—	118,000.0	223	87,822	262
35	50	CHINA RAILWAY ENGINEERING GROUP[6]	CHINA	141,383.6	14.6	1,638.8	253	6.7	185,315.7	158	308,483	47
36	41	WALGREENS BOOTS ALLIANCE[3]	U.S.	139,537.0	2.0	456.0	370	(88.5)	87,174.0	264	277,000	61
37	28	EXOR GROUP[1]	NETHERLANDS	136,185.9	(16.3)	(34.2)	432	(101.0)	211,650.1	138	263,284	66
38	46	ALLIANZ[1]	GERMANY	136,173.3	4.5	7,756.2	60	(12.4)	1,297,242.7	26	150,269	143
39	43	BANK OF CHINA[1,6]	CHINA	134,045.6	(0.8)	27,952.1	12	3.0	3,739,871.1	5	309,084	46
40	51	KROGER[1]	U.S.	132,498.0	8.4	2,585.0	190	55.8	48,662.0	371	465,000	17
41	59	HOME DEPOT[1]	U.S.	132,110.0	19.9	12,866.0	32	14.4	70,581.0	299	504,800	13
42	54	CHINA RAILWAY CONSTRUCTION[6]	CHINA	131,992.3	9.7	1,485.5	262	9.3	190,916.1	152	364,632	32
43	38	JPMORGAN CHASE	U.S.	129,503.0	(9.1)	29,131.0	11	(20.0)	3,386,071.0	6	255,351	68
44	49	HUAWEI INVESTMENT & HOLDING[1]	CHINA	129,183.5	3.9	9,361.6	48	3.3	134,383.8	200	197,000	104
45	44	VERIZON COMMUNICATIONS	U.S.	128,292.0	(2.7)	17,801.0	21	(7.6)	316,481.0	104	132,200	168
46	34	AXA[1]	FRANCE	128,011.4	(14.1)	3,605.2	144	(16.5)	984,656.0	41	96,595	242
47	31	FORD MOTOR	U.S.	127,144.0	(18.4)	(1,279.0)	462	(2,821.3)	267,261.0	120	186,000	108
48	39	HONDA MOTOR[1,3]	JAPAN	124,240.6	(9.5)	6,201.6	78	47.9	198,201.0	146	211,374	98
49	40	GENERAL MOTORS	U.S.	122,485.0	(10.7)	6,427.0	74	(4.5)	235,194.0	131	155,000	139
50	68	ANTHEM	U.S.	121,867.0	16.9	4,572.0	113	(4.9)	86,615.0	265	83,400	274

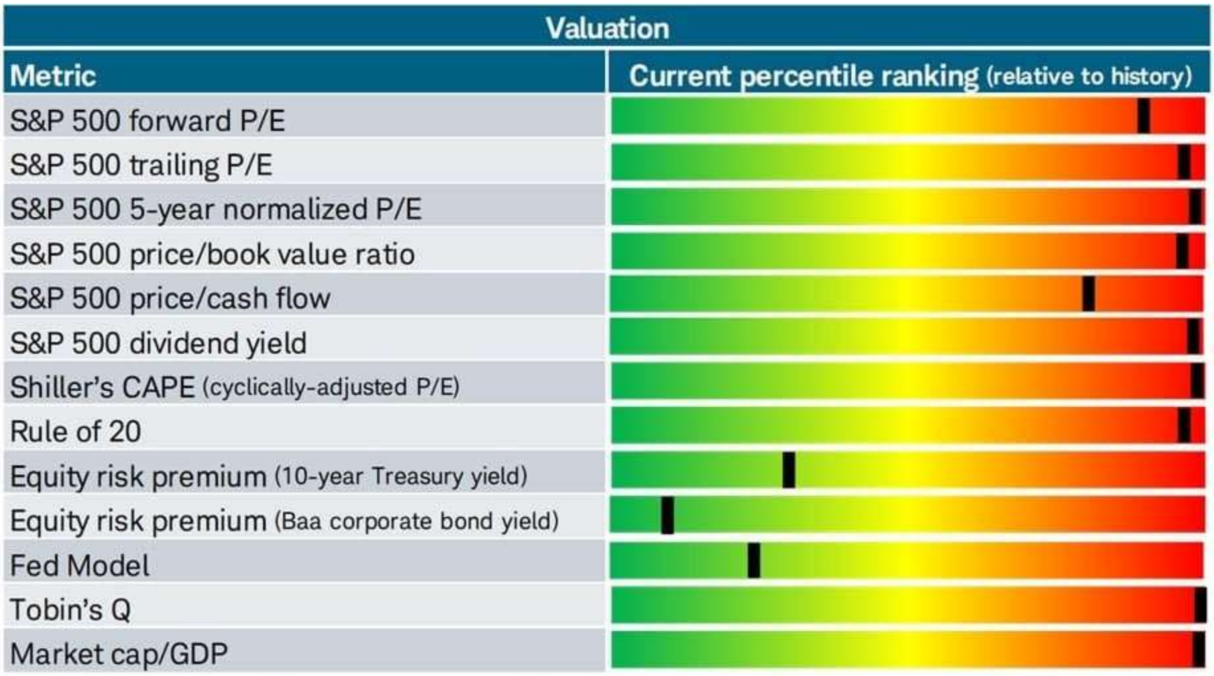
Above is companies in the Fortune 500 by Fortune Magazine. These are the largest I've provided. Just as for your information not for any specific action.

