

CORNERSTONE MACRO

Economics, Policy, Strategy & Technicals

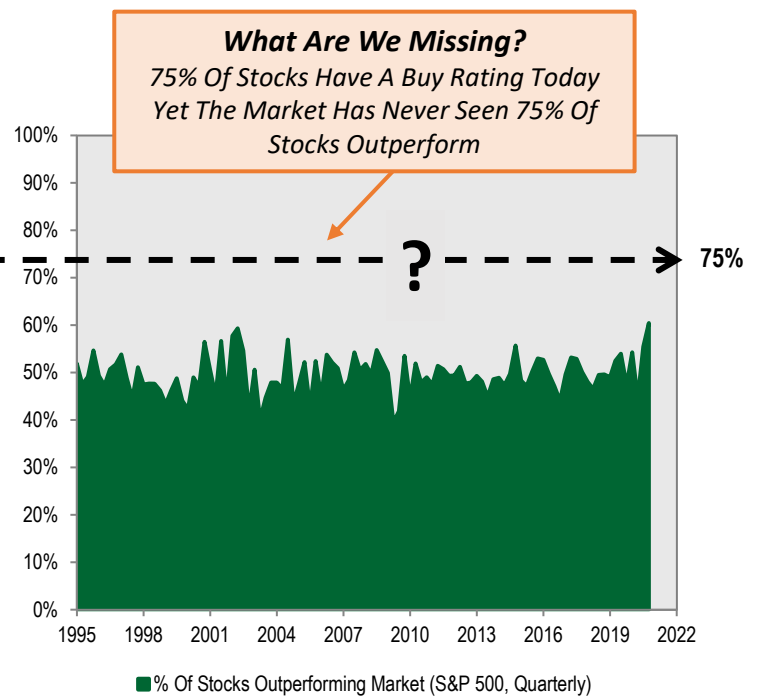
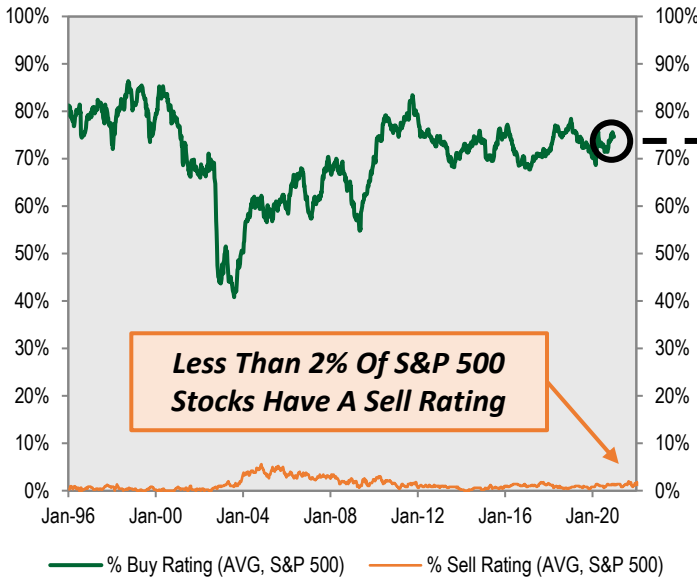
Portfolio Insights

STOCKS TO AVOID IN 2021

EVERYONE TELLS YOU WHAT TO DO ... HOW ABOUT WHAT NOT TO DO?

It has been said that a new year always brings renewed hope. Heading into 2021, investors are feeling extremely bullish. This bullish sentiment is sure to present itself in year-ahead outlooks from sell-siders. These outlooks (including ours on Jan 7th - [Click Here](#) to register) are typically full of pontification on what you should be doing/buying in the year ahead. This annual ritual inspired us to play the contrarian and use our first report of the year to lay out what we believe investors should not do here in 2021. That being said, today's report highlights the Sell Model ([download here](#)). This stock-screening tool is designed to help investors identify stocks to avoid, sell, or short in their portfolios. It is likely to be a year where what you don't do matters more than what you do.

