FACTSET

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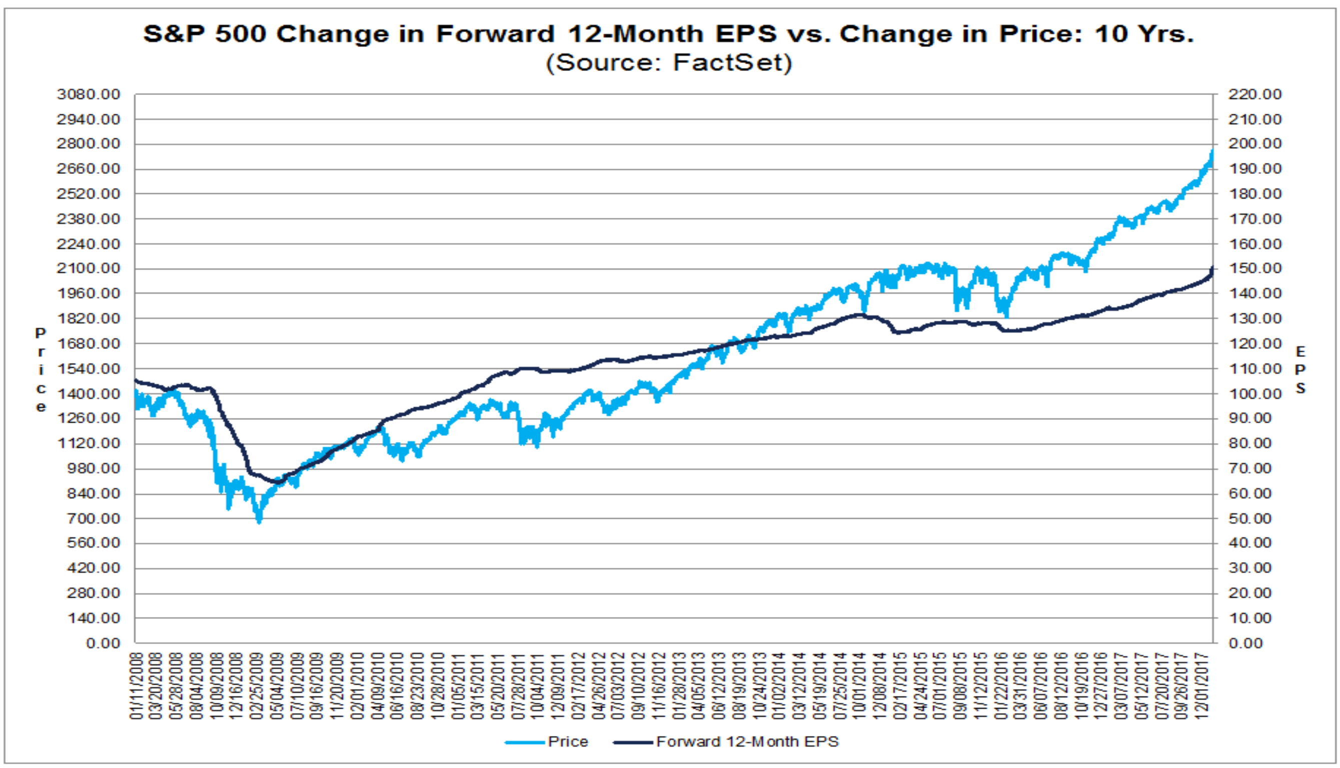
Key Metrics

- **Earnings Scorecard:** For Q4 2017 (with 5% of the companies in the S&P 500 reporting actual results for the quarter), 69% of S&P 500 companies have reported positive EPS surprises and 85% have reported positive sales surprises.
- **Earnings Growth:** For Q4 2017, the blended earnings growth rate for the S&P 500 is 10.2%. All eleven sectors are reporting or are expected to report earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2017 was 10.8%. The Financials sector is the only sector with a lower growth rate today (compared to December 31) due to downside earnings surprises.
- **Earnings Guidance:** For Q1 2018, 2 S&P 500 companies have issued negative EPS guidance and 3 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.4. This P/E ratio is above the 5-year average (15.9) and above the 10-year average (14.2).



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Topic of the Week: 1

Have S&P 500 Earnings Expectations for 2018 Increased Since the Tax Law Passed?

"We expect the recently passed U.S. Tax Cuts and Jobs Act of 2017 to favorably impact our net income, earnings per share and cash flows in the future, due primarily to the reduction in the federal corporation tax rate from 35% to 21%, effective for periods beginning January 1, 2018." –Acuity Brands (January 9)

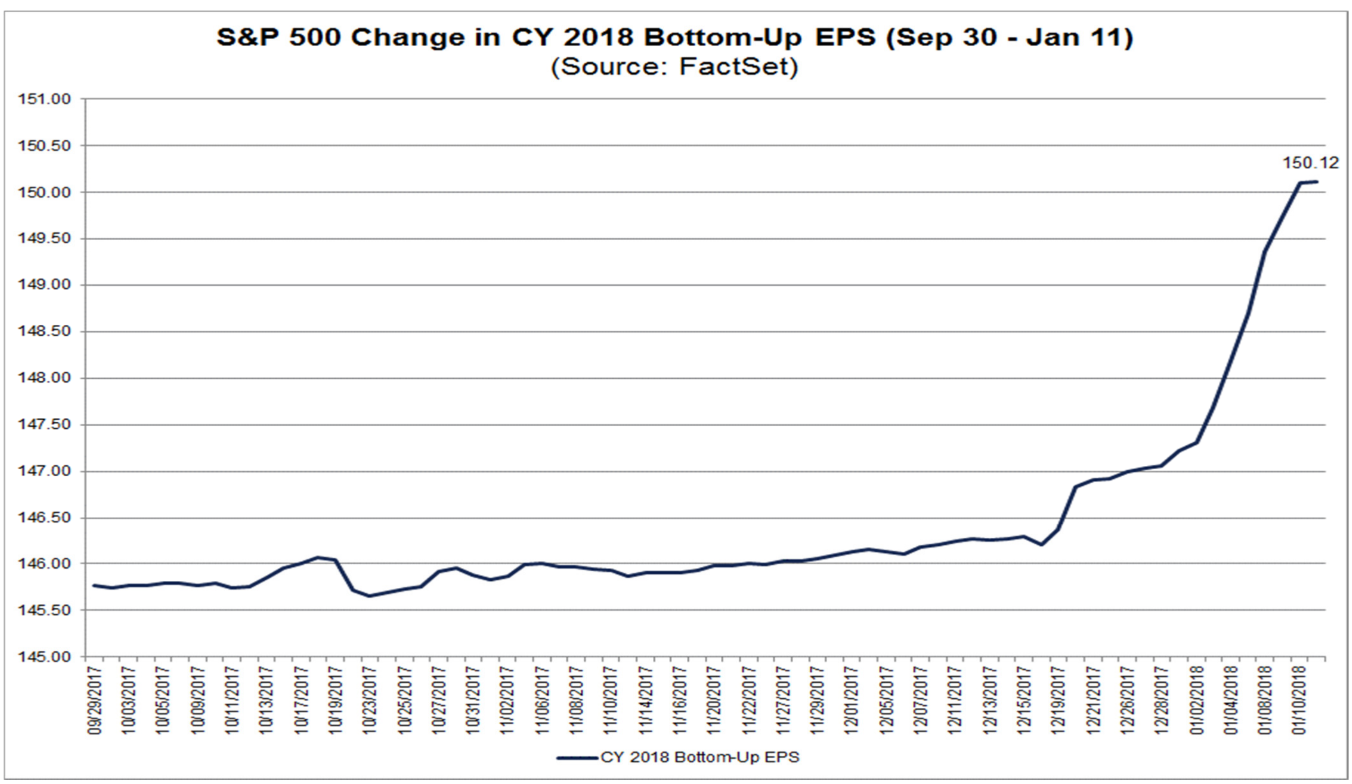
During the fourth quarter, a number of S&P 500 companies made positive comments about the potential benefits of tax reform. On December 20, Congress passed the tax reform legislation, and President Trump signed the bill into law a few days later. Since this date (and ahead of the fourth quarter earnings season), have analysts increased their earnings expectations for S&P 500 companies for 2018?

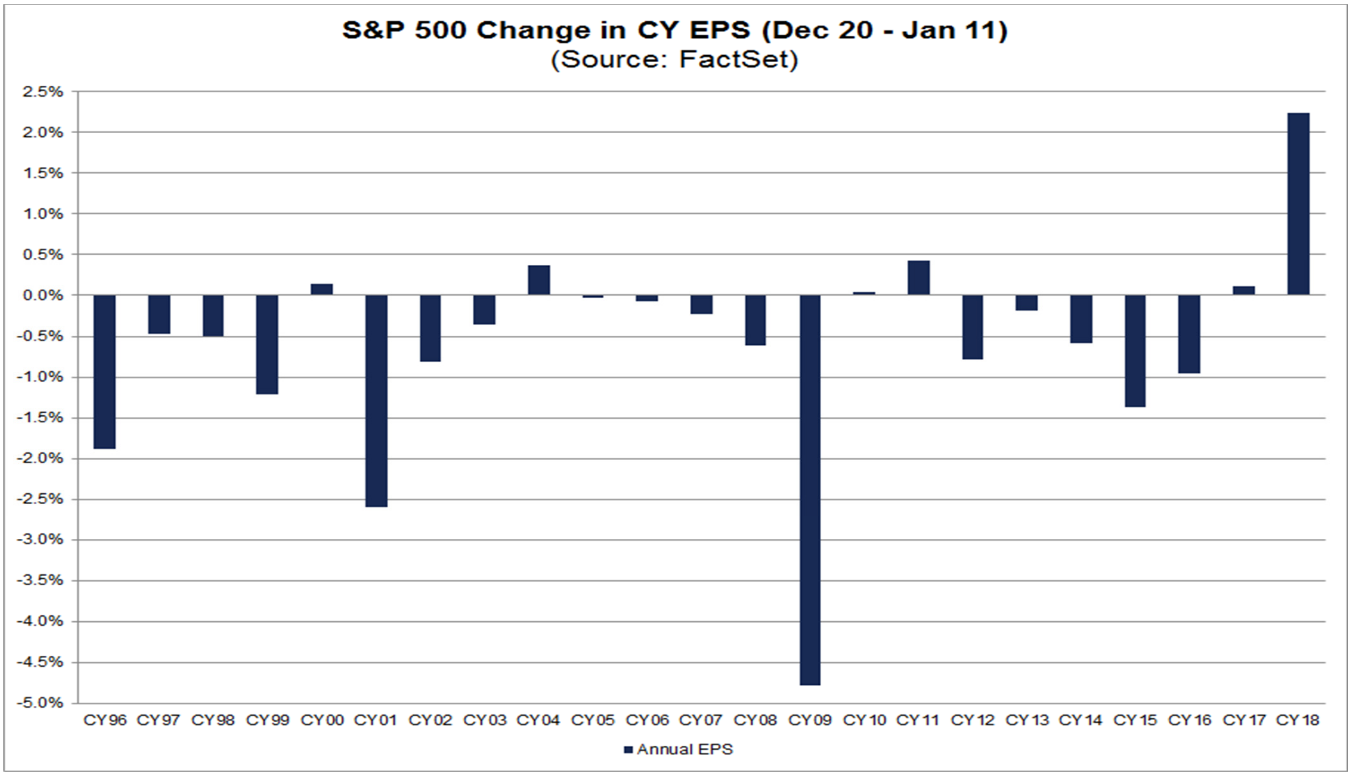
The answer is yes. The CY 2018 bottom-up EPS estimate (which is an aggregation of the median 2018 EPS estimates for all of the companies in the index and can be used as a proxy for earnings) increased by 2.2% (to $150.12 from $146.83) from December 20 through January 11. This represents the largest increase in the annual EPS estimate for the index over this time frame (December 20 through January 11) since FactSet began tracking this data in 1996.

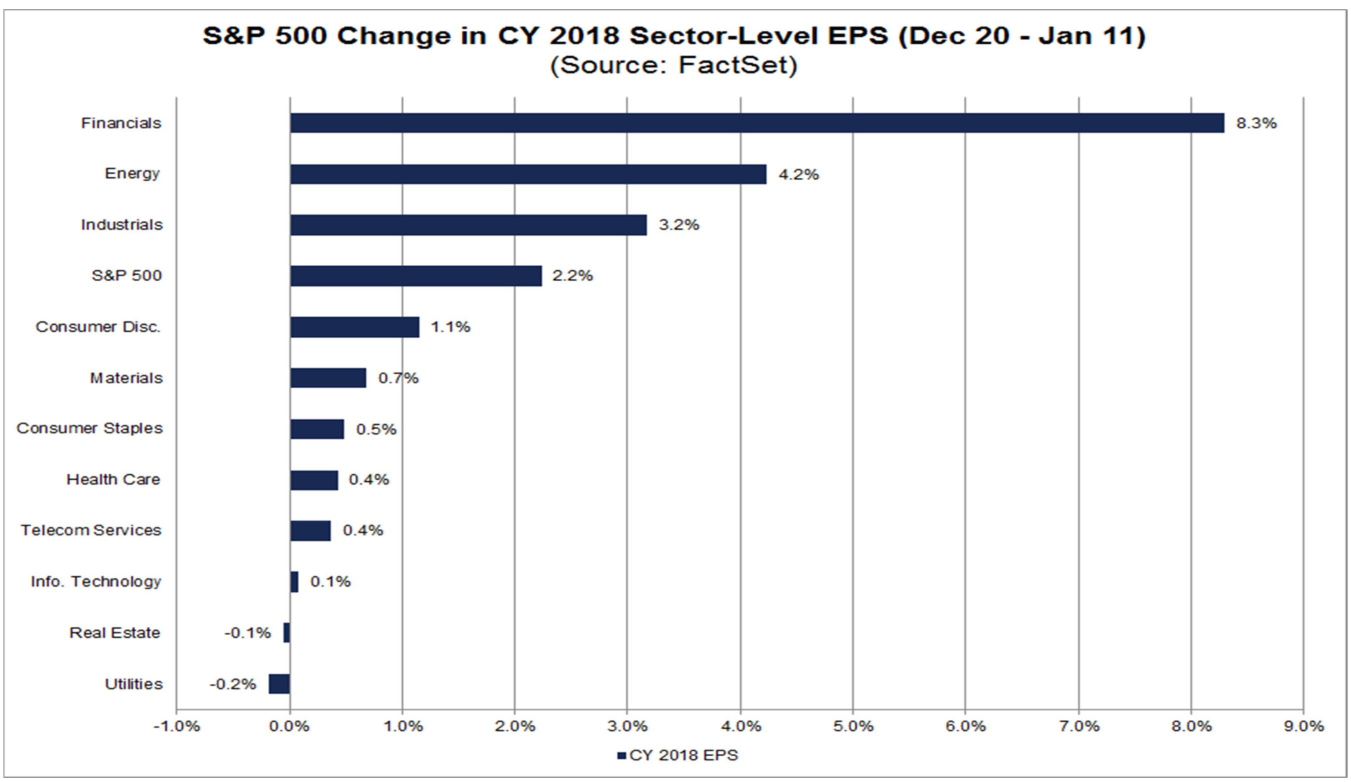
At the sector level, nine of the eleven sectors have recorded an increase in their bottom-up EPS estimates for 2018 during this window, led by the Financials sector (+8.3%).

How much has the tax law contributed to this increase in earnings expectations for 2018? It clearly had an impact on the increase, but it is difficult to quantify the overall amount. Not all analysts have revised EPS estimates since the tax law passed, and analysts that have revised estimates may not have incorporated the impact of the tax law.

Looking at the Dow Jones Industrials Average (and excluding NIKE which reported actual results on December 22), only 40% of analysts on average have confirmed or revised their FY 2018 EPS estimates for companies in this index since December 20. For the four companies in the DJIA that are part of the S&P 500 Financials sector (American Express, JPMorgan Chase, Goldman Sachs, and Travelers), 70% of analysts on average have confirmed or revised their FY 2018 EPS estimates since December 20. Thus, analysts covering companies in the Financials sector may be ahead of the curve relative to analysts covering companies in other sectors in terms of revising their EPS estimates for 2018 to account for the new tax law.




S&P 500 Change in CY EPS (Dec 20 - Jan 11)
(Source: FactSet)
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
-0.5%
-1.0%
-1.5%
-2.0%
-2.5%
-3.0%
-3.5%
-4.0%
-4.5%
-5.0%
CY96 CY97 CY98 CY99 CY00 CY01 CY02 CY03 CY04 CY05 CY06 CY07 CY08 CY09 CY10 CY11 CY12 CY13 CY14 CY15 CY16 CY17 CY18
Annual EPS


S&P 500 Change in CY 2018 Sector-Level EPS (Dec 20 - Jan 11)
(Source: FactSet)
Financials 8.3%
Energy 4.2%
Industrials 3.2%
S&P 500 2.2%
Consumer Disc. 1.1%
Materials 0.7%
Consumer Staples 0.5%
Health Care 0.4%
Telecom Services 0.4%
Info. Technology 0.1%
Real Estate -0.1%
Utilities -0.2%
-1.0% 0.0% 1.0% 2.0% 3.0% 4.0% 5.0% 6.0% 7.0% 8.0% 9.0%
CY 2018 EPS

Topic of the Week: 2

S&P 500 Could Report Second-Highest Earnings Growth Since 2011 in Q4 2017

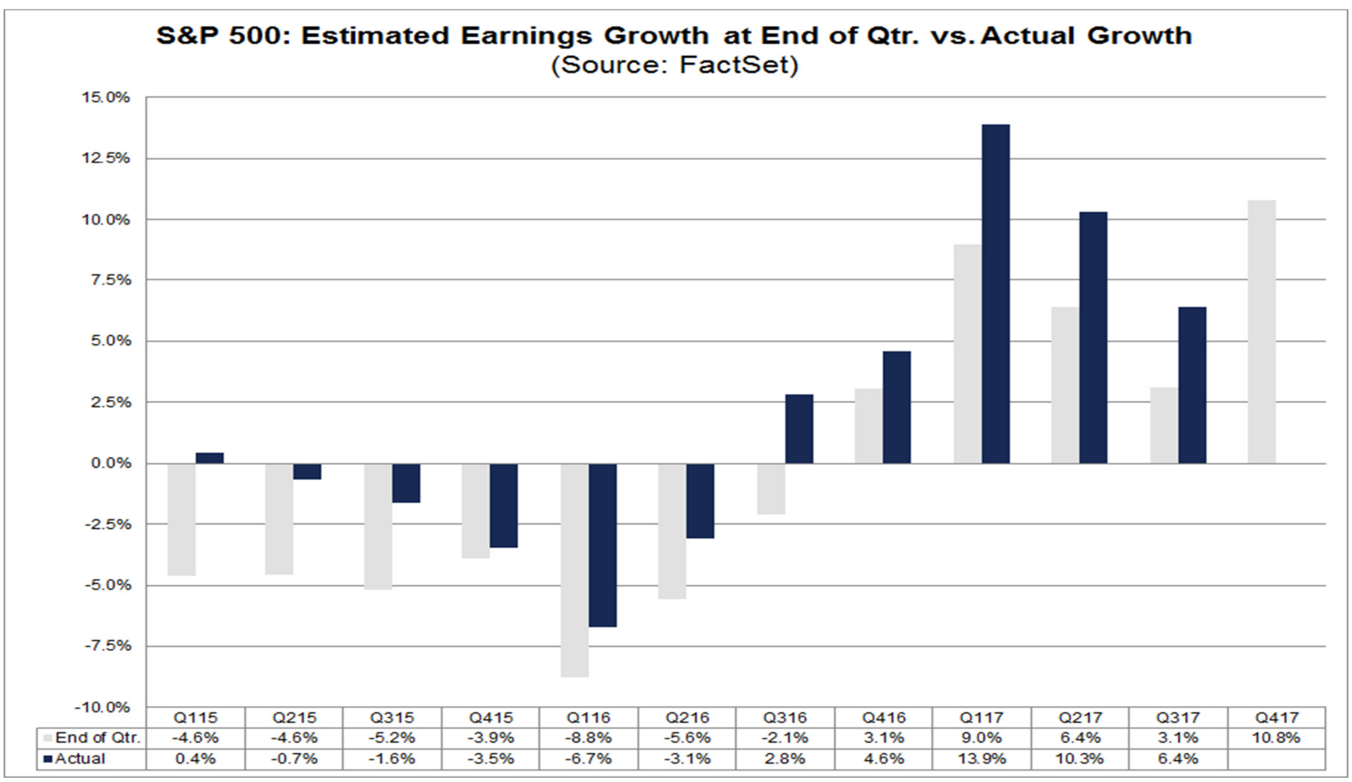
As of today, the S&P 500 is expected to report earnings growth of 10.2% for the fourth quarter. What is the likelihood the index will report an actual earnings increase of 10.2% for the quarter?

Based on the average change in earnings growth due to companies reporting actual earnings above estimated earnings, it is likely the index will report earnings growth of about 14% for the fourth quarter.

When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is projected to report EPS of $1.05 compared to year-ago EPS of $1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of $1.10 (a $0.05 upside earnings surprise compared to the estimate), the actual earnings growth for the company for the quarter is now 10%, five percentage points above the estimated growth rate (10% - 5% = 5%).

