



A VIRAL MARKET UPDATE XI: AN ODE TO FLEXIBILITY.. WITH A CAUTION..

Agility and Flexibility...

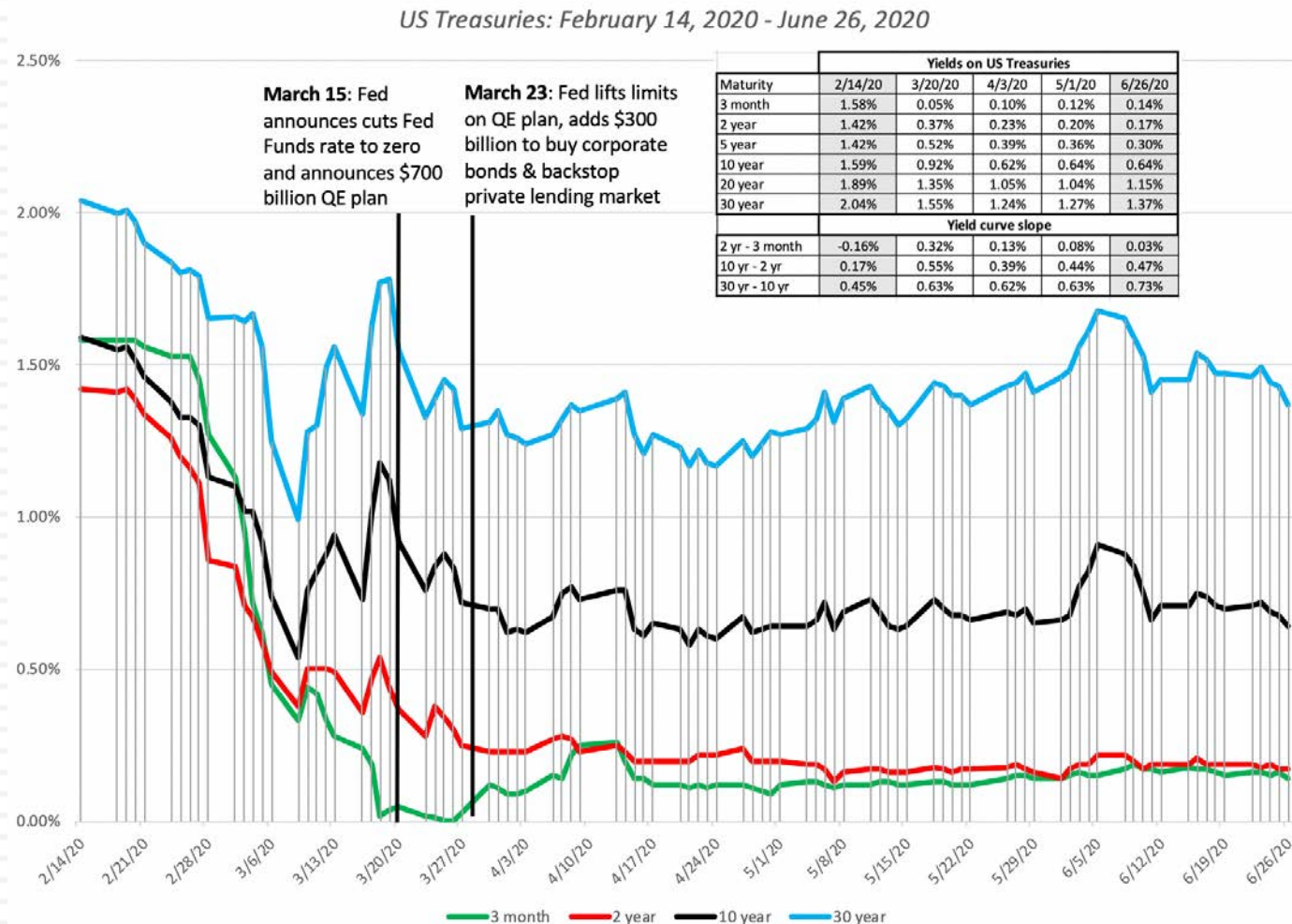
The Lead In

- As the virus makes a comeback, particularly in the United States, it is not surprising that markets reflect the uncertainty that we all feel about how exactly the rest of the year will play out in both our personal and business lives.
- In this post, I will begin with my standard update on how the last two weeks have played out by updating my numbers on markets overall, and within the equity market, across regions, sectors and industries.
- I will highlight flexibility in investing, operating, financing and cash return policies as the one quality that seems to be separating the winners from the losers in these last few months, and argue that this represents an acceleration of a longer term shift towards more nimble and adaptable business models.