Wall Street endures worst week since June

S&P 500 index, weekly % change

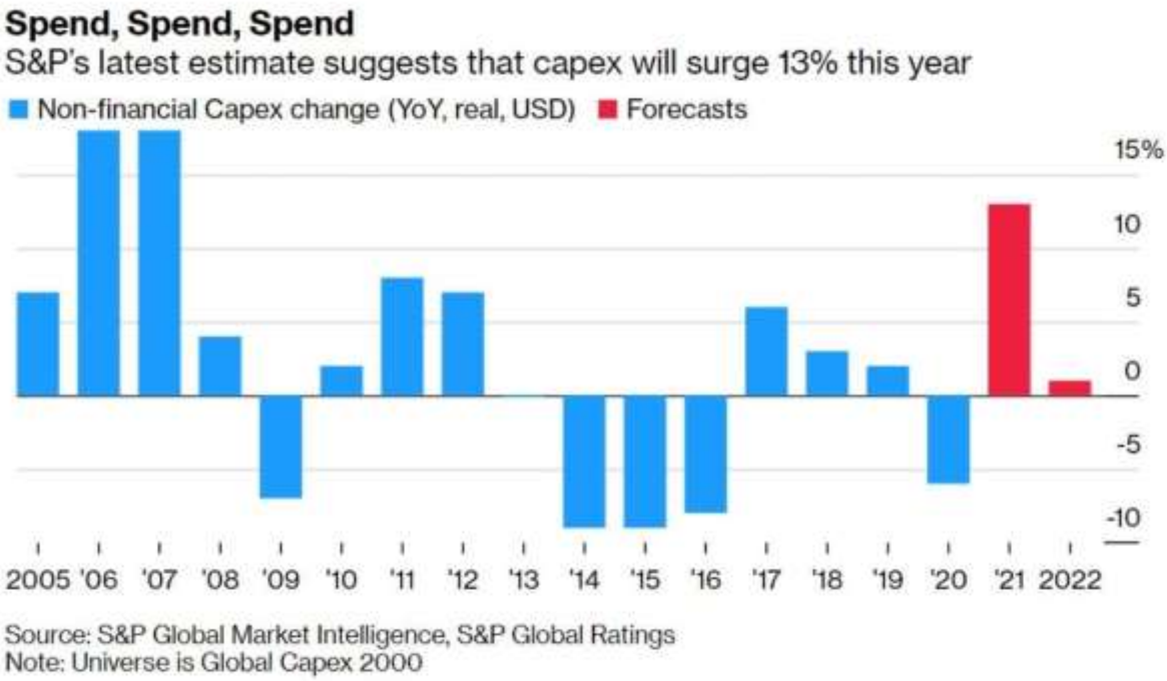


Source: Refinitiv



Source: Charles Schwab, Bloomberg, The Leuthold Group, as of 9/10/2021. Due to data limitations, start dates for each metric vary and are as follows: CAPE: 1900; Dividend yield: 1928; Normalized P/E: 1946; Market cap/GDP, Tobin's Q: 1952; Trailing P/E: 1960; Fed Model: 1965; Equity risk premium, forward P/E, price/book, price/cash flow, rule of 20: 1990. Percentile ranking is shown from lowest in green to highest in red. A higher percentage indicates a higher rank/valuation relative to history.

