

Market Commentary Monday, December 28, 2020

December 27, 2020

EXECUTIVE SUMMARY

Week in Review – Modest Santa Claus Rally

Health News – Rising Cases, Hospitalizations & Deaths

Econ Data – Mixed Numbers in Latest Week

GDP Outlook – Significant Q4 Growth and Robust 2021 Expansion Expected

Brexit – Keeping Calm and Carrying On...for 4.5 Years

Wall Street Strategists – 9% Increase for the S&P 500 Expected in 2021...In Line with Historical Norms

Interest Rates – Equities Remain Attractive from an Income Perspective

Stock News – 2020's 25 Biggest Decliners & 25 Largest Advancers

Market Review

Happy New Year to all! We very much appreciate your readership and look forward to the calendar turning to 2021.

Four market days remain in 2020, however, and there was a decent Santa Claus Rally this past Wednesday and Thursday that pushed stocks higher after losses earlier in the week, with the Holiday-shortened four trading days showing minimal volatility for the major market averages which ended very close to breakeven for the full period. Interestingly, for the week, Growth beat Value by a score of 0.18% to 0.00% for the respective Russell 3000 indexes, yet the S&P 500 Pure Value index gained 0.24% compared to a 0.38% decline for the S&P 500 Pure Growth index, illustrating yet again that it is a market of stocks and not simply a stock market.

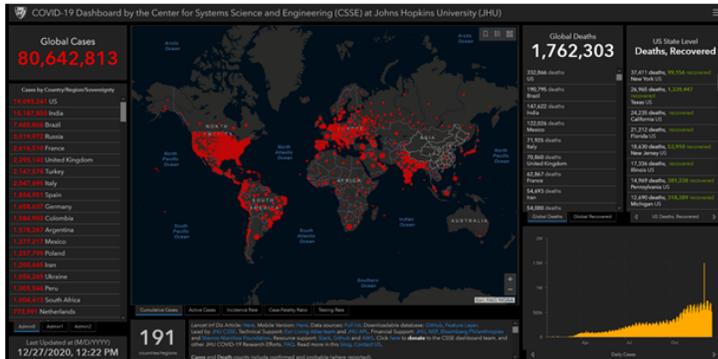


While five-plus months does not a trend make, it is nice to see a superb absolute and relative rebound in undervalued stocks, especially as there is plenty of runway remaining for a return to historical norms.

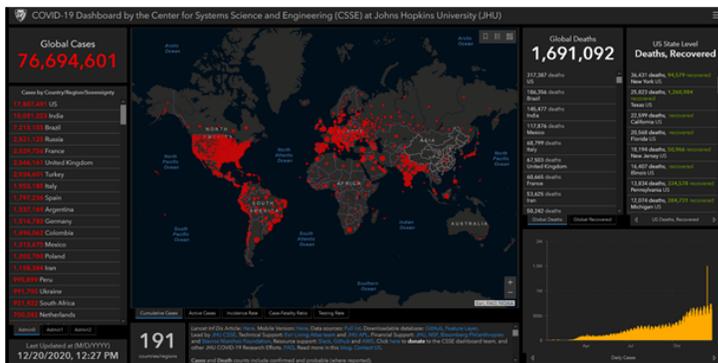
| Total Returns Matrix | | | | | | | | | | | |
|----------------------|----------------|---------------|---------------|--------------|---------------|---------------|----------------|----------------|----------------|----------------|--|
| Last Week | Since 10.31.20 | Since 9.30.20 | Since 8.31.20 | Since 7.9.20 | Since 3.23.20 | YTD | Last 12 Months | Last 24 Months | Last 36 Months | Last 60 Months | Name |
| -0.13 | 2.68 | 2.78 | 2.41 | 4.72 | 11.90 | 8.66 | 9.30 | 16.52 | 15.68 | 25.34 | Bloomberg Barclays Global-Aggregate Bond |
| 0.14 | 0.90 | 0.45 | 0.39 | 0.41 | 6.17 | 7.27 | 7.38 | 16.94 | 17.23 | 23.92 | Bloomberg Barclays US Aggregate Bond |
| 0.07 | 14.42 | 9.26 | 6.88 | 18.65 | 65.18 | 8.27 | 8.35 | 45.27 | 30.80 | 94.07 | Dow Jones Industrial Average |
| -0.57 | 16.10 | 13.78 | 11.04 | 21.81 | 67.02 | 5.98 | 6.20 | 40.89 | 21.76 | 60.27 | New York Stock Exchange Composite |
| 0.18 | 15.35 | 11.70 | 6.59 | 20.39 | 85.09 | 37.39 | 37.65 | 100.62 | 81.97 | 152.41 | Russell 3000 Growth |
| 0.00 | 17.03 | 15.81 | 12.82 | 23.99 | 63.57 | 1.64 | 1.81 | 35.91 | 17.08 | 55.64 | Russell 3000 Value |
| 0.09 | 16.15 | 13.64 | 9.51 | 22.10 | 75.23 | 19.79 | 20.01 | 67.45 | 48.28 | 101.35 | Russell 3000 |
| -0.31 | 17.77 | 17.05 | 14.09 | 26.74 | 78.09 | 11.50 | 11.66 | 52.89 | 32.98 | 79.99 | S&P 500 Equal Weighted |
| -0.15 | 13.56 | 10.54 | 6.34 | 18.37 | 67.75 | 16.71 | 17.01 | 63.68 | 46.25 | 98.54 | S&P 500 |
| 0.00 | 12.68 | 9.21 | 4.10 | 17.48 | 76.35 | 31.72 | 32.19 | 85.12 | 71.94 | 133.97 | S&P 500 Growth |
| -0.32 | 15.00 | 12.70 | 10.00 | 19.82 | 56.38 | -0.23 | -0.07 | 39.68 | 19.60 | 60.60 | S&P 500 Value |
| -0.38 | 16.63 | 14.56 | 11.53 | 22.45 | 89.32 | 28.91 | 28.54 | 77.93 | 58.66 | 109.40 | S&P 500 Pure Growth |
| 0.24 | 21.97 | 24.05 | 19.43 | 35.56 | 82.10 | -10.04 | -9.74 | 19.28 | -1.04 | 37.70 | S&P 500 Pure Value |
| 1.39 | 12.20 | 6.38 | 3.89 | 26.69 | 39.72 | 0.01 | 0.47 | 20.65 | 14.46 | 69.19 | Berkshire Hathaway B |