Over the past five years on average, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 4.3%. During this same period, 69% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has typically increased by 3.0 percentage points on average (over the past 5 years) due to the number and magnitude of upside earnings surprises.

If this average increase is applied to the estimated earnings growth rate at the end of Q4 (December 31) of 10.8%, the actual earnings growth rate for the quarter would be 13.8% (10.8% + 3.0% = 13.8%). If the index does report growth of 13.8% for Q4 2017, it will mark the second highest earnings growth for the index since Q3 2011 and the third quarter of double-digit earnings growth in the past four quarters.



Q4 2017 Earnings Season: By the Numbers

Overview

To date, 5% of the companies in the S&P 500 have reported actual results for Q4 2017. In terms of earnings, companies are reporting actual EPS above estimates at a rate (69%) equal to the 5-year average. In aggregate, companies are reporting earnings that are 3.2% below the estimates, which is below the 5-year average. In terms of sales, more companies (85%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are 1.4% above estimates, which is also above the 5-year average.

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the fourth quarter is 10.2% today, which is lower than the earnings growth rate of 10.7% last week. Negative earnings surprises reported by companies in the Financials sector were mainly responsible for the decrease in the earnings growth rate for the index during the past week. All eleven sectors are reporting or are predicted to report year-over-year earnings growth. Four sectors are reporting or are expected to report double-digit earnings growth: Energy, Materials, Information Technology, and Utilities. The Telecom Services, Industrials, and Consumer Discretionary sectors are reporting or are projected to report the lowest earnings growth for the quarter

The blended sales growth rate for the third quarter is 6.8% today, which is slightly above the sales growth rate of 6.7% last week. During the past week, upward revisions to sales estimates for companies in the Industrials and Consumer Discretionary sectors were mostly offset by downward revisions to sales estimates for companies in the Energy sector, resulting in the small uptick in the revenue growth rate for the index. All eleven sectors are reporting or are projected to report year-over-year growth in revenues. Three sectors are reporting or are predicted to reported double-digit growth in revenues: Energy, Materials, and Information Technology. The Telecom Services and Financials sectors are reporting the lowest revenue growth for the quarter.

As of today, all eleven sectors are reporting or are expected to report both earnings and revenue growth for the fourth quarter. The last time all of the sectors in the index reported both earnings and revenue growth for a quarter was Q3 2011.

Looking at future quarters, analysts currently project earnings growth to continue at double-digit levels through 2018.

The forward 12-month P/E ratio is 18.4, which is above the 5-year average and the 10-year average.

During the upcoming week, 28 S&P 500 companies (including 4 Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: More Companies Beating Revenue Estimates than Average

Percentage of Companies Beating EPS Estimates (69%) is Equal to 5-Year Average

Overall, 5% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 69% have reported actual EPS above the mean EPS estimate, 12% have reported actual EPS equal to the mean EPS estimate, and 19% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year (72%) average but equal to the 5-year (69%) average.

At the sector level, the Information Technology (83%) and Consumer Staples (80%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (0%) and Financials (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (-3.2%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 3.2% below expectations. This surprise percentage is below the 1-year (+4.6%) average and below the 5-year (+4.3%) average.

The Industrials (+8.6%) sector is reporting the largest upside aggregate difference between actual earnings and estimated earnings. On the other hand, the Financials sector (-11.9%) is reporting the largest downside aggregate difference between actual earnings and estimated earnings.

Market Rewarding Earnings Beats and Not Punishing Earnings Misses

To date, the market is rewarding upside earnings surprises more than average and punishing downside earnings surprises less than average.

Companies that have reported upside earnings surprises for Q4 2017 have seen an average price increase of +1.4% two days before the earnings release through two days after the earnings. This percentage increase is above the 5-year average price increase of +1.2% during this same window for companies reporting upside earnings surprises.

Companies that have reported downside earnings surprises for Q3 2017 have seen an average price decrease of 1.6% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.4% during this same window for companies reporting downside earnings surprises.

Percentage of Companies Beating Revenue Estimates (85%) is Above 5-Year Average

In terms of revenues, 85% of companies have reported actual sales above estimated sales and 15% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is well above the 1-year average (64%) and well above the 5-year average (56%).

At the sector level, the Information Technology (100%) and Consumer Discretionary (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (0%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.4%) is Above 5-Year Average

In aggregate, companies are reporting sales that are 1.4% above expectations. This surprise percentage is above the 1-year (+0.8%) average and above the 5-year (+0.6%) average.

The Consumer Discretionary (+2.8%), Information Technology (+2.7%), and Industrials (+2.6%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Materials (-3.9%) sector is reporting the largest aggregate downside difference between actual sales and estimated sales.

Decrease in Blended Earnings Growth This Week Due to Financials

Decrease in Blended Earnings Growth This Week Due to Financials

The blended earnings growth rate for the fourth quarter is 10.2% today, which is lower than the earnings growth rate of 10.7% last week. Negative earnings surprises reported by companies in the Financials sector were mainly responsible for the decrease in the earnings growth rate for the index during the past week.

In the Financials sector, the downside earnings surprises reported by JPMorgan Chase ($1.07 vs. $1.69) and Wells Fargo ($1.16 vs. $1.23) were the largest contributors to the decrease in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector decreased to 6.4% from 10.4% during this period.

Small Increase in Blended Revenue Growth This Week

The blended sales growth rate for the third quarter is 6.8% today, which is slightly above the sales growth rate of 6.7% last week. During the past week, upward revisions to sales estimates for companies in the Industrials and Consumer Discretionary sectors were mostly offset by downward revisions to sales estimates for companies in the Energy sector, resulting in the small uptick in the revenue growth rate for the index.

Energy Sector Has Seen Largest Increase in Earnings Growth since December 31

The blended earnings growth rate for Q4 2017 of 10.2% is below the estimate of 10.8% at the end of the fourth quarter (December 31). Nine sectors have recorded an increase in earnings growth since the end of the quarter due to upward revisions to earnings estimates and upside earnings surprises, led by the Energy (to 135.1% from 132.0%) sector. One sector (Financials) has recorded a decrease in earnings growth during this time due to downward revisions to estimates and downside earnings surprises (to 6.4% from 11.6%). One sector (Health Care) has recorded no change in earnings growth since December 31.

Telecom Services Sector Has Seen Largest Increase in Revenue Growth since December 31

The blended sales growth rate for Q4 2017 of 6.8% is larger than the estimate of 6.7% at the end of the fourth quarter (December 31). Five sectors have recorded an increase in sales growth since the end of the quarter due to upward revisions to revenue estimates and upside revenue surprises, led by the Telecom Services (to 2.0% from 1.7%) sector. One sector (Real Estate) has recorded a decrease in sales growth during this time. Five sectors have recorded no change in sales growth since December 31.

Earnings Growth: 10.2%

The blended (year-over-year) earnings growth rate for Q4 2017 is 10.2%. If the final earnings growth rate for the quarter is 10% (or higher), it will mark the third time in the past four quarters that the index has reported double-digit earnings growth. All eleven sectors are reporting or are expected to report year-over-year growth in earnings. Four sectors are reporting or are expected to report double-digit earnings growth: Energy, Materials, Information Technology and Utilities. On the other hand, the Telecom Services, Industrials, and Consumer Discretionary sectors are reporting the lowest earnings growth for the quarter.

Energy: Highest Earnings Growth on Easy Comparison to Low Year-Ago Earnings

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 135.1%. At the sub-industry level, all six sub-industries in the sector are predicted to report earnings growth for the quarter: Oil & Gas Exploration & Production (N/A due to year-ago loss), Oil & Gas Drilling (N/A due to year-ago loss), Oil & Gas Equipment & Services (226%), Oil & Gas Refining & Marketing (160%), Integrated Oil & Gas (74%), and Oil & Gas Storage & Transportation (20%).

The unusually high growth rate for the sector is mainly due to unusually low earnings in the year-ago quarter. On a dollar-level basis, the Energy sector is projected to report earnings of $12.5 billion in Q4 2017, compared to earnings of $5.3 billion in Q4 2016. If the Energy sector were excluded, the estimated earnings growth rate for the remaining ten sectors would fall to 7.7% from 10.2%.

Materials: 3 of 4 Industries to Report Double-Digit Growth

The Materials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 28.5%. At the industry level, all four industries are reporting or are predicted to report earnings growth. Three of these four industries are reporting or are projected to report double-digit earnings growth: Metals & Mining (84%), Containers & Packaging (32%), and Chemicals (21%).

Information Technology: Semiconductor & Internet Software Industries Lead Growth

The Information Technology sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 16.0%. At the industry level, five of the seven industries in this sector are reporting or are predicted to report earnings growth. Three of these five industries are reporting or are predicted to report double-digit earnings growth: Semiconductor & Semiconductor Equipment (37%), Internet Software & Services (33%), and IT Services (12%).

Utilities: NRG Energy, Southern Company, and Exelon Lead Growth

The Utilities sector is expected to report the fourth highest (year-over-year) earnings growth at 12.3%. At the company level, NRG Energy, Southern Company, and Exelon are projected to be the largest contributors to earnings growth for the sector. The mean EPS estimate for NRG Energy for Q4 2017 is $0.32, compared to year-ago actual EPS of -$0.61. The mean EPS estimate for Southern Company for Q4 2017 is $0.46, compared to year-ago actual EPS of $0.24. The mean EPS estimate for Exelon for Q4 2017 is $0.61, compared to year-ago actual EPS of $0.44. If these three companies were excluded, the estimated earnings growth rate for the Utilities sector would fall to 2.1% from 12.3%.

Telecom Services: AT&T Largest Detractor to Earnings Growth

On the other hand, the Telecom Services sector is expected to report the lowest (year-over-year) earnings growth of all eleven sectors at 1.2%. Of the three companies in this sector, AT&T is expected to be the largest detractor to earnings growth in the sector. The mean EPS estimate for AT&T for Q4 2017 is $0.65, compared to year-ago actual EPS of $0.66.

Industrials: General Electric Largest Detractor to Earnings Growth

The Industrials sector is reporting the second lowest (year-over-year) earnings growth of all eleven sectors at 2.3%. At the industry level, nine of the twelve industries in this sector are reporting or are predicted to report earnings growth, led by the Machinery (33%), Construction & Engineering (12%), and Aerospace & Defense (10%) industries. On the other hand, three industries are reporting or are projected to report a year-over-year decline in earnings: Professional Services (-18%), Industrial Conglomerates (-18%), and Airlines (-12%). At the company level, General Electric is expected to be the largest detractor to earnings growth in the sector. The mean EPS estimate for GE for Q4 2017 is $0.30, compared to year-ago actual EPS of $0.46. If General Electric were excluded, the estimated earnings growth rate for the Industrials sector would improve to 8.7% from 2.3%.

Consumer Discretionary: 5 of 12 Industries Expected to Report Decline

The Consumer Discretionary sector is reporting the third lowest (year-over-year) earnings growth of all eleven sectors at 2.4%. At the industry level, seven of the twelve industries in this sector are reporting or are predicted to report earnings growth, led by the Automobiles (19%) and Internet & Direct Marketing Retail (16%) industries. On the other hand, five industries are reporting or are projected to report a year-over-year decline in earnings, led by the Leisure Products (-21%) and Auto Components (-13%) industries.

Revenue Growth: 6.8%

The blended (year-over-year) revenue growth rate for Q4 2017 is 6.8%. All eleven sectors are reporting or are expected to report year-over-year growth in revenues. Three sectors are reporting or are predicted to report double-digit growth in revenues: Energy, Materials, and Information Technology. On the other hand, the Telecom Services and Financials sectors are reporting the lowest revenue growth for the quarter.

Energy: 4 of 6 Sub-Industries Expected to Report Double-Digit Growth

The Energy sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 17.5%. At the sub-industry level, all six sub-industries in the sector are predicted to reported revenue growth: Oil & Gas Drilling (47%), Oil & Gas Equipment & Services (32%), Integrated Oil & Gas (19%), Oil & Gas Refining & Marketing (17%), Oil & Gas Storage & Transportation (7%), and Oil & Gas Exploration & Production (4%).

Materials: DowDuPont Leads Growth on Easy Comparison to Standalone Revenue for Dow Chemical

The Materials sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 16.7%. At the industry level, all four industries in this sector are reporting or are expected to report revenue growth, led by the Chemicals (22%) and Metals & Mining (14%) industries. At the company level, DowDuPont is predicted to be the largest contributor to revenue growth for the sector. However, the estimated revenues for Q4 2017 ($19.4 billion) reflect the combined DowDuPont company, while the actual revenues for Q4 2016 ($13.0 billion) reflect the standalone Dow Chemical company. This apple-to-orange comparison is the main reason DowDuPont is projected to be the largest contributor to revenue growth for the sector. If this company were excluded, the estimated revenue growth rate for the sector would fall to 9.7% from 16.7%.

Information Technology: Internet Software Leads Growth

The Information Technology sector is reporting the third highest (year-over-year) revenue growth of all eleven sectors at 11.0%. At the industry level, all seven industries in this sector are reporting or are predicted to report revenue growth. Three of these seven industries are reporting or are projected to report double-digit revenue growth: Internet Software & Services (23%), Semiconductor & Semiconductor Equipment (16%), and IT Services (14%).

Telecom Services: AT&T Largest Detractor to Revenue Growth

On the other hand, the Telecom Services sector is expected to report the lowest (year-over-year) revenue growth of all eleven sectors at 2.0%. Of the three companies in this sector, AT&T is expected to be the largest detractor to revenue growth in the sector. The mean sales estimate for AT&T for Q4 2017 is $41.2 billion, compared to year-ago actual sales of $41.8 billion.

Financials: Insurance Industry Detractor to Revenue Growth

The Financials sector is reporting the second lowest (year-over-year) revenue growth of all eleven sectors at 2.4%. At the industry level, four of the five industries in this sector are reporting or are predicted to report revenue growth, led by the Consumer Finance (8%) industry. The Insurance (-2%) is the only industry expected to report a (year-over-year) decline in revenues for the quarter.

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Negative EPS Guidance Below Average For Q1

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

At this point in time, 5 companies in the index have issued EPS guidance for Q1 2018. Of these 5 companies, 2 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 40% (2 out of 5), which is below the 5-year average of 74%.

Double-Digit Earnings Growth Expected to Continue in 2018

For the fourth quarter, companies are reporting earnings growth of 10.2% and revenue growth of 6.8%. Analysts currently expect earnings to continue at double-digit levels in 2018. However, they are also projecting lower year-over-year revenue growth in the second half of 2018.

For Q1 2018, analysts are projecting earnings growth of 14.1% and revenue growth of 7.1%.

For Q2 2018, analysts are projecting earnings growth of 13.9% and revenue growth of 7.0%.

For Q3 2018, analysts are projecting earnings growth of 15.2% and revenue growth of 5.8%.

For Q4 2018, analysts are projecting earnings growth of 15.1% and revenue growth of 4.5%.

For all of 2018, analysts are projecting earnings growth of 14.7% and revenue growth of 5.9%.

Valuation: Forward P/E Ratio is 18.4, above the 10-Year Average (14.2)

The forward 12-month P/E ratio is 18.4. This P/E ratio is above the 5-year average of 15.9 and above the 10-year average of 14.2. It is also above the forward 12-month P/E ratio of 18.2 recorded at the start of the first quarter (December 31). Since the start of the first quarter, the price of the index has increased by 3.5%, while the forward 12-month EPS estimate has increased by 2.3%.

At the sector level, the Energy (26.1) sector has the highest forward 12-month P/E ratio, while the Telecom Services (12.8) sector has the lowest forward 12-month P/E ratio. Nine sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Industrials (19.9 vs. 14.6), Energy (26.1 vs. 19.3), and Information Technology (19.4 vs. 14.4) sectors. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (12.8 vs. 14.1). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 6% Increase in Price Over Next 12 Months

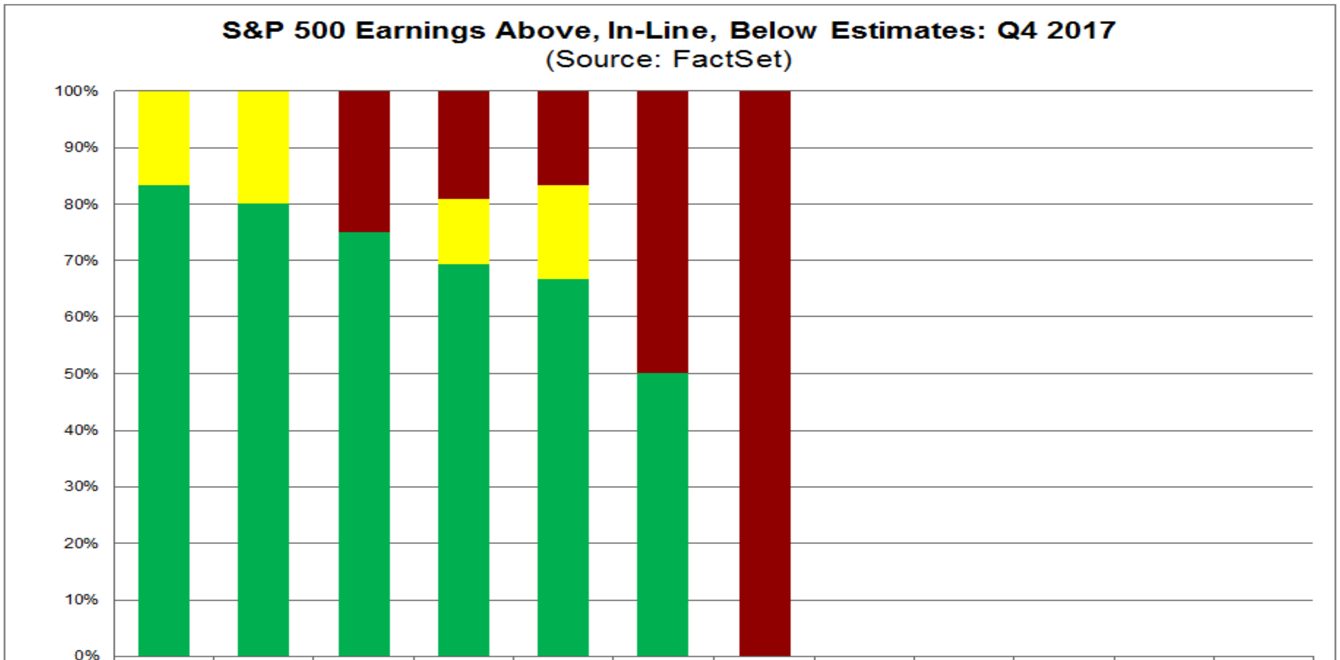
The bottom-up target price for the S&P 500 is 2925.65, which is 5.7% above the closing price of 2767.56. At the sector level, the Real Estate (+12.5%) and Information Technology (+10.4%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Energy (0.0%) and Industrials (+1.9%) sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 11,128 ratings on stocks in the S&P 500. Of these 11,128 ratings, 50.0% are Buy ratings, 44.8% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Information Technology (59%), Health Care (57%), and Energy (55%) sectors have the highest percentages of Buy ratings, while the Telecom Services (28%) and Utilities (36%) sectors have the lowest percentages of Buy ratings.

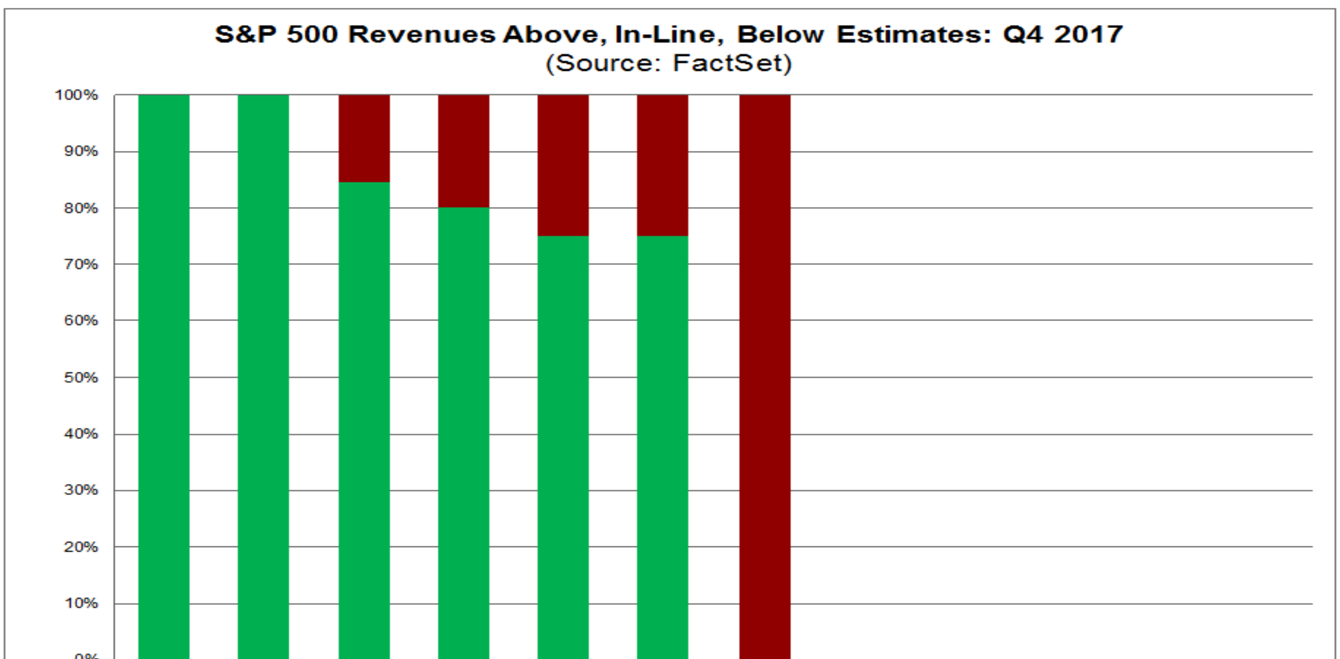
Companies Reporting Next Week: 28

During the upcoming week, 28 S&P 500 companies (including 4 Dow 30 components) are scheduled to report results for the fourth quarter.

