



#investmentsciences

Consumer Staples

A quant approach to Staples selection

We carry out a deep dive to identify the factors that drive returns in Global Staples:

Looking at the MSCI Global Consumer Staples Index over the last decade, we've tested a variety of factors to identify fundamental drivers of outperformance. With quarterly rebalancing the stocks with top-quintile scores have, historically, outperformed the Index by 260bp a year, and those with bottom-quintile scores have underperformed by 153bp. This report is a collaboration between Consumer Staples (who have long felt that certain fundamental factors drive outperformance) and Investment Sciences (Quantamental) (who have empirically tested these factors to isolate and quantify them). We cover our formal methodology in a separate report out today – *Quantamental factors for Consumer Staples*.

Quality outperforms: We've long suspected that the quality names within Staples tend to outperform. Our analysis confirms this; quality factors have the highest weighting within our model. In particular, Free Cash Flow/Tangible Fixed Assets is the single largest driver of outperformance in Global Staples. We view this as a proxy for both brand strength and operational efficiency. In our view, it is strong brands that provide the barriers to entry that allow for sustainable returns well in excess of cost of capital. Our model also places significant weight on Organic Sales Growth, which we have long seen as the most sustainable source of long-term earnings growth.

Valuation less important, P/E conspicuous by its absence: We've long considered Staples to be a P/E-driven sector, and it's the dominant valuation methodology in the space. However, it doesn't make an appearance in our quant model. This is not to say that it's not important, but that it doesn't add additional alpha above and beyond that provided by other factors. Cash return to shareholders (both buyback yield and dividend yield) appears far more important. This may also screen for acquisition risk; high dividend and buybacks tend to mean cash is being returned, not spent on M&A.

What our model likes and doesn't like: Names in the top quintile include Altria, Barry Callebaut, Brown-Forman, Church & Dwight, Clorox, Colgate, Hershey, Imperial Brands, McCormick, RB, Swedish Match. Names in the bottom quintile include ABI, Campbell, Coca Cola, Conagra, Coty, Heineken, Nestle, PepsiCo, P&G. In total there are 24 names in our top quintile and 23 in our bottom, we only list a selection here.

Model limitations: We seek to identify the factors that have, in aggregate, driven risk-adjusted return in Global Staples since 2008. There is clearly a risk of "regime change"; factors have changed in importance over time and will likely continue to do so. At a stock-specific level there will likely be other (quantitative or qualitative) factors at work that are not captured in our model. While our screen produces top-quintile and bottom-quintile scoring stocks, this should not be seen as denoting a standalone investment recommendation. Rather, we are merely saying that we believe that, all else equal, those companies that score highly on our model's factors should, in aggregate, outperform.

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PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 12.

Equity Research

26 September 2019

INDUSTRY UPDATE

European Consumer Staples

NEUTRAL

Unchanged

Investment Sciences

U.S. CHPC & Beverages

NEUTRAL

Unchanged

U.S. Food

NEUTRAL

Unchanged

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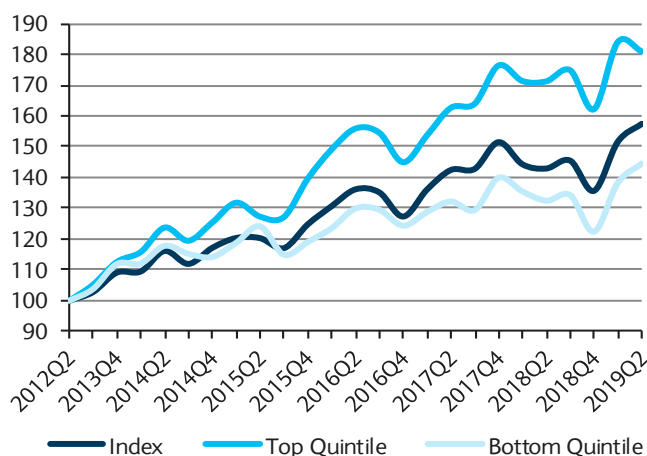
BCI, US

Quality drives outperformance in Global Staples

Our model has a preference for names with high cash return on tangible fixed assets, high levels of organic sales growth, high dividends, high buybacks, and strong balance sheets. We rank our companies based on these to derive a top quintile (which outperforms in aggregate, albeit with volatility) and a bottom quintile (which underperforms in aggregate, albeit with volatility). Our quant scoring often conflicts with our fundamental rating as it fails to account for stock-specific factors that are not captured via quantitative analysis.

FIGURE 1

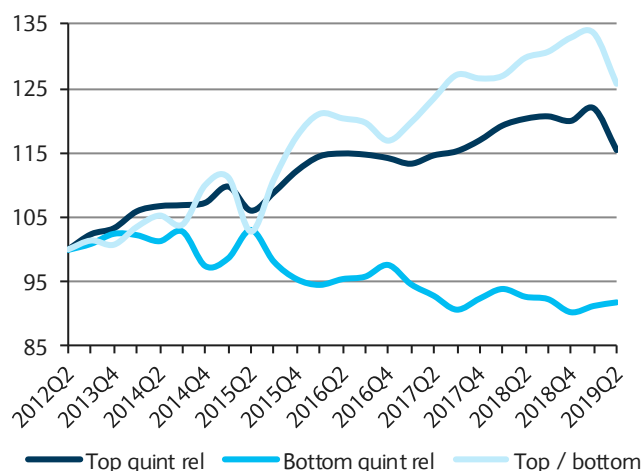
Our top-quintile averages c.260bp annual outperformance



Note for Figure 1 and all other exhibits in this report that discuss back-testing:
Past results cannot be viewed as an indicator of future performance.
Source: Refinitiv, MSCI, Barclays Research

FIGURE 2

413bp annual outperformance of top quintile vs bottom



Source: Refinitiv, MSCI, Barclays Research

We have 24 top-quintile names across the MSCI Global Consumer Staples Index.

FIGURE 3

Our top-quintile names should, in aggregate, outperform Global Consumer Staples longer-term

Top quintile names			
Altria	Colgate	Ahold Delhaize	Sundrug
Barry Callebaut	Hershey	Kose	Swedish Match
Brown-Forman	Imperial Brands	Kroger	Sysco
Church & Dwight	Ingredion	McCormick	A2 Milk
Clorox	Japan Tobacco	Monster Beverage	Treasury Wine Estates
Coca-Cola Bottlers Japan	Kobayashi Pharmaceutical	Reckitt Benckiser	Walgreen Boots

Source: Refinitiv, MSCI, Barclays Research

We have 23 bottom-quintile names across the MSCI Global Consumer Staples Index.

