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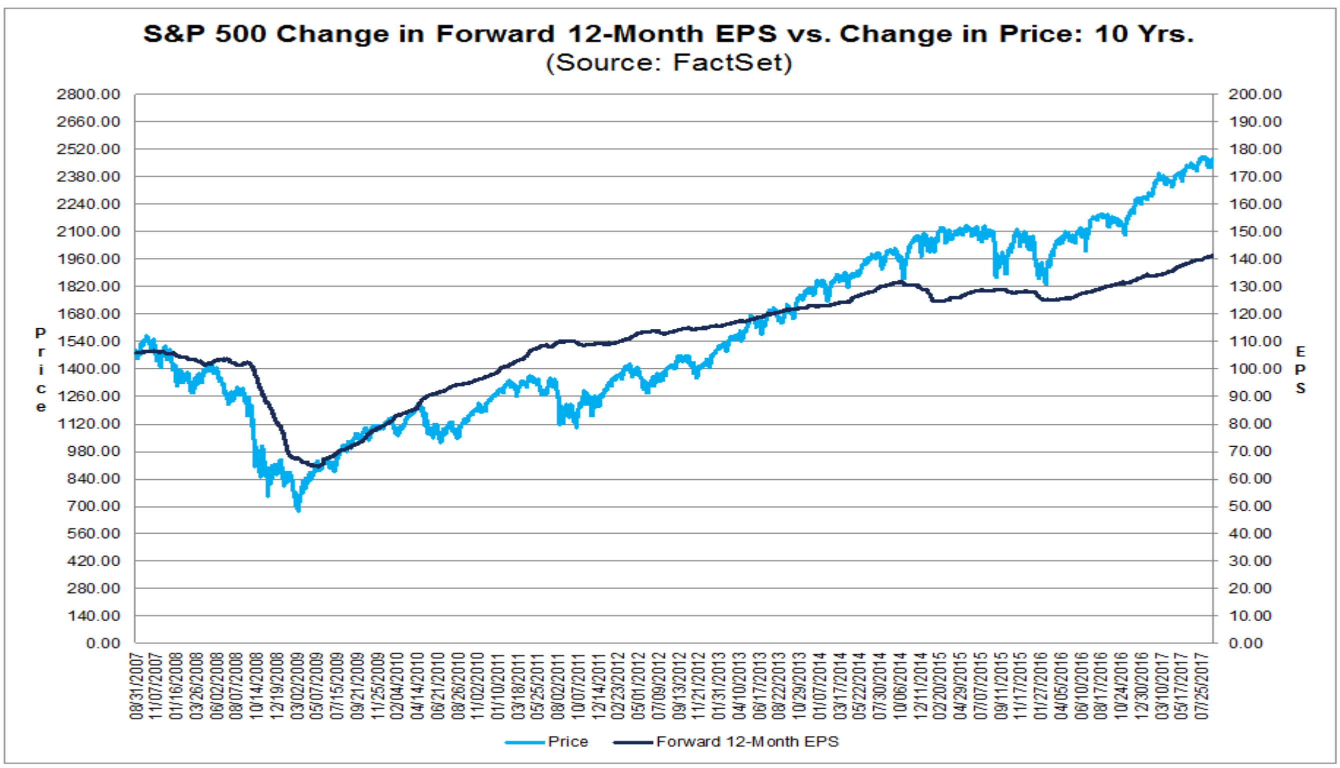
Key Metrics

- **Earnings Scorecard:** As of today (with 99.6% of the companies in the S&P 500 reporting actual results for Q2 2017), 73% of S&P 500 companies have reported positive EPS surprises and 70% have reported positive sales surprises.
- **Earnings Growth:** For Q2 2017, the blended earnings growth rate for the S&P 500 is 10.3%. Ten sectors are reporting or have reported earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On June 30, the estimated earnings growth rate for Q2 2017 was 6.4%. Ten sectors have higher growth rates today (compared to June 30) due to upside earnings surprises.
- **Earnings Guidance:** For Q3 2017, 71 S&P 500 companies have issued negative EPS guidance and 44 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.5. This P/E ratio is above the 5-year average (15.5) and above the 10-year average (14.1).



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Topic of the Week: 1

More DJIA Companies Reported Higher GAAP EPS than Non-GAAP EPS Growth for Q2

While all publicly traded U.S companies report EPS on a GAAP (generally accepted accounting principles) basis, many U.S. companies also choose to report EPS on a non-GAAP basis. There are mixed opinions in the market about the use of non-GAAP EPS. Supporters of the practice argue that it provides the market with a more accurate picture of earnings from the day-to-day operations of companies, as items that companies deem to be one-time events or non-operating in nature are typically excluded from the non-GAAP EPS numbers. Critics of the practice argue that there is no industry-standard definition of non-GAAP EPS, and companies can take advantage of the lack of standards to exclude items that (more often than not) have a negative impact on earnings to boost non-GAAP EPS.

As of today, all of the companies in the Dow Jones Industrial Average (DJIA) have reported actual EPS for Q2 2017. What percentage of these companies reported non-GAAP EPS for Q2 2017? What was the difference between non-GAAP EPS and GAAP EPS for companies in the DJIA for Q2 2017?

For Q2 2017, 21 of the 30 companies in the DJIA (or 70%) reported non-GAAP EPS in addition to GAAP EPS for the quarter. Of these 21 companies, 17 reported non-GAAP EPS that was higher than GAAP EPS. The average difference between non-GAAP EPS and GAAP EPS for all 21 companies was 20.0%, while the median difference between non-GAAP EPS and GAAP EPS for all 21 companies was 18.1%.

For Q2 2016, 21 of the 30 companies in the DJIA (or 70%) also reported non-GAAP EPS in addition to GAAP EPS for the quarter. Of these 21 companies, 17 also reported non-GAAP EPS that was higher than GAAP EPS. The average difference between non-GAAP EPS and GAAP EPS for all 21 companies was 66.4%, while the median difference between non-GAAP EPS and GAAP EPS for all 21 companies was 13.0%.

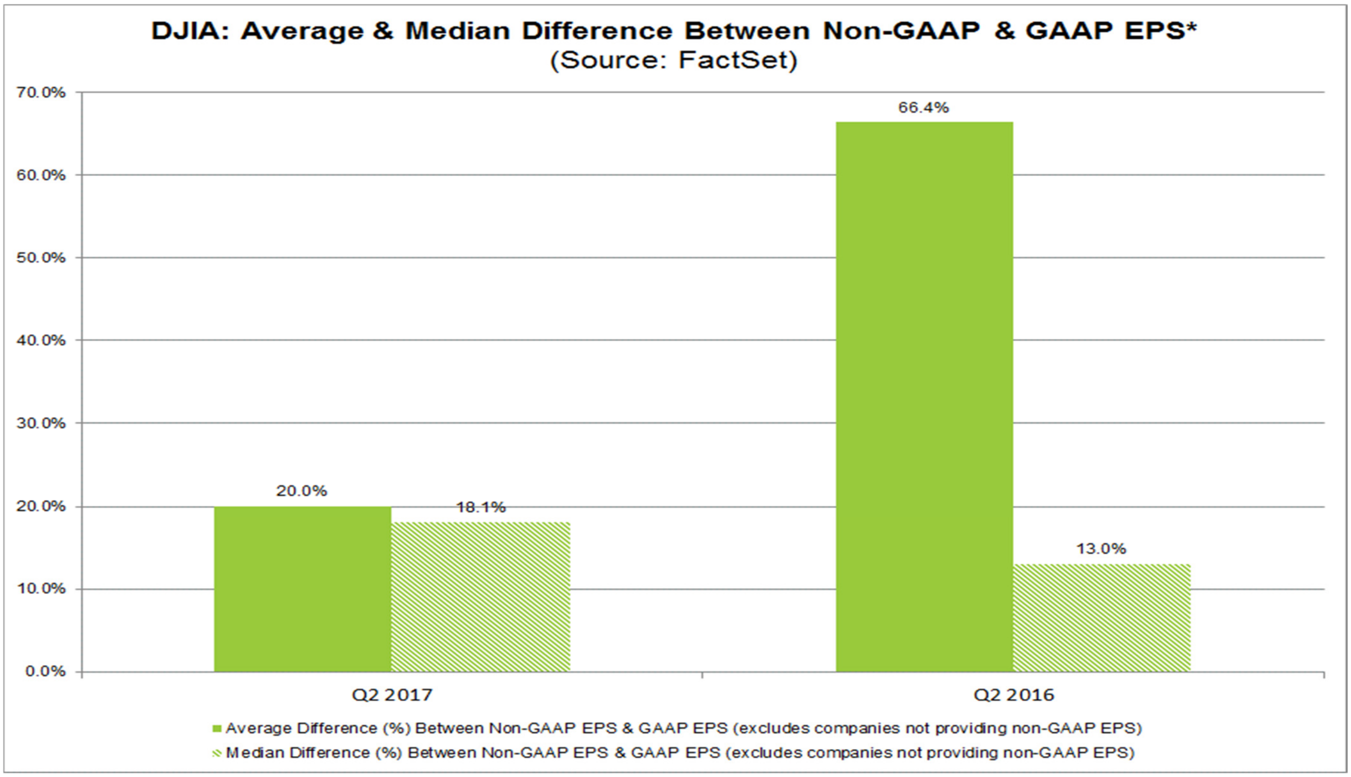
Due in part to the smaller gap (on average) between non-GAAP EPS and GAAP EPS in Q2 2017 relative to Q2 2016, companies in the DJIA reported higher average and median year-over-year growth in GAAP EPS compared to non-GAAP EPS for Q2 2017. For the 21 companies in the DJIA that reported non-GAAP EPS for Q2 2017, the average non-GAAP EPS growth rate was 45.3%, while the median non-GAAP EPS growth rate was 5.2%. For these same 21 companies, the average GAAP EPS growth rate for Q2 2017 was 89.9%, while the median GAAP EPS growth rate for Q2 2017 was 15.5%.

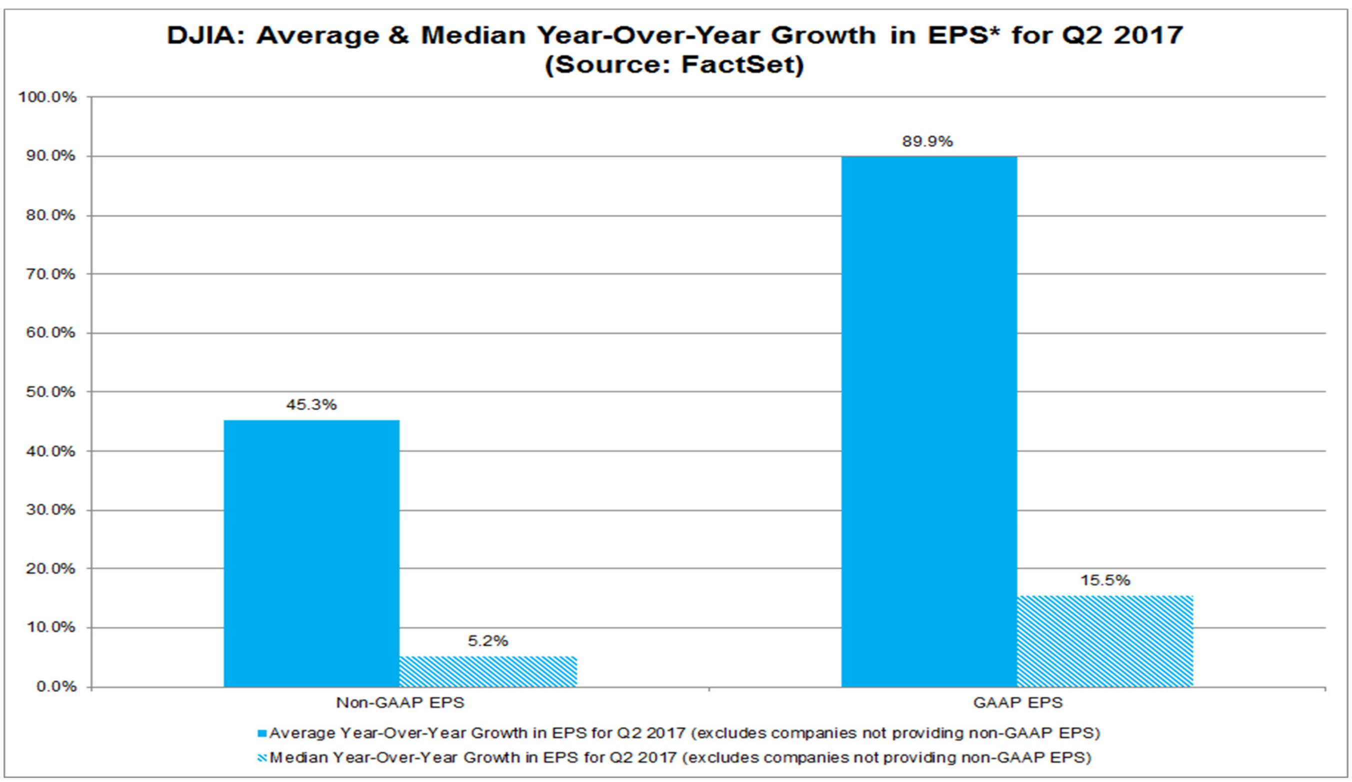
Thirteen of these 21 companies reported higher GAAP EPS growth than non-GAAP EPS growth for Q2 2017, including Verizon, Microsoft, and Intel. On a non-GAAP basis, Verizon reported EPS growth of 2% ($0.96 vs. $0.94) for Q2 2017. On a GAAP basis, Verizon reported EPS growth of 529% ($1.07 vs. $0.17). On a non-GAAP basis, Microsoft reported EPS growth of 42% ($0.98 vs. $0.69) for Q2 2017. On a GAAP basis, Microsoft, reported EPS growth of 113% ($0.83 vs. $0.39). On a non-GAAP basis, Intel reported EPS growth of 22% ($0.72 vs. $0.59) for Q2 2017. On a GAAP basis, Intel reported EPS growth of 115% ($0.58 vs. $0.27).

DJIA: Top 5 Highest % Difference Between Non-GAAP EPS & GAAP EPS* for Q2 2017

Company	Ticker	Non-GAAP EPS	GAAP EPS	Difference (%)
General Electric Company	GE	0.28	0.15	86.7%
Coca-Cola Company	KO	0.59	0.32	84.4%
DuPont	DD	1.38	0.97	42.3%
Merck & Co., Inc.	MRK	1.01	0.71	42.3%
Pfizer Inc.	PFE	0.67	0.51	31.4%

*Non-GAAP EPS and GAAP EPS from continuing operations were used when provided





*Non-GAAP EPS and GAAP EPS from continuing operations were used when provided

Topic of the Week: 2

Below Average Cuts to Q3 EPS Estimates for S&P 500 Companies To Date

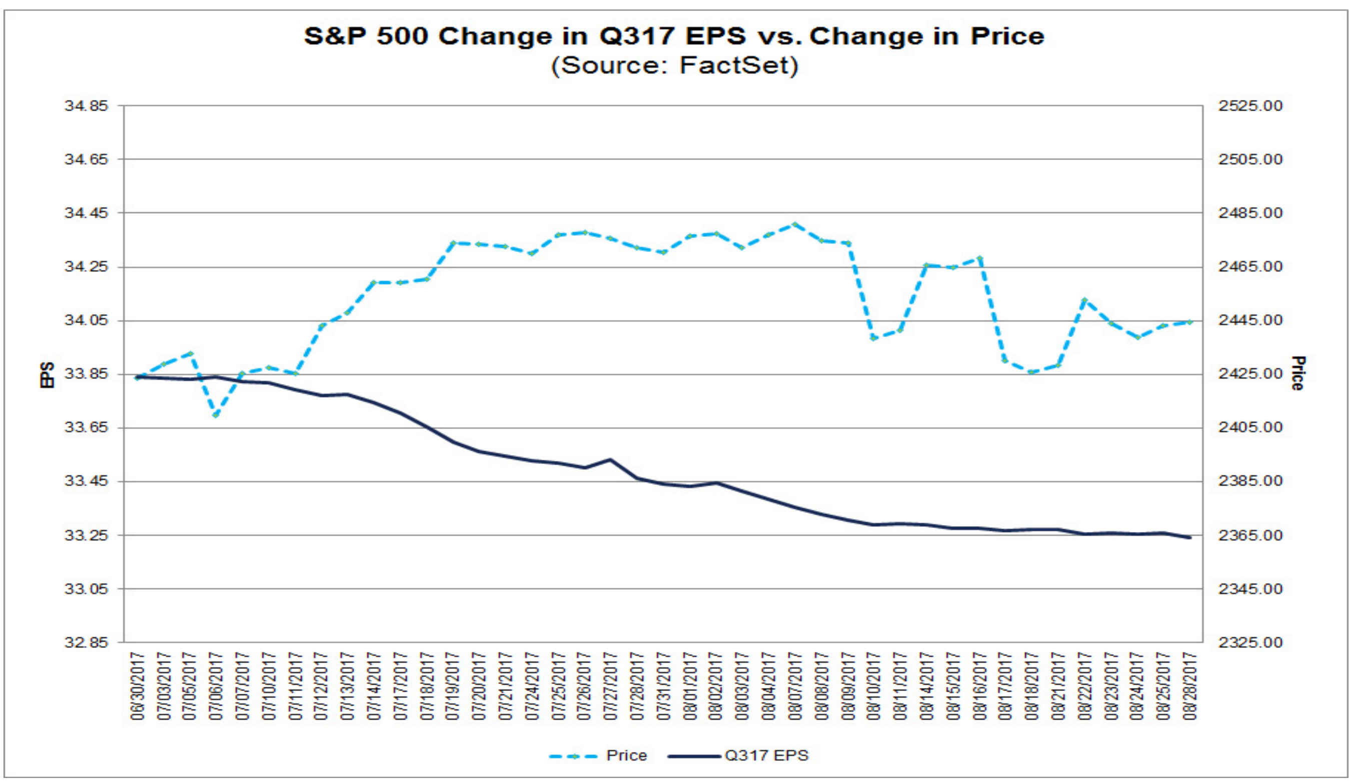
During the first two months of the quarter, analysts lowered earnings estimates for companies in the S&P 500 for the third quarter. The Q3 bottom-up EPS estimate (which is an aggregation of the EPS estimates for all the companies in the index) dropped by 1.7% (to $33.26 from $33.84) during this period. How significant is a 1.7% decline in the bottom-up EPS estimate during the first two months of a quarter? How does this decrease compare to recent quarters?

During the past year (4 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.5%. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.5%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 4.3%. Thus, the decline in the bottom-up EPS estimate recorded during the first two months of the third quarter was smaller than the 1-year, 5-year, and 10-year averages.

The third quarter marked a tie with Q2 2017 (-1.7%) for the quarter with the smallest decline in the bottom-up EPS estimate for the first two months of a quarter since Q2 2014 (-1.0%).

At the sector level, ten of the eleven sectors recorded a decline in their bottom-up EPS estimate during the first two months of the quarter. However, the Energy sector was the only sector that witnessed a decline in the bottom-up EPS estimate during this time that exceeded both the 5-year average and the 10-year average for the first two months of the quarter. This sector recorded a decrease in the bottom-up EPS estimate of 18.6% (to $3.51 from $4.31) during the months of July and August. The 5-year average decline for this sector for the first two months of the quarter is -11.7%, while the 10-year average decline for this sector for the same period is -7.0%.

