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# Industrials Sector Overview

11/2/2021

# Team Overview

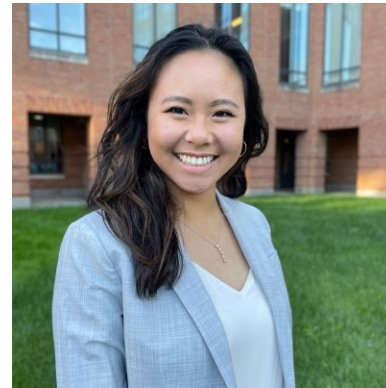
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Frank Geib



Jeremy Gao



Michelle Hang

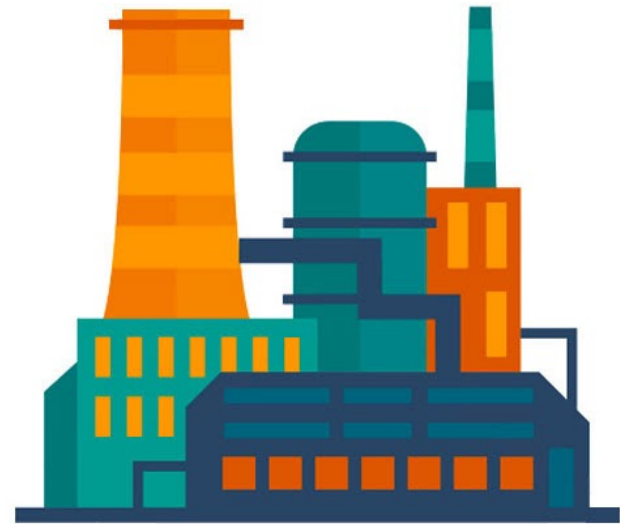


Katherine Hart

# Agenda

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- Sector Overview
- Business Analysis
- Economic Analysis
- Financials and Valuations
- Recommendation

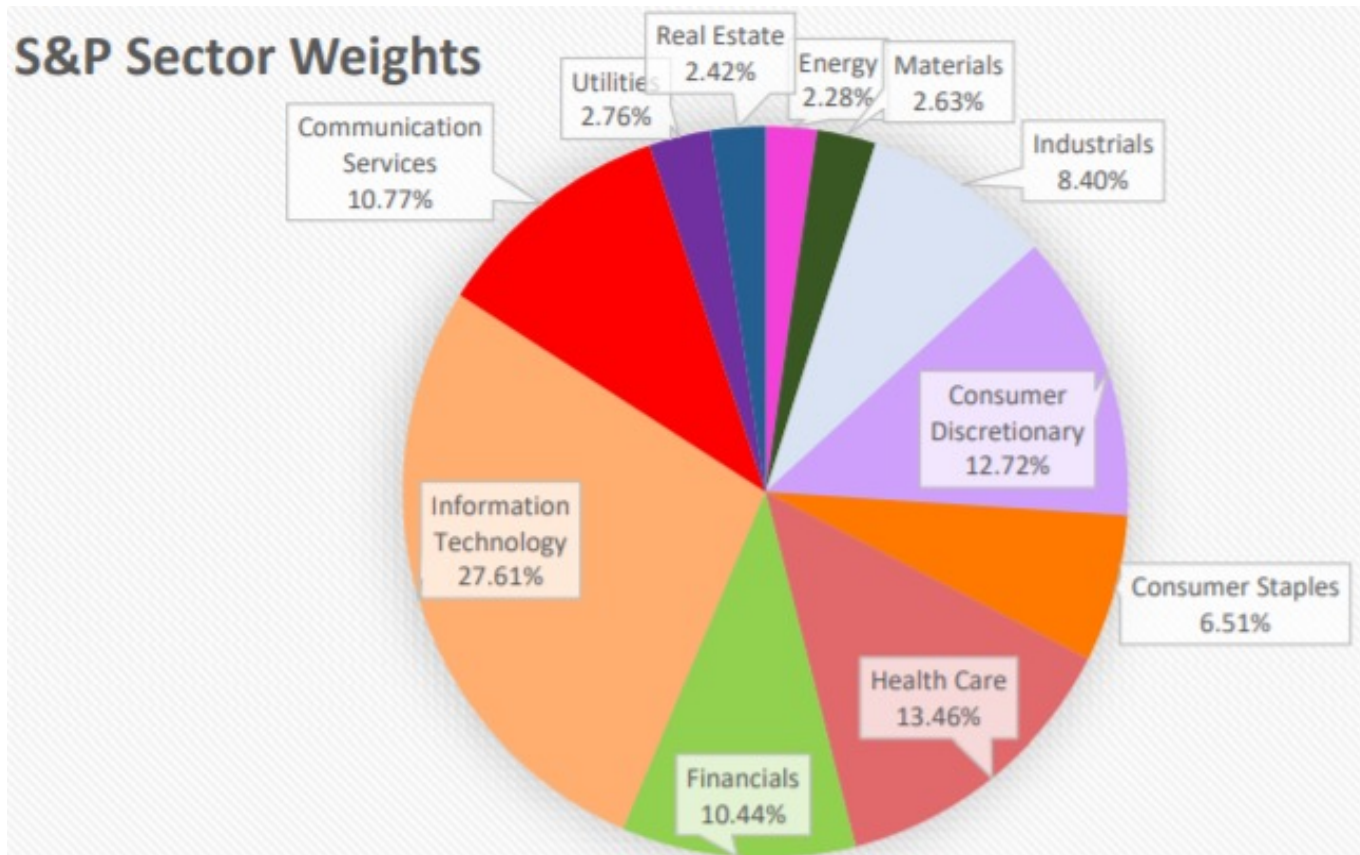


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# Sector Overview

# Overview

- 8.06% of total S&P index (Latest Update)
- 8.05% of SIM Portfolio



Ship.edu

# Overview

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## 14 Industries:

- Aerospace & Defense Industry
- Air Freight & Logistics Industry
- Airlines Industry
- Building Products Industry
- Commercial Services & Supplies Industry
- Construction & Engineering Industry
- Electrical Equipment Industry
- Industrial Conglomerates Industry
- Farm & Heavy Machinery Industry
- Marine Industry
- Professional Services Industry
- Road & Rail industry
- Trading Companies & Distributors Industry
- Transportation Infrastructure Industry

# Overview

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## Top 10 US Industrial Companies

*by market capitalization - Jan 2021*

Company	Industry	Market Cap. (\$)
1. Honeywell	Specialty Industrial Machinery	137.1 B
2. UPS	Integrated Freight & Logistics	134 B
3. Union Pacific	Railroads	133.1 B
4. Boeing	Aerospace & Defense	109.6 B
5. 3M	Specialty Industrial Machinery	101.5 B
6. Raytheon Technologies	Aerospace & Defense	101.3 B
7. Caterpillar	Farm & Heavy Construc. Machinery	99.3 B
8. General Electric	Specialty Industrial Machinery	93.6 B
9. Deere & Company	Farm & Heavy Construc. Machinery	90.8 B
10. Lockheed Martin	Aerospace & Defense	90 B

*Top 10 American industrial companies by market capitalization as of 29 Jan 2021*

