Prelude to a Post-Pandemic Pop?

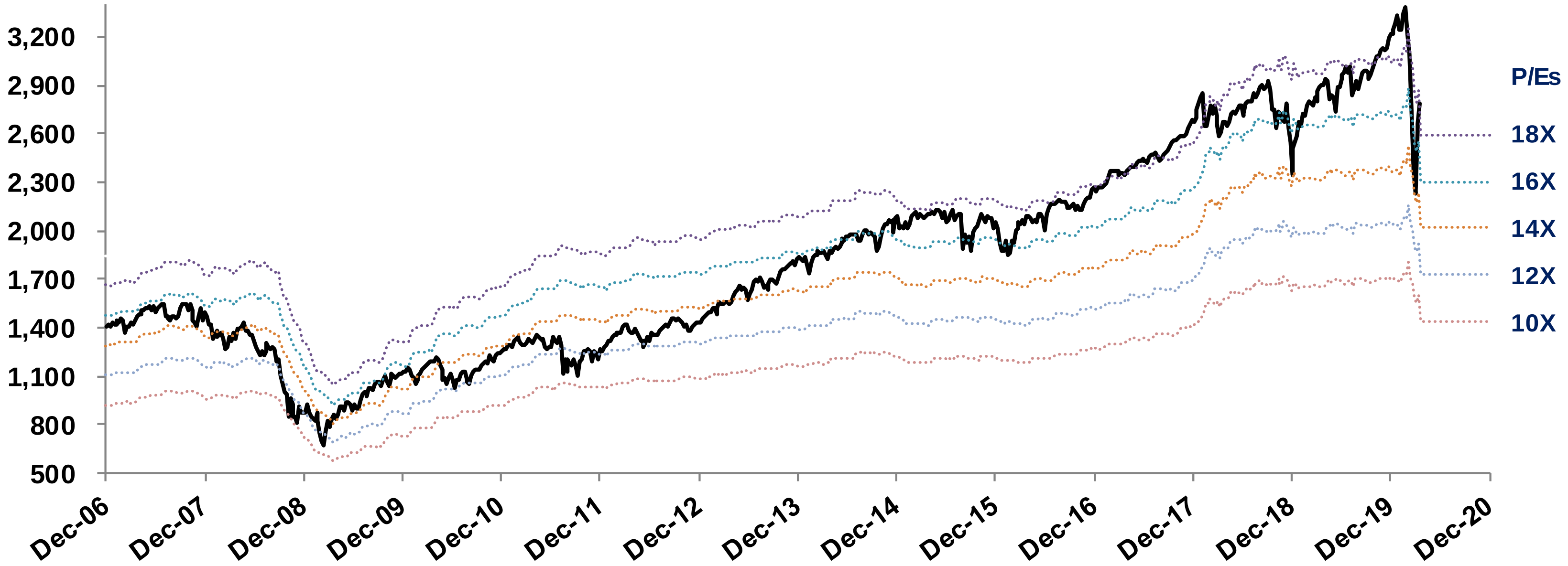
Equity Outlook for the Year Ahead

APRIL 15, 2020

FORECAST: S&P 500 12-Month Target **3435**

- **Headwinds**
  - Uncertainty of Covid-19 Magnitude
  - Skyrocketing Unemployment
  - Recession/Depression?
  - Decelerating EPS Growth & P/E Contraction
  - S&P 500 Declined in the First Three Months of 2020
- **Tailwinds**
  - Fiscal & Monetary Stimulus
  - Possibility of Relaxed Regulations/Reinstated Trading Restrictions
  - Increasingly Attractive Market & Individual Stock Valuations

A Correction in Search of a Catalyst



Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 4/9/20.

Why Were Many Taken By Surprise?

Virus	1st U.S. Case	30 Days % Chg.	60 Days % Chg.	90 Days % Chg.
SARS	3/12/2003	8.0	7.5	5.5
H1N1	3/25/2009	6.4	2.4	0.9
MERS	5/2/2014	2.3	2.6	(2.2)
Ebola	9/30/2014	1.1	3.7	1.1
ZIKA	2/2/2016	4.7	4.0	0.4
Covid-19	1/21/2020	1.6	(31.7)	21.0
Average		**4.0**	**(1.9)**	**4.5**

Source: CFRA, CDC, S&P Global. Past performance is no guarantee of future results. Data as of 4/9/20.

Traditional Sector Rotation During Bear Markets

S&P 500 Sector	2/19-3/23 % Chg.	S&P 500 Sector	Since WWII % Chg.	Since WWII Outperf.
Consumer Staples	(24.3)	Health Care	(12)	85%
Health Care	(28.5)	Consumer Staples	(13)	85%
Communication Services	(28.7)	Real Estate	(17)	71%
Info. Technology	(31.5)	Utilities	(23)	77%
Consumer Discretionary	(33.8)	Materials	(23)	46%
S&P 500	**(33.9)**	**All Sub-Industries**	**(25)**	**NA**
Utilities	(35.9)	Financials	(27)	46%
Materials	(37.2)	Info. Technology	(27)	62%
Real Estate	(40.2)	Energy	(28)	46%
Industrials	(41.9)	Consumer Discretionary	(28)	31%
Financials	(43.3)	Communication Services	(30)	38%
Energy	(56.4)	Industrials	(30)	15%

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 3/23/20.

