



# Market Wise

Q1 2024

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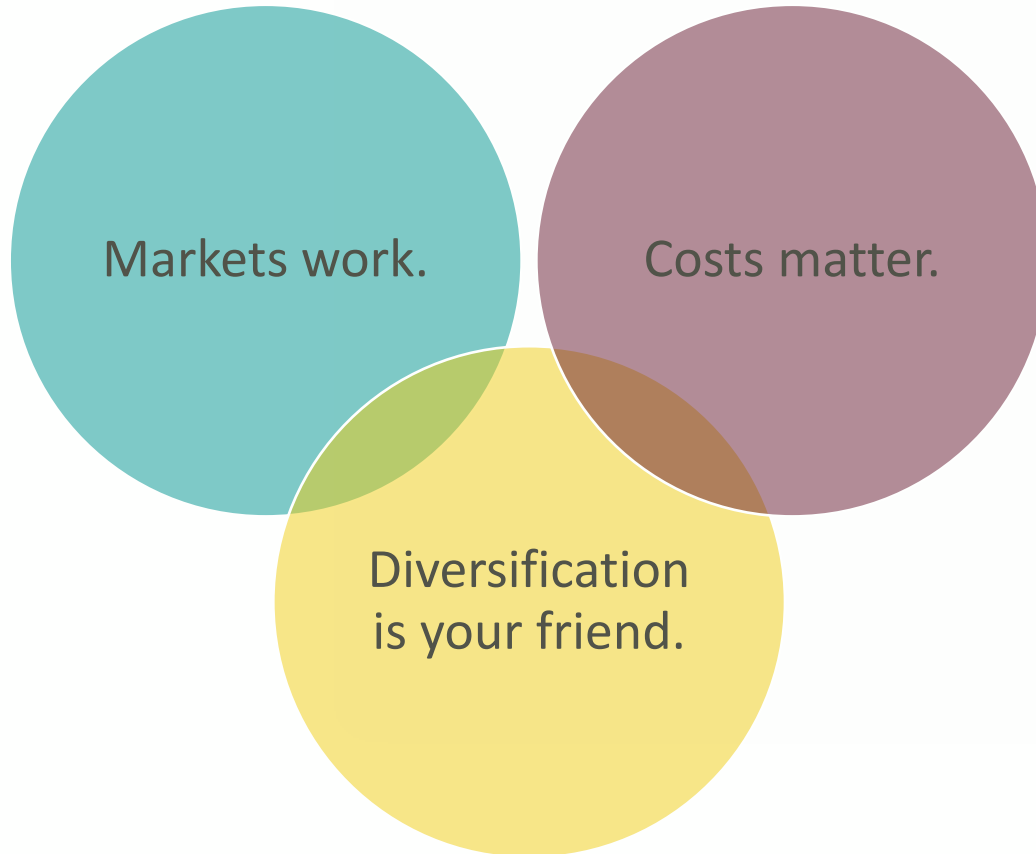


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# Market Wise

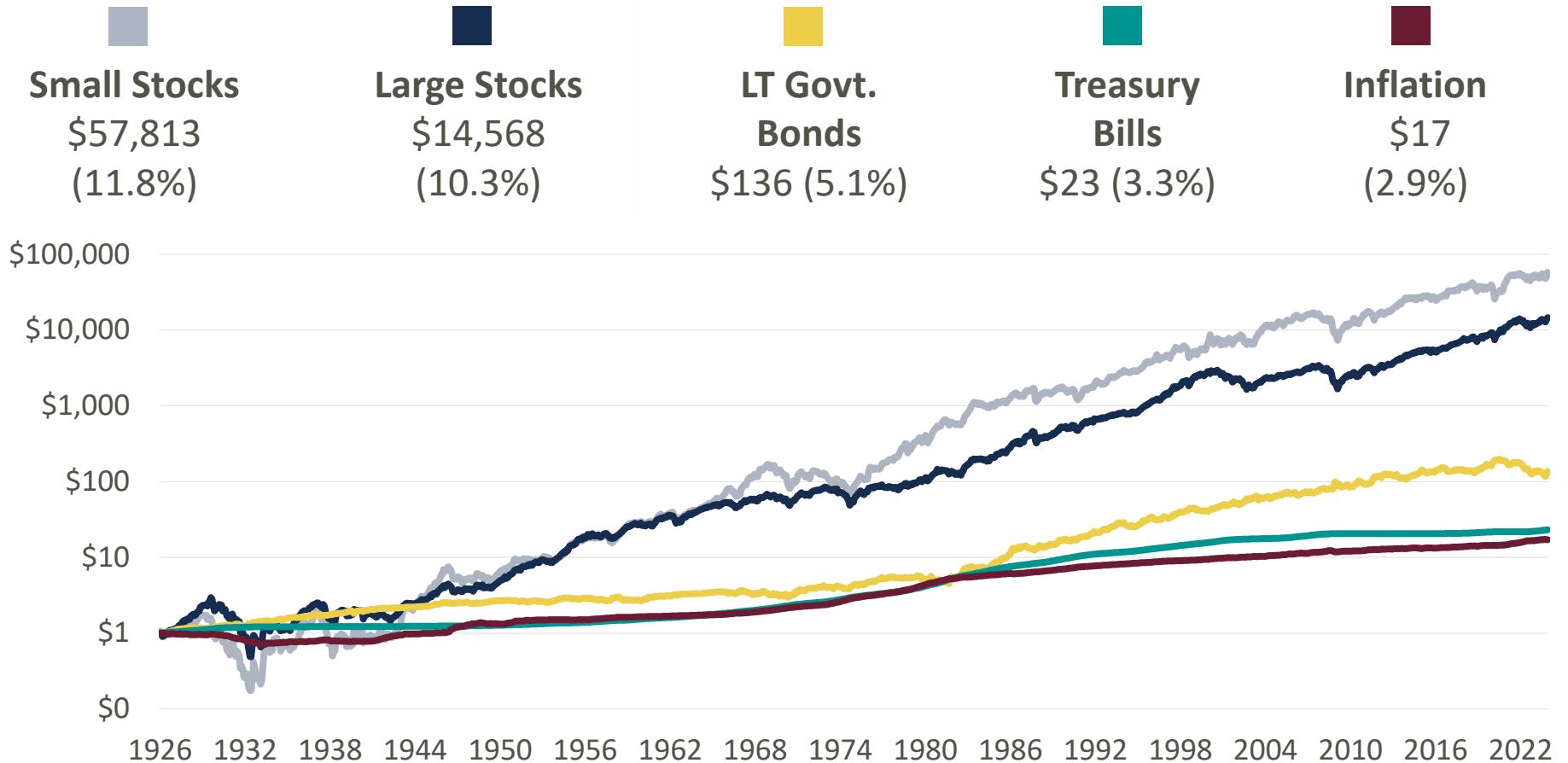
- Wise Words
- Asset Performance
- Economy
- Markets

# Evidence-Based Investing



# Stocks, Bonds, Bills, and Inflation

*Growth of \$1 from 1926-2023*

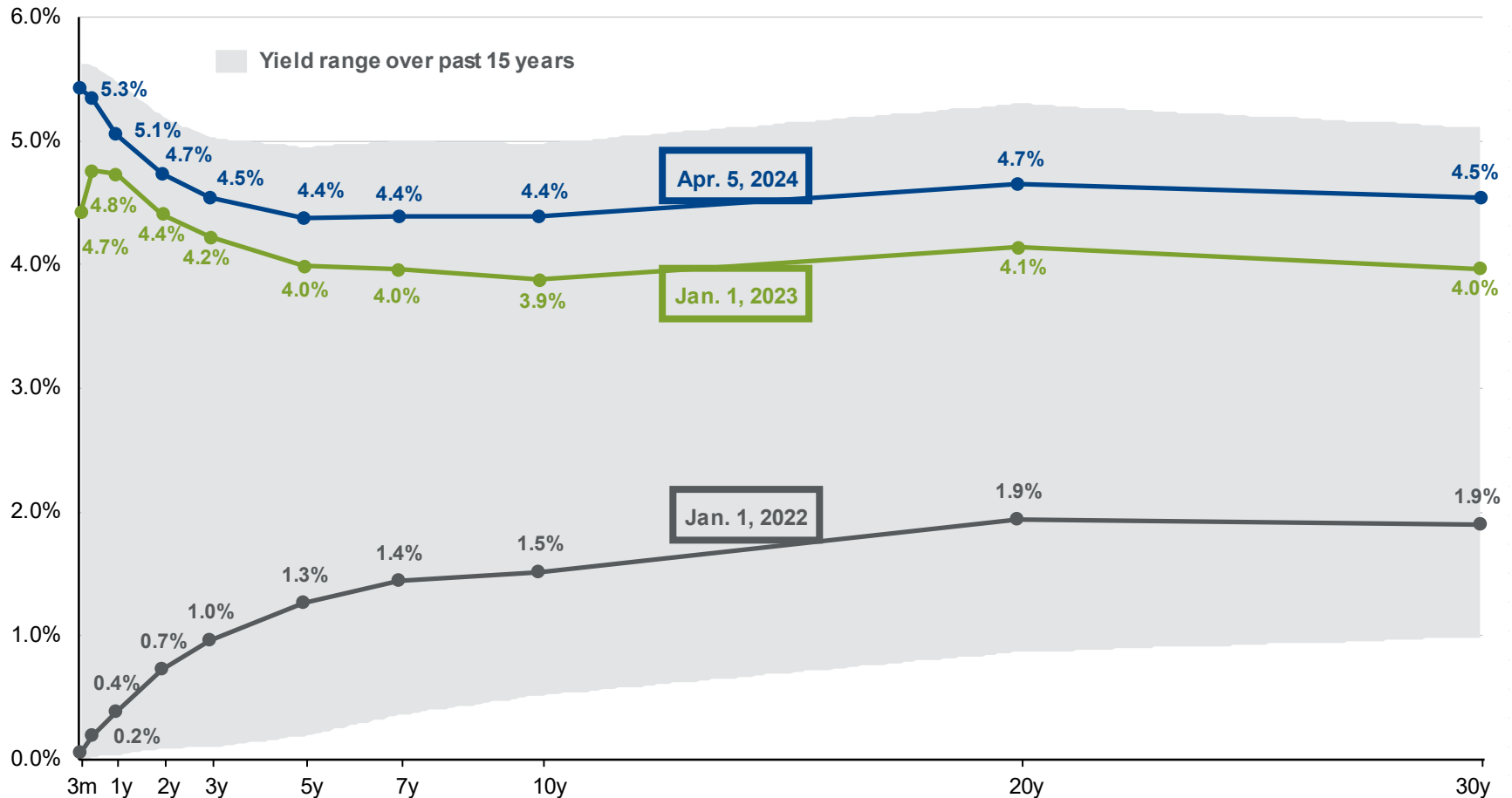


Source: Morningstar Direct, Small Stocks: IA SBBI U.S. Small Stock Index, Large Stocks: IA SBBI U.S. Large Stock Index, LT Govt Bonds: IA SBBI U.S. LT Govt Index, T-Bills: 30 Day U.S. TBill Index, Inflation: IA SBBI U.S. Inflation. Historical performance results for investment indices have been provided for general informational/comparison purposes only, and do not reflect the deduction of investment management fees or other expenses. Returns shown are annualized.

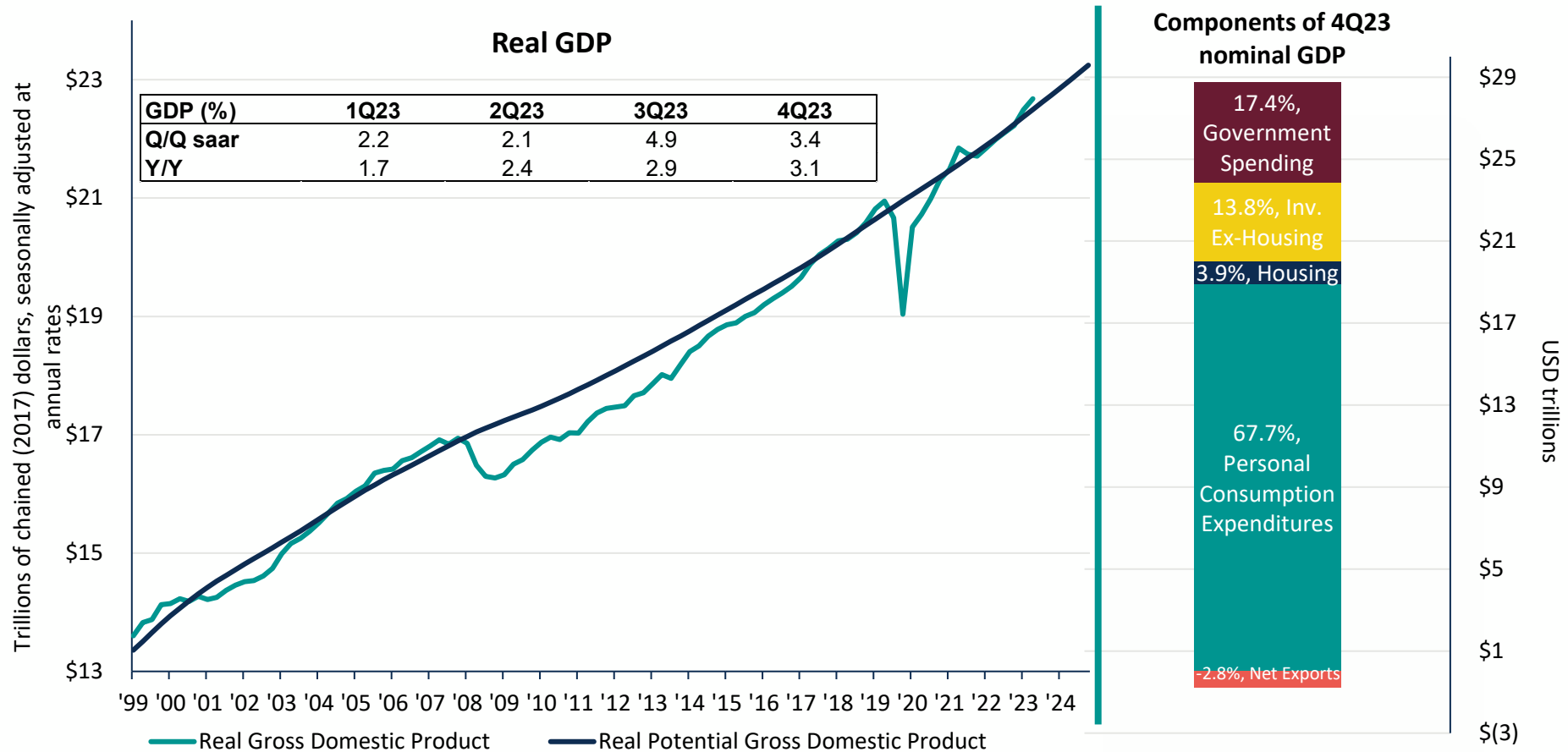
Equity Returns	YTD TR	1Y TR	3Y TR	5YTR	10Y TR
<b>Global Stocks</b>	<b>7.7%</b>	<b>22.4%</b>	<b>6.3%</b>	<b>10.3%</b>	<b>8.3%</b>
U.S. Equity Returns	YTD TR	1Y TR	3Y TR	5YTR	10Y TR
<b>U.S. Large</b>	10.0%	29.3%	9.6%	14.0%	12.2%
<b>U.S. Large Value</b>	9.0%	20.2%	8.1%	10.1%	8.9%
<b>U.S. Lg Momentum</b>	20.3%	37.5%	7.2%	12.5%	13.5%
<b>U.S. Lg Quality</b>	11.9%	34.2%	12.2%	14.8%	13.0%
<b>U.S. Small</b>	5.2%	19.7%	-0.1%	7.9%	7.4%
<b>U.S. Small Value</b>	2.9%	18.7%	2.2%	7.9%	6.7%
International Equity	YTD TR	1Y TR	3Y TR	5YTR	10Y TR
<b>Int'l Large Core</b>	5.8%	15.3%	4.8%	7.1%	4.7%
<b>Int'l Large Value</b>	4.5%	17.3%	6.6%	6.1%	3.4%
<b>Int'l Small</b>	2.4%	10.4%	-1.4%	4.7%	4.6%
<b>Int'l Small Value</b>	2.9%	13.6%	1.6%	5.0%	4.2%
<b>Emerging Markets</b>	2.4%	8.1%	-5.0%	2.0%	2.8%
<b>Global REITs</b>	-0.9%	8.7%	1.7%	2.2%	5.0%
Fixed Income	YTD TR	1Y TR	3Y TR	5YTR	10Y TR
<b>Short-Term</b>	0.4%	3.5%	0.2%	1.4%	1.3%
<b>Interm-Term</b>	-0.8%	1.7%	-2.5%	0.4%	1.6%
<b>International</b>	0.6%	5.9%	-0.4%	1.1%	2.6%
<b>Inflation-Adjusted</b>	-0.1%	0.5%	-0.5%	2.6%	2.3%
<b>Multi-Sector</b>	1.7%	9.6%	0.3%	2.1%	3.2%
Alternative Assets	YTD TR	1Y TR	3Y TR	5YTR	10Y TR
<b>Trend Following</b>	0.9%	-1.1%	5.0%	4.6%	4.2%
<b>Event Driven</b>	1.0%	5.3%	-2.6%	0.8%	1.4%
<b>Reinsurance</b>	4.6%	19.2%	8.5%	6.9%	5.4%
<b>Real Assets</b>	0.7%	2.5%	6.9%	5.6%	6.3%
<b>Direct Lending</b>	5.0%	11.5%	9.0%	8.6%	8.1%

- Q1 2024 saw 'risk on' trading. U.S. stock led with optimistic investors anticipating manageable inflation and potential rate cuts.
- The S&P 500 outperformed Nasdaq, reflecting a broadening rally as confidence in the Fed's inflation strategy grew.
- Momentum stocks significantly led the market gains in the quarter.

