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US Equity Strategy

SIGN (Sector & Industry Group Navigator): Navigating Uncertainty

Scott Chronert ^{AC}

Managing Director, US Equity Strategist

Scott.t.chronert@citi.com

+1 (415) 951-1771

Patrick Galvin, CFA

Vice President

patrick.galvin@citi.com

+1 212-816-5373

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

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SIGN Outlook

Sector Recommendations

Overweight

Communication Services
Health Care
Utilities
 Consumer Discretionary

Market Weight

Industrials
Materials
 Real Estate
 Information Technology

Underweight

Energy
Financials
 Consumer Staples

Industry Group Recommendations

Overweight

Semiconductors & Semi Equipment
Utilities
Telecommunications Services
 Consumer Services
 Health Care Equipment & Services
 Consumer Disc Distribution & Retail

Market Weight

Pharma, Biotech & Life Sciences
Media & Entertainment
Consumer Durables & Apparel
Banks
Materials
Commercial & Professional Services
 Capital Goods
 Transportation
 Food Beverage & Tobacco
 Software & Services
 Real Estate

Underweight

Energy
Technology Hardware & Equipment
Household & Personal Products
Insurance
 Financial Services
 Automobiles & Components
 Consumer Staples Distribution & Retail

- *Upgrade from prior SIGN*
 - *Downgrade from prior SIGN*

Q4 2026 SIGN

Key Changes to the SIGN Portfolio for Q4 2026

Citi's Take: US Equities have posted a solid Q3 to date, advancing roughly 3% on the heels of a strong Q2. NDX (+0.8%) and RTY (-6.0%) lagged, underscoring whipsaw price action. The quarter was mostly a tale of two tapes. The broadening call we embraced headed into Q3 was working well until the Jackson Hole summit in late August. At that point interest rate/inflation headwinds, along with oil price pressures, combined to flip the playbook with Tech gaining a renewed foothold from that point. Macro and AI-related uncertainty persist. Our positioning response is best described as eclectic for Q4.

Eclectic Implies Contingency Planning – This quarter's SIGN process leads to weighting views providing cover for a variety of influences. AI tailwinds should persist for now while the macro set up allows for a combination of defensive and contrarian exposures.

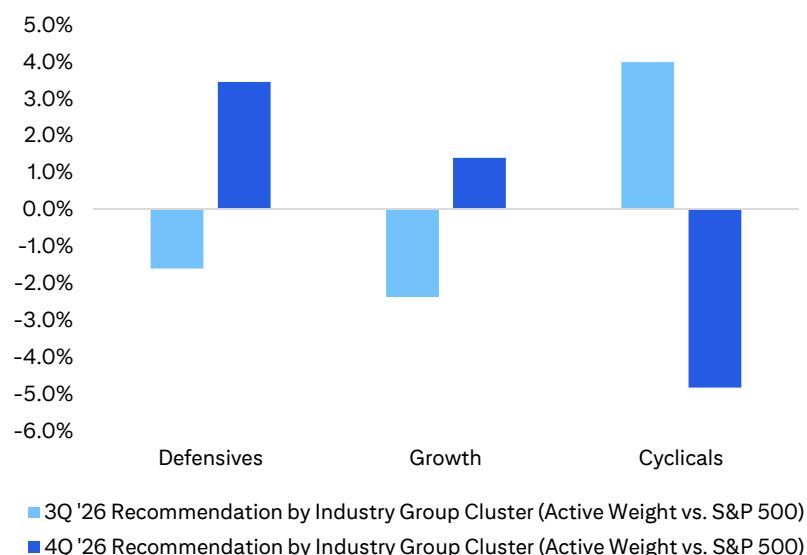
AI Influence – Info Tech remains Market Weight but the composition shifts. We lift Semis back to OW but offset with a Hardware UW. Software remains MW in response to its notable valuation lift during the quarter. Media & Entertainment is raised to MW, reflecting incremental confidence in AI-related revenue growth.

Where Do Defensives Fit? – It is hard to say what is genuinely defensive in the current macro environment. We lift Health Care to OW as a cushion for Dem sweep contingency in the midterms. Utilities move to OW as they are deeply oversold and provide leverage to a potential change in rate sentiment. Telecom is lifted to OW for its classic defensive characteristic as well as a compelling valuation set up.

Cyclicals Become Contrarian – Consumer Discretionary remains a contrarian OW. But we lower Financials to Underweight, with Banks lowered to MW. Energy also goes to UW, while Industrials and Materials are reduced to Market Weight.

Macros and Midterms – No doubt, a hawkish Fed tilt, higher oil, and higher rates, conspiring with nagging inflation concerns, are a significant overhang right now. We need to allow for both persistence and reversion considerations. On midterm elections, the possibility of a blue sweep needs to be factored in. On the other side of the midterms, we also need to consider the relief rally opportunity into year-end.

SIGN Active Weights by Cluster



Q4 2026 SIGN

Q3 2026 Recap and Q4 2026 Setup

Q3 SIGN recommendations lagged the S&P 500 by 77bps, giving back some of Q2's strong outperformance. The broadening call we centered on headed into the quarter ran into what we'll refer to as the Jackson Hole pivot, with Fed inflation concerns front and center, fully supported by oil price pressures and confirmed by the rate back up out the curve.

Headed into Q4, macro uncertainty prevails. At issue for us is less about how Q4 starts than it is as to how it finishes. That is, we need to respect the impact of the current oil and interest rate circumstance while allowing for the possibility it mean reverts should the Iran conflict take a turn for the better and/or economic conditions to start showing some softening.

Concurrently, the AI playbook continues to evolve. For now, capex appears supported by incremental revenue growth. Yet, societal pushback on data center developments and the rapidity of new model development make it difficult to assess conditions beyond '27. Thus, we see AI/Tech as an evolving dynamic requiring some combination of fundamental momentum and contrarian conviction to position tactically.

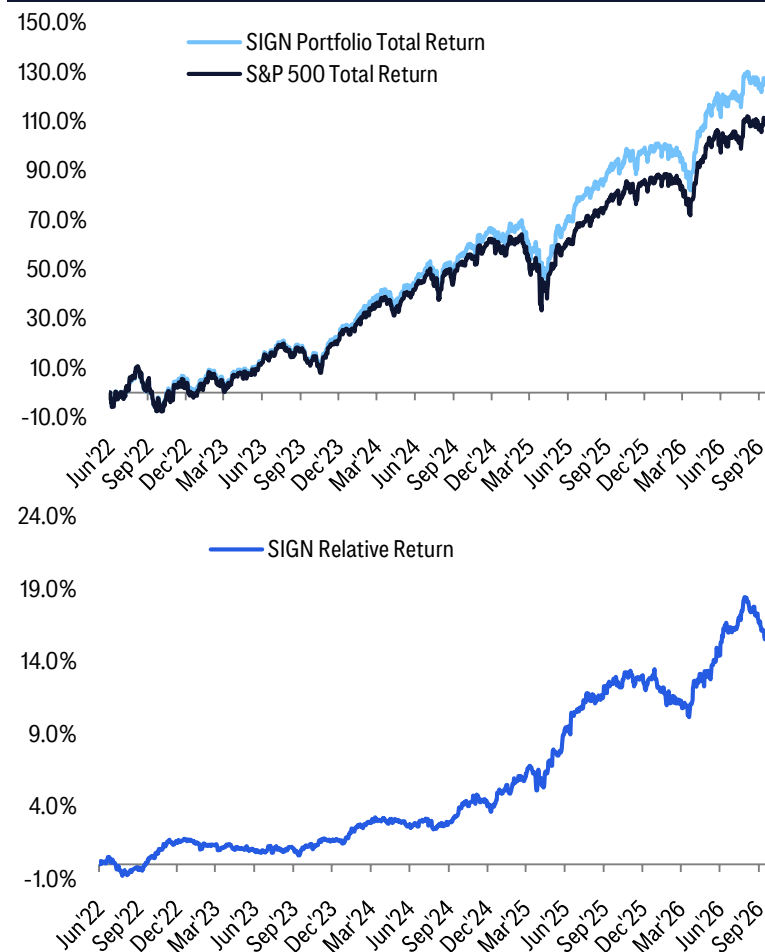
We have discussed the idiosyncratic behavior of the Mag 8 this year as indicative of this. But interestingly, that cohort has positively contributed to index performance over the past month (coincidentally since Jackson Hole), thus making it critical to S&P 500 resilience in the face of the oil/rate/inflation triumvirate providing a macro headwind.

The Iran circumstance has bordered on unanalyzable over recent months. Energy has been the best performing sector during Q3. We look for mean reversion over the course of Q4. In terms of macro influences, our view is that oil price direction is the lynchpin of the inflation debate and will probably hold the key to our SIGN portfolio relative performance during Q4.

As for the midterm elections, we expect a fundamental non-event, but increasing possibility of a blue sweep has influenced our call to OW Health Care and UW Financials.

Lastly, while much focus on SIGN goes to our Sector calls, it's the devil in the industry Group detail that remains an important focus for us. Stock selection within Industry Groups remains paramount.

SIGN Portfolio Performance



SIGN Performance	Since Last SIGN Update (6/26/26)	YTD	1Yr	3Yr	Since Inception (6/10/22)
S&P 500 Total Return	5.0%	13.5%	17.4%	84.6%	109.7%
SIGN Total Return	4.3%	14.0%	18.0%	97.1%	125.2%
SIGN Relative Performance	-0.8%	0.5%	0.6%	12.5%	15.5%

Sector & Industry Group Weight Recommendations

GLCS Sector / Industry Group	Rating	S&P 500 Weight	Rec' Weight	Active Weight
Communication Services	Overweight	10.1%	10.9%	0.8%
Media & Entertainment	Market Weight	9.3%	9.3%	0.0%
Telecommunications Services	Overweight	0.8%	1.6%	0.8%
Consumer Discretionary	Overweight	8.7%	11.2%	2.6%
Automobiles & Components	Underweight	1.8%	0.3%	-1.5%
Consumer Durables & Apparel	Market Weight	0.4%	0.4%	0.0%
Consumer Services	Overweight	1.4%	2.8%	1.4%
Consumer Discretionary Distribution & Retail	Overweight	5.1%	7.8%	2.7%
Consumer Staples	Underweight	4.4%	2.5%	-1.9%
Consumer Staples Distribution & Retail	Underweight	1.6%	0.3%	-1.4%
Food Beverage & Tobacco	Market Weight	2.0%	2.0%	0.0%
Household & Personal Products	Underweight	0.8%	0.3%	-0.5%
Energy	Underweight	3.4%	0.9%	-2.5%
Energy	Underweight	3.4%	0.9%	-2.5%
Financials	Underweight	11.6%	7.8%	-3.7%
Banks	Market Weight	3.2%	3.2%	0.0%
Financial Services	Underweight	6.9%	4.4%	-2.5%
Insurance	Underweight	1.5%	0.3%	-1.2%
Health Care	Overweight	9.3%	12.0%	2.7%
Health Care Equipment & Services	Overweight	3.0%	5.7%	2.7%
Pharmaceuticals Biotechnology & Life Sciences	Market Weight	6.3%	6.3%	0.0%
Industrials	Market Weight	8.1%	8.1%	0.0%
Capital Goods	Market Weight	6.2%	6.2%	0.0%
Commercial & Professional Services	Market Weight	0.7%	0.7%	0.0%
Transportation	Market Weight	1.2%	1.2%	0.0%
Information Technology	Market Weight	39.2%	39.4%	0.2%
Semiconductors & Semiconductor Equipment	Overweight	18.3%	21.0%	2.7%
Software & Services	Market Weight	9.7%	9.7%	0.0%
Technology Hardware & Equipment	Underweight	11.2%	8.7%	-2.5%
Materials	Market Weight	1.7%	1.7%	0.0%
Materials	Market Weight	1.7%	1.7%	0.0%
Real Estate	Market Weight	1.7%	1.7%	0.0%
Real Estate	Market Weight	1.7%	1.7%	0.0%
Utilities	Overweight	1.9%	3.7%	1.9%
Utilities	Overweight	1.9%	3.7%	1.9%
S&P 500		100.0%	100.0%	0.0%

SIGN Recommendation Methodology

- Our recommendations focus on S&P 500 GICS Level 2 classifications (Industry Groups) and build up to GICS Level 1 (Sectors) recommendations.
- Our investment process at the Industry Group level incorporates:
 1. **Fundamentals:** We review the quarterly and trailing 12M earnings growth trajectories relative to the index, cash flow and sales per share trends, as well as margin and quality profiles.
 2. **Valuations:** We use a mix of traditional valuation metrics coupled with our valuation composite and implied growth frameworks to assess the industry group level valuation setup relative to the index and fundamental circumstance.
 3. **Sentiment:** We consider earnings per share and sales revisions trends, sell-side ratings distributions, trends in consensus earnings growth expectations, and transactions from insiders.
 4. **Trading:** We assess relative performance momentum against moving averages, excess return correlations to macro variables, short-term relative strength and short interest as a percentage of underlying float.
- We rate each of these categories (Fundamentals, Valuations, Sentiment, and Trading) as positive, neutral, or negative. Then aggregate the collective scores for each Industry Group to determine our Overweight, Market Weight, or Underweight recommendation.
- Note, the Sector and Industry Group Navigator (SIGN) framework is not static. We will continue to assess inputs, models and methodologies as both data and markets evolve. For example, we have recategorized our four inputs to better delineate fundamental and valuation inputs. Our previous “models” category is now incorporated in the valuation section.
- In addition, we include stock screen for each GICS sector of Citi’s top Buy- and Sell-rated stocks based on expected total return (ETR). We include S&P 1500 names to broaden our scope for investors looking for specific alpha opportunities. Screening, pricing, and expected return data are as of September 24, 2026 close.

SIGN (Sector & Industry Group Navigator)

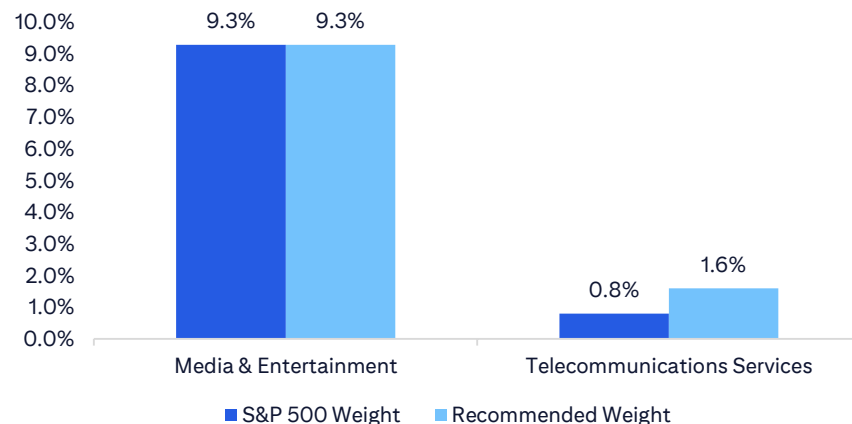
COMMUNICATION SERVICES

Media & Entertainment – Market Weight

Telecommunication Services – Overweight

- Communication Services is lifted to OW. Media & Entertainment is the bulk of the sector weight and is raised to MW. Telecom Services moves to OW, moving up the sector call to OW.
- Media & Entertainment is raised to MW. Despite disruption to FCF generation, fundamentals and quality metrics are solid. Revenue growth remains key to the storyline.
- Telecommunication Services is lifted to OW. The valuation backdrop is one of the most compelling among S&P industry groups.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
GOOGL	Alphabet Inc	Media & Entertainment	30.4%	33.0%
META	Meta Platforms Inc	Media & Entertainment	24.9%	27.1%
GOOG	Alphabet Inc	Media & Entertainment	24.4%	26.5%
NFLX	Netflix Inc	Media & Entertainment	4.5%	4.9%
VZ	Verizon Communications Inc	Telecomm Services	3.0%	37.2%
DIS	Walt Disney Co/The	Media & Entertainment	2.7%	3.0%
T	AT&T Inc	Telecomm Services	2.6%	33.0%
APP	AppLovin Corp	Media & Entertainment	1.3%	1.4%
TMUS	T-Mobile US Inc	Telecomm Services	1.2%	15.2%
WBD	Warner Bros Discovery Inc	Media & Entertainment	1.2%	1.3%

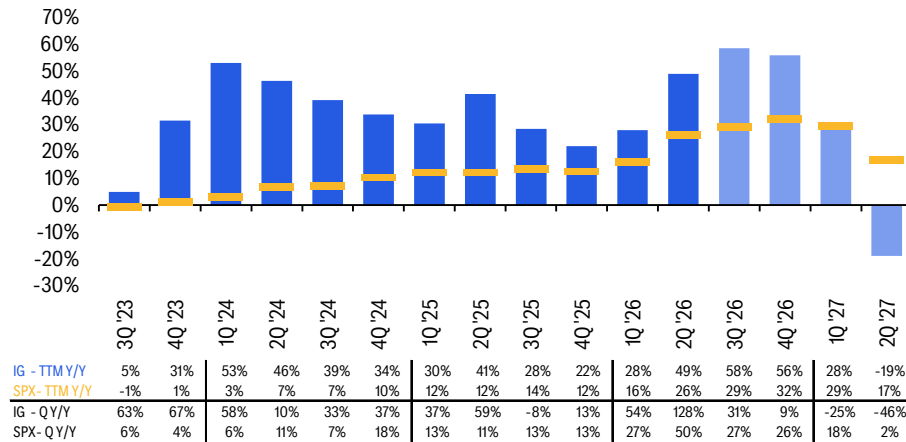
Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
APP	AppLovin Corp	312.47	1	90%
RDDT	Reddit Inc	152.72	1	59%
CHTR	Charter Communications Inc	117.55	1	57%
WMG	Warner Music Group Corp	27.29	1	48%
NFLX	Netflix Inc	71.72	1	40%
NXST	Nexstar Media Group Inc	161.53	1	38%
OMC	Omnicom Group Inc	74.7	1	37%
NYT	New York Times Co/The	63.05	1	36%
NWSA	News Corp	28.44	1	35%
TTD	Trade Desk Inc/The	12.63	3H	-13%
MTCH	Match Group Inc	40.8	2	-2%

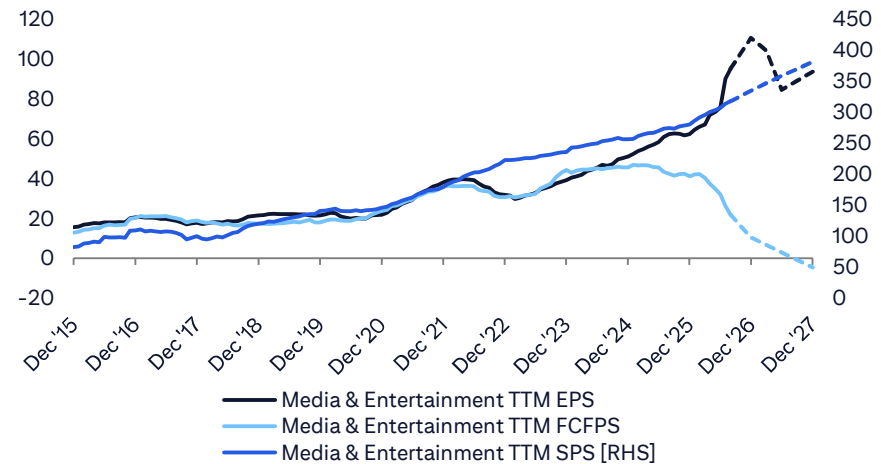
Fundamentals Neutral

- FCF under pressure has been our nagging concern. Confidence in revenue growth provides an offset.
- Quality metrics are fine, with interest coverage in good shape. Asset markups create noise in the margin and earnings trajectory.

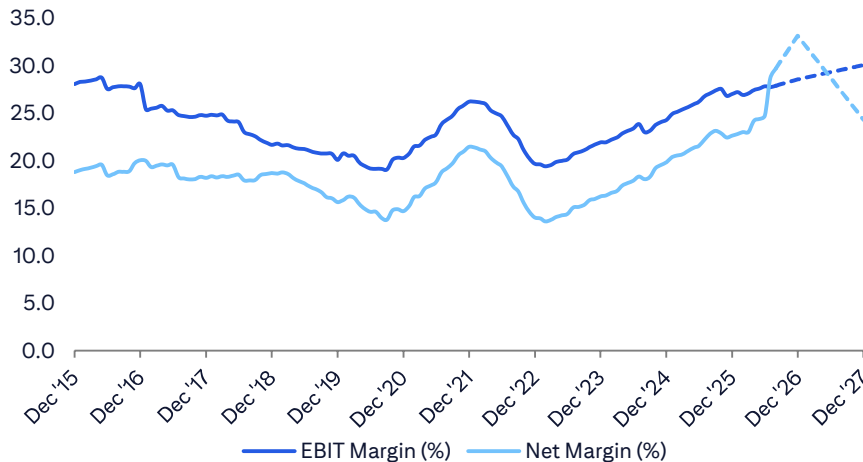
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.33	0.02	0.92	17.2	27.9%	12.0%	16.1%
6M Prior	0.35	0.06	0.77	19.9	25.1%	12.6%	17.5%
12M Prior	0.39	0.14	0.52	16.0	24.3%	13.4%	18.6%
3Y Median	0.44	0.13	0.59	14.5	23.1%	11.4%	16.1%
10Y Median	0.50	0.13	0.61	10.1	17.2%	8.6%	12.2%
Curr Ptile (10Y)	0%	0%	100%	95%	100%	88%	85%

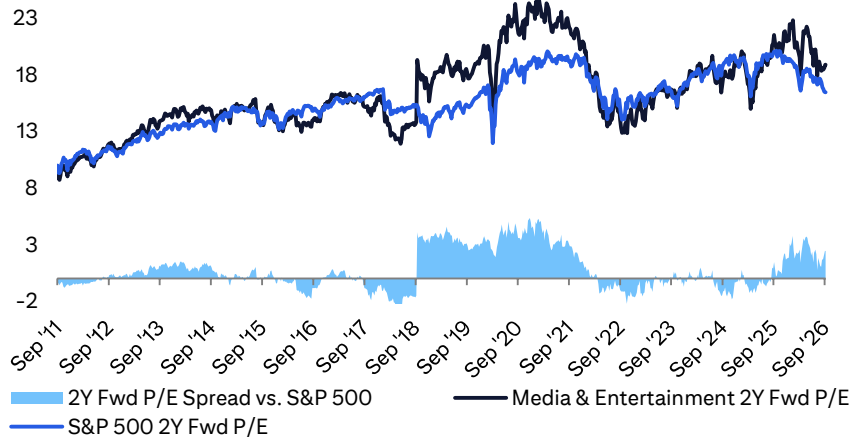
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

Neutral

- Forward PEs have come in, allaying some valuation risk.
- Our valuation composite is attractive but does reflect nagging investor concerns regarding returns on AI investment.

P/E 2Y Fwd

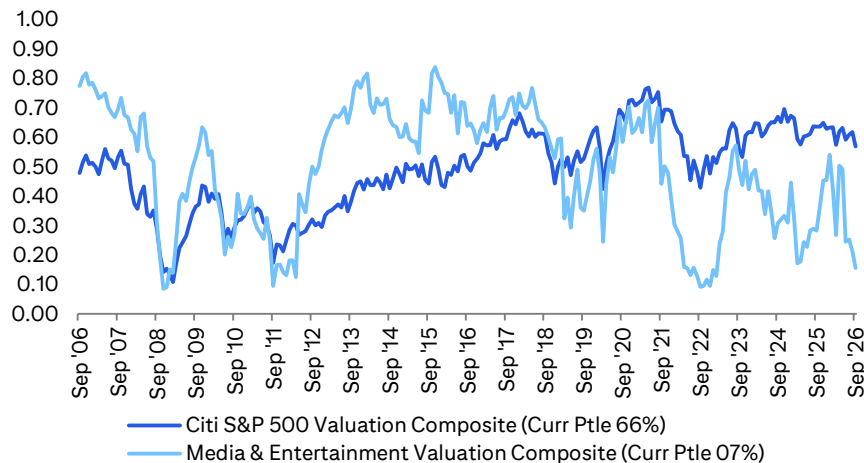


Valuation Metrics

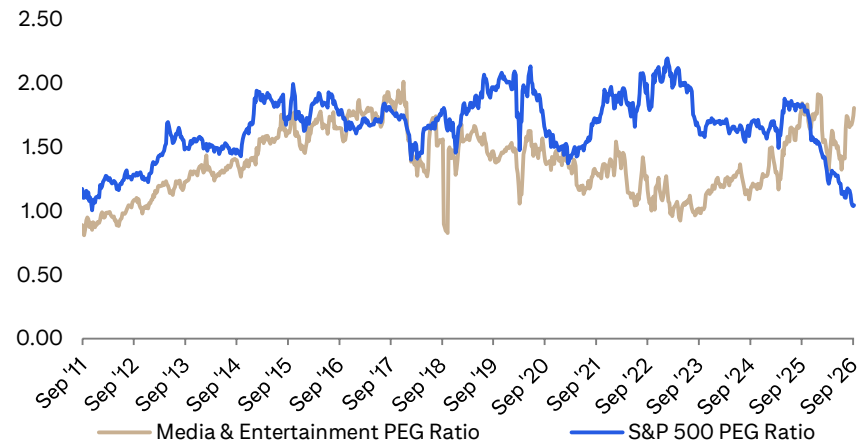
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	20.16	19.12	5.48	3.24
3M Ago	20.70	20.08	5.38	3.24
6M Ago	20.99	19.23	4.98	2.92
1Y Ago	23.30	22.64	5.32	3.22
20Y Median	17.10	16.34	2.04	1.83
Ptile -20Y	73%	77%	97%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	14.42	15.30	4.47	4.62
3M Ago	14.28	15.74	4.93	4.68
6M Ago	13.38	14.85	4.82	4.22
1Y Ago	15.47	17.36	5.34	4.76
20Y Median	10.34	11.61	3.08	2.66
Ptile -20Y	83%	81%	84%	95%

Valuation Composite



PEG Ratio

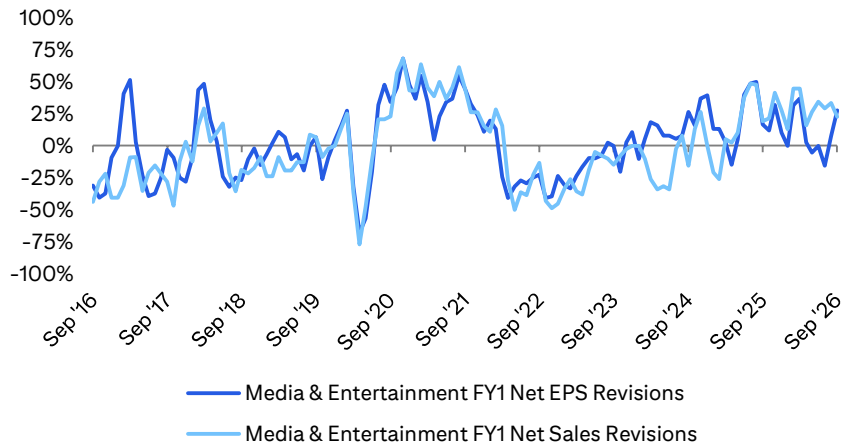


Sentiment

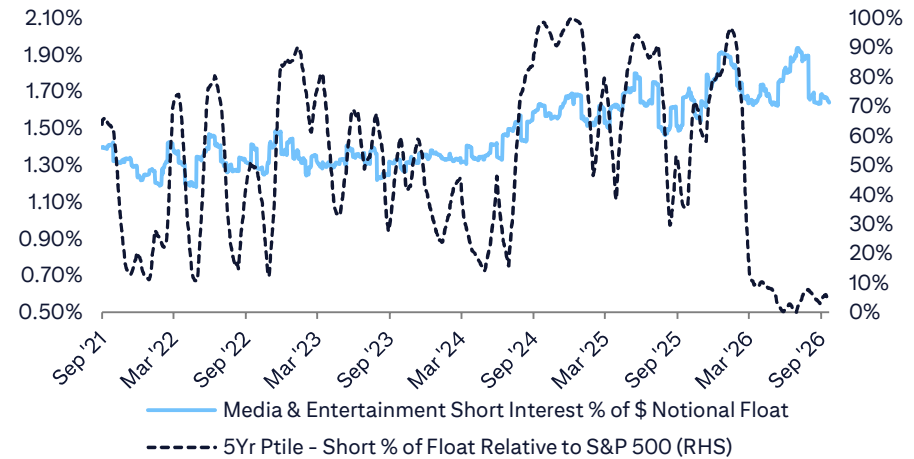
Neutral

- Earnings revisions have improved, shorts have been coming off.
- Consensus EPS growth has reset lower, a function of asset writeups in the trailing compares.

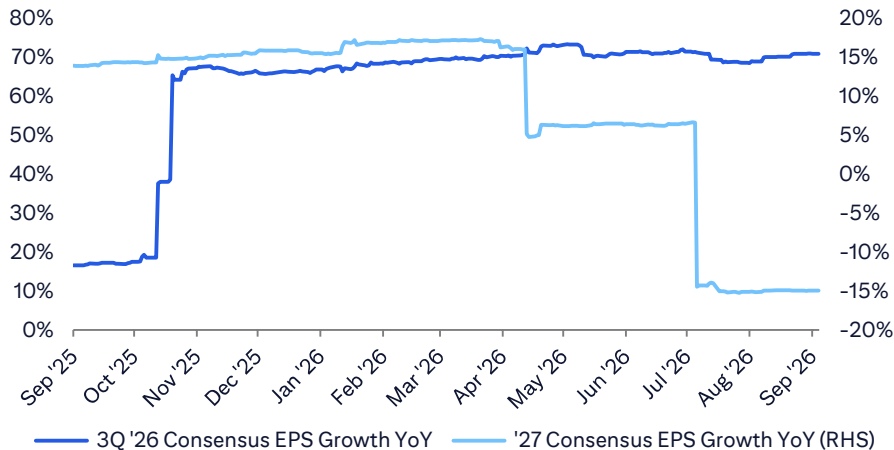
Net FY1 EPS & Sales Revisions



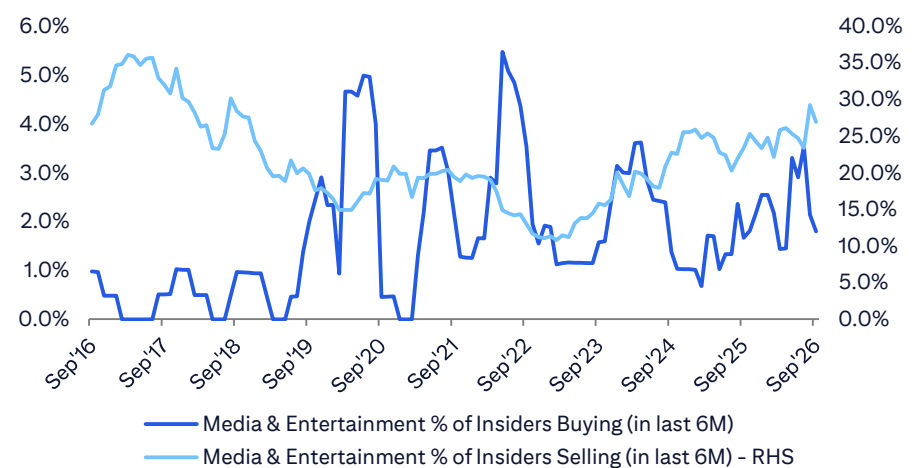
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

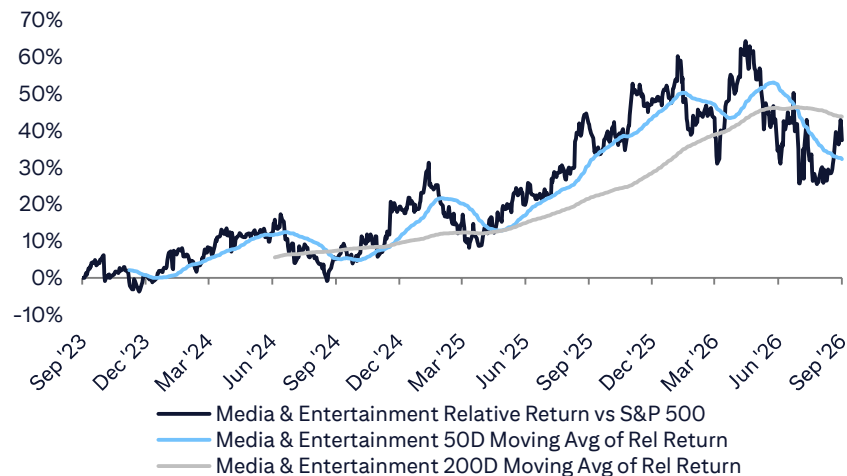


Trading

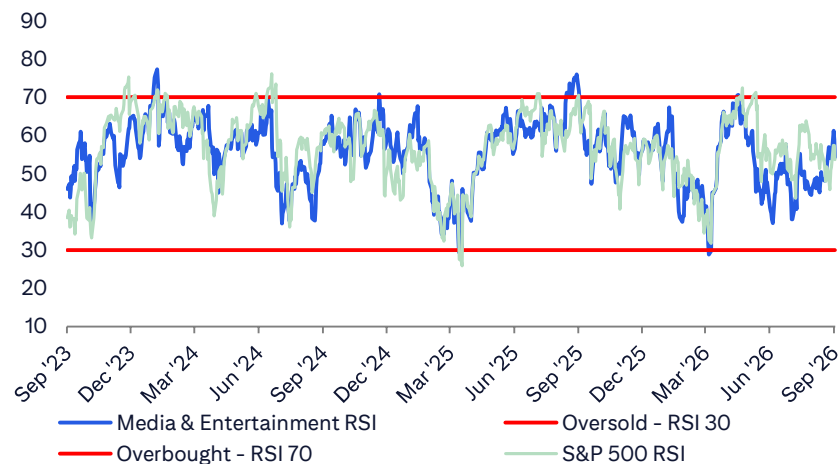
Neutral

- Relative performance has improved of late, implying a reliance on momentum to continue.
- Put/Call ratio and skew points to some complacency/euphoric positioning relative to the broader index.

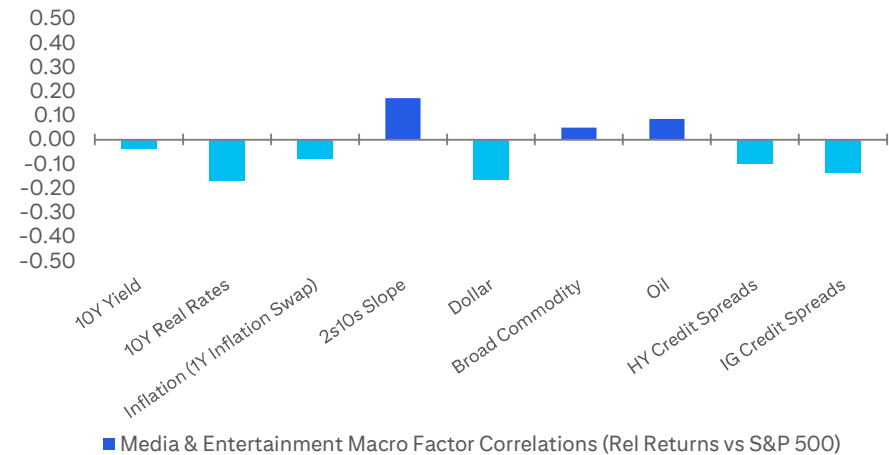
Relative Performance



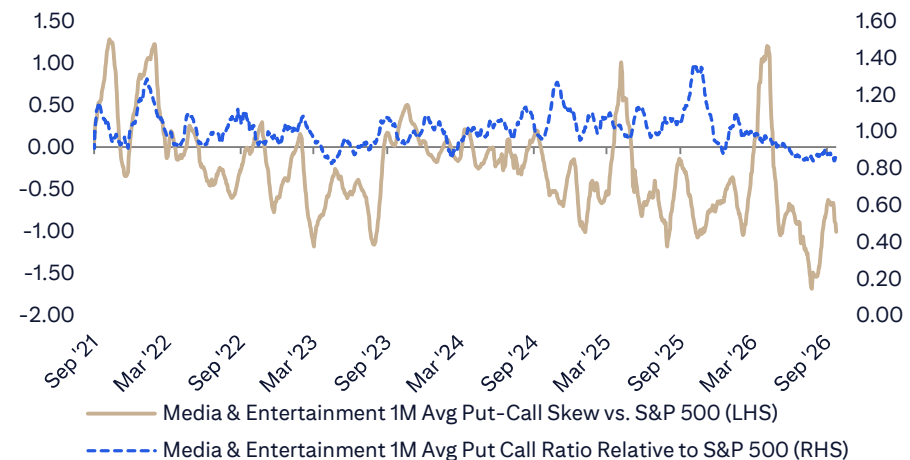
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



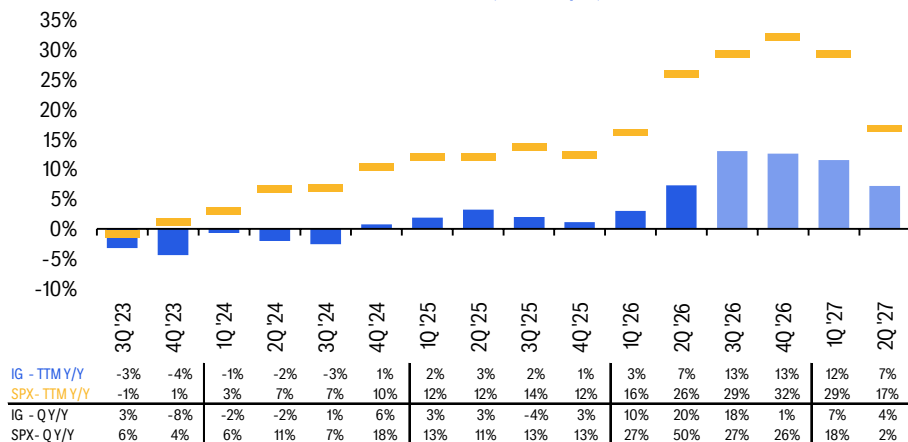
Telecom Services: Fundamentals

Overweight

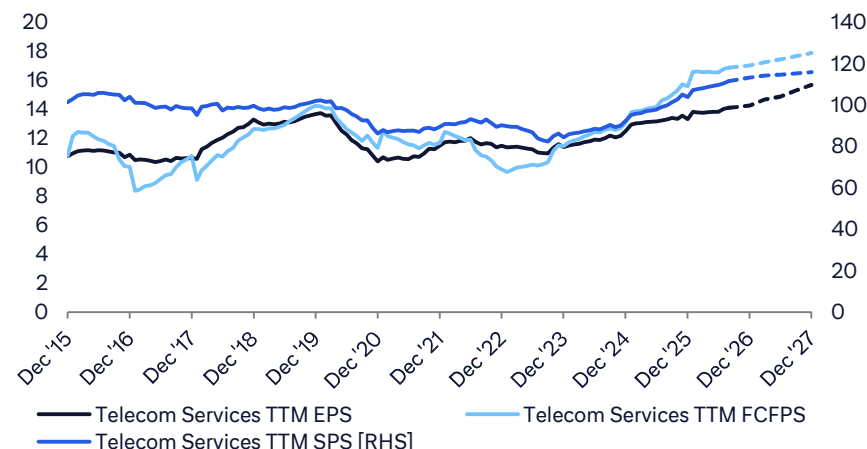
Fundamentals Neutral

- EPS growth remains steady. EBIT margins improving, rates pressures likely weighing on the EBIT to net margin spread.
- Quality metrics have been persistent.

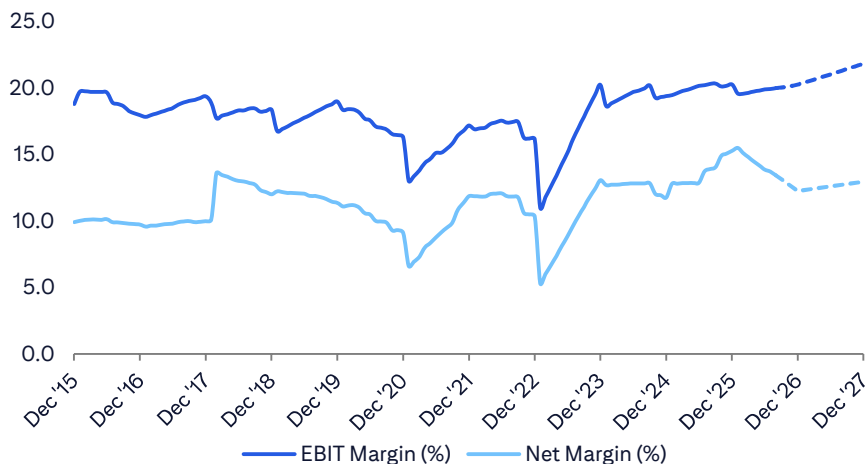
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	1.21	0.53	0.07	4.0	16.2%	4.8%	7.8%
6M Prior	1.18	0.50	0.12	4.3	16.1%	5.6%	9.1%
12M Prior	1.20	0.54	0.06	4.1	16.5%	4.6%	7.9%
3Y Median	1.24	0.55	0.05	4.0	17.0%	4.1%	7.1%
10Y Median	1.25	0.54	0.05	4.1	17.2%	4.2%	7.0%
Curr Ptile (10Y)	35%	35%	65%	35%	20%	75%	68%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Telecom Services: Valuations

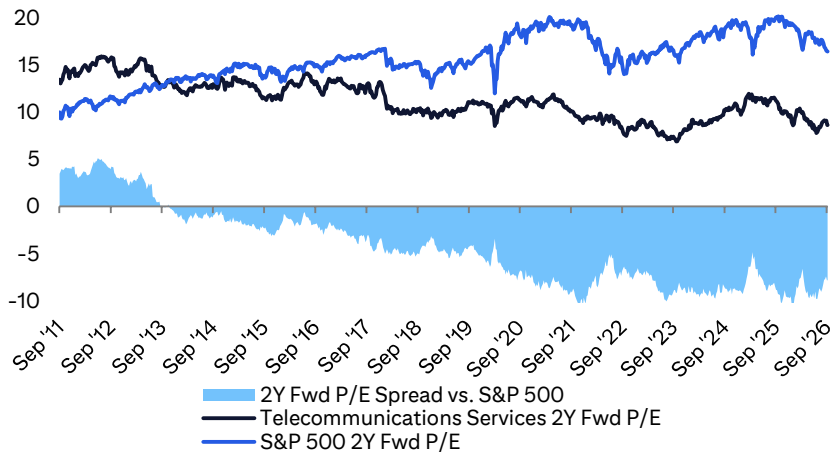
Overweight

Valuations

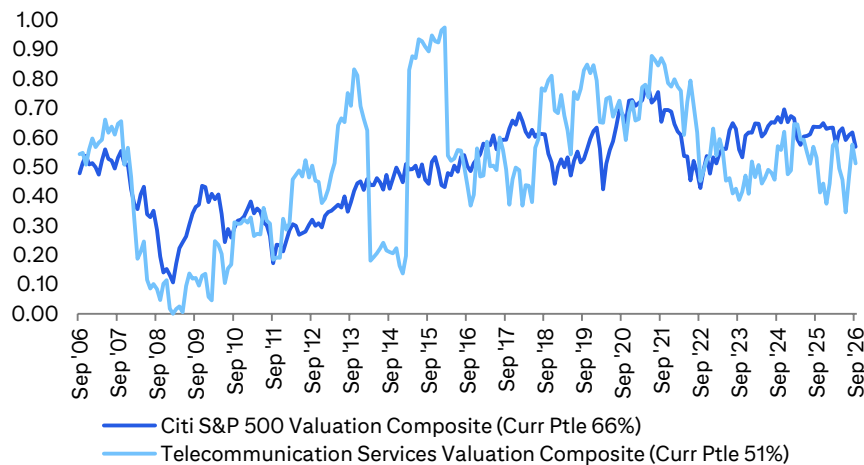
Positive

- Very little is priced in for growth, the bar is low here.
- This remains one of the more attractively valued IGs in the index.

P/E 2Y Fwd



Valuation Composite

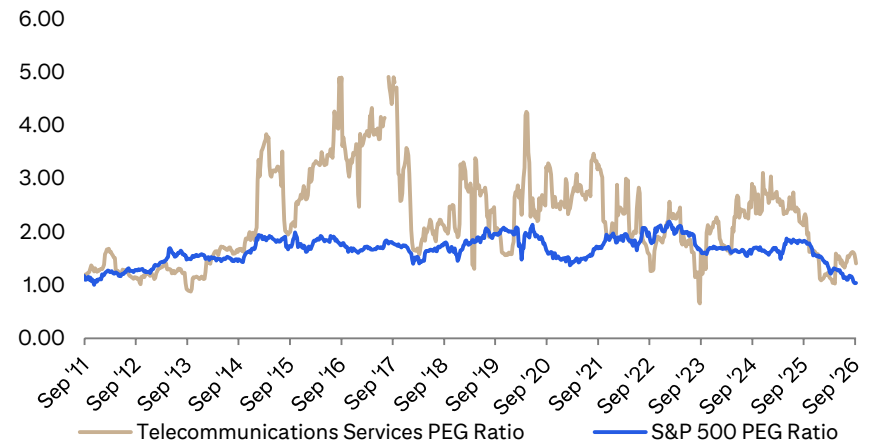


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	9.33	19.12	1.23	3.24
3M Ago	9.18	20.08	1.19	3.24
6M Ago	11.05	19.23	1.42	2.92
1Y Ago	12.04	22.64	1.64	3.22
20Y Median	12.41	16.34	1.38	1.83
Ptile -20Y	9%	77%	26%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	4.30	15.30	1.52	4.62
3M Ago	4.20	15.74	1.49	4.68
6M Ago	5.01	14.85	1.74	4.22
1Y Ago	5.39	17.36	1.97	4.76
20Y Median	5.16	11.61	1.84	2.66
Ptile -20Y	20%	81%	12%	95%

PEG Ratio

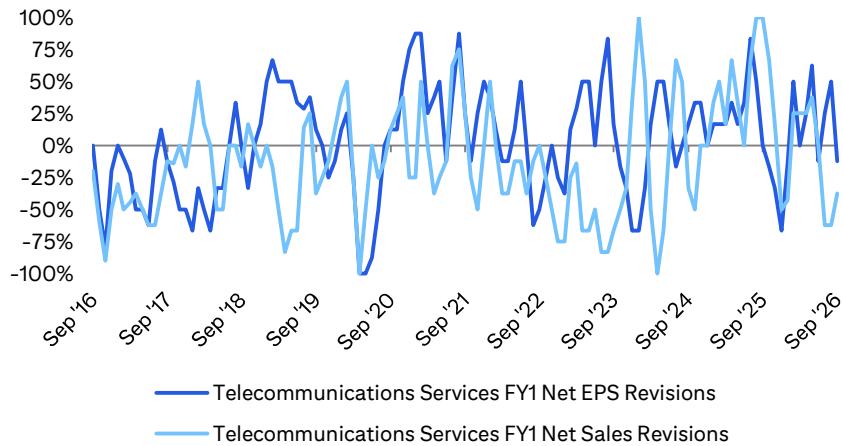


Sentiment

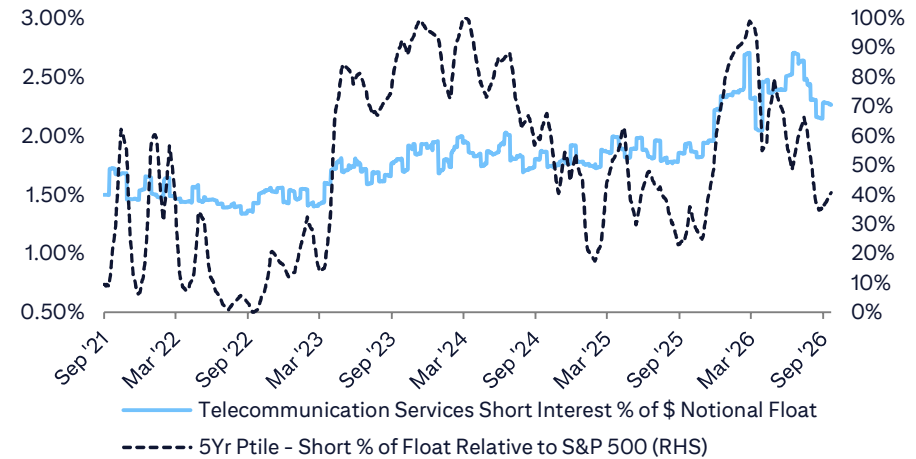
Neutral

- EPS and sales net revisions have been decelerating. Yet, consensus growth expectations still largely stable.
- Short interest and insider activity neutral.

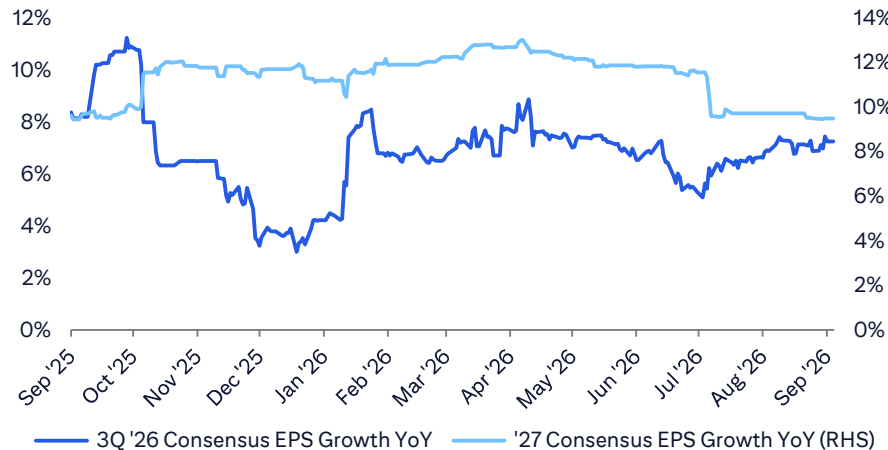
Net FY1 EPS & Sales Revisions



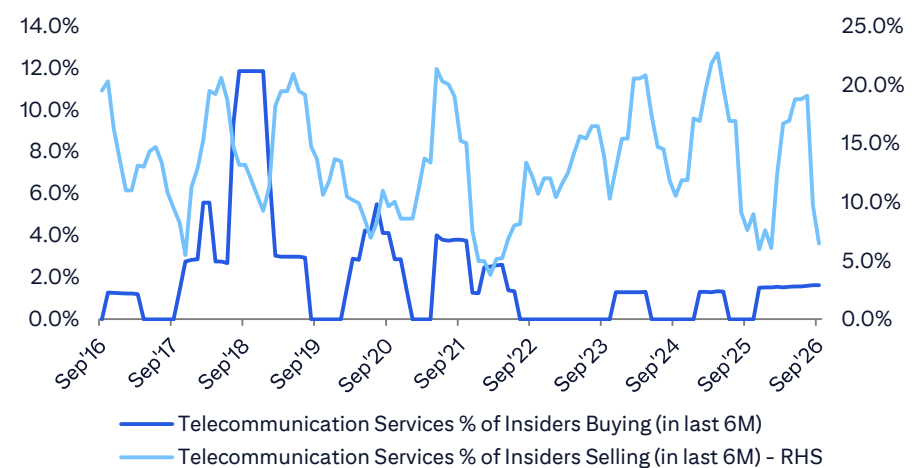
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

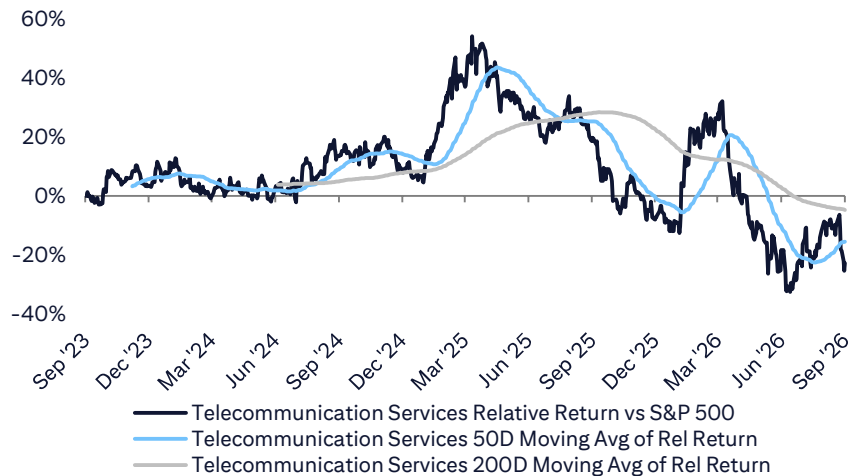


Trading

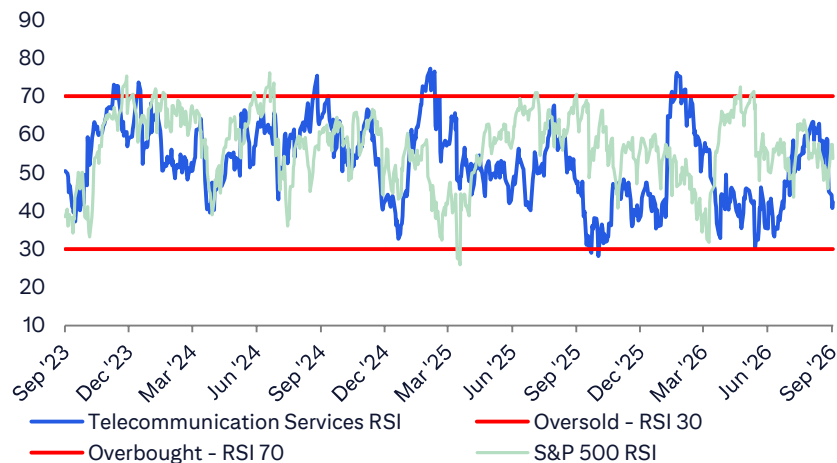
Neutral

- Relative performance faded during Q3. Put/Call ratio on the higher end relative to the index reflects investor cynicism.
- Mostly defensive macro connections are no surprise.

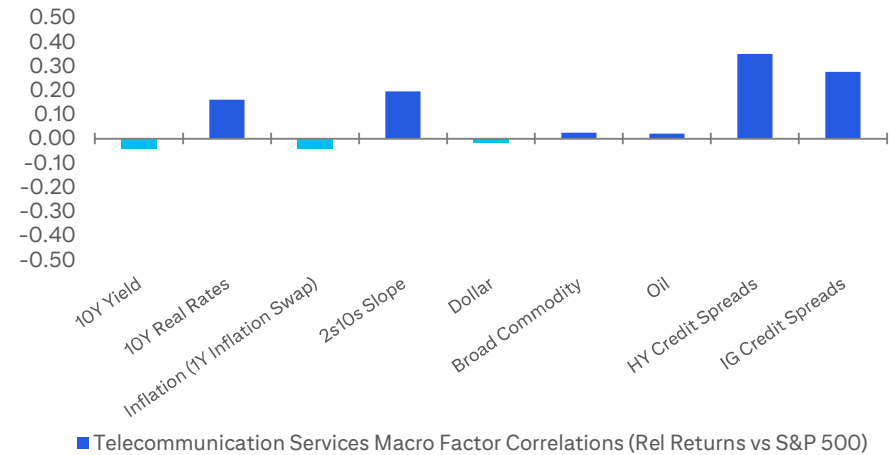
Relative Performance



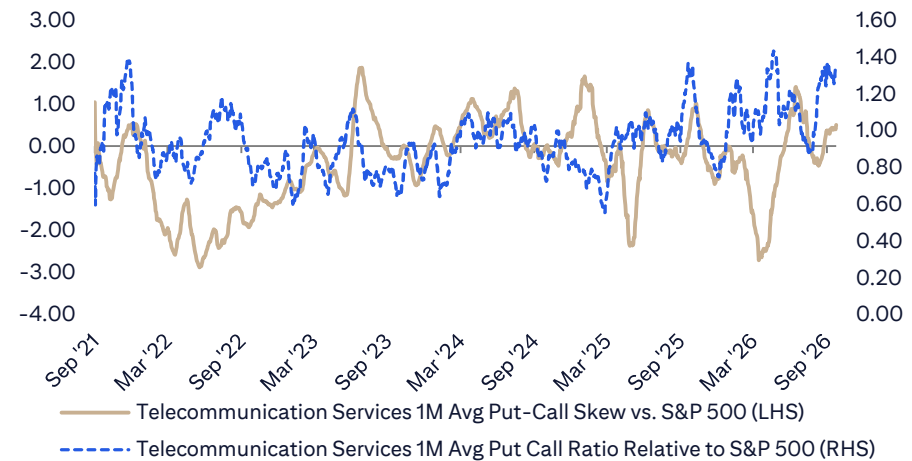
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

CONSUMER DISCRETIONARY

Automobiles & Components – Underweight

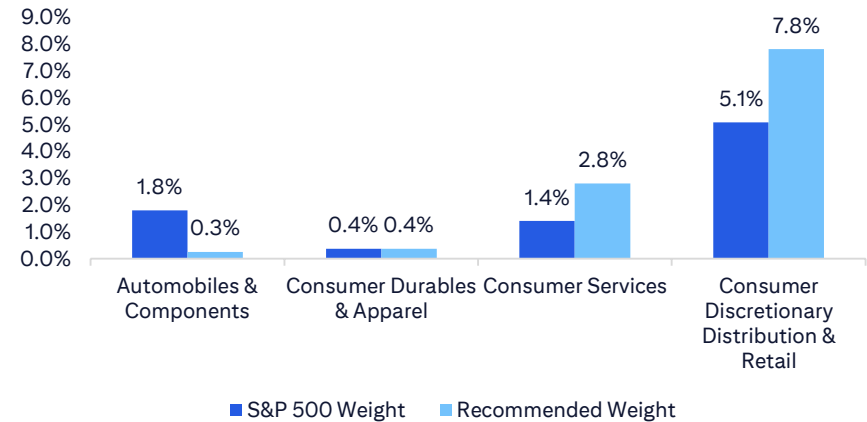
Consumer Durables & Apparel – Market Weight

Consumer Services – Overweight

Consumer Disc Distribution & Retailing – Overweight

- Consumer Discretionary remains a contrarian OW. Overall, we look for leverage to a lower oil price backdrop which could read through positively to consumer activity.
- Automobiles & Components remains Underweight. Valuation is still difficult per our framework. Fundamentals are not very compelling either. TSLA influence is a wildcard.
- Consumer Durables & Apparel is lowered to MW. Relative underperformance has been persistent with no clear bottoming signal.
- Consumer Services remains OW. It continues to score well on several metrics.
- Consumer Discretionary Distribution & Retailing continues at OW. AMZN is two-thirds of the weight despite its exposure to cloud/AI. We like the leverage to a potential change in macro sentiment.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
AMZN	Amazon.com Inc	Cons Disc Distribution & Retail	42.7%	72.6%
TSLA	Tesla Inc	Automobiles & Components	18.2%	88.8%
HD	Home Depot Inc/The	Cons Disc Distribution & Retail	5.1%	8.7%
MCD	McDonald's Corp	Consumer Services	2.9%	17.9%
TJX	TJX Cos Inc/The	Cons Disc Distribution & Retail	2.5%	4.3%
BKNG	Booking Holdings Inc	Consumer Services	2.1%	13.0%
SBUX	Starbucks Corp	Consumer Services	1.9%	11.5%
LOW	Lowe's Cos Inc	Cons Disc Distribution & Retail	1.8%	3.1%
ROST	Ross Stores Inc	Cons Disc Distribution & Retail	1.3%	2.2%
MAR	Marriott International Inc/MD	Consumer Services	1.3%	8.0%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
BROS	Dutch Bros Inc	38.51	1	125%
WING	Wingstop Inc	97.84	1	112%
EYE	National Vision Holdings Inc	16.41	1	112%
CPRI	Capri Holdings Ltd	15.19	1	102%
LVS	Las Vegas Sands Corp	38.65	1	87%
SAH	Sonic Automotive Inc	62.48	1	86%
CRI	Carter's Inc	30.26	1	76%
APTV	Aptiv PLC	43.58	1	75%
CCL	Carnival Corp Ltd	21.79	1	71%
CBRL	Cracker Barrel Old Country Store Inc	51.84	3	-12%
UAA	Under Armour Inc	4.5	3	5%

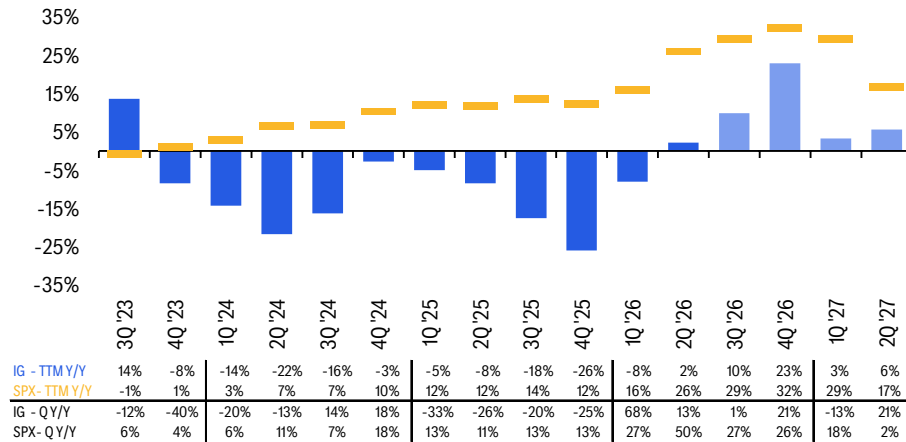
Autos & Components: Fundamentals

Underweight

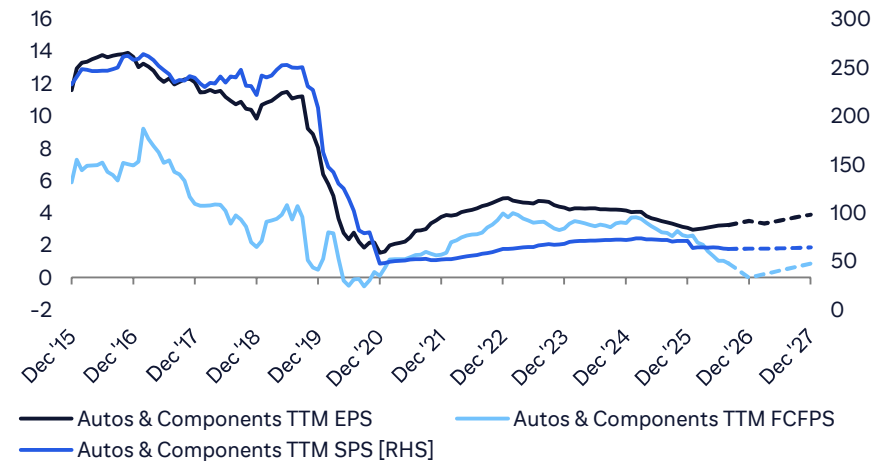
Fundamentals **Neutral**

- Fundamentals remains mostly mixed.
- Quality metrics are far from attractive relative to the broader index. TSLA influence.

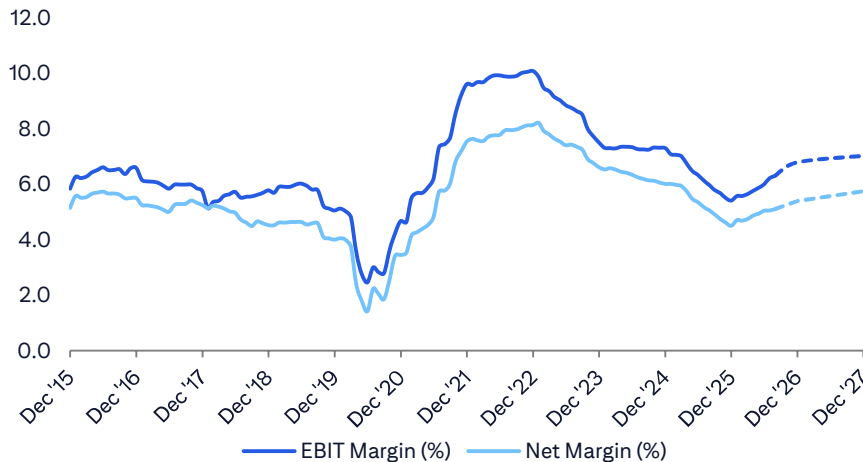
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	1.25	0.45	0.30	4.1	13.3%	0.8%	1.4%
6M Prior	1.26	0.43	0.34	4.2	12.2%	1.0%	1.9%
12M Prior	1.12	0.41	0.34	7.9	11.7%	2.3%	4.1%
3Y Median	1.11	0.41	0.34	9.2	14.6%	3.6%	6.5%
10Y Median	1.63	0.46	0.33	6.8	16.7%	3.0%	5.6%
Curr Ptile (10Y)	43%	45%	38%	15%	25%	8%	5%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Autos & Components: Valuations

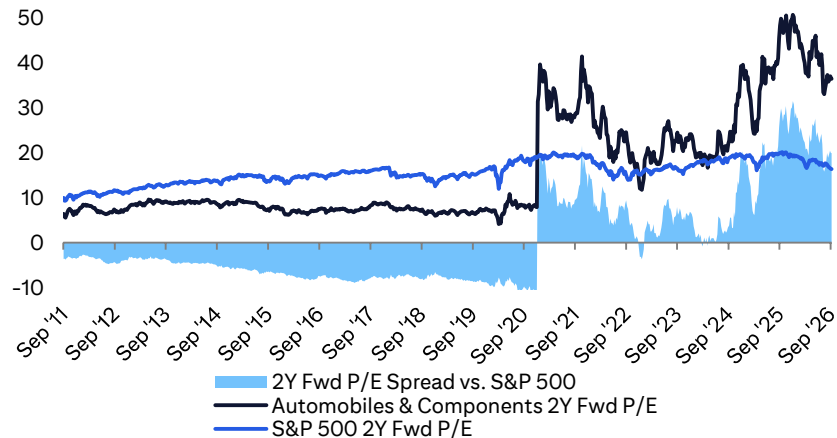
Underweight

Valuations

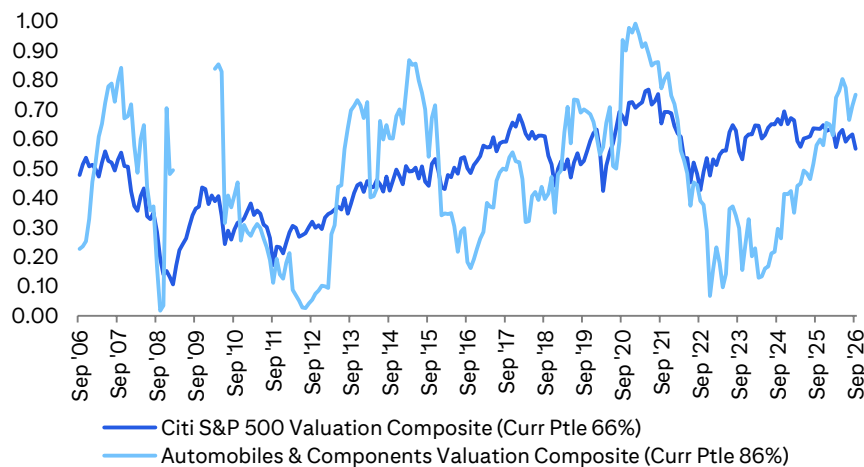
Negative

- Valuation gap to the index has widened on out year estimates, evident in the higher PEG ratios.
- TSLA effect here. Valuation composite also stretched.