EPS Declines & P/E Contractions During Recessions Since WWII

Economic Recessions				S&P 500			Corresponding Corrections/Bears				Months
Peak	Trough	Months	GDP %	EPS	Price	P/E Low	Peak	Trough	Months	% Chg.	Before
02/28/45	10/31/45	8	NA	0.0	16.4	14.2	07/10/44	09/14/44	2.2	(6.9)	7.7
11/30/48	10/31/49	10	(1.5)	1.3	8.7	5.9	06/15/48	06/13/49	11.9	(20.6)	5.5
07/31/53	05/31/54	10	(2.4)	2.7	17.9	9.2	01/05/53	09/14/53	8.3	(14.8)	6.8
08/31/57	04/30/58	8	(3.6)	(15.6)	(3.9)	11.9	08/02/56	10/22/57	14.7	(21.6)	13.0
04/30/60	02/28/61	10	(1.3)	(8.8)	16.7	16.3	08/03/59	10/25/60	14.8	(13.9)	8.9
12/31/69	11/30/70	11	(0.7)	(11.2)	(5.3)	13.2	11/29/68	05/26/70	17.9	(36.1)	13.1
11/30/73	03/31/75	16	(3.1)	3.6	(13.1)	7.0	01/11/73	10/03/74	20.7	(48.2)	10.6
01/31/80	07/31/80	6	(1.9)	(4.3)	5.7	6.7	10/05/79	11/07/79	1.1	(10.2)	3.9
07/31/81	11/30/82	16	(1.4)	(17.2)	5.8	7.6	11/28/80	08/12/82	20.4	(27.1)	8.1
07/31/90	03/31/91	8	(1.3)	(7.1)	5.4	13.0	07/16/90	10/11/90	2.9	(19.9)	0.5
03/31/01	11/30/01	8	(0.1)	(26.5)	(1.8)	21.9	03/24/00	10/09/02	30.5	(49.1)	12.2
12/31/07	06/30/09	18	(4.0)	(38.2)	(37.4)	14.1	10/09/07	03/09/09	17.0	(56.8)	2.7
	Averages:	**11**	**(1.9)**	**(10.1)**	**1.3**	**11.7**		**Averages:**	**13.5**	**(27.1)**	**7.7**

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 3/31/20.

S&P 500 Prices Based on EPS & P/E Ratios

P/E	2020 EPS Estimates			% Chg. From High: 3386.15			% Chg. From: 2584.59		
Ratios	$147.55	$155.75	$163.94	-10.0%	-5.0%	0.0%	-10.0%	-5.0%	0.0%
10.0	1475	1557	1639	(56.4)	(54.0)	(51.6)	(42.9)	(39.7)	(36.6)
11.0	1623	1713	1803	(52.1)	(49.4)	(46.7)	(37.2)	(33.7)	(30.2)
12.0	**1771**	**1869**	**1967**	**(47.7)**	**(44.8)**	**(41.9)**	**(31.5)**	**(27.7)**	**(23.9)**
13.0	1918	2025	2131	(43.4)	(40.2)	(37.1)	(25.8)	(21.7)	(17.5)
14.0	2066	2180	2295	(39.0)	(35.6)	(32.2)	(20.1)	(15.6)	(11.2)
15.0	2213	2336	2459	(34.6)	(31.0)	(27.4)	(14.4)	(9.6)	(4.9)
16.0	2361	2492	2623	(30.3)	(26.4)	(22.5)	(8.7)	(3.6)	1.5

Source: CFRA, CDC, S&P Global. Past performance is no guarantee of future results. Data as of 3/31/20.

Bear Market Magnitudes Based on Prior Bull Market Advances

	Duration of Bull		Total % Gain		Valuation at Top	
Bull Top	**Short**	**Long**	**Small**	**Large**	**Cheap**	**Expensive**
6/15/1948	(21)		(21)		(21)	
8/2/1956		(22)		(22)	(22)	
12/12/1961	(28)		(28)			(28)
2/9/1966	(22)		(22)		(22)	
11/29/1968	(36)		(36)			(36)
1/11/1973	(48)		(48)		(48)	
11/28/1980		(27)		(27)	(27)	
8/25/1987		(34)		(34)		(34)
7/16/1990	(20)		(20)		(20)	
3/24/2000		(49)		(49)		(49)
10/9/2007		(57)		(57)		(57)
2/19/2020		???		???		???
Averages	**(29)**	**(38)**	**(29)**	**(38)**	**(27)**	**(41)**

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 3/31/20.