It remains a stockpickers market – it will be selective companies that will be best able to benefit from the market moves or not get too trashed if it falls.



New market highs are defined as months ending with the market above all previous levels for the sample period. Annualized compound returns are computed for the relevant time periods subsequent to new market highs and averaged across all new market high observations. There were 1,115 observation months in the sample. January 1990–Present: S&P 500 Total Returns Index. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. January 1926–December 1989; S&P 500 Total Return Index, Stocks, Bonds, Bills and Inflation Yearbook™, Ibbotson Associates, Chicago. The S&P 500 Index is an unmanaged float-adjusted market capitalization-weighted index that is generally considered representative of the U.S. stock market. Other indexes may be more appropriate to benchmark your investments against. Index is not available for direct investment; therefore, its performance does not reflect the expenses associated with the management of an actual portfolio. For illustrative purposes only. Past performance is no guarantee of future results. © 2021 Index Fund

Market falls could lead to option A – the purple arrow or Option B (the yellow). I think it is 80% a mixture ie some fall, not as far as the yellow arrow) and then recover.

Will the trend ever end?

Cyclically adjusted P/E of the S&P 500 index since 2003

Source: Bloomberg
© FT

The FTSE 100 has lagged world stock market benchmarks since the millennium

Indices rebased 31 Dec 1999 = 100

Source: Refinitiv
© FT

Goldman Sachs found in a new analysis of 813 hedge funds with $2.9 trillion in gross equity exposure and 573 mutual funds with $3 trillion in assets under management, there are nine stocks both view bullishly right now. They include: Adobe (ADBE), Fiserv (FISV), General Motors (GM), Liberty Broadband (LBRDK), Mastercard (MA), Square (SQ), Twilio (TWLO), Visa (V) and Wells Fargo (WFC).

I own Adobe, Fiserv, MA, Sq, V. I didn't get Twilio even though (Can't buy everything).

The difficulties of trying to time the market

Bank of America looked at the impact of missing the market's best and worst days each decade

Decade	Price return	Excluding worst 10 days per decade	Excluding best 10 days per decade	Excluding best/worst 10 days per decade
1930	-42%	39%	-79%	-50%
1940	35%	136%	-14%	51%
1950	257%	425%	167%	293%
1960	54%	107%	14%	54%
1970	17%	59%	-20%	8%
1980	227%	572%	108%	328%
1990	316%	526%	186%	330%
2000	-24%	57%	-62%	-21%
2010	190%	351%	95%	203%
2020	18%	125%	-33%	27%
Since 1930	**17,715%**	**3,793,787%**	**28%**	**27,213%**

Source: Bank of America, S&P 500 returns

Understand State Of The Stock Market – Over or Undervalued?

Since the post-pandemic stock market boom, analysts and experts have warned us that the market was overvalued. Some have gone even further and submitted that we're in a bubble that is set to burst. However, prices keep rising, suggesting many investors believe there is still value to be found. So which is it? Is the market over or undervalued?

The Case for an Undervalued Market

While the S&P 500 has hit record values since the stock market dropped during the early stages of the coronavirus, the FTSE 100 has yet to recover fully. The drop of around 14% left a long way back; however, values have steadily increased by about 5%.

A successful vaccine rollout and an easing of Brexit anxiety have made a big difference. In fact, for the first time in five years, investors are at an equal weight on the market.

However, despite all of this, the market remains at a significant discount. According to the broker Peel Hunt, the 12-month forward P/E is 25% cheaper than the eurozone and 40% cheaper than the US markets. So, all things being equal, it seems like Brexit economic fears still exist.

The case for the US stock market being undervalued may be more challenging to make, primarily because it keeps hitting all-time highs. However, some analysts believe bad maths and mistaken presumptions are behind the doomsday predictions.

In fact, John S. Tobey writes in Forbes that instead of using the P/E ratio, we should use the Earning/yield (E/P) to value stocks. He firmly believes that if we make this adjustment, the market is undervalued.

The Case for an Overvalued Market

As always, there are plenty of voices who believe the market is overvalued. Additionally, two reliable measures of the market suggest the market is overvalued.

The Shiller P/E Ratio stands as 38 times. This number is close to the peak of 44 that it hit during the stock market boom. Strategists at SunDial Capital Research have said that historically a number over 25 is a precursor to significant market corrections. However, they have stopped short of issuing sell warnings.

