TRIVARIATE RESEARCH

US Equities
June 29, 2025

Level Set: What Is Going On?

We hosted our marquee client event this past week, with 25 buysiders pitching stocks on a 100+ degree day in a suburb outside of New York City. What did we learn?

On big picture issues:

Firstly, we learned that it is contrarian to be bullish. We surveyed the room on whether the attendees thought the market would finish the year down 5% from today's levels, plus or minus 5% from today's levels, rise 5-10% by year-end, or finish more than 10% higher between now and December 31st. Twenty-four percent of the attendees couldn't bring themselves to respond (see below),**but NO investors thought we would end the year more than 10% higher than today.** The majority of the room thought we'd finish between down 5% and up 5%, which is relatively a low level of volatility vs. what the market has actually experienced in the recent year. We know this isn't exactly a statistically significant sample size of investors, but there were a lot of assets managed by the investors present and disparate opinions in the room.

June 24th, 2025
Where Will the S&P500 Finish By Year-End?

Market Range	Number of Respondents	% of Respondents
Down 5%	5	20%
Between -5% and +5%	8	32%
Up Between 5% and 10%.	6	24%
Up More than 10%	0	0%
Did Not Vote	6	24%
Total	25	100%

Source: Trivariate Research, LP

Secondly, the macro trade that appears to be the most consensus is that the dollar will weaken. The dollar has weakened to a three-year low against the DXY (see below), a weighted basket of currencies. This can partially offset any tariff-related demand issues, and all else equal, is good for some multinational companies, including some in Technology, Pharmaceuticals, Consumer Staples, and select Industrials. Given the tariff impacts are likely far less than we originally thought, this is a modest directional positive for S&P500 earnings. While we worry that this trade is a very consensus view, we also know that sometimes consensus is right, and we don't have a strong opinion on the subject.

Adam Parker
Founder
646-734-7070
adam@trivariateresearch.com

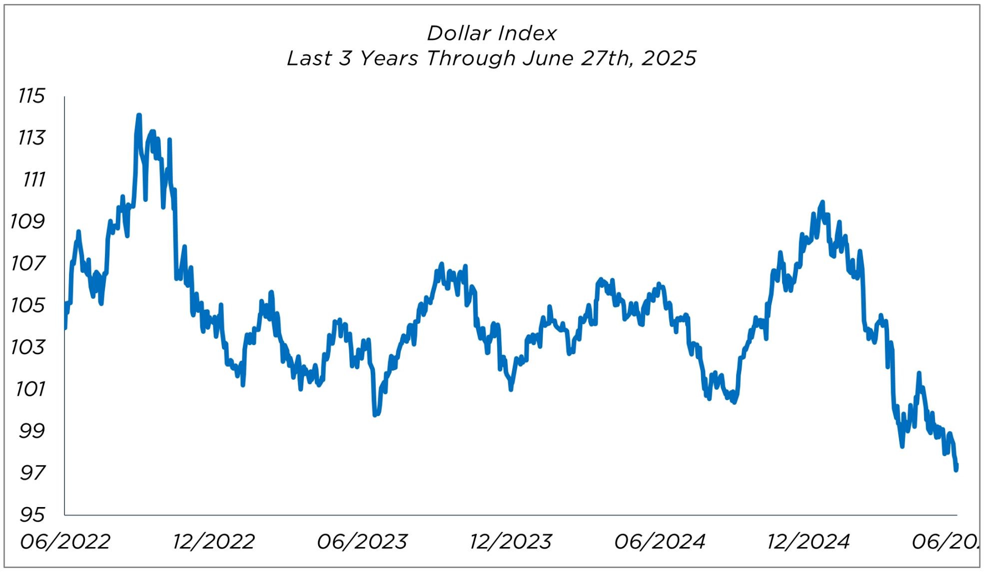
Maxwell Arnold
Analyst
347-514-1234
maxwell@trivariateresearch.com

Colin Cooney
Head of Sales
617-910-7934
colin@trivariateresearch.com

Chang Ge
Analyst
614-397-0038
chang@trivariateresearch.com

Ryan McGovern
Director of Research Sales
973-271-8017
ryan@trivariateresearch.com

