
Putting a Bow on 2021 and Opening the Box to 2022

December 2021



CAPITAL
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Outline

1. Inflation
 2. Value / Growth
 3. 2022 Outlook
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Capital Investment Advisors – 25th Anniversary



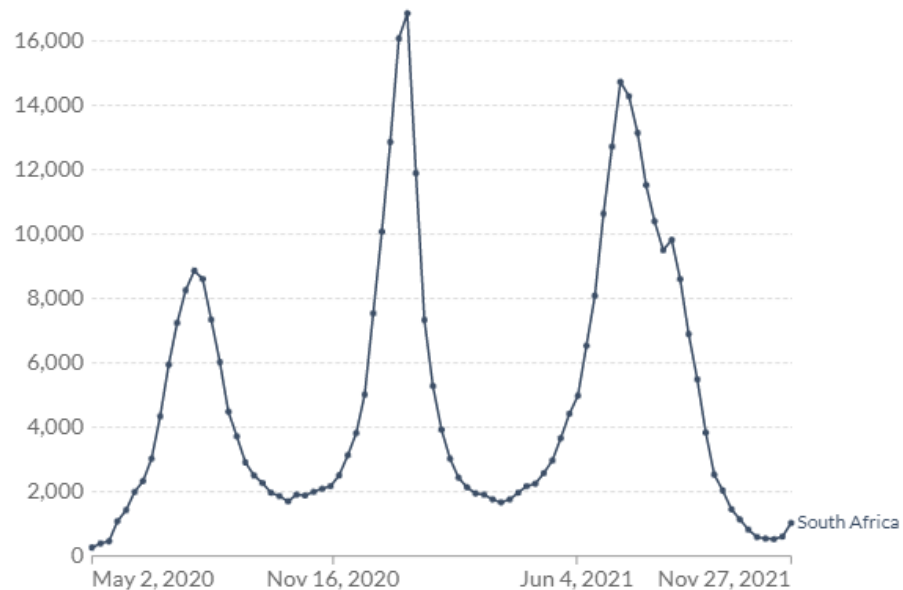
BUSINESS

Pfizer says booster dose of COVID vaccine neutralizes Omicron variant

Weekly new hospital admissions for COVID-19

Our World in Data

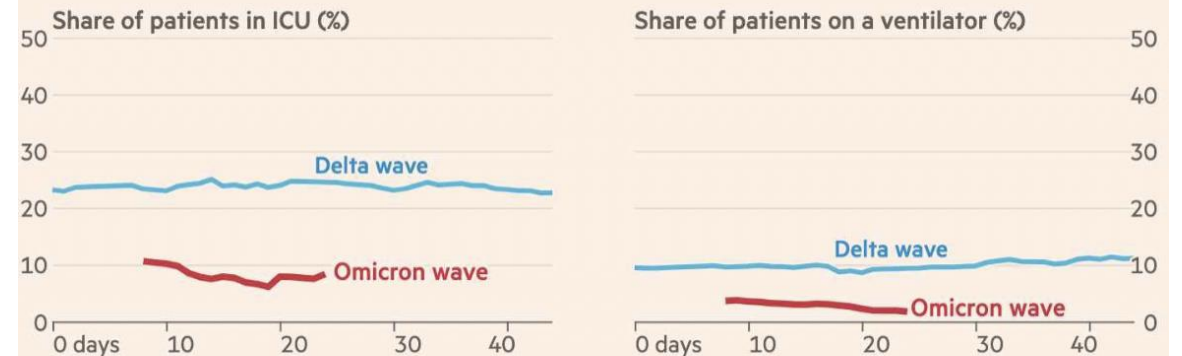
LINEAR LOG + Add country



Source: European CDC for EU countries, government sources for other countries – Last updated 8 December 2021, 12:54 (London time)
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The share of Covid-positive hospital patients in Gauteng that require intensive care is much lower than at the same stage of the Delta wave

Share of Covid-positive patients requiring different levels of care, by days since each wave began

