



Weekly Sector Specialist Note (March 15th – March 19th, 2021)

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

Highlights and Updates from the Week

FINANCIALS Tickers: SLR, HIG, V, M, eToro, FIS, SPGI, JEF (Go to Section)	Top Talking Points: SLR, FOMC, HIG offer, Visa investigation, eToro on fire Catalysts: FIS & SPGI Presentation at competitor conference, JEF 1Q Results
TELCO, MEDIA & INTERNET Tickers: TMUS, FB, T, UBER, AMZN, Vimeo (Go to Section)	Top Talking Points: Why is TMUS weak? FB interest? HBO, NFL Renewals, and Uber in the UK Catalysts: Sheridan Gig economy call, Digital Advertising calls, Vimeo Investor Day
TECHNOLOGY Tickers: CRWD, GARP, INTC, ADBE, DOCU (Go to Section)	Top Talking Points: Unwind/De-Grossing/Rates, CRWD, Semis, Growth, GARP Software Catalysts: Future of Industrial Tech Conference, INTC Event, ADBE Earnings, DOCU Investor Day
HEALTHCARE Tickers: LLY, ABBV, DGX, TNDM, PODD, DXCM, APR, SGFY, CCCC (Go to Section)	Top Talking Points: LLY/ABBV, DGX CFO Conference Call, TNDM/PODD/DXCM, Initiations Catalysts: PODD/TNDM Omnipod Data, AMGN Competitor events
INDUSTRIALS Tickers: GE, FDX, APG, KBR, CE (Go to Section)	Top Talking Points: GE Strength, Biden Tax Basket, FDX Q3 Catalysts: APG Q4, KBR Investor Day, CE Investor Day
ENERGY/UTILITIES Tickers: DTE (Go to Section)	Top Talking Points: 9% fall in Crude, Energy/Utes sentiment, Power/TX developments Catalysts: DTE NDR
CONSUMER Tickers: GIS, RH, DRI, WEN, LOW, WSM (Go to Section)	Top Talking Points: Will the "Winners" become interesting? Restaurants, Staples, Valuations Catalysts: GIS Earnings Release, RH Consumer Conference, DRI Earnings Release
SPECIAL SITUATIONS Tickers: COHR, IIVH, LITE, HIG, CB, GE, AER, PANW, STAY, CXP (Go to Section)	Top Talking Points: COHR-IIVH-LITE bids, PANW CFO departure, STAY deal, CXP offer Catalysts: DTE NDR, SPWH shareholder meeting, WDR shareholder meeting, capital markets day for Vimeo, AZN Analyst and investor meeting, HSR expiration

WEEKLY TRADING COLOR

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SUMMARY

Bigger picture: Macro funds appeared in the driver seat for most of the week. March FOMC meeting's hawkish projections weighed versus quite dovish commentary from Chair Powell led to a further back up in long end rates, only to be followed by the announcement that the SLR exemption will not be extended. The general tilt to the tape was relatively risk off this week with REITs +1.6%, Utes +1.3%, and Staples +1% some of the best performers while Energy -7% and Info Tech -2.5% fared worst on the week. Post FOMC, Dots trickled higher but wasn't enough to get the median to price a hike in 2023 and the statement remained mostly unchanged. Curve steepened, USD weakened and Stock took off, even Tech. Didn't last long though as Yields started to move overnight into Thursday again and Equity futures sold off led by NDX as the discussion around the FED falling behind the curve continues to heat up. Roller coaster continued on Friday with Tech recovering despite another intraday spike in yields post the SLR headlines. Another busy week for capital markets equally on the equity and Credit side – a ton of paper that had to be absorbed which I think also contributed to the lack of liquidity in the market place. Single stock volumes saw a notable drop in volumes even today – on expiration and rebal. VIX also below 20 again as I am writing this, breaking that support. Next stop 15.

Where from here? Things calmed down on Friday afternoon. This week Macro fund activity picked up T+1 post FED. SLR announcement today briefly led to rates trading higher again but this will take some time to see how it plays out and what real impact there will be to banks balance sheets etc. If Tech can hold the early gains today and no sign of rotation Sunday night overseas I think Growth and Tech could continue to bounce for a few days. Group just seems oversold at this point. When does Mega cap Tech turn into the new Value trade? Rebecca's Market Internal Dynamic model is at risk of turning from Medium-Term Bullish to Medium-Term Neutral (+ Short-Term Bearish). She also pointed out that after expiry today, pensions and target date funds may start rebalancing next week (estimate \$153 bil of global equities to sell). This timing would overlap with anticipated falling **corporate buyback** seasonality in late Mar. Her 2M & 4M intraday recovery scores have dropped to 7% and 24% respectively. 4M recovery score would turn neutral after either: 1) 4 days of rally and collapse 2) 5 days of selloff without a recovery. Jason Perl (Technical - pace of move yields to slow – Small cap outperformance has run its course) and Keith Parker remain bullish. He also thinks the small versus large cap rally and pure rate-sensitive trade has run its course. Keith still sees upside in "new" Momentum names and prefers Value over growth.

