



ONECAPITAL
MANAGEMENT, LLC

Playbook



WINTER 2020



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



2020, despite all the challenges, generated outstanding returns around the world

We're gaining the upper hand on COVID-19

The economic growth cycle is underway and will be fueled by aggressive fiscal and monetary policy

Households are in very good shape to support a breakout from COVID recession

What A Year It Was

Global Capital Market Returns
Periods ending December 31, 2020

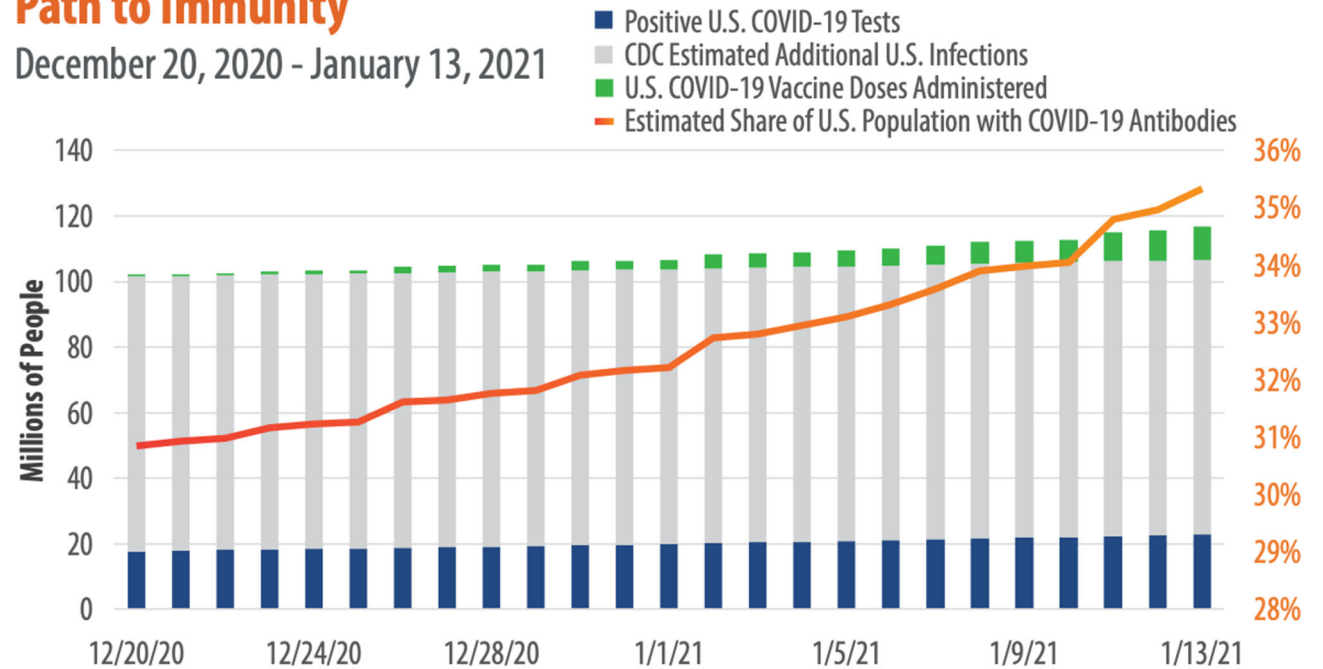


Path to Immunity

A study of 20,000 U.K. healthcare workers determined that people who have previously contracted COVID-19 are just as immune to reinfection as those who have received a vaccine.*

