



July Lodging RevPAR Monitor—Trends Point to an (eventual) Soft Landing for Now

2018 indicating a lower growth rate than 2017, but not a significant drop

Following deep analysis of our aggregated “Big Data” and “Alternative Data” in our internal RevPAR data lab, combined with conversations with our network of private hotel owners, overall *forward-looking* RevPAR trends for US full-service hotels continue to be uninspiring. That said, as has been the trend since last October (pre-election), the rate of ongoing deceleration is slower than it was in 2015-2016. Barring any unexpected demand shocks, this points to an eventual (key word: eventual) soft landing for RevPAR growth. **Industry veterans will note RevPAR has historically crashed & burned at the end of the previous three cycles (1991, 2001, 2008), so a potential “soft landing” is new and uncharted territory; Then again saying “this time is different” inevitably leads to it not being different. However, before bulls get too giddy here, we note we have yet to see an inflection point where we can say RevPAR growth has reached the bottom for this cycle.** In this scenario we continue to favor C-Corps over the hotel REITS, especially given pressures on owned hotel margins from increasing labor costs.

We are introducing a 2018 US full-service branded (aka the typical domestic Marriott or Hilton hotel) RevPAR forecast of -0.5% to +1.5%, which is only a 50 bps. deceleration from our (unchanged) +0-2% 2017 forecast. See below for further color. Reflecting the recent deceleration in the rate of deceleration, RevPAR growth for this segment fell by 250 bps. between 2014 and 2015 (7.5% --> 5.0%), 300 bps. from 2015 to 2016 (5% --> 2%) but only by approx. 50bps. between 2016 and 2017. For 2017 to 2018 we see a similar rate of deceleration as we do in 2016 to 2017.

- **We are maintaining our 3Q17 forecast of -1% to +1% and 4Q17 projection of +1-3%.** While holiday shifts will make for a weak 3Q and a stronger 4Q, we note the second half of 2017’s RevPAR growth rate will be approx. 50-75 bps. lower than the first half’s approx. +2%.

Corporate RevPAR growth expectations continue to hover around zero to slightly negative (visibility is about two-three months). This is slight slippage from the zero growth we had observed in the previous several months.

- The positive spin for investors is at least this customer segment is stable (because of such stability we have not had to change our 2017 0% to 2% US full-service RevPAR forecast since last summer - historically a rarity) and certainly is not a sudden downside catalyst.
- On the other hand there has been nothing to suggest that companies will show results materially above their guided RevPAR ranges for domestic hotels.

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What's Inside

An in-depth update to our RevPAR outlook

Group trends over the past month: Relatively stable. Booking demand for 2017 actually upticked very slightly (we are talking basis points here, not percentage points, so we would not call it a “green shoot” just yet) over the past month while demand for 2018 stayed stable for the third consecutive month.

Also on the good news front, Europe (admittedly we have far less visibility into the future for Europe and Asia than we do for the US) had a strong 2Q, up 5.6% y/y in April, +9.3% in May, and +6.5% in June in constant currency, or up approx. 7% for the quarter. The bad news is this strength is only a benefit to the C-Corps and not REITS, most notably positive for Buy-rated HLT and Hold-rated MAR. If there is upside for these two companies in 2Q, we believe it will come mostly from international results.

Leisure still hanging in there as the best customer segment. That said, RevPAR growth rates will be slightly lower this summer than they were last summer.

As we have written in our last several reports, while the checks are uninspiring, the good news is companies are likely not going to miss their (uninspiring and intentionally conservative) guided ranges. If nothing else, that has at least prevented the stocks from giving back most of their November and December gains, along with the continued hope (but fading by the day) that President Trump will eventually Make RevPAR Great Again. **There are several relative bright spots that we believe will continue to prevent hotel stock prices from significantly contracting:**

1. **Other sectors considered “uninvestable”.** Buy-side accounts tell us other sectors which historically were in their investment universe have become “uninvestable” due to threats from AMZN and the like. While we see Airbnb as a threat to the hotel industry, the threat is nowhere near the magnitude of say Uber vs. yellow cabs. A frequent comment we hear from investors when we discuss lackluster hotel fundamentals and expensive lodging stocks, most notably MAR, is “Our other investment choices look far less attractive so we’re sticking with our investments in lodging for now.”
2. **Hotel REIT dividends are attractive and should be sustainable over the next year.** We believe unwillingness to have to go against a 6%+ dividend yield has kept investors from being overly negative (aka shorting) the hotel REITS.

