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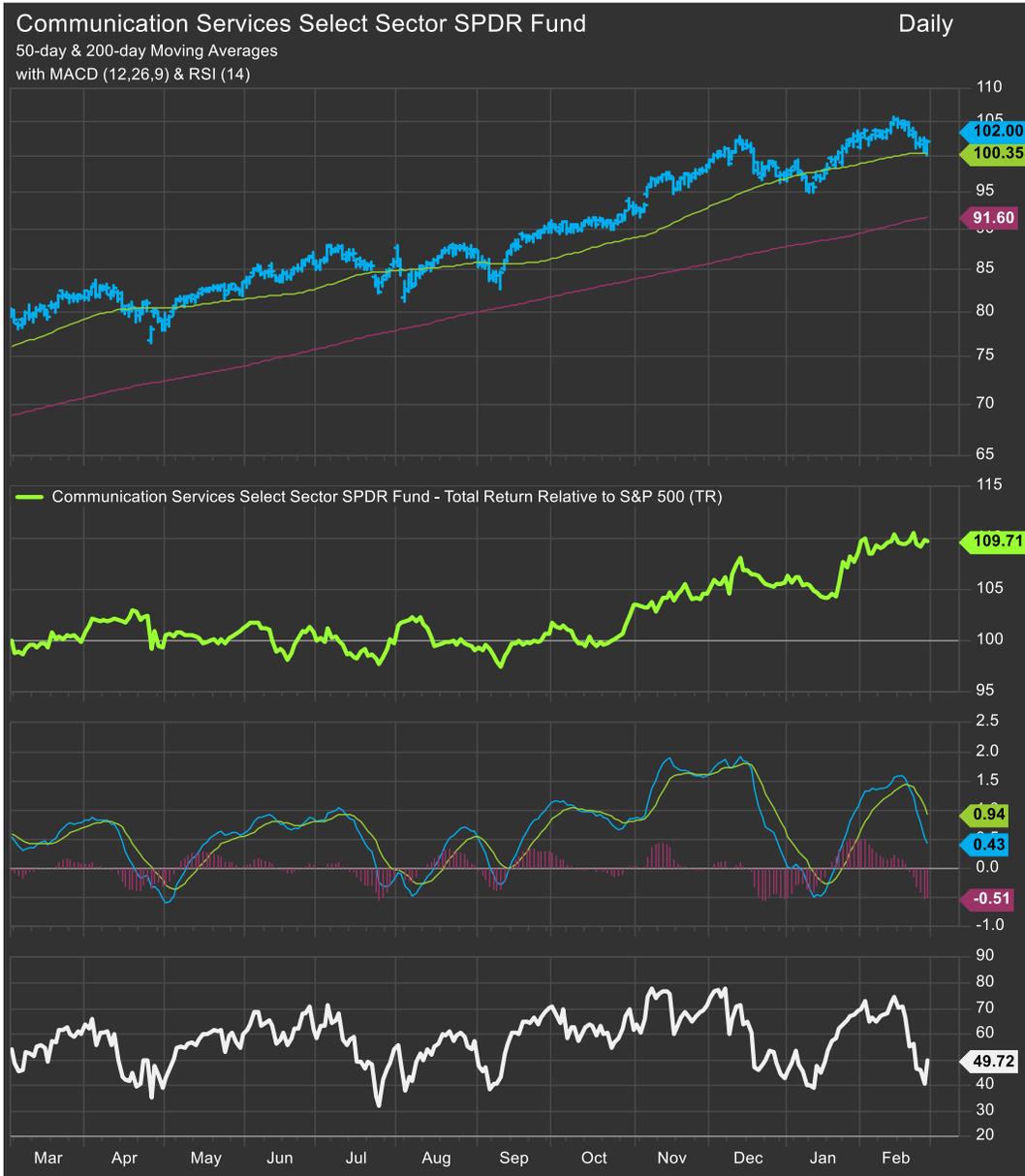
Monthly Insights: March Outlook

