

CINCINNATI'S ROAD TO RECOVERY

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An Improving Environment for Investors



Contributed by David Templeton, CFA,
Portfolio Manager and Principal, HORAN
Matt Antenucci, CFA, Portfolio Manager, HORAN

The challenges COVID-19 presented the world this year are unique and formidable. Many still feel the sting of the shutdown from the economic and personal losses that have occurred. As one might expect the Road to Recovery contains twists and turns; however, a majority of the data points associated with consumers, businesses and the economy are indicating positive momentum.

The impact of the shutdown was undoubtedly significant to a broad portion of the economy. The unemployment rate rose to 14.7% in April, the highest rate since the depression, but has since fallen back to 6.9% in October. Corporate earnings per share for S&P 500 companies fell from 2019's year-end level of \$162 to a projected \$136 this year. In the second quarter of 2020, earnings declined over 32%. As the economy continues to recover, earnings growth for the S&P 500 Index is expected to resume and reach \$168 per share in 2021. This represents a year-over-year growth rate of 23% with growth in 2022 expected to be at a rate of 15%. The equity market has taken note of this improvement in earnings and the S&P 500 Index is up nearly 60% from the March 23rd low and +11.5% year to date at the time of this writing. In short, and as noted in a recent article by S&P Dow Jones Indices, "the S&P 500@Index is a leading indicator of the performance of the U.S. economy."

A large part of the improvement in the economy is attributable to the monetary and fiscal stimulus pro-



David Templeton, CFA



Matt Antenucci, CFA

vided by governments and central banks around the world in response to the virus mandated shutdowns. A total \$27.1 trillion has been committed to support global economies, an amount equal to 31% of global GDP. In the U.S., Federal Reserve and government fiscal stimulus equal \$9.5 trillion or 44% of GDP. This type of support, through programs like the Paycheck Protection Program and additional unemployment insurance, contribute to a V-shaped recovery. As an example, after retail sales reached \$529.6 billion in January, amidst the lockdown retail sales fell to \$412.8 billion in April. Two months later in June, retail sales reached \$530 billion surpassing the pre-pandemic level. In part, the government support programs contributed to this V-shaped rebound in retail sales, a direct result of maintaining a higher level of favorable consumer sentiment.

An important factor now at the top of many investors' minds is the favorable results that occur with the development of a vaccine. Pfizer announced its

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COVID-19 vaccine candidate to be “more than 90% effective in preventing COVID-19”. A vaccine's ability to speed up the burnout of the virus has important implications for many areas of the economy. The equity market reflected this reality on November 9 when Pfizer reported its phase 3 study results.

The US stock market seems divided into two separate trading categories this year: The Stay-At-Home

trade and Reopening trade. Investor perception of where the economy is headed, shutdown or reopening, has impacted which companies and sectors perform the best. The Stay-At-Home trade favors the Technology, Consumer Discretionary, and Health Care sectors. Social media, e-commerce, cloud computing, remote work technology, home improvement, digital payment companies and more have performed well in a shutdown environment. The Reopening trade favors the Industrials, Materials, Financials, Energy sectors and the travel and leisure segments. These groups perform well when vaccine news is positive. Pfizer's announcement saw the Energy, Financials, Industrials, and Real Estate sectors drastically outperform while Technology and Consumer Discretionary sectors finished lower on the day.

The recent US election has been a source of uncertainty for the economy and markets too. Many investors' portfolios were positioned cautiously going into the election, however, the US equity market responded favorably to the outcome. One reason might be what appears to be a divided Congress in the coming two years. Consequently, sweeping changes to the corporate tax code look less likely. With the potential for gridlock in the foreseeable future, a veil of uncertainty and risk is lifted. The potential for additional stimulus has also risen, adding to investor optimism.

Virus challenges remain, yet we believe we are well on the winding Road to Recovery. The American consumer has proven resilient, business leaders have demonstrated creative ability to navigate uncertain times, and a potential vaccine gives rise to hope of further prosperity in the months and years ahead.