That being said, we continue to have a negative bias on the overall lodging sector given the lack of an upwards inflection point in RevPAR growth but admit we are not seeing anything leading to a sudden downside catalyst in our RevPAR analysis. We favor C-Corps and HLT is our only Buy-rated name in our lodging universe. In the expanded lodging universe, we favor leisure-centric companies including HGV, ILG, and WYN. However, after their strong runs this year, these leisure-centric names are trading more on M&A speculation than underlying fundamentals.

- **Concerning the hotel REITS, we are starting to hear concerns about wage inflation.** Interestingly, we recently met with a large group of (private) hotel owners and managers and their number one concern du jour was wage inflation, which was of greater concern than lackluster demand. We believe wage inflation at the property level is being driven by a combination of full employment and increased scrutiny on illegal immigration.

Our RevPAR forecasts:

We believe 2Q US full-service branded RevPAR will come in towards the mid-point (we said “high-end” last month, but June came in slightly lower than we expected) of our 0-2% projection and this compares to HLT’s guided system-wide (global) RevPAR growth of 1-3% and MAR’s projected comparable systemwide RevPAR on a constant dollar basis of flat to +2% in North America.

3Q continues to shape up to be a very weak quarter for Group/convention business (tough comps due to holiday shifts and RNC-Cleveland and DNC-Philadelphia last year) but the expectation did not get worse over the past six weeks. Our 3Q RevPAR forecast for US full-service hotels remains at -1.0% to +1.0%. Companies such as H, HST, and RHP that have outsized exposure to Group/convention business will likely come in below this range. *Note that this is the*

first time this cycle that we have had a minus sign in front of a quarterly forecast. That said, while this 3Q range is likely 100 bps. lower than most investors and others on the sell-side are expecting, we believe if companies communicate the impact of holiday shifts correctly, the market will probably brush off this disappointment.

Our 4Q forecast of +1-3%. 4Q will benefit from the Jewish holiday shift in October (3Q is hurt by the shift). In the reverse of 3Q, companies such as H, HST, and RHP that have outsized exposure to Group/convention business will likely come in above this range.

Our full year 2017 outlook for US full-service hotels (aka the typical HLT and MAR hotel) remains at 0 to +2% (approx. 100 bps. lower for hotel REITS). We note this 0-2% range for 2017 (no one else has made a 3Q, 4Q, or 2018 forecast yet) is not materially outside of company guidances. Rather the market's expectation, as reflected in the run-up in stocks since November, is that there is going to be a spark to demand and pricing power which will raise RevPAR expectations – something we would hope to see in our data analysis. As of today, we have yet to see that spark. *To be clear, we are not saying a late-cycle re-acceleration in RevPAR cannot happen, rather there is no conclusive evidence it has begun yet.*

We are introducing a 2018 forecast of -0.5% to +1.5%. Besides our observations on 2018 Group trends, driving our 2018 forecast at this time are:

- Continued gradual deceleration of demand with no negative shocks nor any material bump-up to GDP expectations;
- New room supply ticking up to +2.7% in 2018 from +2.4% in 2017 for the total US and to +3.3% in 2018 from +3.0% for the top 50 markets.

Quarterly Tracking				
	3Q17	4Q17	2017	2018
	Overall	Overall	Overall forecast	Overall forecast
Jun-17	-1% to +1%	+1-3%	+0-2%	-0.5% to +1.5%
May-17	-1% to +1%	+1-3%	+0-2%	
Apr-17	-0.5% to +1.5%		+0-2%	
Mar-17	+0-2%		+0-2%	
Feb-17	+0-2%		+0-2%	
Jan-17	+0-2%		+0-2%	
Dec-16			+0-2%	
Nov-16			+0-2%	
Oct-16			+0-2%	
Sep-16			+0-2%	
Aug-16			+1-3%	
Jul-16			+1-3%	
Jun-16			+1-3%	

Source: STRH Research

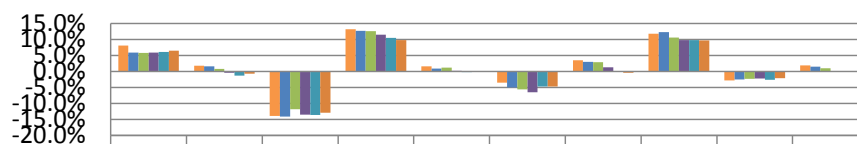
Monthly color for US full-service hotel RevPAR**3Q17:**

