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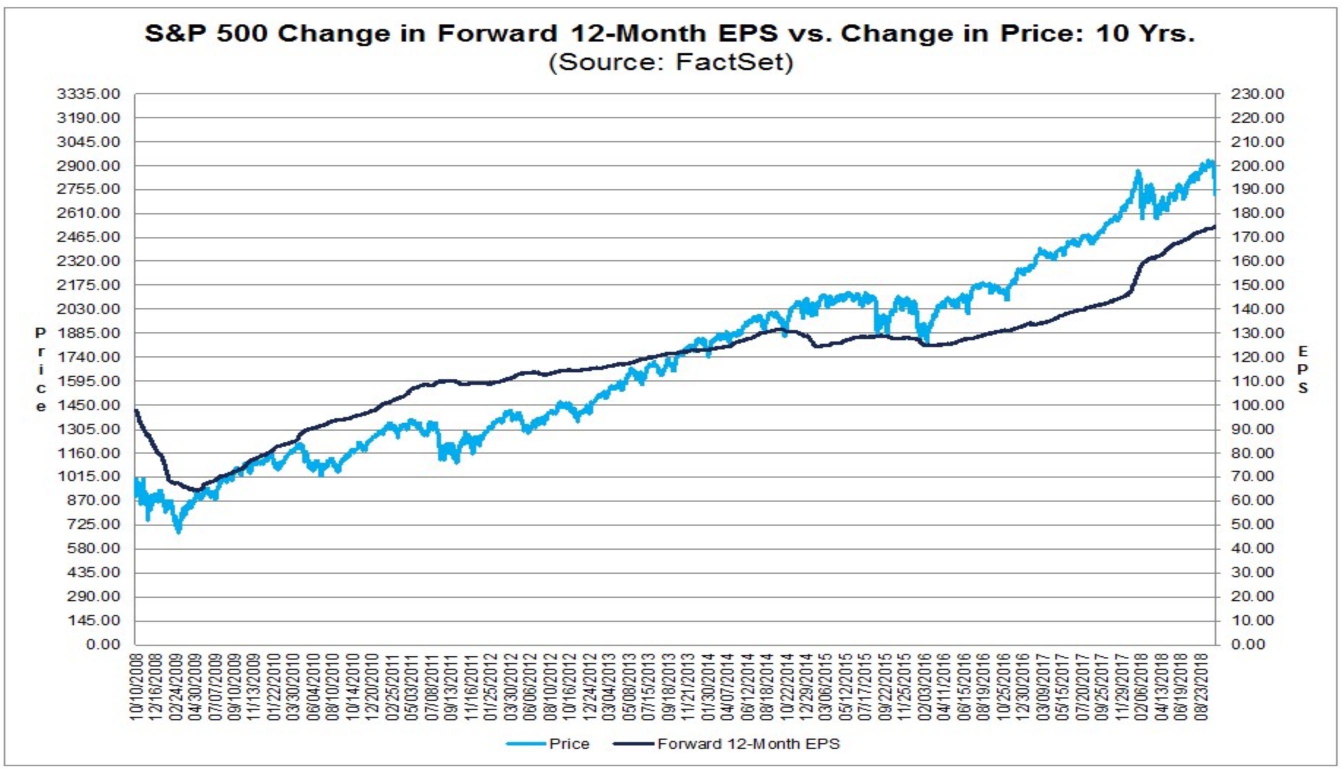
Key Metrics

- **Earnings Scorecard:** For Q3 2018 (with 6% of the companies in the S&P 500 reporting actual results for the quarter), 86% of S&P 500 companies have reported a positive EPS surprise and 68% have reported a positive sales surprise.
- **Earnings Growth:** For Q3 2018, the blended earnings growth rate for the S&P 500 is 19.1%. If 19.1% is the actual growth rate for the quarter, it will mark the third highest earnings growth since Q1 2011 (19.5%).
- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q3 2018 was 19.3%. Seven sectors have lower growth rates today (compared to September 30) due to negative EPS surprises and downside revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2018, 4 S&P 500 companies have issued negative EPS guidance and 3 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 15.7. This P/E ratio is below the 5-year average (16.3) but above the 10-year average (14.5).



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Topic of the Week: 1

More S&P 500 Companies Seeing Negative Impact from FX Than Tariffs on Earnings Calls for Q3

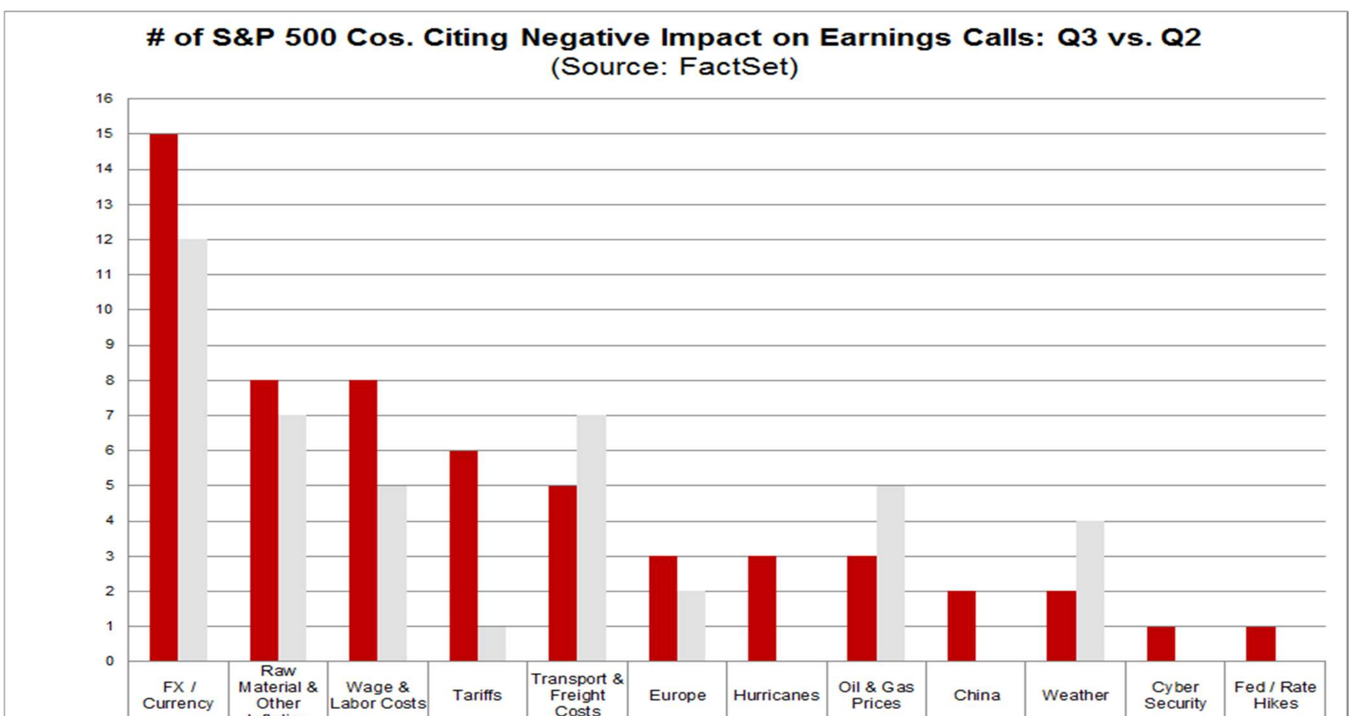
While the majority of S&P 500 companies will report earnings results for Q3 2018 over the next few weeks, about 5% of the companies in the index (24 companies) had reported earnings results for the third quarter through yesterday. Given the expectations for double-digit earnings growth for Q3 (and for Q4), have these companies discussed specific factors that had a negative impact on earnings or revenues for the third quarter (or are expected to have a negative impact in future quarters) during their earnings conference calls?

To answer this question, FactSet searched for specific terms related to a number of factors (i.e. “currency,” “China,” etc.) in the conference call transcripts of the 24 S&P 500 companies that had conducted third quarter earnings conference calls through October 11 to see how many companies discussed these factors. FactSet then looked to see if the company cited a negative impact, expressed a negative sentiment (i.e. “volatility,” “uncertainty,” “pressure,” “headwind,” etc.), or discussed clear underperformance in relation to the factor for either the quarter just reported or in guidance for future quarters. FactSet also compared the number of companies citing these factors in the third quarter to the number of companies that cited these same factors in the second quarter through approximately the same point in time (through July 12). The results are shown below

Foreign exchange has been cited by more than 60% of the companies that have reported to date (15) as a factor that either had a negative impact on earnings or revenues in Q3 or is expected to have a negative impact on earnings and revenues in future quarters. The number of companies citing a negative impact from FX in Q3 is 25% higher than the number of companies that cited a negative impact from this factor in Q2 (12) at about the same point in time.

It is interesting to note that the term “tariff” has been mentioned during the earnings calls of twelve S&P 500 companies to date, with six of these twelve companies citing a negative impact linked to tariffs. This number is up from just one company citing a negative impact from tariffs through the same point in time in Q2.

A list of the companies citing negative impacts from tariffs and from foreign exchange (and their specific comments) can be found on the next two pages.



	FX / Currency	Raw Material & Other Inflation	Wage & Labor Costs	Tariffs	Transport & Freight Costs	Europe	Hurricanes	Oil & Gas Prices	China	Weather	Cyber Security	Fed / Rate Hikes
Q3 2018	15	8	8	6	5	3	3	3	2	2	1	1
Q2 2018	12	7	5	1	7	2	0	5	0	4	0	0

Tariffs (6):

"Regarding trade matters, current tariffs impact a small portion of our volume coming out of China. However, the uncertainty surrounding the issue is not helping and thus has a broader impact on the market." -FedEx (Sep. 17)

"We continue to make benefits from sourcing merchandising, [and the] organization continues to do a good job of lowering acquisition cost. But I think that will probably be a little muted versus what it had been, particularly given some of the tariffs that might be coming on play. -AutoZone (Sep. 18)

"We expect gross margins to remain very healthy in the fiscal first quarter, although lower than fourth quarter levels, and our gross margins will also be impacted in the near term by the announced 10% tariff on $200 billion of imports from China, which will go into effect on September 24." -Micron Technology (Sep. 20)

"We expect adjusted gross margin in the range of 29.7% to 30%. As we've been discussing, this metric is affected by our continued shifts of tail A&P investments to retailer investment. It is also affected by our expected inflation rate of 3% to 3.2%. We are experiencing inflation in packaging, transportation and other commodities and some deflation in proteins and edible oils. Our estimate of packaging inflation includes some expected impact from tariffs." -Conagra Brands (Sep. 27)

"How it impacts, I think everybody feels that tariffs, people smarter than me don't like them. And so it's probably a small net negative. Certainly, whatever negative it is, we can weather it better than others." -Costco Wholesale (Oct. 4)

"That transition from Monday night into Tuesday and we had a pretty lengthy discussion on tariffs and inflation in general…List three was announced on September 17, became effective September 24. So, starting a number of weeks ago, it's directly impacting the North American supply chain for our customers. We are an important component of that North American supply chain for our customers in the marketplace in general. Therefore, it has an impact on our business." -Fastenal (Oct. 10)

Foreign Exchange / Currency (15):

"Turning to currency. Exchange rates have moved from a 1% headwind to now being a 2% headwind to revenue, and a $0.01 to $0.02 headwind to earnings per share depending on rounding. Now, I'm not sure what it will be by the end of this quarter." -Oracle (Sep. 17)

"In local currency, Mexico experienced a solid quarter while the exchange rate was a headwind to the reported U.S. dollar sales. The peso exchange rate was 7.3% higher than last year's Q4 ending rate." -AutoZone (Sep. 18)

"First quarter segment operating profit increased 12% in constant currency due to favorable sales mix and lower SG&A expenses, partially offset by raw material inflation and currency-driven inflation on products imported into the UK." -General Mills (Sep. 18)

"Now, I'd like to turn to guidance. Our outlook assumes current business conditions and foreign exchange rates, which have generally continued to weaken against the dollar year-over-year. I will begin with our full year guidance, which assumes an incremental FX headwind to revenue of $15 million, as compared to our prior guidance." -Red Hat (Sep. 19)

"Margin will be negatively impacted by approximately 30 basis points from FX and 40 basis points from Ipreo and we expect adjusted EPS of $2.25 to $2.27."-IHS Markit (Sep. 25)

"Specifically, we expect revenue growth in the high-single digits, albeit at the lower end of that range as operational upside will likely be somewhat offset by FX headwinds." -NIKE (Sep. 25)

"And third, the International segment delivered a great quarter in the face of currency headwinds, primarily in the Mexican peso." -Conagra Brands (Sep. 27)

"For the first quarter of fiscal 2019, we expect revenues to be in the range of $10.35 billion to $10.65 billion. This assumes the impact of FX will be about negative 2% compared to the first quarter of fiscal 2018 and reflects an estimated 7% to 10% growth in local currency." -Accenture (Sep. 27)

"At the bottom line, our third quarter adjusted earnings per share of $1.28 was 14% higher than $1.12 in the third quarter of 2017. Our strong growth and adjusted operating income and a more favorable tax rate drove this increase partially offset by higher interest expense from debt related to the RB Foods acquisition as well as higher shares outstanding. The 14% earnings per share growth includes an unfavorable impact from currency." -McCormick & Company (Sep. 27)

"For those of you who are modeling 2019 using September guidance, fuel price, and FX rates, the impact of higher fuel prices and the stronger dollar will unfavorably impact 2019 by about $0.27 per share. Higher fuel prices, net of fuel derivatives, would cost $0.15, while currency is an unfavorable $0.12." -Carnival (Sep. 27)

"However, we now expect core earnings per share in U.S. dollar terms of $5.65, which reflects a one point headwind from foreign exchange translation based on current market consensus rates, due to the recent strengthening of the U.S. dollar." -PepsiCo (Oct. 2)

"Weakening foreign currencies relative to the U.S. dollar negatively impacted sales by about 25 basis points, and gas inflation benefited Q4 comps by about 260 basis points." -Costco Wholesale (Oct. 4)

"Non-U.S. daily sales, which are about 15% of our business, grew 20% in the quarter despite some pretty extensive foreign exchange headwinds and that shined it through on our gross margin bit as well." -Fastenal (Oct. 10)

"Our foreign exchange benefit stepped down from the June quarter as the dollar strengthened and we expect it to become roughly 0.5 point headwind in the fourth quarter." -Delta Air Lines (Oct. 11)

"Let's turn now to our guidance for next year. We are projecting constant currency adjusted EPS growth of 7% to 12% in fiscal 2019. Our currency assumptions result in an adverse EPS impact of approximately $0.04." -Walgreens Boots Alliance (Oct. 11)

Topic of the Week: 2

S&P 500 Reporting 2nd Highest Net Profit Margin in 10 Years

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 Q3 2018 is 19.1%, and the blended revenue growth rate for the index is 7.3%.

During this earnings season, several companies in the S&P 500 have discussed rising costs during their earnings calls (please see page 2 for more details). Given this concern, what is the S&P 500 reporting for a net profit margin for the third quarter?

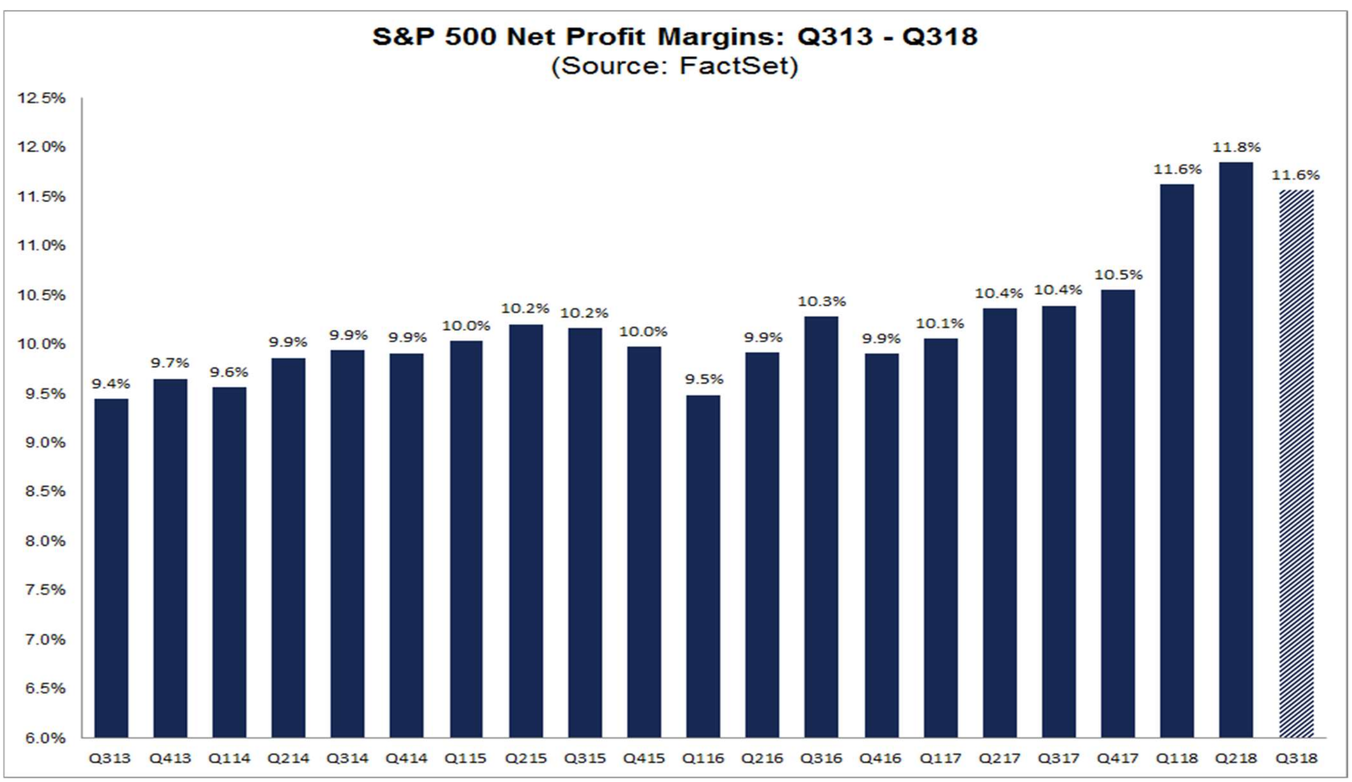
The blended net profit margin for the S&P 500 for Q3 2018 is 11.6%. If 11.6% is the actual net profit margin for the quarter, it will mark a tie with the first quarter (Q1 2018) for the second highest net profit margin for the S&P 500 since FactSet began tracking this data in Q3 2008.