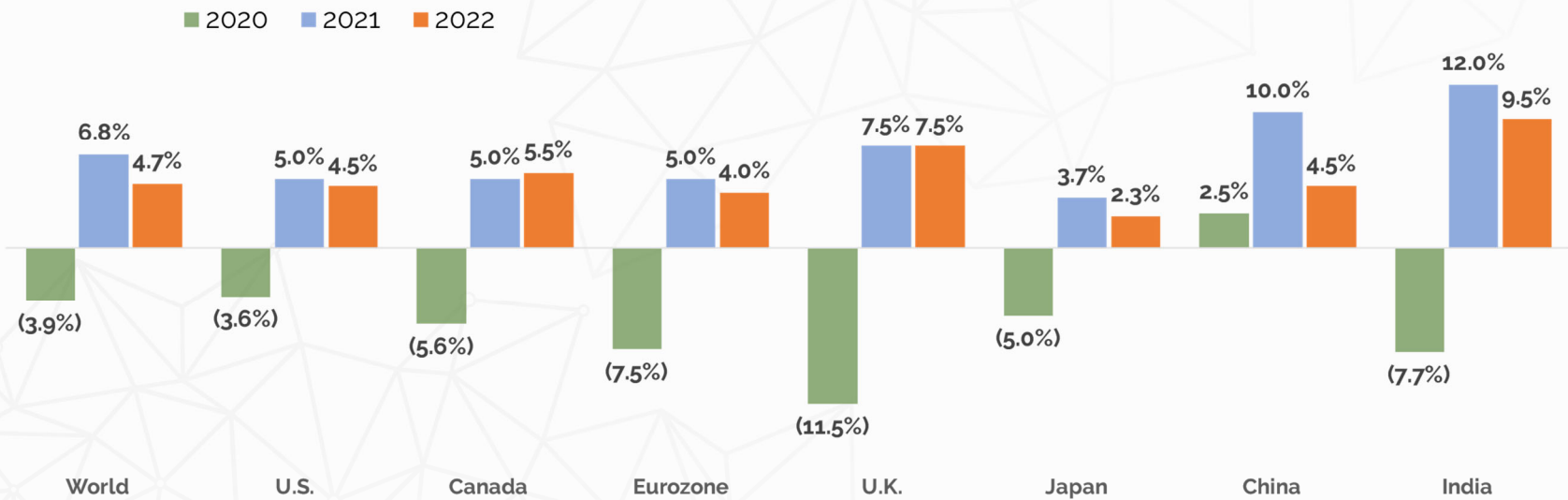
Path to Immunity

December 20, 2020 - January 13, 2021



A Year (or Two) of Recovery

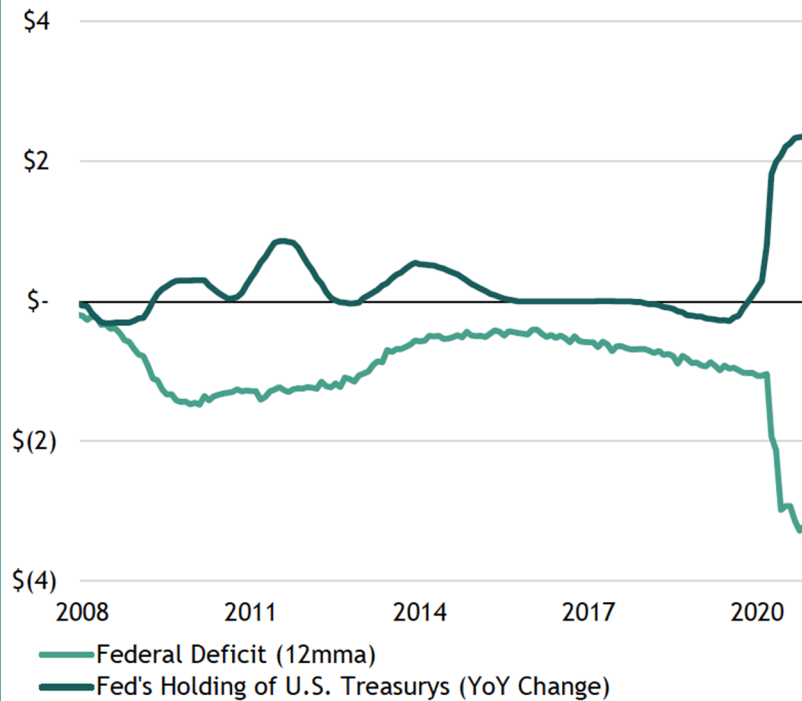
Global GDP Growth



Open Wallet

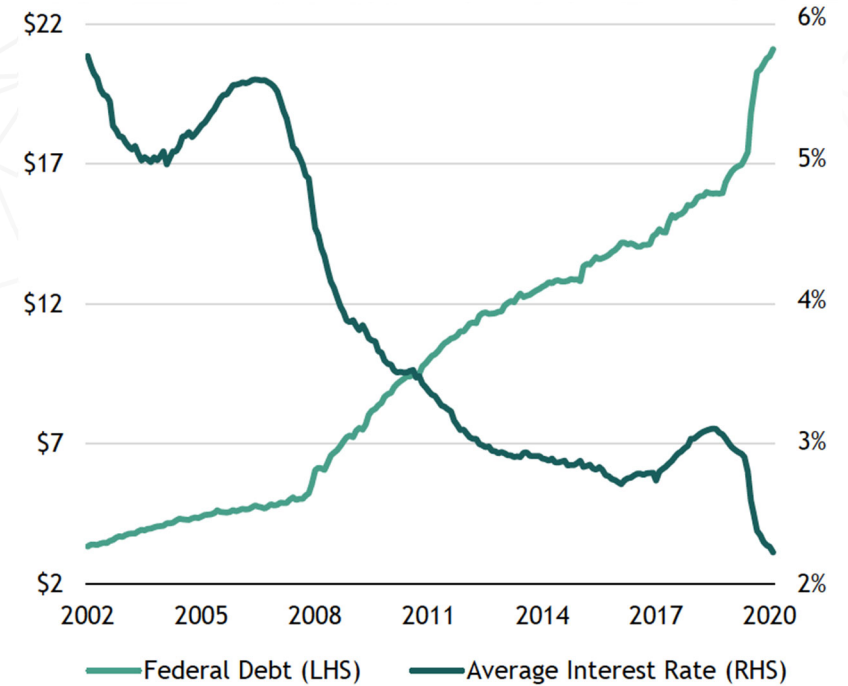
U.S. Federal Deficit and the Fed's Holding of U.S. Treasuries

(US\$ in trillions)



