

# Climbing the Covid Wall of Worry

## Positioning for 2H20

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# Frequent Client Questions

## Top Questions Clients Have Been Asking?

- Is the U.S. Equity markets disconnected with reality ?
- Is the S&P 500 extremely overvalued ?
- Should investors finally be moving away from our recommended barbell (Growth/FAANG & Value/Cyclicals) positioning ?
- Will the equity markets start evolving from macro/technical (BETA) to fundamentals/earnings revisions (ALPHA)?
- How should one be positioned at the sector (GICS L-1) and sub-industry (GICS L-4) levels, as well as what individual stocks look interesting ?

# Frequent Client Questions

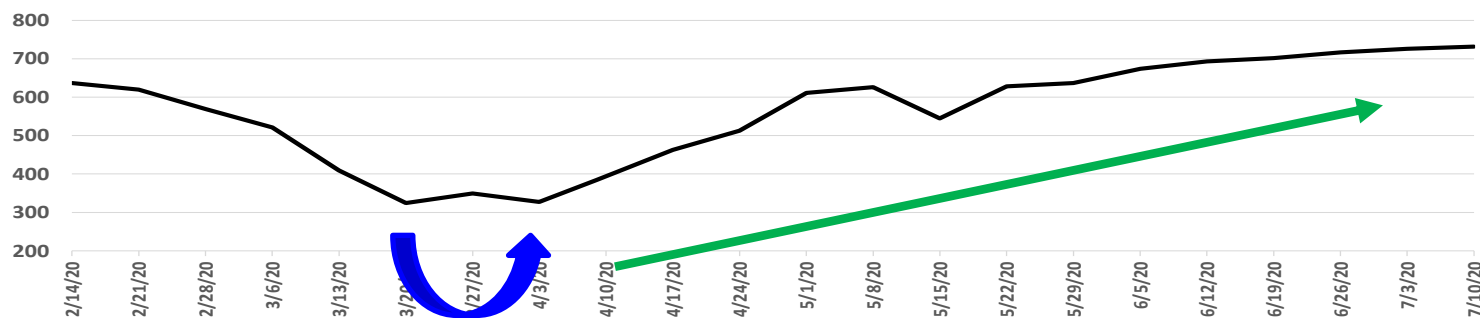
## **Our Answers**

## Is the U.S. Equity market disconnected with reality?

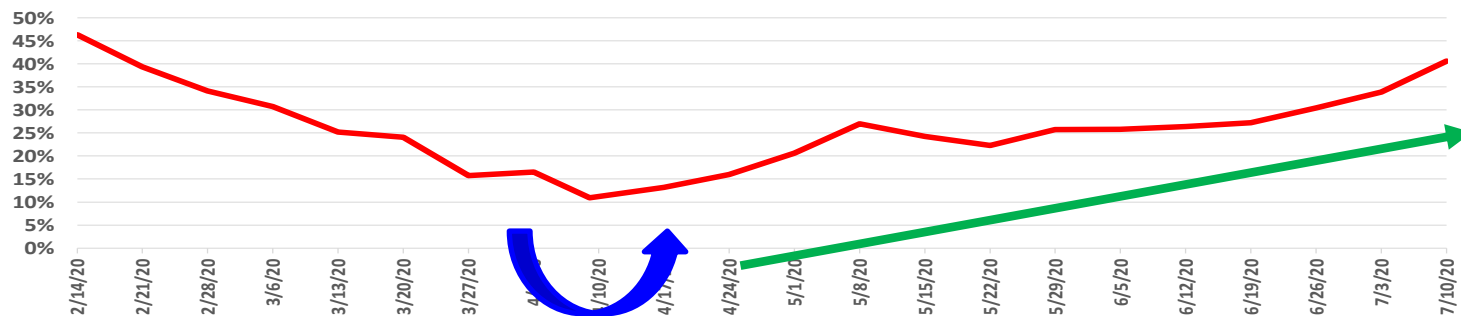
- **Our answer is NO.** The ongoing market rise makes TOTAL sense to us.
- Extreme oversold condition that occurred on 3/20 and positive inflections in all our preferred tactical indicators.
- **Earnings revisions have clearly turned less bad — BULLISH**
- Investors valuing the S&P 500 and its constituents on some type of forward normalized earnings and NOT trough profits.
- Valuation expansion that is based on historical factor analysis of what drives multiples.
- Unprecedented monetary and fiscal policy and more is likely to come.
- Continued skepticism by investors, which is a contrarian positive, and helps equities climb the proverbial Wall of Worry.

## Earnings Revisions are Driving Equities Higher

**U.S. Universe > \$2.5billion Market Cap**  
**Total # of Favorable Names**



**U.S. Universe > \$2.5billion Market Cap**  
**Double Plus Names as a % of all Favorables**



## Is the S&P 500 extremely overvalued ?

- Our answer is NO.
- Use normalized OEPS not depressed 2020. Thus, we think investors should be using at least 2021 OEPS, and better yet would be 2022, which we preliminarily estimate to be in a range of \$180-200.
- Fair value forward P/E calculation should include interest rates, inflation, and the policy backdrop. With all these factors near maximum bullish, we could make a strong case that the forward P/E multiple for the S&P 500 should reach 20-22x, at minimum.
- Thus, based on these two components of getting to a target for the S&P 500, we see a range of 3600 (20 x \$180) to 4400 (22 x \$200) as achievable over time. Importantly, this would suggest that not only is the index not extremely overvalued, but also that there is plenty of upside remaining for investors.

## Should investors finally be moving away from our recommended barbell (Growth/FAANG & Value/Cyclicals) positioning ?

- **Our answer is NOT YET, but the time is coming.**
- Lower cash levels and raise risk exposure as we look for higher markets 6-12 months into the future.
- Lower weightings in traditional defensive areas of the equity market — Staples, Utilities, Real Estate, and legacy Telecom within Comm Services sector — when they outperform.
- **Importantly, our work recommends a barbell approach of having some of both Secular Growth/FAANG and Value/Cyclicals while Covid-19 still on the front page.**
- **Once we are close to moving past pandemic fears (peaking cases and/or definitive vaccine announcement), shift quickly towards Value/Cyclicals and take some profit in Secular Growth/FAANG.**



## Will the equity markets start evolving from macro/technicals to fundamentals/earnings revisions?

- **Our answer is YES.**
- Initial bounces tend to do little with operating fundamentals or with single stock idiosyncratic factors, but more to do with behavioral/psychological, fear, greed, technicals, and news releases.
- However, as the healing process continues there is a transition as the environment reverts to more fundamental or operating indicators and correlations fall.
- **Thus, be ready to shift from macro, technicals, and headline watching (Beta) back to earnings revisions and our ERM model (Alpha) to help generate returns.**

## Macro Conclusions

- Is the U.S. Equity market disconnected with reality?

**Our answer is NO.**

- Is the S&P 500 extremely overvalued ?

**Our answer is NO.**

- Should investors finally be moving away from our recommended barbell (Growth/FAANG & Value/Cyclicals) positioning ?

**Our answer is NOT YET, but the time is coming.**

- Will the equity markets start evolving from macro/technicals to fundamentals/earnings revisions?

**Our answer is YES.**

## **Macro Conclusions**

**Staying Bullish**

**Looking for New Highs**

**Buying Tactical Weakness**

**Keeping the Barbell (for now)**



# **Global Portfolio Strategy**

## **SECTOR**

## **&**

## **STOCK IDEAS**

### **Brian F. Rauscher, CFA**

### **Head of Global Portfolio Strategy & Asset Allocation**

# **Global Portfolio Strategy**

**Brian F. Rauscher, CFA**

**Head of Global Portfolio Strategy & Asset  
Allocation**



# MULTI-FACTOR APPROACH

## MOST IMPORTANT INPUT

### **ANALYZING PROFIT CYCLES**



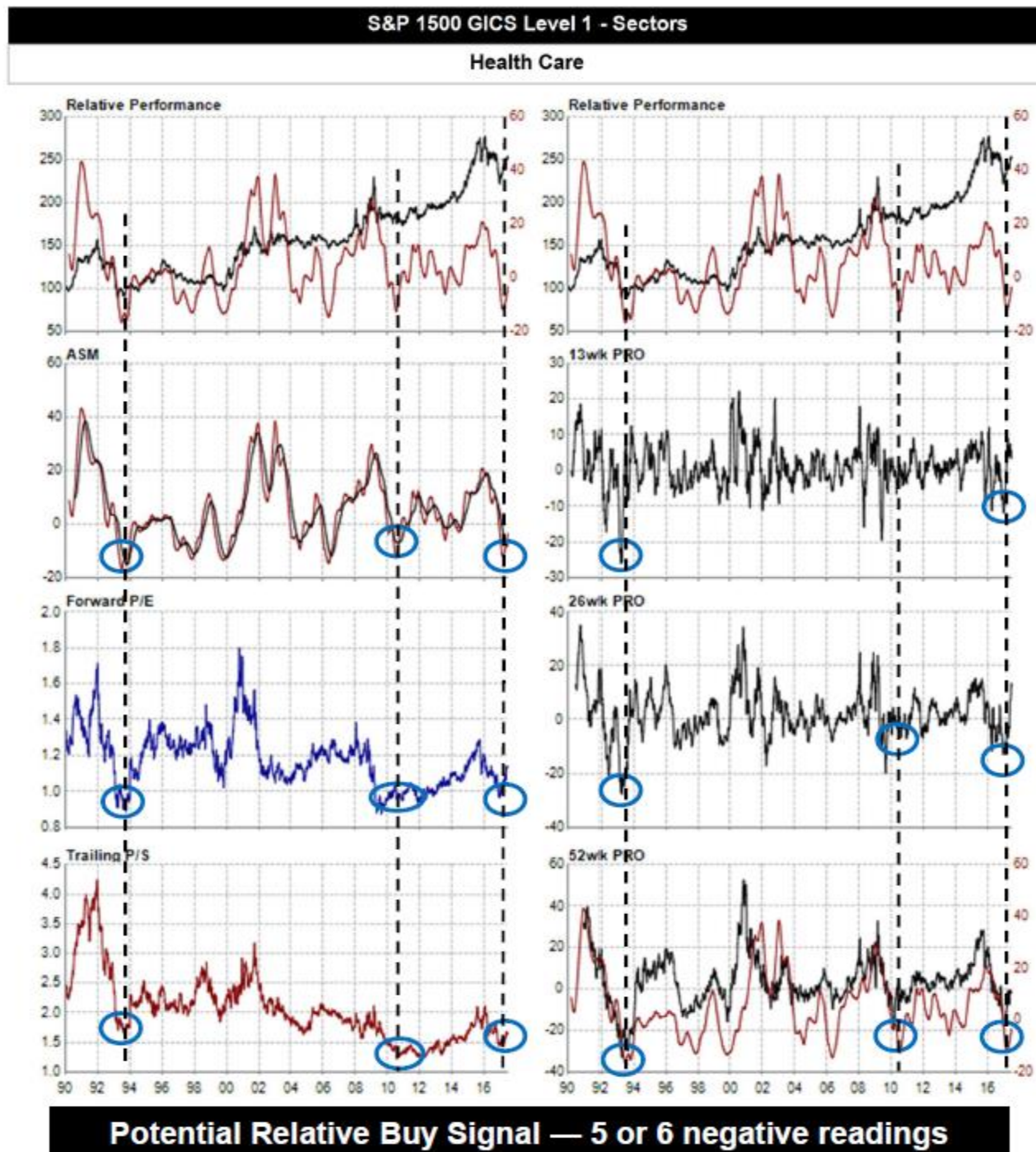
# HOW DO YOU DO SECTOR/INDUSTRY SELECTION?

