



ONECAPITAL
MANAGEMENT, LLC

Playbook

SUMMER 2021

Our *Playbook* is designed to share our quarterly views in a visual presentation with comments providing context to what we believe are the pertinent issues of the most recent quarter and what we see moving forward.

Highlights



Despite continued COVID challenges, the equity market maintains its momentum through mid-year with the breadth of the returns spreading to most equity asset classes.

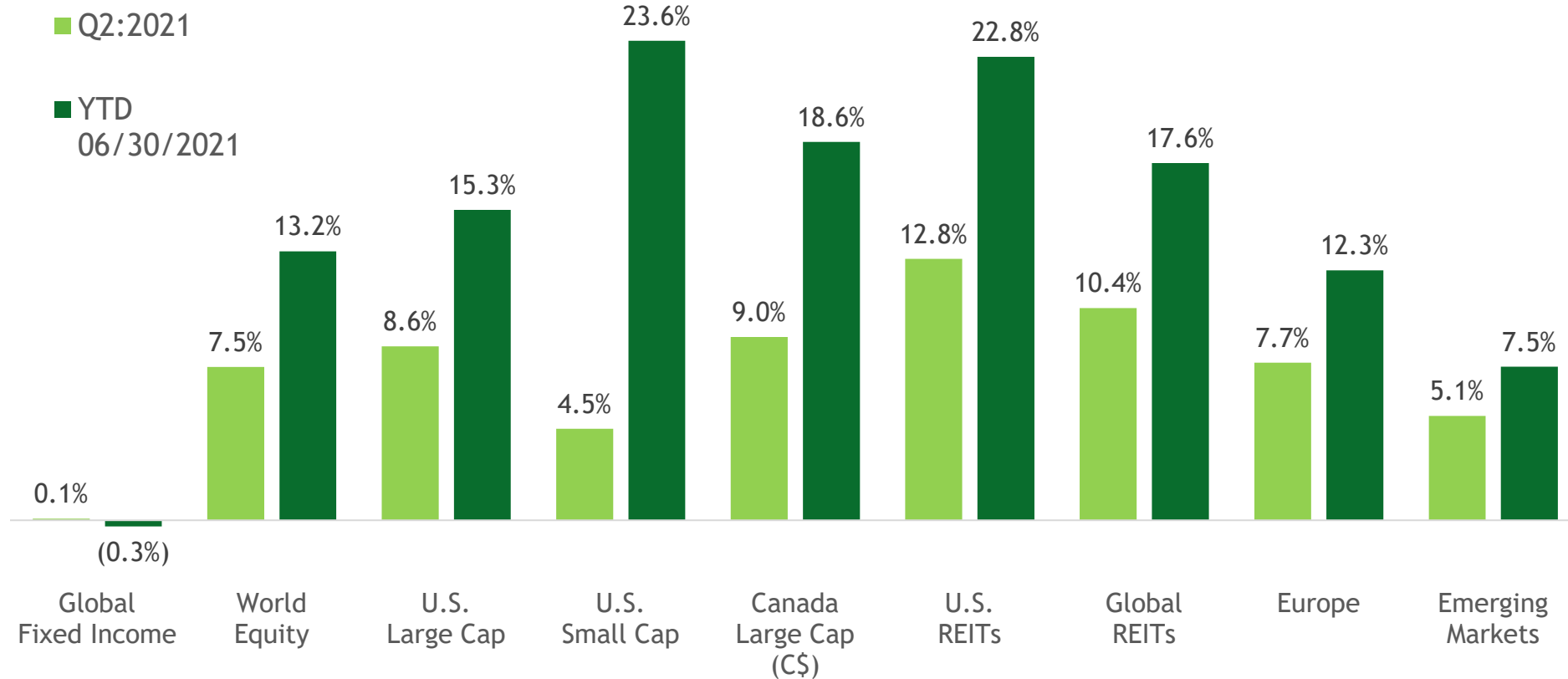
