

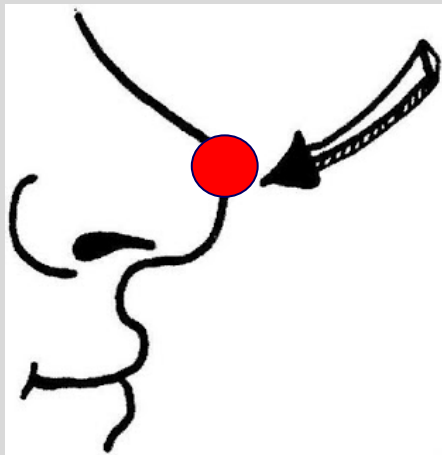
Investing for Successful Retirement

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.

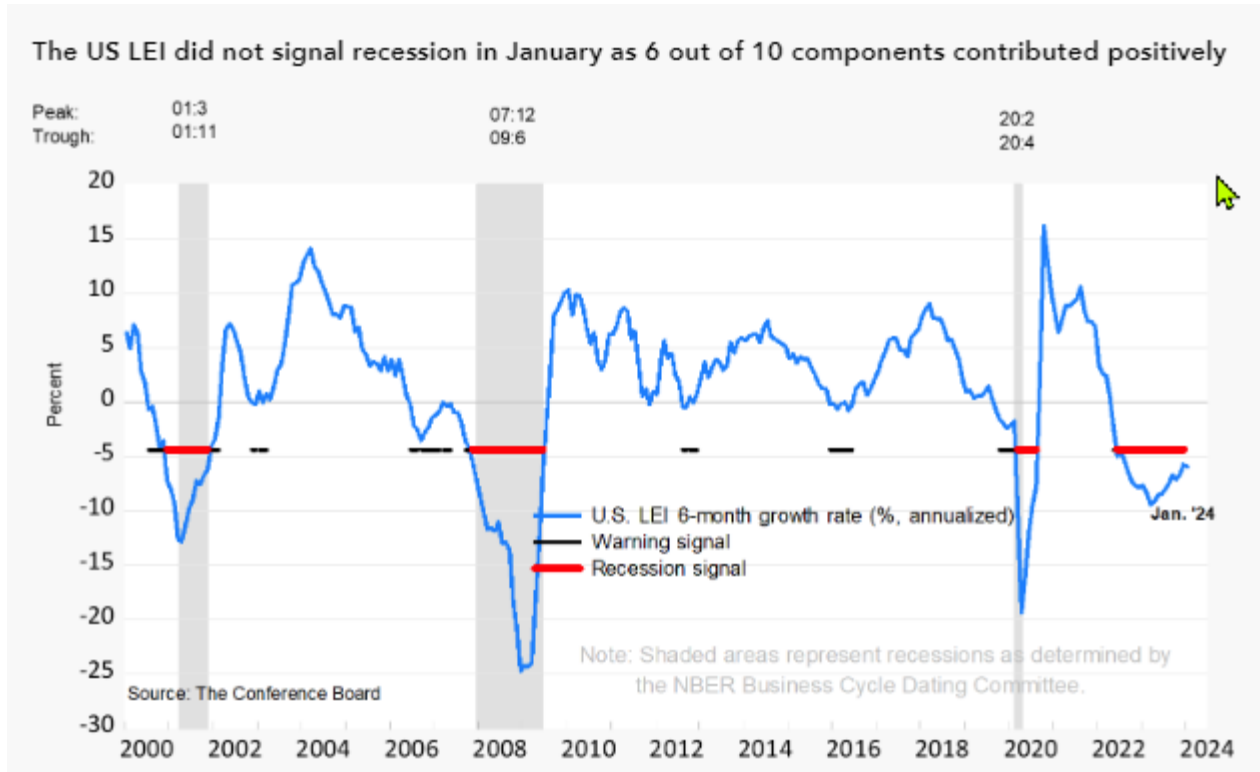
This course is for educational purposes only.

Form your own opinion, make your own investment decisions.

Fourth Class – Feb 28th

- Current Market
- Deep Dive into the Markets
 - JP Morgan Market Insights
 - Video – David Kelly
 - Additional Comments - Rajeev

Conference Board LEI – Feb 20th



- CB LEI fell again in January by 0.4% but 6 out of 10 constituents were positive.
- CB still forecasts a slowdown in 2024
- CB no longer forecasts a recession in 2024.
- GS lowered its forecast for a 2024 recession to 15%

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

\$270.00

https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_02092024.pdf

\$250.00

\$230.00

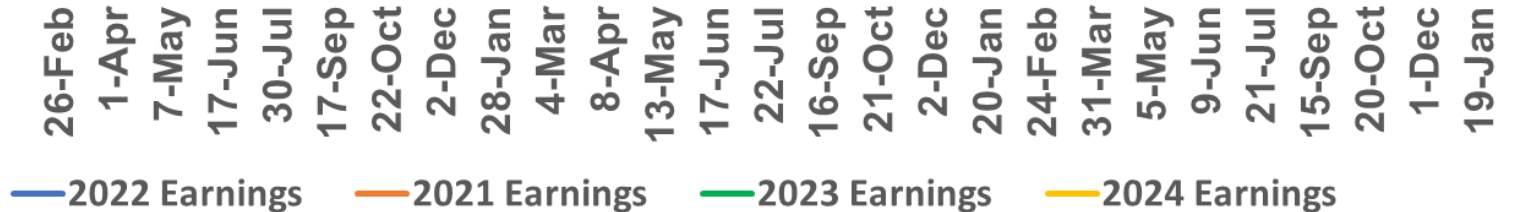
\$210.00

\$190.00

\$170.00

\$150.00

- Factset Earnings Insights – not published on 2/23
- CFRA increased the 2024 EPS forecast by 42 cents to \$240.13
 - Average of last Factset® and CFRA forecast for 2024 is \$241.71
 - Factset® forecast for 2025 EPS is \$275.35
 - Factset® estimate of bottom up 12-month forward SP500 is 5487
 - 5487 is a 7.8% gain from 2/23 close of 5088.80
 - **Current fwd looking P/E is 21.05 based on avg. 2024 EPS**
 - **YE 2024 fwd looking P/E would need to be 19.9 to achieve 5487 at YE 2024 using \$275.35 as 2025 EPS.**



