



## U.S. RESEARCH AT A GLANCE

January 22, 2024

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## Premium Research

Matthew McKellar, CFA (Analyst)  
(403) 476-9042; matthew.mckellar@rbccm.com

### Paper, Packaging & Forest Products

Published January 21 2024 13:09:21 EST

#### The Continuous Digester - What we learned this week

**Lumber modestly lower, OSB flat w/w.** According to Random Lengths ("RL"), the Framing Lumber Composite decreased \$2 w/w to \$399 while the OSB Composite remained flat w/w at \$430. For next week, RBC Elements™ forecasts that the RL Framing Lumber Composite will decrease \$5 w/w to \$394 and that the RL OSB Composite will tick up \$3 w/w to \$433.

Sara Mahaffy, CFA (Analyst)  
(212) 618-7507; sara.mahaffy@rbccm.com

### RBC ESG Stratify™: ESG Regulatory Watch

Published January 22 2024 05:13:34 EST

#### Feedback To SFDR Consultation, Climate Disclosure Requirements, Green Product Claims, TNFD Adopters

**About This Report:** The ESG Regulatory Watch is our monthly report where we highlight important policy developments (as well as advancements in voluntary standards) impacting the sustainable investing space. In this month's edition we spotlight public feedback to the EU's consultation on SFDR, Australia's draft legislation around mandatory climate reporting requirements, TNFD early adopters, and EU regulatory developments targeting greenwashing in sustainable product claims.

## Rating Revisions

Craig Wong-Pan (Analyst)  
612 9033 3189; craig.wong-pan@rbccm.com  
Rita Fung (Associate)  
612 9033 3037; rita.fung@rbccm.com

### Australian healthcare: 2024 outlook - earnings momentum likely to turn

Published January 21 2024 13:11:49 EST

#### Australian Clinical Labs Limited (ASX: ACL; 2.98)

Rating: **Outperform** (prev: Sector Perform)  
Price Target: **3.75** ↓ 4.00

#### Capitol Health Ltd (ASX: CAJ; 0.24)

Rating: **Sector Perform** (prev: Outperform)  
Price Target: **0.25** ↓ 0.26

#### Cochlear Ltd (ASX: COH; 298.13)

Rating: **Underperform** (prev: Sector Perform)  
Price Target: **219.00** ↓ 236.00

#### Fisher & Paykel Healthcare Corp Ltd (NZSE: FPH; 23.37)

Rating: **Underperform** (prev: Sector Perform)  
Price Target: **20.00** ↓ 22.00

#### Regis Healthcare Ltd (ASX: REG; 3.10)

Rating: **Outperform** (prev: Sector Perform)  
Price Target: **3.90** ↑ 2.65

**Our view:** After a year of disappointing earnings updates and heightened awareness of competitive threats, we believe investor sentiment towards the Australian healthcare sector is at very low levels. However, with our expectations for robust revenue growth and costs coming under control in 2024, we believe the



sector could re-rate as investors follow positive earnings growth and momentum. In this note we upgrade ACL and REG to OP ratings, downgrade COH and FPH to UP, and downgrade CAJ to SP. Our preferred picks in the sector are RHC, SHL, REG and ACL. Our least preferred stocks in the sector are COH and FPH. We revise our PTs by -7% on average to reflect updates to our forecasts and a higher risk free rate used in our DCF valuations.

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## Earnings Preview

### Matthew Hedberg (Analyst)

(612) 313-1293; matthew.hedberg@rbccm.com

### Matthew Swanson (Analyst)

(612) 313-1237; matthew.swanson@rbccm.com

### Dan Bergstrom (Analyst)

(612) 313-1254; dan.bergstrom@rbccm.com

### Anushtha Mittal, CFA (Associate)

(347) 637-0003; anushtha.mittal@rbccm.com

### Simran Biswal (Associate)

(646) 618-6894; simran.biswal@rbccm.com

### Rishi Jaluria (Analyst)

(415) 633-8798; rishi.jaluria@rbccm.com

## Q4/23 On-Quarter Software Earnings Preview; Overall We Expect Solid Results

Published January 21 2024 21:13:01 EST

### Survey says...we expect solid results with some Q4 budget flush

**Our view:** Based on checks, we expect solid December results that likely benefit from some end of year budget flush and for the most part, in-line CY/24 guidance. That said, with the IGV software ETF +27% since the end of October, have investors already been paid for results and might we see some early year black ice? Similar to our 2024 preview, we remain bullish on the LT power of software and believe it will be a stock picker's year. While IT spending trends could be uneven, we believe they have generally stabilized, GenAI has the opportunity to drive a new wave of LT innovations and for the most part, we think estimates remain reasonable while expectations remain somewhat elevated.