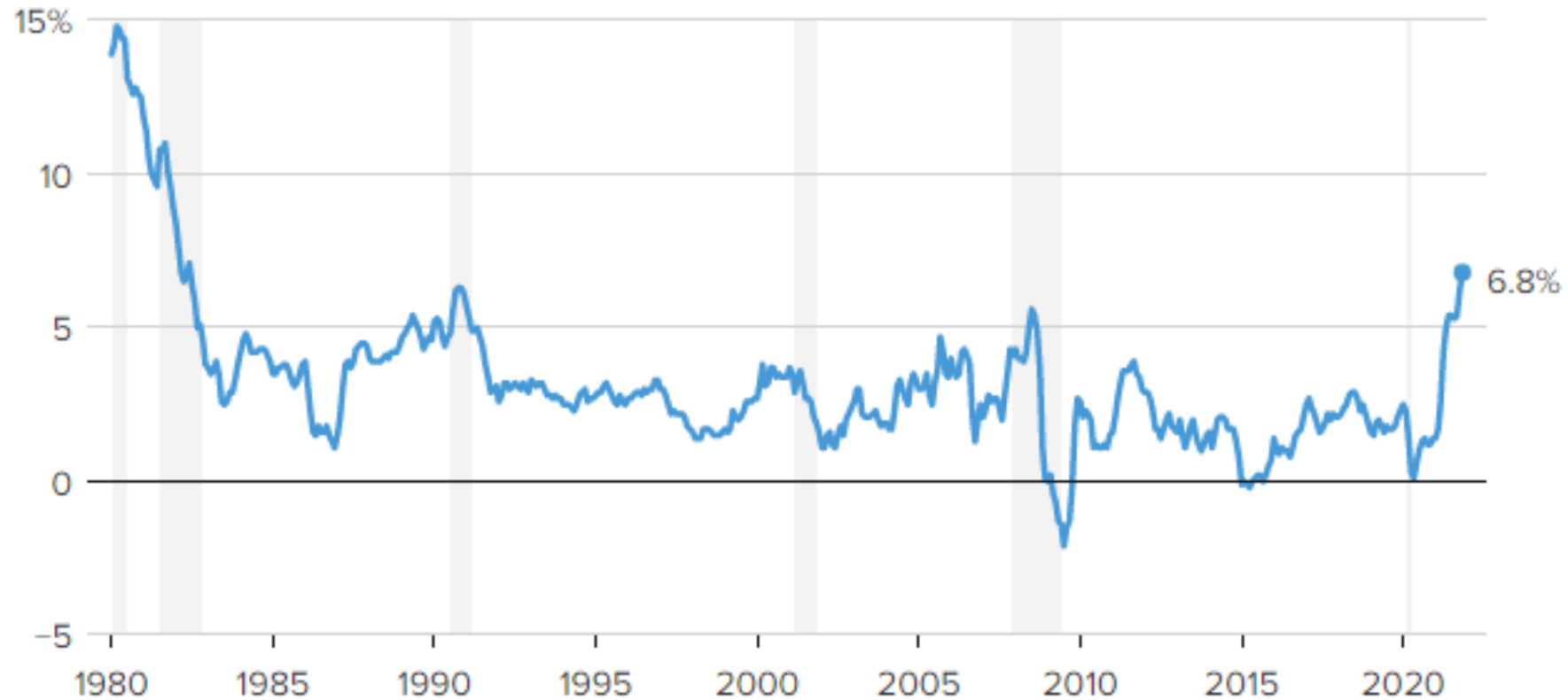


*Start of wave defined as when 7-day average of cases rose for 7 successive days
Source: FT analysis of data from South Africa's National Institute for Communicable Diseases
FT graphic by John Burn-Murdoch / @jburnmurdoch
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Inflation – Consumer Price Index

