THE MONTHLY RESEARCH CONFERENCE CALL

STRONG TOGETHER:COMPANIES CARRYING US THROUGH THE PANDEMIC

MODERATORS

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Wednesday, May 6, 2020
11:00 a.m. ET

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Investors

WHAT'S NEW AT ARGUS
MAY 2020

Argus at Home

- Argus Research, AIC and Vickers are all working online
- We have been working at home for over six weeks
- Reaching out to the community
- Everyone trying to remain physically active, mentally engaged

Argus Quick Notes

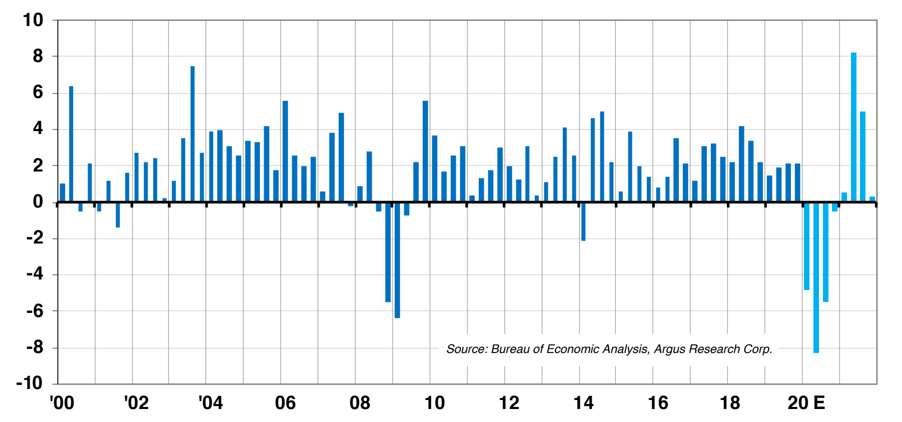
- Quick Note: Communication Services
- Quick Note: High-Yield Stocks
- Quick Note: Focus List Changes
- Quick Note: Companies pivoting to fight COVID-19
- Quick Note: Momentum Stocks
- Find it on the site: Homepage, center column, Quick Notes

Argus New to Coverage

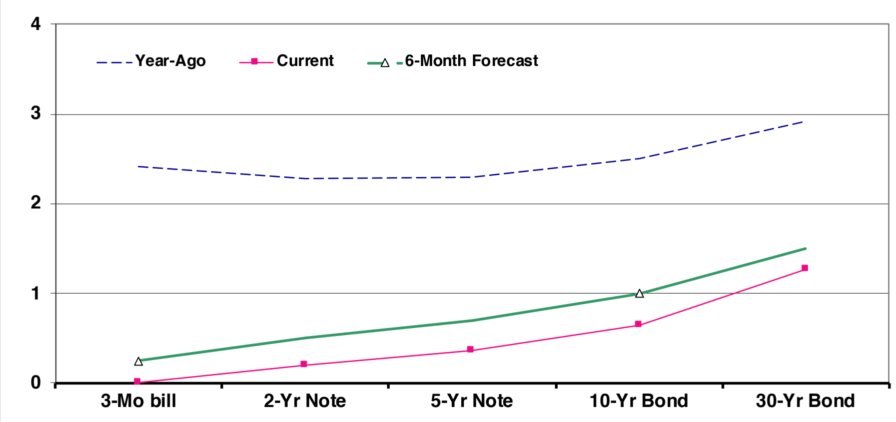
- Lyft is the clear #2 in ride-hailing behind Uber
- Uber has bigger global footprint, Lyft stronger in small U.S. cities
- Robust partnered and in-house approach to autonomous
- Ride-hailing market soft, but should grow with reopening
- Years of weak vehicle sales ahead support online ride-hailing
- BUY-rated with $39 target price