As the bottom-up EPS estimate for the index declined during the first two months of the quarter, the value of the S&P 500 increased during this same period. From June 30 through August 31, the value of the index increased by 2.0% (to 2471.65 from 2423.41). This quarter marked the 17th time in the past 20 quarters in which the bottom-up EPS estimate decreased during the first two months of the quarter while the value of the index increased over this same period.



Q2 2017 Earnings Season: By the Numbers

Overview

To date, 99.6% of the companies in the S&P 500 have reported actual results for Q2 2017. In terms of earnings, more companies (73%) reported actual EPS above estimates relative to the 5-year average. In aggregate, companies reported earnings that exceeded estimates by 5.8%, which was also above the 5-year average. In terms of sales, more companies (70%) reported actual sales above estimates relative to the 5-year average. In aggregate, companies reported sales that exceeded by 0.7%, 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 second quarter is 10.3% today, which is equal to the earnings growth rate of 10.3% last week. Overall, ten sectors are reporting or have reported year-over-year earnings growth, led by the Energy, Information Technology, Utilities, and Financials sectors. On the other hand, the Consumer Discretionary sector reported flat (0.0%) year-over-year earnings for the quarter.

The blended sales growth rate for the second quarter is 5.2% today, which is equal to the sales growth rate of 5.2% last week. Overall, ten sectors are reporting or have reported year-over-year growth in revenues, led by the Energy sector. The Telecom Services sector was the only sector that reported a year-over-year decline in revenues.

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

For Q3 2017, 71 S&P 500 companies have issued negative EPS guidance and 44 S&P 500 companies have issued positive EPS guidance.

The forward 12-month P/E ratio is 17.5, which is above the 5-year average and the 10-year average.

Scorecard: More Companies Beat EPS and Revenue Estimates than Average

Percentage of Companies That Beat EPS Estimates (73%) Above 5-Year Average

Overall, 99.6% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 73% reported actual EPS above the mean EPS estimate, 9% reported actual EPS equal to the mean EPS estimate, and 18% reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate was above the 1-year (70%) average and above the 5-year (68%) average.

At the sector level, the Information Technology (85%) and Health Care (80%) sectors had the highest percentages of companies reporting earnings above estimates, while the Telecom Services (50%), Energy (59%) and Consumer Staples (61%) sectors had the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+5.8%) Above 5-Year Average

In aggregate, companies reported earnings that exceeded expectations by 5.8%. This surprise percentage was above the 1-year (+4.7%) average and above the 5-year (+4.2%) average.

The Utilities (+11.6%) and Information Technology (+10.4%) sectors reported the largest upside aggregate differences between actual earnings and estimated earnings, while the Energy (+0.6%) sector reported the smallest upside aggregate difference between actual earnings and estimated earnings.

Market Punished Earnings Beats and Misses

The market rewarded positive earnings surprises much less than average and punishing negative earnings surprises more than average during the Q2 earnings season.

Companies that reported upside earnings surprises for Q2 2017 saw an average price decrease of -0.3% two days before the earnings release through two days after the earnings. This percentage decrease is well below the 5-year average price increase of +1.4% during this same window for companies reporting upside earnings surprises.

Companies that reported downside earnings surprises for Q2 2017 saw an average price decrease of -3.3% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.4% during this same window for companies reporting downside earnings surprises.

Percentage of Companies That Beat Revenue Estimates (70%) Above 5-Year Average

In terms of revenues, 70% of companies reported actual sales above estimated sales and 30% reported actual sales below estimated sales. The percentage of companies reporting sales above estimates was well above the 1-year average (56%) and well above the 5-year average (53%).

The second quarter marked the highest percentage of S&P 500 companies reporting sales above the mean estimate for a quarter since Q4 2011 (72%).

At the sector level, the Telecom Services (100%), Information Technology (84%), and Materials (80%) sectors had the highest percentages of companies reporting revenues above estimates, while the Utilities (46%) sector had the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.7%) Above 5-Year Average

In aggregate, companies reported sales that exceeded expectations by 0.7%. This surprise percentage was above the 1-year (+0.5%) average and above the 5-year (+0.5%) average.

The Financials (+1.7%), Information Technology (+1.4%), and Energy (+1.4%) sectors reported the largest upside aggregate differences between actual sales and estimated sales, while the Utilities (-0.1%) sector reported the largest downside aggregate difference between actual sales and estimated sales.

No Change in Blended Earnings Growth or Revenue Growth This Week

No Change in Blended Earnings Growth This Week

The blended earnings growth rate for the S&P 500 for the second quarter is 10.3% today, which is equal to the earnings growth rate of 10.3% last week.

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

The blended earnings growth rate for Q2 2017 of 10.3% is higher than the estimate of 6.4% at the end of the second quarter (June 30). Ten sectors recorded an increase in earnings growth relative to the end of the quarter due to upside earnings surprises, led by the Utilities (to 10.8% from -0.1%) sector. The only sector that recorded a decrease in earnings growth during this time due to downward revisions to estimates and downside earnings surprises is the Energy (to 329.9% from 388.3%) sector.

No Change in Blended Revenue Growth This Week

The blended sales growth rate for the S&P 500 for the second quarter is 5.2% today, which is equal to the sales growth rate of 5.2% last week.

Financials Sector Has Seen Largest Increase in Revenue Growth since June 30

The blended revenue growth rate for Q2 2017 of 5.2% is higher than the estimate of 4.9% at the end of the second quarter (June 30). Seven sectors recorded an increase in revenue growth relative to the end of the quarter due to upside revenue surprises, led by the Financials (to 4.8% from 2.7%) sector. Four sectors recorded a decrease in revenue growth during this time frame due to downward revisions to estimates and downside revenue surprises, led by the Energy (to 15.5% from 17.5%) sector.

Earnings Growth: 10.3%

The blended (year-over-year) earnings growth rate for Q2 2017 is 10.3%. The second quarter marked the second highest (year-over-year) earnings growth for the index since Q4 2011 (11.6%). It also marked the first time the index has seen two consecutive quarters of (year-over-year) double-digit earnings growth since Q3 2011 (16.7%) and Q4 2011 (11.6%).

Ten sectors are reporting or have reported year-over-year growth in earnings, led by the Energy, Information Technology, Utilities, and Financials sectors. On the other hand, the Consumer Discretionary sector reported flat (0.0%) year-over-year earnings for the quarter.

The Energy, Information Technology, and Financials sectors were also the largest contributors to earnings growth for the index for the second quarter. These three sectors accounted for 70% of the year-over-year growth in earnings reported by the index for the quarter.

Energy: Highest Earnings Growth

The Energy sector reported the highest (year-over-year) earnings growth of all eleven sectors at 329.9%. The unusually high growth rate for the sector was mainly due to unusually low earnings in the year-ago quarter. On a dollar-level basis, the Energy sector reported earnings of $8.2 billion in Q2 2017, compared to earnings of 1.9 billion in Q2 2016. If this sector were excluded, the blended earnings growth rate for the remaining ten sectors would fall to 8.0% from 10.3%

At the sub-industry level, four of the six sub-industries in the sector reported earnings growth: Oil & Gas Exploration & Production (N/A due to year-ago loss), Oil & Gas Equipment & Services (N/A due to year-ago loss), Integrated Oil & Gas (133%), and Oil & Gas Refining & Marketing (9%). On the other hand, the Oil & Gas Drilling (-340%) and Oil & Gas Storage & Transportation (-2%) sub-industries reported year-over-year declines in earnings.

Information Technology: Semiconductor Industry Lead Growth

The Information Technology sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 15.1%. At the industry level, five of the seven industries in this sector are reporting or have reported earnings growth. Four of these five industries are reporting or have reported double-digit earnings growth: Semiconductor & Semiconductor Equipment (48%), Software (26%), IT Services (12%) and Technology, Hardware, Storage, & Peripherals (10%). The Semiconductor & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Information Technology sector would fall to 8.5% from 15.1%. At the company level, Microsoft and Micron Technology are the largest contributors to earnings growth for the sector.

Utilities: NRG Energy Led Growth

The Utilities sector reported the third highest (year-over-year) earnings growth of all eleven sectors at 10.8%. At the company level, NRG Energy was the largest contributor to earnings growth for the sector. If this company were excluded, the earnings growth rate for the sector would fall to 5.6% from 10.8%.

Financials: Insurance Industry Led Growth

The Financials sector reported the fourth highest (year-over-year) earnings growth of all eleven sectors at 10.3%. At the industry level, four of the five industries in this sector reported earnings growth. Three of these four industries reported double-digit earnings growth: Insurance (23%), Capital Markets (12%), and Banks (11%).

Consumer Discretionary: Amazon Largest Detractor to Earnings Growth

The Consumer Discretionary sector reported flat (0.0%) year-over-year earnings for the quarter. At the industry level, seven of the twelve industries in this sector reported a decline in earnings, led by the Leisure Products (-59%) and Internet & Direct Marketing Retail (-33%) industries. At the company level, Amazon.com was the largest detractor to earnings growth for the sector. The company reported EPS of $0.40 for Q2 2017, compared to EPS of $1.78 in the year-ago quarter. If Amazon.com were excluded, the blended earnings growth rate for this sector would improve to 2.1% from 0.0%.

Revenue Growth: 5.2%

The blended (year-over-year) revenue growth rate for Q2 2017 is 5.2%. Ten sectors are reporting or have reported year-over-year growth in revenues, led by the Energy sector. The only sector that reported a decline in revenues was the Telecom Services sector.

Energy: Highest Revenue Growth

The Energy sector reported the highest (year-over-year) revenue growth of all eleven sectors at 15.5%. At the sub-industry level, five of the six sub-industries in the sector reported revenue growth: Oil & Gas Exploration & Production (29%), Oil & Gas Equipment & Services (25%), Oil & Gas Storage & Transportation (14%), Oil & Gas Refining & Marketing (13%), and Integrated Oil & Gas (12%). On the other hand, the Oil & Gas Drilling (-5%) sub-industry was the only sub-industry that reported a year-over-year decline in earnings.

This sector was also the largest contributor to revenue growth for the S&P 500. If the Energy sector were excluded, the blended revenue growth rate for the index would fall to 4.4% from 5.2%.

Telecom Services: 2 of 4 Companies Reported Sales Decline

The Telecom Services sector was the only sector that reported a (year-over-year) decline in revenues at -1.3%. Overall, two of the four companies in the sector reported a decline in sales for the quarter, led by CenturyLink (-7%).

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Fewer Companies Issuing Negative EPS Guidance for Q3 than 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, 115 companies in the index have issued EPS guidance for Q3 2017. Of these 115 companies, 71 have issued negative EPS guidance and 44 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 62% (71 out of 115), which is below the 5-year average of 75%.

In the Health Care sector, more companies have issued positive EPS guidance (11) than negative EPS guidance (9) to date for the third quarter.

Growth Expected to Continue for Remainder of 2017

For the second quarter, companies reported earnings growth of 10.3% and revenue growth rate of 5.2%. Analysts currently expect earnings and revenue growth to continue for the rest of 2017.

For Q3 2017, analysts are projecting earnings growth of 4.9% and revenue growth of 5.0%.

For Q4 2017, analysts are projecting earnings growth of 11.1% and revenue growth of 5.4%.

For all of 2017, analysts are projecting earnings growth of 9.4% and revenue growth of 5.5%.

Valuation: Forward P/E Ratio is 17.5, above the 10-Year Average (14.1)

The forward 12-month P/E ratio is 17.5. This P/E ratio is above the 5-year average of 15.5, and above the 10-year average of 14.1. It is equal to the forward 12-month P/E ratio of 17.5 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 2.0%, while the forward 12-month EPS estimate has increased by 1.4%.

At the sector level, the Energy (27.8) 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 Energy (27.8 vs. 18.7) sector. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (12.8 vs. 14.2). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

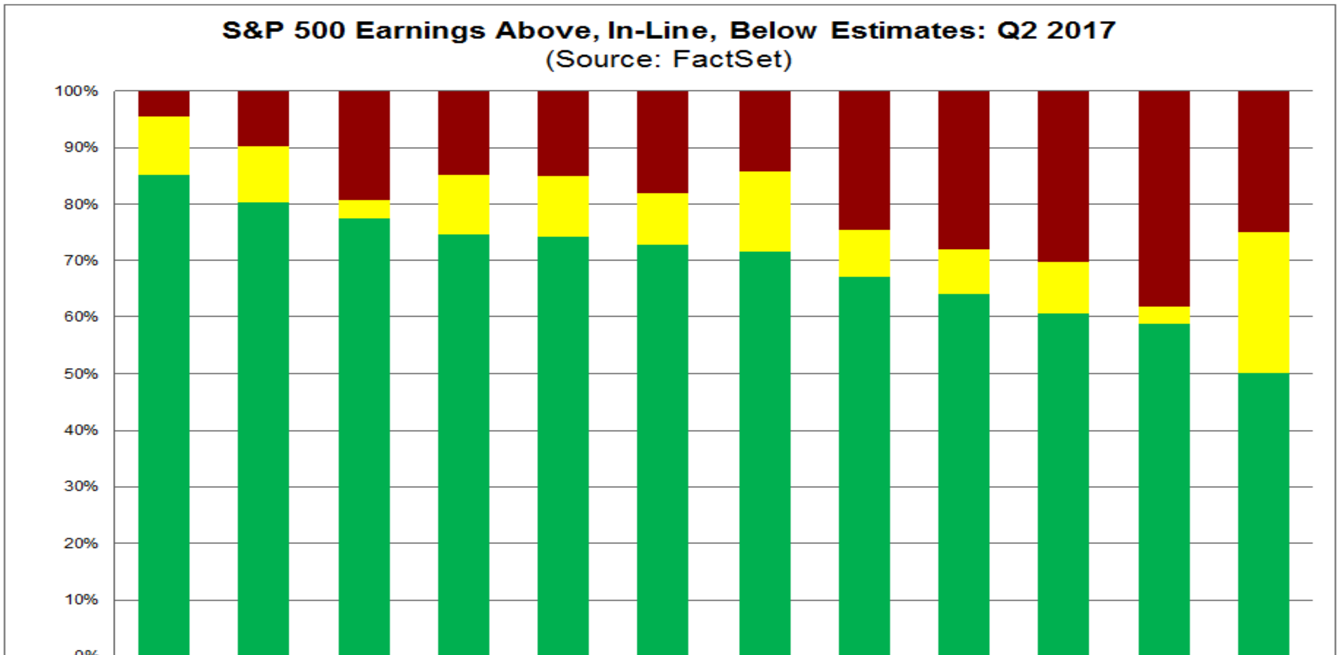
The bottom-up target price for the S&P 500 is 2712.35, which is 9.7% above the closing price of 2471.65. At the sector level, the Energy (+16.3%), Consumer Discretionary (+13.4%), and Information Technology (+10.6%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Utilities (+1.5%) sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 10,951 ratings on stocks in the S&P 500. Of these 10,951 ratings, 49.4% are Buy ratings, 45.4% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Information Technology (58%), Energy (57%), and Health Care (56%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (7%) and Telecom Services (7%) sectors have the highest percentages of Sell ratings.

