



# EQUITIES

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## Driving with the Rear-View Mirror

December 5, 2023

U.S. equities enjoyed a banner decade through the end of the second quarter of 2023.<sup>1</sup> Can they do it again?

In this note, we decompose U.S. equity market excess-of-cash returns into four components—dividend yield, real earnings growth, multiple expansion, and the real return on cash—to analyze what assumptions investors need to have about the next ten years to expect a repeat of the past decade, or even historically average performance.

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[1] U.S. Equities refers to the S&P 500 and cash to the ICE BofA Merrill Lynch U.S. 3-Month Treasury Bill throughout (both gross of any fees). Please refer to the end of this piece for index definitions. Past performance is not a guarantee of future performance.

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