

# Market Commentary Monday, October 14, 2019

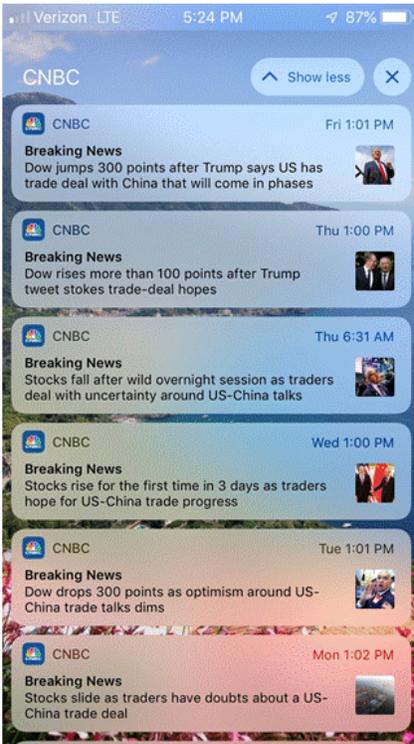
October 13, 2019

## EXECUTIVE SUMMARY

Week in Review – Roller Coaster Ride Ends Higher  
Econ News – Stronger Consumer Confidence  
Sentiment – AAI Buy Signal  
Income – Dividend-Payers are Attractive  
Returns – Dividend-Payers Outperform  
Volatility – Dividend Payers Have Lower Standard Deviation  
Outlook – Optimistic for the Long Term  
Stock Updates – DAL  
San Diego AAI Picks – 30 Higher Yielding Bargains

## Market Review

No doubt, news that China and the U.S. had taken a modest step forward in trade discussions between the two nations bolstered the equity markets, turning around a big early-week plunge into a solid gain by week's end. The S&P 500 ended with a 0.66% total return for the five days, while the Russell 3000 Growth index gained 0.81%, versus a 0.51% advance for the Russell 3000 Value index. The Dow Jones Industrial Average finished even better, gaining 0.91% on a price basis and 0.93% on a total return basis.



If ever there was a week to illustrate the merits of staying patiently invested through thick and thin, the last five trading sessions saw stocks skid on pessimism and then rally on optimism about developments on the China trade front. When all was said and done, the Dow ended the week with a nice gain.



True, the devil is in the details and there wasn't a whole lot substantive announced in the "Phase 1" agreement on trade, but the purported deal did have some tangible aspects. The U.S. said it would forgo a planned increase in tariffs to 30% from 25% on \$250 billion of Chinese goods that was set to go into effect on October 15, while Beijing said it would buy \$40 billion to \$50 billion in American farm products.

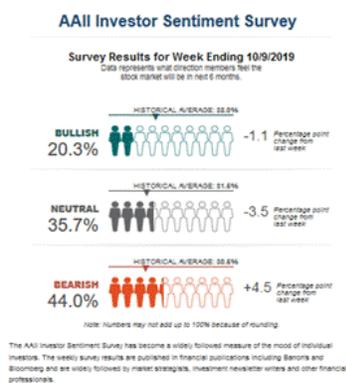
Certainly, we expect volatility to remain elevated as the twists and turns on the trade front play out, but we continue to believe that the health of the U.S. economy will ultimately trump everything. And, that in mind, some were of the belief that the handsome jump in stocks on Friday was due in large part to a better-than-expected recovery in the University of Michigan's preliminary sentiment tally for October, suggesting that the American consumer remains upbeat, despite all of the drama emanating from Washington.

The University of Michigan's latest read on the confidence of the consumer rebounded to a much-better-than-expected preliminary October tally of 96.0, up from 93.2 in September. Of course, both of those numbers are well above the long-term average of 90.6, and the most recent figure included favorable data in regard to optimism for both current conditions and consumer expectations.



We would also argue that the good folks at the American Association of Individual Investors (AAII) were partly responsible for the late-week comeback. After all, the latest AAII Bull-Bear Sentiment Survey showed a drop in the number of optimists to 20.3%, the lowest level since May 2016, with a continued rise in the number of pessimists to 44.0%. Given that the normal levels of Bulls is 38.0% and Bears is 30.5%, AAII members were quite negative on the prospects of stocks for the next six months,...

Bullish sentiment, expectations that stock prices will rise over the next six months, dipped to 20.3%, the lowest level in three-and-a-half years (May 25, 2016). Not surprisingly, given that such pessimistic readings have been followed by higher-than-average equity returns, the Russell 3000 gained 8.2% and 18.4% over the ensuing 6- and 12-month periods. Happily, for those of us who like the contrarian AAll index, Bearishness is also very high, while the Bull-Bear Spread is in the lowest decile.