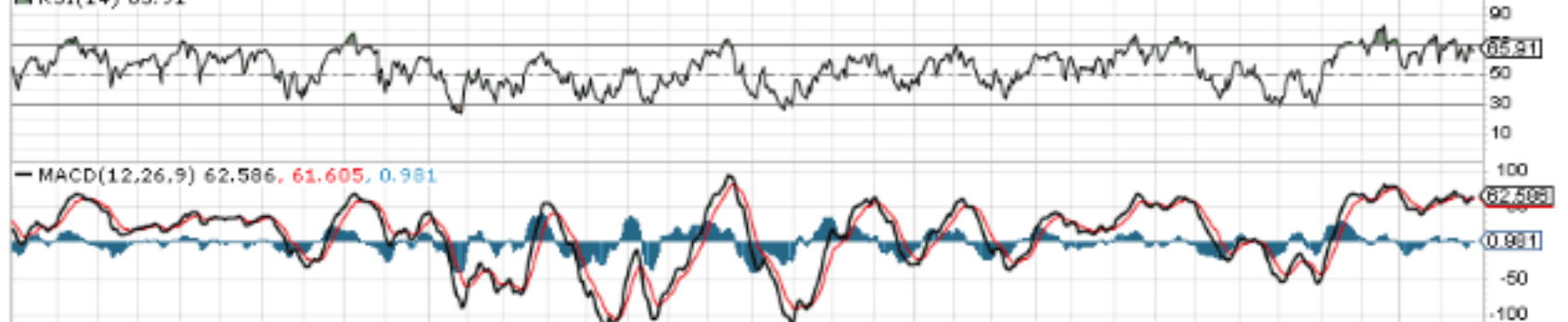
\$SPX S&P 500 Large Cap Index: INDX

© StockCharts.com

27-Feb-2024

Open 5074.60 High 5080.69 Low 5057.29 Close 5078.18 Volume 2.1B Chg +8.65 (+0.17%) ▲

▲ RSI(14) 65.91



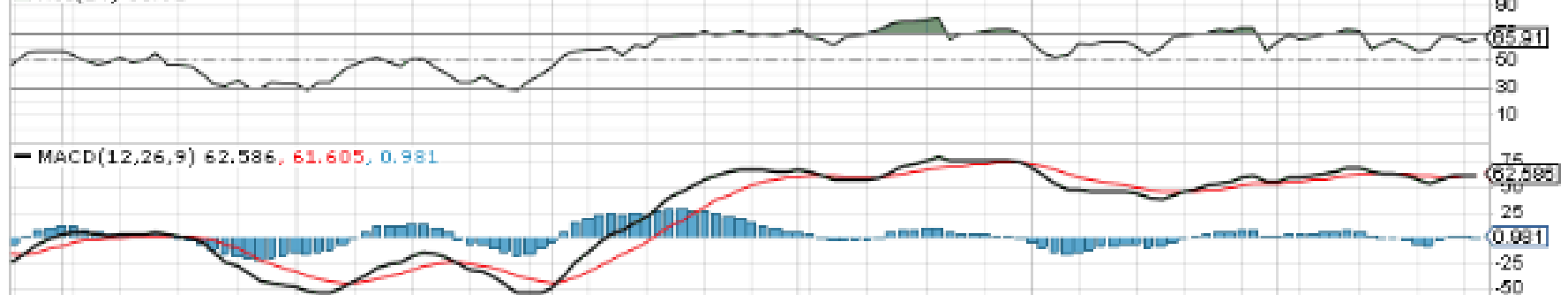
\$SPX S&P 500 Large Cap Index INDXX

27-Feb-2024

Open 5074.60 High 5080.69 Low 5057.29 Close 5078.18 Volume 2.1B Chg +8.65 (+0.17%) ▲

