



HOLIDAY 2020: A DIFFERENT CHEER

THE MONTHLY RESEARCH CONFERENCE CALL

MODERATOR:

Jim Kelleher, CFA

Director of Research

Wednesday, November 4, 2020

11:00 a.m. ET

61 Broadway • NYC, N.Y. 10006

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■ **Holiday 2020: A Different Cheer**

- John Eade, President of Argus
- Chris Graja, CFA, Senior Analyst
- Stephen Biggar, Director of Financial Research

■ **Argus Quick Notes**

- Communication Service stocks
- New Coverage stocks
- The iPhone Ecosystem
- Global Dividend Investing
- Find these on the homepage of our website

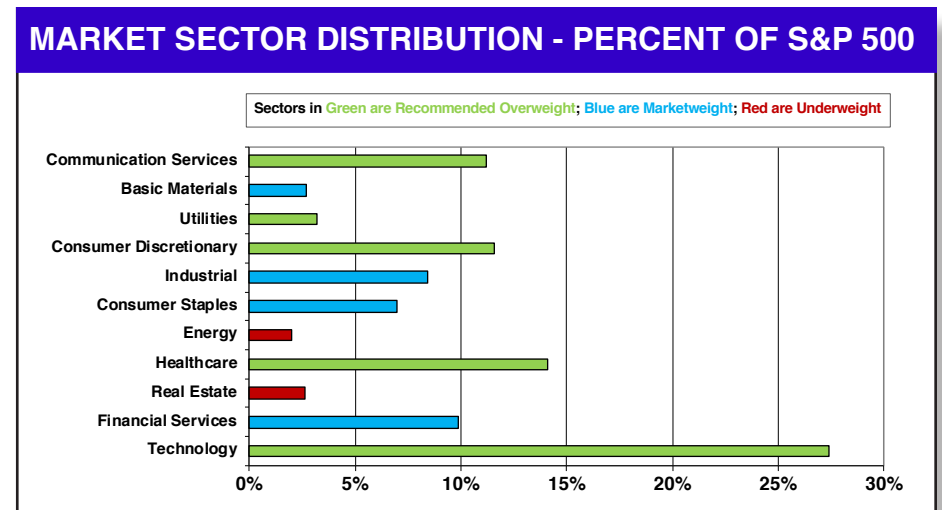
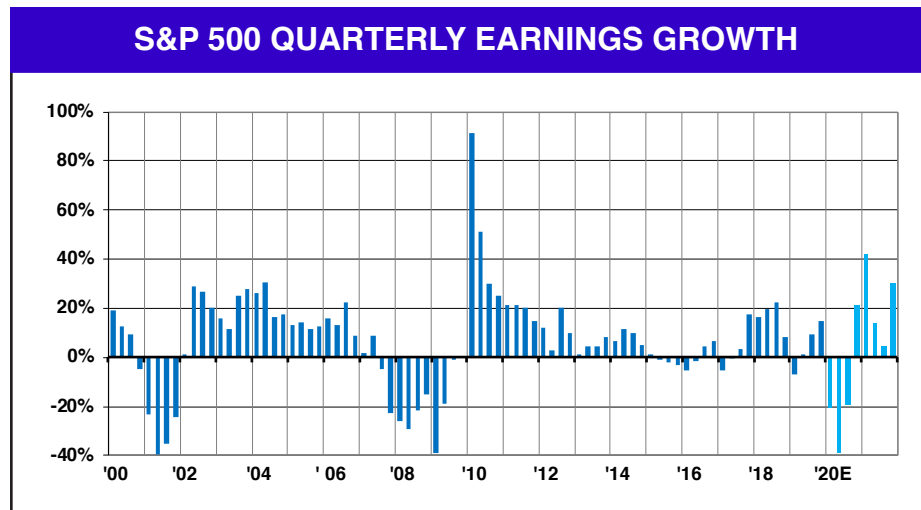
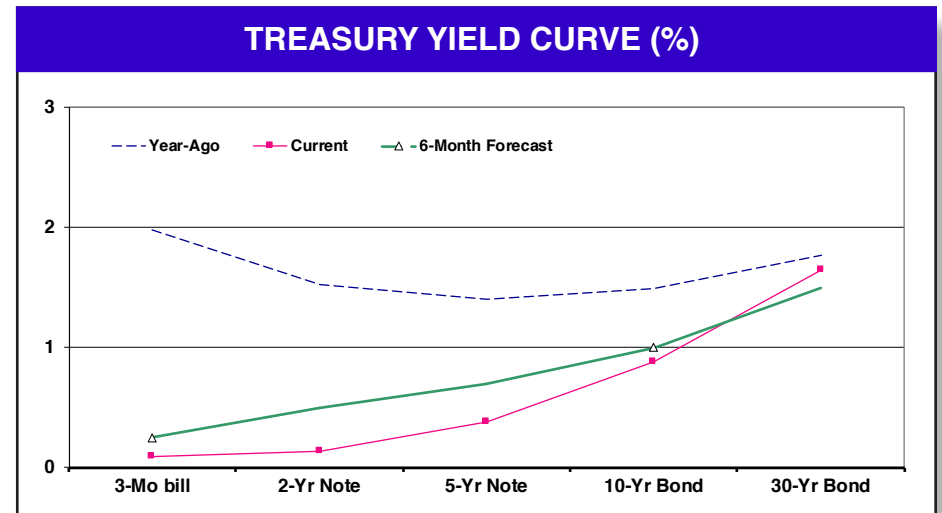
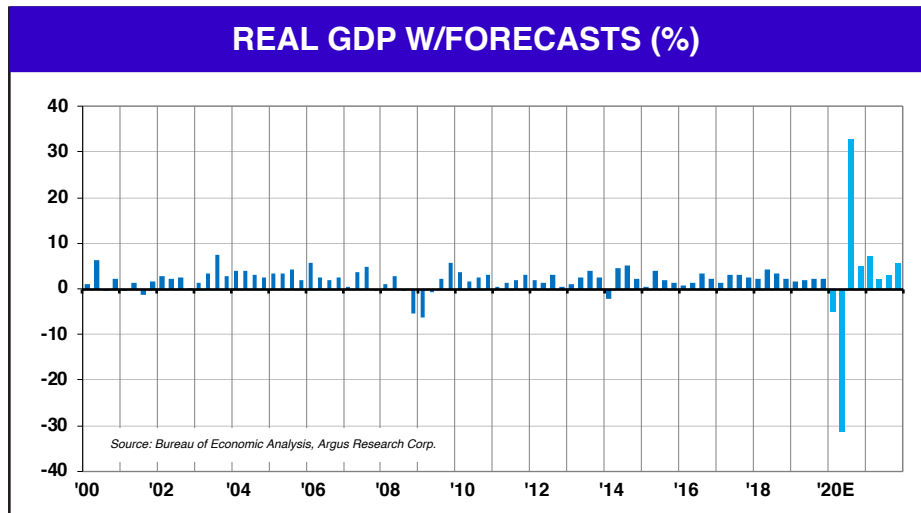
■ **Argus Dividend Growth Portfolio**