Annual Returns When the S&P 500 Fell in the First Three Months

	% Changes					
Year	**Full Year**	**Up?**	**Rest of Year**	**Up?**	**Next Year**	**Up?**
1953	(6.6)	0	(1.9)	0	45.0	1
1973	(17.4)	0	(12.5)	0	(29.7)	0
1974	(29.7)	0	(27.0)	0	31.5	1
1977	(11.5)	0	(3.4)	0	1.1	1
1982	14.8	1	25.6	1	17.3	1
2008	(38.5)	0	(31.7)	0	23.5	1
Average	**(14.8)**	**17%**	**(8.5)**	**17%**	**14.8**	**83%**

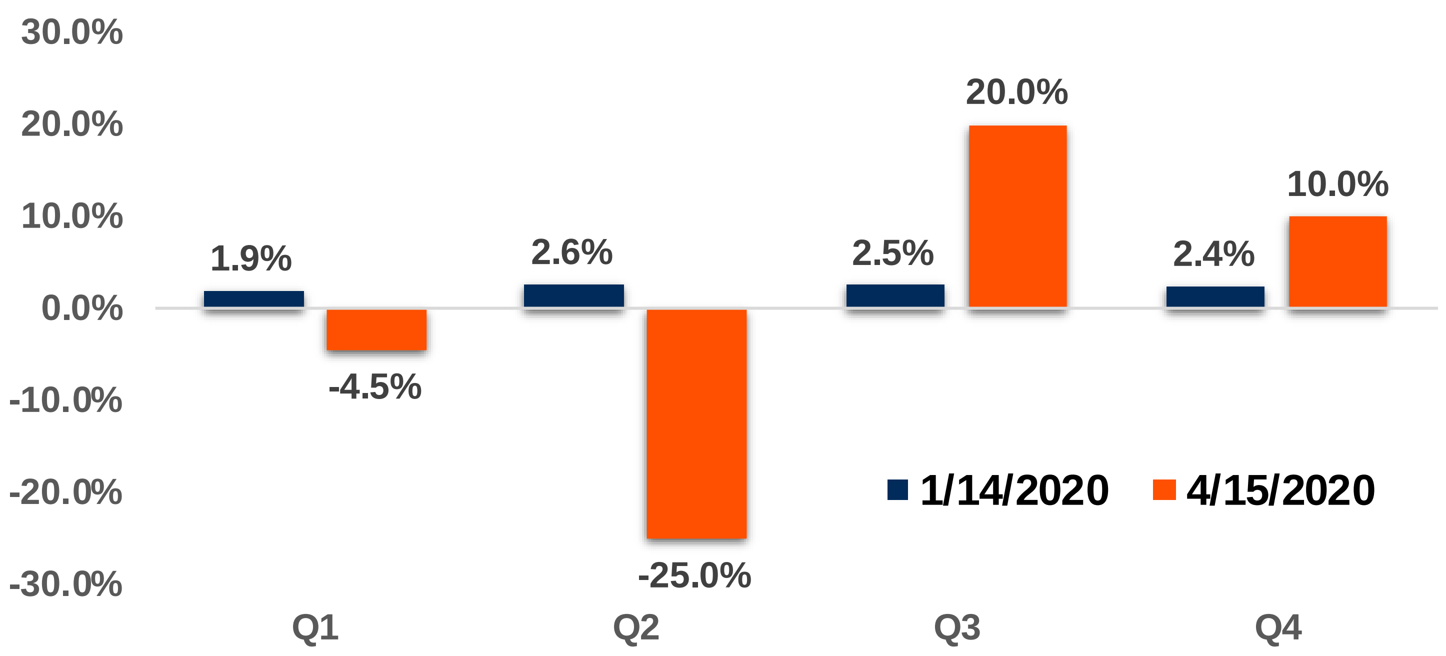
Source: Action Economics. Past performance is no guarantee of future results.

Decelerating Global GDP Growth Projections

Regions	1/14/20	4/15/20	Difference
Global GDP	3.3%	0.7%	(2.6)
>Advanced Ecos.	1.7%	-2.3%	(4.0)
>Emerging Ecos.	4.4%	2.7%	(1.7)
>U.S.	**2.3%**	**-2.8%**	**(5.1)**
>Europe	1.1%	-3.2%	(4.3)
>Japan	0.2%	-1.0%	(1.2)
>China	5.7%	3.0%	(2.7)

