2023 **Strategy Outlook**

Less *crisis*
More Opportunity

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Thomas J. Lee, CFA [AC]
Head of Research
thomas@fundstrat.com
twitter: @fundstrat

Mark Newton, CMT[AC]
Head of Technical Strategy
mark.newton@fundstrat.com
twitter: @MarkNewtonCMT

Ken Xuan, CFA, FRM[AC]
Head of Data Science Research
ken.xuan@fundstrat.com
twitter: @fundstrat_ken

Brian Rauscher, CFA[AC]
Head of Global Portfolio Strategy
& Asset Allocation
brian.rauscher@fundstrat.com

Adam Gould, CFA[AC]
Head of Quantitative Research
adam.gould@fundstrat.com

L. Thomas Block
Policy Strategist
tom.block@fundstrat.com
twitter: @TomBlock_FS

How to follow us...

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Website   **www.fundstrat.com**

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Crisis (in Japanese) comprised two words

危機

Danger   Opportunity

2022 ➡ **2023**

EXECUTIVE SUMMARY: March–April will be "buy the dip" months

The 2022 crisis is now shifted into **opportunities**, creating the highest probabilities >10% returns since 2020.
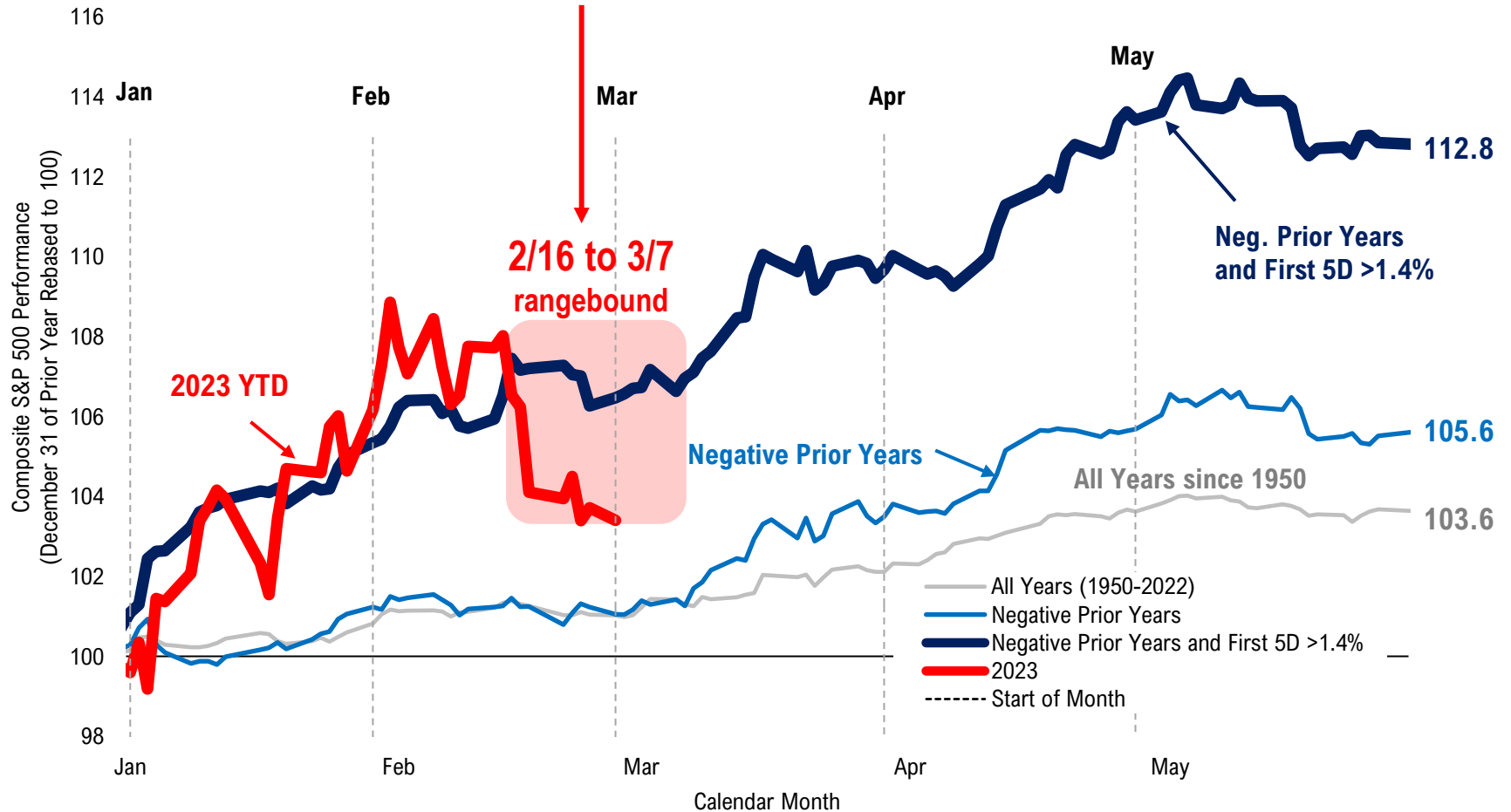
- Contrary to those arguing for "sticky," **inflation is falling like a rock** evidenced by near halt in inflation in Oct and Nov CPI (core, services ex-shelter) and likely repeated Dec to March (Slide 10-16).

- We think Fed framework very likely to change in 2023, as inflation is tracking lower and lead to **fewer hikes in 2023 and a lower terminal rate**. US economy remarkably resilient in the face of rapid Fed hike cycle. The plurality of equity investors expect an inevitable recession as Fed hikes until it breaks something. But if above assessment is correct, a **"soft landing" is the highest probability.**

- There are two vectors of argument that suggest stocks will rise 20% in 2023. These are:
  - Seasonal "rule of 1st 5 days": gains >1.4% in 1st 5 days lead to >20% FY returns
  - Seasonal "rule of day 26": stocks >5% gains by day 26 = 100% win-rate into YE
  - Breadth expansion: 3 market breadth expansion triggers on 1/12/23 only see 7 times in 50 years. 100% win-ratio

- P/E ex-FAANG is 14.8X, hardly demanding. And with 10-yr at 4%, this is still a 25X P/E for a 10-yr bond.

- VIX matters more than EPS actually.

- Our top 3 sectors for 2023 are: **Technology**, **Energy** and **Industrials**.

- Technology/FAANG is the only real way to innovate out of inflation. And EPS revisions relatively more attractive.

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Rule of 1st 5D Price Composites
Since 1950 and YTD. Jan-May Shown.

Payback (3 weeks)... consolidating gains

2/16 to 3/7 rangebound

2023 YTD

112.8

Neg. Prior Years and First 5D >1.4%

Negative Prior Years

105.6

All Years since 1950

103.6

Composite S&P 500 Performance (December 31 of Prior Year Rebased to 100)

Legend:
- All Years (1950-2022)
- Negative Prior Years
- Negative Prior Years and First 5D >1.4%
- 2023
- Start of Month

Calendar Month

Source: Fundstrat, Bloomberg

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Macro Research

Rule of 1st 5 Days: Feb is payback month

Returns for all years with first 5D >1.4% and neg prior year
Since 1950. N = 7. Average, median, and win ratio excluding 2023

ALL YEARS SINCE 1950 WITH NEG PRIOR YEARS & >1.4% FIRST 5 DAYS

Monthly Performance

Day 5 -->	Jan End	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1958	1.7%	-2.1%	3.1%	3.2%	1.5%	2.6%	4.3%	1.2%	4.8%	2.5%	2.2%	5.2%
1963	2.3%	-2.9%	3.5%	4.9%	1.4%	-2.0%	-0.3%	4.9%	-1.1%	3.2%	-1.1%	2.4%
1967	4.6%	0.2%	3.9%	4.2%	-5.2%	1.8%	4.5%	-1.2%	3.3%	-2.9%	0.1%	2.6%
1975	9.9%	6.0%	2.2%	4.7%	4.4%	4.4%	-6.8%	-2.1%	-3.5%	6.2%	2.5%	-1.2%
2003	-6.0%	-1.7%	0.8%	8.1%	5.1%	1.1%	1.6%	1.8%	-1.2%	5.5%	0.7%	5.1%
2012	2.5%	4.1%	3.1%	-0.7%	-6.3%	4.0%	1.3%	2.0%	2.4%	-2.0%	0.3%	0.7%
2019	5.0%	3.0%	1.8%	3.9%	-6.6%	6.9%	1.3%	-1.8%	1.7%	2.0%	3.4%	2.9%
Average	2.9%	0.9%	2.6%	4.0%	-0.8%	2.7%	0.8%	0.7%	0.9%	2.1%	1.2%	2.5%
Median	2.5%	0.2%	3.1%	4.2%	1.4%	2.6%	1.3%	1.2%	1.7%	2.5%	0.7%	2.6%
Win Ratio	86%	57%	100%	86%	57%	86%	71%	57%	57%	71%	86%	86%
2023	4.7%	-2.6%	-	-	-	-	-	-	-	-	-	-

Feb = payback = ouch

Source: Fundstrat, Bloomberg

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Rule of 1st 5 Days: March + April = Fire

Returns for all years with first 5D >1.4% and neg prior year
Since 1950. N = 7. Average, median, and win ratio excluding 2023

ALL YEARS SINCE 1950 WITH NEG PRIOR YEARS & >1.4% FIRST 5 DAYS

Monthly Performance

Day 5 -->	Jan End	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1958	1.7%	-2.1%	3.1%	3.2%	1.5%	2.6%	4.3%	1.2%	4.8%	2.5%	2.2%	5.2%
1963	2.3%	-2.9%	3.5%	4.9%	1.4%	-2.0%	-0.3%	4.9%	-1.1%	3.2%	-1.1%	2.4%
1967	4.6%	0.2%	3.9%	4.2%	-5.2%	1.8%	4.5%	-1.2%	3.3%	-2.9%	0.1%	2.6%
1975	9.9%	6.0%	2.2%	4.7%	4.4%	4.4%	-6.8%	-2.1%	-3.5%	6.2%	2.5%	-1.2%
2003	-6.0%	-1.7%	0.8%	8.1%	5.1%	1.1%	1.6%	1.8%	-1.2%	5.5%	0.7%	5.1%
2012	2.5%	4.1%	3.1%	-0.7%	-6.3%	4.0%	1.3%	2.0%	2.4%	-2.0%	0.3%	0.7%
2019	5.0%	3.0%	1.8%	3.9%	-6.6%	6.9%	1.3%	-1.8%	1.7%	2.0%	3.4%	2.9%
Average	2.9%	0.9%	2.6%	4.0%	-0.8%	2.7%	0.8%	0.7%	0.9%	2.1%	1.2%	2.5%
Median	2.5%	0.2%	3.1%	4.2%	1.4%	2.6%	1.3%	1.2%	1.7%	2.5%	0.7%	2.6%
Win Ratio	86%	57%	100%	86%	57%	86%	71%	57%	57%	71%	86%	86%
2023	4.7%	-2.6%	-	-	-						-	-

March + April = Fire 🔥

Source: Fundstrat, Bloomberg

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DAY 26: Strength continues to lead to market strength

Since 1950

Median Performance

	N=	YTD - end of Feb W1	Feb W1 to end month	Feb W1 to 1H	Feb W1 to YE	1H	2H	Full Year
Up >5% through 1st week of Feb	17	7.7%	**0.2%**	4.8%	16.1%	12.8%	10.1%	**25.8%**
Up through 1st week of Feb	44	4.3%	**0.1%**	4.8%	12.9%	9.4%	8.3%	**18.1%**
All Years (1950 - 2022)	73	1.6%	**0.2%**	3.5%	10.2%	4.9%	5.0%	**11.8%**
Down through 1st week of Feb	29	(4.3%)	**0.2%**	(0.7%)	(0.7%)	(3.4%)	2.1%	**(0.7%)**
Down >5% through 1st week of Feb	11	(5.9%)	**(0.5%)**	1.7%	1.7%	(5.0%)	0.6%	**(6.6%)**

Win Ratio

	N=	YTD - end of Feb W1	Feb W1 to end month	Feb W1 to 1H	Feb W1 to YE	1H	2H	Full Year
Up >5% through 1st week of Feb	17	100%	**53%**	88%	94%	100%	88%	**100%**
Up through 1st week of Feb	44	100%	**50%**	82%	86%	89%	80%	**89%**
All Years (1950 - 2022)	73	60%	**51%**	68%	73%	68%	71%	**73%**
Down through 1st week of Feb	29	0%	**52%**	48%	52%	38%	59%	**48%**
Down >5% through 1st week of Feb	11	0%	**45%**	55%	45%	45%	55%	**36%**

Source: Fundstrat, Bloomberg

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RETURNS: 20% Annual Returns Coincide With Strong Starts

S&P 500 Annual Gains >20% and Returns Through 1W Feb
Since 1950

☐ **Years When S&P 500 Annual Return >20% (Since 1950) (n= 20)**
■ **Years When YTD Gain (Through 1W Feb) > 5% (n= 12)**

Year	1967	1996	1950	1961	2009	1980	1991	1985	2003	1955	1998	2021	1989	2019	2013	1997	1975	1995	1958	1954
Value	20	20	22	23	23	26	26	26	26	26	27	27	27	29	30	31	32	34	38	45
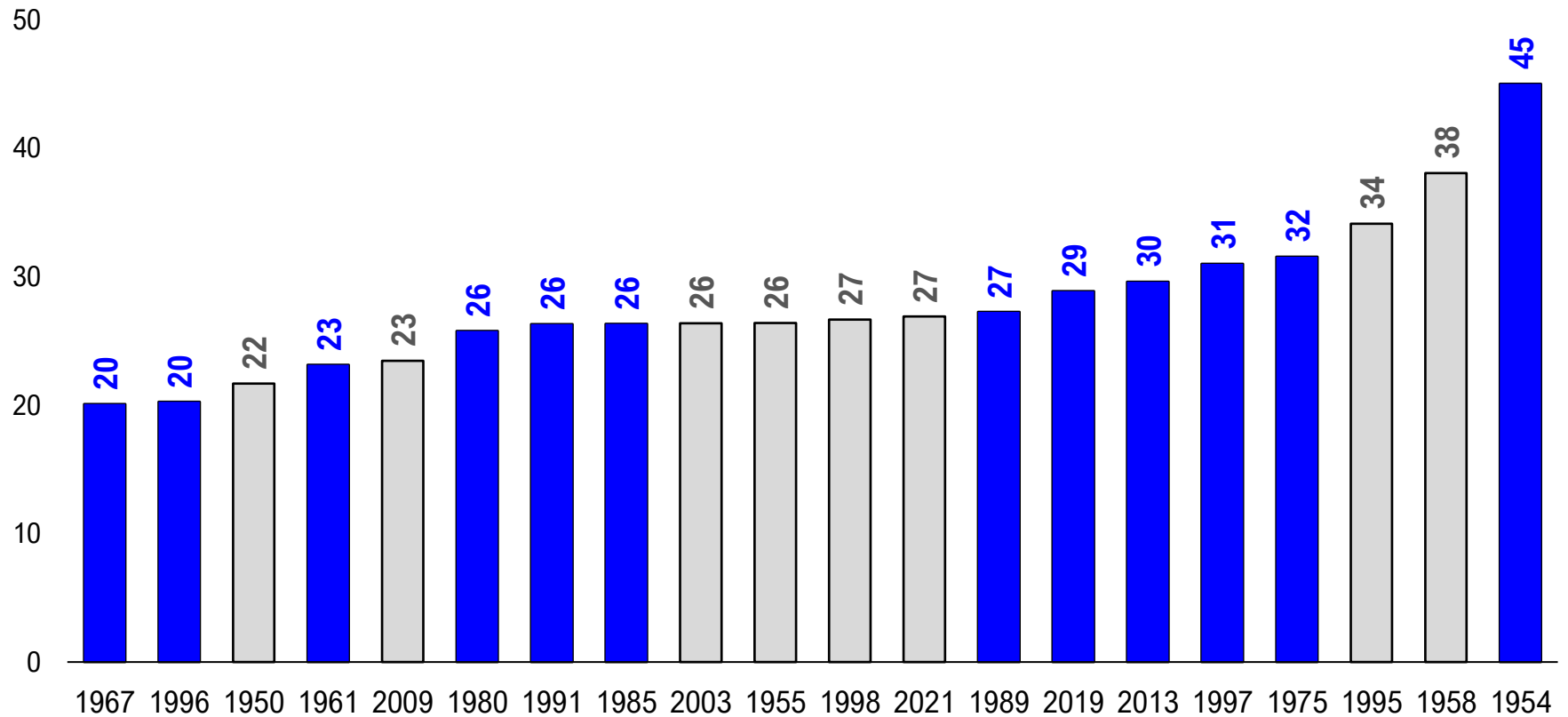
Source: Fundstrat, Bloomberg

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YE 2023: S&P 500 should exceed 4,800...unless this is '87

Years with >5% Returns After Feb Week 1
Sorted by Returns from Feb Week 1 to YE. Since 1950

	Year	YTD to end of Feb W1	Feb W1 to YE	Implied S&P 500 YE 2023	Full Year Return
1	1954	6.0%	36.8%	5,697	45.0%
2	1997	6.6%	22.9%	5,118	31.0%
3	2013	5.8%	22.5%	5,099	29.6%
4	2019	7.9%	19.4%	4,971	28.9%
5	1989	7.9%	17.9%	4,911	27.3%
6	1991	8.0%	17.0%	4,871	26.3%
7	1980	7.7%	16.8%	4,862	25.8%
8	1985	8.7%	16.2%	4,839	26.3%
9	1961	6.1%	16.1%	4,833	23.1%
10	1975	14.7%	14.7%	4,776	31.5%
11	1996	5.5%	14.0%	4,746	20.3%
12	1967	8.2%	10.9%	4,620	20.1%
13	1951	7.6%	8.1%	4,501	16.3%
14	1976	10.3%	8.0%	4,499	19.1%
15	2012	7.1%	5.9%	4,409	13.4%
16	1971	5.2%	5.3%	4,386	10.8%
17	1987	15.6%	(11.8%)	3,674	2.0%
	Average		14.2%	4,754	23.3%
	Median		16.1%	4,833	25.8%
	Win Ratio		94%	-	100%
18	2023	8.5%	-	-	-

Source: Fundstrat, Bloomberg

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JANUARY: Rule of 1st 5 Days, Falling Vix w/ Neg Prior Year, and "Ultra Breadth Thrust"

Figure: Summary of January Signals
Various Base Dates

S&P 500 Forward Returns

Signal Name	Description	Base Date	Threshold	N=*	3M	6M	12M
Rule of 1st 5 Days	When S&P 500 the prior year is negative and the first 5D of the following year is >1.4%	1950	i) Neg. Prior Year ii) First 5D >1.4%	7	**11.6%** (86%)	**12.3%** (100%)	**26.4%** (100%)
Falling VIX with Neg Prior Year	When S&P 500 the prior year is negative and the Vix in "this year" is down	1990	i) Neg. Prior Year ii) VIX down "this year"	23	**5.5%** (74%)	**8.3%** (83%)	**22.2%** (83%)
Post '09 Whaley Breadth Thrust	A Whaley Breadth Thrust measures a large % of #Adv vs #Dec over a 5D	2009	# NYSE 5D Adv. / # NYSE 5D Adv.+Dec. >73.67%	8	**4.5%** (67%)	**4.5%** (83%)	**19.3%** (100%)
Walter Deemer Breakaway Momentum	Walter Deemer "BAM" Signal measures "Breakaway Momentum" >1.97. We use >2.1 threshold	1950	# NYSE Adv. 10D / # NYSE Dec. 10D >2.1	15	**9.3%** (93%)	**13.9%** (100%)	**18.2%** (93%)
Triple 70 Thrust	A triple 70 Thrust occurs when 70% of NYSE Stocks Advance 3 Days in a row	1970	70% of Stocks Advance 3D in a row	49	**4.7%** (71%)	**8.2%** (74%)	**13.5%** (87%)
"Ultra Breadth Thrust"	At least 2 of 3 of above 3.	1970	At least 2/3 overlap: i) "Whaley" Thrust ii) "BAM" Thrust iii) "Triple 70 Thrust"	8	**10.7%** (100%)	**14.7%** (100%)	**24.3%** (100%)
S&P 500 Returns	Rolling Monthly S&P 500 Returns	1950	-	-	2.5% (66%)	4.8% (70%)	10.1% (74%)

Source: Fundstrat, Bloomberg, Wayne Whaley (https://docs.cmtassociation.org/pdfs/dowaward-2010.pdf), Walter Deemer (https://www.walterdeemer.com/bam.htm), Triple 70 Thrust (https://www.investopedia.com/terms/b/breadth-thrust-indicator.asp)

* Rule of 1st 5 days: calendar year since 1950. Falling VIX with Neg Prior Year: rolling 4 quarters since 1990. Post '09 Whaley Breadth Thrust: daily since 2009. Walter Deemer "BAM" Thrust: daily since 1949. *N= for Rule of 1st 5 Days and Thrust Indicators Includes "Current"

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THRUSTS: Returns Strong When "Ultra Breadth Thrusts" Occur

"Ultra Breadth Thrust" Forward Returns
Since 1970.

