

January 2024

Student of the Market

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Triumph Capital, LLC is an independent agency with insurance offered through the agency.

Student of the Market

January 2024

Bonds

- Historic two months for bonds
- History of bond returns

Stocks

- History of stock returns
- Election years and market performance

Inflation, cash and diversification

- Peak inflation and performance
- Falling cash yields
- Bond and money market assets
- Diversification doesn't always feel good

Source: Morningstar as of 12/31/23. **Past performance is no guarantee of future results.** Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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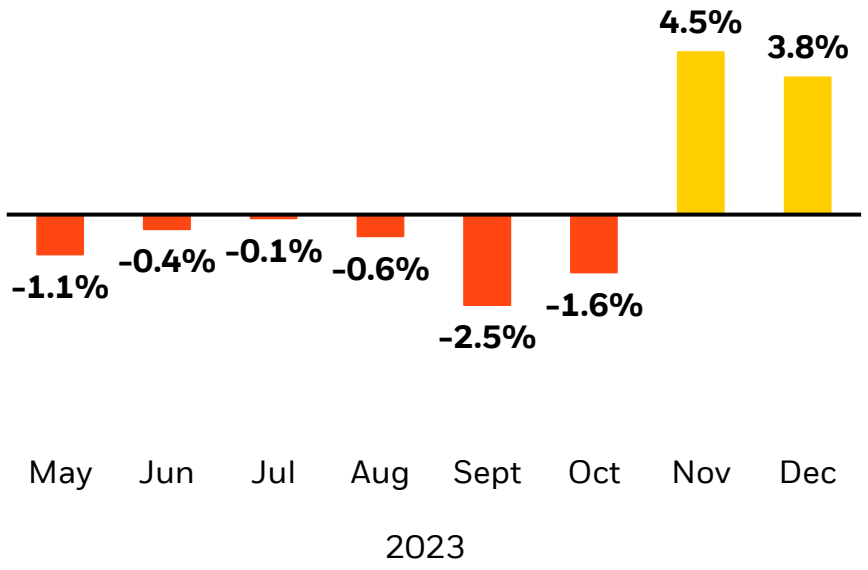
HISTORIC TWO MONTHS FOR BONDS

November and December was a historic stretch for bonds

After a historic losing streak, bonds rebounded with a historic rally (7th best 2-month period since 1926)

Bonds bounced back after losing money in 6 consecutive months (first time in history)

2023 monthly returns (%)



Top 10 best 2-month returns for bonds since 1926

Total return (%)

Top 10 best bond months	Return	1 Year Later
Apr-May 1980	16.6	-3.1
Oct- Nov-1981	14.9	25.2
Mar- Apr 1981	11.4	-2.1
Jul- Aug-1982	10.0	16.4
Aug-Sept 1982	9.7	15.6
Sept- Oct 1982	9.6	10.1
Nov-Dec 2023	8.5	?
Apr- May 1985	7.4	18.2
Feb- Mar 1986	7.2	8.7
Nov- Dec 2008	7.1	5.9

Morningstar as of 12/31/23. U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 12/31/23. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

