



Weekly Sector Specialist Note (March 8th – March 12th, 2021)

****Sales Commentary – Not a Product of UBS Equity Research – For Institutional Investors Only****

Highlights and Updates from the Week

FINANCIALS Tickers: SLR, V, GPN, APO, Crypto, ICE, NDAQ, CBOE, PGR (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • SLR • Curve Sensitivity • Visa/GPN/Reopen Trends • APO Bull vs Bear • Crypto/NFT Leverage 	<u>Catalysts:</u> <ul style="list-style-type: none"> • ICE/NDAQ/CBOE Exchange Forum • FOMC Meeting • PGR report
TELCO, MEDIA & INTERNET Tickers: VZ, TMUS, GB, GOOG, BMBL, MTCH (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • VZ Investor Day • TMUS Investor Day • Cable & FWA • Big Tech Regulation • BMBL • Real buying in the move higher? 	<u>Catalysts:</u> <ul style="list-style-type: none"> • Hodulik and Batya Levi Marketing • European Media Virtual Tour
TECHNOLOGY Tickers: DOCU, ORCL, AAPL, CRWD, INTC (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • Semis Performance and US/China • Unwind/De-Grossing/Rates • DOCU • ORCL • AAPL Cuts 	<u>Catalysts:</u> <ul style="list-style-type: none"> • CRWD Earnings Releas • APAC Tech Tour Takes Call • INTC Expert Call Part 3
HEALTHCARE Tickers: HCA, ABT, HOLX, ABT, QDEL, DGX, BHVN, CI, DHTU, LLY, ARWR, IONS, ENAC (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • HCA Group Call • ABT/HOLX/ABT/QDEL, DGX, Testing Stocks • BHVN Initiation • CI on the move • DHTU Initiation 	<u>Catalysts:</u> <ul style="list-style-type: none"> • LLY • ARWR vs IONS in ENAC
INDUSTRIALS Tickers: GECAS, AER, GE, BA, DD (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • GECAS/AER – the hottest new item • GE Investor Day • BA Strength and February Orders • DD buys Laird 	<u>Catalysts:</u> <ul style="list-style-type: none"> • FDX 3Q21
ENERGY/UTILITIES Tickers: VST, NRG, EXC, CVX, PUCT (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • Turbulence in Energy • Utilities Trading • Can the energy rally continue? • Buyers in Utilities? • Low vs High quality beta • VST, NRG, EXC 	<u>Catalysts:</u> <ul style="list-style-type: none"> • PUCT Open Meeting
CONSUMER Tickers: LOW, CL, PG, TSCO, WEN, WMT, WSM, DG (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • Apparel reopening to remain attractive? • Unwind/De-grossing • Staples Data – sign of things to come? • Valuation • Costs, Costs, Costs! 	<u>Catalysts:</u> <ul style="list-style-type: none"> • Five Earnings Releases • WSM Consumer Conference • DG Earnings Release
SPECIAL SITUATIONS Tickers: COHR, IIVH, ATH, APO, FPRX, AMGN, PANW, GE, AER, SPACs (Go to Section)	<u>Top Talking Points:</u> <ul style="list-style-type: none"> • COHR-IIVH • ATH-APO • FPRX-AMGN • PANW • GE-AER • SPACs Stabilize 	<u>Catalysts:</u> <ul style="list-style-type: none"> • PV/U, SHACU, NAACU, JCICU, VOSOU SPACs • QEP-FANG Shareholder meetings • Arrival-CIIC Shareholder vote,

WEEKLY TRADING COLOR

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SUMMARY

No doubt, **two challenging weeks** behind us where **one has to look below the surface to get the real taste for how violent moves have been**. Speed of change in Yields remains the main catalyst for the volatile moves we have seen on the equity front, especially below the surface, on a daily basis this week. Daily Pnl swings must be just massive right now. There are many ways to look at it whether Momentum vs. Value or At Home vs. Reopen but One can get a good idea just looking at Tech vs. Fins. It has been quite the roller coaster.

In times of violent moves folks tend to move to ETFs, away from single stocks which translates to higher correlation within sectors and thematic baskets — very little if any single stock dispersion within subsectors but also exacerbates moves as liquidity comes out of the market. I said Wednesday morning that that I would expect some consolidation in Yields and SPY near term after the violent moves over the past week. Well we consolidated exactly one day. Back to the Roller coaster today.

The Reopen trade has worked and will continue to do so as we reset to a higher yield environment but I think at some point we will see a pickup in dispersion again especially if things calm down on the macro front and the Active investor base takes control again. We have not seen a rotational capitulation here on our desk. Active investors still have some work today.

Most important question remains. Is the Tech weakness a signal of longer term change in leadership or simply a buying opportunity? I think a signal of longer term change in leadership but that doesn't mean there aren't any buying opportunities within Tech. **Rotation is not done yet** — would expect more of it as the Stimulus kicks in, the economy continues to recover. The Velocity and pace of move higher in yields will determine what the next leg of rotation will look like, orderly or more violent corrections we have seen over the past 2 weeks again. While I think LOs still have plenty of work to do moving money out of Growth/Momentum into the Cyclical/ Reopen trade I think some HFs have already been busy doing that which would explain also why there was no major panic over the last 2 weeks.

HOW BOUT OUR FLOWS

UBS High-touch Single Stock Desk: Flow on our HT desk was fairly balanced overall looking at the LO and HF community. Short activity picked up slightly but still below last year's average for single stocks — probably something we should just get used to. As mentioned above during times of high velocity, when markets moved fast and rotation picked up, the active community appeared almost frozen — certainly not in the driver seat. Some would say a testimony of low conviction, other would argue that over the past 2 years it would have been wiser to just stay put and do nothing. Either way. There were times when the desk was very quiet and markets were moving. Looking at it from a sector perspective, the HT desk was better seller of Consumer discretionary and Staples as well, as Industrials and better to buy Tech (hardware) and Financials. Retail space was better for sale despite the outlook for new stimulus checks.

ETF flows: Investors poured into Equity ETFs this week as the market rallied to all-time highs. With \$20B added to AUM, YTD inflows now stand at \$90B. This week's flows were driven by Smallcap and Value ETFs. IWM has outperformed SPY by over 3% heading into Friday and both institutional and retail investors were buyers. The Growth/Value trade was relatively muted in terms of performance this week, but Value ETFs added \$5B, fueled by retail buyers as well. Sector-wise, Tech was the biggest winner, with \$3B of inflows despite Retail selling into strength yesterday. The rotation out of Gold/Precious Metals has been heavy and sustained. Another \$2B left the sector this week which makes the 1 month outflows \$7B. Our retail desk has seen a portion of this money going into crypto names. Would not be surprised if this was happening on the institutional side as well as money managers re-allocate portions of their funds into Bitcoin and others.

SECTOR BREAKDOWN

The market is set to end the week higher as the House was able to pass the \$1.9T fiscal stimulus bill and the vaccine rollout continues to pick up steam, but under the surface leadership was different every day this week. Economic data releases came in close enough to expectations to keep rates volatility in check. On the whole, our Macro Reopening and Reopening baskets outpaced our Stay at Home basket by +3% and +2.7% respectively as cases in the US fall and more states continue to relax COVID restrictions. However our high valuation RIPS (Renewables, IPOs, Profitless Tech, SPACs) basket +8% also had a strong week as EV and Solar stocks rallied +11% along with our Renewable Energy basket +14%. Leadership tilted in favor of cyclical sectors with Materials +8.6%, Consumer Discretionary +7.1%, and Industrials +6.1% outperforming most while Healthcare +3.4% and Info Tech +4.3% lagged.

