



FAANG STOCKS ARE MORE PROFITABLE AND HAVE HIGHER MARGINS THAN S&P 500 STOCKS

THEY WILL CONTINUE TO GROW WITH THE INCREASED USE OF TECHNOLOGY



BUY FAANG+
AND S&P500
FUNDS
WHICH WILL
RISE 16.4%
(12MTHS)

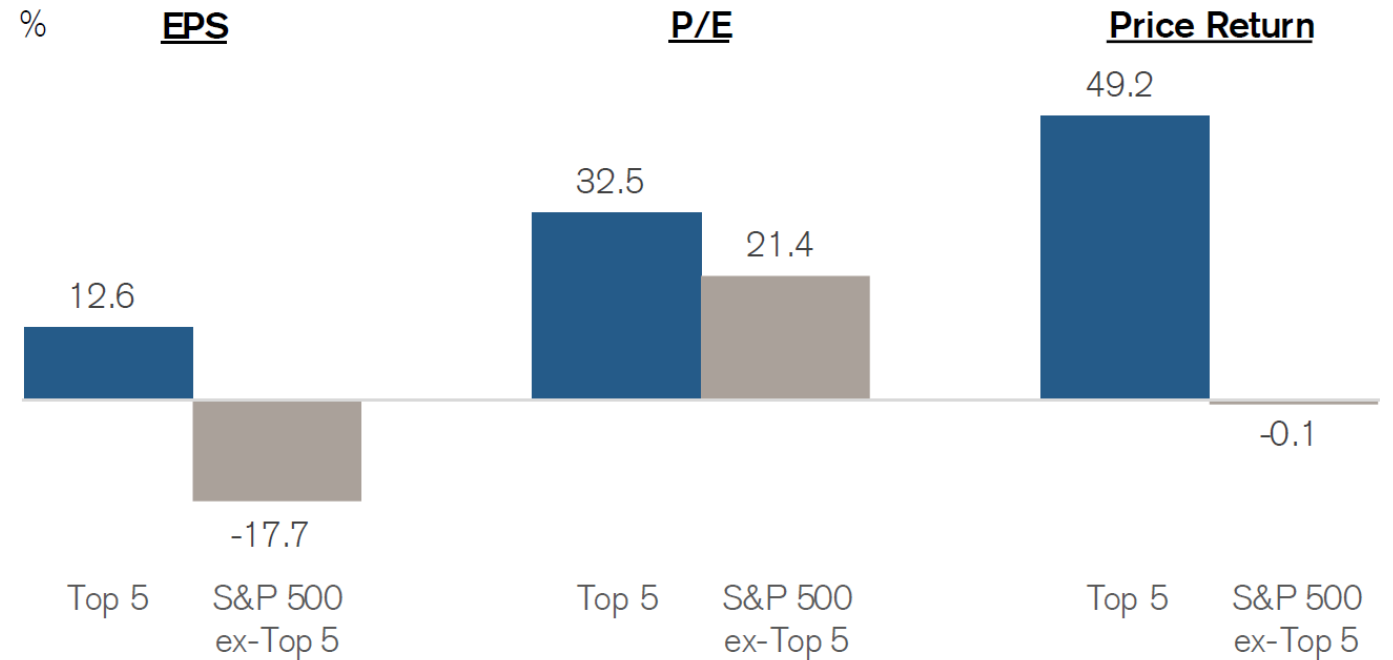
*JUNE 1, 2020

- ✓ Technology companies are well-run and provide services that people want and need.
- ✓ FAANG EPS Growth is 12.6% vs (negative) 17.7% S&P 500
- ✓ FAANG Sales Growth is 11.2% vs 0.8% S&P 500
- ✓ FAANG Margins are 17.5% vs 10.2% S&P 500
- ✓ Use of technology is continuing to increase. Microsoft teams is up 894%. Slack up 395%. Zoom up 677%.
- ✓ Moving averages indicate that the S&P 500 should rise by 16.4% to June 30, 2021 from June 20, 2020.
- ✓ People will continue to increasingly use technology from online shopping to new iPhones in 2020.

