

U.S. Equities September 2019

KEY HIGHLIGHTS

- The [S&P 500](#)[®] was up 1.72% in September, bringing its YTD return to 18.74%.
- The [Dow Jones Industrial Average](#)[®] gained 1.95% for the month and rose 15.39% YTD.
- The [S&P MidCap 400](#)[®] increased 2.89% for the month and was up 16.38% YTD.
- The [S&P SmallCap 600](#)[®] returned 3.15% in September and 12.16% YTD.

| INDEX | 1-MONTH (%) | 3-MONTH (%) | YTD (%) | 1-YEAR (%) |
|------------------------------|-------------|-------------|---------|------------|
| S&P 500 | 1.72 | 1.19 | 18.74 | 2.15 |
| Dow Jones Industrial Average | 1.95 | 1.19 | 15.39 | 1.73 |
| S&P MidCap 400 | 2.89 | -0.52 | 16.38 | -4.16 |
| S&P SmallCap 600 | 3.15 | -0.58 | 12.16 | -10.75 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

MARKET SNAPSHOT

Just when you thought it was safe to turn your TV back on for the new season (after the political coverage of late spring and early summer), the fall season seems to be filled with a B-rated remake drama from 1998 and 1974 (strange how my views have changed since then). Guess it's time to dig up that Nixon countdown poster, as issues that lie in the balance include legislative initiatives (both USMCA and prescription drugs are in doubt), government spending and taxing policies (budget and appropriations), as well as trade and tariffs (China—weaker hand or ace-in-the-political-hole?) The unfortunate reality is that the past two years of media and politics may seem like an opening band for the upcoming Altamont Speedway concert (translation: public politics could get worse).

Recently (as seen on a public station near you), the House of Representatives' (controlled by the Democrats) Speaker Nancy Pelosi (Democrat) announced a formal impeachment inquiry into President Trump. While the "discussion" of an inquiry over several events has been ongoing, the trigger appeared to be a July phone call with Ukraine's President Zelensky. The formal process starts with a sub-group in the House, then could proceed to the full House for a vote; if a majority approves, the president would be impeached—similar to being indicted. It would then go to the Senate (similar to a trial; controlled by the Republicans) for the necessary two-thirds vote to remove Trump from office. In

Contributor:

Howard Silverblatt, Index Investment Strategy, Senior Industry Analyst, howard.silverblatt@spglobal.com

S&P Dow Jones Indices' Market Attributes[®] series provides market commentary highlighting developments across various asset classes.

U.S. history, two presidents have been impeached: Andrew Johnson in 1868 and Bill Clinton in 1998, with both being acquitted by the Senate; Richard Nixon, in 1974, resigned to avoid being impeached. The market moved down on the news but recovered, as the process could dominate the legislature, with the first short-term result being no passage of the USMCA. The true horror show, however, might have been an investor in the WeWork action who put in a Peloton system, as they adjusted their SmileDirectClub braces due to all the meat they love, while they shorted Beyond Meat (translation: IPO's ain't hot).

September is historically the worst month of the year for the S&P 500, averaging -0.99% since 1928 (May is the other negative month, at -0.17%, with December being the best, up 1.28%), and it declines 53.8% of the time, so expectations were low. In retrospect, this September could have been a horror story—the largest oil field strike cut global production by 5%, the U.S. liquidity crash pushed institutional money rates to double digits, the FOMC disappointed as it failed to back growth, and the House started impeachment proceedings against Trump, which meant that the legislative agenda could die. However, the S&P 500 traded in a 4.50% high/low spread (the 50-year average is 7.25%) to post, when measured against the events, a pleasing 1.72% gain (1.87% with dividends; Q3 2019 was 1.19% and 1.70%). Year-to-date, the return was up 18.74% (20.55%), the best nine-month opening since 1997's 27.88% (1997 ended the year up 31.01%), and a new high was 1.62% away (heading into earnings season; earnings start Tuesday, Oct. 15, 2019, with Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley, and Wells Fargo).

As for investors, as they say at the circus, please set your attention on the main ring for the higher-level event—but realize the sideshows will be a disruption. Specifically, almost 70% of the index will report in October, along with Q4 and 2020 guidance as well as expected 2020 expenditures (and I was having a problem just figuring out Q4 2019), and that will speak to the health and expectations of the market. On the higher level, this will guide the market—if the sideshows don't blow it up. The sideshows, which have the potential to cause quick moves, are numerous, with the fear that those could be more on the downside than up. The 2020 politics, which seemed to dominate the news, will increase (hard to fathom), while legislative movement will likely be slow and impeachment proceedings will start. Tariff and trade talk will continue, with possible delays for the USMCA (as China comes to town for talks and is part of the new politics), and a bipartisan drug pricing policy now seeming less likely. Central banks are expected to continue to cut (and potentially add stimulus, but maybe by another name), with the FOMC not expected to cut (yet) in October. Meanwhile, the endearing and ever-spending American consumer, who used to account for 70% of the U.S. spending but has now moved up in the ranks (partially because they spend more, but more because corporations spend less), will be tested, as higher prices (via tariffs) come to a store (and web page) near you, just in time for the holidays. So fasten your seat belt, as October, which goes up 57.1% of the time, is set to be a rocky month (historical nightmares for October: Oct. 19, 1987, at -20.47%; Oct. 29, 1929, at -10.16%; and Oct. 28, 1929, at -12.34%). As they say in the hurricane zone, "prepare": know your portfolio, exposure, and risk levels, and set a point at which you want to lighten your holdings, or if you have liquidity and believe, to average in more.

September saved the quarter, as it posted a more-than-acceptable 1.72% gain (after August's loss of 1.81% and July's gain of 1.31%), in a month that declines 53.8% of the time. Adding to the upside and optimism was the return of 3K, first seen in July (July 11, 2019, with the first close on July 12, 2019), as the index came within a tick of a new closing high (July 26, 2019, at 3,027.98 still stands)—an event that is hoped for next month, when earnings should rule the news (alongside the impeachment inquiry).

For the quarter, however, the index posted a 1.19% gain, making it three quarters in a row, with the YTD gain a pleasing 18.74%. September increased 1.72% (1.87% with dividends); the quarter was up 1.19% (1.70%), and the YTD gain was 18.74% (20.55%), the best nine-month YTD opening since 1997's 21.43%. The bull market run (from March 9, 2009) was up 340% (15.06% annualized) and up 449% (17.49%) with dividends. The broad gain, however, is but a slick cover for some of the true interest in the month. The drone attack in Saudi Arabia pushed oil up, but not to an extreme; yes, 5% of global production is a lot, but the world has changed from the gas lines of the 1970s, as the largest oil producer in the world is now the U.S. Oil closed down 1.4%, at USD 54.31 from August's USD 55.07. In interest rates, the friendlier FOMC decreased another 0.25%, as was expected, just as the EU also did so (-0.10%). The 10-year U.S. Treasury bond traded in a range of 1.43% to 1.91%, closing up at 1.67% from August's 1.50%.

