

# Tech Update

*XLK +*

**Feb. 28, 2018**

# Overview

- Substantial and Rapid Tech Sell-off
- Sector Rotation
  - Banks
  - Retail
  - Industrials
- Growth → Value
- Rapid Recovery ... *for now*

# Technology ETF (XLK)

## HOLDINGS AND WEIGHTINGS as of 02/20/2018. Holdings and weightings are

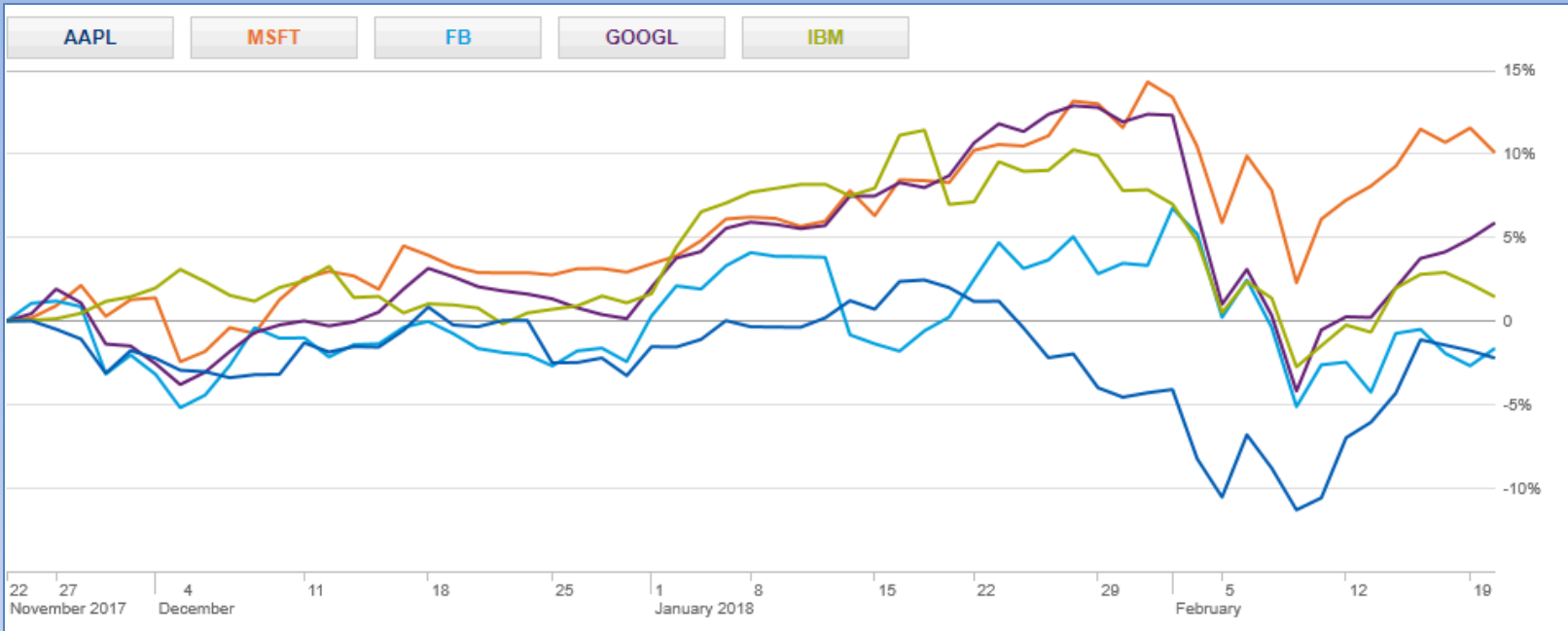
Symbol	Company Name	Index Weight	Last
<b>AAPL</b>	Apple Inc.	14.22%	173.41
<b>MSFT</b>	Microsoft Corp	11.53%	93.11
<b>FB</b>	Facebook Inc A	6.76%	177.23
GOOG	Alphabet Inc C	5.36%	1113.37
<b>GOOGL</b>	Alphabet Inc A	5.30%	1115.20
T	AT&T Inc	3.64%	36.92
V	Visa Inc A	3.58%	122.12
CSCO	Cisco Systems Inc	3.52%	44.25
<b>INTC</b>	Intel Corp	3.51%	46.69
VZ	Verizon Communications Inc	2.66%	48.71

Symbol	Company Name	Index Weight	Last
MA	Mastercard Inc A	2.64%	176.35
<b>NVDA</b>	Nvidia Corp	2.49%	248.81
ORCL	Oracle Corp	2.46%	50.08
<b>IBM</b>	Intl Business Machines Corp	2.16%	156.43
TXN	Texas Instruments Inc	1.69%	105.36
<b>AVGO</b>	Broadcom Limited	1.65%	252.60
<b>ADBE</b>	Adobe Systems Inc	1.63%	205.43
ACN	Accenture plc A	1.62%	162.73
<b>QCOM</b>	QUALCOMM Inc	1.53%	63.09
PYPL	PayPal Holdings Inc.	1.42%	78.08

End User Products

Supplier

# Price Performance



# Analysts Research

Company	Price	Price Forecast (12 mo.)	Oppr.	Analysts*
AAPL	175	194	11%	2.1
MSFT	94	105	10%	1.7
FB	183	225	23%	1.3
GOOGL	1128	1227	3%	1.5
IBM	155	180	16%	2.6

Company	Price	Price Forecast (12 mo.)	Oppr.	Analyst*
INTC	48	53	10%	2.0
NVDA	246	250	2%	2.2
AVGO	254	315	24%	1.0
ADBE	210	215	2%	1.6
QCOM	63	69	10%	2.0