P/E 2Y Fwd



Valuation Composite

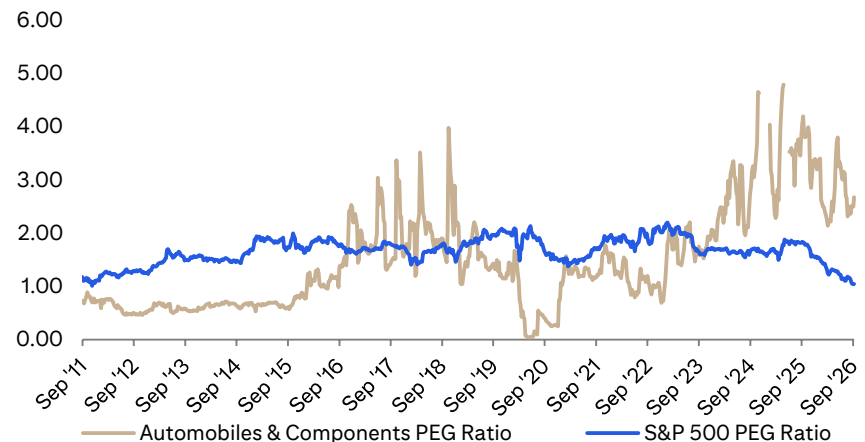


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	41.90	19.12	2.44	3.24
3M Ago	45.31	20.08	2.58	3.24
6M Ago	44.50	19.23	2.40	2.92
1Y Ago	60.41	22.64	2.90	3.22
20Y Median	10.55	16.34	0.46	1.83
Ptile -20Y	89%	77%	94%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	26.60	15.30	5.77	4.62
3M Ago	29.38	15.74	6.12	4.68
6M Ago	26.19	14.85	5.92	4.22
1Y Ago	33.11	17.36	6.72	4.76
20Y Median	7.03	11.61	2.23	2.66
Ptile -20Y	88%	81%	85%	95%

PEG Ratio

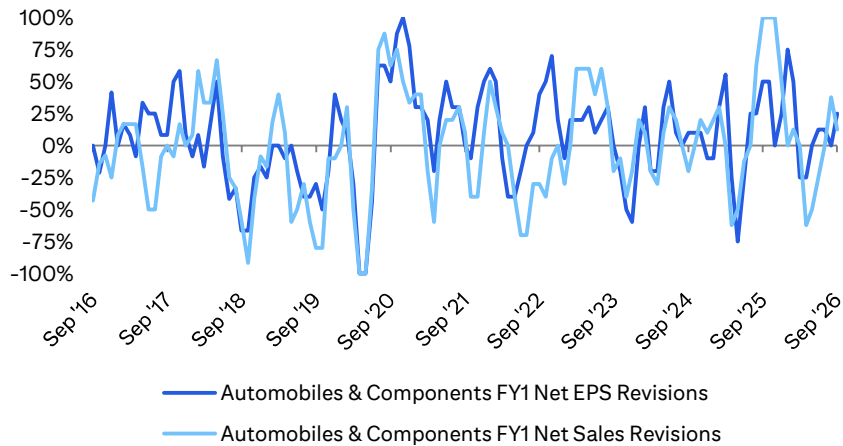


Sentiment

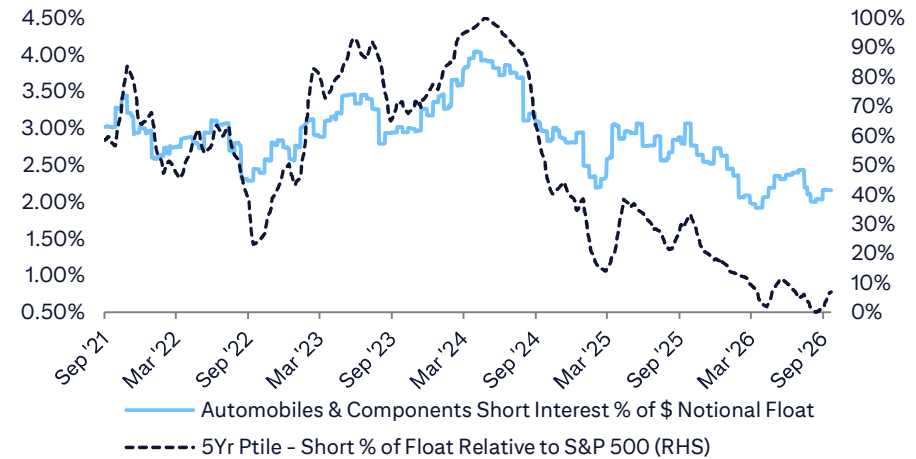
Neutral

- Net revisions have improved but are not compelling.
- Consensus growth rate has been flattish. Insider buying picking up offset by bottom decile short interest relative to the index.

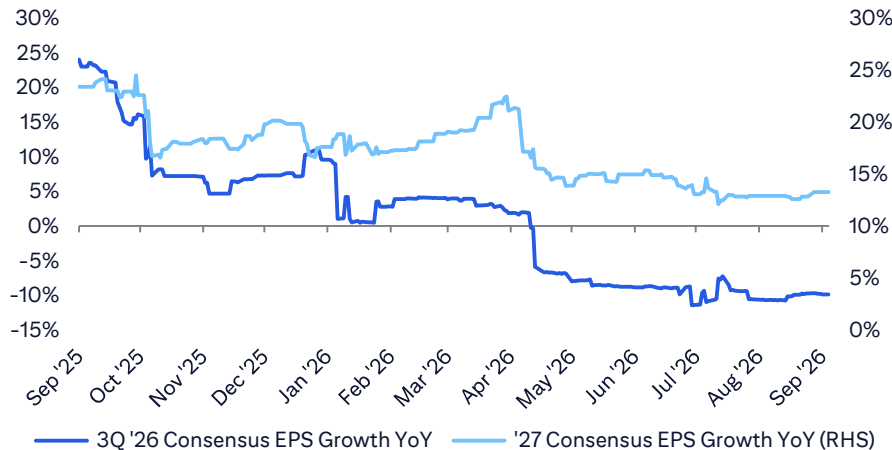
Net FY1 EPS & Sales Revisions



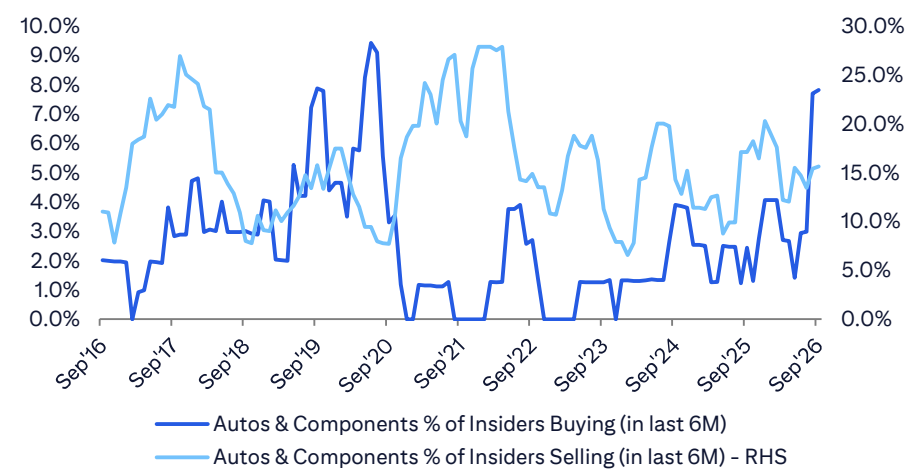
Short Interest % of Float



Consensus EPS Growth



Insider Transactions



Autos & Components: Trading

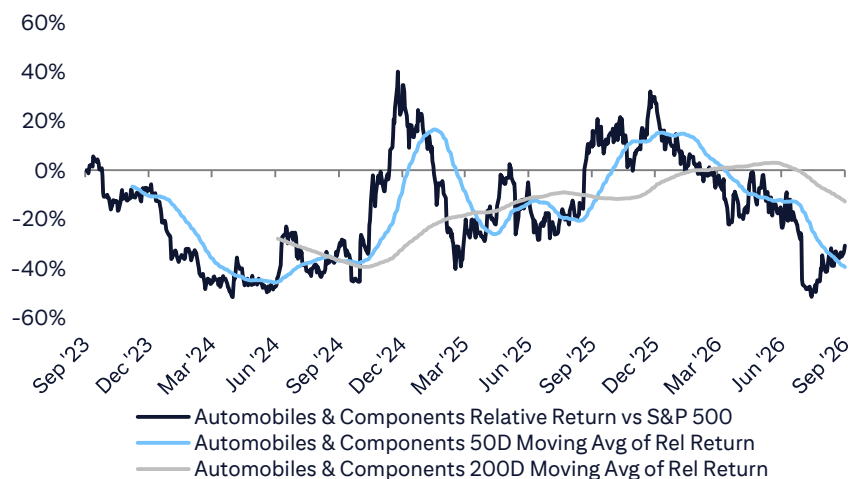
Underweight

Trading

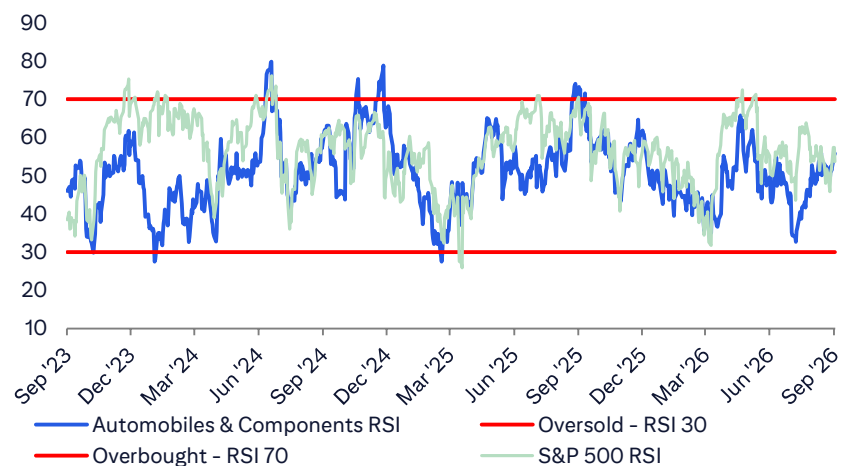
Neutral

- Relative performance has improved but remains show-me.
- No surprise, risk on macro correlations evident.

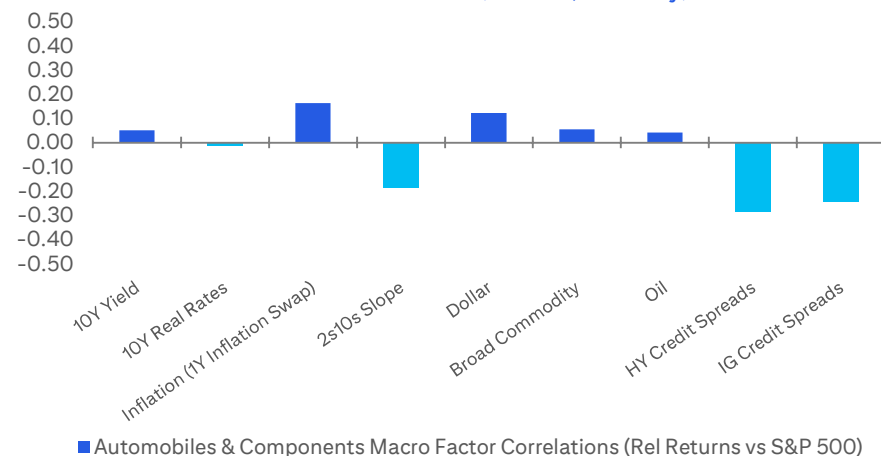
Relative Performance



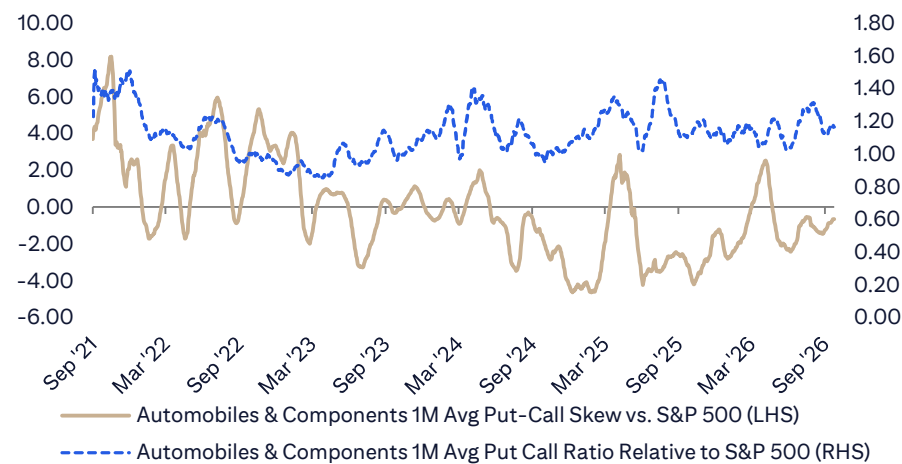
Relative Strength Index



Macro Correlations (10 Year, Monthly)



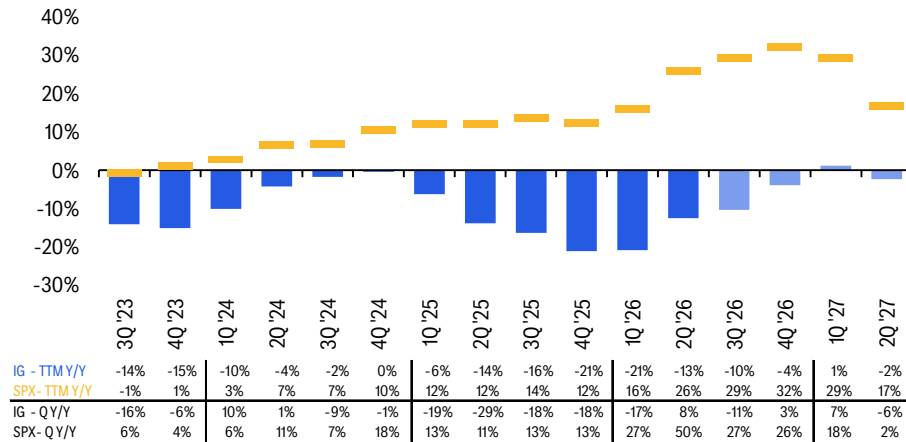
Put/Call Ratio & Implied Vol Skew



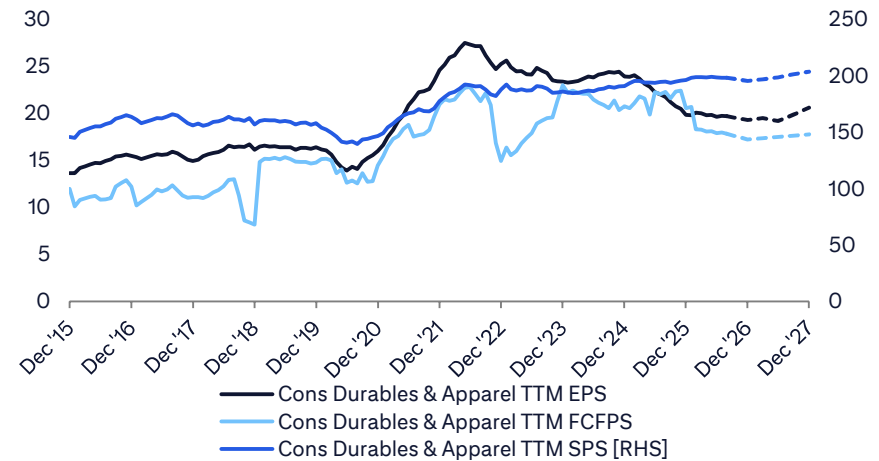
Fundamentals Negative

- Negative earnings growth is in projections, quality OK but macro relief needed.
- Margin inflection does not appear on the horizon, but debt metrics are fairly strong and profitability stable.

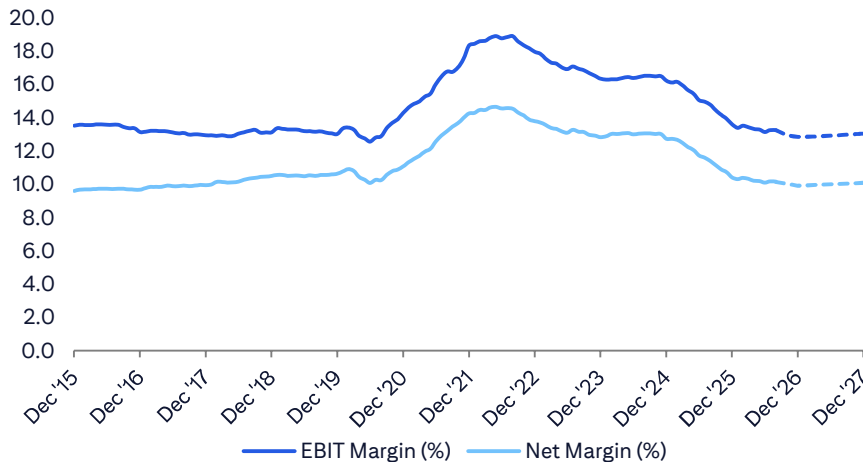
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.29	0.05	0.80	21.6	18.2%	10.9%	15.3%
6M Prior	0.26	0.00	0.98	21.1	19.4%	10.3%	14.5%
12M Prior	0.29	0.05	0.80	23.7	19.5%	11.8%	16.4%
3Y Median	0.29	0.02	0.93	23.4	21.4%	11.6%	16.0%
10Y Median	0.54	0.17	0.53	13.3	20.5%	9.4%	14.0%
Curr Ptile (10Y)	13%	25%	78%	83%	13%	65%	63%

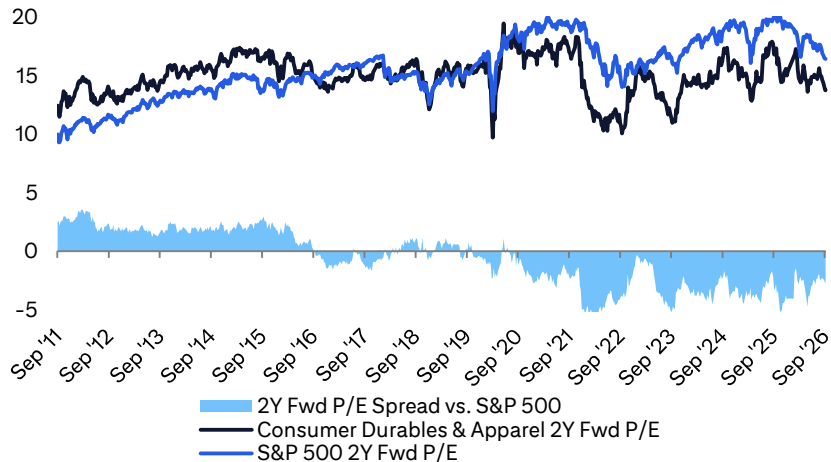
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

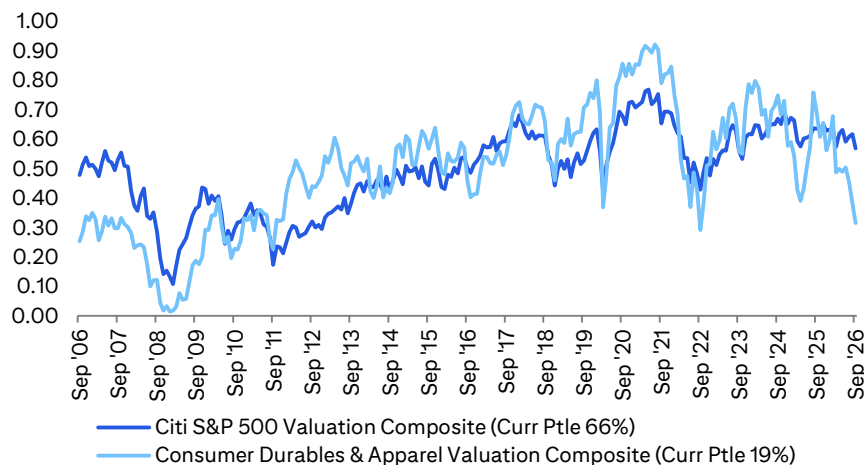
Positive

- Valuations increasingly attractive.
- Valuation composite supports argument that higher oil/inflation/rates partially discounted.

P/E 2Y Fwd



Valuation Composite

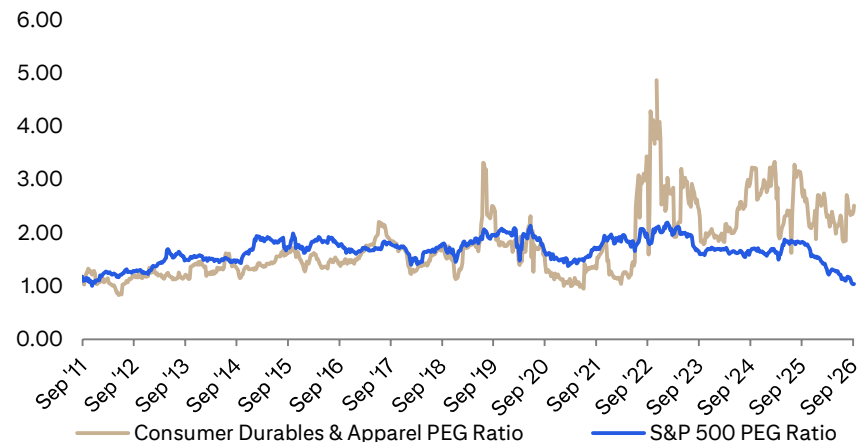


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	14.81	19.12	1.47	3.24
3M Ago	16.80	20.08	1.66	3.24
6M Ago	16.28	19.23	1.63	2.92
1Y Ago	18.15	22.64	1.88	3.22
20Y Median	16.65	16.34	1.51	1.83
Ptile -20Y	15%	77%	44%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	13.10	15.30	2.62	4.62
3M Ago	14.95	15.74	3.05	4.68
6M Ago	15.74	14.85	3.00	4.22
1Y Ago	17.52	17.36	3.37	4.76
20Y Median	14.18	11.61	3.16	2.66
Ptile -20Y	27%	81%	27%	95%

PEG Ratio

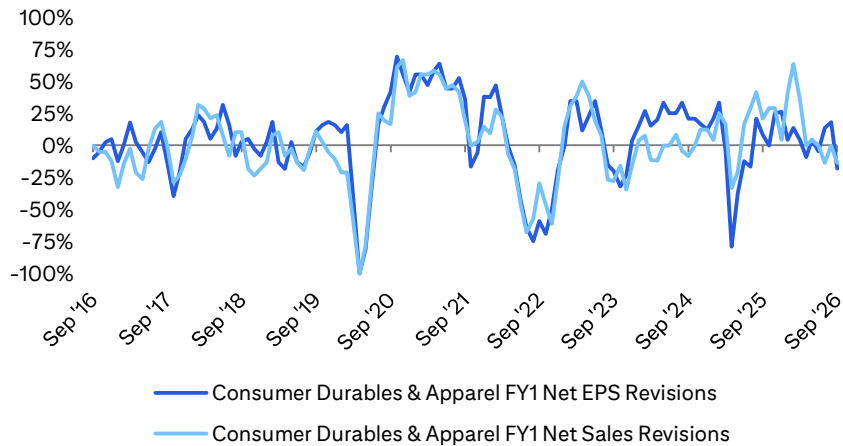


Sentiment

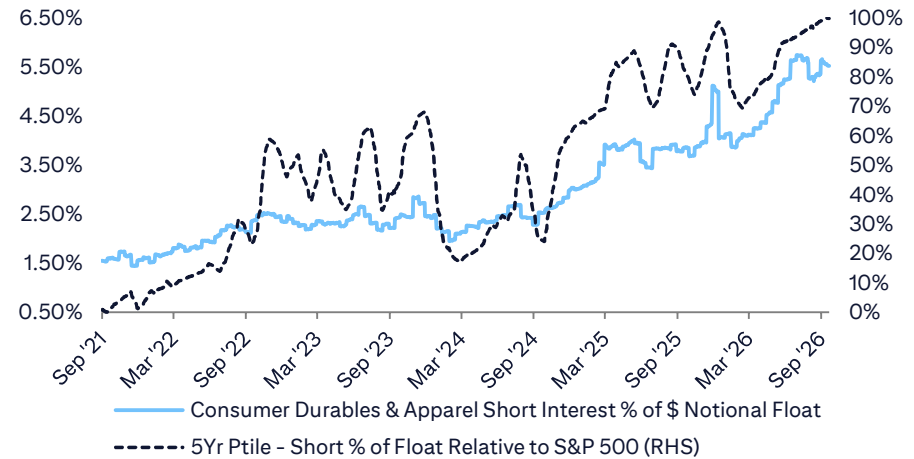
Neutral

- Revisions for both EPS and sales have turned negative.
- Consensus growth for '27 still declining but the offset is a pickup in insider buying and high short interest rel to the index.

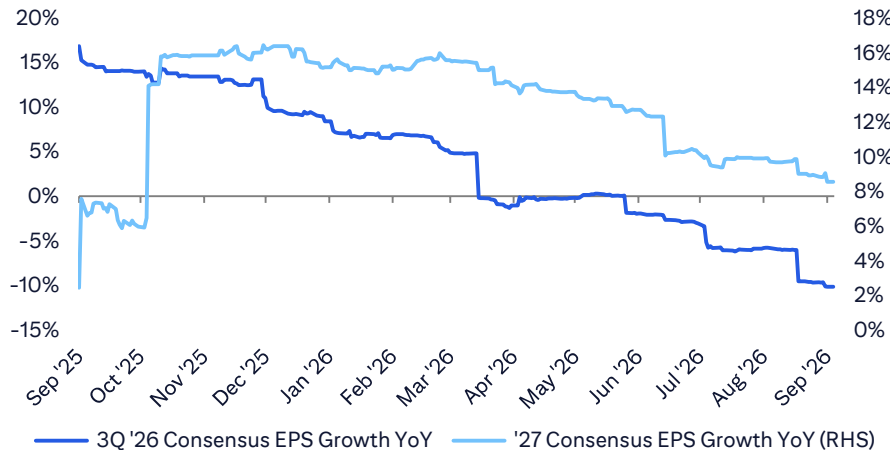
Net FY1 EPS & Sales Revisions



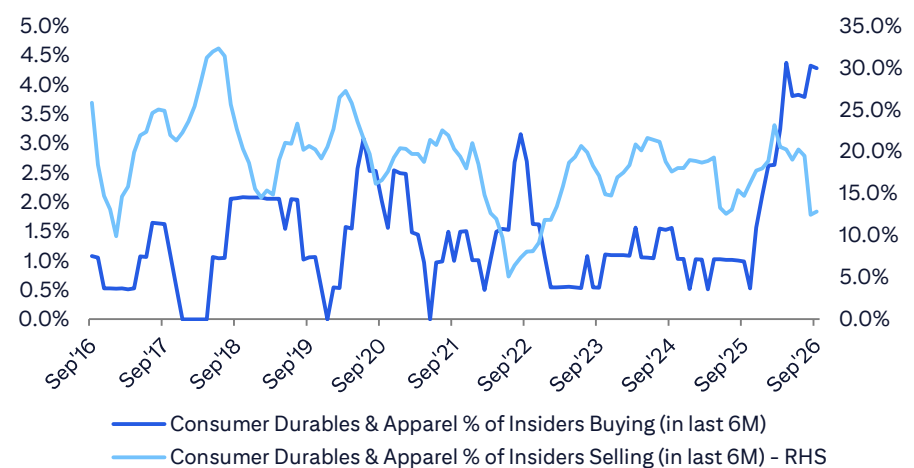
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

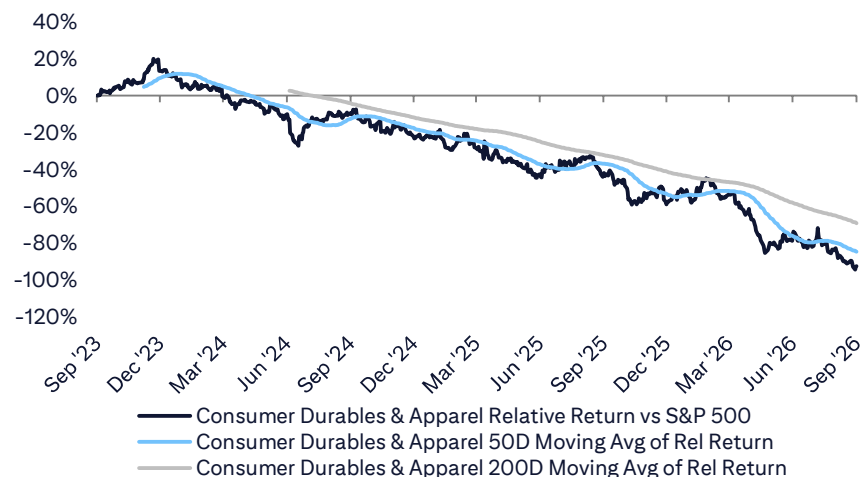


Trading

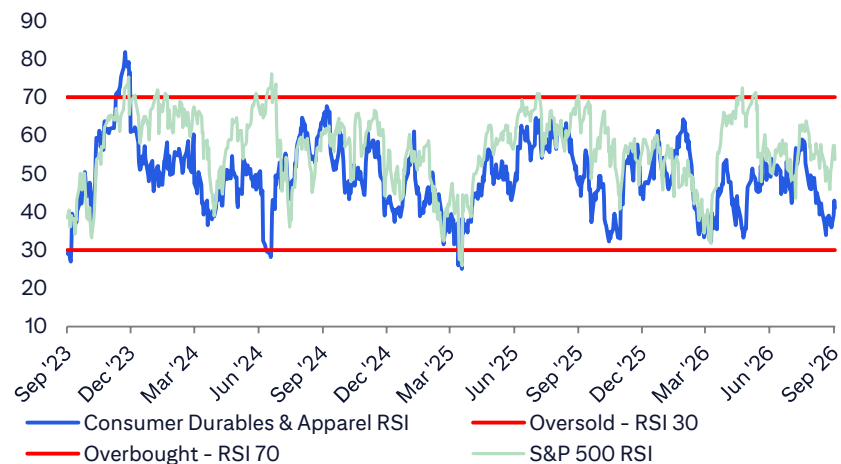
Neutral

- Relative performance showing few signs of improving.
- Coming off near oversold while Put/Call does not indicate a strong positioning trend relative to the index.

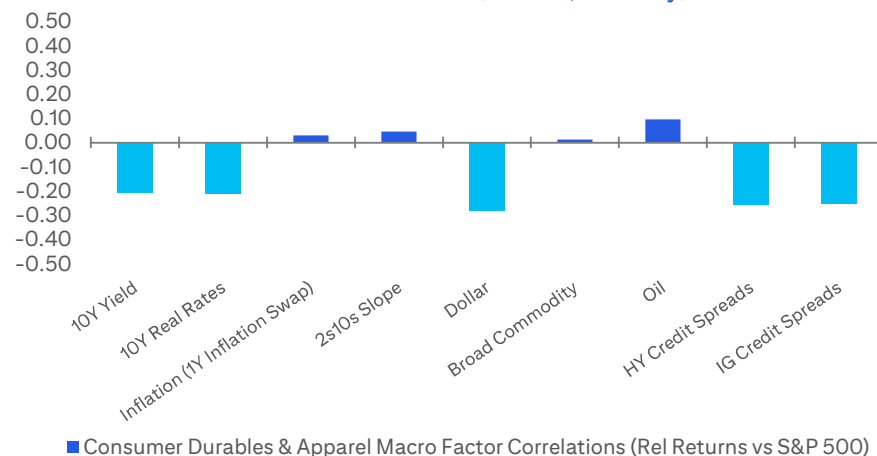
Relative Performance



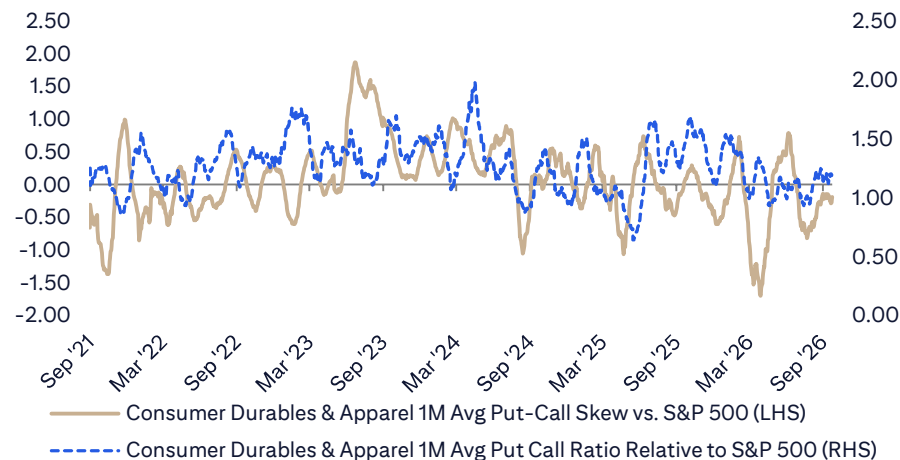
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



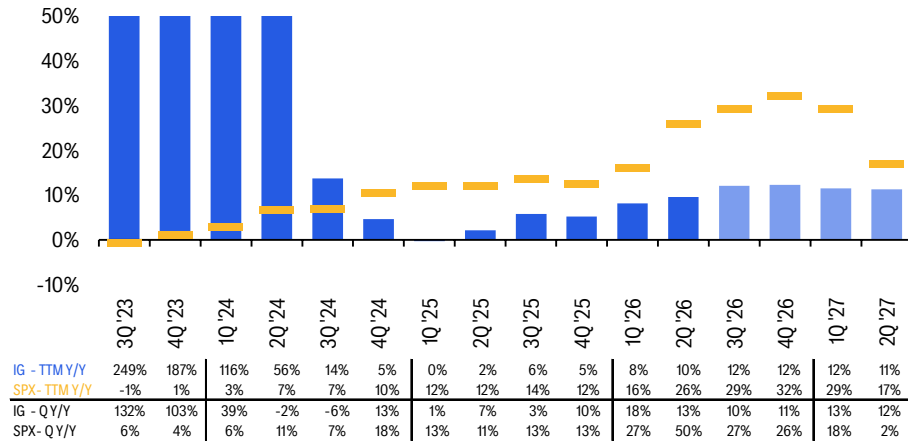
Consumer Services: Fundamentals

Overweight

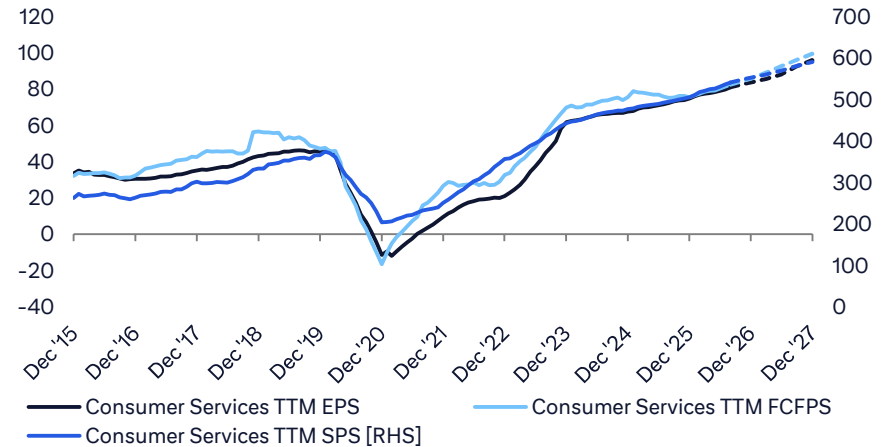
Fundamentals Positive

- EPS growth has normalized but looks stable.
- Quality metrics are mixed to improving. Margins are trending slightly higher.

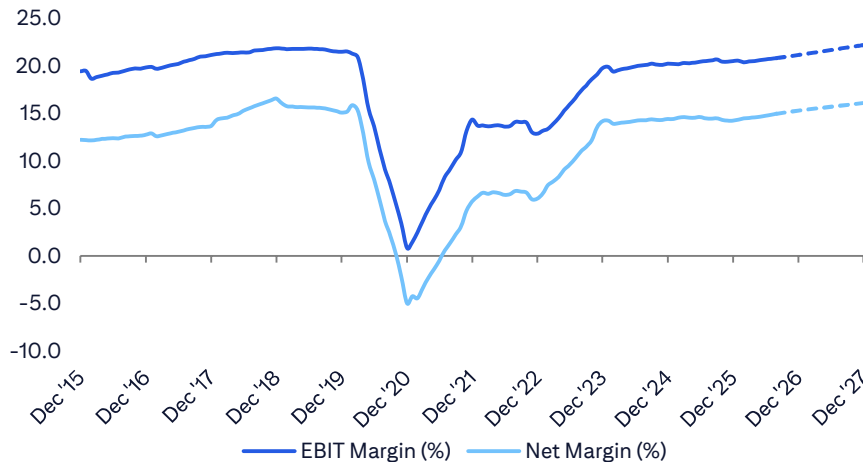
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	11.18	0.65	0.30	5.8	NA	10.2%	21.3%
6M Prior	9.19	0.66	0.28	5.1	NA	9.3%	18.3%
12M Prior	12.56	0.64	0.31	4.7	NA	9.3%	19.2%
3Y Median	17.69	0.71	0.25	4.1	NA	8.9%	17.2%
10Y Median	7.92	0.69	0.23	4.4	NA	8.7%	14.7%
Curr Ptile (10Y)	65%	33%	95%	65%	NA	85%	100%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Consumer Services: Valuations

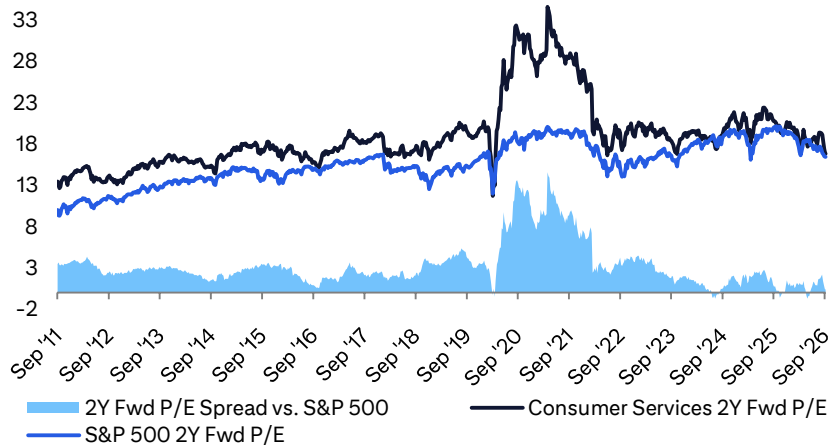
Overweight

Valuations

Positive

- Valuation metrics mostly attractive relative to history for the group.
- Valuation composite and PEG ratio skews us positive.

P/E 2Y Fwd

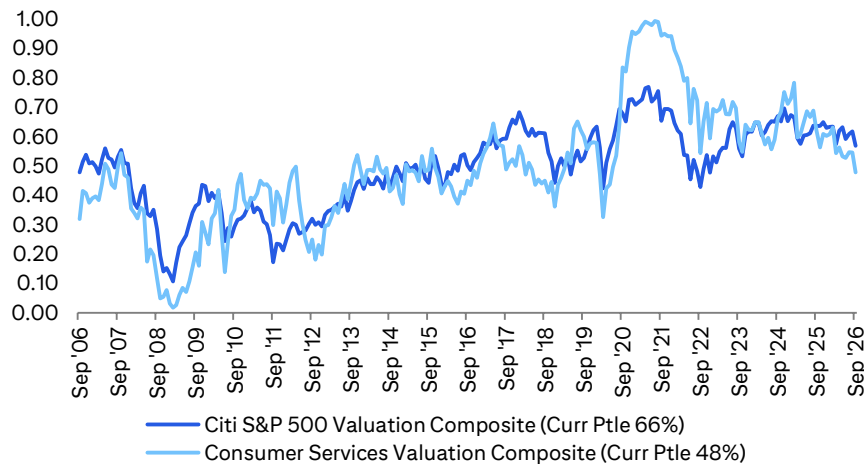


Valuation Metrics

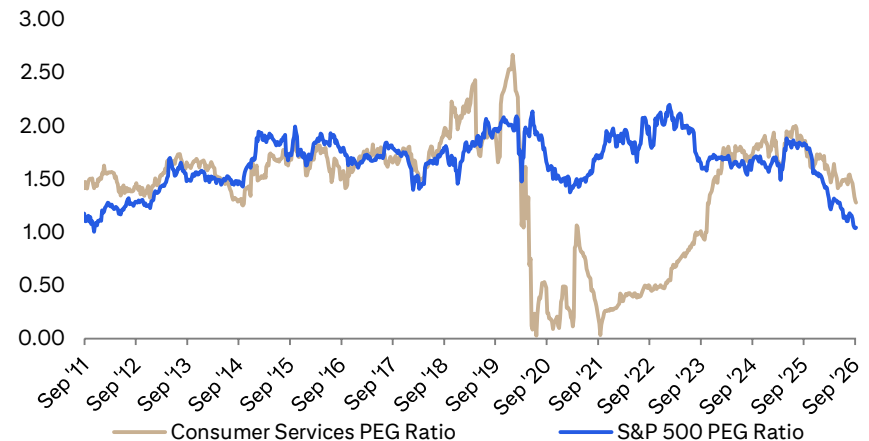
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	19.31	19.12	3.14	3.24
3M Ago	21.65	20.08	3.47	3.24
6M Ago	20.31	19.23	3.22	2.92
1Y Ago	23.88	22.64	3.80	3.22
20Y Median	19.07	16.34	2.81	1.83
Ptile -20Y	52%	77%	71%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	13.18	15.30	42.06	4.62
3M Ago	14.77	15.74	48.94	4.68
6M Ago	13.87	14.85	41.07	4.22
1Y Ago	16.33	17.36	51.92	4.76
20Y Median	13.26	11.61	9.81	2.66
Ptile -20Y	49%	81%	79%	95%

Valuation Composite



PEG Ratio

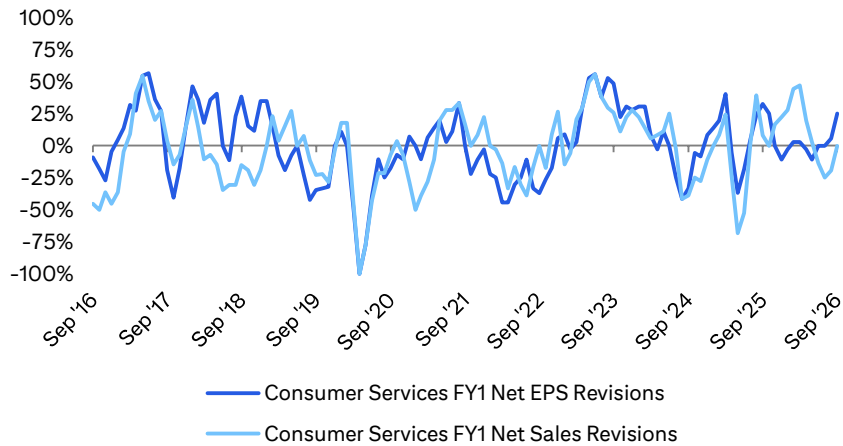


Sentiment

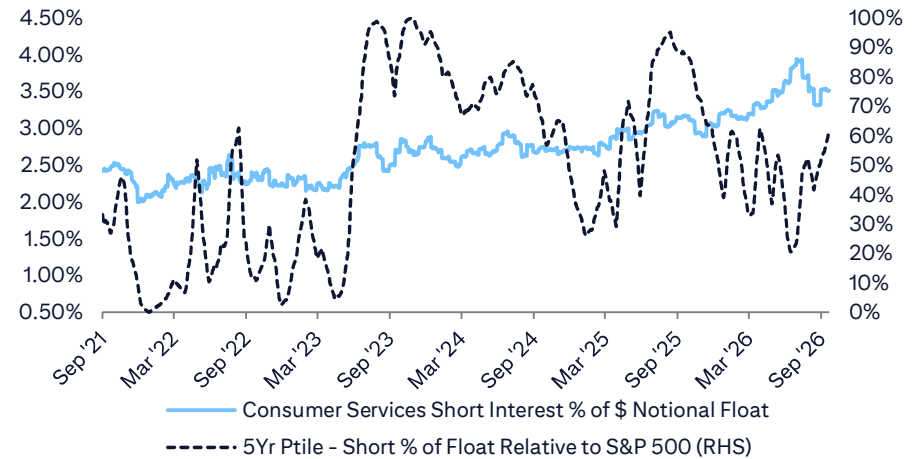
Neutral

- EPS and sales revisions are mostly mixed, consensus growth expectations largely stable.
- Other sentiment indicators lack clarity.

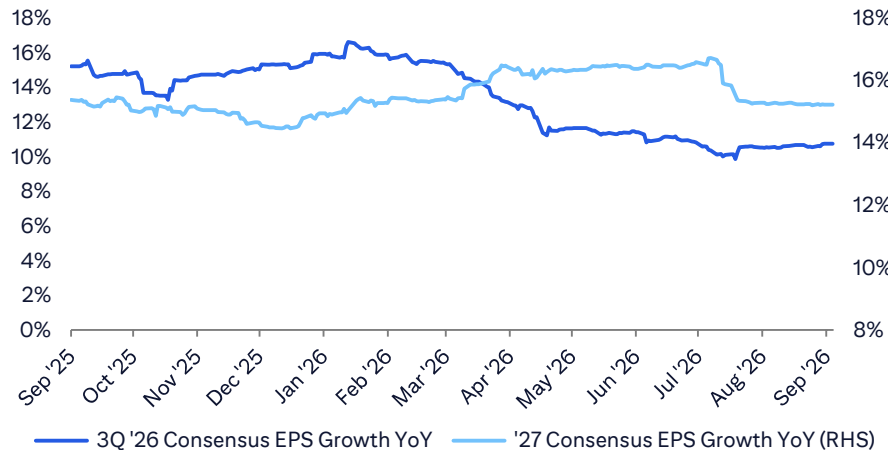
Net FY1 EPS & Sales Revisions



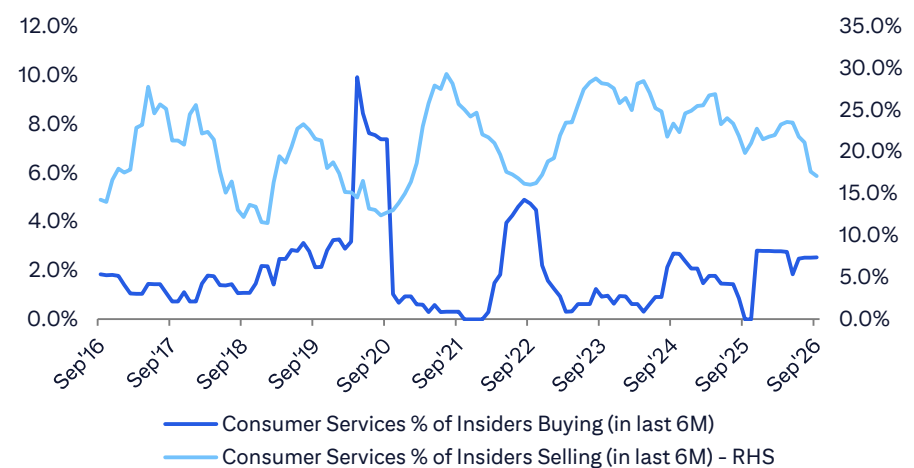
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

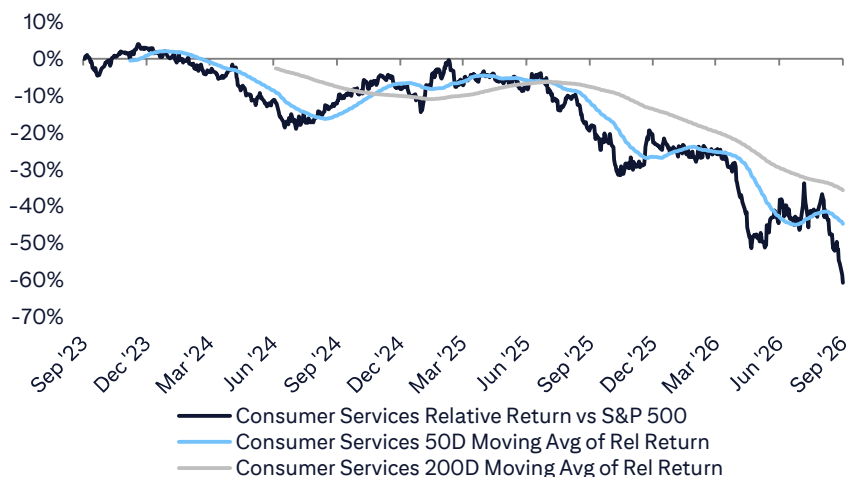


Trading

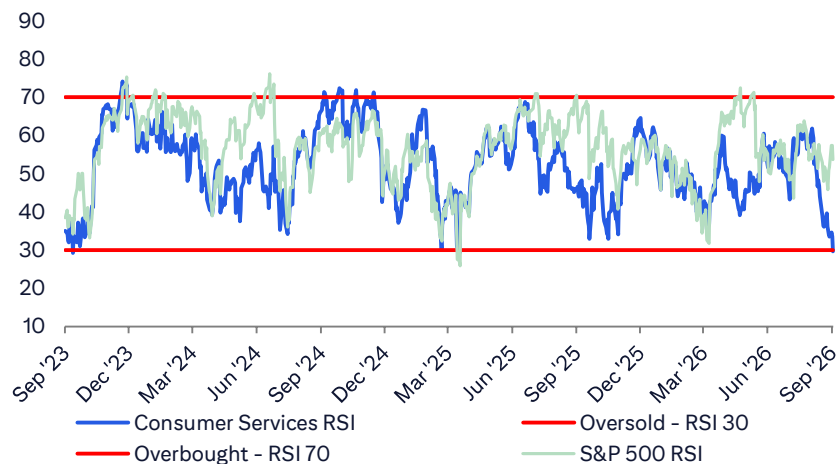
Positive

- Relative performance got hit badly during Q3 and sets up for mean reversion opportunity.
- One of only a few IGs at oversold RSI, put to call ratio has jumped higher relative to index.

Relative Performance



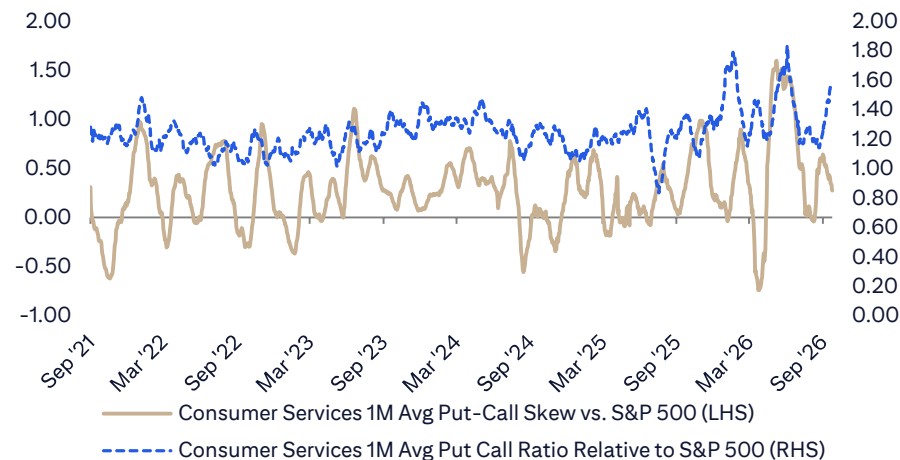
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



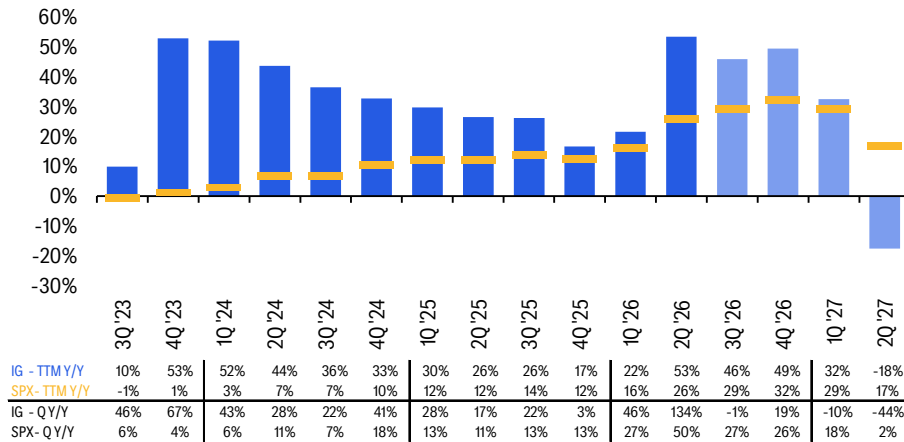
Consumer Disc Dist & Retail: Fundamentals

Overweight

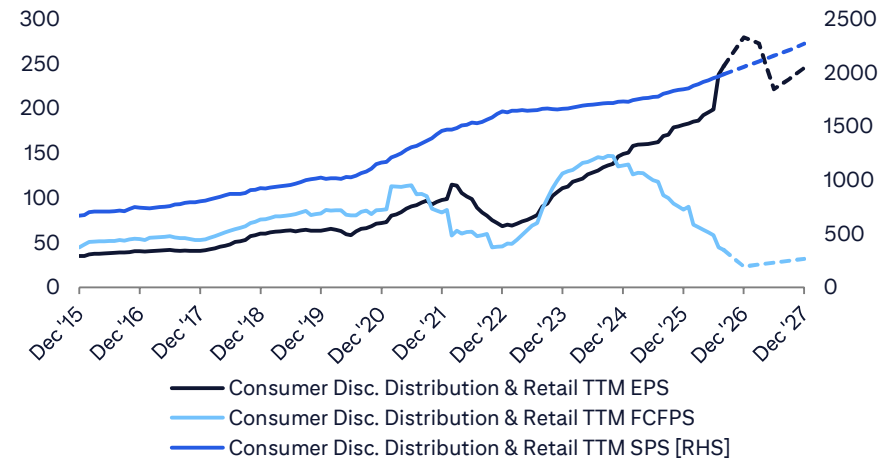
Fundamentals Neutral

- Growth is set to decelerate but asset writeups in the trailing compares are a factor. EBIT margin picture appears stable/improving.
- FCF falling but known. Quality remains solid if not improving.

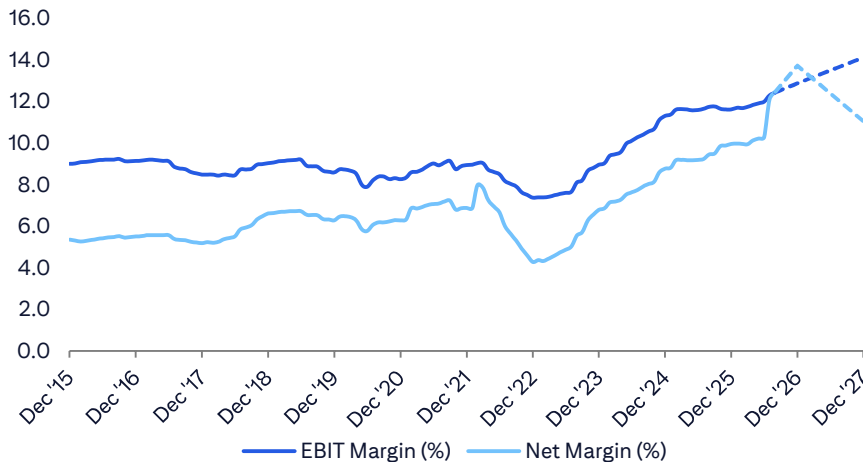
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.44	0.15	0.53	17.2	29.2%	12.4%	21.1%
6M Prior	0.46	0.12	0.66	17.5	26.8%	10.6%	19.2%
12M Prior	0.54	0.17	0.55	16.7	29.6%	10.9%	20.0%
3Y Median	0.71	0.21	0.52	15.2	32.3%	10.4%	19.0%
10Y Median	1.17	0.33	0.42	12.0	33.9%	9.0%	18.0%
Curr Ptile (10Y)	0%	8%	68%	95%	5%	100%	93%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Consumer Disc Dist & Retail: Valuations

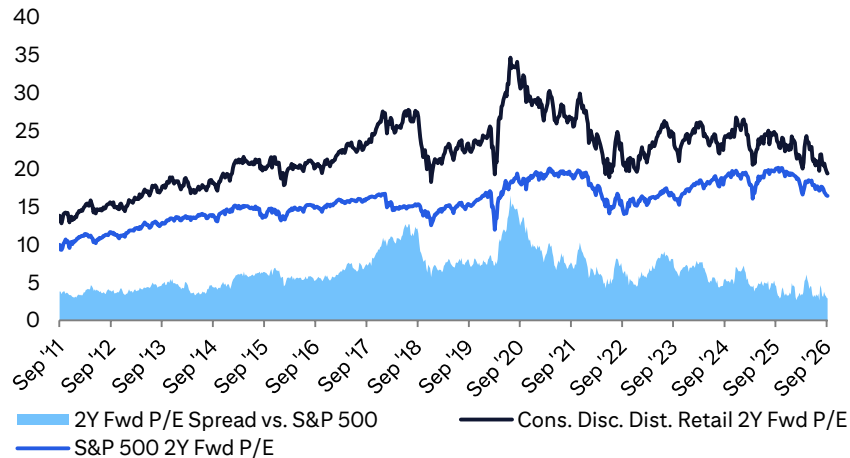
Overweight

Valuations

Positive

- Valuations look quite reasonable vs history. Valuation composite turning lower as profitability improves.
- OW is premised on reversal in macro headwinds during Q4.

P/E 2Y Fwd

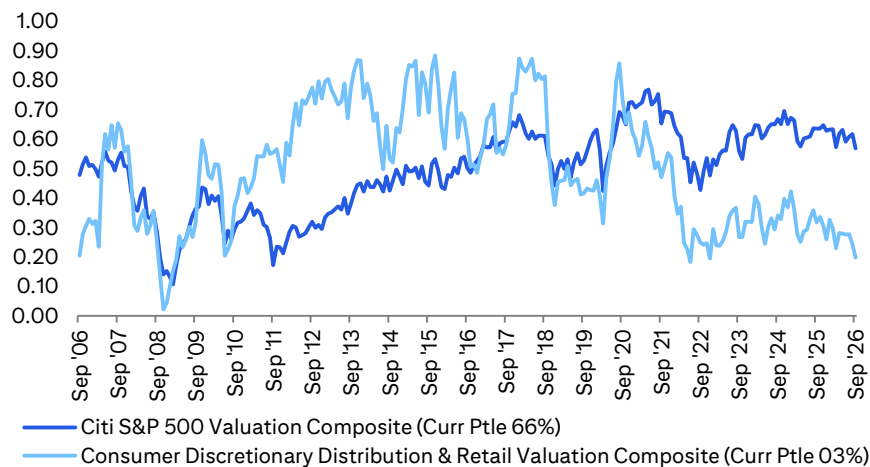


Valuation Metrics

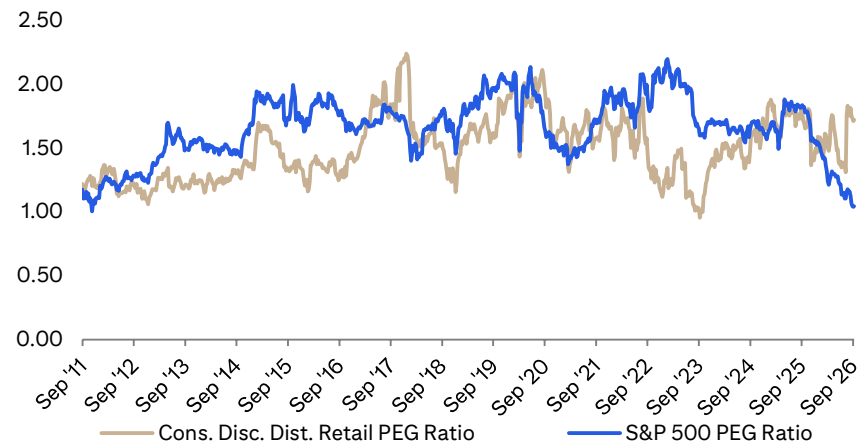
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	21.74	19.12	2.49	3.24
3M Ago	23.76	20.08	2.48	3.24
6M Ago	23.54	19.23	2.30	2.92
1Y Ago	27.35	22.64	2.62	3.22
20Y Median	24.22	16.34	1.41	1.83
Ptile -20Y	40%	77%	92%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	13.02	15.30	5.16	4.62
3M Ago	13.47	15.74	5.68	4.68
6M Ago	13.20	14.85	5.48	4.22
1Y Ago	15.06	17.36	7.26	4.76
20Y Median	14.08	11.61	7.36	2.66
Ptile -20Y	38%	81%	35%	95%

Valuation Composite



PEG Ratio

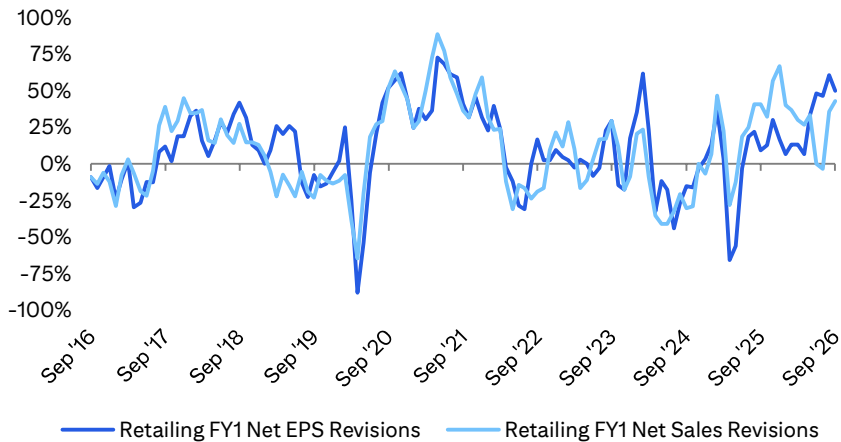


Sentiment

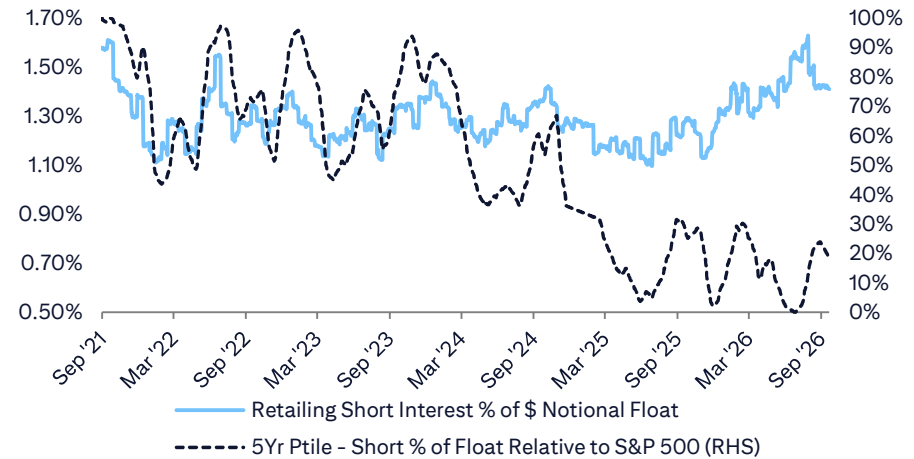
Neutral

- Net revisions moving notably higher.
- Consensus EPS growth has mostly reset already, but this is a function of asset markups in the trailing data.