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### Ashish Sabadra (Analyst)

(415) 633-8659; ashish.sabadra@rbccm.com

### Patrick Jackson (Associate)

(646) 618-6963; patrick.jackson@rbccm.com

### David Paige (Associate)

(212) 847-8703; david.paige@rbccm.com

## Clarivate PLC (NYSE: CLVT; 9.22)

Published January 19 2024 16:52:01 EST

### 4Q23 Preview: Lingerin Headwinds; Expect a Return to Growth in FY24

**Rating:**                **Sector Perform**

**Price Target:**    **10.00 ↑ 8.00**

**Our view:** Organic growth should improve in FY24 driven by easier y/y comps, university wins and implementation revenues in A&G, lawyer wins and USPTO contracts in IP, and improved budgets and funding driving LS&H growth. However, we estimate ~2% occ FY24 revenue growth, below the consensus estimate of ~3% occ. In addition, ProQuest synergies anniversary, modest organic growth, and investments could result in flat y-o-y margins (vs. consensus of +50bps Y/Y). FCF should improve in FY24, and CLVT could de-lever to ~3.5x by the end of FY24. We don't expect material divestiture. Lastly, we monitor the mandatory preferred shares conversion (06/01).

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### Ken Herbert (Analyst)

(415) 633-8583; ken.herbert@rbccm.com

### Stephen Strackhouse (Associate)

(212) 905-5943; stephen.strackhouse@rbccm.com

## 4Q23 Aerospace & Defense preview

Published January 21 2024 22:15:25 EST

### Expect cautious aero OE outlook, strong AM, defense conviction low

**Our view:** Aerospace & Defense (A&D) 4Q23 earnings kick-off on Tuesday, January 23 with results from GE, LMT and RTX. The focus will be on the respective 2024 outlooks. We believe the Boeing MAX 9 grounding will limit 2024 outlooks, even as 4Q23 aerospace results should be strong. We believe investors will continue to view the commercial AM stocks (GE, HEI, TDG) as safe havens, and we believe the AM will be a source of significant upside in 4Q23 results. The outlook for defense stocks remains uncertain as long as we are operating under a CR (now extended into March). The defense stocks do not necessarily reflect the elevated geopolitical risk, but the value of this optionality is offset against a backdrop of



limited top-line growth, budget uncertainty, and continued risk to the pace of margin improvement. The demand environment for both aerospace and defense markets is strong, although we expect aircraft order activity in 2024 to moderate, the aftermarket to continue to normalize, and defense budgets to remain flat to up LSD. For the large cap stocks, into the 4Q23 results we like GE, GD and TDG. We are most cautious on BA, RTX and SPR.

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**Michael Harvey, P.Eng. (Analyst)**  
(403) 299-6998; michael.harvey@rbccm.com

### Canadian E&P Perspectives

Published January 22 2024 00:15:00 EST

#### Q4/23 Preview: Navigating Gas Headwinds

**Our view:** Q4/23 reporting season will kick off on February 8 with ARC Resources reporting after market close. Key themes to watch during the upcoming reporting cycle include free cash outlook, impact on RoC programs (with liquids producers having an advantage at strip prices), and formalized capital budgets/revisions in the context of lower natural gas prices. Reserves will also be released in tandem; we anticipate organic reserves to be up slightly (0–5%), as 2023 capital programs were generally disciplined, with some cost inflation weighing in.

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**Nik Modi (Analyst)**  
(212) 905-5993; nik.modi@rbccm.com  
**Chris Peters (Associate)**  
(212) 437-1948; chris.peters@rbccm.com  
**Clark Lee (Associate)**  
(212) 301-1477; clark.lee@rbccm.com

### Kimberly-Clark Corporation (NYSE: KMB; 122.77)

Published January 22 2024 00:15:00 EST

#### 4Q'23 Preview – Top line more at risk than EBIT margin; expecting conservative '24 guidance

**Rating:**                      **Sector Perform**  
**Price Target:**    **125.00**

**Our view:** We see potential for KMB to miss the consensus topline bar this quarter, but we think that operating margin guidance can still be met given a conservative outlook and margin momentum year-to-date. Channel checks indicate that the fire at KMB's Beech Island, SC plant in October has impacted its business, putting Scott and Cottonelle on some sort of allocation. Diapers are also struggling, but sun care and Kleenex are in better shape.

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**Nik Modi (Analyst)**  
(212) 905-5993; nik.modi@rbccm.com  
**Chris Peters (Associate)**  
(212) 437-1948; chris.peters@rbccm.com  
**Clark Lee (Associate)**  
(212) 301-1477; clark.lee@rbccm.com

### The Procter & Gamble Company (NYSE: PG; 148.14)

Published January 19 2024 13:37:32 EST

#### F2Q'24 Preview - Expect Topline Pressures; Buyside Already Below Sell-Side

**Rating:**                      **Sector Perform**  
**Price Target:**    **156.00**

**Our view:** While PG shares were strong throughout much of 2023, recent performance has wavered, and PG's valuation premium vs. peers has narrowed as mgmt. struck a more cautious tone intra quarter. Relative to recent history, we see some of the lowest expectations in several quarters and believe buy-side expectations are below current consensus already. We expect softer organic sales relative to consensus with slower US trends, a material drag from China and solid but slower growth in other international markets. For the rest of the year, we see pressure to organic targets with cons. at the high end.