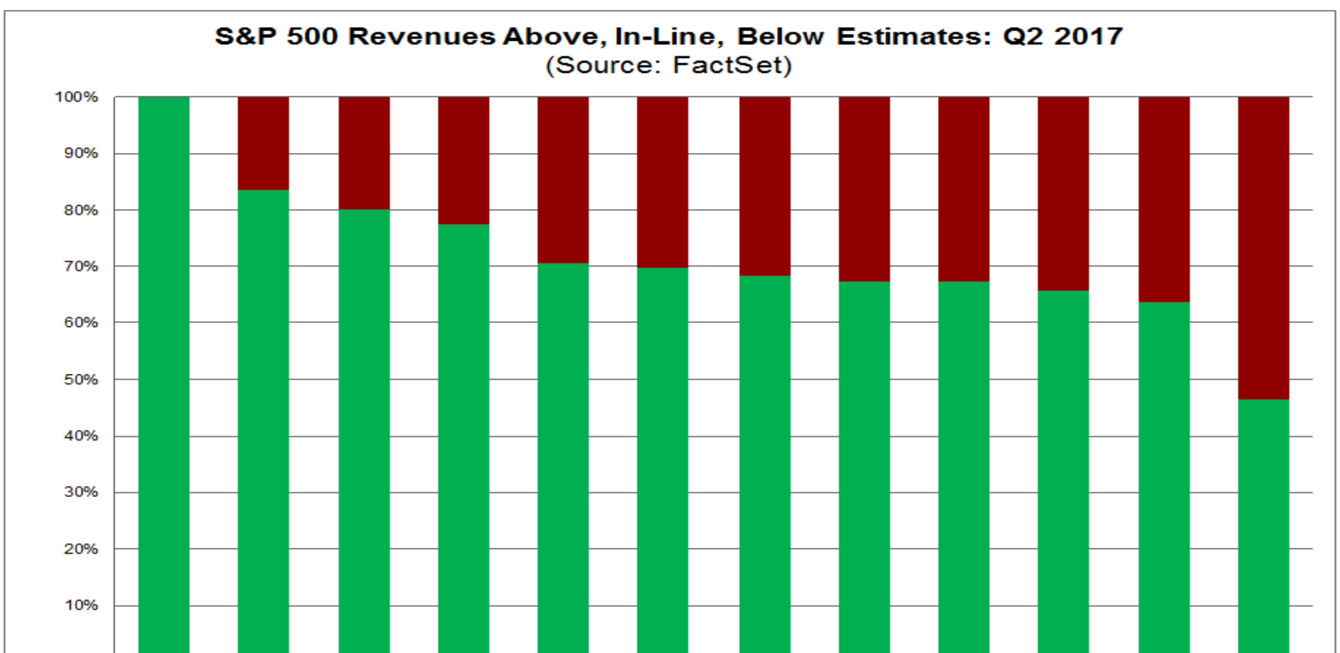
Companies Reporting Next Week: 2

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

Q2 2017: Scorecard

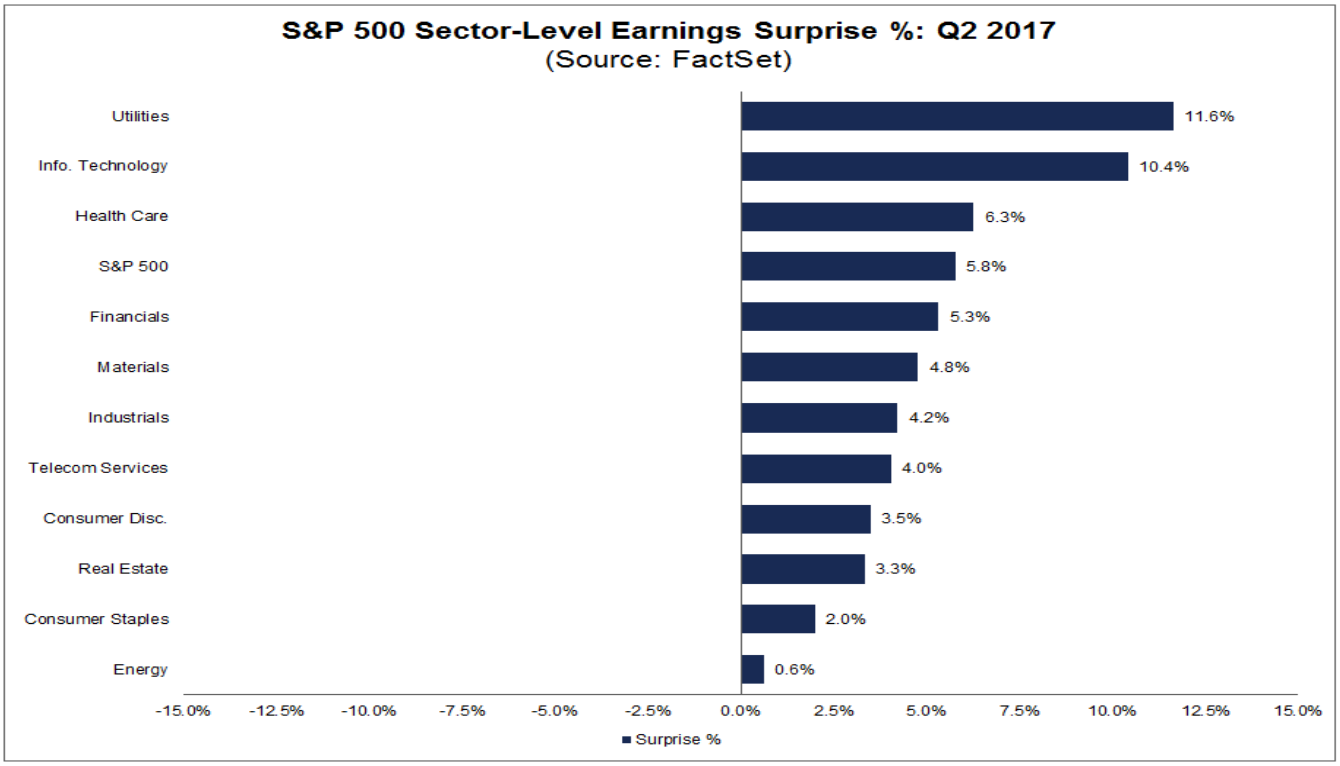


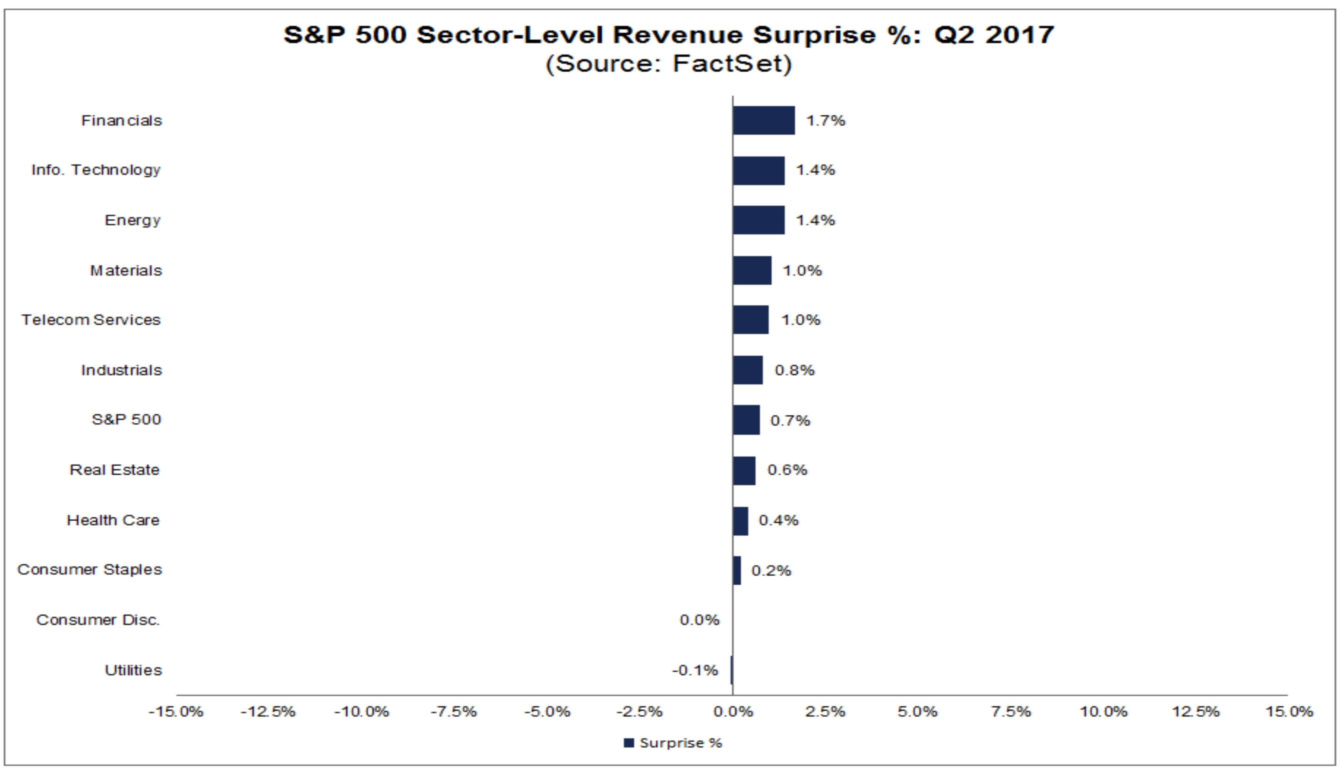
	Info. Technology	Health Care	Real Estate	Industrials	Financials	S&P 500	Utilities	Consumer Disc.	Materials	Consumer Staples	Energy	Telecom Services
Below	4%	10%	19%	15%	15%	18%	14%	25%	28%	30%	38%	25%
In-Line	10%	10%	3%	10%	11%	9%	14%	8%	8%	9%	3%	25%
Above	85%	80%	77%	75%	74%	73%	71%	67%	64%	61%	59%	50%



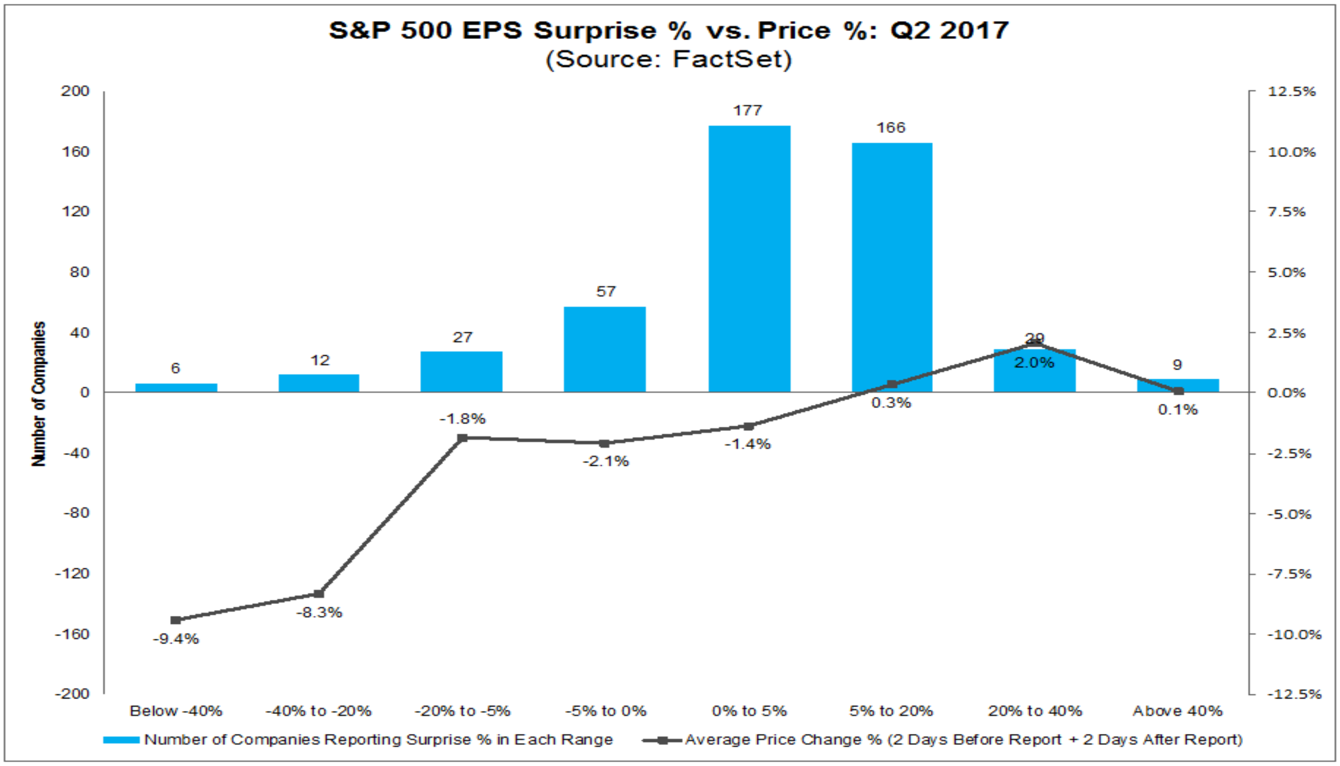
	Telecom Services	Info. Technology	Materials	Real Estate	Energy	S&P 500	Consumer Disc.	Health Care	Financials	Industrials	Consumer Staples	Utilities
Below	0%	16%	20%	23%	29%	30%	32%	33%	33%	34%	36%	54%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	84%	80%	77%	71%	70%	68%	67%	67%	66%	64%	46%