Valuations elevated, but not bubbling

Managing bonds in low-yield environment

Labor, inflation, and taxes

Momentum Continues

Global Capital Market Returns



U.S. Valuations

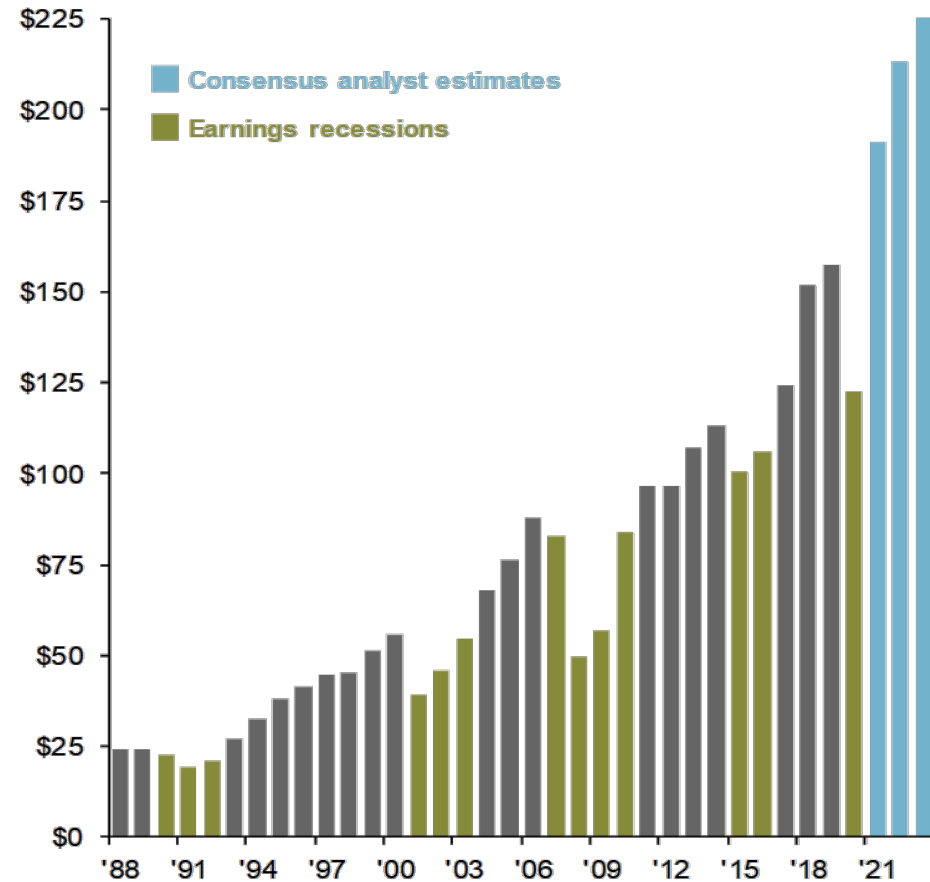
S&P 500

	03/24/2000	10/09/2007	02/19/2020	06/30/2021		As of 06/30/2021
Equity Valuation (P/FE)	25.2x	15.1x	19.2x	21.5x	Earnings Yield Spread	1.33%
10-year Treasury Yield	6.2%	4.7%	1.6%	1.5%	25-year Average	0.09%
Dividend Yield	1.4%	1.9%	1.9%	1.4%		