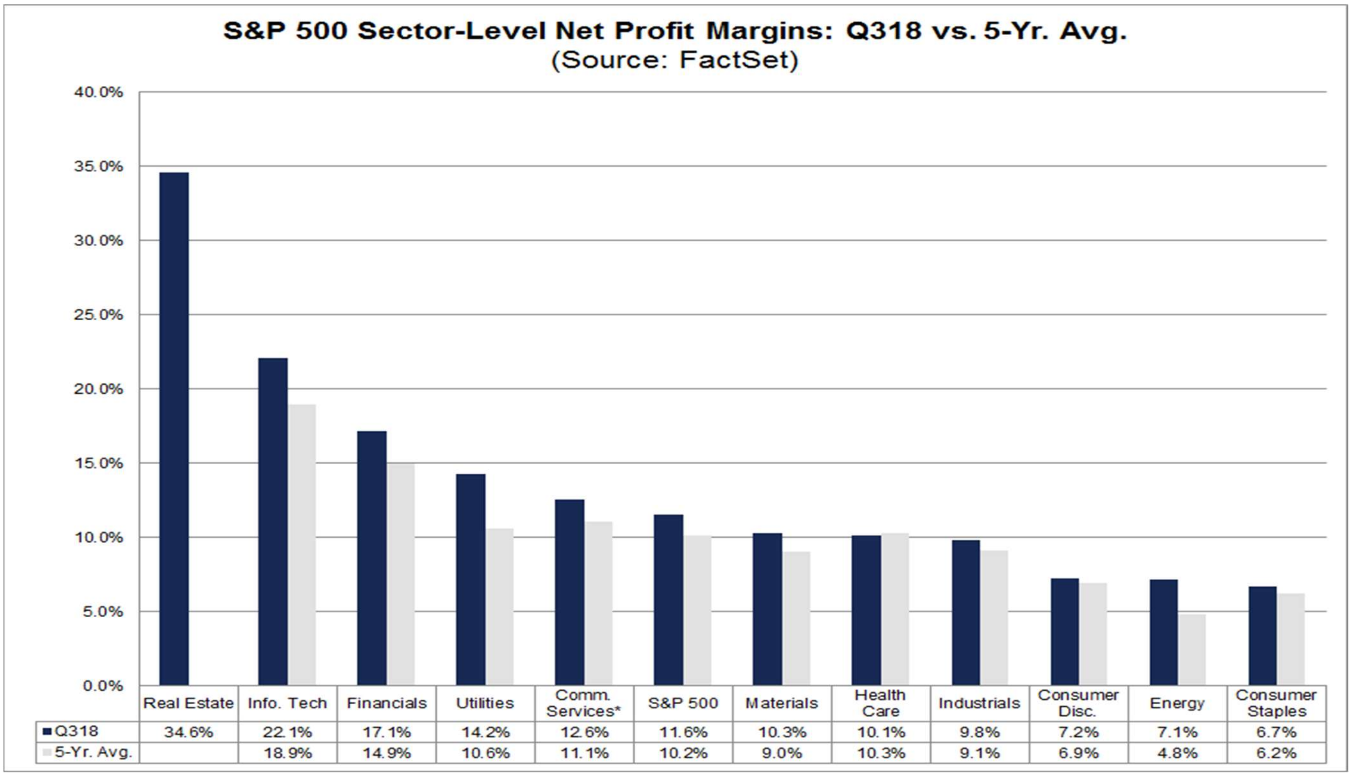
At the sector level, nine sectors are reporting net profit margins for the third quarter that are above their 5-year averages. Two sectors are reporting their highest net profit margins since FactSet began tracking this data in Q3 2008: Information Technology (22.1%) and Utilities (14.2%).

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 near record-level net profit margin for the index for the third quarter.

It is interesting to note that analysts expect net profit margins to remain at this level or increase over the next few quarters. Based on current earnings and revenues estimates, the estimated net profit margins for the next four quarters (Q4 2018 through Q3 2019) are 11.6%, 11.7%, 12.2%, and 12.3%, 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	Utilities	Comm. Services*	S&P 500	Materials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples
Q318	34.6%	22.1%	17.1%	14.2%	12.6%	11.6%	10.3%	10.1%	9.8%	7.2%	7.1%	6.7%
5-Yr. Avg.		18.9%	14.9%	10.6%	11.1%	10.2%	9.0%	10.3%	9.1%	6.9%	4.8%	6.2%

*5-Year Average for Communication Services sector reflects historical data for previous Telecom Services sector

Q3 Earnings Season: By The Numbers

Overview

To date, 6% of the companies in the S&P 500 have reported actual results for Q3 2018. In terms of earnings, more companies are reporting actual EPS above estimates (86%) compared to the 5-year average. In aggregate, companies are reporting earnings that are 2.1% above the estimates, which is below the 5-year average. In terms of sales, more companies (68%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are 0.4% above estimates, which is below 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 third quarter is 19.1% today, which is equal to the earnings growth rate of 19.1% last week. If 19.1% is the actual growth rate for the quarter, it will mark the third highest earnings growth since Q1 2011. All eleven sectors are reporting (or are predicted to report) year-over-year earnings growth. Seven sectors are reporting (or are expected to report) double-digit earnings growth, led by the Energy, Financials, and Materials sectors.

The blended, year-over-year sales growth rate for the third quarter is 7.3% today, which is equal to the sales growth rate of 7.3% last week. All eleven sectors are reporting (or are projected to report) year-over-year growth in revenues. Three sectors are reporting (or are predicted to report) double-digit growth in revenues: Energy, Communication Services, and Real Estate.

Looking at future quarters, analysts see double-digit earnings growth for the fourth quarter, but also see single-digit earnings growth for the first half of 2019.

The forward 12-month P/E ratio is 15.7, which is below the 5-year average but above the 10-year average.

During the upcoming week, 55 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the third quarter.

Scorecard: More Companies Beating Estimates, But by Lower Margins than Average

Percentage of Companies Beating EPS Estimates (86%) is Above 5-Year Average

Overall, 6% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 86% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 11% 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 (77%) average and above the 5-year (71%) average.

At the sector level, the Consumer Discretionary (100%) and Information Technology (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Consumer Staples (71%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+2.1%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 2.1% above expectations. This surprise percentage is below the 1-year (+5.4%) average and below the 5-year (+4.6%) average.

The Consumer Discretionary (+5.2%) and Information Technology (+4.3%) sectors are reporting the largest upside aggregate differences between actual earnings and estimated earnings. Within the Consumer Discretionary sector, Lennar ($1.37 vs. $1.18) has reported the largest upside difference between actual EPS and estimated EPS. Within the Information Technology sector, Micron Technology ($3.53 vs. $3.33) has reported the largest positive EPS surprise. On the other hand, the Industrials sector (-0.8%) is reporting the largest downside aggregate difference between actual earnings and estimated earnings. Within this sector, FedEx ($3.46 vs. $3.80) has reported the largest downside difference between actual EPS and estimated EPS.

Market Punishing Earnings Beats and Earnings Misses

To date, the market is punishing positive earnings surprises and negative earnings surprises more than average.

Companies that have reported positive earnings surprises for Q3 2018 have seen an average price decrease of -2.3% 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 +1.0% during this same window for companies reporting upside earnings surprises.

Companies that have reported negative earnings surprises for Q3 2018 have seen an average price decrease of -4.0% 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 (68%) is Above 5-Year Average

In terms of revenues, 68% of companies have reported actual sales above estimated sales and 32% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below the 1- year average (73%) but well above the 5-year average (59%).

At the sector level, the Consumer Discretionary (83%) and Industrials (80%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Staples (43%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.4%) is Below 5-Year Average

In aggregate, companies are reporting sales that are 0.4% above expectations. This surprise percentage is below the 1-year (+1.3%) average and below the 5-year (+0.7%) average.

The Information Technology (+1.1%) sector is reporting the largest upside aggregate difference between actual sales and estimated sales, while the Consumer Staples (-0.2%) sector is reporting the largest downside aggregate difference between actual sales and estimated sales.

Revisions: No Change in Blended Earnings Growth Rate this Week

No Change in Blended Earnings Growth This Week

The blended, year-over-year earnings growth rate for the third quarter is 19.1% today, which is equal to the earnings growth rate of 19.1% last week.

No Change in Blended Revenue Growth This Week

The blended, year-over-year sales growth rate for the third quarter is 7.3% today, which is equal to the sales growth rate of 7.3% last week.

Materials Sector Has Seen Largest Decrease in Earnings Growth since September 30

The blended, year-over-year earnings growth rate for Q3 2018 of 19.1% is slightly below the estimate of 19.3% at the end of the third quarter (September 30). Three 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 Utilities (to 7.2% from 6.6%) sector. Seven sectors have recorded a decrease in earnings growth during this time due to downward revisions to earnings estimates and negative earnings surprises, led by the Materials (to 25.0% from 27.6%) sector. The Information Technology sector has recorded no change in earnings growth (16.8%) since September 30.

Consumer Discretionary Sector Has Seen Largest Decrease in Revenue Growth since September 30

The blended, year-over-year sales growth rate for Q3 2018 of 7.3% is slightly below the estimate of 7.5% at the end of the third quarter (September 30). Two 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 Energy (to 18.9% from 18.5%) sector. Five sectors have recorded a decrease in sales growth during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Consumer Discretionary (to 6.4% from 8.0%) sector. Four sectors have recorded no change in sales growth since September 30.

Earnings Growth: 19.1%

The blended (year-over-year) earnings growth rate for Q3 2018 is 19.1%. If 19.1% is the final growth rate for the quarter, it will mark the third highest earnings growth reported by the index since Q1 2011 (19.5%), trailing only the previous two quarters. All eleven sectors are reporting (or are expected to report) year-over-year growth in earnings. Seven sectors are reporting (or are projected to report) double-digit earnings growth for the quarter, led by the Energy, Financials, and Materials sectors.

Energy: Higher Year-Over-Year Oil Prices Driving Broad-Based Growth

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 93.6%. Higher oil prices are helping to drive the unusually high growth rate for the sector, as the average price of oil in Q3 2018 ($69.43) was 44% higher than the average price of oil in Q3 2017 ($48.20). At the sub-industry level, all six sub-industries in the sector are predicted to report earnings growth for the quarter: Oil & Gas Drilling (N/A due to year-ago loss), Oil & Gas Exploration & Production (3,522%), Integrated Oil & Gas (86%), Oil & Gas Storage & Transportation (60%), Oil & Gas Equipment & Services (22%), and Oil & Gas Refining & Marketing (9%).

Financials: All 5 Industries Expected to Report Double-Digit Growth, Led by Insurance Industry

The Financials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 33.7%. At the industry level, all five industries in this sector are reporting (or are predicted to report) double-digit growth in earnings: Insurance (156%), Diversified Financial Services (87%), Banks (21%), Consumer Finance (19%), and Capital Markets (11%). The unusually high growth rate for the Insurance industry can be attributed in part to an easy comparison to weak year-ago earnings due to catastrophic losses from Hurricanes Harvey and Irma. If the Insurance industry were excluded, the estimated earnings growth rate for the Financials sector would fall to 21.5% from 33.7%.

Materials: All 4 Industries Expected to Report Double-Digit Earnings Growth

The Materials sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 25.0%. At the industry level, all four industries in the sector are reporting (or are predicted to report) double-digit earnings growth: Metals & Mining (46%), Construction Materials (33%), Containers & Packaging (29%), and Chemicals (20%).

Revenue Growth: 7.3%

The blended (year-over-year) revenue growth rate for Q3 2018 is 7.3%. All eleven sectors are reporting (or are expected to report) year-over-year growth in revenue. Three sectors are reporting (or are predicted to report) double-digit growth in revenue: Energy, Communication Services, and Real Estate.

Energy: 5 of 6 Sub-Industries Expected to Report Double-Digit Growth

The Energy sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 18.9%. At the sub-industry level, all six sub-industries are expected to report (year-over-year) revenue growth. Five of the six sub-industries in the sector are predicted to report double-digit revenue growth: Oil & Gas Drilling (28%), Oil & Gas Refining & Marketing (21%), Oil & Gas Exploration & Production (21%), Integrated Oil & Gas (20%), and Oil & Gas Storage & Transportation (16%).

Communication Services: Interactive Media & Services Industry Leads Growth

The Communication Services sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 12.9%. At the industry level, all four industries in this sector are predicted to report revenue growth. Two of these four industries are projected to report double-digit revenue growth: Interactive Media & Services (24%) and Diversified Telecommunication Services (11%).

Real Estate: CBRE Group Leads Growth

The Real Estate sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 11.6%. At the company level, CBRE Group is predicted to be the largest contributor to revenue growth for the sector. The revenue estimate for Q3 2018 is $5.2 billion, compared to year-ago revenues of $3.5 billion. If this company were excluded, the estimated revenue growth rate for the sector would fall to 5.6% from 11.6%.

Looking Ahead: Forward Estimates and Valuation

Guidance: Below Average % of Companies Issuing Negative EPS Guidance for Q4

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, 7 companies in the index have issued EPS guidance for Q4 2018. Of these 7 companies, 4 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 57% (4 out of 7), which is below the 5-year average of 71%.

2018 Earnings Growth Estimate is 20%, But 2019 Earnings Growth Estimate is 10%

For the third quarter, companies are reporting earnings growth of 19.1% and revenue growth of 7.3%. While analysts currently expect earnings to grow at double-digit levels for Q4, they also expect more moderate growth in early 2019.

For Q4 2018, analysts are projecting earnings growth of 17.0% and revenue growth of 6.4%.

For CY 2018, analysts are projecting earnings growth of 20.3% and revenue growth of 8.1%.

For Q1 2019, analysts are projecting earnings growth of 7.1% and revenue growth of 6.6%.

For Q2 2019, analysts are projecting earnings growth of 7.3% and revenue growth of 5.0%.

For CY 2019, analysts are projecting earnings growth of 10.5% and revenue growth of 5.5%.

Valuation: Forward P/E Ratio is 15.7, above the 10-Year Average (14.5)

The forward 12-month P/E ratio is 15.7. This P/E ratio is below the 5-year average of 16.3, but above the 10-year average of 14.5. It is also below the forward 12-month P/E ratio of 16.8 recorded at the start of the fourth quarter (September 30). Since the start of the fourth quarter, the price of the index has decreased by 6.4%, while the forward 12-month EPS estimate has increased by 0.3%.

At the sector level, the Consumer Discretionary (20.2) sector has the highest forward 12-month P/E ratio, while the Financials (11.7) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 18% Increase in Price Over Next 12 Months

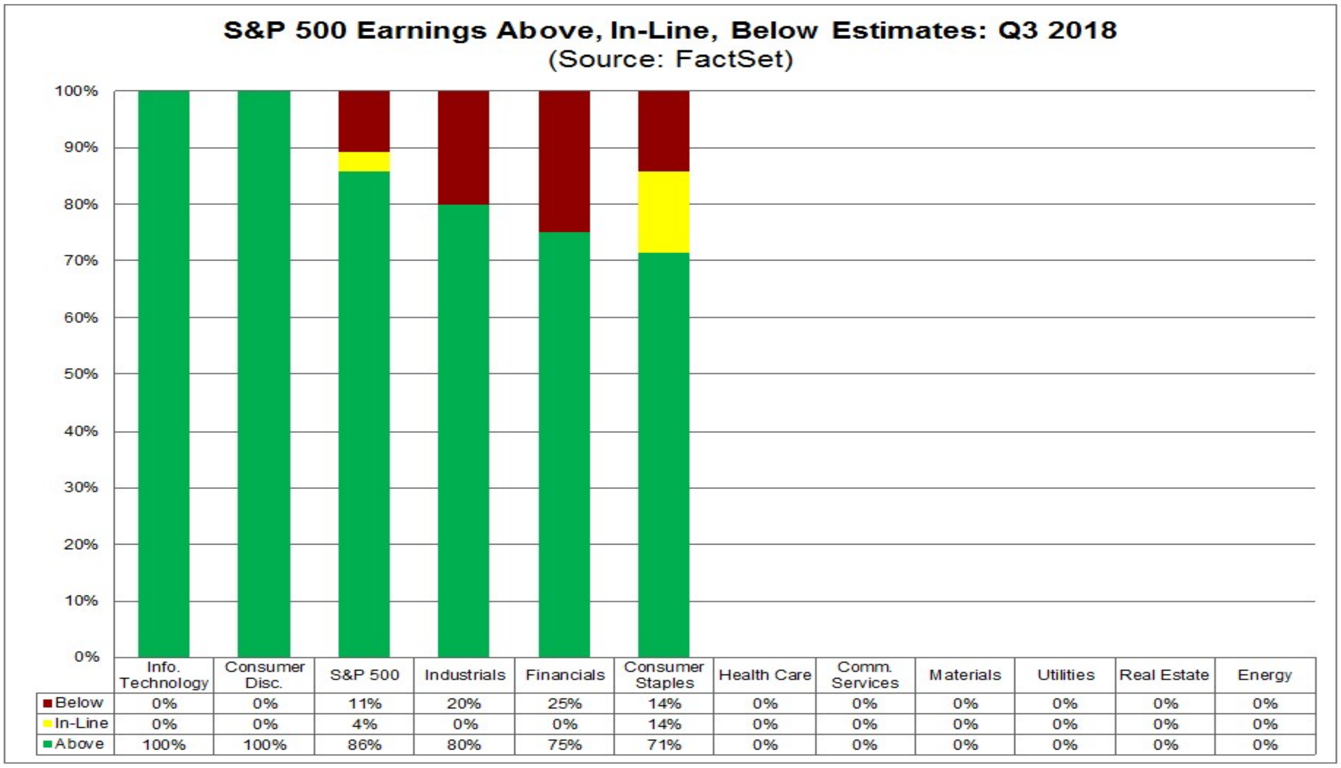
The bottom-up target price for the S&P 500 is 3208.26, which is 17.8% above the closing price of 2728.37. At the sector level, the Materials (+24.8%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+5.2%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,028 ratings on stocks in the S&P 500. Of these 11,028 ratings, 52.8% are Buy ratings, 41.6% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Energy (60%) sector has the highest percentage of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

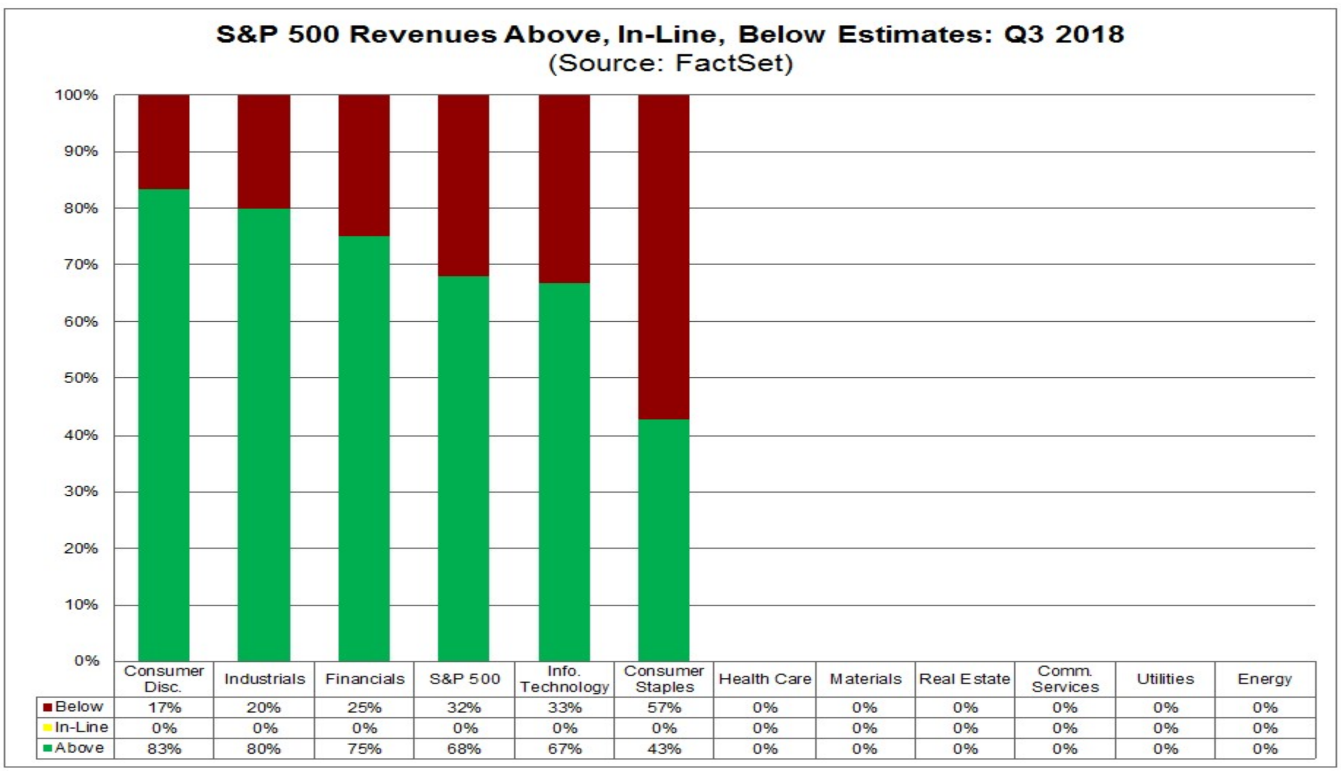
Companies Reporting Next Week: 55

During the upcoming week, 55 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the third quarter.