- Dividend Income: important element of total return
- 1930-2012: dividends accounted for 42% of S&P 500 total return
- Prefer high dividend growth over high yield, which may be at risk
- Dividend Growers: strong cash flows, clean balance sheets
- Find our Theme Portfolios under Portfolio Strategy on our website

■ **Sector Podcast**

- Weekly Sector Commentary
- Recent topics include Energy, Healthcare
- Find it on the site: Home Page, Theme Research, Conference Calls

MACRO FORECASTS

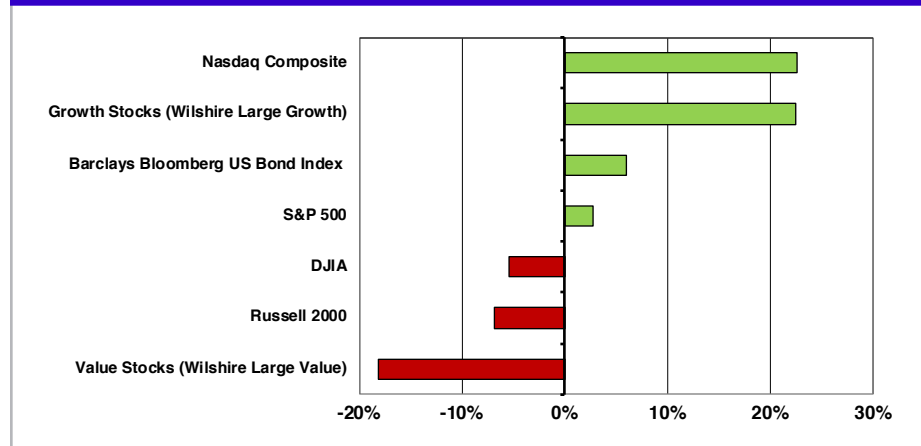


MARKET PERFORMANCE

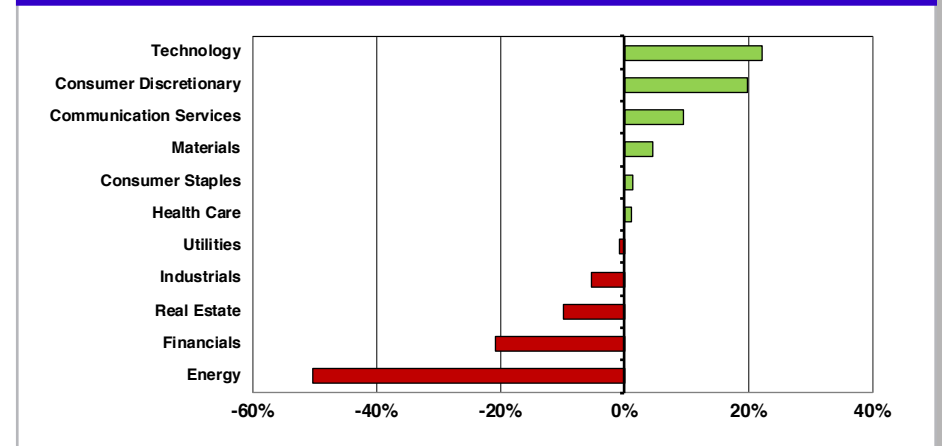
DATA AS OCTOBER 30, 2020



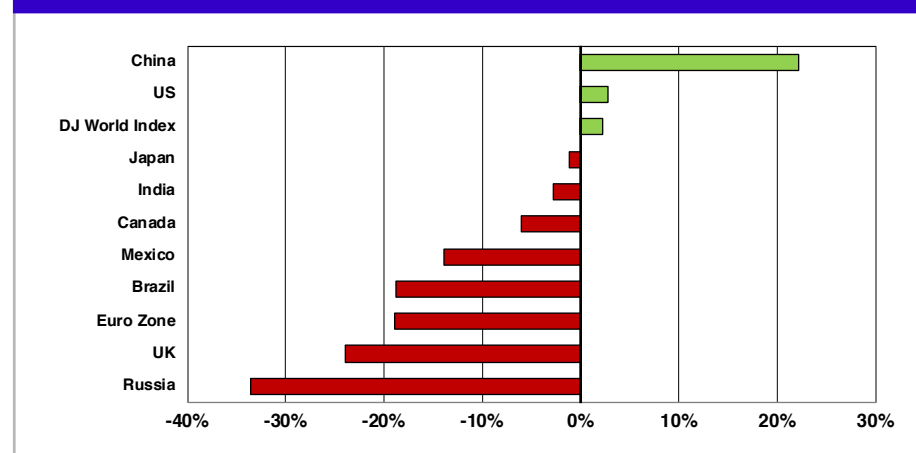
MAJOR INDEX



SECTOR



GLOBAL EQUITY MARKETS



■ Agreement

- Running a business (or household) has rarely been more difficult
- COVID has accelerated massive changes
- There will be big shifts in spending this holiday
- Super-low interest rates have huge investment implications

■ Less Agreement

- Will it be a “Good” or “Bad” holiday?
- How can we measure it?
- When will things be “Normal” again?
- The value of high-quality dividend payers

TEN INVESTMENT THEMES FOR THE HOLIDAYS



- **Uncertainty = Opportunity**
- **Happy, Healthy, Home (and Pet)**
- **Valuation Still Matters**
- **Corporate Values Matter**
- **Normalcy and Nostalgia are Good**
- **Innovation is Better**
- **The Big Will Get Bigger**
- **Last Mile Matters - Delivery, Curbside, BOPIS**
- **The Top Gifts Will be “Goods” (not “Experiences”)**
- **Who Will Emerge Stronger?**

■ 5 Top Stock Picks:

- **Lowe's (LOW)**
Target: \$200
- **Home Depot (HD)**
Target: \$320
- **Walmart (WMT)**
Target:\$157
