Global liquidity driving market behaviour

FLAGSHIP ASSET MANAGEMENT
Navigate Safely Forward

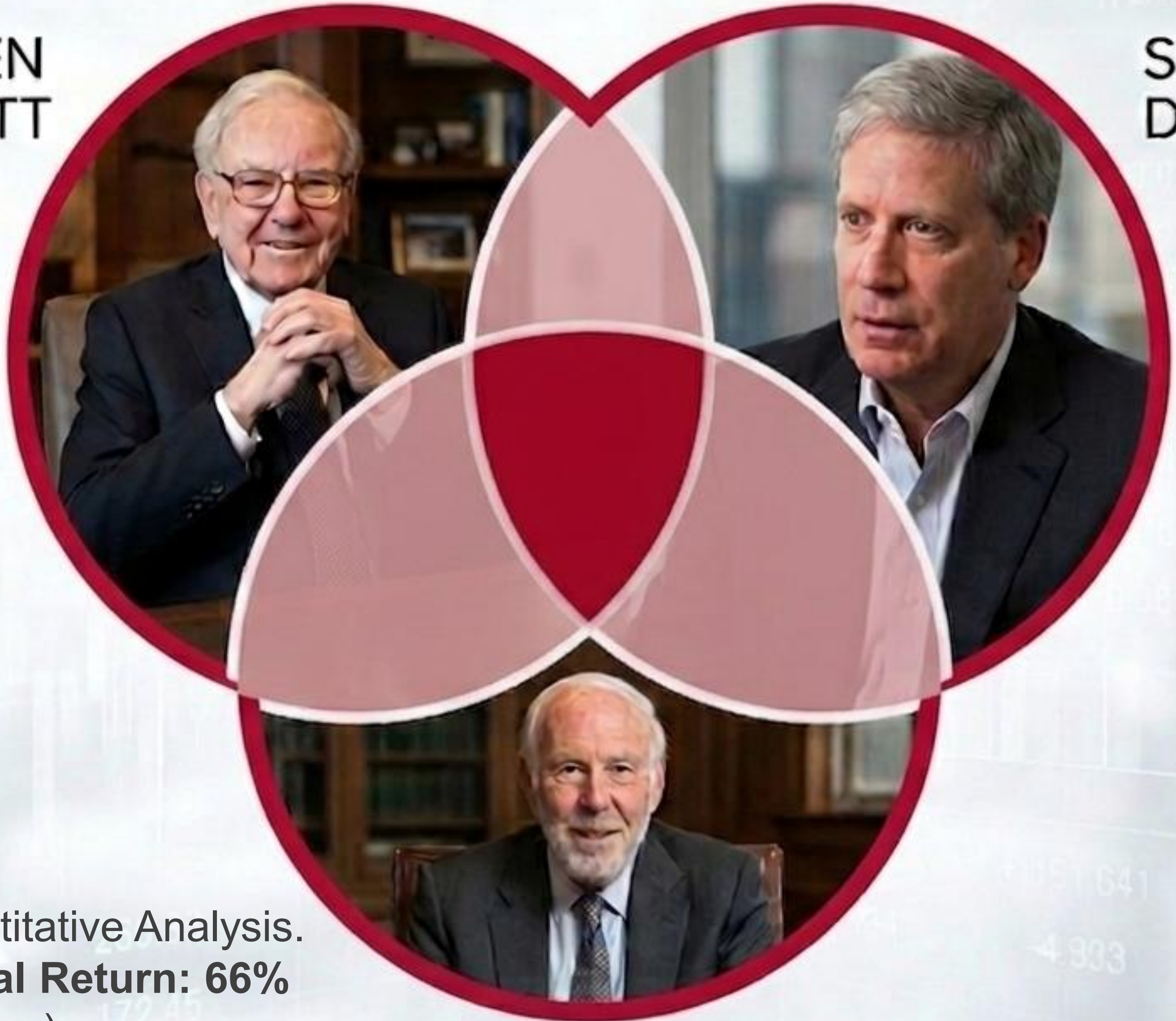
INVESTMENT PHILOSOPHIES

WARREN BUFFETT

The Compounder
Strategy: High-conviction value investing.
Compounded Annual Return: 20%

