



Wealth Strategies Team

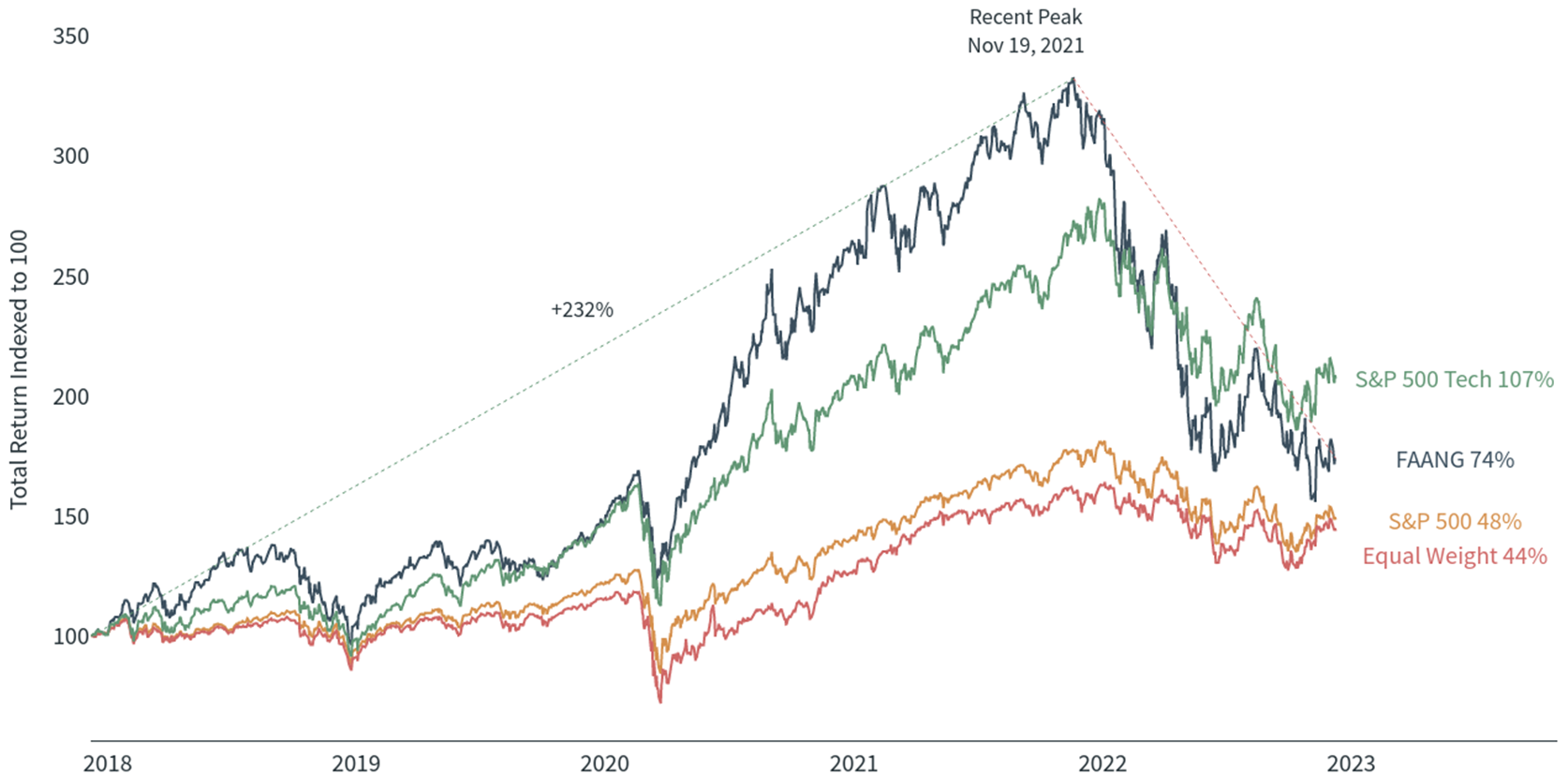
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Changing Times - Chartbook

Cliff Jarvis | Investment Advisor | December 12, 2022

FAANG Stock Performance

Meta (FB), Amazon (AMZN), Apple (AAPL), Netflix (NFLX) and Alphabet (GOOG)
Simple equal-weighted performance versus the S&P 500, past 5 years