Sell-Side Not Big On Helping Investors Avoid Underperformers



Our Solution To The Dearth Of Sell Ratings ... The Sell Model → [Download](#)

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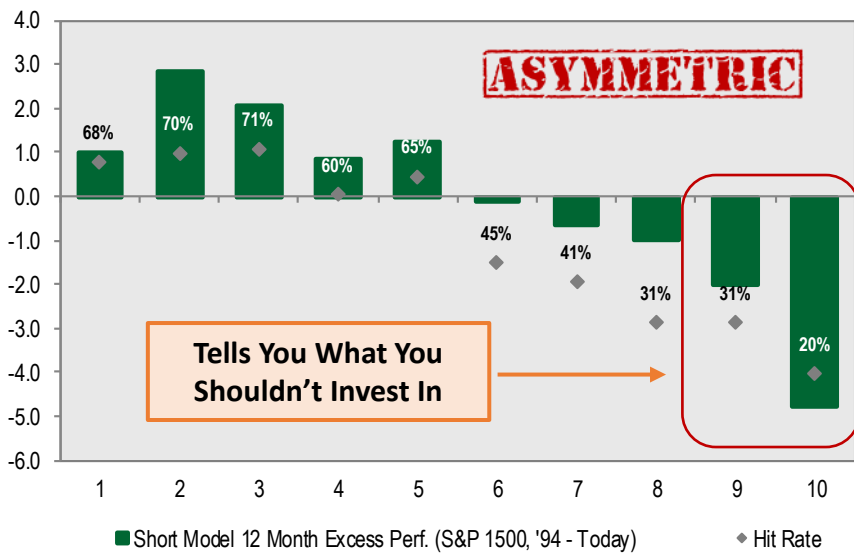
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OUR SOLUTION TO THE DEARTH OF SELL RATINGS ... THE SELL MODEL

With sell-side ratings being of little help to investors, we use a Sell Model to explicitly help clients identify names to avoid, sell, or short. The Sell Model targets asymmetric risk. In other words, the Sell Model is a tool that helps to identify underperformers, it is not simply the worst-ranked stocks for a long model. As shown below, the Sell Model has an impressive track record of isolating underperformers. The Sell Model isn't for only U.S. companies, but works on a global scale as well. As you can see in the charts below, stocks ranked as 10's on various global indices have been proven to be consistent underperformers.

Why Trust The Sell Model? It Has Consistently Identified Underperformers

The Sell Model Specifically Targets Risk



Historically Effective



Works Across Global Equity Markets



CORNERSTONE MACRO

WHO IS CURRENTLY AT RISK?

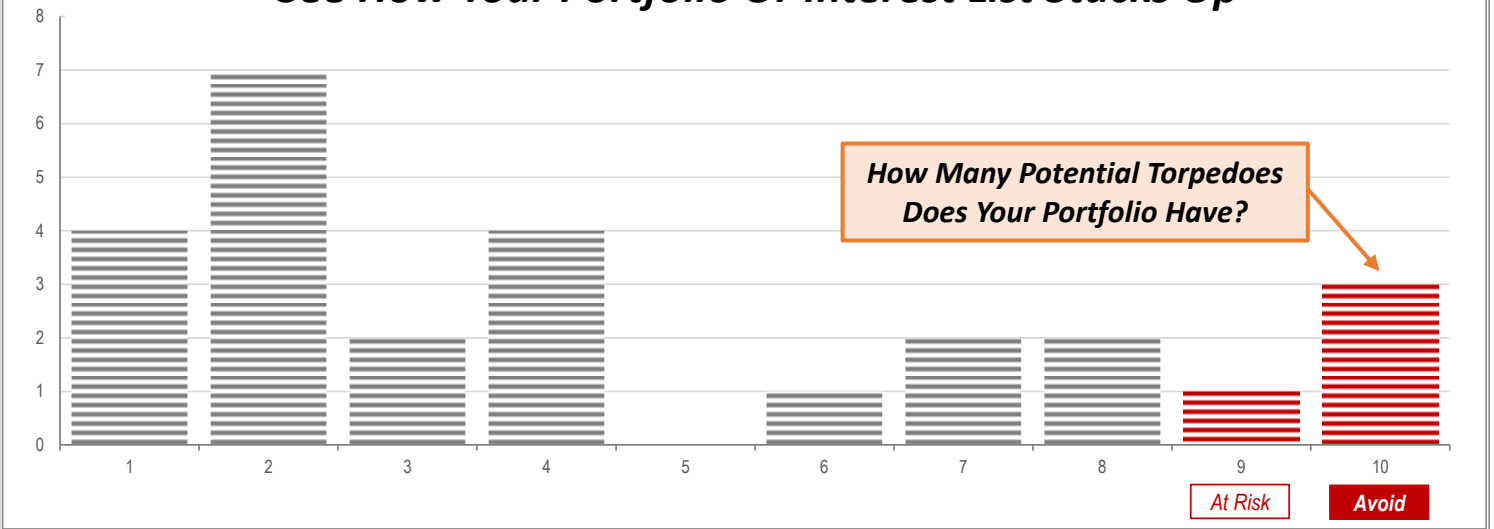
Below is a sample of our Sell Model. For a copy of the Sell Model screener [click here](#). The updated Sell-model screener includes a portfolio tool, a tab to see the underlining data for a stock and an interactive screener. Email us to be added to the monthly update quant@cormacteam.com.