In Q2 2019, earnings beat their reduced estimates (lowered 7.1% since year-end 2018), with a 73.6% beat rate (historical was 67%), as the quarter posted a 5.7% gain over Q1 2019. As for Q3 2019, the estimate has declined 3.9% since the end of Q2 and 7.8% from year-end 2018; it is currently expected to post a 1.7% gain over Q2 2019 and be 1.4% lower than the record Q3 2018 level. Q4 optimism continues; its estimate was reduced 1.8% from June 2018 and 6.2% from year-end 2018, and it is forecasting a happy holiday increase of 3.4% over Q3 2019, which would set a new quarterly record (by 2.0%). The forecast for 2019 is 6.3% over 2018, with the 2020 election year dream being 11.7%. Q2 2019 buybacks (USD 164.5 billion) posted a 20.1% decline from Q1 2019 (USD 205.8 billion), and a 26.2% decline from the record Q4 2018 (USD 223.0 billion). Given the concern over trade and tariffs, Q4 2019 estimates are under review, as are all of 2020's. It appears that in a rush to demonstrate their tax-inspired higher shareholder return policies, companies may have overspent on buybacks in 2018. Looking at 2018 as including a one-time bonus of buybacks, the levels are higher than the pre-2018 ones. Q3 2019 should help reset the expectation and support level, with USD 170 billion being seen as a good support level.

In the U.S.-China trade saga, China slightly eased tariffs on a few items (pharmaceuticals, fish foods, and lubricants) temporarily until Sept. 16, 2020, ahead of October's talks. Trump responded with a "goodwill gesture" to delay increased tariffs (currently 25%, scheduled to go to 30%) on USD 250 billion until Oct. 15, 2019, from the currently scheduled date of Oct. 1, 2019. China then granted a waiver from tariffs to import 2 to 3 million tons of U.S. soybeans, as the game played on. In the Trump-FOMC saga, Trump continued his tweets, saying the FOMC should reduce interest rates to "ZERO, or less." The FOMC was expected to reduce its rate by 0.25% (to 2.25%; it was 0.25% from its 2008 recession low, until December 2015) at its meeting on Sept. 17-18, 2019. After the FOMC decreased rates by 0.25%, Trump tweeted "no 'guts,' no sense, no vision." Trump came to a trade agreement on tariffs with Japan, which did not require congressional approval; no details were released, with the main question being the tariffs on automobiles. The USMCA deal with Mexico continued to be reviewed in the U.S. Congress, but passage is in doubt due to the impeachment situation.

The People's Bank of China cut its reserve ratio for the third time this year (seventh time since 2008), by 0.50% (reduced an additional 1.00% for specific qualified banks), effective Sept. 16, 2019. The U.S. Fed's Beige Book showed modest growth over the summer, as did wages, with uncertainty over trade issues as a dominant theme. Russia cut its interest rate for the third time this year, from 7.5% down to 7.0%. The ECB met, and as expected, "cut & bought." Specifically, the ECB reduced its interest rate by 0.10% to -0.50%, and restarted QE (which was stopped in December 2018, after four years), pledging to buy USD 22 billion in eurozone debt and to "run for as long as necessary." The ECB also

pledged not to increase interest rates until it sees inflation “robustly converge” with its inflation target (slightly less than 2%). The new program and levels will set the stage for Christine Lagarde, the Chair of the International Monetary Fund, who will replace Mario Draghi as president of the ECB on Nov. 1, 2019. The Bank of Japan kept its rates unchanged (at -0.10%), indicating that it could ease later. The Swiss National Bank stayed pat (-0.75%). The Bank of England made no change (0.75%), as Brexit uncertainty continues. Norway’s Norges Bank, however, increased its interest rate by 0.25% (fourth increase over the past year) to 1.50%.

The FOMC met, and as was expected, decreased its interest rates for the second time in a row, by 0.25%, to the 1.75%-2.00% target rate. The vote was seven in favor, two against the cut (George and Rosengren), and one who wanted to cut by 0.5% (Bullard). The Dot Plot, which includes non-voting FOMC members (and does show individual votes), portrayed a deeper discord within the FOMC. There were 5 who thought the FOMC should not have increased, 5 who approved of the cut and thought that there should not be another cut this year, and 7 who favored another cut this year, leaving 10 opposed to another cut this year and 7 in favor. Additionally, the FOMC reduced the interest rate it pays on excess reserves by 0.30% (compared to the 0.25% cut) to 1.80%. The Fed started and continued to pump liquidity into the markets, as it said it planned to add up to USD 75 billion daily through Oct. 10, 2019 (although for at least one day, USD 110 billion was added, with reports of additional separate actions). It will also offer three 14-day repo agreements for at least USD 30 billion each.

Activist investment firm Elliott Management disclosed a USD 3.2 billion investment in telecommunication services issue AT&T (T) and that it would seek board representation. Apple (AAPL) unveiled its newest iPhones, with models starting at a lower-than-expected price (USD 599), as it started a new streaming service (priced at USD 4.99 per month). The stock moved up, as the higher-priced company appeared to be moving into mid-level in an attempt to better compete (which could reduce margins). Moody’s reduced automaker Ford (F) to the non-investment-grade rating of “Ba1” from “Baa3,” citing prospects for cash flow and profits. General Electric (GE) continued to reduce its holdings; it will reduce its ownership in Baker Hughes (BHGE) to 38.4% from 50.4% by June 2019, and it expected to get USD 2.7 billion for the holding. The company said it expects asset sales to bring in USD 38 billion, which it planned to use to reduce debt. Express shipper FedEx (FDX) disappointed on earnings and guidance, as it cited trade tensions and its split with Amazon.com (AMZN). The United Auto Workers Union went on strike against General Motors (GM), as both Ford and Chrysler were expected to follow whatever negotiated settlement is found (the UAW represents approximately 150,000 employees at the three companies). The 46,000 GM workers went on strike at 31 plants; GM was seen as having several weeks’ worth of inventory, and the street estimates that the strike would cost the company around USD 300 million a week. End-of-month reports said the two sides were near an agreement. Trump, as expected, revoked California’s authority to set its own auto emissions standards, which was granted under the Obama administration, as California said it would fight the order in court. As eight deaths have now been associated with vaping (along with 805 cases of pulmonary illness), Trump said he plans to ban most flavored e-cigarettes. New York and Michigan banned the flavored ones, and Massachusetts banned all of them for three months, while they study the situation.

S&P Dow Jones Indices added technology solutions issue CDW (CDW) and S&P MidCap 400 home building issue NVR (NVR) to the S&P 500, while it deleted Total System Services (TSS), which is being acquired by Global Payments (GPN), and Jefferies Financial Group (JEF), which it added to the S&P

MidCap 400. S&P DJI announced that it would add resort operator Las Vegas Sands (LVS) to the S&P 500 before the opening of Oct. 3, 2019, as it removes Nektar Therapeutics (NKTR), which was being added to the S&P MidCap 400.

Apple, which has USD 211 billion in cash and liquid marketable securities, became the latest issue to take advantage of low interest rates, issuing USD 7 billion in 30-year bonds, yielding 2.99% (it had USD 85 billion in long-term debt prior to the offering). All 50 U.S. states have agreed to be part of an investigation into an antitrust probe into Google (GOOG/L), which will initially focus on its web advertising. Seven states started an antitrust investigation into Facebook (FB), focusing on its dominance. A more substantial investigation could start if the U.S. government were to get involved via the Federal Trade Commission or the Department of Justice.

National Security Adviser John Bolton became the third person to leave the post under Trump; it was unclear if he resigned or Trump asked him to resign. The U.S. deficit returned to the trillion-dollar mark (last seen in 2012), as the 11-month August 2019 deficit (the U.S. has a September fiscal year end) was USD 1.07 trillion (4.4% of GDP), up 19% from the 2018 period. UK travel service company Thomas Cook Group Plc, which dates back to 1841, collapsed under its debt and online competition and filed for bankruptcy, with the British government chartering planes to bring home more than 150,000 stranded travelers. The Federal Reserve reported that U.S. household wealth for Q2 2019 rose 1.6% to USD 113.5 trillion, as it cited the U.S. stock market and home prices.