Communication Services Sector

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Sector Price Action & Performance Review: Communication Services Sector



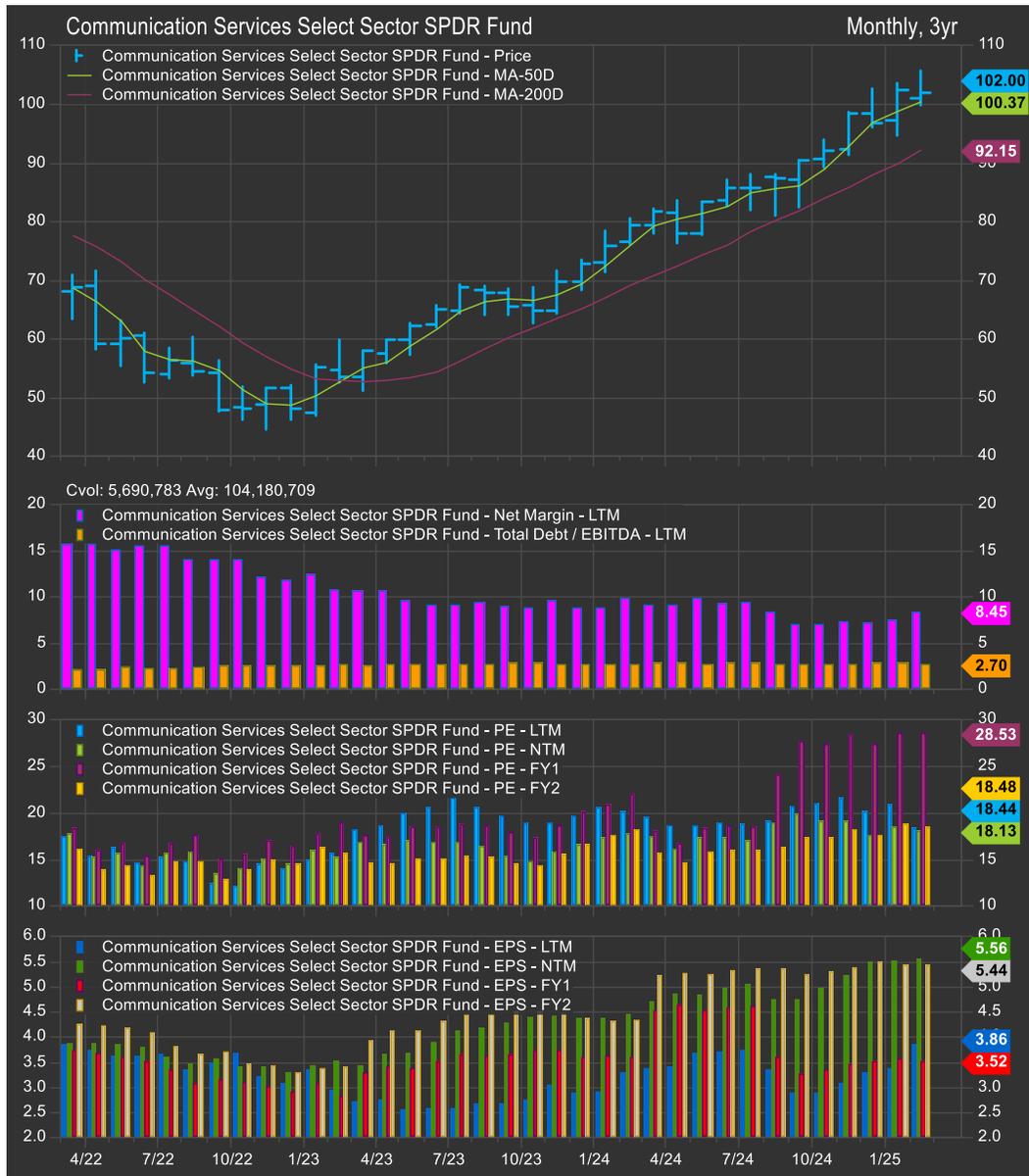
The Communication Services Sector finished February on a pullback, but the outperformance trend that established itself in October of '24 remains intact in both absolute and relative terms.