## PROPRIETARY METHODOLOGY

### 8-PANEL ANALYSIS

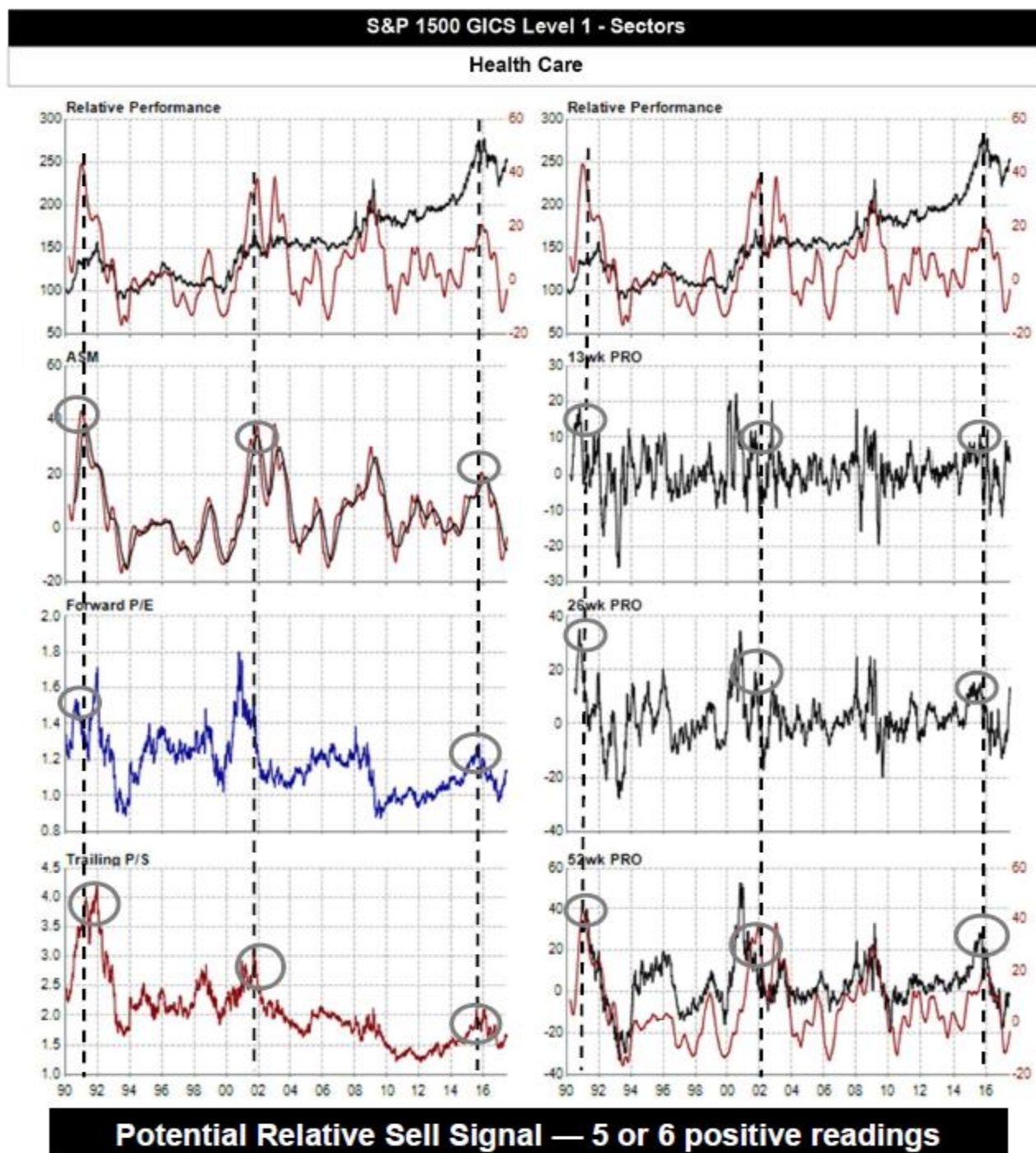


## 8-PANEL ANALYSIS – BUY SIGNAL CLUSTERING





## 8-PANEL ANALYSIS – SELL SIGNAL CLUSTERING



# Sector & Sub-Industry Recommendations

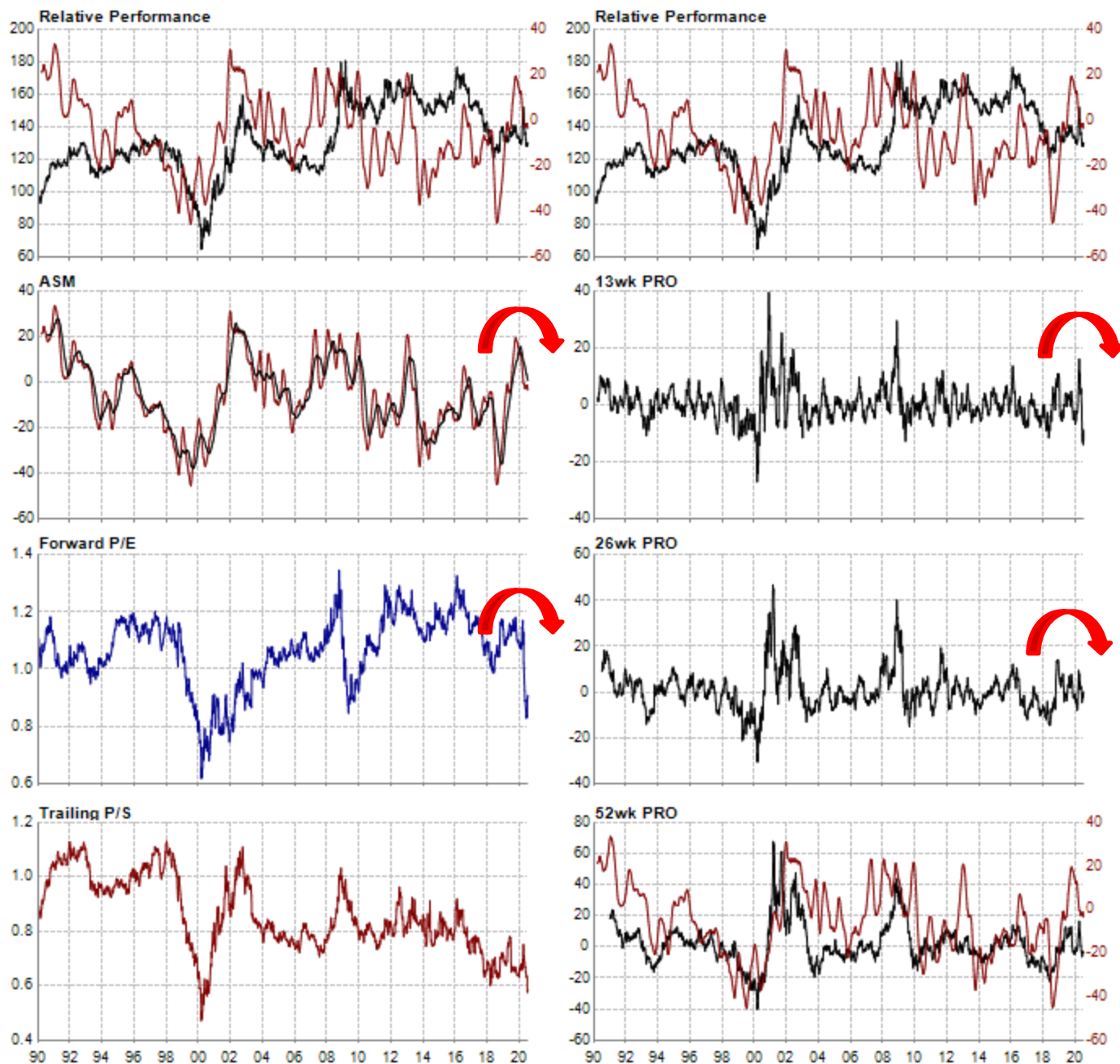
Sectors (GICS L-1)		Sub-Industry ( GICS L-4 )	
Name	Recommendation	Favorable	Unfavorable
Cons Discretionary	Above Benchmark	Auto Parts & Equip Casinos/Hotels/Cruise Lines Restaurants Apparel, Access, and Luxury	Footwear Automotive Retail Consumer Electronics
Technology	Above Benchmark	Application Software Tech Hardware & Peripherals Semis	Electronic Equipment EMS Tech Distributors
Communication Services	Above Benchmark	Interactive Home Ent. Movies & Entertainment Interactive Media & Svcs.	Wireless Telecomm Intergrated Telecomm Advertising
Financials	Above Benchmark	Diversified Banks Regional Banks Inv. Bank & Brokerage	Insurance Brokers Life & Health Insurance Prop & Casualty Insurance
Industrials	Neutral	Capital Goods / Machinery Air Freight & Logistics Human Resources	Commercial Printing Office Services Aerospace & Defense
Health Care	Neutral	HC Equip Life Sciences & Tools Managed Care	HC Technology Pharma
Materials	Neutral	Steel Diversified Metals Metal & Glass	Forest Products Aluminum Construction Materials
Energy	Neutral	Exploration & Production Integrated Oil & Gas Equip & Services	Refining & Marketing Storage & Transport
Consumer Staples	Below Benchmark	Distillers Ag Products Tobacco	Drug Retail Food Retail Personal Products
Utilities	Below Benchmark	Gas Electric	Water Independent Power Prod.
Real Estate	Below Benchmark	Hotel & Resort REITs Diversified REITs	Health Care REITs Residential REITs

# LEAST FAVORITE SECTORS

Sectors (GICS L-1) <u>Name</u>	ETF <u>Ticker</u>
Staples	XLP
Utilities	XLU
Real Estate	XLRE