© StockCharts.com

▲ RSI(14) 65.91

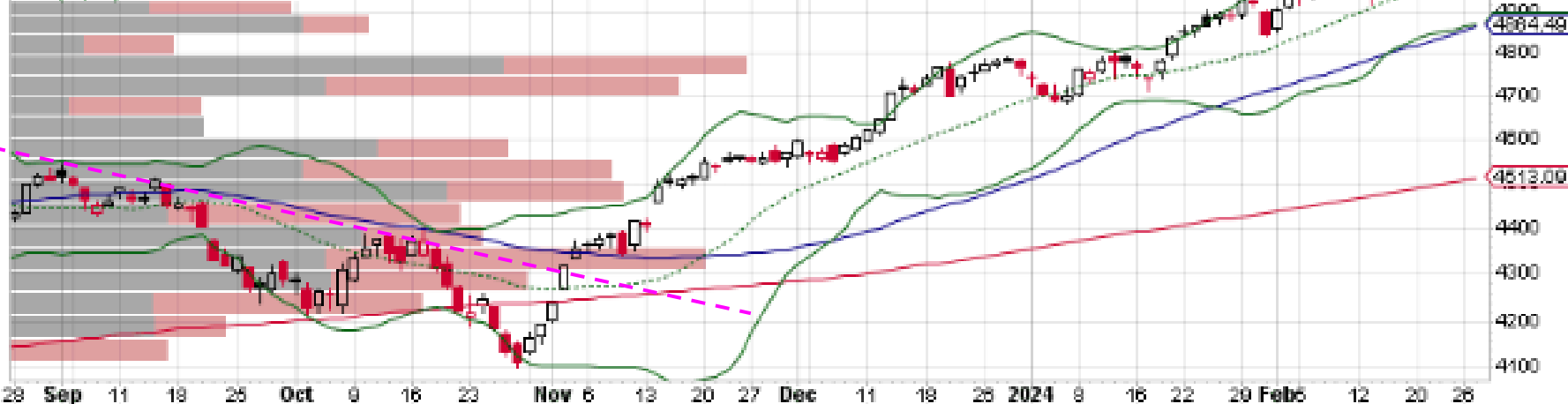


▲ \$SPX (Daily) 5078.18

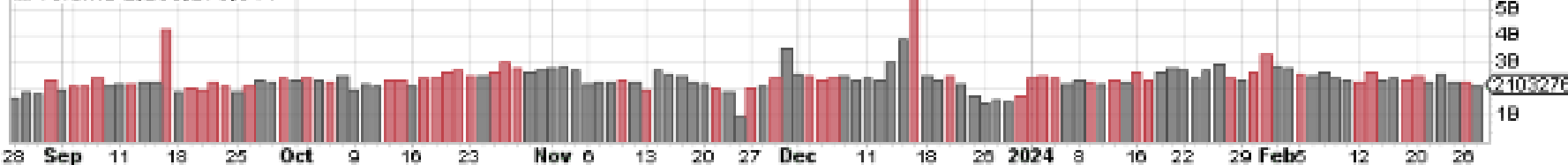
— MA(50) 4864.49

— MA(200) 4513.09

— BB(20,2.0) 4869.09 - 4992.19 - 5115.29



▲ Volume 2,103,276,544



\$NYAD NYSE - Advance-Dcline Issues INDX

27-Feb-2024

© StockCharts.com

— \$NYAD Cumulative 1171.00
— MA(50) -2980.60

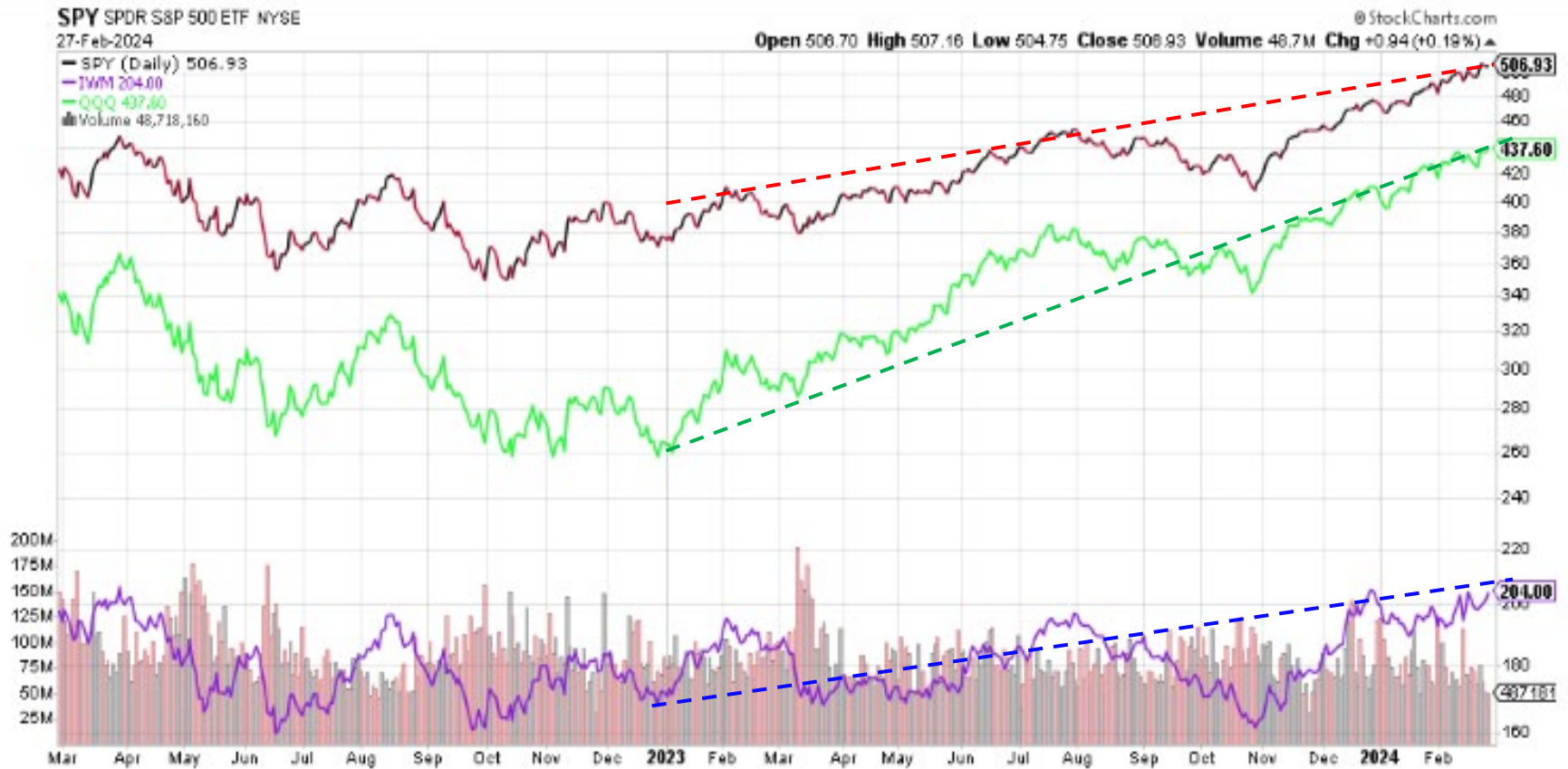
Open 1171.00 High 1171.00 Low 1171.00 Close 1171.00 Chg +382.00 (+48.42%) ▲



— \$SPX 5078.18



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)

	DATE	MARKET PULSE (IBD)	DISTRIBUTION DAYS		S&P 500 TRIPLE SCREEN					NASDAQ TRIPLE SCREEN						
			S&P 500	NASDAQ	9-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	9-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE
MON	02/12/24	CONFIRMED UP (80% -100%)	3	1	P	P	P	5,021	-5	-0.10%	P	P	P	15,942	-48	-0.30%
TUE	02/13/24	CONFIRMED UP (60% -80%) CPI	5	2	P	0	P	4,953	-68	-1.35%	P	P	P	15,655	-287	-1.80%
WED	02/14/24	CONFIRMED UP (60% -80%)	5	2	P	0	P	5,000	47	0.95%	P	P	P	15,859	204	1.30%
THUR	02/15/24	CONFIRMED UP (60% -80%)	5	2	P	0	P	5,029	29	0.58%	P	P	P	15,906	47	0.30%
FRI	02/16/24	CONFIRMED UP (60% -80%) PPI	5	2	P	0	P	5,005	-24	-0.48%	P	F	P	15,775	-131	-0.82%
SAT	02/17/24	FOR THE WEEK							-21	-0.42%					-215	-1.34%
SUN	02/18/24	YTD							236	4.95%					764	5.09%
MON	02/19/24	PRESIDENTS DAY (NOT FOR A.H. 45)			P	0	P	5,005	0	0.00%	P	F	P	15,775	0	0.00%
TUE	02/20/24	CONFIRMED UP (60% -80%)	6	3	P	F	P	4,975	-30	-0.60%	P	F	P	15,630	-145	-0.92%
WED	02/21/24	CONFIRMED UP (60% -80%)	6	3	P	F	P	4,981	6	0.12%	P	F	P	15,580	-50	-0.32%
THUR	02/22/24	CONFIRMED UP (60% -80%)	4	3	P	0	P	5,087	106	2.13%	P	F	P	16,041	461	2.96%
FRI	02/23/24	CONFIRMED UP (60% -80%)	4	3	P	P	P	5,088	1	0.02%	P	F	P	15,996	-45	-0.28%
SAT	02/24/24	FOR THE WEEK							83	1.66%					221	1.40%
SUN	02/25/24	YTD							319	6.69%					985	6.56%
MON	02/26/24	CONFIRMED UP (60% -80%)	5	3	P	0	P	5,069	-19	-0.37%	P	F	P	15,976	-20	-0.13%
TUE	02/27/24	CONFIRMED UP (60% -80%)	5	3	P	0	P	5,078	9	0.18%	P	F	P	16,035	59	0.37%

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

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM
27-Feb-2024

@ StockCharts.com

Open 93.24 High 93.47 Low 92.85 Close 92.93 Volume 30.2M Chg -0.66 (-0.71%)

TLT (Daily) 92.93
Volume 30,215,918



US Dollar - weekly



A rise in the dollar
negative for Big tech
Positive for commodities

Fourth Class – Feb 28th

- Current Market
- Deep Dive into the Markets
 - JP Morgan Market Insights
 - Video – David Kelly
 - Additional Comments - Rajeev

JP Morgan Guide to the markets

□ Quarterly Guide

- 71 pages, large team led by David Kelly
- Data is updated monthly during the quarter
- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/>

□ Commentary by David Kelly

- Summary of the most relevant 11 slides by David Kelly as of December 31, 2023. Not updated monthly during the quarter
- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/economic-and-market-update/>