## U.S. Treasury yield curve



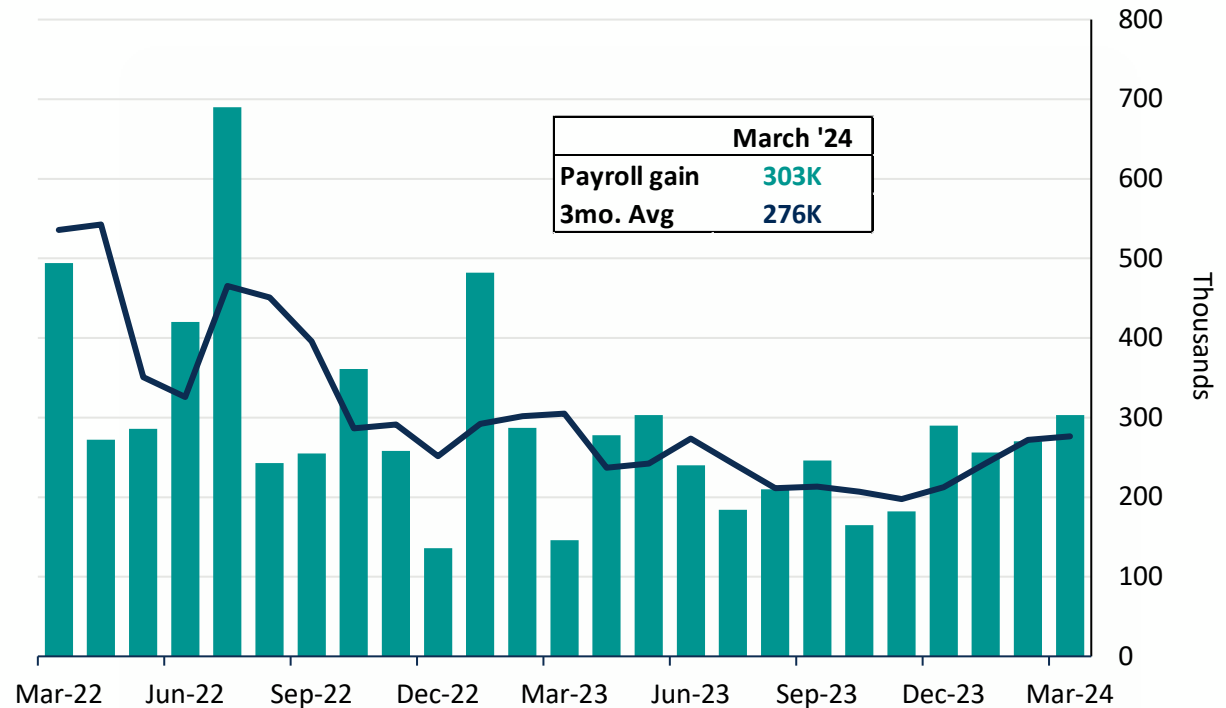
- Rates for short term bonds are over 5%, whereas growth concerns weigh on long rates with the 10-year treasury bond under 4.5%. This unique situation, called an inversion, has been a factor that has been a pretty reliable predictor of a recession.
- While we don't ever assume history is destined to repeat, we do take heed when we see this inversion occur.



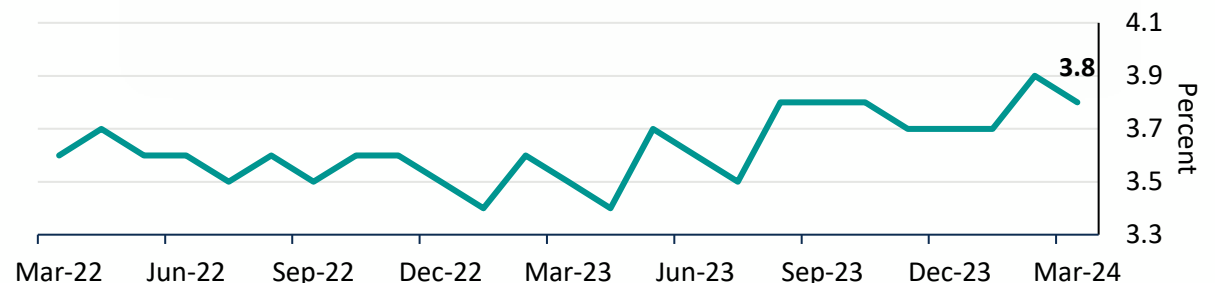
- The U.S. economy grew at a robust 3.4% rate in Q4, despite rising rates.
- Current economic output surpasses potential, showing a positive gap indicative of a boom but risking higher inflation if persistent.
- Recent GDP data reveals consumption as the primary economic driver, with high output bolstering investment and spending.

- The job market continues to exhibit solid strength.
- Hiring accelerated in the first 3 months of the year with the U.S. labor market adding a total of 829,000 jobs or an average of 276,000 jobs per month.
- The overall unemployment rate fell back to 3.8% in March from 3.9% the prior month.
- The state of the labor market is a key indicator for the overall health of the economy. A strong labor market can increase consumer confidence and boost consumer spending.

## Monthly Change in Nonfarm Payrolls



## Unemployment Rate

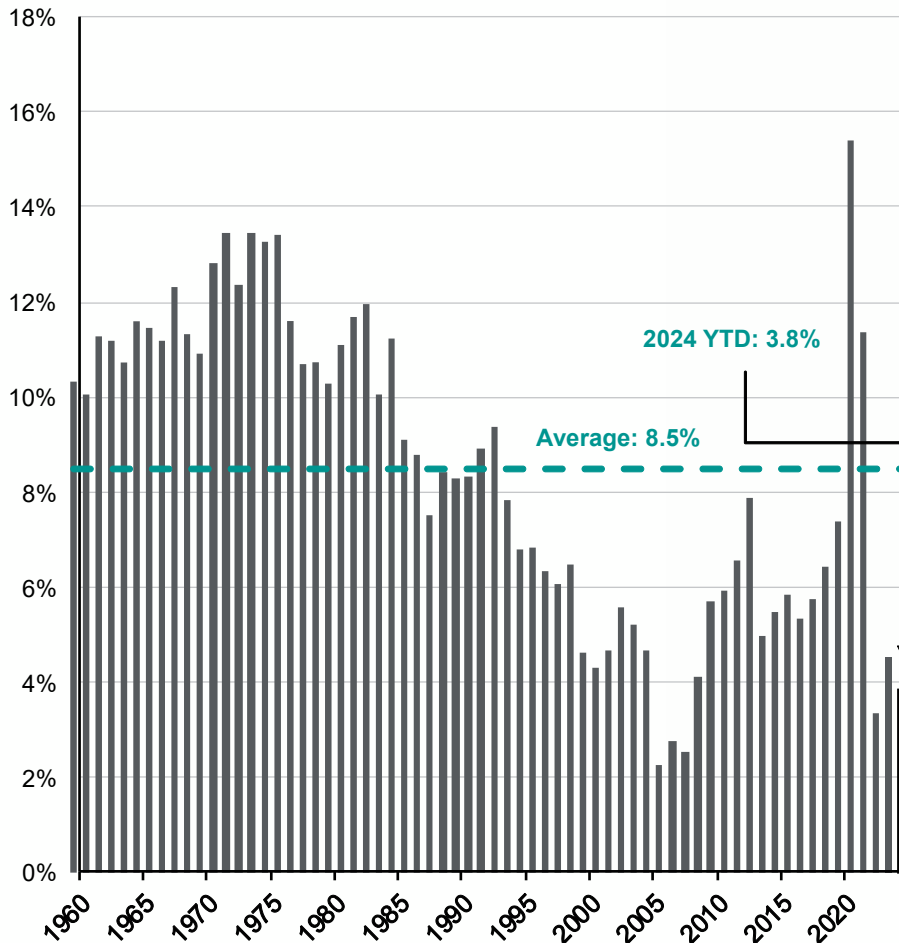




# Consumer Saving and Borrowing in Check

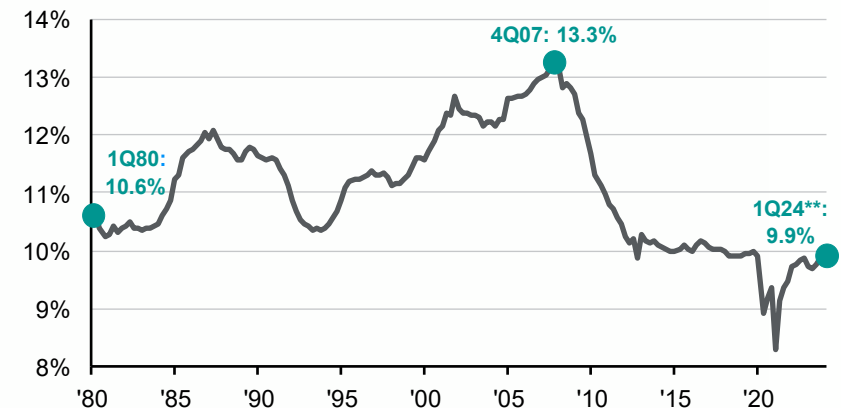
## Personal saving rate

Personal savings as a % of disposable personal income, annual



## Household debt service ratio

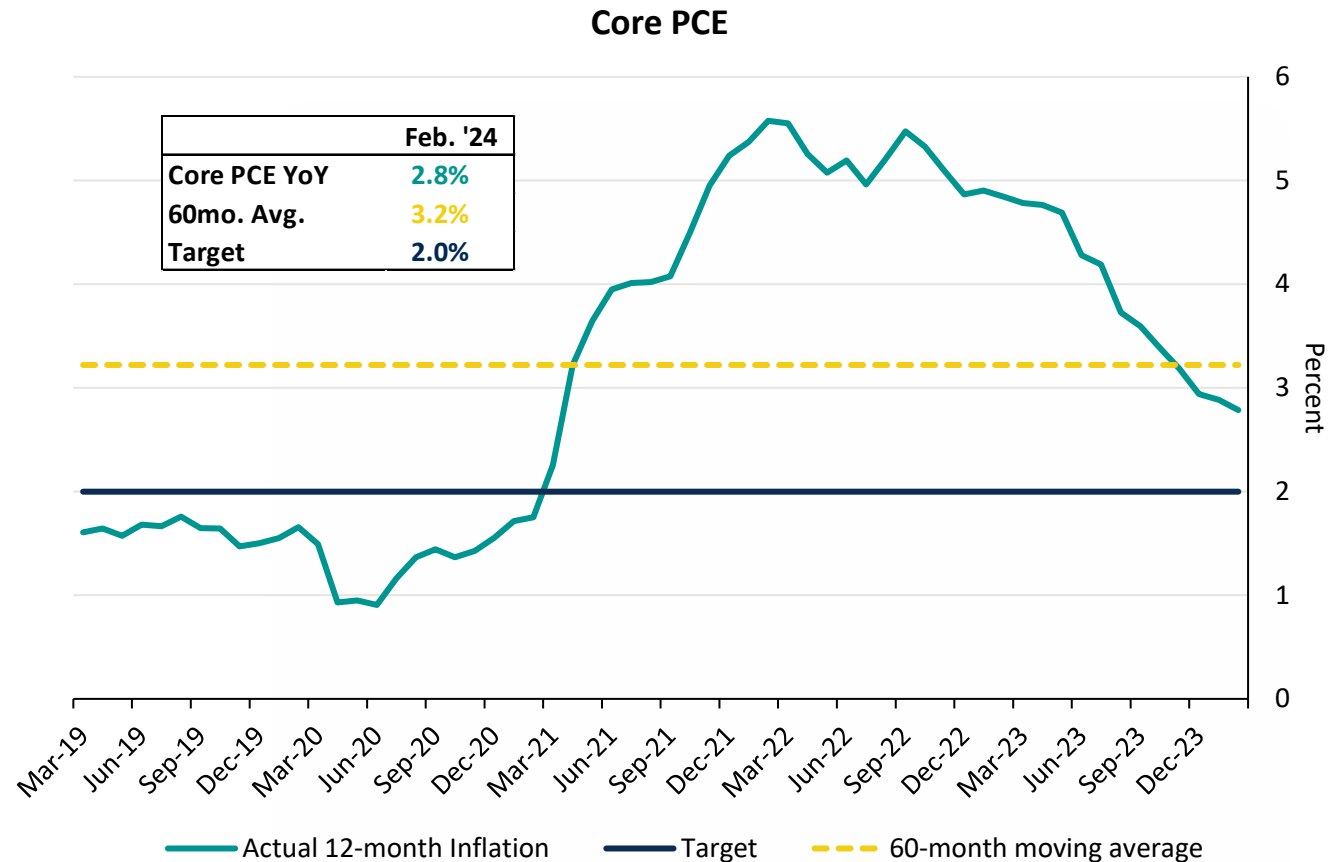
Debt payments as % of disposable personal income, SA



- The stability in employment is giving consumer confidence to continue to spend but savings rates have fallen below average as rapidly rising prices have forced consumers to draw on their savings.
- Higher borrowing costs has caused the household debt service ratio to rise from its 40-year low but remains in check.

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. 4Q23 and 1Q24 figures for debt service ratio are J.P. Morgan Asset Management estimates. *Guide to the Markets – U.S.* Data are as April 5, 2024

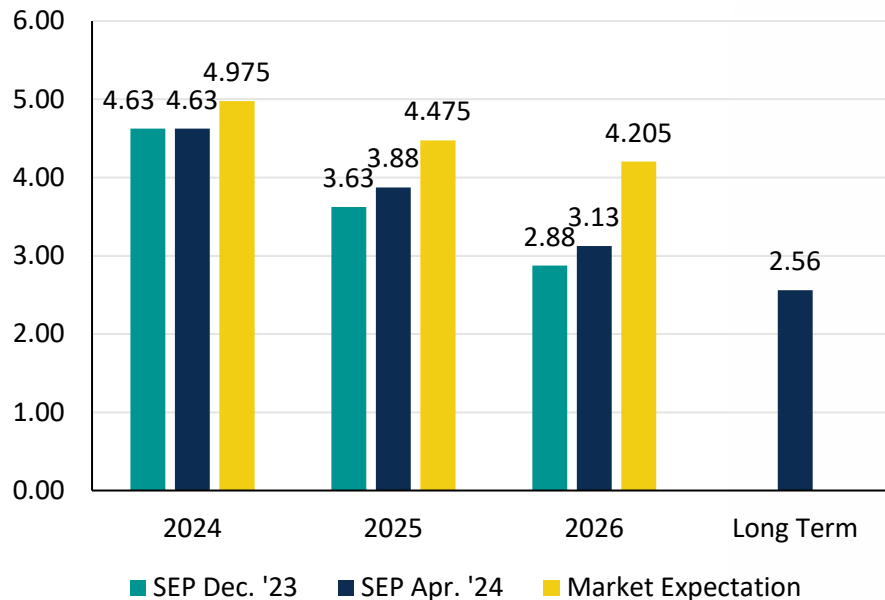
Date	Core PCE MoM Annualized %
Feb-24	3.18%
Jan-24	5.56%
Dec-23	1.84%
Nov-23	1.08%
Oct-23	1.75%
Sep-23	4.02%
Aug-23	1.18%
Jul-23	1.45%
Jun-23	2.09%
May-23	3.51%
Apr-23	3.75%
Mar-23	4.11%
Feb-23	4.40%
Jan-23	6.26%
Dec-22	4.75%
Nov-22	3.47%
Oct-22	4.24%
Sep-22	5.64%
Aug-22	6.74%
Jul-22	2.52%
Jun-22	6.98%
May-22	4.41%
Apr-22	3.98%
Mar-22	4.84%
Feb-22	5.08%
Jan-22	5.82%
Dec-21	7.48%
Nov-21	6.28%
Oct-21	5.99%
Sep-21	2.51%
Aug-21	3.78%
Jul-21	5.26%
Jun-21	5.55%
May-21	6.58%
Apr-21	7.53%
Mar-21	5.14%
Feb-21	2.65%



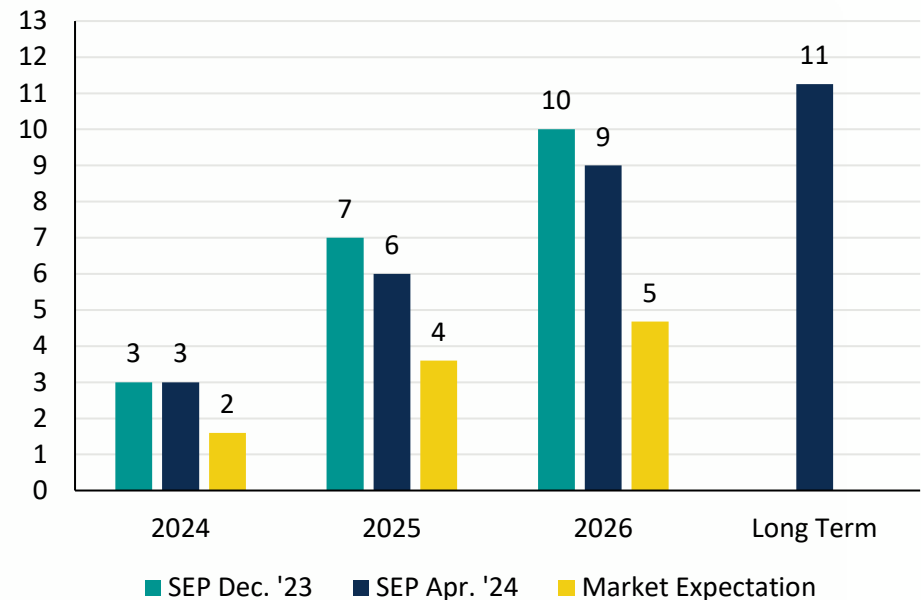
- Core PCE, the Federal Reserve's preferred measure of inflation, stands at 2.8%, a decline from 5.5% but above the Fed's 2% goal.
- A recent uptick in monthly Core PCE suggests the falling trend could reverse.
- If the rise continues, the Fed may revisit its interest rate reduction strategy later this year.