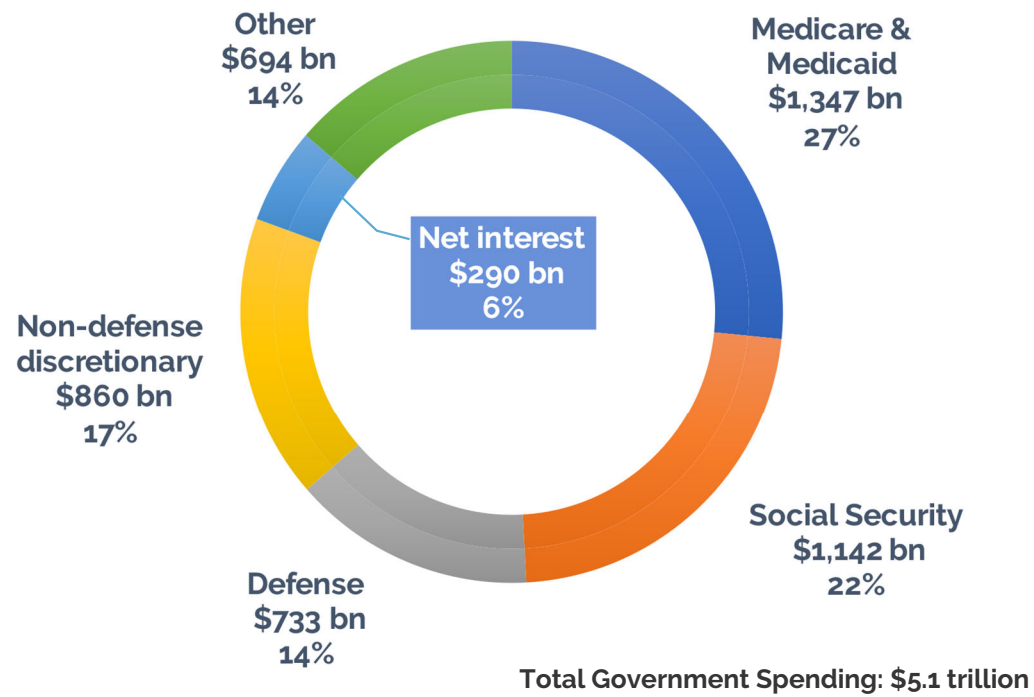
Federal Debt Levels v. Average Interest Rate on the Federal Debt

(US\$ in trillions)



Federal Finances

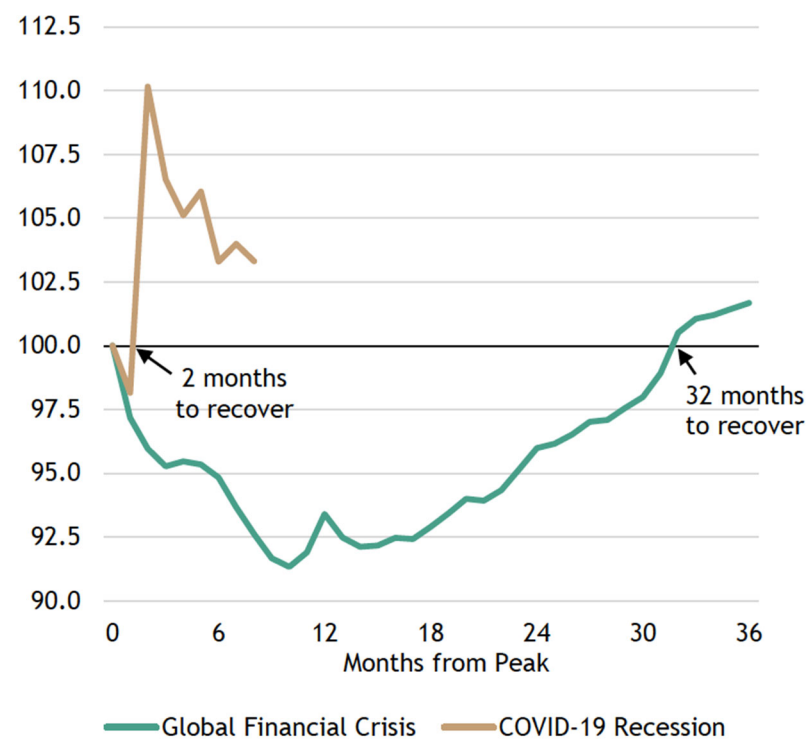
The 2021 Federal Budget CBO Baseline Forecast (USD trillions)



Government Benefits Boost Personal Income

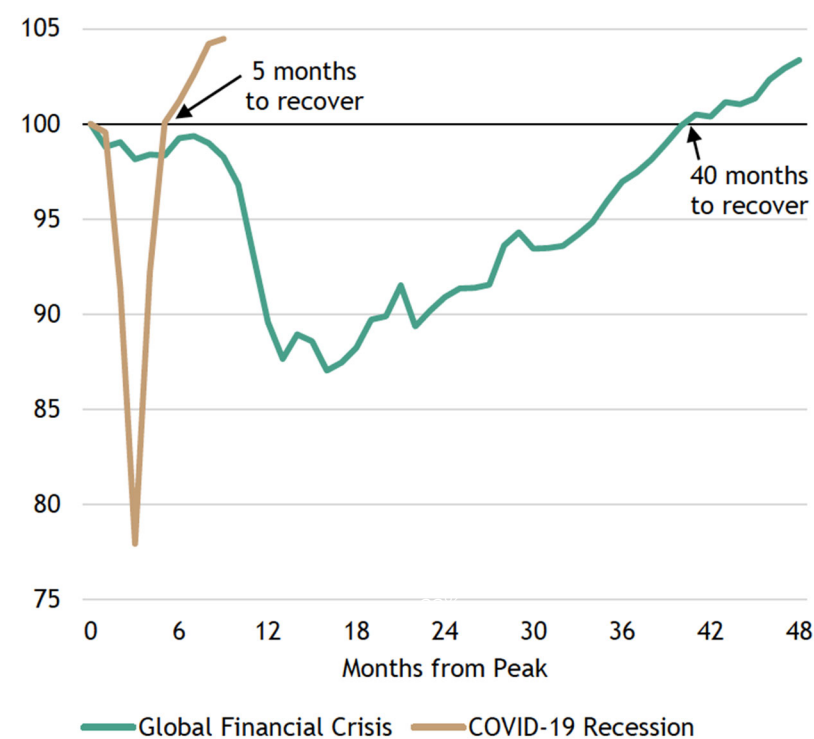
Change in U.S. Personal Income

(SAAR, indexed to 100 at respective peak)



