



Q1 Market Review

April 26, 2024

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Reminders

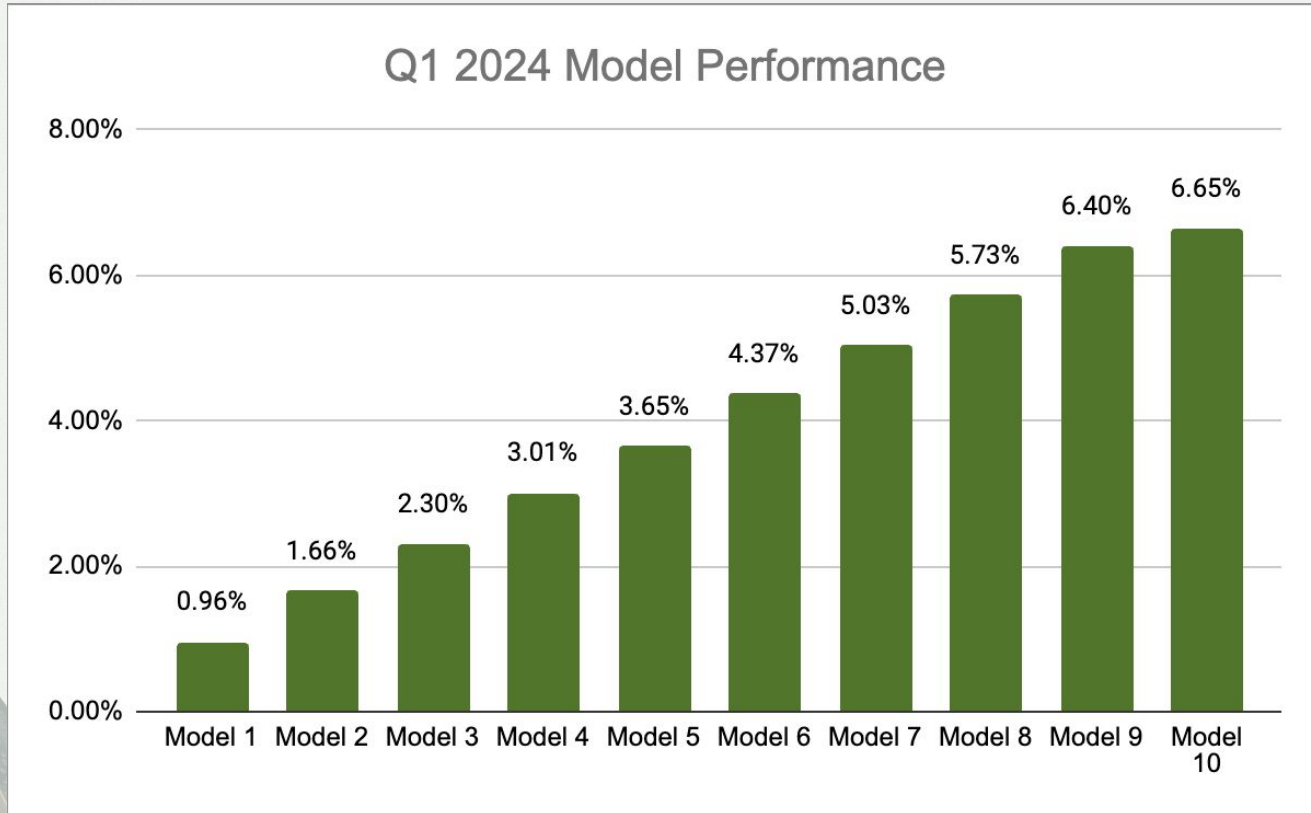
- Q1 Reports on NCM360
 - newcapitalmgmt.com/ncm360
- Overcommitments: TONIGHT Evelyn's Park 6-9p



