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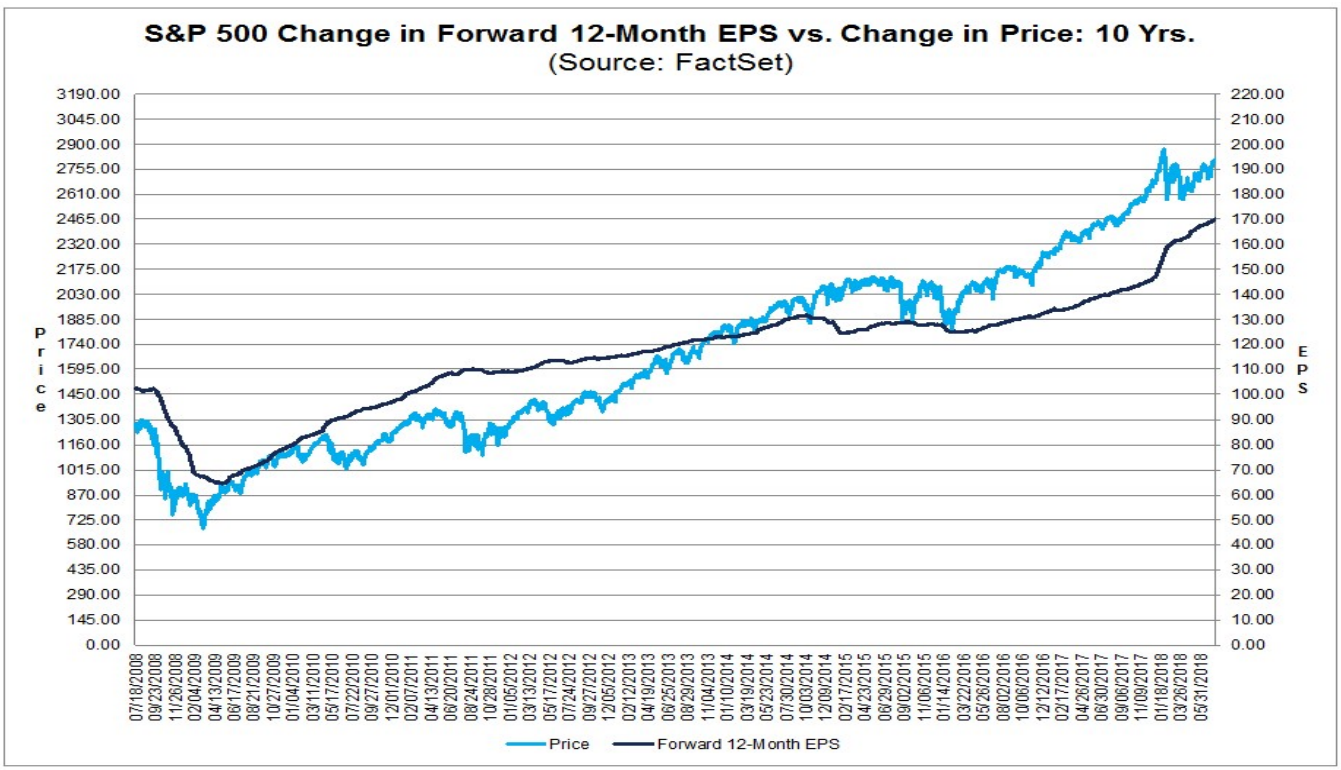
Key Metrics

- **Earnings Scorecard:** For Q2 2018 (with 17% of the companies in the S&P 500 reporting actual results for the quarter), 87% of S&P 500 companies have reported a positive EPS surprise and 77% have reported a positive sales surprise.
- **Earnings Growth:** For Q2 2018, the blended earnings growth rate for the S&P 500 is 20.8%. If 20.8% is the actual growth rate for the quarter, it will mark the second highest earnings growth since Q3 2010 (34.1%).
- **Earnings Revisions:** On June 30, the estimated earnings growth rate for Q2 2018 was 20.0%. Eight sectors have higher growth rates today (compared to June 30) due to upward estimate revisions and positive earnings surprises.
- **Earnings Guidance:** For Q3 2018, 9 S&P 500 companies have issued negative EPS guidance and 2 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 16.5. This P/E ratio is above the 5-year average (16.2) and above the 10-year average (14.4).



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Topic of the Week:

S&P 500 Reporting Record-High Profit Margin for 2nd Straight Quarter

The blended (combines actual results for companies that have reported and estimated results for companies yet to report) earnings growth rate for the S&P 500 for Q2 2018 is 20.8%, and the blended revenue growth rate for the index is 9.0%.

During this earnings season, several companies in the S&P 500 have discussed rising costs during their earnings calls. Given this concern, what is the S&P 500 reporting for a net profit margin for the second quarter?

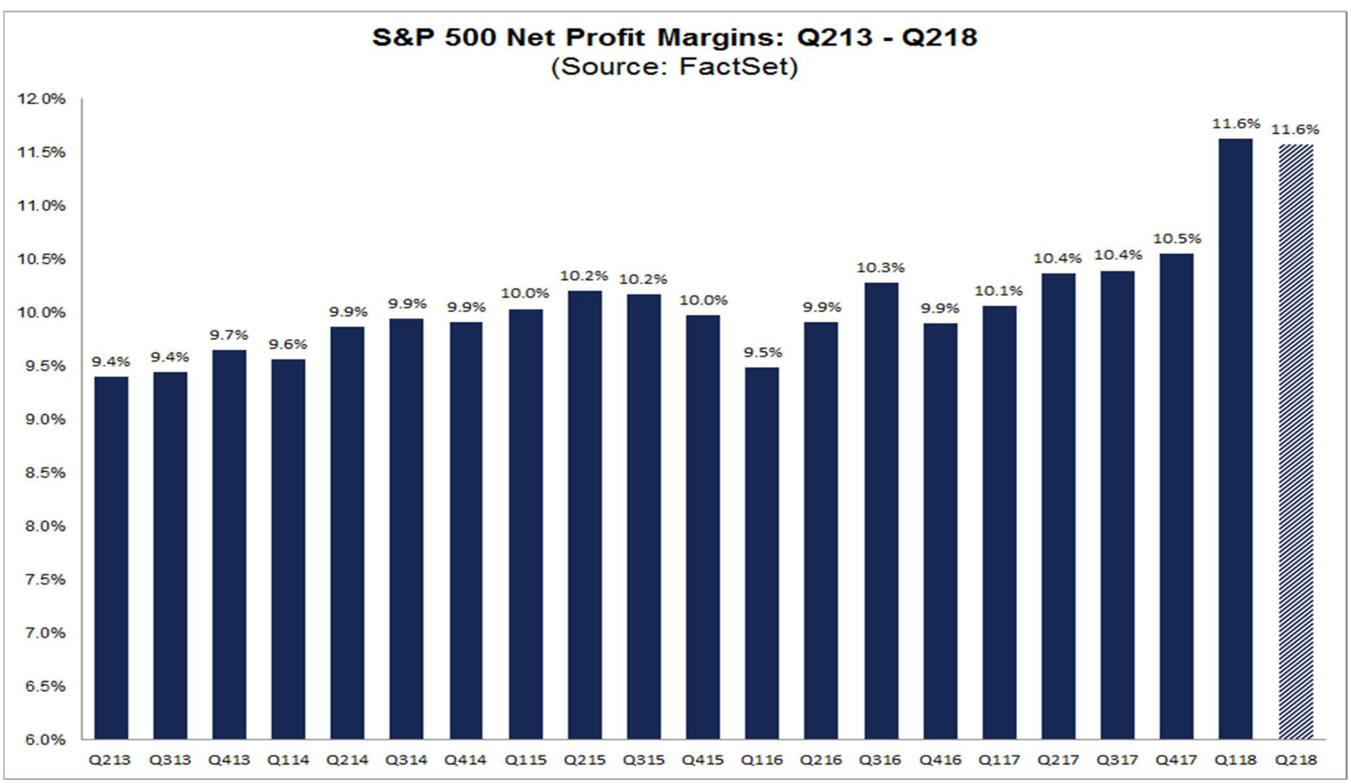
The blended net profit margin for the S&P 500 for Q2 2018 is 11.6%. If 11.6% is the actual net profit margin for the quarter, it will mark a tie with the previous quarter (Q1 2018) for the highest net profit margin for the S&P 500 since FactSet began tracking this data in Q3 2008.

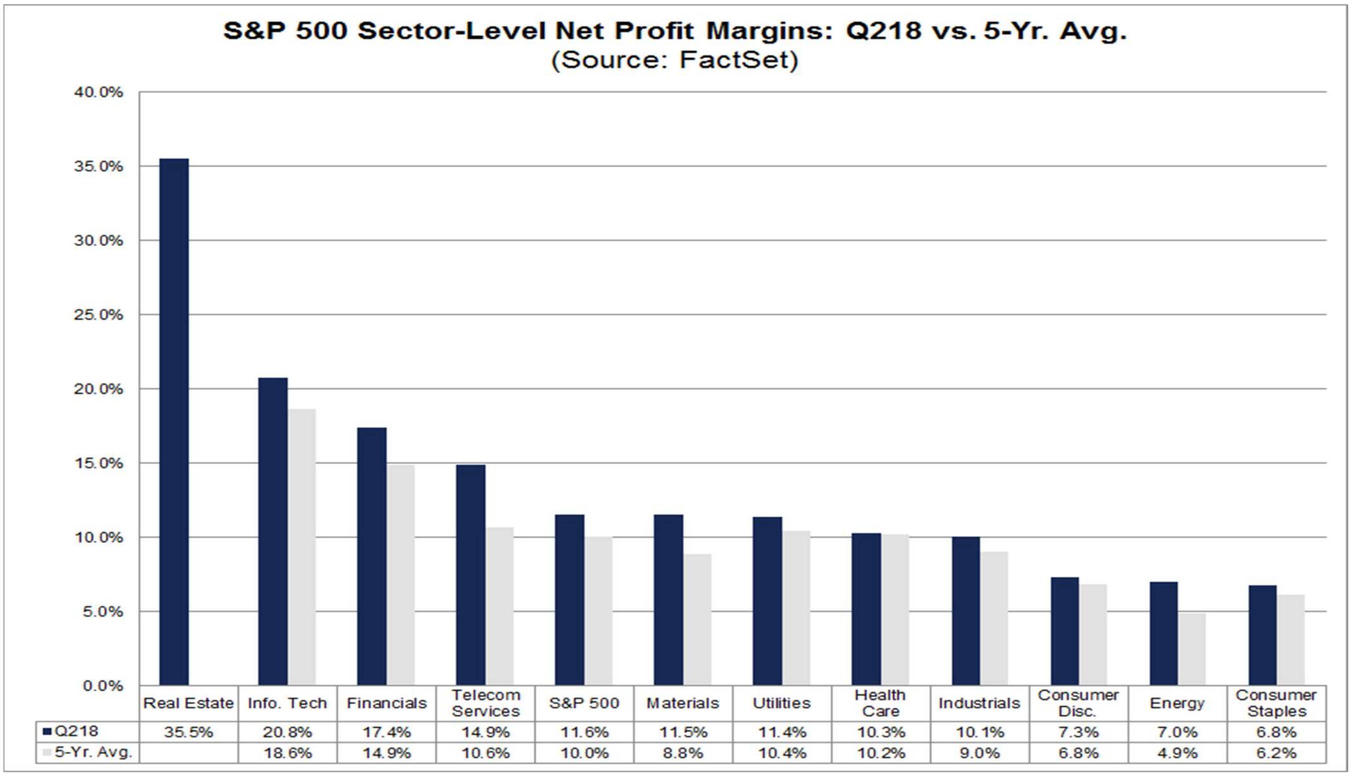
At the sector level, ten sectors are reporting net profit margins for the second quarter that are above their 5-year averages. Four sectors are reporting their highest net profit margins (or a tie for their highest net profit margins) since FactSet began tracking this data in Q3 2008: Consumer Staples (6.8%), Industrials (10.1%), Materials (11.5%), and Telecom Services (14.9%).

What is driving the higher net profit margins for the index? The reduction in the corporate tax rate due to the new tax law is likely a significant factor, as the lower tax rate has boosted earnings for companies in the index for the quarter. It appears the lower tax rate is more than offsetting the impact of rising costs, resulting in a record-level net profit margin for the index for the second quarter.

It is interesting to note that analysts expect even higher net profit margins for the remainder of 2018. Based on current earnings and revenues estimates, the estimated net profit margins for the third and fourth quarters of 2018 are 11.8% and 11.8%, respectively.

To maintain consistency, the earnings and revenue numbers used to calculate the earnings and revenue growth rates published in this report were also used to calculate the index-level and sector-level net profit margins for this analysis.





	Real Estate	Info. Tech	Financials	Telecom Services	S&P 500	Materials	Utilities	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples
Q218	35.5%	20.8%	17.4%	14.9%	11.6%	11.5%	11.4%	10.3%	10.1%	7.3%	7.0%	6.8%
5-Yr. Avg.		18.6%	14.9%	10.6%	10.0%	8.8%	10.4%	10.2%	9.0%	6.8%	4.9%	6.2%

Q2 Earnings Season: By The Numbers

Overview

To date, 17% of the companies in the S&P 500 have reported actual results for Q2 2018. In terms of earnings, more companies are reporting actual EPS above estimates (87%) compared to the 5-year average. In aggregate, companies are reporting earnings that are 4.5% above the estimates, which is also above the 5-year average. In terms of sales, more companies (77%) 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), year-over-year earnings growth rate for the second quarter is 20.8% today, which is above the earnings growth rate of 19.8% last week. Positive EPS surprises reported by companies in the Financials sector were the largest contributor to the increase in the earnings growth rate over the past week. All eleven sectors are reporting (or are predicted to report) year-over-year earnings growth. Eight sectors are reporting (or are expected to report) double-digit earnings growth, led by the Energy, Materials, Telecom Services, and Information Technology sectors.

The blended, year-over-year sales growth rate for the second quarter is 9.0% today, which is above the revenue growth rate of 8.7% last week. Positive sales surprises reported by companies in the Financials, Industrials, and Information Technology sectors were the largest contributors to the increase in the revenue growth rate over the past week. All eleven sectors are reporting (or are projected to report) year-over-year growth in revenues. Four sectors are reporting double-digit growth in revenues: Energy, Materials, Information Technology, and Real Estate.

Looking at future quarters, analysts currently project earnings growth to continue at about 20% through the remainder 2018. However, they predict lower growth in the first half of 2019.

The forward 12-month P/E ratio is 16.5, which is above the 5-year average and above the 10-year average.

During the upcoming week, 174 S&P 500 companies (including eleven Dow 30 components) are scheduled to report results for the second quarter.

Scorecard: More Companies Beating Earnings & Revenue Estimates than Average

Percentage of Companies Beating EPS Estimates (87%) is Above 5-Year Average

Overall, 17% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 87% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 8% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (75%) average and above the 5-year (70%) average.

At the sector level, the Consumer Discretionary (100%), Health Care (100%), Industrials (100%), and Materials (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Real Estate (0%) sector has the lowest percentage of companies reporting earnings (FFO) above estimates.

Earnings Surprise Percentage (+4.5%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 4.5% above expectations. This surprise percentage is below the 1-year (+5.6%) average but above the 5-year (+4.4%) average.

The Consumer Discretionary (+11.8%) sector is reporting the largest upside aggregate difference between actual earnings and estimated earnings. Within this sector, Lennar ($0.94 vs. $0.43) has reported the largest upside difference between actual EPS and estimated EPS. On the other hand, the Real Estate (-0.3%) sector is reporting the largest downside aggregate difference between actual earnings and estimated earnings. Within this sector, Crown Castle International ($1.31 vs. $1.32) has reported the largest downside difference between actual EPS (FFO) and estimated EPS (FFO).

Market Punishing Earnings Misses

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

Companies that have reported upside earnings surprises for Q2 2018 have seen an average price increase of +0.9% two days before the earnings release through two days after the earnings. This percentage increase is slightly below the 5-year average price increase of +1.0% during this same window for companies reporting upside earnings surprises.

Companies that have reported downside earnings surprises for Q2 2018 have seen an average price decrease of -3.8% two days before the earnings release through two days after the earnings. This percentage decrease is much larger than the 5-year average price decrease of -2.5% during this same window for companies reporting downside earnings surprises.

Percentage of Companies Beating Revenue Estimates (77%) is Above 5-Year Average

In terms of revenues, 77% of companies have reported actual sales above estimated sales and 23% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is above the 1- year average (73%) and well above the 5-year average (58%).

At the sector level, the Materials (100%) and Industrials (94%) sectors have the highest percentages of companies reporting revenues above estimates, while the Energy (0%) and Real Estate (33%) sectors have the lowest percentages 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 (+1.2%) average and above the 5-year (+0.7%) average.

The Consumer Discretionary (+2.7%) sector is reporting the largest upside aggregate difference between actual sales and estimated sales, while the Energy (-1.1%) and Real Estate (-0.8%) sectors are reporting the largest aggregate downside differences between actual sales and estimated sales.

Increase in Blended Earnings Growth This Week Due to Financials

Increase in Blended Earnings Growth This Week Due to Financials

The blended, year-over-year earnings growth rate for the second quarter is 20.8% today, which is above the earnings growth rate of 19.8% last week. Positive EPS surprises reported by companies in the Financials sector were the largest contributor to the increase in the earnings growth rate over the past week.

In the Financials sector, the positive earnings surprises reported by Bank of America ($0.63 vs. $0.57), Goldman Sachs ($5.98 vs. $4.65), Capital One Financial ($3.22 vs. $2.64), and Morgan Stanley ($1.25 vs. $1.11) were substantial contributors to the increase 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 increased to 20.4% from 17.6% during this period.

Increase in Blended Revenue Growth This Week

The blended, year-over-year sales growth rate for the second quarter is 9.0% today, which is above the sales growth rate of 8.7% last week. Positive sales surprises reported by companies in the Financials, Industrials, and Information Technology sectors were the largest contributors to the increase in the revenue growth rate over the past week.

Energy Sector Has Seen Largest Increase in Earnings Growth since June 30

The blended, year-over-year earnings growth rate for Q2 2018 of 20.8% is slightly above the estimate of 20.0% at the end of the second quarter (June 30). Eight 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 Energy (to 144.2% from 141.7%) sector. Three sectors have recorded a decrease in earnings growth during this time due to downward revisions to earnings estimates and negative earnings surprises.

Nine Sectors Have Seen Increase in Revenue Growth since June 30

The blended, year-over-year sales growth rate for Q2 2018 of 9.0% is slightly above the estimate of 8.7% at the end of the second quarter (June 30). Nine sectors have recorded an increase in sales growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 4.5% from 3.9%) and Industrials (to 8.3% from 7.7%) sectors. Two sectors have recorded no change in sales growth since June 30.

Second-Highest Earnings Growth (20.8%) Since Q3 2010

The blended (year-over-year) earnings growth rate for Q2 2018 is 20.8%. If 20.8% is the final growth rate for the quarter, it will mark the second highest earnings growth reported by the index since Q3 2010 (34.1%), trailing only the previous quarter (24.8%). It will also mark the third straight quarter in which the index has reported double-digit earnings growth. All eleven sectors are reporting (or are expected to report) year-over-year growth in earnings. Eight sectors are reporting (or are expected to report) double-digit earnings growth, led by the Energy, Materials, Telecom Services, and Information Technology sectors.

