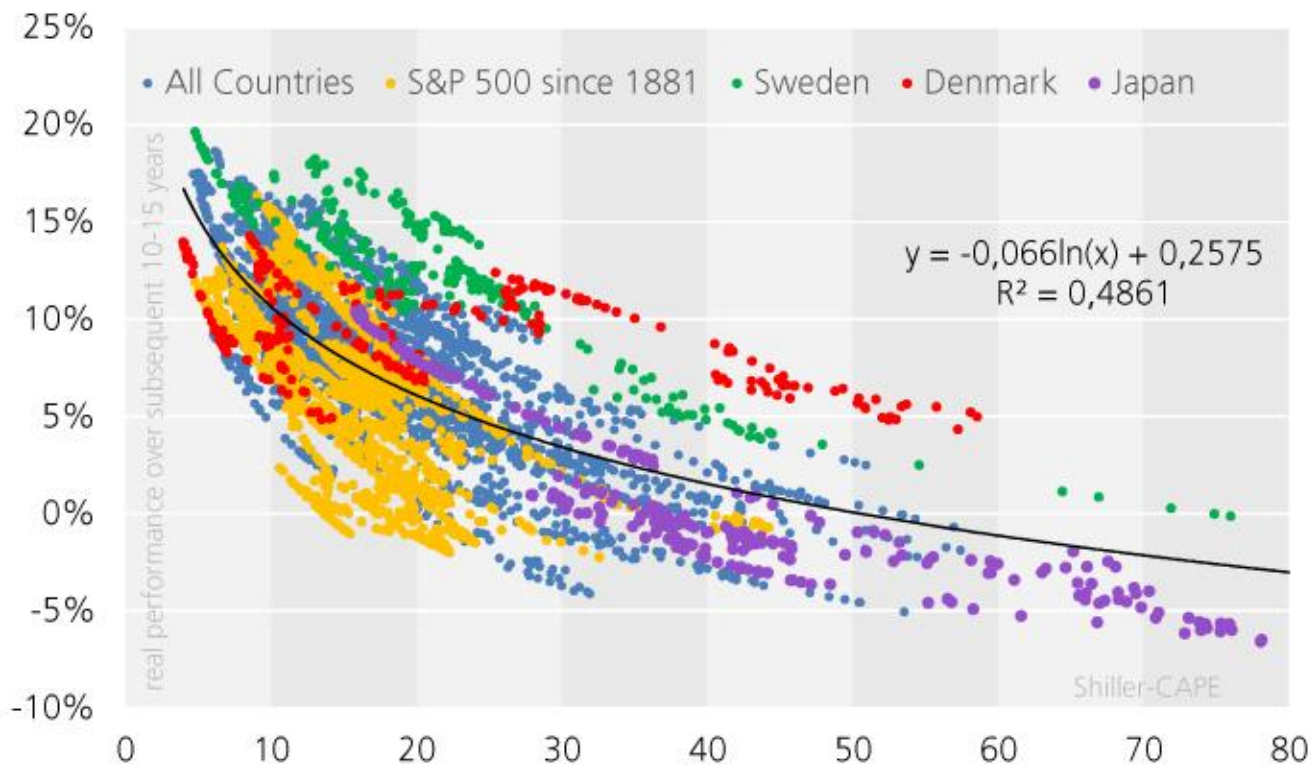


Relationship between CAPE and average real returns of the subsequent 10-15 years



Relationship between CAPE and real returns of the subsequent 10-15 years						
Country	CAPE<10	10-15	15-20	20-25	25-30	>=30
Australia	12,0%	8,5%	7,4%	4,9%	3,6%	
Canada	7,3%	7,6%	9,4%	9,3%	7,0%	5,3%
Denmark	10,3%	9,1%	8,0%	9,1%	11,4%	6,6%
France	13,7%	12,1%	8,4%	8,3%	9,4%	0,2%
Germany	10,2%	10,1%	7,1%	6,3%	3,9%	0,7%
Hongkong	11,0%	8,5%	6,4%	5,2%	4,3%	2,7%
Japan			9,3%	7,3%	4,4%	-1,4%
Netherl.	15,3%	10,6%	6,1%	2,5%	-0,2%	-1,4%
Norway	10,7%	7,2%	7,1%	6,6%	4,7%	
Singapore	9,8%	7,4%	6,7%	4,4%	3,4%	2,3%
Spain	14,1%	11,6%	9,7%	5,1%	3,1%	0,8%
Sweden	17,0%	14,8%	13,0%	12,5%	11,0%	5,1%
Switzerland	10,9%	12,9%	11,4%	9,0%	6,8%	1,3%
UK	12,3%	9,7%	6,2%	1,2%	0,5%	
S&P 500 s. 1881	10,5%	8,0%	6,1%	1,9%	2,7%	-0,3%
All Countries	11,7%	8,7%	7,2%	5,7%	4,1%	0,5%

Figure 4: The left chart shows the relationship between CAPE and the returns of the subsequent 10-15 years for the periods 01/1881-05/2015 (S&P 500) and 12/1979-05/2015 (other MSCI countries). The three countries that had the highest absolute effect in terms of "R² Δ", as well as Japan, have been highlighted. All return data is adjusted for inflation, in local currency, incl. dividend income and annualised. The regression function applies to "All Countries". The right table shows the average returns (median) over the subsequent 10-15 years depending on the CAPE in each country. Source: S&P 500: Shiller, other countries: MSCI, calculations: StarCapital.