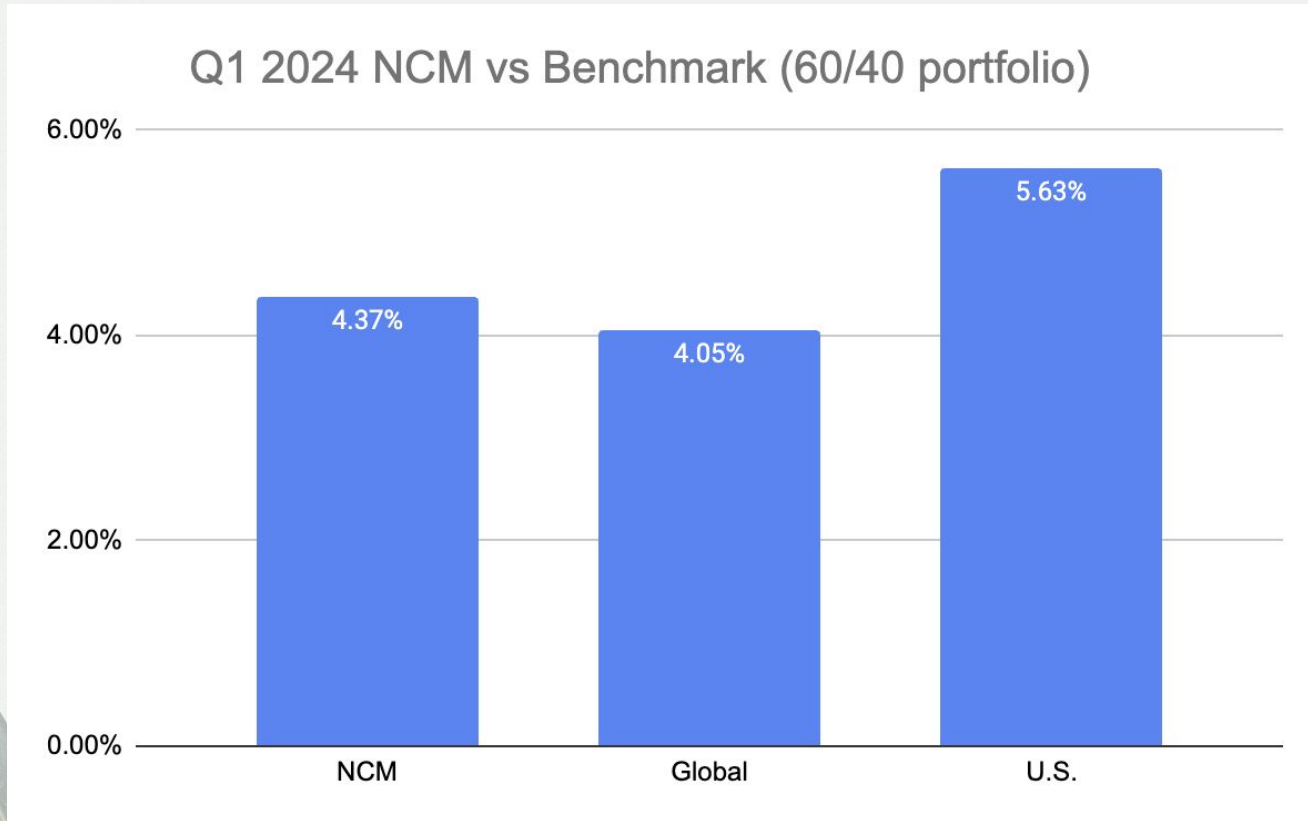


Q1 2024

NCM Model Portfolios



Model Portfolios vs. Benchmarks



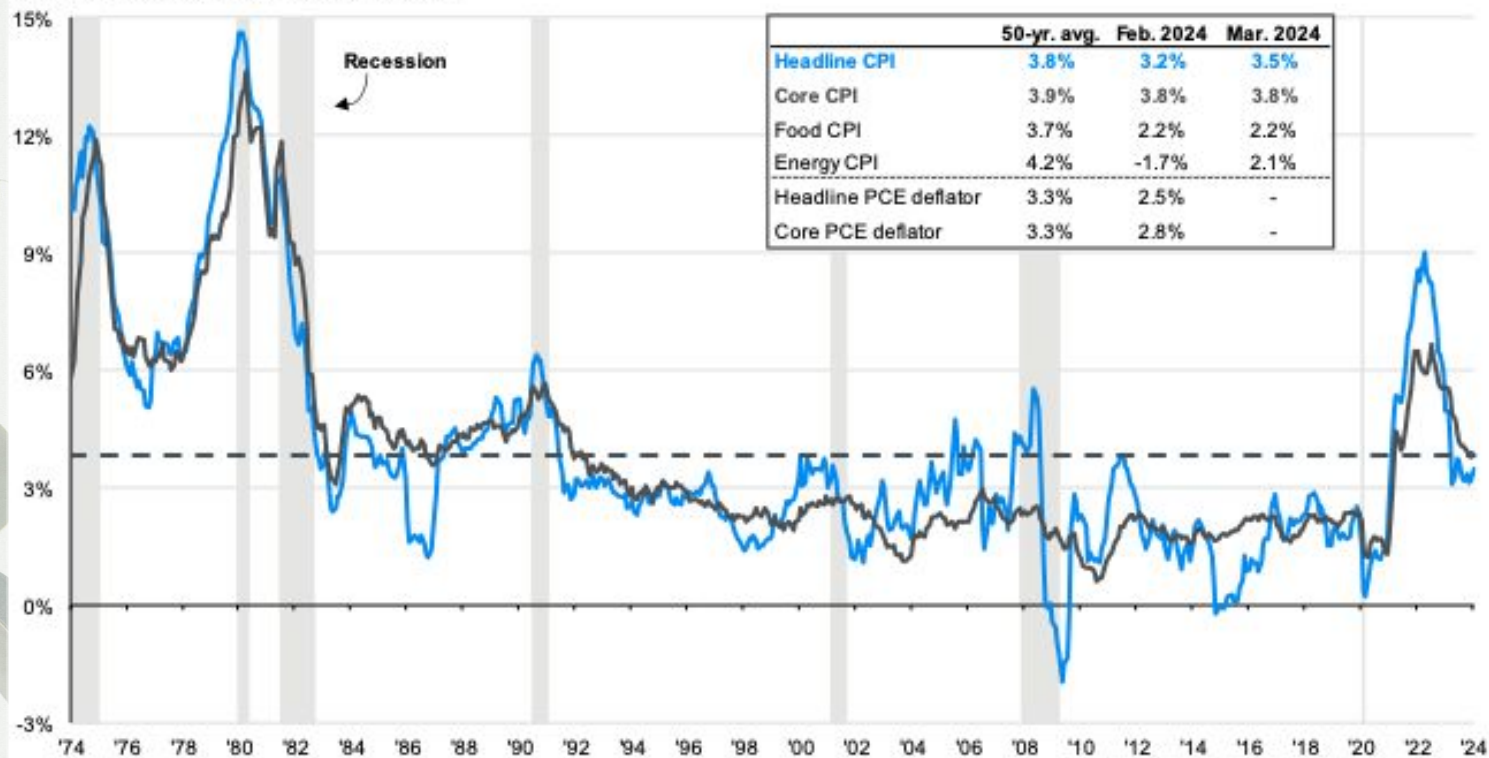


Economy

U.S. Inflation

CPI and core CPI

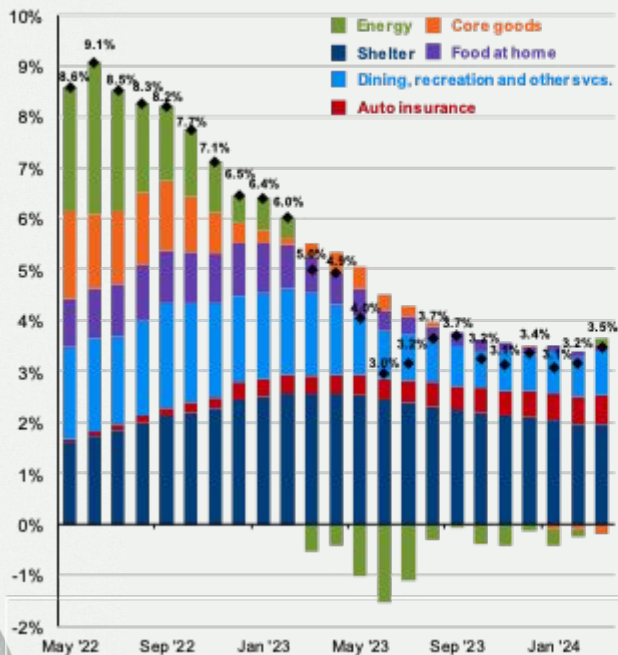
% change vs. prior year, seasonally adjusted



U.S. Inflation Components

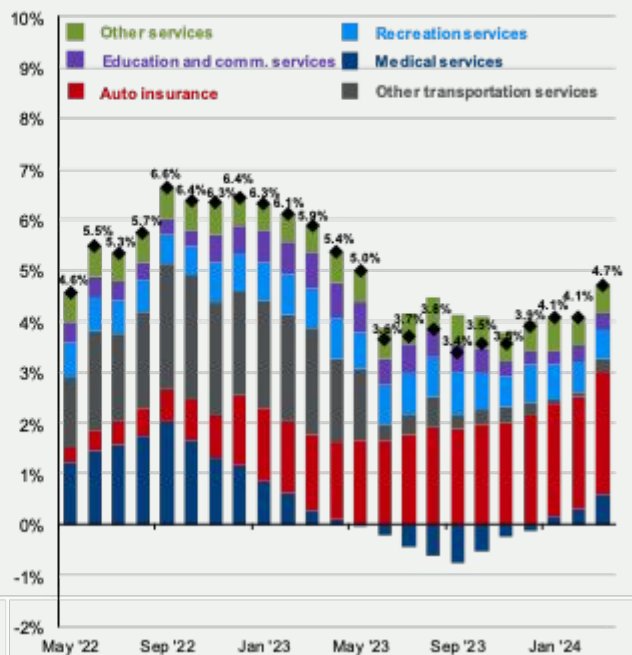
Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