The 10-year U.S. Treasury bond traded in a range of 1.43% to 1.91%, closing up at 1.67% from August's 1.50%. The pound closed up at 1.2291 from 1.2164 (1.2754 for year-end 2018, 1.3498 for 2017, and 1.2345 for 2016); the euro was down to 1.0900 from last month's 1.0995 (1.1461, 1.2000, 1.0520); the yen closed at 108.05 from last month's 106.24 (109.58, 112.68, 117.00), and the yuan closed at 7.1485, down from last month's 7.1567 (6.8785, 6.5030, 6.9448). Oil traded as high as USD 62.49 on the oil field attack, closing at USD 54.31, down from last month's USD 55.07 (USD 45.81 at year-end 2018, USD 60.09 for 2017, and USD 53.89 for 2016). U.S. gasoline pump prices (EIA, all grades) increased, closing the month at USD 2.737 from last month's USD 2.661 per gallon (USD 2.358, USD 2.589, USD 2.364). Gold was down, closing at USD 1,480.50 from last month's USD 1,532.60 (USD 1,284.70 for year-end 2018, USD 1,305.00 for year-end 2017, and USD 1,152.00 for year-end 2016). VIX closed at 16.24, trading as high as 21.15 and as low as 13.31, down from 18.98 last month (16.12 at year-end 2018, 11.05 at year-end 2017, and 14.04 at year-end 2016). Bitcoin closed at USD 8,265, down from last month's USD 9,640 (USD 8,534 the month before that), trading as high as USD 10,938 and as low as USD 7,754 (USD 3,747 at year-end 2018, USD 13,850 at year-end 2017, and USD 968 at year-end 2016). The S&P 500 target price was 3,305 (11.0% from here; 3,290 last month), and The Dow® target price was 29,715 (10.4% from here; 29,684 last month).

INDEX REVIEW

S&P 500

The S&P 500 closed at 2,976.74, up 1.72% (1.87% with dividends) from last month's 2,926.46 close, when it was down 1.81% (-1.58%). Year-to-date, the S&P 500 was up 18.74% (20.55% with dividends). For the quarter, the S&P 500 was up 1.19% (1.70% with dividends), as the one-year period was up 2.15% (4.25%). The Dow closed at 26,916.83, up 1.95% (2.05% with dividends) from last month's 26,406.28, when it was down 1.72% (-1.32%). The quarter posted a 1.19% gain (1.83% with dividends), the YTD return was up 15.39% (17.51%), and the one-year return was 1.73% (4.21%). Intraday volatility (daily high/low) decreased to 0.79% from last month's 1.43% (0.54% the month before that), as the YTD rate was 0.92% (0.93% last month); 2018 was 1.21% and 2017 was 0.51% (which was the low since 1962, with the average at 1.43%). S&P 500 trading increased 2% (adjusted for trading days) over the past month, after the prior month's 13% increase; year-over-year trading volume was 12% higher than the same period last year. One-percent moves decreased, as 2 days closed up at least 1%, with none down, compared with 11 days last month (7 up and 4 down) for the 20 trading days (22 last month); year-to-date, 1% moves were observed on 32 of 188 days, with 20 up and 12 down. Four of the 20 days had a high/low intraday spread of at least 1%, compared with 16 of 22 last month (YTD, 64 of 188; 2018 was 110 of 251).

Sector variance decreased for the month (after jumping last month), as 10 of the 11 sectors increased, up from last month, when 3 gained (7 increased the month before that). The spread between the best (Financials, 4.46%) and worst (Health Care, -0.32%) sectors for the month was 4.78% (the one-year average was 9.40%), down from last month's 13.39% (5.13% the month before that); year-to-date, the spread was 26.79% (28.49% last month).

For the month, risk was back on, even as major events (oil field attack, trade, interest rates) disrupted the market. Financials did the best, rebounding 4.46% for the month, but still short of recouping August's 5.07% decline (up 1.44% for Q3 2019); the sector was up 17.59% YTD. Utilities was next, up 3.96% after last month's 4.66% gain (best last month), with an 8.40% Q3 gain and a 22.29% YTD gain. Energy moved up 3.56% after last month's steep decline of 8.73% (worst for last month), as it posted a 7.25% Q3 decline and was up 3.08% YTD (the worst of any sector). Consumer stocks gained, but varied for the month (again), as Consumer Staples added 1.30% (up 2.33% last month) and was up 20.60% YTD, while Consumer Discretionary gained 0.72% (down 1.43% last month) and was up 21.21% YTD. Information Technology added 1.44%, was up 2.97% for the quarter, and was up 29.87% YTD (the best in the index). Health Care was the only sector to decline, off 0.32% (after last month's 0.69% fall), as it was down 2.71% for the quarter and up 4.21% YTD.

Breadth turned strongly positive, as 366 issues were up, with an average increase of 5.79%, up from last month's 193 gainers (5.11% average) and the prior month's 292 gainers. Gains of 10% or more increased to 46 issues (with an average gain of 14.41% each) from last month's 15 and from the prior month's 26; 2 issues gained at least 25% (none did last month). On the down side, 139 issues fell an average of 3.85% each, down from last month's 312 decliners and from 213 the month before that. Three issues fell at least 10% (-13.35%), down from last month's 102 and 18 the month before; 2 declined at least 25% (10 did so last month). For the Q3 2019 period, 281 issues were up, with 86 of them up at least 10%, as 224 were down, with 78 of them down at least 10%. Year-to-date, 412 issues were up (381 last month), with an average gain of 25.82%, as 347 (310) were up at least 10% and 184

(162) were up at least 25%, as 87 (119) were down an average loss of 14.54%, with 45 (66) down at least 10% and 17 (23) down at least 25%.

The Dow

For September, The Dow closed at 26,916.83, up 1.95% (2.05% with dividends) from last month's 26,403.28 close, when it was down 1.72% (-1.32% with dividends), and July's 26,864.27, when it was up 0.99% (1.12% with dividends). The Q3 2019 period posted a 1.19% gain (1.83% with dividends), tying with the S&P 500. Year-to-date, The Dow was up 15.39% (17.54%), as the one-year return was 1.73% (4.21%). Longer term, the two-year return was 20.14%, the three-year period was up 47.02%, and the five-year return was 57.94%—all of which beat the S&P 500.

For the month, 23 of the 30 issues gained, with an average gain of 4.62%, up from last month's 11 (average gain of 3.56%) and up from the prior month's (July) 18. On the downside, 7 issues declined (average loss of 3.43%), down from 19 last month (12 the month before that). Two of the issues gained at least 10% (average 11.46%), as none did the last two months, with none declining at least 10%, compared to 2 last month (and 1 the month before that). For Q3, 17 issues were up, with an average gain of 6.34%, down from last month's 23 (average gain of 8.60%), and 27 in the prior month; 4 were up at least 10% (2 last month). On the down side, 13 issues declined (an average loss of 6.58%), up from 7 last month, while 2 declined at least 10% (-14.00%), the same as last month. Year-to-date, breadth ticked up, as 24 of the 30 issues were up, an average gain of 21.23%, up from 23 last month (and 24 the month before that). There were 19 issues that gained at least 10%, up an average 23.37%, compared to 18 last month (19 the month before that), as 9 were up at least 25%, compared to 7 last month (10). On the down side, 5 issues were down, an average of -12.76% each, down from last month's 6 (5), as 4 were down at least 10% (-15.80%; compared to 3 last month), and zero issues were down at least 25% (one last month).

Issue performance variance continued, but declined for the month. The spread between the best and worst issue fell to 18.90% from last month's 22.22% (17.99% in July), as the quarterly rate was 30.49%. Year-to-date, the spread continued to be significant at 61.04% (Apple was up 41.99%, as Walgreens Boots Alliance [WBA], was down 19.05%), down from last month's 62.13% (55.31% YTD in July). From the U.S. November 2016 election, the spread was 198.50%, with Boeing (BA) up 167.56% and Walgreens Boots Alliance (WBA) down 30.94%.

