

Market Commentary Monday, January 4, 2021

January 3, 2021

EXECUTIVE SUMMARY

TPS 651 – January Newsletter Coming 01.05.21

Target Prices – New Listing Coming to theprudentpeculator.com

Health News – Rising Cases, Hospitalizations & Deaths

Week In Review – Nice End to 2020

Value vs. Growth – Inexpensive Stocks Performed Best Since 07.09.20 and Since 1926

GDP Outlook – Significant Q4 Growth and Robust 2021 Expansion Expected...Should Support Value

Econ Data – Mixed Numbers in Latest Week

Calendar – Presidential Cycle, EPS Growth and Low Interest Rates Should Favor Value

Volatility – 5%/10% Pullbacks/Corrections are Not Unusual

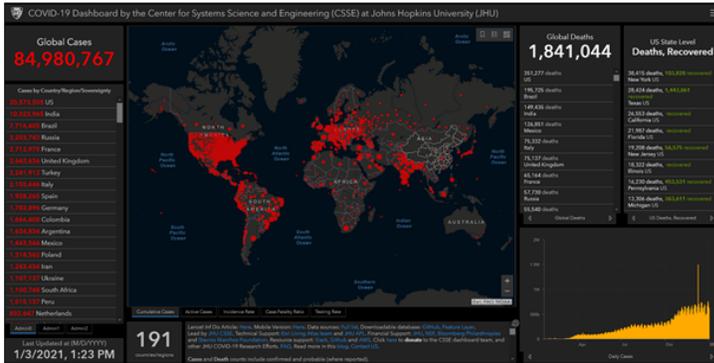
Sentiment – Folks are Not too Optimistic

Stock News – 25 Biggest Decliners & 25 Largest Advancers Over Second-Half 2020

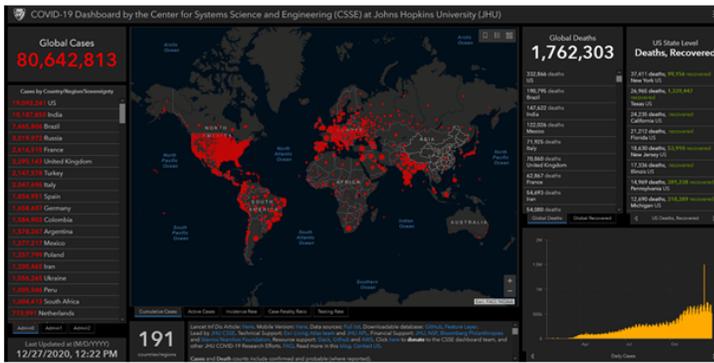
Market Review

Happy New Year! We are now at work on the January edition of *The Prudent Speculator*. If all goes according to plan, we expect to email *TPS 651* on Tuesday evening, January 5. This month, we have one new recommendation while our *Graphic Detail* section offers our semi-annual review of Sector Weightings and Performance Attribution. Note, too, that we are in the process of posting updated Target Prices for all our stocks to theprudentpeculator.com.

Somewhat surprisingly, we suppose, given that news on the health front has remained very disconcerting with new record hospitalizations in California, new COVID-19 variants making their way around the U.S., and the United Kingdom pondering even stricter lockdowns,...



With access to testing higher, the weather having turned colder and folks not as careful in month nine or ten of the pandemic, there was a jump of 4.3 million in global COVID-19 confirmed cases in the latest week and the U.S. is now up to more than 351,000 fatalities. Deaths obviously lag cases, while Christmas/New Year's likely led to delays in reporting even as the United States, the U.K. and Europe are experiencing spikes in those diagnosed. The weekly increase in the worldwide fatality count rose last week by 79,000, up from 71,000 the week prior, and the "confirmed case" mortality rate of 2.17% fell again.



<https://www.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecfb>

...stocks closed out 2020 with generally solid gains during the Holiday-shortened trading week. Happily, the Value indexes ended the tumultuous year on a high note, with sizable outperformance since July 9, 2020, even as the full-year race was lopsided in favor of Growth.



While nearly six 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.