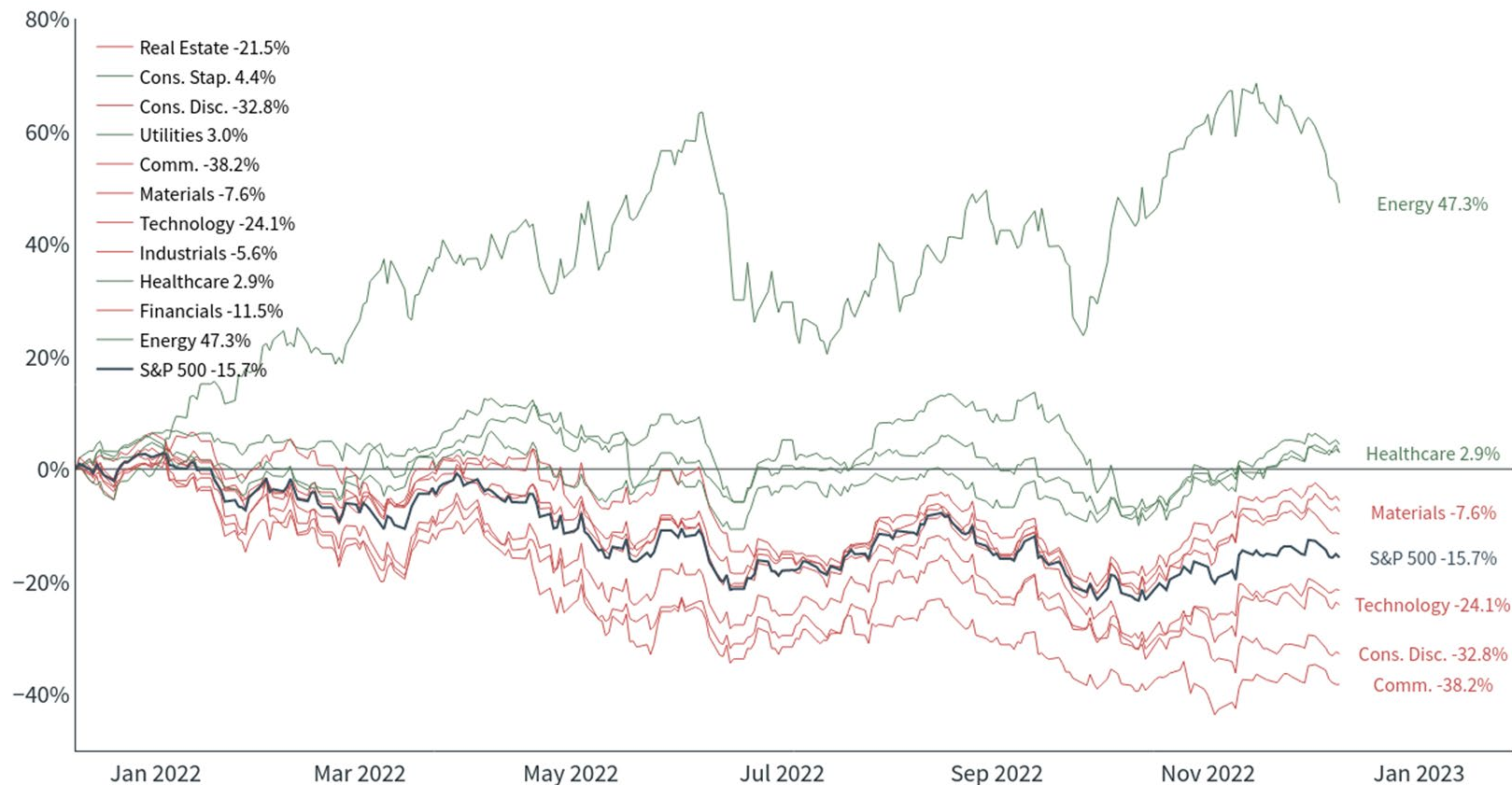
- Some technology stocks had been high-flyers over the past several years, significantly outperforming the broader market.
- A group of these has come to be known as FAANG: Facebook, Amazon, Apple, Netflix and Alphabet (GOOG). Others are often included too.
- Tech-related sectors fell into bear market territory this year due to rising rates and economic uncertainty.