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BOND MARKET RETURNS

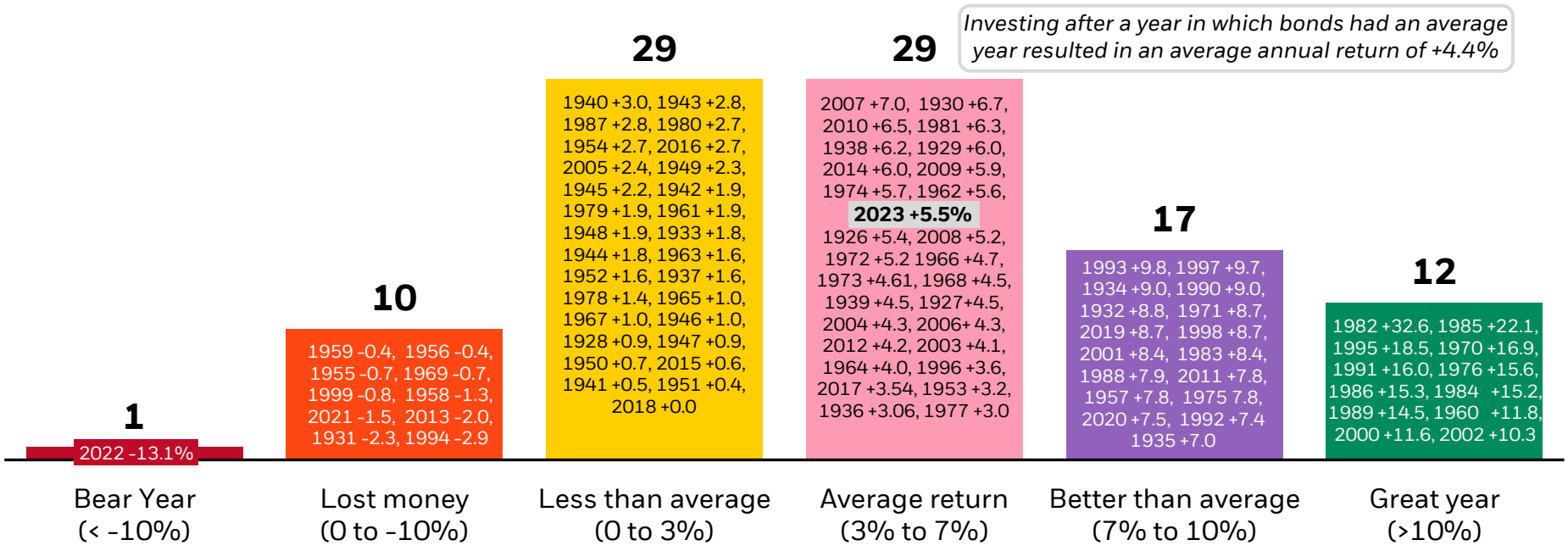
U.S. bonds better than average in 2023

U.S. bonds average 5% return and often return around their average in a calendar year

Range of returns for bonds by calendar year

Average annual return, 1/1/26 – 12/31/23

2023	**+5.5%**
U.S. Bonds avg. annual return (1926 – 2023):	**+5.0%**



Source: Morningstar as of 12/31/23. U.S. bonds are represented by the IA SBBI US Gov IT Index from 1/1/50 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 12/31/23. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You can not invest directly in the index.