Profits Recovery

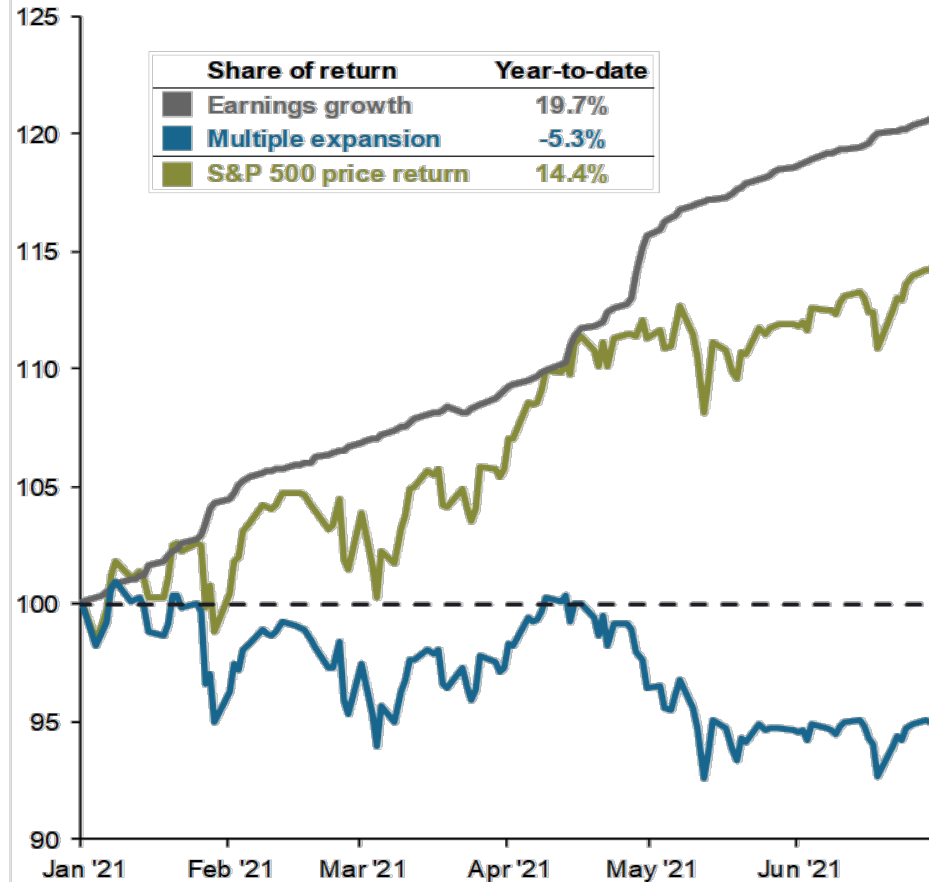
S&P 500 earnings per share

Index annual operating earnings



Percent change in S&P 500, earnings and valuations