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WHATS AHEAD?

Focus will be on the FOMC meeting. BOE and BOJ also meeting later in the week. China macro data early next week. A very busy conference schedule again and still some earnings (NKE, ACN, FDX among highlights). US china meeting also important. There is a ton of information below again regarding flows, color from the sector traders and content leaders. Enjoy the weekend!!!

FINANCIALS

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TOP TALKING POINTS

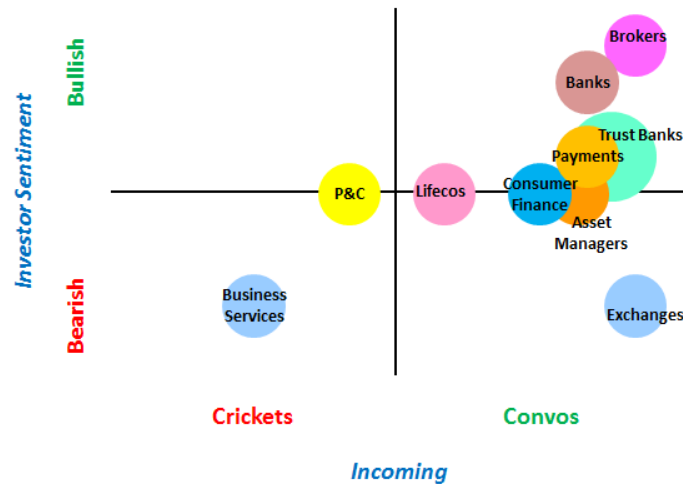
- **SLR:** waiting less and less patiently for confirmation, with angst beginning to transition to political concern that extension may not be a slam dunk. How this uncertainty is impacting current (bond) market trends – and what the outcome could bring so far as relief/panic – have taken over the broader conversation. Auctions unaffected (well bid), but primary dealer balances have shown a record decline (through the week of March 3rd), with rates looking to close the week at new highs as I write. I think some resolution in correlation to next week's meeting would be a savvy move – but feedback suggests that expectation is next to 0. The clock is ticking...
- **Curve Sensitivity:** a mix of Regional/Trust bank updates from competitor conferences this week; FITB and STT on the positive side – suggesting upside to 1Q results as a result of the curve....while USB instead suggested that 1Q premium amortization cost would be higher than previously forecast (?) and BK noted that it would take 4 hikes to fully offset MMF waiver headwinds
- **Visa/GPN/Reopen trends:** Reopen momentum gaining on a number of fronts (ie travel survey, NYC car tolls), with spend trends front and center; Visa showed an uptick in US spend, a positive March inflection in US credit volume and a sharp spike in March XB volume. GPN told us that the positive decoupling inflection from Visa credit volumes that occurred in January, has only continued (as Visa reported a + inflection in its own data). Trends indicated as running better than previously expected
- **APO Bull vs Bear:** APO's buy-in of ATH shocked us. Now how to consider this stock on a PF basis? Bulls are hard to find, but they exist; argue reduced governance risk, higher rate exposure, running the same SOTP math with a low 20x multiple on FRE, mid-HSD on carry and MSD on ATH. Bears argue this is now a balance sheet company – with pure credit risk exposure. The golden goose is dead.
- **Crypto/NFT Leverage:** next-gen stocks struggling a bit into this higher rate cycle but crypto is still in take-off mode. Additional institutional sponsorship and the 'NFT heard 'round the world' (Everydays \$69M trade) has shined the light that much brighter on what's next for digital assets. Stocks in focus: SQ, SBNY, SI, PYPL, COIN, VYGR CN

CRICKETS AND CONVOS

A VISUAL look at what investors wanted to talk about this week:

CRICKETS = Little/No Interest, **CONVOS = Interest**...and everything in between.

SENTIMENT = based on specialist's convo/PB data/ flows, **INCOMING** = based on specialist's convos...both are 100% subjective



COMING UP NEXT WEEK

Catalysts

- **3/16:** ICE/NDAQ/CBOE to participate in Exchange forum focused on exchange trends, regulatory risk factors market data pricing
- **3/17:** the most anticipated FOMC meeting in more than 12 months; will include an 1) updated Dot Plot (does the median shift to FY23?), 2) new eco forecasts (expect upward revisions to GDP 6%+, UE low 4% and PCE), 3) a press conference ('some time' will have to be referenced with regard to substantial progress – otherwise look out taper), 4) SLR overhang remains...
- **3/17:** PGR reports Feb results, with all eyes on that PIF growth range

Most Read Articles of the Week

1 - [European Banks "Bank Merger Model"](#)

Jason Napier, Daniele Brupbacher, Ignacio Cerezo + 7 more | 8-Mar

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TOP TALKING POINTS

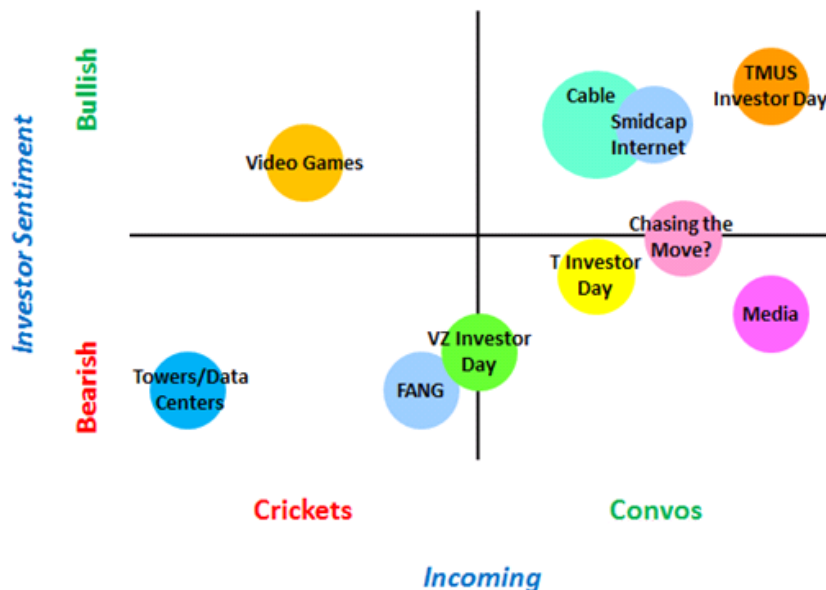
- **VZ Investor Day:** VZ expects faster rev growth as a result of new spectrum being deployed, while keeping margins flat (suggesting higher EBITDA) and adding \$10b of capex over 3 years (more than expected). They talked about 5G FW but there are puts and takes. ([link](#))
- **TMUS Investor Day:** TMUS focused on being a sustainable leader in 5G despite VZ's new spectrum trove and potential to buyback \$60b of stock. Investors push back that EBITDA upside wasn't enough. ([link](#))
- **Cable & FWA:** Plusses and minuses to VZ's FWA strategy as the TAM was expanded but C-band will carry the load (*potentially slower speeds*) and will take time to scale. So not a big threat to cable just yet. ([link](#))
- **Big Tech Regulation:** The Biden administration nominees for antitrust positions are seen as "anti big tech" as well as new legislation to protect news industry from FB/GOOG causing some nervousness.
- **Dating:** Some concern as to how BMBL would characterize the year ahead for dating on its 4Q print, but relief rally ensued for MTCH and BMBL. Two very cons long names.
- **Was there real buying in the move higher?** The action and incoming by active investors suggest they are still on the sidelines/hesitant to chase and **conviction remains low**. Could see chasing if mkt goes higher.