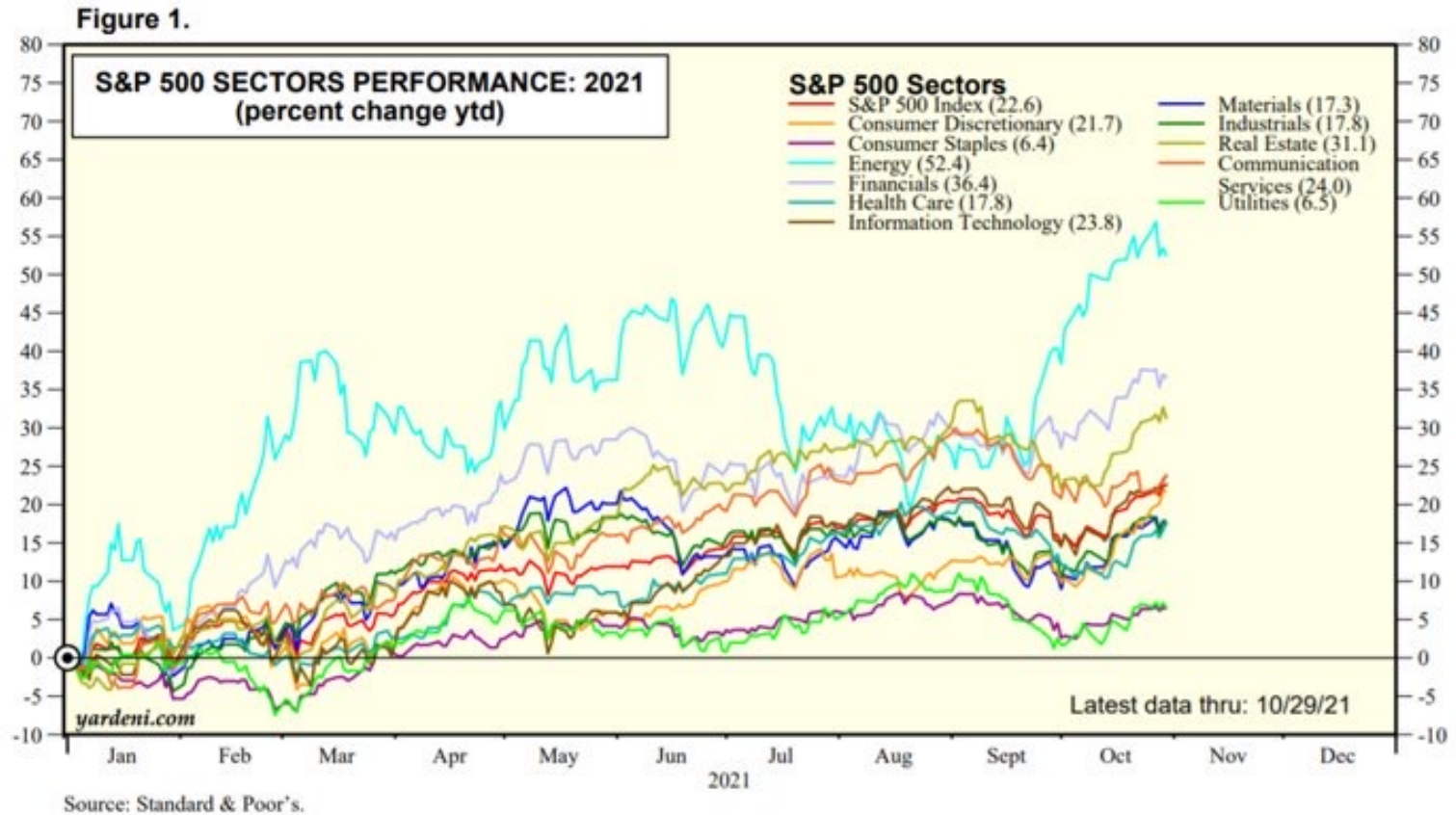
**DISFOLD**

# Overview

+17.85%

1 month growth: 4.65%

## S&P 500 Sectors Performance

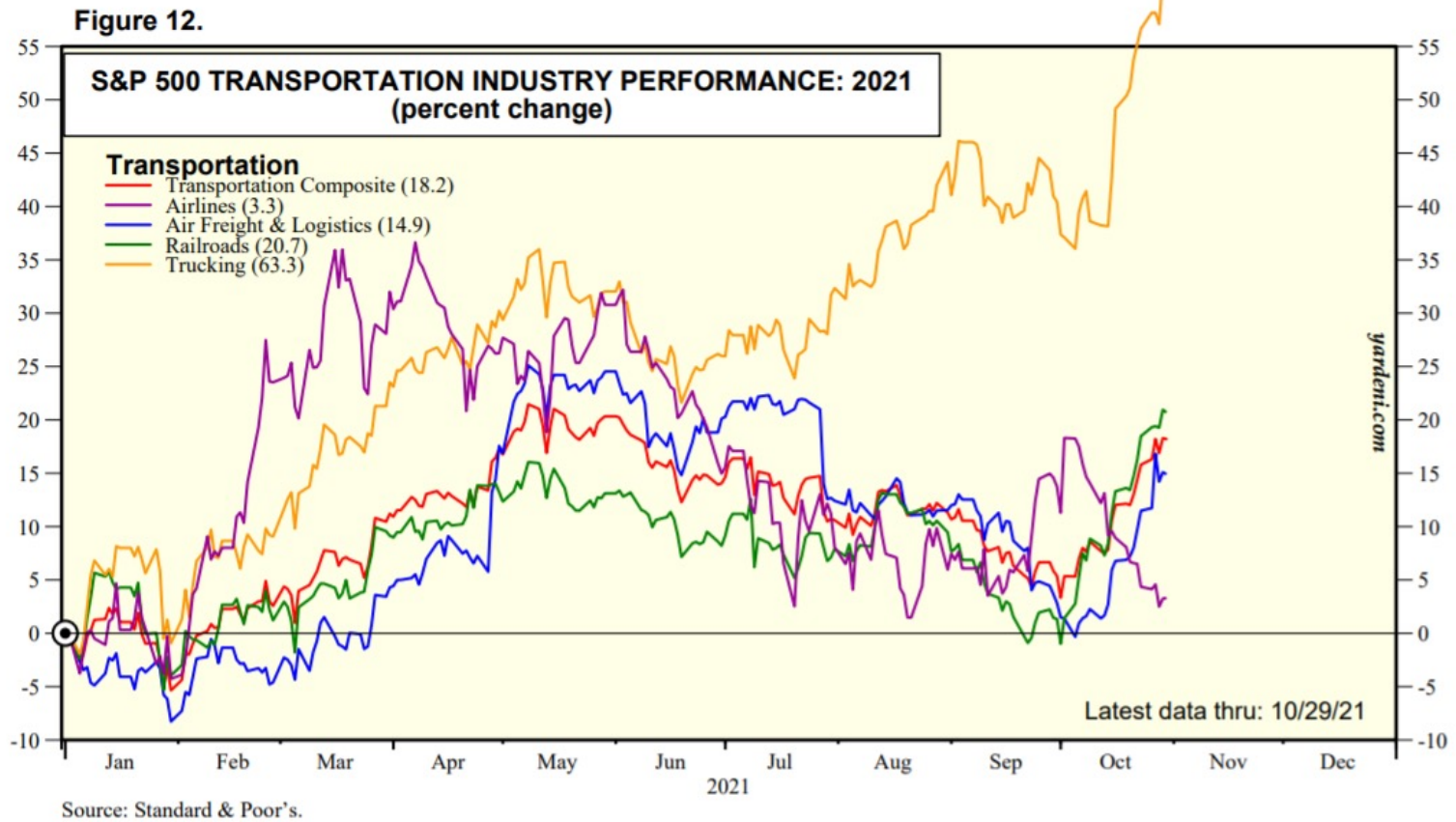


Yardeni.com

Industrials

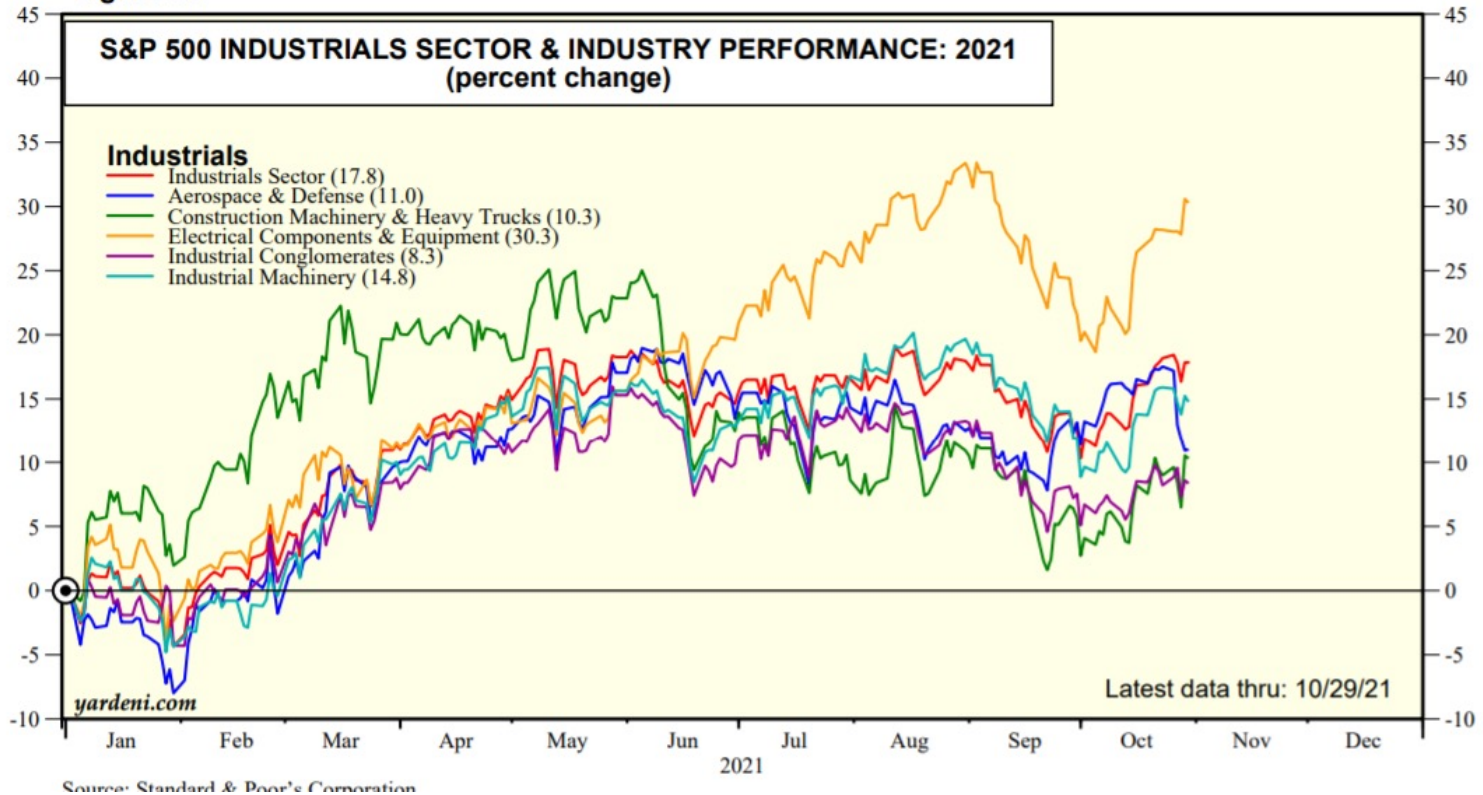


# Overview



## S&P 500 Industrials & Transportation

Figure 11.



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# Business Analysis

# Industrials Analysis

Industrials is highly dependent on fiscal and monetary policy, consumer and business sentiment, and more.

## Industry Structure



Mature



Capital Intense



High Barriers to Entry



Increasing Globalization



High Regulation

## Supply Considerations

- Global supply chains disrupted by COVID
- World price of Crude Oil
- World price of steel
- TWI

## Demand Considerations

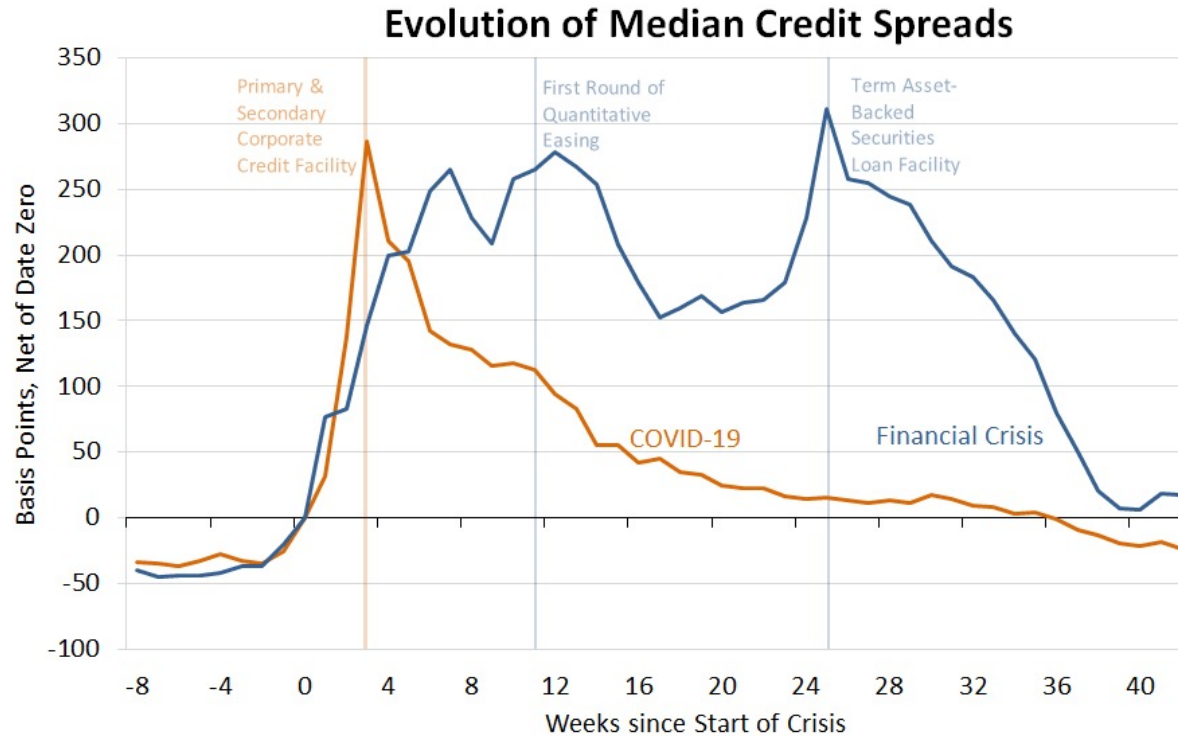
- US GDP
- TWI
- Consumer and business access to capital
- Trade restrictions and tariffs
- Volatility in commodity prices
- COVID induced global shutdown / restrictions
- Price of fuel
- Consumer spending

## Outlook

- Proposals such as increase in infrastructure, clean-energy investment, and the continued reopening back to normal serves as tailwinds for the industry
- Transportation have benefited from return of demand but there are still supply chain issues and high fuel costs that hinder profit
- Aerospace and defense is still uncertain with: Relatively low business travel, production and safety concerns, and uncertainty over political spending

# Industrials Analysis

Industrials is highly dependent on fiscal and monetary policy, consumer and business sentiment, and more.



