



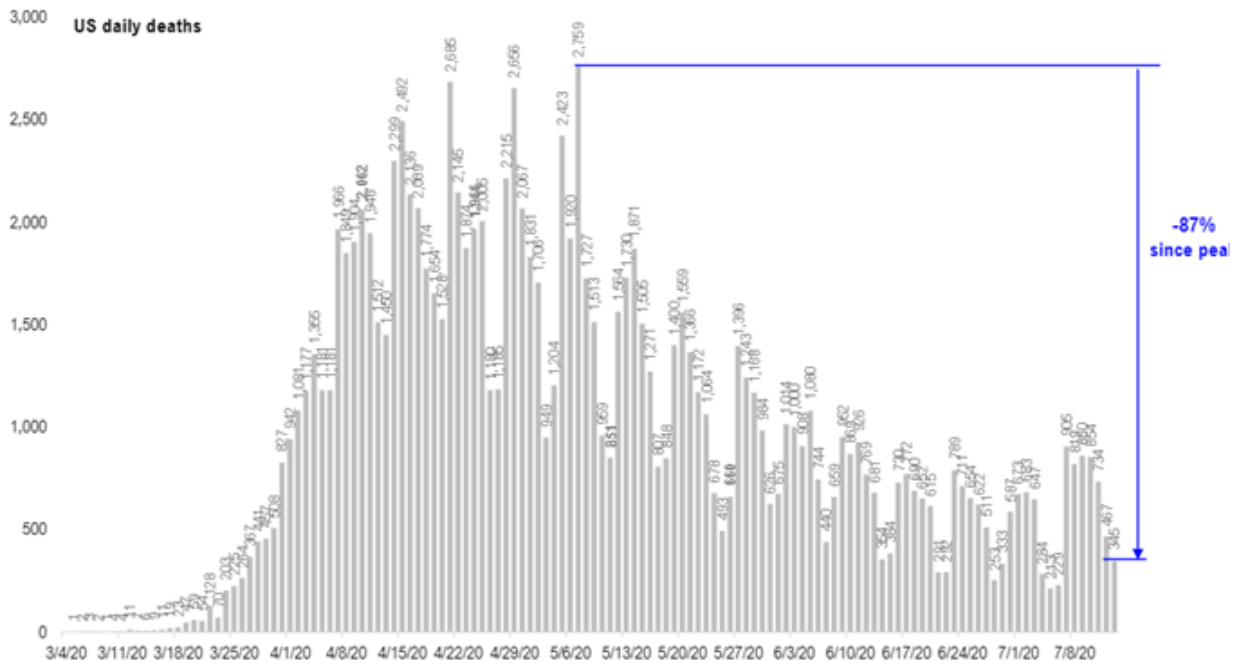
**COVID-19 UPDATE: Deaths still defying a surge. F-CAT daily cases +27k, down -6.8K from 1D ago. Granny Shot re-balance. +7 names. +1,880bp outperformance in 1H2020.**

THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT

*Earnings season starts later this week, and for the next few weeks, financials will follow the dual tracks of COVID-19 developments and the company commentary reflecting experience of a full 90 days worth of COVID-19 impacts. The COVID-19 data reported today, is on the balance, constructive:*

- US daily deaths fell to 345, down from the elevated 800-900 per day last week
- the epicenter, FL, CA, AZ, TX, or F-CAT saw a drop in daily cases to 27,634, down -6,859 from 1D ago
- TX and AZ show signs of being past the peak
- CA is further course-correcting by shutting down dine-in and bars, and while a potential over-reaction, is going to slow the spread.

**US daily COVID-19 Fatalities**



Source: COVID-19 Tracking Project

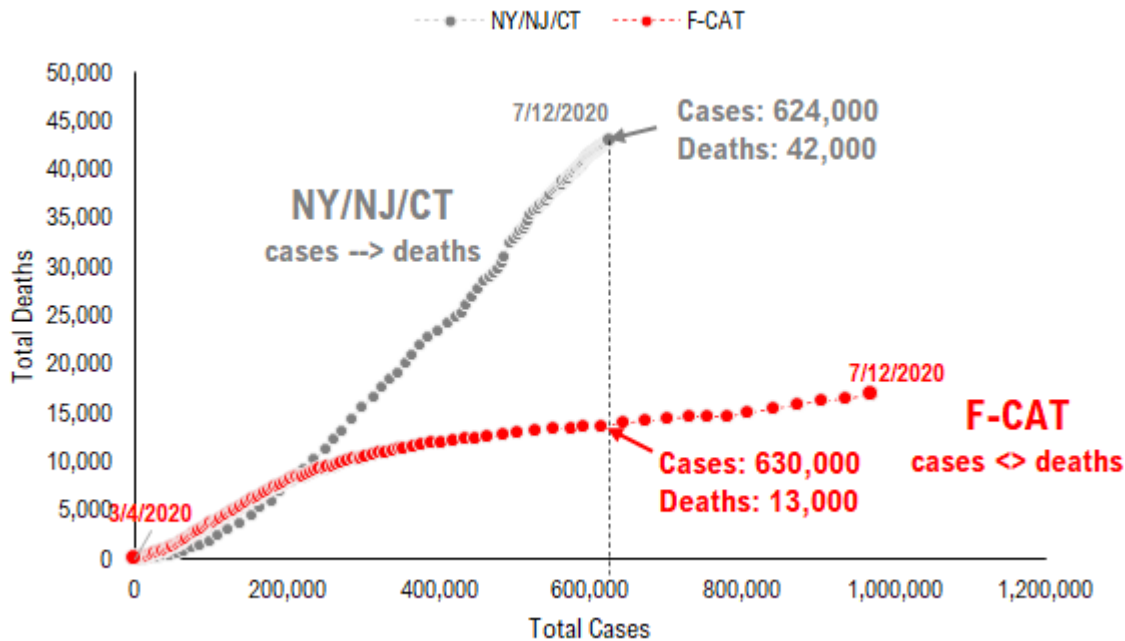
***F-CAT cases and death relationship diverging sharply from what was seen in NY tristate area...***

There remains the curious but positive divergence between surge in US COVID-19 cases and the relatively flat/muted daily deaths. Any death from COVID-19 is a needless tragedy, but the rate of mortality today is far lower. Take a look at the chart below comparing NY tristate to F-CAT. The x-axis is cumulative cases and the y-axis is cumulative deaths.

- NY tristate has ~624,000 cases and 42,000 deaths
- when F-CAT had ~630,000 cases, cumulative deaths was only 13,000

In other words, the number of deaths seen at the same number of cases is 75% lower than NY tristate. And this underscores the diminished healthcare severity of COVID-19 in these states seeing an outbreak. While many have argued there is simply a lag and deaths should begin to soar, the chart below argues against that.

- NY tristate deaths soared and even now, the slope is steeper than F-CAT (see recent plots).