- **July:** Will be challenged due to the 4th moving to a Tuesday this year from a Monday last year. The impact of this is a shift of some group and corporate travel business pushed up into the last week of June. We say “some” because a part of this business is permanently lost. July could approx. +1% RevPAR growth for US full-service hotels. Additionally Philadelphia and Cleveland have very difficult comps due to last year’s DNC and RNC.
- **August:** Looks to be a clean comp but early indications are uninspiring. We see August tracking at up low-single-digits at this point. The month should get a small positive bump from the eclipse on the 21st as hotels along the path of the eclipse are long sold out at materially higher rates.
- **September:** Group business will be hurt by the shift in the timing of the Jewish Holidays. Rosh Hashanah was Sunday, Oct 2nd last year and shifts to Wednesday, Sept 20th this year. This shift will eliminate a lot of business and group travel this week. Secondly, Yom Kippur was Wednesday October, 12th last year and shifts to Friday, Sept 29th this year which will hurt business and group travel on the 28th-29th. Both of the above now benefit October. September could easily be a negative RevPAR month for US full-service hotels.

4Q17:

- **October:** Group business will be helped by the shift in the timing of Yom Kippur. October will be one of the stronger months of the year and should come-in at the high-end of the +1-3% 4Q range.
- **November:** Similar to November 2016, November 2017 is surprisingly strong for Group business and could also come in at the high-end of the +1-3% 4Q range. We note Group RevPAR results were flat the week of Election Day last year which could make for an easier comp for that week. However, in the following week Group was +17.8%.
- **December:** Looks to be the weakest month of the quarter. We suspect this is from Christmas falling on a Monday this year vs. a Sunday last year. To see the impact of this shift we look back to 2006, the last time Christmas fell on a Monday. For the week RevPAR was -7% with Sunday-Monday averaging -15% y/y (and keep in mind 2006 was a much better year for RevPAR growth than is 2017).

Changes to 2017/2018 Y/Y Citywide Group Pace (by Quarter/Year)



	1Q17	2Q17	3Q17	4Q17	YE 17	1Q18	2Q18	3Q18	4Q18	YE 18
■ Pace as of January 2017	8.0%	1.8%	-13.9%	13.2%	1.6%	-3.4%	3.5%	11.8%	-2.8%	1.9%
■ Pace as of February 2017	5.9%	1.6%	-14.0%	12.7%	0.9%	-5.0%	3.0%	12.3%	-2.5%	1.5%
■ Pace as of March 2017	5.8%	0.8%	-11.8%	12.6%	1.2%	-5.6%	2.9%	10.6%	-2.3%	1.0%
■ Pace as of April 2017	5.9%	-0.4%	-13.5%	11.5%	0.2%	-6.5%	1.3%	9.8%	-2.2%	0.1%
■ Pace as of May 2017	6.1%	-1.3%	-13.6%	10.5%	-0.2%	-4.7%	0.1%	9.8%	-2.5%	0.1%
■ Pace as of June 2017	6.5%	-0.7%	-12.9%	9.8%	0.1%	-4.6%	-0.4%	9.7%	-2.1%	0.1%

Source: STRH Research, TAP. Figures are net of new supply.

Examining the three customer segments:

Leisure travel: Our latest pricing and demand observations from our RevPAR data lab show RevPAR growth for summer leisure travel still tracking at approx. +2.0-3.0% for US full service hotels (approx. 50-100 bps. higher for limited service properties), unchanged from our prior expectation. These figures are approx. 100-150 bps. lower than the summer of 2016 which we believe is due to a bit more supply growth and less of a positive impact from y/y decreases in gas prices; the latter was a boost to leisure travel in 2015 and 2016. While an extended booking cycle initially created strong occupancy gains, as arrival dates have gotten closer these gains have subsided.

- Our analysis of multiple data sources including e-forecasting and OTAs indicates summer occupancy growth is lagging while revenue is being driven upwards by increases in hotel rates. This is a change from last summer where leisure RevPAR was driven by both occupancy and rate growth. During the summer months, leisure travel represents approx. 40% of hotel business for most C-Corps and hotel REITS vs. 25-30% in other seasons.

