Market Commentary Monday, March 15, 2021

March 14, 2021

EXECUTIVE SUMMARY

Newsletter Portfolio Trades – 2 Sells for Millennium Portfolio
Week in Review – Roller-Coaster Ride Higher
Value Leading the Returns Race – Rising Rates Challenging…for Fixed Income
2021 Econ Outlook – OECD Raises U.S. GDP Growth Projection to 6.5%
Sentiment – AAII Optimism at a 2021 High
Fund Flows – Folks Still Love Fixed Income
Inflation – History Lesson
S&P 500 Pure Value – 38 *TPS* Recommendations
Stock News – Updates on ORCL, DPSGY, VZ, MOS & DIS

Market Review

A little housekeeping before this week's missive. As discussed on recent *Sales Alerts* we closed out the following in our hypothetical Millennium Portfolio:

March 9, 2021: 222 shares of **Viacom** (VIAC – $94.94) at $84.40 per share.

March 10, 2021: 71 shares of **Eaton PLC** (ETN – $140.77) at $136.78 per share.

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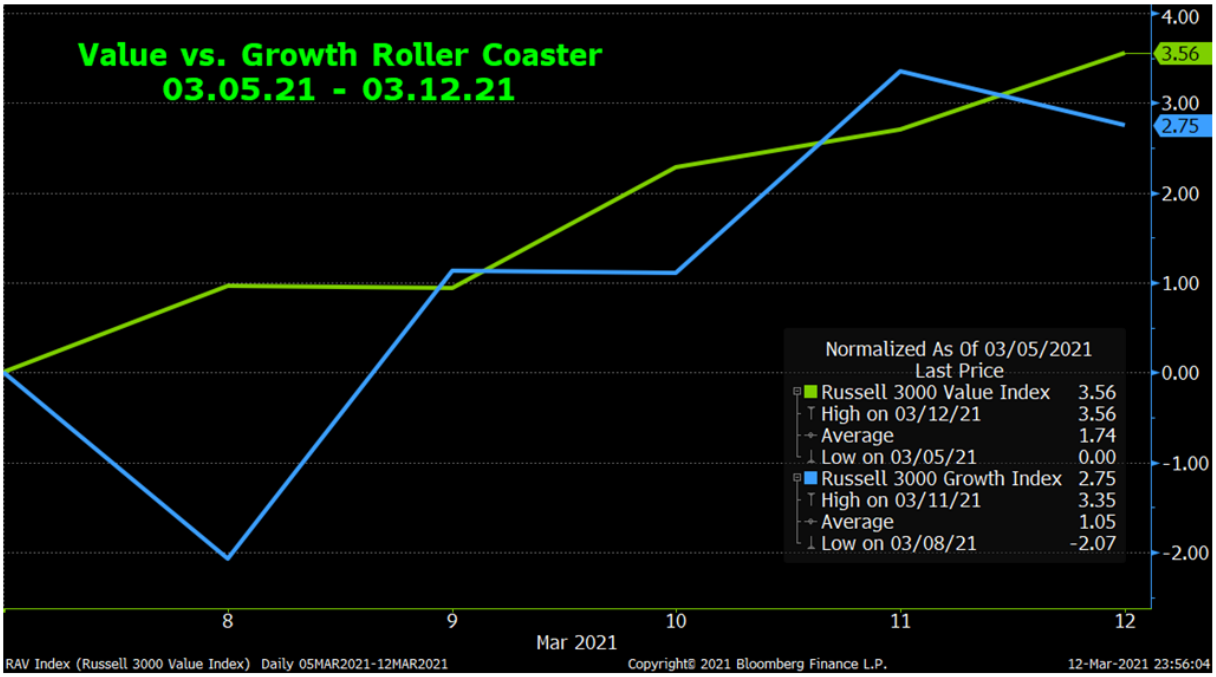
It was a roller-coaster ride of a different sort last week, with leadership each day alternating wildly, creating an incredibly wide dispersion of daily returns between the Russell 3000 Value Index and its Growth counterpart.

THE PRUDENT SPECULATOR

VALUE VS. GROWTH COASTERS BOTH MOVING SHARPLY HIGHER

It was as divergent a week in term of daily moves as we ever have seen, with Value widely leading Growth on Monday, lagging on Tuesday, leading on Wednesday, lagging on Thursday and leading on Friday.



Of course, there won't be any complaints from us, given the terrific weekly returns for the Russel 3000 Value index (the chart above shows price return and the chart below shows total return) and the fantastic outperformance enjoyed this year for all the Value benchmarks.

THE PRUDENT SPECULATOR

VALUE OUTPERFORMANCE GROWS…PURE VALUE LEADS IN '21

It was another fantastic week for the Value indexes, with inexpensive stocks adding to the performance gap as the Russell 3000 Value index is now beating its Growth rival by a score of 12.5% to 0.6% year to date.

Total Returns Matrix

Last Week	2021 YTD	Since 10.31.20	Since 7.9.20	Since 3.23.20	Last 12 Months	Last 2 Years	Last 3 Years	Last 5 Years	Name
-0.19	-3.76	-0.69	1.28	8.23	3.48	10.99	10.13	17.19	Bloomberg Barclays Global-Aggregate Bond
-0.43	-3.35	-2.26	-2.74	2.84	0.88	11.09	15.40	18.12	Bloomberg Barclays US Aggregate Bond
4.17	7.60	24.78	29.39	80.13	58.09	34.39	39.51	114.30	Dow Jones Industrial Average
3.10	8.69	27.50	33.77	83.43	60.16	31.58	31.95	77.48	New York Stock Exchange Composite
2.79	0.62	16.80	21.91	87.42	71.86	66.13	72.01	163.43	Russell 3000 Growth
3.61	**12.50**	**33.25**	**41.18**	**86.25**	**62.80**	**31.39**	**31.89**	**78.59**	**Russell 3000 Value**
3.21	6.34	24.65	31.03	88.05	68.78	49.75	52.80	120.28	Russell 3000
3.29	10.99	32.28	42.36	100.03	73.03	42.78	45.38	101.75	S&P 500 Equal Weighted
2.69	5.33	21.35	26.49	79.25	61.78	46.64	50.04	115.07	S&P 500
2.18	0.49	14.74	19.62	79.56	65.65	56.44	62.33	144.51	S&P 500 Growth
3.22	**10.82**	**29.47**	**34.89**	**76.05**	**54.46**	**33.32**	**34.29**	**80.97**	**S&P 500 Value**
3.11	-0.84	16.32	22.12	88.81	66.48	46.34	42.87	118.11	S&P 500 Pure Growth
4.58	**24.76**	**54.41**	**71.62**	**130.54**	**95.48**	**27.46**	**22.08**	**72.67**	**S&P 500 Pure Value**

As of 03.12.21. Source Kovitz using data from Bloomberg

No doubt, Value was long overdue for a period of outperformance, given its significant total return advantage over the last nine-plus decades…

THE PRUDENT SPECULATOR

VOLATILITY IS NORMAL BUT VALUE & DIVIDENDS WIN RACE

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%	111.9%	984	27	3.4	3/23/2020	3/12/2021
17.5%	67.2%	575	39	2.3	3/23/2020	3/12/2021
15.0%	66.9%	559	45	2.0	3/23/2020	3/12/2021
12.5%	44.5%	336	72	1.3	3/23/2020	3/12/2021
10.0%	35.1%	246	98	0.9	3/23/2020	3/12/2021
7.5%	23.6%	148	157	0.6	9/23/2020	3/12/2021
5.0%	14.8%	72	306	0.3	10/30/2020	3/12/2021

Declining Markets

Minimum Decline %	Average Loss	Average # Days	Count	Frequency (in Years)	Last Start	Last End
-20.0%	-35.4%	286	26	3.5	2/19/2020	3/23/2020
-17.5%	-30.4%	217	38	2.4	2/19/2020	3/23/2020
-15.0%	-28.4%	189	44	2.1	2/19/2020	3/23/2020
-12.5%	-22.8%	138	71	1.3	2/19/2020	3/23/2020
-10.0%	-19.6%	102	97	0.9	2/19/2020	3/23/2020
-7.5%	-15.5%	65	156	0.6	9/2/2020	9/23/2020
-5.0%	-10.9%	36	305	0.3	10/12/2020	10/30/2020

