

BONUS EPISODE

Stocks Are Cheaper Than You Think

Money for the Rest of Us • David Stein

moneyfortherestofus.com

How Expensive Are U.S. Stocks?

September 2026 vs. history since 1970

Trailing P/E

Price / last 12 months of earnings

25.4

Now

18.3

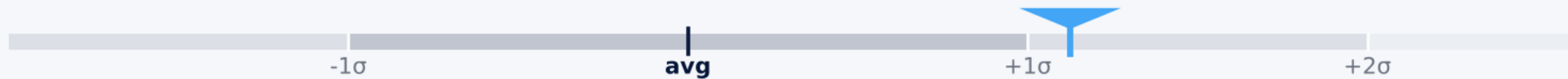
Average since 1970

+1.1

Std. deviations above avg.

85%

Of months were cheaper



Shiller CAPE

Price / 10-year average real earnings

40.6

Now

22.0

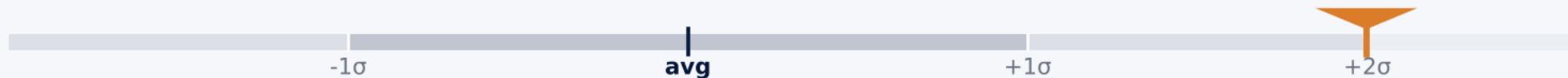
Average since 1970

+2.0

Std. deviations above avg.

97%

Of months were cheaper

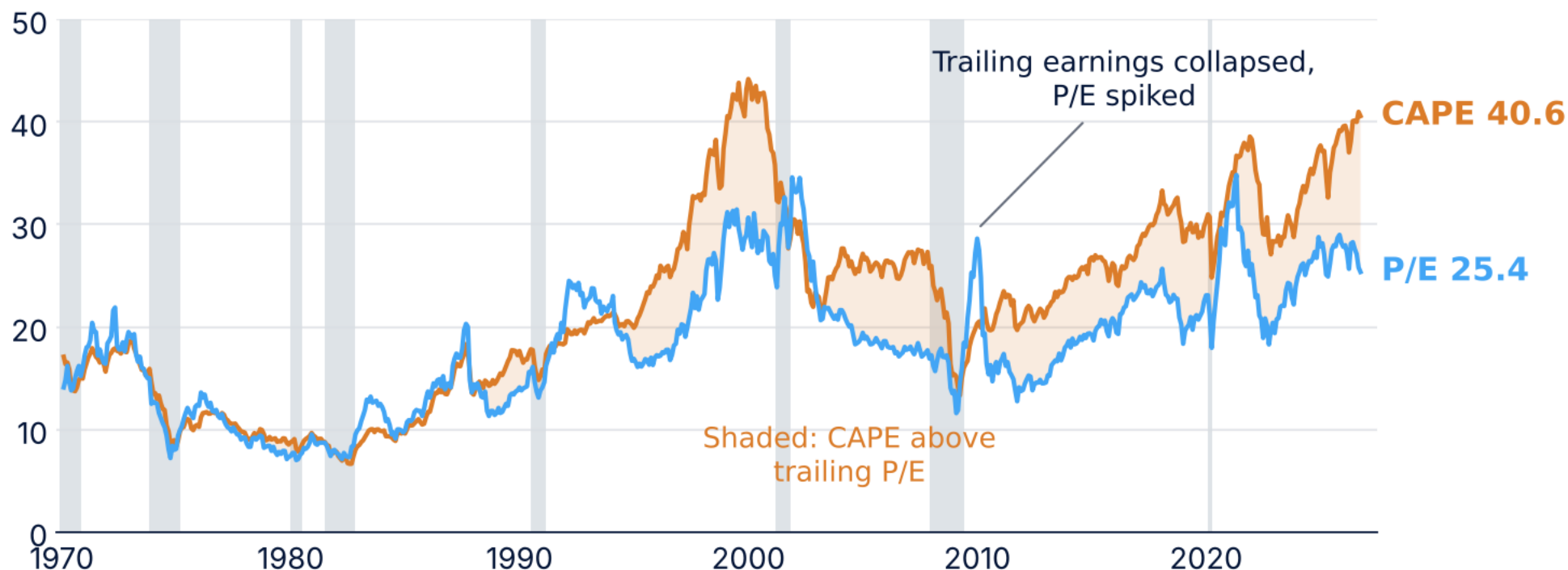


Sources: MSCI USA trailing P/E via Asset Camp; Robert Shiller CAPE. Monthly since January 1970.