## Federal Reserve Summary of Economic Projections (SEP) vs. Market Expectations

Median Rate Projection



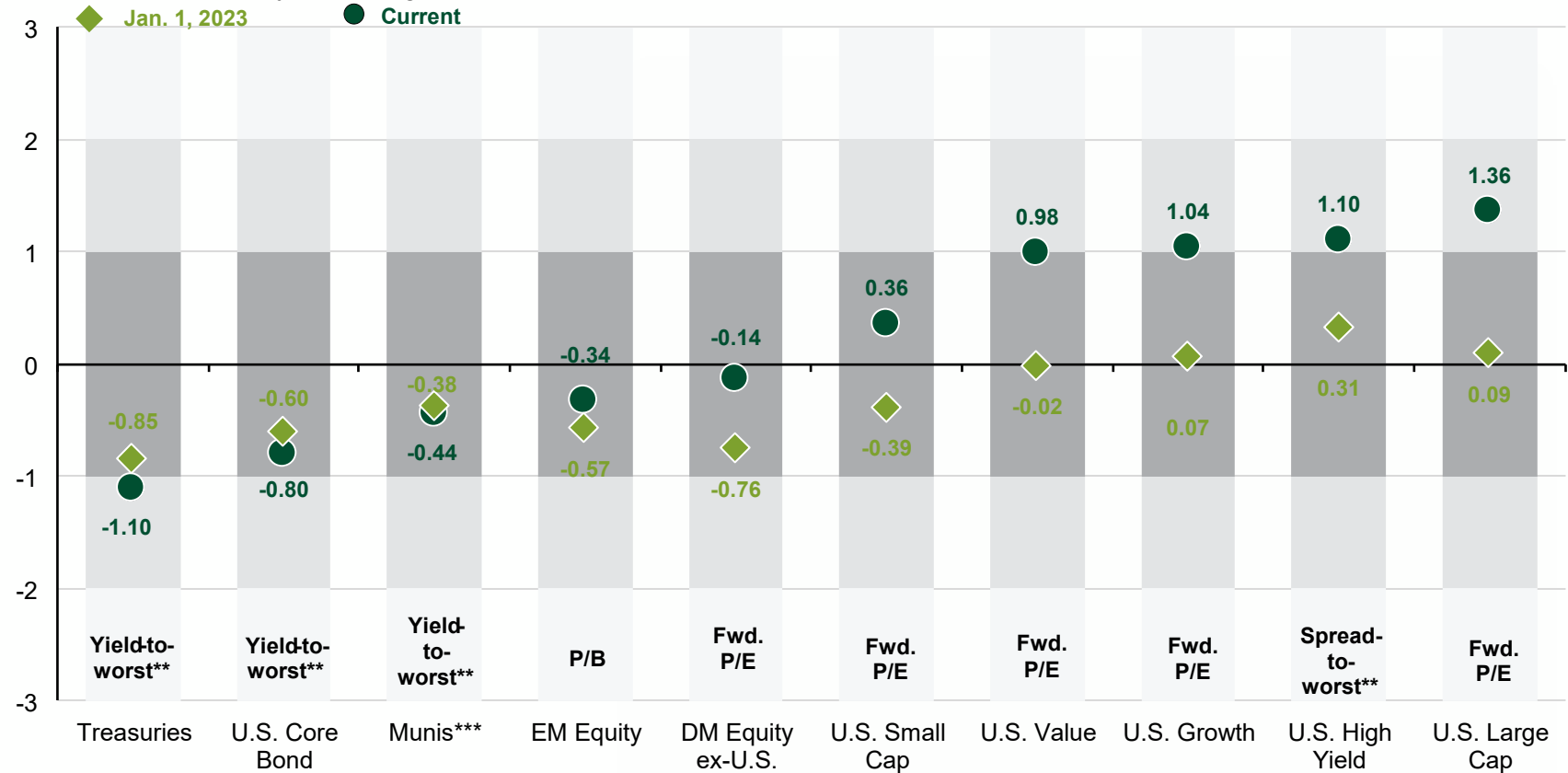
Number of 25bps projected rate cuts



- Federal Reserve officials signaled in their latest Summary of Economic Projections (SEP) that they see the fed funds rate 0.75% lower by end of 2024 or three 25 basis-point cuts.
- Market are expecting rates to only be 0.50% lower by end of 2024 or two 25 basis-point cuts. This reflects the strong economy and uncertainty that inflation may accelerate again.
- Looking further out, expectations are that the Federal Reserve will maintain a “higher for longer” policy stance.

## Asset class valuations

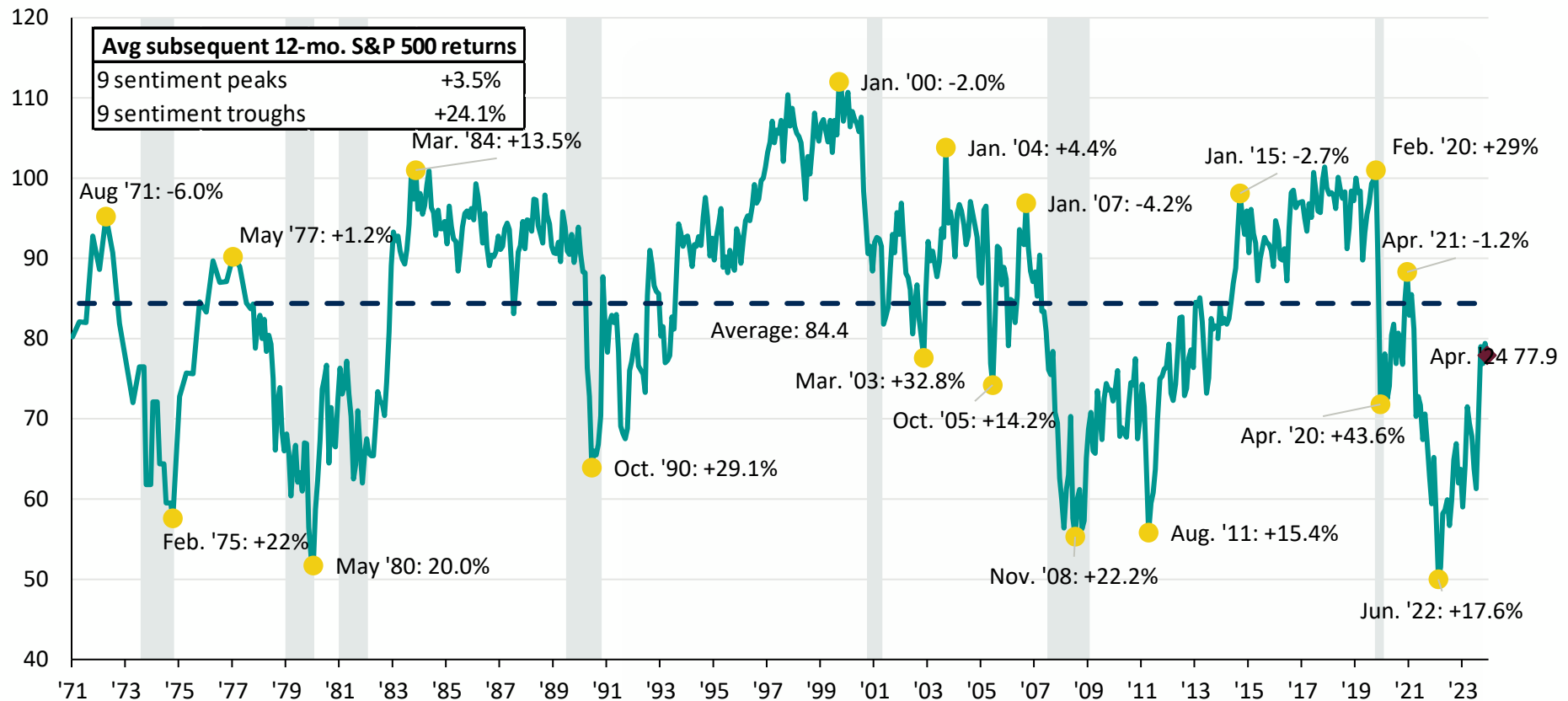
Z-scores based on 25-year average valuation measures\*



- Valuations impact future returns; Z-scores measure deviation from average valuation. Cheaper assets are on the far-left; pricier ones on the far-right.
- Bonds appear attractive with higher starting yield; U.S. growth and large cap stocks appear expensive.

Bloomberg, BLS, CME, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management. U.S. Large Cap: S&P 500, U.S. Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, U.S. Value: Russell 1000 Value, U.S. Growth: Russell 1000 Growth, U.S. High Yield: J.P. Morgan Domestic High Yield Index, U.S. Core Bond: Bloomberg US Aggregate, Treasuries: Bloomberg U.S. Aggregate Government – Treasury, Munis: Bloomberg Municipal Bond. \*Averages for U.S. High Yield and U.S. Small Cap are since January 1999 and November 1998, respectively, due to limited data availability. \*\*Yield-to-worst and spread-to-worst are inversely related to fixed income prices. \*\*\*Munis yield-to-worst is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%. *Guide to the Markets – U.S.* Data are as of April 5, 2024.

## Consumer Sentiment and subsequent 12-month S&amp;P 500 returns



- The University of Michigan's sentiment index moved sideways for the 4<sup>th</sup> straight month in April, as consumer reserve judgment about the economy ahead of the upcoming November presidential election. April's report also reflected consumer frustrations on the inflation slowdown may have stalled.
- The S&P 500's reaction to sentiment extremes shows dips foretell better returns than peaks. This trend suggests that market pricing is anticipatory, and exiting on low sentiment may be unwise.

## Capital Markets

- Q1 2024 saw 'risk on' trading. U.S. stock led with optimistic investors anticipating manageable inflation and potential rate cuts.
- Short term rates are higher than long-term rates, a recessionary signal.

## Economy

- The U.S. economy remains incredibly resilient with strong growth and full employment.
- Inflation pressures have eased from their peak in 2022 but we are not out of the woods yet and it may take longer to get to the Fed's 2% target.

## Monetary Policy

- Fed projections show that they anticipate cutting rates three times this year but expect rates staying higher for longer.

## Valuation

- Bonds appear attractive with higher starting yield; U.S. growth and large cap stocks appear expensive.

## Sentiment

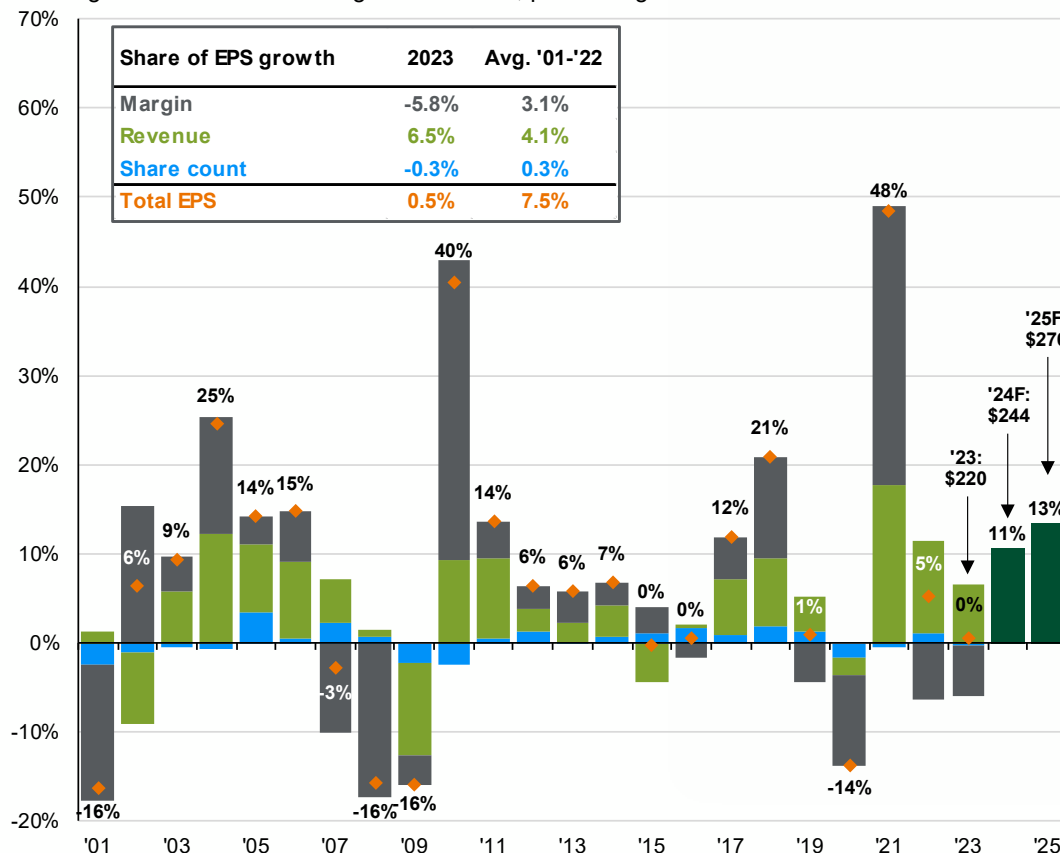
- Consumer sentiment is at the highest level in two years, supported by stock market gains and easing inflation expectations.
- Sentiment is still below average and does not show signs of exuberance.

# Supplemental Resources

- U.S. Economy
- U.S. Equity
- International Equity
- Fixed Income
- Investing Principals

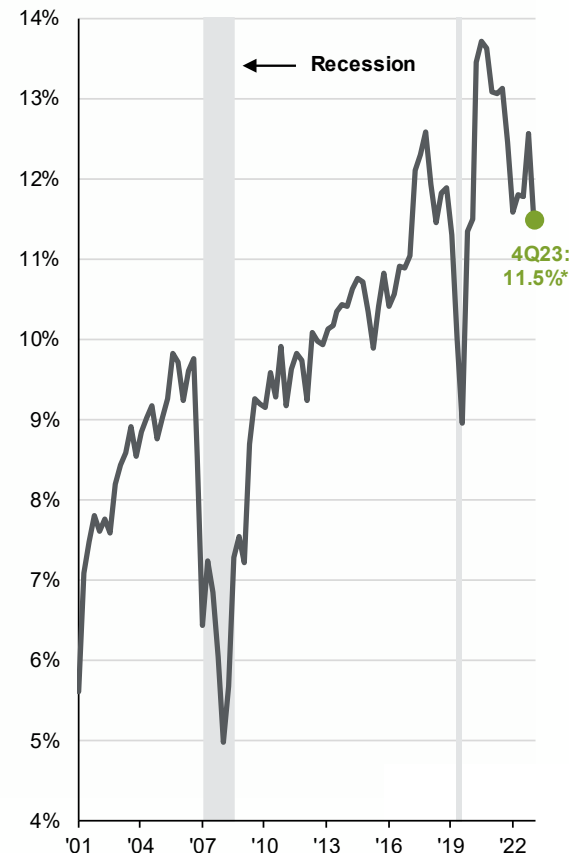
## S&P 500 year-over-year pro-forma EPS growth

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. \*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 as of April 5, 2024.



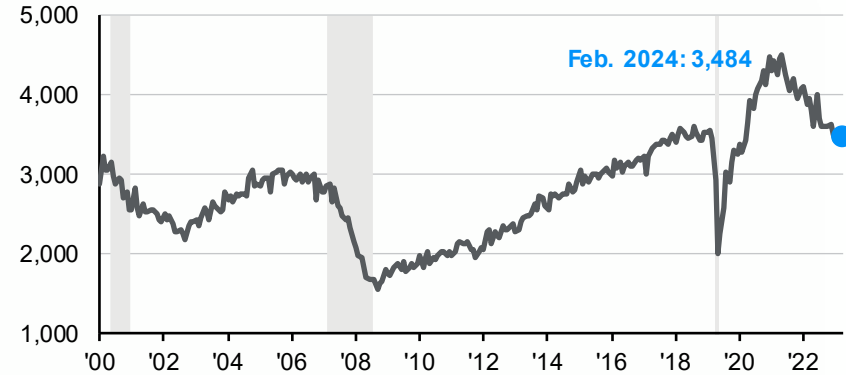
## JOLTS job openings\*

Total job openings, thousands, seasonally adjusted



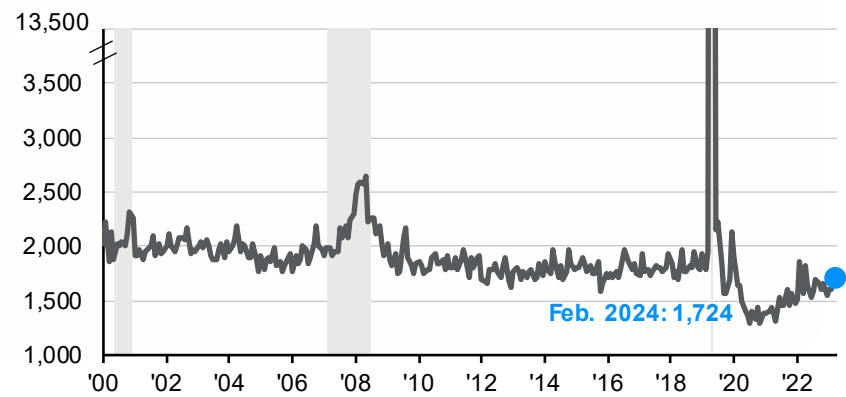
## JOLTS quits

Total nonfarm quits, thousands, seasonally adjusted



## JOLTS layoffs

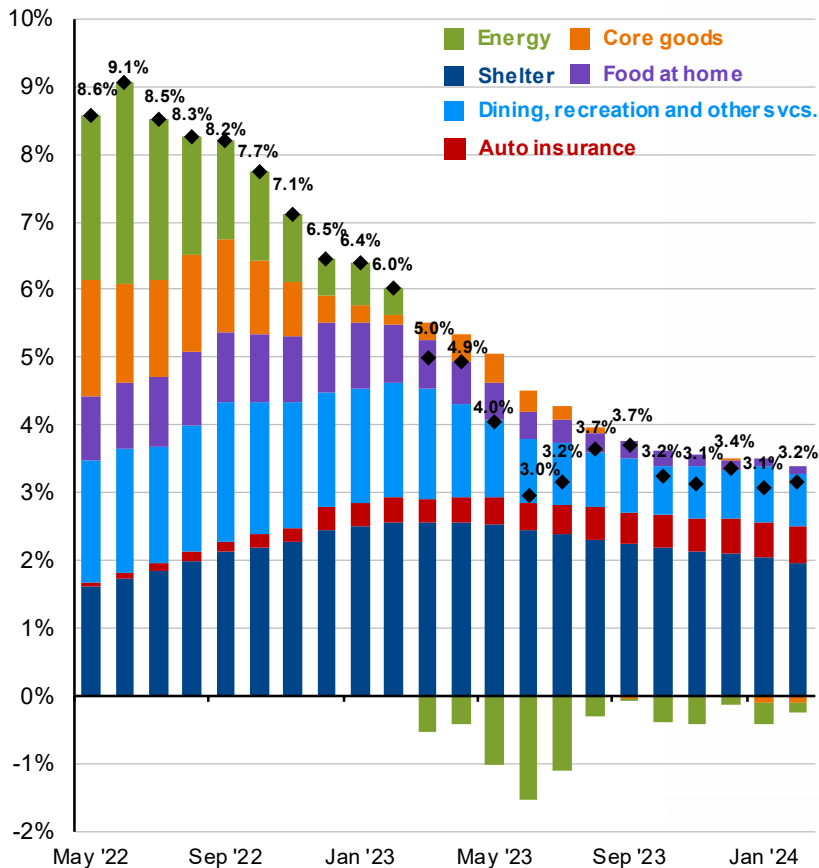
Total nonfarm layoffs, thousands, seasonally adjusted



Source: U.S. Department of Labor, J.P. Morgan Asset Management. \*JOLTS job openings from February 1974 to November 2000 are J.P. Morgan Asset Management estimates. Guide to the Markets – U.S. Data are as of April 5, 2024.