S&P 500 GICS Level 1 - Sectors

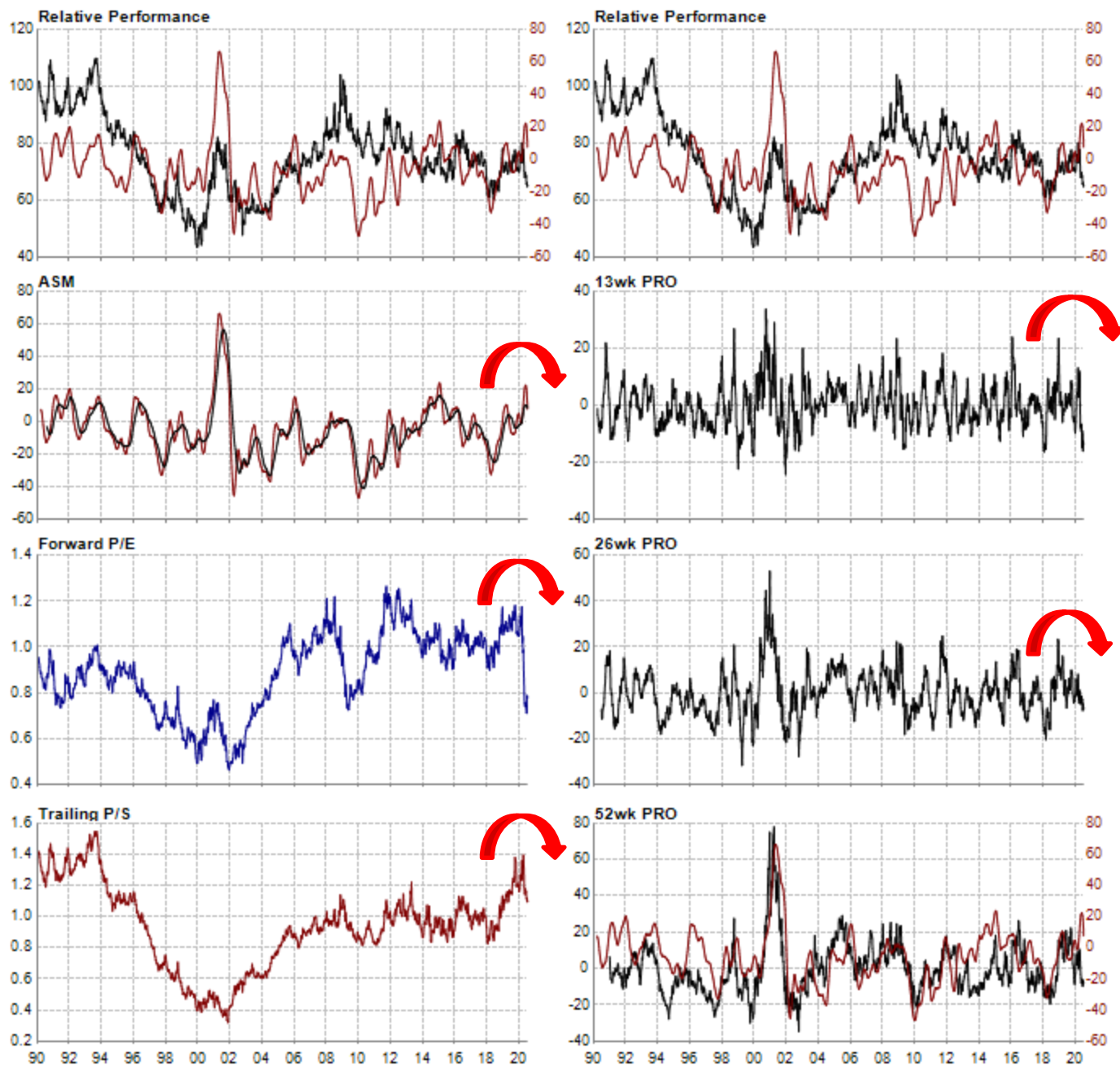
Consumer Staples





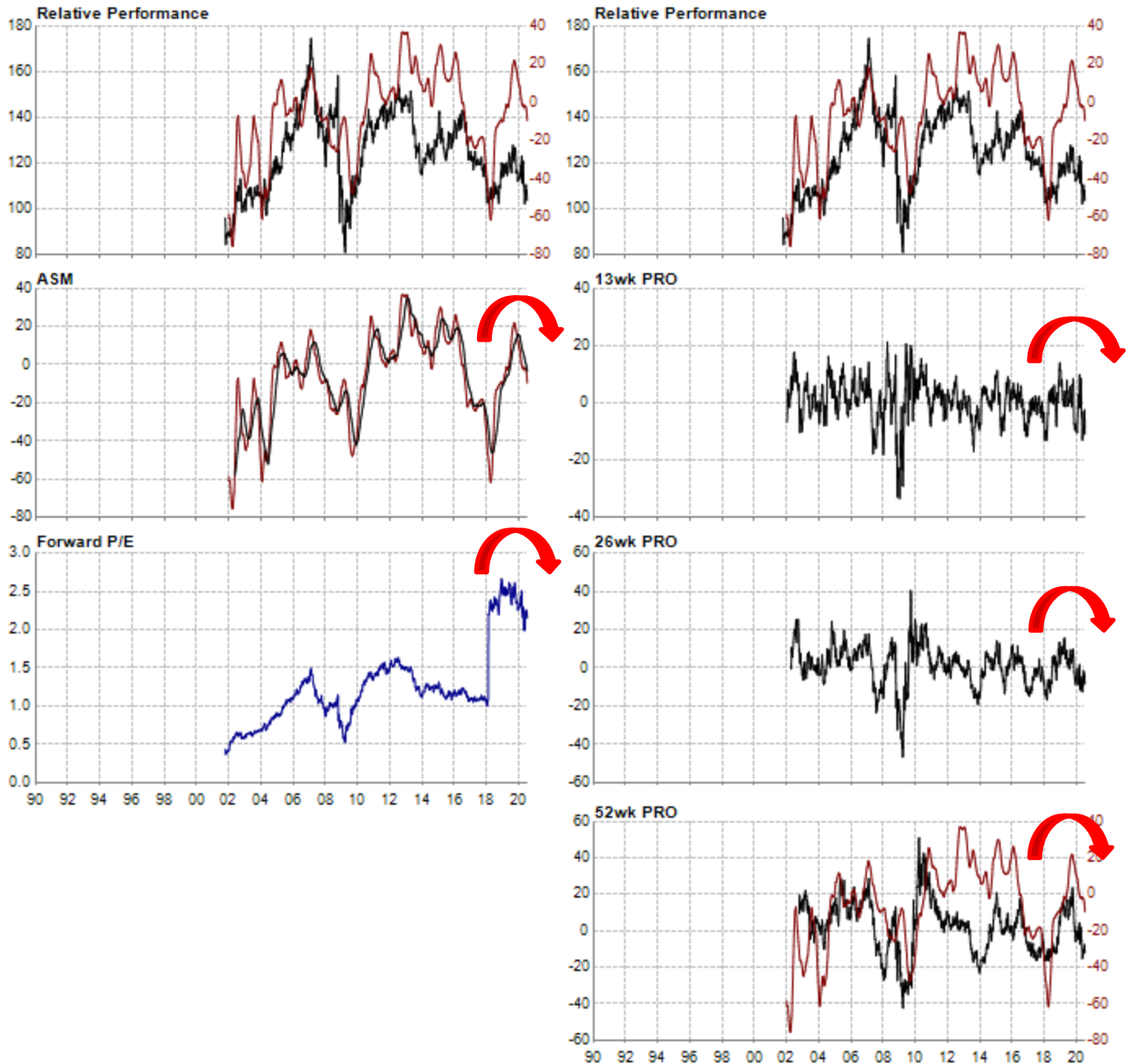
S&P 500 GICS Level 1 - Sectors

Utilities



S&P 500 GICS Level 1 - Sectors

Real Estate





## PREFERRED SECTORS

### Sectors (GICS L-1)

Name

ETF

Ticker

Consumer Discretionary

XLY

Technology

XLK

Communication  
Services

XLC

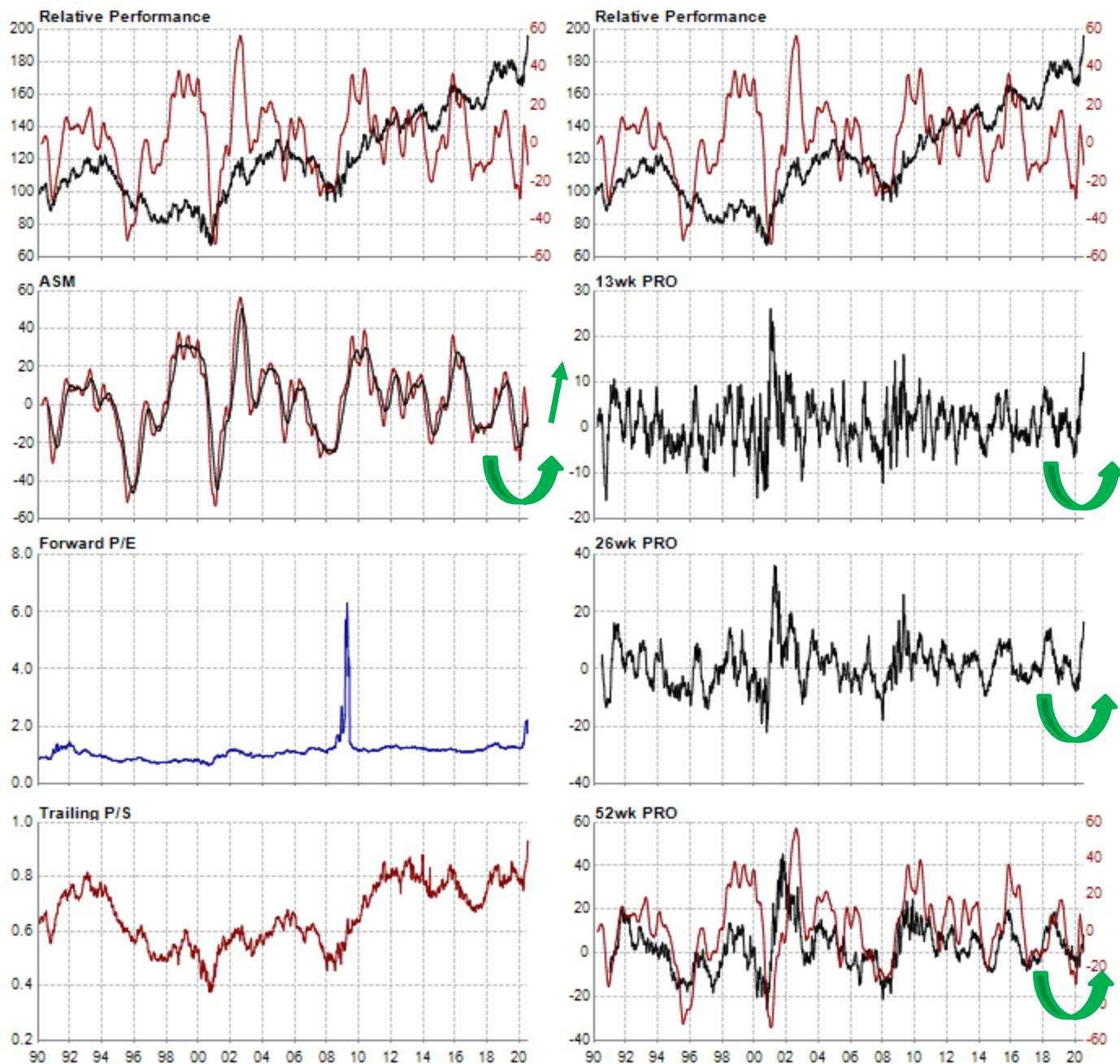
Financials

XLF



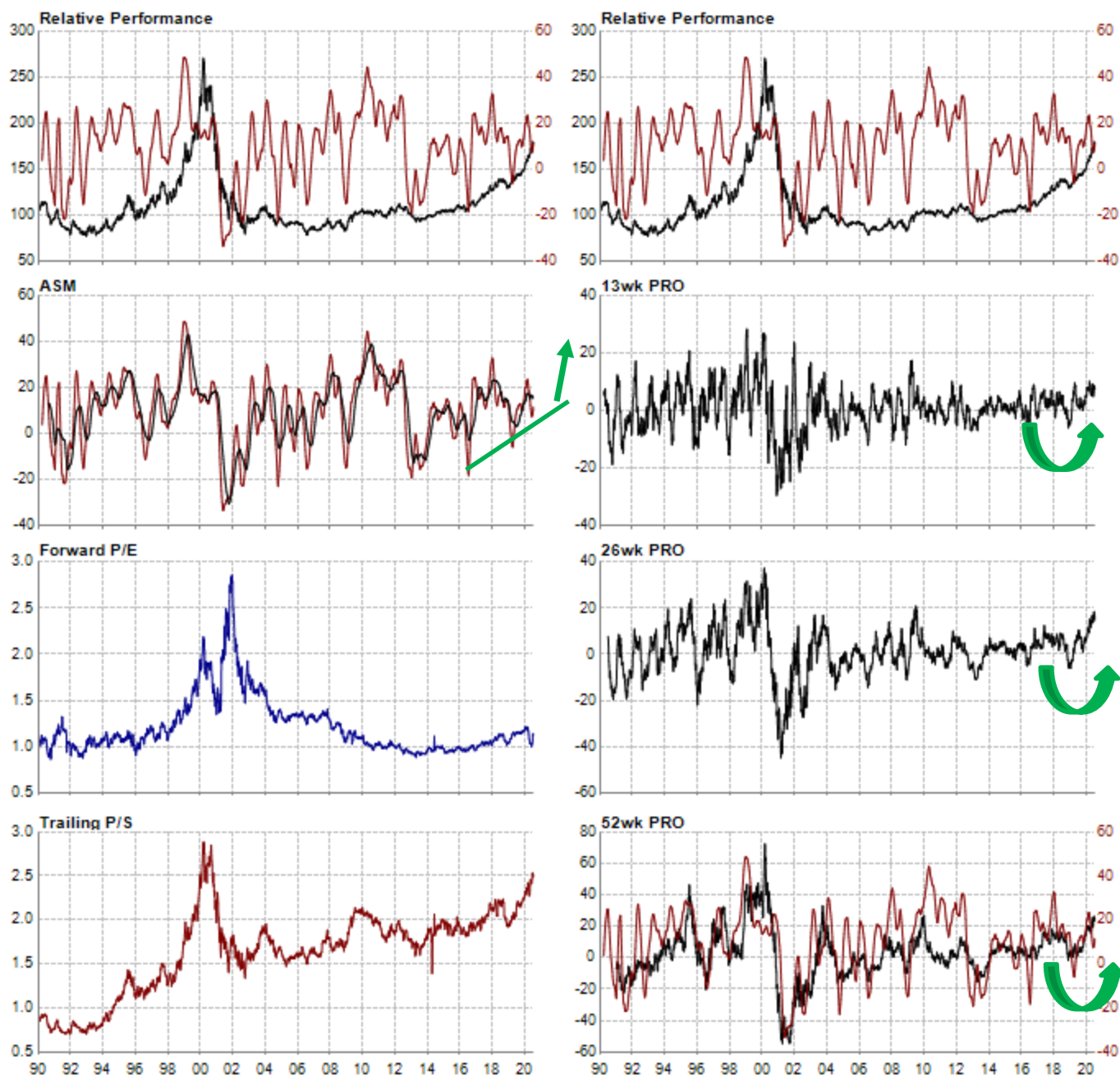
S&P 500 GICS Level 1 - Sectors

Consumer Discretionary



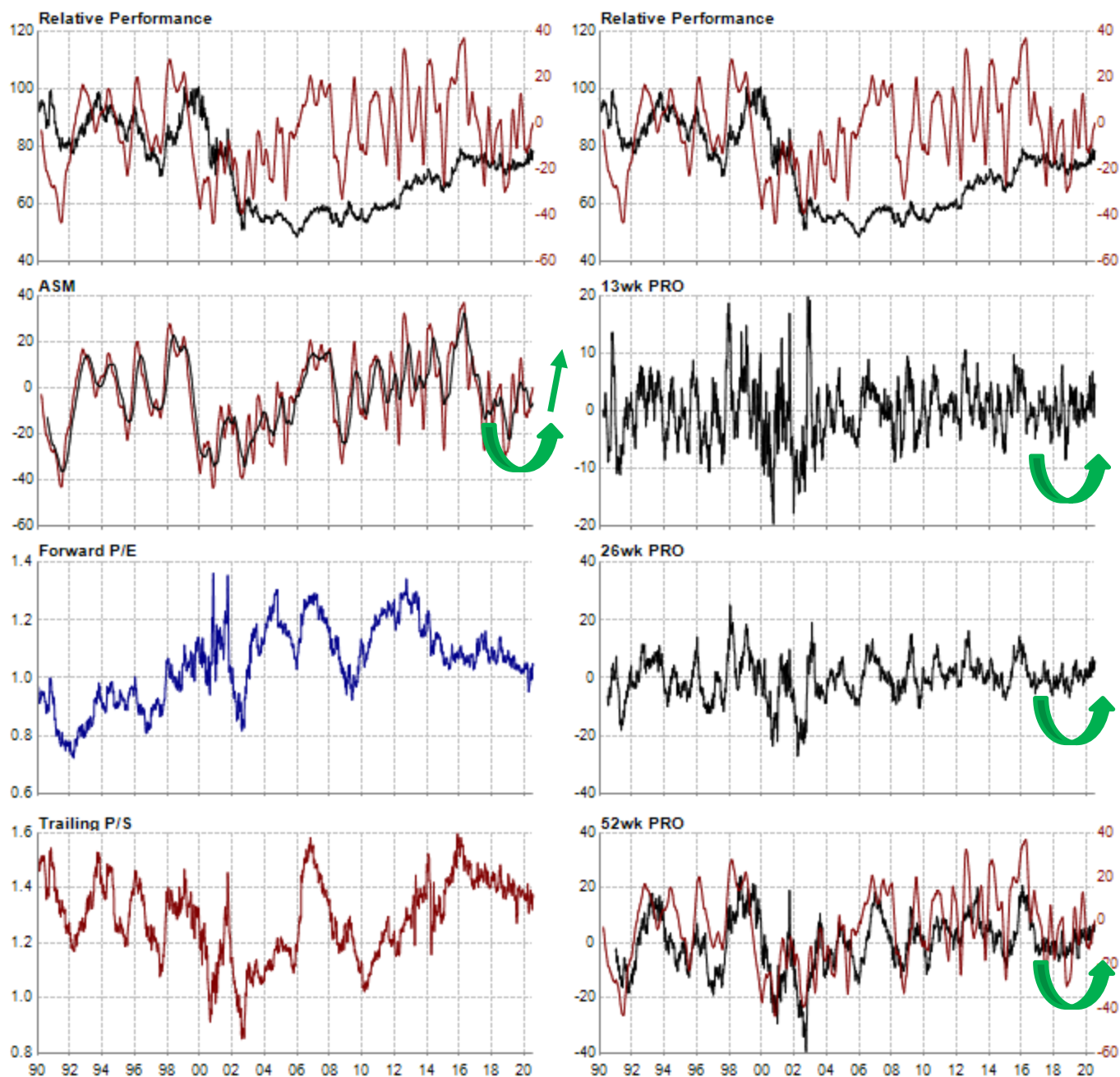
S&P 500 GICS Level 1 - Sectors

Information Technology



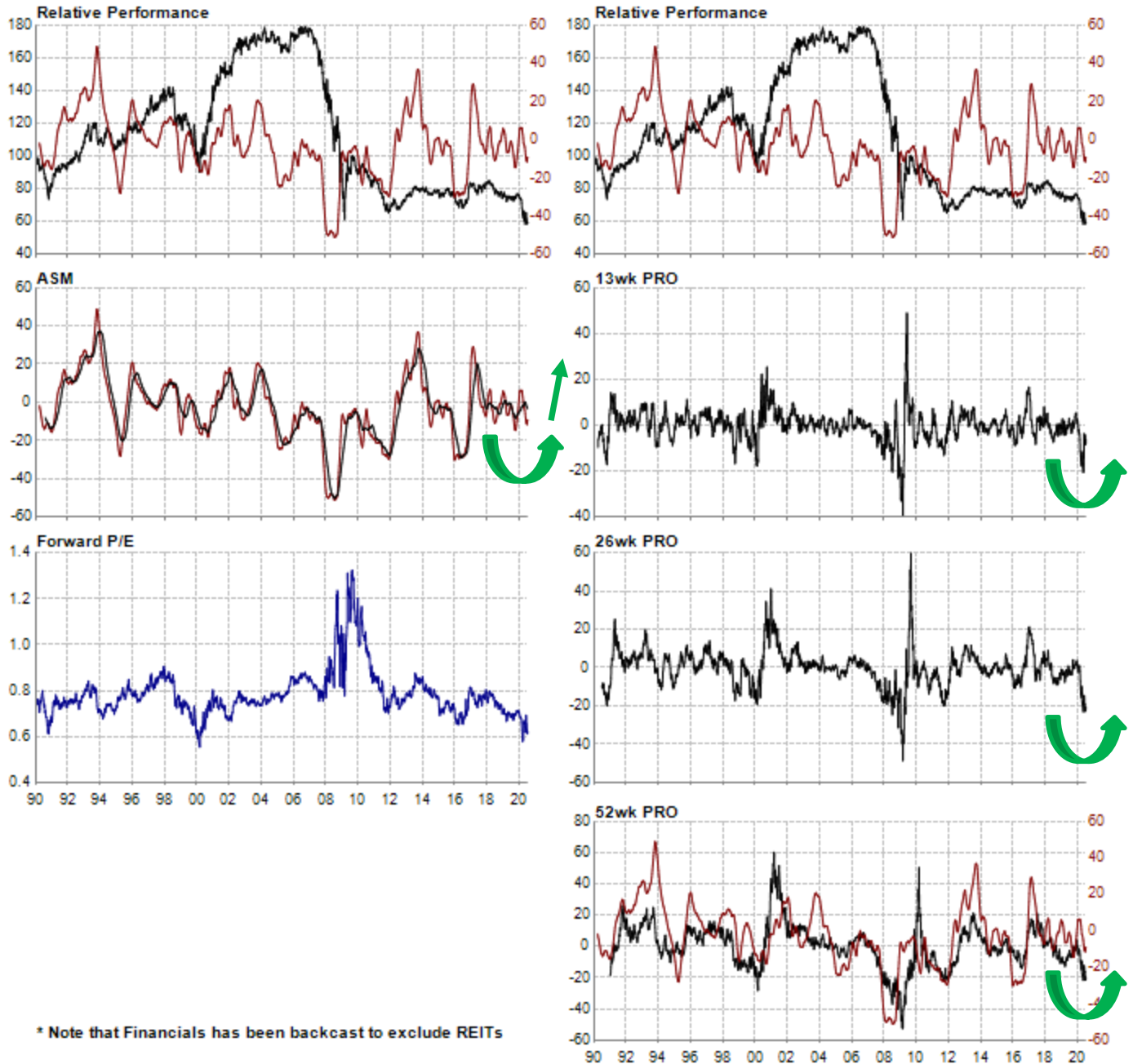
**S&P 500 GICS Level 1 - Sectors**

**Communication Services**



## S&P 500 GICS Level 1 - Sectors

### Financials\*





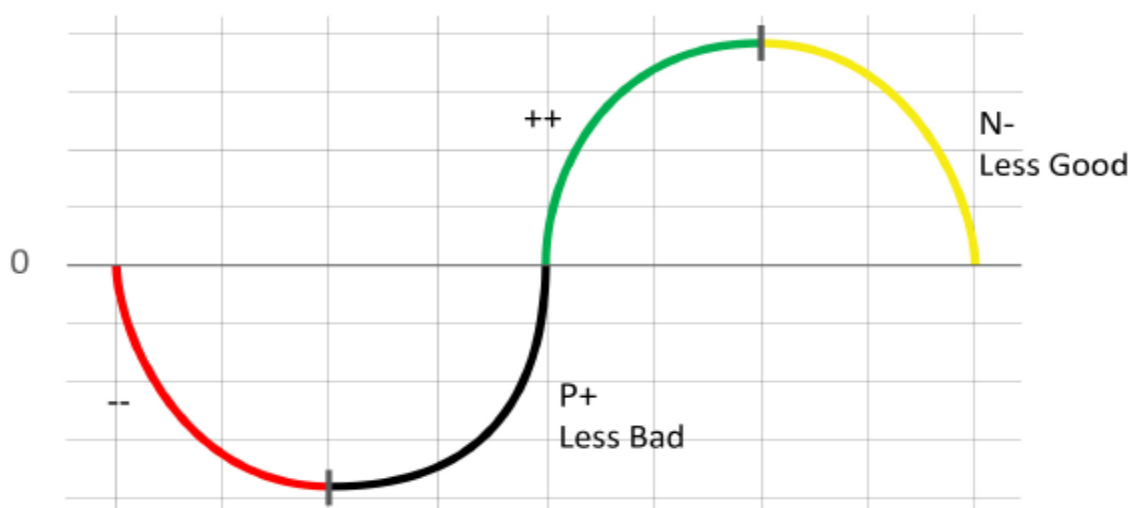
# HOW DO YOU DO STOCK SELECTION?