- **Procter & Gamble (PG)**
Target: \$160
- **Colgate-Palmolive (CL)**
Target:\$90

■ 2 Out-of-Consensus Picks:

- **Coca-Cola**
Target: \$58
- **TJX**
Target: \$65

- **Pandemic has accelerated a rapid shift to digital payments for online purchases**
- **Secular shift was already underway, with increasing use of credit/debit cards over cash/checks for convenience, safety and reward program benefits**
- **Increasing merchant acceptance including for lower-price purchases**
- **Trend has benefited a variety of card issuers, processors and fin-tech companies**

■ **PayPal (PYPL)**

- Increasing merchant acceptance of online, in-store, in app solutions
- Pay and be paid
- Venmo person-to-person

■ **Visa (V), Mastercard (MA)**

- At the core of secular shift to digital payments
- Potential entry into China
- Cross-border transactions offset due to sluggish int'l travel

■ Square (SQ)

- Rapid adoption of mobile payment devices by smaller merchants; Cash App; Bitcoin

■ Fidelity National Information (FIS), Global Payments (GPN)

- Fin-tech names that are the backbone of payment technology networks while also offering software solutions

■ These companies benefit from digital payment growth without credit risk

■ Paper & Packaging

- Sector still struggling with pandemic
- But conditions improving quarter over quarter
- PKG our top Pick

■ Air Freight

- Back to revenue & earnings growth
- Focus on margins
- FDX, UPS on BUY list

■ Trucking

- One of top-performing sectors in Industrial Group
- Earnings recovering, benefitting from focus on domestic supply chains
- Top picks are ODFL, JBHT

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