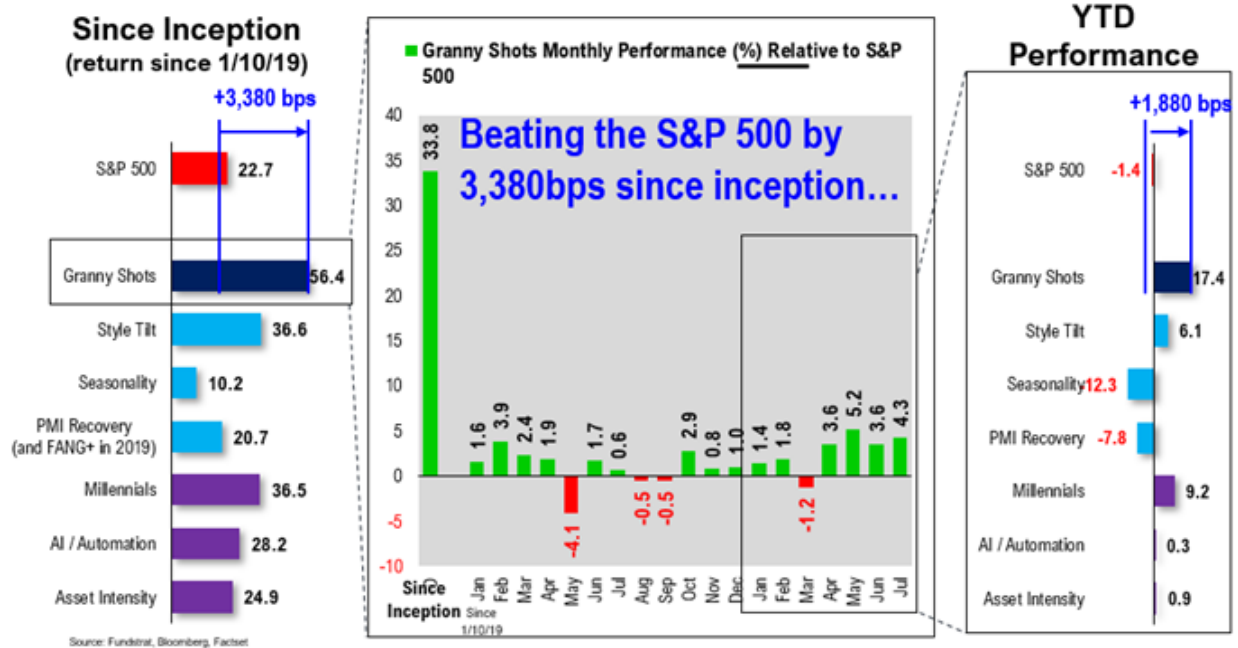
Source: COVID-19 Tracking Project

## STRATEGY: Re-balance Granny Shots. +7 names. +1,880bp outperformance 1H2020

YTD (as of July 10<sup>th</sup>), "granny shots" are up 17.4% vs S&P 500 -1.4%, or 1,880bp outperformance. We have listed the relative performance of Granny Shots below, including performance by month. For the first 7 months of 2020, including the 10 days of July, Granny Shots have outperformed every month, except March 2020.

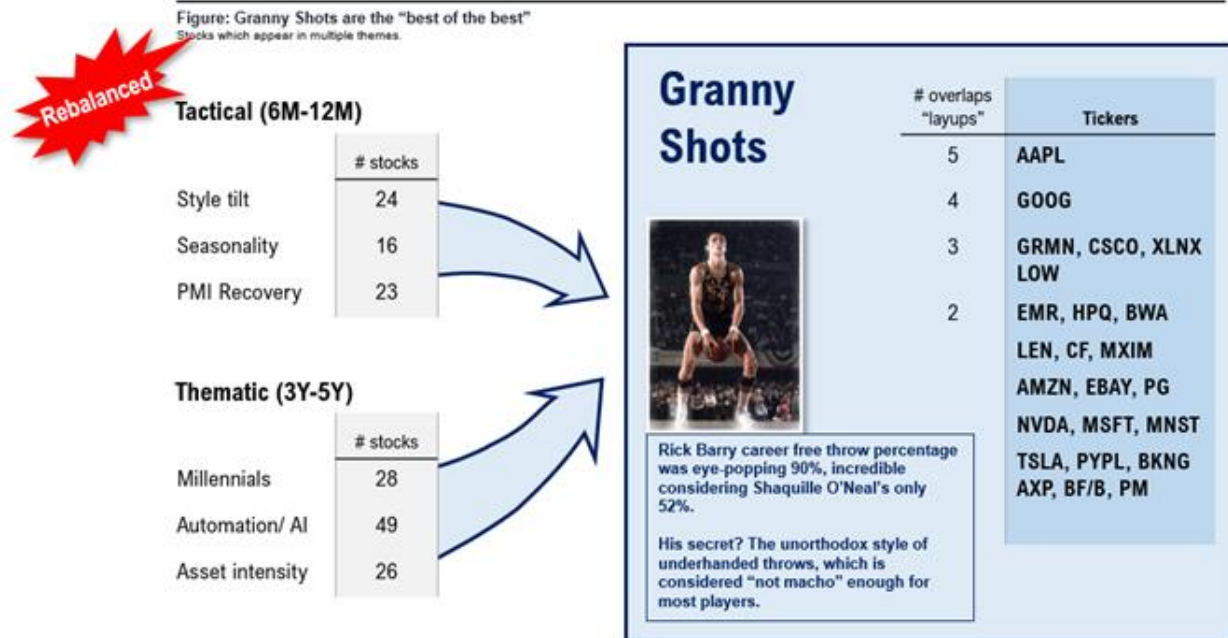
- In March 2020, Granny Shots underperformed by 120bp. So in a down month, it was worse
- In 2019, Granny Shots outperformed the S&P 500 in 9 of 12 months.
- Granny shots outperformed S&P 500 by 1,500bp in 2019, so 2020 is a stronger start.

Figure: Granny Shots Portfolio Performance  
Monthly, As of 7/10/20



### Listing changes to Granny Shots

We skipped the March 31 rebalance, because the world was in the midst of COVID-19 meltdown, and our data science team, led by tireless Ken, instead focused his energies on creating tools to track COVID-19. When we rebalance Granny shots, we are rebalancing the 3 tactical portfolios.



So here is summary of the Granny Shots rebalance:

**Stocks: 7 New stocks, 11 deletions**

- + LOW
- + HPQ
- + BWA
- + LEN
- + CF
- + AMZN
- + PG

- AMP
- FB
- ROK
- DE
- DOV
- EXPE
- KSU
- PSX
- QCOM
- TTWO
- VRSN

**Style tilt**

- + Now **Pure Value + Value Cyclical**
- Prior (Dec 2019 rebalance) was **Growth Cyclical + Quality Growth**

**Seasonally attractive industries (7 new)**

NEW

- + Tech Hardware
- + Fertilizers
- + Homebuilders
- + Household Products
- + Distributors
- + Consumer Electronics
- + Home Improvement Retail
- + **Internet Retail (was in December 2019 list)**

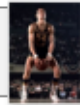


**GRANNY SHOTS: Best bets in 2020**

We recommend investors our granny shots, comprised of 25 stocks.

- These stocks are recommended across at least two of our investment strategies for 2020, which makes them likely to benefit from multiple themes and secular tailwinds.

Rick Barry career free throw percentage was eye-popping 90%, incredible considering Shaquille O'Neal's only 52%.




His secret? The unorthodox style of underhanded throws, which is considered "not cool" enough for most players.

Figure: Granny shots – recommended across at least two investment strategies for 2020  
Per Fundstrat

