

Investments Group

July 24, 2024 at 1:30PM

Ron Reedy and Mike Flannery Co-chairs

Zoom Meeting Only This Month

Final2

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Market Update (returns/data from outside sources presumed to be reliable)

<u>Index/Market/Stock</u>	<u>YTD 6/28/24</u>	<u>LTM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total US Stock Market	13.6	23.2%	26.0%	-19.5%	25.7%
S&P 500	15.3%	24.6%	26.3%	-18.2%	28.7%
S&P 500 Equal Weight	4.8%	11.2%	13.8%	-11.5%	29.6%
AI Themed Co's (2Q only)/Top 10 stocks in S&P 500	14.2%		85.6%		
Non-AI Themed Co's (2Q only)/Other 490	-1.2%		16.0%		
NASDAQ 100	17.0%	30.6%	54.4%	-32.4%	26.9%
Russell 2000	1.7%	10.1%	15.1%	-21.5%	13.6%
Value Index	6.6%	13.1%	9.3%	-20.2%	16.6%
Growth Index	20.5%	32.8%	46.8%	-33.1%	24.3%

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Total International Stk Mkt (MSCI ACWI ex-USA)	5.7	11.6	15.6%	-16.0%	7.8%
China (MSCI China Index)	4.8%	-1.4%	-11.2%	-21.9%	-21.7%
India (MSCI India Index)	17.3%	37.1%	20.8%	-8.0%	26.3%
Europe (STOXX 600)	6.8%	11.9%	11.3%	-11.8%	22.3%
Japan (NIKKEI 225)	18.3%	18.0%	28.0%	-12.3%	
Magnificent Seven (equal weighted)	35.3%	49.8%	111.0%	-45.0%	
Nvidia	148.0%	198.0%	239.0%	-50.0%	125.0%
Bitcoin	37.3%		164.3%	-64.9%	63.3%
Gold (COMEX)	12.9%	21.2%	13.3%	0.6%	

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US T Bond 10-year return	-2.0%	-0.7%	3.9%	-17.8%	
Bond Agg Index return	-0.5%	3.2%	5.7%	-13.0%	-1.8%
Intermediate Term Tax-Exempt Bond ETF return	-0.4%	2.8%			
Cash (3 mo T-bill) return	2.5%		5.1%	2.2%	
10 yr T yield (end of period)	4.3%		3.9%	3.9%	1.5%
2 yr T yield (end of period)	4.7%		4.2%	4.4%	0.73%
Fed Funds (end of period)	5.3%		5.3%	4.3%	0.07%
PCE (at end of period)	2.6%		4.9%	5.3%	
Cocoa	81.0%				
Gasoline	20.0%				
Natural Gas	3.5%	-7.0%			

Guest Speaker: Tom Roberts

- Asset Management background
 - Worked at TIAA, Citi, HSBC, UBS
- MBA Columbia Graduate School of Business
- Ridgewood resident

Some Topics Raised at Last Meeting

- Fed unwinding fixed income portfolio (John at Oct meeting)
- Historical returns by asset class and correlation
- Valuation methods for stocks (TBA, volunteer?)
- Portfolio Rebalancing (TBA, volunteer?)

Returns By Asset Class (BlackRock)