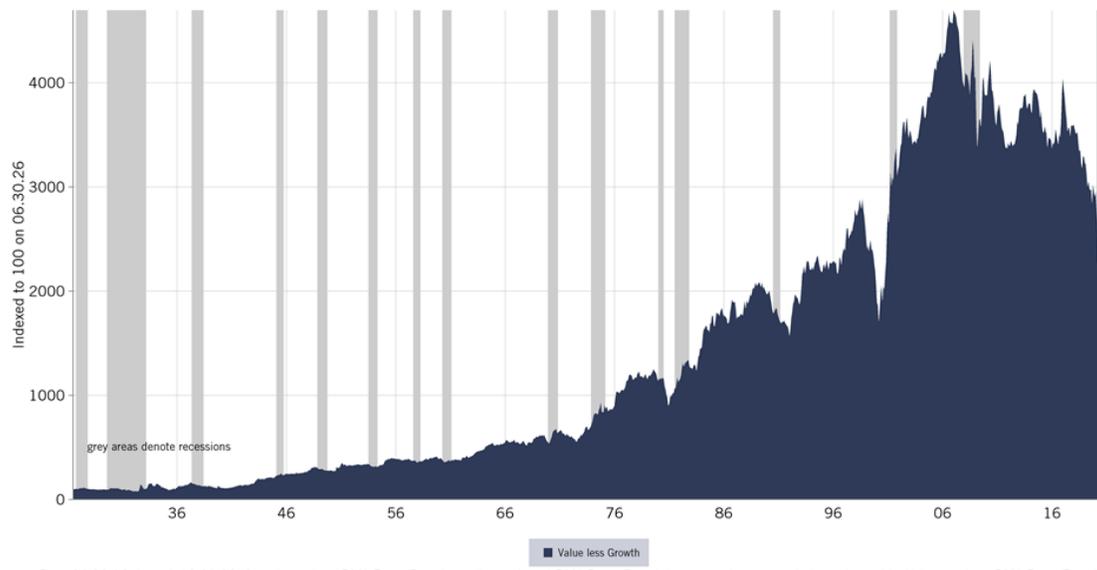
Total Returns Matrix											Name
Last Week	Since 11.30.20	Since 10.31.20	Since 9.30.20	Since 8.31.20	Since 7.9.20	Since 3.23.20	Last 12 Months	Last 24 Months	Last 36 Months	Last 60 Months	
0.50	1.34	3.19	3.28	2.91	5.24	12.45	9.20	16.66	15.26	26.37	Bloomberg Barclays Global-Aggregate Bond
0.22	0.14	1.12	0.67	0.61	0.62	6.40	7.51	16.88	16.89	24.23	Bloomberg Barclays US Aggregate Bond
1.35	3.41	15.97	10.73	8.32	20.25	67.41	9.72	37.53	32.75	98.11	Dow Jones Industrial Average
1.03	3.89	17.30	14.95	12.19	23.07	68.75	7.08	34.65	22.82	63.66	New York Stock Exchange Composite
0.64	4.89	16.08	12.41	7.27	21.15	86.26	38.26	87.82	83.84	155.85	Russell 3000 Growth
1.21	4.09	18.44	17.21	14.19	25.49	65.55	2.87	29.89	18.75	59.14	Russell 3000 Value
0.91	4.50	17.21	14.68	10.51	23.22	76.83	20.89	58.39	50.08	104.95	Russell 3000
1.20	4.27	19.18	18.46	15.46	28.26	80.22	12.83	45.82	34.69	83.85	S&P 500 Equal Weighted
1.45	3.84	15.21	12.15	7.89	20.09	70.18	18.40	55.68	48.85	103.04	S&P 500
1.33	4.08	14.18	10.66	5.49	19.04	78.69	33.47	75.02	75.00	138.40	S&P 500 Growth
1.59	3.50	16.83	14.49	11.75	21.72	58.86	1.36	33.72	21.75	64.89	S&P 500 Value
0.58	4.55	17.31	15.23	12.17	23.16	90.42	29.66	67.24	60.19	111.64	S&P 500 Pure Growth
1.48	4.09	23.77	25.88	21.19	37.56	84.79	-8.71	14.52	0.78	41.93	S&P 500 Pure Value
2.36	1.29	14.84	8.89	6.34	29.68	43.01	2.37	13.56	16.98	75.61	Berkshire Hathaway B

As of 12.31.20. Source Kovitz using data from Bloomberg

Certainly, inexpensive stocks were overdue for a turn atop the leaderboard, given Value's wide historical returns advantage,...



Certainly, we respect that we live in a what-have-you-done-for-me-lately world, but Value has crushed Growth over the long haul, with the best time to buy inexpensive stocks through the years being after periods of lagging performance.



From 06.30.26 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. SOURCE: Kovitz using data from Professors Eugene F. Fama and Kenneth R. French

...not to mention its performance leadership when the U.S. economy has emerged from recession,...