Latest data point is Dec 9, 2022

Source: Clearnomics,
Standard & Poor's
Refinitiv
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Sector Returns – Year Over Year

S&P 500 Sectors, Daily



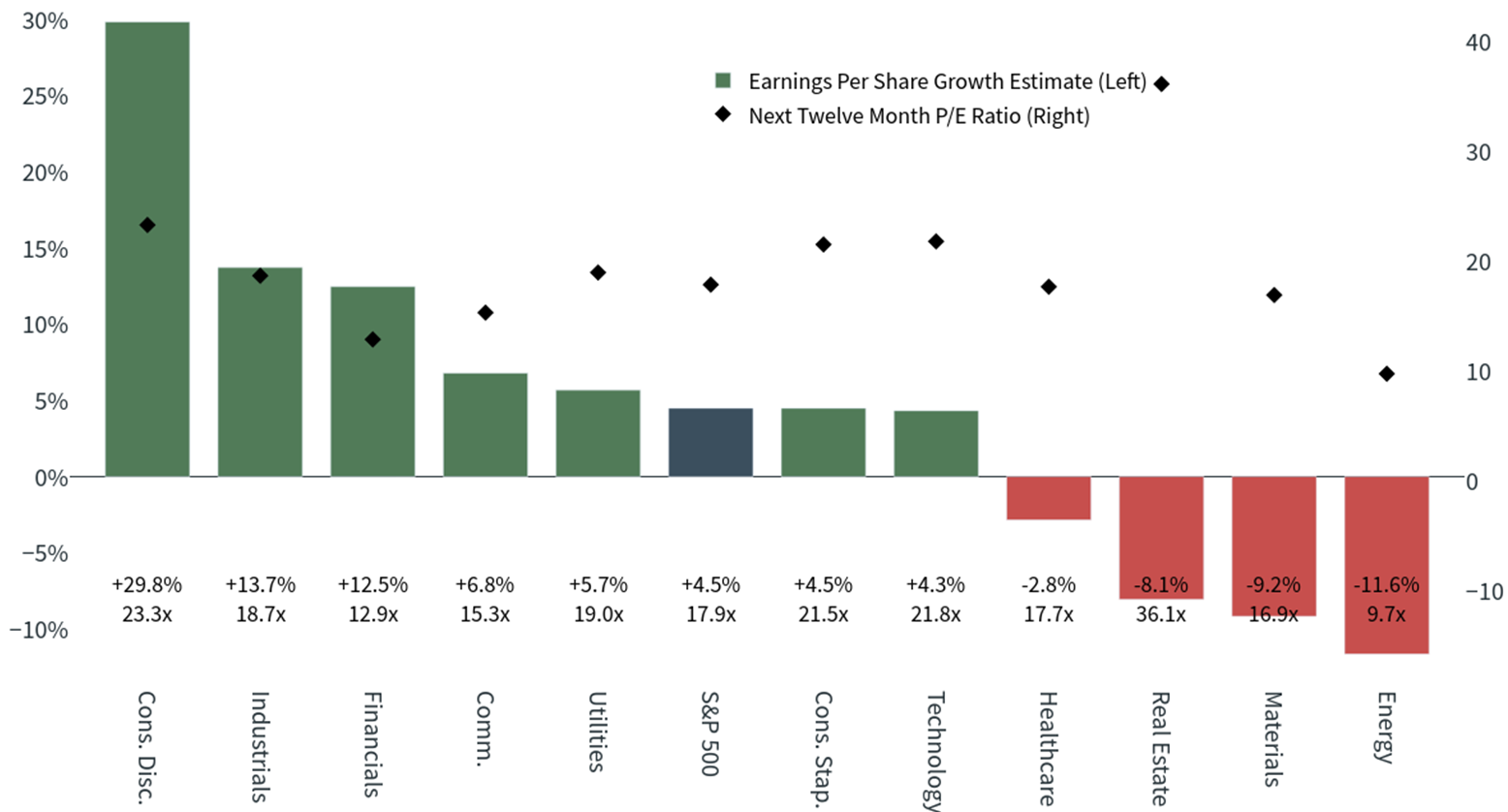
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- This chart shows the year-to-date relative performance of different sectors of the stock market.
- It looks far different than it has over the previous several years. Suddenly, top performing sectors switched places with underperformer.
- Broad diversification across sectors may be appropriate to smooth out volatile portfolio returns.

Source: Standard & Poor's

Sector Earnings and Valuations

Earnings Growth and P/E Ratios, Next Twelve Month Estimates



- This chart shows forward earnings estimates relative to their price/earnings ratio.
- Often, comparing the two helps predict sector performance.
- However, in uncertain times, predictions can be wildly unpredictable.

Source: Refinitiv, Standard & Poor's

Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard & Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

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