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## Company Comments

**Jon G. Arfstrom (Analyst)**  
(612) 373-1785; jon.arfstrom@rbccm.com

### Ally Financial Inc (NYSE: ALLY; 35.57)

Published January 19 2024 18:09:42 EST



**Billy Young, CFA (Associate)**  
(212) 602-5248; billy.young@rbccm.com  
**Karl Shepard, CFA (Associate)**  
(612) 371-2709; karl.shepard@rbccm.com

**4Q Adjusted EPS \$0.45 – Steady fundamentals. Expect margin expansion to drive earnings in '24 and '25.**

**Rating:** Outperform  
**Price Target:** 40.00

**Our view:** We are recapping 4Q earnings. Fundamentals were stable with expected seasonal headwinds on auto credit. The margin saw manageable pressure and loans were down modestly in part from an auto loan sale. We continue to see the outlook as favorable and the margin is expected to see improvement in 2024. On credit, management appears confident that core trends will be controlled. Adjusting estimates.

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**Kenneth S. Lee (Analyst)**  
(212) 905-5995; kenneth.s.lee@rbccm.com

**Ameriprise Financial, Inc.** (NYSE: AMP; 374.88)  
Published January 19 2024 16:26:44 EST

**Previewing 4Q23; updating our estimates**

**Rating:** Outperform  
**Price Target:** 420.00 ↑ 410.00

**Our view:** We provide a few thoughts previewing AMP's 4Q23 earnings (company is scheduled to report on January 24), and we are fine-tuning our estimates to reflect updated market returns and comp-related G&A expense assumptions. Maintain Outperform as we continue to like the strong fundamentals within A&WM and the capital return story. Revising PT to \$420 (from \$410).

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**Jon G. Arfstrom (Analyst)**  
(612) 373-1785; jon.arfstrom@rbccm.com  
**Billy Young, CFA (Associate)**  
(212) 602-5248; billy.young@rbccm.com  
**Karl Shepard, CFA (Associate)**  
(612) 371-2709; karl.shepard@rbccm.com

**Comerica Incorporated** (NYSE: CMA; 52.60)  
Published January 19 2024 18:32:01 EST

**4Q core EPS \$1.46 – Reasonable core results. Margin and NII inflection likely in early to mid-2024.**

**Rating:** Outperform  
**Price Target:** 63.00

**Our view:** We are recapping 4Q23 results. Overall, while a noisy quarter, core results were reasonable to us, and it is notable the margin expanded and appears on track to stabilize moving forward. Other fundamentals were consistent with expectations, with modestly lower fees, higher expenses, and manageable credit trends as key highlights. Beyond some expected 1Q seasonal pressures, the margin and net interest income appear likely to stabilize and grow as we progress through 2024. Adjusting estimates.

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**Gerard Cassidy (Analyst)**  
(207) 780-1554; gerard.cassidy@rbccm.com  
**Thomas Leddy (Associate)**  
(207) 780-1554; thomas.leddy@rbccm.com  
**Forrest Hamilton (Associate)**  
(207) 780-1554; forrest.hamilton@rbccm.com

**Fifth Third Bancorp** (NASDAQ: FITB; 34.21)  
Published January 19 2024 17:06:11 EST

**4Q23: Though the Bengals May Have Fizzled-Out, FITB is Just Hitting its Stride**

**Rating:** Outperform  
**Price Target:** 38.00 ↑ 35.00

**Our view:** FITB delivered good performance in 4Q23 in an uncertain environment. It remains well-capitalized with a CET1 ratio of 10.3% and continued its pause of share repurchases to maintain its strong capital levels given the uncertainty in the regulatory and economic outlook. Deposit mix will be important over the next 12-18 months, and we expect FITB to shine during this period. On credit, unlike in 2008-09, we expect FITB to be a top performer going forward. Lastly, shareholder wealth creation will be aided by the accretion to TBV from AOCI (Accumulated



Other Comprehensive Income) over the next 2-3 years.

**Jon G. Arfstrom (Analyst)**  
(612) 373-1785; jon.arfstrom@rbccm.com  
**Billy Young, CFA (Associate)**  
(212) 602-5248; billy.young@rbccm.com  
**Karl Shepard, CFA (Associate)**  
(612) 371-2709; karl.shepard@rbccm.com

**Huntington Bancshares Incorporated** (NASDAQ: HBAN; 12.72)  
Published January 19 2024 17:04:53 EST

**4Q23 core EPS \$0.27 – Consistent core results. Margin trough in 1Q24. Accelerating loan growth.**

**Rating:** Outperform  
**Price Target:** 15.00

**Our view:** We are recapping 4Q results. Although a noisier quarter with several one-time items, at the core, we believe results were solid and consistent with expectations, with manageable headwinds to the margin and core expenses. Further, the 2024 outlook was introduced and also appears to be generally consistent with our views. Importantly, management appears confident that the NIM and spread revenues can bottom in 1Q24 and expand from there. We broadly see the longer-term outlook as consistent and favorable. Adjusting estimates.

**Arun Viswanathan, CFA (Analyst)**  
(212) 301-1611; arun.viswanathan@rbccm.com  
**Adam Hamilton (Associate)**  
(212) 266-4099; adam.hamilton@rbccm.com

**Huntsman Corp** (NYSE: HUN; 23.33)  
Published January 19 2024 13:21:15 EST

**HUN Pre-announces Lower 4QE adj. EBITDA; Lowering Estimates and TP; Maintain SP**

**Rating:** Sector Perform  
**Price Target:** 20.00 ↓ 21.00

**Our view:** We believe investors are perceiving HUN's negative pre-announcement this morning as "de-risking" as the stock is actually flattish/up slightly today on a near 50% cut to Q4 EBITDA. While we expect material cuts to Q4 and 2024-25 estimates, **we would not be buyers at these levels as HUN is fully valued (>15x 2024 EBITDA) at current trading levels and H1/24 is still uncertain** and will likely remain heavily challenged. We also believe other chemicals stocks are at risk for further cuts, especially DOW (Polyurethanes) and LYB (Propylene Oxide), and potentially OLN, WLK (chlorine).