May 2024

Display: **Stacked** Relative to zero Relative to asset

Highlight: **Asset class** Return

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Annualised
Japan equities 9.9%	High yield 14.3%	China equities 54.3%	Cash 1.9%	U.S. equities 31.6%	China equities 29.7%	Commodities 38.5%	Commodities 22%	U.S. equities 27.1%	Commodities 12.5%	U.S. equities 12.3%
U.S. equities 1.3%	Infrastructure 12.4%	EM equities 37.8%	DM gov. debt -0.4%	Infrastructure 27%	U.S. equities 21.4%	REITs 32.5%	Cash 1.3%	Japan equities 20.8%	U.S. equities 5.9%	Japan equities 6.8%
Emerging debt 1.2%	U.S. equities 11.6%	Europe equities 26.2%	IG credit -3.5%	Europe equities 24.6%	EM equities 18.7%	U.S. equities 27%	Infrastructure -0.2%	Europe equities 20.7%	Japan equities 5.8%	Infrastructure 4.9%
REITs 0.6%	EM equities 11.6%	Japan equities 24.4%	High yield -4.1%	REITs 24.5%	Japan equities 14.9%	Europe equities 17%	High yield -12.7%	High yield 14%	China equities 4.3%	Europe equities 4.6%
Cash 0.1%	Emerging debt 10.2%	U.S. equities 21.9%	U.S. equities -4.5%	China equities 23.7%	IG credit 10.1%	Infrastructure 11.9%	Europe equities -14.5%	REITs 11.5%	Europe equities 3.6%	REITs 4%
Europe equities -2.3%	Commodities 9.7%	Infrastructure 20.1%	Emerging debt -4.6%	Japan equities 20.1%	DM gov. debt 9.5%	Japan equities 2%	IG credit -16.1%	Emerging debt 10.5%	EM equities 2.9%	EM equities 3.3%
High yield -2.7%	REITs 6.9%	High yield 10.4%	REITs -4.8%	EM equities 18.9%	High yield 7%	High yield 1%	Japan equities -16.3%	EM equities 10.3%	Cash 1.7%	High yield 3.3%
DM gov. debt -3.3%	IG credit 6%	Emerging debt 9.3%	Infrastructure -9.5%	Emerging debt 14.4%	Europe equities 5.9%	Cash 0%	Emerging debt -16.5%	IG credit 10.2%	High yield 1.3%	Emerging debt 2.5%
IG credit -3.8%	Japan equities 2.7%	IG credit 9.3%	Commodities -10.7%	High yield 12.6%	Emerging debt 5.9%	Emerging debt -1.5%	DM gov. debt -17.5%	Infrastructure 6.8%	Infrastructure 0.8%	China equities 2.3%
China equities -7.6%	DM gov. debt 1.7%	REITs 8.6%	Japan equities -12.6%	IG credit 11.8%	Cash 0.7%	IG credit -2.1%	U.S. equities -19.5%	Cash 5.1%	Emerging debt -0.6%	IG credit 1.4%
Infrastructure -11.5%	China equities 1.1%	DM gov. debt 7.3%	EM equities -14.2%	Commodities 11.8%	Infrastructure -5.8%	EM equities -2.2%	EM equities -19.7%	DM gov. debt 4.2%	IG credit -2.6%	Cash 1.4%
EM equities -14.6%	Cash 0.4%	Commodities 1.7%	Europe equities -14.3%	DM gov. debt 5.6%	REITs -8.1%	DM gov. debt -6.6%	China equities -21.8%	Commodities 0%	DM gov. debt -5.6%	Commodities 0.9%
Commodities -23.4%	Europe equities 0.2%	Cash 0.8%	China equities -18.7%	Cash 2.3%	Commodities -9.3%	China equities -21.6%	REITs -23.6%	China equities -11%	REITs -7%	DM gov. debt -1.3%

Key: **Equities** **Bonds** **Private markets, commodities**

Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index.

Sources: BlackRock Investment Management Institute, with data from LSEG Datastream, 13 May 2024.

Notes: The table shows annual index total returns (income or dividends reinvested) in U.S. dollars, indices are unmanaged and therefore not subject to fees. 2024 shows year to 31 April 2024. Annualised column shows the annualised total return over the last 10-years from the same date. Indexes or prices used are: U.S. equities - MSCI USA Index, EM equities - MSCI Emerging Markets Index, Europe equities - MSCI Europe Index, Japan equities - MSCI Japan Index, China equities - MSCI China Index, DM gov. debt - Bloomberg Barclays Global Treasury Index, Emerging debt - JP Morgan Emerging Market Bond Index (EMBI) Global Composite, High yield - Bloomberg Barclays Global High Yield Index, IG credit - Barclays Global Corporate Credit Index, Commodities - Commodity Research Bureau (CRB) Index, Cash - Bloomberg Barclays U.S. Treasury Bill Index, REITs - S&P Global Real Estate Investment Trust (REIT) Index, Infrastructure - S&P Global Infrastructure Index.

Returns By Asset Class (MFS)

Asset Allocation Diversification – 20 Years of the Best and Worst

Everyone wants to be in the best-performing asset class every year. The thing is, few people are savvy enough to consistently choose the best. That's why diversification is key. This chart shows annual returns for eight broad-based asset classes, cash and a diversified portfolio ranked from best to worst. Notice how the "leadership" changes from year to year, and how competitively the diversified portfolio performed over 20 years (see the "annualized return" column).



