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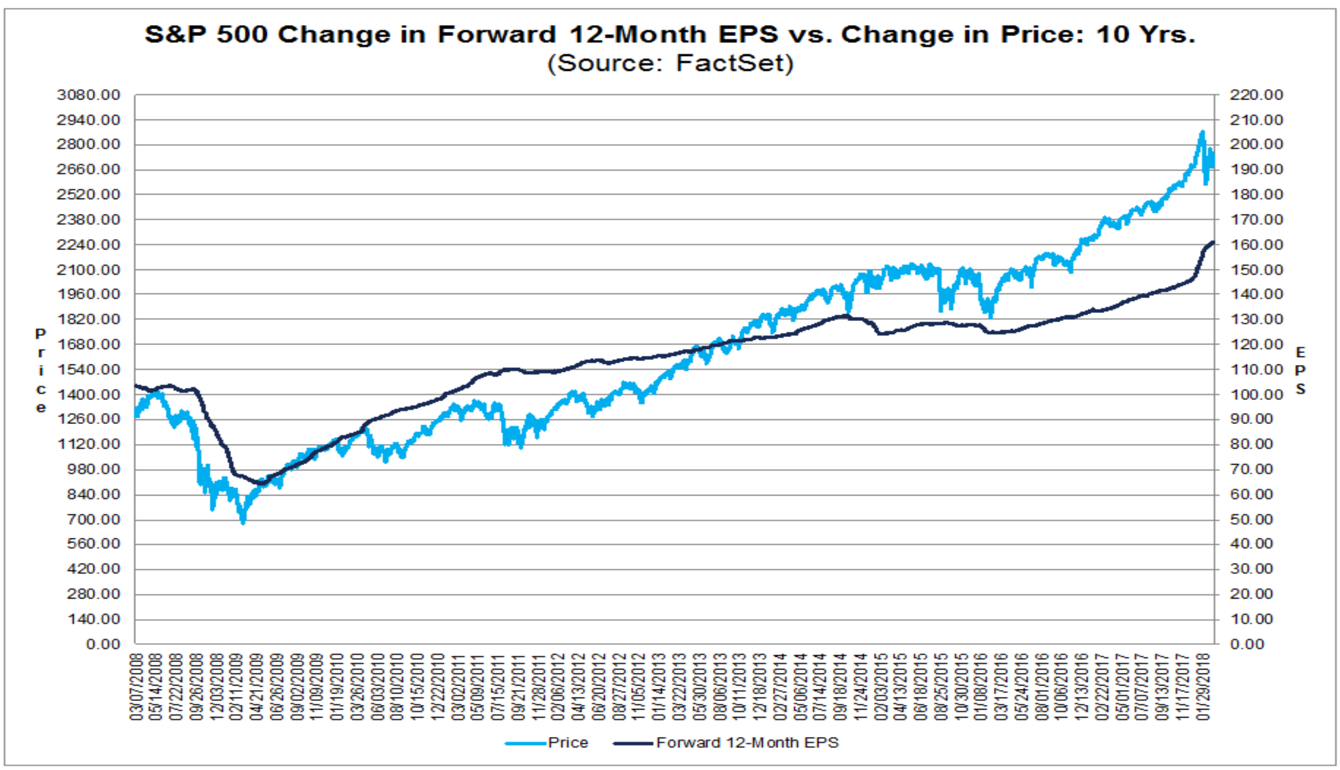
Key Metrics

- **Earnings Scorecard:** For Q4 2017 (with 99% of the companies in the S&P 500 reporting actual results for the quarter), 73% of S&P 500 companies have reported positive EPS surprises and 77% have reported positive sales surprises. This marked the highest percentage of companies reporting positive sales surprises since FactSet began tracking this metric in Q3 2008.
- **Earnings Growth:** For Q4 2017, the blended earnings growth rate for the S&P 500 is 14.8%. This marked the highest earnings growth since Q3 2011 (16.8%).
- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2017 was 11.0%. Nine sectors have higher growth rates today (compared to December 31) due to upward revisions to estimates and positive earnings surprises.
- **Earnings Guidance:** For Q1 2018, 49 S&P 500 companies have issued negative EPS guidance and 52 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.0. This P/E ratio is above the 5-year average (16.0) and above the 10-year average (14.3).



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Topic of the Week: 1

S&P 500 Sees Negative Price Reaction to Record Positive Sales Surprises For Q4 2017

To date, 99% of the companies in the S&P 500 have reported revenues for the fourth quarter. Of these companies, 77% reported actual sales above the mean sales estimate. This marked the highest percentage of companies reporting positive revenue surprises since FactSet began tracking this metric in Q3 2008. In aggregate, revenues exceeded expectations by 1.5%, which was above the 5-year average of 0.6%. Due to these upside surprises, the revenue growth rate for the S&P 500 has improved to 8.2% today from 6.7% on December 31.

Given the stronger performance of companies relative to analyst sales estimates and the improvement in the growth rate over the past two months, how did the market respond to upside sales surprises during the Q4 earnings season?

Companies in the S&P 500 that reported positive sales surprises for Q4 have seen a decrease in price of 0.4% on average from two days before the company reported actual results through two days after the company reported actual results. Over the past five years, companies in the S&P 500 that have reported positive sales surprises have witnessed a 1.3% increase in price on average during this 4-day window.

If the final percentage for the quarter is -0.4%, it will mark the largest average price decline over this 4-day window for S&P 500 companies that have reported positive sales surprises since Q2 2011 (-2.9%). It will also mark the second time in the past three quarters in which S&P 500 companies reporting positive sales surprises recorded an average decline in price over this 4-day window. In Q3 2017, S&P 500 companies that reported positive sales surprises saw an average decline in price of 0.3% two days before the report through two days after the report.

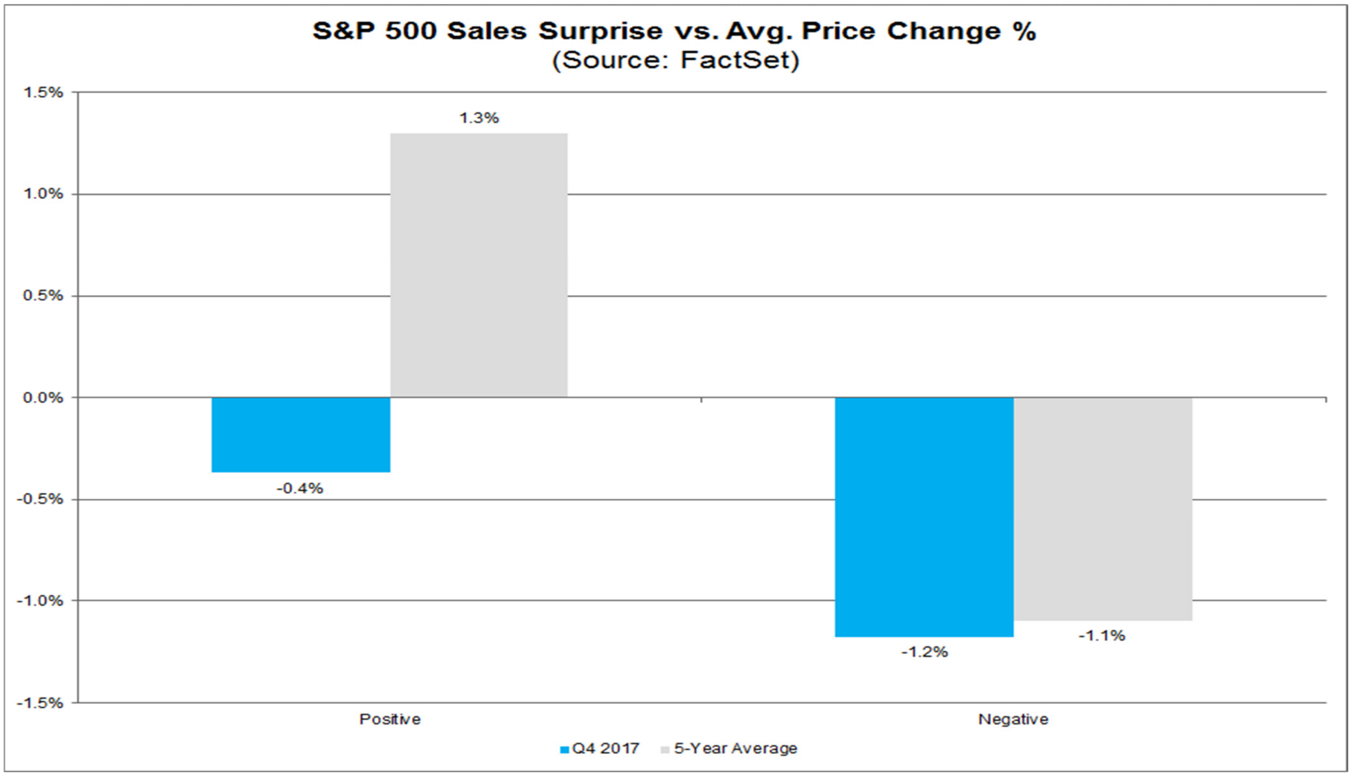
Of the 384 S&P 500 companies that have reported positive revenue surprises for Q4, 219 (or 57%) recorded a decline in price over this period. The average price decline of these 219 companies over this 4-day window was -4.4%. Of these 219 companies, 20 witnessed a double-digit decline in price. An example of one of these 20 companies is Stericycle. After the closing bell on February 21, Stericycle reported actual revenues of $887.8 million, compared to the mean sales estimate of $882.6 million. However, from February 19 through February 23, the price of the stock fell by 21.0% (to $60.05 from $76.02).

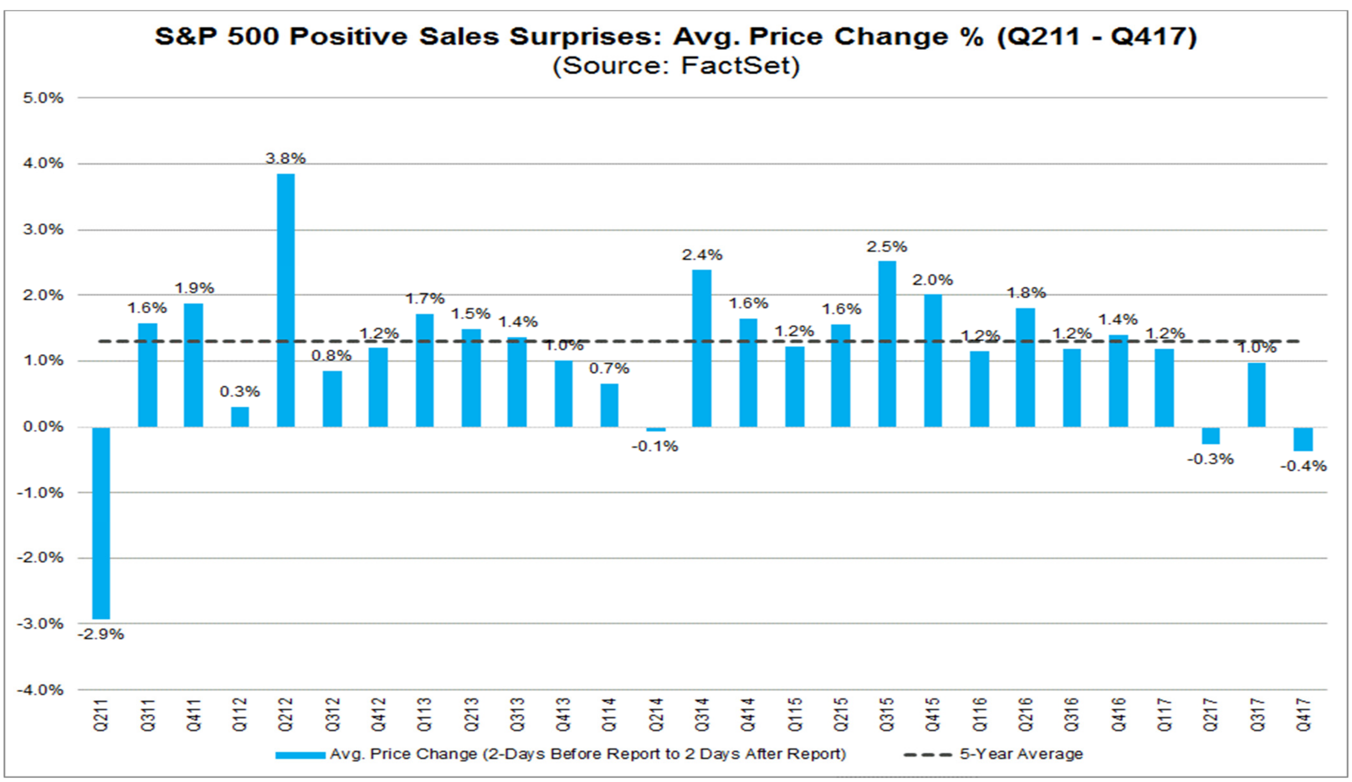
Why did the market punish positive revenue surprises during the fourth quarter earnings season?

In aggregate, it was not due to forward sales guidance or analyst revisions to sales estimates for the first quarter. To date, fewer S&P 500 companies have issued negative sales guidance for Q1 2018 (23) compared to the 5-year average (46). In aggregate, analysts have increased sales estimates by 0.2% for Q1 2018.

The average price decline was likely due to a combination of the high valuation of the market during the month of January and the subsequent price decline of the market in early February. During the month of January, the average forward 12-month P/S ratio for the S&P 500 was 2.2. This forward 12-month P/S ratio was above the four most recent historical averages for the S&P 500: 5-year (1.7), 10-year (1.5), 15-year (1.5), and 20-year (1.6). Thus, despite the number and magnitude of positive sales surprises reported in the fourth quarter, the market may have been be reluctant to push valuations even higher.

After hitting a peak value of 2872.87 on January 26, the value of the S&P 500 fell by 10.2% over the next nine trading days, closing at 2581.00 on February 8. During this period of declining value (from January 29 through February 8), 204 S&P 500 companies (or 41% of the index) reported actual results for the fourth quarter. Since February 8, the value of the index has increased by 6.1%. With this increase in value, the forward 12-month P/S ratio now stands at 2.1, which is still above the four most recent historical averages.


S&P 500 Sales Surprise vs. Avg. Price Change %
(Source: FactSet)
1.5%
1.0%
0.5%
0.0%
-0.5%
-1.0%
-1.5%
1.3%
-0.4%
-1.2%
-1.1%
Positive
Negative
Q4 2017
5-Year Average


S&P 500 Positive Sales Surprises: Avg. Price Change % (Q211 - Q417)
(Source: FactSet)
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
-3.0%
-4.0%
-2.9%
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2.0%
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1.8%
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1.4%
1.2%
-0.3%
1.0%
-0.4%
Q211
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Q216
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Q416
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Q217
Q317
Q417
Avg. Price Change (2-Days Before Report to 2 Days After Report)
5-Year Average

Topic of the Week: 2

S&P 500 Sees Negative Price Reaction to Above-Average Positive EPS Surprises For Q4 2017.

To date, 99% of the companies in the S&P 500 have reported earnings for the fourth quarter. Of these companies, 73% reported actual EPS above the mean EPS estimate, which was above the 5-year average of 69%. In aggregate, earnings exceeded expectations by 4.4%, which was slightly above the 5-year average of 4.3%. Due to these upside surprises, the earnings growth rate for the S&P 500 has improved to 14.8% today from 11.0% on December 31.

Given the stronger performance of companies relative to analyst EPS estimates and the improvement in the growth rate over the past few weeks, how has the market responded to upside EPS surprises during the Q4 earnings season?

Companies in the S&P 500 that reported positive earnings surprises for Q4 have seen a decrease in price of 0.2% on average from two days before the company reported actual results through two days after the company reported actual results. Over the past five years, companies in the S&P 500 that have reported positive earnings surprises have witnessed a 1.2% increase in price on average during this 4-day window.

If the final percentage for the quarter is -0.2%, it will mark the second time in the past three quarters in which S&P 500 companies reporting positive EPS surprises recorded an average decline in price over this 4-day window. In Q3 2017, S&P 500 companies that reported positive EPS surprises saw an average decline in price of 0.3% two days before the report through two days after the report.

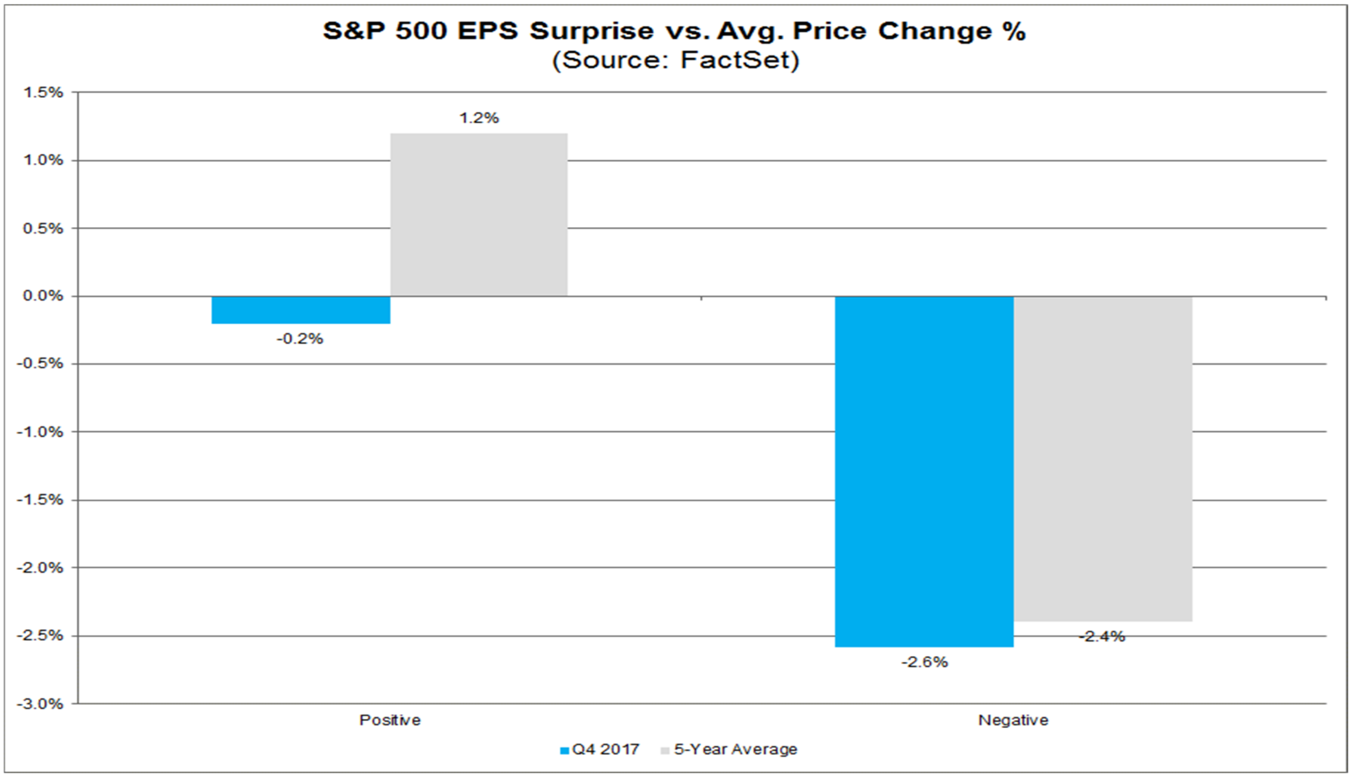
Of the 366 S&P 500 companies that have reported positive earnings surprises for Q4, 207 (or 57%) recorded a decline in price over this period. The average price decline of these 207 companies over this 4-day window was -4.0%. Of these 207 companies, 13 witnessed a double-digit decline in price. An example of one of these 13 companies is Chipotle Mexican Grille. After the closing bell on February 6, Chipotle reported actual (adjusted) EPS of $1.34, compared to the mean EPS estimate of $1.32. However, from February 2 through February 8, the price of the stock fell by 14.6% (to $266.01 from $311.64.

Why did the market punish positive EPS surprises during the fourth quarter earnings season?

In aggregate, it was not due to forward EPS guidance or analyst revisions to EPS estimates for the first quarter and full year. To date, fewer S&P 500 companies have issued negative EPS guidance for Q1 2018 (49) compared to the 5-year average (80). In aggregate, analysts have increased EPS estimates by record amounts for Q1 2018 and CY 2018: https://insight.factset.com/record-high-increase-in-sp-500-eps-estimates-for-q1-2018-and-cy-2018-to-date

The average price decline was likely due to a combination of the high valuation of the market during the month of January and the subsequent price decline of the market in early February. During the month of January, the average forward 12-month P/E ratio for the S&P 500 was 18.3. This forward 12-month P/E ratio was above the four most recent historical averages for the S&P 500: 5-year (16.0), 10-year (14.3), 15-year (14.5), and 20-year (16.0). Thus, despite the number and magnitude of positive earnings surprises in the fourth quarter, the market may have been be reluctant to push valuations even higher.