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

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 144.2%. At the sub-industry level, all six sub-industries in the sector are reporting (or 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), Integrated Oil & Gas (100%), Oil & Gas Storage & Transportation (81%), Oil & Gas Refining & Marketing (75%), and Oil & Gas Equipment & Services (67%).

The unusually high growth rate for the sector is due to a combination of a year-over-year increase in oil prices and a comparison to unusually low earnings in the year-ago quarter. The average price of oil in Q2 2018 ($67.91) was 41% higher than the average price of oil in Q2 2017 ($48.15). On a dollar-level basis, the Energy sector is reporting earnings of $19.8 billion in Q2 2018, compared to earnings of $8.1 billion in Q2 2017. The Energy sector has the lowest dollar-level earnings in the year-ago quarter of all eleven sectors.

Materials: DowDuPont Leads Growth On Easy Comparison to Standalone EPS for Dow Chemical

The Materials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 48.5%. At the industry level, all four industries in the sector are reporting (or are predicted to report) double-digit earnings growth: Metals & Mining (90%), Chemicals (44%), Construction Materials (39%), and Containers & Packaging (38%). At the company level, DowDuPont is predicted to be the largest contributor to earnings growth for the sector. However, the estimated (dollar-level) earnings for Q2 2018 ($3.0 billion) reflect the combined DowDuPont company, while the actual earnings for Q2 2017 ($1.3 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 earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the sector would fall to 30.8% from 48.5%.

Telecom Services: AT&T Leads Growth

The Telecom Services sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 26.0%. At the company level, AT&T is predicted to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the sector would fall to 19.3% from 26.0%.

Information Technology: 5 of 7 Industries Reporting Double-Digit Earnings Growth

The Information Technology sector is reporting the fourth highest (year-over-year) earnings growth of all eleven sectors at 25.6%. At the industry level, six of the seven industries in this sector are reporting (or are predicted to report) earnings growth. Five of these six industries are reporting (or are predicted to report) double-digit earnings growth: Internet Software & Services (59%), Semiconductor & Semiconductor Equipment (39%), Technology Hardware, Storage, & Peripherals (22%), IT Services (17%), and Software (13%).

Highest Revenue Growth (9.0%) Since Q3 2011

The blended (year-over-year) revenue growth rate for Q2 2018 is 9.0%. If 9.0% is the final growth rate for the quarter, it will mark the highest revenue growth reported by the index since Q3 2011 (12.5%). All eleven sectors are reporting (or are expected to report) year-over-year growth in revenues. Four sectors are reporting double-digit growth in revenues: Materials, Energy, Information Technology, and Real Estate sectors.

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

The Materials sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 23.8%. At the industry level, all four industries in this sector are reporting (or are expected to report) revenue growth, led by the Chemicals (31%) and Metals & Mining (23%) industries. At the company level, DowDuPont is predicted to be the largest contributor to revenue growth for the sector. However, the estimated revenues for Q2 2018 ($23.6 billion) reflect the combined DowDuPont company, while the actual revenues for Q2 2017 ($13.8 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 13.3% from 23.8%.

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

The Energy sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 21.9%. At the sub-industry level, all six sub-industries in the sector are reporting (or are predicted to report) double-digit revenue growth: Oil & Gas Refining & Marketing (24%), Oil & Gas Drilling (24%), Integrated Oil & Gas (23%), Oil & Gas Equipment & Services (23%), Oil & Gas Storage & Transportation (14%), and Oil & Gas Exploration & Production (12%).

Information Technology: 4 of 7 Industries Expected to Report Double-Digit Growth

The Information Technology sector is reporting the third highest (year-over-year) revenue growth of all eleven sectors at 13.5%. At the industry level, all seven industries in this sector are reporting (or are predicted to report) revenue growth. Four of these seven industries are reporting (or are projected to report) double-digit revenue growth: Internet Software & Services (25%), Semiconductor & Semiconductor Equipment (17%), Software (14%), and Technology Hardware, Storage, & Peripherals (11%).

Real Estate: CBRE Group Leads Growth

The Real Estate sector is reporting the fourth highest (year-over-year) revenue growth of all eleven sectors at 10.9%. At the company level, CBRE Group is predicted to be the largest contributor to revenue growth for the sector. The revenue estimate for Q2 2018 is $4.7 billion, compared to year-ago revenues of $3.3 billion. If this company were excluded, the estimated revenue growth rate for the sector would fall to 6.0% from 10.9%.

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Negative EPS Guidance For Q3 2018 is Above Average

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, 11 companies in the index have issued EPS guidance for Q3 2018. Of these 11 companies, 9 have issued negative EPS guidance and 2 has issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 82% (9 out of 11), which is above the 5-year average of 72%.

Near 20% Earnings Growth Expected For 2018, But Lower Growth Projected for Early 2019

For the second quarter, companies reporting earnings growth of 20.8% and revenue growth of 9.0%. Analysts currently expect earnings to grow near 20% for the remainder 2018, but also expect more moderate growth for early 2019

For Q3 2018, analysts are projecting earnings growth of 21.6% and revenue growth of 7.5%.

For Q4 2018, analysts are projecting earnings growth of 18.0% and revenue growth of 5.7%.

For Q1 2019, analysts are projecting earnings growth of 7.1% and revenue growth of 5.5%.

For Q2 2019, analysts are projecting earnings growth of 10.4% and revenue growth of 4.7%.

Valuation: Forward P/E Ratio is 16.5, above the 10-Year Average (14.4)

The forward 12-month P/E ratio is 16.5. This P/E ratio is above the 5-year average of 16.2, and above the 10-year average of 14.4. It is also above the forward 12-month P/E ratio of 16.1 recorded at the start of the third quarter (June 30). Since the start of the third quarter, the price of the index has increased by 3.2%, while the forward 12-month EPS estimate has increased by 0.7%.

At the sector level, the Consumer Discretionary (21.3) and Information Technology (18.9) sectors have the highest forward 12-month P/E ratios, while the Telecom Services (10.1) and Financials (12.5) sectors have the lowest forward 12-month P/E ratios. Seven sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Information Technology (18.9 vs. 14.5) and Consumer Discretionary (21.3 vs. 16.9) sectors. Two sectors have forward 12-month P/E ratios that are below their 10-year averages, led by the Telecom Services (10.1 vs. 14.0) sector.

Targets & Ratings: Analysts Project 11% Increase in Price Over Next 12 Months

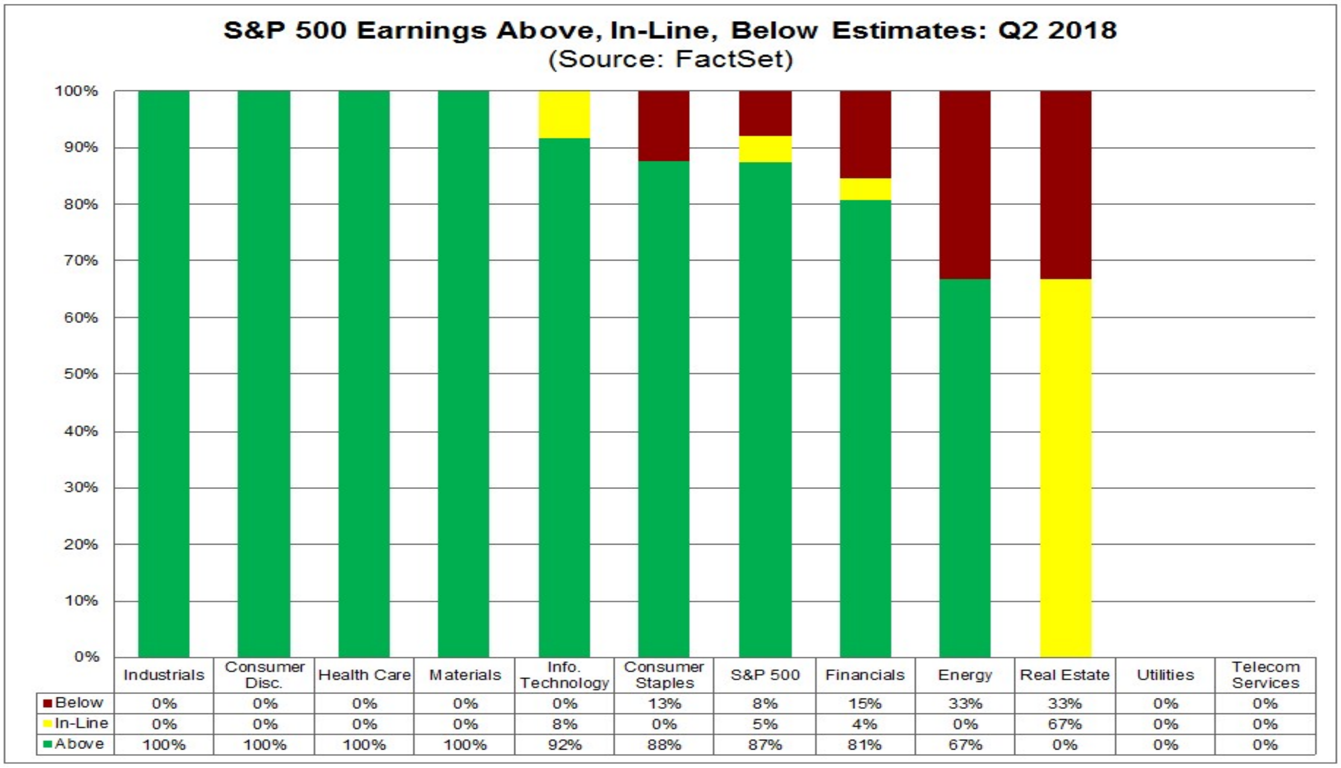
The bottom-up target price for the S&P 500 is 3103.96, which is 10.7% above the closing price of 2804.49. At the sector level, the Materials (+16.3%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+3.3%) and Real Estate (+5.3%) 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 10,919 ratings on stocks in the S&P 500. Of these 10,919 ratings, 53.0% are Buy ratings, 41.8% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (60%), Information Technology (59%), Health Care (59%), and Materials (58%) sectors have the highest percentages of Buy ratings, while the Telecom Services (41%) and Utilities (41%) sectors have the lowest percentages of Buy ratings.

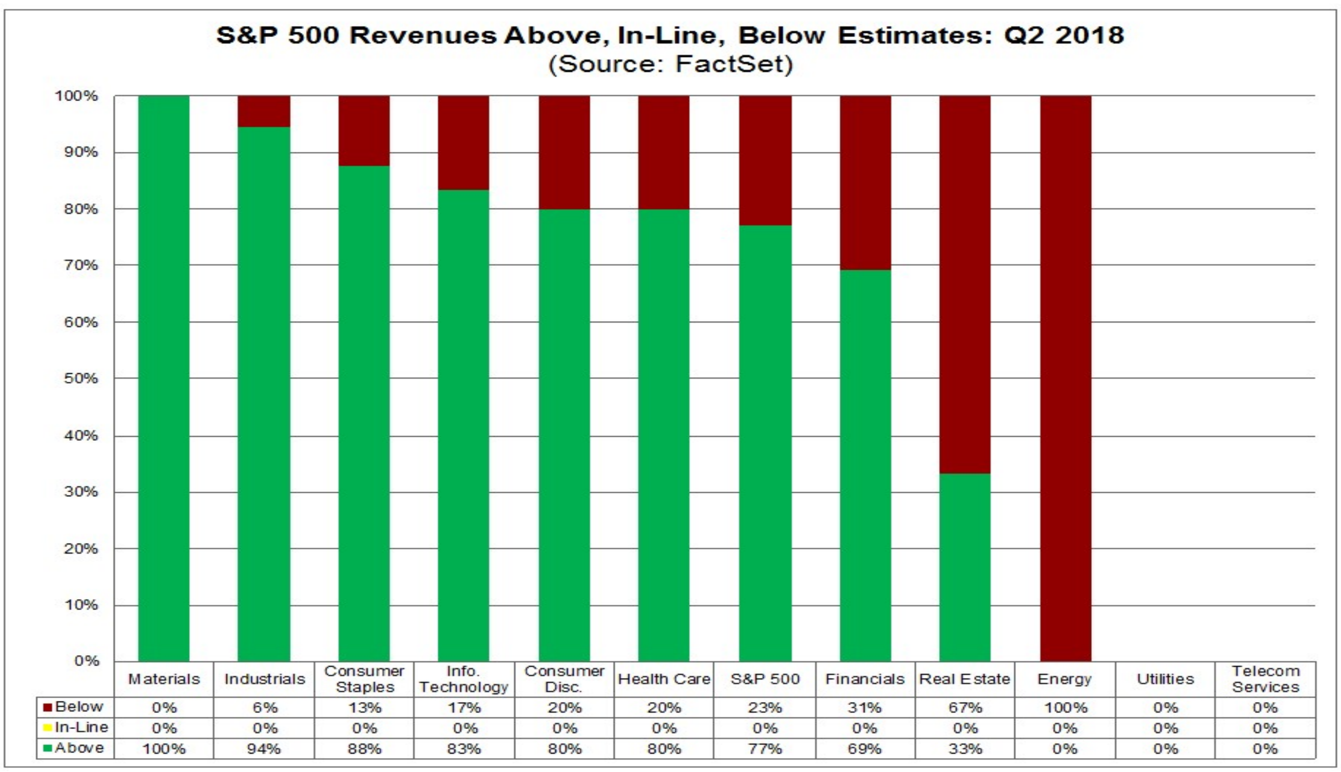
Companies Reporting Next Week: 174

During the upcoming week, 174 S&P 500 companies (including eleven Dow 30 components) are scheduled to report results for the second quarter.

Q2 2018: Scorecard

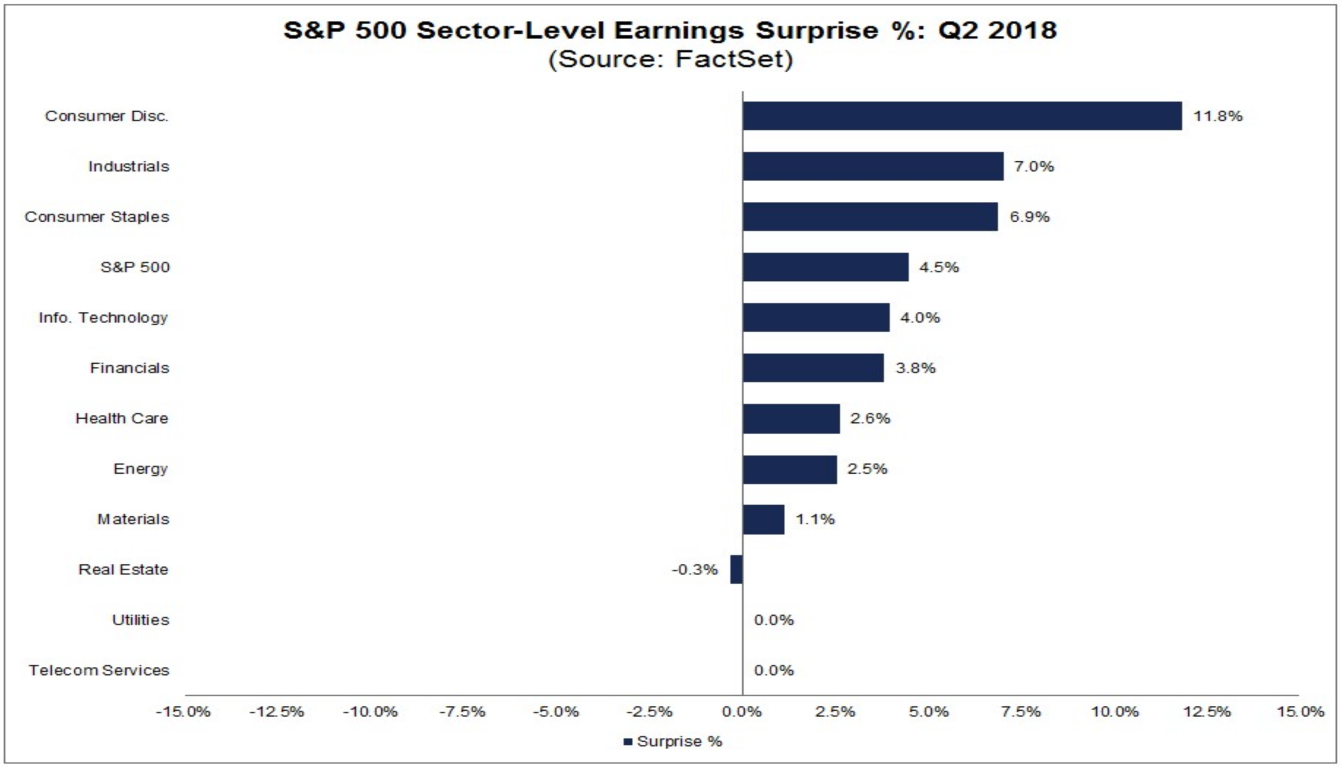


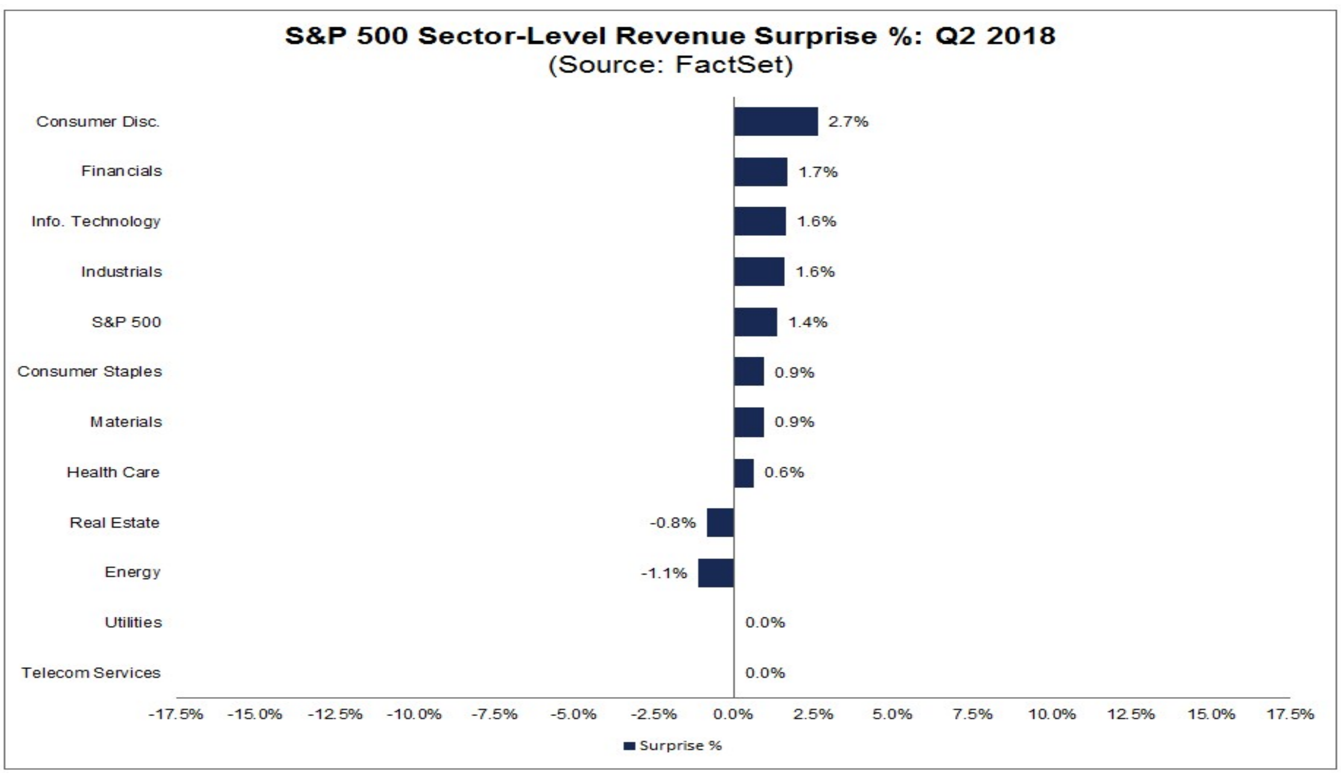
	Industrials	Consumer Disc.	Health Care	Materials	Info. Technology	Consumer Staples	S&P 500	Financials	Energy	Real Estate	Utilities	Telecom Services
Below	0%	0%	0%	0%	0%	13%	8%	15%	33%	33%	0%	0%
In-Line	0%	0%	0%	0%	8%	0%	5%	4%	0%	67%	0%	0%
Above	100%	100%	100%	100%	92%	88%	87%	81%	67%	0%	0%	0%