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	ANNUALIZED RETURN
BEST	REITs 30.41%	Commodities 21.30%	REITs 34.35%	Commodities 16.23%	Bonds 5.24%	Large Cap Growth 37.21%	REITs 27.58%	Bonds 7.84%	REITs 20.14%	Small/Mid Cap 36.80%	REITs 27.15%	Large Cap Growth 5.67%	Small/Mid Cap 17.53%	Large Cap Growth 30.21%	Cash 1.80%	Large Cap Growth 36.33%	Large Cap Growth 38.49%	REITs 39.88%	Commodities 16.09%	Large Cap Growth 42.68%	Large Cap Growth 11.29%
	International 20.25%	International 13.54%	International 26.34%	Large Cap Growth 11.81%	Global Bonds 4.79%	Small/Mid Cap 34.29%	Small/Mid Cap 26.71%	REITs 7.28%	Small/Mid Cap 17.88%	Large Cap Growth 33.48%	Large Cap Value 13.45%	REITs 2.29%	Large Cap Value 17.34%	International 25.03%	Bonds 0.01%	REITs 28.07%	Small/Mid Cap 19.99%	Large Cap Growth 27.60%	Cash 1.50%	International 18.24%	Small/Mid Cap 9.08%
	Small/Mid Cap 18.29%	REITs 8.25%	Large Cap Value 22.25%	International 11.17%	Cash 1.80%	International 31.78%	Commodities 16.82%	Global Bonds 5.64%	Large Cap Value 17.51%	Large Cap Value 32.53%	Large Cap Growth 13.05%	Bonds 0.55%	Commodities 11.77%	Small/Mid Cap 16.81%	Global Bonds -1.20%	Small/Mid Cap 27.77%	Diversified Portfolio 10.58%	Commodities 27.11%	Large Cap Value -7.54%	Small/Mid Cap 17.42%	Large Cap Value 7.39%
	Large Cap Value 16.45%	Small/Mid Cap 8.11%	Small/Mid Cap 16.17%	Global Bonds 9.48%	Diversified Portfolio -27.54%	REITs 27.45%	Large Cap Growth 16.71%	Large Cap Growth 2.64%	International 17.32%	International 22.78%	Small/Mid Cap 7.07%	Cash 0.21%	REITs 9.23%	Large Cap Value 13.66%	Large Cap Growth -1.51%	Large Cap Value 26.54%	Global Bonds 9.20%	Large Cap Value 25.16%	Bonds -13.01%	Diversified Portfolio 12.81%	REITs 7.73%
ANNUAL RETURN	Diversified Portfolio 14.48%	Diversified Portfolio 7.52%	Diversified Portfolio 15.02%	Bonds 6.57%	Commodities -35.65%	Diversified Portfolio 23.72%	Diversified Portfolio 15.73%	Large Cap Value 0.39%	Large Cap Growth 13.41%	Diversified Portfolio 13.41%	Bonds 5.57%	International -0.81%	Diversified Portfolio 8.72%	Diversified Portfolio 13.21%	REITs -4.10%	International 22.01%	International 7.82%	Small/Mid Cap 18.18%	Diversified Portfolio -13.61%	REITs 11.48%	Diversified Portfolio 6.48%
	Global Bonds 9.27%	Large Cap Value 7.05%	Large Cap Growth 9.07%	Cash 4.74%	Small/Mid Cap -36.79%	Large Cap Value 19.69%	Large Cap Value 15.51%	Cash 0.08%	Diversified Portfolio 12.02%	REITs 3.21%	Diversified Portfolio 5.32%	Small/Mid Cap -2.90%	Large Cap Growth 7.08%	REITs 9.27%	Diversified Portfolio -5.98%	Diversified Portfolio 20.33%	Bonds 7.57%	Diversified Portfolio 17.45%	International -14.45%	Large Cap Value 11.46%	International 5.59%
	Commodities 9.15%	Large Cap Growth 5.26%	Global Bonds 6.64%	Diversified Portfolio 4.88%	Large Cap Value -36.82%	Commodities 18.91%	International 7.75%	Diversified Portfolio -0.16%	Global Bonds 4.32%	Cash 0.05%	Global Bonds 0.59%	Global Bonds -3.15%	Bonds 2.65%	Global Bonds 7.39%	Large Cap Value -8.27%	Bonds 8.72%	Large Cap Value 2.80%	International 11.26%	Global Bonds -16.25%	Global Bonds 5.72%	Bonds 3.17%
	Large Cap Growth 6.30%	Cash 3.00%	Cash 4.76%	Small/Mid Cap 1.38%	REITs -37.34%	Global Bonds 6.53%	Bonds 6.54%	Small/Mid Cap -2.51%	Bonds 4.21%	Bonds -2.02%	Cash 0.07%	Diversified Portfolio -3.33%	Global Bonds 2.09%	Bonds 3.54%	Small/Mid Cap -30.00%	Commodities 7.69%	Cash 0.58%	Cash 0.85%	Small/Mid Cap -18.37%	Bonds 5.53%	Global Bonds 2.40%
WORST	Bonds 4.34%	Bonds 2.47%	Bonds 4.33%	Large Cap Value -0.17%	Large Cap Growth -38.44%	Bonds 5.97%	Global Bonds 5.54%	International -12.14%	Cash 0.01%	Global Bonds -2.60%	International -4.90%	Large Cap Value -1.81%	International 1.00%	Commodities 1.70%	Commodities -11.25%	Global Bonds 6.54%	Commodities -3.12%	Bonds -1.54%	REITs -25.10%	Cash 5.26%	Cash 1.42%
	Cash 1.24%	Global Bonds -4.49%	Commodities 2.07%	REITs -17.83%	International -43.38%	Cash 0.16%	Cash 0.13%	Commodities -13.32%	Commodities -1.86%	Commodities -8.52%	Commodities -17.07%	Commodities -24.66%	Cash 0.27%	Cash 0.84%	International -13.79%	Cash 2.25%	REITs -5.96%	Global Bonds -4.71%	Large Cap Growth -29.14%	Commodities -7.91%	Commodities -0.17%

