

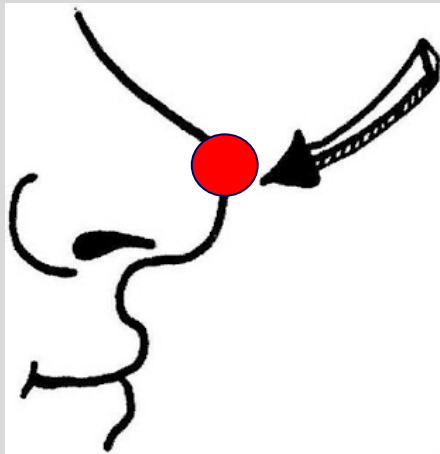
Investing for Successful Retirement

UD Osher – OLLI Spring 2024

- Rajeev A. Vaidya
- Ron Materniak
- Jane Roe-Fox

Disclaimer in plain language

Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see mine in this course !!

We are simply sharing our perspective.

This is not investment advice or recommendation.

Ron, Jane and I are not a financial advisors.

This course is for educational purposes only.

Form your own opinion, make your own investment decisions.

Last Class – April 24th

- US Equities Market Review – 20 minutes
- International investing
- Closing surveys
- Option to have one more class on May 1
 - No topic or charts ... Just any questions you have unanswered.
 - If yes, same class link and password will work.

Factset(R) - S&P 500 Calendar year earnings forecast

\$290.00

https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_041924.pdf

\$270.00

\$250.00

\$230.00

\$210.00

\$190.00

\$170.00

\$150.00

26-Feb
1-Apr
7-May
17-Jun
30-Jul
17-Sep
22-Oct
2-Dec
28-Jan
4-Mar
8-Apr
13-May
17-Jun
22-Jul
16-Sep
21-Oct
2-Dec
20-Jan
24-Feb
31-Mar
5-May
9-Jun
21-Jul
15-Sep
20-Oct
1-Dec
19-Jan
29-Feb
5-Apr

— 2022 Earnings — 2023 Earnings — 2024 Earnings — 2025 Earnings

Factset Earnings Insights –4/19 (compared to 4/12)

- Factset® S&P 500 EPS for Q124 – 0.5%. Down 0.4% from 4/12
- Factset® decreased the 2024 EPS forecast by 79 cents to \$242.97
- Factset® increased forecast for 2025 EPS by 33 cents to 276.70
- CFRA did not publish data this week
- Factset® estimate of bottom up 12-month forward SP500 is 5751 that is about an 15.8% increase from the close on (4/9)
- Factset® reports current fwd looking P/E is 19.9

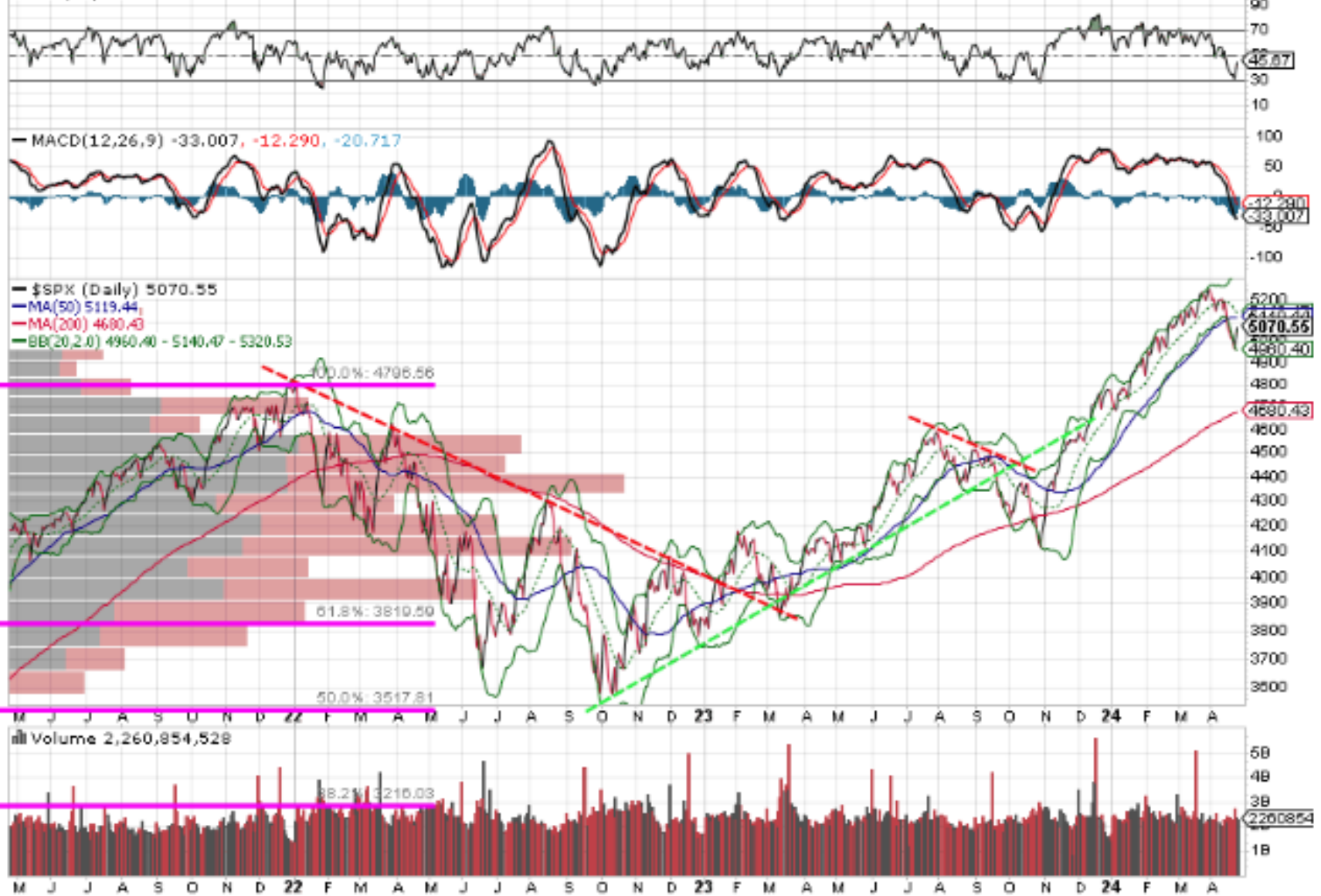
\$SPX S&P 500 Large Cap Index INDX

23-Apr-2024

Open 5028.85 High 5076.12 Low 5027.96 Close 5070.55 Volume 2.38 Chg +59.95 (+1.20%) ▲