STOCK MARKET RETURNS

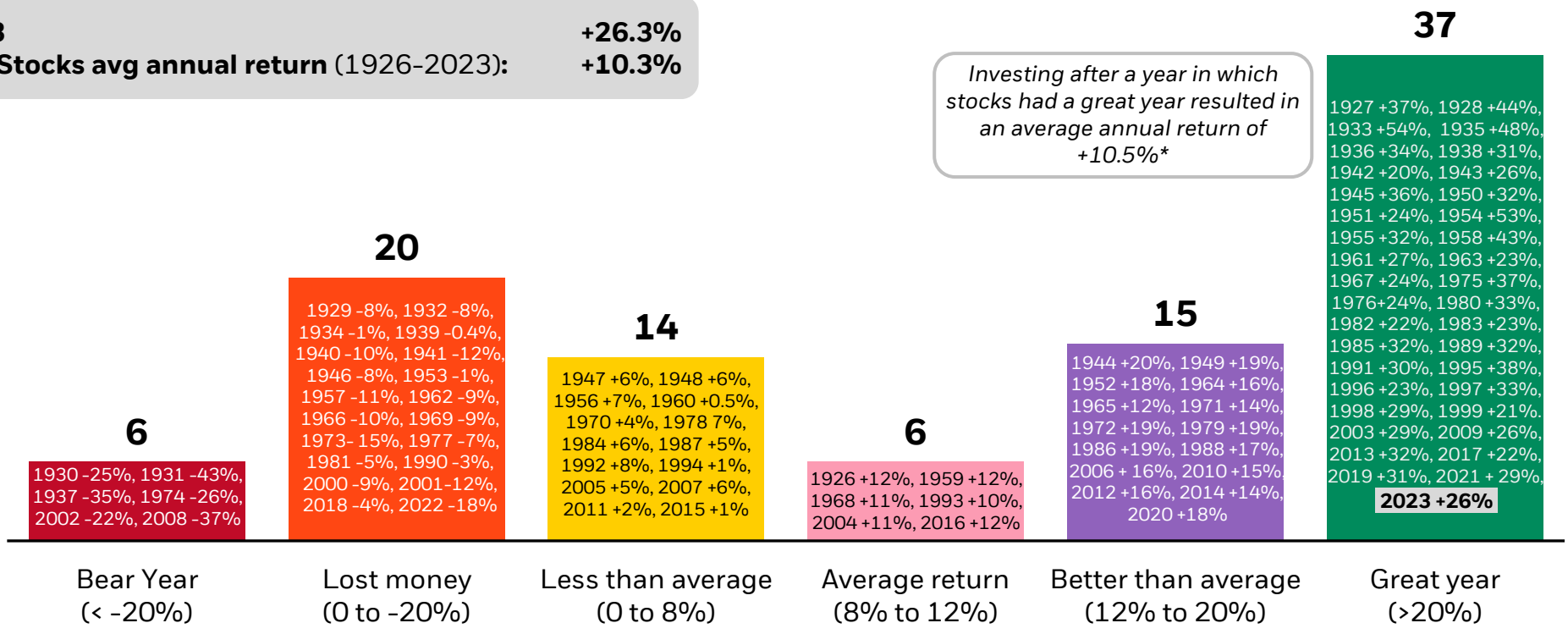
U.S. stocks had a great year in 2023

U.S. stocks average 10% return, but very rarely return their average in a calendar year

Range of returns for stocks by calendar year

Average annual return, 1/1/26 – 12/31/23

2023	**+26.3%**
U.S. Stocks avg annual return (1926-2023)**:**	**+10.3%**



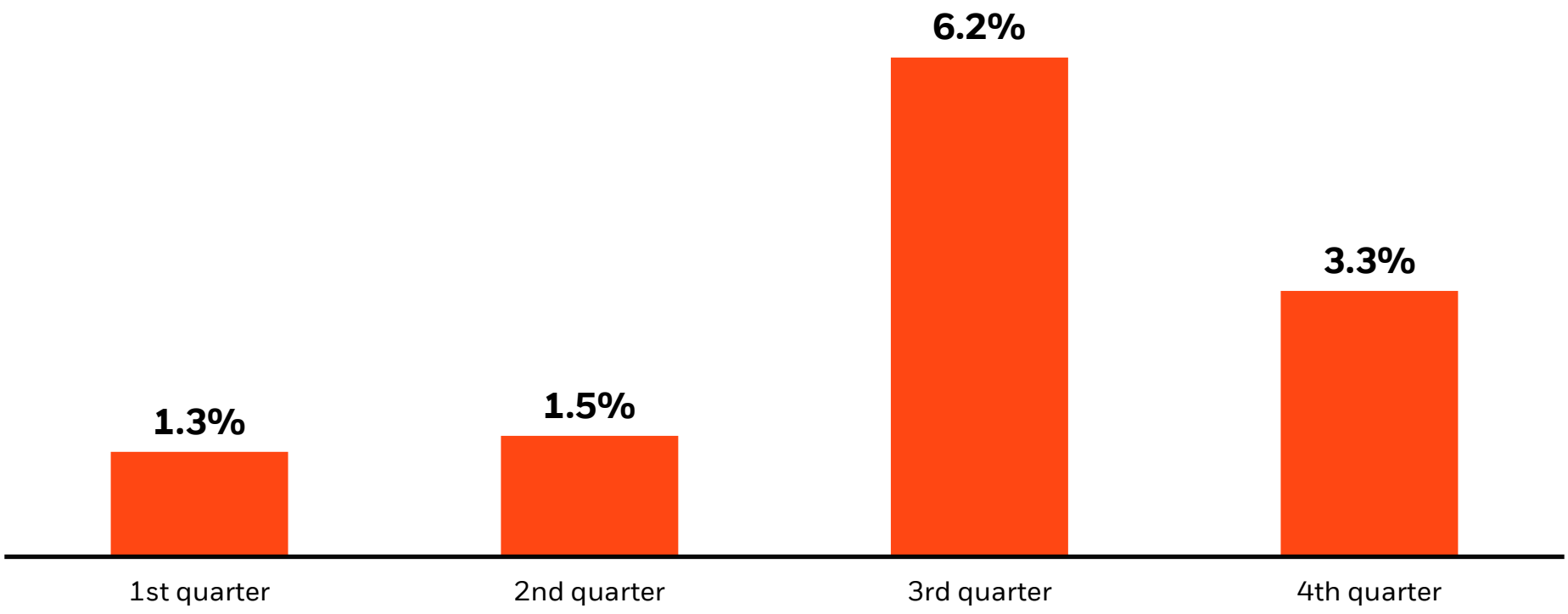
Source: Morningstar as of 12/31/23. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 12/31/23 and the IA SBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period.. **Past performance does not guarantee or indicate future results**. Index performance is for illustrative purposes only. You cannot invest directly in the index.