TECHNOLOGY
COMPANIES
HAVE
INCREASED EPS
BY 12.6% VS.
S&P500
FALLING BY
17.7%

Technology Earnings Outpace Broader Market

Figure 1: YoY Contribution of EPS and P/E to Returns

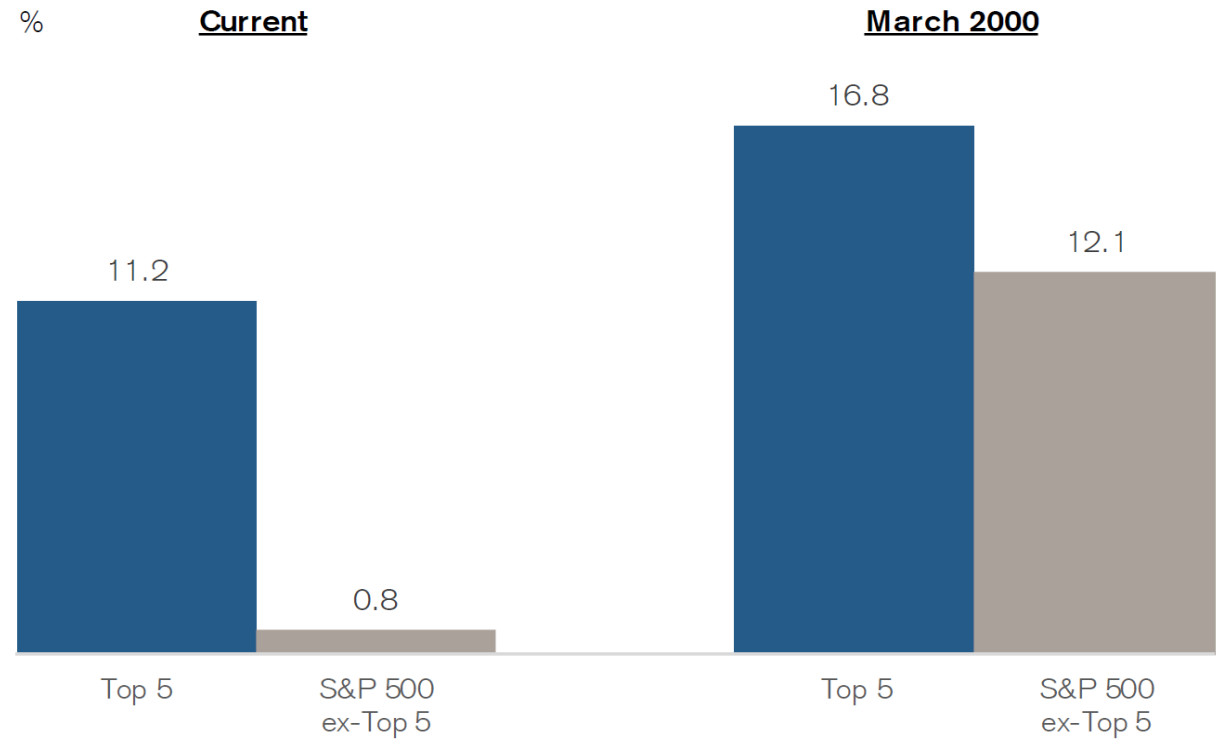


Source: Standard & Poor's, Thomson Financial, FactSet and Credit Suisse

TECHNOLOGY
HAS SEEN
SALES GROWTH
AT 11.2% VS
S&P 500 AT
ONLY 0.8%

Technology See Larger Increase's In Sales Growth

Figure 2: Sales Growth (Trailing 12-Month)



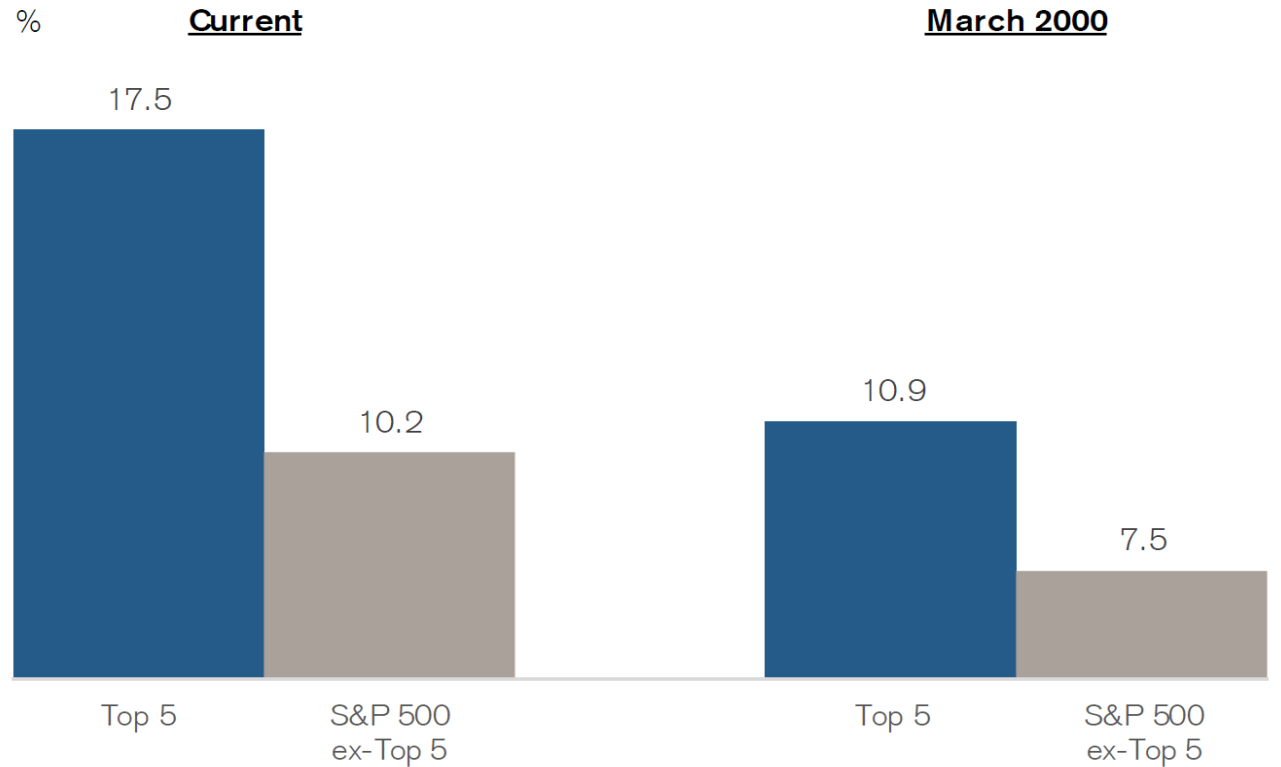
Source: Standard & Poor's, Thomson Financial, FactSet and Credit Suisse