Two Ways to Measure the Same Market

U.S. stocks: trailing 12-month P/E vs. Shiller CAPE, 1970 to Sep 2026

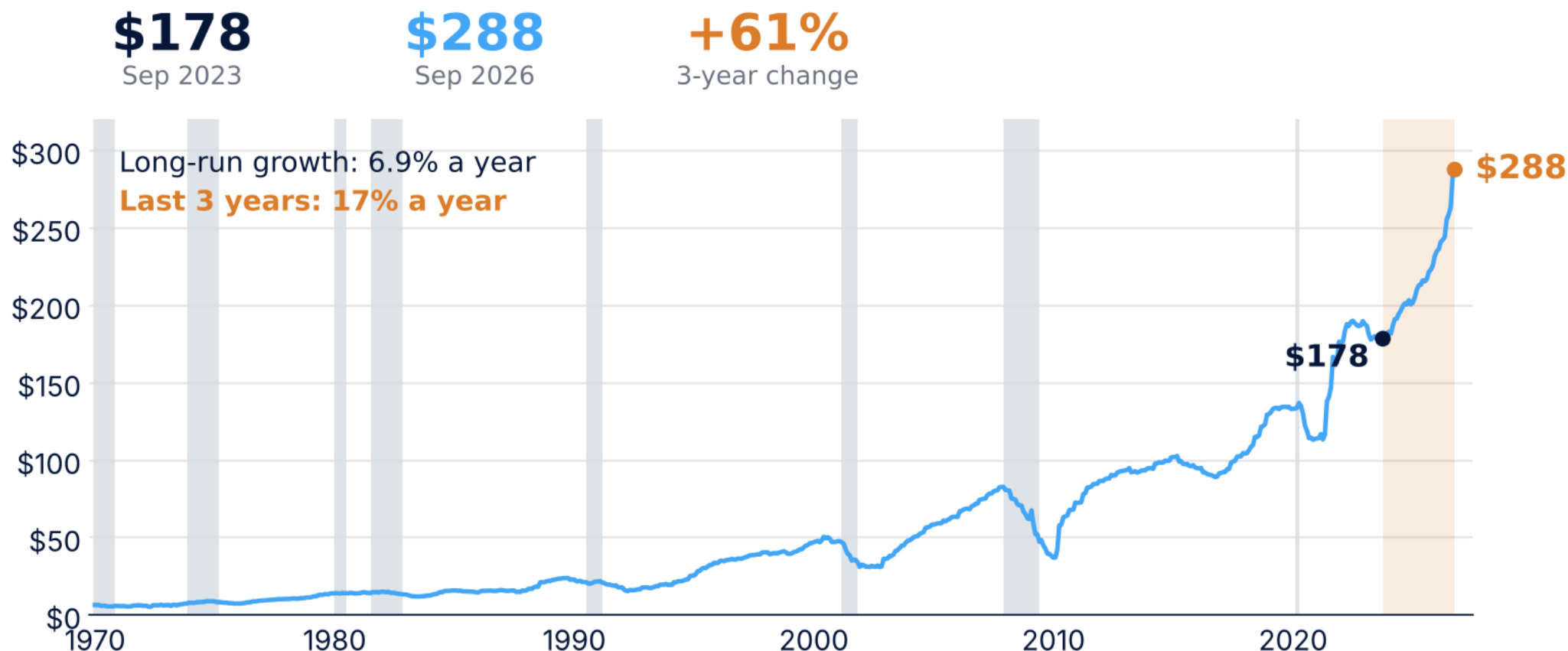
Sep 2026 • Trailing P/E **25.4** • CAPE **40.6** • CAPE / P/E **1.60x**



Source: MSCI USA trailing P/E via Asset Camp; Robert Shiller CAPE (S&P 500 price / 10-yr avg real EPS).
Averages since 1970: P/E 18.3, CAPE 22.0, ratio 1.18x. Shading = U.S. recessions.