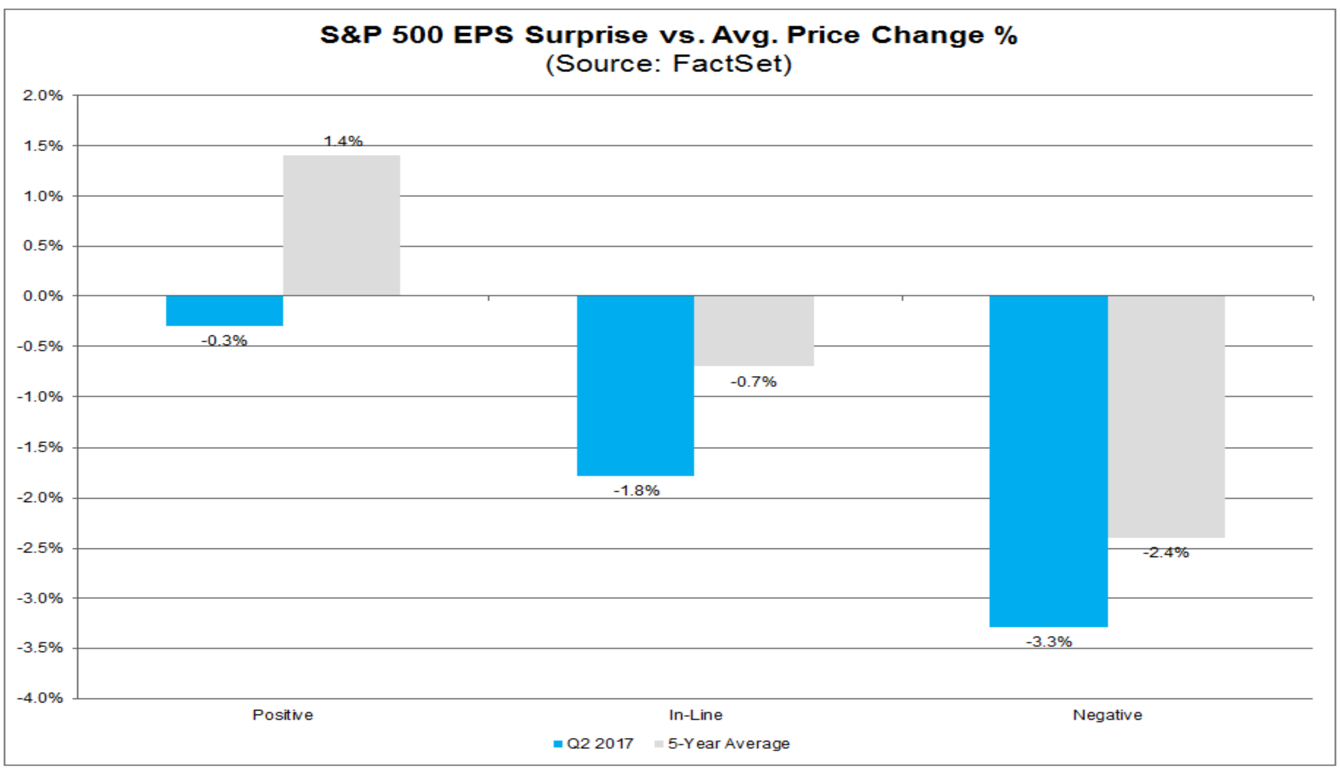
Q2 2017: Scorecard



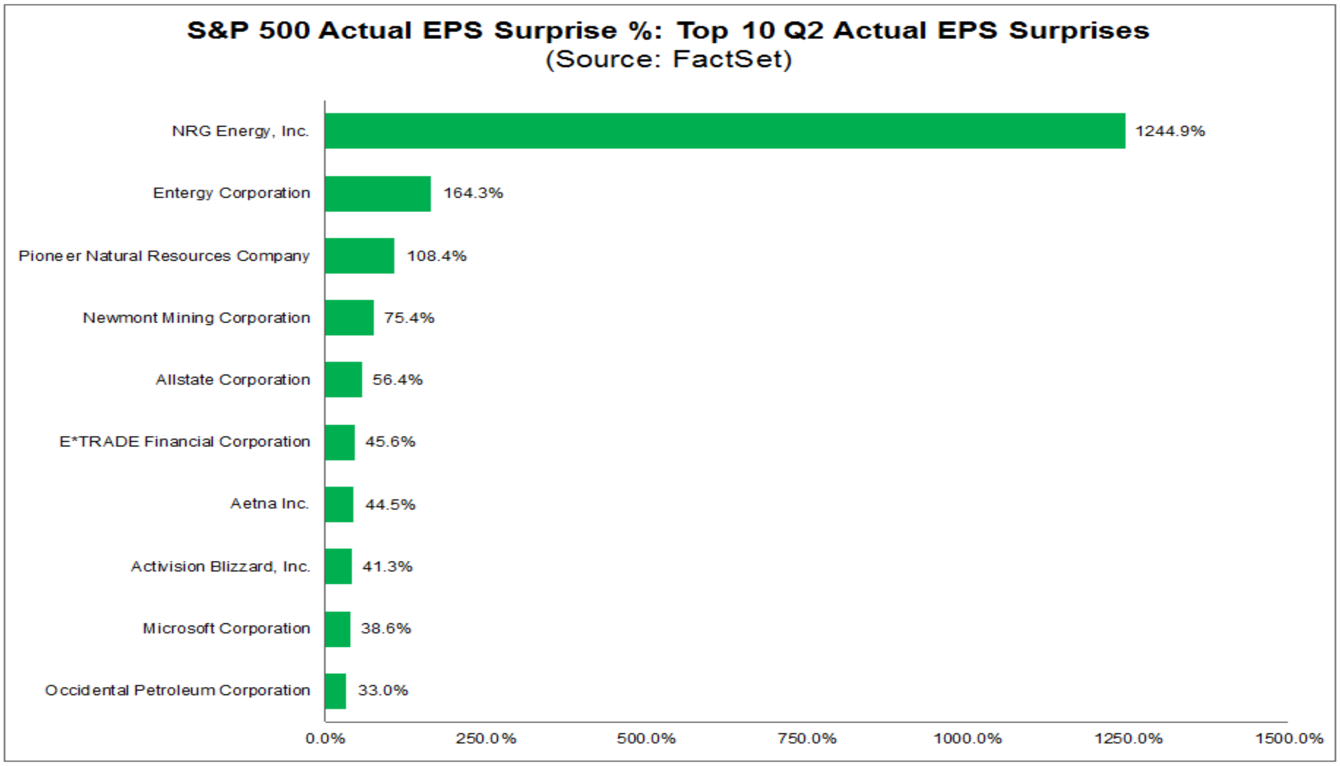


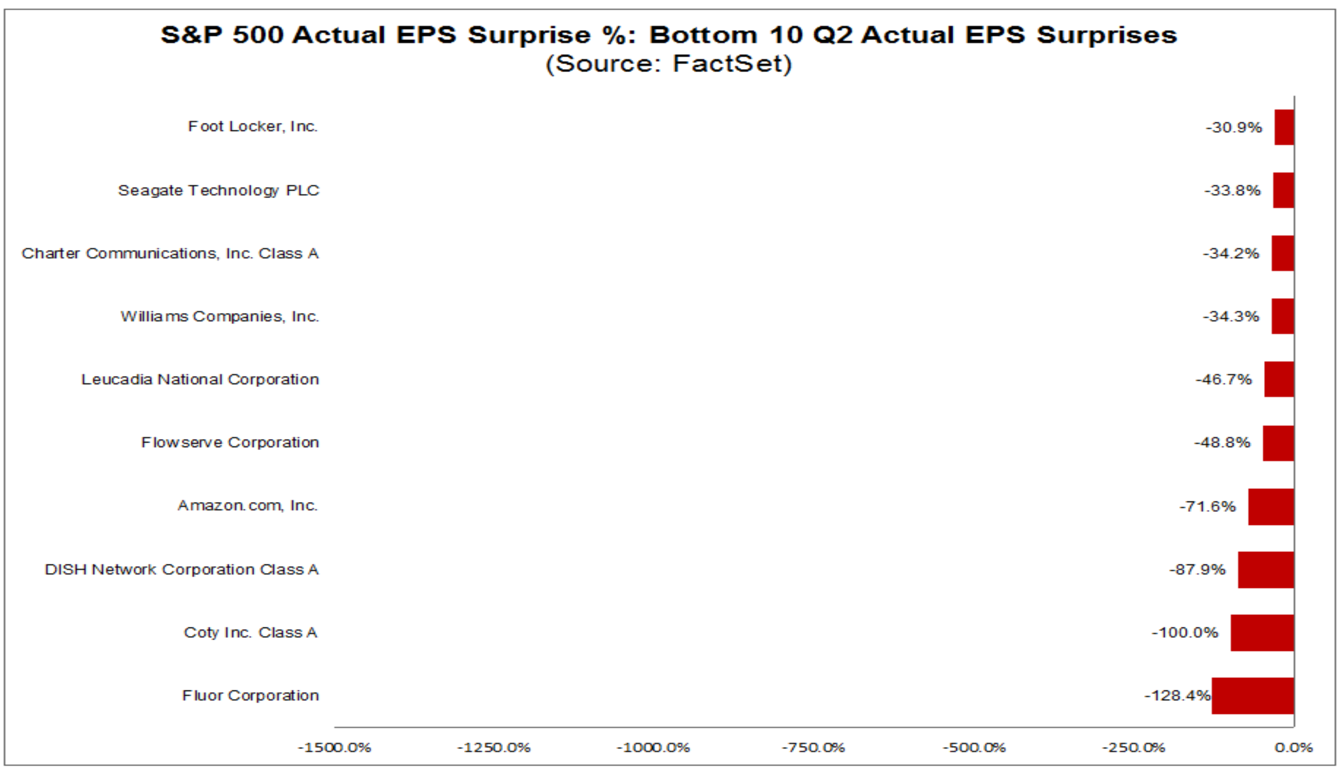
Q2 2017: Scorecard



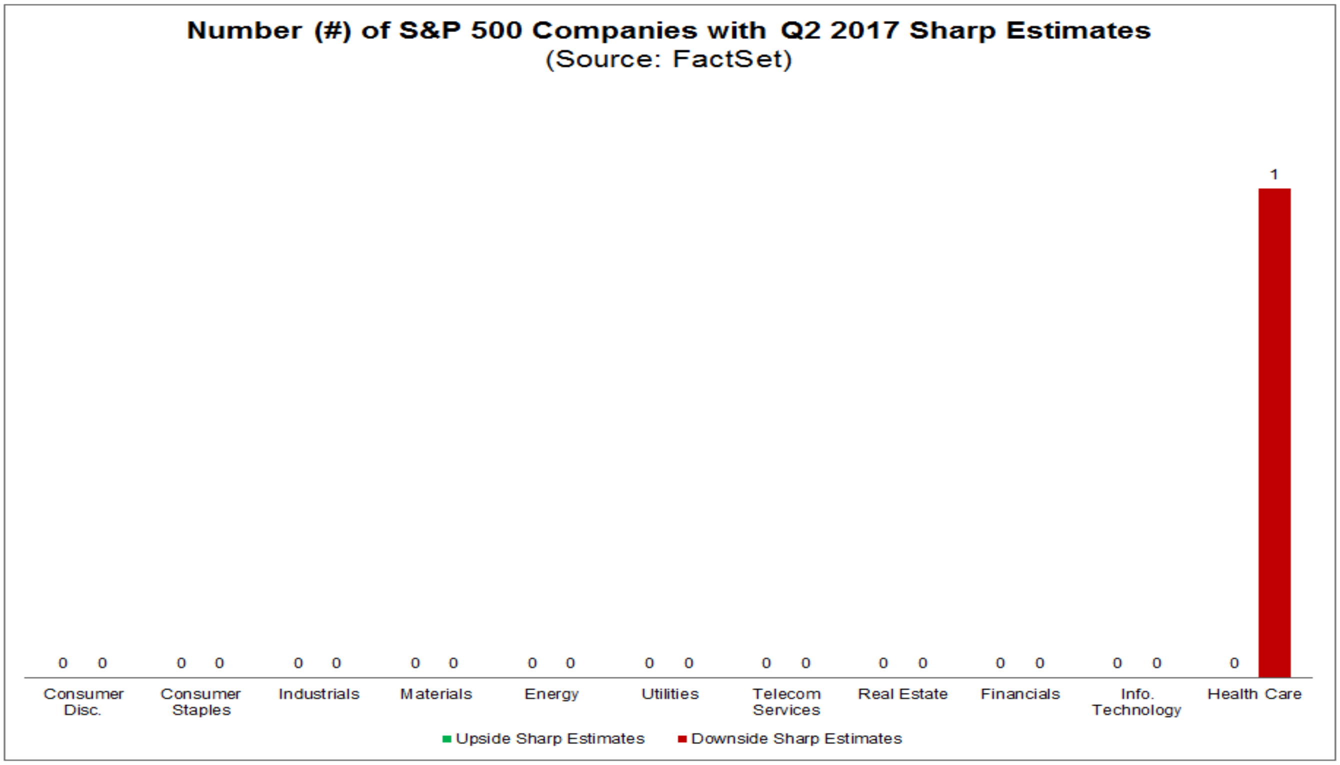


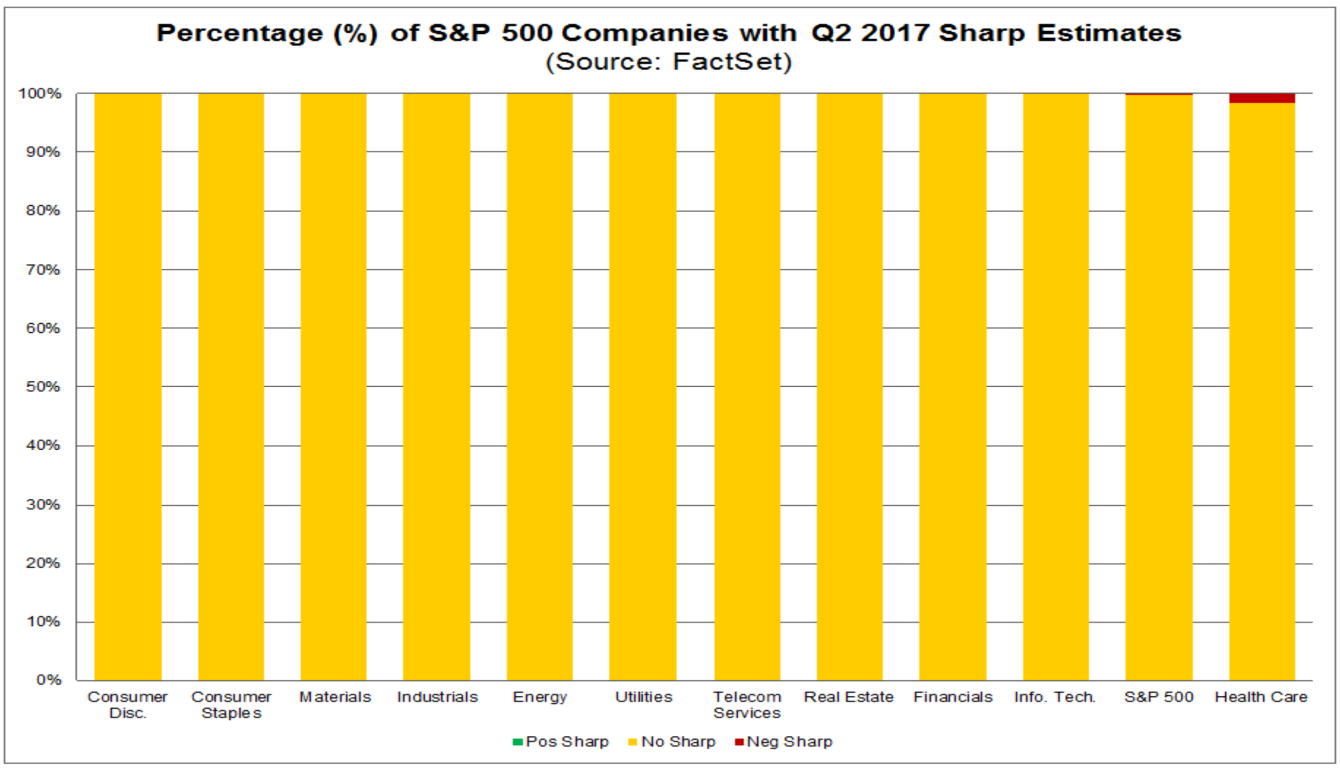
Q2 2017: Scorecard



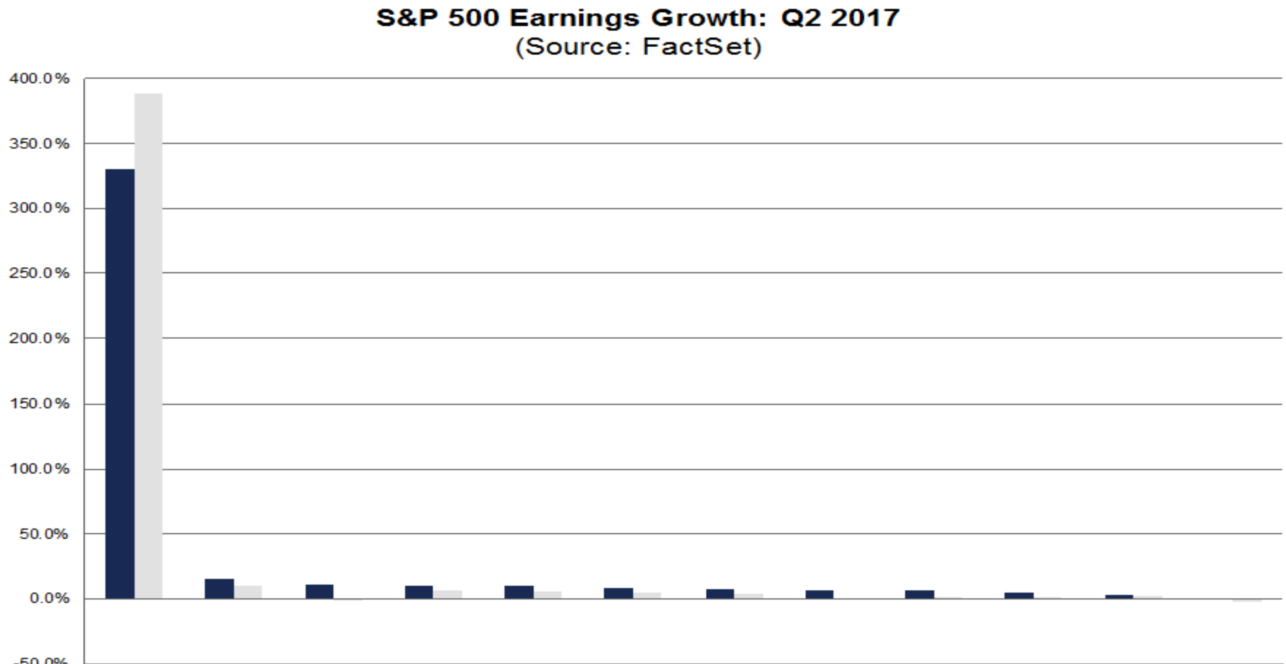


Q2 2017: Projected EPS Surprises (Sharp Estimates)

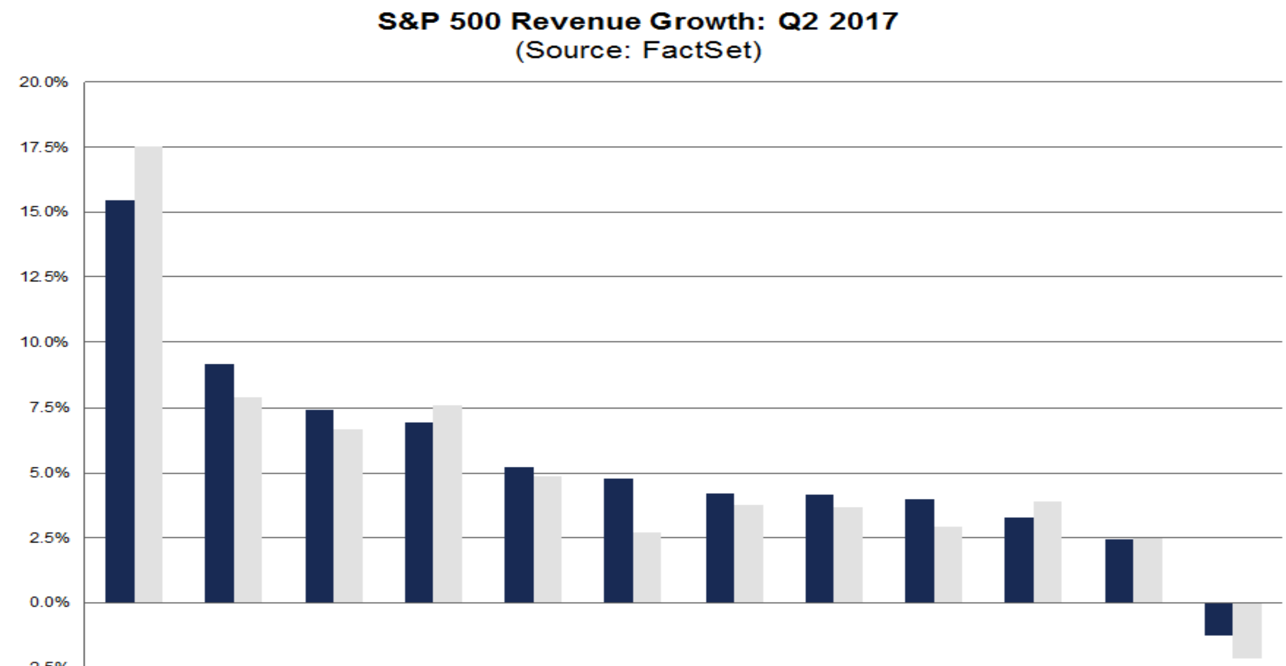




Q2 2017: Growth

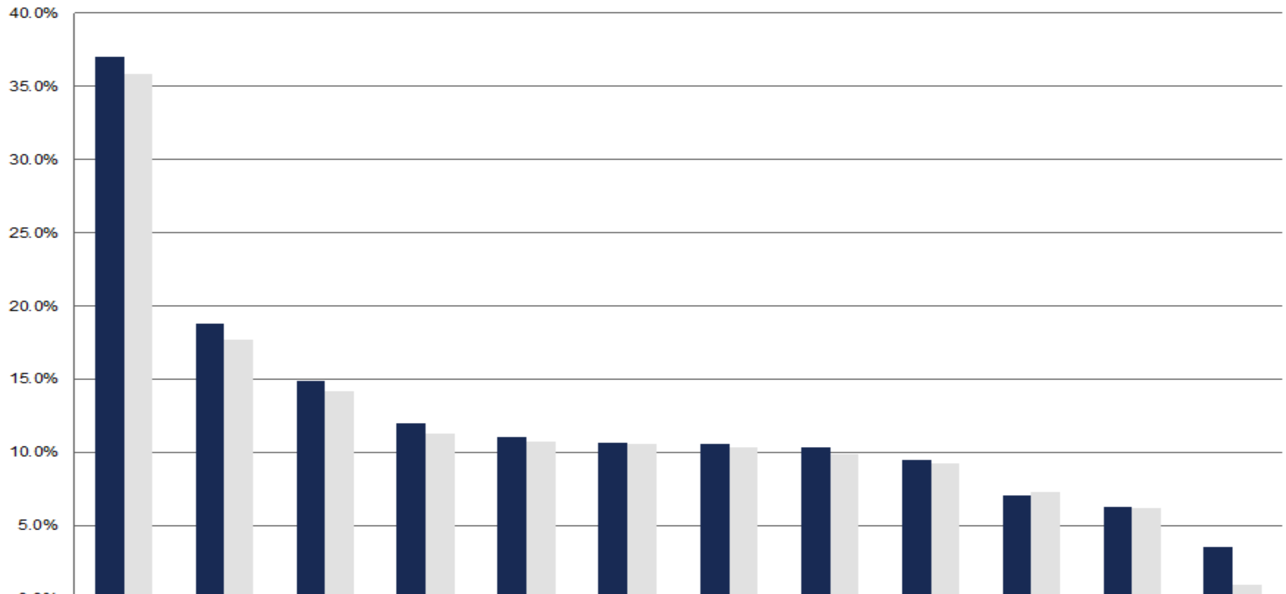


	Energy	Info. Technology	Utilities	S&P 500	Financials	Materials	Real Estate	Health Care	Industrials	Telecom Services	Consumer Staples	Consumer Disc.
Today	329.9%	15.1%	10.8%	10.3%	10.3%	8.0%	7.5%	6.7%	6.5%	4.8%	3.3%	0.0%
30-Jun	388.3%	10.2%	-0.1%	6.4%	5.9%	4.9%	3.7%	0.4%	1.7%	1.1%	2.5%	-2.2%

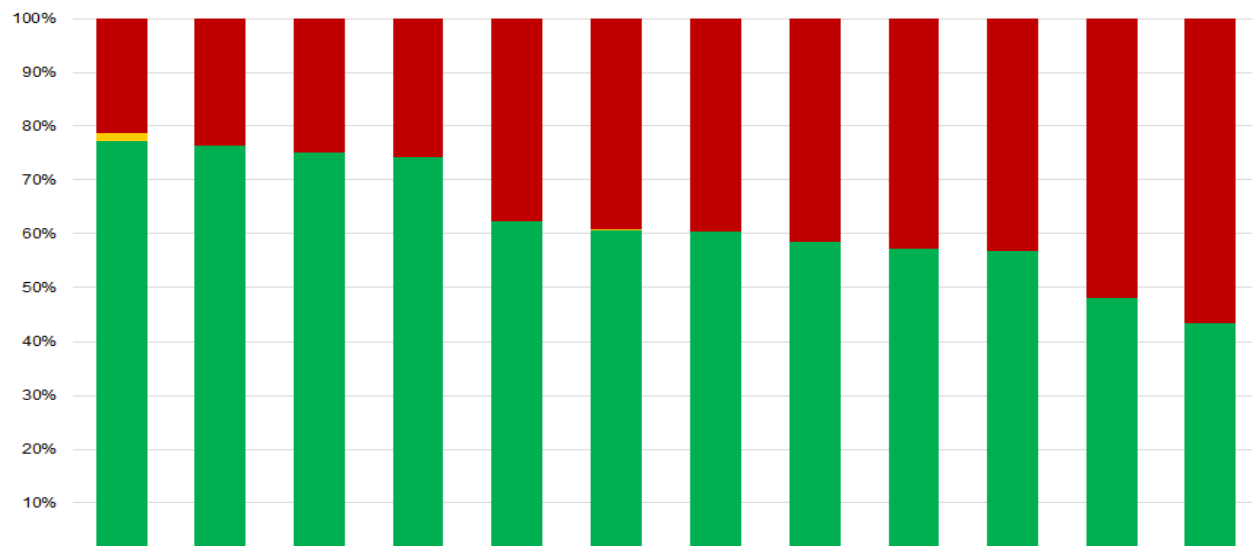


	Energy	Info. Technology	Materials	Utilities	S&P 500	Financials	Real Estate	Health Care	Industrials	Consumer Disc.	Consumer Staples	Telecom Services
Today	15.5%	9.1%	7.4%	7.0%	5.2%	4.8%	4.2%	4.2%	4.0%	3.3%	2.4%	-1.3%
30-Jun	17.5%	7.9%	6.7%	7.6%	4.9%	2.7%	3.8%	3.7%	2.9%	3.9%	2.5%	-2.1%