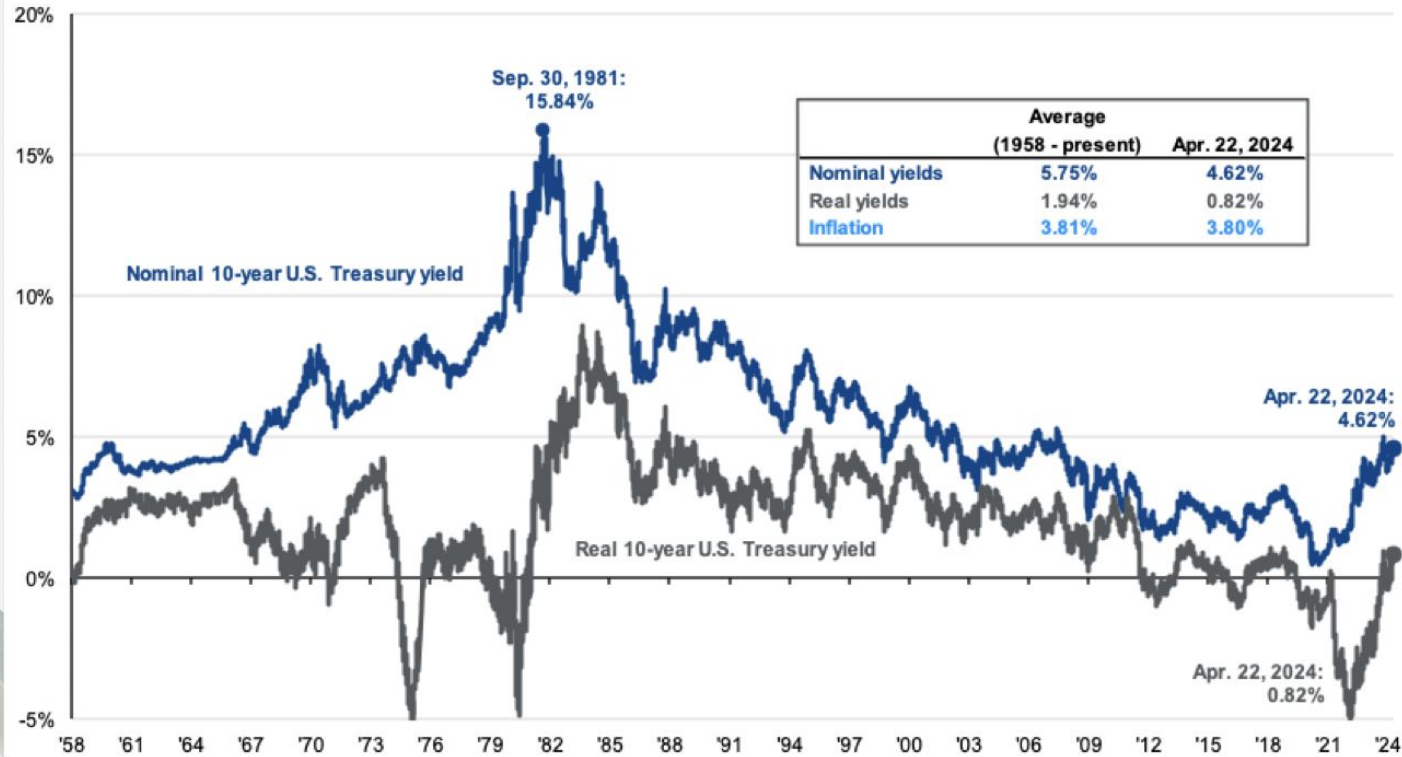
Contributors to core services ex-shelter CPI inflation*

Contribution to y/y % change in custom CPI index, non-seasonally adj.