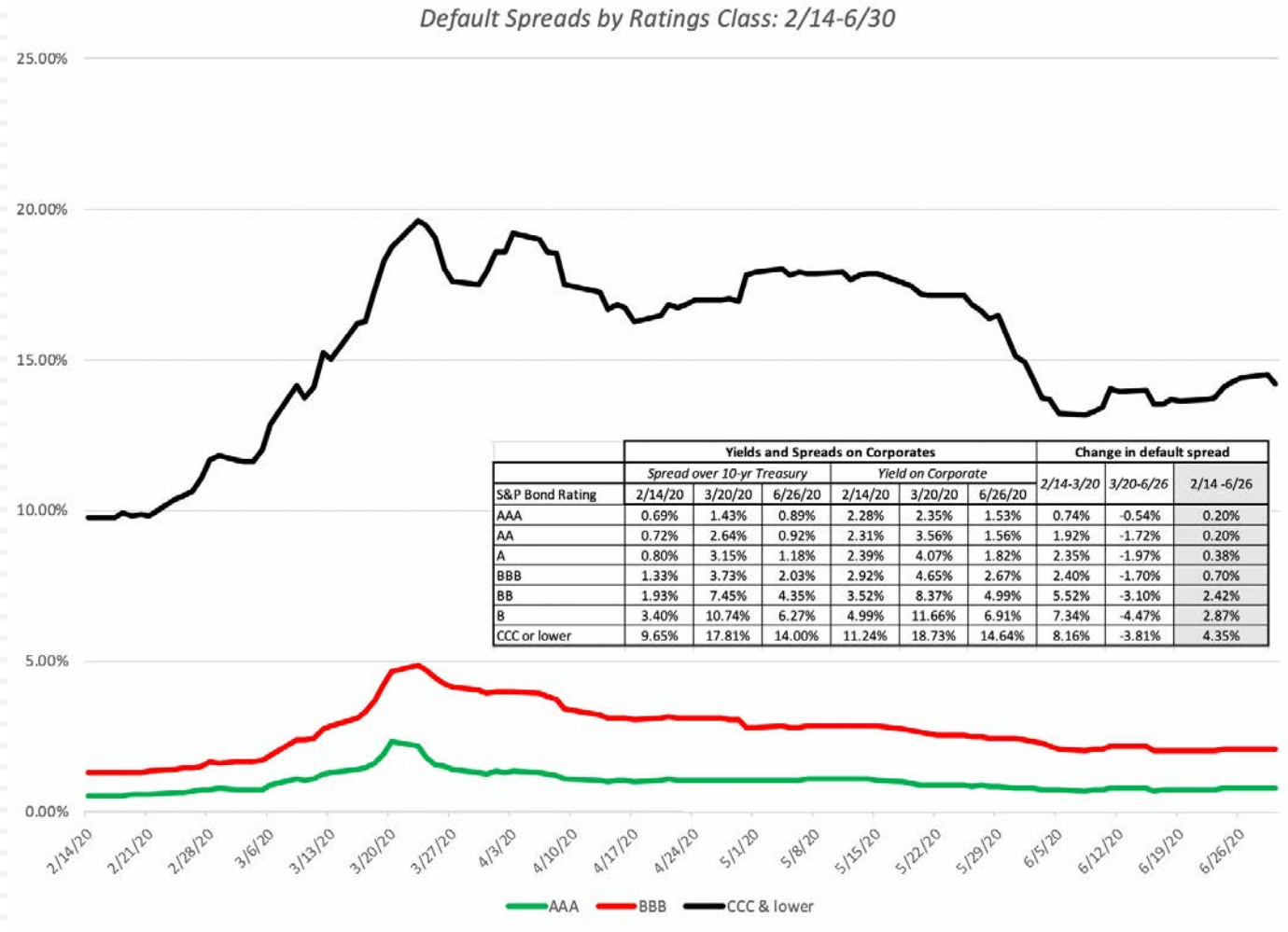
Market Action: Equities

			Levels			% Change				
			14-Feb	20-Mar	26-Jun	6/19-6/26	5/26-6/26	2/14-3/20	3/20-6/26	2/14 - 6/26
<i>Americas</i>	S&P 500	US	3214	2305	3009	-2.42%	-2.86%	-28.28%	30.54%	-6.38%
	NASDAQ 100	US	9624	6994	9849	-2.50%	-1.59%	-27.33%	40.82%	2.34%
	TSX	Canada	17848	11852	15189	-1.66%	-1.84%	-33.59%	28.16%	-14.90%
	IPC Mexico	Mexico	45000	34270	37432	-0.80%	-2.53%	-23.84%	9.23%	-16.82%
	iBovespa	Brazil	114381	67069	93834	-2.24%	-2.83%	-41.36%	39.91%	-17.96%
<i>Europe</i>	FTSE 100	UK	7409	5191	6159	0.20%	-2.12%	-29.94%	18.65%	-16.87%
	DAX	Germany	13744	8929	12089	-0.73%	-1.96%	-35.03%	35.39%	-12.04%
	CAC 40	France	6069	4131	4910	-0.18%	-1.40%	-31.93%	18.86%	-19.10%
	S&P Europe 350	Europe	1731	1181	1434	-0.40%	-1.98%	-31.77%	21.39%	-17.18%
<i>Asia</i>	Nikkei 225	Japan	23688	16553	22518	0.98%	0.18%	-30.12%	36.04%	-4.94%
	Shanghai 50	China	2895	2628	2943	0.62%	2.16%	-9.22%	11.99%	1.66%
	Hang Seng	Hong Kong	27816	22805	24550	-0.93%	-0.38%	-18.01%	7.65%	-11.74%
	Sensex	India	41258	29916	35171	0.94%	1.27%	-27.49%	17.57%	-14.75%
<i>Australia & NZ</i>	ASX 200	Australia	7133	4825	5904	1.49%	-0.65%	-32.36%	22.36%	-17.23%
	NZX 50	New Zealand	11835	9202	11129	0.04%	-1.12%	-22.25%	20.94%	-5.97%
<i>Africa</i>	FTSE/JSE TOP 40	South Africa	52050	36302	49478	-0.51%	-0.67%	-30.26%	36.30%	-4.94%
	NSE-All Share	Nigeria	27756	22198	24829	0.83%	0.01%	-20.02%	11.85%	-10.55%

