

# Leetown Market Update

Kyle Thompson

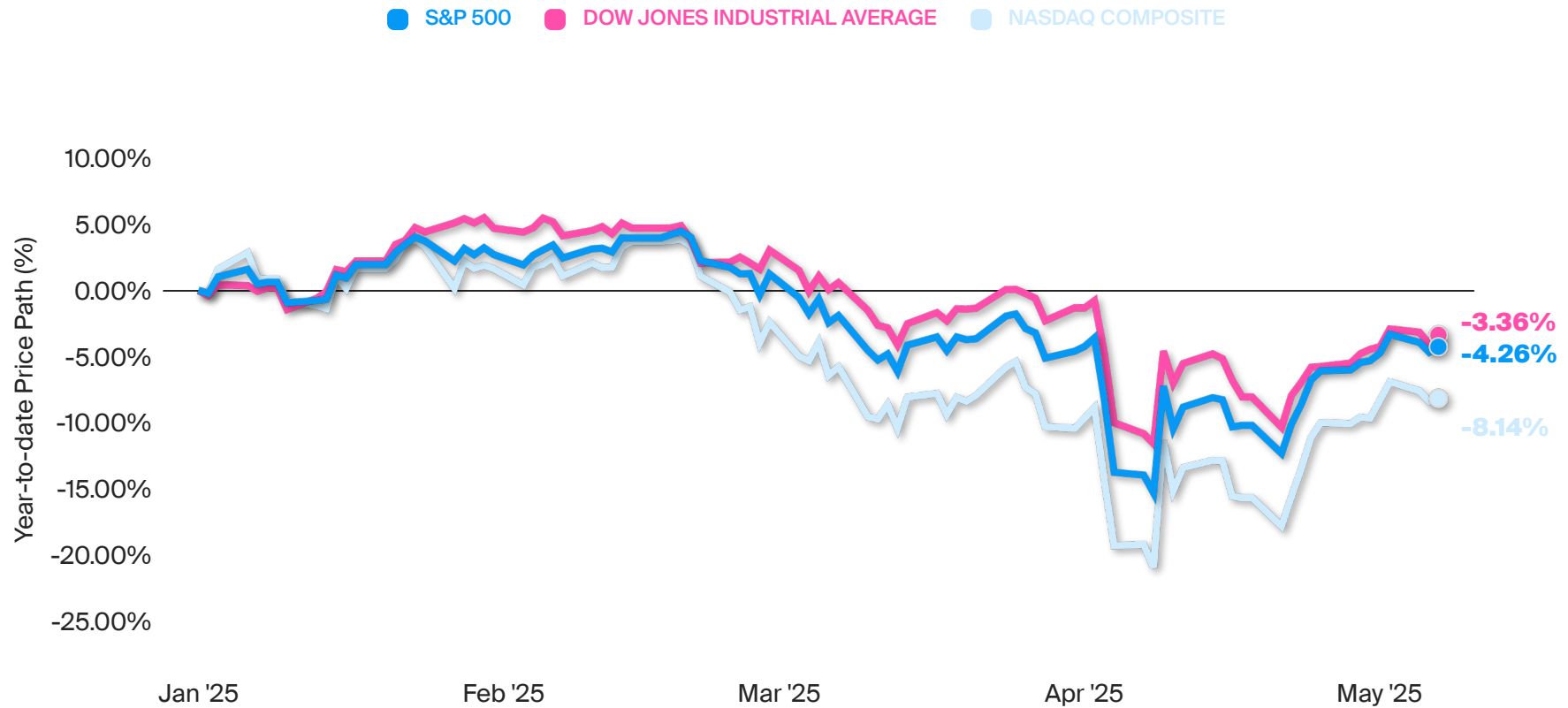
Data as of: 5/8/2025



# Major U.S. Index Performance This Year

Year-to-date (YTD) price path of the S&P 500, Dow Jones Industrial Average, and NASDAQ Composite

YTD 2025



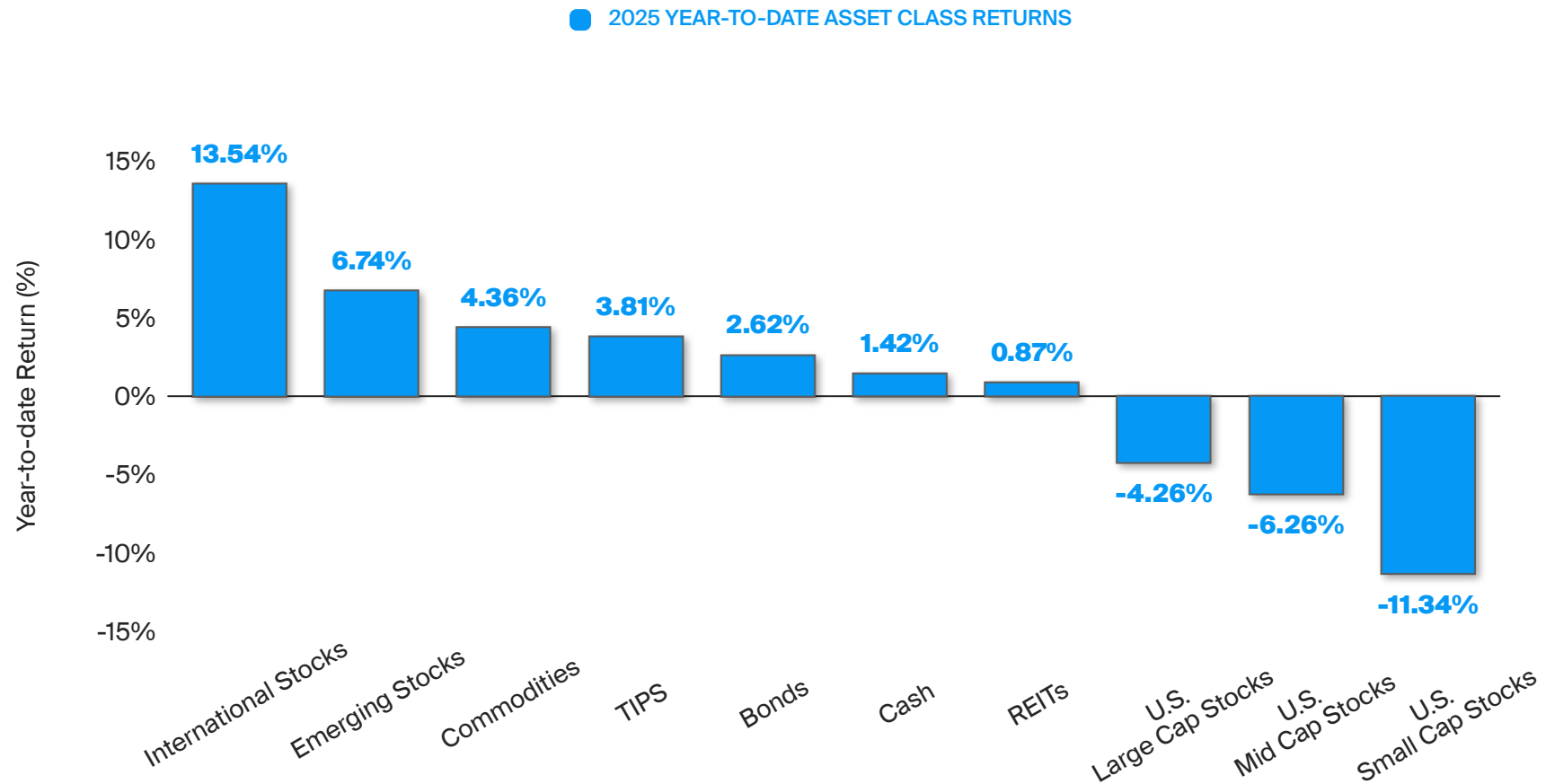
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# 2025 Asset Class Returns

## 2025 year-to-date asset class price returns

Year-to-date 2025.



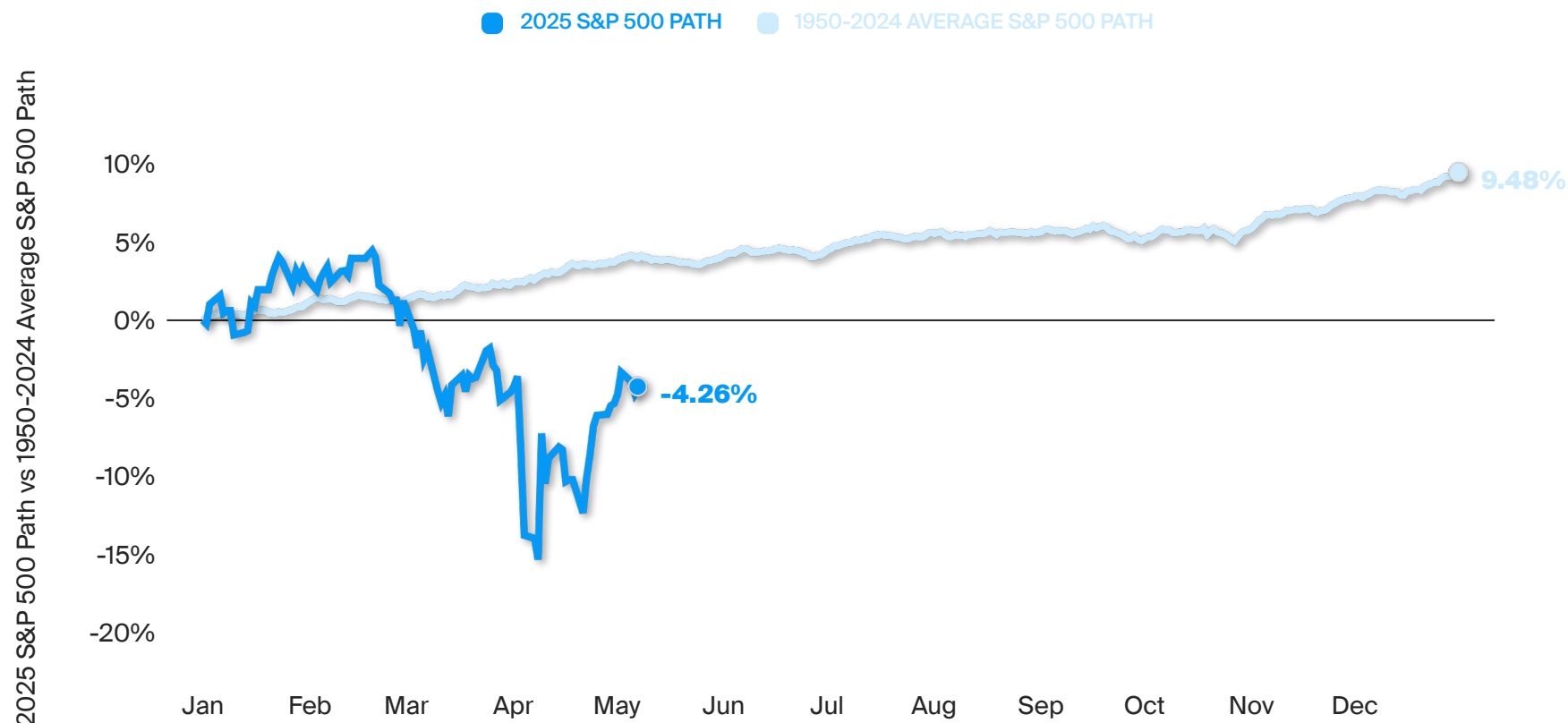
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# Average Calendar-Year Path of the S&P 500

## 2025 S&P 500 Path vs 1950-2024 Average S&P 500 Path

Since 1950. 2025 is Year-to-date.



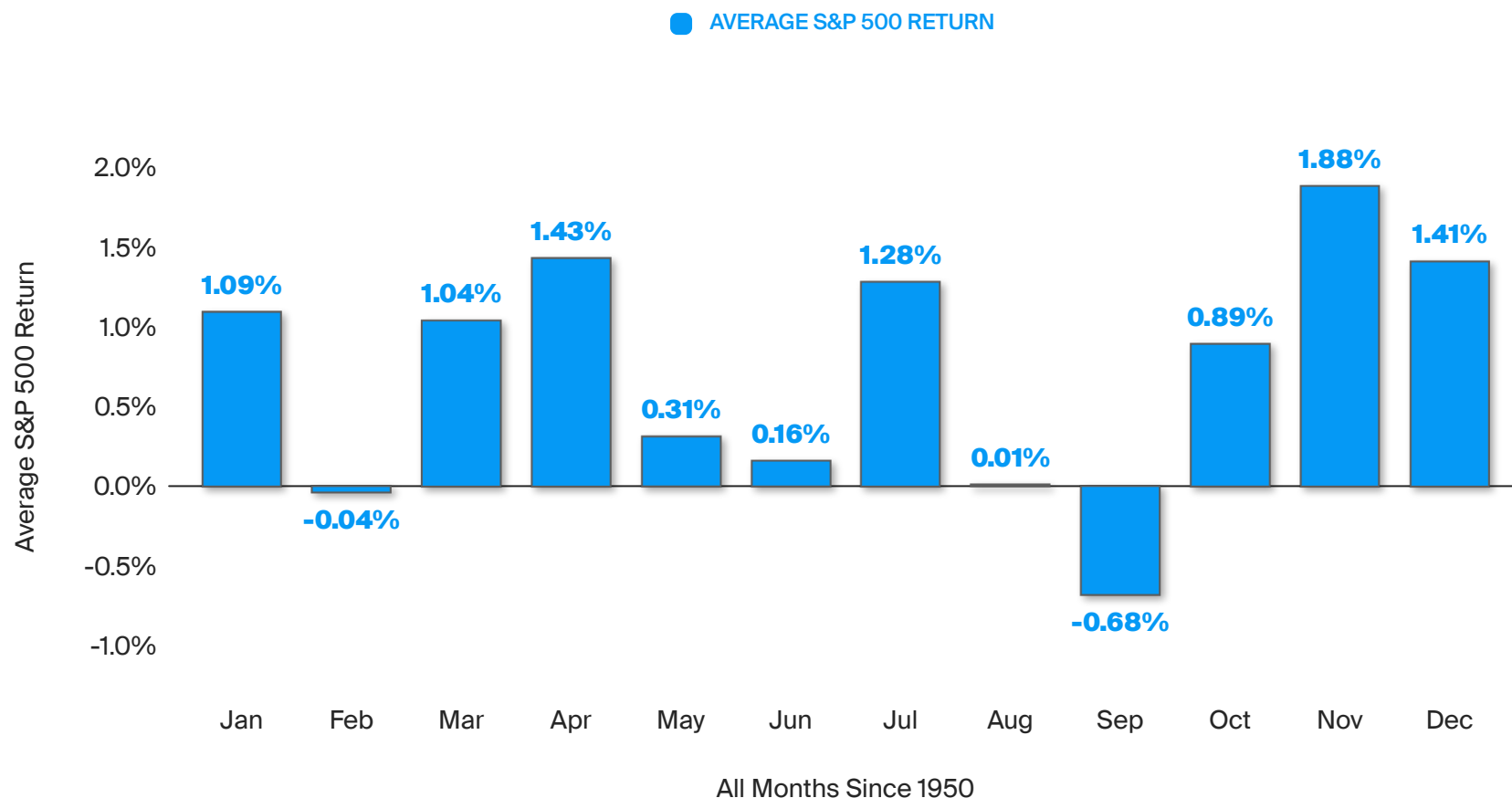
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# Average Return by Month in the S&P 500

## Average Return by Month in the S&P 500

Since 1950



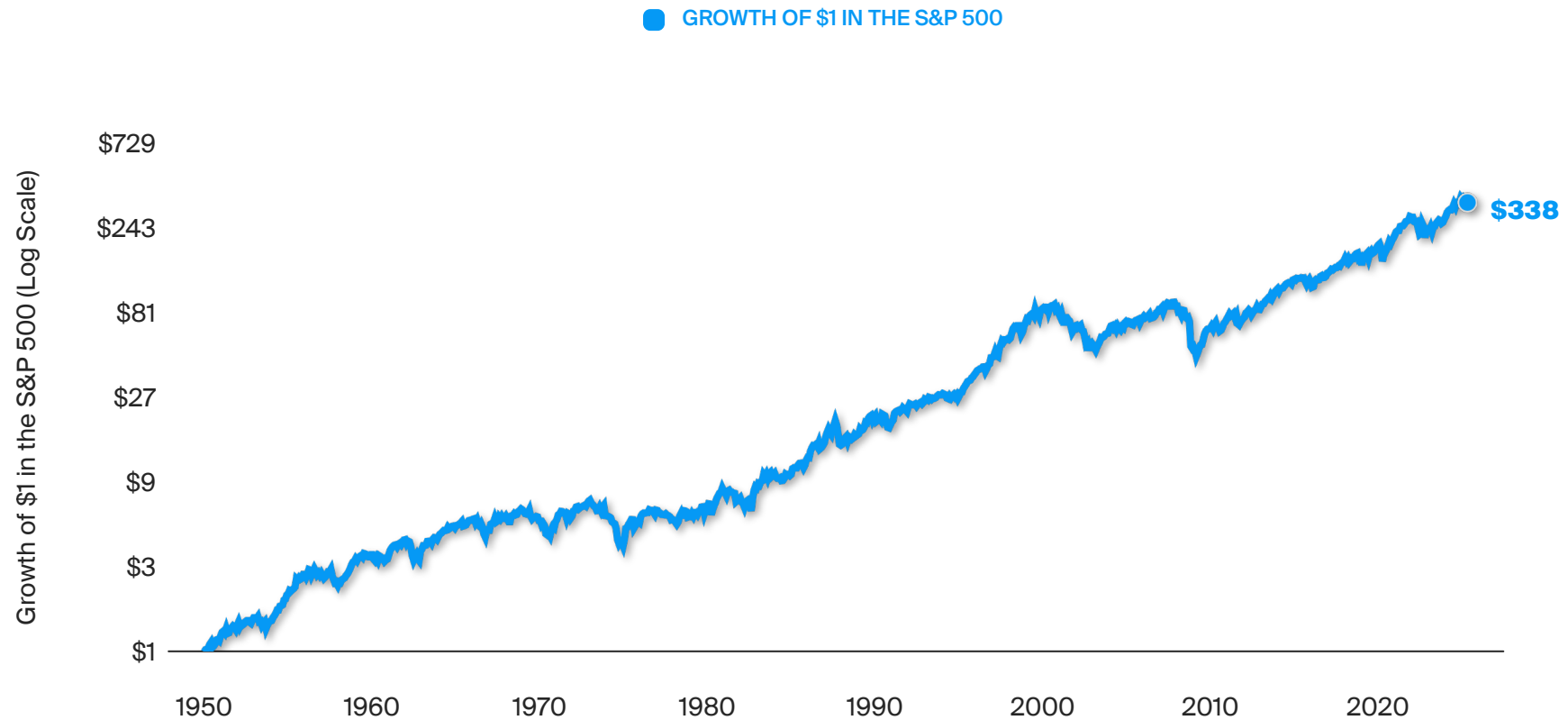
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# Growth of \$1 in the stock market since 1950