From 02.20.28 through 3.12.21. 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 in instance when stocks appreciated the specified percentage or more without a decline of equal magnitude. SOURCE: Kovitz using data from Bloomberg, Morningstar and Ibbotson Associates

LONG-TERM RETURNS

	Annualized Return	Standard Deviation
Value Stocks	13.1%	26.0%
Growth Stocks	9.9%	21.5%
Dividend Paying Stocks	10.6%	18.1%
Non-Dividend Paying Stocks	9.2%	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 01.31.21. 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

…and we note that the tide started to turn last July, just as the yield on the 10-Year U.S. Treasury started a climb,…

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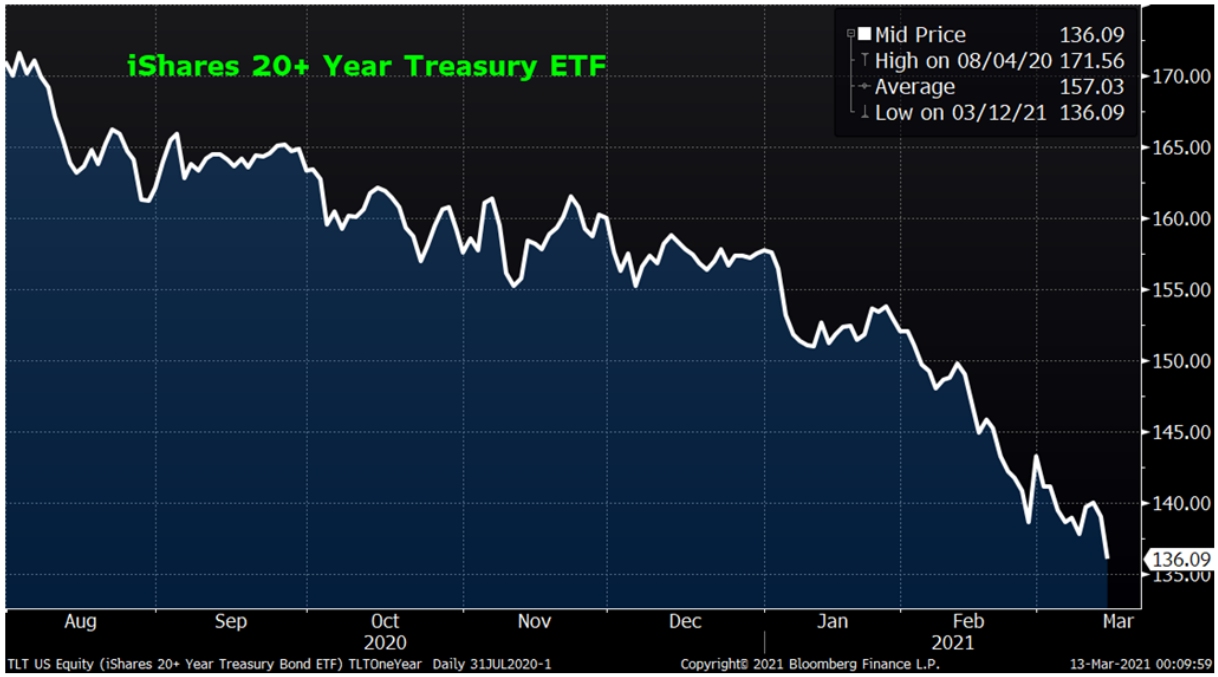
INTEREST RATES CAN MOVE IN BOTH DIRECTIONS

While the trend in the 10-Year U.S. Treasury yield has been down for most of the past four decades, rates have nearly tripled over the last seven-plus months, even as a 1.62% yield is still extraordinarily low.

…that has saddled some long-term government-bond investors with huge losses,…

GOVERNMENT BONDS ARE NOT WITHOUT RISK

No doubt, returns have been stellar in recent years on the iShares 20+ Year U.S. Treasury ETF (TLT), but fixed income investors over the last seven-plus months have suffered 19.7% losses...on a bond fund!



…and has illustrated once again that equities, on average, have performed well whether interest rates are rising or falling.

Rising Long-Term Government Rates - Annual Returns Review

Name	Value Stocks	Growth Stocks	Dividend Payers	Non-Dividend Payers	Long-Term Corp Bonds	Long-Term Government Bonds	Intermediate-Term Govt Bonds	U.S. Treasury Bills
Arithmetic Average	15.6%	11.1%	10.2%	13.8%	1.1%	-0.8%	2.2%	3.6%
Geometric Average	11.5%	8.1%	8.1%	8.7%	1.0%	-0.9%	2.1%	3.5%
Median	16.3%	12.7%	14.1%	11.2%	1.5%	0.0%	1.8%	3.3%
Max	116.2%	84.0%	66.0%	81.8%	14.2%	9.1%	9.6%	13.8%
Min	-58.2%	-50.2%	-52.2%	-58.8%	-8.1%	-14.7%	-5.2%	0.0%
Count	46	46	46	46	46	46	46	46

Source: Kovitz using data from Ibbotson Associates SBBI. From 1930 to 2020.

Falling Long-Term Government Rates - Annual Returns Review

Name	Value Stocks	Growth Stocks	Dividend Payers	Non-Dividend Payers	Long-Term Corp Bonds	Long-Term Government Bonds	Intermediate-Term Govt Bonds	U.S. Treasury Bills
Arithmetic Average	15.8%	12.4%	13.0%	12.4%	11.7%	12.7%	8.2%	2.9%
Geometric Average	13.2%	10.3%	11.5%	8.4%	11.5%	12.5%	8.0%	2.8%
Median	18.1%	14.8%	14.8%	16.5%	10.5%	10.3%	7.7%	2.1%
Max	56.3%	44.2%	44.4%	68.9%	36.8%	34.9%	26.1%	10.1%
Min	-51.5%	-42.3%	-39.9%	-56.3%	2.7%	2.8%	1.4%	0.0%
Count	45	45	45	45	45	45	45	45

Source: Kovitz using data from Ibbotson Associates SBBI. From 1930 to 2020.

Of course, even as the U.S. death toll now stands near 535,000, better news on the COVID-19 front has contributed mightily to the tremendous equity market rebound since stocks bottomed a year ago, shortly after the World Health Organization official declared the health crisis a pandemic.

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VACCINES CONTRIBUTING TO BETTER U.S. COVID-19 NUMBERS

107,060,274
doses given

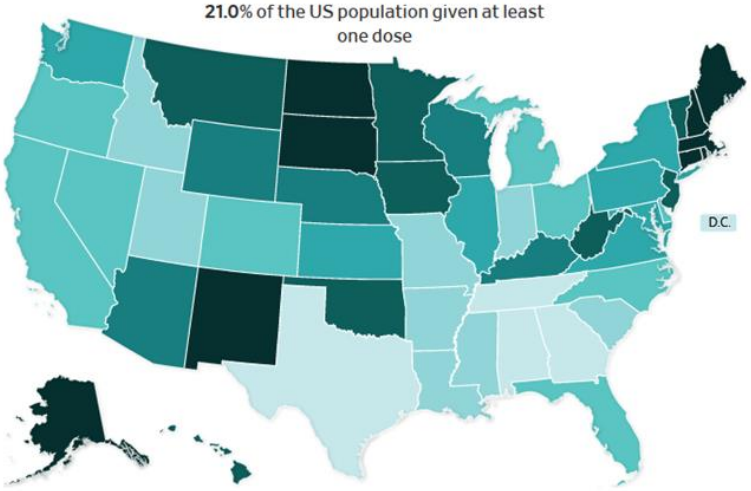
135,847,835
total doses distributed

Shots given | Fully vaccinated | Doses used

Share of state population given at least one dose

19 20 21 22 23 24%

21.0% of the US population given at least one dose



Note: Total includes U.S. territories and federal agencies. Last updated March 14, at 6:00 p.m.
Source: Centers for Disease Control and Prevention

As New Cases Fall and Vaccine Eligibility Expands, Fauci Urges Caution

By Nicole Friedman

Spring breakers take advantage of mild temperatures at Cocoa Beach, Fla., on Friday. STEPHEN M. DOWELL/ORLANDO SENTINEL/ASSOCIATED PRESS

New cases of Covid-19 are falling across the country and vaccine eligibility is expanding, but the nation's top infectious-diseases expert warned Sunday that reopening too quickly could lead to another surge.