After hitting a peak value of 2872.87 on January 26, the value of the S&P 500 fell by 10.2% over the next nine trading days, closing at 2581.00 on February 8. During this period of declining value (from January 29 through February 8), 204 S&P 500 companies (or 41% of the index) reported actual results for the fourth quarter. Since February 8, the value of the index has increased by 6.1%. With this increase in value, the forward 12-month P/E ratio now stands at 17.0, which is still above the four most recent historical averages.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-3.0%
1.2%
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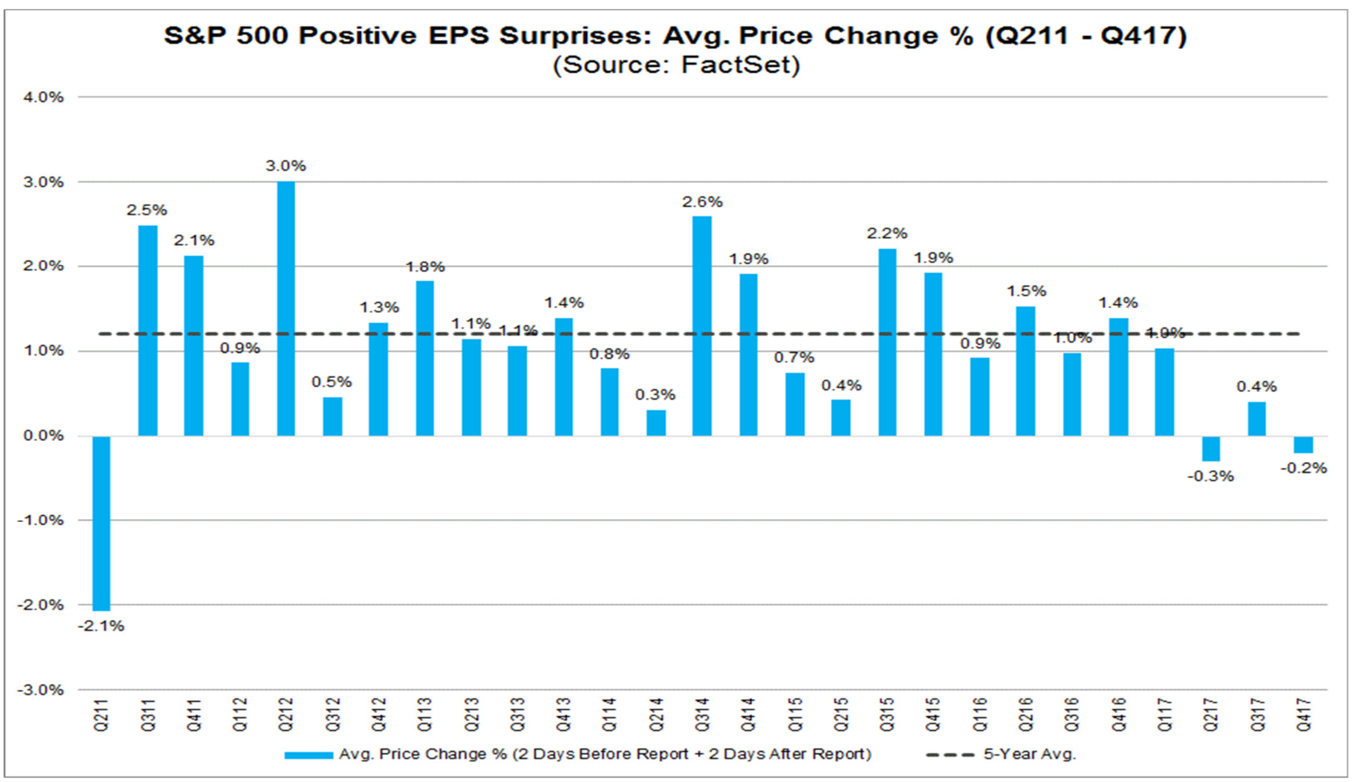
-2.6%
-2.4%
Positive
Negative
Q4 2017
5-Year Average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Q117
Q217
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Q417
Avg. Price Change % (2 Days Before Report + 2 Days After Report)
5-Year Avg.

Q4 2017 Earnings Season: By the Numbers

Overview:

To date, 99% of the companies in the S&P 500 have reported actual results for Q4 2017. In terms of earnings, more companies reported actual EPS above estimates (73%) compared to the 5-year average. In aggregate, companies reported earnings that were 4.4% above the estimates, which was also above the 5-year average. In terms of sales, more companies (77%) reported actual sales above estimates compared to the 5-year average. This marked the highest percentage of S&P 500 companies reporting positive sales surprises since FactSet began tracking this metric in Q3 2008. In aggregate, companies reported sales that were 1.5% above estimates, which was 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 14.8%. This marked the highest earnings growth reported by the index since Q3 2011 (16.8%). All eleven sectors are reporting or have reported year-over-year earnings growth. Four sectors are reporting or have reported double-digit earnings growth: Energy, Materials, Information Technology, and Financials.

The blended sales growth rate for the fourth quarter is 8.2%. This marked the highest revenue growth reported by the index since Q3 2011 (12.5%). All eleven sectors are reporting or have reported year-over-year growth in revenues. Three sectors are reporting or have reported double-digit growth in revenues: Energy, Materials, and Information Technology.

All eleven sectors reported 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 to grow at double-digit levels through 2018.

The forward 12-month P/E ratio is 17.0, which is above the 5-year average and the 10-year average.

During the upcoming week, five S&P 500 companies are scheduled to report results for the fourth quarter.

Scorecard: Record-High Percentage of Companies Beat Revenue Estimates

Percentage of Companies Beating EPS Estimates (73%): Above 5-Year Average

Overall, 99% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 73% reported actual EPS above the mean EPS estimate, 8% reported actual EPS equal to the mean EPS estimate, and 18% reported actual EPS below the mean EPS estimate. The percentage of companies that reported EPS above the mean EPS estimate was above the 1-year (72%) average and above the 5-year (69%) average.

At the sector level, the Materials (88%), Health Care (84%), and Information Technology (82%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (33%) and Real Estate (48%) sectors had the lowest percentages of companies reporting earnings (or FFO for Real Estate) above estimates.

Earnings Surprise Percentage (+4.4%): Above 5-Year Average

In aggregate, companies reported earnings that were 4.4% above expectations. This surprise percentage was below the 1-year (+4.6%) average but above the 5-year (+4.3%) average.

The Materials (+11.1%) sector reported the largest upside aggregate difference between actual earnings and estimated earnings. On the other hand, the Energy (-12.2%) sector reported the largest downside aggregate difference between actual earnings and estimated earnings.

Market Did Not Reward Earnings Beats

The market rewarded positive earnings surprises less than average and punished negative earnings surprises more than average during the fourth quarter earnings season.

Companies that have reported positive earnings surprises for Q4 2017 have seen an average price decrease of -0.2% two days before the earnings release through two days after the earnings. This percentage change is well below the 5-year average increase of 1.2% during this same window for companies reporting upside earnings surprises.

Companies that have reported negative earnings surprises for Q4 2017 have seen an average price decrease of -2.6% two days before the earnings release through two days after the earnings. This percentage decrease is slightly larger than the 5-year average decrease of -2.4% during this same window for companies reporting downside earnings surprises.

For more details, please see pages 2 through 6.

Percentage of Companies Beating Revenue Estimates (77%): Record-High Level

In terms of revenues, 77% of companies reported actual sales above estimated sales and 23% reported actual sales below estimated sales. The percentage of companies reporting sales above estimates was well above the 1-year average (64%) and well above the 5-year average (56%).

This marked the highest percentage of S&P 500 companies reporting positive sales surprises since FactSet began tracking this metric in Q3 2008.

At the sector level, the Information Technology (90%) and Health Care (87%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (43%) sector had the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.5%): Above 5-Year Average

In aggregate, companies reported sales that were 1.5% above expectations. This surprise percentage was above the 1-year (+0.8%) average and above the 5-year (+0.6%) average.

The Energy (+3.6%) and Materials (+2.5%) sectors reported the largest upside aggregate differences between actual sales and estimated sales, while the Utilities (-1.3%) sector reported the largest downside aggregate difference between actual sales and estimated sales.

Materials Sector Recorded Largest Increase in Earnings Post December 31

Materials Sector Recorded Largest Increase in Earnings Growth Post December 31

The blended earnings growth rate for Q4 2017 of 14.8% is above the estimate of 11.0% 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 positive earnings surprises, led by the Materials (to 44.1% from 28.5%) sector. Two sectors have recorded a decrease in earnings growth since the end of the quarter due to downside earnings surprises, led by the Energy (to 105.1% from 132.1%) sector.

Energy Sector Recorded Largest Increase in Revenue Growth Post December 31

The blended sales growth rate for Q4 2017 of 8.2% is larger than the estimate of 6.7% at the end of the fourth quarter (December 31). Ten 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 Energy (to 21.3% from 17.3%) and Materials (to 20.2% from 16.7%) sectors. The Utilities (to 3.0% from 6.4%) sector was the only sector that recorded a decrease in sales growth during this time due to downward revisions to estimates and downside revenue surprises.

Highest Earnings Growth (14.8%) Since Q3 2011

The blended (year-over-year) earnings growth rate for Q4 2017 is 14.8%. This marked the highest earnings growth reported by the index since Q3 2011 (16.8%). It also marked the third time in the past four quarters that the index has reported double-digit earnings growth. All eleven sectors are reporting or have reported year-over-year growth in earnings. Four sectors are reporting or have reported double-digit earnings growth: Energy, Materials, Information Technology, and Financials.

Energy: Highest Earnings Growth on Rising Oil Prices and Easy Comparison to Low Year-Ago Earnings

The Energy sector reported the highest (year-over-year) earnings growth of all eleven sectors at 105.1%. At the sub-industry level, all six sub-industries in the sector reported 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 (227%), Oil & Gas Refining & Marketing (144%), Integrated Oil & Gas (35%), and Oil & Gas Storage & Transportation (12%).

The unusually high growth rate for the sector was due to both higher oil prices and a comparison to unusually low earnings in the year-ago quarter. During the fourth quarter, the price of oil increased by 16.9% (to $60.42 from $51.67). On a dollar-level basis, the Energy sector reported earnings of $10.9 billion in Q4 2017, compared to earnings of $5.3 billion in Q4 2016. If the Energy sector were excluded, the blended earnings growth rate for the remaining ten sectors would decrease to 13.1% from 14.8%.

Materials: All 4 Industries Reported Double-Digit Growth

The Materials sector reported the second highest (year-over-year) earnings growth of all eleven sectors at 44.1%. At the industry level, all four industries reported double-digit earnings growth. Metals & Mining (99%), Containers & Packaging (48%), Chemicals (37%), and Construction Materials (14%).

Information Technology: Semiconductor Industry Leads Growth

The Information Technology sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 22.6%. At the industry level, all seven industries in this sector are reporting or have reported earnings growth. Five industries are reporting or have reported double-digit earnings growth: Semiconductor & Semiconductor Equipment (49%), Internet Software & Services (38%), Software (15%), IT Services (14%), and Technology Hardware, Storage, & Peripherals (14%).

Financials: AIG Led Growth on Easy Comparison to Year-Ago Loss

The Financials sector reported the fourth highest (year-over-year) earnings growth of all eleven sectors at 13.3%. At the industry level, all five industries in this sector reported earnings growth. Three industries reported double-digit earnings growth: Insurance (32%), Consumer Finance (19%), and Banks (12%).

At the company level, AIG was the largest contributor to earnings growth for the sector, mainly due to an easy comparison to a substantial loss in the year-ago quarter. AIG reported actual EPS of $0.57 for Q4 2017, compared to actual EPS of -$2.72 for Q4 2016. In the company's earnings release for Q4 2016, AIG noted, *"The fourth quarter included a $5.6 billion or ($3.56) per share impact from prior year adverse reserve development."* If AIG were excluded, the blended earnings growth rate for the Financials sector would decline to 5.8% from 13.3%.

Highest Revenue Growth (8.2%) Since Q3 2011

The blended (year-over-year) revenue growth rate for Q4 2017 is 8.2%. This marked the highest revenue growth reported by the index since Q3 2011 (12.5%). All eleven sectors are reporting or have reported year-over-year growth in revenues. Three sectors are reporting or have reported double-digit growth in revenues: Energy, Materials, and Information Technology.

Energy: All 6 Sub-Industries Reported Double-Digit Growth

The Energy sector reported the highest (year-over-year) revenue growth of all eleven sectors at 21.3%. At the sub-industry level, all six sub-industries in the sector reported double-digit revenue growth: Oil & Gas Drilling (53%), Oil & Gas Equipment & Services (34%), Oil & Gas Refining & Marketing (31%), Oil & Gas Exploration & Production (18%), Oil & Gas Storage & Transportation (17%), and Integrated Oil & Gas (13%).

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

The Materials sector reported the second highest (year-over-year) revenue growth of all eleven sectors at 20.2%. At the industry level, all four industries in this sector reported revenue growth, led by the Chemicals (26%) and Metals & Mining (19%) industries.

At the company level, DowDuPont was the largest contributor to revenue growth for the sector. However, the actual revenues for Q4 2017 ($20.1 billion) reflected the combined DowDuPont company, while the actual revenues for Q4 2016 ($13.0 billion) reflected the standalone Dow Chemical company. This apple-to-orange comparison was the main reason DowDuPont was the largest contributor to revenue growth for the sector. If this company were excluded, the blended revenue growth rate for the sector would fall to 12.8% from 20.2%.

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 13.4%. At the industry level, all seven industries in this sector are reporting or have reported revenue growth. Five of these seven industries are reporting or have reported double-digit revenue growth: Internet Software & Services (25%), Semiconductor & Semiconductor Equipment (18%), IT Services (16%), Electronic Equipment, Instruments, and Components (12%), and Software (10%).

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Negative EPS Guidance Well 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, 101 companies in the index have issued EPS guidance for Q1 2018. Of these 101 companies, 49 have issued negative EPS guidance and 52 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 49% (49 out of 101), which is well below the 5-year average of 74%.

Double-Digit Earnings Growth Expected to Continue in 2018

For the fourth quarter, companies reported earnings growth of 14.8% and revenue growth of 8.2%. Analysts currently expect earnings to grow at double-digit levels in 2018.

For Q1 2018, analysts are projecting earnings growth of 17.0% and revenue growth of 7.2%.

For Q2 2018, analysts are projecting earnings growth of 18.9% and revenue growth of 7.5%.

For Q3 2018, analysts are projecting earnings growth of 20.7% and revenue growth of 6.2%.

For Q4 2018, analysts are projecting earnings growth of 16.8% and revenue growth of 5.4%.

For all of 2018, analysts are projecting earnings growth of 18.4% and revenue growth of 6.6%.

Valuation: Forward P/E Ratio is 17.0, above the 10-Year Average (14.3)

The forward 12-month P/E ratio is 17.0. This P/E ratio is above the 5-year average of 16.0 and above the 10-year average of 14.3. However, it is below 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 2.4%, while the forward 12-month EPS estimate has increased by 9.5%.

At the sector level, the Consumer Discretionary (20.3) sector has the highest forward 12-month P/E ratio, while the Telecom Services (10.8) sector has the lowest forward 12-month P/E ratio. Eight sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Information Technology (18.5 vs. 14.4) sector. Two sectors have forward 12-month P/E ratios that are below their 10-year averages: Telecom Services (10.8 vs. 14.1) and Energy (19.2 vs. 19.4). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 13% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3096.89, which is 13.1% above the closing price of 2738.97. At the sector level, the Energy (+21.1%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+9.4%) and Financials (+9.8%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

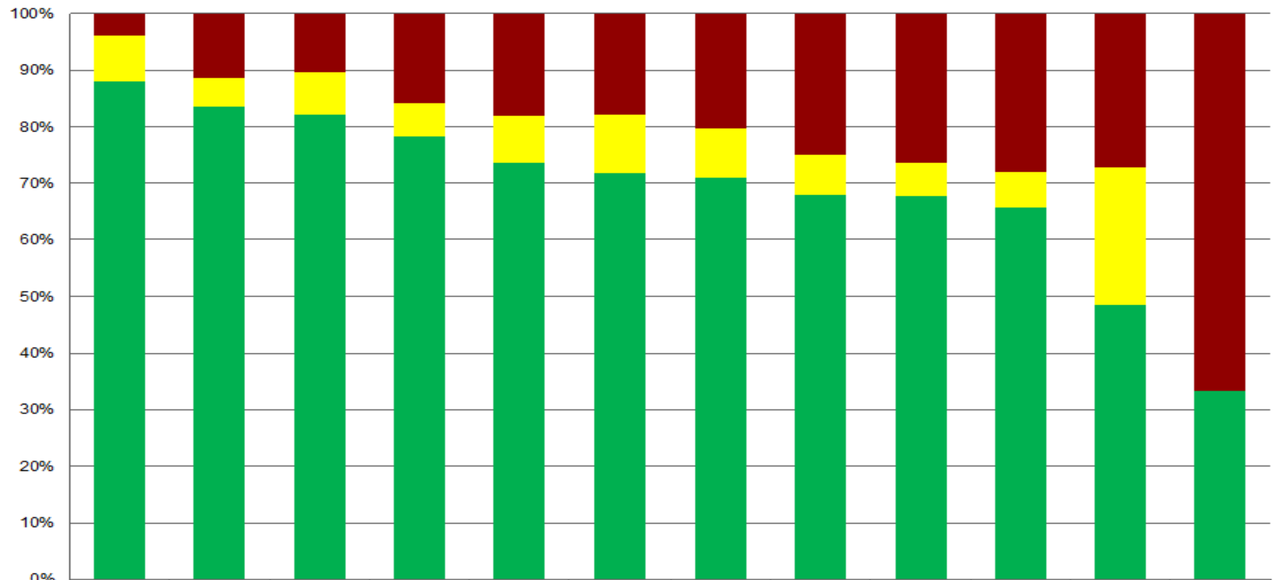
Overall, there are 11,119 ratings on stocks in the S&P 500. Of these 11,119 ratings, 51.6% are Buy ratings, 43.4% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Information Technology (60%), Health Care (58%), and Energy (57%) sectors have the highest percentages of Buy ratings, while the Telecom Services (30%) and Utilities (40%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 5

During the upcoming week, five S&P 500 companies are scheduled to report results for the fourth quarter.