U.S. Recession Trough (per NBER) & Equity Returns

S&P 500 and Fama/French Value Performance

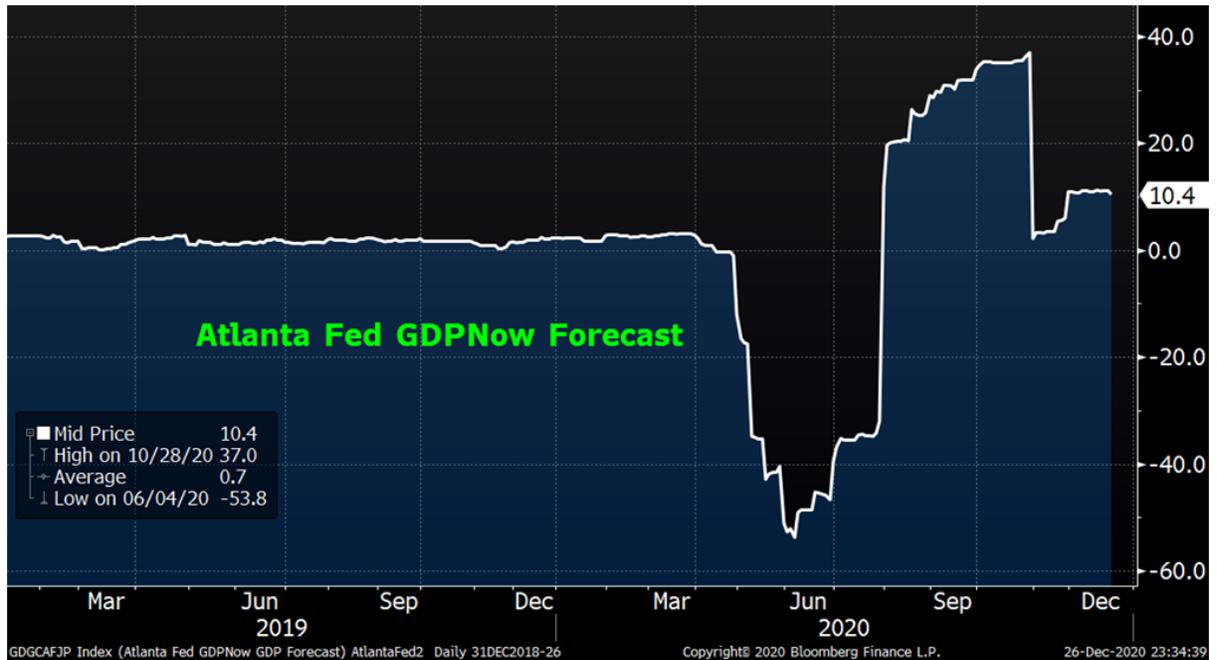
Recession Trough Date	1 Year Post S&P 500 TR	1 Year Post FF Value TR	1 Year Post FF Growth TR	3 Year Post S&P 500 TR	3 Year Post FF Value TR	3 Year Post FF Growth TR	5 Year Post S&P 500 TR	5 Year Post FF Value TR	5 Year Post FF Growth TR
Mar-33	81.5%	88.7%	82.9%	155.7%	135.3%	169.1%	62.4%	69.5%	96.2%
Jun-38	-1.7%	-14.5%	2.7%	0.8%	4.6%	14.5%	43.9%	129.3%	65.5%
Oct-45	-7.2%	-2.2%	-6.8%	14.7%	26.6%	-1.3%	64.8%	76.2%	38.5%
Oct-49	35.1%	43.8%	29.9%	92.8%	96.5%	66.3%	177.8%	174.6%	131.2%
May-54	36.1%	60.2%	34.4%	83.7%	95.5%	69.4%	145.2%	200.3%	143.0%
Apr-58	37.2%	61.0%	51.4%	66.4%	94.4%	86.4%	89.9%	128.4%	84.1%
Feb-61	13.6%	16.9%	8.6%	35.2%	49.1%	12.1%	68.4%	137.0%	55.6%
Nov-70	11.2%	11.0%	20.5%	20.6%	13.5%	-0.7%	25.1%	44.4%	1.5%
Mar-75	28.3%	51.5%	31.3%	22.1%	98.6%	44.4%	55.6%	157.8%	96.9%
Jul-80	13.0%	22.9%	22.8%	56.1%	113.6%	69.7%	100.5%	207.7%	75.2%
Nov-82	25.6%	39.8%	21.1%	66.8%	99.7%	36.4%	103.0%	123.9%	38.2%
Mar-91	11.0%	25.5%	16.7%	29.8%	73.2%	25.8%	98.0%	154.7%	82.9%
Nov-01	-16.5%	-11.9%	-18.5%	8.4%	39.8%	13.7%	34.3%	93.7%	33.5%
Jun-09	14.4%	25.5%	14.7%	57.7%	53.2%	62.3%	136.9%	158.2%	140.8%
Averages	20.1%	29.9%	22.3%	50.8%	71.0%	47.7%	86.1%	132.6%	77.4%

Source: Kovitz Investment Group using data from Bloomberg, Professors Eugene F. Fama & Kenneth R. French and the National Bureau of Economic Research

...with the more-favorable GDP backdrop playing out in the quarter just completed,...



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, helped in part by another round of government stimulus doled out last week, likely to continue 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

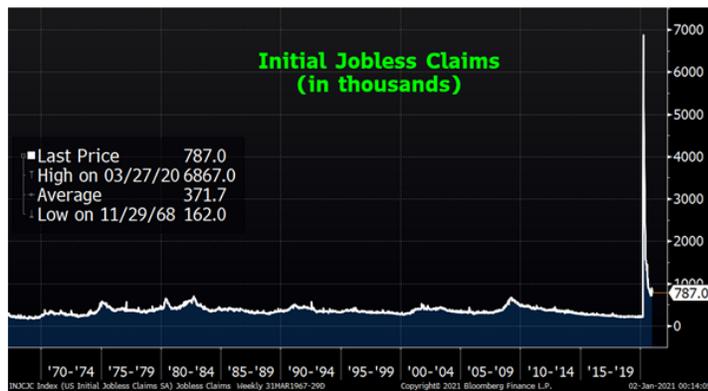
Source: Federal Reserve, December 16, 2020

...even as near-term economic statistics were mixed, with very good housing numbers,...



