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While still absolutely strong, the degree of earnings beats from U.S. Large Cap companies has cooled off so far this reporting period from last quarter's near record highs. Median reported surprise for EPS has moderated slightly to 9.4% from 13.0%, while the magnitude of reported surprise for sales remains stable at 2.4%, with about 70% of companies having reported. The majority of economic sectors have rejoined the Utilities sector in posting single-digit EPS beats. However, the median company in the Financials sector actually managed to increase their bottom-line surprise by an extra one percent. The median Energy firm also posted a rise in their median EPS beat, granted with a significantly higher percentage of their sector still yet to report.

Q1 Reporting Season	% Reported	% Beat (EPS / Sales)	Median Reported % Surprise (EPS / Sales)	Median Q4'20 - Q4'19 Expected Earnings Growth	Median Q1'21 - Q1'20 Expected Earnings Growth	Median 2020 Expected Growth (EPS / Sales)
U.S. Large Cap	70%	86% / 83%	9.4% / 2.4%	4.3%	9.0%	0.2% / 0.0%
Smith Group Large Cap Focused	78%	93% / 84%	14.6% / 3.5%	34.6%	21.3%	19.3% / 12.5%

Sectors						
Communication Services	62%	93% / 100%	20.2% / 4.9%	-0.8%	-2.6%	7.3% / -0.5%
Consumer Discretionary	66%	83% / 79%	11.2% / 2.9%	10.1%	26.3%	-8.3% / -6.8%
Consumer Staples	78%	79% / 83%	7.2% / 1.8%	2.7%	1.5%	5.3% / 2.5%
Energy	48%	100% / 80%	29.0% / 2.5%	-91.7%	-4.9%	-103.2% / -29.7%
Financials	89%	91% / 83%	12.8% / 2.5%	8.4%	12.8%	-10.4% / 1.7%
Health Care	76%	78% / 83%	7.4% / 2.3%	7.3%	9.4%	6.5% / 4.2%
Industrials	84%	88% / 87%	9.9% / 2.3%	4.4%	6.4%	-6.2% / -5.5%
Information Technology	80%	96% / 94%	8.7% / 3.0%	13.3%	14.0%	3.8% / 2.8%
Materials	71%	73% / 86%	6.4% / 3.4%	5.1%	12.0%	-0.1% / -3.7%
Utilities	18%	100% / 0%	4.1% / -7.2%	-0.5%	5.5%	4.3% / 0.3%

For the full year 2020, analysts currently have the Energy sector forecasted to record a -103.2% decline in EPS, at the median. In 2021, however, median EPS for the group is expected to rebound from that low nearly +100%. In Consumer Discretionary, median earnings and sales surprises were still notably high, yet they were also the most dynamic versus the prior period, declining -15.5% and -4.2% respectively. Categorized under Consumer Discretionary, the Retailing industry group is projected to grow median EPS by +17.4% Y/Y in 2020, the second highest of any industry, despite last year's lockdowns. While traditional brick and mortar clothing stores such as The Gap and Ross have indeed experienced sharp underperformance, their drag on the group as a whole has been offset at the median by online competitors such as Amazon, discount stores such as Dollar Tree, and home improvement names such as Lowe's. All together, the trends of this quarter remain pleasantly optimistic for the vast majority of the above sectors, and should provide reassurance and fuel to a recovering American corporate environment in 2021.

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. U.S. Large Cap universe is generally comprised of the largest 500 U.S. companies.