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Catalysts

- **3/15-3/19:** John Hodulik and Batya Levi US Marketing – US Communications & Media – Please contact your UBS salesperson for details.
- **3/17-3/19:** UBS European Media Virtual Tour - **fire side chats and** panel discussions – [Register Here](#)

Most Read Articles of the Week

- N/A

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TECHNOLOGY

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TOP TALKING POINTS

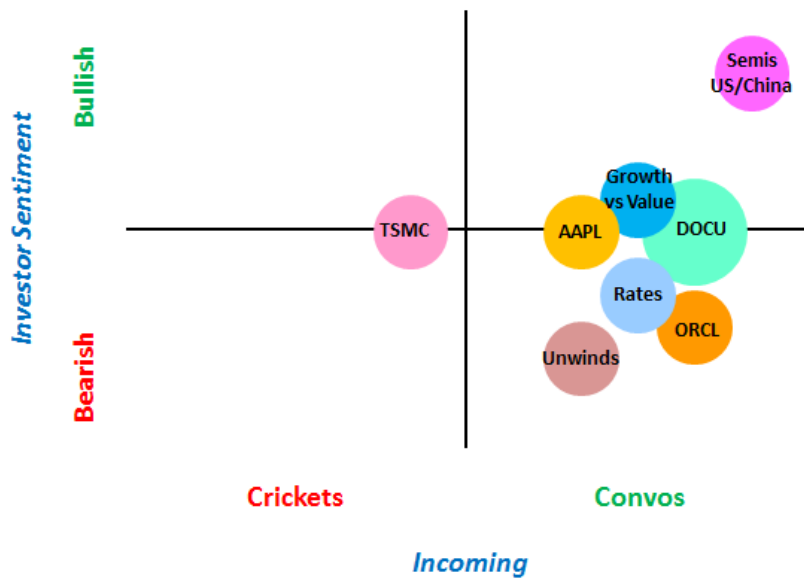
- **SEMIS PERFORMANCE AND US/CHINA:** One of the biggest conversation points this week once again was the relative underperformance of semis vs tech, in addition to more headlines and data points around the US/China relationship including an update from the CSIA and a headline on Huawei.
- **UNWIND/DE-GROSSING/RATES:** The tech tape remains choppy at best and this week was a continuation of gappy, chunky moves up and down, driven by the gyrations in rates. Investors continue to be frustrated by the way stocks are trading and pain levels are high.
- **DOCU:** The billings print came in a little lighter vs expects while the FY guide was in line with the buy side bogey. Investors were uneasy with discrepancy, questioned if the stock could work given the lack of a home-run, and DOCU was sold down -7% as a result.
- **ORCL:** Stock became a bit of consensus long given the rotation to value in the broader market, but results disappointed as ORCL missed their cc rev guide of 1-3% and posted 0% cc rev growth.
- **AAPL CUTS:** Data points came out across the Street and in the press about procurement cuts. UBS still hasn't seen anything to suggest a cut to units which contradicts reports from the Nikkei (which investors debated) and other third parties.

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- **3/16: CRWD EARNINGS RELEASE:** Focus is going to be on the FY rev growth guide for F22. Street is at 47% but it feels like the bar is L50s%.
- **3/16: UBS APAC TECH TOUR TAKES CALL:** Join the Global Semis Team for a takeaways call following the 1Q APAC Tech Tour – Registration <https://bit.ly/3sjZS9L>
- **3/16: PART 3 INTC EXPERT CALL:** UBS hosts the third part of the INTC Expert Call Series at 11am ET with ex-INTC DCG Senior R&D Data Scientist – Registration <https://bit.ly/3bhC1lv>.

Most Read Articles of the Week

1 - [Automotive Semiconductors: EVs Shifting into Overdrive: A \\$100bn opportunity by 2030 as EVs accelerate](#)

David Mulholland, Francois-Xavier Bouvignies, Timothy Arcuri + 6 more | 2-Mar

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HEALTHCARE

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TOP TALKING POINTS

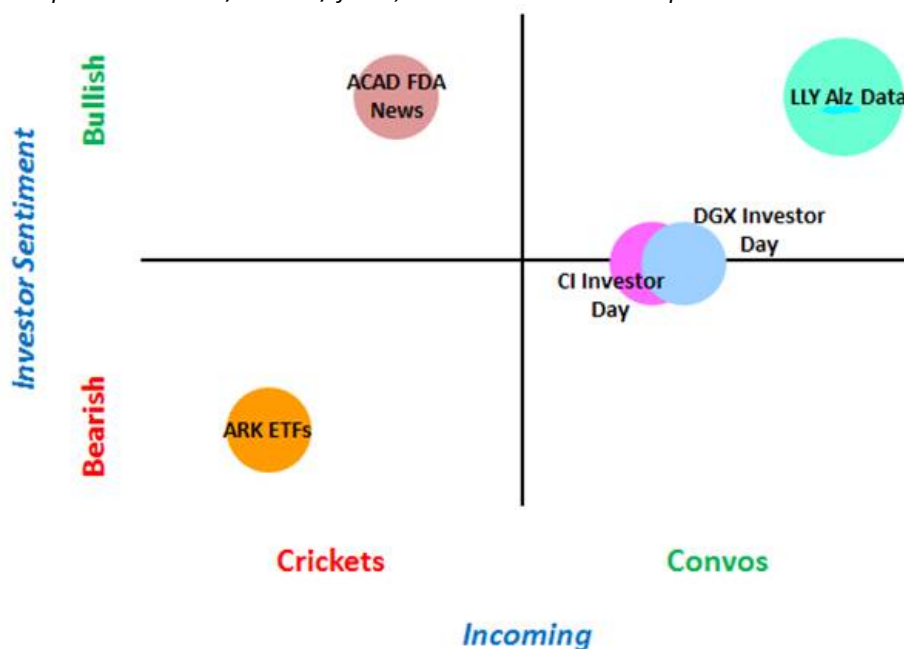
- **HCA GROUP CALL** Whit had over 100 investors dial into his group call with the CEO and CFO. He walked away bullish.
- **ABT / HOLX / ABT / TESTING STOCKS- QDEL ONE DAY, DGX THE NEXT** - Testing names rocked on Thursday and commentary from QDEL that COVID testing has dropped materially. Is that really a surprise? Tough to fight the reopening trade – DGX may have assuaged fears.
- **BHVN INITIATION** Esther Rajavelu initiated coverage with a Buy rating and \$108 – here work on the pipeline, specifically MSA, is the key differentiator here
- **CI ON THE MOVE** was it the confidence during their Investor Day? Value trade w/rising rate environment? Both? Stock still sub 11x 2022.
- **DHTU INITIATION** Navin Jacob initiated coverage on a less well known Royalty Pharma type player with Buy rating and \$14 PT (50% upside)- His PT is based on a 7.5x P/E, which compares to 17.5x for RPRX.

