



Value Potential Index

Quarterly Report
March Q1 2025



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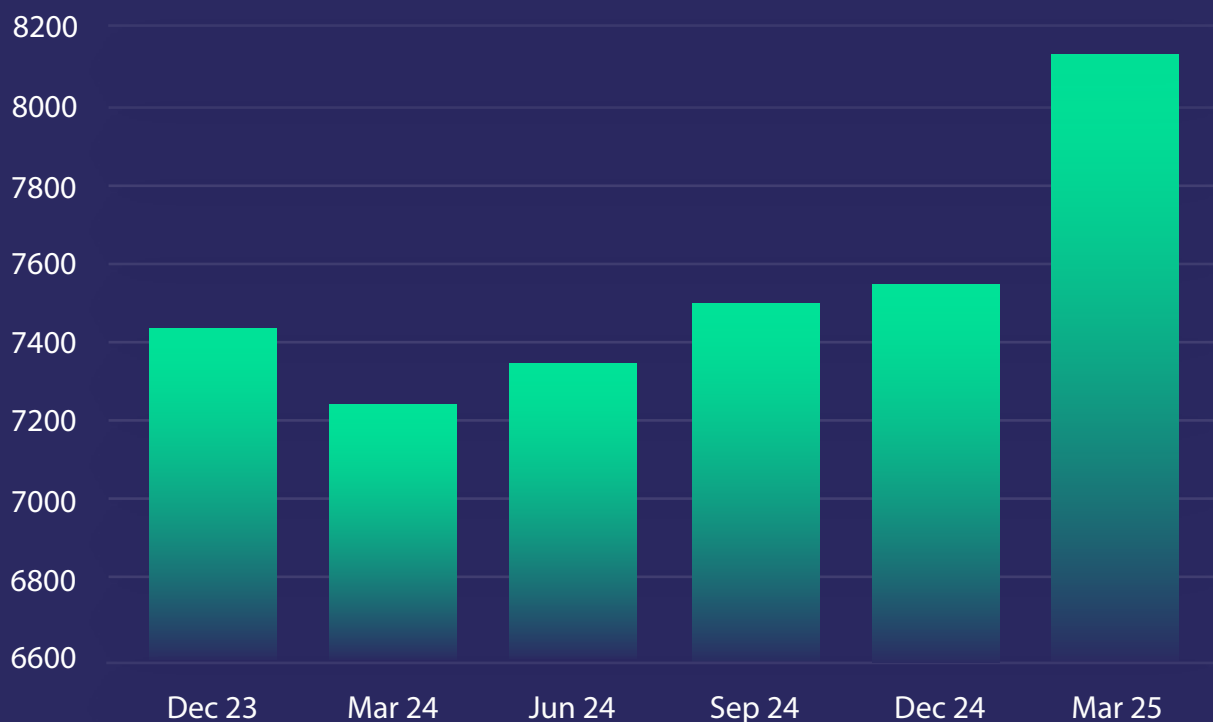
The US VPI advanced significantly in the quarter, making 4 consecutive quarterly advances. This lift is almost entirely because of a surge in the Dow Jones All-Share PE ratio, reflecting a particularly poor earnings season, but stable or even rising stock prices. All other things being equal, we should see a reversal of this VPI surge in the next quarter.

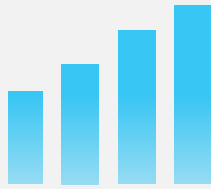


8153.52

↑ 7.49%

The VPI index has increased by 7.49% during the March 2025 Quarter to 8153.52.





The S&P 500
declined

-4.59%



Increase in GDP of

+0.80%

which is near or
above long term
trends



Modest decrease
in average Capitaliz
multiples

-1.96%

Our view here is that
general conditions are
stabilizing, and this is
being reflected in the
nature and rate of deal
completion.