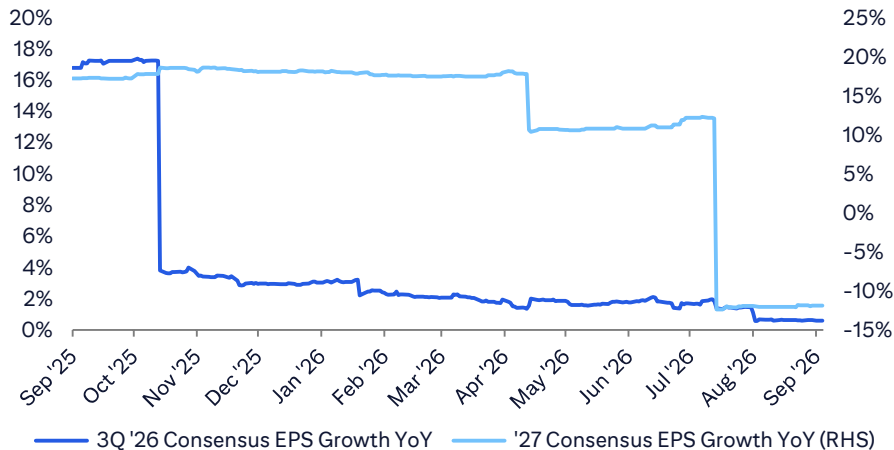
Net FY1 EPS & Sales Revisions



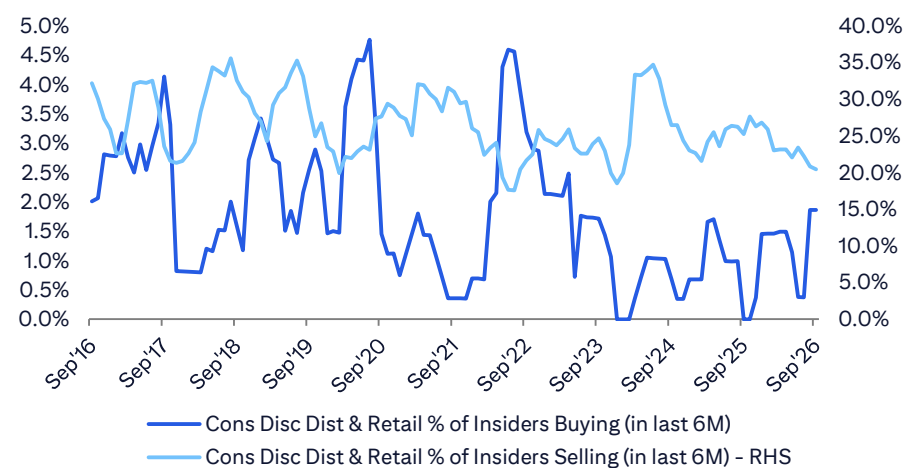
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

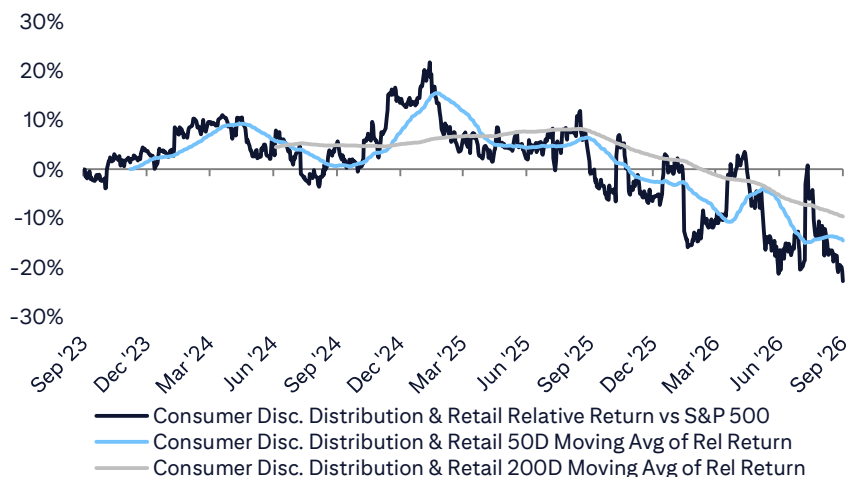


Trading

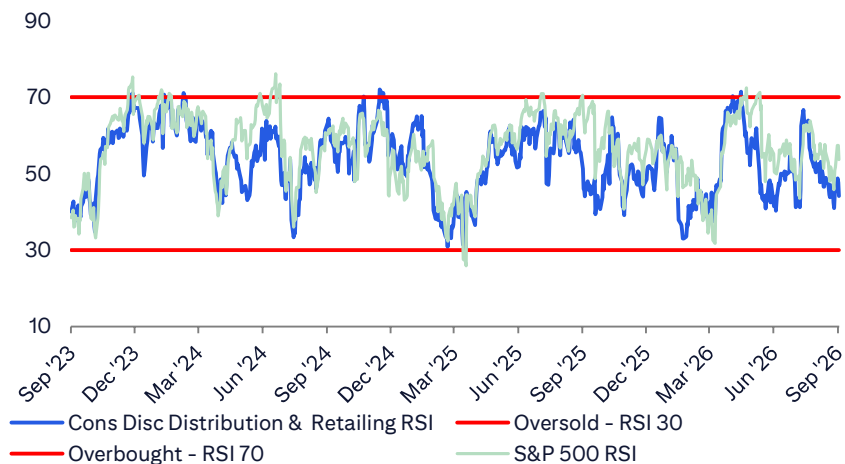
Neutral

- Relative performance rough, looking for mean reversion here.
- Put/Call ratio reflects investor indecision.

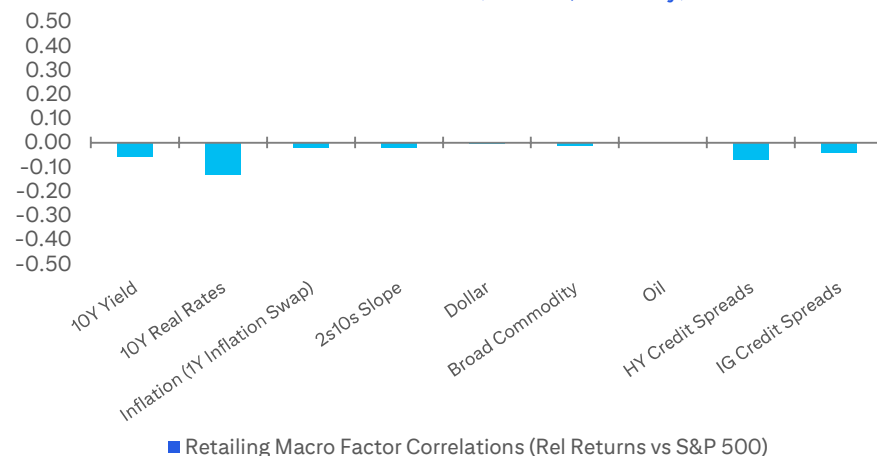
Relative Performance



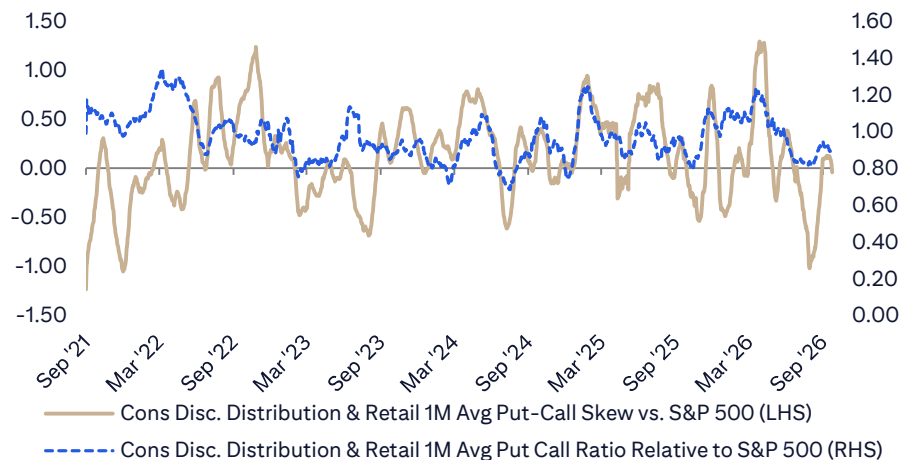
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

CONSUMER STAPLES

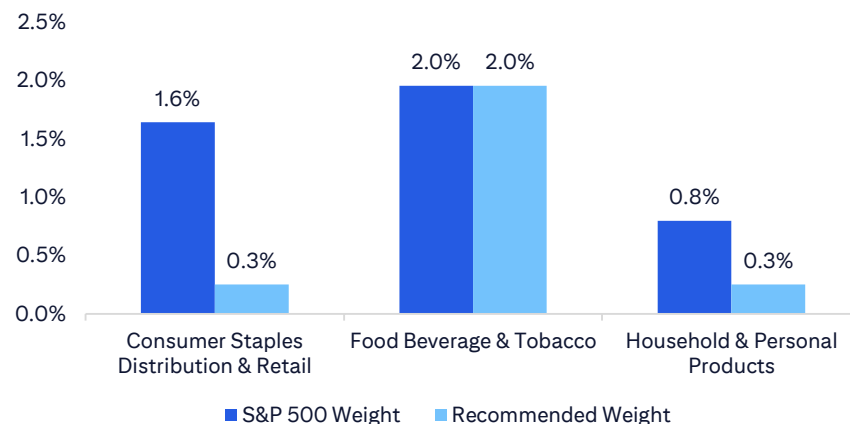
Consumer Staples Distribution & Retail – Underweight

Food, Beverage & Tobacco – Market Weight

Household & Personal Products – Underweight

- Consumer Staples remains a persistent Underweight premised on consumer trade down risk and a difficult environment to pass through cost pressures to selling prices, weighing on margins.
- Consumer Staples Distribution & Retailing remains Underweight. Tight margins leave little room for error, and valuations are far from attractive.
- Food, Beverage & Tobacco is MW. It scores neutral on all metrics.
- Household & Personal Products is lowered to UW. Fundamental pressures are clear but valuations not yet compelling.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
WMT	Walmart Inc	Cons Staples Distribution Retail	16.4%	43.6%
COST	Costco Wholesale Corp	Cons Staples Distribution Retail	13.9%	37.0%
KO	Coca-Cola Co/The	Food, Bev & Tobacco	11.7%	26.4%
PG	Procter & Gamble Co/The	Household & Personal Products	11.6%	64.0%
PM	Philip Morris International Inc	Food, Bev & Tobacco	10.1%	22.8%
PEP	PepsiCo Inc	Food, Bev & Tobacco	6.0%	13.5%
MO	Altria Group Inc	Food, Bev & Tobacco	3.9%	8.9%
MDLZ	Mondelez International Inc	Food, Bev & Tobacco	2.6%	6.0%
TGT	Target Corp	Cons Staples Distribution Retail	2.4%	6.5%
CL	Colgate-Palmolive Co	Household & Personal Products	2.3%	12.9%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
PFGC	Performance Food Group Co	90.32	1	59%
STZ	Constellation Brands Inc	114.21	1	48%
CELH	Celsius Holdings Inc	28.43	1	40%
CART	Maplebear Inc	43.26	1	36%
MNST	Monster Beverage Corp	42.67	1	35%
USFD	US Foods Holding Corp	93.82	1	32%
CL	Colgate-Palmolive Co	85.32	1	31%
WMT	Walmart Inc	107.59	1	24%
KMB	Kimberly-Clark Corp	97.22	3	-2%
ACI	Albertsons Cos Inc	11.95	2	0%
KR	Kroger Co/The	58.92	2	0%

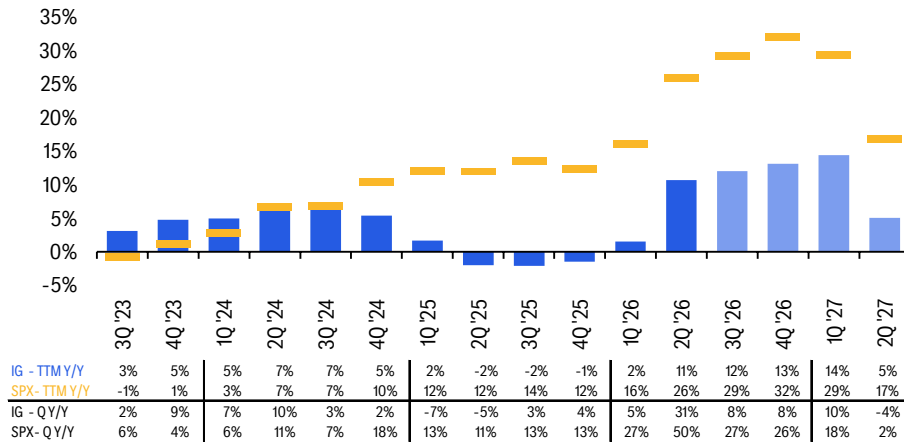
Cons Staples Dist & Retailing: Fundamentals

Underweight

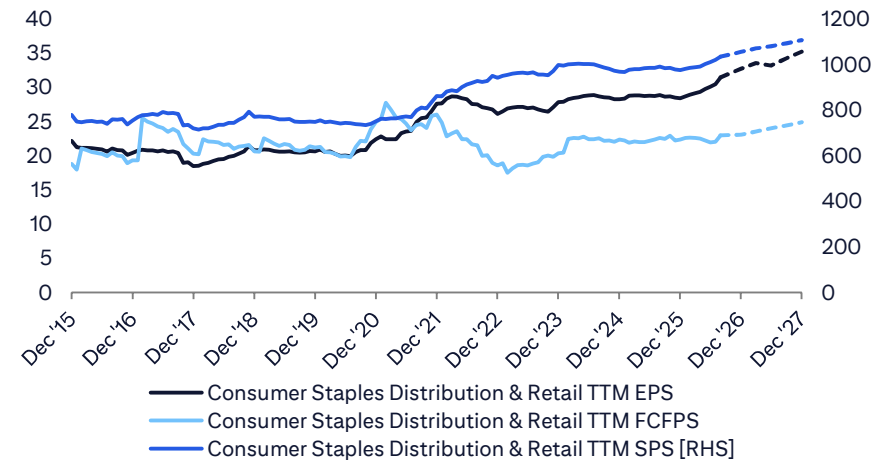
Fundamentals Neutral

- EPS growth appears to have inflected with Q2 reports, yet some of this was tariff refund related. Eye on FCF.
- Quality metrics consistent.

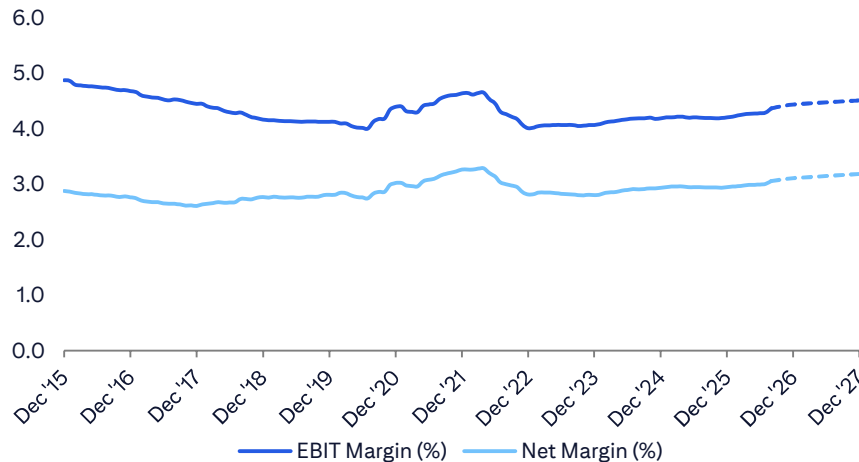
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.61	0.23	0.44	13.4	25.3%	7.9%	16.5%
6M Prior	0.63	0.25	0.41	11.4	25.0%	7.4%	15.6%
12M Prior	0.70	0.27	0.37	11.6	25.1%	6.4%	13.4%
3Y Median	0.68	0.29	0.34	10.9	24.7%	6.4%	14.4%
10Y Median	0.70	0.31	0.30	9.8	22.3%	6.4%	12.9%
Curr Ptile (10Y)	3%	0%	98%	100%	98%	100%	100%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Cons Staples Dist & Retailing: Valuations

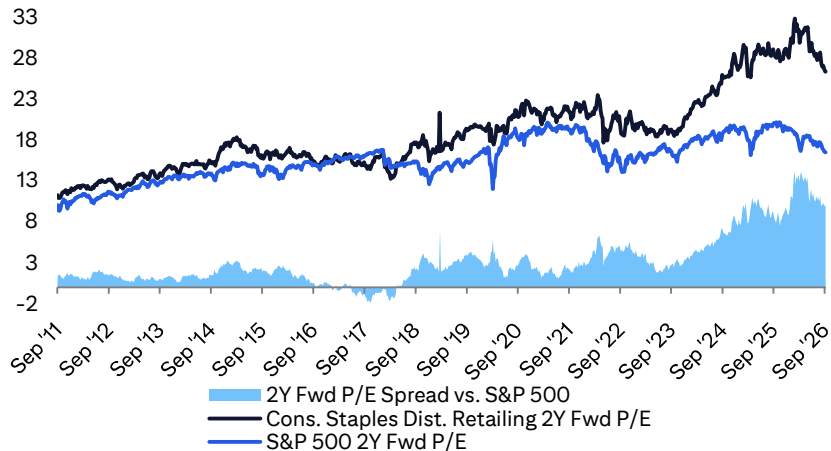
Underweight

Valuations

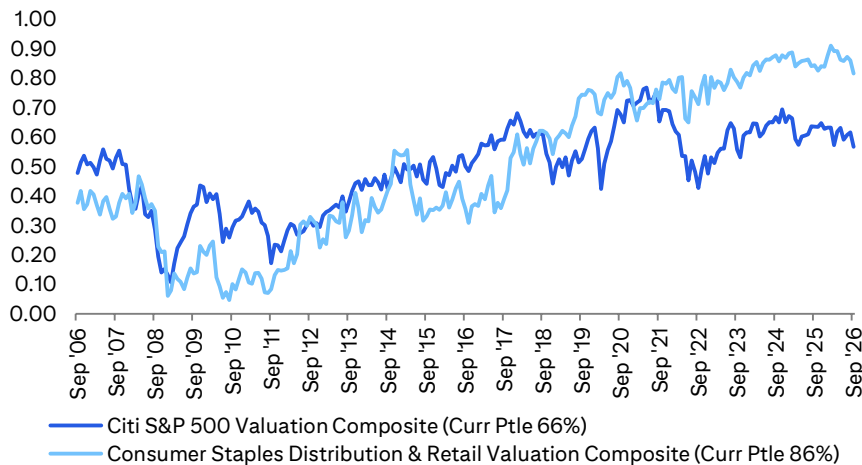
Negative

- Traditional valuations are at top decile.
- Valuation composite one of least attractive vs history.

P/E 2Y Fwd



Valuation Composite

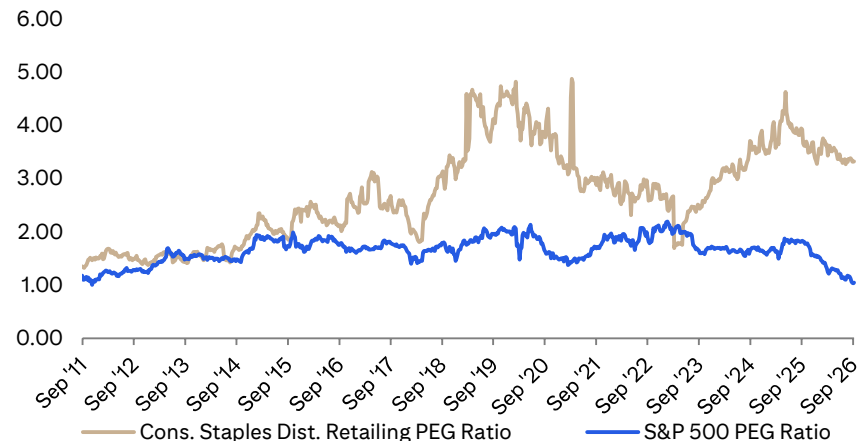


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	28.67	19.12	0.91	3.24
3M Ago	31.56	20.08	0.98	3.24
6M Ago	33.53	19.23	1.03	2.92
1Y Ago	31.01	22.64	0.93	3.22
20Y Median	17.31	16.34	0.49	1.83
Ptile -20Y	91%	77%	95%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.58	15.30	6.97	4.62
3M Ago	19.24	15.74	7.67	4.68
6M Ago	20.19	14.85	8.11	4.22
1Y Ago	19.00	17.36	7.65	4.76
20Y Median	11.05	11.61	3.15	2.66
Ptile -20Y	91%	81%	92%	95%

PEG Ratio



Cons Staples Dist & Retailing: Sentiment

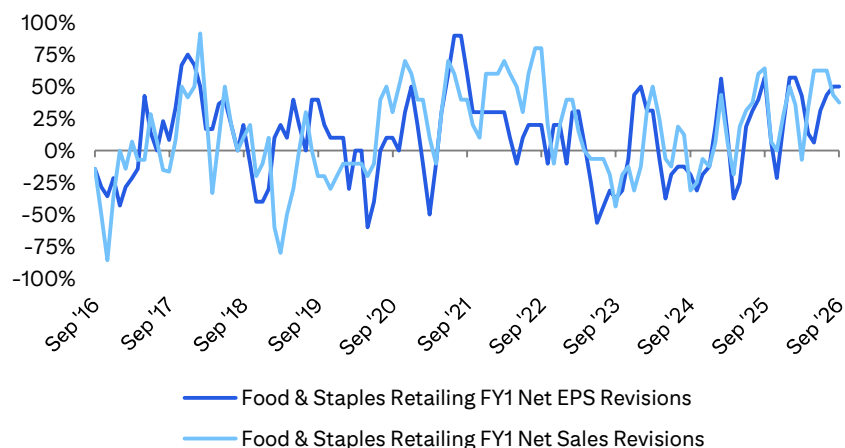
Underweight

Sentiment

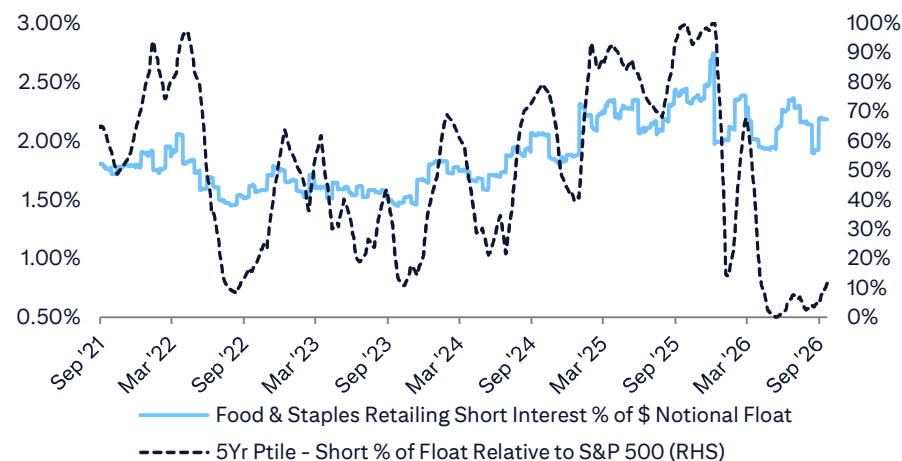
Neutral

- EPS and sales revisions are a positive.
- Still, need to see improving rather than declining growth expectations to get more constructive.

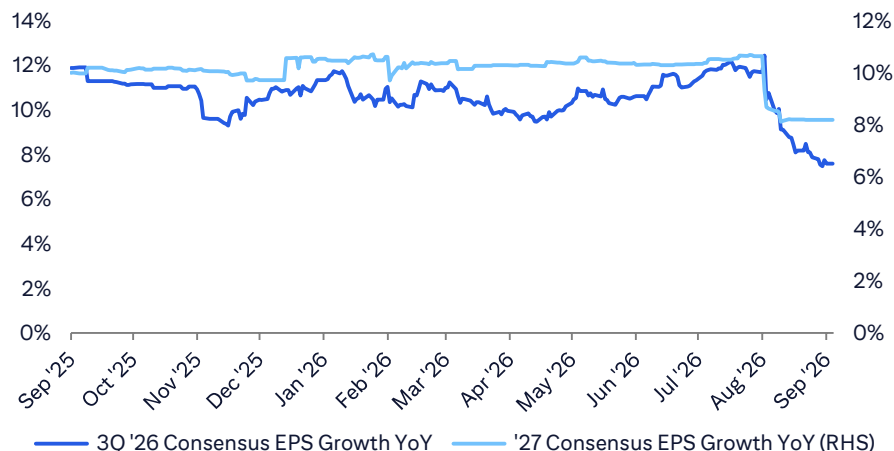
Net FY1 EPS & Sales Revisions



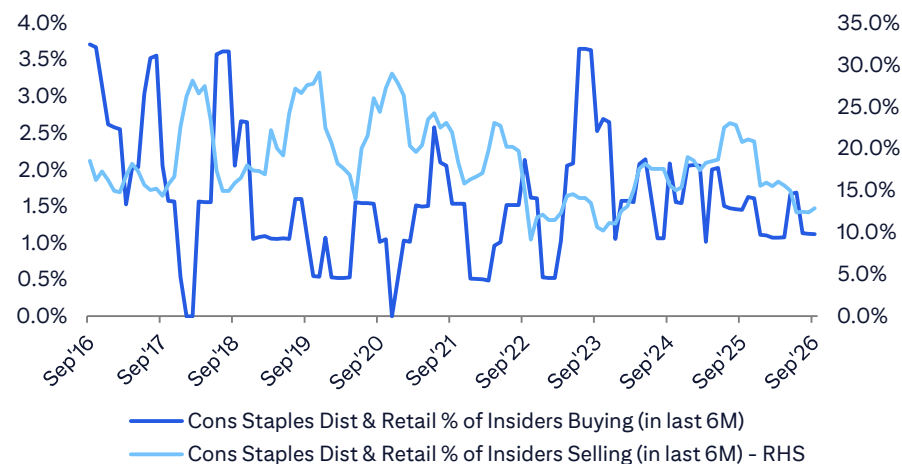
Short Interest % of Float



Consensus EPS Growth



Insider Transactions



Cons Staples Dist & Retailing: Trading

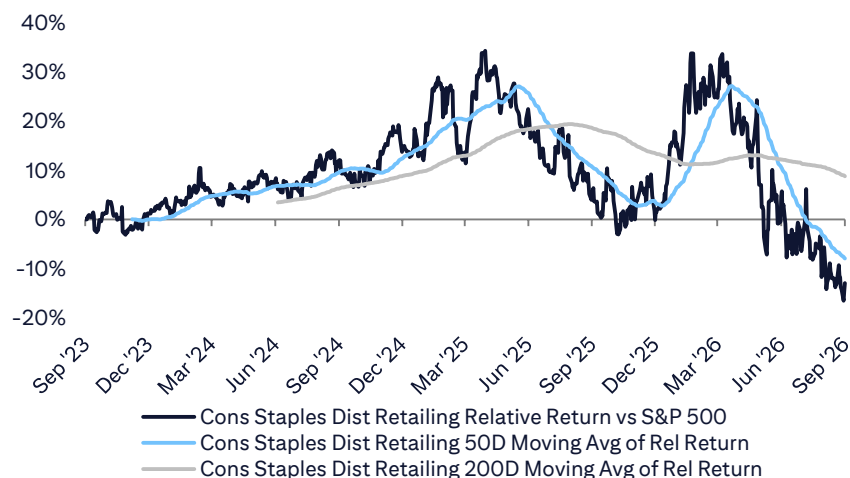
Underweight

Trading

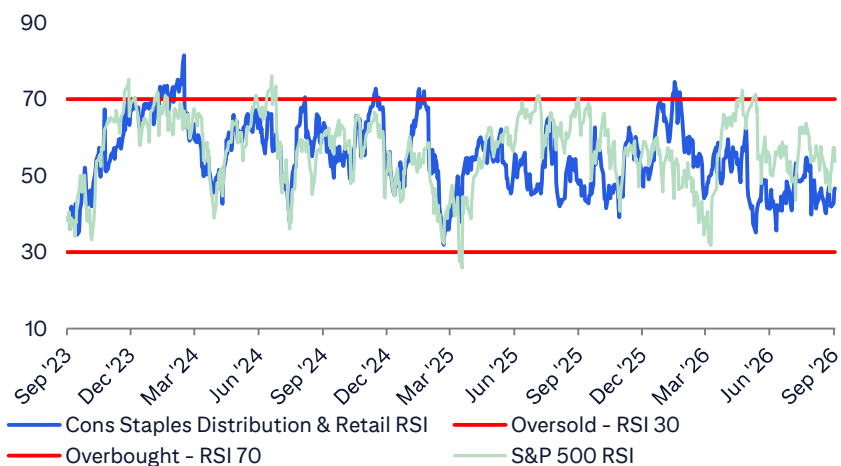
Neutral

- Weak relative performance during Q3, yet options activity still implies complacency.
- Oil and rate headwinds remain an issue.

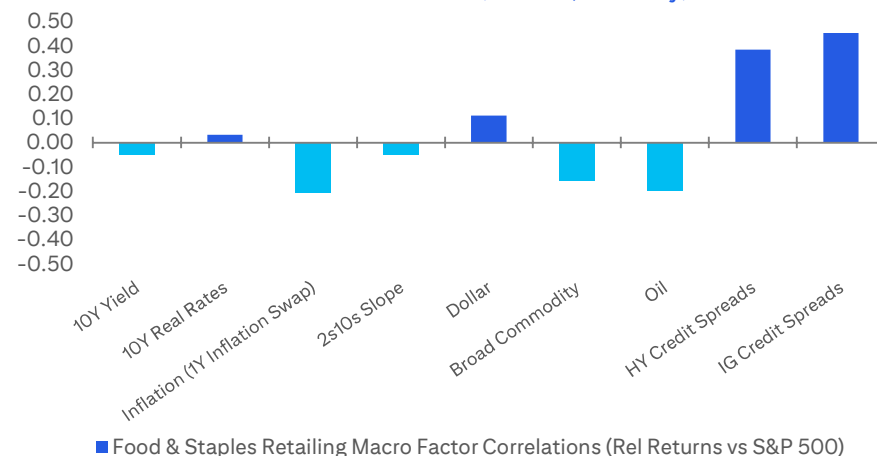
Relative Performance



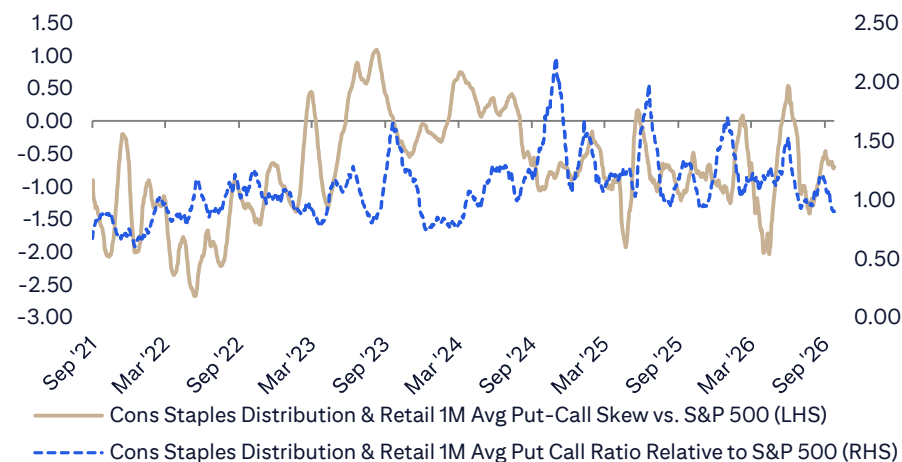
Relative Strength Index



Macro Correlations (10 Year, Monthly)



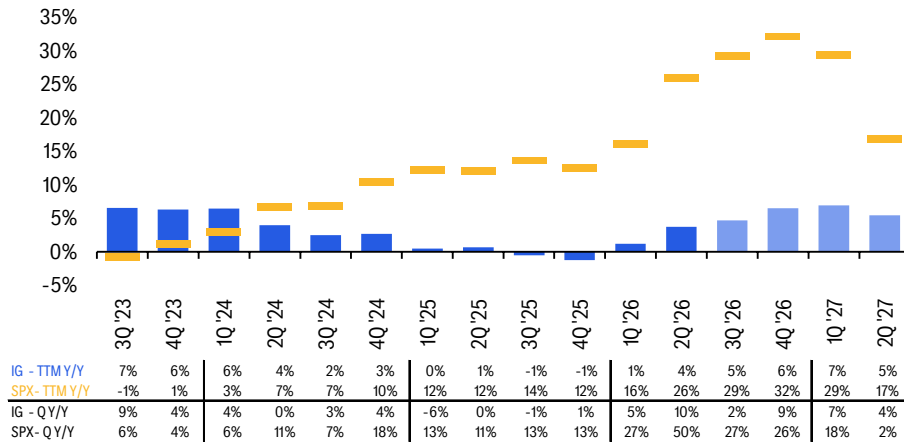
Put/Call Ratio & Implied Vol Skew



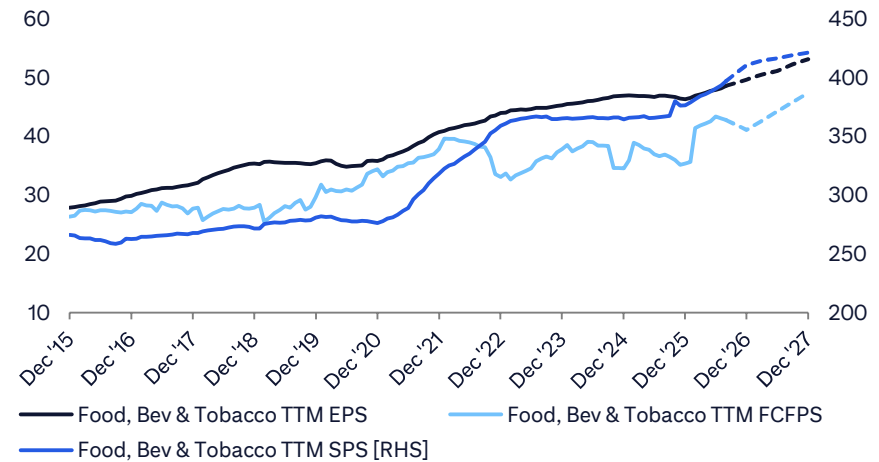
Fundamentals Neutral

- EPS growth OK but uninspiring.
- Stable margins falling but expected to bottom out.

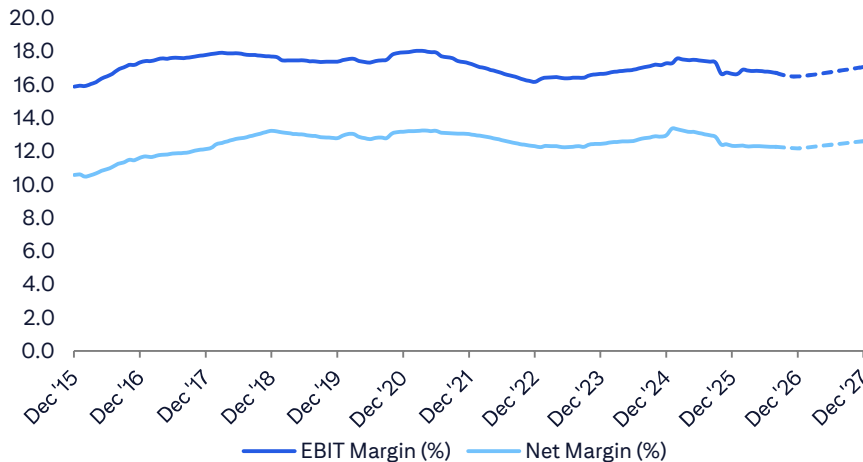
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	1.15	0.48	0.17	8.4	30.0%	8.6%	13.8%
6M Prior	1.16	0.47	0.18	7.4	29.0%	8.3%	12.9%
12M Prior	1.21	0.50	0.15	7.1	29.6%	7.9%	12.3%
3Y Median	1.15	0.48	0.16	7.8	29.5%	8.5%	13.4%
10Y Median	1.17	0.47	0.18	8.5	29.5%	8.5%	13.4%
Curr Ptile (10Y)	38%	70%	40%	50%	75%	53%	60%

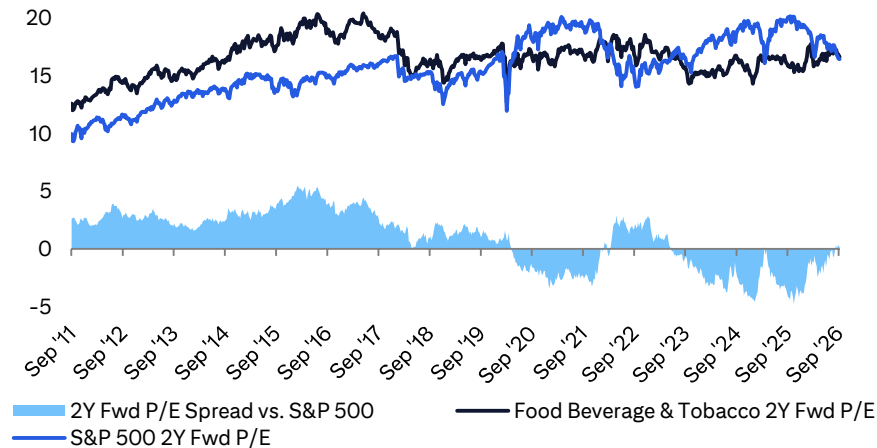
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

Neutral

- Traditional valuation metrics OK vs history.
- Forward PE spread to SPX has narrowed, valuation composite has not cheapened as much as other IGs.

P/E 2Y Fwd

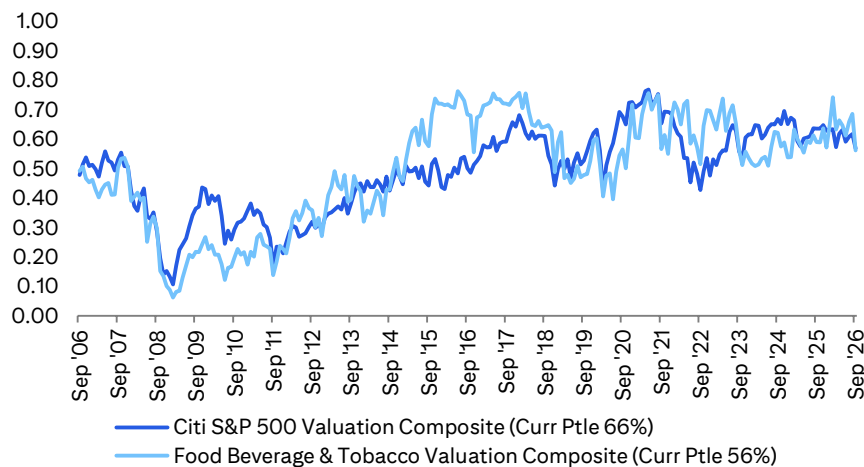


Valuation Metrics

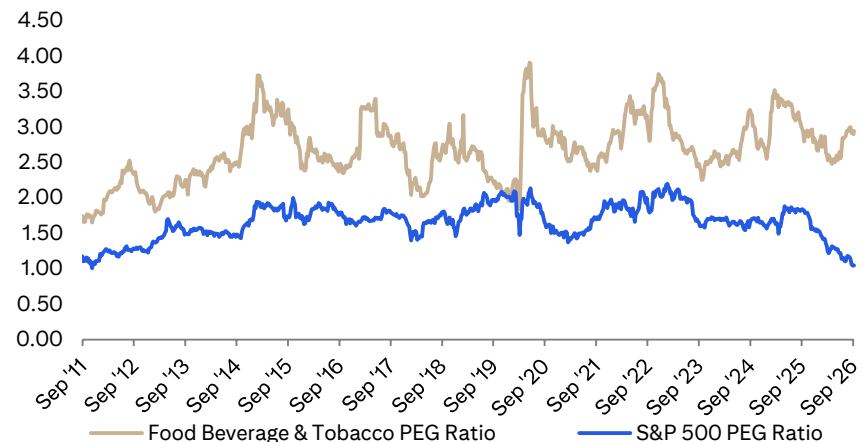
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.69	19.12	2.27	3.24
3M Ago	17.97	20.08	2.27	3.24
6M Ago	17.29	19.23	2.13	2.92
1Y Ago	16.93	22.64	2.19	3.22
20Y Median	17.17	16.34	2.16	1.83
Ptile -20Y	60%	77%	60%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	15.01	15.30	5.31	4.62
3M Ago	15.13	15.74	5.11	4.68
6M Ago	14.44	14.85	4.95	4.22
1Y Ago	14.50	17.36	4.89	4.76
20Y Median	14.54	11.61	5.07	2.66
Ptile -20Y	59%	81%	64%	95%

Valuation Composite



PEG Ratio

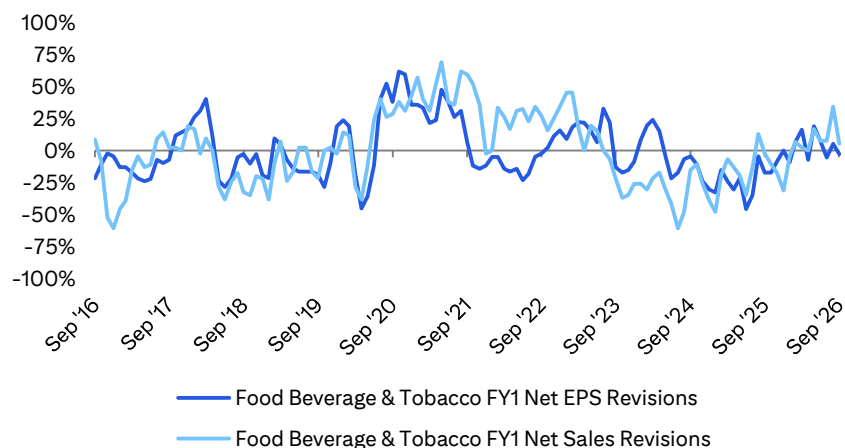


Sentiment

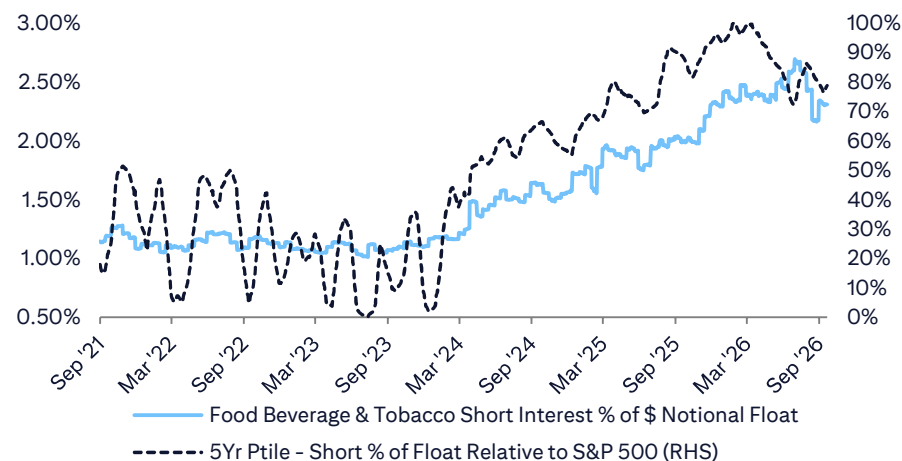
Neutral

- The revision trends are improving but growth expectations are still trending lower for Q3.
- Insider buying not notable, yet shorts seem to be coming off.

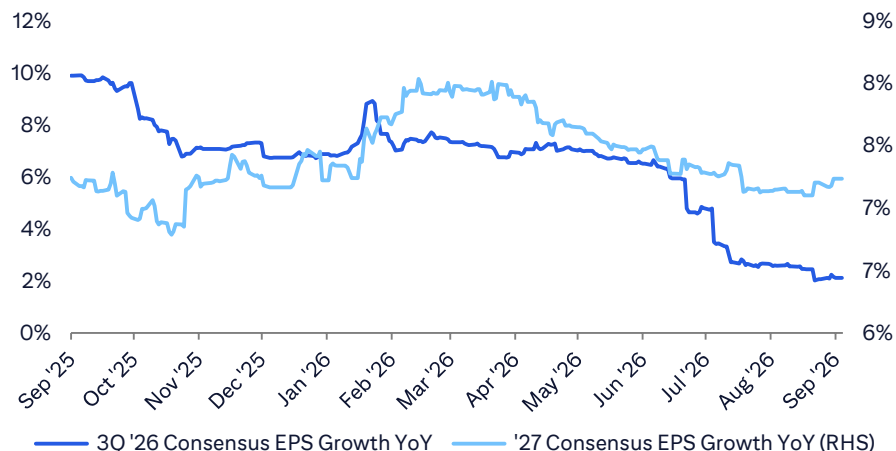
Net FY1 EPS & Sales Revisions



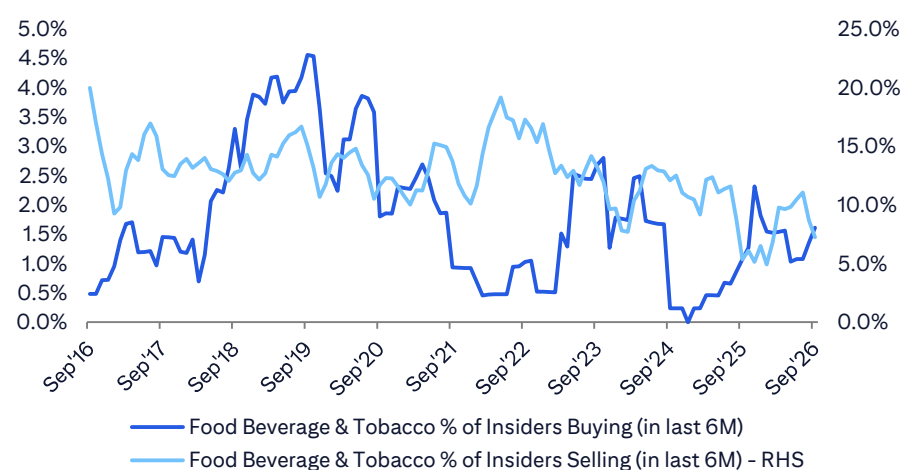
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

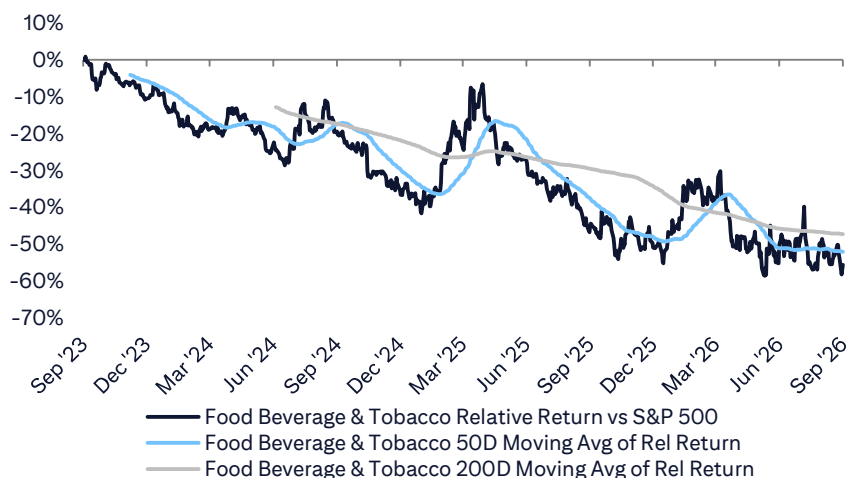


Trading

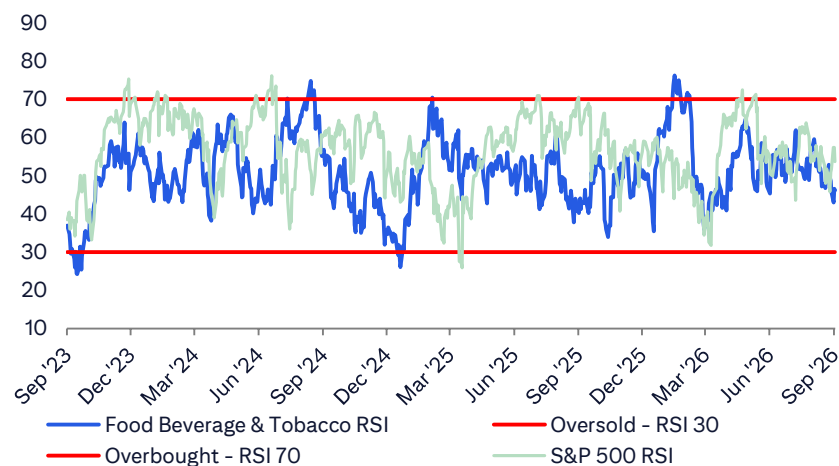
Neutral

- Relative performance bottoming at best.
- RSI mostly neutral. Classic defensive to widening spreads but not showing up yet in performance.

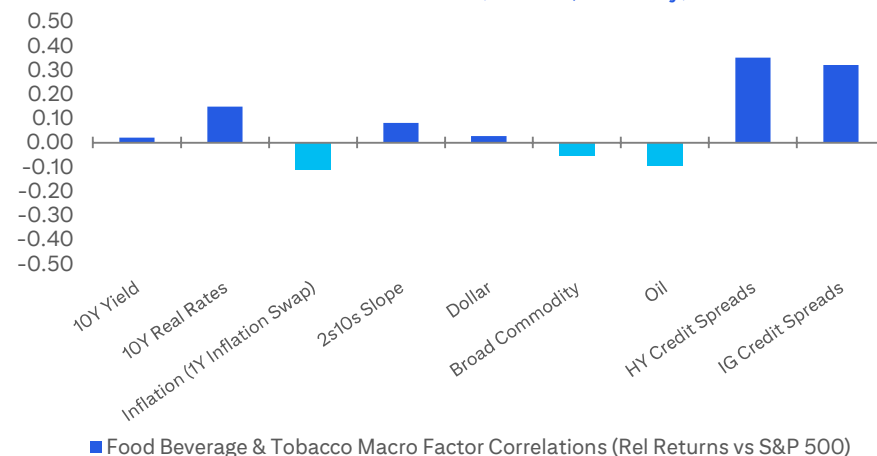
Relative Performance



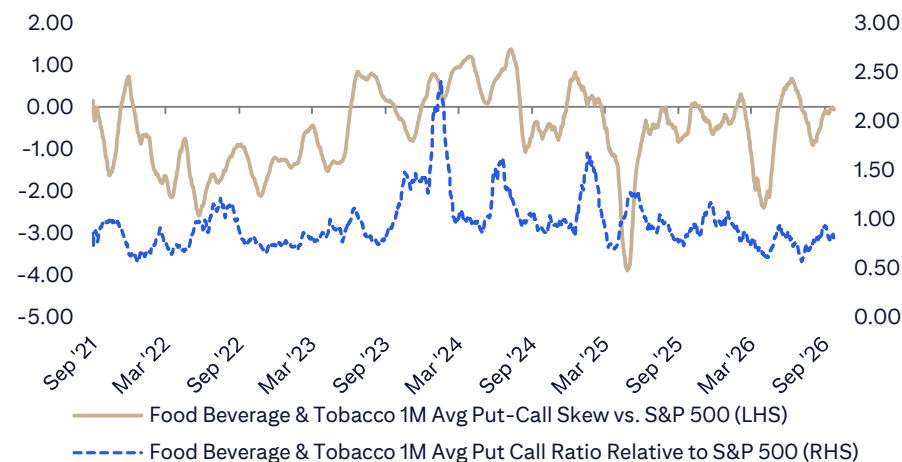
Relative Strength Index



Macro Correlations (10 Year, Monthly)



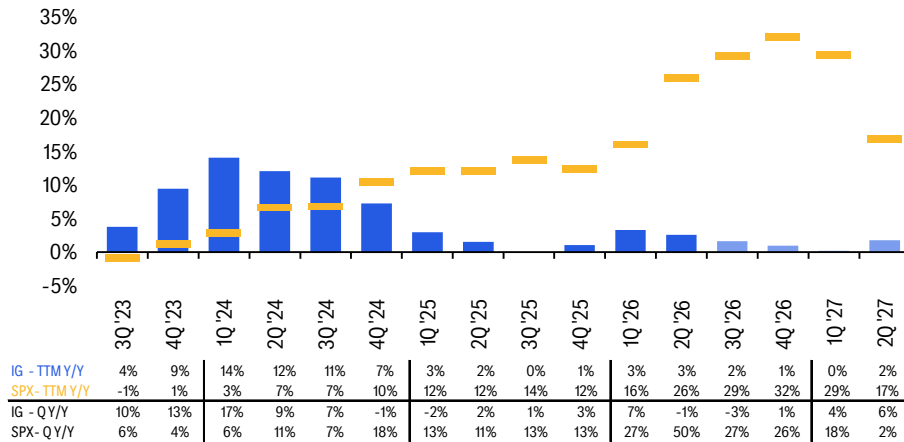
Put/Call Ratio & Implied Vol Skew



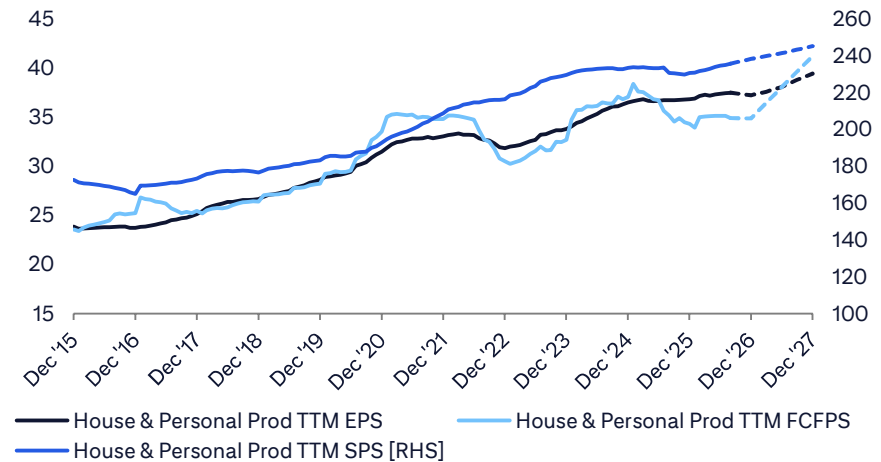
Fundamentals Neutral

- Earnings growth rates uninspiring as are the margin trends.
- Moderate debt levels and solid profitability metrics.

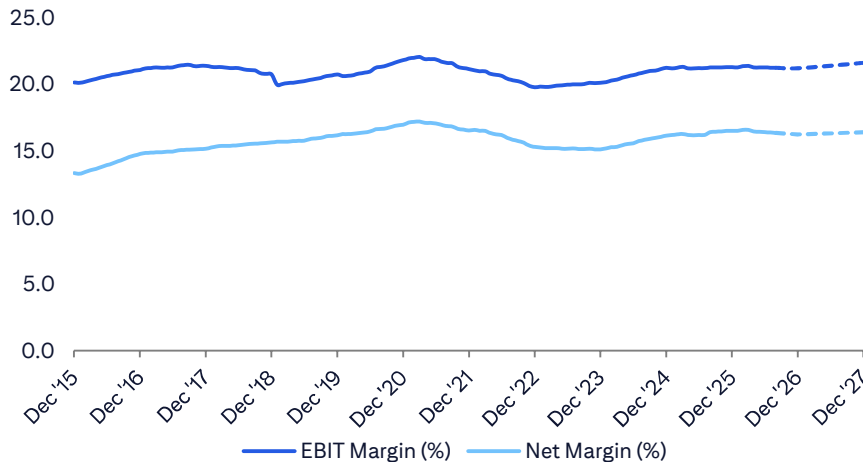
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.75	0.37	0.23	13.7	35.6%	11.6%	19.7%
6M Prior	0.77	0.38	0.24	14.6	36.1%	11.7%	19.7%
12M Prior	0.77	0.38	0.23	13.8	35.3%	11.9%	20.0%
3Y Median	0.80	0.38	0.23	13.8	36.0%	11.7%	19.7%
10Y Median	0.79	0.37	0.26	19.8	36.0%	11.4%	19.5%
Curr Ptile (10Y)	35%	48%	35%	10%	40%	53%	53%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Household & Personal Products: Valuations

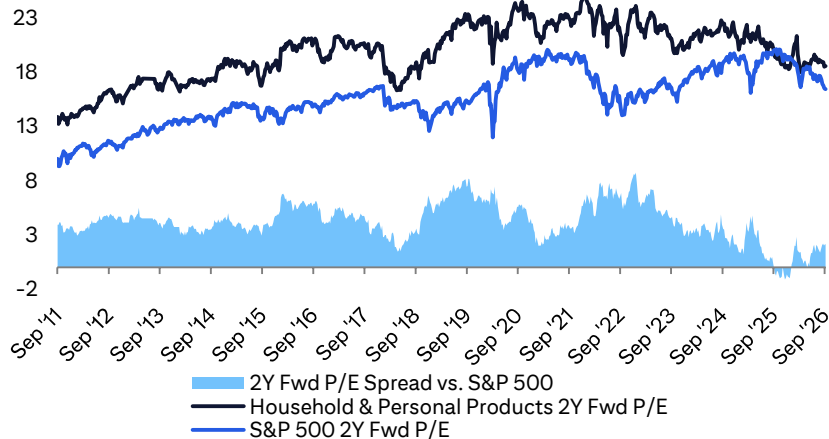
Underweight

Valuations

Neutral

- Valuations continue to be attractive on an absolute and relative basis. Valuation composite stands out.
- PEG ratio tells us that investors understand growth vs valuation tradeoff here.

P/E 2Y Fwd

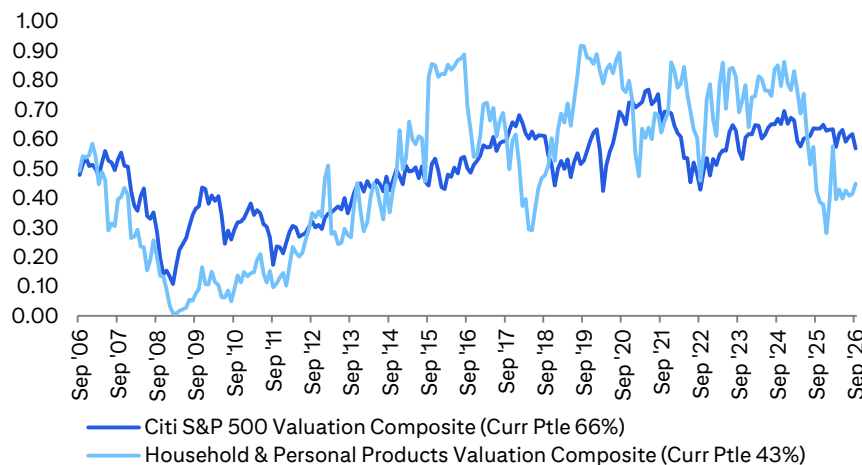


Valuation Metrics

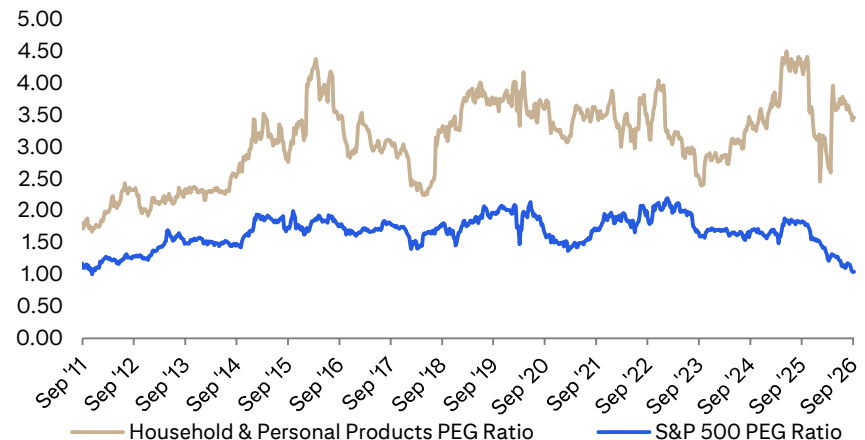
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	19.68	19.12	3.15	3.24
3M Ago	20.36	20.08	3.26	3.24
6M Ago	19.11	19.23	3.12	2.92
1Y Ago	20.64	22.64	3.36	3.22
20Y Median	20.09	16.34	3.01	1.83
Ptile -20Y	46%	77%	55%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.18	15.30	6.90	4.62
3M Ago	16.49	15.74	7.13	4.68
6M Ago	15.63	14.85	6.82	4.22
1Y Ago	17.23	17.36	7.17	4.76
20Y Median	15.88	11.61	5.59	2.66
Ptile -20Y	53%	81%	64%	95%

Valuation Composite



PEG Ratio



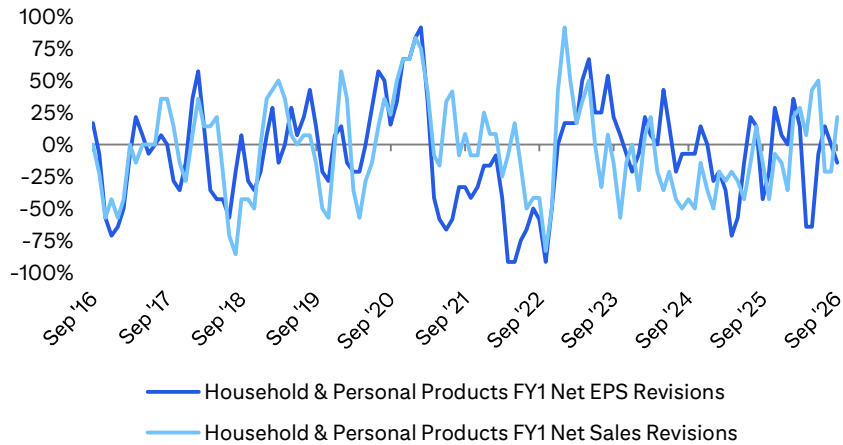
Household & Personal Products: Sentiment

Underweight

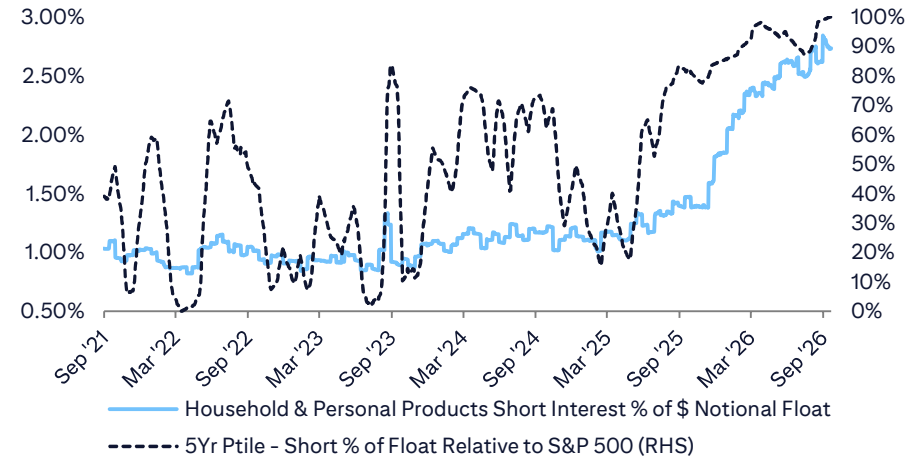
Sentiment Negative

- Net revisions are mixed/negative.
- Short interest still rising alongside negative trend in consensus growth expectations.

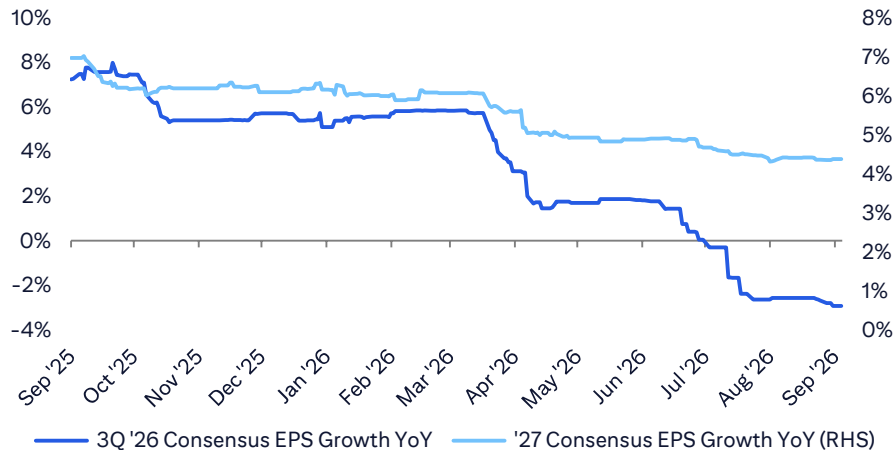
Net FY1 EPS & Sales Revisions



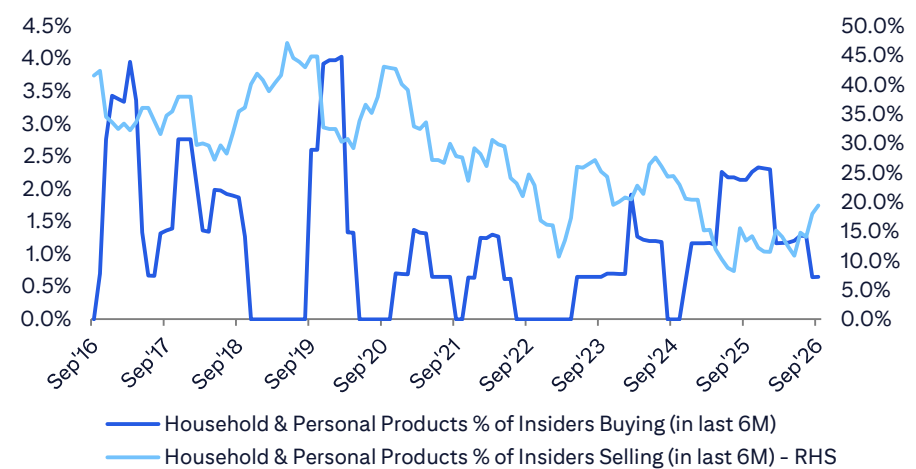
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

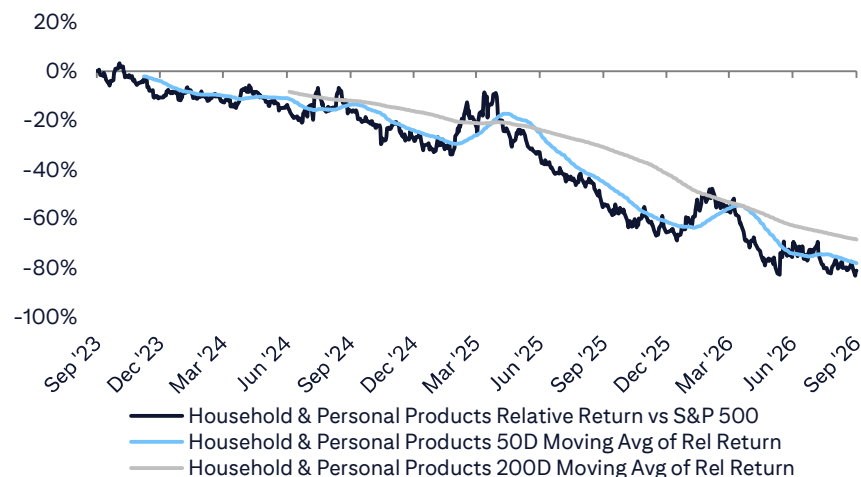


Trading

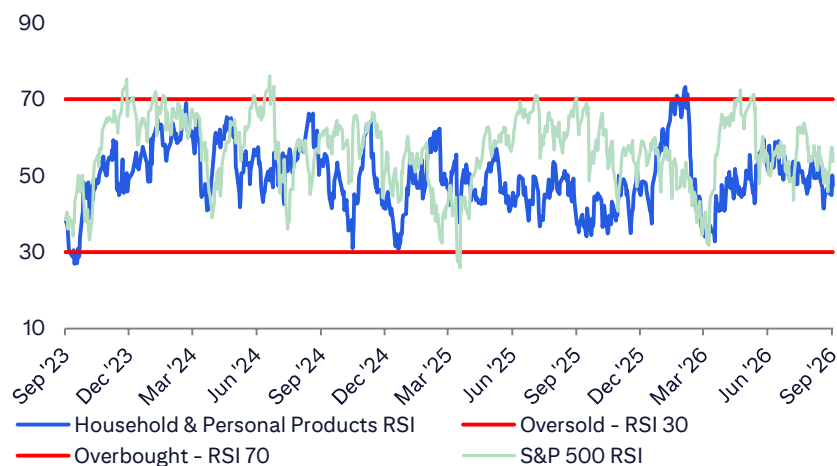
Neutral

- Relative performance probing for a bottom.
- Put/Call skew much less stretched compared to earlier in the year.