Company Information				Analyst Ratings							Fundamentals & Valuation			Theme Membership							
Ticker	Company name	Current Price	Mkt cap (\$mm)	YTD perf (relative to S&P 500)	PC Mean (5=Buy 1=Sell) <sup>(1)</sup>	Mean implied upside <sup>(2)</sup>	Dividend Yield	Issuer Rating	Short interest % of float	2020E sales growth <sup>(3)</sup>	2020E EPS growth <sup>(3)</sup>	PE (200E)	ROE	Value / Growth Tilt	Seasonality	PM / Recovery	Millennials	AI / Automation	Inflation	Strategy Count	
1	APPL	Apple Inc.	\$383.68	\$1,682,958	32.1%	4.18	-6%	0.0%	AA+	0.0%	1%	4%	31.1x	82%	*	*	*	*	*	5	
2	GOOG	Alphabet Inc.-Cl C	\$1,941.74	\$1,051,540	18.7%	5.00	1%	0.0%	AA+	0.0%	5%	-15%	38.8x	18%	*	*	*	*	*	4	
3	GMIN	Garmin Ltd.	\$97.69	\$18,548	0.9%	3.20	-6%	-	-	3.2%	-10%	-23%	28.4x	21%	*	*	*	*	*	3	
4	CSOO	Cisco Systems Inc.	\$46.66	\$19,012	-1.2%	3.83	4%	3.2%	AA-	1.0%	-6%	2%	14.8x	30%	*	*	*	*	*	3	
5	XLNX	Altera Inc.	\$69.14	\$24,110	2.8%	3.41	1%	1.5%	NR	3.2%	6%	-16%	37.8x	31%	*	*	*	*	*	3	
6	LOW	Lowe's Cos Inc.	\$137.43	\$103,780	16.2%	4.55	3%	1.8%	BBB+	1.1%	6%	18%	20.4x	184%	*	*	*	*	*	3	
7	BNGV	Booking Holdings Inc.	\$1,707.40	\$69,885	-15.4%	3.82	-4%	-	A-	3.4%	-54%	-65%	nm	63%	*	*	*	*	*	2	
8	EMN	Emerson Electric Co.	\$69.77	\$35,711	-9.2%	3.56	5%	3.4%	A	1.3%	-10%	-19%	19.9x	27%	*	*	*	*	*	2	
9	HPO	Hp Inc.	\$18.99	\$24,235	-15.9%	3.35	5%	4.5%	BBB	1.5%	-6%	6%	8.1x	-	*	*	*	*	*	2	
10	BWA	BorgWarner Inc.	\$35.51	\$7,382	-16.7%	4.18	7%	1.9%	BBB	9.7%	-21%	-56%	19.8x	16%	*	*	*	*	*	2	
11	LEN	Lennar Corp-A	\$65.26	\$19,761	18.4%	4.15	10%	0.4%	BB+	3.0%	-6%	8%	10.5x	13%	*	*	*	*	*	2	
12	CF	Cummins Holdings Inc.	\$28.12	\$8,012	-39.7%	3.85	27%	4.3%	-	2.7%	-11%	-33%	20.1x	17%	*	*	*	*	*	2	
13	MOM	Morton Integrated Products	\$64.69	\$7,088	5.6%	3.13	-7%	3.0%	BBB+	2.1%	-7%	4%	25.1x	50%	*	*	*	*	*	2	
14	ABZN	Ariston Com Inc.	\$3,260.00	\$1,598,083	74.6%	4.75	-11%	-	AA-	0.0%	24%	-18%	nm	19%	*	*	*	*	*	2	
15	EBAY	Ebay Inc.	\$59.27	\$41,648	65.6%	3.55	-14%	1.1%	BBB+	3.0%	-6%	20%	17.4x	128%	*	*	*	*	*	2	
16	PG	Procter & Gamble Co. Inc.	\$123.89	\$308,707	0.6%	4.00	5%	2.5%	AA-	0.6%	4%	10%	24.9x	10%	*	*	*	*	*	2	
17	NVDA	Nvidia Corp.	\$419.17	\$257,790	79.6%	4.44	-7%	0.2%	A-	1.2%	34%	-	51.4x	29%	*	*	*	*	*	2	
18	MSF	Microsof Corp.	\$213.67	\$1,620,354	36.9%	4.78	-2%	1.0%	AAA	0.6%	12%	20%	37.5x	44%	*	*	*	*	*	2	
19	MNST	Monster Beverage Corp.	\$71.85	\$37,728	14.2%	3.94	-1%	-	-	1.7%	2%	-2%	34.2x	30%	*	*	*	*	*	2	
20	TSLA	Tesla Inc.	\$1,944.65	\$286,540	270.7%	2.58	-51%	-	B-	9.5%	11%	14040%	nm	-2%	*	*	*	*	*	2	
21	PYPL	Paypal Holdings Inc.	\$178.40	\$209,470	66.3%	4.52	-5%	-	BBB+	1.2%	14%	8%	53.2x	12%	*	*	*	*	*	2	
22	AXP	American Express Co.	\$93.23	\$75,047	-23.7%	3.77	13%	1.9%	BBB+	1.7%	-13%	-63%	31.6x	25%	*	*	*	*	*	2	
23	BFB	Brown-Forman Corp-Class B	\$64.80	\$30,172	-2.7%	2.55	-5%	1.1%	A-	2.9%	-3%	6%	39.7x	48%	*	*	*	*	*	2	
24	PM	Philip Morris International	\$72.96	\$113,808	-12.8%	4.53	17%	6.5%	A	0.5%	4%	6%	14.8x	-	*	*	*	*	*	2	
<b>Average</b>				<b>\$325,552</b>	<b>23.0%</b>	<b>3.90</b>	<b>-1%</b>	<b>2.2%</b>	<b>2.4%</b>	<b>3%</b>	<b>60%</b>	<b>27.7x</b>	<b>46%</b>								
<b>Median</b>				<b>\$7,466</b>	<b>4.2%</b>	<b>3.90</b>	<b>-6%</b>	<b>1.9%</b>	<b>1.6%</b>	<b>4%</b>	<b>8%</b>	<b>28.4x</b>	<b>38%</b>								
<b>% of stocks positive</b>					<b>63%</b>		<b>56%</b>				<b>42%</b>	<b>38%</b>	<b>95%</b>								

Source: Fundstrat, Bloomberg, Factset

Figure: Fundstrat 2020 Strategy Portfolio Constituents Changes  
Effective on 7/13/2020

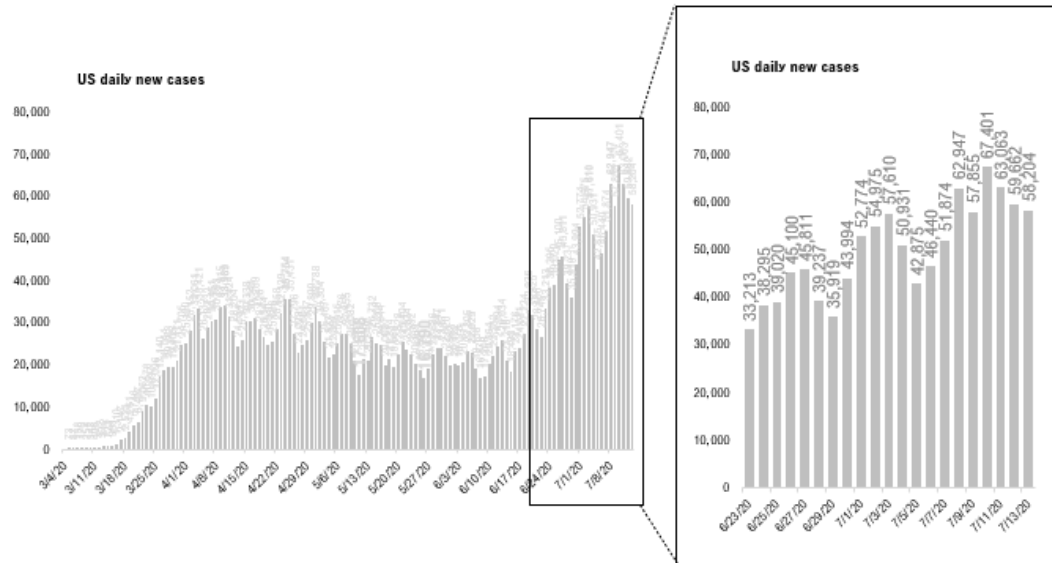


Style Tilt			Seasonality			PMI Recovery			Granny Shots		
Deletions	Additions	Revised	Deletions	Additions	Revised	Deletions	Additions	Revised	Deletions	Additions	Revised
AMP	PYPL	COF	AMAT	AAPL	AAPL	CIEN	CSCO	CSCO	AMP	LOW	AAPL
MNST	VRSN	PFQ	LRCX	HPQ	HPQ	VRSN	LRCX	LRCX	FB	HPQ	GOOGL
BIB	NVDA	CFG	ATVI	GRMN	GRMN	INTC	XLNX	NVDA	ROK	BWA	GRMN
ROK	QCOM	FITB	TTWO	LQ	LQ	FB	MSFT	MOIM	DE	LEN	BKNG
JNJ	KSU	RE	DOV	LOW	LOW	AMP	AFL	XLNX	DOV	CF	CSCO
MXIM	NSC	CAH	FLS	DHI	DHI	STT	CPRT	MSFT	EXPE	AMZN	XLNX
TXN	GWV	CNP	IEX	LEN	LEN	CFG	MMM	AAPL	KSU	PG	LOW
XLNX	EXPE	EMR	PNR	NVR	NVR	MTB	HFC	GOOGL	PSX		EMR
FB	HAS	LEG	PSX	PHM	PHM	SIVB	PNW	AFL	QCOM		HPQ
GOOG	NVR	LOW	VLO	AMZN	AMZN	DE	VLO	CPRT	TTWO		BWA
MSFT	REGN	DXC	EXPE	CF	BKNG	CAT	NUE	MMM	VRSN		LEN
CSCO	TTWO	HPQ	CBRE	CHD	EBAY	CM	MNST	PNW			CF
V		DISCK	ANTM	CL	CF	EMR	MO	COP			MOIM
SCHW		DISH	HUM	PG	CHD	KSU	BIB	CVX			AMZN
		ALK	WCG		CL	HP	JNJ	HFC			EBAY
		JCI			PG	MUR		VLO			PG
		PNR						NUE			NVDA
		SNA						MNST			MSFT
		BWA						MO			MNST
		GM						BIB			TSLA
		MHK						JNJ			PYPL
		LEN									AXP
		EMN									BF/B
		CF									PM