FIGURE 4

Our bottom-quintile names should, in aggregate, underperform Global Consumer Staples longer-term

Bottom quintile			
Aeon	Coca Cola	Meiji Holdings	Tesco
Alimentation Couche-Tard	Conagra	Nestle	Walmart
ABI	Costco	Nissin Foods	Wilmar
Campbell	Coty	PepsiCo	Woolworths
Carrefour	Golden Agri-Resources	P&G	Yamazaki Baking
Casino	Heineken	Seven & i Holdings	

Source: Refinitiv, MSCI, Barclays Research

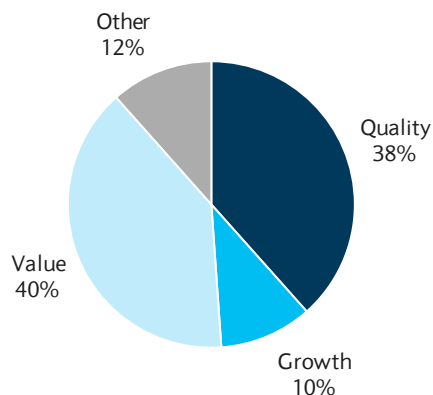
Quality factors dominate within our model

We have long believed Consumer Staples to be a sector where quality names tended to outperform longer-term, and this is supported by our model's analysis. Free cash flow yield on tangible fixed assets is by far the most important factor. Intuitively it makes sense that companies that make a strong cash return on their factories do well, but we were surprised by the extent to which it drove performance. Overall our model prefers companies that:

- Have a high free cash flow return on tangible fixed assets
- Have a high dividend yield
- Have a high buyback yield
- Have high organic sales growth

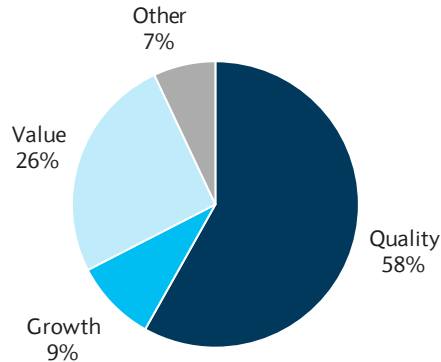
Our model looks at a variety of factors and assigns weights to each factor depending on how correlated they are to share price performance (on a learn-as-you-go basis and through a variety of statistical techniques). There are two ways to think about weighting. There is the average weighting across the MSCI Global Consumer Staples Index; this shows how significant that factor is in explaining the share price performance of an “average” Consumer Staples stock. There is also the “excess” weighting vs. the average within our model's top and bottom quintile (essentially showing which factors tend to push a stock into our top or bottom quintile).

FIGURE 5
Average weighting



Source: Barclays Research

FIGURE 6
Top-quintile excess weighting



Source: Barclays Research

When looking at average weighting, value is modestly more important than quality, although this is driven by the very high weighting (33%) of dividend yield within our model. However, in terms of determining which companies make it into our top quintile, quality dominates. The most important metric is ‘Free cash flow/tangible fixed assets’, which accounts for 43% of the excess within our model's top quintile. Looking at this together with organic sales growth, buyback yield, and dividend yield, these four factors have a 78% weighting within our top quintile.

Stocks in the bottom quintile are characterised by weak free cash flow/tangible fixed assets, low organic sales growth, weak balance sheets, and a large market cap (we discuss the market cap point in more detail later).

FIGURE 7

Factor weighting for average stock, top-quintile excess, and bottom-quintile excess

Factor	Average weighting	Top quintile excess weighting	Bottom quintile excess weighting	Style?
FCF / Tangible Fixed Assets	19.1%	42.7%	32.9%	Quality
Buyback yield	6.5%	14.0%	5.1%	Value
Dividend yield	33.1%	11.5%	2.2%	Value
Organic Sales Growth proxy	10.1%	9.3%	12.7%	Growth
Market Value	11.5%	6.9%	18.4%	Other
Book Value / P	8.6%	6.8%	8.5%	Quality
FCF yield	4.0%	3.8%	8.6%	Quality
Net Debt / MV	5.6%	3.2%	9.5%	Quality
FCF conversion	1.0%	1.6%	1.7%	Quality
Three-month move in EPS forecast	0.1%	0.1%	0.3%	Other
PEG (2-yr forward)	0.0%	0.0%	0.1%	Other
1-year to 1-month price momentum	0.0%	0.0%	0.0%	Other
1-year forward revenue growth	0.3%	0.0%	0.1%	Growth

Source: Refinitiv, MSCI, Barclays Research

We trialed a total of 21 factors, of which 13 survived to make it into our model (albeit some with very small weights). Of the eight factors we discarded, it was not that they do not have any correlation with share price performance, merely that they do not bring extra predictive power to our model beyond that provided by other factors.

FIGURE 8

P/E, EV/EBITDA, ROE, ROCE and other factors were all discarded

Discarded factors	Discarded factors
FY1 P/E	EV / EBITDA
FY1 PEG	Cash return yield
FY3 PEG	ROE
3m share price volatility	ROCE

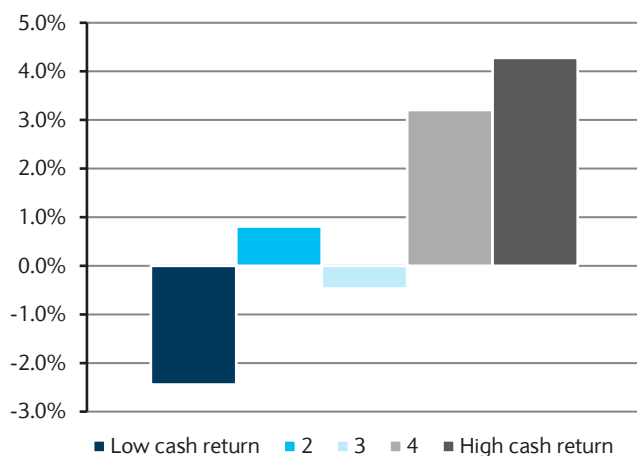
Source: Refinitiv, MSCI, Barclays Research

We have charted the relationship between an isolated factor and share price performance. We start by ranking all the stocks in the MSCI Global Consumer Staples Index by a factor, and then dividing them into quintiles (re-ranking and re-quintiling every quarter). We then look at the excess total return that the shares within each quintile deliver vs. the (MSCI Global Consumer Staples) index 2Q08-2Q19.