MARKET SEGMENT	REPRESENTED BY	STANDARD DEVIATION	MARKET SEGMENT	REPRESENTED BY	STANDARD DEVIATION
Cash	FTSE 3-month T-bill Index ¹	0.50	Large Cap Growth stocks	Russell 1000 [®] Growth Index ²	16.00
Bonds	Bloomberg US Aggregate Bond Index ³	4.14	Commodities	Bloomberg Commodity Index ⁴	16.24
Global bonds	Bloomberg Global Aggregate Index (Unhedged) ⁵	6.01	International stocks	MSCI EAFE Index ⁶	16.73
Diversified portfolio	Equal allocations of all segments disclosed herein, excluding cash	11.72	Small/Mid Cap stocks	Russell 2500 [™] Index ⁷	18.79
Large Cap Value stocks	Russell 1000 [®] Value Index ¹	15.41	REITs	FTSE NAREIT All REITs Total Return Index ⁸	21.28

Source: FactSet SPAR. Returns are in USD, and net for MSCI EAFE and gross for all other asset classes. Annualized return and standard deviation (annualized) is for the 20-year period ending December 31, 2023. The diversified portfolio is rebalanced quarterly to maintain the equal allocations throughout the period. Standard deviation reflects a portfolio's total return volatility, which is based on a minimum of 36 monthly returns. The larger the portfolio's standard deviation, the greater the portfolio's volatility. Asset allocation and diversification do not guarantee a profit or protect against a loss.

IMPORTANT RISK CONSIDERATIONS
International: Investing in foreign and/or emerging market securities involves interest rate, currency exchange rate, economic, and political risks. These risks are magnified in emerging or developing markets as compared with domestic markets. **Small/Mid Cap stocks:** Investing in small and/or mid-sized companies involves more risk than that customarily associated with investing in more-established companies. **Bonds:** Bonds, if held to maturity, provide a fixed rate of return and a fixed principal value. Bond funds will fluctuate and, when redeemed, may be worth more or less than their original cost. **Commodity:** Commodity-related investments can be more volatile than investments in equity securities or debt instruments and can be affected by changes in overall market movements, commodity index volatility, changes in interest rates, currency fluctuations, or factors affecting a particular industry or commodity, and demand/supply imbalances in the market for the commodity. Events that affect the financial services sector may have a significant adverse effect on the portfolio. **Real Estate:** Real estate-related investments can be volatile because of general, regional, and local economic conditions, fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulation and other governmental actions; increased operation expenses; lack of availability of mortgage funds; losses due to natural disasters, changes in property values and rental rates; overbuilding; losses due to casualty or condemnation, cash flows; the management skill and creditworthiness of the REIT manager; and other factors.
 The historical performance of each index cited is provided to illustrate market trends; it does not represent the performance of a particular MFS investment product. It is not possible to invest directly in an index. Index performance does not take into account fees and expenses. Past performance is no guarantee of future results. The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, consult an investment professional. For more information on any MFS product, including performance, please visit mfs.com.