The U.S. reported more than 53,000 new cases for Saturday, according to data compiled by Johns Hopkins University that was published Sunday. Saturday's tally was down from a revised 61,204 cases for Friday. The figure was sharply lower than peak levels reached in January, when daily totals often surpassed 200,000.

The nation added just over 1,700 fatalities to the death toll, bringing the total to more than 534,000, according to Johns Hopkins data.

The pace of vaccinations continues to accelerate across the country. On Friday, the U.S. surpassed 100 million vaccinations and an average of 2.5 million doses a day have been administered over the past week, according to a Wall Street Journal analysis of data from the Centers for Disease Control and Prevention.

The drop in new cases and the increased pace of vaccinations has led some states, like Texas, to allow businesses to reopen at full capacity and drop mask mandates. But some health officials worry that the country is at risk of another wave of new cases, amid a quick rush to return to normal.

Dr. Anthony Fauci said Sunday on NBC's "Meet the Press" that if new Covid-19 infections plateau around 60,000 a day, there is risk of another surge.

"That's the thing we really want to avoid, because we are going in the right direction," he said. "That's why I get so anxious when I hear pulling back completely on public health measures, like saying, 'No more masks, no nothing like that.' "

Certainly, government efforts around the world to stoke local economies with stimulus measures have also played a major role in the resurgence of stocks,…

STRENGTHENING THE RECOVERY: THE NEED FOR SPEED

- Global economic prospects have improved markedly in recent months, helped by the gradual deployment of effective vaccines, announcements of additional fiscal support in some countries, and signs that economies are coping better with measures to suppress the virus.

- Global GDP growth is projected to be 5½ per cent in 2021 and 4% in 2022, with global output rising above the pre-pandemic level by mid-2021. Despite the improved global outlook, output and incomes in many countries will remain below the level expected prior to the pandemic at the end of 2022.

- The significant fiscal stimulus in the United States, along with faster vaccination, could boost US GDP growth by over 3 percentage points this year, with welcome demand spillovers in key trading partners.

- There are increasing signs of divergence across countries and sectors. Strict containment measures will hold back growth in some countries and service sectors in the near term, while others will benefit from effective public health policies, faster vaccine deployment and strong policy support.

- Sizeable risks remain. Faster progress in vaccine deployment in all countries would enable restrictions to be lifted more quickly and enhance confidence and spending. Slow progress in vaccine rollout and the emergence of new virus mutations resistant to existing vaccines would result in a weaker recovery, larger job losses and more business failures.

- Cost pressures have begun to emerge in commodity markets due to the resurgence of demand and temporary supply disruptions, but underlying inflation remains mild, held back by spare capacity around the world.

…and with Uncle Sam last week adding the $1.9 trillion American Rescue Plan to the equation, projections for global economic growth in 2021 and 2022, like those just out from the Organisation for Economic Co-operation and Development (OECD), have been moving sharply higher.

THE PRUDENT SPECULATOR

OECD – GLOBAL OUTLOOK IS LOOKING MUCH BRIGHTER

The last official projection from the Fed is now three months old, but Jerome H. Powell & Co. were looking for U.S. GDP growth of 4.2% and 3.2% in 2021 and 2022, respectively, well below the respective 6.5% and 4.0% estimates out last week from the OECD.

OECD Interim Economic Outlook projections

Real GDP growth

% change, year-on-year, colours indicate the direction of revisions since the December 2020 Economic Outlook

downward revision, by 0.3pp or more | no change or smaller than 0.3pp | upward revision, by 0.3pp or more

	2020	2021	2022
World	-3.4	5.6	4.0
Australia	-2.5	4.5	3.1
Canada	-5.4	4.7	4.0
Euro area	-6.8	3.9	3.8
Germany	-5.3	3.0	3.7
France	-8.2	5.9	3.8
Italy	-8.9	4.1	4.0
Spain	-11.0	5.7	4.8
Japan	-4.8	2.7	1.8
Korea	-1.0	3.3	3.1
United Kingdom	-9.9	5.1	4.7
United States	-3.5	6.5	4.0

	2020	2021	2022
G20	-3.2	6.2	4.1
Argentina	-10.5	4.6	2.1
Brazil	-4.4	3.7	2.7
China	2.3	7.8	4.9
India*	-7.4	12.6	5.4
Indonesia	-2.1	4.9	5.4
Mexico	-8.5	4.5	3.0
Russia	-3.6	2.7	2.6
Saudi Arabia	-4.0	2.6	3.9
South Africa	-7.2	3.0	2.0
Turkey	1.8	5.9	3.0

6

OECD

Note: *India projections are based on fiscal years, starting in April. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right. Spain is a permanent invitee to the G20. World and G20 aggregates use moving nominal GDP weights at purchasing power parties. Difference in percentage points, based on rounded figures.
Source: OECD Economic Outlook database.

While we respect that recent U.S. economic data points were still not grand, though folks are becoming less pessimistic,…

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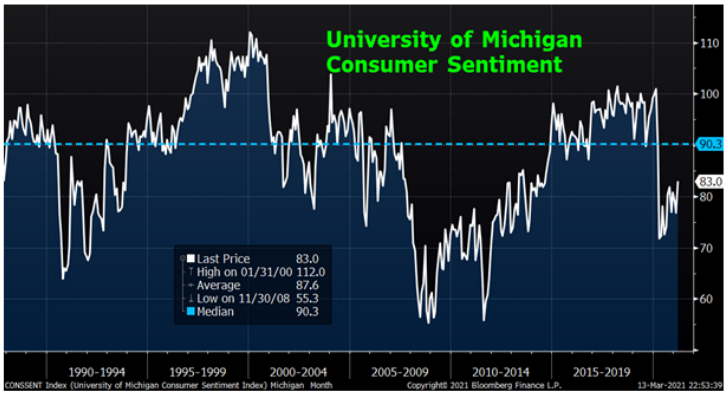
IMPROVING MAIN STREET SENTIMENT



The NFIB Small Business Index for February came in at 95.8, up 0.8 points from January, with the figure still well below the 30-year average. Meanwhile, the preliminary Univ. of Michigan gauge of consumer sentiment this month jumped to a much-better-than-expected post-pandemic-high of 83.0, up from a final reading of 76.8 in February. Of course, given that the median for this gauge has been 90.3, consumers are not yet feeling that optimistic.

…as the jobs numbers are getting better,…

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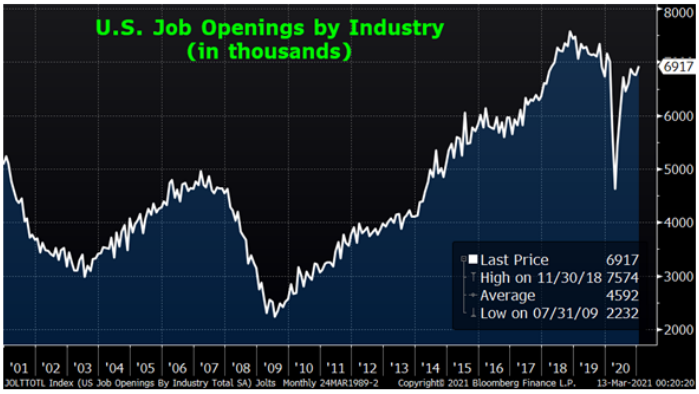
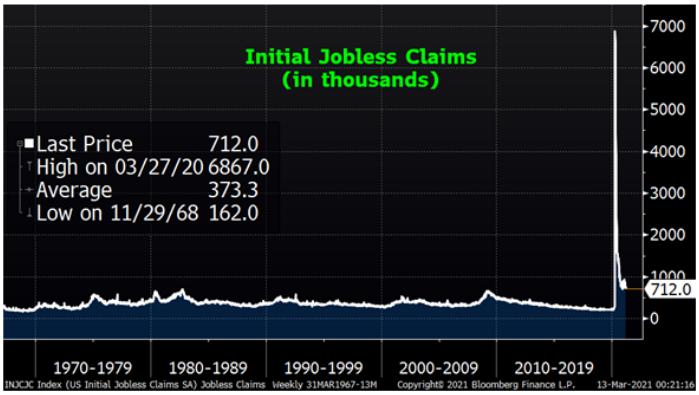
DISMAL (BUT IMPROVING) EMPLOYMENT NUMBERS





A relatively modest 5.3 million people were rehired or found new jobs during January, but there was a big rise in job openings during the month to 6.92 million. Of course, the labor picture is a work in progress, even with far better numbers today than many had projected a few quarters back. Looking at more current data, first-time filings for unemployment benefits continue to be massive, but they fell to 712,000 claims in the latest week, the lowest since November.