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- **LLY** phase 2 donanemab data on Saturday with mgmt presenting Monday morning. All eyes on secondary endpoint CDR-SB. Bulls say doesn't need to be stat sig, just trend in the right direction. They also say filing on this data is not needed / not expected.
- **ARWR vs IONS in ENAC** in 1H: we recently hosted ARWR mgmt for a VNDR – this was a big topic

Most Read Articles of the Week

1 - [AstraZeneca: Much cleaner pro-forma profile - upgrade to Buy](#)

Michael Leuchten, Laura Sutcliffe, Petrina-Oana Carcota + 1 more | 25-Feb

2 - [JW \(Cayman\) Therapeutics: Domestic bellwether in cell therapy](#)

Anita Wei, Stella Xing, Michelle Zhu | 18-Feb

3 - [ICON Plc: Upgrade to Buy: PRAH Deal Looks Financially & Strategically Attractive](#)

Dan Brennan, Nathan Treybeck, John Sourbeer | 1-Mar

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INDUSTRIALS

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TOP TALKING POINTS

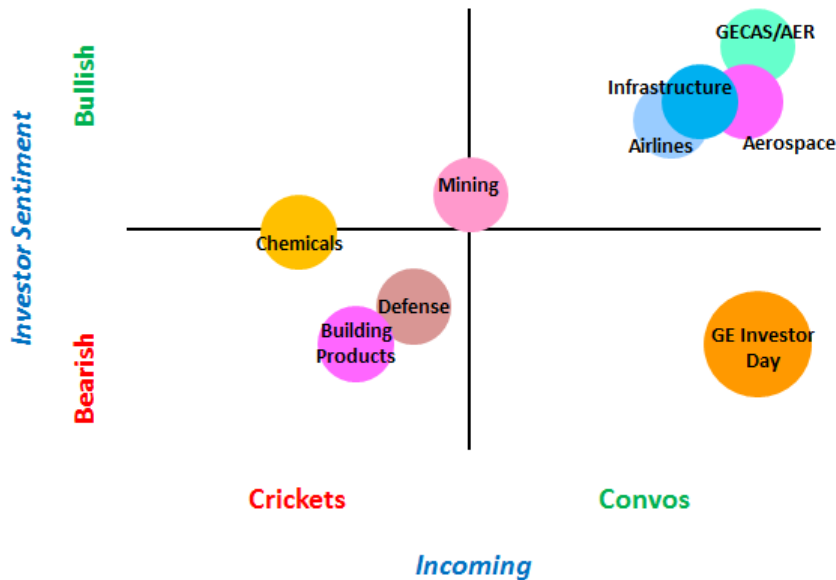
- **GE CAS / AER – the hottest new item:** Despite the sell off the day of the announcement (mix of profit taking/sell the news/investor day distaste), feedback on the deal was primarily positive as investors liked the structure and exposure to aero upcycle that GE will benefit from (retire debt and capture equity upside through aero upcycle).
- **GE Investor Day:** Co reiterated 2021 guidance which was expected, and noted GE Industrial profit margin to expand organically by 250+ bps. 2022 guidance was all directionally in line with the momentum that is building across the portfolio. Main points of pushback include 1:8 proposed reverse split (retail strike) & factoring cash flow.
- **BA Strength:** Stock ripped 9.1% in two days - I would highlight 1) positioning exacerbated the move, 2) net orders were not horrible, and commentary around the 787 was solid, so investors are getting more comfortable with tail risks being removed and 3) I do think there was some bit of shift/flow of funds from GE to BA if we are playing aero catalyst path from here. BA has a few catalysts in their back pocket over the next few months – notably 787 restart and China MAX approval (US/China delegates directly engaged & plan to meet in Alaska so could help sentiment a bit).
- **BA Feb Orders:** Solid set of numbers – 19MAX vs bogey of 20, and 0 787 in line with bogey. Backlog grew for the first time since Nov 2019, though shouldn't be that much of a surprise given what we have seen come from other airlines. Catalysts now for the stock include China approval of the MAX, 787 turnaround, and perhaps new orders/large one from US Carrier.
- **DD buys Laird:** Finally something to get the stock moving. Investors have viewed this deal favorably as a deal, in and of itself, was well telegraphed and fits with their strategic focus on 5G/electronics. Only slight concern is around valuation of the deal, but time will tell. UBS increased 2022E EPS by 6%.

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Catalysts

3/18: FDX 3Q21 – Expectations are low and positioning is underweight, so actually could end up being a favorable set up in the quarter IF the company can give favorable forward looking commentary.

Most Read Articles of the Week

1 - [Q-Series Video: The electric vehicle revolution is shifting into overdrive](#)

Patrick Hummel | 24-Feb

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ENERGY/UTILITIES

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TOP TALKING POINTS

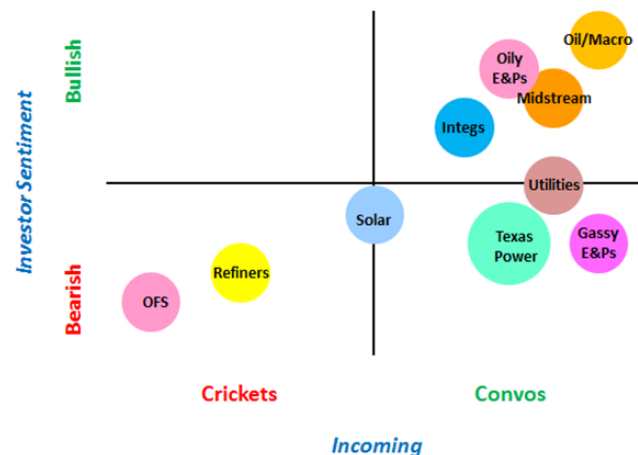
- **TURBULENCE IN BROADER ENERGY / UTILITIES TRADING:** between the quant factors and more unwinds this week the volatility has been super frustrating for L/S investors.
- **HOW MUCH GAS IS LEFT IN THE TANK FOR THIS BROADER ENERGY RALLY?** The top question this week from both generalists and dedicated investors. while we've seen energy indexes rise over 100% from Nov lows, **the sector on the whole still trade close to trough multiples**. Investor focus has been 'unlevered free cash yields', speed of debt reduction, and potential returns to shareholders at different price scenarios.
- **DID WE SEE ANY REAL BUYERS IN UTILITIES?:** we did see LO demand on our desk this week across several names, however overall sentiment has been apathy for the group. While there is a recognition out there that the group screens cheap / oversold, **I think the demand we've seen the past few days more driven by macro/quant money vs any rush to pile in from a LO generalist perspective**.
- **LOW QUALITY vs HIGH QUALITY BETA:** with some of the lower quality names up 40% YTD across Energy, more and more Qs on how much longer this trade will work / when to flip?
- **VST/NRG/EXC:** potential for repricing around the TX storms seems less likely now after PUCT Chairman indicated before the TX Senate Public Affairs Committee that he believes that he does not have the legal authority to order re-pricing the market.
- **CVX INVESTOR DAY:** generally in line with expectations, focus definitely on the buybacks, which Jon Rigby thinks could plausibly be by YE'21 (note [here](#)). Investors continue to favor XOM here on oil torque.
- **ARE FOLKS JUMPING BACK INTO SOLAR?:** although the space ripped back this week, we haven't seen the flows to back it up. Think there is still a lot of nervous money in this space and a reversal isn't going to be enough to convince investors to jump back in just yet. Our desk has seen some small HF demand as well as some HF supply, but nothing substantial either way.