Returns By Asset Class

- NYU Stern
 - Returns by year for Stocks, Cash, Treasuries, Corporate Bonds, Real Estate, Gold
 - 1928-2023

Asset Class Correlation (Guggenheim)

Historical Correlation¹: January 2013–December 2023

Click Asset Class to Highlight

RESET

	Positive	Negative	Investment Grade Bonds	Cash	Commodities	Currencies	Equity Market Neutral	Event Driven	Global	Hedge Funds	International Equity	Long/Short Equity	Managed Futures	REITs	S&P 500*
High	0.7-1.0	(0.7)-(1.0)													
Moderate	0.4-0.7	(0.4)-(0.7)													
Low	0.0-0.4	(0.0)-(0.4)													
Investment Grade Bonds	1.00														
Cash	0.12	1.00													
Commodities	(0.16)	(0.11)	1.00												
Currencies	(0.41)	(0.15)	(0.32)	1.00											
Equity Market Neutral	0.19	(0.07)	0.26	(0.53)	1.00										
Event Driven	0.16	(0.08)	0.60	(0.29)	0.33	1.00									
Global	0.38	(0.03)	0.45	(0.47)	0.30	0.79	1.00								
Hedge Funds	0.12	(0.10)	0.58	(0.27)	0.45	0.88	0.75	1.00							
International Equity	0.38	0.01	0.48	(0.57)	0.36	0.78	0.94	0.74	1.00						
Long/Short Equity	0.29	(0.02)	0.45	(0.41)	0.45	0.80	0.86	0.87	0.85	1.00					
Managed Futures	(0.13)	(0.08)	(0.03)	0.25	0.06	0.01	(0.07)	0.33	(0.11)	0.07	1.00				
REITs	0.55	(0.09)	0.26	(0.26)	0.27	0.62	0.77	0.62	0.69	0.67	0.07	1.00			
S&P 500*	0.36	(0.04)	0.40	(0.40)	0.25	0.74	0.98	0.72	0.87	0.84	(0.04)	0.77	1.00		

Asset Class Correlation (Guggenheim)

Investment Grade Bonds	Cash	Commodities	Currencies	Equity Market Neutral	Event Driven	Global	Hedge Funds	International Equity	Long/Short Equity	Managed Futures	REITs	S&P 500*
Bloomberg U.S. Aggregate Bond Index	ICE BofAML US Treasury Bill (3 M) (USD Unhedged)	S&P GSCI™ TR	U.S. Dollar Index	Dow Jones Credit Suisse Hedge Fund Index Equity Market Neutral	Dow Jones Credit Suisse Hedge Fund Index Event Driven	MSCI World Net TR Index	Dow Jones Credit Suisse Hedge Fund Index	MSCI EAFE Index	Dow Jones Credit Suisse Hedge Fund Index Long/Short Equity	Dow Jones Credit Suisse Hedge Fund Index Managed Futures	NAREIT (National Association of Real Estate Investment Trusts®)	S&P 500® Index

Source: Calculated by Guggenheim Investments using data

Interesting Articles

- Where Have All the Good Stocks Gone (WSJ 7/10/24)
 - Since 1996: # U.S. stocks: 8,000 to 4,000. # U.S. funds: 6,000 to 12,000
 - Russell 2,000 significantly underperforms iShares Core S&P Small Cap (profits scan)
- Why Your Fund Manager Can't Beat Today's Stock Market (WSJ 7/5/24)
- Second Quarter S&P 500 Results Have Issues (Forbes 6/30/24)
- The Quarter that Split The Market (WSJ 6/30/24)
- These Hot New Funds “Boomer Candy” for Retirees (WSJ 6/23/24)
 - How a Niche Fund Became the Biggest Active ETF (Barron's 5/8/24)
- Our World is Scarier Now. We Have to Change Our Investing Ways (Barron's 5/31/24)
- Magnificent 7? There is Only the Magnificent 1 (Barron's 6/17/24)
- Hot Money Can Fuel a Fund's Success and Hasten its Downfall (WSJ 6/15/24)
- To Find Winning Stocks, Investors Often Focus on Laggards. They Shouldn't (WSJ 6/10/24)
- AI Has Been Massively Overhyped (WSJ 6/1/24)
- Make Your Retirement Savings Last (AARP Bulletin July/August)

Q&A/General Discussion

- Open forum

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