Longer Term Interest Rates and Inflation

Nominal and real U.S. 10-year Treasury yields



Global Economic Activity

Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly



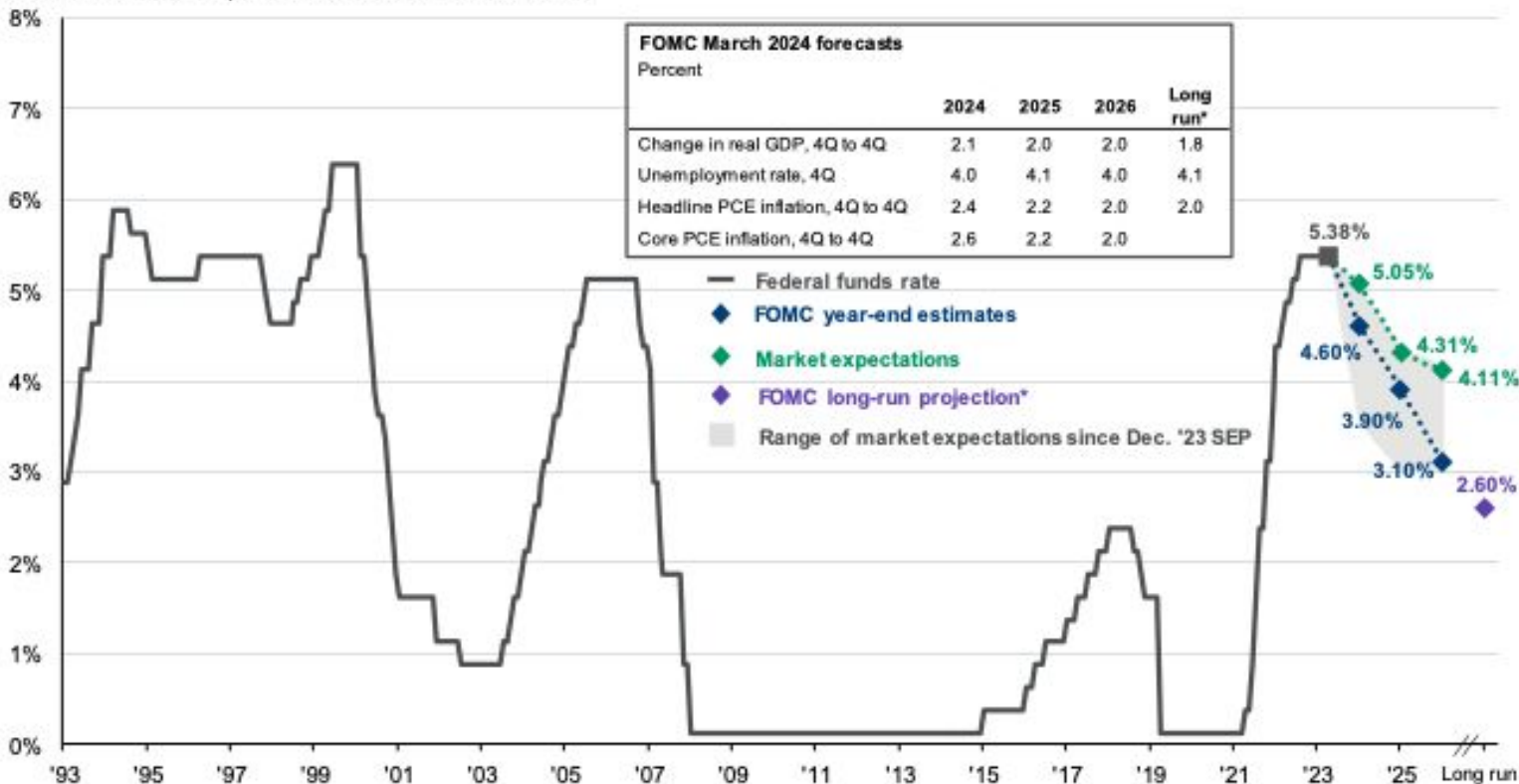


Bonds

The Fed and Interest Rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



EXCLUSIVE

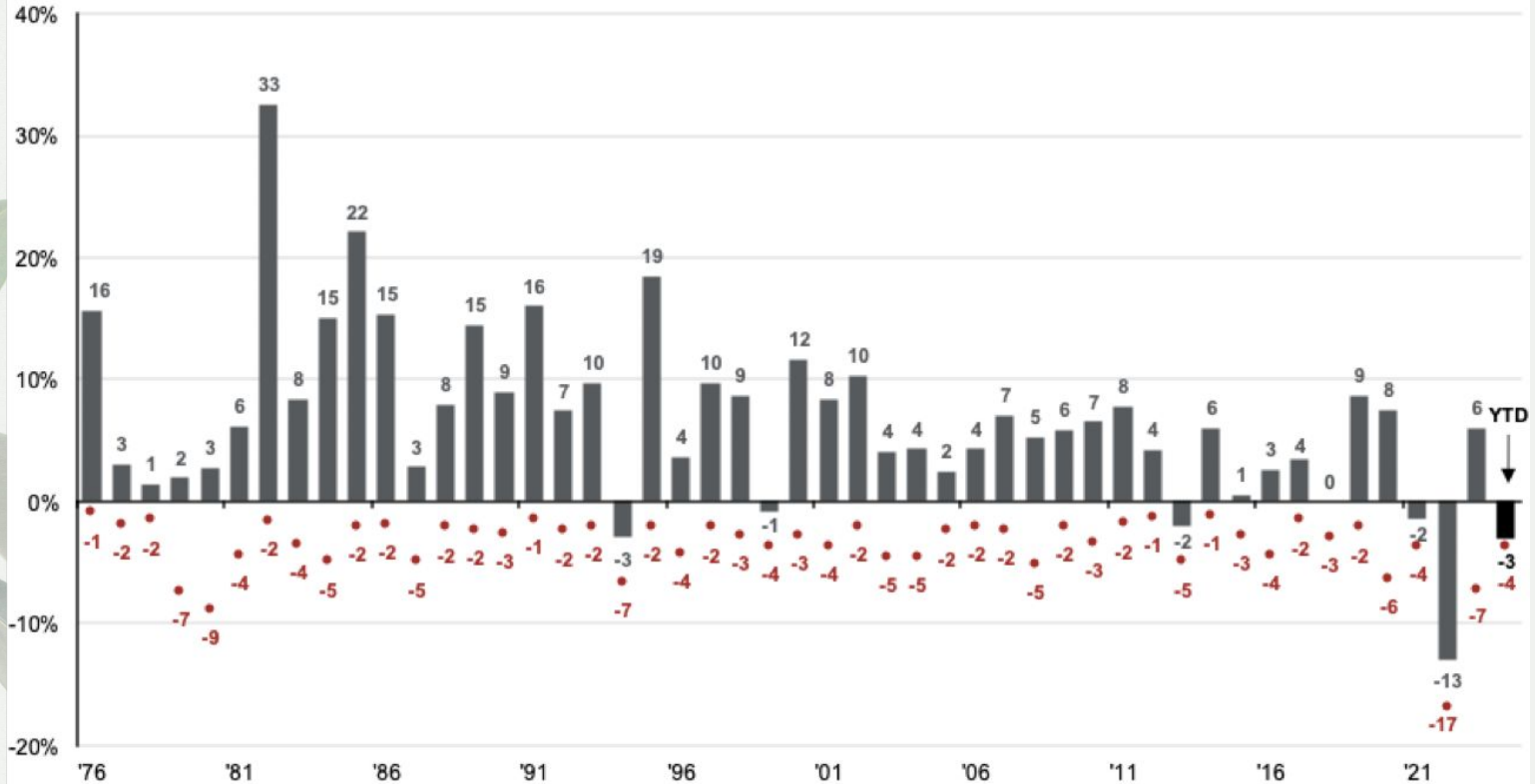
Trump Allies Draw Up Plans to Blunt Fed's Independence

Some Trump advisers argue that the president should be consulted on interest-rate decisions and have the authority to oust the Fed chair.

Bonds: Annual Returns and Intra Year Declines

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.5%, annual returns were positive in 43 of 48 years

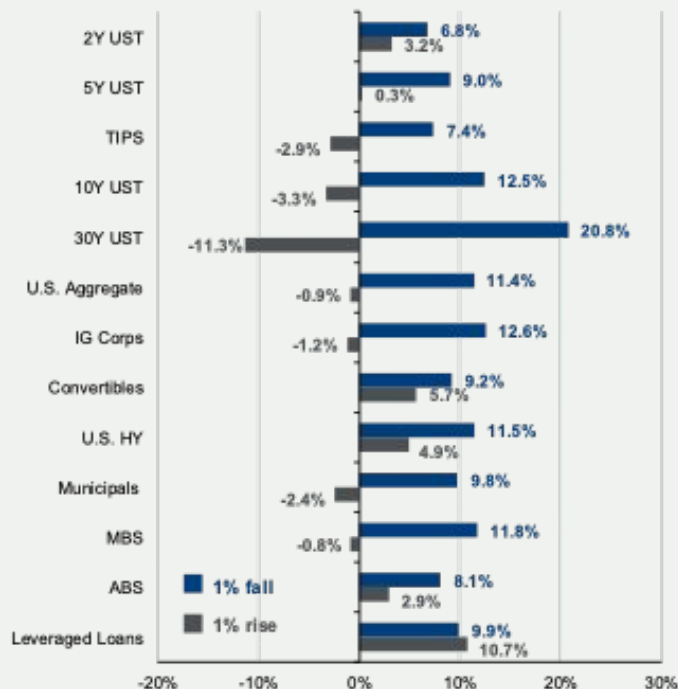


Bond Survey

U.S. Treasuries	Yield		Return			
	4/22/2024	12/31/2023	2024 YTD	Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
2-Year	4.97%	4.23%	-0.14%	2 years	0.75	-0.02
5-Year	4.66%	3.84%	-2.50%	5	0.94	-0.07
TIPS	2.21%	1.72%	-1.61%	7.3	0.71	0.30
10-Year	4.62%	3.88%	-4.69%	10	1.00	-0.13
30-Year	4.72%	4.03%	-9.68%	30	0.93	-0.16
Sector						
U.S. Aggregate	5.25%	4.53%	-3.06%	8.5	0.87	0.24
IG Corps	5.70%	5.06%	-2.83%	10.7	0.60	0.48
Convertibles	7.11%	7.26%	-2.19%	-	-0.10	0.87
U.S. HY	8.19%	7.59%	0.11%	4.8	-0.02	0.76
Municipals	3.70%	3.22%	-1.37%	13.3	0.68	0.27
MBS	5.50%	4.68%	-3.70%	8.0	0.79	0.24
ABS	6.09%	5.65%	1.52%	3.5	0.24	0.22
Leveraged Loans	10.32%	10.59%	2.98%	4.4	-0.28	0.60