© StockCharts.com

▲ RSI(14) 45.67

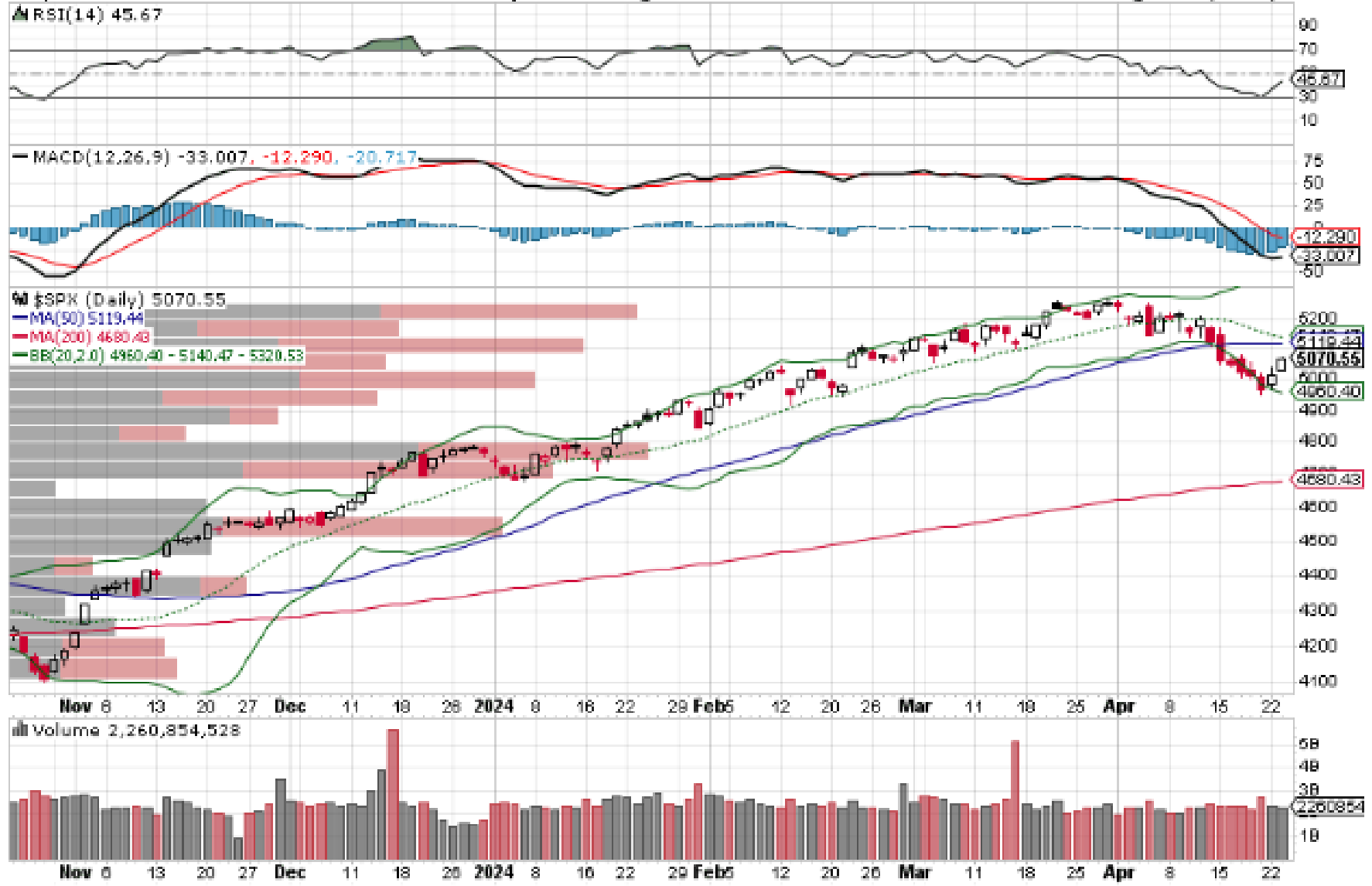


\$SPX S&P 500 Large Cap Index INDX

© StockCharts.com

23-Apr-2024

Open 5026.85 High 5076.12 Low 5027.86 Close 5070.55 Volume 2.38 Chg +59.85 (+1.20%) ▲