**Kenneth S. Lee (Analyst)**  
(212) 905-5995; kenneth.s.lee@rbccm.com

**Main Street Capital Corporation** (NYSE: MAIN; 44.15)  
Published January 19 2024 18:07:09 EST

**Pre-announced 4Q23; updating our estimates**

**Rating:** Outperform  
**Price Target:** 48.00 ↑ 46.00

**Our view:** We are updating our estimates after MAIN pre-announced preliminary 4Q 2023 results (company is scheduled to report on February 22). Maintain Outperform as we continue to favor MAIN's specialized niche within LMM, position as a debt and equity capital provider and ROE generation potential. We are fine-tuning our PT to \$48 (from \$46).

**Brad Erickson (Analyst)**  
(503) 830-9488; brad.erickson@rbccm.com  
**Logan Reich, CFA (Associate)**  
(646) 618-6870; logan.reich@rbccm.com

**Meta Platforms, Inc.** (NASDAQ: META; 383.45)  
Published January 21 2024 20:35:00 EST

**Relative social media ad load analysis screens positively for META despite TikTok ramping**

**Rating:** Outperform  
**Price Target:** 400.00





**Our view:** A comprehensive social media ad load, traffic and CPM update yielded several takeaways: 1) META not pushing core ad load amidst stable Reels ad load & pricing signals positively, 2) TikTok is ramping ad load, particularly on Shops, 3) META & TT did show some further engagement decel in Q4 tho with IG session duration growth remaining solid/stable, 4) SNAP's Spotlight & YouTube Shorts ad load are below META/TT, and 5) China Ecom is unsurprisingly significant across the space with META meaningfully over-indexing vs. TikTok - possibly a function of TT's Shops-heavy approach.

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**Arun Viswanathan, CFA (Analyst)**  
(212) 301-1611; arun.viswanathan@rbccm.com  
**Alina Cellura (Associate)**  
(212) 658-6166; alina.cellura@rbccm.com

**PPG Industries, Inc.** (NYSE: PPG; 141.39)  
Published January 19 2024 17:52:43 EST

**Lower Estimates/Price Target on 1Q and FY24 Guide; Maintain Sector Perform**

**Rating:** Sector Perform  
**Price Target:** 156.00 ↓ 158.00

**Our view:** We slightly lower our 2024 estimates and price target to \$156 from \$158 based on PPG's 2024 guidance. Despite a lower 1Q guide, PPG anticipates ~10% y/y EPS growth in 2024 at the midpoint, and even higher EBIT growth driven by +lsd% price and volume growth, raw material deflation, growth initiatives (\$150M incremental sales in 2023), and cash deployment. We maintain our Sector Perform given the relatively fair valuation (~12x our FY24E EBITDA vs 13x target multiple). *PPG will be attending our Materials Conference in NYC on March 6.*

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**Gerard Cassidy (Analyst)**  
(207) 780-1554; gerard.cassidy@rbccm.com  
**Thomas Leddy (Associate)**  
(207) 780-1554; thomas.leddy@rbccm.com  
**Forrest Hamilton (Associate)**  
(207) 780-1554; forrest.hamilton@rbccm.com

**Regions Financial Corporation** (NYSE: RF; 17.95)  
Published January 19 2024 15:44:44 EST

**4Q23: U.S.S. Regions: Steady as We Go**

**Rating:** Outperform  
**Price Target:** 21.00 ↑ 19.00

**Our view:** RF delivered better-than-expected results driven by higher-than-expected revenue partially offset by a higher-than-expected loan loss provision and expenses. RF actively manages its interest rate risk with a hedging program that is designed to protect its net interest income (NII) in a falling interest rate environment, but the strategy weighs on its NII in a "higher for longer" rate environment. The company remains well capitalized with a Common Equity Tier 1 ratio of 10.2%. As discussed on its earnings call, RF will continue to explore alternatives for its excess capital including share repurchases, asset purchases and securities restructurings.

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**Keith Mackey, CFA (Analyst)**  
(403) 299-6958; keith.mackey@rbccm.com  
**Omar Abdulkhaleq (Associate)**  
(403) 299-6952; omar.abdulkhaleq@rbccm.com

**SLB** (NYSE: SLB; 49.64)  
Published January 19 2024 19:45:47 EST

**4Q23 - Supportive of a new era in energy services**

**Rating:** Outperform  
**Price Target:** 66.00

**Our view:** SLB's 4Q23 results were relatively in line with expectations, but included a 10% dividend bump. We see SLB's 2023 solid results as evidence of a new era for energy services is taking hold. One that is focused on measured growth, free cash flow generation, and return on capital. As such, we continue to see SLB as an attractive way to gain exposure to the space and maintain our Outperform rating



and \$66 price target. SLB is on RBC's Global Energy Best Ideas list.