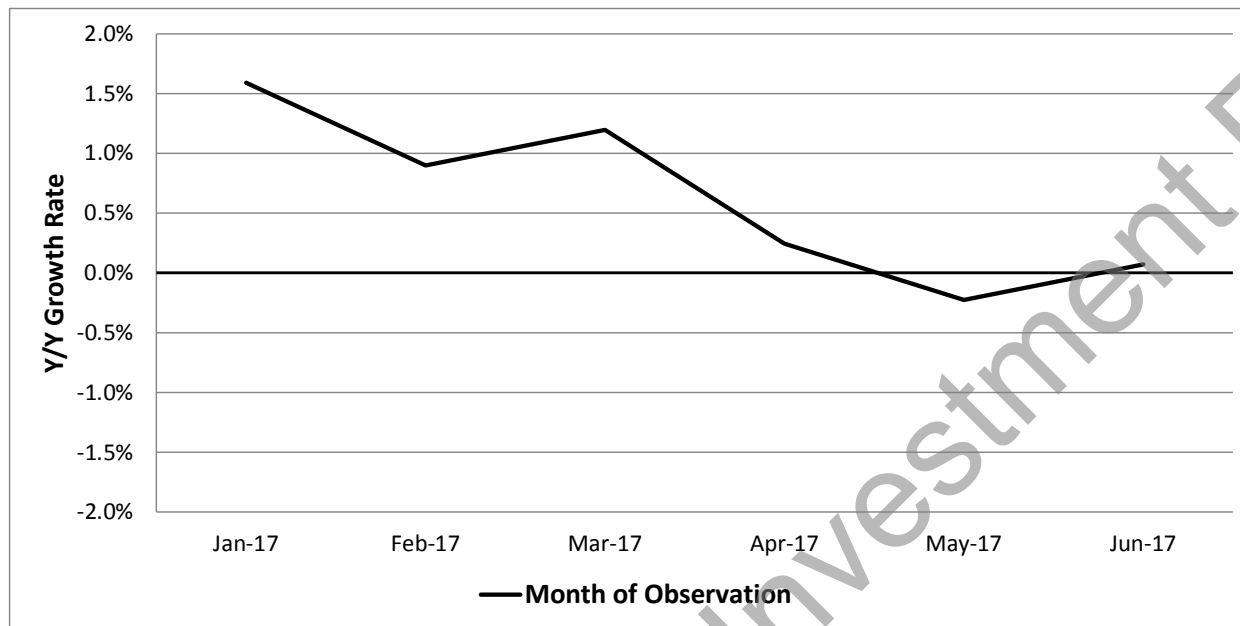
Individual business travel RevPAR expectations (visibility is about 60 days) continue to hover around zero growth (primary data source: corporate travel agencies and OTAs) with a small slippage over the past month. The good news is that corporate travel demand is growing; the bad news is that the same-store growth rate is being completely offset by new room supply. We believe the growth on the demand side is due to 1Q17 S&P earnings growth of approx. 11% and expected 2Q17 growth of 12%. Individual business travel represents approximately 45% of business for the typical C-Corp and upper-upscale centric REIT.

- **That said, given corporate profitability growth why isn't it translating into better RevPAR growth rates for this customer?** We believe it is due to the fact that while the S&P has started to show earnings growth after two years of not having done so, much of this earnings growth is from share repurchases and cost cutting as opposed to revenue growth. By comparison S&P 500 revenue growth for 1Q-2Q was approx. +4% vs. low-teens earnings growth. *Share repurchases certainly do nothing for corporate travel and we know that the easiest cost cuts to make are from travel & entertainment.*

Forward-looking Group/convention demand expectations were stable over the past six weeks (primary data source: TAP).

- **2017: In-the-year-for-the-year group pace picked up by 30 basis points.** Headline group demand (“rooms blocked and sold”) is now pacing approximately +0.1% (net of new supply) vs. -0.2% in our previous observation. To this we add approx. 1.5 percentage points of pricing growth to come up with a Group RevPAR expectation of approx. +1.5-2.0%. Marriott noted on their May earnings call that 2017 group revenue pace for company-operated full-service hotels in North America was approximately +1.7%, down from +3% in the February earnings call.