As of 12.24.20. Source Kovitz using data from Bloomberg

We were impressed that the Value indexes held up as well as they did, given that news on the health front was not exactly positive. Indeed, headlines in our home Southern California locale included, “L.A. County reports nearly 30,000 coronavirus cases over a two-day period,” and “Hospitals throughout the county are overwhelmed. Some are running dangerously low on their supplies of oxygen, critical to treating severely ill COVID-19 patients.” And there were worries spreading around the world about a new more contagious strain of the virus, while the case and death counts continued to rise.

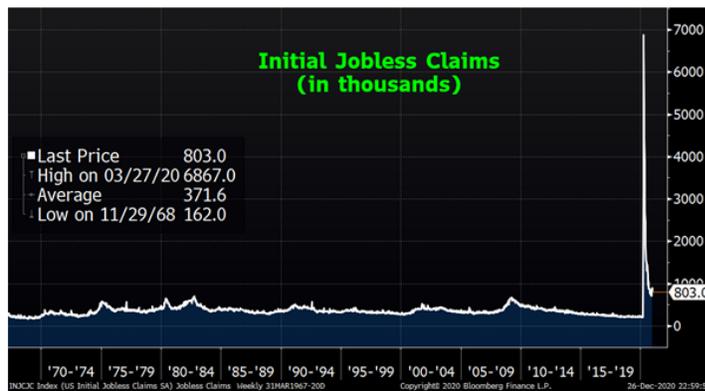


With access to testing higher, the weather having turned colder and folks not as careful in month eight or nine of the pandemic, there was a jump of nearly 4 million in global COVID-19 confirmed cases in the latest week and the U.S. is now up to nearly 333,000 fatalities. Deaths obviously lag cases, while Christmas likely led to delays in reporting and the United States, the U.K. and Europe are experiencing spikes in those diagnosed with the virus, but the weekly increase in the worldwide fatality count rose last week by 71,000, down from some 80,000 the week prior, and the “confirmed case” mortality rate of 2.19% fell again.

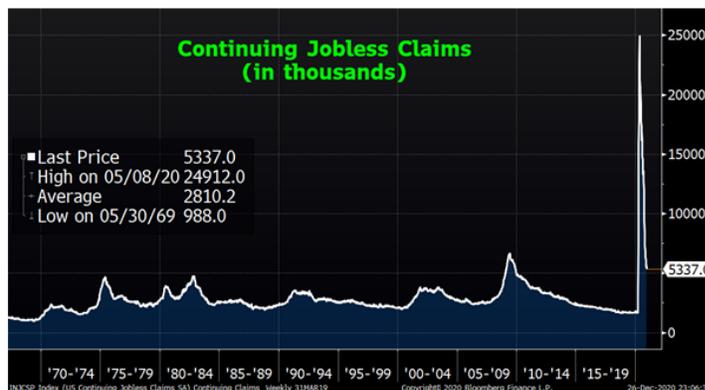


<https://www.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

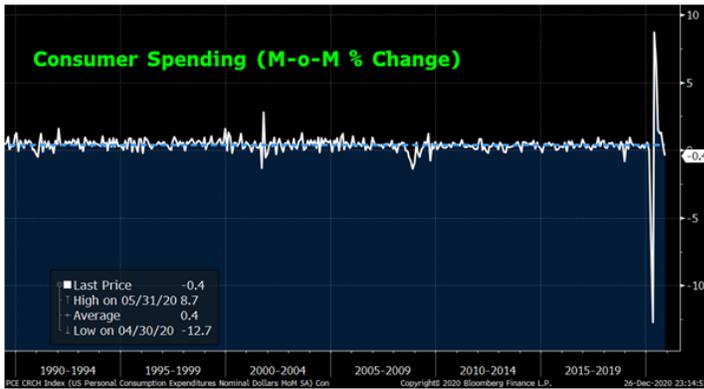
On the other side of the ledger, so to speak, hundreds of thousands now have been vaccinated, while the U.S. Congress passed another stimulus package (though President Trump was slow to sign the legislation) designed to bolster the economy. Of course, though we respect that far too many Americans are struggling to pay their bills as millions remain out of work,...