Getting Healthcare Right in Our New Pandemic Reality



In the last of this three-part series, we explore systemic racism in the U.S. healthcare industry and the imperative for bold action to reverse resulting health disparities for people of color once and for all.

The COVID-19 pandemic, coupled with the high-profile, senseless deaths of a number of Black Americans earlier this year, are stark and painful reminders of the deep-seated racial inequities and systemic racism that persist in our society, and regrettably, within our healthcare industry as well. Racism is not only unjust, unlawful, and wrong, it is increasingly proving to be a deadly disease due to a lack of trust in our U.S. healthcare system, sub-optimal care, shorter life expectancy, and a higher incidence of chronic conditions among people of color. Fighting this disease requires our acknowledgement, collective industry condemnation, bold action, and a sense of urgency to reverse the pervasive lack of trust and the resultant health disparities once and for all. As John Lewis said so eloquently, “If you see something that is not right, not just, not fair, you have to say something. You have to do something.”

At TriHealth, we have been “doing something” to foster Diversity, Equity and Inclusion (DEI) within our culture and community since our founding in 1995, when our commitment to DEI was solidly embedded in our system's core values – respect for all people, valuing differences, and response to community needs...meaning the entire community! Since that time, our DEI work has been underpinned



Mark Clement

by the belief that real and lasting change is born from open and honest dialogue, awareness, understanding, more inclusive and equitable opportunities, and zero tolerance for discrimination or injustice of any kind. Our system's leadership around DEI issues, and our learning and progress,

have earned TriHealth a spot on DiversityInc's Top 50 U.S. Hospitals and Health Systems for several consecutive years, and has also been showcased regularly in Modern Healthcare – the healthcare industry's largest and most respected publication.

The events of 2020 affirmed the vital importance of this work and spurred us to move even faster and further. Initially, we relied on our open culture and strong communication channels to immediately begin honest conversations with team members, physicians, and leaders about racism and how we can work together to address it. These sometimes-hard conversations are now an integrated part of a multi-pronged approach to accelerate meaningful DEI progress through our evidence-based TriHealth Way of Leading, Serving, and Delivering Care. Examples of our comprehensive DEI efforts include, dedicated DEI Town Hall Conversations with team members and physicians, new diversity hiring goals tied to executive incentive compensation, develop-

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Do the best you can
until you know better.
Then when you know
better, do better.”

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ment of new Employee Resource Groups (ERGs), and new cultural competence and implicit bias training for leaders, physicians, and team members.

The aim of our system diversity goals is to more than double our historic hiring rate of Black and minority leaders as we fill vacant positions – and we're linking compensation incentives to goal achievement to help ensure we move from good intentions to meaningful change. Doing so will help us build a leadership team that reflects the rich diversity of the community we serve, while expanding career growth opportunities for our 14,000 team members and physicians. This year, our 13 system executive leaders – including our CEO, CMO, CFO, CIO, CHRO, and others – will have a 10% weighted individual

goal for diversity hiring as part of TriHealth's incentive award plan. Additionally, all leader candidate pools MUST now include qualified minority candidates. Next year, diversity hiring goals will extend to all of our roughly 140 senior leaders.

COVID-19 taught us, as a healthcare industry, we can overcome any and every challenge – often without a playbook – by coming together, working together, and sharing in the responsibility and sacrifice necessary to carry out our mission of service to the community. We must now apply this same “failure is not an option” approach to eradicating health disparities and the disease that causes them – systemic racism. This work is absolutely essential in order for the U.S. healthcare industry to reflect, respect, and celebrate the rich diversity of the communities we serve, as we work to build back trust and eliminate health disparities. We're proud to join with our fellow regional health system colleagues to advance this vital work in our local community. And we look forward to the day when equality prevails, assuring that every American – including and especially Black Americans and communities of color – can expect and experience open access to the highest quality care and best possible health outcomes, always!