Q3 2018: Scorecard

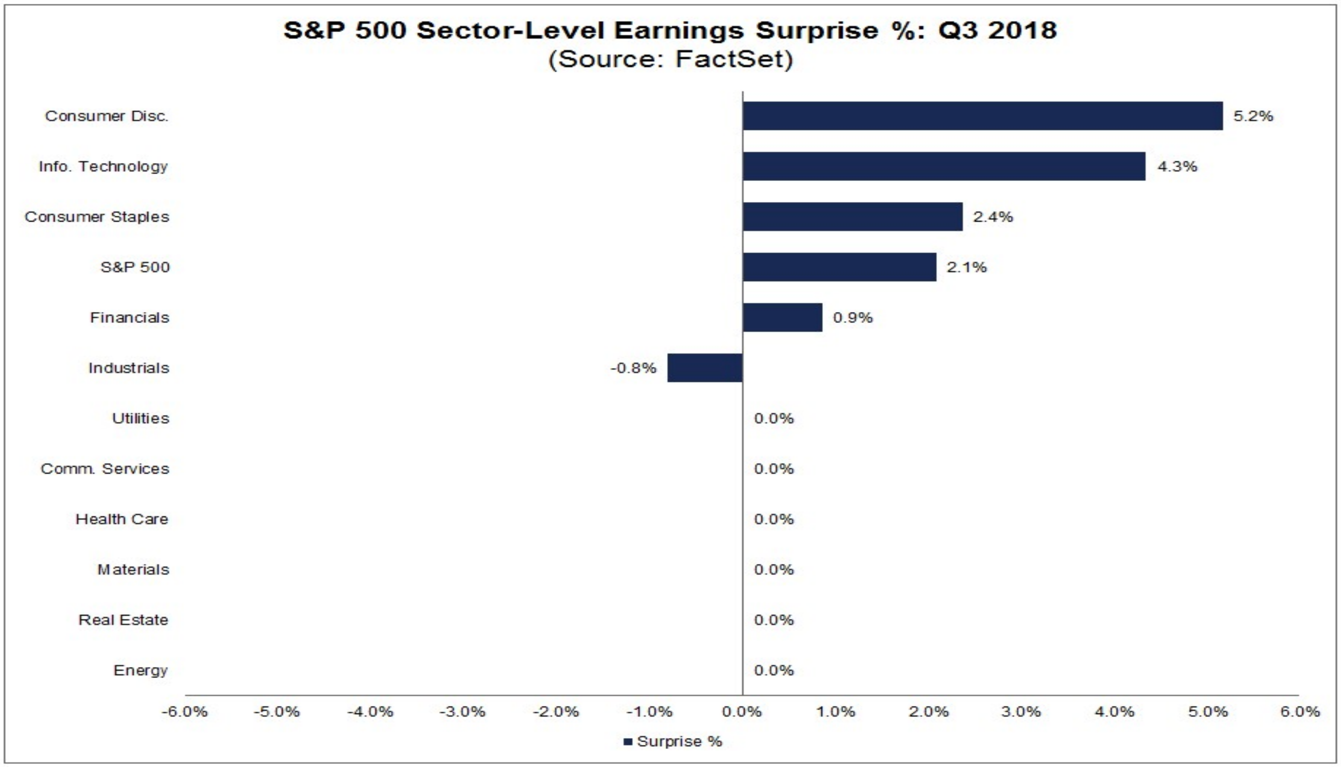


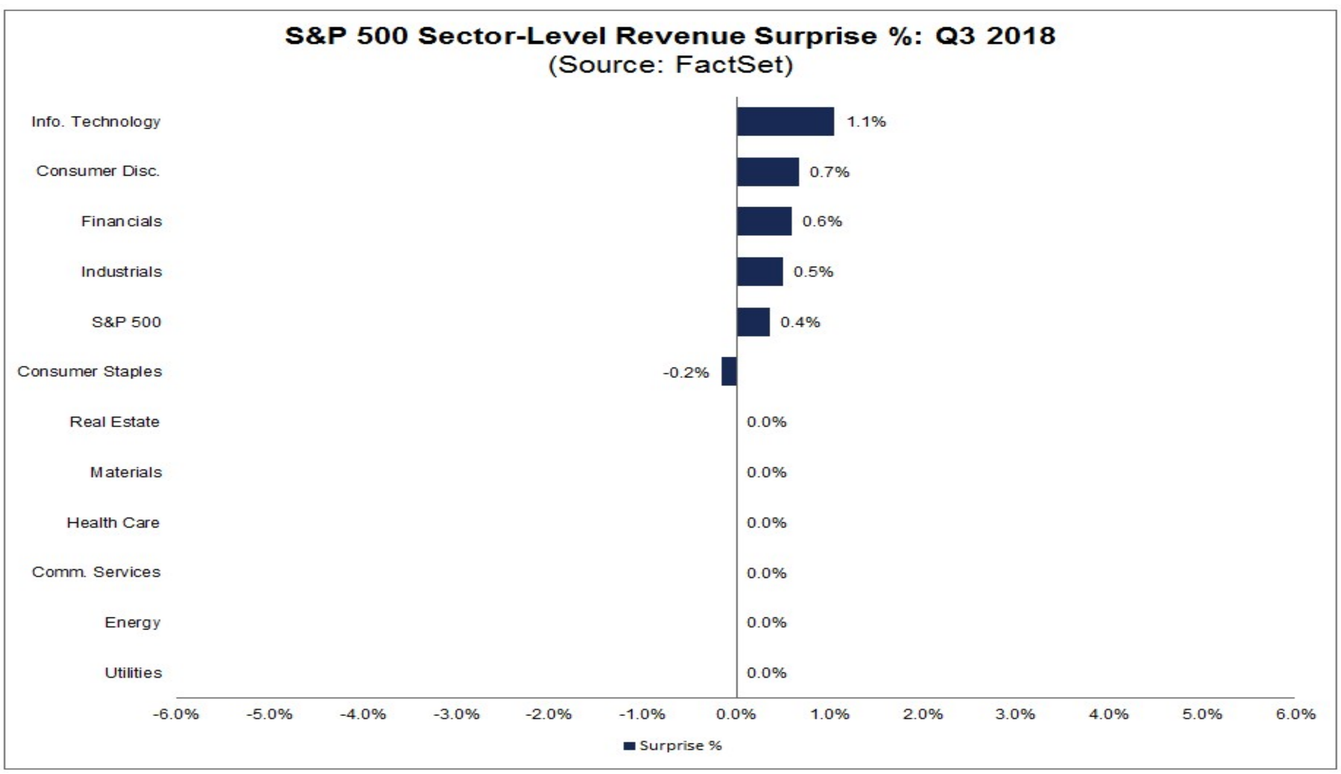
	Info. Technology	Consumer Disc.	S&P 500	Industrials	Financials	Consumer Staples	Health Care	Comm. Services	Materials	Utilities	Real Estate	Energy
Below	0%	0%	11%	20%	25%	14%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	4%	0%	0%	14%	0%	0%	0%	0%	0%	0%
Above	100%	100%	86%	80%	75%	71%	0%	0%	0%	0%	0%	0%



	Consumer Disc.	Industrials	Financials	S&P 500	Info. Technology	Consumer Staples	Health Care	Materials	Real Estate	Comm. Services	Utilities	Energy
Below	17%	20%	25%	32%	33%	57%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	83%	80%	75%	68%	67%	43%	0%	0%	0%	0%	0%	0%

Q3 2018: Scorecard





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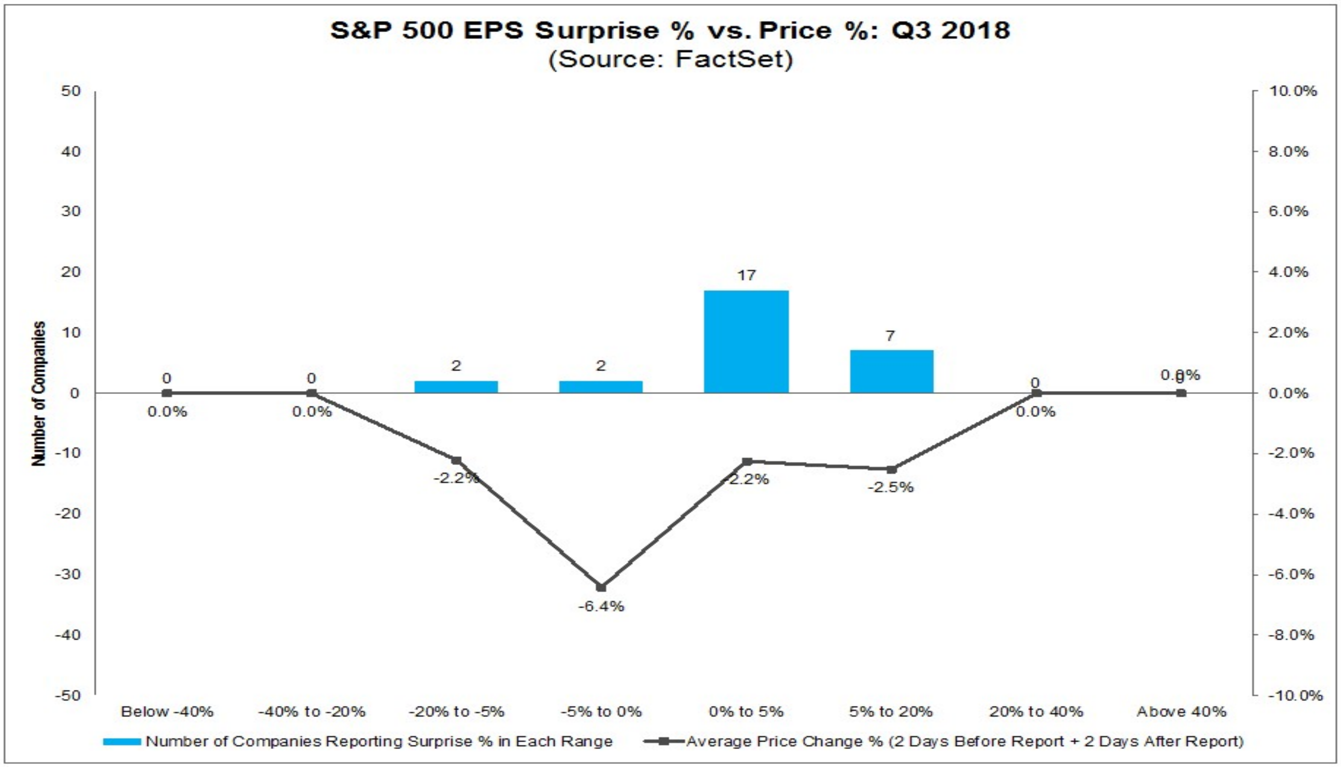
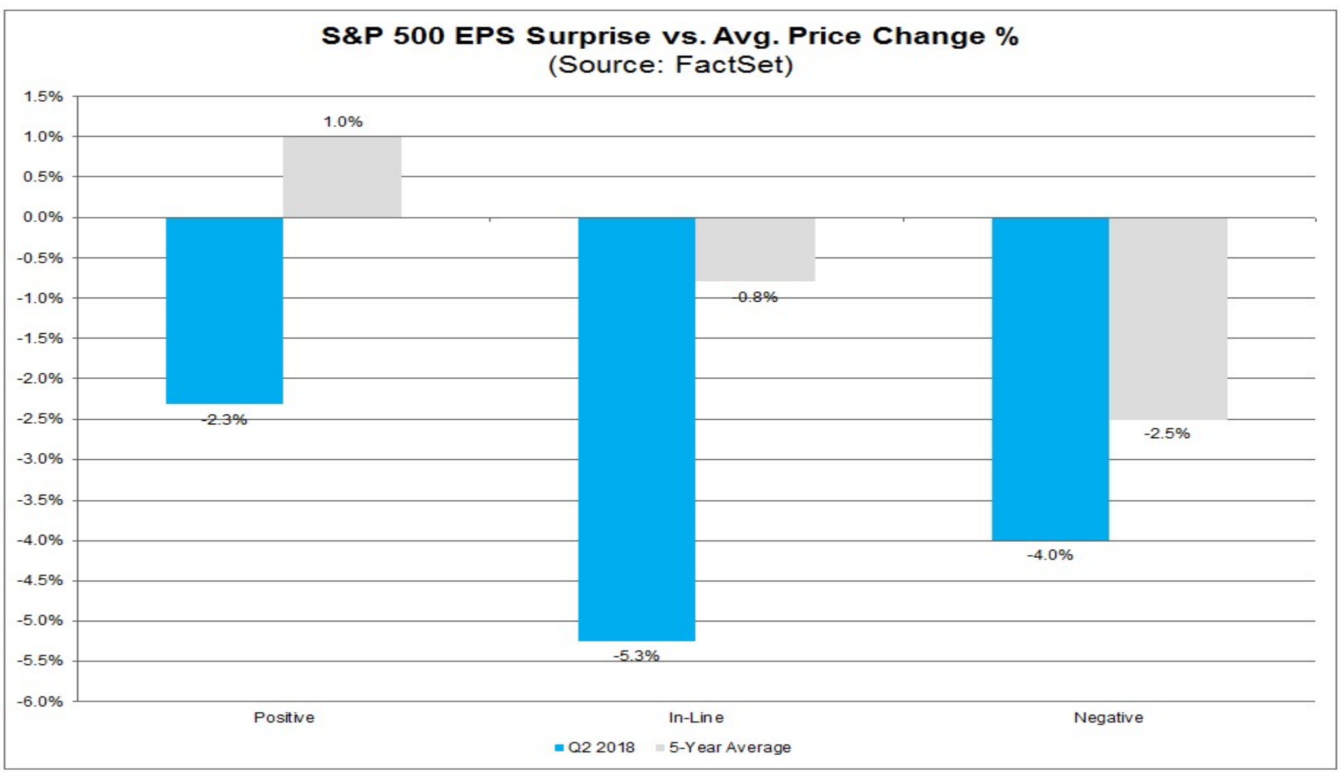
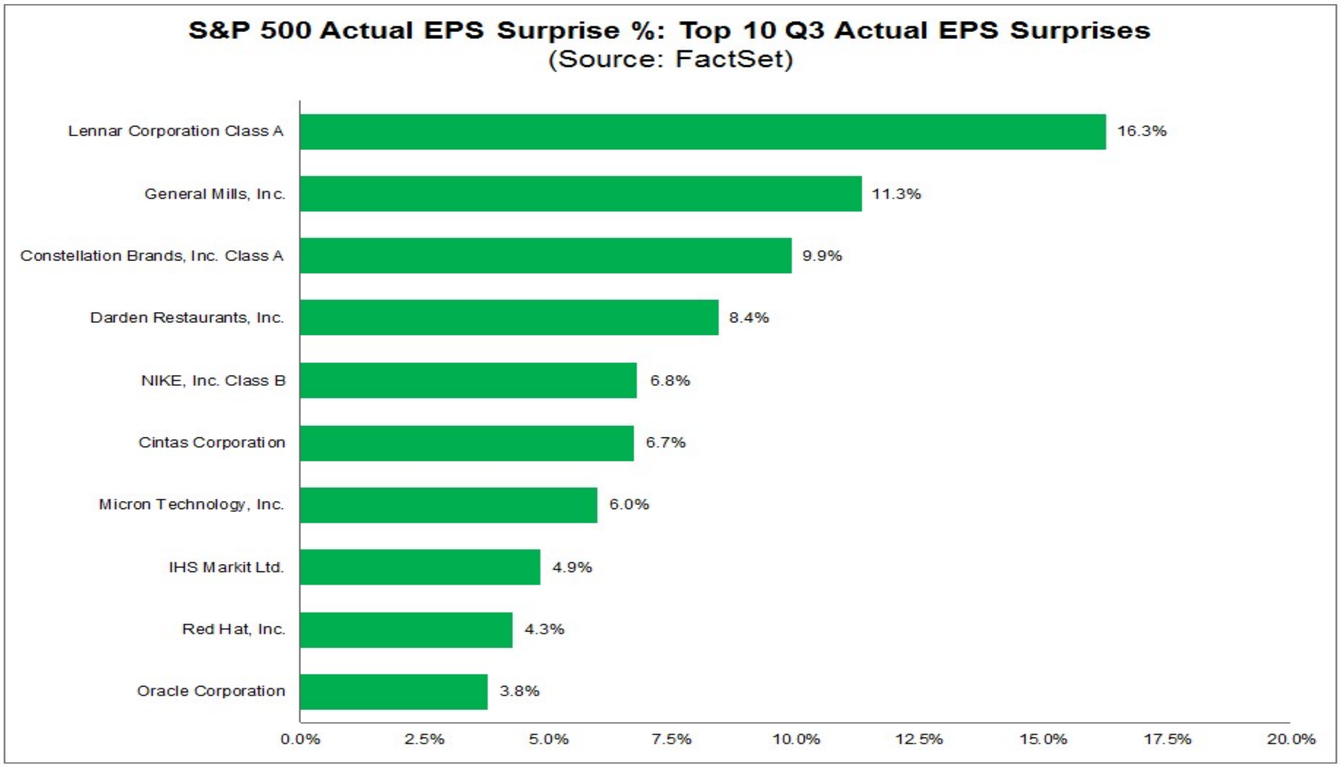
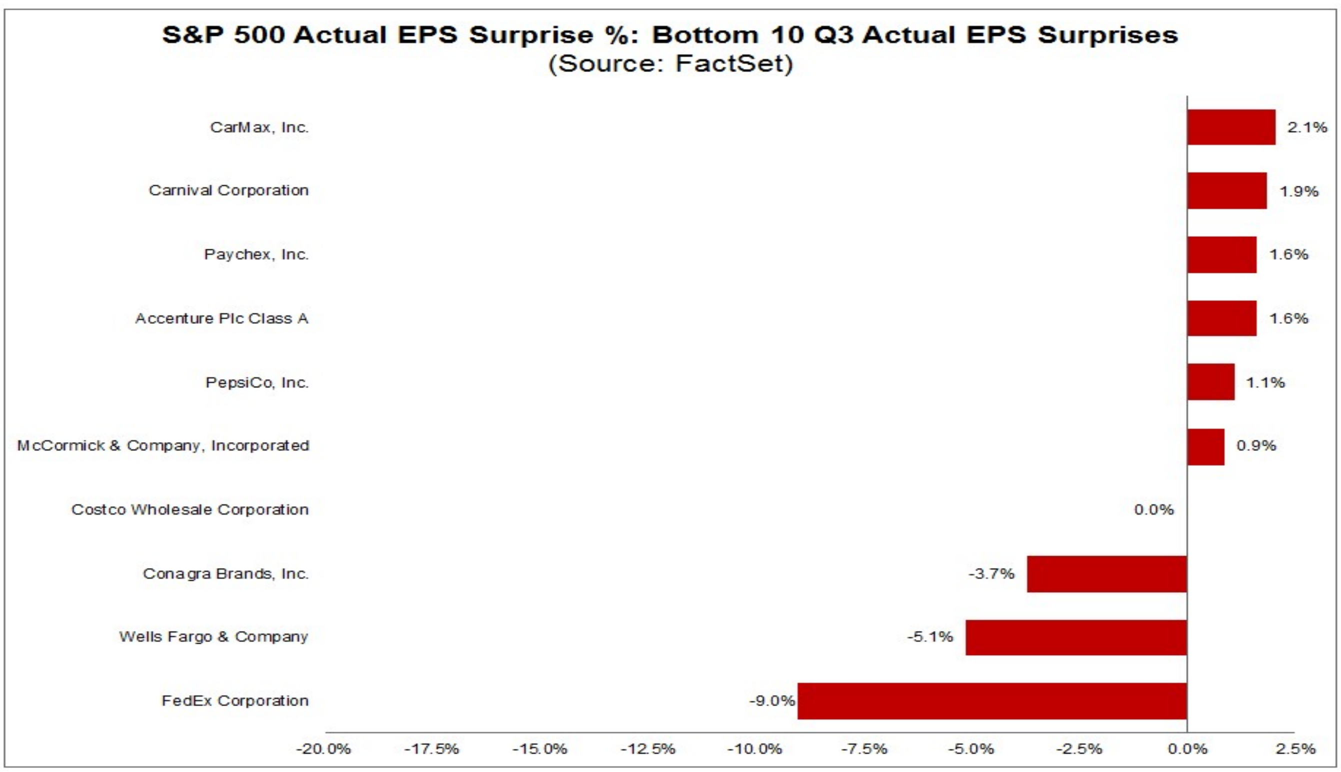