U.S. Earnings Up 61% in Three Years

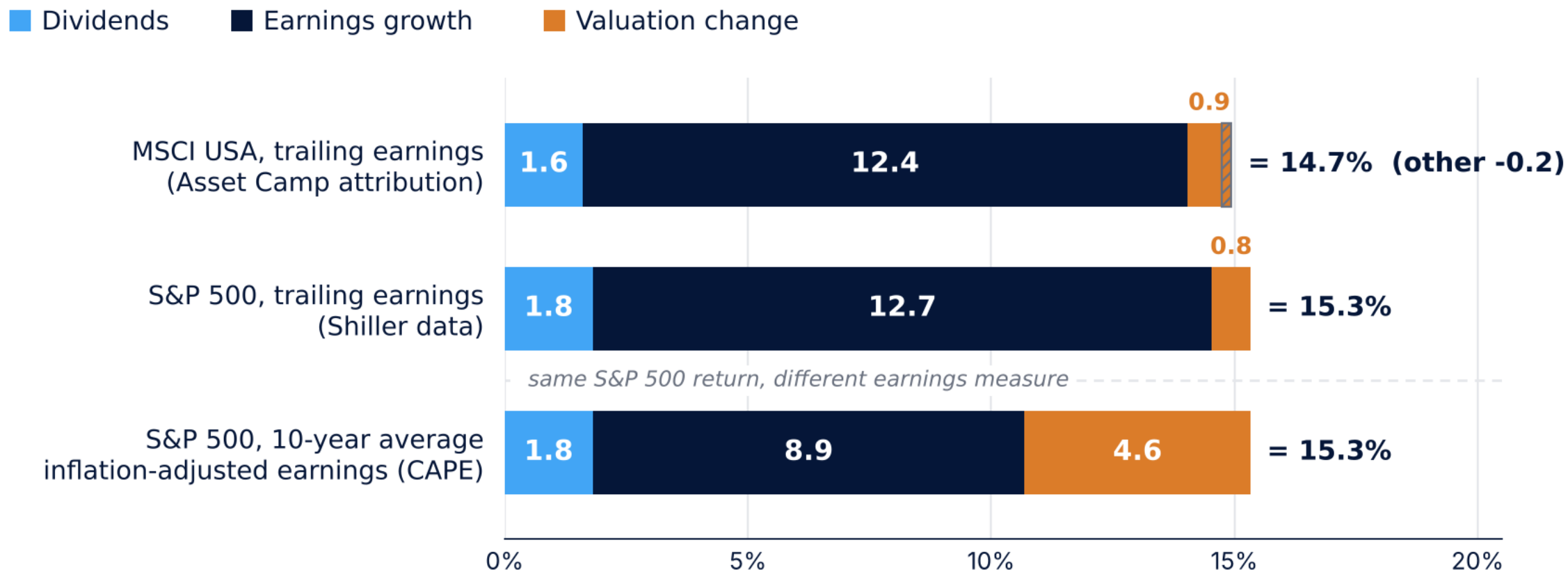
MSCI USA earnings per share, trailing 12 months, 1970 to Sep 2026



Source: MSCI via Asset Camp. Shading = U.S. recessions; orange band = last three years.