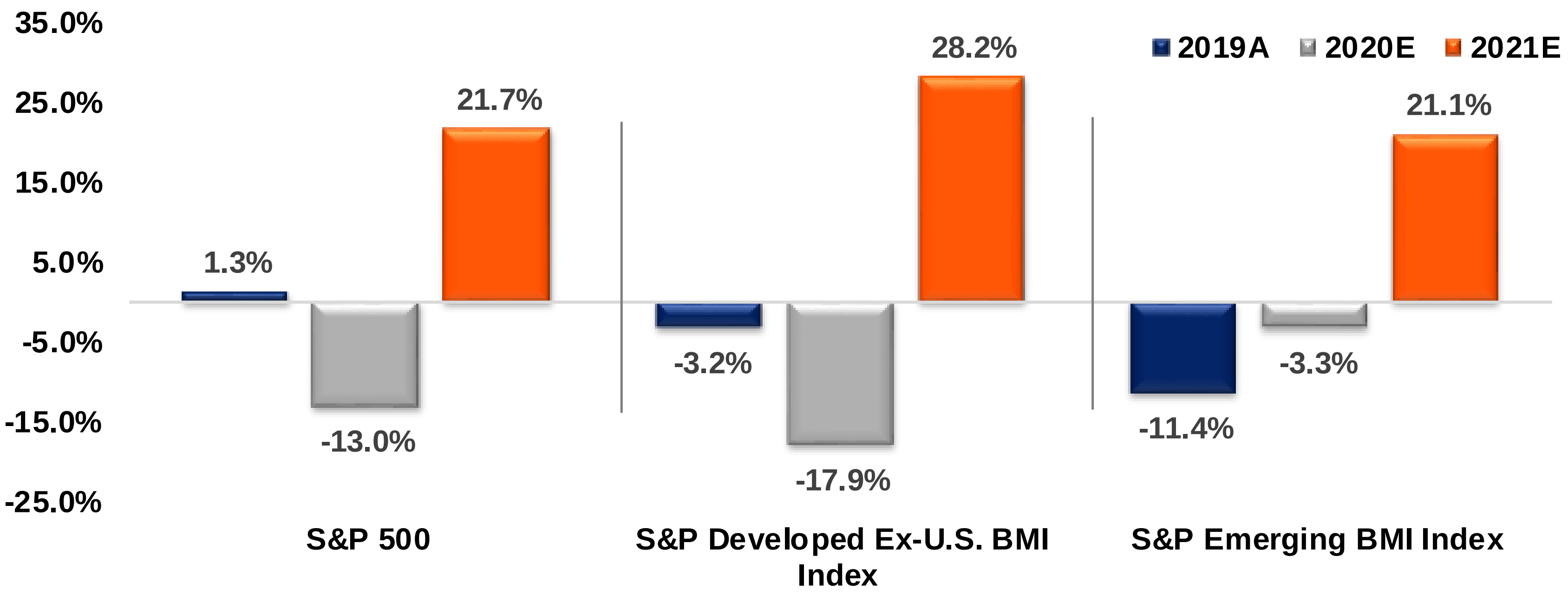
Source: Action Economics. Past performance is no guarantee of future results.

Decelerating 2020 U.S. GDP Growth Projections



Source: Action Economics. Past performance is no guarantee of future results.

Looking Beyond the EPS Valley?



Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 4/14/20.

Diminishing S&P 500 EPS Growth Expectations

	Q1 '20 EPS Ests.		Q2 '20 EPS Ests.		Q3 '20 EPS Ests.		Q4 '20 EPS Ests.		2020 EPS Ests.	
S&P 500 Sector	**3/31/20**	**4/13/20**	**3/31/20**	**4/13/20**	**3/31/20**	**4/13/20**	**3/31/20**	**4/13/20**	**3/31/20**	**4/13/20**
Comm. Svcs.	(1.3)	(4.9)	(8.3)	(17.2)	4.6	(1.6)	0.0	(4.0)	(1.3)	(7.0)
Cons. Disc.	(24.4)	(34.6)	(39.6)	(60.8)	(9.6)	(19.7)	9.3	0.5	(16.2)	(28.9)
Cons. Staples	1.2	1.2	1.4	(1.1)	3.5	2.0	3.8	3.2	2.5	1.3
Energy	(43.1)	(57.7)	(107.3)	(131.2)	(88.2)	(104.6)	(67.3)	(89.8)	(79.4)	(98.9)
Financials	0.8	(15.5)	(6.8)	(21.3)	(3.6)	(18.7)	1.8	(12.4)	(2.0)	(17.0)
Health Care	1.6	(0.7)	(0.5)	(8.1)	5.7	2.9	10.6	9.3	4.3	0.8
Industrials	(23.6)	(32.7)	(28.2)	(53.4)	(14.1)	(28.6)	10.0	1.3	(14.2)	(28.7)
Info. Tech.	4.0	0.4	1.2	(2.4)	4.1	1.2	6.1	4.1	4.0	1.0
Materials	(14.8)	(17.7)	(12.4)	(19.4)	(3.3)	(9.5)	3.6	(0.6)	(7.2)	(12.4)
Real Estate	(12.0)	(15.8)	(40.4)	(43.4)	(24.1)	(26.4)	(18.8)	(19.8)	(25.2)	(27.7)
Utilities	6.7	2.5	4.8	3.8	1.7	1.3	8.7	8.2	5.0	3.5
S&P 500	**(5.1)**	**(12.1)**	**(13.8)**	**(24.8)**	**(4.5)**	**(12.0)**	**2.8**	**(3.2)**	**(5.1)**	**(13.0)**
S&P MidCap 400	**(14.3)**	**(20.9)**	**(20.9)**	**(36.3)**	**(3.6)**	**(13.2)**	**5.5**	**(1.1)**	**(8.3)**	**(17.9)**
S&P SmallCap 600	**(23.1)**	**(32.4)**	**(30.2)**	**(49.5)**	**(6.7)**	**(18.6)**	**2.5**	**0.4**	**(13.5)**	**(24.1)**

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 4/14/20.

