

Date: 11/24/2012

Analyst: Scott R. Mertens

## CIF Sector Recommendation Report (Fall 2012)

Sector: Financial (XLF)

Review Period: 11/8 – 11/21/2012

### Section (A) Sector Performance Review

Cougar Investment Fund Sector Review Spreadsheet Template										
XLF										
	Ticker	Current Price	Beg. Price	Stop-loss Price	Target Price	% Cap Gain	# Shares	Current Value	vs. Sector	vs. S&P 500
S&P 500	\$INX	1409.15	1379.85			2.12%				
Sector ETF	XLF	\$15.84	\$15.50			2.19%	10730	\$169,963.20		0.07%
Current Holdings										
BlackRock Inc.	BLK	\$195.54	\$186.83			4.66%	150	\$29,331.00	2.47%	2.54%
Capital One Financial Corp.	COF	\$58.97	\$58.37			1.03%	590	\$34,792.30	-1.17%	-1.10%

Review sector performance relative to the broad market (SP500) and explain why; Include a two-week (for the two-week window reviewed) price chart of the SPDR sector ETF and SP500 (on the same chart)

Highlight noteworthy headline news from the sector (company-, industry-, or sector- level news)

The above spreadsheet gives us a better idea of the sector performance, relative to the S&P 500. Overall, the market, the sector, and each of our financial equities have appreciated in value during the period. The financial sector ETF has slightly outperformed the S&P 500, while BlackRock Inc. has performed very well. BlackRock Inc. has outperformed the S&P 500 and sector by nearly 2.5% during the period. This high level of performance can be explained by its beta of 1.48, meaning BlackRock Inc. is much more volatile than the market. Capital One Financial Corp. has both underperformed the S&P500 and the financial sector during this period. Capital One is also a highly volatile stock, with a beta of 1.71 (Reuters).

The S&P 500 took an immediate hit after the re-election of President Obama, but has begun to recover during this period. Optimism of increased consumer spending during the holidays and potential solutions for the 'Fiscal Cliff' has led to gains in both the S&P 500 and financial sector.

So far, there is no immediate solution for the Fiscal Cliff, but there has been a recent push for increased negotiations. Capital One's complete exposure to Hurricane Sandy is still unknown and this has led to increased skepticism. The hurricane did force Capital One to close several of its branches temporarily. BlackRock Inc. experienced large gains after a current financial director at the Company made an insider purchase of \$94 million. This was one of the largest insider purchases of the past decade, and increased investor confidence in the Company (Barron's).


Charts of individual performance can be found below:



## (XLF) Financial Select Sector SPDR

Saved views: 1 2 3 4 5 [SAVE](#)

15.84 ▲ 0.19 1.21% Volume: 20.58 M

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1d 5d 10d 1m 3m 6m YTD 1y 3y 5y 10y Max 11/9/2012 11/23/2012 [UPDATE](#)

## (BLK) BlackRock Inc

Saved views: 1 2 3 4 5 [SAVE](#)

195.54 ▲ 1.79 0.92% Volume: 167,142

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1d 5d 10d 1m 3m 6m YTD 1y 3y 5y 10y Max 11/9/2012 11/23/2012 [UPDATE](#)

## (COF) Capital One Financial Corp

Saved views: 1 2 3 4 5 [SAVE](#)

58.97 ▲ 0.66 1.13% Volume: 882,781




**Highlight the biggest (+) and the biggest (-) movers from the sector holdings during the review period. Are there notable reasons why the stocks had big moves (e.g., earnings surprises, etc)?**

Some of the biggest gainers during this period include: Aon plc. (8.46%), Public Storage (5.22%), Marsh & McLennan Companies (3.86%), and BlackRock Inc. (2.30%). Aon provides insurance and risk management service. It is classified within the 'insurance' industry of the financial sector and is currently at its 52-week high. The Company's net profit recently rose 3% as a result of a lower tax rate. Public Storage provides rental space to consumers and recently jumped after reporting doubled profits. Marsh & McLennan has jumped for similar reasons. The Company recently reported profits which beat analyst estimates. BlackRock Inc. has also increased significantly, and thankfully it is already owned by the CIF.