Q4 2017: Scorecard

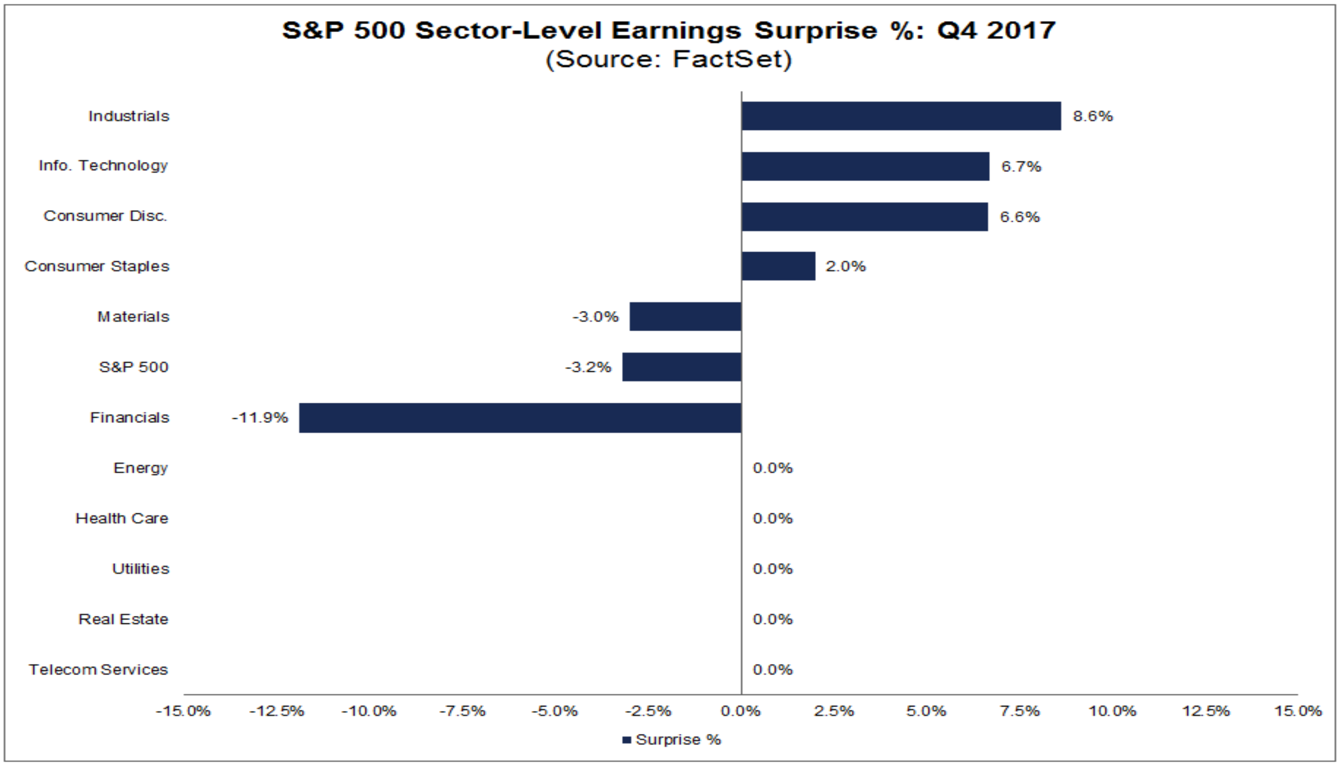


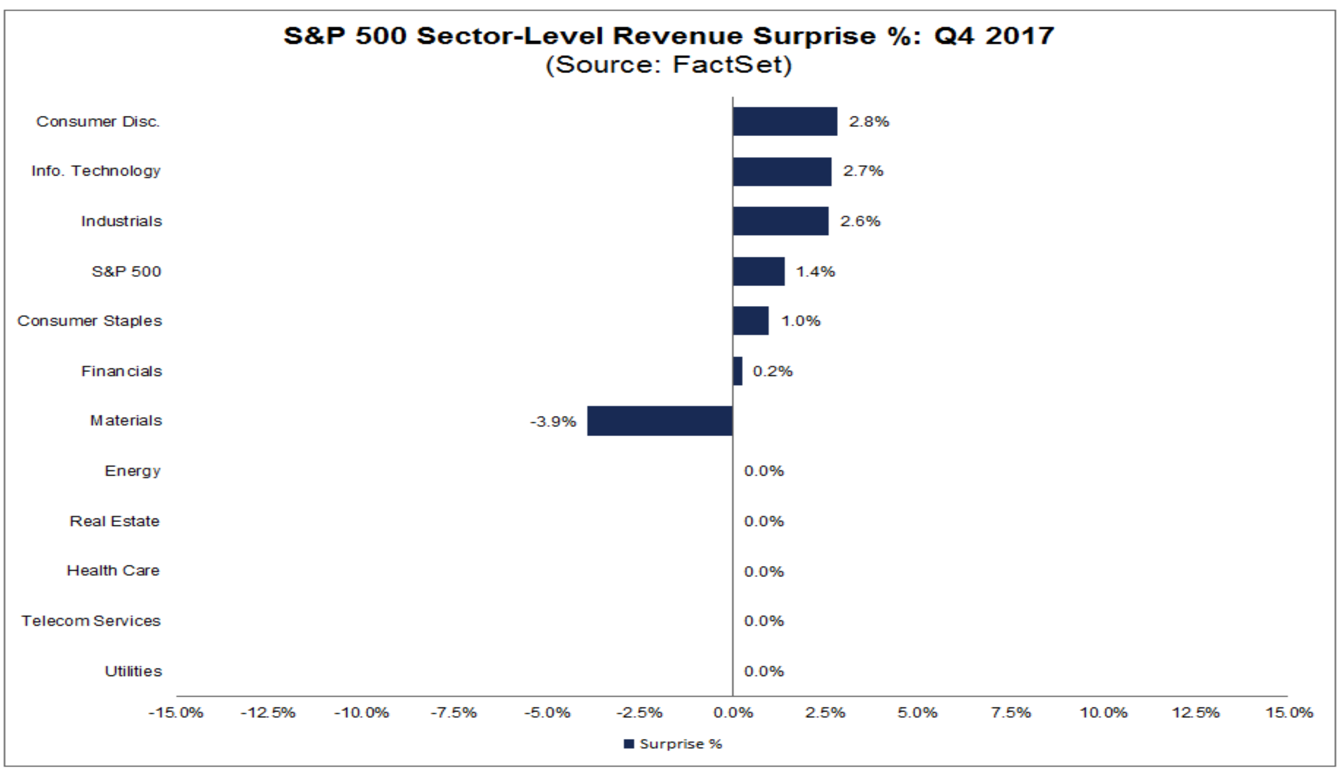
	Info. Technology	Consumer Staples	Industrials	S&P 500	Consumer Disc.	Financials	Materials	Health Care	Real Estate	Energy	Utilities	Telecom Services
Below	0%	0%	25%	19%	17%	50%	100%	0%	0%	0%	0%	0%
In-Line	17%	20%	0%	12%	17%	0%	0%	0%	0%	0%	0%	0%
Above	83%	80%	75%	69%	67%	50%	0%	0%	0%	0%	0%	0%



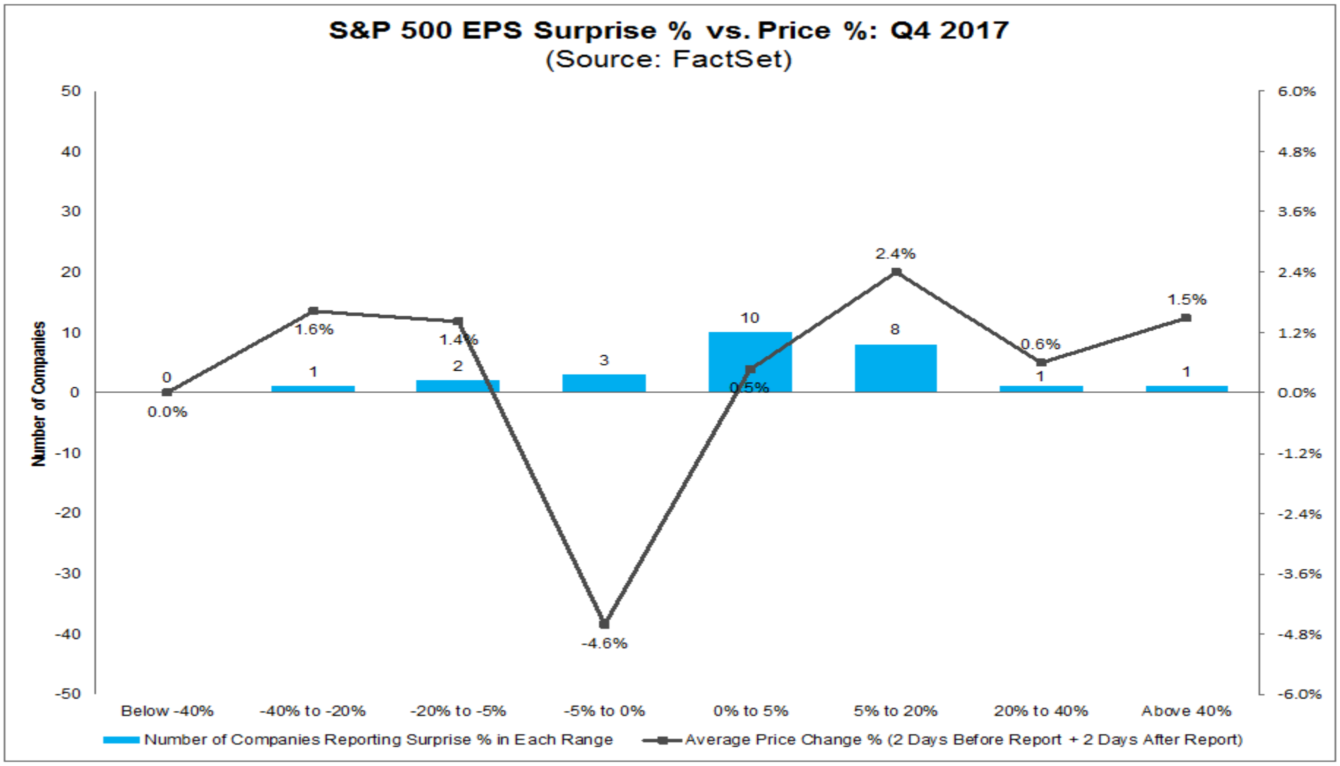
	Info. Technology	Consumer Disc.	S&P 500	Consumer Staples	Industrials	Financials	Materials	Energy	Health Care	Real Estate	Telecom Services	Utilities
Below	0%	0%	15%	20%	25%	25%	100%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	85%	80%	75%	75%	0%	0%	0%	0%	0%	0%