Which Stocks Could Potentially Ruin Your Year?

Symbol	Name	Sell Model Rank	Sell Rank History (11/27/20)	Price (USD)	Mkt Value (Mil, USD)	Sector
APT	Aptiv Plc	10	10	130.29	\$ 35,181.61	Consumer Discretionary
NCLH	Norwegian Cruise Line Hldg	10	10	25.43	\$ 8,026.63	Consumer Discretionary
WYNN	Wynn Resorts Ltd	10	10	112.83	\$ 12,171.04	Consumer Discretionary
RCL	Royal Caribbean Group	10	10	74.65	\$ 16,755.90	Consumer Discretionary
LVS	Las Vegas Sands Corp	10	10	69.55	\$ 45,524.16	Consumer Discretionary
EXPE	Expedia Group Inc	10	10	132.4	\$ 17,993.19	Consumer Discretionary
BF.B	Brown Forman Corp	10	10	79.43	\$ 24,582.70	Consumer Staples
HRL	Hormel Foods Corp	10	9	25.16	\$ 25,165.58	Consumer Staples
CHD	Church & Dwight Inc	10	5	87.23	\$ 21,672.33	Consumer Staples
FTI	Technipfmc Plc	10	10	9.4	\$ 4,224.44	Energy
HES	Hess Corp	10	10	52.79	\$ 16,210.62	Energy
CFG	Citizens Finl Group Inc	10	9	35.76	\$ 15,272.13	Financials
TFC	Truist Finl Corp	10	10	47.93	\$ 64,615.31	Financials

SAMPLE LIST
For The Full List [Click Here](#)

See How Your Portfolio Or Interest List Stacks Up



Want To Dig Deeper Into A Specific Stock? ... See Our Stock Detail Tab



Enter Ticker For Detailed Sell Model Breakdown

C 10th Decile Sell Model Rank For Citigroup Inc (Within S&P 500)

Citigroup Inc
Financials

Category Ranks		Category Factor Detail		
	Rank	C Rank	C Data	Sector AVG
Valuation Rank	5	9	41.14	29.91
Manipulation Rank	8			

The Stock Detail Tab Has The Fundamental Data For All 14 Factors That Makeup The Sell Model

2021 OUTLOOK JANUARY 7TH: *WEBINAR ANNOUNCEMENT*

Portfolio Strategy 2021 Market Outlook

“Stocks Will Have To Earn Their Returns In 2021”

Thursday, January 7th @ 10:30 am ET

[Click Here To Register](#)



We will be hosting a webinar this coming **Thursday, January 7th at 10:30am ET** to discuss our outlook for equities markets for the 1H of 2021.

TOPICS THAT WE WILL COVER

- After Two Years Of Massive P/E Expansion, What Will Drive Markets In '21?
- What Does History Tell Us About Positioning For Rising, Flat, or Falling Multiples?
- Can Value Stage A Comeback After A Record Year Of Growth Outperformance?
- Sales Growth Set To Pass The Baton To Earnings Revisions As THE Key Factor In '21
- A Year For Active Mgmt To Shine ... And We Have The Data To Back Up That Claim!!
- Major Changes To Our Stock-Selection and Asset Allocation Recommendations
- Answering Most Common Client Questions and Identifying Risks To Our Thesis

We Hope To See You There!

Thank You For Your Continued Support,

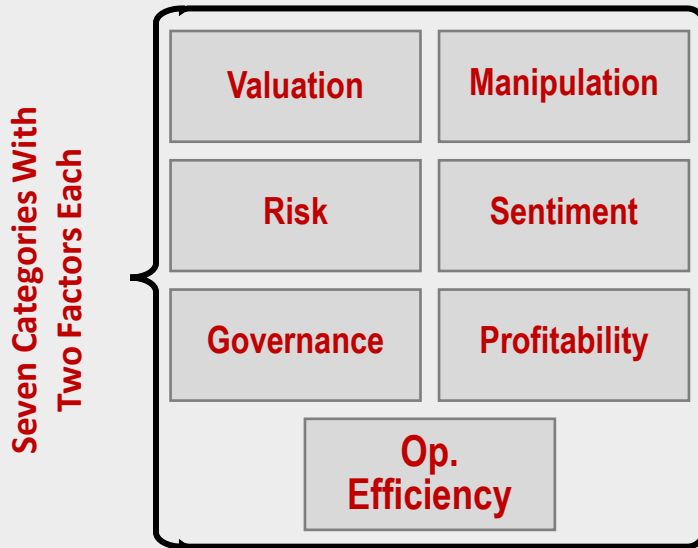
Michael, Stephen, Emily, Joe, and Dan

ANNEX: WHAT IS THE SELL MODEL?