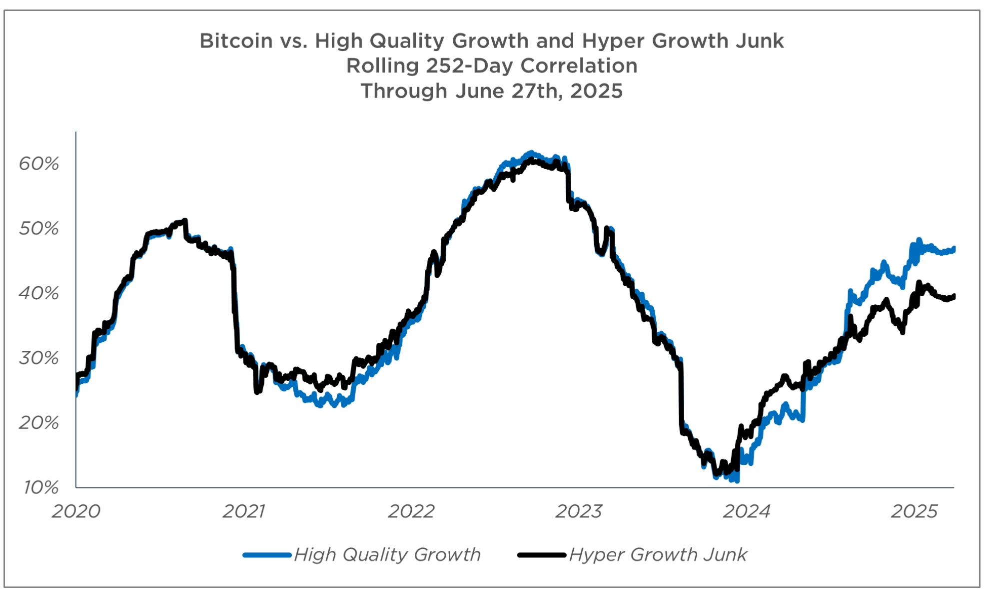
The Dollar Is at a 3-Year Low



Source: Trivariate Research, LP

Thirdly, the case for Bitcoin is increasingly compelling. Several people in the room (though still the minority) mentioned they owned Bitcoin, a large increase in our judgment from how many people raised their hand that they personally owned it just six months ago. Bitcoin appears to be trading slightly differently now than previously, with an increasingly higher correlation to high-quality growth stocks than hyper-growth junk stocks, which it was more correlated to previously. Combining the sentiment about the dollar and Bitcoin, one investor, a first for us, referred to the US dollar as "sh*t coin." The number of millionaires on Earth now far exceeds the number of Bitcoins, and the number of people who will become millionaires will grow faster than the number of Bitcoins can grow, creating some supply / demand imbalance. The legitimacy of Bitcoin - now held in ETFs and available for custody by financial advisors - has created a demand argument that has some investors thinking it could continue appreciating at the 60% per year rate it has for the previous 15 years.

Bitcoin Is Acting Differently



Source: Trivariate Research,LP

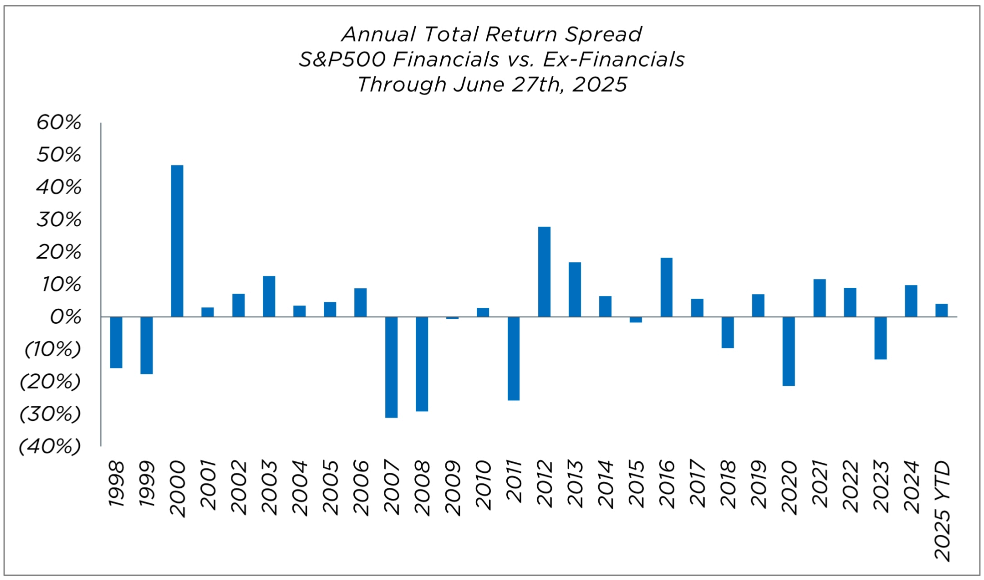
Fourthly, some concern was raised about an inflation surprise. We have discussed recently the notion that the impact of implemented tariffs is not yet broadly reflected in the prices of stocks. We likely will see higher prices for some goods (and services) cause some inflationary pressures in the second half of this year. Moreover, the enormous focus from the administration on immigration could cause some labor shortages in industries like Restaurants, Healthcare workers, select Retailers and other low-end jobs. We don't think inflation will be anywhere near as acute as it was after COVID, when fiscal stimulus drove strong demand at the same time there were factory shutdowns, and hence supply shortages, causing huge demand and weak supply simultaneously. But, there was some investor concern that higher prices could cap or even put pressure on multiples after the strong market rally the last three months, and that is not illogical in our judgment.