NOTES: The figure shows the change in corporate bond spreads relative to the spreads on day zero. For the financial crisis, day zero is Sept. 15, 2008; for COVID-19, day zero is Feb. 28, 2020.  
SOURCES: TRACE (FINRA), Mergent FISD and authors' calculations.

Federal Reserve Bank of St. Louis

# Industrials Analysis

Industrials is highly dependent on fiscal and monetary policy, consumer and business sentiment, and more.



# Brent Crude Futures

Industrials is highly dependent on fiscal and monetary policy, consumer and business sentiment, and more.



# Hot Rolled Steel

Industrials is highly dependent on fiscal and monetary policy, consumer and business sentiment, and more.



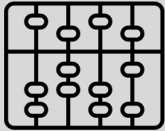


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# Economic Analysis

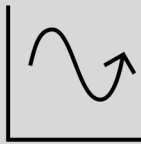
# Overview for Economic Analysis

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## Macroeconomic Analysis

- Economic Performance
- Relative strength



## Business Cycle

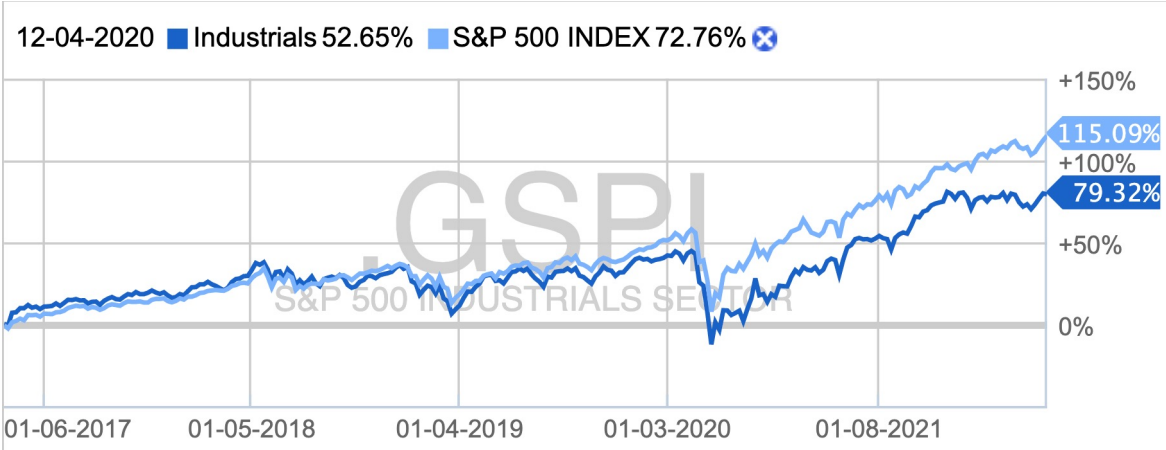
- Current cycle in global and USA
- Cycle benefits and demand expectation



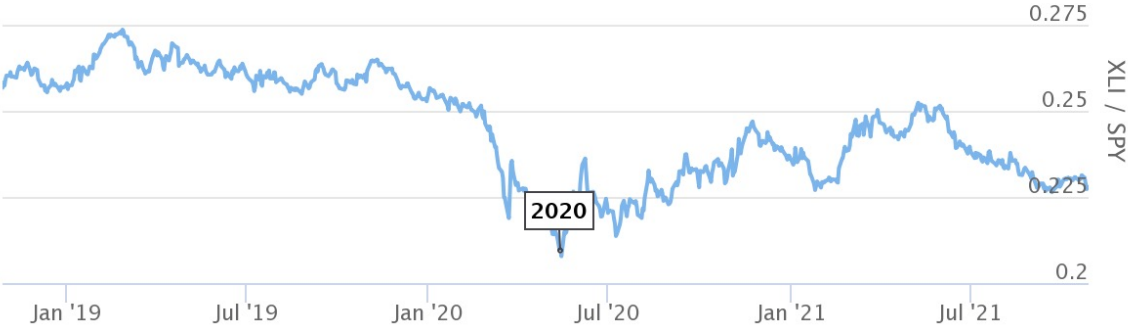
## Interest Rates

- Interest rates and market performance
- Interest rates and sector

# Industrials Sector is Highly Cyclical



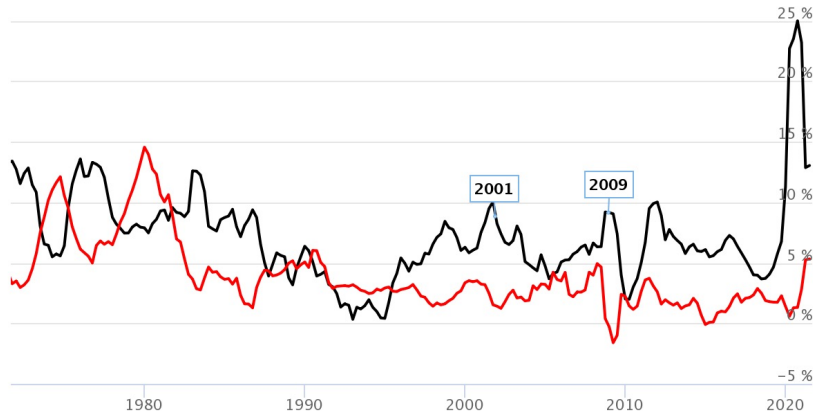
**Highly Cyclical:  
Industrials and S&P 500  
5 years period**



**Lower Relative Strength:  
Industrials / S&P 500 Ratio  
3 year period**

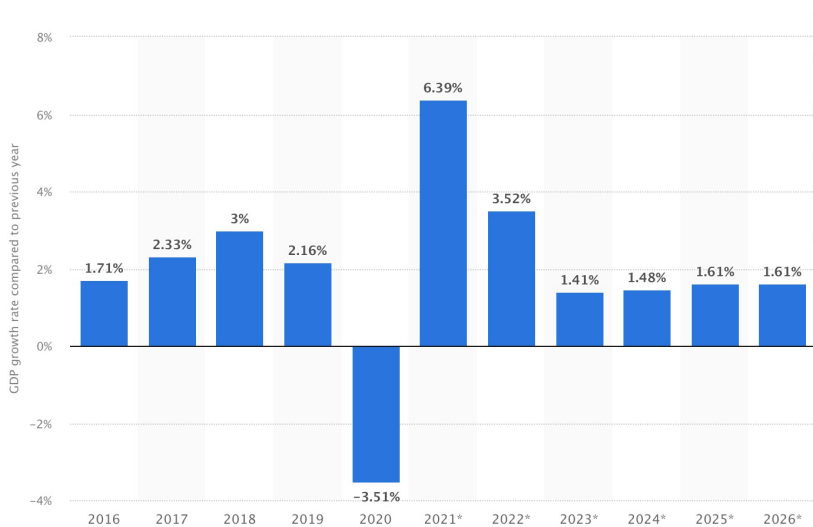
Source: Longtermtrends

# Money Supply at All Time High But GDP is Slowing Down



## M2 Money Supply Growth and Inflation

The market is witnessing highest ever in money supply growth rate.

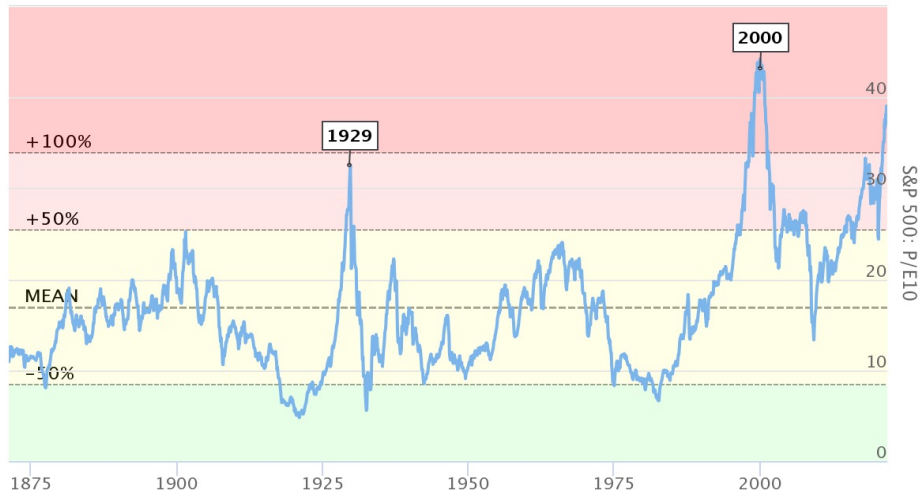


## GDP Growth Rate is Lower

The economy is about to achieve its growth peak in 2021 and slow down in following years.

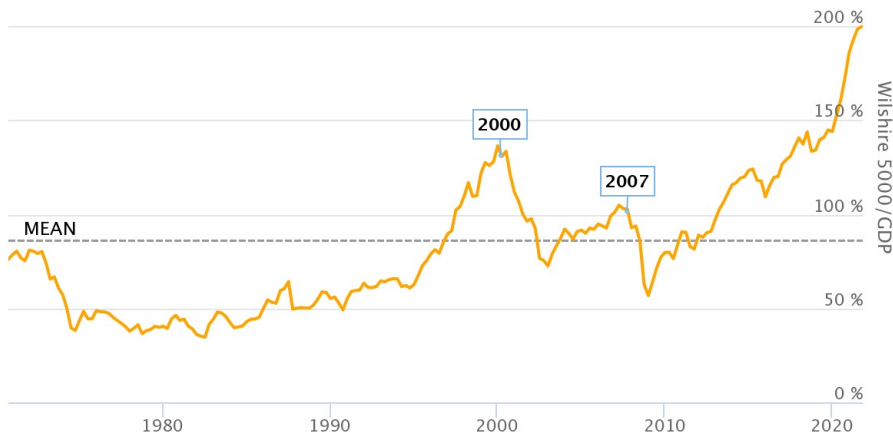
Source: Longtermtrends

# Current Market Looks Overvalued



## The Shiller PE Ratio

This ratio divides the price of the S&P 500 index by the average inflation-adjusted earnings of the previous 10 years.

