



Mott Capital Management

Low Interest Rates May Push S&P 500 Into New Territory

Mott Capital Management, LLC

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Disclosure

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Period of Easy Monetary Policy Around The Globe



US: Forced To Cut Rates?

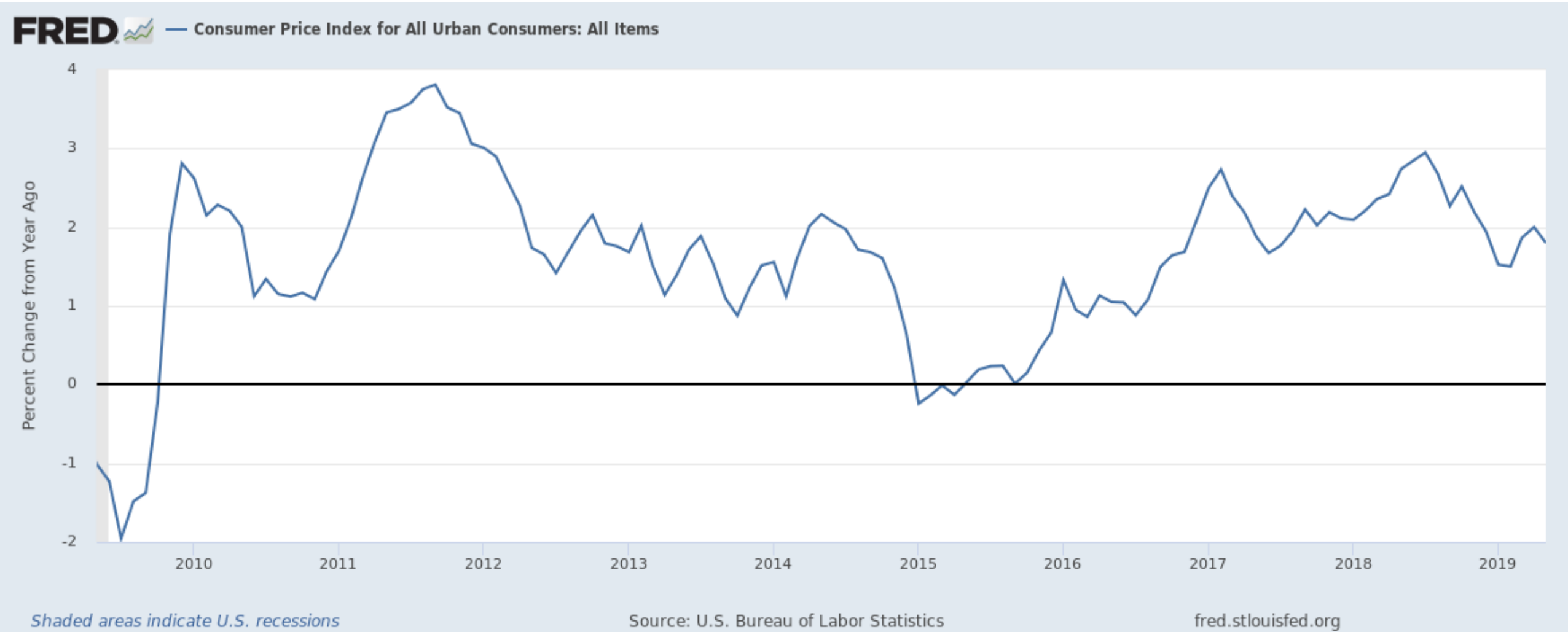


Japan: Negative Interest Rate Policy

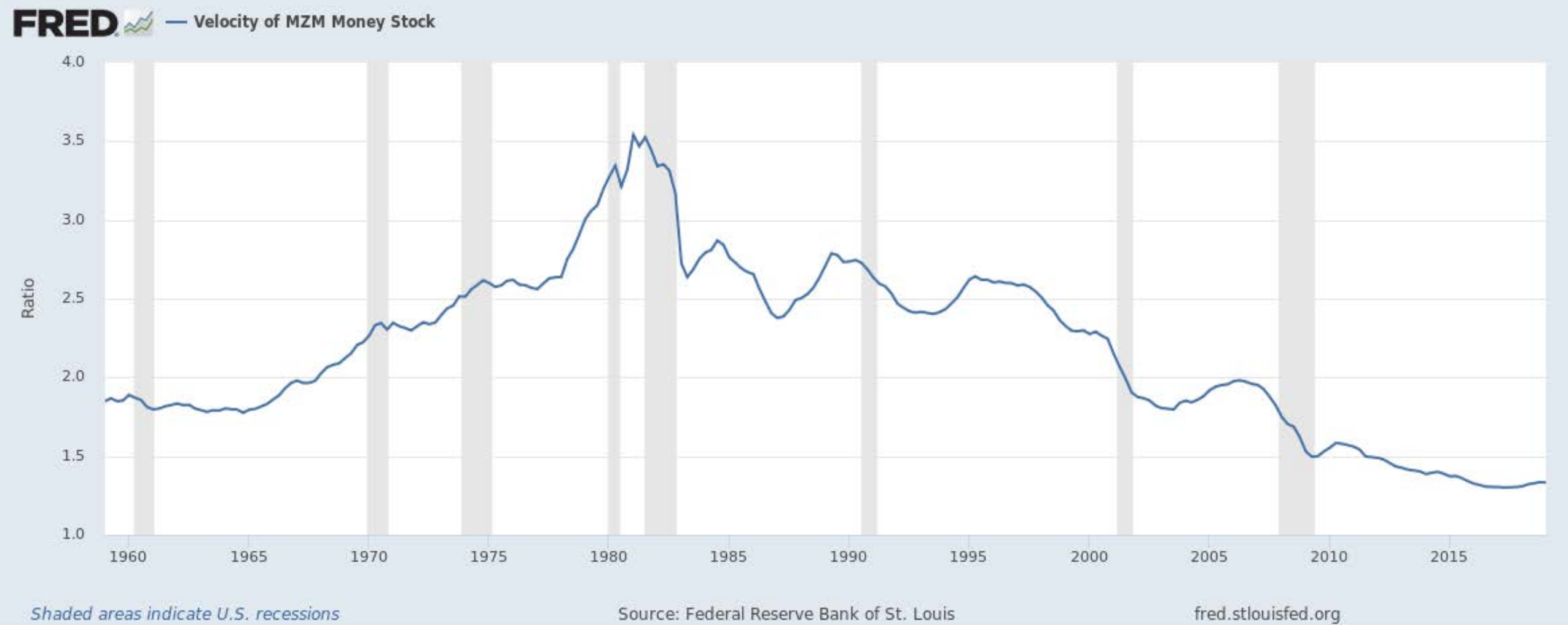