The jobs market improved in the latest week, with new applications for unemployment benefits declining to a seasonally adjusted and better-than-expected 803,000 for the period ended Dec. 19, down 89,000 from the week prior. Also, continuing jobless claims filed through state programs dropped by 170,000 to a seasonally adjusted 5.34 million, a new pandemic low. Of course, a massive 72.2 million unemployment claims have been filed since March 20.



...while folks are being more cautious in opening their pocketbooks,...



With support from Uncle Sam having ended for many, folks cut back on their expenditures in November as consumer spending fell a worse-than-expected 0.4% after rising by a revised 0.3% in October. Spending on clothes and autos led the declines, while both goods and services saw a pullback. Personal income fell 1.1% in November, though the savings rate stood at a still very healthy 12.9%, arguably providing ammo for future shopping.

...as the mood of the consumer has soured,...

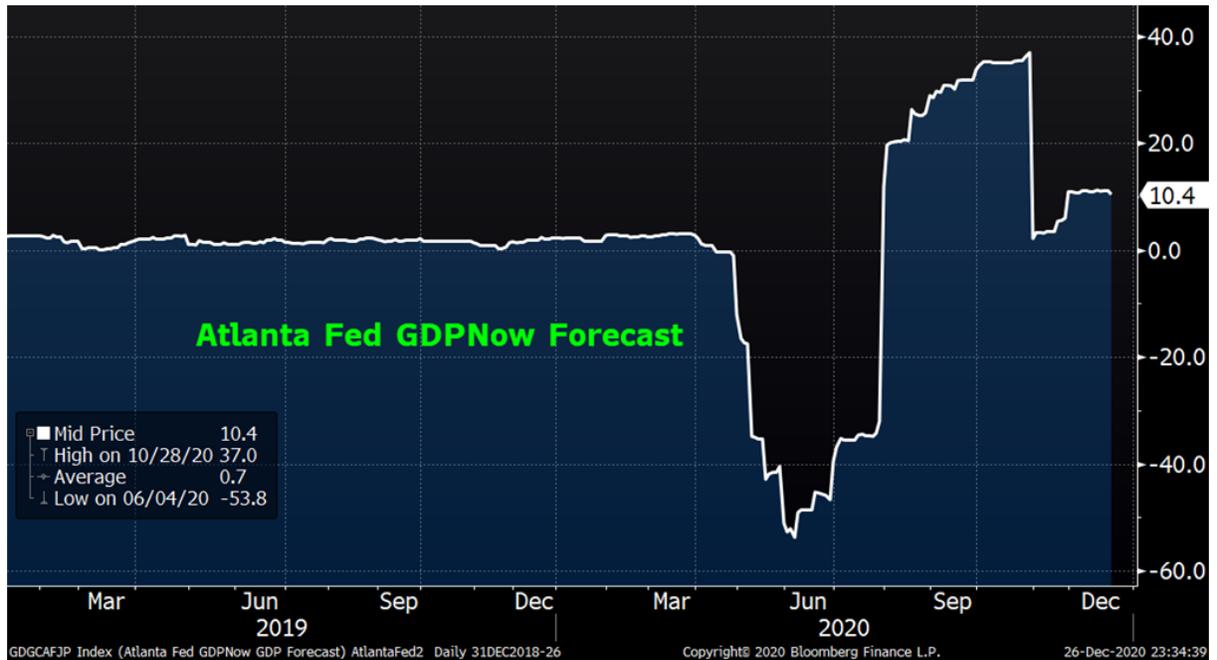


Consumer confidence, per data from the Conference Board, skidded this month, falling to 88.6, down from a revised 92.9 in November and well below expectations. On the other hand, the Univ. of Michigan gauge of consumer sentiment this month came in at 80.7, near estimates and up 3.8 points from a final reading of 76.9 in November. Both measures were below average, however.

...GDP growth is still expected to be solid in the current quarter,...



While the third quarter saw a massive 33.4% economic expansion, following an epic contraction in Q2, the Atlanta Fed is now projecting a healthy 10.4% increase in GDP in Q4 GDP on an annualized basis.



...and robust in 2021.



The Fed's latest projections call for a much less severe recession (2.4% decline in real GDP) this year, and a significant recovery of 4.2% GDP growth in 2021 and a decent 3.2% expansion in 2022, while the Fed Funds rate will likely remain near zero through 2023.