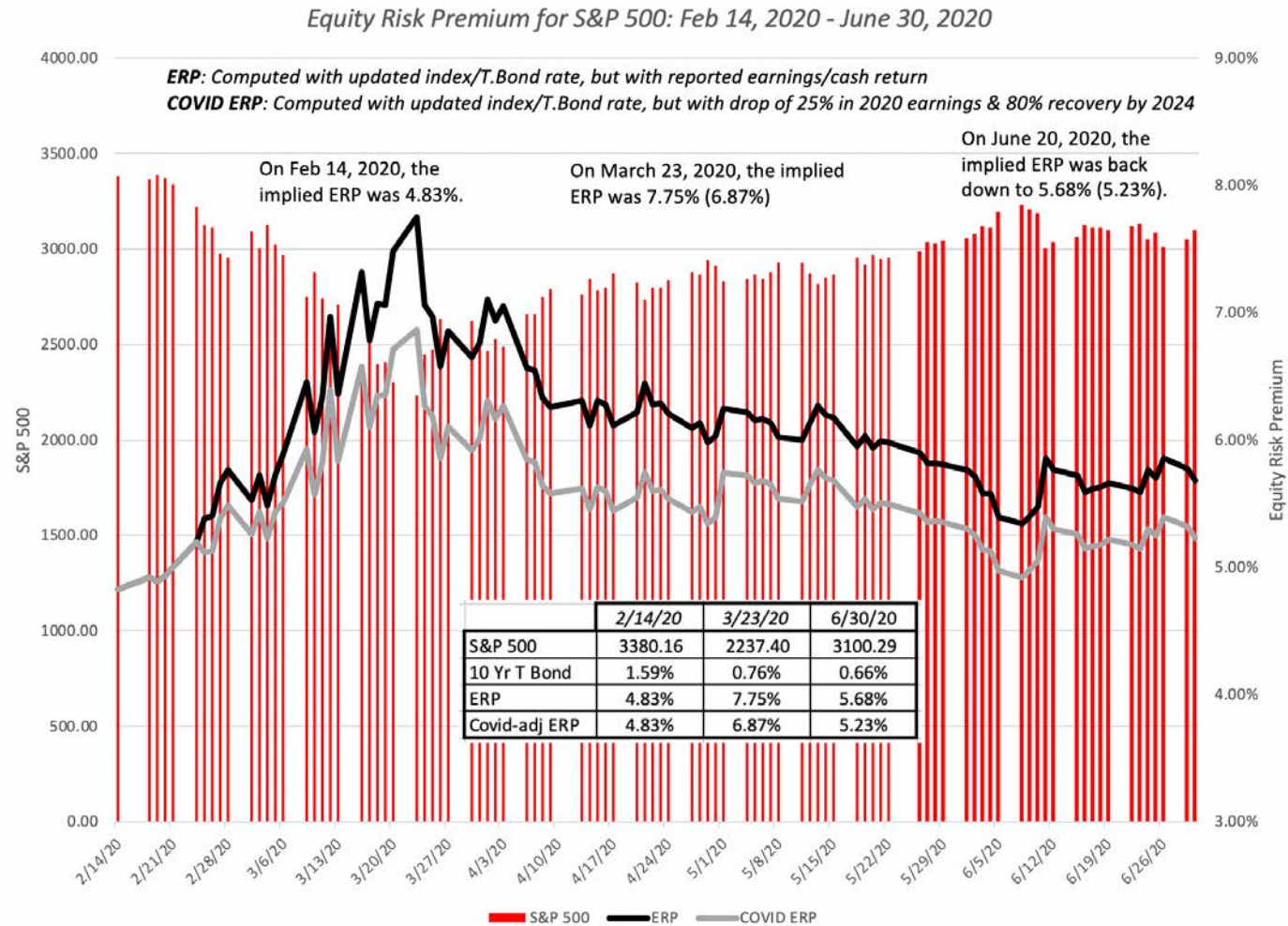
Market Action: Treasuries



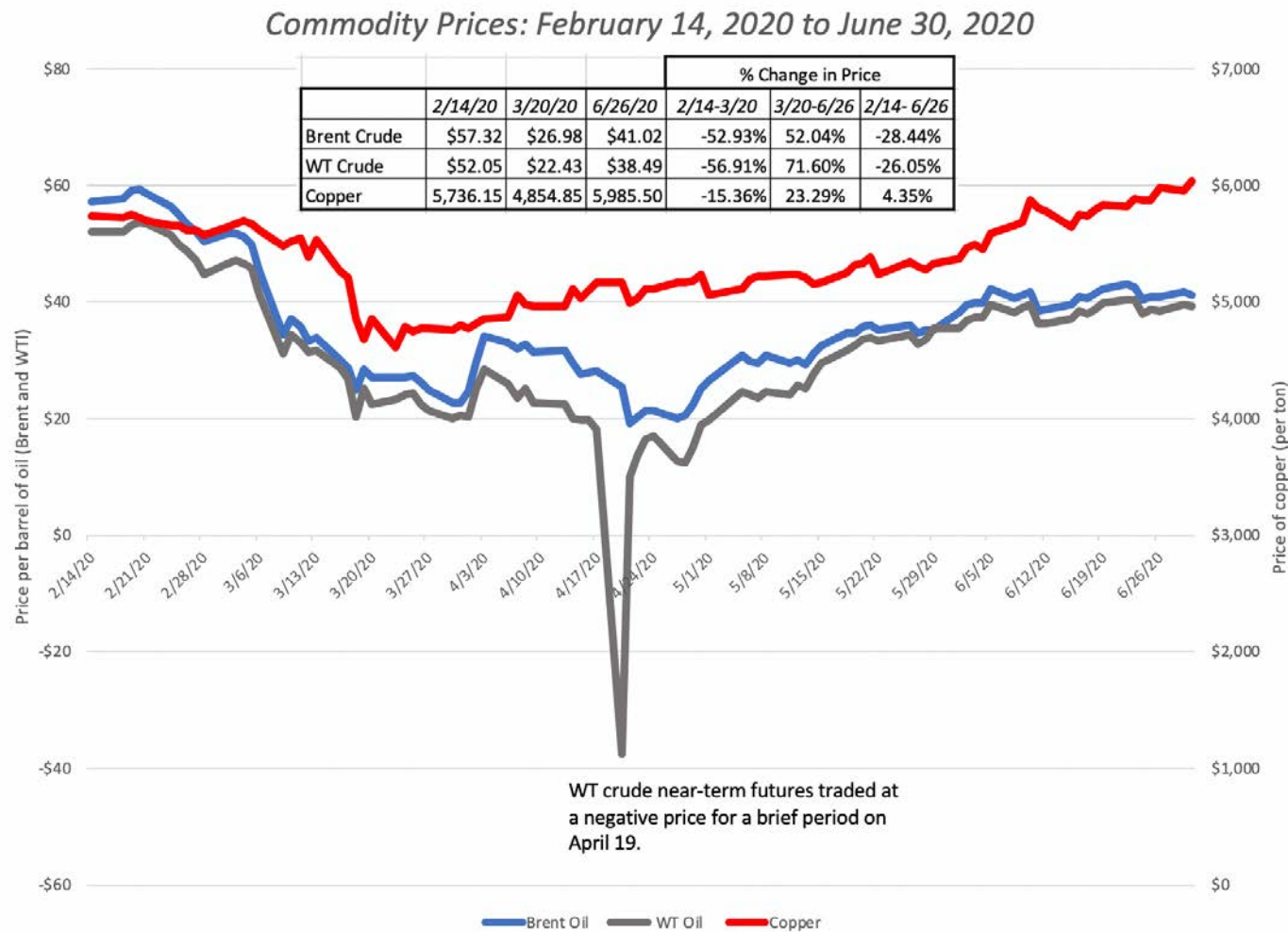
The Price of Risk: Corporate Bonds



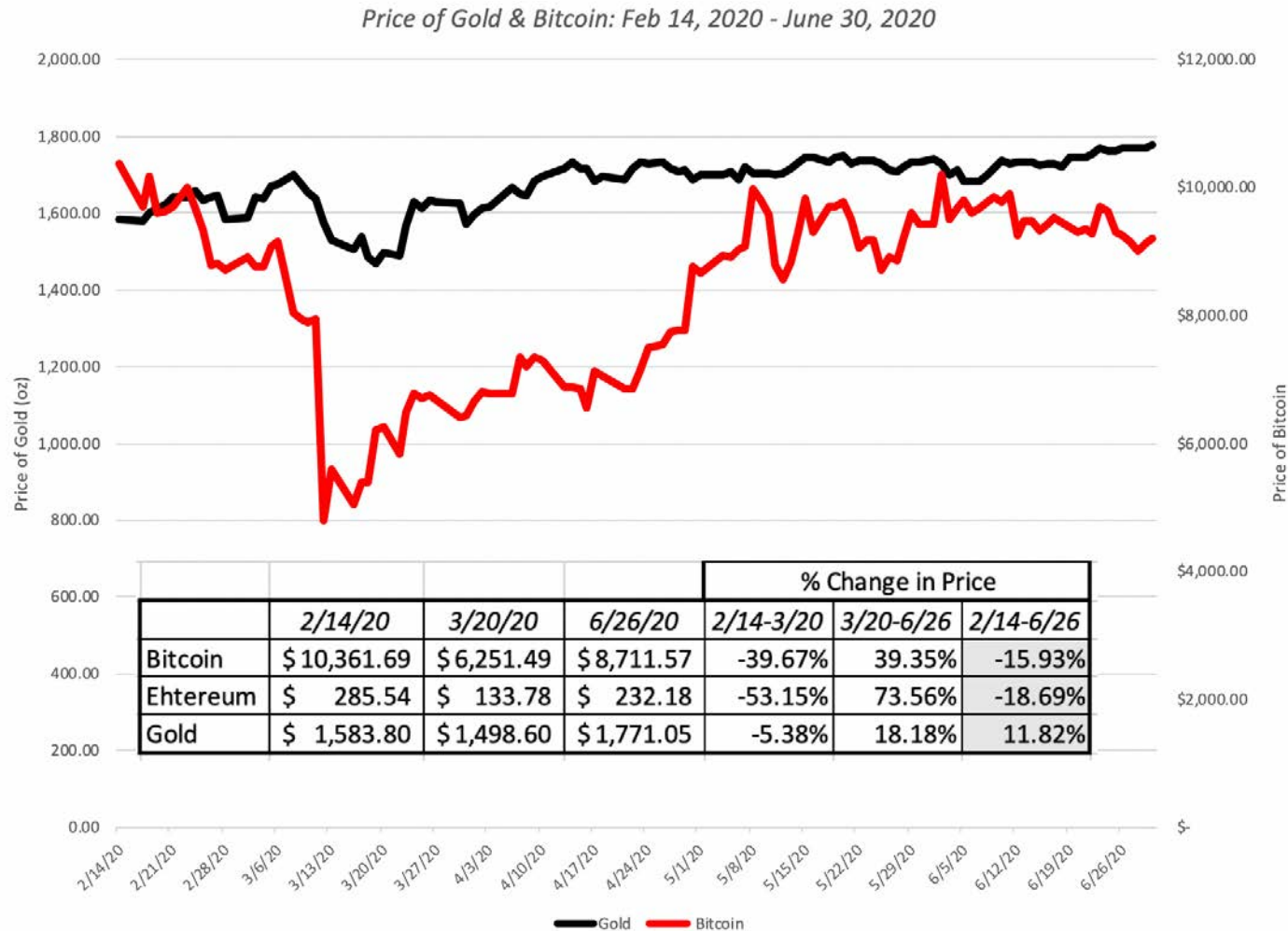
The Price of Risk: Equities



Market Action: Commodity Prices



Market Action: Gold and Bitcoin



Equities: By Region

Sub Region	Number of firms	Market Cap (\$ millions)			Change in Market Cap (\$ millions)			% Change in Market Cap			Company-level data (2/14-6/26)			
		2/14/20	3/20/20	6/26/20	2/14-3/20	3/20-6/26	2/14-6/26	2/14-3/20	3/20-6/26	2/14-6/26	1st Quartile	Median	3rd Quartile	% w/ Negative Returns
Africa	659	\$ 575,647	\$ 359,692	\$ 433,260	\$ (215,955)	\$ 73,568	\$ (142,387)	-37.52%	20.45%	-24.74%	-32.92%	-19.61%	-6.19%	84.92%
Australia & NZ	1,357	\$ 1,616,135	\$ 951,510	\$ 1,418,352	\$ (664,625)	\$ 466,842	\$ (197,783)	-41.12%	49.06%	-12.24%	-28.48%	-13.09%	7.47%	66.37%
Canada	1,565	\$ 2,223,973	\$ 1,350,446	\$ 1,850,939	\$ (873,527)	\$ 500,493	\$ (373,034)	-39.28%	37.06%	-16.77%	-34.95%	-14.37%	15.57%	64.55%
China	6,148	\$14,018,876	\$12,419,514	\$14,329,105	\$ (1,599,362)	\$ 1,909,591	\$ 310,229	-11.41%	15.38%	2.21%	-16.86%	-4.71%	10.65%	59.55%
EU & Environs	4,737	\$13,536,139	\$ 9,168,230	\$11,945,652	\$ (4,367,909)	\$ 2,777,422	\$ (1,590,487)	-32.27%	30.29%	-11.75%	-24.45%	-11.72%	3.25%	70.61%
Eastern Europe & Russia	413	\$ 803,380	\$ 482,613	\$ 644,011	\$ (320,767)	\$ 161,399	\$ (159,368)	-39.93%	33.44%	-19.84%	-21.89%	-13.35%	-2.06%	78.64%
India	1,956	\$ 2,195,727	\$ 1,513,145	\$ 1,849,294	\$ (682,582)	\$ 336,149	\$ (346,433)	-31.09%	22.22%	-15.78%	-29.33%	-17.39%	-3.14%	78.14%
Japan	3,802	\$ 6,026,833	\$ 4,454,821	\$ 5,748,313	\$ (1,572,012)	\$ 1,293,492	\$ (278,520)	-26.08%	29.04%	-4.62%	-18.07%	-8.53%	2.66%	69.98%
Latin America & Caribbean	948	\$ 2,385,669	\$ 1,382,832	\$ 1,737,766	\$ (1,002,837)	\$ 354,934	\$ (647,903)	-42.04%	25.67%	-27.16%	-37.49%	-23.73%	-8.30%	86.40%
Middle East	1,263	\$ 3,081,448	\$ 2,561,272	\$ 2,914,884	\$ (520,176)	\$ 353,612	\$ (166,564)	-16.88%	13.81%	-5.41%	-24.21%	-12.46%	-0.67%	76.15%
Small Asia	8,148	\$ 5,111,529	\$ 3,579,258	\$ 4,750,343	\$ (1,532,271)	\$ 1,171,084	\$ (361,187)	-29.98%	32.72%	-7.07%	-19.38%	-7.31%	6.00%	66.20%
UK	1,090	\$ 3,062,611	\$ 1,920,572	\$ 2,437,167	\$ (1,142,039)	\$ 516,595	\$ (625,444)	-37.29%	26.90%	-20.42%	-36.26%	-22.60%	-5.14%	79.61%
United States	4,903	\$35,618,986	\$23,863,295	\$31,808,031	\$ (11,755,691)	\$ 7,944,736	\$ (3,810,954)	-33.00%	33.29%	-10.70%	-35.01%	-19.83%	0.93%	73.89%
Global	36,989	\$90,256,953	\$64,007,201	\$81,867,117	\$ (26,249,752)	\$17,859,916	\$ (8,389,836)	-29.08%	27.90%	-9.30%	-24.60%	-10.71%	4.31%	69.34%