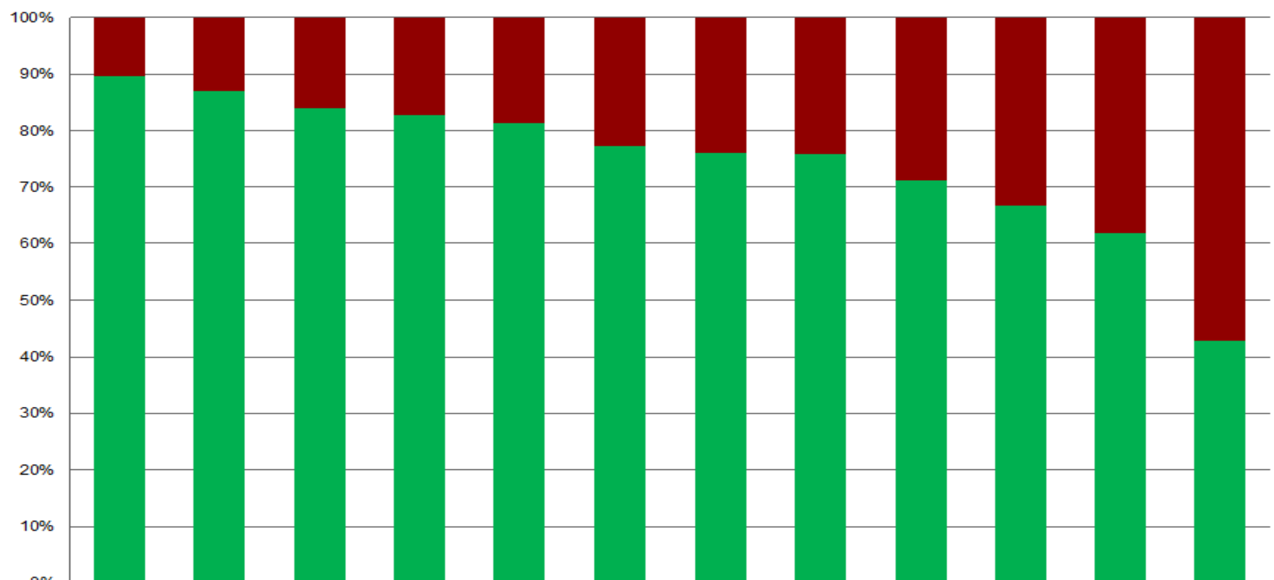
Q4 2017: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q4 2017
(Source: FactSet)



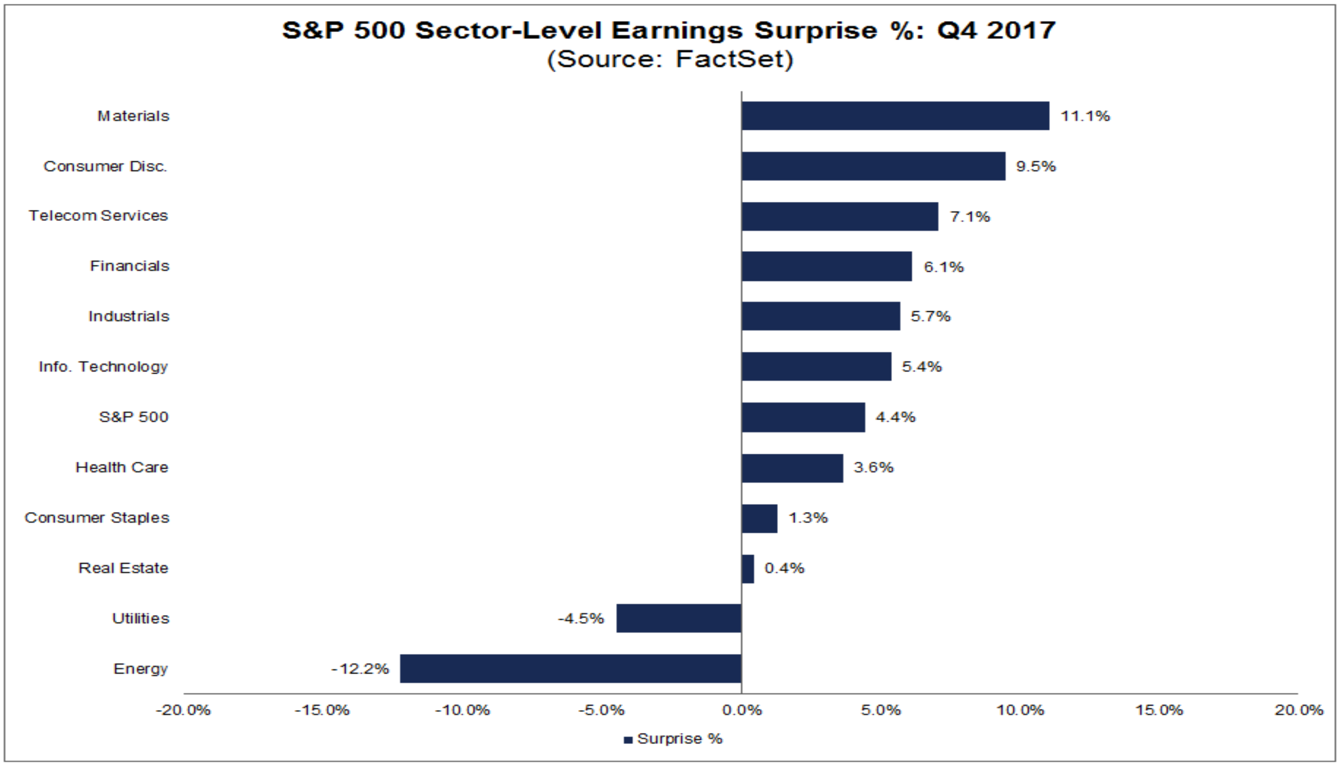
	Materials	Health Care	Info. Technology	Industrials	S&P 500	Financials	Consumer Disc.	Utilities	Consumer Staples	Energy	Real Estate	Telecom Services
Below	4%	11%	10%	16%	18%	18%	20%	25%	26%	28%	27%	67%
In-Line	8%	5%	7%	6%	8%	10%	9%	7%	6%	6%	24%	0%
Above	88%	84%	82%	78%	73%	72%	71%	68%	68%	66%	48%	33%

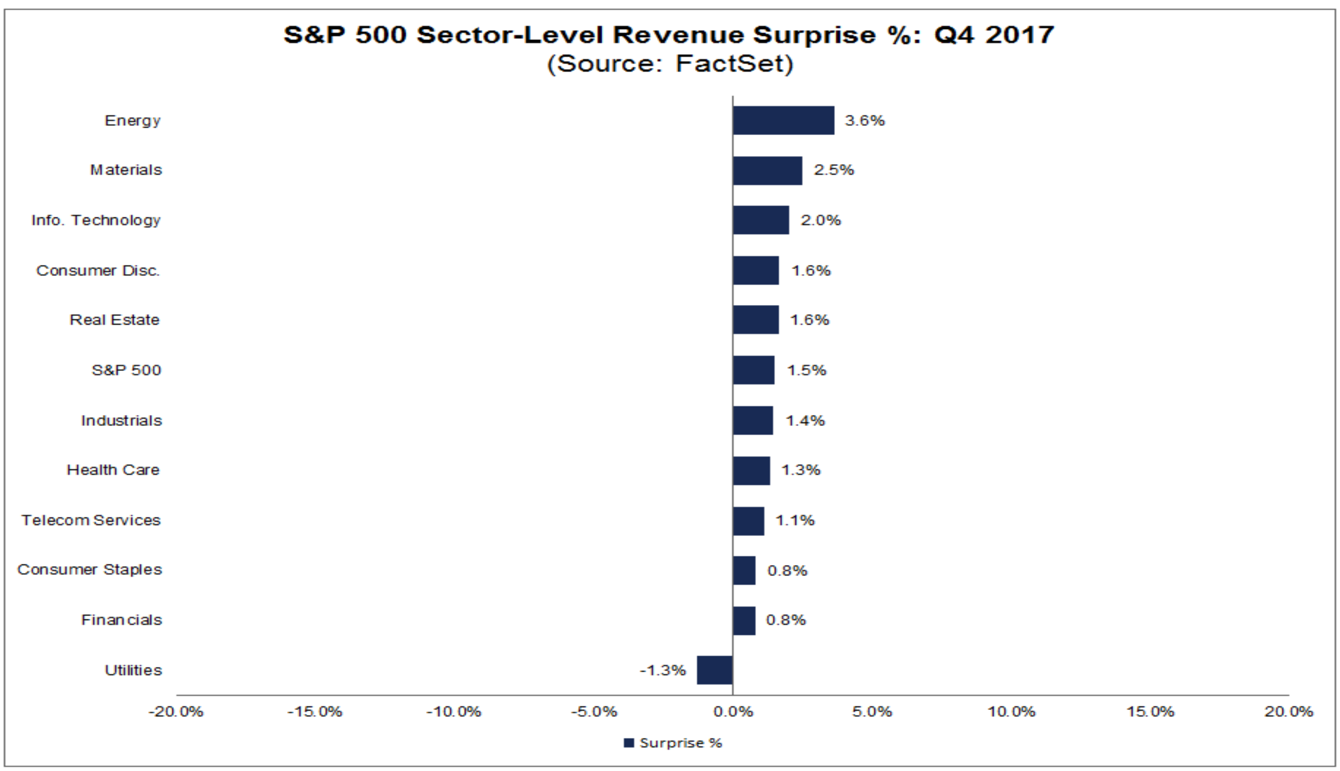
S&P 500 Revenues Above, In-Line, Below Estimates: Q4 2017
(Source: FactSet)



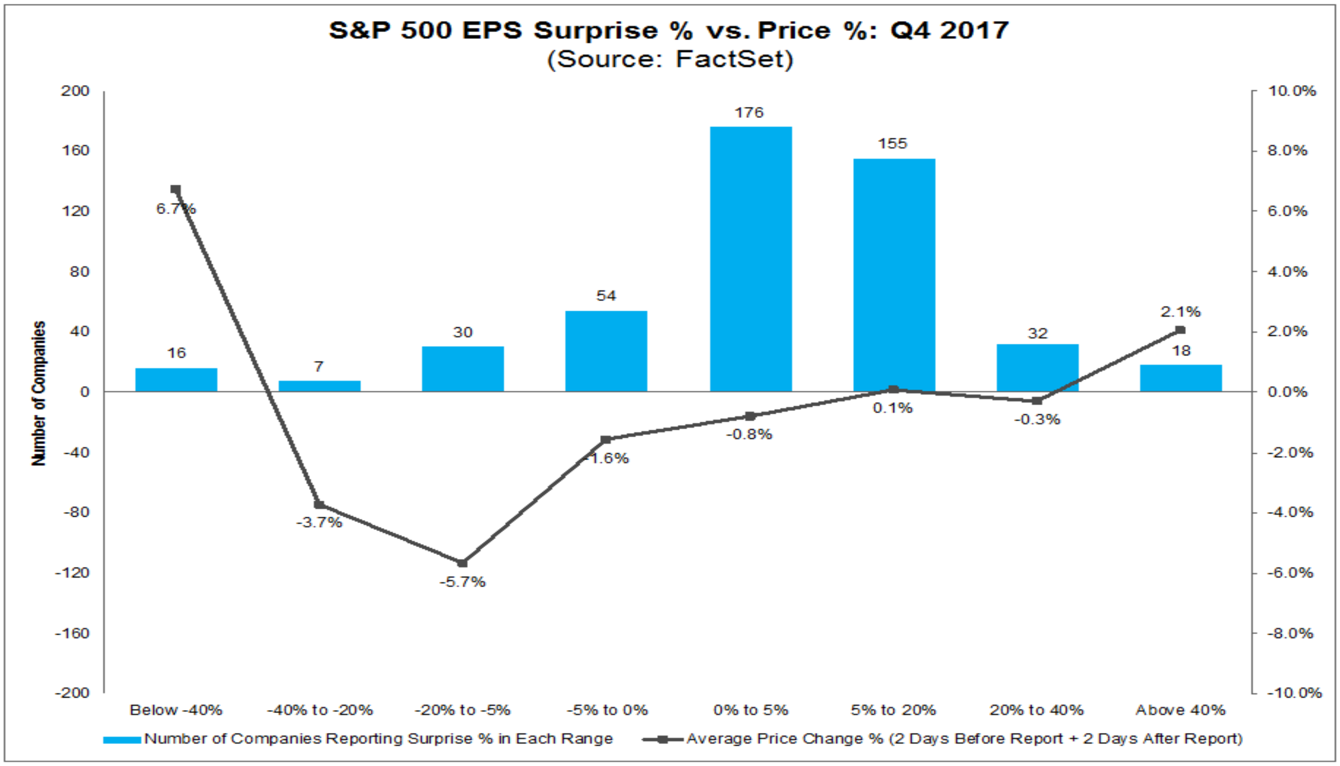
	Info. Technology	Health Care	Materials	Industrials	Energy	S&P 500	Consumer Disc.	Real Estate	Financials	Telecom Services	Consumer Staples	Utilities
Below	10%	13%	16%	17%	19%	23%	24%	24%	29%	33%	38%	57%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	90%	87%	84%	83%	81%	77%	76%	76%	71%	67%	62%	43%