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, December 2020

Percent

| Variable | Median ¹ | | | | | Central Tendency ² | | | | | Range ³ | | | | |
|---|---------------------|------|------|------|------------|-------------------------------|---------|---------|---------|------------|--------------------|---------|---------|---------|------------|
| | 2020 | 2021 | 2022 | 2023 | Longer run | 2020 | 2021 | 2022 | 2023 | Longer run | 2020 | 2021 | 2022 | 2023 | Longer run |
| Change in real GDP | -2.4 | 4.2 | 3.2 | 2.4 | 1.8 | -2.5 -2.2 | 3.7-5.0 | 3.0-3.5 | 2.2-2.7 | 1.7-2.0 | -3.3 -1.0 | 0.5-5.5 | 2.5-4.0 | 2.0-3.5 | 1.6-2.2 |
| September projection | -3.7 | 4.0 | 3.0 | 2.5 | 1.9 | -4.0 -3.0 | 3.6-4.7 | 2.5-3.3 | 2.4-3.0 | 1.7-2.0 | -5.5 -1.0 | 0.0-5.5 | 2.0-4.5 | 2.0-4.0 | 1.6-2.2 |
| Unemployment rate | 6.7 | 5.0 | 4.2 | 3.7 | 4.1 | 6.7-6.8 | 4.7-5.4 | 3.8-4.6 | 3.5-4.3 | 3.9-4.3 | 6.6-6.9 | 4.0-6.8 | 3.5-5.8 | 3.3-5.0 | 3.5-4.5 |
| September projection | 7.6 | 5.5 | 4.6 | 4.0 | 4.1 | 7.0-8.0 | 5.0-6.2 | 4.0-5.0 | 3.5-4.4 | 3.9-4.3 | 6.5-8.0 | 4.0-8.0 | 3.5-7.5 | 3.5-6.0 | 3.5-4.7 |
| PCE inflation | 1.2 | 1.8 | 1.9 | 2.0 | 2.0 | 1.2 | 1.7-1.9 | 1.8-2.0 | 1.9-2.1 | 2.0 | 1.1-1.4 | 1.2-2.3 | 1.5-2.2 | 1.7-2.2 | 2.0 |
| September projection | 1.2 | 1.7 | 1.8 | 2.0 | 2.0 | 1.1-1.3 | 1.6-1.9 | 1.7-1.9 | 1.9-2.0 | 2.0 | 1.0-1.5 | 1.3-2.4 | 1.5-2.2 | 1.7-2.1 | 2.0 |
| Core PCE inflation ⁴ | 1.4 | 1.8 | 1.9 | 2.0 | | 1.4 | 1.7-1.8 | 1.8-2.0 | 1.9-2.1 | | 1.3-1.5 | 1.5-2.3 | 1.6-2.2 | 1.7-2.2 | |
| September projection | 1.5 | 1.7 | 1.8 | 2.0 | | 1.3-1.5 | 1.6-1.8 | 1.7-1.9 | 1.9-2.0 | | 1.2-1.6 | 1.5-2.4 | 1.6-2.2 | 1.7-2.1 | |
| Memo: Projected appropriate policy path | | | | | | | | | | | | | | | |
| Federal funds rate | 0.1 | 0.1 | 0.1 | 0.1 | 2.5 | 0.1 | 0.1 | 0.1 | 0.1-0.4 | 2.3-2.5 | 0.1 | 0.1 | 0.1-0.4 | 0.1-1.1 | 2.0-3.0 |
| September projection | 0.1 | 0.1 | 0.1 | 0.1 | 2.5 | 0.1 | 0.1 | 0.1 | 0.1-0.4 | 2.3-2.5 | 0.1 | 0.1 | 0.1-0.6 | 0.1-1.4 | 2.0-3.0 |

Source: Federal Reserve, December 16, 2020

We also note that the United Kingdom and the European Union reached a new free-trade agreement last week, avoiding a dreaded “No-Deal” resolution to the long-playing issue. To be sure, it isn't as if the U.S. stock markets have been overly concerned by the four-and-one-half-year Brexit drama,...



Incredibly, it has been more than four years since the worrisome Brexit vote and since the end of the nasty Financial Crisis Bear Market in March 2009, there have been more than a few other frightening events, yet stocks have still managed to move higher.

| Event | Date | S&P | 3 Months | 6 Months | 12 Months | 36 Months | 60 Months | Event thru Present |
|----------------------------|------------|------------------|-----------|-----------|------------|------------|------------|--------------------|
| | | End Value | Later | Later | Later | Later | Later | |
| Flash Crash | 5/6/2010 | 1,128.15 | -1% | 9% | 19% | 43% | 84% | 228% |
| Japan Tsunami | 3/11/2011 | 1,304.28 | -3% | -12% | 5% | 43% | 55% | 184% |
| S&P Downgrade | 8/6/2011 | 1,199.38 | 4% | 12% | 16% | 60% | 82% | 209% |
| Hurricane Sandy | 10/22/2012 | 1,433.82 | 4% | 9% | 22% | 43% | 80% | 158% |
| Fiscal Cliff | 1/1/2013 | 1,426.19 | 10% | 13% | 30% | 43% | 87% | 160% |
| Taper Tantrum | 5/22/2013 | 1,655.35 | 0% | 9% | 14% | 24% | 65% | 124% |
| Russia and Ukraine | 2/20/2014 | 1,839.78 | 2% | 8% | 15% | 28% | 51% | 101% |
| Ebola Scare | 9/4/2014 | 1,997.65 | 4% | 5% | -4% | 24% | 47% | 85% |
| Charlie Hebdo | 1/7/2015 | 2,025.90 | 2% | 3% | -4% | 35% | 60% | 83% |
| Greek Default | 6/30/2015 | 2,063.11 | -7% | 0% | 2% | 32% | 50% | 79% |
| China Devalues Yuan | 8/10/2015 | 2,104.18 | -1% | -12% | 3% | 35% | 60% | 76% |
| Paris Bataclan | 12/13/2015 | 2,012.37 | 0% | 3% | 13% | 32% | 82% | 84% |
| U.S. Interest Rate Hike | 12/16/2015 | 2,073.07 | -2% | 0% | 9% | 25% | 79% | 79% |
| China GDP Slowing | 1/19/2016 | 1,881.33 | 12% | 15% | 20% | 42% | | 97% |
| Brexit Vote | 6/23/2016 | 2,113.32 | 2% | 7% | 15% | 40% | | 75% |
| Trump Victory | 11/8/2016 | 2,139.56 | 7% | 12% | 21% | 45% | | 73% |
| Price Changes Only | | | | | | | | |
| Does Not Include Dividends | | Averages: | 2% | 5% | 12% | 37% | 68% | 118% |

Source: Kovitz using data from Bloomberg. As of 12.24.20

...though we never forget that while there is never a guarantee that equities will prove rewarding, that has been the case for more than nine decades,...