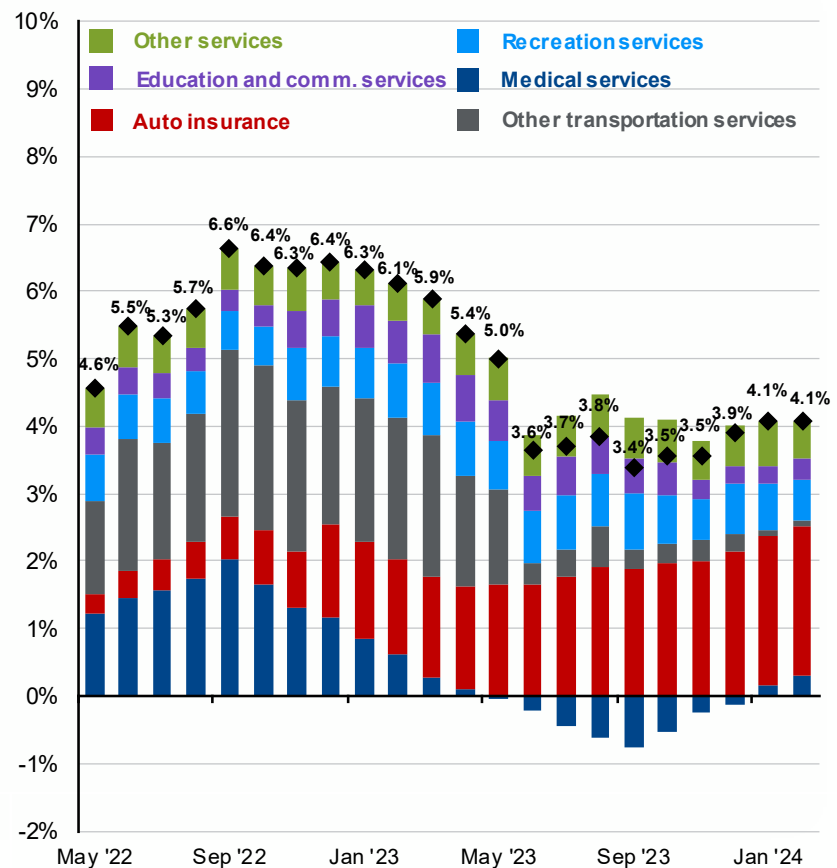
### Contributors to headline CPI inflation

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



### Contributors to core services ex-shelter CPI inflation\*

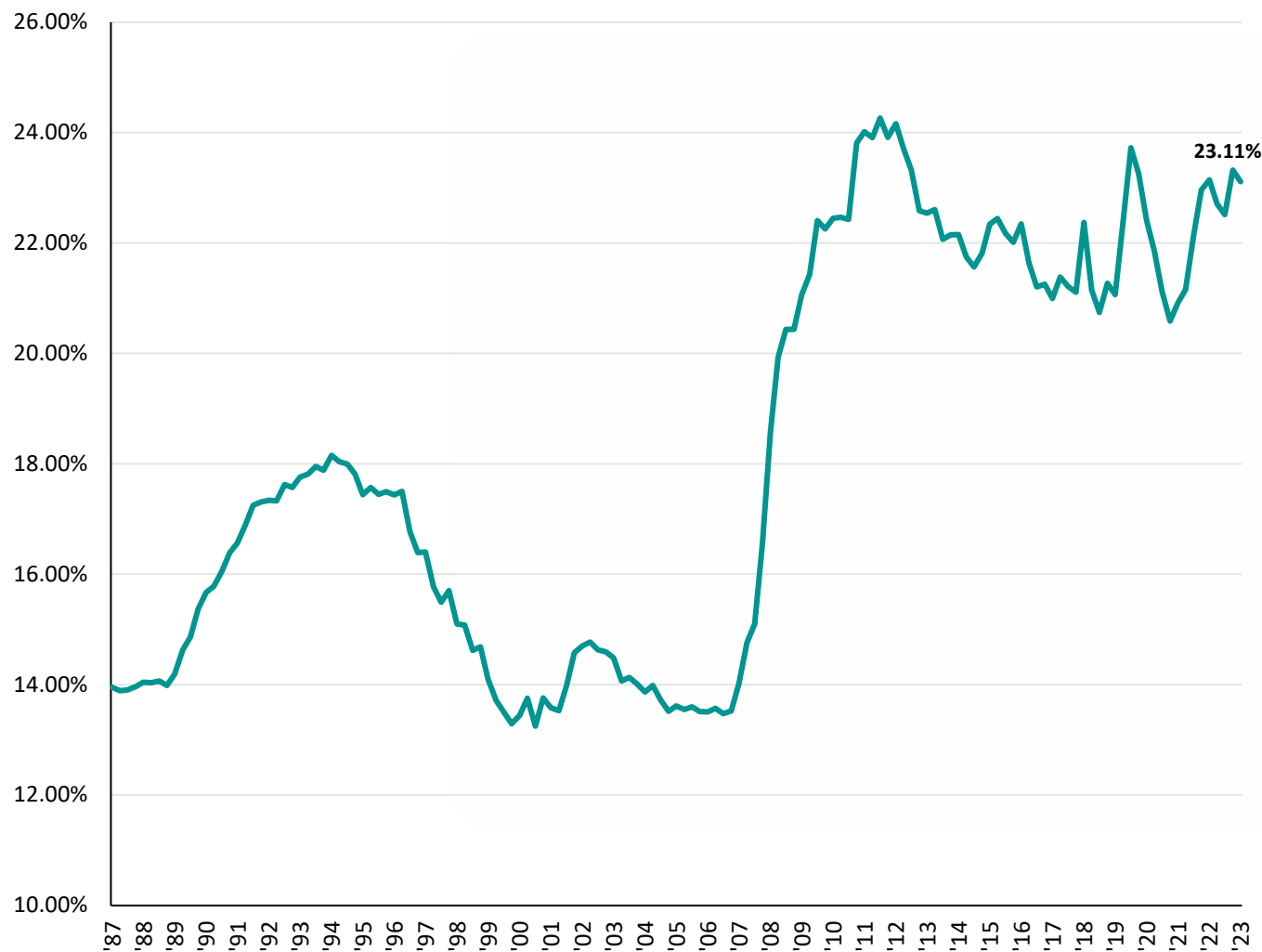
Contribution to y/y % change in custom CPI index, non-seasonally adj.



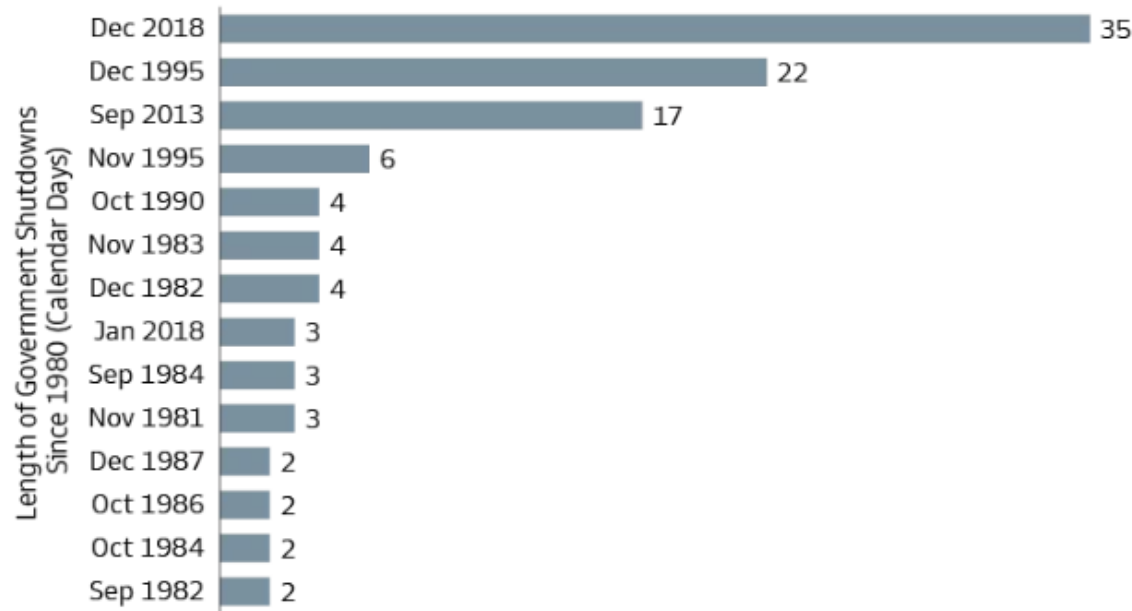
Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. \*Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. Guide to the Markets – U.S. Data are as of April 5, 2024.



### Total Fed Debt as a Percentage of Household Net Worth



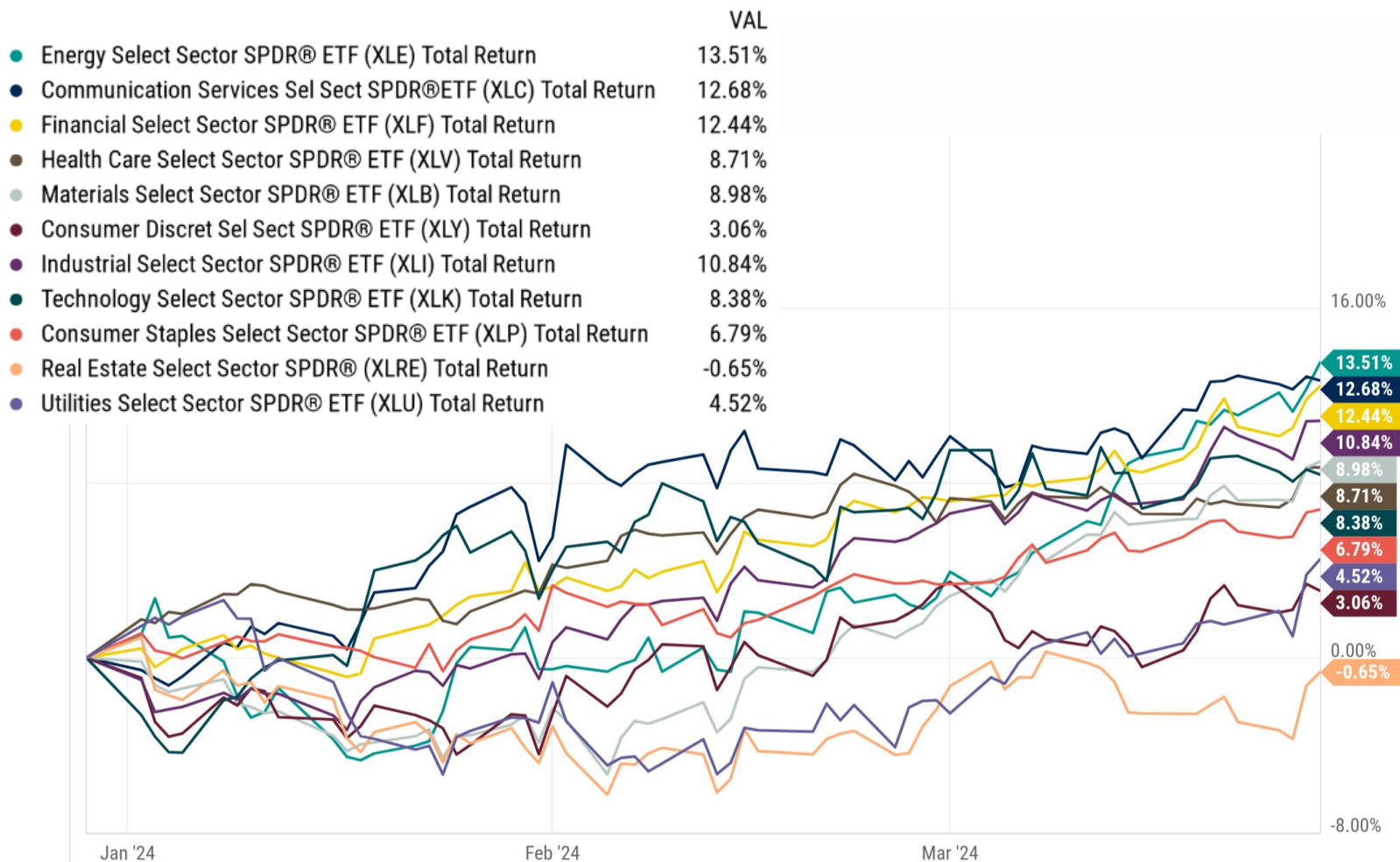
## Shutdown Showdown



Source: Bloomberg and Goldman Sachs Asset Management. As of September 29, 2023.

- Since 1980, gov't shutdowns have lasted 4 days, on median. Estimates by Goldman Sachs, are a -0.2% impact on annualized growth for each week a shutdown lasts.
- Historical market impacts have been muted – since 1980, the S&P 500 delivered a median return of 0.75% during gov't shutdowns.

# Q1: Nearly All Sectors Positive

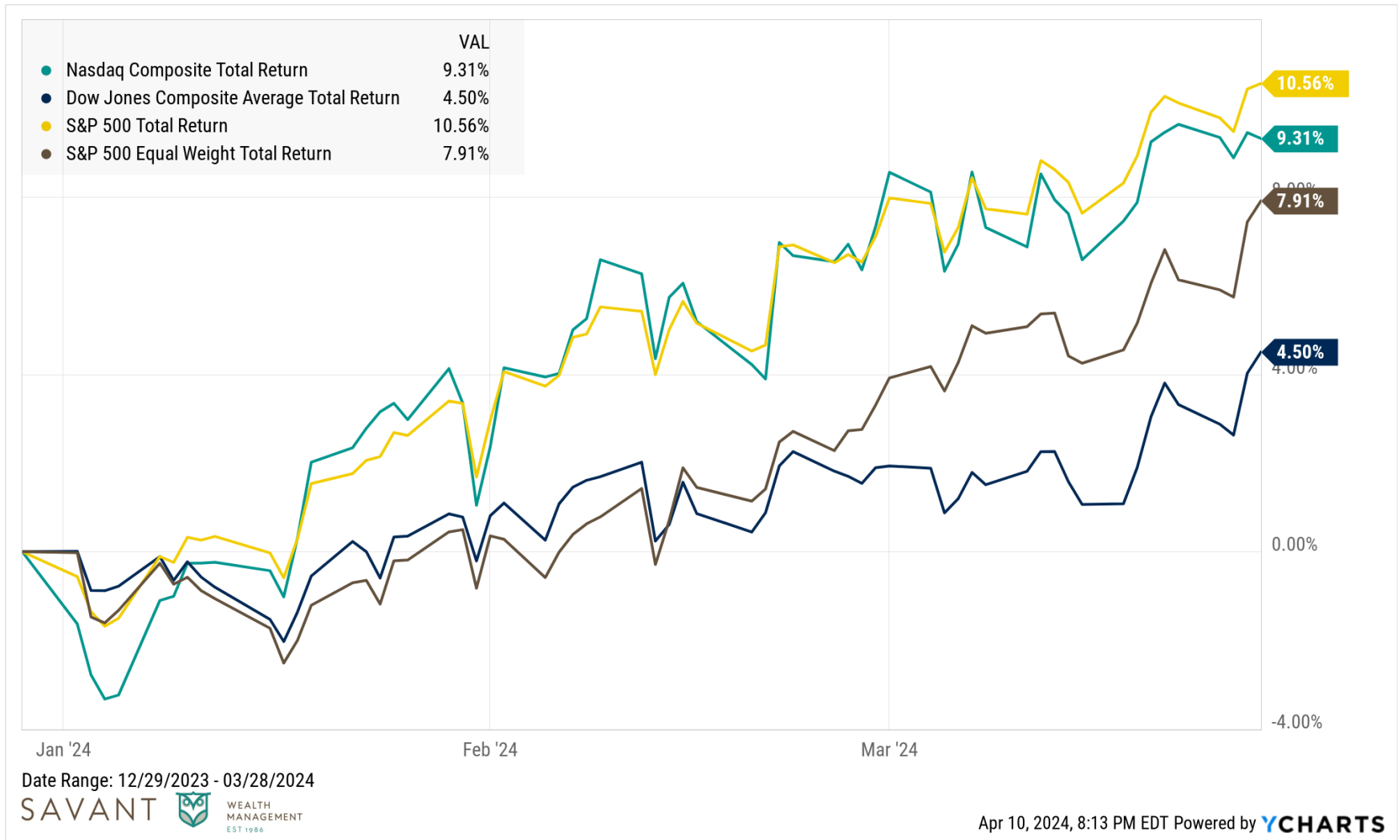


Date Range: 12/29/2023 - 03/28/2024

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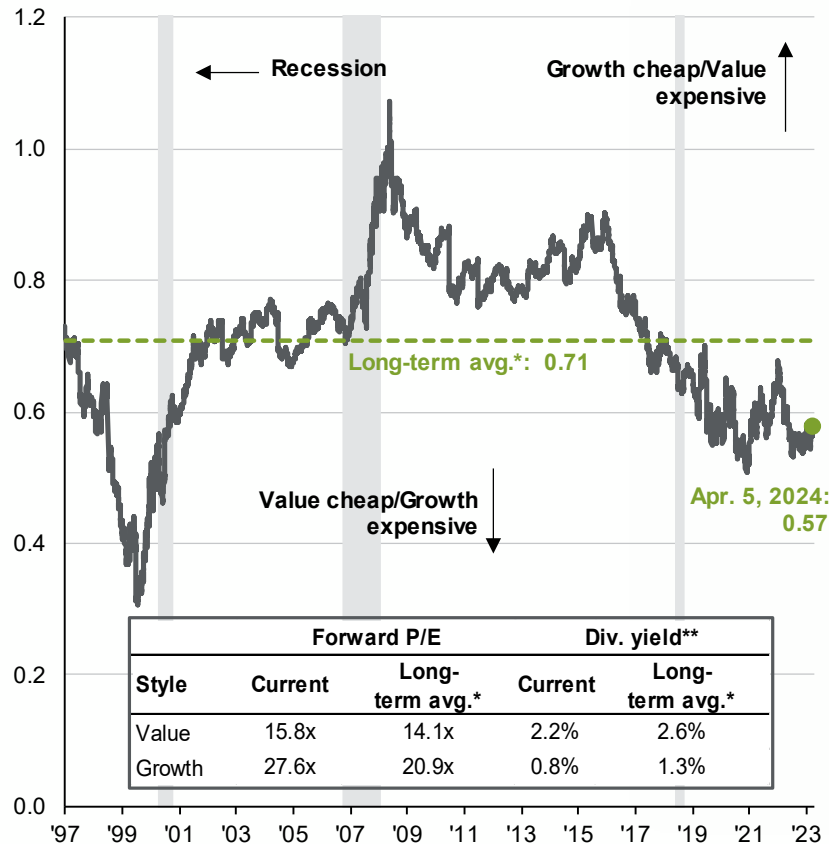
Apr 10, 2024, 8:05 PM EDT Powered by YCHARTS