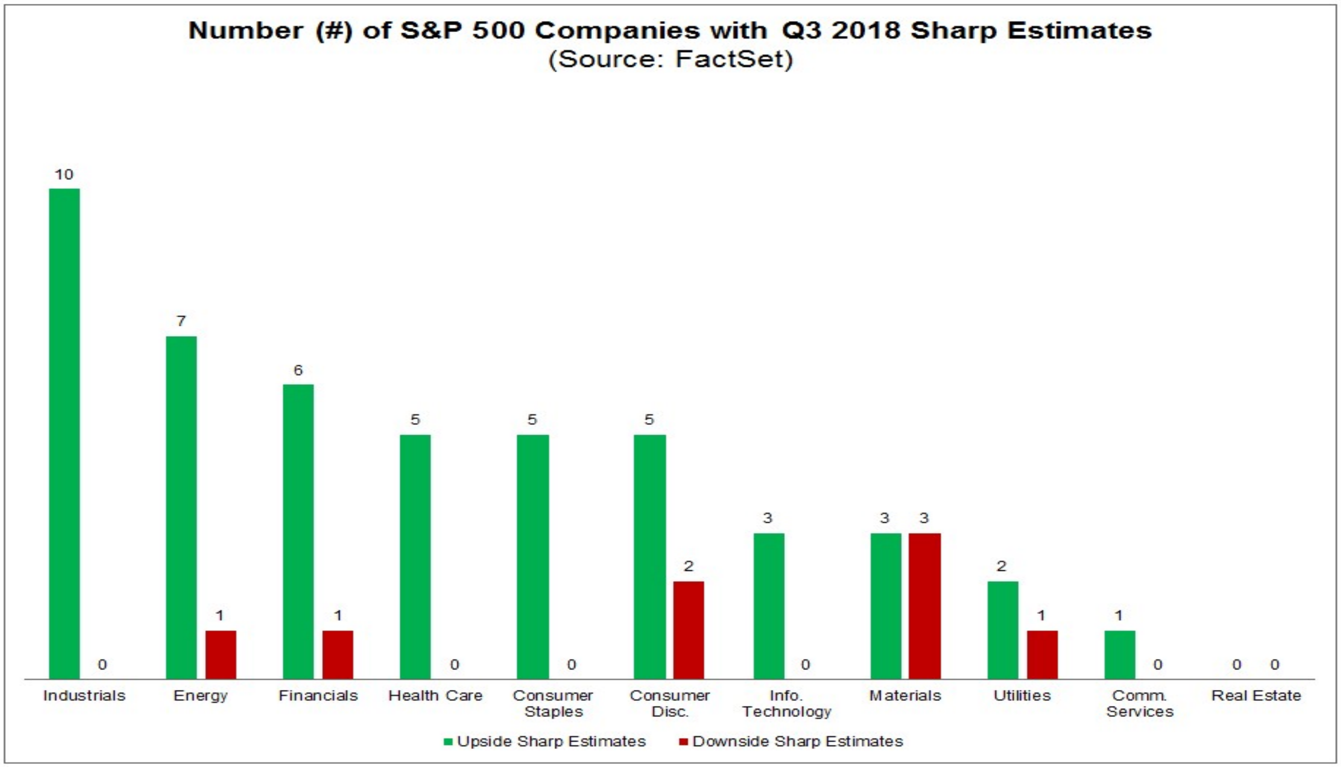


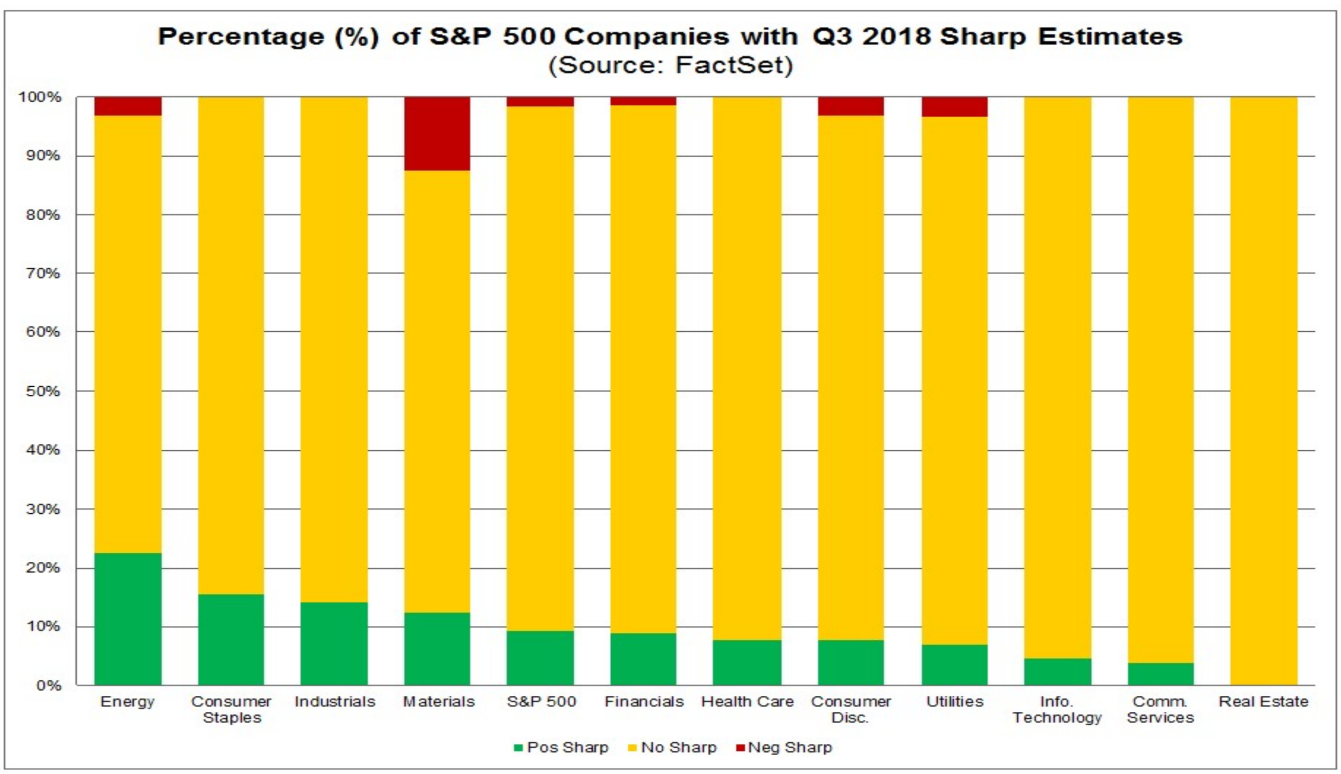
Q3 2018: Scorecard



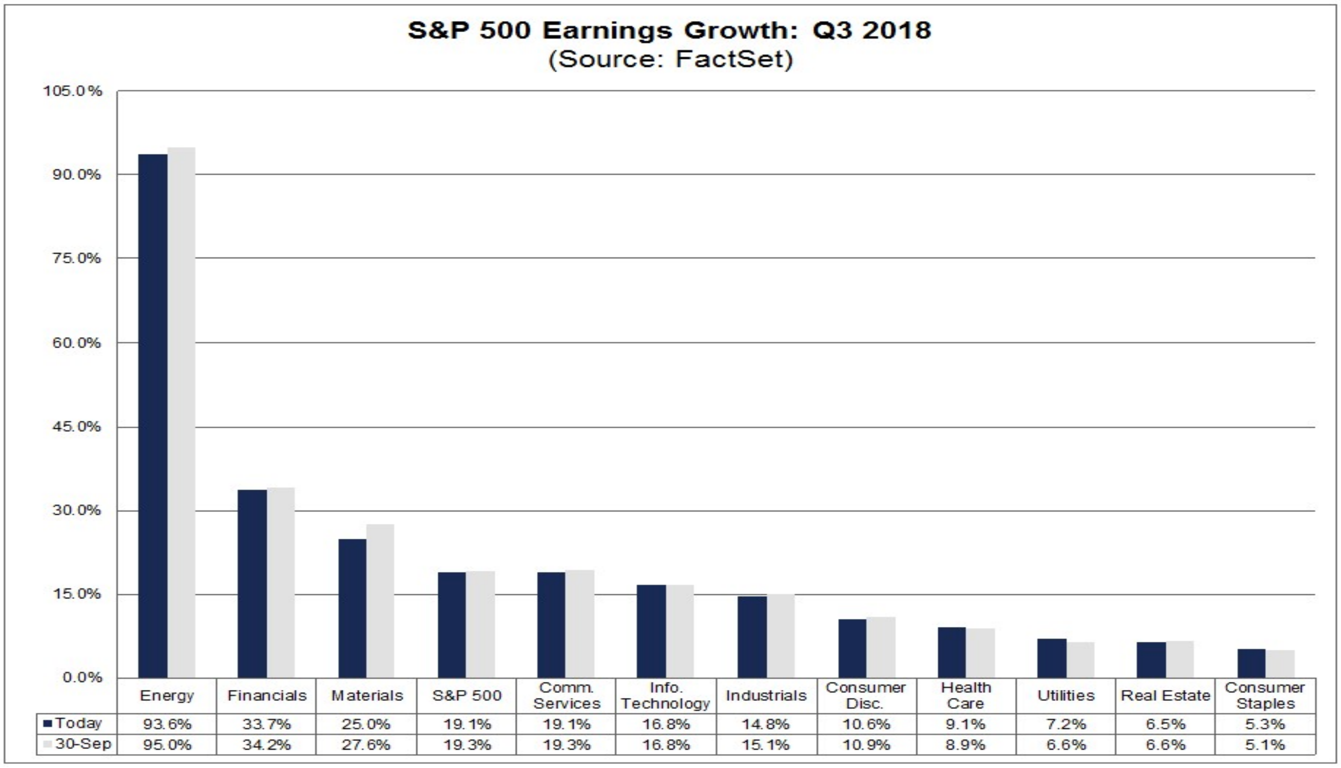


Q3 2018: Projected EPS Surprises (Sharp Estimates)

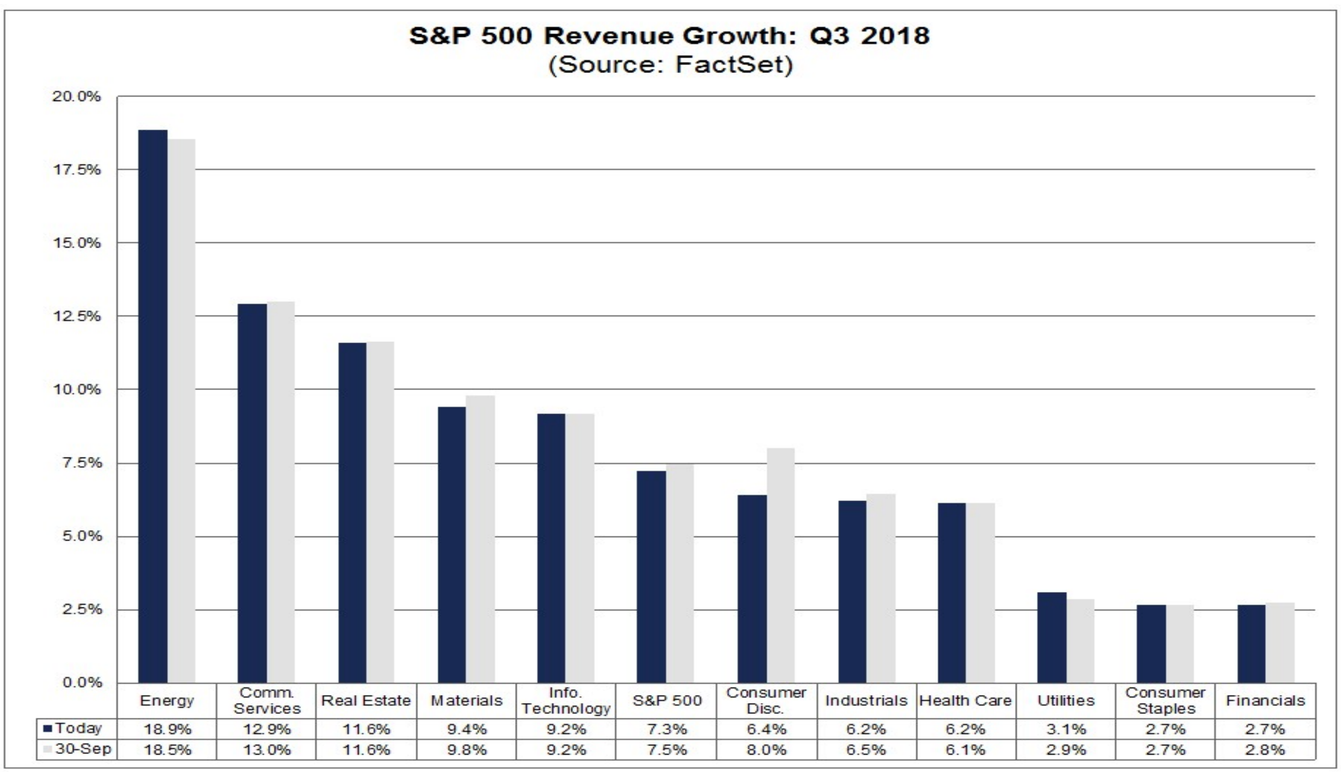




Q3 2018: Growth

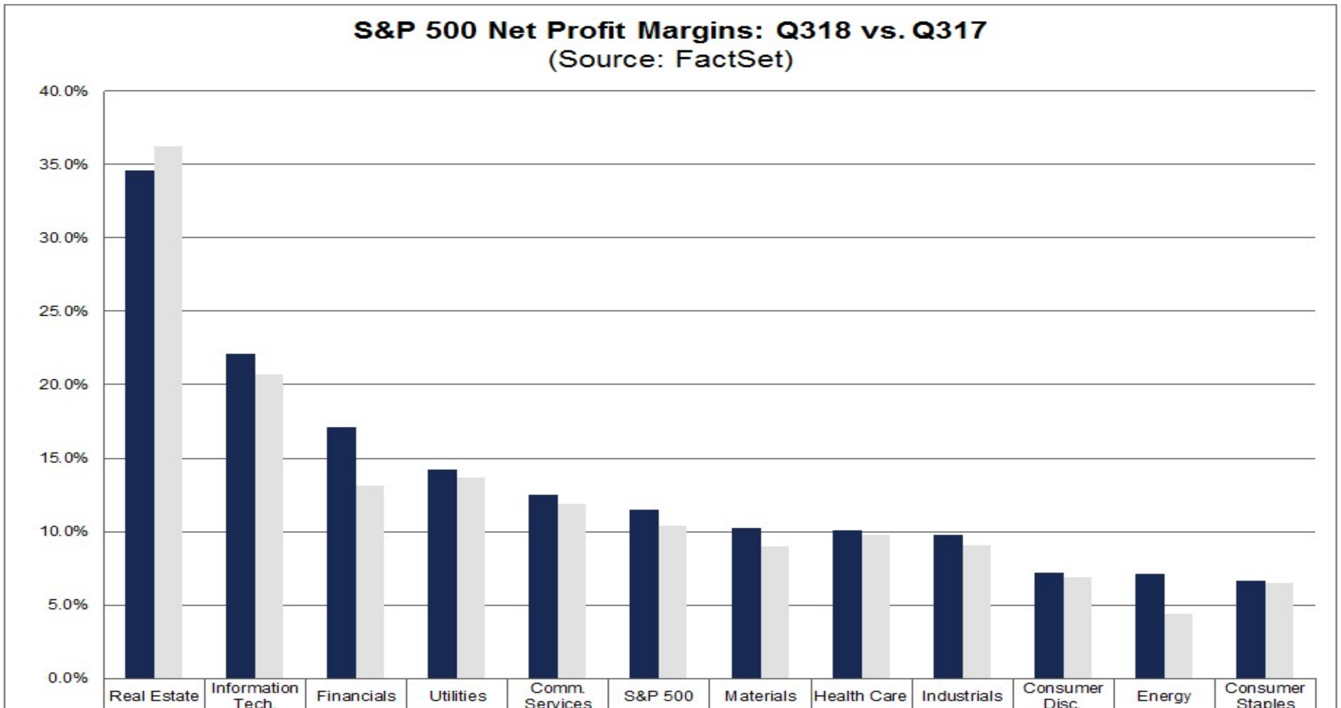


	Energy	Financials	Materials	S&P 500	Comm. Services	Info. Technology	Industrials	Consumer Disc.	Health Care	Utilities	Real Estate	Consumer Staples
Today	93.6%	33.7%	25.0%	19.1%	19.1%	16.8%	14.8%	10.6%	9.1%	7.2%	6.5%	5.3%
30-Sep	95.0%	34.2%	27.6%	19.3%	19.3%	16.8%	15.1%	10.9%	8.9%	6.6%	6.6%	5.1%

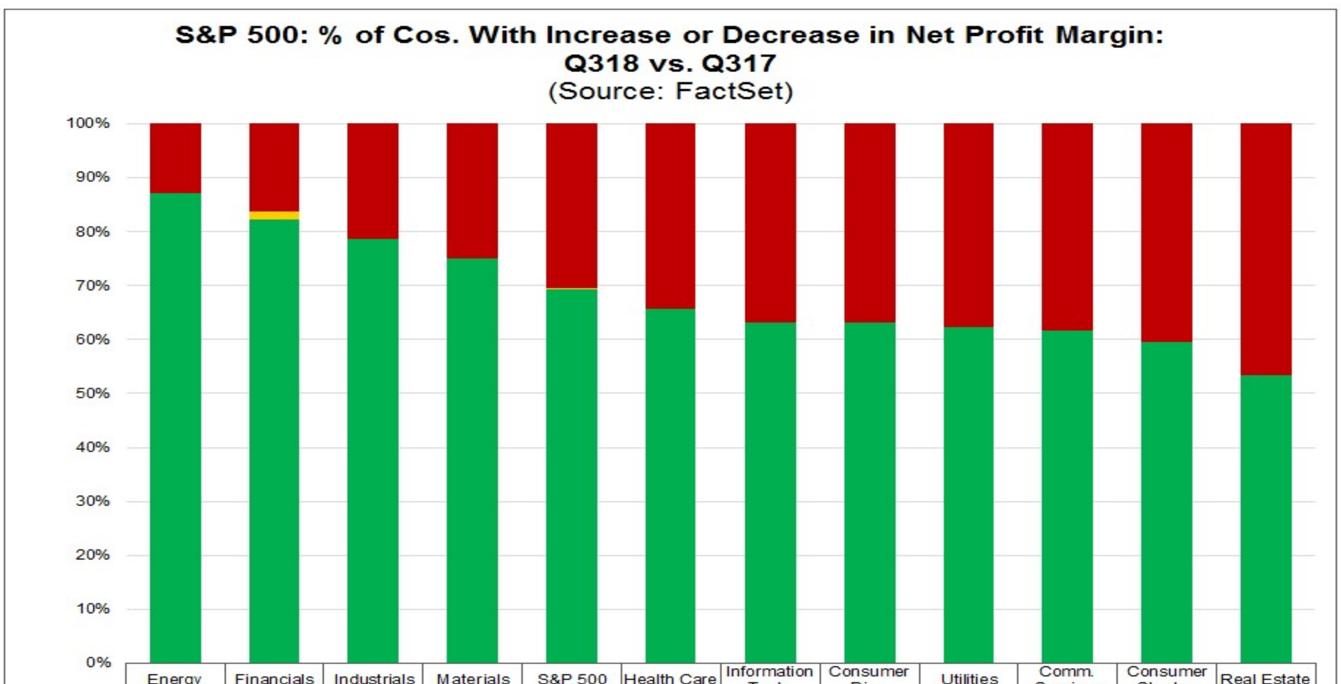


	Energy	Comm. Services	Real Estate	Materials	Info. Technology	S&P 500	Consumer Disc.	Industrials	Health Care	Utilities	Consumer Staples	Financials
Today	18.9%	12.9%	11.6%	9.4%	9.2%	7.3%	6.4%	6.2%	6.2%	3.1%	2.7%	2.7%
30-Sep	18.5%	13.0%	11.6%	9.8%	9.2%	7.5%	8.0%	6.5%	6.1%	2.9%	2.7%	2.8%