The latest reading on home prices soared in October, with the S&P CoreLogic Case-Shiller nationwide index jumping 8.4% on a year-over-year basis, the fastest increase since 2014. Those rising prices, combined with a shortage of homes for sale led to a 2.6% drop in contract signings during November, the third straight monthly contraction. Of course, on a year-over-year basis, pending home sales were still up 16%.

...offset by a dismal, though improving labor market.

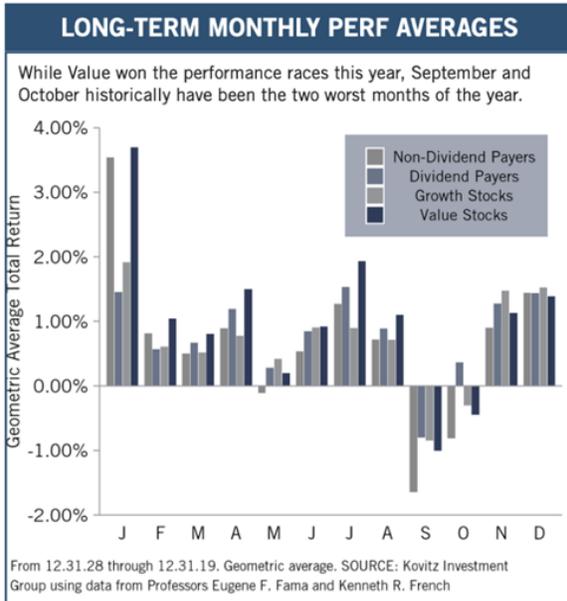


The jobs market improved in the latest week, with new applications for unemployment benefits declining to a seasonally adjusted and better-than-expected 787,000 for the period ended Dec. 26, down 19,000 from the week prior. Also, continuing jobless claims filed through state programs dropped by 103,000 to a seasonally adjusted 5.22 million, a new pandemic low. Of course, a massive 73.0 million unemployment claims have been filed since March 20.

To be sure, most were happy to bid adieu to 2020, and we think the new year will see a continuation of the recent outperformance for Value,...



No doubt, few were unhappy to see 2020 ushered out, and market history suggests that those of us who favor Value stocks should be pleased to see the calendar turn to January and the first year of the Presidency.



PRESIDENTIAL FIRST YEAR PERFORMANCE

Presidential first years are thought to be tough for stocks, but Value has had double-digit percentage returns every such year since 1973.

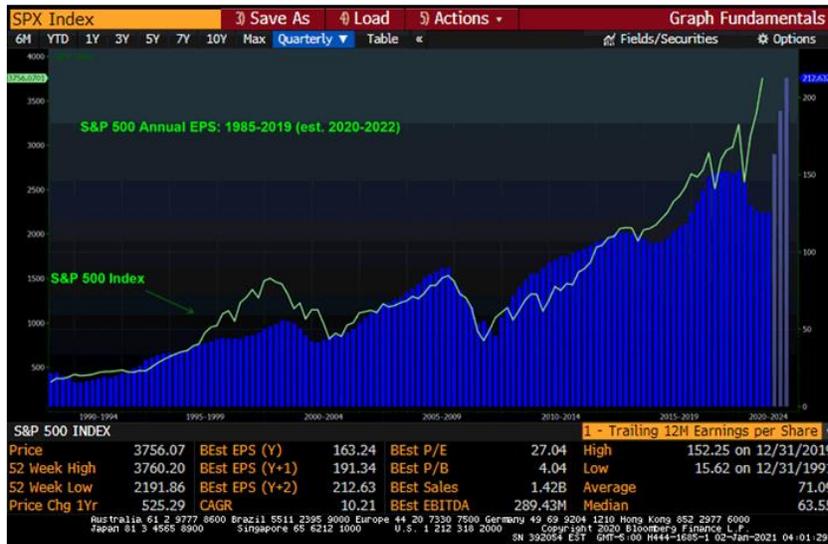
President	Year	Value	Growth	Divs	No Divs	S&P
Hoover	1929	-21.9%	-33.2%	-12.0%	-31.7%	-8.4%
Roosevelt	1933	126.9%	93.1%	69.8%	74.0%	54.0%
Roosevelt	1937	-45.9%	-42.2%	-34.0%	-49.3%	-35.0%
Roosevelt	1941	-3.4%	-14.6%	-12.1%	-16.3%	-11.6%
Truman	1945	59.5%	47.6%	38.3%	90.6%	36.4%
Truman	1949	19.8%	24.4%	21.2%	27.1%	18.8%
Eisenhower	1953	-6.4%	1.3%	-1.2%	-10.5%	-1.0%
Eisenhower	1957	-19.4%	-13.0%	-12.3%	-18.8%	-10.8%
Kennedy	1961	30.6%	25.3%	28.1%	18.5%	26.9%
Johnson	1965	31.7%	24.4%	13.0%	42.5%	12.5%
Nixon	1969	-20.9%	-11.8%	-10.8%	-24.9%	-8.5%
Nixon	1973	-16.4%	-34.3%	-16.3%	-40.0%	-14.7%
Carter	1977	11.9%	4.0%	-2.5%	10.4%	-7.2%
Reagan	1981	15.8%	-9.1%	-1.0%	-16.1%	-4.9%
Reagan	1985	32.4%	30.8%	33.6%	23.9%	32.2%
Bush H.	1989	23.2%	27.4%	29.7%	24.1%	31.5%
Clinton	1993	24.6%	5.6%	9.9%	16.9%	10.0%
Clinton	1997	37.9%	20.3%	34.7%	20.6%	33.4%
Bush W.	2001	12.4%	-6.8%	-2.8%	-20.9%	-11.9%
Bush W.	2005	10.6%	2.3%	6.6%	5.9%	4.9%
Obama	2009	25.2%	34.6%	23.0%	50.2%	26.5%
Obama	2013	41.1%	39.5%	34.1%	40.0%	32.4%
Trump	2017	13.9%	28.1%	21.1%	28.4%	21.8%
Average		12.0%	5.6%	8.3%	4.0%	7.1%

