



**The Premier Partnership Limited**  
Your Family Office

# Ring Out The Old - Ring In The New

Investment markets generally made the best they could out of 2023, for a large part supported by the performance of 'Big Tech - The Magnificent Seven'. This was the undoubted trade of the year (hindsight is a marvellous gift for an investment manager), involving the worlds biggest companies and it's two largest economies.

The Mag 7 took over from the Old FANG stocks in 2023 and they are, Alphabet Inc, Amazon, Apple, Nvidia, Meta, Microsoft and Tesla. They account for a third of the S+P 500 Index by value. Why did this happen? Well the launch of

the Chat GPT in November 2022 created a huge investment into these stocks as a way to benefit from generative artificial intelligence. Nvidia, the maker of chips for AI tripled in value during 2023. You held these stocks in your portfolios.

These stocks inspired the NASDAQ Index in the USA to rise 44%, The Dow Jones to rise 14% and the S+P 500 to rise 25%. In the UK. The lack of Big Tech and an anaemic economy was evident with the FTSE 100 Index up a paltry 3.8%. Global diversification is a must in investment portfolios, and by market size you can see the major markets demonstrated below.

# Investment REPORT

PERCENT OF WORLD EQUITY MARKET CAPITALIZATION  
As of December 31, 2022



UK	Developed ex UK	Emerging	Other
- 595 companies	- 9,442 companies	- 8,618 companies	- 1,498 companies
- £2 trillion	- £48 trillion	- £7 trillion	- £344 billion
- 4% of world market cap	- 83% of world market cap	- 12% of world market cap	- 0.6% of world market cap

Its is hard to predict global markets and the randomness of returns is evident.

### ANNUAL RETURNS FOR DEVELOPED MARKETS, RANKED 2003-2022



### Average Annualised Returns 2003-2022

DNK	Denmark	15.9%
AUS	Australia	11.0%
SWE	Sweden	11.0%
USA	USA	10.8%
HKG	Hong Kong	10.7%
CAN	Canada	10.2%
CHE	Switzerland	10.1%
NOR	Norway	10.0%
NLD	Netherlands	9.8%
NZL	New Zealand	9.6%
SGP	Singapore	9.6%
DEU	Germany	8.7%
FRA	France	8.3%
GBR	United Kingdom	7.1%
JPN	Japan	6.8%
ESP	Spain	6.5%
FIN	Finland	6.2%
AUT	Austria	5.7%
BEL	Belgium	5.5%
PRT	Portugal	4.2%
ITA	Italy	4.0%
IRL	Ireland	2.7%

The randomness of global market returns is something no one can predict. The picture above gives 20 years of returns by country, and it is very rare that a country appears twice at the top as the best performer. Take 2022 as an example when Portugal topped the list, followed by Hong Kong. The 'Big' markets such as the USA top the list only once, but consistently they appear in the top 10. It is this consistency that one requires for regular investment returns. If you look at the average annualised returns over the period, Denmark, Australia and Sweden top the averages, but between them they account for only 4% of global stock market value. Australia 2%, Sweden and Denmark 1% each. So it is impossible to heavily invest in these three countries when creating a globally weighted portfolio. It is usually the smaller countries that top such averages, but in a portfolio of circa 15-20000 holdings, even fully weighted, these countries make little difference to overall portfolio values. So, diversity is the key. With an especially rare nine weeks of gains by the S+P 500 Index in the bag for 2023, I would fully expect the USA to be in the top 5 again. In fact global stock markets overall recorded their best performance since 2019, with the MSCI All World Index closing up 22% for the year. The S+P 500 closed the year up 24%, just short of its January 2022 record (pre Ukraine invasion). All in all, pretty good. So the patchwork quilt above will change again - as it does every year, and it will go on changing in perpetuity.





This is why global market diversification is a stalwart of our investment philosophy and will remain so in 2024.

Hind sight is not a gift we have, so we will stick to our proven mantras of diversity in portfolios, a long term view of investing and developing a financial plan you can stay with.

People have memories, markets don't. The only predictions we can make is that in the future there will be recessions, interest rates will change, elections will be decided and AI will impact your life in some way. The positive of all that is however, you do not have to make predictions to create a good investment experience.

**Have a happy, healthy and prosperous New Year. Until Next Time.....**



## Global Stock Market Performance 2023

Market	Index	30 December 2022	29 December 2023	Percentage Performance Year to date
USA	Dow Jones	33006.97	37587.64	+13.88
	NASDAQ	10397.46	14985.87	+44.13
	S&P 500	3822.23	4760.53	+24.55
UK	FTSE 100	7451.74	7733.24	+3.78
France	CAC 40	6504.22	7543.18	+15.97
Germany	Xetra Dax	13923.59	16751.64	+20.31
Italy	FTSE MIB	23706.96	30351.62	+28.03
Spain	IBEX 35	8229.10	10102.10	+22.76
Switzerland	SMI	10729.40	11137.79	+3.81
Japan	Nikkei 225	26094.50	33464.17	+28.24
Hong Kong	Hang Seng	19781.41	17047.39	-13.82
China	Shanghai Composite	3089.26	2974.93	-3.70
India	Sensex 30	60840.74	72240.26	+18.74

Data provided by Morningstar

Please remember that past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back any of the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

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