On an issue basis, materials issue Dow (DOW) did the best, up 11.78% for September, but down 3.37% for Q3 2019 (Dow was spun off from DowDuPont in April 2019). Athletic footwear and retailer Nike (NKE) increased 11.15%, as it posted a Q3 11.88% gain and was up 26.68% YTD. On the downside was Health Care issue UnitedHealth Group (UNH), which fell 7.13%, posted -10.94% for the quarter, and was down 12.76% YTD. Entertainment issue Walt Disney (DIS) fell 5.06%, as it was down 6.67% for the quarter and up 18.85% YTD. Of note was Apple, which increased 7.30% on the launch of its new iPhone and was up 41.99% YTD (the best issue in The Dow). Microsoft (MSFT) added 0.85%, as it was up 36.88% YTD, while Boeing (BA), which has the largest weight in The Dow (price weighted), was up 4.50% for the month and up 17.98% YTD.

S&P MidCap 400

The S&P MidCap 400 broadly rebounded in September, posting a 2.89% gain, but the gain failed to cover August's 4.35% decline (July was up 1.09%), as the index posted a loss for the Q3 2019 period,

at -0.52% (compared to the large-cap indices' 1.19% Q3 returns). Year-to-date, the index maintained a healthy double-digit gain of 16.38%, while its one-year return remained in the red, off 4.15%. Over the longer-term periods, the two-year period was up 7.77% (8.68% last month), with the three-year return at 24.69%, and the five-year period increased 41.18%—all of which underperformed the S&P 500.

Of the 11 sectors, 9 gained for the month, down from 2 last month and 8 the month before that. Sector spreads increased, as the difference between the best and worst group decreased to 8.52% from last month's 21.76% (14.60% the month before that). The YTD spread remained significant, as it ticked down to 51.57% from last month's 52.54%, July's 40.48%, and June's 27.08%. The one-year spread ticked up to 68.44% from last month's 66.87% and July's 79.36%. The Energy sector continues to be the root of the large spread, as it was down 55.56% over the one-year period, compared with Utilities (seen as a safety investment, with income), which was up 12.88% over the one-year period.

In September, issues responded to last month's deep fall, as Energy did the best, slightly rebounding to return 5.85%, after last month's 19.70% decline; the sector posted a 23.39% decline for the quarter and was down 23.68% YTD (both the worst in the index). Industrials did well, up 4.33%, but remained in the red for the quarter, at -0.99%, while it was up 22.12% YTD. Consumer groups did well, but varied, as Consumer Discretionary was up 4.35% (after last month's 4.84% decline) and was up 16.23% YTD, while Consumer Staples was up 1.61% (-1.81% last month) and up 6.56% YTD. Interest-sensitive issues did well; Financials was up 4.17% for the month, up 0.63% for the quarter, and up 18.21% YTD; Utilities was up 2.55% in September, up 2.58% for the quarter, and up 14.47% YTD; Real Estate was up 3.38% for the month, up 6.08% for Q3, and up 16.97% YTD. Health Care did the worst in September, down 2.65%, and it was down 4.20% for the quarter but up 10.24% YTD, as Communication Services was the other down sector, falling 1.38% for the month, down 4.55% for the quarter, but up 11.04% YTD.

Breadth improved and turned strongly positive for the month, as 307 issues gained an average of 6.72% each, up from last month's 107 gainers (up an average of 5.55% each), while 93 issues declined, an average loss of 4.67%, up from last month's 293 decliners (average loss of 10.50%). There were 64 issues that gained at least 10% (an average gain of 15.75%), compared with 17 last month (35 the month before), while 13 issues declined at least 10%, with an average loss of 14.75%, down from last month's 113 (39 the month before that). Significant gains of at least 25% saw 3 issues do so, down from 2 last month, and no issues fell at least 25%, compared with 23 last month. Year-to-date, breadth improved, as 303 (273 last month) issues gained (average 26.80%) and 966 (126) were down (-16.71%), with 250 (205) up at least 10% (31.34%) and 55 (80 last month) down at least 10% (-25.87%), as 25% gains were reported for 142 (104) issues, up an average 42.20%, with 25 (44) reporting a loss of at least 25% (-36.94%).

S&P SmallCap 600

The S&P SmallCap 600, which did the worst of the core indices last month, did the best this month. In September, the index rebounded 3.15%, compared with the August decline of 4.64% (July was up 1.06%), as the three-month return was -0.58%, which was the worst of any of the headline indices. Year-to-date, the index was up 12.16% (also the worst of any group), as the one-year performance posted a decline of 10.75% (again, the worst of any group). Over the longer-term periods, the two-year return was up 4.84%, with the three-year return at 25.12%. The continuing underperformance has not tempted bottom-fishing, which has added to the lack of buying (and support), while the current concerns over the economy and the lower access to capital for smaller companies are still issues.

Sector variance declined, as the difference between the best and worst sector decreased to 13.60% from last month's 21.03% and July's 12.47%. For the three-month period, the rate was 28.28%, up from last month's 30.08% (29.02% the month before that), as the YTD gain increased, to 44.76% from last month's jump to 41.91% from July's 29.48%. The one-year difference was 69.85% (71.53% last month), as Utilities was up 13.02% and Energy was down a devastating 56.84% (off 66.22% over the 10-year period).

For September, eight sectors were positive, compared to only one last month, and eight in July. Materials did the best, as it added 9.19% for the month after last month's 9.47% decline; the sector was down 3.14% for the quarter and up 11.19% YTD. Industrials was next with a 4.87% gain, as it posted a Q3 gain of 0.35% and a YTD return of 20.03%. Consumer Discretionary added 4.79% (up 0.95% for the quarter and up 9.06% YTD), as Consumer Staples added 3.46% (1.56% and 6.26%). Communication Services did the worst, falling 4.41%, as it moved into the red for the quarter, down 2.08%, with its YTD return staying positive at 0.71%. Health Care fell 1.16%, as it was down 3.79% for the quarter but up 5.36% YTD, while Utilities was the third decliner, off 0.58% in September, up 5.93% for the quarter, and up 20.59% YTD.

For the month, breadth improved and turned positive, as 463 issues gained average gain of 10.10% each, down from last month's 169 gainers (and 341 the month before that). On the down side, 138 issues fell (an average loss of 6.86%), up from last month's 432 (260 the month before that). Gains of at least 10% were posted by 168 issues (average 19.49%), compared with 53 last month, as 36 issues posted at least a 10% decline (average -16.10%), compared with 206 last month. For the three-month period, 299 issues were up (average 16.09%), down from last month's 324, and 302 (-14.03%) declined, down from last month's 463. Year-to-date, 385 (324 last month) were up (31.82%) and 215 (254) were down (-23.80%), while 301 (267) had at least a 10% gain (39.28%) and 158 (182) had at least a 10% fall (-30.63%). Extreme changes of at least 25% YTD were posted by 258 issues (259 last month), with 180 (156) up at least 25% (average 54.05%) and 78 (103) down at least 25% (-44.36%).

S&P Global BMI

Global markets broadly turned up in September, as 36 of the now 49 markets gained, up from August's 3 of 48 gainers (Kuwait was added the [S&P Emerging BMI](#)). The issues affecting markets remained the same: slow global economic growth, as countries moved via interest rate cuts and semi-QE stimulus to stimulate the economy. Overall, developed markets continued to outperform emerging, as the U.S. (53.7% of the global equity market) underperformed for the month. September posted a 1.88% gain, compared with August's 2.68% decline and July's 0.10% gain. Absent the U.S.'s 1.58% gain, the global market was up 2.25% in September.