Where a Decade of U.S. Stock Returns Came From

Annualized total return, 10 years ending September 2026, by source

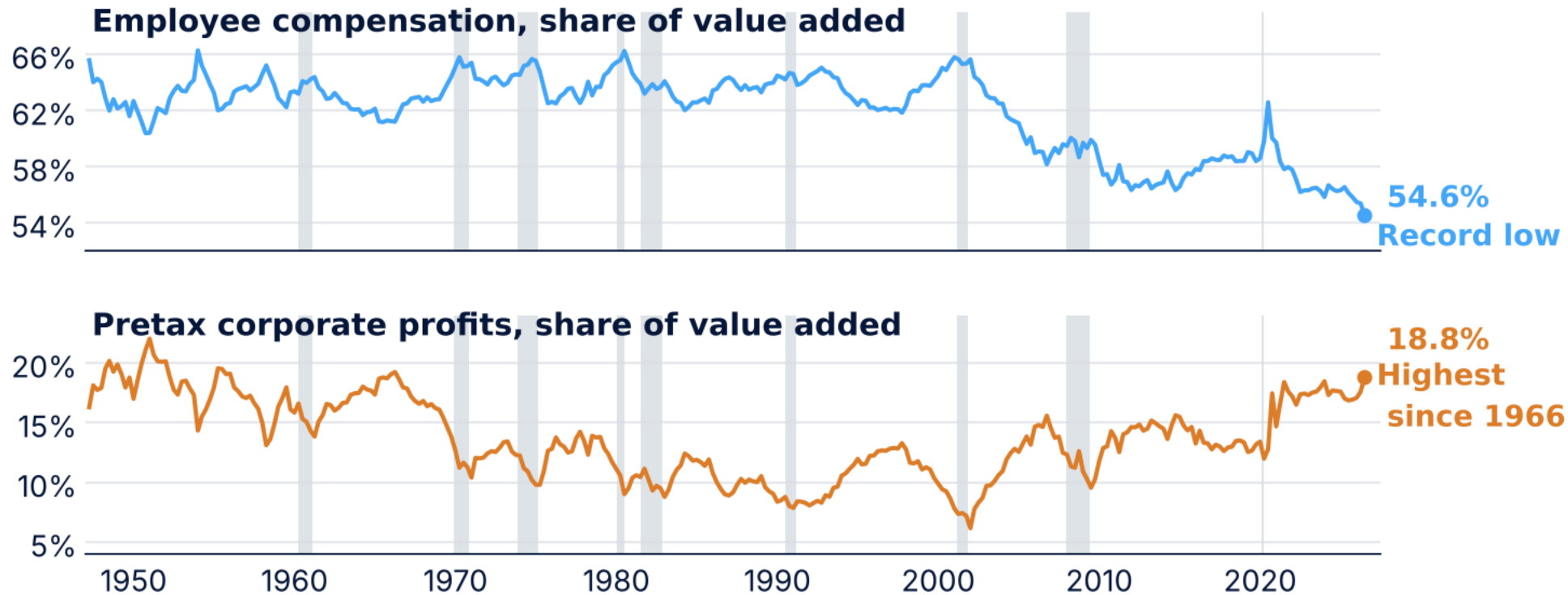


Sources: Asset Camp (MSCI USA net return in USD; hatched = other, residual). Robert Shiller S&P 500 data, Sep 2016 to Sep 2026; MFTROU calculations. Shiller trailing earnings run through June 2026. Trailing P/E 24.2 to 26.0; CAPE 26.7 to 40.6. Valuation = price return less earnings growth.