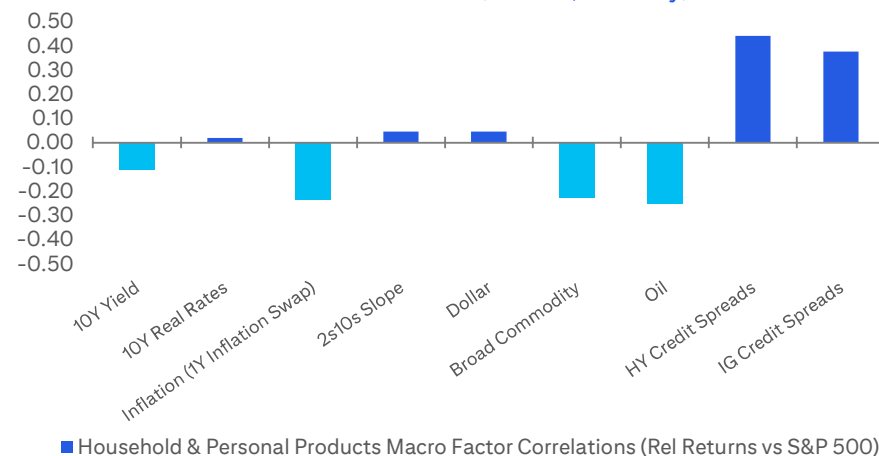
Relative Performance



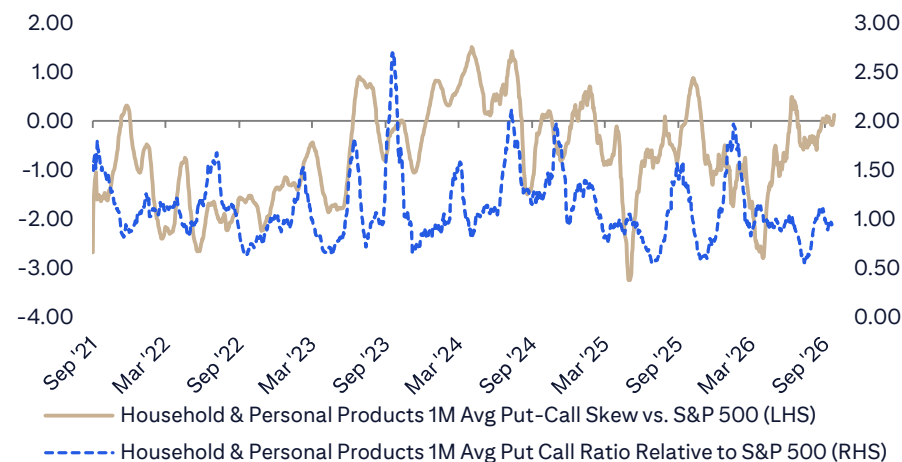
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



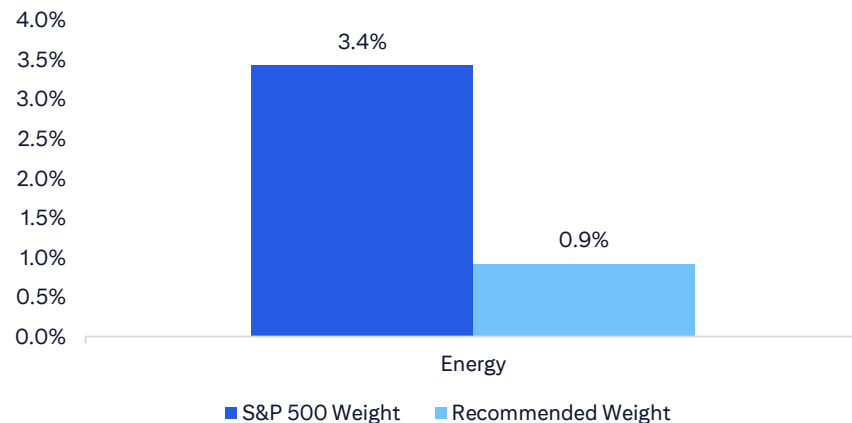
SIGN (Sector & Industry Group Navigator)

ENERGY

Energy – Underweight

- Energy is lowered back to UW. Contrarian call predicated on reversal in oil prices and some line of sight to Mideast resolution.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
XOM	ExxonMobil Holdings Corp	Energy	29.4%	29.4%
CVX	Chevron Corp	Energy	18.0%	18.0%
COP	ConocoPhillips	Energy	6.8%	6.8%
MPC	Marathon Petroleum Corp	Energy	4.8%	4.8%
VLO	Valero Energy Corp	Energy	4.8%	4.8%
PSX	Phillips 66	Energy	4.5%	4.5%
WMB	Williams Cos Inc/The	Energy	3.8%	3.8%
SLB	SLB Ltd	Energy	3.4%	3.4%
EOG	EOG Resources Inc	Energy	3.3%	3.3%
KMI	Kinder Morgan Inc	Energy	2.7%	2.7%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
KGS	Kodiak Gas Services Inc	52.81	1	65%
LBRT	Liberty Energy Inc	18.24	1	51%
AROC	Archrock Inc	30.68	1	44%
VNOM	Viper Energy Inc	41.64	1	44%
DVN	Devon Energy Corp	48.9	1	43%
SEI	Solaris Energy Infrastructure Inc	70.1	1	40%
DTM	DT Midstream Inc	124.75	1	39%
VLO	Valero Energy Corp	382.86	2	-18%
MPC	Marathon Petroleum Corp	390.95	2	-16%
PSX	Phillips 66	255.87	2	-12%
DK	Delek US Holdings Inc	66.91	2H	-5%

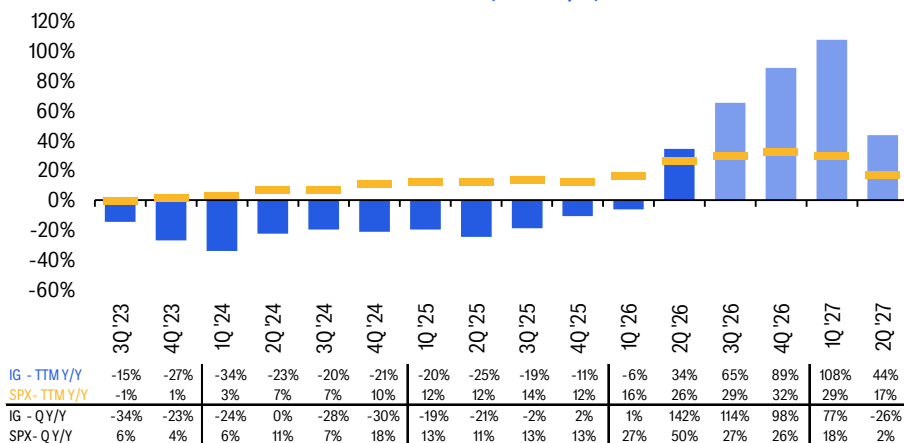
Energy: Fundamentals

Underweight

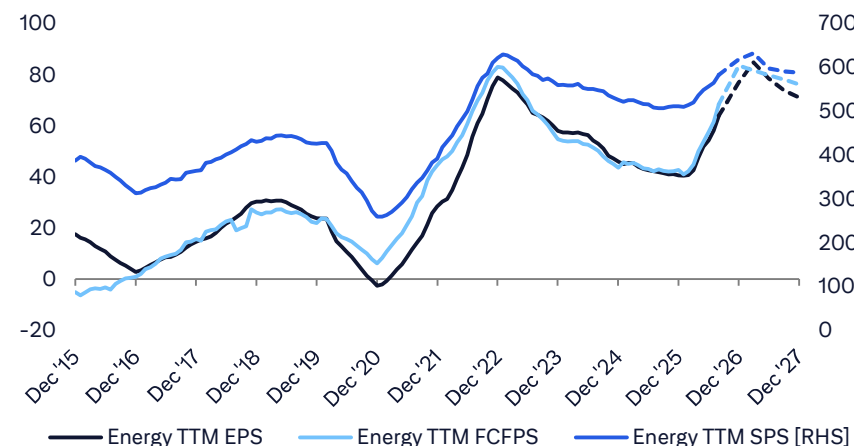
Fundamentals **Neutral**

- No doubt, fundamental inflection is underway but confidence in persistence is key.
- Eye on margin trend from here.

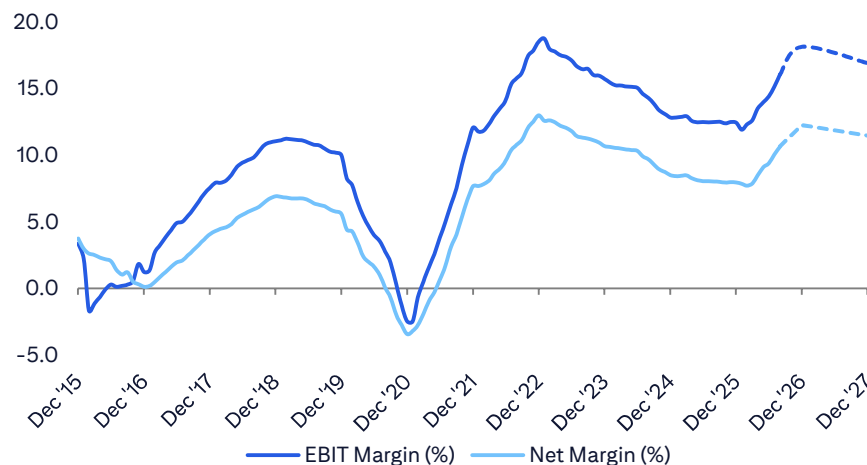
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.38	0.23	0.22	10.7	17.3%	7.2%	10.8%
6M Prior	0.40	0.26	0.15	7.0	11.9%	5.7%	8.4%
12M Prior	0.39	0.25	0.16	8.1	12.2%	5.9%	8.6%
3Y Median	0.40	0.24	0.21	9.4	14.0%	6.7%	9.9%
10Y Median	0.42	0.26	0.20	6.7	10.1%	5.4%	8.0%
Curr Ptile (10Y)	5%	23%	75%	75%	78%	75%	75%

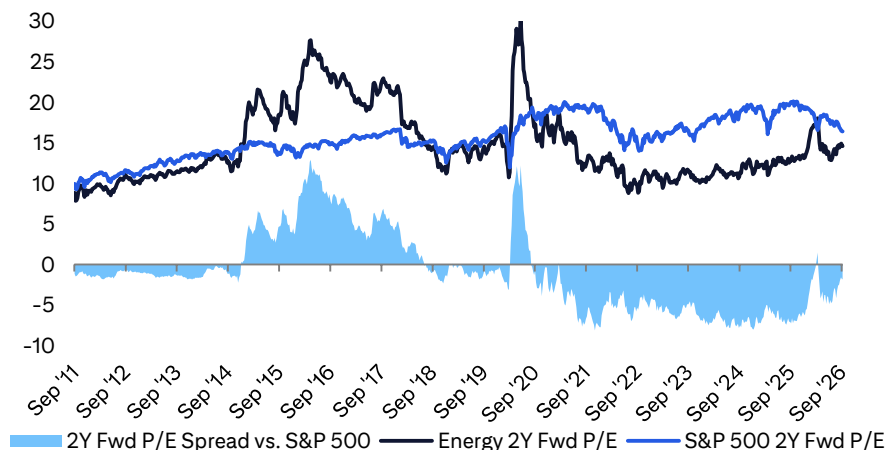
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

Negative

- Valuations versus their own history are not super extended but eye on P/S and P/B.
- Valuation composite stands out as high vs history.

P/E 2Y Fwd

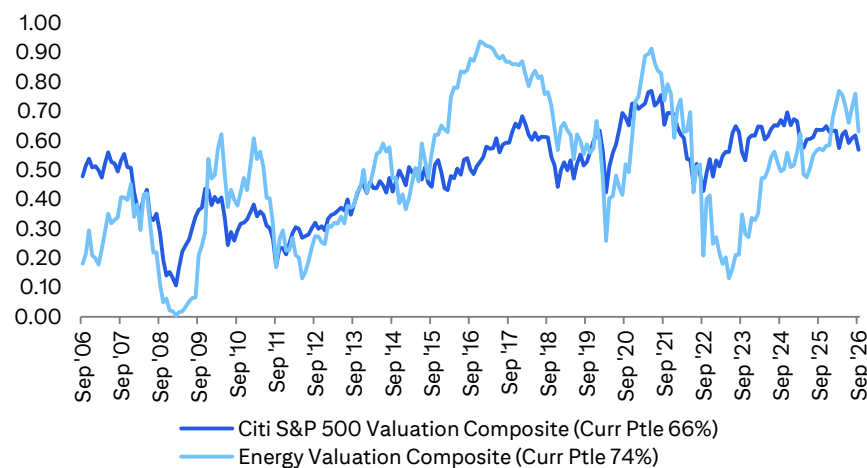


Valuation Metrics

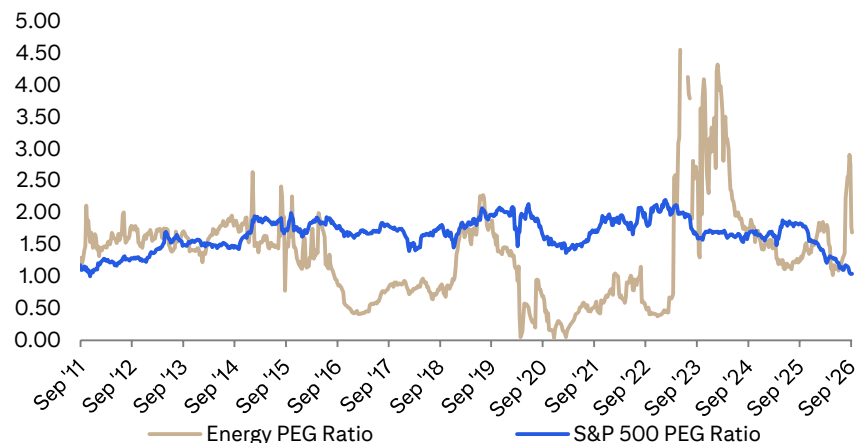
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	13.62	19.12	1.62	3.24
3M Ago	12.58	20.08	1.40	3.24
6M Ago	20.16	19.23	1.82	2.92
1Y Ago	15.70	22.64	1.40	3.22
20Y Median	12.78	16.34	1.14	1.83
Ptile -20Y	56%	77%	99%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	7.64	15.30	2.38	4.62
3M Ago	6.80	15.74	2.05	4.68
6M Ago	9.65	14.85	2.55	4.22
1Y Ago	7.49	17.36	2.01	4.76
20Y Median	6.81	11.61	1.83	2.66
Ptile -20Y	78%	81%	93%	95%

Valuation Composite



PEG Ratio



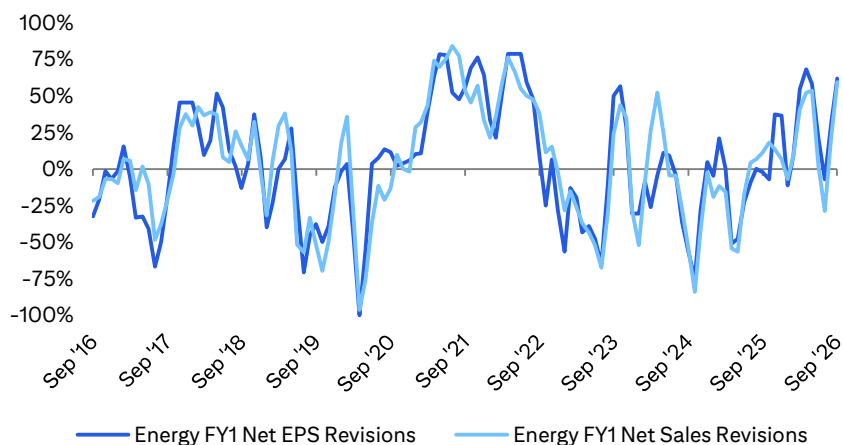
Energy: Sentiment

Underweight

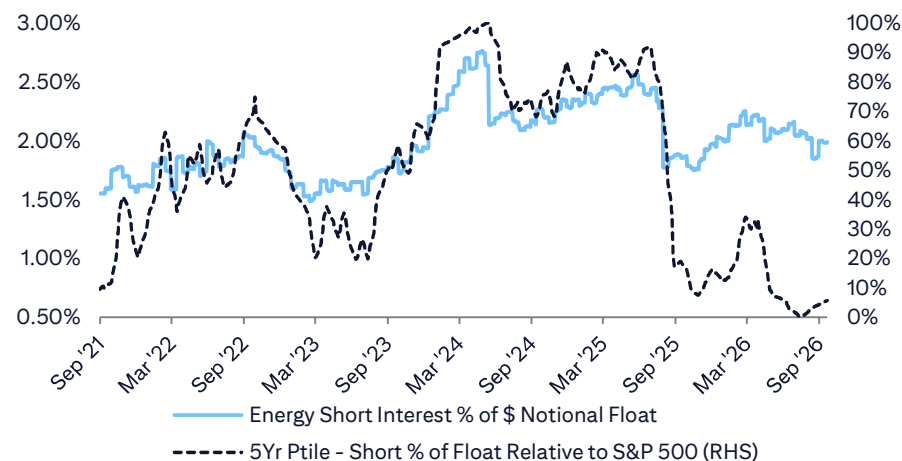
Sentiment **Negative**

- Revisions better, growth stronger, but well known.
- Shorts have come off, as have insiders.

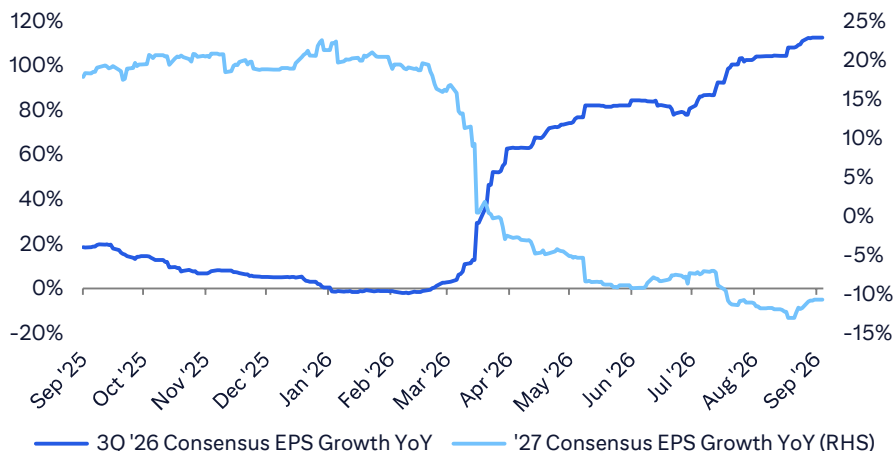
Net FY1 EPS & Sales Revisions



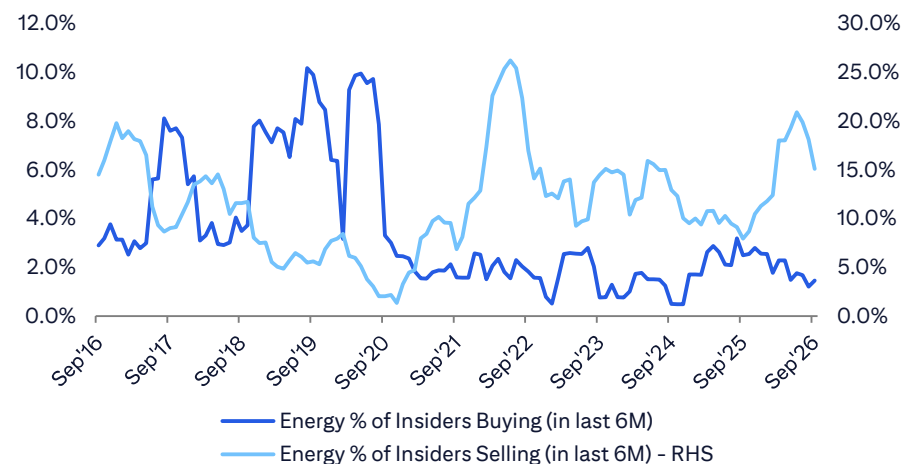
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

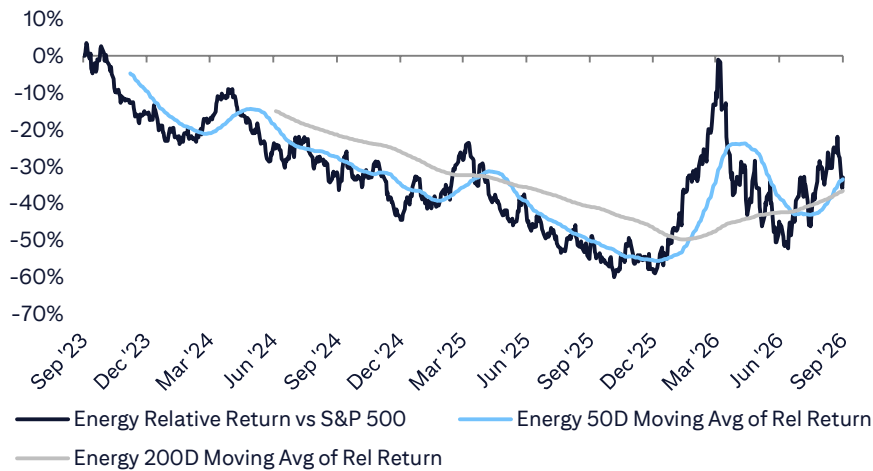


Trading

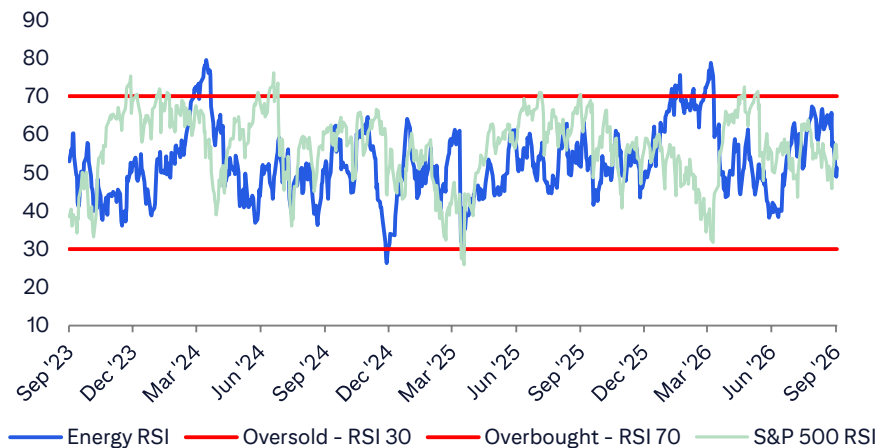
Neutral

- Relative performance strong during Q3.
- Put/Call data seem to suggest investors have been quite constructive YTD and getting less constructive of late.

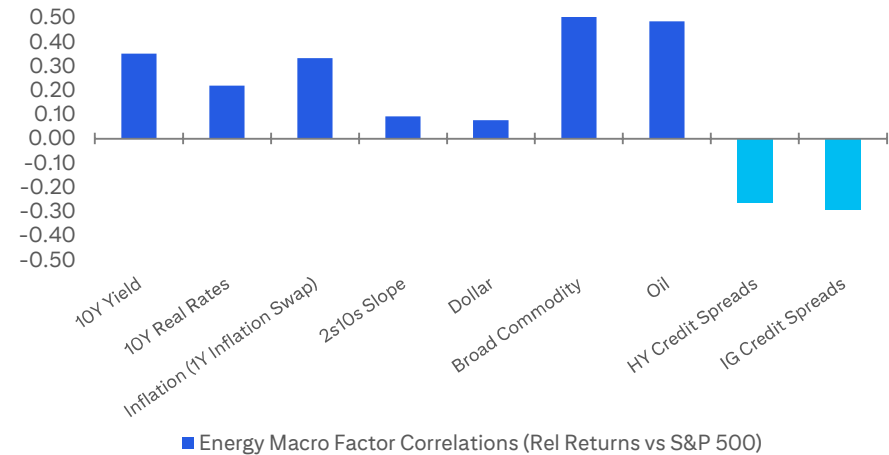
Relative Performance



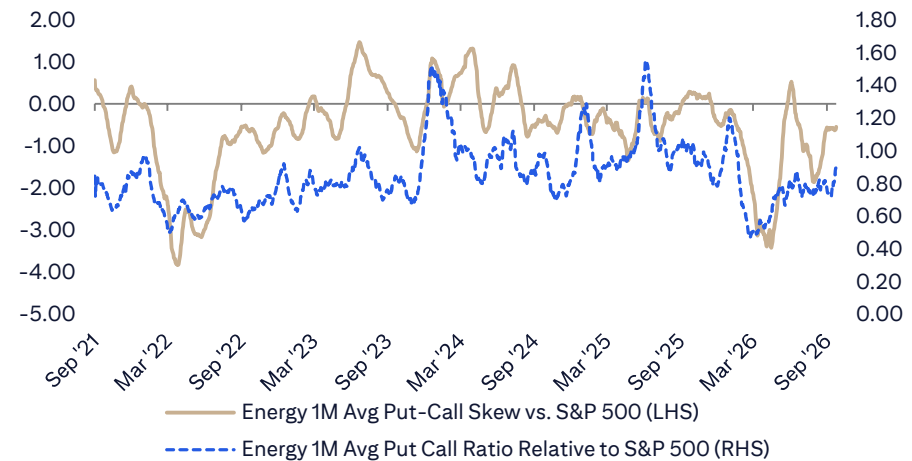
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

FINANCIALS

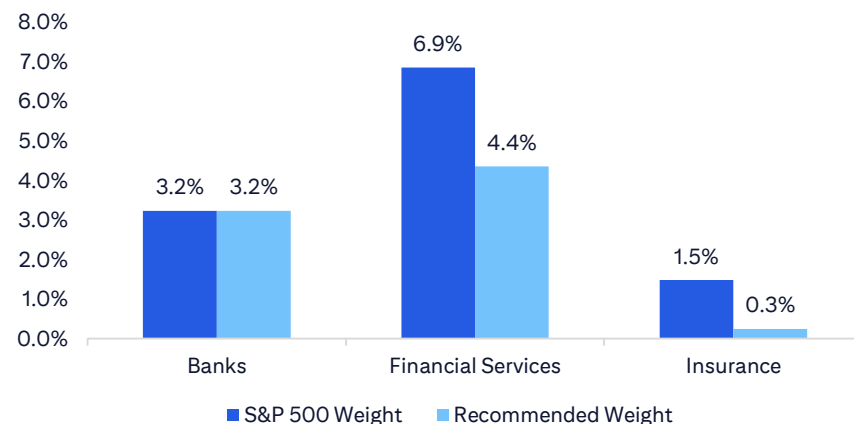
Banks – Market Weight

Financial Services – Underweight

Insurance – Underweight

- Financials move to UW from MW. We step back on our long-standing Banks OW while remaining cautious on Financial Services.
- Banks are lowered to MW. The fundamental set up seems solid but may be closer to fully priced.
- Financial Services remains UW. Fundamentals remain a concern while valuations are not yet compelling.
- Insurance moves to UW. Hard to pinpoint a catalyst for the IG right now.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
BRK/B	Berkshire Hathaway Inc	Financial Services	12.2%	20.7%
JPM	JPMorgan Chase & Co	Banks	11.8%	41.9%
V	Visa Inc	Financial Services	8.1%	13.8%
MA	Mastercard Inc	Financial Services	6.0%	10.1%
BAC	Bank of America Corp	Banks	4.7%	16.9%
GS	Goldman Sachs Group Inc/The	Financial Services	3.5%	5.9%
WFC	Wells Fargo & Co	Banks	3.2%	11.5%
MS	Morgan Stanley	Financial Services	3.0%	5.1%
C	Citigroup Inc	Banks	2.9%	10.3%
AXP	American Express Co	Financial Services	2.1%	3.6%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
AON	Aon PLC	276.09	1	57%
COF	Capital One Financial Corp	196.61	1	52%
XYZ	Block Inc	76.74	1	51%
RYAN	Ryan Specialty Holdings Inc	36.74	1	47%
FLG	Flagstar Bank NA	12.39	1	45%
HASI	HA Sustainable Infrastructure Capital I	36.16	1H	43%
VLY	Valley National Bancorp	12.96	1	41%
OZK	Bank OZK	46.6	3	-11%
CFR	Cullen/Frost Bankers Inc	156.21	3	-5%
BKU	BankUnited Inc	43.39	3	-1%
ALL	Allstate Corp/The	227.17	3	8%

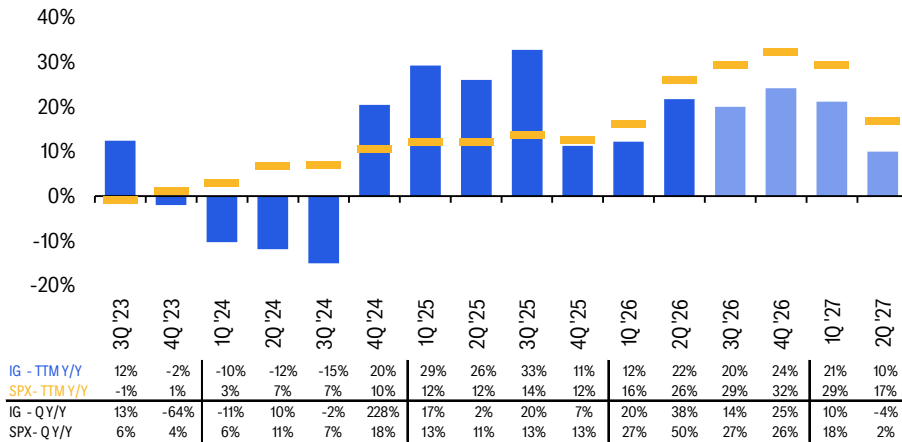
Banks: Fundamentals

Market Weight

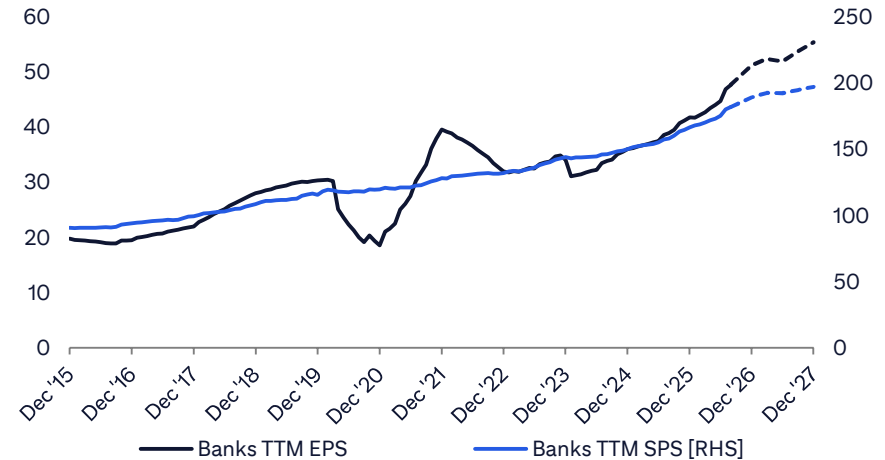
Fundamentals Neutral

- EPS growth remains consistent but well known.
- Quality remains strong vs history, although eye on NIM.

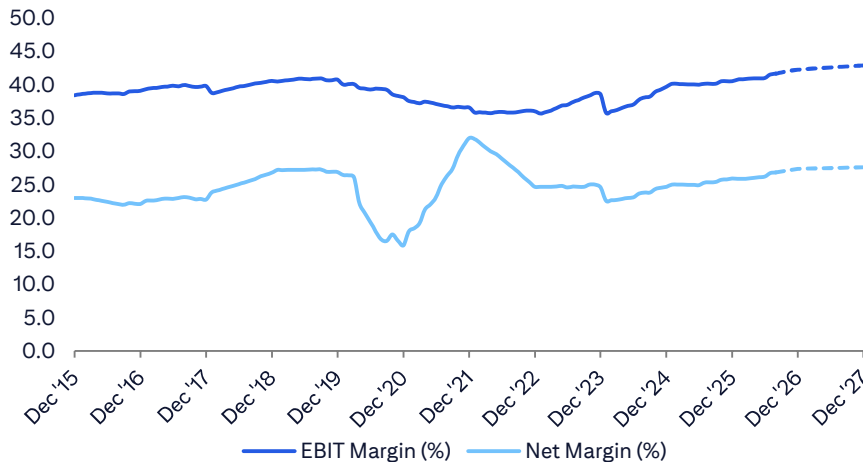
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	NCO % of Avg Loan	Loans / Deposits	Net Int Margin	Non-Perf Loan %	ROE	ROA	ROIC
Last	0.58%	0.65	2.50%	0.58%	12.5%	1.0%	5.7%
6M Prior	0.60%	0.63	2.52%	0.63%	11.4%	1.0%	5.6%
12M Prior	0.63%	0.62	2.50%	0.66%	11.1%	0.9%	5.1%
3Y Median	0.53%	0.62	2.53%	0.65%	11.0%	0.9%	5.3%
10Y Median	0.30%	0.63	2.53%	0.65%	10.8%	0.9%	5.1%
Curr Ptile (10Y)	85%	58%	39%	23%	98%	80%	88%

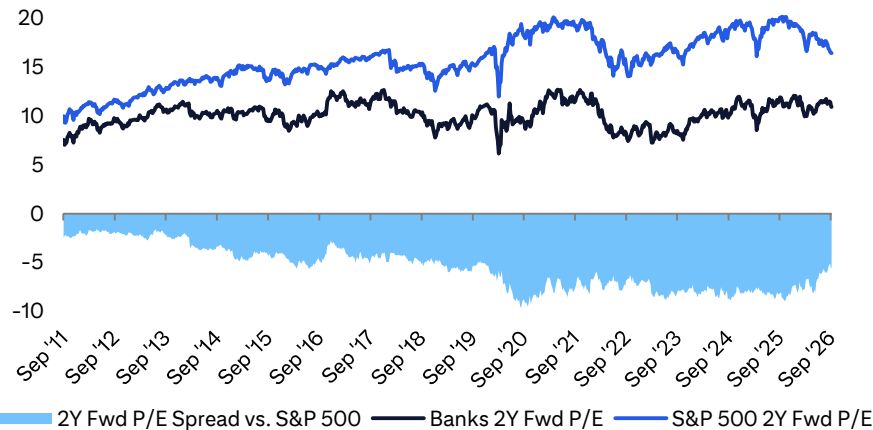
S&P 500	NCO % of Avg Loan	Loans / Deposits	Net Int Margin	Non-Perf Loan %	ROE	ROA	ROIC
Last	NA	NA	NA	NA	23.4%	4.9%	12.2%
6M Prior	NA	NA	NA	NA	21.3%	4.4%	11.0%
12M Prior	NA	NA	NA	NA	20.7%	4.2%	10.6%
3Y Median	NA	NA	NA	NA	20.4%	4.2%	10.4%
10Y Median	NA	NA	NA	NA	19.0%	3.7%	9.5%
Curr Ptile (10Y)	NA	NA	NA	NA	100%	100%	100%

Valuations

Neutral

- Traditional valuations look OK on PE, but higher on Px/BV.
- Valuation composite now one of the more aggressive vs history. PEG now above the broader index.

P/E 2Y Fwd

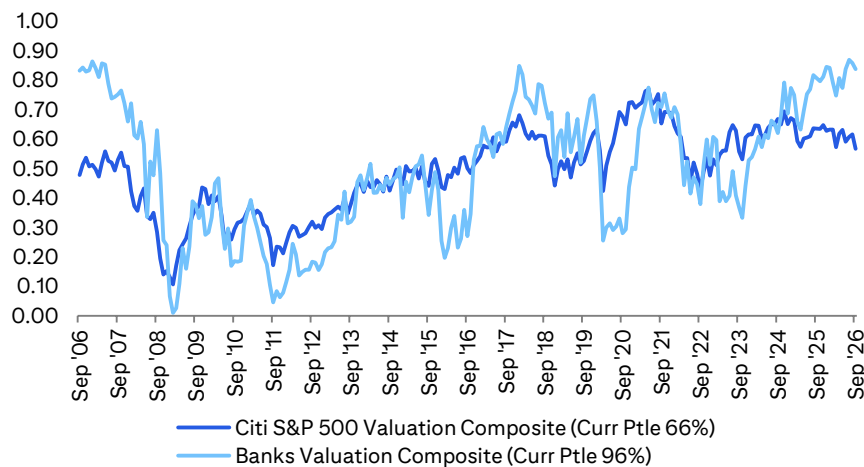


Valuation Metrics

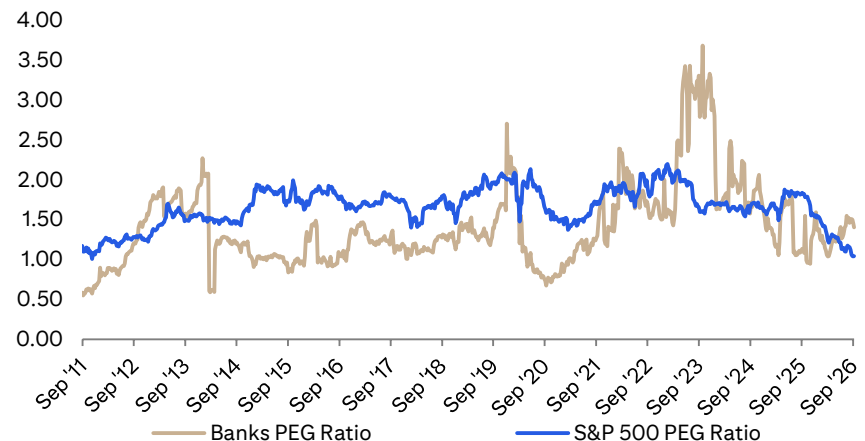
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	12.05	19.12	3.34	3.24
3M Ago	12.72	20.08	3.46	3.24
6M Ago	11.28	19.23	2.99	2.92
1Y Ago	13.32	22.64	3.51	3.22
20Y Median	11.69	16.34	2.52	1.83
Ptile -20Y	59%	77%	90%	97%

	Price / Tangible Book (Current)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	2.16	NA	1.58	4.62
3M Ago	2.19	NA	1.60	4.68
6M Ago	1.87	NA	1.37	4.22
1Y Ago	2.09	NA	1.54	4.76
20Y Median	1.65	NA	1.13	2.66
Ptile -20Y	87%	NA	93%	95%

Valuation Composite



PEG Ratio



Banks: Sentiment

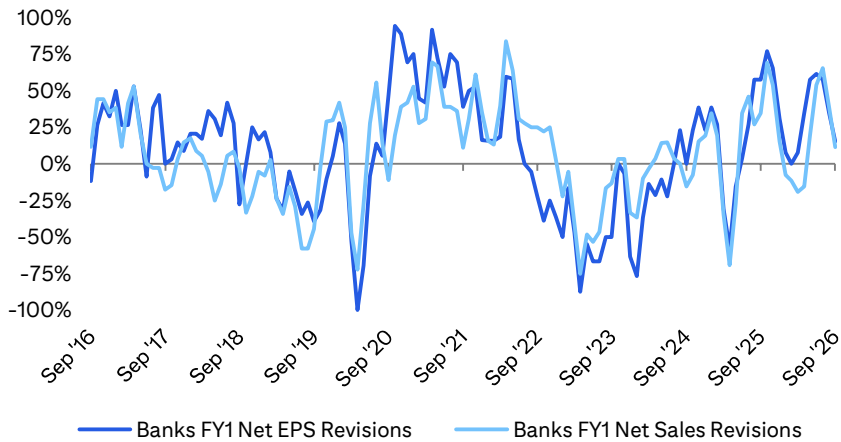
Market Weight

Sentiment

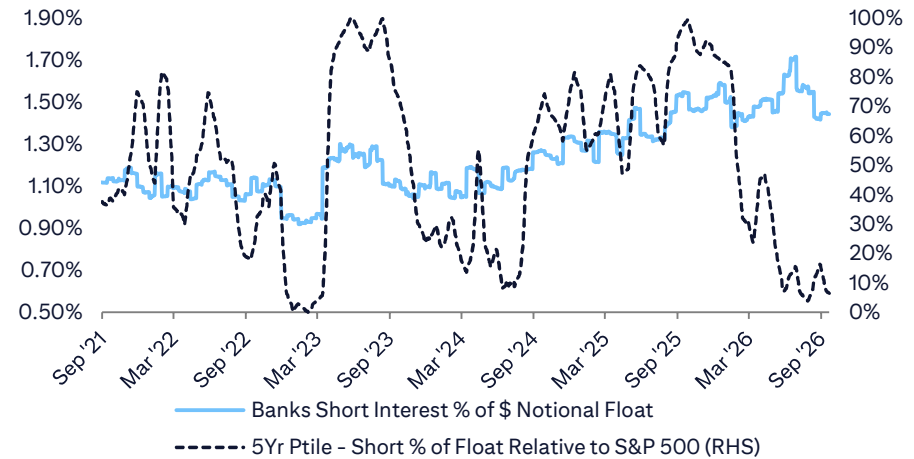
Neutral

- Net revisions OK but have weakened of late.
- Shorts have stepped back, as have insiders.

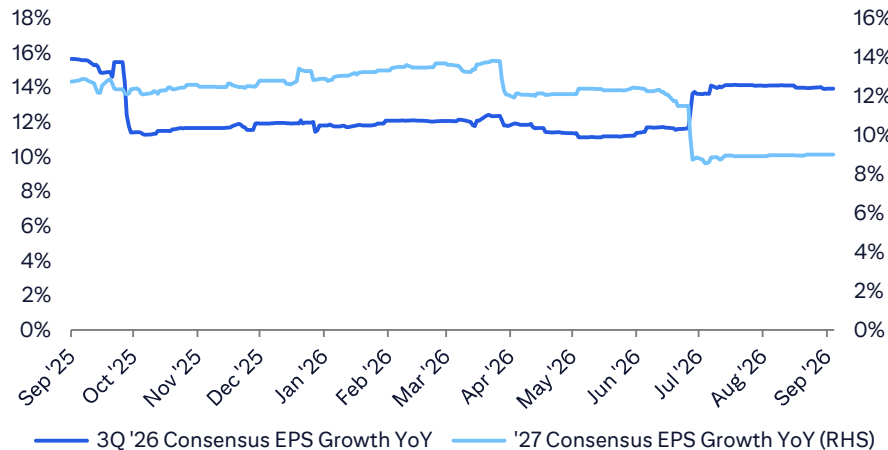
Net FY1 EPS & Sales Revisions



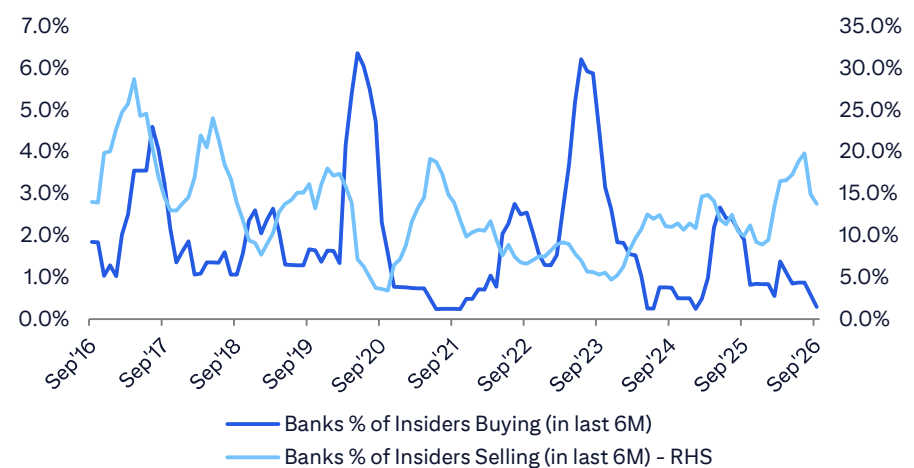
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

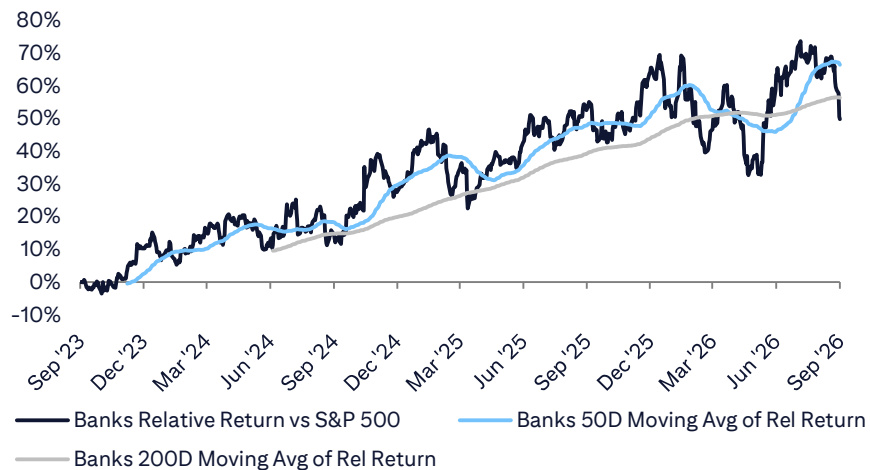


Trading

Neutral

- Relative performance ran into a mid-quarter downturn.
- Approaching oversold.

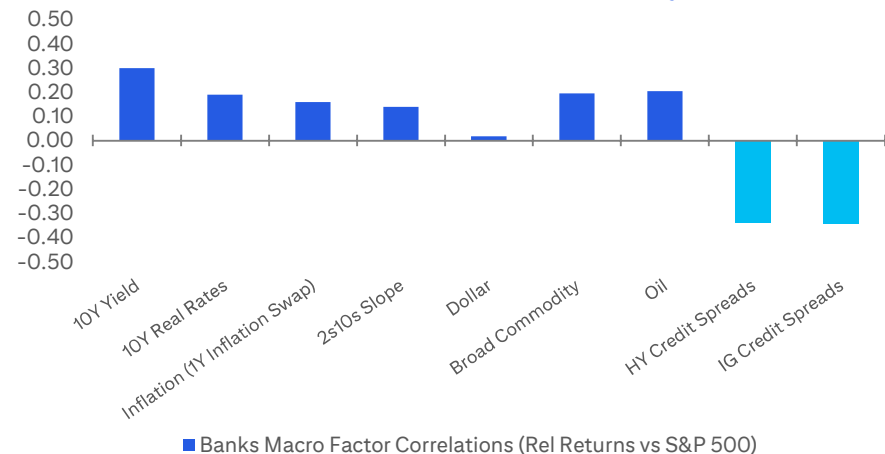
Relative Performance



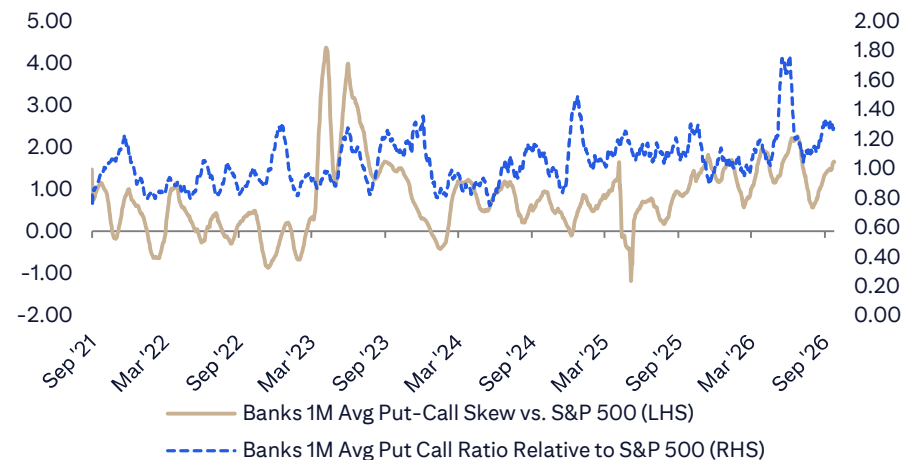
Relative Strength Index



Macro Correlations (10 Year, Monthly)



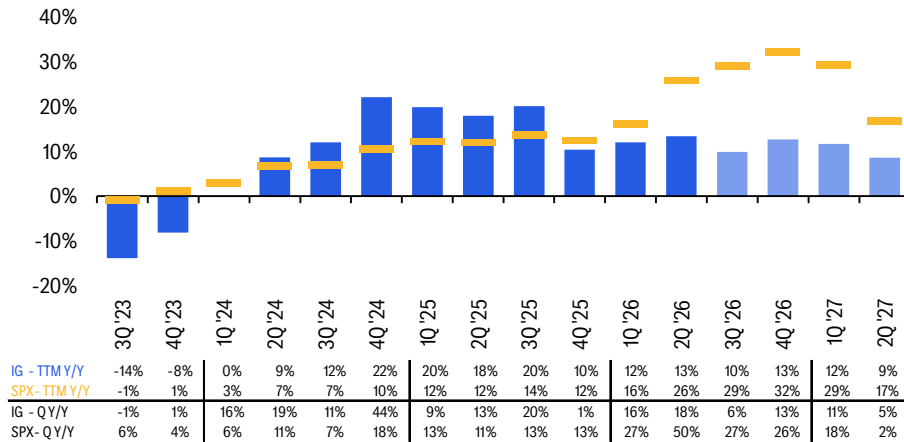
Put/Call Ratio & Implied Vol Skew



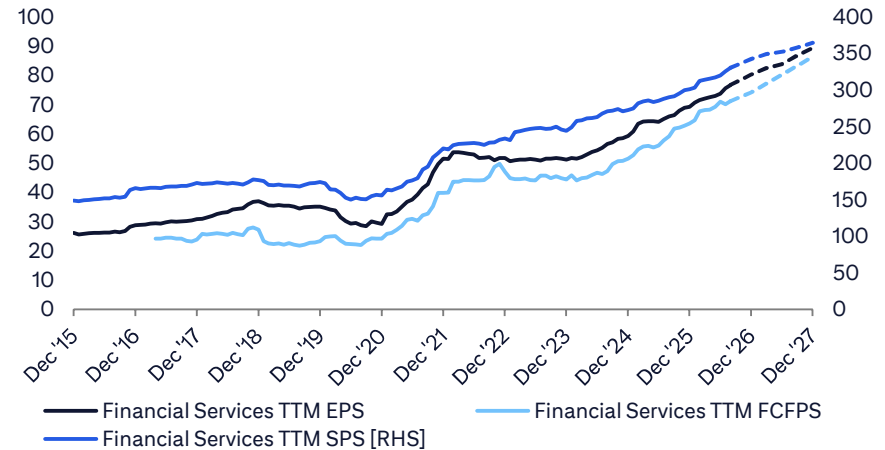
Fundamentals Neutral

- Flattish growth, flattish margins.
- But quality metrics OK. Private credit concern has faded but not completely gone away.

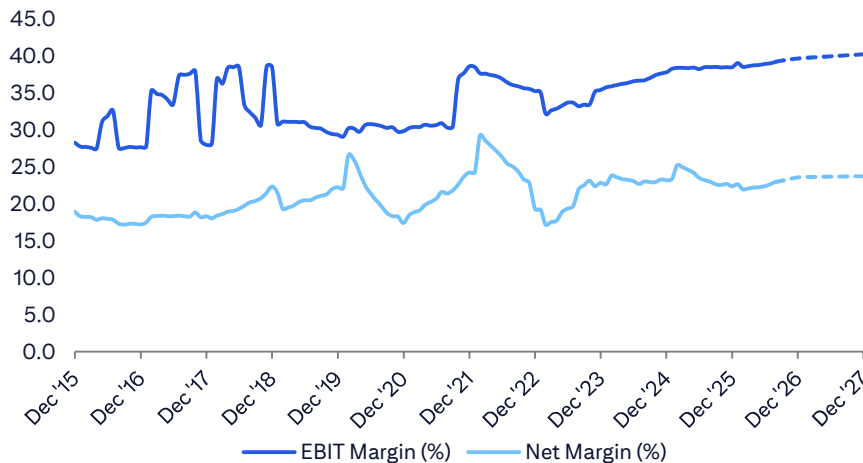
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.31	-0.09	1.33	12.7	14.6%	2.3%	7.9%
6M Prior	0.30	-0.12	1.47	13.1	14.0%	2.1%	7.1%
12M Prior	0.31	-0.10	1.38	12.8	14.0%	2.1%	6.9%
3Y Median	0.32	-0.09	1.33	12.2	13.7%	2.1%	7.1%
10Y Median	0.30	-0.02	1.06	9.1	11.5%	1.9%	6.2%
Curr Ptile (10Y)	58%	15%	85%	90%	100%	93%	98%

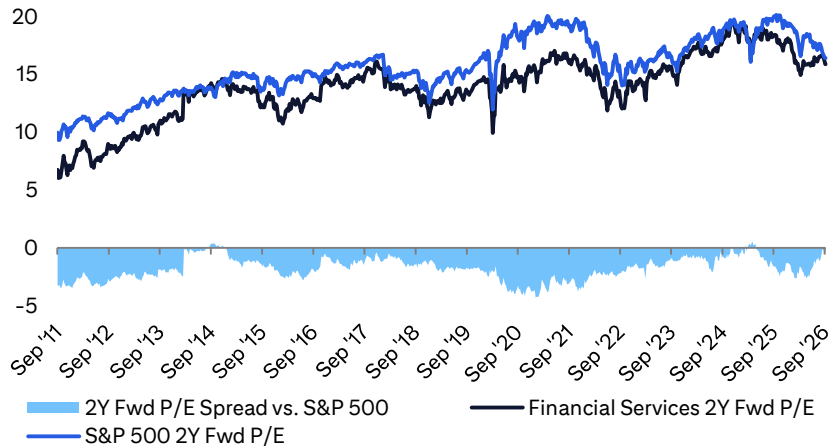
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

Neutral

- Traditional valuation metrics mixed to stretched.
- Valuation composite getting interesting, forward PEs coming off, PEG is not attractive relative to the broader index.

P/E 2Y Fwd

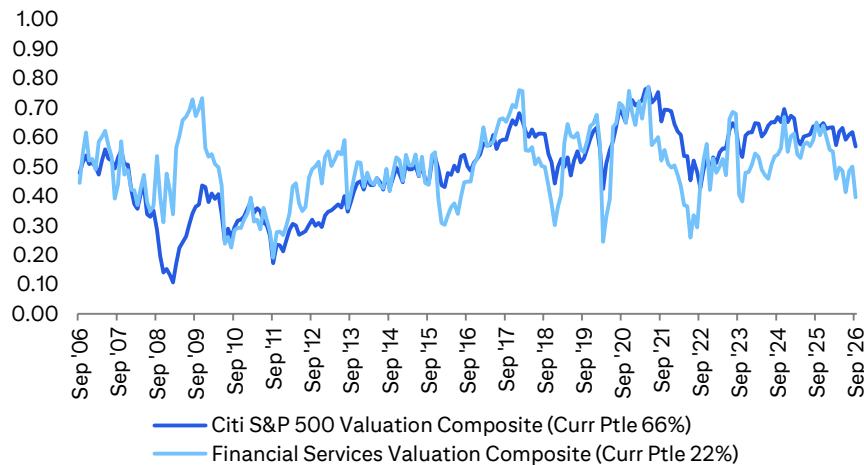


Valuation Metrics

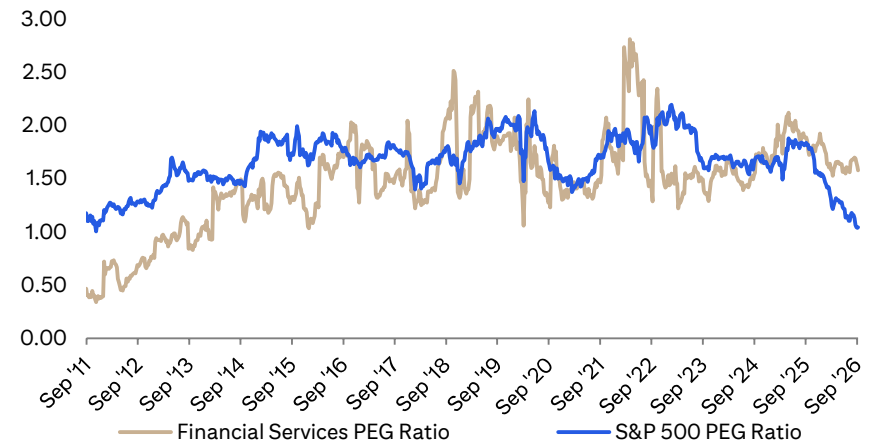
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.70	19.12	4.10	3.24
3M Ago	17.73	20.08	4.09	3.24
6M Ago	16.71	19.23	3.80	2.92
1Y Ago	20.63	22.64	4.63	3.22
20Y Median	15.06	16.34	2.47	1.83
Ptile -20Y	81%	77%	91%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.38	15.30	2.70	4.62
3M Ago	15.54	15.74	2.61	4.68
6M Ago	15.41	14.85	2.41	4.22
1Y Ago	19.76	17.36	2.98	4.76
20Y Median	19.18	11.61	1.56	2.66
Ptile -20Y	10%	81%	92%	95%

Valuation Composite



PEG Ratio



Financial Services: Sentiment

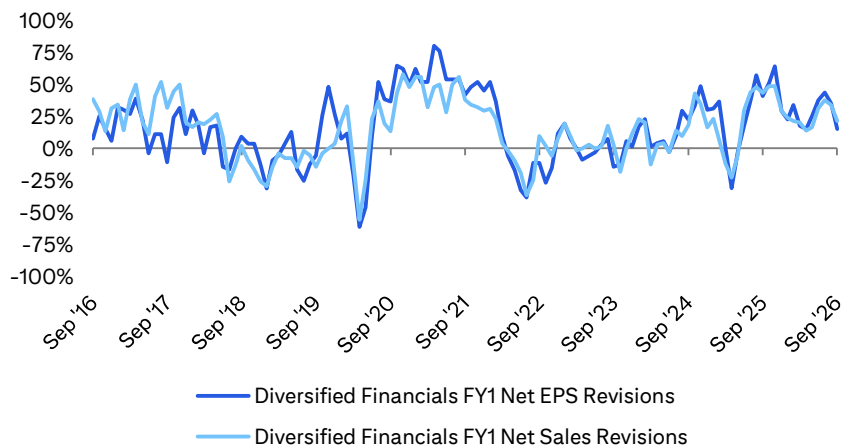
Underweight

Sentiment

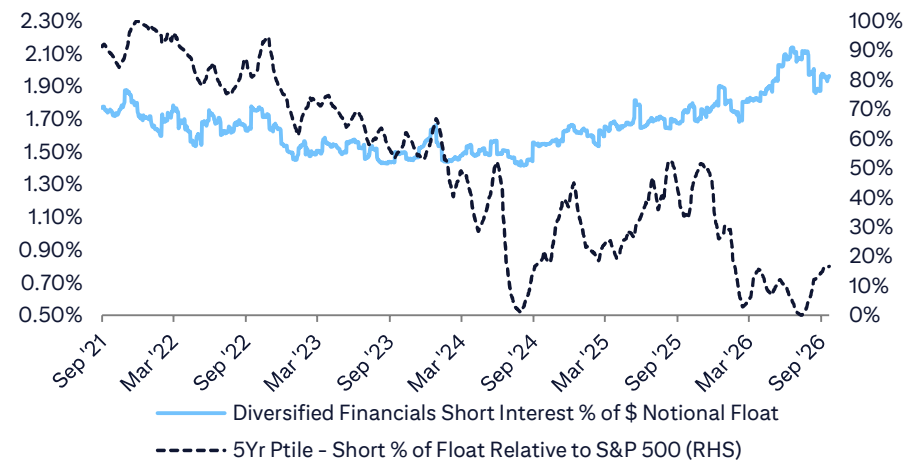
Neutral

- Net revisions mostly stable, but '27 growth rates have faded.
- Insider buying slowing, short interest had fallen but showing signs of a pickup.

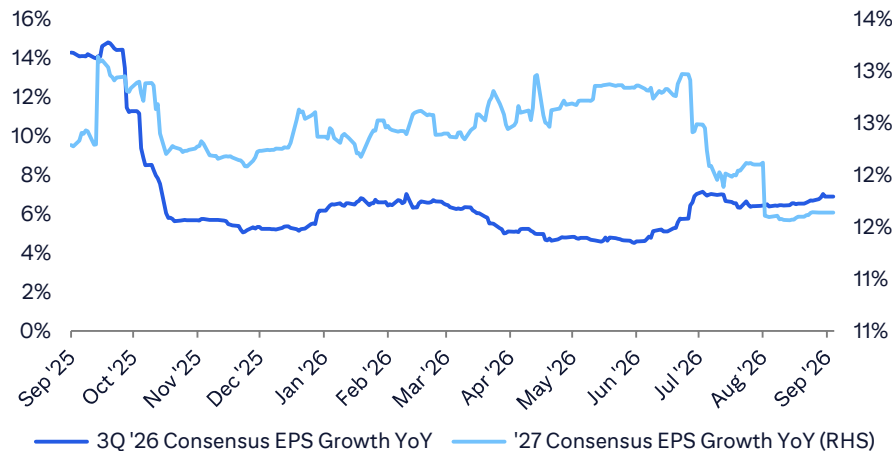
Net FY1 EPS & Sales Revisions



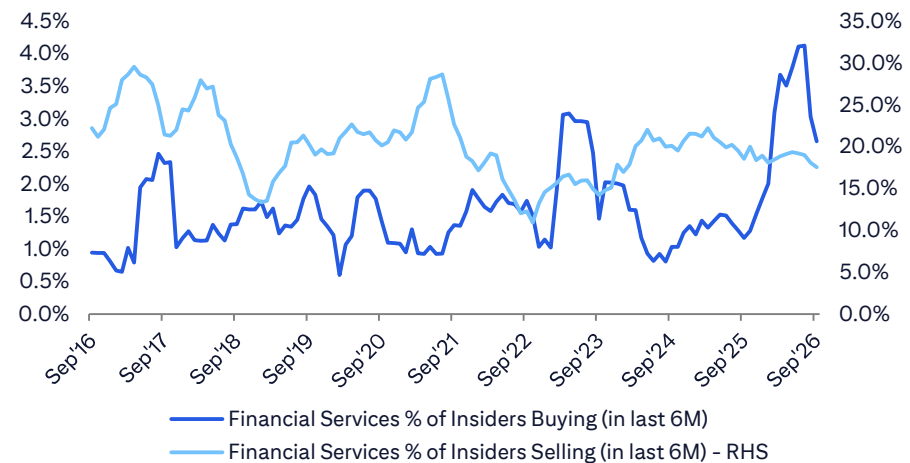
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

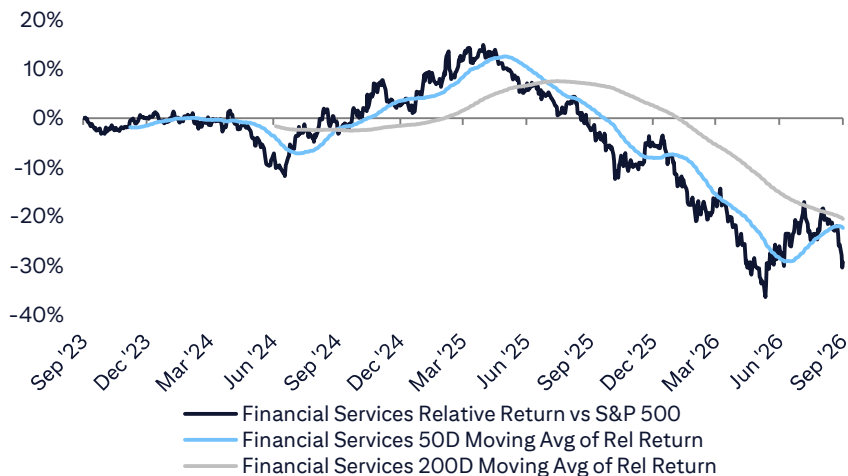


Trading

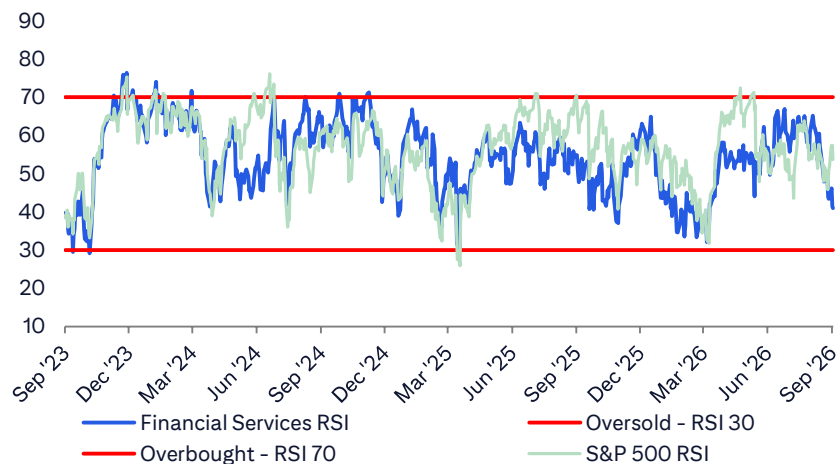
Negative

- Relative performance momentum is struggling.
- Put/Call data suggest investors are getting less constructive relative to the broader index.