Impact of a 1% rise or fall in interest rates

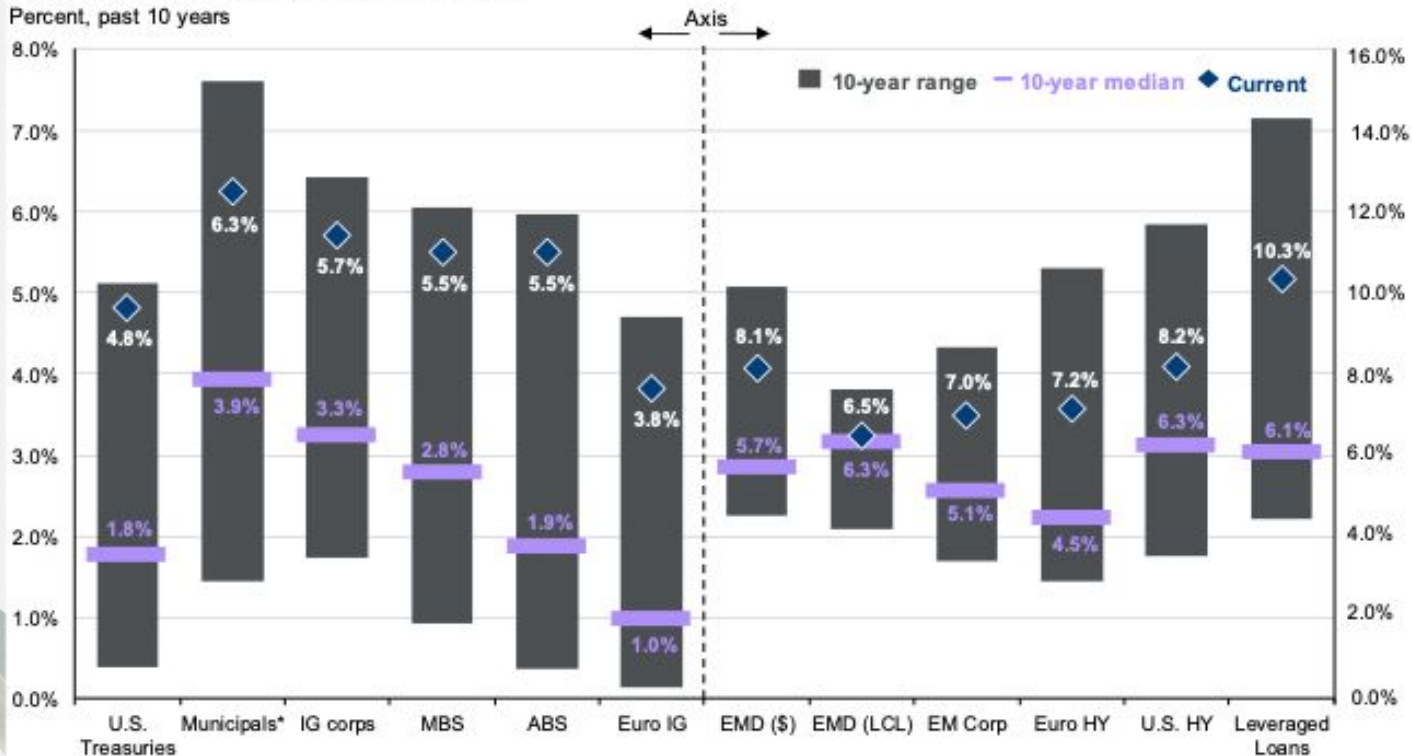
Total return, assumes a parallel shift in the yield curve