For Q3 2019, global markets remained in the red, off 0.74%, as September's gain could not make up for August's drop. The decline was worse absent the U.S.'s 0.68% gain, coming in at -2.37%. Year-to-date, global markets were up 13.80%, and absent the U.S.'s 18.36% gain, they were up 8.80%. Longer term, the U.S. also dominated; for the one-year period, global markets were down 1.61%, and absent the U.S.'s 0.87% gain, they were off 4.39%. The two-year global return was 5.76% with the U.S. gain of 16.46% and -4.88% without it, and the three-year return was up 23.27% with the U.S. gain of 35.55%, and absent the U.S., it was up 10.97%.

For September, the S&P Global BMI increased USD 1,895 billion (down USD 1,513 billion in August). Non-U.S. markets increased USD 1,379 billion (down USD 815 billion in August), and U.S. markets increased USD 516 billion (down USD 699 billion in August). Global markets were up 1.88% for the month, and excluding the U.S.'s 1.58% gain, they were up 2.25%. For the three-month period, global markets were down 0.74%, and excluding the U.S.'s 0.68% gain, they were down 2.37%; the YTD return was up 13.80%, and excluding the U.S.'s 18.36% gain, it was up 8.80%. For the one-year period, global markets were down 1.61%, and excluding the U.S.'s 0.87% gain, they were down 4.39%.

Emerging markets were up 1.16% for the month and down 4.83% for the three-month period; the YTD return was up 5.10% and the one-year period was down 1.43%. Developed markets were up 1.98% for the month (2.58% excluding the U.S), down 0.26% (-1.65%) for the three-month period, the YTD return was up 14.86% (9.90%), and the one-year period was down 1.34% (-5.10%). Sector variance declined, as 10 of the 11 sectors gained (3 gained last month and 5 the month before that). The spread between the best (Energy, 4.51%) and worst (Health Care, -0.74%) sectors for the month was 5.24% (the one-year average was 7.37%), down from last month's 10.20%; year-to-date, the spread was 24.13% (26.34% last month).

Emerging markets posted a gain of 1.16%, after two months of declines (-4.77% last month and -1.20% in July), as the three-month loss was 4.83%, the YTD return was up 5.10%, and the one-year period was down 1.43%. The two-year return was down 5.81%, and the three-year return was up 12.27%. Of note, Kuwait was added to the emerging market category this month. For September, 14 of the 24 markets were up, a sharp contrast to last month's 1 being up and the prior month's 8. Turkey, which did the worst last month, down 9.65%, did the best this month, adding 11.55% and turning positive YTD, up 9.65%. Pakistan was next, up 7.36% and down 25.12% YTD. Newly added Kuwait did the worst, falling 4.89% in its opening month but up 12.34% YTD. The U.A.E. was the next worst, off 3.28% and up 0.29% YTD.

Developed markets posted a consolidated 1.98% gain for the month, while the return excluding the U.S. was higher, at 2.58%. The three-month return was down 0.26% and down 1.65% excluding the U.S., the YTD gain was 14.86% and 9.90% excluding the U.S., and the one-year return was down 1.59% and down 5.10% excluding the U.S. The two-year return was up 7.18% but off 4.59% excluding the U.S., and the three-year return was 24.60% and 10.71% excluding the U.S. For September, 22 of the 25 markets gained, compared with last month, when 2 increased. Korea was up 6.39% for the month and down 4.12% YTD, followed by the UK, which was up 4.06% and up 6.81% YTD. Hong Kong again did the worst, off 1.26 (-8.32% last month), and off 1.52% YTD, as Denmark was next, down 0.62% and up 10.22% YTD. Of note, Japan added 3.32% (up 8.43% YTD), Germany was up 2.37% (up 7.28% YTD), and Canada gained 1.51% (up 19.50% YTD).

PERFORMANCE RECAP

| Exhibit 2: Monthly Returns | | | | | | | |
|-------------------------------------|--------------|--------------------|----------------|-------------------|-------------------|-------------------|---------------------|
| S&P 500 | PRICE | 1-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | 5-YEAR (%) | FR 12/99 (%) |
| Energy | 437.13 | 3.56 | 3.08 | -22.07 | -15.99 | -33.87 | 105.49 |
| Materials | 364.66 | 2.93 | 15.17 | 0.42 | 21.61 | 16.66 | 127.97 |
| Industrials | 654.89 | 2.93 | 20.79 | -0.63 | 29.71 | 42.95 | 139.55 |
| Consumer Discretionary | 947.27 | 0.72 | 21.21 | 0.96 | 48.95 | 79.10 | 216.49 |
| Consumer Staples | 629.38 | 1.31 | 20.60 | 13.42 | 15.16 | 35.33 | 202.52 |
| Health Care | 1043.37 | -0.32 | 4.21 | -5.27 | 25.14 | 41.00 | 219.29 |
| Financials | 465.54 | 4.46 | 17.59 | 1.61 | 45.11 | 49.07 | 44.70 |
| Information Technology | 1413.36 | 1.44 | 29.87 | 6.91 | 76.29 | 114.17 | 75.04 |
| Communication Services | 167.26 | 0.41 | 20.52 | 4.18 | -1.95 | 3.80 | -48.19 |
| Utilities | 328.49 | 3.96 | 22.29 | 22.90 | 32.04 | 53.50 | 130.62 |
| Real Estate | 243.60 | 0.48 | 26.64 | 20.68 | 21.31 | 46.28 | - |
| S&P 500 | 2976.74 | 1.72 | 18.74 | 2.15 | 37.29 | 50.93 | 102.60 |
| DOW JONES INDUSTRIAL AVERAGE | PRICE | 1-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | 5-YEAR (%) | FR 12/99 (%) |
| Dow Jones Industrial Average | 26916.83 | 1.95 | 15.39 | 1.73 | 47.02 | 57.94 | 134.12 |
| S&P MIDCAP 400 | PRICE | 1-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | 5-YEAR (%) | FR 12/99 (%) |
| Energy | 225.60 | 5.86 | -23.68 | -55.56 | -52.24 | -73.64 | 28.57 |
| Materials | 445.49 | 2.78 | 11.31 | -10.89 | 10.31 | 22.80 | 301.45 |
| Industrials | 1052.75 | 4.33 | 22.12 | -0.91 | 41.00 | 55.42 | 491.38 |
| Consumer Discretionary | 747.83 | 4.35 | 16.23 | -5.26 | 16.13 | 19.42 | 275.95 |
| Consumer Staples | 1688.33 | 2.61 | 6.56 | -2.30 | 2.02 | 18.16 | 869.10 |
| Health Care | 1869.86 | -2.65 | 10.24 | -11.80 | 41.42 | 88.33 | 956.93 |
| Financials | 984.14 | 4.17 | 18.21 | -1.08 | 29.57 | 54.05 | 197.46 |
| Information Technology | 2778.88 | 2.61 | 27.89 | 6.16 | 59.65 | 94.52 | 229.78 |
| Communication Services | 164.14 | -1.38 | 11.04 | -0.38 | -33.44 | -38.62 | -65.31 |
| Utilities | 627.48 | 2.55 | 14.47 | 12.88 | 33.57 | 60.88 | 352.99 |
| Real Estate | 239.21 | 3.38 | 16.97 | 3.35 | -1.65 | - | - |
| S&P MidCap 400 | 1935.48 | 2.89 | 16.38 | -4.16 | 24.69 | 41.18 | 335.26 |
| S&P SMALLCAP 600 | PRICE | 1-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | 5-YEAR (%) | FR 12/99 (%) |
| Energy | 255.43 | 0.48 | -20.24 | -56.84 | -61.52 | -83.58 | 64.37 |
| Materials | 451.78 | 9.19 | 11.19 | -18.52 | 10.38 | 3.17 | 227.71 |
| Industrials | 1107.20 | 4.87 | 20.03 | -8.16 | 35.58 | 62.46 | 453.77 |
| Consumer Discretionary | 553.60 | 4.79 | 9.06 | -12.52 | 23.98 | 36.69 | 308.47 |
| Consumer Staples | 1763.04 | 3.46 | 6.26 | -9.38 | 12.08 | 41.97 | 784.39 |
| Health Care | 2726.24 | -1.16 | 5.36 | -18.98 | 53.71 | 112.71 | 1405.88 |
| Financials | 1039.05 | 2.78 | 9.49 | -6.80 | 28.59 | 54.63 | 254.73 |
| Information Technology | 753.22 | 3.59 | 24.53 | 2.36 | 36.01 | 93.03 | 175.43 |
| Communication Services | 2.82 | -4.41 | 0.71 | -21.01 | 13.71 | 29.31 | -96.16 |
| Utilities | 1119.66 | -0.58 | 20.59 | 13.02 | 41.18 | 100.23 | 496.52 |
| Real Estate | 203.00 | 4.81 | 18.65 | 4.02 | -1.14 | - | - |
| S&P SmallCap 600 | 947.72 | 3.15 | 12.16 | -10.75 | 25.21 | 49.25 | 379.15 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 3: Total Returns