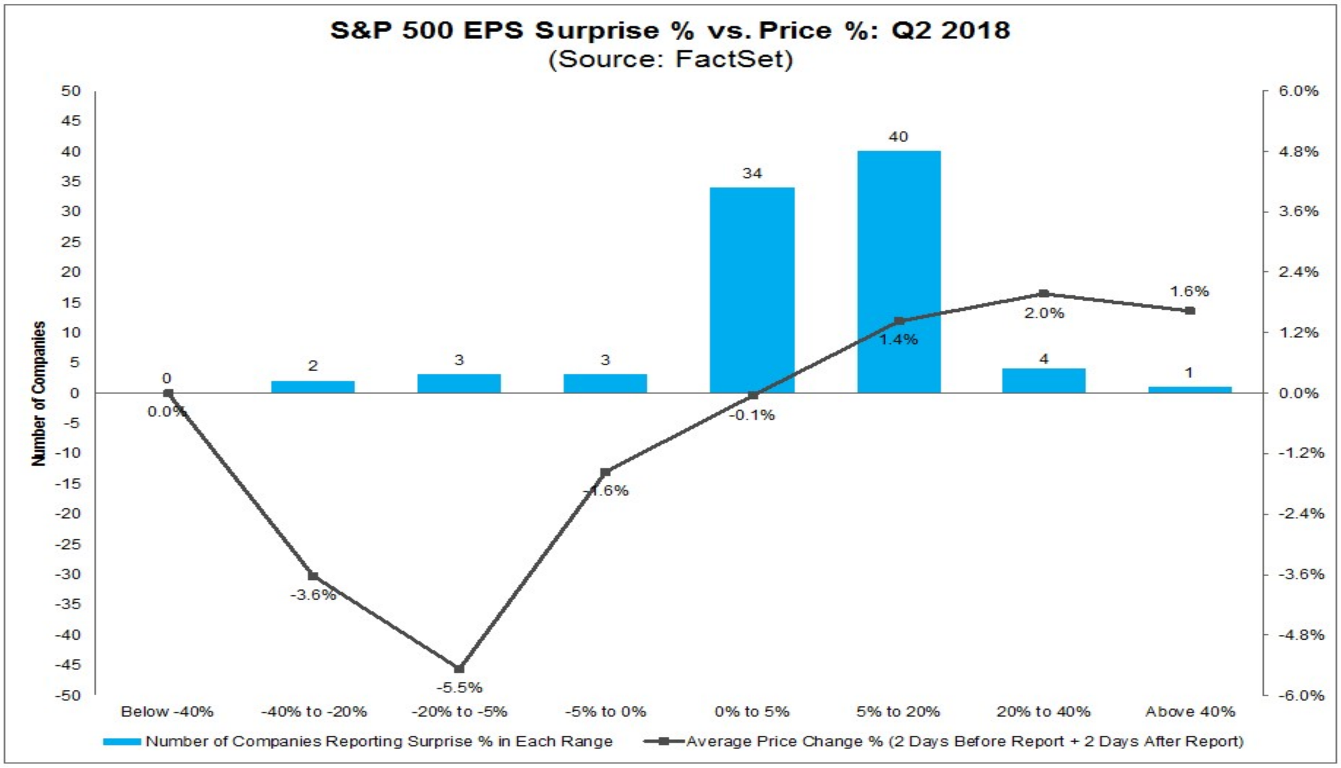
	Materials	Industrials	Consumer Staples	Info. Technology	Consumer Disc.	Health Care	S&P 500	Financials	Real Estate	Energy	Utilities	Telecom Services
Below	0%	6%	13%	17%	20%	20%	23%	31%	67%	100%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	94%	88%	83%	80%	80%	77%	69%	33%	0%	0%	0%