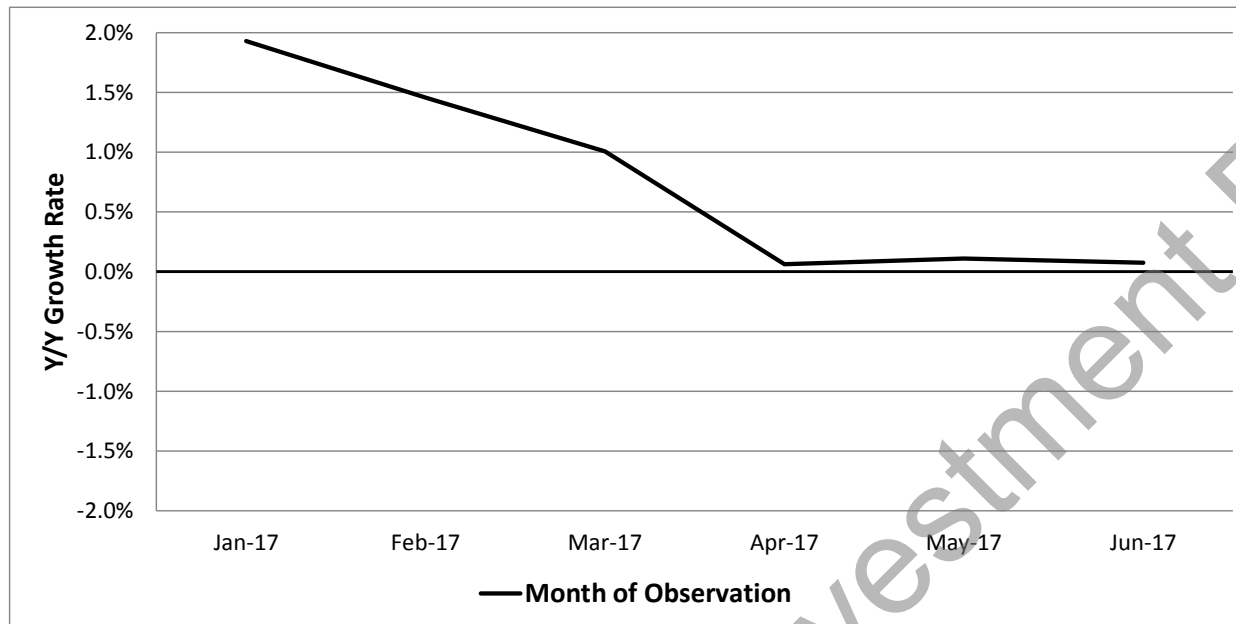
2017 Group demand pace trend



Source: STRH Research, TAP

- **2018:** Current indicators show a flat pace of demand over the past month for Group/convention stays in 2018. Headline group demand continues to hover around flat y/y (net of new supply). To this we add approx. 1.5 percentage points of rate growth to come up with a projection that same-store Group RevPAR is tracking at approx. +1.5% for 2018 at the moment.

2018 Group demand pace trend



Source: STRH Research, TAP

Segmentation By Company

	Transient Corporate	Transient Leisure	Group
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REITS

CHSP	45%	20%	35%
DRH	45%	20%	35%
FCH	50%	25%	25%
HST	45%	15%	40%
LHO	55%	20%	25%
PK	45%	20%	35%
RHP	5%	15%	80%
SHO	45%	20%	35%
PEB (not covered)	60%	20%	20%

C-corps

	Transient Corporate	Transient Leisure	Group
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CHH	45%	45%	10%
H	35%	15%	50%
HLT	50%	20%	30%
IHG	45%	40%	15%
MAR	45%	20%	35%
WYN	45%	45%	10%

Source: STRH Research

New room supply: A headwind to RevPAR growth as it gradually ratchets-up, especially in the top-25 markets. Given higher supply for the REIT-centric markets, we see the 2017 RevPAR growth range 100 bps. lower for the hotel REITS than for the more geographically diversified C-Corps. [Please join us on Monday, August 7 for a conference call with Lodging Econometrics as we discuss new hotel supply and top market overview and recent trends and expectations in hotel transactions.](#)