Source: Fundstrat, Bloomberg, Factset

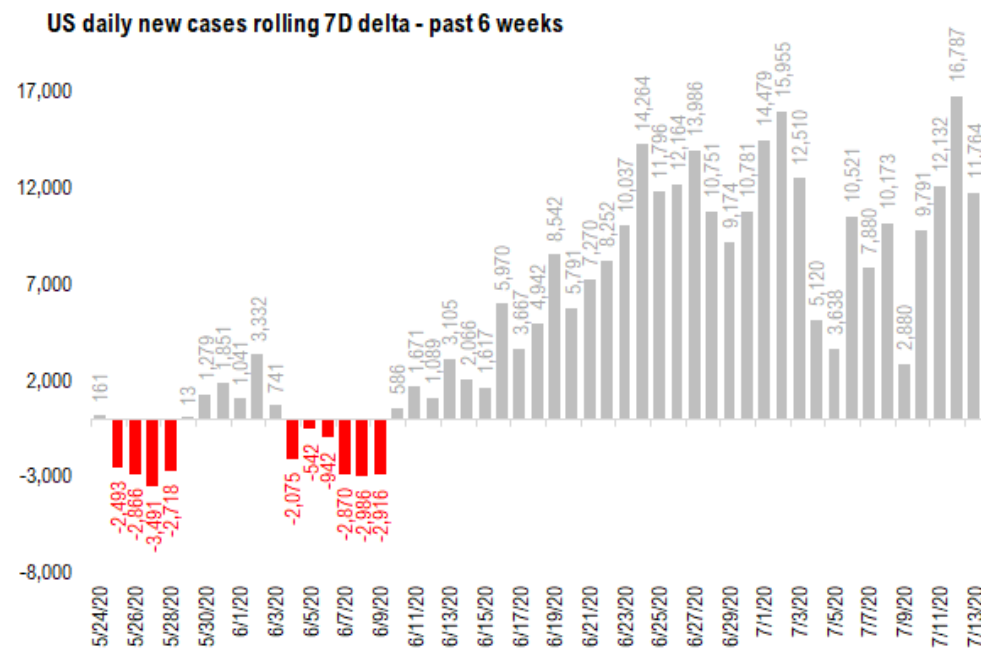
**POINT #1: USA Cases come in at +58,204, -1,458 vs 1D ago...**

USA total cases came in at 58,204, down 1,458 from 1D ago and generally showing an easing of the intense surge seen in the past two weeks. There was quite a lot of churn from states. Tennessee, in particular, saw a surge in reported cases, but the state daily tests tripled to 35,000 from 10,000 1D ago.



Source: COVID-19 Tracking Project

The 7D change in daily reported cases showed some easing as well. Daily cases are still growing week over week, up +11,764 but this is down from the +16,787 reported 1D ago.



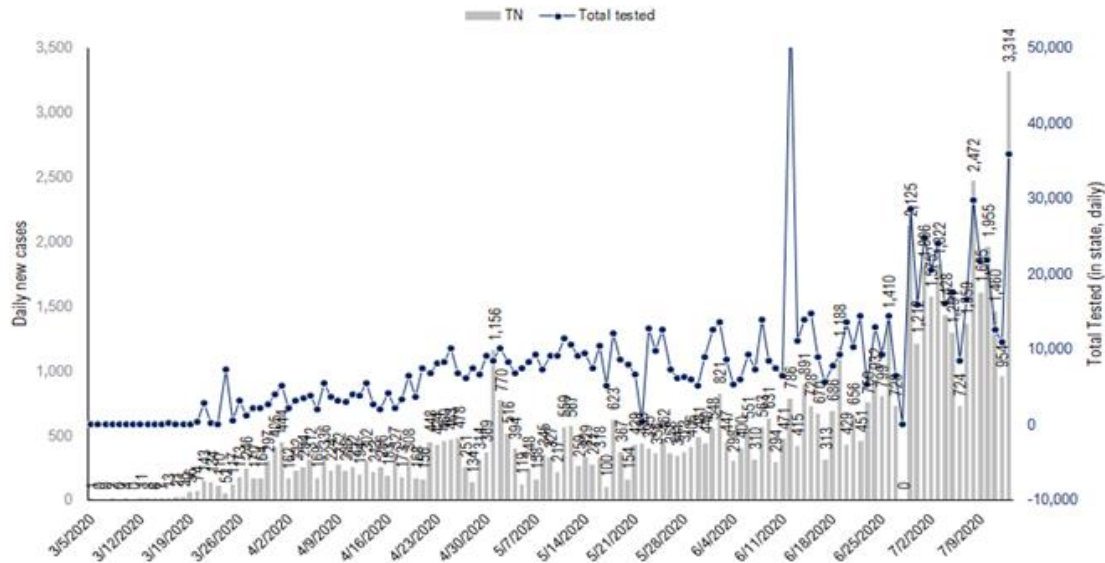
Source: COVID-19 Tracking Project



6 states reported a sizable 1D increase

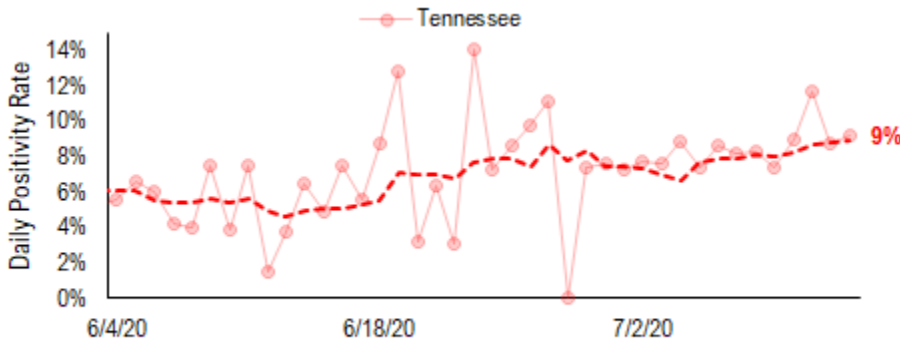
Tennessee	3,314 vs 954 (1D)	+2,360
Georgia	3,643 vs 2,525	+1,118
Louisiana	1,705 vs 1,319	+386
Alabama	1,958 vs 1,640	+318
Missouri	447 vs 310	+137
Idaho	500 vs 397	+103
<b>Total 6 states</b>		<b>+4,422</b>

The chart below shows TN daily cases and daily reported tests. As you can see, daily tests (blue line) surged to 35,000 from 10,000 1D ago and this mostly explains the 3X rise in daily reported cases. A rise in cases is a rise in cases, so TN is dealing with a sizable surge.



Source: COVID-19 Tracking Project

As you can see below, TN positivity rate is below 10% still, but it is trending higher. So the state has to work to contain this rise in daily cases.