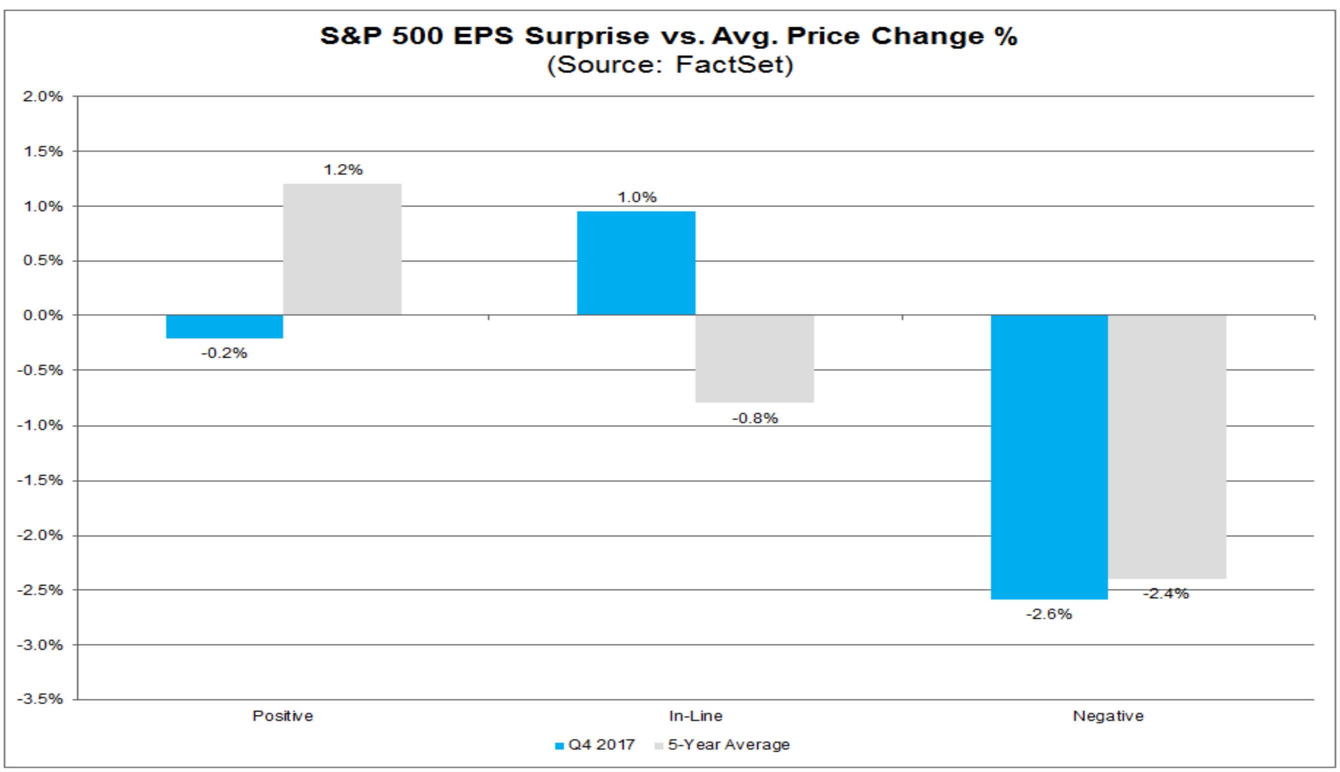
Q4 2017: Scorecard



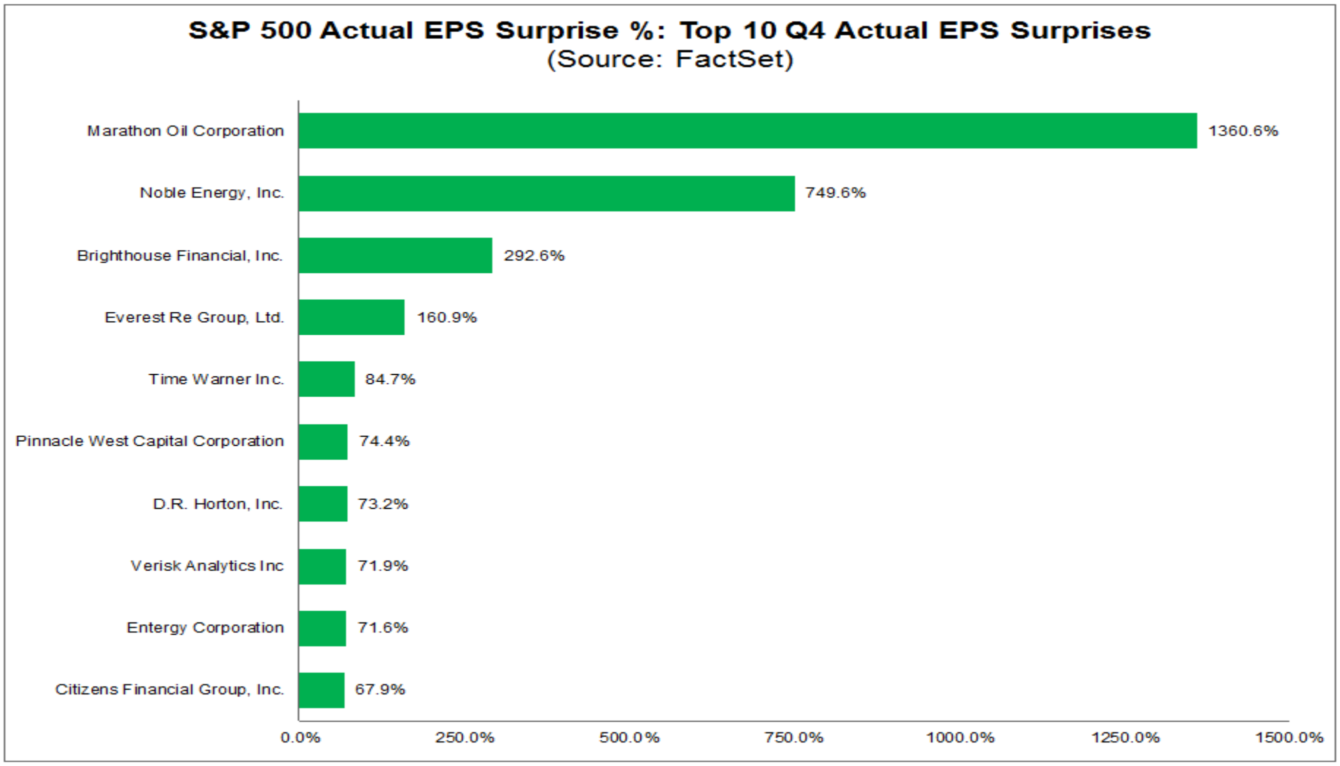


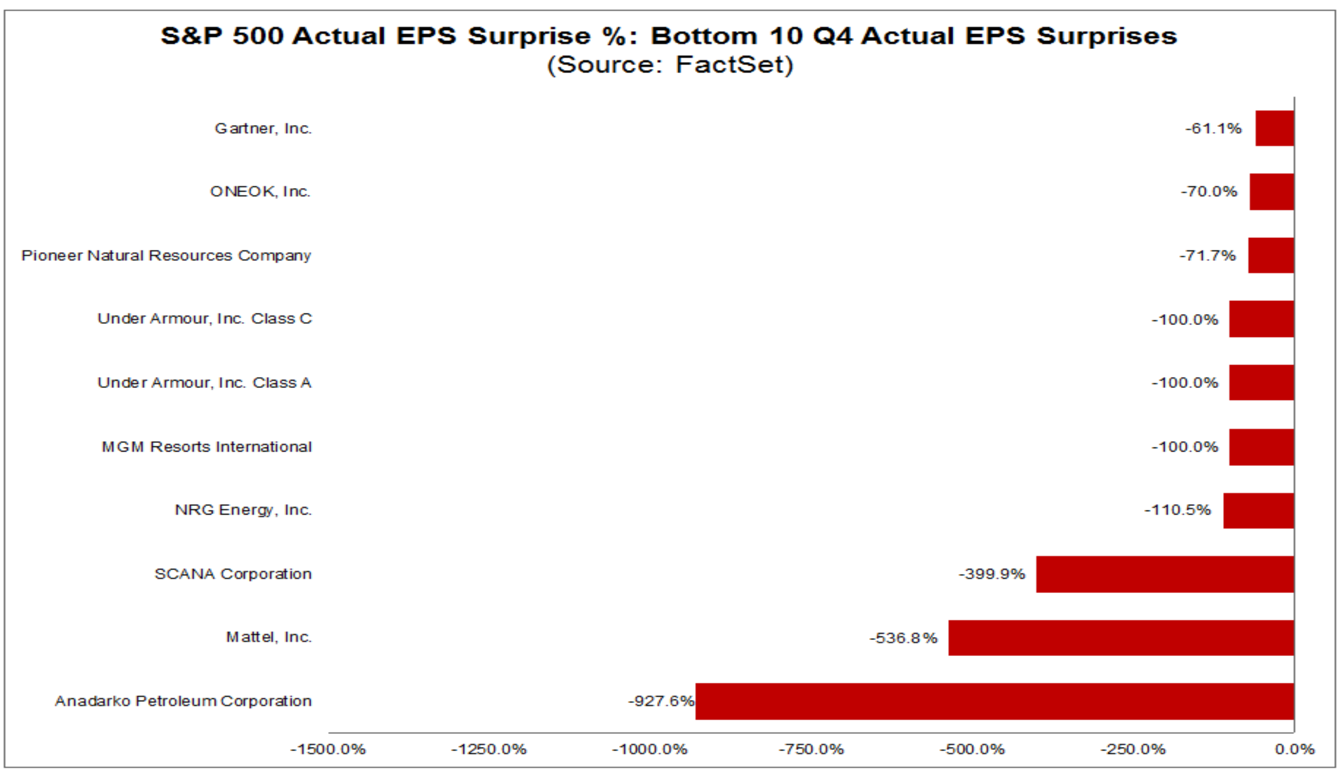
Q4 2017: Scorecard



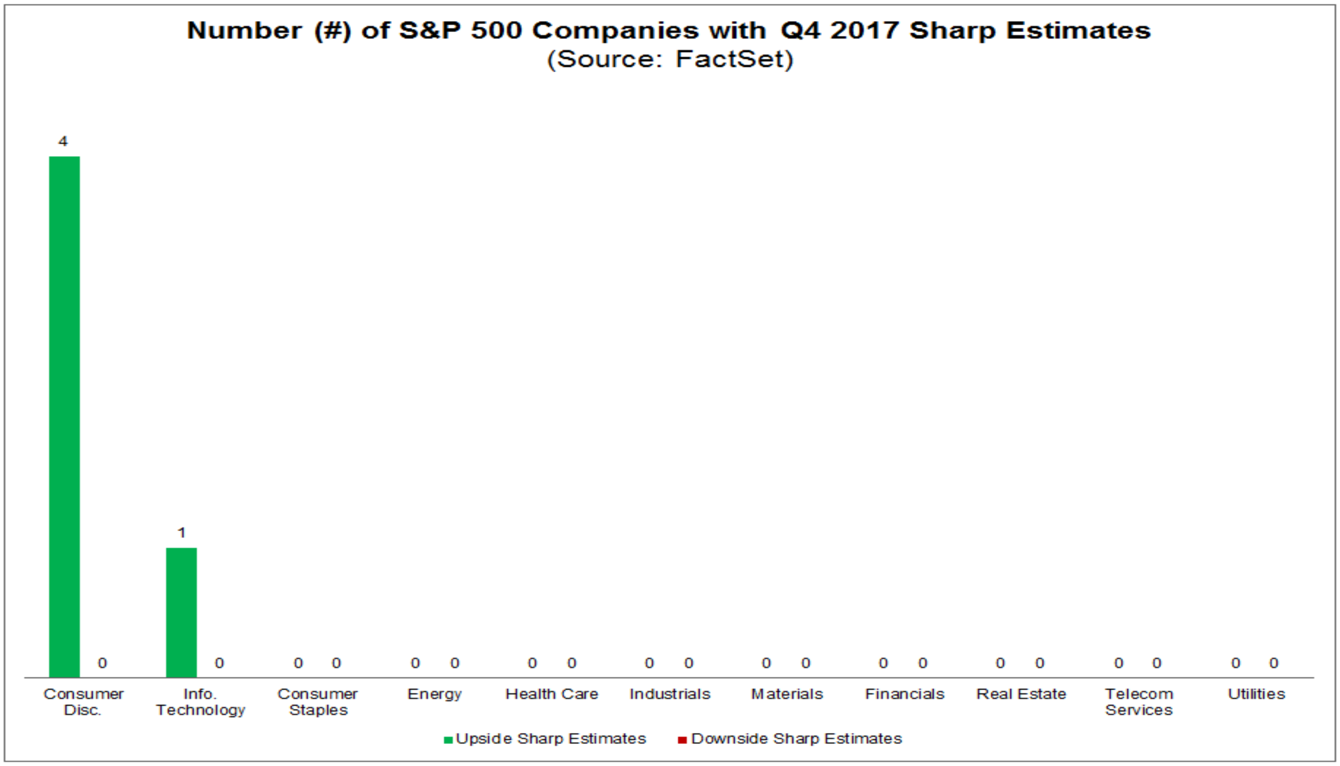


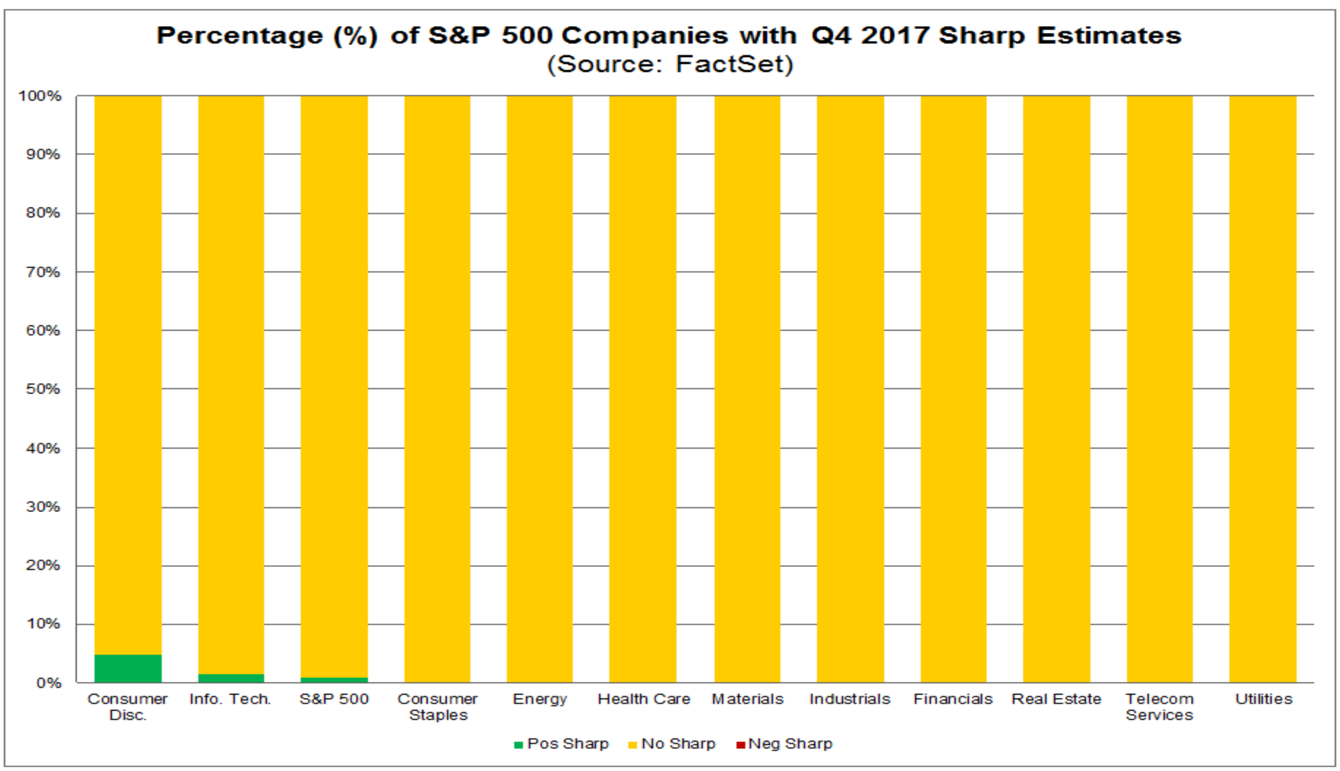
Q4 2017: Scorecard



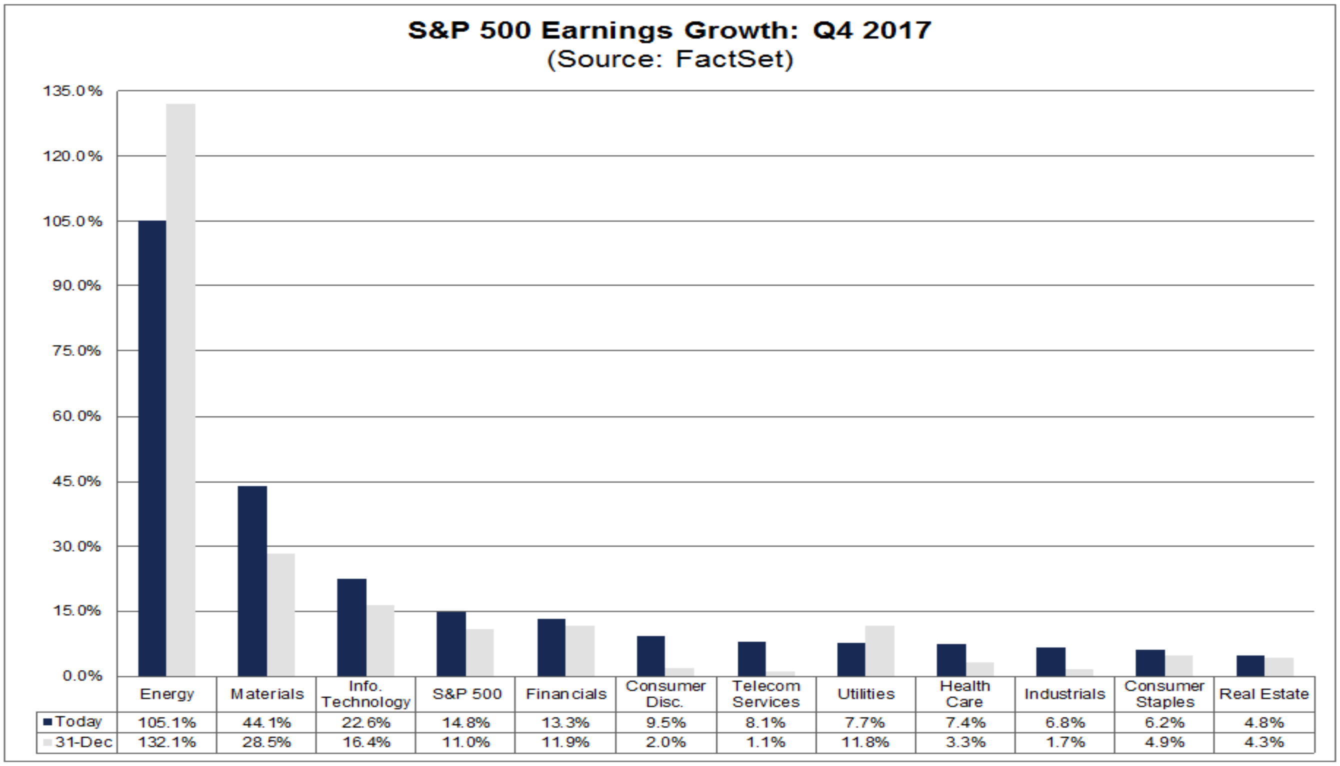


Q4 2017: Projected EPS Surprises (Sharp Estimates)

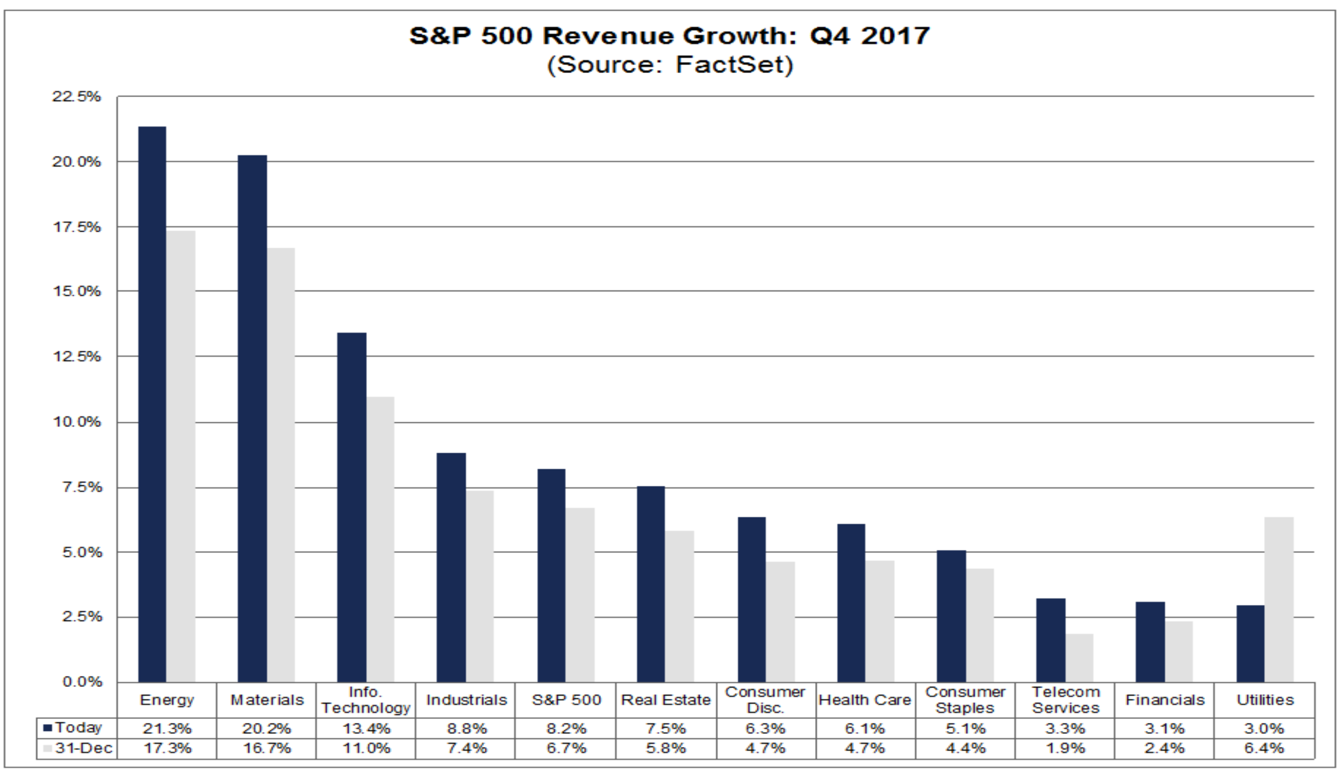




Q4 2017: Growth

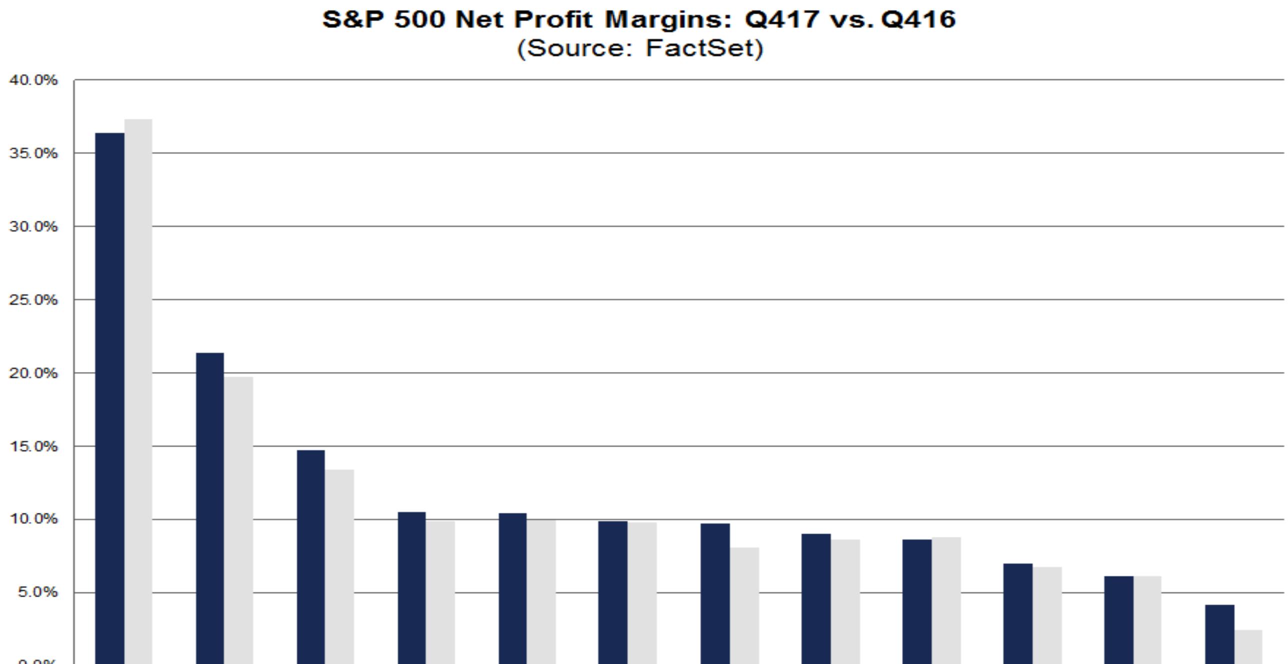


	Energy	Materials	Info. Technology	S&P 500	Financials	Consumer Disc.	Telecom Services	Utilities	Health Care	Industrials	Consumer Staples	Real Estate
Today	105.1%	44.1%	22.6%	14.8%	13.3%	9.5%	8.1%	7.7%	7.4%	6.8%	6.2%	4.8%
31-Dec	132.1%	28.5%	16.4%	11.0%	11.9%	2.0%	1.1%	11.8%	3.3%	1.7%	4.9%	4.3%

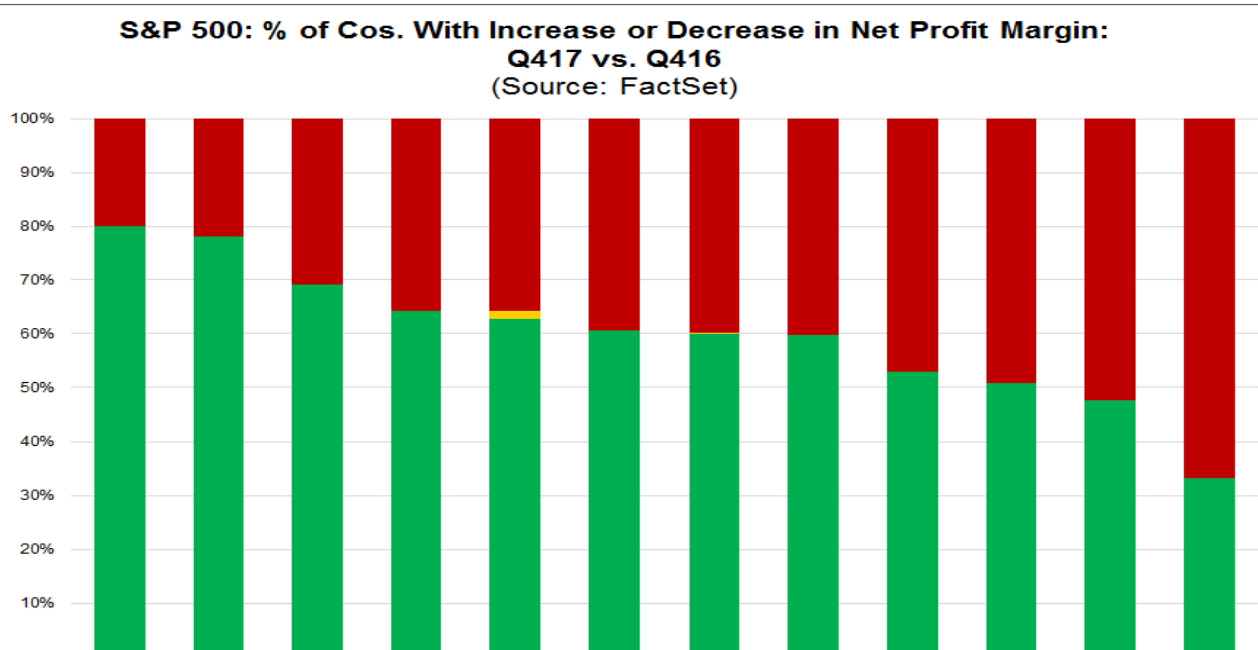


	Energy	Materials	Info. Technology	Industrials	S&P 500	Real Estate	Consumer Disc.	Health Care	Consumer Staples	Telecom Services	Financials	Utilities
Today	21.3%	20.2%	13.4%	8.8%	8.2%	7.5%	6.3%	6.1%	5.1%	3.3%	3.1%	3.0%
31-Dec	17.3%	16.7%	11.0%	7.4%	6.7%	5.8%	4.7%	4.7%	4.4%	1.9%	2.4%	6.4%

Q4 2017: Net Profit Margin

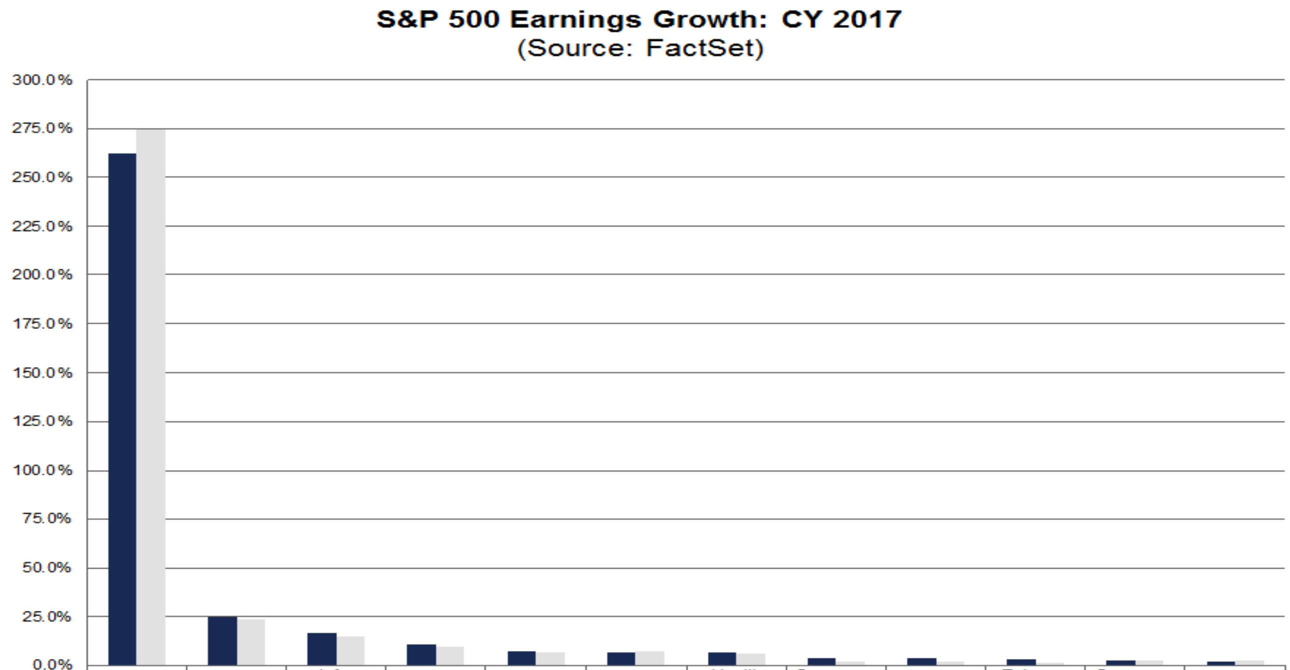


	Real Estate	Information Tech	Financials	S&P 500	Telecom Services	Health Care	Materials	Utilities	Industrials	Consumer Disc.	Consumer Staples	Energy
Q417	36.3%	21.3%	14.8%	10.5%	10.5%	9.9%	9.7%	9.1%	8.6%	7.0%	6.2%	4.2%
Q416	37.3%	19.7%	13.5%	9.9%	10.0%	9.8%	8.1%	8.7%	8.8%	6.8%	6.1%	2.5%