Equities: By Sector

Sub Region	Number of firms	Market Cap (\$ millions)			Change in Market Cap (\$ millions)			% Change in Market Cap			Company-level data (2/14-6/26)			
		2/14/20	3/20/20	6/26/20	2/14-3/20	3/20-6/26	2/14-6/26	2/14-3/20	3/20-6/26	2/14-6/26	1st Quartile	Median	3rd Quartile	% w/ Negative Returns
Communication Services	1,703	\$ 7,346,598	\$ 5,493,262	\$ 6,980,515	\$ (1,853,336)	\$ 1,487,253	\$ (366,083)	-25.23%	27.07%	-4.98%	-25.96%	-10.16%	6.79%	66.63%
Consumer Discretionary	5,037	\$10,159,245	\$ 7,069,399	\$ 9,765,871	\$ (3,089,846)	\$ 2,696,472	\$ (393,373)	-30.41%	38.14%	-3.87%	-27.66%	-14.63%	0.13%	74.79%
Consumer Staples	2,356	\$ 7,122,277	\$ 5,706,343	\$ 6,820,558	\$ (1,415,933)	\$ 1,114,215	\$ (301,719)	-19.88%	19.53%	-4.24%	-17.96%	-4.84%	9.84%	60.70%
Energy	1,321	\$ 5,931,762	\$ 3,848,805	\$ 4,768,672	\$ (2,082,957)	\$ 919,867	\$ (1,163,090)	-35.12%	23.90%	-19.61%	-43.15%	-25.48%	-7.98%	84.52%
Financials	4,027	\$14,928,753	\$ 9,921,267	\$11,583,752	\$ (5,007,486)	\$ 1,662,485	\$ (3,345,001)	-33.54%	16.76%	-22.41%	-30.67%	-18.15%	-5.13%	83.20%
Health Care	3,427	\$ 8,906,603	\$ 6,854,429	\$ 9,137,784	\$ (2,052,174)	\$ 2,283,355	\$ 231,181	-23.04%	33.31%	2.60%	-17.07%	-0.13%	28.71%	50.25%
Industrials	6,612	\$10,097,609	\$ 6,877,812	\$ 8,621,170	\$ (3,219,797)	\$ 1,743,358	\$ (1,476,439)	-31.89%	25.35%	-14.62%	-24.09%	-11.62%	1.18%	73.29%
Information Technology	4,855	\$13,585,381	\$ 9,726,628	\$13,631,559	\$ (3,858,753)	\$ 3,904,931	\$ 46,178	-28.40%	40.15%	0.34%	-19.02%	-5.80%	10.37%	60.93%
Materials	4,456	\$ 4,962,664	\$ 3,505,066	\$ 4,594,301	\$ (1,457,598)	\$ 1,089,235	\$ (368,363)	-29.37%	31.08%	-7.42%	-20.40%	-7.73%	9.00%	63.98%
Real Estate	2,354	\$ 4,036,162	\$ 2,698,753	\$ 3,254,803	\$ (1,337,409)	\$ 556,050	\$ (781,359)	-33.14%	20.60%	-19.36%	-29.02%	-16.03%	-3.02%	79.56%
Utilities	837	\$ 3,179,444	\$ 2,305,102	\$ 2,707,666	\$ (874,342)	\$ 402,564	\$ (471,778)	-27.50%	17.46%	-14.84%	-21.77%	-10.33%	1.21%	72.44%
All	36,989	\$90,256,953	\$64,007,201	\$81,867,117	\$ (26,249,752)	\$17,859,916	\$ (8,389,836)	-29.08%	27.90%	-9.30%	-24.60%	-10.71%	4.31%	69.34%

Equities: Worst hit and Best Industries

Worst Performing Industries										
Industry	Number of firms	Market Cap (\$ millions)			Change in Market Cap (\$ millions)			% Change in Market Cap		
		2/14/20	3/20/20	6/26/20	2/14-3/20	3/20-6/26	2/14-6/26	2/14-3/20	3/20-6/26	2/14-6/26
Air Transport	151	\$ 556,328	\$ 313,615	\$ 374,646	\$ (242,712)	\$ 61,030	\$ (181,682)	-43.63%	19.46%	-32.66%
Oil/Gas (Production and Exploration)	482	\$ 692,435	\$ 317,736	\$ 467,736	\$ (374,699)	\$ 150,000	\$ (224,700)	-54.11%	47.21%	-32.45%
Aerospace/Defense	210	\$1,217,792	\$ 674,121	\$ 827,766	\$ (543,671)	\$ 153,645	\$ (390,026)	-44.64%	22.79%	-32.03%
Broadcasting	122	\$ 164,660	\$ 93,940	\$ 115,657	\$ (70,720)	\$ 21,717	\$ (49,003)	-42.95%	23.12%	-29.76%
Oil/Gas Distribution	184	\$ 645,176	\$ 355,810	\$ 453,181	\$ (289,365)	\$ 97,371	\$ (191,994)	-44.85%	27.37%	-29.76%
Reinsurance	33	\$ 180,567	\$ 98,174	\$ 128,840	\$ (82,393)	\$ 30,666	\$ (51,727)	-45.63%	31.24%	-28.65%
Hotel/Gaming	533	\$ 708,026	\$ 381,834	\$ 507,294	\$ (326,191)	\$ 125,460	\$ (200,731)	-46.07%	32.86%	-28.35%
Food Wholesalers	119	\$ 92,984	\$ 49,882	\$ 67,069	\$ (43,102)	\$ 17,187	\$ (25,915)	-46.35%	34.46%	-27.87%
Banks (Regional)	773	\$1,008,284	\$ 652,947	\$ 740,607	\$ (355,337)	\$ 87,660	\$ (267,677)	-35.24%	13.43%	-26.55%
Bank (Money Center)	606	\$6,819,218	\$4,629,627	\$5,096,434	\$ (2,189,591)	\$ 466,807	\$ (1,722,784)	-32.11%	10.08%	-25.26%
Best Performing Industries										
Industry	Number of firms	Market Cap (\$ millions)			Change in Market Cap (\$ millions)			% Change in Market Cap		
		2/14/20	3/20/20	6/26/20	2/14-3/20	3/20-6/26	2/14-6/26	2/14-3/20	3/20-6/26	2/14-6/26
Software (Internet)	109	\$ 226,955	\$ 166,733	\$ 318,052	\$ (60,222)	\$ 151,319	\$ 91,097	-26.53%	90.76%	40.14%
Retail (Online)	251	\$2,457,209	\$1,991,186	\$2,938,483	\$ (466,023)	\$ 947,297	\$ 481,274	-18.97%	47.57%	19.59%
Drugs (Biotechnology)	906	\$1,406,748	\$1,133,019	\$1,646,731	\$ (273,729)	\$ 513,711	\$ 239,982	-19.46%	45.34%	17.06%
Precious Metals	519	\$ 418,751	\$ 297,838	\$ 489,011	\$ (120,914)	\$ 191,174	\$ 70,260	-28.87%	64.19%	16.78%
Healthcare Information and Technology	314	\$ 771,488	\$ 606,613	\$ 886,473	\$ (164,875)	\$ 279,860	\$ 114,985	-21.37%	46.13%	14.90%
Software (System & Application)	1,067	\$3,763,079	\$2,790,568	\$4,006,391	\$ (972,511)	\$ 1,215,823	\$ 243,313	-25.84%	43.57%	6.47%
Entertainment	517	\$1,115,170	\$ 842,965	\$1,179,997	\$ (272,205)	\$ 337,032	\$ 64,827	-24.41%	39.98%	5.81%
Education	187	\$ 192,875	\$ 150,743	\$ 200,732	\$ (42,132)	\$ 49,989	\$ 7,857	-21.84%	33.16%	4.07%
Semiconductor Equip	280	\$ 525,559	\$ 340,360	\$ 537,635	\$ (185,199)	\$ 197,275	\$ 12,076	-35.24%	57.96%	2.30%
Computers/Peripherals	299	\$2,218,246	\$1,566,777	\$2,230,542	\$ (651,469)	\$ 663,765	\$ 12,296	-29.37%	42.37%	0.55%