Source: COVID-19 Tracking Project



*6 states reported sizable declines*

Florida	12,624 vs 15,300 (1D)	-2,676
Texas	5,655 vs 8,196	-2,541
Arizona	1,357 vs 2,537	-1,180
Mississippi	393 vs 868	-475
South Carolina	1,520 vs 1,949	-429
Pennsylvania	328 vs 725	-397
Total 6 states		-7,698

### Daily Case Increases (by State) (07/13)

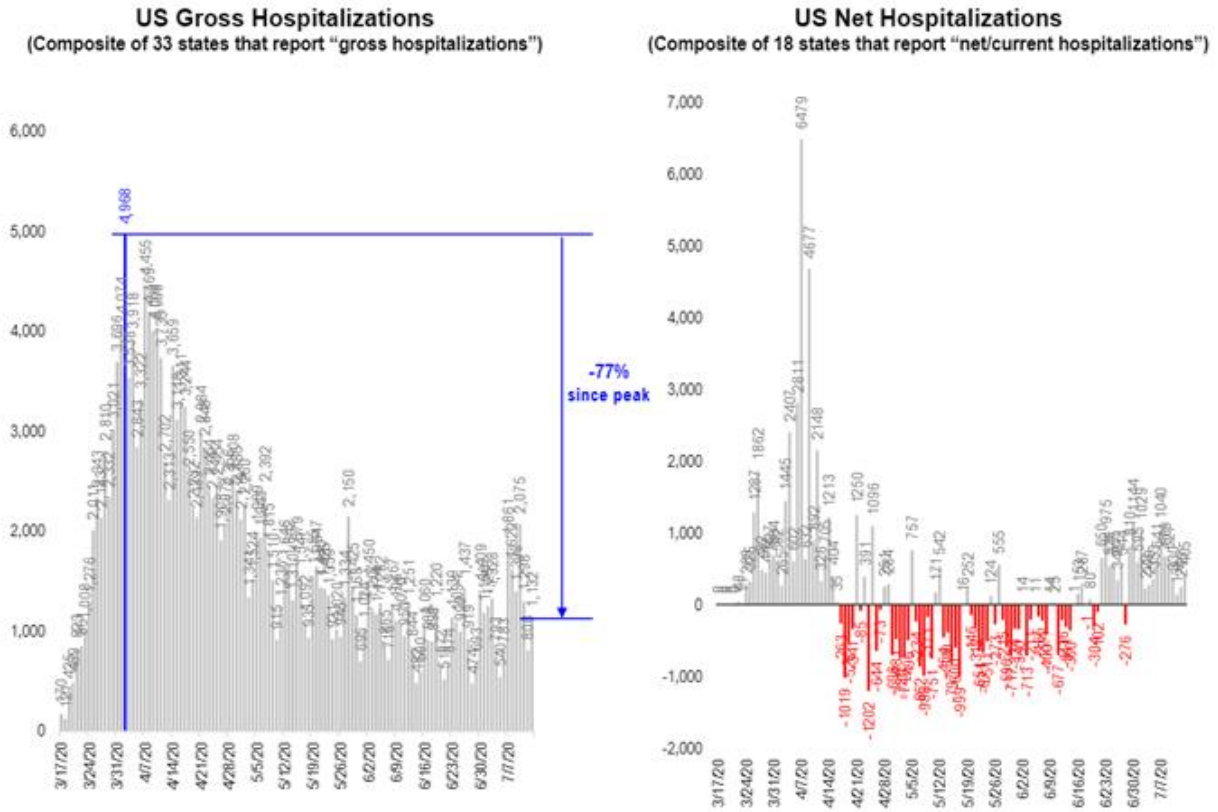
% total new cases (state cases/ total US cases)  
% total US pop (state population/ total US population)

*Sorted*  
Last 3-day trend growth rates

	7/11/20	7/12/20	7/13/20	
United States	63,063	59,662	58,204	-1,458
<b>States:</b>				
1 Florida	10,360	15,300	12,624	
2 California	8,047	8,460	8,358	
3 Texas	10,351	8,196	5,655	
4 Georgia	3,190	2,525	3,643	
5 Tennessee	1,460	954	3,314	<-higher
6 Alabama	1,439	1,640	1,958	
7 North Carolina	2,462	1,908	1,827	
8 Louisiana	2,167	1,319	1,705	
9 South Carolina	2,280	1,949	1,520	
10 Kansas	0	0	1,447	
11 Washington	637	0	1,438	<-higher
12 Arizona	3,038	2,537	1,357	
13 Ohio	1,358	1,378	1,261	
14 Virginia	851	888	972	
15 Illinois	1,195	954	883	
16 Nevada	930	845	832	
17 Arkansas	1,061	503	572	
18 New York	730	677	557	
19 Utah	632	629	546	
20 Oklahoma	687	456	510	
21 Idaho	577	397	500	
22 Wisconsin	926	769	494	
23 Minnesota	804	710	491	
24 Iowa	663	424	458	
25 Missouri	472	310	447	
26 Indiana	779	533	425	
27 Maryland	557	642	418	
28 Mississippi	797	868	393	
29 Michigan	653	390	384	
30 Colorado	400	322	329	
31 Pennsylvania	813	725	328	
32 Oregon	397	319	268	
33 Kentucky	451	268	264	
34 New Mexico	224	255	263	
35 Massachusetts	288	199	230	
36 Puerto Rico	84	148	228	<-higher
37 Nebraska	221	174	227	
38 New Jersey	331	339	224	
39 Connecticut	0	0	223	
40 North Dakota	89	91	108	
41 Montana	82	83	85	
42 Delaware	91	61	75	
43 Alaska	63	93	60	
44 District of Columbia	58	46	59	
45 West Virginia	91	133	52	
46 Wyoming	49	23	42	
47 Rhode Island	58	78	39	
48 U.S. Virgin Islands	14	14	25	<-higher
49 South Dakota	53	45	25	
50 Hawaii	41	21	23	
51 Maine	21	19	19	
52 New Hampshire	33	30	14	
53 Vermont	6	13	5	
54 Northern Mariana Islands	0	2	0	
55 Guam	2	0	0	
56 American Samoa	0	0	0	

Source: COVID-19 Tracking Project

Hospitalization trends have been relatively benign as well. While hospitalizations are increasing, the intensity of the rise is slowing. And as we mentioned yesterday, is nowhere near what we saw in NYC/NY tristate area in late-March/April.



Source: Fundstrat, COVID-19 Tracking Project, State Department of Health

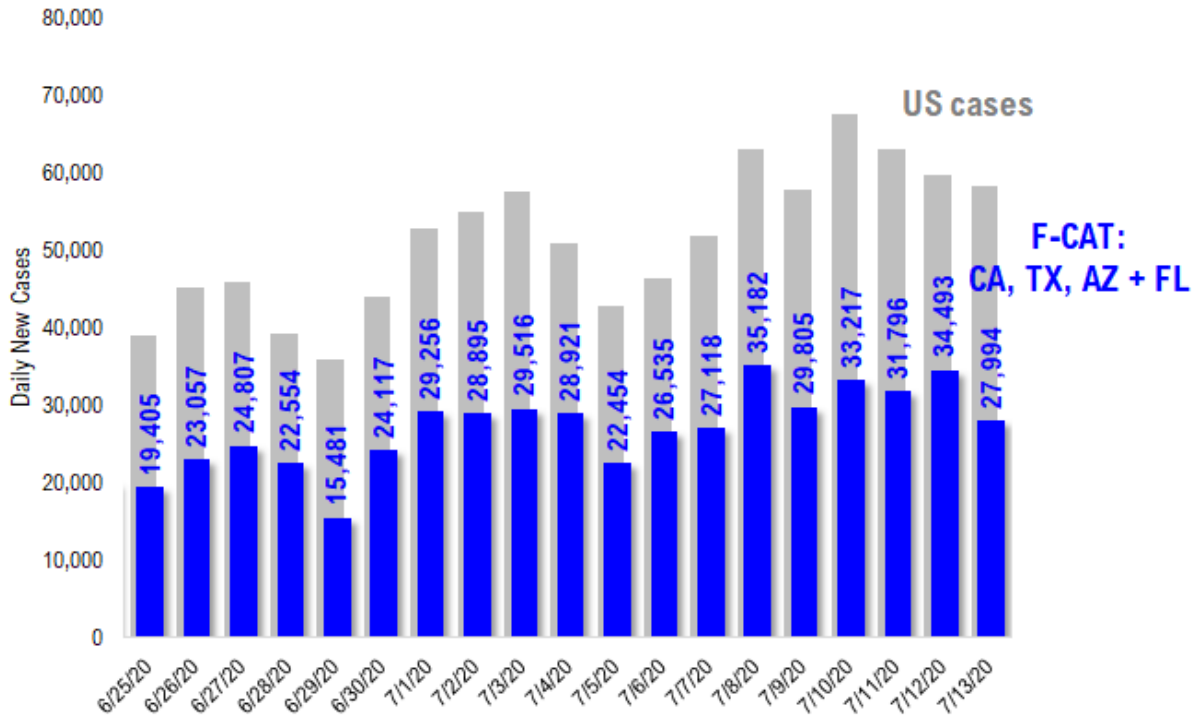
7/13/2020

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## POINT #2: F-CAT material decline in daily cases to +27,634, -6,859 vs 1D ago

F-CAT daily cases came in at 27,634, which is down from a nearly record 34,493 yesterday (peak was 7/8/2020 at 35,182). This is a good sign given F-CAT is the US epicenter for COVID-19. And of course, if F-CAT cases rollover, one could argue the US is likely seeing the apex of this first wave (a second wave possible in the Fall).