\$NYAD NYSE - Advance-Delay Issues INDX

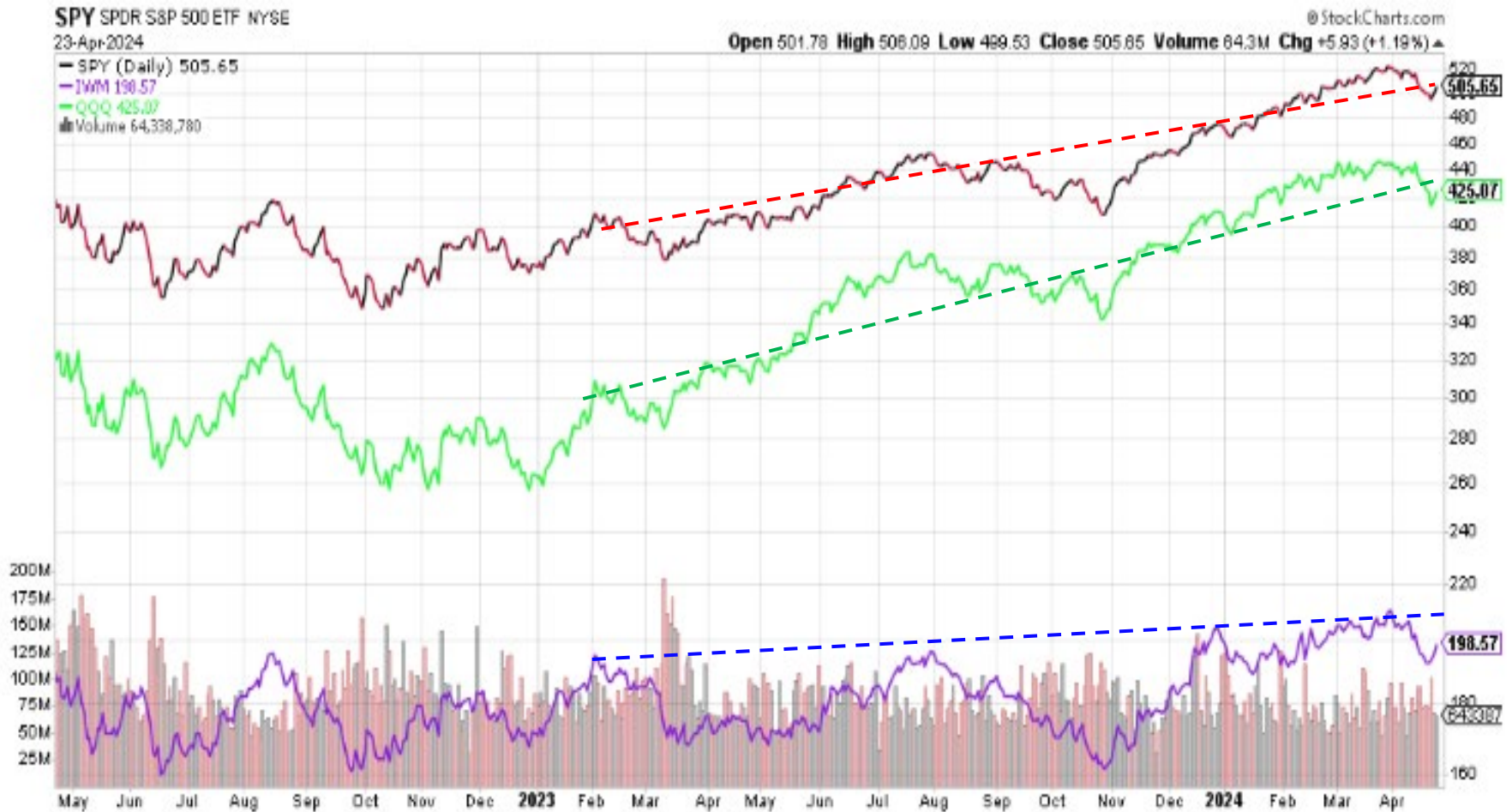
23-Apr-2024

© StockCharts.com

Open 5872.00 High 5872.00 Low 5872.00 Close 5872.00 Chg +1854.00 (+46.14%) ▲



Market Breadth – another way



This is NOT investment advice

Weekly market direction

Prof. Guy Werner

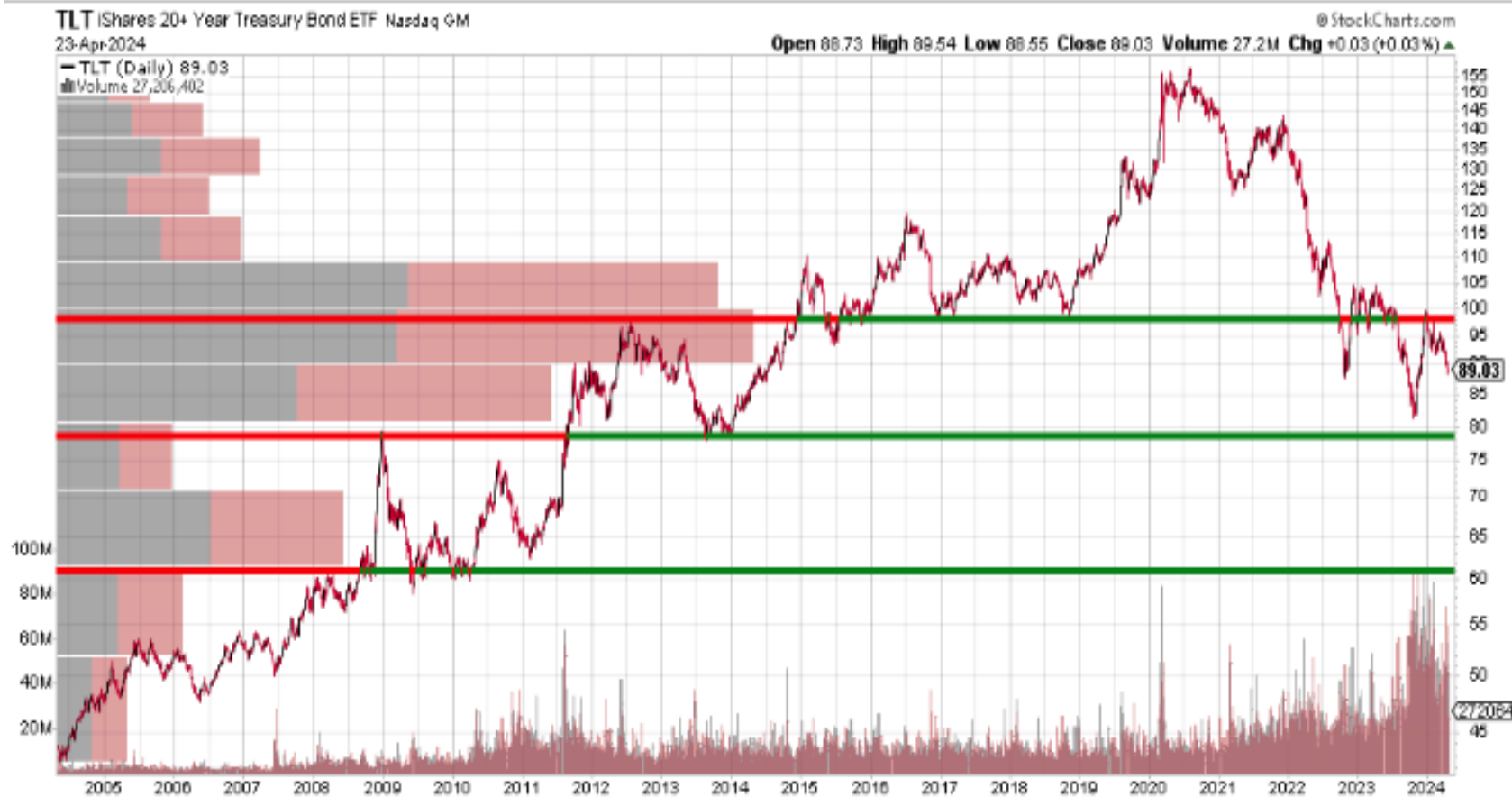
Guy.werner@verizon.net

COLUMNS CD&E ARE FROM IBD AND ARE PROVIDED BY DAVE (IN THE NORTH) SMITH

				ANIL PARIKH's TRIPLE SCREEN (52 W DAILY HIGH SHOWN IN GREEN 52 W LOW SHOWN IN RED)										
			DISTRIBUTION DAYS		S&P 500 TRIPLE SCREEN					NASDAQ TRIPLE SCR				
	DATE	MARKET PULSE (IBD)	S&P 500	NASDAQ	8:20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8:20 EMA	MACD	RSI	CLOSING
SAT	04/13/24	FOR THE WEEK							-81	-1.58%				
SUN	04/14/24	YTD							354	7.42%				
MON	04/15/24	UPTREND UNDER PRESSURE (20% - 40%)	8	7	F	F	F	5,061	-62	-1.21%	F	F	F	15,885
TUE	04/16/24	UPTREND UNDER PRESSURE (20% - 40%)	9	7	F	F	F	5,051	-10	-0.20%	F	F	F	15,865
WED	04/17/24	UPTREND UNDER PRESSURE (20% - 40%)	9	7	F	F	F	5,022	-29	-0.57%	F	F	F	15,683
THUR	04/18/24	UPTREND UNDER PRESSURE (20% - 40%)	10	7	F	F	F	5,011	-11	-0.22%	F	F	F	15,601
FRI	04/19/24	MARKET IN CORRECTION (0% -20%) GOOD GRIEF			F	F	F	4,987	-24	-0.48%	F	F	F	15,282
SAT	04/20/24	FOR THE WEEK							-136	-2.65%				
SUN	04/21/24	YTD							218	4.57%				
MON	04/22/24	MARKET IN CORRECTION (0% -20%)			F	F	F	5,010	23	0.46%	F	F	F	15,451
TUE	04/23/24	???			F	F	F	5,070	60	1.20%	F	F	F	15,696

https://drive.google.com/drive/folders/0B6Qc_gipshXMelkzQ245d2R1eTQ?resourcekey=0-5pWglNqaJPJ12L2qYurMWg

US Treasuries - long duration



US Dollar - weekly



A rise in the dollar
negative for Big tech
commodities become cheaper

Last Class – April 24th

- US Equities Market Review – 20 minutes
- International investing
- Closing surveys
- Option to have one more class on May 1
 - 90% said yes and wanted it.
 - Same class link and password will work.