# Q1: S&P 500 Outpaces NASDAQ

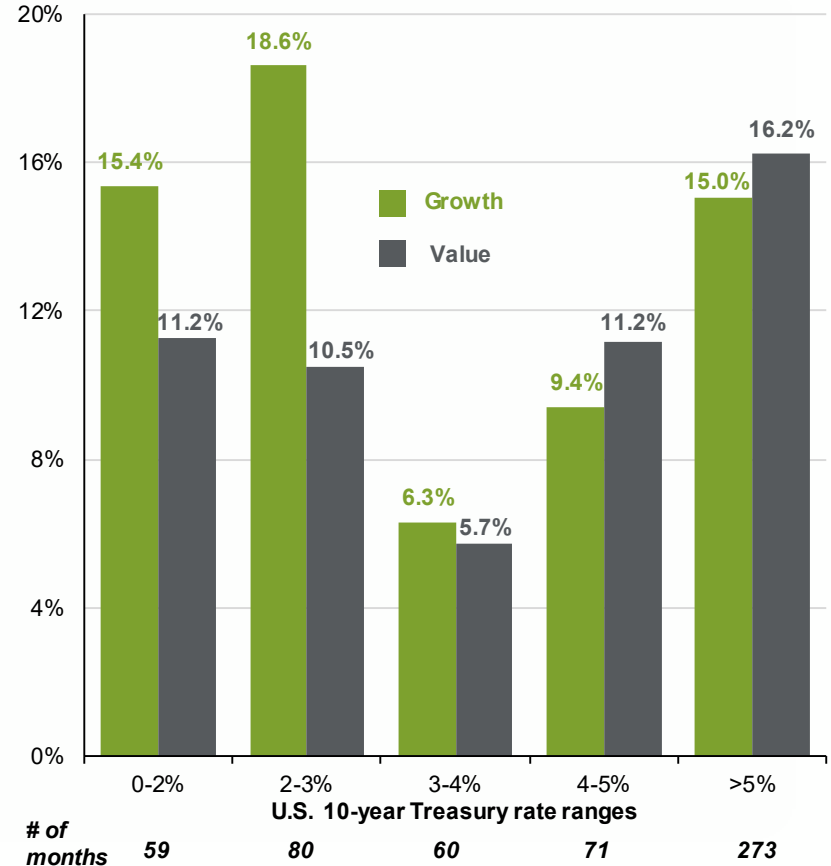


**Value vs. Growth relative valuations**

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 April 5, 2024.

## S&amp;P 500 Price Index

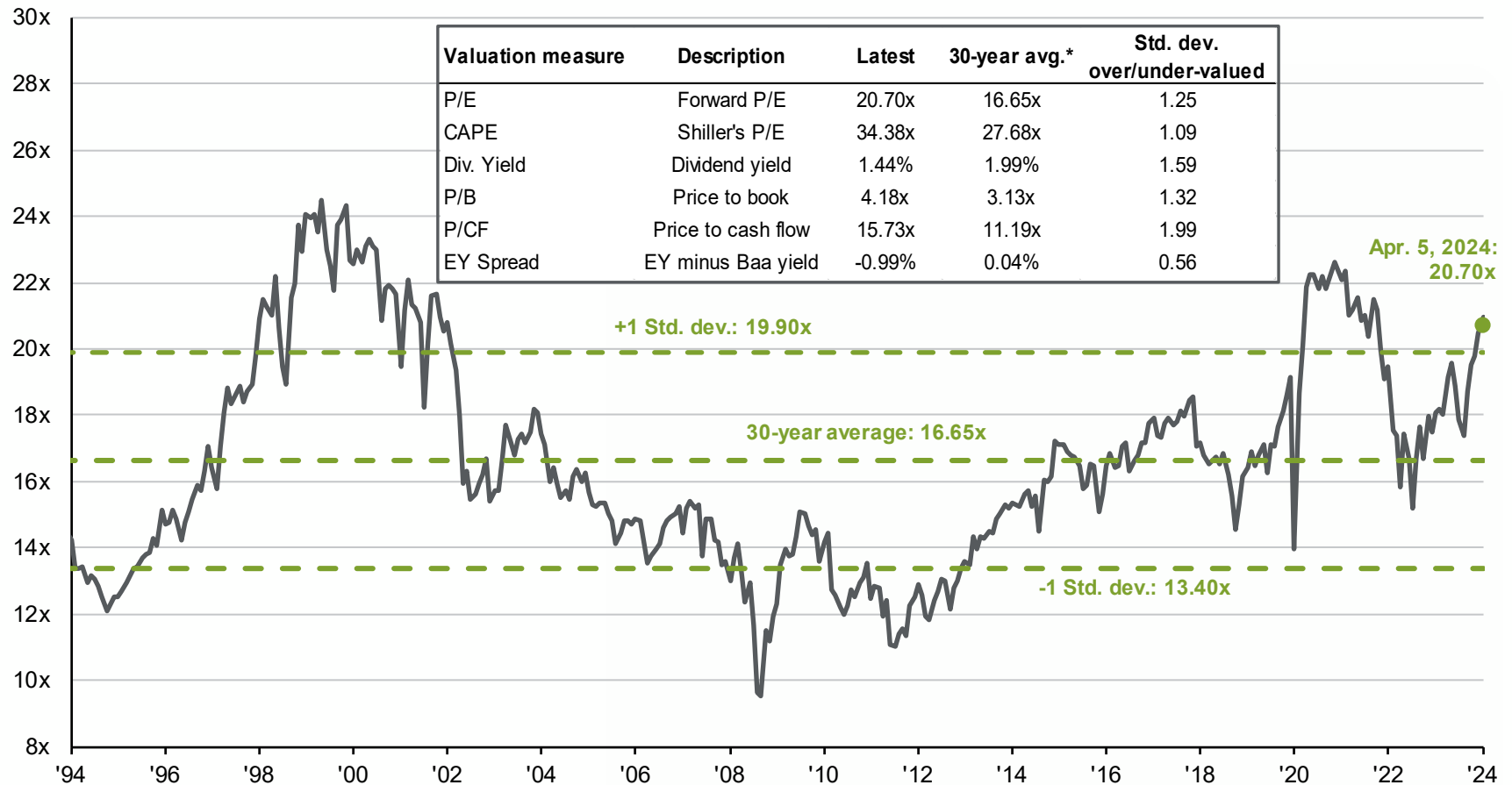


Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on IBES estimates and FactSet estimates since January 2022. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of April 5, 2024.



## S&amp;P 500 Index: Forward P/E ratio

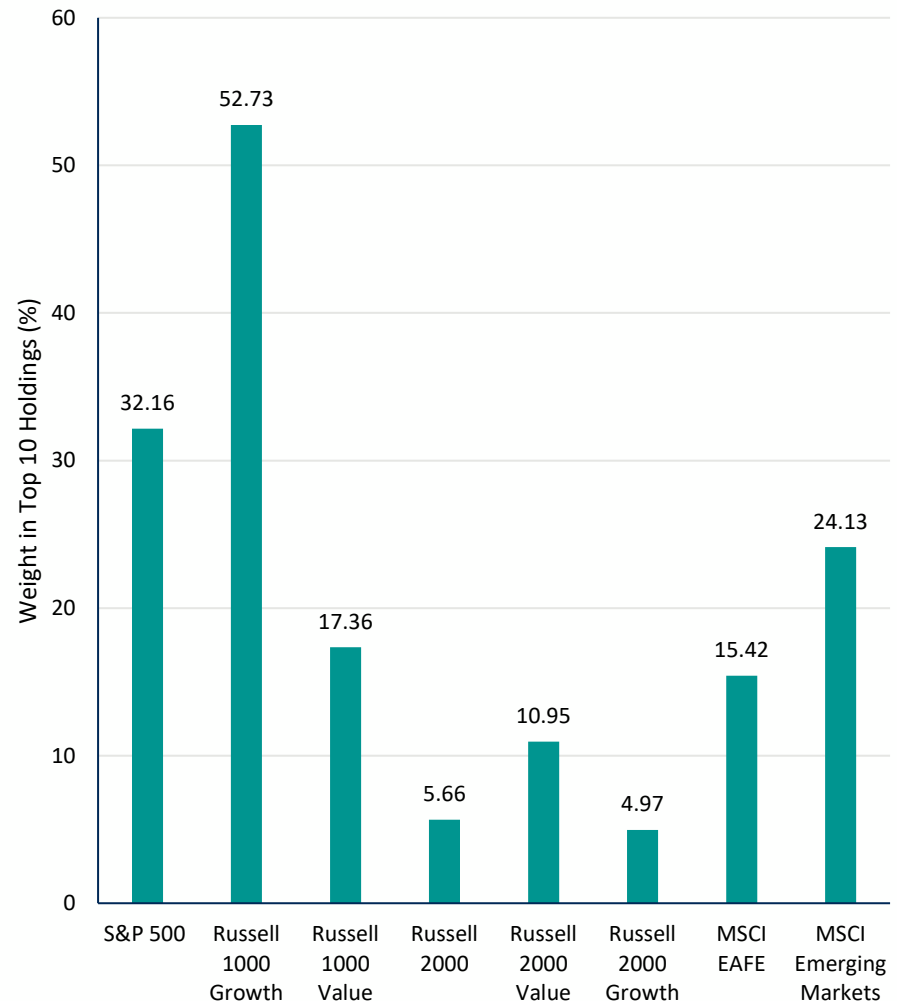


Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.

Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 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 April 5, 2024.

## Index Concentration is Greatest Among U.S. Large

- The chart represents the weight of the top 10 stocks in each index.
- U.S. large and large cap growth have increased meaningfully in recent years and the top 10 comprise the highest levels since the start of the century.
- Implication is a small subset of stocks will have a greater impact on return – whether good or bad.
- Diversification beyond these segments helps reduce risk.



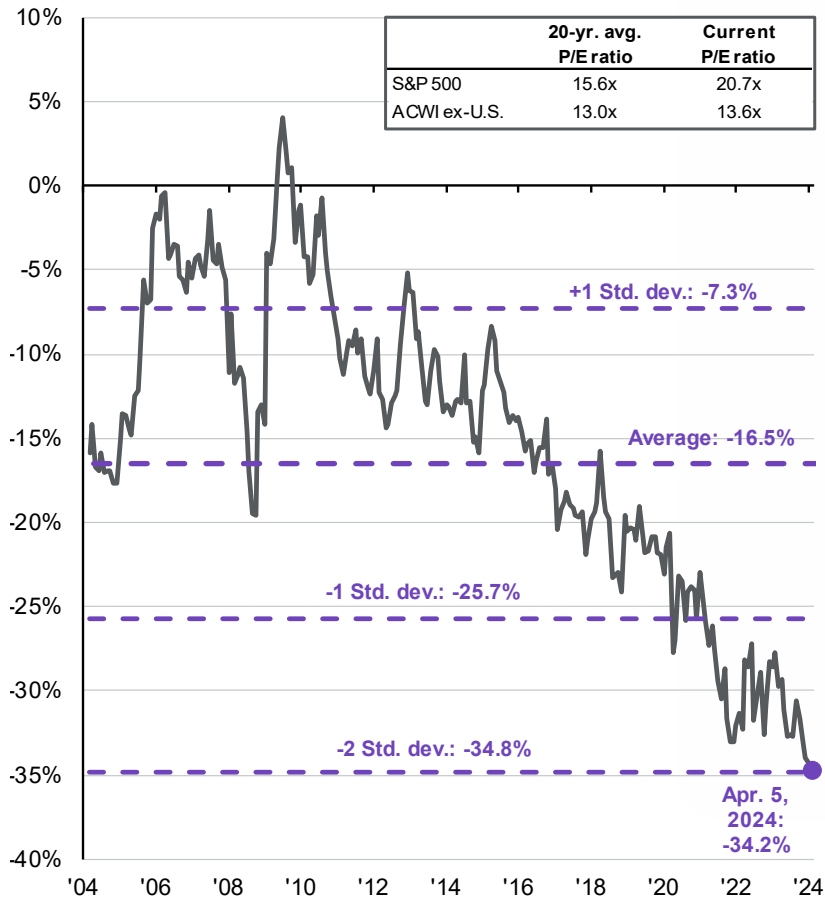
## Small Cap Stocks Are Attractive

Market	Current P/E (NTM)	10 Year Average	Overvalued Undervalued
US Large (S&P 500)	21.0	17.7	+3.3
US Large Growth (Russell 1000 Growth)	27.8	22.3	+5.5
US Large Value (Russell 1000 Value)	16.1	15.1	+1.0
US Small (Russell 2000)	23.6	23.9	-0.3
Int'l Developed (MSCI EAFE)	14.4	13.8	+0.6
Emerging Markets (MSCI EM)	12.2	12.2	0.0

Source: Eaton Vance Monthly Market Monitor December 2023. Source: FactSet as of 3/31/2024. NTM P/E is market price per share divided by expected earnings per share over the next twelve months. Data provided is for informational use only.

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

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

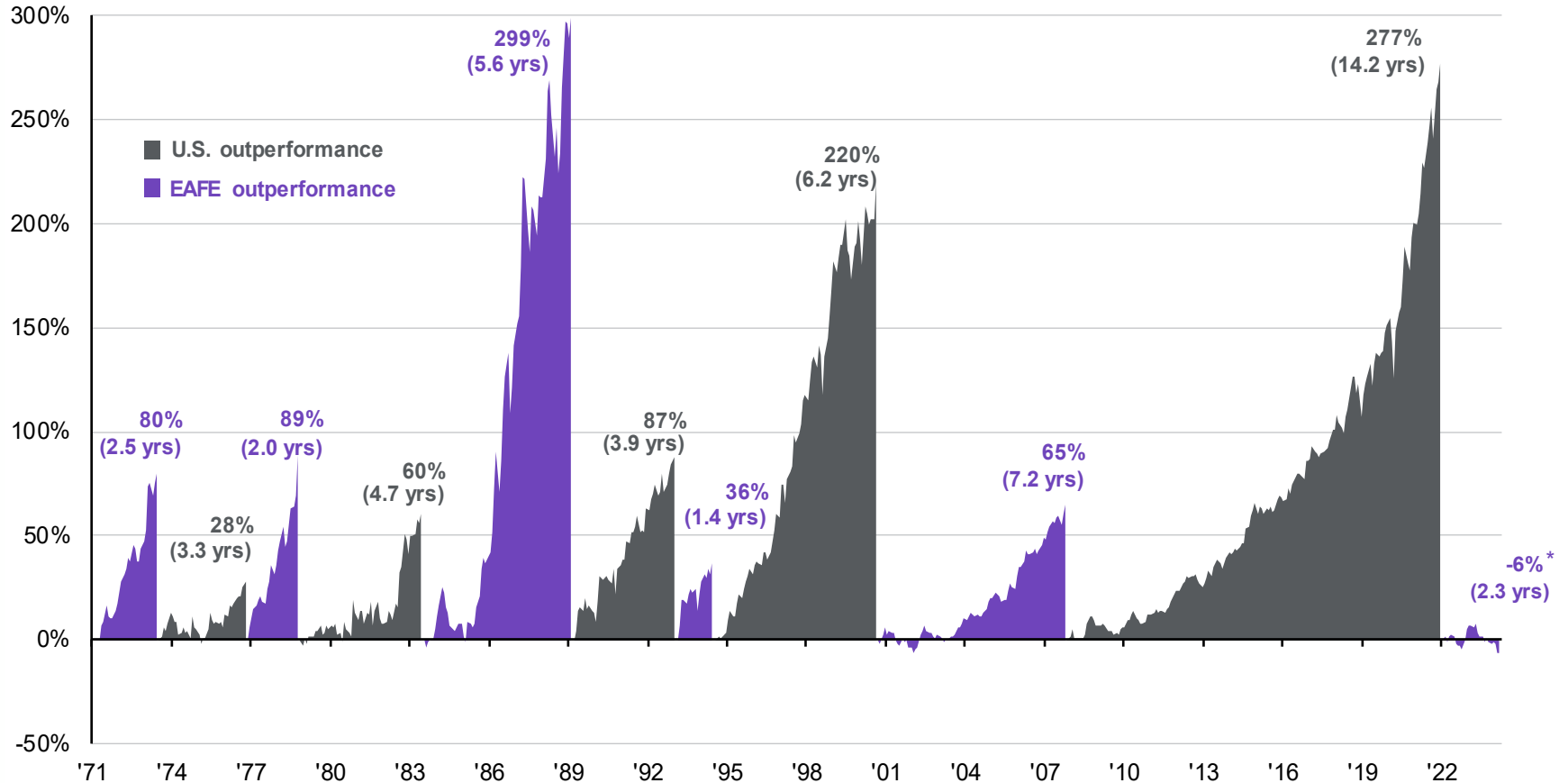
**International: Difference in dividend yields vs. U.S.**