STANLEY DRUCKENMILLER

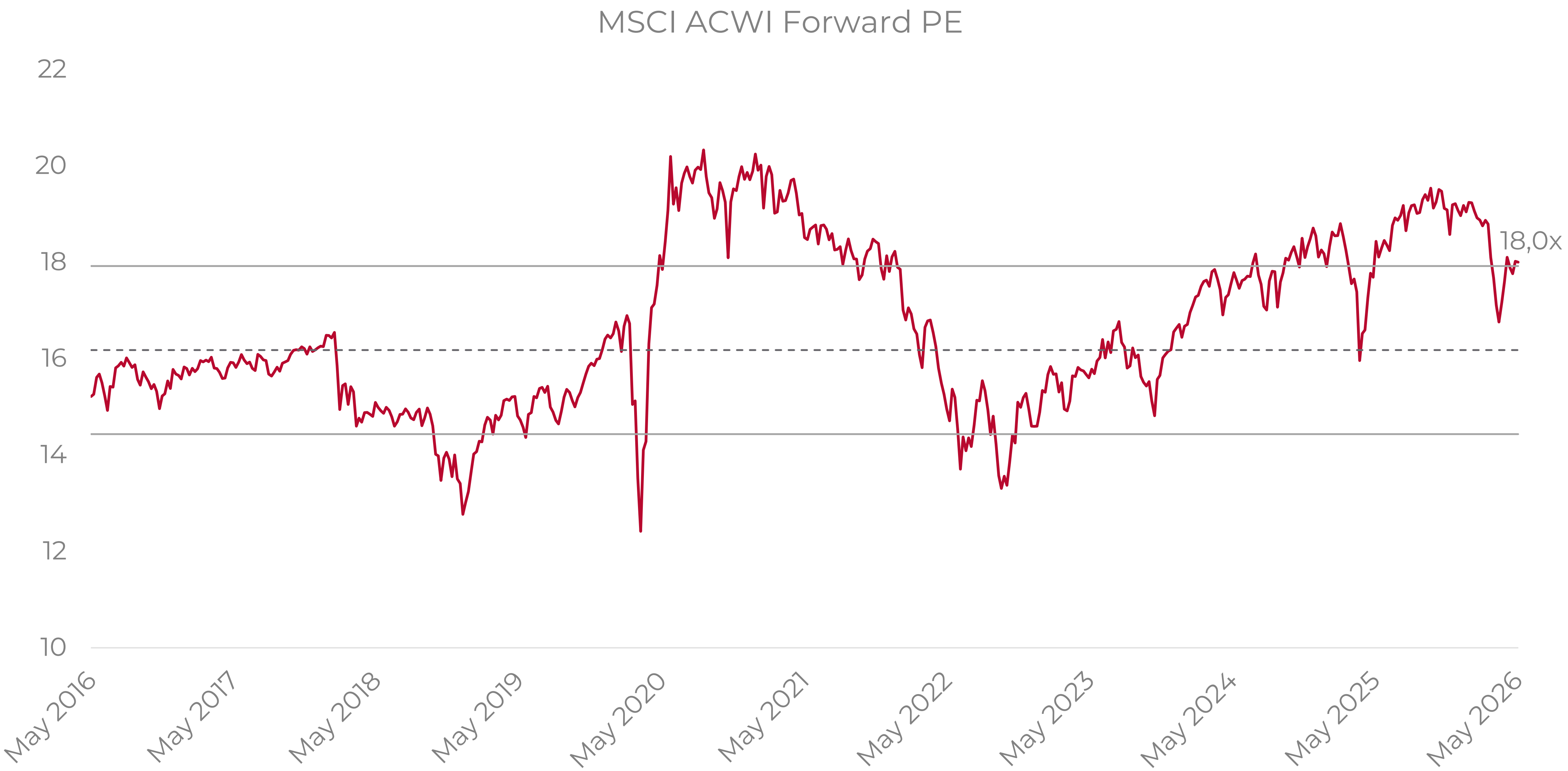
The Macro Maestro
Strategy: Top-down global macro, as well as technical analysis.
Compounded Annual Return: 30%. Has had zero down years over 30 years.



JIM SIMONS

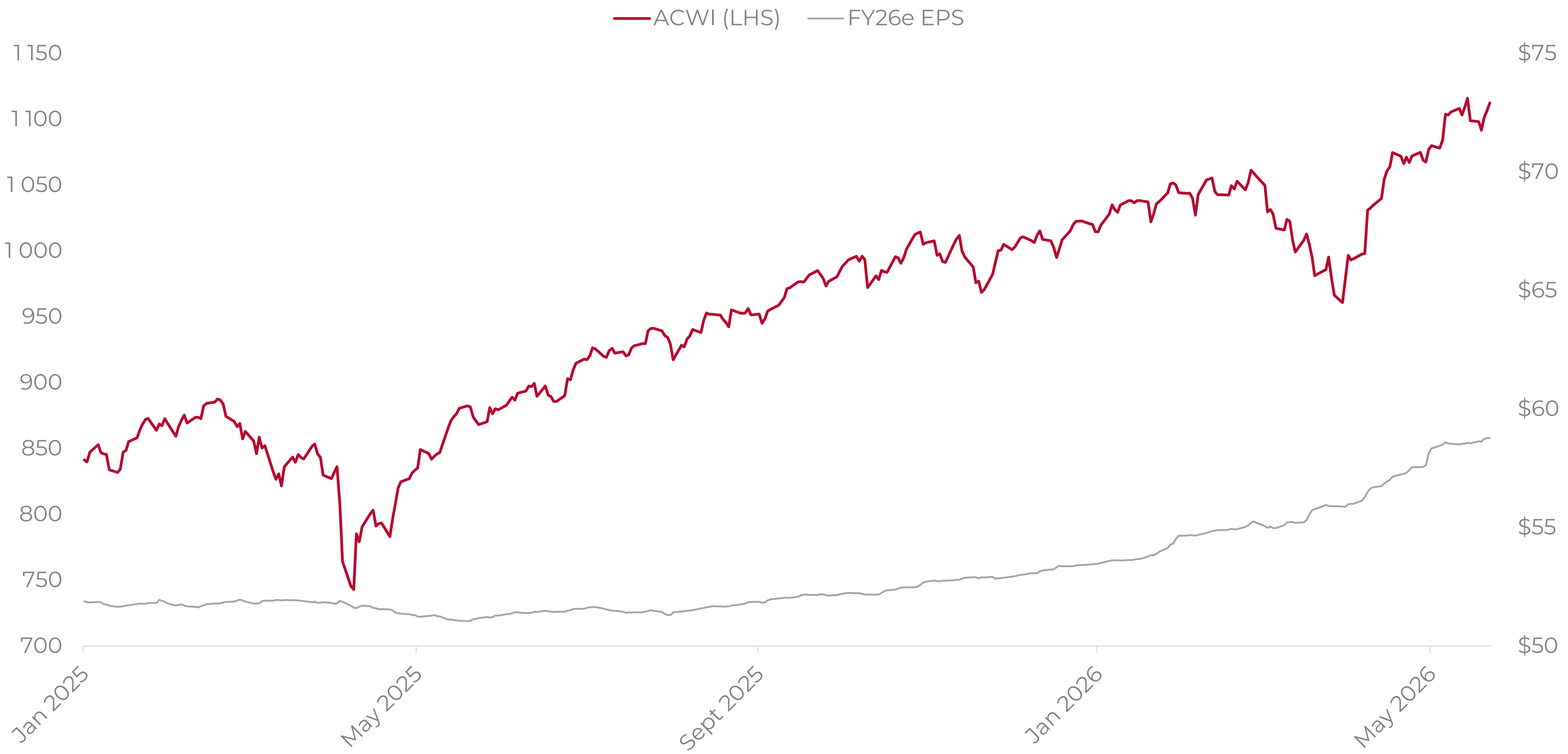
The Quant King
Strategy: Pure Quantitative Analysis.
Compounded Annual Return: 66% Gross (39% net of fees)