SOURCE: Kovitz Investment Group using data from Ibbotson Associates and Professors Eugene F. Fama and Kenneth R. French

...especially as corporate profits are expected to show handsome growth,...



Q3 earnings reporting season was very good, relative to analyst projections that had been a little too pessimistic in their top- and bottom-line estimates. Of course, full-year 2020 COVID-19-impacted EPS likely will be lousy, but a significant rebound is projected next year.



S&P 500 Earnings Per Share		
Quarter Ended	Bottom Up Operating EPS 3 Month	Bottom Up Operating EPS 12 Month
ESTIMATES		
12/31/2021	\$44.88	\$166.63
9/30/2021	\$43.88	\$158.37
6/30/2021	\$40.23	\$152.39
3/31/2021	\$37.64	\$138.95
12/31/2020	\$36.62	\$120.81
9/30/2020	\$37.90	\$123.37
ACTUAL		
6/30/2020	\$26.79	\$125.28
3/31/2020	\$19.50	\$138.63
12/31/2019	\$39.18	\$157.12
9/30/2019	\$39.81	\$152.97
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

Source: Standard & Poor's. As of 12.17.20

...while stocks in general are very much attractively priced given the incredibly low interest rate environment.



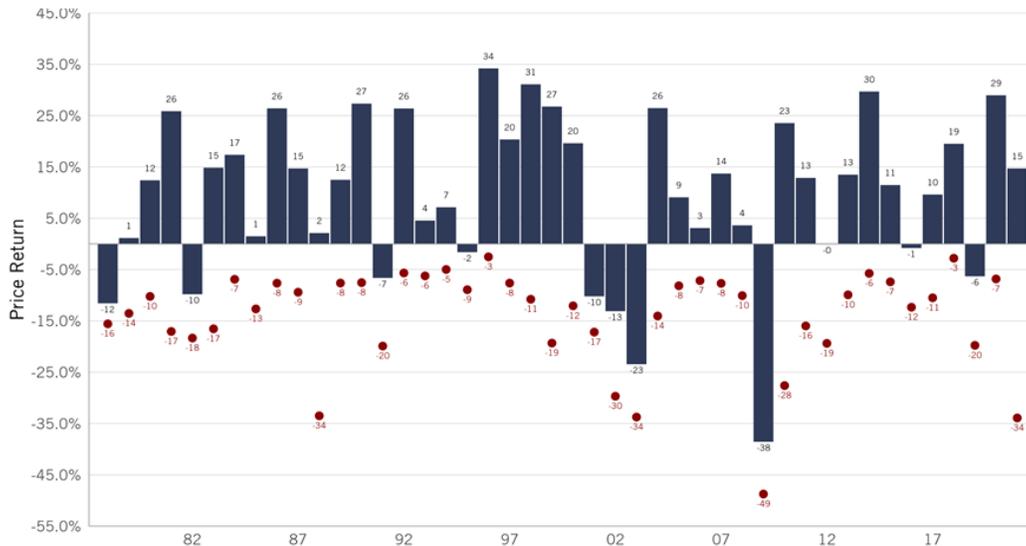
The so-called Fed Model suggests that the yield on 10-Year Treasuries should be similar to the S&P 500 Earnings Yield, which is the inverse of the P/E ratio. If the 10-Year is greater than the S&P Earnings Yield, a market is overvalued and if the reverse is true, as it is today, a market is undervalued. Though many dismiss the Fed Model, we like today's rich (and temporarily depressed) relative earnings yield (3.34% vs. 0.91% 10-Year) and generous S&P 500 dividend yield of 1.57%.



Of course, we respect that the massive gains since March 23, 2020, and the terrific performance since Halloween have many thinking that we are overdue for some sort of a downturn, especially with the important Georgia Senate elections taking place on Tuesday. Indeed, one prominent pundit, whose work your Editor has long respected, told the *Associated Press*, “There’s a good possibility that we get a deep pullback – pullbacks being 5% to 10% – or maybe a shallow correction [10% or greater selloff]. Enough to remind investors that share prices don’t go up forever.”



While the S&P 500 has enjoyed excellent long-term returns and endured a relatively small number of negative full years since the founding of *The Prudent Speculator* in 1977, there have been corrections of 10% or more in 27 of the 44 years, including a 34% one (on a closing basis) in 2020.