S&P 500 Forward Returns…

"Ultra Breadth Thrusts" (Since 1957)	Whaley Breadth Thrust	"BAM" Thrust	"Triple 70" Thrust	3M	6M	12M
1 10/11/1974	x		x	0.0%	16.4%	24.0%
2 1/6/1976	x	x		10.7%	11.3%	12.0%
3 8/23/1982		x	x	18.0%	27.5%	40.2%
4 10/13/1982		x	x	6.6%	13.5%	24.3%
5 7/3/2012	x		x	5.1%	2.1%	17.6%
6 1/10/2019		x	x	11.2%	14.7%	25.8%
7 6/3/2020	x		x	12.9%	16.0%	34.3%
Average	-	-	-	9.2%	14.5%	25.4%
Median	-	-	-	10.7%	14.7%	24.3%
Win Ratio	-	-	-	100%	100%	100%
8 1/12/2023	x	x	x	-	-	-

Jan 12, 2023 only instance of 3 of 3 since 1970

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STRATEGISTS: YE '23 S&P 500 Targets

STRATEGISTS: Strategist Estimates for 2023
YE '23

Firm	Strategist	YE '23 S&P 500 Target	FY '23 EPS Est.
Deutsche Bank	Binky Chadha	4,500	$195
BMO	Brian Belski	4,300	$220
Scotiabank	Hugo Ste-Marie	4,225	$225
Jefferies	Sean Darby	4,200	$232
JP Morgan	Dubravko Lakos-Buja	4,200	$205
Cantor Fitzgerald	Eric Johnson	4,100	$212
RBC Capital Markets	Lori Calvasina	4,100	$199
Credit Suisse	Jonathan Golub	4,050	$230
Bank of America	Savita Subramanian	4,000	$200
Goldman Sachs	Davis Kostin	4,000	$224
HSBC	Max Kettner	4,000	$225
Citigroup	Scott Chronert	3,900	$215
Morgan Stanley	Mike Wilson	3,900	$241*
UBS	Keith Parker	3,900	$198
Barclays	Venu Krishna	3,725	$207
Societe Generale	Manish Kabra	3,650	$220
BNP Paribas	Greg Boutle	3,400	$219
Evercore ISI	Julian Emanuel	-	$222
Stifel	Barry Bannister	-	$220
Average		4,009	$215
Median		4,000	$219
High		4,500	$232
Low		3,400	$195
No. of Replies		17	18

~4% upside = 4,225

*Wilson's EPS Forecast is for 2024

Source: Fundstrat, Bloomberg

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Marquee Views - The Fork

Goldman Sachs

Global Markets | 10 December 2022 | 3:35PM UTC

US Outlook

When looking at the US outlook, unsurprisingly, investors are not very bullish equities. With US Equities now richer vs Bonds and Credit as in the beginning of the year, investors aren't rushing to buy them.

But the more interesting data points are that investors are now **bearish** USD FX and **bullish** UST. Indeed, in both those markets, the move over the past year and recent turn is finally giving investors confidence that a top in FX and a low in Bonds may have been set.

3. US TRADE. Which US trade do you think offers best risk/reward for 1H23?

A	Short USD FX	F	Long SPX
B	Long USD FX	G	Short US Corp Credit
C	Short 10y UST	H	Long US Corp Credit
D	Long 10y UST	I	Other
E	Short SPX	J	No View

We know what this means
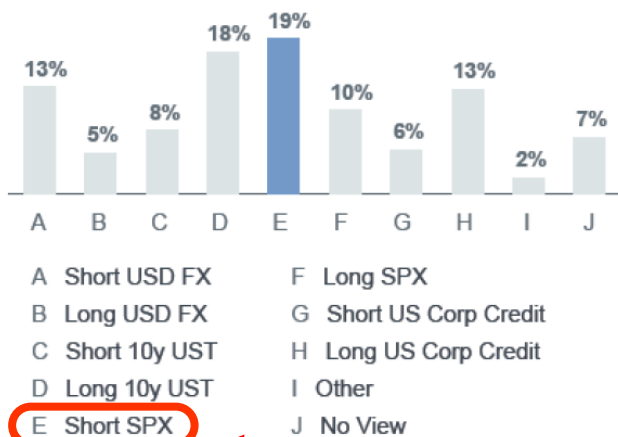
Source: Goldman Sachs

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CASH: Sitting on more cash than pandemic low

Money Market Fund Assets
Institutional Funds. In $ billions.

ICI institutional money market funds total net assets ($B)
- - - - 4-Week Avg

3,400

3,200

3,000

2,800

2,600

2,400

2,200

3,051

Jan '20 Mar '20 May '20 Jul '20 Sep '20 Nov '20 Jan '21 Mar '21 May '21 Jul '21 Sep '21 Nov '21 Jan '22 Mar '22 May '22 Jul '22 Sep '22 Nov '22 Jan '23

Money Markey Fund Assets
Retail Funds. In $ billions.

ICI retail money market funds total net assets ($B)
- - - - 4-Week Avg

1,781

Massive retail move into cash… massive

5/20/2020
1,556

1,650

1,600

1,550

1,500

1,450

1,400

1,350

1,300

Jan '20 Mar '20 May '20 Jul '20 Sep '20 Nov '20 Jan '21 Mar '21 May '21 Jul '21 Sep '21 Nov '21 Jan '22 Mar '22 May '22 Jul '22 Sep '22 Nov '22 Jan '23
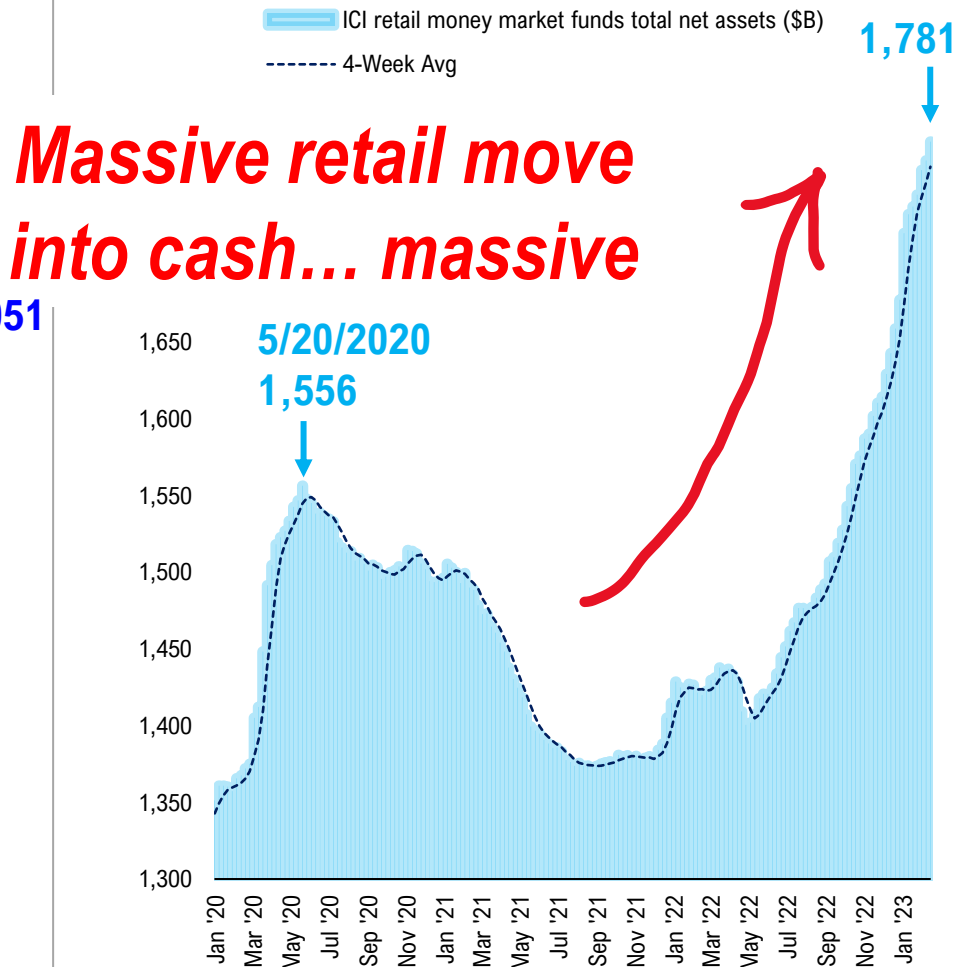
Source: Fundstrat, ICI, Bloomberg
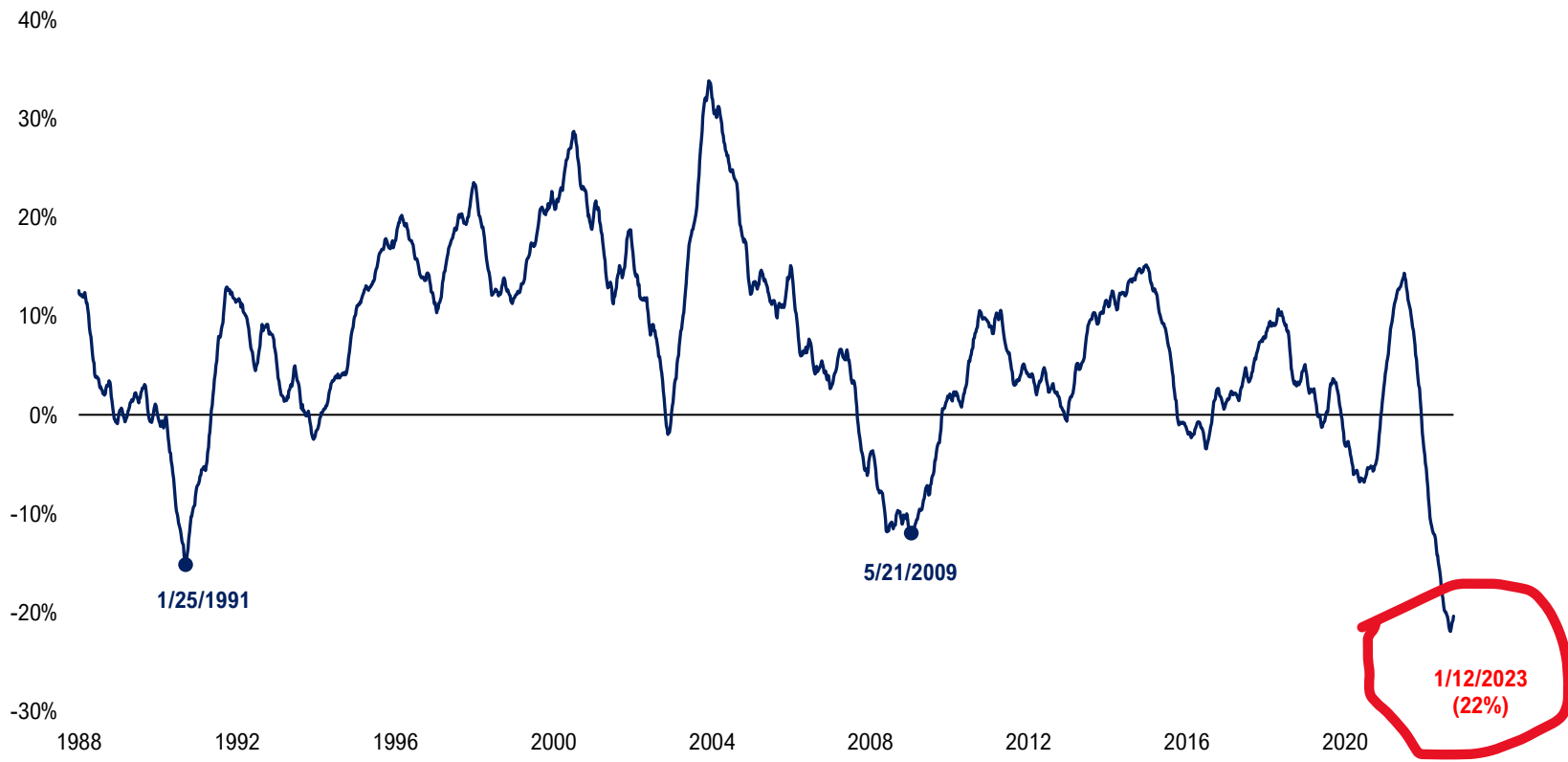
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VALUATION: P/E hardly demanding

PE Ratios of FANG+ & GICS Level 1 Sectors
Based on 2024 EPS Estimates

	Sector	PE Ratio ('24 EPS)
1	FANG+	22.7x
2	Discretionary ex-FANG+	19.7x
3	Consumer Staples	18.8x
4	Industrials	16.7x
5	Tech ex-FANG+	16.6x
6	Utilities	16.4x
7	Real Estate	16.1x
8	Materials	16.1x
9	Healthcare	15.7x
10	Financials	11.4x
11	Comm. Services ex-FANG+	11.0x
12	Energy	10.5x
	S&P 500	16.1x
	S&P 500 ex-FANG	14.8x

**Ex-FAANG,
P/E of 14.8X 2024
hardly demanding**

Source: Fundstrat, Bloomberg

* FANG+ includes META, AMZN, NFLX, GOOGL, NVDA, AAPL, MSFT, TSLA
Any S&P 500 Sector with a FANG+ Stock as a constituent has had that company's price and earnings removed from the ratio.

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DON'T WAIT FOR FED: Market bottomed before Volcker shifted Tactics. Entire decline erased in 4 months.

VOLCKER SUGGESTS FEDERAL RESERVE MAY SHIFT TACTICS

By Peter T. Kilborn, Special To the New York Times
Oct. 10, 1982

Volcker suggests Fed "may shift tactics" (10/5/82)

New ALL-TIME highs *one month* after Volcker "considers ending inflation war"

S&P 500 peaks (11/28/80)

S&P 500 troughs (8/12/82)

Entire decline erased *4 months* later

-27% in 430 days

+17% in 21 days

+19% in 37 days

140.64

SPX Index (S&P 500 INDEX) - Last Price 140.64

SPX Index (S&P 500 INDEX) Volcker 1980s LT Version   Weekly 31OCT1980-31DEC1982   Copyright© 2023 Bloomberg Finance L.P.   09-Feb-2023 11:47:19

Source: Fundstrat, Bloomberg

Not "fighting Fed" if inflation is falling

The minority view, which is also mine, is that much of the US. inflationary pressure in 2022 has transitory components:

- supply chain,

- bullwhip effect,

- one-offs like healthcare insurance

- even services like travel had "revenge spend" (not last forever)

Thus, the Fed did not need to go full **Volck-an** to fight inflation.

Source: Fundstrat

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INFLATION: Which series seems to better reflect the trend? PCE or U Mich?

INFLATION – U Mich 1-yr inflation vs Core PCE annualized
Monthly

Which of these is showing the trend more clearly?

bumpy

6.85%

U Mich 1-yr inflation

Core PCE MoM (annualized)

Trend...

4.10%

Last Price   ■ UMich Expected Change in Prices During the Next Year: Median 4.10   ■ US Personal Consumption Expenditure Core Price Index MoM SA 6.85

CONSPXMD Index (UMich Expected Change in Prices During the Next Year: Median) umich 1y vs pce core 3m Daily 03JAN2017-28FEB2023   Copyright® 2023 Bloomberg Finance L.P.   26-Feb-2023 21:13:25
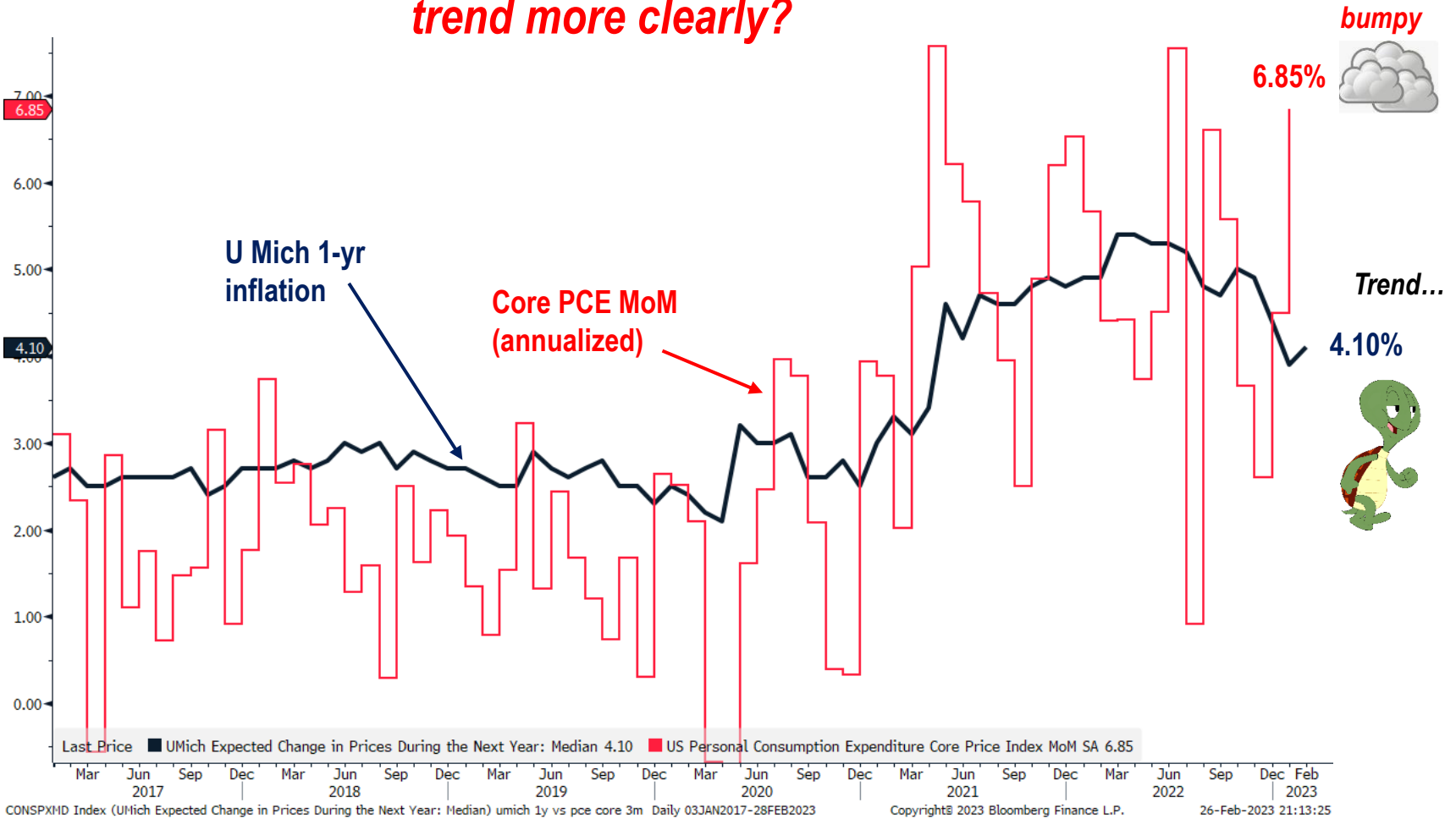
Source: Fundstrat, Bloomberg

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INFLATION: Expectations in the next year have fallen below "danger zone"

