

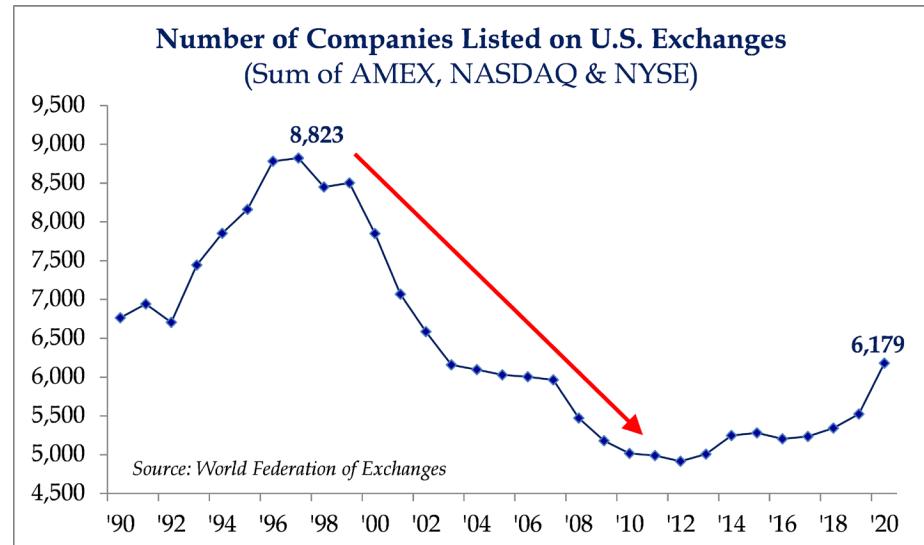
Strategas Daily Macro Brief

February 19, 2021

Prepared by Strategas Securities, a Baird Company

NUMBER OF PUBLICLY LISTED COMPANIES RISING

A notable change that has stood out to us and our clients over recent weeks has been the uptick in the number of publicly listed companies. Since peaking in the mid-1990s, the number of public companies steadily decreased until bottoming in 2012 and seemingly leveling off. With the recent boom in IPOs, the trend has turned, with the number of public companies cresting above 6,000 at the end of 2020.



BUFFET INDICATOR ELEVATED, BUT LIKELY TO CONTRACT

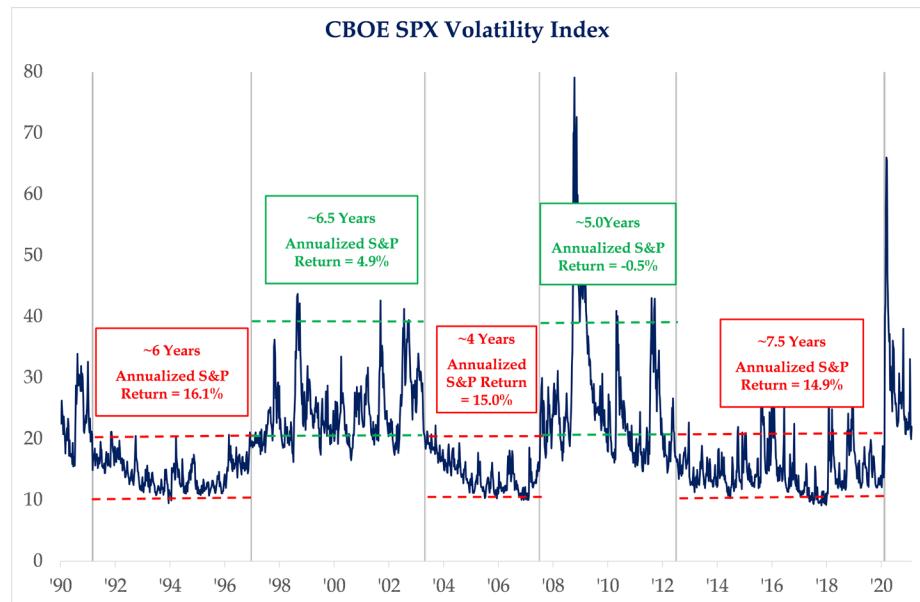
Another popular request from clients as of late has been the ratio of the stock market capitalization to GDP or more commonly known as the “Buffett Indicator.” The current reading is now above the levels that were seen during the Tech bubble, but to be entirely fair, GDP is suppressed. With growth expected to be strong in 2021, this reading should come in some, although it will remain elevated.



Please see the Appendix on page 3 for important disclosures.

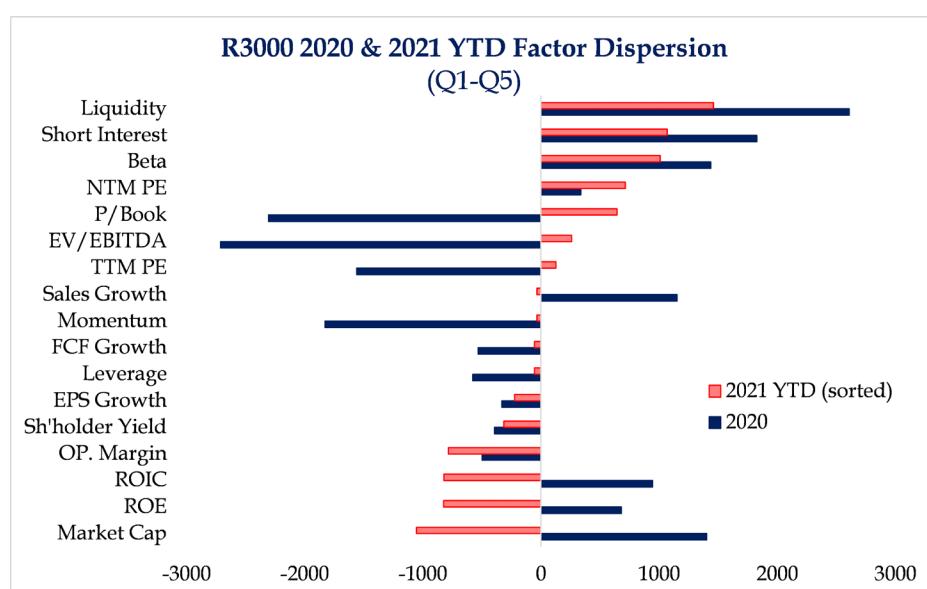
NEW VOLATILITY REGIME LIKELY UNDERWAY

The COVID-19 pandemic not only changed the world as we knew it, but also brought about historic market volatility that will likely be remembered by market observers for years to come. As the market enters this new regime of market volatility, it's important to recall that robust market returns are much harder to come by during these periods of heightened volatility, a period in which active managers can potentially thrive in.



2021 FACTOR PROFILE SHIFTING FROM 2020 STANDOUTS

Looking at factor performance in 2021 YTD, a few trends established in 2020 remain intact, but to a lesser degree. Investors continue to show their preference for highly liquid names, as well as high beta and high short interest shares. What is a noticeable change of tone is the deviation from high quality (high ROE/ROIC) for low quality and small-cap caps over large-caps, an apparent embrace of "risk-on." Outside of risk appetite, low valuations are starting 2021 on strong footing, outperforming their high multiple peers.



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