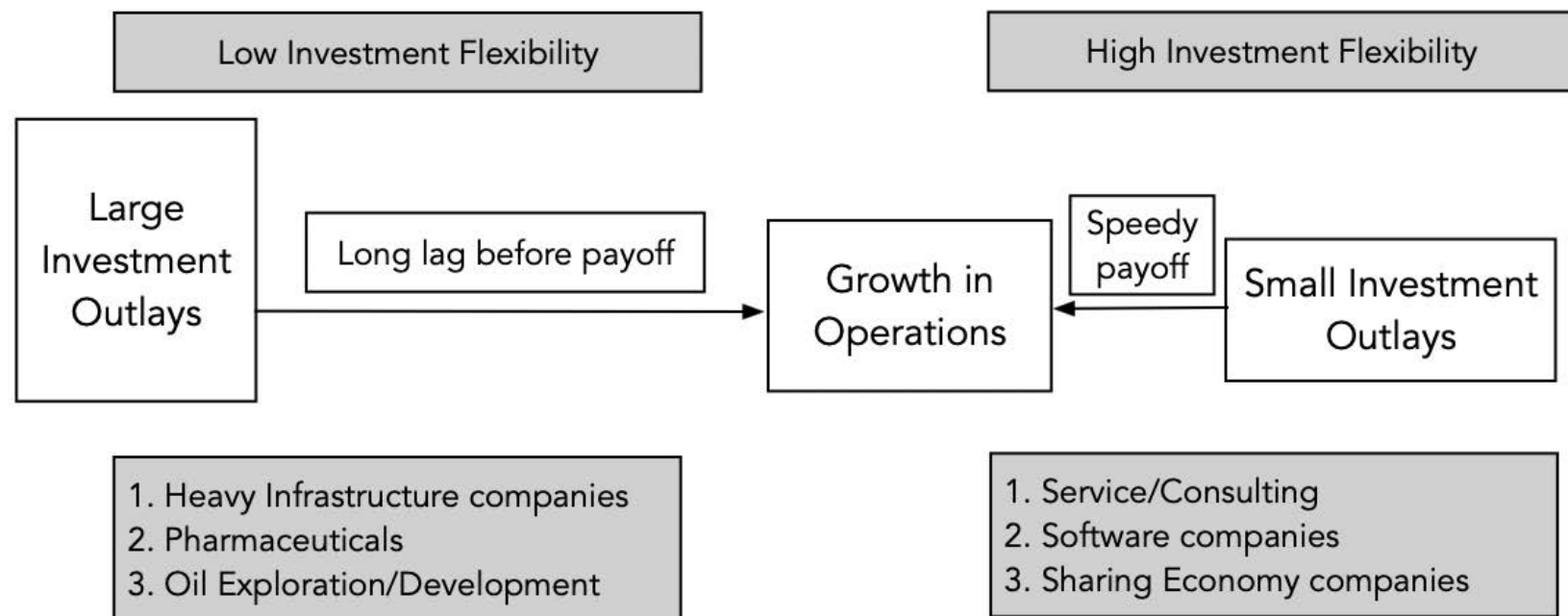
Flexibility

Adapt, evolve and improvise...

A common tie...

- Debt matters: In my [fourth post](#) from March 23, I noted that heavily indebted companies have under performed companies with lighter debt loads.
- Growth outperformed value: In [my eighth post](#) from May 13, I highlighted the fact that growth stocks are outperforming value stocks.
- Young companies have done better than older companies: In [my last post](#) from June 19, I used the concept of a corporate life cycle, and noted that younger companies seems to be doing much better than older companies.
- Others have noted that capital intensive businesses seem to have been worse affected during this crisis than capital-light businesses, and early in the crisis, buybacks were highlighted as a reason why some companies and sectors were doing worse than others.
- In fact, the new buzzword that business [consultants are pushing is "resilience"](#), arguing that the resilient companies have weathered this crisis better than the rest of the market.
- While there is some truth in all of these contentions, I would argue that if there is one quality that ties together all of these seemingly disparate factors, it is **flexibility**, and this crisis has reaffirmed the value of flexibility.