| INDEX | 1-MONTH (%) | 3-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | 5-YEAR (%) | 10-YEAR (%) |
|------------------------------|-------------|-------------|---------|------------|------------|------------|-------------|
| S&P 500 | 1.87 | 1.70 | 20.55 | 4.25 | 45.80 | 67.27 | 246.74 |
| S&P MidCap 400 | 3.06 | -0.09 | 17.87 | 2.49 | 30.87 | 53.04 | 226.54 |
| S&P SmallCap 600 | 3.34 | -0.20 | 13.46 | -9.34 | 30.67 | 60.23 | 240.11 |
| S&P Composite 1500 | 1.98 | 1.53 | 20.18 | 3.39 | 44.33 | 66.18 | 245.80 |
| Dow Jones Industrial Average | 2.05 | 1.83 | 17.51 | 4.21 | 57.88 | 78.45 | 256.52 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: S&P Global BMI, Emerging, Sorted by September Performance

| BMI MEMBER | 1-MONTH (%) | 3-MONTH (%) | 6-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) |
|----------------|-------------|-------------|-------------|---------|------------|------------|
| Global | 1.88 | -0.74 | 1.95 | 13.80 | -1.61 | 23.27 |
| Global Ex-U.S. | 2.25 | -2.37 | -0.70 | 8.80 | -4.39 | 10.96 |
| Emerging | 1.16 | -4.83 | -4.50 | 5.10 | -1.43 | 12.27 |
| Turkey | 11.55 | 11.51 | 13.17 | 9.65 | 13.12 | -28.26 |
| Pakistan | 7.36 | -4.12 | -27.38 | -25.12 | -42.16 | -11.42 |
| India | 4.32 | -5.23 | -5.34 | 0.79 | 4.63 | 19.26 |
| Chile | 3.96 | -7.33 | -12.06 | -8.38 | -16.01 | 5.23 |
| Taiwan | 3.21 | 1.65 | 1.62 | 11.67 | -2.56 | 18.85 |
| Mexico | 2.97 | -2.29 | -2.27 | 3.87 | -16.47 | -10.77 |
| Russia | 2.16 | -4.84 | 10.03 | 23.44 | 9.85 | 35.76 |
| Brazil | 2.04 | -4.65 | 2.48 | 10.42 | 25.36 | 31.15 |
| Peru | 1.32 | -9.10 | -12.51 | -3.37 | -5.50 | 30.98 |
| Hungary | 0.73 | -4.40 | -10.49 | -5.26 | 0.13 | 27.64 |
| Qatar | 0.56 | -1.60 | 1.01 | -3.86 | 2.77 | -0.98 |
| Saudi Arabia | 0.38 | -8.41 | -8.79 | 3.21 | 0.99 | 46.63 |
| Greece | 0.27 | -3.21 | 15.77 | 31.63 | 10.43 | 29.89 |
| Poland | 0.04 | -13.76 | -11.16 | -10.61 | -13.71 | 14.54 |
| China | -0.33 | -5.99 | -10.34 | 4.66 | -6.78 | 13.82 |
| Colombia | -0.64 | -6.11 | -8.75 | 12.62 | -8.83 | -1.73 |
| Malaysia | -0.80 | -6.42 | -5.86 | -4.20 | -11.82 | -5.27 |
| South Africa | -1.07 | -11.97 | -7.37 | -4.22 | -8.33 | -11.16 |
| Thailand | -1.19 | -4.99 | 3.94 | 13.07 | -0.46 | 24.73 |
| Philippines | -1.84 | -4.20 | -1.62 | 5.30 | 10.81 | -5.37 |
| Czech Republic | -2.30 | -11.03 | -11.64 | -8.40 | -16.01 | 13.11 |
| Egypt | -2.36 | 3.73 | 4.83 | 24.33 | 13.15 | 4.37 |
| Indonesia | -2.51 | -4.16 | -3.19 | 1.58 | 9.36 | 0.02 |
| U.A.E. | -3.28 | 0.22 | -3.32 | 0.29 | -5.41 | -9.15 |
| Kuwait | -4.89 | -3.60 | 2.46 | 12.34 | 11.63 | 46.85 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

| Exhibit 5: S&P Global BMI, Developed, Sorted by September Performance | | | | | | |
|--|--------------------|--------------------|--------------------|----------------|-------------------|-------------------|
| BMI MEMBER | 1-MONTH (%) | 3-MONTH (%) | 6-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) |
| Developed | 1.98 | -0.26 | 2.73 | 14.86 | -1.59 | 24.60 |
| Developed Ex-U.S. | 2.58 | -1.65 | 0.42 | 9.90 | -5.10 | 10.71 |
| Korea | 6.37 | -5.99 | -8.09 | -4.12 | -18.01 | -2.17 |
| United Kingdom | 4.06 | -3.45 | -4.06 | 6.81 | -7.14 | 2.24 |
| Finland | 3.67 | -2.83 | -3.38 | 1.92 | -14.23 | 3.31 |
| Spain | 3.38 | -4.45 | -3.13 | 3.39 | -7.46 | 2.80 |
| Norway | 3.27 | -4.90 | -6.02 | 1.93 | -18.83 | 11.44 |
| Japan | 3.22 | 2.34 | 2.59 | 8.43 | -7.33 | 13.05 |
| Ireland | 3.17 | -2.22 | 0.78 | 11.21 | -7.22 | 6.68 |
| Italy | 2.87 | -0.50 | 0.13 | 13.58 | -1.86 | 27.39 |
| Sweden | 2.52 | -4.97 | -0.44 | 7.42 | -8.04 | 5.22 |
| Germany | 2.37 | -4.15 | 0.53 | 7.28 | -9.78 | 5.23 |
| Netherlands | 2.37 | 1.01 | 5.73 | 20.41 | 6.64 | 31.43 |
| Austria | 2.26 | -3.53 | -2.21 | 7.13 | -16.19 | 24.79 |
| France | 2.23 | -2.03 | 2.53 | 13.63 | -4.03 | 24.09 |
| Belgium | 2.21 | 4.23 | 5.13 | 21.24 | -0.16 | -7.85 |
| Luxembourg | 2.14 | -9.93 | -12.49 | -16.71 | -36.12 | -21.15 |
| Israel | 2.11 | -0.45 | -0.56 | 10.75 | -2.82 | 7.22 |
| Portugal | 1.82 | -3.57 | -4.01 | 4.37 | -9.67 | 7.49 |
| Australia | 1.64 | -2.37 | 3.41 | 14.34 | 1.17 | 10.42 |
| United States | 1.58 | 0.68 | 4.30 | 18.36 | 0.87 | 35.55 |
| Canada | 1.51 | -0.01 | 3.98 | 19.50 | 0.17 | 11.65 |
| Singapore | 1.22 | -5.77 | -1.59 | 5.31 | -2.81 | 11.75 |
| Switzerland | 0.57 | -0.21 | 6.62 | 19.46 | 8.01 | 22.61 |
| New Zealand | -0.09 | -3.23 | 1.51 | 14.59 | 8.05 | 17.41 |
| Denmark | -0.62 | -2.33 | -1.48 | 10.22 | -2.39 | 13.76 |
| Hong Kong | -1.28 | -12.51 | -13.72 | -1.52 | -6.92 | 2.24 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