Some of the biggest losers during this period include: Assurant Inc. (-17.02%), Prudential Financial Inc. (-12.12%), Metlife Inc. (-9.30%), and CBRE Group Inc. (-8.91%). Prudential reported pretax losses of \$684 million in the latest period. These losses were related to the value of derivatives, currency, and long-term care insurance. Metlife experienced losses after it announced it would sell its mortgage servicing portfolio to JPMorgan. The Company also posted large impairment and derivative losses in the recent term, leading to a drastic reduction in the share price (Market Watch).

Highlight the largest two holdings from the sector and note any headline news on the companies:

Portfolio Composition		
Top 10 Holdings AS OF 11/25/2012		 <a href="#">View all Holdings</a>
WFC	Wells Fargo & Co	8.52%
BRK/B	Berkshire Hathaway Inc	8.48%
JPM	JPMorgan Chase and Co	8.16%
BAC	Bank of America Corp	5.57%
C	Citigroup Inc	5.52%
USB	U.S. Bancorp	3.23%
AXP	American Express Co	2.91%
GS	Goldman Sachs Group Inc	2.84%
SPG	Simon Property Group Inc	2.41%
AIG	American International Group Inc	2.00%

Wells Fargo and Berkshire Hathaway continue to be the two largest holdings in the financial sector ETF. This comes as a result of their individual performance and potential for future growth. As seen in the chart above, the investment in each of these two companies consumes 17% of the fund.

Wells Fargo has a current P/B ratio of 1.23. This is substantially less than the industry P/B of 1.96 and the sector P/B of 1.83. The Company also has a projected long-term growth rate of 8.74% and a ROA (TTM) above the industry and sector. The current beta is 1.34. Wells Fargo has also met or exceeded analyst EPS estimates in each of the past five quarters. Current headlines regarding Wells Fargo include exposure to Hurricane Sandy regarding mortgage delays, and concerns about the Fiscal Cliff (Reuters).

Berkshire Hathaway Inc. has a current P/B of 1.19. This is greater than the industry P/B of 1.03, and below the sector P/B of 1.83. The Company has a projected long-term growth rate of 5% and a ROA (TTM) well above the industry and sector. The current beta is 0.50. Berkshire Hathaway missed analyst EPS estimates in three of the past five quarters. Current headlines regarding Berkshire Hathaway include getting rid of consumer stocks and moving into industrials, as well as recent profit increases from rail and energy stocks (Reuters).

### **Comment on short-term outlook of the sector (including noteworthy upcoming events)**

The financial sector is greatly concerned with tax rates Obama will implement in 2013. Forcing consumers to pay higher tax rates will result in overall lower disposable income and lower GDP. Currently the projected tax increase is calculated to be \$514 billion and is estimated to reduce GDP growth (Market Watch). The financial sector was highly in favor of Romney for President. With Obama continuing his Presidency, analysts are highly against a tax increase because of the predictable effect on individuals and business decisions (Market Watch).

### **Section (B) Sector Holding Updates**

#### **Company #1: BlackRock Inc. (BLK)**

**Date Recommended:** 10/18/2012

**Date Re-evaluated:** 11/24/2012

#### **Company Update**

BlackRock Inc. has produced high returns in the past two weeks, and is currently one of the highest yielding stocks in the financial sector. The stock was originally recommended at a price of \$189 and is now at \$195.54. BlackRock has continued to pay its high dividend yield of 3.07%, which is attractive for investors looking to exit the bond market. Another notable event during this period was a financial director at BlackRock investing \$94 million of personal funds into the company. This was noted as one of the largest insider purchases over the past decade, and provides evidence that senior management is optimistic about the company's future. BlackRock released its most recent earnings over a month ago; therefore, no new earnings have come during this period. Fourth quarter results will be released on January 14, 2013. One analyst has revised estimates upward for the quarter ending in March of 2013 (Market Watch).

#### **Relative Performance**

Review relative performance of each sector holding, over the two-week review period, both relative to the SP500 and to the respective SPDR sector ETF. Relate your comments on relative performance to the updates discussed above

BlackRock, Inc. (BLK) - NYSE

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**195.54** ↑ 1.79 (0.92%) Nov 23, 1:00PM EST



BlackRock has performed well over the past couple weeks, yielding a 4.66% total return. This return is about 2.5% higher than the overall S&P 500, and financial sector. I believe investors are bullish because of the larger insider purchase and positive earnings outlook.