## Growth of \$1 invested in the S&P 500

Since 1950



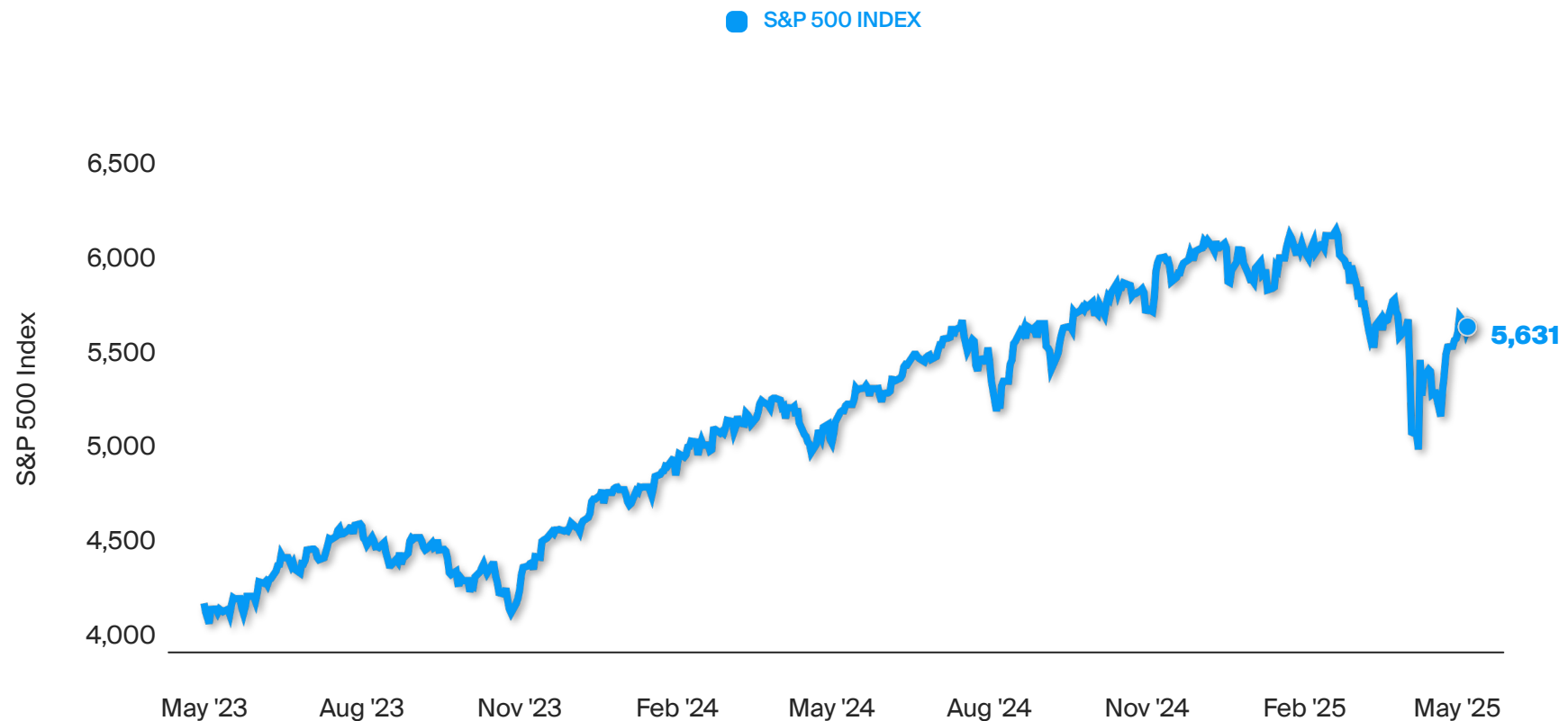
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# A Short-Term View Of Stocks

## S&P 500 Index Over The Short-Term

Past 2 Years



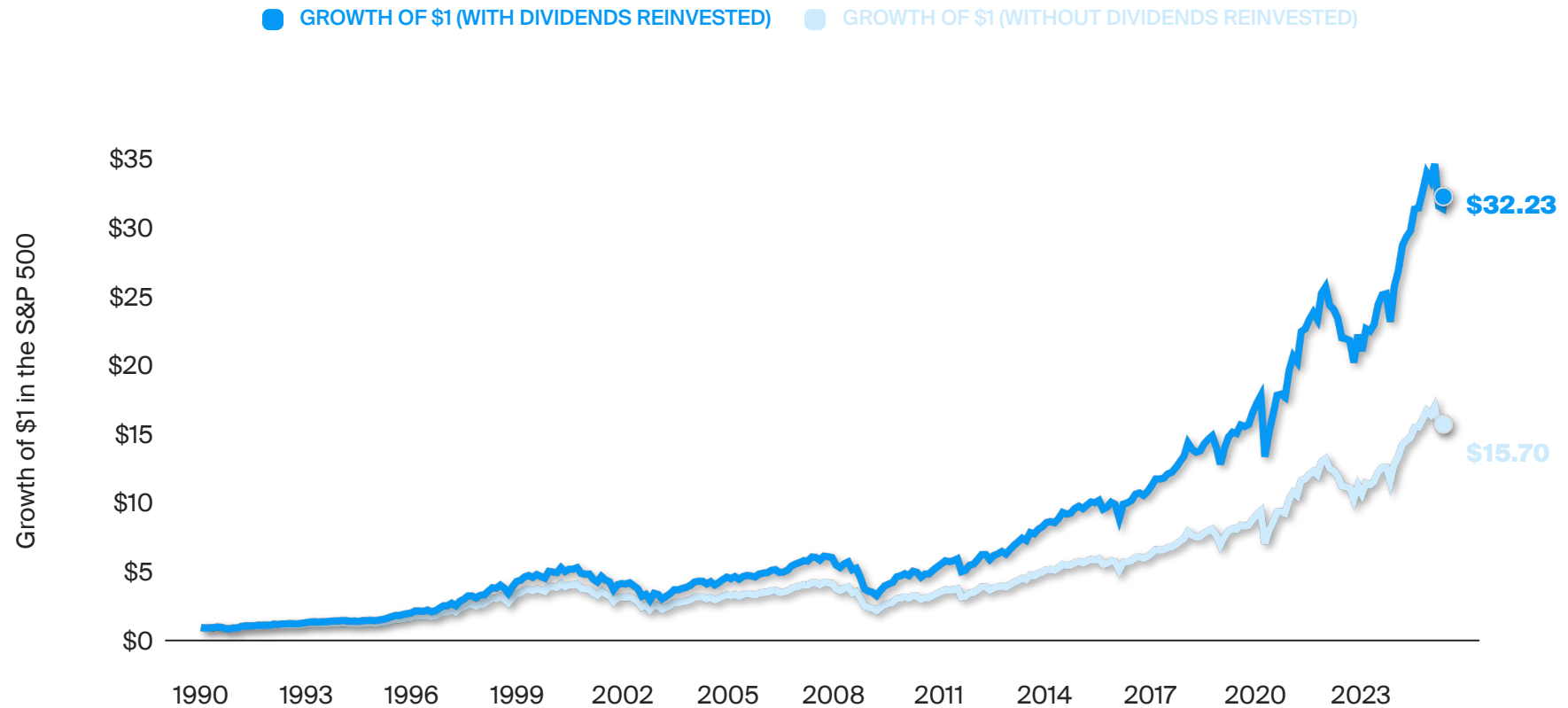
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# The Importance of Dividends

## Growth of \$1 in the S&P 500 with and without dividends reinvested

Since 1990



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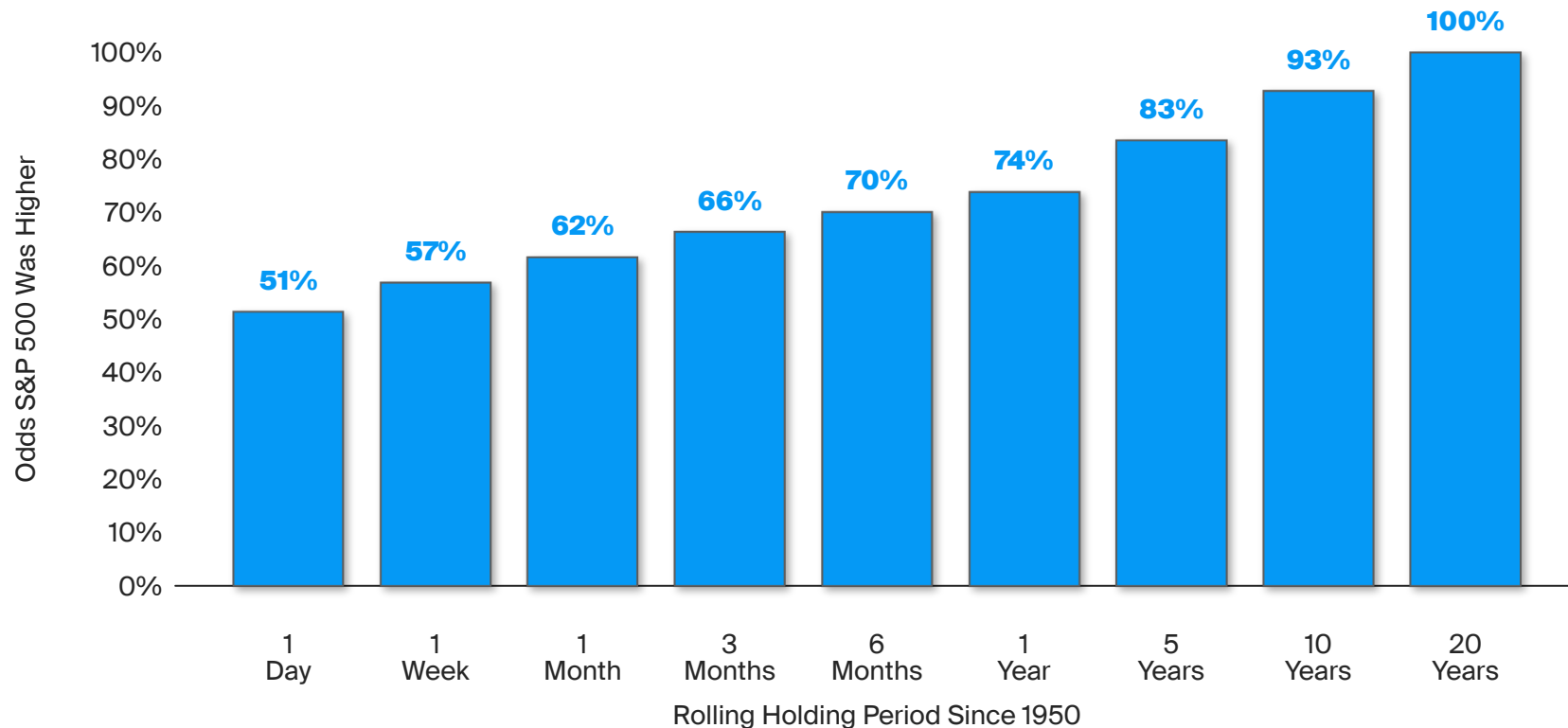
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# Historically, Odds of Gains Increase with Holding Period

## How Often S&P 500 Was Higher Over Various Holding Periods

Since 1950

■ HOW OFTEN S&P 500 WAS HIGHER OVER VARIOUS HOLDING PERIODS



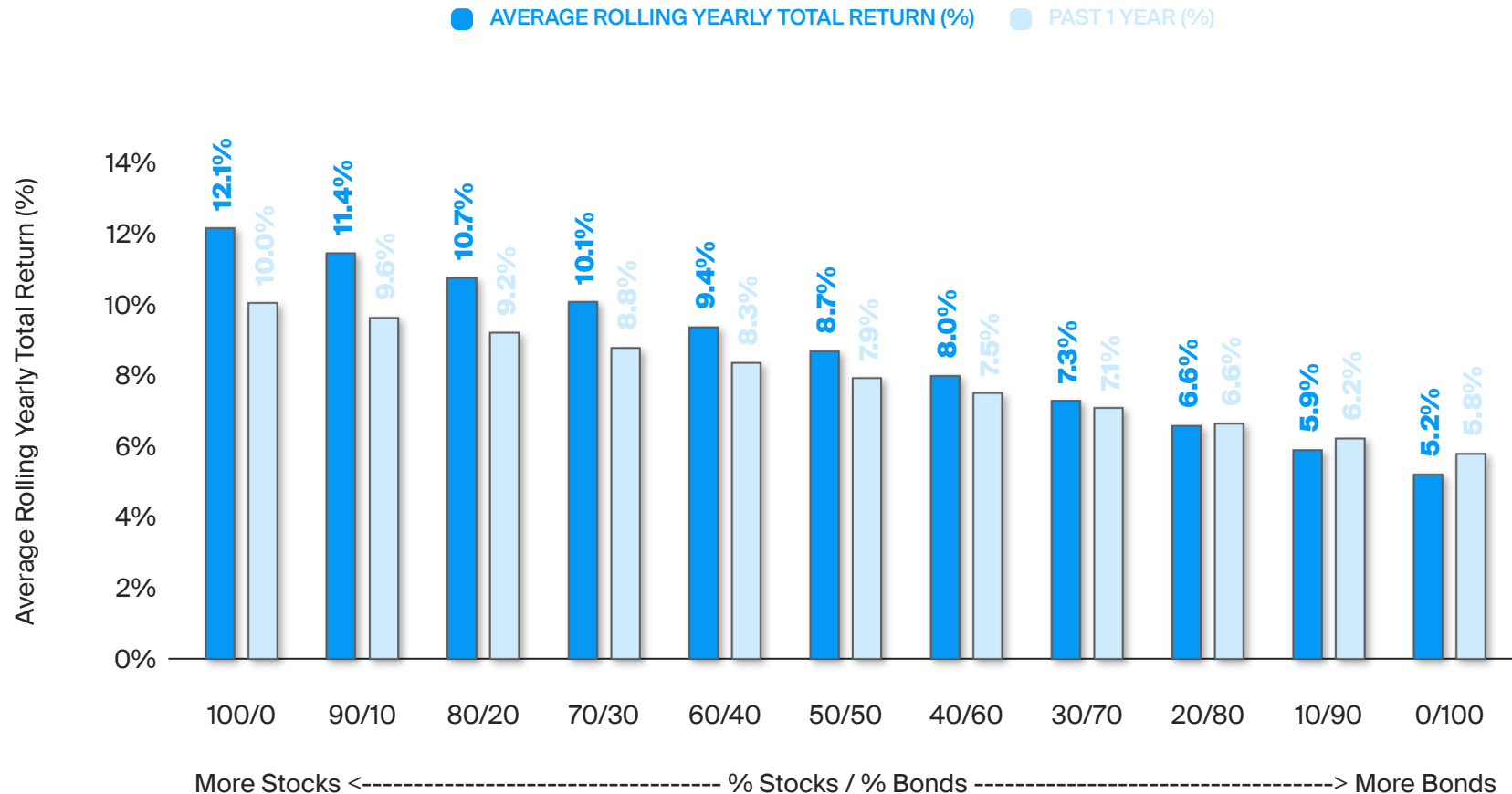
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# Historical Returns by Different Stock / Bond Splits

## Average Rolling Yearly Total Return by Stock (S&P 500) / Bond (U.S. Bloomberg Agg) Splits

Since 1990



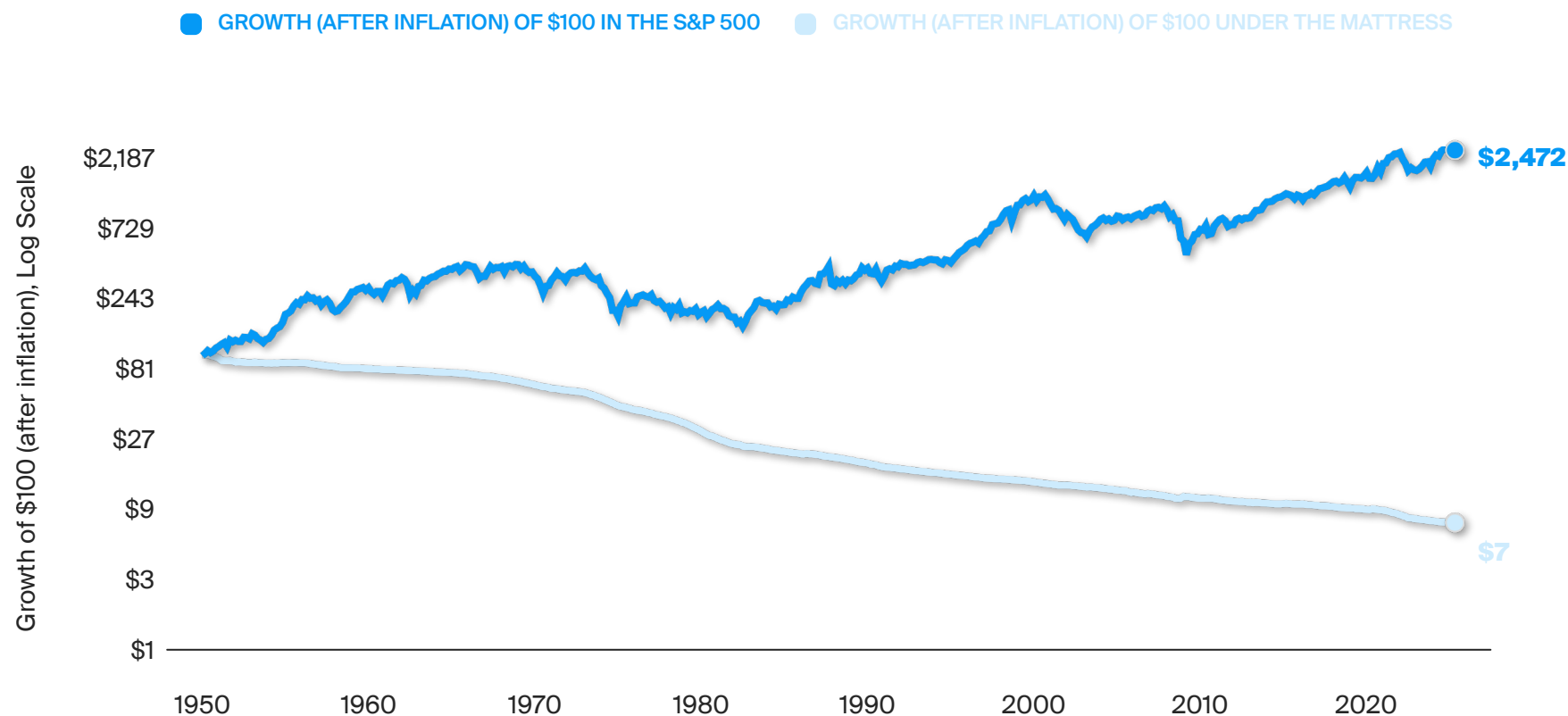
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# There is an Opportunity Cost to Not Investing