Q2 2017: Net Profit Margin

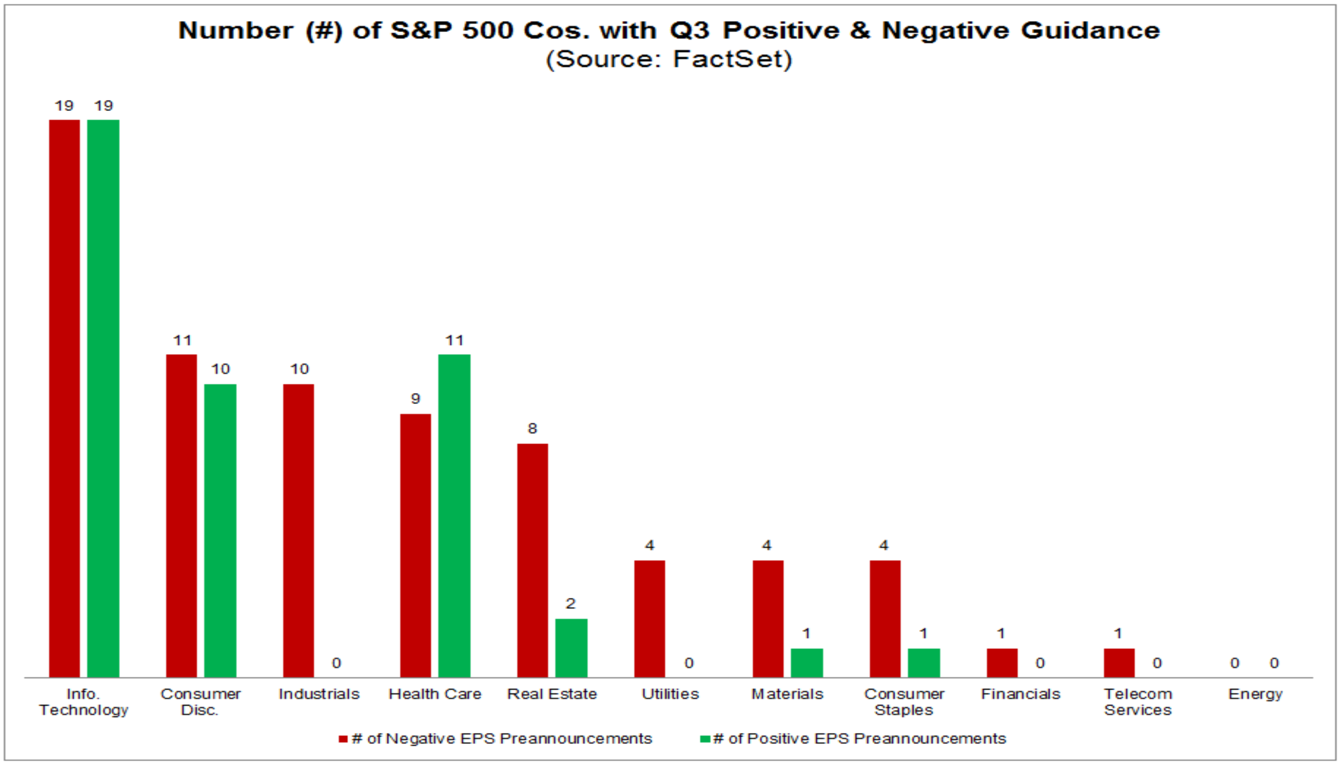


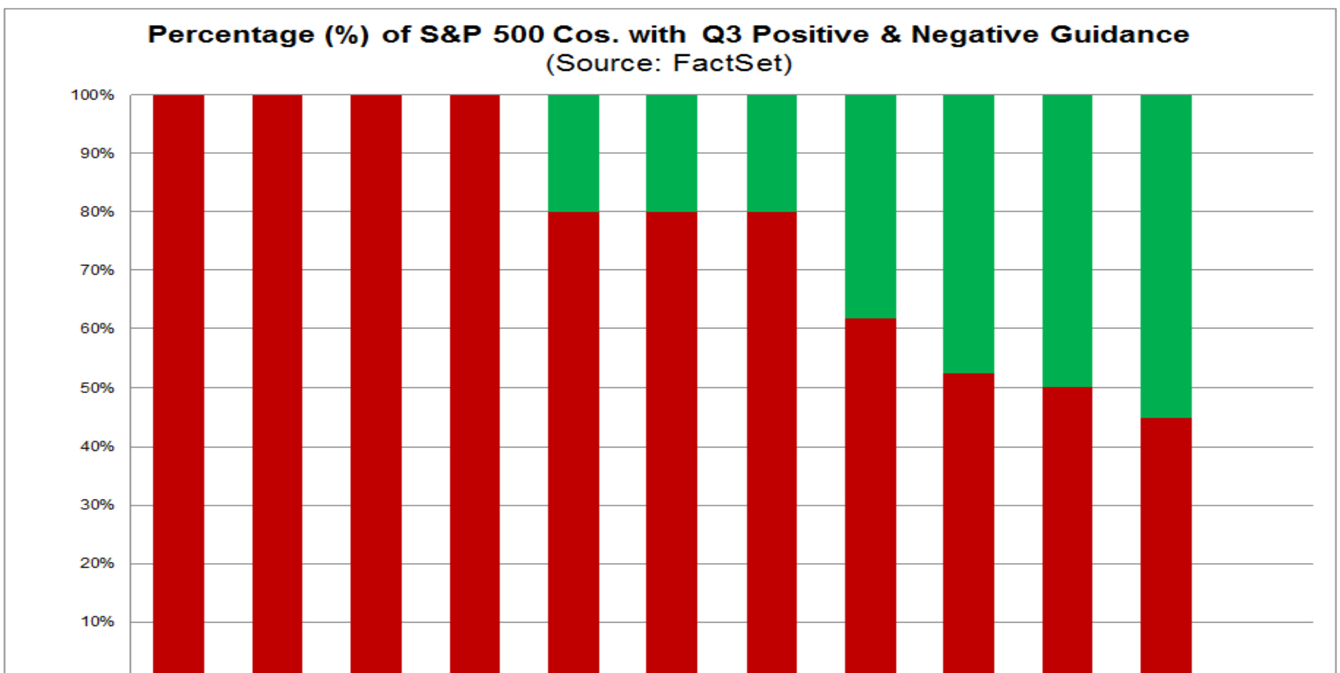
	Real Estate	Information Tech	Financials	Telecom Services	Utilities	Materials	Health Care	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Energy
Q217	37.0%	18.7%	14.9%	12.0%	11.1%	10.7%	10.6%	10.4%	9.5%	7.1%	6.3%	3.6%
Q216	35.9%	17.7%	14.2%	11.3%	10.7%	10.6%	10.4%	9.9%	9.3%	7.3%	6.2%	1.0%



	Financials	Energy	Telecom Services	Real Estate	Health Care	S&P 500	Information Tech.	Consumer Staples	Utilities	Industrials	Materials	Consumer Disc.
Down %	21%	24%	25%	26%	38%	39%	40%	42%	43%	43%	52%	56%
None %	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	77%	76%	75%	74%	62%	61%	60%	58%	57%	57%	48%	44%

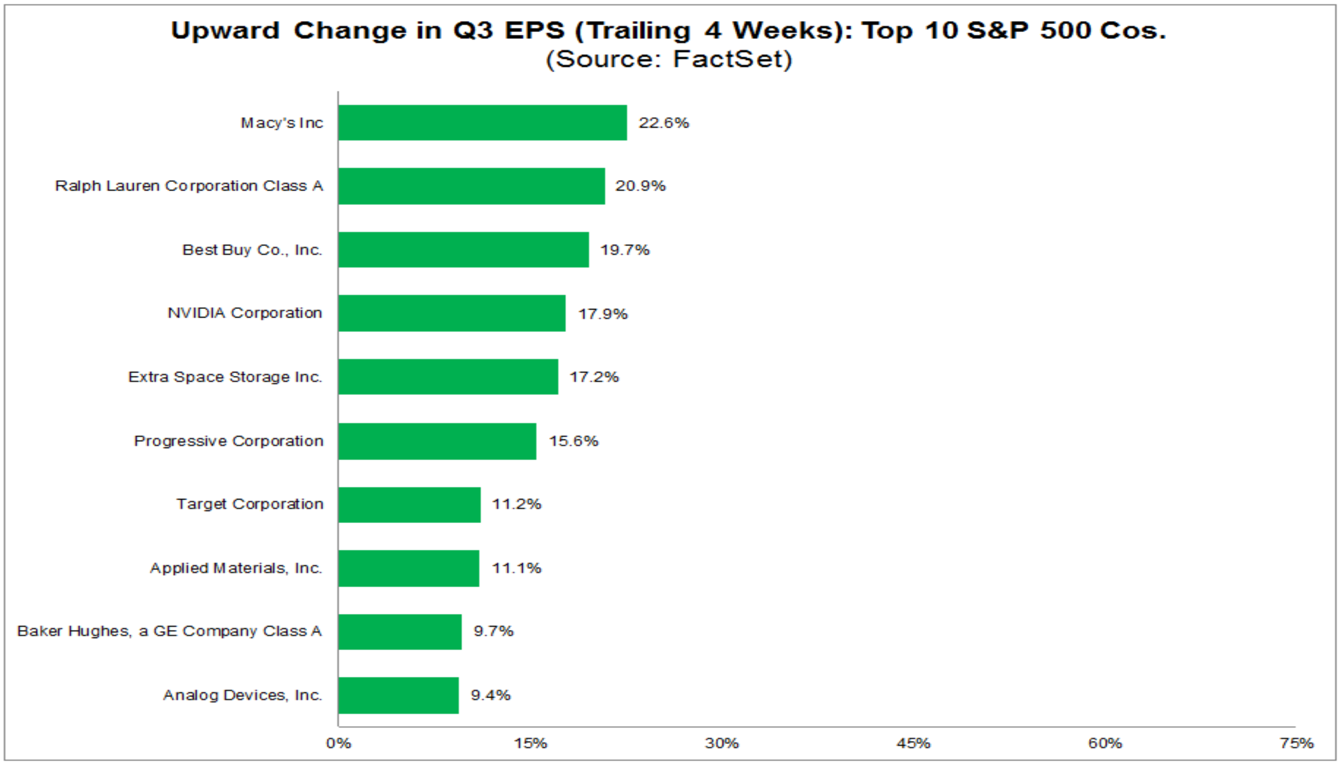
Q3 2017: Guidance

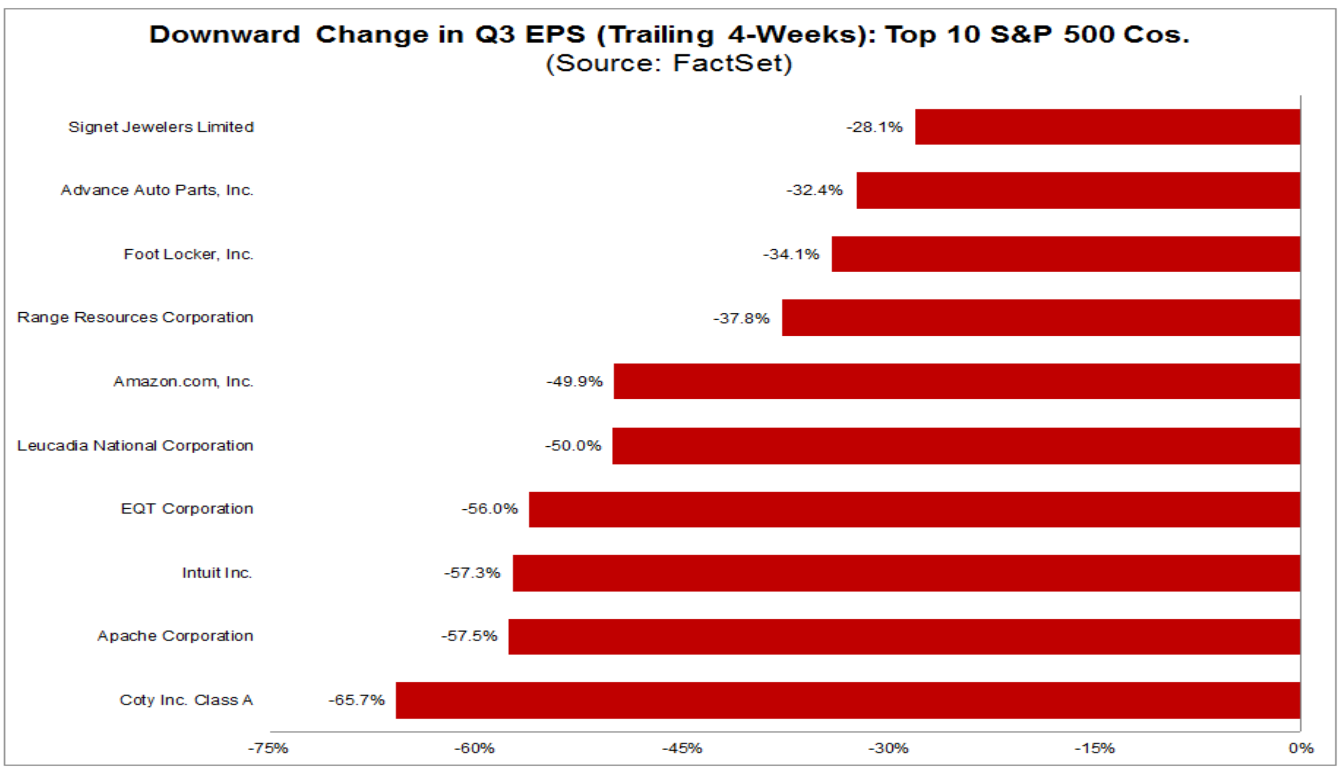




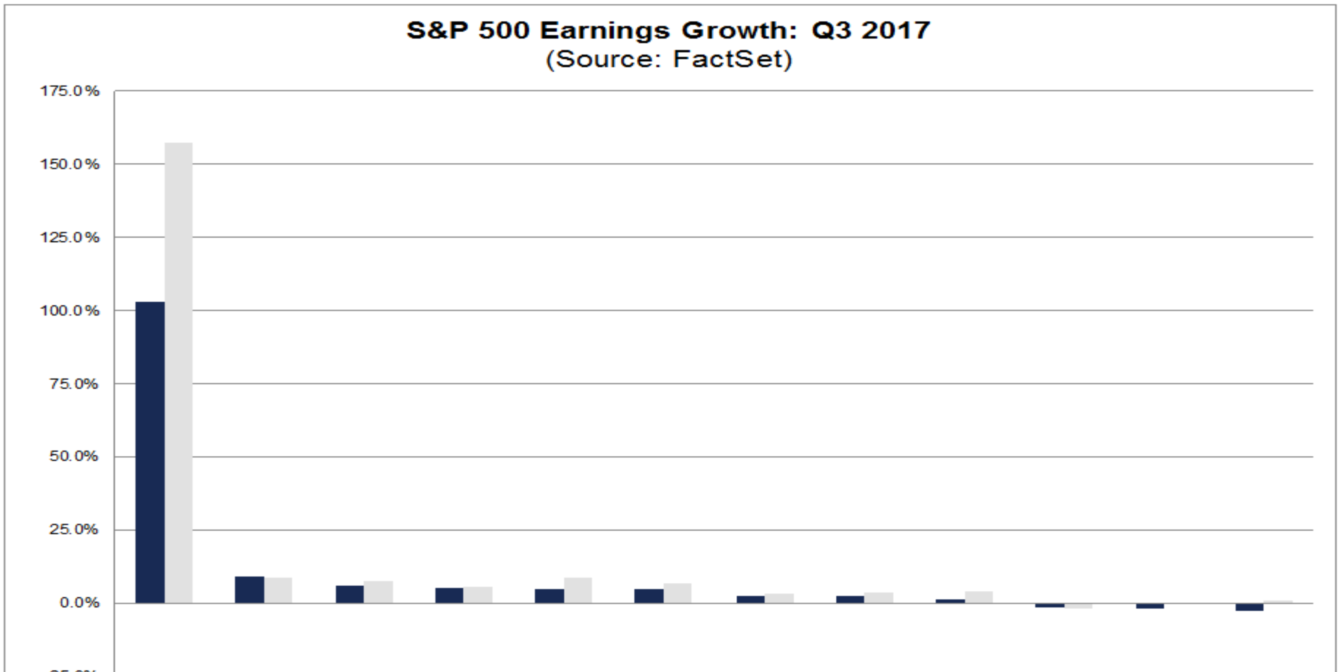
	Industrials	Utilities	Financials	Telecom Services	Real Estate	Consumer Staples	Materials	S&P 500	Consumer Disc.	Info. Technology	Health Care	Energy
Positive	0%	0%	0%	0%	20%	20%	20%	38%	48%	50%	55%	0%
Negative	100%	100%	100%	100%	80%	80%	80%	62%	52%	50%	45%	0%

Q3 2017: EPS Revisions

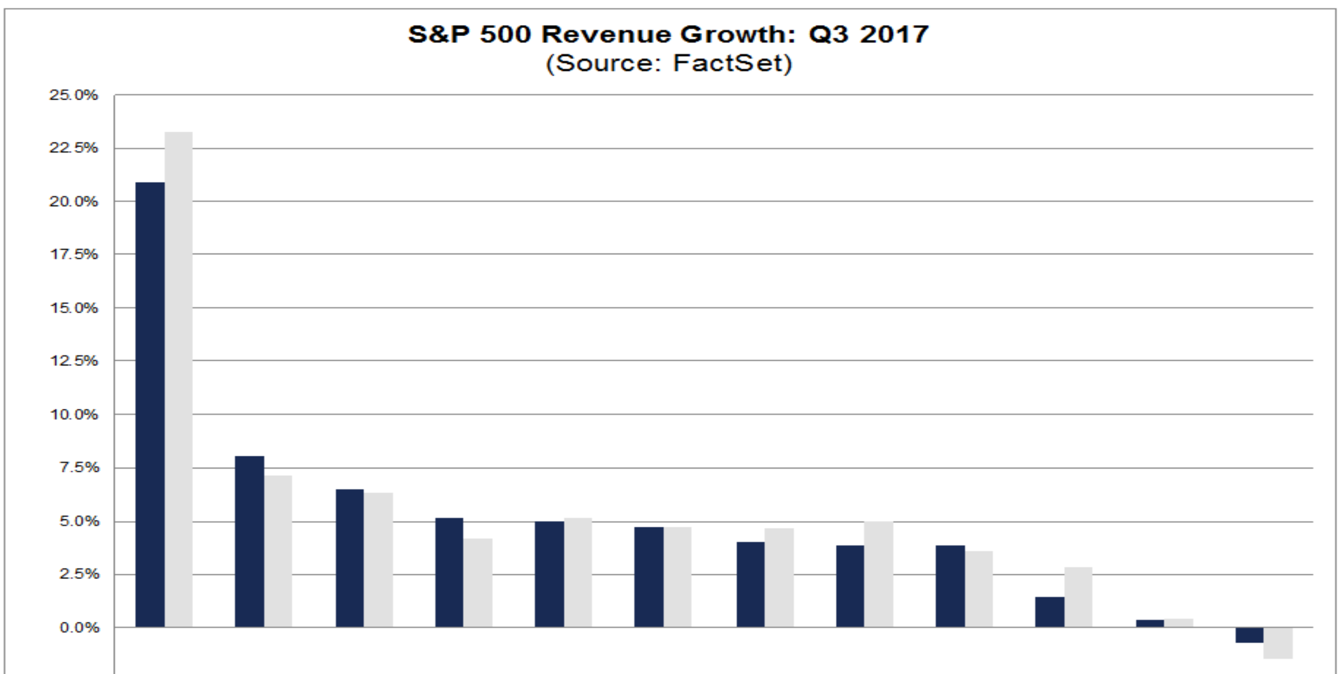




Q3 2017: Growth

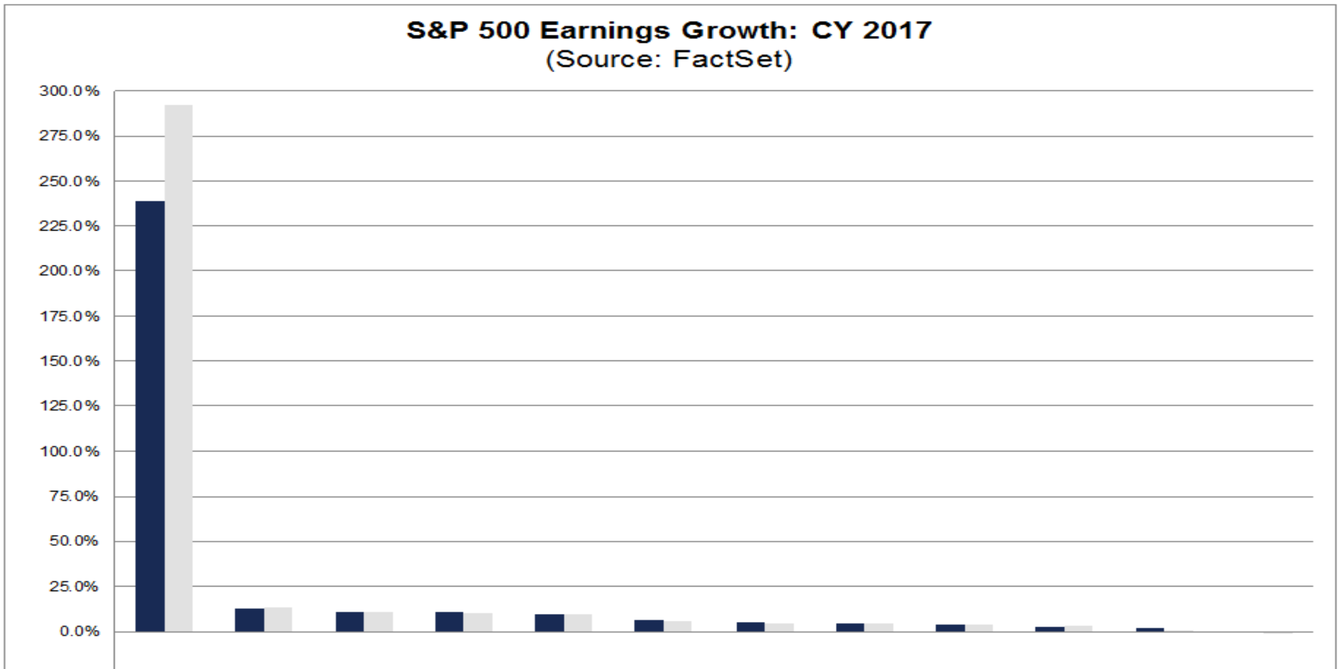


	Energy	Info. Technology	Real Estate	Industrials	Materials	S&P 500	Health Care	Financials	Consumer Staples	Telecom Services	Utilities	Consumer Disc.
Today	102.8%	9.1%	6.2%	5.2%	5.0%	4.9%	2.6%	2.5%	1.3%	-1.3%	-1.8%	-2.7%
30-Jun	157.3%	8.7%	7.8%	5.7%	8.9%	7.0%	3.5%	3.8%	4.1%	-1.6%	-0.1%	0.9%