The second valuation metric that is giving out warnings is the "Buffett Indicator," which takes the Wilshire 5000 Index and divides it by annual GDP. It currently stands at 238%. To put it in context, the value was at 159.2% before the dot com bubble burst. However, it's worth noting that this time might be different because interest rates are at historic lows.

Conclusion

Current monetary policies are keeping interest rates low. This situation punishes savers and those who invest in low-risk options like bonds. Conversely, it has a favourable effect on the stock market because it is one of the best places to invest money.

Anyone who is retired or close to retirement should consider investing in the stock market. Options like ETFs are a great way to get started due to their simplicity. Additionally, they don't have investment minimums or excessive charges like most mutual funds.

Should We Be Looking at International Stocks Outside U.S. , Like Emerging Markets, Europe, or China?

The S&P 500 is up more than 30% year-over-year. This performance represents an incredible turnaround from the damage caused by COVID-19.

However, many analysts believe that U.S. stocks are overvalued. So what global markets show investors consider to make gains? Are European or Emerging Markets good future bets? Has the recent turmoil in Chinese markets left them promising hunting grounds for cut-priced stocks? Let's dig deeper.

The State of the Markets

In late August, and then in early September, the FTSE FTSE All-World index dropped by ten and then 15 points. There are several factors at play here, like fears over a slower COVID recovery and the future reduction in the U.S. stimulus money that many feel have contributed heavily to the stock market's growth over the last 18 months.

Additional concerns over China's robust data privacy rules and Australia and New Zealand's zealous approach to a rise in COVID-19 cases have also lowered investor sentiment.

Of course, it wasn't meant to be this way. At the start of the year, China and South Korea had made double-digit gains, and emerging markets like Indonesia and South Africa were performing strongly. Many analysts thought 2021 would be a year of market rotation.

Record Money Flows into Global Markets

2021 is set to see record inflows into global investments. According to the Bank of America, over $1 trillion is predicted to be invested in the world markets this year. Interestingly, the bulk of this money has been invested in ETFs and passive funds.

But last year, investors pulled around $240 bn out of U.S. stock funds. And there are reasons to believe that more could leave this year.

A vast majority of investment banks suggest that European stocks will outperform U.S. stocks. As a result, European mutual fund flows have been at their strongest for six years.

There have been positive signs for European stocks over the summer. In June, economic data for the U.S. caused investor confidence to waiver. Simultaneously, global equities set intraday highs and a record close.

Which International Markets Are Worth Consideration?

There are six commonly cited concerns for U.S. stocks.

1) They are overvalued
2) U.S. inflation is a concern
3) Pandemic related stimulus is soon coming to an end
4) The economic data suggests the U.S. is bouncing back slower than Europe
5) New strains like the Delta variant could still cause economic disruption

6) The Biden Administration has designs on regulating and even breaking up Big Tech companies.

The S&P 500 is performing exceptionally well, but some, or all, of these factors could impact upward movement. So what other markets could prove a safe haven for investors?

European Stocks

European stocks have fallen out of fashion in recent years. While investor sentiment is pessimistic, Karen Ward at Morgan Stanley believes these low expectations present an opportunity.

Additionally, she adds that the Fed will need to taper asset purchasing in the U.S., and a shift toward climate change could favor European stock.

Chinese Stocks

Chinese ADRs have been popular with international investors for some time. On paper, a wealth of flourishing tech firms in the world's second-biggest economy looks promising, especially because many Chinese stocks are looking very cheap.

However, there are considerable risks with Chinese stocks at the moment. Tencent and Alibaba have come under pressure from the Chinese government in recent months. Other stocks, like the massive ridesharing app Didi, are facing monopoly crackdowns.

U.K. Stocks

After years of underperformance, many U.S. fund managers are paying attention to U.K. stocks once more.

Indeed, more fund managers are overweight with U.K. equities rather than being underweight. Brexit is slowly being worked out, and the vaccine rollout means the economy is recovering strongly.

Other Markets

For many investors, Europe is too stagnant, while China is too risky. Several other markets are at least worthy of consideration. Australian, New Zealand, and South African stocks have an impressive long-term track record to rival U.S. stocks.

While the lockdowns mentioned above in Australia and New Zealand will give investors some pause, they might also provide investors with a chance to pick up some bargains.