- ✓ Technology has clearly been the least affected of all the S&P 500 sectors in terms of sales growth as we continue to stay at home for work and entertainment.

TECHNOLOGY'S
PROFIT
MARGINS ARE
MUCH BETTER

Technology Company's Boast Larger Profit Margins

Figure 4: Net Margins (Trailing 12-Month)



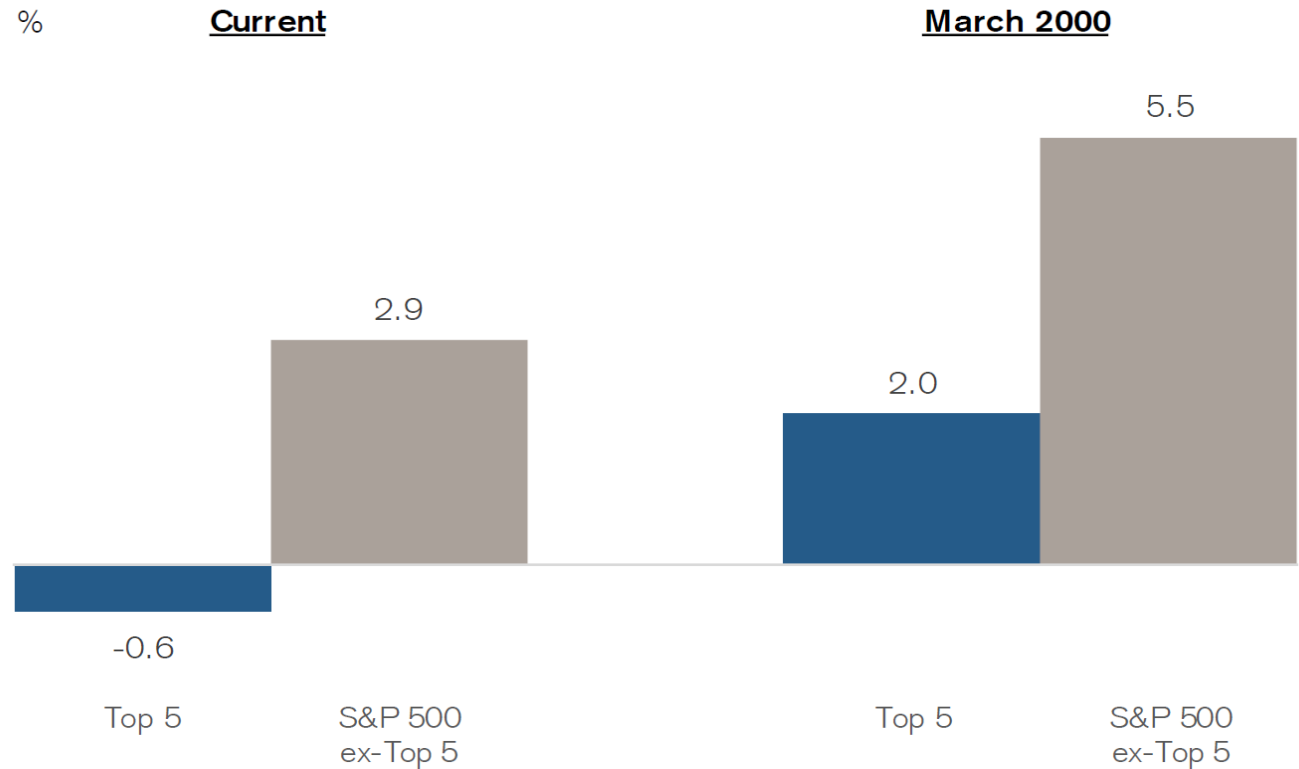
Source: Standard & Poor's, Thomson Financial, FactSet and Credit Suisse

- ✓ Technology company's profit margins are higher than the remainder of the S&P 500. This will allow them to invest more their profits into new ideas to help them grow.