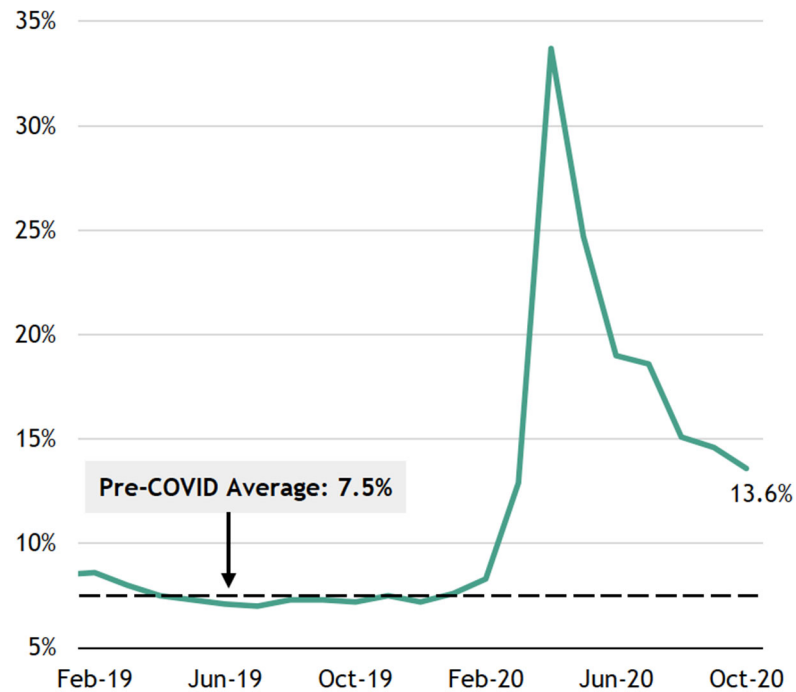
Changes in U.S. Retail Sales

(indexed to 100 at respective peak)

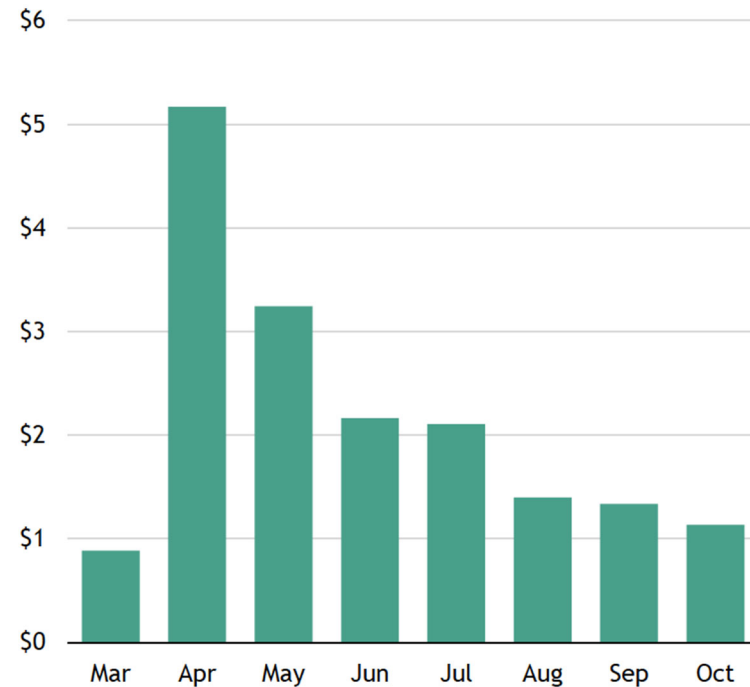


Benefits Turned to Savings

U.S. Personal Savings Rate
(percent of disposable personal income)