### Price Charts

Insert a price chart of the stock for **the most recent three months**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period

BlackRock, Inc. (BLK) - NYSE

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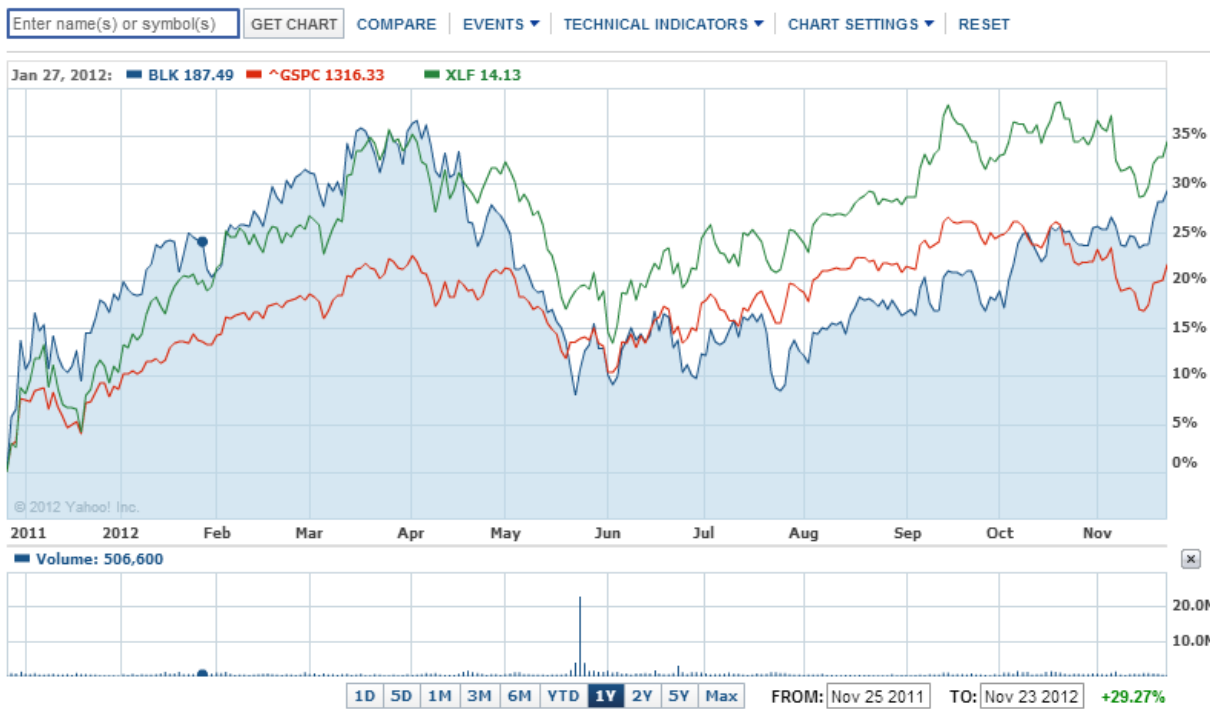
Insert a price chart of the stock for the **most recent one year**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period



BlackRock, Inc. (BLK) - NYSE

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## Valuations Analysis

### Original Analysis

<u>Ratio Analysis</u>	<u>Company:</u> BlackRock Inc	<u>Industry</u> Investment Management	<u>Sector</u> Financial
P/E (TTM)	14.98	57.78	32.8
P/S (TTM)	3.63	31.58	5.3
P/B (MRQ)	1.31	.96	1.27
P/CF (TTM)	12.56	60.04	12.44

### Re-evaluation Analysis

#### VALUATION RATIOS

	Company	Industry	Sector
P/E Ratio (TTM)	15.20	39.75	26.41

P/E High - Last 5 Yrs.	37.97	802.98	132.65
P/E Low - Last 5 Yrs.	14.41	11.27	81.73
Beta	1.48	1.49	1.22
Price to Sales (TTM)	3.67	22.99	5.46
Price to Book (MRQ)	1.34	3.42	1.83
Price to Tangible Book (MRQ)	--	3.71	2.98
Price to Cash Flow (TTM)	12.44	40.98	13.66
Price to Free Cash Flow (TTM)	21.25	20.47	3.29

The P/E (TTM) ratio has slightly increased, but this can be explained by the appreciation in share price relative to Q3 earnings. No new earnings have been released, but the stock price has increased, resulting in a greater P/E. This is similar to the effect on P/B and P/S.