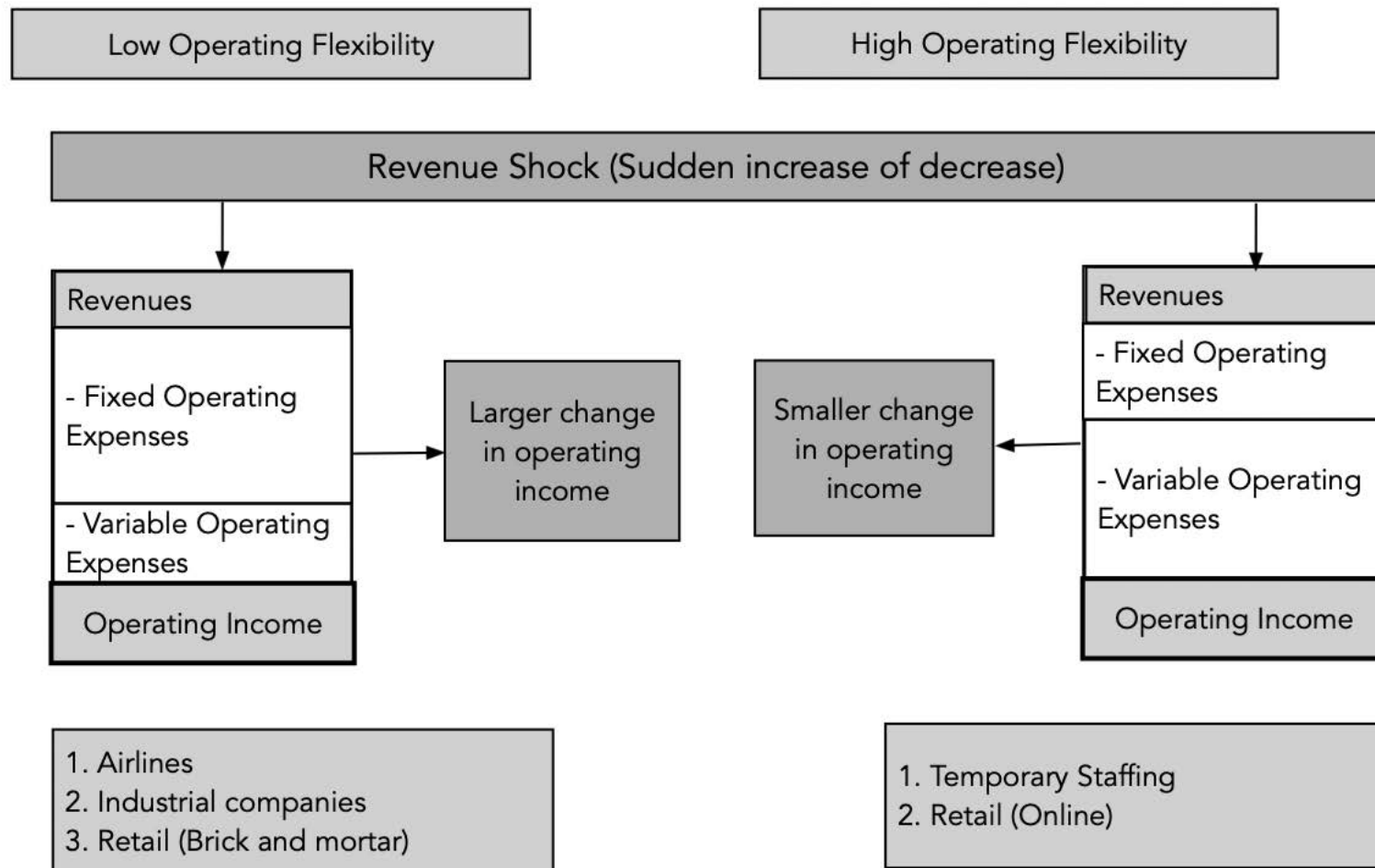
a. Investment Flexibility



The COVID effect

<i>Sales/Invested Capital</i>	<i>Number of firms</i>	<i>Market Cap (\$ millions)</i>			<i>Change in Market Cap (\$ millions)</i>			<i>% Change in Market Cap</i>		
		<i>2/14/20</i>	<i>3/20/20</i>	<i>6/26/20</i>	<i>2/14-3/20</i>	<i>3/20-6/26</i>	<i>2/14-6/26</i>	<i>2/14-3/20</i>	<i>3/20-6/26</i>	<i>2/14-6/26</i>
Lowest	3,411	\$ 2,523,754	\$ 1,622,667	\$ 2,049,723	\$ (901,086)	\$ 427,056	\$ (474,030)	-35.70%	26.32%	-18.78%
2nd decile	3,412	\$ 8,263,640	\$ 5,565,441	\$ 6,732,043	\$ (2,698,199)	\$ 1,166,603	\$ (1,531,597)	-32.65%	20.96%	-18.53%
3rd decile	3,412	\$ 9,811,923	\$ 6,643,479	\$ 8,244,577	\$ (3,168,444)	\$ 1,601,098	\$ (1,567,345)	-32.29%	24.10%	-15.97%
4th decile	3,411	\$11,583,438	\$ 8,280,917	\$10,379,658	\$ (3,302,521)	\$ 2,098,741	\$ (1,203,780)	-28.51%	25.34%	-10.39%
5th decile	3,412	\$10,667,397	\$ 7,693,036	\$ 9,613,456	\$ (2,974,361)	\$ 1,920,420	\$ (1,053,941)	-27.88%	24.96%	-9.88%
6th decile	3,412	\$10,826,949	\$ 7,976,816	\$10,035,911	\$ (2,850,133)	\$ 2,059,095	\$ (791,039)	-26.32%	25.81%	-7.31%
7th decile	3,411	\$ 8,417,125	\$ 5,810,221	\$ 7,680,201	\$ (2,606,904)	\$ 1,869,980	\$ (736,924)	-30.97%	32.18%	-8.76%
8th decile	3,412	\$ 6,434,071	\$ 4,547,709	\$ 5,949,052	\$ (1,886,362)	\$ 1,401,343	\$ (485,019)	-29.32%	30.81%	-7.54%
9th decile	3,412	\$11,292,626	\$ 8,300,143	\$11,516,170	\$ (2,992,483)	\$ 3,216,027	\$ 223,544	-26.50%	38.75%	1.98%
Highest	3,412	\$ 5,312,563	\$ 3,863,455	\$ 5,113,297	\$ (1,449,109)	\$ 1,249,842	\$ (199,266)	-27.28%	32.35%	-3.75%