Markets are somewhat expensive



Source: Bloomberg, Flagship Asset Management

ACWI's price has been supported by earnings upgrades



Source: Bloomberg, Flagship Asset Management

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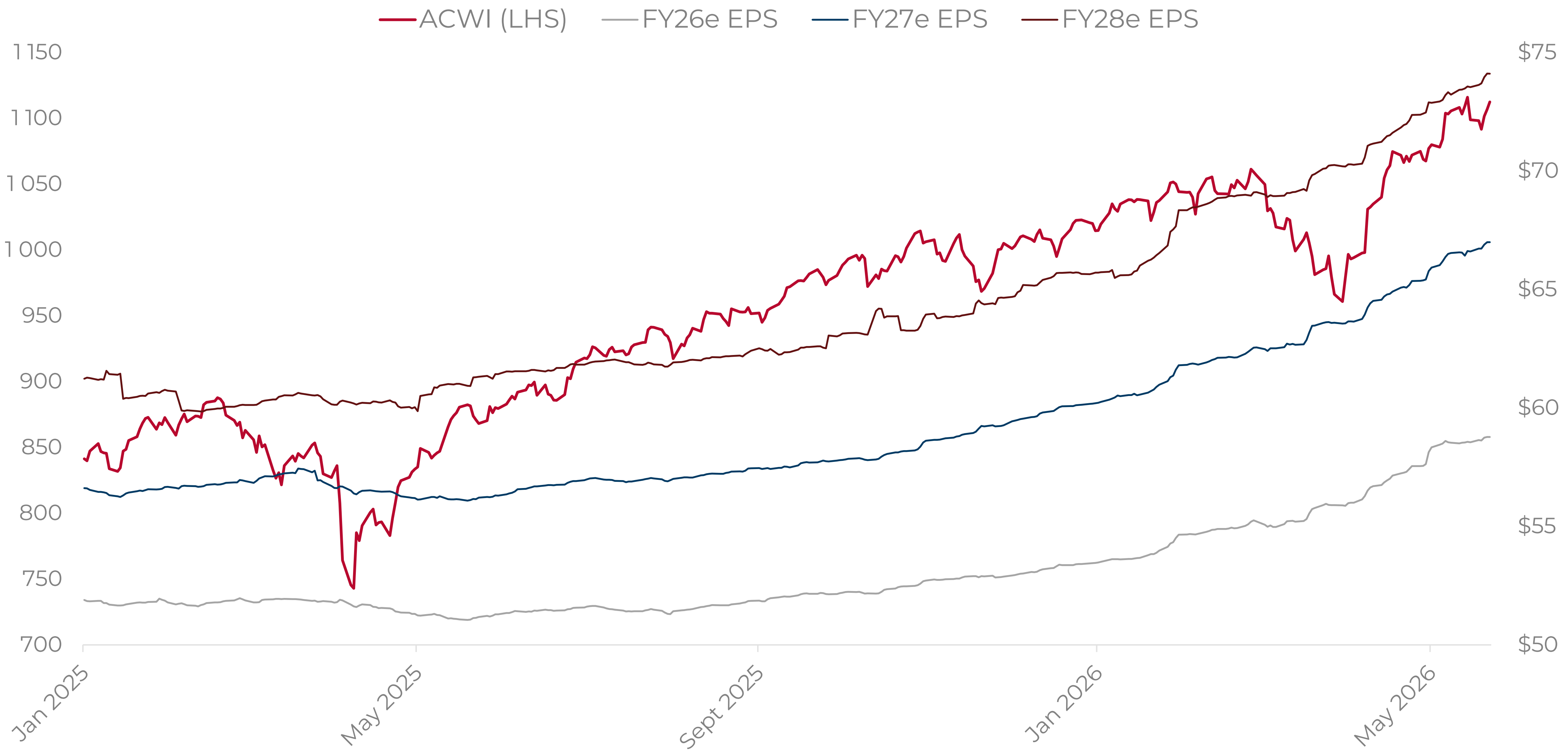
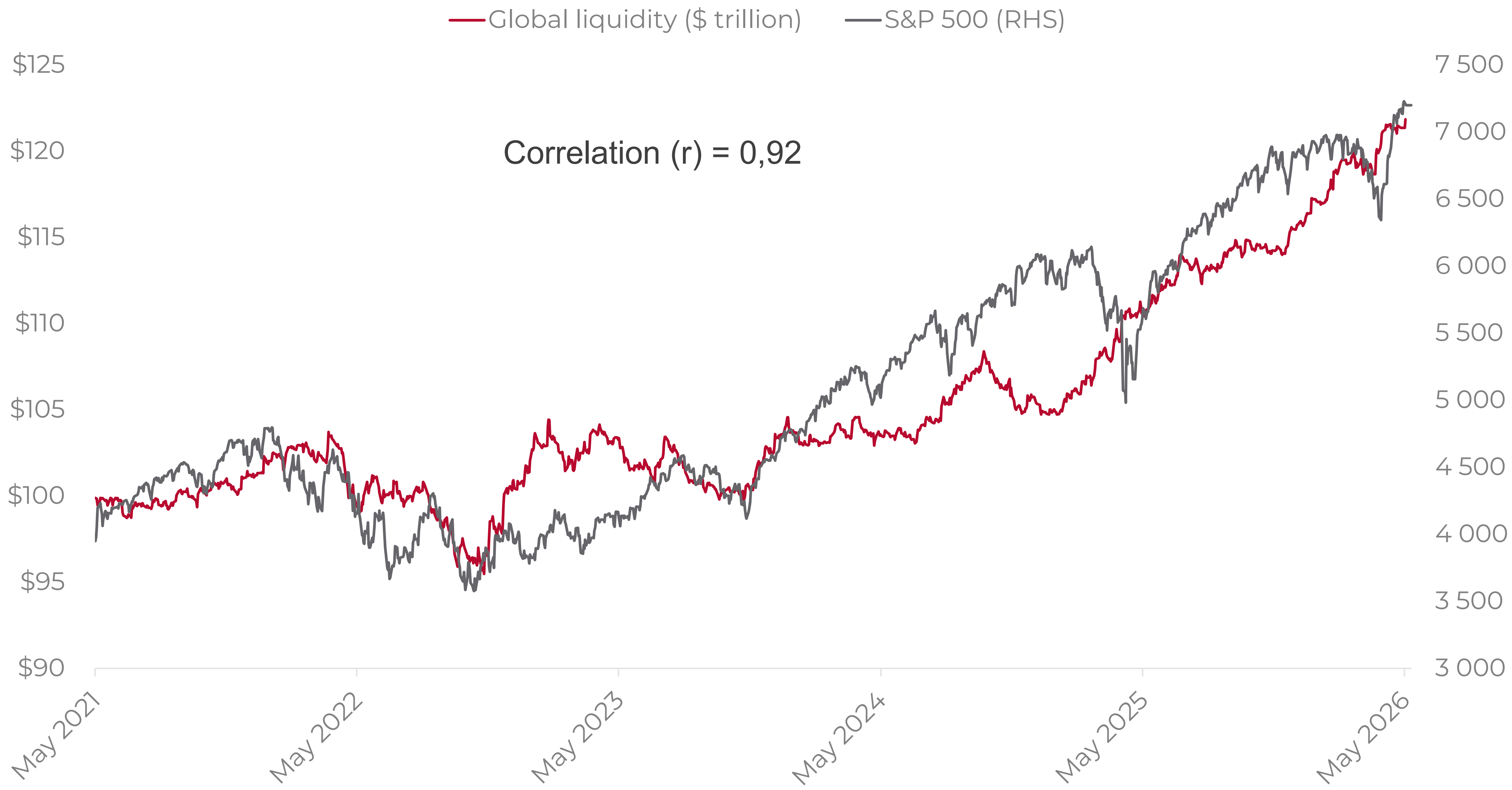