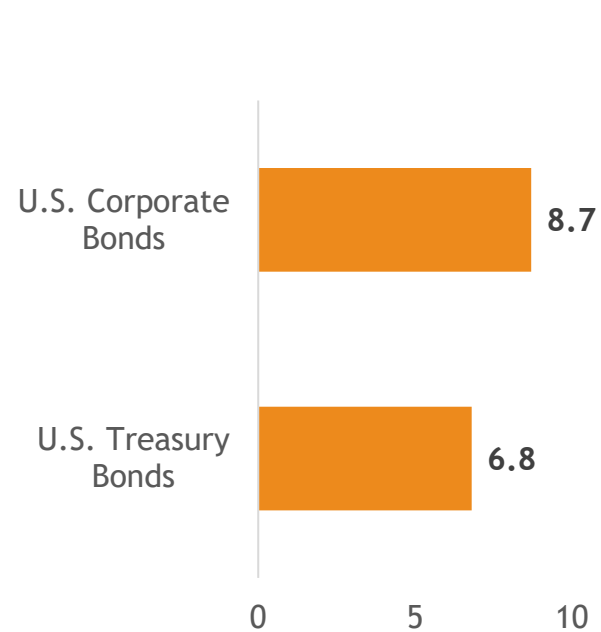
Year-to-date, indexed to 100



State of the Bond Market

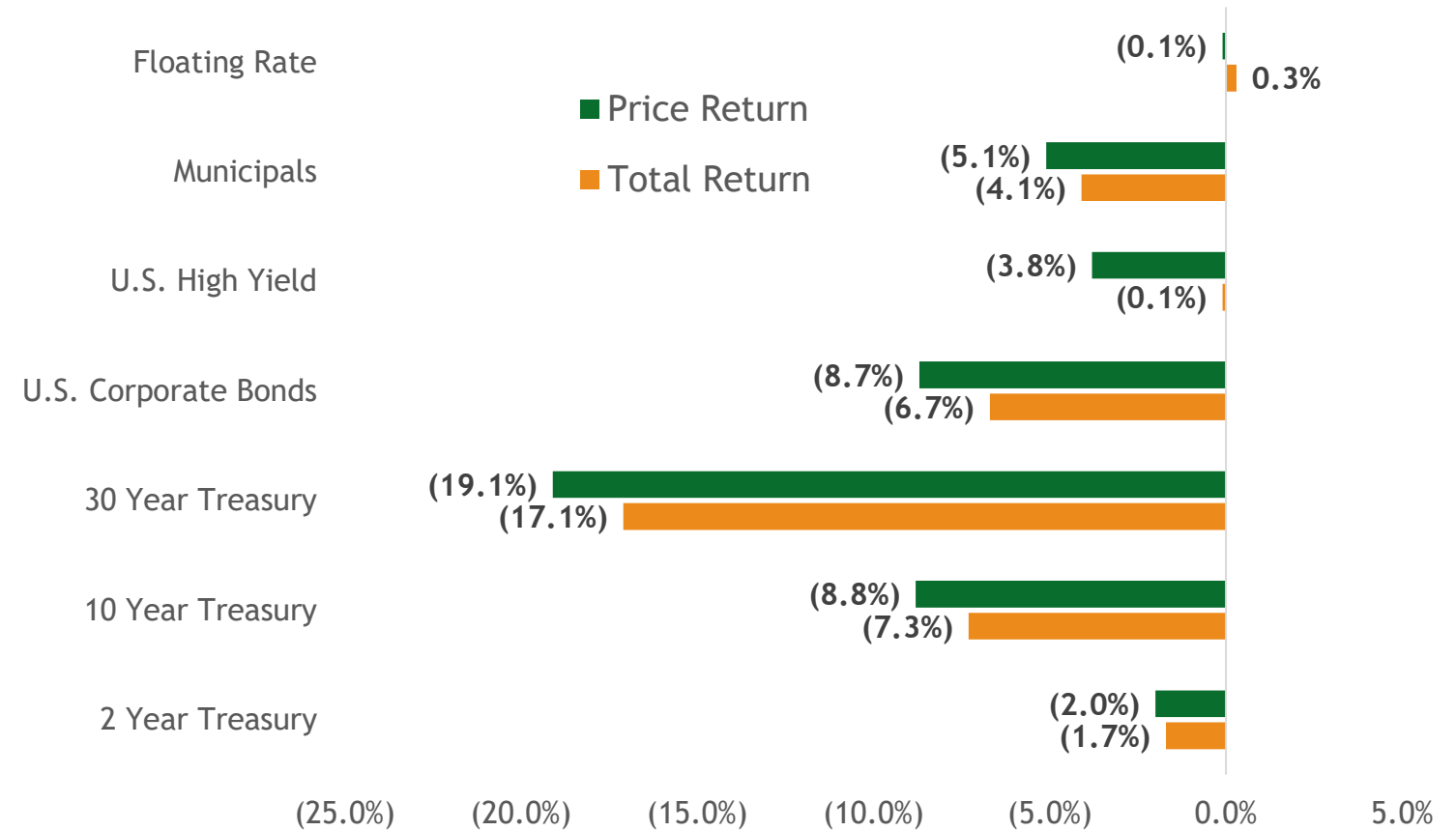
Duration

As of June 30, 2021



Impact of a 1% Rise in Interest Rates