**Paul Treiber, CFA (Analyst)**  
(416) 842-7811; paul.treiber@rbccm.com

**John Shuter, CFA (Associate)**  
(416) 842-9980; john.shuter@rbccm.com

**Michael Moriyama (Associate)**  
(416) 842-8512; michael.moriyama@rbccm.com

**Shopify Inc.** (NYSE: SHOP; 80.01; TSX: SHOP)

Published January 22 2024 01:14:19 EST

**Data suggests Q4 GMV and MRR momentum**

**Rating:** Outperform

**Price Target:** 100.00

**Our view:** Data from several third-party sources suggests continued strong uptake of Shopify Plus, Pay, and POS during Q4, which implies that MRR growth is likely to meet or exceed consensus expectations. Regarding GMV, U.S. Census Bureau e-commerce data and Shopify's BFCM disclosures suggest possible upside to consensus GMV estimates. We maintain our Outperform rating given Shopify's large TAM, improved profitability, strong product execution, and likelihood of a sustained premium valuation.

**Gerard Cassidy (Analyst)**  
(207) 780-1554; gerard.cassidy@rbccm.com

**Thomas Leddy (Associate)**  
(207) 780-1554; thomas.leddy@rbccm.com

**Forrest Hamilton (Associate)**  
(207) 780-1554; forrest.hamilton@rbccm.com

**State Street Corporation** (NYSE: STT; 75.86)

Published January 19 2024 16:52:25 EST

**4Q23: Favorable Market Conditions Drive Results Higher**

**Rating:** Sector Perform

**Price Target:** 85.00 ↑ 75.00

**Our view:** As a leading global custody bank and IT solution provider, STT continues to win new mandates for its products and services. Today, STT announced a new share repurchase authorization of up to \$5 billion, with no set expiration. We expect STT's combined payout ratio to be ~100% for 2024 and 2025. In addition, if the Federal Reserve were to cut interest rates, we expect STT see an immediate impact to the companies' net interest income, driven by repricing. With a significant buyback expected and STT's positioning relative to rates in 2024 we believe the company is well positioned.

**Scott Heleniak (Analyst)**  
(804) 782-4006; scott.heleniak@rbccm.com

**The Travelers Companies, Inc.** (NYSE: TRV; 198.35)

Published January 19 2024 13:21:38 EST

**Light cat losses and better underlying margins**

**Rating:** Sector Perform

**Price Target:** 210.00 ↑ 185.00

**Our view:** Travelers closed out the year on a high note with notable underlying combined ratio improvement in Personal Insurance the highlight of the quarter. Rate increases remained healthy across the business in Q4 while premium growth was broad-based again across Travelers. This was also one of the lightest cat loss quarters for Travelers in sometime. While a lot went Travelers way in Q4, we want to see less volatility from cat losses, consistency in reserves, and better margins in personal auto before we consider becoming more constructive. We view TRV shares as fairly valued at the current valuation.

**Drew McReynolds, CFA, CA, CPA (Analyst)**  
(416) 842-3805; drew.mcreynolds@rbccm.com

**Silvia Zhang (Associate)**  
(416) 842-3806; silvia.zhang@rbccm.com

**Ryland Conrad (Associate)**  
(416) 842-4123; ryland.conrad@rbccm.com

**Thomson Reuters Corporation** (NYSE: TRI; 151.17; TSX: TRI)

Published January 21 2024 15:56:10 EST

**Organic Revenue Growth To Take Centre Stage at These Valuation Levels**

**Rating:** Sector Perform

**Price Target:** 149.00 ↑ 133.00



**Our view:** At these valuation levels, we believe the bar to deliver consolidated organic revenue growth in excess of +6% has quickly risen driven incrementally by growth-accretive M&A and GenAI monetization. Our price target increases from US \$133 to US\$149 and we maintain our Sector Perform ranking.

**Brian Abrahams, M.D. (Analyst)**  
(212) 858-7066; brian.abrahams@rbc.com  
**Nevin Varghese, Ph.D. (Associate)**  
(212) 301-1609; nevin.varghese@rbccm.com  
**Leonid Timashev, Ph.D. (Analyst)**  
(212) 437-9931; leonid.timashev@rbccm.com  
**Joe Kim, Ph.D. (Associate)**  
(646) 618-6868; joe.kim@rbccm.com

**Vertex Pharmaceuticals Incorporated** (NASDAQ: VRTX; 435.02)  
Published January 22 2024 05:23:04 EST

**Street Expectations Justifiably High For Upcoming Vanza CF Data; Remains “Nice To Have,” Not “Have to Have”**

**Rating:** Sector Perform  
**Price Target:** 397.00 ↑ 394.00

**Our view:** Ph.III next-gen vanza CF triple combo data are imminent, and we have received an increasing number of investor inbounds about the likely outcome, implications for VRTX's CF franchise, and potential stock impact. Following up on our previous deep dive and using our latest CF estimates, we now believe we could see +7%/-6% potential upside/downside, though optimism for a favorable outcome - showing at least non-inferiority to Trikafta and prompting solid market conversion and some growth and margin expansion - already looks baked in. Fundamental upside and downside on the results are both likely capped by the relatively limited additional pts penetrable with a successful new CF offering, though after the significant stock run-up (suggesting \$26B+ for pipeline) we remain concerned any setbacks here or elsewhere (including on '548, '880, and/or '264) could lead to outsized downside, keeping us on the sidelines despite their high-quality core franchise.