□ Weekly Market recap by David Kelly

- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/weekly-market-recap/>

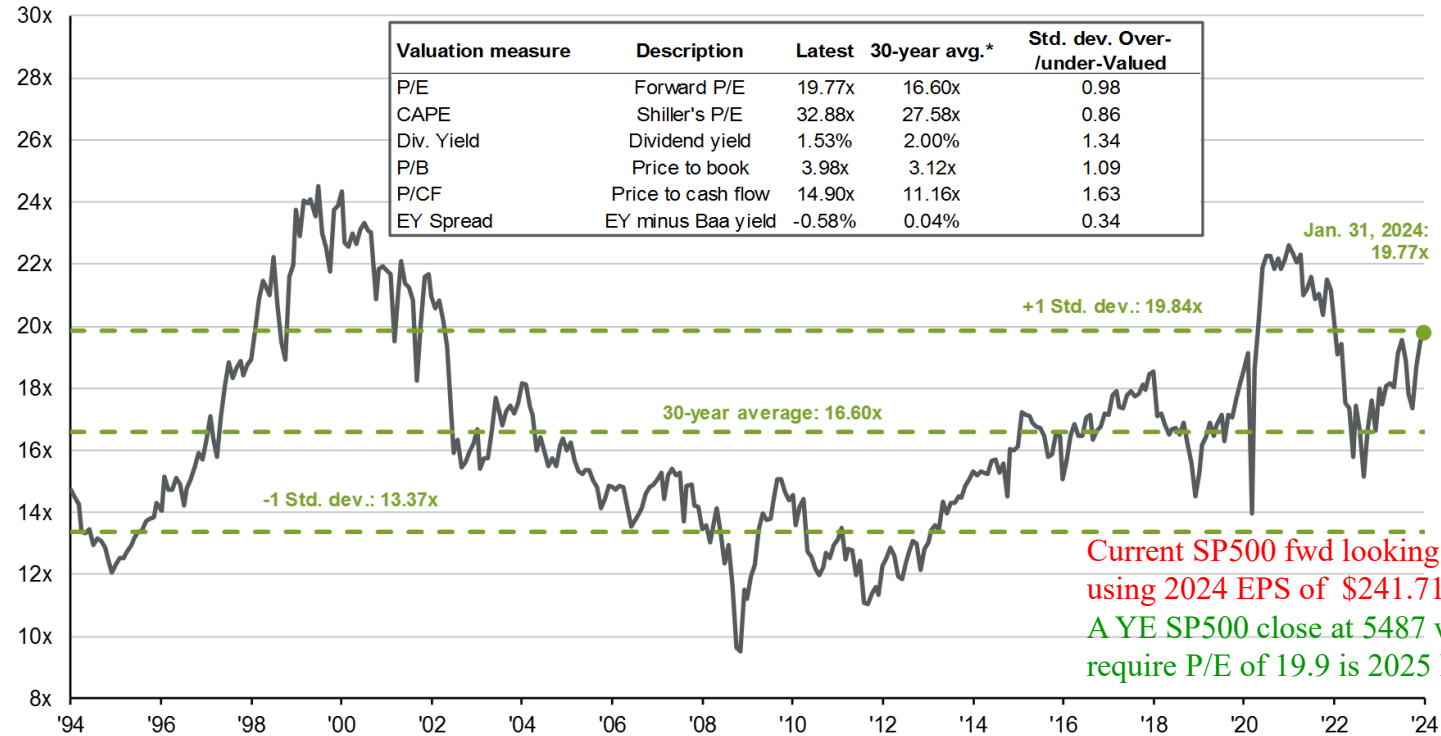


S&P 500 valuation measures

GTM U.S. 5

Equities

S&P 500 Index: Forward P/E ratio



Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
 Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since January 1999 and by FactSet since January 2022. Current next 12-months consensus earnings estimates are \$245. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.
 Guide to the Markets – U.S. Data are as of January 31, 2024.

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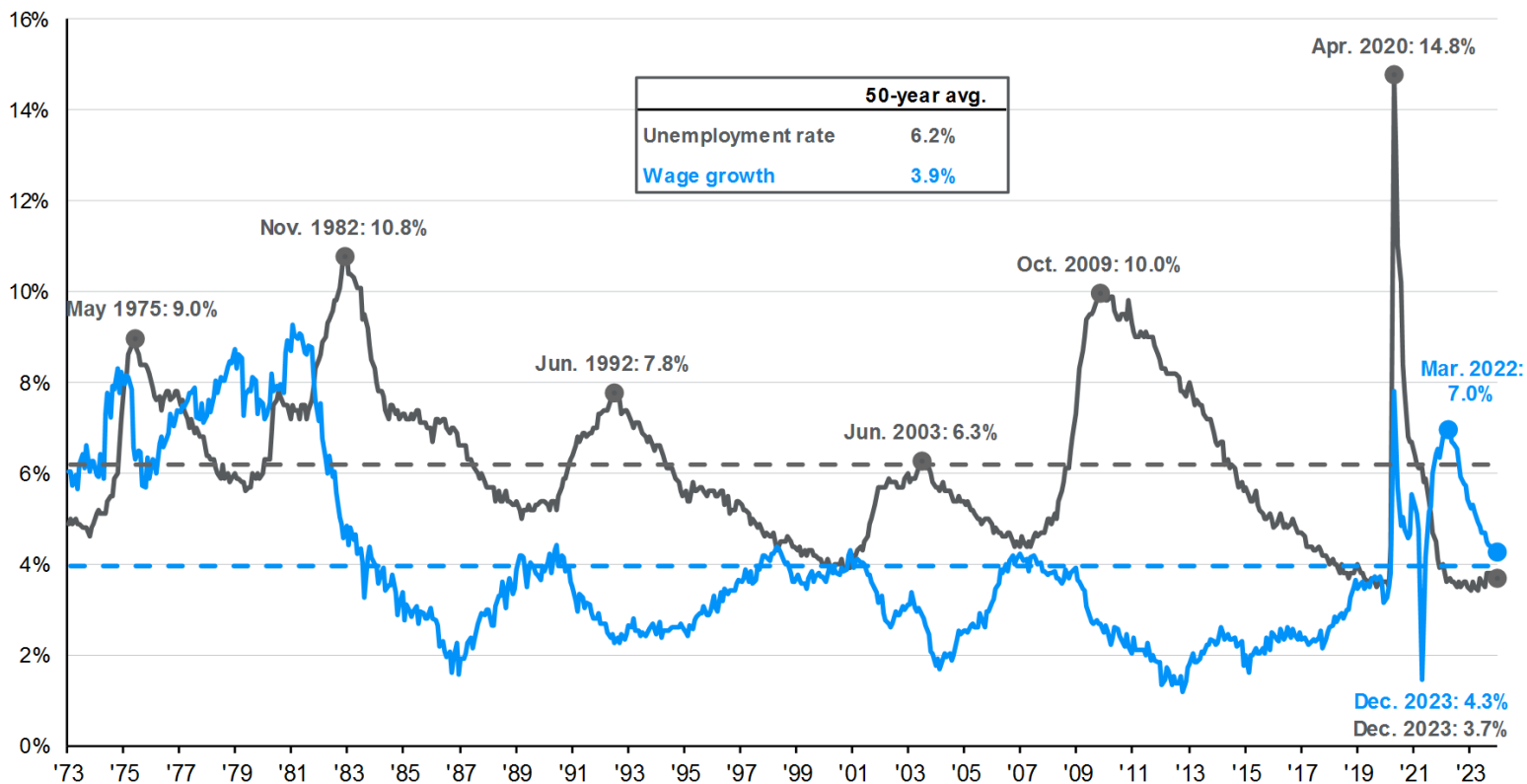