Counter-Trend Rally

S&P 1500 Sector/Sub-Industry Price Returns*

Regions/Sizes/Sectors	% Chg.	Best S&P 1500 Sub-Inds.	% Chg.
Energy	42.8	Distillers & Vintners	48.6
Real Estate	38.2	Copper	48.6
Utilities	35.4	Diversified Chemicals	48.5
Materials	33.4	Oil & Gas Refining & Mktg	47.7
Financials	32.2	Integrated Oil & Gas	45.4
S&P MidCap 400	**30.2**	Life & Health Insurance	45.3
Industrials	29.5	Oil & Gas Storage & Trans.	43.2
S&P 500 Value Index	**27.6**	Real Estate Services	42.0
Health Care	27.0	**Worst S&P 1500 Sub-Inds.**	**% Chg.**
S&P SmallCap 600	**24.8**	Movies & Entertainment	11.0
S&P 500	**24.7**	Publishing & Printing	10.6
S&P Global 1200	**22.8**	Internet Retail	10.2
S&P 500 Growth Index	**22.5**	Airlines	9.3
Info. Technology	21.2	Interactive Home Enter.	8.4
Consumer Discretionary	21.0	HyperMkts/Super Centers	7.8
Consumer Staples	19.0	Food Retail	5.9
Communication Services	14.8	Drug Retail	2.5
Positive Sectors:	**100%**	**Positive Sub-Industries:**	**100%**

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data: 3/23/20-4/13/20.

Central Bank & Government Stimulus

- The Fed short-term rates by 150 basis points
- Resurrected the Money Market Mutual Fund Liquidity Facility
- Expanded its asset purchases to include municipal bonds
- ECB: Pandemic Emergency Purchase Program (PEPP)
- BOE: Rate cuts, pound infusion, bond purchases
- SNB: Currency intervention & ease negative rate burden for banks
- Penalty free withdraws from 401K and IRA retirement accounts
- U.S. Congress' $2 trillion stimulus package

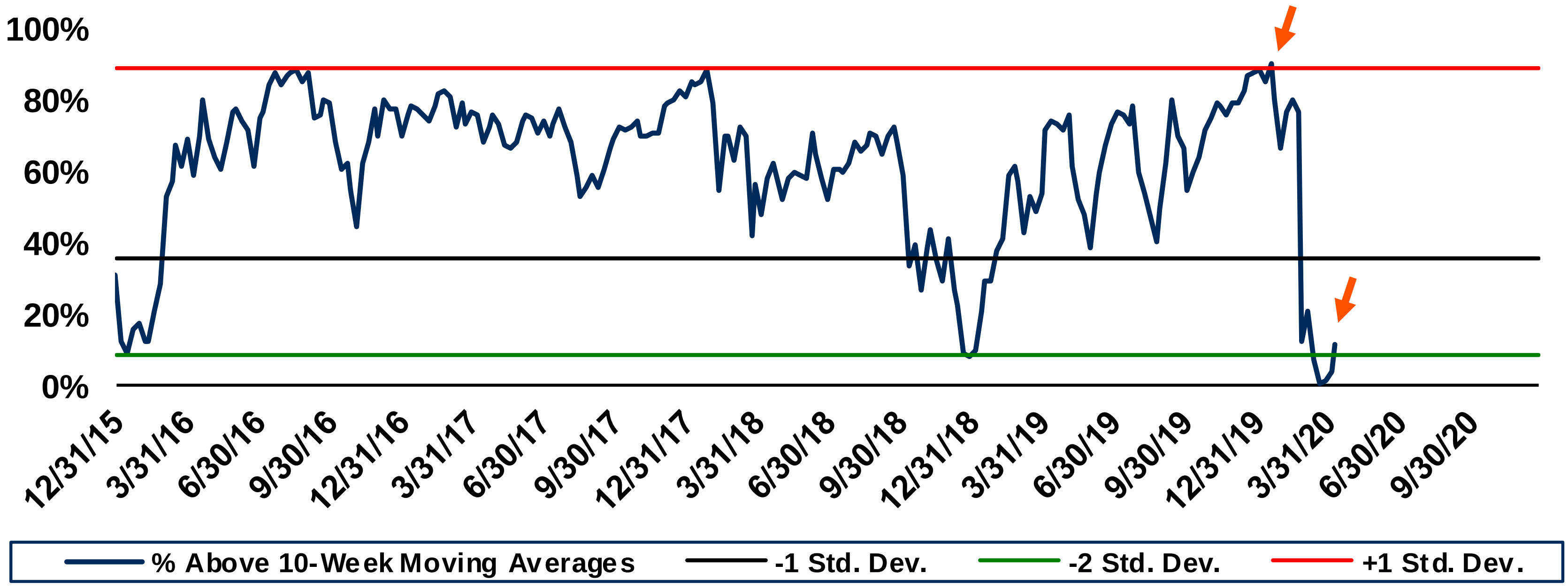
Depressed Sector Valuations at 3/23 Low

S&P 500 Sector	Absolute P/E Ratios			Relative P/E Ratios		
	Current	Average	Prem/(Disc)	Current	Average	Prem/(Disc)
Comm. Svcs.	14.6	15.7	(7)	1.03	0.95	8
Cons. Disc.	18.8	19.1	(1)	1.33	1.17	13
Cons. Staples	16.4	17.8	(8)	1.16	1.10	6
Energy	17.3	17.2	0	1.22	1.04	18
Financials	8.5	13.2	(36)	0.60	0.82	(27)
Health Care	12.6	16.9	(26)	0.89	1.02	(13)
Industrials	13.0	16.6	(22)	0.92	1.02	(10)
Info. Tech.	17.0	21.3	(20)	1.20	1.25	(4)
Materials	13.7	16.1	(15)	0.97	0.99	(2)
Real Estate	31.1	40.6	(24)	2.19	2.33	(6)
Utilities	14.6	14.9	(2)	1.03	0.93	10
S&P 500	**14.2**	**16.4**	**(14)**	**NA**	**NA**	**NA**
S&P 500 Growth	18.0	17.0	6	1.27	1.11	15
S&P 500 Value	11.1	13.8	(20)	0.78	0.91	(14)

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 3/23/20.