**AAll Bull-Bear Spread**

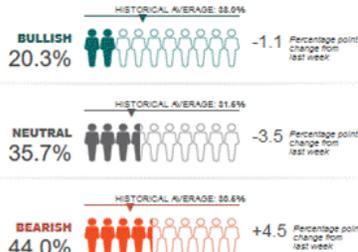
Decile	Low	High	R3K		R3K		R3K		R3K		R3K	
	Reading of the Range	Reading of the Range	Count	Next 1-Week Arithmetic Average TR	Next 1-Week Geometric Average TR	Next 1-Month Arithmetic Average TR	Next 1-Month Geometric Average TR	Next 3-Month Arithmetic Average TR	Next 3-Month Geometric Average TR	Next 6-Month Arithmetic Average TR	Next 6-Month Geometric Average TR	
<b>Below &amp; Above Median Bull Bear Spread = 8.5</b>												
BELOW	-54.0	8.0	831	0.24%	0.20%	-1.16%	1.04%	3.29%	2.91%	6.65%	5.92%	
ABOVE	8.1	62.9	822	0.17%	0.15%	0.50%	0.42%	1.99%	1.75%	4.56%	4.07%	
<b>Ten Groupings of 1653 Data Points</b>												
1	-54.0	-14.6	161	0.34%	0.28%	1.36%	1.12%	4.38%	3.77%	8.64%	7.33%	
2	-14.6	-7.0	170	0.41%	0.38%	1.26%	1.13%	3.89%	3.56%	6.98%	6.30%	
3	-6.8	-1.0	166	0.28%	0.25%	1.61%	1.52%	3.27%	2.88%	6.84%	6.15%	
4	-0.9	3.1	157	0.15%	0.13%	1.08%	1.01%	2.50%	2.17%	5.99%	5.56%	
5	3.3	8.0	177	0.03%	0.00%	0.54%	0.44%	2.45%	2.20%	4.91%	4.40%	
6	8.1	12.2	155	0.17%	0.15%	0.48%	0.39%	1.74%	1.52%	4.63%	4.12%	
7	12.3	16.7	166	0.17%	0.14%	0.90%	0.82%	2.77%	2.56%	5.64%	5.21%	
8	16.7	22.0	165	0.18%	0.16%	0.65%	0.58%	2.08%	1.81%	5.82%	5.38%	
9	22.2	29.6	168	0.08%	0.06%	0.22%	0.14%	2.03%	1.77%	4.24%	3.65%	
10	30.0	62.9	168	0.24%	0.22%	0.25%	0.18%	1.33%	1.10%	2.50%	2.05%	

From 07.31.87 through 10.10.19: Unannualized. SOURCE: Kovitz Investment Group using data from American Association of Individual Investors and Bloomberg

...which bodes well for the prospects of stocks for the next six months, given that the historical evidence confirms that it often pays to be greedy when others are fearful and fearful when others are greedy. And, fear would appear to be the operative word these days with what people actually are doing with their money, as evidenced by massive flows out of U.S. stocks and into bonds, per data from the Investment Company Institute that would confirm the Bearishness articulated by the AAll survey.

### AAIL Investor Sentiment Survey

**Survey Results for Week Ending 10/9/2019**  
Data represents what direction members feel the stock market will be in next 6 months.



Note: Numbers may not add up to 100% because of rounding.

The AAIL Investor Sentiment Survey has become a widely followed measure of the mood of individual investors. The weekly survey results are published in financial publications including Barron's and Bloomberg and are widely followed by market strategists, investment newsletter writers and other financial professionals.

October 10, 2019 - Optimism among individual investors about the short-term direction of the stock market fell to its lowest level in three and a half years. Bullish sentiment, expectations that stock prices will rise over the next six months, declined by 1.1 percentage points to 20.3%. Optimism was last lower on May 25, 2016 (17.8%). Bearish sentiment, expectations that stock prices will fall over the next six months, rose 4.5 percentage points to 44.0%.

Bullish sentiment is at an unusually low level for a second consecutive week. Pessimism is at an unusually high level for the first time in six weeks. Historically, such readings have been followed by higher-than-median six- and 12-month S&P 500 index returns. The link is stronger with unusually low optimism than it is with unusually high pessimism.

The latest AAIL Sentiment Survey showed a jump in pessimism and the most recent ICI calculation of exchange traded and mutual fund flows showed a massive exodus out of U.S. stocks, with both numbers coming out on Wednesday evening, right before stocks staged a handsome two-day rally.

### Combined Estimated Long-Term Fund Flows and ETF Net Issuance

Millions of dollars					
Week Ended	10/2/2019	9/25/2019	9/18/2019	9/11/2019	9/4/2019
<b>Total Equity</b>	<b>-13,760</b>	<b>-12,808</b>	<b>-8,054</b>	<b>-9,208</b>	<b>-5,000</b>
Domestic	-11,156	-11,087	-6,332	-7,115	-5,371
World	-2,604	-1,720	-1,722	-2,093	371
Hybrid	-1,245	-2,110	-797	-850	-1,283
<b>Total Bond</b>	<b>5,205</b>	<b>1,869</b>	<b>9,218</b>	<b>8,145</b>	<b>2,856</b>
Taxable	3,686	245	8,794	6,925	1,517
Municipal	1,519	1,625	424	1,220	1,339
<b>Total</b>	<b>-9,800</b>	<b>-13,048</b>	<b>367</b>	<b>-1,913</b>	<b>-3,427</b>