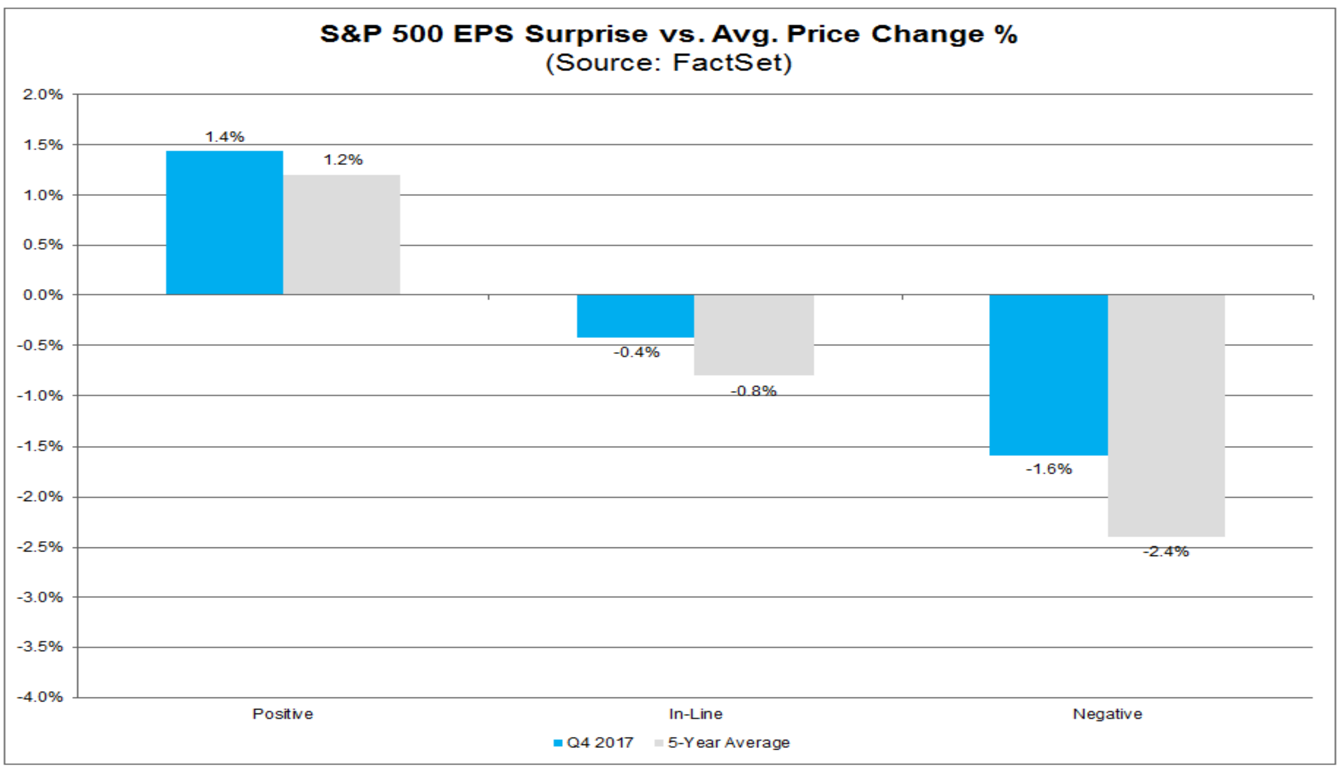
Q4 2017: Scorecard



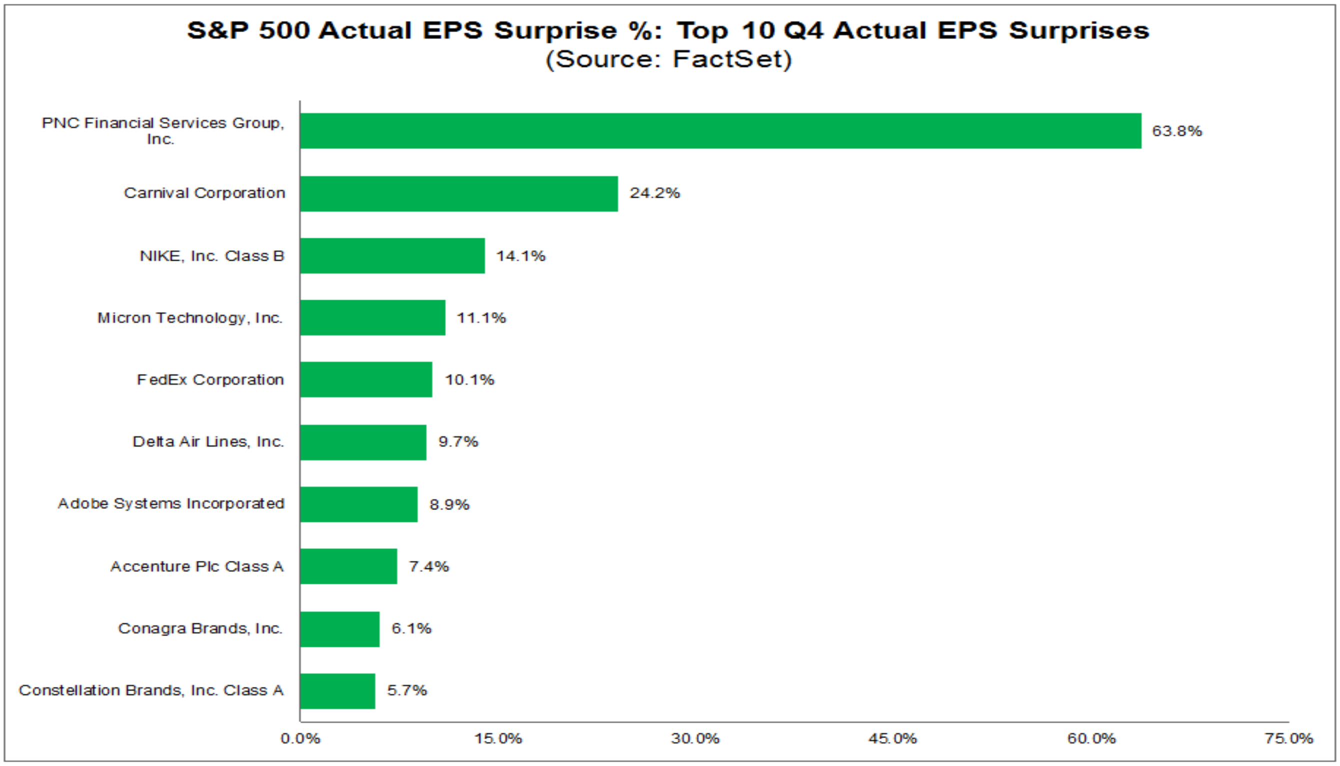


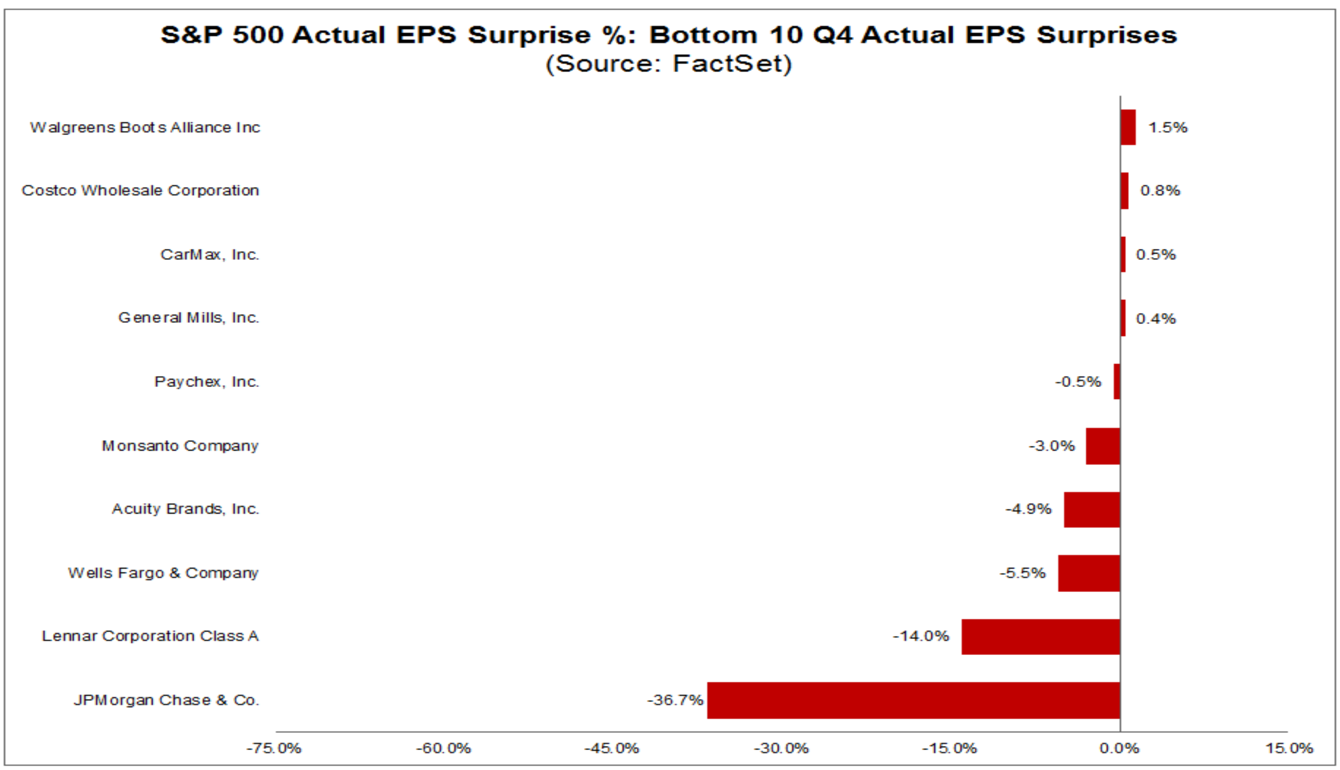
Q4 2017: Scorecard



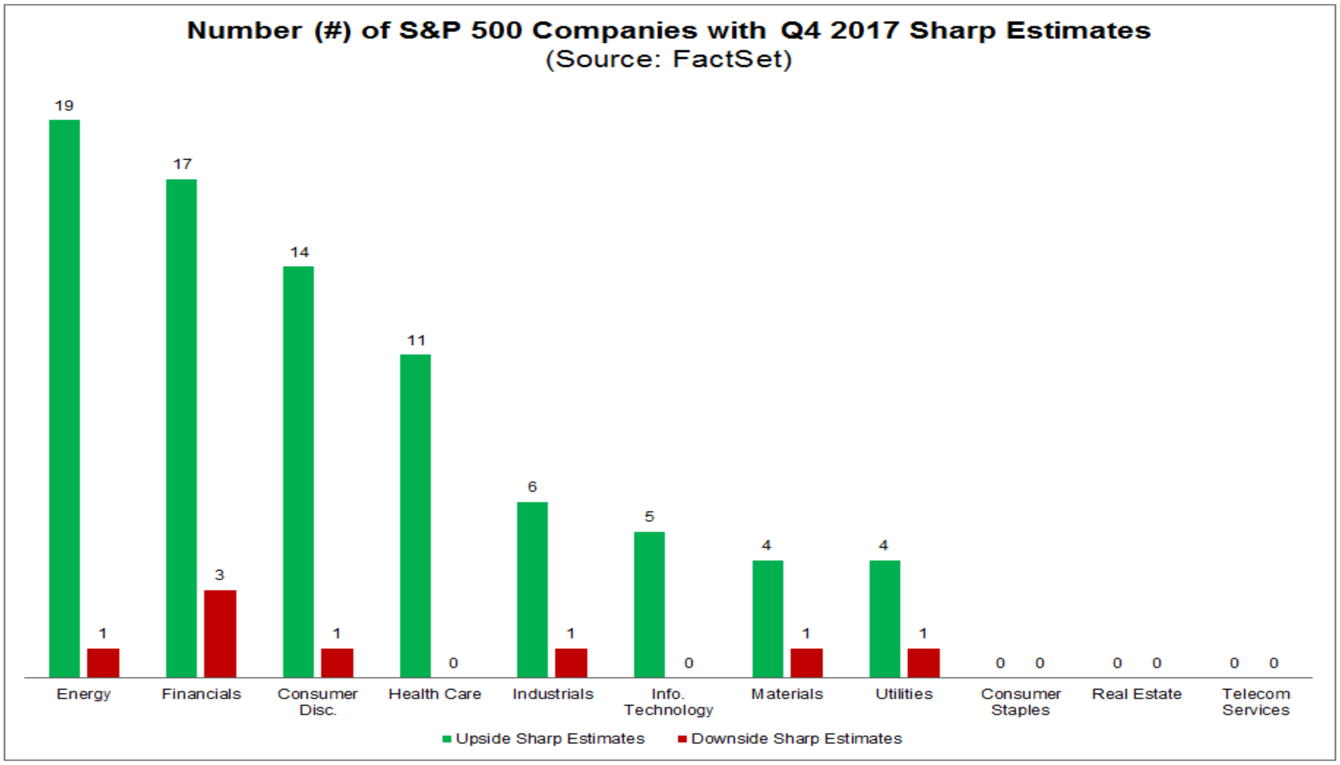


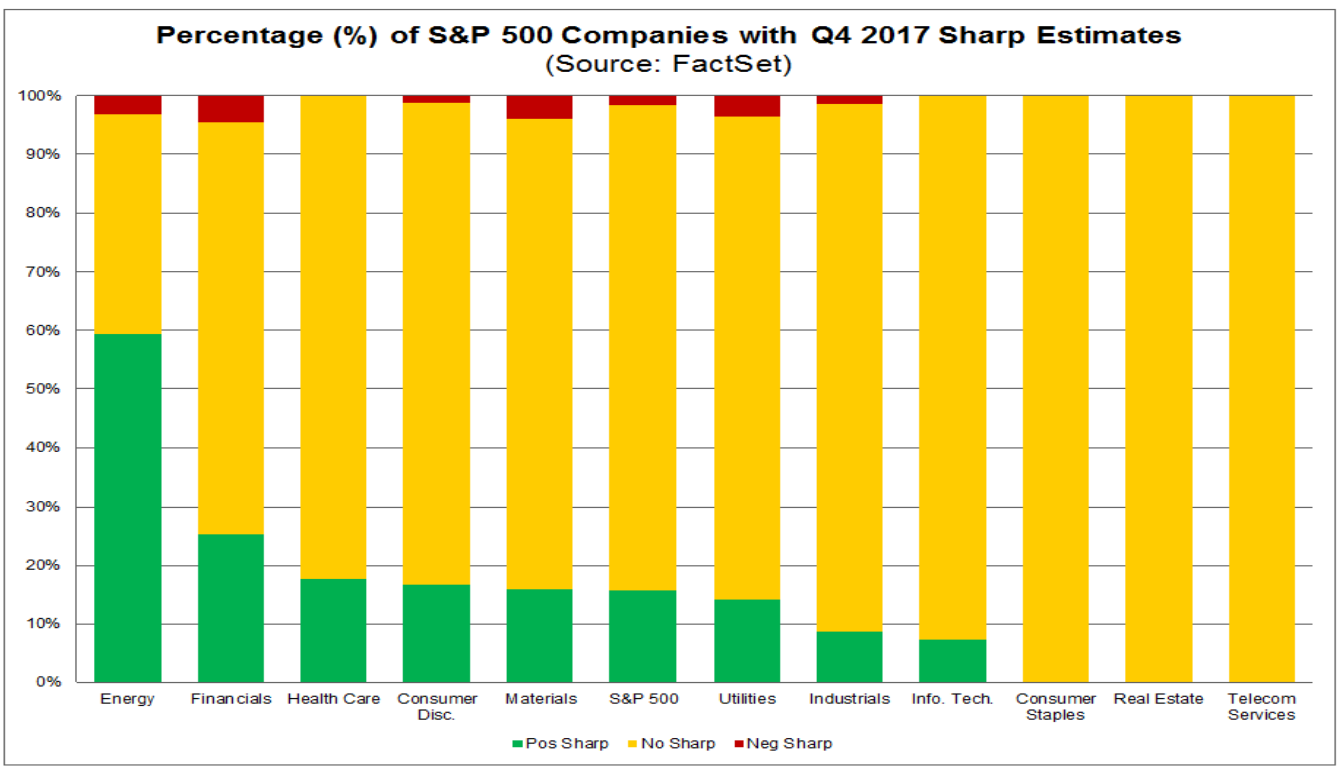
Q4 2017: Scorecard



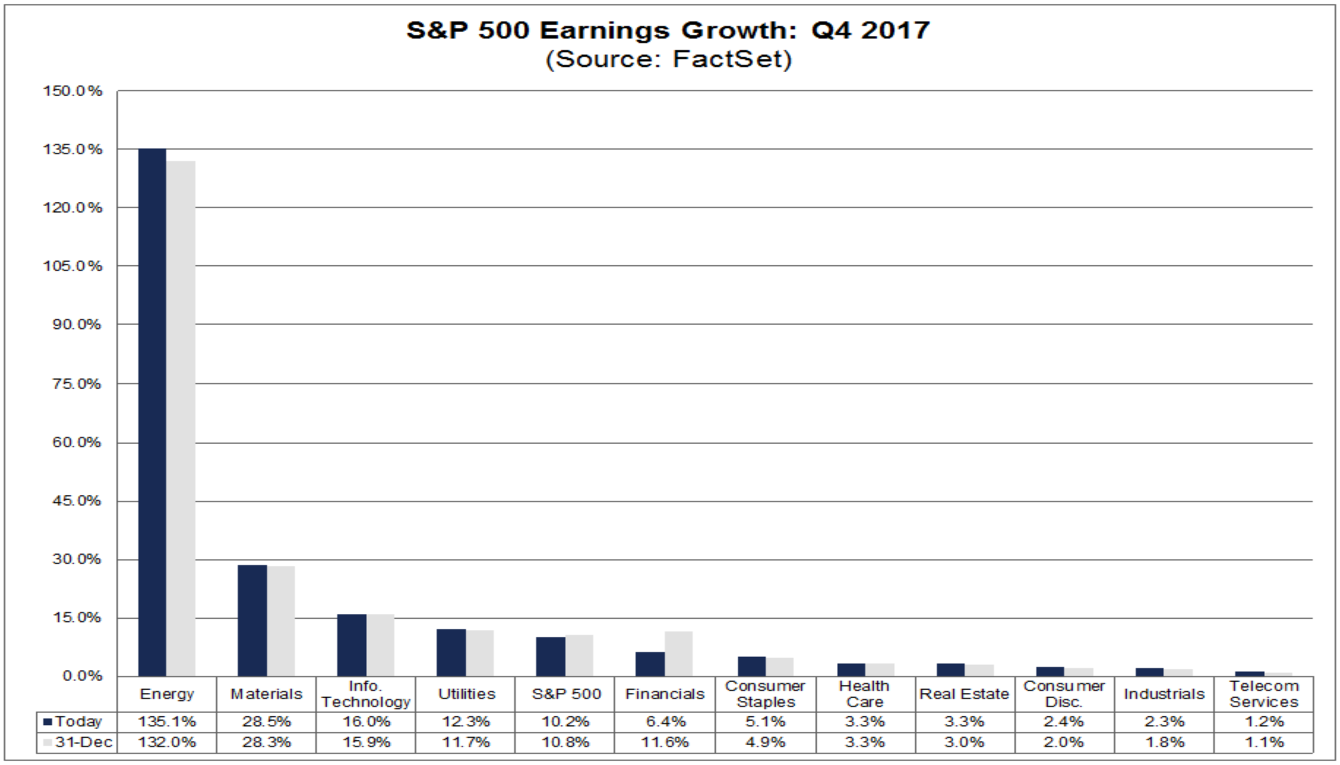


Q4 2017: Projected EPS Surprises (Sharp Estimates)

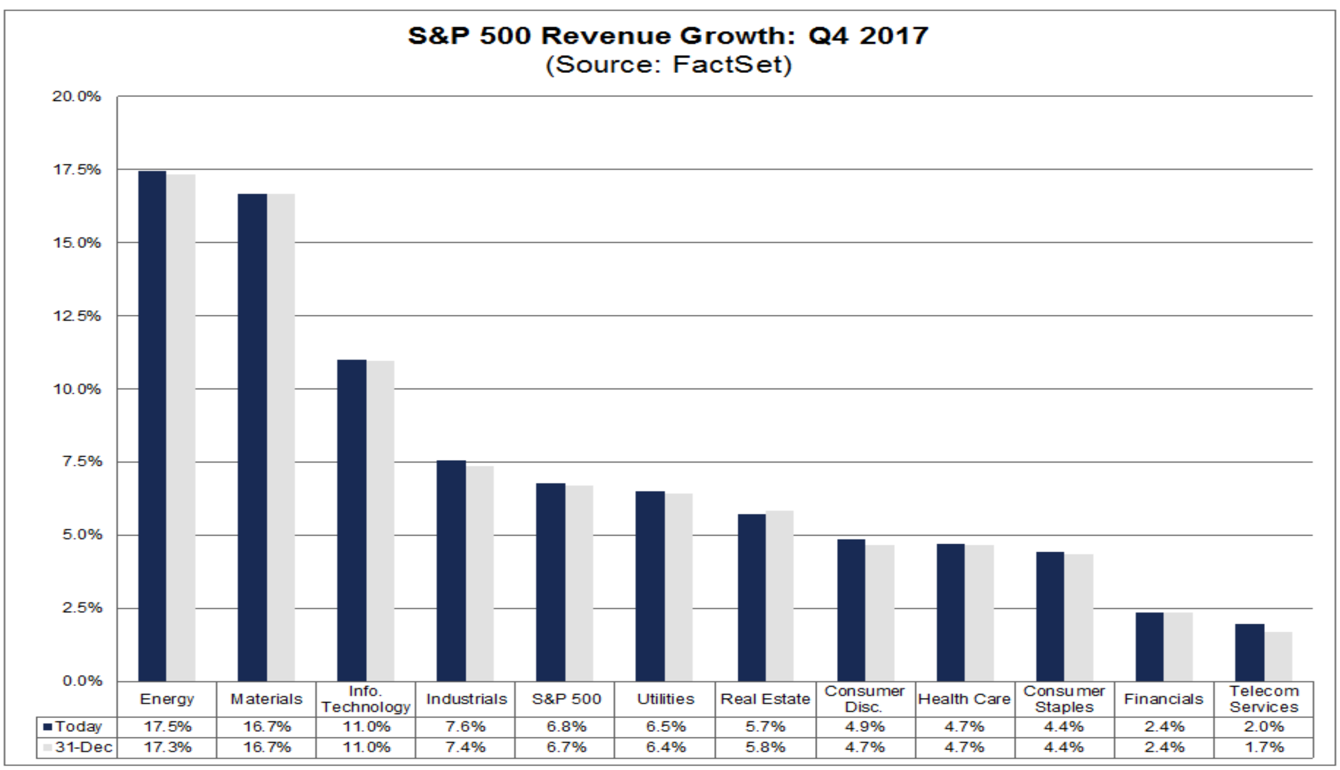




Q4 2017: Growth

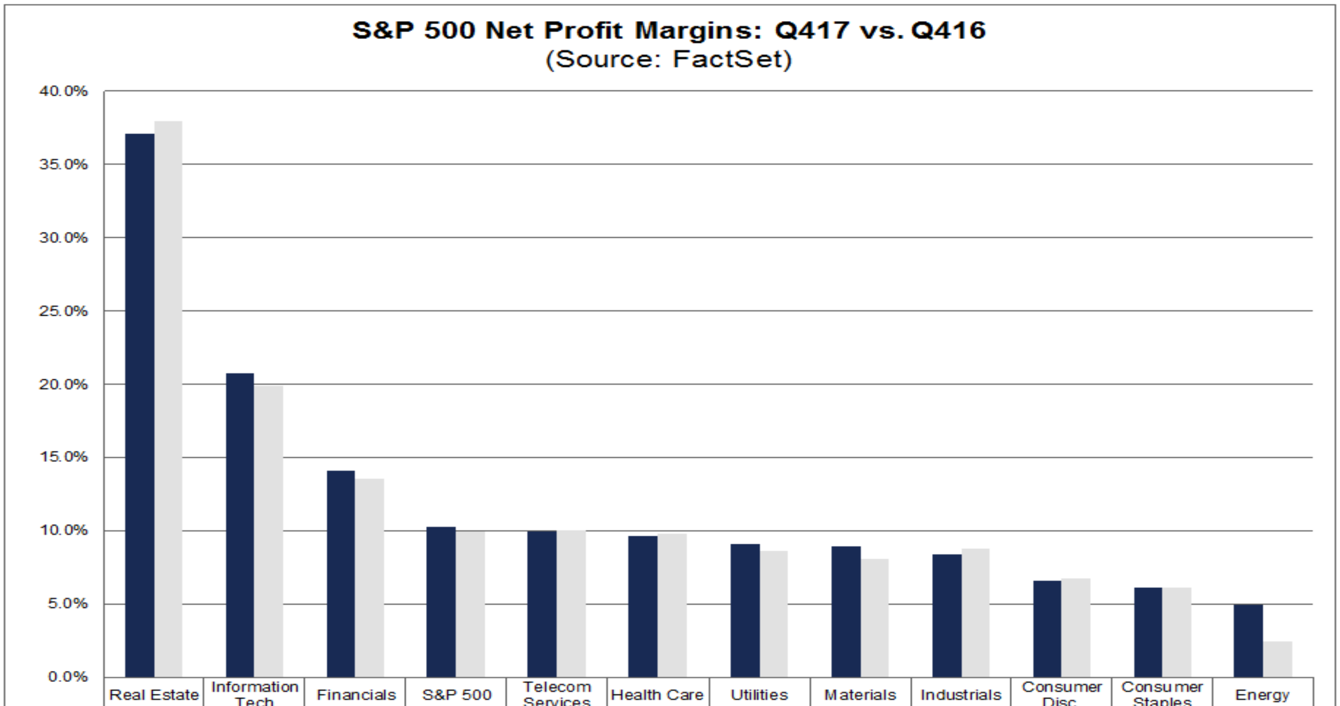


	Energy	Materials	Info. Technology	Utilities	S&P 500	Financials	Consumer Staples	Health Care	Real Estate	Consumer Disc.	Industrials	Telecom Services
Today	135.1%	28.5%	16.0%	12.3%	10.2%	6.4%	5.1%	3.3%	3.3%	2.4%	2.3%	1.2%
31-Dec	132.0%	28.3%	15.9%	11.7%	10.8%	11.6%	4.9%	3.3%	3.0%	2.0%	1.8%	1.1%

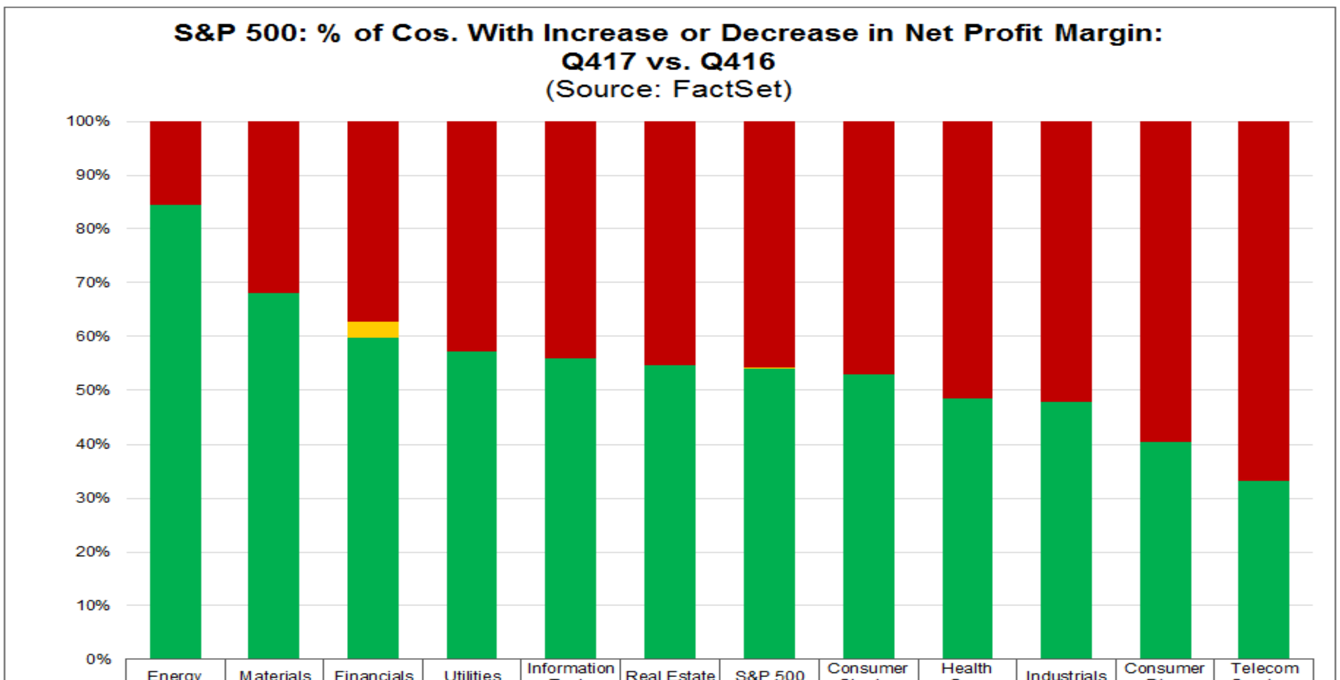


	Energy	Materials	Info. Technology	Industrials	S&P 500	Utilities	Real Estate	Consumer Disc.	Health Care	Consumer Staples	Financials	Telecom Services
Today	17.5%	16.7%	11.0%	7.6%	6.8%	6.5%	5.7%	4.9%	4.7%	4.4%	2.4%	2.0%
31-Dec	17.3%	16.7%	11.0%	7.4%	6.7%	6.4%	5.8%	4.7%	4.7%	4.4%	2.4%	1.7%