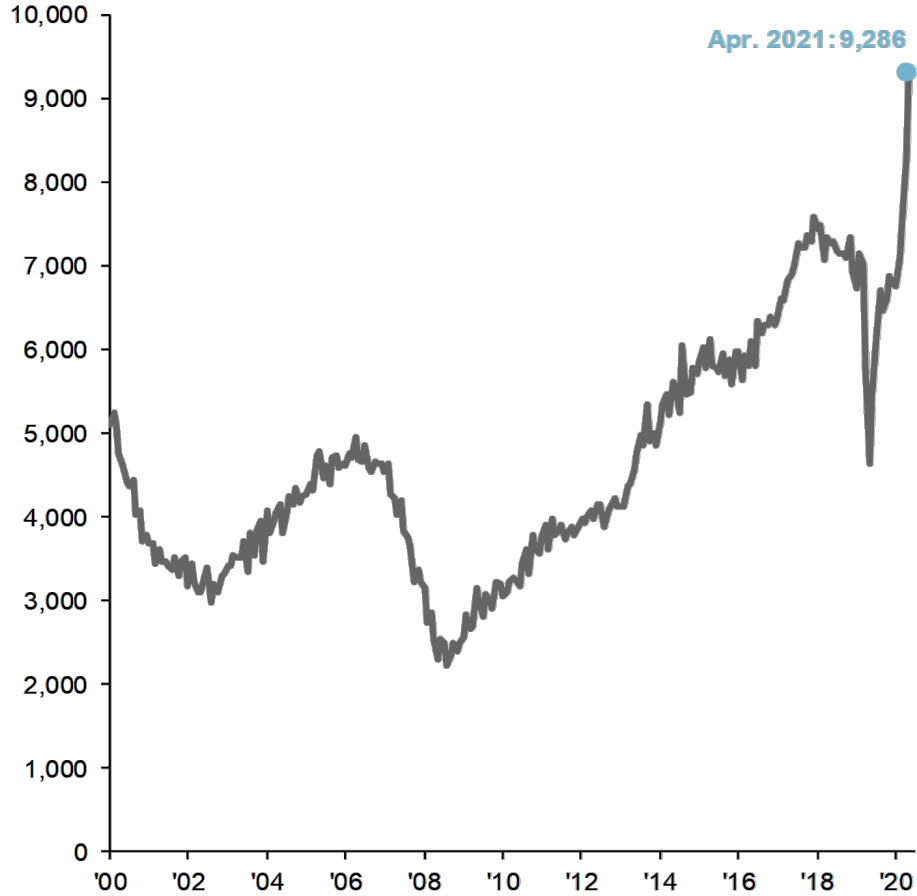
As of June 30, 2021



Labor Dynamics

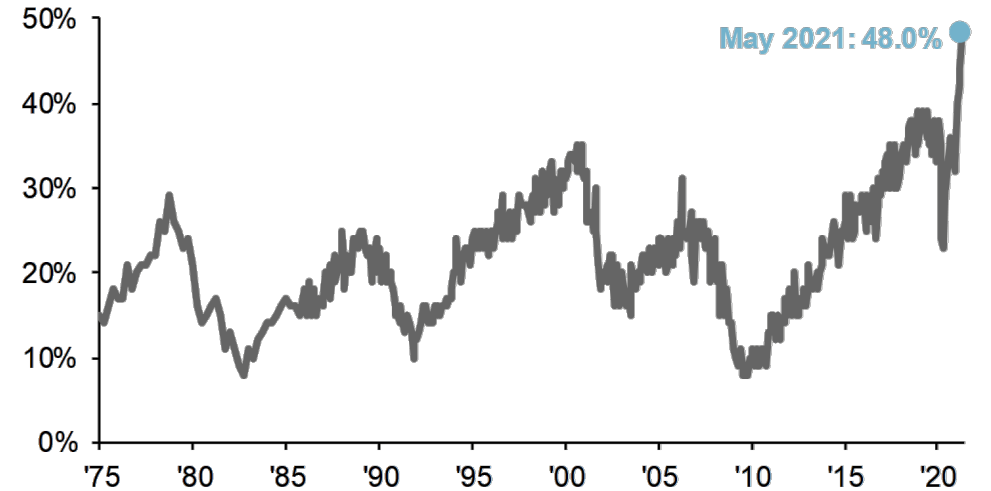
JOLTS Job Openings

Total nonfarm job openings, thousands, seasonally adjusted