Unemployment and wages

Economy

Civilian unemployment rate and year-over-year wage growth

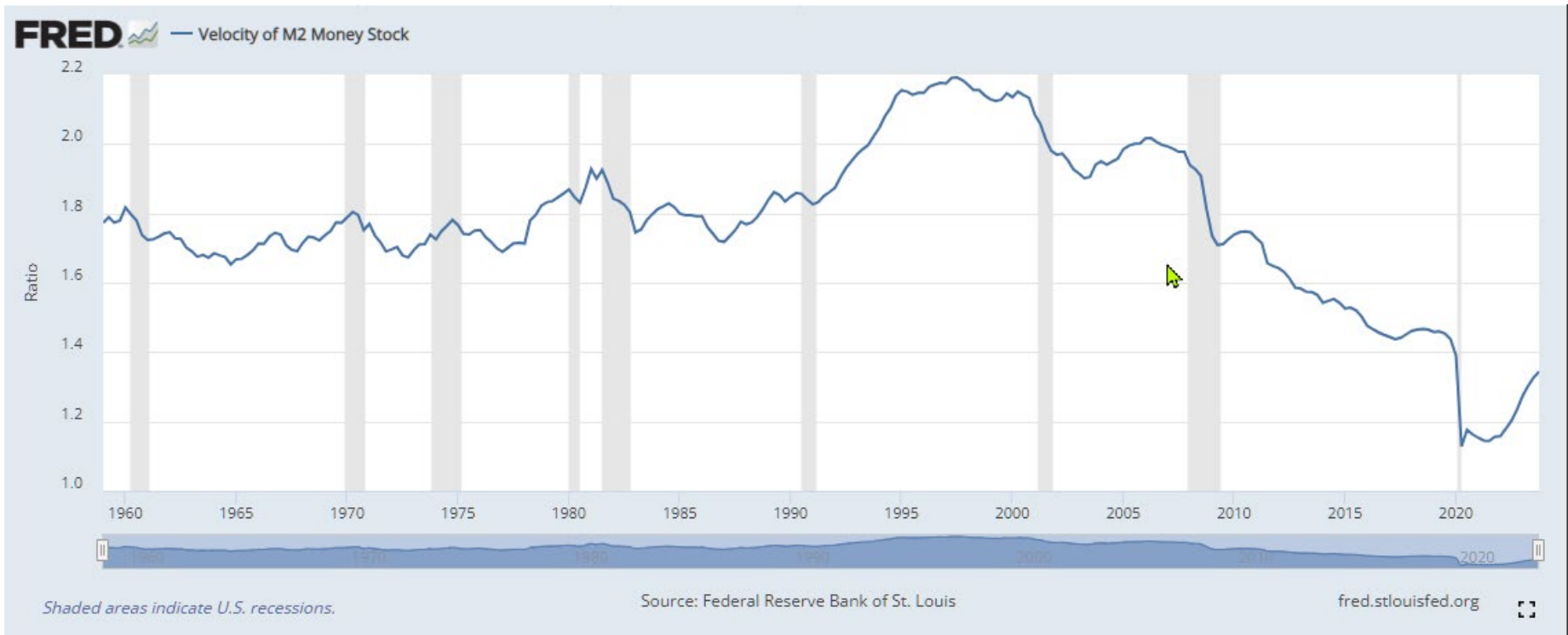
Private production and non-supervisory workers, seasonally adjusted, percent



Source: BLS, FactSet, J.P. Morgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs.

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

Income demographics drive M2V



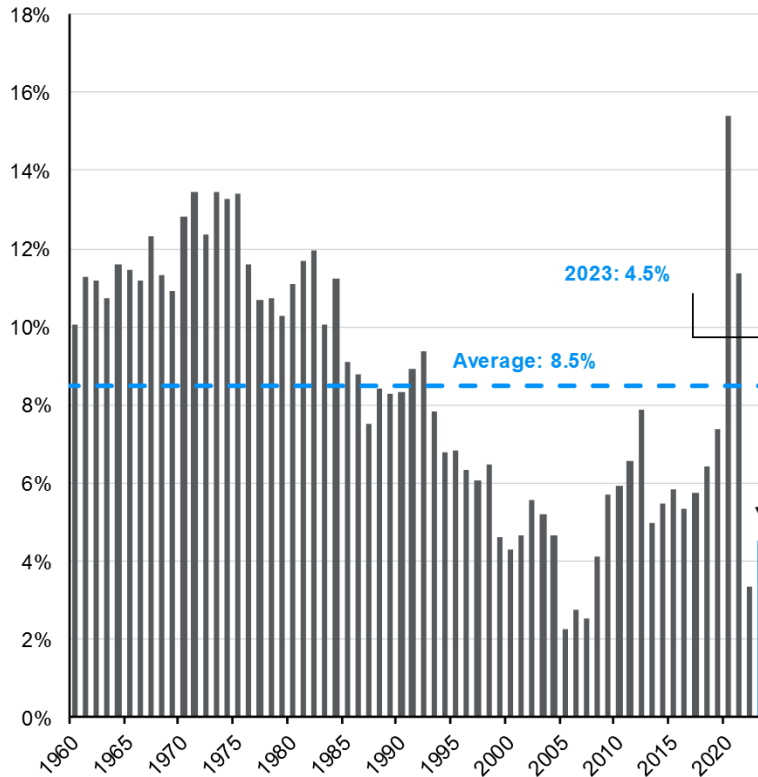


Consumer saving and borrowing

Economy

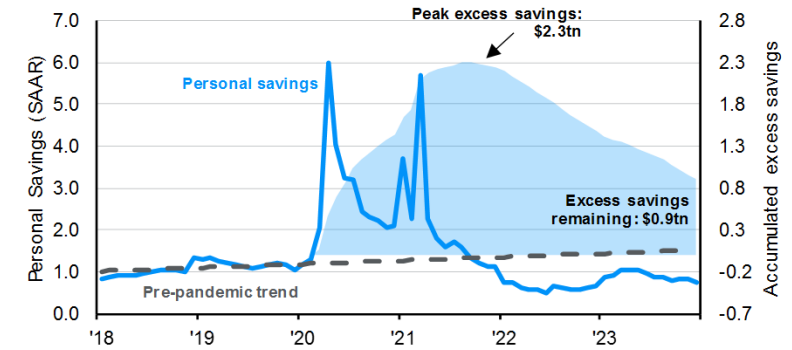
Personal saving rate

Personal savings as a % of disposable personal income, annual



Household excess savings

Trillions of USD



Revolving consumer credit outstanding

% of disposable income, SAAR



Source: BEA, Federal Reserve, J.P. Morgan Asset Management. From March 2020 to August 2021, consumers amassed a peak \$2.3 trillion in excess savings relative to the pre-pandemic trend. Since August 2021, consumers have drawn down on those excess savings, with the remaining reflected in the chart annotation.

Guide to the Markets - U.S. Data are as of January 31, 2024.