Q3 2018: Net Profit Margin

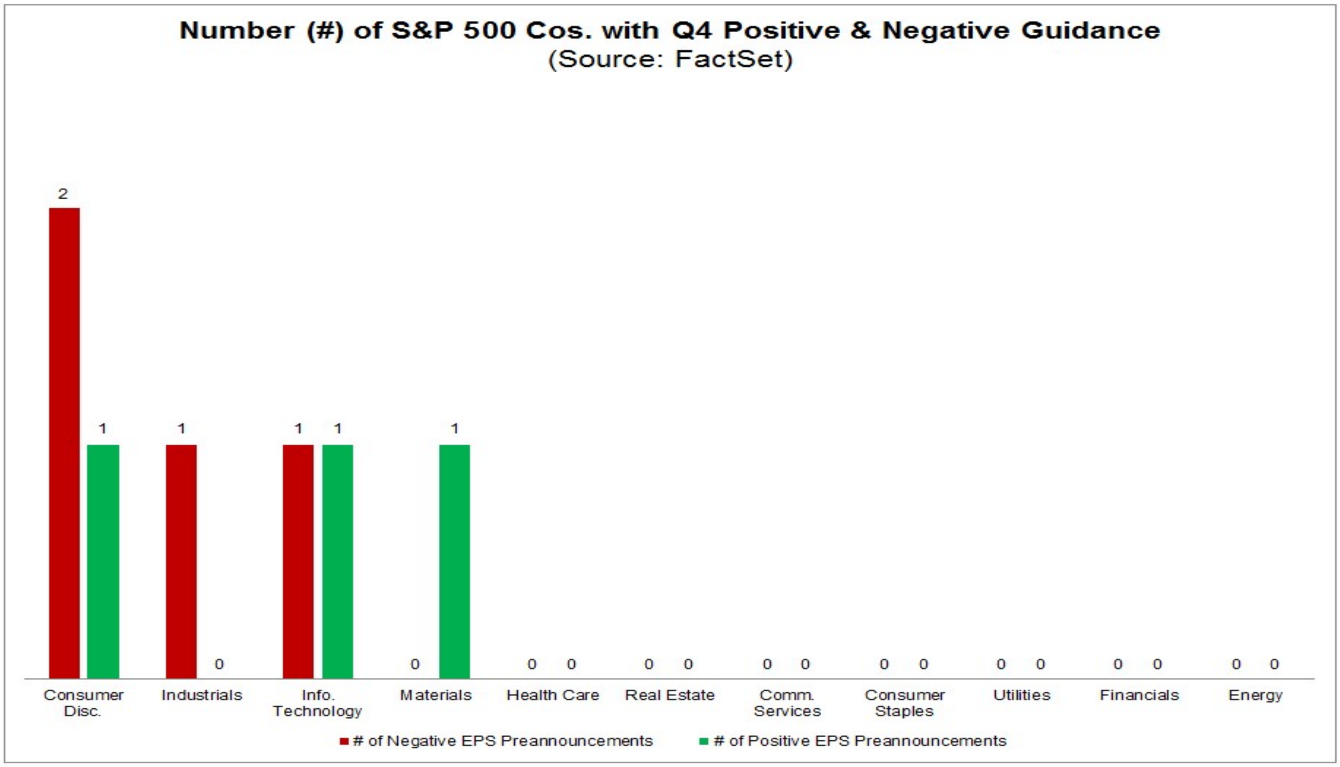


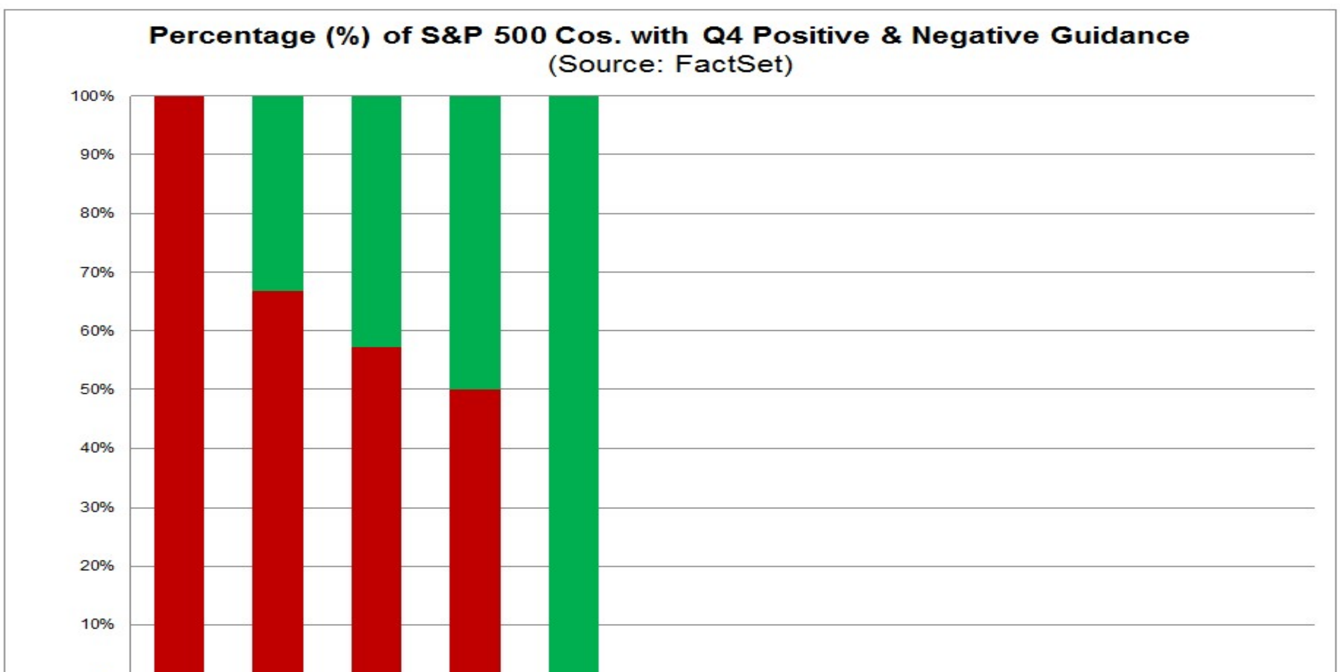
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Materials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples
Q318	34.6%	22.1%	17.1%	14.2%	12.6%	11.6%	10.3%	10.1%	9.8%	7.2%	7.2%	6.7%
Q317	36.2%	20.7%	13.2%	13.7%	11.9%	10.4%	9.0%	9.8%	9.1%	7.0%	4.4%	6.5%



	Energy	Financials	Industrials	Materials	S&P 500	Health Care	Information Tech.	Consumer Disc.	Utilities	Comm. Services	Consumer Staples	Real Estate
Down %	13%	16%	21%	25%	31%	34%	37%	37%	38%	38%	41%	47%
None %	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	87%	82%	79%	75%	69%	66%	63%	63%	62%	62%	59%	53%

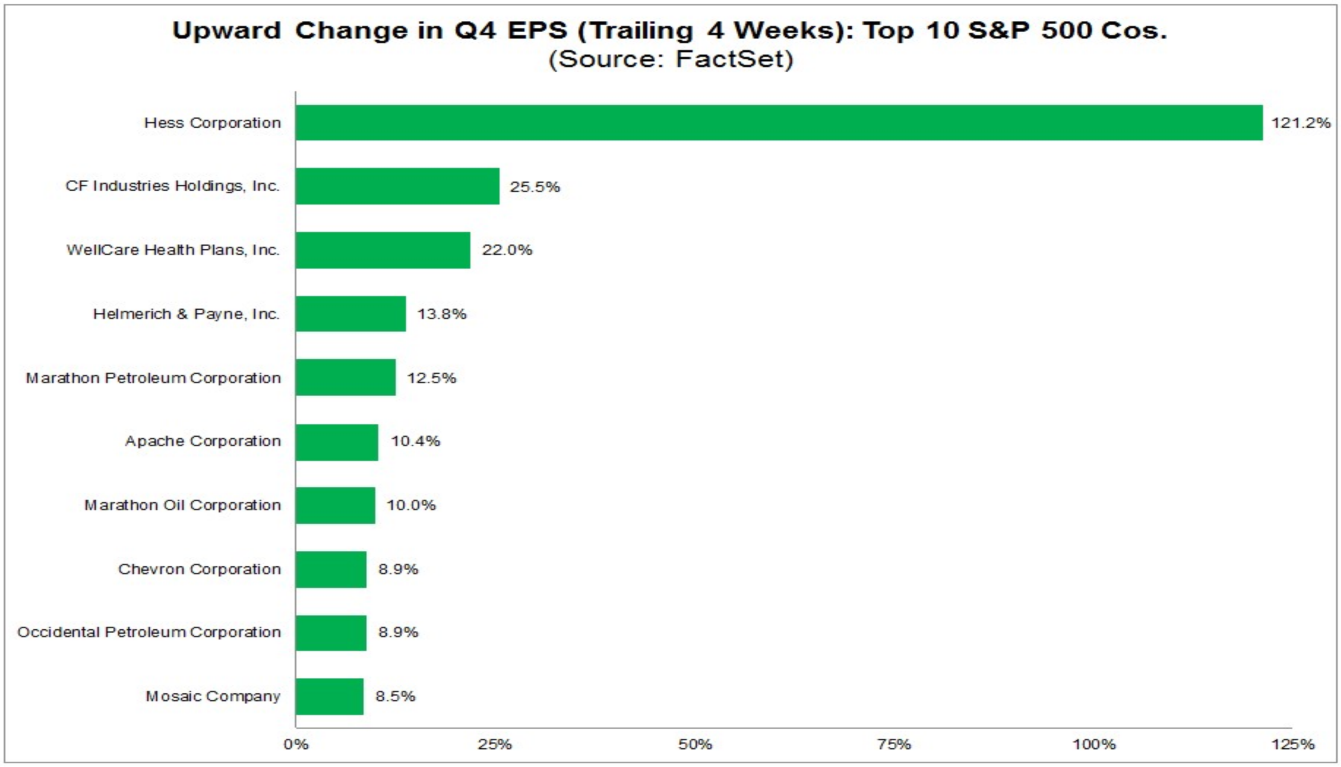
Q4 2018: EPS Guidance

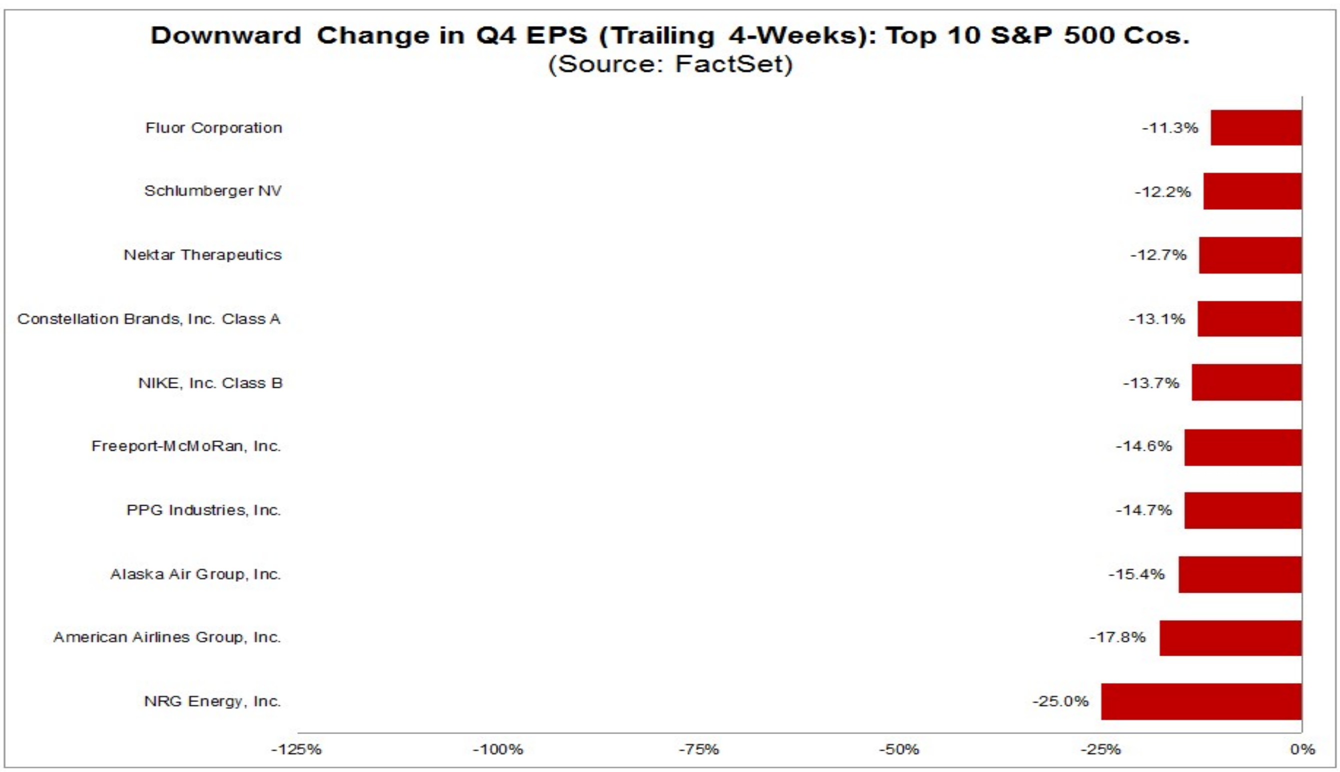




	Industrials	Consumer Disc.	S&P 500	Info. Technology	Materials	Comm. Services	Consumer Staples	Utilities	Financials	Health Care	Real Estate	Energy
Positive	0%	33%	43%	50%	100%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	67%	57%	50%	0%	0%	0%	0%	0%	0%	0%	0%

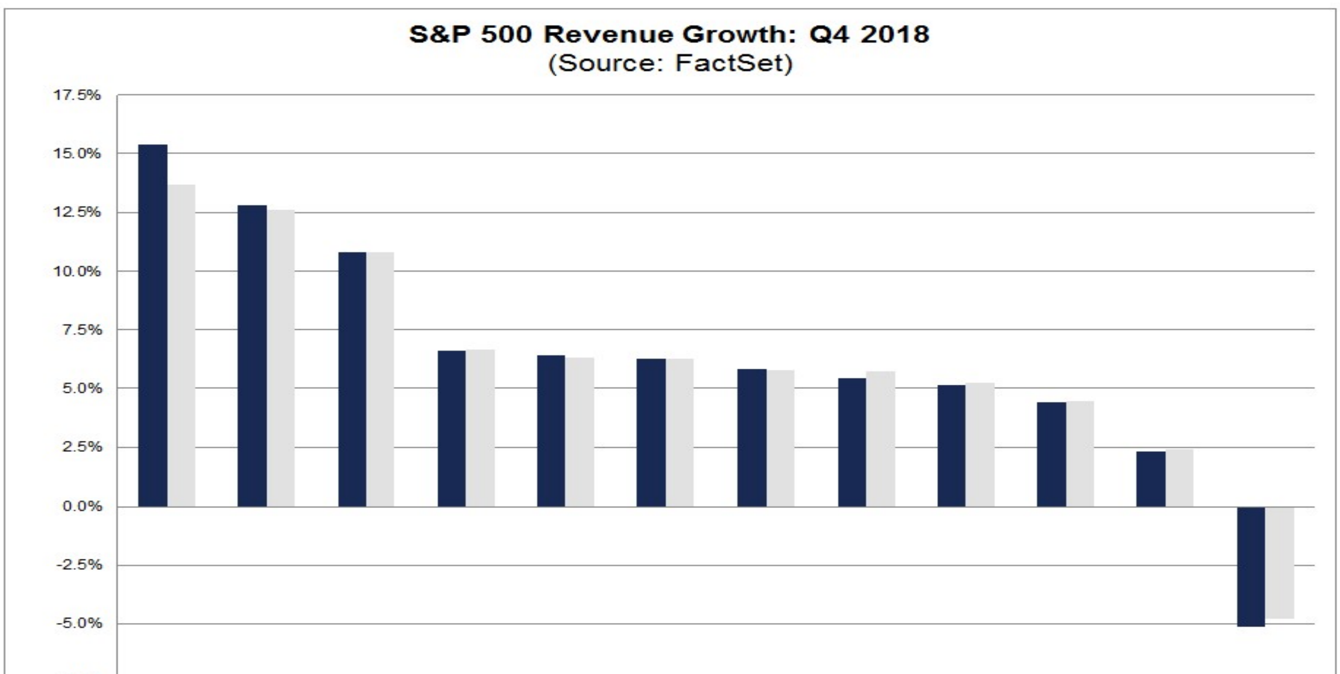
Q4 2018: EPS Revisions





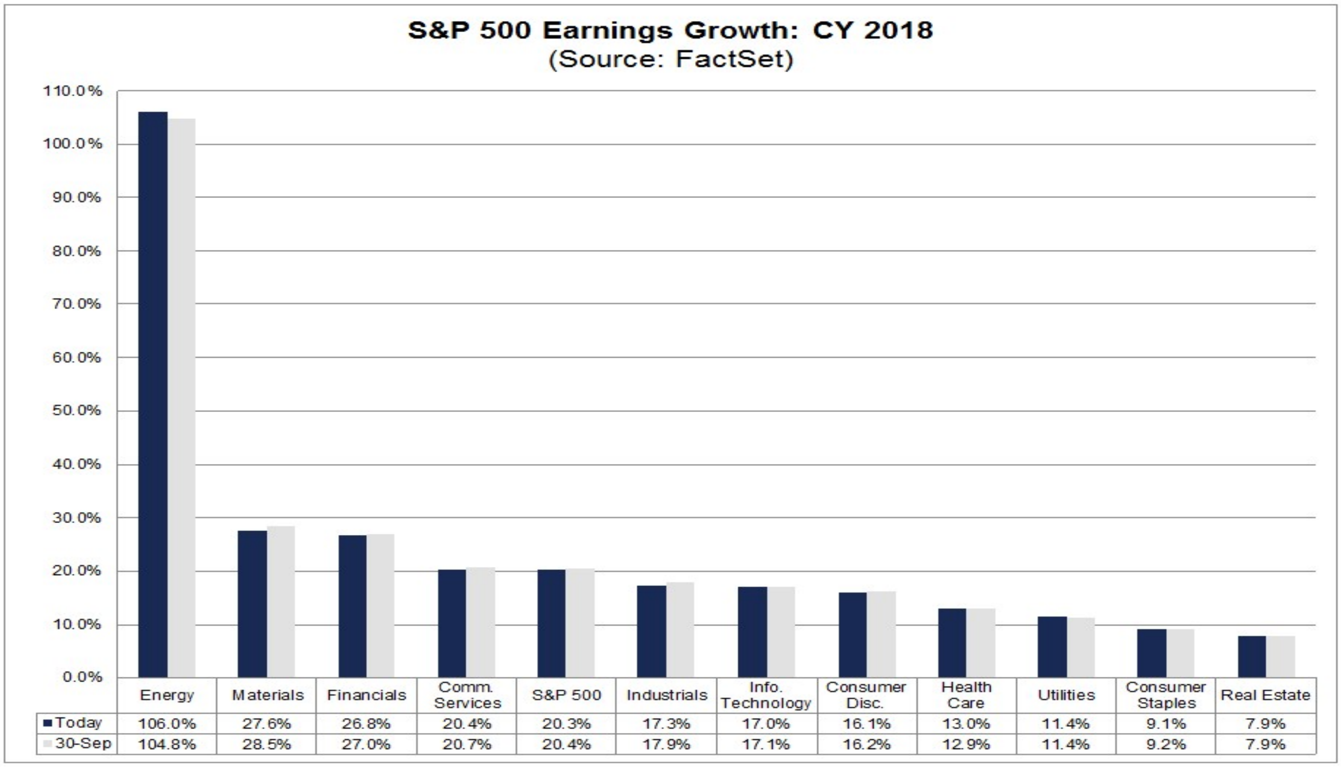
Q4 2018: Growth

	Energy	Financials	Industrials	S&P 500	Consumer Disc.	Comm. Services	Health Care	Materials	Info. Technology	Real Estate	Utilities	Consumer Staples
Today	102.6%	21.0%	19.0%	17.0%	16.6%	16.4%	11.5%	11.3%	10.6%	8.7%	8.1%	5.9%
30-Sep	96.3%	21.5%	20.8%	17.2%	17.2%	16.5%	11.3%	12.9%	10.7%	8.9%	9.3%	6.9%

