

# Investments Group

April 24, 2024 at 1:30PM

Ron Reedy and Mike Flannery co-chairs

In-person (First Pres. Auditorium) and Zoom meeting

Disclaimer: The information provided here is for informational purposes only and does not constitute individual investment advice. Investing involves inherent risks, and past performance is not necessarily indicative of future results. Always consult with a qualified financial professional before making any investment decisions. We are not your financial advisor and no advisor-client relationship is created by your use of this information.

# Agenda

- Discuss future topics, speakers, etc.
- Market update/interesting articles: Ron and Mike
- Q&A and Discussion

# Topics/Speakers for Future Events

- Input to date from Hobbyists:
  - Estate planning/Transfer of wealth
  - Investment strategies for seniors
  - World/economic affairs affect on value of securities
  - Retirement portfolio rebalancing
  - ETF/Mutual fund dividend stock portfolios
  - Bond investment strategies (ST, medium, long and Corp, Gov and TE)
  - Short-term yield
- Others?

# Market Update (returns/data from outside sources presumed to be reliable)

<u>Index/Market/Stock</u>	<u>YTD 3/31/24</u>	<u>LTM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total US Stock Market	9.9%	29.3%	26.0%	-19.5%	25.7%
S&P 500	10.6%	29.9%	26.3%	-18.2%	28.7%
S&P 500 Equal Weight	7.9%	19.4%	13.8%	-11.5%	29.6%
Top 10 stocks in S&P 500			85.6%		
Other 490			16.0%		
NASDAQ 100	8.5%	40.8%	54.4%	-32.4%	26.9%
Russell 2000	4.8%	20.1%	15.1%	-21.5%	13.6%
Value (Vanguard Value Index)	9.6%		9.3%	-20.2%	16.6%
Growth (Vanguard Growth Index)	10.8%		46.8%	-33.1%	24.3%

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Total International Stk Mkt (MSCI ACWI ex-USA)	4.0%	13.1%	15.6%	-16.0%	7.8%
China (MSCI China Index)	2.2%	-17.1%	-11.2%	-21.9%	-21.7%
India (MSCI India Index)	2.0%	36.8%	20.8%	-8.0%	26.3%
Europe (STOXX 600)	7.0%	4.6%	11.3%	-11.8%	22.3%
Japan (NIKKEI 225)	20.6%	44.0%	28.0%	-12.3%	
Magnificent Seven	16.8%		111.0%	-45.0%	
Nvidia (AI)	82.5%	235.0%	239.0%	-50.0%	125.0%
Bitcoin	65.0%	144.0%	164.3%	-64.9%	63.3%
Gold (COMEX)	7.5%		13.3%	0.6%	

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US T Bond (10 year) (S&P 10 yr index)	-1.7%	-2.3%	3.9%	-17.8%	
Bond Agg Index	-0.8%	1.6%	5.7%	-13.0%	-1.8%
Cash (3 mo T-bill)	5.2%		5.1%	2.2%	
10 yr T yield (end of period)	4.2%		3.9%	3.9%	1.5%
2 yr T yield (end of period)	4.5%		4.2%	4.4%	0.73%
Fed Funds (end of period)	5.3%		5.3%	4.3%	0.07%
PCE (at end of period)	2.9%		4.9%	5.3%	
Cocoa	132.8%				
Gasoline	31.3%				
Natural Gas	-29.9%				

# Interesting Articles

## What You Must Know About the Stock Market Right Now (AARP Bulletin April 2024)

- Concentration
  - Weight of ten largest stocks in S&P 500
    - 1988-2023 average: 20%
    - 2024: 32%
- Spread of Stocks
  - Families with Any Stock Holdings
    - 1989: 32%, 2022: 58%
  - Families Holding Individual Stocks
    - 1989: 17%, 2022: 21%
- Index Funds vs. Actively Managed Funds
  - 2013: Actively Managed: \$5.5T, Indexed: \$ 4.0T
  - 2023: Actively Managed: \$7.7T, Indexed: \$14.7T
- Annualized Returns, 1994-2023:
  - One-year CDs: 2.4%
  - 10-year Treasury Notes: 4.3%
  - Corporate Bonds: 5.9%
  - S&P 500: 10.3%

# Interesting Articles

## The Time to Review Your Financial Position is Now (NYT 1/28/24)

- Goal is to make it to retirement and then not run out of money
  - What are you spending?
  - Check your investments (for unintended concentrations, etc.)
  - Social Security and Medicare
    - Online calculators
  - What is your tax situation?
  - Insurance needs
  - Have a digital estate plan
  - Is your plan really a plan?



# Interesting Articles

## Four Questions Retired Couples Should Ask Themselves About Money (WSJ 4/15/24)

- Do we talk enough about our money?
- Are both partners on the same page about investment risk?
- Is there a backup plan if the financial steward dies first or develops dementia?
- Are good financial records kept?

# Interesting Articles

Stocks are Forever. That Does Not Mean Now is the Time to Buy (WSJ 1/13/24)

- Over time, stocks have tended to return 6.5% to 7% a year after inflation, including dividends but ignoring taxes
- Returns vary significantly if one was to buy at the highs vs. the lows
  - S&P reached 19.1 times the estimate of forward 12-months earnings in Feb '20, the highest since do-come bubble of 2000
  - Cyclically adjusted price/earnings or CAPE ratio is 34, double historical average of 17
  - Current earnings multiples are 23, well above the S&P 500 historical average of 16
- Worst 20-year U.S. stock annualized real total return:
  - 1948: 0.8%, 1855: 1.1%, 1920: 1.2%, 1981: 1.3%

# Interesting Articles

## Stock Funds That Go Beyond the S&P 500 (Barron's 4/8/24)

- Last time index was so concentrated in tech was before the dot-com bubble burst in 2000
  - If factor in Amazon, Meta and Alphabet, concentration highest in fifty plus years
- One measure of a fund's correlation is called R-squared, or R<sup>2</sup>
  - Vanguard Total Stock Market ETF has a 99 R<sup>2</sup> vs S&P 500, despite having over 3,700 stocks, so not a good diversifier
- Diversification focus:
  - Small-cap (unlevered), Value, International, Active, Equal Weight

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