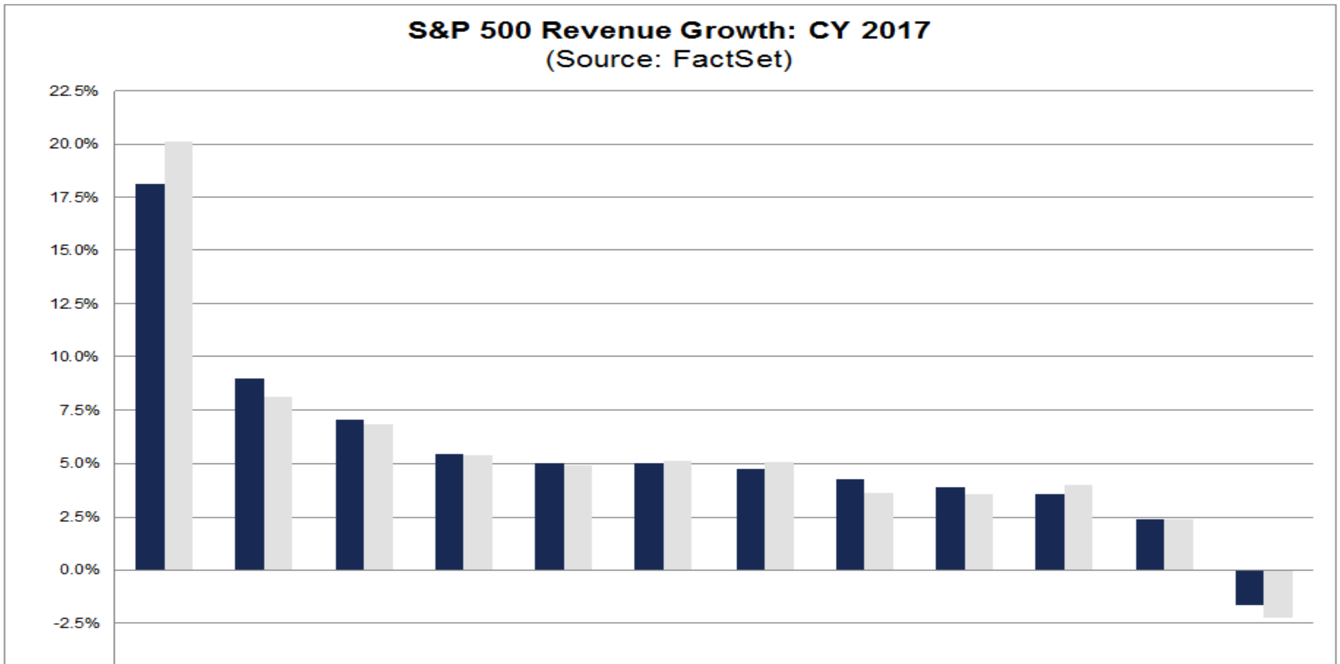


	Energy	Info. Technology	Materials	Industrials	S&P 500	Health Care	Real Estate	Utilities	Consumer Staples	Consumer Disc.	Financials	Telecom Services
Today	20.9%	8.1%	6.5%	5.2%	5.0%	4.7%	4.0%	3.9%	3.9%	1.4%	0.4%	-0.7%
30-Jun	23.3%	7.1%	6.4%	4.2%	5.2%	4.7%	4.7%	5.0%	3.6%	2.8%	0.4%	-1.5%

CY 2017: Growth

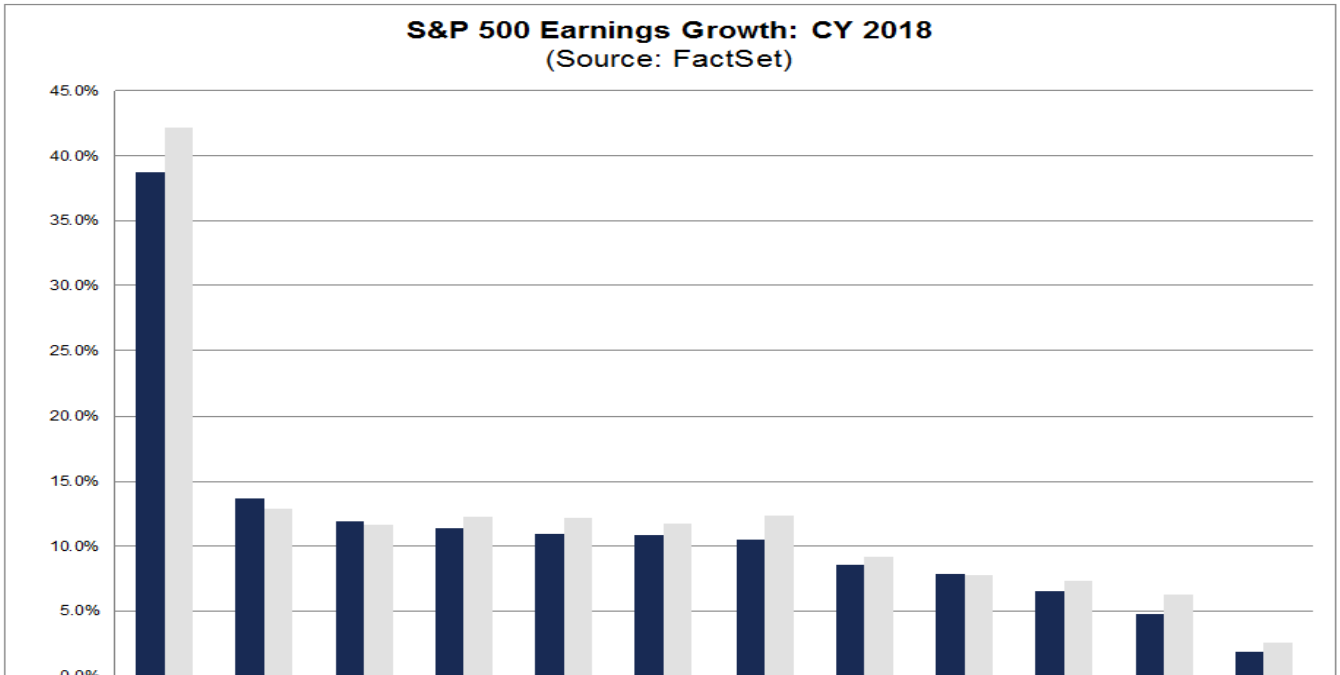


	Energy	Materials	Financials	Info. Technology	S&P 500	Industrials	Health Care	Real Estate	Consumer Disc.	Consumer Staples	Utilities	Telecom Services
Today	238.4%	12.4%	10.9%	10.8%	9.4%	6.3%	5.4%	4.5%	3.8%	2.7%	2.1%	-0.5%
30-Jun	292.4%	13.3%	10.6%	10.2%	9.5%	5.5%	4.3%	4.2%	4.1%	3.1%	0.7%	-1.4%

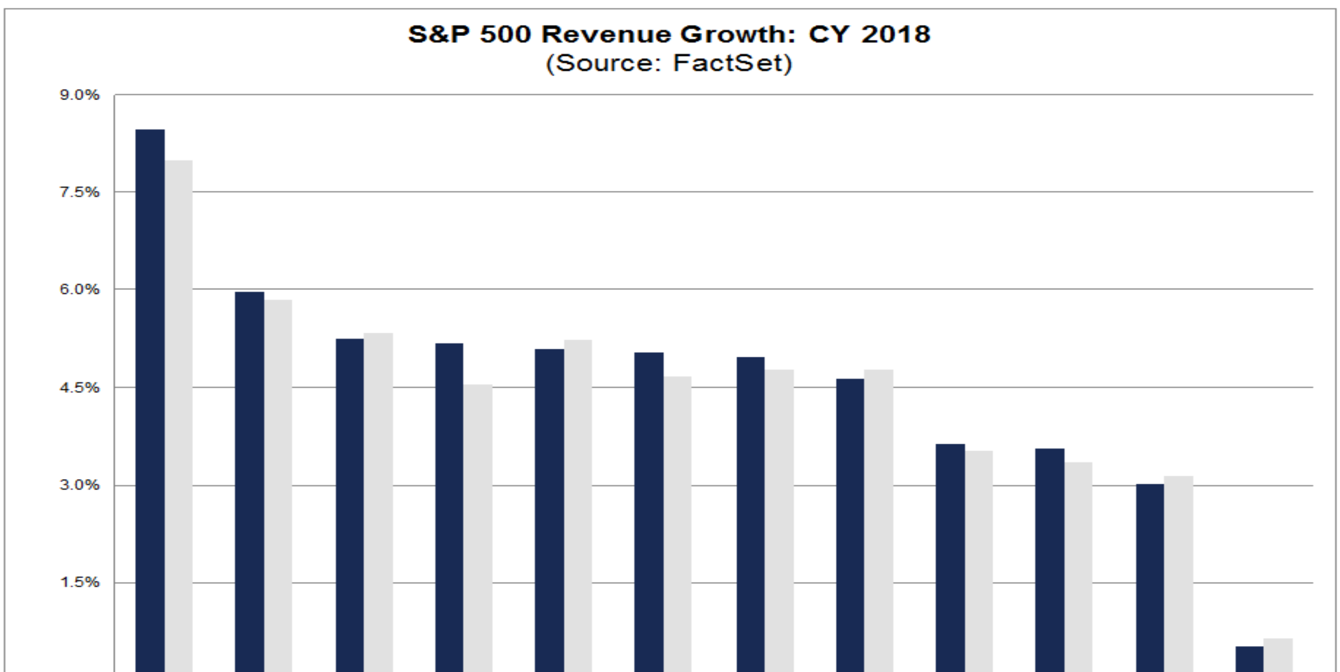


	Energy	Info. Technology	Materials	S&P 500	Health Care	Utilities	Real Estate	Industrials	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	18.1%	9.0%	7.1%	5.5%	5.0%	5.0%	4.8%	4.3%	3.9%	3.6%	2.4%	-1.7%
30-Jun	20.1%	8.1%	6.9%	5.4%	4.9%	5.2%	5.1%	3.6%	3.6%	4.0%	2.4%	-2.2%

CY 2018: Growth

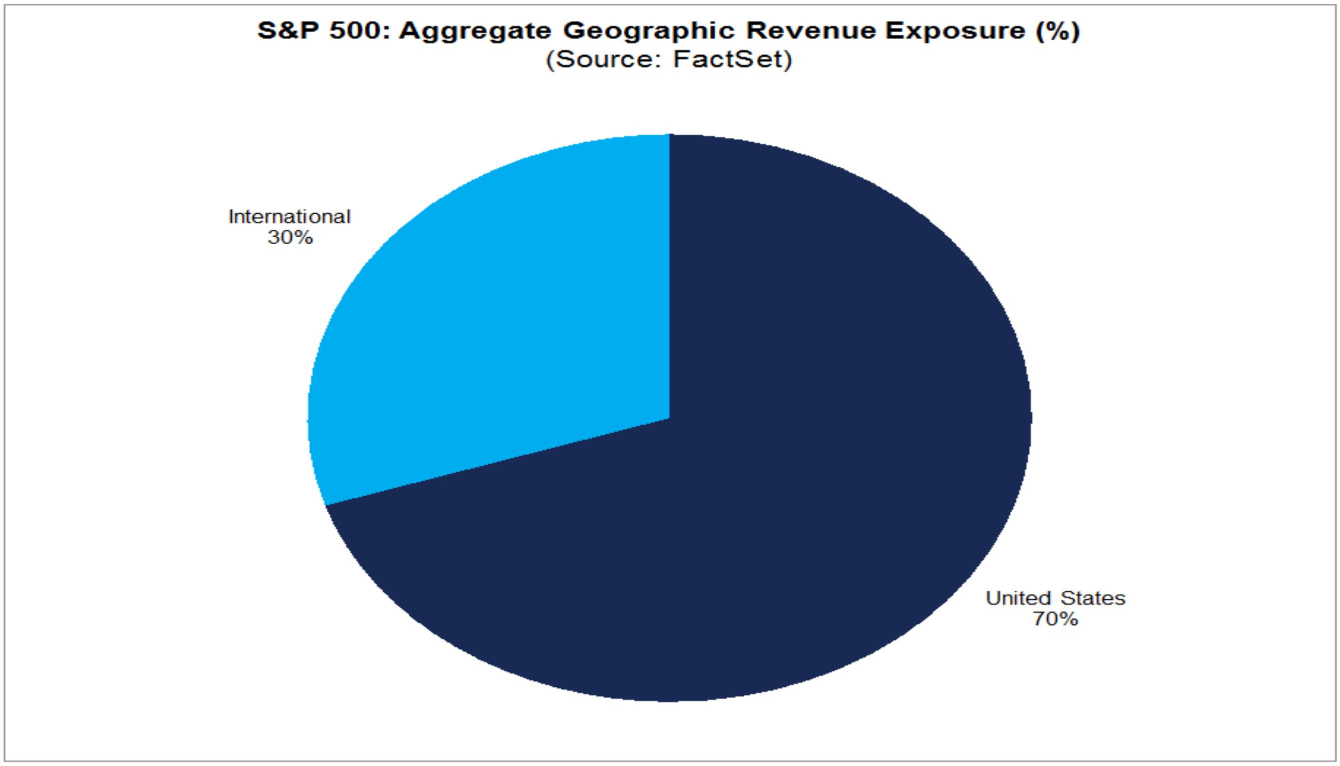


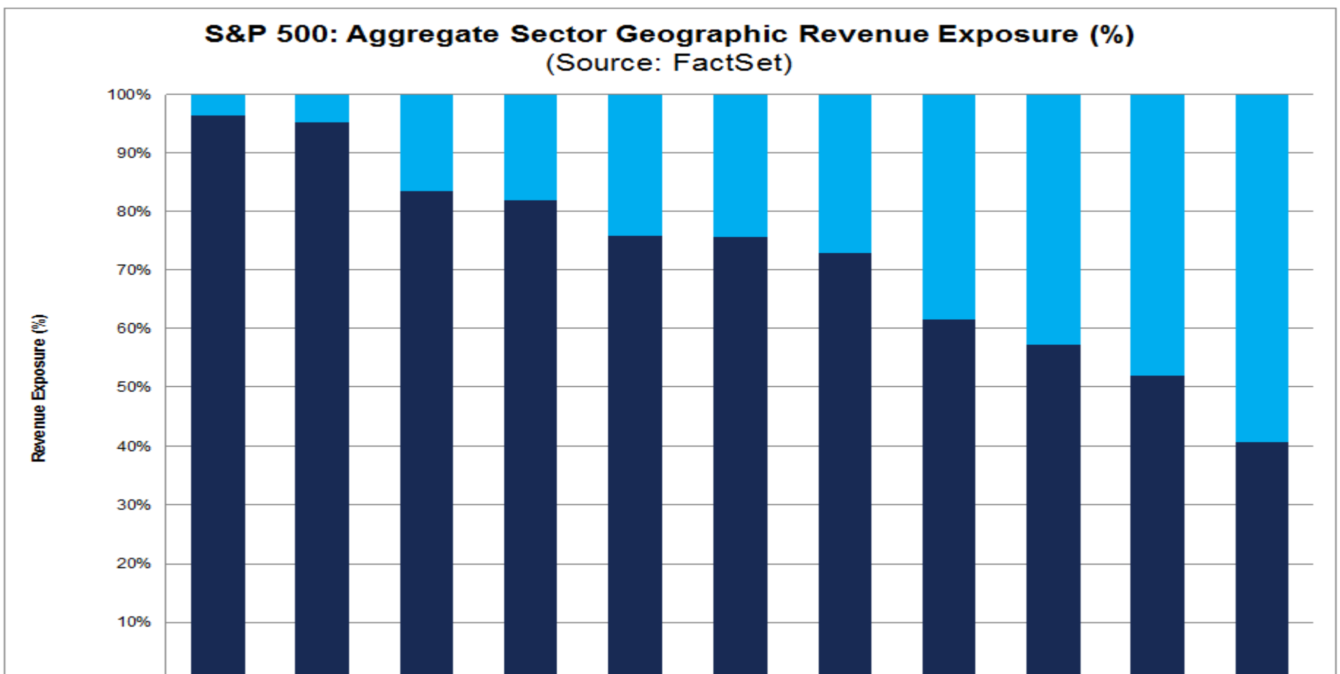
	Energy	Materials	Info. Technology	Financials	Industrials	S&P 500	Consumer Disc.	Health Care	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	38.7%	13.7%	11.9%	11.4%	11.0%	10.9%	10.5%	8.6%	7.9%	6.5%	4.8%	1.9%
30-Jun	42.2%	12.9%	11.7%	12.3%	12.2%	11.7%	12.4%	9.2%	7.8%	7.4%	6.3%	2.6%



	Info. Technology	Energy	Health Care	Consumer Disc.	Real Estate	Materials	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Telecom Services
Today	8.5%	6.0%	5.2%	5.2%	5.1%	5.0%	5.0%	4.6%	3.6%	3.6%	3.0%	0.5%
30-Jun	8.0%	5.8%	5.3%	4.5%	5.2%	4.7%	4.8%	4.8%	3.5%	3.3%	3.1%	0.6%

