

A Snapshot Of Top-Line Growth Projections

S&P 500/Sector Index Revenue Growth Rate Estimates (Y-0-Y)

Index	2020 Est.	2021 Est.	2022 Est.
S&P 500	-3.2%	8.0%	6.9%
Communication Services	2.6%	9.8%	8.4%
Consumer Discretionary	-1.1%	14.3%	10.3%
Consumer Staples	1.7%	4.8%	2.5%
Energy	-33.4%	11.9%	17.0%
Financials	-2.9%	3.4%	4.0%
Health Care	6.3%	6.8%	5.2%
Industrials	-12.9%	9.8%	8.6%
Information Technology	3.3%	8.4%	7.0%
Materials	-7.4%	7.9%	4.2%
Real Estate	-3.3%	5.5%	6.8%
Utilities	-1.7%	3.6%	2.6%

Source: Bloomberg. Data as of 11/27/20.

View from the Observation Deck

1. On 12/2/20, the S&P 500 Index closed the trading session at an all-time high of 3,669.01, according to Bloomberg.
2. For the market to trend higher, we believe that corporate earnings will need to grow, and perhaps the best catalyst for growing earnings is to increase revenues.
3. As indicated in the table, Bloomberg's 2020, 2021 and 2022 consensus year-over-year revenue growth rate estimates for the S&P 500 Index were -3.2%, 8.0% and 6.9%, respectively, as of 11/27/20.
4. Eight of the 11 major sectors reflect y-o-y revenue growth rate estimates of 5.0% or more for 2021, compared to seven for 2022. Only one sector projects higher than 5.0% for 2020.
5. Four sectors (Communication Services, Consumer Staples, Health Care and Information Technology) show positive estimates for all three years.
6. While the consensus y-o-y revenue growth rate estimate for the S&P 500 Index is slightly negative for Q4'20 (not shown in table), all four quarters in 2021 reflect upside. The following is a breakdown of those quarterly estimates through 2021: -0.9% (Q4'20); 2.9% (Q1'21); 12.9% (Q2'21); 7.0% (Q3'21); and 6.5% (Q4'21), according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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