With a median Wall Street strategist 2021 year-end price target for the S&P 500 of 4,027, according to data from FactSet as of 12.24.20, many conclude that the supposed experts are Bullish, even as the roughly 9% climb (11% or so total return with dividends included) from the current level of the broad-market index would be about average historically.

S&P 500 Year-end 2021 Analyst Targets

| ANALYST | AFFILIATION | TARGET 2021 |
|----------------------|----------------------------------|--------------------------|
| Dubravko Lakos-Bujas | JPMorgan Chase | 4,400 |
| Kristina Hooper | Invesco | 4,350 |
| David Kostin | Goldman Sachs | 4,300 |
| John Stoltzfus | Oppenheimer | 4,300 |
| Craig Johnson | Piper Sandler Companies | 4,225 |
| Brian Belski | BMO | 4,200 |
| Keith Parker | UBS | 4,100 |
| Maneesh Deshpande | Barclays | 4,000 |
| Julian Emanuel | BTIG | 4,000 |
| Sam Stovall | CFRA | 4,080 |
| Binky Chadha | Deutsche Bank | 3,950 |
| Mike Wilson | Morgan Stanley | 3,900 |
| Darrel Cronk | Wells Fargo Investment Institute | 3,900 |
| Tobias Levkovich | Citigroup | 3,800 |
| Savita Subramanian | BofA | 3,800 |
| Barry Bannister | Stifel | 3,800 (by Spring/Summer) |

Source: Companies

Targets compiled by Marketwatch.com 12.24.20

LONG-TERM RETURNS

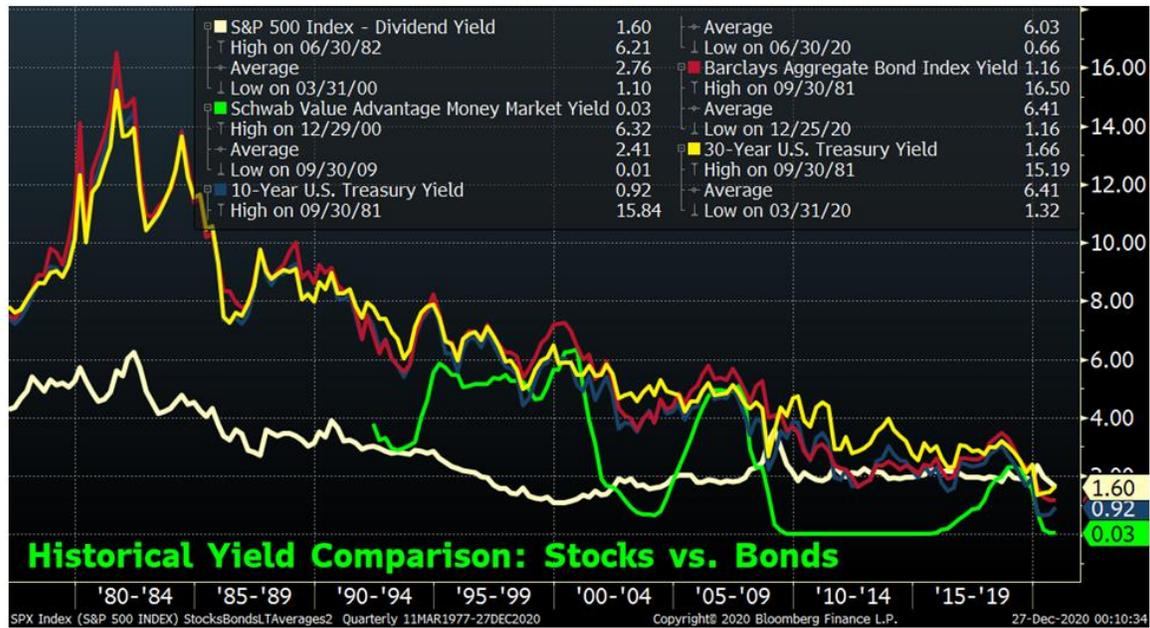
| | Annualized Return | Standard Deviation |
|----------------------------|-------------------|--------------------|
| Value Stocks | 12.8% | 26.0% |
| Growth Stocks | 9.6% | 21.4% |
| Dividend Paying Stocks | 10.4% | 18.1% |
| Non-Dividend Paying Stocks | 9.0% | 29.4% |
| Long-Term Corporate Bonds | 6.1% | 7.6% |
| Long-Term Gov't Bonds | 5.6% | 8.6% |
| Intermediate Gov't Bonds | 5.1% | 4.3% |
| Treasury Bills | 3.3% | 0.9% |
| Inflation | 2.9% | 1.8% |

From 06.30.27 through 10.31.20. 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 using data from Professors Eugene F. Fama and Kenneth R. French and Ibbotson Associates

...provided one remembers that the secret to success in stocks is not to get scared out of them, which we would think should be easier these days, given how attractive they are from an income perspective.