ELECTION YEARS AND MARKET PERFORMANCE

U.S. stocks in a presidential election year

First half of presidential election years tends to be sluggish, followed by a big second half

Average return, 1/1/26 – 12/31/23



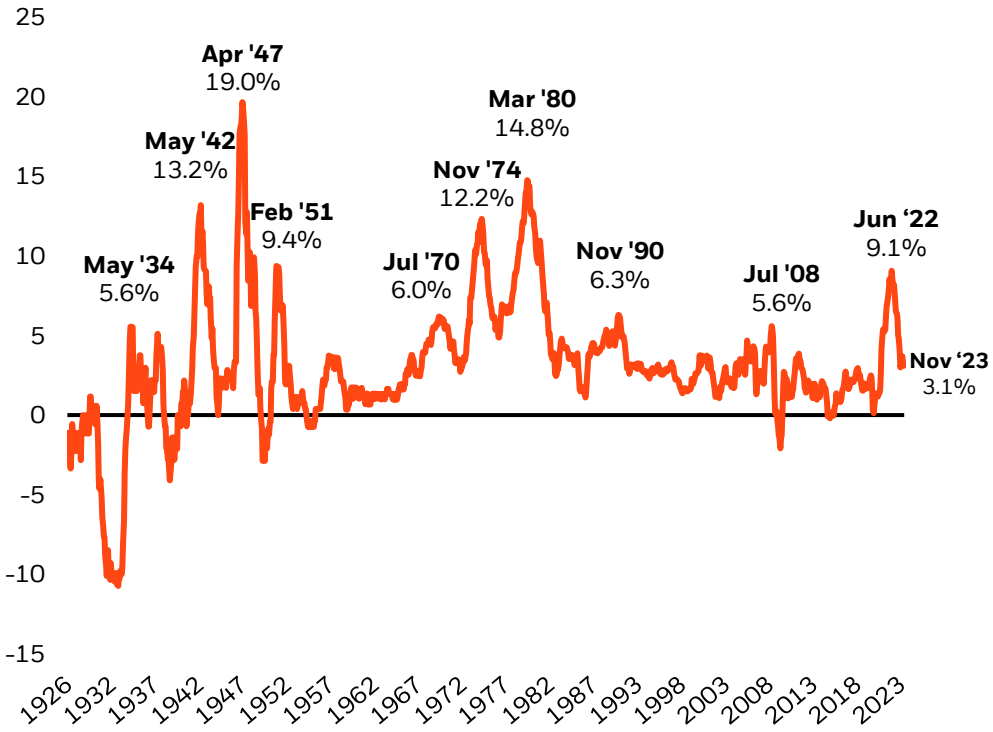
Morningstar as of 12/31/23. Stock market represented by the S&P 500 Index from 1/1/70 to 12/31/23 and IA SBBI U.S. large cap stocks index from 1/1/26 to 1/1/70. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

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Performance following peaks in inflation

"Peaks" in the inflation rate

Since 1926, 12-month change in inflation rate



Returns following "peak" inflation rates

Since 1926, returns for the next 12 months

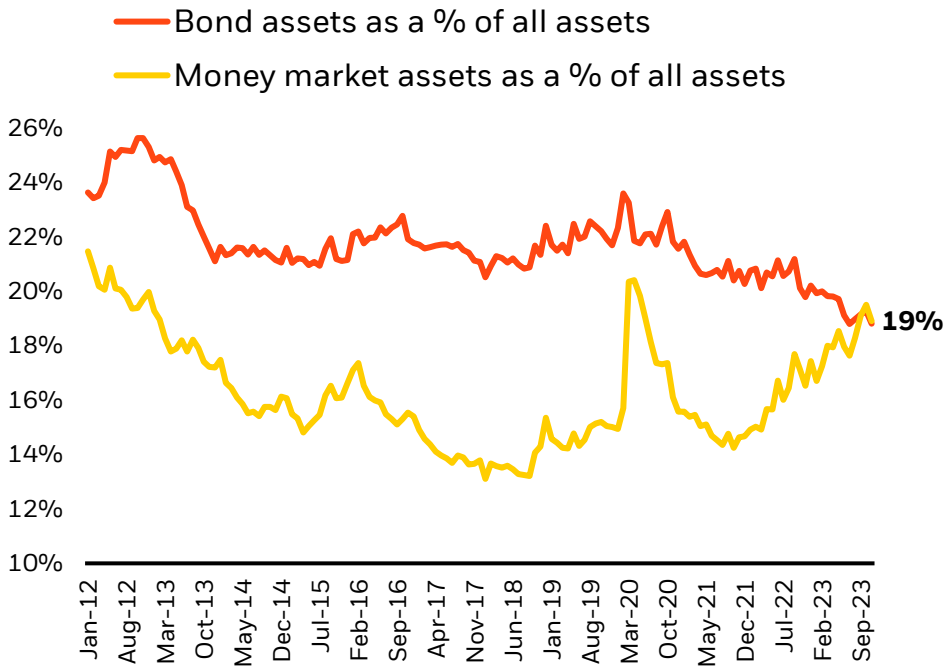
Peak Inflation	Next 12 months	
	Stocks	Bonds
May 1934	4.8%	6.3%
May 1942	57.6%	2.0%
Mar 1947	5.3%	0.9%
February 1951	13.6%	0.3%
December 1969	4.0%	16.9%
December 1974	37.0%	7.8%
March 1980	40.1%	13.1%
November 1990	20.3%	14.4%
July 2008	-20.0%	7.9%
June 2022	20.6%	-0.9%
Avg.	*18.3%*	*6.9%*
June '22 to Dec '23 (cumulative)	**29.2%**	**2.4%**