We then depict this graphically in two separate ways. Firstly via a column chart. Note that because this is done on an equally weighted basis, and equal-weight indices tend to outperform market cap-weighted indices, the bars will not appear to be symmetrically distributed around 0. Secondly we chart the cumulative total performance of top and bottom quintiles vs the MSCI Global Consumer Staples index (with quarterly rebalancing).

FIGURE 9

FCF/tangible fixed assets

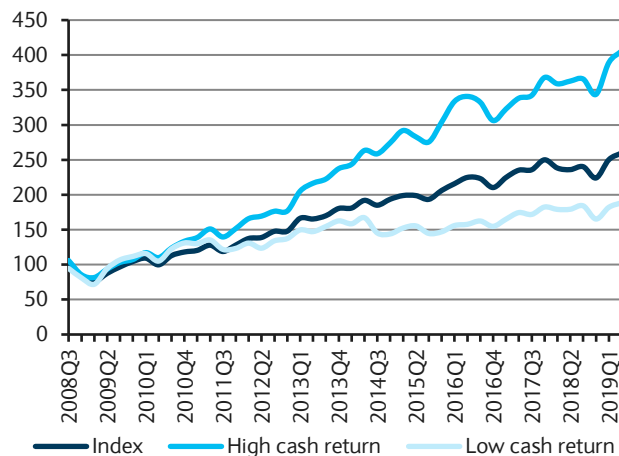


Source: Refinitiv, MSCI, Barclays Research.

Cumulative quintile total return – cumulative index total return (annualised)

FIGURE 10

FCF/tangible fixed assets



Source: Refinitiv, MSCI, Barclays Research

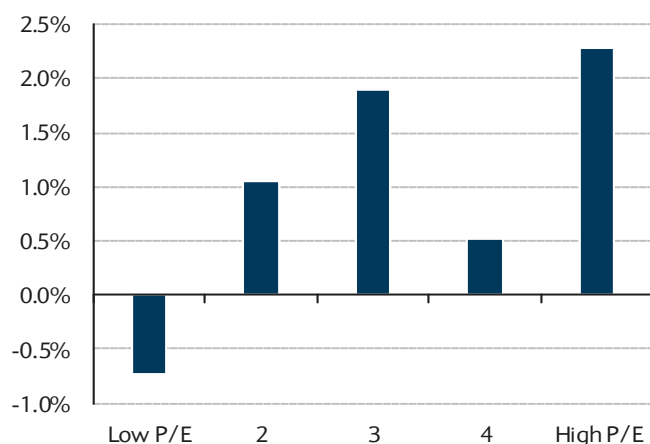
Total return indexed at 100 as of start 3Q08

We see the strongest correlation between a factor and share price performance when looking at free cash flow/tangible fixed assets. We view this as a more nuanced model of returns than ROCE (which our model drops as a factor) because it is not impacted by goodwill or similar on the balance sheet, and because it takes into account cash conversion. It is essentially a measure of the cash generation of a company's physical assets (factories, warehouses, depots, etc). Companies with high scores here have significantly outperformed the index in recent years.

There are plenty of more surprising results here. Most obviously we've long thought of Consumer Staples as being a P/E sector; it is the dominant valuation methodology in the space. However, P/E has been dropped from our model, it adds little beyond that already provided by other factors. This should not be taken as meaning that P/E is irrelevant, rather that there doesn't appear to be much of a systematic outperformance of high or low P/E stocks in Global Staples once other factors are controlled for.

FIGURE 11

High P/E stocks outperform (risk-adjusted quarterly basis)

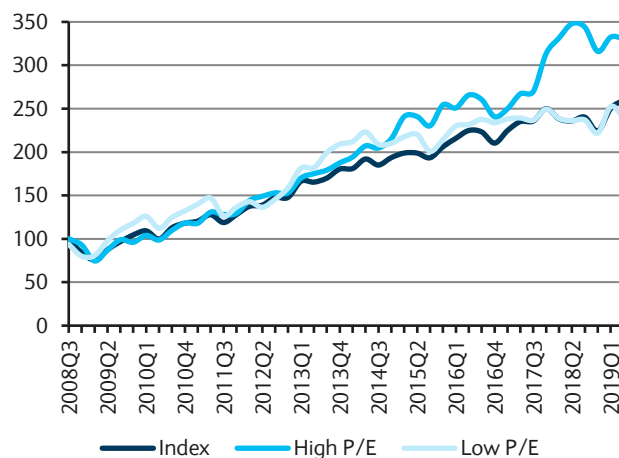


Source: Refinitiv, MSCI, Barclays Research

Cumulative quintile total return – cumulative index total return (annualised)

FIGURE 12

Almost all high P/E outperformance has been recent

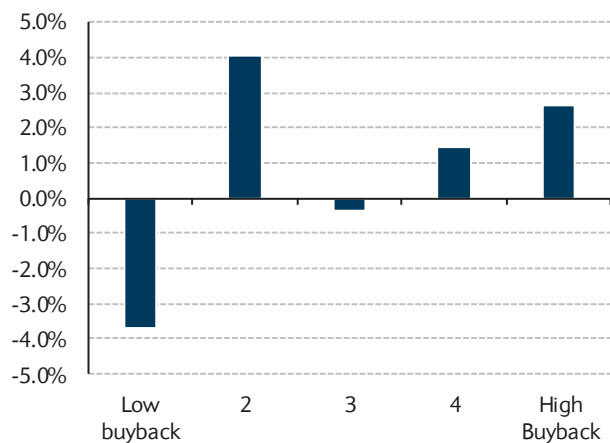


Source: Refinitiv, MSCI, Barclays Research

Total return indexed at 100 as of start 3Q08

We were also surprised by the importance of dividend yield and buyback yield. These two factors combined have a weight of around 25% in our top-quintile stocks. While the importance of dividends within overall equity returns is reasonably well known, the emphasis our model places on buybacks surprises us. One possible explanation is that buybacks are essentially a proxy for highly cash-generative businesses with sound balance sheets; we can well believe that these are structural outperformers.