…even the near-term GDP outlook is very favorable,…

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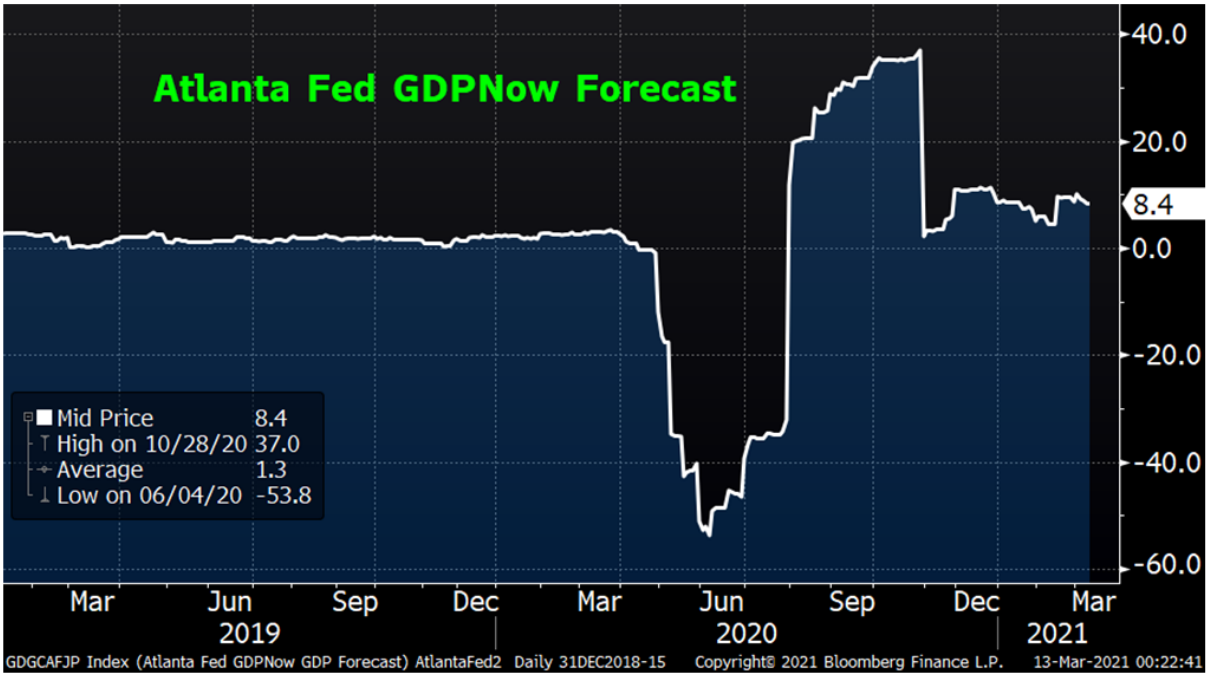
VERY GOOD U.S. GDP GROWTH EXPECTED IN Q1

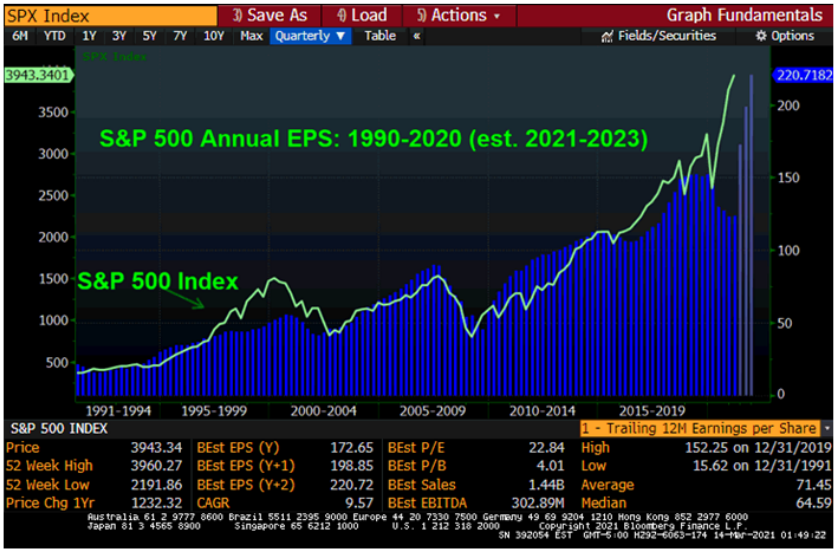
While the quarter just completed saw a continuation of the economic expansion, following an epic contraction in Q2 2020, the Atlanta Fed is projecting an 8.4% increase in Q1 2021 GDP on an annualized basis.



…all of which, we think, bodes well for corporate profit growth,…

EPS PLUNGED IN 2020 BUT LIKELY TO REBOUND IN 2021 & 2022

Q4 2020 earnings reporting season was very good, relative to analyst projections that had been too pessimistic in their top- and bottom-line estimates. Of course, full-year 2020 COVID-19-impacted EPS were miserable, but a massive rebound is projected in 2021 and 2022.



S&P 500 Earnings Per Share

Quarter Ended	Bottom Up Operating EPS 3 Month	Bottom Up Operating EPS 12 Month
ESTIMATES		
12/31/2022	$53.88	$199.50
9/30/2022	$51.76	$192.95
6/30/2022	$48.14	$185.91
3/31/2022	$45.72	$178.80
12/31/2021	$47.33	$171.82
9/30/2021	$44.72	$158.83
6/30/2021	$41.03	$152.01
3/31/2021	$38.74	$137.77
12/31/2020	$34.34	$118.53
ACTUAL		
9/30/2020	$37.90	$123.37
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

Source: Standard & Poor's. As of 3.11.21

…and a continuation of the recent Value outperformance.

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VALUE STOCKS HAVE OUTPERFORMED COMING OUT OF 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

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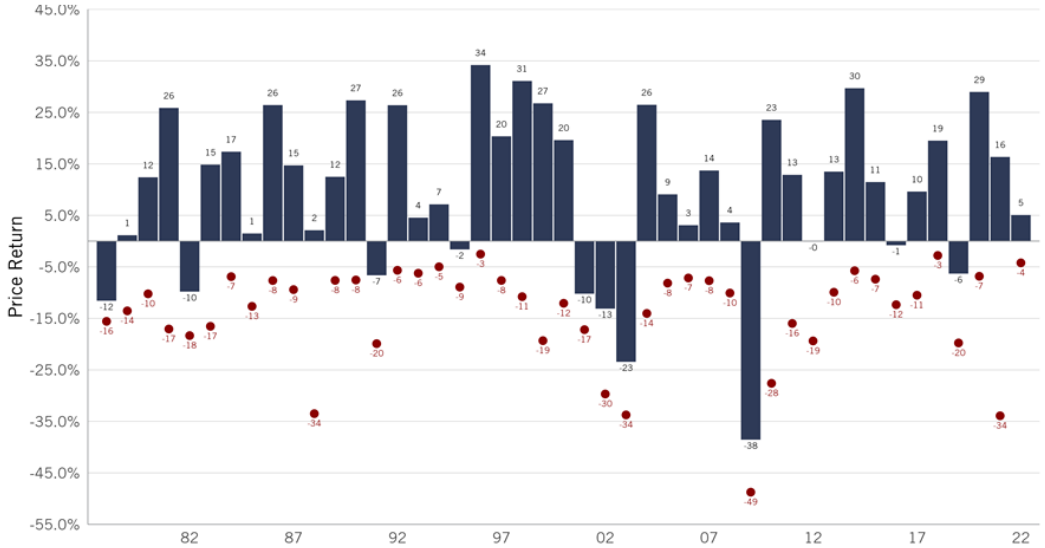
No doubt, we understand that stock prices do not always appreciate, so we are braced for the inevitable downside volatility,…

THE PRUDENT SPECULATOR

A BIG SELLOFF HAPPENS ALMOST EVERY YEAR

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.