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



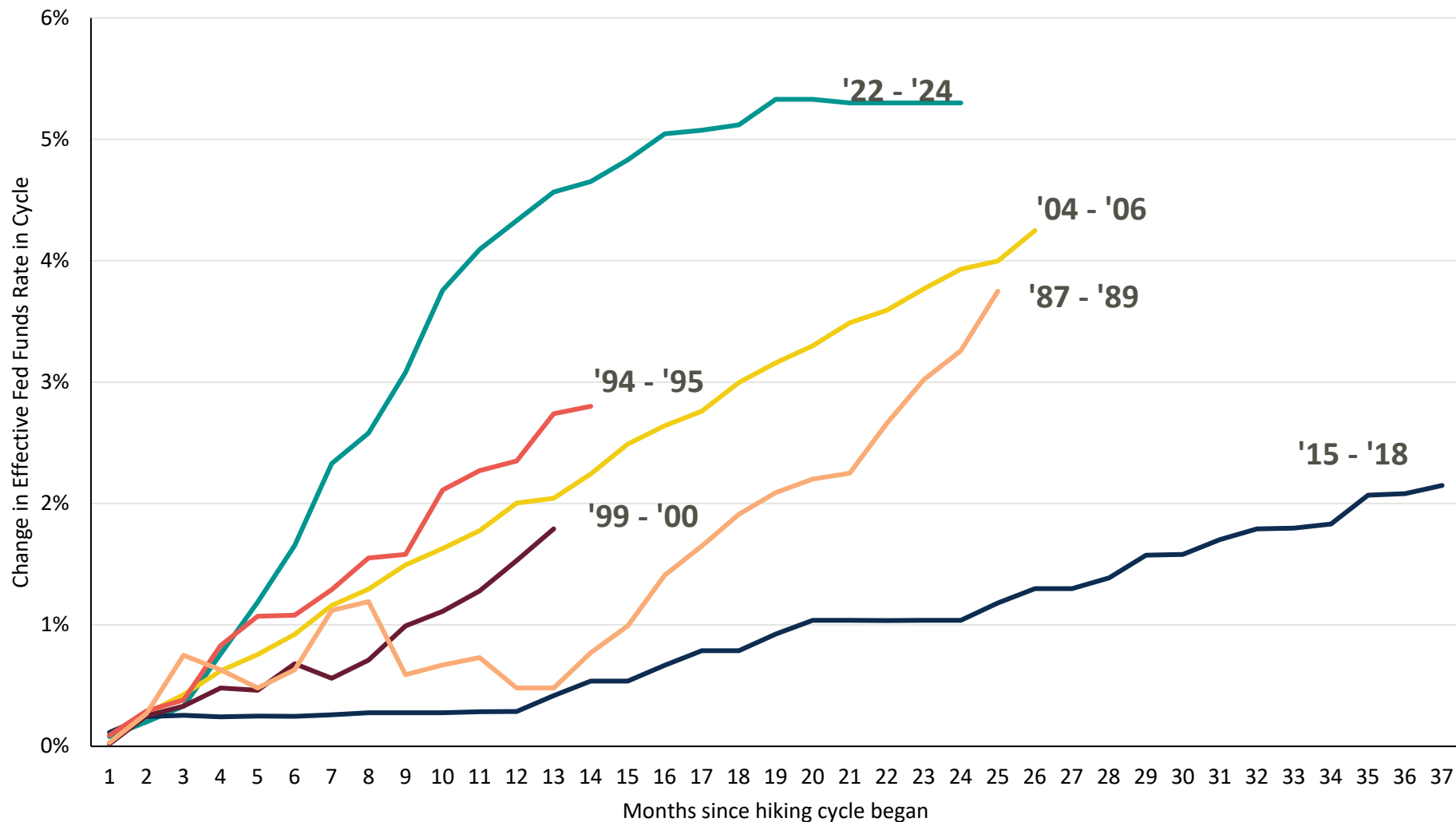
**MSCI EAFE and MSCI USA relative performance**

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 April 5, 2024.

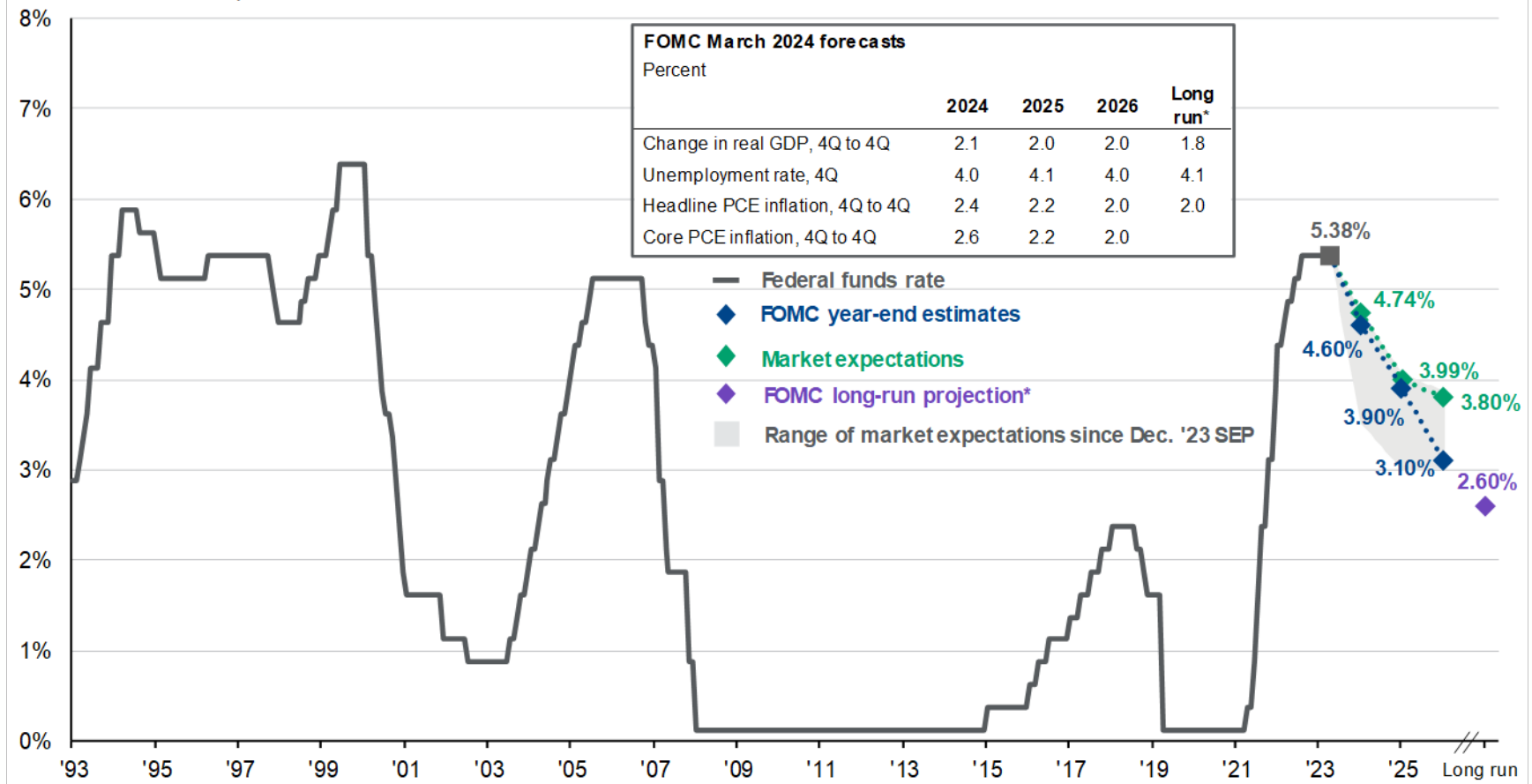
# Rate Hike Cycles



# Rates are Expected to Move Lower in 2024

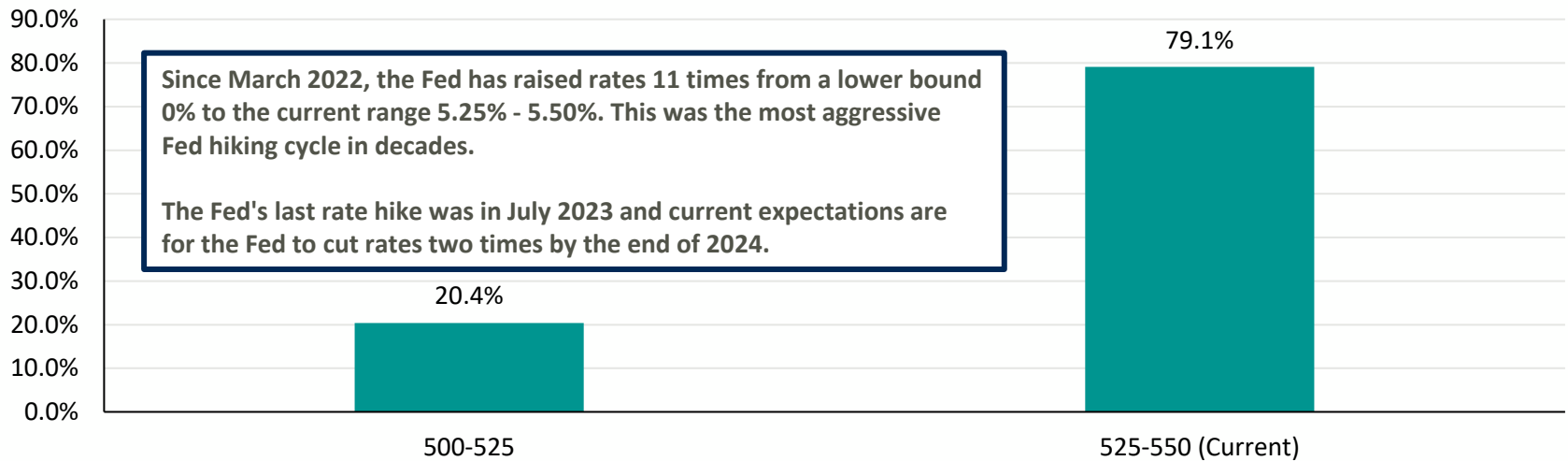
## Federal funds rate expectations

FOMC and market expectations for the federal funds rate

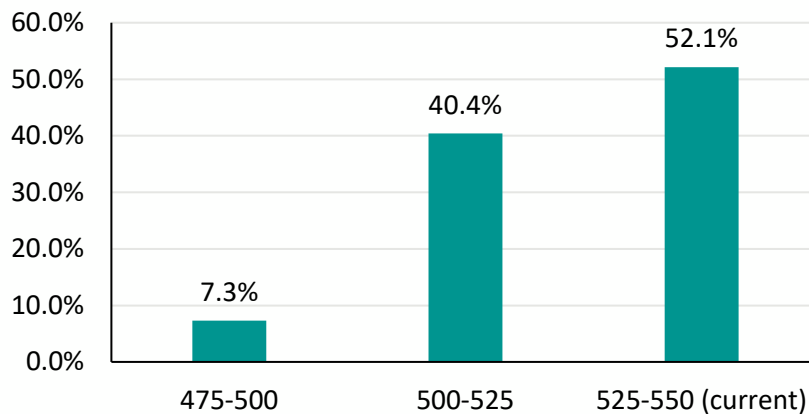


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based off of USD Overnight Index Swaps. \*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. 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 April 5, 2024.

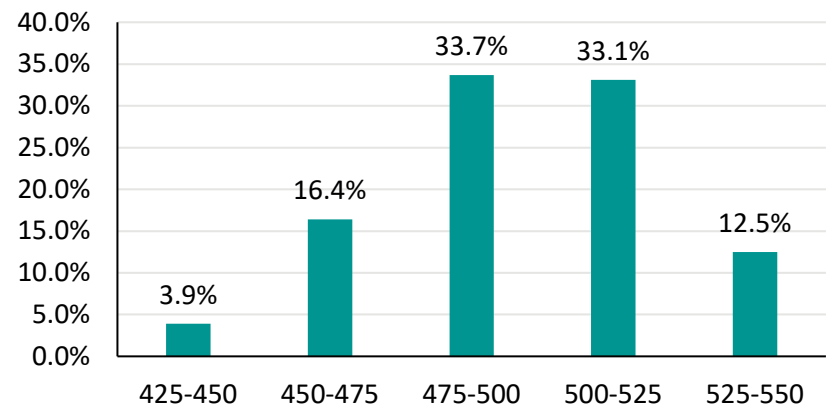
## June 2024 Fed Meeting: Target Rate Probabilities



## July 2024 Fed Meeting: Target Rate Probabilities



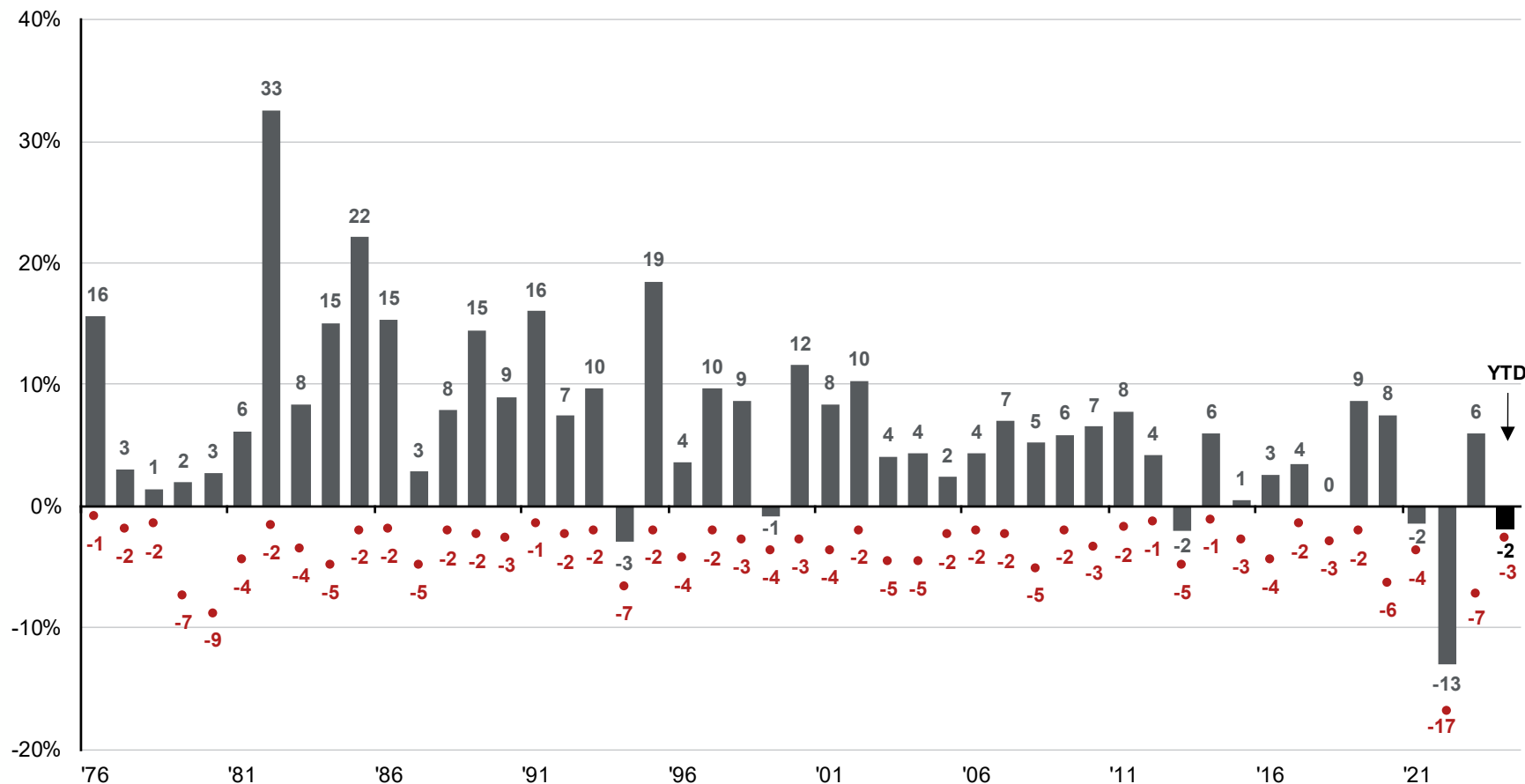
## December 2023 Fed Meeting: Target Rate Probabilities