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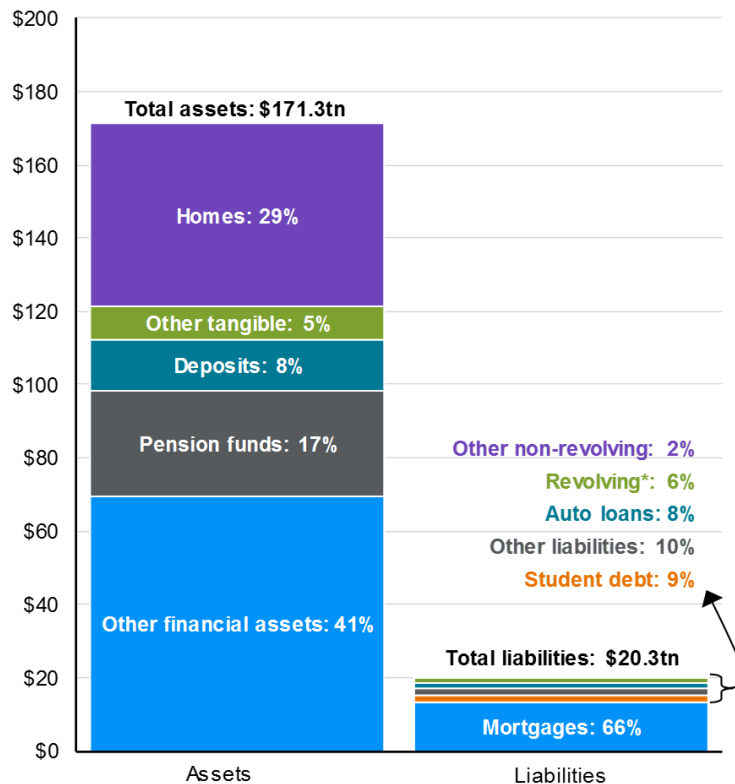


Consumer finances

Economy

Consumer balance sheet

3Q23, USD trillions, not seasonally adjusted



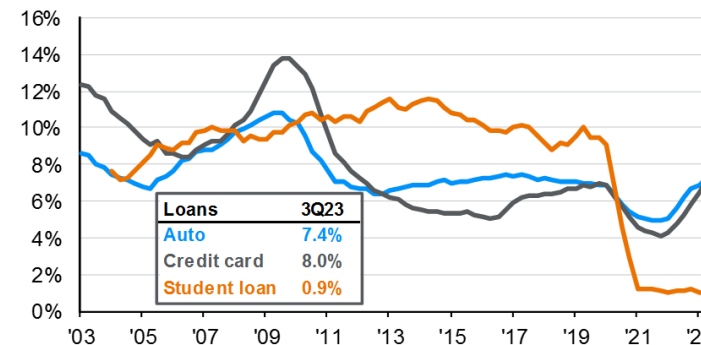
Household debt service ratio

Debt payments as % of disposable personal income, SA



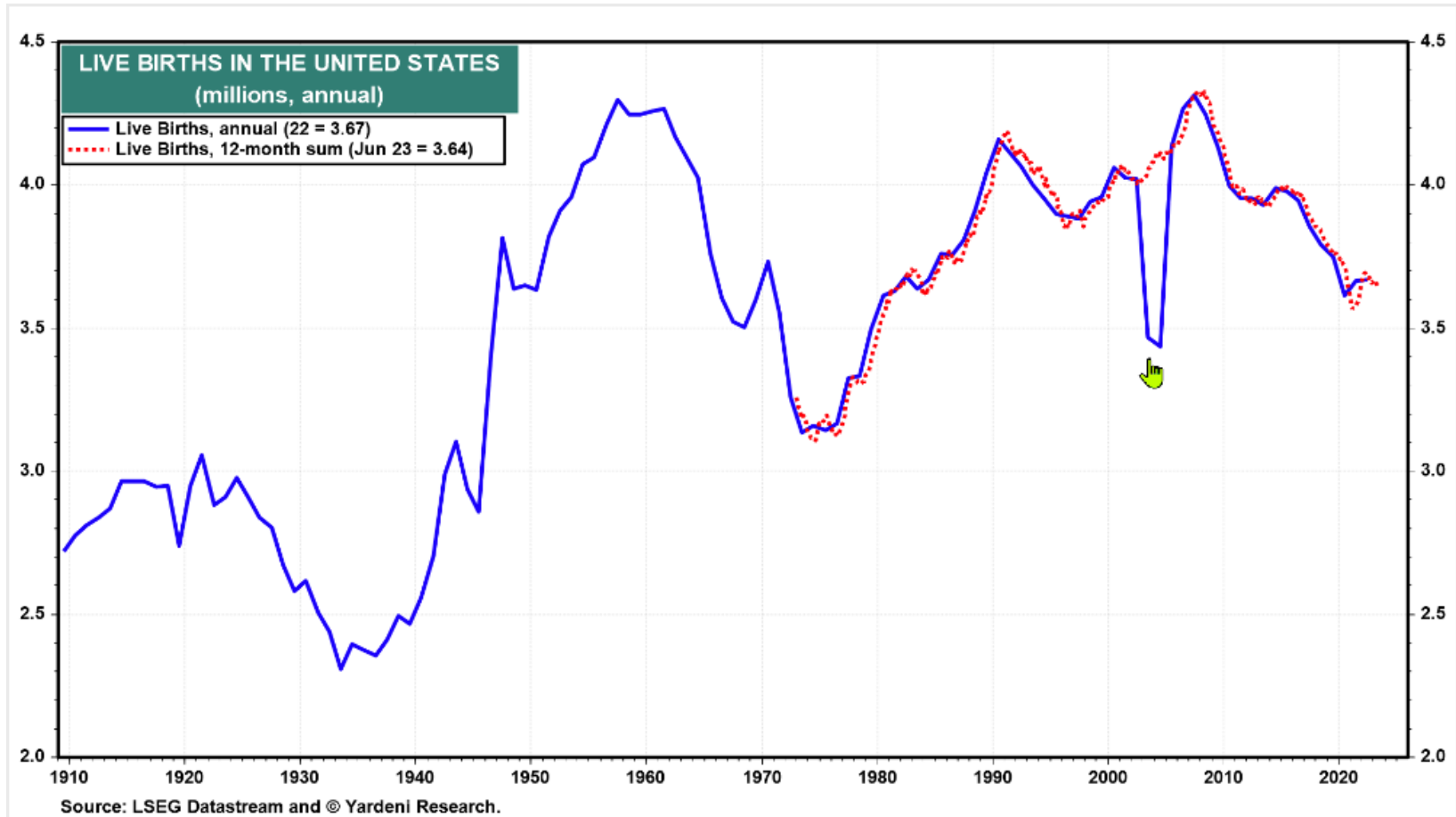
Flows into early delinquencies

% of balance delinquent 30+ days



Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA. Data include households and nonprofit organizations. SA – seasonally adjusted. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **4Q23 figures for debt service ratio are J.P. Morgan Asset Management estimates. Guide to the Markets – U.S. Data are as of January 31, 2024.