## Industry Comments

**Nik Modi (Analyst)**  
(212) 905-5993; nik.modi@rbccm.com

**Addressing Consumer Staples Frequently Asked Questions (FAQs)**  
Published January 22 2024 05:17:14 EST

**Our view:** In this note, we perform a deep-dive review of all the major topics in consumer staples that we have been receiving questions on from investors, addressing FAQs on the space. **A succinct summary of the questions and our answers can be found on slide 6.**

**Craig Wong-Pan (Analyst)**  
612 9033 3189; craig.wong-pan@rbccm.com

**Australian healthcare: 2024 outlook - earnings momentum likely to turn**  
Published January 21 2024 13:11:49 EST

**Our view:** After a year of disappointing earnings updates and heightened awareness of competitive threats, we believe investor sentiment towards the Australian healthcare sector is at very low levels. However, with our expectations for robust revenue growth and costs coming under control in 2024, we believe the sector could re-rate as investors follow positive earnings growth and momentum. In this note we upgrade ACL and REG to OP ratings, downgrade COH and FPH to UP, and downgrade CAJ to SP. Our preferred picks in the sector are RHC, SHL, REG and ACL. Our least preferred stocks in the sector are COH and FPH. We revise our PTs by -7% on average to reflect updates to our forecasts and a higher risk free rate



used in our DCF valuations.

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**Mike Dahl (Analyst)**

(212) 618-3251; michael.dahl@rbccm.com

**Dahl's House**

Published January 19 2024 17:23:17 EST

**Thoughts Ahead of DHI Earnings**

**Our view:** Below we detail our thoughts on DHI earnings next week. We published more detailed views on the group in our recent 2024 outlook ([link](#)).

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**Robert Kwan, CFA (Analyst)**

(604) 257-7611; robert.kwan@rbccm.com

**Energy Infrastructure Weekly Stats**

Published January 19 2024 19:04:18 EST

**Our view:** Valuation tables, power price and frac spread data, relative price performance, and ex-dividend dates.

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**Gerard Cassidy (Analyst)**

(207) 780-1554; gerard.cassidy@rbccm.com

**H8 Update: 2nd Week of 1Q24**

Published January 19 2024 16:36:57 EST

**Loans and Deposits Down**

**Weekly industry loans down:** Non-seasonally adjusted loans were down -0.3% on a week-over-week (w/w) basis ending January 10, 2024, and up +2.0% on a year-over-year (y/y) basis with the following trends:

- Commercial and Industrial (C&I): -0.5% w/w and -1.7% y/y.
- Consumer: -0.5% w/w and +3.2% y/y.
- Commercial Real Estate: +0.1% w/w and +3.2% y/y.
- Residential Real Estate: +0.1% w/w and +4.0% y/y.
- Home Equity: -0.2% w/w and -0.7% y/y.
- All Other: -0.7% w/w and +2.3% y/y.

**Weekly industry deposits down:** Non-seasonally adjusted total deposits were down -0.4% on a week-over-week (w/w) basis ending January 10, 2024 and down -1.5% on a year-over-year (y/y) basis. Total deposits from their peak of \$18,364 billion on April 13, 2022 are down -4.7% or \$864 billion.

- Large Time Deposits: +1.2 % w/w and +34.5% y/y.
- Other Deposits: -0.7 % w/w and -5.3% y/y.

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**Michael Carroll, CFA (Analyst)**

(440) 715-2649; michael.carroll@rbccm.com

**Healthcare REIT Pulse: Takeaways from expert calls**

Published January 22 2024 02:24:05 EST

**Our view:** This edition of our Healthcare REIT Pulse highlights key takeaways from our expert calls. These calls focused on gauging the strength of the seniors housing operating environment and the health of the healthcare real estate transaction market. Seniors housing operating trends remain solid, and while results could moderate in 2024 v. 2023, we believe it will be modest especially for well located, higher-end communities. The transaction market varies depending on the individual property type: MOB trends are solid (pricing stabilizing), SNF trends are recovering, and seniors housing trends remain dislocated. Overall, we are more encouraged VTR's and WELL's SHOP results will continue to deliver solid results (with some slight moderation), and CTRE and OHI can be successful deploying



capital despite slight uptick in the competitive environment.

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**Matthew Hedberg (Analyst)**  
(612) 313-1293; matthew.hedberg@rbccm.com

### **Hedberg & Jaluria Weekly Software Recap/Preview**

Published January 21 2024 21:12:54 EST

**Our view:** We outline what we learned last week & what we look forward to this week in software.

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**Scott Heleniak (Analyst)**  
(804) 782-4006; scott.heleniak@rbccm.com

### **Insurance Observations**

Published January 22 2024 00:15:00 EST

#### **For the week of January 22, 2024**

**Our view:** We touch on the latest development and trends in auto insurance. The price of auto insurance continues to rise at a rapid clip with the December CPI data showing a 20% y/y increase in auto insurance premiums, the biggest monthly increase since the mid-1970s. Rate is needed as auto loss trends continue to run high. We look at the average cost of auto insurance by state, rate increases by major carriers, and discuss how California finally approved good-sized rate increases. We touch on Travelers Q4/23 personal auto results, which did show some improvement. Recent survey work from Trusted Choice shows that auto insurance shopping remains on the rise. We also weigh in on the aerospace insurance market in view of the collision of a Japanese airline with a coast guard plane. Thankfully all commercial passengers survived although Insurance Business of America expect this could produce a \$130 million loss. While aerospace is a relatively small line, we think there is growth to be had as global economies expand over time. All this and more inside.