Europe: Negative Interest Rate Policy

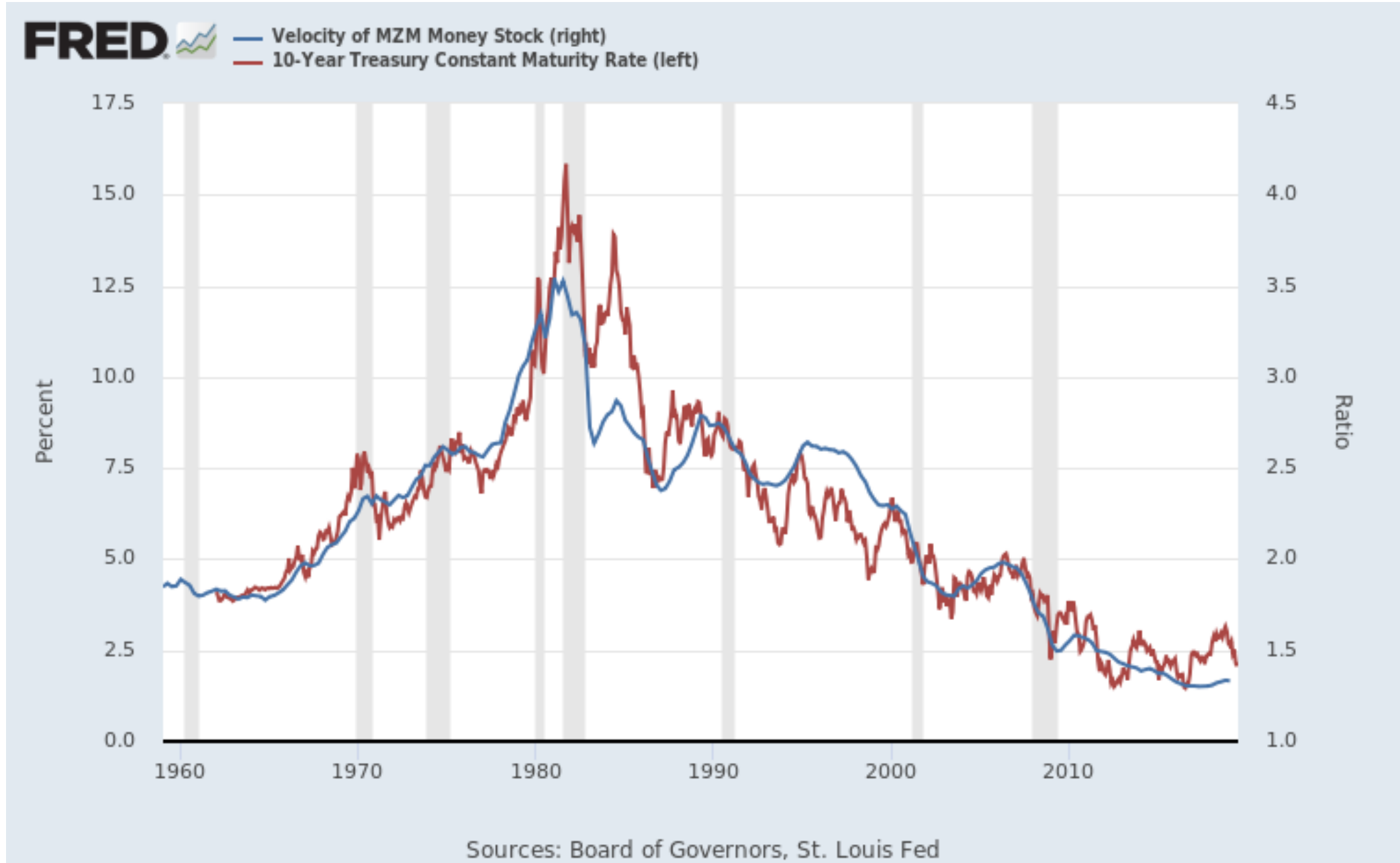
Inflation is The Main Culprit



This is Unlikely To Change In For Several More Years

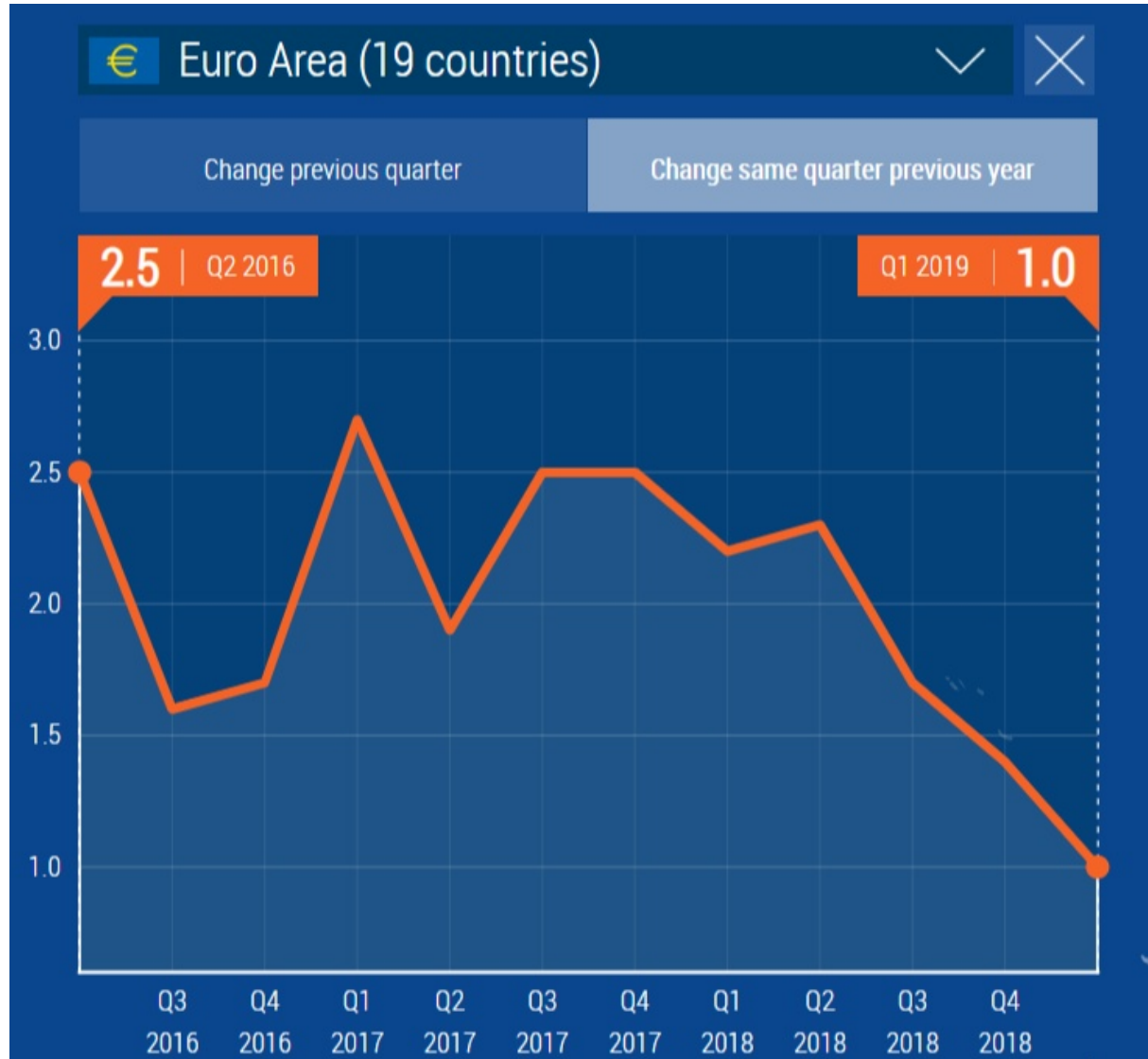


A Strong Correlation?