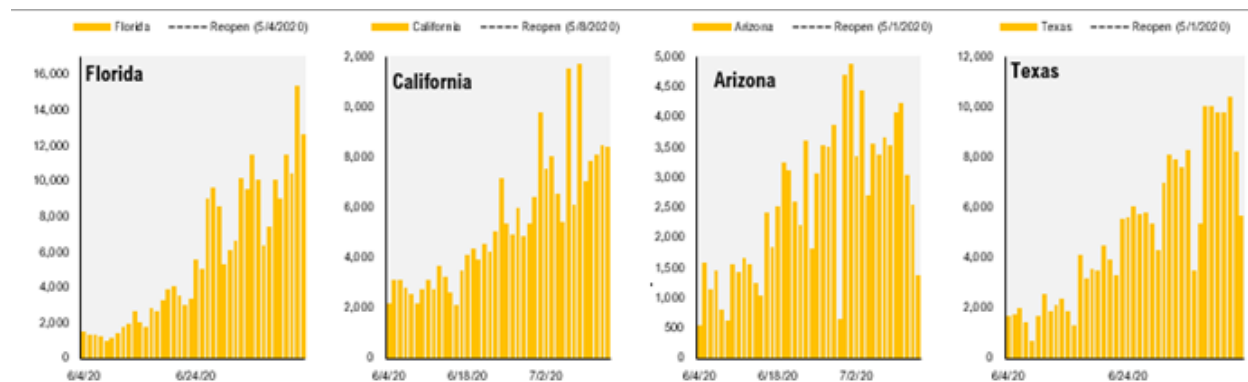
Florida	12,624 vs	15,300 (1D)	-2,676
Texas	5,655 vs	8,196	-2,541
Arizona	1,357 vs	2,537	-1,180
California	8,358 vs	8,460	-102
F-CAT	27,634 vs	34,493	-6,859



Source: COVID-19 Tracking Project

Looking at the individual F-CAT states, the trends are fairly promising:

- TX looks like it has peaked
- Arizona certainly looks like cases are past the peak
- CA and FL still seeing rises, but hopefully at a less intensifying rate



Source: COVID-19 Tracking Project

**CA rolls back re-opening...**


CA Gov. Gavin Newsom announced a rollback of the re-opening, ordering the closure of bars and indoor dining. And in counties on the "watchlist" gyms, salons, and churches were required to close.



CORONAVIRUS CALIFORNIA

# Major reopening rollback ordered in CA in attempt to control rampant coronavirus spread

Gov. Gavin Newsom ordered several sectors to once again shut down Monday amid an increasingly concerning coronavirus surge.

 By Melanie Woodrow, Alix Martichoux

Updated 11 minutes ago



EMBED <>

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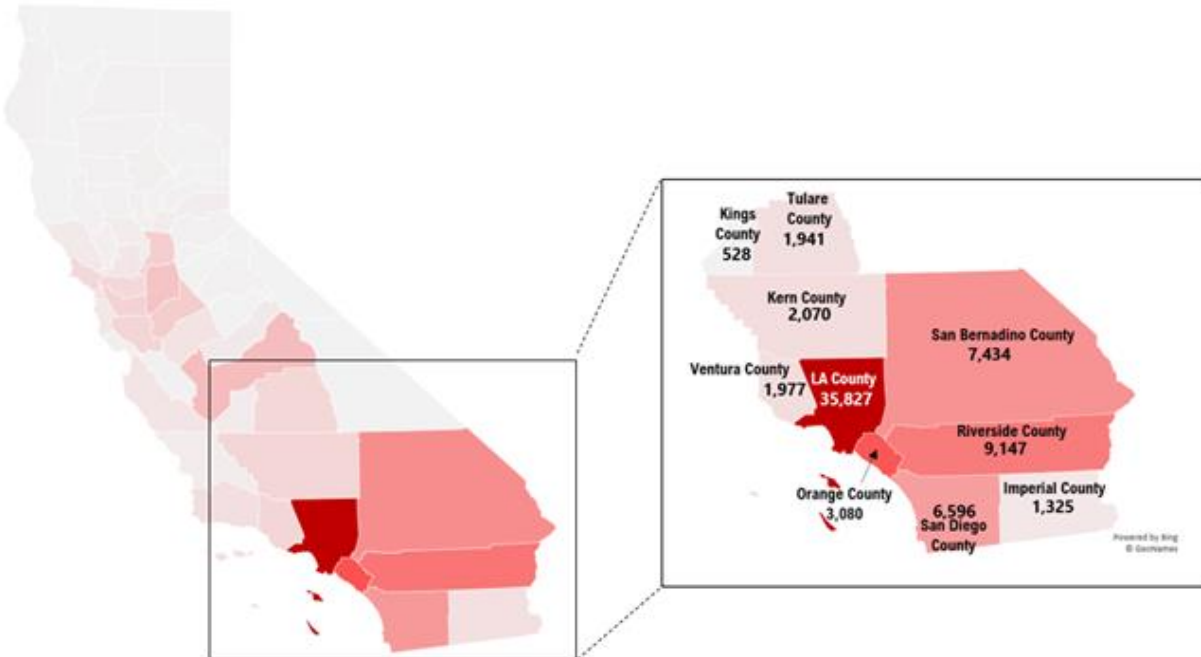
Gov. Gavin Newsom ordered bars, indoor restaurants, movie theaters and indoor wineries to close in California. In counties on the state watch list, hair salons, gyms, nail salons and churches also have to close.

Source: WABC

The surprise of the CA move is that the state is certainly suffering from uncontained spread of

COVID-19. But it is primarily in the southern portion of the state. As shown on the heatmap below, which shows the 14D change in cases.

- the cases are concentrated in the South.



Source: CA Open Data



In fact, using county data from California Open Data, we can see the Southern counties are 72% of the incremental cases. The Bay Area, which is 20% of the population has only 11% of the new cases. This is a reason we think this dramatic measure could be an over-reaction.

	Population	% Population	New Cases (Past 14D)	% New Cases	
California	39,512,223	100%	109,910	100%	
<b>Bay area region</b>	<b>8,012,591</b>	<b>20.3%</b>	<b>11,897</b>	<b>10.8%</b>	
<b>Bay Area Counties</b>	Alameda County	1,671,329	4.2%	2,277	2.1%
	Santa Clara County	1,927,852	4.9%	2,059	1.9%
	Contra Costa County	1,153,526	2.9%	1,840	1.7%
	Marin County	258,826	0.7%	1,853	1.7%
	San Francisco County	881,549	2.2%	1,088	1.0%
	San Mateo County	766,573	1.9%	826	0.8%
	Solano County	447,643	1.1%	893	0.8%
	Sonoma County	494,336	1.3%	645	0.6%
	Santa Cruz County	273,213	0.7%	213	0.2%
Napa County	137,744	0.3%	203	0.2%	
Other Counties	7,749,314	19.6%	19,358	17.6%	

	Population	% Population	New Cases (Past 14D)	% New Cases	
<b>Southern CA</b>	<b>23,750,318</b>	<b>60.1%</b>	<b>78,655</b>	<b>71.6%</b>	
<b>Southern Counties</b>	Los Angeles County	10,039,107	25.4%	35,827	32.6%
	Orange County	3,175,692	8.0%	11,810	10.7%
	Riverside County	2,470,546	6.3%	9,147	8.3%
	San Bernardino County	2,180,085	5.5%	7,434	6.8%
	San Diego County	3,338,330	8.4%	6,596	6.0%
	Imperial County	181,215	0.5%	1,325	1.2%
	Kern County	900,202	2.3%	2,070	1.9%
	Tulare County	466,195	1.2%	1,941	1.8%
	Ventura County	846,006	2.1%	1,977	1.8%
	Kings County	152,940	0.4%	528	0.5%