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**Jimmy Shan (Analyst)**  
(416) 842-6272; jimmy.shan@rbccm.com

### **M&A thoughts on the Canadian real estate sector**

Published January 21 2024 17:04:06 EST

**Our view:** Despite the sector's valuation discount, we do not view today's environment as overly conducive to privatization due to more limited credit availability, a key ingredient in facilitating a deal. In some cases, we think public-to-public M&A could make more sense as size and scale can bring about a better cost of capital to take advantage of potential opportunities in a market characterized by fewer bidders.

That said, given recent privatization announcements in the real estate space, we provide some thoughts on potential M&A candidates in the Canadian real estate sector. What makes for a good target? Generally, names with no large control blocks, positive property fundamentals, good internal operating platforms, and yet trade at meaningful discounts to NAV. Moreover, other places to look for targets include those with a 'broken' capital structure, with assets that can be better operated by someone else (or are a strategic fit) or those that are 'orphaned' in the capital markets. Typically, these names are undergoing a strategic review, have been targeted by activist investors, or have been owned by other unrelated REITs or public entities. In this note, we highlight the names that we believe fit in each of these buckets.

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**Shagun Singh (Analyst)**  
(646) 618-6886; shagun.singh@rbccm.com

### **Medical Device Weekly Perspective**

Published January 22 2024 05:43:44 EST

**ABT, ISRG, JNJ Reporting This week; Replay for JNJ/AMAM Call**



**Our view:** This week, we expect a positive start to the **Q4'23 Medical Supplies & Devices earnings season** (see our Q4 preview [here](#), 2024 catalyst table [here](#), and seven proprietary surveys [here](#)) with results from JNJ/ISRG (Tue, 1/23) and ABT (Wed, 1/24). Commentary from payers/providers (e.g. [UNH/HUM](#) covered by RBC's Ben Hendrix) also points to strong healthcare utilization trends and is a positive read-through to our sector. **Key inbounds** to us last week included read-throughs from payers/providers for Medical Devices, if GLP-1s still matter to MedTech stocks, ISRG's Q4 positioning in a scenario where there is or isn't news on a new robot, earnings expectations for next week and implications for those to follow, as well as thoughts on M&A following BSX/AXNX (see note [here](#)) and JNJ/AMAM (see note [here](#)) announcements. As a reminder, we co-hosted a **Healthcare Call** with Biotech research colleagues and healthcare/event driven desk strategists to discuss the latest on the JNJ/AMAM transaction, M&A landscape, and for a deeper dive on ADC Platform Technology (*please contact your sales rep for replay*). In **Expert Views**, key buy-side led interviews focused on ZBH's sports medicine business, GMED's portfolio positioning, JNJ's oncology franchise, surgical robotics, and BSX/TFX's urology businesses.

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**Shagun Singh (Analyst)**  
(646) 618-6886; shagun.singh@rbccm.com

### **Medical Devices: Potential Catalysts for 2024**

Published January 22 2024 05:42:19 EST

#### **Details on Anticipated Stock-Moving Catalysts**

**Our view:** We published our Q4'23 sector preview on January 19, "**Medical Devices Q4'23 Preview: Positive Set-up**" (see [here](#)), following which we fielded questions on the durability of stock performance beyond Q4'23 earnings and what matters. Q4 results will be in the rear-view mirror, Q1 will reflect seasonality, and initial 2024 guidance tends to be conservative. In this note, we provide a **comprehensive list of anticipated catalysts** for each company in our coverage ahead of Q4'23 earnings, which may be helpful for investors to keep in mind as they evaluate stocks. These include upcoming new product cycles or approvals, clinical trial timelines or read-outs, and/or potential M&A focus. In particular, we highlight the following upcoming catalysts: **ABT** (TriClip U.S. approval in 1H'24E); **BSX** (FDA approval for Farapulse PFA in Q1'24E, followed by full market release); **EW** (data from EARLY TAVR at TCT 2024, a pivotal trial for severe aortic stenosis patients before symptoms develop (asymptomatic); **ISRG** (potential new system launch); **JNJ** (Varipulse PFA system, which maybe positioned for approval and launch in mid-to-late '24E); **MDT** (U.S. PFA adoption); **SYK** ("super cycle of innovation", and backlog); and **ZBH** (first-to-market in shoulder robotics in 2024E). *Please contact us for additional details.*

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**Ben Hendrix (Analyst)**  
(615) 372-1323; ben.hendrix@rbccm.com

### **News from Nashville**

Published January 22 2024 05:33:51 EST

#### **A weekly perspective on Healthcare: industry and company news, valuation update**

**Our view:** *News from Nashville* reviews the week's company and industry news as well as reimbursement and regulatory issues for healthcare services. Also included are the takeaways of the week, stock price performance, and comparative valuation tables.