Conclusion

While the S&P500 has overperformed the MSCI's Europe, Australasia, and the Far East (EAFE) index by 13.7% to 5.4% over the last decade, international stocks have a place in a diverse portfolio.

However, I would still keep the majority of my capital in the U.S. market for one simple reason: If the U.S. markets fail, so too will the rest of the world.

South African, Australian, and New Zealand ETFs and indices could prove to be attractive under the right conditions, but investors considering Chinese stocks should be cautious. Recent drops in Chinese equities might grab the interest of bargain hunters, but for now, China looks very risky.

Which Stocks Are Hedge Funds Investing in Now

2021 has been another fascinating year for the stock markets. The vaccine rollout has been successful in the US and UK, allowing these economies to begin to return to normal. However, regulatory lockdowns by the Chinese government have led to hedge funds cutting their exposure on businesses that rely on China by 26%. So, the question needs to be asked: Which stocks are hedge funds investing in now?

Hedge Funds in 2021

Not all hedge funds have had the easiest of years. 2021's meme stock frenzy burned a lot of short-sellers, with many hedge funds failing to account for — or understand — the suddenly arrived retail investors. However, some hedge funds have embraced "Reddit stocks," like Paysafe, a favorite of retail investors and about 50 hedge funds.

Indeed, it seems that hedge funds have learned from the meme stock craze and have found a way to take advantage of the shifting landscape. So much so that many industry insiders suggest that hedge funds are making a resurgence.

This year, hedge fund short books generated their best alpha since 2010. Additionally, after three years of outflows, hedge funds saw over $6 billion in client inflows during Q1. According to data from HFR, this brings the industry's managed assets up to almost $4 trillion.

Factors Affecting Inflows

And there is a reason for these inflows. After a challenging decade post-financial crisis, hedge funds produced excellent gains since the pandemic — posting returns of 11.8% in 2020 and 13% in 2021. Another sign of the times is that many hedge funds have stopped taking on new customers. Brevan Howard, a fund that struggled in 2019, has turned its fortunes around to the extent that it shut its doors to new investors earlier this year.

Another factor affecting inflows into hedge funds is the current unpredictability in China. These issues have led many institutional investors to pull money out of the region and invest with hedge funds. Future Fund, an Australian sovereign wealth fund, has pulled back during the regulatory fracas and is buying into renewable energy, like Tilt Renewables.

How Hedge Funds Invest Clients Money

So, with hedge funds performing so well, it's interesting to know where they invest their client's money. Recent Goldman Sachs analysis of over 800 hedge funds and almost 600 mutual funds suggested nine stocks that both viewed favorably. The majority of these picks are growth stocks, like Adobe (ADBE), Liberty Broadband (LBRDK), Square (SQ), and Twilio (TWLO). However, two very familiar faces also made their list: General Motors (GM) and Wells Fargo (WFC).

David Harding, who established Winton Capital Management in 1992, also laid out some of his funds' recommended stock recently. Harding recommended Warren Buffett's Berkshire Hathaway Inc. (BRK-B) as his number one pick; however, you can read his top ten here.

Interestingly, Berkshire Hathaway is huge on Apple (AAPL), with a stake of more than $130 million.

Tech stocks still feature among the most significant holdings in hedge funds that are looking for reliability and liquidity. Apple, Amazon (AMZN), Bank of America (BAC), and Visa (V) are some of the big players that are still popular with hedge funds.

Time to Ditch the FAANGs?

The FAANGs — the name given to five of the best performing tech stocks, Facebook, Apple, Amazon, Netflix, and Google (now called Alphabet) — have produced fantastic returns for years. However, regulatory headwinds and a reopening economy have led some analysts to sound a note of caution. Is it time to ditch the Faangs?

On a recent episode of Real Money's Real Talk, Jim Cramer and guests discussed the Faangs and asked whether they were dead or not. Of course, we should put the term "dead" in context.

As contributor Kevin Curran suggested, there were questions about whether the companies were still the market leaders in their verticals. Additionally, Chris Versace wondered if these companies were as disruptive as they once were.

Over the last decade, the FAANGs have become investor's favourites because of their consistent strong returns. In fact, they have been one of the primary reasons why the S&P 500 produced returns of almost 300% during that period.