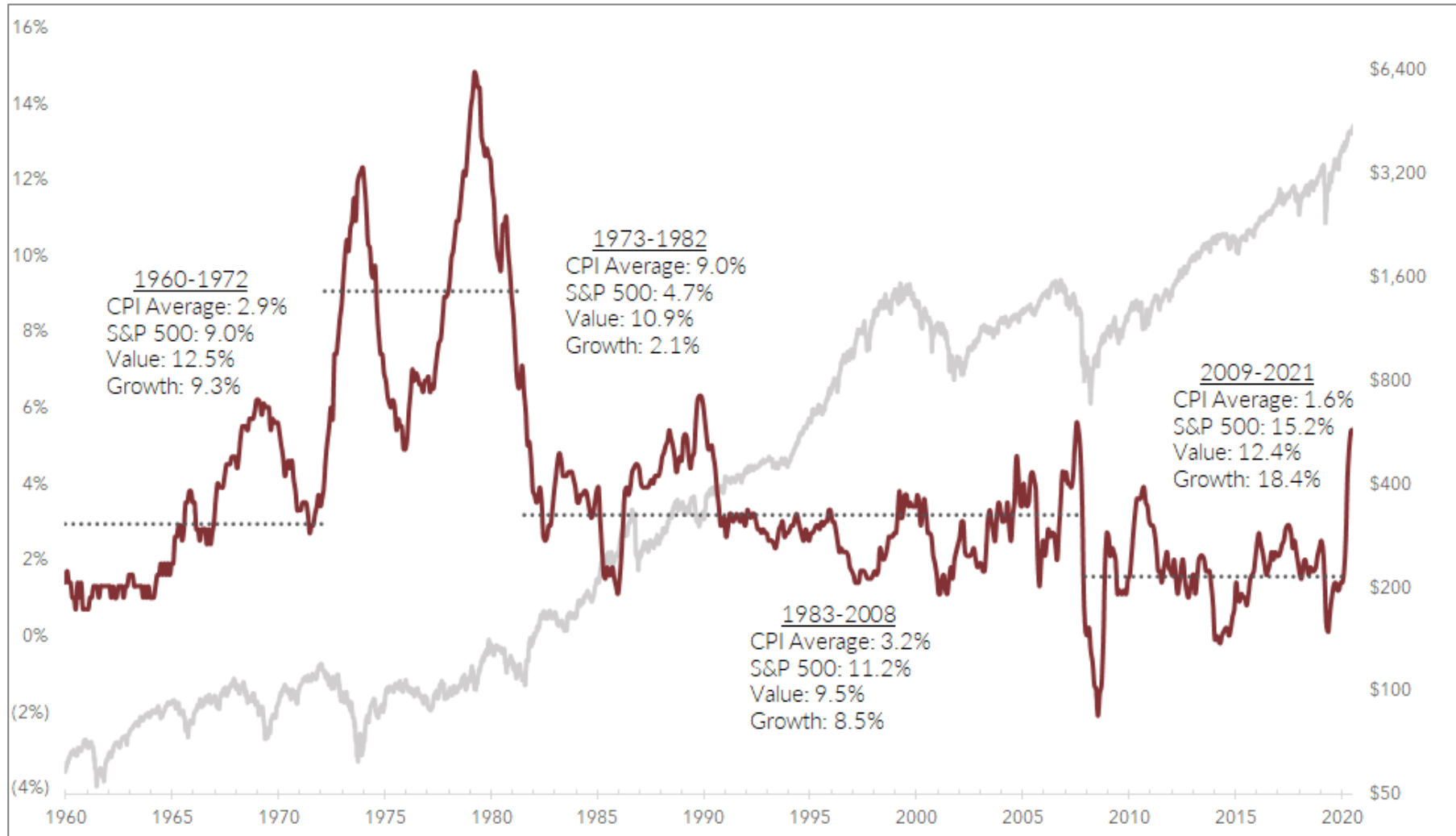
Consumer price index, percent change from a year ago