## PROPRIETARY METHODOLOGY

### ERM MODEL & ANALYST SENTIMENT INDICATOR (ASM)



## Earnings Revision Cycle



## Earnings Revision Model Key

--

**Double minus** - Earnings revisions deteriorating on an absolute basis signaling that the bottom-up consensus is now actively lowering forward expectations.

Stock price is generally acting poorly and still too early to get aggressively long.

P+

**Early positive signal** - Earnings revisions have experienced a positive inflection (second derivative turn) though absolute activity remains negative.

Probability is rising that the stock price may be nearing a bottom which leads to a high-quality entry point.

++

**Double plus** - Earnings revisions improving on an absolute basis signaling that the bottom-up consensus is now actively raising forward expectations.

Stock price is generally acting well and is becoming a momentum play.

N-

**Early negative signal** - Earnings revisions have experienced a negative inflection (second derivative turn) though absolute activity remains positive.

Probability is rising that the stock price may be topping which leads to a high-quality trim/exit point.

## ESTIMATE REVISION MODEL — INTRO

### A) PRICE PERFORMANCE

The red line is the absolute price performance for this stock.

The blue line is the relative performance for this stock. The default benchmark is the index that the company is in (S&P 500, 400, or 600) or the S&P 500 if not in any of the S&P indexes. This can be customized to a client's preference.<sup>2</sup>

### B) EARNINGS ESTIMATE REVISIONS — BREADTH

**RED ASM line** — is based on the second derivative of analyst estimate changes.

**Positive aspects** — inflections tend to **LEAD** turns in stock price performance and at worst are coincident.

**Negative aspects** — more volatile and more false positives.

**GRAY A/D line** — is based on the first derivative of the breadth of analyst estimate changes for a stock.

**Positive aspects** — few false positive readings once an inflection occurs, stable, and tends to trend.

**Negative aspects** — tends to be late, both on the entry/exit.

### C) EARNINGS ESTIMATE REVISIONS — MAGNITUDE

Bars represent the percentage change in the dollar amount of the forward 12 month estimate over the prior 90 days.

Ideally, a directional change in the bars should confirm an inflection point in our ASM line (i.e., shrinking red bars when the ASM has positive inflection and smaller green bars when the ASM rolls over).

### D) PRICE MOMENTUM

Measure overbought/oversold conditions and help identify good risk/reward (exit/entry) points (Overbought = elevated reading).

The red line (BFR1) is more strategic and based on a Coppock curve methodology.

The tactical green line (BFR2) is based on a Bollinger band concept.

### E) VALUATION

Our standard metric is trailing Price-to-Sales for all sectors except for Financials, where we use Price-to-Book.<sup>2</sup>

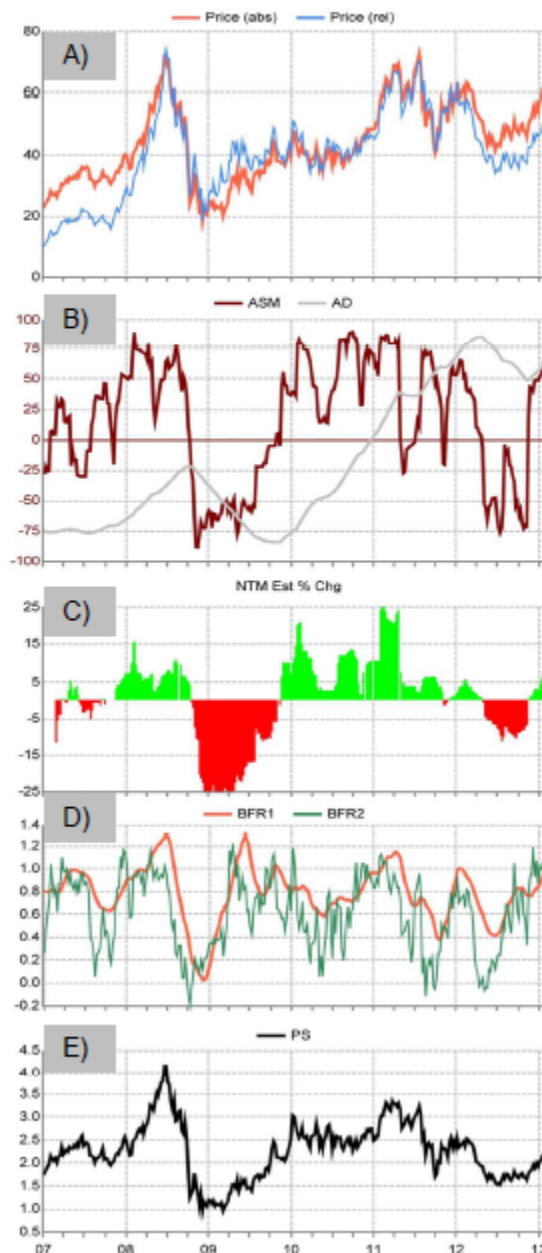
#### S&P 500 - Energy - Oil & Gas Drilling

Heimerich & Payne (HP)

Price: 62.20 EPS FY1: 4.97 EPS FY2: 5.31 PE FY1: 12.5 PE FY2: 11.7

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



## ESTIMATE REVISION MODEL — How To Use

### How to Use — 101: New Long Ideas

#### Step 1: The Analyst Sentiment Measure (ASM)

Similar to our 8-Panel Analysis, the single-stock ERM starts with the Analyst Sentiment Measure (ASM), which is our proprietary metric for tracking the second derivative of analysts' earnings estimate revisions (second chart down).

Our most actionable ideas occur when the ASM inflects from an extreme level, with buy signals when the revision line rolls up (blue annotations to right) and sell signals when it rolls down (see next page). As a reminder, when the ASM rolls up, this is when there are fewer analysts cutting, and NOT when analysts are raising forward profit expectations.

When the ASM is then trending higher and more analysts begin to raise, the stock is likely to mirror the trend and investors should avoid fading it.

#### Step 2: NTM Estimate Magnitude Change

Moving to the next chart down, red bars represent the magnitude of the cut to the consensus forward twelve month consensus OEPS estimate over the previous 90-day period. Our most actionable, highest conviction signals occur when the revision magnitude trends match the ASMs breath pattern.

As the ASM rolls up, concurrent shrinking red bars help to confirm the initial buy signal and raise the probability that bad news is fully priced in. This is the most favorable entry point where risk/reward is greatest.

As the red bars shrink and turn to accelerating/rising green bars, concurrent with a rising ASM, the stock is firmly in a momentum/growth phase and likely to continue to outperform.

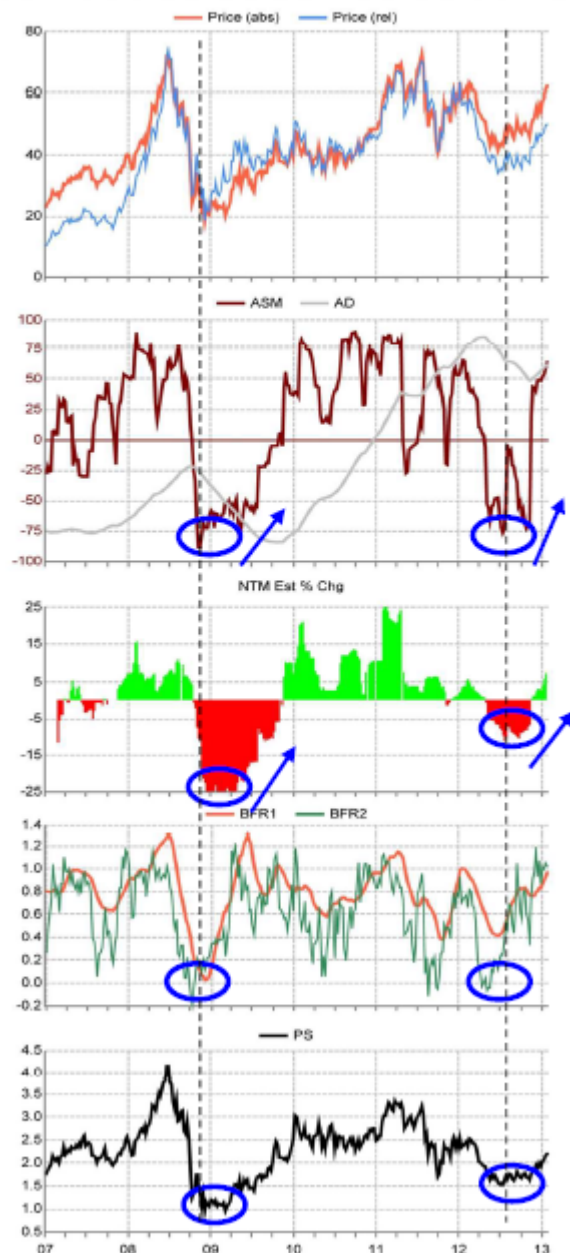
#### Step 3: BFR Indicators

A high quality buy signals occur when stocks are oversold according to our two price reversion indicators. While price reversion alone is not necessarily a reason to buy a stock, when our metrics are at depressed levels while the ASM indicator is inflecting from a negative extreme, the probability of a new rising trend considerably rises.

#### Step 4: Valuation

Similar to our BFR indicators, valuation signals are secondary to estimate revisions in our work, but can help to confirm the above indicators and should be considered for long-term investors.

S&P 500 - Energy - Oil & Gas Drilling				
Helmerich & Payne (HP)				
Price: 62.20 EPS FY1: 4.97 EPS FY2: 5.31 PE FY1: 12.5 PE FY2: 11.7				
Scoring:		Grey Line: +		Red Line: UP
Quantitative Indicator: ++				







# Favorable Stocks

# IN-MOTION NAMES

## Summary

FMC, APD, SHW, FCX, TDG, FBHS, ROK, ROP, CMI, PCAR, DE, IEX, ITW, FAST, TAS, INFO, VRSK, EXPD, FDX, CSX, UNP, JBHT, ODFL, GRMN, DHI, LEN, NKE, CMG, AMZN, BBY, HD, TSCO, AZO, ORLY, COST, WMT, MNST, MKC, CHD, ABMD, BDX, DHR, DXCM, HOLX, IDXX, ISRG, RMD, ABC, HUM, UNH, ABBV, AMGN, INCY, A, BIO, ILMN, MTD, PKI, TMO, BLK, SPGI, PGR, ACN, MA, PYPL, ADBE, ADSK, ANSS, CRM, PAYC, SNPS, MSFT, NOW, ORCL, AAPL, KLAC, AVGO, NVDA, QCOM, SWKS, TXN, TMUS, NFLX, FB, GOOGL, AWK, PLD, AMT, CCI

## SHERWIN-WILLIAMS (SHW)

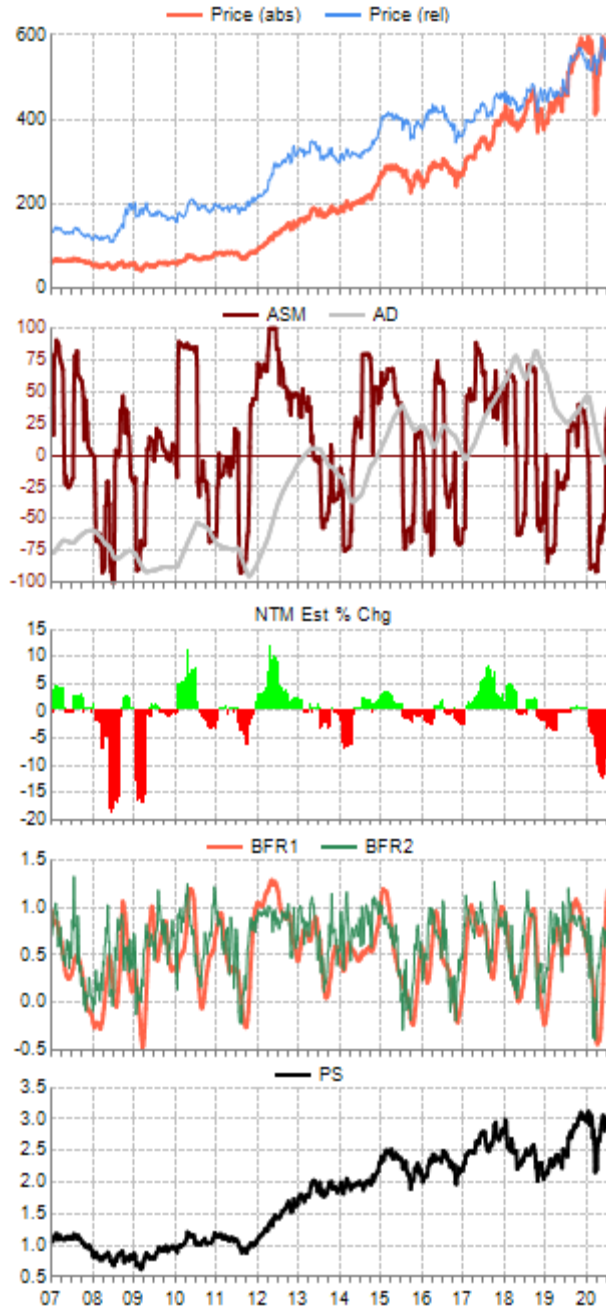
### S&P 500 - Materials - Specialty Chemicals

Sherwin-Williams Co. (SHW)

Price: 583.80 EPS FY1: 20.36 FY2: 23.52 PE FY1: 28.7 FY2: 24.8

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## TRANSDIGM (TDG)

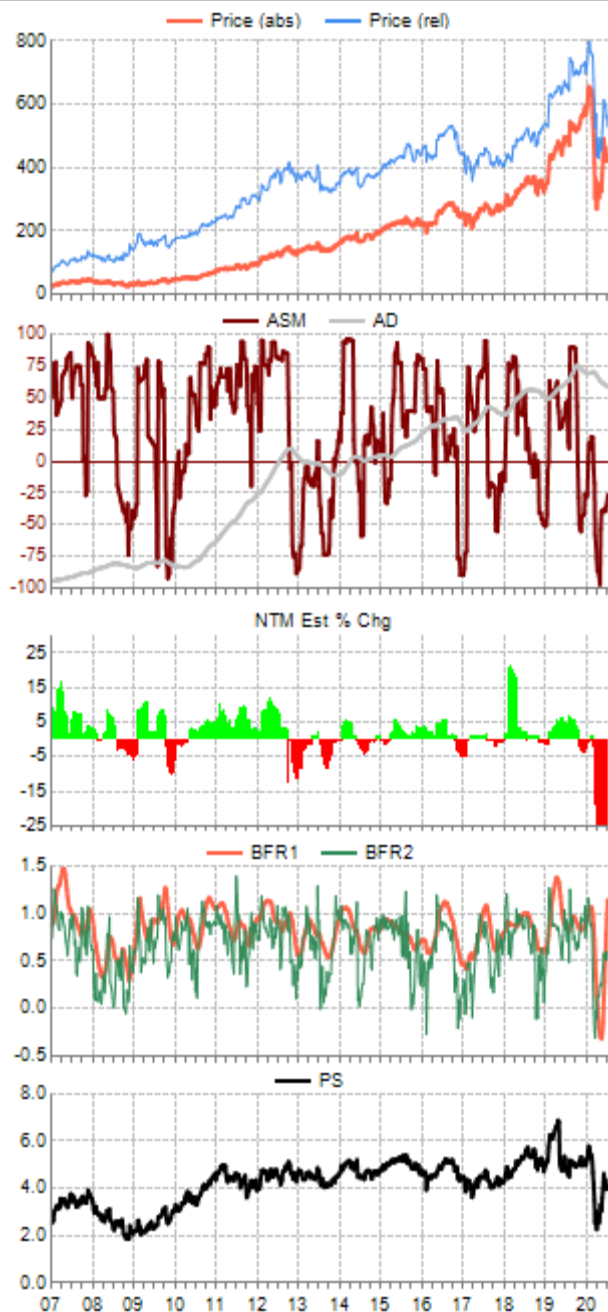
### S&P 500 - Industrials - Aerospace & Defense

