

Global Scenario: Demographic and Retirement Challenges

Rob Kapito, President of BlackRock

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Market dynamics



Political and regulatory changes



Demographic shifts

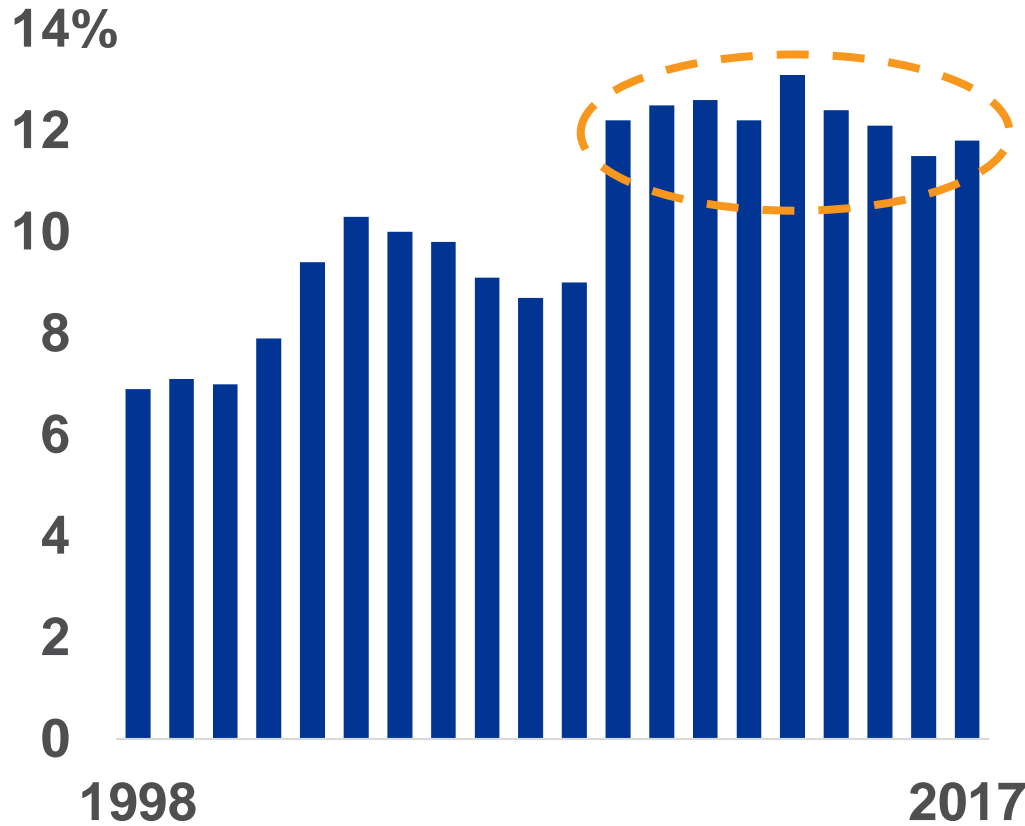


Technological advancements

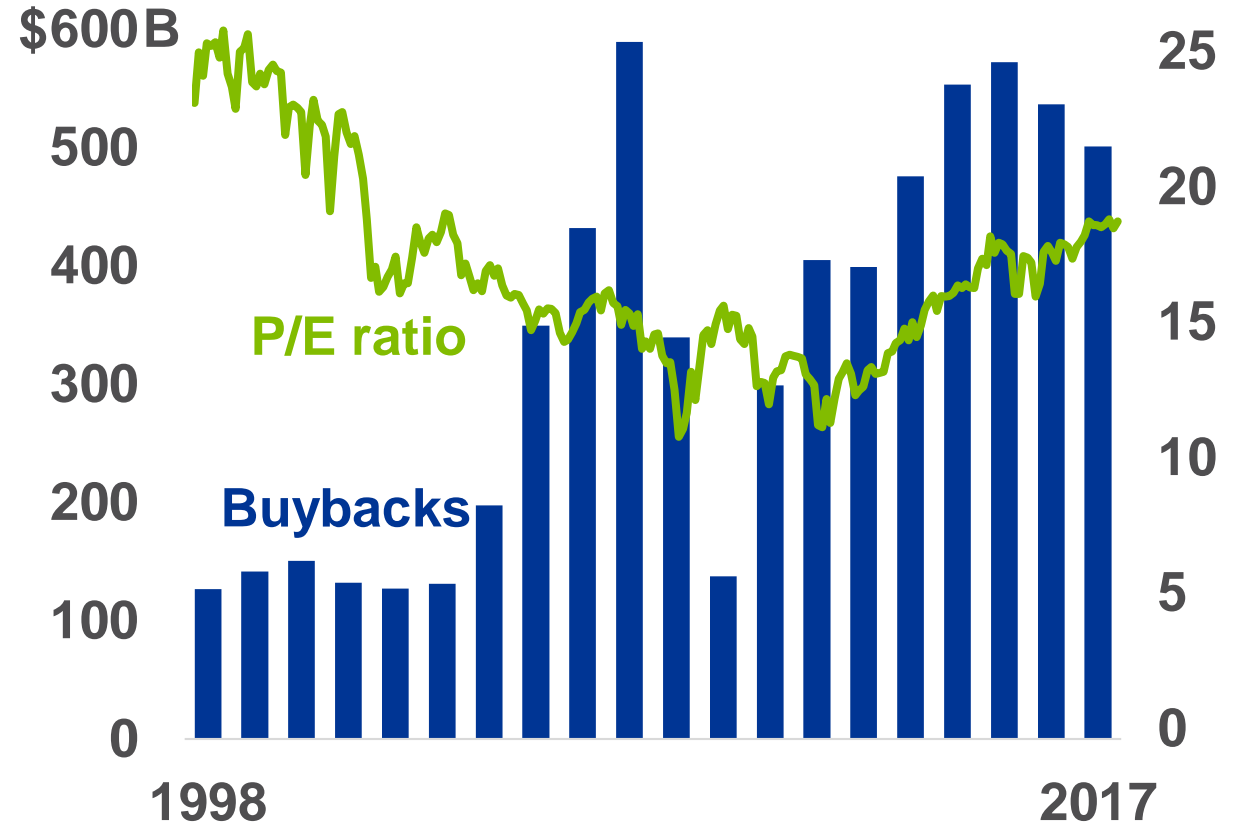