Types of Risk – International

- Systematic Risk – macroeconomic and other “system” events that influence the value of financial assets in general.
 - Geopolitical risk
 - Political Risk in the country
 - Inflation
- Unsystematic Risk
 - Risks to specific asset classes
 - Measured by volatility in the asset class
 - Correlation of the asset class to the economy and other asset classes.
 - Risks to specific investments within an asset class
 - Measured by volatility in a specific investment
 - Currency risk
 - Movement in valuation of currency vs. the US\$

Currency Risk

Country = Paradise currency is Moolah (M)

Company = Nirvana Enterprises Symbol NV

- Today
 - 10 Moolah (M) = 1 US\$
 - NV price is 5 M
 - Buy 20 shares of NV for 100 M = 10 US\$

- 1 year later
 - NV increases in value by 10% to 5.5 M
 - Investment value = 110 M
 - Currency "M" depreciates in value by 10%
 - 11 M = 1 US\$
 - You sell the stock for 110 M and convert back to US\$
 - You get 10 US\$ in return

- Return on Investment
 - Local Currency = 10%
 - On a US\$ basis = 0%

US\$ valuation

- Short term – appreciation ?
 - High demand for US\$
 - Large positive US interest rate spread vs. other developed markets.
 - Strength of US economy vs. other countries.
 - Performance of US markets vs. other markets.

- Longer term – Depreciation?
 - US budget deficits ?
 - US trade deficit ?
 - Reduction in US interest rate spread ?

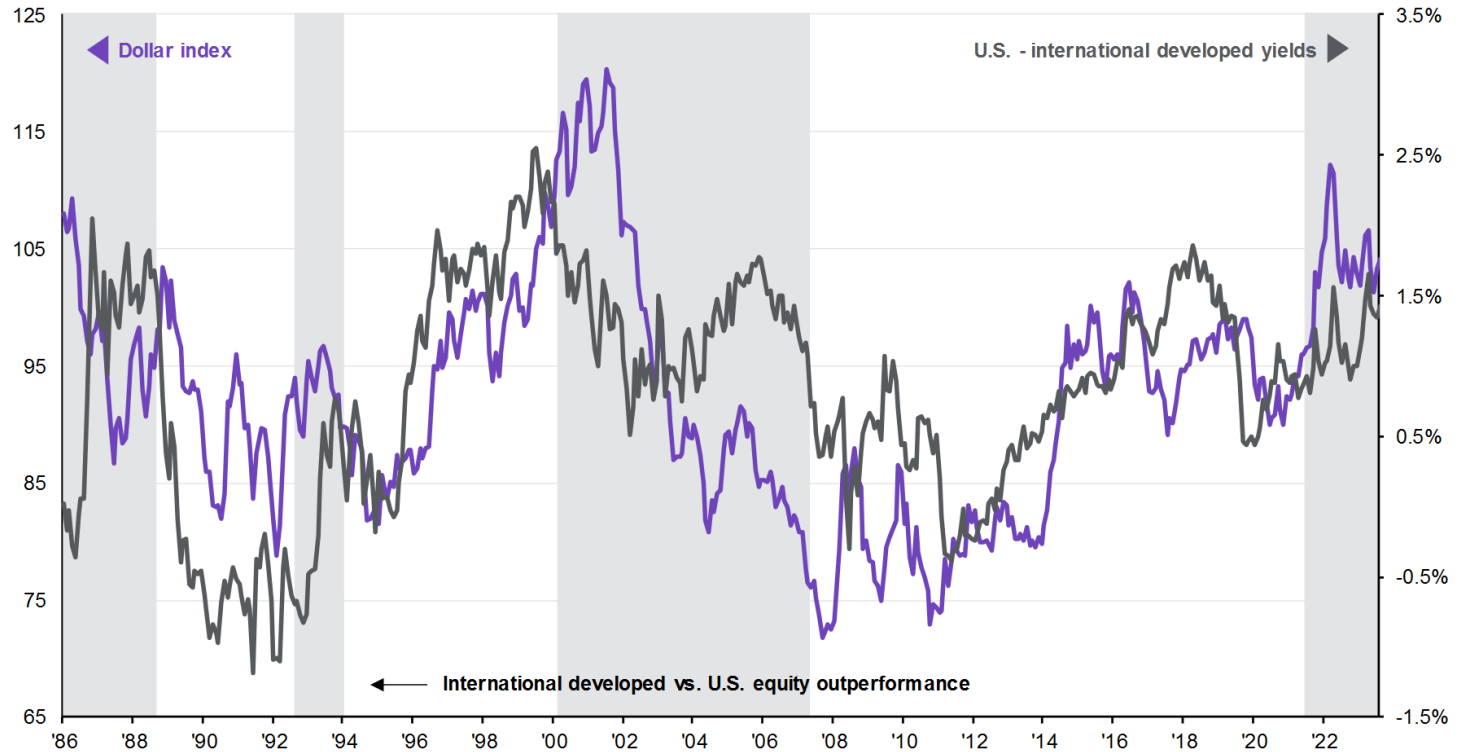


U.S. dollar cycles

GTM U.S. 43

U.S. dollar and interest rate differentials

Monthly



International

Source: Bank of Canada, FactSet, Federal Reserve Economic Data (FRED), Ministry of Finance of Japan, MSCI, OECD, Standard & Poor's, J.P. Morgan Asset Management. The dollar index (DXY Index) is a nominal trade-weighted index of major trading partners' currencies. Major currencies are the British pound, Canadian dollar, euro, Japanese yen, Swedish kroner and Swiss franc. DM is developed markets, and the yield is calculated as a GDP-weighted average of the 10-year government bond yields of Australia, Canada, France, Germany, Italy, Japan, Switzerland and the UK. International developed = MSCI EAFE Index, U.S. = S&P 500 Index. Past performance is not a reliable indicator of current and future results.

Guide to the Markets – U.S. Data are as of March 31, 2024.

