
WHY EQUITY MARKETS STILL HAVE MORE ROOM TO RUN

Jeremy Schwartz — Global Chief Investment Officer

06/12/2018

Last week's podcast featured a great discussion on the outlook for U.S. markets and the economy, with Brian Wesbury, Chief Economist at First Trust. Jeremy Schwartz also spoke with Rick Pitcairn, CIO of Pitcairn, about family office planning.

Some highlights of the conversation include:

- A discussion on the founding of Pitcairn as a family office—one of the great American entrepreneurial success stories and its 100-year history as an organization in family office money management and multi-generation estate planning. The Pitcairn family office was set up to manage the wealth created by the founder of PPG Industries, but in 1985 it expanded to run the wealth of now 100 different families. Pitcairn discussed a number of equity strategies his firm developed for managing equities in a very tax-efficient and friendly way, and he believes they can create tax [alpha](#) on top of the equity managers they are using.
- Wesbury has been [bullish](#) throughout the last nine years, and his worldview has largely been spot-on. He sees really strong growth in corporate productivity and profit margins that are supporting this market.
- Wesbury is still bullish at these levels. Based on his current assumptions for measuring the market valuation, he saw year-end 2017 levels being about 10% undervalued and seeing more earnings growth of 20% this year can further push markets higher—which includes using a discount rate of 3.5% to value the Earnings Stream.
- We discussed the inputs to Wesbury's market forecasts—and the level of the [10-Year](#) that would be required to say the market is "fairly valued" at today's prices—and also at what level of the 10-Year one would need to say markets are overvalued today. This would likely be a 10-Year bond yield pushing 3.9%—and even pushing 5% before Wesbury would get worried about entering overvalued territory.

Listen to the interesting conversation on how to value equities and the various inputs involved, along with the take from a successful family office.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly

performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

Alpha : Can be discussed as both risk-adjusted excess return relative to a specific benchmark, or absolute excess return relative to a benchmark. It is sometimes more generally referred to as excess returns in general.

Bullish : a position that benefits when asset prices rise.

U.S. 10 Year Treasury Note : A debt obligation issued by the United States government that matures in 10 years.