

Charles Schwab Corp. (SCHW)

\$33.15 (As of 07/31/20)

Price Target (6-12 Months): **\$35.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/13/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: D

Growth: B

Momentum: A

Summary

Schwab's shares have underperformed the industry so far this year. In the trailing four quarters, the company's earnings outpaced the Zacks Consensus Estimate once and missed thrice. Its second-quarter 2020 results were hurt by lower revenues and higher expenses. Schwab's efforts to grow through acquisitions are expected to further strengthen its position as a leading brokerage player and be accretive to earnings. The planned acquisition of TD Ameritrade will create a behemoth in the online brokerage industry. Though offering commission-free trading is expected to lead to higher client assets and brokerage accounts for Schwab, this is expected to hamper revenue growth to an extent. Also, near-zero interest rates amid the Fed's accommodative policy stance will likely hurt margin growth. Rising expenses are expected to hurt profits.

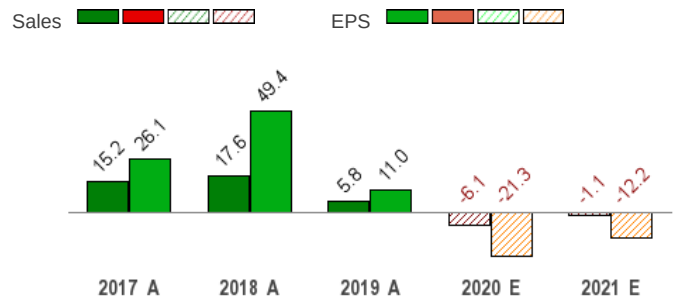
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$51.65 - \$28.00
20 Day Average Volume (sh)	8,441,462
Market Cap	\$42.7 B
YTD Price Change	-30.3%
Beta	1.25
Dividend / Div Yld	\$0.72 / 2.2%
Industry	Financial - Investment Bank
Zacks Industry Rank	Top 16% (41 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-1.8%
Last Sales Surprise	-1.8%
EPS F1 Est- 4 week change	2.5%
Expected Report Date	NA
Earnings ESP	0.0%
P/E TTM	13.2
P/E F1	15.5
PEG F1	2.0
P/S TTM	4.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,449 E	2,472 E	2,499 E	2,503 E	9,950 E
2020	2,617 A	2,450 A	2,498 E	2,472 E	10,064 E
2019	2,723 A	2,681 A	2,711 A	2,606 A	10,721 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.47 E	\$0.48 E	\$0.49 E	\$0.48 E	\$1.88 E
2020	\$0.60 A	\$0.54 A	\$0.52 E	\$0.50 E	\$2.14 E
2019	\$0.69 A	\$0.66 A	\$0.74 A	\$0.63 A	\$2.72 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 07/31/2020. The reports text is as of 08/03/2020.

Overview

Headquartered in San Francisco, CA, The Charles Schwab Corporation is a savings and loan holding company, providing wealth management, securities brokerage, banking, asset management, custody and financial advisory services.

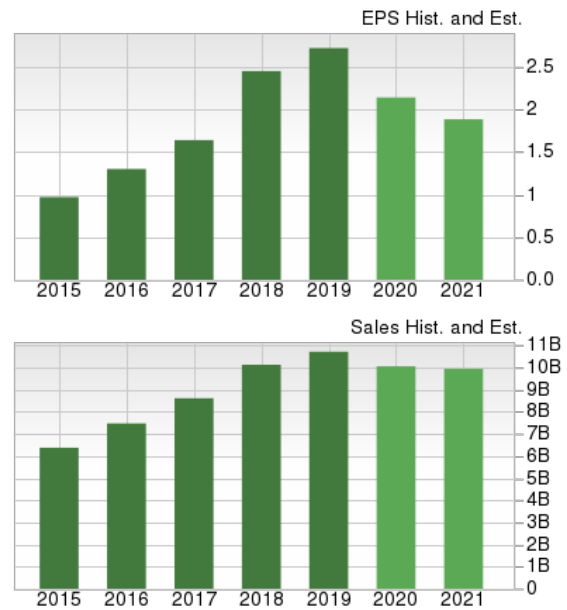
The company's main subsidiaries include Charles Schwab & Co. (securities broker-dealer), Charles Schwab Investment Management (an investment advisor for Schwab's proprietary mutual funds and Schwab's exchange-traded funds) and Charles Schwab Bank (a federal savings bank).

Schwab provides financial services to individuals and institutions through two reportable segments – Investor Services and Advisor Services.