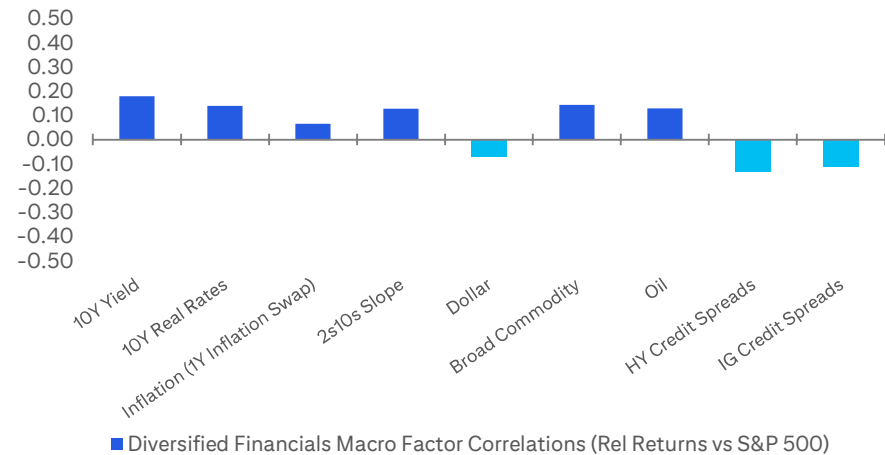
Relative Performance



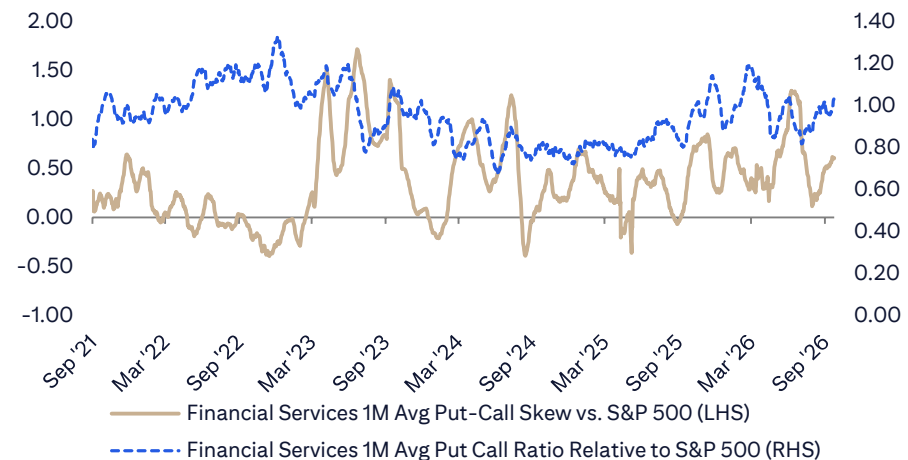
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



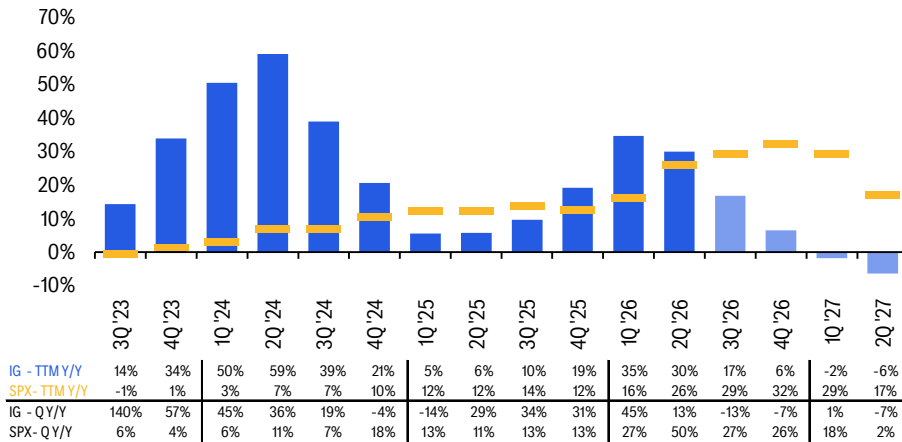
Insurance: Fundamentals

Underweight

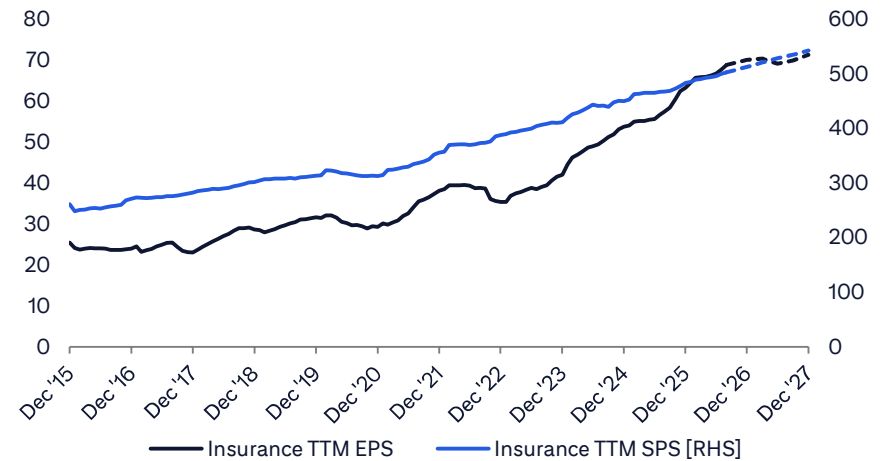
Fundamentals Negative

- EPS growth expected to turn negative this Q and remain under pressure into next year.
- Consensus expects margins to fade from here.

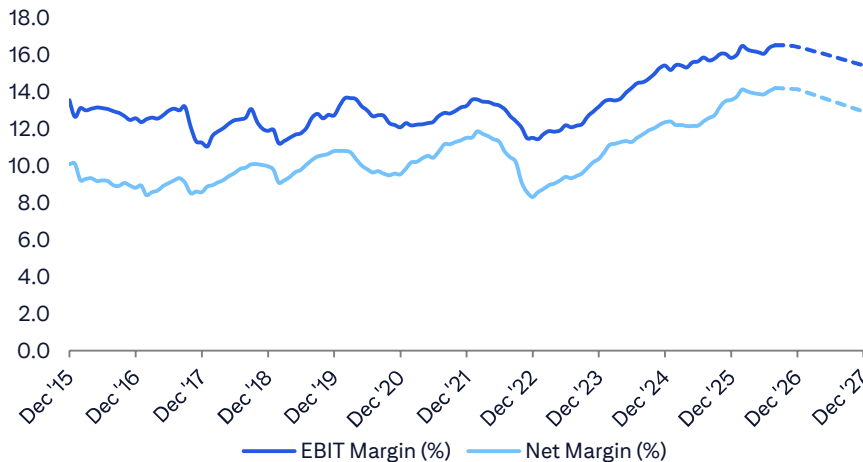
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	NA	NA	NA	NA	17.2%	2.9%	13.8%
6M Prior	NA	NA	NA	NA	17.0%	2.6%	12.4%
12M Prior	NA	NA	NA	NA	16.0%	2.2%	10.7%
3Y Median	NA	NA	NA	NA	16.1%	2.2%	11.5%
10Y Median	NA	NA	NA	NA	11.5%	1.3%	7.2%
Curr Ptile (10Y)	NA	NA	NA	NA	100%	100%	100%

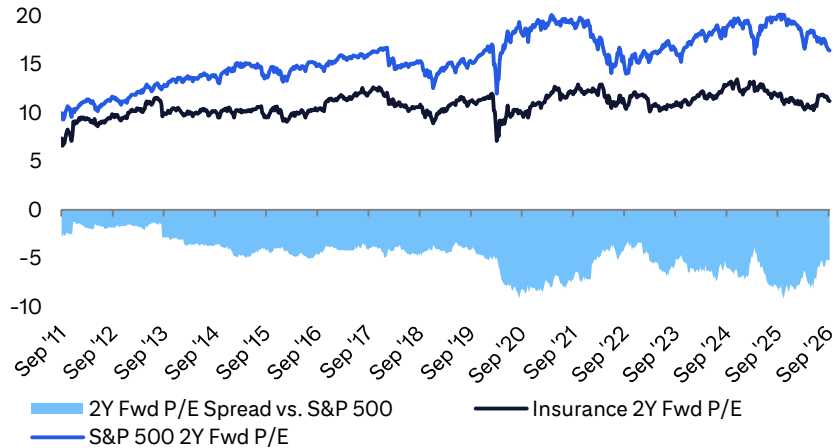
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

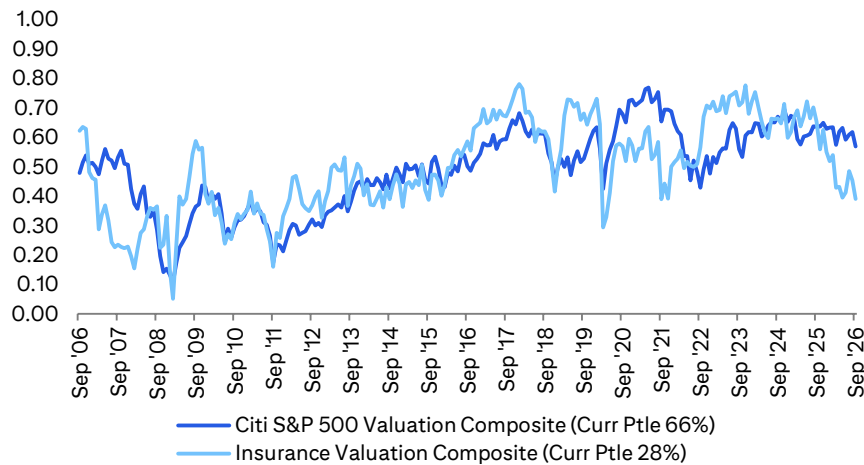
Neutral

- Valuations are not a meaningful hurdle at this point.
- Valuation composite is increasingly attractive, PEG ratio tells the opposite story.

P/E 2Y Fwd



Valuation Composite

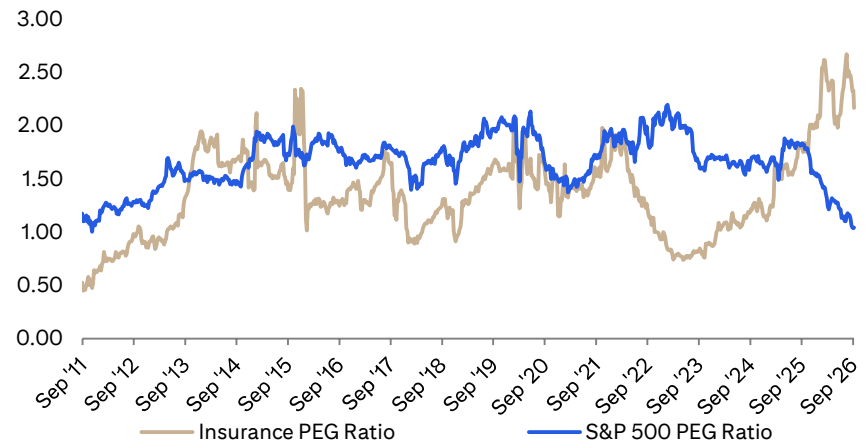


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	11.75	19.12	1.57	3.24
3M Ago	11.85	20.08	1.59	3.24
6M Ago	11.09	19.23	1.47	2.92
1Y Ago	12.94	22.64	1.67	3.22
20Y Median	11.38	16.34	1.24	1.83
Ptile -20Y	59%	77%	86%	97%

	Price / Tangible Book (Current)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	3.25	NA	1.88	4.62
3M Ago	3.35	NA	1.91	4.68
6M Ago	3.09	NA	1.75	4.22
1Y Ago	3.48	NA	2.03	4.76
20Y Median	1.56	NA	1.25	2.66
Ptile -20Y	84%	NA	85%	95%

PEG Ratio



Insurance: Sentiment

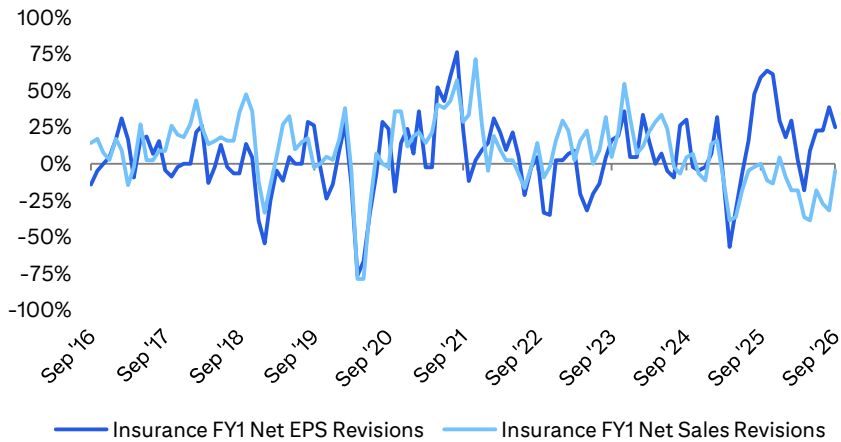
Underweight

Sentiment

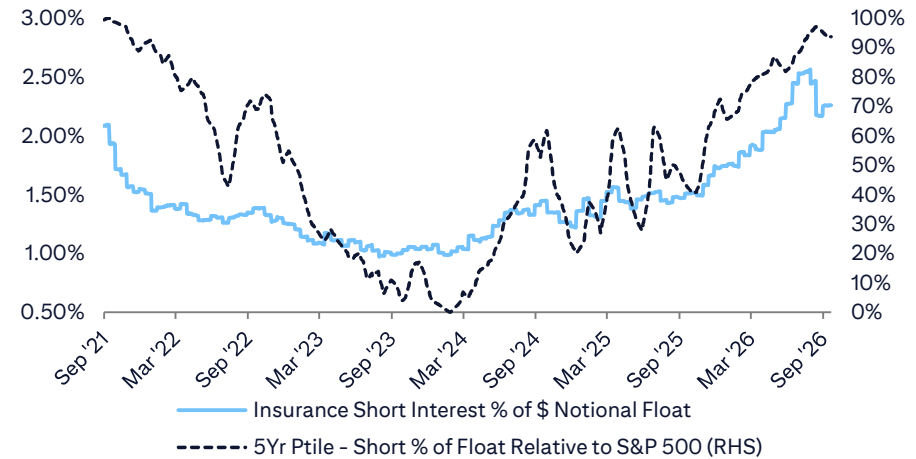
Neutral

- EPS revisions are mixed to positive.
- Conviction in '27 growth has waned, and insiders have stepped back.

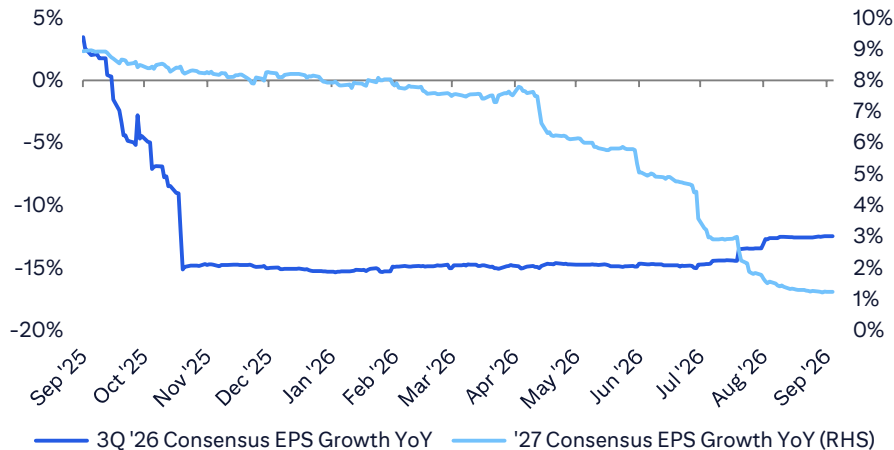
Net FY1 EPS & Sales Revisions



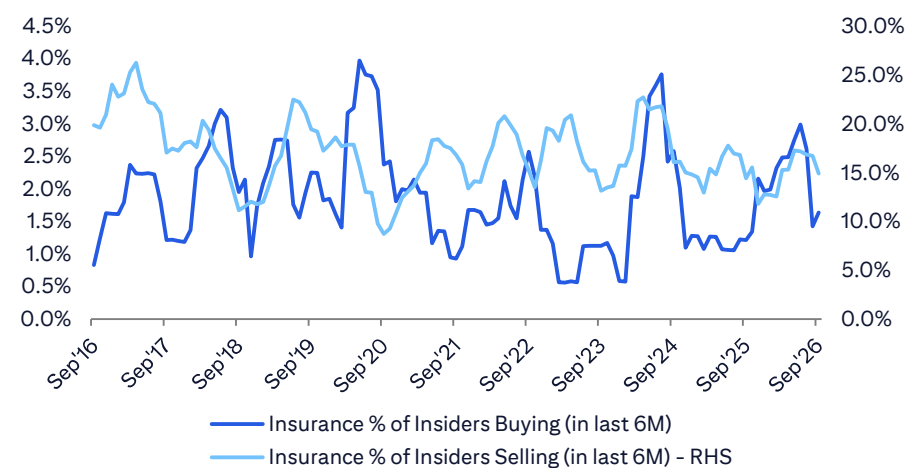
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

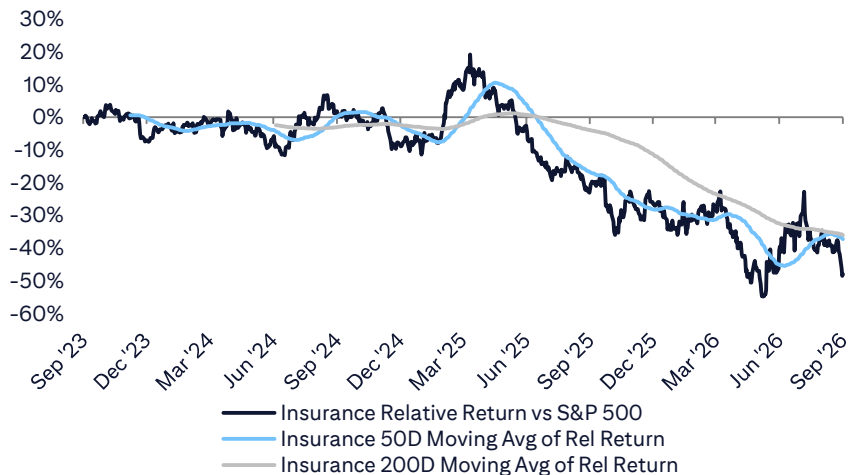


Trading

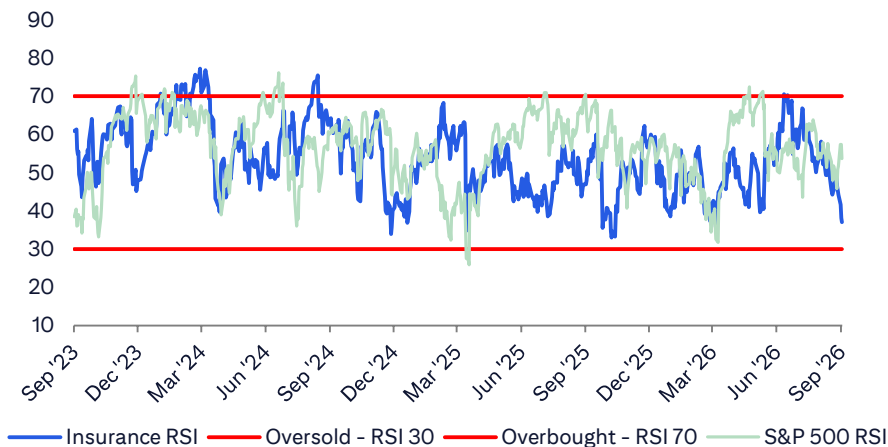
Neutral

- Relative performance has turned worse in the short term. However, recent price action is approaching oversold.
- Macro correlations relatively benign, put/call ratio picking up relative to the broader index.

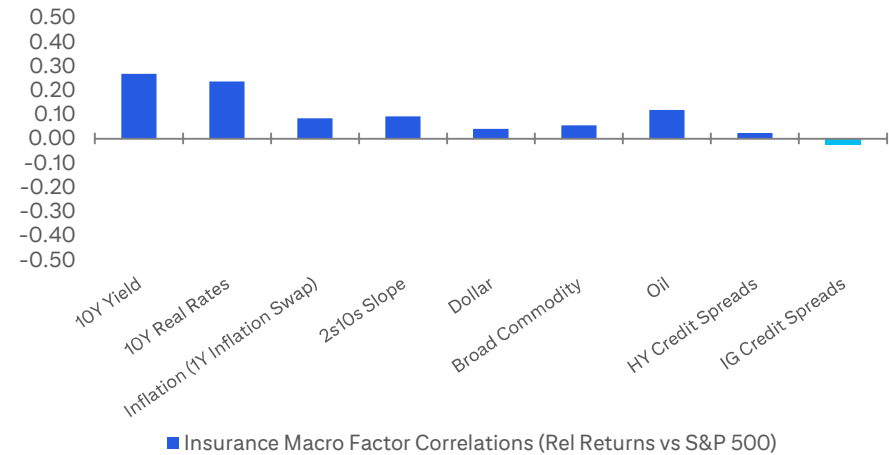
Relative Performance



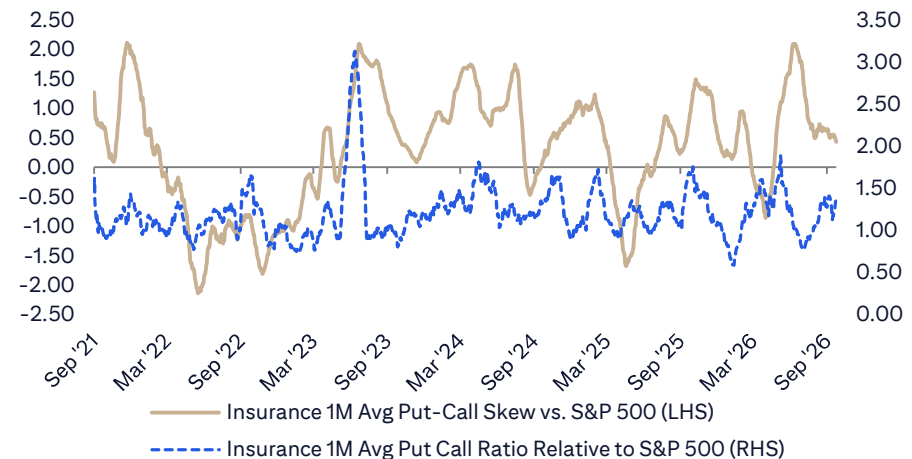
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

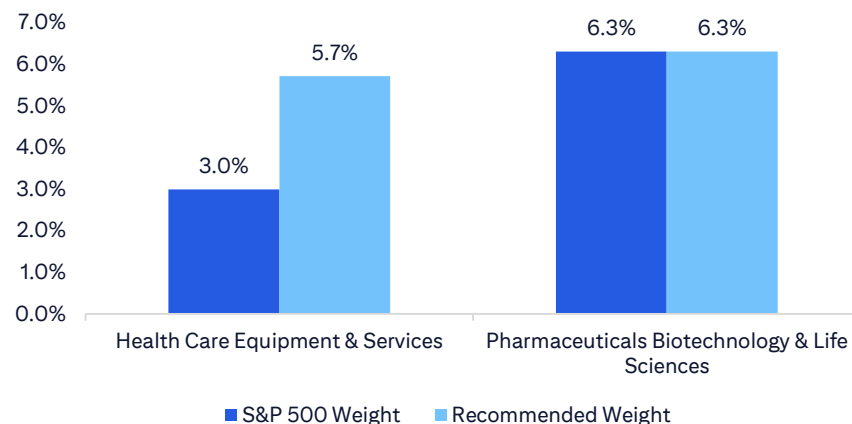
HEALTH CARE

Health Care Equipment & Services – Overweight

Pharma, Biotech & Life Sciences – Market Weight

- Health Care is lifted to OW.
- Health Care Equipment & Services remains OW. We like the valuation, sentiment, and trading dynamics and look for some fundamental improvement ahead.
- Pharmaceuticals, Biotechnology & Life Sciences is lifted to MW. Fundamentals and valuation play into this call. We respect idiosyncratic behavior within the IG.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
LLY	Eli Lilly & Co	Pharma, Biotech, Life Science	15.1%	22.4%
JNJ	Johnson & Johnson	Pharma, Biotech, Life Science	10.6%	15.7%
ABBV	AbbVie Inc	Pharma, Biotech, Life Science	7.6%	11.2%
MRK	Merck & Co Inc	Pharma, Biotech, Life Science	5.9%	8.8%
UNH	UnitedHealth Group Inc	Health Care Equip & Services	5.5%	16.9%
TMO	Thermo Fisher Scientific Inc	Pharma, Biotech, Life Science	4.0%	6.0%
AMGN	Amgen Inc	Pharma, Biotech, Life Science	3.6%	5.3%
GILD	Gilead Sciences Inc	Pharma, Biotech, Life Science	3.0%	4.5%
ABT	Abbott Laboratories	Health Care Equip & Services	2.9%	8.8%
PFE	Pfizer Inc	Pharma, Biotech, Life Science	2.6%	3.9%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
NBIX	Neurocrine Biosciences Inc	138.94	1H	84%
RCUS	Arcus Biosciences Inc	25.06	1H	80%
PTCT	PTC Therapeutics Inc	62.28	1H	75%
ARWR	Arrowhead Pharmaceuticals Inc	66.07	1H	64%
ACAD	ACADIA Pharmaceuticals Inc	22.18	1H	52%
CYTK	Cytokinetics Inc	65.66	1H	51%
GKOS	Glaukos Corp	154.88	1	48%
LLY	Eli Lilly & Co	1181.89	1	37%
SHC	Sotera Health Co	18.45	1H	37%
ILMN	Illumina Inc	273.9	3	-59%
SRPT	Sarepta Therapeutics Inc	18.39	3H	-29%

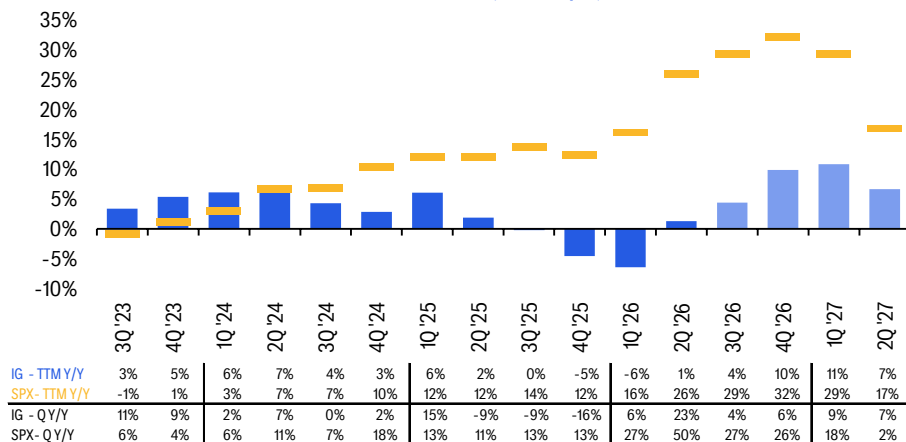
Health Care Equip & Services: Fundamentals

Overweight

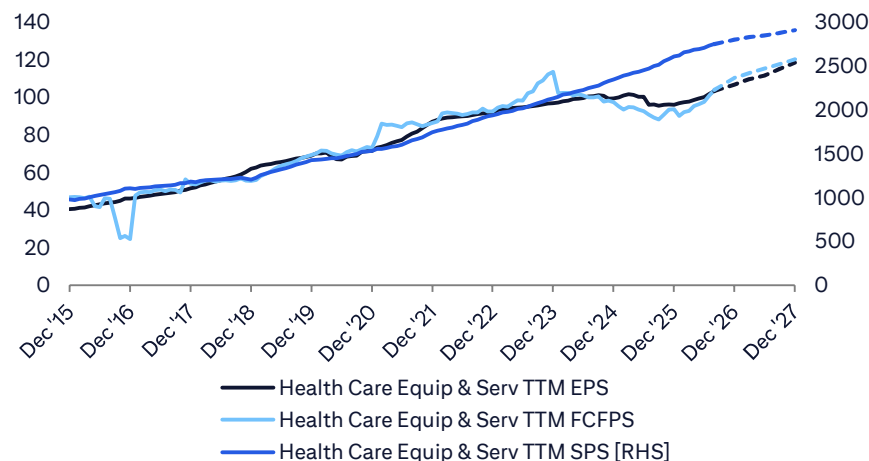
Fundamentals **Neutral**

- Margin pressure abating, growth closer to inflecting positive.
- Debt metrics are mixed and return metrics are a somewhat softer than the broader index.

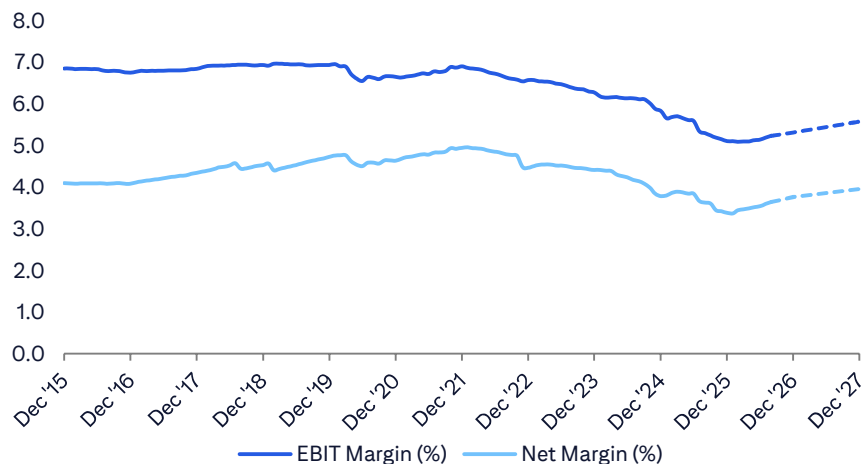
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.72	0.33	0.25	8.2	18.8%	4.9%	8.9%
6M Prior	0.69	0.32	0.26	7.5	18.1%	4.5%	8.2%
12M Prior	0.70	0.33	0.25	7.1	18.1%	5.5%	9.9%
3Y Median	0.71	0.33	0.26	7.3	19.7%	5.0%	9.1%
10Y Median	0.74	0.32	0.27	7.2	18.1%	5.3%	9.0%
Curr Ptile (10Y)	45%	60%	33%	78%	63%	18%	43%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Health Care Equip & Services: Valuations

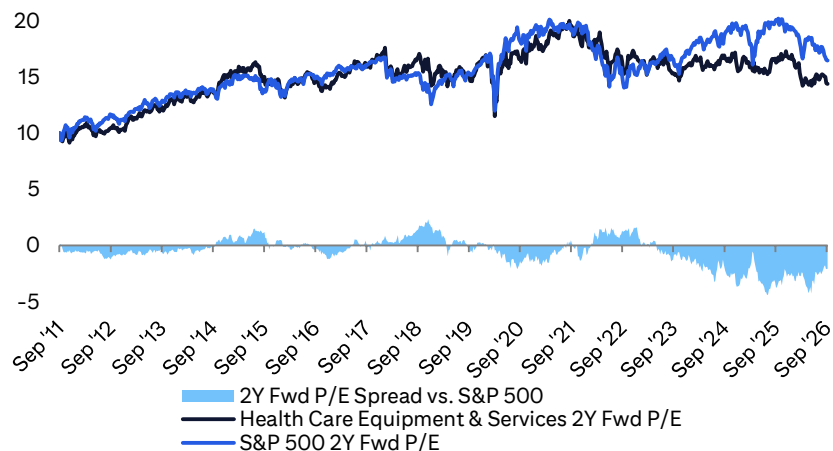
Overweight

Valuations

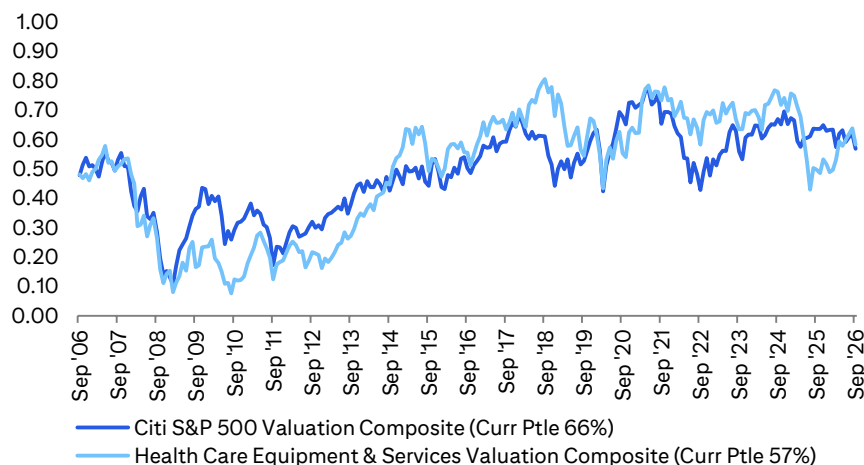
Positive

- Valuations improved slightly from a quarter ago.
- PEG ratio is encouraging to us and plays to our view of a benefit from a Dem sweep in the midterms.

P/E 2Y Fwd



Valuation Composite

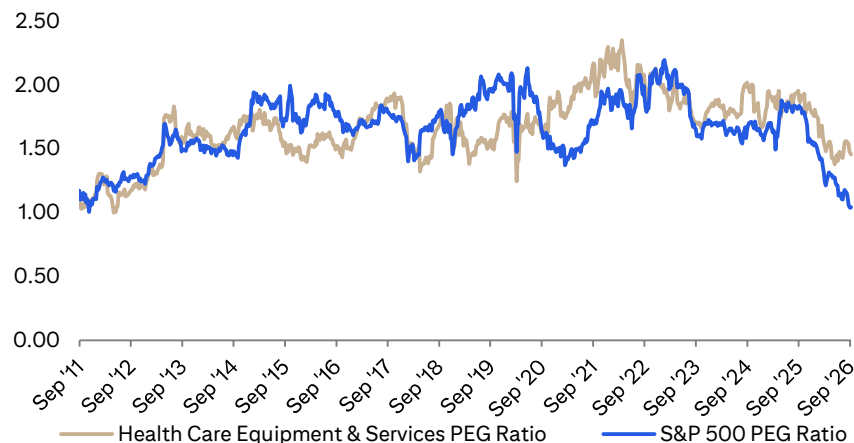


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.09	19.12	0.63	3.24
3M Ago	16.92	20.08	0.64	3.24
6M Ago	15.95	19.23	0.59	2.92
1Y Ago	18.39	22.64	0.68	3.22
20Y Median	16.68	16.34	0.77	1.83
Ptile -20Y	41%	77%	23%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	13.23	15.30	3.06	4.62
3M Ago	14.18	15.74	3.08	4.68
6M Ago	13.31	14.85	2.84	4.22
1Y Ago	15.30	17.36	3.24	4.76
20Y Median	13.00	11.61	2.94	2.66
Ptile -20Y	54%	81%	59%	95%

PEG Ratio



Health Care Equip & Services: Sentiment

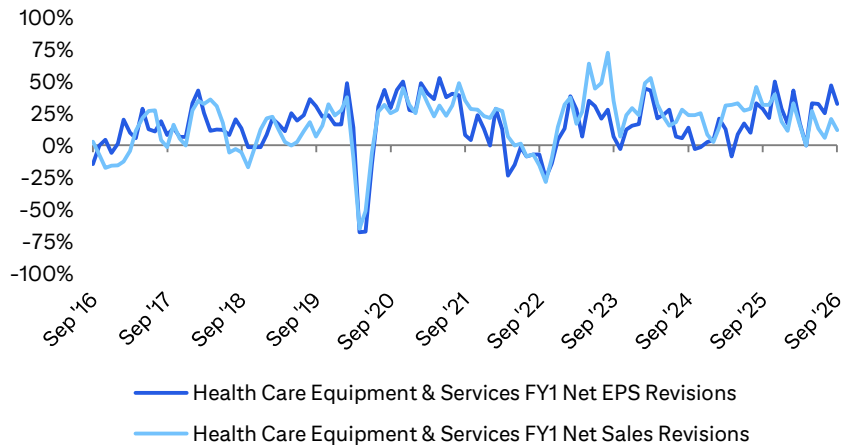
Overweight

Sentiment

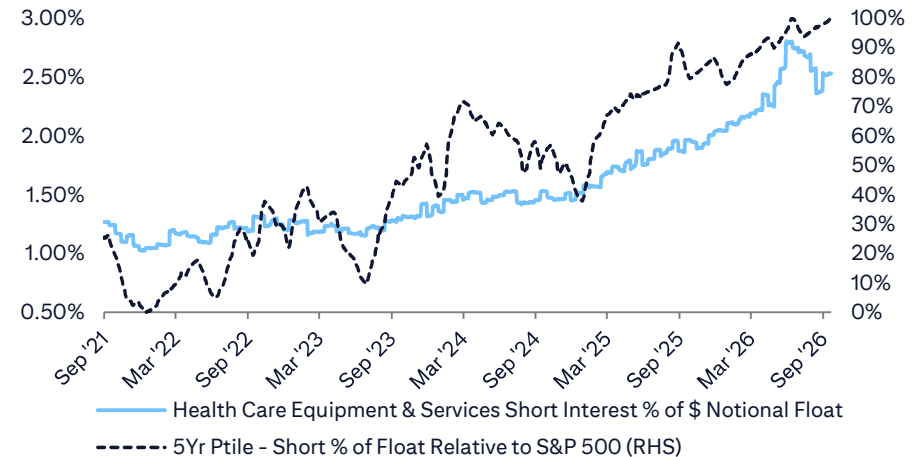
Positive

- Revisions still positive but would like to see consensus growth pick up.
- Insiders have stepped up purchases while sells have declined off recent peak, short interest relative to the index at 5-year peaks.

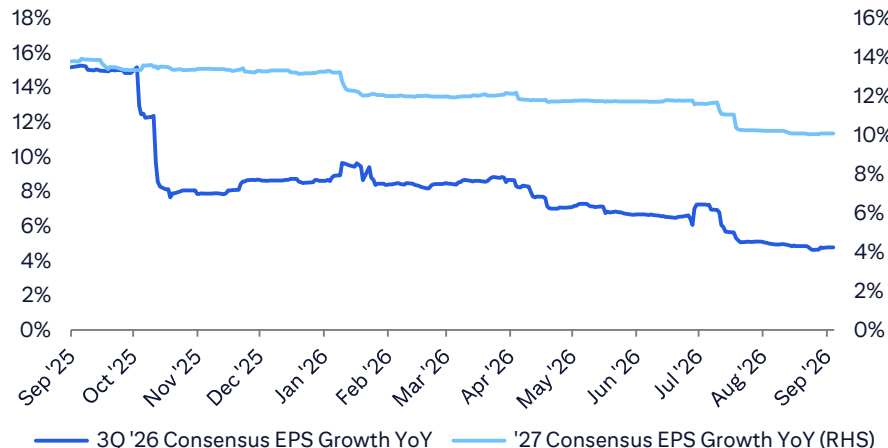
Net FY1 EPS & Sales Revisions



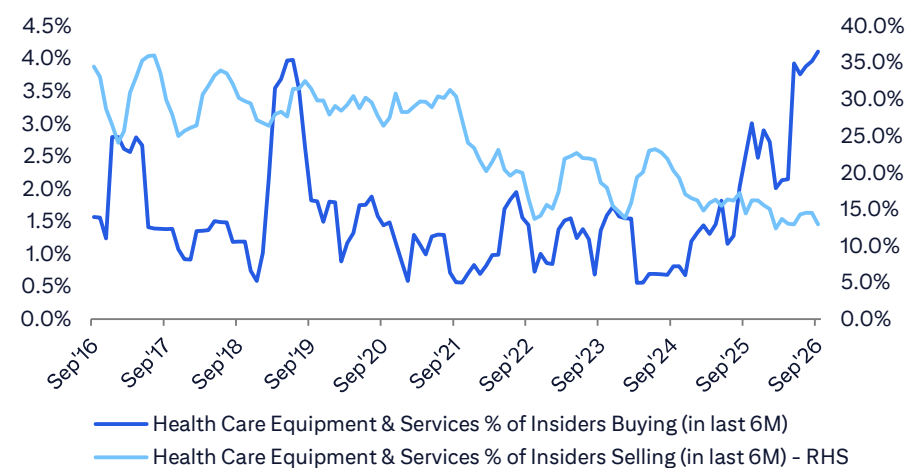
Short Interest % of Float



Consensus EPS Growth



Insider Transactions



Health Care Equip & Services: Trading

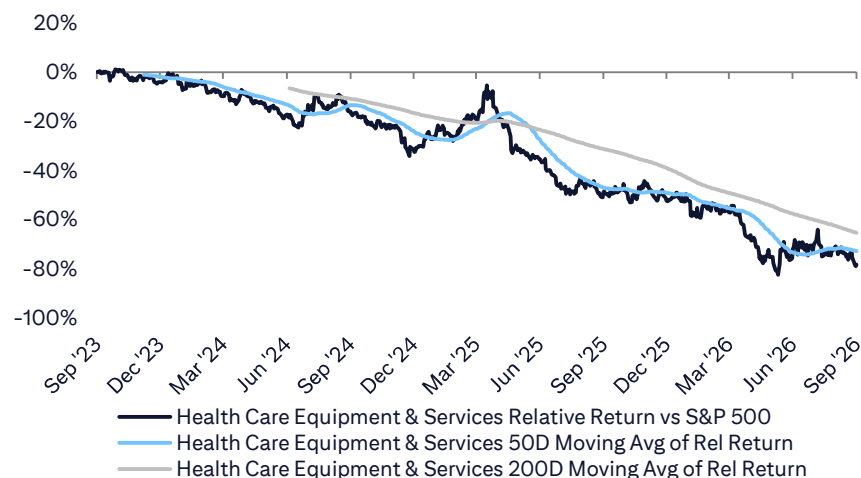
Overweight

Trading

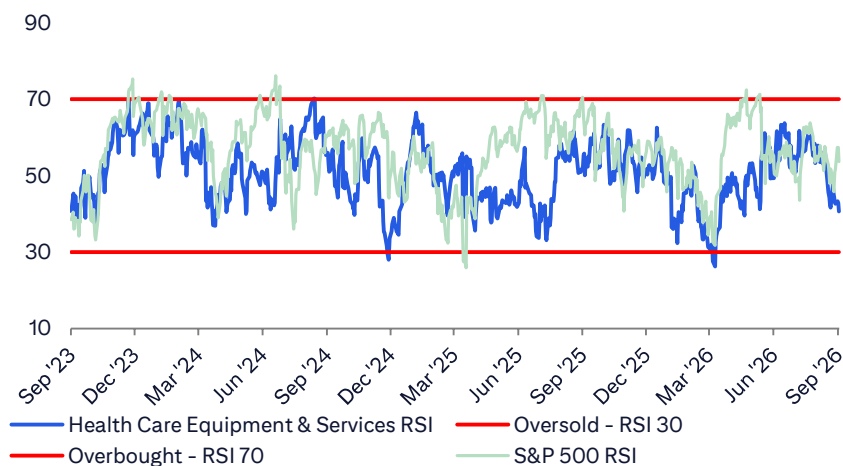
Neutral

- Relative performance has struggled but seems set to bottom.
- Looking for classic defensive characteristics to come into play during Q4.

Relative Performance



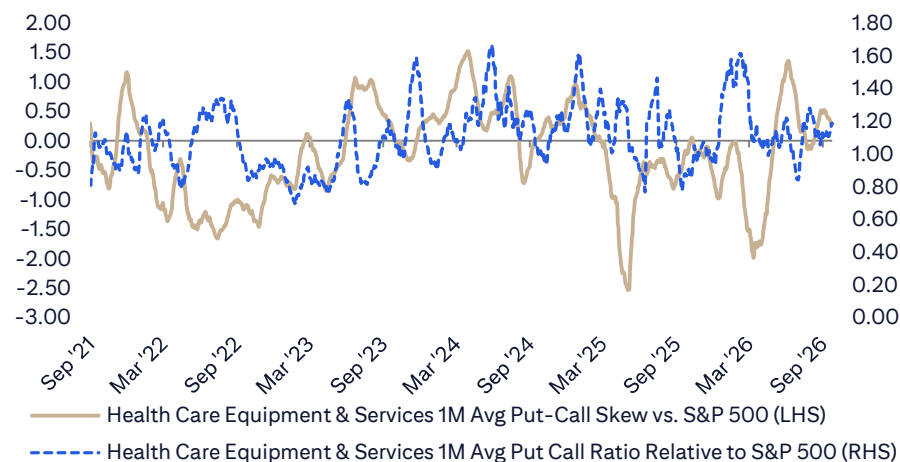
Relative Strength Index



Macro Correlations (10 Year, Monthly)



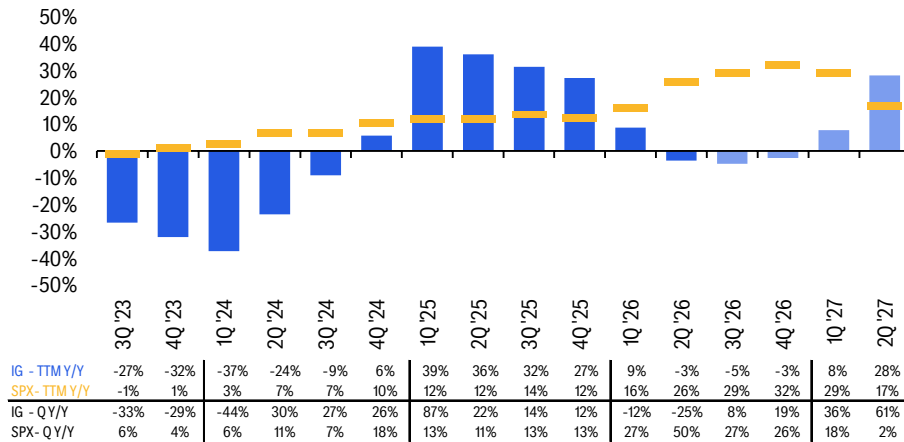
Put/Call Ratio & Implied Vol Skew



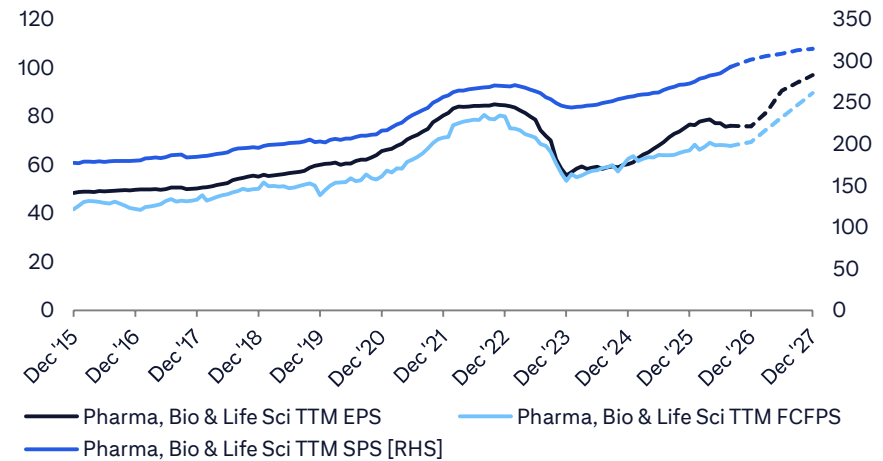
Fundamentals Neutral

- EPS growth has turned negative with difficult compares.
- Margins are expected to bottom soon, but debt levels and return metrics suggest a mixed quality read.

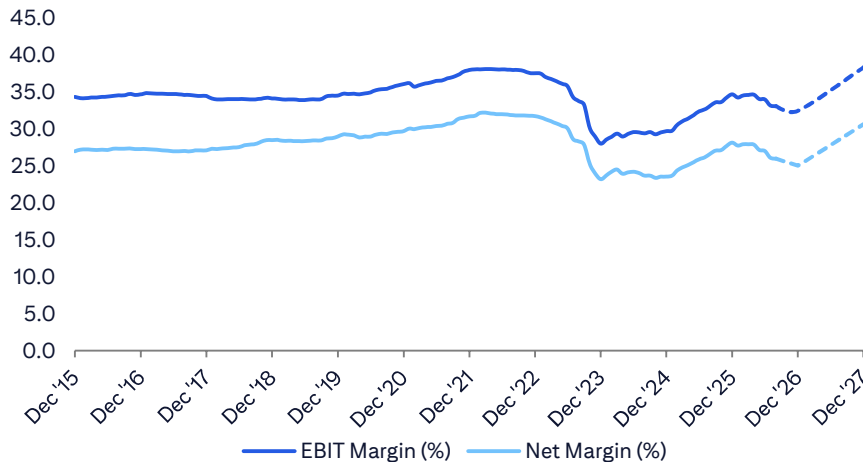
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.94	0.39	0.23	9.4	31.5%	9.6%	13.9%
6M Prior	0.90	0.36	0.28	9.5	32.9%	10.0%	14.7%
12M Prior	0.89	0.38	0.24	8.6	31.4%	9.5%	14.0%
3Y Median	0.89	0.35	0.29	8.3	29.5%	8.7%	12.8%
10Y Median	0.83	0.28	0.40	9.9	32.4%	9.4%	14.0%
Curr Ptile (10Y)	93%	100%	0%	33%	45%	55%	48%

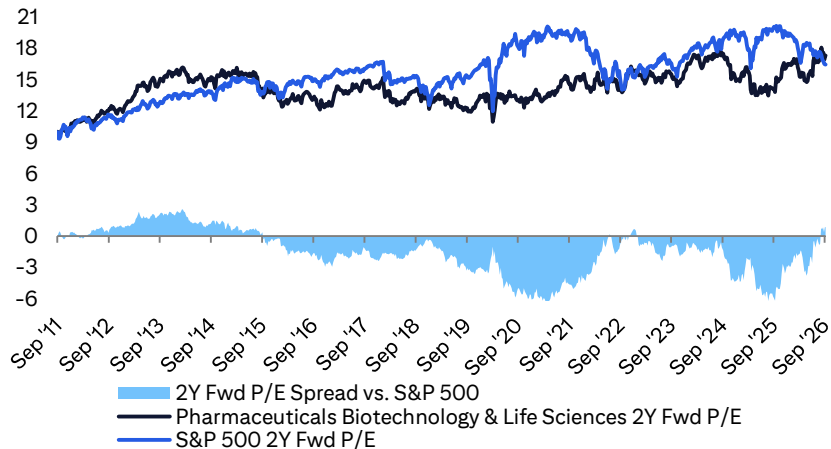
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

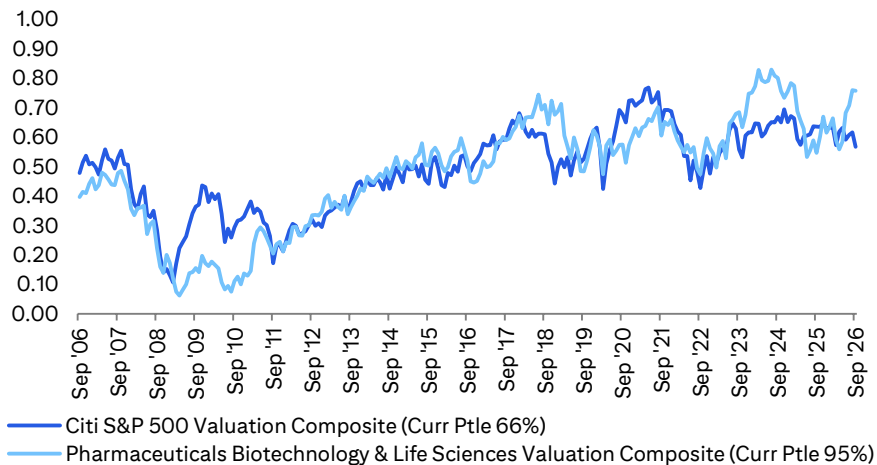
Negative

- Valuations are stretched in absolute terms as well as relative to the broader index.
- PEG ratios are higher than the index but on the lower end of the 15-year range for the IG.

P/E 2Y Fwd



Valuation Composite

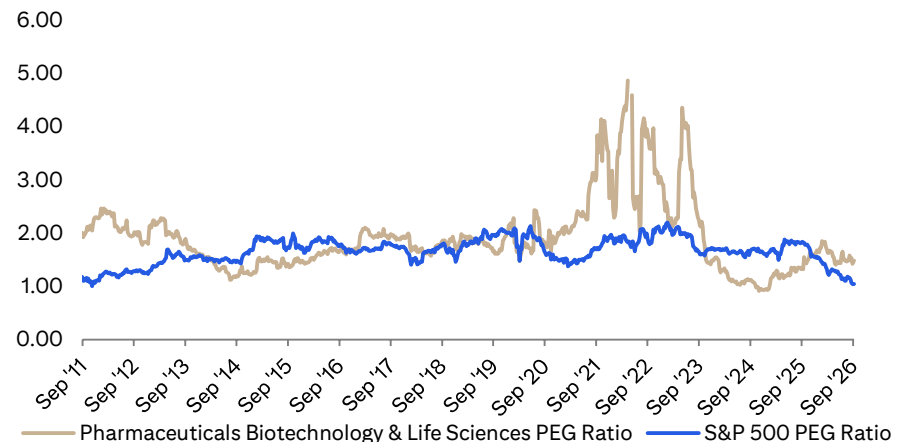


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	19.87	19.12	5.69	3.24
3M Ago	19.58	20.08	5.47	3.24
6M Ago	17.36	19.23	4.94	2.92
1Y Ago	15.14	22.64	4.43	3.22
20Y Median	14.77	16.34	4.31	1.83
Ptile -20Y	98%	77%	100%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	18.37	15.30	6.48	4.62
3M Ago	18.15	15.74	5.97	4.68
6M Ago	15.72	14.85	5.40	4.22
1Y Ago	13.99	17.36	4.77	4.76
20Y Median	13.25	11.61	3.96	2.66
Ptile -20Y	99%	81%	100%	95%

PEG Ratio

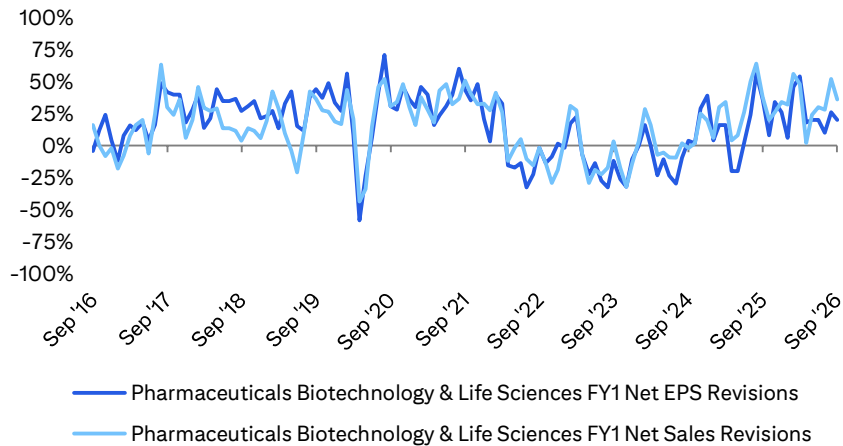


Sentiment

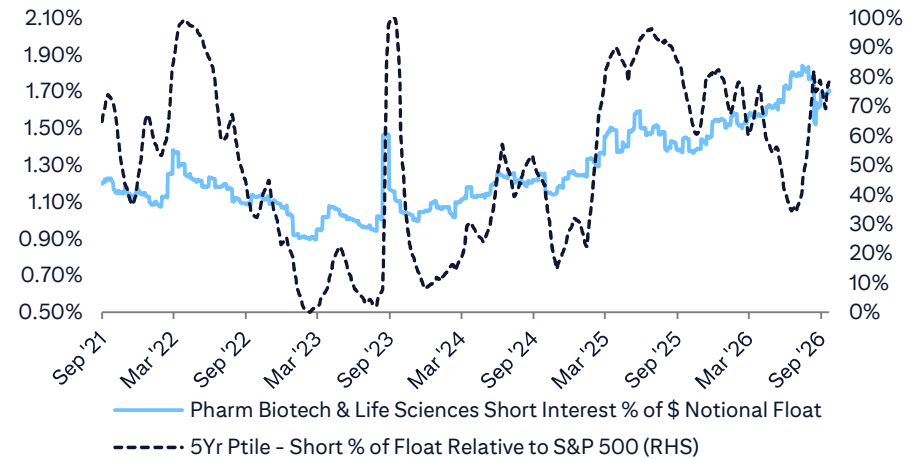
Neutral

- Revisions have improved here as growth expectations have stabilized.
- Confidence in '27 growth remains key. Short interest rising and lack of insider enthusiasm.

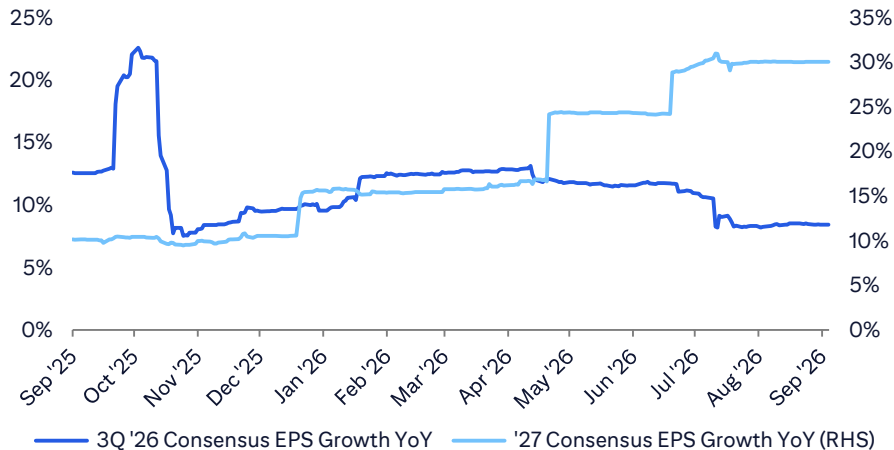
Net FY1 EPS & Sales Revisions



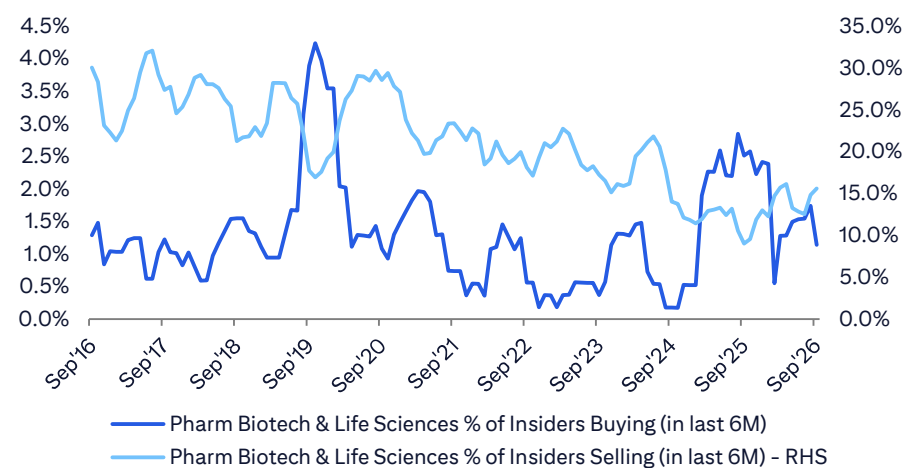
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

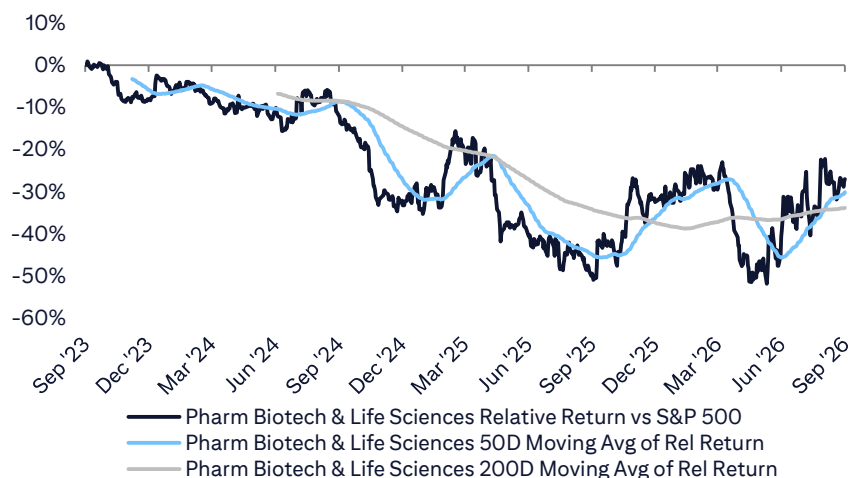


Trading

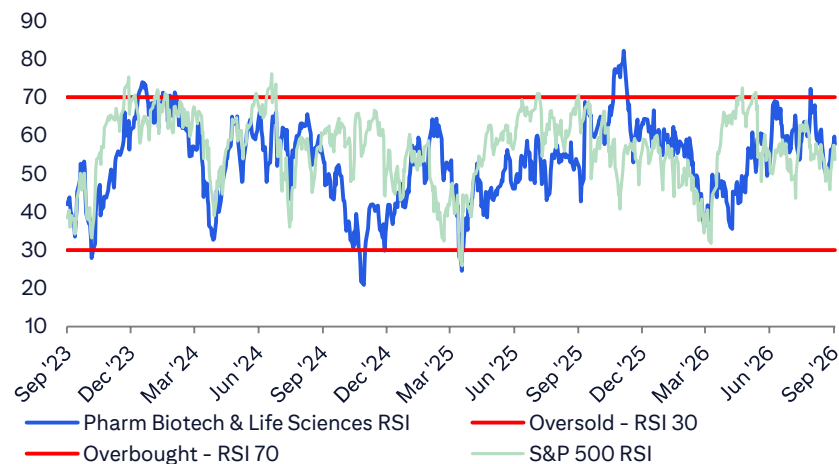
Positive

- Relative performance improved during Q3 and makes this closer to a momentum trade.
- Macro connections mixed but classically defensive.

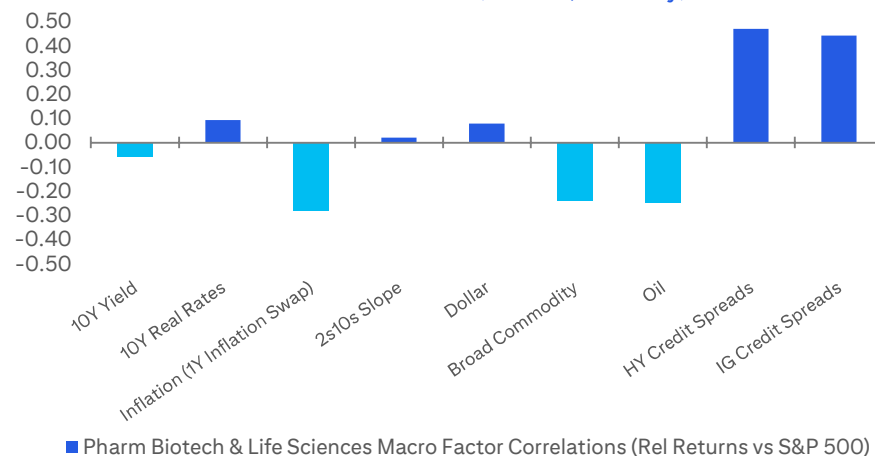
Relative Performance



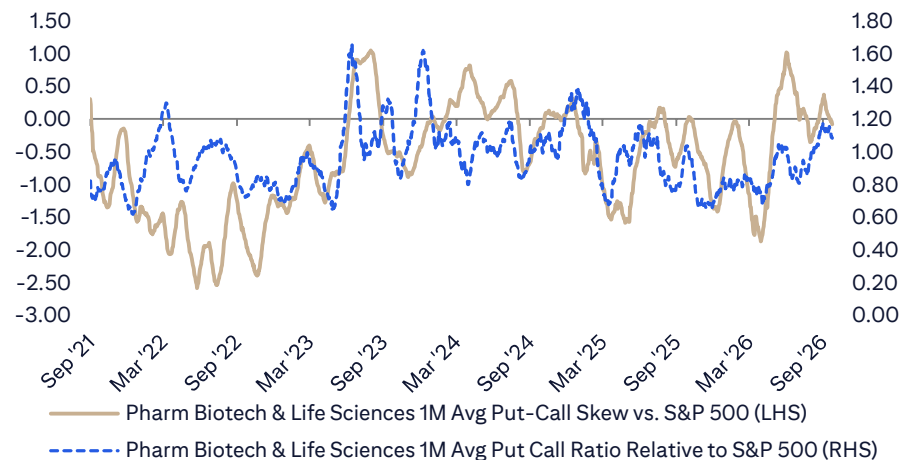
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

INDUSTRIALS

Capital Goods – Market Weight

Commercial & Professional Services – Market Weight

Transportation – Market Weight

- Industrials are lowered to Market Weight.
- Capital Goods remains Market Weight. Good fundamentals face off with a tricky valuation backdrop.
- Commercial & Professional is lowered to Market Weight. Defensive fundamentals but well known.
- Transportation remains Market Weight. We continue to like the valuation set up. But need to recognize that growth stock weightings relative to traditional transports within the industry group complicate the picture.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
CAT	Caterpillar Inc	Capital Goods	6.9%	9.1%
GE	General Electric Co	Capital Goods	6.2%	8.1%
RTX	RTX Corp	Capital Goods	4.7%	6.2%
GEV	GE Vernova Inc	Capital Goods	4.7%	6.1%
DE	Deere & Co	Capital Goods	3.2%	4.2%
ETN	Eaton Corp PLC	Capital Goods	3.2%	4.1%
UNP	Union Pacific Corp	Transportation	3.0%	20.2%
BA	Boeing Co/The	Capital Goods	2.9%	3.8%
UBER	Uber Technologies Inc	Transportation	2.6%	17.6%
PH	Parker-Hannifin Corp	Capital Goods	2.3%	3.0%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
KRMN	Karman Holdings Inc	34.92	1	125%
RUN	Sunrun Inc	7.78	1H	104%
ALGT	Allegiant Travel Co	76.84	1H	102%
MTZ	MasTec Inc	211.95	1	90%
XYL	Xylem Inc/NY	102.66	1	68%
WSC	WillScot Holdings Corp	17.75	1	68%
NXT	Nextpower Inc	79.97	1	61%
PNR	Pentair PLC	53.03	1	61%
CTAS	Cintas Corp	197.68	3	-9%
ALK	Alaska Air Group Inc	40.03	3H	-9%
JBLU	JetBlue Airways Corp	4.35	3H	22%

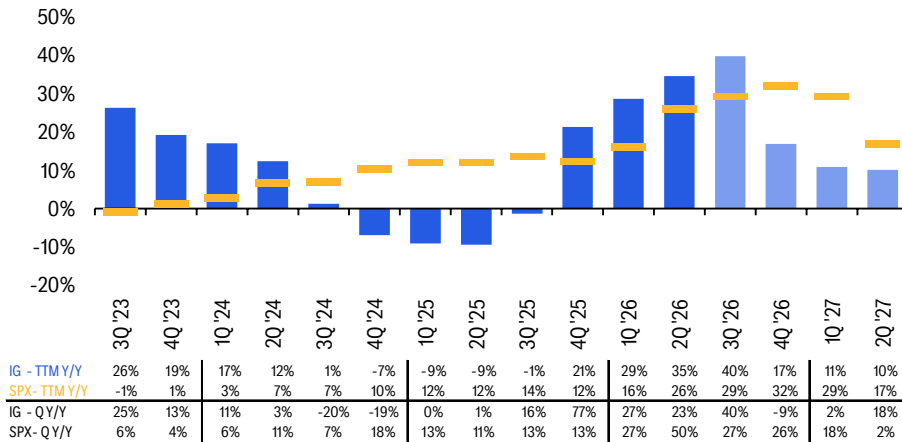
Capital Goods: Fundamentals

Market Weight

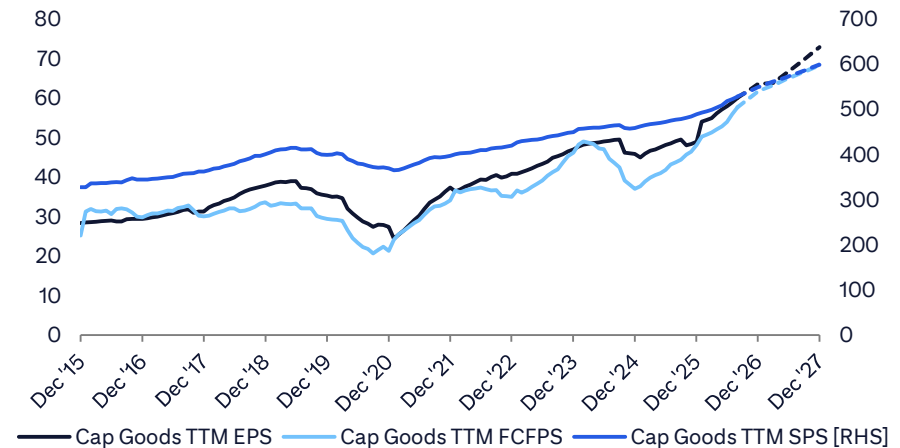
Fundamentals **Neutral**

- The EPS growth inflection looks like it is here but note this is off very easy compares. Margins could finally break higher.
- Interest coverage is relatively low but return metrics are improving. Issue here is attachment to AI capex sentiment.