Though stocks are not necessarily a substitute for cash, government or corporate bonds, the payout on the S&P 500 (1.60%) is extraordinarily generous versus the income provided by fixed income, especially given the recent plunge in rates. Incredibly, **equities yield more than the Barclays Aggregate Bond Index and more than 50 times the yield of a “generous” Money Market Fund!**



Stock Updates

Keep in mind that all stocks are rated as a “Buy” until such time as they are a “Sell.” A listing of all current recommendations is available for download via the following link: <https://theprudentpeculator.com/dashboard/>. We also offer the reminder that any sales we make for our newsletter strategies are announced via our *Sales Alerts*.

It was a quiet week on the individual stock front, so our *Stock Update* for this missive offers the year’s 25 worst performers...



While some of the undervalued names presented below are up dramatically from their 52-week lows, they are each still down more than 15% in 2020 on a total-return basis.

| 2020 Laggards | | | | | | | | | | | | | | | | | | |
|---------------|-------------------------|----------------|--------------|------------------|--------------|--------------|-------------|-------------|------------------------|------|-----|-------|--------|-----------|---------|-------------|---------|---------|
| Symbol | Common Stock | 12.24.20 Price | Target Price | YTD Total Return | 52-Week High | % Below High | 52-Week Low | % Above Low | Sector | P/E | P/S | P/TBV | ROCE | EV/EBITDA | FCF Yld | Debt/TE (%) | Div Yld | Mkt Cap |
| TNP | Tsakos Energy | \$8.64 | \$23.10 | -59% | \$23.61 | -63% | \$7.06 | 22% | Energy | nmf | 0.2 | nmf | nmf | 5.0 | nmf | nmf | 2.9% | 162 |
| SFL | SFL Corp Ltd | \$6.18 | \$11.37 | -53% | \$14.80 | -58% | \$5.85 | 6% | Energy | 9.6 | 1.6 | 0.8 | -3.5 | 14.2 | 10.9 | 234% | 9.7% | 747 |
| HFC | HollyFrontier | \$25.35 | \$47.20 | -48% | \$51.75 | -51% | \$16.81 | 51% | Energy | 72.4 | 0.3 | 1.8 | -7.5 | 109.0 | 5.3 | 150% | 5.5% | 4,107 |
| RCL | Royal Caribbean Cruises | \$70.66 | \$91.78 | -46% | \$135.32 | -48% | \$19.25 | 267% | Consumer Services | nmf | 3.4 | 2.1 | -40.9 | -17.2 | -30.7 | 242% | 0.0% | 15,852 |
| EOG | EOG Resources | \$49.60 | \$67.62 | -39% | \$89.54 | -45% | \$27.00 | 84% | Energy | 23.6 | 2.3 | 1.4 | -1.5 | 9.3 | 5.9 | 25% | 3.0% | 28,936 |
| XOM | Exxon Mobil | \$41.60 | \$62.04 | -36% | \$71.37 | -42% | \$30.11 | 38% | Energy | nmf | 0.9 | 1.0 | 1.8 | 12.2 | -1.9 | 26% | 8.4% | 175,895 |
| GT | Goodyear Tire & Rubber | \$10.36 | \$15.85 | -33% | \$15.69 | -34% | \$4.09 | 153% | Auto & Components | nmf | 0.2 | 1.0 | -44.4 | 69.7 | 17.0 | 274% | 0.0% | 2,415 |