## Hypothetical growth of \$100 (after inflation) under the mattress vs in the S&P 500

Since 1950



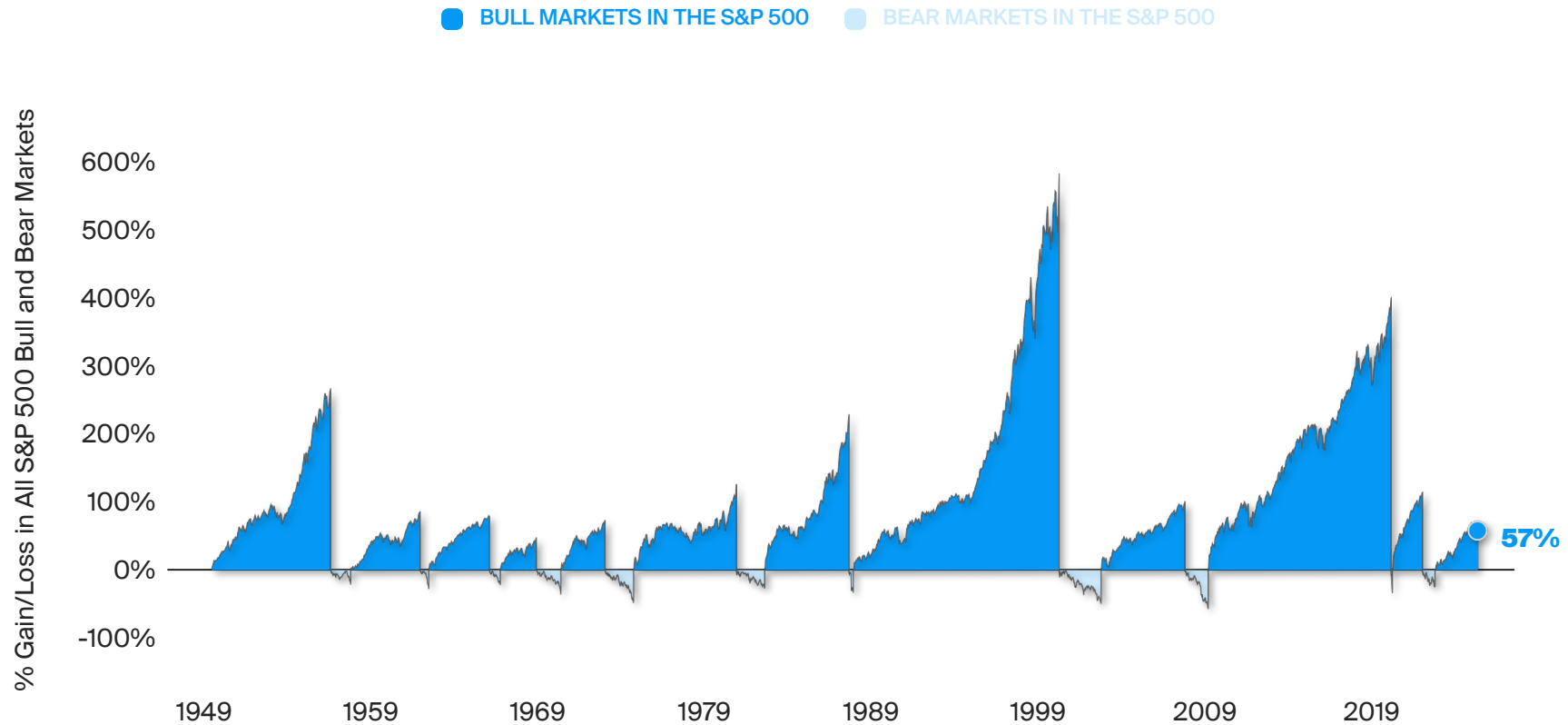
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# Historical Bull and Bear Markets in the S&P 500

## % Gain/Loss in All S&P 500 Bull and Bear Markets

Since 1949



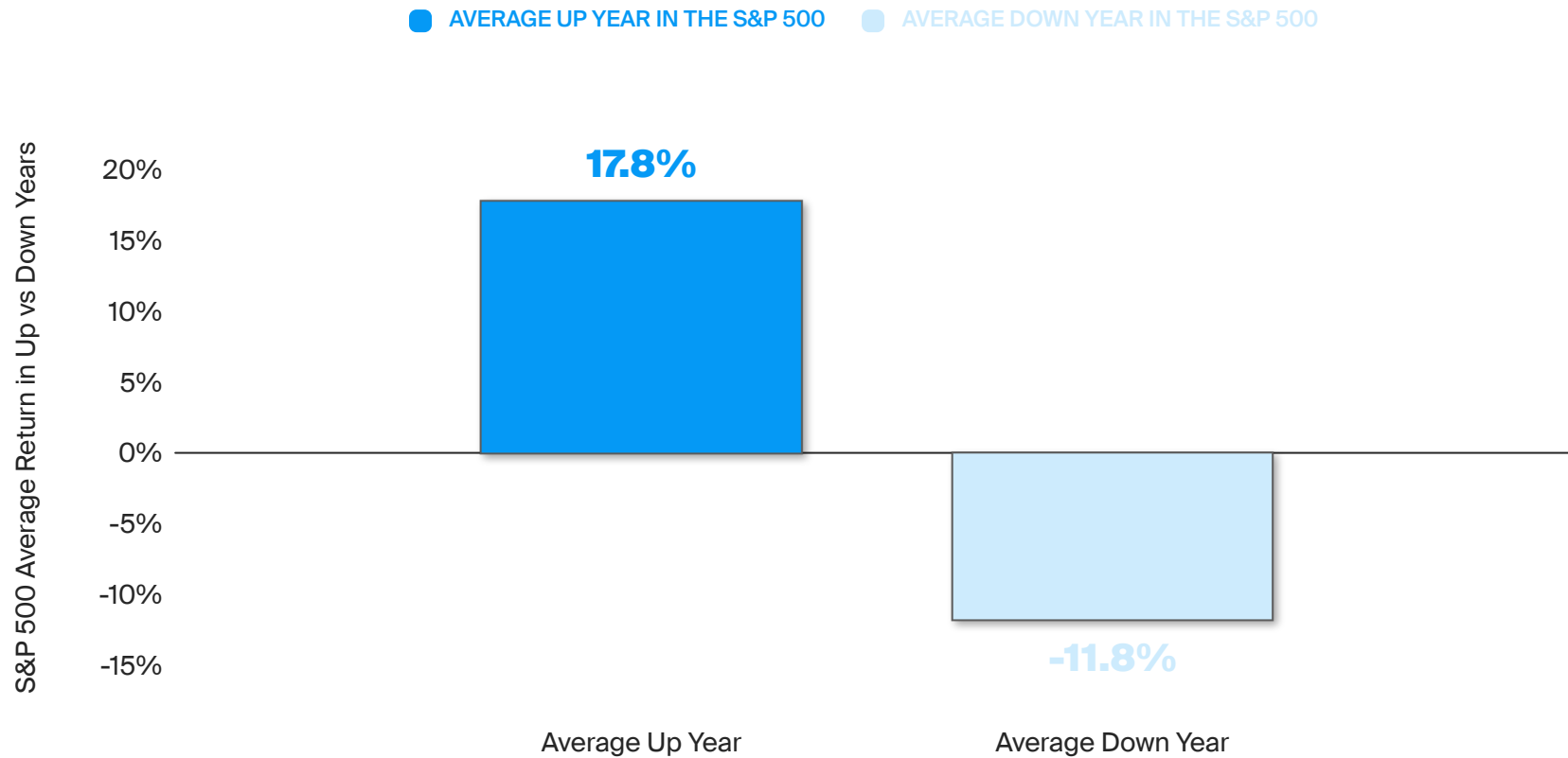
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# Most Years See Big Gains or Big Losses

## Average Up and Down Year in the S&P 500

Since 1950



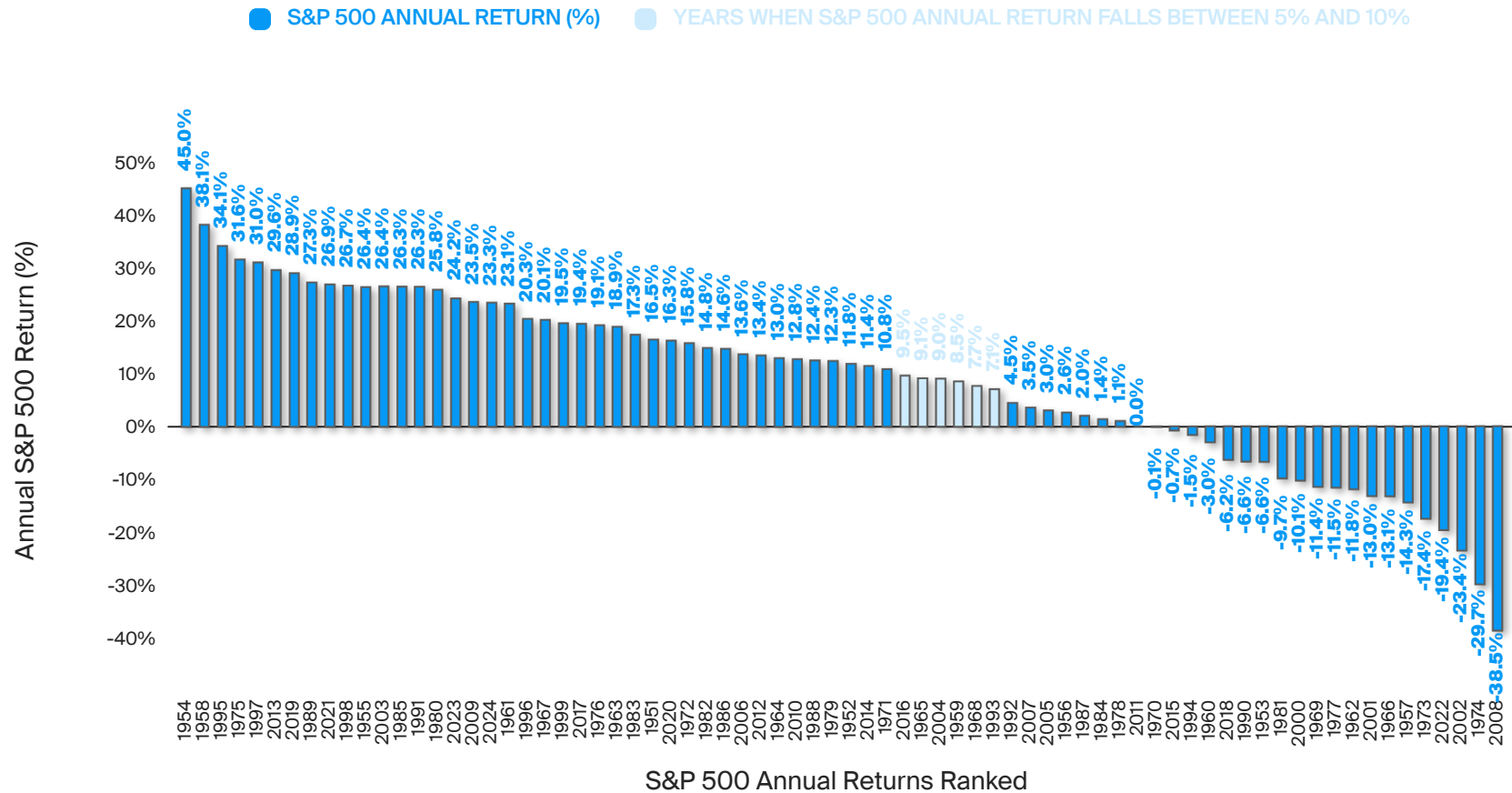
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# Most Years are Not "Average" for the S&P 500

## S&P 500 Annual Returns Sorted Highest to Lowest with Years Between 5% and 10% Highlighted

Since 1950



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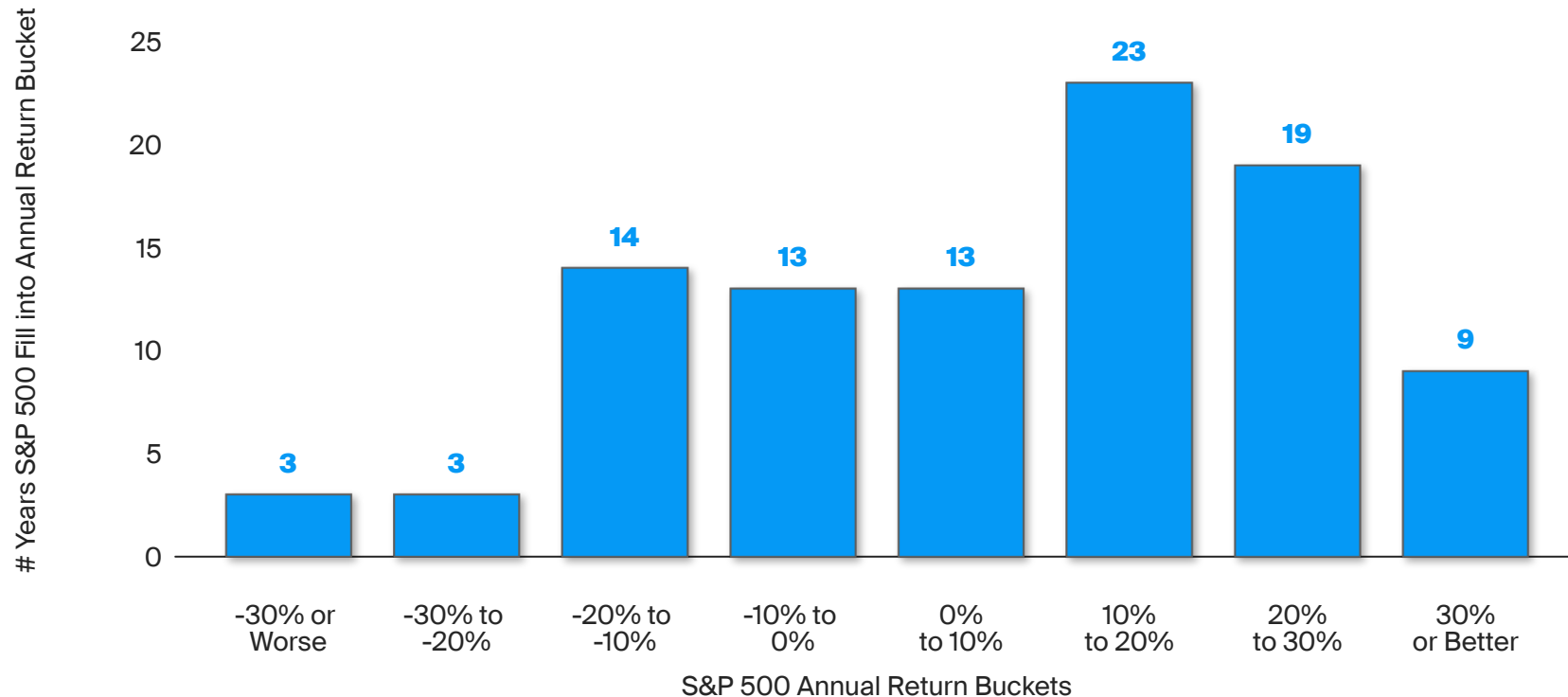
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# Distribution of S&P 500 Annual Returns

## # of Years Where S&P 500 Fell Into Various Annual Return Buckets

Since 1928

■ # OF YEARS WHERE S&P 500 FELL INTO VARIOUS ANNUAL RETURN BUCKETS



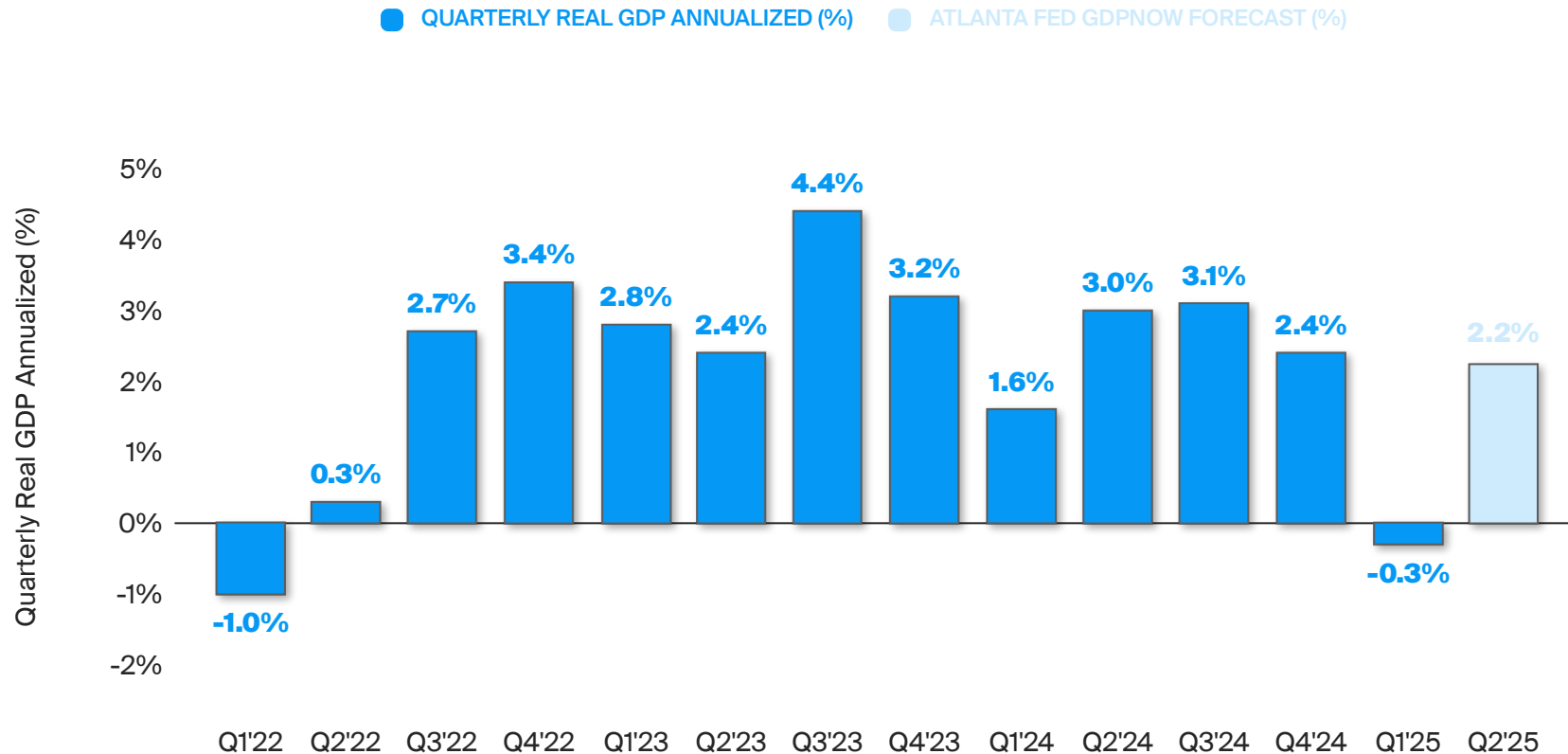
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# How is the U.S. Economy Performing?