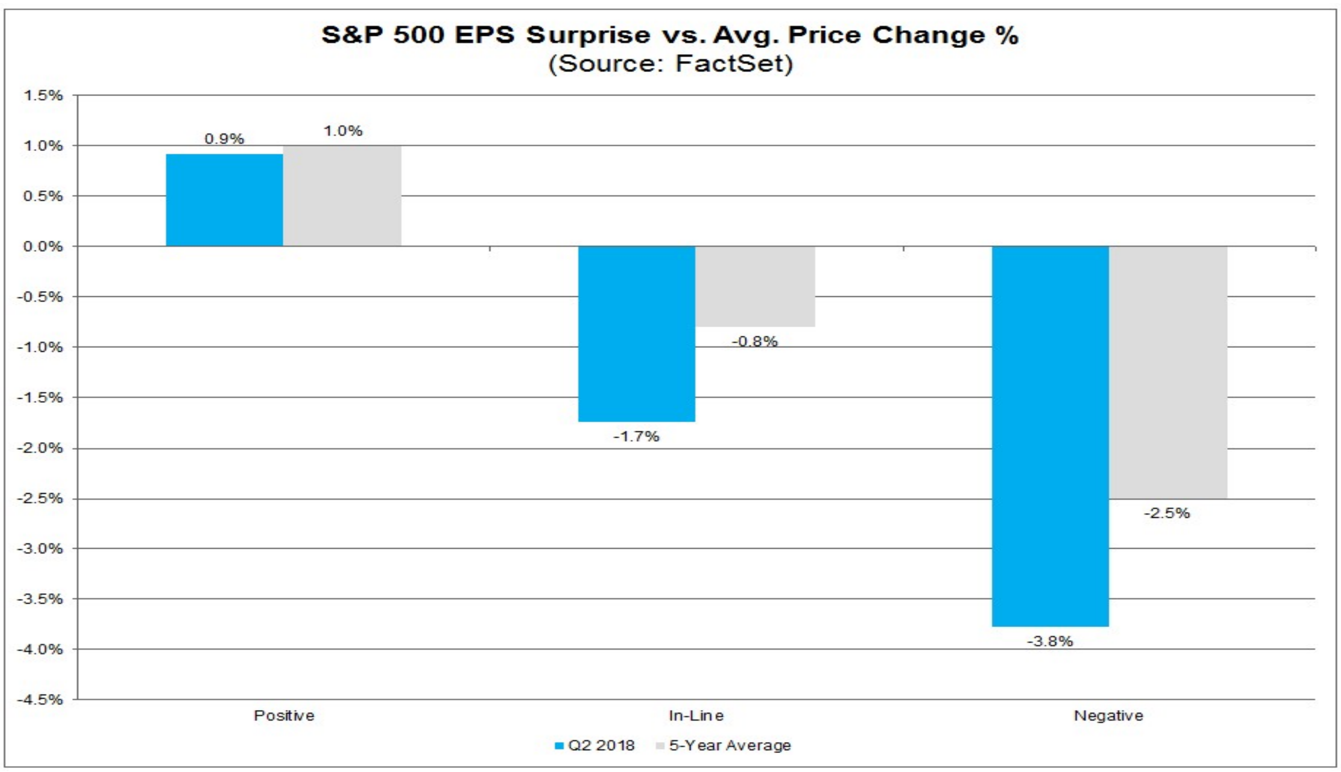
Q2 2018: Scorecard



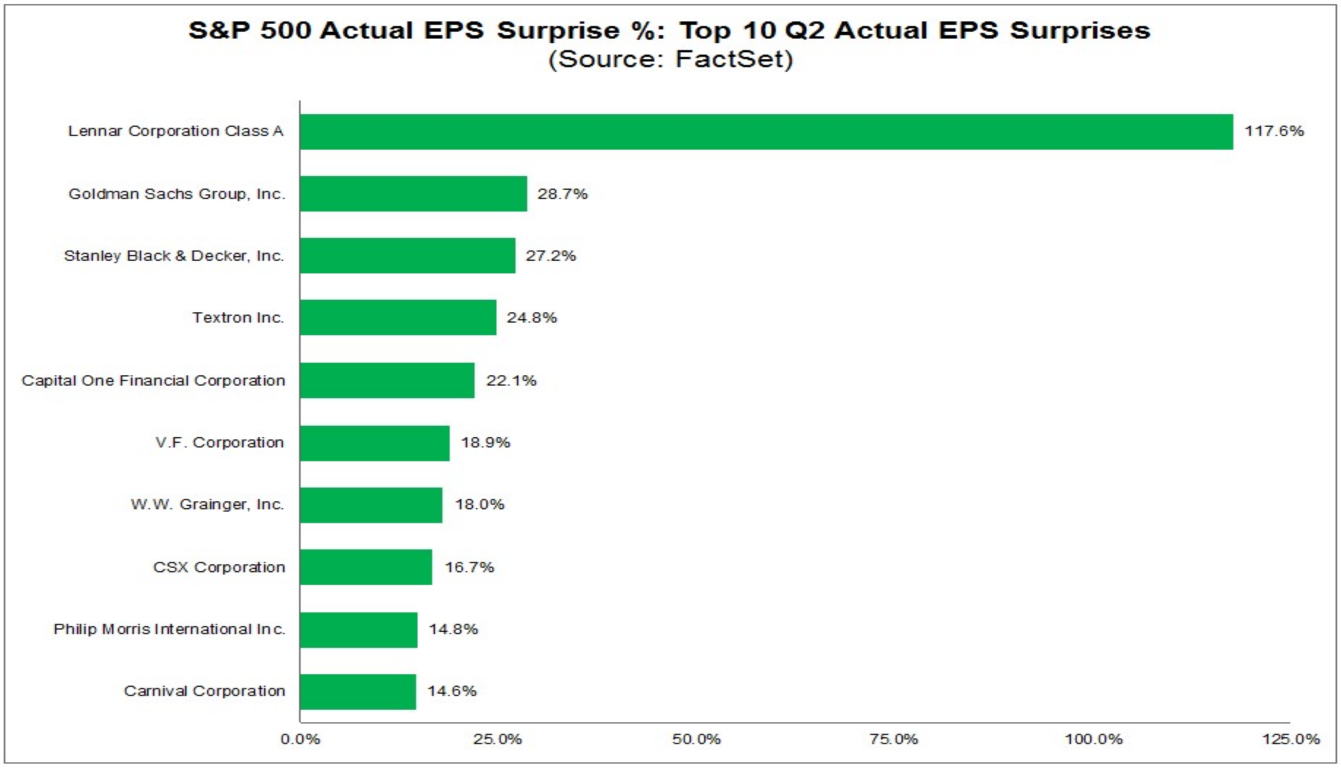


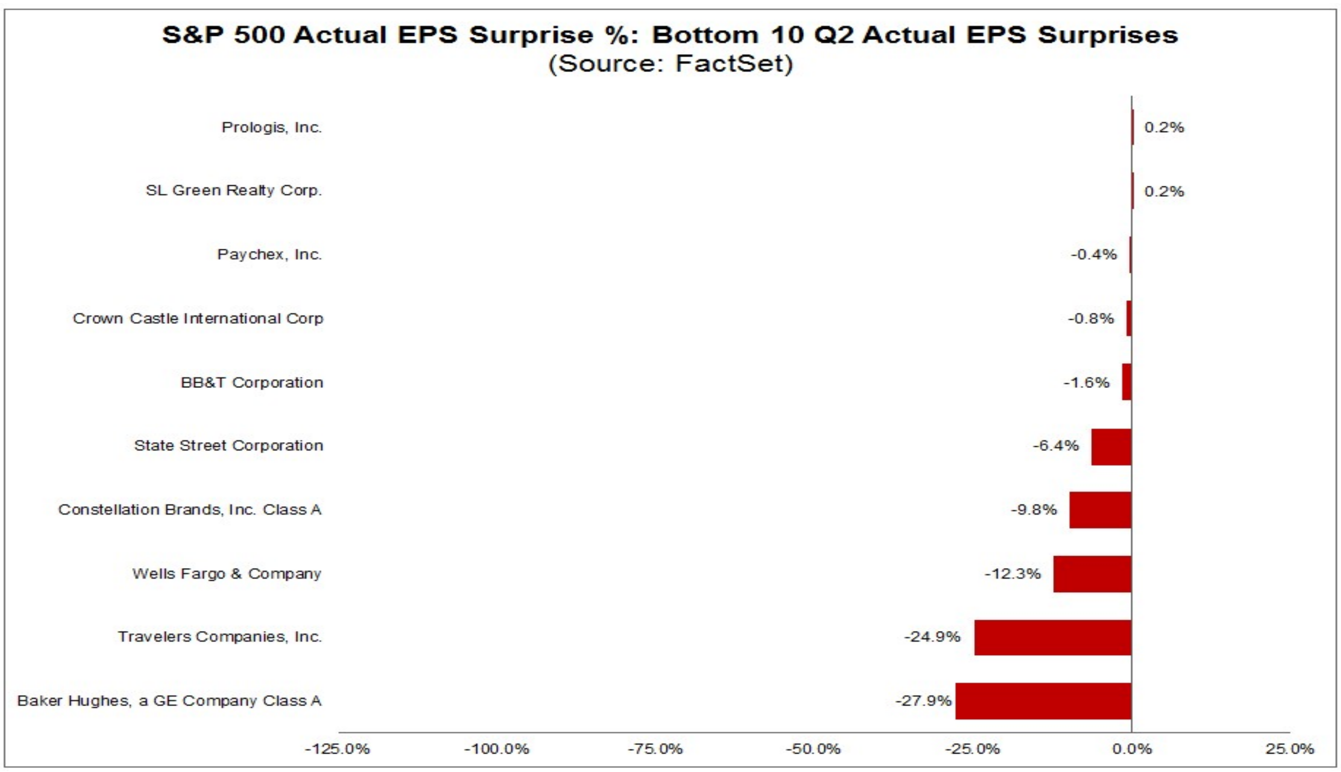
Q2 2018: Scorecard



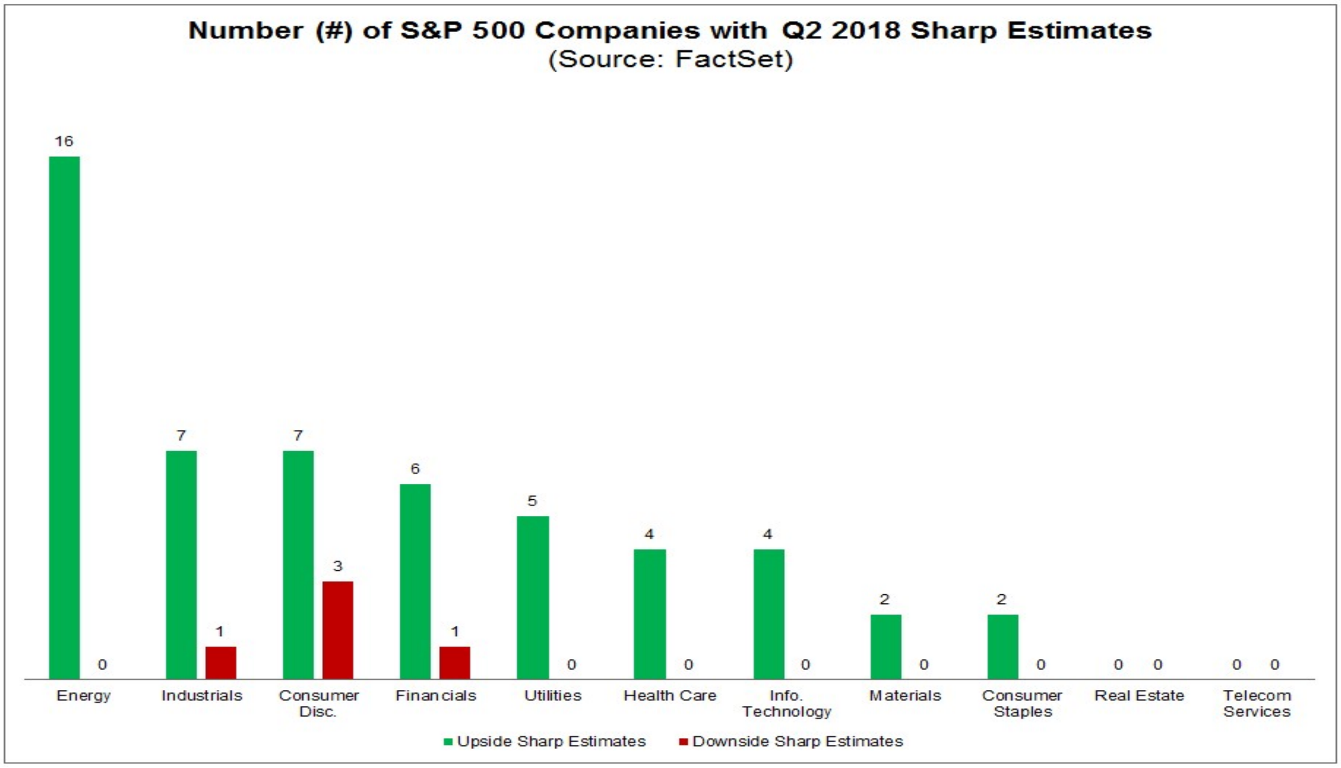


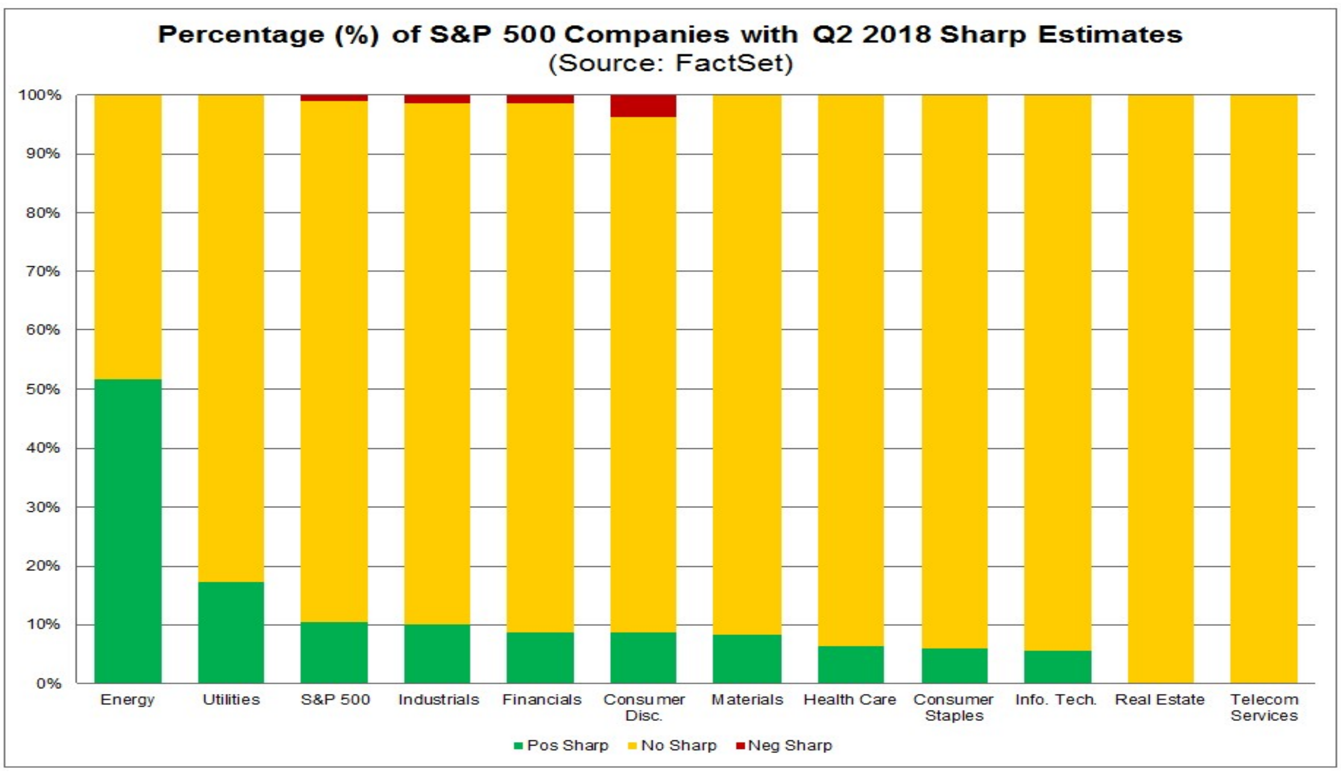
Q2 2018: Scorecard



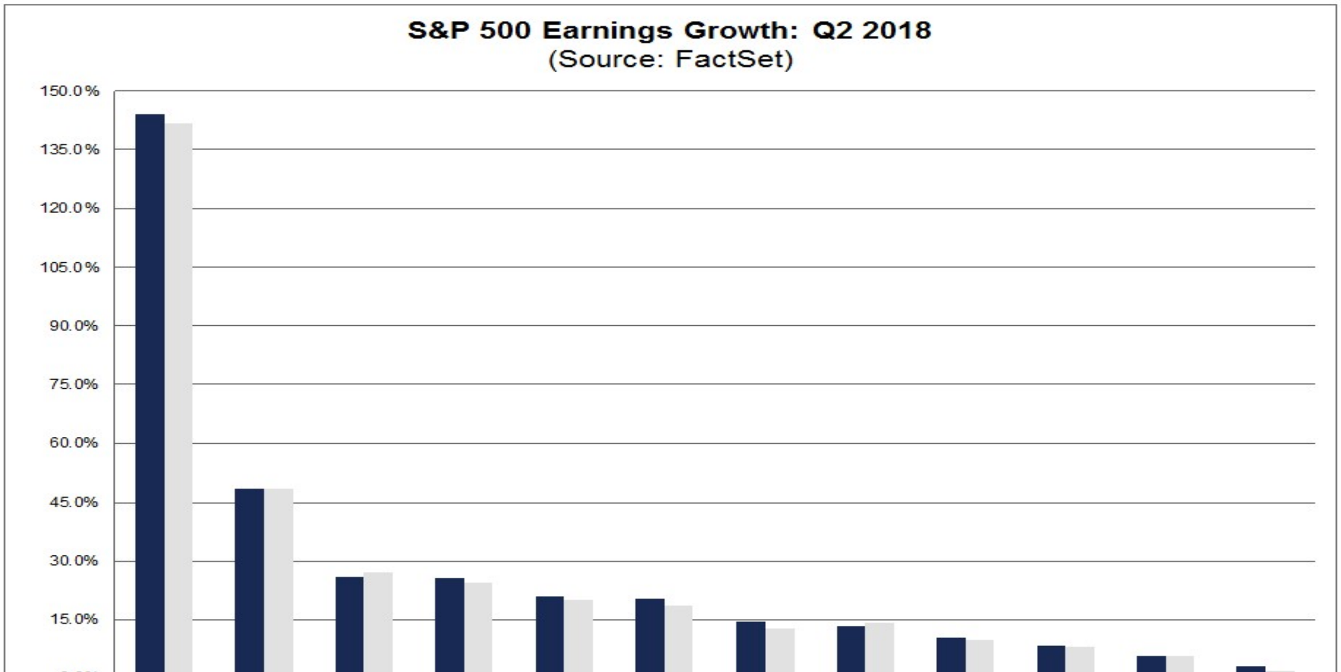


Q2 2018: Projected EPS Surprises (Sharp Estimates)

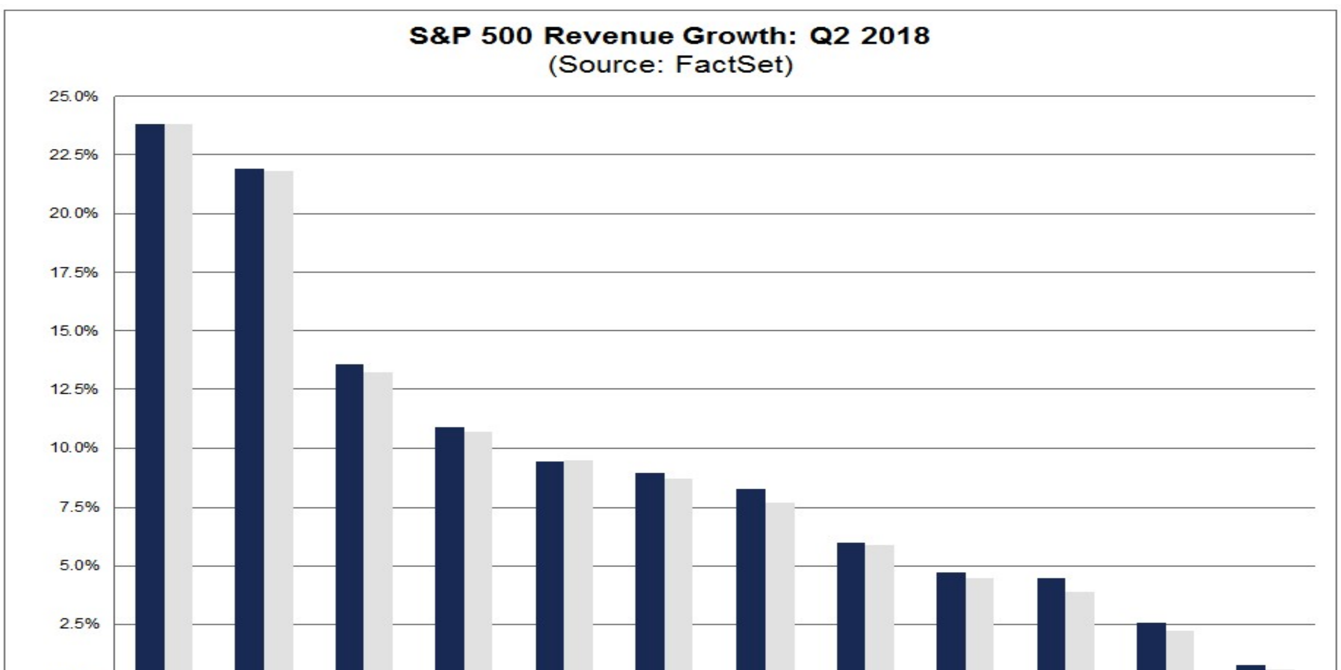




Q2 2018: Growth

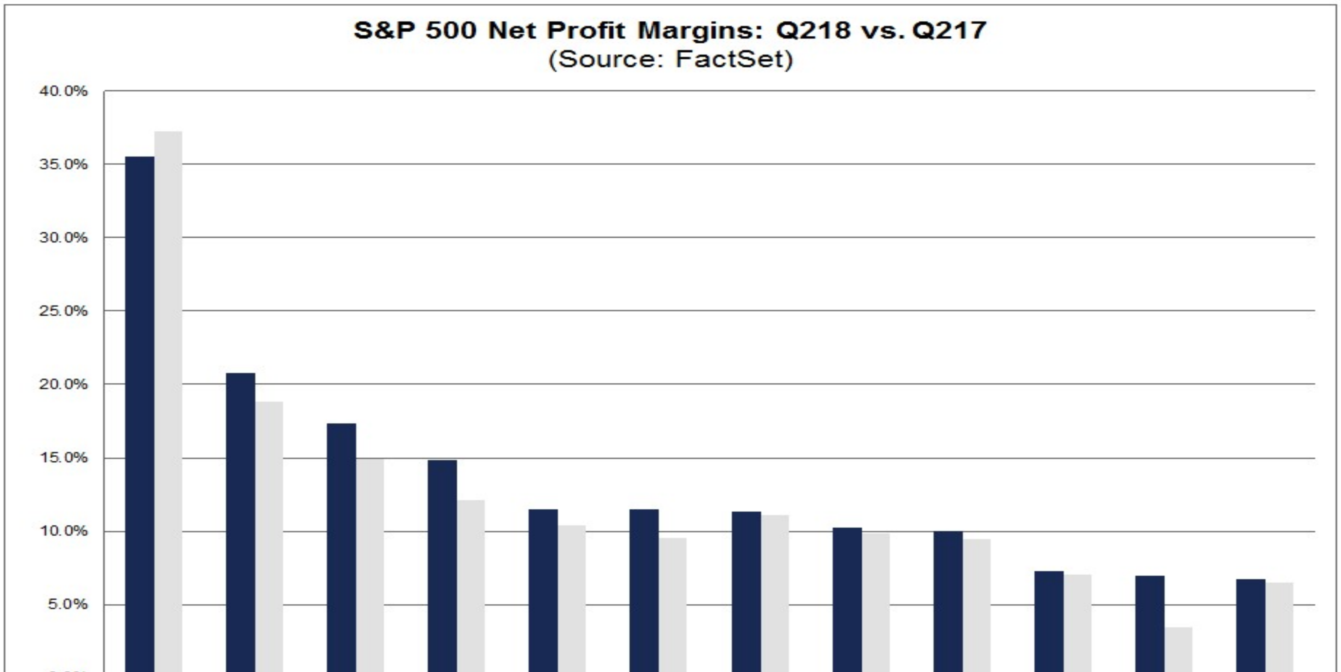


	Energy	Materials	Telecom Services	Info. Technology	S&P 500	Financials	Industrials	Consumer Disc.	Health Care	Consumer Staples	Real Estate	Utilities
Today	144.2%	48.5%	26.0%	25.6%	20.8%	20.4%	14.6%	13.3%	10.5%	8.3%	5.8%	3.0%
30-Jun	141.7%	48.6%	27.3%	24.6%	20.0%	18.5%	12.7%	14.3%	9.8%	8.0%	5.7%	2.0%

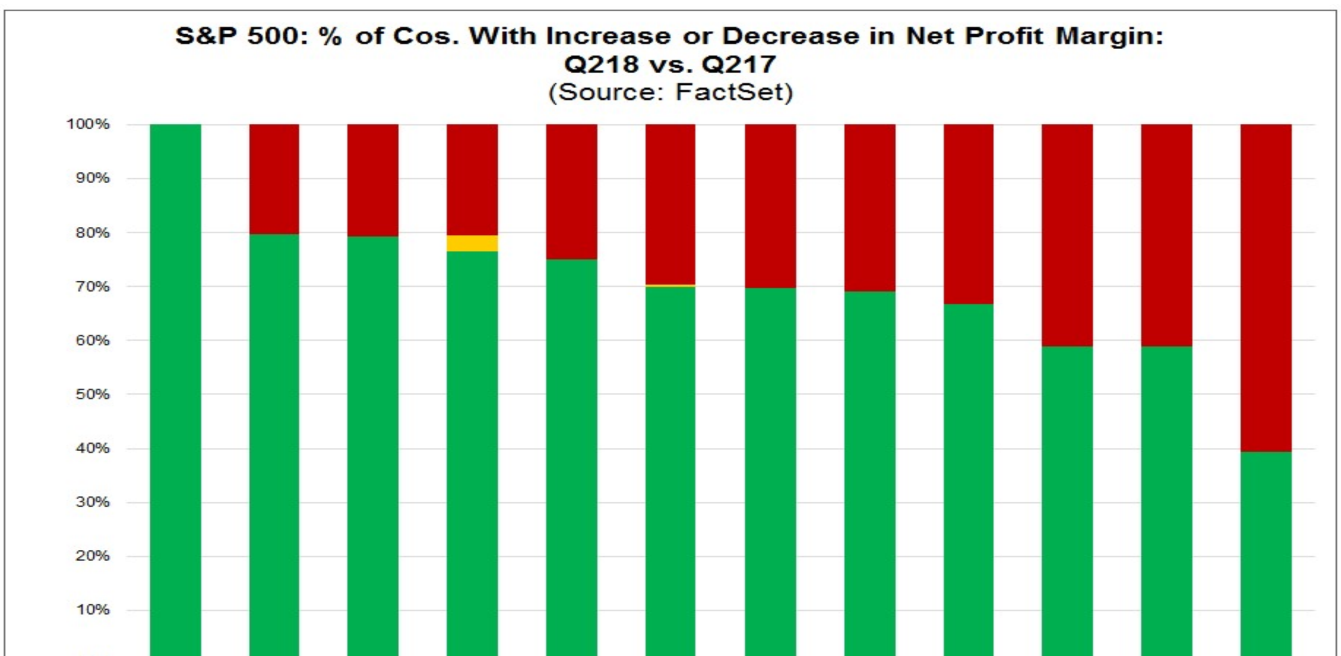


	Materials	Energy	Info. Technology	Real Estate	Consumer Disc.	S&P 500	Industrials	Health Care	Consumer Staples	Financials	Telecom Services	Utilities
Today	23.8%	21.9%	13.5%	10.9%	9.5%	9.0%	8.3%	6.0%	4.7%	4.5%	2.5%	0.7%
30-Jun	23.8%	21.8%	13.2%	10.7%	9.5%	8.7%	7.7%	5.9%	4.5%	3.9%	2.2%	0.6%

Q2 2018: Net Profit Margin

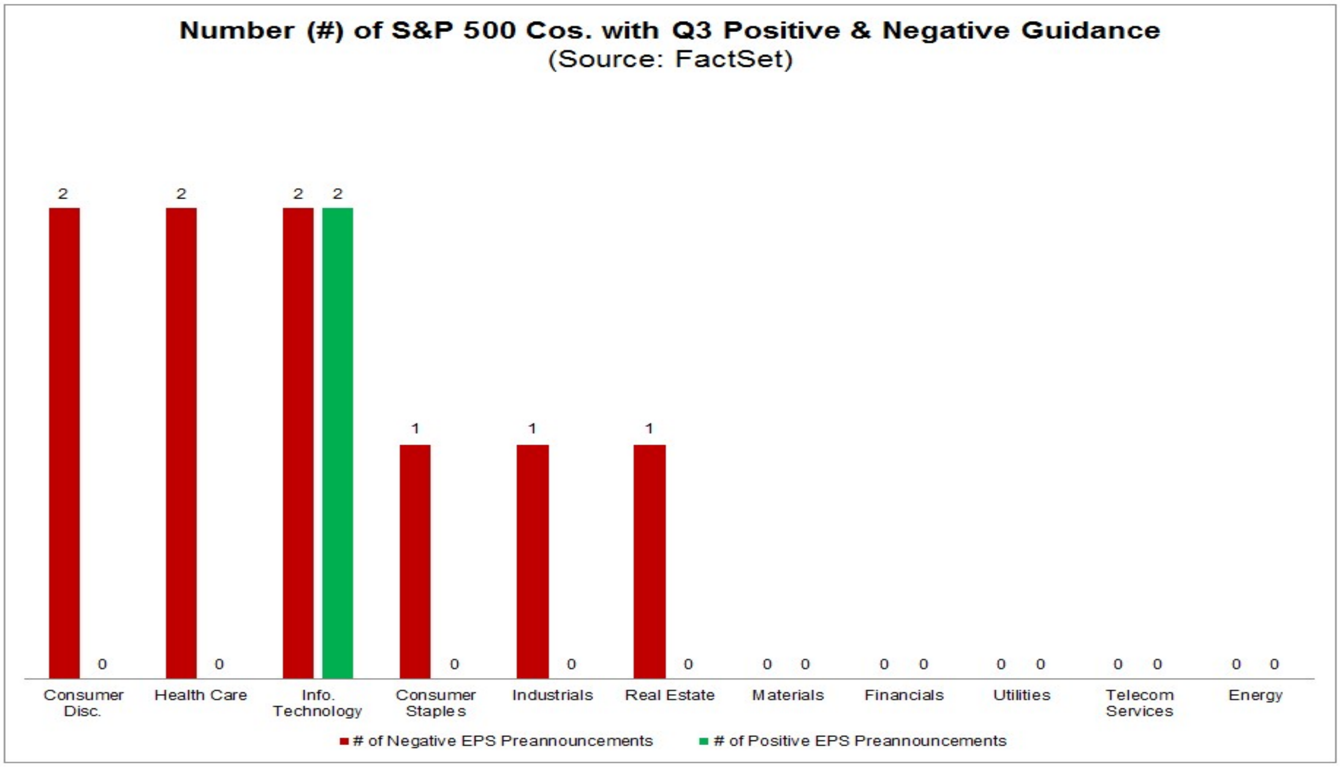


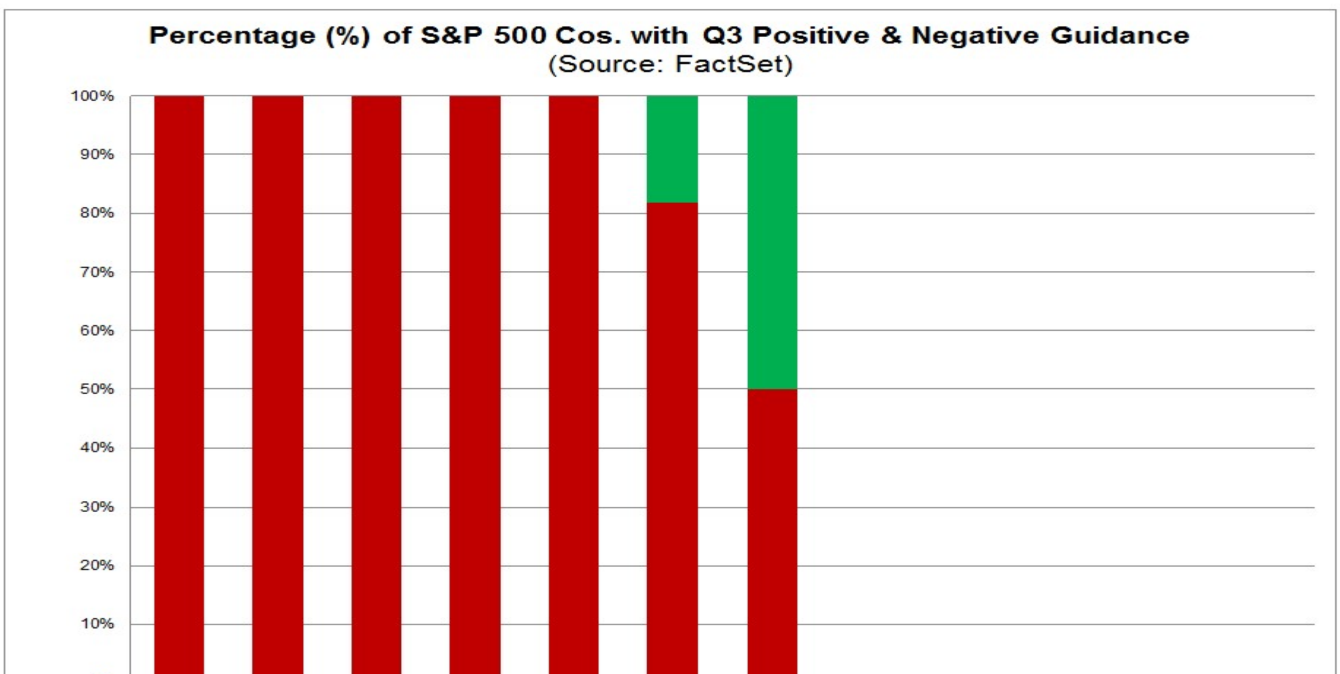
	Real Estate	Information Tech	Financials	Telecom Services	S&P 500	Materials	Utilities	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples
Q218	35.5%	20.8%	17.4%	14.9%	11.6%	11.5%	11.4%	10.3%	10.1%	7.3%	7.0%	6.8%
Q217	37.2%	18.8%	15.0%	12.1%	10.4%	9.6%	11.1%	9.9%	9.5%	7.1%	3.5%	6.6%