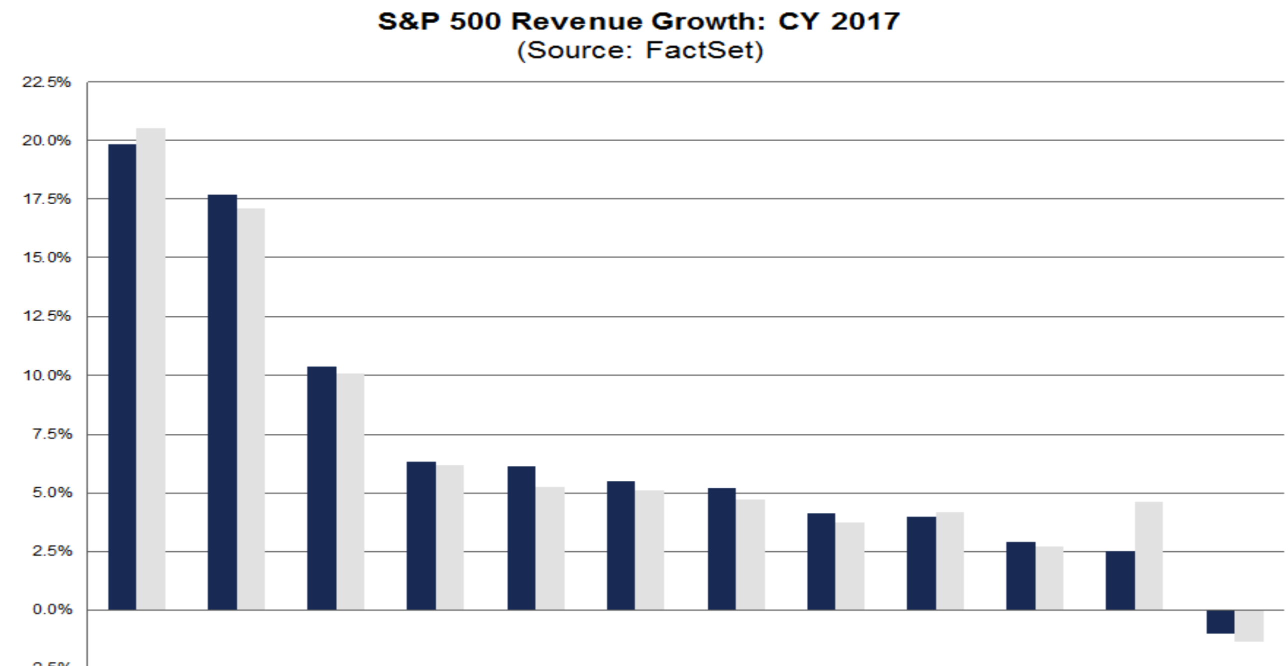


	Materials	Energy	Information Tech.	Utilities	Financials	Real Estate	S&P 500	Health Care	Consumer Staples	Industrials	Consumer Disc.	Telecom Services
Down %	20%	22%	31%	36%	36%	39%	40%	40%	47%	49%	52%	67%
None %	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%
Up %	80%	78%	69%	64%	63%	61%	60%	60%	53%	51%	48%	33%

CY 2017: Growth

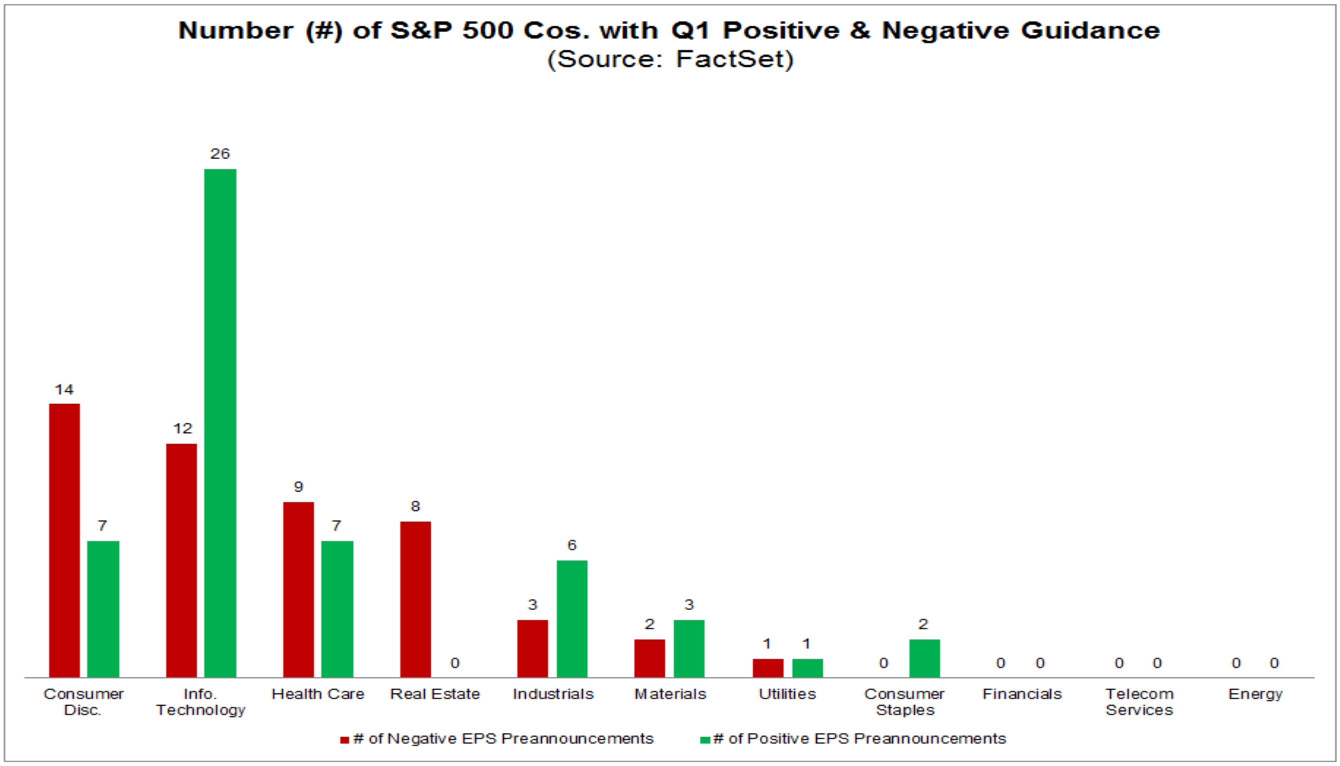


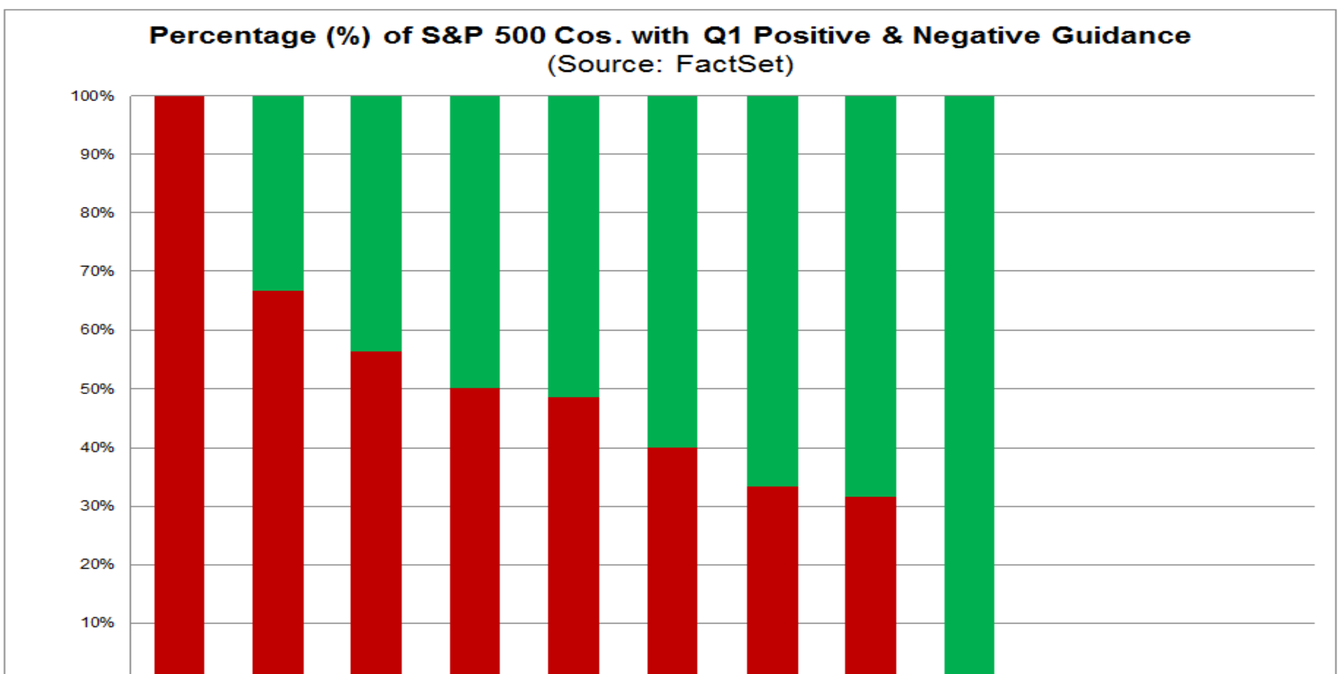
	Energy	Materials	Info. Technology	S&P 500	Real Estate	Financials	Health Care	Consumer Disc.	Industrials	Telecom Services	Consumer Staples	Utilities
Today	262.0%	25.2%	16.9%	10.8%	7.2%	6.9%	6.9%	3.9%	3.8%	3.1%	2.7%	2.2%
31-Dec	274.6%	23.5%	15.0%	9.8%	6.8%	7.1%	5.9%	2.1%	1.9%	1.3%	2.4%	2.4%



	Energy	Materials	Info. Technology	S&P 500	Real Estate	Health Care	Industrials	Consumer Disc.	Financials	Consumer Staples	Utilities	Telecom Services
Today	19.8%	17.7%	10.4%	6.3%	6.2%	5.5%	5.2%	4.2%	4.0%	2.9%	2.5%	-1.0%
31-Dec	20.5%	17.1%	10.1%	6.2%	5.3%	5.1%	4.7%	3.8%	4.2%	2.7%	4.6%	-1.4%

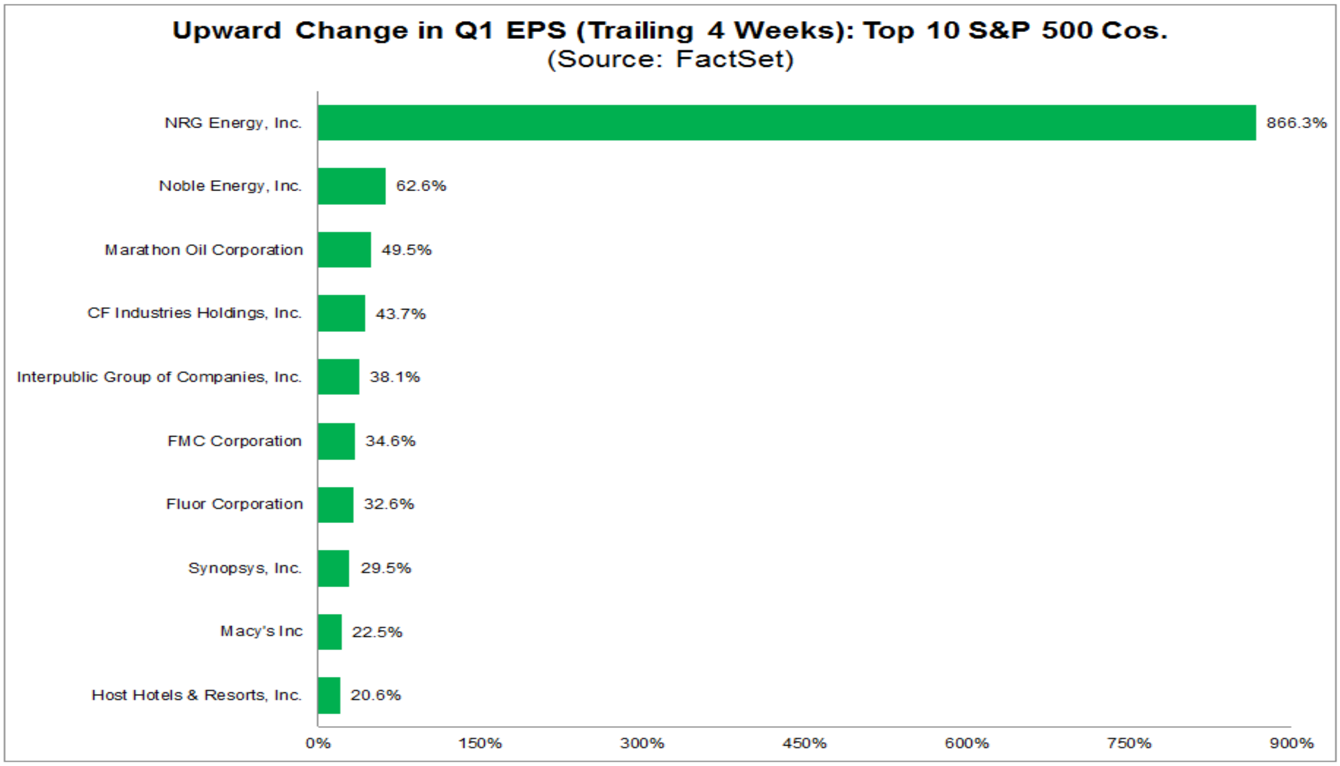
Q1 2018: Guidance

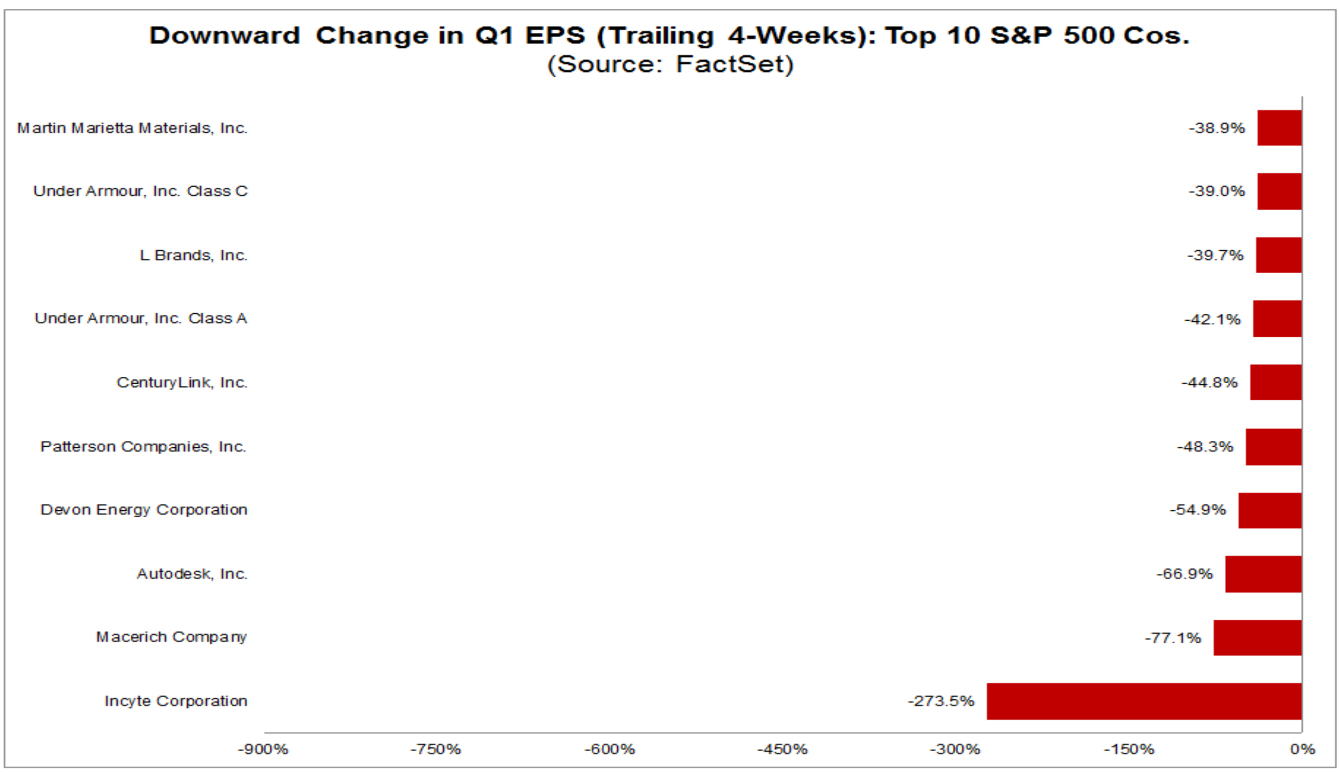




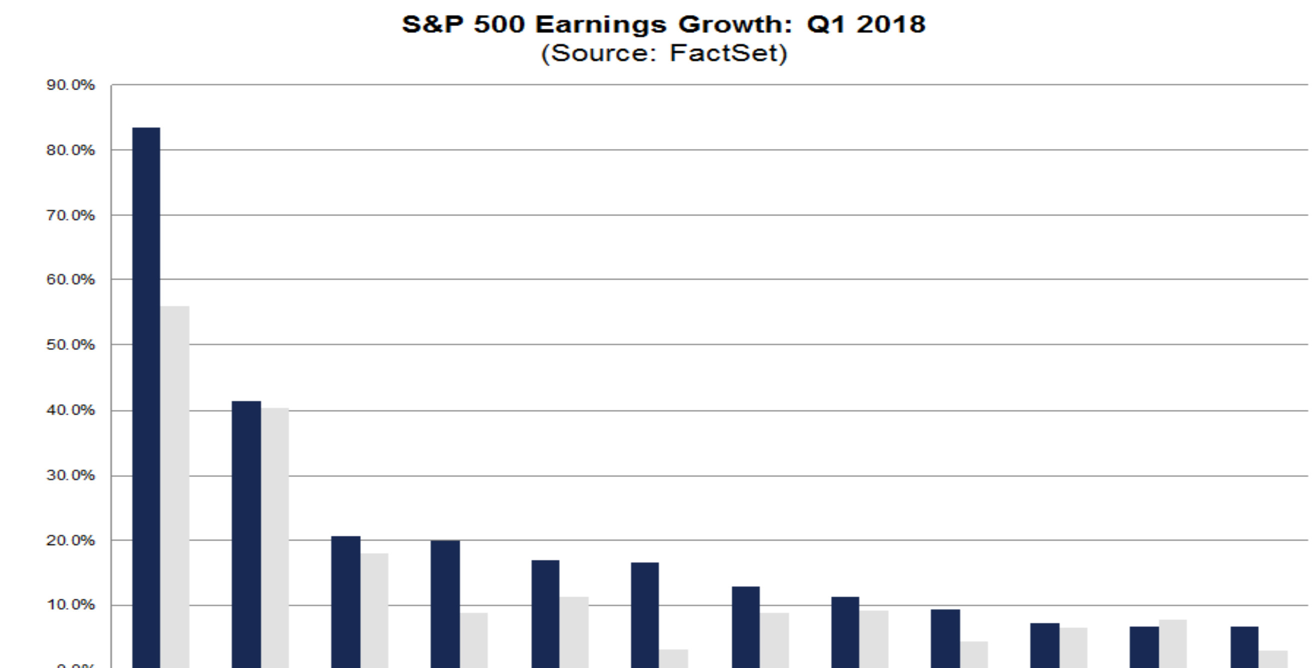
	Real Estate	Consumer Disc.	Health Care	Utilities	S&P 500	Materials	Industrials	Info. Technology	Consumer Staples	Financials	Telecom Services	Energy
Positive	0%	33%	44%	50%	51%	60%	67%	68%	100%	0%	0%	0%
Negative	100%	67%	56%	50%	49%	40%	33%	32%	0%	0%	0%	0%