## Past 12 Quarters and Upcoming Quarter Forecast (When available from Atlanta Fed)

Past 12 Quarters and Upcoming Quarter Forecast



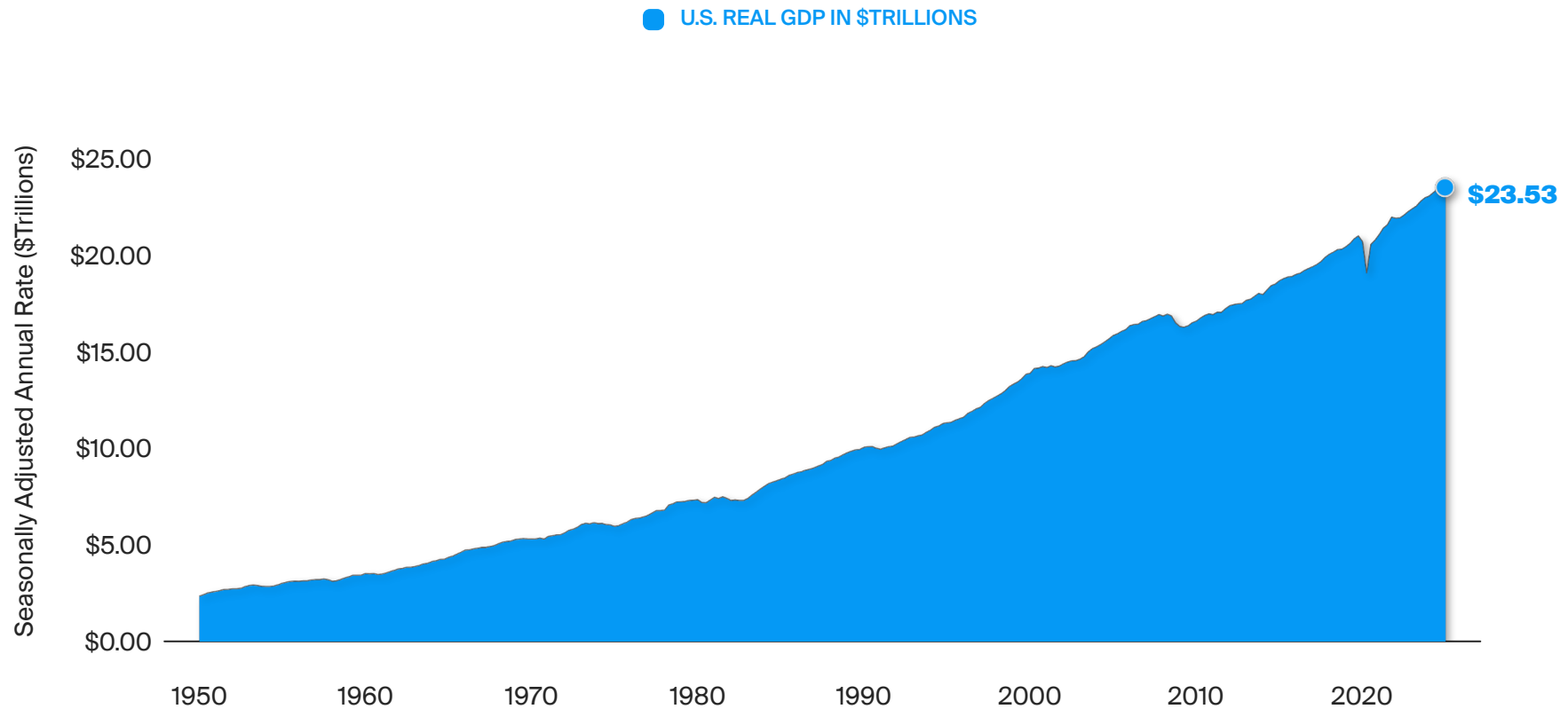
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# Historical Growth of the U.S. Economy

## U.S. Real Gross Domestic Product (Seasonally Adjusted Annual Rate)

Quarterly. Since 1950.



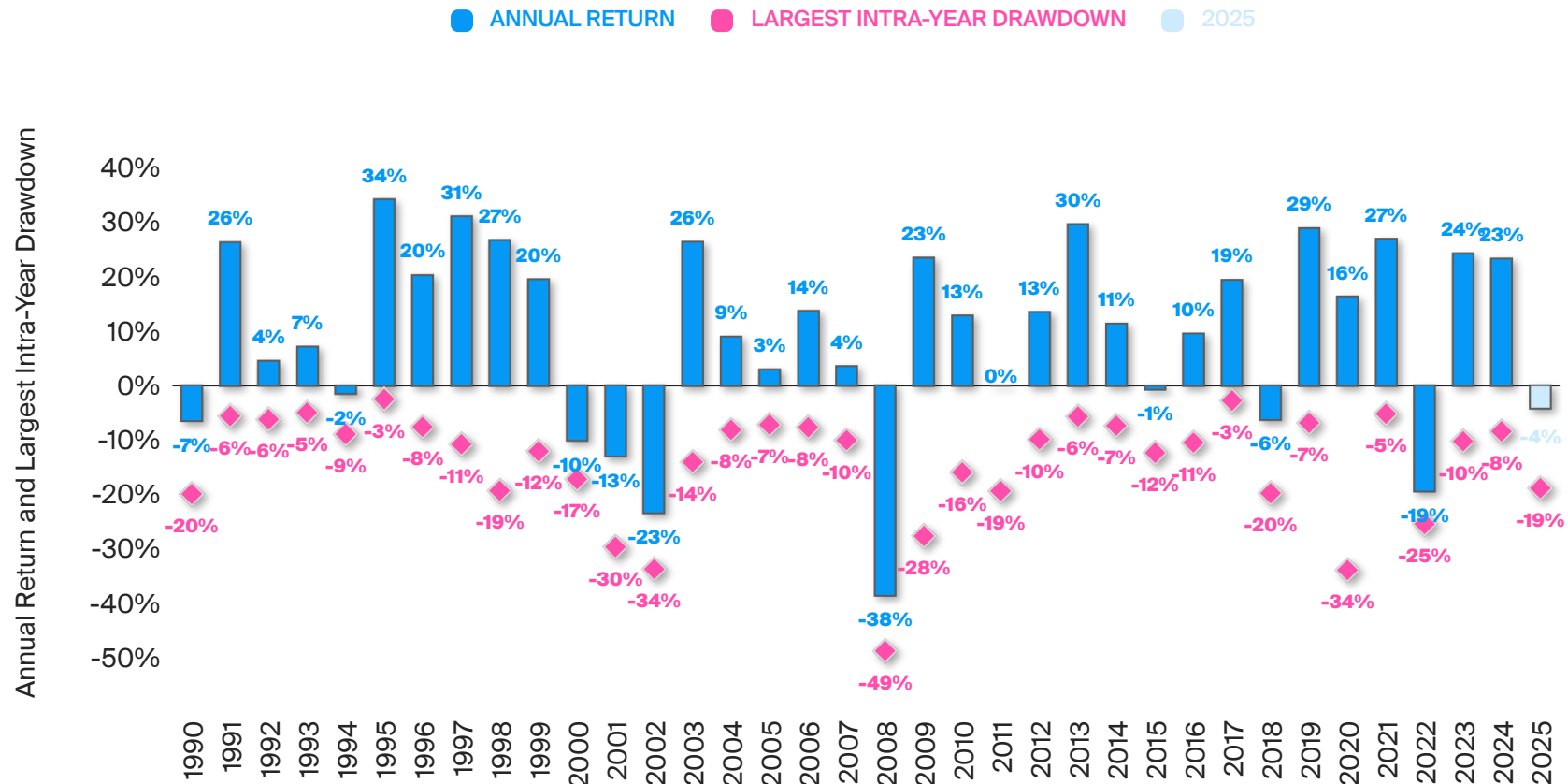
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# Volatility in Stocks is Historically Normal In All Years

## S&P 500 Annual Returns with Largest Intra-Year Drawdowns

Since 1990. 2025 is year-to-date.



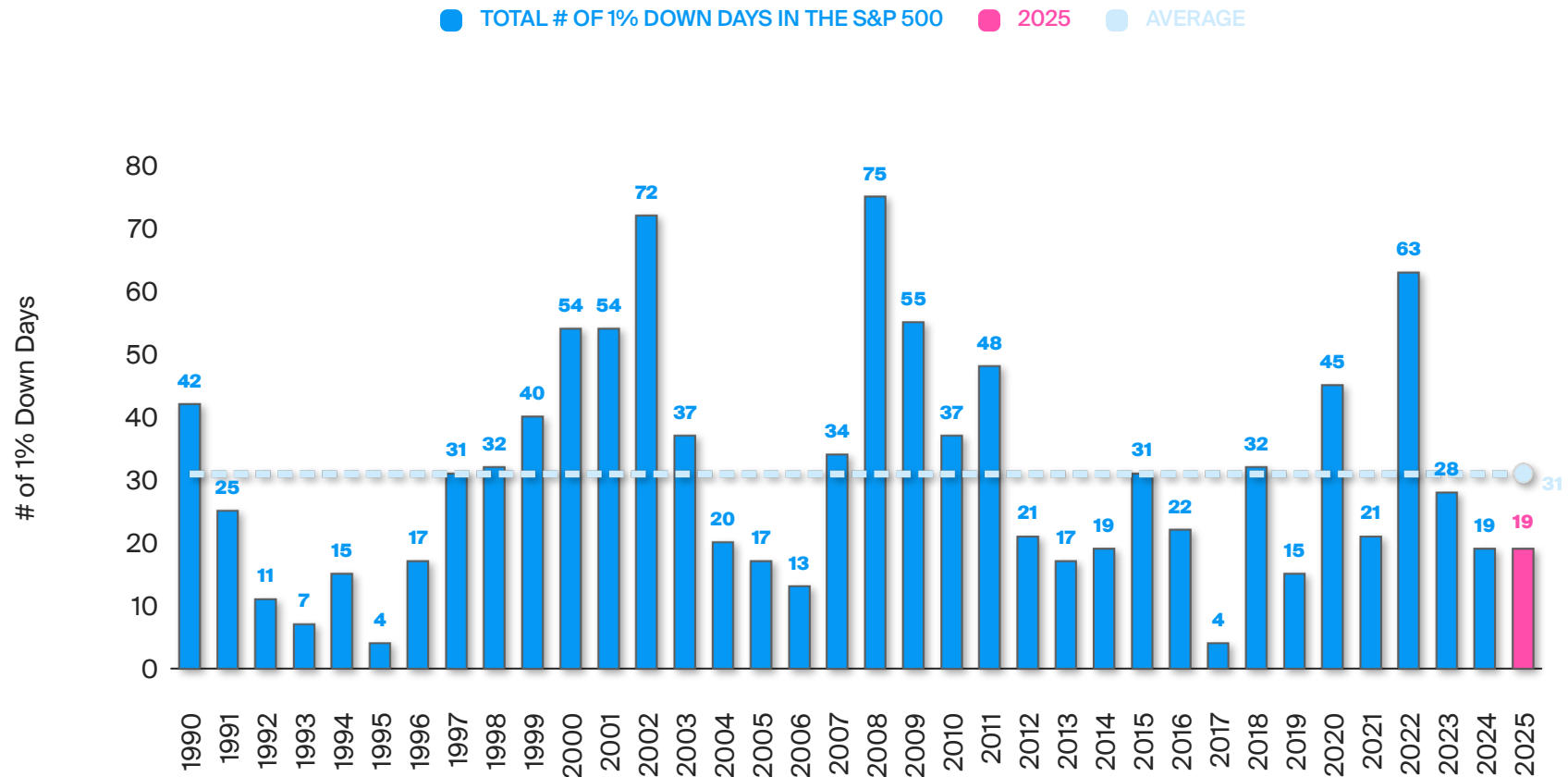
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# It's Historically Normal For Large Down Days To Happen

## Total # of 1% Down Days in the S&P 500 By Year and Average

Since 1990. 2025 is Year-to-Date.



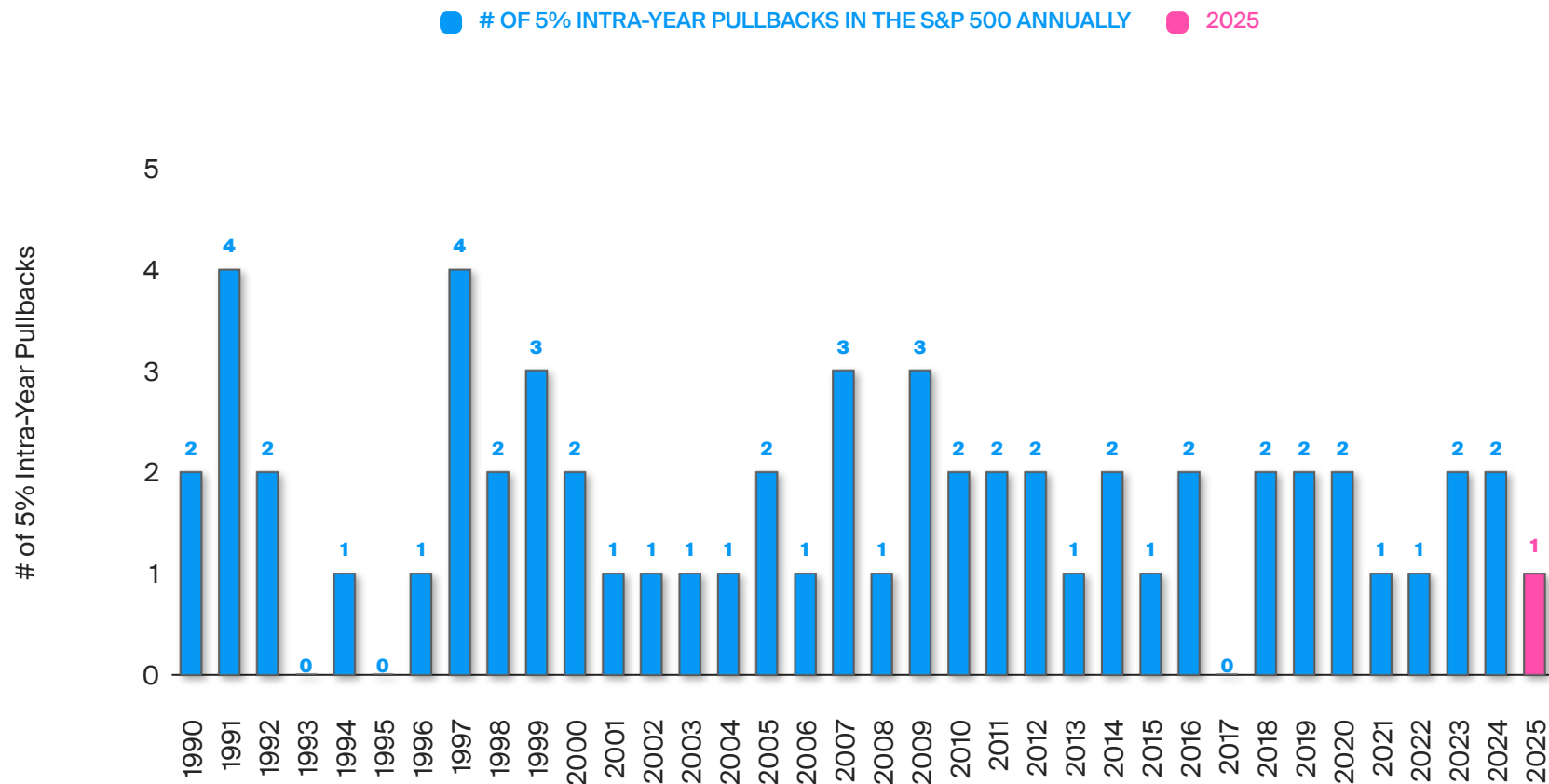
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# 5% intra-year pullbacks have been historically common

## # of 5% Intra-Year Pullbacks in the S&P 500 annually

Since 1990. 2025 is year to-date.