All items in U.S. city average



Source: Bureau of Labor Statistics
Data as November 2021

Elevated CPI Has Been Good News For Value

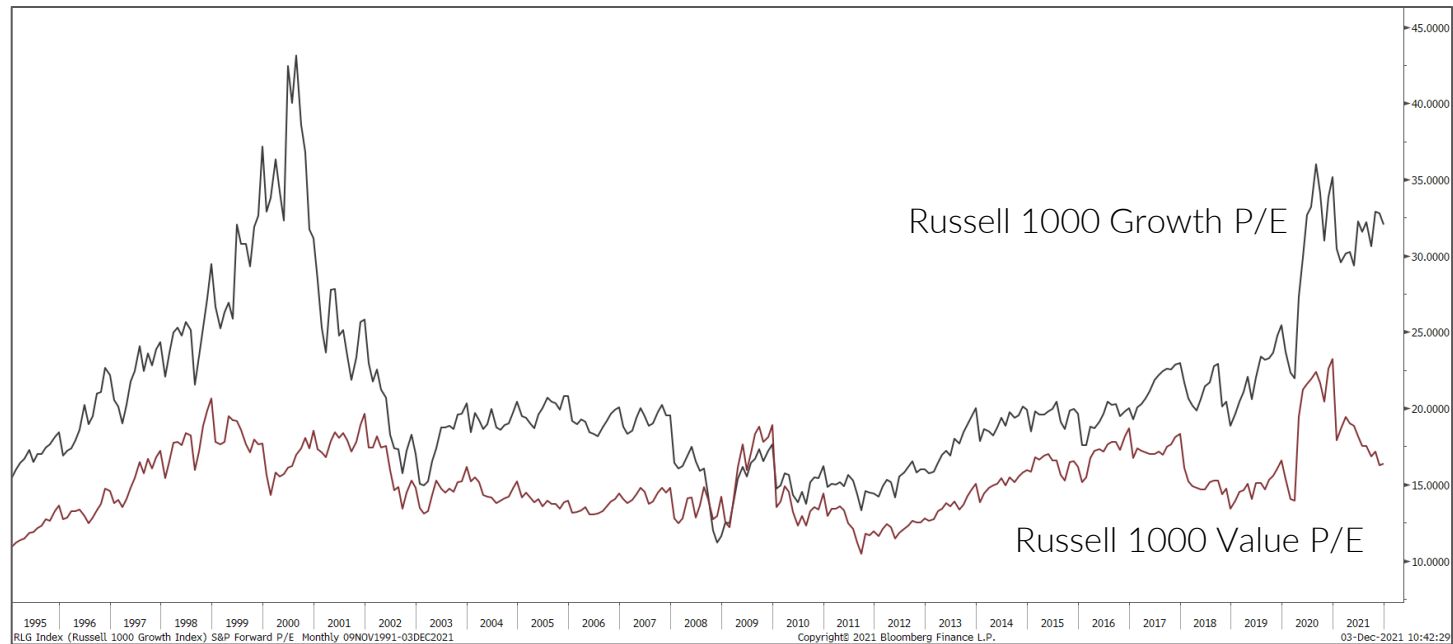


Source: Bloomberg
Data as of October 31, 2021

Value vs. Growth

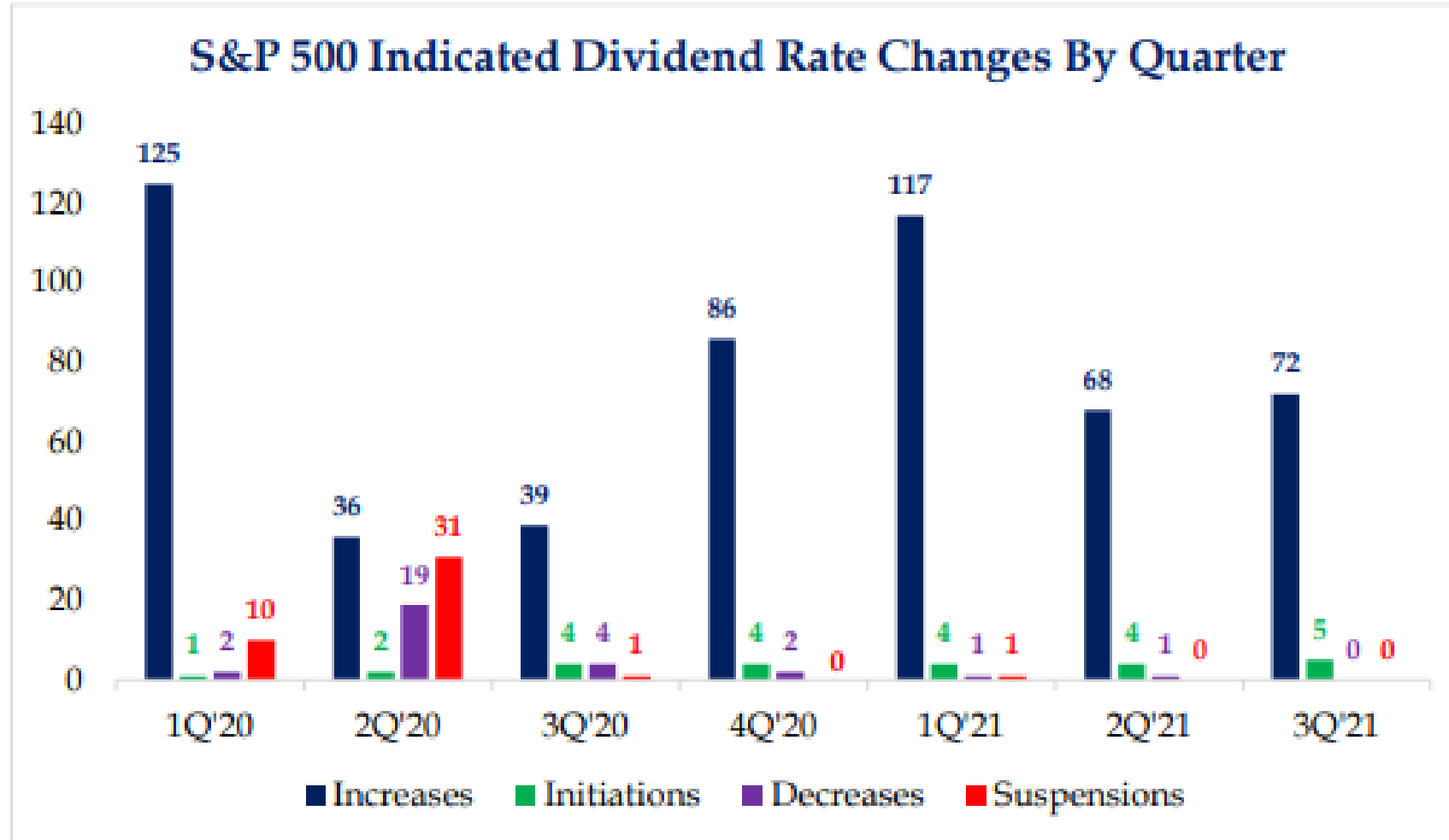
	P/E Ratio			EPS			Price		
	2019	Today	Change	2019	Today	Change	2019	Today	Change
Value	16.6x	16.3x	(1.9%)	\$81.21	\$96.40	18.7%	\$1,348	\$1,569	16.4%
Growth	25.5x	31.9x	25.1%	\$69.51	\$92.11	32.5%	\$1,771	\$2,935	65.8%
Difference	8.9x	15.6x	27.0%	(\$11.70)	(\$4.29)	13.8%			49.3%