- The **Investor Services** segment (constituting 71.1% of total net revenues in 2019) includes Schwab's retail brokerage and banking operations as well as retirement plan and corporate brokerage services. Through this segment, the company offers research, analytic tools, online portfolio planning tools, performance reports, market analysis and educational material to its clients.
- The **Advisor Services** segment (28.9%) offers custodial, trading and support services to independent investment advisors. It also provides retirement business services to independent retirement plan advisors and record-keepers.

In May 2020, Schwab acquired certain of assets of USAA's Investment Management Company, including brokerage and managed portfolio accounts. In June, it acquired Motif's technology and intellectual property assets, while in July it acquired Naples, FL-based Wasmer, Schroeder & Company.

As of Jun 30, 2020, the company had 14.1 million active brokerage accounts, 1.5 million banking accounts and 1.7 million corporate retirement plan participants.



Reasons To Buy:

- ▲ Schwab remains focused on enhancing trading revenues, which was under pressure since the last few years. The company has been taking several initiatives including lowering its basic online equity and ETF trade commissions to zero and reducing fees for the Schwab market cap-weighted index mutual funds. It launched Schwab Stock Slices effective Jun 2. Through this, investors will be able to own shares of any company in the S&P 500 Index starting at \$5 each, even though their shares cost more. These efforts are aimed at building client base and will likely lead to improvement in trading income, going forward.
- ▲ Schwab continues to benefit from aggressive efforts to increase client base in advisory solutions. The advice solution revenues saw a four-year (2016-2019) CAGR of 9.4%, with the momentum continuing in the first half of 2020. Despite the company lowering fees on certain advice solution products, revenues from the same increased as average client asset balances improved. Further, driven by the company's efforts, total client assets have witnessed a CAGR of 13.3% over the last four years (ended 2019). The uptrend for client assets continued in the first half of 2020. Buyout of USAA's Investment Management Company and the planned acquisition of TD Ameritrade will help further diversify revenues and be accretive to earnings. Moreover, the acquisition of Motif's technology and intellectual property, along with Wasmer, Schroeder & Company, LLC are expected to further strengthen Schwab's position in the brokerage industry.
- ▲ Moreover, Schwab's capital deployment activities seem impressive. In January 2020, it announced a 6% increase in quarterly dividend, following a hike in 2019 and twice in 2018. Further, it has a share repurchase program in place. Given a strong balance sheet position and lower dividend payout ratio than the industry, the company's capital deployments look sustainable in the near term.
- ▲ Schwab's trailing 12-month return on equity (ROE) reflects its superiority in terms of utilizing shareholders' fund. The company's ROE of 16.88% compares favorably with the industry's 13.58%.
- ▲ Schwab's shares have underperformed the industry so far this year. However, its earnings estimates for 2020 have been revised 2.4% higher over the past 30 days. Therefore, given the strength in fundamentals and positive estimate revisions, the stock has upside potential.

Schwab's inorganic growth efforts and initiatives to augment trading revenues will continue boosting profitability. Further, its enhanced capital deployment plan reflects a strong balance sheet.

Reasons To Sell:

- ▼ Given the near-zero interest rates, Schwab's net interest margin (NIM) is expected to remain under pressure in the quarters ahead. In fact, significant improvement in margins is not expected in the near term, owing to the Federal Reserve's accommodative policy stance. Hence, a decline in margins will likely hurt the top line to some extent.
 - ▼ Continuously mounting operating expenses are expected to hurt the company's bottom line to an extent. Expenses witnessed a CAGR of 9.4% over the last four years (2016-2019) mainly due to rise in compensation and benefit costs. The uptrend continued in the first six months of 2020 as well. Moreover, costs related to compensation and regulatory spending as well as ongoing investments to drive operating efficiency are expected to keep expenses high in the upcoming quarters.
 - ▼ We remain apprehensive about Schwab's significant dependence on fee-based revenue streams (asset management and administration fees constituted more than 30% of net revenues in the first half of 2020) and lower degree of capital intensity than peers. Though the company is undertaking measures that have resulted in higher trading revenues, these will not be sufficient for boosting overall revenues, as trading revenues constitute only a small portion (7.5%) of net revenues.
 - ▼ Further, Schwab looks overvalued right now when compared with the broader industry. Its current price-earnings (P/E) (F1) and price-cash flow (P/CF) ratios are above the respective industry averages.
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Near-zero interest rates are expected to hamper Schwab's net interest margin growth in the near term. Additionally, continuously mounting expenses will likely hurt the bottom line to an extent.