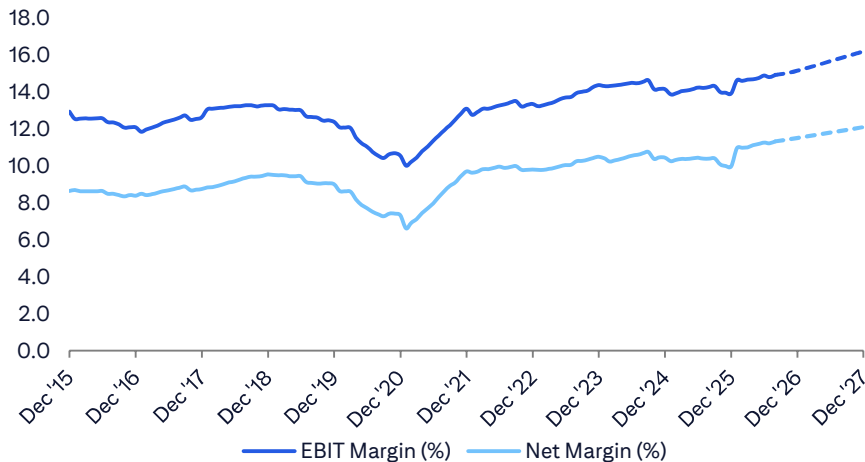
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.91	0.39	0.25	6.9	25.8%	7.6%	14.0%
6M Prior	0.88	0.37	0.29	6.2	24.7%	6.8%	12.6%
12M Prior	0.94	0.41	0.23	5.9	23.2%	6.0%	10.9%
3Y Median	0.95	0.40	0.25	6.3	23.7%	6.5%	11.9%
10Y Median	1.04	0.40	0.26	6.7	22.8%	5.7%	10.6%
Curr Ptile (10Y)	3%	35%	30%	60%	88%	100%	100%

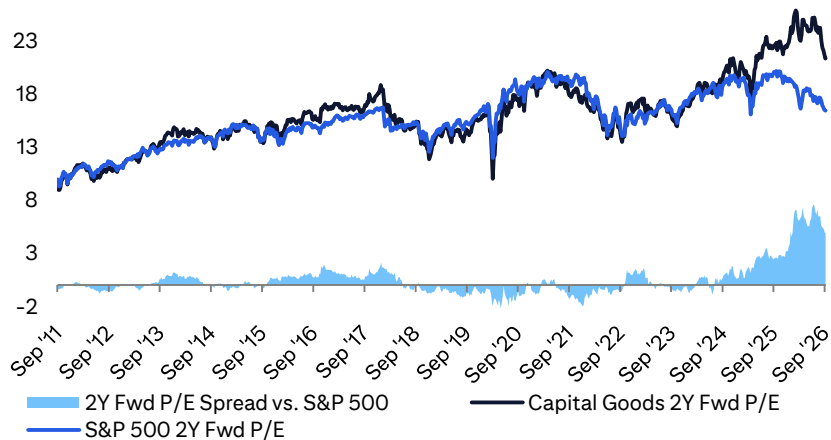
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

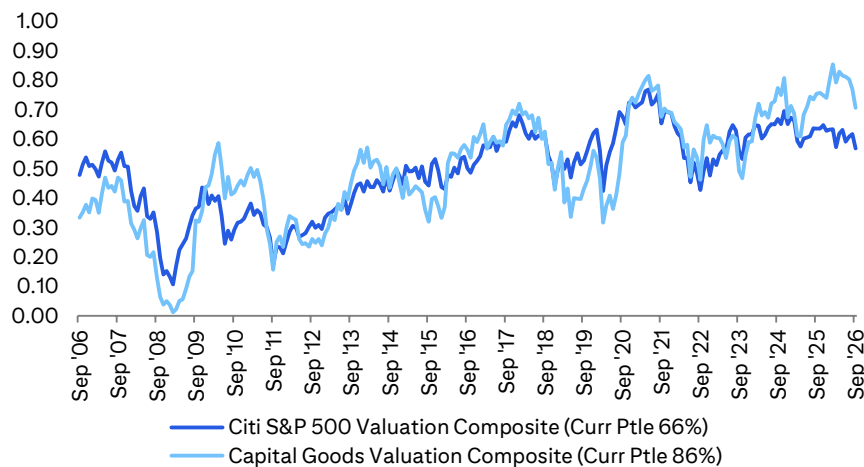
Negative

- Valuations remain unappealing on traditional metrics, as has been the case for a while.
- Valuation composite among higher across IGs. PEG ratio has fallen, implying investors starting to question growth metrics.

P/E 2Y Fwd



Valuation Composite

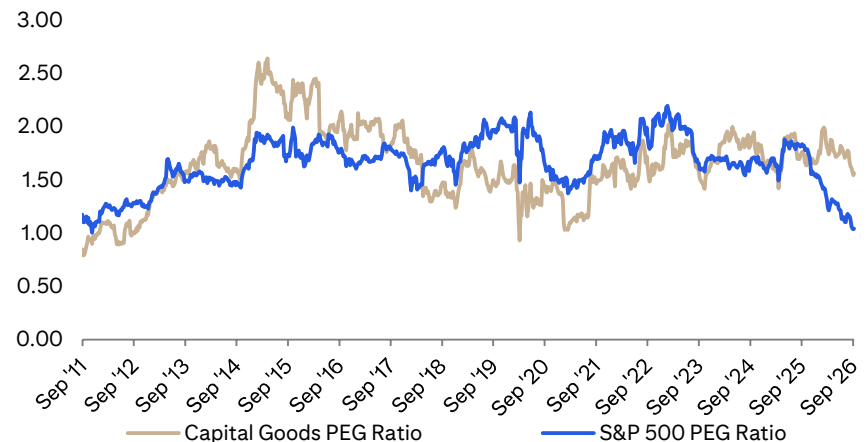


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	24.76	19.12	2.98	3.24
3M Ago	28.60	20.08	3.44	3.24
6M Ago	26.84	19.23	3.11	2.92
1Y Ago	26.01	22.64	2.96	3.22
20Y Median	16.36	16.34	1.60	1.83
Ptile -20Y	94%	77%	95%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	20.17	15.30	6.59	4.62
3M Ago	23.64	15.74	7.49	4.68
6M Ago	21.84	14.85	6.70	4.22
1Y Ago	21.25	17.36	6.51	4.76
20Y Median	12.43	11.61	3.78	2.66
Ptile -20Y	93%	81%	95%	95%

PEG Ratio

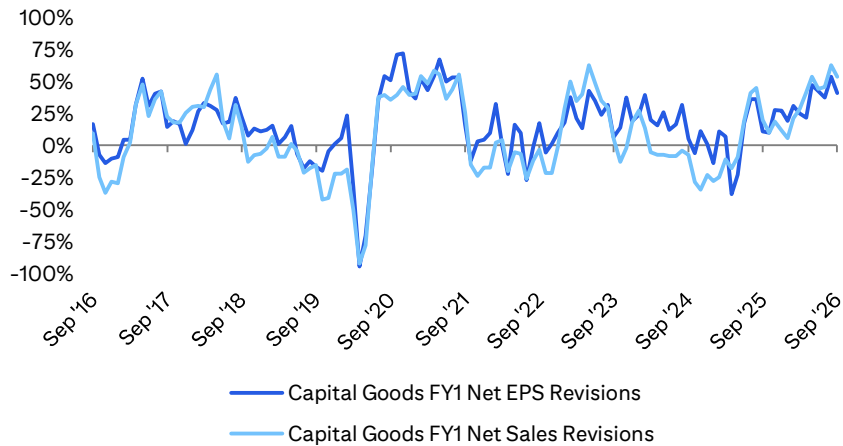


Sentiment

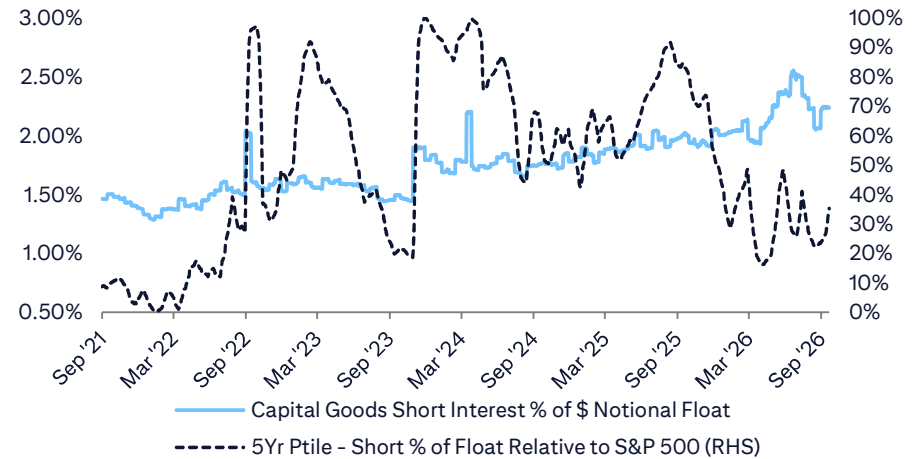
Positive

- Net revisions are positive, but the growth expectation trend is stable.
- Given the AI/data center attachment, growth looks strong but shorts are starting to step back in.

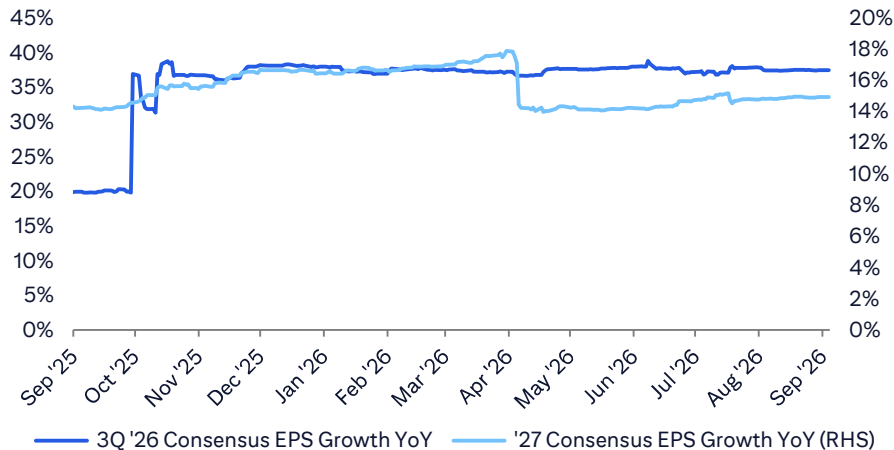
Net FY1 EPS & Sales Revisions



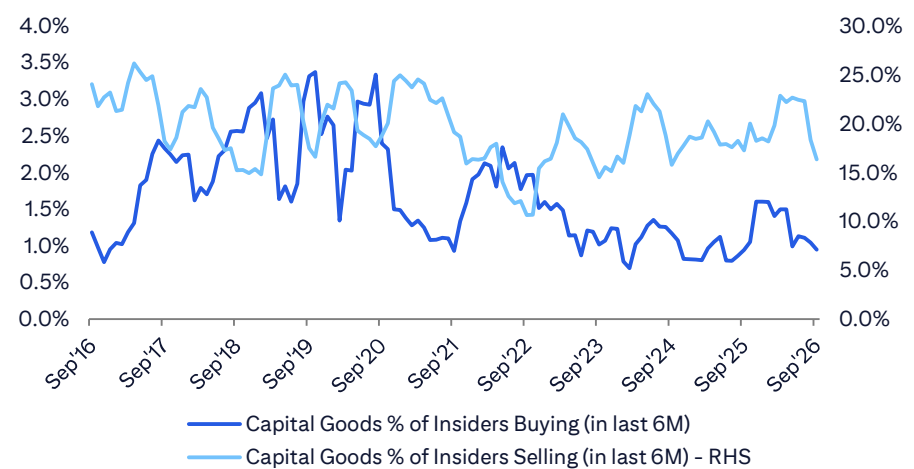
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

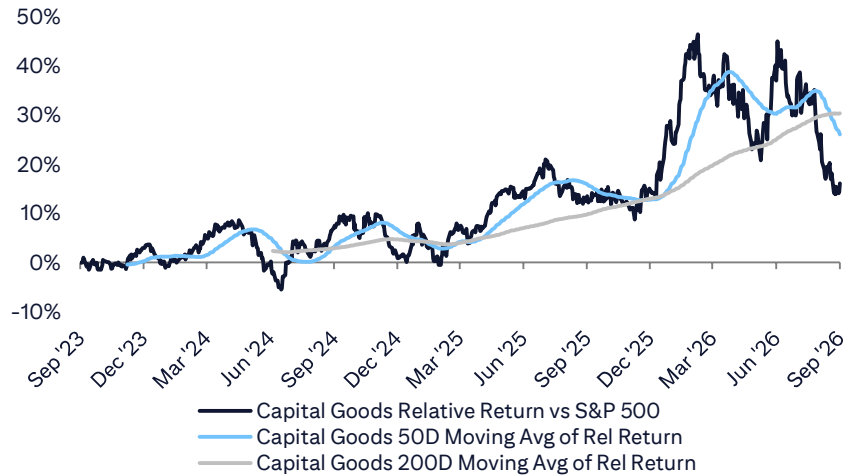


Trading

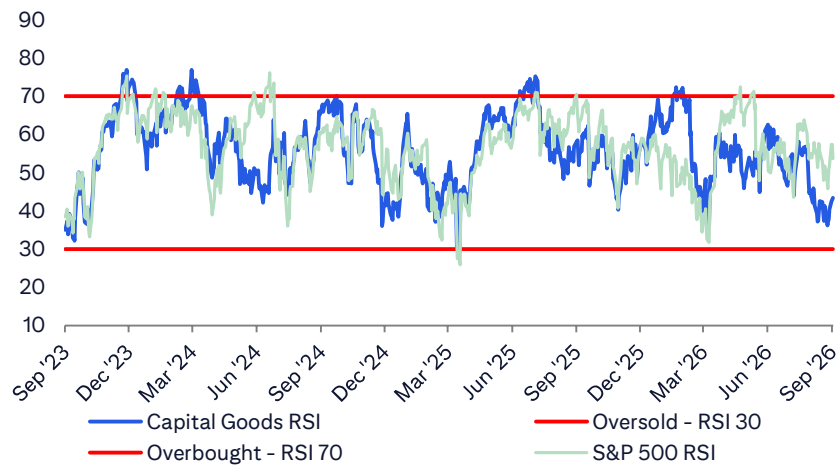
Neutral

- Relative performance hit a wall during Q3.
- Crosscurrents as AI tailwinds face off with A&D concerns.

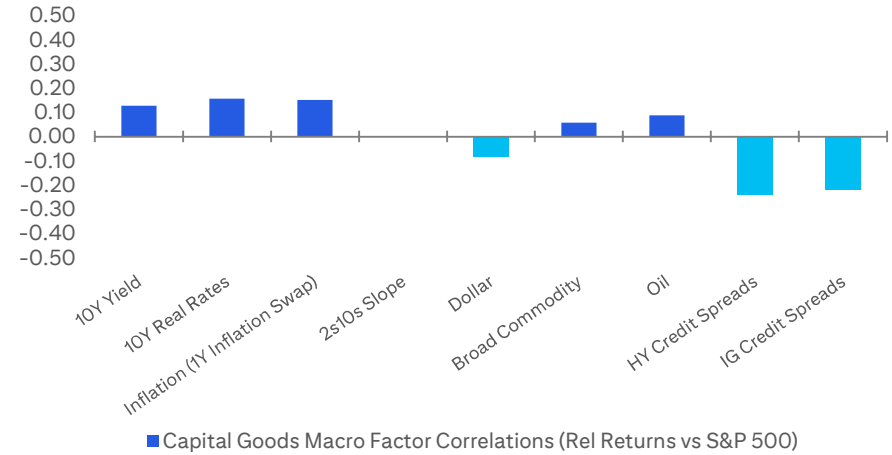
Relative Performance



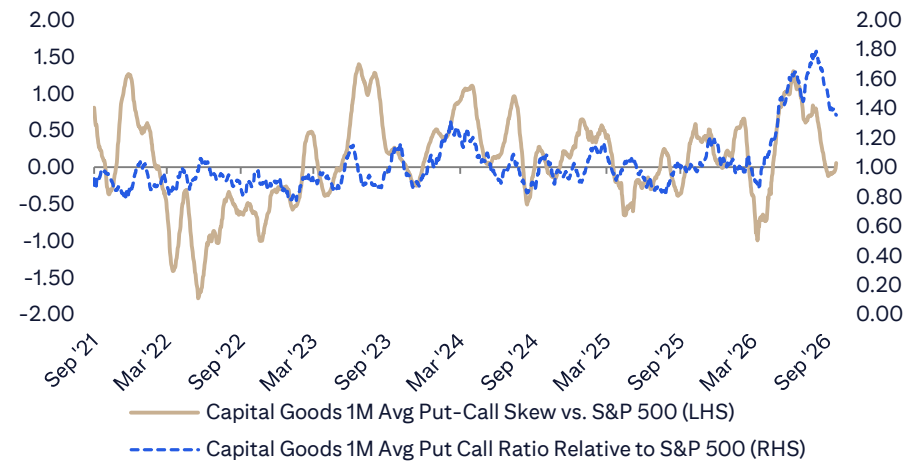
Relative Strength Index



Macro Correlations (10 Year, Monthly)



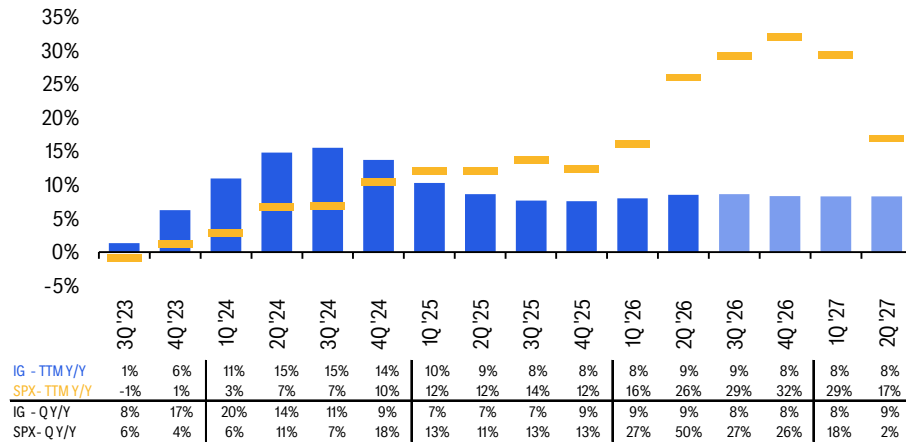
Put/Call Ratio & Implied Vol Skew



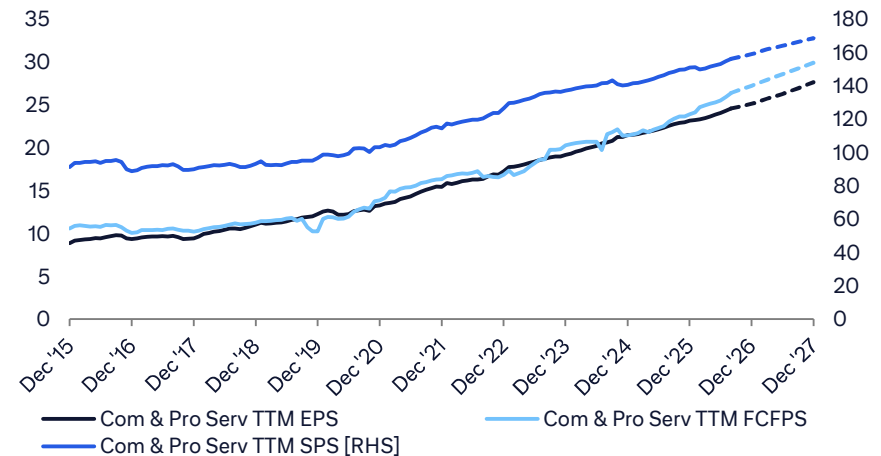
Fundamentals Positive

- Growth is consistent here, but we do see a modest upward inflection as margins continue to press higher.
- Return metrics are high and balance sheets look healthy.

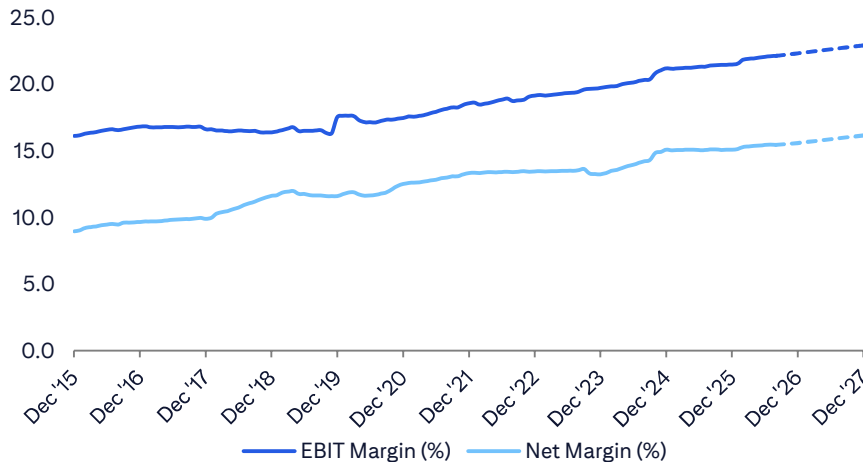
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	1.10	0.42	0.23	8.4	34.0%	8.5%	15.8%
6M Prior	0.98	0.38	0.26	8.3	32.5%	7.8%	16.0%
12M Prior	0.96	0.36	0.30	9.0	31.3%	8.4%	15.0%
3Y Median	0.93	0.38	0.24	9.3	31.5%	8.1%	15.5%
10Y Median	0.98	0.44	0.14	6.7	22.0%	7.0%	9.8%
Curr Ptile (10Y)	80%	38%	78%	60%	100%	95%	90%

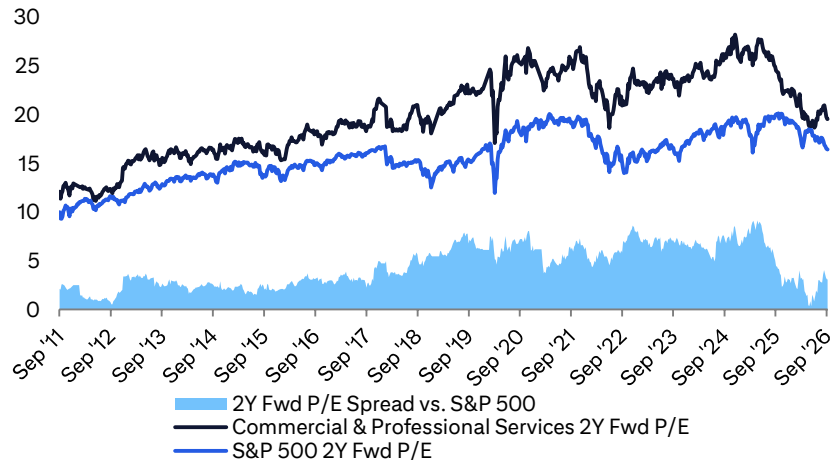
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

Neutral

- The valuation gap to the index has narrowed and composite has fallen.
- PEG ratio down yet stretched relative to the broader index.

P/E 2Y Fwd

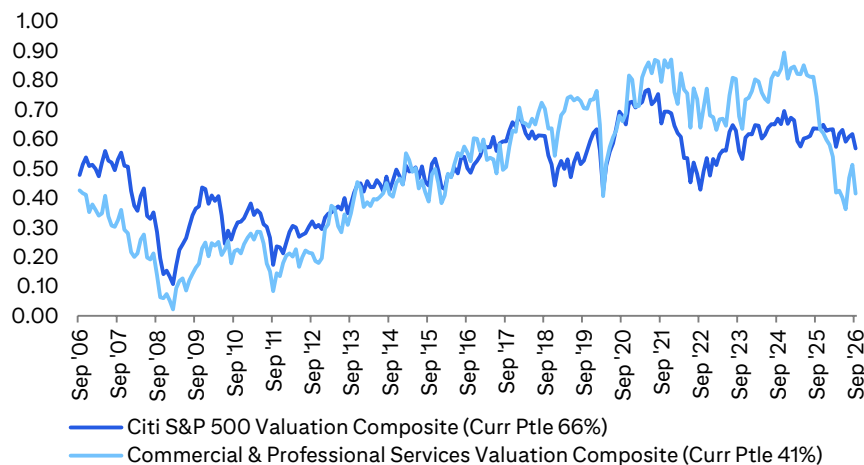


Valuation Metrics

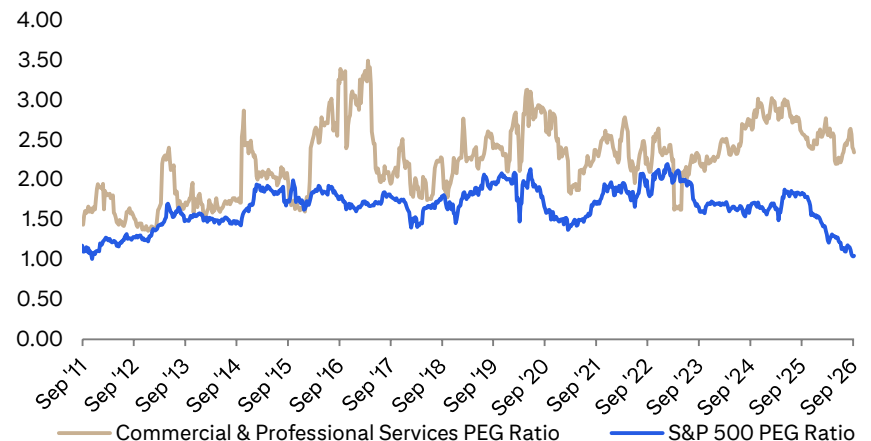
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	21.40	19.12	3.51	3.24
3M Ago	20.43	20.08	3.34	3.24
6M Ago	21.11	19.23	3.43	2.92
1Y Ago	27.06	22.64	4.33	3.22
20Y Median	19.39	16.34	2.26	1.83
Ptile -20Y	60%	77%	76%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	15.92	15.30	7.25	4.62
3M Ago	14.79	15.74	6.89	4.68
6M Ago	15.52	14.85	6.76	4.22
1Y Ago	20.20	17.36	8.15	4.76
20Y Median	12.67	11.61	3.89	2.66
Ptile -20Y	69%	81%	85%	95%

Valuation Composite



PEG Ratio

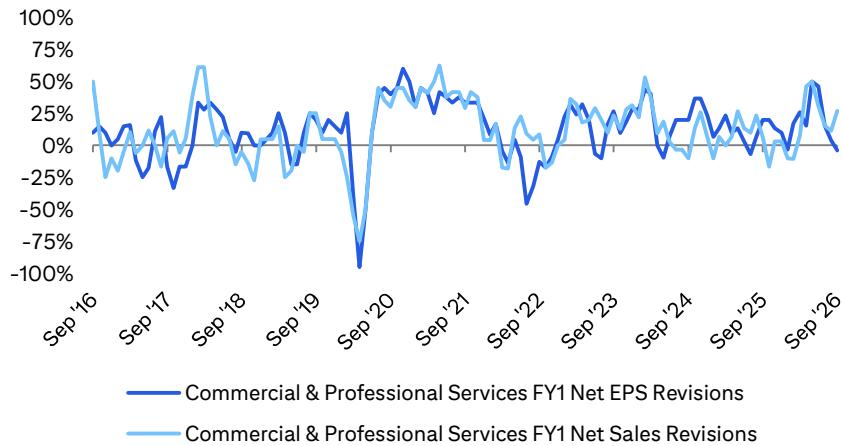


Sentiment

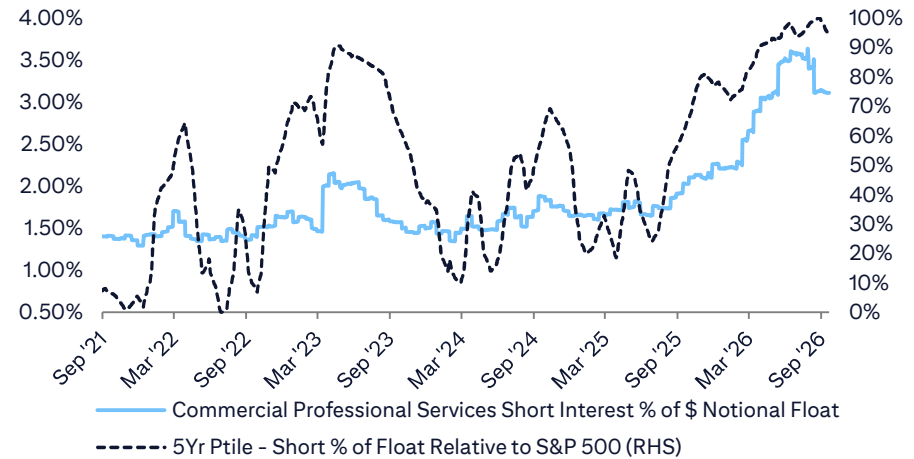
Neutral

- Revisions weaker of late.
- Insider buying has fallen, but shorts starting to come off.

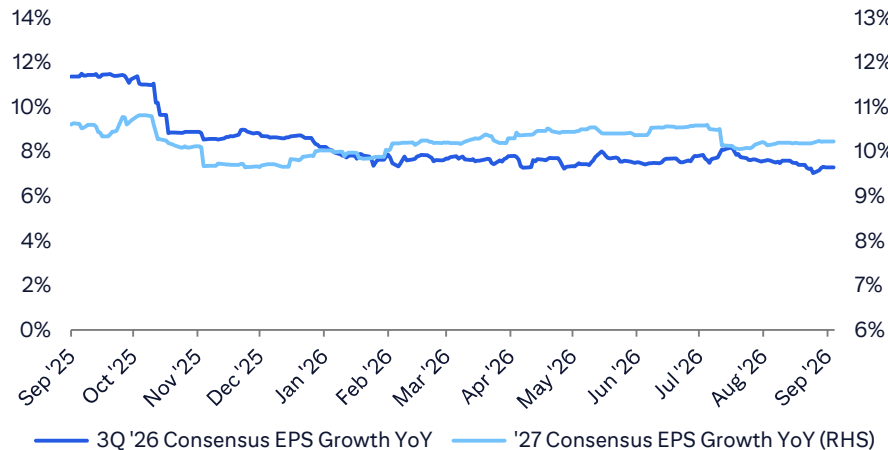
Net FY1 EPS & Sales Revisions



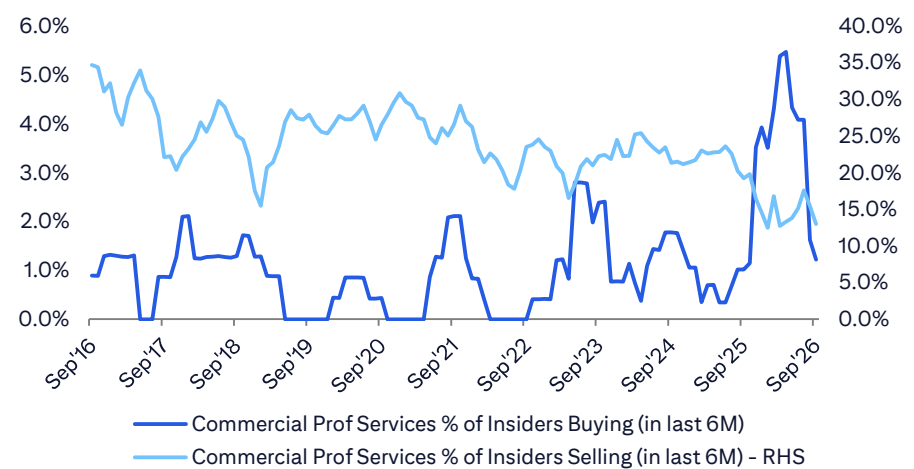
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

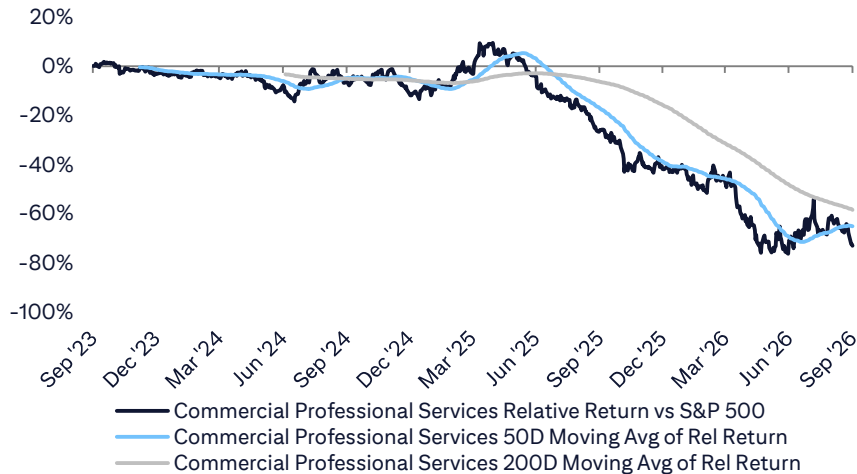


Trading

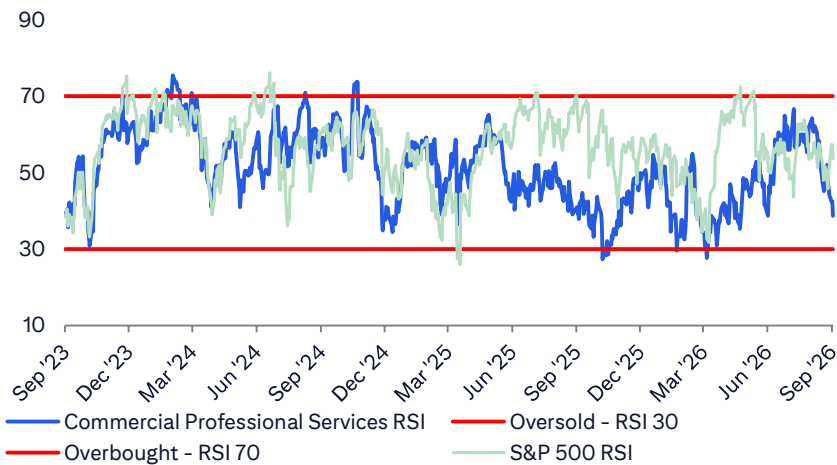
Negative

- Relative performance has sharply decelerated for this macro neutral defensive.
- Not yet near oversold, Put/Call ratio starting to pick up relative to broader index.

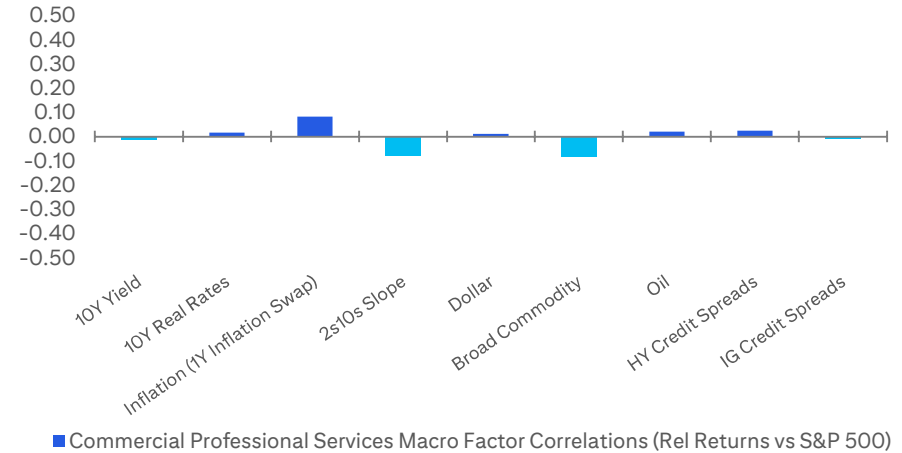
Relative Performance



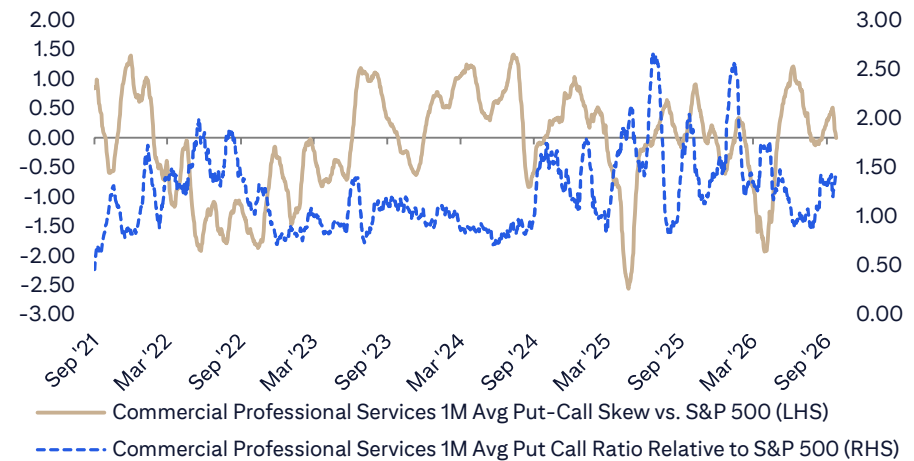
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



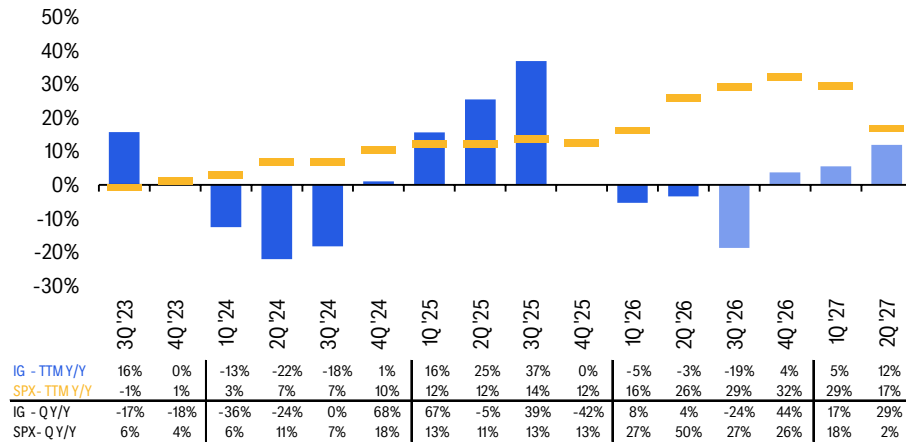
Transportation: Fundamentals

Market Weight

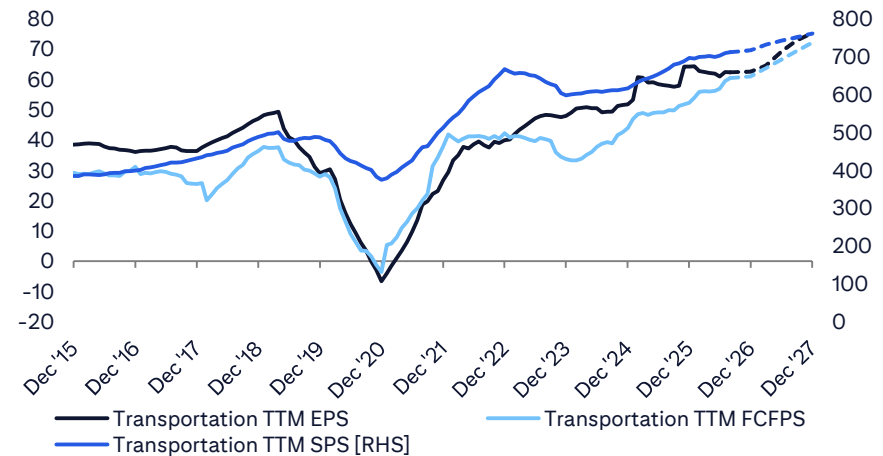
Fundamentals **Neutral**

- EPS growth is a mixed set up.
- Debt setups are pretty good relative to the index but return metrics less so. The latter is likely a function of lower margins versus peak.

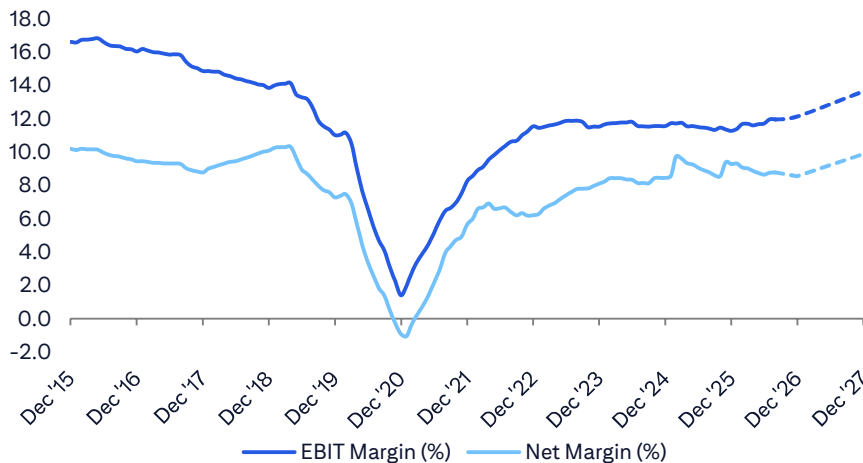
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.90	0.35	0.31	7.3	23.3%	7.4%	13.5%
6M Prior	0.91	0.36	0.27	7.4	24.1%	7.7%	13.8%
12M Prior	0.99	0.38	0.27	6.9	24.3%	8.2%	14.8%
3Y Median	1.05	0.38	0.29	6.7	25.3%	7.3%	13.5%
10Y Median	1.15	0.41	0.29	7.2	26.5%	6.7%	12.6%
Curr Ptile (10Y)	0%	3%	60%	50%	20%	68%	65%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Transportation: Valuations

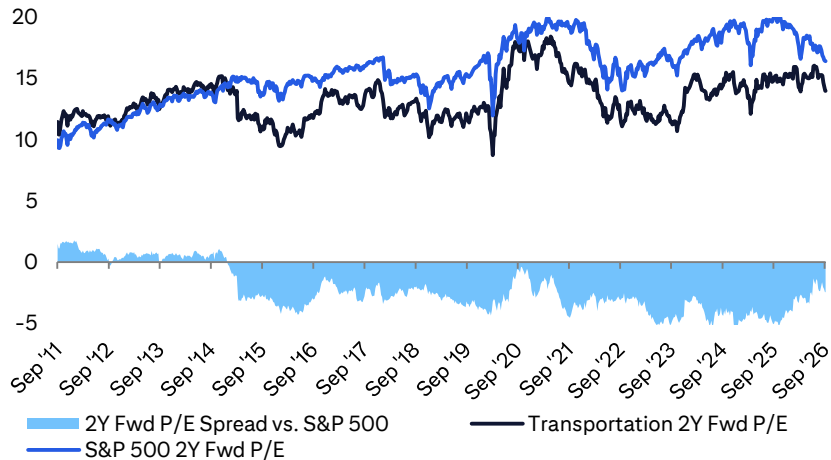
Market Weight

Valuations

Neutral

- Valuations have compressed over Q3 in absolute terms as well as relative to the broader index.
- Hereto, PEG ratio has fallen but valuation composite more mixed.

P/E 2Y Fwd

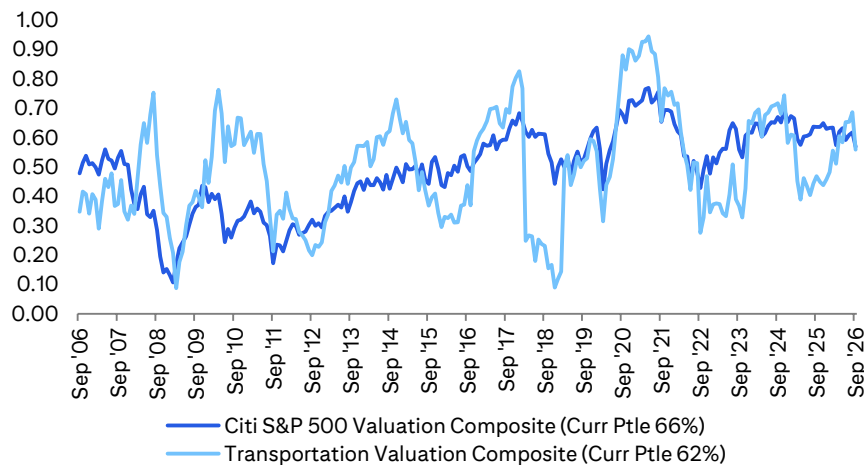


Valuation Metrics

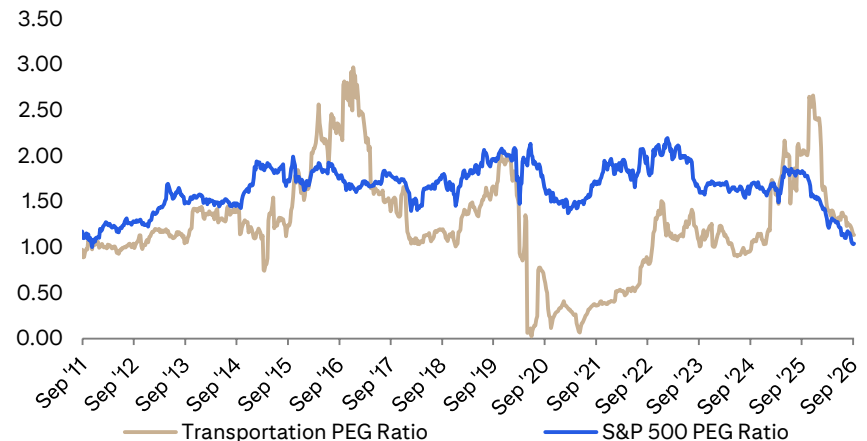
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.48	19.12	1.58	3.24
3M Ago	19.10	20.08	1.74	3.24
6M Ago	16.32	19.23	1.53	2.92
1Y Ago	17.34	22.64	1.56	3.22
20Y Median	15.28	16.34	1.36	1.83
Ptile -20Y	72%	77%	86%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	10.71	15.30	3.88	4.62
3M Ago	11.90	15.74	4.38	4.68
6M Ago	9.96	14.85	3.81	4.22
1Y Ago	10.66	17.36	4.13	4.76
20Y Median	9.20	11.61	3.66	2.66
Ptile -20Y	85%	81%	63%	95%

Valuation Composite



PEG Ratio

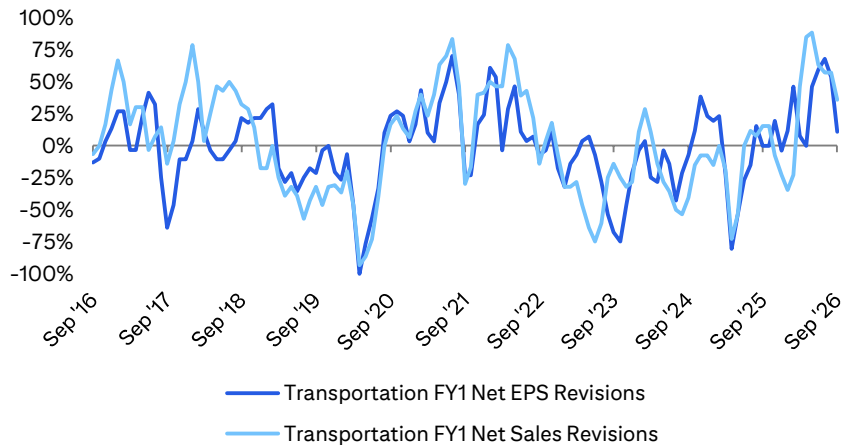


Sentiment

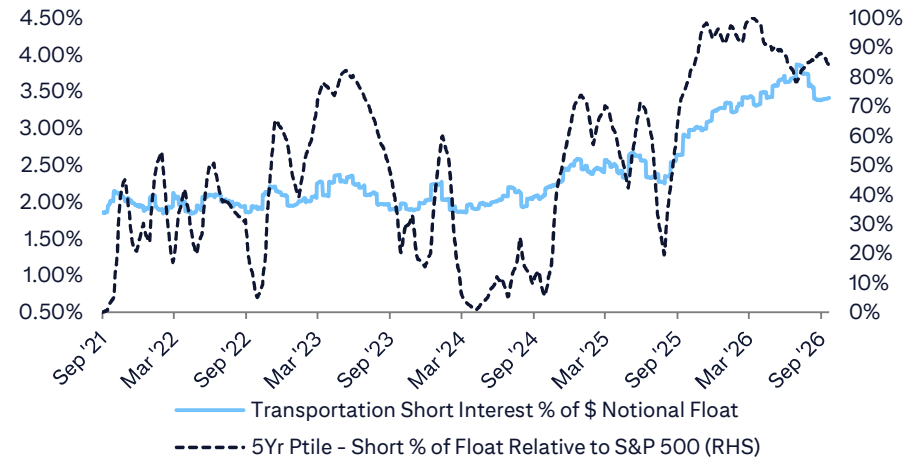
Neutral

- Net revisions have come off.
- Insider buying has faded but consensus growth for '27 looks pretty good.

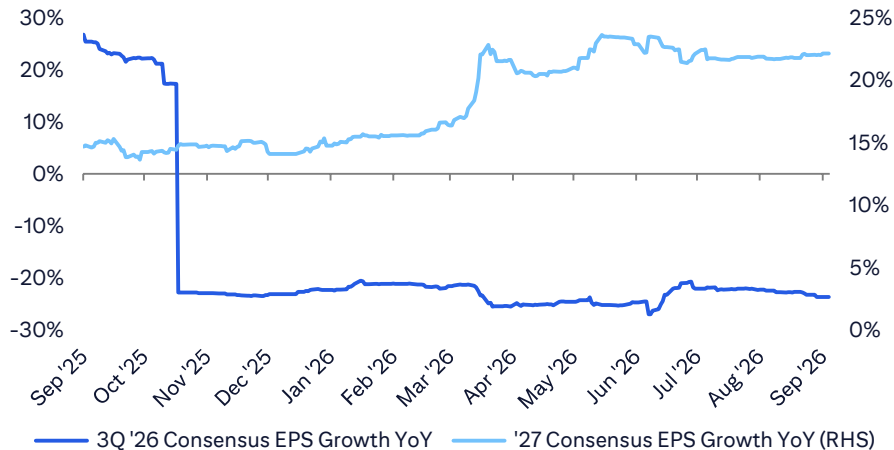
Net FY1 EPS & Sales Revisions



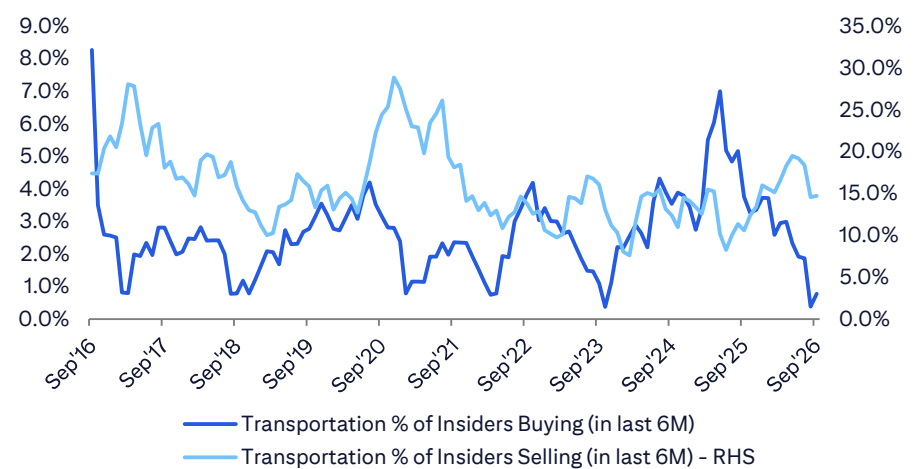
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

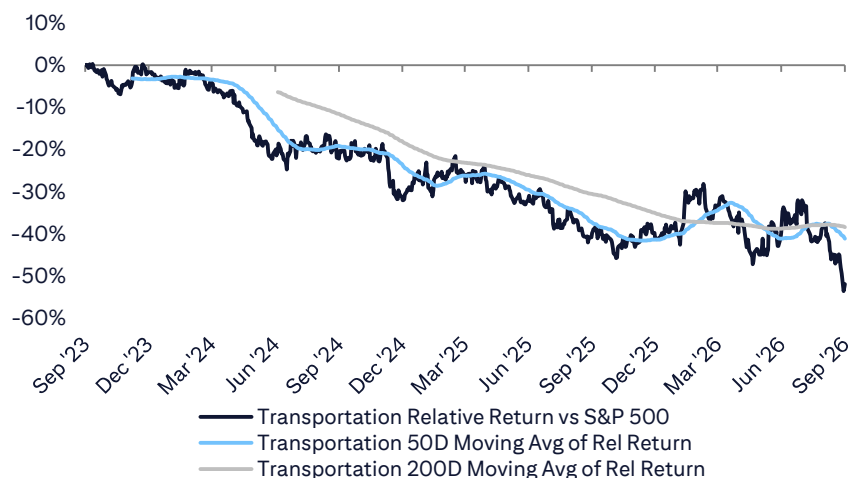


Trading

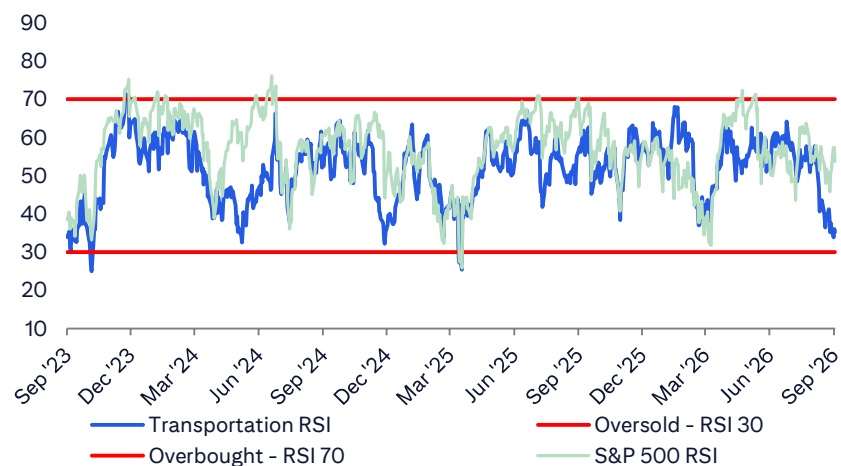
Neutral

- Relative performance took a hit during Q3.
- RSI near oversold, Put/Call data mixed.

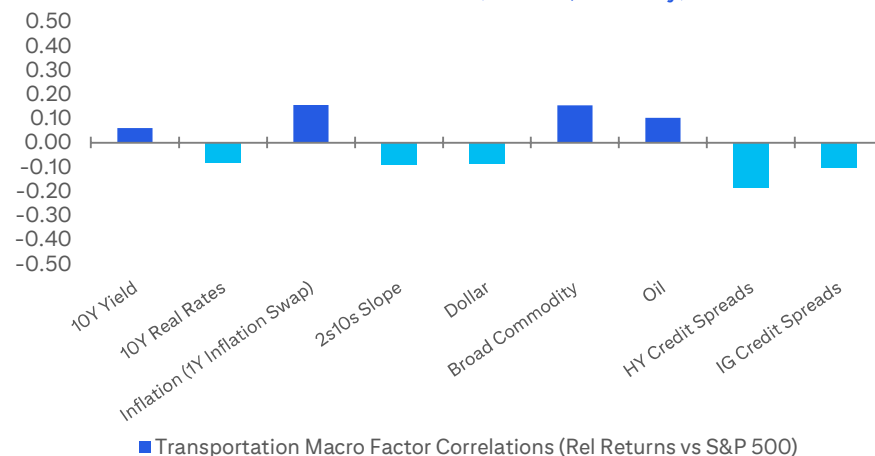
Relative Performance



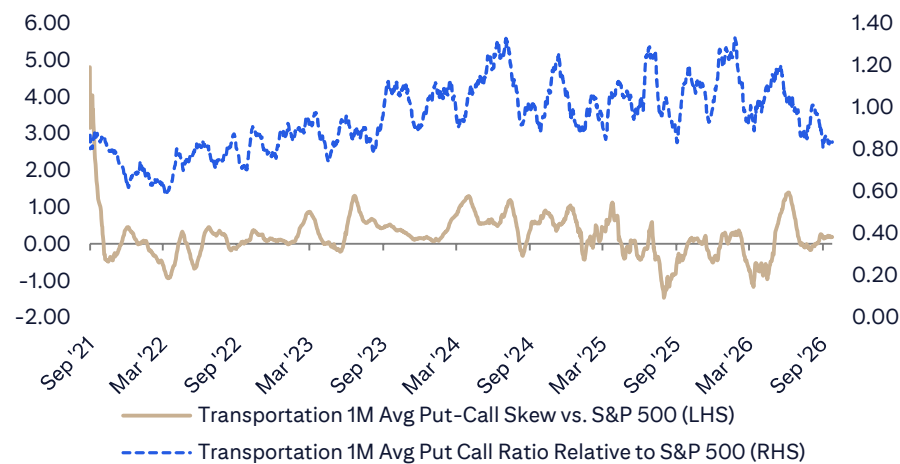
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

INFORMATION TECHNOLOGY

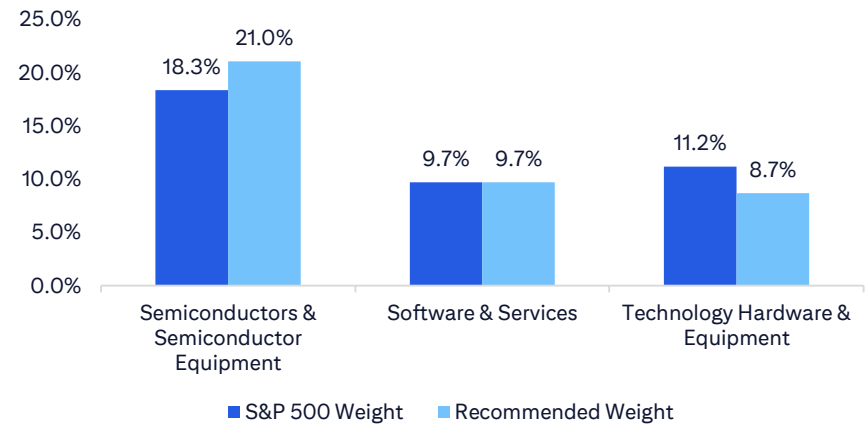
Semiconductors & Semi Equipment – Overweight

Software & Services – Market Weight

Technology Hardware & Equipment – Underweight

- Information Technology remains Market Weight. But the composition changes as we lift Semis and lower HW.
- Semiconductors & Semiconductor Equipment is raised back to OW. Fundamentals are still offering a lot to like while valuations have improved.
- Software & Services remains MW. Relative performance has improved but valuations have stretched commensurately.
- Technology Hardware & Equipment is lowered back to Underweight. A strong Q3 move has priced in much of the expected fundamental improvement.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
NVDA	NVIDIA Corp	Semis & Semi Equipment	20.7%	44.5%
AAPL	Apple Inc	Tech Hardware & Equipment	18.8%	66.0%
MSFT	Microsoft Corp	Software & Services	14.6%	58.3%
AVGO	Broadcom Inc	Semis & Semi Equipment	6.4%	13.7%
MU	Micron Technology Inc	Semis & Semi Equipment	4.7%	10.0%
AMD	Advanced Micro Devices Inc	Semis & Semi Equipment	3.9%	8.4%
INTC	Intel Corp	Semis & Semi Equipment	2.3%	5.0%
PLTR	Palantir Technologies Inc	Software & Services	1.7%	6.7%
CSCO	Cisco Systems Inc	Tech Hardware & Equipment	1.6%	5.7%
LRCX	Lam Research Corp	Semis & Semi Equipment	1.5%	3.2%

Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
ORCL	Oracle Corp	139.54	1	137%
CIEN	Ciena Corp	358.43	1	81%
PATH	UiPath Inc	12.6	1H	80%
IPGP	IPG Photonics Corp	77.42	1	75%
FSLR	First Solar Inc	172.16	1H	69%
MKSI	MKS Inc	257.98	1	65%
WDC	Western Digital Corp	450.31	1	63%
AEIS	Advanced Energy Industries Inc	278.03	1	62%
BL	BlackLine Inc	27.89	1	60%
DBX	Dropbox Inc	32.66	3	-11%
SEDG	SolarEdge Technologies Inc	31.91	3H	-9%

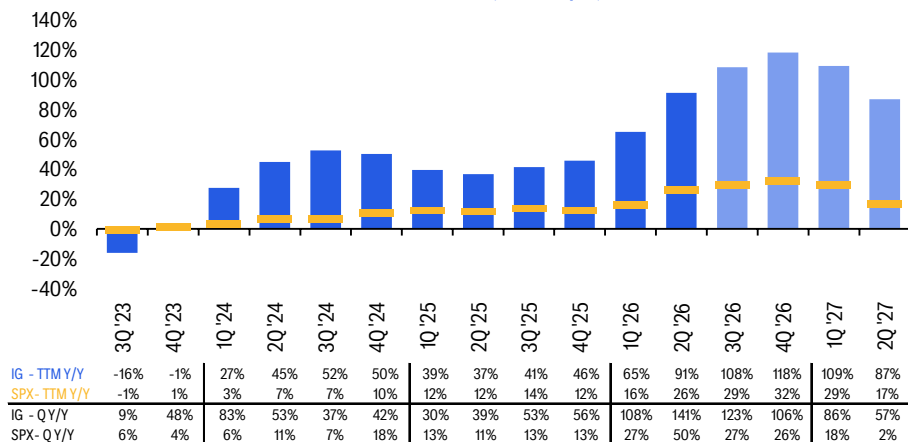
Semiconductors & Semi Equip: Fundamentals

Overweight

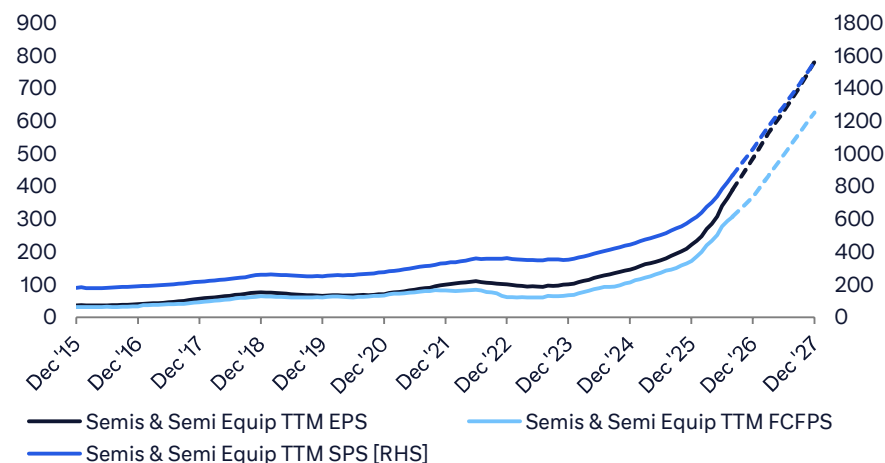
Fundamentals Positive

- Strong earnings and FCF growth continues to outpace the index.
- Margins are healthy relative to history and improving. Return metrics continue to be impressive as well.

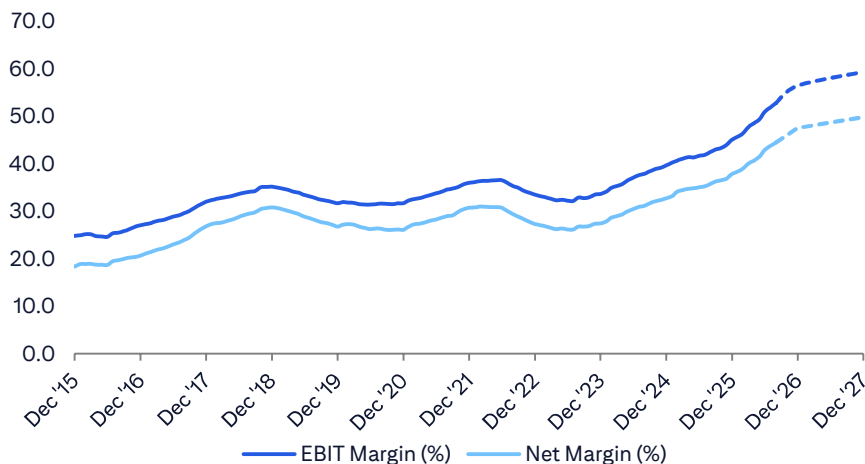
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.28	-0.01	1.05	38.3	44.5%	26.4%	33.7%
6M Prior	0.32	0.03	0.87	24.7	36.9%	19.2%	24.2%
12M Prior	0.38	0.08	0.72	18.2	32.9%	15.4%	19.5%
3Y Median	0.41	0.10	0.66	13.2	29.3%	12.1%	15.5%
10Y Median	0.46	0.11	0.66	14.0	29.4%	12.1%	15.7%
Curr Ptile (10Y)	0%	0%	100%	100%	100%	100%	100%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Semiconductors & Semi Equip: Valuations

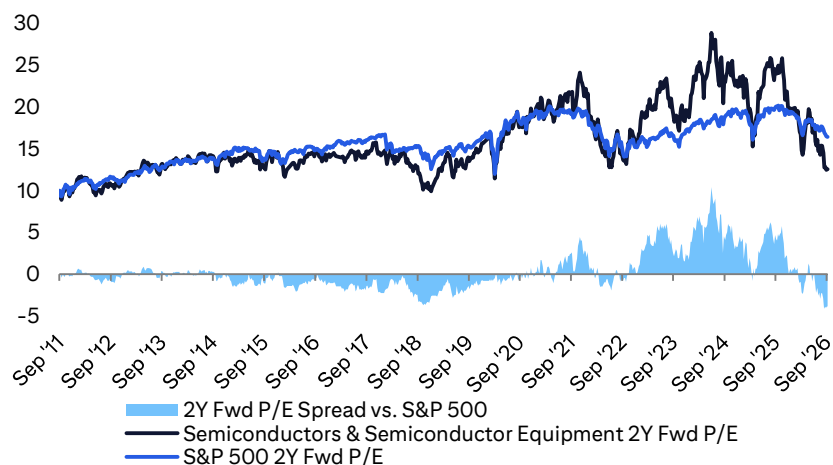
Overweight

Valuations

Positive

- Traditional valuations have compressed relative to the S&P 500.
- A below market PE and falling PEG speak to the lack of conviction in out year growth estimates.