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- **3/18: SCHEDULED PUCT OPEN MEETING (VST/NRG/EXC):** In order for repricing to happen now there would either need to be legislature passed (which likely tends to take time) or if the Gov really wants to get it done fast, the one way he can do it is by firing or forcing the commissioner to resign and appoint someone in next few days who goes for repricing.... As a reminder, it gets MUCH more complicated to get the repricing done post Thursday.

Most Read Articles of the Week

1 - [Throughput: The Shift to FCFaD is Underway](#)

Shneur Z. Gershuni, Aga Zmigrodzka, Michelle Kenel + 2 more | 28-Feb

2 - [LG Chemical: VW ID.3 tear down- LG Chemical batteries included](#)

Tim Bush | 3-Mar

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CONSUMER

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TOP TALKING POINTS

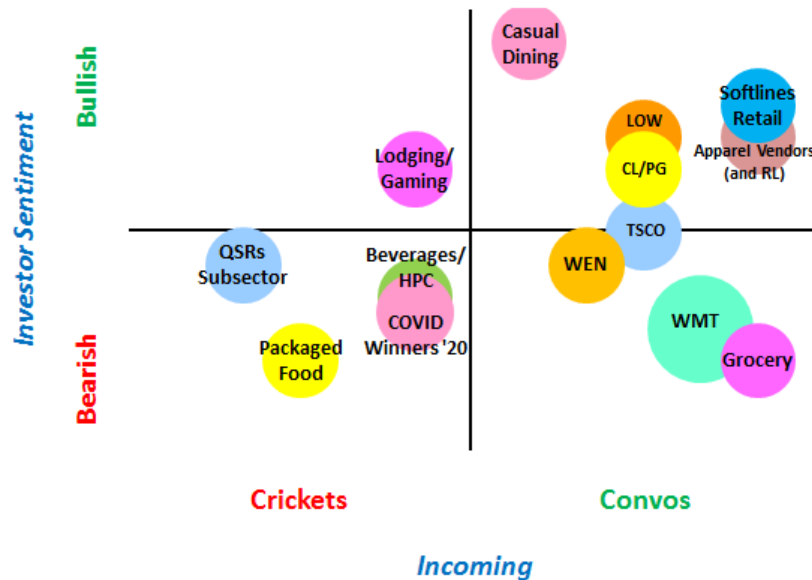
- **HOW LONG CAN APPAREL REOPENING REMAIN ATTRACTIVE?** By far, investors are still positive on the potential for apparel reopening names to work; that said, we are starting to get more questions around valuation, implied earnings based on stock prices, and in general are sending that folks do not want to be last holding the bag.
- **UNWIND/DE-GROSSING:** There were clear signs of de-grossing throughout the week. Clues for when it seems to be an unwind day are if grocery / packaged food is up or outperforming. Although the broader market felt more "normal" this week, investors complained more about consumer specific unwinds than they did the week prior.
- **STAPLES DATA – SIGN OF THINGS TO COME?:** Data out in some staples companies was lackluster at best. That has some wondering whether more of this is ahead and has shorts (most) comfortable in their positioning in this space.
- **VALUATION:** It's at least worth noting that valuation is coming up in more conversations the past week. It was often totally overlooked for the past few months.
- **COSTS, COSTS, COSTS!:** Lots of discussion at our conference around various input costs. Most consumer companies are facing higher costs, but it was interesting that almost all the companies in various subsectors think they can overcome these higher costs relatively "easily."

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- **3/17: FIVE EARNINGS RELEASE:** For most of the earnings this week, the thing that "matters" is the out year numbers and whether the companies guide to that level or not (buy side is around low to mid \$4).
- **3/17: WSM CONSUMER CONFERENCE:** Very similar to the setup above. Here the buy-side is around ~\$8.50.
- **3/18: DG EARNINGS RELEASE:** Again, similar to the conversations around the out year, with buy-side here model ~\$9.50 or above. Investors want to hear about costs and broader sector too.

Most Read Articles of the Week

1 - [Global Online Food Delivery: UBS Evidence Lab inside: Looking beyond stay at home – delivering growth and profits](#)

Sreedhar Mahamkali, Samantha Osborne, Richard Eary + 7 more | 3-Mar

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SPECIAL SITUATIONS

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- **COHR-IIVH:** The never-ending saga of topping bids continued as IIVI came back with a superior proposal which likely knocks LITE out of the running given leverage levels
- **ATH-APO:** An error on APO dividends in the initial version of the merger agreement caused the spread to trade too tight before normalizing once the parties disclosed that APO would continue paying dividends
- **FPRX-AMGN:** An amended 13G filed by top shareholder BVF showed a doubling of position, likely in February prior to deal announcement – We will wait until the proxy to see if any cause for concern/opposition
- **PANW:** We hosted a call on the potential value unlock options at PANW (ie potential steps beyond the incentive comp structure tied to the high growth Claisec business, such as a tracking stock or potential IPO carveout/spin). This sparked more interest in the name from some event driven investors that had not been looking at it. The biggest question mark investors have on the spin resides in the potential operational dissynergies, as much as it is a cleaner / more common structure vs a tracker.
- **GE-AER:** AER has rebounded and then some post the sell the news event on day one, as more hone in on the proforma story. GE has been trickier – as there are a lot of moving parts. The deal will ultimately remove debt with proceeds from the transaction but it also consolidates remaining GE Capital into industrial – so it optically enhances the leverage profile at IndustrialCo. But as Markus wrote, the GE Capital debt still had been guaranteed by parent company assets. Then there was also a near term FCF hit from factoring reduction that ppl didn't like. This continues to be a complicated story but Markus may be on to something on this one – it has been painful out of the gate, nonetheless. As far as any interesting event trades on the back end, we have to wait almost 2 years before you see how they monetize the AER stake – but it could just be sold in the market like they did with WAB.
- **SPACs Stabilize:** A relatively slower week on both the front-end IPOs (24 for \$6.6bn) and back-end M&A announcements (5 for ~\$6bn of TEV) combined with the broader equity markets at all-time highs seemed to calm the SPAC market with it effectively unchanged from week prior levels.