## 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

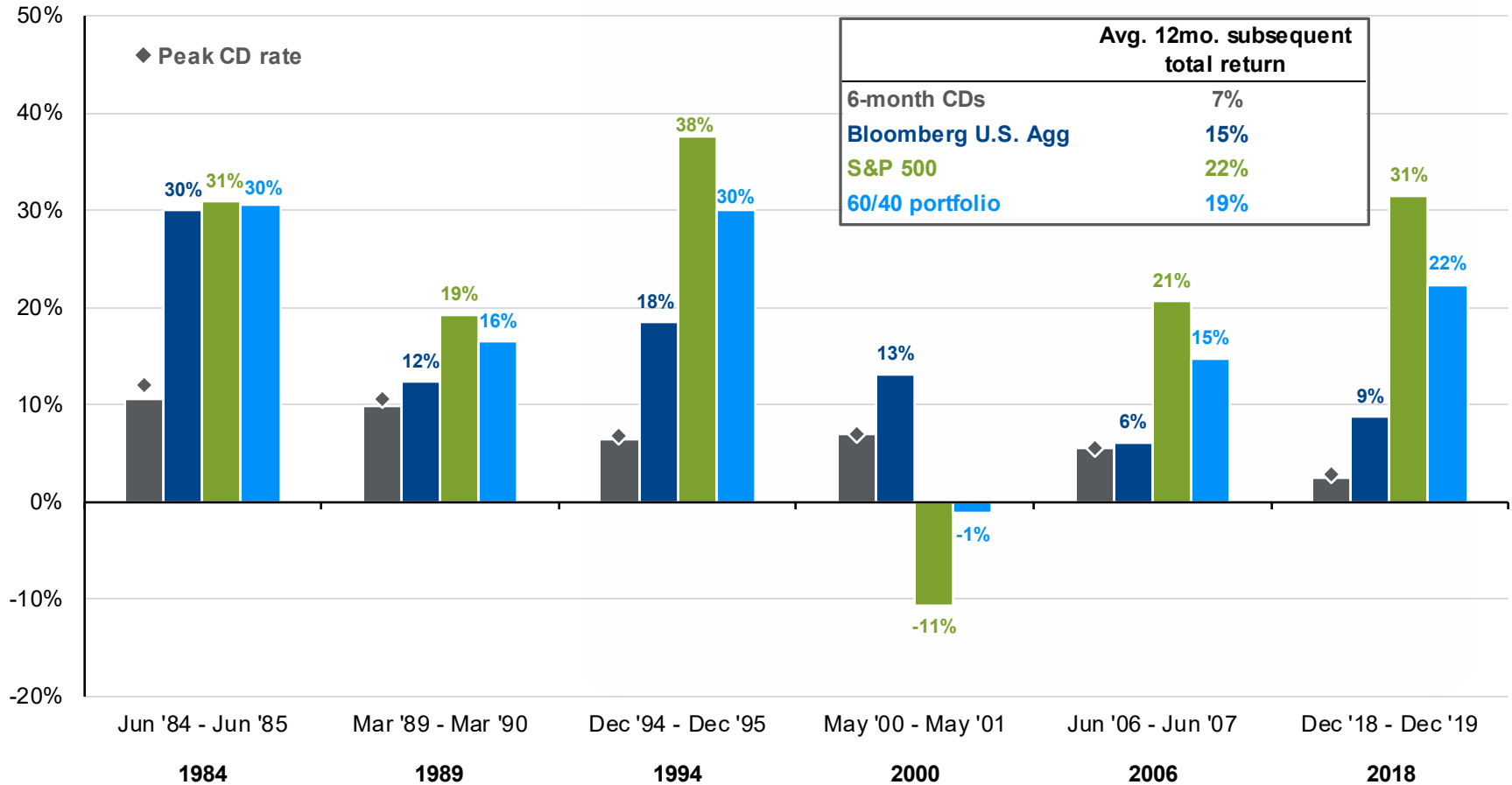


Source: Bloomberg, FactSet, J.P. Morgan Asset Management. Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1976 to 2023, over which time period the average annual return was 6.6%. Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterward. Guide to the Markets – U.S. Data are as of April 5, 2024.

# Cash is Not Always King

## Investment opportunities outside of CDs

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

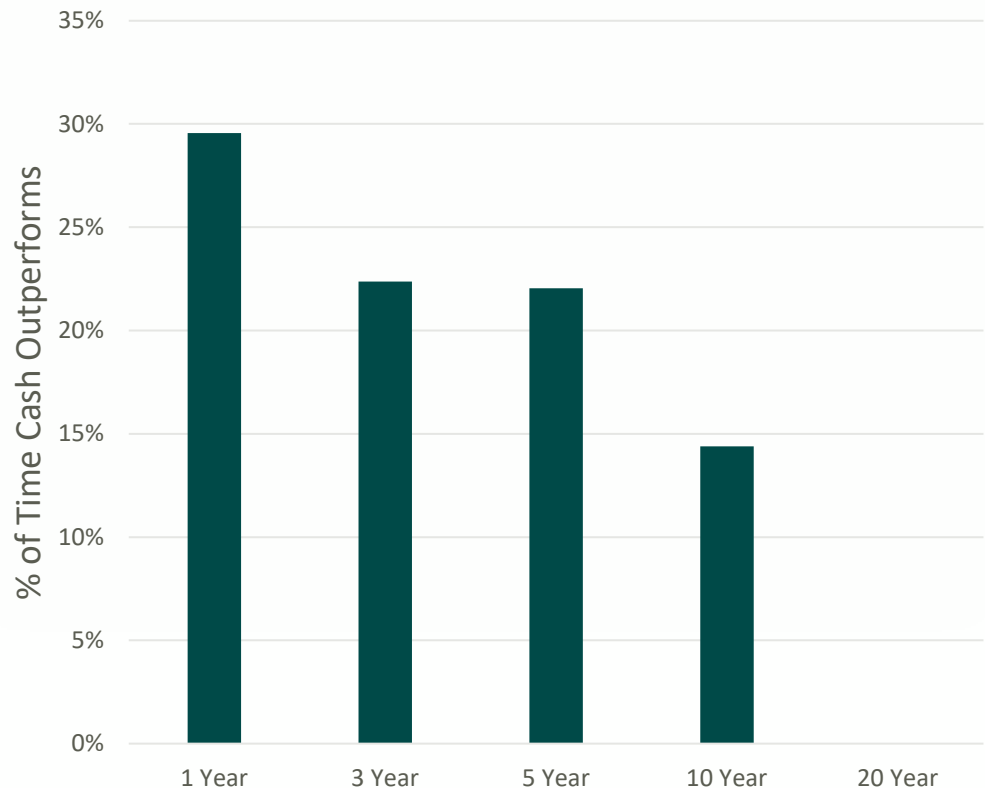


Source: Bloomberg, FactSet, Federal Reserve, Standard and Poor's, J.P. Morgan Asset Management. The 60/40 portfolio is 60% invested in S&P 500 Total Return Index and 40% invested in Bloomberg U.S. Aggregate Total Return Index. The analysis references the month in which the month-end 6-month CD rate peaked during previous rate hiking cycles. CD rate data prior to 2013 are sourced from the Federal Reserve, whereas data from 2013 to 2023 are sourced from Bloomberg. CD subsequent 12-month return calculation assumes reinvestment at the prevailing 6-month rate when the initial CD matures. *Guide to the Markets – U.S.* Data are as of April 5, 2024.

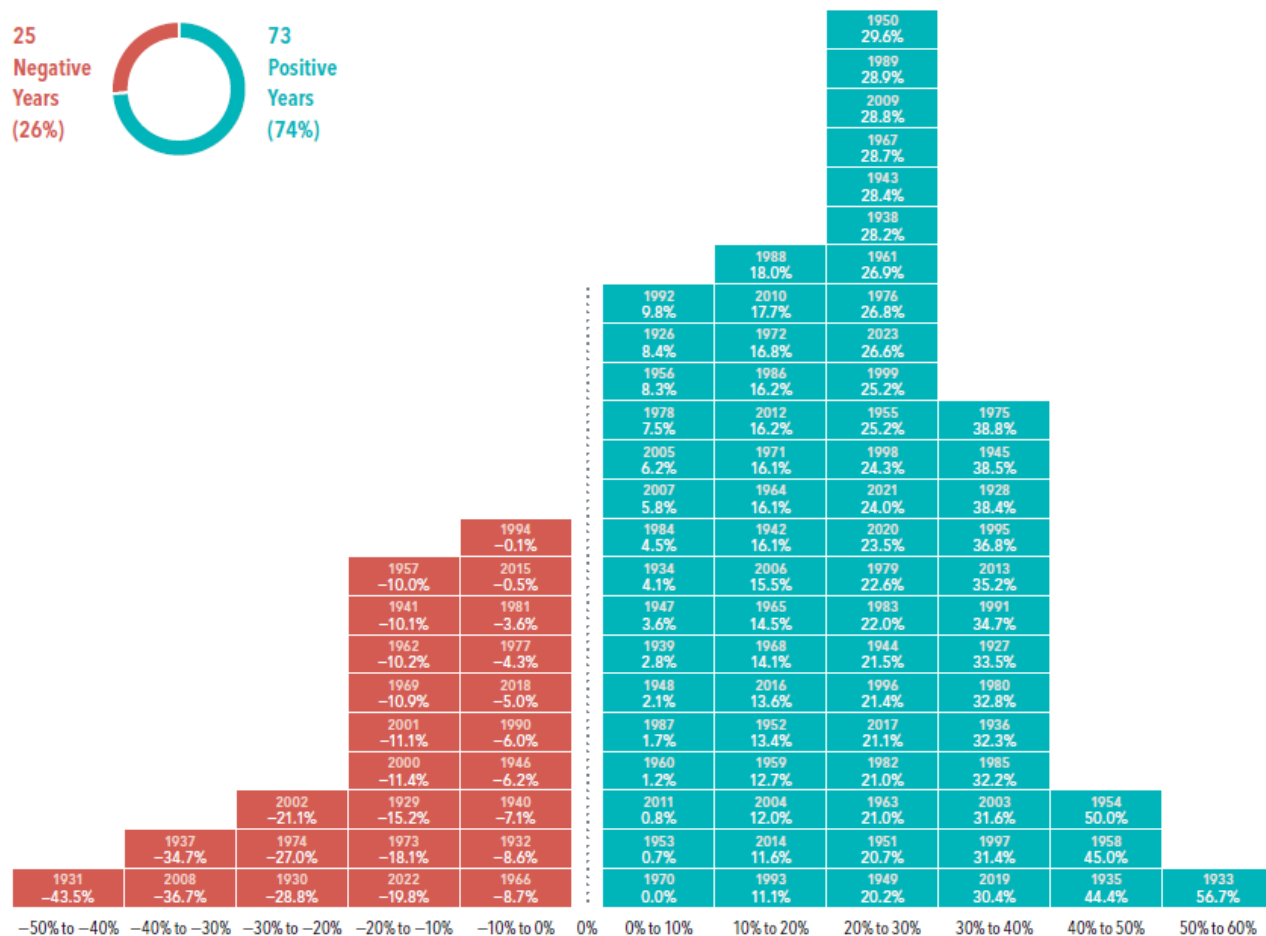
# Opportunity Cost of Sitting in Cash is Huge

- When stocks are down, it may be tempting to go to cash.
- However, the probability of earning a higher return is small.
- On average, cash beat stocks only 30% of the time over one-year periods.
- As time goes on, the chances narrow significantly ending at 0% over 20 years.

**Odds of Cash Outperforming Stocks  
(1926-2023)**



## CRSP 1-10 INDEX RETURNS BY YEAR 1926-2023



Annual stock market returns are unpredictable, but the long history of positive returns may be reassuring to investors who find market downturns unsettling.

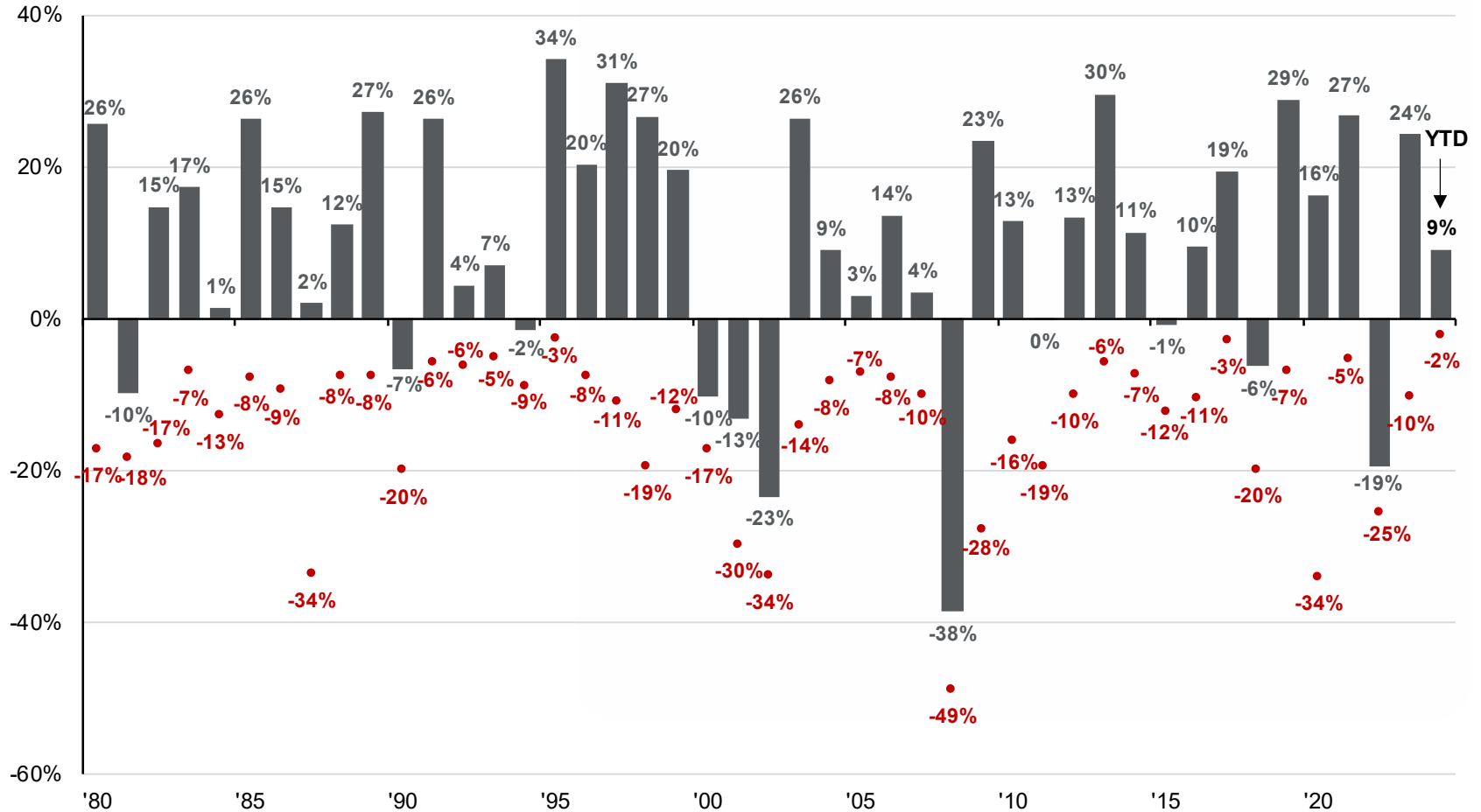
- "Up" years have occurred much more frequently than "down" years in the US stock market from 1926 through 2023.
- The market averaged gains of 10.0% per year during this period.
- About two-thirds of the down years were followed by up years. The most recent example: a 19.8% loss in 2022 followed by a 26.6% gain in 2023.

*The stock market tends to reward investors who can weather annual ups and downs and stay committed to a long-term plan.*

Source: Dimensional Fund Advisors. Past performance is no guarantee of future results. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. In USD. Return in 1970 was 0.002%. CRSP data provided by the Center for Research in Security Prices, University of Chicago. The CRSP 1-10 Index measures the performance of the total US stock market, which it defines as the aggregate capitalization of all US securities listed on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market.

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

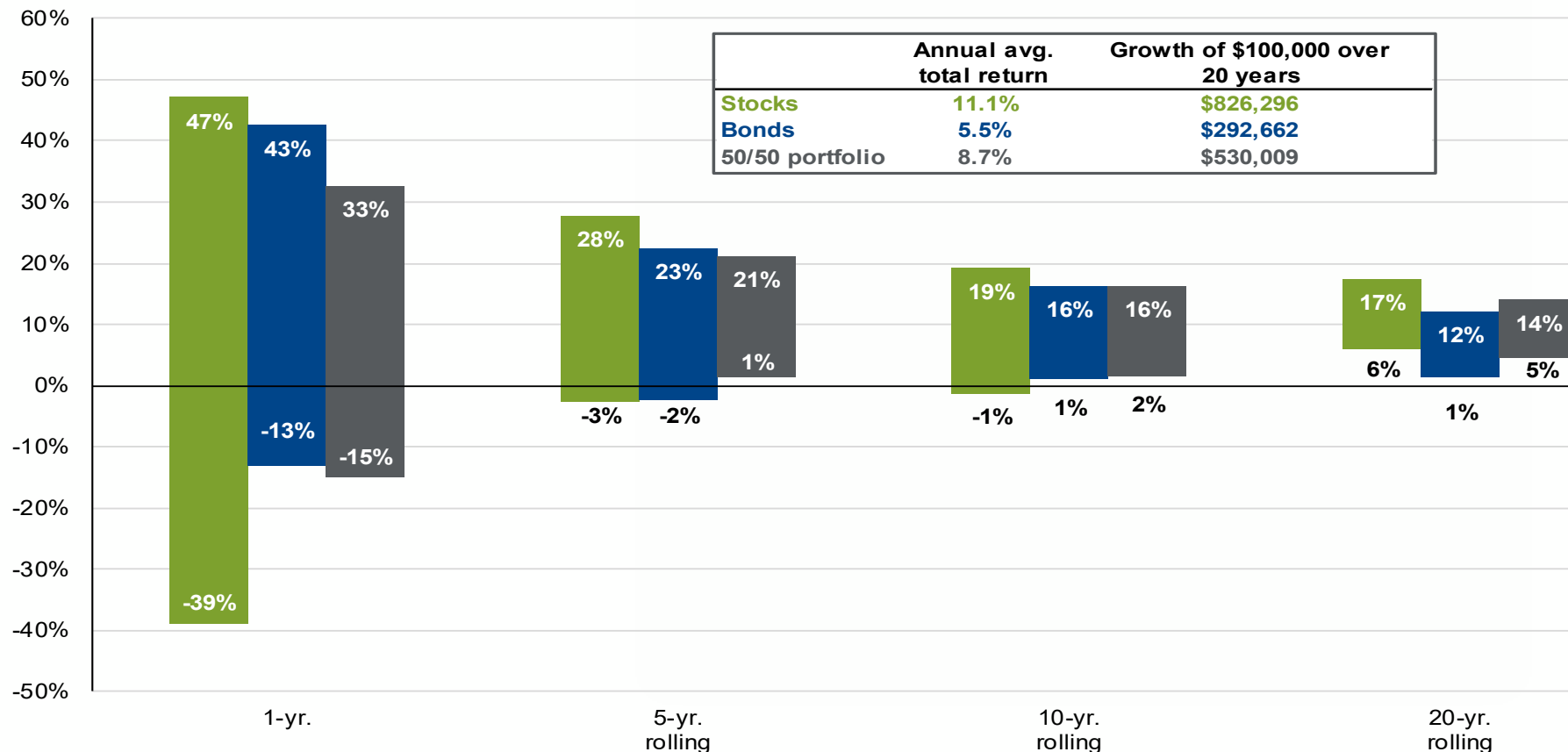
Despite average intra-year drops of 14.2%, annual returns were positive in 33 of 44 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2023, over which time period the average annual return was 10.3%. Guide to the Markets – U.S. Data are as of April 5, 2024.