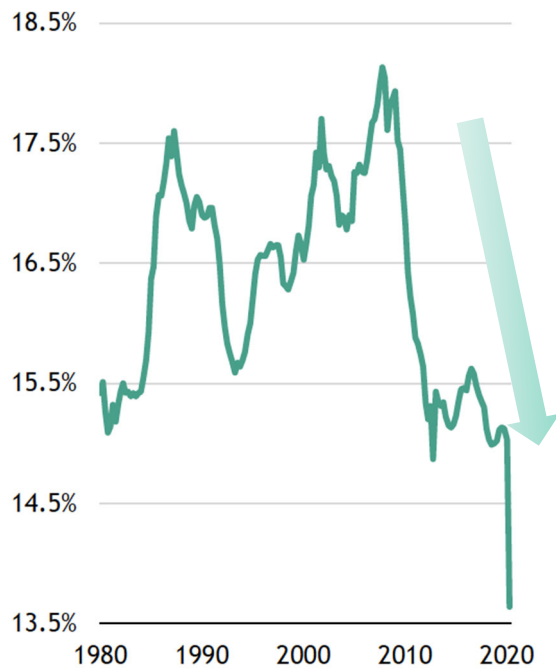


2020 Savings Levels v. Pre-COVID Average
(SAAR, US\$ in trillions)

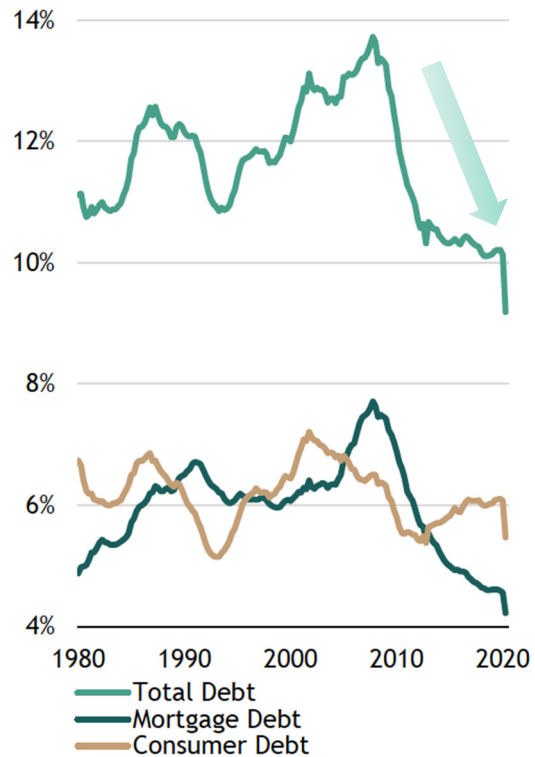


Household Finances on Solid Footing

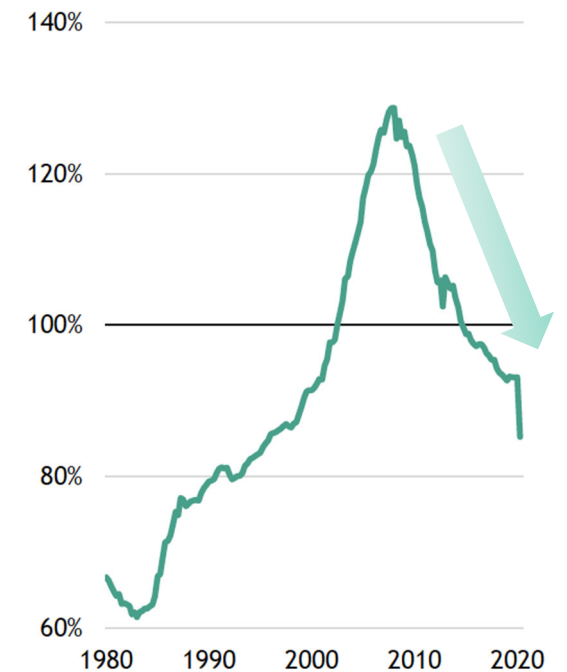
Financial Obligations Ratio (share of disposable income)



Debt Service Ratios (share of disposable income)

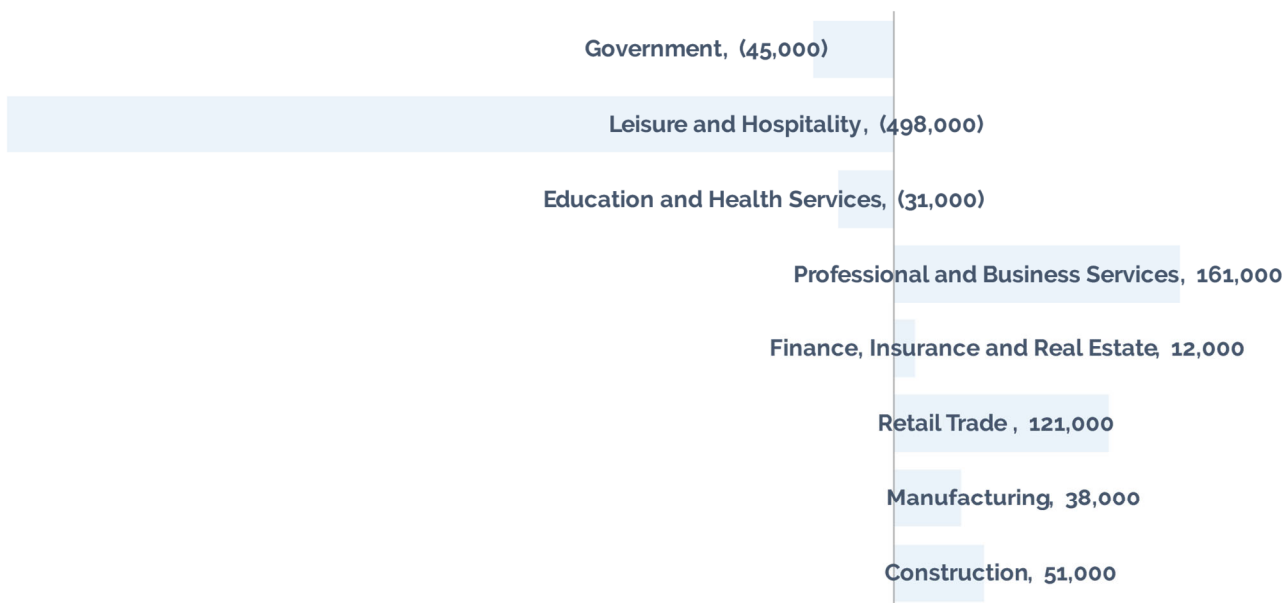


Debt-to-Income Levels (share of disposable income)