Oscillator studies are near oversold levels with the RSI already starting to bounce where previous turns have occurred.

Despite strong top line performance, the sector hasn't been immune to rotations away from the Mega Cap. Growth trade as Alphabet corp. has traded down >10% in February, but the Growth tent-poles in this sector are no longer the tip of the innovation spear and have established revenue streams. They are also buttressed in tough times by a very defensive oriented sector with T and VZ profiling as income generating Value stocks and streaming services establishing themselves as stable revenue plays

We start March out of the Communication Services Sector with an **OVERWEIGHT allocation of **+5.30%** in our Elev8 Sector Rotation Model Portfolio vs. the S&P 500 benchmark**

Fundamentals: Communication Services Sector



The chart (left) shows S&P 500 Communication Services Sector Margins, Debt/EBITDA, Valuation and Earnings

Margins have started ticking higher in 2025 (chart, panel 2) while 1yr Forward Valuations (FY1) are elevated due to a predicted earnings pullback over the next 12 months

Compared to the other sectors that house MAG7 constituents, Comm. Services has the lowest present multiple and the Forward Year 2 multiple is projected to contract on stronger out year earnings.

Industry/Sub-Industry Performance and Breadth: Communication Services Sector



Communication Services Industries (chart, left): Traditional and Wireless Telecom Industries led the sector in February while Interactive Media heavyweights corrected

Communication Services Sector Internals (chart, right): Market internal trends remain steady but unspectacular, though as US equities have lost upside momentum the readings for the Sector are on the stronger side

Top 10/Bottom 10 Stock Level Performers: Communication Services Sector

Symbol	Name	CHART_PATTERN	MktVal Co	Relative Earnings Growth vs. BMK	Valuation Adjusted Earnings Growth	Volatility Adjusted Income	Momentum Score	1-Month Excess Return vs. BMK	3-Month Excess Return vs. BMK	6-Month Excess Return vs. BMK	Near-term OB/OS
TMUS	T-Mobile US, Inc.	Uptrend	307,917.2	0.40	0.4	1.37	26.4	24.1	10.3	28.1	NT OVERBOUGHT
FOXA	Fox Corporation Class A	Bullish Reversal	25,285.8	1.51	2.5	0.84	38.1	16.8	23.7	33.4	
FOX	Fox Corporation Class B	Bullish Reversal	25,285.8	1.51	2.7	0.83	39.2	15.4	22.3	35.1	
TTWO	Take-Two Interactive Software, Inc.	Bullish Reversal	37,413.6	-4.30	-3.3	0.00	21.3	15.0	14.6	26.1	
T	AT&T Inc.	Bullish Reversal	196,754.0	1.54	2.8	4.27	31.6	14.1	19.7	34.7	NT OVERBOUGHT
WBD	Warner Bros. Discovery, Inc. Series A	Bullish Reversal	28,131.6	-3.65	#N/A	0.00	21.7	13.5	10.8	36.6	NT OVERBOUGHT
EA	Electronic Arts Inc.	Consolidation	33,650.9	1.59	2.1	0.38	-18.3	12.7	-20.3	-20.5	
VZ	Verizon Communications Inc.	Consolidation	181,438.2	0.50	1.3	7.52	-0.1	8.4	-0.7	0.2	
PARA	Paramount Global Class B	Consolidation	8,078.8	-7.17	-21.9	0.58	-0.5	4.5	6.4	0.0	
NWS	News Corporation Class B	Consolidation	16,931.9	3.84	2.7	0.30	2.4	3.7	2.2	3.9	