Q4 2017: Net Profit Margin



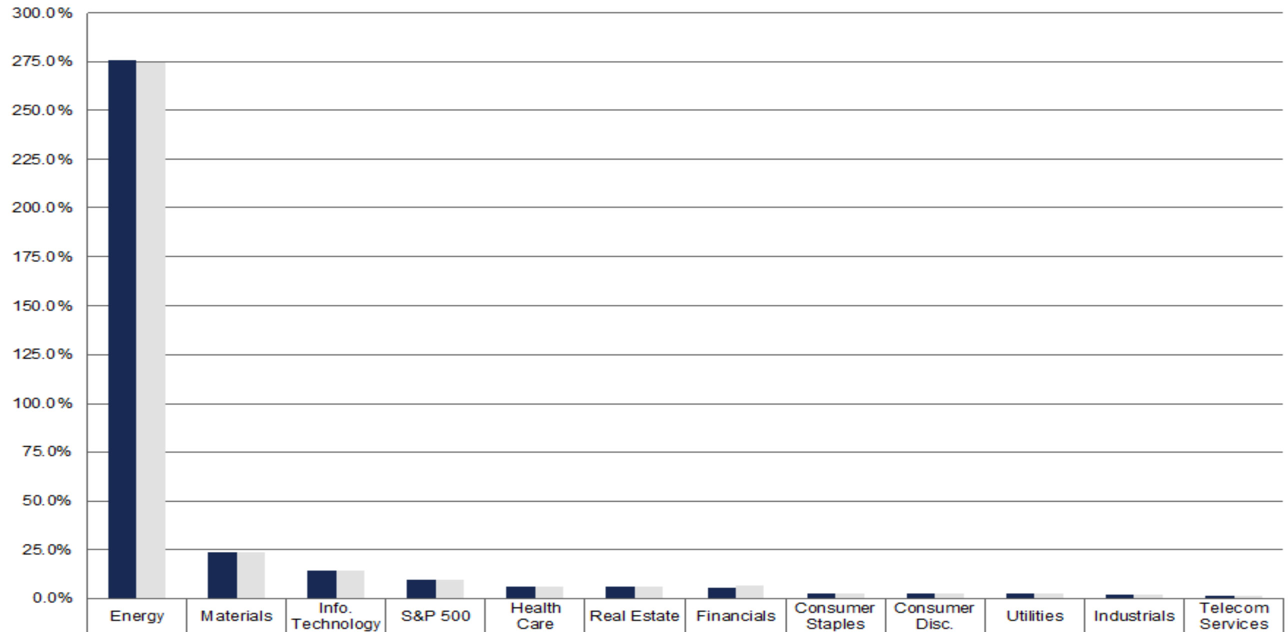
	Real Estate	Information Tech	Financials	S&P 500	Telecom Services	Health Care	Utilities	Materials	Industrials	Consumer Disc.	Consumer Staples	Energy
Q417	37.1%	20.7%	14.1%	10.3%	9.9%	9.7%	9.1%	9.0%	8.4%	6.6%	6.2%	4.9%
Q416	37.9%	19.8%	13.6%	9.9%	10.0%	9.8%	8.7%	8.1%	8.8%	6.8%	6.1%	2.5%



	Energy	Materials	Financials	Utilities	Information Tech.	Real Estate	S&P 500	Consumer Staples	Health Care	Industrials	Consumer Disc.	Telecom Services
Down %	16%	32%	37%	43%	44%	45%	46%	47%	52%	52%	60%	67%
None %	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	84%	68%	60%	57%	56%	55%	54%	53%	48%	48%	40%	33%

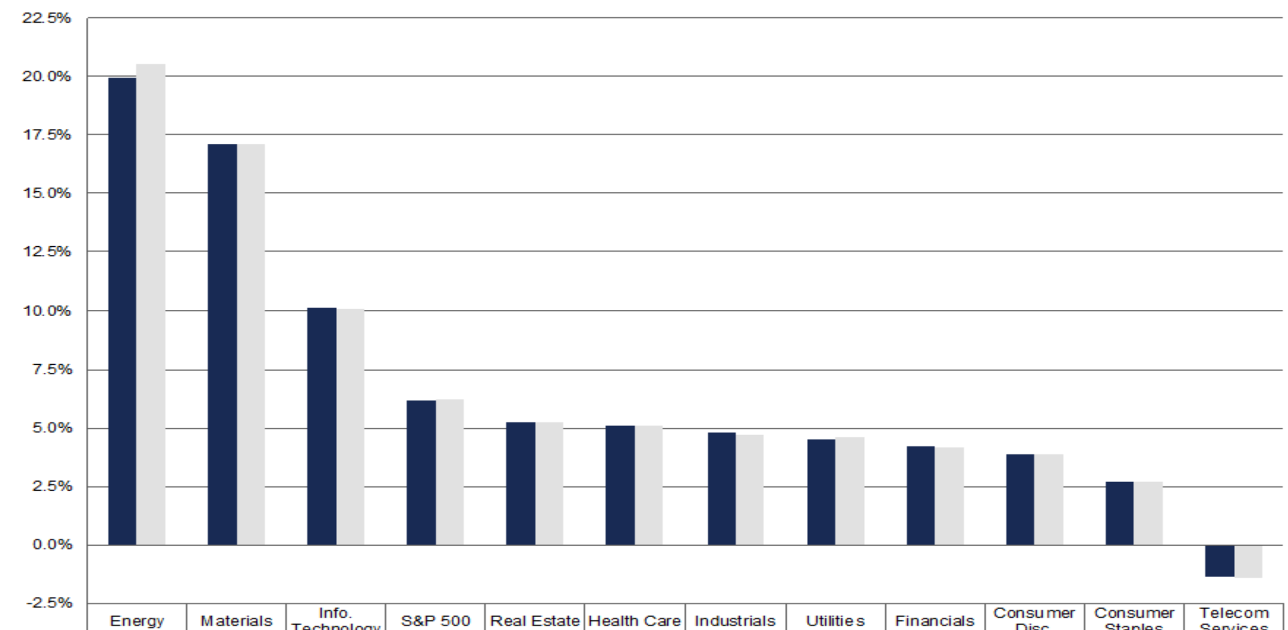
CY 2017: Growth

S&P 500 Earnings Growth: CY 2017
(Source: FactSet)



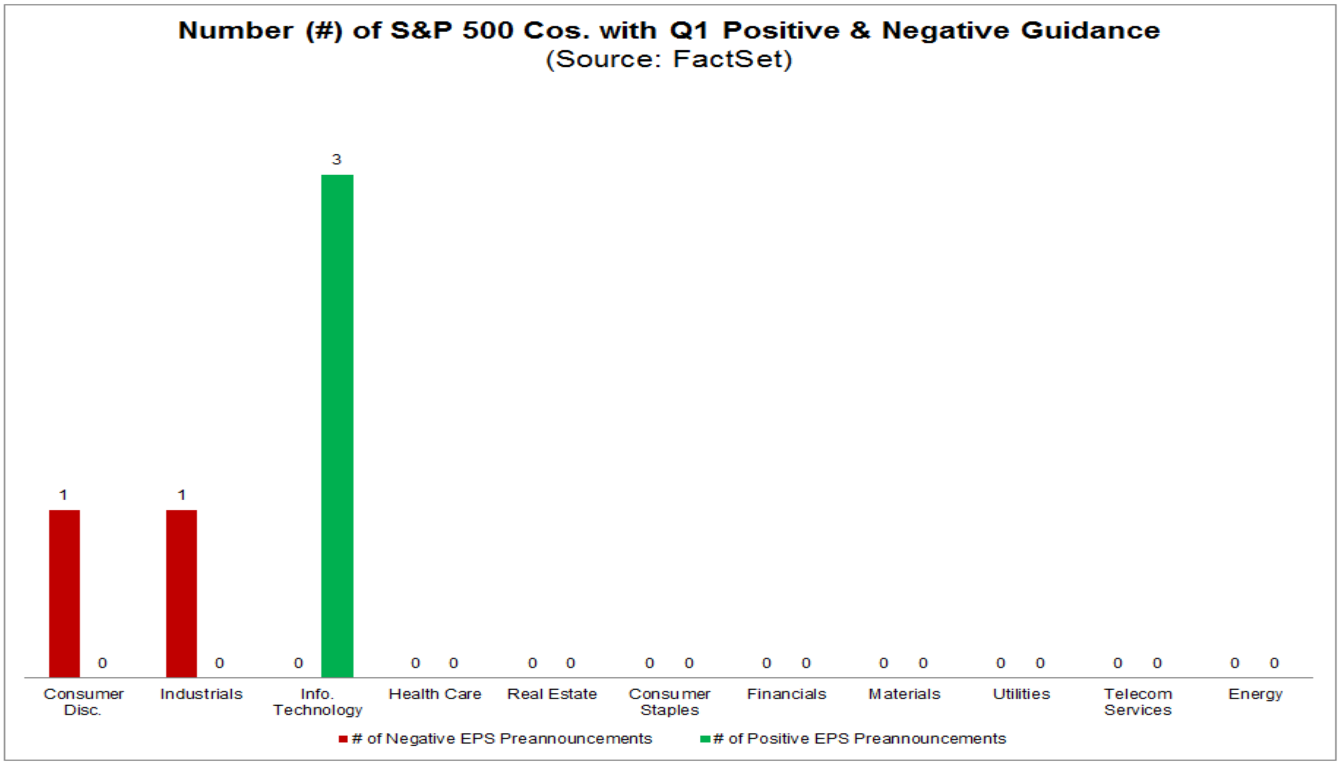
	Energy	Materials	Info. Technology	S&P 500	Health Care	Real Estate	Financials	Consumer Staples	Consumer Disc.	Utilities	Industrials	Telecom Services
Today	275.8%	23.5%	14.5%	9.5%	5.9%	5.9%	5.7%	2.5%	2.5%	2.4%	1.9%	1.2%
31-Dec	274.6%	23.4%	14.4%	9.6%	5.9%	5.9%	6.8%	2.4%	2.3%	2.3%	1.9%	1.3%

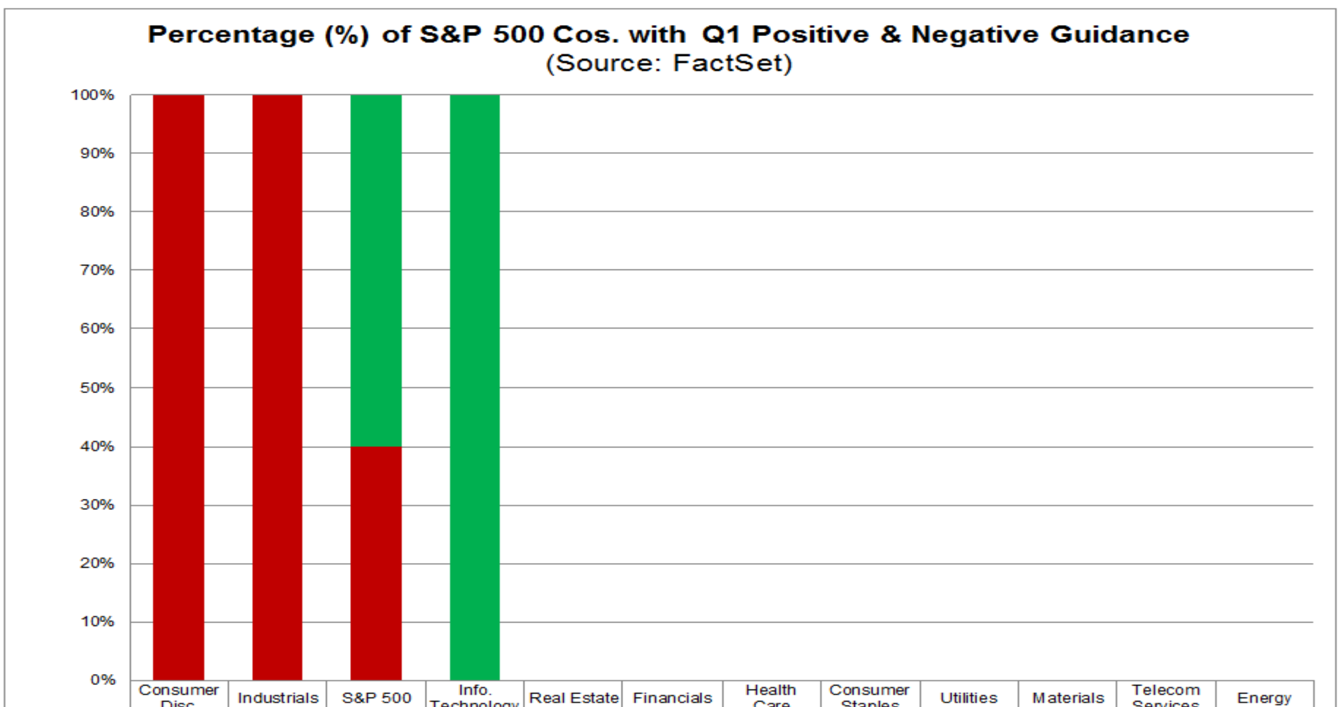
S&P 500 Revenue Growth: CY 2017
(Source: FactSet)



	Energy	Materials	Info. Technology	S&P 500	Real Estate	Health Care	Industrials	Utilities	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	19.9%	17.1%	10.1%	6.2%	5.3%	5.1%	4.8%	4.5%	4.2%	3.9%	2.7%	-1.3%
31-Dec	20.5%	17.1%	10.1%	6.2%	5.3%	5.1%	4.7%	4.6%	4.2%	3.9%	2.7%	-1.4%

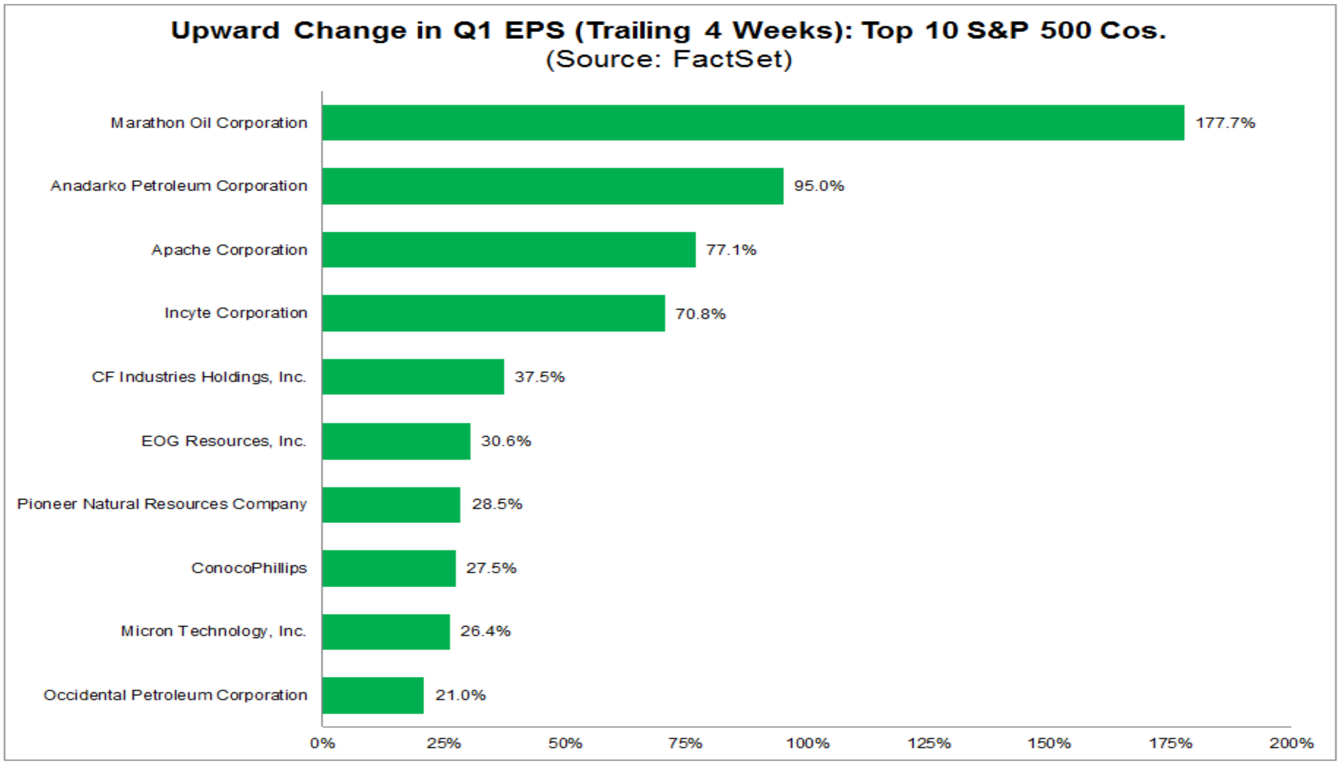
Q1 2018: Guidance

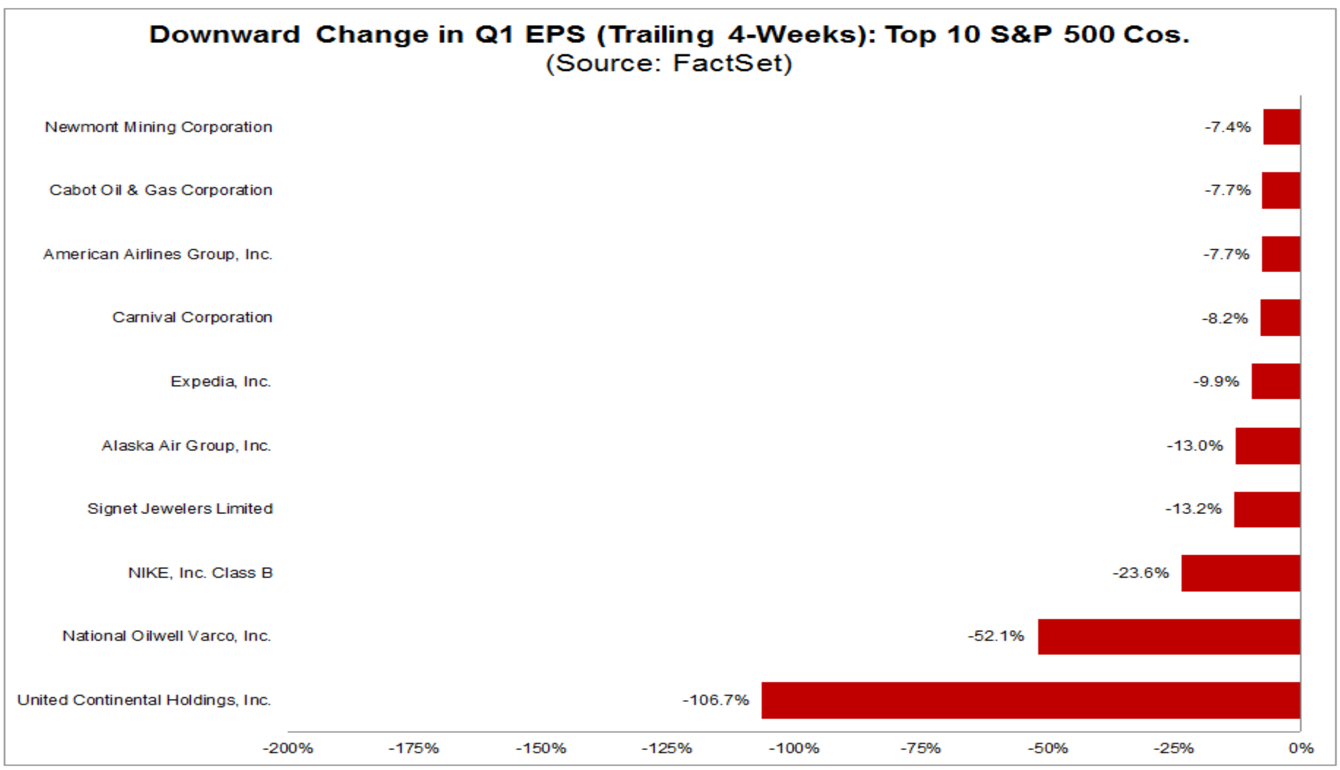




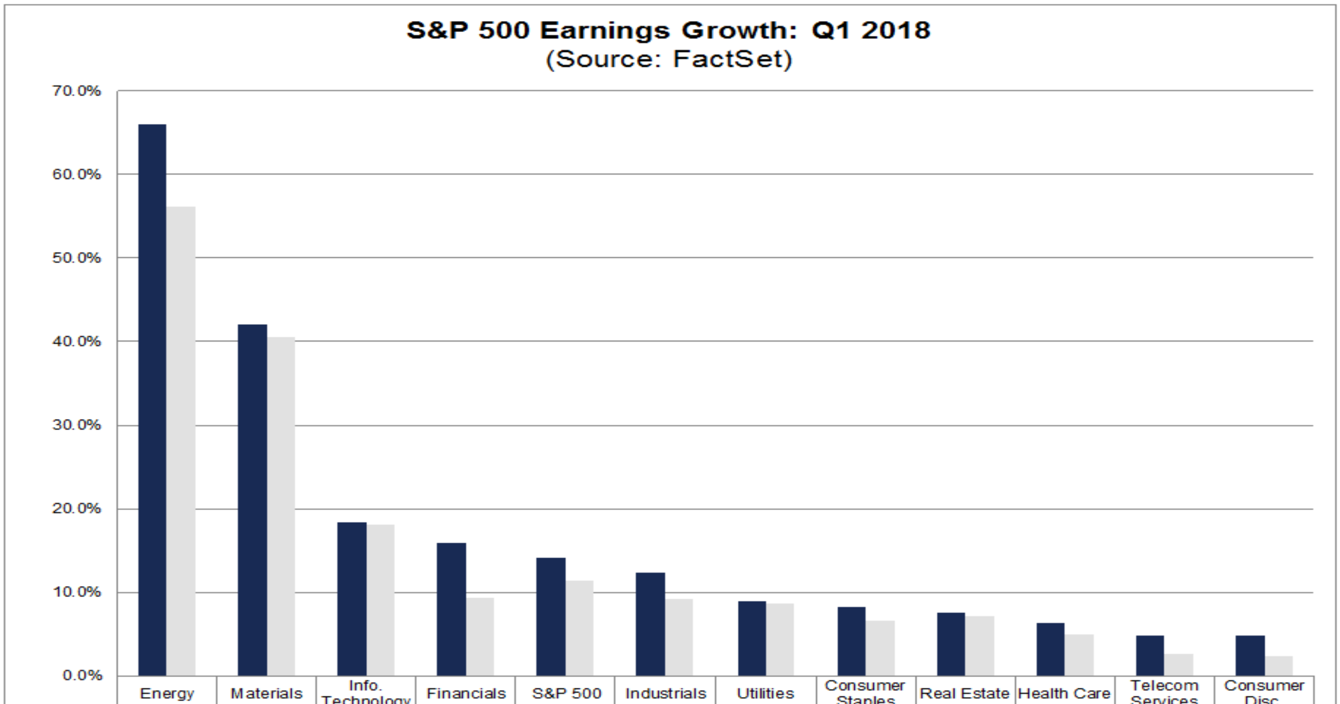
	Consumer Disc.	Industrials	S&P 500	Info. Technology	Real Estate	Financials	Health Care	Consumer Staples	Utilities	Materials	Telecom Services	Energy
Positive	0%	0%	60%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	100%	40%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Q1 2018: EPS Revisions