Where the Gains Went

U.S. nonfinancial corporations: how value added is divided

Q2 2026 • Labor share • **54.6%** • Profit share • **18.8%**

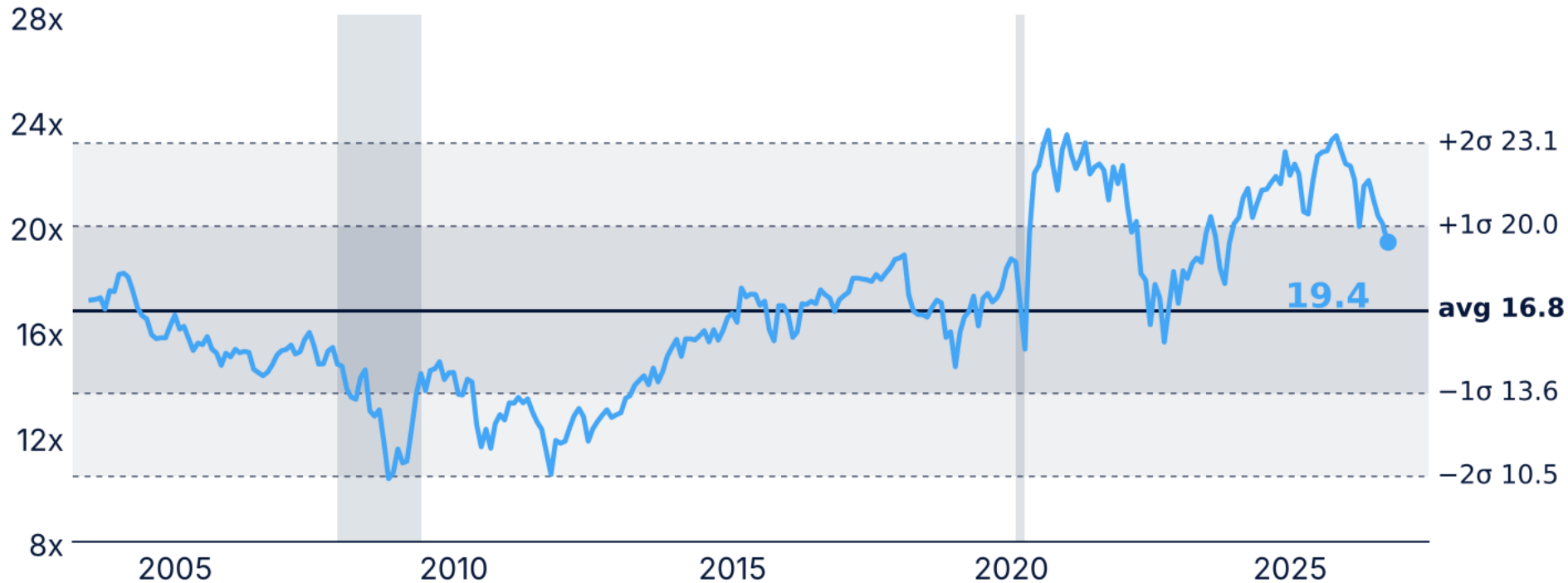


Source: U.S. Bureau of Economic Analysis, NIPA Table 1.14, via FRED. Shading = U.S. recessions.
Shares of nonfinancial corporate gross value added; profits include IVA and CCAAdj.

U.S. Forward P/E: Above Average, Not Extreme

MSCI USA price / next 12 months' expected earnings, 2003 to Sep 2026

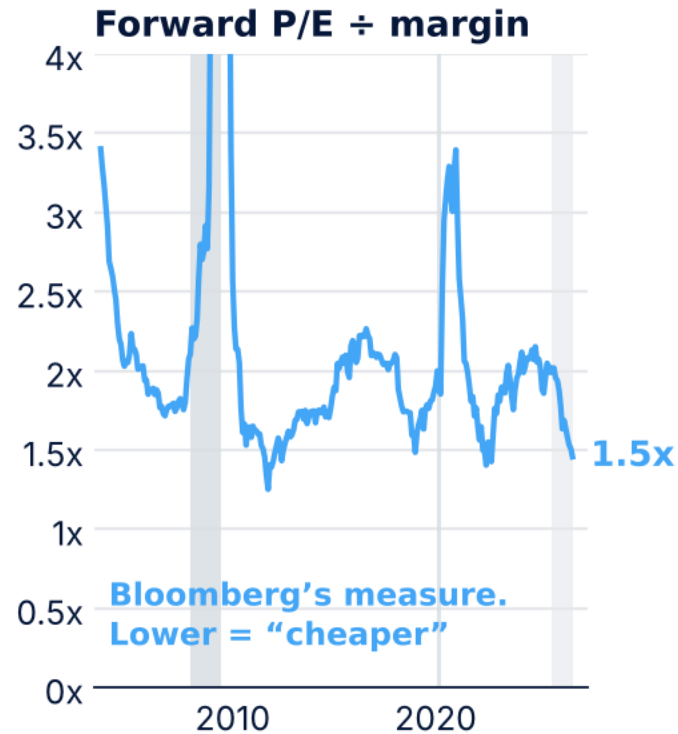
Now **19.4** • Average **16.8** • Std. dev. above **+0.8** • Months cheaper **78%**



