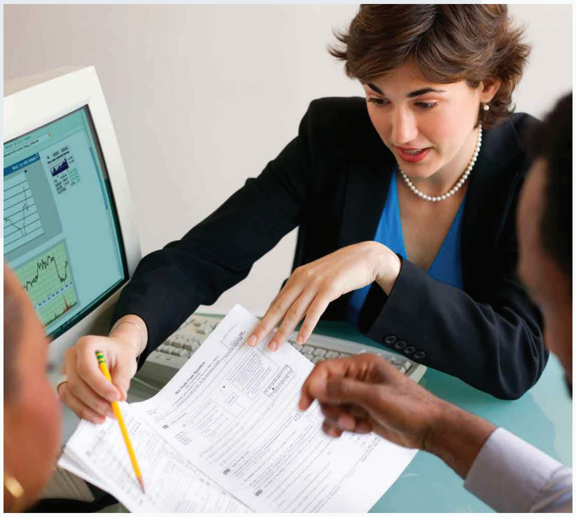
TJT CAPITAL GROUP
REGISTERED INVESTMENT ADVISOR

- IDENTIFYING OPPORTUNITY.
- MANAGING RISK.
- GROWING WEALTH.

TJT CAPITAL GROUP. SEE THE DIFFERENCE AN INVESTMENT SPECIALIST CAN MAKE

At TJT Capital Group, we pride our selves on our unique investment approach, which has made a real difference for our clients. By executing on our proprietary **InVEST Risk Model ®,** our classic growth portfolios have generated impressive returns for more than a decade. We believe this is a distinct accomplishment that sets us apart from other firms.



In a world overwhelmed by a barrage of opinions and predictions, investors frequently find themselves swayed by media-driven narratives. At TJT, our approach sets us apart. We are dedicated to empowering clients with a deep understanding of core investment principles that drive real results. **To put it simply, we focus on the forces behind the things that move markets.**

At the heart of our success is our commitment to two essential principles for navigating the complexities of the investment markets. Our strategy begins with a thorough assessment of financial conditions, using "InVEST" to determine whether they are favorable or unfavorable. Next, we look to strategically allocate more capital into companies, industries, or funds that we believe are poised to benefit from powerful trends.

MONEY FLOWS MATTER

Regarding financial conditions, the major direction of the stock market is heavily influenced by monetary policy. In the aftermath of the 2008 financial crisis, the Federal Reserve initiated a program known as "Quantitative Easing" (QE). This process involves the Fed injecting liquidity into the financial system. It does this by reducing interest rates and buying up bonds worth billions of dollars, thereby increasing the money supply available for investment and spending.

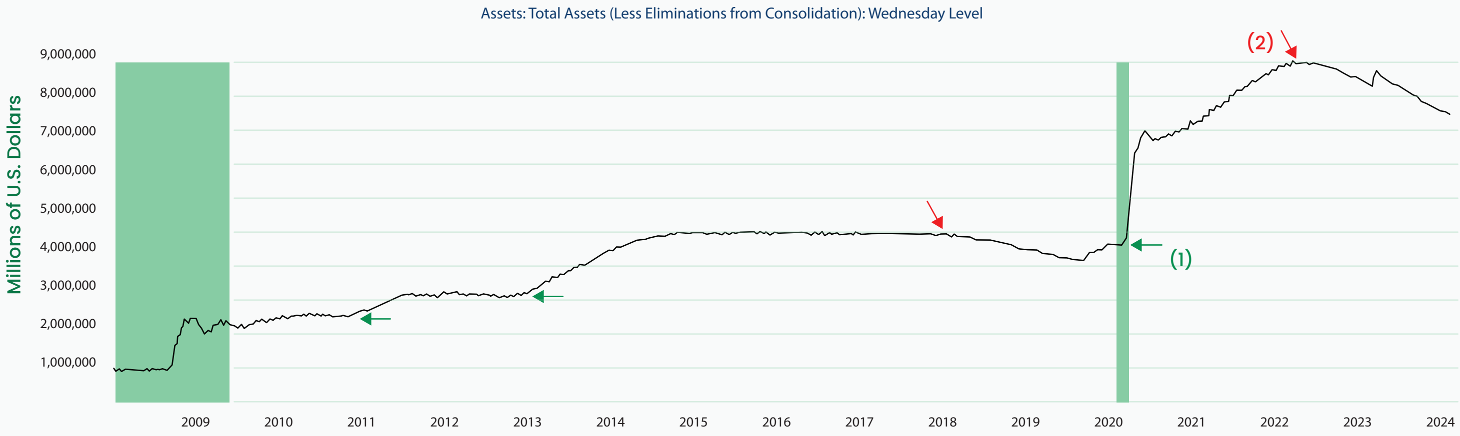
QE WAS DESIGNED TO LIFT ASSET PRICES.