Supply By Top 25 Markets (Sorted by Pipeline Rooms Growth as % of Census)					
As of 1Q17					
	Census Rank	YE 2015 Growth Rate	YE 2016 Growth Rate	2017F Growth Rate	2018F Growth Rate
Nashville	24	2.4%	3.7%	4.3%	10.7%
Seattle	20	3.2%	2.3%	5.4%	5.0%
New York City	4	4.8%	4.9%	6.9%	6.5%
Miami	14	3.0%	4.1%	4.2%	4.3%
Denver	18	2.9%	2.6%	6.1%	5.1%
Dallas	8	1.5%	3.2%	6.1%	5.2%
Houston	9	3.5%	6.7%	4.3%	5.1%
Boston	13	1.7%	4.3%	2.5%	4.7%
Detroit	21	1.3%	2.3%	3.4%	3.9%
Los Angeles	7	0.8%	1.0%	4.2%	2.6%
Philadelphia	17	0.3%	1.5%	2.9%	4.3%
San Diego	11	1.2%	1.6%	1.1%	1.6%
Washington, D.C.	5	1.6%	2.0%	1.9%	2.0%
Minneapolis	23	2.4%	5.9%	1.7%	3.0%
Atlanta	6	0.7%	1.4%	2.0%	3.1%
Anaheim	12	1.1%	3.3%	2.6%	0.8%
Tampa	16	0.7%	1.5%	3.6%	2.4%
San Francisco	15	0.7%	0.1%	2.3%	2.1%
Chicago	3	2.6%	2.5%	1.1%	2.8%
San Antonio	19	0.8%	1.9%	1.9%	1.3%
Phoenix	10	1.4%	1.6%	2.4%	2.8%
St. Louis	26	0.5%	1.3%	1.8%	2.1%
Orlando	2	0.8%	1.8%	0.7%	1.3%
Oahu Island	34	0.5%	1.3%	0.0%	0.6%
Norfolk	25	0.6%	0.0%	0.8%	0.0%
Total Top 25 Markets		1.7%	2.6%	3.0%	3.3%

Source: Lodging Econometrics

Note: The largest market in the U.S., Las Vegas, is not included in this chart due to its casino orientation.

Major Markets: A mixed bag:

In North America, Canadian cities such as Montreal, Toronto, and Vancouver continue to look strong. We see this due to attractive FX for American travelers and Canadian travelers deciding to stay home due to perceived unwelcomeness of the US. Unfortunately, very few REITS (only HST in our coverage) own hotels in Canada. **Miami** seems to be turning a corner in the second half of 2017 due to easy y/y Zika comps and the weekly STR results seem to be indicating that as well. **Houston and Pittsburgh**, both oil/energy markets, are still tracking negative for the rest of the year. While oil prices have seen a rebound over the past year, jobs have not materially returned. Additionally, both of these markets will have well above average new room supply.

- **Boston:** Looks to be a flat RevPAR grower for 3Q but very strong in 4Q. The first quarter of 2018 starts out very strong as well.

Est exposure to Boston market								
	CHSP	DRH	FCH	HST	LHO	PK	RHP	SHO
Boston	15%	16%	12%	6%	17%	2%	0%	16%
Rank	4	2	5	6	1	7	8	2
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

- **Chicago:** 3Q will be challenged, down mid-single digits, with 4Q flat-ish.

Est exposure to Chicago market								
	CHSP	DRH	FCH	HST	LHO	PK	RHP	SHO
Chicago	12%	13%	0%	4%	7%	6%	0%	9%
Rank	2	1	7	6	4	5	7	3
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

- **Los Angeles:** Due to tough comps, 3Q and 4Q look to be weak, down low-single digits.

Est exposure to LA market								
	CHSP	DRH	FCH	HST	LHO	PK	RHP	SHO
LA	11%	1%	7%	5%	9%	0%	0%	10%
Rank	1	6	4	5	3	7	7	2
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

- **NYC:** Could actually squeak out a positive RevPAR growth result for 2017, which should be considered a success given the massive amount of supply that has and is coming into the market. Helping NYC are new regulations on short-term rentals (Airbnb) which may take some of the new “shadow supply” pressure away. That said, we believe it will be difficult for NYC to see much above flat RevPAR growth in 2017 as new hotel supply looms large.
 - A major headwind to same store RevPAR growth in NYC is several years of compounded 4-6% new supply growth. Per Lodging Econometrics, city-wide new room supply grew 4.9% in 2016 and is forecasted to grow 6.9% in 2017 and 6.5% in 2018. Even if some of these expected new hotels never open, it is difficult to envision that NYC will not have continued pressure from above-average supply over the next several years.