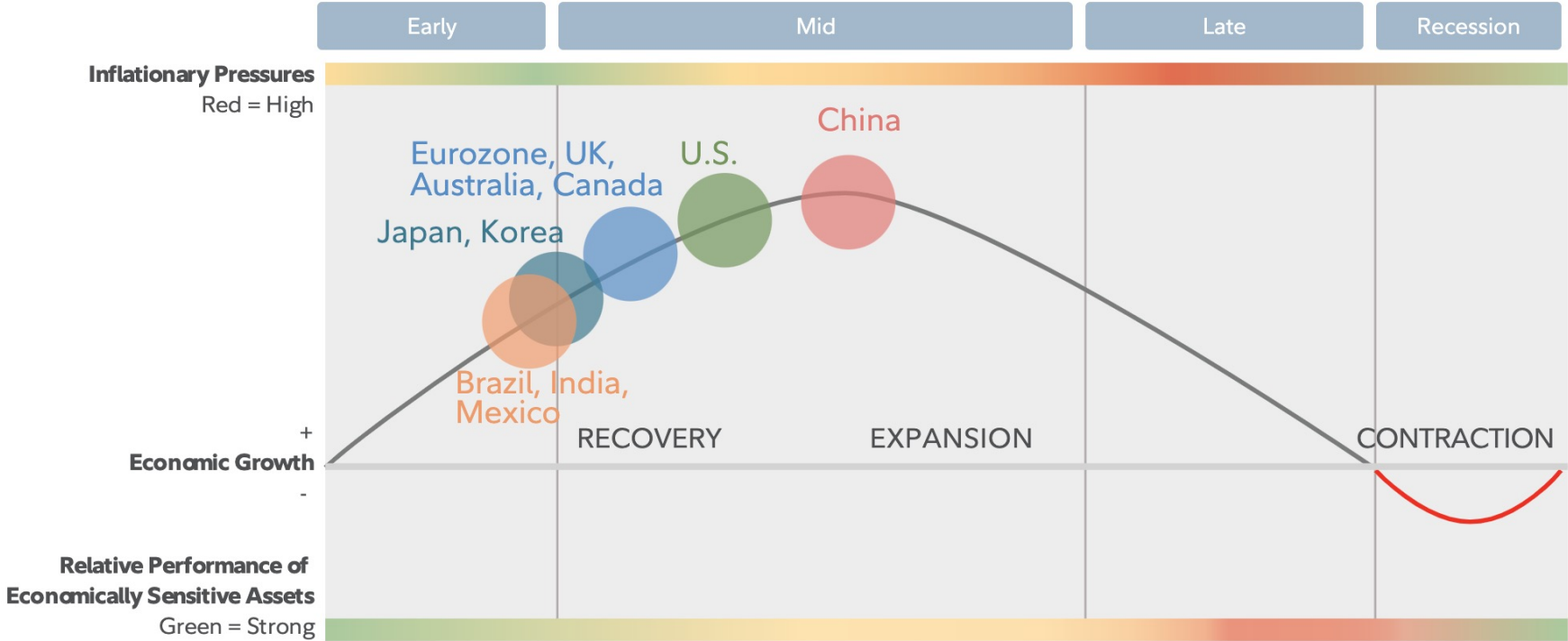


## Market Cap to GDP: The Buffett Indicator

"it is probably the best single measure of where valuations stand at any given moment." (Warren Buffett, 2001)

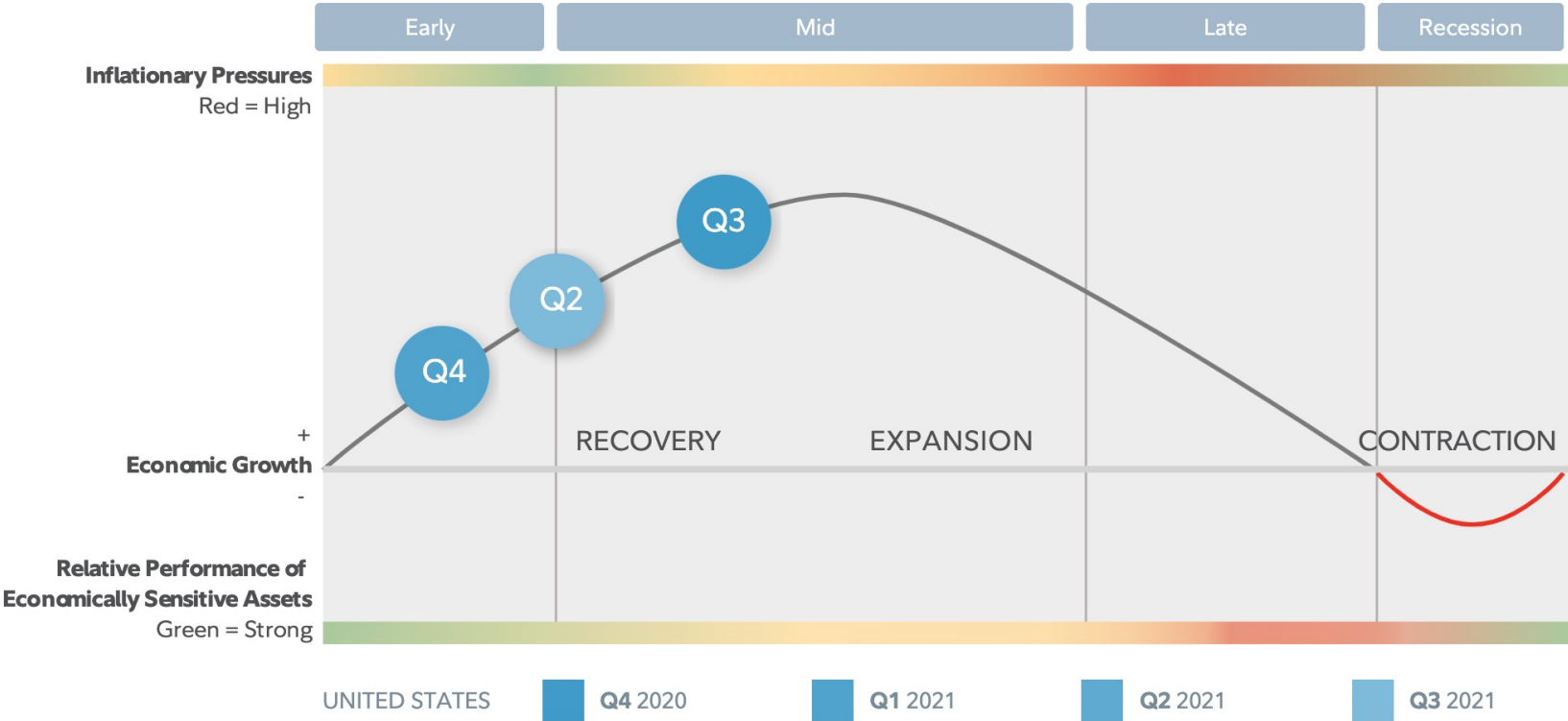
Source: Longtermtrends

# Current Global Business Cycle



Source: Fidelity

# Current United States Business Cycle



Source: Fidelity

# Sectors Throughout the Business Cycle

Sector	Early Rebounds	Mid Peaks	Late Moderates	Recession Contracts
Financials	+			
Real Estate	++			--
Consumer Discretionary	++	-	--	
Technology	+	+	--	--
Industrials	++			--
Materials	+	--	++	
Consumer Staples			++	++
Health Care	--		++	++
Energy	--		++	
Communication Services		+		-
Utilities	--	-	+	++

Economically sensitive sectors may tend to outperform, while more defensive sectors have tended to underperform.

Making marginal portfolio allocation changes to manage drawdown risk with sectors may enhance risk-adjusted returns during this cycle.

Defensive and inflation-resistant sectors tend to perform better, while more cyclical sectors underperform.

Since performance is generally negative in recessions, investors should focus on the most defensive, historically stable sectors.

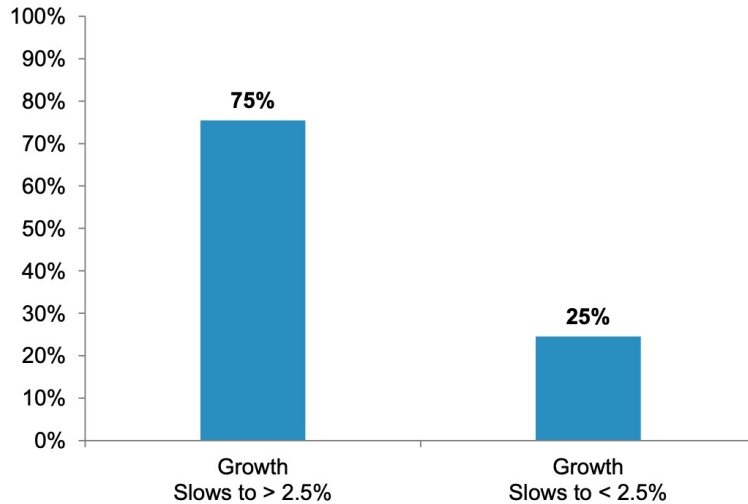
Source: Fidelity



# Peak Growth Doesn't Mean No Growth

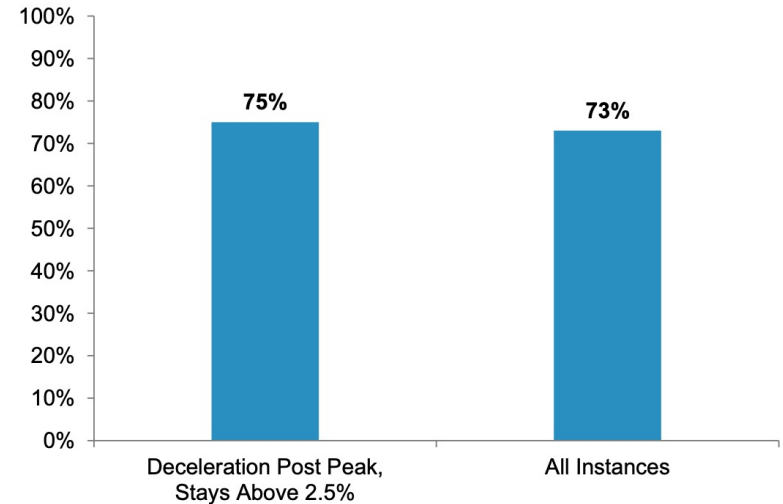
## Moderate Deceleration Likely After GDP Growth Peaks

Percent of Historical Occurrences of GDP Slowing to Above 2.5%, 1948-Present



## Moderate Deceleration Not a Concern for Market Advances

Historical Odds of Market Advance After GDP Growth Peaks (Next 12 Months), 1948-Present

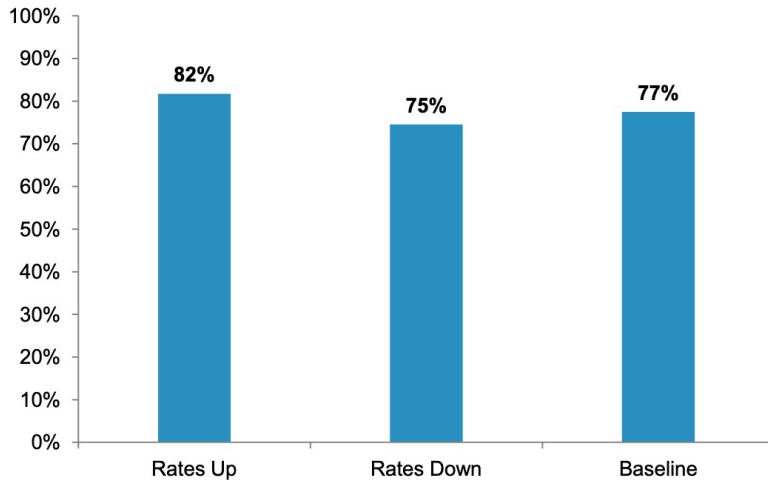


Analysis based on S&P 500 returns. Source: Haver Analytics, FactSet, Fidelity Investments, as of 6/30/21.