Below is a quick guide to the Sell Model and how to use it. We take several industry-standard factors and combine them into general categories that flag risky companies.

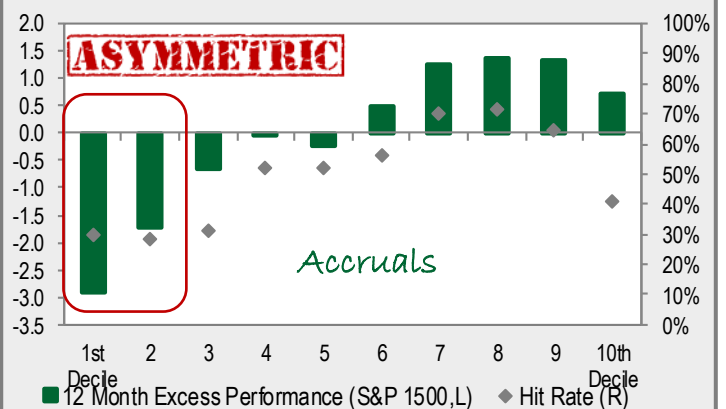
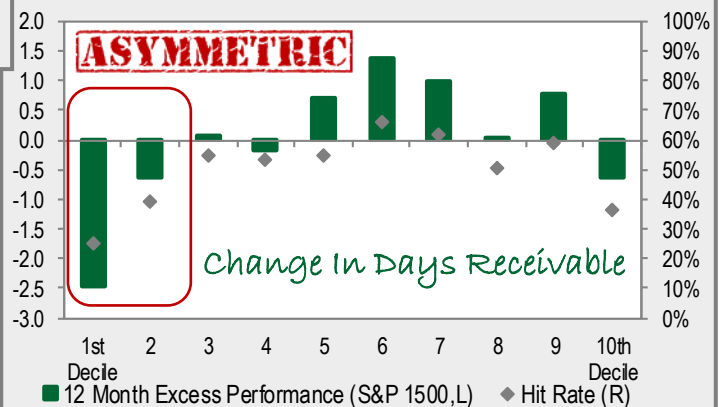
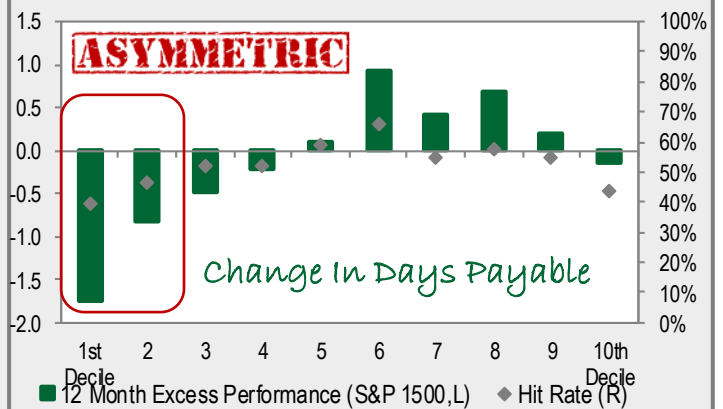
1) What Is The Sell Model?

The Sell Model is an equal weighted model that ranks stocks within sectors (i.e. sector neutral). The goal of the model is to identify stocks with the most red flags relative to their peer group.



2) Why The Model Works?

The Sell Model looks for red flags using a broad set of factors in a broad set of categories. Many of the factors are asymmetric in that they are good barometers of what to avoid but not what to own.



3) Ways To Use It?

There is more than one way to use the Sell Model. It is not just for selling stocks short. It can be an effective resource allocation tool for any equity mandate by identifying where a stock's thesis should be revisited or where to pull back on weights.



Avoid:

Identify stocks to avoid in your portfolio or research process



Sell:

Highlight risks in your portfolio to reduce exposure



Short:

Find potential underperformers to sell short or pair