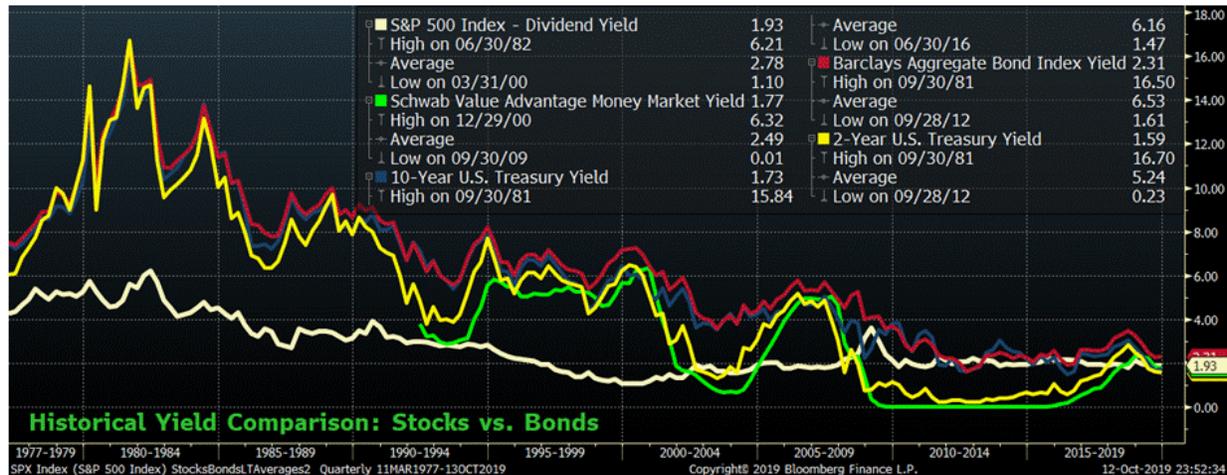
Source: Investment Company Institute

Speaking of AAIL, your Editor on Saturday had a pleasant sojourn and speaking engagement at the San Diego Chapter of the American Association of Individual Investors in Solana Beach. Not surprisingly, many of the attendees were interested in the dividends portion of *The Value of Dividends* presentation, which makes sense, given that the yields on stocks are very attractive relative to yields on competing fixed income investments.

# THE PRUDENT SPECULATOR

## Equity vs. Fixed Income Yields

Though stocks are not necessarily a substitute for bonds, U.S. Treasuries and money market funds, the current payout on the S&P 500 (1.93%) is still very generous versus the income provided by fixed income. And, the comparison to the average yields for all of the securities below over the past four-plus decades very much favors equities.

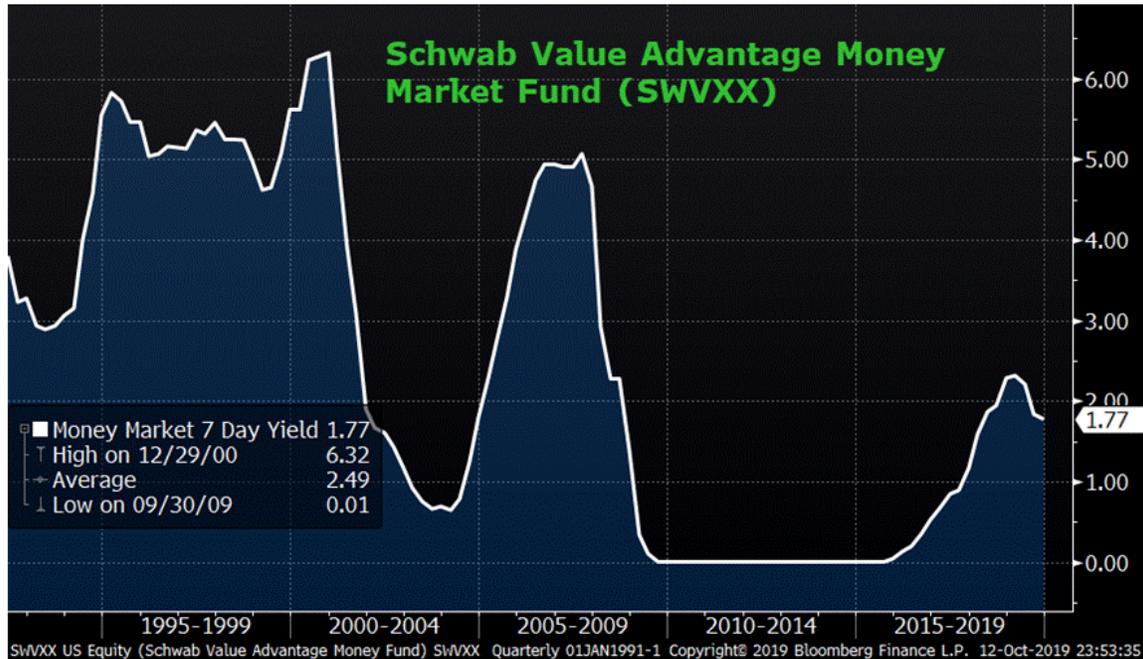


The same can be said for those who might opt to leave their money sitting in cash, especially considering that today's cash yields are below that of the S&P 500, which is vastly different than what was seen at previous market peaks in 2007 and 2000. Believe it or not, an investment in the Schwab Value Advantage money market fund would have yielded 5% in 2007 and 6% in 2000, both periods when the yield on the S&P was below the present level.

