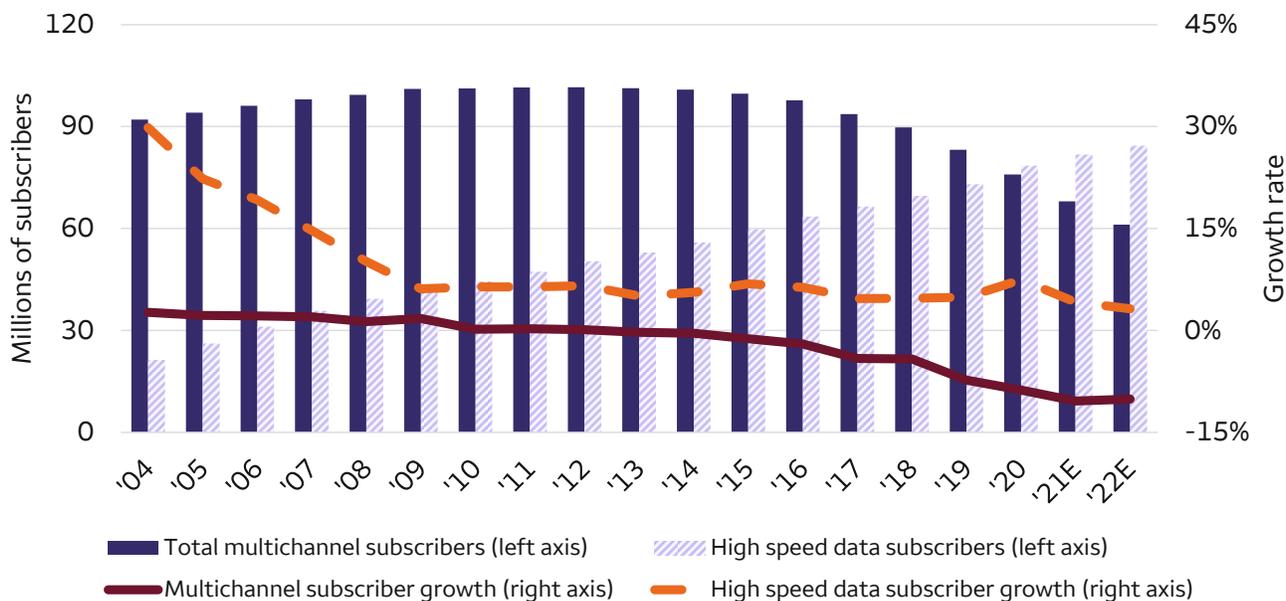


Changing TV-viewing habits — Implications for investors



Sources: Historical and estimated data from S&P Global Market Intelligence LLC and Wells Fargo Advisors. Estimates provided by S&P Global Market Intelligence. Estimated years are denoted with E. Chart shows Information Technology Sector performance versus the S&P 500 Index.

U.S. cable subscribers continue to decline while broadband subscribers rise

This chart shows that the number of traditional U.S. cable (or multichannel) subscribers declined over the past few years, while broadband (or high-speed data) penetration continued to rise. Today, nearly one-third of U.S. households do not have a traditional pay-television subscription.

Thomas Christopher, sector analyst on the Wells Fargo's Global Securities Research team, wrote in the *2022 Equity Sector Outlook* that he expects the number of broadband-only households to continue to grow, fueled by demand for increased bandwidth on home networks. The interactive home entertainment and interactive media and services industry groups appear well positioned, in his view, to take advantage of ongoing shifts in consumer behavior.

What it may mean for investors

Wells Fargo Investment Institute is favorable on the Communication Services sector going into 2022. Internet and media industry groups — 88% of the sector — have held up well through the pandemic. We expect strong profitability and earnings growth along with relatively low debt levels in 2022.

This chart was excerpted from the from the Wells Fargo Advisors *2022 Equity Sector Outlook* (December 14, 2021). Text excerpted from *WFII 2022 Outlook and Asset Allocation Strategy Report*.

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