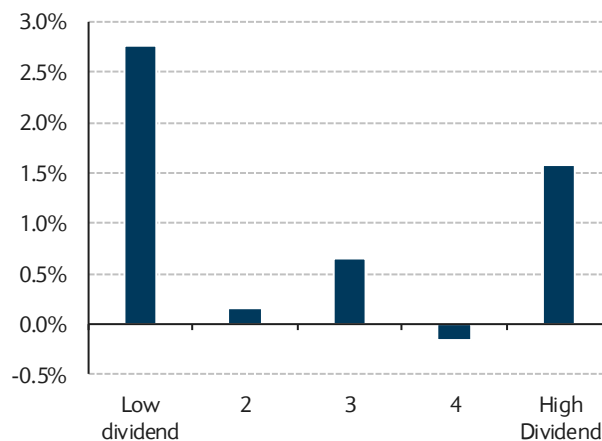
FIGURE 13

Higher buyback stocks generally tend to perform better

Source: Refinitiv, MSCI, Barclays Research

Cumulative quintile total return – cumulative index total return (annualised)

FIGURE 14

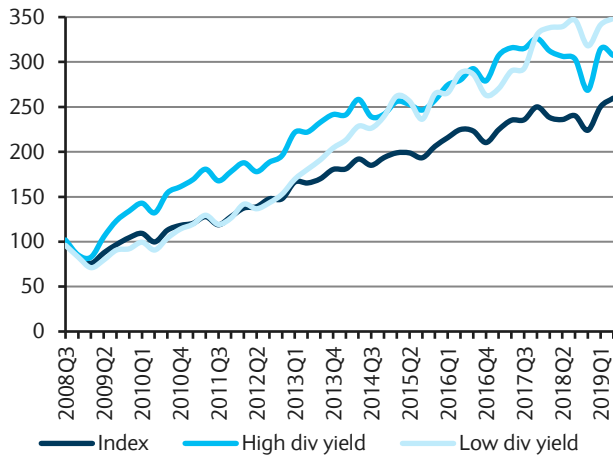
Dividend yield has a non-linear relationship

Source: Refinitiv, MSCI, Barclays Research

Cumulative quintile total return – cumulative index total return (annualised)

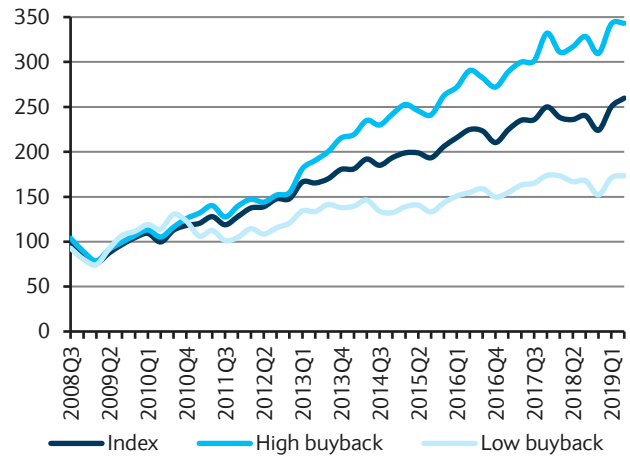
Looking at both buyback yield and dividend yield it's clear that there's a non-linear relationship. While high dividend stocks perform well, so do low dividend names (we assume this is a quality bias). Higher buyback names tend to do well but we are puzzled by the very strong performance seen in the second quartile. These results show risk-adjusted outperformance on an equal-weighted basis (and thus in aggregate can outperform the market cap-weighted index). These factors enjoy a large weighting within our model because they add something that is not provided by other factors. Many factors have messy, non-linear relationships but together they smooth performance.

FIGURE 15

Both high and low dividend yield outperform

Source: Refinitiv, MSCI, Barclays Research
Total return indexed at 100 as of start 3Q08

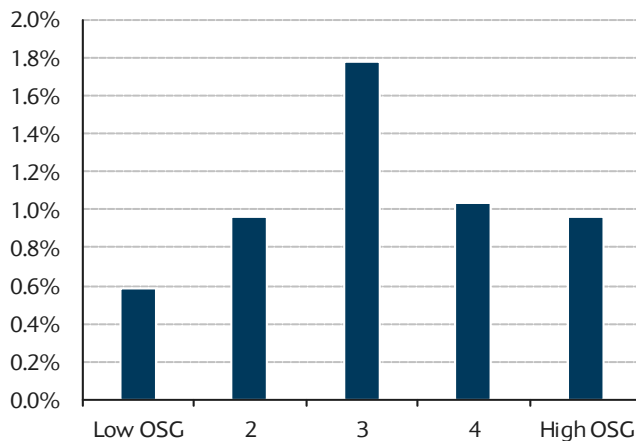
FIGURE 16

High buyback stocks meaningfully outperform

Source: Refinitiv, MSCI, Barclays Research
Total return indexed at 100 as of start 3Q08

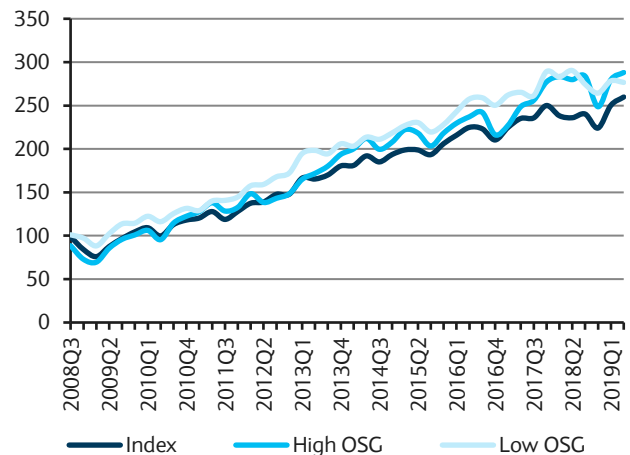
We include year 2 sales growth forecasts as a proxy for Organic Sales Growth. Our data sets do not for the most part capture OSG, but we view year 2 sales growth as a decent proxy for market forecasts of OSG. For the most part sell-side analysts do not forecast any impact from M&A or FX that far out. Organic sales growth has long been highly valued by Consumer Staples investors (apart from a brief period around 2016-17 when the focus pivoted to cost-cutting), and we are not surprised to see it as an important driver of returns.