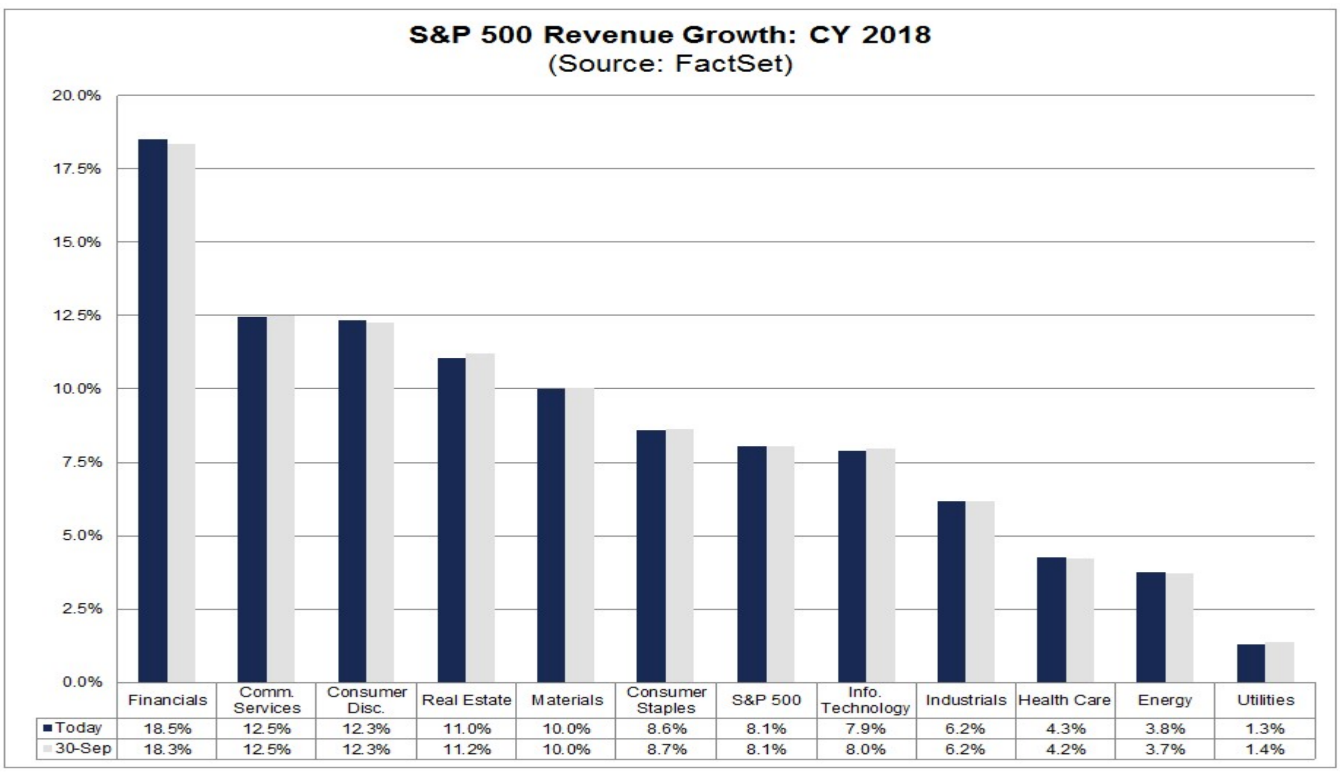


	Energy	Comm. Services	Real Estate	Industrials	S&P 500	Consumer Disc.	Health Care	Materials	Info. Technology	Financials	Consumer Staples	Utilities
Today	15.4%	12.8%	10.8%	6.6%	6.4%	6.2%	5.8%	5.4%	5.1%	4.4%	2.3%	-5.1%
30-Sep	13.7%	12.6%	10.8%	6.6%	6.3%	6.3%	5.8%	5.7%	5.2%	4.5%	2.4%	-4.8%

CY 2018: Growth

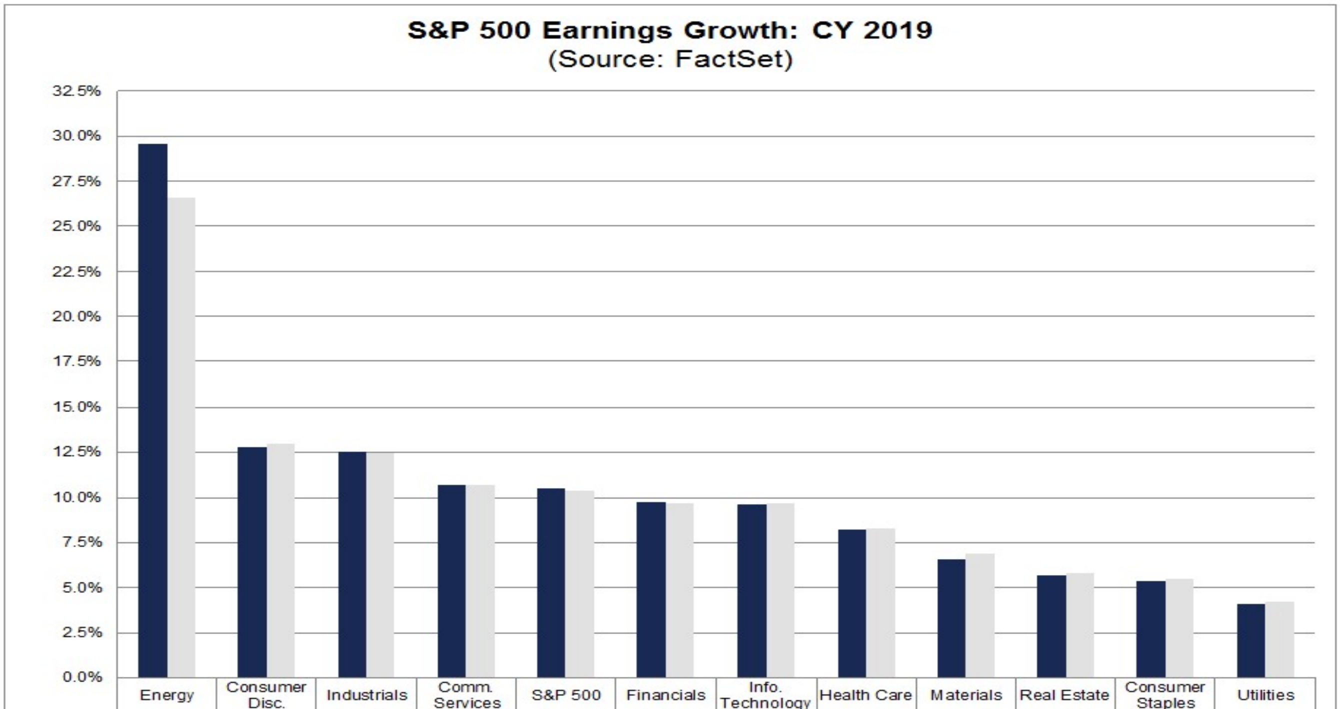


	Energy	Materials	Financials	Comm. Services	S&P 500	Industrials	Info. Technology	Consumer Disc.	Health Care	Utilities	Consumer Staples	Real Estate
Today	106.0%	27.6%	26.8%	20.4%	20.3%	17.3%	17.0%	16.1%	13.0%	11.4%	9.1%	7.9%
30-Sep	104.8%	28.5%	27.0%	20.7%	20.4%	17.9%	17.1%	16.2%	12.9%	11.4%	9.2%	7.9%

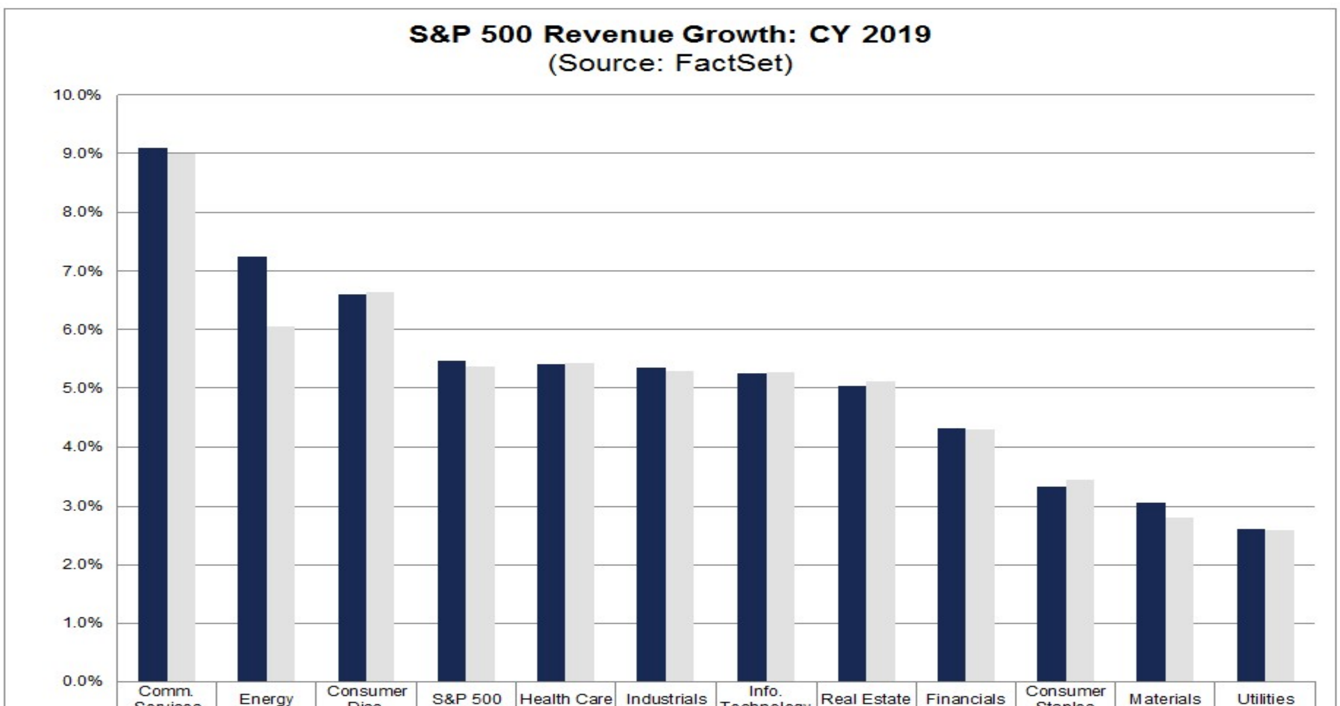


	Financials	Comm. Services	Consumer Disc.	Real Estate	Materials	Consumer Staples	S&P 500	Info. Technology	Industrials	Health Care	Energy	Utilities
Today	18.5%	12.5%	12.3%	11.0%	10.0%	8.6%	8.1%	7.9%	6.2%	4.3%	3.8%	1.3%
30-Sep	18.3%	12.5%	12.3%	11.2%	10.0%	8.7%	8.1%	8.0%	6.2%	4.2%	3.7%	1.4%

CY 2019: Growth

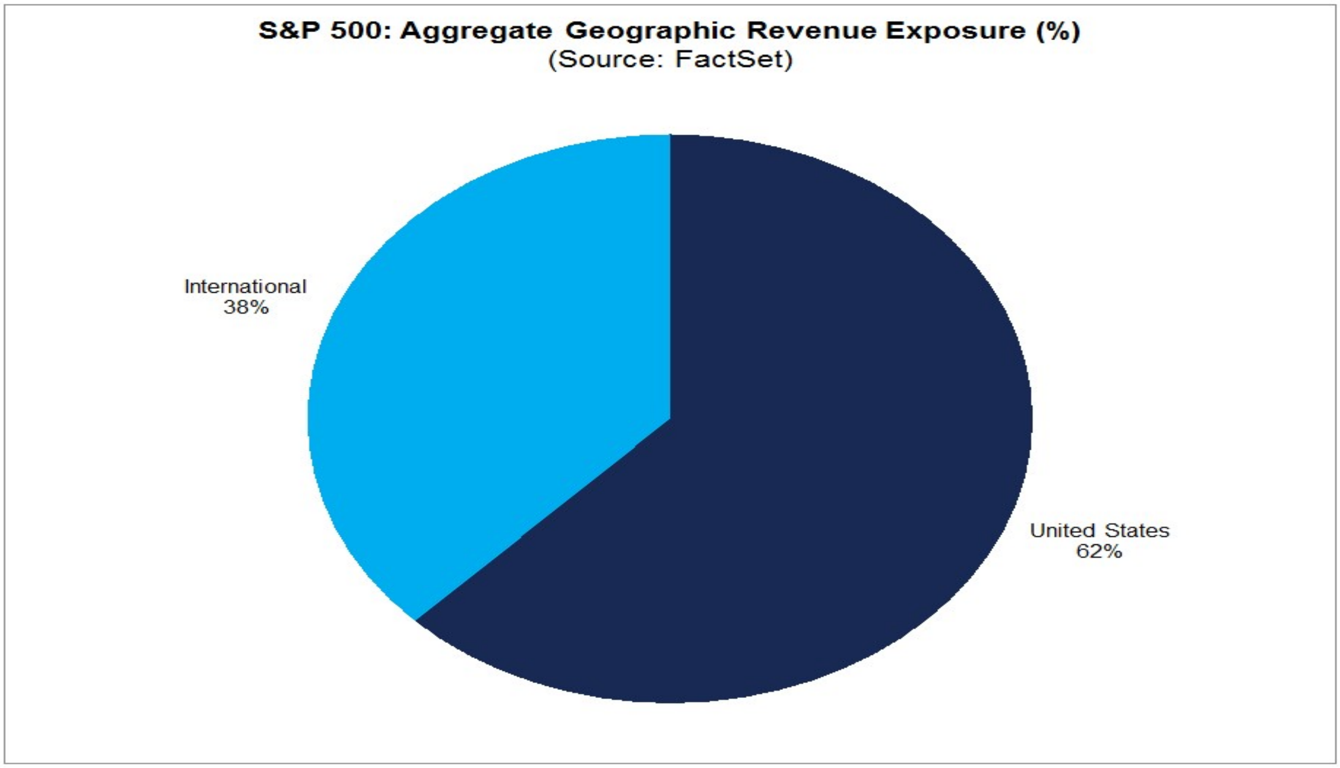


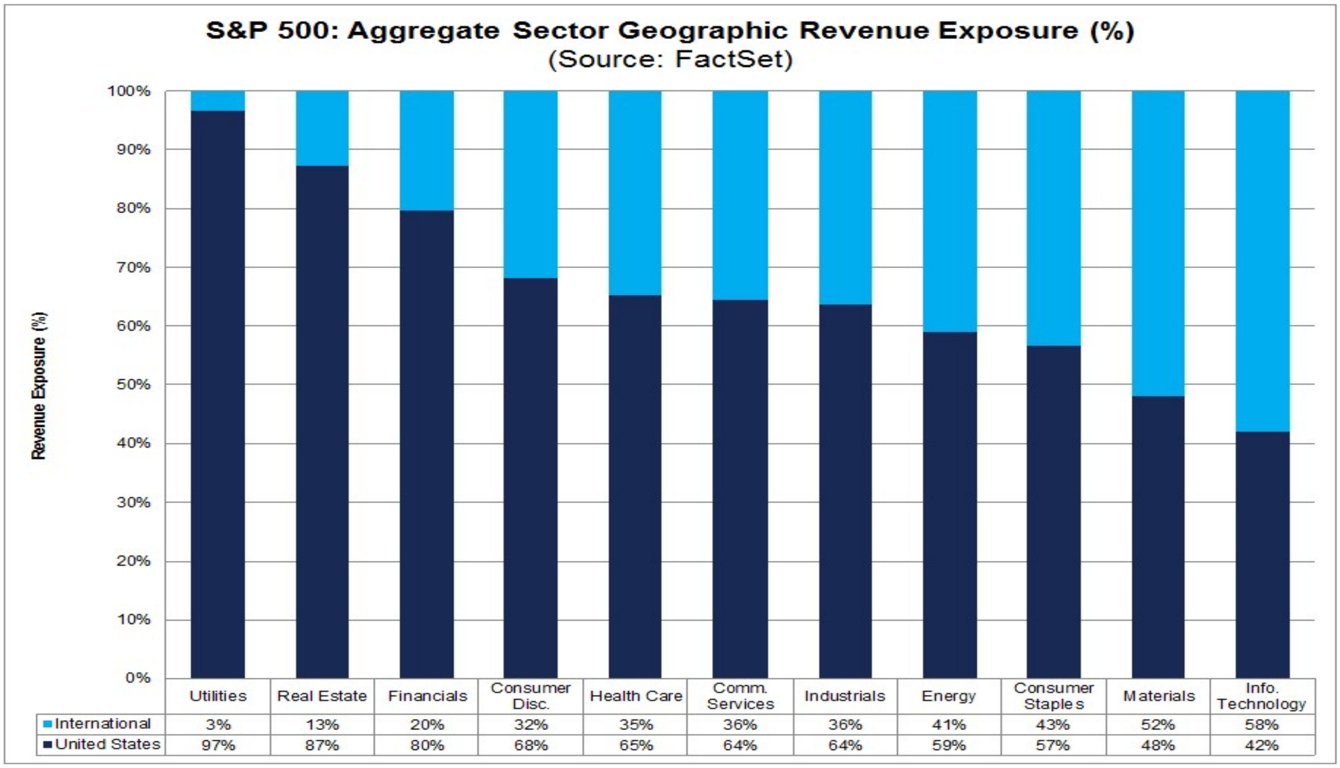
	Energy	Consumer Disc.	Industrials	Comm. Services	S&P 500	Financials	Info. Technology	Health Care	Materials	Real Estate	Consumer Staples	Utilities
Today	29.5%	12.8%	12.5%	10.7%	10.5%	9.8%	9.6%	8.2%	6.6%	5.7%	5.4%	4.1%
30-Sep	26.6%	13.0%	12.5%	10.7%	10.4%	9.7%	9.7%	8.3%	6.9%	5.8%	5.5%	4.2%