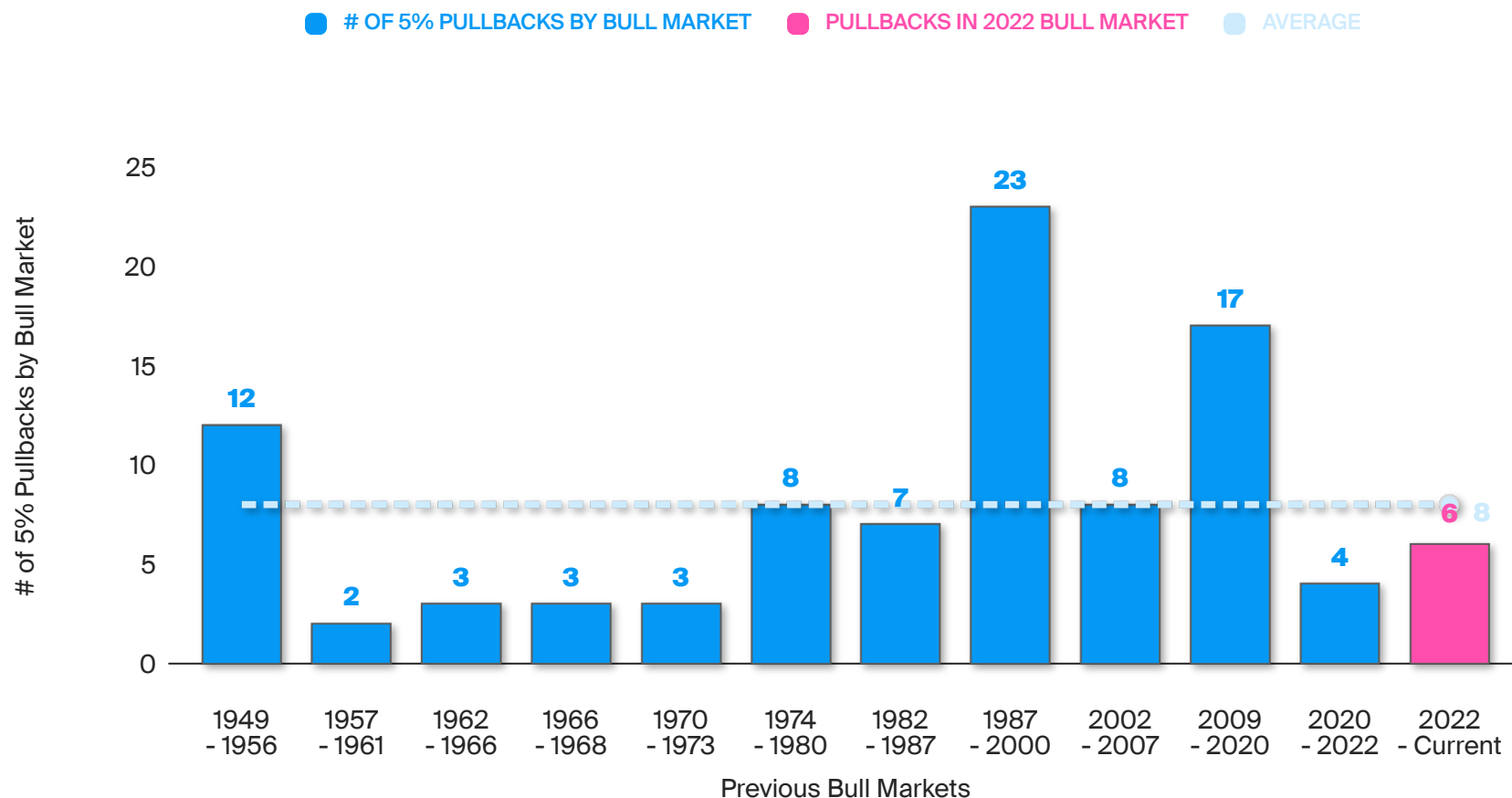
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# Pullbacks Have Historically Happened in Bull Markets

## # of 5% Pullbacks in the S&P 500 by Bull Market (with average)

Since 1949



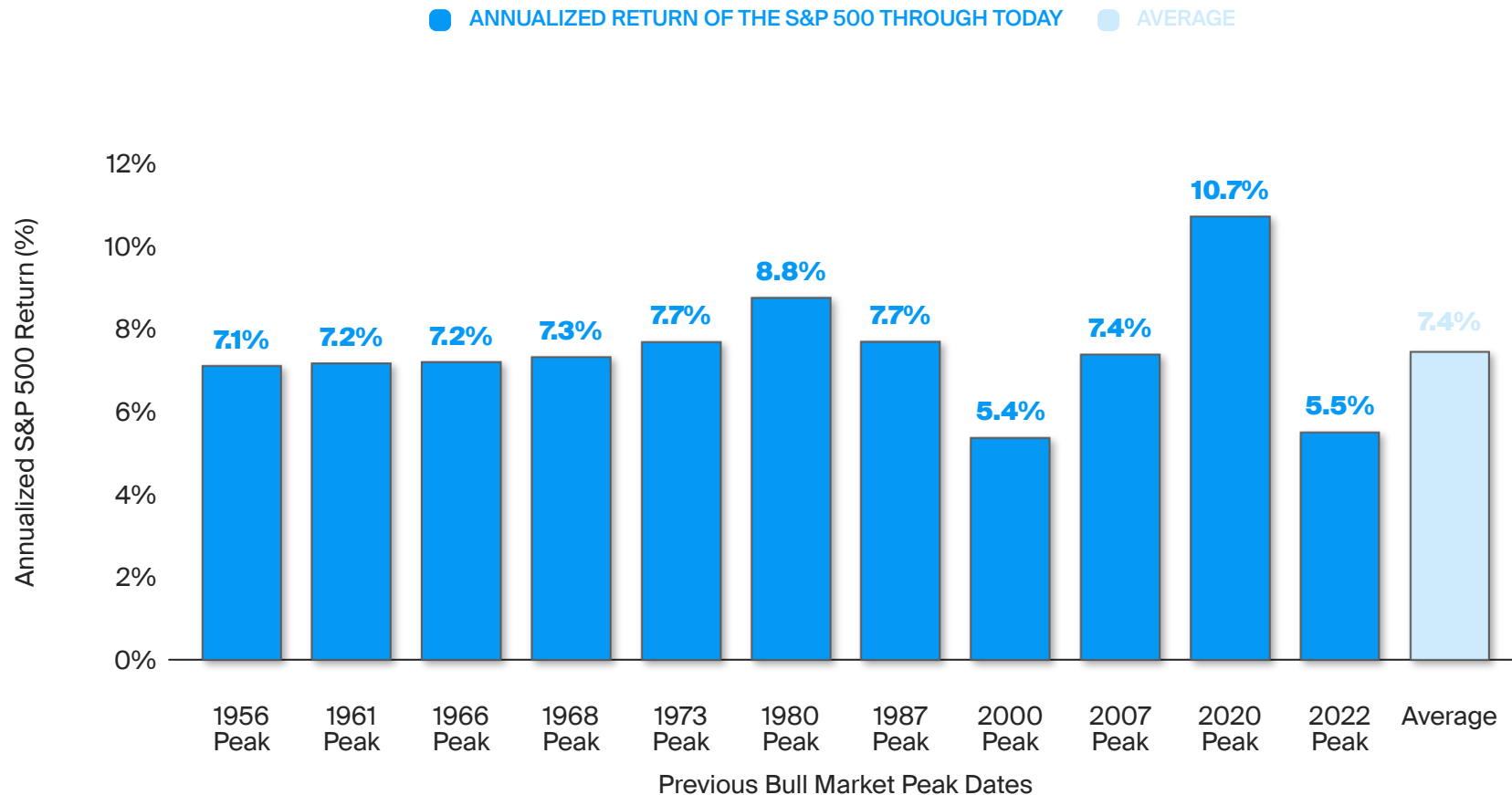
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# What If You Only Invested at Market Tops?

## Annualized Return of the S&P 500 since the Peak of Every Bull Market

Since 1950



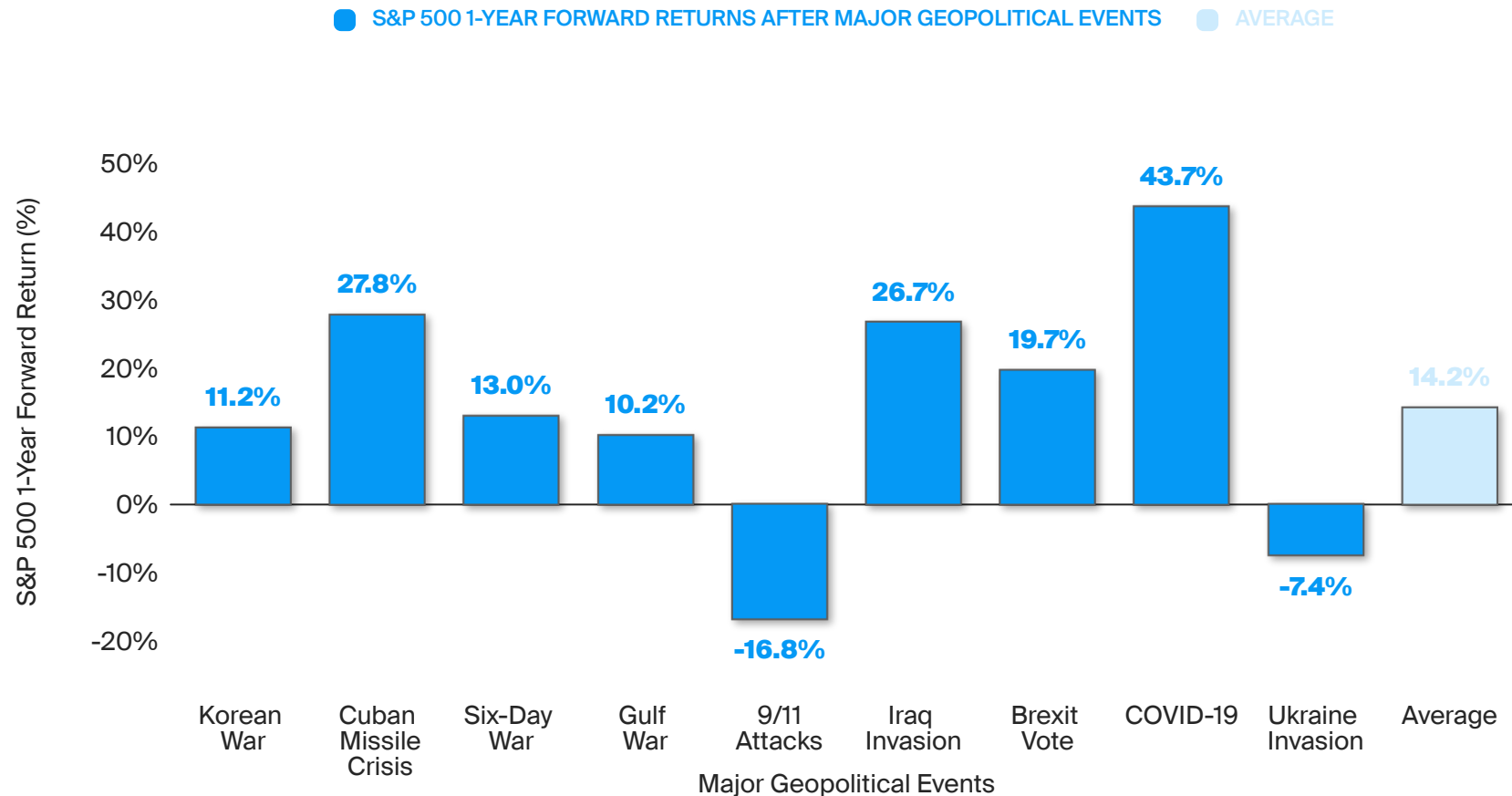
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# S&P 500 After Major Geopolitical Events

## S&P 500 1-Year Forward Returns (%) After Major Geopolitical Events

Since the Korean War.



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2025-05-08

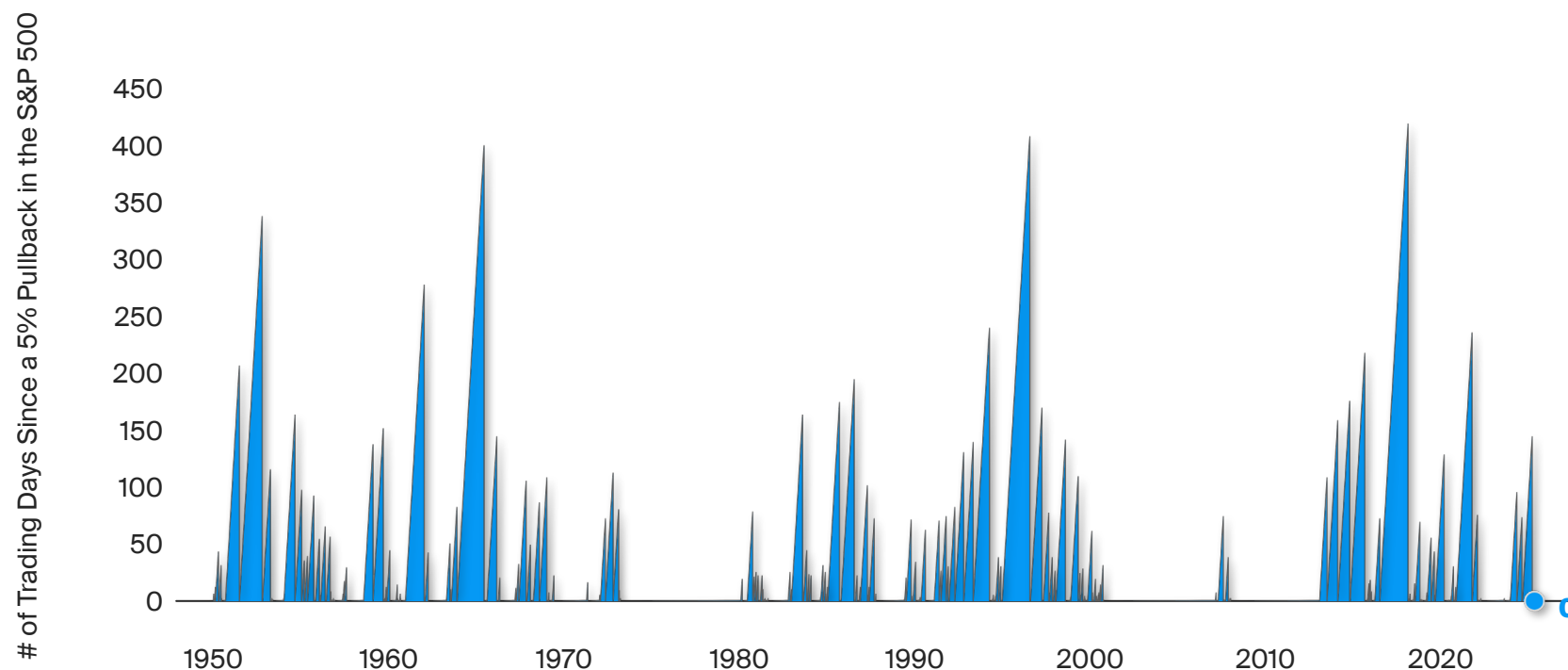
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# Avoid waiting for "the dip"

## # of Trading Days Since a 5% Pullback in the S&P 500

Since 1950

■ # OF TRADING DAYS SINCE A 5% PULLBACK IN THE S&P 500



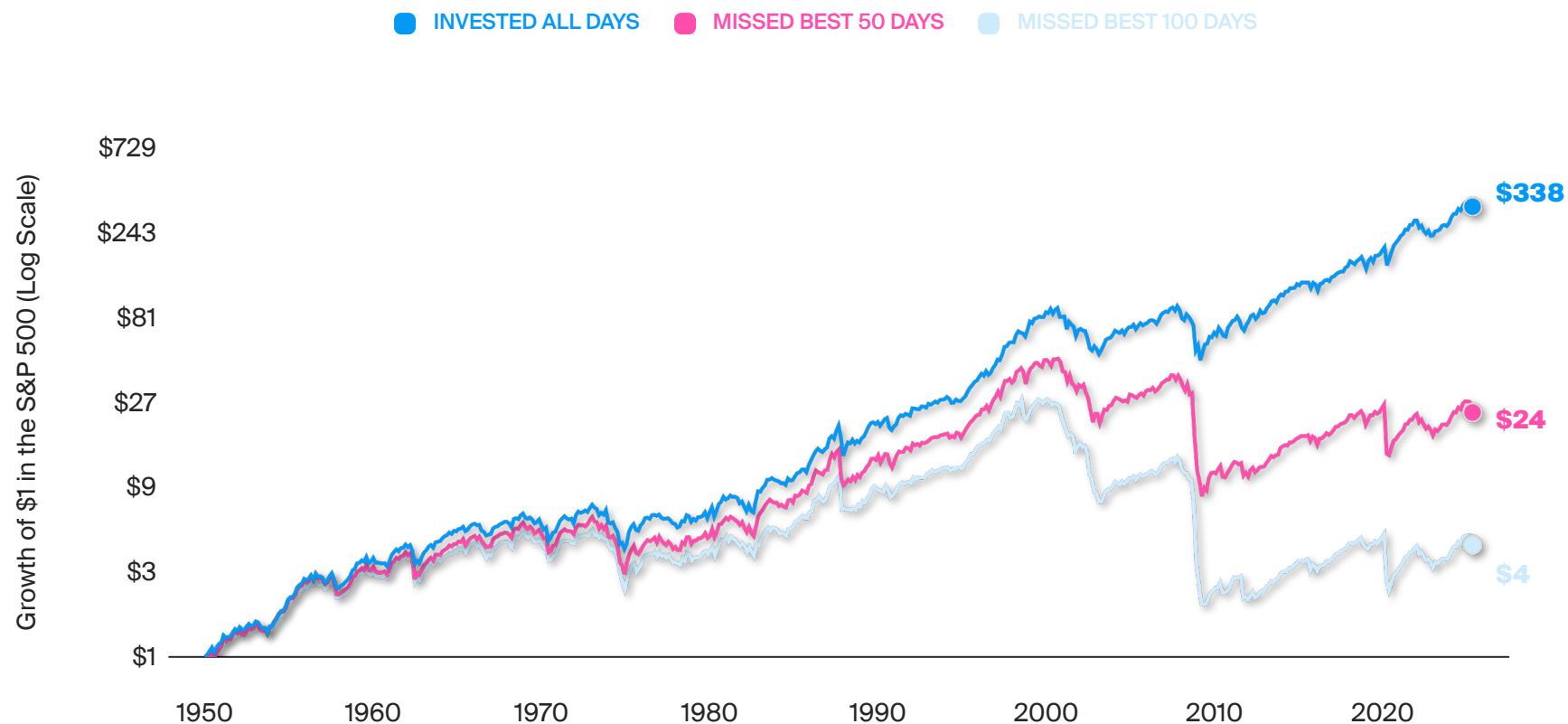
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# "Time in" Has Historically Beat "Timing" the Market