| Exhibit 6: Price-to-Earnings Ratios | | | | |
|--|-------------|-------------|-------------|-----------------------|
| INDEX | 2016 | 2017 | 2018 | ESTIMATED 2019 |
| S&P 500 | 21.07 | 21.47 | 19.64 | 18.47 |
| S&P 500 Consumer Discretionary | 19.45 | 22.29 | 23.78 | 23.27 |
| S&P 500 Consumer Staples | 20.99 | 21.50 | 21.44 | 20.87 |
| S&P 500 Energy | -158.88 | 40.17 | 14.28 | 19.87 |
| S&P 500 Financials | 16.25 | 17.45 | 14.90 | 11.78 |
| S&P 500 Health Care | 18.77 | 21.21 | 20.85 | 16.84 |
| S&P 500 Industrials | 19.88 | 21.06 | 17.49 | 17.64 |
| S&P 500 Information Technology | 21.27 | 21.87 | 22.18 | 21.84 |
| S&P 500 Materials | 23.99 | 22.06 | 16.90 | 19.82 |
| S&P 500 Communication Services | 17.91 | 16.31 | 14.20 | 18.94 |
| S&P 500 Utilities | 18.06 | 18.40 | 21.32 | 20.94 |
| S&P 500 Real Estate | 25.78 | 36.40 | 38.06 | 38.85 |
| INDEX | 2016 | 2017 | 2018 | ESTIMATED 2019 |
| S&P MidCap 400 | 25.73 | 24.33 | 20.17 | 18.52 |
| S&P 400 Consumer Discretionary | 17.78 | 18.76 | 14.58 | 17.21 |
| S&P 400 Consumer Staples | 24.01 | 23.47 | 20.37 | 20.97 |
| S&P 400 Energy | -9.56 | -263.86 | -170.91 | 33.32 |
| S&P 400 Financials | 20.15 | 19.51 | 15.71 | 11.69 |
| S&P 400 Health Care | 26.19 | 30.96 | 31.50 | 21.02 |
| S&P 400 Industrials | 20.87 | 22.44 | 18.95 | 17.88 |
| S&P 400 Information Technology | 31.15 | 30.96 | 28.15 | 25.23 |
| S&P 400 Materials | 23.95 | 18.64 | 12.21 | 15.80 |
| S&P 400 Communication Services | 82.36 | -12.96 | 22.67 | 23.15 |
| S&P 400 Utilities | 20.07 | 20.16 | 24.53 | 23.38 |
| S&P 400 Real Estate | 28.30 | 31.33 | 25.53 | 32.46 |
| INDEX | 2016 | 2017 | 2018 | ESTIMATED 2019 |
| S&P SmallCap 600 | 32.73 | 30.02 | 24.28 | 21.82 |
| S&P 600 Consumer Discretionary | 20.24 | 23.27 | 16.62 | 15.36 |
| S&P 600 Consumer Staples | 21.65 | 27.78 | 30.36 | 26.66 |
| S&P 600 Energy | -6.44 | -27.40 | 34.71 | -69.41 |
| S&P 600 Financials | 21.61 | 19.29 | 17.07 | 13.68 |
| S&P 600 Health Care | 126.38 | -513.58 | 177.72 | 68.52 |
| S&P 600 Industrials | 24.57 | 23.94 | 20.47 | 18.37 |
| S&P 600 Information Technology | 35.88 | 28.87 | 33.24 | 29.42 |
| S&P 600 Materials | 25.45 | 22.76 | 17.33 | 16.83 |
| S&P 600 Communication Services | 41.43 | 284.00 | -282.00 | 282.00 |
| S&P 600 Utilities | 23.24 | 26.50 | 28.76 | 31.33 |
| S&P 600 Real Estate | 29.05 | 33.24 | 46.99 | 34.82 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 7: Operating EPS Changes