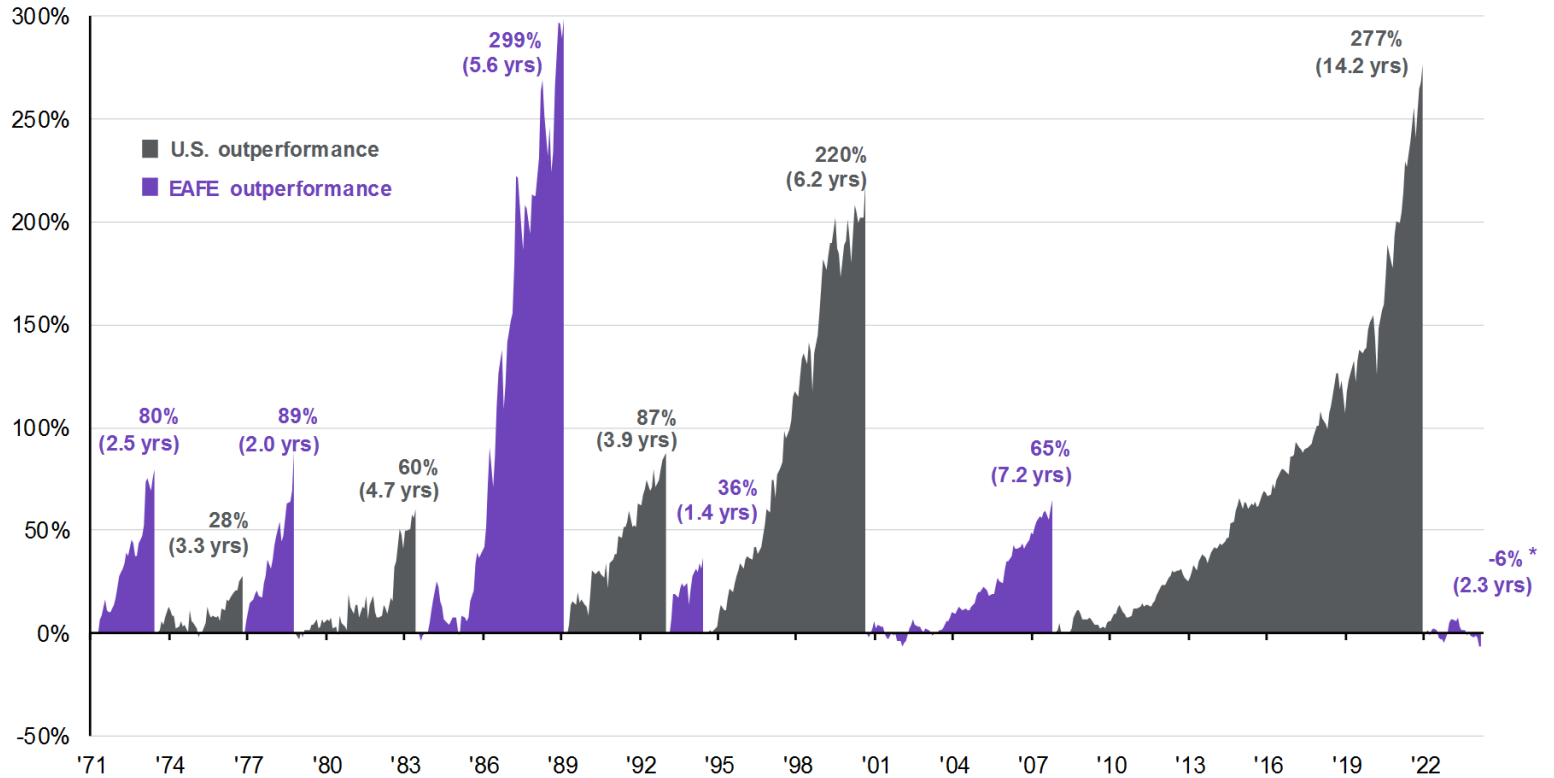
J.P.Morgan
ASSET MANAGEMENT



Cycles of U.S. equity outperformance

MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance



Source: FactSet, MSCI, J.P. Morgan Asset Management.

Regime change determined when cumulative outperformance peaks and is not reached again in the subsequent 12-month period. *Peak MSCI EAFE outperformance vs. MSCI USA occurred in April 2023. If this is sustained for 12 months, the regime will switch in April 2024.

Guide to the Markets – U.S. Data are as of March 31, 2024.



Currency and international equity returns

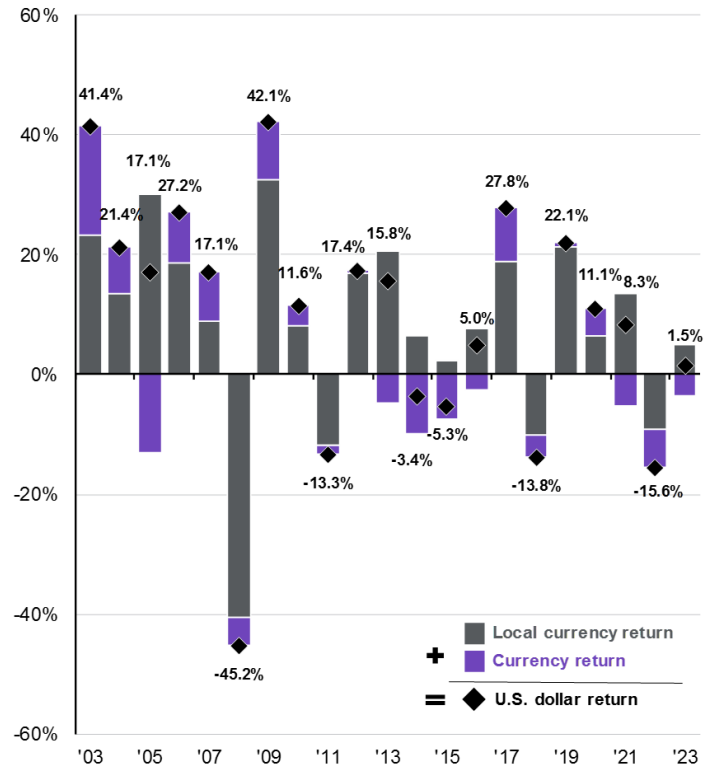
U.S. dollar and relative international equity returns

Real broad effective exchange rate, MSCI World ex-U.S. vs. S&P 500*



Currency impact on international returns

MSCI All Country World ex-U.S. Index, total return



International

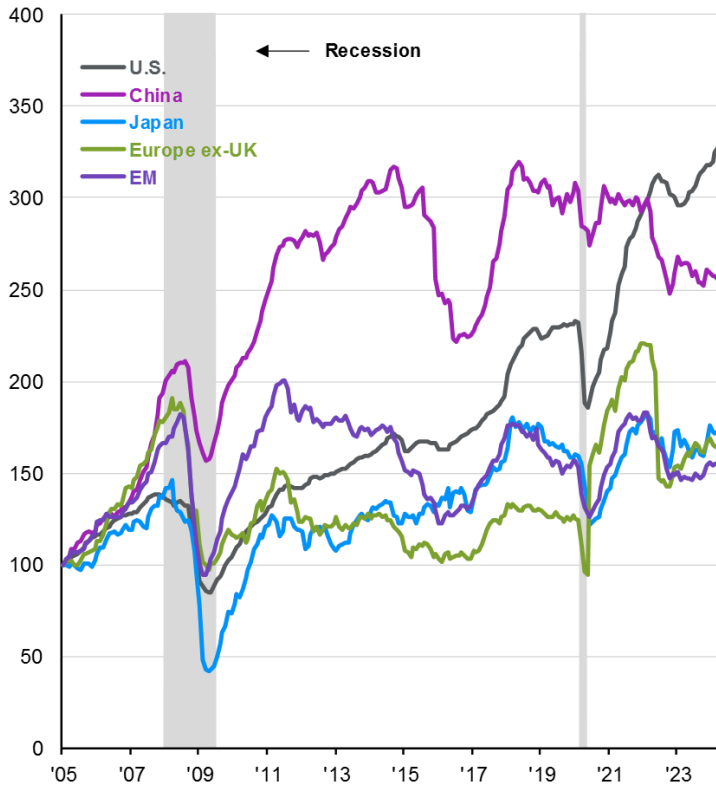
Source: FactSet, MSCI, J.P. Morgan Asset Management; (Left) J.P. Morgan Global Economic Research, Standard and Poor's. *U.S. dollar is the J.P. Morgan Global Economic Research real broad effective exchange rate (CPI) indexed to 100 in 1974. Relative international equity returns are cumulative, total returns in U.S. dollars and are calculated as MSCI World ex-U.S. minus S&P 500 for each period of U.S. dollar peak/trough. **Data since Oct. 2022 represents the relative outperformance to the latest month-end. Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – U.S. Data are as of October 31, 2023.