FIGURE 17

OSG relationship with performance is non-linear

Source: Refinitiv, MSCI, Barclays Research
Cumulative quintile total return – cumulative index total return (annualised)

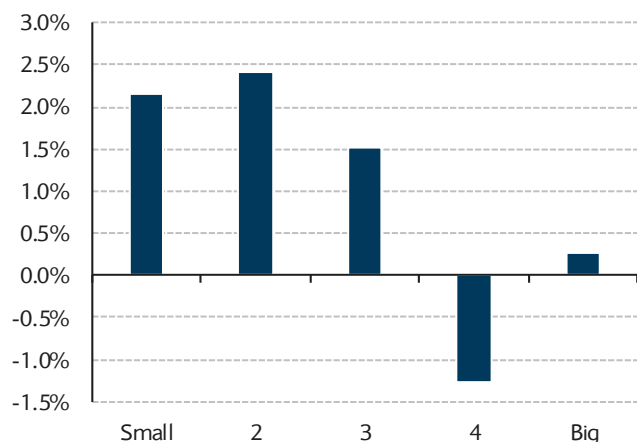
FIGURE 18

Limited distinction between quintile performance

Source: Refinitiv, MSCI, Barclays Research
Total return indexed at 100 as of start 3Q08

Our model prefers smaller companies. The relationship between market cap and long-run performance is non-linear, but overall smaller companies tend to outperform larger ones. This makes some sense to us; it is significantly easier for a smaller company to find a transformational organic or inorganic growth opportunity than it is for a larger one. In addition, there is a reasonably well-documented tendency across most equity markets for smaller companies to outperform. What is interesting is that very large companies don't appear to underperform, even though they are penalised by our model (which assumes a linear relationship for all factors).

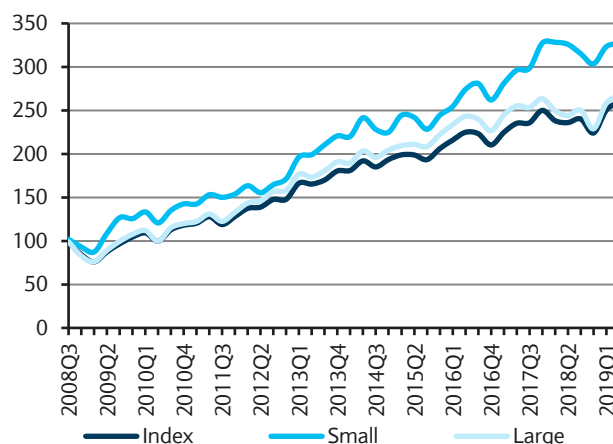
FIGURE 19

Smaller market cap companies tend to outperform

Source: Refinitiv, MSCI, Barclays Research

Cumulative quintile total return – cumulative index total return (annualised)

FIGURE 20

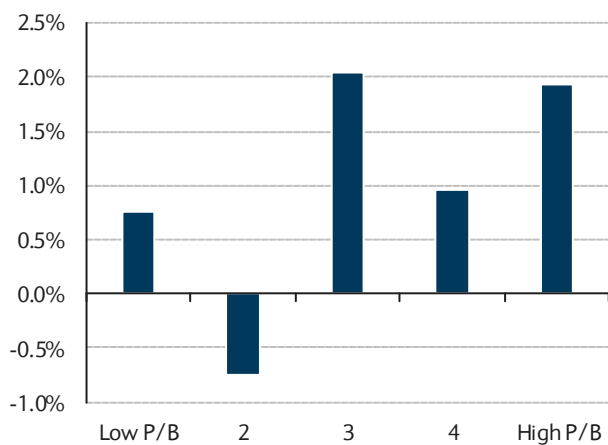
No real evidence of large caps underperforming

Source: Refinitiv, MSCI, Barclays Research

Total return indexed at 100 as of start 3Q08

Our model prefers companies that are expensive on price/book (for technical reasons we calculate this as book value/market cap, where low values are preferred). We're puzzled slightly by this finding. Initially we thought (given that many stocks are on similar P/Es) that it was possible that high price/book was a proxy for a high return on equity. However, on testing return on equity (which was not one of our initial factors), it is a weaker factor than price/book. Perhaps wider quality considerations are at work here (high price/book can represent both a high return on equity and a valuation premium on top).

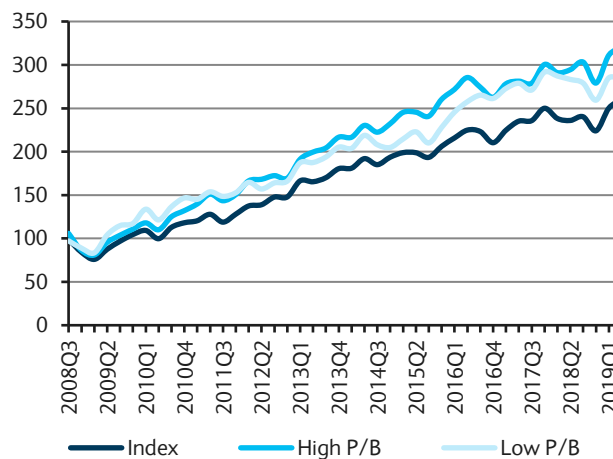
FIGURE 21

Non-linear relationship but high P/B stocks do better

Source: Refinitiv, MSCI, Barclays Research

Cumulative quintile total return – cumulative index total return (annualised)

FIGURE 22

Outperformance of high P/B looks fairly steady

Source: Refinitiv, MSCI, Barclays Research

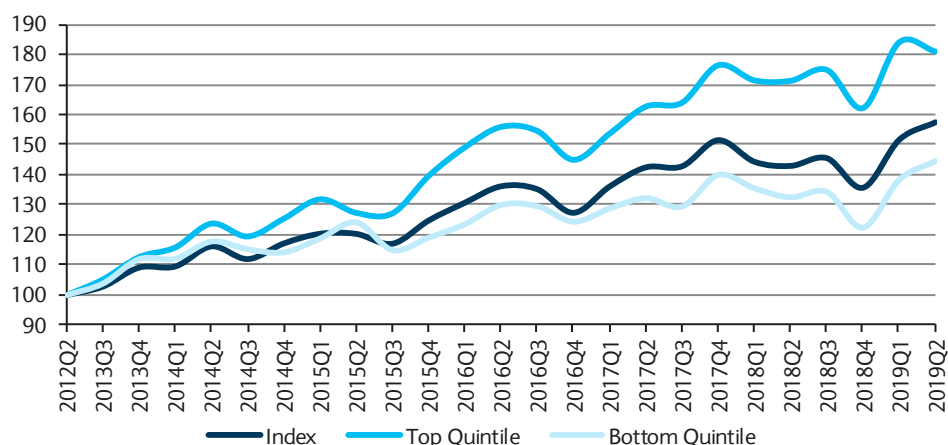
Total return indexed at 100 as of start 3Q08

