

Fifth Third Bancorp (FITB)

\$28.86 (As of 01/28/20)

Price Target (6-12 Months): **\$30.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/25/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: B

Growth: F

Momentum: D

Summary

Shares of Fifth Third have underperformed the industry over the past six months. However, the company has an impressive earnings surprise history, having beaten the Zacks Consensus Estimate in three of the trailing four quarters. Fourth-quarter results reflect higher costs and provisions, partially offset by rise in revenues. Its strategic efforts, such as Project North Star and MB Financial's buyout are likely to boost its efficiency and revenues over the long run. Also, rising loans and deposits balance keep the company well poised to undertake opportunistic expansion moves. Further, its involvement in steady capital-deployment activities is commendable. However, elevated expenses due to the company's branch-digitization initiative and legal issues are headwinds. Additionally, significant exposure to commercial loans remains a concern.

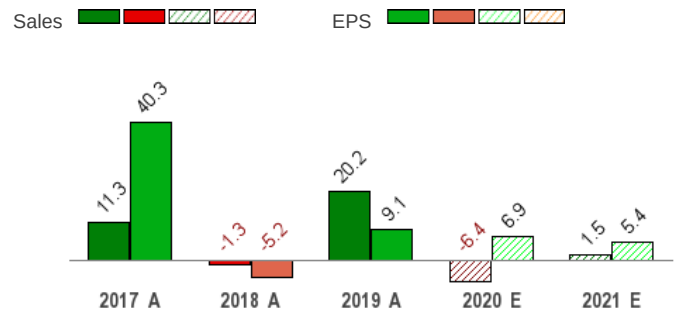
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$31.64 - \$24.17
20 Day Average Volume (sh)	4,366,419
Market Cap	\$20.5 B
YTD Price Change	-6.1%
Beta	1.40
Dividend / Div Yld	\$0.96 / 3.3%
Industry	Banks - Major Regional
Zacks Industry Rank	Top 8% (21 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-6.9%
Last Sales Surprise	16.4%
EPS F1 Est- 4 week change	0.3%
Expected Report Date	04/28/2020
Earnings ESP	0.0%
P/E TTM	10.4
P/E F1	9.8
PEG F1	1.4
P/S TTM	2.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,936 E	1,979 E	1,997 E	2,028 E	7,915 E
2020	1,914 E	1,943 E	1,964 E	2,002 E	7,797 E
2019	2,183 A	1,905 A	1,982 A	2,263 A	8,333 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.72 E	\$0.77 E	\$0.82 E	\$0.85 E	\$3.12 E
2020	\$0.65 E	\$0.72 E	\$0.78 E	\$0.82 E	\$2.96 E
2019	\$0.63 A	\$0.71 A	\$0.75 A	\$0.68 A	\$2.77 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/28/2020. The reports text is as of 01/29/2020.

Overview

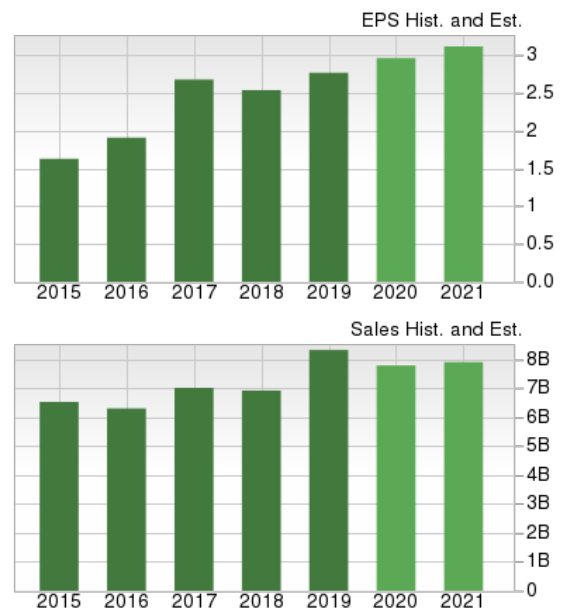
With assets of \$169 billion, Cincinnati-based Fifth Third Bancorp has 1,149 full-service banking centers in 10 states throughout the Midwestern and Southeastern regions of the United States. In September 2019, Fifth Third received OCC's approval to convert from an Ohio state-chartered bank to a national bank. Fifth Third classifies its operations into mainly four reportable segments:

- **Branch Banking** provides deposit, loan and lease products, and credit cards to individuals and small businesses.
- **Consumer Lending** includes mortgage and home equity lending, as well as other indirect lending activities.
- **Commercial Banking** provides financial services and products to large and middle-market businesses, governments and professional customers.
- **Wealth and Asset Management** offers investment alternatives to individuals, companies and non-profit organizations. These consist of proprietary mutual funds, securities brokerage and asset management services.