Last Earnings Report

Schwab Lags on Q2 Earnings as Revenues Fall, Costs Rise

Charles Schwab's second-quarter 2020 adjusted earnings of 54 cents per share lagged the Zacks Consensus Estimate of 55 cents. Also, the bottom line decreased 19% from the prior-year quarter.

Results for the reported quarter excluded acquisition and integration-related costs as well as the amortization of acquired intangibles.

Results were primarily hurt by a decline in revenues and higher expenses. However, an increase in net new assets and higher new brokerage accounts — driven by solid client activity in the coronavirus outbreak-induced volatile markets — acted as tailwinds.

After considering non-recurring items, net income available to common shareholders (GAAP basis) was \$621 million or 48 cents per share, down from \$887 million or 66 cents per share recorded in the year-ago quarter.

Revenues Decline, Expenses Rise

Net revenues were \$2.45 billion, down 8.6% year over year. The fall was due to a decline in trading revenues (down 6.8%), net interest revenues (down 13.7%) and other revenues (down 15.2%), partially offset by a 1.9% rise in asset management and administration fees. The reported figure lagged the Zacks Consensus Estimate of \$2.49 billion.

Total non-interest expenses rose 8.1% year over year to \$1.56 billion. All expense components, except for advertising and market development costs, increased from a year ago.

Pre-tax profit margin declined to 36.2% from 46.1% in the prior-year quarter.

At the end of the second quarter, Schwab's average interest-earning assets grew 36.6% year over year to \$362.9 billion.

Annualized return on equity as of Jun 30, 2020, was 10%, down from 19% at the end of the prior-year quarter.

Other Business Developments

As of Jun 30, 2020, Schwab had total client assets of \$4.1 trillion (up 11% year over year). During the reported quarter, net new assets — brought by new and existing clients — were \$137.4 billion, up significantly from the year-ago quarter.

Schwab added 1.65 million new brokerage accounts in the reported quarter, reflecting a substantial jump from 386,000 accounts recorded in the year-ago period. As of Jun 30, 2020, the company had 14.1 million active brokerage accounts, 1.5 million banking accounts and 1.7 million corporate retirement plan participants.

Outlook

The 2020 outlook is based on assumptions of a 6.5% appreciation of the S&P 500 Index from the Apr 15, 2020 level, no change in short-term interest rates, long-term rates at 1.04% on an average, balance sheet growth of 30-40% and a 45% year-over-year increase in daily average trades.

Revenues are expected to decline 7-4%.

Excluding acquisition and integration-related charges, adjusted expenses are expected to increase 3.5-4.5%.

Adjusted pre-tax profit margin is expected to be more than 39%.

Quarter Ending 06/2020

Report Date	Jul 16, 2020
Sales Surprise	-1.79%
EPS Surprise	-1.82%
Quarterly EPS	0.54
Annual EPS (TTM)	2.51

Recent News

Schwab Completes Acquisition of Wasmer Schroeder – Jul 1, 2020

Schwab completed the acquisition of Naples, FL-based Wasmer, Schroeder & Company, LLC. The deal, announced this February, will likely strengthen Schwab's position in the brokerage industry.

Wasmer Schroeder is an independent investment manager of fixed-income separately managed accounts. Its team of more than 60 employees, including roughly 30 investment professionals, has significant experience in the fixed-income markets.

The deal is expected to enhance Schwab's fixed-income capabilities and expand its approximately \$90 billion in separately managed accounts. Also, the company will be able to meet increasing client demand for income in retirement.

However, the financials of the transaction have not been disclosed yet.

At the time of announcement of the deal, Rick Wurster, executive vice president of Schwab Asset Management Solutions, stated, "Wasmer Schroeder's professionally managed portfolios and investment capabilities will help Schwab deliver on a wide range of fixed income investment needs and preferences, and complements the total wealth management offering we make available to our retail and RIA clients."

Schwab Closes Deal to Acquire Certain Assets of Motif - Jun 23, 2020

Charles Schwab has acquired Motif's technology and intellectual property assets. Financial details of the deal, which was announced in May, have not been disclosed yet.

Based in San Francisco-CA, Motif provides thematic investment strategies and allows investors to trade intelligently weighted baskets of stocks built around themes, investing styles or multi-asset models.

Per the deal, all of Motif's technology and intellectual property including algorithms, patents and source code has been acquired by Schwab. Broker-dealer, RIA, client accounts and client assets were not part of the deal.