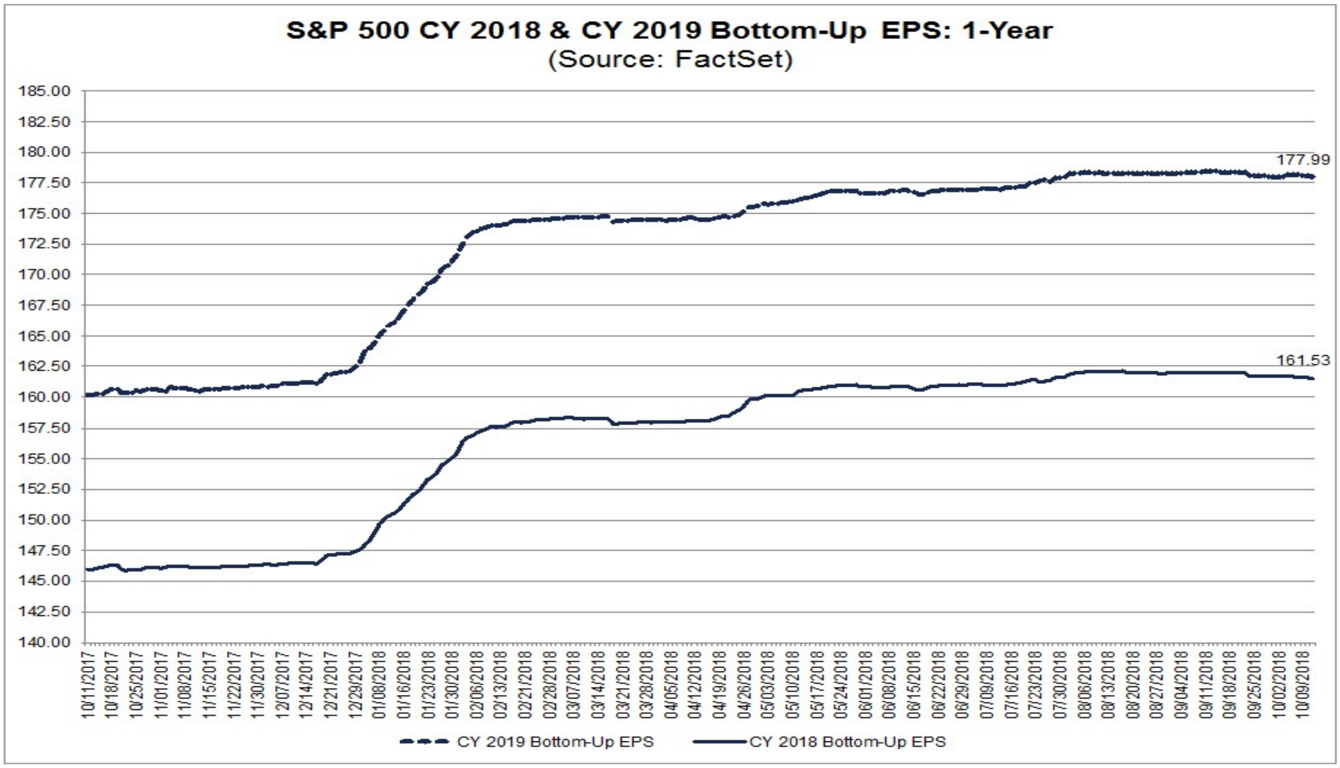
	Comm. Services	Energy	Consumer Disc.	S&P 500	Health Care	Industrials	Info. Technology	Real Estate	Financials	Consumer Staples	Materials	Utilities
Today	9.1%	7.2%	6.6%	5.5%	5.4%	5.3%	5.2%	5.0%	4.3%	3.3%	3.1%	2.6%
30-Sep	9.0%	6.1%	6.6%	5.4%	5.4%	5.3%	5.3%	5.1%	4.3%	3.4%	2.8%	2.6%