## THE PRUDENT SPECULATOR

### Money Market Fund Yields Over Time

The yield on the Schwab Value Advantage Fund has moved up sharply of late, but there is a long way to go to approach the 2000 or 2007 levels.



Of course, equity investors should not forget that dividends historically have risen over time,...



## THE PRUDENT SPECULATOR

### Dividends Provide Handsome Income

While dividends are never guaranteed, the historical evidence suggests that Corporate America has a long history of raising quarterly payouts, whereas the coupons on most debt instruments are fixed.

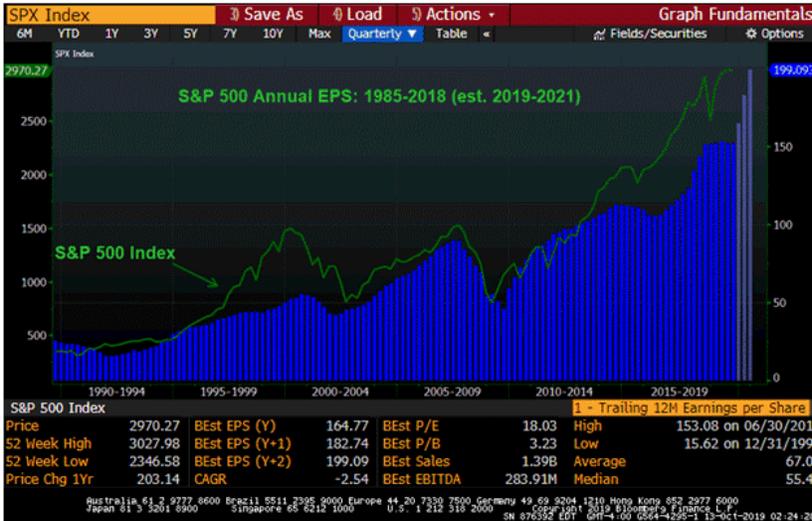
COUNT OF S&P 500 DIVIDEND ACTIONS	INCREASES	INITIATIONS	DECREASES	CESSATIONS	S&P 500 DIVIDENDS PER SHARE	
					Year	Value
2019 (as of 9.30.19)	266	6	6	0	2020 (Est.)	\$62.67
2018	374	6	3	0	2019 (Est.)	\$58.65
2017	351	5	9	2	2018	\$53.86
2016	344	7	19	2	2017	\$50.47
2015	344	7	16	3	2016	\$46.73
2014	375	8	8	0	2015	\$43.49
2013	366	15	12	0	2014	\$39.44
2012	333	15	11	1	2013	\$34.99
2011	320	22	5	0	2012	\$31.25
2010	243	13	4	1	2011	\$26.43
2009	151	6	68	10	2010	\$22.73
2008	236	5	40	22	2009	\$22.41
2007	287	11	8	4	2008	\$28.39
2006	299	6	7	3	2007	\$27.73
					2006	\$24.88

*Source: Standard & Poor's.*

*Source: Bloomberg. As of 10.11.19*

...as corporate profits have grown and are expected to continue to grow,...

Certainly, we understand that analysts are often overly optimistic in their projections, but sizable year-over-year earnings expansion is expected in '19, with further growth likely in '20 and '21.



S&P 500 Earnings Per Share		
Quarter Ended	Bottom Up Operating EPS 3 Month	Bottom Up Operating EPS 12 Month
<b>ESTIMATES</b>		
12/31/2020	\$47.64	\$179.45
9/30/2020	\$46.07	\$173.80
6/30/2020	\$44.41	\$168.23
3/31/2020	\$41.33	\$163.96
12/31/2019	\$41.99	\$160.62
9/30/2019	\$40.50	\$153.66
<b>ACTUAL</b>		
6/30/2019	\$40.14	\$154.54
3/31/2019	\$37.99	\$153.05
12/31/2018	\$35.03	\$151.60
9/30/2018	\$41.38	\$150.42
6/30/2018	\$38.65	\$140.37
3/31/2018	\$36.54	\$132.23
12/31/2017	\$33.85	\$124.51
9/30/2017	\$31.33	\$118.56
6/30/2017	\$30.51	\$115.92
3/31/2017	\$28.82	\$111.11
12/31/2016	\$27.90	\$106.26
9/30/2016	\$28.69	\$101.42
6/30/2016	\$25.70	\$98.17
3/31/2016	\$23.97	\$98.61
12/31/2015	\$23.06	\$100.45

Source: Standard & Poor's. As of 10.10.19

...which means that the effective yield of stock purchases made today could be significantly higher down the road.