	Energy	Industrials	Materials	Financials	Information Tech.	S&P 500	Consumer Staples	Utilities	Telecom Services	Consumer Disc.	Health Care	Real Estate
Down %	0%	20%	21%	21%	25%	30%	30%	31%	33%	41%	41%	61%
None %	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	100%	80%	79%	76%	75%	70%	70%	69%	67%	59%	59%	39%

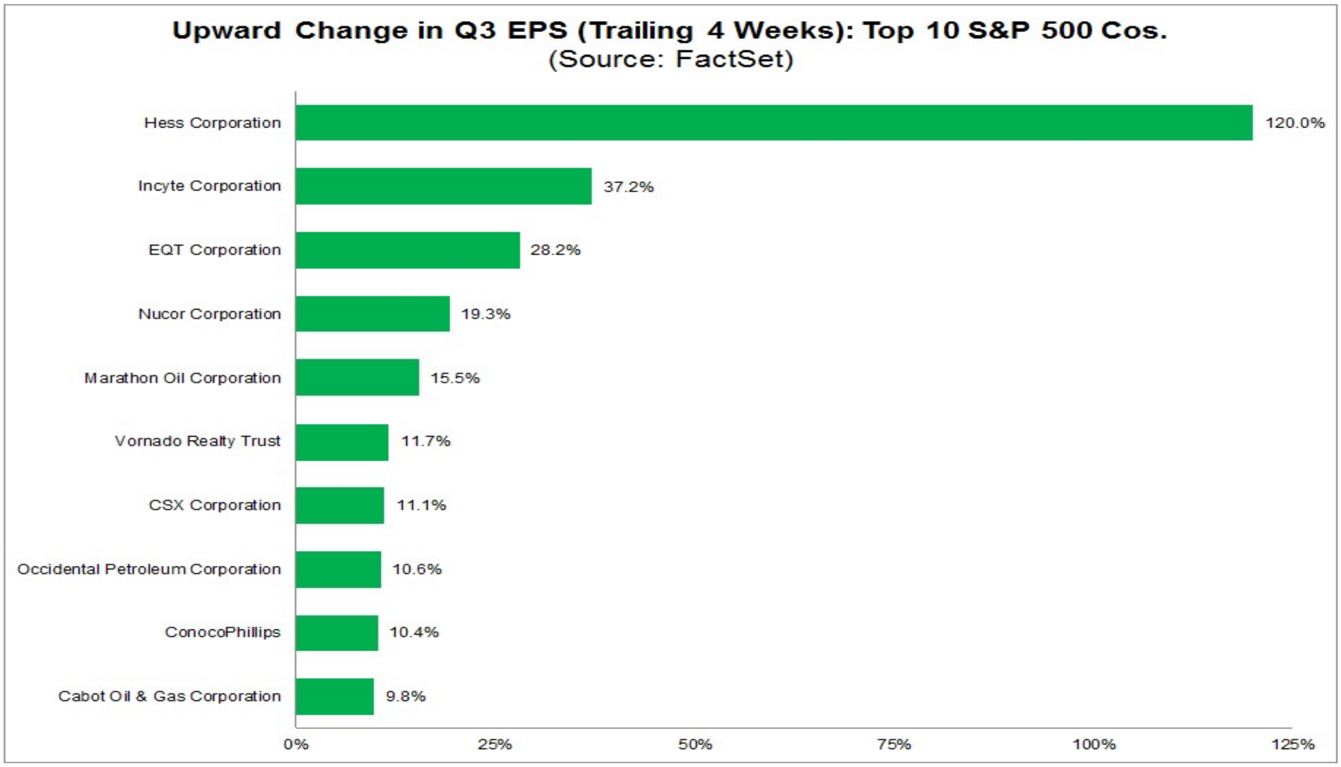
Q3 2018: EPS Guidance

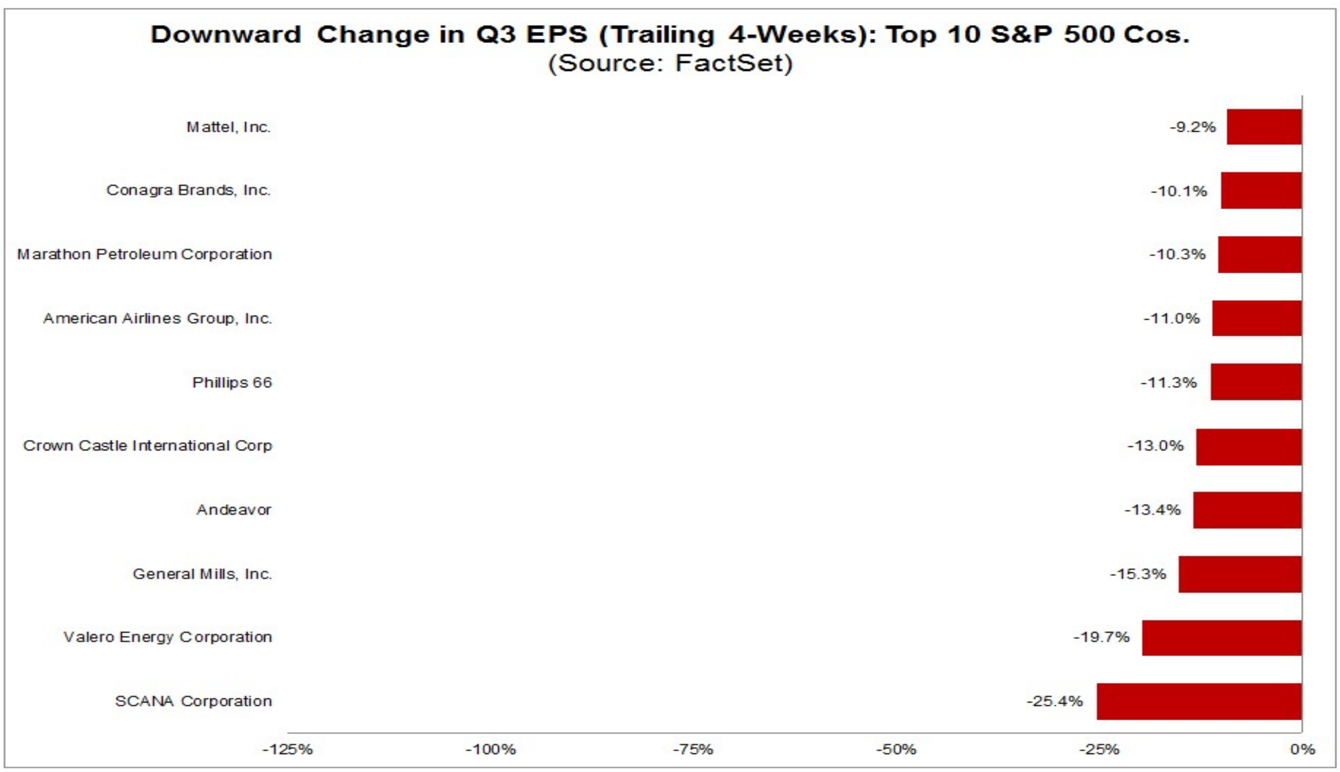




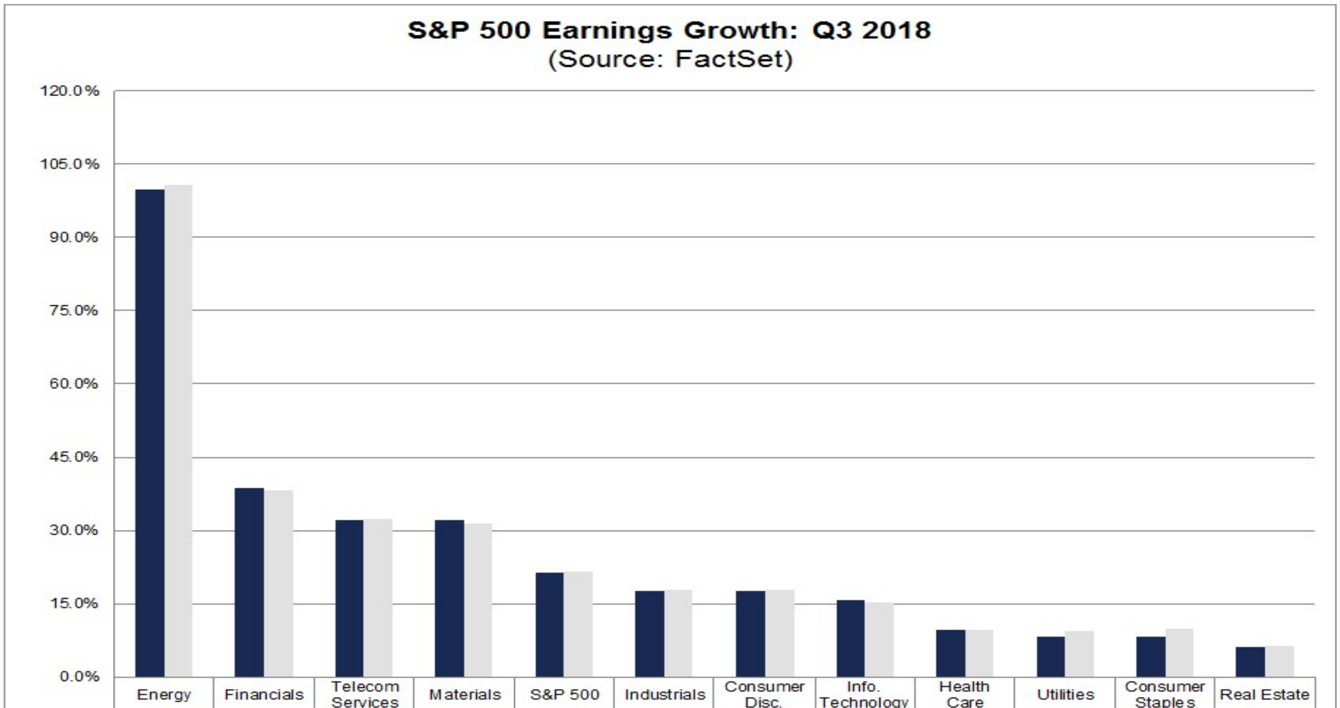
	Consumer Disc.	Health Care	Consumer Staples	Industrials	Real Estate	S&P 500	Info. Technology	Financials	Materials	Utilities	Telecom Services	Energy
Positive	0%	0%	0%	0%	0%	18%	50%	0%	0%	0%	0%	0%
Negative	100%	100%	100%	100%	100%	82%	50%	0%	0%	0%	0%	0%

Q3 2018: EPS Revisions

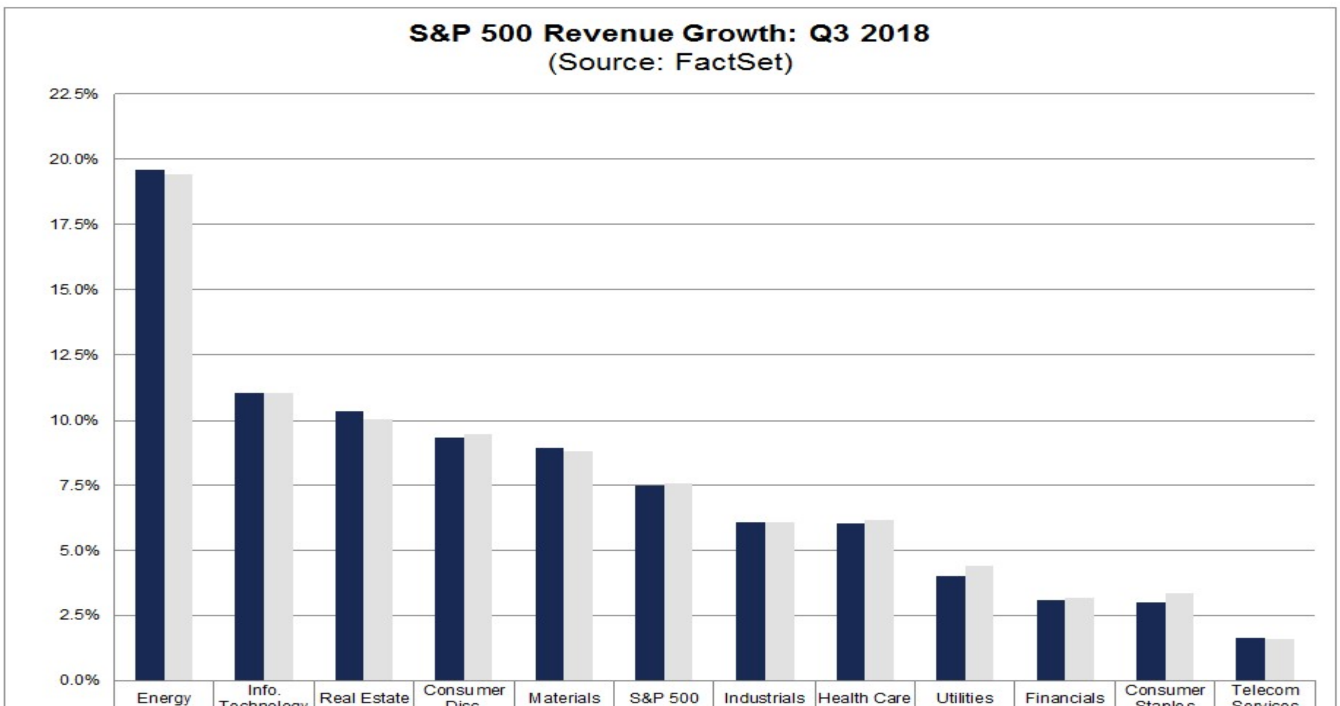




Q3 2018: Growth



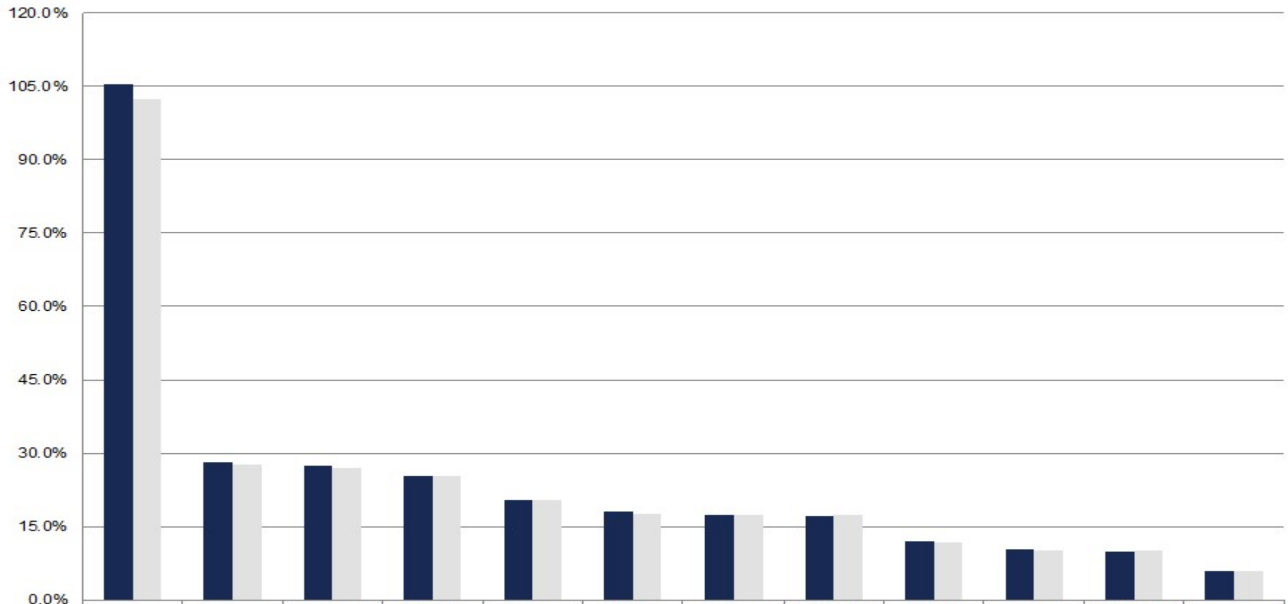
	Energy	Financials	Telecom Services	Materials	S&P 500	Industrials	Consumer Disc.	Info. Technology	Health Care	Utilities	Consumer Staples	Real Estate
Today	99.7%	38.8%	32.4%	32.3%	21.5%	17.8%	17.7%	15.7%	9.7%	8.4%	8.4%	6.2%
30-Jun	100.7%	38.3%	32.5%	31.5%	21.6%	17.9%	18.0%	15.4%	9.8%	9.6%	10.0%	6.4%



	Energy	Info. Technology	Real Estate	Consumer Disc.	Materials	S&P 500	Industrials	Health Care	Utilities	Financials	Consumer Staples	Telecom Services
Today	19.6%	11.0%	10.3%	9.4%	8.9%	7.5%	6.1%	6.1%	4.0%	3.1%	3.0%	1.7%
30-Jun	19.4%	11.0%	10.0%	9.5%	8.8%	7.6%	6.1%	6.2%	4.4%	3.2%	3.3%	1.6%