Why the FAANGs Could Stop Growing

However, some analysts, like Mike Bell, global market strategist at JP Morgan, believe these companies can't continue to overperform. Bell thinks that Fed tapers and rising bond yields will favour value stocks by the end of the year. He adds that these conditions traditionally help financials and small-caps.

While it is tempting to listen to contrarian investors, it seems that there is plenty of steam left in the big tech companies. To put it all in context, the FAANGs are still driving the Nasdaq 100.

Last financial year, they provided one-third of Nasdaq's return. Indeed, they strongly outperformed that particular index, with many other major indices success hinging on how many FAANGs they had.

Alphabet's Massive Q2

Alphabet's earnings in the last quarter exceeded the expectations of many. Revenues of $55.3 billion, which were up 34% year over year, have led to an 11% increase from the last quarter.

However, with GOOGL already operating in all global markets, sectors, and industries, some investors wonder what room is left to grow?

For many, worries about the FAANGs come down to continued market dominance. However, Google's search engine has few competitors, while the iPhone holds a considerable smartphone industry segment. Additionally, Amazon and Facebook show little sign of slowing down.

Potential Areas of Growth
Considering these companies' appetite for innovation, the growth areas for the companies could come from unexpected places. Google CEO Sundar Pichai has identified Google Cloud as a huge avenue of growth, for example.

Conclusion
The FAANGs strong growth over the last decade has led to market dominance. However, some feel that the pace of returns can't continue. The Joe Biden administration has tech stocks in its regulatory crosshairs, and rising bond yields and Fed tapers could result in good conditions that support value stocks.

However, the FAANG stocks excellent earnings and constant innovation mean that they still have a lot left in the tank.

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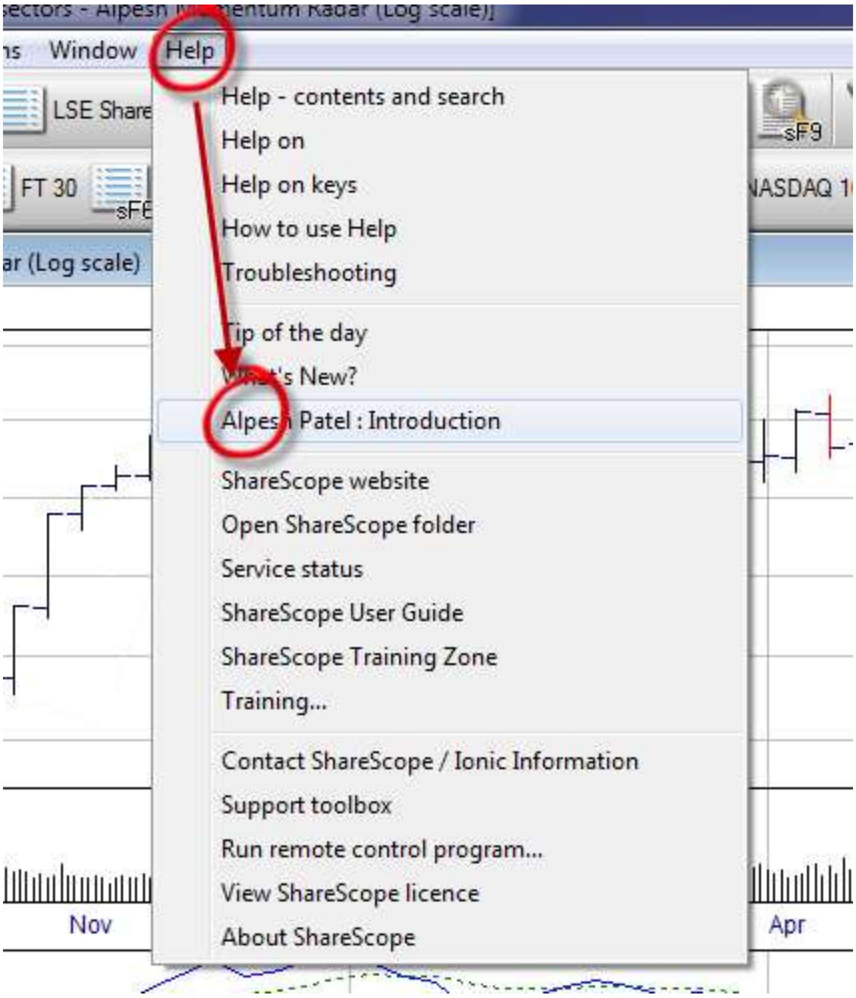

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