	P/E Ratio			EPS			Price		
	2016	Today	Change	2016	Today	Change	2016	Today	Change
Value	18.7x	16.4x	(12.5%)	\$58.96	\$96.34	63.4%	\$1,102	\$1,579	43.2%
Growth	20.0x	32.5x	62.5%	\$52.70	\$92.10	74.8%	\$1,054	\$2,992	184.0%
Difference	1.3x	16.1x	75.0%	(\$6.26)	(\$4.25)	11.3%			140.8%



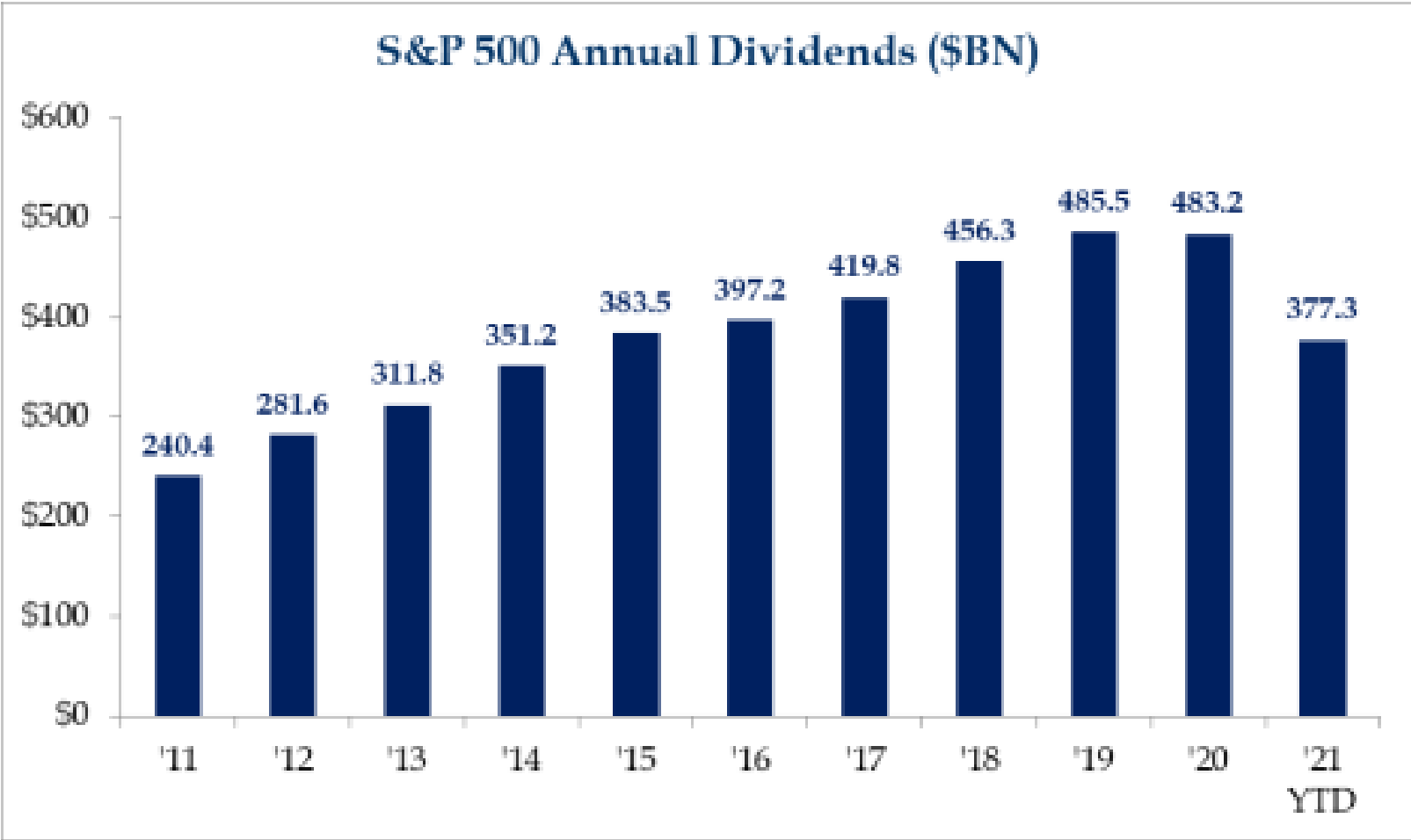
Source: Bloomberg
Data as of October 31, 2021