In a 2010 editorial for The Washington Post, former Federal Reserve Chairman Ben Bernanke outlined the objectives behind Quantitative Easing (QE). He wrote, "**And higher stock prices** will boost consumer wealth and help increase confidence, which can also spur spending. Increased spending will lead to higher incomes and profits that, in a virtuous circle, will further support economic expansion." (Emphasis added)

Our belief that liquidity has a much greater influence on markets than other factors is illustrated below with a chart of the Federal Reserve's balance sheet. Each green arrow represents a round of QE, which led to higher stock and bond prices. Notably, the green arrow labeled with the number "1" references the year 2020.

Between March 2020 and early June 2020, the Fed injected more money into the system over 12 weeks (over $3 trillion) than it did in the five-years following the global financial crisis. This extreme infusion of liquidity was instrumental in the S&P 500 index rising by 16.2 percent in 2020, a year when the U.S. economy recorded its worst quarterly decline (-31.4%) in history .

FED CHART



Shaded areas indicate U.S. recessions

Source: Board of Governors of the Federal Reserve System (US)

Conversely, the process known as "quantitative tightening" (QT) occurs when the Federal Reserve starts to withdraw the surplus liquidity from the financial system. This is typically achieved by increasing interest rates and selling off bonds from its balance sheet. Such actions often place downward pressure on markets. To illustrate the point, the first and second rounds of QT led to declines in the S&P 500 index of roughly 16 percent and 20 percent, respectively.

In 2022, after the broad M2 money supply surged by an astonishing 27.2 percent, the Federal Reserve initiated one of the most aggressive interest rate hiking campaigns in history (highlighted by the red arrow marked with the number 2 on the chart). The federal funds rate soared 22-fold, increasing from approximately 0.25 percent to 5.50 percent. This significant tightening of monetary policy led to a decline in the S&P 500 index of over 25 percent.

On January 3, 2022, just a day before the peak of the S&P 500 index in January 2022, we wrote **"What investors should be aware of is that QE4 (4th round of quantitative easing) is ending regardless of how the Fed frames it."**

EMBRACE POWERFUL TRENDS

Our second investment principle focuses on allocating more capital to companies, industries, or funds that stand to gain from powerful trends. This approach is based on the fact that, historically, a relatively few number of companies have been responsible for the majority of wealth generation in the markets. This strategy also aligns with the wisdom of some of the world's foremost investors. In his February 2023 Chairman's letter, Warren Buffett emphasized, **"For investors, it takes just a few winners to work wonders."**

Echoing this sentiment, Peter Lynch, the celebrated mutual fund manager renowned for more than doubling the performance of the S&P 500 over a thirteen-year period has stated, **"It only takes a handful of big winners to make a lifetime of investing worthwhile."** This principle underscores our philosophy of identifying and investing more money in securities that we believe are poised to benefit from sustainable trends.