Figure: UMich Expected Change in Price During the Next Year
1 Year Median Inflation Expectation. Since 1960.
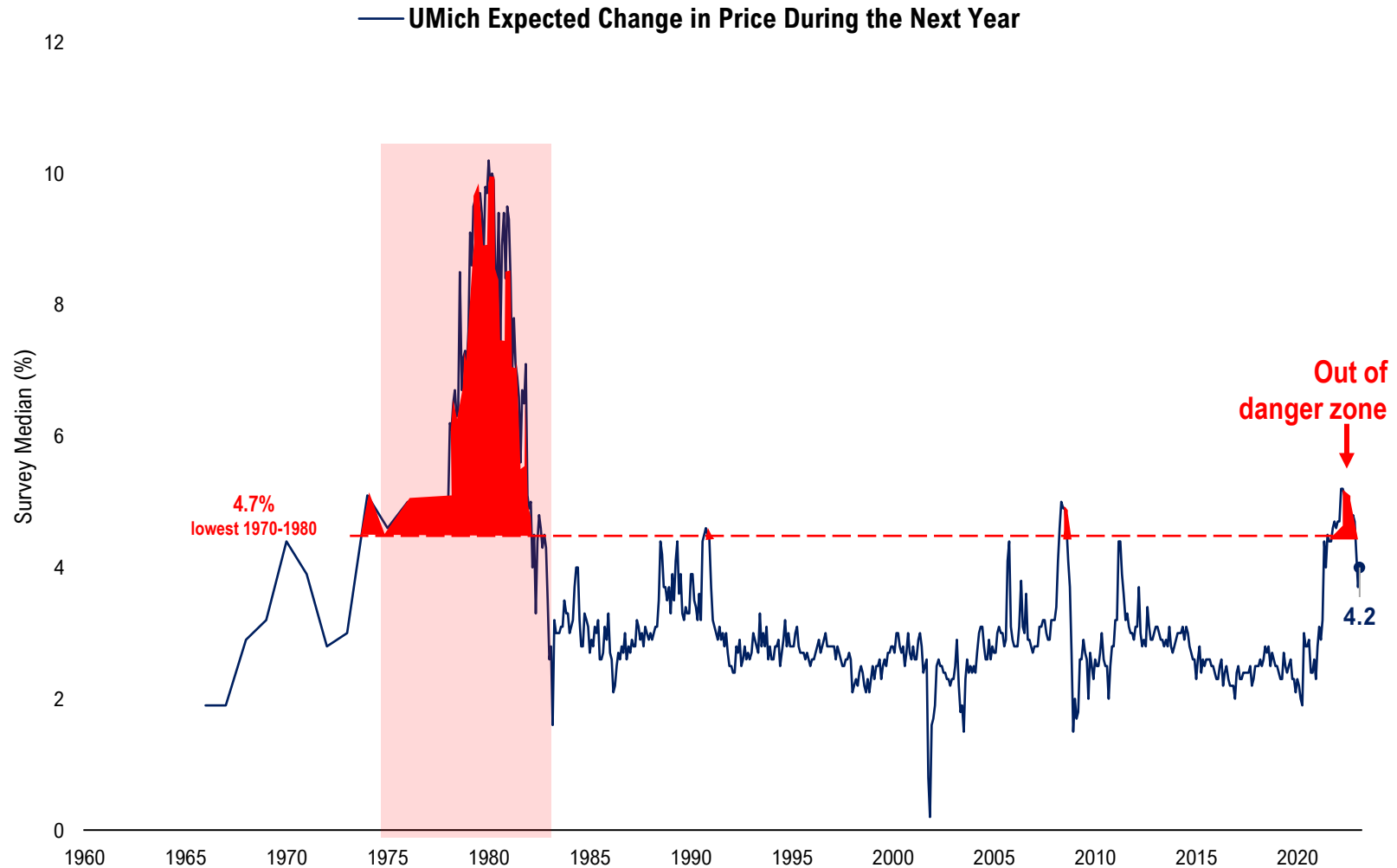
Source: Fundstrat, Bloomberg

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INFLATION: NY Fed Inflation Expectations (1Y) Higher Than U Mich

NY Fed and UMich Inflation Expectations (1Y Ahead)
Since 2017

NY Fed and UMich Inflation Expectations (1Y Ahead)

NY Fed Inflation Expectations (1Y)

5.0%

UMich Inflation Expectations (1Y)

4.2%

● Inflation Expectations Median 1 Year Ahead Expected Inflation Rate - Mid Price on 1/31/23 4.955   ● UMich Expected Change in Prices During the Next Year: Median - Last Price 4.20

NYCNM1IR Index (Inflation Expectations Median 1 Year Ahead Expected Inflation Rate) NY Fed/U Mich Inf 1Y Monthly 31JAN2017-14FEB2023   Copyright© 2023 Bloomberg Finance L.P.   13-Feb-2023 17:05:39

Source: Fundstrat, Bloomberg

2023 Inflation Per Fundstrat

Supply

- Disrupted supply chains
- "Bullwhip" effect
- Russia-Ukraine War
- Labor "participation" rate

Demand

- Exodus from cities (housing)
- Work from home
- Revenge spend on goods
- Revenge spend on travel
- Fiscal stimulus
- Low interest rates

Future Inflation

Source: Fundstrat

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Inflation drivers

Oil + Gasoline

Housing
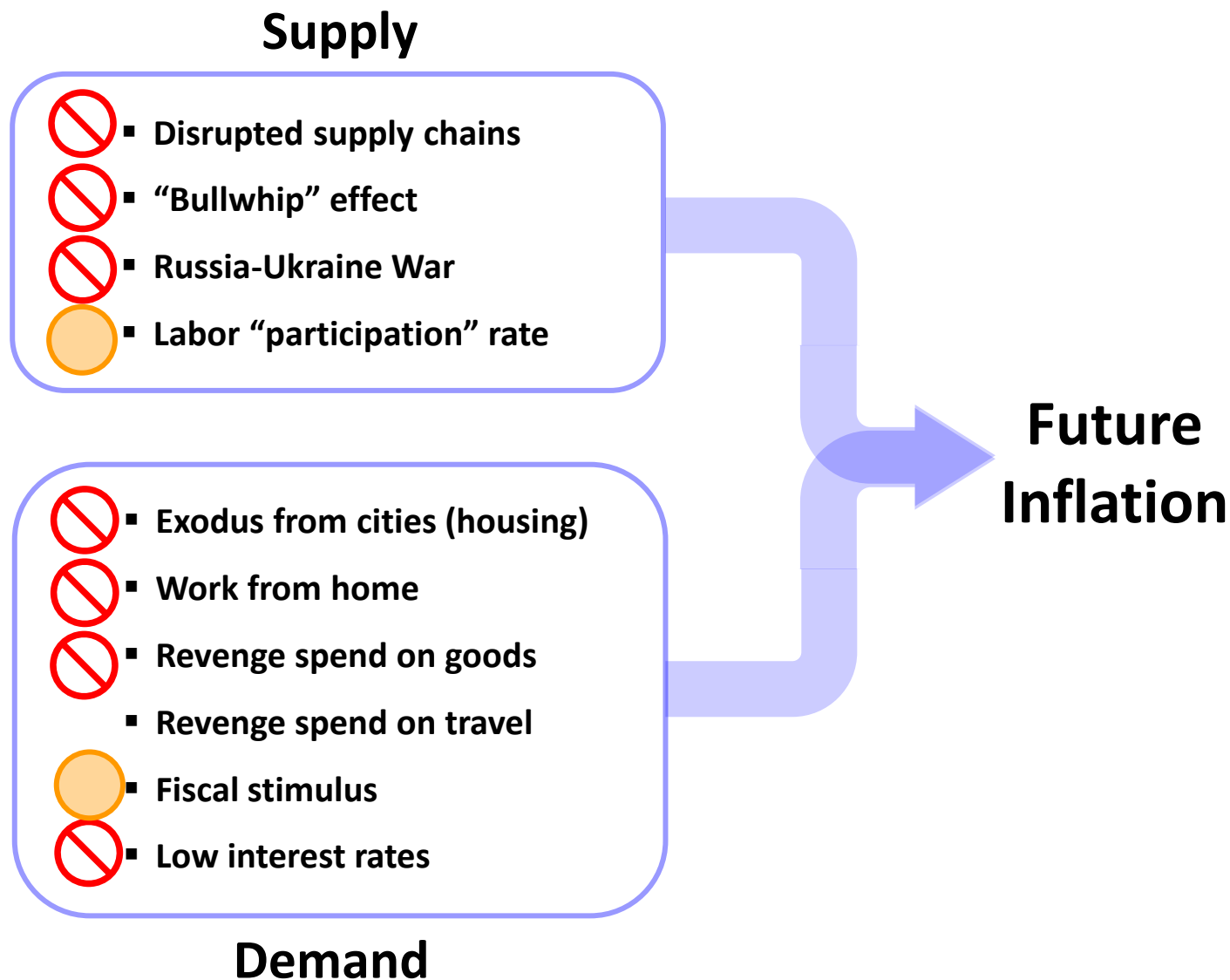
fundstrat

INFLATION: Less "wood to chop" for Powell vs Volcker

Figure: Powell has far less "wood to chop"
CPI + Core Index Levels. 100 = 12/31/2019 and 100 = 12/31/1967

Volcker considers "ending war on inflation" Oct 1982

287

Paul Volcker
Fed Chair
8/6/1979

217

Prices +112% higher vs trend

Prices +72% higher vs trend

Arthur Burns
Fed Chair
1/31/1970

We are here

Trendline = 2% inflation

126

135

116

Normalized As Of 12/31/1967   US CPI Urban Consumers SA   ■ Last Price 287   ■ 12/31/2019-12/31/2034 116

CPI INDX Index (US CPI Urban Consumers SA) CPI + Core 82 vs now Monthly 31DEC1967-31DEC1982   Copyright© 2023 Bloomberg Finance L.P.   10-Feb-2023 13:43:31

Source: Fundstrat, Bloomberg, BLS

         fundstrat

Source: Fundstrat, Internet

fundstrat

VOLCKER: Stocks did exceptionally well under Volcker

FED CHAIRS – Stocks returns and Economic Metrics under each Fed Chair
Since 1951

| | Term of office | | S&P 500 Returns... | | US Treasury 10Y Yield (%)... | | | US Economy... | |
| | | | Nominal | Real | | | | GDP | Inflation |
Name	Start	End	CAGR	CAGR	Start	End	Delta	SAAR	*
Bill Martin	Apr 2, 1951	Jan 31, 1970	7.6%	5.5%	2.60	7.75	5.15	3.9%	2.1%
Arthur Burns	Feb 1, 1970	Jan 31, 1978	0.6%	-5.5%	7.75	7.94	0.19	3.1%	6.6%
William Miller	Mar 8, 1978	Aug 6, 1979	13.4%	1.9%	8.03	8.91	0.88	4.9%	11.2%
Paul Volcker	Aug 6, 1979	Aug 11, 1987	15.6%	9.4%	8.91	8.72	-0.19	2.9%	5.7%
Alan Greenspan	Aug 11, 1987	Jan 31, 2006	7.5%	4.4%	8.72	4.52	-4.20	3.2%	3.1%
Ben Bernanke	Feb 1, 2006	Jan 31, 2014	4.2%	2.1%	4.56	2.64	-1.91	1.3%	2.1%
Janet Yellen	Feb 3, 2014	Feb 3, 2018 --**	12.2%	10.6%	2.58	2.84	0.27	2.3%	1.5%
Jay Powell	Feb 5, 2018		8.5%	4.6%	2.71	3.95	1.25	2.0%	3.8%

Source: Fundstrat, Bloomberg, FRED, Robert Shiller Online Data, Samuel H. Williamson 'What Was the U.S. GDP Then?'

* Average Inflation is the annualized growth of price level from the start of term to the end of term.

** Incumbent as of 3/1/2023

VOLCKER: Equity returns strong under Volcker

Annual S&P 500 Price Return vs CPI
1978 to 1989
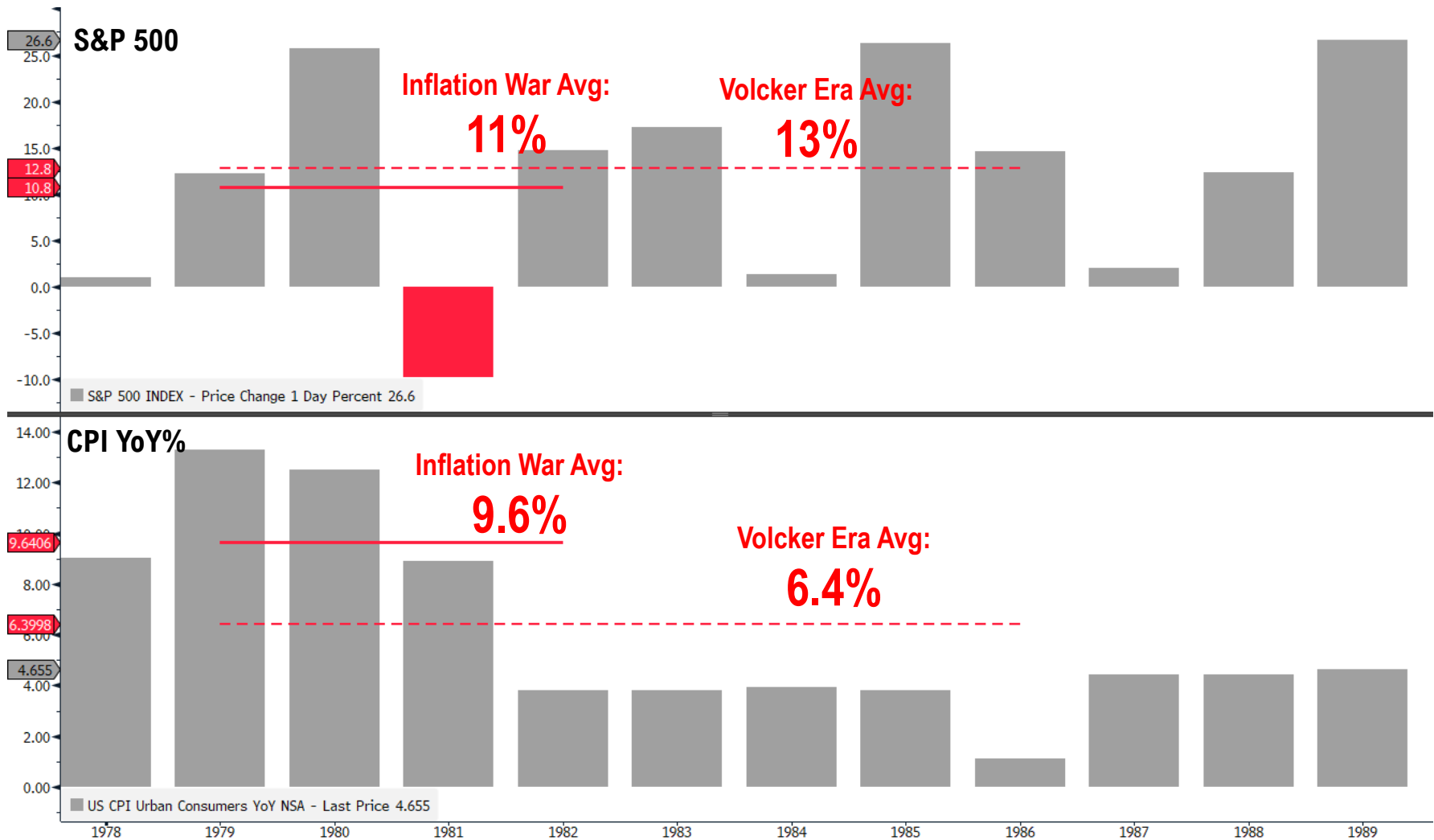
Source: Bloomberg and Fundstrat

fundstrat

FED RATES: Volcker Went Full "Volck-an" Yet Equities Were Strong

FED RATES – Stocks and Fed Funds under Burns to Volcker
Daily. 1970 to 1987

Source: Fundstrat, Bloomberg

FED RATES: When Fed Raising but "Data Dependent" Equities Strong

FED RATES – Stocks and Fed Funds under Greenspan
Daily. 1988 to 2005
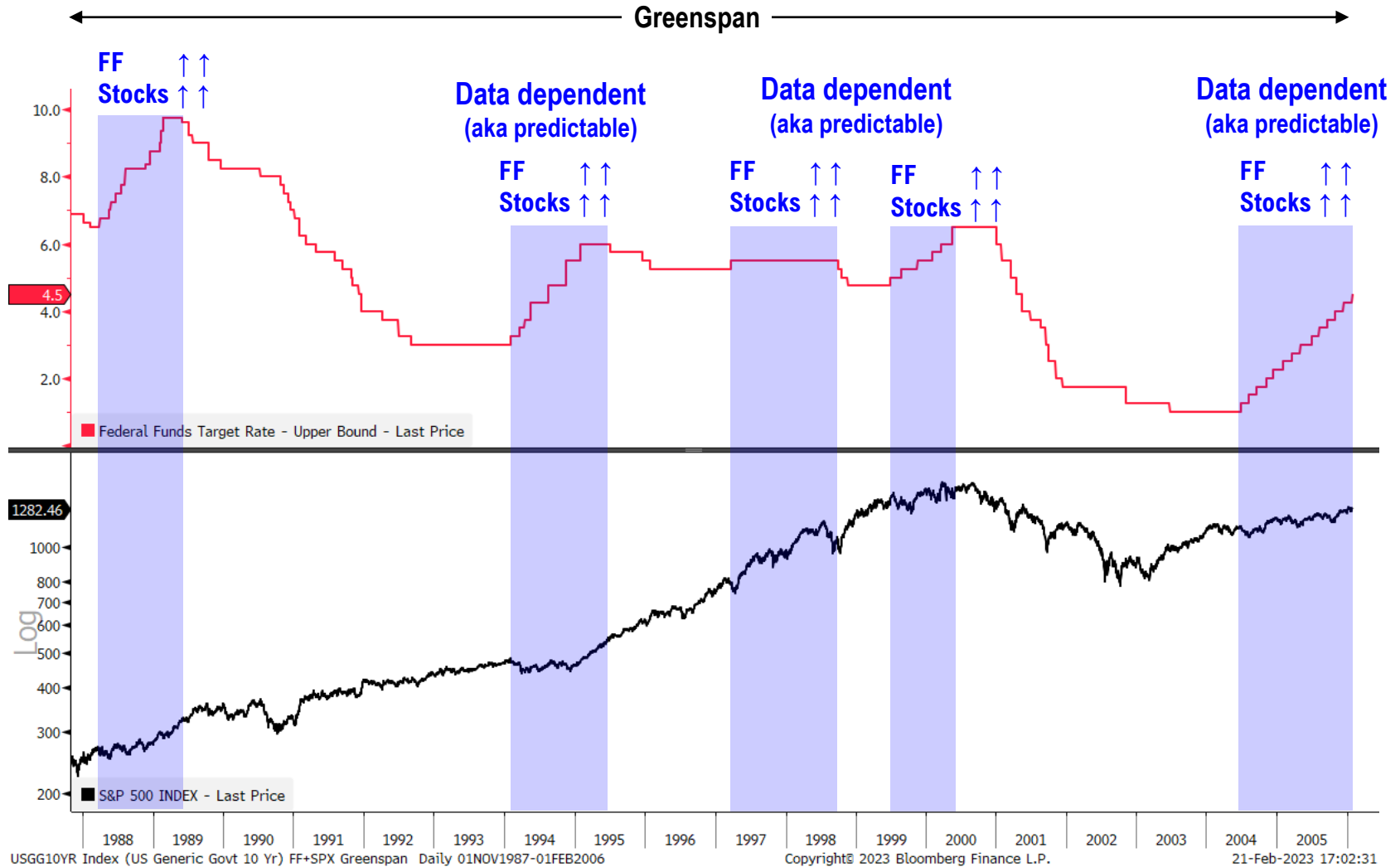
Source: Fundstrat, Bloomberg

FED RATES: Powell "Higher in a Hurry" Resulted In Equity Decline

FED RATES – Stocks and Fed Funds under Bernanke, Yellen, and Powell
Daily. 2006 to 2023
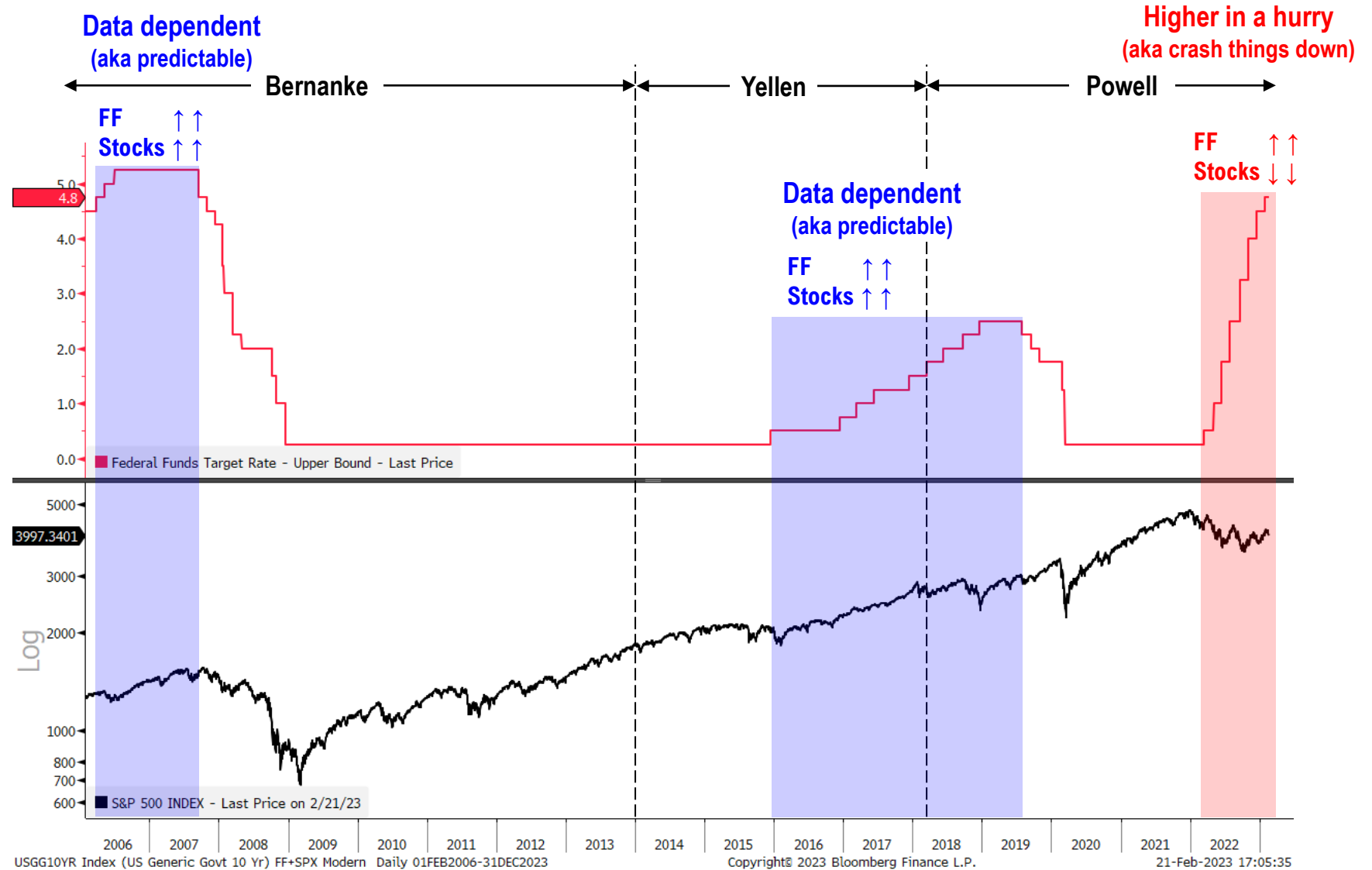
Source: Fundstrat, Bloomberg