US Demographics



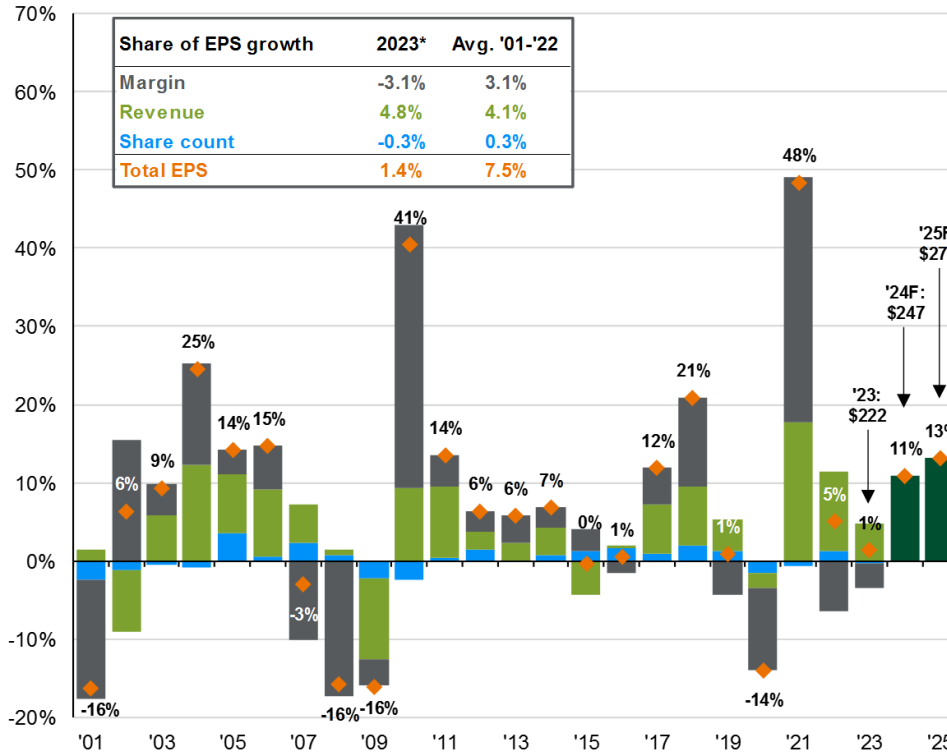


Sources of earnings growth and profit margins

Equities

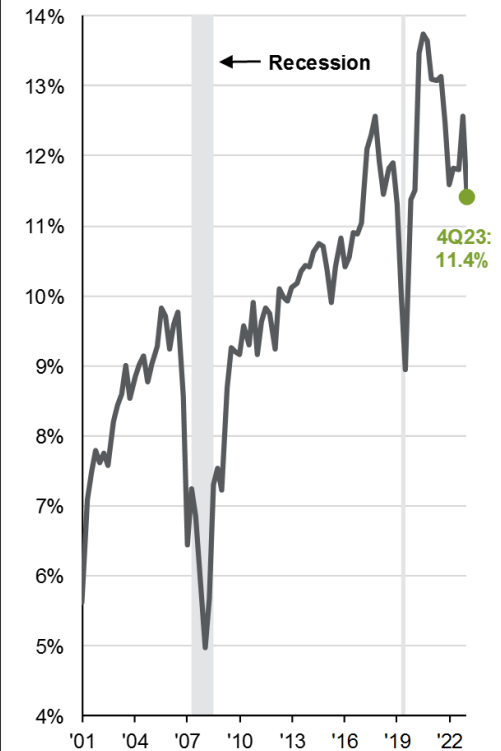
S&P 500 year-over-year pro-forma EPS growth

Annual growth broken into changes in revenue, profit margin and share count



S&P 500 profit margins

Quarterly earnings/sales



Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.
 Historical EPS levels are based on annual pro-forma earnings per share. 2023 EPS growth is based on actual results and consensus analyst expectations for 4Q23. 2024 and 2025 EPS growth are based on consensus analyst estimates for each calendar year. Past performance is not indicative of future returns.
Guide to the Markets - U.S. Data are as of January 31, 2024.

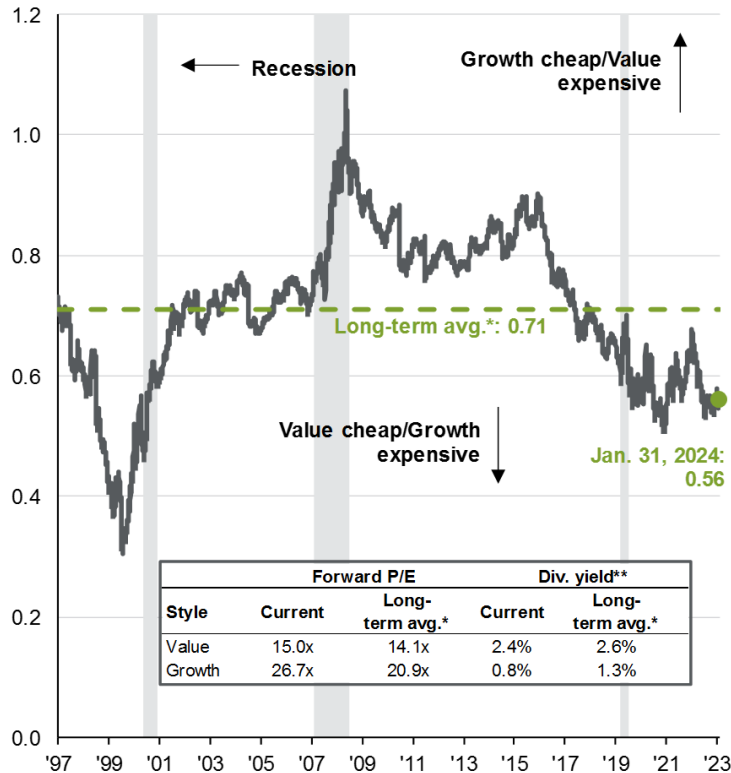


Value vs. Growth: Valuations and interest rates

Equities

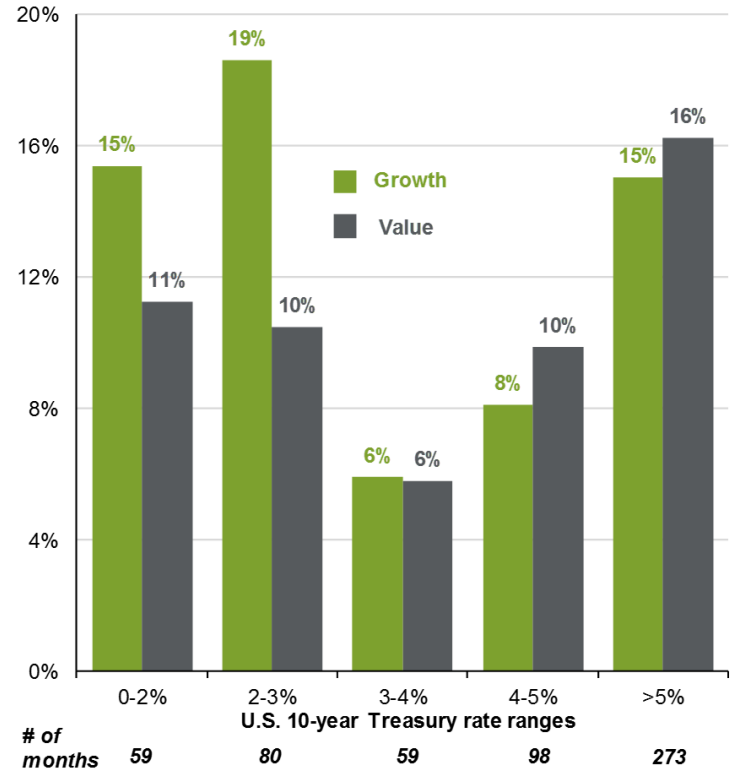
Value vs. Growth relative valuations

Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present



Value vs. Growth in different interest rate environments

Annualized total return by 10-year Treasury rate ranges, 1979 - present



Source: FactSet, FTSE Russell, NBER, J.P. Morgan Asset Management.