Europe Has Slowing Growth and Falling Inflation

GDP



Inflation - CPI



(Eurostats)

A Strong Dollar/Weak Euro

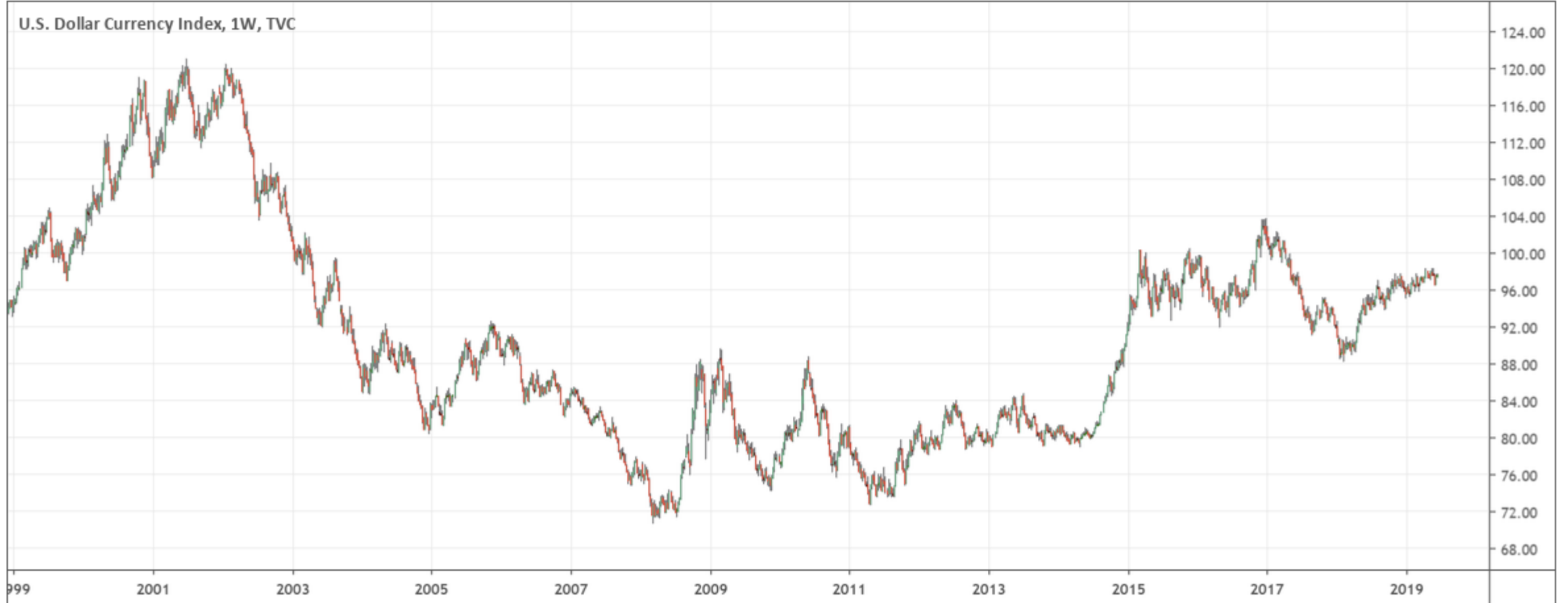
Scorpio244 published on TradingView.com, June 18, 2019 14:18:12 EDT

FX:EURUSD, 1W 1.11957 ▼ -0.00222 (-0.2%) O:1.12090 H:1.12471 L:1.11813 C:1.11957



A Strong Dollar/Weak Euro

Scorpio244 published on TradingView.com, June 18, 2019 14:19:23 EDT
TVC:DXY, 1W 97.65 ▲ +0.13 (+0.13%) O:97.52 H:97.77 L:97.34 C:97.65



US Recession Fears Overblown?