Moreover, Schwab has hired the majority of Motif's development and investment talent. The founder of the acquired company, Hardeep Walia, also joined Schwab.

At the time of announcing the deal, Walia had said, "For over a decade, Motif's unwavering mission has been to introduce investors to the power of thematic investing. By combining data science and automation, we have developed an innovative and personalized investing platform that appeals to both individuals and advisors."

With this acquisition, Schwab aims to bolster existing capabilities, and speed up the development of thematic and direct indexing solutions for Schwab's retail investors, as well as RIA clients.

Schwab-Ameritrade Deal Gets DOJ & Shareholder Nod - Jun 4, 2020

Charles Schwab's deal to acquire TD Ameritrade Holding for \$26 billion has received consent from the U.S. Department of Justice ("DOJ"). The all-stock deal, announced in November 2019, had raised antitrust concerns as it will make Schwab one of the prominent industry players.

Nonetheless, at that time, Schwab President and CEO Walt Bettinger had downplayed the antitrust risks. He had said, "We have numerous competitors, many of which are far larger than us today and far larger than a combined organization. They're going to continue to come right after us, as they are now in all aspects of the business."

In other development, shareholders of both Schwab and TD Ameritrade have approved the transaction, with more than 99% of votes cast in favor of the deal.

Further, the proposal to issue new Schwab common shares to TD Ameritrade stockholders as consideration for the acquisition was overwhelmingly approved by the shareholders.

Steve Boyle, interim president and CEO, TD Ameritrade said, "We are pleased that our shareholders are supportive of this transformative opportunity to create the ultimate client experience for retail investors and independent registered investment advisors."

Also, votes were cast in favor of "an amendment to the fifth amended and restated certification of incorporation of Schwab," which will lead to creation of a new class of non-voting common stock that will be issued to Toronto-Dominion Bank – having nearly 43% stake in TD Ameritrade at present.

Therefore, per the Schwab charter amendment, the number of authorized shares of Schwab will increase by 300 million, and it will be authorized to issue 300 million shares of non-voting common stock, each with a par value of \$0.01 per share.

By clearing these hurdles, the deal is a step closer to completion though it still requires other regulatory approvals. The deal is expected to close in the second half of 2020 and integration will likely take another 18-36 months.

Schwab Closes Deal With USAA's Investment Management Company - May 26, 2020

Schwab has closed the acquisition of the assets of USAA's Investment Management Company, including its brokerage and managed portfolio accounts. With an aim to diversify revenues, Schwab announced the deal in July 2019.

At the time of the announcement, the all-cash deal was valued at \$1.8 billion. Schwab projected the transaction to be modestly accretive to earnings on a cash basis by the first year and on a GAAP basis by the second year.

Also, it expected expense synergies from a reduction in clearing fees and other operating expenses.

Notably, as announced earlier, both companies have also entered a long-term referral agreement, which makes Schwab the exclusive wealth management and brokerage provider for USAA members. This is expected to provide "incremental organic growth opportunity for Schwab."

Walt Bettinger, president and CEO of Schwab, stated, "We are incredibly honored that USAA entrusted Schwab with the vital task of building the financial futures of its members. We understand that with this transaction comes a great responsibility to USAA members and their talented employees, and we are committed to making the integration as seamless and efficient as possible."

President and CEO of USAA Investment Management, Wayne Peacock, said, "USAA and Schwab share an unwavering commitment to the financial security of our members and clients. Schwab approaches every decision 'through clients' eyes' and offers a wide selection of investment products and services for some of the lowest costs in the industry. Our members now will receive expanded solutions from Schwab, who shares our client-centric approach and is committed to serving and employing military members."

The transaction will add scale to Schwab's Investor Services segment, with the addition of more than 1 million new accounts and roughly \$90 billion in client assets.

Almost 400 former employees of USAA have joined Schwab to support the new accounts and help transitioning members feel confident about their accounts moving to Schwab.

Now, with the completion of the deal, Schwab has an opportunity to serve USAA members as their exclusive provider of wealth management and investment brokerage services through the long-term referral agreement.

Schwab to Acquire TD Ameritrade - Nov 25, 2019

Charles Schwab has inked an all-stock deal to acquire TD Ameritrade Holding for roughly \$26 billion. This will create a behemoth in online brokerage space with combined client assets worth more than \$5 trillion and serving nearly 24 million brokerage accounts.

Schwab President and CEO Walt Bettinger said, "With this transaction, we will capitalize on the unique opportunity to build a firm with the soul of a challenger and the resources of a large financial services institution that will be uniquely positioned to serve the investment, trading and wealth management needs of investors across every phase of their financial journeys."