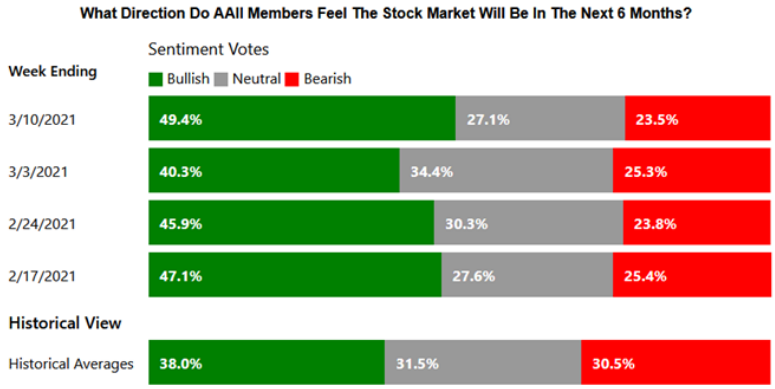


From 12.31.76 through 03.13.21. Price returns do not include dividends. Intra-year drops refer to the largest drops between high and low close prices during a calendar year. 2019 return is year to date. SOURCE: Kovitz using data from Bloomberg Finance L.P.

…and we note that optimism (often a contrarian indicator) on Main Street for the near-term prospects of equities is at the highest level of the year,…

THE PRUDENT SPECULATOR

AAII SENTIMENT – OPTIMISM ACCELERATES



AAII Bull-Bear Spread

Decile	Low Reading of the Range	High Reading of the Range	Count	R3K Next 1-Week Arithmetic Average TR	R3K Next 1-Week Geometric Average TR	R3K Next 1-Month Arithmetic Average TR	R3K Next 1-Month Geometric Average TR	R3K Next 3-Month Arithmetic Average TR	R3K Next 3-Month Geometric Average TR	R3K Next 6-Month Arithmetic Average TR	R3K Next 6-Month Geometric Average TR
	Below & Above Median Bull Bear Spread = 7.95\										
BELOW	-54.0	7.9	876	0.27%	0.24%	1.28%	1.14%	3.70%	3.31%	6.95%	6.20%
ABOVE	8.0	62.9	876	0.16%	0.14%	0.47%	0.39%	1.84%	1.59%	4.48%	4.01%
	Ten Groupings of 1751 Data Points										
1	-54.0	-15.0	176	0.57%	0.50%	2.21%	1.97%	5.87%	5.31%	10.39%	9.15%
2	-15.0	-7.4	175	0.35%	0.32%	0.97%	0.84%	3.97%	3.62%	7.17%	6.40%
3	-7.3	-1.4	175	0.31%	0.27%	1.57%	1.48%	3.43%	3.03%	7.07%	6.43%
4	-1.4	3.0	184	0.10%	0.06%	1.00%	0.91%	2.77%	2.41%	5.88%	5.39%
5	3.0	7.9	166	0.05%	0.02%	0.60%	0.50%	2.45%	2.19%	4.14%	3.59%
6	8.0	12.0	176	0.07%	0.05%	0.49%	0.37%	1.67%	1.43%	5.40%	5.01%
7	12.0	16.4	174	0.19%	0.17%	0.55%	0.46%	2.26%	2.00%	4.77%	4.24%
8	16.4	22.0	184	0.19%	0.17%	0.76%	0.68%	2.00%	1.73%	5.50%	5.09%
9	22.0	29.1	166	0.08%	0.06%	0.29%	0.20%	1.88%	1.60%	4.13%	3.55%
10	29.1	62.9	176	0.24%	0.22%	0.26%	0.19%	1.41%	1.18%	2.55%	2.11%

From 07.31.87 through 3.11.21. Unannualized. SOURCE: Kovitz using data from American Association of Individual Investors and Bloomberg

The gauge is widely viewed as a contrarian indicator, and the latest AAII Sentiment Survey released on Wednesday evening, March 10, 2021, saw the Bull-Bear Spread expand to 25.9%, up from 15.0% the week prior to the widest level of the year. The average gap since 1987 has been 7.5%.

…though another gauge of investor sentiment is not-too-far above the neutral zone,…

FEAR & GREED INDEX…MODEST GREED CURRENT TALLY

Certainly, we respect that there has been a lot of frothiness in so-called "meme" stocks, cannabis companies and digital currencies, but the *CNNMoney* Fear & Greed Index is barely into the Greed range, with overall equity market enthusiasm per this gauge of seven indicators tempered by Extreme Fear in Put and Call Options and Neutral readings for Stock Price Breadth and Market Volatility.

…and investors continue to favor fixed income, at least in terms of mutual- and exchange-traded-fund flows.

STOCKS LOSING LUSTER BUT BONDS REMAIN VERY POPULAR

Combined Estimated Long-Term Fund Flows and ETF Net Issuance
Millions of dollars

Week Ended	3/3/2021	2/24/2021	2/17/2021	2/10/2021	2/3/2021
Total Equity	-3,439	8,881	12,166	31,694	-21,677
Domestic	-431	14,876	3,520	19,860	-12,607
World	-3,008	-5,994	8,646	11,834	-9,069
Hybrid	-475	361	-1,112	-45	-1,361
Total Bond	20,432	12,416	17,564	18,612	27,886
Taxable	20,694	11,968	14,643	14,519	24,720
Municipal	-262	448	2,921	4,093	3,166
Commodities	-2,183	-1,523	-31	-570	1,561
Total	14,335	20,135	28,588	49,692	6,409

Source: Investment Company Institute

While most of the major equity market averages reside near all-time highs and many individual stocks have hit record prices, investors remain infatuated with fixed income. Indeed, data from ICI show that Bonds, aside from a big hiccup last March, continue to garner nearly all the love, despite microscopic yields, the increase of which has produced modest red ink for many fixed income holders thus far in 2021.

Investment Company Institute
Long-Term Mutual Fund and Exchange-Traded Fund (ETF) Flows
Millions, U.S. dollars

Month	Stocks Domestic	Bonds Total	Month	Stocks Domestic	Bonds Total	Month	Stocks Domestic	Bonds Total	Month	Stocks Domestic	Bonds Total
Jan-15	-14,465	17,535	Jul-16	292	33,575	Jan-18	10,778	46,287	Jul-19	-7,889	44,811
Feb-15	5,547	30,321	Aug-16	-9,956	30,859	Feb-18	-41,444	2,706	Aug-19	-29,908	22,304
Mar-15	-1,494	4,905	Sep-16	-5,713	24,669	Mar-18	-22,152	14,148	Sep-19	-4,650	38,482
Apr-15	-34,681	11,027	Oct-16	-23,109	13,855	Apr-18	-7,403	24,176	Oct-19	-24,645	43,187
May-15	-17,287	5,010	Nov-16	22,993	-13,289	May-18	10,068	11,749	Nov-19	-11,716	44,480
Jun-15	-7,023	6,324	Dec-16	18,859	-4,142	Jun-18	-21,004	16,995	Dec-19	-27,500	50,733
Jul-15	-14,864	-1,255	Jan-17	5,097	31,037	Jul-18	1,007	22,495	Jan-20	-24,544	73,855
Aug-15	-18,569	-18,122	Feb-17	17,613	33,991	Aug-18	-6,660	17,219	Feb-20	-28,220	25,064
Sep-15	-4,725	-10,849	Mar-17	9,411	36,562	Sep-18	886	18,526	Mar-20	-7,485	-273,714
Oct-15	-807	15,397	Apr-17	-8,266	22,064	Oct-18	-9,657	-27,700	Apr-20	2,664	14,672
Nov-15	654	-5,573	May-17	-10,725	33,070	Nov-18	2,783	-7,459	May-20	-20,929	73,166
Dec-15	476	-25,043	Jun-17	-7,944	29,372	Dec-18	-28,953	-49,512	Jun-20	-24,822	100,075
Jan-16	-27,222	7,686	Jul-17	-12,518	29,139	Jan-19	-21,195	29,308	Jul-20	-46,524	98,490
Feb-16	-9,108	11,915	Aug-17	-22,771	25,078	Feb-19	3,632	45,138	Aug-20	-57,594	84,113
Mar-16	7,711	29,296	Sep-17	-9,775	33,440	Mar-19	-3,654	38,412	Sep-20	-28,899	50,996
Apr-16	-12,610	22,114	Oct-17	3,166	36,110	Apr-19	-5,307	40,565	Oct-20	-52,484	63,920
May-16	-14,252	16,925	Nov-17	-4,417	19,788	May-19	-24,652	21,332	Nov-20	41,141	58,856
Jun-16	-15,530	16,623	Dec-17	-9,054	19,491	Jun-19	-11,997	39,771	Dec-20	-34,053	76,178
									Totals:	-788,047	1,562,729