Source: Bloomberg, Flagship Asset Management

Global liquidity has gone up

Source: Bloomberg, Flagship Asset Management

The S&P 500 is closely correlated to global liquidity

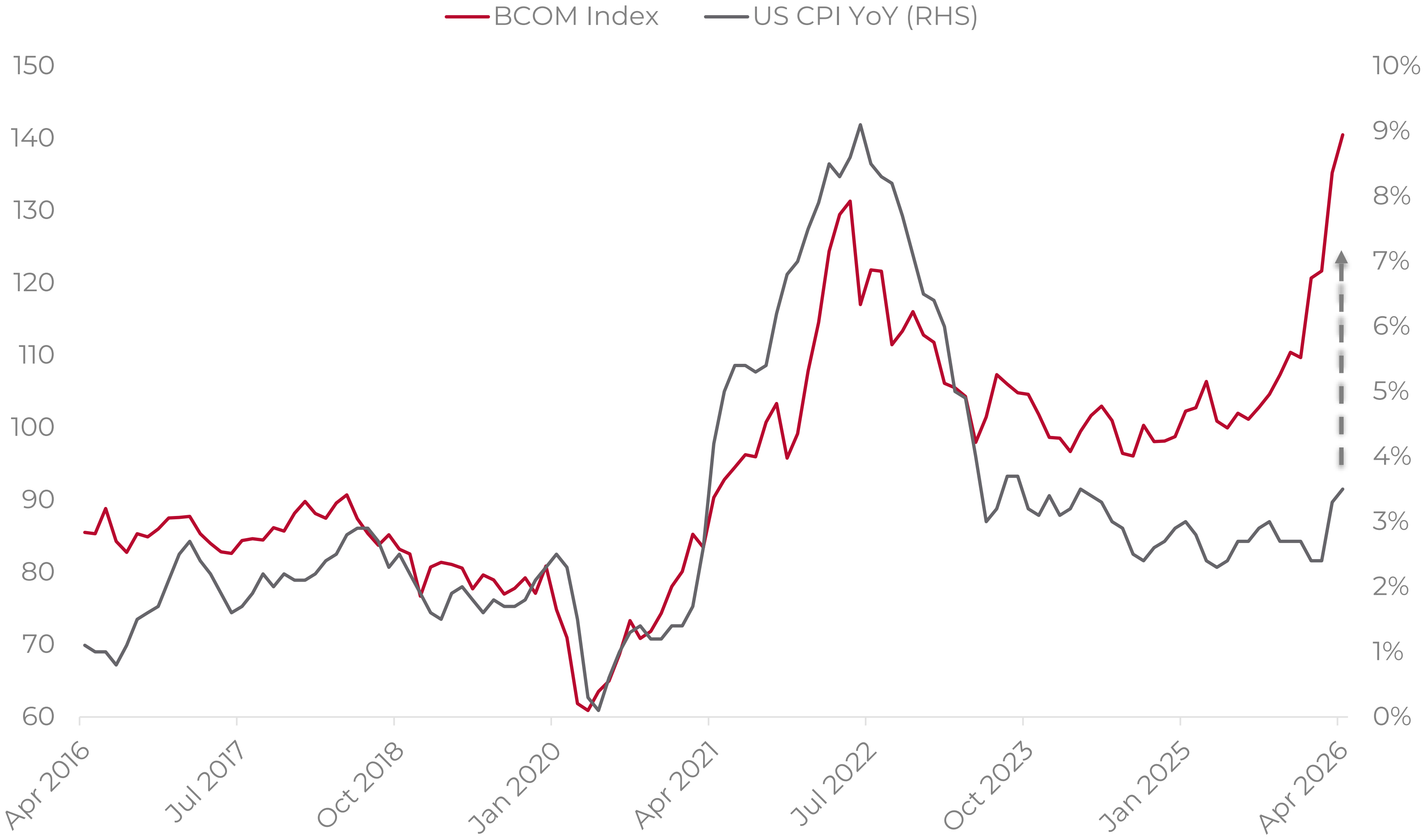


Source: Bloomberg, Flagship Asset Management

The main drivers of liquidity

- Central banks via interest rates and QE/QT
- Commercial bank credit requirements
- Private credit
- USD