CLIENT CONVERSATIONS

- 3/15/21: **PV/U, SHACU, NAACU, JCICU, VOSOU SPACs common and warrants to trade separate;** Aeva-IPV transaction to close with tickers changing to operating business (AEVA/AEVAW); CUB-Private expected HSR expiration; CATM-NCR expected Germany expiration
- 3/16/21: **QEP-FANG shareholder meetings to be held**
- 3/19/21: **Arrival-CIIC shareholder vote;** PAND-MRK expected HSR expiration

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QUANT INSIGHTS

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TOP 10 OVERWEIGHT/UNDERWEIGHT GLOBALLY

Overweight		Investor Weight	Active Weight	Wow Chg	Underweight		Investor Weight	Active Weight	Wow Chg
Prosus N.V. Class N	PRX NA	0.44%	0.34%	↓	Apple Inc.	AAPL UW	2.30%	-1.14%	↑
Tencent Holdings Ltd.	700 HK	1.14%	0.31%	→	Taiwan Semiconductor Manufacturing Co	2330 TT	0.40%	-0.48%	↑
Tata Consultancy Services Limited	TCS IS	0.37%	0.31%	↑	Amazon.com, Inc.	AMZN UW	1.79%	-0.34%	↑
Walmart Inc.	WMT UN	0.57%	0.26%	↑	Nestle S.A.	NESN SE	0.25%	-0.26%	→
Reliance Industries Limited	RIL IS	0.40%	0.28%	↑	Tesla Inc	TSLA UW	0.50%	-0.25%	↑
LVMH Moët Hennessy Louis Vuitton SE	MC FP	0.52%	0.23%	↓	Microsoft Corporation	MSFT UW	2.52%	-0.25%	↑
T-Mobile US, Inc.	TMUS UW	0.34%	0.22%	↑	Exxon Mobil Corporation	XOM UN	0.22%	-0.21%	↓
Charter Communications, Inc. Class A	CHTR UW	0.32%	0.18%	↑	Roche Holding Ltd	ROG SE	0.19%	-0.19%	↑
Visa Inc. Class A	V UN	0.77%	0.16%	↑	Commonwealth Bank of Australia	CBA AT	0.03%	-0.16%	↓
Southern Copper Corporation	SCCO UN	0.15%	0.14%	↑	Berkshire Hathaway Inc. Class B	BRK/B UN	0.42%	-0.16%	↑

Note: The calculation is based on MSCI AC World index universe. Data as of 5 March 2021 close.
Source: FactSet, MSCI, UBS Quantitative Research

You can find the full article [here](#)

SUMMARY

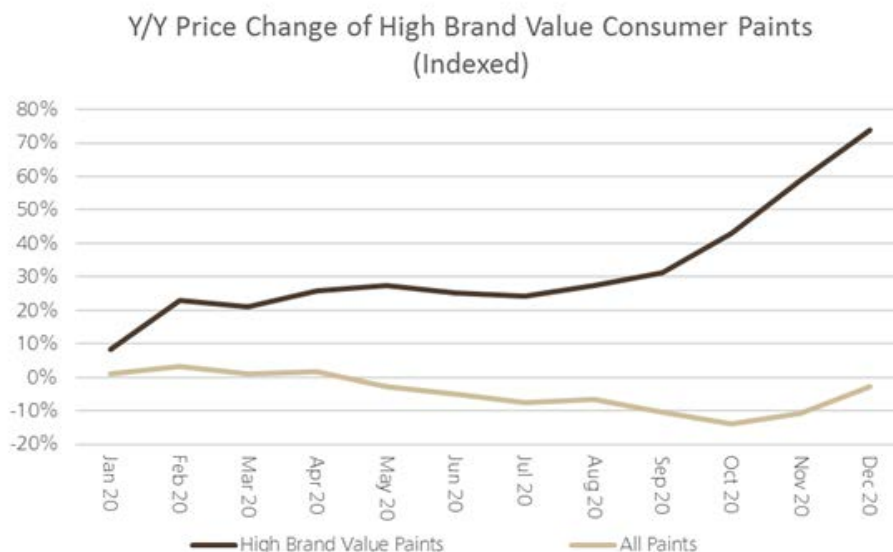
UBS Evidence Lab: Is the home improvement surge fading?

[According to our consumer survey](#), the majority of consumers who began home improvement projects during COVID are **now finished or 'nearly complete'**.

So what's next? There was a **50% increase in consumers not planning another project for at least 12 months**, not to mention, the number of consumers **remodeling a house "to sell"** reached a 6-year survey high.

What remodeling and DIY project materials are consumers still purchasing? How much does brand matter for pricing?

- In our [*new* DIY pricing tracker](#), home improvement brands have averaged +1.7%y/y growth in 2020, with strength in hardware and fixtures (+3%y/y) vs paint (flat growth). In remodeling, our [*new* home remodeling pricing tracker](#) shows kitchen pricing (-2% y/y) is the best performer compared to segments such as lighting (-8% y/y).
- What about brand?** In DIY paint specifically, our survey shows brands like Sherwin Williams, Behr, Benjamin Moore and Valspar rank highest among consumers. When overlayed with our [DIY pricing tracker](#), those brands have also seen nearly twice the growth in pricing y/y compared to the group.



RECENTLY SEEN IN UBS RESEARCH

- [Global PC Purchase Intentions Consumer Survey](#)
- [Global Air Pollution City Ranking Monitor](#)
- [US Financial Advisor Business Survey](#)
- [US Reopening Consumer Survey](#)
- [Electronics Distributor Inventory Monitor](#)

Electric Vehicle Datasets

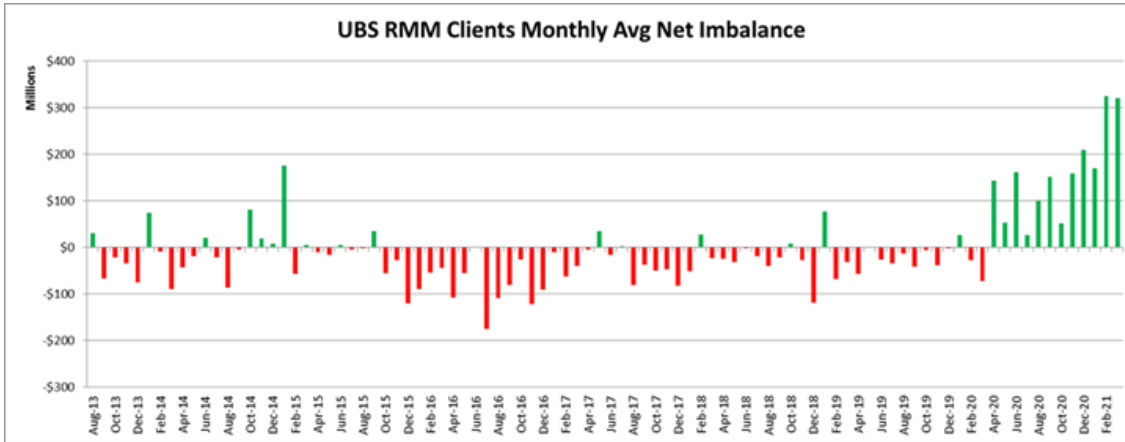
- [Electric Vehicle Teardown](#)
- [US Electric Vehicles Price Monitor \[Tesla\]](#)
- [US Electric Utilities Exposure to Electric Vehicles](#)
- [New Energy Vehicles \(NEV\) Passenger Powertrain Patent Monitor](#)
- [Earnings Call Analyzer: Motor Vehicle Manufacturing](#)