Further, Other segment includes unallocated portion of investment securities portfolio, securities gains and losses, non-core deposit funding, unassigned equity, provision expense above net charge-offs or benefit from reduction of allowance for loan losses, representation and warranty expense above actual losses or benefit from reduction of representation and warranty reserves, payment of preferred stock dividends and additional activities.

In March 2019, Fifth Third completed the acquisition of MB Financial, for a total consideration of \$3.6 billion. In February 2018, it acquired Coker Capital, a healthcare M&A advisory firm. In 2017, it acquired R.G. McGraw Insurance Agency.

Notably, Fifth Third has exited its entire stake in all publicly-traded companies. In March 2019, the company exchanged its remaining shares of Worldpay Holdings, LLC for shares of Worldpay, Inc., and subsequently sold its shares, recording a gain of \$562 million. During March and April 2019, Fifth Third exchanged its Class B units of GreenSky Holdings, LLC for Class A common stock of GreenSky, Inc., and subsequently sold all of the stock.



Reasons To Buy:

- ▲ With the gradual change in the rate environment, margin pressure for Fifth Third eased. In the last four years (ended 2019), the company reported improving net interest margin (NIM) after witnessing a declining trend for years. The increase reflected an improvement in the yield on earning assets. Therefore, the company's margin is anticipated to benefit from loan growth and higher loan yields.
- ▲ Fifth Third's diverse revenue base will likely support its earnings growth. The company has expanded its non-interest income base, which now represents about 42% of total revenues in 2019. Further, management expects fee income to increase 8% (on an adjusted basis) for 2020. Additionally, the company remains focused on executing measures, including branch consolidation. Also, the company is focused on strategic investments through North Star initiatives and MB Financial's buyout, which are expected to result in revenue growth, expense savings and operational excellence.
- ▲ The company's deposit balances represent an important source of funding and revenue growth opportunity. Fifth Third continues to focus on core deposit growth in its retail and commercial franchises by improving customer satisfaction, building full relationships and offering competitive rates. Notably, Fifth Third's total deposits, and loans and leases recorded a CAGR of 5.2% and 4.4%, respectively, over the last five years ending 2019, with some annual volatility. We believe the company is well positioned to strengthen its organic growth as the U.S. economy is gaining traction.
- ▲ Fifth Third's capital-deployment activities are impressive. The company raised its quarterly common stock dividend by 9.1%, effective in second-quarter 2019. Also, the company announced a share buyback program of up to 100 million shares in June 2019, with no expiration date. Fifth Third's capital-deployment activities seem sustainable due to its improving earnings performance over the past few quarters and strong balance-sheet position.
- ▲ Proactive steps have been taken by Fifth Third to improve its credit quality. In the last few years, the company took aggressive actions to reduce credit risk. Further, in line with its strategy to reduce volatility, particularly given the current environment, the company shrank exposures in certain segments such as commodity trading. Going forward, we expect the overall improvement in the credit metrics trend to continue in the upcoming quarters given the economic recovery.
- ▲ Shares of Fifth Third have underperformed the industry over the past six months. Despite this unfavorable trend, the company's earnings estimates for the current year have moved slightly upward over the past 30 days. Also, the stock seems undervalued compared with the industry. Its price-to-book (P/B) and price-to-earnings (P/E) (F1) ratios are below the respective industry averages. It also carries a Value Score of B. Therefore, given the progress on fundamentals and positive estimate revisions, the stock has upside potential.

Fifth Third's diversified revenue sources along with growing deposit and loan base keep it well poised to undertake inorganic growth strategies. Also, improving margins is a tailwind.

Reasons To Sell:

- ▼ Elevated non-interest expenses, despite efficiency initiatives remain a major concern for Fifth Third. Initiatives such as branch digitization keep the company's expense base under pressure in the short term. Given its ongoing strategic investments in several areas including technology, expenses might escalate in the near-term. Additionally, the company continues to encounter investigations and lawsuits from investors and regulators, which are expected to lead to higher legal expenses and provisions. Notably, expenses recorded a five-year CAGR of 6.3% in 2019.
- ▼ Fifth Third's trailing 12-month return on equity (ROE) undercuts its growth potential. Though the company's ROE of 10.96% has gradually improved over the years, it compared unfavorably with 12.11% for industry average, underlining the fact that it is less efficient in using shareholder funds.
- ▼ The loan portfolio of Fifth Third comprises majority of commercial loans (nearly 65% as of Dec 31 2019). Such high exposure can be risky for the company signifying concentration risk.