Q1 2018: EPS Revisions

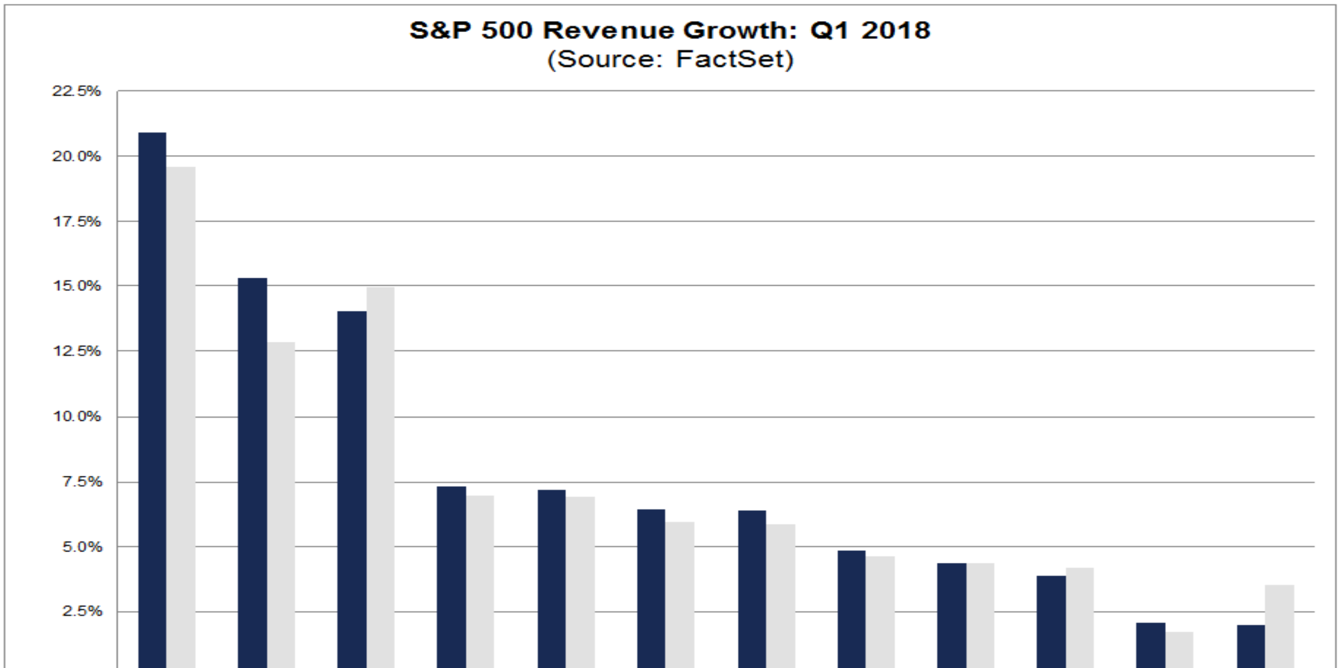




Q1 2018: Growth

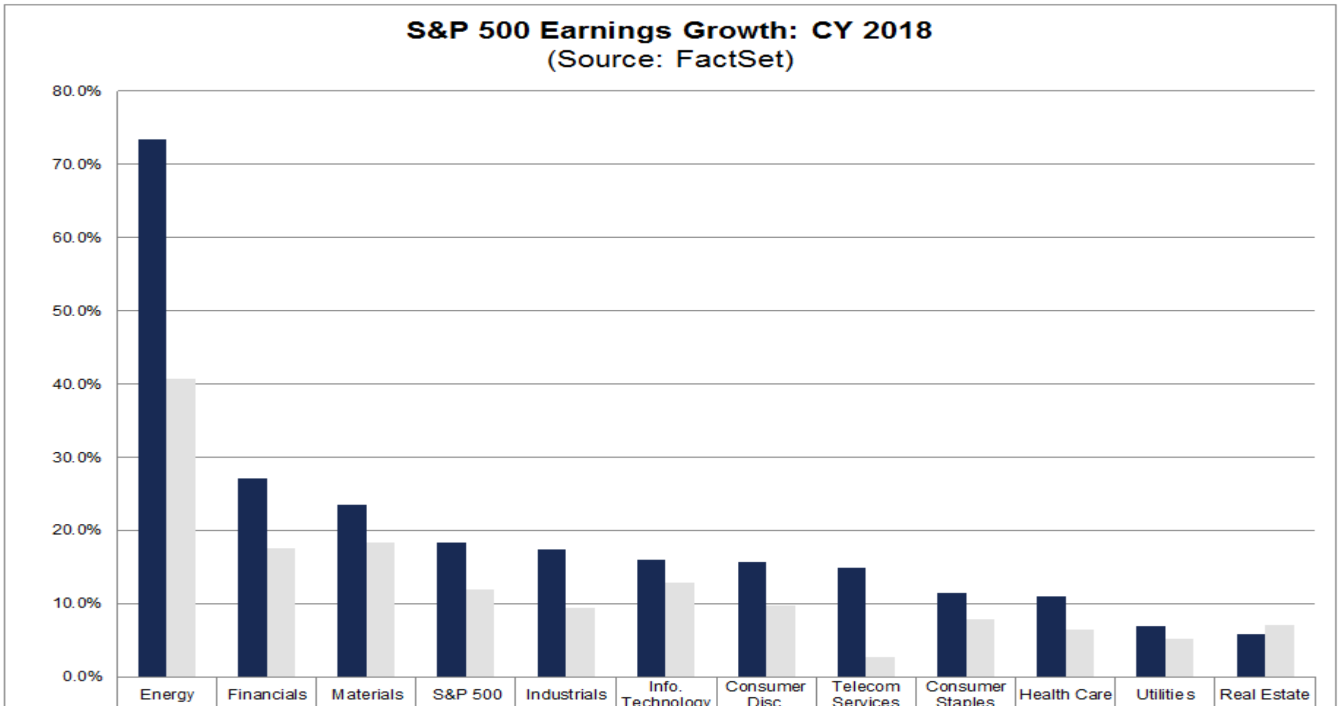


	Energy	Materials	Info. Technology	Financials	S&P 500	Telecom Services	Industrials	Utilities	Health Care	Consumer Staples	Real Estate	Consumer Disc.
Today	83.5%	41.4%	20.7%	19.9%	17.0%	16.6%	13.0%	11.3%	9.5%	7.3%	6.9%	6.8%
31-Dec	55.9%	40.5%	18.0%	8.8%	11.4%	3.2%	8.9%	9.2%	4.6%	6.6%	7.9%	3.1%

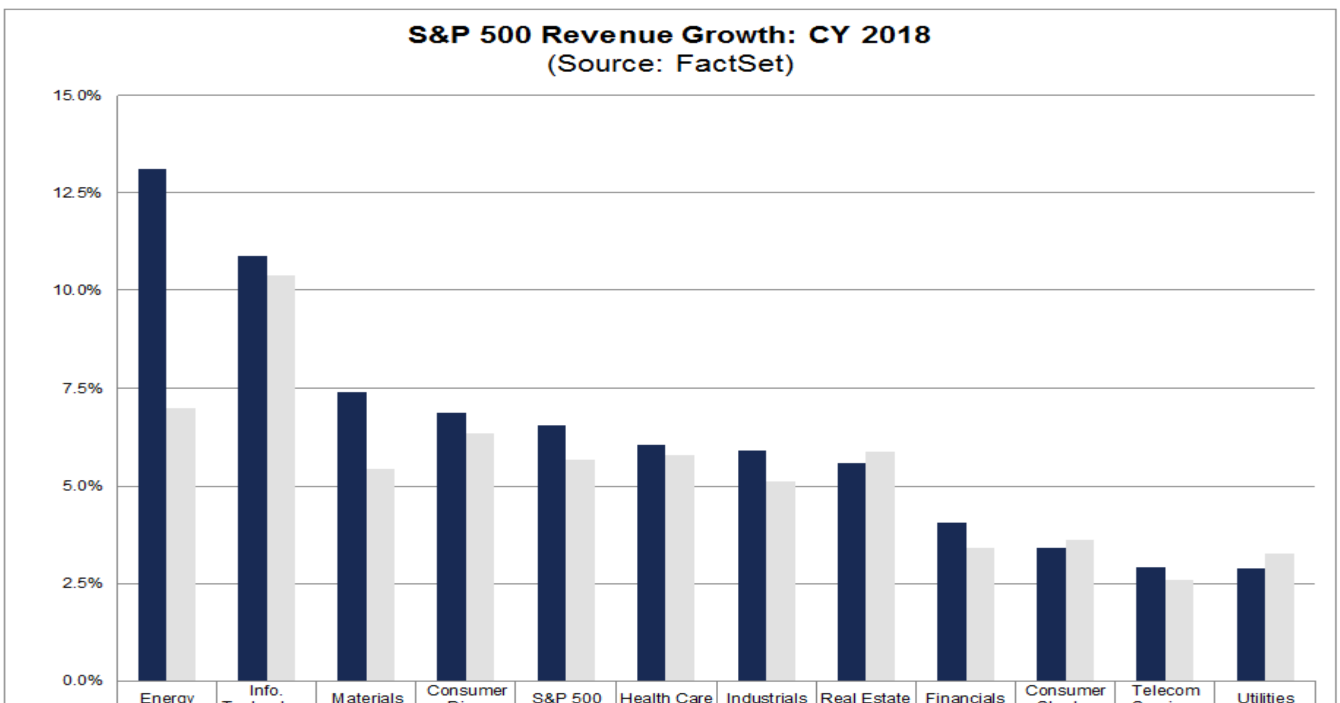


	Materials	Energy	Info. Technology	Industrials	S&P 500	Health Care	Real Estate	Consumer Disc.	Telecom Services	Consumer Staples	Financials	Utilities
Today	20.9%	15.3%	14.0%	7.3%	7.2%	6.5%	6.4%	4.8%	4.4%	3.9%	2.1%	2.0%
31-Dec	19.6%	12.8%	15.0%	7.0%	6.9%	6.0%	5.9%	4.6%	4.4%	4.2%	1.7%	3.5%

CY 2018: Growth

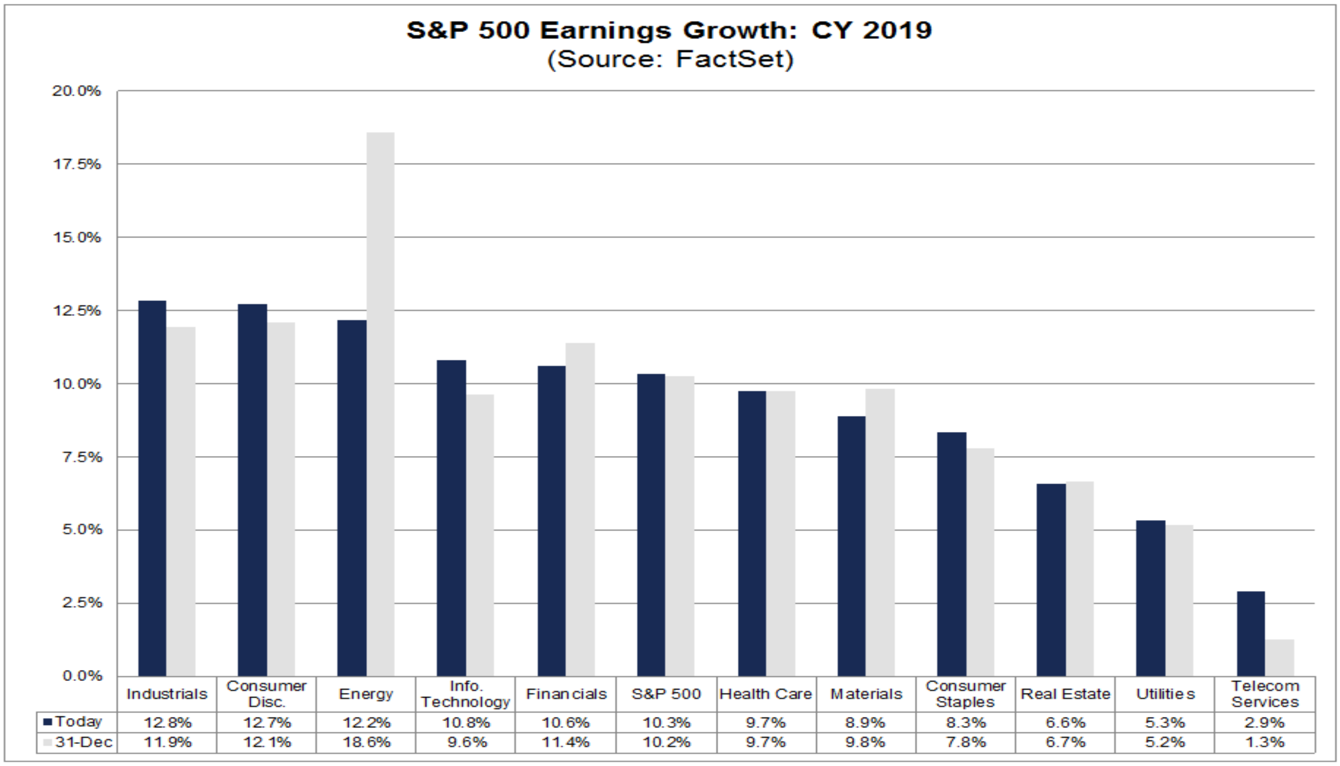


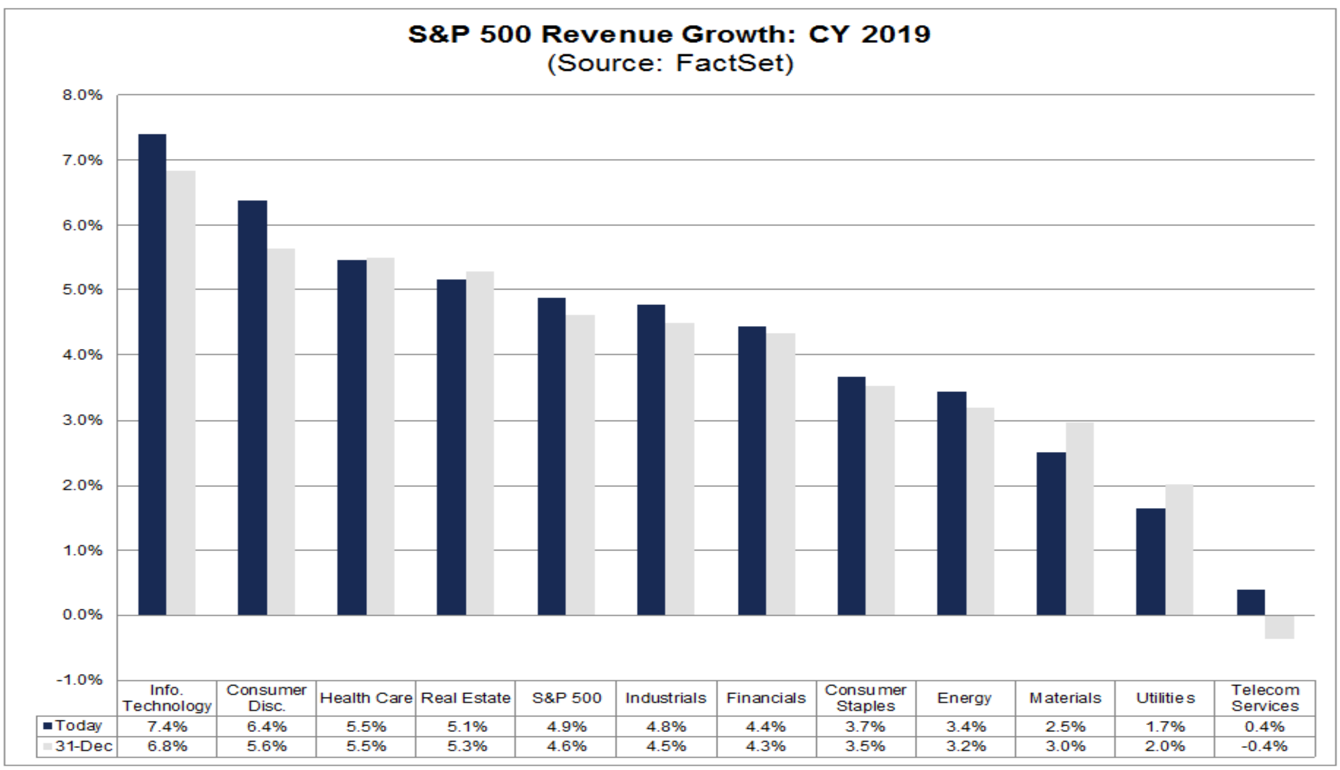
	Energy	Financials	Materials	S&P 500	Industrials	Info. Technology	Consumer Disc.	Telecom Services	Consumer Staples	Health Care	Utilities	Real Estate
Today	73.4%	27.1%	23.6%	18.4%	17.5%	16.1%	15.7%	14.9%	11.6%	11.0%	7.0%	5.9%
31-Dec	40.7%	17.7%	18.4%	12.0%	9.4%	12.8%	9.8%	2.7%	8.0%	6.5%	5.3%	7.1%



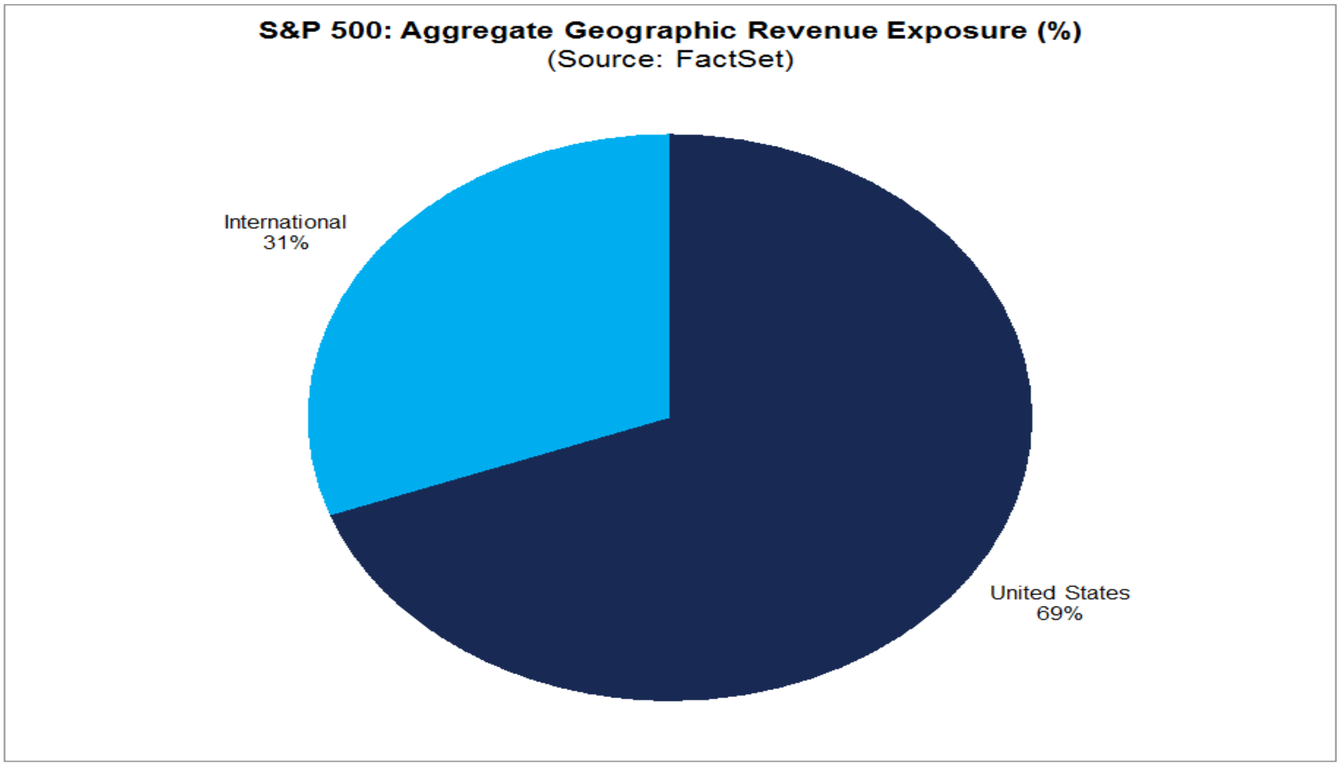
	Energy	Info. Technology	Materials	Consumer Disc.	S&P 500	Health Care	Industrials	Real Estate	Financials	Consumer Staples	Telecom Services	Utilities
Today	13.1%	10.9%	7.4%	6.9%	6.6%	6.1%	5.9%	5.6%	4.1%	3.4%	2.9%	2.9%
31-Dec	7.0%	10.4%	5.5%	6.4%	5.7%	5.8%	5.1%	5.9%	3.4%	3.6%	2.6%	3.3%