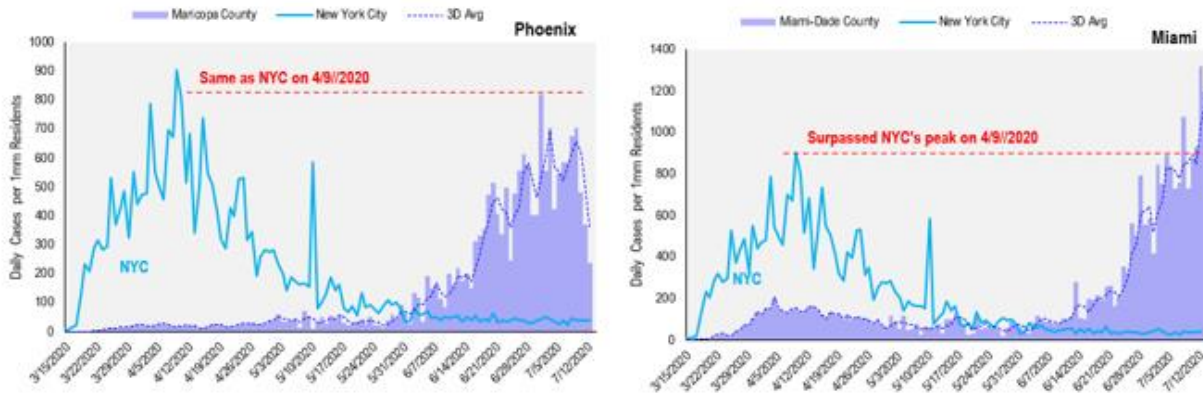
**Southern Counties  
72% of new cases past 14D**

Source: CA Open Data

**Arizona cases likely peaked, as Phoenix daily cases (per 1mm) matched NYC at its peak...**

Phoenix, AZ daily cases (per 1mm) peaked in early July, at a level that matched NYC in its worst days. And Phoenix is the nucleus of the AZ breakout. Miami continues to see a surge in cases and in fact, the daily cases per 1mm have surpassed NYC on its worst days.

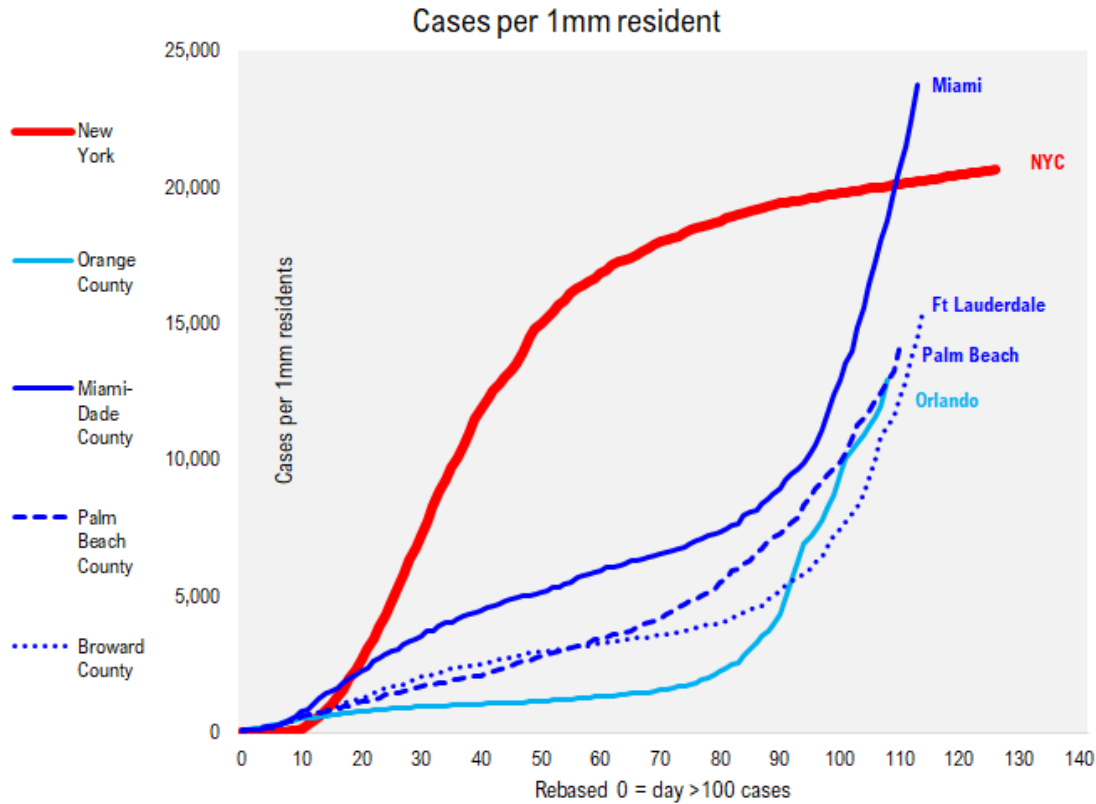




Source: Johns Hopkins

Miami has already blasted past NYC on a case prevalence basis. Total cases per 1mm is higher than NYC. And while other counties in FL are rising too, none has the escape velocity of Miami.

- One reason, we believe, is behind the surge in Miami, is the potential for imported cases to cause accelerated spread.



Source: Johns Hopkins data

**Miami continues to see significant inbound flights from Latin America**

We have written multiple reports about the fact that many cases in the Southern states, particularly, F-CAT, are imported from Mexico and Latin America. What many may not realize is that there continues to be a significant number of inbound flights into MIA (Miami International Airport). Tireless Ken compiled the inbound flights into MIA for Tuesday. He found the following:

- 213 flights scheduled to arrive in Miami Tuesday
- 45 are from Latin America and the Caribbean

So this is 1,350 flights per month from Latin America or the Caribbean into MIA.

Below is a snapshot of the MIA board (website <http://webvids.miami-airport.com/webfids/>). And you can see a large number of inbound flights.

Airline	Flight	From	Time	Status	Bag Claim	Concourse	Partners
American	1031	MEXICO CITY	7:25P 07-13-20	On Time	D Int'l	D	IBERIA 4010
American	505	MEXICO CITY	8:45P 07-13-20	On Time	D Int'l	D	
American	4566	MERIDA, MEXICO	5:44P 07-13-20	On Time	D Int'l	D	
American	903	PORT-AU-PRINCE	3:51P 07-13-20	Arrived 3:47P	D Int'l	D	
American	935	PUERTO PLATA, DO	4:02P 07-13-20	Arrived 3:55P	D Int'l	D	BRITISH AIRWAYS 5190
American	1502	PUNTA CANA	4:56P 07-13-20	Arrived 4:38P	D Int'l	D	IBERIA 4521
American	2447	MONTEGO BAY	3:30P 07-13-20	Arrived 3:14P	D Int'l	D	BRITISH AIRWAYS 5200
American	869	MONTEGO BAY	6:46P 07-13-20	On Time	D Int'l	E	IBERIA 4500
American	2834	NASSAU	6:00P 07-13-20	Now 5:44P		25 D	
American	3685	NASSAU	7:08P 07-13-20	On Time		21 D	