Growth is represented by the Russell 1000 Growth Index and Value is represented by the Russell 1000 Value Index. (Left) *Long-term averages are calculated monthly since December 1997. **Dividend yield is calculated as the next 12-month consensus dividend divided by most recent price. (Right) Returns are calculated by annualizing the average monthly performance during each interest rate range. Guide to the Markets - U.S. Data are as of January 31, 2024.

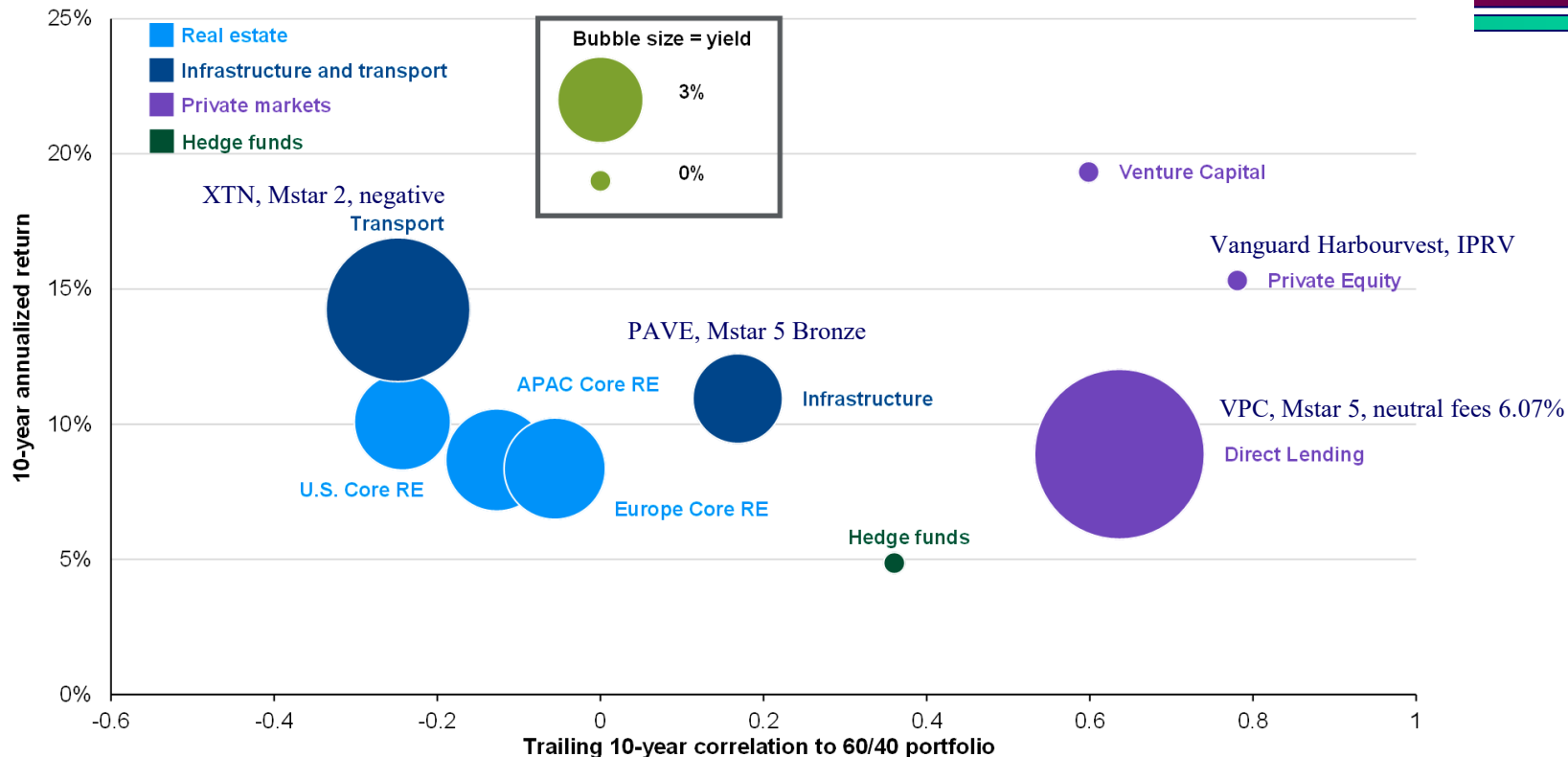
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Alternative asset correlations, returns and yields

Correlations, returns and yields

10-year correlations and 10-year annualized total returns, quarterly, 2013 - 2022



Source: Burgiss, Cliffwater, Gilberto-Levy, HFRI, MSCI, NCREIF, FactSet, J.P. Morgan Asset Management. Correlations are based on quarterly returns over the past 10 years through 2022. A 60/40 portfolio is comprised of 60% stocks and 40% bonds. Stocks are represented by the S&P 500 Total Return Index. Bonds are represented by the Bloomberg U.S. Aggregate Total Return Index. 10-year annualized returns are calculated from 2013 – 2022. Indices and data used for alternative asset class returns and yields are as described on pages 8,9, and 11 of the *Guide to Alternatives*. Yields are based on latest available data as described on page 8 of the *Guide to Alternatives*. This slide comes from our [Guide to Alternatives](#). *Guide to the Markets* – U.S. Data are as of January 31, 2024.



Asset class returns

GTM U.S. 60

2009-2023		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Ann.	Vol.	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap
14.0%	21.9%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	1.7%
Small Cap	REITs	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	DM Equity
11.3%	21.2%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	0.6%
REITs	EM Equity	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	Cash
10.9%	20.3%	32.5%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	0.4%
High Yield	DM Equity	REITs	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	Comdty.
8.6%	18.4%	28.0%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	14.8%	-13.0%	14.1%	0.4%	
Asset Alloc.	Comdty.	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	High Yield
8.1%	16.6%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	-0.2%
DM Equity	Large Cap	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Fixed Income
7.4%	16.1%	26.5%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	-0.3%
EM Equity	High Yield	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Asset Alloc.
6.9%	11.5%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	-0.4%
Fixed Income	Asset Alloc.	Comdty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	Small Cap
2.7%	11.5%	18.9%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	-3.9%
Cash	Fixed Income	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	EM Equity
0.8%	4.5%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	-4.6%
Comdty.	Cash	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Comdty.	REITs
-0.2%	0.7%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	-4.9%

Investing Principles

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
 Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg US Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2009 to 12/31/2023. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.
 Guide to the Markets - U.S. Data are as of January 31, 2024.

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Fifth Class – Feb. 28th

- US Equities Market Review – 20 minutes

- ETFs deep dive – Part 1
 - What is an ETF?
 - How does it work?
 - Performance Criteria for an ETF

Thanks !!

□ Happy Investing !!

□ **My EMail**

□ diyinvst@udel.edu

□ **Class website**

□ <http://udel.edu/~diyinvst>