## THE PRUDENT SPECULATOR

### Apple Stock Price Vs. Bond Price

Investors gobbled up an Apple 10-Year bond yielding 2.4% in May 2013 when the stock yielded 2.8%. Given a 75% increase in the dividend over the past 6+ years, the AAPL buyer back then now has a 4.9% yield! At least the bond buyer minimized their volatility!



To be sure, we like the income provided by equities, but we are always seeking capital appreciation as our primary investment objective, so we like what the long-term returns numbers have to say about returns for dividend-payers,...

# THE PRUDENT SPECULATOR

## Dividend Versus Non-Dividend Payers

In general, stocks have delivered handsome long-term returns, but dividend payers have won the long-term spoils.



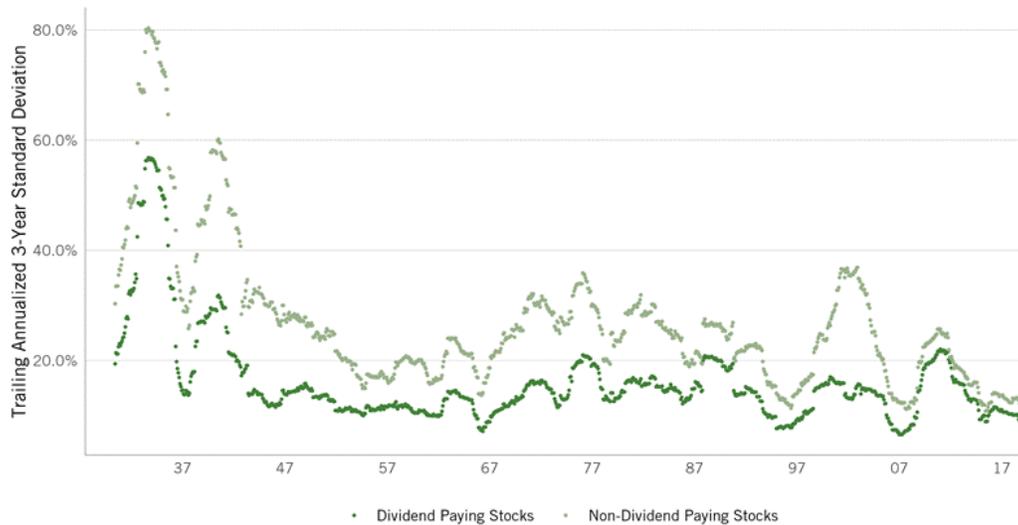
From 06.30.27 through 08.31.19. Logarithmic scale. SOURCE: Kovitz Investment Group using data from Professors Eugene F. Fama and Kenneth R. French

...while those worried about the volatility inherent in stocks should be excited about what the standard deviation metrics show.

## THE PRUDENT SPECULATOR

### Dividend Payers Have Been Less Volatile

Though volatility has been waning in recent years for both dividend payers and non-payers, the former have nearly always shown lower standard deviation statistics.



From 06.30.27 through 08.31.19. Trailing annualized 3-Year standard deviation. SOURCE: Kovitz Investment Group using data from Professors Eugene F. Fama and Kenneth R. French

There is little doubt that stocks will remain more volatile than fixed income assets, but those who have the patience and discipline to ride through the ups and downs historically have been well rewarded,...

Selloffs, downturns, pullbacks, corrections and even Bear Markets are events that equity investors always have had to endure on their way to the best long-term performance of any of the financial asset classes.

Advancing Markets						
Minimum Rise %	Average Gain	Average # Days	Count	Frequency (in Years)	Last Start	Last End
20.0%	108.4%	928	26	3.5	3/9/2009	7/24/2019
17.5%	66.6%	575	38	2.4	12/24/2018	7/26/2019
15.0%	66.3%	559	44	2.1	12/24/2018	7/26/2019
12.5%	43.9%	333	71	1.3	12/24/2018	7/26/2019
10.0%	34.5%	242	97	0.9	12/24/2018	7/26/2019
7.5%	23.4%	148	154	0.6	12/24/2018	7/26/2019
5.0%	14.7%	72	300	0.3	8/14/2019	9/12/2019

Declining Markets						
Minimum Decline %	Average Loss	Average # Days	Count	Frequency (in Years)	Last Start	Last End
-20.0%	-34.3%	371	25	3.6	1/6/2009	3/9/2009
-17.5%	-30.3%	222	37	2.4	9/20/2018	12/24/2018
-15.0%	-28.3%	192	43	2.1	9/20/2018	12/24/2018
-12.5%	-22.6%	140	70	1.3	9/20/2018	12/24/2018
-10.0%	-19.5%	103	96	0.9	9/20/2018	12/24/2018
-7.5%	-15.4%	65	153	0.6	9/20/2018	12/24/2018
-5.0%	-10.9%	37	299	0.4	7/26/2019	8/14/2019