Source: Morningstar, Bureau of Labor Statistics as of 12/31/23. U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 12/31/23. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 12/31/23 and the IA SBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

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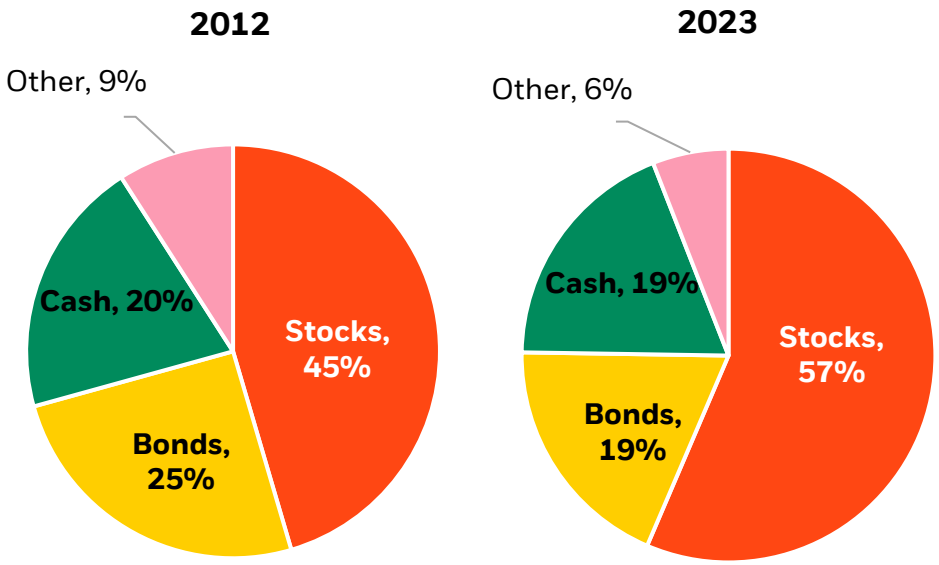
Money market and bond assets are equal

Money market and bond fund assets are equal



Industry asset breakdown

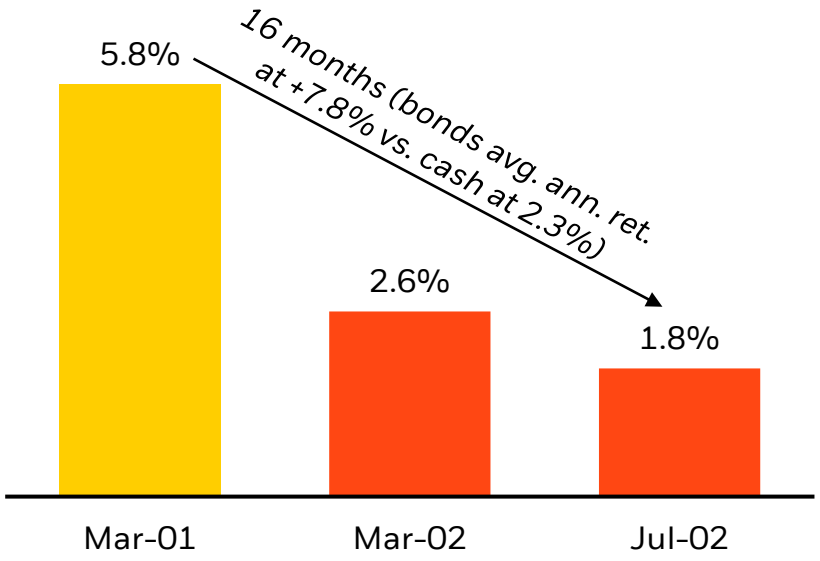
All mutual fund, ETF and money market assets



