

THE MONTHLY RESEARCH CONFERENCE CALL

FINANCIAL SERVICES: INVESTING IN A DYNAMIC RATE ENVIRONMENT



MODERATORS

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Director of Research

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Wednesday, September 4, 2019

11:00 a.m. ET

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WHAT'S NEW AT ARGUS

SEPTEMBER 2019

■ **Congratulations, Argus Analysts!**

- Refinitiv announced analyst awards for EPS accuracy and stock picking
- Chris Graja - #1 in Household Durables for stock picking
- Bill Selesky - #1 in Energy Services for stock picking
- Bill Selesky - #2 in Chemicals for stock picking
- John Eade - #3 in Industrial Conglomerates for stock picking

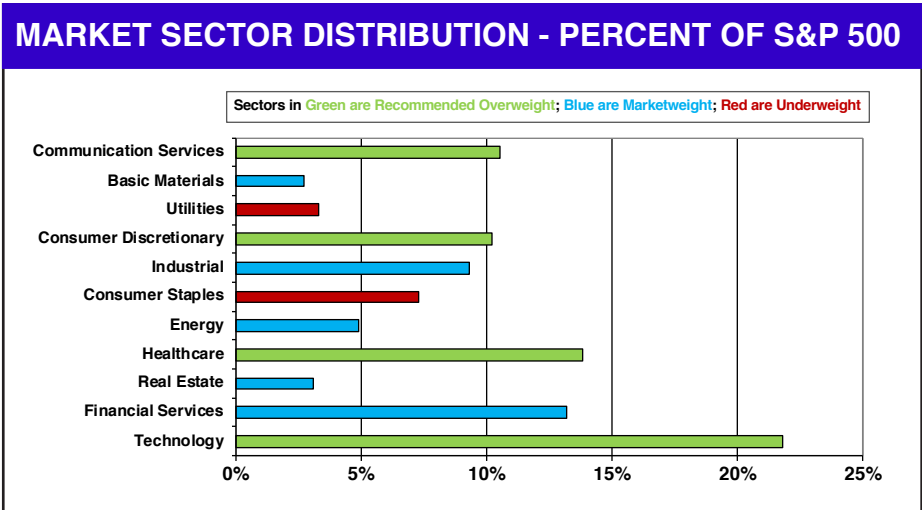
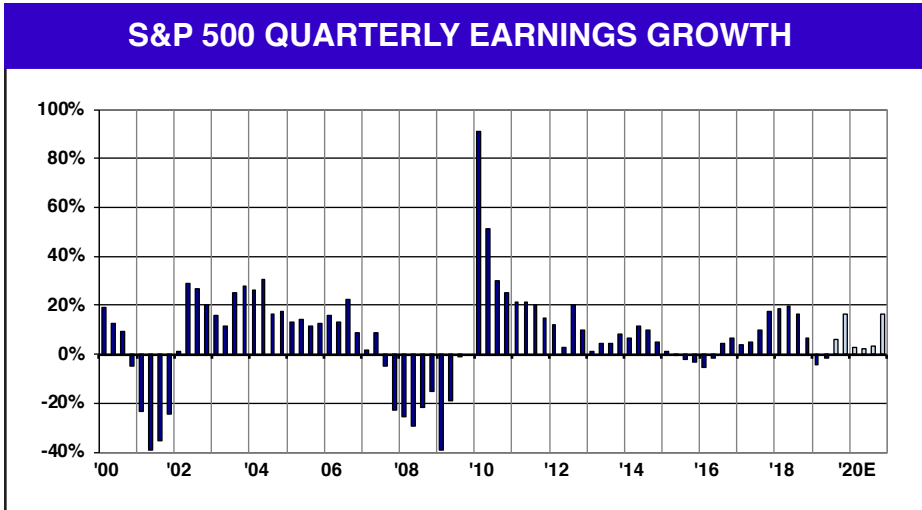
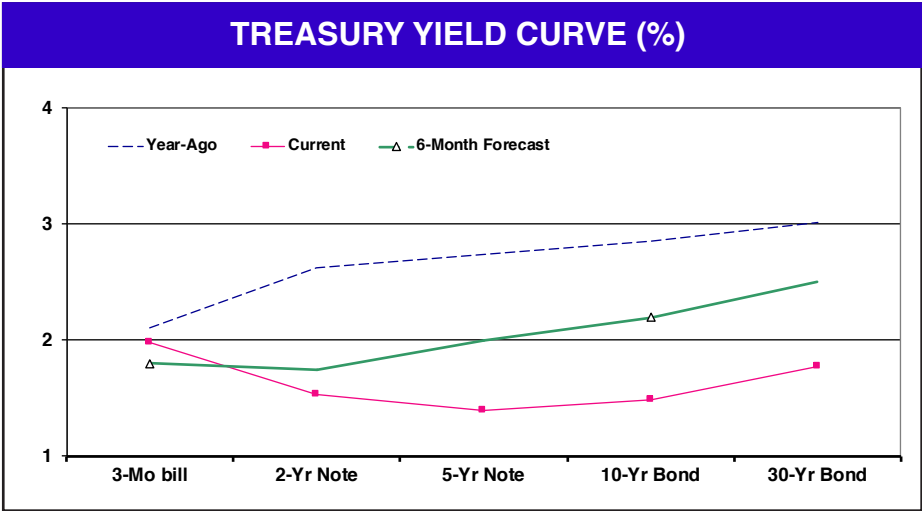
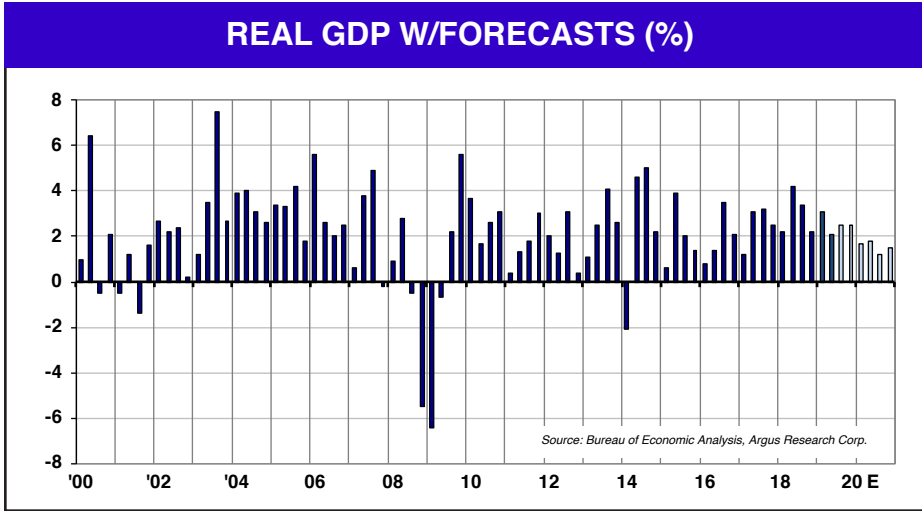
■ **Argus High-Yield Model Portfolio**