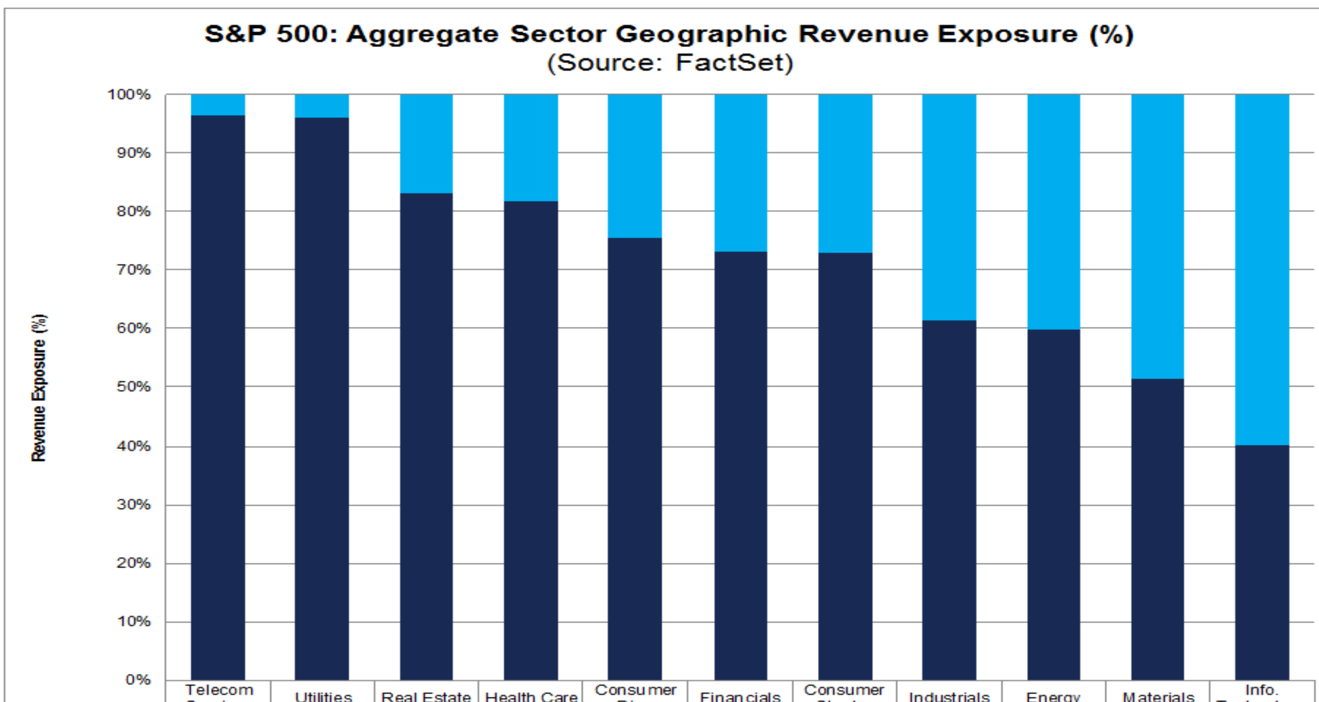
CY 2019: Growth





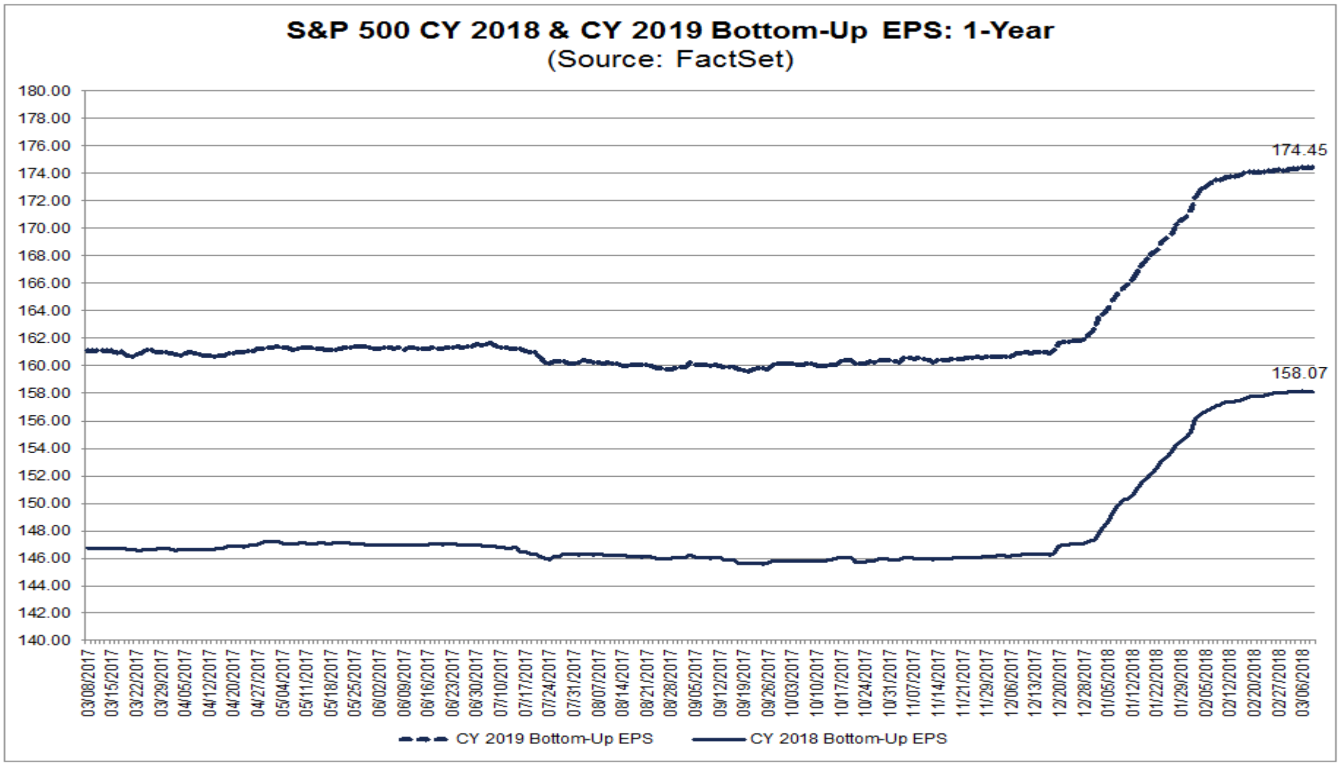
Geographic Revenue Exposure

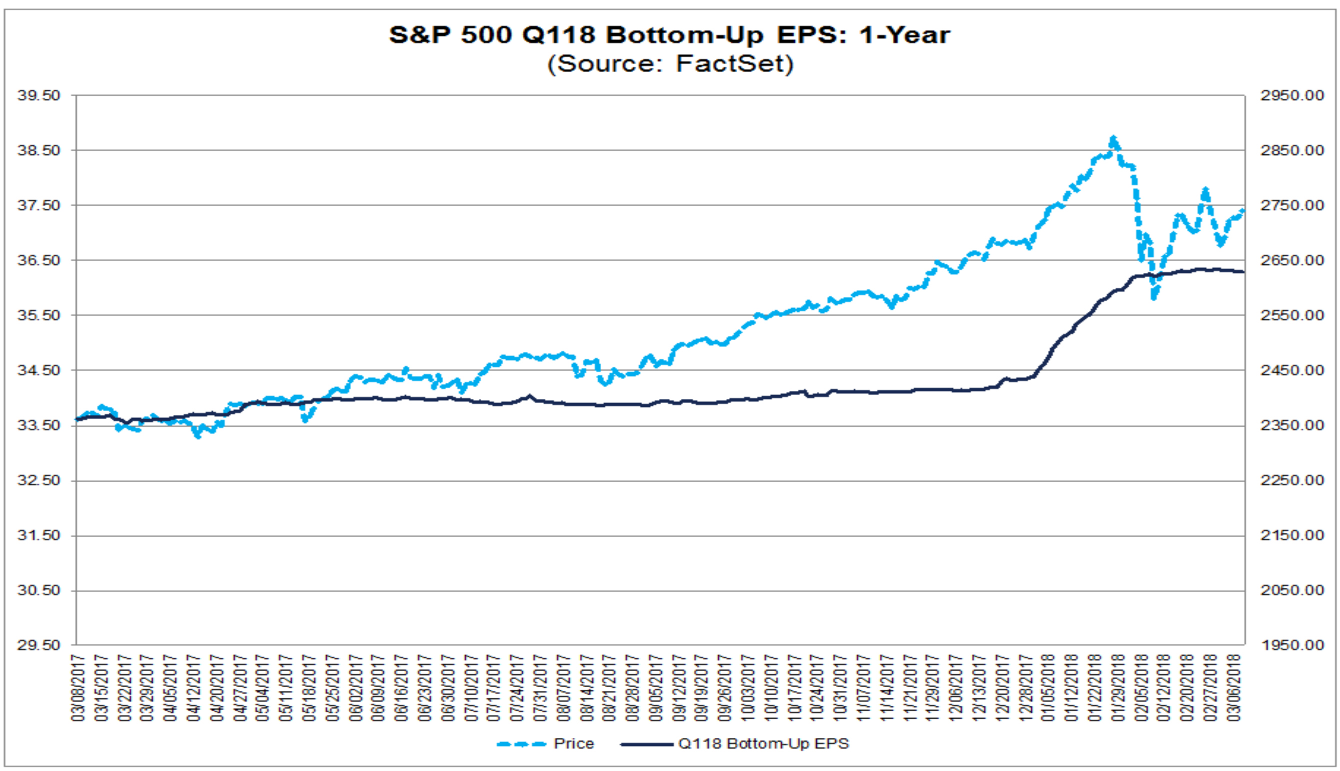




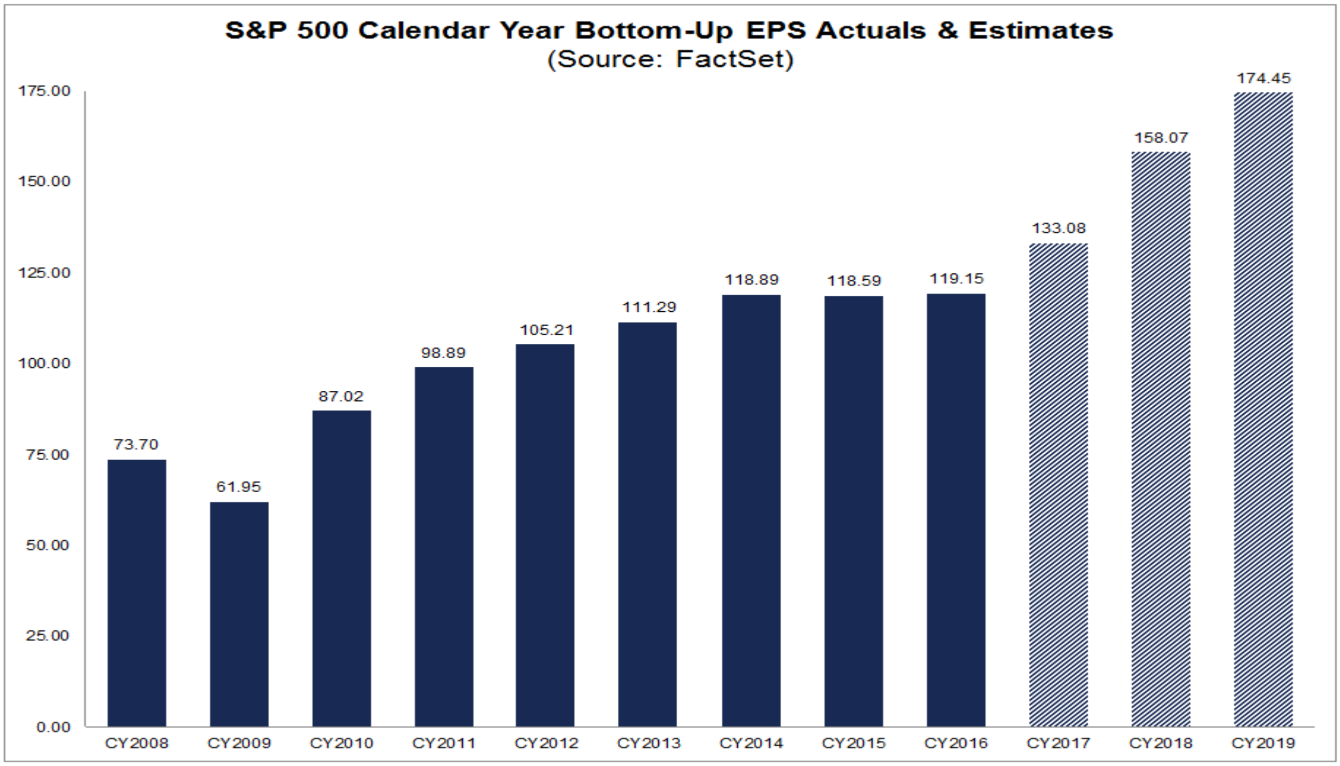
	Telecom Services	Utilities	Real Estate	Health Care	Consumer Disc.	Financials	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	4%	4%	17%	18%	25%	27%	27%	39%	40%	49%	60%
United States	96%	96%	83%	82%	75%	73%	73%	61%	60%	51%	40%

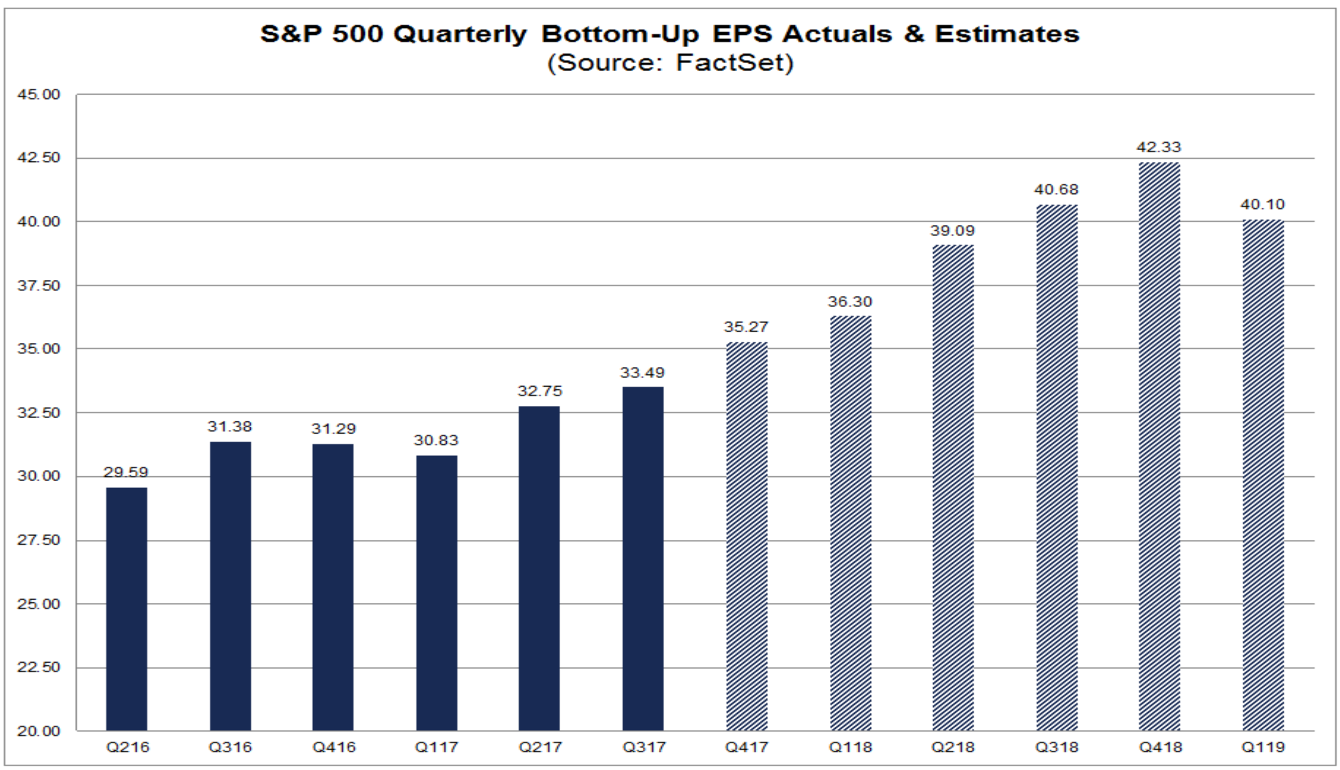
Bottom-up EPS Estimates: Revisions





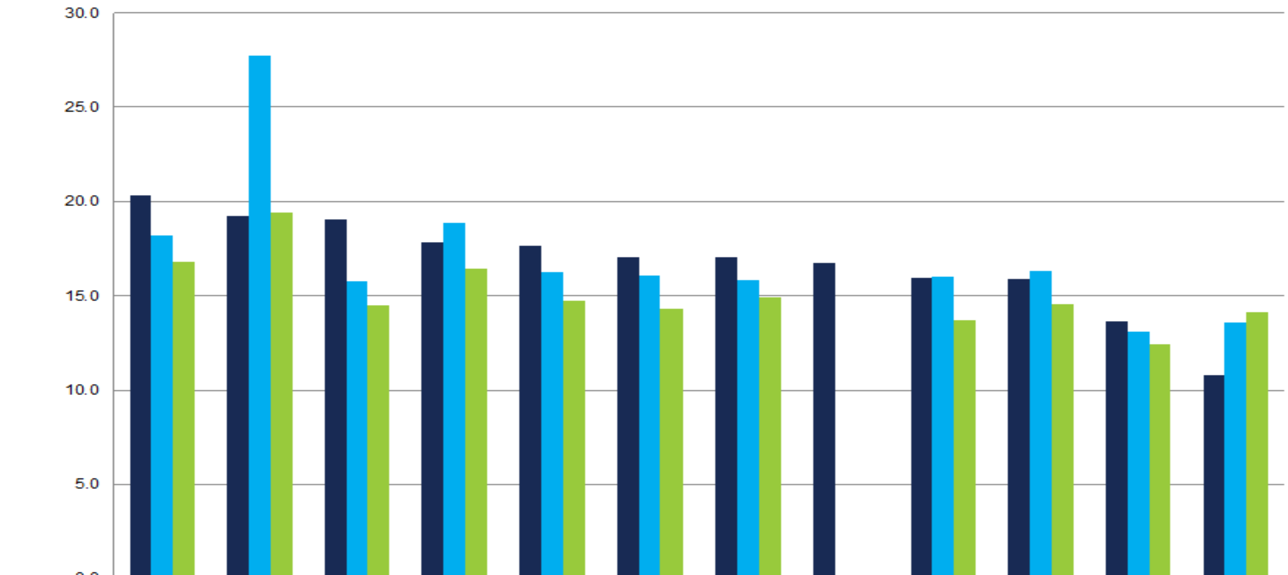
Bottom-up EPS Estimates: Current & Historical