On individual stock related issues:

We also felt some aggregate biases towards how investors were thinking about their top equity ideas:

Firstly, we heard several long ideas in the Financials sector. **We are recommending investors overweight Financials, seeing several offensive and defensive opportunities.** Sentiment was positive toward stocks that benefit from a recovery in M&A, like Jefferies (Ticker:JEF), as well as toward the shareholder return potential of Capital (COF) post the Discovery Financial merger, value-add services from bellwethers Mastercard (MA) and Visa (V) as well as select Insurers like Progressive (PGR). Financials lagged the market in 2023, but managed to outperform both last year and so far this year, year-to-date. **Some investors might be surprised that Financials have outperformed 10 out of the last 14 years (see below).**

Financials Have Performed Better than Investors Think



Source: Trivariate Research, LP

Secondly, **valuation** was more of a concern or issue than we have seen in previous events. Several of the ideas pitched were companies with suppressed valuations that represent call options on the Industrial, Commodity, or Oil & Gas markets improving. Even the Growth-dedicated Portfolio Managers who pitched stocks favored names that had recently lagged, like Marvel (MRVL) over those that have reached new highs, like Nvidia (NVDA).

Thirdly, and consistent with this point, **there were more short ideas pitched than normal** (we don't require or guide on this). Both Tesla (TSLA) and Palantir (PLTR) were pitched as short ideas. PLTR sold off hard on Friday as the result of its Russell rebalancing, something we suggested was likely in a recent note (*Could Palantir Be The Best Short Idea?*).

Lastly, we thought there were more **non-US ideas pitched than at previous events**. SigmaRoc (SRC LN) and DSV (DSV DC), were two stocks that were pitched that have exposure to a European economic recovery. The year-to-date performance of EVERY major market, when adjusting for currency, is better than the S&P500 (see below). We tend to think this won't last, unless the margins of many US companies get impaired in the coming quarters more than we are currently forecasting.

Year-to-Date Performance By Major Equity Market Through June 27th, 2025			
Market	Performance	Currency-Adjusted Performance	Performance vs. the S&P500
S&P500	4.96%	4.96%	0.00%
Nasdaq	4.99%	4.99%	0.03%
Bovespa	15.91%	28.24%	23.28%
TSX Comp	7.94%	13.42%	8.46%
Euro Stoxx 50	8.78%	23.12%	18.16%
FTSE 100	7.66%	17.98%	13.02%
CAC 40	4.21%	17.98%	13.02%
DAX	20.71%	36.33%	31.37%
IBEX 35	20.47%	36.36%	31.40%
FTSE MIB	16.25%	31.58%	26.62%
SWISS MKT	3.27%	17.28%	12.32%
Nikkei	0.64%	9.37%	4.41%
Hang Seng	21.06%	19.81%	14.85%

Source: Trivariate Research, LP

CONCLUSION: Sentiment and idea pitches at our client event don't indicate a wildly bullish tone. Non-US ideas, value ideas, and short ideas, are all indicative of the notion that there isn't a tremendous amount of upside for the US equity market between now and year-end, which is bolstered by our survey results. While we think there is risk to earnings estimates and a possible growth scare between August and October, we also think that AI productivity will disproportionately help US equities in 2026, making us wary of getting too negative.

Important Disclosures

Analyst Certification

The analysts, Adam Parker, Maxwell Arnold, Colin Cooney, Chang Ge and Ryan McGovern, responsible for the preparation of this research report certifies that: all the views expressed in this research report accurately reflect the research analyst's personal views.

Disclaimer

This presentation is confidential and may not be reproduced or distributed without the express prior written permission of Trivariate Research LP and its affiliates (collectively, "**Trivariate**").

The information contained herein reflects the opinions and projections of Trivariate as the date of publication, which are subject to change without notice at any time subsequent to the date of issue. Trivariate does not represent that any opinion or projection expressed herein will be realized. All information provided is for informational and research purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific portfolio investment, security or other asset. While the information presented herein is believed to be reliable, no representation or warranty is made concerning the accuracy of any data or other information presented. Information obtained by Trivariate from third party sources in connection with the preparation of this presentation has not been independently verified by Trivariate. Additional information regarding Trivariate is available on request.

Any projections, forecasts, targets or other estimates presented herein constitute "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "could," "would," "predicts," "potential," "forecasted," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections, targets, forecasts or other estimates in this presentation are "forward-looking statements" and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance of the funds may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to predict and often depend upon factors that are beyond the control of the Trivariate. Nothing herein shall under any circumstances create an implication that the information contained herein is correct as of any time after the earlier of the relevant date specified herein or the date of this presentation. In addition, unless the context otherwise requires, the words "include," "includes," "including" and other words of similar import are meant to be illustrative rather than restrictive. Forward-looking statements and discussions of the business environment included herein (e.g., With respect to financial markets, business opportunities, demand, investment pipeline and other conditions) are subject to the ongoing novel coronavirus outbreak ("**COVID**" or "**COVID-19**"). The full impact of COVID-19 is particularly uncertain and difficult to predict, therefore such forward-looking statements do not reflect its ultimate potential.

This shall not constitute an offer to sell or the solicitation of an offer to buy any interests in any fund, product or account that is or may in the future be advised or managed by, Trivariate or any of its affiliates.

All data sourced from S&P Global, Bloomberg, or our Trivariate estimates. All forward-looking-statements reflect the opinion of Trivariate.