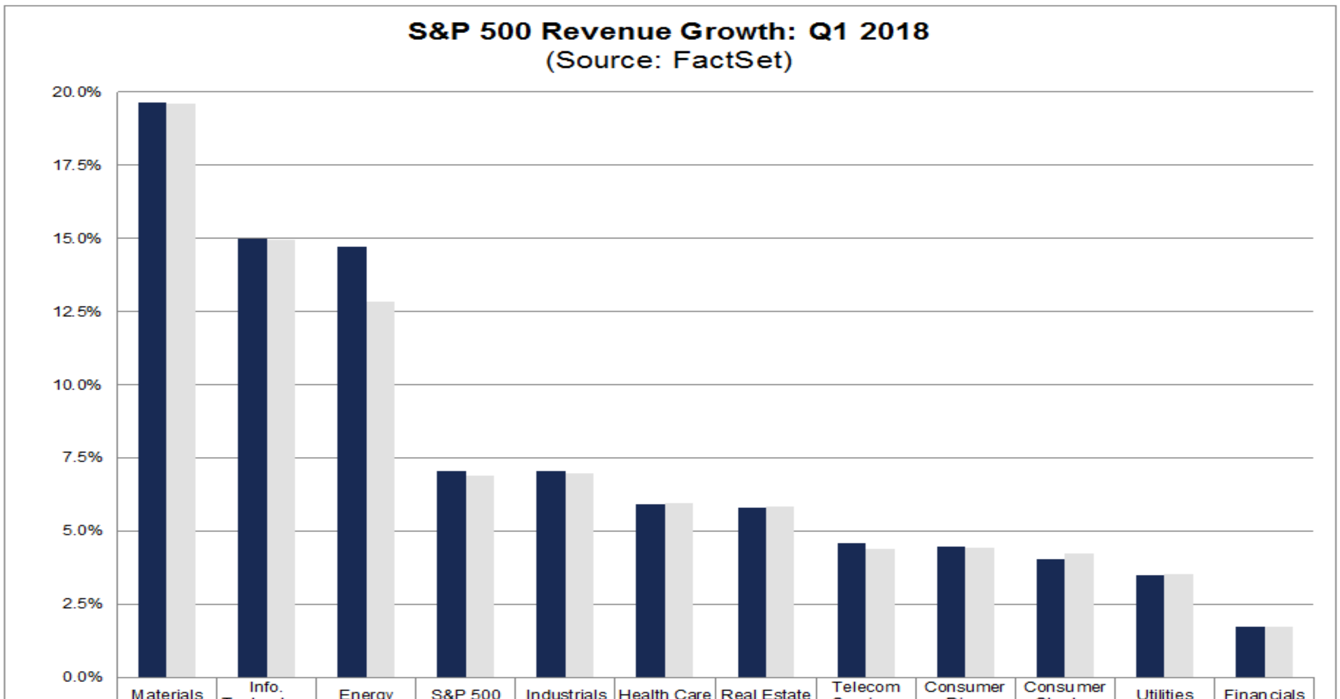




Q1 2018: Growth

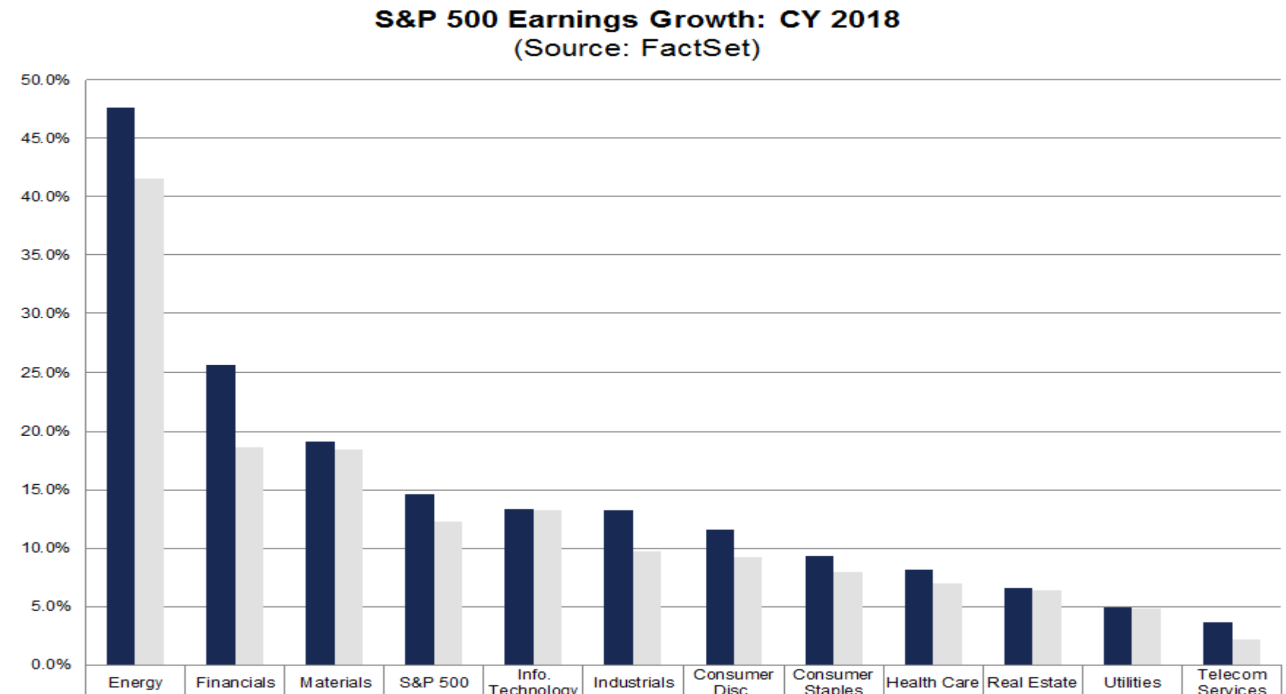


	Energy	Materials	Info. Technology	Financials	S&P 500	Industrials	Utilities	Consumer Staples	Real Estate	Health Care	Telecom Services	Consumer Disc.
Today	66.0%	41.9%	18.4%	15.9%	14.1%	12.4%	8.9%	8.3%	7.6%	6.4%	4.9%	4.8%
31-Dec	56.1%	40.5%	18.2%	9.4%	11.5%	9.2%	8.7%	6.7%	7.2%	5.0%	2.6%	2.4%

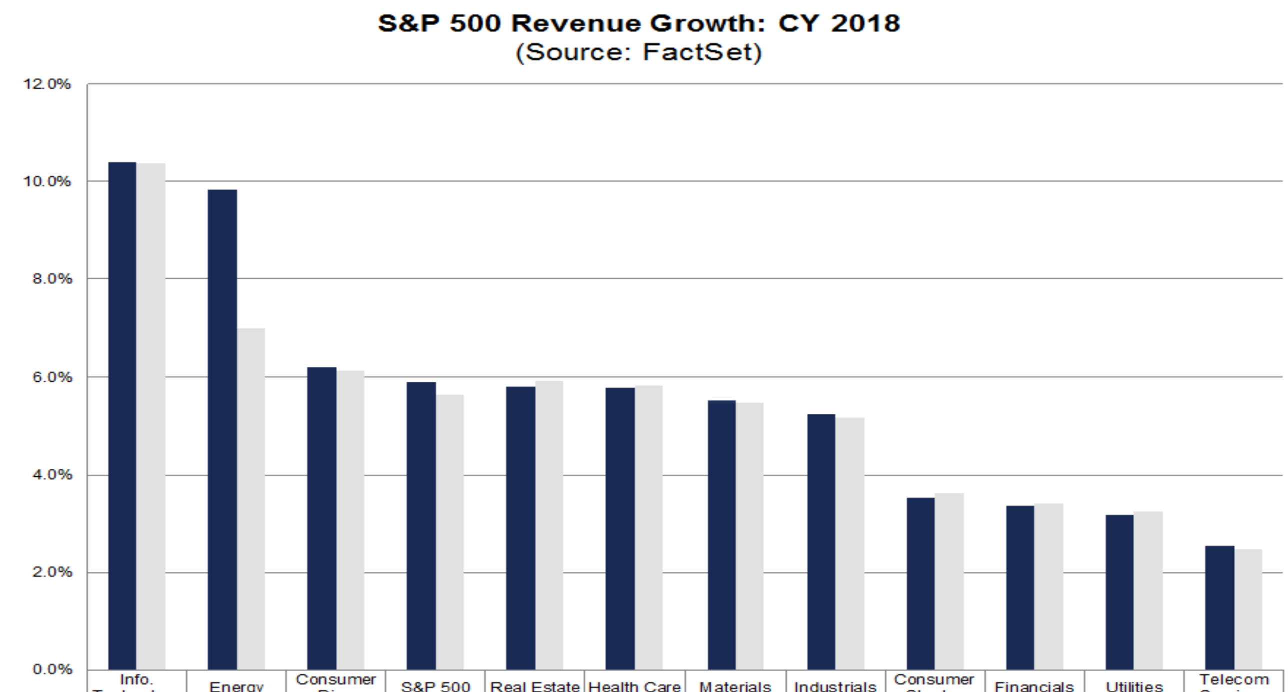


	Materials	Info. Technology	Energy	S&P 500	Industrials	Health Care	Real Estate	Telecom Services	Consumer Disc.	Consumer Staples	Utilities	Financials
Today	19.6%	15.0%	14.7%	7.1%	7.1%	5.9%	5.8%	4.6%	4.5%	4.0%	3.5%	1.7%
31-Dec	19.6%	14.9%	12.8%	6.9%	7.0%	6.0%	5.9%	4.4%	4.5%	4.2%	3.5%	1.7%

CY 2018: Growth

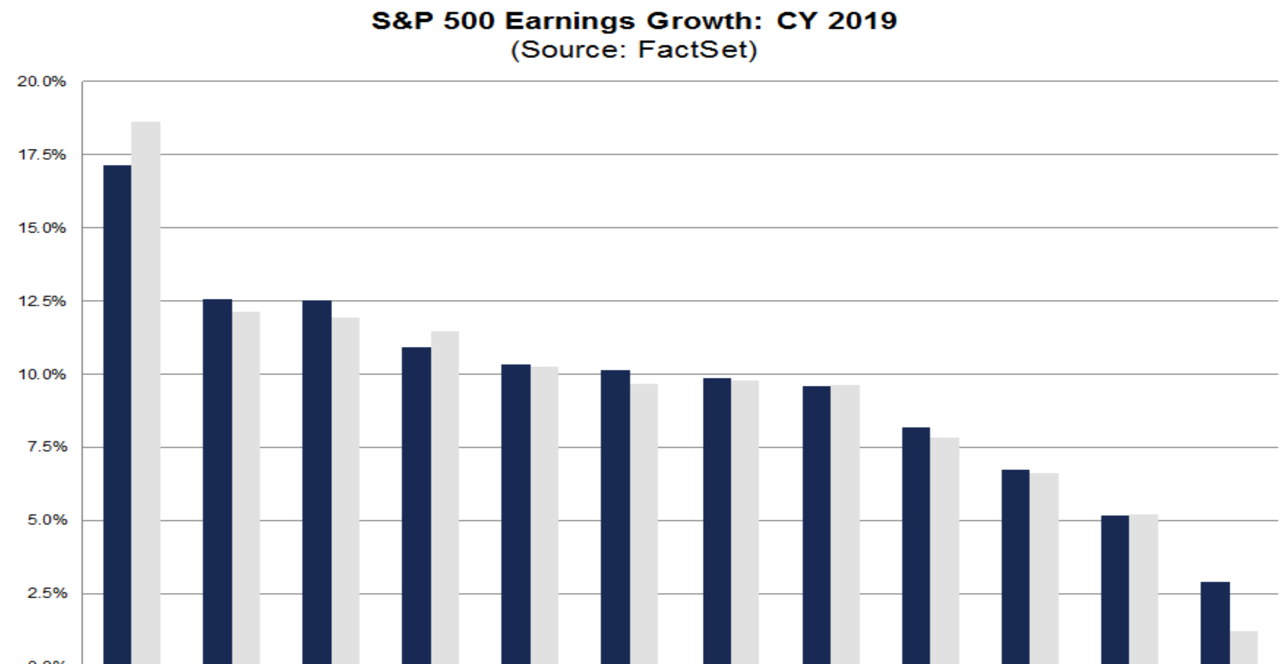


	Energy	Financials	Materials	S&P 500	Info. Technology	Industrials	Consumer Disc.	Consumer Staples	Health Care	Real Estate	Utilities	Telecom Services
Today	47.7%	25.6%	19.1%	14.7%	13.4%	13.3%	11.5%	9.4%	8.1%	6.6%	4.9%	3.6%
31-Dec	41.6%	18.6%	18.4%	12.3%	13.2%	9.7%	9.3%	8.0%	7.0%	6.4%	4.9%	2.2%

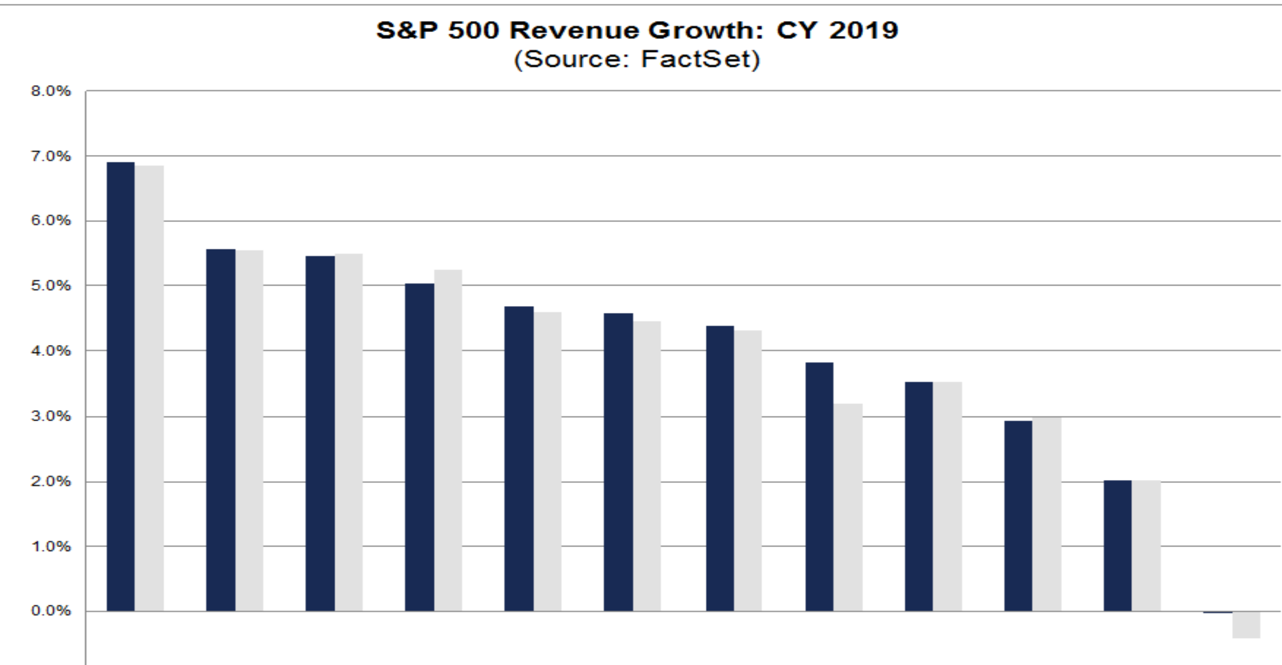


	Info. Technology	Energy	Consumer Disc.	S&P 500	Real Estate	Health Care	Materials	Industrials	Consumer Staples	Financials	Utilities	Telecom Services
Today	10.4%	9.8%	6.2%	5.9%	5.8%	5.8%	5.5%	5.2%	3.5%	3.4%	3.2%	2.6%
31-Dec	10.4%	7.0%	6.1%	5.6%	5.9%	5.8%	5.5%	5.2%	3.6%	3.4%	3.2%	2.5%