NFIB Small Business Jobs Report, jobs hard to fill

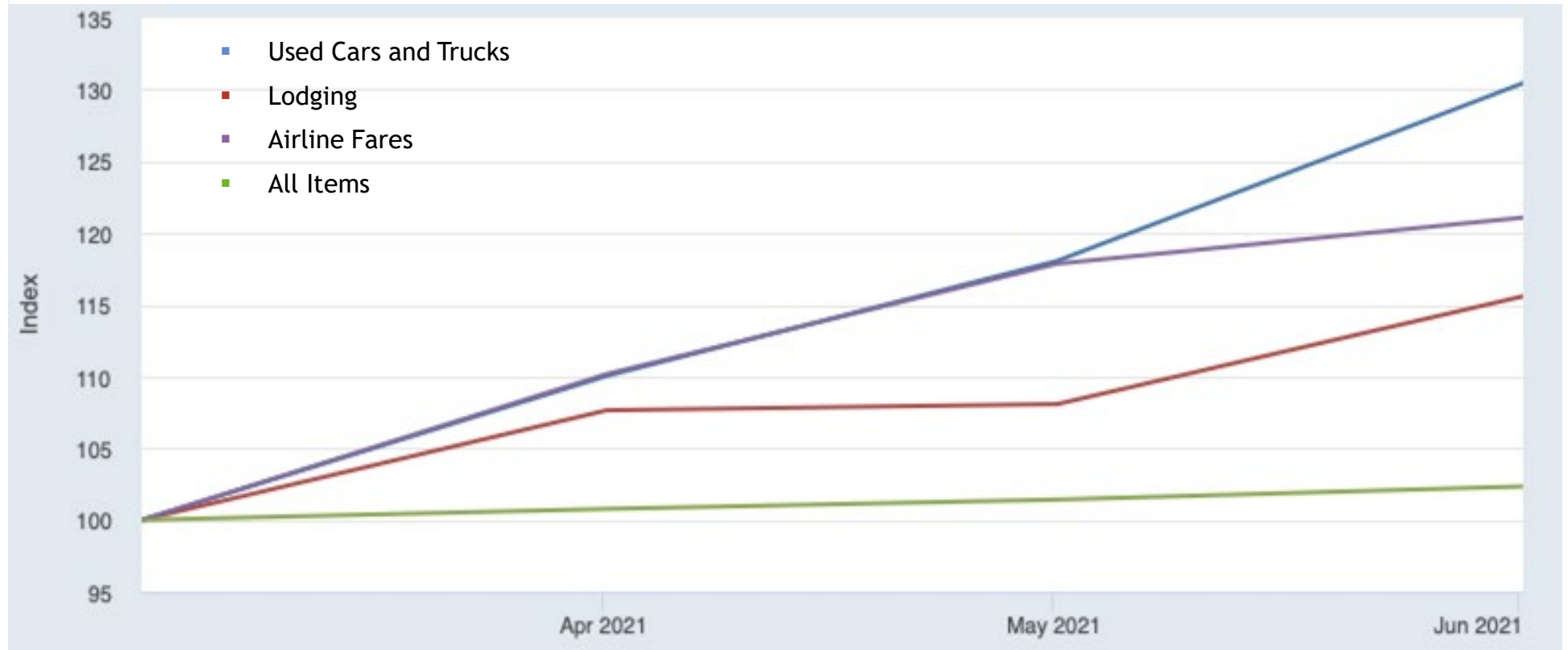
% of firms with 1 or more jobs unable to fill, seasonally adjusted