## Range of stock, bond and blended total returns

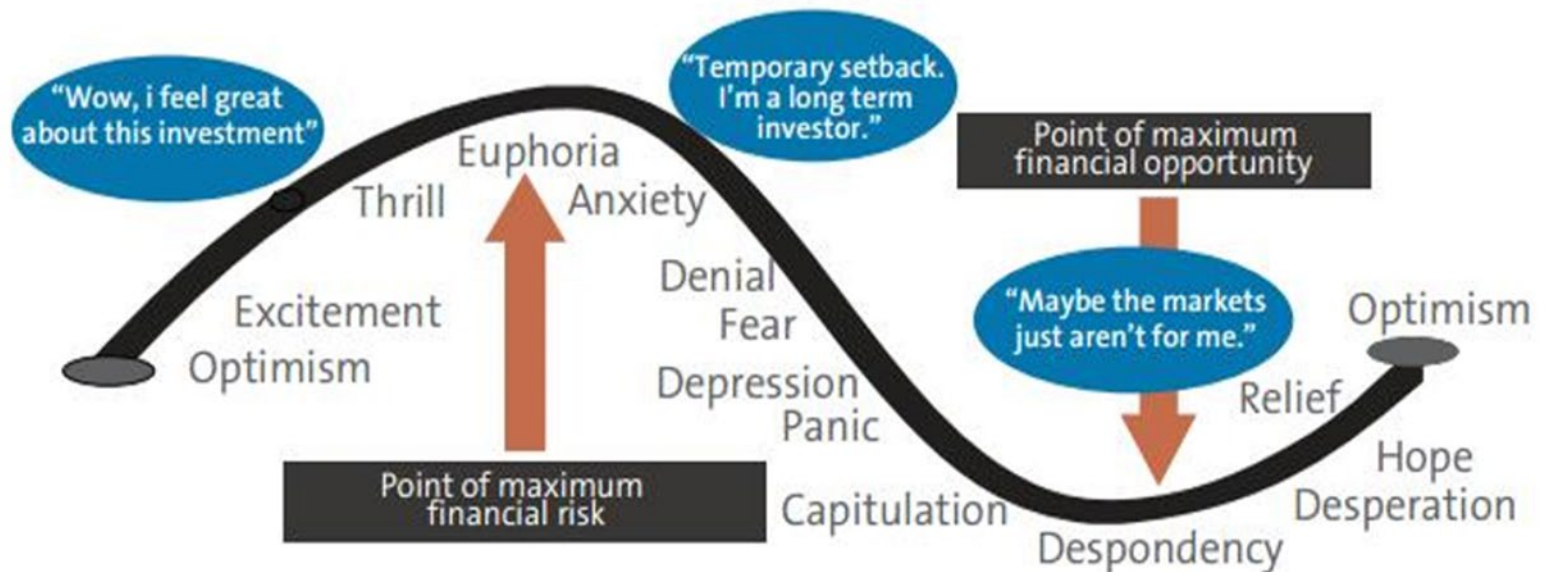
Annual total returns, 1950-2022



Source: Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2021. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Bloomberg Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2021. Guide to the Markets – U.S. Data are as of November 1st, 2023.

\*Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass.

## The roller coaster of investor emotion



\*There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk. Past Performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass.

Annual Returns Ranked Best to Worst (%)

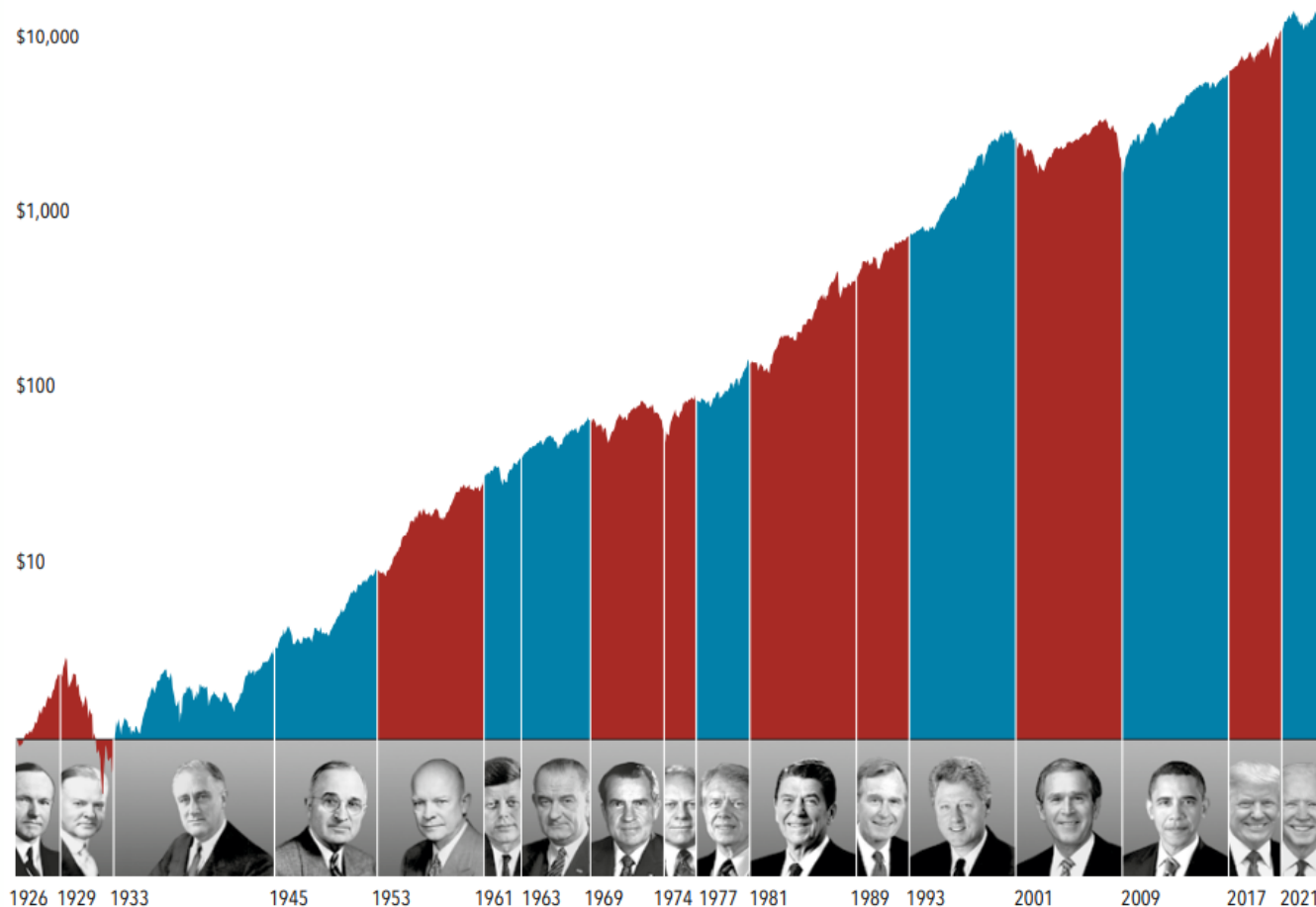
2007 - 2023

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annualized Return (%)	Annualized Volatility (%)
Global 75/25 Stock/Bond Mix	39.4	23.0	78.5	26.9	14.1	23.7	38.8	22.8	9.6	21.3	37.3	7.6	31.5	20.0	32.5	22.1	26.3	9.6	21.2
US Large Stocks	16.8	5.7	46.8	23.4	11.4	20.0	32.4	15.8	6.6	12.0	33.0	3.2	25.5	18.4	28.7	7.6	19.7	8.3	20.8
US Small Stocks	15.4	5.2	33.7	22.0	10.7	18.2	29.3	13.7	4.3	11.2	25.0	2.8	25.0	18.3	14.8	5.7	19.2	7.8	20.5
Int'l Large Stocks	11.6	2.1	31.8	18.9	7.8	17.3	22.8	13.1	3.6	8.6	21.8	2.4	24.5	15.4	13.8	-2.2	18.2	7.2	19.1
Int'l Small Stocks	11.4	-1.1	27.2	15.8	3.9	16.3	16.9	8.8	3.4	7.8	19.7	0.0	22.1	12.3	13.4	-9.8	16.9	6.9	17.7
Emerging Markets	11.2	-5.7	26.5	15.1	3.7	16.0	14.6	7.8	1.4	7.0	14.6	-1.5	22.0	11.5	11.3	-12.6	13.2	5.9	15.9
Global REITS	10.2	-6.5	26.0	11.4	2.1	13.4	10.8	6.2	1.4	6.9	8.6	-4.4	18.4	9.9	10.1	-13.0	11.5	4.2	13.2
U.S. Bonds	9.5	-18.2	22.2	11.1	1.7	13.1	9.2	6.0	0.6	6.6	8.3	-4.4	10.3	7.8	9.9	-13.2	10.2	3.8	9.8
TIPS	7.0	-30.2	13.5	9.2	-0.2	10.3	8.7	5.9	0.5	4.9	7.4	-4.8	9.2	7.5	7.5	-14.5	9.8	3.7	7.0
Int'l Bonds	6.4	-33.8	13.2	7.8	-3.2	10.0	7.5	4.9	-0.8	4.8	5.5	-5.4	8.8	6.7	6.0	-17.6	8.3	3.6	6.1
Trend Following	5.5	-37.0	10.0	6.5	-4.2	7.3	2.8	4.5	-1.3	4.2	3.5	-6.7	8.7	5.8	4.9	-18.1	5.9	3.4	5.4
Event Driven	4.3	-43.4	5.9	6.3	-4.8	6.5	1.2	3.5	-1.7	2.8	3.3	-11.0	8.4	3.9	-0.5	-20.1	5.8	3.2	4.6
Reinsurance	1.4	-45.0	4.4	5.0	-12.1	4.2	-2.0	-2.2	-1.7	2.6	2.5	-13.8	7.6	1.8	-1.4	-20.4	5.5	3.1	4.3
Real Assets	-1.6	-47.0	4.2	3.3	-15.9	2.5	-2.6	-4.9	-4.4	2.2	0.5	-14.6	4.4	0.4	-1.5	-21.4	3.6	3.1	3.9
Direct Lending	-11.1	-53.3	0.9	1.0	-18.4	-8.0	-9.4	-4.9	-14.9	1.0	-2.3	-17.9	-4.6	-8.1	-2.5	-23.6	-5.9	2.0	3.2

As of 12/31/2023. Data Source: Morningstar Direct. Indices used: Global 75/25 Stock/Bond Mix - Cat 25% Citi WGBI&75%FTSE Wld TR. US Large Stocks - S&P 500 TR. US Small Cap - Russell 2000 TR. Int'l Large Cap - MSCI EAFE NR USD. Int'l Small Cap - MSCI EAFE Small Cap NR USD. Emerging Markets - MSCI EM NR. Global REITS - S&P Global REIT TR. Interm-Term Bonds - Bloomberg US Agg Bond TR. TIPS - ICE BofA US Infln-Lnk Trsy TR. International Bonds - Bloomberg Global Aggregate Ex US TR Hdq. Trend Following - Credit Suisse Mgd Futures Liquid TR. Event Driven - IQ Hedge Merger Arbitrage TR (1/1/2006 - 1/12/2015), IQ Hedge Event-Driven TR (after 1/12/2015). Reinsurance - SwissRe Cat Bond TR. Real Assets - equal mix of DJ Brookfld Global Infrastructure TR, NCREIF Farmland, NCREIF Property, NCREIF Timberland. Direct Lending - Cliffwater Direct Lending Index (1/1/2006 - 12/31/2010), Cliffwater Direct Lending Index - Senior (1/1/2011 - 9/30/2023), S&P/LSTA U.S. BB Ratings Loan (after 9/30/2023). Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results.



## HYPOTHETICAL GROWTH OF \$1 INVESTED IN THE S&P 500 INDEX 1926–2023



It's natural for investors to look for a connection between who wins the White House and which way stocks will go. But regardless of who wins, nearly a century of returns shows that stocks have trended upward.

- Shareholders are investing in companies, which focus on serving their customers and growing their businesses, regardless of who is in the White House.
- US presidents may have an impact on market returns, but so do many other factors—the actions of foreign leaders, interest rate changes, changing oil prices, and technological advances, just to name a few.

*Stocks have rewarded disciplined investors for decades, through both Democratic and Republican presidencies.*

In USD. Growth of wealth shows the growth of a hypothetical investment of \$1 in the securities in the S&P 500 index. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Data presented in the growth of wealth chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

## DISCLOSURES

### Endnote 1:

Indices used - Global stocks: MSCI ACWI IMI; U.S. Large Core: CRSP US Total Market; U.S. Large Value: Russell 1000 Value; U.S. Large Momentum: MSCI USA Momentum Index; U.S. Large Quality: MSCI USA Sector Neutral Quality Index; U.S. Small Core: Russell 2000; U.S. Small Value: Russell 2000 Value; International Large Core: MSCI EAFE; International Large Value: MSCI EAFE Value; International Small Core: MSCI EAFE Small Cap; International Small Value: MSCI EAFE Small Value; Emerging Markets: MSCI EM; Global REITs: S&P Global REIT; Short-Term Bond: Bloomberg US Govt/Credit 1-3 Yr; Intermediate-Term Bond: Bloomberg US Agg Bond; International Bond: Bloomberg Global Aggregate ex US Hdg USD; Inflation-Adjusted Bond: Bloomberg Gbl Infl Linked US TIPS; Multi-Sector Bond: 1/3 Bloomberg US Corporate High Yield, 1/3 Bloomberg US MBS, 1/3 JPM EMBI Global Diversified; Trend Following: Credit Suisse Mgd Futures Liquid; Event Driven: Wilshire Liquid Alt Event-Driven (appended with additional indices prior - available upon request); Reinsurance: SwissRe Global Cat Bond; Real Assets: In the current month – DJ Brookfld Global Infra; earlier – custom blend of DJ Brookfld Global Infra, S&P Global LargeMidCap Commodity and Res, S&P Global Timber & Forestry, DJ Commodity, DJ Brookfld Global Infra Broad Market Corp Bond, S&P Global LargeMidCap Commodity and Res Corp Bond, S&P Global Dev Sovereign Inflation-Linked Bond (appended with additional indices prior to inception - available upon request); Direct Lending: Cliffwater Direct Lending-Senior (most recent quarter uses Morningstar Lev Loan BB due to data lag).

Savant Wealth Management (“Savant”) is an SEC registered investment adviser headquartered in Rockford, Illinois. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. All investment strategies have the potential for profit or loss.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results.

## DISCLOSURES

### Endnote 2:

Index returns assume reinvestment of all distributions and unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index.

### Globally Diversified Index Constituent Indices

**Treasury Bills** – IA SBBI U.S. 30 Day T-Bill Index

**U.S. Large Core Stocks** – S&P 500 TR Index (1/1970-6/2000), CRSP US Total Market TR Index after 6/2000

**U.S. Large Value Stocks** – Fama-French Large Value (1/1973-1/1987), Russell 1000 Value TR Index after 1/1987

**U.S. Large Momentum Stocks** – Fama-French High Prior Return (1/1927 – 11/1981), MSCI USA Momentum GR USD after 11/1981

**U.S. Large Quality Stocks** – Fama-French US High Profitability Index (1/1/1973 – 11/1988), MSCI USA Sector Neutral Quality GR after 11/1988

**U.S. Small Stocks** – IA SBBI US Small Stock TR (1/1973-12/1978), Russell 2000 TR Index after 12/1978

**U.S. Small Value Stocks** – Fama-French Small Value (1/1973-12/1978), Russell 2000 Value TR Index after 12/1978

**Int'l Large Stocks** – MSCI EAFE NR Index

**Int'l Large Value Stocks** – MSCI EAFE Index (1/73-12/74), MSCI EAFE Value Index (after 12/74)

**Int'l Small Stocks** – Dimensional International Small Cap Index (1/1973-12/2000), MSCI EAFE Small Cap NR Index after 12/2000

**Int'l Small Value Stocks** – Dimensional International Small Cap Index (1/1973-5/1994), MSCI EAFE Small Value NR Index after 5/1994

**Emerging Markets Stocks** – MSCI EAFE NR Index (1/1973-12/1987), MSCI EM GR Index (1/1988-1/2000), MSCI EM NR Index after 1/2000

Asset Class	Weight
U.S. Large Core Stocks	16.79
U.S. Large Value Stocks	21.51
U.S. Large Quality Stocks	2.80
U.S. Large Momentum Stocks	2.80
U.S. Small Stocks	4.46
U.S. Small Value Stocks	8.65
Int'l Large Stocks	5.85
Int'l Large Value Stocks	7.45
Int'l Small Stocks	6.65
Int'l Small Value Stocks	6.65
Emerging Markets	11.40
Global REITs	5.00