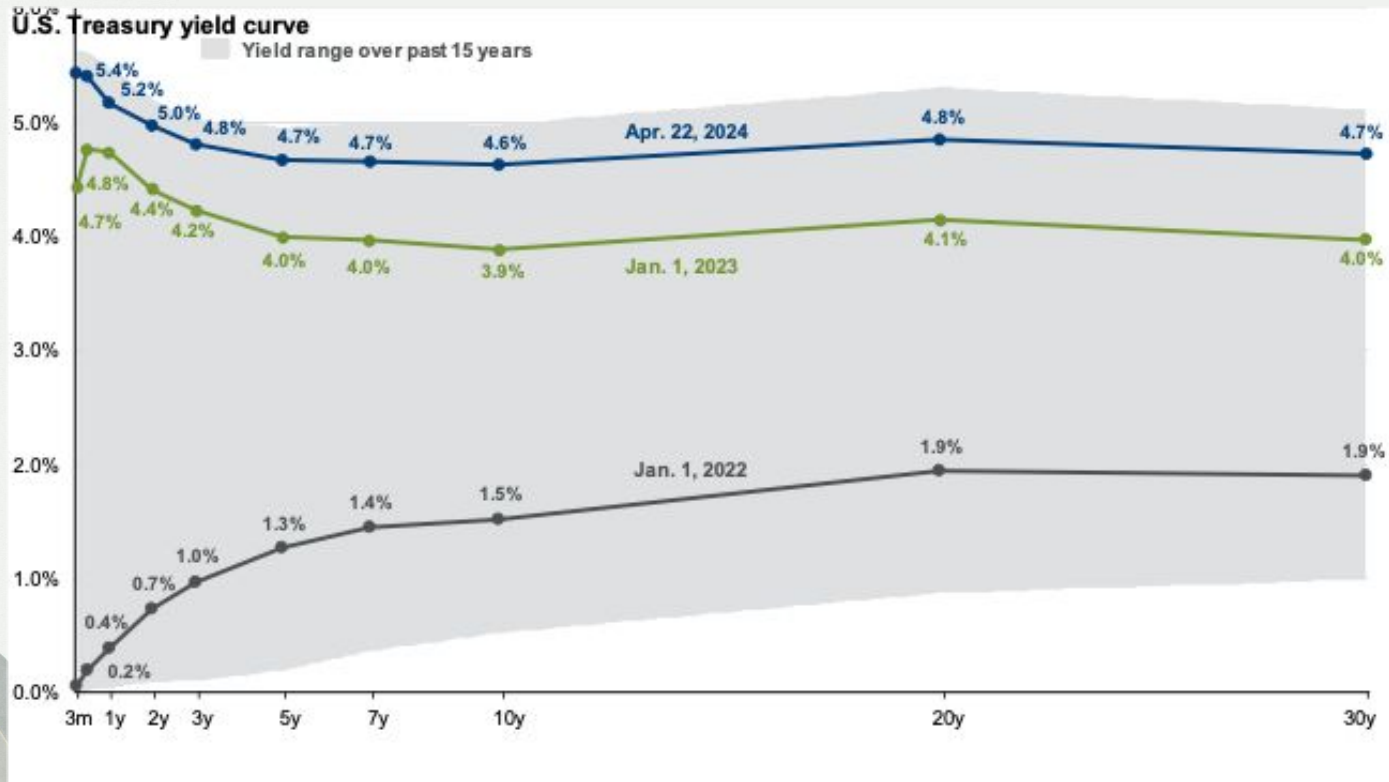
Fixed Income Yields

Yield-to-worst across fixed income sectors

Percent, past 10 years



Treasury Yield Curve



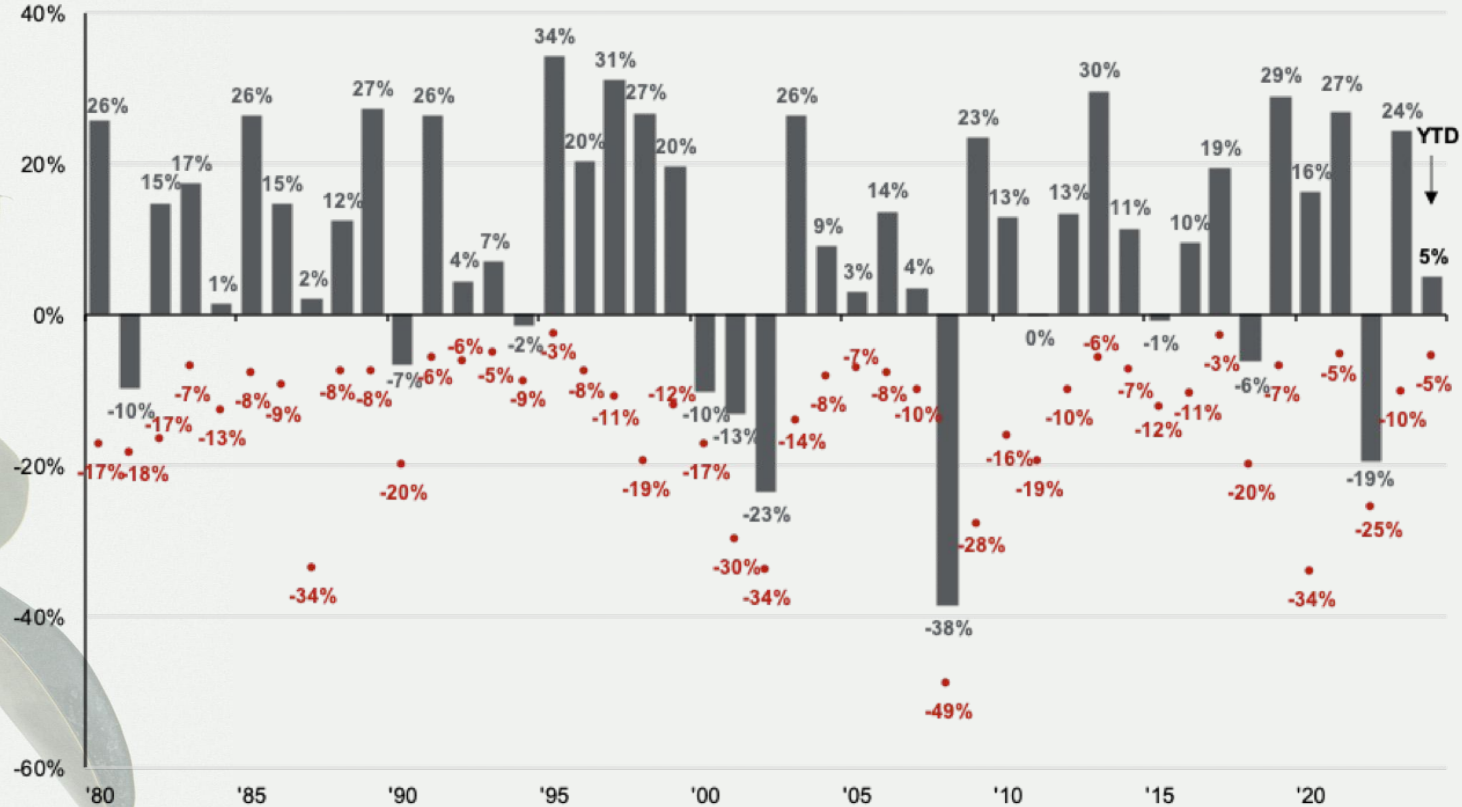


Stocks

Stocks: Annual Returns and Intra Year Declines

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 33 of 44 years



S&P 500

S&P 500 Price Index



S&P 500 - Valuation

S&P 500 Index: Forward P/E ratio



Returns by Size and Style Factors

10-year annualized

	Value	Blend	Growth
Large	8.5%	12.4%	15.3%
Mid	7.9%	9.3%	10.7%
Small	6.3%	6.9%	7.2%

YTD

	Value	Blend	Growth
Large	4.7%	5.5%	5.5%
Mid	2.5%	2.4%	2.3%
Small	-3.4%	-2.6%	-1.7%

Since market peak (February 2020)

	Value	Blend	Growth
Large	37.1%	58.2%	72.6%
Mid	34.5%	37.3%	34.8%
Small	29.9%	22.9%	13.2%

Since market low (March 2020)

	Value	Blend	Growth
Large	121.7%	139.0%	151.8%
Mid	137.8%	129.8%	109.7%
Small	128.4%	107.2%	83.9%

Current P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	15.4 / 13.7	19.9 / 15.6	26.1 / 19.0
Mid	15.0 / 14.5	17.0 / 16.4	25.6 / 20.6
Small	16.1 / 16.7	21.7 / 21.3	33.3 / 27.1

Current P/E as % of 20-year avg. PE

	Value	Blend	Growth
Large	112.2%	127.1%	137.4%
Mid	103.4%	104.0%	124.6%
Small	96.7%	101.7%	123.2%