## Growth of \$1 in the S&P 500 missing the best days

Since 1950



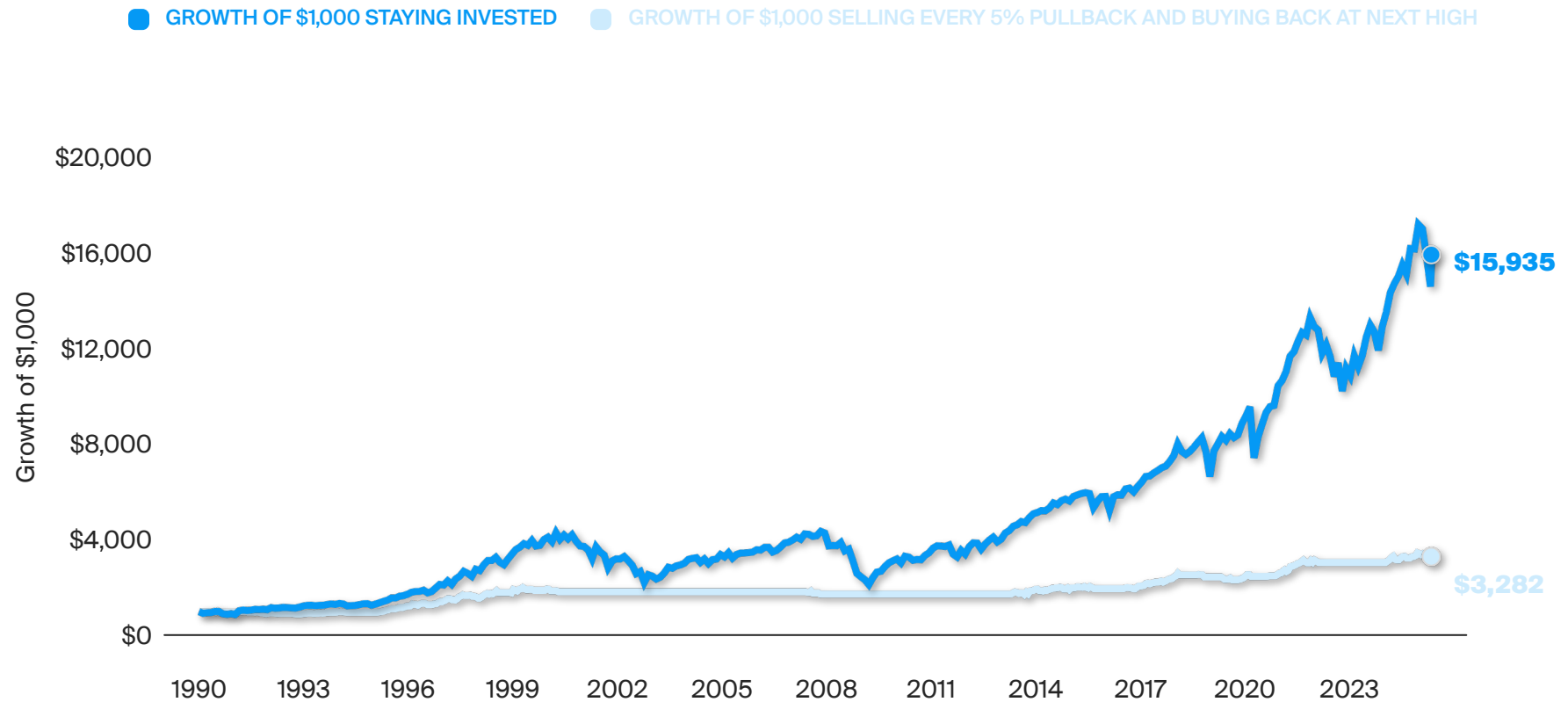
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# The Impact of Bad Investing Behavior

## Growth of \$1,000 in the S&P 500 selling every 5% pullback and buying back in at the next all-time-high

Since 1990



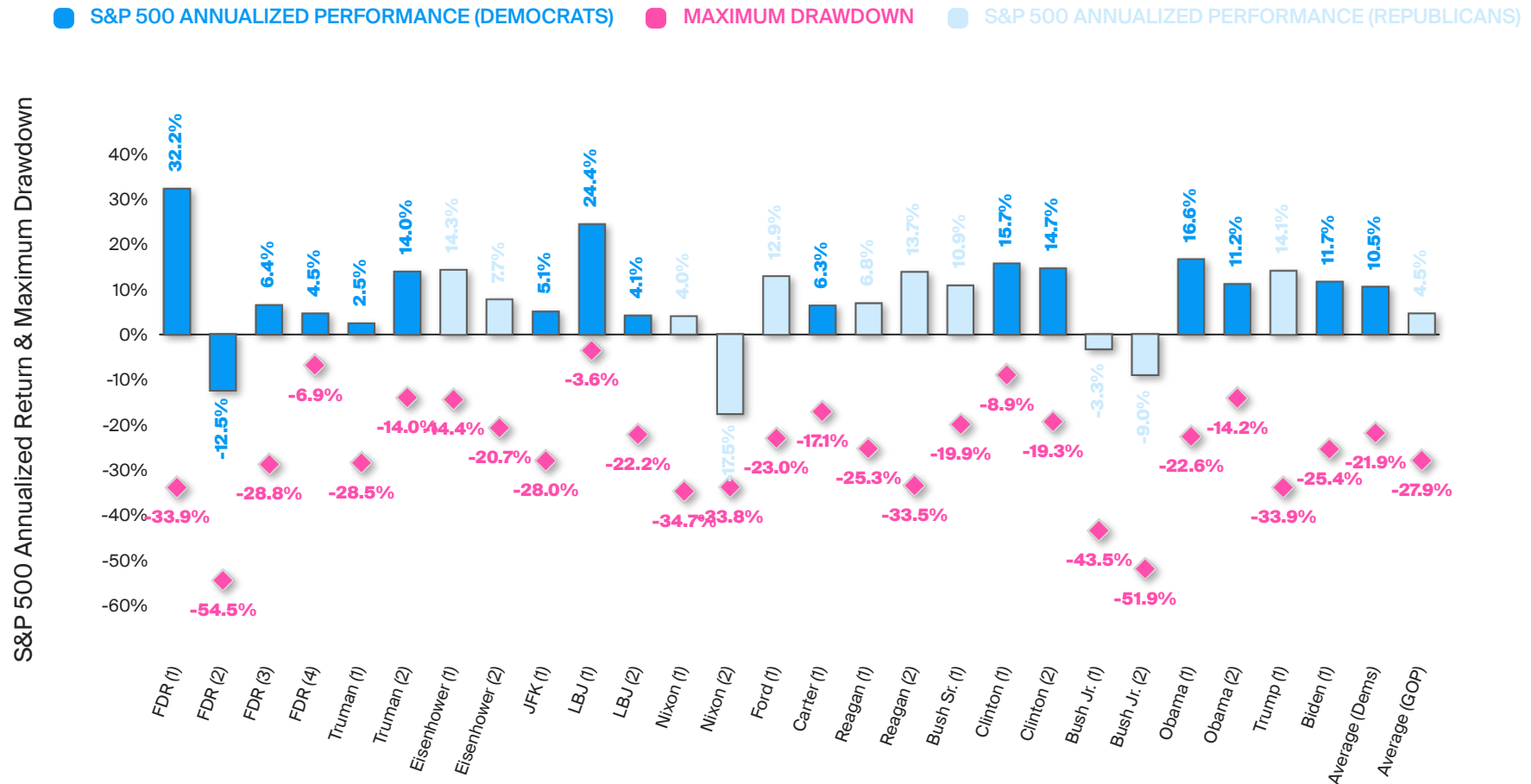
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# Presidents Don't Control Markets

## S&P 500 Performance by Presidential Term (with Maximum Drawdown)

Since Roosevelt. (1) = first term. (2) = second term. (3) = third term. (4) = fourth term.



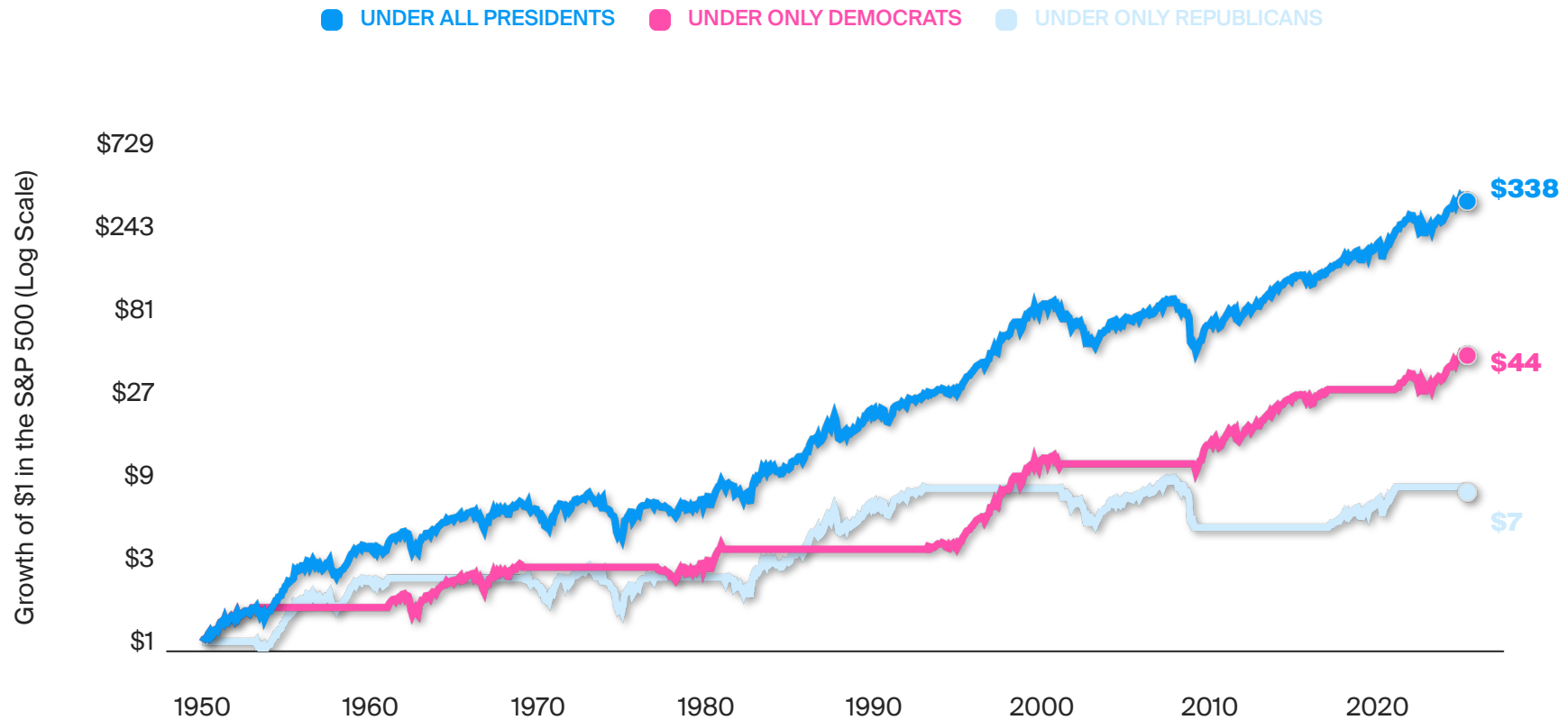
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# Investing Based on Who is in The White House

## Growth of \$1 in the S&P 500 Under All Presidents, Only Under Democrats, and Only Under Republicans

Since 1950



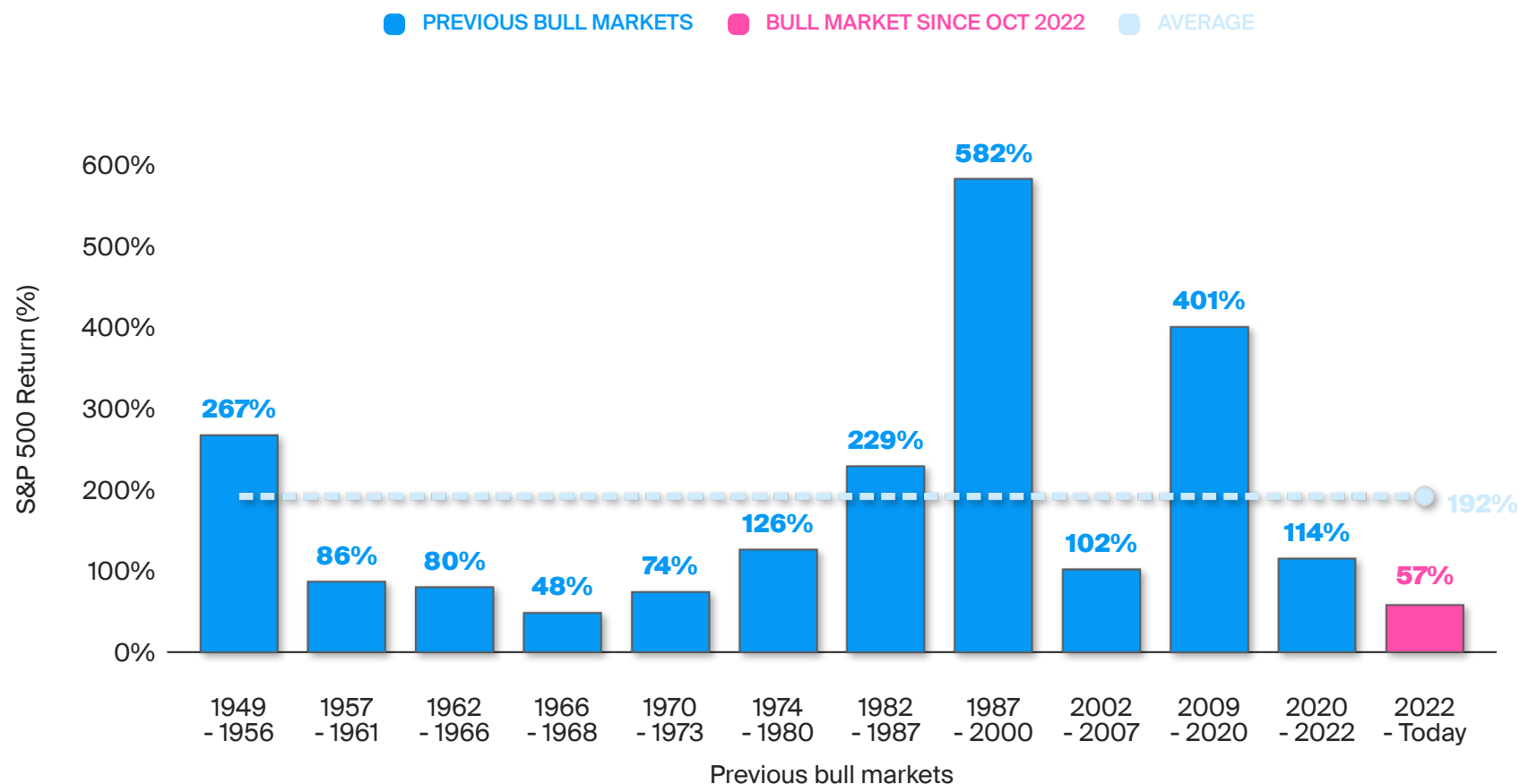
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# A Manual for Bull Markets