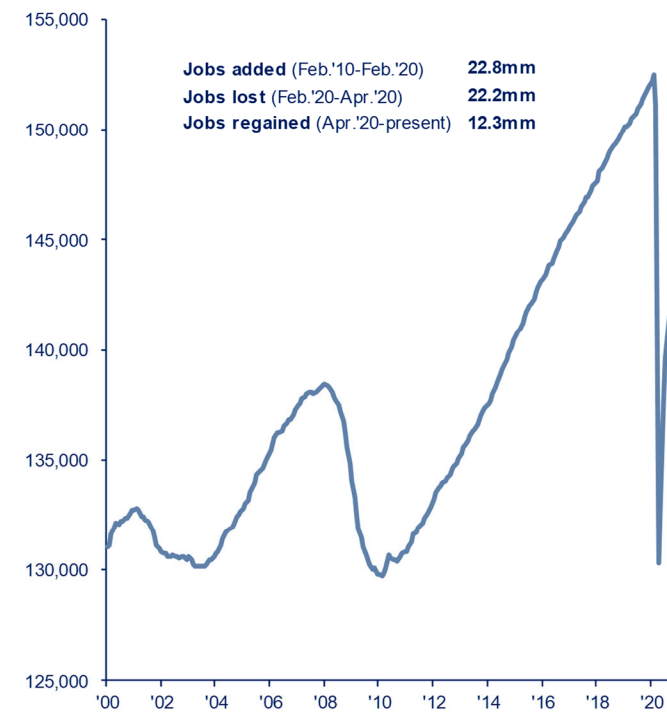


Employment Update

U.S. Employment
December 2020



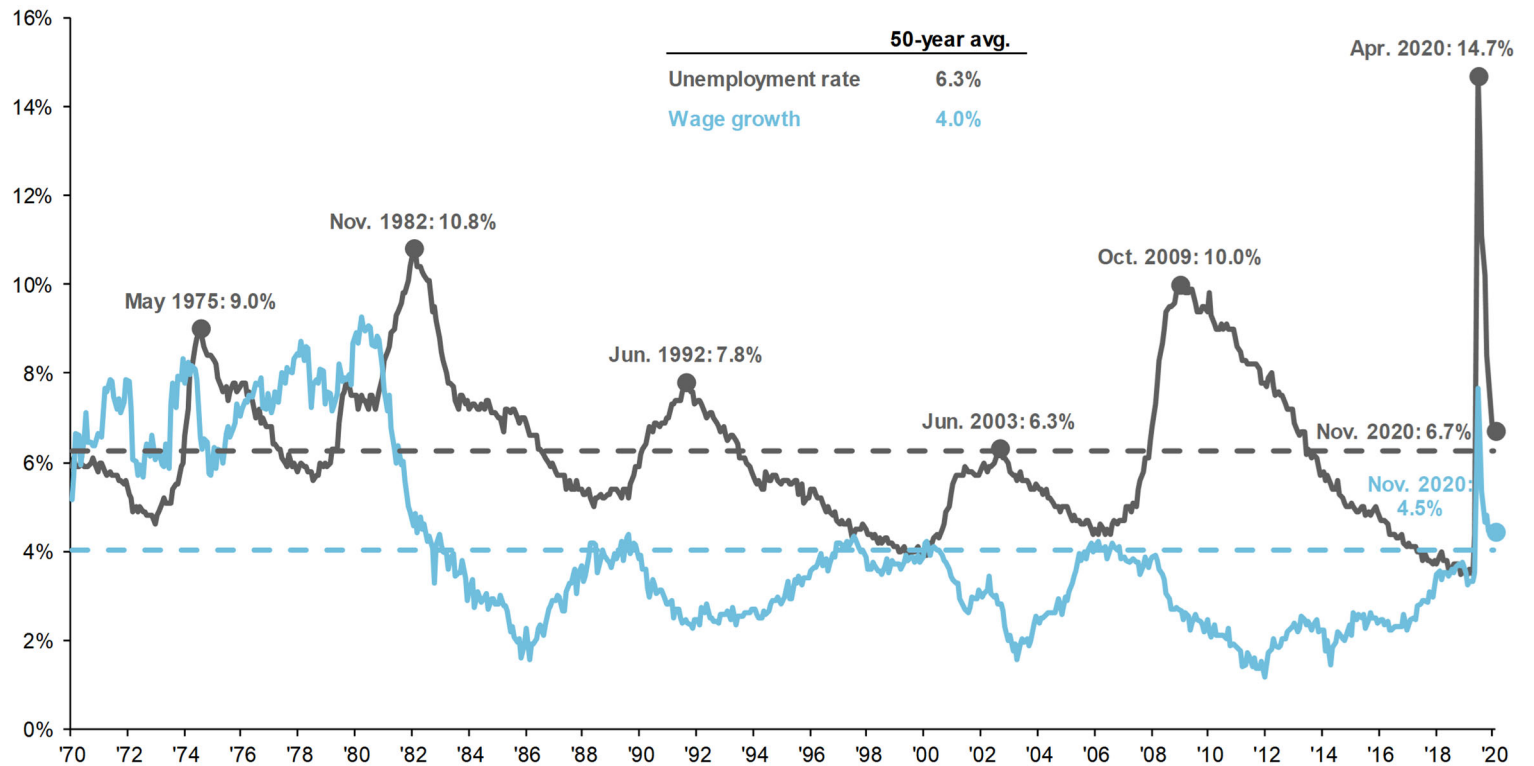
Employees on total nonfarm payrolls
Thousands