10-Year Treasury Minus 2-Year Treasury

Scorpio244 published on TradingView.com, June 18, 2019 14:23:11 EDT

TVC:US10Y-TVC:US02Y, 1W 0.187 ▼ -0.034 (-15.32%) O:0.236 H:0.238 L:0.187 C:0.187

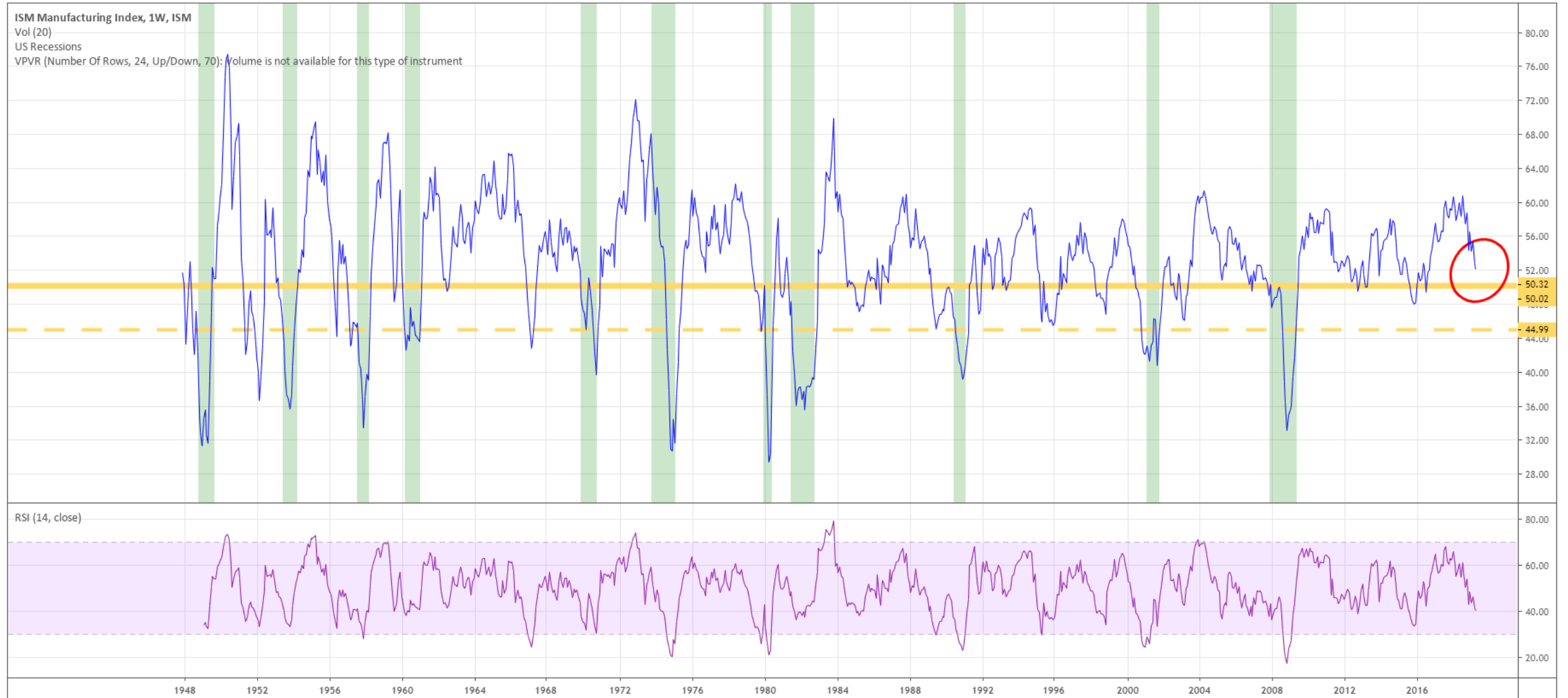


Recession Fears Overblown?

Manufacturing ISM PMI

Scorpio244 published on TradingView.com, June 24, 2019 09:02:54 EDT

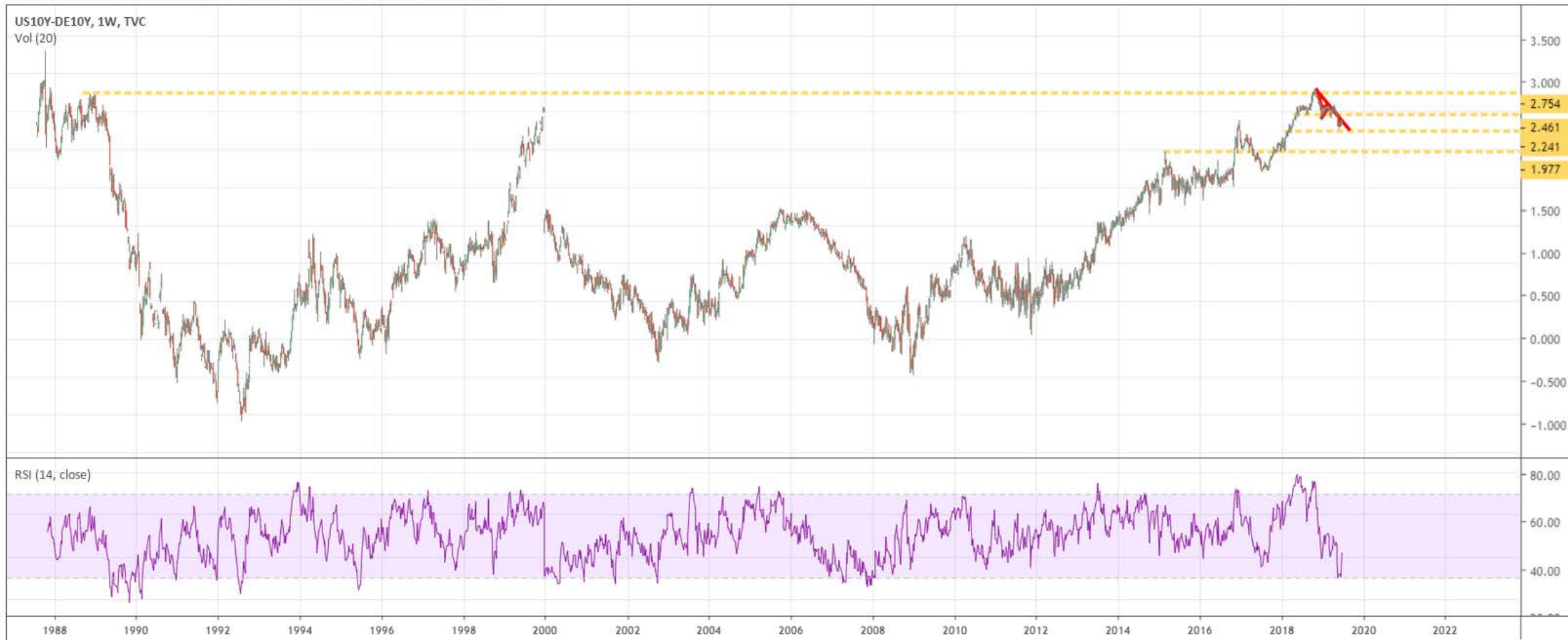
ISM:MAN_PMI, 1W 52.10 ▼ -0.70 (-1.33%) O:52.10 H:52.10 L:52.10 C:52.10



