



**TJT CAPITAL GROUP**  
REGISTERED INVESTMENT ADVISOR



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

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

01

At TJT Capital Group, we specialize in creating customized investment strategies tailored to align with each client's unique financial goals. Through our proprietary InVEST Risk Model®, we focus on managing risk effectively while identifying opportunities for growth. Our commitment lies in understanding the distinct needs of each client and delivering true personal guidance – setting us apart from the generic, one-size-fits-all solutions commonly offered.



In an industry often driven by off-the-shelf models and media-driven narratives, we take pride in empowering our clients with a clear understanding of the fundamental investment principles that drive meaningful results. Our strategies focus on financial conditions and allocating capital to companies, industries, or funds that we believe are well-positioned to benefit from long-term, sustainable trends. This approach ensures your portfolio evolves in step with market dynamics.

Whether your goals involve long-term growth, steady income, or a balanced combination of both, we are dedicated to crafting an investment plan tailored to help you achieve them. Discover the value of a customized strategy as we guide you confidently through every step of your financial journey.

## FEW THINGS REALLY MATTER: UNDERSTANDING THE IMPACT OF MONEY FLOWS

Financial conditions play a critical role in shaping market dynamics, underscoring the importance of assessing whether these conditions are positive, negative, or neutral. At its core, liquidity—often shaped by the Federal Reserve's monetary policy—serves as a key driver of market movements.

One powerful tool for adding liquidity to the financial system is Quantitative Easing (QE). This policy, implemented by the Federal Reserve, typically involves lowering interest rates, increasing the money supply, and purchasing large quantities of bonds.

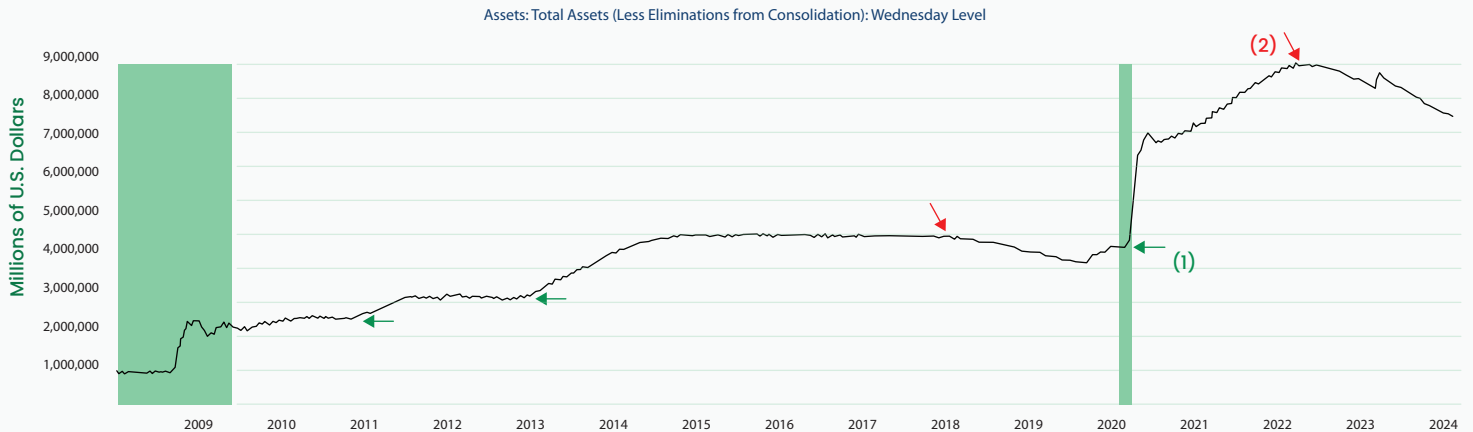
In a 2010 editorial, former Federal Reserve Chairman Ben Bernanke explained the goals of QE: "Higher stock prices will boost consumer wealth and help increase confidence, which can also spur spending. Increased spending will lead to higher incomes and profits that, in a virtuous circle, will further support economic expansion."

A striking example of the impact of positive money flows occurred in 2020, when the Federal Reserve injected over \$3 trillion into the financial system in just 12 weeks. To put this into perspective, this was more liquidity than the Fed had provided during the five years following the global financial crisis. This unprecedented infusion fueled a 16.2% rise in the S&P 500 index, even as the U.S. economy experienced a historic contraction of more than 30% in a single quarter.