Model appears to generate sustainable alpha

To test our model's alpha-generation capabilities we first "train" it on five years of data (2Q08-2Q13), then run it from 3Q13 to present day, with quarterly rebalancing. The model learns as it goes from 3Q13 onwards, and periodically adjusts factor weights as the time period it is trained off grows. The top quintile of stocks within our model has outperformed the Global Consumer Staples index by 260bp per annum on average over the period¹.

FIGURE 23

Top and bottom quintile vs index

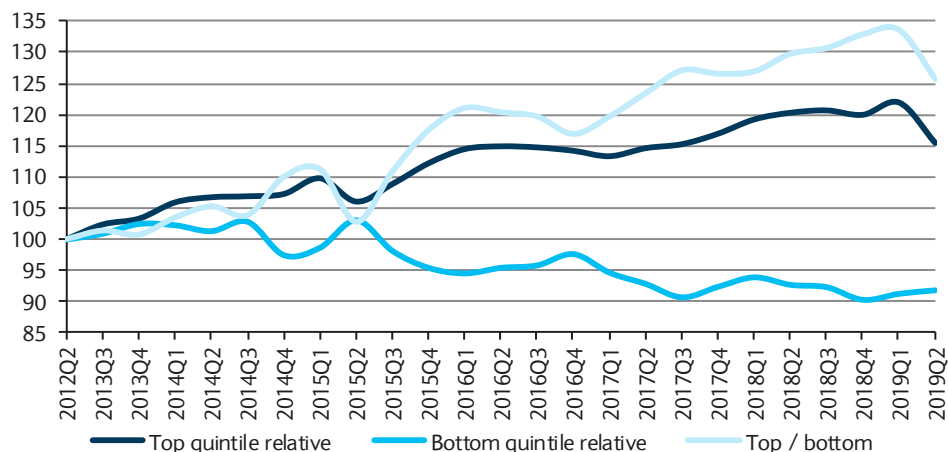


Source: Refinitiv, MSCI, Barclays Research

The bottom quintile of stocks within the index has underperformed by 153bp per annum on average over the period. A long-short strategy of going long the top quintile and short the bottom quintile would have returned 413bp per annum since 2Q13 on average (simplistically assuming no borrow or trading cost).

FIGURE 24

Relative top and bottom-quintile performance



Source: Refinitiv, MSCI, Barclays Research

¹ Past results cannot be viewed as an indicator of future performance.

Current top and bottom-quintile baskets

Our top and bottom-quintile baskets are based on closing values as of the last trading day of 2Q19 (28 June). We would note that these should not be seen as recommendations on individual stocks, as there may well be significant single-stock factors that are not captured in our model. Rather, we believe that an equal-weighted basket of our top-quintile names should for the most part outperform, and that an equal-weighted basket of our bottom-quintile names should for the most part underperform.

FIGURE 25

Top and bottom-quintile names as of end-2Q19 (28 June market close)

Top quintile	Bottom quintile
Altria	Aeon
Barry Callebaut	Alimentation Couche-Tard
Brown-Forman	ABI
Church & Dwight	Campbell
Clorox	Carrefour
Coca-Cola Bottlers Japan	Casino
Colgate	Coca Cola
Hershey	Conagra
Imperial Brands	Costco
Ingredion	Coty
Japan Tobacco	Golden Agri-Resources
Kobayashi Pharmaceutical	Heineken
Ahold Delhaize	Meiji Holdings
Kose	Nestle
Kroger	Nissin Foods
McCormick	PepsiCo
Monster Beverage	P&G
Reckitt Benckiser	Seven & i Holdings
Sundrug	Tesco
Swedish Match	Walmart
Sysco	Wilmar
A2 Milk	Woolworths
Treasury Wine Estates	Yamazaki Baking
Walgreen Boots	

Source: Refinitiv, MSCI, Barclays Research

We will update these names shortly based on closing values as of the last trading day of 3Q19, but provide the current lists for completeness. Typically, we expect around five names to move in and out of both our top and bottom-quintile baskets each quarter.

Model limitations

Our model's predictive power for an individual security at any point in time is limited. Rather, the model outperforms on aggregate for large numbers of securities over the test period. Whilst the top-ranked quintile of securities on average outperforms the index by 64bp a quarter, the likelihood of any individual security outperforming is only 51%. Similarly, an individual security in the lowest-scoring quintile underperforms 51% of time. The single best-scoring security outperforms in just 15 of 44 quarters.

While we expect our top quintile to outperform the MSCI Global Consumer Staples Index and our bottom quintile to underperform longer-term, this will be with volatility, and not every year or even every quarter. 2Q19 is an example of this; we saw a meaningful rotation towards value and away from quality in Global Staples and our top quintile underperformed by c.500bp.

We train our model since 2008, to incorporate the behaviour across a cycle. Regime change in the behaviour of factors could occur, which would alter the effectiveness of the model. Training on only recent data presents its own flaws, not just the limited sample size but also overtraining to current market conditions in the cycle. More discussion on stationarity of factors can be found in our accompanying methodology report published today, *Quantamental factors for Consumer Staples*.