International equity earnings and valuations

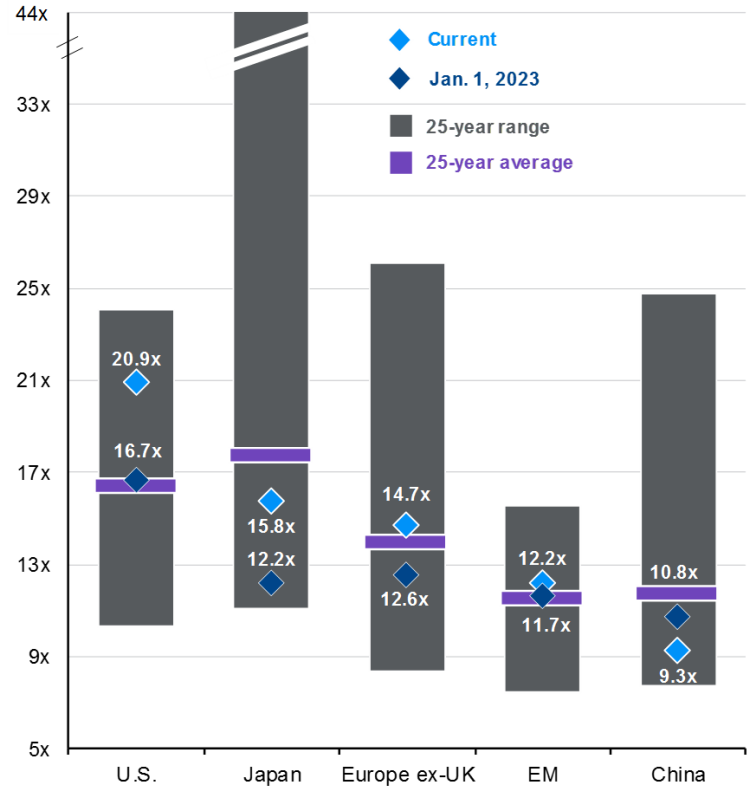
Global earnings estimates

Jan. 2005 = 100, next 12 months consensus estimates, U.S. dollars



Global valuations

Current and 25-year next 12 months price-to-earnings ratio



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Next 12 months consensus estimates are based on pro-forma earnings and are in U.S. dollars. Past performance is not a reliable indicator of current and future results. (Right) The purple lines for EM and China show 20-year averages due to a lack of available data. *Guide to the Markets - U.S. Data are as of March 31, 2024.*

International



International valuations and dividend yields

International: Price-to-earnings discount vs. U.S.

MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



International: Difference in dividend yields vs. U.S.

MSCI All Country World ex-U.S. minus S&P 500, next 12 months



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Guide to the Markets - U.S. Data are as of March 31, 2024.

International



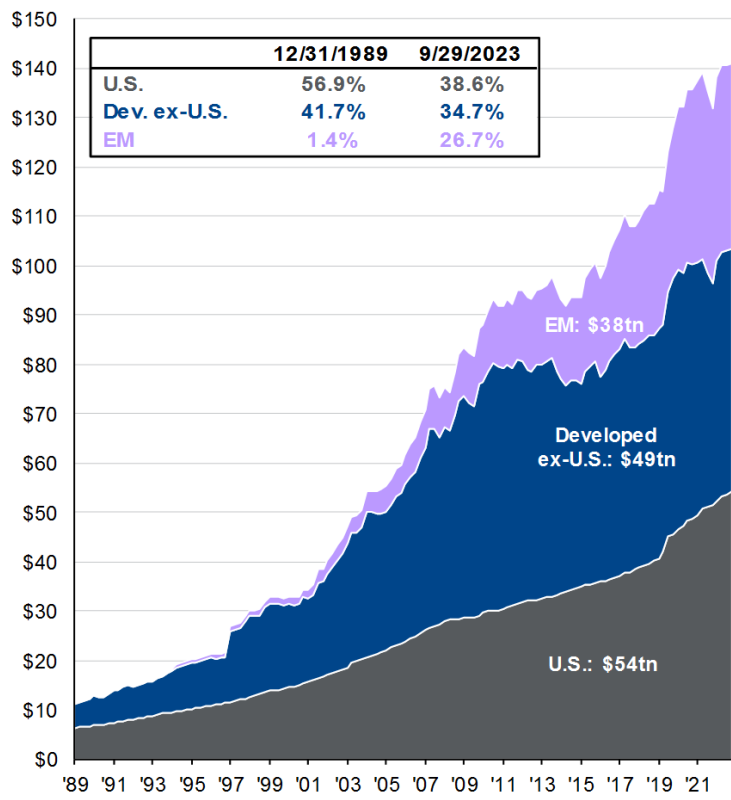
Global fixed income

Fixed Income

Aggregates	Yield		2024 Return		Duration	Correlation to U.S. 10yr
	3/31/2024	12/31/2023	Local	USD		
U.S.	4.85%	4.53%	-0.78%	-0.78%	6.2 years	0.92
Gbl. ex-U.S.	3.03%	2.87%	-	-2.88%	7.0	0.63
Japan	0.87%	0.76%	-0.06%	-6.90%	9.2	0.64
Germany	3.01%	2.73%	-0.54%	-2.76%	6.3	0.56
UK	4.39%	4.10%	-1.10%	-2.00%	8.1	0.55
Italy	3.52%	3.40%	0.88%	-1.38%	6.2	0.43
China	2.40%	2.62%	2.03%	0.12%	6.0	0.56
Sector						
Euro Corp.	3.66%	3.56%	0.47%	-1.78%	4.4 years	0.45
Euro HY	7.72%	7.35%	1.81%	-0.46%	3.0	0.05
EMD (USD)	7.74%	7.84%	-	2.04%	6.1	0.37
EMD (LCL)	6.27%	6.19%	0.70%	-2.12%	5.0	0.25
EM Corp.	6.65%	6.81%	-	2.32%	5.0	0.27