Employment Improving, but Not Inflationary

Jobs & Wages

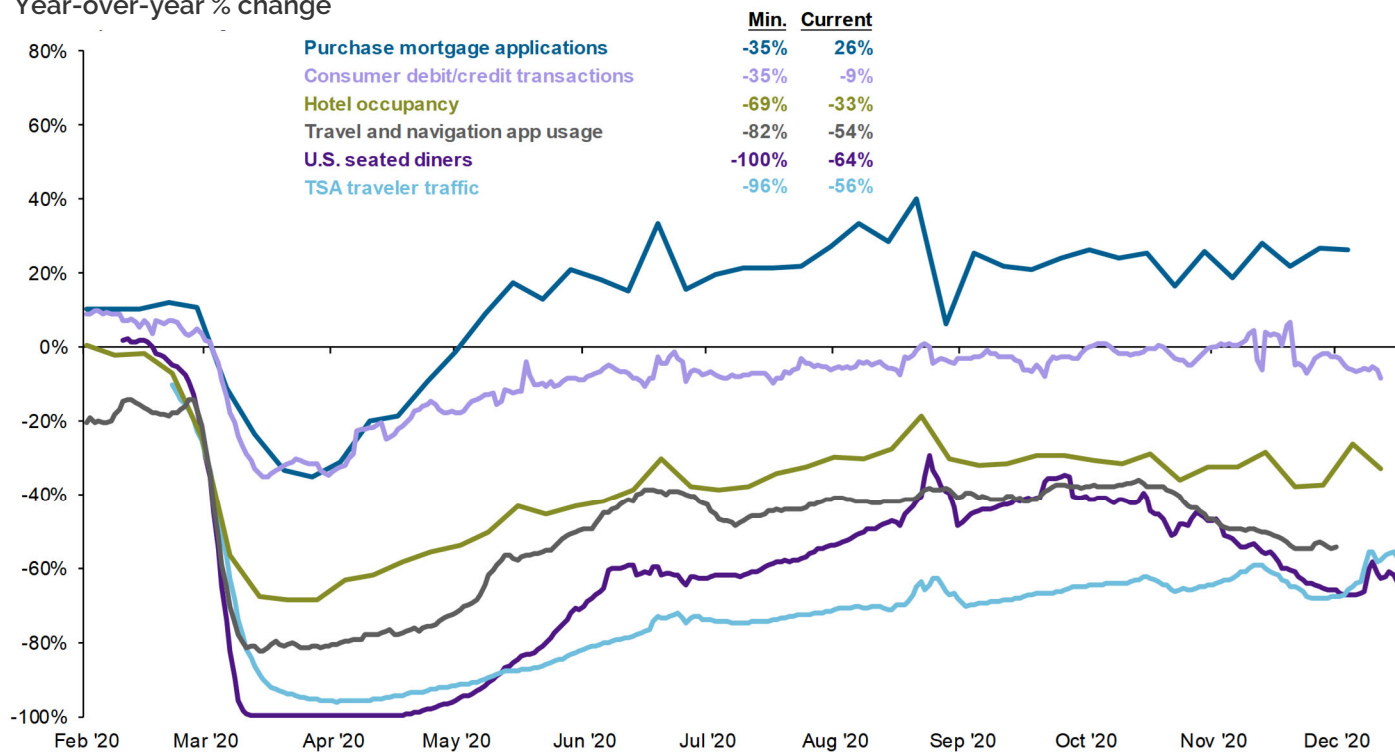
Civilian unemployment rate and year-over-year wage growth for private production and non-supervisory workers
Seasonally adjusted, percent