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**Nik Modi (Analyst)**  
(212) 905-5993; nik.modi@rbccm.com

### **Nexus.One**

Published January 19 2024 22:00:00 EST

#### **Through January 19th, 2024**



Weekly read-thrus for Consumer Staples

Daniel R. Perlin, CFA (Analyst)  
(410) 625-6130; daniel.perlin@rbccm.com

**Payments, Processors & IT Services: reflecting on what we've learned this week**

Published January 21 2024 13:41:34 EST

**Our view:** Visa kicks off earnings this week and PYPL's new CEO is hosting a product & innovation preview of what they plan to bring to market in FY24.

Michael Harvey, P.Eng. (Analyst)  
(403) 299-6998; michael.harvey@rbccm.com

**RBC Canadian E&P**

Published January 22 2024 00:15:00 EST

**Weekly Review and Valuation Tables**

- Calendar 2024/25 WTI futures were -0.3%/-1.1% week-over-week while calendar 2024/25 Henry Hub futures were -9.6%/-3.4% week-over-week.
- We update estimates for AAV, ARX, ATH, BIR, GTE, HWX, LOU, NVA, OBE, PEY, PXT, TOU and WCP to reflect modelling updates. Please see Exhibit 3 for more details.

Research RBCCM European Utils & Infra (Analyst)  
+44 20 4557 7210; RBCEuropeanUtilities@rbccm.com

**RBC European Utils & Infra Morning Lightbulb**

Published January 22 2024 02:57:51 EST

- Spain might start the process to have an energy watchdog again soon
- Labour needs ambitious green plan says Shadow Business Secretary
- FT highlights uncertain future for UK gas networks

Shagun Singh (Analyst)  
(646) 618-6886; shagun.singh@rbccm.com

**RBC's Proprietary MedTech Surveys for 2024**

Published January 21 2024 19:38:26 EST

**Seven Surveys: Healthcare Facility Administrator, Surgeon, UroLift, TAVR, TMTT, Diabetes, EP**

**Our view:** In this note, we highlight seven proprietary **MedTech surveys** that were published on January 11 as part of our **2024 MedTech Outlook: MedTech Attractive On Multiple Fronts** (see [here](#)). These include Healthcare Facility Administrator, Surgeon, UroLift, TAVR, TMTT, Diabetes, and EP surveys. We believe it will be helpful to investors ahead of the Q4'23 earnings season that will kick off for us on Tuesday, January 23 (see our note published on January 19, **Medical Devices Q4'23 Preview: Positive Set-up**, [here](#)). At a high level, our survey work supports our positive view on the Medical Supplies and Devices industry.

Jonathan Atkin (Analyst)  
(415) 633-8589; jonathan.atkin@rbccm.com

**Telecom & Communications Infrastructure 01.19.2024**

Published January 19 2024 22:00:00 EST

**Weekly news roundup**

Josh Wolfson (Analyst)  
(416) 842-9893; josh.wolfson@rbccm.com

**The Gold Standard: Market Review – Week Ending January 19**

Published January 21 2024 15:10:00 EST

In this publication, we review detailed changes within global equity, fixed income, commodity, and currency markets.

Shelby Tucker, CFA (Analyst)

**WATTS COOKING? Weekly**





(212) 428-6462; shelby.tucker@rbccm.com

Published January 21 2024 13:23:21 EST

**Topics:** [Ute weakness](#); [PSCW](#); [AES](#); [ED](#)

**Our view:** Weekly developments that we found to be of interest.

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## Investment Strategy Research

Sara Mahaffy, CFA (Analyst)

(212) 618-7507; sara.mahaffy@rbccm.com

### **RBC ESG Stratify™: ESG Regulatory Watch**

Published January 22 2024 05:13:34 EST

**Feedback To SFDR Consultation, Climate Disclosure Requirements, Green Product Claims, TNFD Adopters**

**About This Report:** The ESG Regulatory Watch is our monthly report where we highlight important policy developments (as well as advancements in voluntary standards) impacting the sustainable investing space. In this month's edition we spotlight public feedback to the EU's consultation on SFDR, Australia's draft legislation around mandatory climate reporting requirements, TNFD early adopters, and EU regulatory developments targeting greenwashing in sustainable product claims.

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Lori Calvasina (Analyst)

(212) 618-7634; lori.calvasina@rbccm.com

### **The Pulse of the Market**

Published January 22 2024 00:19:00 EST

**EPS Concentration, Reporting Season Takeaways, Another Consumer Surprise**

In *Pulse* we tackle hot topics and things that jumped out the most in our high frequency indicators. Three big things you need to know: First, EPS growth in the top 7 names in the S&P 500 is expected to continue outpacing the rest of the index in 2024 and 2025, but to a lesser degree than we saw in 2023. Second, companies have tried to strike an optimistic tone in the first batch of 4Q23 earnings calls, with consumer resilience, macro risks, and the theme of normalization emphasized. Third, the thing that jumped out to us the most in our high frequency indicators was the strong reading in University of Michigan consumer sentiment, which stock market performance has been closely correlated with post COVID.





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