Global bond market

USD trillions



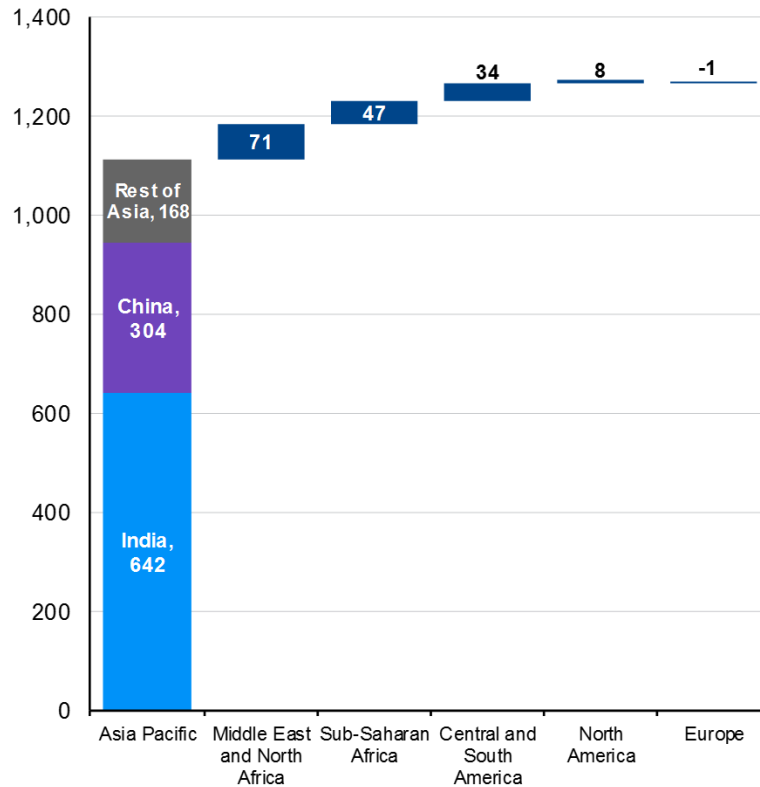
Source: J.P. Morgan Asset Management; (Left) Bloomberg, FactSet; (Right) BIS.
 Fixed income sectors shown above are provided by Bloomberg and are represented by the global aggregate for each country except where noted. EMD sectors are represented by the J.P. Morgan EMBIG Diversified Index (USD), the J.P. Morgan GBI EM Global Diversified Index (LCL) and the J.P. Morgan CEMBI Broad Diversified Index (Corp). European Corporates are represented by the Bloomberg Euro Aggregate Corporate Index and the Bloomberg Pan-European High Yield Index. Sector yields reflect yield-to-worst. Correlations are based on 10-years of monthly returns for all sectors. Past performance is not indicative of future results. Countries included in the emerging market debt calculation are those represented in the J.P. Morgan EMB Index suite for which the BIS has data. Global bond market regional breakdown may not sum to 100% due to rounding.
 Guide to the Markets – U.S. Data are as of March 31, 2024.



Secular international trends

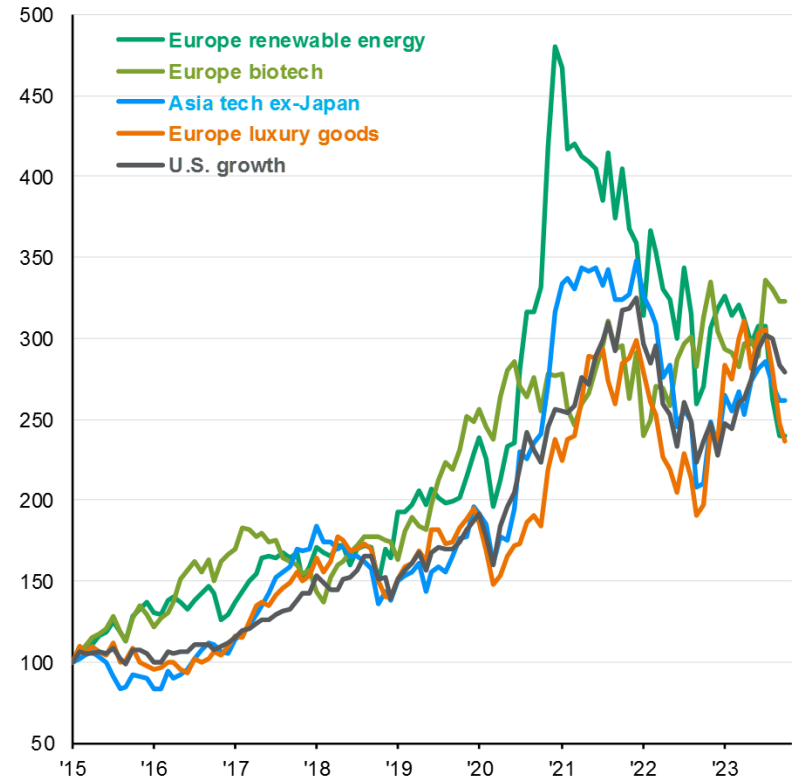
Regional contribution to middle class growth: 2023 to 2030

Millions of people



International growth sectors vs. U.S. growth

Total return, U.S. dollars, Jan. 2015 = 100



International

Source: J.P. Morgan Asset Management. (Left) Brookings Institution. Estimates for regional contribution are from Kharas, Homi. The Unprecedented Expansion of the Global Middle Class, An Update. Brookings Institution, 2017. Middle class is defined as households with per capita incomes between USD 11 and USD 110 per person per day in 2011 PPP terms. (Right) Bloomberg, FactSet, MSCI, Russell, Societe Generale. Asia ex-Japan Tech: MSCI AC Asia ex-Japan Information Technology, European Luxury Goods: MSCI Europe Textiles, Apparel and Luxury Goods, U.S. Growth: Russell 1000 Growth, European Renewable Energy: Societe Generale European Renewable Energy, Europe Biotech: MSCI Europe Biotechnology. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

Guide to the Markets – U.S. Data are as of October 31, 2023.