From 02.20.28 through 9.12.19. Price return series. We defined a Declining Market as an instance when stocks dropped the specified percentage or more without a recovery of equal magnitude, and an Advancing Market as an instance when stocks appreciated the specified percentage or more without a decline of equal magnitude. SOURCE: Kovitz Investment Group using data from Bloomberg, Morningstar and Ibbotson Associates

LONG-TERM RETURNS		
	Annualized Return	Standard Deviation
Value Stocks	13.1%	25.9%
Growth Stocks	9.5%	21.4%
Dividend Paying Stocks	10.5%	18.0%
Non-Dividend Paying Stocks	8.8%	29.5%
Long-Term Corporate Bonds	6.1%	7.6%
Long-Term Gov't Bonds	5.6%	8.5%
Intermediate Gov't Bonds	5.1%	4.4%
Treasury Bills	3.3%	0.9%
Inflation	2.9%	1.8%

From 06.30.27 through 08.31.19. Growth stocks = 50% Fama-French small growth and 50% Fama-French large growth returns rebalanced monthly. Value stocks = 50% Fama-French small value and 50% Fama-French large value returns rebalanced monthly. The portfolios are formed on Book Equity/Market Equity at the end of each June using NYSE breakpoints via Eugene F. Fama and Kenneth R. French. Dividend payers = 30% top of Fama-French dividend payers, 40% of middle Fama-French dividend payers, and 30% bottom of Fama-French dividend payers rebalanced monthly. Non-dividend payers = Fama-French stocks that do not pay a dividend. Long term corporate bonds represented by the Ibbotson Associates SBBI US LT Corp Total Return index. Long term government bonds represented by the Ibbotson Associates SBBI US LT Govt Total Return index. Intermediate term government bonds represented by the Ibbotson Associates SBBI US IT Govt Total Return index. Treasury bills represented by the Ibbotson Associates SBBI US 30 Day TBill Total Return index. Inflation represented by the Ibbotson Associates SBBI US Inflation index. SOURCE: Kovitz Investment Group using data from Professors Eugene F. Fama and Kenneth R. French and Ibbotson Associates

... which is why we continue to be optimistic about the long-term prospects of our broadly diversified portfolios of what we believe to be undervalued stocks. October has often been a scary month, and we still think that Corporate America will be cautious in comments regarding the outlook for sales and earnings as Q3 reporting season kicks off this week, but we like the extraordinarily low interest rate environment, the generally healthy balance sheets and income statements for our companies, the modestly growing U.S. economy and the mostly friendly Federal Reserve.

### Stock Updates

There was not much in the way of major corporate news last week, so we offer only another update on one of our favorite airline stocks, which was out with Q3 results, and the 30 selections, which include said airline, that we made available to the San Diego AAI folks. Keep in mind that all stocks are rated as "Buy" until such time as they are a "Sell," while a listing of all current recommendations is available for download via the following link:

<https://theprudentpeculator.com/dashboard/>.

**Delta Air Lines** (DAL – \$52.95) reported Q3 earnings of \$2.32 per share, just above the top end of management guidance, and just ahead of the \$2.26 expected by analysts. The company met its full-year free cash flow target in the quarter of \$4 billion, while management affirmed its

commitment to return approximately \$3 billion back to shareholders through dividends and stock buybacks, returning \$468 million in Q3.

The company continues to grow its premium product ticket revenue, improving 9% year over year. Premium products and non-ticket sources now make up over half of Delta's revenue. Lower cargo revenue and third-party refinery sales were detractors.

In an announcement of a recent American Express contract renewal, CEO Ed Bastian stated, "Our recent contract renewal provided diverse, high-margin revenue stream that we expect to grow to nearly \$7 billion by 2023 with further growth through the end of the decade. Last week, we announced the major relaunch of our Delta SkyMiles American Express Card portfolio. We are providing our customers with more ways to earn miles and new benefits that deliver an even better travel experience."

Mr. Bastian also highlighted the recent partnership with LATAM Airlines. He added, "The agreement adds geographic diversity in a fast-growing continent, adding 100 new destinations to our map and significantly improving our position in South America. Once approved, our proposed JV will move Delta from a current #4 position in South America to a combined #1 position. We expect this partnership to translate to \$1 billion in new annual revenue over the next 5 years and improve returns in the Latin entity."

The company continues to grow and become a more efficient operator, but rising costs remain in focus. Delta hired staff to accommodate higher volume, gave raises to existing employees and incurred costs to its pension plan in the quarter. Addressing higher non-fuel costs on the recent conference call, Mr. Bastian detailed, "We've given a long-term trajectory on non-fuel cost of being around 2%. And when we can go below that, we do, as we've been, I think for the last couple of years, that means occasionally, it might be above that. But I think our long-term trend line is that 2% is a good target for us. I would not say that we over-earned this year. We certainly have had cost both in Q3 and Q4 related to the high volumes that we had."