Strategic investments in areas such as technology and involvement in legal issues keep non-interest expenses elevated. Also, significant exposure to commercial loans remains a concern for Fifth Third.

Last Earnings Report

Fifth Third Q4 Earnings Miss Estimates, Costs Rise

Fifth Third reported fourth-quarter 2019 adjusted earnings per share of 68 cents, lagging the Zacks Consensus Estimate of 73 cents. However, including certain one-time items, the bottom line came in at 96 cents, up 50% year over year.

Higher expenses and provisions were the key undermining factors. Also, deterioration of credit quality was a headwind. However, increase in revenues, aided by higher interest income and fee income, was a positive factor. Further, the company witnessed growth in deposits balance.

Certain non-recurring items included in the results were the negative impact of \$7-million merger-related items and \$34 million related to the valuation of Visa total return swap (post-tax). Also, a \$250 million positive impact of gains recognized from Worldpay TRA transaction was included.

Net income available to common shareholders increased 62% year over year to \$701 million.

For full-year 2019, the company reported net income available to common shareholders of \$2.42 billion or \$3.33 compared with \$2.12 billion or \$3.06 in the prior year.

Revenues & Deposits Rise, Costs Up

Total revenues for the quarter came in at \$2.27 billion, up 37% year over year, driven by higher non-interest income. Also, the top line surpassed the Zacks Consensus Estimate of \$1.94 billion. Adjusted revenues were up 15%.

In 2019, the company reported total revenues of \$8.36 billion, up 20% year over year. Also, the figure surpassed the Zacks Consensus Estimate of \$8.08 billion.

Fifth Third's NII (tax equivalent) came in at \$1.23 billion, rising 14% year over year. This rise primarily reflects increase in interest earning assets. On an adjusted basis, NII rose 12%. However, net interest margin contracted 2 basis points (bps) to 3.27%.

Non-interest income surged 80% year over year to \$1.04 billion. Excluding certain items, non-interest income rose 20.7% to \$724 million. The rise was mainly due to higher mortgage and corporate and mortgage banking revenues.

Non-interest expenses flared up 19% from the prior-year quarter to \$1.16 billion. The upsurge chiefly resulted from higher compensation and benefits, card and processing expenses, technology costs and other non-interest expenses. Adjusted expenses jumped 21%.

As of Dec 31, 2019, average loan and lease balances were stable sequentially at \$109.8 billion. Average total deposits inched up 1% from the prior quarter to \$126.1 billion.

Credit Quality Worsens

Provision for credit losses surged 67% year over year to \$162 million. Total allowance for credit losses was \$1.35 billion, up 9.1%. Total non-performing assets, including loans held for sale, were \$680 million, up 72%.

Net charge-offs for the reported quarter were \$113 million or 41 bps of average loans and leases on an annualized basis compared with \$83 million or 35 bps a year ago.

Capital Position

Fifth Third remained well capitalized during the fourth quarter. Tier 1 risk-based capital ratio was 10.99% compared with 11.32% at the end of the prior-year quarter. CET1 capital ratio (fully phased-in) was 9.75% compared with 10.24% on Dec 31, 2018. Tier 1 leverage ratio was 9.54%, down from 9.72%.

Outlook

First-Quarter 2020

Interest-bearing core deposit costs are expected to decline another 8-10 bps from the fourth quarter, assuming the Fed remains on hold.

Based on above assumption, NII is expected to be down 2% sequentially, impacted by day count and some seasonality in securities portfolio and Commercial DDAs.

NIM is expected to expand 1-2 bps sequentially, reflecting increased benefits from previously executed hedges.

The company expects non-interest income to be down 3% from the adjusted fourth-quarter 2019 figure, reflecting seasonally lower mortgage banking and interchange revenues.

The company expects non-interest expenses to rise 5% sequentially. Excluding \$70 million seasonal employee expense impact, expenses are likely to be down 1%.

The company expects to achieve \$255 million in annual savings from the MB acquisition by the end of the first quarter.

Average loans and leases are expected to be stable sequentially.

Quarter Ending 12/2019

Report Date	Jan 22, 2020
Sales Surprise	16.43%
EPS Surprise	-6.85%
Quarterly EPS	0.68
Annual EPS (TTM)	2.77

Full-Year 2020

NIM is expected to be 3.25%, excluding the purchase accounting benefit to NIM and assuming no changes in interest rates.