The leaderboard for February shows rotation into non-MAG7 names within the sector

VZ, which has been lagging T for months finally caught a bid through earnings season, while TMUS had a blowout quarter

On the downside, GOOG/L reported a soft quarter and shares have retraced recent gains while META also saw a pullback at month end despite a big winning streak to start February

Symbol	Name	CHART_PATTERN	MktVal Co	Relative Earnings Growth vs. BMK	Valuation Adjusted Earnings Growth	Volatility Adjusted Income	Momentum Score	1-Month Excess Return vs. BMK	3-Month Excess Return vs. BMK	6-Month Excess Return vs. BMK	Near-term OB/OS
GOOGL	Alphabet Inc. Class A	Consolidation	1,939,936.6	0.42	0.5	0.19	-0.5	-11.1	1.1	-2.4	
GOOG	Alphabet Inc. Class C	Consolidation	1,939,936.6	0.42	0.5	0.20	-0.2	-10.9	1.3	-2.2	
MTCH	Match Group, Inc.	Basing	7,941.1	0.10	0.2	0.49	-15.5	-8.7	-1.5	-20.4	
OMC	Omnicom Group Inc	Support	16,261.6	0.52	1.3	2.21	-19.5	-3.4	-19.7	-22.1	
IPG	Interpublic Group of Companies, Inc.	Support	10,210.6	1.75	4.0	2.61	-17.0	-3.3	-8.7	-20.7	
CMCSA	Comcast Corporation Class A	Downtrend	135,324.2	0.15	0.4	1.99	-17.3	-2.7	-14.6	-15.9	
META	Meta Platforms Inc Class A	Uptrend	1,463,290.0	0.22	0.2	0.12	18.3	0.8	17.9	22.3	
CHTR	Charter Communications, Inc. Class A	Consolidation	51,608.0	0.26	0.6	0.00	-2.4	1.2	-6.3	-5.0	
LYV	Live Nation Entertainment, Inc.	Bullish Reversal	33,132.4	0.81	0.4	0.00	24.0	2.4	3.0	40.7	
NFLX	Netflix, Inc.	Uptrend	419,441.5	0.96	0.6	0.00	27.5	2.6	12.2	36.2	

Metrics:

(Formulas are in the appendix at the end of the report)

Cap. Weighted Earnings Growth

Higher score preferred when Large/Mega Cap stocks outperforming

Valuation Adjusted Earnings Growth

Higher scores preferred absent high momentum

Volatility Adjusted Income

Higher score preferred when equities and yields are moving lower

Momentum

Long higher scores, short lower scores

Economic & Policy Drivers: Communication Services Sector

Federal Reserve Policy & Interest Rates:

- The Fed's reluctance to commit to early rate cuts kept pressure on high-valuation stocks, including digital advertising and streaming platforms.
- Treasury yields remained volatile, with the 10Y yield dropping below 4.30% before rebounding, impacting capital-intensive telecom infrastructure investments.
- Core PCE inflation rose 2.6% y/y in January, keeping rate-cut expectations uncertain and weighing on growth-sensitive names like Meta (META) and Alphabet (GOOGL).

Tariffs & Trade Tensions:

- Trump administration confirmed a 10% additional tariff on Chinese imports starting March 4, which could affect smartphone and telecom equipment supply chains.
- Streaming services and content platforms (NFLX, DIS, PARA) could face higher production costs if tariffs extend to media and tech hardware imports.
- Potential Canada and Mexico tariffs (25% starting March 4) could impact North American telecom infrastructure investments.

Digital Advertising & Social Media Trends:

- Meta (META) posted its sixth straight session of declines at one point in February, reflecting broader big tech weakness.
- Alphabet (GOOGL) and Meta (META) flagged a softer digital ad environment, with advertisers cautious amid macro uncertainty.
- Snap (SNAP) and Pinterest (PINS) noted mixed engagement trends, with Snap particularly weak on slowing ad growth.
- TikTok competition remains a key overhang, with ongoing regulatory scrutiny on potential restrictions boosting rivals but adding uncertainty.