P/E 2Y Fwd

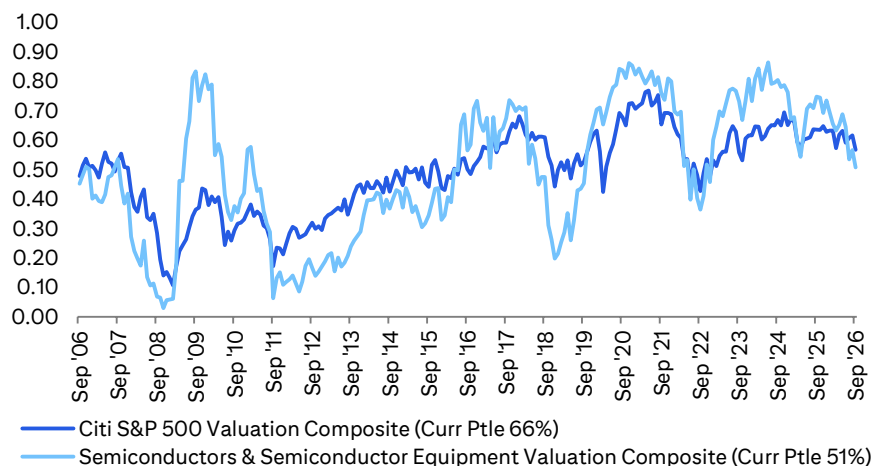


Valuation Metrics

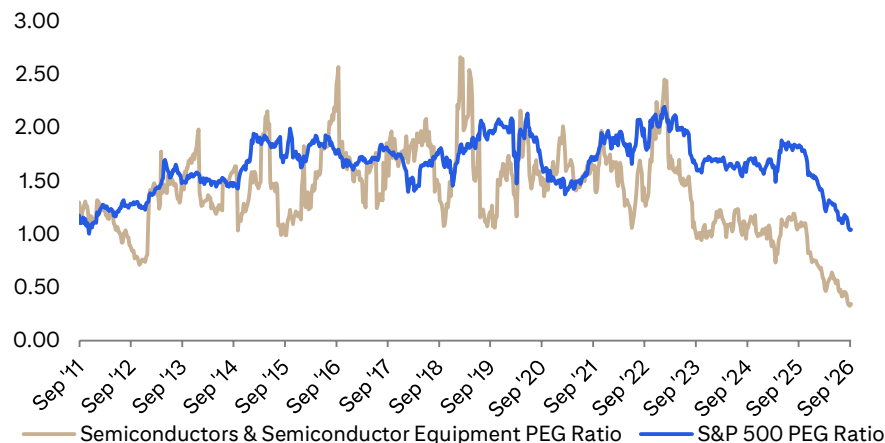
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.84	19.12	8.69	3.24
3M Ago	21.35	20.08	10.26	3.24
6M Ago	18.49	19.23	8.42	2.92
1Y Ago	29.61	22.64	11.80	3.22
20Y Median	15.67	16.34	3.42	1.83
Ptile -20Y	58%	77%	88%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.74	15.30	8.75	4.62
3M Ago	20.59	15.74	9.87	4.68
6M Ago	17.53	14.85	7.77	4.22
1Y Ago	26.81	17.36	10.58	4.76
20Y Median	11.14	11.61	3.33	2.66
Ptile -20Y	82%	81%	91%	95%

Valuation Composite



PEG Ratio



Semiconductors & Semi Equip: Sentiment

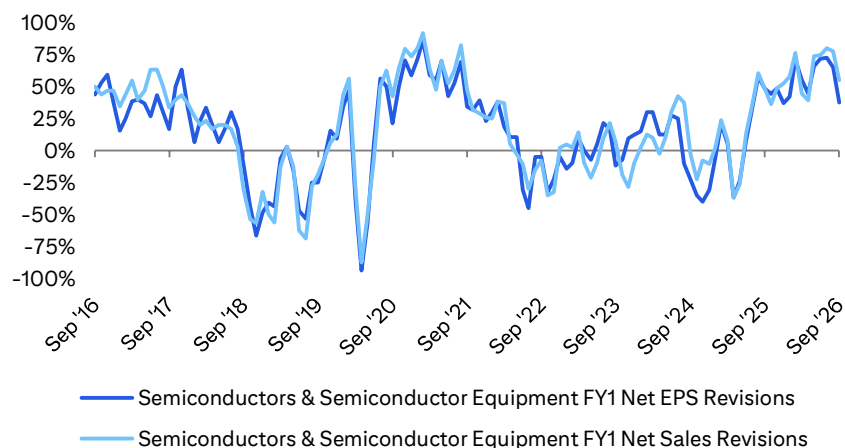
Overweight

Sentiment

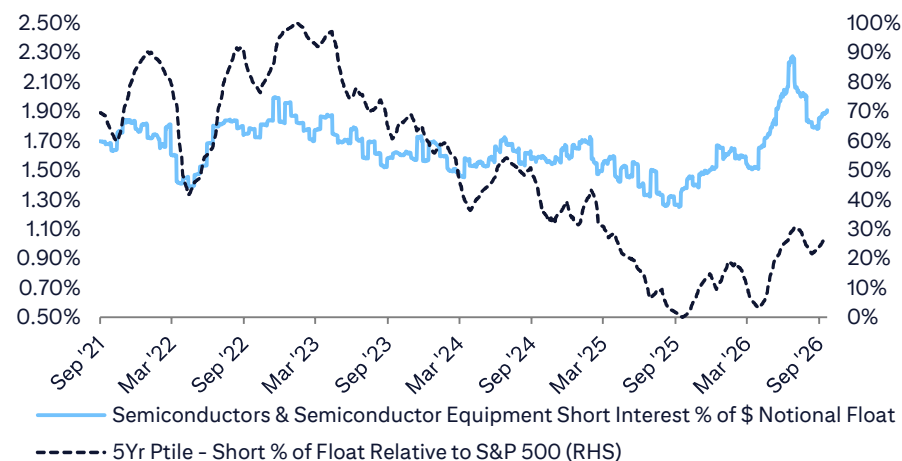
Neutral

- Net revisions are quite positive for each of EPS and Sales but are starting to fade.
- Consensus '27 EPS growth expectations continue to climb, a standout relative to the broader opportunity set.

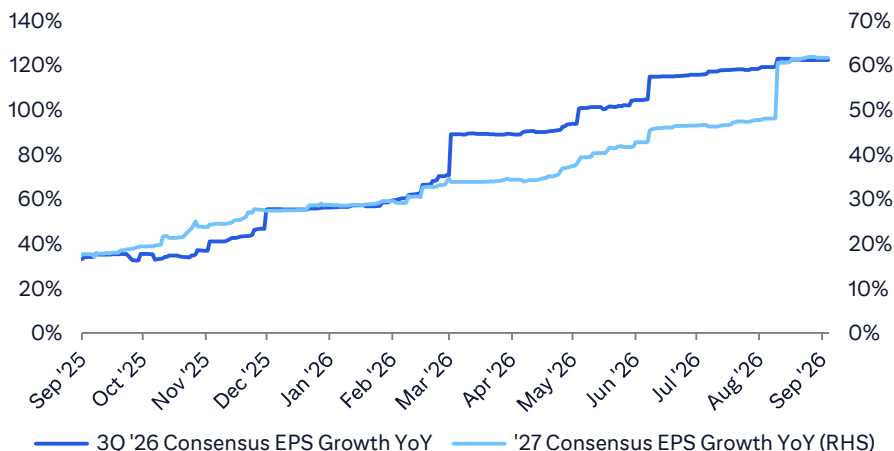
Net FY1 EPS & Sales Revisions



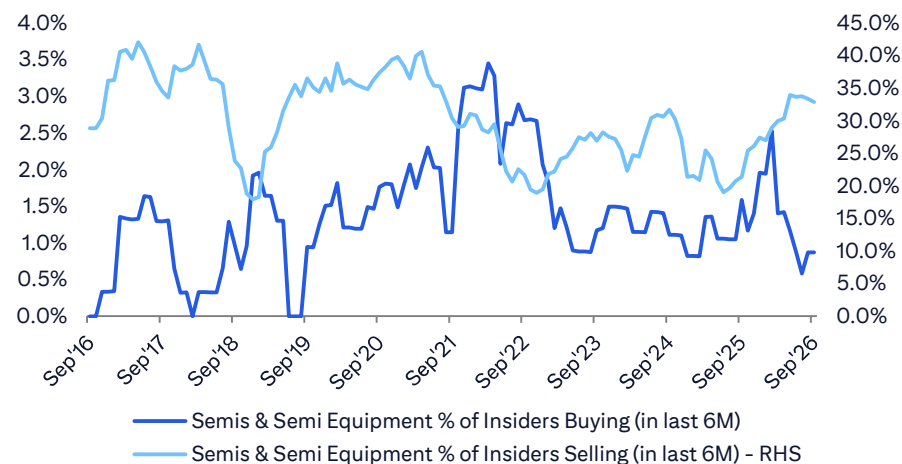
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

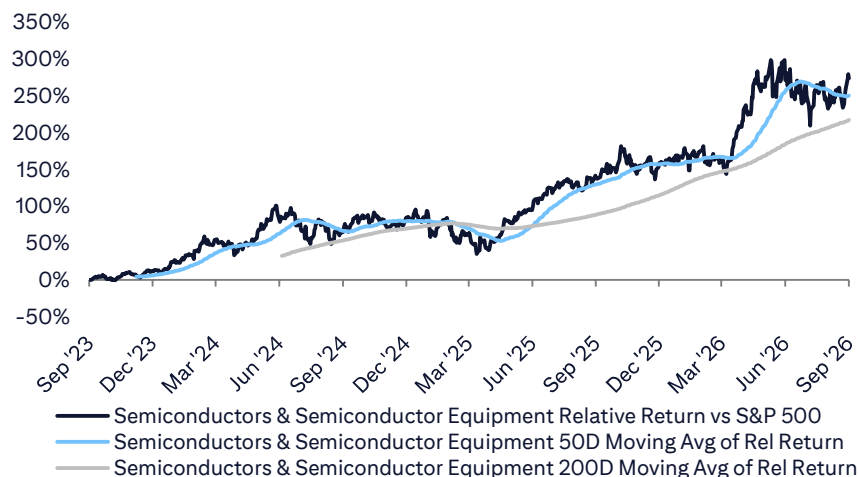


Trading

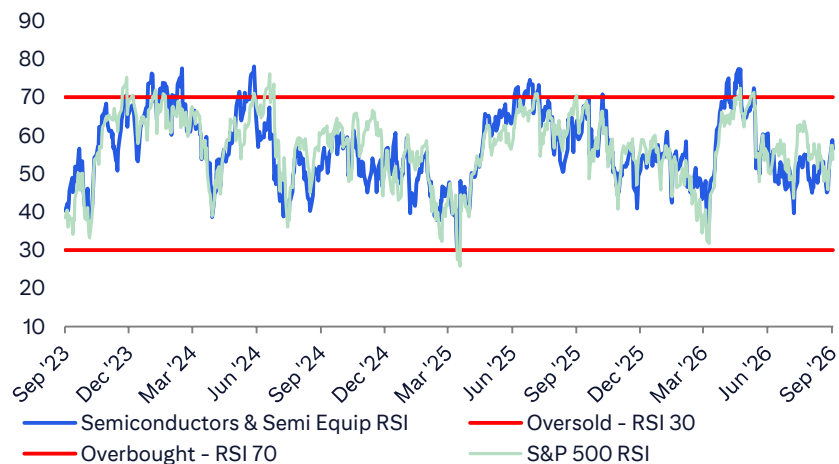
Neutral

- Relative performance improving after digesting early year gains.
- Put/Call data suggesting no complacency, skew more balanced now relative to the broader index.

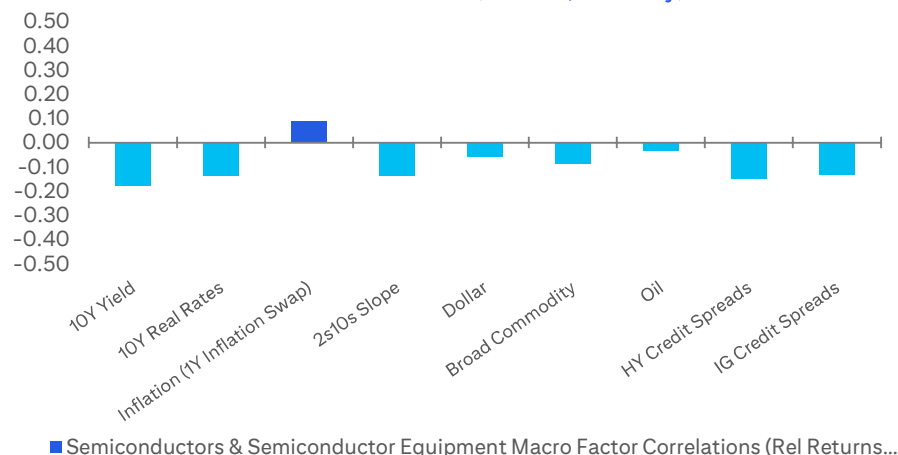
Relative Performance



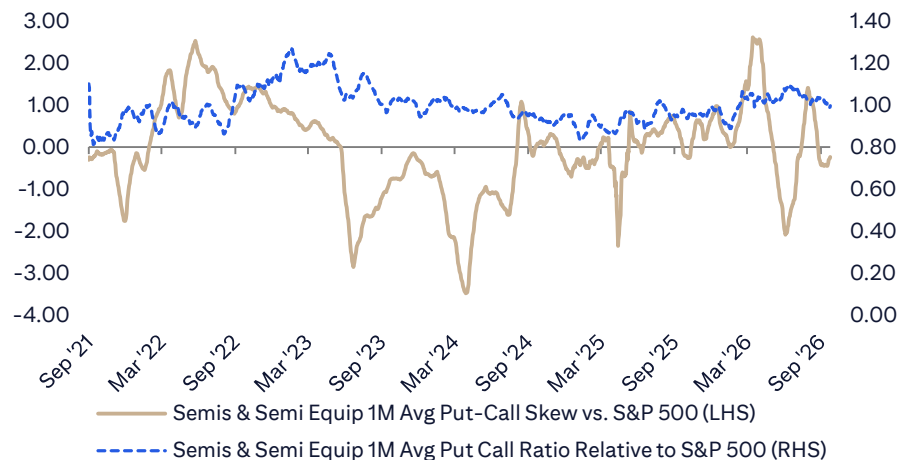
Relative Strength Index



Macro Correlations (10 Year, Monthly)



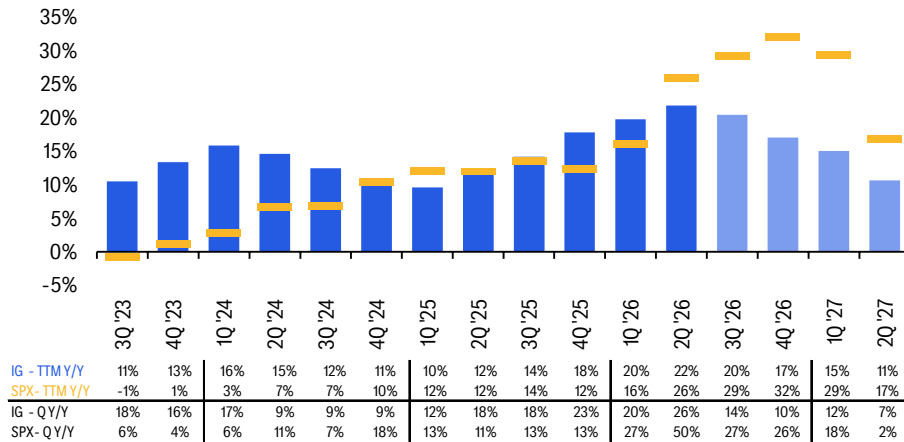
Put/Call Ratio & Implied Vol Skew



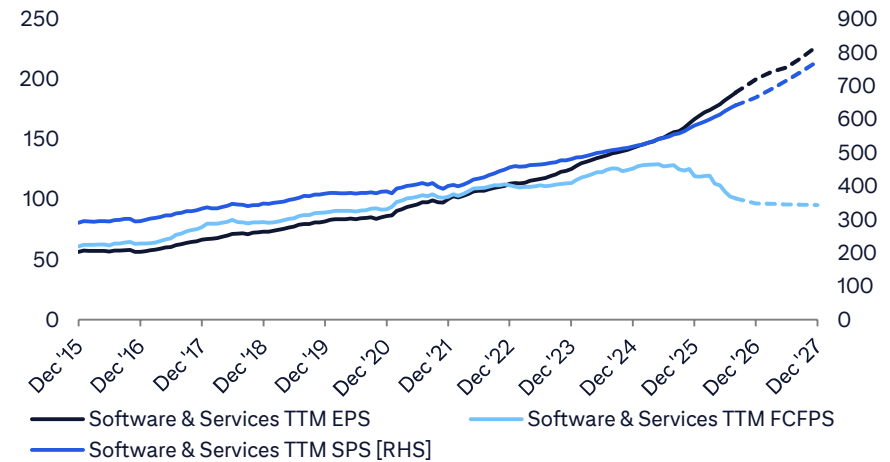
Fundamentals Negative

- Growth deceleration ahead, with FCF under pressure.
- Quality metrics remain impressive in absolute terms, net margins expected to roll over.

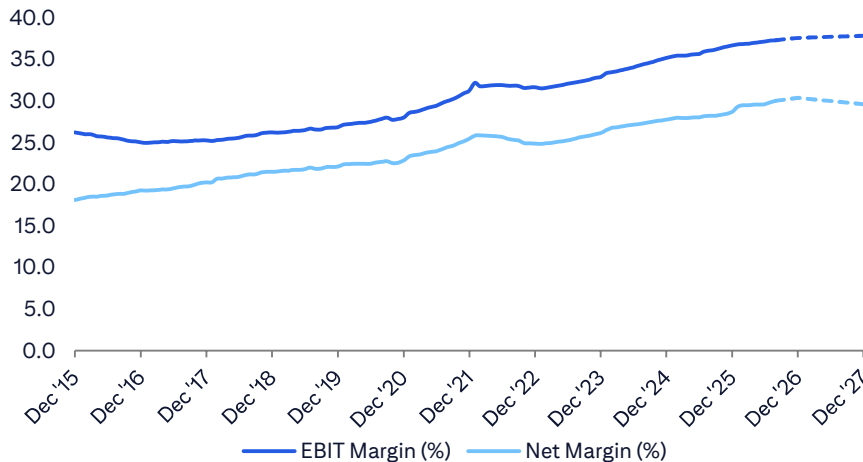
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.46	0.17	0.50	20.8	28.3%	12.6%	18.8%
6M Prior	0.42	0.12	0.62	21.7	28.6%	12.8%	19.1%
12M Prior	0.43	0.10	0.69	21.8	28.0%	12.0%	18.1%
3Y Median	0.44	0.10	0.68	21.1	29.3%	12.7%	19.1%
10Y Median	0.53	0.07	0.82	18.5	29.0%	10.1%	17.1%
Curr Ptile (10Y)	23%	100%	0%	80%	38%	85%	80%

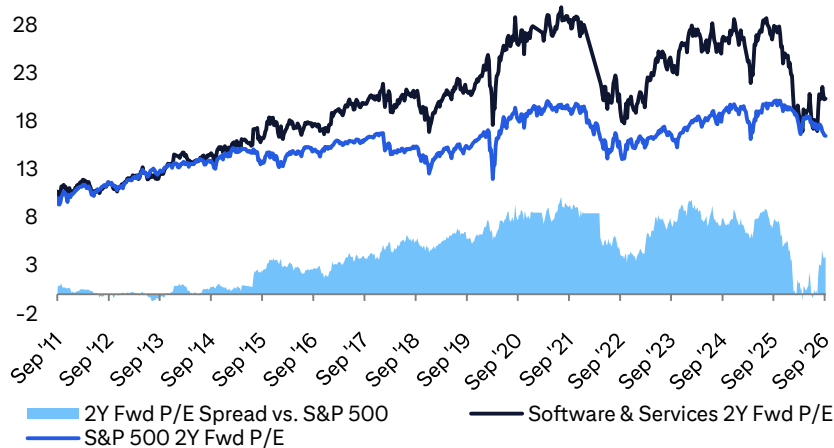
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

Neutral

- Traditional valuations rerated higher during Q3, fwd PE added nearly 5 turns this past Q relative to the index.
- But PEG ratios have come in and sit on the lower end of the 15-year range.

P/E 2Y Fwd

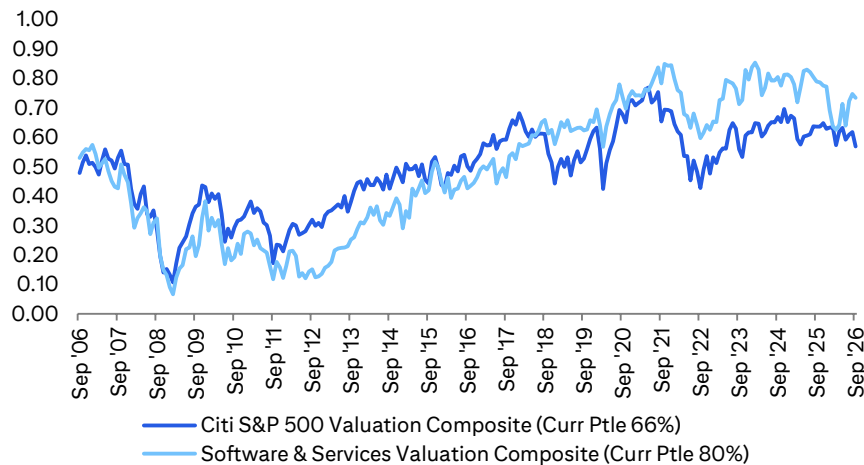


Valuation Metrics

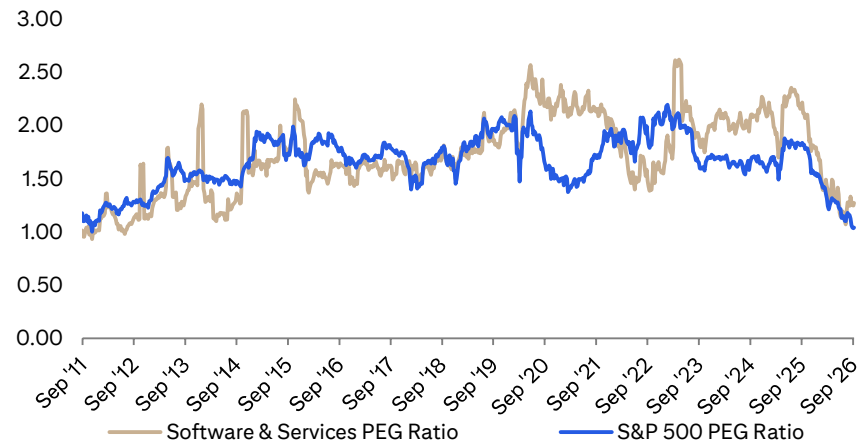
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	24.05	19.12	7.16	3.24
3M Ago	20.18	20.08	6.04	3.24
6M Ago	19.87	19.23	5.88	2.92
1Y Ago	32.14	22.64	9.21	3.22
20Y Median	20.47	16.34	4.55	1.83
Ptile -20Y	71%	77%	79%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.39	15.30	6.35	4.62
3M Ago	14.21	15.74	5.45	4.68
6M Ago	14.73	14.85	5.34	4.22
1Y Ago	24.06	17.36	8.29	4.76
20Y Median	15.63	11.61	4.57	2.66
Ptile -20Y	57%	81%	63%	95%

Valuation Composite



PEG Ratio

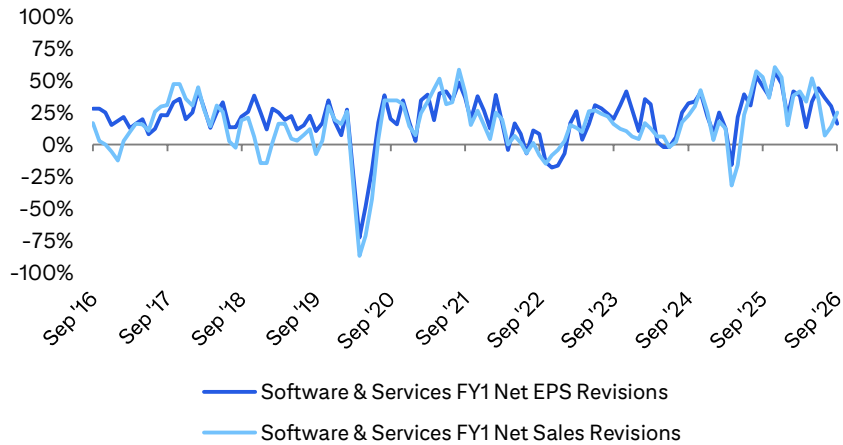


Sentiment

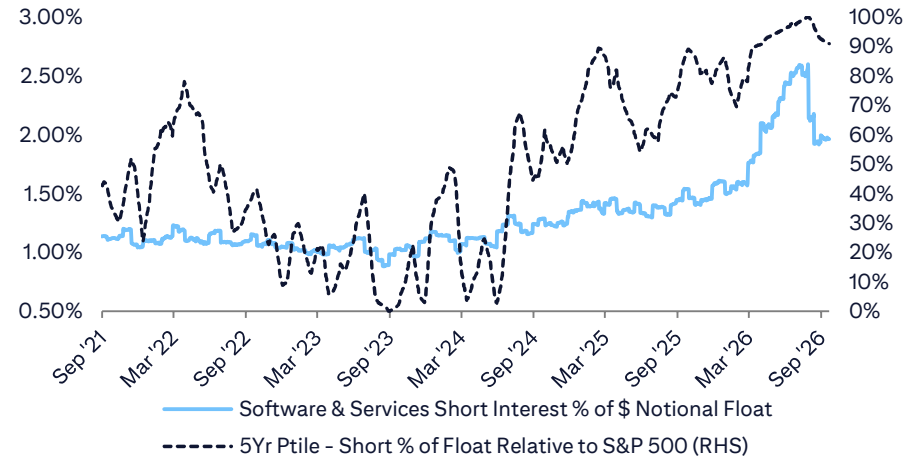
Neutral

- Net revisions solid but decelerating, consensus growth expectations stable in recent months.
- Insider buying has taken a step back, short covering evident but already most of the way back to early '26 levels.

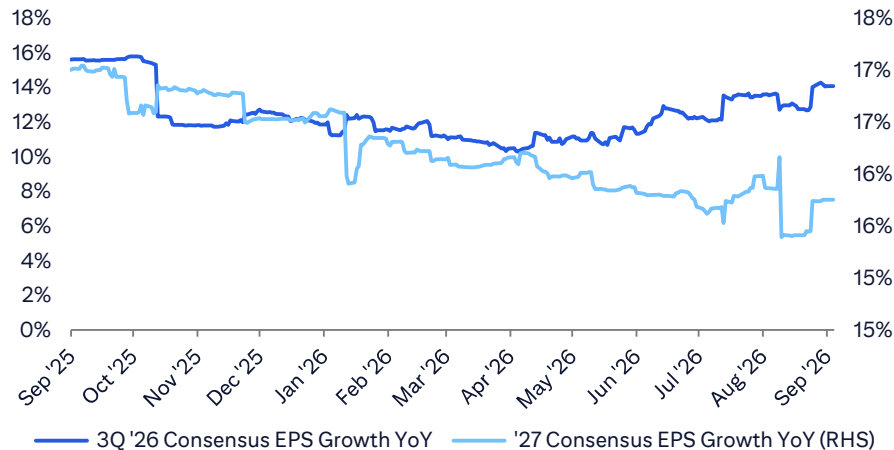
Net FY1 EPS & Sales Revisions



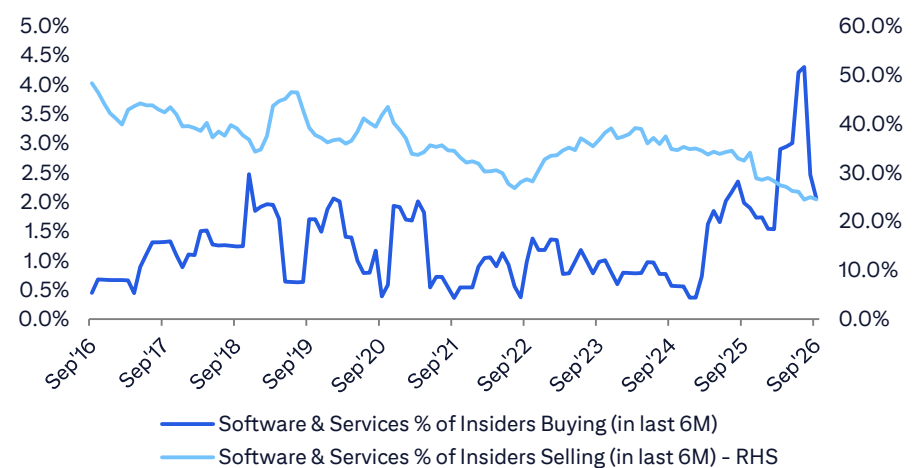
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

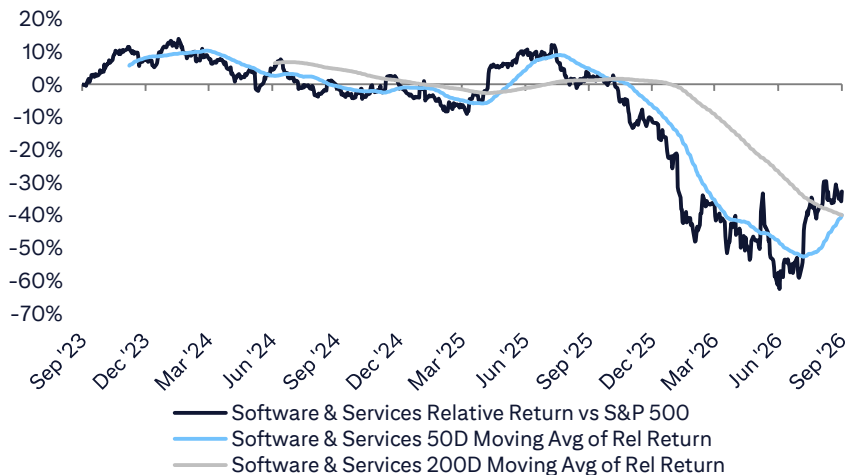


Trading

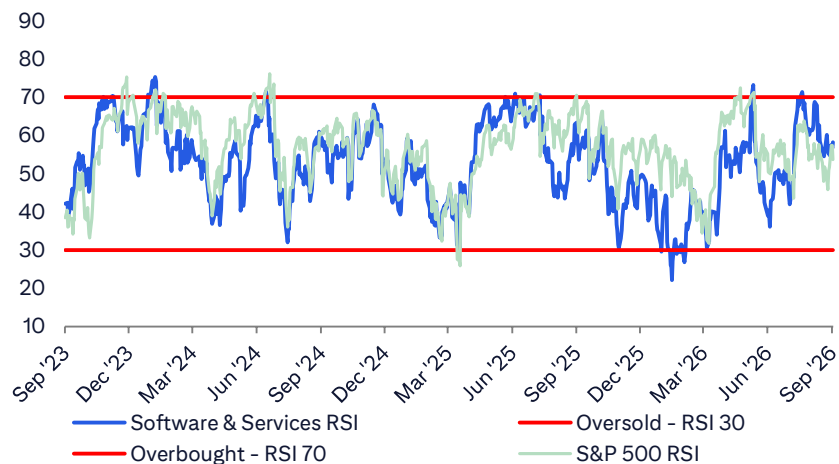
Positive

- Relative performance improved notably during Q3.
- RSI more neutral after reaching overbought earlier in the Q, put call skew much less euphoric relative to the prior few months.

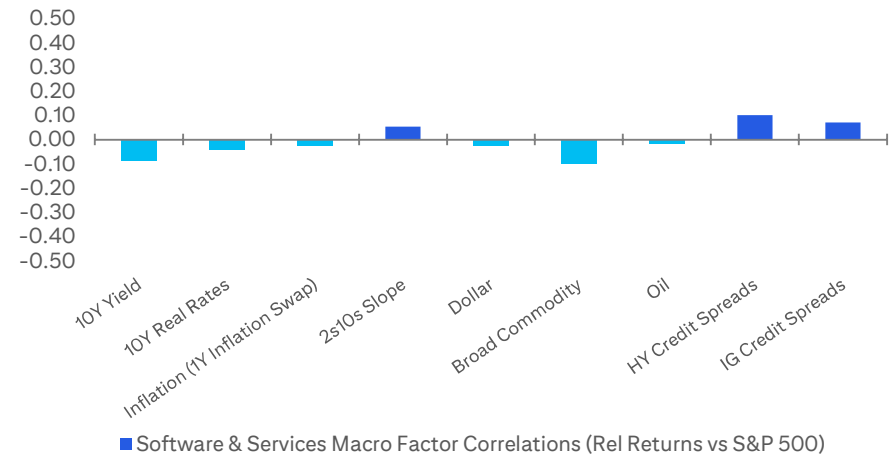
Relative Performance



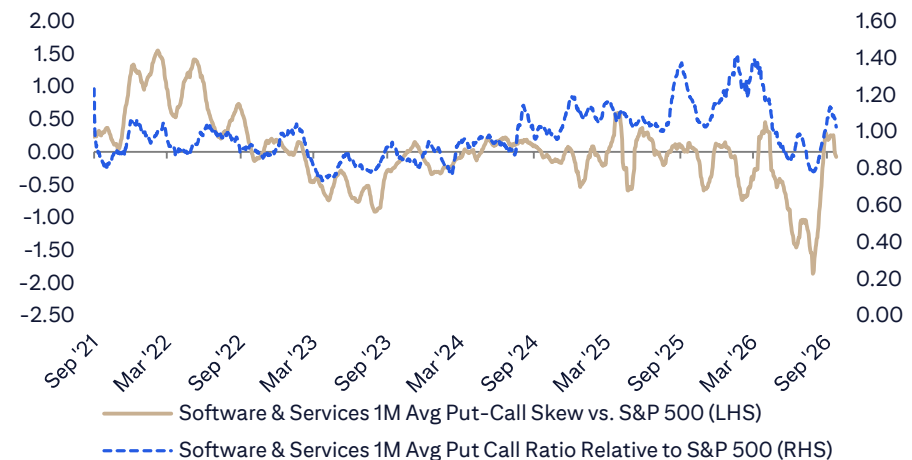
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



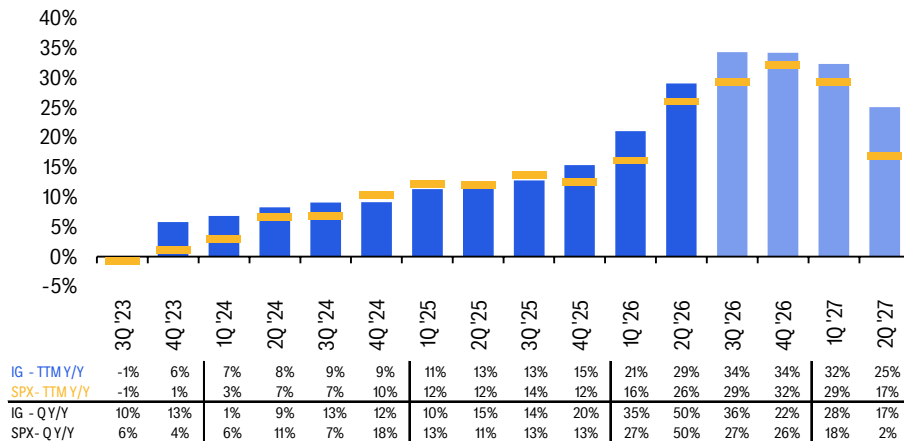
Tech Hardware & Equipment: Fundamentals

Underweight

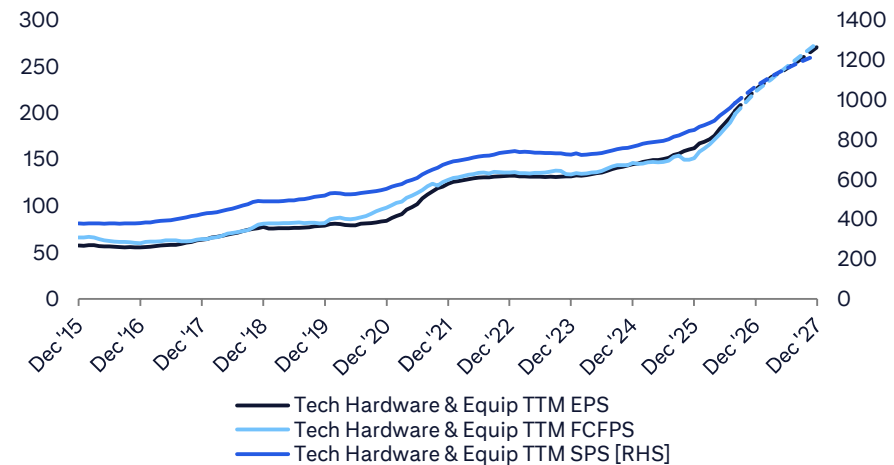
Fundamentals Neutral

- EPS growth expectations are at risk of peaking, while margin trajectory starting to flatten out.
- Quality metrics are fine.

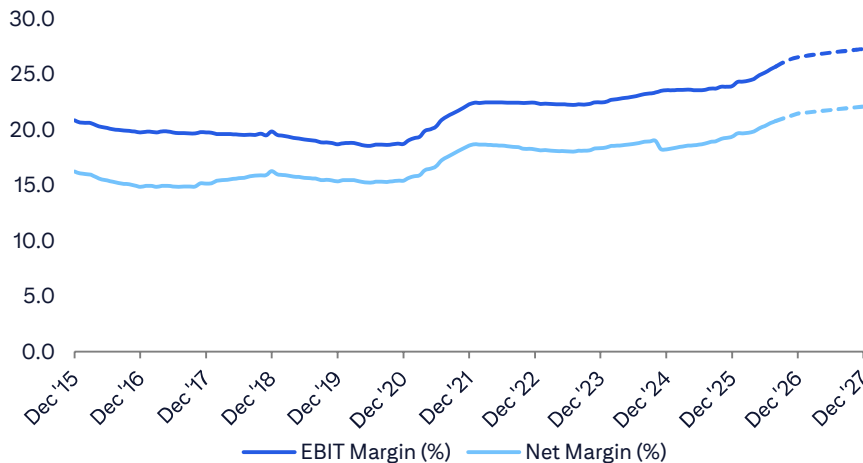
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.61	0.17	0.61	#N/A	63.1%	18.9%	37.9%
6M Prior	0.74	0.20	0.58	#N/A	65.8%	16.8%	34.2%
12M Prior	0.88	0.26	0.50	#N/A	68.5%	16.4%	33.0%
3Y Median	0.81	0.22	0.56	#N/A	65.4%	16.9%	33.4%
10Y Median	0.82	0.17	0.63	#N/A	60.0%	15.2%	29.6%
Curr Ptile (10Y)	8%	48%	48%	#N/A	60%	100%	100%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

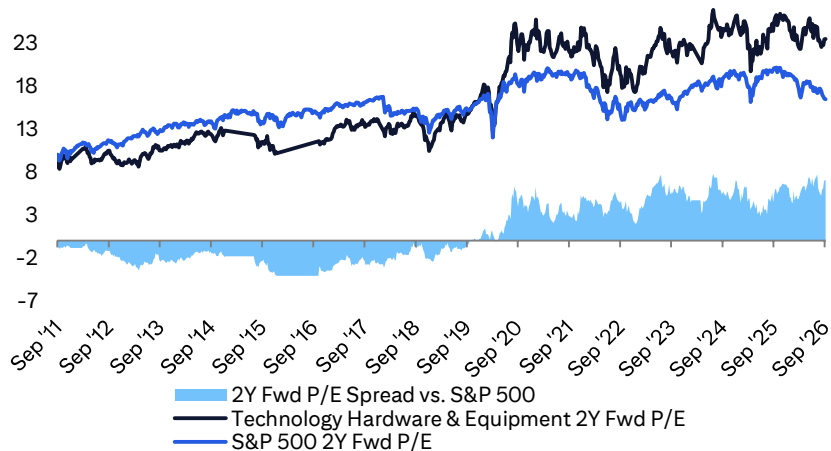
Tech Hardware & Equipment: Valuations

Underweight

Valuations Negative

- Multiples remain high vs history.
- The valuation composite is one of the more elevated, implying little room for fundamental missteps.

P/E 2Y Fwd

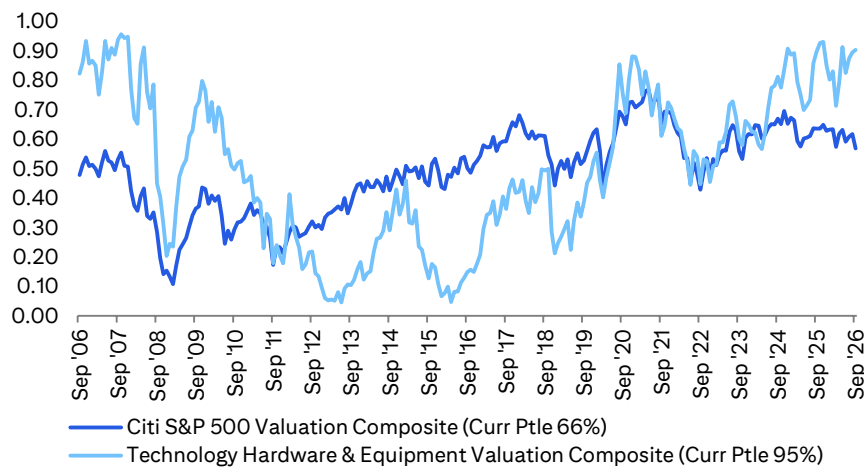


Valuation Metrics

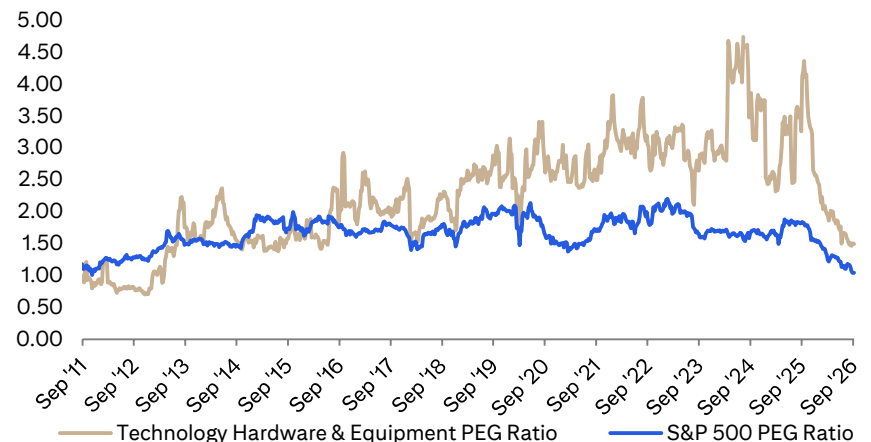
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	27.49	19.12	6.03	3.24
3M Ago	27.57	20.08	5.96	3.24
6M Ago	24.97	19.23	5.21	2.92
1Y Ago	28.34	22.64	5.76	3.22
20Y Median	15.01	16.34	2.36	1.83
Ptile -20Y	96%	77%	99%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	24.78	15.30	15.59	4.62
3M Ago	24.46	15.74	15.54	4.68
6M Ago	22.13	14.85	15.29	4.22
1Y Ago	24.64	17.36	18.47	4.76
20Y Median	11.54	11.61	3.79	2.66
Ptile -20Y	98%	81%	87%	95%

Valuation Composite



PEG Ratio

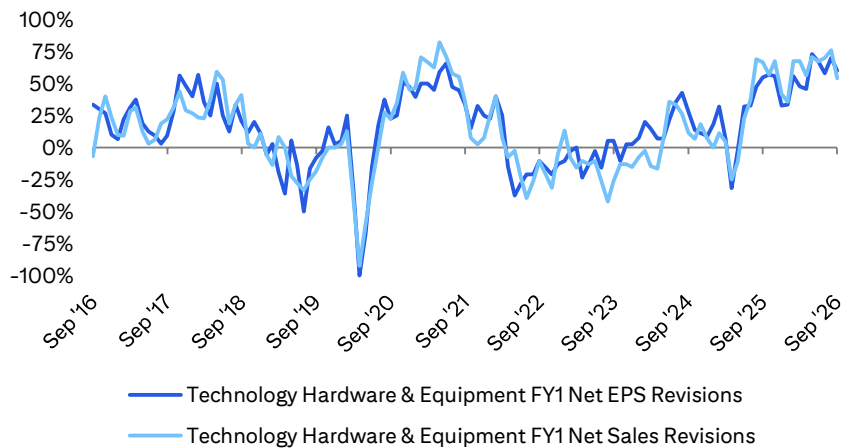


Sentiment

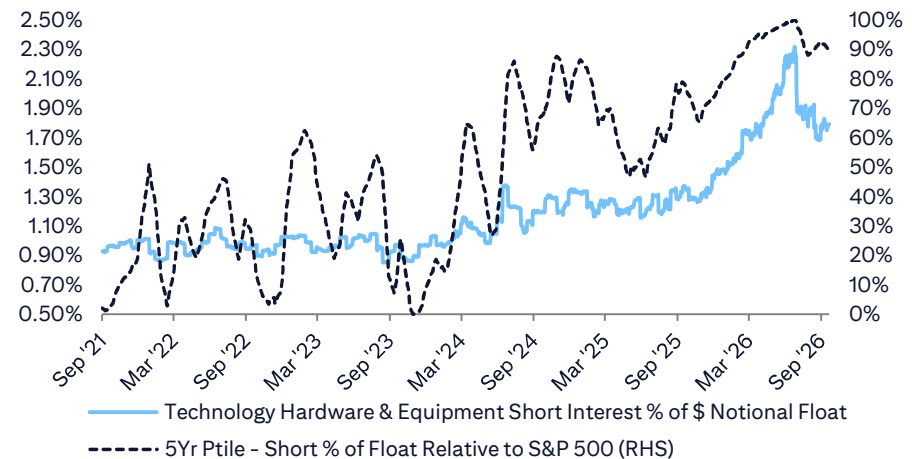
Positive

- Net revisions and growth expectations have improved in concert with one another.
- Falling short interest is implicitly positive, consensus growth expectations have improved, potentially leveling off for '27.

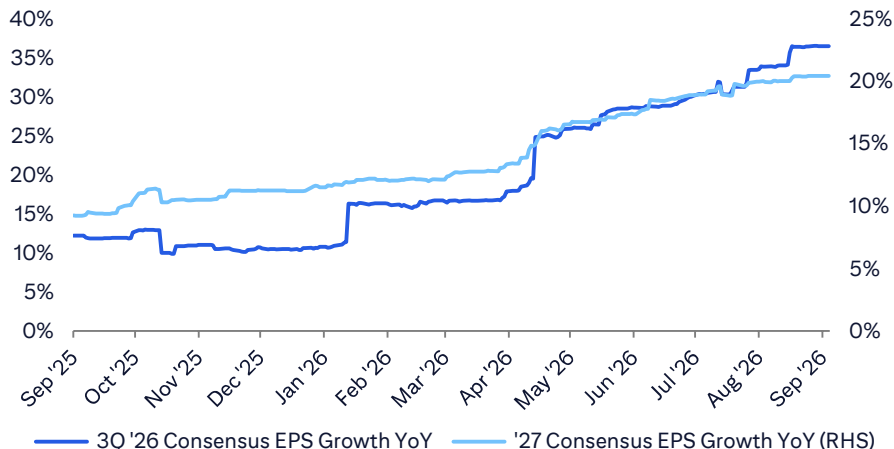
Net FY1 EPS & Sales Revisions



Short Interest % of Float



Consensus EPS Growth



Insider Transactions

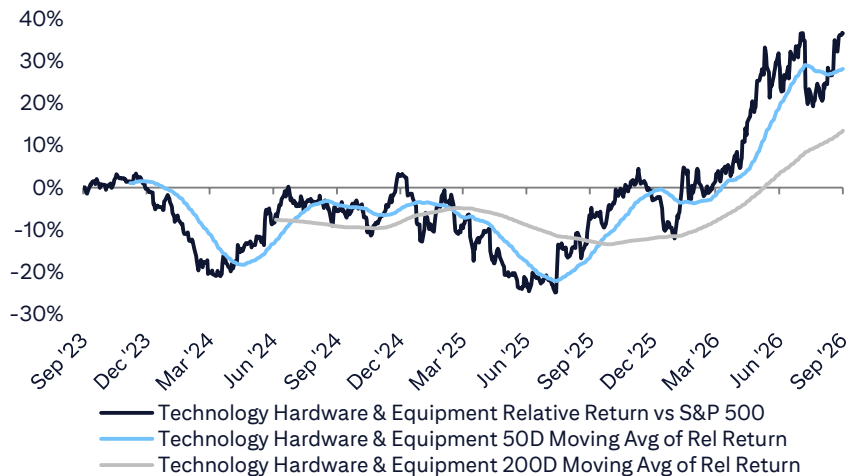


Trading

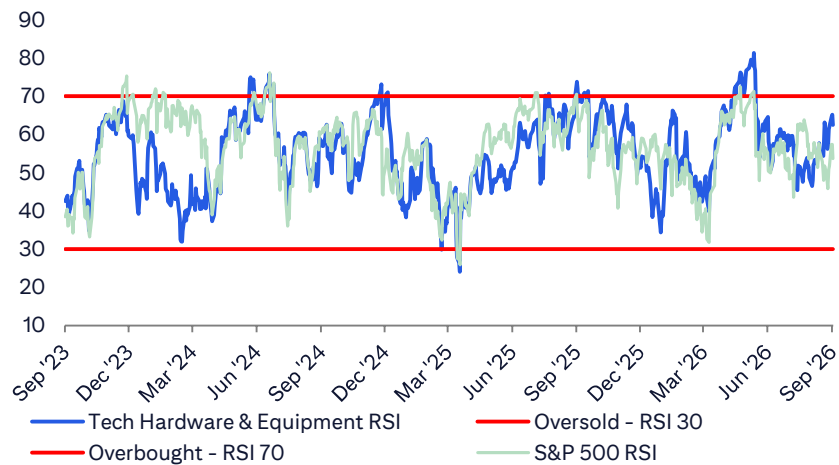
Negative

- Relative performance snapped back sharply. AI tailwinds helped in Q3.
- Here, the mean reversion risk is to the negative.

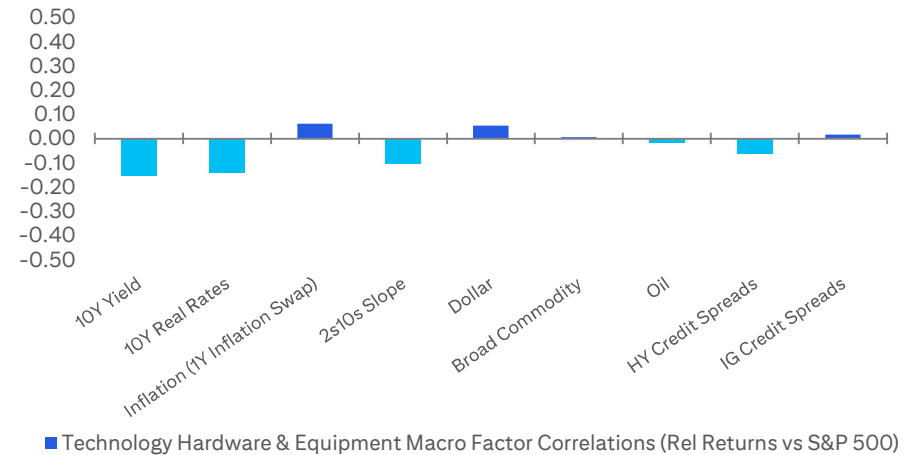
Relative Performance



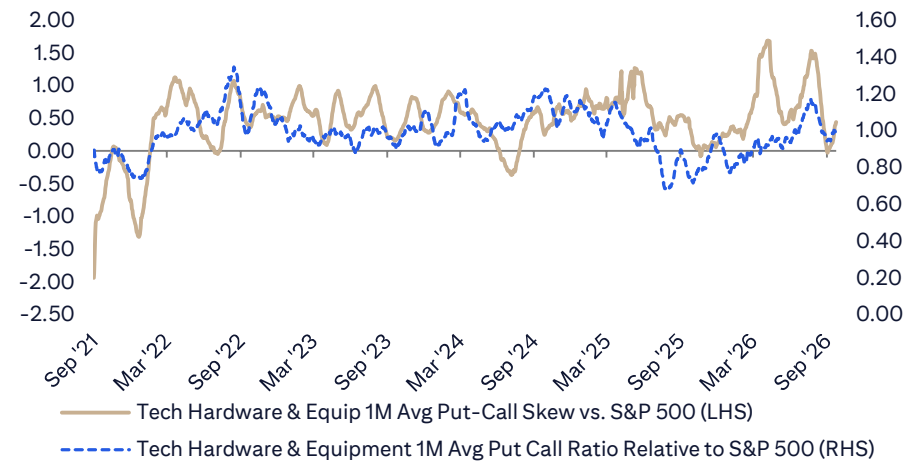
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



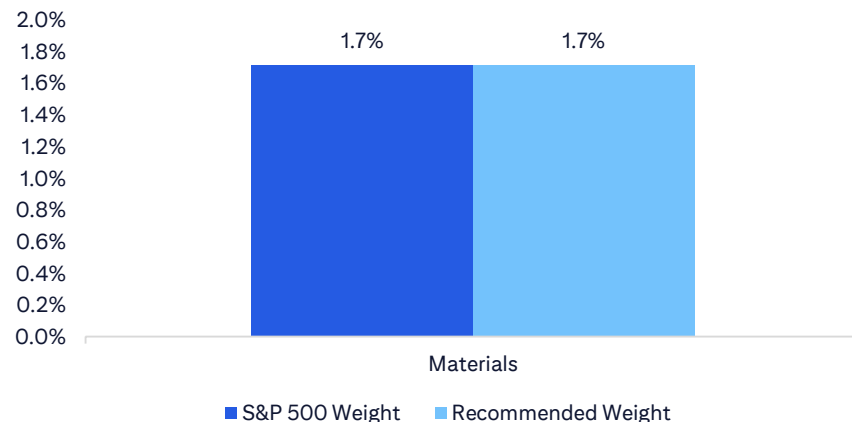
SIGN (Sector & Industry Group Navigator)

MATERIALS

Materials – Market Weight

- Materials is lowered to MW. The fundamental set up continues to look encouraging but price action puts us in show me mode.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
LIN	Linde PLC	Materials	18.9%	18.9%
NEM	Newmont Corp	Materials	11.2%	11.2%
FCX	Freeport-McMoRan Inc	Materials	9.1%	9.1%
SHW	Sherwin-Williams Co/The	Materials	6.5%	6.5%
ECL	Ecolab Inc	Materials	6.1%	6.1%
APD	Air Products and Chemicals Inc	Materials	5.5%	5.5%
CRH	CRH PLC	Materials	4.9%	4.9%
NUE	Nucor Corp	Materials	4.9%	4.9%
CTVA	Corteva Inc	Materials	4.6%	4.6%
VMC	Vulcan Materials Co	Materials	2.8%	2.8%

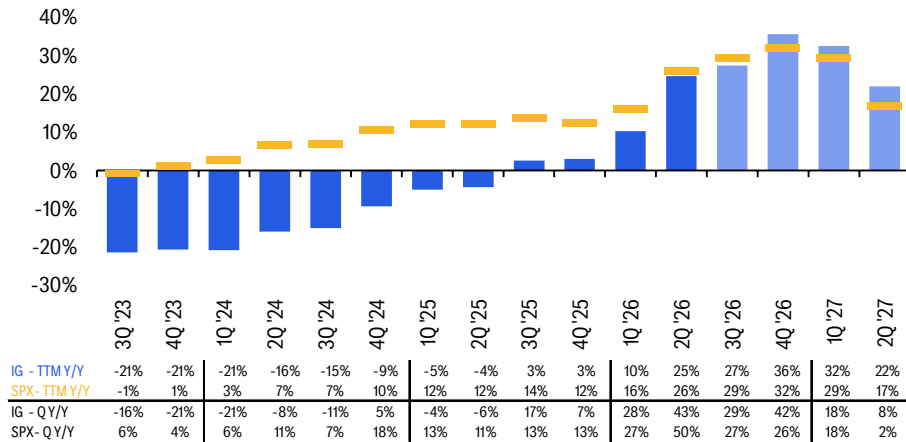
Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
AA	Alcoa Corp	42.68	1	78%
ALB	Albemarle Corp	108.25	1H	61%
SLGN	Silgan Holdings Inc	35.45	1	54%
OI	O-I Glass Inc	5.86	1	54%
VMC	Vulcan Materials Co	241.7	1	44%
MLM	Martin Marietta Materials Inc	480.1	1	43%
IP	International Paper Co	34.88	1	42%
SON	Sonoco Products Co	49.96	1	34%
AXTA	Axalta Coating Systems Ltd	32.26	1	34%
CLF	Cleveland-Cliffs Inc	12.5	2	-3%
PKG	Packaging Corp of America	238.11	2	9%

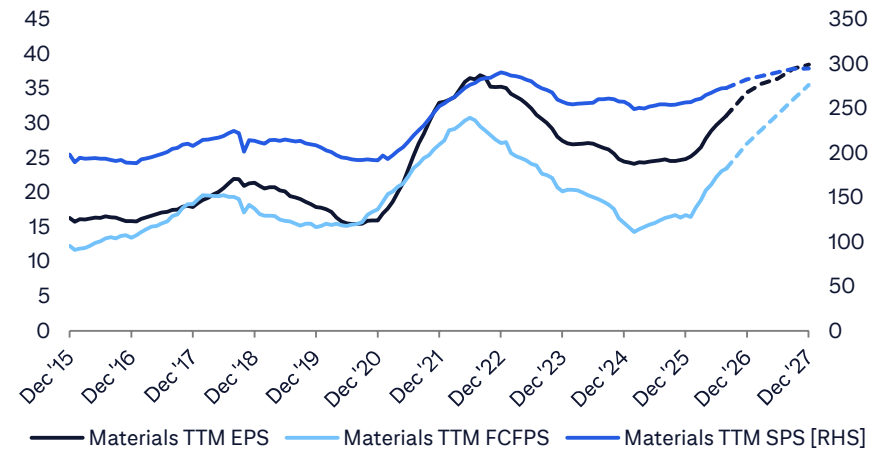
Fundamentals Positive

- The EPS growth inflection is upon us after a pretty severe earnings recession with margins set to inflect.
- Quality metrics are starting to improve.

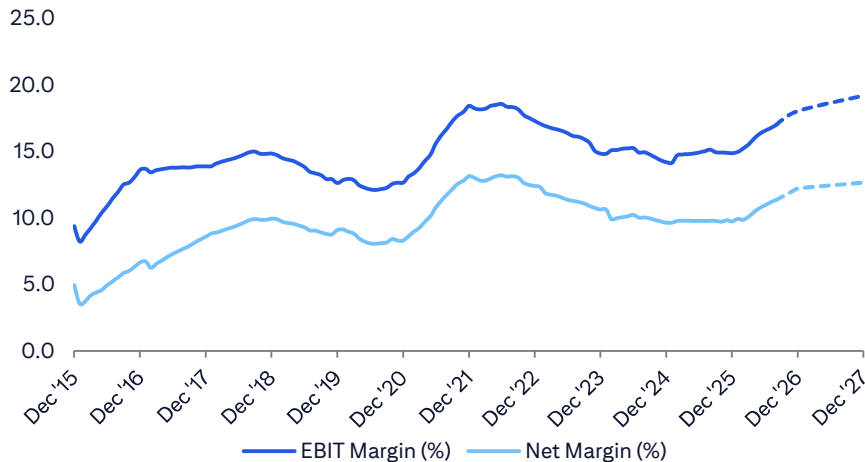
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.58	0.31	0.22	8.0	15.9%	5.5%	8.3%
6M Prior	0.59	0.31	0.22	6.6	13.6%	4.6%	6.8%
12M Prior	0.55	0.31	0.20	6.7	12.6%	4.8%	7.0%
3Y Median	0.55	0.30	0.22	6.8	13.5%	5.1%	7.5%
10Y Median	0.58	0.31	0.23	6.6	14.1%	5.4%	8.4%
Curr Ptile (10Y)	55%	65%	33%	80%	65%	53%	48%

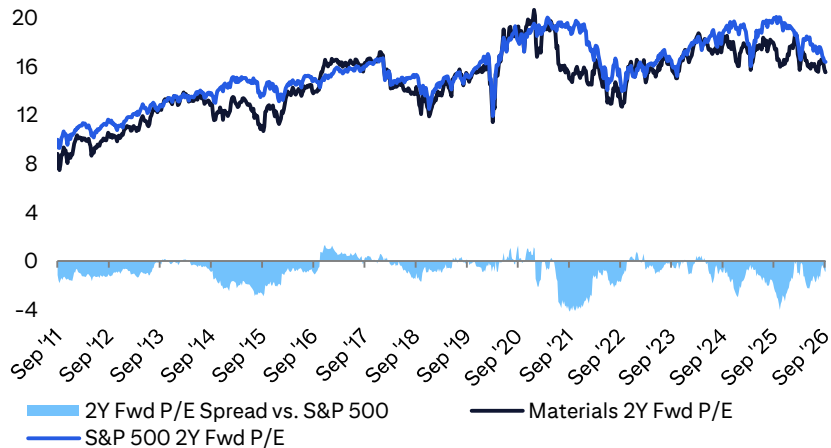
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

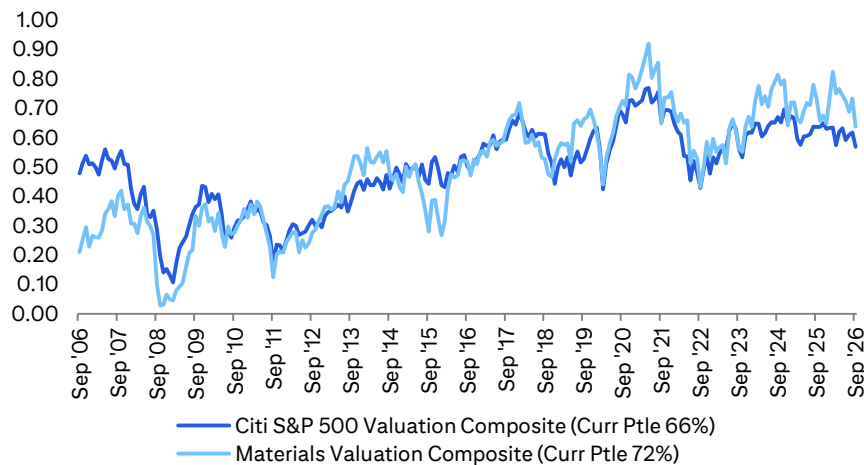
Neutral

- Valuations compressed modestly during Q3.
- Like many IGs, PEG ratios have turned lower.

P/E 2Y Fwd



Valuation Composite

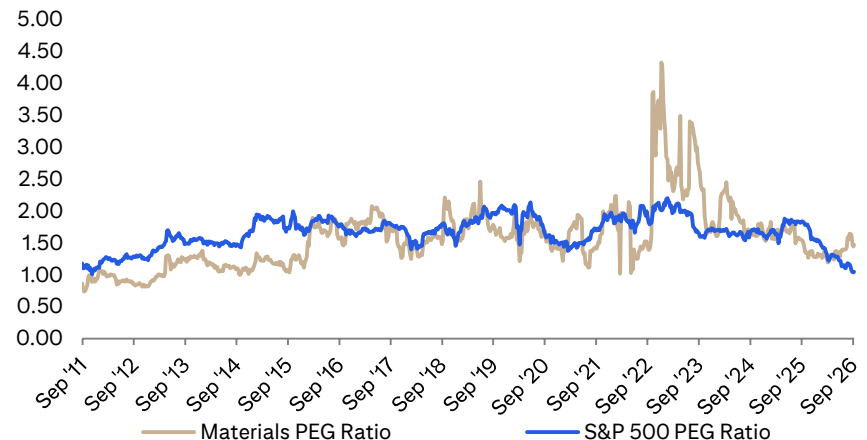


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.12	19.12	2.16	3.24
3M Ago	17.72	20.08	2.25	3.24
6M Ago	18.64	19.23	2.24	2.92
1Y Ago	19.94	22.64	2.15	3.22
20Y Median	15.65	16.34	1.59	1.83
Ptle -20Y	65%	77%	86%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	11.26	15.30	2.91	4.62
3M Ago	11.94	15.74	2.98	4.68
6M Ago	11.89	14.85	2.93	4.22
1Y Ago	12.63	17.36	2.74	4.76
20Y Median	9.33	11.61	2.35	2.66
Ptle -20Y	74%	81%	88%	95%

PEG Ratio

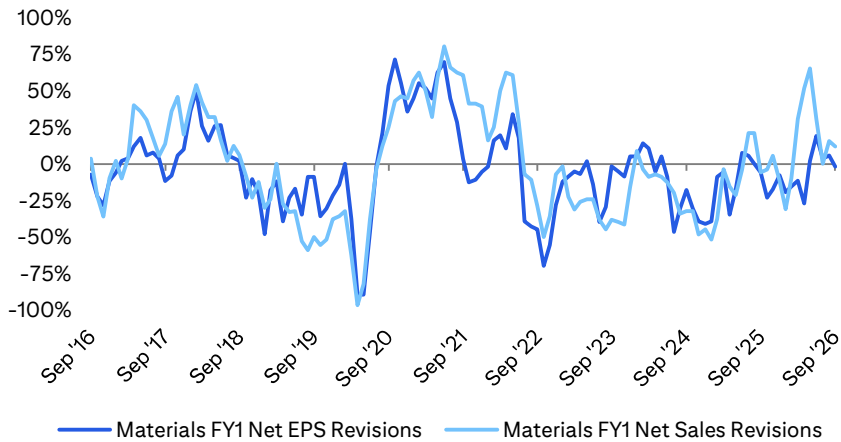


Sentiment

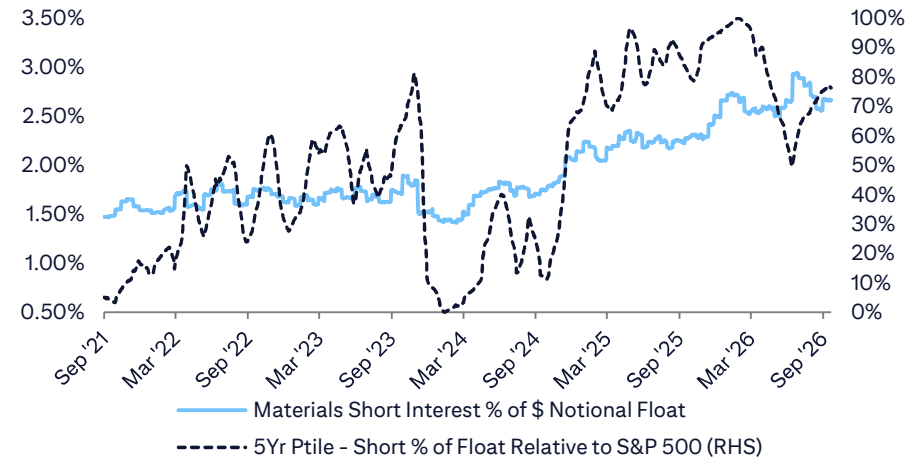
Neutral

- Revisions showing some improvement but mostly mixed.
- Consensus growth for Q3 has fallen.