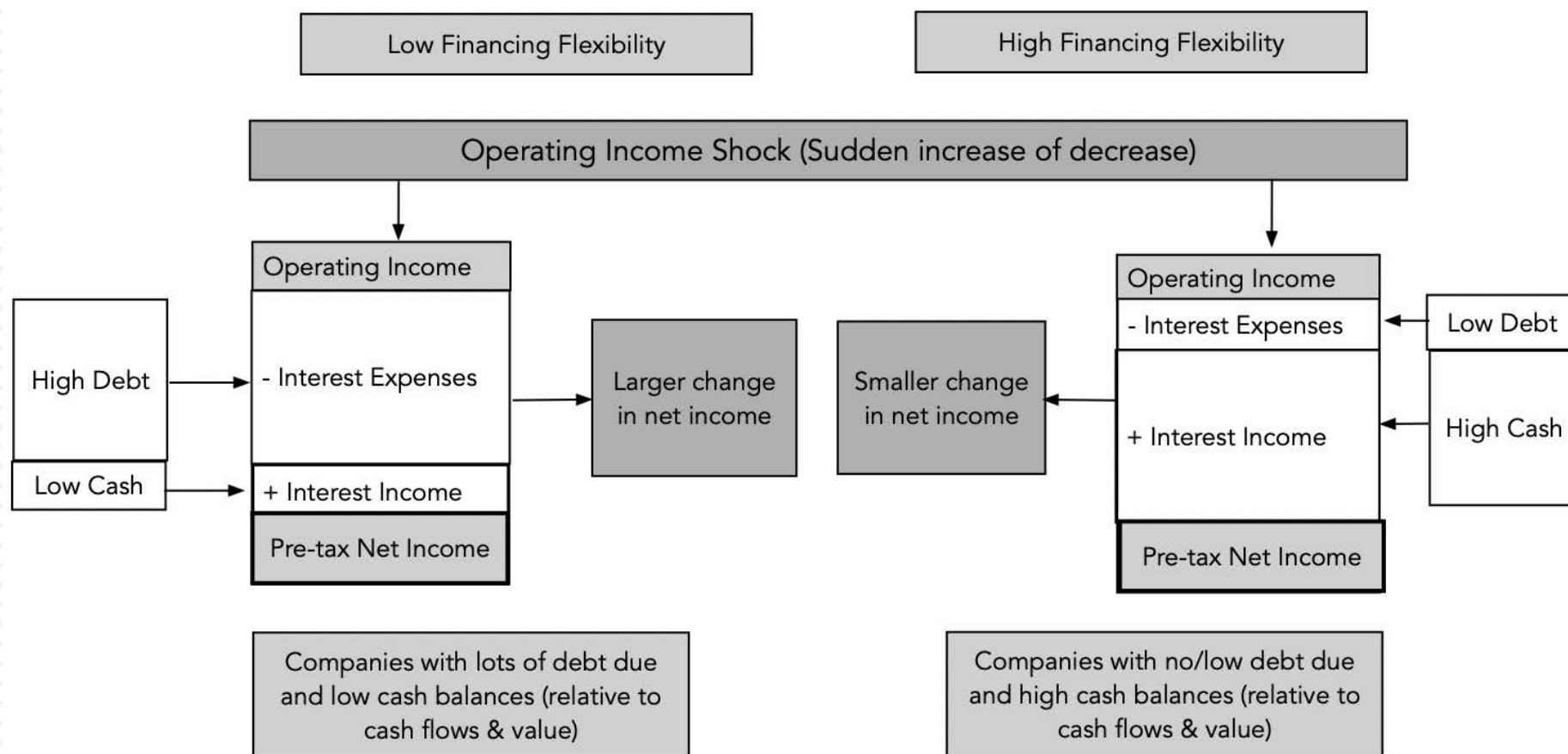
b. Operating Flexibility



The COVID effect

		Market Cap (\$ millions)			Change in Market Cap (\$ millions)			% Change in Market Cap		
<i>Gross Profit Margin</i>	<i>Number of firms</i>	<i>2/14/20</i>	<i>3/20/20</i>	<i>6/26/20</i>	<i>2/14-3/20</i>	<i>3/20-6/26</i>	<i>2/14-6/26</i>	<i>2/14-3/20</i>	<i>3/20-6/26</i>	<i>2/14-6/26</i>
Bottom decile	3,188	\$ 2,788,402	\$ 1,959,187	\$ 2,418,001	\$ (829,215)	\$ 458,814	\$ (370,401)	-29.74%	23.42%	-13.28%
2nd decile	3,189	\$ 3,818,988	\$ 2,688,011	\$ 3,282,984	\$ (1,130,978)	\$ 594,973	\$ (536,005)	-29.61%	22.13%	-14.04%
3rd decile	3,188	\$ 4,892,109	\$ 3,380,180	\$ 4,300,722	\$ (1,511,929)	\$ 920,542	\$ (591,387)	-30.91%	27.23%	-12.09%
4th decile	3,190	\$ 4,556,605	\$ 3,181,829	\$ 4,036,396	\$ (1,374,776)	\$ 854,567	\$ (520,209)	-30.17%	26.86%	-11.42%
5th decile	3,189	\$ 6,219,716	\$ 4,332,154	\$ 5,470,444	\$ (1,887,562)	\$ 1,138,290	\$ (749,272)	-30.35%	26.28%	-12.05%
6th decile	3,188	\$ 7,889,422	\$ 5,470,423	\$ 7,107,548	\$ (2,418,999)	\$ 1,637,126	\$ (781,874)	-30.66%	29.93%	-9.91%
7th decile	3,189	\$11,131,035	\$ 7,929,952	\$10,788,693	\$ (3,201,083)	\$ 2,858,741	\$ (342,342)	-28.76%	36.05%	-3.08%
8th decile	3,189	\$10,793,354	\$ 7,959,280	\$10,066,437	\$ (2,834,075)	\$ 2,107,157	\$ (726,917)	-26.26%	26.47%	-6.73%
9th decile	3,189	\$16,654,066	\$12,115,696	\$15,491,022	\$ (4,538,370)	\$ 3,375,326	\$ (1,163,044)	-27.25%	27.86%	-6.98%
Top decile	3,189	\$12,021,034	\$ 8,593,423	\$11,505,358	\$ (3,427,610)	\$ 2,911,935	\$ (515,675)	-28.51%	33.89%	-4.29%

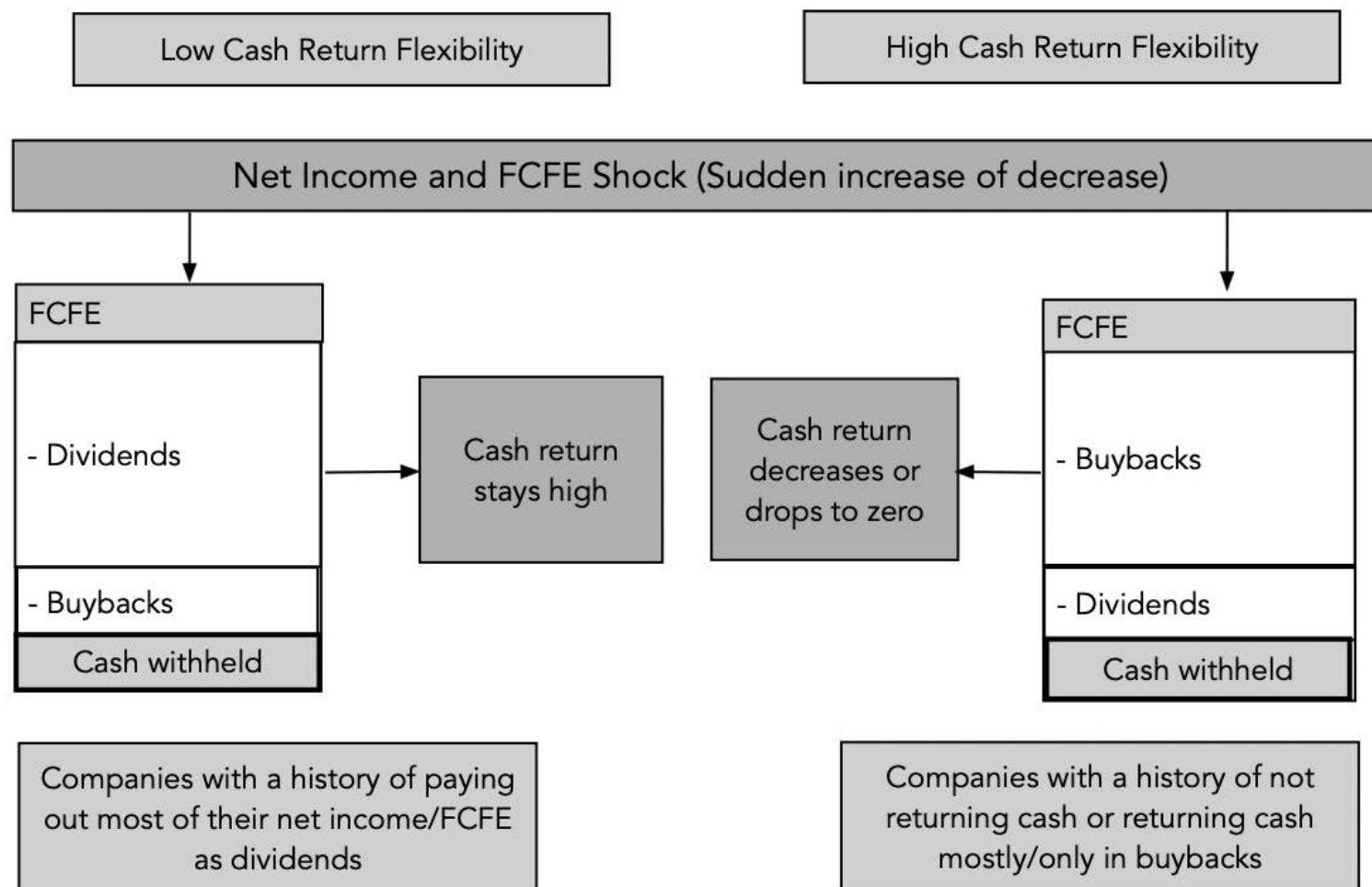
c. Financing Flexibility



The COVID effect

		Market Cap (\$ millions)			Change in Market Cap (\$ millions)			% Change in Market Cap		
		2/14/20	3/20/20	6/26/20	2/14-3/20	3/20-6/26	2/14-6/26	2/14-3/20	3/20-6/26	2/14-6/26
Net Debt/EBITDA	Number of firms									
Lowest	2,570	\$ 2,456,670	\$ 1,948,571	\$ 2,596,965	\$ (508,099)	\$ 648,393	\$ 140,294	-20.68%	33.28%	5.71%
2nd decile	2,571	\$ 5,338,750	\$ 4,114,574	\$ 5,548,943	\$ (1,224,175)	\$ 1,434,368	\$ 210,193	-22.93%	34.86%	3.94%
3rd decile	2,571	\$ 8,110,264	\$ 6,190,323	\$ 8,064,541	\$ (1,919,941)	\$ 1,874,217	\$ (45,723)	-23.67%	30.28%	-0.56%
4th decile	2,571	\$ 7,966,552	\$ 6,160,956	\$ 7,809,514	\$ (1,805,596)	\$ 1,648,558	\$ (157,038)	-22.66%	26.76%	-1.97%
5th decile	2,571	\$12,326,407	\$ 8,956,105	\$11,950,234	\$ (3,370,302)	\$ 2,994,129	\$ (376,173)	-27.34%	33.43%	-3.05%
6th decile	2,570	\$12,003,037	\$ 8,434,403	\$10,573,518	\$ (3,568,634)	\$ 2,139,114	\$ (1,429,520)	-29.73%	25.36%	-11.91%
7th decile	2,571	\$11,246,677	\$ 7,657,198	\$ 9,682,193	\$ (3,589,479)	\$ 2,024,995	\$ (1,564,484)	-31.92%	26.45%	-13.91%
8th decile	2,571	\$ 8,100,285	\$ 5,505,194	\$ 6,928,814	\$ (2,595,091)	\$ 1,423,620	\$ (1,171,471)	-32.04%	25.86%	-14.46%
9th decile	2,571	\$ 6,746,382	\$ 4,259,390	\$ 5,336,247	\$ (2,486,992)	\$ 1,076,856	\$ (1,410,135)	-36.86%	25.28%	-20.90%
Highest	2,571	\$ 2,539,626	\$ 1,669,229	\$ 2,069,990	\$ (870,397)	\$ 400,761	\$ (469,636)	-34.27%	24.01%	-18.49%
Negative EBITDA	11,281	\$13,422,303	\$ 9,111,256	\$11,306,160	\$ (4,311,047)	\$ 2,194,904	\$ (2,116,143)	-32.12%	24.09%	-15.77%