OIL: For an Entire Decade, Motor Fuel Rose (1972-1982)

Motor Fuel CPI: Rose Continuously 1972 to 1982
Monthly 1970 to 1990
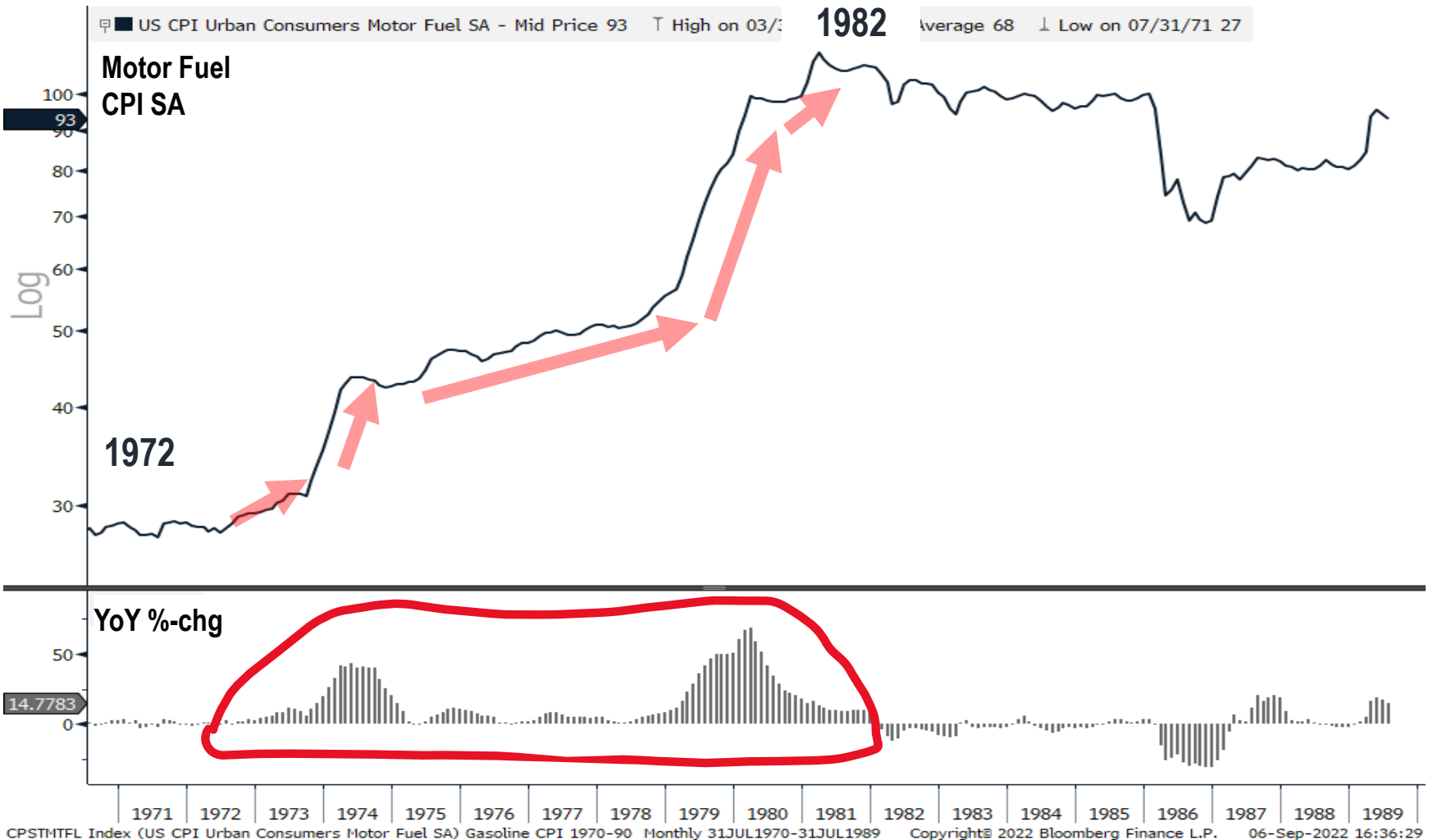
Source: Fundstrat, Bloomberg

fundstrat

M2: Set to turn negative YoY in November = falling inflation

Figure: M2 vs CPI
M2 YoY %chg. CPI YoY %chg. M2 is advanced 24 months

During 1970-80s,
M2 grew ~15%

M2 YoY %
(24 months
advanced)

CPI YoY%

-1.3%

Mid Price ■ CPI YOY Index (US CPI Urban Consumers YoY NSA) - on 12/31/22 6.5 ⬚ M2% YOY Index (Federal Reserve Money Supply M2 YoY % Change) 02/28/1957-12/31/2021 -1.3

| 1960-1964 | 1965-1969 | 1970-1974 | 1975-1979 | 1980-1984 | 1985-1989 | 1990-1994 | 1995-1999 | 2000-2004 | 2005-2009 | 2010-2014 | 2015-2019 | 2020-2024 |

CPI YOY Index (US CPI Urban Consumers YoY NSA) US M2 YoY vs CPI YoY Monthly 28FEB1959-31OCT2025   Copyright© 2023 Bloomberg Finance L.P.   10-Feb-2023 13:45:53

Source: Fundstrat, Federal Reserve

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HIGH-YIELD: After a tough 1H22, high-yield rallying...

High-yield OaS Spread and HYG price
2022 Daily

High-yield OaS
(options adjusted spread)

439

USD HY All Sectors OAS - Last Price 439

Spreads rally

High-yield ETF
(HYG)

74.88

iShares iBoxx High Yield Corporate Bond ETF - Last Price 74.88

breakout

USOHHYTO Index (USD HY All Sectors OAS) HY OAS and HYG Daily 13DEC2020-10FEB2023   Copyright© 2023 Bloomberg Finance L.P.   10-Feb-2023 11:51:33

Source: Fundstrat, Bloomberg

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HY SIGNAL: S&P 500 Returns Strong After Negative HY Year

Figure: High Yield and S&P 500 Total Returns
Since 1987

BofA HY Total Return
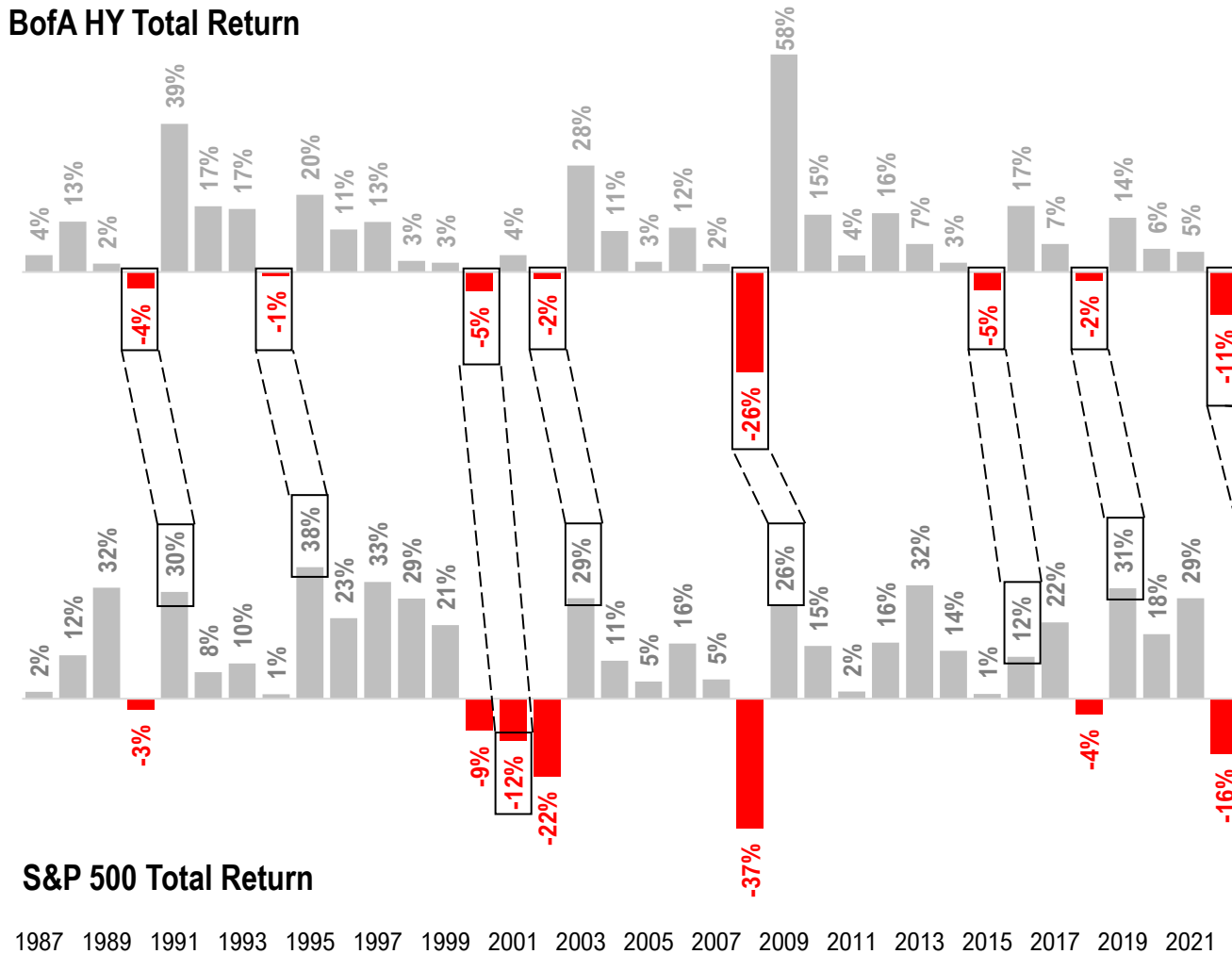
S&P 500 Total Return

S&P 500 year *after* HY negative return	
1991	+30%
1995	+38%
2001	-12%
2003	+29%
2009	+26%
2016	+12%
2019	+31%
Average	**+22%**

Source: Fundstrat, Bloomberg, FRED

EQUITIES: Strong performance when VIX falls

S&P 500 return when VIX %change is positive or negative
Rolling LTM in quarterly frequency since 1991

● Since Mar 1991   ●● **Negative Returns (12M Prior)**
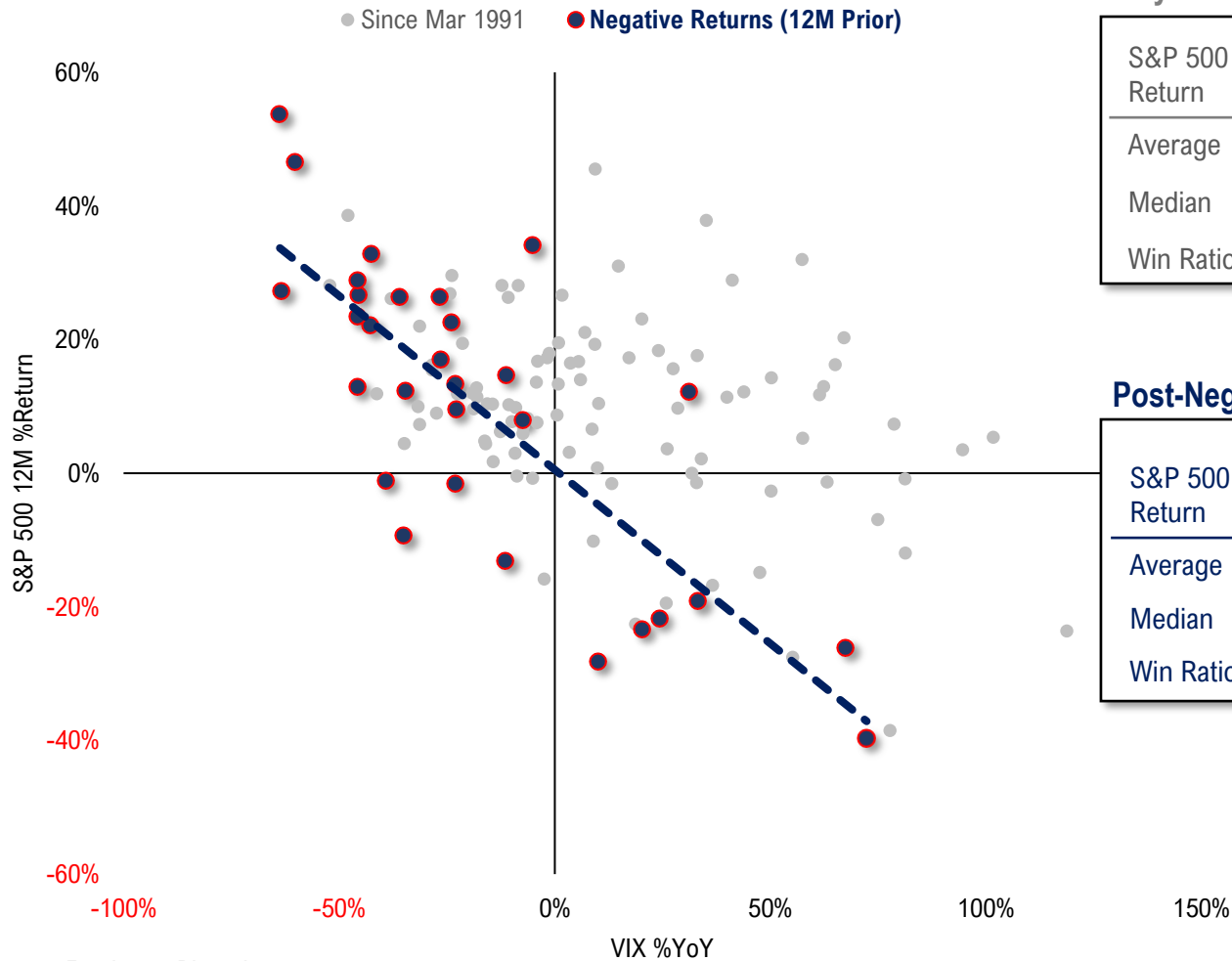
All years…

S&P 500 Return	VIX **Negative**	VIX **Positive**
Average	**14.9%**	3.5%
Median	**12.6%**	6.0%
Win Ratio	**89%**	61%

Post-Neg years…

S&P 500 Return	VIX **Neg**. AND **Neg. Prior Year**	VIX **Pos**. AND **Neg. Prior Year**
Average	**18.9%**	-20.9%
Median	**22.2%**	-23.4%
Win Ratio	**83%**	14%

Source: Fundstrat, Bloomberg

fundstrat

S&P 500: Returns in year after _not correlated_ to EPS growth...

SCATTER: S&P 500 EPS Growth and Returns the Year after Down Years
Since 1946

The Year After Negative Return Year ━━ Linear (The Year After Negative Return Year)
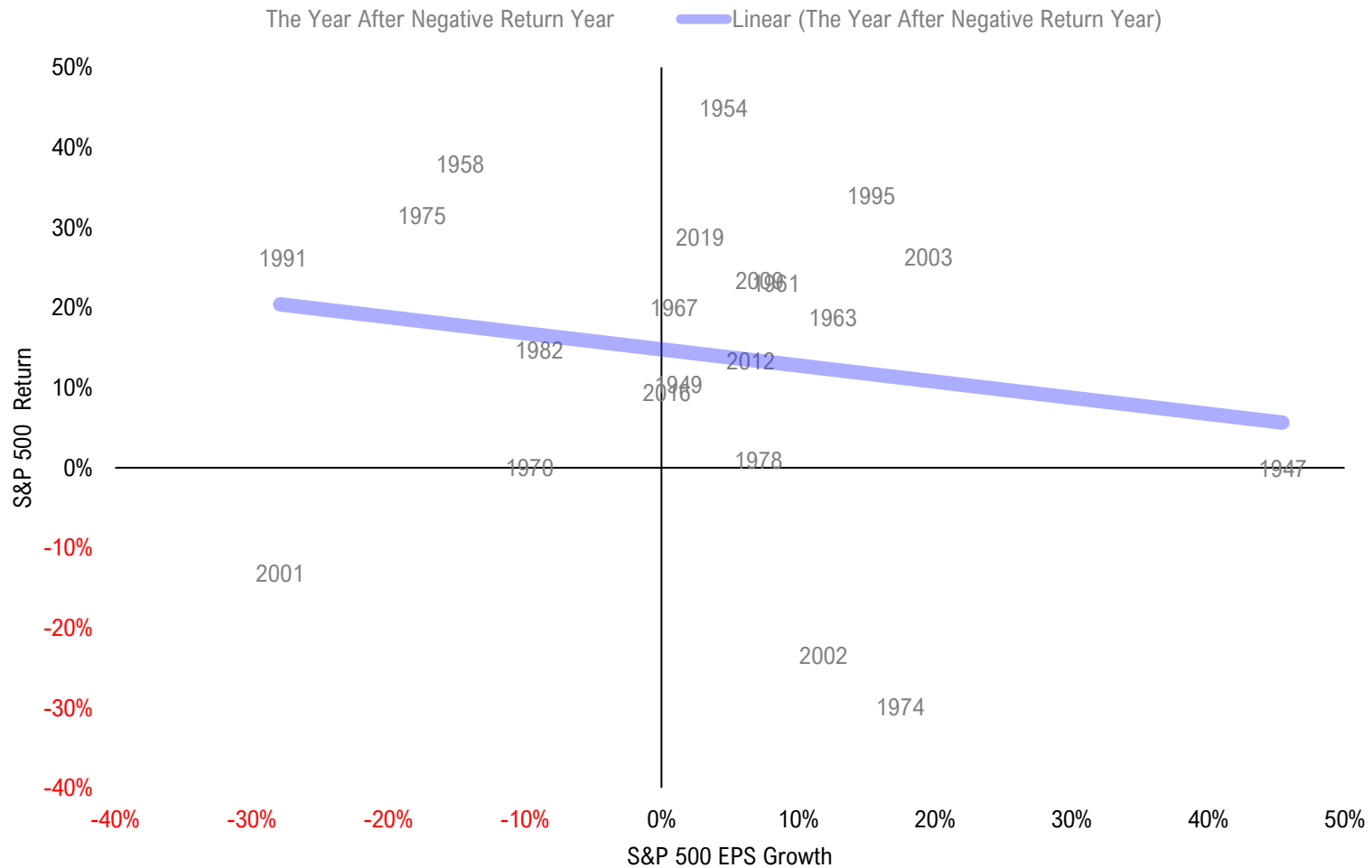
Source: Fundstrat, Bloomberg