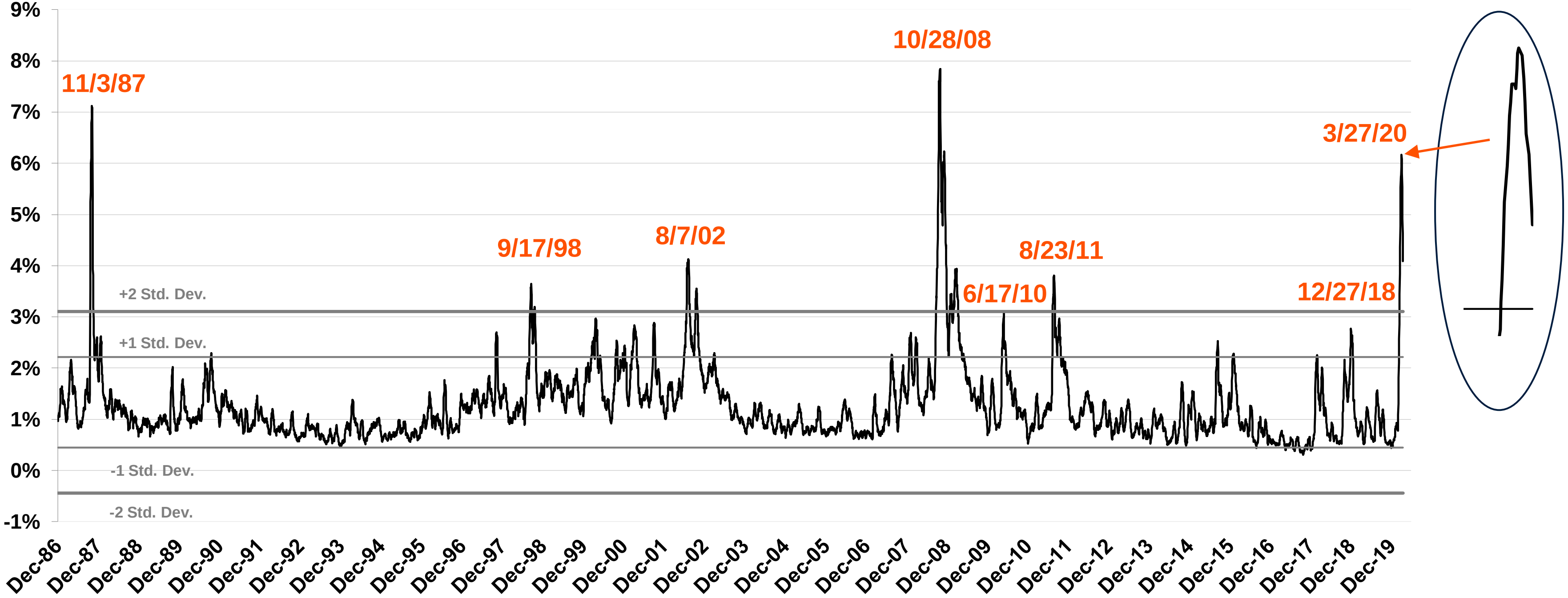
S&P 1500 Sub-Indus. vs. 200D Moving Average

Two Extremes in Two Weeks



Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 4/13/20.

Volatility Peaks Typically Signal An Approaching Bottom



Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 4/13/20.

Using Stock Market History as Virtual Valium

Type (% Decline)	Peak-to-Trough Declines Count	% Chg.	Months	Months to Recovery
Pullbacks (5.0%-9.9%)	58	(7)	1	2
Corrections (10.0%-19.9%)	23	(14)	4	4
All Bears (20%+)	12	(33)	14	25
>"Garden Variety" (20%-40%)	9	(26)	11	14
>"Mega-Meltdown" (40%+)	3	(51)	23	58

Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 4/15/20.

WORST TO FIRST: Six Month Price Return Differentials

		Six Months Later		
Decline		% Change	% Point Difference	
Date	% Drop	S&P 500	Sectors	Sub-Inds.
1990	(19.9)	27.8	17.6	50.1
1998	(19.3)	29.1	11.9	(11.6)
2000-02	(49.1)	11.5	8.6	17.1
2007-09	(56.8)	50.2	36.1	126.0
2011	(19.4)	29.1	4.3	21.9
2018	(19.8)	25.3	0.4	(8.0)
2020	(33.9)	???	???	???
Average		**28.8**	**13.1**	**32.6**

Source: CFRA's MarketScope Advisor. Data as of 3/23/20.