# Raising Rates Signal a Strengthening Economy

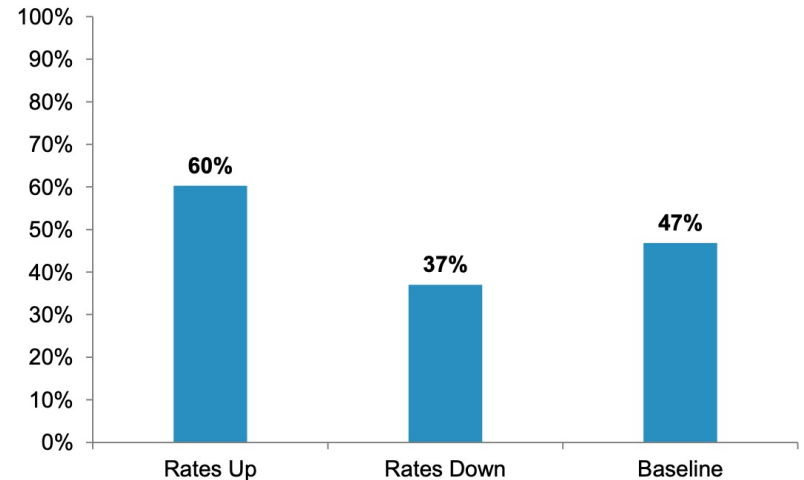
## When Rates Have Risen Historically, Stock Prices Have Often Followed Suit

Historical Odds of Market Advance, Given Year-Over-Year Changes in 10-Year Treasury Yields, 1980–Present



## Rising Rates Generally Signal a Strengthening Economy

Historical Odds of Real GDP Acceleration with Year-Over-Year Change in 10-Year Treasuries, 1980–Present

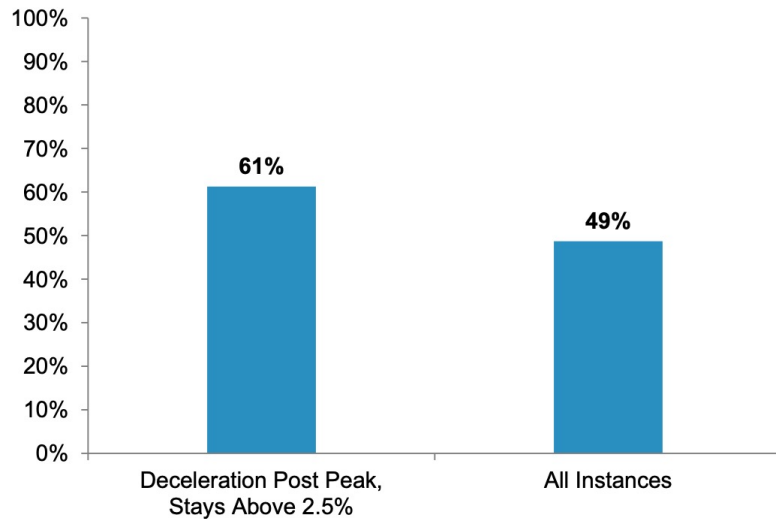


Analysis based on S&P 500 returns. Source: Haver Analytics, FactSet, Fidelity Investments, as of 6/30/21.

# Still Good Time for Cyclical

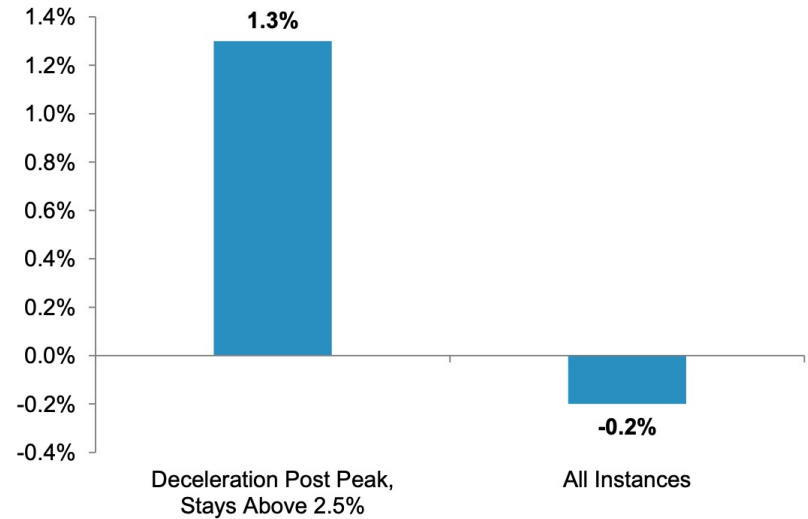
## Cyclicals Have Outperformed in Moderate Slowdowns

Cyclicals' Odds of Outperforming Defensive Sectors After GDP Peaks, 1962–Present



## Sizable Advantage Over Defensive Sectors

Cyclicals vs. Defensives Relative Performance After GDP Peaks, 1962–Present

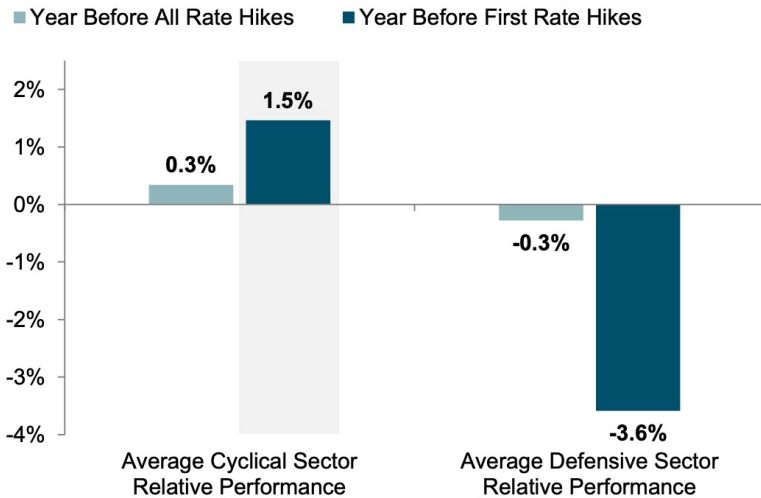


Source: Haver Analytics, FactSet, Fidelity Investments, as of 6/30/21.

# Even After Fed Rate Hike

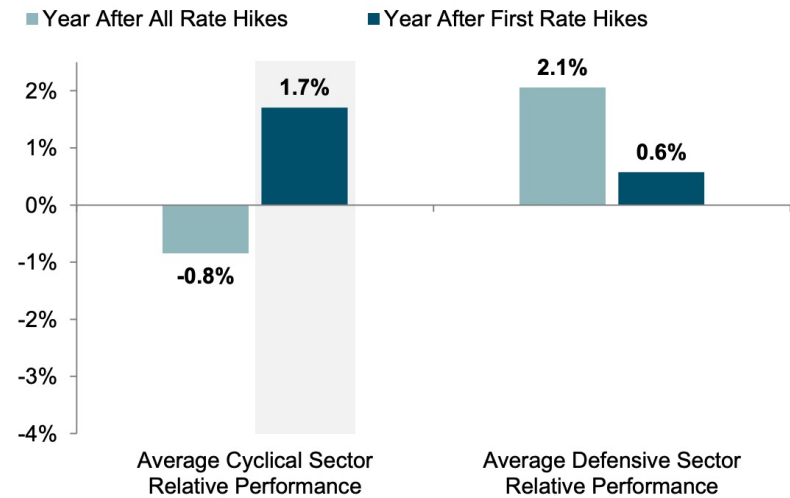
## Cyclicals Have Outperformed Defensive in the 12 Months Before First

Average Cyclical vs. Defensive Sector Performance, 1962–Present



## For the 12 Months After First Rate Hikes Fed Interest Rate Hikes

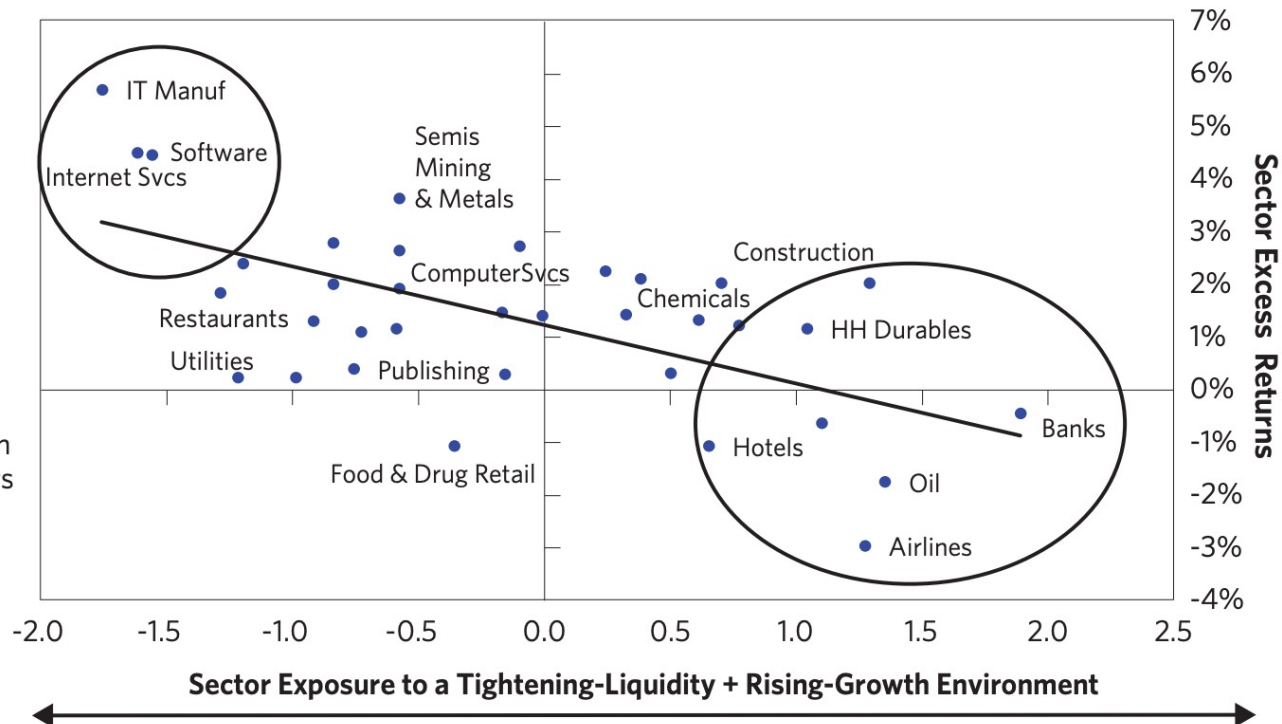
Average Cyclical vs. Defensive Sector Performance, 1962–Present



Source: Haver Analytics, FactSet, Fidelity Investments, as of 6/30/21.