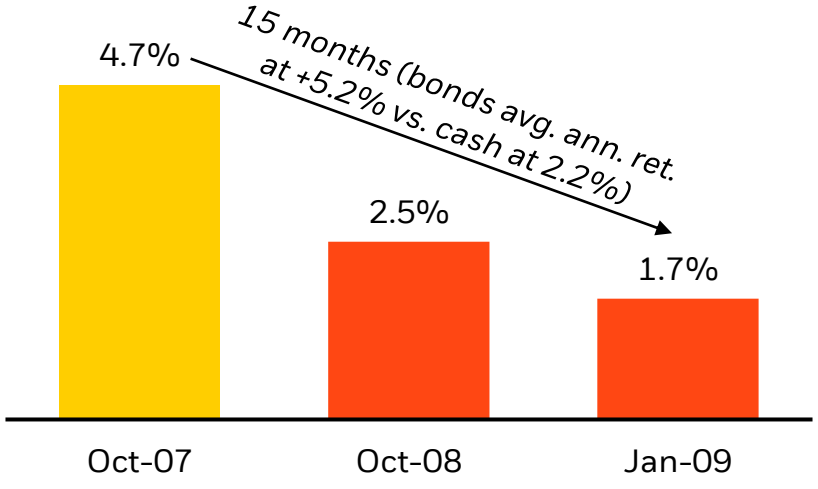
Source: Morningstar as of 11/30/23. **Past performance does not guarantee or indicate future results.**

How fast do cash yields fall?

Money market fund returns fell from a high of 5% in March 2001 to <2% in July 2002



Money market fund returns fell from a high of 4% in October 2007 to <2% in January 2009



Morningstar as of 12/31/23. U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 12/31/23. **Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only.** You cannot invest directly in the index.

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A diversified portfolio can work even though it never feels good

Last 20+ years

24% U.S. large stocks, 24% U.S. mid cap stocks, 5% international stocks, 2% U.S. small cap stocks, 5% emerging market stocks, 20% U.S. bonds, 20% high yield bonds

Years	S&P 500	Diversified Portfolio	
2000–2002*	-40.1%	-15.7%	"I lost money"
2003–2007	82.9%	91.5%	"Diversification worked"
2008	-37.0%	-28.5%	"I lost money"
2009–2019	351.0%	237.2%	"I didn't make as much"
Q1 2020†	-30.4%	-24.2%	"I lost money"
Q2 2020-2021‡	119.0%	69.8%	"I didn't make as much"
2022	-18.1%	-15.3%	"I lost money"
2023	26.3%	15.9%	"I didn't make as much"
Total Return	**390.8%**	**391.4%**	"Diversification can work even when it feels like its losing"
Gr $100K	**$490,770**	**$491,430**	

Source: Morningstar as of 12/31/23. *Performance is from 9/1/00 to 12/31/23. †Performance is from 1/1/20 to 3/23/20. ‡Performance is from 3/24/20 to 12/31/23. Diversified Portfolio is represented by 24% S&P 500 Index, 24% Russell Mid Cap Index, 5% MSCI EAFE Index, 2% Russell 2000 Index, 5% FTSE Emerging Stock Index, 20% Bloomberg US Aggregate Bond Index, 20% Bloomberg US Corporate High Yield Index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

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Student of the Market: January 2024

Returns as of 12/31/23	1 Year Return	5 Year Avg. Annual Return	10 Year Avg. Annual Return
S&P 500 TR USD	26.29	15.69	12.03
Bloomberg US Agg Bond TR USD	5.53	1.10	1.81
Bloomberg US Corp High Yield Yld USD	9.08	6.81	6.74
IA SBBI US IT Govt TR USD	2.90	0.62	1.26
IA SBBI US Large Stock TR USD Ext	26.29	15.69	12.03
MSCI EAFE NR USD	18.24	8.16	4.28
Russell 2000 TR USD	16.93	9.97	7.16
Russell Mid Cap TR USD	17.23	12.68	9.42
US BLS CPI All Urban NSA 1982-1984	3.14	4.03	2.80
US Fund Money Market - Taxable	4.63	1.57	0.98

Source: Morningstar. Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than that shown. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of 12/31/23 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

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