EPS: S&P 500 bottoms _BEFORE_ EPS bottoms

Figure: S&P 500 Price and S&P 500 LTM EPS
Last 20 years. Daily since 2002

SPX Index (S&P 500 INDEX) SPX vs EPS Daily 01JAN2002-10FEB2023   Copyright© 2023 Bloomberg Finance L.P.   10-Feb-2023 13:47:30
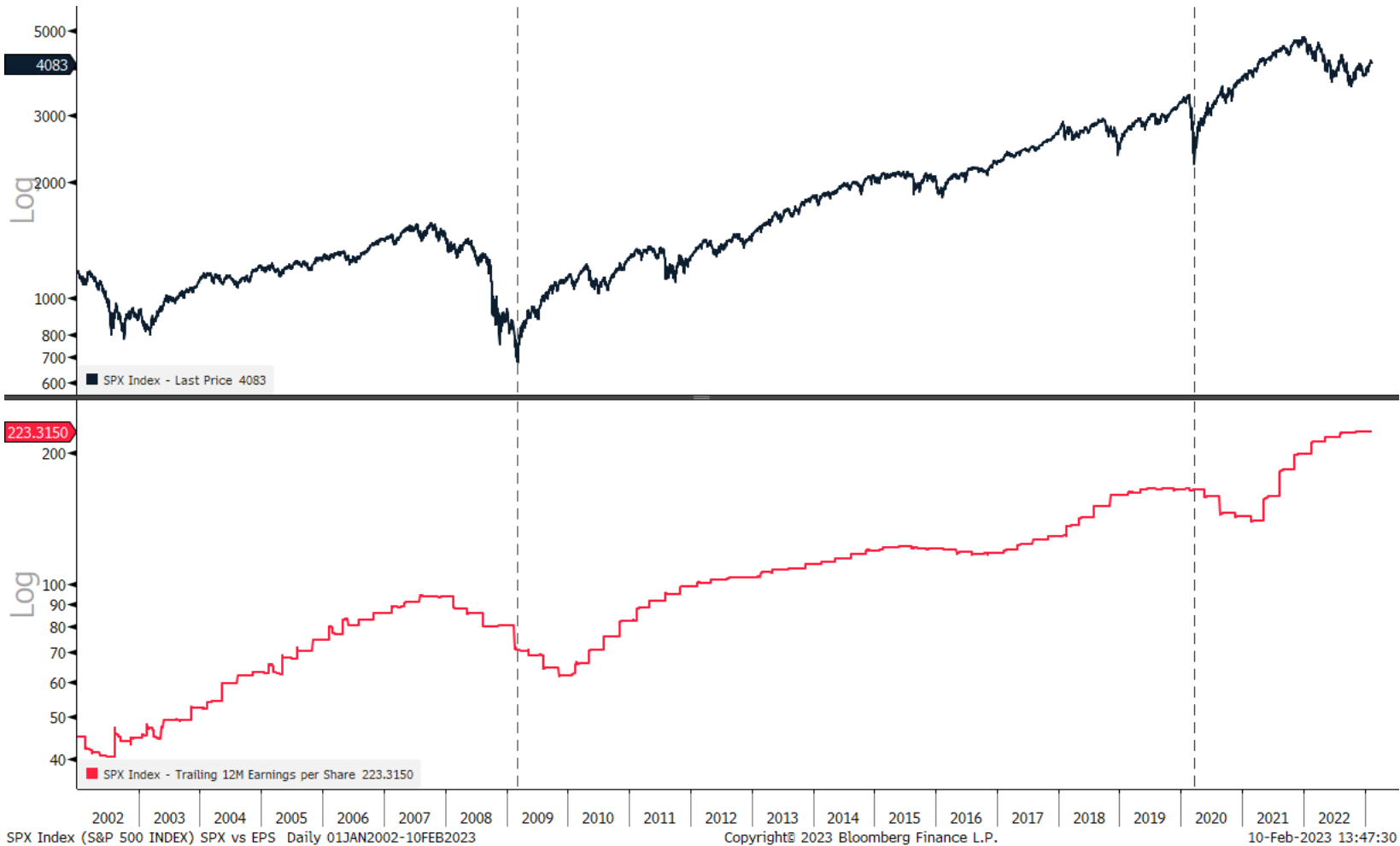
Source: Fundstrat, Bloomberg

EPS: S&P 500 bottoms 11-12 months _BEFORE_ EPS bottoms

	(a) Date EPS Bottom	(b) Date SPX Bottom	EPS Peak to Trough %	SPX Peak to Trough %	(a)-(b) Delta EPS - SPX (Mos)	
1	12/31/1921	8/31/1921	(81.0)	(31.9)	4	
2	12/30/1932	7/8/1932	(74.2)	(86.1)	6	
3	9/30/1938	5/27/1938	(49.2)	(50.2)	4	
4	7/26/1946	4/24/1942	(28.0)	(44.9)	52	
5	6/27/1952	6/10/1949	(17.6)	(28.0)	37	
6	4/3/1959	12/20/1957	(23.4)	(20.5)	16	
7	6/30/1961	6/22/1962	(14.6)	(26.8)	(12)	**Market bottoms _after_ EPS bottom**
8	6/30/1967	10/7/1966	(16.4)	(22.0)	9	
9	7/30/1971	5/22/1970	(18.4)	(33.1)	14	
10	2/27/1976	10/4/1974	(21.6)	(48.0)	17	
11	7/29/1983	8/6/1982	(25.8)	(26.2)	12	
12	10/16/1987	12/4/1987	(22.5)	(33.0)	(2)	**Market bottoms _after_ EPS bottom**
13	6/19/1992	10/12/1990	(41.2)	(18.3)	21	
14	4/5/2002	10/4/2002	(25.6)	(47.6)	(6)	**Market bottoms _after_ EPS bottom**
15	12/25/2009	3/6/2009	(52.9)	(56.2)	10	
16	3/26/2021	3/20/2020	(20.8)	(31.8)	12	
		Average	(33.3)	(37.8)	12	
		Median	(24.5)	(32.4)	11	

Equities bottom 11-12 months _before_ EPS

Source: Fundstrat, Bloomberg

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EARNINGS: Individual Stock Performance Driven by *Macro Instead of Earnings*

Relative Performance of Earnings Beats and Misses
Since Q42019

Relative Performance of Earnings Beats and Misses
3 Days Following Announcement
Performance Relative to S&P 500

Legend: ■ Beat ■ Inline ■ Miss

-2.5%

less "pain" on misses

From 3Q21 to 3Q22, companies missing saw stocks punished
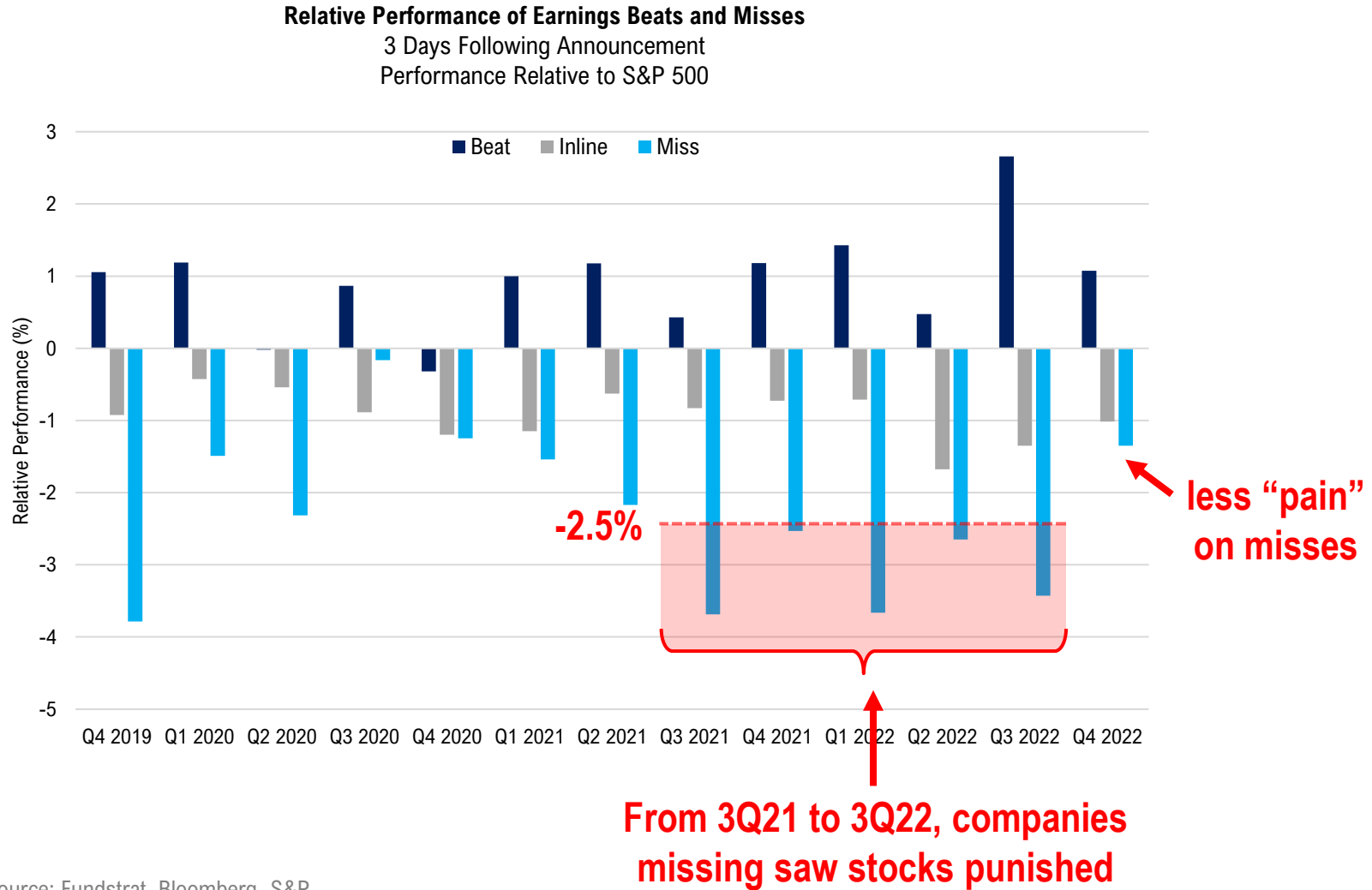
Source: Fundstrat, Bloomberg, S&P

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FAIR VALUE: Midpoint YE 2023 = 4,750

EPS

	Probability	2023	2024
EPS	50%	$215 (mid)	$250
EPS if USD -10%	50%	$225 (+5%)	$265 (+5%)
Blend EPS		$220	$258

2024 EPS → **$250.00**

X

P/E

	Weight	Low	High
P/E vs 10-yr yield	50%	17.0X	18.5X
P/E multiple vs bottoms	50%	20.0X	21.0X
Blend EPS		**18.5X**	**19.75X**

YE P/E → **18.5X-19.75X**

Range → 4,625-4,938

Midpoint YE → 4,750

Source: Fundstrat

fundstrat

VALUATION: Multiple tightening cycles since 1930

Figure: S&P 500 multiples given different monetary conditions
X-axis 10-yr yield. Y-axis is P/E. Since 1930
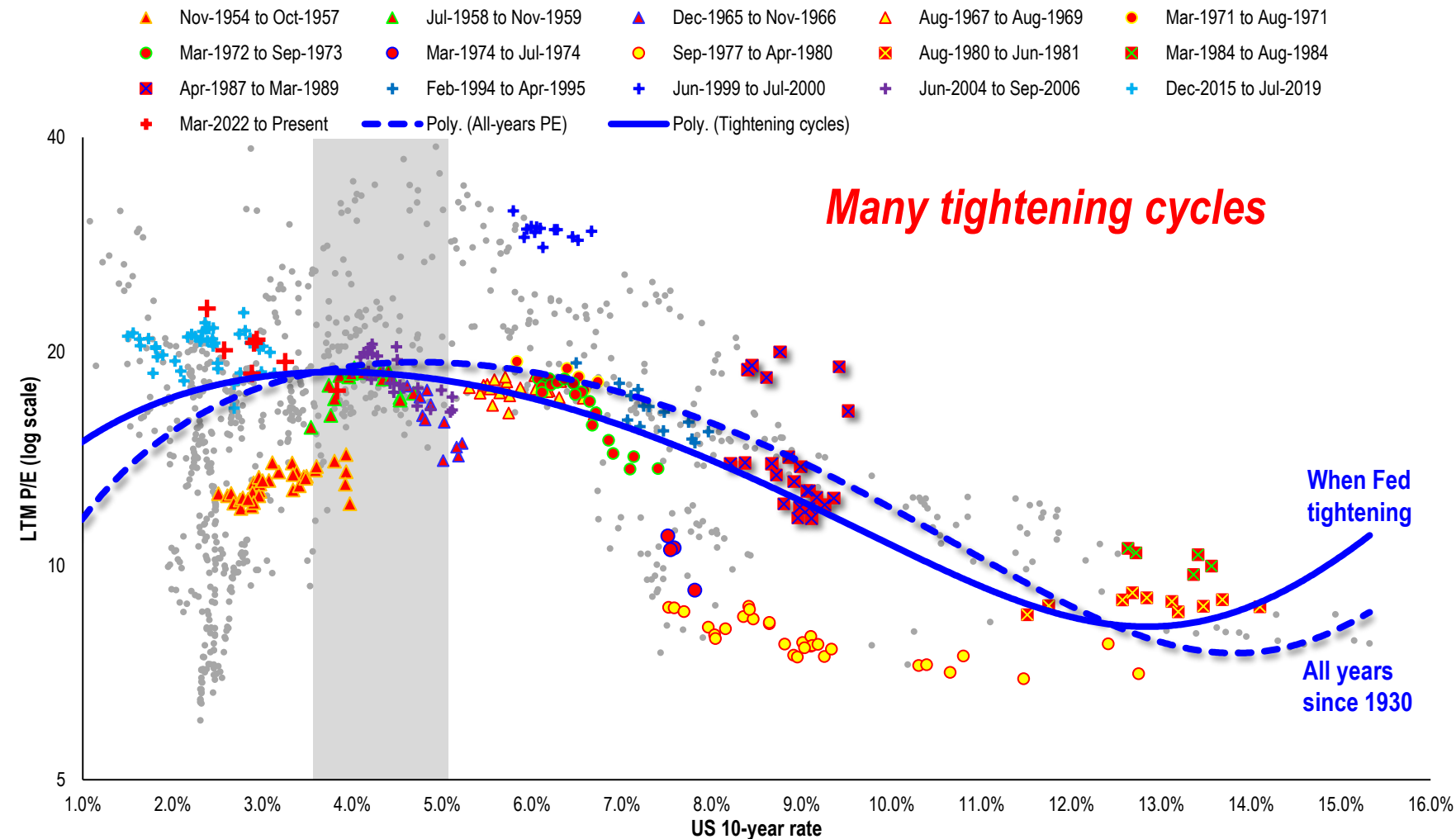
Source: Fundstrat, Bloomberg, Shiller

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YIELDS vs PE: S&P 500 P/E tends to be higher when the 10-yr is higher

Figure: S&P 500 higher P/E when 10-yr higher
Since 1990

US Generic Govt 10 Yr - Last Price 3.1 -.0

20-yr avg 5.3%

12-yr avg 2.1%

S&P 500 INDEX - BEst P/E Ratio 17.7 -.4

20-yr avg 17.7X

12-yr avg 17.3X

USGG10YR Index (US Generic Govt 10 Yr) 10Y vs SPX PE Daily 02MAY1990-09MAY2022   Copyright© 2022 Bloomberg Finance L.P.   09-May-2022 10:39:03
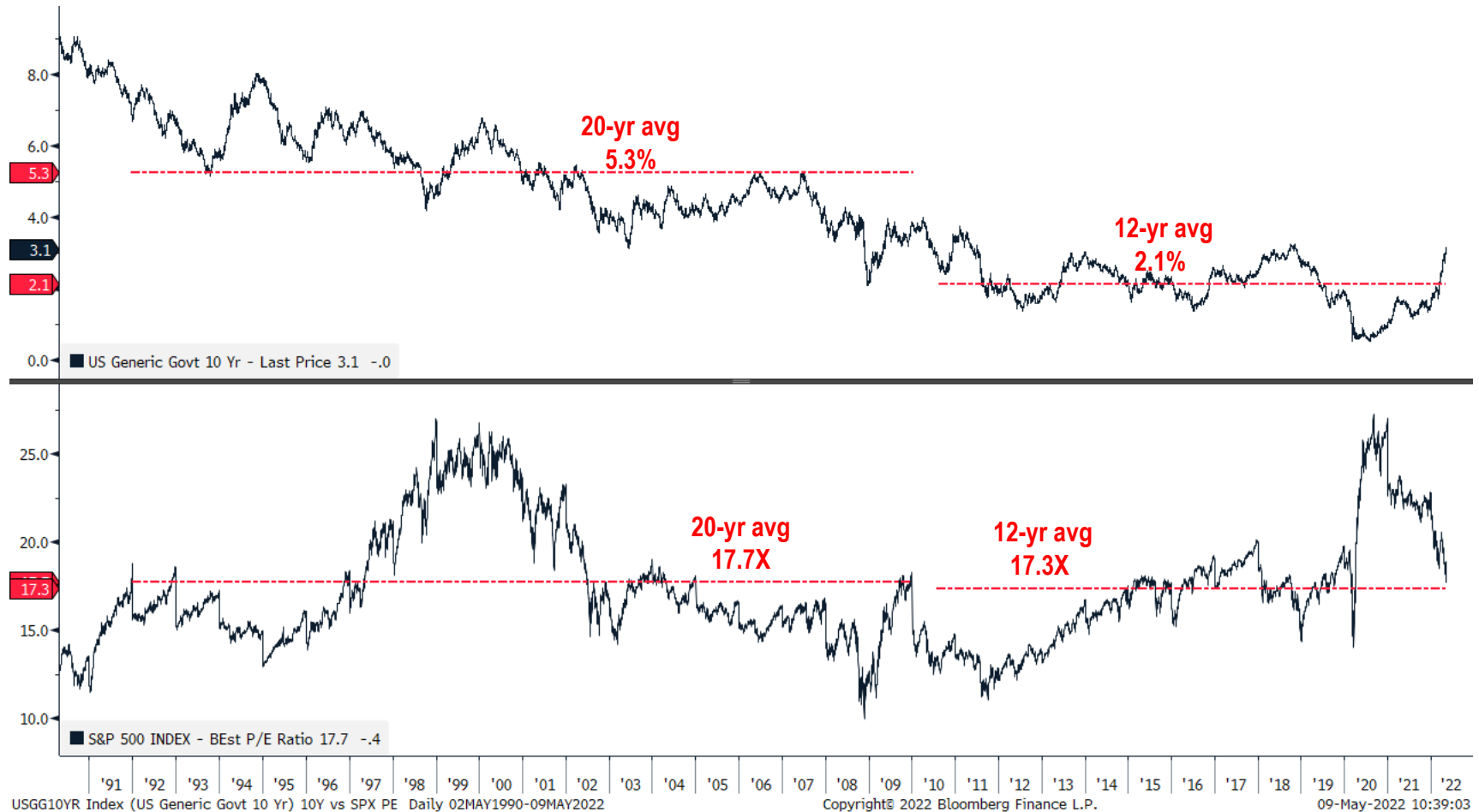
Source: Fundstrat, Bloomberg

fundstrat

2023 THEMES: Focus on "change agents"

INFLATION IMMUNIZATION

Inflation might be defeated but PTSD means own stocks with either positive leverage to inflation or protect biz against inflation

ENERGY SECURITY

Own sectors and regions and companies that protect against Energy supply risk

GLOBAL LABOR SUPPLIER

World is short "human" labor and thus need to employ "capital labor" – who is the global supplier?

MILLENNIALS

Millennials are largest generation. Set to inherit $76T over next 20 years. Care about specific things.

Source: Fundstrat

fundstrat

PPI: High Correlation between S&P 500 Operating Margin and PPI YoY

YoY PPI and S&P 500 Operating Margin
Since 1990
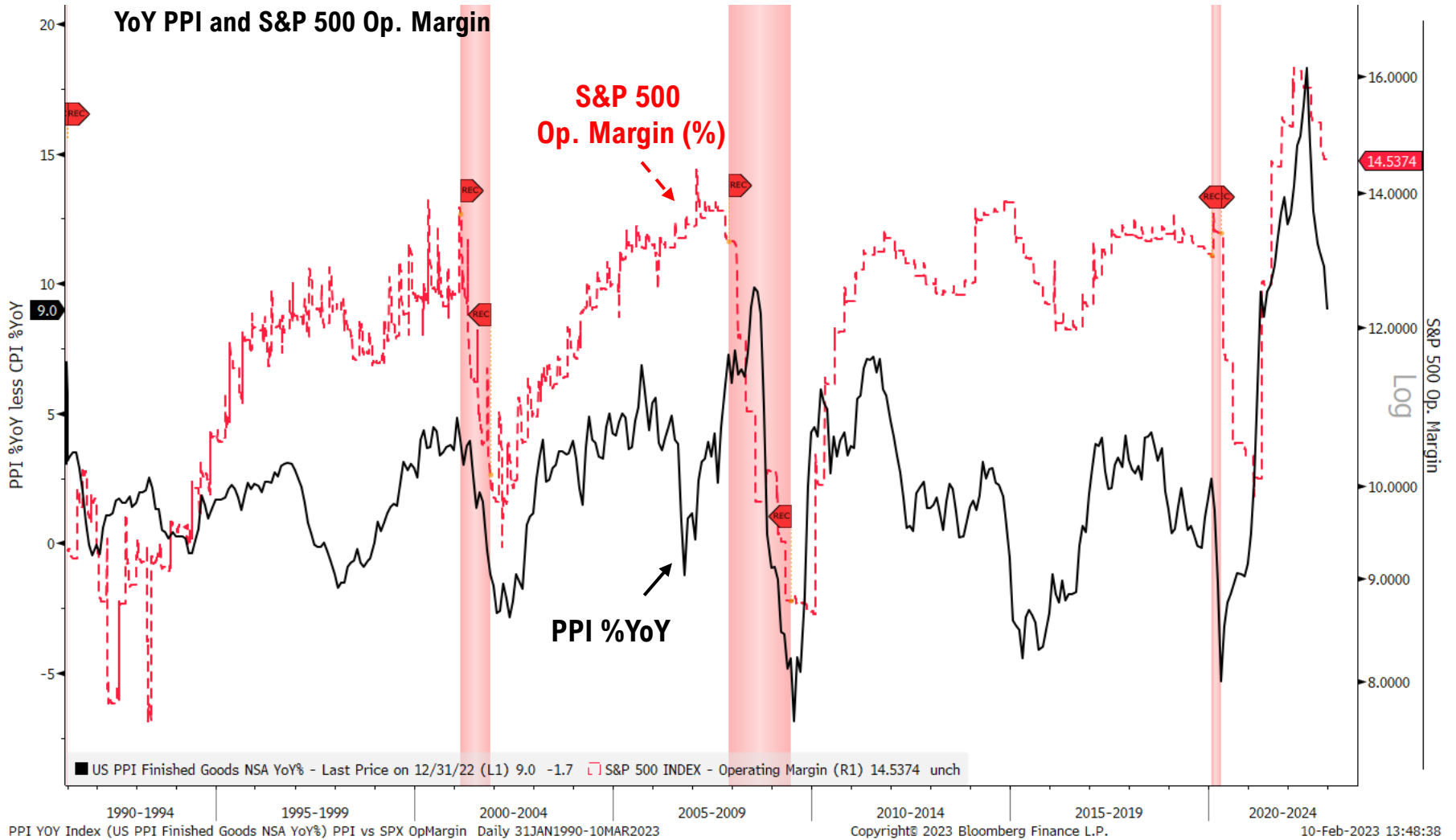
Source: Fundstrat, Bloomberg

fundstrat

CORRELATIONS: Sectors vs Goldman Sachs FCI and PPI

GICS Level 1 Sectors' Correlations to GS FCI and PPI
GS Correlation since the end of 2020 and PPI since 1990

Sector	Correlation against FCI	Rank	Correlation Group	Correlation against PPI	Rank	Correlation Group
Technology	-87.8%	1	High	28.5%	6	None
Industrials	-84.3%	2	High	46.0%	8	None
Consumer Discretionary	-81.7%	3	High	25.0%	5	None
Basic Materials	-79.8%	4	High	51.4%	9	High
Real Estate	-79.5%	5	Med	81.4%	11	High
Comm. Services	-76.9%	6	Med	17.0%	4	None
Healthcare	-73.4%	7	Med	35.4%	7	None
Financials	-73.0%	8	Low	-2.0%	3	Inverse
Consumer Staples	-67.5%	9	Low	-6.8%	2	Inverse
Utilities	-62.1%	10	Low	-30.1%	1	Inverse
Energy	-30.6%	11	Low	72.0%	10	High

Source: Fundstrat, Bloomberg

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SECTOR: Sector ratings by Fundstrat research heads...