MACRO FORECASTS

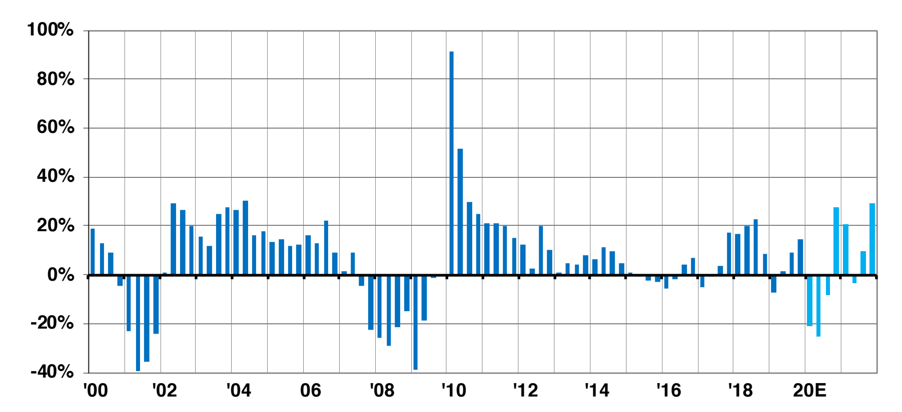
REAL GDP W/FORECASTS (%)



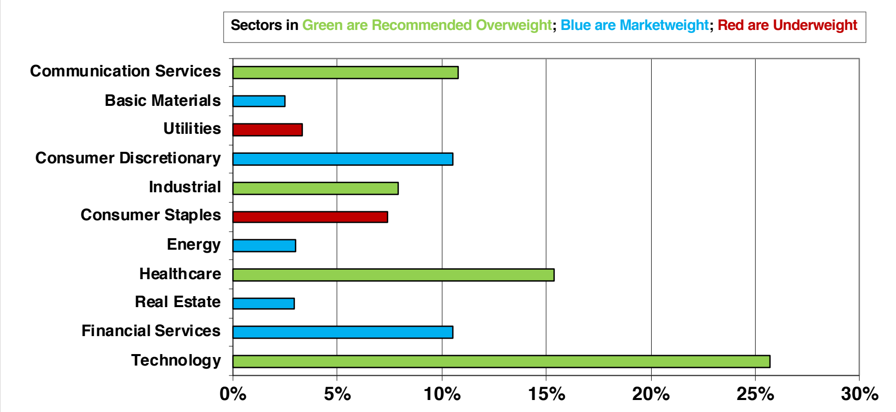
TREASURY YIELD CURVE (%)



S&P 500 QUARTERLY EARNINGS GROWTH



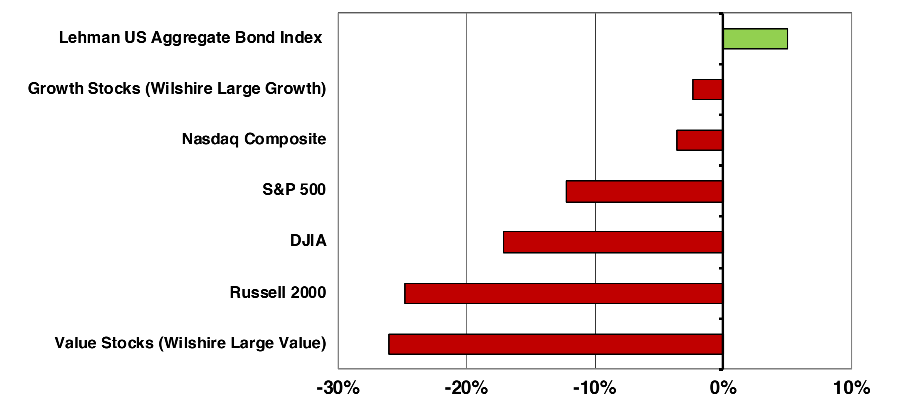
MARKET SECTOR DISTRIBUTION - PERCENT OF S&P 500