We think the strategy Delta has in place to expand its reach and woo premium customers is working, although we will continue to remain watchful of any excess capacity growth. With recent pressure on shares due to cost concerns, the world's most valuable airline trades at 7.4 times NTM earnings expectations and yields 3.0%. Our Target Price for DAL is \$78.

With the caveat that we like all of our recommendations,...



# THE PRUDENT SPECULATOR

## All Recommended Stocks

Ticker	Company	Ticker	Company	Ticker	Company	Ticker	Company	Ticker	Company
AAPL	Apple	CE	Celanese	GS	Goldman Sachs	MDT	Medtronic PLC	SIEGY	Siemens AG
ABT	Abbott Labs	CM	Canadian Imperial	GT	Goodyear Tire	MET	MetLife	SJM	JM Smucker
ADM	Archer-Daniels	CMA	Comerica	HAL	Halliburton	MOS	Mosaic Co	SLB	Schlumberger
ALB	Albemarle	CMCSA	Comcast	HFC	HollyFrontier	MRK	Merck & Co	SNY	Sanofi
ALK	Alaska Air Group	CMI	Cummins	HMC	Honda Motor	MRVL	Marvell Tech	STI	SunTrust Banks
ALL	Allstate	COF	Capital One Fin'l	HSBC	HSBC Holdings	MSFT	Microsoft	STX	Seagate Tech
AMGN	Amgen	COHU	Cohu	IBM	IBM	MU	Micron Tech	SYF	Synchrony Fin'l
ANH	Anworth Mortgage	CSCO	Cisco Systems	ING	ING Groep NV	NEM	Newmont Mining	SYMC	Symantec
AVX	AVX Corp	CVS	CVS Health	INTC	Intel	NOV	National Oilwell	T	AT&T
AXAHY	AXA SA	DAL	Delta Air Lines	IP	Int'l Paper	NSC	Norfolk Southern	TAK	Takeda Pharma
AXS	Axis Capital	DBI	Designer Brands	JBL	Jabil	NTAP	NetApp	TGT	Target
AZSEY	Allianz SE	DE	Deere & Co	JNJ	Johnson & Johnson	NTR	Nutrien Ltd	TKR	Timken
BAC	Bank of America	DIS	Walt Disney	JNPR	Juniper Networks	NTTY	Nippon Telegraph	TNP	Tsakos Energy
BASFY	BASF SE	DLR	Digital Realty	JPM	JPMorgan Chase	NYCB	NY Comm Bancorp	TOT	Total SA
BBT	BB&T Corp	DOC	Physicians Realty	KEY	KeyCorp	ONB	Old National Bancorp	TPR	Tapestry
BHE	Benchmark Elect	DPSGY	Deutsche Post AG	KIM	Kimco Realty	ORCL	Oracle	TSN	Tyson Foods
BHF	BrightHouse Fin'l	ETN	Eaton Corp PLC	KLIC	Kulicke & Soffa	PFE	Pfizer	VZ	Verizon
BHP	BHP Billiton Ltd	FDX	FedEx	KR	Kroger Co	PNC	PNC Financial	WBA	Walgreens Boots
BIIB	Biogen	FITB	Fifth Third Bancorp	KSS	Kohl's Corp	PRU	Prudential Fin'l	WHR	Whirlpool
BK	Bank of New York	FL	Foot Locker	LOW	Lowe's Cos	QCOM	Qualcomm	WMT	Walmart
BMY	Bristol-Myers Squibb	GBX	Greenbrier	LRCX	Lam Research	RCL	Royal Caribbean	WRK	WestRock
C	Citigroup	GILD	Gilead Sciences	MAN	ManpowerGroup	RDS/A	Royal Dutch	WSM	Williams-Sonoma
CAH	Cardinal Health	GLW	Corning	MCK	McKesson	REG	Regency Centers	XOM	Exxon Mobil
CAT	Caterpillar	GM	General Motors	MDC	MDC Holdings	SFL	Ship Finance	ZBH	Zimmer Biomet
CCL	Carnival Corp	GOOG	Alphabet						

...we put together for the San Diego AAI meeting the following diversified listing of 30 of our holdings, each of which sported a dividend yield in excess of not only that of the 10-year U.S. Treasury, but also the 30-year!