Commodities going up, not good for inflation



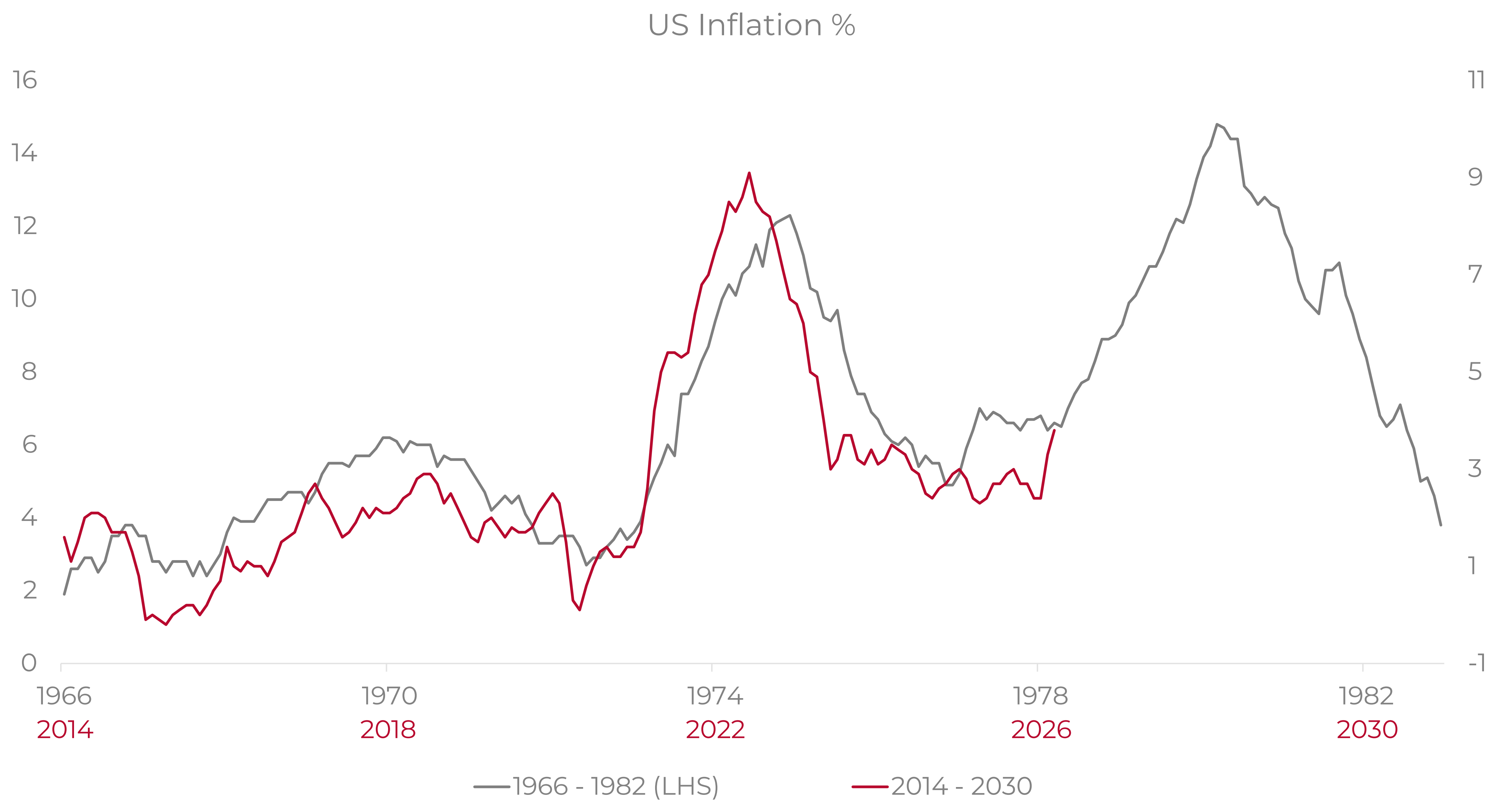
Bloomberg basket weighting	2026 weight
Energy	29.4%
Grains	21.2%
Precious Metals	18.8%
Industrial Metals	15.8%
Softs	9.2%
Livestock	5.6%

Source: Bloomberg, Flagship Asset Management

Lessons from the past

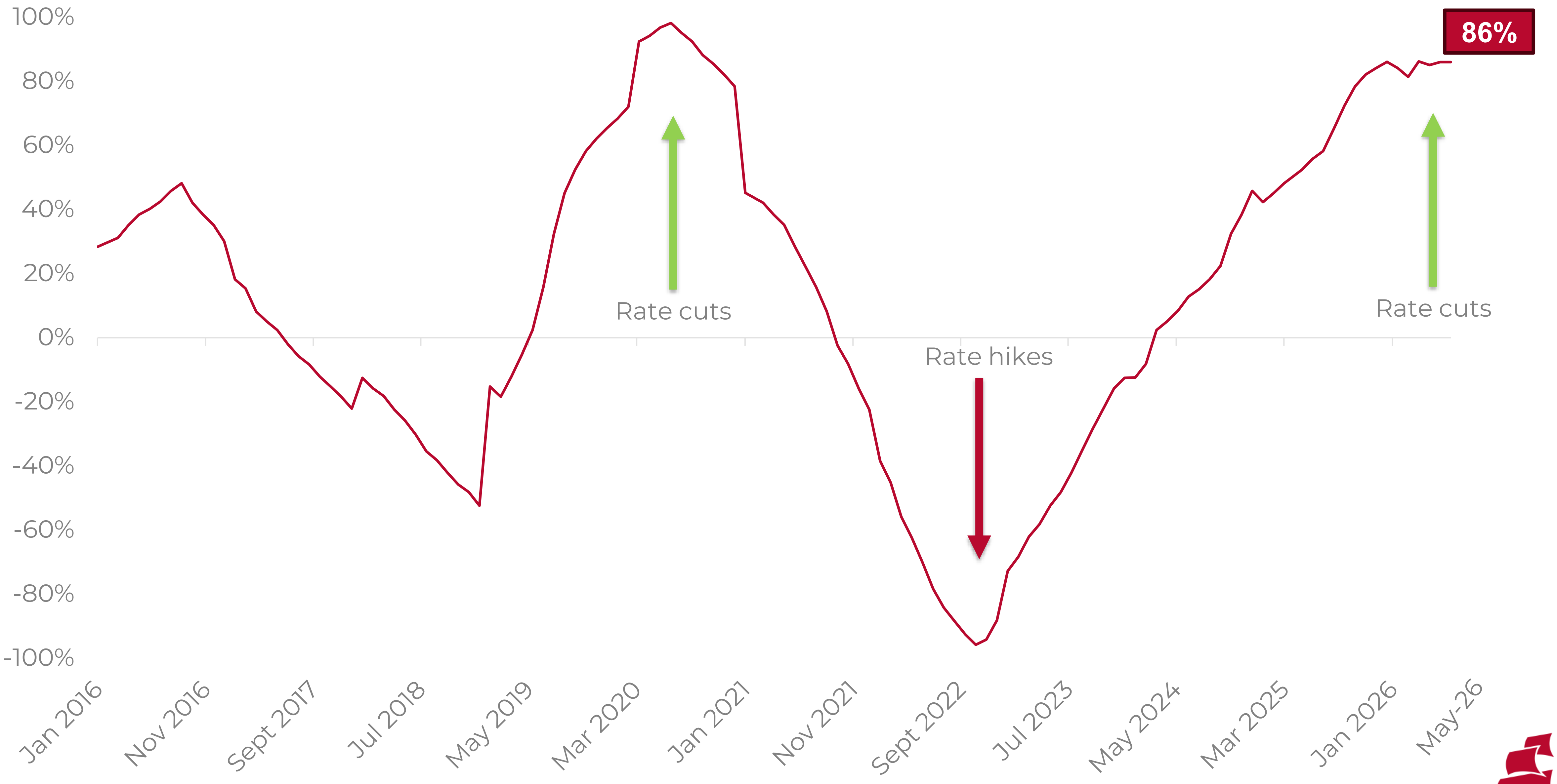
Source: Bloomberg, Flagship Asset Management