Significant Improvements Continue

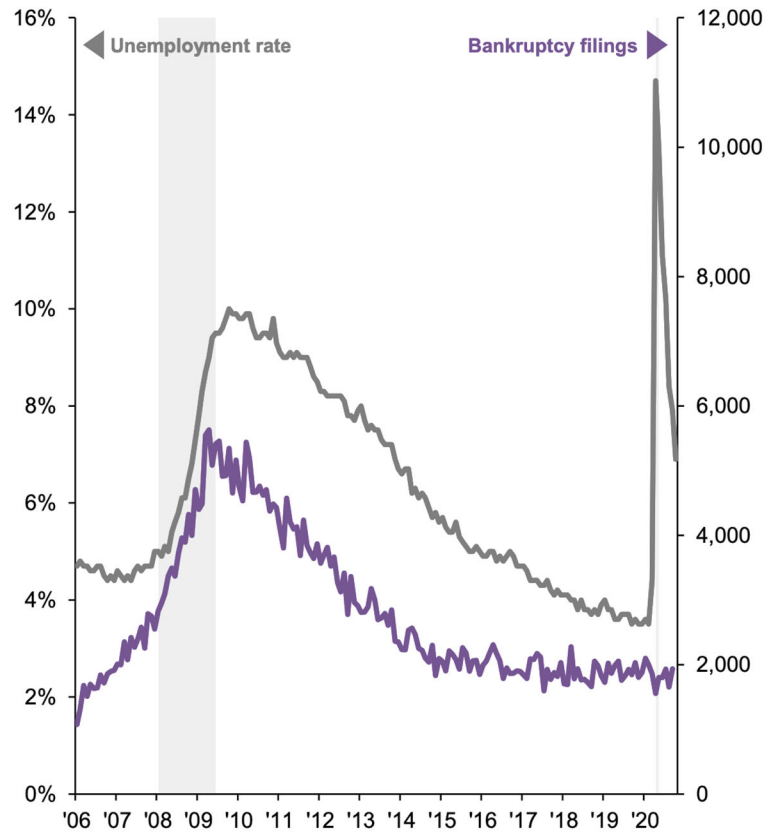
High-frequency Data

Year-over-year % change



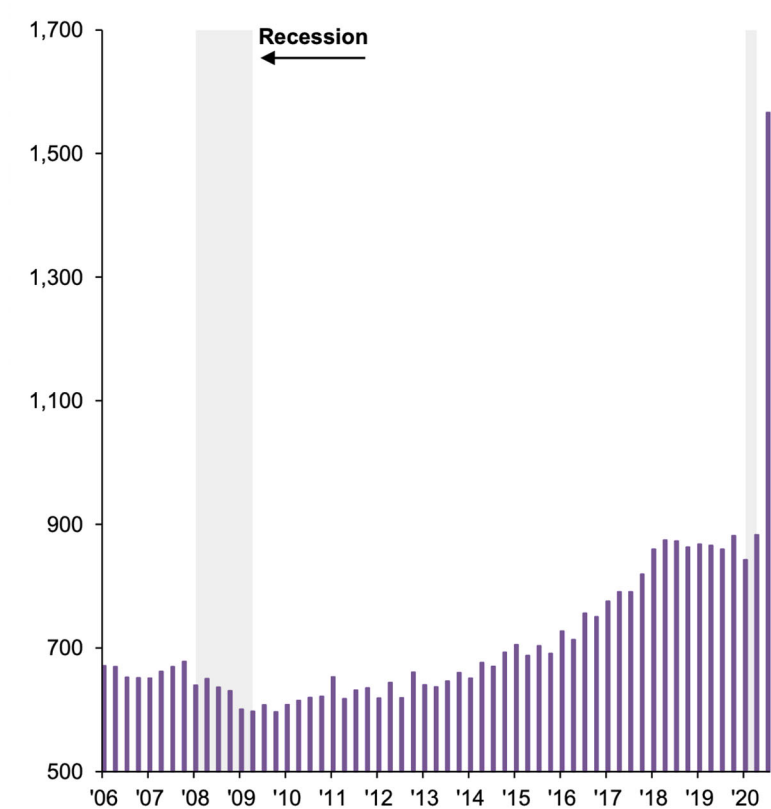
Better than
Meets the
Eye

Unemployment rate and bankruptcy filings



U.S. applications for business formation

Seasonally adjusted, thousands

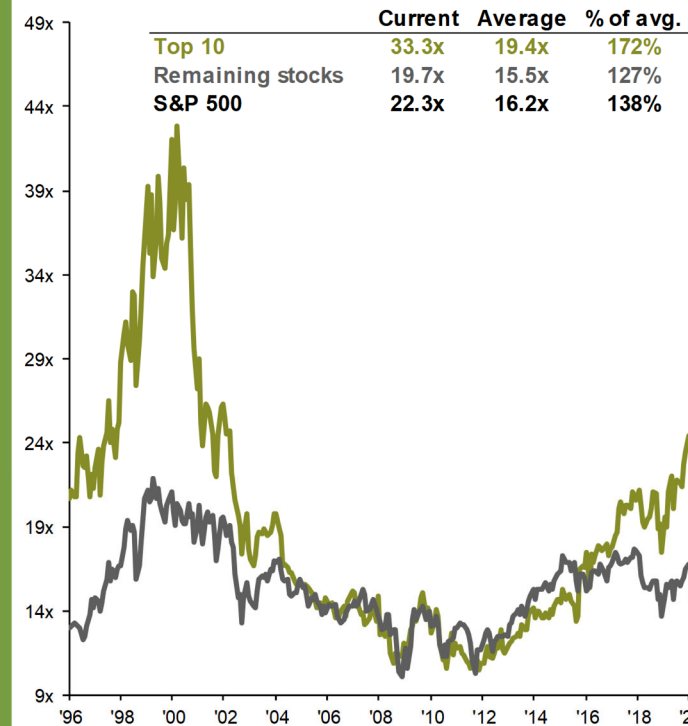


Not So Thin Ice

- Not a tech bubble
- Earnings contribution matches market weight
- Broad market not overvalued
- Not euphoric – low leverage

P/E ratio of the top 10 and remaining stocks in the S&P 500

Next 12 months



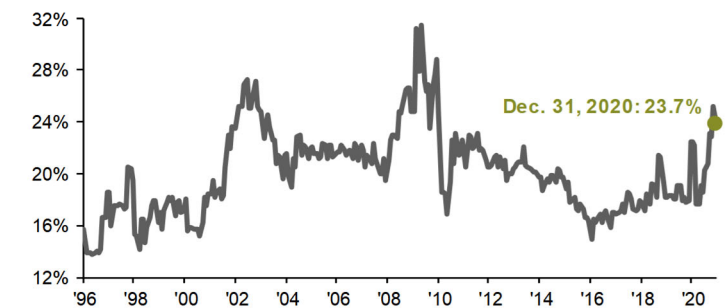
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



Takeaways



We're gaining the upper hand on COVID-19

The economic growth cycle is underway and will be fueled by aggressive fiscal and monetary policy

Households are in very good shape to support a breakout from COVID recession

Parts of the stock market are trading at elevated valuations, but not overvalued.

And, fiscal and monetary stimulus support growth and higher valuations.

Q&A



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January 23, 2021