## S&P 500 Returns During Bull Markets (with average)

Since 1949



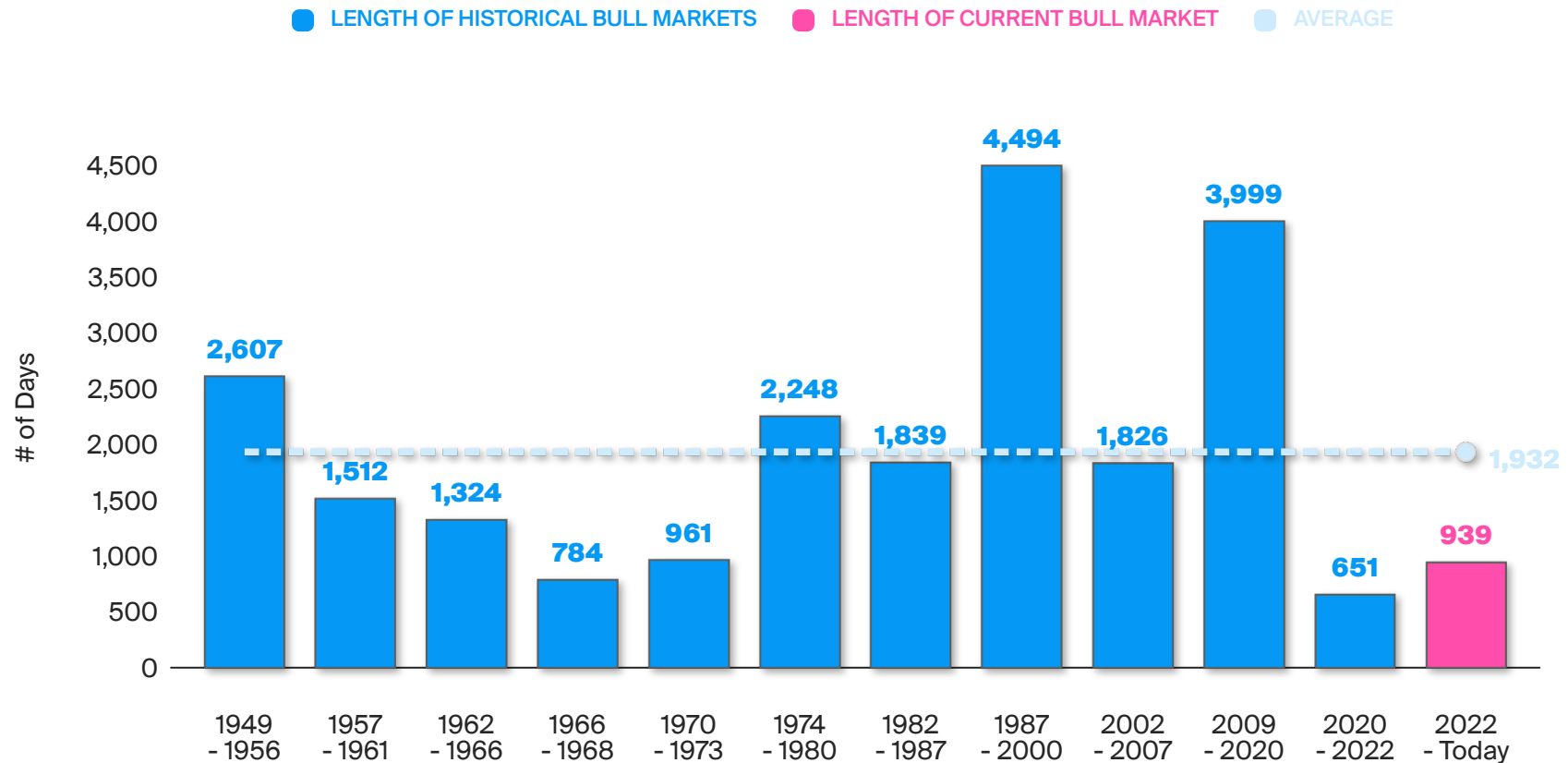
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# Length of Historical Bull Markets

Length of time (in calendar days) of all bull markets since 1949

Since 1949



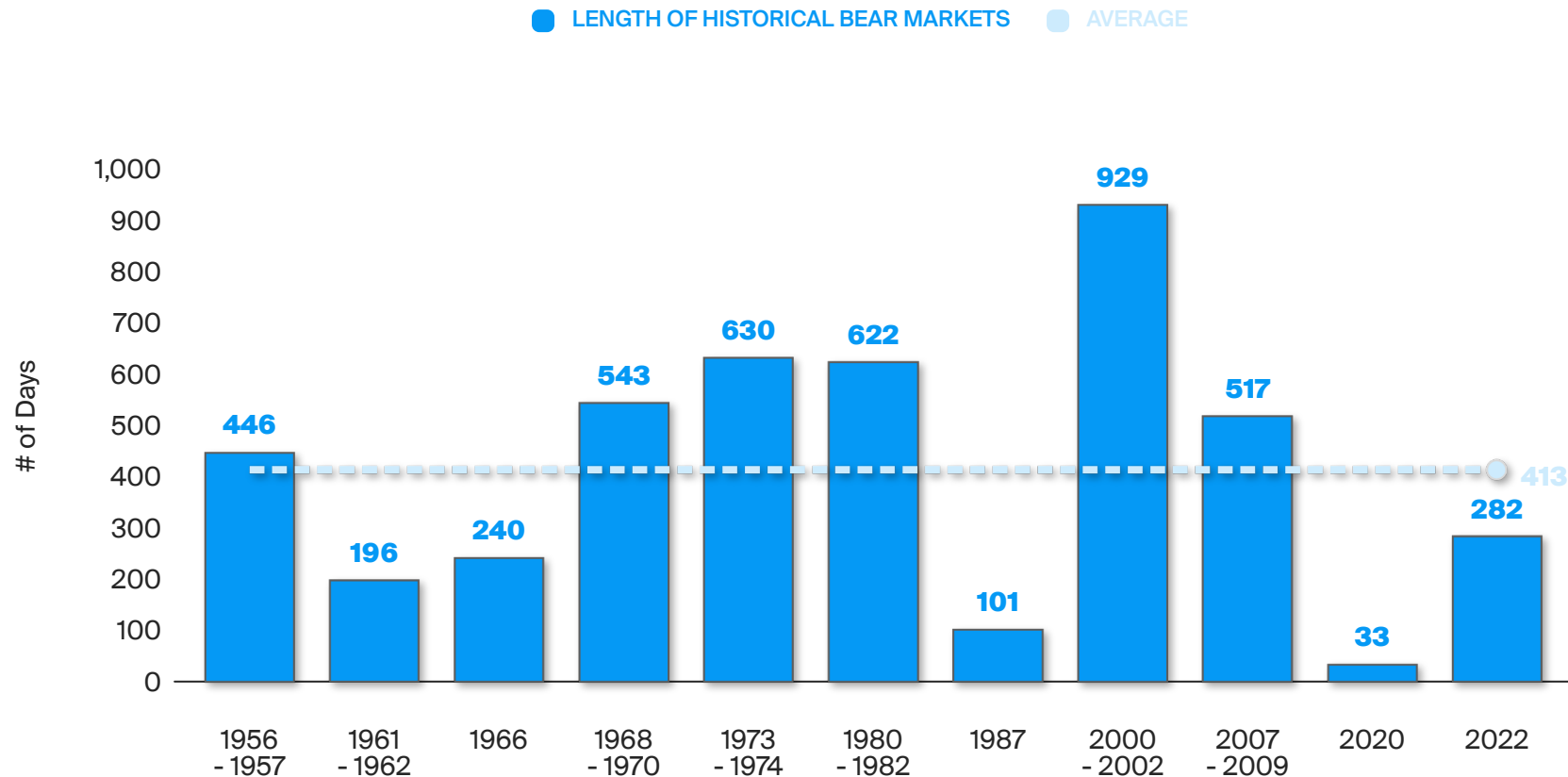
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# Length of Historical Bear Markets

Length of time (in calendar days) of all bear markets since 1956

Since 1956



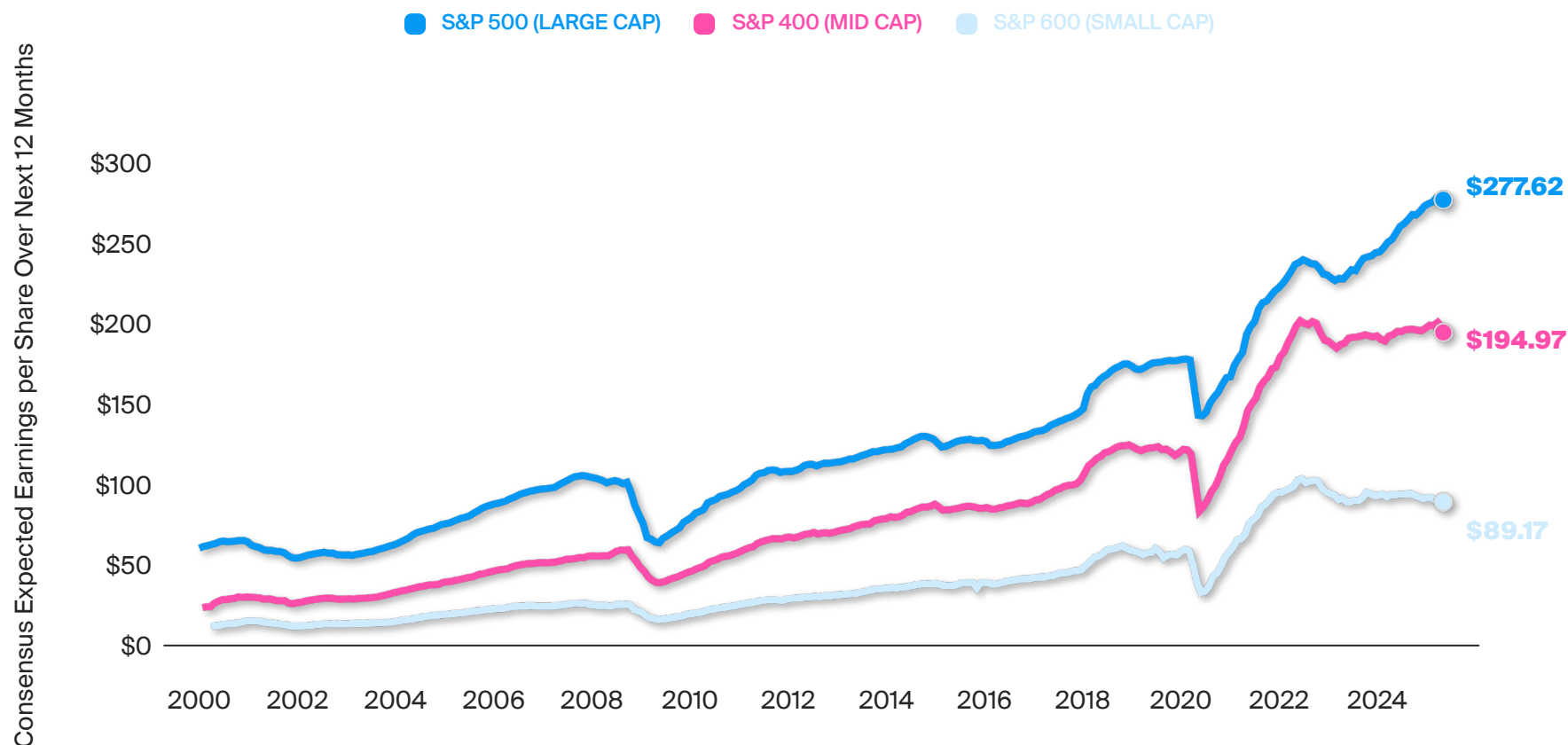
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# Consensus Expected Earnings Estimates

## Consensus Expected Earnings Per Share Over the Next 12 Months for the S&P 500, S&P 400, and S&P 600

Since 2000



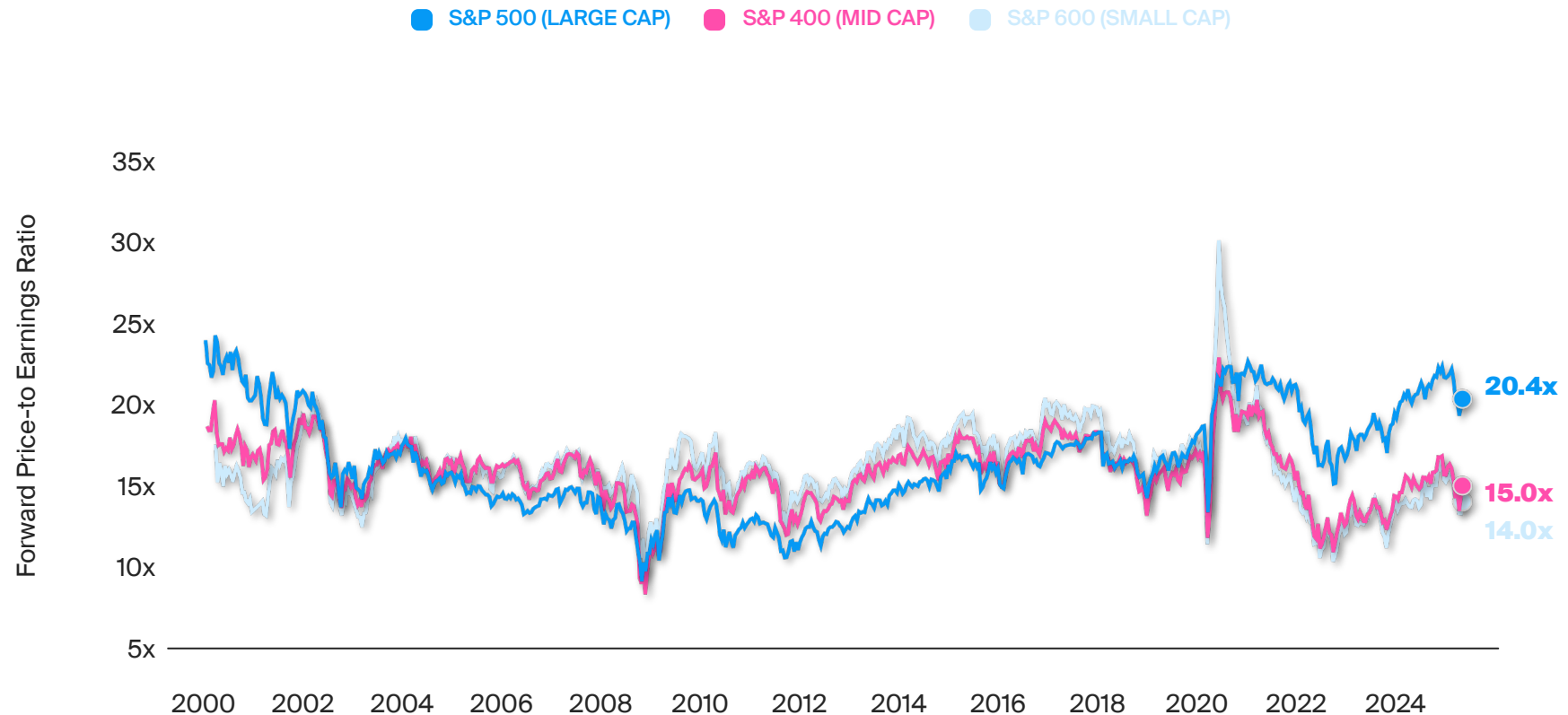
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# A look at forward valuations

## Forward Price-to-Earnings Ratio Using Consensus Expected Earnings Per Share Over Next 12 Months for S&P 500, S&P 400, and S&P 600

Since 2000



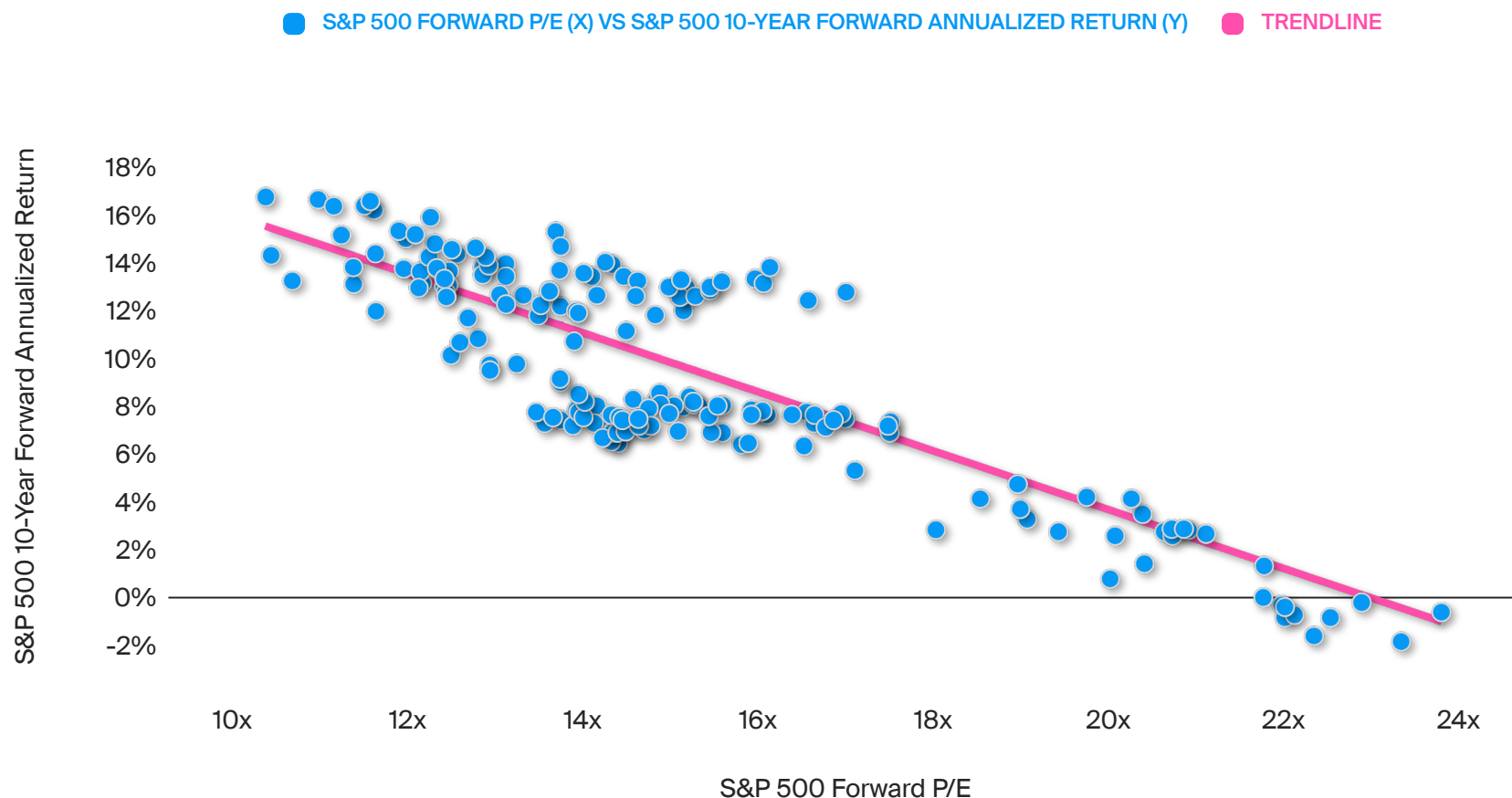
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# Valuations Are a Solid Predictor in the Long-Term