S&P 500 Sector Views for 2023
OW = Overweight.   UW = Underweight.   N = Neutral

	Market Cap ($B)	Macro Strategy Thomas Lee		Technical Strategy Newton*		Quantitative Strategy Gould*	
Cyclicals	**$19,319**						
Consumer Discretionary	3,637	OW		N		N	
Industrials N → OW	2,969	OW	3	OW	1	UW	
Information Technology	9,158	OW	1	OW		N	
Communication Services	2,636	OW		UW		N	
Materials	919	N		N		OW	
Near-Cyclicals	**$6,412**						
Energy	1,659	OW	2	OW	2	OW	1
Financials	3,831	OW		N		OW	3
Real Estate	922	UW		UW		UW	
Defensives	**$9,085**						
Consumer Staples N → UW	2,687	UW		N		N	
Healthcare	5,347	OW		OW	3	OW	2
Utilities	1,051	UW		UW		UW	

Source: Fundstrat

fundstrat

2022

- Risk of recession = EPS risk

- Strong USD = EPS risk

- Rising interest rates = lower P/E

- Rising corporate bond spreads = lower P/E

2023

- Focus on containing wage inflation = EPS rise

- Soft landing = EPS raise

- Weaker USD = EPS rise

- Flat/falling interest rates = higher P/E

Source: Fundstrat

fundstrat

NASDAQ + FAANG – Broke out of established downtrends

QQQ and FANG+ Relative to the S&P 500
Daily

Source: Fundstrat, Bloomberg

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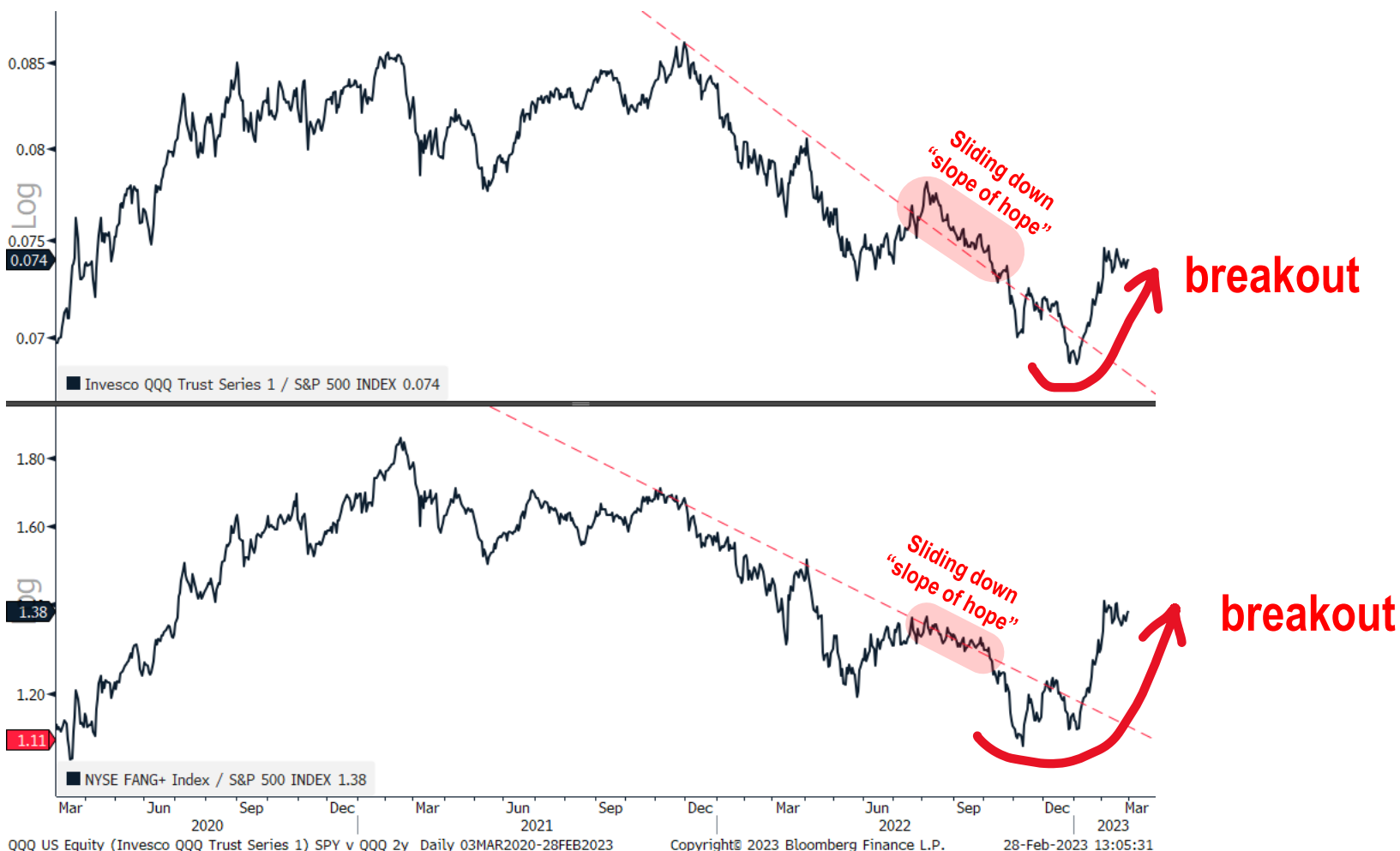
SECTOR: Tech/FANG+ EPS revisions are better than overall market

S&P 500 GICS 1 YTD Performance
Sorted. Sector performances are relative to S&P 500.

S&P 500	3.8%
Relative to S&P 500…	
FANG+	11.8%
Technology ex-FANG+	2.1%
Basic Materials	1.5%
Comm Services ex-FANG+	1.5%
Financials	0.3%
Real Estate	-0.1%
Discretionary ex-FANG+	-1.0%
Industrials	-1.1%
Consumer Staples	-7.4%
Energy	-7.4%
Healthcare	-10.3%
Utilities	-11.3%
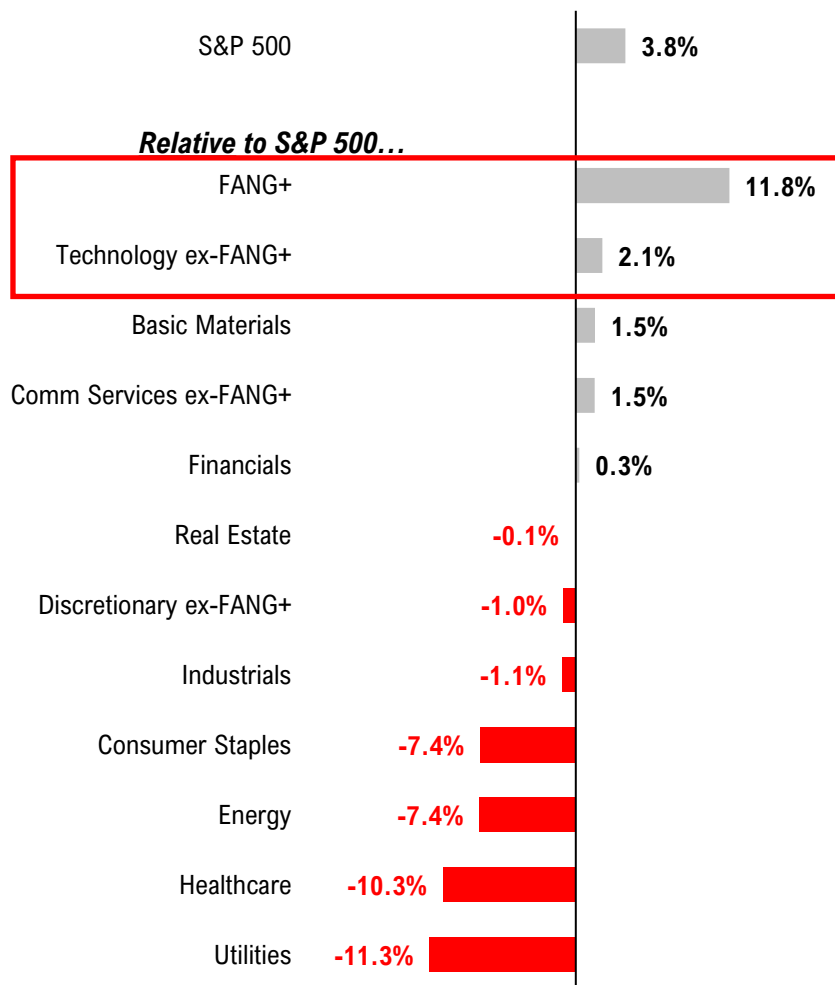
S&P 500 GICS 1 EPS Revision
% chg of CY23 EPS Estimates over past 3 months, Sorted

S&P 500	-4.1%
Relative to S&P 500…	
Utilities	4.0%
Consumer Staples	3.9%
Real Estate	2.5%
Industrials	1.7%
Financials	0.6%
FANG+	0.3%
Discretionary ex-FANG+	0.1%
Technology ex-FANG+	-0.5%
Comm Services ex-FANG+	-1.0%
Healthcare	-1.0%
Basic Materials	-2.5%
Energy	-3.9%
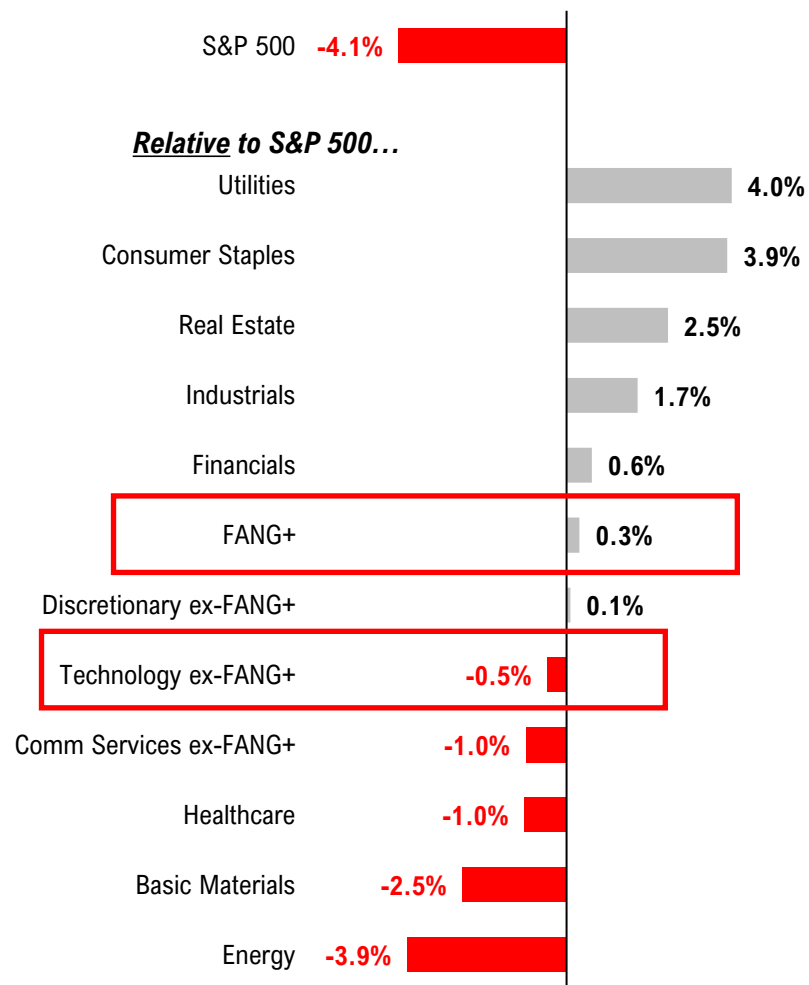
Source: Fundstrat, Factset

* FANG+ includes META, AMZN, NFLX, GOOGL, NVDA, AAPL, MSFT, TSLA

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TECH EPS: Less bad = Good

Technology 2023 EPS Revision
By GICS 4 sub-industries. Last 3 months. 11/30/2022 rebased to 100
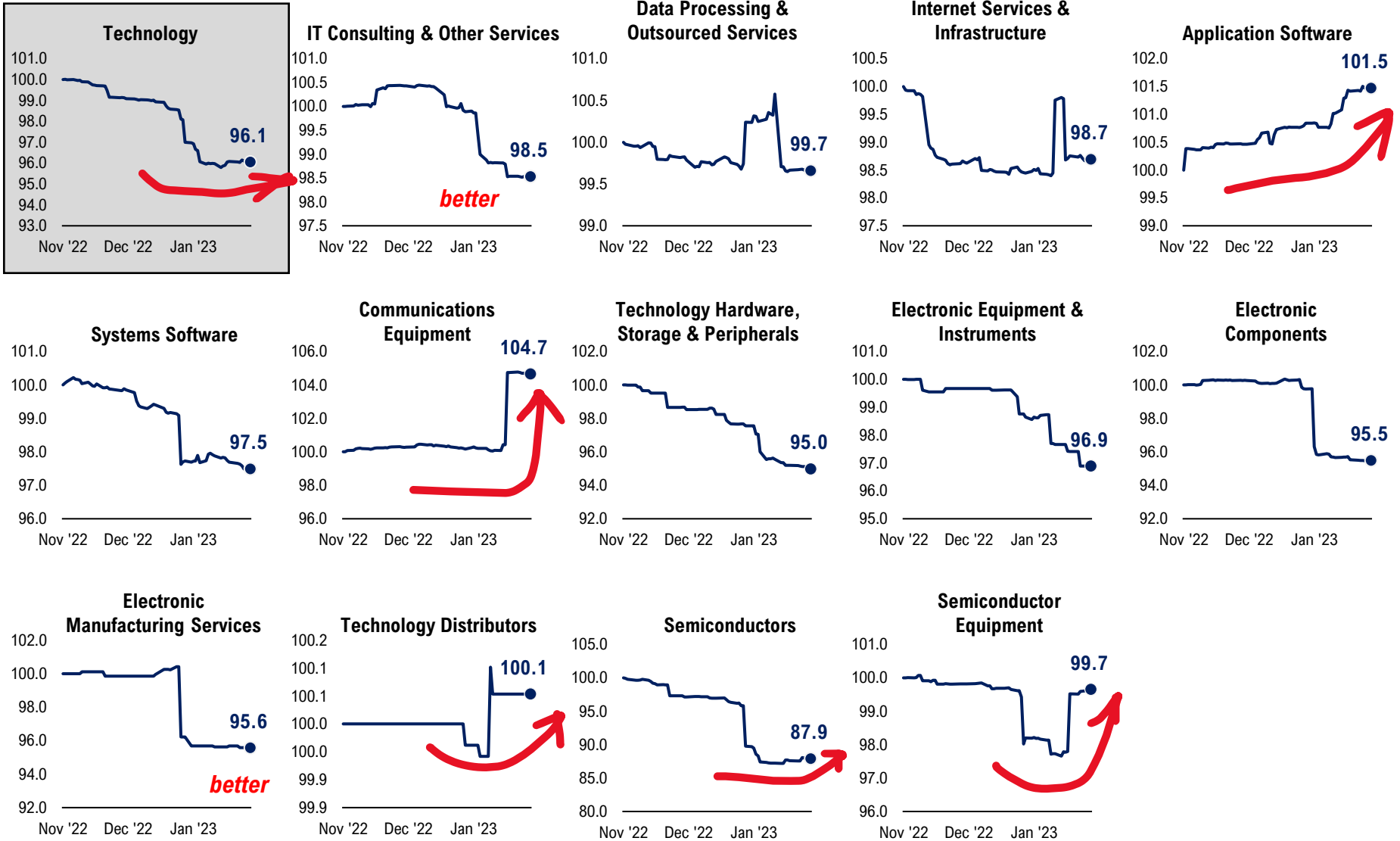
Source: Fundstrat, Factset

LABOR: Global excess supply of labor is gone, first time since 1973

Global labor supply is falling into a deficit. This is shown below and is most acute in high income countries (4.9% labor)

- **The decline in labor is widespread (except Africa and India, basically) and total shortfall is 43 million workers.**

Figure: Spread between total population growth and workforce growth (age 16-64)
Per UN DESA

	2018		2028		Delta		CAGR			
	Total	Workforce (16-64)	Total	Workforce (16-64)	Total	Workforce (16-64)	Total	Workforce (16-64)	Shortage	% current workforce
World	7,632,819	4,983,447	8,407,900	5,446,592	775,081	463,145	1.0%	0.9%	(42,903)	(0.9%)
World ex-Africa	6,344,899	4,264,461	6,778,314	4,501,749	433,416	237,288	0.7%	0.5%	(78,025)	(1.8%)
High-income countries	1,197,191	783,527	1,242,592	775,187	45,401	(8,340)	0.4%	(0.1%)	(38,054)	(4.9%)
Mid/Low-income countries	6,435,628	4,199,919	7,165,308	4,671,404	729,680	471,485	1.1%	1.1%	(4,849)	(0.1%)

Forecast by United Nations

Shortage of labor: 2018-2054

WORKER: Population age 16-64

DEMAND: Total World population

Labor surplus

Labor shortage

First time since 1973 labor shortfall…
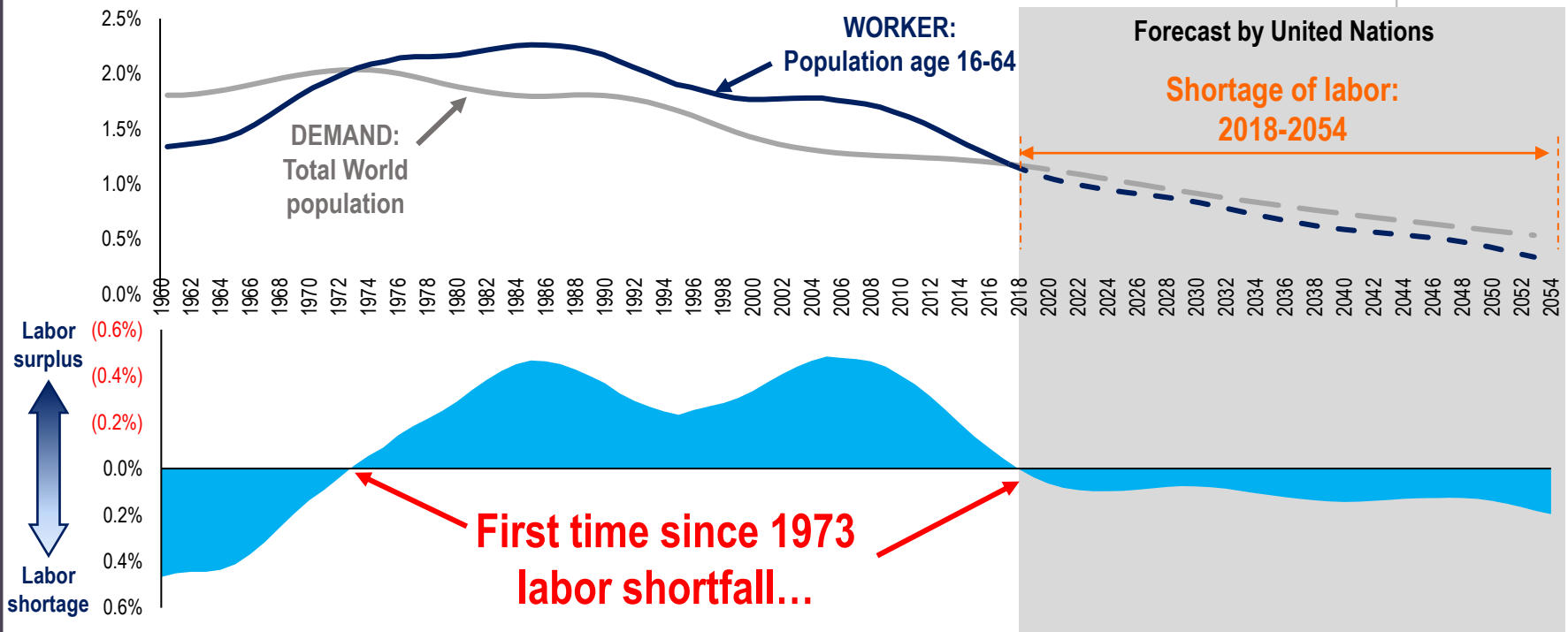
Source: Fundstrat, Census Bureau, UN DESA

Macro Research

'Demand for automation drive by necessity'

When there *was* "surplus labor"

When there is "labor shortage"

Suppliers:
China
Asia
India
Africa

Suppliers:
USA
Japan
China
Germany

Source: Fundstrat

fundstrat

AUTOMATION: Technology becomes 50% of S&P 500 weight

We have compared the performance of US Technology stocks (vs S&P 500) and indicated periods of labor shortage.