- Even in growth markets, investors want income
- Argus High-Yield Model Portfolio: BUYs and HOLDs with 4%-plus yield
- Value stocks with attractive P/E, P/S, P/CF, and P/BV ratios
- Avoid sectors/companies in secular decline, or with unsustainable payouts
- Find it on website: Portfolio Strategy tab, Theme Portfolios

■ **Argus Performance Review**

- Investars - Argus BUYs beat S&P 500 on 2-, 3-, 4-, & 5-year basis
- Bloomberg BARR (top 5 finishes) - all analysts in double-digits
- Model Portfolios - multiple portfolios topped benchmark on YTD, 1-year, and 3-year basis
- Portfolio Selector-Focus List - median return of PS-FL stocks beat benchmark by 140 bps
- Find it on website: home page, news & media

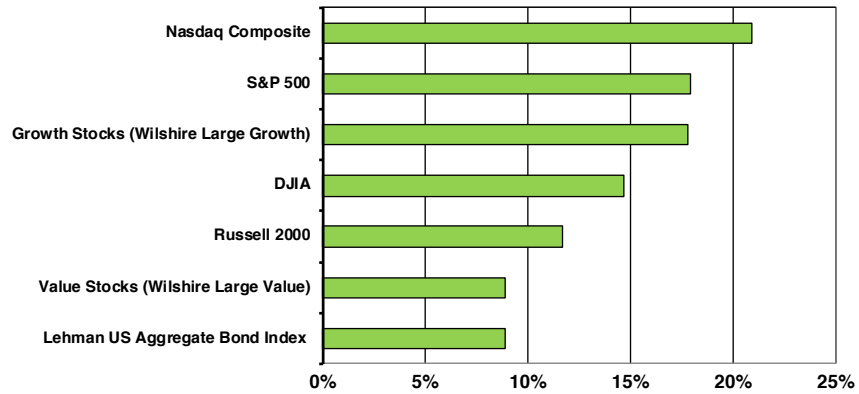
MACRO FORECASTS



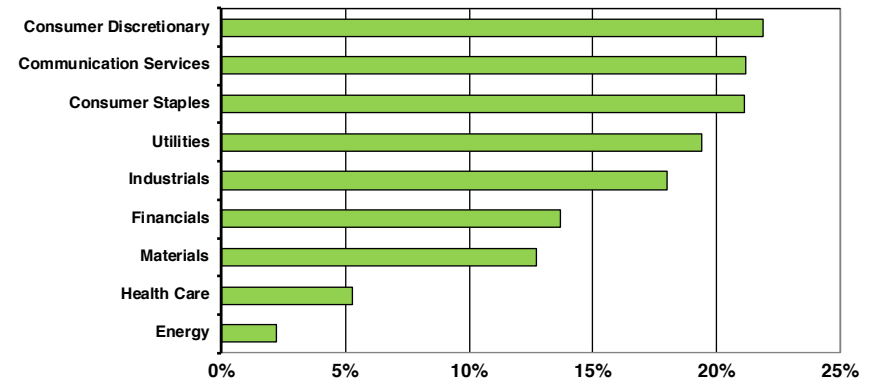
MARKET PERFORMANCE

DATA AS AUGUST 30, 2019

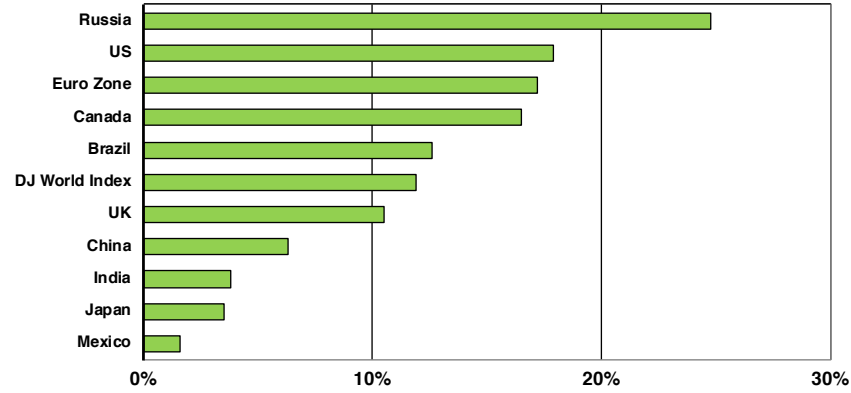
MAJOR INDEX



SECTOR



GLOBAL EQUITY MARKETS



FINANCIAL SERVICES: INVESTING IN A DYNAMIC RATE ENVIRONMENT

■ Treasury Curve Outlook

- Shape of the curve, odds of future cuts, FED quandary.

■ Fixed Income Allocations

- Where we see value.

FINANCIAL SERVICES: INVESTING IN A DYNAMIC RATE ENVIRONMENT

■ **Regional Banks & Brokerage**

- Dividend Outlook, Net Interest Margin compression, Asset Management.

■ **Exchanges**

- Market Volatility helping results. IPO market, new products and geographic expansion expecting to help drive results.

■ **Top Picks**

Regional Banks:

- Comerica (CMA 4.46% Dividend Yield) Target price \$88.
- Citizens Financial (CFG 4.38% Dividend Yield) Target price \$43.

Brokerage:

- Raymond James Financial (RJF) target price \$96.
- Exchanges Nasdaq (NDAQ) target price \$103.

FINANCIAL SERVICES: OUTLOOK FOR LARGE BANKS & BROKERAGES

- **Lending segments subject to same impact from lower rates as regional banks.**
- **Positives include volatile equities, currencies and commodities helping trading results.**
- **Potential for a considerable re-fi boom (corporate, municipals) aiding underwriting and mortgage banking.**
- **With large consumer segments, we continue to like BAC and JPM.**
- **Among regional banks, we see PNC, STI/BBT and USB as best positioned.**

FINANCIAL SERVICES: RATING AGENCIES

- **Low Rates Spur Bond Financing**

- **Keep An Eye On Defaults**

- **Top Picks – MCO and SPGI**
 - Conservative management teams
 - High margin business
 - Good dividend growth

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