NII will likely be up around 2%, excluding purchase accounting accretion.

Non-interest income is expected to increase 8% year over year, including the expected Worldpay TRA benefit in fourth-quarter 2019. As a result of NII growth and strong increase in fees, management expects to achieve 4% total revenue growth for 2020.

Non-interest expenses are predicted to be up 2-3% on adjusted basis. Higher minimum wage and direct regulatory fees related to the OCC charter conversion are expected to lead to rise in expenses. In addition, the company is planning to continue to rationalize and modernize its technology infrastructure, which will result in additional in-year expense growth.

Full-year 2020 average total loans are likely to increase around 4%, with growth in both commercial and consumer portfolios.

Charge-offs is expected to remain near historically low levels and be in the 35-40 bps range.

Project North Star Initiatives

In September 2016, Fifth Third launched Project North Star, which laid down several long-term financial targets without expecting any improvement in the current economic conditions. The initiatives are expected to enhance revenue growth, lower expenses and optimize balance sheet position.

Remain on-track to achieve MB expense savings by first-quarter 2020 (\$255 million pre-tax) and expect to achieve around 80% of run-rate savings by year-end. The company also continues to expect revenue synergies to generate around \$60-\$75 million in annual pretax income by 2022.

Recent News

Fifth Third Expects MB Financial Buyout to Boost Revenues – Nov 27, 2019

Fifth Third announced that it expects revenues to be driven by 45% synergies from its MB Financial buyout, completed in March 2019. Particularly, the company anticipates an annual pretax income benefit of \$60-\$75 million by 2022. Also, the transaction is likely to reduce expenses by \$255 million.

Per the terms of deal, MB Financial's 92 branches and \$15 billion deposits were transferred to the acquiring company. With the increase in deposits post merger, Fifth Third became the fourth largest bank in Chicago in terms of deposits.

Moreover, post-closure, to avoid overlapping of operations, Fifth Third reduced its branch count by 44, and slashed nearly 500 jobs.

The company has already witnessed 60% of cost cuts, and expects to reach 80% by the end of the ongoing year. Further, by the end of first-quarter 2020, it is likely to attain full anticipated cost savings.

Earlier, Fifth Third's asset-based lending business catered only to midsized to large companies. Following the deal, the company's revenues are likely to benefit from MB Financial's smaller business clients as well. Also, it expects to cross-sell new products to the MB Financial's existing retail customers. Moreover, Fifth Third's focus on its wealth management department within its existing markets will be supported by the deal.

Further, revenues from leasing and commercial loan businesses are likely to witness improvement, with a major benefit coming from MB Financial's commercial lending department. Also, the deal will help Fifth Third expand its operations to new line of products like treasury management or capital markets services.

Tayfun Tuzun, CFO of Fifth Third, noted "We are fairly optimistic that the wallet share in Chicago of their existing clients will grow. That wallet share is going to be an important contributor to synergies."

Notably, Celtic and LaSalle, MB Financial's leasing businesses, have already started fueling revenue growth.

Fifth Third Reduces Its Prime Lending Rate by Another 25 Bps – Oct 30, 2019

Pursuant to the U.S. Federal Reserve interest rate cut by 25 bps, Fifth Third reduced its prime lending rate from 5% to 4.75%, with immediate effect. Prior to this, in September 2019, the company reduced its prime lending rate from 5.25% to 5%.

Dividend Update

On Dec 17, 2019, Fifth Third announced a cash dividend of 24 cents per share. The dividend was paid on Jan 15, 2020 to shareholders of record as of Dec 31, 2019.

Valuation

Fifth Third's shares are up 5.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 13.3% and 8.6% over the past year, respectively.

The S&P 500 Index is up 21.5% in the past year.

The stock is currently trading at 9.72X forward 12 months earnings, which compares to 11.26X for the Zacks sub-industry, 14.45X for the Zacks sector and 18.81X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 17.11X and as low as 8.2X, with a 5-year median of 11.55X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$30 price target reflects 10.21X forward earnings.