TransDigm Group Inc. (TDG)

Price: 420.88 EPS FY1: 12.71 FY2: 11.15 PE FY1: 33.1 FY2: 37.7

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## FASTENAL (FAST)

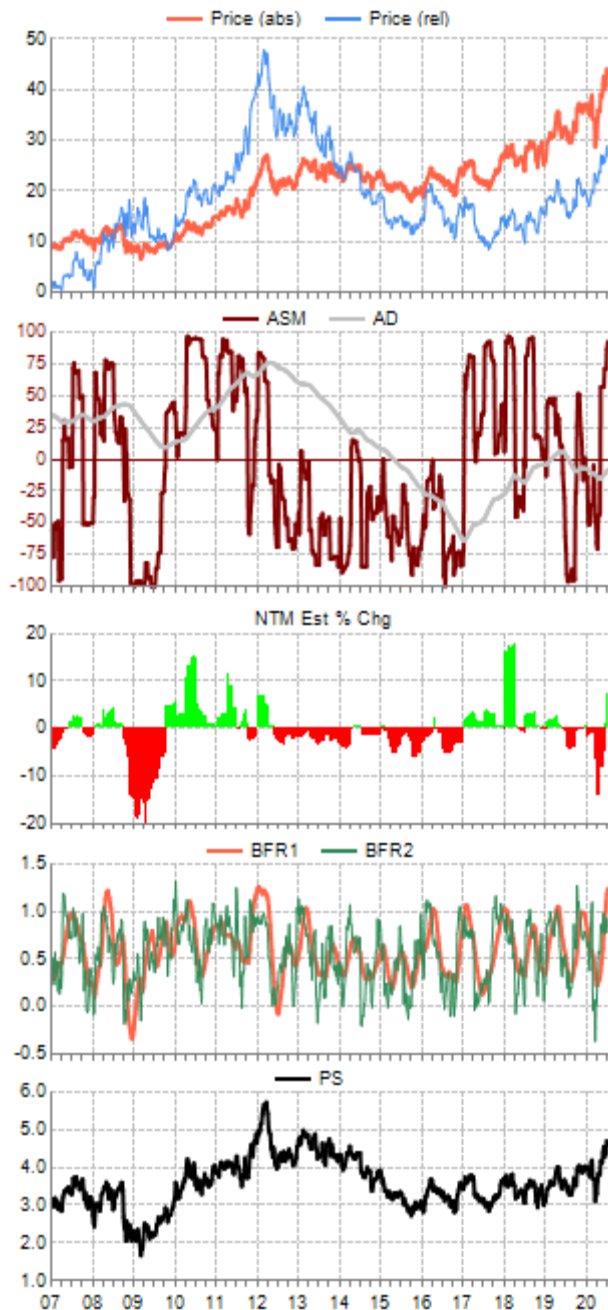
### S&P 500 - Industrials - Trading Companies & Distributors

Fastenal Co. (FAST)

Price: 43.03 EPS FY1: 1.38 FY2: 1.52 PE FY1: 31.1 FY2: 28.4

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

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## CHIPOTLE MEXICAN GRILL (CMG)

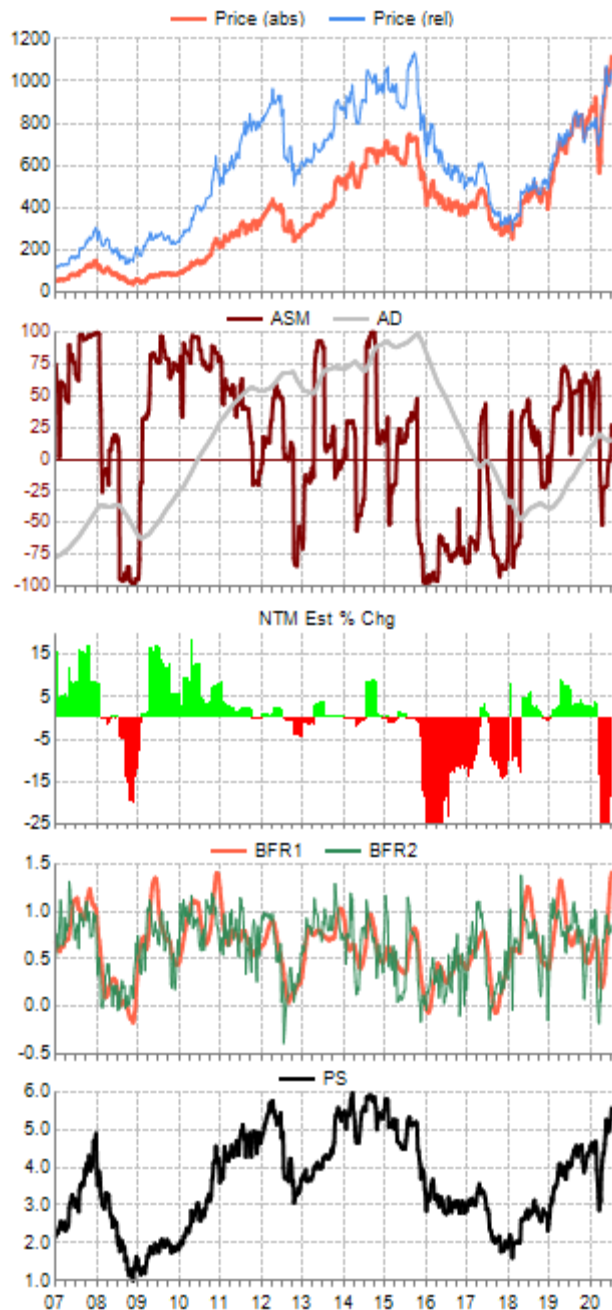
### S&P 500 - Consumer Discretionary - Restaurants

Chipotle Mexican Grill Inc. (CMG)

Price: 1118.04 EPS FY1: 9.50 FY2: 19.21 PE FY1: 117.7 FY2: 58.2

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**



## HOME DEPOT (HD)

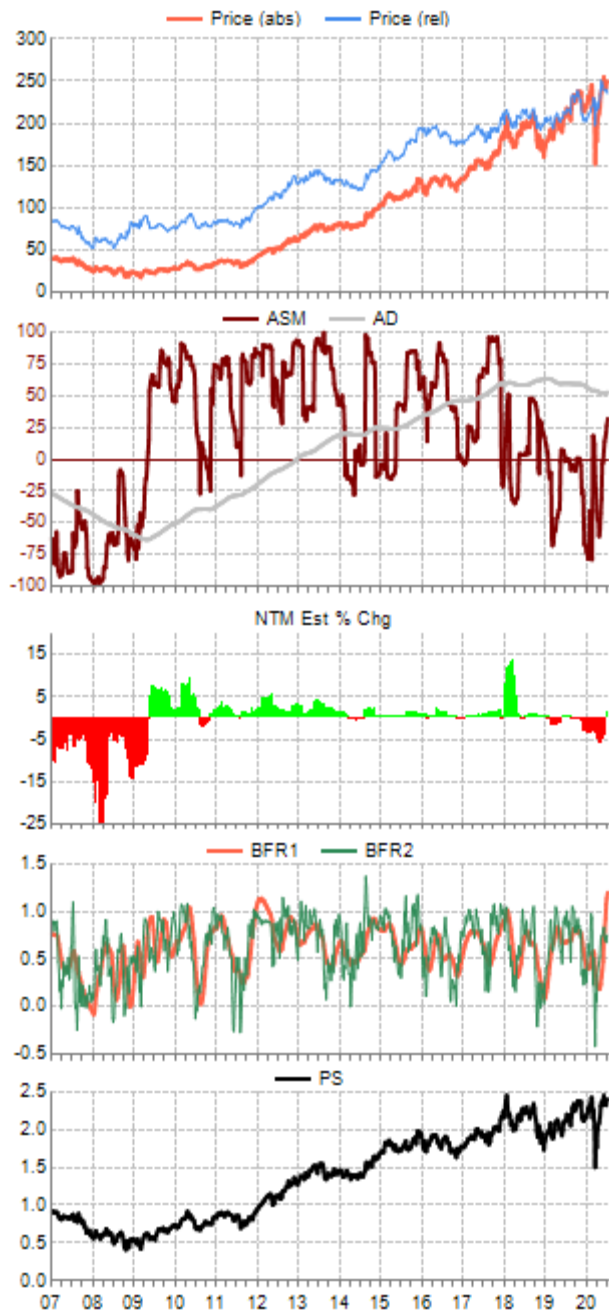
### S&P 500 - Consumer Discretionary - Home Improvement Retail

Home Depot Inc. (HD)

Price: 250.11 EPS FY1: 10.08 FY2: 11.19 PE FY1: 24.8 FY2: 22.4

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## MONSTER BEVERAGE (MNST)

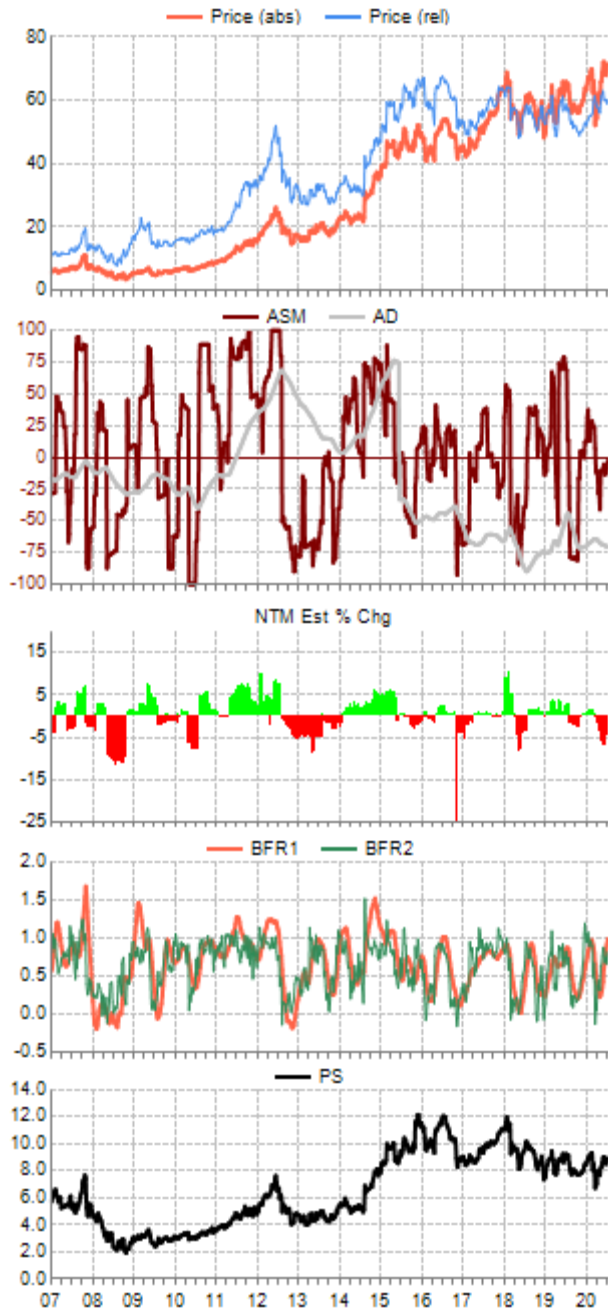
### S&P 500 - Consumer Staples - Soft Drinks

Monster Beverage (MNST)

Price: 71.65 EPS FY1: 2.10 FY2: 2.40 PE FY1: 34.2 FY2: 29.8

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**



## HOLOGIC (HOLX)

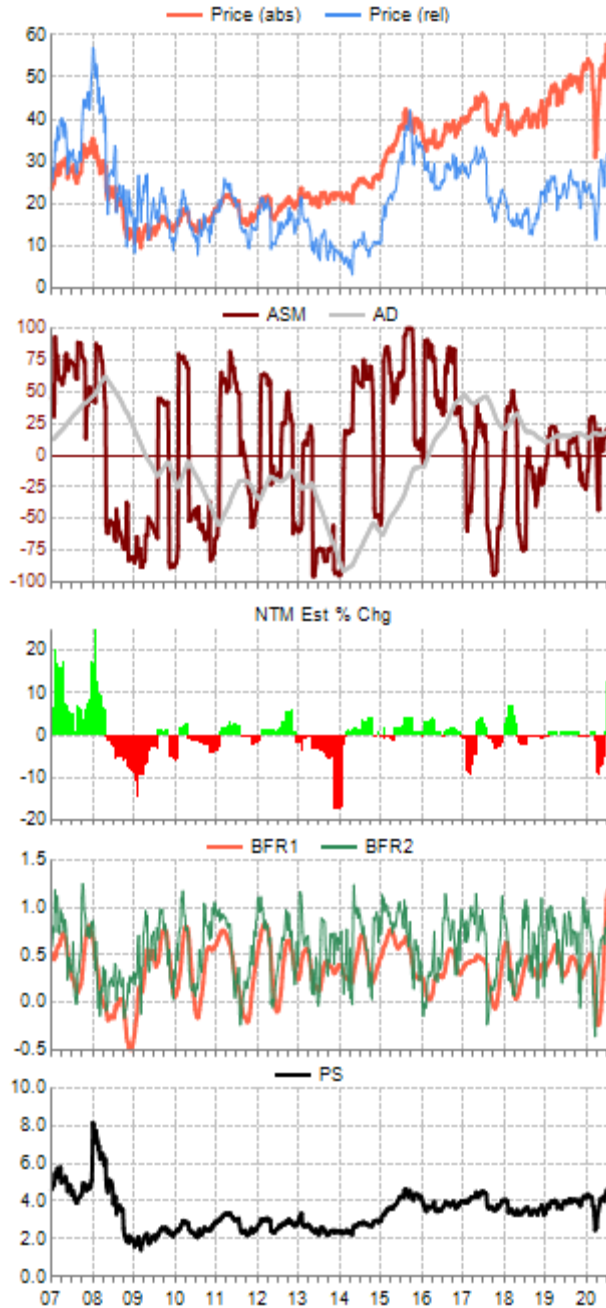
### S&P 500 - Health Care - Health Care Equipment

Hologic Inc. (HOLX)