### **Historical Surprises**

#### **Original Analysis**

## Historical Surprises

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
<b>SALES (in millions)</b>				
Quarter Ending Jun-12	2,258.00	2,229.00	29.00	1.28
Quarter Ending Mar-12	2,226.26	2,249.00	22.74	1.02
Quarter Ending Dec-11	2,234.95	2,227.00	7.95	0.36
Quarter Ending Sep-11	2,264.22	2,225.00	39.22	1.73
Quarter Ending Jun-11	2,323.37	2,347.00	23.63	1.02
<b>Earnings (per share)</b>				
Quarter Ending Jun-12	3.01	3.10	0.09	3.06
Quarter Ending Mar-12	3.04	3.16	0.12	4.10
Quarter Ending Dec-11	2.99	3.06	0.07	2.35
Quarter Ending Sep-11	2.64	2.83	0.19	7.16
Quarter Ending Jun-11	2.88	3.00	0.12	4.32

## Re-evaluation Analysis

### HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
<b>SALES (in millions)</b>				
Quarter Ending Sep-12	2,262.96	2,320.00	57.04	2.52
Quarter Ending Jun-12	2,258.00	2,229.00	29.00	1.28
Quarter Ending Mar-12	2,226.26	2,249.00	22.74	1.02
Quarter Ending Dec-11	2,234.95	2,227.00	7.95	0.36
Quarter Ending Sep-11	2,264.22	2,225.00	39.22	1.73
<b>Earnings (per share)</b>				
Quarter Ending Sep-12	3.31	3.47	0.16	4.90
Quarter Ending Jun-12	3.01	3.10	0.09	3.06
Quarter Ending Mar-12	3.04	3.16	0.12	4.10

Quarter Ending Dec-11	2.99	3.06	0.07	2.35
Quarter Ending Sep-11	2.64	2.83	0.19	7.16

Revenue estimates have stayed the same, but EPS estimates remain unchanged. No new earnings have been released during this period.

### Consensus Estimates

#### Original Analysis

	# of Estimates	Mean	High	Low	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Dec-12	15	2,446.28	2,553.14	2,364.50	2,816.16
Quarter Ending Mar-13	9	2,359.04	2,458.07	2,284.43	2,570.93
Year Ending Dec-12	18	9,200.82	9,318.23	9,084.00	10,135.40
Year Ending Dec-13	18	10,011.50	10,466.10	9,634.94	11,401.20
<b>Earnings (per share)</b>					
Quarter Ending Dec-12	18	3.64	3.89	3.45	3.96
Quarter Ending Mar-13	11	3.35	3.53	3.11	3.61
Year Ending Dec-12	20	13.18	13.63	12.91	13.71
Year Ending Dec-13	20	14.76	15.44	14.16	16.17
LT Growth Rate (%)	4	12.50	13.00	12.00	19.62

#### Consensus Estimates Trend

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Dec-12	2,446.28	2,433.84	2,422.61	2,425.01	2,816.16
Quarter Ending Mar-13	2,359.04	2,360.26	2,337.02	2,344.03	2,570.93
Year Ending Dec-12	9,200.82	9,174.79	9,160.97	9,165.26	10,135.40
Year Ending Dec-13	10,011.50	9,965.42	9,923.94	9,937.50	11,401.20
<b>Earnings (per share)</b>					
Quarter Ending Dec-12	3.64	3.61	3.57	3.58	3.96
Quarter Ending Mar-13	3.35	3.36	3.31	3.32	3.61
Quarter Ending Dec-12	13.18	13.12	13.07	13.08	13.71
Quarter Ending Dec-13	14.76	14.70	14.60	14.61	16.17