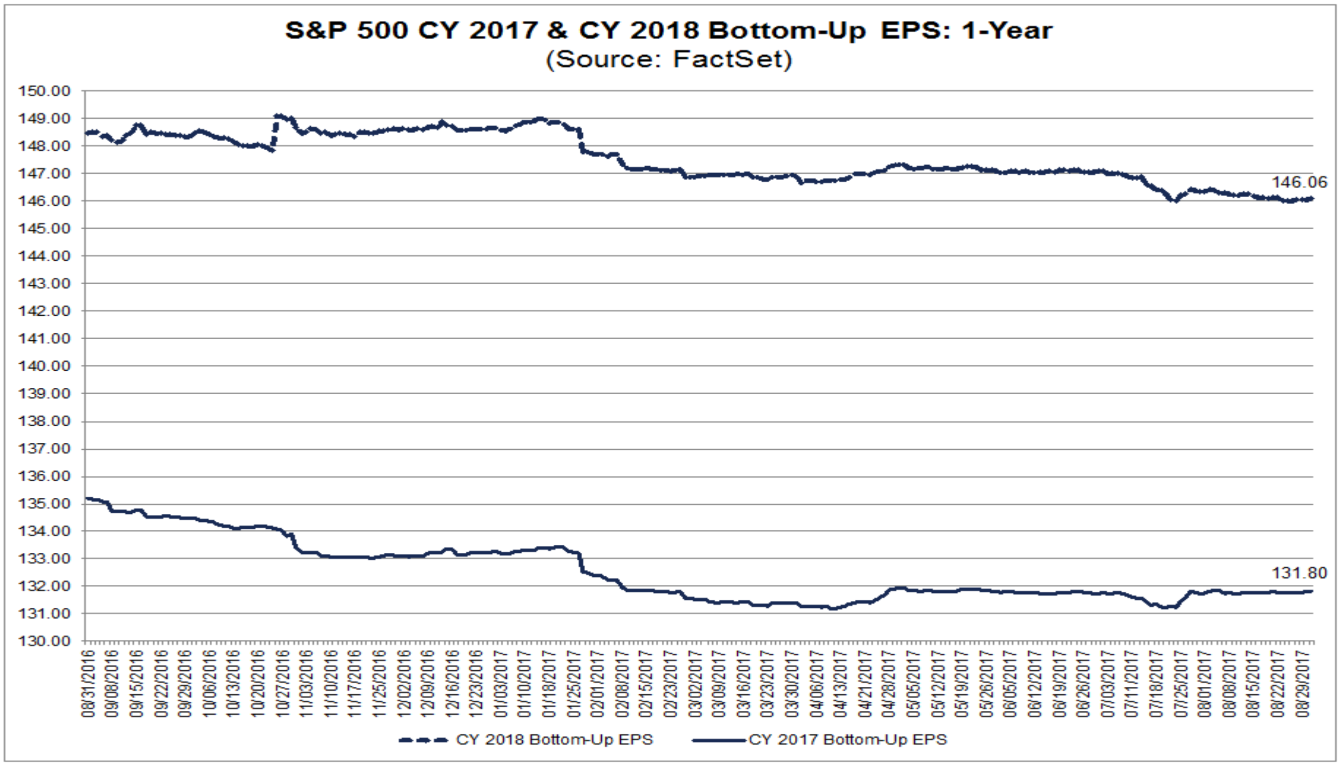
Geographic Revenue Exposure

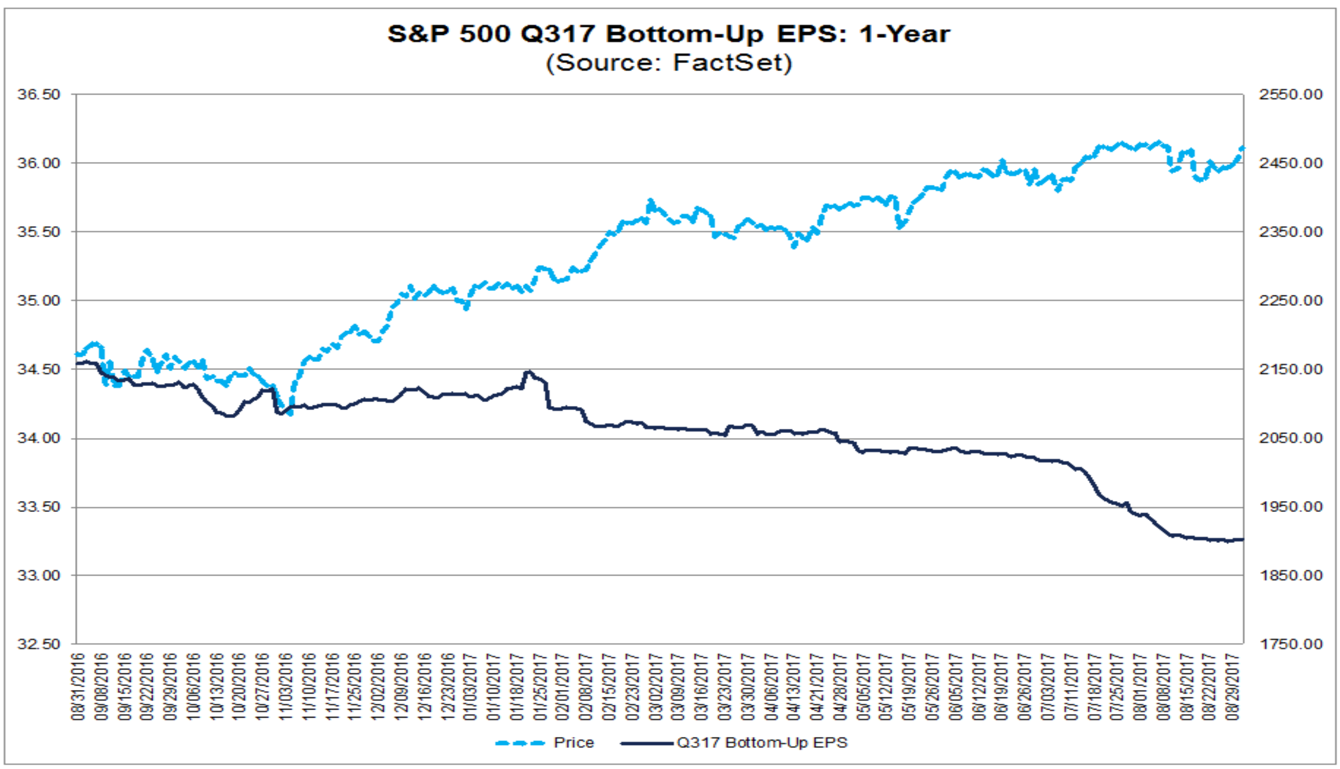




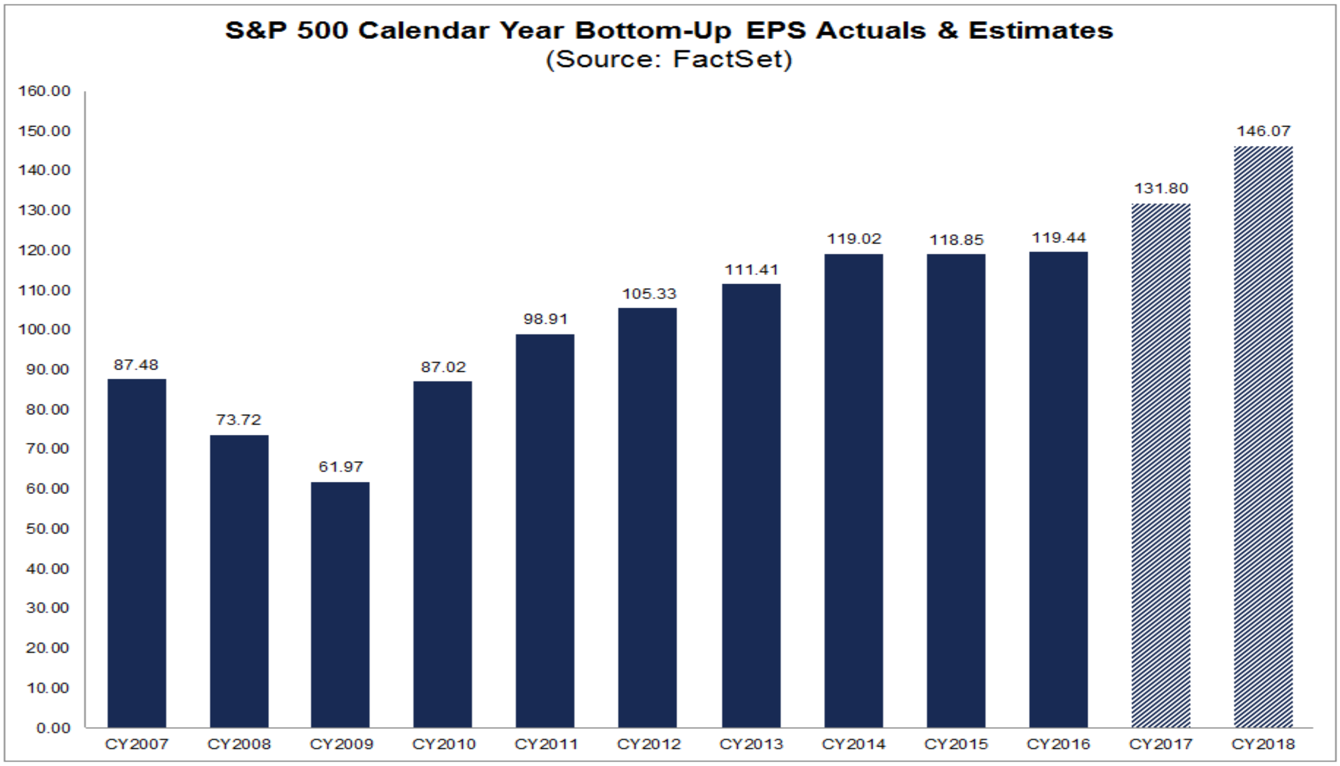
	Telecom Services	Utilities	Real Estate	Health Care	Financials	Consumer Disc.	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	4%	5%	17%	18%	24%	24%	27%	38%	43%	48%	59%
United States	96%	95%	83%	82%	76%	76%	73%	62%	57%	52%	41%

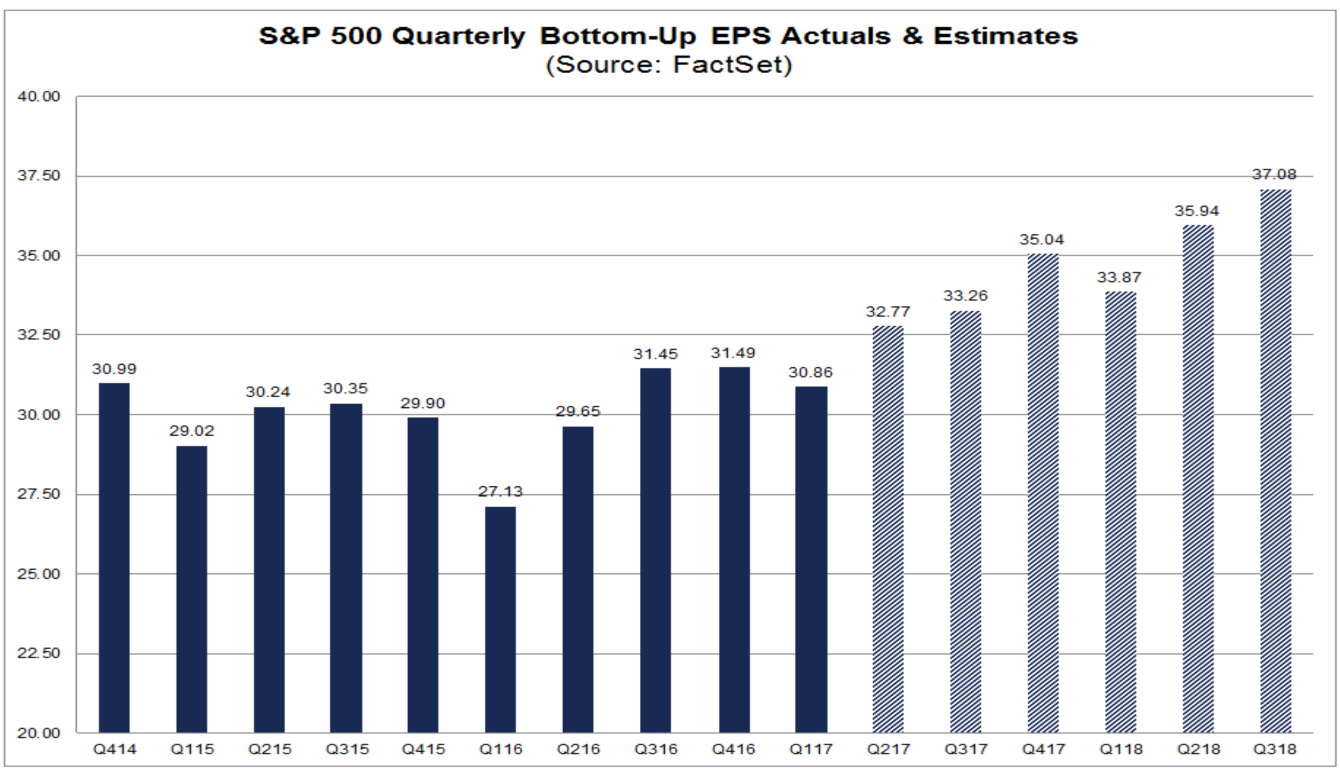
Bottom-up EPS Estimates: Revisions





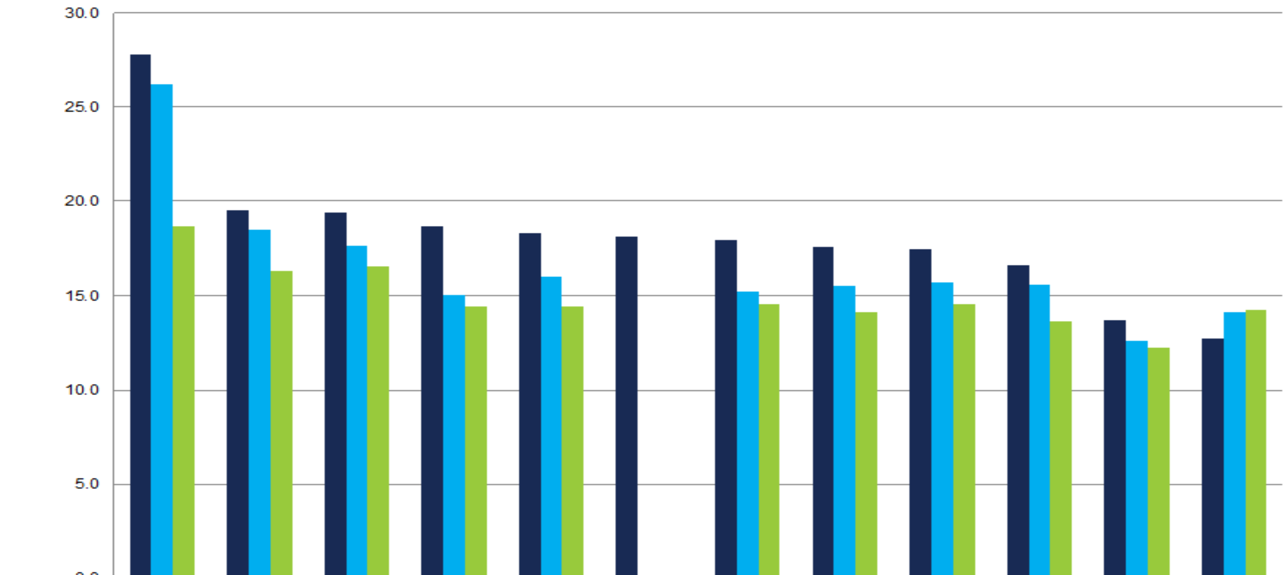
Bottom-up EPS Estimates: Current & Historical