Price: 57.70 EPS FY1: 2.25 FY2: 3.08 PE FY1: 25.6 FY2: 18.7

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

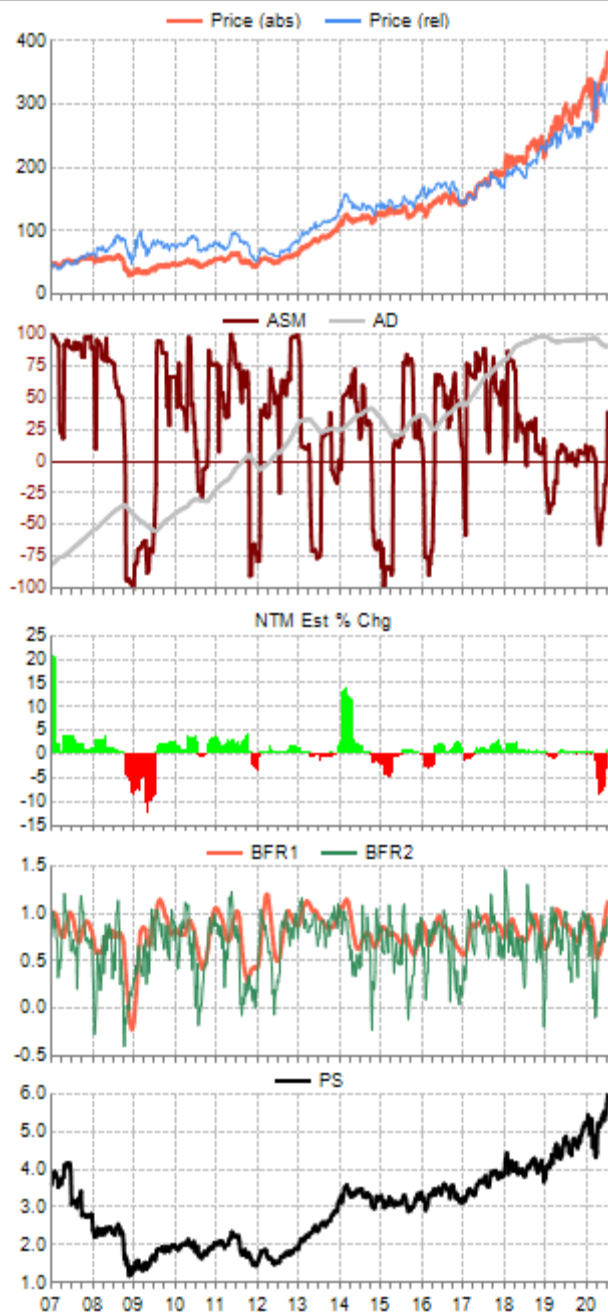
**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## THERMO FISHER SCIENTIFIC (TMO)

S&P 500 - Health Care - Life Sciences Tools & Services					
Thermo Fisher Scientific Inc. (TMO)					
Price:	382.57	EPS FY1:	12.90	FY2:	14.76
		PE FY1:	29.7	FY2:	25.9
Scoring:	Grey Line: +		Red Line: UP		
Quantitative Indicator:		++			



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## MASTERCARD (MA)

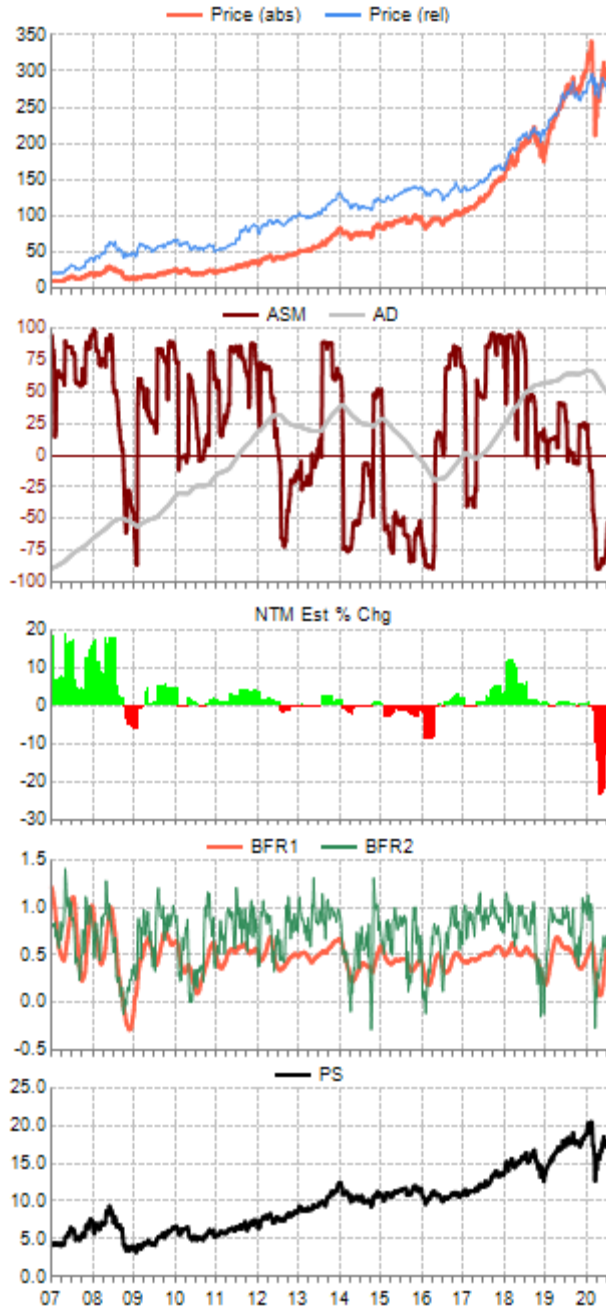
S&P 500 - Information Technology - Data Proc. & Outsrcd. Svcs

MasterCard Inc. Cl A (MA)

Price: 295.68 EPS FY1: 6.58 FY2: 8.70 PE FY1: 44.9 FY2: 34.0

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## KLA (KLAC)

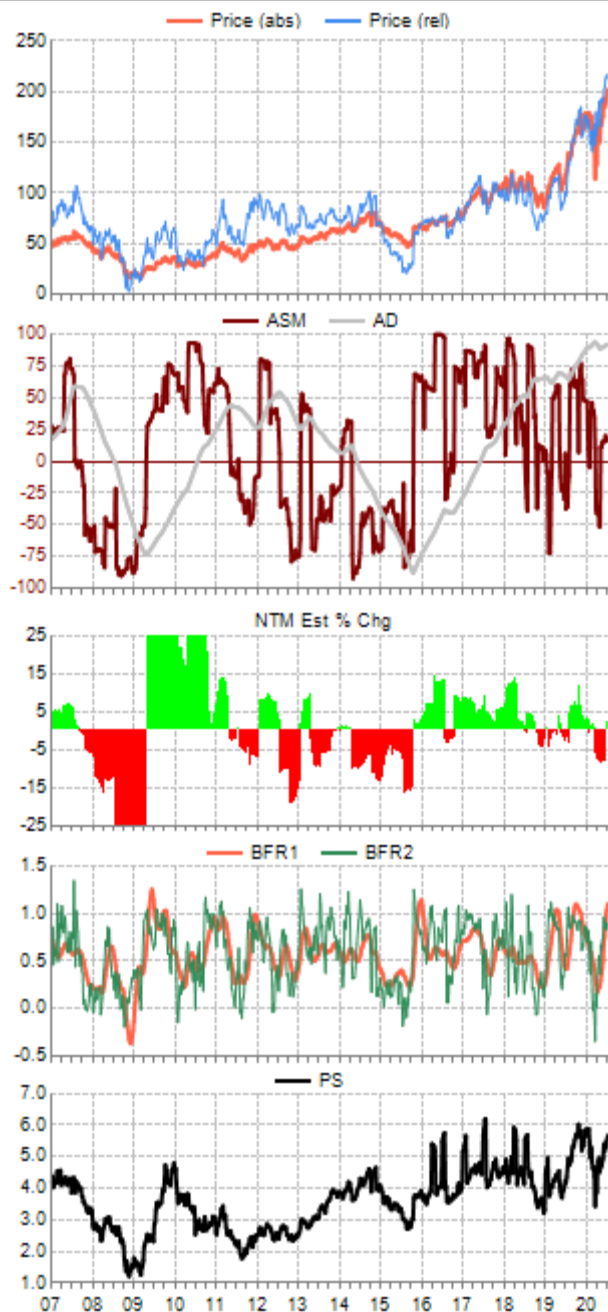
### S&P 500 - Information Technology - Semiconductor Equipment

KLA-Tencor Corp. (KLAC)

Price: 202.26 EPS FY1: 10.20 FY2: 12.03 PE FY1: 19.8 FY2: 16.8

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## SKYWORKS SOLUTIONS (SWKS)

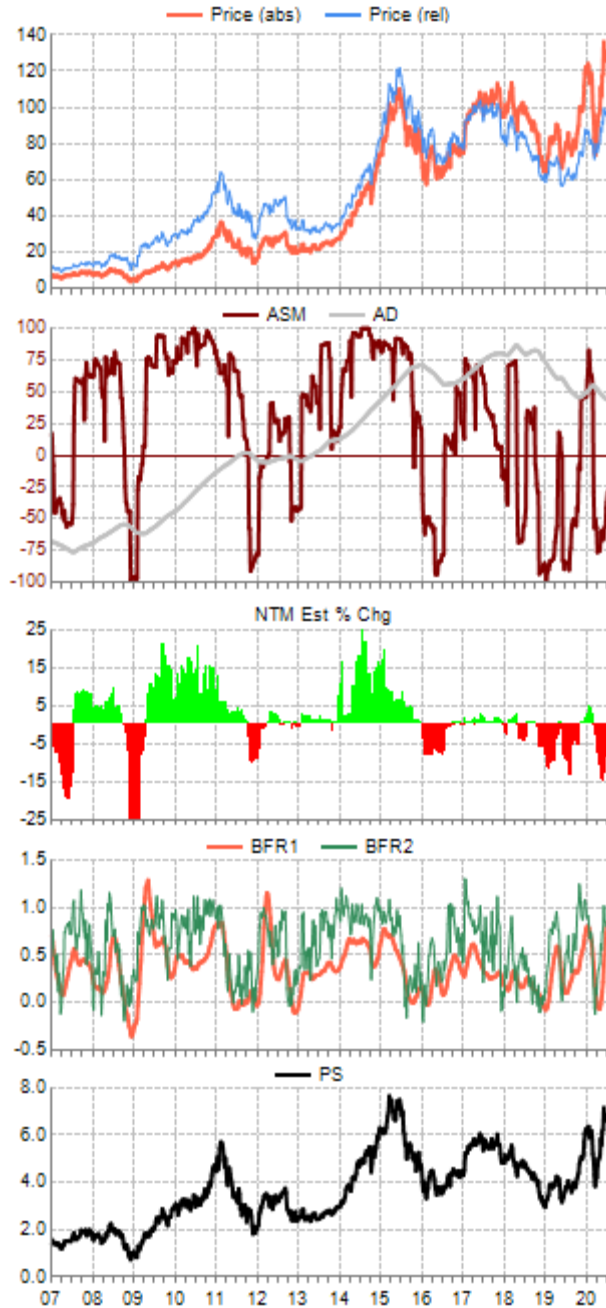
### S&P 500 - Information Technology - Semiconductors

Skyworks Solutions Inc. (SWKS)

Price: 131.22 EPS FY1: 5.60 FY2: 6.59 PE FY1: 23.4 FY2: 19.9

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**



# IN-MOTION NAMES

## Summary

FMC, APD, SHW, FCX, TDG, FBHS, ROK, ROP, CMI, PCAR, DE, IEX, ITW, FAST, TAS, INFO, VRSK, EXPD, FDX, CSX, UNP, JBHT, ODFL, GRMN, DHI, LEN, NKE, CMG, AMZN, BBY, HD, TSCO, AZO, ORLY, COST, WMT, MNST, MKC, CHD, ABMD, BDX, DHR, DXCM, HOLX, IDXX, ISRG, RMD, ABC, HUM, UNH, ABBV, AMGN, INCY, A, BIO, ILMN, MTD, PKI, TMO, BLK, SPGI, PGR, ACN, MA, PYPL, ADBE, ADSK, ANSS, CRM, PAYC, SNPS, MSFT, NOW, ORCL, AAPL, KLAC, AVGO, NVDA, QCOM, SWKS, TXN, TMUS, NFLX, FB, GOOGL, AWK, PLD, AMT, CCI

# RECOVERY PLAYS

## “EPICENTER” NAMES

### Summary

LYB, ALB, PPG, MLM, IP, SEE, SON, TXT, ALLE, AOS, EMR, ETN, WAB, SNA, XYL, CHRW, DAL, JBLU, LUV, CSX, UNP, BWA, F, GM, WHR, HBI, PVH, RL, VFC, LVS, MGM, CCL, MCD, SBUX, GPC, BKNG, EXPE, KSS, LB, TJX, MDT, JPM

## PPG Industries (PPG)

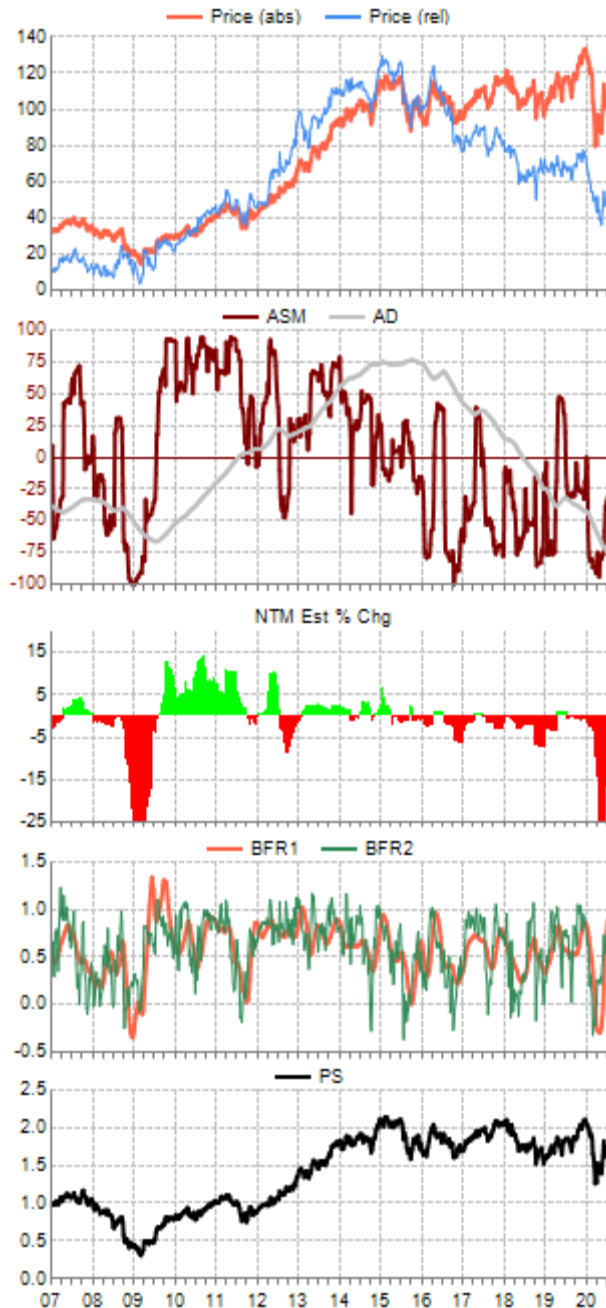
### S&P 500 - Materials - Specialty Chemicals