# Growth and Liquidity Sensitivity Leads to Differences Between Sectors

**Easy Liquidity/Falling Growth:  
Average US Monthly Sector Returns During Falling Real Yields (Past 2 Years)**



Tech industries such as IT manufacturers, internet services, and software epitomize high-duration companies and stable earnings and have outperformed when yields have fallen over the past two years

Low-duration cyclicals such as banks and resources sectors, as well as sectors hit hard by COVID, such as airlines and hotels, underperformed

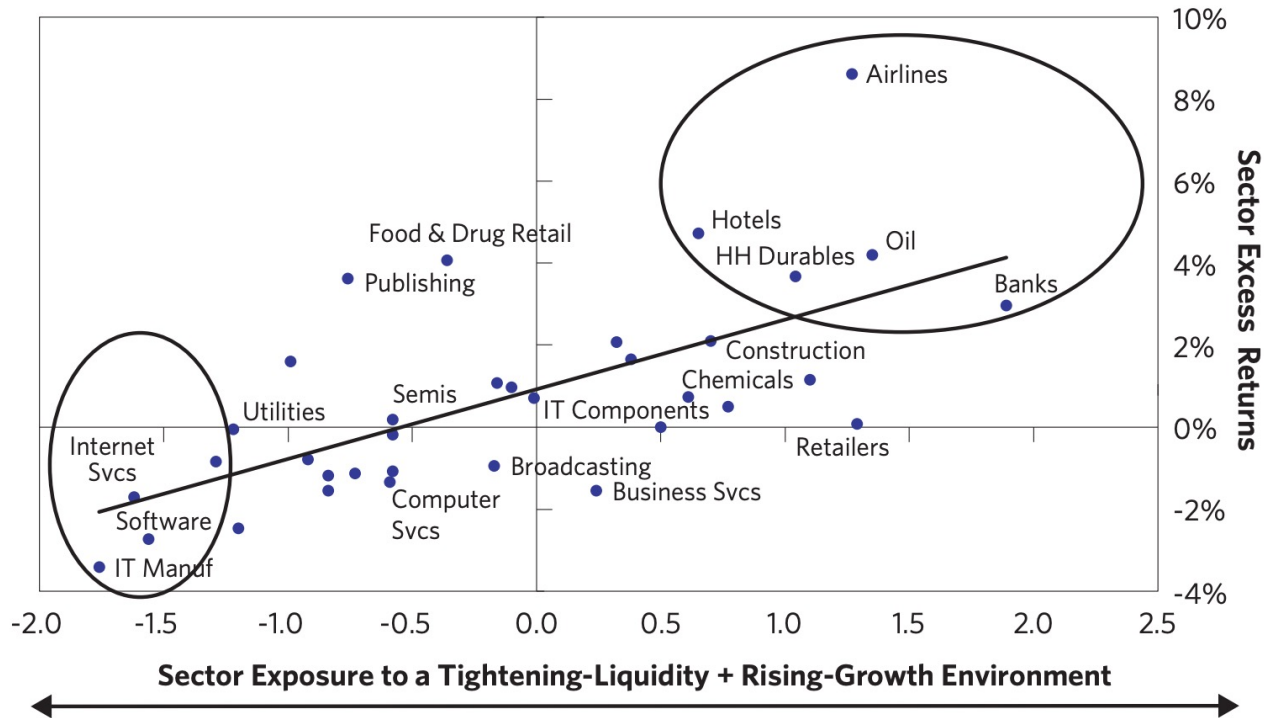
Relatively worse off in tightening-liquidity + rising-growth environment

Relatively better off in tightening-liquidity + rising-growth environment

Source: Bridgewater

# Growth and Liquidity Sensitivity Leads to Differences Between Sectors

**Tightening Liquidity/Rising Growth:  
Average US Monthly Sector Returns During Rising Real Yields (Past 2 Years)**



The same group of tech industries has underperformed during periods of rising real yields in 2021

Meanwhile, low-duration cyclicals have benefited from rising earnings expectations and less discount rate drag, and have outperformed

Relatively worse off in tightening-liquidity + rising-growth environment

Relatively better off in tightening-liquidity + rising-growth environment

Source: Bridgewater

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# Financial & Valuation Analysis

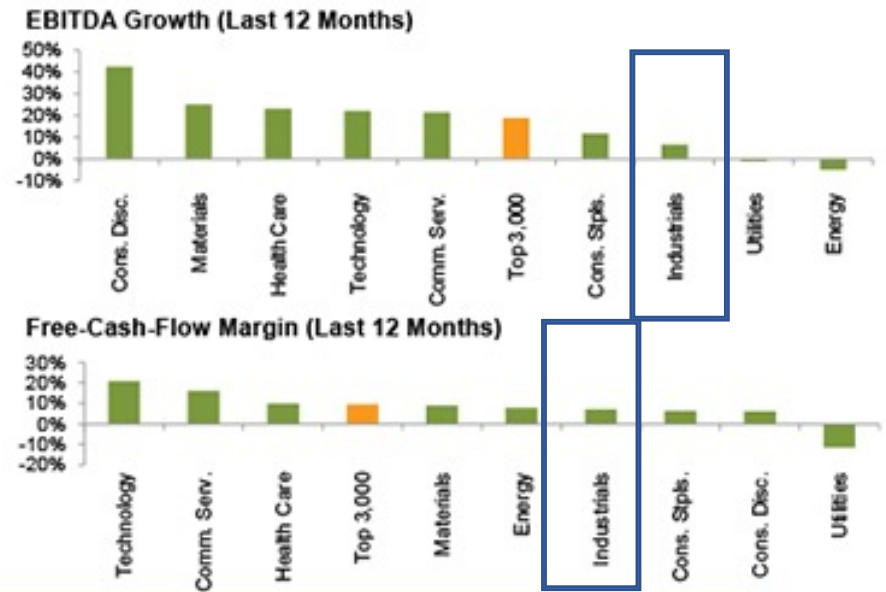
# Sector Analysis

No.	Name	Stocks	▼ Market Cap	Dividend	P/E	Fwd P/E	PEG
1	Technology	739	15386.98B	0.70%	38.84	27.87	2.01
2	Financial	1390	10559.01B	1.66%	13.03	15.27	0.96
3	Communication Services	280	8846.25B	0.68%	30.36	12.53	1.31
4	Consumer Cyclical	545	8402.31B	0.58%	32.48	15.40	1.05
5	Healthcare	1244	8115.03B	1.35%	33.17	17.92	2.62
6	Industrials	623	5158.38B	1.24%	29.30	19.78	1.87
7	Consumer Defensive	243	3672.02B	2.31%	25.30	19.24	2.59
8	Energy	281	3242.43B	4.10%	20.09	10.45	2.10
9	Basic Materials	261	2266.43B	2.79%	13.95	10.46	1.12
10	Real Estate	281	1845.99B	2.68%	39.03	36.12	3.54
11	Utilities	113	1358.84B	3.37%	24.25	2.98	2.96

No.	Name	Market Cap	P/E	Fwd P/E	PEG	P/S	P/B	P/C	P/FCF	EPS past 5Y	▼ EPS next 5Y	Sales past 5Y
1	Consumer Cyclical	8402.31B	32.48	15.40	1.05	1.37	4.04	11.64	35.08	27.43%	30.95%	20.21%
2	Communication Services	8846.25B	30.36	12.53	1.31	4.30	4.40	16.44	40.84	16.66%	23.23%	22.53%
3	Technology	15386.98B	38.84	27.87	2.01	6.02	9.07	17.90	39.43	19.91%	19.30%	13.67%
4	Industrials	5158.38B	29.30	19.78	1.87	2.21	4.53	13.44	33.20	3.98%	15.67%	3.61%
5	Financial	10559.01B	13.03	15.27	0.96	1.56	0.01	0.63	19.51	7.05%	13.63%	7.14%
6	Healthcare	8115.03B	33.17	17.92	2.62	2.44	4.78	14.94	34.73	9.79%	12.65%	12.38%
7	Basic Materials	2266.43B	13.95	10.46	1.12	1.73	2.29	11.64	16.40	28.53%	12.40%	8.80%
8	Real Estate	1845.99B	39.03	36.12	3.54	6.42	2.91	23.58	61.82	7.08%	11.02%	10.34%
9	Consumer Defensive	3672.02B	25.30	19.24	2.59	1.43	4.27	19.76	52.10	6.66%	9.75%	3.83%
10	Energy	3242.43B	20.09	10.45	2.10	0.97	1.26	10.19	21.38	-10.33%	9.59%	-0.20%
11	Utilities	1358.84B	24.25	2.98	2.96	1.87	1.38	28.04	59.69	-1.26%	8.19%	2.75%



# Sector Financial Metric Analysis



Fundamentals: Strong and improving fundamentals historically have been an intermediate-term indicator of sector performance. Our analysis gives a view of how each sector has done in terms of growth and profitability.