In contrast to Quantitative Easing (QE), the Federal Reserve employs a monetary policy known as Quantitative Tightening (QT) to remove excess liquidity from the financial system. This process typically involves raising interest rates and selling bonds from its portfolio, actions that often exert downward pressure on financial markets. For instance, the first and second rounds of QT resulted in declines of approximately 16% and 20% in the S&P 500 index, respectively.

In 2022, following an extraordinary 27.2% surge in the Federal Reserve's broad M2 money supply (marked as number 1-2 in the following chart), the Fed launched one of the most aggressive interest rate hiking campaigns in its history (indicated by the red arrow labeled number 2 on the chart). The federal funds rate soared 22-fold, rising from approximately 0.25% to 5.50%. This substantial tightening of monetary policy led to a decline of more than 25% in the S&P 500 index.

# FED CHART



Shaded areas indicate U.S. recessions

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

On January 3, 2022, just one day before the S&P 500 peaked, we noted, “What investors should be aware of is that QE4 (the fourth round of quantitative easing) is ending, regardless of how the Fed frames it.”

## CAPITALIZING ON POWERFUL TRENDS

Our second guiding principle focuses on allocating capital to companies, industries, or funds positioned to benefit from powerful, long-term trends. Historical data underscores that a small number of exceptional companies have generated the majority of wealth in the markets. By targeting these opportunities, we strive to create meaningful, long-term value for our clients.

This philosophy resonates with insights from legendary investors. Warren Buffett captured this concept in his 2023 Chairman’s Letter, stating, “For investors, it takes just a few winners to work wonders.” Similarly, Peter Lynch, the renowned mutual fund manager who more than doubled the performance of the S&P 500 over a thirteen-year period, observed, “It only takes a handful of big winners to make a lifetime of investing worthwhile.”

These timeless insights reinforce our approach: by identifying and investing in securities tied to long-term, sustainable trends, we aim to drive meaningful results and enhance portfolio performance



# THE DIFFERENCE BETWEEN ACADEMIC THEORY AND REAL EXPERTS

In the world of money management, a significant gap exists between the strategies employed by the most successful investors and the conventional wisdom often championed by the industry. This contrast was poignantly illustrated by Charlie Munger, the former Vice-Chairman of Berkshire Hathaway, during a 1994 speech. Reflecting on one of the world's leading economists—whose textbook was widely used in colleges—Munger remarked, “His textbooks always taught that the stock market was efficient and nobody could beat it. But his own money went into Berkshire and made him wealthy.”

In a more candid critique, Munger challenged the traditional emphasis on diversification, stating, “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.”