# THE PRUDENT SPECULATOR

## San Diego AAI Selections

### AAI San Diego 2019: Undervalued Dividend Payers Yielding > 30-Year U.S. Treasury

Symbol	Common Stock	10.11.19 Price	Target Price	Sector	P/E	P/S	P/TBV	ROCE	EV/EBITDA	FCF Yld	Debt/TE (%)	Div Yld	Mkt Cap
GM	General Motors	\$35.57	\$53.04	Automobiles & Components	5.6	0.3	1.4	22.8	2.4	13.5	199%	4.3%	50,784
BAC	Bank of America	\$28.91	\$41.82	Banks	10.2	nmf	1.5	11.4	nmf	nmf	nmf	2.5%	269,103
C	Citigroup	\$70.10	\$104.76	Banks	10.0	nmf	1.0	9.5	nmf	nmf	nmf	2.9%	158,360
KEY	KeyCorp	\$17.40	\$26.50	Banks	9.8	nmf	1.4	11.4	nmf	nmf	nmf	4.3%	17,457
CAT	Caterpillar	\$128.40	\$179.55	Capital Goods	11.5	1.3	10.5	42.2	6.5	6.2	366%	3.2%	72,236
ETN	Eaton Corp PLC	\$81.36	\$97.03	Capital Goods	14.4	1.6	nmf	13.4	10.6	7.7	nmf	3.5%	34,171
MAN	ManpowerGroup	\$85.22	\$135.72	Commercial & Pro Serv	10.1	0.2	4.7	18.4	7.1	10.0	124%	2.6%	5,100
WHR	Whirlpool	\$158.22	\$199.32	Consumer Durables	10.1	0.5	nmf	35.7	9.9	3.9	nmf	3.0%	10,051
RCL	Royal Caribbean Cruises	\$107.57	\$155.43	Consumer Services	11.5	2.2	2.2	16.6	10.6	1.9	94%	2.9%	22,542
SYF	Synchrony Financial	\$33.04	\$52.02	Diversified Financials	8.3	nmf	1.8	23.4	nmf	nmf	nmf	2.7%	21,920
HFC	HollyFrontier	\$53.88	\$73.94	Energy	7.8	0.5	3.0	15.7	5.8	16.4	93%	2.4%	8,867
TOT	Total SA	\$50.99	\$88.68	Energy	11.3	0.8	1.4	9.3	5.5	9.3	46%	4.7%	135,990
SLB	Schlumberger	\$32.48	\$71.90	Energy	22.1	1.4	18.6	5.8	9.0	8.0	702%	6.2%	44,920
KR	Kroger	\$24.25	\$33.72	Food & Staples Retailing	11.4	0.2	4.3	20.4	7.2	5.8	412%	2.6%	19,439
ADM	Archer-Daniels-Midland	\$40.46	\$53.71	Food, Beverage & Tobacco	14.1	0.4	1.7	7.0	12.9	-22.6	62%	3.5%	22,535
CVS	CVS Health	\$62.94	\$103.33	Health Care Equip/Srvcs	8.5	0.4	nmf	8.9	11.7	10.9	nmf	3.2%	81,853
PRU	Prudential Financial	\$89.42	\$133.83	Insurance	7.6	nmf	0.6	7.5	nmf	nmf	nmf	4.5%	35,947
ALB	Albemarle	\$68.91	\$116.00	Materials	12.3	2.1	3.9	14.6	10.1	-4.3	81%	2.1%	7,304
IP	International Paper	\$41.56	\$66.77	Materials	7.6	0.7	4.5	22.3	6.6	13.7	284%	4.9%	16,326
AMGN	Amgen	\$200.80	\$229.91	Pharmaceuticals, Biotech	13.7	5.1	nmf	61.9	10.9	7.1	nmf	2.9%	120,420
BMY	Bristol-Myers Squibb	\$51.61	\$68.02	Pharmaceuticals, Biotech	12.0	3.5	9.9	nmf	10.6	7.4	293%	3.2%	84,422
DOC	Physicians Realty Trust	\$17.55	\$21.64	Real Estate	17.5	nmf	1.4	2.1	nmf	nmf	nmf	5.2%	3,252
FL	Foot Locker	\$42.96	\$73.08	Retailing	9.1	0.6	2.0	20.8	5.9	10.9	123%	3.5%	4,598
KSS	Kohl's Corp	\$51.46	\$71.32	Retailing	9.6	0.4	1.5	13.5	6.2	12.4	106%	5.2%	8,189
IBM	Int'l Business Machines	\$142.76	\$183.10	Software & Services	10.4	1.6	nmf	48.3	8.6	10.3	nmf	4.5%	126,468
GLW	Corning	\$29.06	\$41.06	Technology Hardware	14.9	1.9	2.9	12.4	9.6	-0.8	82%	2.8%	22,692
CSCO	Cisco Systems	\$46.56	\$61.12	Technology Hardware	15.1	3.8	nmf	30.3	11.7	7.3	nmf	3.0%	197,661
NTAP	NetApp	\$51.49	\$76.63	Technology Hardware	12.5	2.1	nmf	71.0	8.1	9.3	nmf	3.7%	12,250
T	AT&T	\$37.58	\$40.27	Telecom Services	10.7	1.5	nmf	9.5	7.7	10.6	nmf	5.4%	274,597
DAL	Delta Air Lines	\$52.95	\$78.19	Transportation	7.6	0.7	73.5	32.6	5.5	10.1	2868%	3.0%	34,245

As of 10.11.19, nmf=Not meaningful, ROCE = Return on Common Equity, TBV = Tangible book value, EV/EBITDA = Enterprise value to earnings before interest, taxes, depreciation and amortization, FCF Yield = Free Cash Flow Yield