\*Scale: 1-5, 1=strong buy; 5=strong sell

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Source: NASDAQ.com

# End User Companies Performance

Valuation					
View as Yield	AAPL	MSFT	FB	GOOGL	IBM
Price/Earnings (TTM)	16.73	28.03	32.98	34.70	12.76
Price/Forecasted Earnings (FYF)	14.82	25.06	24.58	26.87	11.13
Price/Sales (TTM)	3.63	7.13	12.71	6.97	1.80
Price/Tangible Book (MRQ)	6.57	25.88	9.53	5.81	--
Price/Cash Flow (MRFY)	15.03	23.50	27.26	26.31	9.02
Price to Earnings / Growth (PEG) <small>(5yr Projected Growth)</small>	1.43	2.53	1.25	1.47	4.37

Annual Growth					
Description	AAPL	MSFT	FB	GOOGL	IBM
Sales Growth - 1 Year (%)	9.65	11.21	47.09	22.80	-0.97
Sales Growth - 5 Year (%)	7.93	4.06	51.53	19.21	-5.11
EPS Growth - 1 Year (%) <small>(Year over Year TTM)</small>	22.41	36.92	45.65	14.75	-2.81
EPS Growth - 5 Year (%)	7.86	6.29	225.42	11.50	-3.98
EPS Growth Forecast - 1 Year (%)	25.31	10.30	17.49	28.53	0.24
EPS Growth Forecast - 3-5 Year (%)	11.68	11.07	26.29	23.66	2.92

Dividends					
Description	AAPL	MSFT	FB	GOOGL	IBM
Annual Dividend Yield (%)	1.47	1.84	--	--	3.90

FB  
GOOGL  
APPL



MSFT

# Suppliers

Valuation						
View as Yield	INTC	NVDA	AVGO	ADBE	QCOM	
Price/Earnings (TTM)	14.68	50.04	63.29	59.74	--	
Price/Forecasted Earnings (FYF)	12.97	38.48	12.51	32.21	18.76	
Price/Sales (TTM)	3.42	15.07	5.75	13.61	4.20	
Price/Tangible Book (MRQ)	6.73	21.52	--	44.10	6.83	
Price/Cash Flow (MRFY)	9.27	--	15.54	49.18	23.91	
Price to Earnings / Growth (PEG) <small>(5yr Projected Growth)</small>	1.65	5.18	4.05	3.68	--	

Annual Growth						
Description	INTC	NVDA	AVGO	ADBE	QCOM	
Sales Growth - 1 Year (%)	5.68	40.58	33.20	24.72	-5.97	
Sales Growth - 5 Year (%)	3.31	17.81	49.47	10.64	3.12	
EPS Growth - 1 Year (%) <small>(Year over Year TTM)</small>	47.94	90.06	193.43	45.78	-174.85	
EPS Growth - 5 Year (%)	7.78	39.88	12.36	15.33	-11.58	
EPS Growth Forecast - 1 Year (%)	2.41	34.97	24.10	45.59	-21.05	
EPS Growth Forecast - 3-5 Year (%)	8.91	9.67	15.64	16.25	15.00	

Dividends						
Description	INTC	NVDA	AVGO	ADBE	QCOM	
Annual Dividend Yield (%) ⓘ	2.61	0.25	2.82	--	3.60	

INTC



NVDA  
AVGO  
ADBE

# Outlook

- **Tech Stocks Fully Priced**
  - Many tech names are stretched
  - Expect Tech prices to moderate near term
- **The Good News ...**
  - Tech still generating mostly solid fundamentals
  - Valuations will eventually become more compelling
  - Buying opportunities later in the year
- **Look for opportunities and buy incrementally**



# AMZN

Ratio	AMZN : Amazon.com Inc NASDAQ	S&P United States BMI Consumer Discretionary	S&P 500
Price/Earnings	327.72	25.05	23.17
Price/Forecasted Earnings (FYF)	183.36	24.24	17.92
Price/Sales	4.08	1.73	2.35
Price/Tangible Book (MRQ)	50.57	5.19	3.54
Price/Cash Flow	52.90	14.51	--
Return on Equity (%)	9.55	21.35	12.40
Dividend Yield (%)	--	1.20	1.80

### Valuation

View as Yield	AMZN	TGT	WMT
Price/Earnings (TTM)	327.72	15.83	29.01
Price/Forecasted Earnings (FYF)	183.36	16.31	18.91
Price/Sales (TTM)	4.08	0.59	0.55
Price/Tangible Book (MRQ)	50.57	3.68	4.61
Price/Cash Flow (MRFY)	52.90	8.25	13.20
Price to Earnings / Growth (PEG) <small>(5yr Projected Growth)</small>	14.81	--	4.33

### Annual Growth

Description	AMZN	TGT	WMT
Sales Growth - 1 Year (%)	30.80	-0.89	2.98
Sales Growth - 5 Year (%)	23.83	-0.11	1.32
EPS Growth - 1 Year (%) <small>(Year over Year TTM)</small>	-6.56	-12.57	-26.98
EPS Growth - 5 Year (%)	--	1.36	-8.50
EPS Growth Forecast - 1 Year (%)	82.03	-5.86	11.42
EPS Growth Forecast - 3-5 Year (%)	22.13	-1.38	6.70

### Dividends

Description	AMZN	TGT	WMT
Annual Dividend Yield (%) ⓘ	--	3.29	2.24

Analysts Rating: 1.4



12-Month Price Target Range