#### Re-Evaluation Analysis

#### CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)  
Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Dec-12	2,482.31	2,482.31	2,482.31	2,429.19	2,589.59
Quarter Ending Mar-13	2,379.75	2,379.75	2,379.75	2,345.21	2,393.35
Year Ending Dec-12	9,277.17	9,277.17	9,279.17	9,169.12	9,332.81
Year Ending Dec-13	10,048.80	10,048.80	10,044.00	9,947.56	10,345.00
<b>Earnings (per share)</b>					
Quarter Ending Dec-12	3.68	3.68	3.67	3.59	3.65
Quarter Ending Mar-13	3.41	3.41	3.41	3.34	3.18
Quarter Ending Dec-12	13.39	13.39	13.38	13.10	12.79
Quarter Ending Dec-13	15.00	15.00	14.98	14.67	14.53

Revenue and EPS estimates have all been revised upward since the stock was first evaluated. This aligns with bullish investor behavior.

**Estimate Revision Analysis**

**Original Analysis: (10/18/2012)**

## Estimates Revisions Summary

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
<b>Revenue</b>				
Quarter Ending Dec-12	2	0	7	0
Quarter Ending Mar-13	0	1	3	0
Year Ending Dec-12	3	0	9	1
Year Ending Dec-13	3	0	9	0
<b>Earnings</b>				
Quarter Ending Dec-12	5	1	11	1
Quarter Ending Mar-13	2	1	5	1
Year Ending Dec-12	5	1	13	0
Year Ending Dec-13	5	1	11	1

## Re-Evaluation Analysis

### ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
<b>Revenue</b>				
Quarter Ending Dec-12	0	0	0	0
Quarter Ending Mar-13	0	0	0	0
Year Ending Dec-12	0	0	0	1
Year Ending Dec-13	0	0	1	0
<b>Earnings</b>				
Quarter Ending Dec-12	0	0	1	0
Quarter Ending Mar-13	1	0	1	0
Year Ending Dec-12	0	0	2	0

Year Ending Dec-13

0

0

2

0

All revenue and earnings estimates have generally been revised upward since the stock was first evaluated.

## **Analysts' Recommendations**

### **Original Analysis**

Consensus Recommendation	Next Earnings (approx.)	Company Fiscal Year End Month	Last Updated
Outperform	3.64	December	17 Oct 2012

### **ANALYST RECOMMENDATIONS AND REVISIONS**

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	5	4	4	4
(2) OUTPERFORM	8	8	8	7
(3) HOLD	6	7	6	7
(4) UNDERPERFORM	1	1	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.15	2.25	2.21	2.26

### **Re-Evaluation Analysis**

#### **CONSENSUS RECOMMENDATIONS**

Consensus Recommendation	Next Earnings (approx.)	Company Fiscal Year End Month	Last Updated
Outperform	3.68	December	25 Nov 2012

#### **ANALYST RECOMMENDATIONS AND REVISIONS**

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	5	5	4	4
(2) OUTPERFORM	8	8	8	8
(3) HOLD	6	6	7	6
(4) UNDERPERFORM	1	1	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.15	2.15	2.25	2.21

Analyst recommendations are very similar to when the stock was first evaluated.

## Company #2: Capital One Financial Corporation (COF)

Date Recommended: 10/26/2012

Date Re-evaluated: 11/24/2012

### Company Update

Capital One stock has increased in value during this period, but has underperformed the financial sector and S&P 500. A notable event which may have led to this include the Labor Department report that first-time unemployment claims were up (The Street). This has most likely come as a result of Hurricane Sandy. Capital One has not released any new earnings during this period, and will not be releasing current quarter earnings until January 14, 2013. News regarding a recent lawsuit has also left investors unhappy. A bond issuer named Ambac Assurance Corp. has sued Capital One over alleged breaches pertaining to mortgage securities (Market Watch).

