

JUNE 7, 2016

Nothing to Report

As the quarterly reporting season comes to a close, we haven't seen much change in the overall picture for the late reporters as both earnings and sales reports have remained fairly stable. Industrials had a fairly significant decline in the surprise rate moving from 91% of all companies beating expectations to a reduced rate of 84% with all but 5% of companies reported.

Q2 Reporting Season	% Reported	% Beat (EPS / Sales)	Median Reported % Surprise (EPS / Sales)	Median Q1'16 - Q1'15 % Earnings Growth	Median Q2'16 - Q2'15 Expected Earnings Growth	Median 2016 Expected Growth (EPS / Sales)
S&P 500	96%	77% / 57%	3.9% / 0.4%	4.5%	2.8%	6.7% / 3.3%
Ex Energy	96%	77% / 57%	3.9% / 0.4%	5.1%	3.6%	7.2% / 3.5%
Smith Group Large Cap Focused Growth	85%	77% / 63%	2.4% / 0.4%	10.9%	6.2%	10.7% / 4.2%

S&P 500 Sectors						
Consumer Discretionary	94%	85% / 59%	5.1% / 0.3%	15.1%	6.9%	11.5% / 4.4%
Consumer Staples	86%	87% / 59%	3.4% / 0.4%	5.4%	0.0%	5.6% / 1.4%
Energy	97%	64% / 53%	4.9% / 0.7%	-89.6%	-103.5%	-69.3% / -20.4%
Financials	100%	64% / 66%	2.5% / 0.7%	0.0%	1.8%	3.4% / 3.9%
Health Care	100%	88% / 68%	3.5% / 0.9%	11.3%	7.4%	9.7% / 7.4%
Industrials	95%	84% / 71%	4.0% / 0.4%	4.2%	1.8%	5.5% / 1.6%
Info Tech	91%	76% / 63%	4.1% / 0.8%	6.6%	7.3%	10.3% / 4.4%
Materials	100%	82% / 58%	7.5% / 0.6%	-6.0%	-1.4%	4.5% / 0.3%
Telecom	100%	75% / 20%	4.2% / -0.9%	3.9%	4.0%	-1.2% / 1.9%
Utilities	100%	64% / 14%	1.6% / -7.3%	-5.6%	1.6%	2.6% / 4.6%

Still Waiting

The overall picture for growth hasn't changed much since we first reported a month ago. Surprisingly, Energy companies haven't had much movement in expectations for 2016 despite the snapback in oil prices. Consumer Discretionary, Health Care and Technology companies continue to be the only highlights in an otherwise murky picture for growth this year.

Past performance is not indicative of future results. As with any investment vehicle, there is always a potential for profit as well as the possibility of loss. Nothing contained in this presentation should be construed as a recommendation to buy or sell a security or economic sector.