| INDEX | Q4 2018 OVER Q4 2017 (%) | Q1 2019 OVER Q1 2018 (%) | Q2 2019E OVER Q2 2018 (%) | Q3 2019E OVER Q3 2018 (%) | Q4 2019E OVER Q4 2018 (%) | 2018 OVER 2017 (%) | 2019E OVER 2018 (%) |
|--------------------------------|---|---|--|--|--|-----------------------------------|------------------------------------|
| S&P 500 | 3.49 | 3.97 | 3.86 | -1.38 | 20.50 | 21.76 | 6.30 |
| S&P 500 Consumer Discretionary | 0.52 | -0.87 | -3.06 | 2.10 | 10.86 | 13.05 | 2.18 |
| S&P 500 Consumer Staples | -4.04 | 3.25 | 0.00 | -0.51 | 8.84 | 7.47 | 2.76 |
| S&P 500 Energy | 214.68 | -40.48 | -17.87 | -25.12 | -29.93 | 130.40 | -28.15 |
| S&P 500 Financials | -34.64 | 39.21 | 13.39 | -8.87 | 111.52 | 17.53 | 26.46 |
| S&P 500 Health Care | 7.36 | 16.79 | 18.49 | 25.57 | 34.26 | 10.98 | 23.80 |
| S&P 500 Industrials | 14.39 | -5.49 | -4.02 | -2.03 | 8.57 | 23.61 | -0.83 |
| S&P 500 Information Technology | -0.87 | -8.04 | 6.10 | -3.00 | 10.80 | 25.93 | 1.59 |
| S&P 500 Materials | 20.45 | -26.23 | -23.38 | -11.43 | 9.30 | 25.61 | -14.74 |
| S&P 500 Communication Services | 11.86 | -41.78 | -45.13 | 2.83 | 11.52 | 15.72 | -25.04 |
| S&P 500 Utilities | -23.53 | -7.42 | -2.87 | -3.31 | 37.61 | 6.06 | 1.82 |
| S&P 500 Real Estate | 28.99 | -4.03 | 46.21 | -20.83 | -21.91 | 14.29 | -2.03 |
| INDEX | Q4 2018 OVER Q4 2017 (%) | Q1 2019 OVER Q1 2018 (%) | Q2 2019E OVER Q2 2018 (%) | Q3 2019E OVER Q3 2018 (%) | Q4 2019E OVER Q4 2018 (%) | 2018 OVER 2017 (%) | 2019E OVER 2018 (%) |
| S&P MidCap 400 | -4.89 | 8.25 | 1.24 | -2.81 | 33.73 | 22.86 | 8.89 |
| S&P 400 Consumer Discretionary | 24.14 | -19.54 | -16.65 | -12.65 | -13.67 | 20.91 | -15.29 |
| S&P 400 Consumer Staples | -4.69 | -21.58 | -7.32 | 1.26 | 22.63 | 12.65 | -2.87 |
| S&P 400 Energy | -81.69 | -79.66 | 183.79 | -9.52 | 177.78 | 17.50 | 612.88 |
| S&P 400 Financials | -31.35 | 43.05 | 13.73 | 7.76 | 111.75 | 20.93 | 34.39 |
| S&P 400 Health Care | -88.81 | 62.85 | 3.03 | -5.25 | 1385.33 | 15.01 | 49.84 |
| S&P 400 Industrials | 22.51 | 8.30 | -5.83 | 9.85 | 12.01 | 21.63 | 5.98 |
| S&P 400 Information Technology | 47.19 | -5.38 | -8.94 | 19.77 | 29.71 | 32.16 | 11.60 |
| S&P 400 Materials | 5.08 | 2.05 | -28.23 | -34.89 | -21.74 | 32.87 | -22.77 |
| S&P 400 Communication Services | 185.34 | -24.73 | 21.38 | -9.26 | 10.43 | 163.62 | -2.07 |
| S&P 400 Utilities | -17.91 | 7.49 | -30.42 | 5.41 | 26.37 | -2.25 | 4.93 |
| S&P 400 Real Estate | -36.25 | -12.61 | -29.70 | -43.40 | 21.57 | 28.71 | -21.34 |
| INDEX | Q4 2018 OVER Q4 2017 (%) | Q1 2019 OVER Q1 2018 (%) | Q2 2019E OVER Q2 2018 (%) | Q3 2019E OVER Q3 2018 (%) | Q4 2019E OVER Q4 2018 (%) | 2018 OVER 2017 (%) | 2019E OVER 2018 (%) |
| S&P SmallCap 600 | 15.62 | -23.41 | 4.47 | 17.99 | 43.81 | 25.17 | 11.27 |
| S&P 600 Consumer Discretionary | 12.38 | -8.93 | -11.00 | 8.31 | 34.70 | 38.56 | 8.20 |
| S&P 600 Consumer Staples | -56.15 | -43.99 | 5.62 | 117.28 | 147.14 | -8.99 | 13.84 |
| S&P 600 Energy | 365.57 | -6436.36 | 145.89 | -141.41 | -98.76 | 135.90 | -150.00 |
| S&P 600 Financials | -37.73 | 9.61 | -9.65 | 27.38 | 113.03 | 13.16 | 24.79 |
| S&P 600 Health Care | 70.99 | -140.53 | -75.75 | 4115.00 | 742.51 | 434.93 | 159.39 |
| S&P 600 Industrials | 18.50 | 3.14 | 13.06 | 9.76 | 17.94 | 22.26 | 11.43 |
| S&P 600 Information Technology | 1.61 | -59.77 | -24.49 | 72.64 | 51.01 | -1.95 | 12.97 |
| S&P 600 Materials | -24.95 | -13.55 | -11.14 | -6.77 | 76.18 | 12.23 | 2.99 |
| S&P 600 Communication Services | 400.00 | -100.00 | 150.00 | 100.00 | -33.33 | - | 200.00 |
| S&P 600 Utilities | -4.38 | -26.38 | -29.74 | 81.10 | 14.83 | 7.51 | -8.19 |
| S&P 600 Real Estate | -102.94 | 34.85 | 58.06 | -33.95 | 2775.00 | -29.41 | 34.95 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 8: Breadth of Change (Issues with Monthly Price Changes as Described by Type)

| S&P 500 | | | | | | |
|-------------------------------------|-----------------------|-------------------------|----------------|-------------------------|------------|-------------------------|
| TYPE | SEPTEMBER 2019 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 366 | 5.79 | 281 | 7.57 | 412 | 25.82 |
| Down | 139 | -3.85 | 224 | -8.83 | 87 | -14.55 |
| Up >= 10% | 46 | 14.41 | 86 | 14.41 | 347 | 29.68 |
| Down <= -10% | 3 | -13.35 | 78 | -17.31 | 45 | -23.61 |
| Up >= 25% | 2 | 25.92 | 2 | 30.16 | 184 | 39.99 |
| Down <= -25% | 0 | 0.00 | 9 | -33.64 | 17 | -34.56 |
| Up >= 50% | 0 | 0.00 | 0 | 0.00 | 36 | 58.37 |
| Down <= -50% | 0 | 0.00 | 0 | 0.00 | 1 | -55.55 |
| S&P MIDCAP 400 | | | | | | |
| TYPE | SEPTEMBER 2019 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 307 | 6.72 | 202 | 9.08 | 303 | 26.80 |
| Down | 93 | -4.67 | 196 | -11.12 | 96 | -16.71 |
| Up >= 10% | 64 | 15.75 | 66 | 18.61 | 250 | 31.34 |
| Down <= -10% | 13 | -14.75 | 85 | -20.12 | 55 | -25.87 |
| Up >= 25% | 3 | 28.82 | 10 | 37.56 | 142 | 42.20 |
| Down <= -25% | 0 | 0.00 | 23 | -34.61 | 25 | -36.94 |
| Up >= 50% | 0 | 0.00 | 1 | 98.01 | 30 | 66.55 |
| Down <= -50% | 0 | 0.00 | 1 | -51.39 | 2 | -59.17 |
| S&P SMALLCAP 600 | | | | | | |
| TYPE | SEPTEMBER 2019 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 463 | 10.10 | 299 | 13.64 | 385 | 31.82 |
| Down | 138 | -6.86 | 302 | -13.86 | 215 | -23.80 |
| Up >= 10% | 168 | 19.49 | 155 | 22.12 | 301 | 39.28 |
| Down <= -10% | 36 | -16.10 | 146 | -23.63 | 158 | -30.63 |
| Up >= 25% | 35 | 36.07 | 42 | 38.11 | 180 | 54.05 |
| Down <= -25% | 1 | -57.20 | 46 | -38.89 | 78 | -44.36 |
| Up >= 50% | 4 | 61.42 | 5 | 77.54 | 73 | 81.24 |
| Down <= -50% | 1 | -57.20 | 8 | -60.95 | 26 | -61.58 |
| DOW JONES INDUSTRIAL AVERAGE | | | | | | |
| TYPE | SEPTEMBER 2019 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 23 | 4.62 | 17 | 6.34 | 24 | 21.23 |
| Down | 7 | -3.43 | 13 | -6.58 | 5 | -12.76 |
| Up >= 10% | 2 | 11.46 | 4 | 12.51 | 19 | 25.24 |
| Down <= -10% | 0 | 0.00 | 2 | -14.00 | 4 | -15.80 |
| Up >= 25% | 0 | 0.00 | 0 | 0.00 | 9 | 32.20 |
| Down <= -25% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Up >= 50% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Down <= -50% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |

Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2019. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

GENERAL DISCLAIMER

Copyright © 2019 S&P Dow Jones Indices LLC. All rights reserved. STANDARD & POOR'S, S&P, S&P 500, S&P 500 LOW VOLATILITY INDEX, S&P 100, S&P COMPOSITE 1500, S&P MIDCAP 400, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, S&P TARGET DATE INDICES, GICS, SPIVA, SPDR and INDEXOLOGY are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"). DOW JONES, DJ, DJIA and DOW JONES INDUSTRIAL AVERAGE are registered trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other investment product or vehicle. S&P Dow Jones Indices LLC is not a tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice. Closing prices for S&P Dow Jones Indices' US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Cboe and VIX are registered trademarks of Cboe Exchange, Inc. and have been licensed for use by S&P Dow Jones Indices.