The table below shows summary valuation data for FITB

Valuation Multiples - FITB				
	Stock	Sub-Industry	Sector	S&P 500
Current	9.72	11.26	14.45	18.81

P/E F12M	5-Year High	17.11	13.85	16.21	19.34
	5-Year Low	8.2	9.04	12.01	15.18
	5-Year Median	11.55	11.42	13.98	17.45
P/TB TTM	Current	1.5	2.24	3.25	12.54
	5-Year High	2.13	2.68	3.98	12.75
	5-Year Low	0.98	1.44	2.44	6.03
	5-Year Median	1.54	2.11	3.46	9.09
P/S F12M	Current	2.63	3.86	6.53	3.49
	5-Year High	3.67	4.59	6.61	3.49
	5-Year Low	1.77	2.61	5.2	2.54
	5-Year Median	2.67	3.59	6.04	3

As of 01/28/2020

Industry Analysis Zacks Industry Rank: Top 8% (21 out of 255)



Top Peers

Citizens Financial Group, Inc. (CFG)	Neutral
Comerica Incorporated (CMA)	Neutral
East West Bancorp, Inc. (EWBC)	Neutral
Huntington Bancshares Incorporated (HBAN)	Neutral
KeyCorp (KEY)	Neutral
M&T Bank Corporation (MTB)	Neutral
Regions Financial Corporation (RF)	Neutral
Webster Financial Corporation (WBS)	Neutral

Industry Comparison Industry: Banks - Major Regional				Industry Peers		
	FITB Neutral	X Industry	S&P 500	CMA Neutral	HBAN Neutral	KEY Neutral
VGM Score	D	-	-	C	D	B
Market Cap	20.48 B	41.47 B	23.90 B	9.10 B	14.05 B	18.80 B
# of Analysts	11	8	13	12	11	10
Dividend Yield	3.33%	2.81%	1.8%	4.24%	4.41%	3.88%
Value Score	B	-	-	A	B	B
Cash/Price	0.27	0.64	0.04	0.64	0.10	0.16
EV/EBITDA	8.73	5.77	14.05	5.77	9.53	9.91
PEG Ratio	1.36	1.36	2.00	0.61	1.84	1.78
Price/Book (P/B)	1.05	1.24	3.28	1.24	1.33	1.24
Price/Cash Flow (P/CF)	8.61	10.18	13.57	7.48	9.62	9.47
P/E (F1)	9.74	11.14	18.76	9.34	10.60	10.13
Price/Sales (P/S)	2.09	2.44	2.63	2.38	2.48	2.44
Earnings Yield	10.26%	8.98%	5.33%	10.70%	9.41%	9.85%
Debt/Equity	0.77	0.87	0.72	0.99	0.93	0.82
Cash Flow (\$/share)	3.35	4.98	6.89	8.45	1.41	2.02
Growth Score	F	-	-	D	F	C
Hist. EPS Growth (3-5 yrs)	13.58%	13.58%	10.68%	30.93%	12.41%	14.67%
Proj. EPS Growth (F1/F0)	6.99%	4.17%	7.63%	-14.11%	1.00%	17.08%
Curr. Cash Flow Growth	-9.51%	-1.79%	13.04%	40.97%	-22.59%	-9.98%
Hist. Cash Flow Growth (3-5 yrs)	-1.28%	7.08%	8.78%	14.77%	7.58%	10.64%
Current Ratio	0.88	0.90	1.24	1.03	0.90	0.90
Debt/Capital	41.38%	44.13%	42.99%	49.80%	45.51%	42.22%
Net Margin	25.65%	23.17%	11.47%	31.33%	24.95%	22.06%
Return on Equity	10.96%	12.11%	17.21%	16.20%	13.44%	12.54%
Sales/Assets	0.06	0.05	0.54	0.05	0.05	0.05
Proj. Sales Growth (F1/F0)	-6.43%	0.74%	4.10%	-5.93%	1.85%	3.04%
Momentum Score	D	-	-	F	F	B
Daily Price Chg	1.26%	0.78%	0.90%	0.69%	0.82%	1.33%
1 Week Price Chg	-2.07%	-3.24%	-1.09%	-5.81%	-6.73%	-1.53%
4 Week Price Chg	-6.12%	-6.11%	0.46%	-11.99%	-9.81%	-5.68%
12 Week Price Chg	-4.91%	-0.89%	4.15%	-11.27%	-8.54%	-0.52%
52 Week Price Chg	5.21%	8.31%	18.27%	-23.00%	0.29%	14.04%
20 Day Average Volume	4,366,419	4,942,180	1,730,811	1,462,756	9,891,077	8,801,431
(F1) EPS Est 1 week change	0.49%	0.00%	0.00%	-1.16%	-2.45%	0.75%
(F1) EPS Est 4 week change	0.31%	0.36%	0.00%	-3.01%	-2.58%	0.48%
(F1) EPS Est 12 week change	-0.08%	0.49%	-0.13%	-4.14%	-3.02%	0.49%
(Q1) EPS Est Mthly Chg	-5.53%	-1.03%	0.00%	-1.91%	-3.68%	0.58%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	F
Momentum Score	D
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.