From 12.31.76 through 12.26.20. Price returns do not include dividends. Intra-year drops refer to the largest drops between high and low close prices during a calendar year. 2019 return is year to date. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Not to be critical of this smart fellow, but since 5% pullbacks (in the S&P 500) happen three times a year on average, with 10% corrections taking place every 0.9 years on average going back to the 1920s, we hardly think he is going out on a limb with his prediction. Still, given that many are concerned that folks have become too optimistic about equities, which is not a view that we share,...

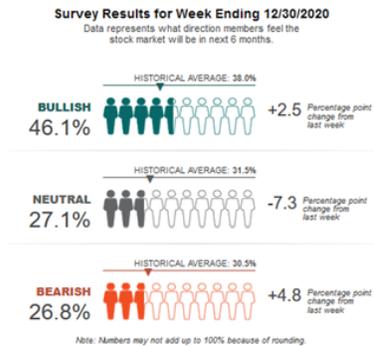


Folks on Main Street became more pessimistic last week, as the latest AAI Sentiment Survey saw the number of Bears rise 4.8 points to 26.8%, 3.7 points below normal, even as the tally of Bulls climbed 2.5 points to an above-average reading of 46.1%.

After a brief fling with U.S. stocks following the November election, investors have lost interest over the last five reported weeks, but the love affair with fixed income continues unabated, per the latest data on mutual and exchange traded fund flows from the Investment Company Institute.

AAI Investor Sentiment Survey

Since 1987, AAI members have been answering the same simple question each week. The results are compiled into the AAI Investor Sentiment Survey, which offers insight into the mood of individual investors.



The AAI 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.

Combined Estimated Long-Term Fund Flows and ETF Net Issuance

Millions of dollars					
Week Ended	12/22/2020	12/16/2020	12/9/2020	12/2/2020	11/24/2020
Total Equity	-3,201	9,491	-1,318	-8,904	2,139
Domestic	-7,535	6,628	-6,168	452	-486
World	4,334	2,863	4,850	-9,357	2,626
Hybrid	-1,271	-1,599	-420	33	-989
Total Bond	12,929	8,115	13,854	22,617	13,935
Taxable	10,843	5,598	11,516	20,803	11,498
Municipal	2,086	2,517	2,338	1,815	2,438
Commodities	111	-503	-69	-1,191	-1,604
Total	8,568	15,504	12,047	12,555	13,482

Source: Investment Company Institute

...we like that Wall Street strategists generally are not that Bullish in their outlooks for 2021.



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 “experts” are Bullish, even as the roughly 7% climb (9% or so total return with dividends included) from the current level of the broad-market index would be a bit below 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 Bloomberg 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

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 another quiet week on the individual stock front, so we think it interesting to look at the year's 25 worst second-half 2020 performers...



While some of the undervalued names presented below were up dramatically for the full year and from their 52-week lows, the list below represents our bottom-25 total returners over the second half of 2020.