MOST DOWNLOADED

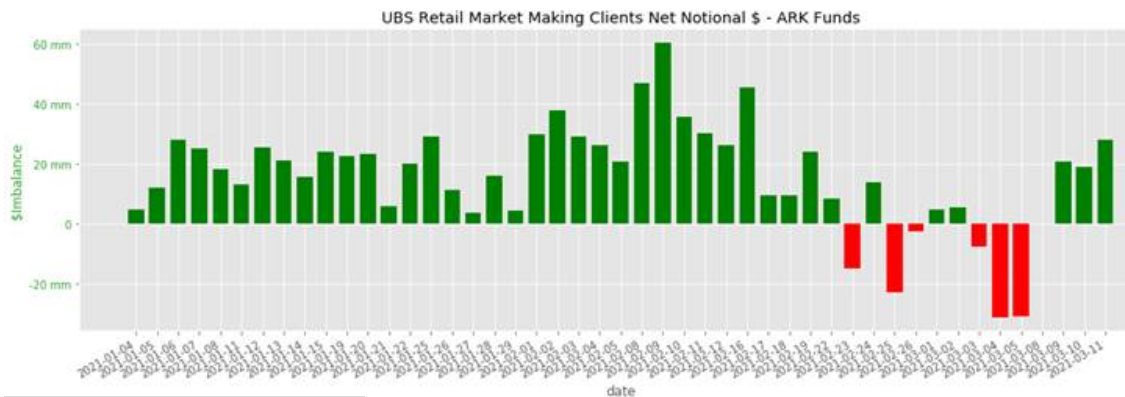
- [Global Employee Reviews Monitor \[Glassdoor\]](#)
- [Global App Monitor – TMT](#)
- [US Hospital Volume Tracker](#)
- [COVID-19 Activity Monitor](#)
- [Electric Vehicle Teardown](#)
- [Global Brand Tracker \[Instagram\]](#)
- [US E&P Rig Monitor](#)
- [Global App Monitor – Consumer](#)
- [Global App Monitor – Financials](#)
- [Global Cargo Vessel Shipping Monitor](#)

SUMMARY

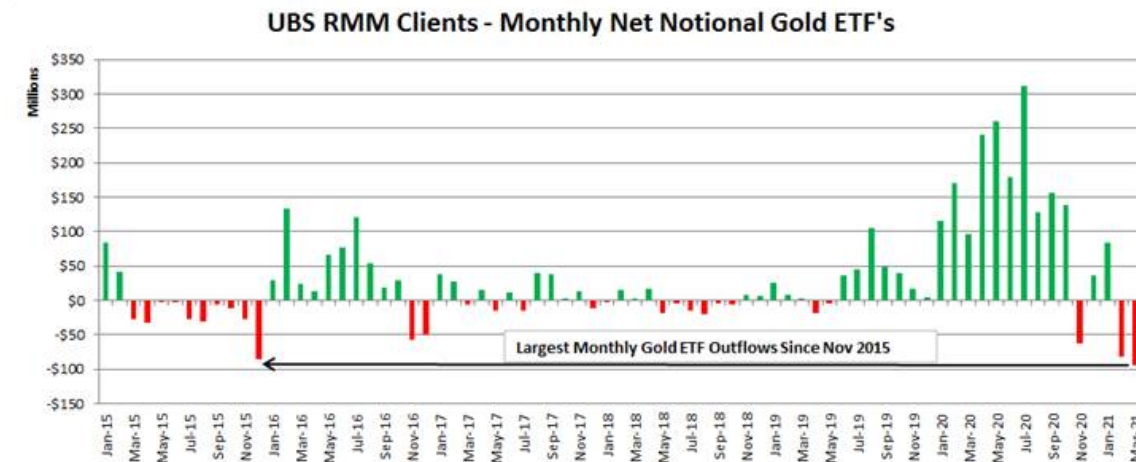
Retail has acted as somewhat of a market stabilizer this week generally buying into underperformance or broad market weakness and then flow turning to the sell side or neutral on market rallies. Retail began the week buying the underperformance of tech while selling into the outperformance of value. Retail also turned a brief seller of SPAC's on Monday for only the 2nd day this year. Broadly speaking retail inflows returned in larger size on Tuesday. ARK ETF's began to see inflows once again. GME volumes also began to pick up again alongside volatility – retail again was a net seller in the large move to the upside on Wednesday, similar to what we saw in January. Retail also very active in the RBLX direct listing mid-week – much busier than in previous direct listings like SPOT and WORK. Also of note has been gold outflows. March has seen the largest gold ETF outflows since November 2015.



Source: UBS Data Solutions



Source: UBS Data Solutions

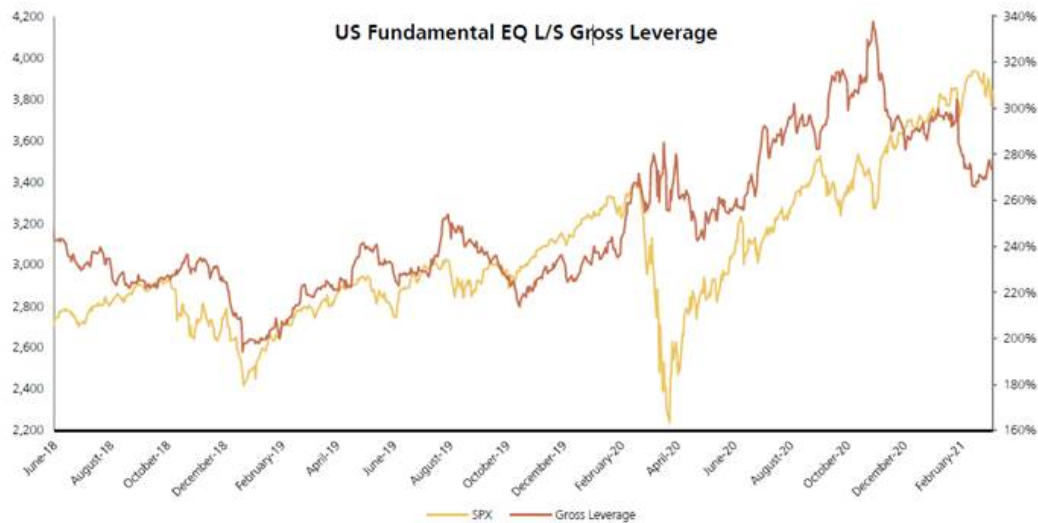


Source: UBS Data Solutions

SUMMARY

Equity Leverage Trends***US Fundamental L/S Equity Hedge Funds**

- Gross leverage increased 0.05x to 2.74x week over week
 - Long leverage increased 0.04x while short leverage up 0.02x
 - Leverage change was driven by decrease in Equity
- Major sector themes last week
 - Clients increased long exposure to Health Care
 - Clients reduced short exposure to Industrials
- Net leverage currently sits at 0.83x; up 0.02x since last week

**CROWDED LONGS**

Region	Common Name	#	#1W	%1W	%YTD
Americas	Amazon.com Inc	1	1	-2.99%	-7.87%
Americas	Microsoft Corp	2	2	-0.34%	4.37%
Americas	Facebook Inc	3	3	2.59%	-3.25%
Americas	Alphabet Inc A	4	4	3.72%	19.65%
APAC	Kweichow Moutai Co Ltd	5	5	-2.95%	3.11%
Americas	Wells Fargo & Co	6	7	3.48%	24.40%
Americas	Twitter Inc	7	18	-13.12%	23.64%
Americas	Visa Inc	8	13	1.42%	-1.37%
Americas	Walt Disney Co	9	12	0.50%	4.86%
Americas	Micron Technology Inc	10	14	-2.84%	18.29%
Europe	Just Eat Takeaway.com NV	11	10	-7.19%	-19.76%
Americas	NVIDIA Corp	12	9	-9.14%	-4.55%
Americas	Uber Technologies Inc	13	11	7.32%	8.90%
Americas	Apple Inc	14	-	0.13%	-8.36%
APAC	Taiwan Semiconductor Manufac	15	15	-4.08%	10.79%