True, many are starting to fret about rising inflation, especially after the latest round of largesse from Washington, even as the consumer price index and producer price indexes out last week were relatively tame. There is no guarantee that past is prologue, but we do not lose a lot of sleep over the threat of inflation, given how Value stocks performed during the period from 1966-1981, when inflation averaged 7% per annum, considering today's efforts by the Federal Reserve to move the rate up toward 2%.

Why an Unpleasant Inflation Surprise Could Be Coming

If inflation turns up, economists have long assumed it would do so slowly, giving the Fed plenty of time to respond. But Michael Feroli of J.P. Morgan notes this assumption is built on models in which the world behaves in a predictable, linear way. In fact, he says, the world isn't linear and inflation can change suddenly for unexpected reasons: it "is sluggish and slow-moving, until it isn't."

A case in point: in 1966, inflation, which had run below 2% for nearly a decade, suddenly accelerated to over 3%. Some of the circumstances echo the present: unemployment had slid to 4%, taxes had been cut and federal spending for the Vietnam War and Lyndon Johnson's "Great Society" programs was surging. Deutsche Bank economists note the budget deficit jumped by more than 2% of gross domestic product between 1965 and 1968, similar to what they project between 2016 and 2019. Except in recessions, stimulus of this size "is unprecedented outside of these two episodes," they said.

The effect of an overheating economy was then compounded by policy errors. Fed chairmen William McChesney Martin Jr. and Arthur Burns were too optimistic about how low unemployment could go without pushing prices higher, and succumbed to pressure from Johnson and then Richard Nixon to keep interest rates low. **From 1966 to 1981, inflation and interest rates climbed to double digits, decimating stock and bond values.**

Wall Street Journal, February 28, 2018

In yet another example of fear over facts, *The Wall Street Journal* warned of dire consequences should we have another inflation and interest rate scare like 1965-1981. If past is prologue, as Value investors, we hope they are right.

Annualized Returns December 1965 - December 1981	
Inflation	7.0%
IA SBBI US 1 Yr Treasury TR	7.1%
IA SBBI US 30 Day TBill TR	6.8%
IA SBBI US LT Govt Bonds TR	2.5%
IA SBBI US IT Govt Bonds TR	5.8%
IA SBBI US LT Corp Bonds TR	2.9%
FF Growth Stocks TR	7.4%
S&P 500 TR	6.0%
Dow Jones Industrials TR	3.9%
FF Value Stocks TR	13.4%

Source: Morningstar

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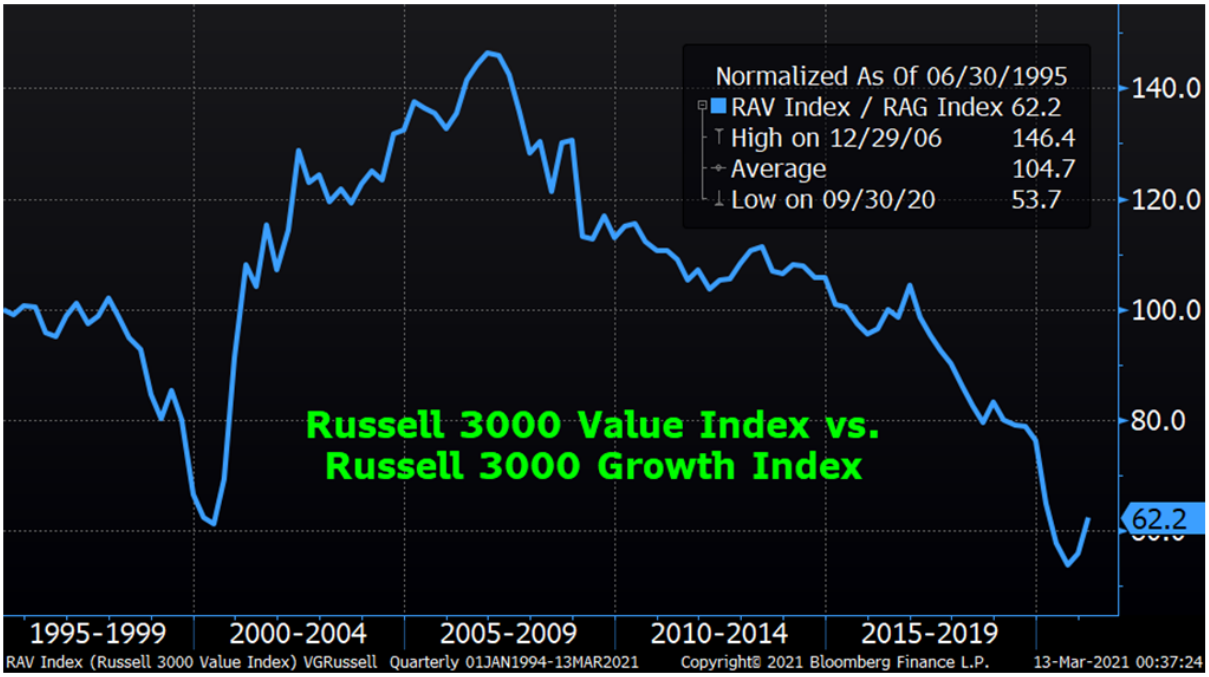
Not surprisingly, we remain sanguine about the long-term prospects for our broadly diversified portfolios of undervalued stocks, especially as there is such a long way to go before Value would even begin to close the multi-year returns gap with Growth.

THE PRUDENT SPECULATOR

R3K VALUE "BUY" SIGNAL STILL LIKE 2000

Stocks with inexpensive financial metrics have outperformed markedly over the past eight months, but the R3K Value index relative to the R3K Growth index on a total return basis is still near 2000 levels.



That in mind and considering which benchmark has had the best returns thus far in 2021 (after being the worst performer last year), we'll close this missive with a listing of the *Prudent Speculator* recommendations that are components of the S&P 500 Pure Value index.

THE PRUDENT SPECULATOR

TPS RECOMMENDATIONS & S&P 500 PURE VALUE INDEX MEMBERS

We are equal opportunity stock pickers as we do not discriminate in our selection of what we believe to be companies that have significant capital appreciation and income potential, but more than a few of our recommendations are members of the S&P 500 Pure Value Index, the benchmark that is leading the performance derby thus far in 2021.