ANALYST(S) CERTIFICATION(S):

We, Iain Simpson and Ben McSkelly, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Materially Mentioned Stocks (Ticker, Date, Price)

Ahold Delhaize (AD.AS, 24-Sep-2019, EUR 22.60), Equal Weight/Neutral, B/CD/J
 Alimentation Couche-Tard Inc. (ATD-B.TO, 24-Sep-2019, CAD 82.78), Overweight/Neutral, CD/D/J/K/L/M/N/U
 Altria Group Inc. (MO, 24-Sep-2019, USD 40.73), Overweight/Neutral, A/CD/CE/D/J/K/L/M
 Anheuser-Busch InBev (ABI.BR, 24-Sep-2019, EUR 85.34), Underweight/Neutral, A/CD/CE/D/J/K/L/M/N
 Barry Callebaut (BARN.S, 24-Sep-2019, CHF 2026.00), Overweight/Neutral, J
 Brown-Forman (BFb, 24-Sep-2019, USD 63.18), Equal Weight/Neutral, CD/J/K/M/N
 Campbell Soup (CPB, 24-Sep-2019, USD 46.15), Underweight/Neutral, CD/CE/D/E/J/K/L/M
 Carrefour (CARR.PA, 24-Sep-2019, EUR 16.04), Equal Weight/Neutral, CD/D/J/K/L/M/N
 Casino (CASP.PA, 24-Sep-2019, EUR 46.35), Underweight/Neutral, CD/J
 Church & Dwight Co., Inc. (CHD, 24-Sep-2019, USD 73.84), Underweight/Neutral, CD/CE/J/K/N
 Clorox Company (CLX, 24-Sep-2019, USD 151.00), Underweight/Neutral, CD/CE/J/K/M/N
 Colgate-Palmolive (CL, 24-Sep-2019, USD 72.49), Equal Weight/Neutral, A/CD/CE/D/J/K/L/M
 Conagra Brands (CAG, 24-Sep-2019, USD 29.56), Overweight/Neutral, A/CD/CE/D/J/K/L/M
 Costco Wholesale Corp. (COST, 24-Sep-2019, USD 287.91), Equal Weight/Neutral, CD/CE/D/J/K/L/M/N
 Coty Inc. (COTY, 24-Sep-2019, USD 10.42), Equal Weight/Neutral, CD/CE/J/K/M
 Heineken NV (HEIN.AS, 24-Sep-2019, EUR 98.10), Overweight/Neutral, CD/D/E/J/K/L/M/N
 Imperial Brands Plc (IMB.L, 24-Sep-2019, GBp 2020), Overweight/Neutral, A/D/J/K/L/M/N/Q
 Japan Tobacco Inc. (JAPAY, 24-Sep-2019, USD 10.86), Underweight/Neutral, CD/J/K/N
 Kroger Co. (KR, 24-Sep-2019, USD 25.81), Equal Weight/Neutral, CD/CE/J
 McCormick & Co. (MKC, 24-Sep-2019, USD 159.84), Equal Weight/Neutral, CD/CE/J
 Nestle SA (NESN.S, 24-Sep-2019, CHF 108.20), Overweight/Neutral, CD/D/E/J/K/L/M/N
 PepsiCo Inc. (PEP, 24-Sep-2019, USD 135.36), Equal Weight/Neutral, A/CD/CE/D/J/K/L/M
 Procter & Gamble (PG, 24-Sep-2019, USD 123.61), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M

IMPORTANT DISCLOSURES CONTINUED

Reckitt Benckiser Group PLC (RB.L, 24-Sep-2019, GBp 6360), Overweight/Neutral, CD/J/K/M/N
 Swedish Match (SWMA.ST, 24-Sep-2019, SEK 402.70), Overweight/Neutral, CD/FA/J
 SYSCO Corp. (SYY, 24-Sep-2019, USD 78.61), Equal Weight/Neutral, CD/CE/D/J/K/L/M/N
 Tesco (TSCO.L, 24-Sep-2019, GBP 2.40), Overweight/Neutral, A/CD/D/E/J/K/L/M/N/Q
 The Coca-Cola Company (KO, 24-Sep-2019, USD 54.30), Overweight/Neutral, A/CD/CE/D/J/K/L/M/N
 The Hershey Company (HSY, 24-Sep-2019, USD 155.66), Equal Weight/Neutral, CD/CE/J
 Walgreens Boots Alliance (WBA, 24-Sep-2019, USD 53.63), Equal Weight/Neutral, CD/CE/J/K/N
 Walmart Inc. (WMT, 24-Sep-2019, USD 118.40), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N/R
Non-covered Stocks (Ticker, Date, Price)
 A2 MILK CO LTD (ATM.NZ, 24-Sep-2019, NZD 12.25, Google), J
 AEON CO LTD (8267.T, 24-Sep-2019, JPY 2, Google), A/CD/D/J/K/L/M
 COCA-COLA BOTTLERS JAPAN HOL (2579.T, 24-Sep-2019, JPY 2451, Google), CD/J
 GOLDEN AGRI-RESOURCES LTD (GAGR.SI, 24-Sep-2019, SGD 0.24, Google), D/J/K/L/M
 INGREDION INC (INGR, 24-Sep-2019, USD 80.47, Google), CD/J
 KOBAYASHI PHARMACEUTICAL CO (4967.T, 24-Sep-2019, JPY 8500, Google), J
 KOSE CORP (4922.T, 24-Sep-2019, JPY 18940, Google), J
 MEIJI HOLDINGS CO LTD (2269.T, 24-Sep-2019, JPY 7970, Google), CD/J/K/N
 MONSTER BEVERAGE CORP (MNST, 24-Sep-2019, USD 59.12, Google), CE/J
 NISSIN FOODS HOLDINGS CO LTD (2897.T, 24-Sep-2019, JPY 7890, Google), J
 SEVEN & I HOLDINGS CO LTD (3382.T, 24-Sep-2019, JPY 4208, Google), CD/J
 SUNDRUG CO LTD (9989.T, 24-Sep-2019, JPY 3540, Google), J
 TREASURY WINE ESTATES LTD (TWE.AX, 24-Sep-2019, AUD 18.24, Google), J
 WILMAR INTERNATIONAL LTD (WLIL.SI, 24-Sep-2019, SGD 3.75, Google), CD/D/J/K/L/M
 WOOLWORTHS GROUP LTD (WOW.AX, 24-Sep-2019, AUD 37.70, Google), CD/J
 YAMAZAKI BAKING CO LTD (2212.T, 24-Sep-2019, JPY 1944, Google), J

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

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European Consumer Staples

A.G. Barr PLC (BAG.L)

Altria Group Inc. (MO)

Anheuser-Busch InBev (ABIBR)

Associated British Foods (ABF.L)

Bakkavor (BAKK.L)

Barry Callebaut (BARN.S)