Companies continue to hold cash and buyback their stock

Cash as % of assets, S&P 500 ex. Financials



Annual buybacks in \$B (LHS) & P/E (RHS), S&P 500



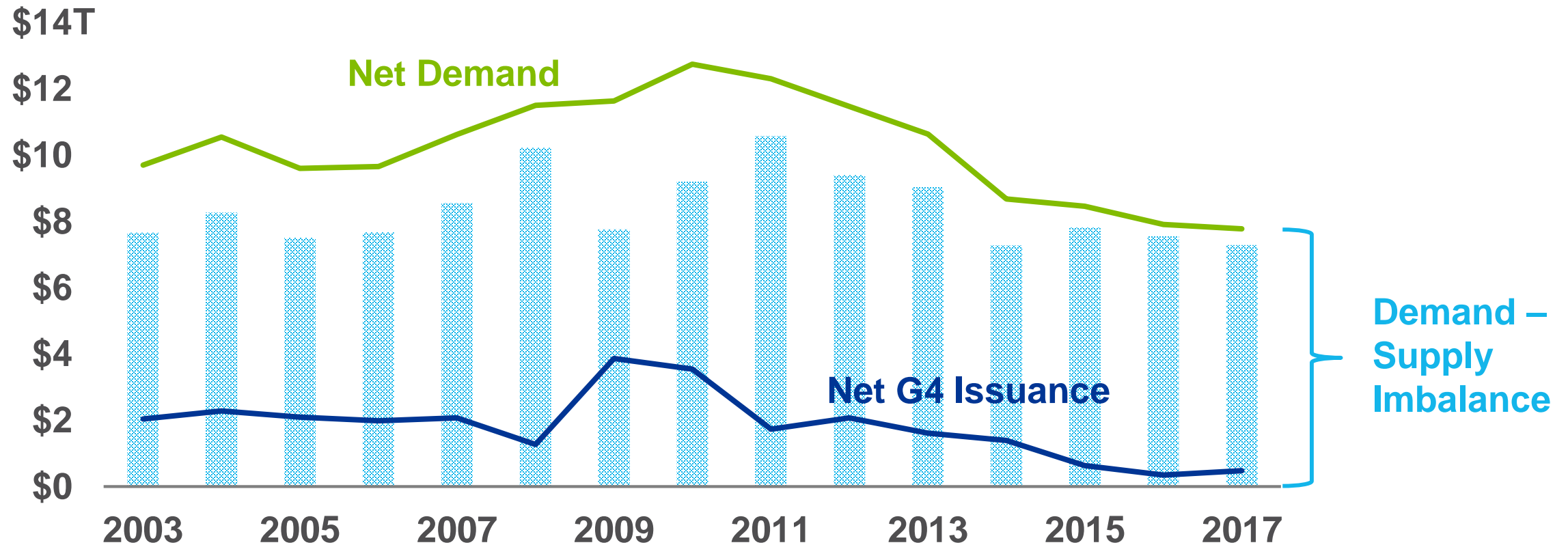
Source: As of September 2017. Bloomberg for Cash as % of Assets. Standard & Poor's, Haver Analytics for Annual Buybacks. Thomson Reuters, IBES for P/E ratios.