Spread Between German and US Bonds

Scorpio244 published on TradingView.com, July 07, 2019 18:57:42 EDT

TVC:US10Y-TVC:DE10Y, 1W 2.403 ▲ +0.063 (+2.71%) O: 2.341 H: 2.410 L: 2.338 C: 2.403



US 2-Year On Verge of Breakdown?

Scorpio244 published on TradingView.com, June 24, 2019 09:32:12 EDT
TVC:US02Y, 1D 1.753 ▼ -0.025 (-1.42%) O:1.778 H:1.786 L:1.737 C:1.753



Equities Cheap Vs. Bonds?

US 10-Year Treasury vs. S&P 500 Dividend Yield - Spread

US 10-Year Treasury Yield - SPDR S&P 500 Dividend Yield



Equities Cheap Vs. Bonds?

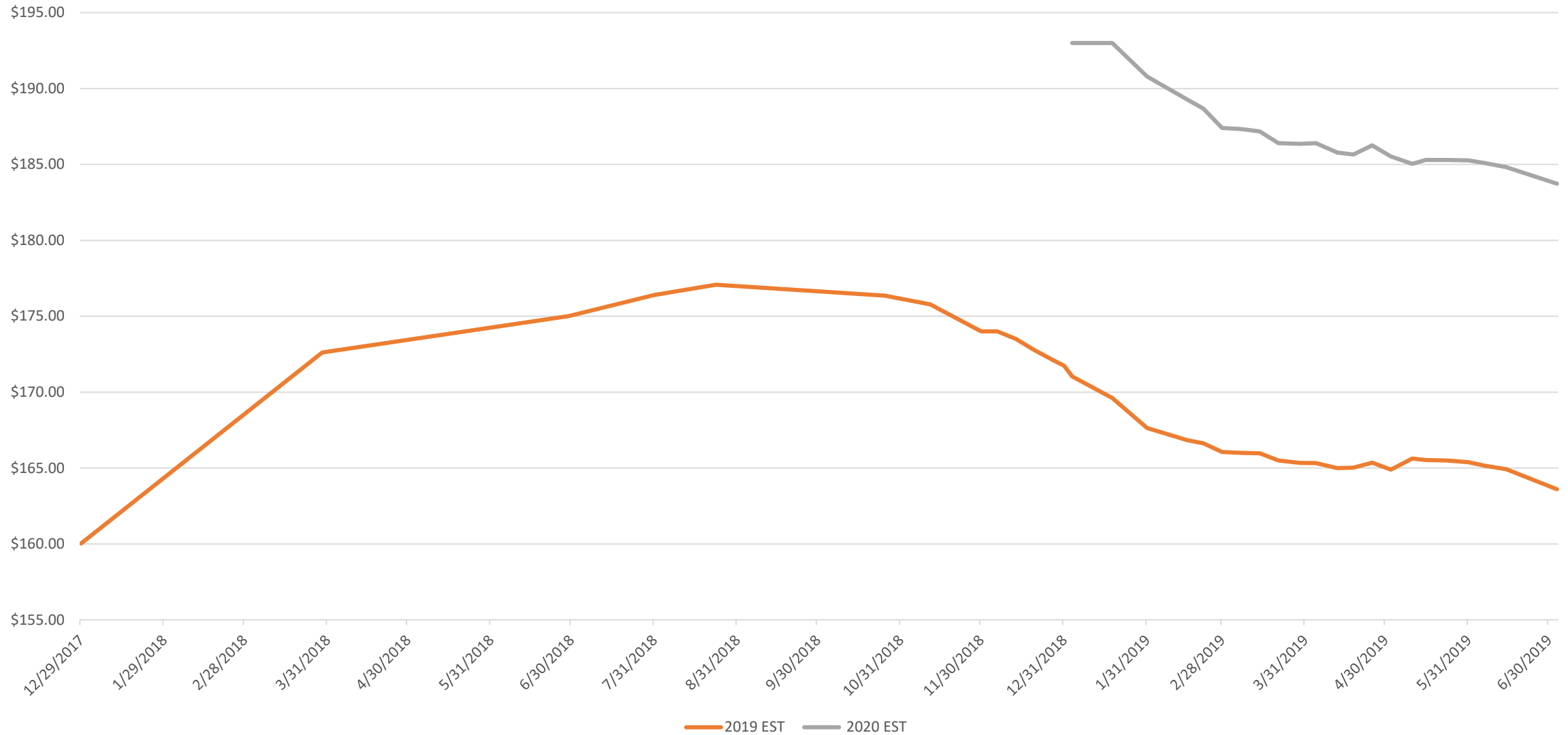
US 10-Year Treasury vs. S&P 500 Dividend Yield - Spread