Inflation

Hotspots

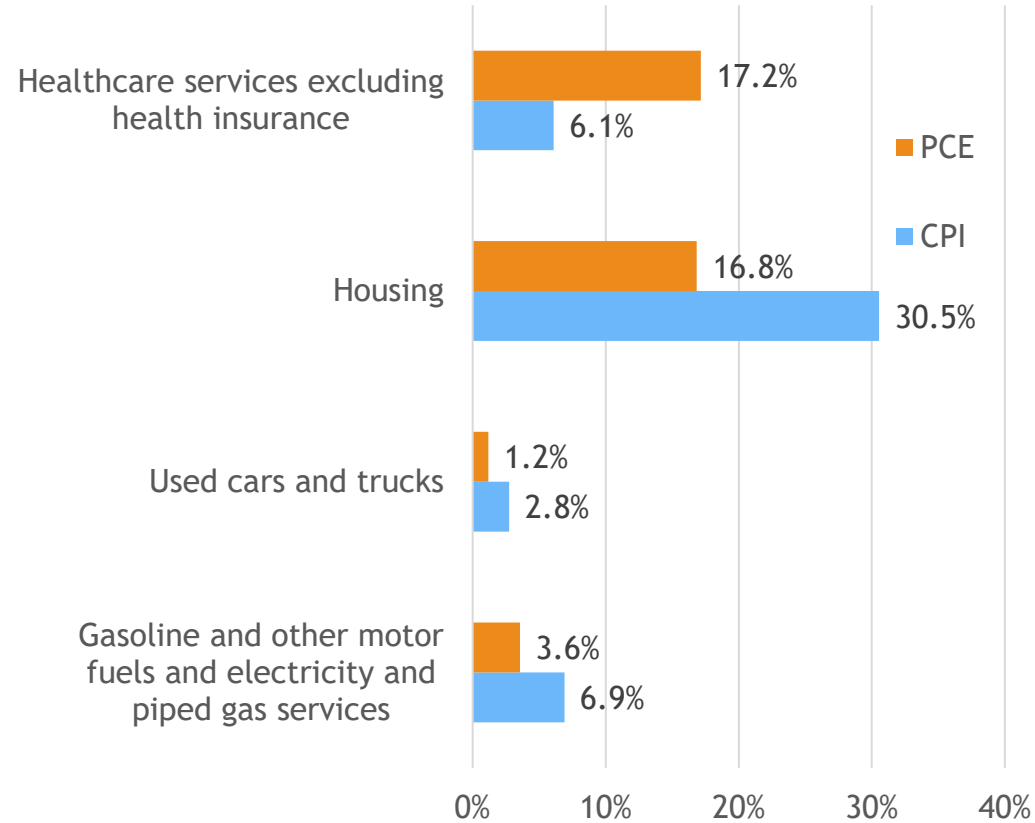
Indexed to March 2021



Inflation

Two Views

Relative importance of select items



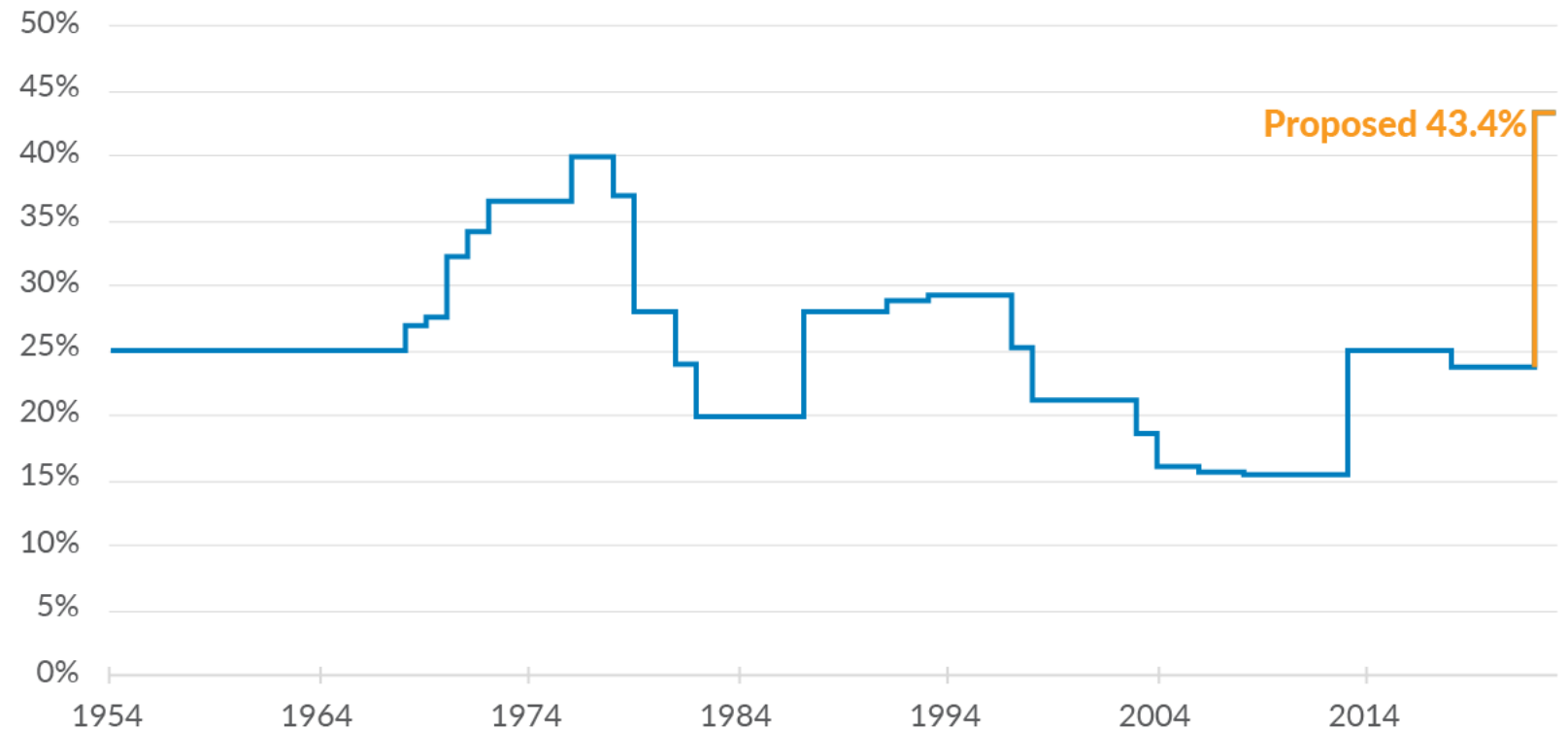
Taxes

25%

U.S. equities held by investors subject to capital gains tax*

Top Capital Gains Tax Rate

Maximum tax rate on capital gains since 1954



Takeaways



Re-opening and expansion continues despite some elevation in COVID-19 cases