<http://webvids.miami-airport.com/webfids/>

### POINT #3: Granny Shots, explaining the style tilt change + seasonal industry bets

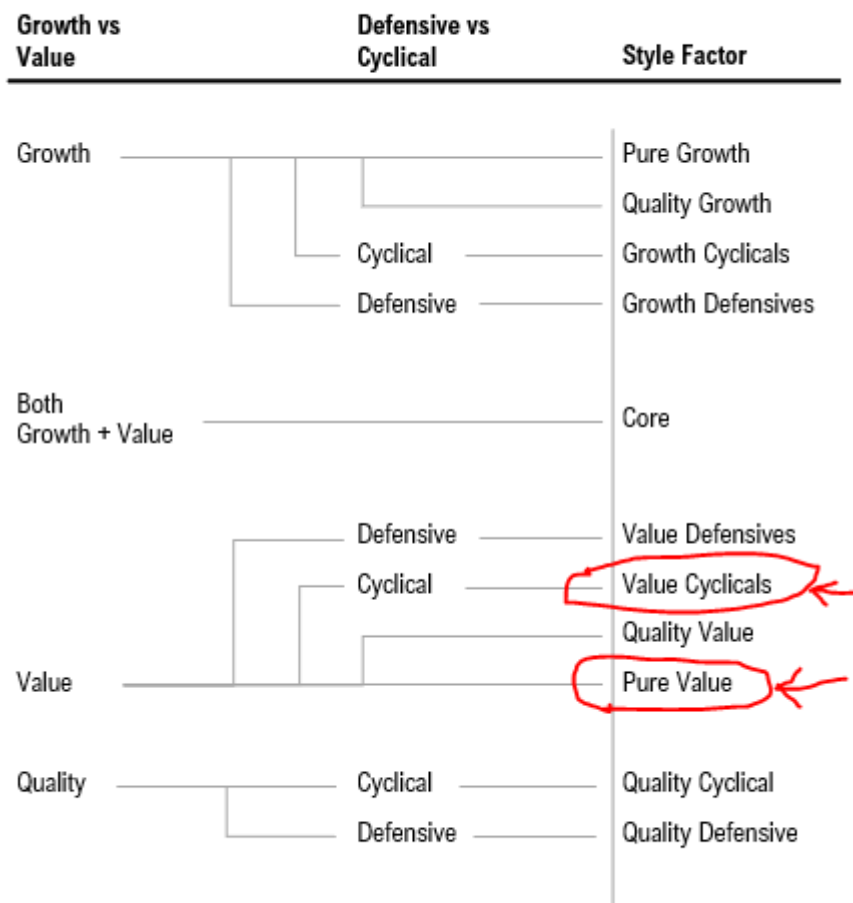
Below we have highlighted the style tilt changes and the seasonal changes associated with our Granny Shots.

**Style tilt**

+ Now **Pure Value + Value Cyclical**s

- Prior (Dec 2019 rebalance) was **Growth Cyclical**s + **Quality Growth**

**Figure: Comparative styles within Value / Growth Tilt**  
Per Fundstrat



Source: Fundstrat

**Figure: Comparative styles within Value / Growth Tilt**  
Per Fundstrat

**Style Wn Ratio and Relative Return between July 13 and Dec 31**

On Annual basis since 2000

	Style	# of Stocks	Avg. Rel Return	Win Ratio	Rank of Avg. DQM Rank	Avg. Technical Quadrant	Composite Score
<b>NEW</b>	1 Value - Pure	226	4.3%	52%	2	1	1
	2 Value - Cyclical	255	3.9%	51%	7	2	2
	3 Value - Defensive	135	4.5%	52%	8	4	3
	4 Growth - Defensive	80	3.7%	50%	11	3	4
	5 Value - Quality	81	3.7%	52%	1	12	5
	6 Growth - Pure	115	3.8%	50%	12	5	6
<b>OLD</b>	7 Growth - Quality	83	3.7%	51%	6	6	7
	8 Quality- Cyclical	84	3.7%	52%	5	8	8
	9 Core	164	3.8%	52%	9	7	9
	10 Cyclical - Growth	255	3.9%	51%	10	9	10
	11 Quality	112	3.5%	51%	4	10	11
	12 Quality- Defensive	28	3.1%	50%	3	11	12
	<b>S&amp;P 500</b>		<b>4.0%</b>	<b>51%</b>			

Source: Fundstrat

Basically, the DQM model says the Value has a higher probability of beating Growth in the next 6 months, and this is a component of our granny shot rebalance.

**Seasonally attractive industries (7 new)**

**NEW**

- + Tech Hardware
- + Fertilizers
- + Homebuilders
- + Household Products
- + Distributors
- + Consumer Electronics
- + Home Improvement Retail
- + **Internet Retail (was in December 2019 list)**

**Figure: Comparative GICS 4 Industries ranked on seasonality**  
Per Fundstrat

**GICS 4 Wn Ratio and Relative Return between Jul 10 and Dec 31**

On Annual basis since 1990

GICS 4 Industry	Number of periods	Avg. Rel. Return	Win Ratio	Rank of Avg DQM Rank	Avg. Technical Quadrant
TechnologyHardware, Storage & Peripher.	6	7%	67%	49	2
Internet & Direct Marketing Retail	17	10%	65%	43	2
Home Improvement Retail	30	7%	60%	38	2
Household Products	30	5%	60%	30	2
Fertilizers & Agricultural Chemicals	17	9%	59%	54	2
Distributors	17	2%	59%	33	1
Consumer Electronics	19	3%	58%	3	1
Homebuilding	30	6%	57%	1	2

**Additions:** TechnologyHardware, Storage & Peripherals, Home Improvement Retail, Household Products, Fertilizers & Agricultural Chemicals, Distributors, Consumer Electronics, Homebuilding

**Deletions:** Real Estate Services, Oil & Gas Equipment & Services, Semiconductor Equipment, Oil & Gas Refining & Marketing, Managed Health Care, Industrial Machinery, Interactive Home Entertainment

**Existing:** Internet & Direct Marketing Retail

The rebased composite history of these seasonally favorable industries is shown below.

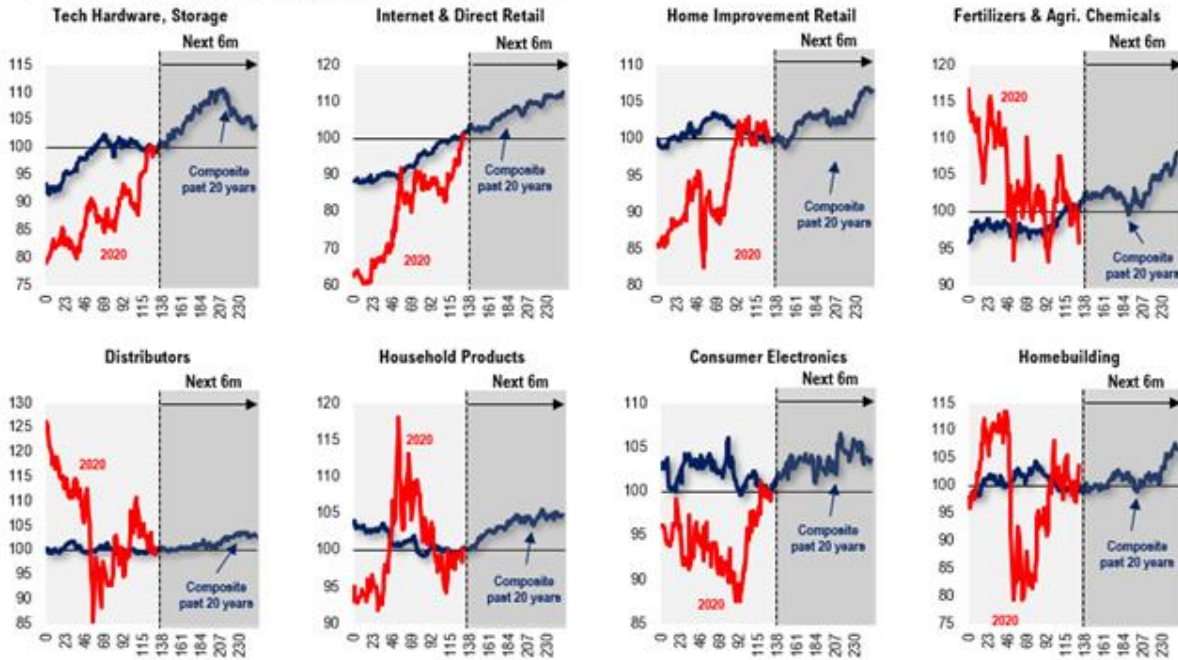


**SEASONALITY: NEW 8 Industries identified...**

We show the index price history of the 8 GICS 4 industries ranked best by 6 month win ratio for the next 6 months.

- These 8 sub-industries have historically had the best outperformance during this period. We recommend 16 stocks from them which are top ranked by DQM (slide 16).

Figure: 8 Industries with positive 6M seasonality (July – Dec) and DQM Metrics – Seasonality rebased to July 8 = 100. Per Fundstrat. Up to 21 years of history. Rebased to 100 as of 7/8/20.



Source: Fundstrat, Bloomberg



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