Est exposure to NYC market								
	CHSP	DRH	FCH	HST	LHO	PK	RHP	SHO
NYC	4%	9%	3%	11%	8%	6%	0%	4%
Rank	5	2	7	1	3	4	8	6
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

- **San Francisco:** San Francisco, which was one of the best performing markets over the past two years, continues to show deceleration from the strong growth rates of 2015 and 2016. This is due to the renovation of the convention center and harder comps. Overall, the city is tracking around flat in 2H17. The good news is that 2Q17 likely represented the low-point for RevPAR growth and 2Q18 should be the first quarter of very strong (likely strongest market in the country) RevPAR growth.

Est exposure to SF market								
	CHSP	DRH	FCH	HST	LHO	PK	RHP	SHO
San Francisco	21%	1%	16%	7%	16%	12%	0%	9%
Rank	1	7	2	6	2	4	8	5
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

- **Washington DC:** After a strong 1Q, DC looks to only be an average market at best for the rest of the year. 1Q18 will have an extremely difficult y/y comp.

Est exposure to DC market								
	CHSP	DRH	FCH	HST	LHO	PK	RHP	SHO
DC	3%	5%	0%	10%	14%	3%	23%	13%
Rank	6	5	8	4	2	6	1	3
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

Companies Mentioned in This Note

Carnival Corporation (CCL, \$67.00, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$64.19, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, \$24.55, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$11.56, Hold, C. Patrick Scholes)
FelCor Lodging Trust Incorporated (FCH, \$7.14, Hold, C. Patrick Scholes)
Gaming and Leisure Properties, Inc. (GLPI, \$37.66, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$55.21, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$36.14, Buy, Bradford Dalinka)
Hilton Worldwide Holdings Inc. (HLT, \$62.47, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.96, Hold, C. Patrick Scholes)
InterContinental Hotels Group, PLC (IHG, \$56.32, Hold, C. Patrick Scholes)
ILG, Inc. (ILG, \$26.89, Buy, C. Patrick Scholes)
LaSalle Hotel Properties (LHO, \$29.32, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$102.85, Hold, C. Patrick Scholes)
MGM Growth Properties LLC Class A (MGP, \$28.94, Buy, C. Patrick Scholes)
Norwegian Cruise Line Holdings Ltd. (NCLH, \$55.07, Hold, C. Patrick Scholes)
Park Hotels & Resorts Inc. (PK, \$26.63, Hold, C. Patrick Scholes)
Royal Caribbean Cruises Ltd. (RCL, \$114.91, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$61.60, Hold, C. Patrick Scholes)
Sunstone Hotel Investors (SHO, \$16.09, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corp. (VAC, \$115.51, Hold, C. Patrick Scholes)
Wyndham Worldwide Corporation (WYN, \$103.06, Buy, C. Patrick Scholes)
Amazon.com (AMZN, \$1,025.67, NR)
airbnb (private)
Uber (private)

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Not Rated (NR) – STRH does not have an investment rating or opinion on the stock

Coverage Suspended (CS) – indicates that STRH's rating and/or target price have been temporarily suspended due to applicable regulations and/or STRH Management discretion. The previously published rating and target price should not be relied upon

STRH analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of STRH Research Management not to assign a target price; likewise certain stocks that trade under \$5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management's approval, an analyst may refrain from assigning a target to a sub-\$5 stock.

Legend for Rating and Price Target History Charts:

B = Buy

H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended
 NR = Not Rated
 I = Initiate Coverage
 T = Transfer Coverage

The prior rating system until Oct. 7, 2016:

3 designations based on total returns* within a 12-month period**

- Buy – total return \geq 15% (10% for low-Beta securities)***
- Reduce – total return \leq negative 10% (5% for low Beta securities)
- Neutral – total return is within the bounds above
- NR – NOT RATED, STRH does not provide equity research coverage
- CS – Coverage Suspended

*Total return (price appreciation + dividends); **Price targets are within a 12-month period, unless otherwise noted; ***Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average

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Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	402	59.03%	Buy	121	30.10%
Hold/Neutral	277	40.68%	Hold/Neutral	59	21.30%
Sell/Reduce	2	0.29%	Sell/Reduce	0	0.00%

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