Lessons from the past

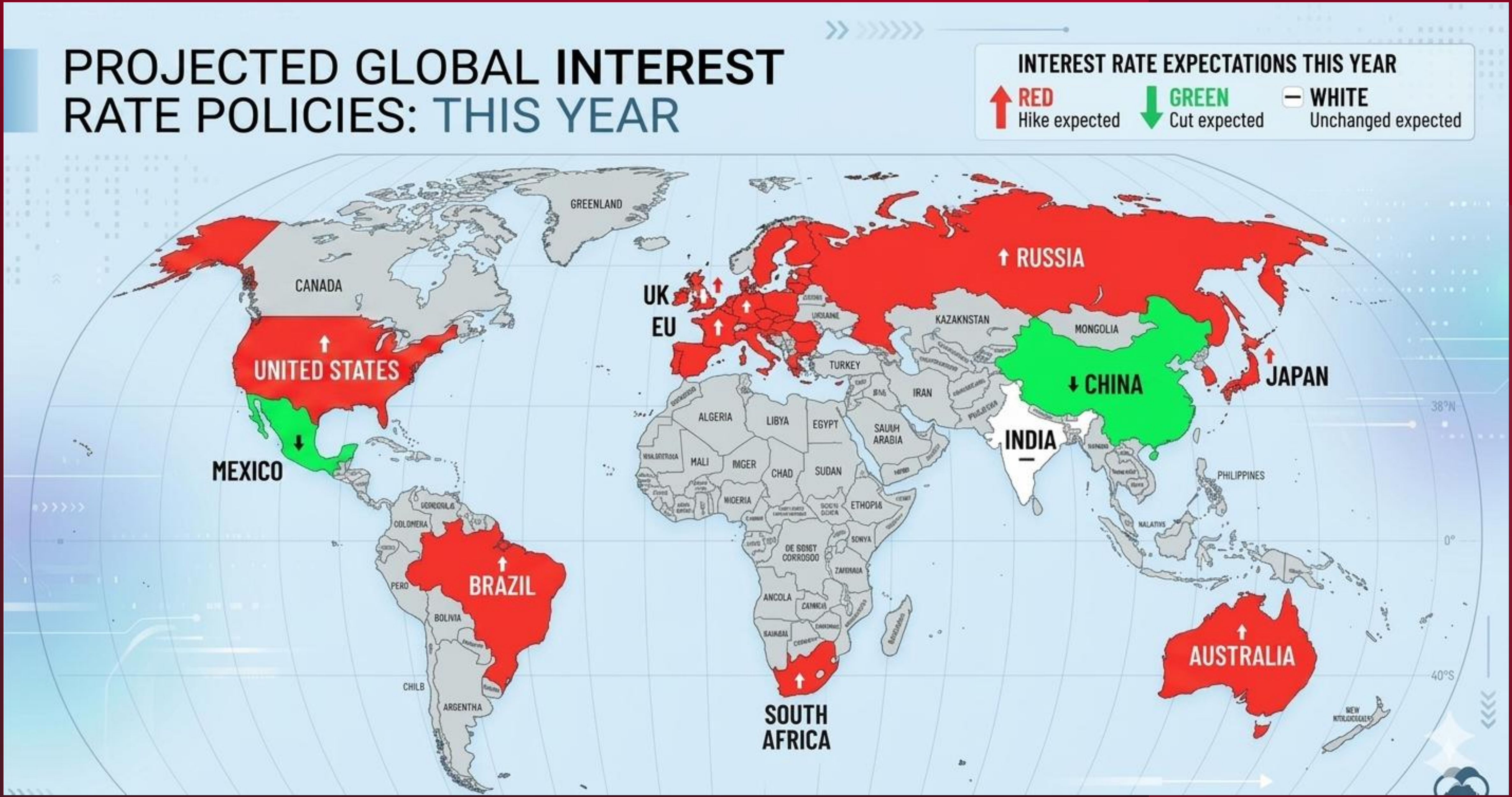


Source: Bloomberg, Flagship Asset Management

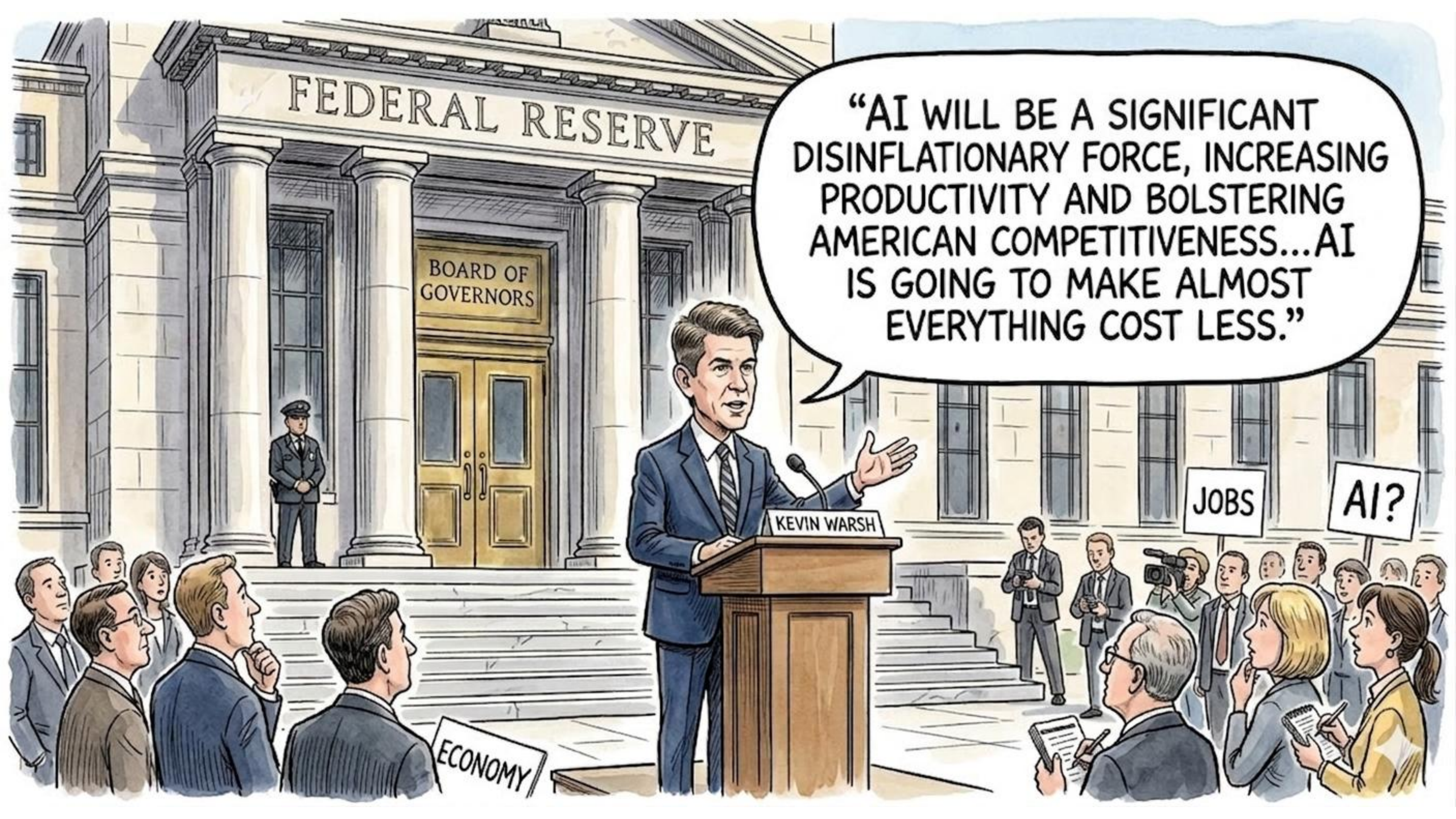
Net proportion of global Central Banks whose last move was a rate CUT



Source: Bloomberg, Flagship Asset Management



Source: Bloomberg, Flagship Asset Management


FEDERAL RESERVE
BOARD OF GOVERNORS
"AI WILL BE A SIGNIFICANT DISINFLATIONARY FORCE, INCREASING PRODUCTIVITY AND BOLSTERING AMERICAN COMPETITIVENESS...AI IS GOING TO MAKE ALMOST EVERYTHING COST LESS."
KEVIN WARSH
JOBS
AI?
ECONOMY

Conclusion

- Markets, in general, are somewhat expensive but supported by earnings growth and market liquidity.
- Higher commodity prices are supporting higher inflation (in the short term).
- If inflation continues to rise, so will interest rates, and liquidity will fall; negative for markets.
- If AI is indeed disinflationary, liquidity will keep markets up.