| DAL | Delta Air Lines | \$39.73 | \$50.93 | -32% | \$62.48 | -36% | \$17.51 | 127% | Transportation | nmf | 1.0 | nmf | -114.3 | -5.8 | -15.7 | nmf | 0.0% | 25,337 |
| TSN | Tyson Foods | \$64.79 | \$92.91 | -27% | \$94.24 | -31% | \$42.57 | 52% | Food, Bev & Tobacco | 11.5 | 0.5 | nmf | 14.5 | 7.6 | 11.4 | nmf | 2.7% | 23,636 |
| INT | World Fuel Services | \$31.25 | \$43.08 | -27% | \$44.16 | -29% | \$18.36 | 70% | Energy | 15.7 | 0.1 | 1.9 | 9.0 | 6.9 | 24.4 | 47% | 1.3% | 1,984 |
| KIM | Kimco Realty | \$14.52 | \$17.83 | -26% | \$20.83 | -30% | \$7.45 | 95% | Real Estate | 11.9 | nmf | 1.3 | 19.0 | nmf | nmf | nmf | 4.4% | 6,280 |
| JWN | Nordstrom | \$30.34 | \$37.25 | -25% | \$43.37 | -30% | \$11.72 | 159% | Retailing | nmf | 0.4 | nmf | -96.1 | 24.7 | -5.7 | nmf | 0.0% | 4,784 |
| REG | Regency Centers | \$45.41 | \$68.30 | -24% | \$64.65 | -30% | \$31.80 | 43% | Real Estate | 14.2 | nmf | 1.3 | 0.8 | nmf | nmf | nmf | 5.2% | 7,713 |
| HPE | Hewlett Packard Enter | \$11.76 | \$17.26 | -23% | \$16.18 | -27% | \$7.43 | 58% | Technology Hardware | 8.7 | 0.6 | nmf | -1.9 | 11.4 | -0.9 | nmf | 4.1% | 15,212 |
| ALK | Alaska Air Group | \$52.25 | \$65.12 | -22% | \$69.30 | -25% | \$20.02 | 161% | Transportation | nmf | 1.3 | 4.6 | -18.1 | -19.2 | 1.3 | 284% | 0.0% | 6,461 |
| T | AT&T | \$28.69 | \$41.89 | -22% | \$39.55 | -27% | \$26.08 | 10% | Telecom Services | 8.6 | 1.2 | nmf | 6.1 | 7.0 | 13.5 | nmf | 7.2% | 204,445 |
| C | Citigroup | \$60.57 | \$95.00 | -21% | \$83.11 | -27% | \$32.00 | 89% | Banks | 12.5 | nmf | 0.8 | 6.1 | nmf | nmf | nmf | 3.4% | 126,104 |
| BHE | Benchmark Electronics | \$26.69 | \$31.92 | -21% | \$37.36 | -29% | \$14.06 | 90% | Technology Hardware | 30.3 | 0.5 | 1.3 | -0.1 | 12.8 | 2.6 | 30% | 2.4% | 974 |
| KSS | Kohl's | \$38.91 | \$49.93 | -20% | \$51.60 | -25% | \$10.89 | 257% | Retailing | nmf | 0.4 | 1.3 | -4.7 | 13.9 | 18.0 | 134% | 0.0% | 6,134 |
| INTC | Intel | \$47.07 | \$66.05 | -19% | \$69.29 | -32% | \$43.61 | 8% | Semiconductors | 8.9 | 2.5 | 5.1 | 29.5 | 5.6 | 10.1 | 96% | 2.8% | 192,893 |
| CMA | Comerica | \$55.90 | \$80.45 | -17% | \$72.23 | -23% | \$24.28 | 130% | Banks | 15.4 | nmf | 1.1 | 6.9 | nmf | nmf | nmf | 4.9% | 7,775 |
| BIIB | Biogen | \$248.89 | \$335.80 | -16% | \$374.99 | -34% | \$223.25 | 11% | Pharma, Biotech | 6.8 | 2.7 | 22.8 | 41.1 | 5.8 | 14.7 | 467% | 0.0% | 38,300 |
| BK | Bank of New York Mellon | \$41.04 | \$54.94 | -16% | \$51.60 | -20% | \$26.40 | 55% | Diversified Financials | 10.1 | nmf | 1.8 | 10.5 | nmf | nmf | nmf | 3.0% | 36,367 |
| KEY | KeyCorp | \$16.19 | \$21.05 | -16% | \$20.45 | -21% | \$7.45 | 117% | Banks | 13.8 | nmf | 1.2 | 7.2 | nmf | nmf | nmf | 4.6% | 15,809 |
| TOT | Total SE | \$43.46 | \$60.29 | -15% | \$56.91 | -24% | \$22.13 | 96% | Energy | 18.5 | 0.8 | 1.4 | -5.1 | 7.2 | 4.2 | 76% | 5.9% | 115,305 |