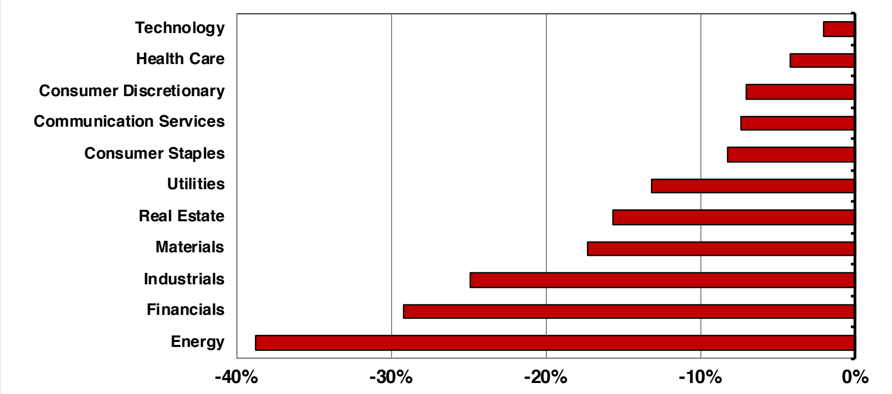
MARKET PERFORMANCE

DATA AS APRIL 30, 2020

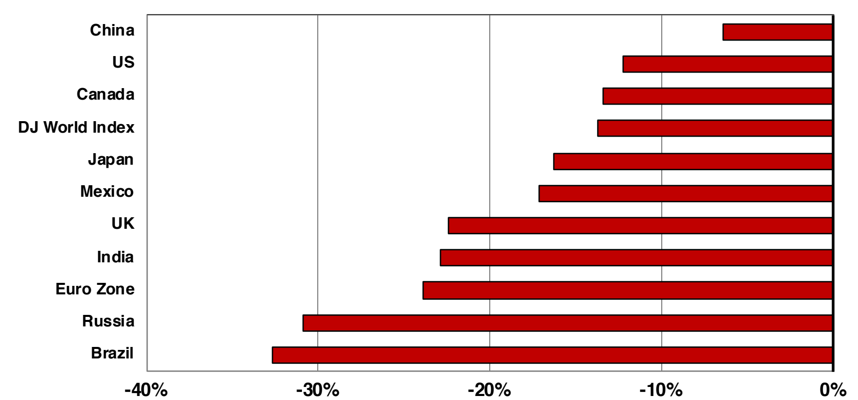
MAJOR INDEX



SECTOR



GLOBAL EQUITY MARKETS



THE ROAD TO RECOVERY

- Steps to the New Normal
- Signs along the way
- The 6-Point System is the Guide
- Stocks we like

THE SUPPLY CHAIN & THE PANDEMIC

- **Secular Trends pre-Pandemic**
- **Recent Developments**
- **Important Traits**
- **Top Picks**
  - Truckers: ODFL, JBHT
  - Rails: CSX, CP, UNP, NSC
  - Air Freight: UPS

PANDEMIC ACCELERATING DIGITAL TRANSFORMATION

Before the Pandemic, Economy moving to

- cloud & big data
- social & mobile
- accessible & trusted

During the Pandemic: a new digital world order

- remote work: home PCs & printing, videoconferencing
- virtual interactions; social media
- distractions: online gaming, streaming video

After the Pandemic: Cloud, Big Data, Social, Mobile, Security

- Slow return of consumers to malls, ballgames, movies, even work
- In home space, still need data to be pervasive (social), always on (mobile), accessible (Big Data) and trusted (security), all managed in cloud
- Pandemic accelerates collapse of old order

PANDEMIC ACCELERATING DIGITAL TRANSFORMATION

Cloud and the data management challenge

- Cloud scale: IaaS (AMZN, MSFT)
- Cloud management: SDK (TWLO), multi-cloud (IBM)
- IoT enablers: Industrial semis (ADI, TXN)
- Data storage & memory: semiconductors (MU), Devices (WDC)

5G and the future of access

- network core will manage unprecedented traffic
- 5G infrastructure (ERIC)
- optical (CIEN)
- switching & routing (CSCO)
- test & measurement (VIAV)
- connectivity (AVGO, QCOM)
- device (AAPL)

PANDEMIC ACCELERATING DIGITAL TRANSFORMATION

Amazon.com (AMZN)

- During 1Q20, $33 million in sales per hour
- Growth in Prime retail grows Prime streaming content/viewers
- Third-party sellers, independent delivery contractors
- AWS: first ever quarter with $10 billion revenue
- 2Q outlook: Thumbing nose at Wall Street, again
- AMZN belongs in most equity portfolios
- 12-month Target Price: $2,600

HP Inc. (HPQ)

- Surging demand for home/SMB computers & printers
- After pandemic, secular growth in remote hours worked
- Xerox drops bid, letting HPQ focus on growth
- Top challenge: commercial ink online sales
- Top opportunities: 3D, Graphics
- 12-month Target Price: $25

KEEPING PEOPLE CONNECTED

- Facebook (FB)
- Alphabet/Google (GOOGL)
- Microsoft (MSFT)
- Zoom Video Communications (ZM)

KEEPING PEOPLE ENTERTAINED

- Netflix (NFLX)
- Activision Blizzard (ATVI)
- Electronic Arts (EA)

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