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This earnings season is looking very similar to last quarter's as reports are strong across the board with a few notable exceptions. Consumer discretionary companies continue to trail in beating expectations relative to other sectors. Retailers in particular are struggling to match expectations as only slightly more than half of all companies are reporting earnings higher than analyst estimates. Technology companies continue to blow away expectations as not a single company in that sector has failed to at least meet expected earnings. The percentage of companies beating sales estimates are about inline with last quarter at 71% but the overall degree by which companies are beating sales expectations has slipped a bit from last quarter's impressive result.

Q4 Reporting Season	% Reported	% Beat (EPS / Sales)	Median Reported % Surprise (EPS / Sales)	Median Q3'17 - Q3'16 % Earnings Growth	Median Q4'17 - Q4'16 Expected Earnings Growth	Median 2017 Expected Growth (EPS / Sales)
S&P 500	54%	80% / 71%	3.7% / 0.8%	6.5%	9.4%	8.7% / 5.7%
Ex Energy	54%	81% / 72%	3.4% / 0.8%	6.0%	8.6%	8.1% / 5.5%
Smith Group Large Cap Focused Growth	56%	83% / 81%	2.0% / 1.1%	13.0%	10.5%	12.6% / 5.3%

S&P 500 Sectors						
Consumer Discretionary	36%	67% / 67%	2.9% / 0.3%	3.6%	6.6%	5.3% / 4.5%
Consumer Staples	38%	83% / 63%	2.9% / 0.7%	3.6%	9.1%	7.7% / 2.5%
Energy	53%	75% / 63%	10.4% / 1.5%	73.5%	78.9%	94.5% / 21.9%
Financials	82%	81% / 77%	4.5% / 1.0%	8.2%	10.6%	11.7% / 5.5%
Health Care	58%	82% / 78%	3.0% / 0.9%	9.3%	9.4%	10.7% / 6.4%
Industrials	66%	82% / 67%	2.2% / 0.4%	6.9%	10.7%	8.7% / 5.8%
Info Tech	42%	100% / 90%	7.7% / 1.8%	11.4%	9.5%	11.5% / 7.0%
Materials	52%	91% / 100%	3.7% / 1.7%	6.0%	22.4%	8.3% / 7.2%
Telecom	50%	50% / 50%	-0.1% / 0.0%	-3.4%	-5.4%	-11.9% / -1.4%
Utilities	43%	67% / 27%	3.4% / -1.9%	-2.2%	5.4%	4.5% / 4.5%

Growth has stayed consistently strong throughout the year which is impressive given the usual pattern of earnings expectations decaying as we progress through each quarter of the year. Once again, consumer discretionary is an outlier as both large cap and small cap companies in the sector are struggling to keep pace with the overall rate of growth in other sectors. Technology and financial companies are still expected to accelerate earnings the most in 2017 with health care and industrials following closely behind. All of this earnings growth is fortunately being supported by sales growth which gives a much needed boost to the potential longevity of the current growth picture.

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.