		Second-Half 2020 Laggards																	
Symbol	Common Stock	12.31.20 Price	Target Price	H2 2020 TR	2020 TR	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
SFL	SFL Corp Ltd	\$6.28	\$11.37	-29.0%	-52.0%	\$14.80	-58%	\$5.85	7%	Energy	9.8	1.6	0.8	-3.5	14.3	10.7	234%	9.6%	759
GILD	Gilead Sciences	\$58.26	\$88.14	-22.6%	-6.6%	\$85.97	-32%	\$56.56	3%	Pharma, Biotech	9.4	3.2	nmf	6.7	19.3	11.1	nmf	4.7%	73,031
TNP	Tsakos Energy	\$8.03	\$23.10	-19.1%	-61.5%	\$23.61	-66%	\$7.06	14%	Energy	3.1	0.2	nmf	nmf	5.0	nmf	nmf	3.1%	151
INTC	Intel	\$49.82	\$66.05	-15.6%	-14.7%	\$69.29	-28%	\$43.61	14%	Semiconductors	9.4	2.6	5.4	29.5	5.9	9.6	96%	2.6%	204,162
HFC	HollyFrontier	\$25.85	\$47.20	-8.9%	-46.5%	\$51.75	-50%	\$16.81	54%	Energy	73.9	0.3	1.8	-7.5	110.4	5.2	150%	5.4%	4,188
BIIB	Biogen	\$244.86	\$335.80	-8.5%	-17.5%	\$374.99	-35%	\$223.25	10%	Pharma, Biotech	6.7	2.6	22.4	41.1	5.7	14.9	467%	0.0%	37,679
KR	Kroger Co	\$31.76	\$40.92	-5.2%	11.9%	\$37.22	-15%	\$26.72	19%	Food & Staples Retailing	9.8	0.2	4.0	31.4	6.7	14.9	308%	2.3%	24,180
SNY	Sanofi	\$48.59	\$62.28	-4.8%	0.3%	\$55.00	-12%	\$37.62	29%	Pharma, Biotech	12.9	5.3	44.8	18.4	7.5	6.9	nmf	2.9%	122,346
XOM	Exxon Mobil	\$41.22	\$62.04	-3.8%	-36.2%	\$71.37	-42%	\$30.11	37%	Energy	nmf	0.9	1.0	1.8	12.1	-1.9	26%	8.4%	174,288
CSCO	Cisco Systems	\$44.75	\$59.23	-2.4%	-3.5%	\$50.28	-11%	\$32.40	38%	Technology Hardware	14.3	3.9	92.6	28.8	11.8	8.0	503%	3.2%	189,092
NEM	Newmont Corp	\$59.89	\$77.36	-2.0%	40.3%	\$72.22	-17%	\$33.00	81%	Materials	28.8	4.3	2.4	11.7	9.5	6.3	31%	2.7%	48,113
LMT	Lockheed Martin	\$354.98	\$498.03	-1.4%	-6.4%	\$442.53	-20%	\$266.11	33%	Capital Goods	15.2	1.5	nmf	147.8	11.1	6.2	nmf	2.9%	99,318
T	AT&T	\$28.76	\$41.89	-1.4%	-21.4%	\$39.55	-27%	\$26.08	10%	Telecom Services	8.7	1.2	nmf	6.1	7.0	13.5	nmf	7.2%	204,944
AMGN	Amgen	\$229.92	\$290.35	-1.2%	-2.0%	\$264.97	-13%	\$177.05	30%	Pharma, Biotech	14.0	5.4	nmf	67.2	12.3	7.6	nmf	3.1%	133,852
DLR	Digital Realty Trust	\$139.51	\$166.31	-0.2%	20.5%	\$165.49	-16%	\$105.00	33%	Real Estate	23.1	nmf	4.9	4.4	nmf	nmf	nmf	3.2%	40,268
JNPR	Juniper Networks	\$22.51	\$33.85	0.2%	-5.4%	\$26.49	-15%	\$15.20	48%	Technology Hardware	14.2	1.7	6.9	8.6	11.3	6.5	175%	3.6%	7,422
EOG	EOG Resources	\$49.87	\$67.62	0.2%	-38.6%	\$89.54	-44%	\$27.00	85%	Energy	23.7	2.3	1.4	-1.5	9.3	5.9	25%	3.0%	29,093
GD	General Dynamics	\$148.82	\$239.66	1.1%	-13.2%	\$190.08	-22%	\$100.55	48%	Capital Goods	13.5	1.1	nmf	22.6	10.9	6.3	nmf	3.0%	42,707
REG	Regency Centers	\$45.59	\$68.30	2.0%	-23.9%	\$64.65	-29%	\$31.80	43%	Real Estate	14.3	nmf	1.3	0.8	nmf	nmf	nmf	5.2%	7,743
TAK	Takeda Pharmaceutical	\$18.20	\$25.30	3.9%	-3.0%	\$20.42	-11%	\$12.43	46%	Pharma, Biotech	31.4	1.9	nmf	1.2	14.0	10.2	nmf	3.5%	57,381
DOC	Physicians Realty Trust	\$17.80	\$21.95	4.2%	-0.6%	\$20.78	-14%	\$11.01	62%	Real Estate	17.0	nmf	1.4	3.5	nmf	nmf	nmf	5.2%	3,706
CAH	Cardinal Health	\$53.56	\$79.92	4.6%	10.1%	\$60.69	-12%	\$39.05	37%	Health Care Equip/Srvcs	9.4	0.1	nmf	83.8	12.2	16.0	nmf	3.6%	15,716
NLOK	NortonLifeLock	\$20.78	\$27.17	6.1%	41.8%	\$24.40	-15%	\$14.79	40%	Software & Services	17.6	5.0	nmf	nmf	22.4	-10.8	nmf	2.4%	12,299
CVS	CVS Health	\$68.30	\$108.90	6.8%	-5.1%	\$76.44	-11%	\$52.04	31%	Health Care Equip/Srvcs	8.6	0.3	nmf	12.1	8.5	14.2	nmf	2.9%	89,399
IBM	Int'l Business Machines	\$125.88	\$173.26	7.1%	-1.2%	\$158.75	-21%	\$90.56	39%	Software & Services	11.1	1.5	nmf	40.4	10.7	11.9	nmf	5.2%	112,166

As of 12.31.20. 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 Yld = Free Cash Flow Yld

...and 25 best second-half 2020 performers from our current recommended list.



While a few of the undervalued names presented below were still in the red for the full year and were well off their 52-week highs, the list represents the top-25 total returners over the second half of 2020.