TECHNOLOGY
COMPANIES
ARE CASH
POSITIVE –
THEY HAVE
NEGATIVE DEBT

Higher Profit Margins In Technology Leads to Less Debt and More Excess Cash

Figure 5: Net Debt-to-EBITDA (Trailing 12-Month)

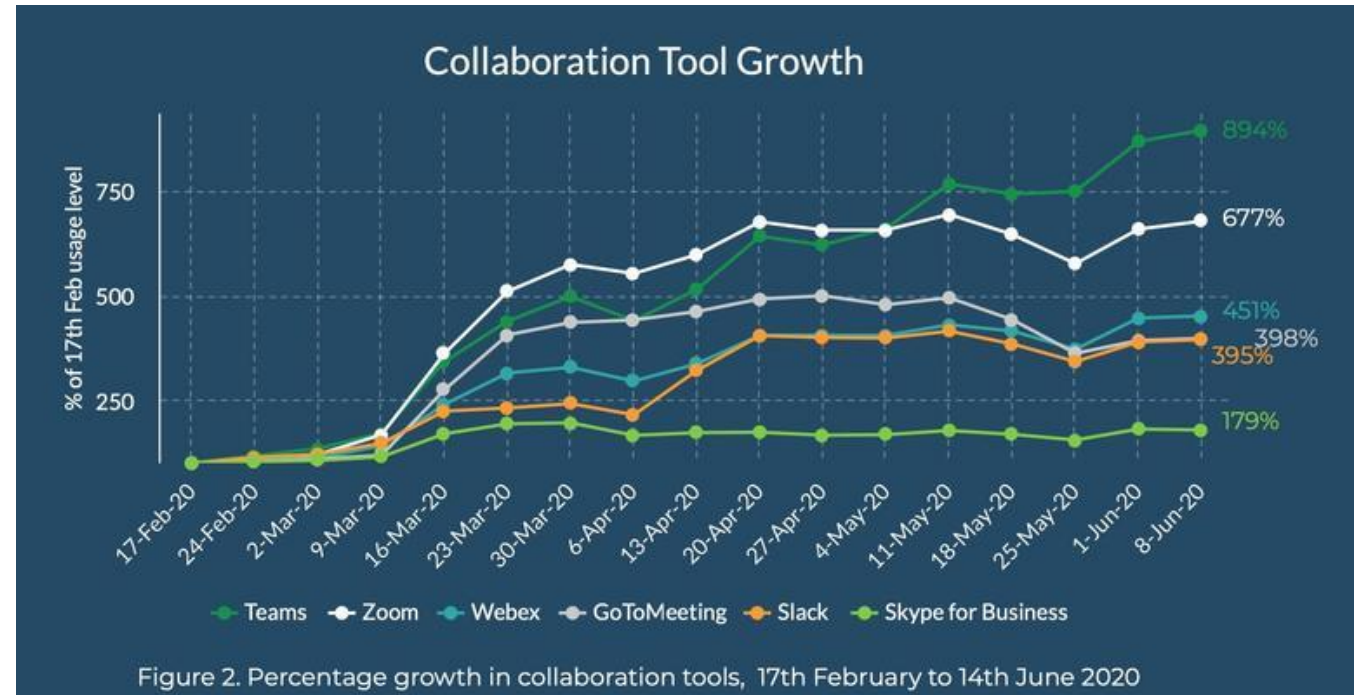


Source: Standard & Poor's, Thomson Financial, FactSet and Credit Suisse

- ✓ As we saw in the previous slide, Technology company's profit margins are higher than the remainder of the S&P 500. This will in turn lead to less debt and more excess cash invest into new ideas to help them grow.

GROWTH IN THE
USE OF
COLLABORATION
TOOLS.
MICROSOFT
TEAMS UP 894%
(TEAMS, SLACK,
SKYPE, ZOOM)

Technology is the clear winner as people work from home



- ✓ Despite some travel restrictions being lifted the use of technology in the workplace continues to rise higher than ever.
- ✓ The necessity of having to work from home has opened company's eyes to the benefits of an increased use of technology in the workplace.
- ✓ This will continue to be beneficial even as infections start to ease, and therefore we would not expect to see a decrease in technology usage.

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