### Relative Performance

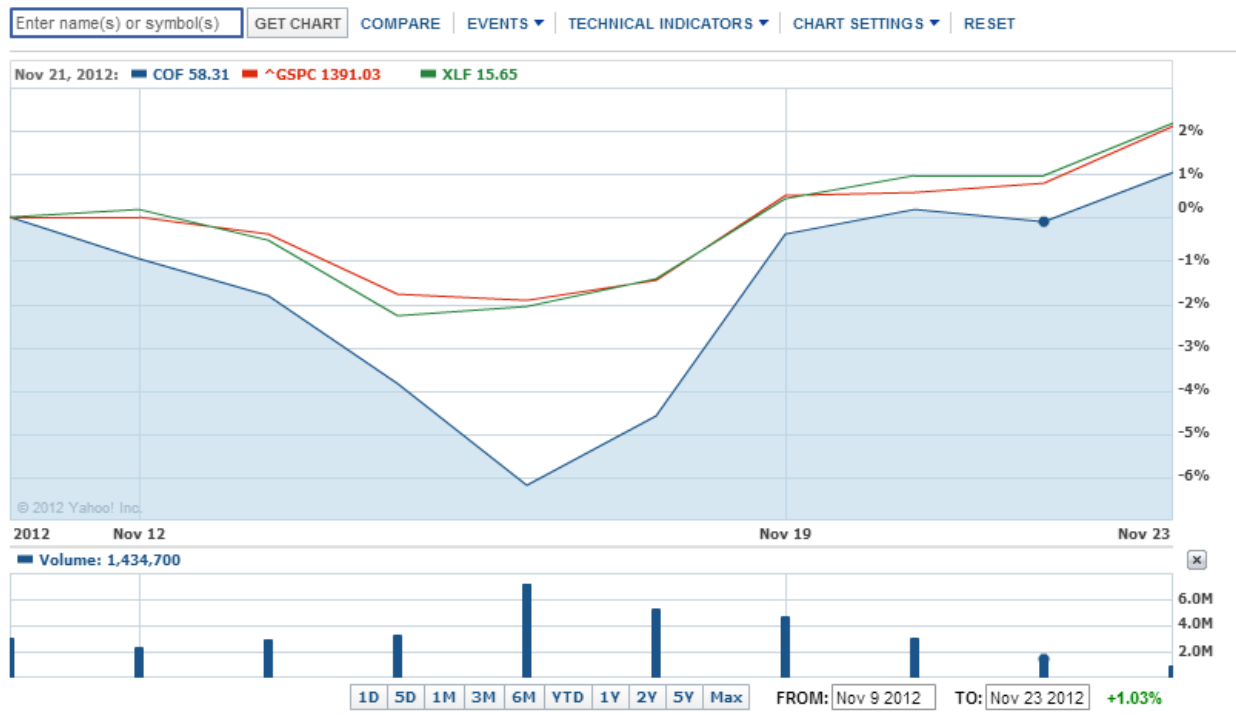


Review relative performance of each sector holding, over the two-week review period, both relative to the SP500 and to the respective SPDR sector ETF. Relate your comments on relative performance to the updates discussed above

Capital One Financial Corp. (COF) - NYSE

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Overall, Capital One has greatly underperformed both the financial sector and S&P 500 during this period by about 1%. Unfavorable news from the Labor Department as well as exposure to Hurricane Sandy can most likely be blamed for this.

### Price Charts

Insert a price chart of the stock for **the most recent three months**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period

Capital One Financial Corp. (COF) - NYSE

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Insert a price chart of the stock for the **most recent one year**. You should include on the same chart (1) the SPDR sector ETF, (2) and the SP500 prices for the same period

Capital One Financial Corp. (COF) - NYSE

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**58.97** ↑ 0.66 (1.13%) Nov 23, 1:00PM EST



## Valuations Analysis

### Original Analysis

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	9.82	20.99	33.02
P/S (TTM)	1.76	4.78	5.41
P/B (MRQ)	.90	1.62	1.51
P/CF (TTM)	9.3	5.84	12.37

## Re-evaluation Analysis

### VALUATION RATIOS

	Company	Industry	Sector
P/E Ratio (TTM)	9.80	27.57	26.41
P/E High - Last 5 Yrs.	232.54	43.35	132.65

P/E Low - Last 5 Yrs.	6.02	8.46	81.73
Beta	1.71	1.28	1.22
Price to Sales (TTM)	1.73	4.99	5.46
Price to Book (MRQ)	0.88	1.96	1.83
Price to Tangible Book (MRQ)	1.49	2.58	2.98
Price to Cash Flow (TTM)	7.43	6.58	13.66
Price to Free Cash Flow (TTM)	3.74	1.85	3.29

One thing to note is the industry P/E (TTM) has greatly increased, while the same ratio for Capital One is relatively unchanged. Overall, the industry has noticeably increased in value, while Capital One has not. This is consistent with the stock performance of Capital One.