SPDR S&P 500 Price



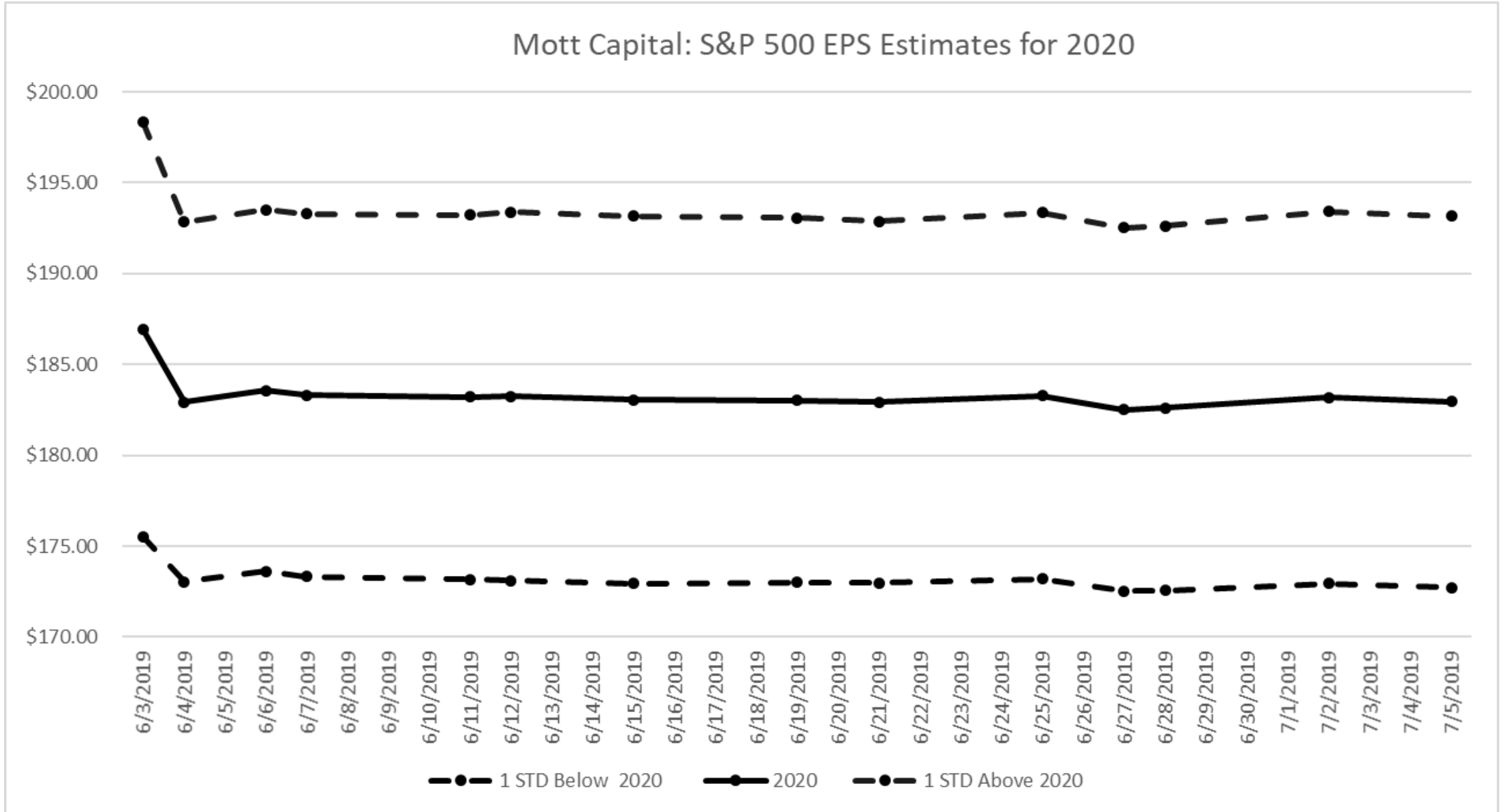
Earnings Trends

EPS Estimate Changes



Source S&P Dow Jones

Earnings Trends

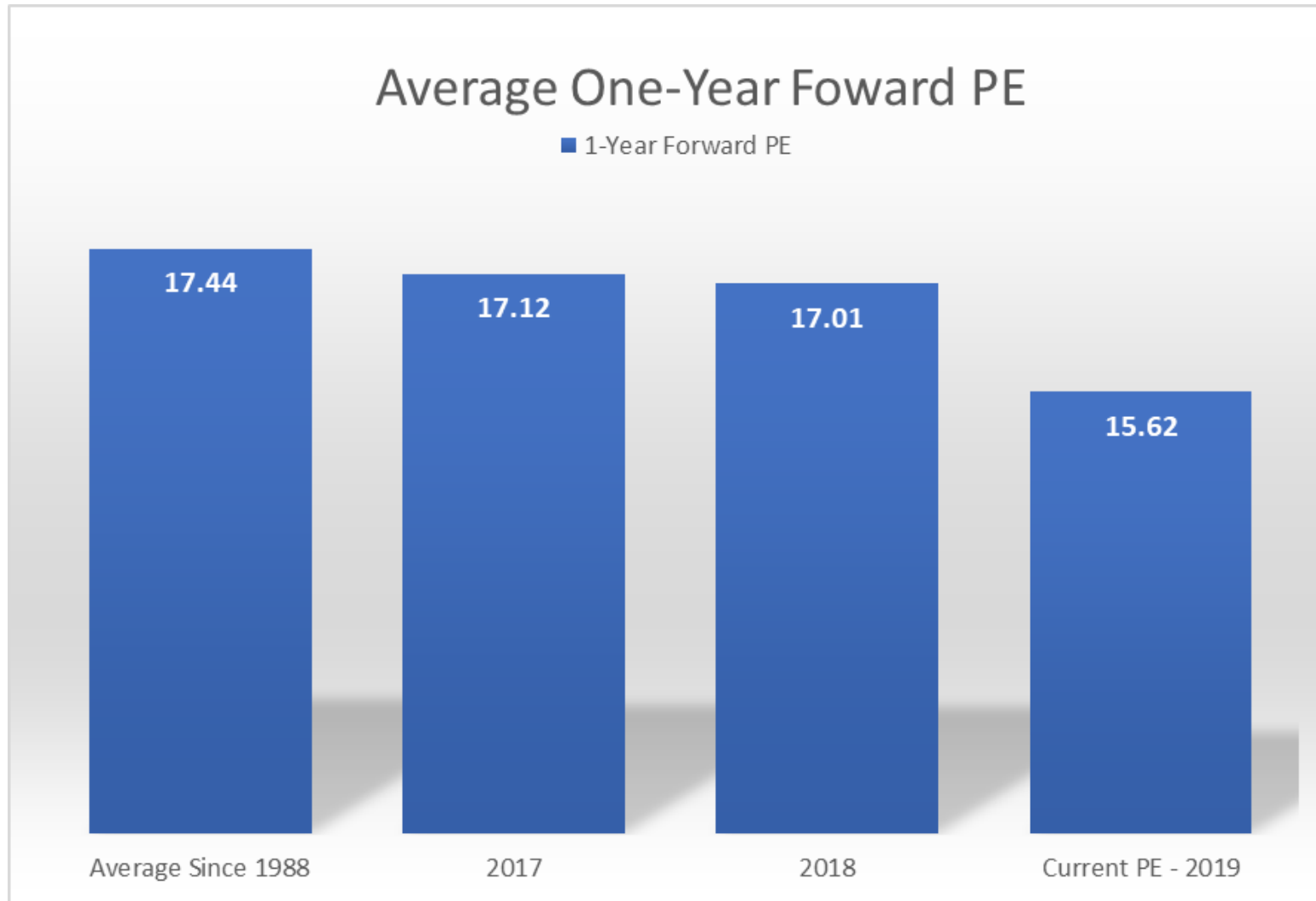


Compiled Using Data from YCharts

EPS Estimates based on aggregate consensus earnings estimates for the S&P 500 components

Equities May Be Too Cheap?

PE Ratios Based on S&P Dow Jones EPS Estimates



Data compiled from S&P Dow Jones

Equities May Be Too Cheap?

Current Valuation Using Mott Capital EPS Estimates

	2019	2019	2020	2020	2021	2021
^SPX	2990.41	PE Ratio	Worst Case	PE Ratio	Best Case	PE Ratio
EPS Est. YR1	\$ 164.90	17.50	\$ 159.58	18.74	\$ 170.21	17.57
EPS Est. YR2	\$ 183.01	15.76	\$ 172.79	17.31	\$ 193.23	15.48
EPS Est. YR3	\$ 200.25	14.38	\$ 186.33	16.05	\$ 214.18	13.96

Q&A