## S&P 500 Forward P/E (X) vs S&P 500 10-Year Forward Annualized Return (Y)

Since 2000



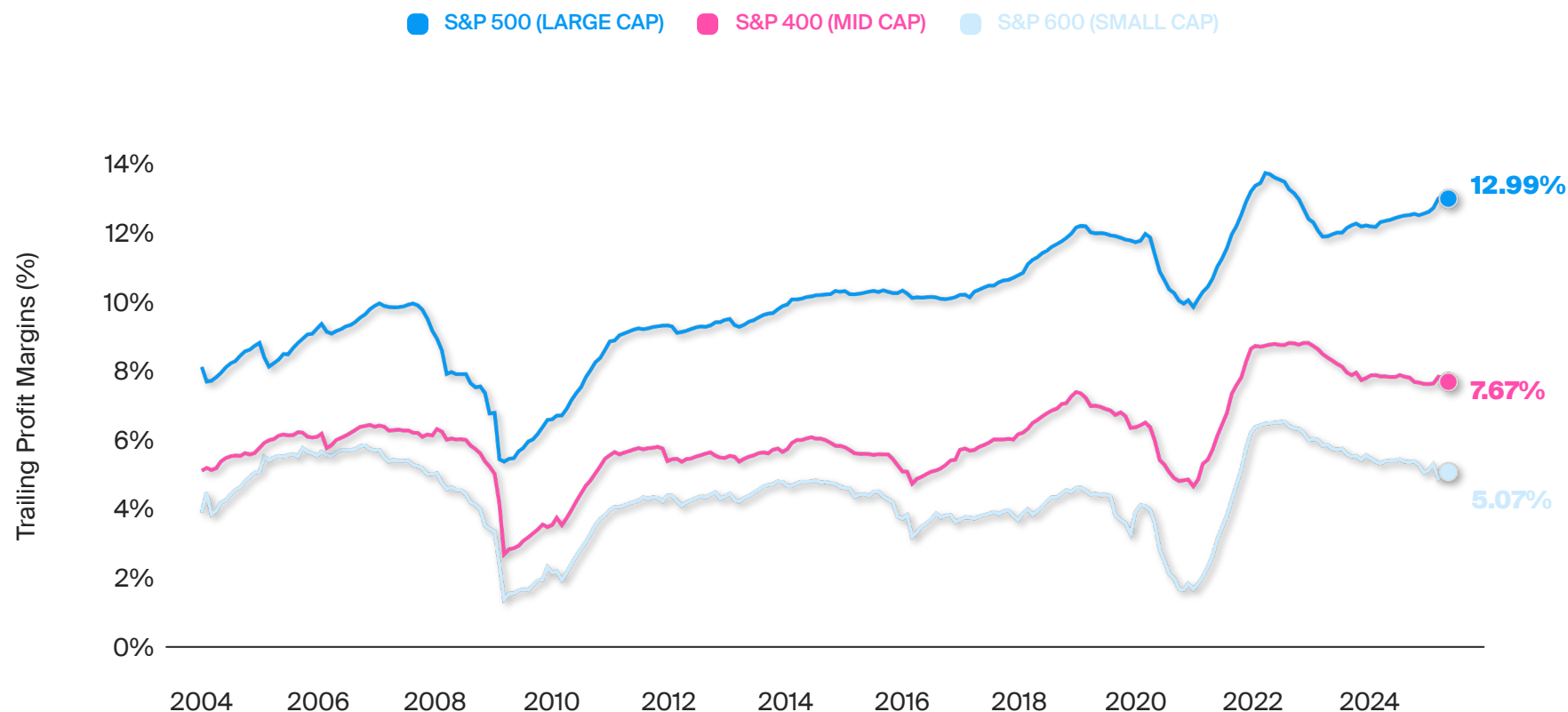
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# A look at trailing profit margins

## Trailing Profit Margins Based on Past 12 Months of Net Income and Revenue for S&P 500, S&P 400, and S&P 600

Since 2004



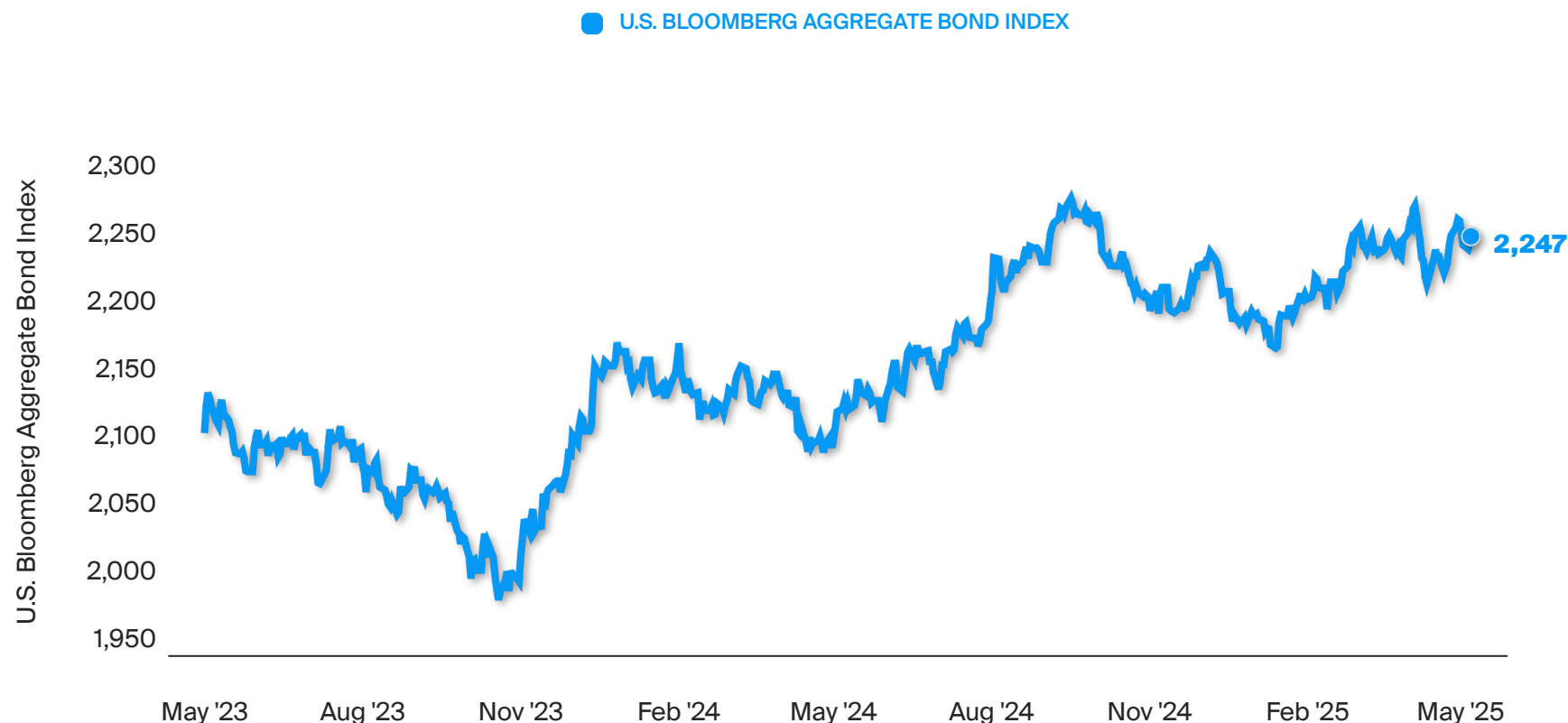
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# A Short-Term View Of Bonds

## U.S. Bloomberg Aggregate Bond Index Over The Short-Term

Past 2 Years



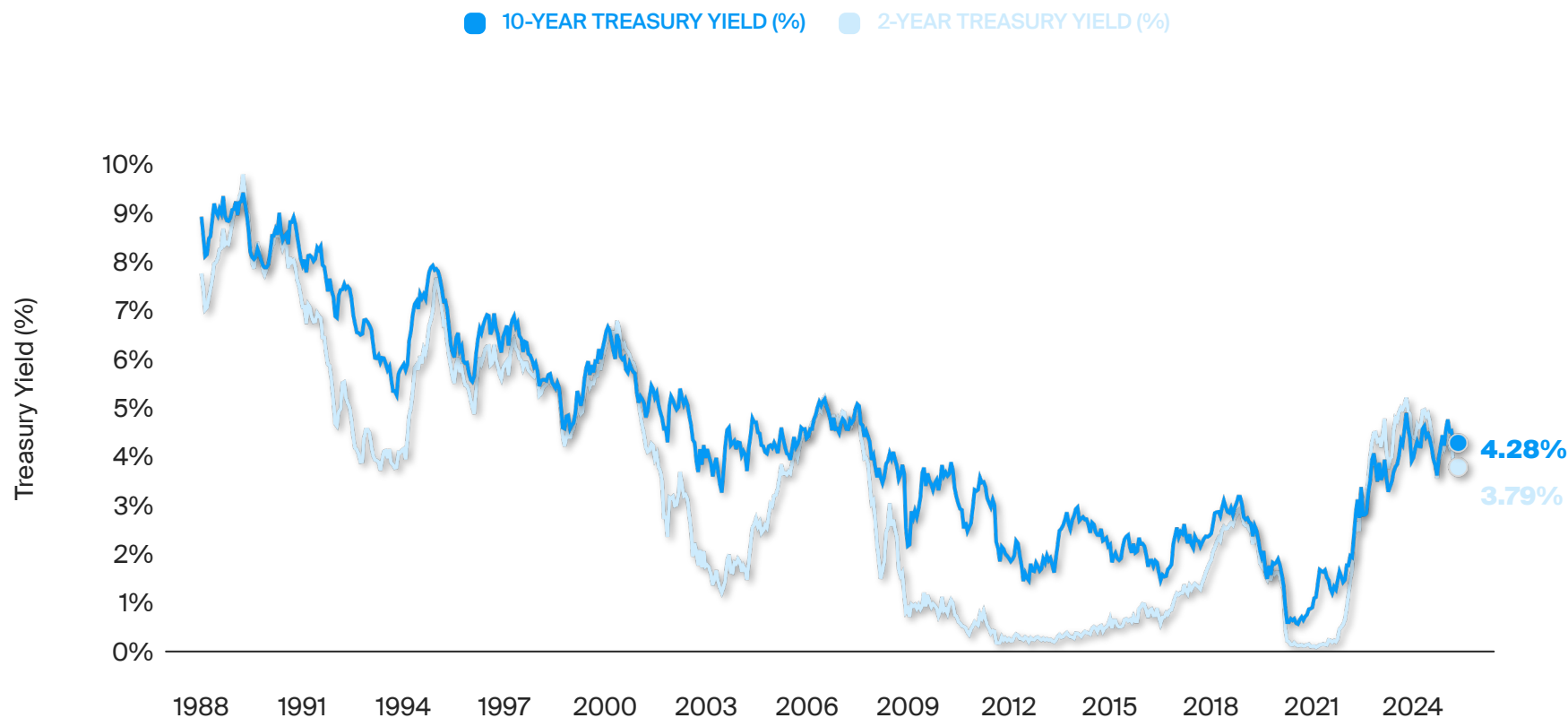
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# A Long-Term View Of U.S. Treasury Yields

## 2-Year and 10-Year U.S. Treasury Yields Over The Long-Term

Since 1988



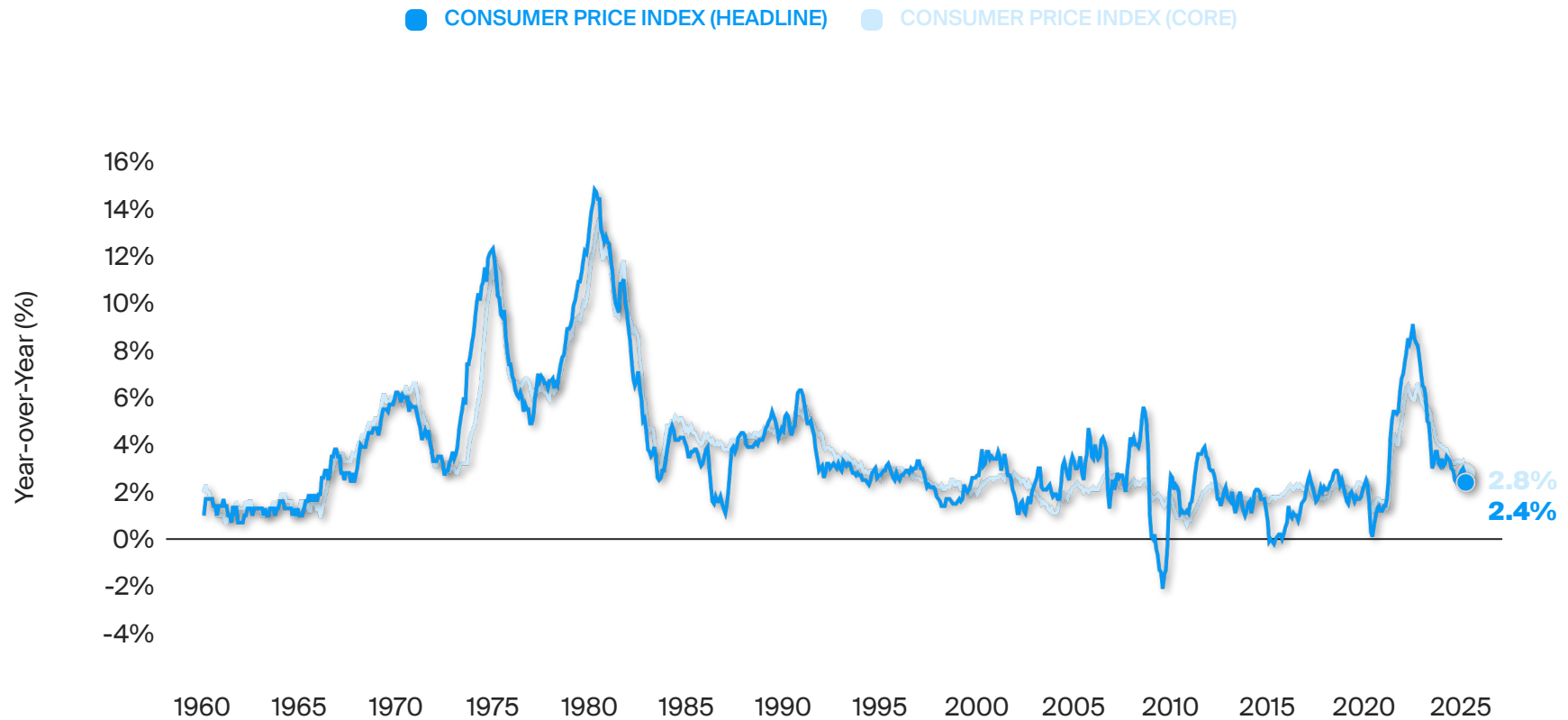
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# Headline and Core Inflation Trends

## Year-over-Year change in Headline vs Core Consumer Price Index

Since 1960



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## Definitions

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The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization.

The NASDAQ Composite is a stock market index that includes over 3,000 companies listed on the NASDAQ exchange, with a strong focus on technology and growth sectors. It serves as a key indicator of tech and innovative industry performance.

The Dow Jones Industrial Average (DJIA) is a stock market index that tracks 30 large, publicly traded U.S. companies. It is a key benchmark for the overall performance of the U.S. stock market.

Dividends are payments made by companies to shareholders, typically from profits, as a return on investment.

The U.S. Bloomberg Aggregate Bond Index measures the performance of the U.S. investment-grade bond market, including government, corporate, and mortgage-backed securities, reflecting overall bond market performance.

Bear Markets are defined as periods when the S&P 500 experiences a price loss of 20% or more following a gain of 20% or more from its previous trough.

Bull Markets are defined as periods when the S&P 500 experiences a price gain of 20% or more following a decline of 20% or more from its previous peak.

The Atlanta Fed GDPNow Forecast is a real-time estimate of U.S. GDP growth provided by the Federal Reserve Bank of Atlanta. It uses a dynamic model to update projections for real GDP growth as new economic data is released, offering a timely and data-driven outlook on the economy's performance. It can be found here: <https://www.atlantafed.org/cqer/research/gdpnow>

Real GDP is Gross Domestic Product adjusted for inflation, representing the total value of all goods and services produced in the U.S. economy, serving as a measure of economic growth.

The Largest Intra-Year Drawdown measures the largest decline in the value of an investment, calculated as the difference between the peak and the trough before the investment reaches a new high within a specified period of time.



## Definitions

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A 5% Intra-Year Pullback refers to a price decline of 5% or more in an index from its peak during a given year.

A 5% Pullback refers to a price decline of 5% from its recent peak price.

The S&P 400 measures the performance of 400 mid-sized U.S. companies, representing the mid-cap segment of the market. It is used as a benchmark for mid-cap stock performance.

The S&P 600 tracks the performance of 600 small-cap U.S. companies, representing the small-cap segment of the market. It is commonly used to gauge small-cap stock performance.

The Consensus Expected Earnings Estimates (%) for an index represents the average earnings growth forecast for the companies within that index over the next 12 months. These estimates are aggregated from analyst projections, such as those from FactSet, and provide insight into expected profitability trends for the index as a whole.

The Forward Price-to-Earnings (P/E) Ratio for an index measures its current price relative to expected earnings of the companies within the index over the next 12 months. It's calculated using consensus EPS estimates from FactSet and helps assess whether the index is overvalued or undervalued vs history based on future earnings expectations.

Trailing Profit Margins represent the actual profitability of companies over the past 12 months, based on their reported revenue and net income as aggregated by FactSet. This metric indicates the percentage of revenue that translated into profit during the previous year, reflecting historical corporate performance and efficiency.

The 10-Year Treasury Yield measures the return on U.S. Treasury bonds maturing in ten years, frequently used as a benchmark for long-term interest rates and a gauge of economic growth expectations.

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The Year-over-Year change in the Headline Consumer Price Index (CPI) measures the overall change over the past year in the price level of a basket of goods and services purchased by consumers, reflecting changes in the cost of living and overall inflation.

The Year-over-Year change in the Core Consumer Price Index (CPI) measures the overall change over the past year in the price level of a basket of goods and services, excluding food and energy prices. It reflects underlying inflation trends by removing volatile price movements from the cost of living.



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