Source: MSCI USA forward P/E via Asset Camp. Bands = average $\pm$ 1 and 2 standard deviations since 2003. Shading = U.S. recessions.

Is the Market Cheap, or Are Margins Just High?

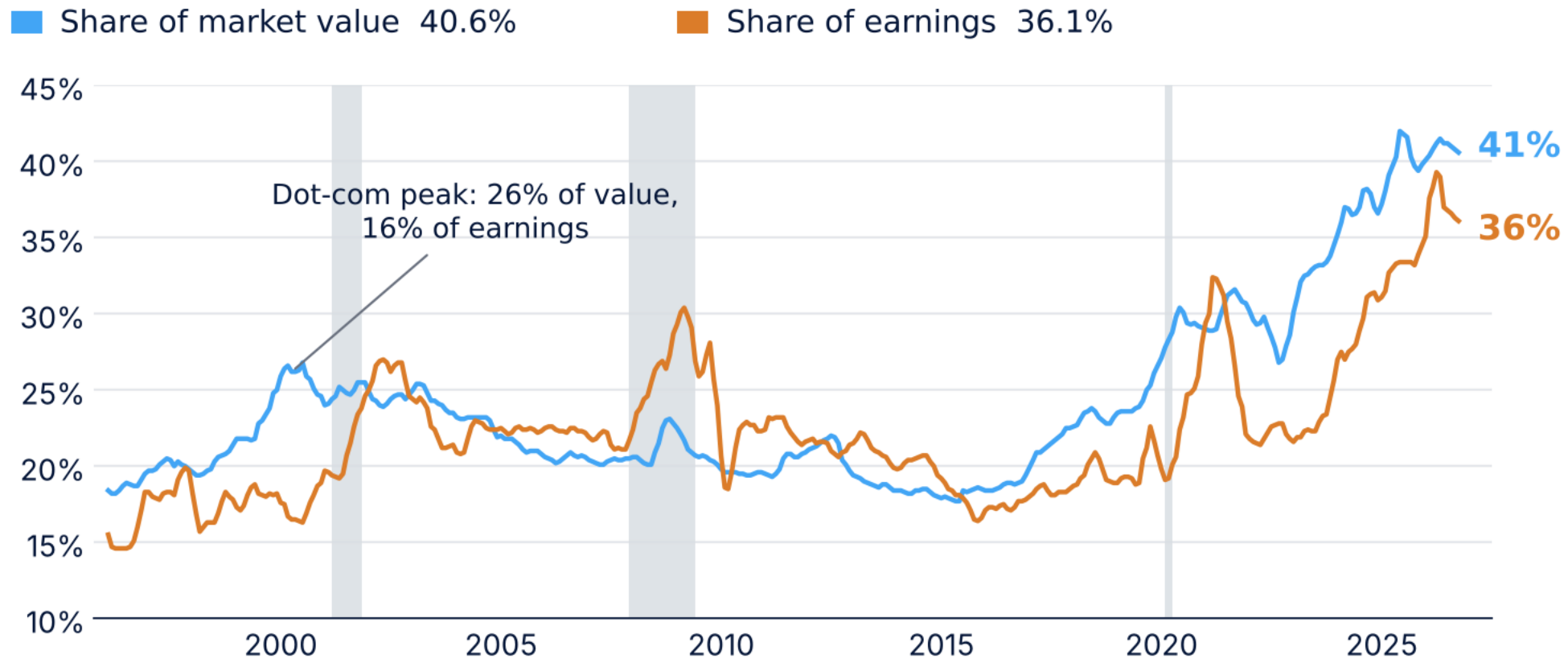
S&P 500, June 2003 to September 2026



Sources: Asset Camp (MSCI USA forward P/E); S&P DJI sales per share; Robert Shiller; FactSet revenue growth extends sales for Q4 2025 to Q2 2026 (grey band). Bloomberg uses operating margin.