Source: As of July 2017, <http://graphics.wsj.com/billion-dollar-club/> . Figures in US Dollars.

The demand for fixed income investments remains high, overwhelming the lack of issuance

Growth of supply and demand for Global Fixed Income in USD \$Trillions



Source: For Net Demand: BoJ, Fed, ECB as of September 2017. Net Demand incorporates fixed income holdings for households, corporates, insurance companies, pension funds, sovereign wealth funds, central banks, FX reserves, hedge funds, private equity, mutual funds and ETFs. For Net G4 Issuance: Morgan Stanley as of September 2017. This issuance includes government bonds, credit, (IG & HY), and securitized products for the U.S., Eurozone, UK, and Japan, net of central bank quantitative easing.



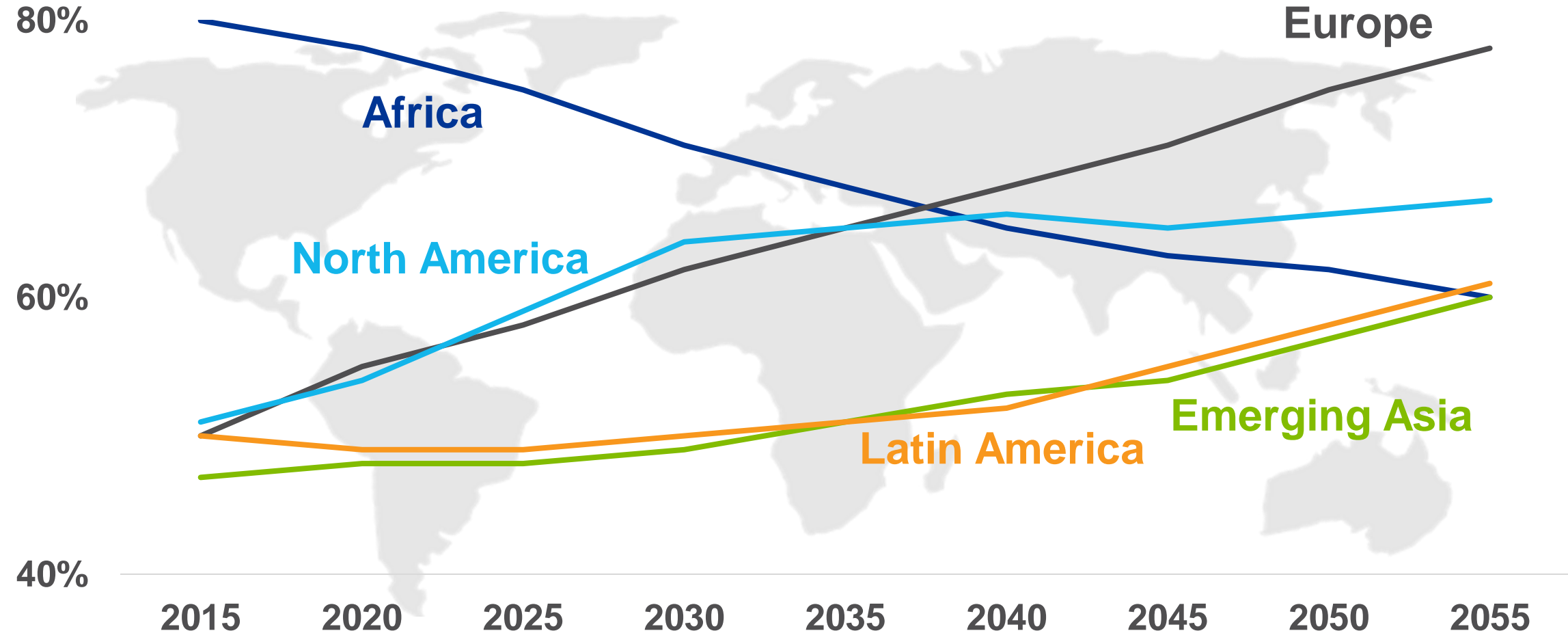
A larger working population relative to the total population creates a potential demographic dividend...