CROWDED SHORTS

Region	Common Name	#	#1W	%1W	%YTD
Americas	Tesla Inc	1	1	-11.48%	-15.26%
Americas	ViacomCBS Inc	2	2	15.12%	99.25%
APAC	Afterpay Ltd	3	4	-3.45%	-2.20%
Americas	Salesforce.Com Inc	4	3	-2.65%	-5.29%
Americas	Apple Inc	5	5	0.13%	-8.36%
Americas	Advanced Micro Devices Inc	6	6	-7.09%	-14.38%
Europe	J Sainsbury PLC	7	7	1.55%	1.86%
Americas	Netflix Inc	8	11	-4.17%	-4.50%
Europe	Trainline PLC	9	12	-8.06%	2.54%
Europe	Aon PLC	10	13	2.22%	10.42%
Americas	Intel Corp	11	9	-0.07%	22.64%
Americas	Discovery Inc	12	20	21.16%	113.53%
Europe	Prudential PLC	13	17	4.40%	9.17%
Europe	Just Eat Takeaway.com NV	14	-	-7.19%	-19.76%
APAC	Transurban Group	15	10	-2.03%	-8.20%

CONFERENCE CALLS

COMING UP

	Date	Sector	Time (EDT)	Company/Topic	UBS Host	Link to RSVP	Dial-In	Replay	Replay Code
NEW	15-Mar	Consumer & TMT	10:00 AM	UBS Expert Call: How Will Changes in Digital Marketing Impact Consumer Companies?	Michael Lasser, Eric Sheridan, Jay Sole, Dennis Geiger, Sean King	PLEASE REGISTER HERE		Click to Request Replay	
NEW	15-Mar	Healthcare	10:00 AM	UBS Expert Event: Urgent Care Call On COVID Testing	Dan Brennan, Matt Taylor, Kevin Callendo, Michael Leuchten, Whit Mayo	PLEASE REGISTER HERE			
NEW	15-Mar	Consumer	11:00 AM	Insights from a Large QSR & Casual Dining Franchisee	Dennis Geiger	PLEASE REGISTER HERE			
NEW	15-Mar	Healthcare	11:30 AM	Expert Call: US Biosimilar Update	Michael Leuchten, Laura Sutcliffe, Kevin Callendo, Navin Jacob	PLEASE REGISTER HERE	US Dial-In: 617-213-4164 UK Dial-In: 0207 136 9233	Replay Global Access Numbers	48423861
NEW	15-Mar	Energy	12:30 PM	ESG & Energy Expert Series: Call With Denbury Management - CCUS, Crude Production, and Scope 3 Carbon Neutrality Within A Decade	Lloyd Byrne, Will Asherson	PLEASE REGISTER HERE			
	16-Mar	TMT	10:00 AM	Takeaways Call for the UBS APAC Tech Tour	Tim Arcuri	PLEASE REGISTER HERE		1 877-482-6144	13849974
NEW	16-Mar	Healthcare	11:00 AM	UBS Expert Event: Israel Hospital Medical Director on COVID Vaccinations and Recovery	Matt Taylor, Dan Brennan, Whit Mayo, Kevin Callendo	PLEASE REGISTER HERE	US: 1 888 286 8010 Int'l: +1 617 801 6888		20643761
NEW	16-Mar	TMT	11:00 AM	Intel Manufacturing – Separating Myth and Fact: Where Do We Go From Here? Guest Speaker: Brian Womack	Tim Arcuri	PLEASE REGISTER HERE	US: 1 888 286 8010 Int'l: +1 617 801 6888		84107935
	16-Mar	Renewables	11:00 AM	Large-Scale Renewables & Energy Storage w/ Linxon	Jon Windham	PLEASE REGISTER HERE			
	17-Mar	Consumer	10:00 AM	UBS Preside Chat with CEO & CFO of MGM Growth Properties (MGP)	Robin Farley	PLEASE REGISTER HERE			
NEW	10-Mar	LatAm	10:00 AM	Update with All UBS BB LatAm Analysts/ Economists	UBS LatAm analysts, strategists, and economists	PLEASE REGISTER HERE			
NEW	17-Mar	TMT	11:00 AM	Expert Call: Discussing Trends in The Data Center (NVDA, AMD, INTC)	Tim Arcuri	PLEASE REGISTER HERE	US: 1 888 286 8010 Int'l: +1 617 801 6888		92589214
	17-Mar	Renewables	11:00 AM	Electric Last Mile Solutions w/ ELMS	Jon Windham	PLEASE REGISTER HERE			
NEW	18-Mar	Industrials	10:00 AM	Expert Event: Future of Access Control Opportunities &	Chris Snyder	PLEASE REGISTER HERE			
	18-Mar	Renewables	11:00 AM	Natural Gas Vehicles w/ NGVAmérica	Jon Windham	PLEASE REGISTER HERE			

REPLAYS

	Date	Sector	Time (EDT)	Company/Topic	UBS Host	Replay	Replay Code
NEW	11-Mar	TMT	8:30 AM	Recap of Oracle (ORCL) Earnings	Karl Keirstead, Andrew Roche	US: 1 888 286 8010 Int'l: +1 617 801 6888 Replay Global Access Numbers	59053255
NEW	11-Mar	TMT	10:00 AM	PANW - What Does the CuiSec "Equity Structure" Mean for Investors?	Fatima Booleni/Andrew Roche/Evren Ergin/Randy Udell	US: 1 888 286 8010 Int'l: +1 617 801 6888 Replay Global Access Numbers	75631234
NEW	11-Mar	TMT	10:00 AM	Intel Manufacturing – Separating Myth and Fact: Where Do We Go From Here? Guest Speaker: CJ Bruno	Timothy Arcuri	US: 1 888 286 8010 Int'l: +1 617 801 6888 Replay Global Access Numbers	98465265
NEW	10-Mar	TMT	11:00 AM	Intel Manufacturing – Separating Myth and Fact: Where Do We Go From Here? Guest Speaker: Shantanu Basu	Timothy Arcuri	US: 1 888 286 8010 Int'l: +1 617 801 6888 Replay Global Access Numbers	55141195
	9-Mar	TMT	8:30 AM	Recap of CIO Day & Update on our 2021 IT Spend Outlook	Karl Keirstead, Andrew Roche	US: 1 888 286 8010 Int'l: +1 617 801 6888 Replay Global Access Numbers	69827997
	9-Mar	Healthcare	10:00 AM	UBS Expert Call: Novel Treatment Options For Metastatic Breast Cancer (Focus On Enhertu And Trudelvy)	Michael Leuchten, Colin Bristow	US: 617-213-4164 Replay Global Access Numbers	35627842
	8-Mar	Healthcare	2:00 PM	Expert Event: COVID Relief Bill and DC Healthcare Update	Kevin Callendo, Whit Mayo, Dan Brennan, Matt Taylor, Navin Jacob	US: 1 888 286 8010 Int'l: +1 617 801 6888	40519338

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