Flagship's investment signature

Risk Mitigation

Unconstrained

Truly Global

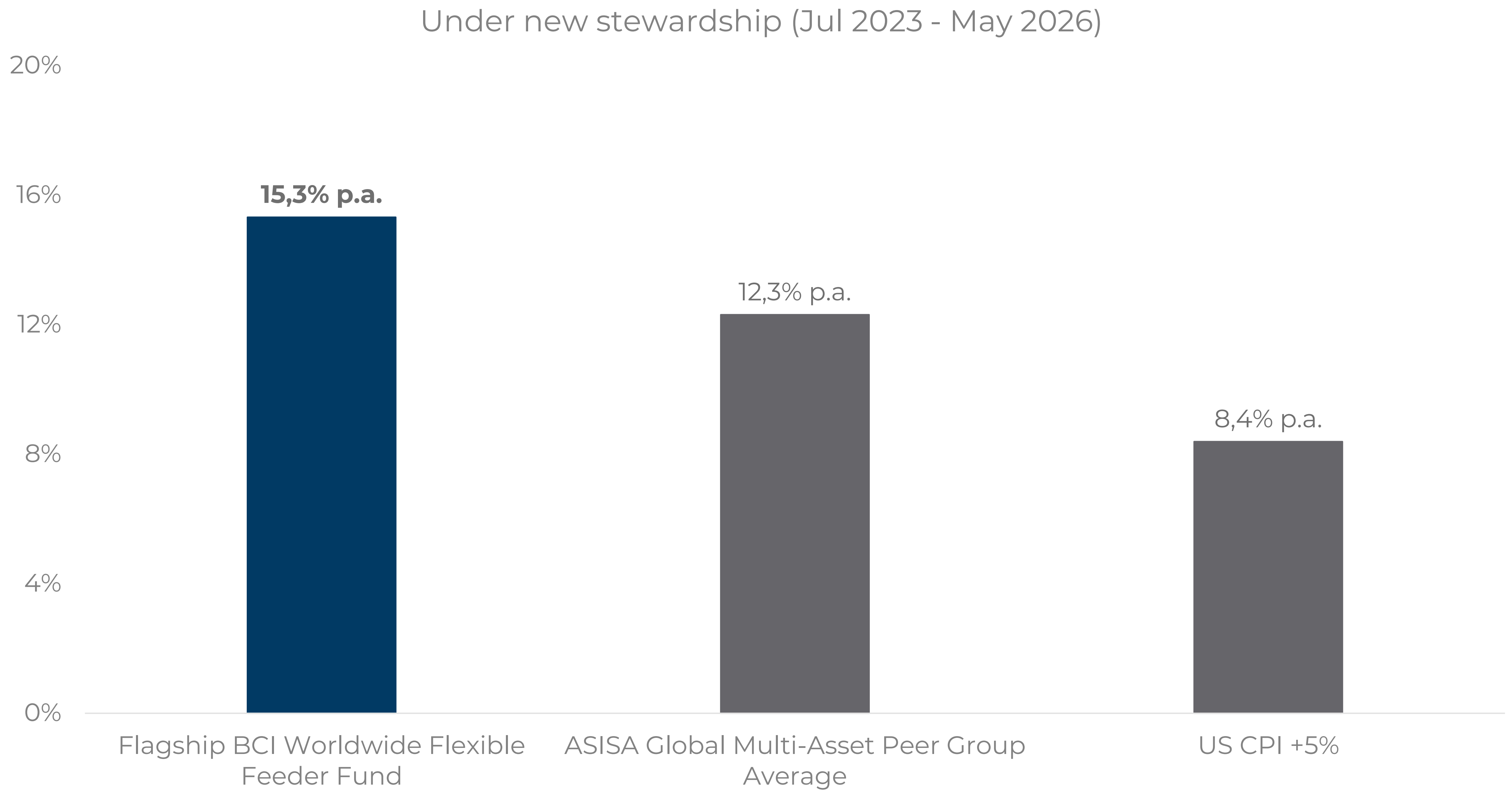
Equity Centric

Nimble

Experience

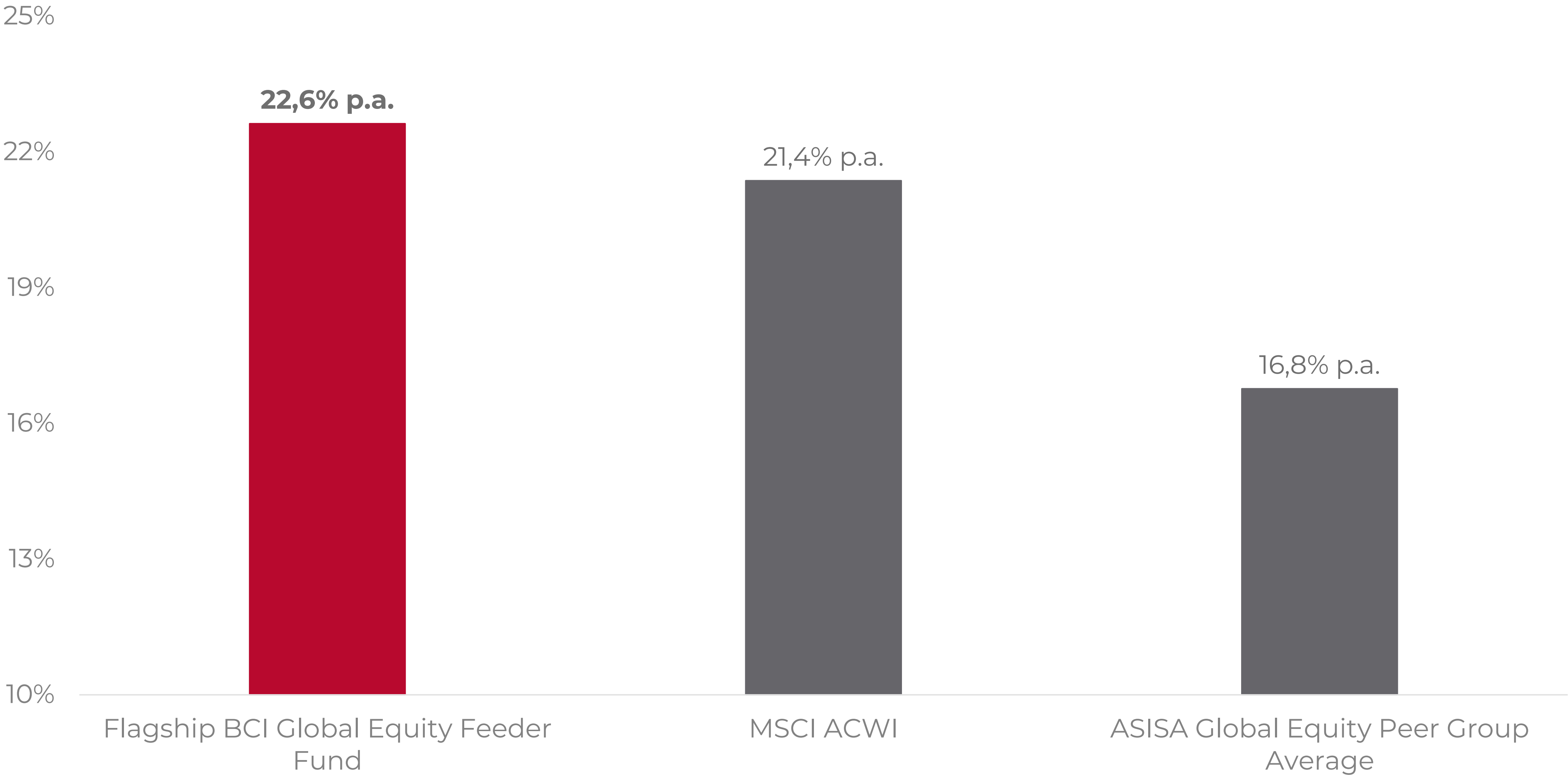

A World of Opportunity
Global GDP
0,4%
1,0%
Global Market Cap

Flexible Worldwide Strategy Performance (USD)



Global Equity Strategy Performance (USD)

Under new stewardship (Jul 2024 - May 2026)

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