Value vs. Growth: Effect of Interest Rates

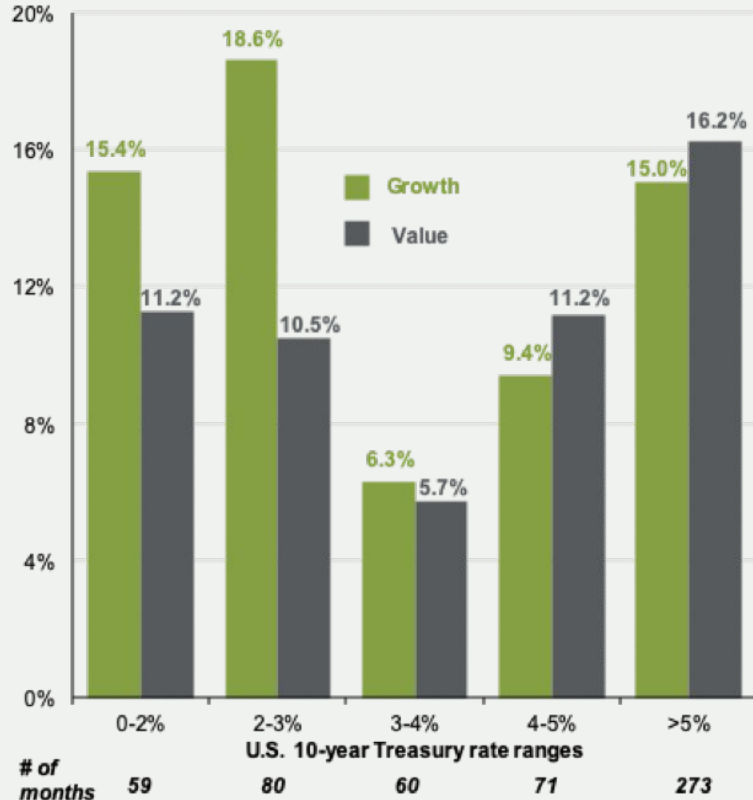
Value vs. Growth relative valuations

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



Top Ten Concentration

P/E ratio of the top 10 and remaining stocks in the S&P 500

Next 12 months, 1996 - present



Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



“Magnificent 7”

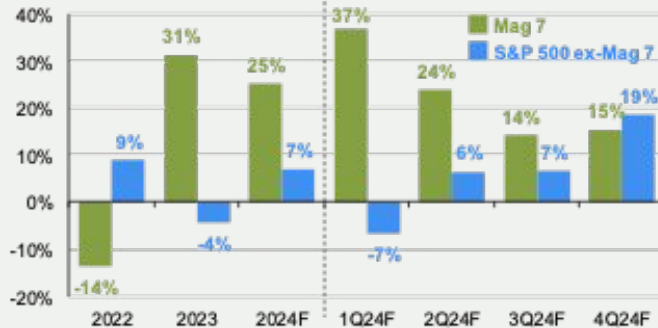
Performance of “Magnificent 7” stocks in S&P 500*

Indexed to 100 on 1/1/2021, price return



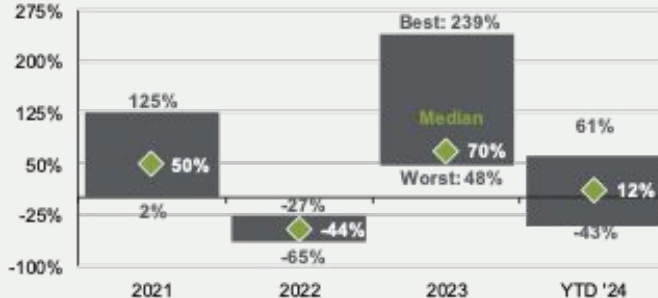
Earnings growth

Pro-forma EPS, y/y



Magnificent 7 performance dispersion

Price returns, best, median and worst performing Mag 7 stock by year



International Valuations and Dividends

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



Global Equity Markets

Returns	YTD 2024		2023		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	5.5	-	26.3	15.6	0.9
AC World ex-U.S.	6.1	1.1	14.7	16.2	8.4	1.0
EAFE	7.6	1.8	16.8	18.9	8.9	1.0
Europe ex-UK	7.4	2.4	17.3	22.7	9.7	1.2
Emerging markets	2.6	-0.5	10.3	10.3	7.0	1.1
Selected Countries						
Japan	14.2	4.1	29.0	20.8	8.2	0.7
United Kingdom	5.2	1.8	7.7	14.1	7.9	1.0
France	6.4	2.5	18.1	22.3	9.8	1.2
Canada	5.7	1.6	13.3	16.4	8.9	1.1
Germany	5.9	2.1	19.8	24.0	8.6	1.3
China	-1.2	-1.8	-10.6	-11.0	4.4	0.9
Taiwan	10.6	4.0	31.1	31.3	14.4	1.1
India	7.0	6.8	22.0	21.3	11.7	1.0
Brazil	-5.6	-11.7	22.7	33.4	4.1	1.4