WORST TO FIRST: Sectors

S&P 500 Sectors	% Chg.
Energy	(56.0)
Financials	(43.0)
Industrials	(41.8)
Real Estate	(38.0)
Materials	(36.4)
Utilities	(35.9)
S&P 500	**(33.9)**
Consumer Discretionary	(31.9)
Information Technology	(31.2)
Communication Services	(28.6)
Health Care	(28.1)
Consumer Staples	(24.3)

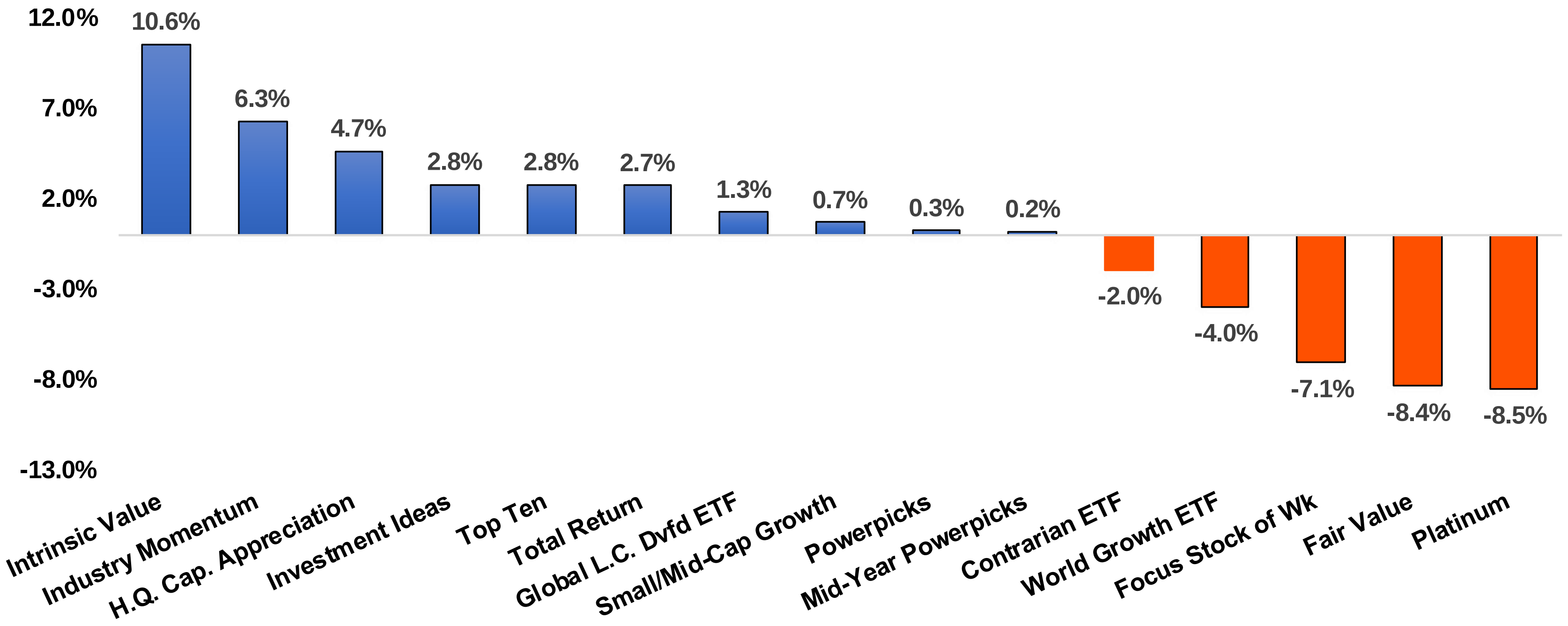
Source: CFRA's MarketScope Advisor. Data as of 3/23/20.

WORST TO FIRST: S&P 500 Sub-Industries

S&P 500 Sub-Industries	% Chg.	Representative Stock
Airlines	(57.3)	Alaska Air (ALK 32 ****)
Department Stores	(68.0)	Kohl's Corp. (KSS 20 **)
Hotels, Resorts & Cruise Lines	(59.3)	Hilton Worldwide (HLT 68 ***)
Household Appliances	(56.4)	Whirlpool Corp. (WHR 105 ***)
Motorcycle Manufacturers	(56.0)	Harley Davidson (HOG 21 ***)
Oil & Gas Drilling	(68.9)	Helmerich & Payne (HP 19 **)
Oil & Gas Equipment & Services	(64.0)	Baker Hughes (BKR 13 ***)
Oil & Gas Exploration & Production	(59.5)	Cabot Oil (COG 19 ****)
Oil & Gas Refining & Marketing	(61.1)	Phillips 66 (PSX 62 ****)
Oil & Gas Storage & Transportation	(57.3)	Kinder Morgan (KMI 15 ****)

Source: CFRA's MarketScope Advisor, S&P Global Market Intelligence. Data as of 3/23/20.