Exchange Ratio, New Headquarter & Other Details

Under the deal terms, shareholders of TD Ameritrade will receive 1.0837 Schwab shares for each TD Ameritrade share. This represents a 17% premium over the 30-day volume weighted average price exchange ratio as of Nov 20, 2019.

The transaction, still subject to regulatory approvals and consent of shareholders of both the companies, is expected to close in the second half of 2020. The integration process will start immediately thereafter, which is likely to take around 18-36 months.

As part of this process, the combined company's headquarter will be shifted to Westlake, TX from Schwab's current base in San Francisco. Nearly \$1.6 billion charge related to the integration is expected to be incurred over three years after closing.

The deal has been approved by the board of directors of both the companies as well as the Strategic Development Committee of TD Ameritrade's board (formed to supervise and conduct the process and all negotiations concerning the transaction).

Following the deal closure, The Toronto-Dominion Bank, which has nearly 43% stake in TD Ameritrade at present, is likely to have an ownership position of roughly 13% in the combined company. Other TD Ameritrade stockholders and existing Schwab stockholders will hold approximately 18% and 69% stake, respectively.

Moreover, TD Bank will have two new seats on the combined company's board, while TD Ameritrade will have one. Further, TD Ameritrade has halted previously announce process of searching for new CEO and named Stephen Boyle, the company's EVP and CFO, as interim President and CEO.

Also, as two of the biggest online brokers are involved, the transaction could face tough antitrust scrutiny. Nonetheless, Bettinger downplayed the antitrust risks for the deal. In the conference call following the announcement, he said, "We have numerous competitors, many of which are far larger than us today and far larger than a combined organization. They're going to continue to come right after us, as they are now in all aspects of the business."

Accretive to Earnings, Cost Synergies

The deal is expected to result in substantial strategic benefits for the combined firm. Also, clients of both Schwab and TD Ameritrade will benefit from enhancement of "investing and trading experience."

Boyle said, "Partnering with Schwab on this transformative opportunity makes the right strategic and financial sense for TD Ameritrade."

The deal is expected to be single digit percentage accretive to operating cash earnings in the first-year post closing and 15-20% accretive in the third year. Further, it is projected to be 10-15% accretive to GAAP earnings in the third year, post completion.

Also, the deal is estimated to result in \$3.5-\$4.0 billion in total synergies. This will be mainly derived from expense savings and the Insured Deposit Account renegotiation transaction between Schwab and TD Bank.

On cost front, the current projection is for nearly \$1.8-\$2 billion run rate expense synergies, representing about 18-20% of combined company's cost base. A part of this synergy is expected to be realized from "elimination of overlapping and duplicative roles."

More synergies are likely to be generated through real estate, administrative and other savings. Nonetheless, no details related to these were provided at present.

Overall, all these are anticipated to reduce operating expenses as a percentage of client assets and help further diversify revenues. Notably, the deal is expected to increase percentage of trading related fees to total revenues to about 19% from nearly 9% for Schwab at present.

Dividend Update

On Jul 23, Schwab declared a regular quarterly dividend of 18 cents per share. The dividend will be paid on Aug 28 to shareholders on record as of Aug 7.

Valuation

Schwab's shares are down 30.3% in the year-to-date period and 14.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 13.7% and 18.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 2% but the sector is down 9.1%.

The S&P 500 index is up 1.7% in the year-to-date period and 15.5% in the past year.

The stock is currently trading at 16.66X forward 12 months earnings, which compares to 11.37X for the Zacks sub-industry, 16.27X for the Zacks sector and 22.64X for the S&P 500 index.

Over the past five years, the stock has traded as high as 32.01X and as low as 11.05X, with a 5-year median of 20.60X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$35 price target reflects 17.59X forward earnings.