### **Historical Surprises**

#### **Original Analysis**

**HISTORICAL SURPRISES**

Sales and Profit Figures in US Dollar (USD)  
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
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**SALES (in millions)**

Quarter Ending Sep-12	5,641.84	5,782.00	140.16	2.48
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Quarter Ending Jun-12	5,157.08	5,055.00	-102.08	-1.98
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Quarter Ending Mar-12	4,331.61	4,935.00	603.39	13.93
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Quarter Ending Dec-11	4,048.12	4,050.00	1.88	0.05
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Quarter Ending Sep-11	3,937.64	4,154.00	216.36	5.49
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**Earnings (per share)**

Quarter Ending Sep-12	1.66	2.01	0.35	21.14
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Quarter Ending Jun-12	1.13	0.82	-0.31	-27.35
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Quarter Ending Mar-12	1.40	1.56	0.16	11.11
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Quarter Ending Dec-11	1.54	0.88	-0.66	-42.67
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**Re-evaluation Analysis****HISTORICAL SURPRISES**

Sales and Profit Figures in US Dollar (USD)  
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
---------------------	----------	--------	------------	------------

**SALES (in millions)**

Quarter Ending Sep-12	5,641.84	5,782.00	140.16	2.48
-----------------------	----------	----------	--------	------

Quarter Ending Jun-12	5,157.08	5,055.00	102.08	1.98
-----------------------	----------	----------	--------	------

Quarter Ending Mar-12	4,331.61	4,935.00	603.39	13.93
-----------------------	----------	----------	--------	-------

Quarter Ending Dec-11	4,048.12	4,050.00	1.88	0.05
Quarter Ending Sep-11	3,937.64	4,154.00	216.36	5.49

**Earnings (per share)**

Quarter Ending Sep-12	1.66	2.01	0.35	21.14
Quarter Ending Jun-12	1.13	0.82	0.31	27.35
Quarter Ending Mar-12	1.40	1.56	0.16	11.11
Quarter Ending Dec-11	1.54	0.88	0.66	42.67
Quarter Ending Sep-11	1.68	1.77	0.09	5.26

There are no changes in this section. Earnings have not been released during the past two weeks.

**Consensus Estimates**

**Original Analysis**

	# of Estimates	Mean	High	Low	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Dec-12	16	5,843.63	6,954.00	5,204.05	4,731.95
Quarter Ending Mar-13	9	5,768.60	6,790.00	5,113.60	4,136.97
Year Ending Dec-12	15	21,416.60	22,726.00	20,366.90	17,924.10
Year Ending Dec-13	18	22,917.20	25,063.00	20,772.10	18,591.90
<b>Earnings (per share)</b>					
Quarter Ending Dec-12	24	1.64	2.04	1.37	1.52
Quarter Ending Mar-13	17	1.80	2.38	1.41	1.67
Year Ending Dec-12	19	6.36	6.86	4.93	6.04
Year Ending Dec-13	28	7.05	8.24	5.93	6.63
LT Growth Rate (%)	5	9.70	12.00	8.00	9.50

## Re-Evaluation Analysis

### CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Dec-12	16	5,884.05	6,954.00	5,634.00	4,697.22
Quarter Ending Mar-13	9	5,792.83	6,790.00	5,113.60	4,136.97
Year Ending Dec-12	15	21,490.30	22,726.00	20,812.00	17,945.80

Year Ending Dec-13	19	22,861.30	25,063.00	20,772.10	18,597.70
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**Earnings (per share)**

Quarter Ending Dec-12	23	1.64	2.04	1.37	1.50
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Quarter Ending Mar-13	16	1.81	2.41	1.41	1.71
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Year Ending Dec-12	18	6.41	6.86	4.93	6.06
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Year Ending Dec-13	28	7.03	8.24	5.93	6.64
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LT Growth Rate (%)	5	9.70	12.00	8.00	10.31
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Overall, revenue estimates have increased from the original evaluation date. Most earnings estimates are relatively unchanged.