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Beiersdorf AG (BEIG.DE)	British American Tobacco Plc (BATS.L)	Britvic PLC (BVIC.L)
Carlsberg AS-B (CARLB.CO)	Chr. Hansen Holding A/S (CHRH.CO)	Coca-Cola Hellenic BC AG (CCH.L)
Danone (DANO.PA)	Davide Campari-Milano SpA (CPRI.MI)	Diageo PLC (DGE.L)
Essity (ESSITYb.ST)	Glanbia PLC (GL9.I)	Greencore Group PLC (GNC.L)
Heineken NV (HEIN.AS)	Henkel (HNKG_p.DE)	Imperial Brands Plc (IMB.L)
Japan Tobacco Inc. (JAPAY)	Kerry Group PLC (KYGa.L)	L'Oréal SA (OREP.PA)
Lindt & Spruengli (LISN.S)	Nestle SA (NESN.S)	Ontex Group (ONTEX.BR)
Pernod-Ricard SA (PERP.PA)	Philip Morris International Inc. (PM)	Reckitt Benckiser Group PLC (RB.L)
Rémy Cointreau (RCOP.PA)	Swedish Match (SWMA.ST)	Tate & Lyle PLC (TATE.L)
Unilever NV (UNA.AS)	Unilever PLC (ULVR.L)	
European Food Retail		
Ahold Delhaize (AD.AS)	Carrefour (CARR.PA)	Casino (CASP.PA)
Colruyt (COLR.BR)	DIA (DIDA.MC)	ICA GRUPPEN AB (ICAA.ST)
Jeronimo Martins (JMT.LS)	Metro AG (B4B.DE)	Morrison (MRW.L)
Ocado (OCDO.L)	Rallye (GENC.PA)	Sainsbury (J) plc (SBRY.L)
Sonae (YSO.LS)	Tesco (TSCO.L)	
North America Food & Staples Retailing		
Alimentation Couche-Tard Inc. (ATD-B.TO)	Big Lots, Inc. (BIG)	BJ's Wholesale Club Holdings, Inc. (BJ)
Casey's General Stores Inc (CASY)	Costco Wholesale Corp. (COST)	Dollar General Corporation (DG)
Dollar Tree Inc (DLTR)	Dollarama Inc. (DOL.TO)	Empire Co., Ltd. (EMP-A.TO)
Five Below, Inc. (FIVE)	Grocery Outlet Holding Corp (GO)	Kroger Co. (KR)
Loblaw Cos., Ltd. (L.TO)	Metro Inc. (MRU.TO)	SpartanNash Co (SPTN)
Sprouts Farmers Market Inc (SFM)	Target Corp. (TGT)	United Natural Foods, Inc. (UNFI)
Walmart Inc. (WMT)		
U.S. CHPC & Beverages		
Avon Products (AVP)	Brown-Forman (BFb)	Church & Dwight Co., Inc. (CHD)
Clorox Company (CLX)	Coca-Cola European Partners PLC (CCE.AS)	Coca-Cola European Partners PLC (CCEP)
Colgate-Palmolive (CL)	Constellation Brands (STZ)	Coty Inc. (COTY)
Edgewell Personal Care Company (EPC)	Energizer Holdings, Inc (ENR)	International Flavors & Fragrances (IFF)
Keurig Dr Pepper (KDP)	Kimberly-Clark Corp. (KMB)	Molson Coors Brewing Company (TAP)
Newell Brands Inc. (NWL)	PepsiCo Inc. (PEP)	Procter & Gamble (PG)
The Coca-Cola Company (KO)	The Estée Lauder Companies (EL)	
U.S. Food		
B&G Foods (BGS)	Campbell Soup (CPB)	Conagra Brands (CAG)
General Mills (GIS)	Hain Celestial (HAIN)	Kellogg Co. (K)
Lamb Weston Holdings, Inc. (LW)	McCormick & Co. (MKC)	Mondelez International (MDLZ)
Nomad Foods Ltd. (NOMD)	Post Holdings, Inc. (POST)	The Hershey Company (HSY)
The J.M. Smucker Company (SIM)	The Kraft Heinz Company (KHC)	TreeHouse Foods (THS)
U.S. Health Care Services		
Align Technology (ALGN)	Amedisys, Inc. (AMED)	American Renal Associates Holdings Inc. (ARA)
AmerisourceBergen Corp. (ABC)	Anthem (ANTM)	Brookdale Senior Living Inc. (BKD)
Capital Senior Living Corporation (CSU)	Cardinal Health (CAH)	CareTrust REIT, Inc. (CTRE)
Centene (CNC)	Cerner (CERN)	Cigna (CI)
Community Health Systems Inc. (CYH)	CVS Health (CVS)	DaVita Inc. (DVA)
Dentsply Sirona (XRAY)	Diplomat Pharmacy Inc. (DPLO)	Encompass Health Corp. (EHC)
HCA Healthcare, Inc. (HCA)	HCP, Inc. (HCP)	Henry Schein (HSIC)
Humana (HUM)	LHC Group, Inc. (LHCG)	McKesson (MCK)

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Medical Properties Trust Inc. (MPW)	Molina Healthcare (MOH)	Owens & Minor (OMI)
Patterson Companies (PDCO)	Premier Inc. (PINC)	Sabra Health Care REIT, Inc. (SBRA)
Select Medical Holdings Corporation (SEM)	Tenet Healthcare Inc. (THC)	UnitedHealth Group (UNH)
Universal Health Services Inc. (UHS)	Ventas, Inc. (VTR)	Walgreens Boots Alliance (WBA)
WellCare Health Plans (WCG)	Welltower, Inc. (WELL)	

U.S. Restaurants

BJ's Restaurants Inc (BJRI)	Bloomin' Brands, Inc. (BLMN)	Brinker International (EAT)
Chipotle Mexican Grill, Inc. (CMG)	Darden Restaurants (DRI)	Dine Brands Global (DIN)
Domino's Pizza (DPZ)	Dunkin' Brands Group (DNKN)	Jack in the Box Inc. (JACK)
McDonald's Corp. (MCD)	Performance Food Group Co. (PFGC)	Restaurant Brands International (QSR)
Shake Shack Inc. (SHAK)	Starbucks Corp. (SBUX)	SYSCO Corp. (SYY)
Texas Roadhouse, Inc. (TXRH)	The Cheesecake Factory (CAKE)	The Wendy's Company (WEN)
US Foods Holdings Corp (USFD)	Wingstop Inc. (WING)	Yum! Brands Inc. (YUM)

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