CY 2019: Growth

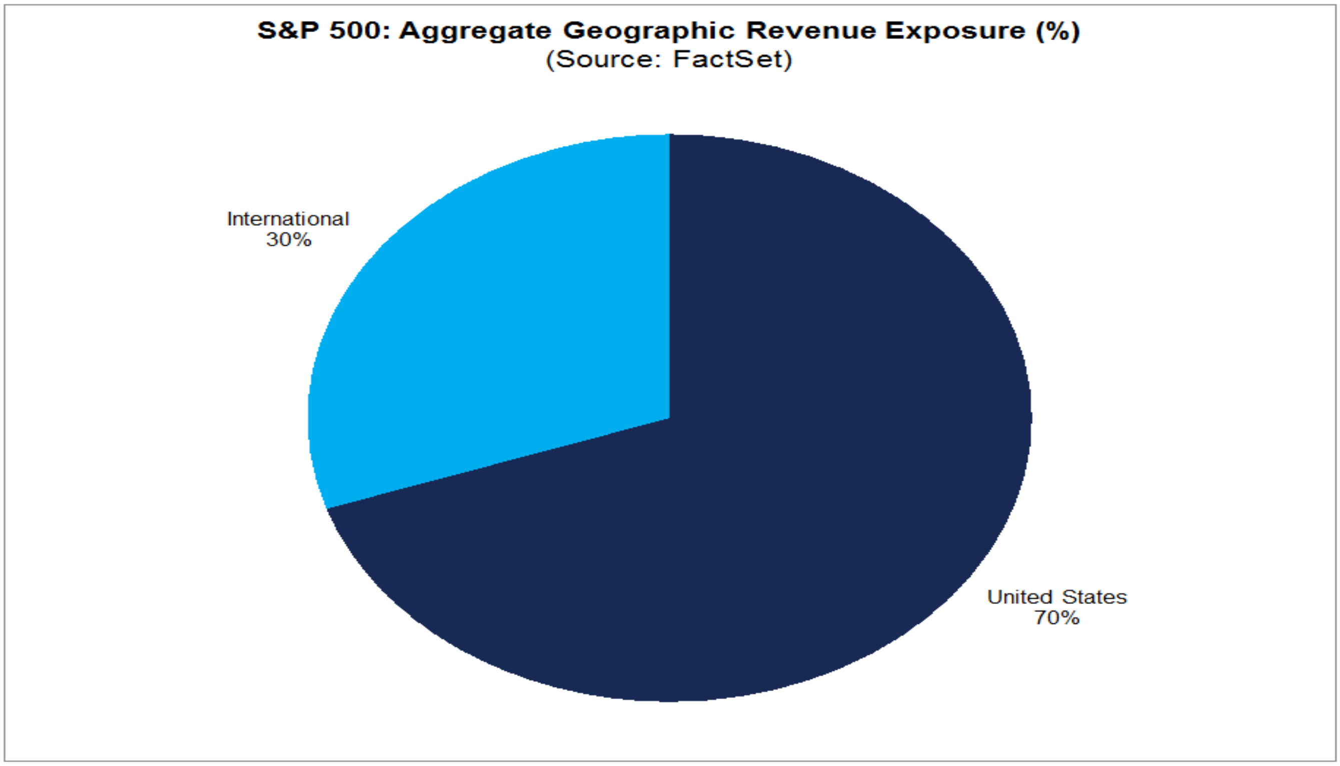


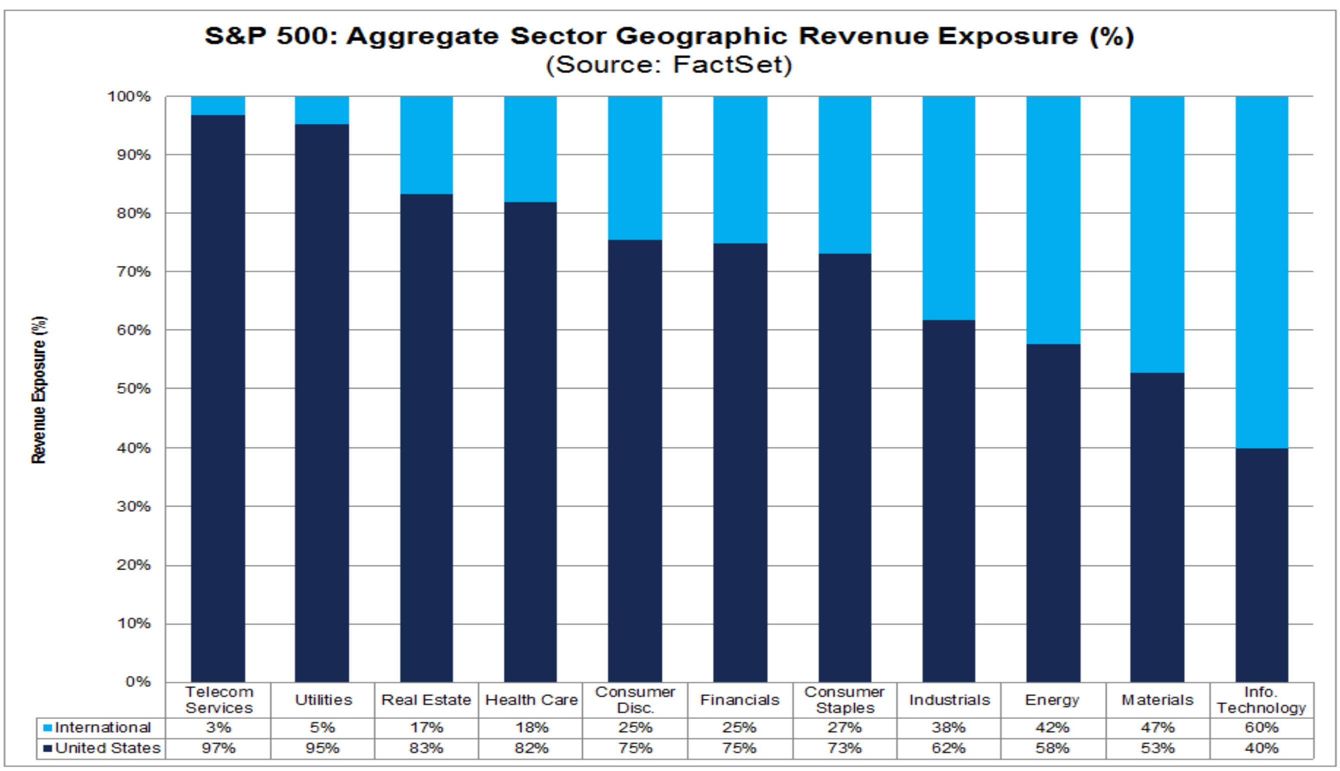
	Energy	Consumer Disc.	Industrials	Financials	S&P 500	Materials	Health Care	Info. Technology	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	17.1%	12.6%	12.5%	10.9%	10.3%	10.1%	9.9%	9.6%	8.2%	6.8%	5.2%	2.9%
31-Dec	18.6%	12.1%	11.9%	11.4%	10.2%	9.7%	9.8%	9.6%	7.8%	6.6%	5.2%	1.2%



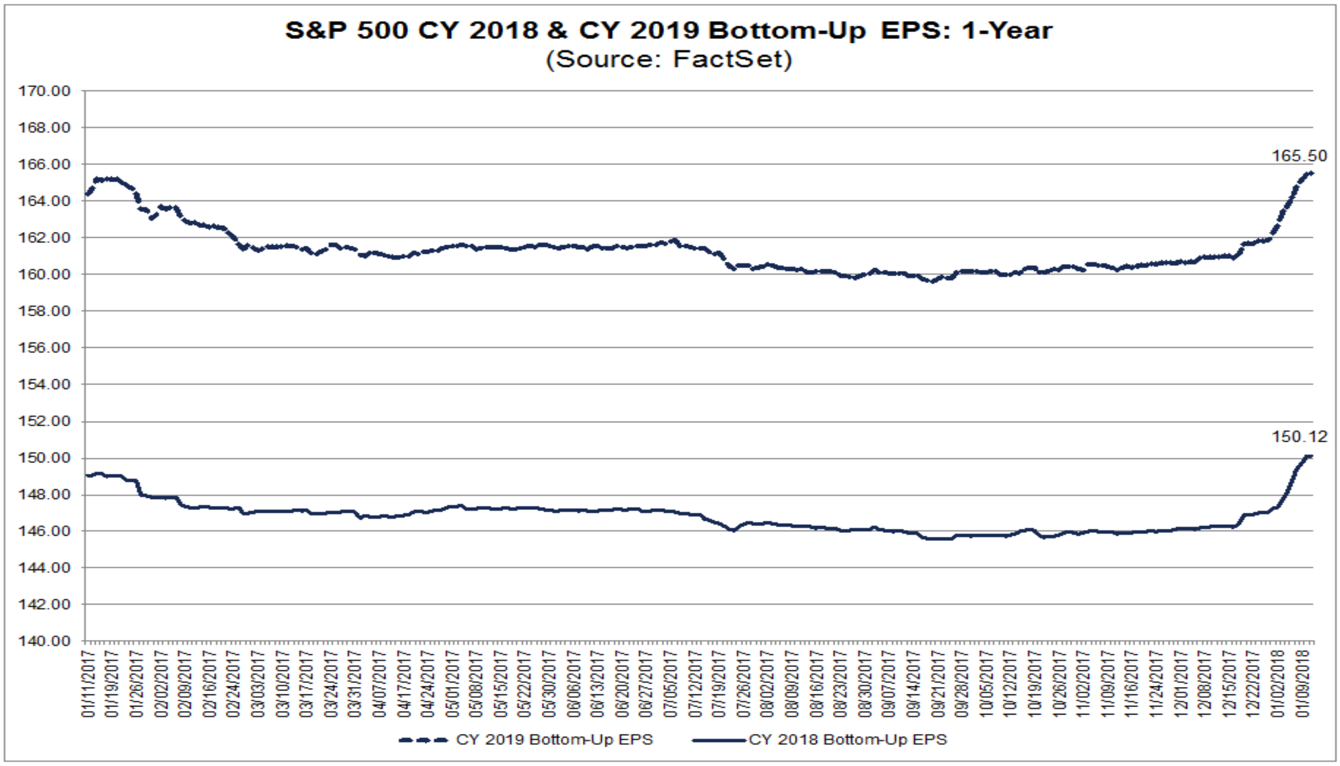
	Info. Technology	Consumer Disc.	Health Care	Real Estate	S&P 500	Industrials	Financials	Energy	Consumer Staples	Materials	Utilities	Telecom Services
Today	6.9%	5.6%	5.5%	5.0%	4.7%	4.6%	4.4%	3.8%	3.5%	2.9%	2.0%	0.0%
31-Dec	6.9%	5.5%	5.5%	5.2%	4.6%	4.5%	4.3%	3.2%	3.5%	3.0%	2.0%	-0.4%

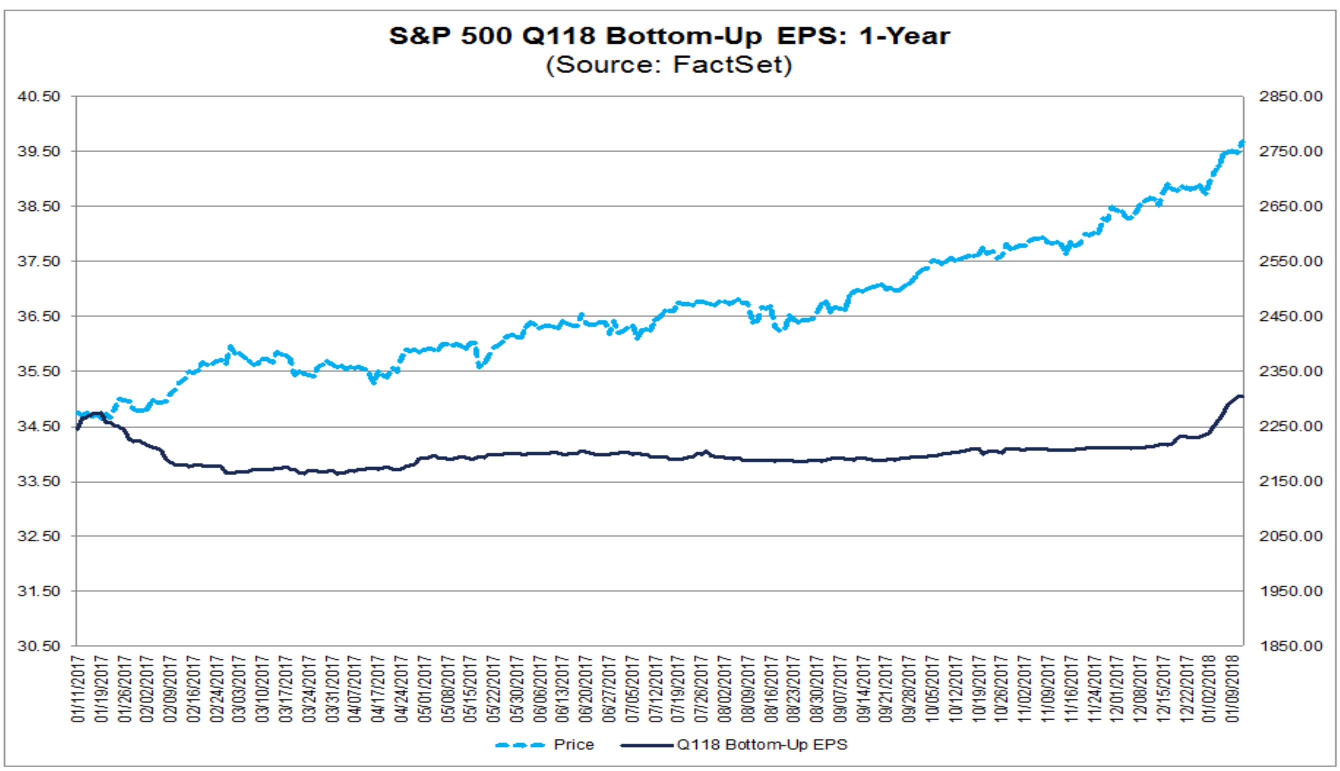
Geographic Revenue Exposure



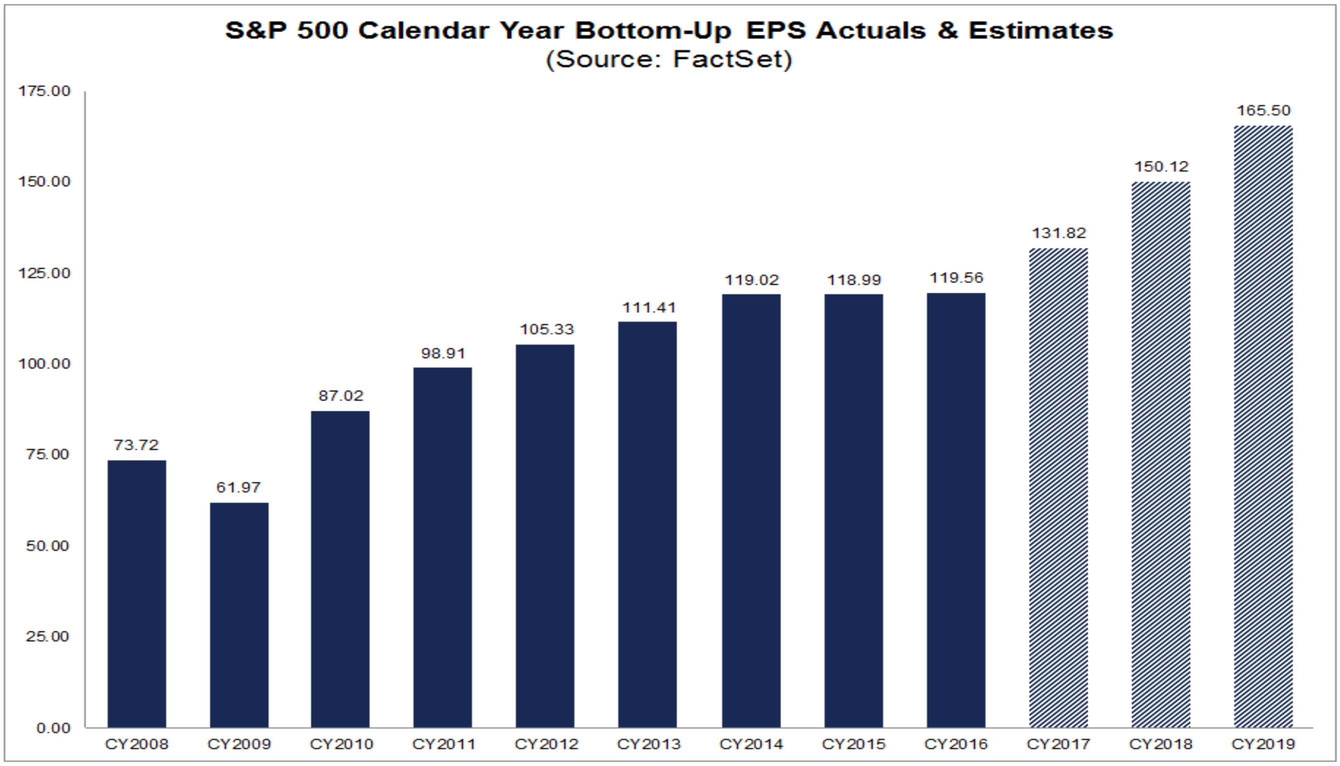


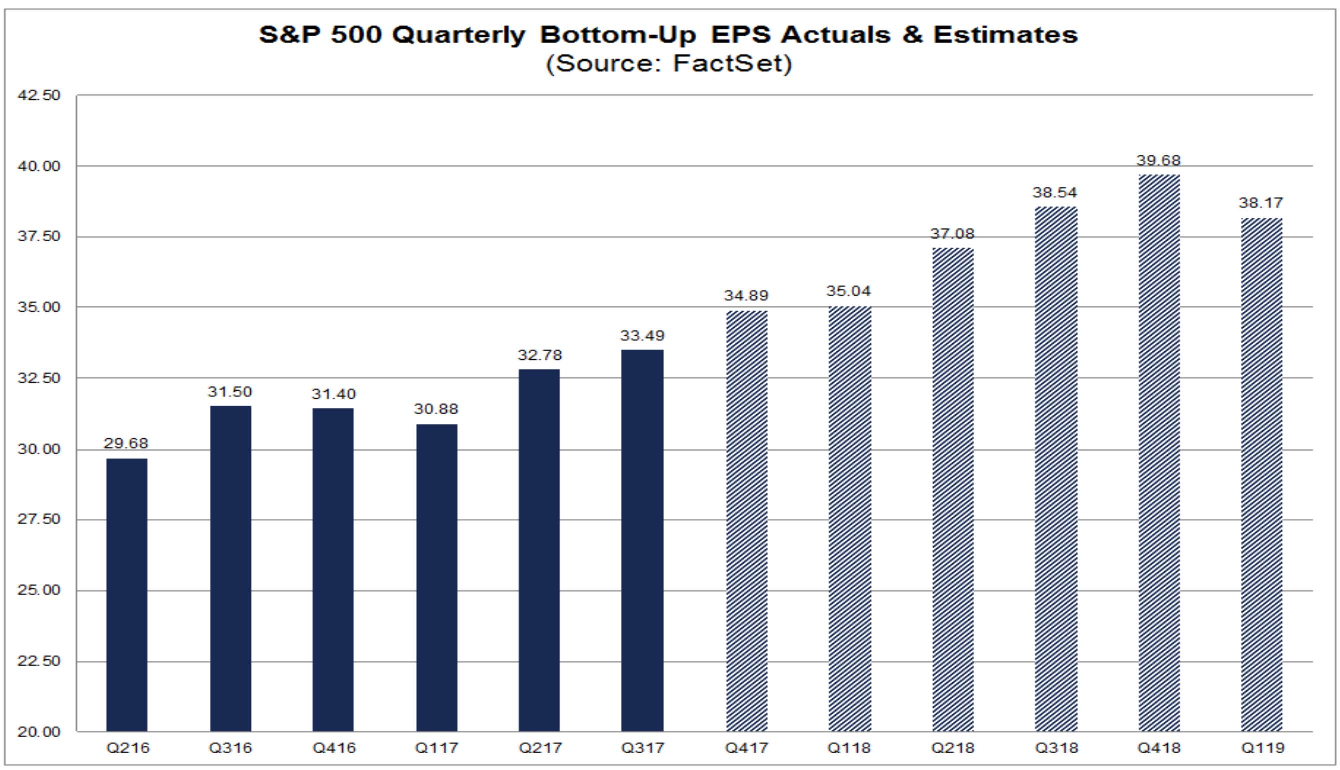
Bottom-up EPS Estimates: Revisions





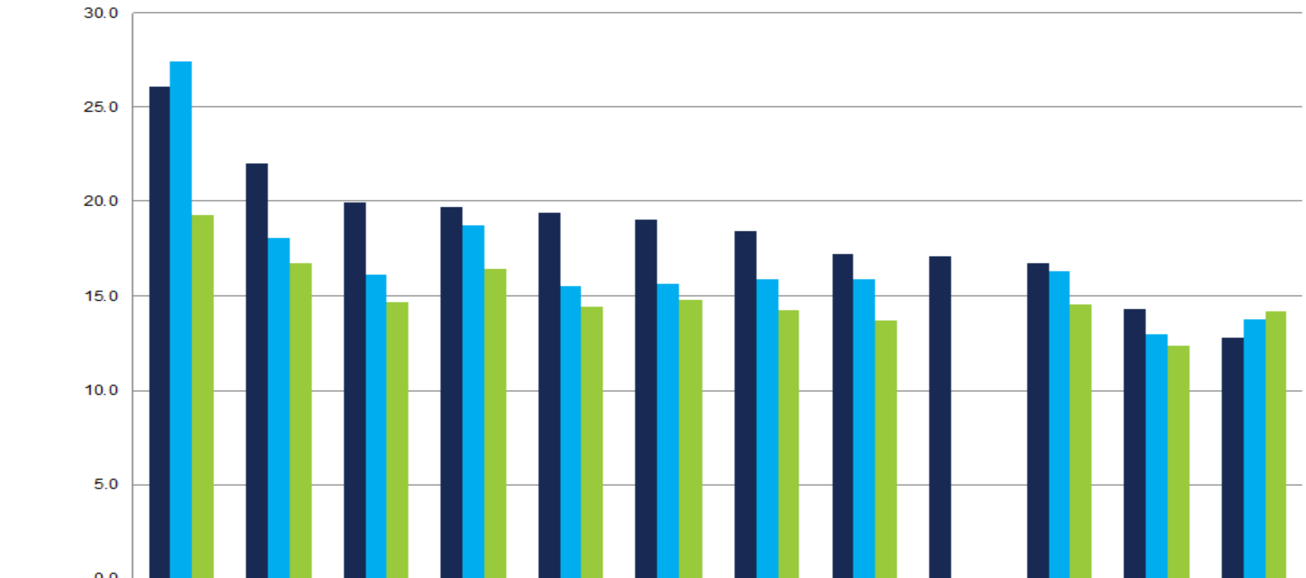
Bottom-up EPS Estimates: Current & Historical