PPG Industries Inc. (PPG)

Price: 107.04 EPS FY1: 4.45 FY2: 5.99 PE FY1: 24.1 FY2: 17.9

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## AOS SMITH (AOS)

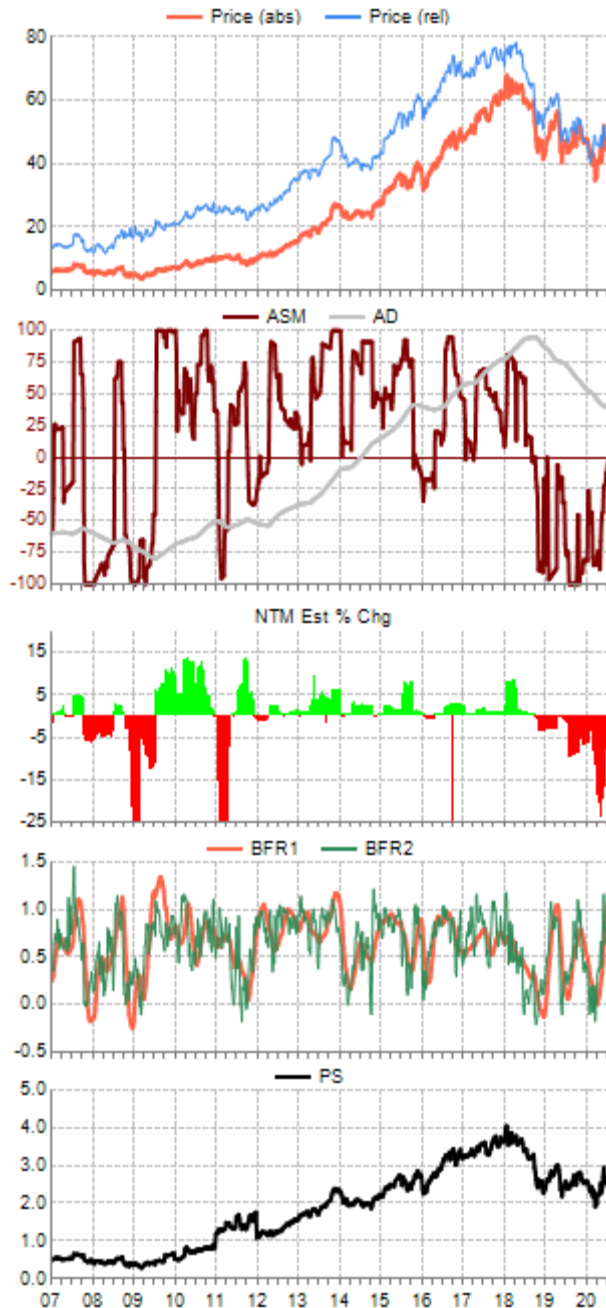
### S&P 500 - Industrials - Building Products

A.O. Smith Corp. (AOS)

Price: 48.27 EPS FY1: 1.79 FY2: 2.26 PE FY1: 27.0 FY2: 21.3

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## XYLEM (XYL)

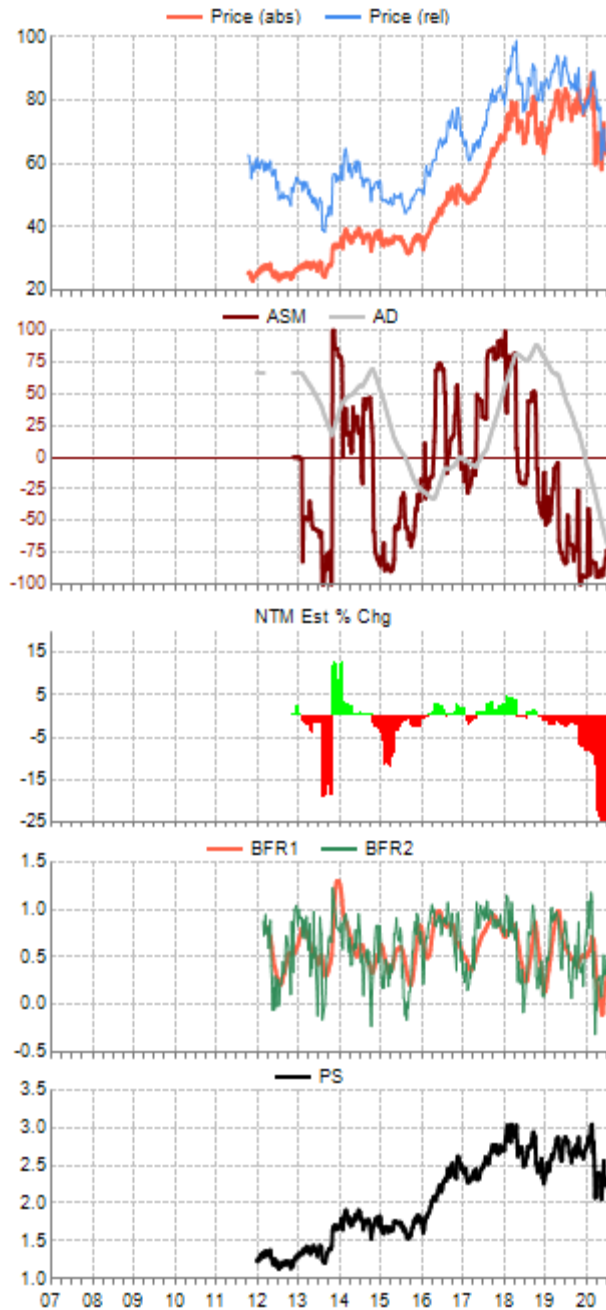
### S&P 500 - Industrials - Industrial Machinery

Xylem Inc. (XYL)

Price: 66.51 EPS FY1: 1.47 FY2: 2.52 PE FY1: 45.2 FY2: 26.4

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## DELTA AIR LINES (DAL)

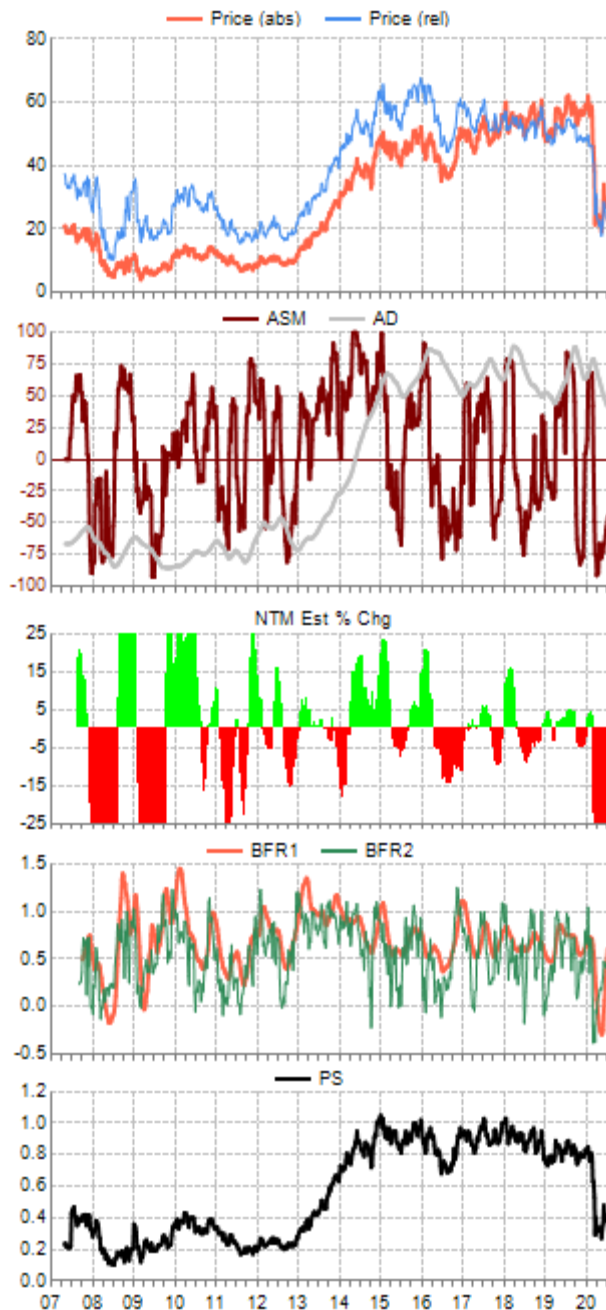
## S&amp;P 500 - Industrials - Airlines

Delta Air Lines Inc. (DAL)

Price: 27.09 EPS FY1:-7.48 FY2: 2.15 PE FY1:nm FY2: 12.6

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +

ASM Indicator:

Rolling Up

CONCLUSION:

FAVORABLE



## VF CORP (VFC)

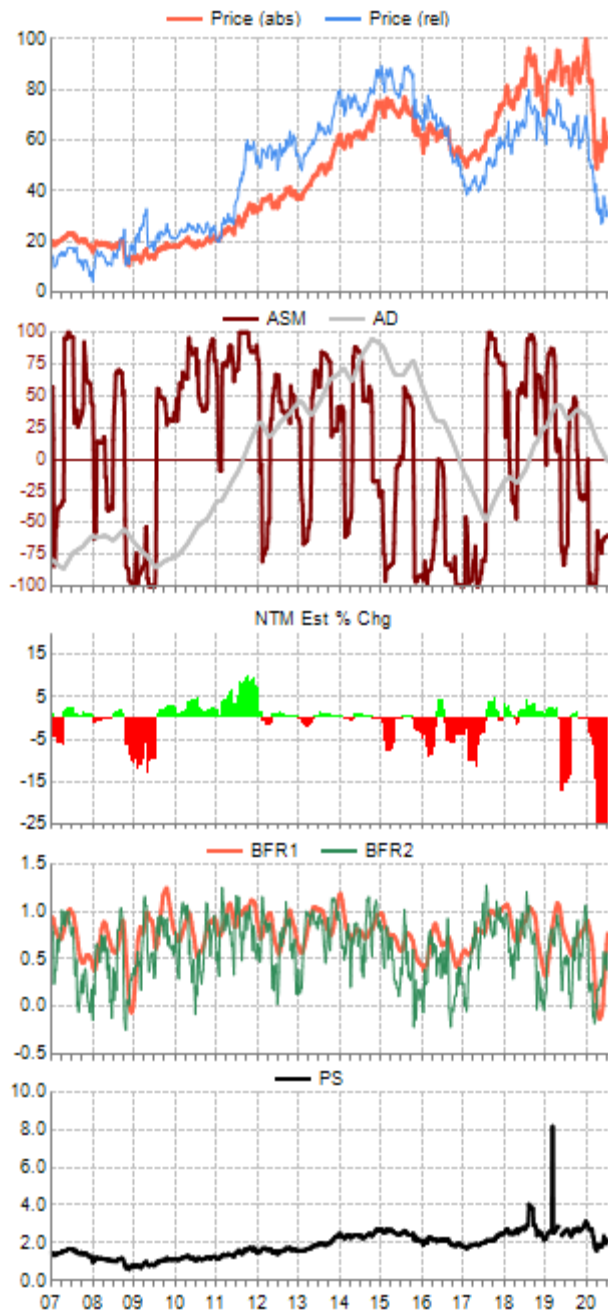
S&P 500 - Consumer Discretionary - Apparel, Accessories & Lux. Goods

VF Corp. (VFC)

Price: 60.74 EPS FY1: 1.09 FY2: 2.47 PE FY1: 55.7 FY2: 24.6

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

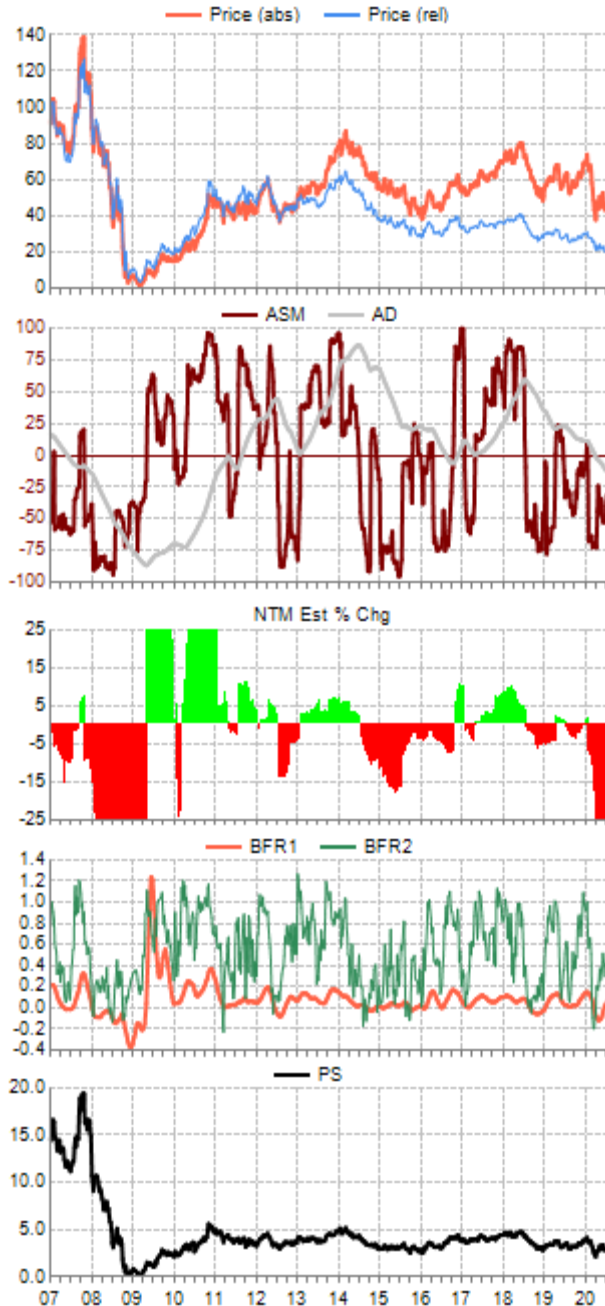
**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## LAS VEGAS SANDS (LVS)

S&P 500 - Consumer Discretionary - Casinos & Gaming			
Las Vegas Sands Corp. (LVS)			
Price: 45.72	EPS FY1: -.27	FY2: 2.33	PE FY1:nm FY2: 19.6
Scoring:	Grey Line: -	Red Line: UP	
Quantitative Indicator: P +			



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## MCDONALD'S (MCD)

