

## Where We Stand in 2017: So Far So Good



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John Stoltzfus, in coordination with the Oppenheimer & Co. Inc. (Oppenheimer) Equity Research Department, year-after-year provides thoughtful, insightful and differentiated research to help clients make informed investment decisions. Oppenheimer's Equity Research Department provides Oppenheimer Asset Management Inc. (OAM) access to:

- ~30 Senior Research Analysts
- Coverage of ~500 stocks
- Analysis of a broad array of industries and sectors

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- Perspective
- Insight
- Actionable Ideas

### Overview:

The markets have shown their favor for the results of the U.S. election, and the eight-year old bull market appears to have "won an extension on its lease."

Furthermore, the pro-growth agenda outlined by the newly elected president appears to have the potential to extend the current stateside economic expansion through 2017. Workers and corporate entities will likely benefit as growth should boost corporate revenue and earnings growth.

Recent positive economic data reports and improved revenue and earnings—evidenced in corporate results reported in the latest quarterly reporting season—have offered further underpinning for our prediction in 2017.

Among the risks that are currently visible on the horizon we include: domestic and geopolitical wrangling, as well as the potential for volatility increasing as the Federal Reserve continues its process of rate normalization.

### These Are Our 2017 Predictions:

<b>Target</b>	Our price target for the S&P 500 is 2450 by the end of 2017 with possible further upside if fiscal stimulus takes effect earlier rather than later.
<b>Weighting</b>	We favor overweighting equities versus bonds and other asset classes. <ul style="list-style-type: none"> <li>• Markets are likely to favor value over growth as both institutional and private investors search for undervalued names as they deploy cash (that has been sidelined for years) back into the equity markets.</li> </ul>
<b>Style</b>	We maintain our market cap agnostic view on stateside equities as markets remain prone to rotation and rebalancing. <ul style="list-style-type: none"> <li>• Small and mid-cap stocks should garner increased investor attention as they tend to be more leveraged to the domestic economy as well as have less exposure to the dollar, which could strengthen further as the Fed normalizes rates.</li> </ul>
<b>International &amp; Emerging Markets</b>	Investors should benefit from further diversifying equity positions to add to international exposure (including developed, emerging and frontier markets). After underperforming US equities for several years, foreign valuations are relatively attractive while growth in the global economy appears poised to accelerate.
<b>Sectors</b>	We continue to favor cyclical over defensive sectors in the near and intermediate term. <ul style="list-style-type: none"> <li>• Investors should continue to show appetite for economically sensitive sectors as the domestic economic expansion reaccelerates.</li> </ul>
<b>Investment Approach</b>	We recommend maintaining a market cap agnostic view on stateside equities as tax cuts and deregulation should benefit domestic firms and as M&A activity remains strong.

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