

Figure 12: S&P DPS Model by sector

	Dividends										Payout Ratio (%)								DB US Equity Strategy					
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2007	2008	2009	2010	2011	2012	2013	2014	2015	Dividends y/y	2016	y/y	2015	2016
S&P 500 DPS (historical index)	\$22.21	\$24.89	\$27.73	\$28.38	\$22.41	\$22.73	\$26.43	\$31.24	\$34.99	\$39.44	33%	43%	37%	27%	27%	30%	32%	33%						
S&P 500 DPS (current constituents)	\$23.24	\$26.02	\$29.40	\$28.31	\$22.48	\$23.86	\$27.13	\$31.44	\$35.78	\$38.31	31%	39%	35%	27%	27%	30%	32%	33%	\$41	7%	\$44	7%	34%	35%
Sector (\$ billions)																								
Consumer Discretionary	9.9	12.2	13.4	13.9	12.8	16.1	19.0	22.5	26.4	31.5	26%	34%	26%	22%	23%	25%	27%	31%	34.8	10%	38.1	10%	30%	31%
Consumer Staples	21.6	24.5	33.1	30.8	29.9	32.5	35.4	37.7	41.2	44.0	54%	46%	43%	44%	45%	48%	49%	51%	45.3	3%	47.3	4%	53%	54%
Energy	15.9	18.5	20.6	22.3	22.6	24.4	27.7	31.4	36.8	34.6	17%	16%	38%	26%	21%	26%	31%	31%	29.3	-15%	23.4	-20%	65%	45%
Financials	48.0	54.2	61.2	54.5	20.4	20.7	29.9	36.7	44.6	51.9	43%	-274%	36%	16%	23%	23%	24%	27%	58.9	13%	66.7	13%	27%	29%
Health Care	19.7	22.0	24.1	26.0	24.1	30.0	30.1	37.4	36.3	37.7	29%	30%	27%	30%	27%	33%	31%	28%	44.8	19%	49.5	10%	29%	30%
Industrials	22.7	25.4	28.0	29.5	24.0	23.7	27.4	30.5	33.6	37.9	33%	39%	46%	32%	31%	32%	33%	33%	39.1	3%	40.9	5%	34%	35%
Information Technology	10.3	12.2	14.9	16.6	17.6	20.4	25.1	33.5	48.0	50.3	12%	14%	17%	13%	14%	18%	25%	24%	60.8	21%	69.3	14%	27%	29%
Materials	6.5	7.8	7.8	8.1	6.1	7.3	9.1	10.4	12.5	12.1	32%	39%	47%	29%	29%	36%	41%	37%	11.8	-3%	12.0	2%	39%	37%
Telecommunication Services	10.1	11.3	15.9	16.9	17.7	18.7	20.1	20.1	19.1	21.5	60%	63%	81%	81%	90%	84%	76%	70%	23.5	9%	23.7	1%	70%	73%
Utilities	11.6	12.5	13.0	13.5	14.2	15.1	16.2	18.1	19.1	19.6	50%	50%	53%	53%	55%	61%	63%	59%	20.7	6%	21.7	5%	62%	63%
S&P 500	176.3	200.7	232.1	232.2	189.4	208.9	239.9	278.4	316.6	341.2	31%	39%	35%	27%	27%	30%	32%	33%	368.7	8%	392.7	6%	34%	35%
S&P 500 ex. Financials	128.3	146.5	170.9	177.7	169.0	188.2	210.0	241.6	272.0	289.3	28%	38%	39%	30%	30%	32%	34%	35%	309.9	7%	326.0	5%	37%	37%
Financials and Tech	58.3	66.5	76.1	71.1	38.0	41.1	55.1	70.3	92.6	102.3	29%	70%	23%	15%	18%	20%	24%	26%	119.6	17%	136.0	14%	27%	29%
S&P 500 ex. Financials and Tech	118.0	134.3	156.0	161.1	151.4	167.8	184.9	208.1	224.0	239.0	31%	47%	46%	36%	35%	37%	37%	38%	249.1	4%	256.7	3%	41%	40%
S&P 500 Banks	31.7	35.3	38.8	32.9	5.3	3.7	13.4	13.3	16.2	19.0	72%	NM	NM	7%	24%	20%	21%	26%	23.3	22%	27.4	18%	25%	28%

Source: Deutsche Bank, IBES

Figure 13: S&P fair valuation by sector – we still see 5% downside to Energy

	Market Value (\$bn)	Current 2015 PE	2015E Earnings (\$bn)	Normal Ratio	Normal 2015E Earnings	Accounting Quality Adjustment	Fully Adjusted Earnings	Real CoE	Steady State Value	Growth Premium	2015 Start Fair Value (\$bn)	2015E Dividend Yield	2015 End Fair Value (\$bn)	2015 End Fair Value PE	2015 end Upside %
Consumer Discretionary	2,433	21.1	115.5	100%	115.5	-10%	103.9	5.25%	1,979	10%	2,177	1.4%	2,304	20.0	-5%
Consumer Staples	1,762	20.6	85.5	100%	85.5	-10%	77.0	5.00%	1,539	5%	1,616	2.6%	1,688	19.7	-4%
Energy	1,281	28.5	45.0	178%	80.0	-10%	72.0	6.25%	1,152	0%	1,152	2.3%	1,221	27.1	-5%
Financials	3,044	14.0	218.0	100%	218.0	-10%	196.2	6.25%	3,139	-5%	2,982	1.5%	3,171	14.5	4%
Banks	1,127	12.1	93.2	100%	93.2	-10%	83.9	6.50%	1,290	-5%	1,226	2.1%	1,305	14.0	16%
Health Care	2,628	17.0	154.5	98%	151.5	-10%	136.4	5.25%	2,597	10%	2,857	1.7%	3,015	19.5	15%
Industrials	1,930	16.8	115.0	98%	112.2	-10%	101.0	5.75%	1,756	0%	1,756	2.0%	1,857	16.1	-4%
Information Technology	3,939	17.5	225.0	100%	225.0	-10%	202.5	5.50%	3,682	5%	3,866	1.5%	4,096	18.2	4%
Materials	543	17.9	30.3	104%	31.4	-10%	28.3	6.25%	453	0%	453	2.2%	480	15.8	-12%
Telecom	423	12.6	33.5	100%	33.5	-10%	30.2	5.00%	603	-15%	513	5.5%	520	15.5	23%
Utilities	526	15.7	33.5	100%	33.5	-10%	30.1	5.00%	602	0%	602	3.9%	620	18.5	18%
S&P 500 (\$ bn)	18,508		1055.7	102.9%	1086.0	-10%	977.4	5.58%	17,502	3%	17,974	2.0%	18,972		2.5%
S&P 500 Index (\$/sh)	2081.24	17.5	119.0	103%	122.0	-10%	109.8	5.50%	1996.4	0%	1996.4	2.0%	2106.8	17.7	1.2%

Source: Deutsche Bank, IBES