**Estimate Revision Analysis**

**Original Analysis (10/26/2012)**



## Revenue

Quarter Ending Dec-12	12	1	10	2
Quarter Ending Mar-13	2	5	3	4
Year Ending Dec-12	12	1	10	2
Year Ending Dec-13	7	6	5	8

## Earnings

Quarter Ending Dec-12	12	7	12	8
Quarter Ending Mar-13	6	6	5	7
Year Ending Dec-12	12	2	10	3
Year Ending Dec-13	11	7	12	5

## Re-Evaluation Analysis

### ESTIMATES REVISIONS SUMMARY

	Last Week		Last 4 Weeks	
Number Of Revisions:	Up	Down	Up	Down
<b>Revenue</b>				
Quarter Ending Dec-12	0	0	0	1
Quarter Ending Mar-13	1	0	2	0
Year Ending Dec-12	0	0	0	1
Year Ending Dec-13	1	0	2	1

## Earnings

Quarter Ending Dec-12	0	0	0	2
Quarter Ending Mar-13	1	0	2	1
Year Ending Dec-12	0	0	1	0
Year Ending Dec-13	0	0	2	2

It appears only a few analysts have changed their recommendations over the past two weeks. There is far less activity on the estimate revisions than there was during the original evaluation. This is most likely because earnings will not be released for another 7 weeks and analysts are in no rush to re-calculate their estimates.

### **Analysts' Recommendations**

#### **Original Analysis**

##### **ANALYST RECOMMENDATIONS AND REVISIONS**

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	12	11	11	11
(2) OUTPERFORM	9	8	8	8
(3) HOLD	8	8	8	8
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.86	1.89	1.89	1.89

#### **Re-Evaluation Analysis**

##### **CONSENSUS RECOMMENDATIONS**

Consensus Recommendation	Next Earnings (approx.)	Company Fiscal Year End Month	Last Updated
Outperform	1.64	December	26 Nov 2012

#### ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	12	12	11	11
(2) OUTPERFORM	9	9	8	8
(3) HOLD	8	8	8	8
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.86	1.86	1.89	1.89

This section is unchanged from when the stock was originally evaluated.

### Section (C) Sector Recommendations

I am slightly bearish on the financial sector overall. This is because I am unclear as to what will happen with the fiscal cliff, and I am almost positive taxes will increase with Obama as president. I believe the increased taxes will provide consumers with less disposable income, and the economy will begin to slow down. This would really have a major effect on nearly every sector of the S&P 500, but because the financial sector is so volatile, I would expect the outcome to be more devastating. I am confident the financial sector would be more bullish if the Presidential election had a different outcome. I believe if the fiscal cliff problem is solved (or avoided) in a timely manner, the financial sector will rally for several weeks. Therefore, I suggest the CIF retain its current position in the financial sector.

I believe the CIF should retain all of its investments in the financial sector include BlackRock Inc. and Capital One Corp. The future for BlackRock appears to be very bullish, and it is too early to tell how Capital One will be affected by Hurricane Sandy. If we were to sell either of these investments in the immediate future, I believe Capital One would be the first to go. Overall, I do not feel there is a bright future for Capital One in the long-term. Until the fiscal cliff outcome has been determined, I do not feel confident in selling or adjusting the target/stop-loss prices for either stock. The sources I have read suggest the fiscal cliff will be reached in 35 days.

## Section (D) Sector Holding Recommendations

Based on your analysis, are there stocks CIF currently owns from your sector you would recommend to:

1. Sell and why?
2. Adjust "target price" and why? If you recommend an adjustment, you must suggest a new "target price"
3. Adjust "stop-loss price" and why? If you recommend an adjustment, you must suggest a new "stop-loss price"

Provide your recommendations in the following table

Company Name	Ticker Symbol	Date Recommended	Date Re-evaluated	Recommendation (Explain Why)		
				Sell	Adjust "Target Price"	Adjust "Stop-loss Price"
BlackRock Inc.	BLK	10/18/2012	11/25/2012	NO	NO	NO
Capital One Financial Corp.	COF	10/30/2012	11/25/2012	NO	NO	NO

**Sources:**

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