... providing an attractive window to accelerate economic growth.



Projected Regional Dependency Ratios

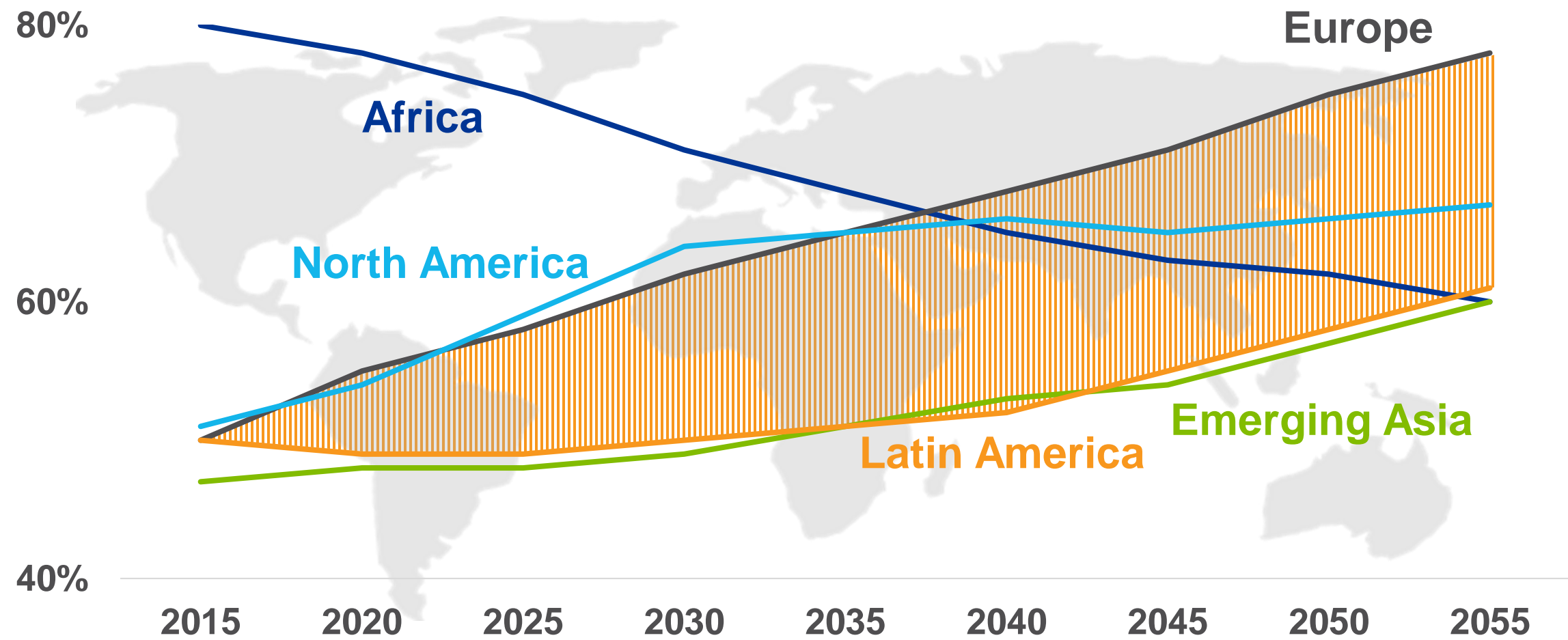
2015 – 2055



Source: Based on data from: 2015 Revision of World Populations Prospects, UN Population Division, 2015, <https://esa.un.org/unpd/wpp/Download/Probabilistic/Population/>