S&P 500 Pure Value Index Members

Symbol	Common Stock	3.12.21 Price	Target Price	Sector	P/E	P/S	P/TBV	Div Yld	Symbol	Common Stock	3.12.21 Price	Target Price	Sector	P/E	P/S	P/TBV	Div Yld
ALL	Allstate	$115.74	$154.93	Insurance	7.8	nmf	1.4	2.8%	SJM	J M Smucker	$121.44	$141.89	Food, Bev & Tobacco	12.4	1.6	nmf	3.0%
ANTM	Anthem	$341.72	$473.39	Health Care Equip/Srvcs	15.2	0.7	39.8	1.3%	JPM	JPMorgan Chase	$156.15	$171.44	Banks	17.6	nmf	2.4	2.3%
ADM	Archer-Daniels-Midland	$58.25	$63.31	Food, Bev & Tobacco	16.2	0.5	2.2	2.5%	JNPR	Juniper Networks	$25.40	$34.33	Technology Hardware	16.3	1.9	13.7	3.1%
T	AT&T	$29.81	$41.04	Telecom Services	9.4	1.2	nmf	7.0%	KEY	KeyCorp	$21.29	$25.40	Banks	16.9	nmf	1.6	3.5%
BAC	Bank of America	$37.94	$44.12	Banks	20.3	nmf	1.8	1.9%	KIM	Kimco Realty	$19.69	$20.63	Real Estate	16.8	nmf	1.7	3.5%
BK	Bank of New York Mellon	$46.66	$59.38	Diversified Financials	11.7	nmf	2.0	2.7%	KR	Kroger Co	$35.46	$42.73	Food & Staples Retailing	10.2	0.2	4.9	2.0%
COF	Capital One Financial	$132.55	$149.58	Diversified Financials	23.2	nmf	1.5	1.2%	MCK	McKesson	$187.55	$210.25	Health Care Equip/Srvcs	11.4	0.1	nmf	0.9%
CAH	Cardinal Health	$57.35	$82.17	Health Care Equip/Srvcs	9.7	0.1	nmf	3.4%	MET	MetLife	$61.09	$85.26	Insurance	9.9	nmf	0.9	3.0%
C	Citigroup	$75.18	$100.30	Banks	14.9	nmf	1.0	2.7%	MS	Morgan Stanley	$84.34	$92.06	Diversified Financials	12.9	nmf	2.1	1.7%
CMA	Comerica	$71.10	$89.84	Banks	21.7	nmf	1.4	3.8%	MOS	Mosaic	$33.20	$37.04	Materials	39.1	1.4	1.5	0.6%
CVS	CVS Health	$73.92	$117.09	Health Care Equip/Srvcs	9.8	0.4	nmf	2.7%	PNW	Pinnacle West Capital	$78.33	$104.43	Utilities	16.0	2.5	1.6	4.2%
EOG	EOG Resources	$75.00	$85.95	Energy	51.4	4.0	2.2	2.2%	PNC	PNC Financial Services	$181.41	$188.56	Banks	27.0	nmf	1.7	2.5%
XOM	Exxon Mobil	$61.97	$75.19	Energy	nmf	1.5	1.7	5.6%	PRU	Prudential Financial	$93.87	$130.50	Insurance	9.1	nmf	0.6	4.9%
FITB	Fifth Third Bancorp	$39.09	$42.25	Banks	18.2	nmf	1.7	2.8%	SYF	Synchrony Financial	$42.70	$55.01	Diversified Financials	17.9	nmf	2.6	2.1%
GD	General Dynamics	$176.29	$246.41	Capital Goods	16.0	1.3	nmf	2.7%	TFC	Truist Financial	$59.92	$71.13	Banks	15.6	nmf	2.3	3.0%
GM	General Motors	$59.26	$70.09	Autos & Components	12.2	0.7	2.1	0.0%	TSN	Tyson Foods	$75.51	$94.54	Food, Bev & Tobacco	12.8	0.6	nmf	2.4%
GS	Goldman Sachs Group	$348.81	$362.23	Diversified Financials	11.2	nmf	1.6	1.4%	WMT	Walmart	$134.12	$163.41	Food & Staples Retailing	24.5	0.7	7.3	1.6%
HPE	Hewlett Packard Ent	$15.81	$17.91	Technology Hardware	10.6	0.8	nmf	3.0%	WRK	Westrock	$51.57	$63.27	Materials	18.6	0.8	9.9	1.6%
IP	International Paper	$54.02	$61.47	Materials	19.3	1.0	5.0	3.8%	WHR	Whirlpool	$207.84	$252.39	Consumer Durables	11.2	0.7	nmf	2.4%

As of 3.12.21. nmf=Not meaningful. P/E = Price to Earnings Ratio. P/S = Price to Sales Ratio. P/TBV = Price to Tangible Book Value Ratio.

Stock Updates

Keeping 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://theprudentspeculator.com/dashboard/. We also offer the reminder that any sales we make for our newsletter strategies are announced via our *Sales Alerts*.

We will look to post updated Target Prices for all our stocks to our website on Tuesday, March 16, but in the interim, Jason Clark, Chris Quigley and Zack Tart take a look at five of our companies that had news out last week of sufficient interest to merit a Target Price review.

System software firm **Oracle** (ORCL – $67.16) posted adjusted earnings per share of $1.16, versus the $1.11 estimate, in fiscal Q2 2021. ORCL had sales of $10.09 billion (vs. $10.07 billion est.). Total cloud services and license support revenue was $7.3 billion, up 5% year-over-year excluding currency movements, led by strong demand in the Fusion Cloud ERP, Autonomous Database and OCI cloud businesses. Oracle says recurring revenue now represents 72% of the total and expects that portion to grow.

Chairman and Founder Larry Ellison is a taunting enthusiast and began his comments by stating, "Three months ago, Bob Evans posted an article on the Cloud Wars website in which he quotes SAP's [Oracle's main competitor] CFO Luka Mucic making the following statement at an investors conference, and I quote, 'I have checked and we have not lost a single ERP customer to Oracle.' In other words, after personally checking, SAP's Chief Financial Officer could not find a single example of an SAP ERP customer moving to Oracle Fusion ERP. Not one. Perhaps he should have checked a little bit more carefully. In Q3 alone, we signed contracts totaling hundreds of millions of dollars to migrate several very large SAP ERP customers to Oracle Fusion ERP. But this was not just a recent Q3 event. This has been going on for a couple of years. I'm now going to go and present a list of over 100 companies and government agencies that have already moved from SAP ERP to Fusion ERP or are currently in the process of doing so."

Mr. Ellison continued, "I've divided the list of SAP customers who are moving to Oracle Fusion ERP into 2 distinct groups. I want to be very precise here. The first group is moving their entire company to the Fusion ERP suite, including core financials. That's Oracle wall to wall. The second group has started deploying Fusion ERP applications but has not yet put in the entire suite and may still be running SAP financials in some places. They've begun the migration, but they're not committed to doing the entire suite as yet or they're not in the process of doing the entire suite as yet."

We have looked at SAP multiple times when it had scored well in our fundamental framework, however, our qualitative opinion carried the day in that we liked ORCL's leadership team better and were more confident in their transition to a recurring revenue model.

CEO Safra Catz offered the outlook: "My guidance today is on a non-GAAP basis and assumes current exchange rates remain the same as they are now, which is a 4% positive effect on total revenue and $0.07 positive effect on EPS in Q4. It will look — it may look like a positive effect of $0.08 to EPS due to rounding, but it's $0.07. However, actual currency impact could be different. Total revenues are expected to grow from 5% to 7% in U.S. dollars and are expected to grow 1% to 3% in constant currency. Cloud service and license support will grow faster than in Q3 as well as strategic back office cloud applications. As a result of the increased investment in the quarter, non-GAAP EPS in USD is expected to grow 7% to 11% and be between $1.28 and $1.32 in USD. Non-GAAP EPS in constant currency is expected to be flat to up 4% and be between $1.20 and $1.24 in constant currency."

Oracle raised its quarterly dividend from $0.24 per share to $0.32, bringing the forward yield close to 2%. ORCL also added $20 billion to the share buyback program. The company's valuation multiples remain reasonable, including a forward PE near 14 and a free cash flow yield of 6.3%. We remain encouraged by successes despite the pandemic upsetting some of the company's sales process, and we believe that ORCL still has the right leadership team in place as the business adapts to a dynamic cloud business. We have always liked ORCL's relentless pursuit of the #1 spot in any competition. Our Target Price has been raised to $80.

German letter and parcel carrier **Deutsche Post AG** (DPSGY – $54.03) earned $1.34 per share in fiscal Q4 2020 (vs. $0.91 est.). DPSGY had total revenue of $22.8 billion, versus the $23.1

billion estimate. Shares gained 3% following the announcement. DPSGY saw 21% y-o-y Express revenue growth, 14% y-o-y Global Forwarding growth and 34% y-o-y E-commerce Solutions growth, while the Supply Chain business retreated around 3% y-o-y. CEO Dr. Frank Appel told Bloomberg TV hosts that companies are getting used to the Brexit-related shipping challenges, while reminding that free trade is better for everybody. Dr. Appel said he believes shipping rates will remain elevated for the next two years thanks to the reduction in supply from passenger-aircraft belly capacity.