- The outperformance of Technology during periods of labor shortage is substantial—and we believe the forecasted 2015-2047 to benefit Technology stocks.

Figure: Comparative relative performance of US Technology stocks during periods of US labor shortage
Since 1930-now
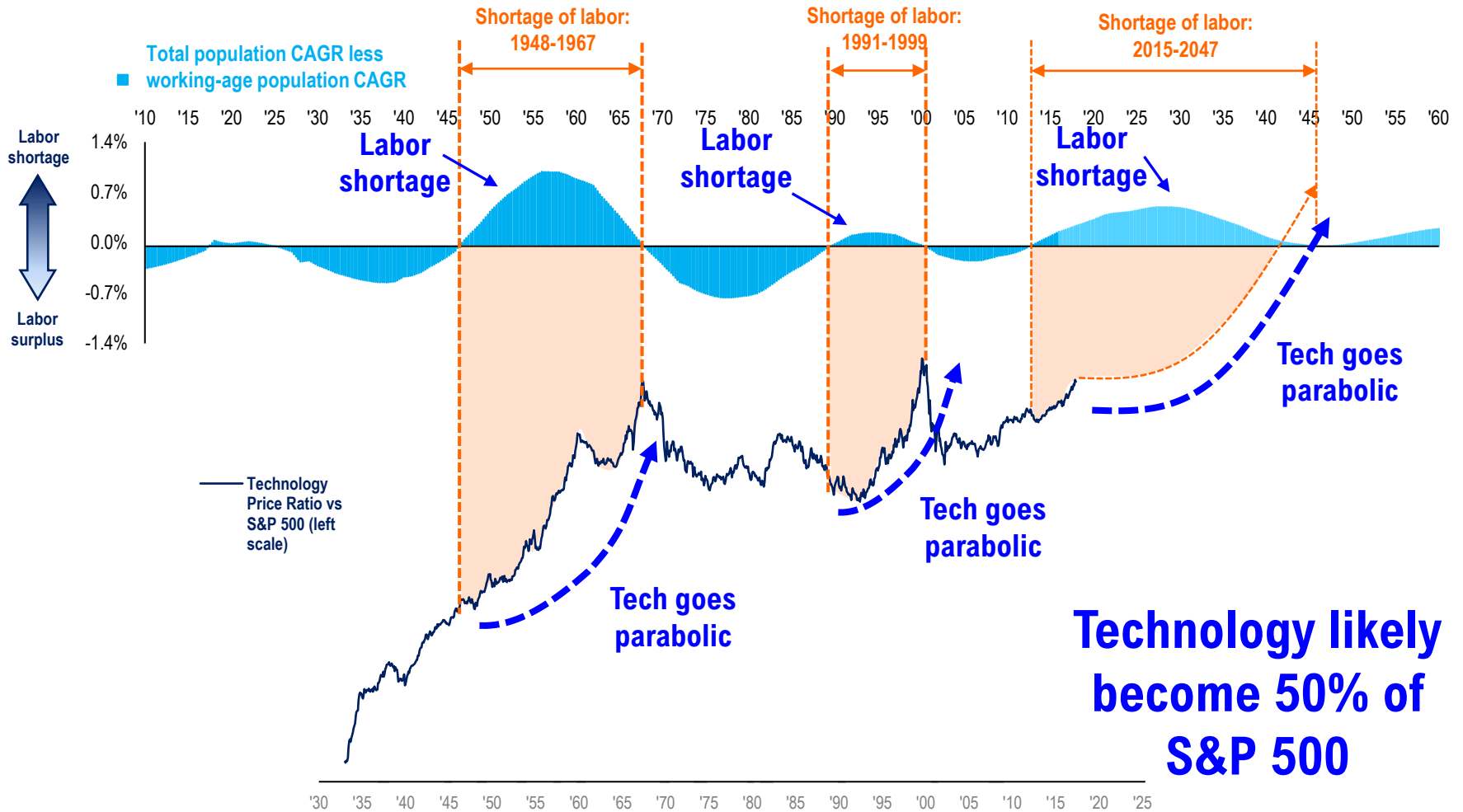
Source: Fundstrat, Bloomberg, US Census Bureau, UN DESA

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Prior periods of labor shortage saw a surge in Technology spending...

Technology spend (as % GDP) is shown below and the shaded areas show the two prior periods of "labor shortage" (population outstripped worker growth).

- **As shown, during both periods, Technology spend rose sharply as % GDP (+100bp, +170bp, respectively). This rise is not surprising—after all, companies meet production demands by automating.**

- **We believe Technology spend could rise to 5.5% of GDP from 3.6% in 2015 (when the shortage of labor started), given the large labor shortage developing.**

Figure: Technology spend as % GDP

Starting in 1947. Based on the sum of GDP components of Information Processing plus software (as % GDP)
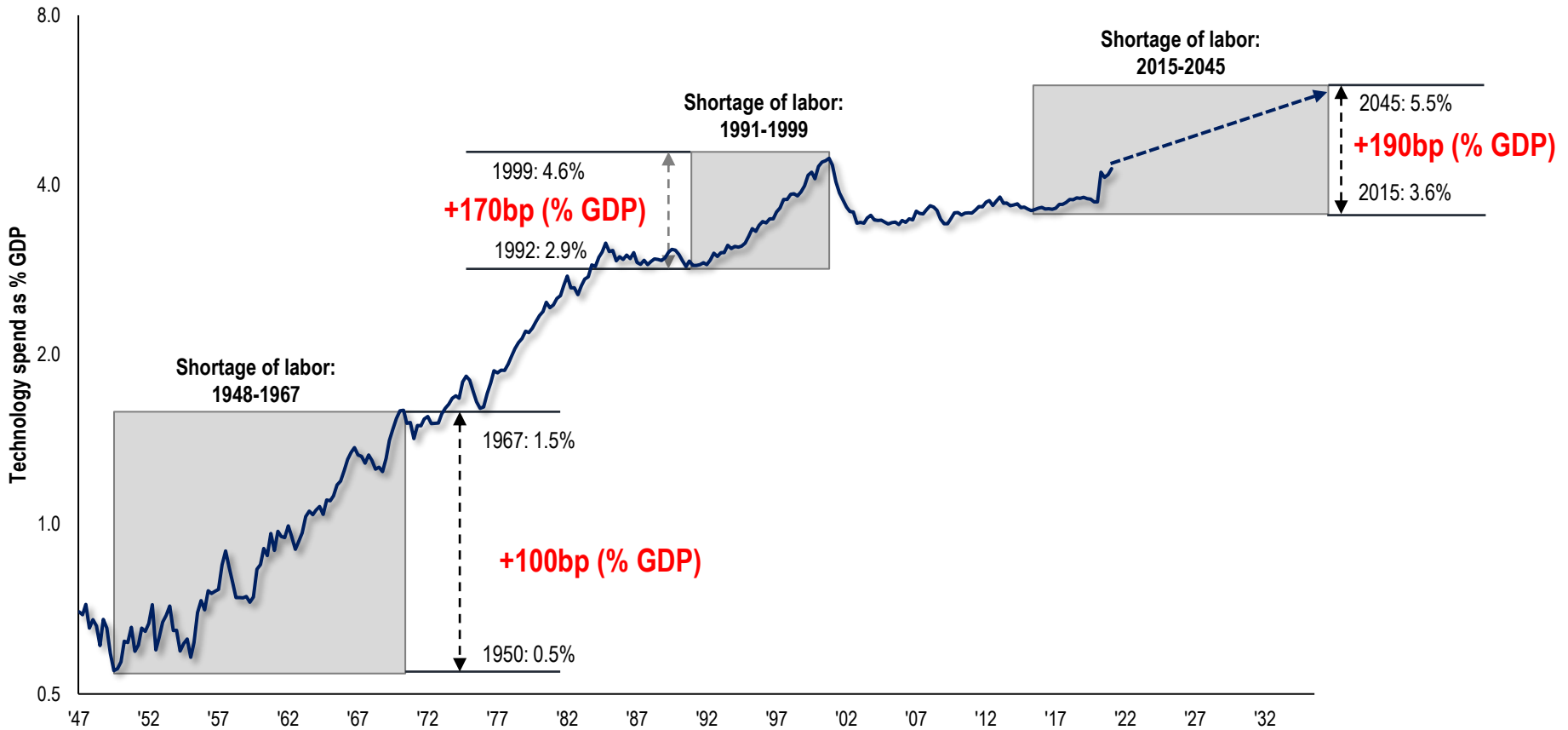
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ENERGY: Market cap converge to EPS share

2022

- Rising oil = EPS rise

- Russia-Ukraine war = P/E and EPS gains

- Energy not held by investors = P/E gain

- Renewable energy sidelined due to war = P/E gain

2023

- Future focus on Energy security = P/E gain

- Democrats hold Senate = higher oil = EPS upside

- Energy becoming essential = P/E gain

- Investor focus on "inflation hedge" = P/E gain

Source: Fundstrat

fundstrat

ENERGY: Market Cap Share Slim Compared To Contribution of NI

Figure: Energy net income share 2x market cap share…
Since 1973

- - - - Net Income Share (%) ——— **Market Cap Share (%)**

S&P 500 Energy Sector

Net Income share
(% S&P 500)

Market cap share
(% S&P 500)

Source: Fundstrat, Bloomberg, DataStream

fundstrat

ENERGY: Energy so bad, one has to be back to 'moby dick' era

So bad, back to Moby Dick era

Energy Price Ratio vs S&P 500

Never this bad in 90 years...

Source: Fundstrat, Bloomberg, DataStream, Kenneth French Data Library

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INDUSTRIALS: Recovery in PMIs, China and Europe = support

2022

- Europe/ Russia-Ukraine economic weakness = EPS risk

- China zero-COVID = EPS risk

- Rising risk of recession = EPS risk

- Strong USD = headwind for EPS

2023

- PMIs recovering = valuation support

- USD could weaken = EPS + valuation support

- Europe recovery = EPS support

- China recovery = EPS support

Source: Fundstrat

fundstrat

PMI RECOVERY: PMIs look to be in a "bottoming process"

PMI: ISM and S&P Global Manufacturing PMIs
Since 2019. Monthly.

Last Price ■ ISM Manufacturing PMI SA – on 1/31/23 47.40   ● US Manufacturing PMI SA 47.80

ISM Manufacturing

S&P Global US
Manufacturing PMI

???

NAPMPMI Index (ISM Manufacturing PMI SA) US PMI vs SP PMI Monthly 22FEB2019-28FEB2023   Copyright© 2023 Bloomberg Finance L.P.   21-Feb-2023 18:09:34

Source: Fundstrat, Bloomberg

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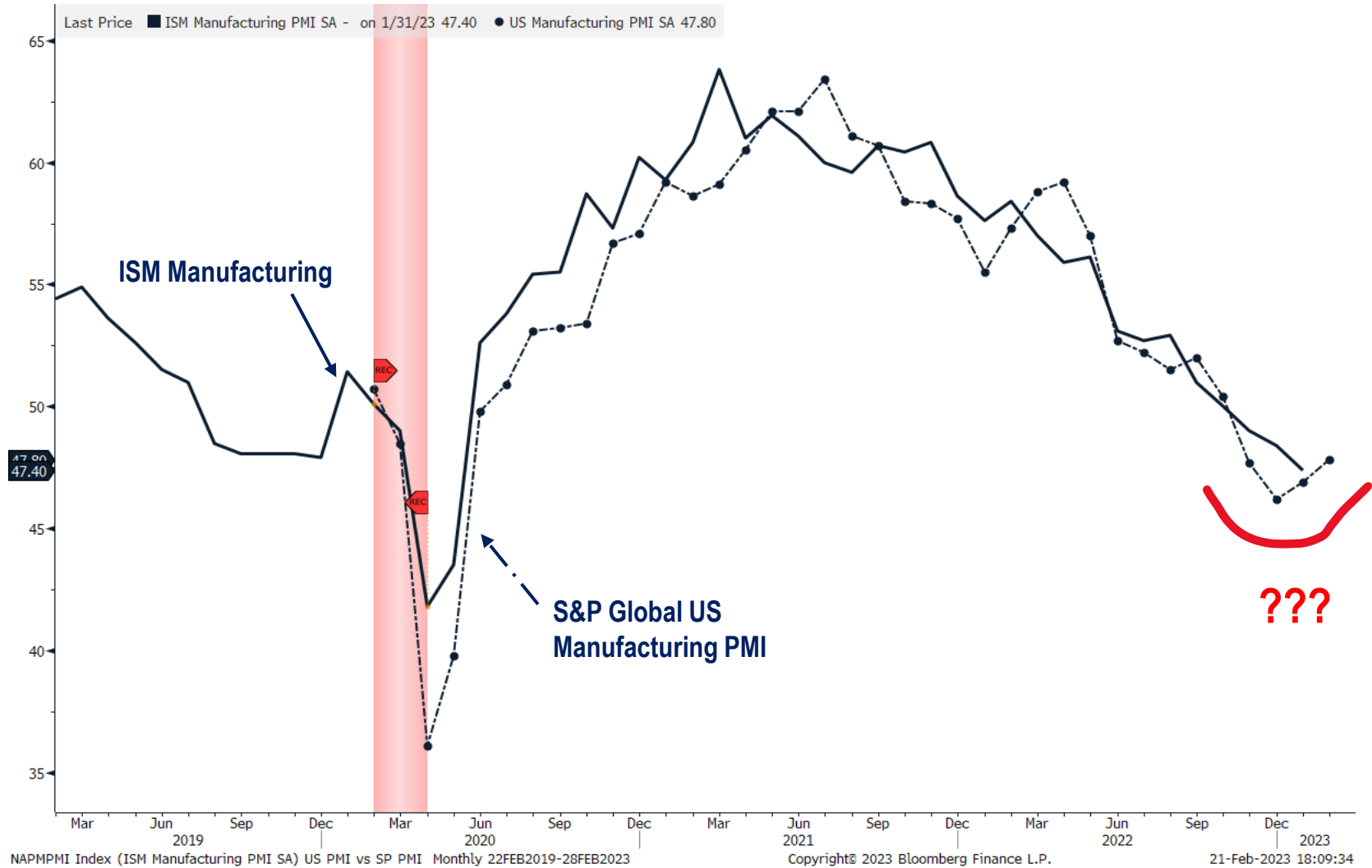
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INDUSTRIALS: PMIs recovery = Industrials upside

PMI: Industrials Abs Returns Weak when 12M Chg in PMI Low
Since 1948

ISM PMI 12M Delta   Industrials Rolling 12m Abs. Returns
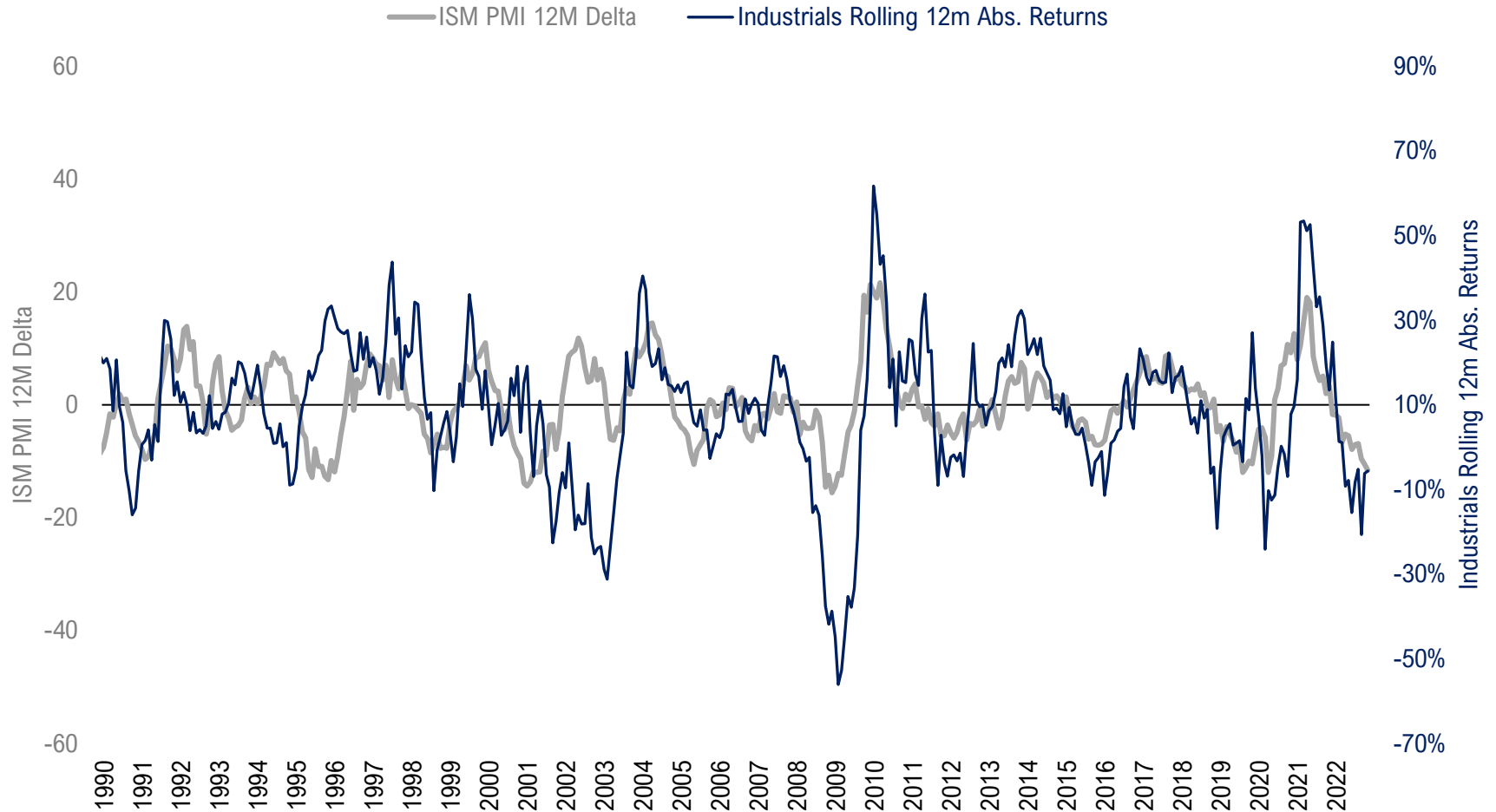
Source: Fundstrat, Bloomberg, Datastream

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INDUSTRIALS: Best time to "buy" is when PMIs <50

INDUSTRIALS: Absolute Forward Returns of Industrials Given Various PMI Distributions
Since 1948

	ISM Manufacturing PMI Since 1948			**Industrials Forward 6M** *Absolute* **Return**		**Industrials Forward 12M** *Absolute* **Return**	
	Min	Max	n=	Median (%)	Win Ratio	Median (%)	Win Ratio
Decile 1	61	77.5	89	2.0	63%	6.8	62%
2	58.6	60.9	92	2.6	61%	8.4	63%
3	56.6	58.5	88	4.2	67%	10.5	76%
4	55.1	56.5	91	6.0	70%	8.9	74%
5	53.6	55	93	6.6	73%	13.0	74%
6	51.9	53.5	87	4.1	65%	8.8	76%
7	50	51.8	100	6.8	77%	13.5	83%
8	47.9	49.9	79	2.4	63%	15.4	76%
9	43.6	47.8	91	7.1	71%	18.6	79%
Decile 10	29.4	43.5	89	13.2	76%	28.1	88%