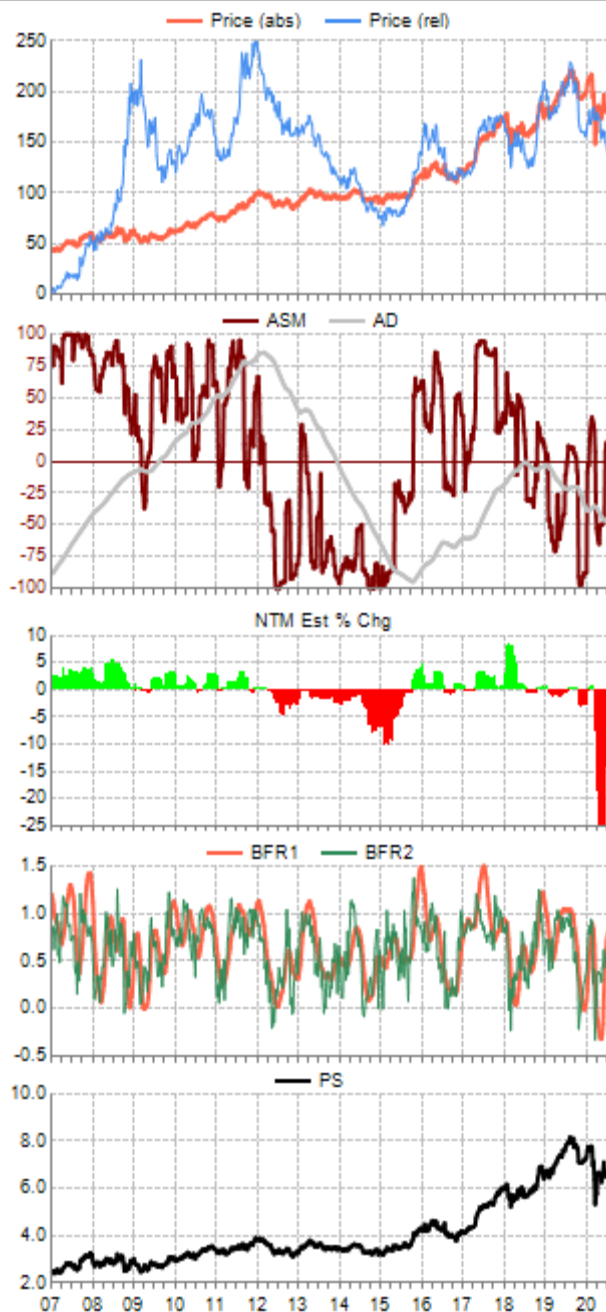
### S&P 500 - Consumer Discretionary - Restaurants

McDonald's Corp. (MCD)

Price: 184.88 EPS FY1: 5.79 FY2: 8.04 PE FY1: 31.9 FY2: 23.0

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

## STARBUCKS (SBUX)

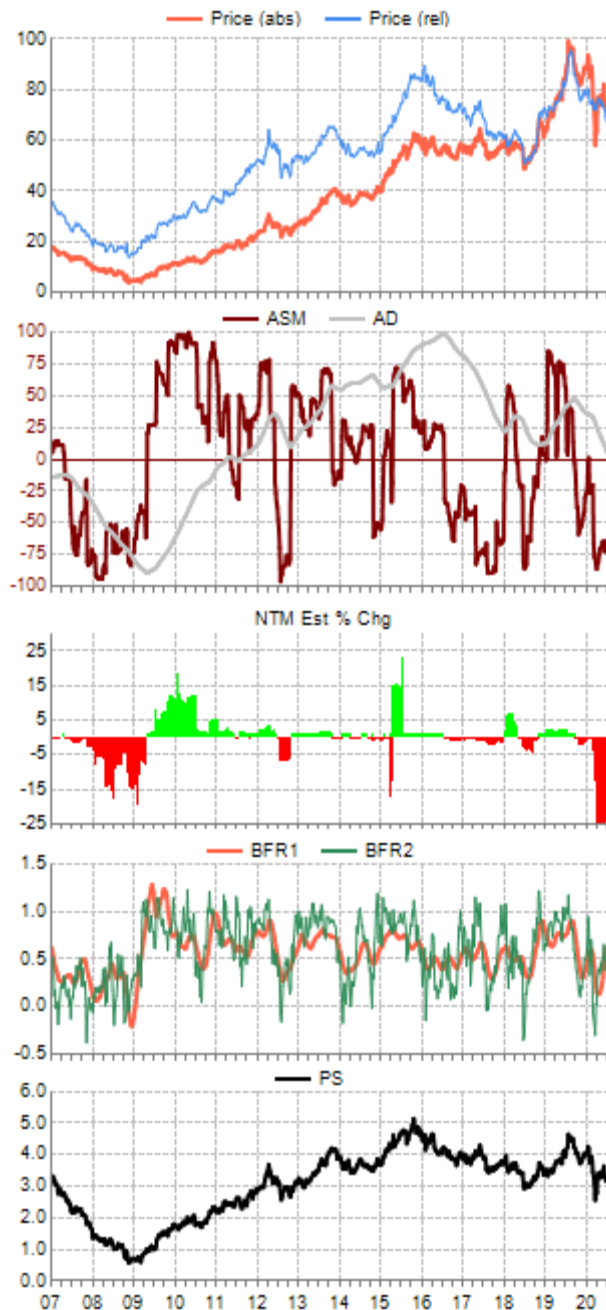
S&P 500 - Consumer Discretionary - Restaurants

Starbucks Corp. (SBUX)

Price: 74.29 EPS FY1: .89 FY2: 2.62 PE FY1: 83.5 FY2: 28.3

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



ASM Indicator:

Rolling Up

CONCLUSION:

FAVORABLE

## EXPEDIA GROUP (EXPE)

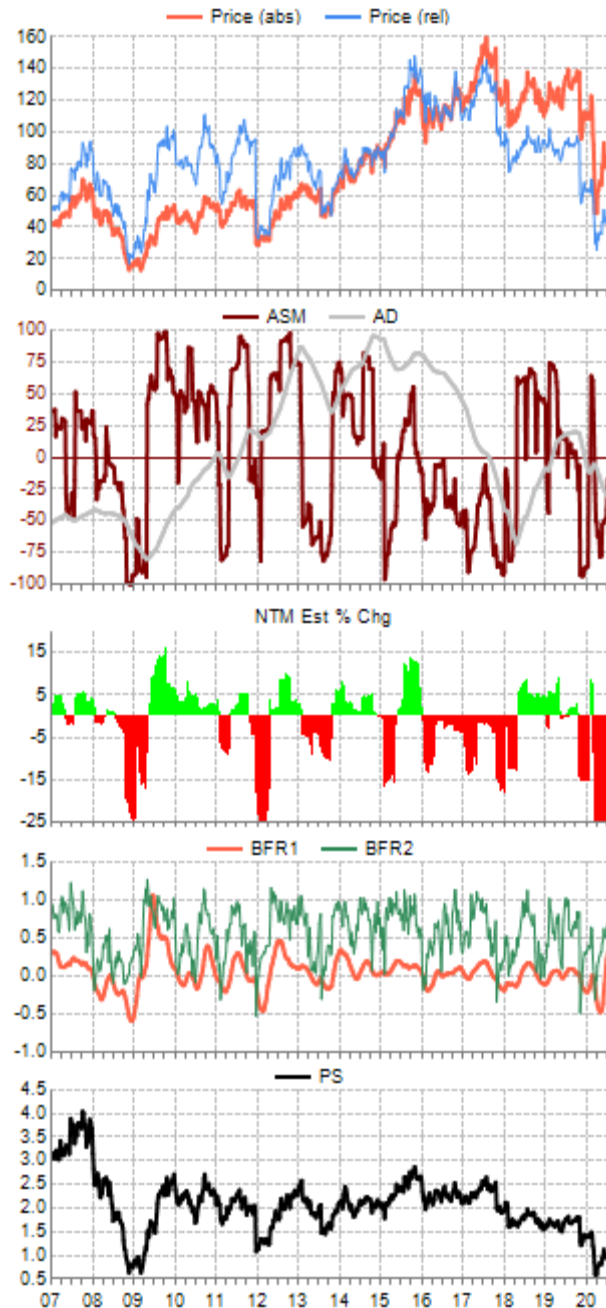
S&P 500 - Consumer Discretionary - Internet Retail

Expedia Inc. (EXPE)

Price: 83.54 EPS FY1:-5.20 FY2: 3.03 PE FY1:nm FY2: 27.6

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**



## MEDTRONIC (MDT)

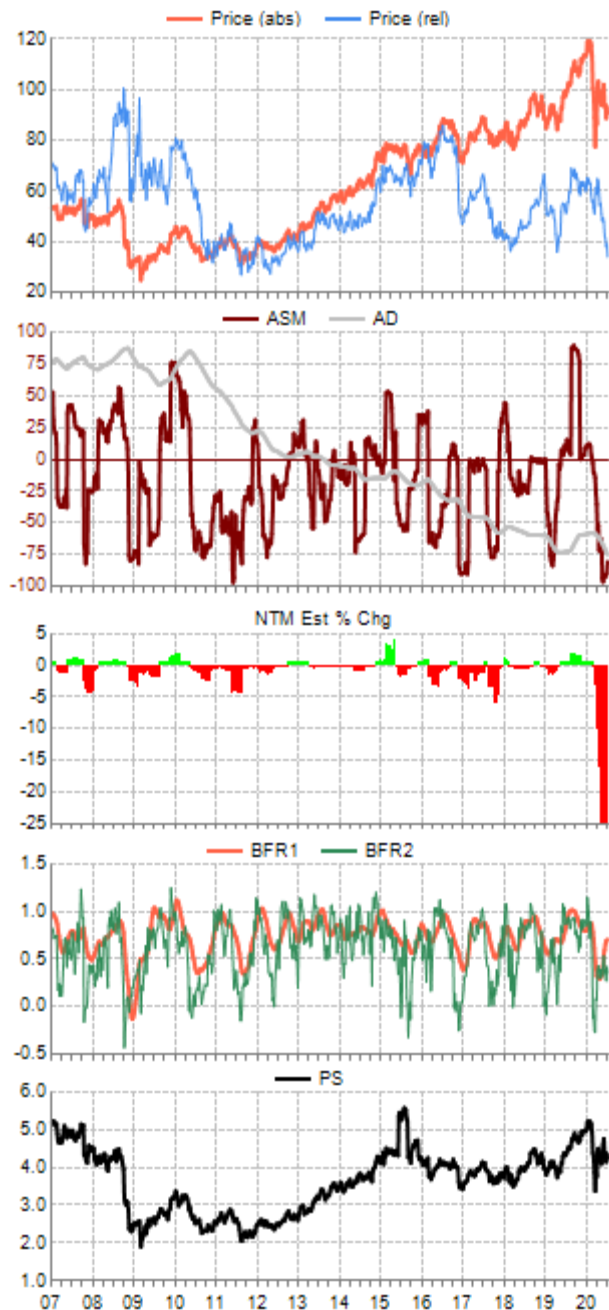
### S&P 500 - Health Care - Health Care Equipment

Medtronic Plc (MDT)

Price: 90.81 EPS FY1: 3.57 FY2: 5.58 PE FY1: 25.4 FY2: 16.3

Scoring: Grey Line: - Red Line: UP

Quantitative Indicator: P +



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**



## JPMORGAN CHASE (JPM)

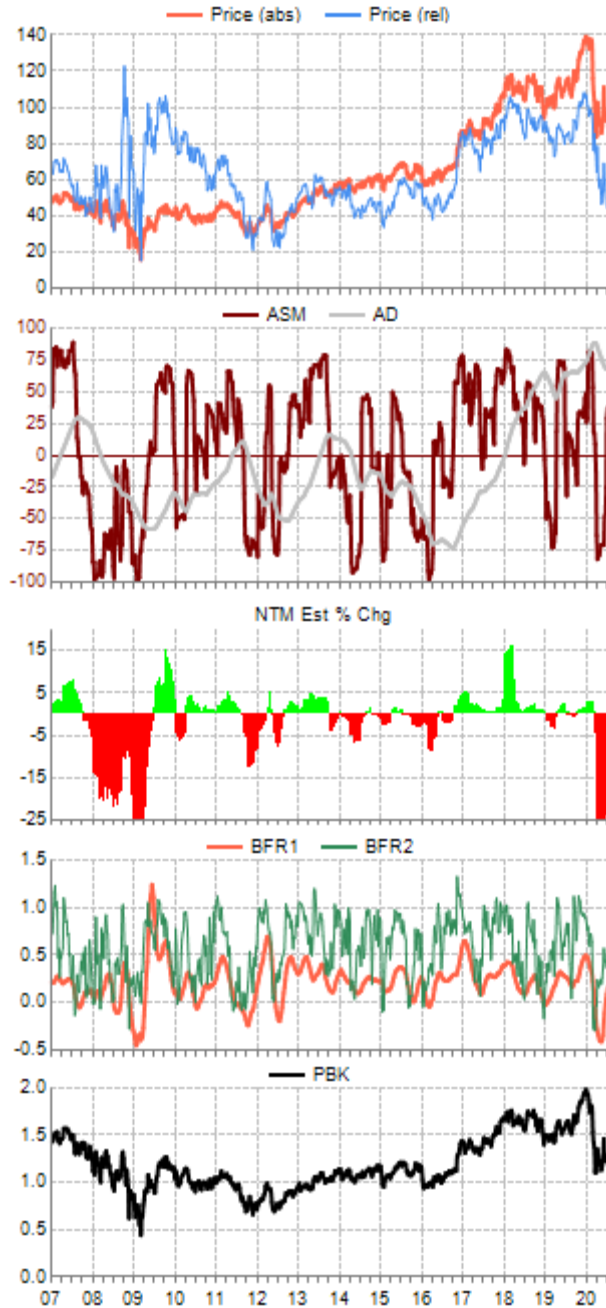
### S&P 500 - Financials - Diversified Banks

JPMorgan Chase & Co. (JPM)

Price: 96.27 EPS FY1: 5.51 FY2: 8.69 PE FY1: 17.5 FY2: 11.1

Scoring: Grey Line: + Red Line: UP

Quantitative Indicator: ++



**ASM Indicator:**

**Rolling Up**

**CONCLUSION:**

**FAVORABLE**

# Recovery Plays

## “Epicenter” Names

### Summary

LYB, ALB, PPG, MLM, IP, SEE, SON, TXT, ALLE, AOS, EMR, ETN, WAB, SNA, XYL, CHRW, DAL, JBLU, LUV, CSX, UNP, BWA, F, GM, WHR, HBI, PVH, RL, VFC, LVS, MGM, CCL, MCD, SBUX, GPC, BKNG, EXPE, KSS, LB, TJX, MDT, JPM

# STOCK SUMMARY CONCLUSIONS

## Widely Held Names

FMC, APD, SHW, FCX, TDG, FBHS, ROK, ROP, CMI, PCAR, DE, IEX, ITW, FAST, TAS, INFO, VRSK, EXPD, FDX, CSX, UNP, JBHT, ODFL, GRMN, DHI, LEN, NKE, CMG, AMZN, BBY, HD, TSCO, AZO, ORLY, COST, WMT, MNST, MKC, CHD, ABMD, BDX, DHR, DXCM, HOLX, IDXX, ISRG, RMD, ABC, HUM, UNH, ABBV, AMGN, INCY, A, BIO, ILMN, MTD, PKI, TMO, BLK, SPGI, PGR, ACN, MA, PYPL, ADBE, ADSK, ANSS, CRM, PAYC, SNPS, MSFT, NOW, ORCL, AAPL, KLAC, AVGO, NVDA, QCOM, SWKS, TXN, TMUS, NFLX, FB, GOOGL, AWK, PLD, AMT, CCI

## “Epicenter” Names

LYB, ALB, PPG, MLM, IP, SEE, SON, TXT, ALLE, AOS, EMR, ETN, WAB, SNA, XYL, CHRW, DAL, JBLU, LUV, CSX, UNP, BWA, F, GM, WHR, HBI, PVH, RL, VFC, LVS, MGM, CCL, MCD, SBUX, GPC, BKNG, EXPE, KSS, LB, TJX, MDT, JPM



# THANK YOU FOR PARTICIPATING

# Global Portfolio Strategy

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