On the quarterly analyst call, Dr. Appel said, "I think the company is in much better position ever, much stronger. I think we have learned in the last 10 years a lot of things and have made our company much stronger. It's different now. Our purpose became very visible with connecting people, improving lives last year, which creates a tremendous pride in our organization. We have a better mix, higher returns, better cash flow. And I also have to say we probably have on the two layers the best team ever. So that will help us to continue with our journey. We have a very clear agenda, and I have no doubt that the guidance we show you later is definitely achieved for us based on our strong performance we have demonstrated the last year. And also, we have a good start we had into the year."

CFO Melanie Kreis added, "We expect B2C to continue to grow, although with growth rates normalizing in the course of the year. So slower growth over time but growth and from a higher basis. Also, we expect B2B activity to continue to recover. Like nobody else, we have no crystal ball either to forecast how each of these two trends will exactly unfold, but what helps is that we expect them to be strongly related as both depend on exactly the same external trigger. So if there is a faster way out of the lockdown, we will see a faster reduction in the growth in e-commerce. We'd also see a stronger and faster acceleration in B2B and vice versa. So we don't know the timing, but we are pretty confident that there will be a relation between the two trends and that should be helpful for stabilizing our results going forward."

Free cash flow for 2021 is expected around $2.7 billion. The company's dividend will rise to 1.35 EUR per European share, from 1.15 EUR last year, which for DPSGY shareholders translates to $1.61 pre-tax. The excess liquidity in 2020 allowed management to tack on an additional 1 billion euros onto the share buyback program, which it expects to execute over the next twelve months.

Brexit continues to weigh on trade, which is not a surprise, and European officials have taken a substantially different approach to the pandemic resulting in the continent's re-opening coming in fits and starts. With vaccine distributions underway, we think DPSGY should see additional trade, as well as some level of staying power for online shopping, to which Europeans was previously met with minimal enthusiasm. We continue to like the unique exposure DPSGY offers in our broadly diversified portfolios, and we have boosted our Target Price to $64.

Telecommunications and wireless phone service provider **Verizon Communications** (VZ – $55.63) hosted its virtual Investor Day on March 10, where the company announced that it acquired C-band spectrum via an FCC auction.

CEO Hans Vestberg explained the importance of the acquisition, "We succeeded in more than doubling our existing mid-band spectrum holdings by adding an average of 161 megahertz of C-band nationwide for $52.9 billion, including the clearance. Verizon S-band licenses will cover the entire United States. This was the best spectrum available in this auction and when combined with our other holding makes our Spectra in position the strongest in the industry…Our new C-band position, combined with our millimeter wave, means we're the only carrier you're going to deploy the fastest, most powerful 5G experience to the most people or as we will call it 5G built right. This means we have an unparalleled opportunity to shape and monetize the next chapter of growth built on the 21st centers infrastructure: mobility, broadband and cloud."

Verizon is making a massive commitment to wireless service beyond cellular phones. The additional spectrum should allow VZ to offer improved service, or new service in many areas, that were previously not financially feasible due to installation costs. In addition to the standalone value in true nationwide broadband, Verizon will also be able to offer bundles that accompany the 5G internet service, including mobile phone plans and FiOS television.

The spectrum acquisition was funded in part by a massive $25 billion bond issuance. Orders for the issue exceed $100 billion at one point according to *MarketWatch* and it is tied for 6th place in the largest U.S. corporate investment-grade bond issuances (first place is Verizon with a $49 billion issuance in 2013). VZ already paid the FCC nearly $17 billion for the spectrum and has the remaining $36 billion due later this month. According to Bloomberg data, Verizon has $118 billion of total debt with a weighted average coupon of 3.5% and weighted average maturity of 15.5 years.

We view VZ as a quasi-utility stock, where we are less concerned about the debt load than some of our 'usual' holdings and we continue to like the company's strong customer retention rates, service improvement, 11 times NTM P/E ratio and 4.5% dividend yield. Of course, our interest in VZ is only solidified by Warren Buffett's Berkshire Hathaway boosting its ownership stake in Q4 from 70,007 shares to 147 million shares. Our Target Price for VZ is $73.

Fertilizer and ag chemical firm **Mosaic Co.** (MOS – $33.20) held the last of the series of four Analyst Days in which it elaborated on recent process improvements, described the state of each of its markets and laid out a capital allocation plan for the next few years. A significant aspect of these plans is development of the Esterhazy K3 potash mine, which began in 2019 and is expected to become fully operational by 2022 (two years ahead of the original plan and within the cost target). Due to the nature of the mine, K3 will replace two existing mines at a lower cost structure while offering incremental production capacity.

CFO Client Freeland commented on the firm's progress, "We've also returned $330 million to shareholders over the past 3 years, and today, announced a 50% increase in Mosaic's targeted annual dividend. So what does all this mean for 2021? We expect to deploy $300 million in growth capital, funding the specific initiatives, including K3, that we've detailed in our earlier chapters, and all of which deliver attractive returns and position the company for future success. We announced an increase in our targeted dividend to $0.30 per year and continue to expect to retire $450 million of debt maturing in November of 2021. Beyond these plans, we'll continue to monitor markets, our cash generation and our cash build. And if markets remain as constructive

as they are today, we would expect our cash balances to build during the year. Should we see that, we'll look to make incremental capital allocation decisions consistent with the framework we've outlined today."

With almost a third of sales tied to Brazil, we are relieved to note that agriculture in the region remains a strong spot. As CEO Joc O'Rourke explained, "There's a lot of uncertainty around the macro situation in Brazil. I think they just dropped off one of the — as one of the top 10 economies of the world. But in that, a couple of things that should be mentioned from our perspective is, first of all, agriculture was the one area in a negative growth scenario for Brazil, which was positive growth. So the agriculture sector continues to be a strong sector within Brazil. With the real continuing to devalue, we see extremely good farmer economics, which, again, bodes well for our products. And fertilizer continues to be very affordable. And we are in a very good position in Brazil to take advantage of that and continue to do well in that market because of our position, both from a production and distribution perspective."

Shares have been on a tear over the past year, reversing a multi-year slide We have consistently remarked that the crop nutrients business can be quite volatile, but despite the massive run of late, we believe there is still significant enough upside to warrant holding on to our position. Analysts now expect the company to earn $2.23 per share in 2021, while it is not without precedent for earnings to top $4.00 in the right conditions. Management also noted that respective sales revenue for potash, fertilizantes and phosphates increased to $143 million, $261 million and $297 million in February, up from $118 million, $255 million and $172 million a year earlier. Our Target Price for MOS has been hiked to $37.

Entertainment powerhouse **Walt Disney Co.** (DIS – $197.16) announced at its annual shareholder meeting last week that Disney+ had surpassed 100 million global paid subscribers. The milestone comes in just 16 months since the firm's flagship streaming product launched in November 2019. We continue to appreciate how much control this gives the company over distribution of its intellectual property and applaud management for doubling down on its streaming services.

CEO Bob Chapek commented, "The enormous success of Disney+ —which has now surpassed 100 million subscribers—has inspired us to be even more ambitious, and to significantly increase our investment in the development of high-quality content. In fact, we set a target of 100+ new titles per year, and this includes Disney Animation, Disney Live Action, Marvel, Star Wars, and National Geographic. Our direct-to-consumer business is the company's top priority, and our robust pipeline of content will continue to fuel its growth."

Another critical spoke in Disney's flywheel, the company also announced that its California theme parks are likely to reopen by late April. Of course, much work remains ahead as thousands of cast members are recalled and retrained. But we expect the 50th anniversary of Walt Disney World in October of this year and reimagined experiences across the park portfolio to only add to demand as pent-up Disney fans anxiously stride anew through the gates.

We acknowledge that shares may not look so inexpensive, especially after soaring 92% over the past 12 months, but we continue to remind how the market has fallen in love with nearly all

things streaming of late, and we think that rest of the business lines are poised for a great rebound once the pandemic recedes. Our Target Price for DIS has been bumped up to $217.