Best time to buy Industrials is when PMIs <48

Source: Fundstrat, Bloomberg, Datastream

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INDUSTRIALS: Even better when PMIs <50 and _RISING_

INDUSTRIALS: Absolute Forward Returns of Industrials When PMI is Rising
Since 1948

	Distributions of Rising PMI Since 1948			Industrials Forward 6M _Absolute_ Return		Industrials Forward 12M _Absolute_ Return	
	Min	Max	n=	Median (%)	Win Ratio	Median (%)	Win Ratio
Decile 1	61.7	77.5	47	3.9	60%	6.7	66%
2	59.2	61.5	47	3.9	70%	9.0	64%
3	57.6	59.1	51	4.6	73%	10.9	73%
4	55.8	57.5	47	6.9	79%	10.8	77%
5	54.7	55.7	44	7.3	86%	15.9	82%
6	53.4	54.6	48	8.9	79%	14.1	85%
7	51.2	53.3	47	10.7	85%	16.8	85%
8	50.0	51.1	32	10.5	81%	18.8	94%
9	43.9	49.9	60	12.6	85%	21.5	95%
Decile 10	29.4	43.7	48	17.1	96%	32.0	98%
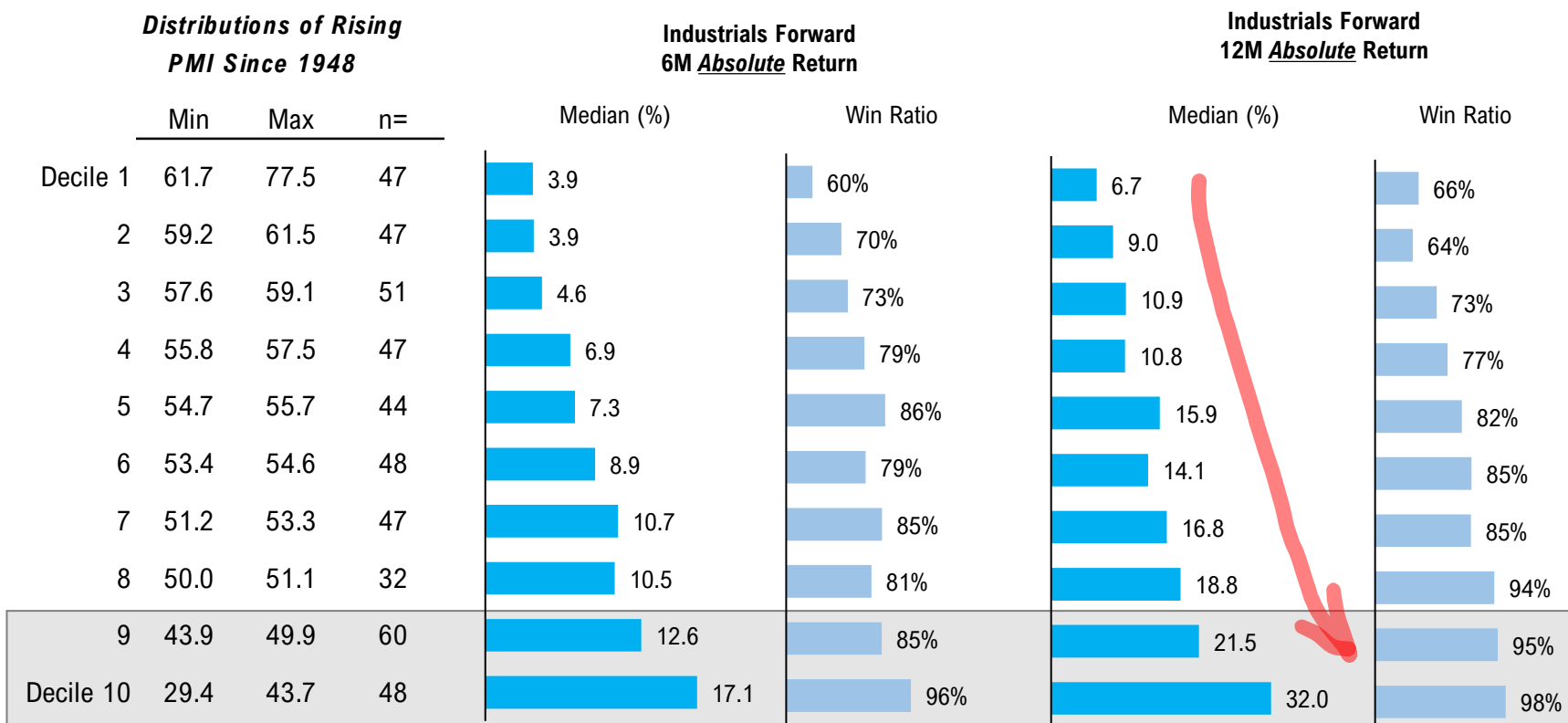
Source: Fundstrat, Bloomberg

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STRATEGY: Increase "win-rate" of stock picks...

Shaquille:
(career success)
52%

Rick Barry:
(career success)
90%

Source: NBA

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STRATEGY: Granny Shots represents the "best of the best" from Thematics

The granny shots represent the best of the best from the thematic portfolios.

- **This is derived from looking at stocks which appear in multiple themes.**

Figure: Granny Shots are the "best of the best"
Stocks which appear in multiple themes.

Tactical (6M-12M)

	# stocks
Style tilt	27
Seasonality	24
PMI Recovery	19

Thematic (3Y-5Y)

	# stocks
Energy Security	19
Millennials	27
Global Labor Suppliers	30
Inflation Immunization	49

Granny Shots
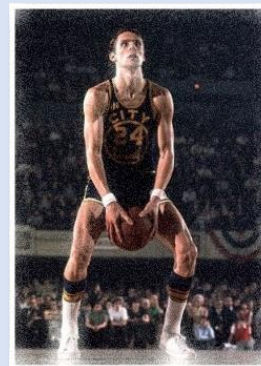
# overlaps "layups"	Tickers
4	XOM
3	CSCO, EOG, HUM
	MNST, MRO, PG
	UNH, VLO
2	AAPL, AMD, AMGN
	AMT, AMZN, AXP
	BF/B, CDNS, DVN
	GD, GOOGL, GRMN
	ISRG, JCI, JPM
	KLAC, KO, META
	MRK, MSFT, NUE
	NVDA, OMC, OXY
	PM, PSX, PYPL
	TSLA

Rick Barry career free throw percentage was eye-popping 90%, incredible considering Shaquille O'Neal's only 52%.

His secret? The unorthodox style of underhanded throws, which is considered "not macho" enough for most players.

Source: Fundstrat

GRANNY SHOTS: Outperformed S&P 500 Every Year Since Inception

Granny Shots Portfolio Yearly Relative Performance
By calendar year, 2023 as of 2/28/2023. Relative to S&P 500

	2019*	2020	2021	2022	2023 YTD
Granny Shots	8.8	30.1	3.9	3.9	0.4
Style Tilt	4.3	18.2	-9.0	13.0	-5.7
Seasonality	1.2	-8.8	7.4	2.7	-2.9
PMI Recovery	6.5	-1.9	5.0	21.7	1.9
Millennials	0.5	36.0	-3.7	-11	9.5
Global Labor Supplier	3.4	25.5	0.8	-7.8	8.3
Inflation Immunization	-0.6	-2.6	0.4	7.8	1.4
Energy Security*					-8.1
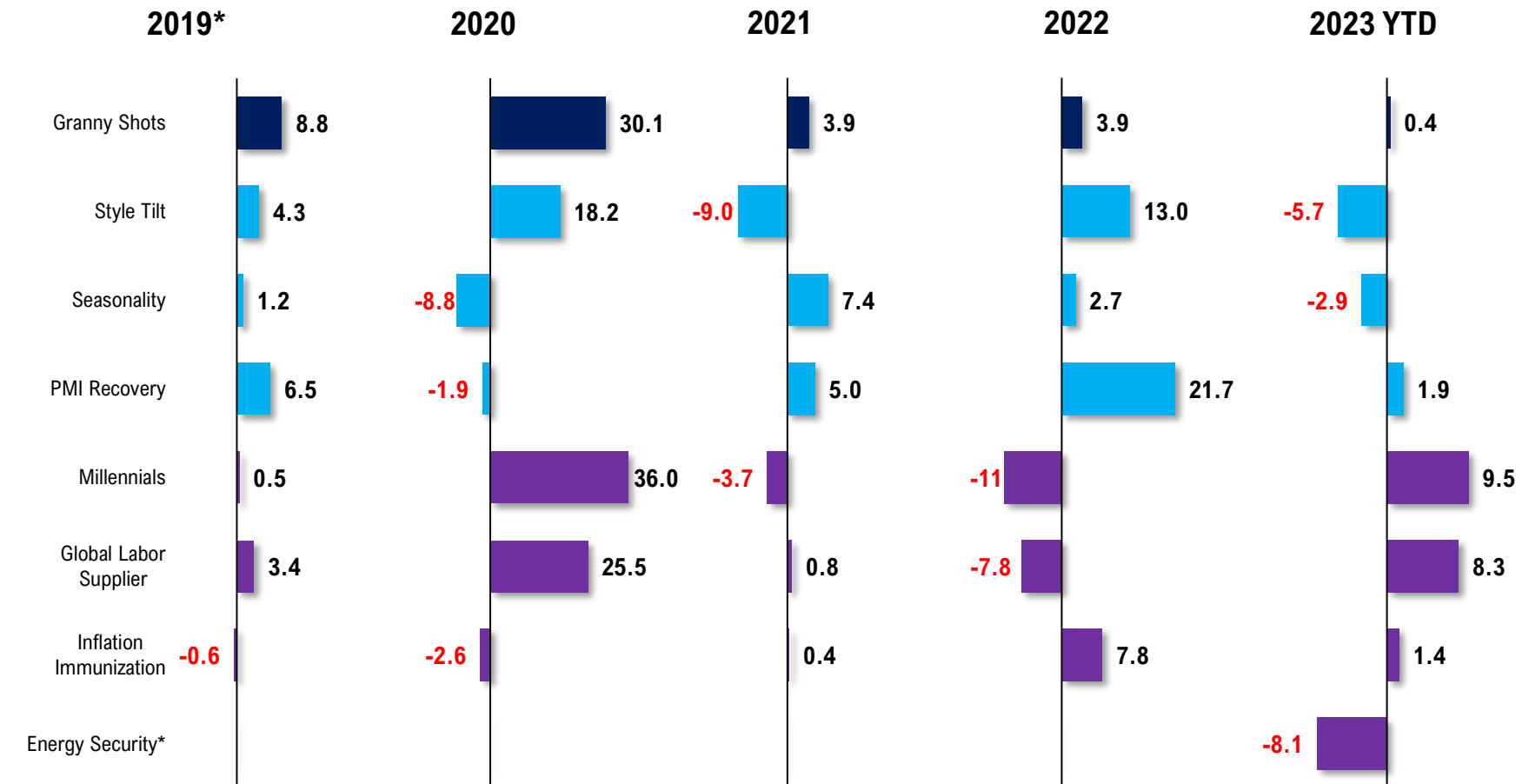
Source: Fundstrat, Bloomberg, Factset

* Granny Shots' inception was 1/10/2019. Therefore, 2019 performance begins then.

** Energy Security thematic portfolio was introduced during 1Q23 rebalance (published on 1/30/2023). Performance is calculated since then.

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GRANNY SHOTS: Beat S&P 500 >7,000bp since inception...

The relative performance of Granny Shots is below and as highlighted, has beaten the S&P 500 by 7,087 since inception.

- **Granny Shots, which are the "best of the best" for our thematic portfolios (and rebalanced every quarter) has consistently outperformed on a monthly basis.**

Figure: Granny Shots Portfolio Performance
Monthly; As of 2/28/2023

Relative Return vs. S&P 500 since Inception (1/10/19)*
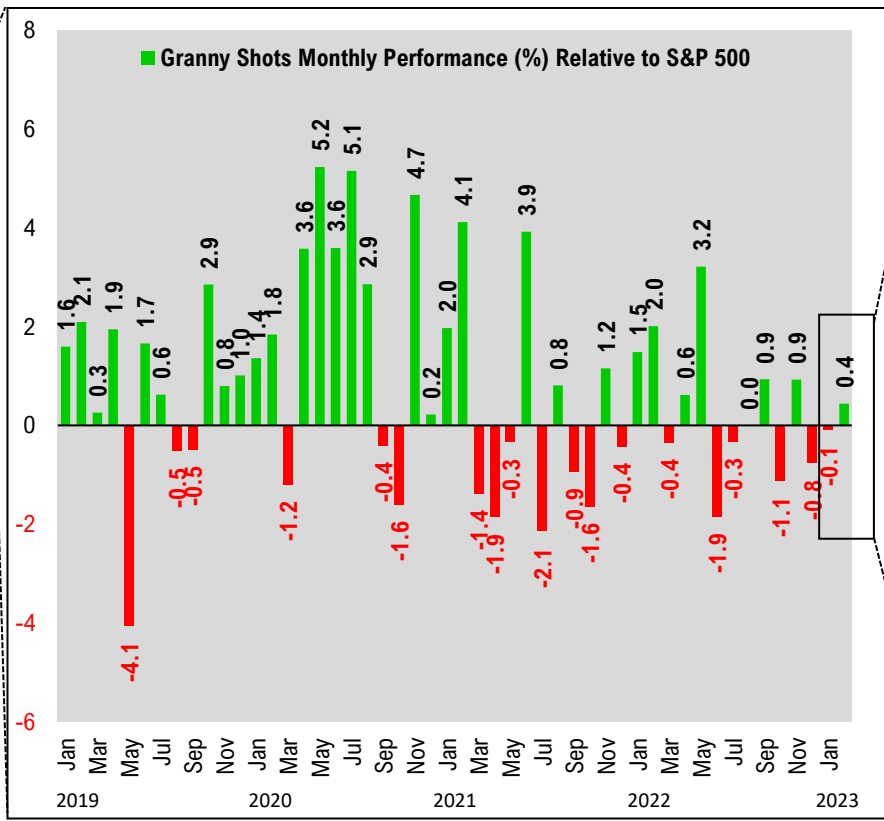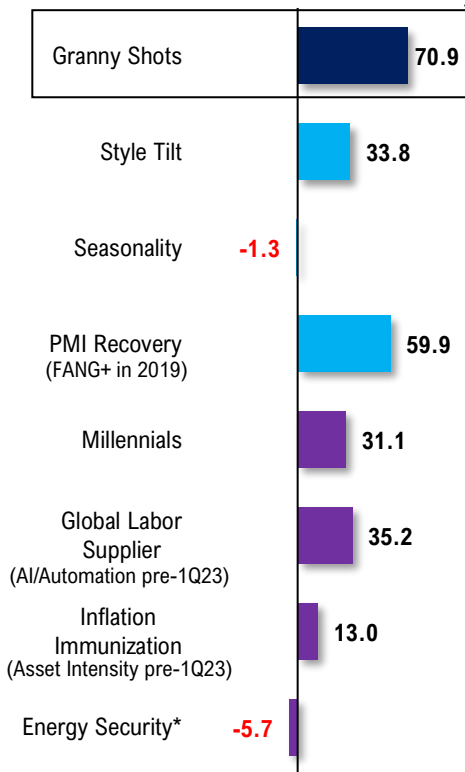
Relative Return vs. S&P 500 YTD*
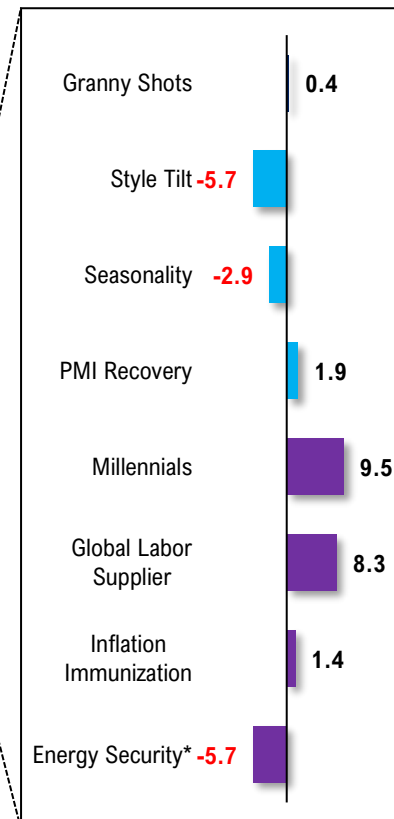
Source: Fundstrat, Bloomberg, Factset

* Energy Security thematic portfolio was introduced during 1Q23 rebalance (published on 1/30/2023). All performances were calculated since then.

Rick Barry career free throw percentage was eye-popping 90%, incredible considering Shaquille O'Neal's only 52%.

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GRANNY SHOTS: Our best bets

We recommend investors our granny shots, comprised of 37 stocks.

- **These stocks are recommended across at least two of our investment strategies, which makes them likely to benefit from multiple themes and secular tailwinds.**

Source: Fundstrat, Factset, Bloomberg

Figure: Granny shots – recommended across at least two investment strategies

Per Fundstrat

	Ticker	Company	Mkt Cap ($M)	YTD perf (relative to S&P 500)	P/E ('23E)	Style Tilt	Seasonality	PMI Upside	Energy Security	Millennials	Global Labor Supplier	Inflation Immunization	Strategy Count
1	XOM	Exxon Mobil Corp	$452,642	(3.8%)	10.2x	•		•	•			•	4
2	MRO	Marathon Oil Corp	$15,836	(10.5%)	6.9x	•	•	•					3
3	MNST	Monster Beverage Corp	$53,093	(3.2%)	33.5x	•				•		•	3
4	PG	Procter & Gamble Co/The	$324,524	(12.6%)	23.6x	•				•		•	3
5	VLO	Valero Energy Corp	$50,785	0.4%	6.0x	•		•	•				3
6	CSCO	Cisco Systems Inc	$198,914	(1.8%)	12.9x	•	•					•	3
7	EOG	Eog Resources Inc	$66,387	(16.1%)	8.3x	•	•		•				3
8	UNH	Unitedhealth Group Inc	$443,979	(13.6%)	19.1x	•	•					•	3
9	HUM	Humana Inc	$61,865	(6.8%)	17.6x	•	•					•	3
10	AMD	Advanced Micro Devices Inc	$126,699	17.9%	25.2x					•	•		2
11	KLAC	Kla Corp	$52,536	(2.8%)	15.5x					•	•		2
12	CDNS	Cadence Design Systems Inc	$52,661	16.7%	38.7x					•	•		2
13	AMZN	Amazon.Com Inc	$965,599	8.8%	61.6x					•	•		2
14	NVDA	Nvidia Corp	$571,114	55.5%	52.7x					•	•		2
15	MSFT	Microsoft Corp	$1,856,634	0.6%	26.8x					•		•	2
16	AAPL	Apple Inc	$2,332,313	10.1%	24.7x					•		•	2
17	GRMN	Garmin Ltd	$18,808	2.9%	18.7x					•	•		2
18	META	Meta Platforms Inc	$389,375	42.0%	18.2x					•	•		2
19	GOOGL	Alphabet Inc	$1,075,308	(1.3%)	17.5x					•	•		2
20	PM	Philip Morris International In	$150,838	(7.3%)	15.5x					•		•	2
21	BF/B	Brown-Forman Corp	$31,091	(4.6%)	31.8x					•		•	2
22	AXP	American Express Co	$129,482	14.4%	15.6x					•		•	2
23	PYPL	Paypal Holdings Inc	$83,269	(0.1%)	15.1x					•		•	2
24	TSLA	Tesla Inc	$650,888	63.6%	50.4x					•	•		2
25	PSX	Phillips 66	$48,473	(4.9%)	6.9x				•				2
26	OXY	Occidental Petroleum Corp	$53,226	(10.4%)	9.1x				•				2
27	JCI	Johnson Controls International	$43,102	(5.4%)	17.8x		•				•		2
28	JPM	Jpmorgan Chase & Co	$421,930	3.5%	11.0x		•		•				2
29	GD	General Dynamics Corp	$62,545	(11.5%)	17.8x	•	•						2
30	KO	Coca-Cola Co/The	$257,352	(9.8%)	22.9x	•						•	2
31	AMGN	Amgen Inc	$123,701	(15.2%)	12.9x	•						•	2
32	MRK	Merck & Co Inc	$269,360	(7.6%)	15.4x	•						•	2
33	DVN	Devon Energy Corp	$35,264	(15.7%)	7.3x	•						•	2
34	NUE	Nucor Corp	$42,362	23.6%	13.1x	•		•					2
35	OMC	Omnicom Group Inc	$18,360	7.6%	12.5x	•		•					2
36	ISRG	Intuitive Surgical Inc	$80,376	(17.0%)	43.2x	•					•		2
37	AMT	American Tower Corp	$92,195	(9.9%)	43.0x	•	•						2
		Average (relative to S&P 500)	**$322,519**	**2.4%**	**21.0x**								
		Median (relative to S&P 500)	**$103,485**	**(3.0%)**	**17.5x**								

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Disclosures

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