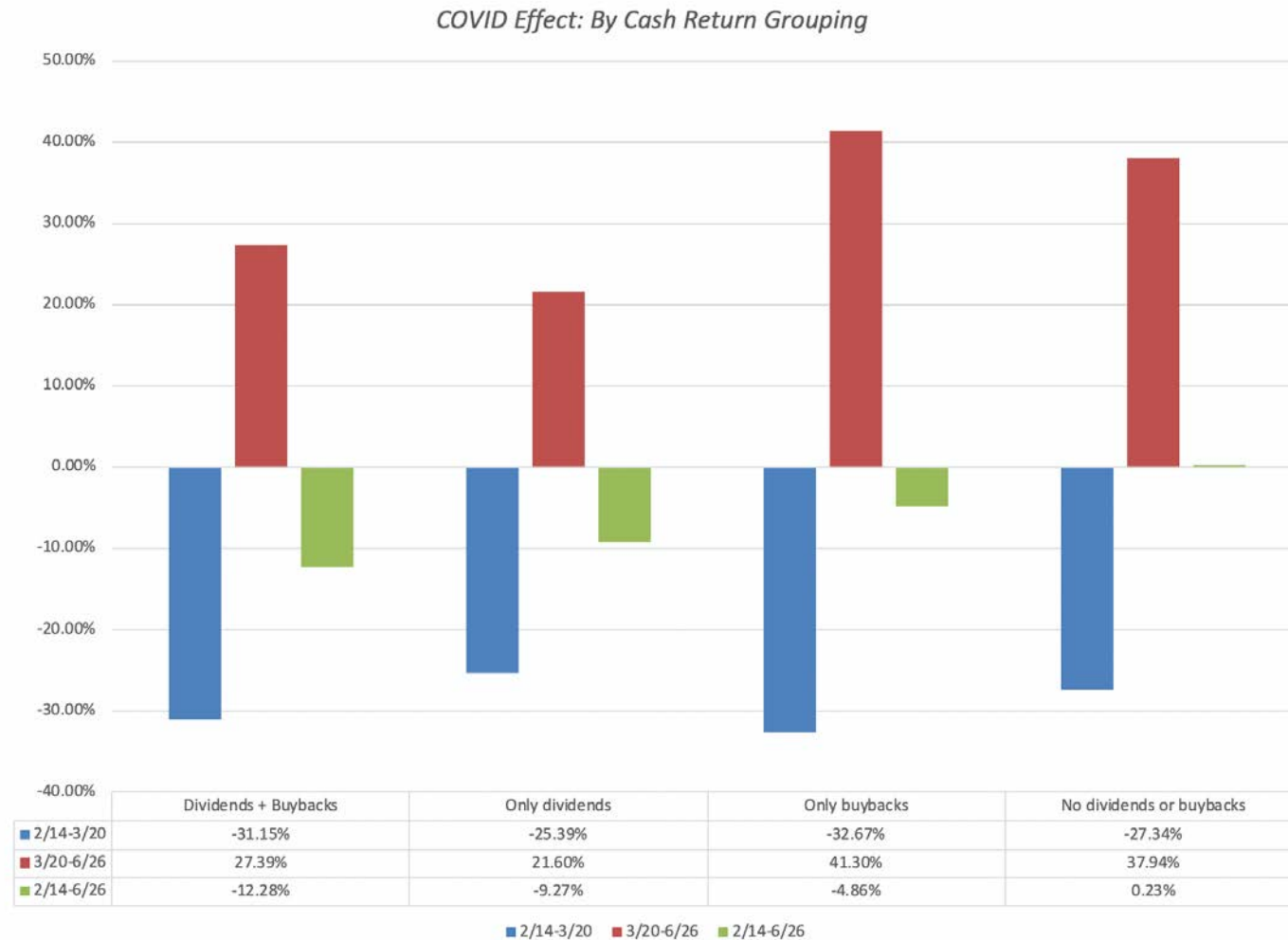
d. Cash Return Flexibility



The COVID effect

		<i>Market Cap (\$ millions)</i>			<i>Change in Market Cap (\$ millions)</i>			<i>% Change in Market Cap</i>		
<i>Dividend Yield</i>	<i>Number of firms</i>	<i>2/14/20</i>	<i>3/20/20</i>	<i>6/26/20</i>	<i>2/14-3/20</i>	<i>3/20-6/26</i>	<i>2/14-6/26</i>	<i>2/14-3/20</i>	<i>3/20-6/26</i>	<i>2/14-6/26</i>
Non-dividend payers	16,957	\$ 18,084,738	\$ 12,726,612	\$ 17,730,724	\$ (5,358,126)	\$ 5,004,112	\$ (354,013)	-29.63%	39.32%	-1.96%
Bottom decile	2,003	\$ 6,200,957	\$ 4,689,961	\$ 6,226,167	\$ (1,510,996)	\$ 1,536,206	\$ 25,210	-24.37%	32.76%	0.41%
2nd decile	2,003	\$ 9,617,495	\$ 6,945,362	\$ 9,401,989	\$ (2,672,133)	\$ 2,456,627	\$ (215,506)	-27.78%	35.37%	-2.24%
3rd decile	2,003	\$ 7,522,383	\$ 5,380,675	\$ 6,992,897	\$ (2,141,709)	\$ 1,612,222	\$ (529,487)	-28.47%	29.96%	-7.04%
4th decile	2,003	\$ 8,497,705	\$ 5,944,389	\$ 7,448,148	\$ (2,553,315)	\$ 1,503,759	\$ (1,049,557)	-30.05%	25.30%	-12.35%
5th decile	2,004	\$ 7,763,883	\$ 5,330,007	\$ 6,712,744	\$ (2,433,877)	\$ 1,382,737	\$ (1,051,139)	-31.35%	25.94%	-13.54%
6th decile	2,003	\$ 7,781,487	\$ 5,467,178	\$ 6,648,662	\$ (2,314,309)	\$ 1,181,484	\$ (1,132,825)	-29.74%	21.61%	-14.56%
7th decile	2,003	\$ 8,546,914	\$ 6,408,214	\$ 7,521,351	\$ (2,138,700)	\$ 1,113,137	\$ (1,025,563)	-25.02%	17.37%	-12.00%
8th decile	2,003	\$ 7,454,552	\$ 5,088,869	\$ 6,092,978	\$ (2,365,683)	\$ 1,004,109	\$ (1,361,573)	-31.73%	19.73%	-18.26%
9th decile	2,003	\$ 5,827,693	\$ 3,956,467	\$ 4,718,405	\$ (1,871,226)	\$ 761,939	\$ (1,109,288)	-32.11%	19.26%	-19.03%
Top decile	2,004	\$ 2,959,146	\$ 2,069,468	\$ 2,373,051	\$ (889,678)	\$ 303,583	\$ (586,095)	-30.07%	14.67%	-19.81%

Dividends vs Buybacks



The Flexibility Trade off

- If the last decade has been a disruptive one, that disruption has been largely driven by companies that have not only built flexible structures but use that flexibility to gain competitive advantages over their status quo competitors.
- As companies get pushed to increase flexibility, that quest comes with costs, and those trade offs have to be acknowledged:
 - Compressed Corporate Life Cycle: The same forces that allow these companies to scale up faster also create business models which are more difficult to defend against new competitors, leading to shorter periods of maturity and more speedy decline, with [important consequences](#).
 - Losses on the upside: Having large fixed costs and/or high net debt will result in bigger losses when times are bad, but it will also create larger profits on the upside.
 - Social costs: As new business models are built around flexibility, some of the actions that increase flexibility come with costs that are borne by society, rather than the company.