ACADEMIC THEORY VS. REAL EXPERTS

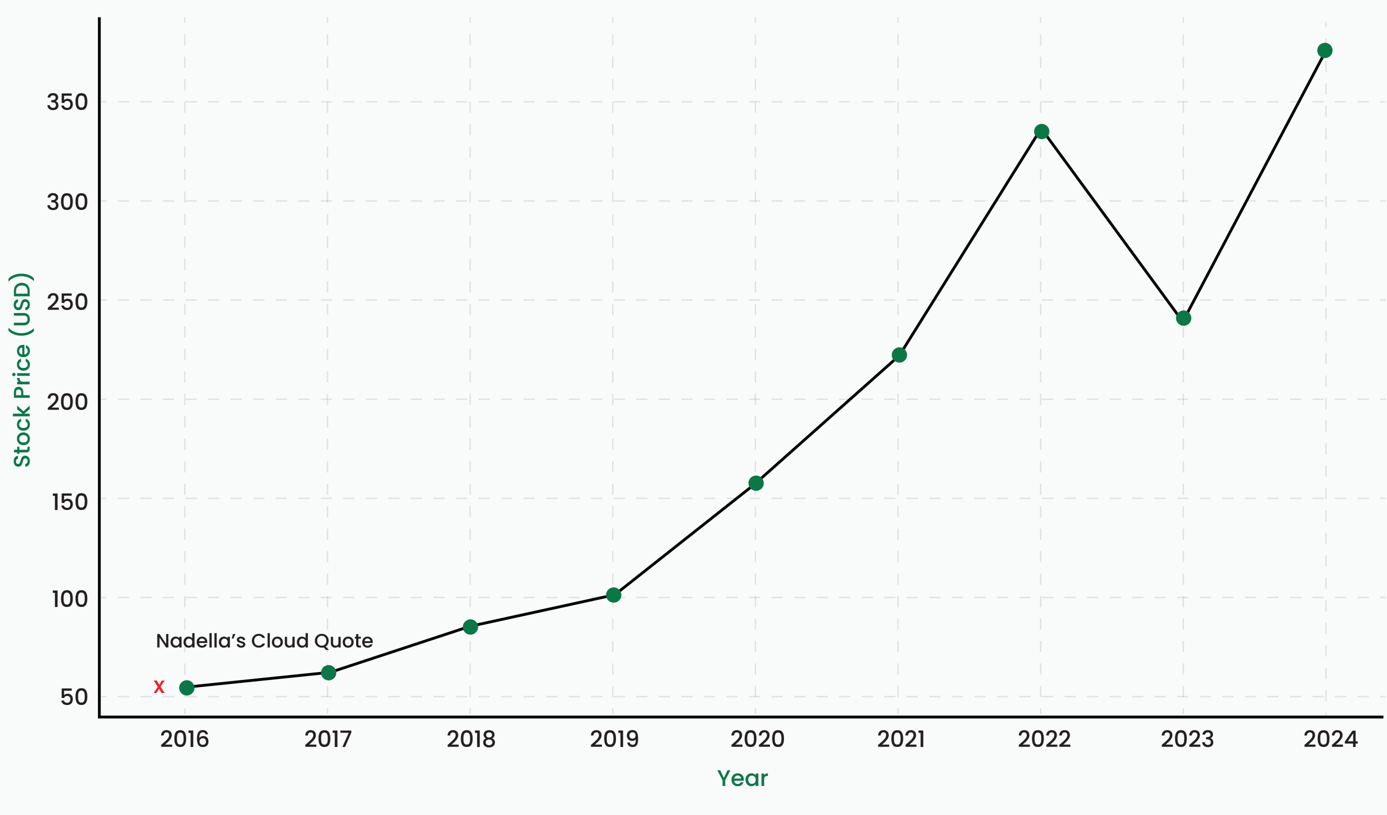
In the world of money management, there's a stark contrast between the strategies of the most successful investors and the conventional narratives often touted by the industry. This paradox was highlighted by Charlie Munger, the former Vice-Chairman of Berkshire Hathaway, in a 1994 speech. In speaking about one of the greatest economists in the world, Munger said, "His text book always taught that the stock market was efficient and nobody could beat it. But his own money went into Berkshire and made him wealthy."

Building on that, in a more candid exchange, Charlie Munger said, "The academics have done a terrible disservice to intelligent investors by glorifying the idea of diversification. Because I just think the whole concept is literally almost insane."

TAKE ADVANTAGE OF BIG OPPORTUNITIES

For years, our public webinars have showcased this strategic approach. Since 2017, we've emphasized the foresight of Microsoft CEO Satya Nadella. On October 15, 2015, Nadella announced, **"[Microsoft is] poised to seize the opportunity of the largest technological shift of our generation with the enterprise cloud."** As of year-end 2023, Microsoft's cloud platform boasted revenues of $62 billion, significantly multiplying the stock's value since Nadella's declaration in 2015, becoming the most valuable company in the world in early 2024.

Microsoft (MSFT) Actual Year-End Closing Prices: 2015-2023



ARTIFICIAL INTELLIGENCE (AI)

Further aligning with our recognition of the transformative potential of significant trends, our webinars since February 2019 have delved into the topic of Artificial Intelligence (AI), underscoring our focus on identifying rare opportunities. Although Artificial Intelligence (AI) has gained mainstream attention over the last 16 months, the truth is we are still at the dawn of what could be one of the most significant technological revolutions of our lifetime. In fact, one of the foremost experts in AI, Jensen Huang, CEO of Nvidia Corp. has said "Artificial Intelligence is the single greatest technological force that the computer industry has ever seen."

CUSTOMIZATION VS. ONE-SIZE FITS ALL

At TJT Capital Group, we believe in the power of customization. We tailor portfolios to each client's unique goals, moving beyond the one-size-fits-all approach that dominates the industry. Our client portfolios demonstrate a wide spectrum of strategies, from those solely invested in mutual funds, to those heavily weighted in individual stocks, to others primarily consisting of U.S. Treasury securities.

NEVER LOSE SIGHT OF THE MOST IMPORTANT VARIABLES

In essence, when it comes to successful investing, few things really matter, but those that do…matter enormously. At TJT, we are committed to principles that have proven to drive success, offering a stark contrast to the hazy tactics and abstract theories often seen in the market.

Better returns require a better approach. Discover the difference a principles-driven investment strategy with TJT Capital Group can make. Contact TJT to confidentially discuss your situation. We feel good about what we have done for our clients and are even more excited about what we can do together from here. In some ways, the opportunities have never been greater.

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TJT Capital Group is a fee-only independent SEC Registered Investment Advisor located in Stamford, CT.

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