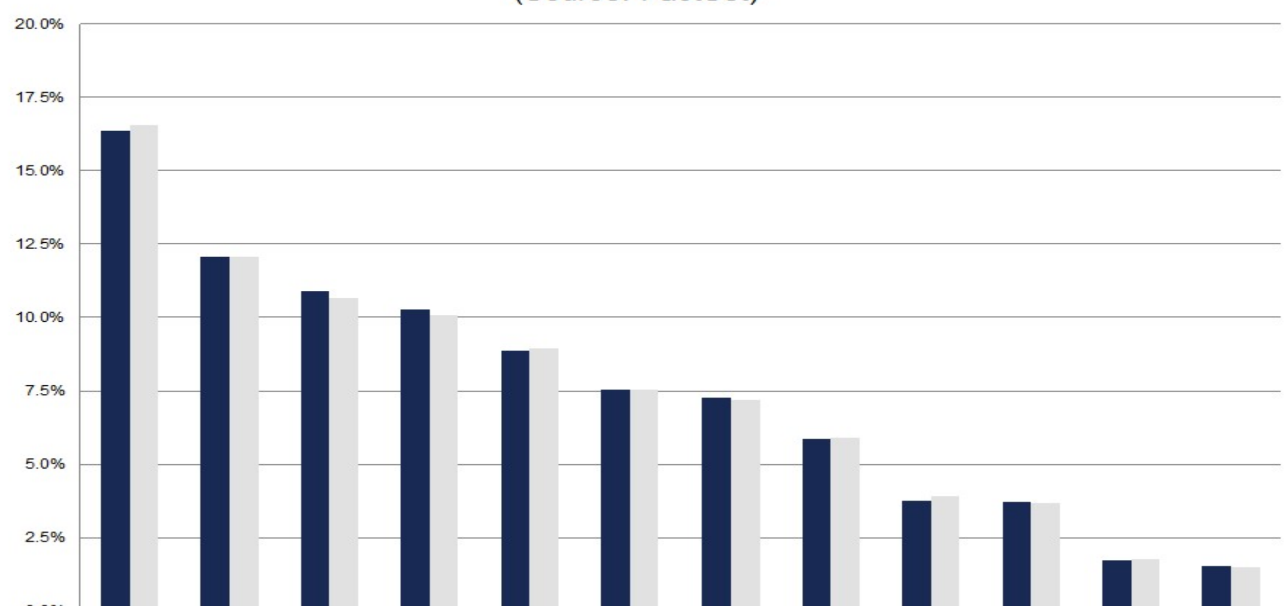
CY 2018: Growth

S&P 500 Earnings Growth: CY 2018
(Source: FactSet)



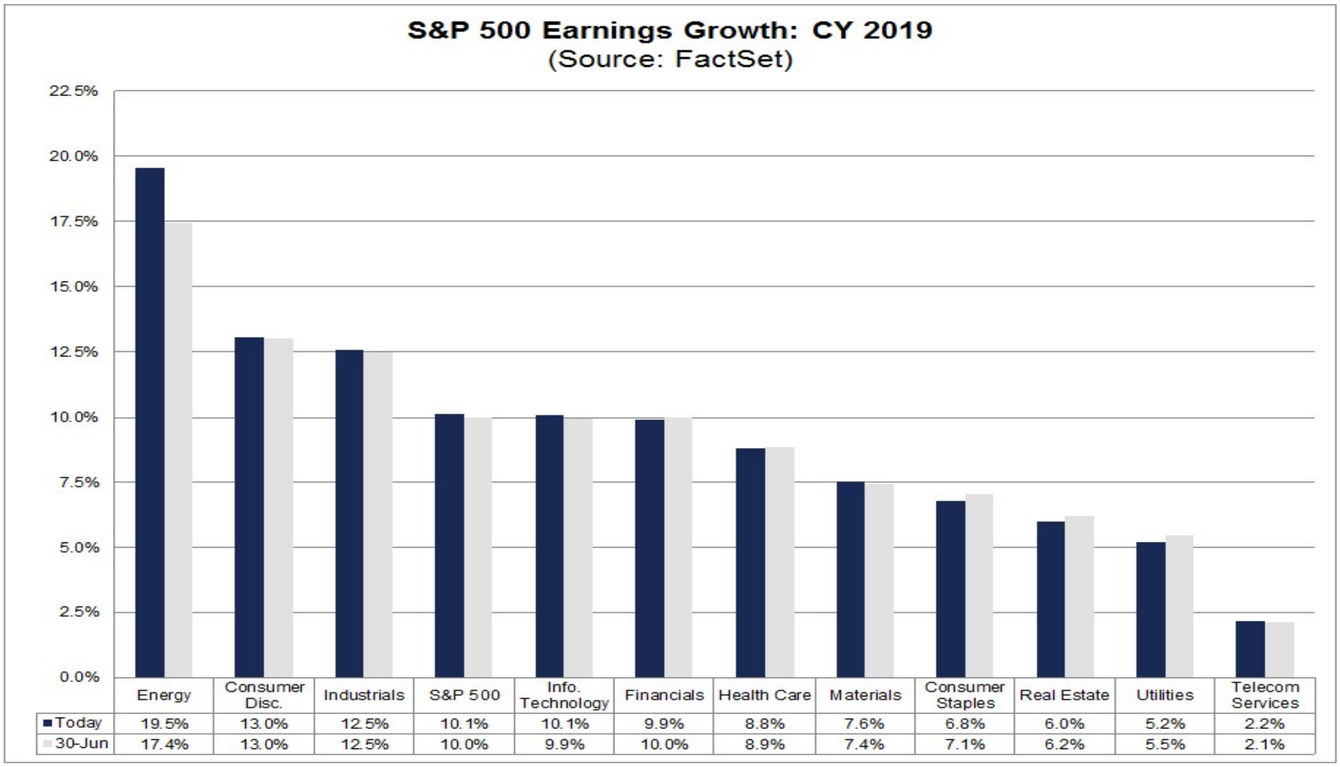
	Energy	Materials	Financials	Telecom Services	S&P 500	Info. Technology	Industrials	Consumer Disc.	Health Care	Utilities	Consumer Staples	Real Estate
Today	105.3%	28.2%	27.5%	25.4%	20.6%	18.1%	17.5%	17.1%	12.0%	10.5%	9.9%	6.0%
30-Jun	102.3%	27.7%	27.1%	25.5%	20.4%	17.8%	17.5%	17.4%	11.9%	10.3%	10.3%	6.1%

S&P 500 Revenue Growth: CY 2018
(Source: FactSet)

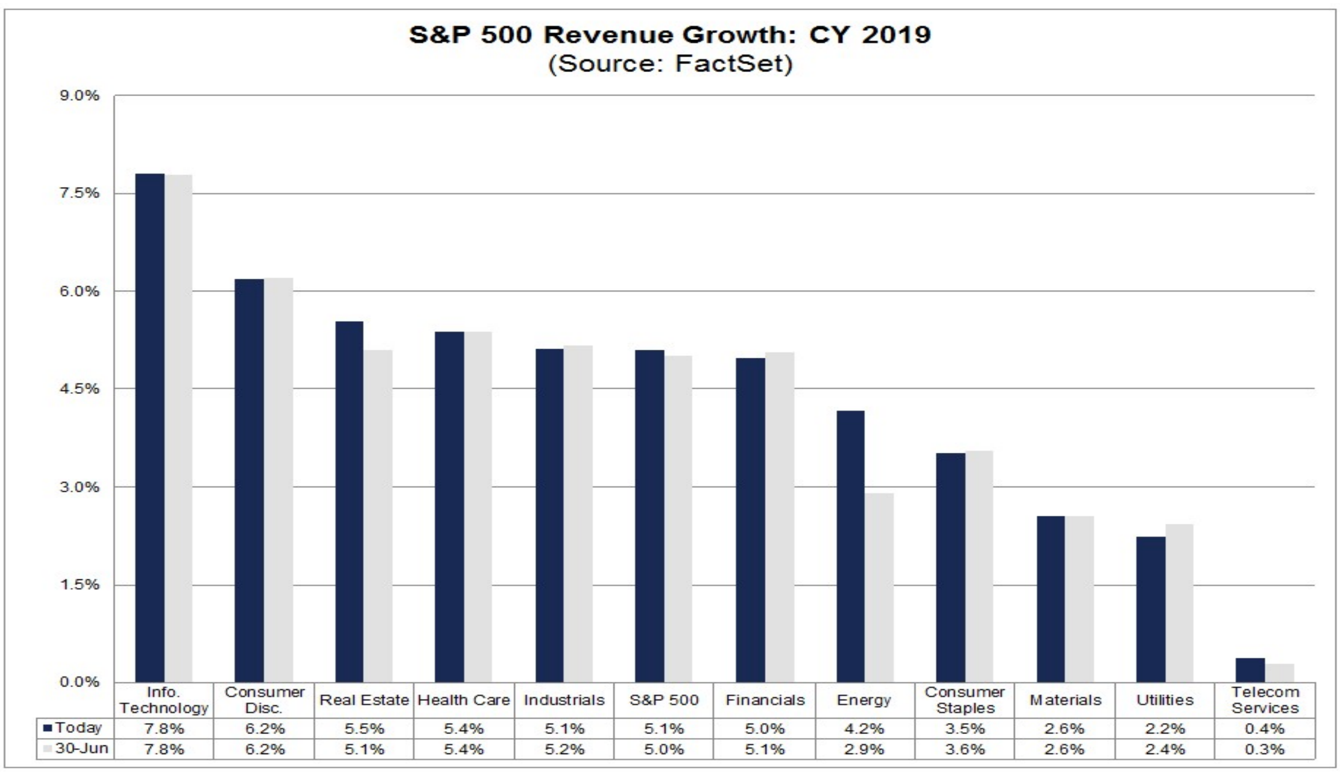


	Energy	Info. Technology	Real Estate	Materials	Consumer Disc.	S&P 500	Industrials	Health Care	Consumer Staples	Financials	Utilities	Telecom Services
Today	16.4%	12.1%	10.9%	10.3%	8.9%	7.5%	7.3%	5.9%	3.8%	3.7%	1.7%	1.6%
30-Jun	16.6%	12.1%	10.6%	10.1%	9.0%	7.6%	7.2%	5.9%	3.9%	3.7%	1.8%	1.5%

CY 2019: Growth

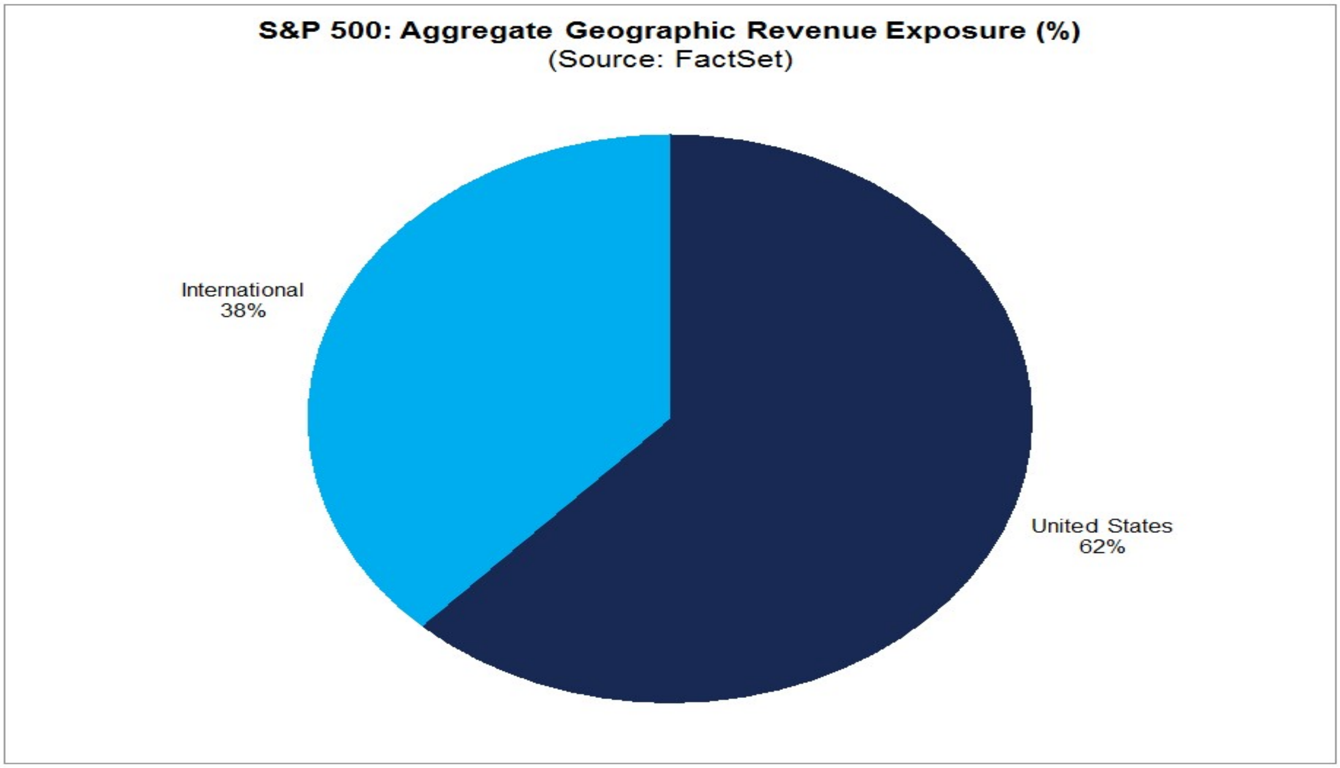


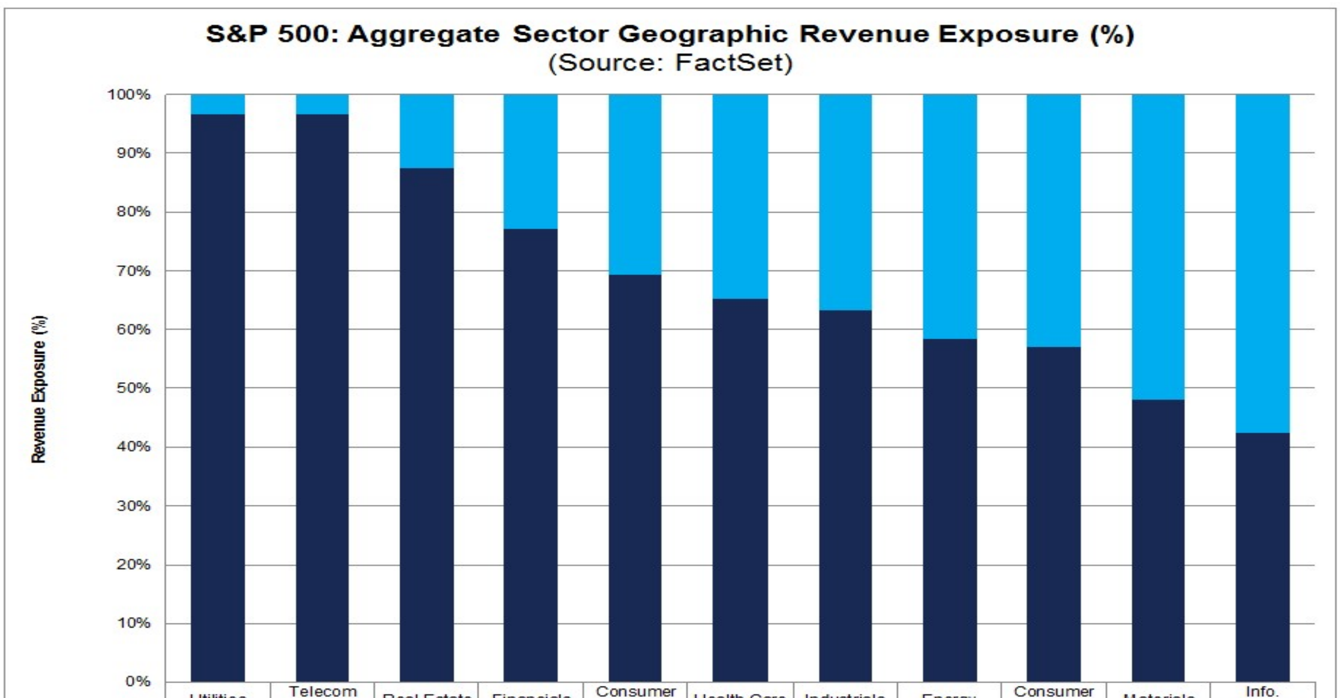
	Energy	Consumer Disc.	Industrials	S&P 500	Info. Technology	Financials	Health Care	Materials	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	19.5%	13.0%	12.5%	10.1%	10.1%	9.9%	8.8%	7.6%	6.8%	6.0%	5.2%	2.2%
30-Jun	17.4%	13.0%	12.5%	10.0%	9.9%	10.0%	8.9%	7.4%	7.1%	6.2%	5.5%	2.1%



	Info. Technology	Consumer Disc.	Real Estate	Health Care	Industrials	S&P 500	Financials	Energy	Consumer Staples	Materials	Utilities	Telecom Services
Today	7.8%	6.2%	5.5%	5.4%	5.1%	5.1%	5.0%	4.2%	3.5%	2.6%	2.2%	0.4%
30-Jun	7.8%	6.2%	5.1%	5.4%	5.2%	5.0%	5.1%	2.9%	3.6%	2.6%	2.4%	0.3%