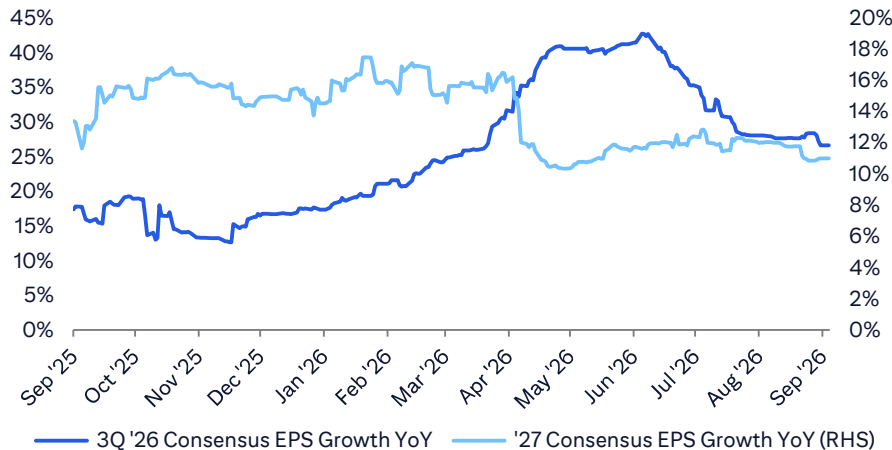
Net FY1 EPS & Sales Revisions



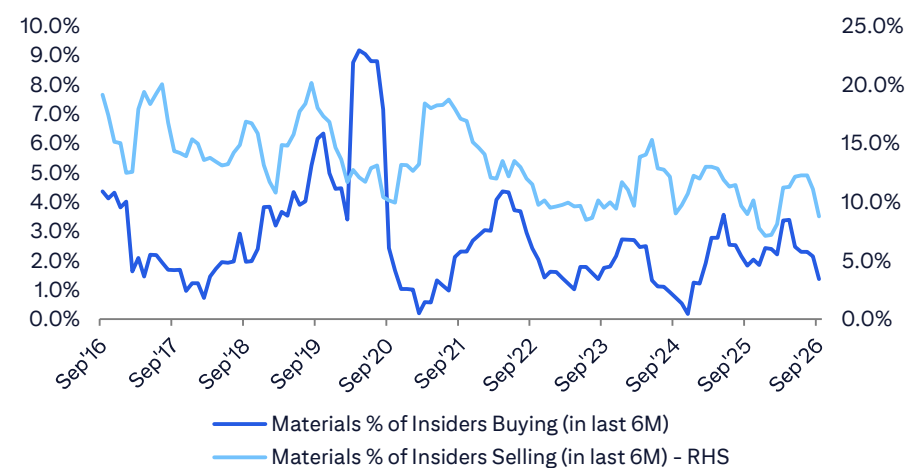
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

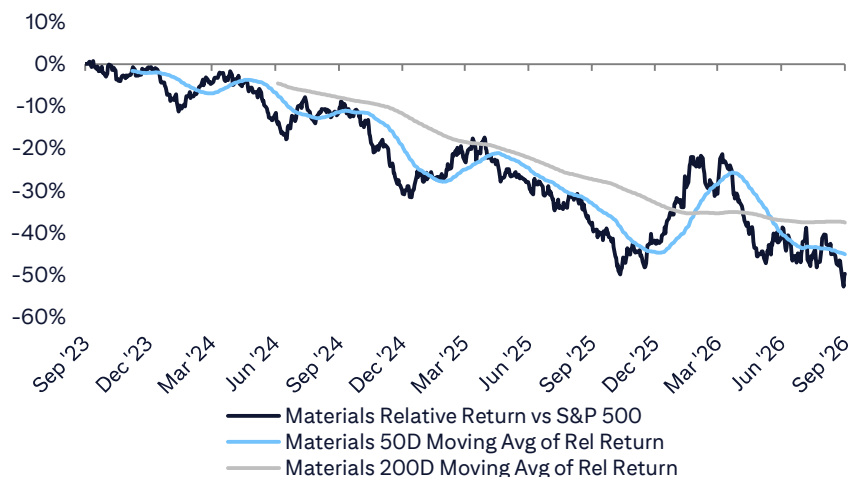


Trading

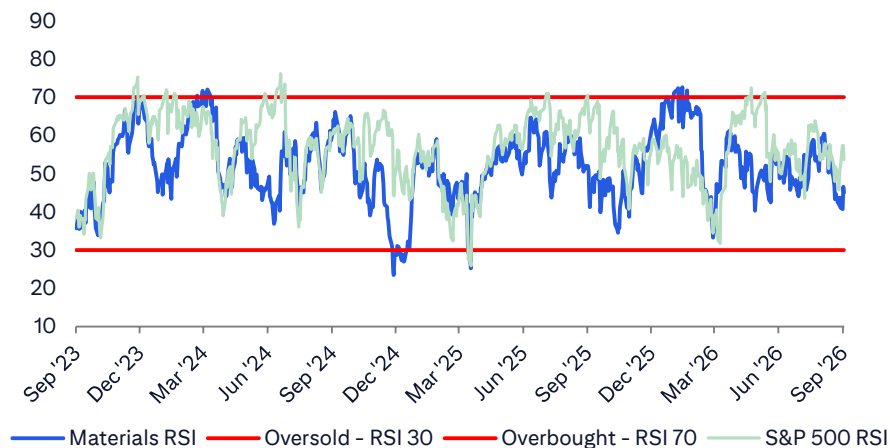
Negative

- Relative performance has taken a leg lower.
- Hedging activity is picking up.

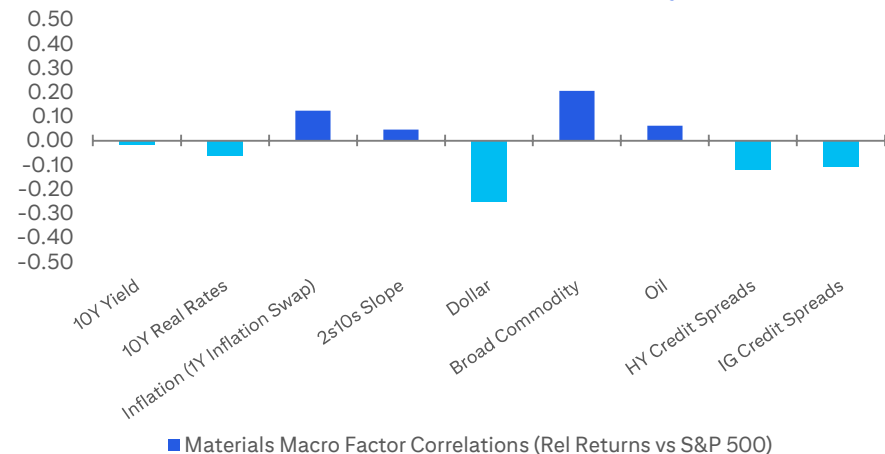
Relative Performance



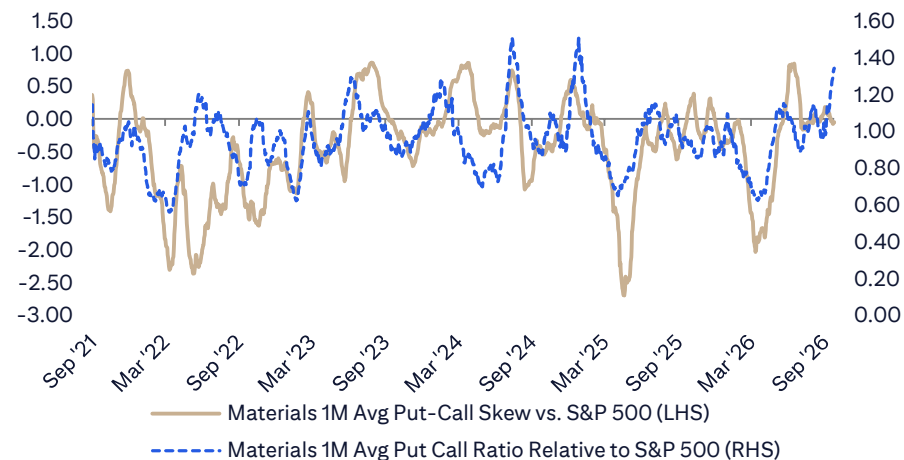
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



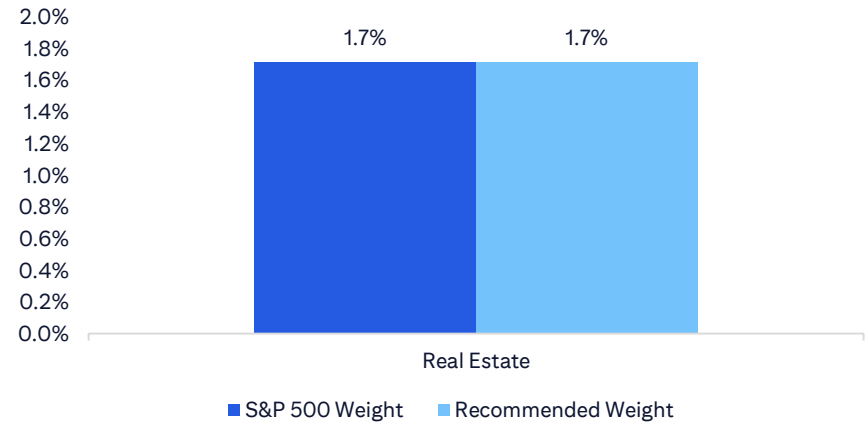
SIGN (Sector & Industry Group Navigator)

REAL ESTATE

Real Estate – Market Weight

- Real Estate remains at Market Weight. Steady but undifferentiated on all inputs.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
WELL	Welltower Inc	Equity REITs	14.7%	15.3%
PLD	Prologis Inc	Equity REITs	11.1%	11.7%
EQIX	Equinix Inc	Equity REITs	8.9%	9.3%
AMT	American Tower Corp	Equity REITs	6.9%	7.2%
SPG	Simon Property Group Inc	Equity REITs	5.8%	6.1%
DLR	Digital Realty Trust Inc	Equity REITs	5.6%	5.9%
O	Realty Income Corp	Equity REITs	4.6%	4.8%
PSA	Public Storage	Equity REITs	4.2%	4.4%
VTR	Ventas Inc	Equity REITs	3.9%	4.1%
VMRK	Vivmark Residential	Equity REITs	3.9%	4.0%

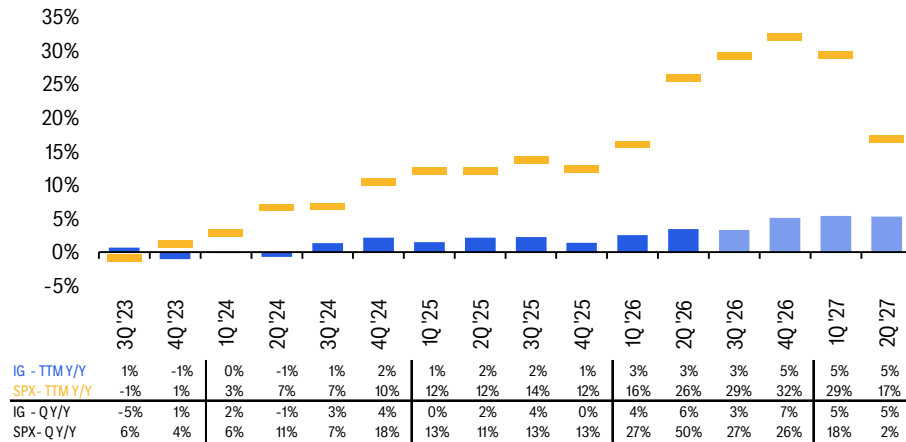
Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
VICI	VICI Properties Inc	23.27	1	62%
GLPI	Gaming and Leisure Properties Inc	38.53	1	62%
CCI	Crown Castle Inc	67.63	1	52%
MRP	Milrose Properties Inc	27.06	1	52%
WY	Weyerhaeuser Co	20.14	1	48%
CWK	Cushman & Wakefield Ltd	12.28	1	45%
SBAC	SBA Communications Corp	166.12	1	45%
SUI	Sun Communities Inc	111.13	1	44%
EPRT	Essential Properties Realty Trust Inc	26.47	1	42%
SHO	Sunstone Hotel Investors Inc	11.14	2	-6%
SBRA	Sabra Health Care REIT Inc	19.77	2	2%

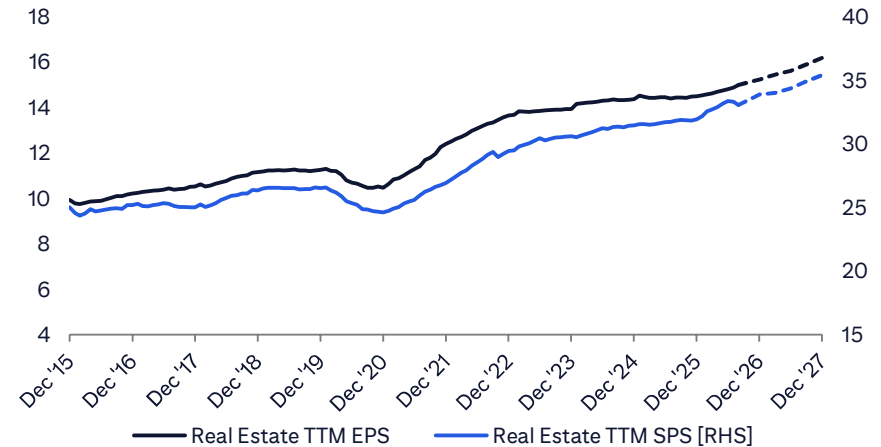
Fundamentals Neutral

- EPS growth is slow and stable.
- Quality metrics don't stand out relative to other sectors.

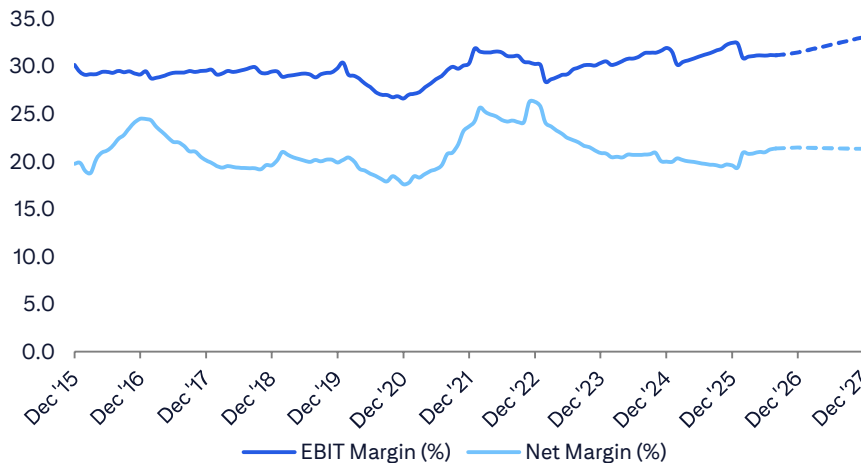
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	1.06	0.51	0.05	2.5	17.2%	3.6%	4.3%
6M Prior	1.13	0.53	0.05	2.5	16.6%	2.9%	3.4%
12M Prior	1.10	0.50	0.06	2.7	16.4%	3.2%	3.8%
3Y Median	1.07	0.50	0.06	2.6	16.3%	3.2%	3.8%
10Y Median	1.11	0.50	0.05	2.7	16.4%	3.5%	4.1%
Curr Ptile (10Y)	23%	55%	48%	20%	70%	58%	63%

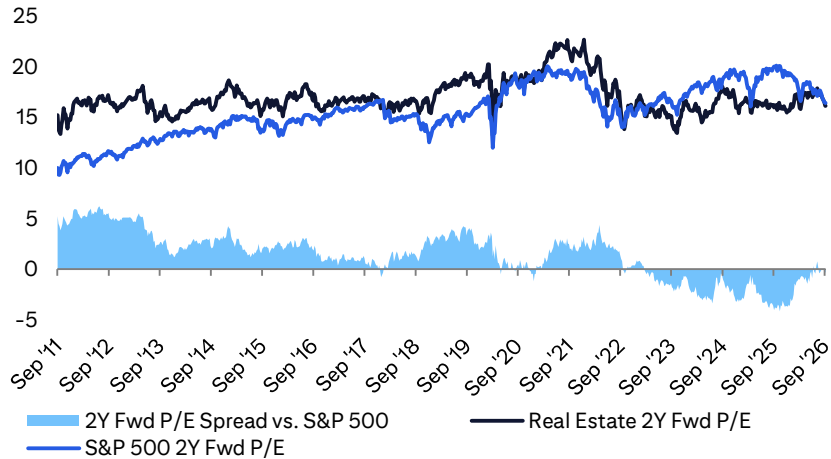
S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Valuations

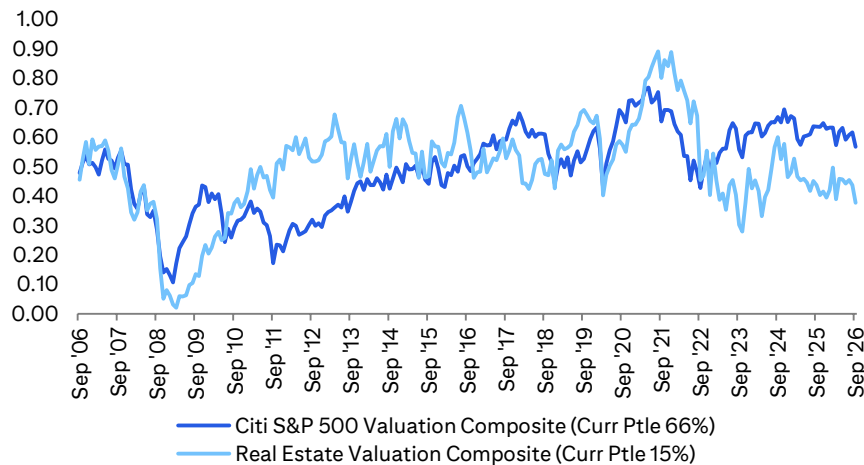
Neutral

- Traditional valuation metrics are relatively compelling.
- Derating during Q3 no surprise given rate backup.

P/E 2Y Fwd



Valuation Composite

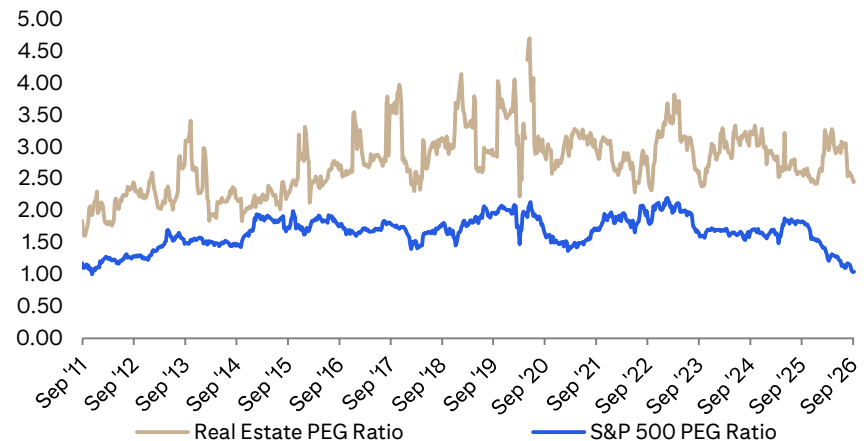


Valuation Metrics

	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	17.19	19.12	7.83	3.24
3M Ago	18.77	20.08	8.28	3.24
6M Ago	16.80	19.23	7.47	2.92
1Y Ago	17.26	22.64	7.80	3.22
20Y Median	17.64	16.34	6.39	1.83
Ptile -20Y	38%	77%	89%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.96	15.30	3.21	4.62
3M Ago	18.69	15.74	3.55	4.68
6M Ago	16.82	14.85	3.03	4.22
1Y Ago	17.45	17.36	3.05	4.76
20Y Median	17.43	11.61	2.95	2.66
Ptile -20Y	39%	81%	73%	95%

PEG Ratio

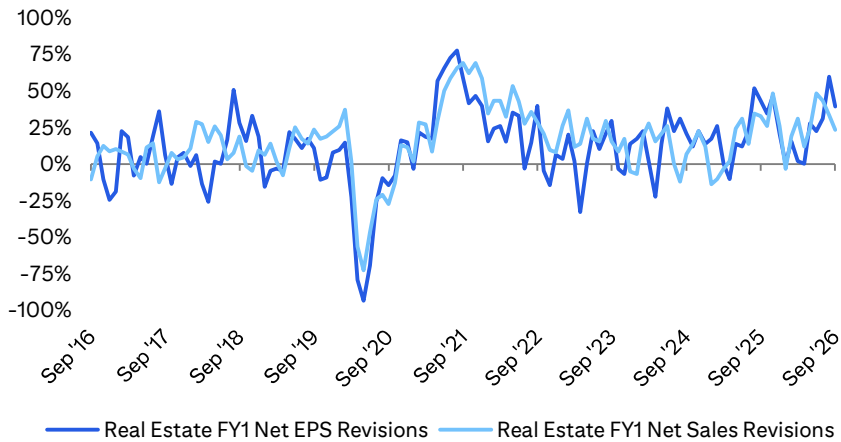


Sentiment

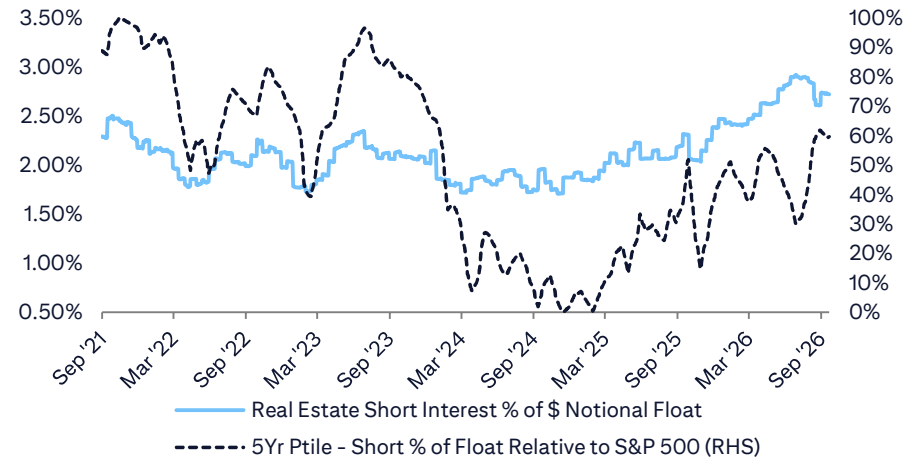
Neutral

- Revisions picking up to the positive.
- Persistent but slow growth.

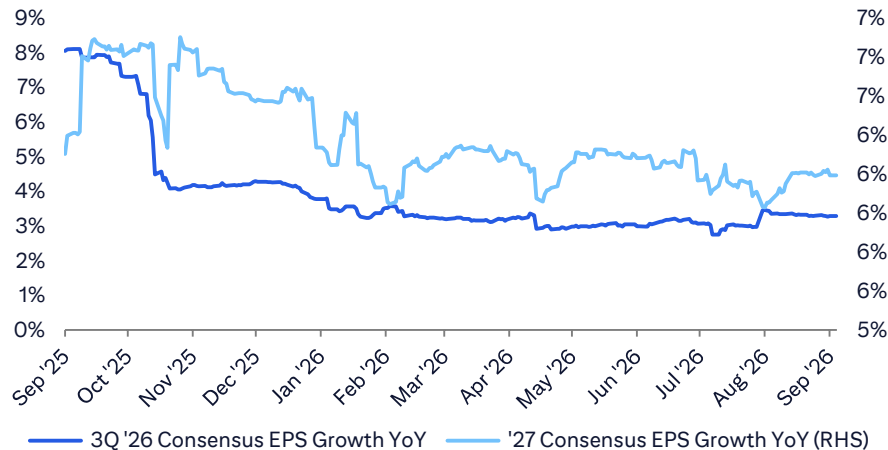
Net FY1 EPS & Sales Revisions



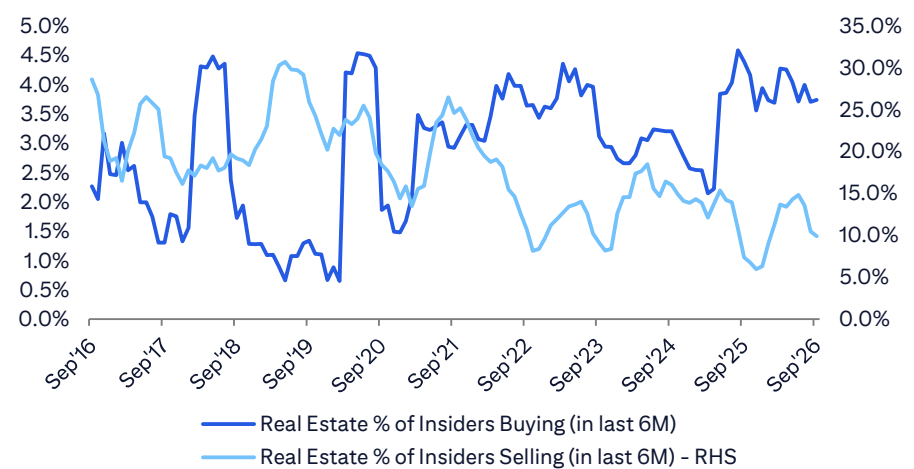
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

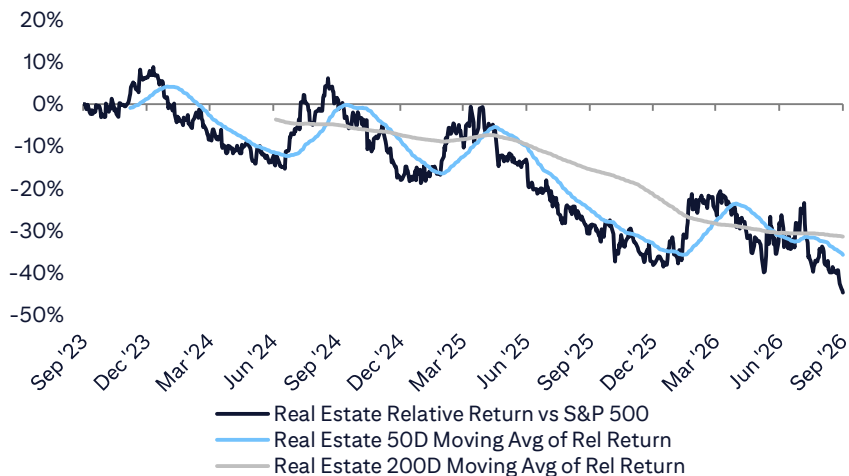


Trading

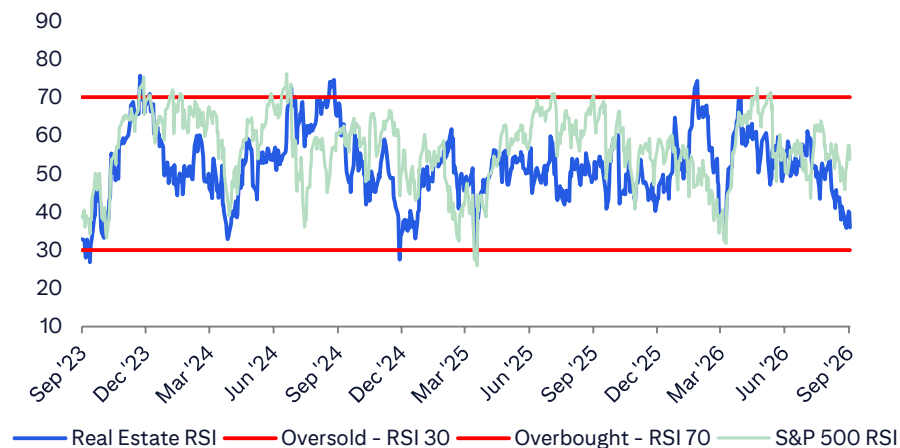
Neutral

- Relative performance faltered due to rate connectivity.
- Hedging activity has picked up.

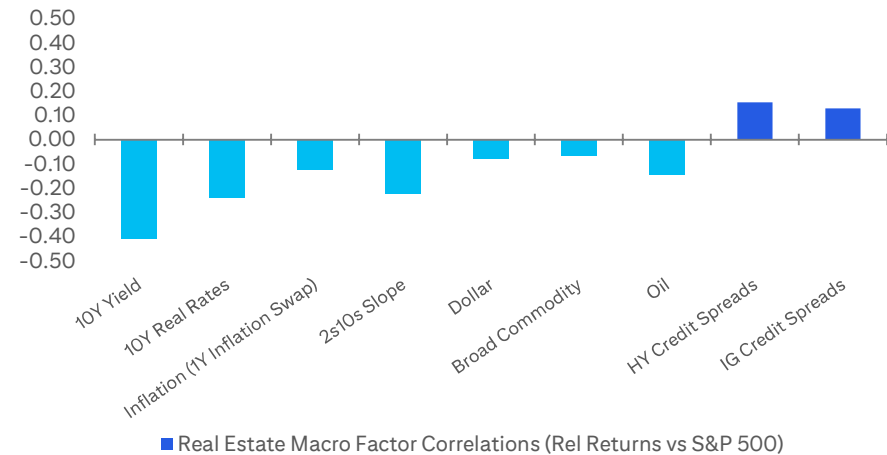
Relative Performance



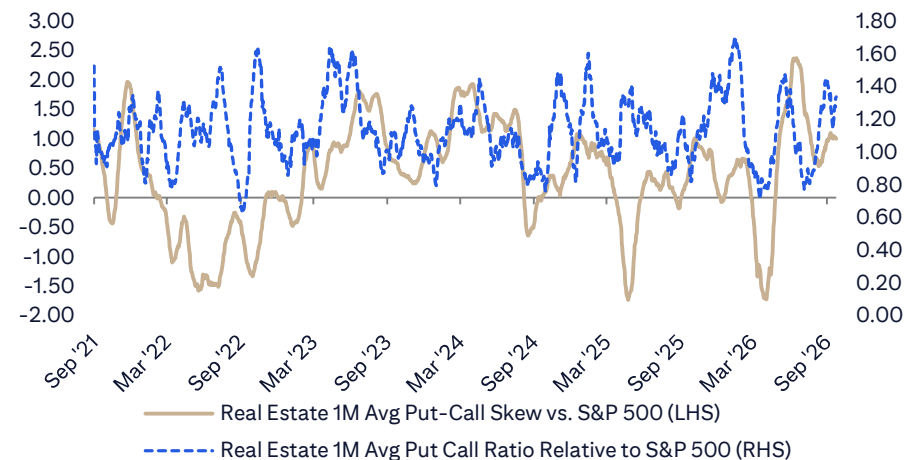
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



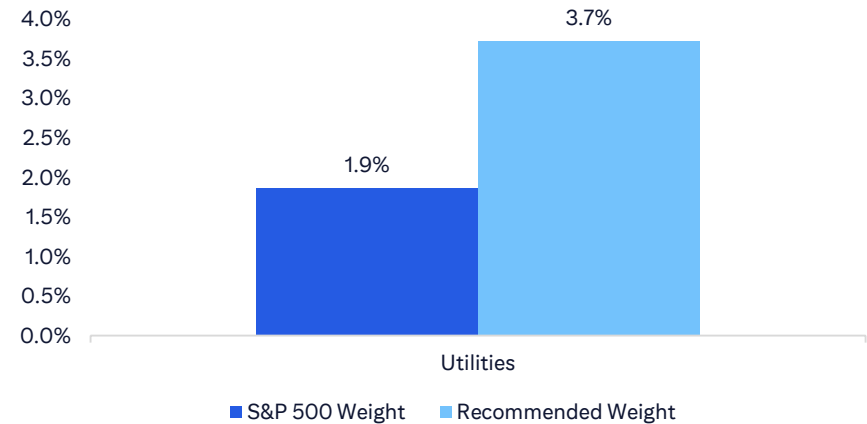
SIGN (Sector & Industry Group Navigator)

UTILITIES

Utilities – Overweight

- Utilities lifted to OW. AI power demands are creating crosscurrents for the sector. FCF growth concern. But we see opportunity in the sell off.

Sector / Industry Group Weighting & Recommendation



Largest Weights in Sector

Ticker	Name	Industry Group	Sector Weight	IG Weight
NEE	NextEra Energy Inc	Utilities	12.8%	12.8%
SO	Southern Co/The	Utilities	7.7%	7.7%
DUK	Duke Energy Corp	Utilities	7.1%	7.1%
CEG	Constellation Energy Corp	Utilities	7.0%	7.0%
AEP	American Electric Power Co Inc	Utilities	5.2%	5.2%
D	Dominion Energy Inc	Utilities	4.3%	4.3%
SRE	Sempra	Utilities	4.1%	4.1%
ETR	Entergy Corp	Utilities	3.7%	3.7%
VST	Vistra Corp	Utilities	3.5%	3.5%
XEL	Xcel Energy Inc	Utilities	3.5%	3.5%

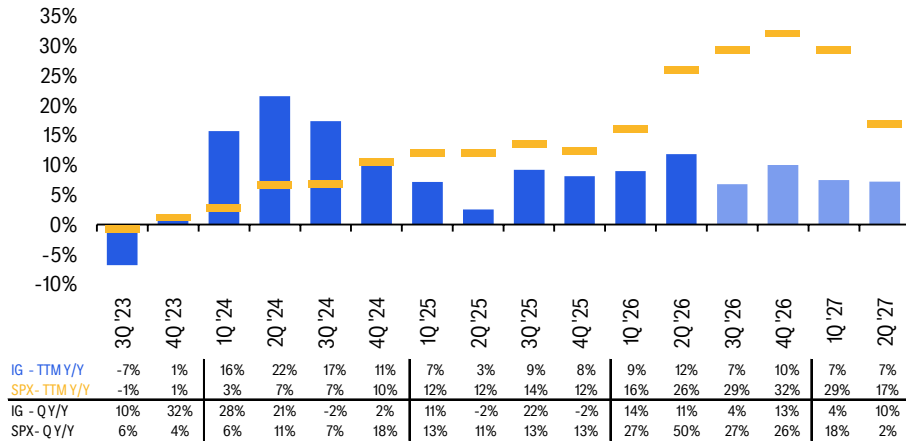
Top Citi Buy- and Sell-Rated Stocks by ETR

Ticker	Name	Price (24 Sep)	Rating	ETR
NRG	NRG Energy Inc	97.85	1	84%
PG&E	PG&E Corp	12.32	1	72%
EIX	Edison International	52.54	1	70%
EXC	Exelon Corp	40.2	1	50%
DTE	DTE Energy Co	121.18	1	43%
NEE	NextEra Energy Inc	75.62	1	38%
XEL	Xcel Energy Inc	69.56	1	36%
WEC	WEC Energy Group Inc	100.9	1	34%
SWX	Southwest Gas Holdings Inc	81.38	1	33%
CEG	Constellation Energy Corp	261.62	2H	12%
MDU	MDU Resources Group Inc	18.64	2	21%

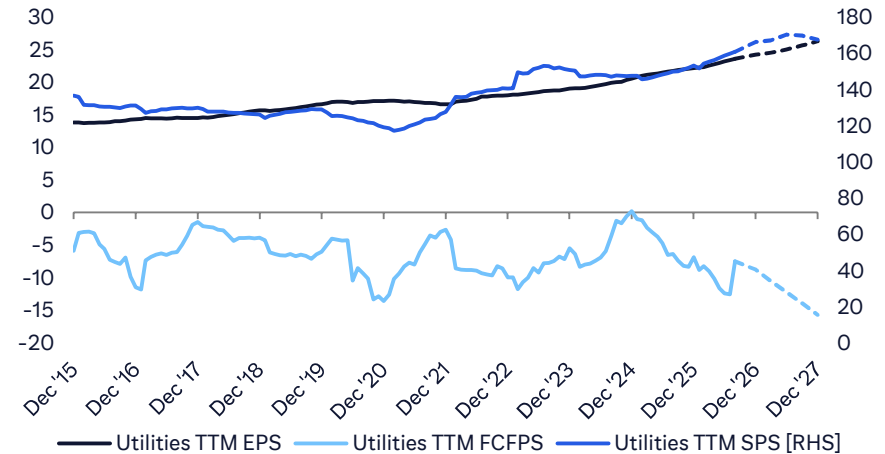
Fundamentals Neutral

- Leverage is likely at work for ROE to sit at highs. EPS growth is relatively steady but watch FCF.
- Margins have been trending higher, especially for EBIT, highlighting potential bottom line lift should rates pressures alleviate.

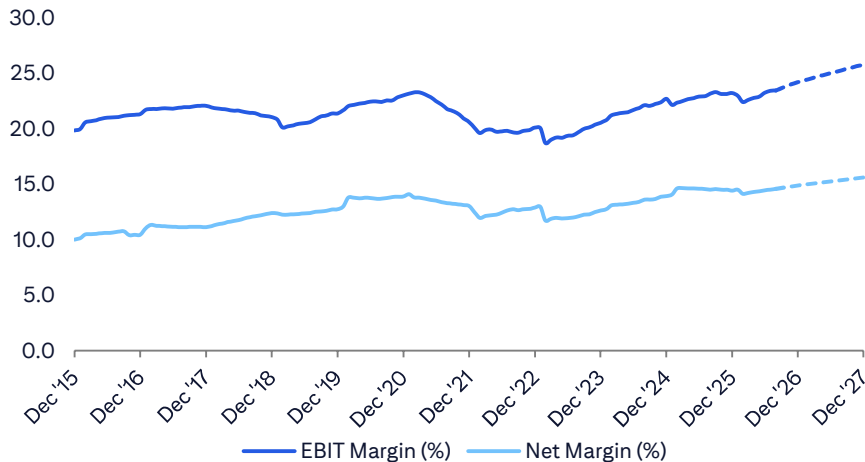
EPS Growth (TTM Y/Y)



Earnings, Sales, and Free Cash Flow Per Share



EBIT & Net Margins with Consensus Expectations



Quality Metrics

Industry Group	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	1.56	0.62	0.03	2.2	11.4%	2.7%	4.1%
6M Prior	1.56	0.61	0.03	2.2	11.3%	2.6%	4.1%
12M Prior	1.55	0.62	0.02	2.4	11.5%	2.7%	4.2%
3Y Median	1.53	0.61	0.02	2.2	11.3%	2.6%	4.0%
10Y Median	1.35	0.58	0.03	2.7	10.6%	2.6%	4.2%
Curr Ptile (10Y)	100%	98%	30%	20%	88%	65%	38%

S&P 500	LT Debt / Equity	Net Debt / Total Capital	Cash to Debt	Int. Coverage (EBIT/Int Exp)	ROE	ROA	ROIC
Last	0.67	0.29	0.34	9.4	23.4%	4.9%	12.2%
6M Prior	0.69	0.29	0.34	8.3	21.3%	4.4%	11.0%
12M Prior	0.71	0.31	0.31	8.1	20.7%	4.2%	10.6%
3Y Median	0.73	0.31	0.32	8.1	20.4%	4.2%	10.4%
10Y Median	0.81	0.32	0.32	7.6	19.0%	3.7%	9.5%
Curr Ptile (10Y)	0%	0%	65%	93%	100%	100%	100%

Utilities: Valuations

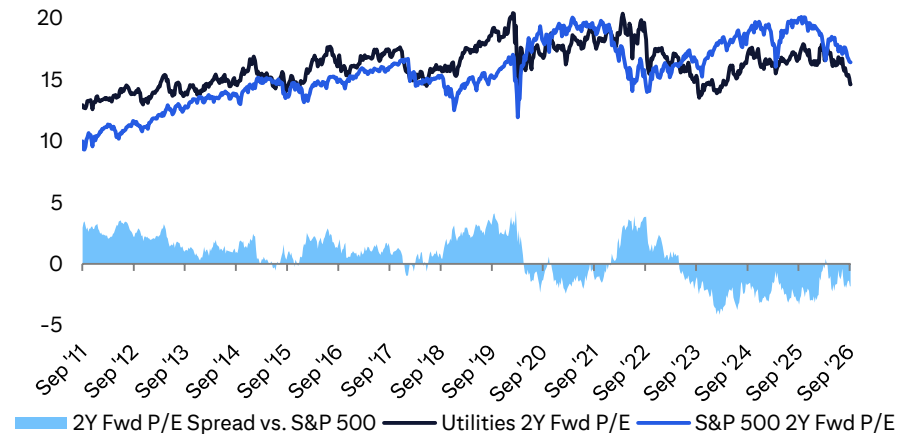
Overweight

Valuations

Positive

- Valuations have compressed, PEG ratios down to 15-year lows.
- Fwd PE has come in 2.5 turns this past quarter alongside the backup in long end rates.

P/E 2Y Fwd

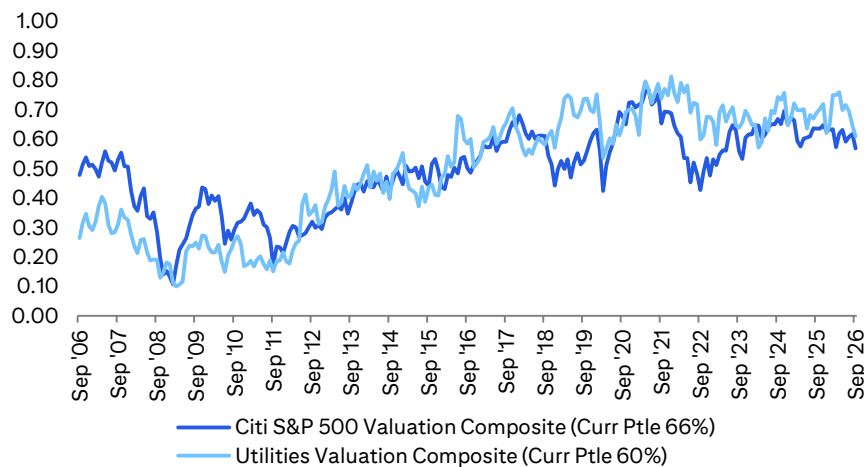


Valuation Metrics

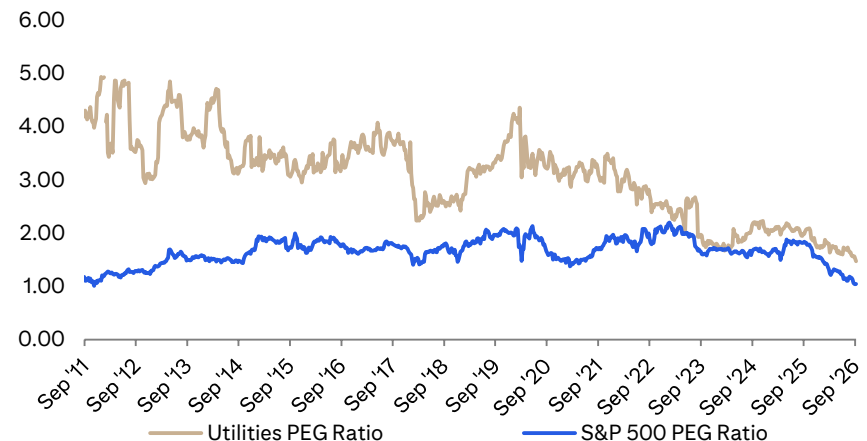
	Price / Earnings (1Y Fwd)		Price / Sales (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	16.05	19.12	2.44	3.24
3M Ago	18.43	20.08	2.79	3.24
6M Ago	18.63	19.23	2.82	2.92
1Y Ago	18.65	22.64	2.79	3.22
20Y Median	16.27	16.34	1.85	1.83
Ptile -20Y	47%	77%	72%	97%

	Price / Cash Flow (1Y Fwd)		Price / Book (1Y Fwd)	
	Industry Group	S&P 500	Industry Group	S&P 500
Current	7.99	15.30	1.86	4.62
3M Ago	9.14	15.74	2.16	4.68
6M Ago	9.06	14.85	2.17	4.22
1Y Ago	9.12	17.36	2.19	4.76
20Y Median	7.55	11.61	1.80	2.66
Ptile -20Y	64%	81%	54%	95%

Valuation Composite



PEG Ratio

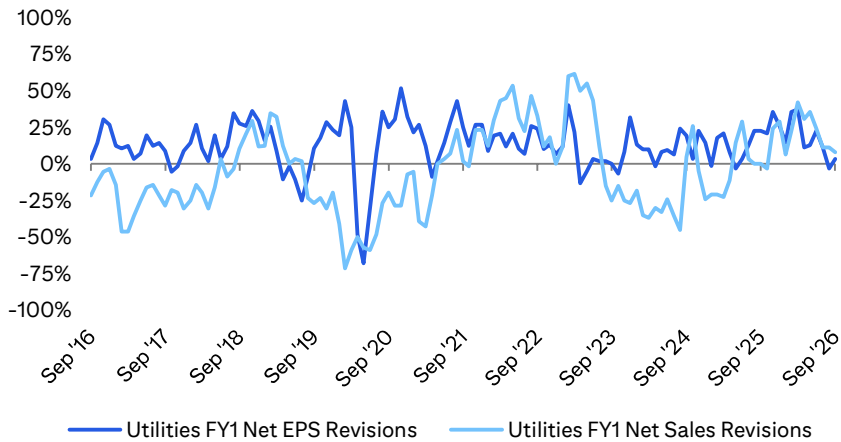


Sentiment

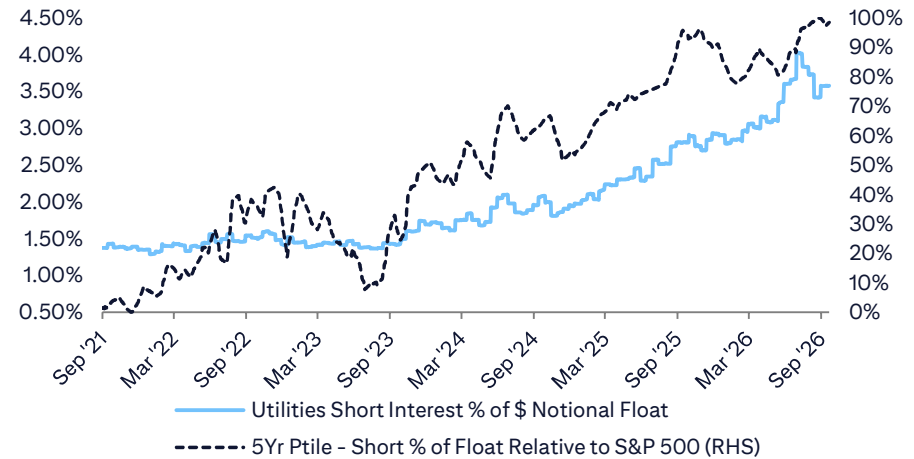
Neutral

- Revisions have neutralized, consensus growth expectations relatively stable.
- Short interest starting to come off of 5-year highs in absolute terms as well as relative to the broader index.

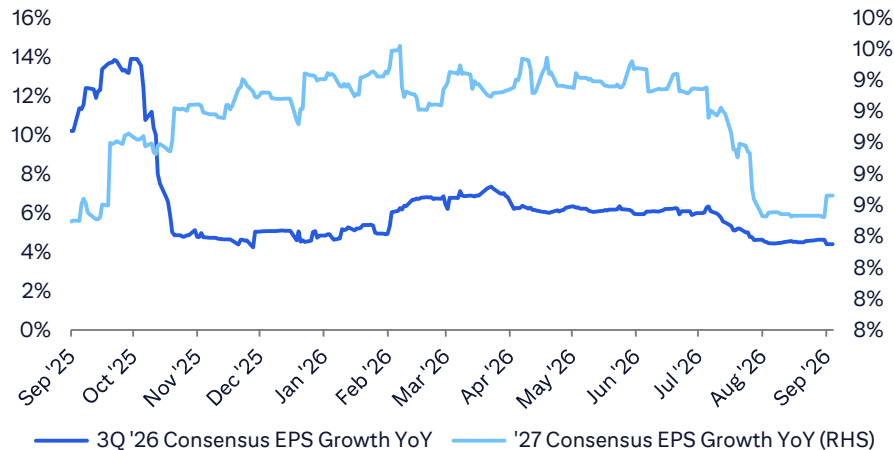
Net FY1 EPS & Sales Revisions



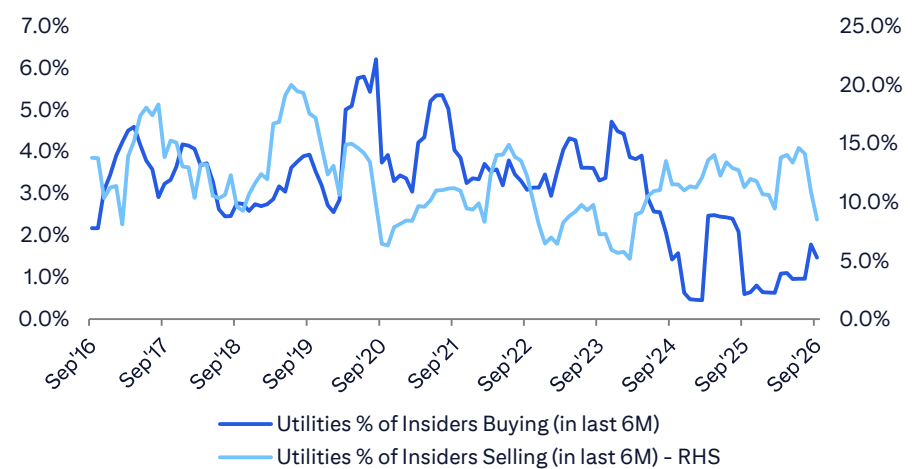
Short Interest % of Float



Consensus EPS Growth



Insider Transactions

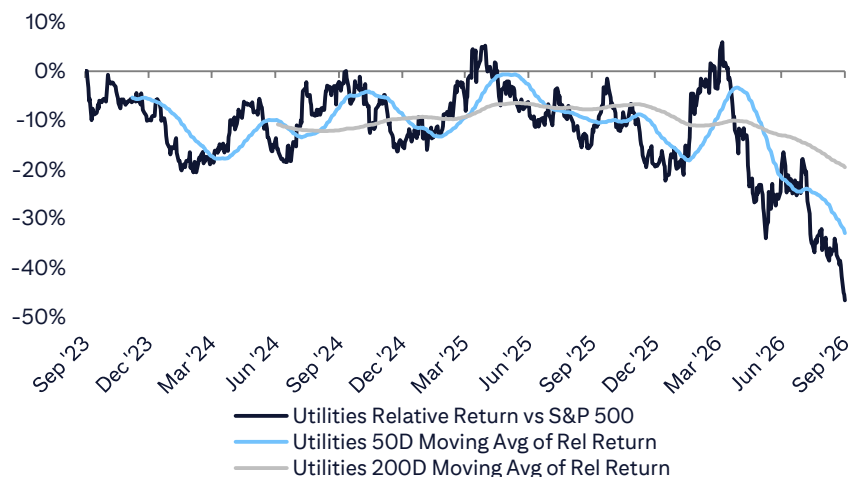


Trading

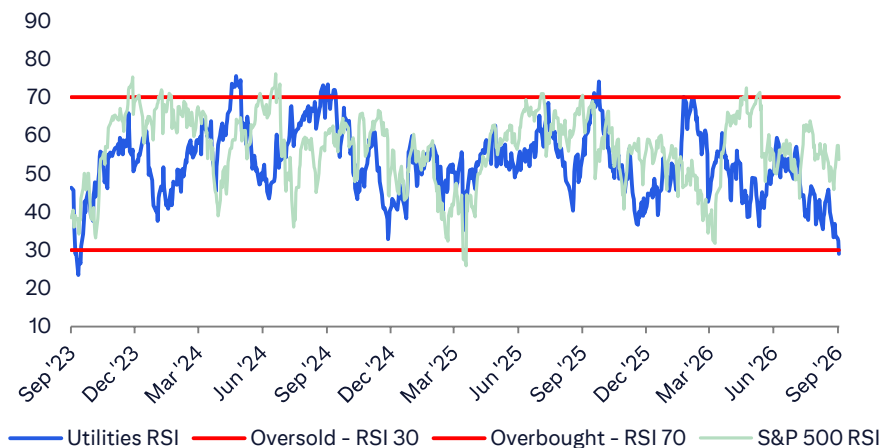
Positive

- Relative outperformance from earlier this year has been wiped out.
- One of the more compelling oversold conditions.

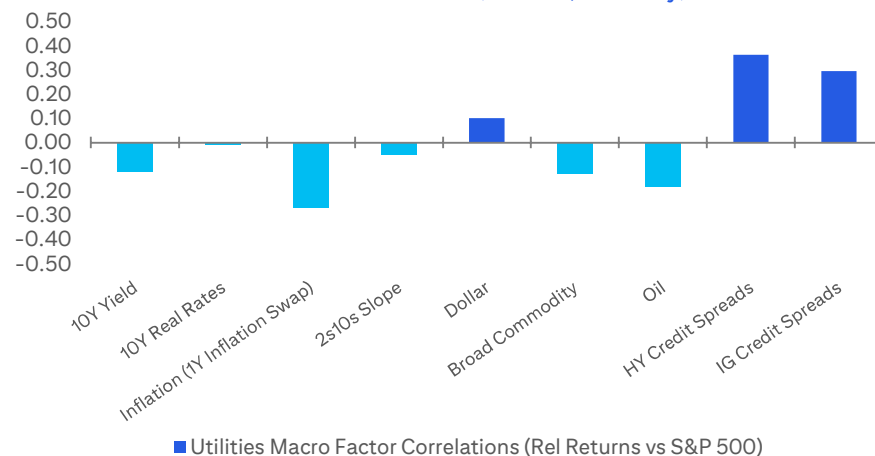
Relative Performance



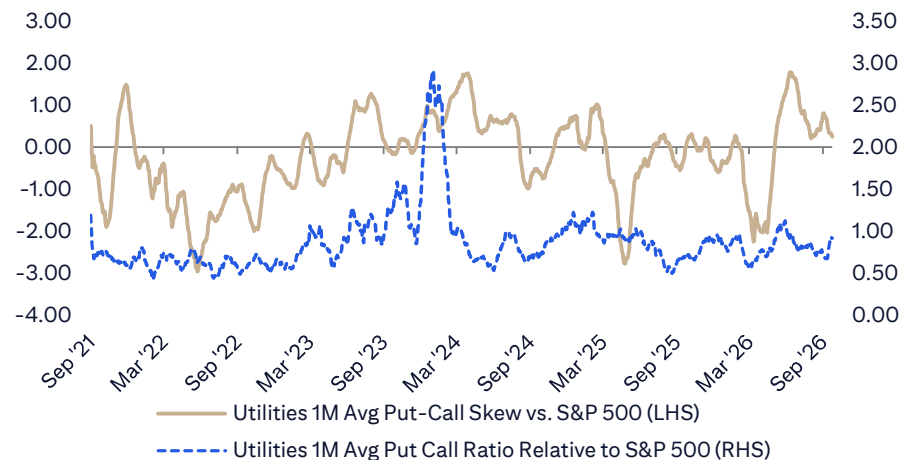
Relative Strength Index



Macro Correlations (10 Year, Monthly)



Put/Call Ratio & Implied Vol Skew



SIGN (Sector & Industry Group Navigator)

DISCLOSURES & APPENDIX

SIGN Methodology Summary

IGICS Sector / Industry Group	Rating	Fundamentals	Valuations	Sentiment	Trading
Communication Services	Overweight				
Media & Entertainment	Market Weight	0	0	0	0
Telecommunications Services	Overweight	0	+	0	0
Consumer Discretionary	Overweight				
Automobiles & Components	Underweight	0	-	0	0
Consumer Durables & Apparel	Market Weight	-	+	0	0
Consumer Services	Overweight	+	+	0	+
Consumer Discretionary Distribution & Retail	Overweight	0	+	0	0
Consumer Staples	Underweight				
Consumer Staples Distribution & Retail	Underweight	0	-	0	0
Food Beverage & Tobacco	Market Weight	0	0	0	0
Household & Personal Products	Underweight	0	0	-	0
Energy	Underweight				
Energy	Underweight	0	-	-	0
Financials	Underweight				
Banks	Market Weight	0	0	0	0
Financial Services	Underweight	0	0	0	-
Insurance	Underweight	-	0	0	0
Health Care	Overweight				
Health Care Equipment & Services	Overweight	0	+	+	0
Pharmaceuticals Biotechnology & Life Sciences	Market Weight	0	-	0	+
Industrials	Market Weight				
Capital Goods	Market Weight	0	-	+	0
Commercial & Professional Services	Market Weight	+	0	0	-
Transportation	Market Weight	0	0	0	0
Information Technology	Market Weight				
Semiconductors & Semiconductor Equipment	Overweight	+	+	0	0
Software & Services	Market Weight	-	0	0	+
Technology Hardware & Equipment	Underweight	0	-	+	-
Materials	Market Weight				
Materials	Market Weight	+	0	0	-
Real Estate	Market Weight				
Real Estate	Market Weight	0	0	0	0
Utilities	Overweight				
Utilities	Overweight	0	+	0	+

Earnings Growth Progression

GICS Sector & IG Y/Y EPS Growth	2024				2025				2026				Calendar Year			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	'24	'25	'26E	'27E
Communication Services	42%	8%	26%	31%	31%	47%	-8%	14%	49%	112%	31%	7%	26%	19%	50%	-12%
Media & Entertainment	58%	10%	33%	37%	37%	59%	-8%	13%	54%	128%	31%	9%	34%	22%	56%	-15%
Telecommunications Services	-2%	-2%	1%	6%	3%	3%	-4%	3%	10%	20%	18%	1%	1%	1%	12%	8%
Consumer Discretionary	21%	10%	8%	25%	6%	3%	6%	-2%	38%	86%	1%	15%	15%	3%	34%	-4%
Automobiles & Components	-20%	-13%	14%	18%	-33%	-26%	-20%	-25%	68%	13%	0%	20%	-3%	-26%	22%	11%
Consumer Durables & Apparel	10%	1%	-9%	-1%	-19%	-29%	-18%	-18%	-17%	8%	-11%	2%	0%	-21%	-4%	6%
Consumer Services	39%	-2%	-6%	13%	1%	7%	3%	10%	18%	13%	10%	10%	5%	5%	12%	15%
Consumer Discretionary Distribution & Retail	43%	28%	22%	41%	28%	17%	22%	3%	46%	134%	-1%	18%	33%	17%	49%	-12%
Consumer Staples	6%	4%	4%	2%	-5%	0%	0%	2%	5%	12%	2%	6%	4%	-1%	6%	6%
Consumer Staples Distribution & Retail	7%	10%	3%	2%	-7%	-5%	3%	4%	5%	31%	8%	8%	5%	-1%	13%	7%
Food Beverage & Tobacco	4%	0%	3%	4%	-6%	0%	-1%	1%	5%	10%	2%	8%	3%	-1%	6%	6%
Household & Personal Products	17%	9%	7%	-1%	-2%	2%	1%	3%	7%	-1%	-3%	1%	7%	1%	1%	6%
Energy	-24%	0%	-28%	-30%	-19%	-21%	-2%	2%	1%	142%	114%	100%	-21%	-11%	89%	-7%
Financials	9%	17%	7%	58%	6%	10%	21%	8%	21%	23%	4%	12%	20%	11%	15%	8%
Banks	-11%	10%	-2%	228%	17%	2%	20%	7%	20%	38%	14%	25%	20%	11%	24%	8%
Financial Services	16%	19%	11%	44%	9%	13%	20%	1%	16%	18%	5%	12%	22%	10%	12%	11%
Insurance	45%	36%	19%	-4%	-14%	29%	34%	31%	45%	13%	-12%	-7%	21%	19%	6%	1%
Health Care	-25%	19%	14%	15%	46%	8%	5%	0%	-4%	-7%	6%	14%	4%	13%	2%	21%
Health Care Equipment & Services	2%	7%	0%	2%	15%	-9%	-9%	-16%	6%	23%	4%	6%	3%	-5%	10%	11%
Pharmaceuticals Biotechnology & Life Sciences	-44%	30%	27%	26%	87%	22%	14%	12%	-12%	-25%	7%	18%	6%	27%	-3%	28%
Industrials	2%	-3%	-11%	4%	10%	0%	22%	25%	21%	16%	14%	0%	-2%	14%	12%	15%
Capital Goods	11%	3%	-20%	-19%	0%	1%	16%	77%	27%	23%	38%	-10%	-7%	21%	16%	14%
Commercial & Professional Services	20%	14%	11%	9%	7%	7%	7%	9%	9%	9%	8%	8%	14%	8%	8%	10%
Transportation	-36%	-24%	0%	68%	67%	-5%	39%	-42%	8%	4%	-24%	44%	1%	0%	3%	20%
Information Technology	25%	20%	19%	20%	17%	24%	28%	32%	53%	73%	62%	50%	21%	26%	59%	39%
Semiconductors & Semiconductor Equipment	83%	53%	37%	42%	30%	39%	53%	56%	108%	141%	123%	106%	50%	46%	118%	61%
Software & Services	17%	9%	9%	9%	12%	18%	18%	23%	20%	26%	14%	10%	11%	18%	17%	13%
Technology Hardware & Equipment	1%	9%	13%	12%	10%	15%	14%	20%	35%	50%	36%	22%	9%	15%	34%	20%
Materials	-21%	-8%	-11%	5%	-4%	-6%	17%	7%	28%	43%	28%	41%	-9%	3%	35%	12%
Real Estate	2%	-1%	3%	4%	0%	2%	4%	0%	4%	6%	3%	7%	2%	1%	5%	7%
Utilities	28%	21%	-2%	2%	11%	-2%	22%	-2%	14%	11%	4%	13%	11%	8%	10%	8%
S&P 500	6%	11%	7%	18%	13%	11%	13%	13%	27%	50%	26%	25%	10%	12%	32%	15%

Prior Quarter SIGN Weights & Performance

GICS Sector / Industry Group	Rating (6/26/26)	S&P 500 Weight (6/26/26)	Rec' Weight (6/26/26)	Active Weight	Return (6/26/26 - 09/24/26)	Return Rel to S&P500	Contribution to SIGN Relative Performance
Communication Services	Underweight	9.6%	7.1%	-2.5%	9.0%	4.0%	-0.11%
Media & Entertainment	Underweight	8.8%	6.3%	-2.5%	9.6%	4.5%	-0.11%
Telecommunications Services	Market Weight	0.8%	0.8%	0.0%	3.3%	-1.7%	0.00%
Consumer Discretionary	Overweight	9.2%	11.8%	2.6%	-1.1%	-6.2%	-0.31%
Automobiles & Components	Underweight	1.9%	0.0%	-1.9%	-0.9%	-6.0%	0.11%
Consumer Durables & Apparel	Overweight	0.4%	0.9%	0.4%	-8.4%	-13.4%	-0.06%
Consumer Services	Overweight	1.7%	3.7%	2.0%	-10.0%	-15.0%	-0.30%
Consumer Discretionary Distribution & Retail	Overweight	5.2%	7.2%	2.0%	2.2%	-2.8%	-0.06%
Consumer Staples	Underweight	4.8%	2.9%	-1.8%	-2.5%	-7.6%	0.19%
Consumer Staples Distribution & Retail	Underweight	1.8%	0.0%	-1.8%	-5.2%	-10.3%	0.19%
Food Beverage & Tobacco	Market Weight	2.1%	2.1%	0.0%	-0.1%	-5.1%	0.00%
Household & Personal Products	Market Weight	0.9%	0.9%	0.0%	-2.7%	-7.8%	0.00%
Energy	Market Weight	3.1%	3.1%	0.0%	17.6%	12.6%	0.00%
Energy	Market Weight	3.1%	3.1%	0.0%	17.6%	12.6%	0.00%
Financials	Market Weight	12.0%	11.5%	-0.5%	2.0%	-3.0%	-0.12%
Banks	Overweight	3.5%	5.5%	2.0%	-1.5%	-6.5%	-0.13%
Financial Services	Underweight	6.9%	4.4%	-2.5%	4.7%	-0.3%	0.01%
Insurance	Market Weight	1.6%	1.6%	0.0%	-1.8%	-6.9%	0.00%
Health Care	Market Weight	9.2%	8.7%	-0.5%	6.2%	1.2%	-0.26%
Health Care Equipment & Services	Overweight	3.2%	5.2%	2.0%	-1.4%	-6.5%	-0.13%
Pharmaceuticals Biotechnology & Life Sciences	Underweight	6.0%	3.5%	-2.5%	10.3%	5.3%	-0.13%
Industrials	Overweight	8.9%	9.6%	0.7%	-6.6%	-11.7%	-0.01%
Capital Goods	Market Weight	6.8%	6.8%	0.0%	-7.6%	-12.6%	0.00%
Commercial & Professional Services	Overweight	0.7%	1.4%	0.7%	4.3%	-0.8%	-0.01%
Transportation	Market Weight	1.4%	1.4%	0.0%	-7.6%	-12.7%	0.00%
Information Technology	Market Weight	37.2%	37.2%	0.0%	11.1%	6.1%	0.00%
Semiconductors & Semiconductor Equipment	Market Weight	18.4%	18.4%	0.0%	4.2%	-0.9%	0.00%
Software & Services	Market Weight	8.2%	8.2%	0.0%	27.0%	22.0%	0.00%
Technology Hardware & Equipment	Market Weight	10.5%	10.5%	0.0%	10.9%	5.9%	0.00%
Materials	Overweight	1.9%	3.9%	2.0%	-2.3%	-7.4%	-0.15%
Materials	Overweight	1.9%	3.9%	2.0%	-2.3%	-7.4%	-0.15%
Real Estate	Market Weight	1.9%	1.9%	0.0%	-6.5%	-11.5%	0.00%
Real Estate	Market Weight	1.9%	1.9%	0.0%	-6.5%	-11.5%	0.00%
Utilities	Market Weight	2.3%	2.3%	0.0%	-14.2%	-19.3%	0.00%
Utilities	Market Weight	2.3%	2.3%	0.0%	-14.2%	-19.3%	0.00%
S&P 500					5.04%		
SIGN Weights					4.28%	-0.77%	-0.77%



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Appendix A-1

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