

Patience- The key to successful investing over the long term

The S&P 500 index has seen growth of 8.1% year to date and circa 17.5% bounce from the October 2022 lows, trading around the 4,110 mark (blue line below) which is back at levels that it traded at pretty much exactly one year and two years ago (both seen as red circles).

During this period, we've witnessed:

- A bear market
- 500 basis points of Federal Reserve hiking
- Multi-decade high inflation
- The largest US bond market sell-off since 1949
- The invasion of Ukraine by Russia
- An economic slowdown and earnings declines, and a banking mini crisis.

Taking a long-term perspective, we can see that the 12-month forward-looking P/E ratio on the index is currently 17.7x, below its 5-year average of 18.6x and just marginally ahead of its 10-year average of 17.3x. Furthermore, when the index traded at these same price levels in May 2021 its forward-P/E was up at 21.6x, so valuations are more attractive compared to recent history.

In addition, at Seaspray we have been able to secure positive returns for clients during what has been a flat equity market performance for certain regions, such as the US. Our Structured Product solutions are built with a Kick-Out mechanism that allows for positive returns over a defined period, even when the underlying index registers a flat performance. We believe structured products can play an integral part in a well-diversified risk adjusted portfolio and continue to find value in this space.



Source: Seaspray