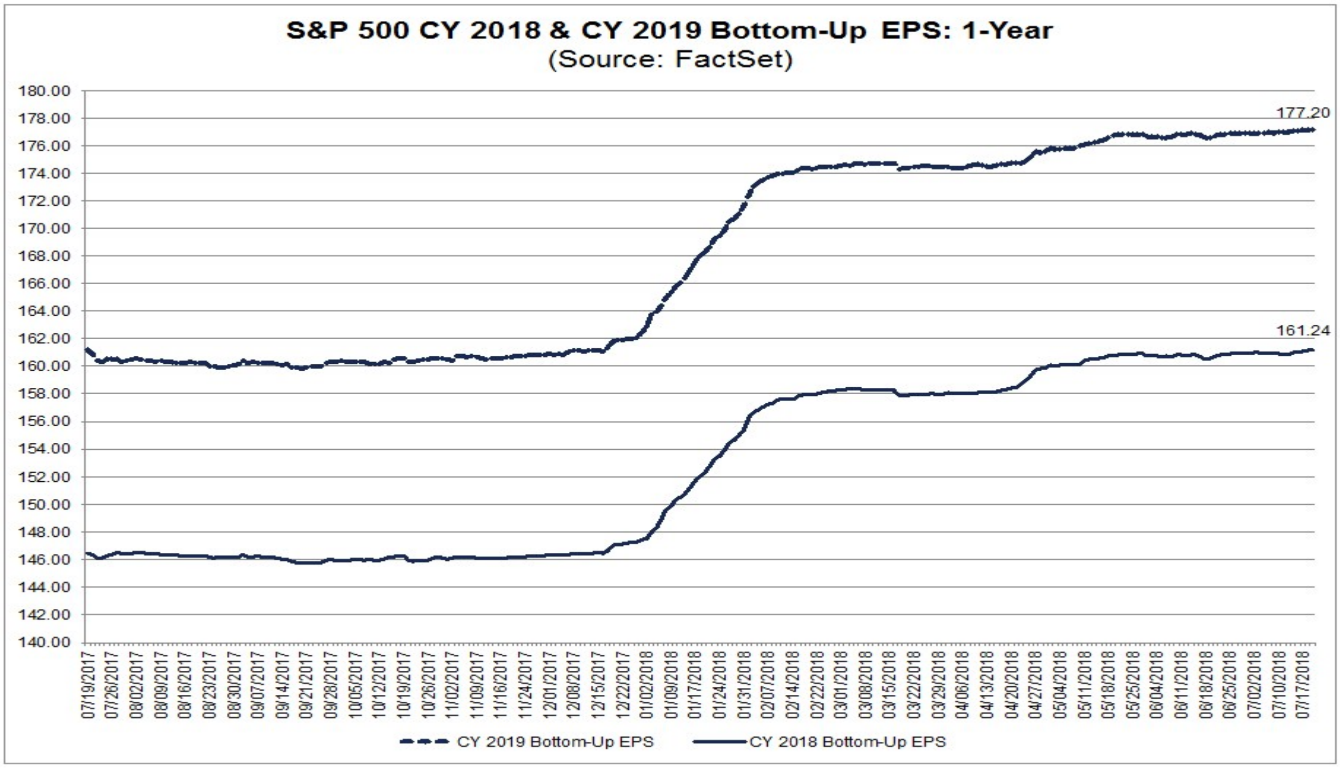
Geographic Revenue Exposure



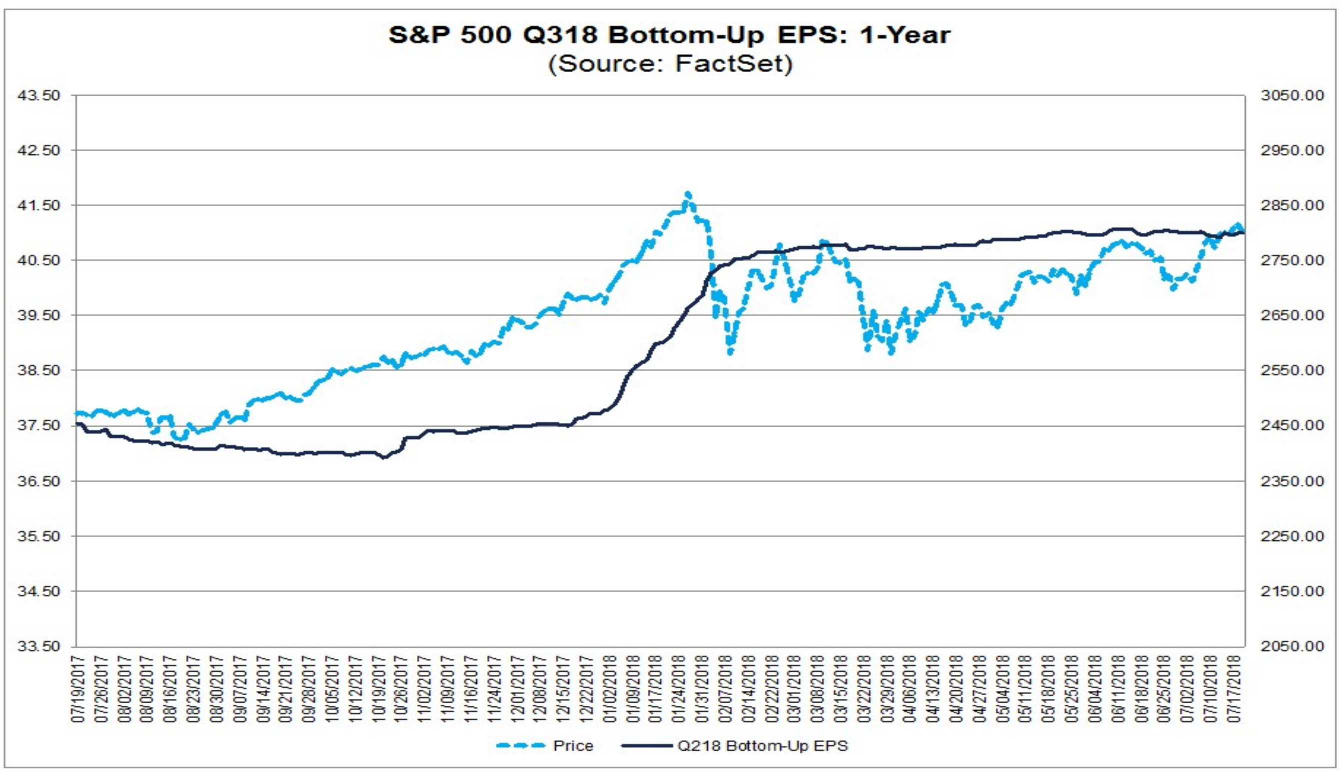


	Utilities	Telecom Services	Real Estate	Financials	Consumer Disc.	Health Care	Industrials	Energy	Consumer Staples	Materials	Info. Technology
International	3%	3%	12%	23%	31%	35%	37%	42%	43%	52%	58%
United States	97%	97%	88%	77%	69%	65%	63%	58%	57%	48%	42%

Bottom-up EPS Estimates: Revisions

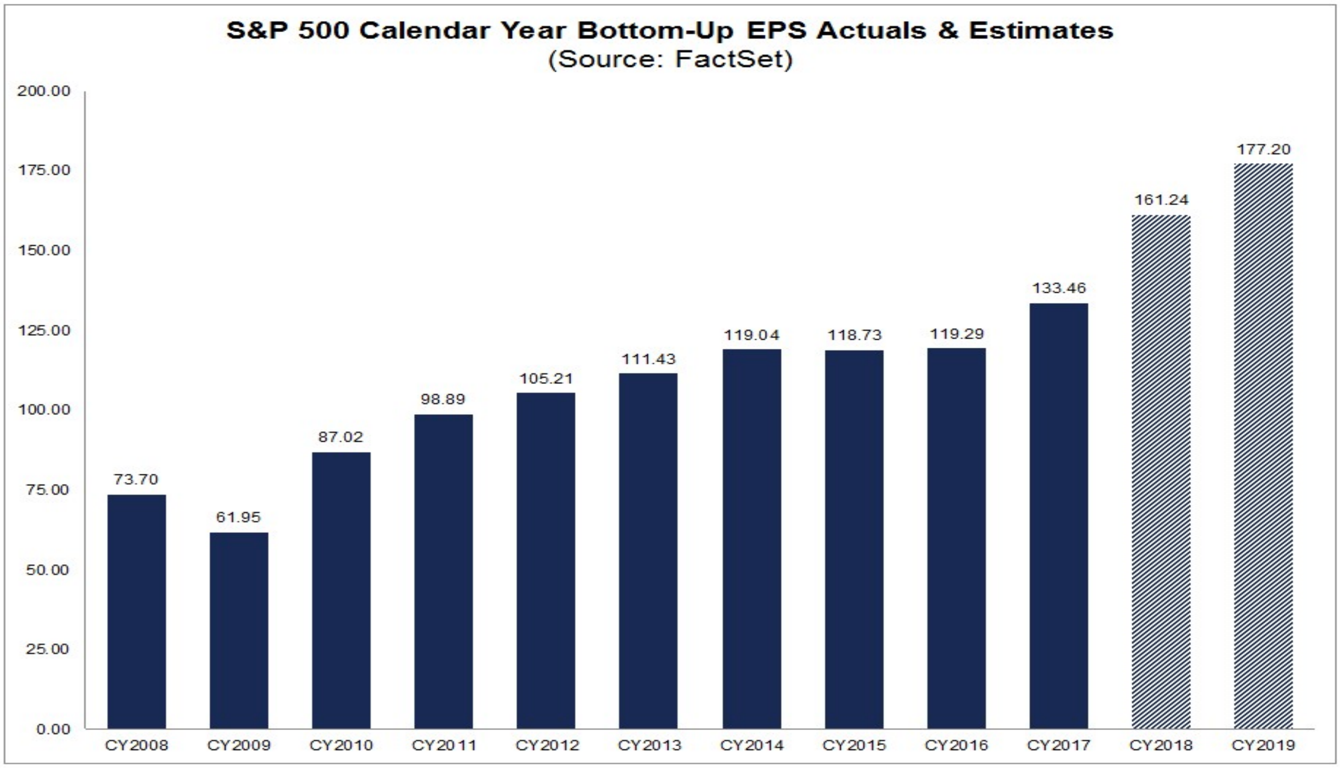


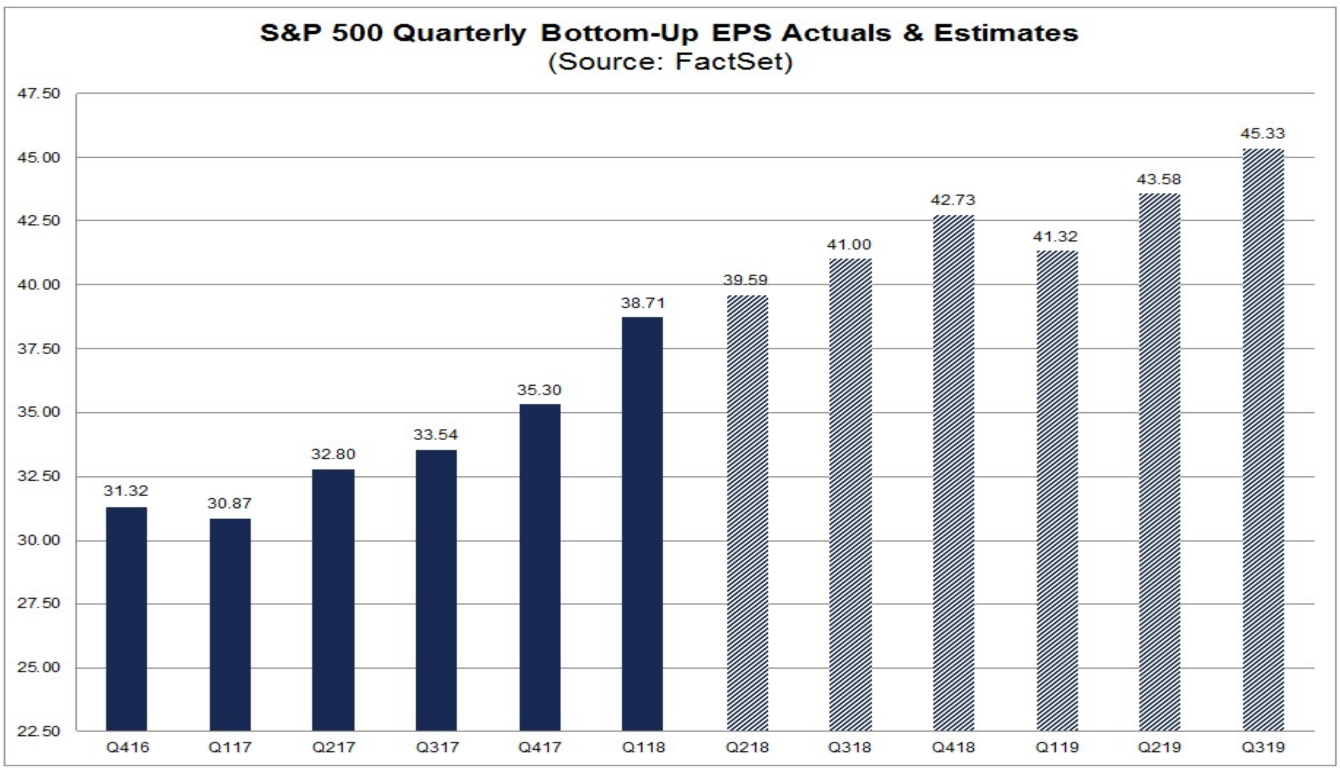
S&P 500 CY 2018 & CY 2019 Bottom-Up EPS: 1-Year
(Source: FactSet)



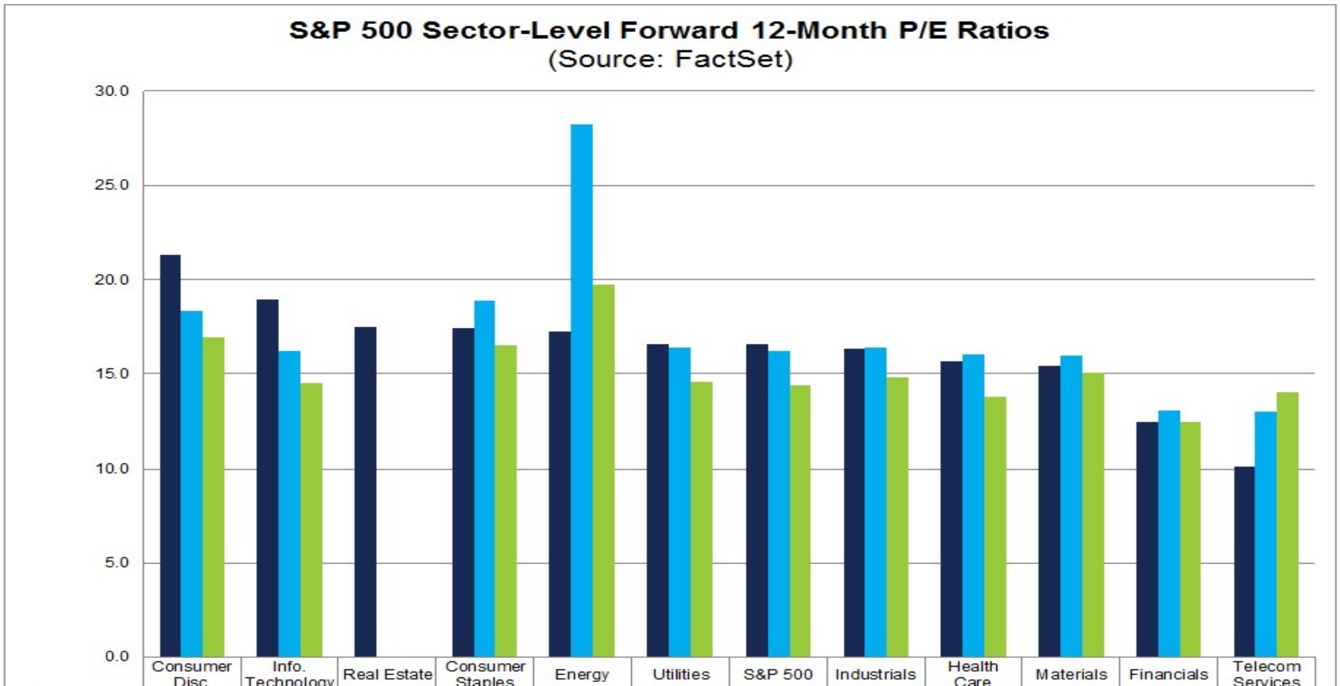
S&P 500 Q318 Bottom-Up EPS: 1-Year
(Source: FactSet)