Projected Regional Dependency Ratios

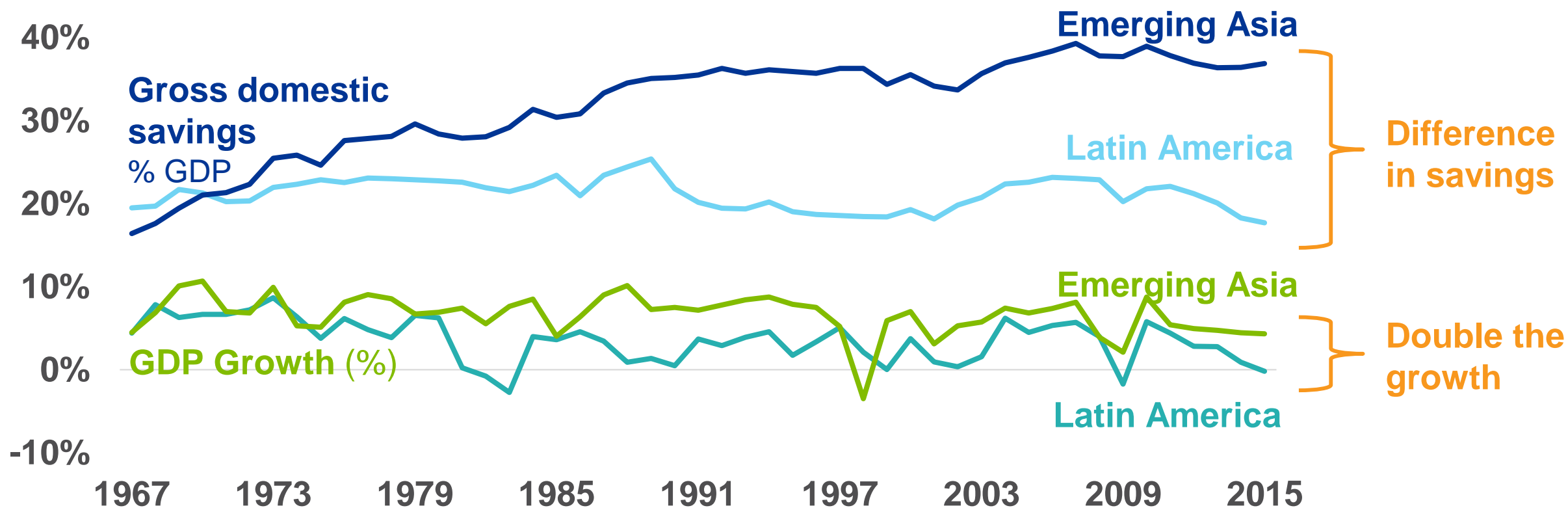
2015 – 2055



Source: Based on data from: 2015 Revision of World Populations Prospects, UN Population Division, 2015, <https://esa.un.org/unpd/wpp/Download/Probabilistic/Population/>

Considering similar demographics, emerging Asia has seen stronger economic growth than Latin America

Savings rate and GDP growth rate in Latin America and emerging Asia, 1967 – 2015



Source: World Bank DataBank, Gross domestic savings (% of GDP), GDP growth (annual %), 1967-2015, Latin America & Caribbean, emerging Asia, <http://databank.worldbank.org/data/home.aspx>



Improve savings and investing rates in Latin America by:

- Improving **education** and financial literacy
- Increasing **women in the workplace**
- Shifting to a **savings culture**
- Revising **policy and regulation**
- Evolving **investment solutions**

Geopolitical and regulatory changes continue to affect our world view...



...but our client focus can, and will, **never change.**

The potential role that data plays in influencing financial markets is greater than ever before...



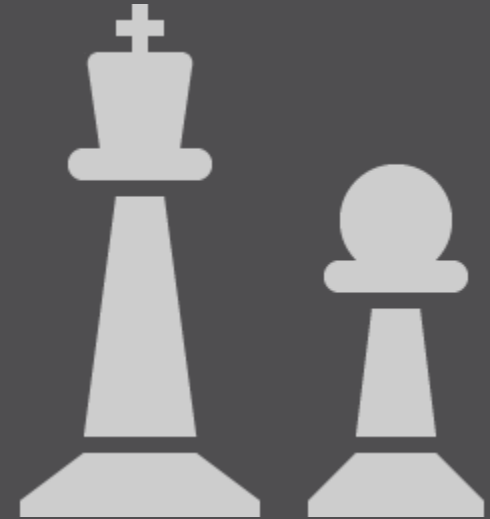
...with 2,500,000,000,000,000 bytes of data collected per day.

Source: IBM, as of May 2017. <https://www.wsj.com/articles/the-quants-run-wall-street-now-1495389108>

Creating better outcomes...



GPS



... should not be a question of human versus machine.

**Working
together** has
never been
more important.



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