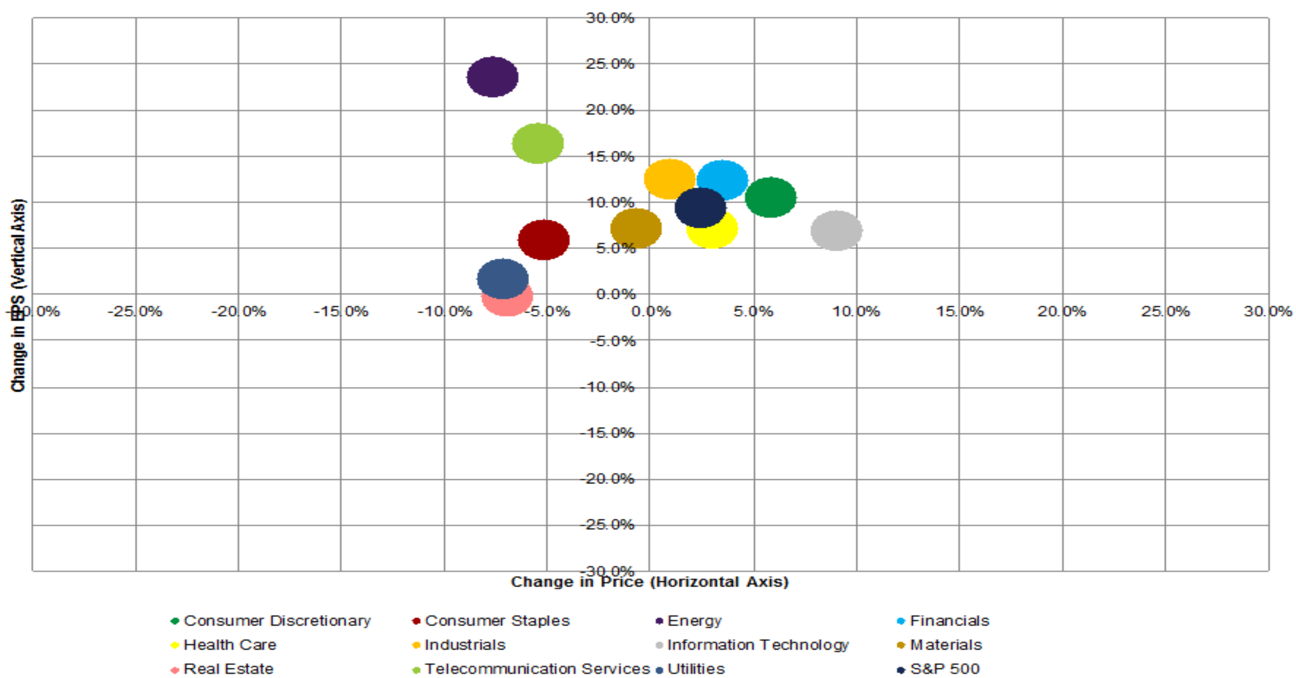
Forward 12M P/E Ratio: Sector Level

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

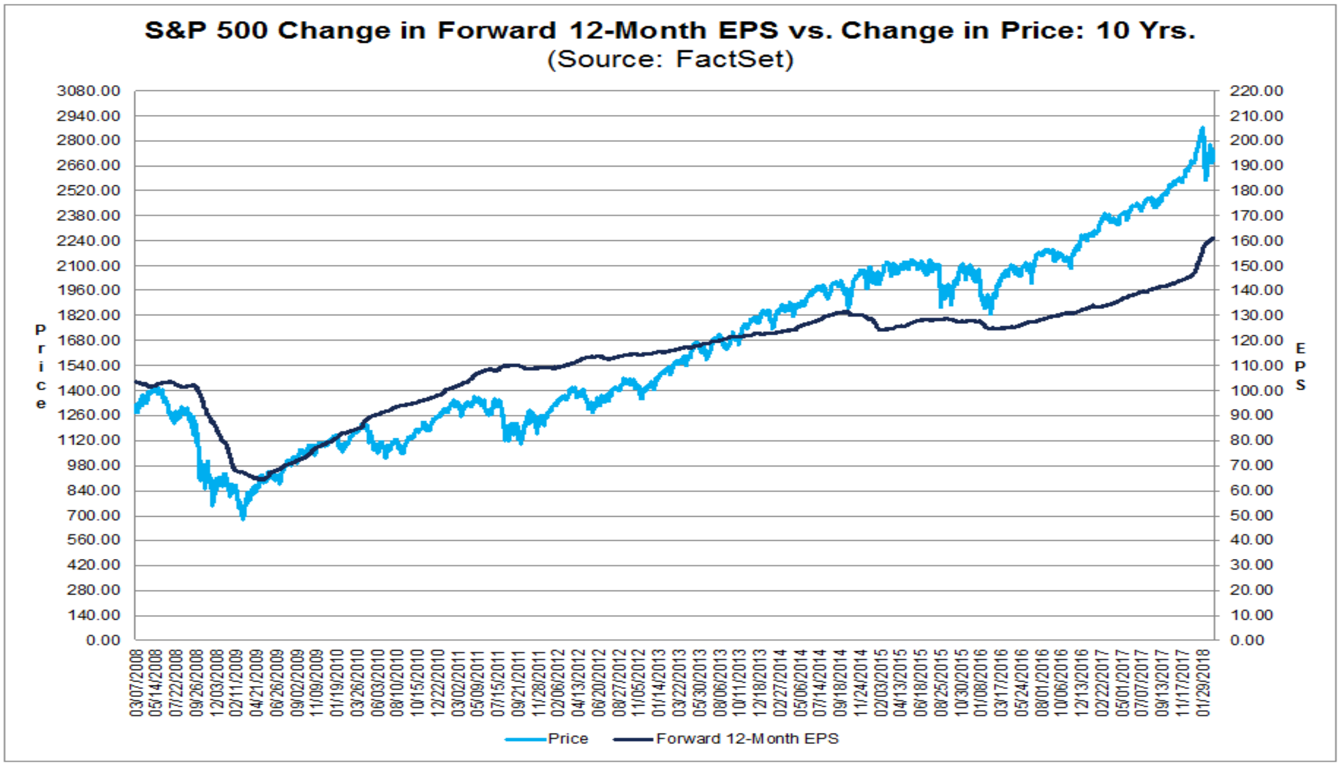


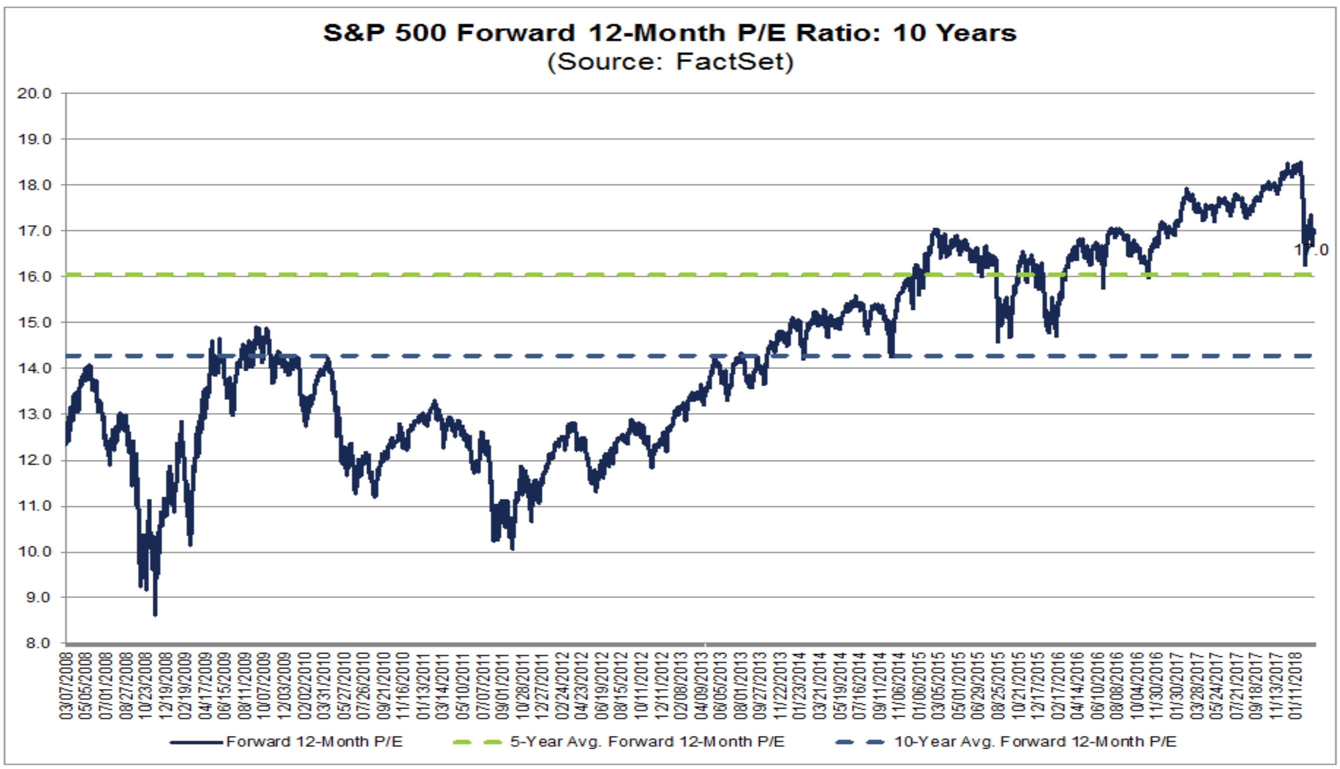
	Consumer Disc.	Energy	Info. Technology	Consumer Staples	Industrials	S&P 500	Materials	Real Estate	Health Care	Utilities	Financials	Telecom Services
Fwd P/E	20.3	19.2	19.0	17.8	17.6	17.0	17.0	16.7	16.0	15.9	13.6	10.8
5-Yr Avg.	18.2	27.7	15.8	18.8	16.3	16.0	15.8		16.0	16.3	13.0	13.5
10-Yr Avg.	16.8	19.4	14.4	16.4	14.7	14.3	14.9		13.7	14.5	12.4	14.1

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

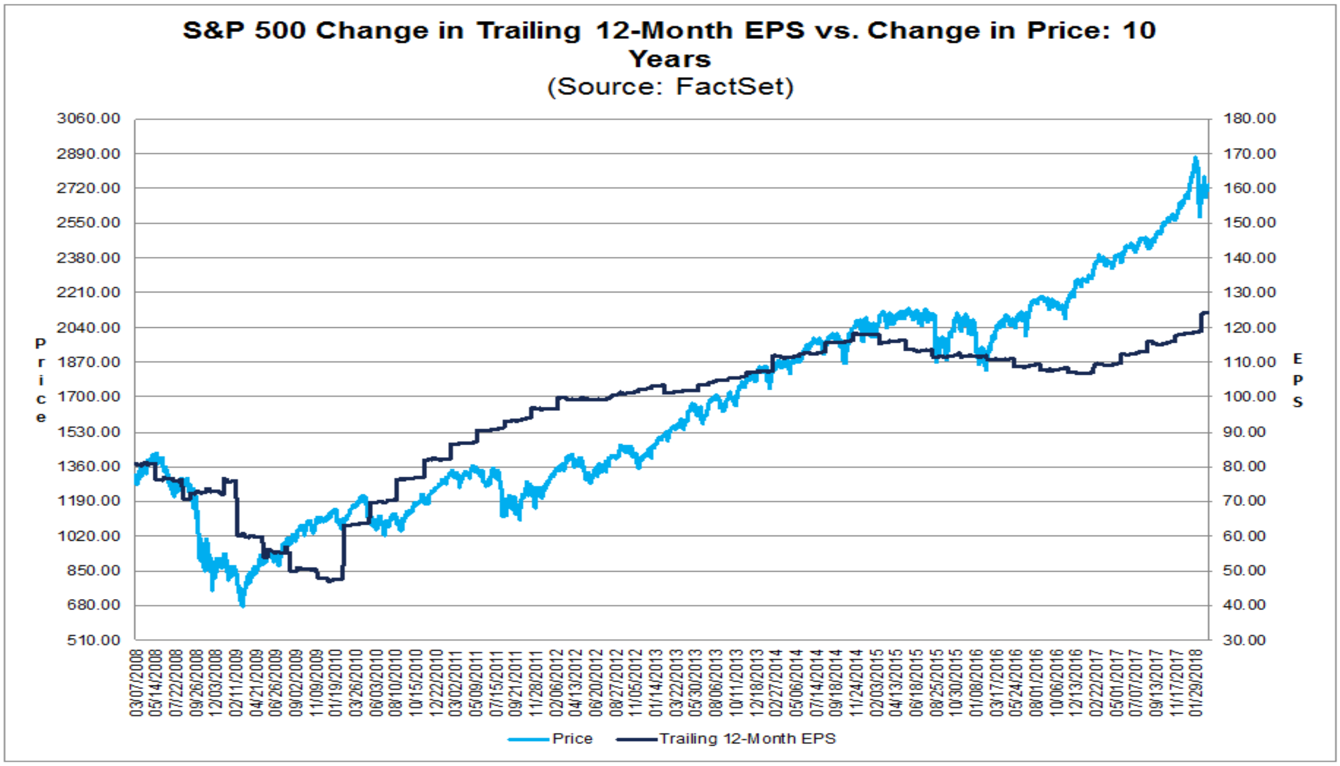


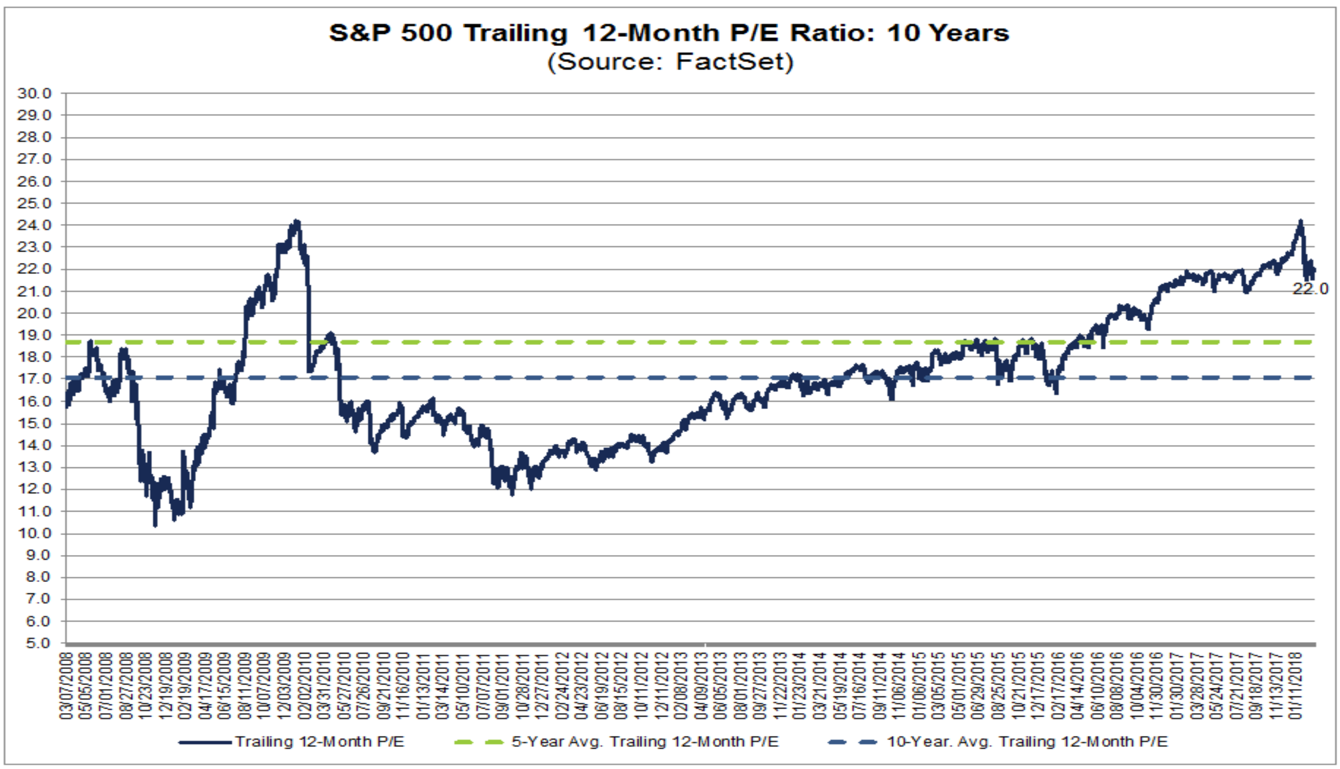
Forward 12M P/E Ratio: Long-Term Averages





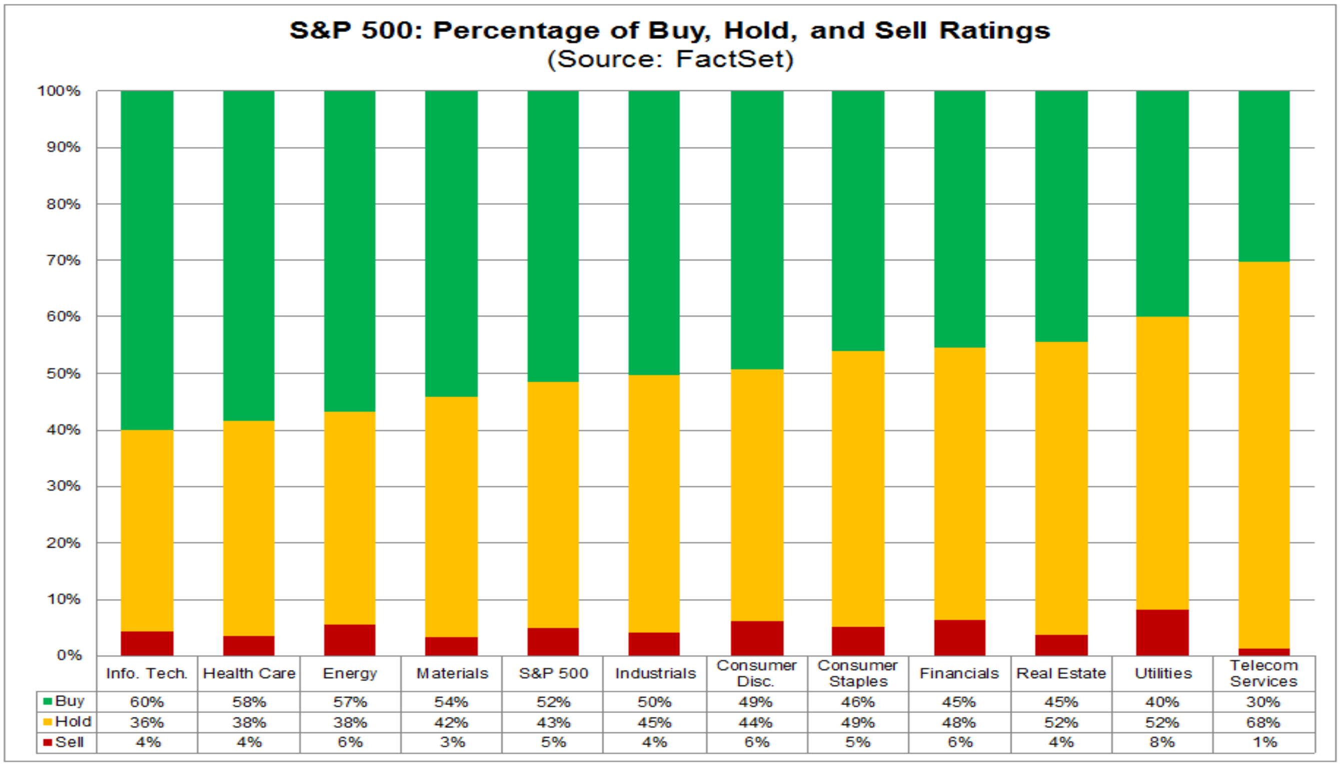
Trailing 12M P/E Ratio: Long-Term Averages



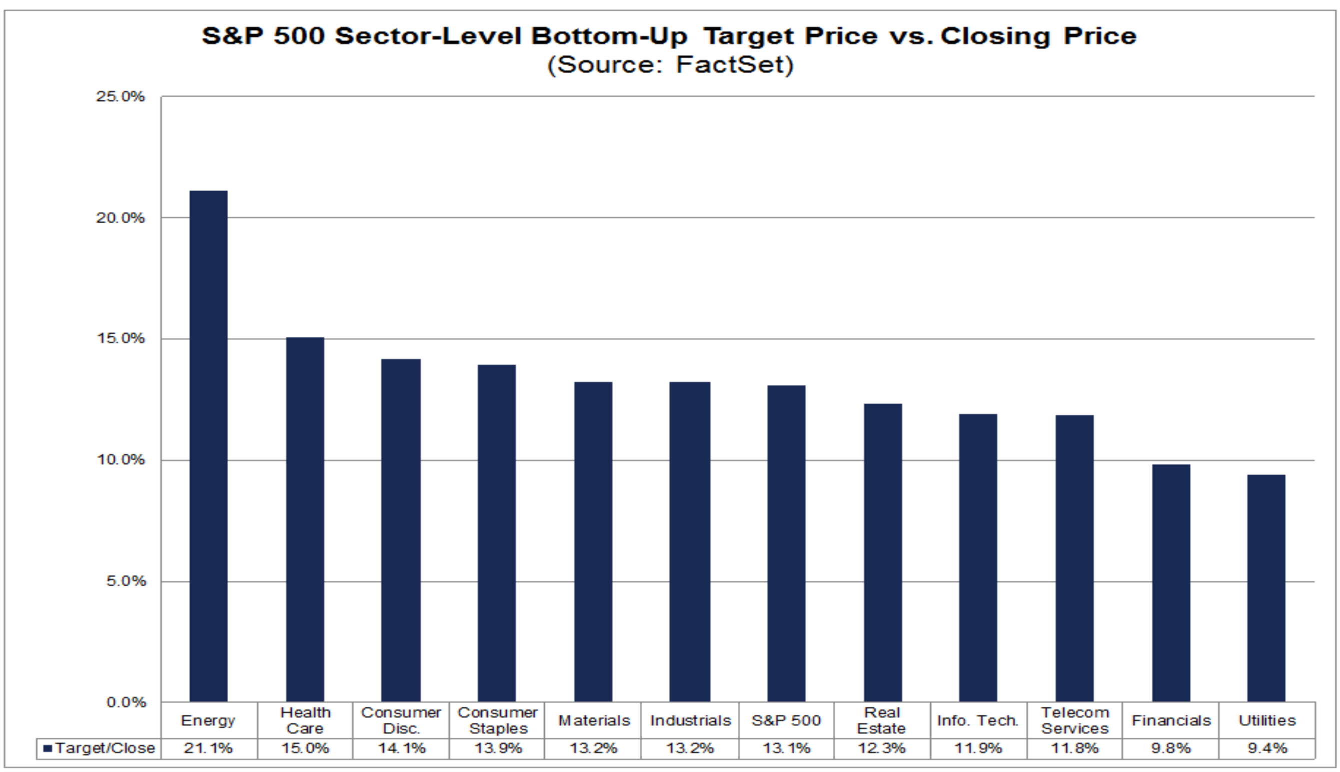


FACTSET

Targets & Ratings



	Info. Tech.	Health Care	Energy	Materials	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Financials	Real Estate	Utilities	Telecom Services
Buy	60%	58%	57%	54%	52%	50%	49%	46%	45%	45%	40%	30%
Hold	36%	38%	38%	42%	43%	45%	44%	49%	48%	52%	52%	68%
Sell	4%	4%	6%	3%	5%	4%	6%	5%	6%	4%	8%	1%



	Energy	Health Care	Consumer Disc.	Consumer Staples	Materials	Industrials	S&P 500	Real Estate	Info. Tech.	Telecom Services	Financials	Utilities
Target/Close	21.1%	15.0%	14.1%	13.9%	13.2%	13.2%	13.1%	12.3%	11.9%	11.8%	9.8%	9.4%

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