Bottom-up EPS Estimates: Current & Historical

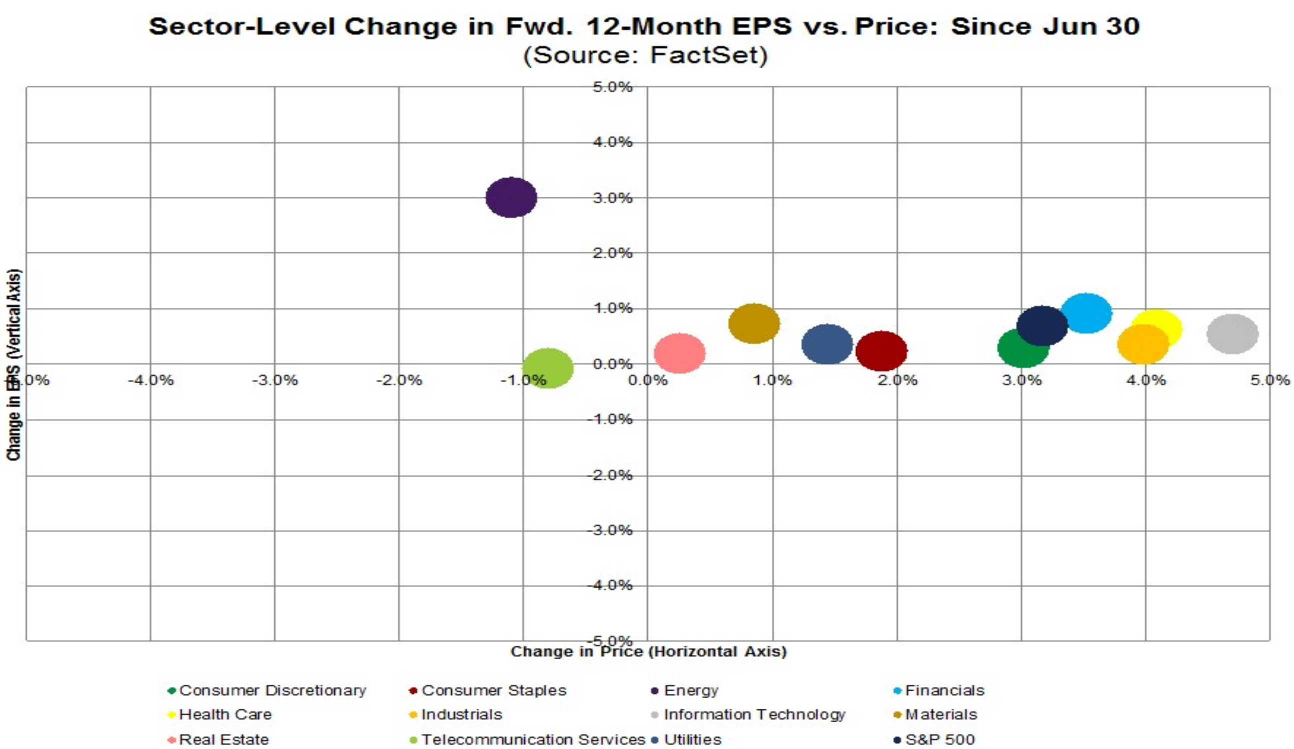




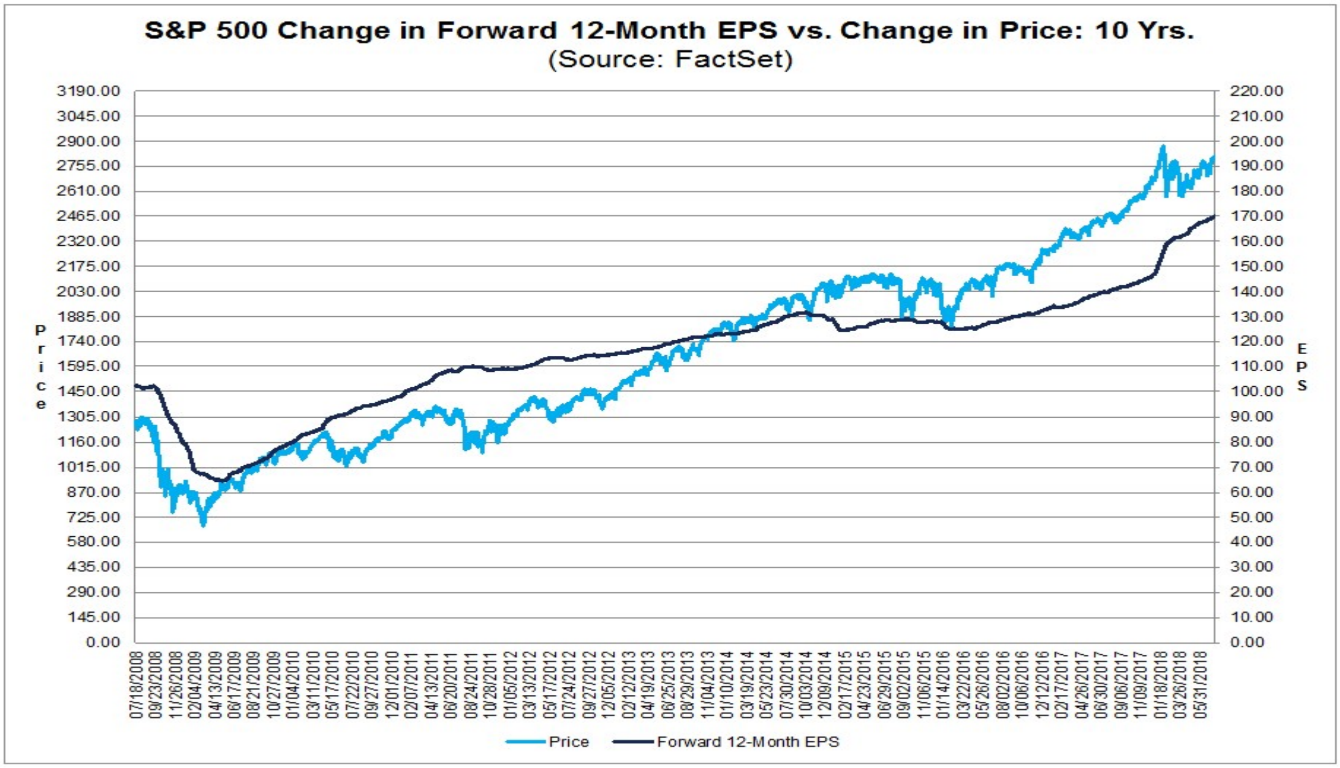
Forward 12M P/E Ratio: Sector Level

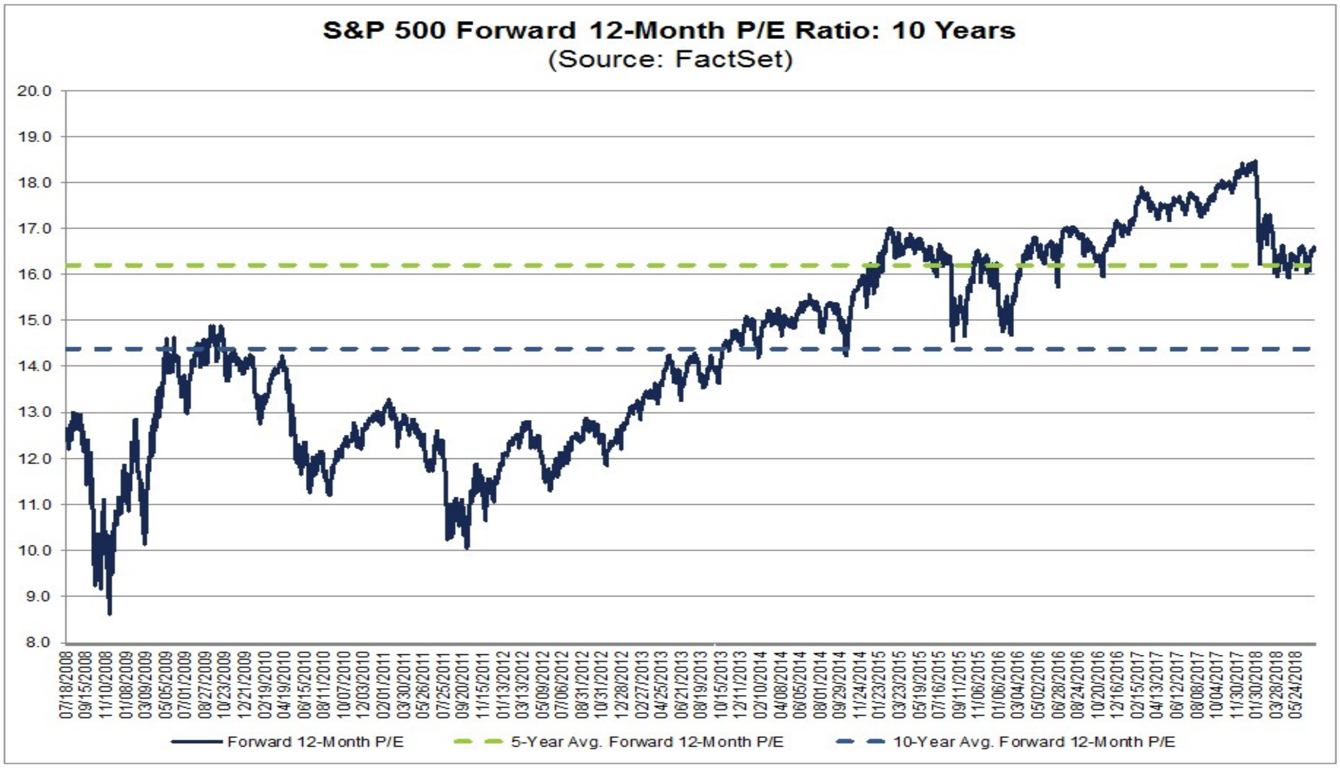


	Consumer Disc.	Info. Technology	Real Estate	Consumer Staples	Energy	Utilities	S&P 500	Industrials	Health Care	Materials	Financials	Telecom Services
Fwd P/E	21.3	18.9	17.5	17.4	17.3	16.6	16.5	16.3	15.6	15.4	12.5	10.1
5-Yr Avg.	18.3	16.2		18.9	28.2	16.4	16.2	16.4	16.0	16.0	13.1	13.0
10-Yr Avg.	16.9	14.5		16.5	19.7	14.5	14.4	14.8	13.8	15.0	12.5	14.0

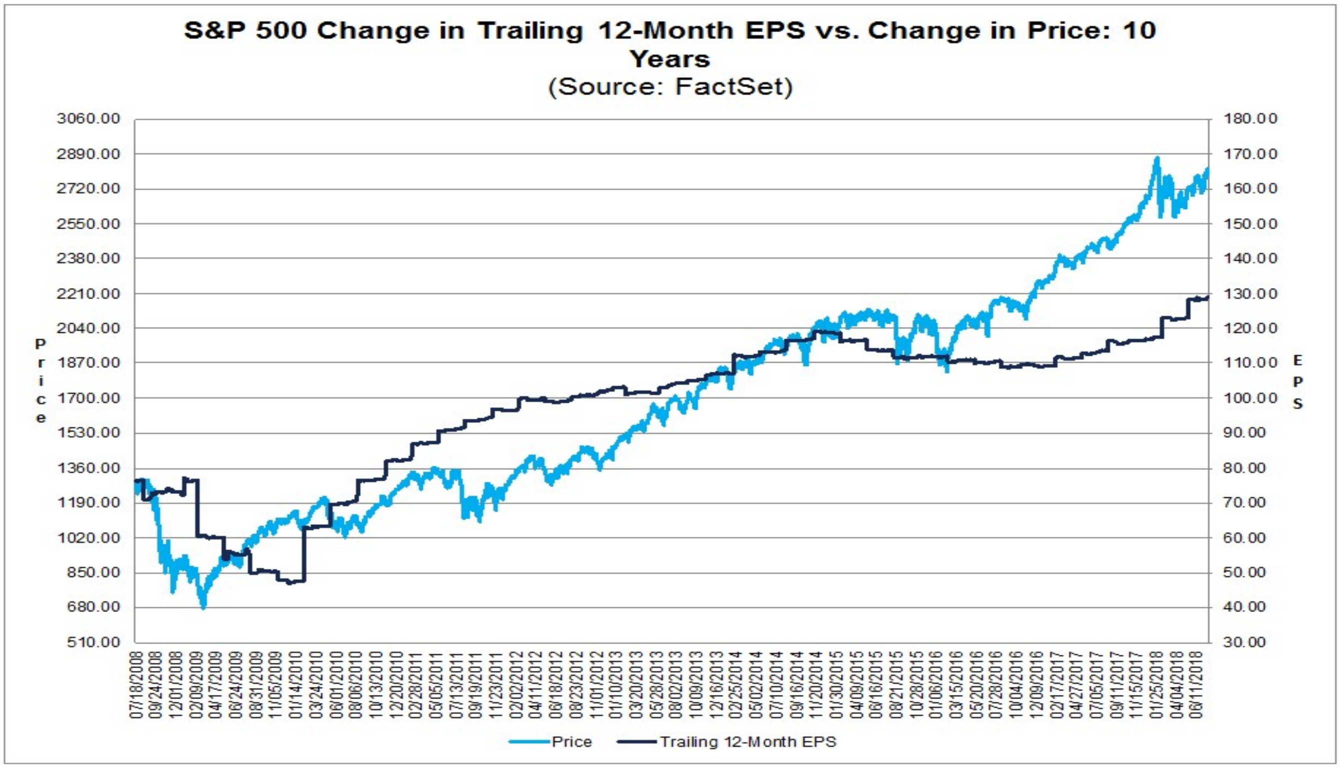


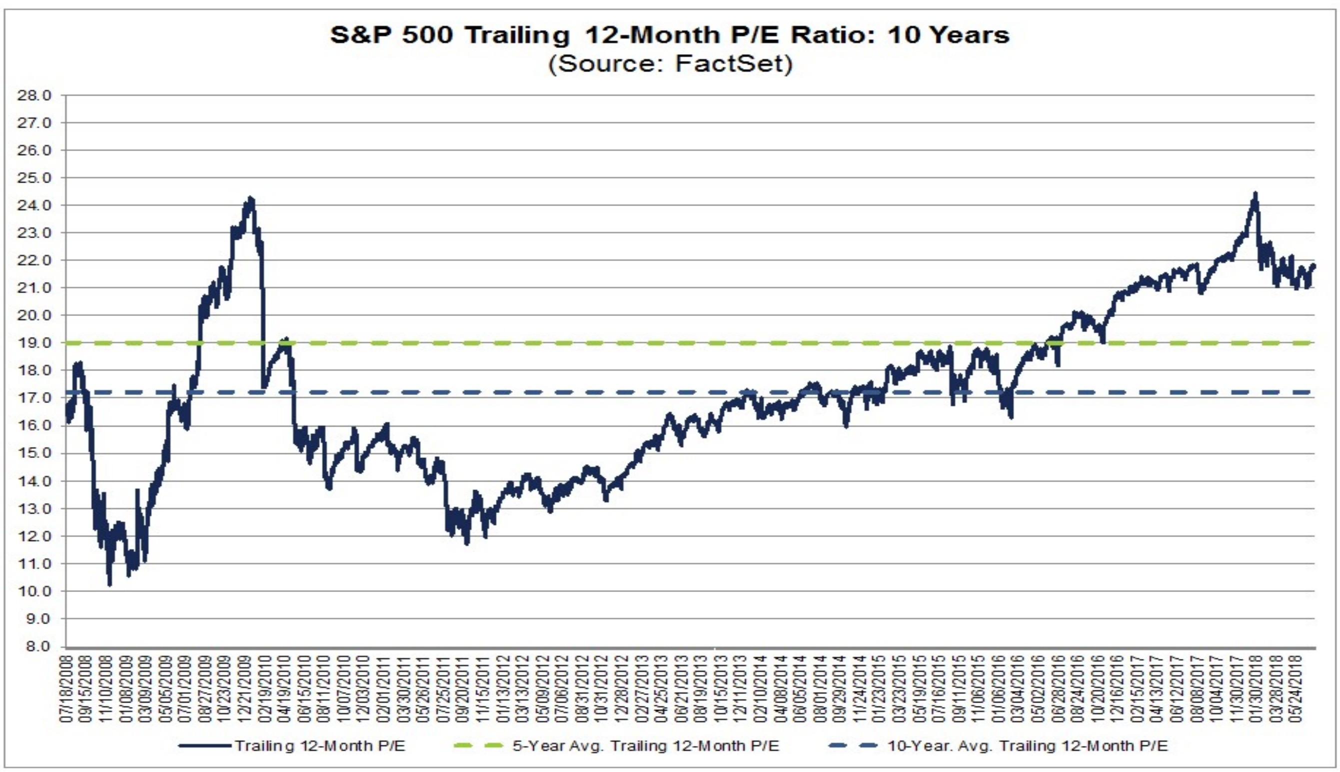
Forward 12M P/E Ratio: Long-Term Averages



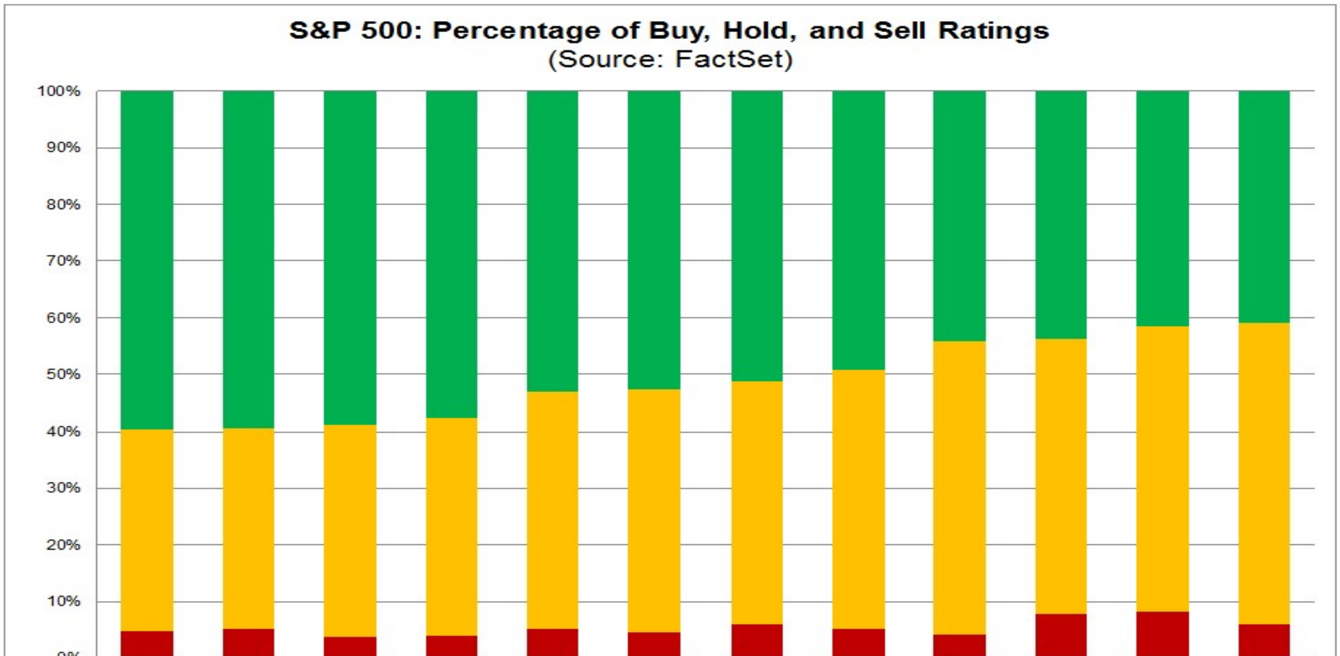


Trailing 12M P/E Ratio: Long-Term Averages

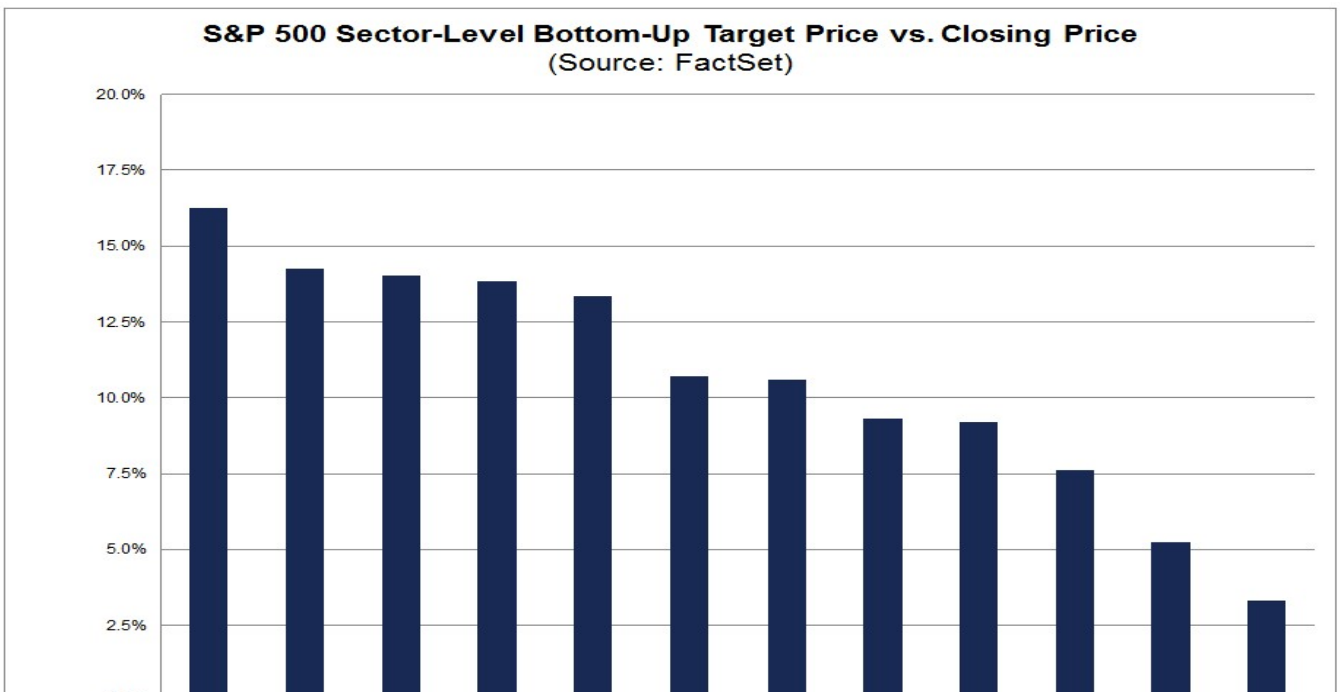




Targets & Ratings



	Energy	Info. Tech.	Health Care	Materials	S&P 500	Industrials	Consumer Disc.	Financials	Real Estate	Consumer Staples	Utilities	Telecom Services
Buy	60%	59%	59%	58%	53%	53%	51%	49%	44%	44%	41%	41%
Hold	36%	35%	38%	38%	42%	43%	43%	45%	52%	48%	50%	53%
Sell	5%	5%	4%	4%	5%	5%	6%	5%	4%	8%	8%	6%



	Materials	Energy	Financials	Telecom Services	Industrials	S&P 500	Health Care	Consumer Disc.	Info. Tech.	Consumer Staples	Real Estate	Utilities
Target/Close	16.3%	14.3%	14.0%	13.8%	13.4%	10.7%	10.6%	9.3%	9.2%	7.6%	5.3%	3.3%

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