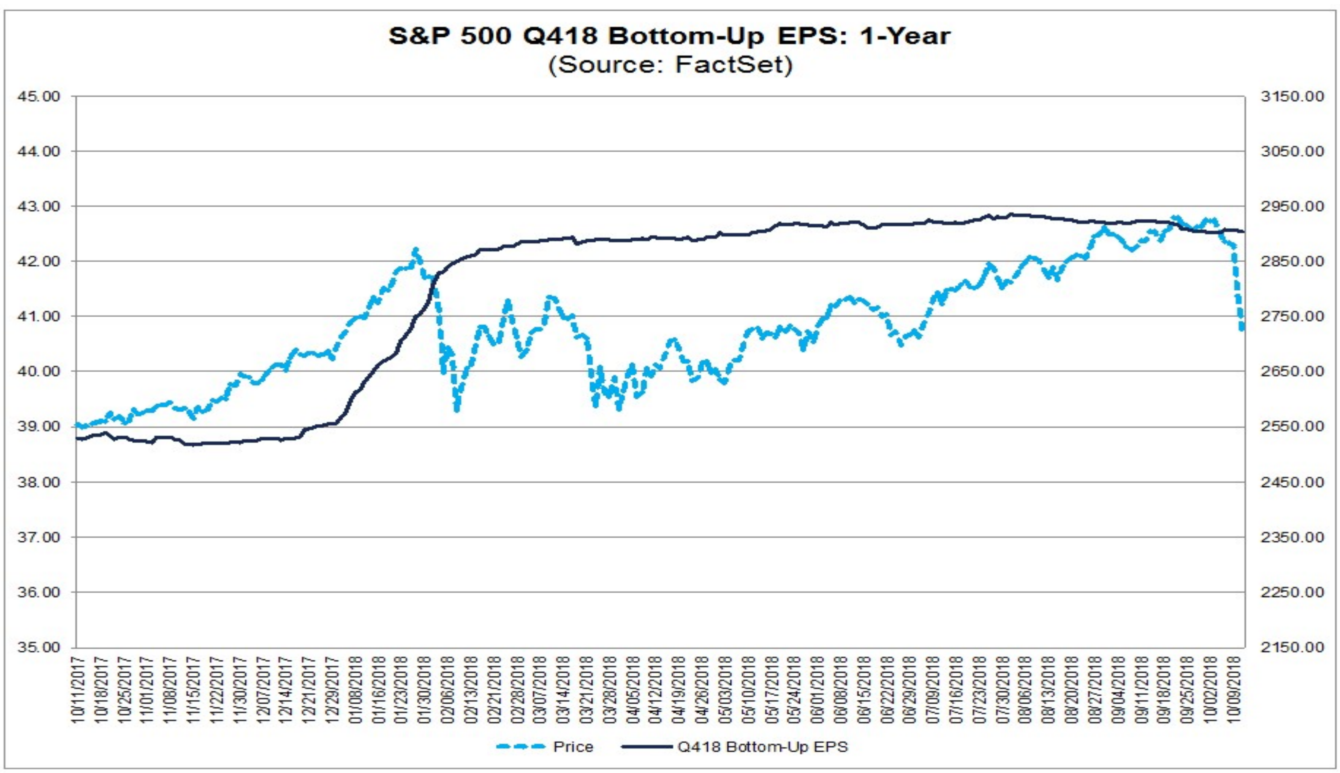
Geographic Revenue Exposure



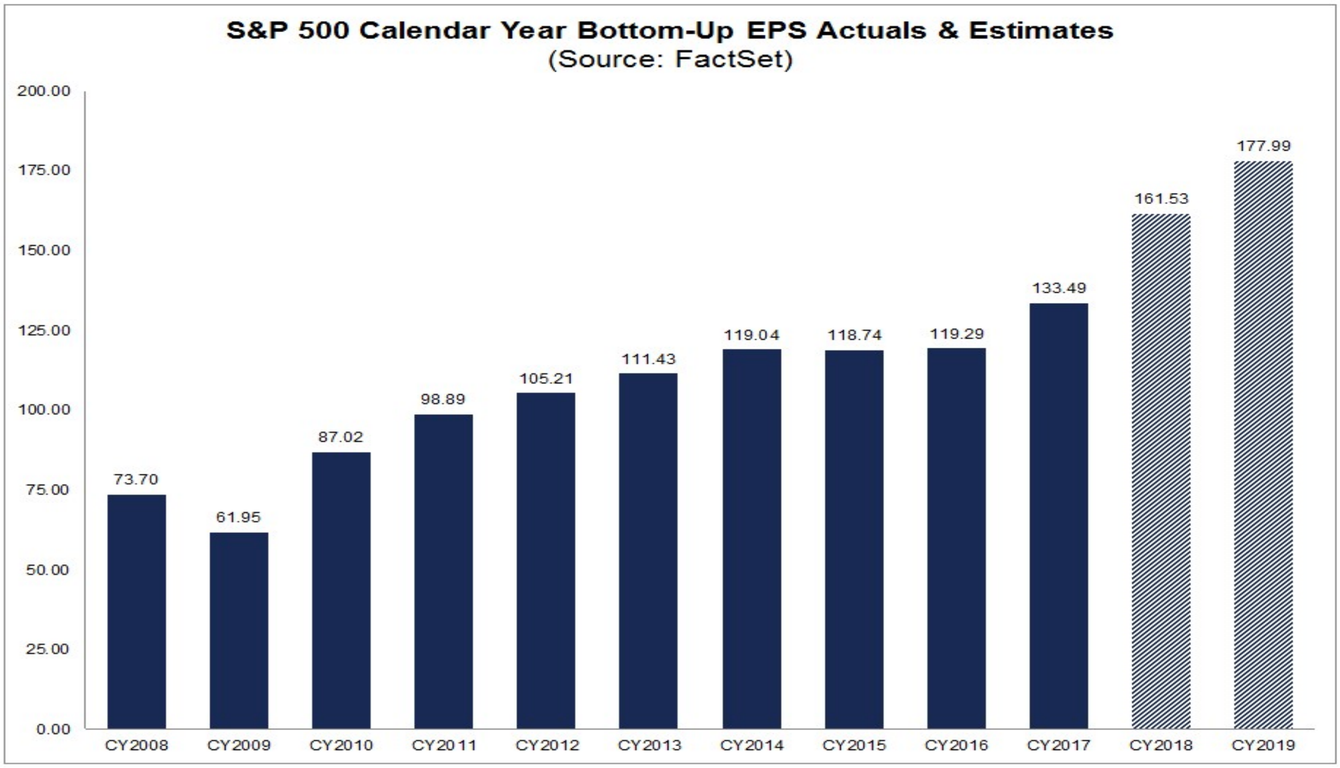


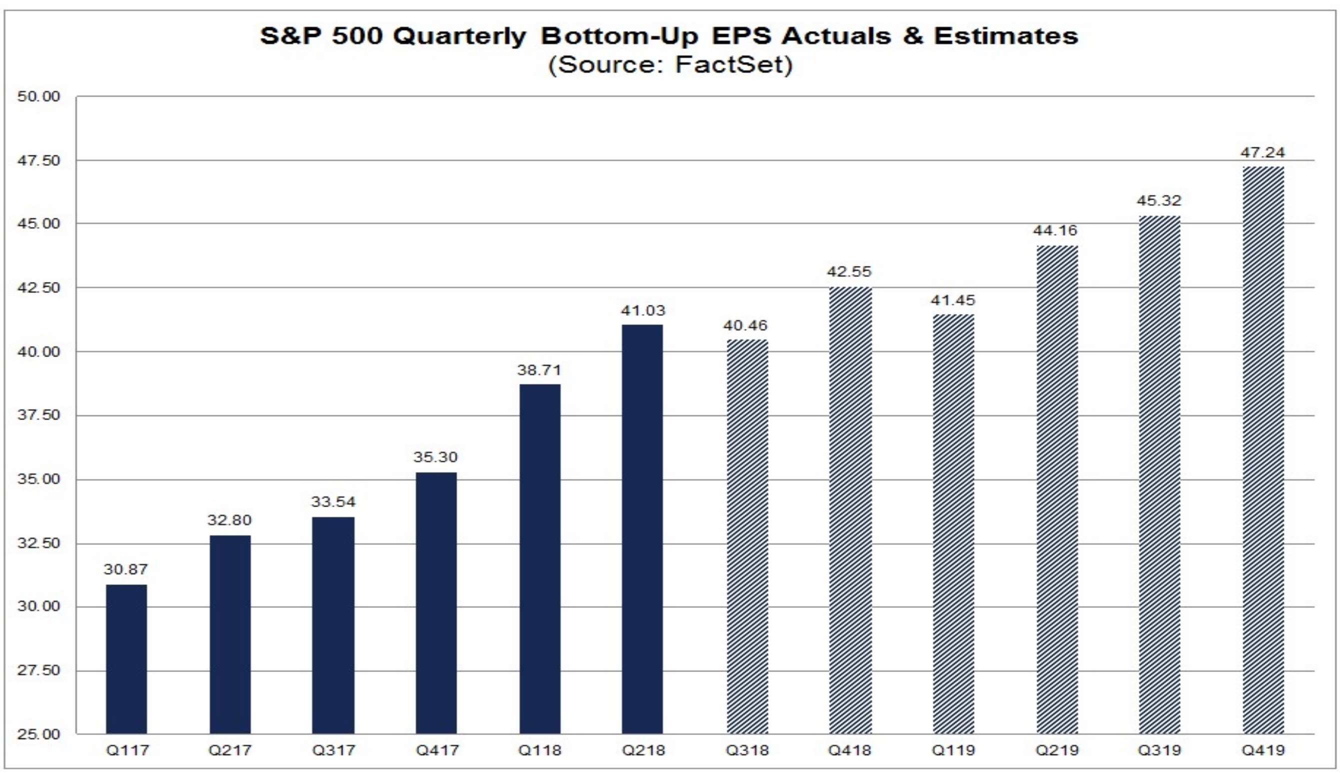
Bottom-up EPS Estimates: Revisions



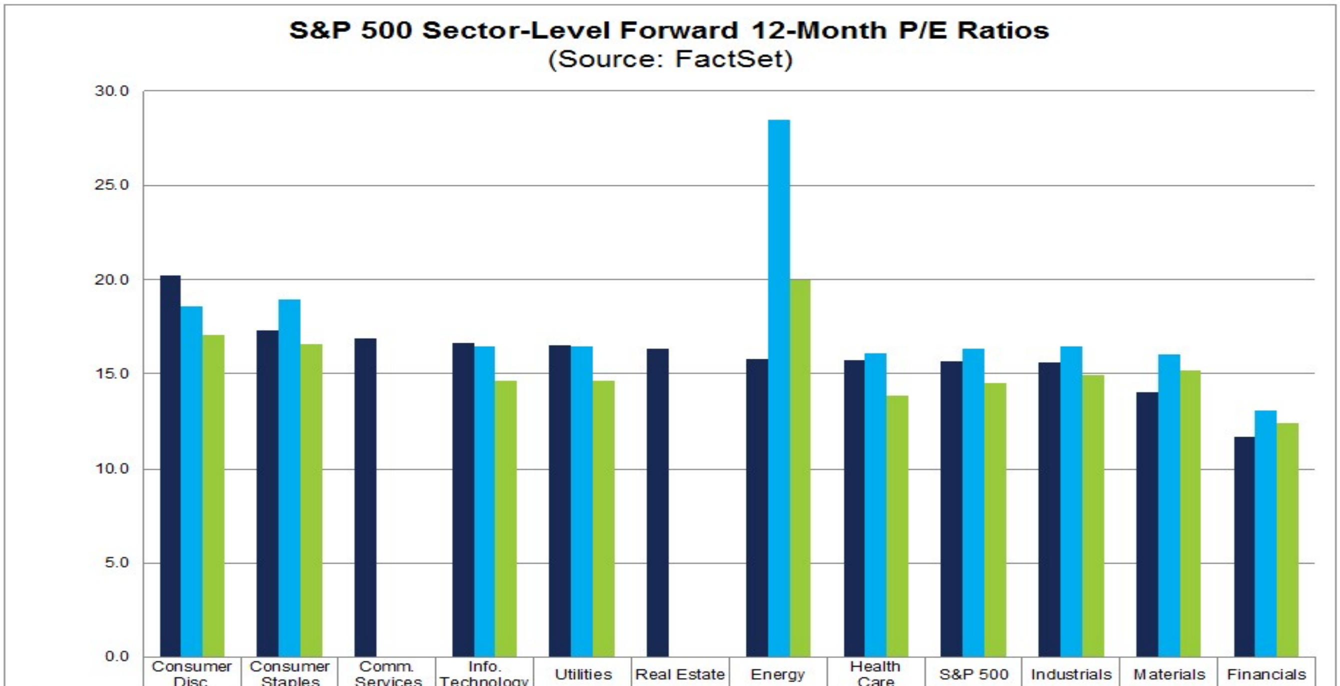


Bottom-up EPS Estimates: Current & Historical

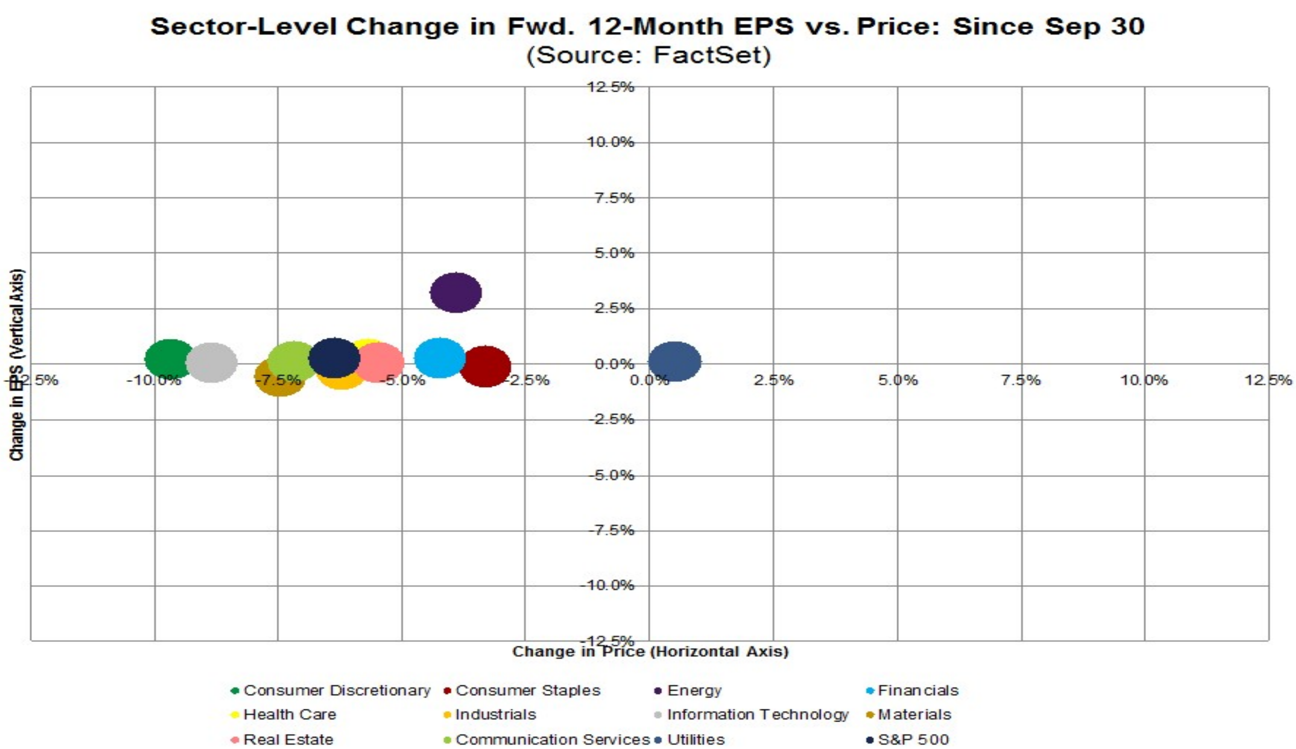




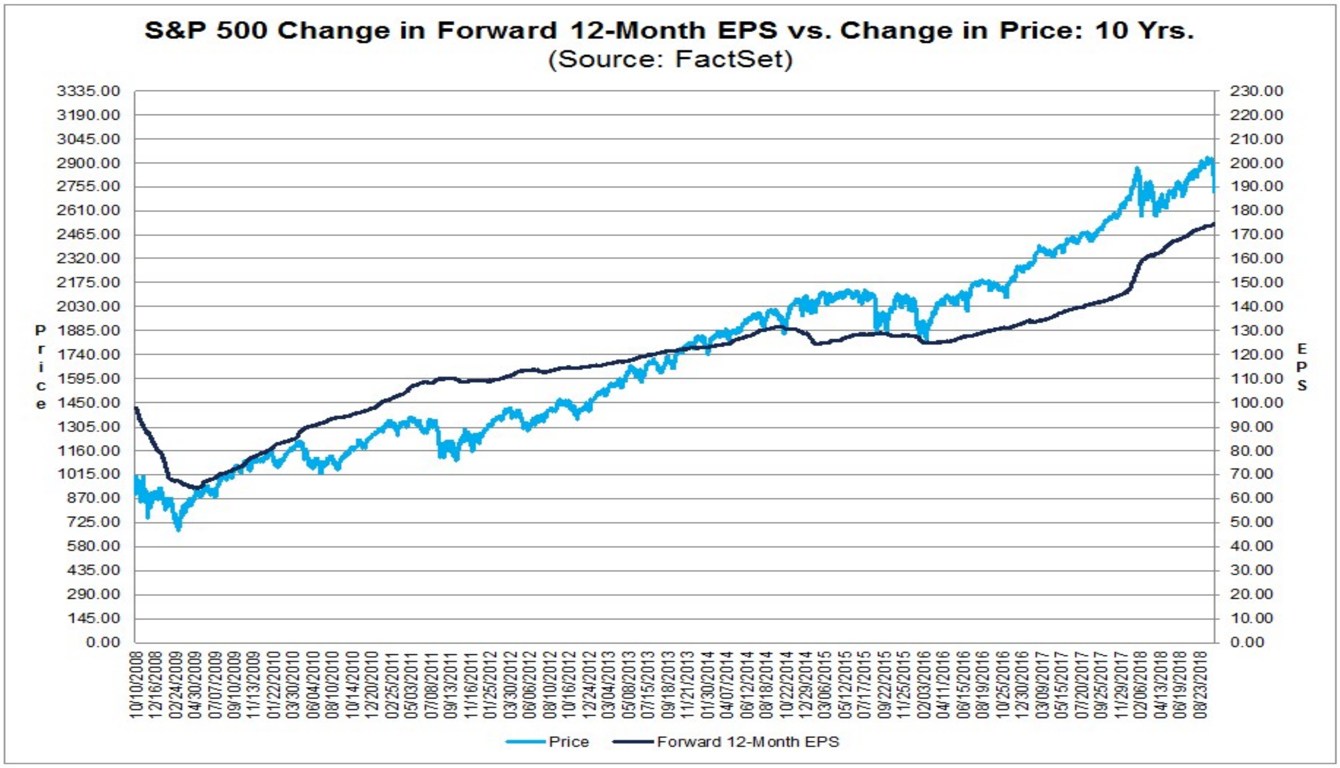
Forward 12M P/E Ratio: Sector Level

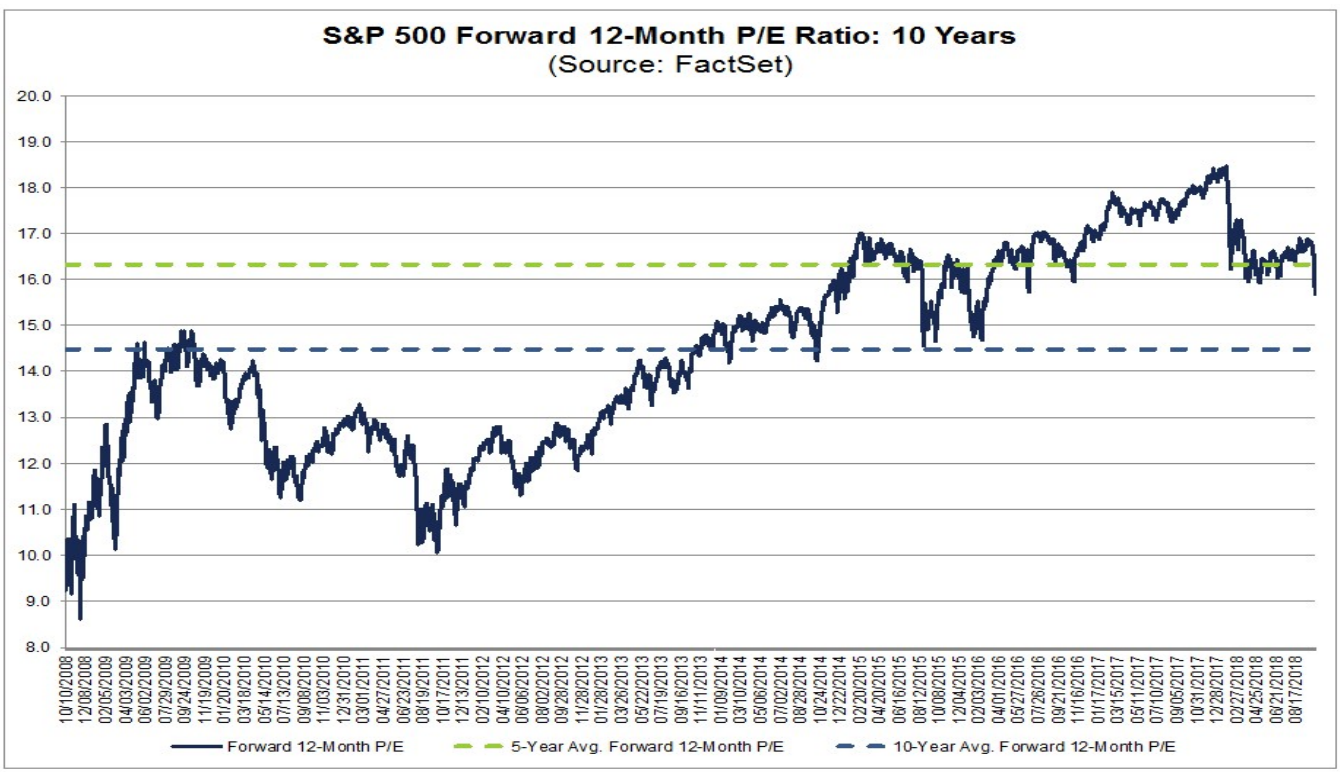


	Consumer Disc.	Consumer Staples	Comm. Services	Info. Technology	Utilities	Real Estate	Energy	Health Care	S&P 500	Industrials	Materials	Financials
Fwd P/E	20.2	17.3	16.8	16.6	16.5	16.3	15.8	15.7	15.7	15.6	14.0	11.7
5-Yr Avg.	18.6	18.9		16.5	16.5		28.5	16.1	16.3	16.4	16.0	13.1
10-Yr Avg.	17.1	16.5		14.6	14.6		19.9	13.9	14.5	14.9	15.2	12.5

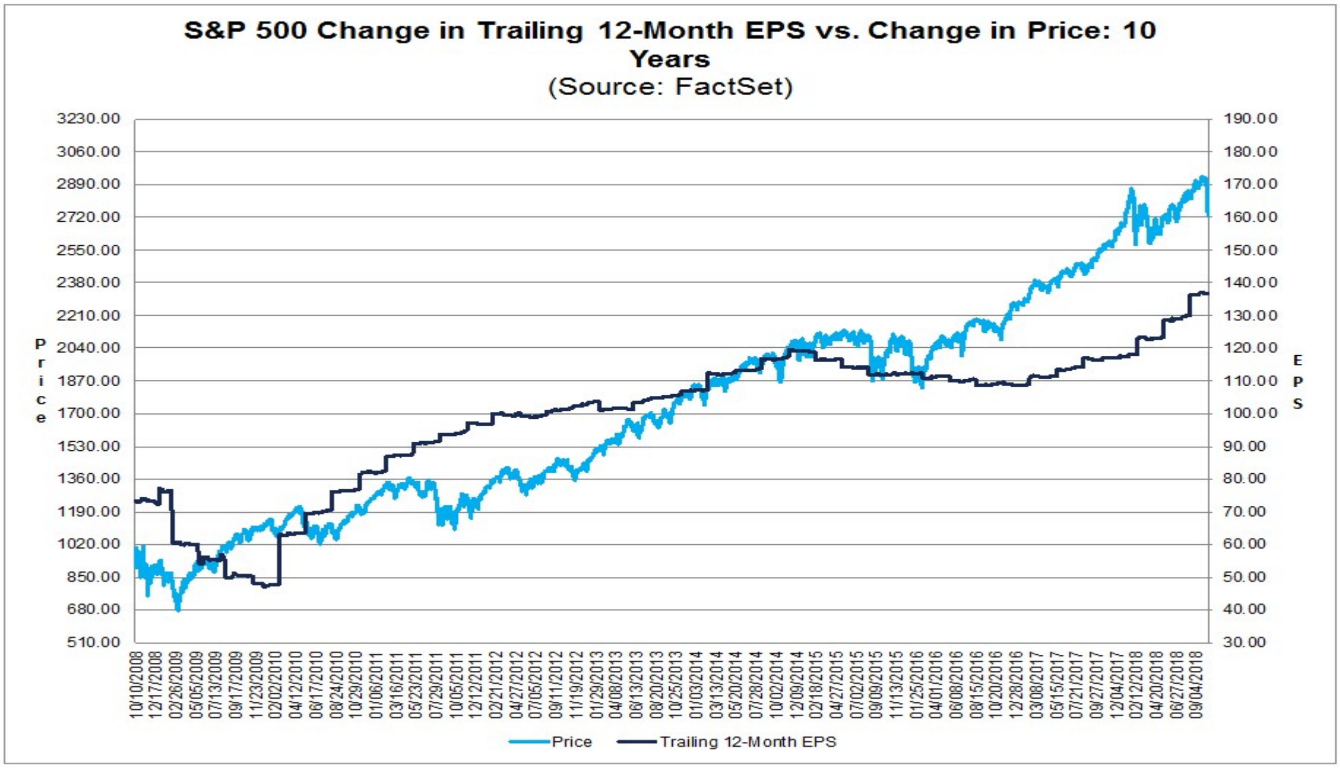


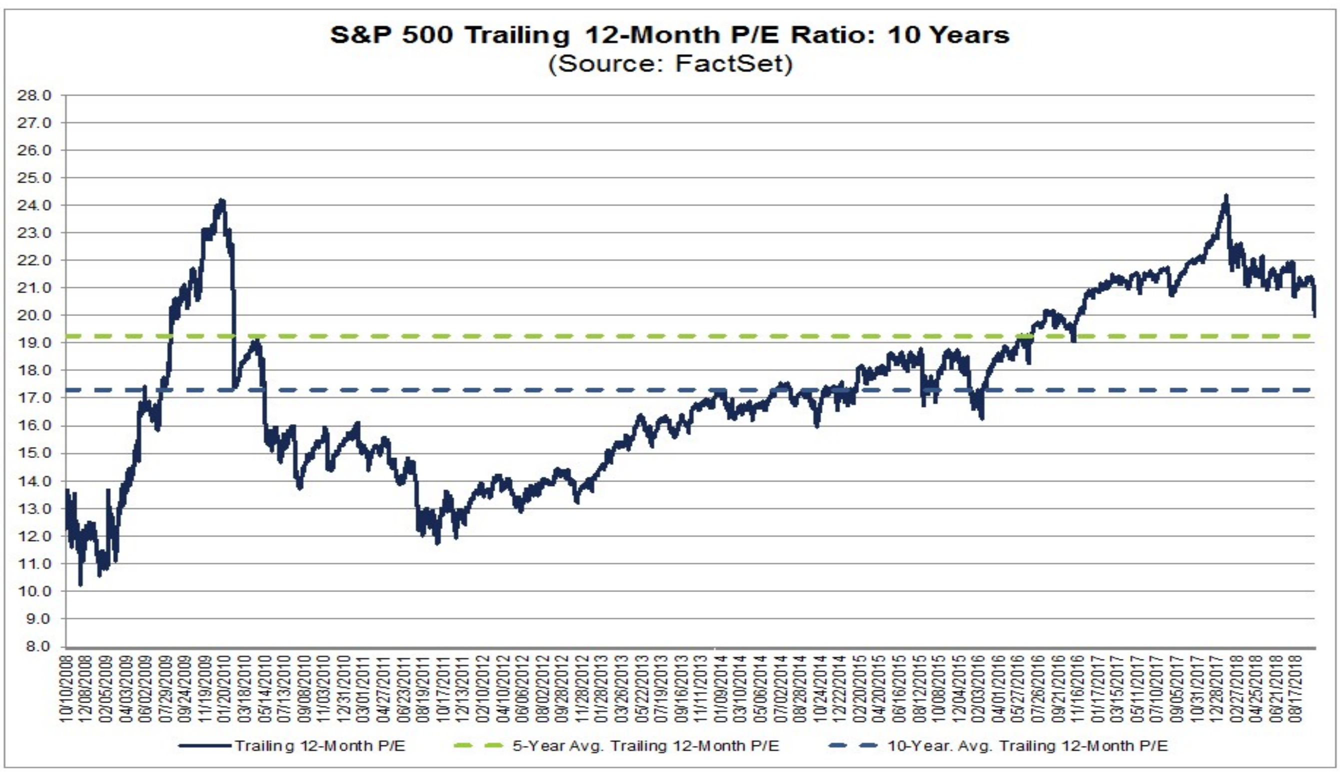
Forward 12M P/E Ratio: Long-Term Averages



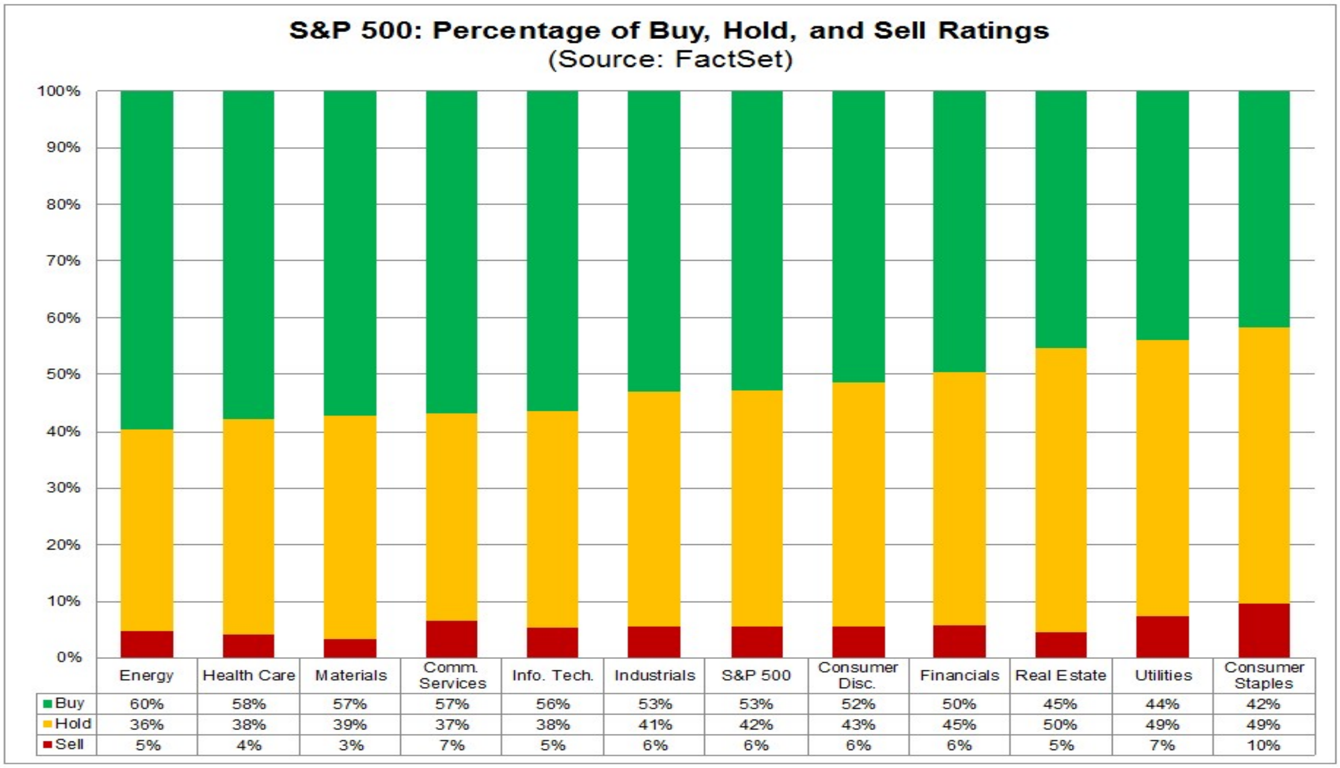


Trailing 12M P/E Ratio: Long-Term Averages

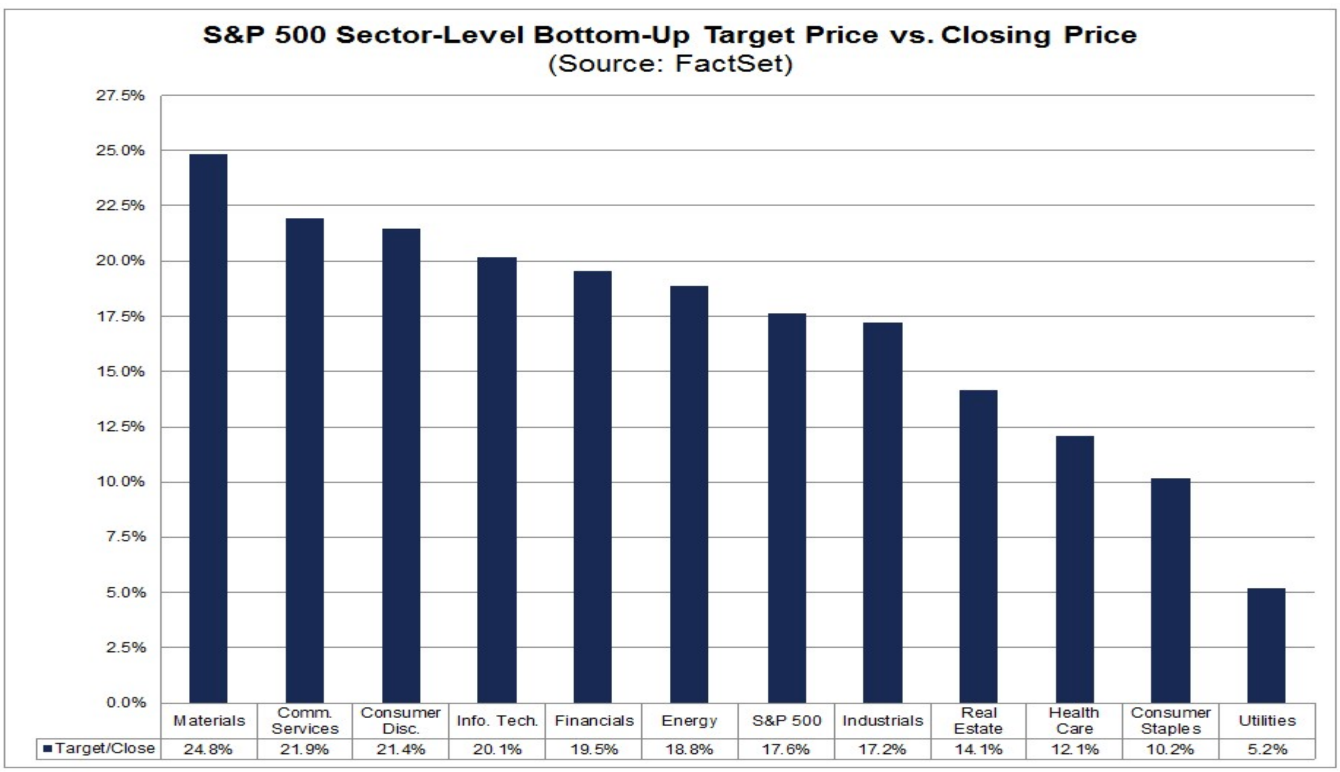




Targets & Ratings



	Energy	Health Care	Materials	Comm. Services	Info. Tech.	Industrials	S&P 500	Consumer Disc.	Financials	Real Estate	Utilities	Consumer Staples
Buy	60%	58%	57%	57%	56%	53%	53%	52%	50%	45%	44%	42%
Hold	36%	38%	39%	37%	38%	41%	42%	43%	45%	50%	49%	49%
Sell	5%	4%	3%	7%	5%	6%	6%	6%	6%	5%	7%	10%



	Materials	Comm. Services	Consumer Disc.	Info. Tech.	Financials	Energy	S&P 500	Industrials	Real Estate	Health Care	Consumer Staples	Utilities
Target/Close	24.8%	21.9%	21.4%	20.1%	19.5%	18.8%	17.6%	17.2%	14.1%	12.1%	10.2%	5.2%

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