Share of global market capitalization

% weight in the MSCI All Country World Index, USD, monthly



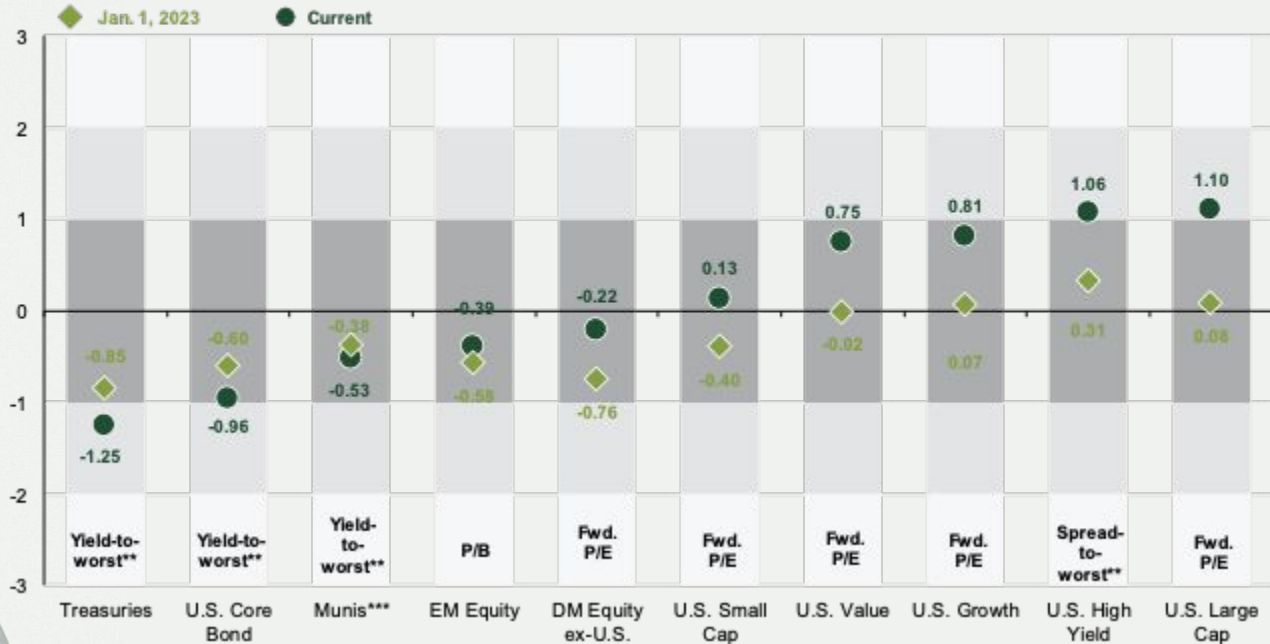
Revenue exposure vs. country of listing

% of total revenue derived from foreign countries



Asset Class Valuations

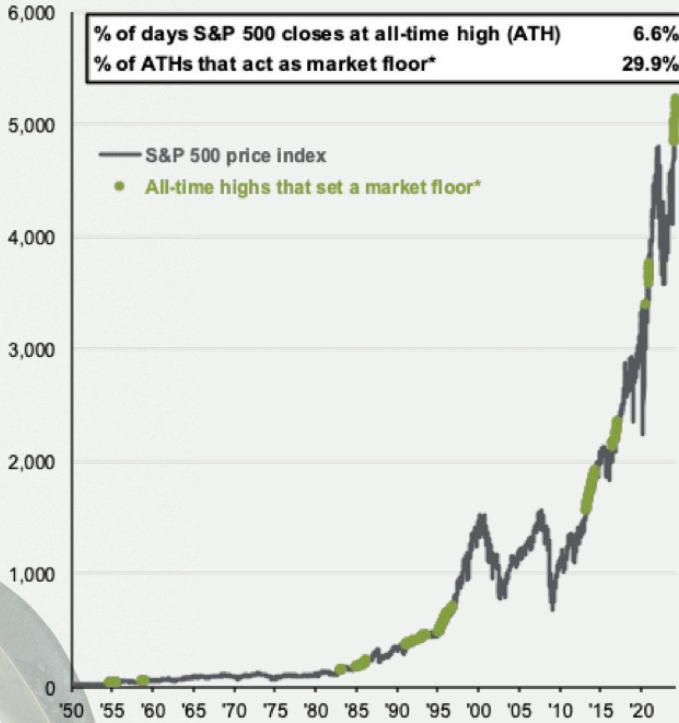
Asset class valuations
Z-scores based on 25-year average valuation measures*



Investing at Market Highs

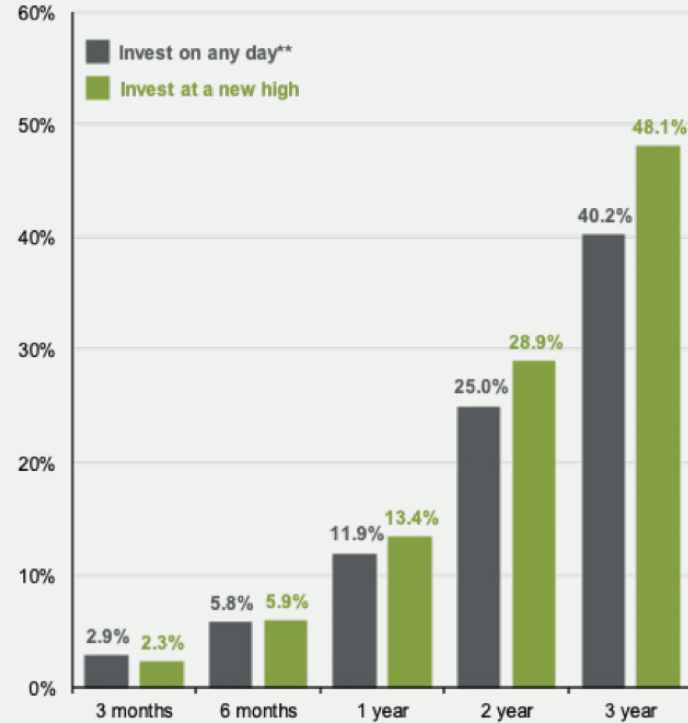
All-time highs and market floors

S&P 500 price index, daily, 1950 - today



Average cumulative S&P 500 total returns

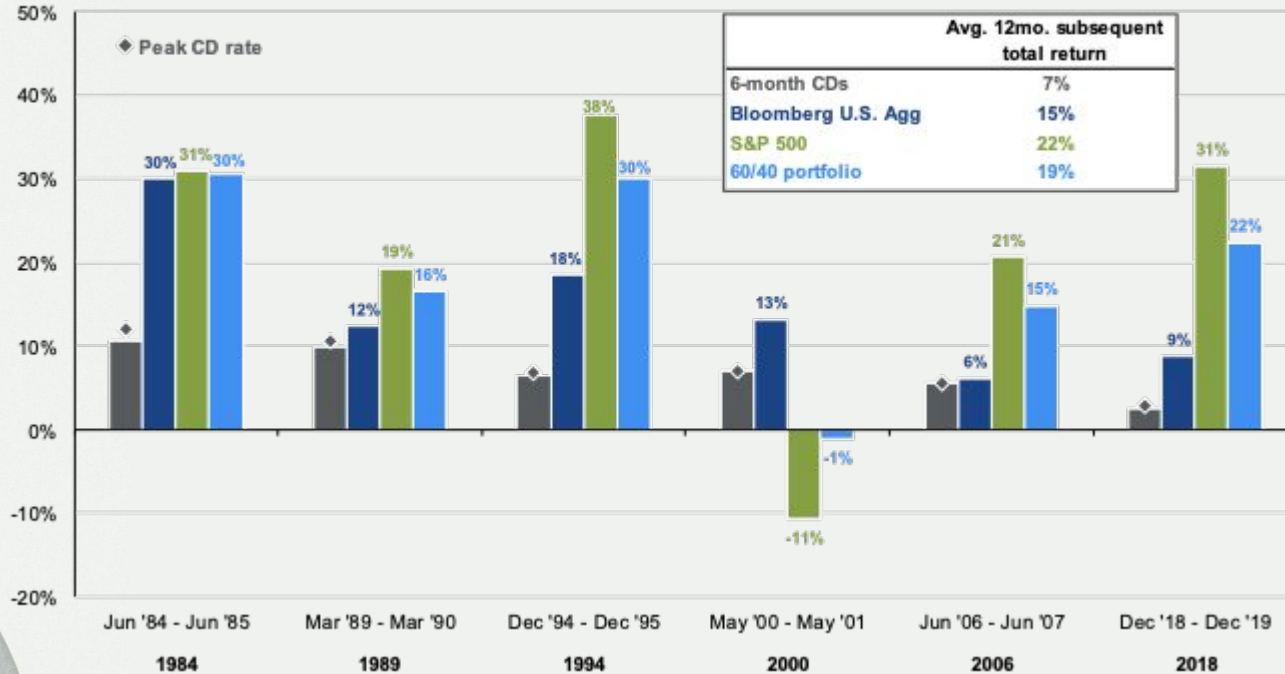
Jan. 1, 1988 - Dec. 31, 2023



CD's and Alternatives

Investment opportunities outside of CDs

Peak 6-month certificate of deposit (CD) rate during previous rate hiking cycles and subsequent 12-month total returns





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