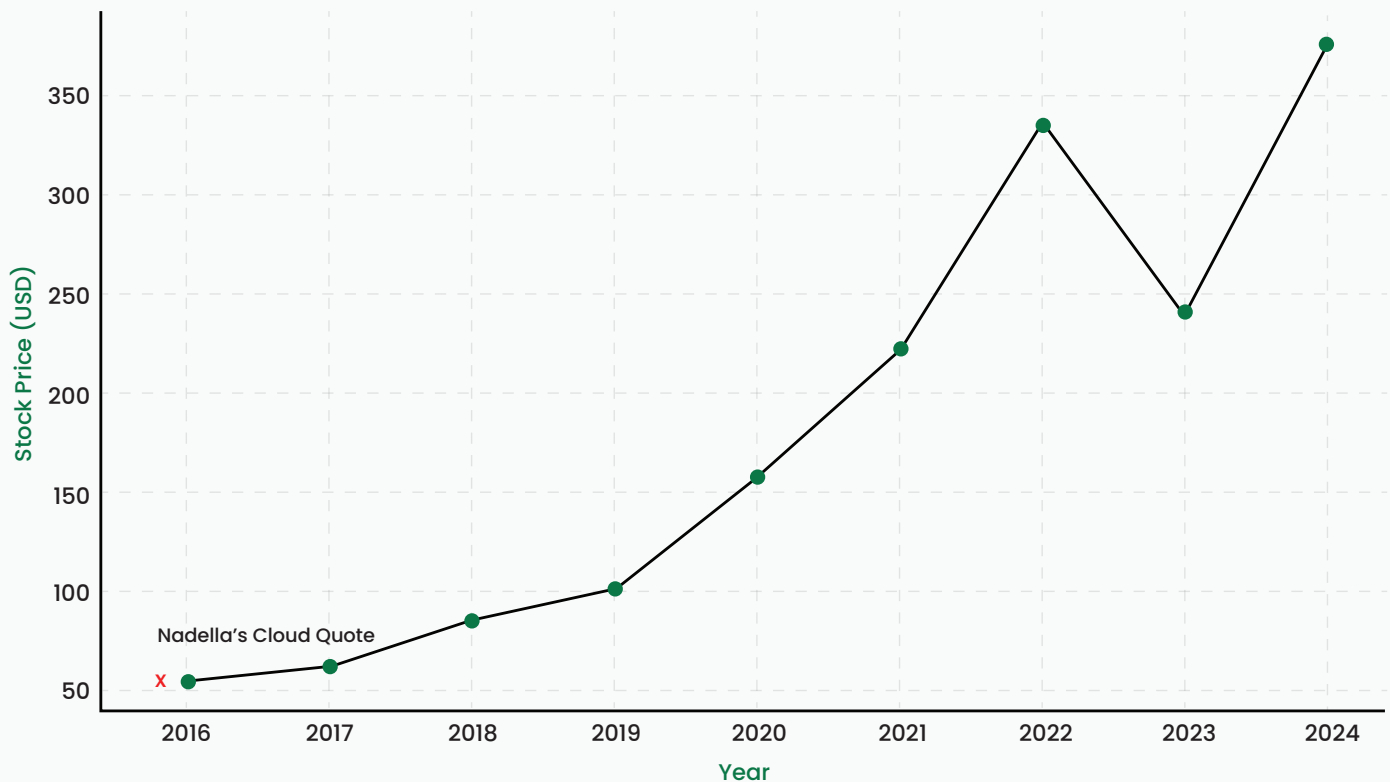
Munger's sharp critique of conventional wisdom highlights the importance of practical, proven strategies over rigid adherence to academic theories. At TJT Capital Group, we embrace the former, prioritizing strategies rooted in real-world success and meaningful results.

## SEIZING BIG OPPORTUNITIES

For years, our public webinars have emphasized the importance of identifying and capitalizing on transformational opportunities. One notable example dates back to 2017, when we highlighted Microsoft's strategic pivot toward enterprise cloud computing solutions. This vision was clearly articulated by Microsoft CEO Satya Nadella on October 15, 2015, when he stated, “[Microsoft is] poised to seize the opportunity of the largest technological shift of our generation with the enterprise cloud.”

Nadella's foresight proved remarkably accurate. By the end of 2023, Microsoft's cloud platform had generated \$62 billion in revenue, driving the company's stock to unprecedented heights. In early 2024, Microsoft solidified its position as the world's most valuable company.

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



# THE TRANSFORMATIVE POTENTIAL OF ARTIFICIAL INTELLIGENCE (AI)

In line with our commitment to identifying transformational trends, our webinars have been exploring the potential of Artificial Intelligence (AI) since February 2019. While AI has gained widespread attention in the past two years, we are still in the early stages of what may become one of the most significant technological revolutions in history.

Jensen Huang, CEO of Nvidia Corp. and a prominent authority on AI, captured its importance succinctly: "Artificial Intelligence is the single greatest technological force that the computer industry has ever seen." His insight highlights the vast potential of AI to reshape industries, offering rare and compelling opportunities for forward-thinking investors.

## CUSTOMIZED STRATEGIES FOR INDIVIDUAL GOALS

At TJT Capital Group, we recognize the importance of personalization in achieving financial success. That's why we design portfolios tailored to your specific objectives. Our approach spans a wide range of strategies—from portfolios exclusively invested in mutual funds and ETFs to those focused on individual stocks or U.S. Treasury securities. This commitment to customization sets us apart, ensuring your investment strategy aligns seamlessly with your goals and aspirations.

## FOCUSING ON WHAT TRULY MATTERS

Success in investing often comes down to focusing on the factors that matter most. At TJT Capital Group, we prioritize these essentials, applying time-tested principles that have delivered results. This approach stands in stark contrast to the vague tactics and abstract theories that too often dominate the industry.

Achieving better returns begins with a better strategy. Contact us for a confidential discussion about your financial goals. We take pride in the results we've achieved for our clients and are excited about the opportunities that lie ahead. In many ways, there has never been a better time to take control of your financial future and chart a course toward lasting success.

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

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