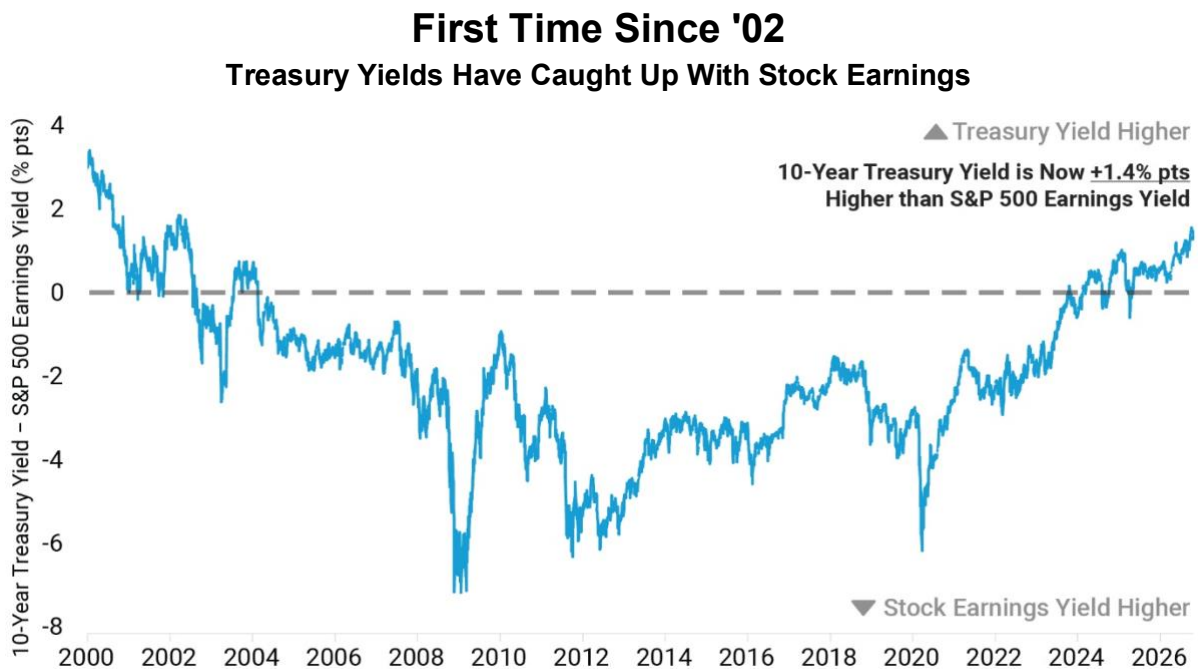


When you buy a stock, you are buying a share of a company's profits. One way to measure what you are paying for those profits is the earnings yield, which shows how much a company earns relative to what investors pay for its shares. This week's chart compares the S&P 500's earnings yield with the 10-year Treasury yield. For most of the past twenty years, stocks offered the higher yield, often by a wide margin, and that gap was part of the reward for owning them instead of bonds. Since 2023, that relationship has reversed. Today, the 10-year Treasury yield is about 1.4 percentage points higher than the S&P 500's earnings yield, the widest gap in favor of Treasuries in more than two decades.

In plain terms, investors are paying a relatively high price for each dollar of corporate profit, and the extra reward for taking stock-market risk has largely disappeared. This does not mean that stocks are about to fall. The gap can last for years, and profits can grow into higher prices. It does mean there is less room for disappointment if corporate profits fall short of expectations. This is where our **RiskFirst®** approach matters: we evaluate what different investments offer relative to the risks they carry, then diversify across multiple sources of return. The goal is to be paid for risk, not just exposed to it.



Sources: Bloomberg, Redwood. Data as of 10/21/2026.

Regards,
Shrier Associates LLC

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