# Industries within Industrials Sector

No	Name	Stocks	Market Cap	Dividend	P/E	Envd P/E	PEG	Float Short	Change	Volume
1	Farm & Heavy Construction Machinery	26	306.94B	1.53%	22.88	15.14	0.63	1.83%	-2.06%	17.71M
2	Airlines	20	163.06B	0.33%	756.19	19.09	27.88	5.20%	0.04%	79.68M
3	Rental & Leasing Services	24	100.39B	0.81%	22.64	15.47	0.92	4.39%	-1.96%	20.13M
4	Trucking	20	91.43B	0.42%	26.70	26.73	1.22	5.38%	-0.25%	13.89M
5	Building Products & Equipment	34	172.75B	0.69%	19.95	16.76	1.11	3.45%	-1.43%	19.61M
6	Pollution & Treatment Controls	13	11.02B	0.20%	51.36	38.68	2.90	5.69%	-2.26%	3.43M
7	Specialty Business Services	38	183.23B	0.52%	43.21	24.50	2.62	2.41%	-0.22%	49.81M
8	Engineering & Construction	37	170.97B	0.69%	34.16	20.88	2.17	2.54%	-0.52%	16.05M
9	Tools & Accessories	14	80.24B	1.49%	20.26	17.27	1.36	5.51%	-1.18%	8.61M
10	Integrated Freight & Logistics	17	358.37B	1.37%	24.32	13.71	1.63	2.24%	3.52%	17.57M
11	Specialty Industrial Machinery	84	1257.02B	1.40%	31.60	22.36	2.30	1.78%	-0.01%	60.87M
12	Manufacturing	25	200.00B	1.00%	20.00	20.00	1.82	2.22%	-0.03%	24.05M
13	Electrical Equipment & Parts	37	100.41B	0.57%	47.57	25.34	3.50	7.69%	-0.60%	82.60M
14	Waste Management	21	182.21B	0.98%	50.19	34.77	3.72	2.25%	-0.60%	12.42M
15	Aerospace & Defense	58	702.80B	1.41%	31.51	20.08	2.48	3.15%	-3.15%	83.26M
16	Staffing & Employment Services	20	213.52B	1.33%	36.55	14.15	2.92	2.26%	-0.29%	24.06M
17	Business Equipment & Supplies	8	27.56B	1.77%	25.42	16.80	2.07	3.60%	-1.95%	4.50M
18	Metal Fabrication	14	19.48B	0.71%	24.57	13.91	2.08	5.75%	-1.19%	7.02M
19	Consulting Services	17	231.81B	0.83%	21.78	31.01	1.89	3.83%	-0.02%	12.87M
20	Airports & Air Services	12	34.00B	1.10%	29.33	15.69	2.62	6.66%	-1.63%	11.61M
21	Industrial Distribution	17	135.06B	1.60%	43.06	31.73	3.96	1.72%	-0.42%	3.16M
22	Marine Shipping	31	30.39B	2.26%	6.59	4.69	0.68	2.68%	-2.84%	32.85M
23	Security & Protection Services	24	47.16B	1.36%	37.36	20.18	4.22	3.13%	-1.13%	27.31M
24	Conglomerates	13	28.84B	7.82%	28.48	66.68	9.27	1.44%	-0.48%	31.25M

# Industries sorted by expected EPS growth next 5Y

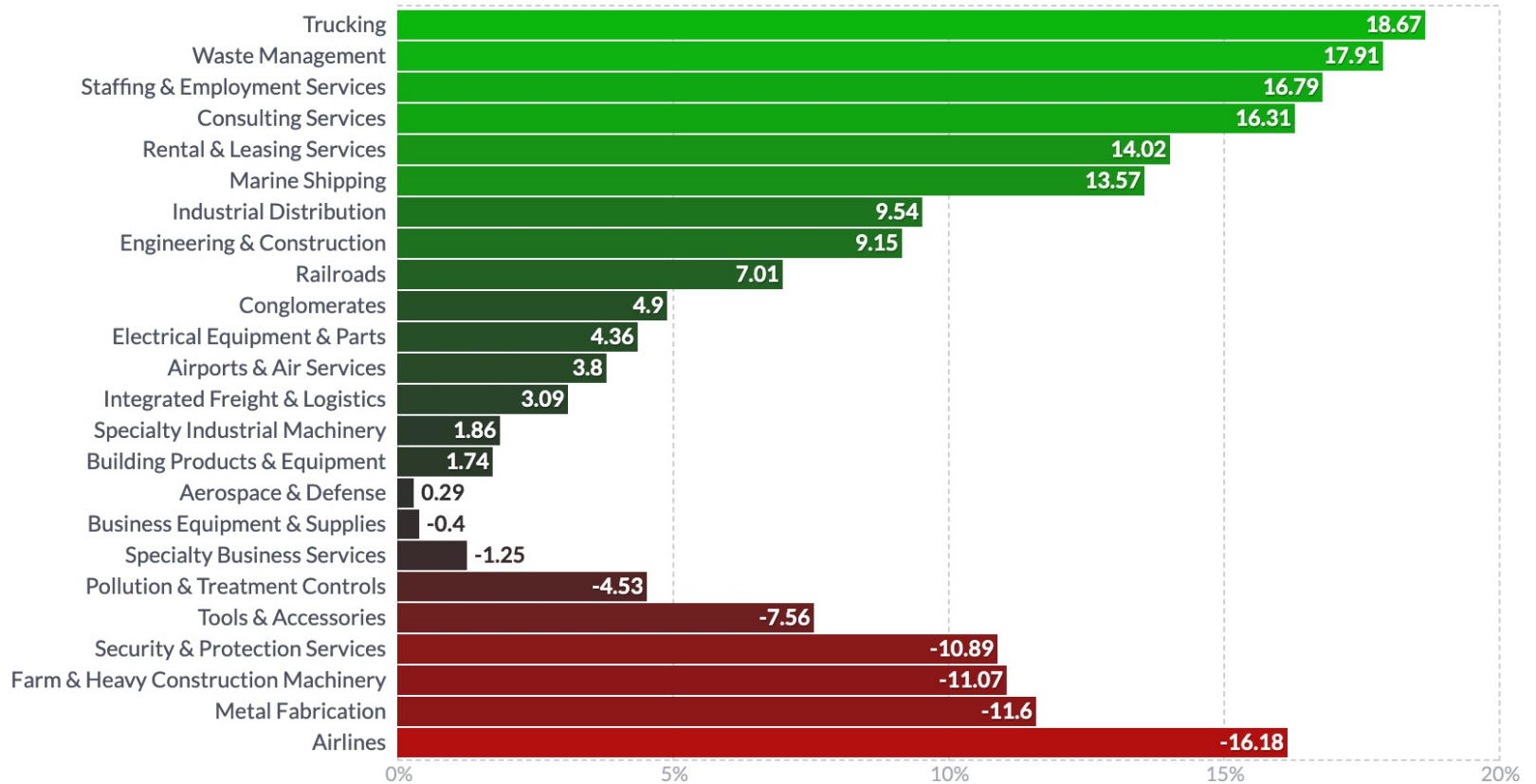
No.	Name	Market Cap	P/E	Fwd P/E	PEG	P/S	P/B	P/C	P/FCF	EPS past 5Y	▼ EPS next 5Y	Sales past 5Y	Change	Volume
1	Farm & Heavy Construction Machinery	306.94B	22.88	15.14	0.63	1.72	4.85	12.88	15.31	2.36%	36.31%	0.77%	-2.06%	17.71M
2	Airlines	163.86B	756.48	19.90	27.88	1.24	2.31	1.85	47.98	-30.97%	27.13%	-13.85%	0.04%	79.68M
3	Rental & Leasing Services	100.39B	22.64	15.47	0.92	1.96	2.89	15.72	11.96	-0.87%	24.53%	4.85%	-1.96%	20.13M
4	Trucking	91.43B	26.70	26.73	1.22	1.92	4.05	19.75	51.43	15.83%	21.81%	7.75%	-0.25%	13.89M
5	Building Products & Equipment	172.75B	19.95	16.76	1.11	1.63	4.55	19.07	25.79	20.37%	17.95%	9.13%	-1.43%	19.61M
6	Pollution & Treatment Controls	11.02B	51.36	38.68	2.90	3.36	4.76	15.57	45.19	20.58%	17.70%	7.99%	-2.26%	3.43M
7	Specialty Business Services	183.23B	43.21	24.50	2.62	3.24	3.86	22.96	40.16	10.88%	16.49%	13.00%	-0.22%	49.81M
8	Engineering & Construction	170.97B	34.16	20.88	2.17	1.19	3.16	14.87	22.59	8.37%	15.72%	9.57%	-0.52%	16.05M
9	Tools & Accessories	80.24B	20.26	17.27	1.36	2.13	3.29	27.37	22.99	9.08%	14.91%	3.91%	-1.18%	8.61M
10	Integrated Freight & Logistics	358.37B	24.32	13.71	1.63	1.36	6.11	15.18	35.35	-3.77%	14.91%	10.92%	3.52%	17.57M
11	Specialty Industrial Machinery	1257.02B	31.60	22.36	2.30	2.99	5.39	14.99	39.47	6.49%	13.72%	0.18%	-0.01%	60.87M
12	Railroads	505.39B	24.92	21.50	1.82	6.47	5.84	76.98	37.89	7.65%	13.69%	0.06%	-0.03%	24.05M
13	Electrical Equipment & Parts	100.41B	47.57	25.34	3.50	2.88	3.75	10.56	37.17	-1.95%	13.59%	8.01%	-0.60%	82.60M
14	Waste Management	183.21B	50.18	34.77	3.72	3.75	5.13	71.11	38.20	7.15%	13.47%	6.97%	-0.60%	12.42M
15	Aerospace & Defense	702.80B	31.51	20.08	2.48	1.98	4.17	12.17	55.40	-6.45%	12.71%	4.44%	-3.15%	83.26M
16	Staffing & Employment Services	213.52B	36.58	14.15	2.92	2.83	9.10	17.01	49.31	11.09%	12.55%	5.77%	-0.29%	24.06M
17	Business Equipment & Supplies	27.56B	25.42	16.80	2.07	1.00	4.18	13.27	22.77	8.25%	12.25%	1.54%	-1.95%	4.50M
18	Metal Fabrication	19.48B	24.57	13.91	2.08	0.81	2.37	10.19	33.09	11.36%	11.81%	0.78%	-1.19%	7.02M
19	Consulting Services	231.81B	21.78	31.01	1.89	5.55	5.58	31.13	48.38	21.33%	11.50%	8.39%	-0.02%	12.87M
20	Airports & Air Services	34.00B	29.33	15.69	2.62	2.96	1.47	9.06	10.48	1.16%	11.20%	3.25%	-1.63%	11.61M
21	Industrial Distribution	135.06B	43.06	31.73	3.96	1.61	8.49	68.91	75.96	12.63%	10.89%	6.54%	-0.42%	3.16M
22	Marine Shipping	30.39B	6.59	4.69	0.68	1.57	1.15	6.50	6.99	0.15%	9.70%	7.08%	-2.84%	32.85M
23	Security & Protection Services	47.16B	37.36	20.18	4.22	1.99	3.89	11.05	15.63	-3.13%	8.85%	14.22%	-1.13%	27.31M
24	Conglomerates	28.84B	28.48	66.68	9.27	0.45	2.23	5.20	115.00	3.16%	3.07%	-7.21%	-0.48%	31.25M