Income – We Continue to Like Dividends



Source: Strategas

Income – We Continue to Like Dividends



Source: Strategas

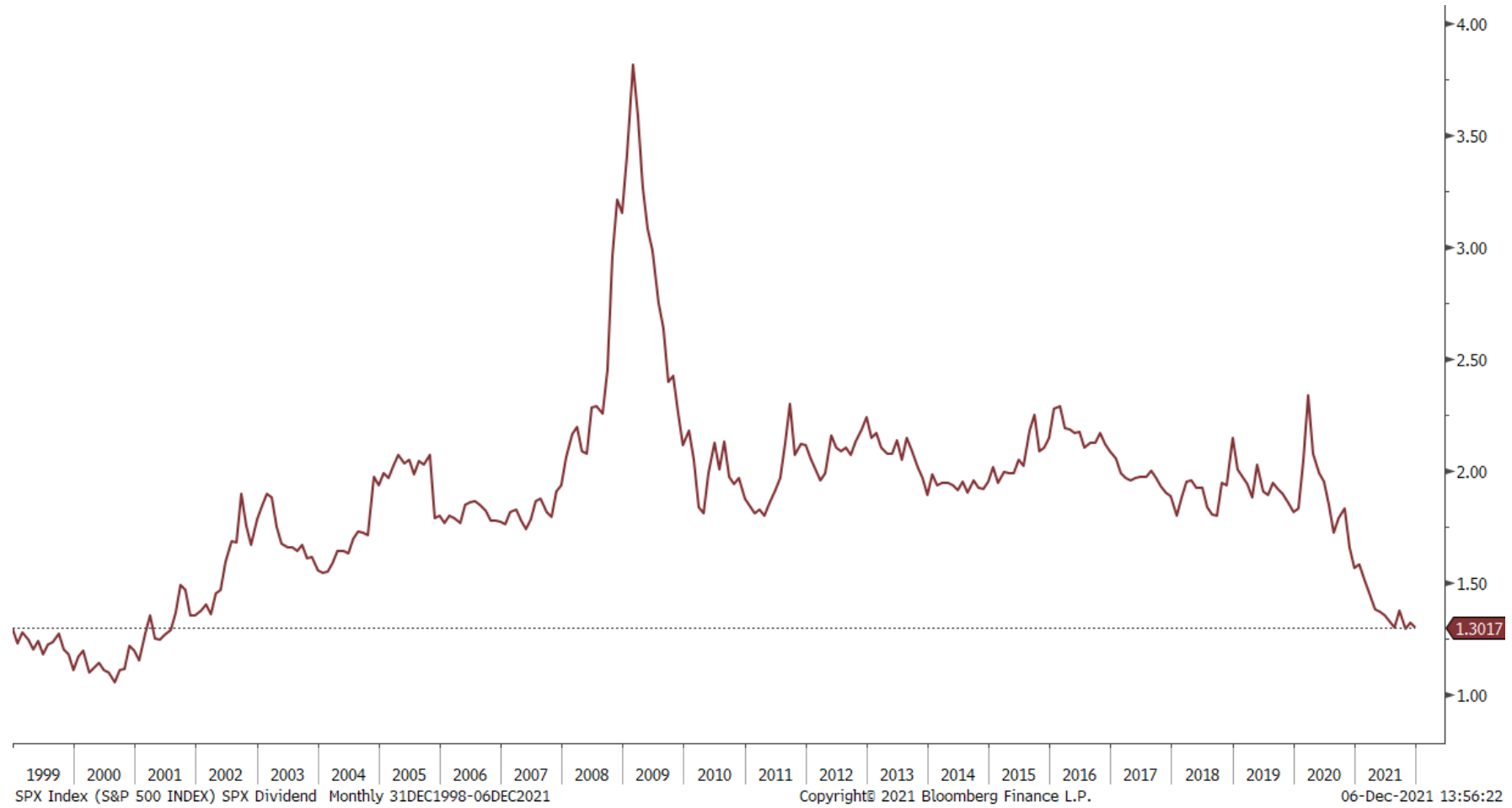
Dividend List

Ticker	Company	Sector	Dividend Yield	Forward P/E
BBY	Best Buy Co., Inc.	Consumer Disc.	2.6%	11.8x
CAH	Cardinal Health, Inc.	Health Care	4.1%	8.2x
CMI	Cummins, Inc.	Industrials	2.6%	13.3x
CSCO	Cisco Systems, Inc.	Information Technology	2.5%	16.6x
GILD	Gilead Sciences, Inc.	Health Care	4.1%	10.3x
HII	Huntington Ingalls Ind.	Industrials	2.6%	13.9x
LMT	Lockheed Martin Corp.	Industrials	3.3%	12.7x
NEM	Newmont Corporation	Materials	3.9%	18.5x
PFE	Pfizer, Inc.	Health Care	3.0%	10.8x
SNA	Snap-on, Inc.	Industrials	2.7%	14.3x
Average			3.1%	13.0x
SPX			1.3%	21.7x

**This is provided for illustrative purposes only. Might not be reflective in actual portfolios.*

Dividend Yield and Forward P/E as of December 7, 2021

Dividend Yield



Source: Bloomberg
Dividend Yield as of December 6, 2021

Looking Into 2022

S&P 500 Aggregate Income Statement (Strategas Estimates; Per Share)								
	2019		2020		2021E		2022E	
Revenue	\$1,415	5.4%	\$1,362	-3.7%	\$1,529	12.2%	\$1,660	8.6%
Costs	\$1,250	6.0%	\$1,220	-2.5%	\$1,320	8.2%	\$1,432	8.5%
Margins	11.6%		10.5%		13.7%		13.8%	
Operating EPS	\$164.58	1.0%	\$142.80	-13.2%	\$208.88	46.3%	\$228.25	9.3%
S&P500	3,231	28.9%	3,756	16.3%	4,437		4,437	
P/E Ratio	19.6x		26.3x		21.2x		19.4x	

Source: Strategas

Looking Into 2022

1. Inflation is here to stay in a meaningful way.

- We believe dividend paying stocks that have the ability to increase revenues to combat rising costs is your best bet vs. bonds and cash in a portfolio. Look for us to allocate towards more inflation-protected industries, sectors and stocks.

2. Tech is overweight and overvalued.

- We continue to stay patient and disciplined with our approach looking for stocks that are cheap/undervalued in the market that pay dividends and consistently grow their dividends. We think these companies are better positioned to navigate any market headwinds.

3. Interest rates should rise to combat inflation.

- This should confirm our investments in income investments.

Disclosure

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