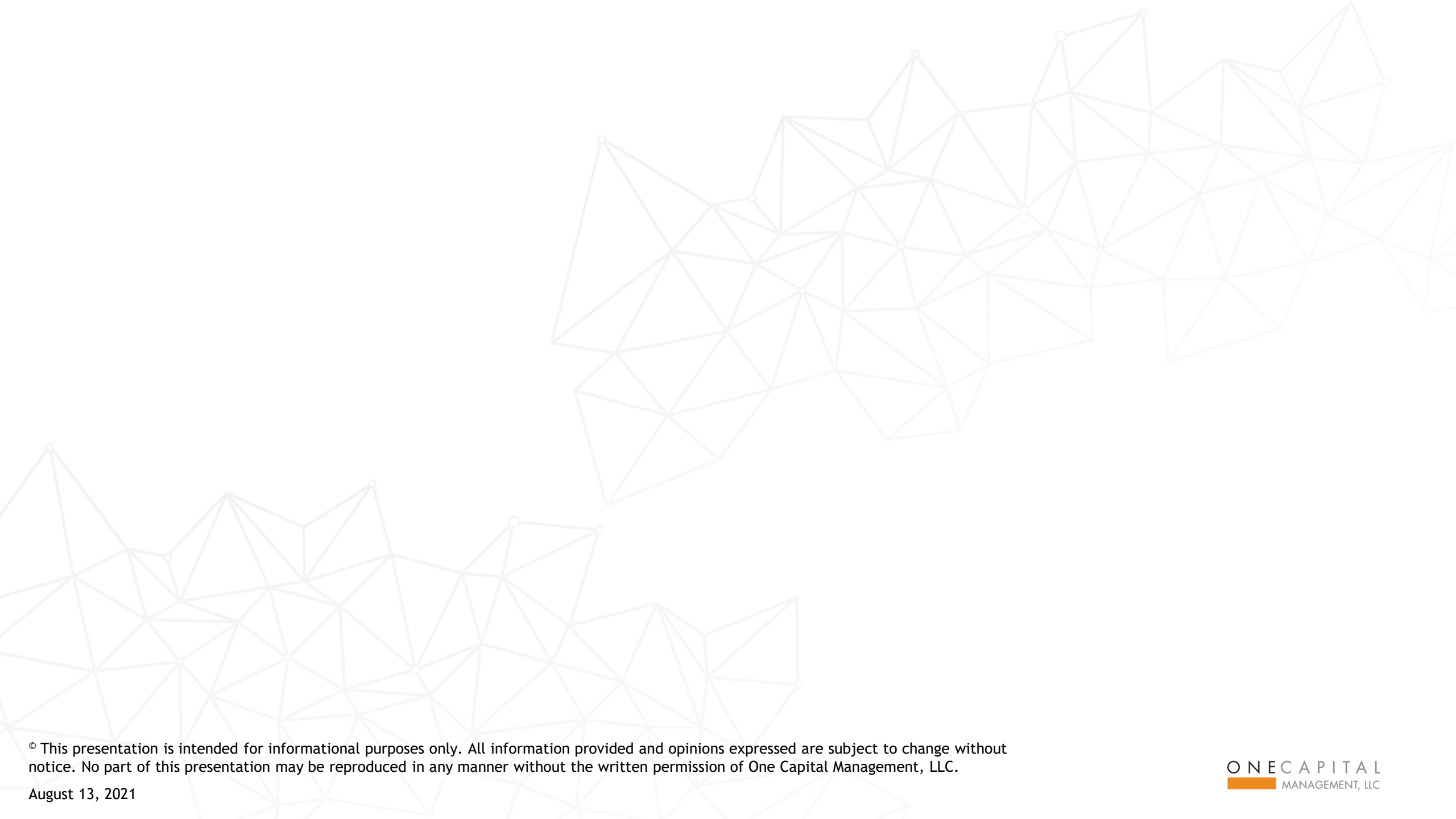
Earnings and revenues continue to rise, catching up to stock prices

Prudent management of fixed income is imperative

The jobs recovery sluggishly continues, look for acceleration as benefits wane in the Fall

And, inflation and tax fears likely will not reach extremes

Q&A



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August 13, 2021