		Second-Half 2020 Leaders																	
Symbol	Common Stock	12.31.20 Price	Target Price	H2 2020 TR	2020 TR	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
TPR	Tapestry	\$31.08	\$36.82	134.0%	17.0%	\$31.65	-2%	\$10.18	205%	Consumer Durables/App	26.8	1.8	nmf	-15.7	52.4	3.9	nmf	0.0%	8,622
COHU	Cohu	\$38.18	\$41.70	120.2%	67.6%	\$41.00	-7%	\$8.89	329%	Semiconductors	88.8	2.8	nmf	-9.5	30.5	2.4	nmf	0.0%	1,602
JWN	Nordstrom	\$31.21	\$37.25	101.5%	-22.7%	\$43.37	-28%	\$11.72	166%	Retailing	nmf	0.4	nmf	-96.1	25.0	-5.6	nmf	0.0%	4,921
KSS	Kohl's	\$40.69	\$49.93	95.9%	-16.8%	\$50.82	-20%	\$10.89	274%	Retailing	nmf	0.4	1.3	-4.7	14.3	17.3	134%	0.0%	6,415
ALB	Albemarle	\$147.52	\$158.88	92.3%	105.6%	\$153.48	-4%	\$48.89	202%	Materials	31.5	4.8	7.2	9.6	24.2	-0.2	140%	1.0%	15,705
FDX	FedEx	\$259.62	\$323.99	86.1%	74.3%	\$305.66	-15%	\$88.69	193%	Transportation	19.0	0.9	4.8	12.4	11.0	4.1	253%	1.0%	68,818
MOS	Mosaic	\$23.01	\$26.00	84.9%	7.6%	\$23.70	-3%	\$6.50	254%	Materials	nmf	1.1	1.2	-11.6	-69.8	5.7	63%	0.9%	8,723
DE	Deere & Co	\$269.05	\$293.71	72.3%	57.9%	\$273.56	-2%	\$106.14	153%	Capital Goods	28.2	2.4	9.9	22.6	12.0	5.7	386%	1.1%	84,310
TKR	Timken	\$77.36	\$81.02	71.6%	40.4%	\$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
QCOM	Qualcomm	\$152.34	\$167.97	68.6%	77.0%	\$161.07	-5%	\$58.00	163%	Semiconductors	36.4	7.3	nmf	94.6	22.8	2.6	nmf	1.7%	172,297
CHNG	Change Healthcare	\$18.65	\$25.83	66.5%	13.8%	\$19.08	-2%	\$6.18	202%	Health Care Equip/Srvcs	23.8	1.8	nmf	-10.6	21.1	6.9	nmf	0.0%	5,678
GM	General Motors	\$41.64	\$55.00	64.6%	15.2%	\$46.71	-11%	\$14.33	191%	Autos & Components	13.9	0.5	1.6	7.3	3.8	12.4	217%	0.0%	59,600
GBX	Greenbrier Cos	\$36.38	\$42.71	63.0%	17.6%	\$37.99	-4%	\$12.89	182%	Capital Goods	18.5	0.4	1.2	3.8	4.8	20.1	83%	3.0%	1,194
DIS	Walt Disney	\$181.18	\$189.99	62.5%	25.3%	\$183.40	-1%	\$79.07	129%	Media & Entertainment	90.1	5.0	nmf	-3.3	38.4	1.1	nmf	0.0%	328,024
VIAC	ViacomCBS	\$37.26	\$57.85	62.2%	-7.6%	\$42.37	-12%	\$10.10	269%	Media & Entertainment	8.7	0.9	nmf	13.8	10.5	13.0	nmf	2.6%	23,028
SYF	Synchrony Financial	\$34.71	\$44.93	59.6%	0.0%	\$36.43	-5%	\$12.15	186%	Diversified Financials	15.5	nmf	2.2	10.2	nmf	nmf	nmf	2.5%	20,263
COF	Capital One Financial	\$98.85	\$115.78	58.4%	-2.7%	\$107.59	-8%	\$38.00	160%	Diversified Financials	34.0	nmf	1.2	1.8	nmf	nmf	nmf	0.4%	45,214
WRK	Westrock	\$43.53	\$61.28	55.9%	4.6%	\$45.58	-4%	\$21.50	102%	Materials	15.9	0.7	11.4	-6.2	15.0	9.7	974%	1.8%	11,452
KLIC	Kulicke & Soffa Inds	\$31.81	\$36.86	54.2%	19.4%	\$34.24	-7%	\$16.91	88%	Semiconductors	33.1	3.2	3.0	6.8	17.2	4.1	3%	1.8%	1,973
NTR	Nutrien Ltd	\$48.16	\$55.04	53.2%	5.5%	\$50.81	-5%	\$23.85	102%	Materials	29.2	1.4	3.7	0.4	15.8	nmf	145%	3.7%	27,410
NTAP	NetApp	\$66.24	\$80.01	52.6%	10.9%	\$67.63	-2%	\$34.66	91%	Technology Hardware	16.0	2.7	nmf	151.7	12.5	7.2	nmf	2.9%	14,797
CE	Celanese	\$129.94	\$148.91	52.3%	8.3%	\$138.31	-6%	\$52.70	147%	Materials	17.3	2.8	14.3	21.9	21.5	6.3	313%	1.9%	15,189
CMA	Comerica	\$55.86	\$80.45	51.0%	-16.8%	\$70.84	-21%	\$24.28	130%	Banks	15.4	nmf	1.1	6.9	nmf	nmf	nmf	4.9%	7,769
TGT	Target	\$176.53	\$190.34	48.5%	40.5%	\$181.17	-3%	\$90.17	96%	Retailing	20.9	1.0	7.0	30.7	11.5	8.3	116%	1.5%	88,401
RCL	Royal Caribbean Cruises	\$74.69	\$91.78	48.5%	-43.4%	\$135.32	-45%	\$19.25	288%	Consumer Services	nmf	3.6	2.2	-40.9	-17.7	-29.0	242%	0.0%	16,756

As of 12.31.20, 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

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