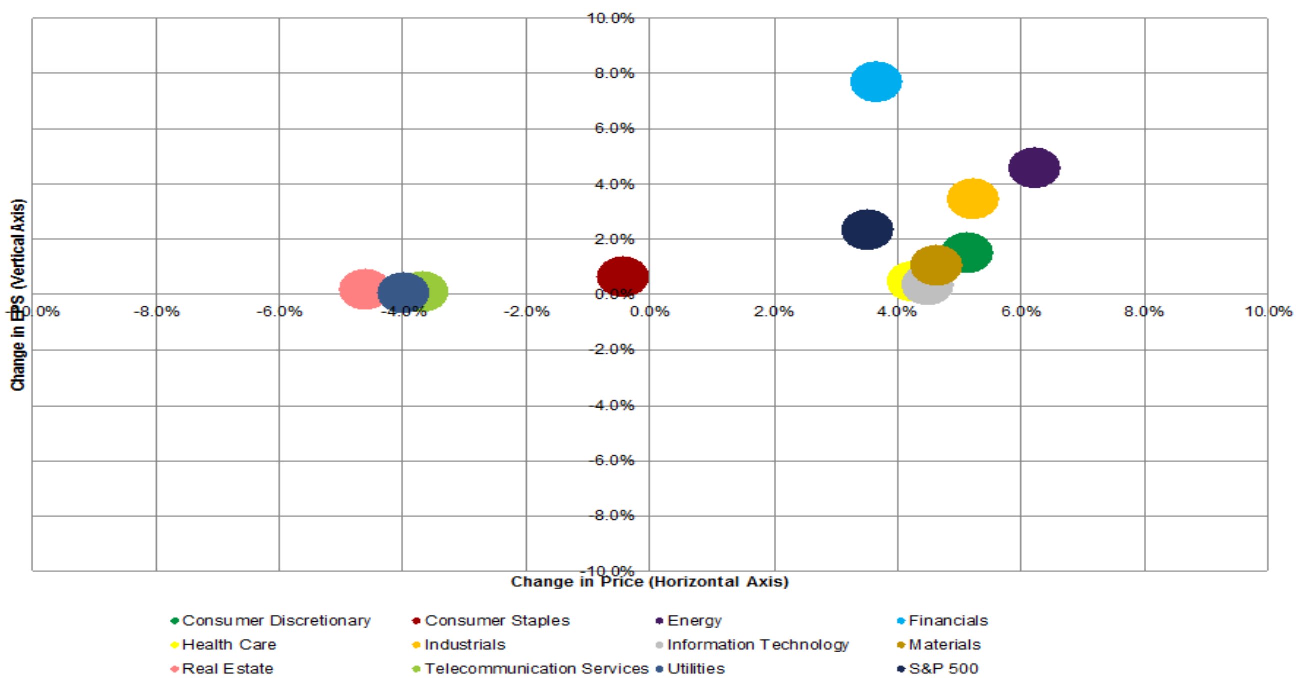
Forward 12M P/E Ratio: Sector Level

S&P 500 Sector-Level Forward 12-Month P/E Ratios
(Source: FactSet)

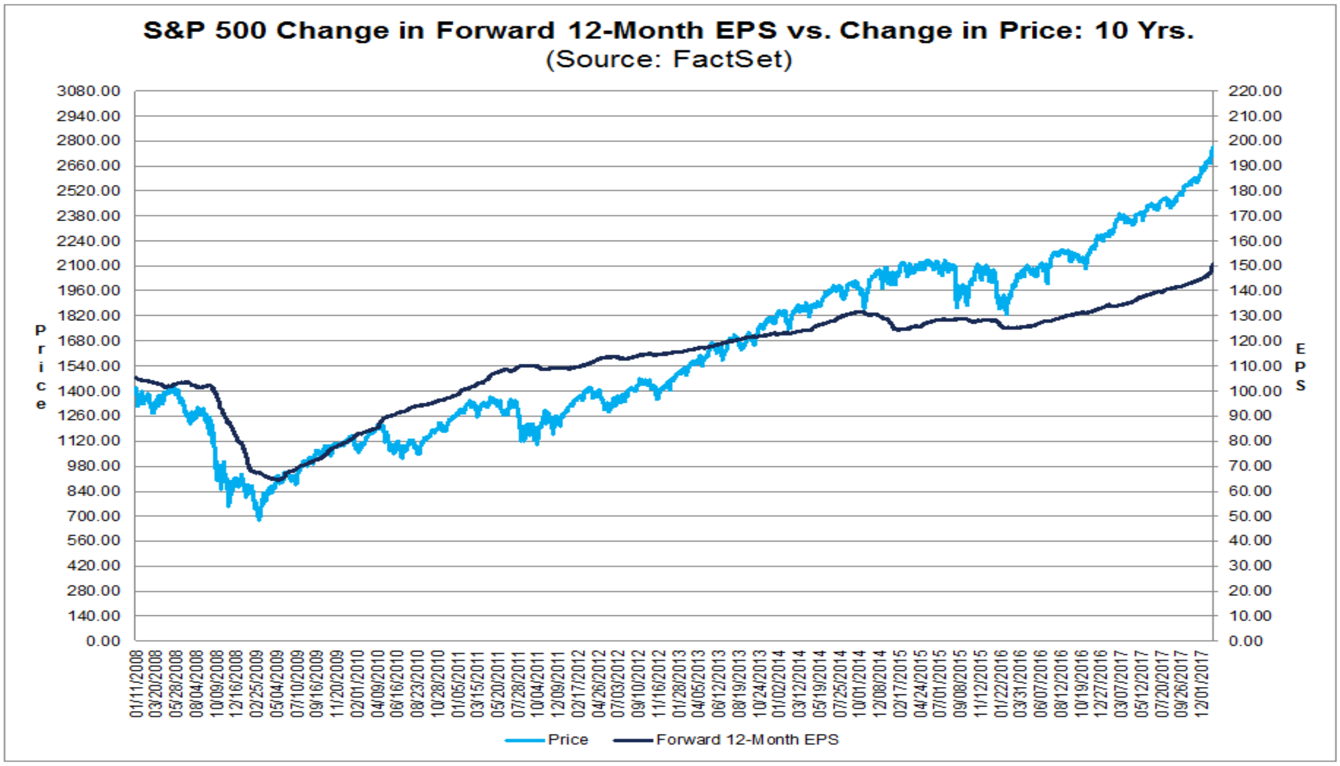


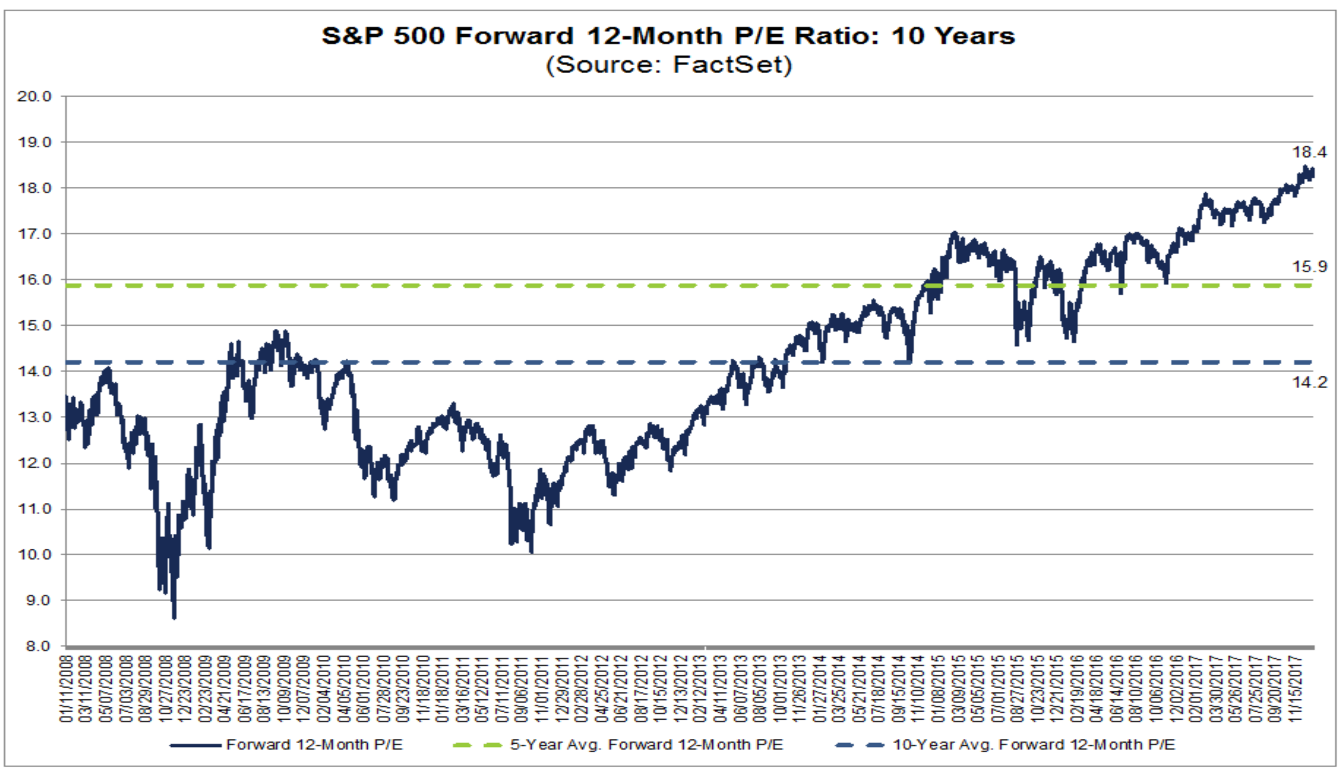
	Energy	Consumer Disc.	Industrials	Consumer Staples	Info. Technology	Materials	S&P 500	Health Care	Real Estate	Utilities	Financials	Telecom Services
Fwd P/E	26.1	22.0	19.9	19.7	19.4	19.0	18.4	17.2	17.1	16.7	14.2	12.8
5-Yr Avg.	27.4	18.0	16.1	18.7	15.5	15.6	15.9	15.9		16.3	12.9	13.7
10-Yr Avg.	19.3	16.7	14.6	16.4	14.4	14.8	14.2	13.6		14.5	12.4	14.1

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec 31
(Source: FactSet)

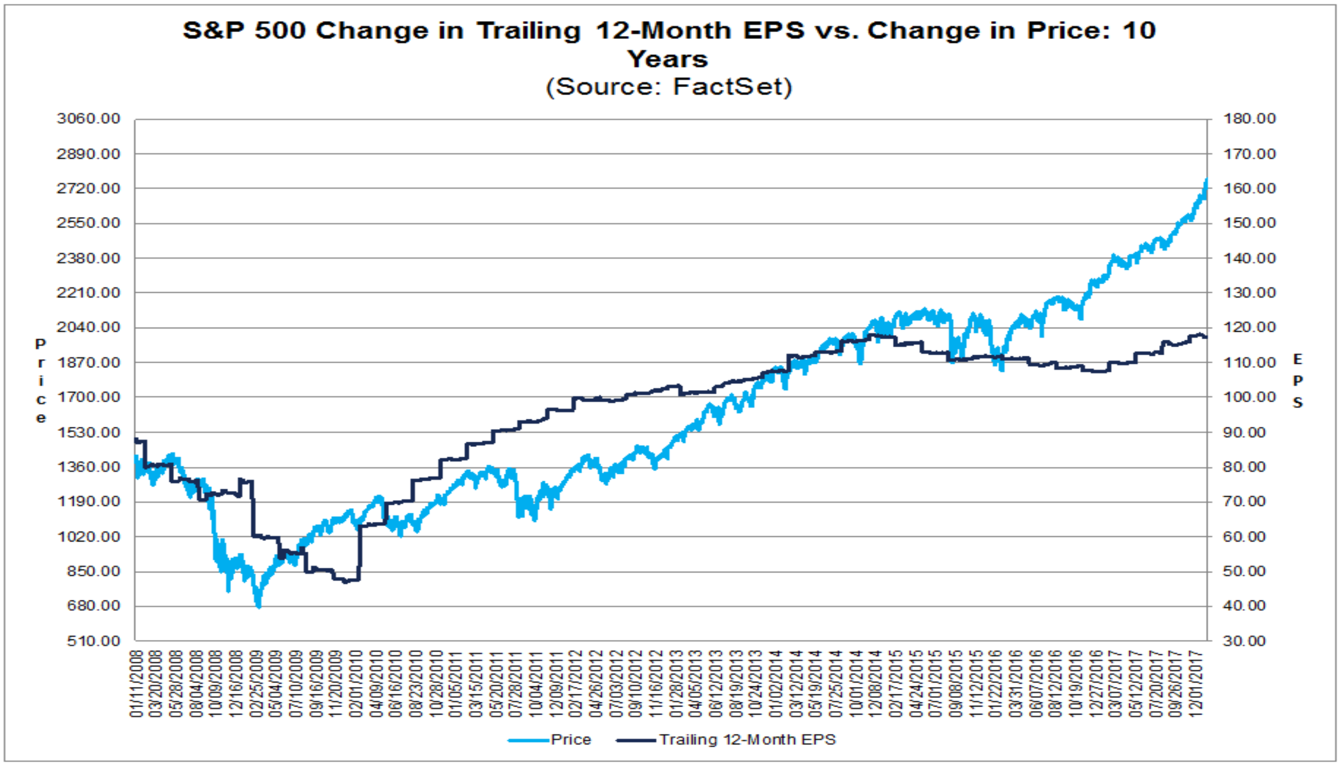


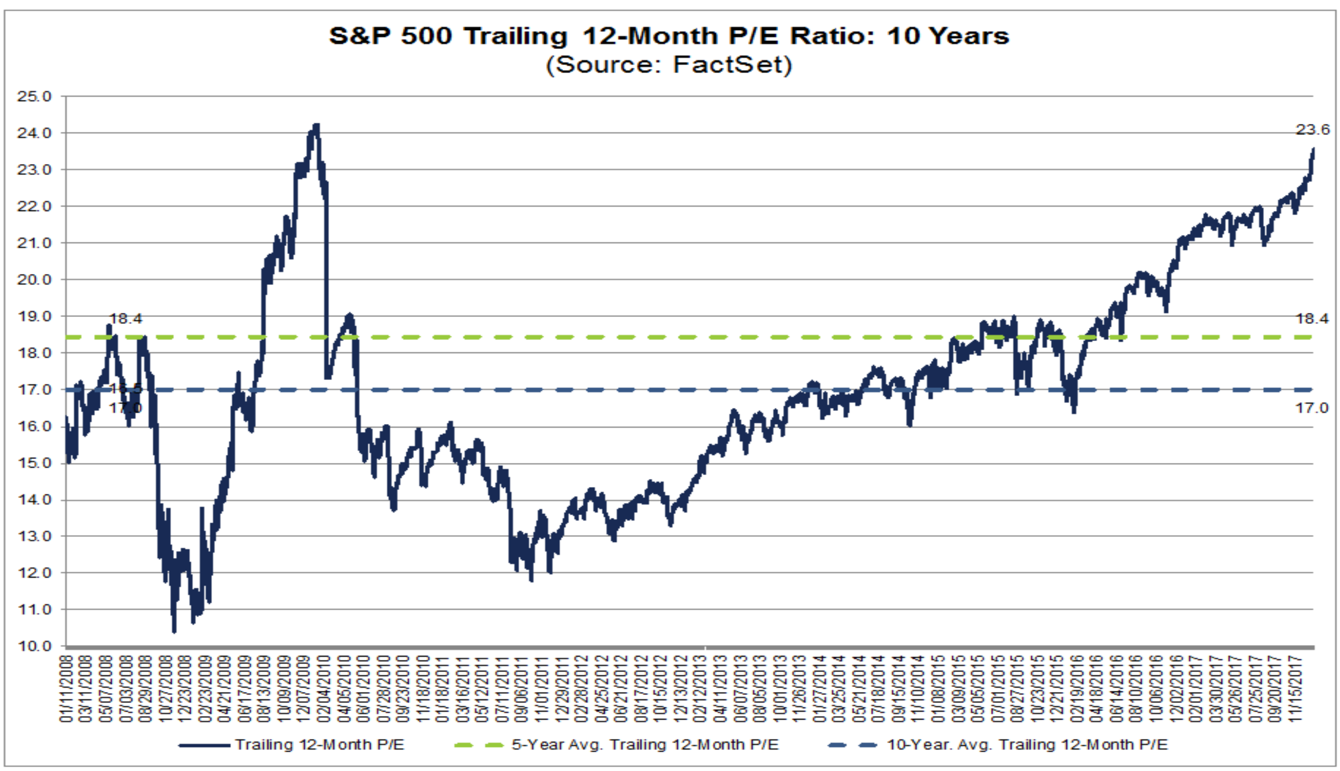
Forward 12M P/E Ratio: Long-Term Averages





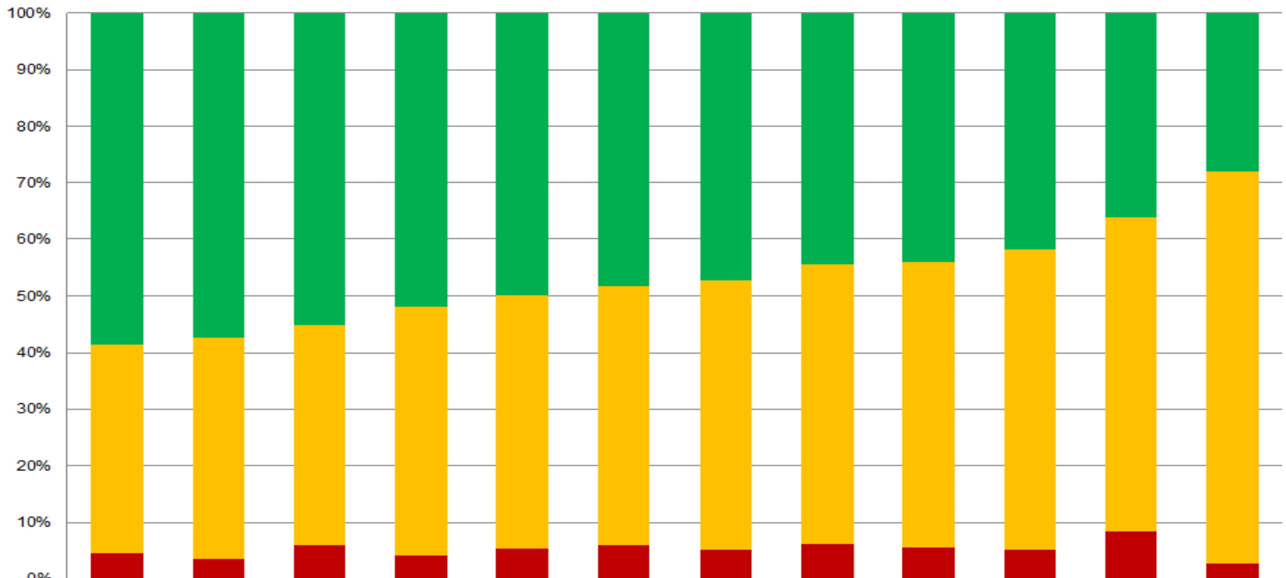
Trailing 12M P/E Ratio: Long-Term Averages





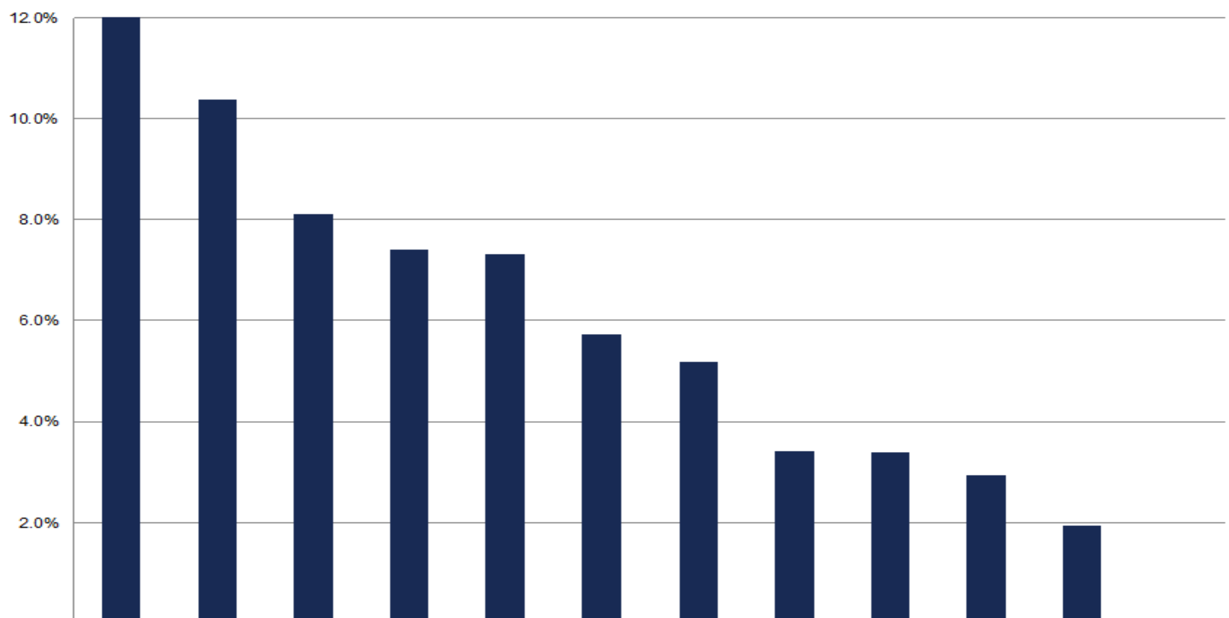
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)



	Info. Tech.	Health Care	Energy	Materials	S&P 500	Consumer Disc.	Industrials	Financials	Consumer Staples	Real Estate	Utilities	Telecom Services
Buy	59%	57%	55%	52%	50%	48%	47%	45%	44%	42%	36%	28%
Hold	37%	39%	39%	44%	45%	46%	47%	49%	50%	53%	55%	69%
Sell	5%	3%	6%	4%	5%	6%	5%	6%	5%	5%	8%	3%

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)



	Real Estate	Utilities	Info. Tech.	Consumer Staples	Health Care	S&P 500	Financials	Telecom Services	Consumer Disc.	Materials	Industrials	Energy
Target/Close	12.5%	10.4%	8.1%	7.4%	7.3%	5.7%	5.2%	3.4%	3.4%	3.0%	1.9%	0.0%

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