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U.S. EARNINGS UPDATE

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In this second reporting season, US earnings numbers are coming in strong, with the percentage of companies beating earnings in-line with last quarter though sales beats are lagging by a few percentage points. Median reported EPS surprise is also strong, with the magnitude of beats increasing from last quarter by about a percentage point and a half, expanding to 5.7%, while revenue surprise is remaining stable at 0.5%. The absolute level of earnings growth year-over-year is higher than last quarter by +1.7%, expanding to 8.5%. Looking ahead to the end of the year, median annual expected bottom-line growth has increased by a percent to 6.9% with annual top-line growth only slightly higher than last quarter, sitting at 4.5%. From a sector perspective, the Industrials sector had the highest percentage EPS beat and an above average surprise driven by high earnings posted in the Capital Goods industry which includes machinery, aerospace, and construction

Q2 Reporting Season	% Reported	% Beat (EPS / Sales)	Median Reported % Surprise (EPS / Sales)	Median % Q1'24 - Q1'23 Expected Earnings Growth	Median % Q2'24 - Q2'23 Expected Earnings Growth	Median % 2024 Expected Growth
U.S. Large Cap Stocks	90	82 / 61	5.7 / 0.5	8.5	5.1	6.9 / 4.5
Cantor Fitzgerald Large Cap Focused Equity	78	86 / 84	6.1 / 1.4	19.0	13.3	12.3 / 9.1
Sectors - U.S. Large Cap						
Communication Services	100	79 / 40	8.0 / 0.0	16.9	9.1	10.3 / 3.0
Consumer Discretionary	72	74 / 59	11.7 / 0.6	17.3	3.2	6.1 / 4.8
Consumer Staples	68	92 / 67	7.7 / 0.8	10.5	-0.4	5.4 / 2.3
Energy	100	69 / 53	1.1 / 0.1	-17.5	15.7	0.7 / 1.3
Financials	97	72 / 73	2.3 / 0.6	11.1	9.4	9.3 / 6.6
Health Care	95	89 / 76	5.6 / 1.5	4.6	5.0	8.7 / 4.0
Industrials	96	94 / 65	6.7 / 0.4	9.1	6.4	7.0 / 5.2
Information Technology	74	89 / 74	5.7 / 0.6	12.7	5.2	7.0 / 3.3
Materials	100	77 / 38	6.4 / -0.5	-7.2	4.1	5.6 / 0.4
Utilities	100	76 / 19	2.7 / -6.1	11.4	11.3	7.3 / 4.7

companies. Consumer Staples has performed likewise well, however with a notable earnings decline Y/Y anticipated for the next reporting period. This can be observed across the sector, though seen most acutely in Distribution and Retail. The Consumer Discretionary sector is expected to grow its earnings the most this quarter of all groups at +17.3% Y/Y. Within the discretionary sector, Consumer Durables and Apparel has grown +23.2% Y/Y which has offset the Automobiles and Components industry shrinking by -5.5% Y/Y. In Financials, banks have declined -22.0% Y/Y, the lowest of any sub-sector outside of Real Estate Management. Contributing to this has been the steady weathering of net interest income in the industry due to a decline in both loans and deposits. By contrast, insurance companies have risen +20.3% Y/Y amidst

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lower catastrophe rates. In conclusion, this has been an especially healthy quarter for US earnings and appears encouraging for results in the near term.

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