As of 12.24.20. 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

...and 25 best performers from our current recommended list.



Illustrating the importance of patience as short-term losers can rebound sharply and quickly, the majority of the names presented below are up well more than 100% from their 52-week lows.

2020 Leaders

| Symbol | Common Stock | 12.24.20 Price | Target Price | YTD Total Return | 52-Week High | % Below High | 52-Week Low | % Above Low | Sector | P/E | P/S | P/TBV | ROCE | EV/EBITDA | FCF Yld | Debt/TE (%) | Div Yld | Mkt Cap |
|--------|---------------------|----------------|--------------|------------------|--------------|--------------|-------------|-------------|-------------------------|------|------|-------|-------|-----------|---------|-------------|---------|-----------|
| ALB | Albemarle | \$149.64 | \$154.22 | 109% | \$152.82 | -2% | \$48.89 | 206% | Materials | 32.0 | 4.9 | 7.3 | 9.6 | 24.4 | -0.2 | 140% | 1.0% | 15,930 |
| AAPL | Apple | \$131.97 | \$140.64 | 81% | \$137.98 | -4% | \$53.15 | 148% | Technology Hardware | 40.4 | 8.2 | 34.3 | 73.7 | 27.6 | 3.2 | 164% | 0.6% | 2,243,728 |
| FDX | FedEx | \$268.82 | \$323.99 | 81% | \$305.66 | -12% | \$88.69 | 203% | Transportation | 19.7 | 1.0 | 5.0 | 12.4 | 11.3 | 4.0 | 253% | 1.0% | 71,256 |
| QCOM | Qualcomm | \$148.79 | \$167.97 | 73% | \$161.07 | -8% | \$58.00 | 157% | Semiconductors | 35.6 | 7.2 | nmf | 94.6 | 22.3 | 2.6 | nmf | 1.7% | 168,281 |
| COHU | Cohu Inc | \$38.75 | \$41.70 | 70% | \$41.00 | -5% | \$8.89 | 336% | Semiconductors | 90.1 | 2.8 | nmf | -9.5 | 30.9 | 2.4 | nmf | 0.0% | 1,626 |
| LRCX | Lam Research | \$480.34 | \$520.05 | 67% | \$516.65 | -7% | \$181.38 | 165% | Semiconductors | 26.0 | 6.3 | 18.3 | 50.4 | 20.0 | 3.0 | 132% | 1.1% | 69,173 |
| DE | Deere & Co | \$269.21 | \$293.71 | 58% | \$272.00 | -1% | \$106.14 | 154% | Capital Goods | 28.2 | 2.4 | 9.8 | 22.6 | 12.0 | 5.7 | 383% | 1.1% | 84,360 |
| BLK | BlackRock | \$707.18 | \$738.81 | 44% | \$721.82 | -2% | \$323.98 | 118% | Diversified Financials | 22.1 | nmf | 105.5 | 14.1 | nmf | nmf | nmf | 2.1% | 108,536 |
| NLOK | NortonLifeLock | \$21.04 | \$27.17 | 44% | \$24.40 | -14% | \$14.62 | 44% | Software & Services | 17.8 | 5.0 | nmf | nmf | 22.6 | -10.6 | nmf | 2.4% | 12,453 |
| AVGO | Broadcom | \$431.46 | \$458.70 | 43% | \$436.00 | -1% | \$155.67 | 177% | Semiconductors | 19.5 | 7.3 | nmf | 12.9 | 19.3 | 6.7 | nmf | 3.3% | 175,480 |
| MSFT | Microsoft | \$222.75 | \$242.85 | 43% | \$232.86 | -4% | \$132.52 | 68% | Software & Services | 36.0 | 11.4 | 23.2 | 41.4 | 23.0 | 2.9 | 102% | 1.0% | 1,684,100 |
| NEM | Newmont Corp | \$60.48 | \$77.36 | 42% | \$72.22 | -16% | \$33.00 | 83% | Materials | 29.1 | 4.4 | 2.4 | 11.7 | 9.6 | 6.3 | 31% | 2.6% | 48,587 |
| TKR | Timken Co | \$77.36 | \$81.02 | 40% | \$78.51 | -1% | \$22.26 | 248% | Capital Goods | 18.9 | 1.7 | 21.6 | 18.3 | 11.7 | 8.7 | 593% | 1.5% | 5,830 |
| TGT | Target | \$175.19 | \$190.34 | 39% | \$181.17 | -3% | \$90.17 | 94% | Retailing | 20.7 | 1.0 | 6.9 | 30.7 | 11.5 | 8.4 | 116% | 1.6% | 87,730 |
| MDC | MDC Holdings | \$50.94 | \$60.31 | 38% | \$52.50 | -3% | \$15.75 | 223% | Consumer Durables | 10.7 | 0.9 | 1.7 | 16.8 | 8.9 | 3.0 | 59% | 3.1% | 3,304 |
| LOW | Lowe's Cos | \$162.77 | \$189.37 | 38% | \$180.67 | -10% | \$60.00 | 171% | Retailing | 19.3 | 1.4 | 31.6 | 163.7 | 12.6 | 8.1 | 666% | 1.5% | 119,265 |
| MS | Morgan Stanley | \$68.09 | \$80.02 | 37% | \$68.97 | -1% | \$27.20 | 150% | Diversified Financials | 11.7 | nmf | 1.7 | 12.1 | nmf | nmf | nmf | 2.1% | 123,188 |
| WHR | Whirlpool Corp | \$193.20 | \$243.00 | 35% | \$207.30 | -7% | \$64.00 | 202% | Consumer Durables | 11.5 | 0.6 | nmf | 27.3 | 8.8 | 14.2 | nmf | 2.6% | 12,084 |
| DPSGY | Deutsche Post AG | \$48.76 | \$55.28 | 33% | \$51.14 | -5% | \$20.14 | 142% | Transportation | nmf | nmf | nmf | 20.0 | 7.8 | 8.6 | 1113% | 2.1% | 60,417 |
| MU | Micron Technology | \$70.58 | \$78.23 | 31% | \$74.61 | -5% | \$31.13 | 127% | Semiconductors | 24.9 | 3.7 | 2.1 | 7.2 | 8.8 | 0.1 | 18% | 0.0% | 78,831 |
| CMI | Cummins Inc | \$226.53 | \$247.48 | 30% | \$244.67 | -7% | \$101.03 | 124% | Capital Goods | 20.0 | 1.7 | 6.2 | 20.5 | 13.1 | 5.5 | 73% | 2.4% | 33,528 |
| GOOG | Alphabet Inc | \$1,738.85 | \$1,919.19 | 30% | \$1,847.20 | -6% | \$1,013.54 | 72% | Media & Entertainment | 37.6 | 6.8 | 6.2 | 17.5 | 21.2 | 2.9 | 13% | 0.0% | 1,174,686 |
| ETN | Eaton Corp PLC | \$118.07 | \$124.89 | 29% | \$123.67 | -5% | \$56.42 | 109% | Capital Goods | 26.7 | 2.6 | nmf | 9.1 | 18.7 | 5.2 | nmf | 2.5% | 47,063 |
| GLW | Corning | \$36.27 | \$41.98 | 29% | \$38.44 | -6% | \$17.44 | 108% | Technology Hardware | 27.1 | 2.6 | 4.2 | 1.8 | 21.0 | 3.8 | 128% | 2.4% | 27,711 |
| ABT | Abbott Laboratories | \$108.35 | \$120.04 | 27% | \$115.14 | -6% | \$61.61 | 76% | Health Care Equip/Srvcs | 34.4 | 6.0 | nmf | 10.7 | 27.1 | 2.4 | nmf | 1.7% | 192,035 |

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