How Much of the S&P 500 Is Just 10 Stocks?

Top 10 companies' share of the index, 1996 to September 2026



Source: J.P. Morgan Guide to the Markets (FactSet, Standard & Poor's), data as of September 30, 2026. Monthly values read from the published chart. Shading = U.S. recessions.

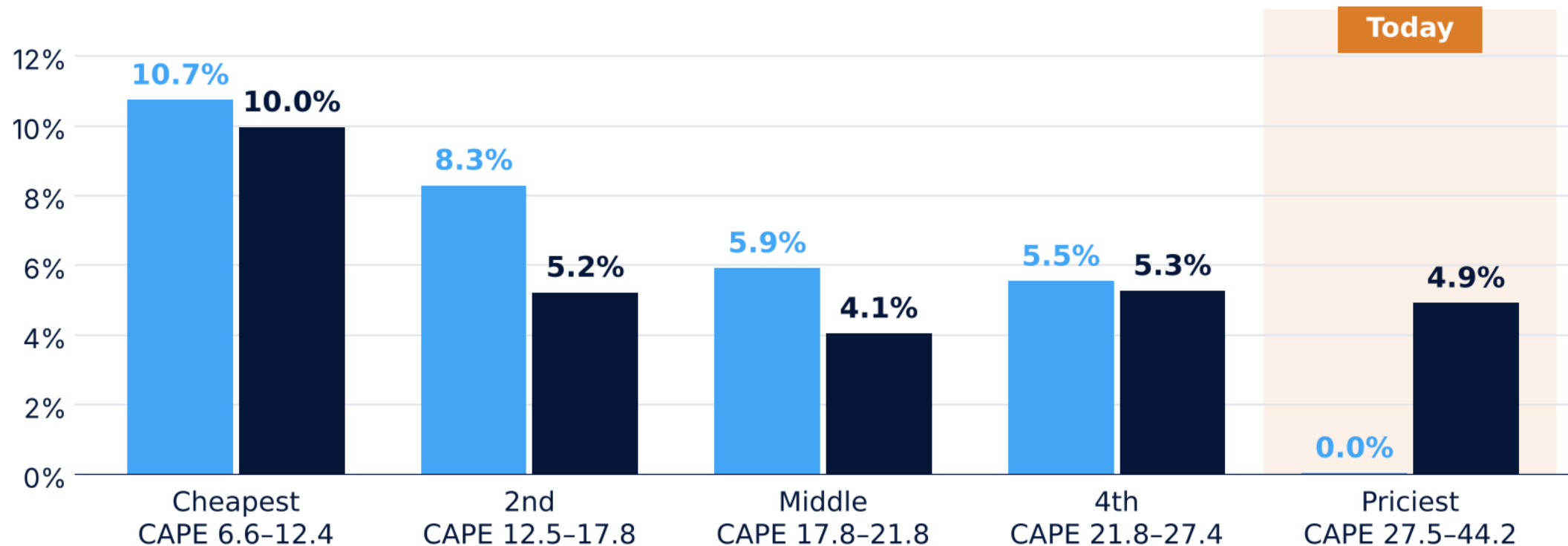
U.S. Stocks Since 1950: CAPE and Returns

S&P 500 annualized real return by starting CAPE quintile

● Next 10 years

● Next 20 years

As of Oct 2026 • Current CAPE **40.7**



Source: Robert Shiller, S&P real total return and CAPE, 1950-2026.
10-yr results through Oct 2016; 20-yr through Oct 2006.

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