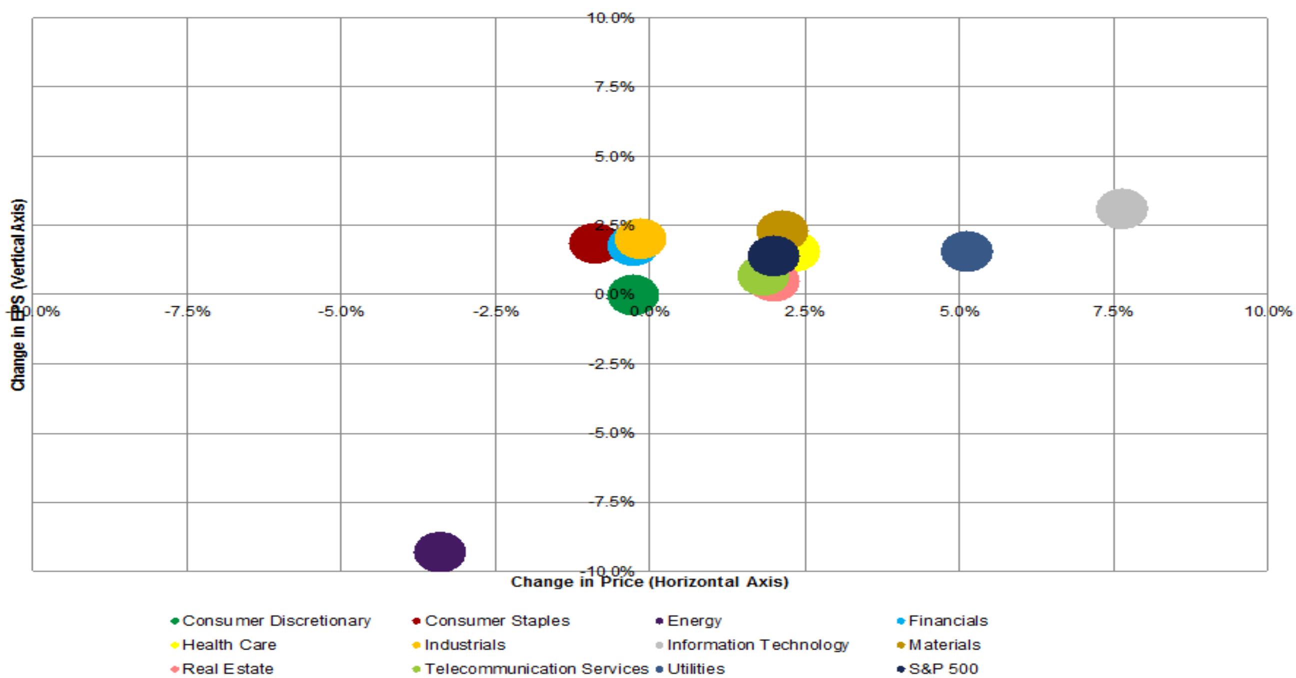
Forward 12M P/E Ratio: Sector Level

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

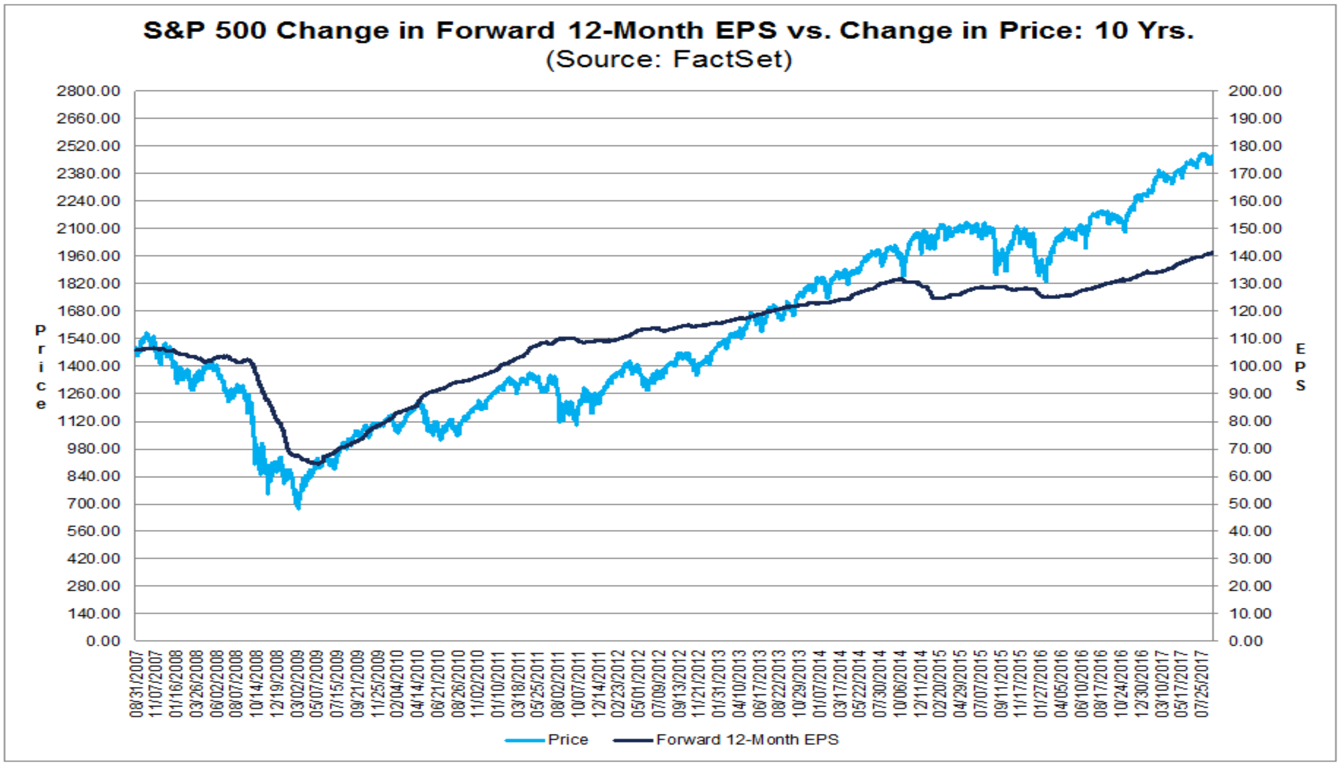


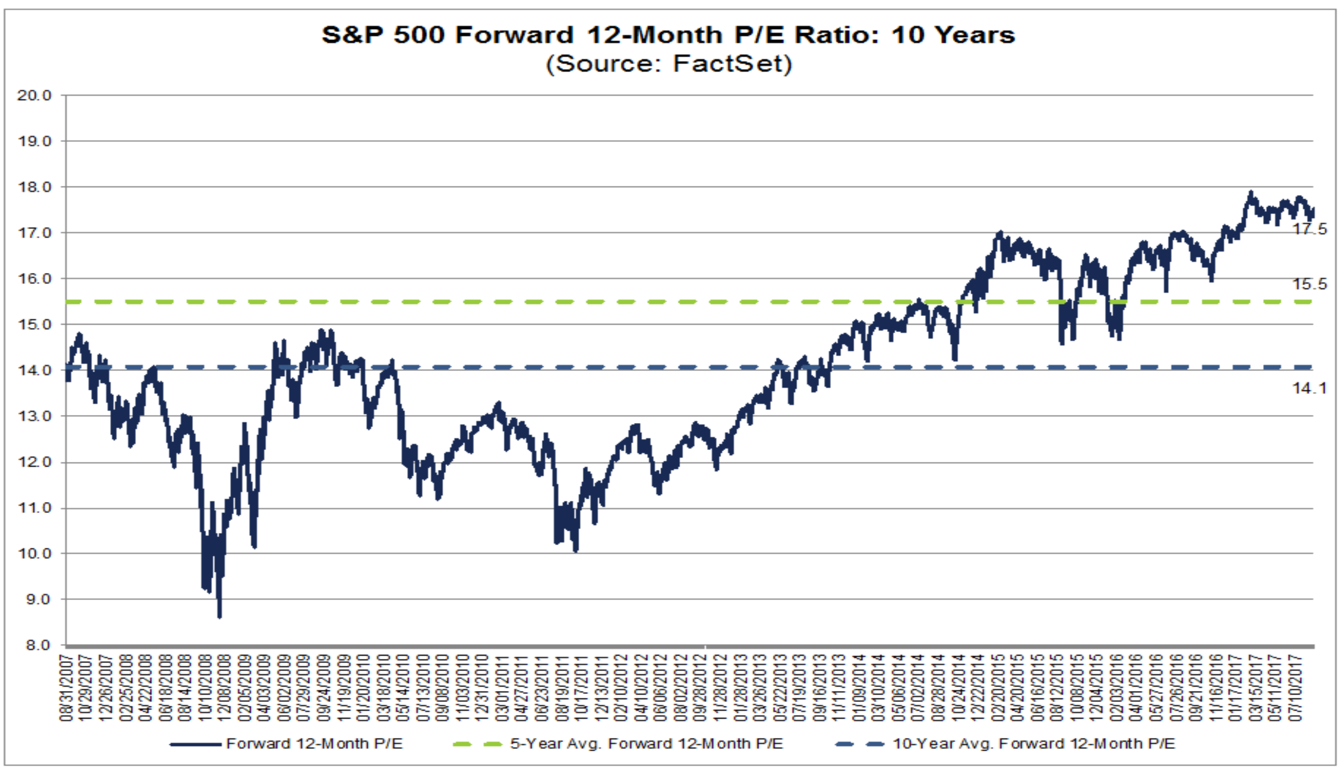
	Energy	Consumer Staples	Consumer Disc.	Info. Technology	Utilities	Real Estate	Materials	S&P 500	Industrials	Health Care	Financials	Telecom Services
Fwd P/E	27.8	19.5	19.4	18.6	18.3	18.1	17.9	17.5	17.4	16.6	13.7	12.8
5-Yr Avg.	26.2	18.5	17.6	15.0	16.0		15.2	15.5	15.7	15.6	12.6	14.1
10-Yr Avg.	18.7	16.3	16.5	14.4	14.4		14.5	14.1	14.5	13.6	12.3	14.2

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Jun 30
(Source: FactSet)

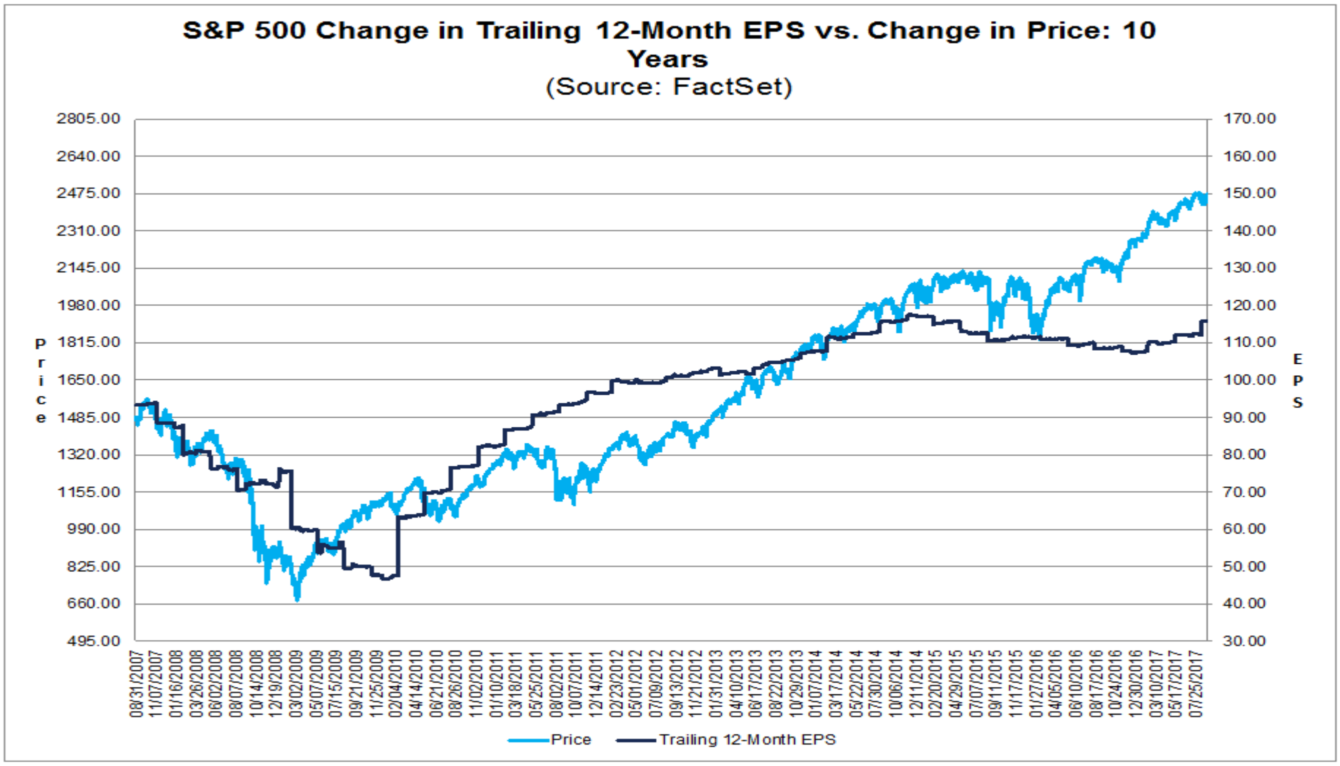


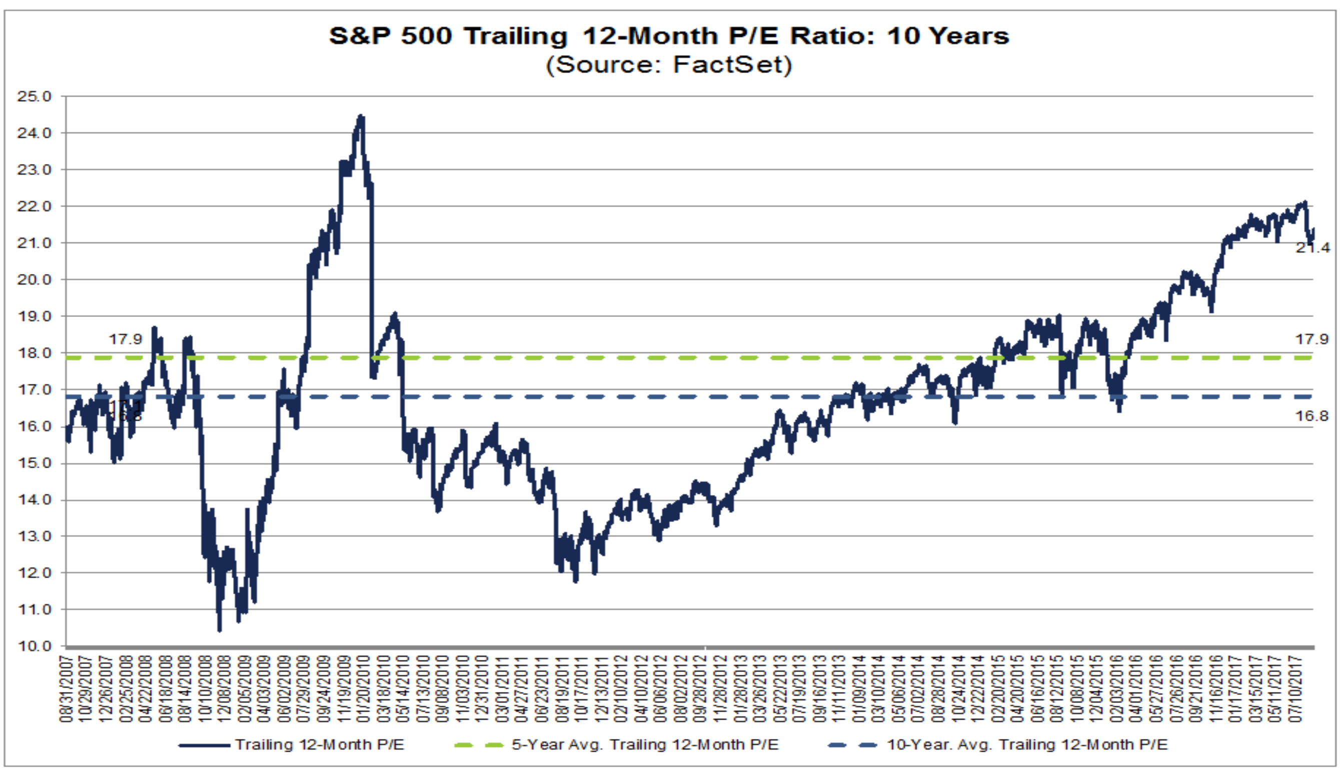
Forward 12M P/E Ratio: Long-Term Averages



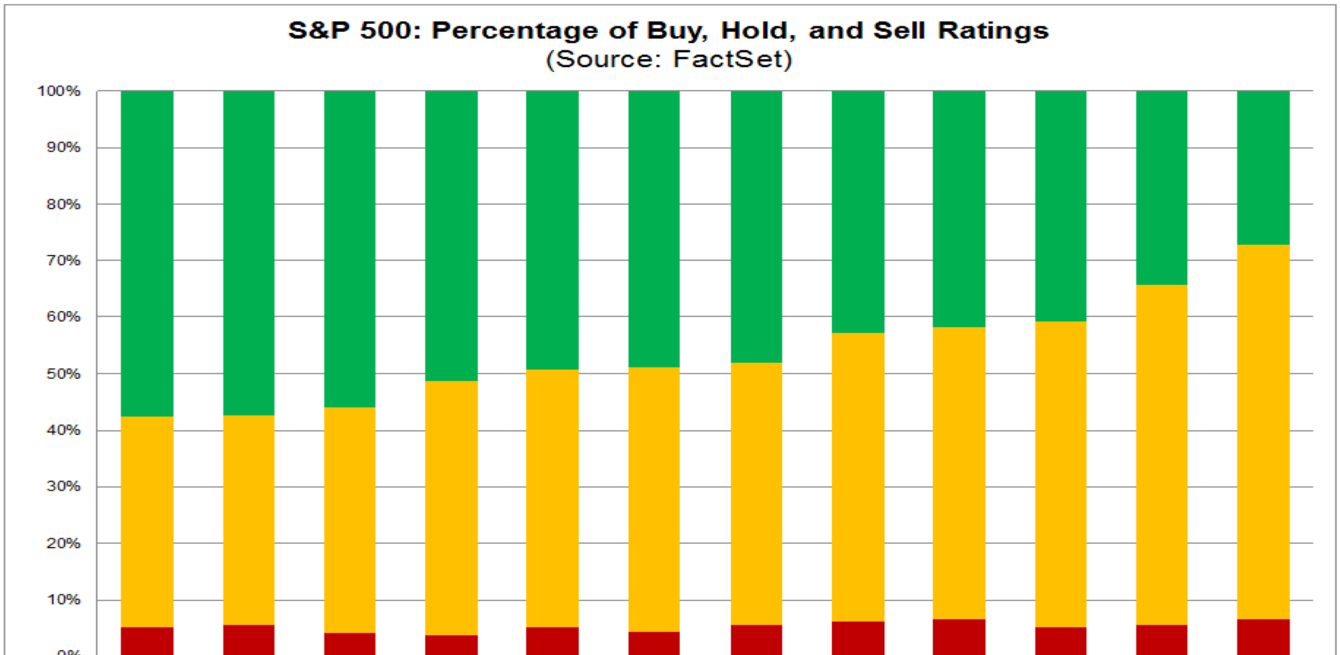


Trailing 12M P/E Ratio: Long-Term Averages

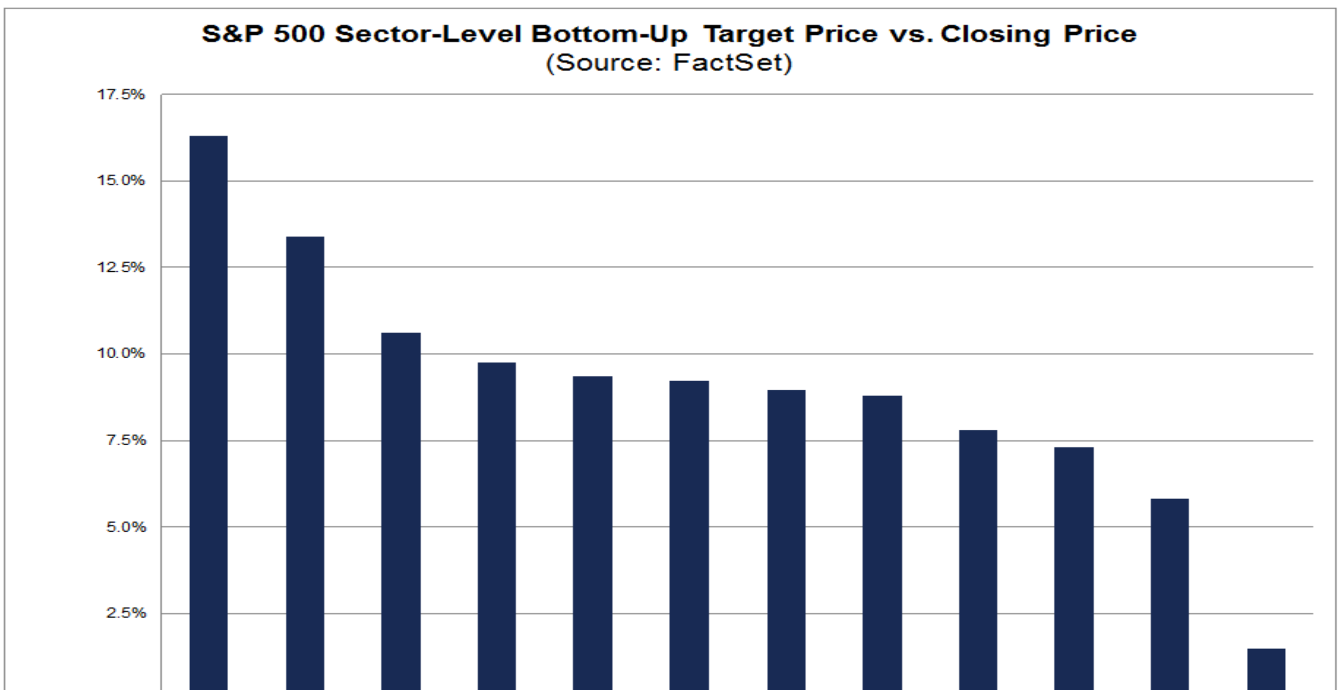




Targets & Ratings



	Info. Tech.	Energy	Health Care	Materials	S&P 500	Industrials	Consumer Disc.	Financials	Consumer Staples	Real Estate	Utilities	Telecom Services
Buy	58%	57%	56%	51%	49%	49%	48%	43%	42%	41%	34%	27%
Hold	37%	37%	40%	45%	45%	47%	46%	51%	52%	54%	60%	66%
Sell	5%	6%	4%	4%	5%	4%	6%	6%	7%	5%	6%	7%



	Energy	Consumer Disc.	Info. Tech.	S&P 500	Financials	Materials	Industrials	Consumer Staples	Telecom Services	Health Care	Real Estate	Utilities
Target/Close	16.3%	13.4%	10.6%	9.7%	9.3%	9.2%	9.0%	8.8%	7.8%	7.3%	5.8%	1.5%

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