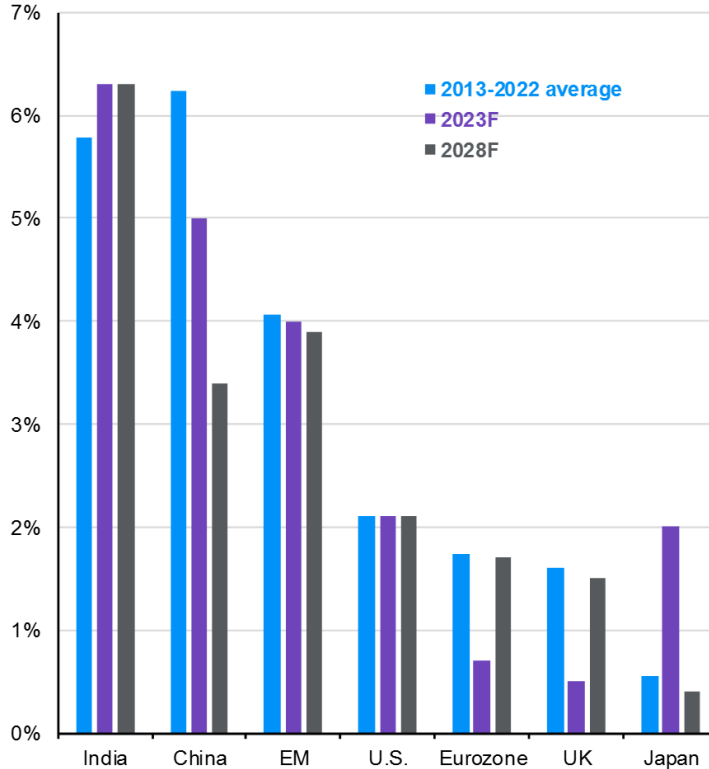


India: Economy

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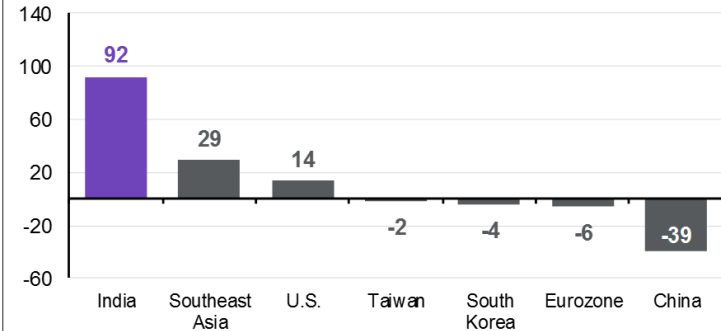
Real GDP growth by country

Year-over-year



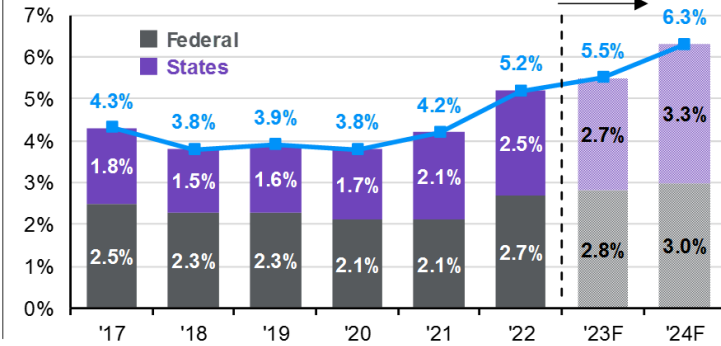
Working age population growth

Estimated change between 2023 and 2033*, millions of people



Government capital spending

% of GDP, current prices



International

Source: J.P. Morgan Asset Management. (Left) International Monetary Fund. (IMF), World Economic Outlook (WEO) – October 2023. Forecasts are provided by the IMF. (Top right) *Estimates are provided by Oxford Economics. Working age population is defined as those aged 15-64. Southeast Asia includes Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. (Bottom right) Ministry of Finance India. Shows capital spending by fiscal year. The fiscal year in India runs from April to March. **Forecast is by the Ministry of Finance for FY 2023 and FY 2024. Guide to the Markets – U.S. Data are as of March 31, 2024.

International Stocks – US ADRs

- Issued by an American bank or broker
 - Represents one or more shares of the foreign stock held by the bank/broker in the foreign country exchange in the local currency.
 - Listed on US exchange or traded OTC.
 - Financial statements in English conforming to US GAAP as regulated by SEC
 - Some may have periodic “pass-through” fees.
 - Not subject to non-US transaction taxes.
 - Gains and dividends – subject to foreign tax withholdings and US taxes.
- Three types of ADRs
 - Level 1 – Lowest level ... Only traded OTC
 - Minimal SEC reporting requirements
 - Level 2 – Can be listed on US exchanges
 - Companies file annual reports (20-F) .. per US GAAP ... regulated by SEC
 - Level 3 – Listed on US exchanges & can raise capital in the US
 - Stricter SEC reporting rules similar to US companies
- Do not eliminate international investing risks
 - Currency, Political and inflation etc.

International Funds .. Many flavors

□ Currency Hedged or Unhedged

- Fixed income or Equity

I have not researched these ETFs
This is not investment advice

□ Global funds .. Diversified across all global countries – VT

- International excluding US. – VXUS, VSS (Small Cap), VSGX (ESG Lg. CAP), FNDF (Lg. Val)
- Dilute country specific risks
- Do not represent full exposure to international markets.

□ Regional funds .. Diversified across multiple countries

- Some dilution of country specific risks within the region.
- Ex-US and Canada Developed markets – MSCI EAFE - IEFA, SPDW, DBEF (hedg)
- Emerging markets – MSCI EM – IEMG, ESGE, DVEM (divd.), XSOE (Ex- SOE)

□ Country specific funds

- Typically – W European countries, Japan, China, India, etc.
 - MSCI Index funds
 - Germany = EWG, France = EWF, Netherlands = EWN, Japan = EWJ
 - India = INDY (Nifty 50), SLYG (Small cap), China = CN (all China) CXSE (ex State owned Enterprises)

Investor Profile Survey

1. How long is your investment horizon?

- 23% : 0-5 years, 30% : 5-10, 28% : 10-20, 11% : >20, 11% : Multiple Choices

2. How important is producing income from your portfolio?

- 6% : Not important, 19% : Neither, 40% : Somewhat, 36% Very

3. What is your investment style with equities?

- 51% : Long Buy and Hold, 36% : Few years, 23% : Few months, 4% Traders

4. How important is the discussion on the market in every class?

- 83% : Very important, 13% : Somewhat, 2% : Neither, 2% : Not important

5. Your most important learning focus this class?

- 15% : Bonds, 92% : Equities, 26% : Alternative Investments

6. Do you primarily invest in – Stocks, Equity ETFs?

- 55% : Stocks, 74% : Funds and ETFs

7. Do you primarily invest in – Bonds, Bond Funds & ETFs?

- 15% : Bonds, 91% : Funds and ETFs

Course Content

- New content of current relevance to investor
 - Bonds in the portfolio
 - Market Downturns and Managing Risk
- The basics
 - Market updates
 - Protecting capital and producing income and returns
 - Bucket Investing
 - Investing ideas that are currently relevant

Goal – Learnings from the class have a positive impact on your investing as a retiree.

Last Class?

- Your feedback
 - Feedback survey on Zoom
 - Part 1 – Standard OLLI questions
 - Part 2 – Did we create value for you as an investor?
 - Feedback – send an Email to Ron, Jane or myself
 - Does the format work? – Market update followed by topic.
 - Content ideas (except taxes, annuities)
 - More class interaction?

- Class website will close in 2 weeks.

- Fall 2024 class – will continue using the on-line format

Thanks !!

- Happy Investing !!

- **My EMail**

 - diyinvst@udel.edu

- **Class website**

 - <http://udel.edu/~diyinvst>