Noticeable increase in the number of
businesses listed for sale

+3.68%

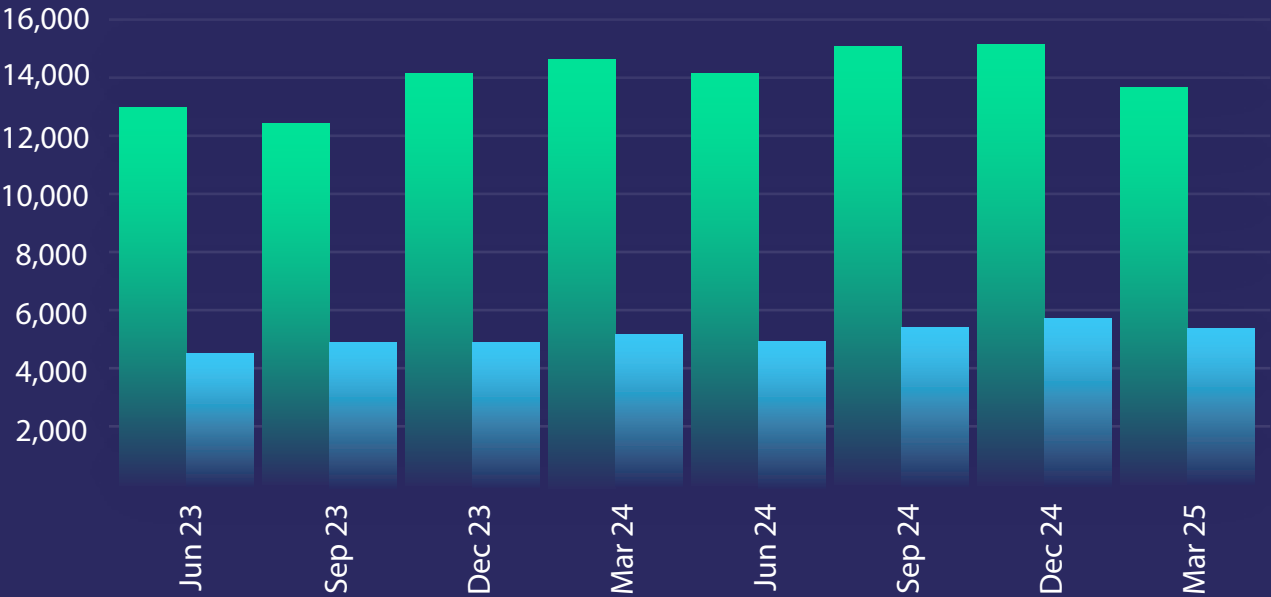
which could be attributed to seasonality.
We normally expect to see increases in
business listings toward the start of the
calendar year.



Economic Indicators

Indicator	Dec 2024	Mar 2025	Movement
S&P 500	5882	5612	-4.59%
10-Year Treasury Note	4.576	4.21	-8.00%
Gross Domestic Product	\$7,431,000	\$7,490,500	0.80%
Inflation	2.9	2.4	-17.24%
Unemployment	4.2	4.1	-2.38%
€EU\$US cross rate	0.96	0.92	-4.17%

Equities Markets





Economic Commentary

S&P 500

A 4.59% decrease of the value of the S&P500 index is indicative of neither correction nor boom this quarter.

Dow Jones SmallCap Index

Comprising about 1,800 publicly traded Small Cap American stocks, these companies are often looking at larger private business for M&A. The healthier and the stabler the conditions, the more acquisitive a scene we expect to see.

10-Year Treasury Note

The 10-year US Federal government bond rate reflects the tightness or looseness of monetary policy, and serves as the most basic component of the cost of capital that businesses use to grow and operate.

GDP

An economic data staple the world over, GDP represents the combined value of goods and services produced in a given period in an economy.

Inflation

The US Consumer Price Index is seeing its largest increases for some decades. With a historical run of base interest rate rises, inflation has slowed substantially.

Unemployment

The seasonally adjusted unemployment rate reflects what percentage of aspiring employees have not found work. The rate for this report is low and steady at 4.1%.

Value Potential

We estimate the combined value of private businesses in the US to be \$24.3 Trillion. We also estimate that with some forward planning and preparation, this could be nearer to \$28 Trillion, a total Value Potential Gap of about **\$3.7 Trillion**.

Further, some 59.5% of this Value Gap resides in the 10-249 employee category, with the smaller businesses on average leaving about \$900,000 and the medium businesses about \$1.3M on the table each.



Value
Potential

\$24.280T

▲ \$3,671B

VPI™

Value Potential Index

The Capitaliz VPI is based on over 800 business valuations over thirteen years where we are able to track the key metrics that drive valuations and project potential value over time, based upon implementing the recommendations from our Capitaliz Business Insights Report.

The index includes economic, industry and business-based risk scores to determine the appropriate multiple and the gaps identified in the report for profit gap, benchmarking, exit readiness and attractiveness to determine the value potential.

The index is recalculated each time a new valuation is completed and updated regularly with economic factors, industry trends, or business sentiment changes

Use of our proprietary index allows us to accurately assess value potential for each business and determine the most appropriate actions to take in order of priority that will most affect the valuation.

Capitaliz

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