CFRA Portfolios: 3-Year CAGR Relative Performances



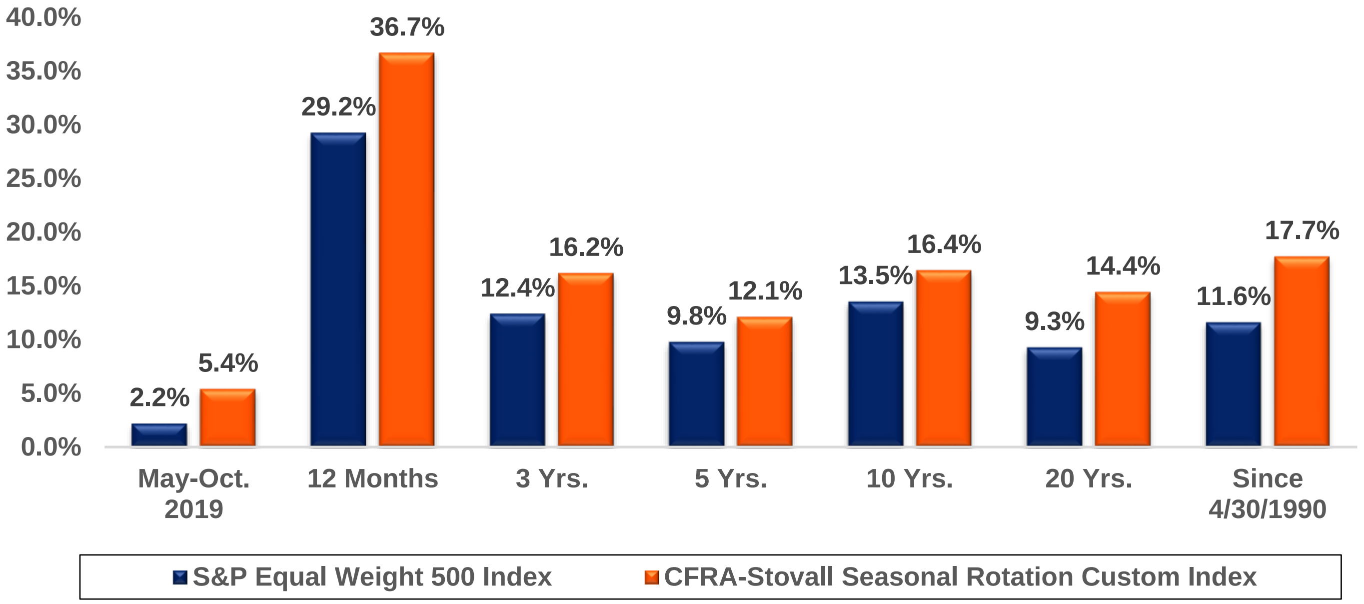
Source: CFRA's MarketScope Advisor, S&P Global Market Intelligence. Data as of 3/31/20.

The Seven Rules of Wall Street

- Let Your Winners Ride, But Cut Your Losers Short
- As Goes January, So Goes the Year
- Sell in May, Then Go Away
- No Free Lunch on Wall Street (Oh Yeah, Who Says?)
- Don’t Get Mad -- Get Even!
- Don’t Fight the Fed (At Least for Too Long)
- There’s Always a Bull Market Someplace

CFRA-Stovall Seasonal Rotation Custom Index

Compound Annual Total Returns: 4/30/1990 - 12/31/2019)



Source: CFRA, S&P Global. Past performance is no guarantee of future results. For more information, please visit: https://www.paceretfs.com/products/szne.

Complimentary Access to CFRA's *THE OUTLOOK*

- CFRA is helping individual investors navigate the coronavirus crisis.
- We are now offering North America-based individual investors complimentary access for 90 days to *The Outlook*, our flagship online weekly newsletter.
- Financial advisors can have their clients request access:
- https://advisor.marketscope.com/#/Outlook90
- CFRAresearch.com

Source: CFRA's MarketScope Advisor

For more information
+1 800.220.0502 | cservices@cfraresearch.com

Disclosures

The content of this Presentation and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable but are subject to change without notice. This Presentation has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this Presentation, CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the fullest extent permitted by law, regarding the accuracy, completeness, or usefulness of the information contained herein and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content herein (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA. This Presentation shall not be used for any unlawful or unauthorized purposes. CFRA and its third-party providers, as well as its and their directors, officers, shareholders, employees or agents, do not guarantee the accuracy, completeness, timeliness or availability of this Presentation.

CFRA's primary financial data provider is S&P Global Market Intelligence. FOR RECIPIENT'S INTERNAL USE ONLY.

Certain information in this presentation is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively “S&P Global”). Such information is subject to the following disclaimers and notices: “Copyright © 2020, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global’s information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes and should not be relied on as investment advice.”

For more information
+1 800.220.0502 | cservices@cfraresearch.com

Disclosures, continued.

This Presentation is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA (“CFRA US”), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA, United Kingdom), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd having Company No. 683377-A and regulated by Securities Commission Malaysia, No. CMSL/A0181/2007 (“CFRA Malaysia”). CFRA Malaysia is a wholly-owned subsidiary of CFRA US. These parties and their subsidiaries maintain no responsibility for CFRA reports or materials redistributed by third parties such as brokers or financial advisors.

Past performance is not necessarily indicative of future results. This Presentation may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance.

This Presentation is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This Presentation is for informational purposes only. Recommendations in this Presentation are not made with respect to any particular investor or type of investor. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account any investor's particular investment objectives, financial situations or needs. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Additional information on a subject company may be available upon request.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.