Streaming & Media Landscape:

- Netflix (NFLX) posted solid subscriber growth but faced rising content costs, pressuring margins.
- Warner Bros. Discovery (WBD) reported strong DTC subscriber momentum but noted challenges in traditional TV networks.
- Disney (DIS) flagged slowing streaming growth, while ESPN's direct-to-consumer push remains a key focus for investors.
- Paramount (PARA) disappointed on margins, citing high content costs and slower advertising recovery.

Telecom & Broadband Growth:

- AT&T (T) and Verizon (VZ) benefited from their defensive positioning, with steady subscriber growth and strong free cash flow.
- Charter (CHTR) and Comcast (CMCSA) noted mixed broadband trends, with fiber competition and fixed wireless access pressuring subscriber growth.
- Dish Network (DISH) continued to struggle with cord-cutting trends, while its 5G expansion remains a capital-intensive challenge.

Appendix: Metric Interpretation/Description (All Data Sourced From FactSet Research Systems Inc.)

Valuation Adjusted Earnings Growth

Higher scores with positive momentum preferred

Valuation Adjusted Earnings Growth (simple mean)

Relative Earnings Growth Multiple (vs. Benchmark)

Divided by

Rel. Valuation Multiple (vs. Benchmark)

Relative Earnings Growth Multiple:

Company Earnings Growth:

Consensus EPS Estimates for the next 4 Unreported Qtrs (FY1) /
Restated LTM Annual Earnings

Divided by

Benchmark Earnings Growth:

Benchmark consensus mean EPS NTM / Restated Annual Benchmark
EPS

Relative Valuation Multiple

Company NTM P/E / Index NTM P/E

Volatility Adjusted Income

Higher score preferred when equities and yields are moving
lower

Volatility Adjusted Income (simple mean)

Dividend Yield Multiple

Divided by

3yr Beta Vs. S&P 500

Dividend Yield Multiple

Stock Dividend Yield (Consensus NTM)

Divided by

S&P 500 Dividend Yield (Consensus NTM)

Appendix: Metric Interpretation/Descriptions

Cap. Weighted Earnings Growth

Higher score preferred when Large/Mega Cap stocks outperforming

Cap. Weighted Earnings Growth

Consensus EPS Estimates for the next 4 Unreported Qtrs (FY1) / Restated LTM Annual Earnings * weight of each company in the universe 1-n

Momentum

Long higher scores, short lower scores

Momentum (simple mean)

1-Month Excess Total Return (vs. S&P 500) * 0.1

Plus

3-Month Excess Total Return (vs. S&P 500) * 0.3

Plus

6-Month Excess Total Return (vs. S&P 500) * 0.4

Plus

12-month Excess Total Return (vs. S&P 500) * 0.2

Metric Interpretation/Descriptions

Price Structure

We categorize stock chart patterns into 7 categories

Uptrend—Stock exhibits sustained outperformance

Bullish Reversal—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

Consolidation—Sideways price action, generally a bearish pattern in a bull market

Retracement—A sharp move lower in a previously strong chart

Distributional—A topping pattern

Downtrend—Sustained underperformance, lagging the benchmark by >15% per year

Support—Price has reached a level where major bottom formations or basing has occurred in the past

Basing—A protracted consolidation at long-term support

Deviation from Trend

Intermediate-term: Price % Above/Below 200-day moving average

Near-term: Price % Above/Below 50-day moving average

Overbought/Oversold (We want to sell overbought charts with declining momentum)

Overbought = Stock price > 25% above 200-day m.a.

Oversold = Stock price > 20% below 200-day m.a.

Near-term Overbought/Oversold (Signals depend on trend context)

Overbought = Stock price > 15% above 50-day m.a.

Oversold = Stock price > 15% below 50-day m.a.