The table below shows summary valuation data for SCHW

Valuation Multiples - SCHW					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	16.66	11.37	16.27	22.64
	5-Year High	32.01	15.3	16.27	22.64
	5-Year Low	11.05	6.04	11.59	15.25
	5-Year Median	20.6	11.42	14.21	17.55
P/TB TTM	Current	1.93	2.1	3.33	12.9
	5-Year High	5.45	3.33	4	12.94
	5-Year Low	1.85	1.4	2.01	5.96
	5-Year Median	3.73	2.36	3.48	9.54
P/S F12M	Current	4.27	3.37	6.04	3.59
	5-Year High	8.08	4.54	6.66	3.59
	5-Year Low	3.38	2.75	4.96	2.53
	5-Year Median	5.61	3.53	6.06	3.04

As of 07/31/2020

Industry Analysis Zacks Industry Rank: Top 16% (41 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
TD Ameritrade Holding Corporation (AMTD)	Outperform	1
GAIN Capital Holdings, Inc. (GCAP)	Outperform	NA
ETRADE Financial Corporation (ETFC)	Neutral	2
Interactive Brokers Group, Inc. (IBKR)	Neutral	1
LPL Financial Holdings Inc. (LPLA)	Neutral	3
Raymond James Financial, Inc. (RJF)	Neutral	3
Tradeweb Markets Inc. (TW)	Neutral	3
Virtu Financial, Inc. (VIRT)	Neutral	3

Industry Comparison Industry: Financial - Investment Bank				Industry Peers		
	SCHW	X Industry	S&P 500	AMTD	ETFC	RJF
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	1	2	3
VGM Score	B	-	-	A	A	A
Market Cap	42.68 B	699.79 M	22.59 B	19.41 B	11.22 B	9.52 B
# of Analysts	7	2	14	7	3	2
Dividend Yield	2.17%	0.00%	1.83%	3.46%	1.10%	2.13%
Value Score	D	-	-	B	B	B
Cash/Price	2.28	0.67	0.07	1.02	0.00	1.53
EV/EBITDA	-8.64	1.65	12.94	0.67	6.79	-1.24
PEG Ratio	1.97	1.33	3.04	1.33	NA	NA
Price/Book (P/B)	1.82	1.57	3.17	2.03	1,830.47	1.42
Price/Cash Flow (P/CF)	9.31	8.26	12.51	7.65	10.16	8.25
P/E (F1)	15.49	14.15	21.87	10.04	16.65	13.09
Price/Sales (P/S)	4.11	1.37	2.44	3.28	3.91	1.17
Earnings Yield	6.46%	6.57%	4.31%	9.95%	6.01%	7.64%
Debt/Equity	0.36	0.31	0.75	0.39	0.23	0.49
Cash Flow (\$/share)	3.56	2.30	6.94	4.69	5.00	8.43
Growth Score	B	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	28.06%	19.86%	10.85%	30.77%	34.95%	21.84%
Proj. EPS Growth (F1/F0)	-21.32%	-13.42%	-7.75%	-13.46%	-24.32%	-28.24%
Curr. Cash Flow Growth	9.66%	-0.49%	5.39%	17.86%	-5.88%	13.40%
Hist. Cash Flow Growth (3-5 yrs)	22.65%	12.22%	8.55%	21.50%	13.09%	17.54%
Current Ratio	0.42	1.23	1.31	1.14	0.30	1.06
Debt/Capital	24.49%	26.29%	44.32%	28.08%	17.15%	32.97%
Net Margin	31.48%	9.74%	10.44%	32.88%	28.69%	10.75%
Return on Equity	16.88%	13.58%	14.73%	22.51%	19.67%	13.15%
Sales/Assets	0.03	0.26	0.52	0.12	0.06	0.19
Proj. Sales Growth (F1/F0)	-6.13%	0.00%	-1.95%	-4.45%	-6.43%	1.07%
Momentum Score	A	-	-	B	B	A
Daily Price Chg	-1.47%	-0.32%	-0.92%	-1.28%	-2.73%	-3.40%
1 Week Price Chg	4.49%	-0.11%	0.37%	4.54%	-4.38%	1.79%
4 Week Price Chg	-0.72%	0.00%	3.81%	-0.28%	3.02%	2.89%
12 Week Price Chg	-5.74%	8.37%	11.93%	-1.94%	27.02%	7.84%
52 Week Price Chg	-19.71%	-9.88%	-1.92%	-27.76%	8.02%	-11.26%
20 Day Average Volume	8,441,462	73,847	1,887,986	2,625,734	2,087,696	637,181
(F1) EPS Est 1 week change	-1.12%	0.00%	0.00%	4.16%	1.24%	0.00%
(F1) EPS Est 4 week change	2.53%	11.09%	0.38%	21.28%	8.73%	11.09%
(F1) EPS Est 12 week change	2.53%	12.31%	-0.07%	23.68%	9.32%	12.31%
(Q1) EPS Est Mthly Chg	2.59%	2.59%	0.16%	40.32%	24.60%	18.48%

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	D
Growth Score	B
Momentum Score	A
VGM Score	B

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

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