# Industries Sorted by 6m Performance

No.	Name	Perf Week	Perf Month	Perf Quart	▲ Perf Half	Perf Year	Perf YTD	Recom	Avg Volume	Rel Volume	Change	Volume
1	Airlines	-2.50%	-7.03%	-4.72%	-16.18%	22.72%	1.67%	2.06	78.79M	1.01	0.04%	79.68M
2	Metal Fabrication	-1.46%	-1.95%	-5.40%	-11.60%	34.38%	3.45%	2.15	3.93M	1.79	-1.19%	7.02M
3	Farm & Heavy Construction Machinery	-0.10%	-0.85%	-3.40%	-11.07%	31.59%	15.46%	2.36	20.96M	0.85	-2.06%	17.71M
4	Security & Protection Services	-1.72%	-3.16%	-9.15%	-10.89%	22.63%	1.62%	2.41	12.66M	2.16	-1.13%	27.31M
5	Tools & Accessories	-0.47%	0.89%	-4.14%	-7.56%	20.62%	9.48%	2.34	9.27M	0.93	-1.18%	8.61M
6	Pollution & Treatment Controls	2.45%	0.84%	6.68%	-4.53%	52.59%	23.91%	1.92	4.53M	0.76	-2.26%	3.43M
7	Specialty Business Services	0.37%	1.90%	-1.08%	-1.25%	17.18%	-0.34%	2.04	23.93M	2.08	-0.22%	49.81M
8	Business Equipment & Supplies	0.19%	-2.16%	-0.47%	-0.40%	41.61%	30.86%	2.02	4.38M	1.03	-1.95%	4.50M
9	Aerospace & Defense	-2.97%	-0.57%	-2.32%	0.29%	29.24%	11.01%	2.19	65.34M	1.27	-3.15%	83.26M
10	Building Products & Equipment	1.18%	1.68%	3.42%	1.74%	43.54%	27.00%	2.17	22.33M	0.88	-1.43%	19.61M
11	Specialty Industrial Machinery	0.22%	1.10%	-1.44%	1.86%	34.53%	16.39%	2.37	58.61M	1.04	-0.01%	60.87M
12	Integrated Freight & Logistics	7.46%	10.16%	6.21%	3.09%	17.45%	18.48%	2.25	15.89M	1.11	3.52%	17.57M
13	Airports & Air Services	-0.10%	1.73%	9.08%	3.80%	42.23%	9.37%	2.31	30.11M	0.39	-1.63%	11.61M
14	Electrical Equipment & Parts	2.19%	7.12%	7.57%	4.36%	65.18%	10.67%	2.20	74.91M	1.10	-0.60%	82.60M
15	Conglomerates	-1.23%	7.37%	-0.10%	4.90%	26.77%	23.28%	1.27	21.52M	1.45	-0.48%	31.25M
16	Railroads	5.02%	14.91%	12.99%	7.01%	33.42%	18.54%	2.28	26.70M	0.90	-0.03%	24.05M
17	Engineering & Construction	3.77%	3.83%	8.33%	9.15%	65.08%	41.98%	2.02	18.63M	0.86	-0.52%	16.05M
18	Industrial Distribution	0.83%	4.08%	4.81%	9.54%	39.58%	20.09%	2.60	4.96M	0.64	-0.42%	3.16M
19	Marine Shipping	-2.45%	-5.83%	17.16%	13.57%	131.20%	88.95%	1.86	34.02M	0.97	-2.84%	32.85M
20	Rental & Leasing Services	1.92%	5.76%	18.77%	14.02%	91.67%	53.06%	2.01	12.24M	1.64	-1.96%	20.13M
21	Consulting Services	0.26%	3.32%	7.94%	16.31%	42.26%	26.35%	2.28	10.35M	1.24	-0.02%	12.87M
22	Staffing & Employment Services	1.36%	7.11%	7.34%	16.79%	55.13%	29.97%	2.70	13.93M	1.73	-0.29%	24.06M
23	Waste Management	1.24%	4.82%	10.92%	17.91%	43.58%	33.26%	2.15	9.58M	1.30	-0.60%	12.42M
24	Trucking	4.20%	6.70%	16.77%	18.67%	55.28%	52.67%	2.38	13.78M	1.01	-0.25%	13.89M

# Industries Sorted by 6m Performance

HALF YEAR RELATIVE PERFORMANCE





# Top Stocks in Farm & Heavy Construction Machinery

No.	Ticker	Market Cap	P/E	Fwd P/E	PEG	P/S	P/B	P/C	P/FCF	EPS this Y	EPS next Y	EPS past 5Y	▼ EPS next 5Y	Sales past 5Y	Price	Change	Volume
1	CNHI	23.21B	75.00	12.82	1.00	0.74	3.97	2.97	4.13	-134.70%	13.37%	-31.70%	74.83%	0.10%	17.40	-2.03%	2,195,917
2	DE	106.47B	19.77	15.56	0.48	2.51	6.74	14.16	17.68	-12.50%	16.14%	8.50%	40.83%	4.20%	341.15	-3.28%	1,376,329
3	AGCO	9.76B	13.39	12.07	0.41	0.93	3.09	19.52	26.56	320.70%	10.35%	13.10%	32.93%	4.10%	128.35	-3.73%	534,119
4	CAT	110.11B	25.51	16.37	0.83	2.40	6.50	-	23.51	-49.00%	21.53%	4.90%	30.60%	-2.30%	199.64	-1.27%	2,920,636
5	MNTX	123.21M	95.54	15.92	3.18	0.65	1.69	7.16	14.00	241.70%	178.57%	-14.10%	30.00%	-12.10%	6.21	0.32%	12,468
6	TWI	445.56M	-	8.90	-	0.30	2.39	4.65	70.72	-18.50%	39.82%	10.50%	25.00%	-2.00%	7.03	-5.76%	229,756
7	LNN	1.54B	36.52	29.35	1.59	2.71	4.59	10.95	102.56	10.30%	16.35%	16.10%	22.90%	1.90%	141.40	-3.10%	61,543
8	PCAR	30.07B	17.24	12.70	0.76	1.35	2.70	6.68	22.78	-45.60%	27.34%	-3.70%	22.75%	-0.40%	86.88	-0.40%	3,732,639
9	OSK	7.22B	15.07	12.47	0.71	0.97	2.24	6.19	7.16	-43.20%	-8.27%	10.20%	21.26%	2.40%	105.13	-1.62%	454,624
10	CMCO	1.41B	232.99	12.82	11.65	1.95	1.82	15.88	22.94	-84.90%	27.45%	-17.10%	20.00%	1.70%	49.16	-0.53%	86,597
11	HY	838.47M	32.32	23.97	2.15	0.29	1.39	9.58	49.61	3.20%	238.20%	-13.50%	15.00%	1.80%	49.38	0.28%	69,914
12	SHYF	1.40B	26.47	17.96	1.76	1.72	6.33	334.30	25.62	1.50%	18.81%	32.60%	15.00%	4.20%	40.15	0.00%	199,093
13	WNC	776.94M	32.73	10.90	2.18	0.49	1.98	5.85	15.20	-213.60%	104.32%	-26.40%	15.00%	-6.10%	15.48	-3.43%	280,282
14	ASTE	1.21B	47.75	18.05	4.78	1.17	1.81	6.56	19.47	66.20%	63.10%	2.90%	10.00%	0.80%	52.48	-1.32%	104,502
15	ALG	1.77B	24.63	16.71	3.73	1.43	2.62	20.70	15.55	-10.30%	23.60%	4.90%	6.60%	5.80%	148.50	-1.36%	15,773
16	ARTW	16.14M	-	-	-	0.70	1.61	161.35	-	-44.20%	-	-44.40%	-	-3.20%	3.50	2.64%	11,702
17	HYFM	1.59B	-	23.27	-	3.70	2.35	8.21	-	76.70%	52.18%	-	-	-	34.95	-0.82%	1,007,764
18	LEV	2.58B	-	-	-	66.06	12.57	7.07	-	-	-	-	-	-	13.45	1.05%	1,738,985
19	GENC	161.47M	29.57	3.59	-	2.13	0.98	1.31	7.11	-45.80%	8.38%	37.70%	-	14.60%	11.09	0.18%	11,789
20	MTW	724.40M	45.90	14.10	-	0.45	1.11	4.57	9.10	-142.10%	79.81%	23.20%	-	-5.00%	20.84	-2.34%	216,445

# Current Sector Allocation In Line with S&P 500

Securities Allocation			
Sector	S&P 500 Weight	SIM Weight	+/-
Information Technology	27.71%	26.49%	-1.22%
Financials	11.44%	12.62%	1.18%
Health Care	13.11%	13.25%	0.14%
Consumer Discretionary	12.29%	11.88%	-0.41%
Consumer Staples	8.12%	8.15%	0.03%
Industrials	8.06%	8.05%	-0.01%
Energy	2.81%	3.07%	0.26%
Utilities	2.43%	1.81%	-0.62%
Materials	2.49%	3.28%	0.79%
Communication Services	11.36%	11.36%	0.00%
Real Estate	2.58%	1.82%	-0.76%
Total	100.00%	100.00%	0.00%

# SIM Industrials - Top Performer and Two Bottom Performers

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Month of September 2021

Top 5 Performers	
CONOCOPHILLIPS	22.04%
GENERAL MOTORS CO	7.55%
SCHLUMBERGER LTD	5.71%
UNITED AIRLINES HOLDINGS INC	2.28%
BANK OF AMERICA CORP	1.68%

Bottom 5 Performers	
FEDEX CORP	-17.46%
DISCOVERY INC	-12.00%
BRISTOL MYERS SQUIBB CO	-11.50%
DEERE & CO	-11.36%
FACEBOOK INC	-10.54%



# Industrials within SIM Portfolio

**SIM** Student Investment Management

The Ohio State University  
Fisher College of Business  
Student Investment Management Portfolio  
Portfolio Appraisal Record  
September 30, 2021



THE OHIO STATE UNIVERSITY  
FISHER COLLEGE OF BUSINESS

Quantity	Security	Ticker	GIC Sector	Unit Cost	Total Cost	Market Price	Market Value	Unrealized Gain/(Loss)	Unit Income	Est. Ann. Income	%age Assets	Eq shares out	Market Cap (In Millions \$)	Beta
<b>COMMON STOCKS</b>														
490	CATERPILLAR INC	CAT	Industrials	207.84	\$101,843.51	191.97	\$94,065.30	(\$7,778)	4.44	\$2,175.6	0.98%	547.472	105,098.1	0.92
370	DEERE & CO	DE	Industrials	372.01	\$137,642.94	335.07	\$123,975.90	(\$13,667)	4.20	\$1,554.0	1.30%	310.062	103,892.3	1.18
1,750	FEDEX CORP	FDX	Industrials	147.95	\$258,909.11	219.29	\$383,757.50	\$124,848	3.00	\$5,250.0	4.02%	265.650	58,254.4	0.99
3,520	UNITED AIRLINES HOLDINGS INC	UAL	Industrials	47.12	\$165,867.72	47.57	\$167,446.40	\$1,579	-	\$0.0	1.75%	323.611	15,394.2	1.96
32	<b>TOTAL</b>				\$664,263.28		\$769,245.10	\$104,981.82		\$8,979.60	8.0%			1.26

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# SIM Recommendation

# We Recommend Overweighting Industrials 1.5%

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- With rates expected to rise in the future and GDP growth slowing, we believe cyclical industrials will outperform in the future
- The recent pullback in Fedex, Deere, and Caterpillar offer more attractive entry points for future share price appreciation
- **Recommend adding 0.5% of portfolio to each FDX, DE, and CAT. Maintain holdings in United Airlines**
- Key Risks to sector include pandemic uncertainty, labor shortages, runaway inflation. These risks are prevalent in other sectors as well

The FedEx logo consists of the word "FedEx" in a bold, sans-serif font. The letters "Fed" are purple and "Ex" are orange.

JOHN DEERE



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# Questions?