Bonus point: Strength in Housing has been a major theme. Our US Housing basket is up 21% YTD. From one of our new Evidence Lab pieces this week: 37% of US consumers plan to purchase a residential property in the next 12 months, the highest share ever in a UBS Evidence Lab survey of over 2K respondents launched in 2014

HOW BOUT OUR FLOWS

Looking at our flows: Active managers moved to the sidelines as volatility below the surface picked up again. Flow on the HT desk was fairly balanced while Retail continues to be a liquidity provider ie taking the other side, buying underperformers and selling the outperformers. Net Retail remain to buy but activity seems to be slowing down. Feels like to me we are in a transitioning phase with limited micro news – a ton of movement below the surface – the easy reopen trade is over and folks are being more selective. What used to be considered pure value not turns into the new momentum trade.

SECTOR BREAKDOWN

Equities are set to end the week lower as rates volatility continues to dampen risk appetite. The March FOMC meeting's hawkish projections weighed versus quite dovish commentary from Chair Powell led to a further back up in long end rates, only to be followed by the announcement that the SLR exemption will not be extended. Both were contributing factors to rates' path higher, with the UST 10y yield set to end the week ~10bp higher. The general tilt to the tape was relatively risk off with REITs +1.6%, Utes +1.3%, and Staples +1% some of the best performers while Energy -7% and Info Tech -2.5% fared worst on the week.

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WHATS AHEAD?

Looking ahead: Focus will remain in rates. Though most catalyst events (FOMC and SLR extension decision) are out of the way. Expect to hear something re the SLR exempt extension any day now – risk of disruption may not be as high though. Powell speaking again Mon/ Tues. Tues Yellen will join him. Data wise we will get Flash PMIs and US PCE. Biden press conf next Thursday. ADBE and KBH among earnings highlights, INTC webcast with new CEO

FINANCIALS

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TOP TALKING POINTS

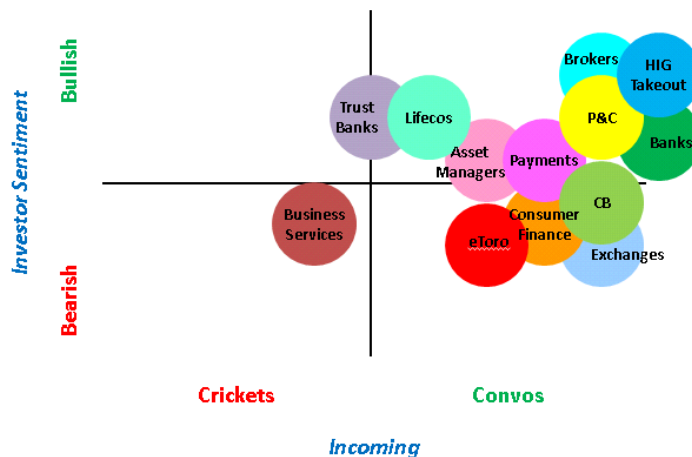
- **SLR** – After the FOMC increased its counterparty limit on Wednesday (implied repo market support), we ultimately got the news today that the SLR extension will indeed expire. The reaction has been far more benign than feared, but the ultimate implications are not yet clear. 1) market plumbing risk assuaged, Fed Funds rate not at risk of falling below its lower bound.
- **FOMC** – Strong eco outlook 'offset' by reaffirmed messaging, with most in the camp that the Dot plot was either dovish (only +2 shifted to FY23) or should be ignored altogether (as the Chairman suggested). And that's where things got interesting – the Fed's inspired commitment to make the economy overheat, did just that, by market standards, driving the curve to bear steepen sharply and Fins to outperform (~400 bps)
- **HIG** – CB officially offered \$65/share, with hopes to proceed 'expeditiously' and 'fairly' – followed by HIG's formally announced reception of that offer. The market read has been loud and clear; HIG is a seller, CB is going to raise its price-tag considerably higher and there is a good chance of a bidding war (HIG \$68+ as I write, with CB down -3% since the headline and shares of TRV down -3% today.
- **V/MA** – Shares down another -4-5% on the back of the DOJ's announced investigation into Visa debit routing. Really? At the end of the day 1) haven't we been through this to some degree? 2) Visa actual exposure (in-store US debit) is only a fraction of EPS – ie mid-single digit, 3) MA down -4% despite its lower market share, 4) share gains are arguably a natural function of eComm growth and functionality (security, easy of use, Sig debit, etc), and lastly, 5) V (and MA) have underperformed the UBS reopen basket (UBXXOPEN Index) by **-150% from the March, 2020 trough**
- **eToro** – hot out of the gate, but too hot? Sentiment very mixed/the skew actually pretty negative at over 20x+ sales (for an arguably less differentiated crypto exchange). Bulls push back on incredible industry momentum/as indicated with January account growth (+200%).

INCOMING & SENTIMENT

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

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

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UPCOMING CATALYSTS

- **3/22: FIS management presents at a competitor conference.** Expect the same bullish tone into 1Q and even more so into 2Q-4Q results, but anything better than previously guided 1Q merchant flat/slightly positive would be the first WIN in a long time
- **3/25: SPGI management presents at a competitor conference.** Expect a positive tone around 1Q trends but maybe hard to not acknowledge potential pull forward?
- **3/26: JEF reports 1Q results.** Never an apples to apples read but expect strong results to sync with high expectations for broker peers

MOST READ ARTICLES OF THE WEEK

- **US Mid-Cap Banks** - [NYC Multi-family Housing Fundamentals: Landlords Can Beat COVID But Not the Rent Act](#) (Brock Vandervliet)

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TOP TALKING POINTS

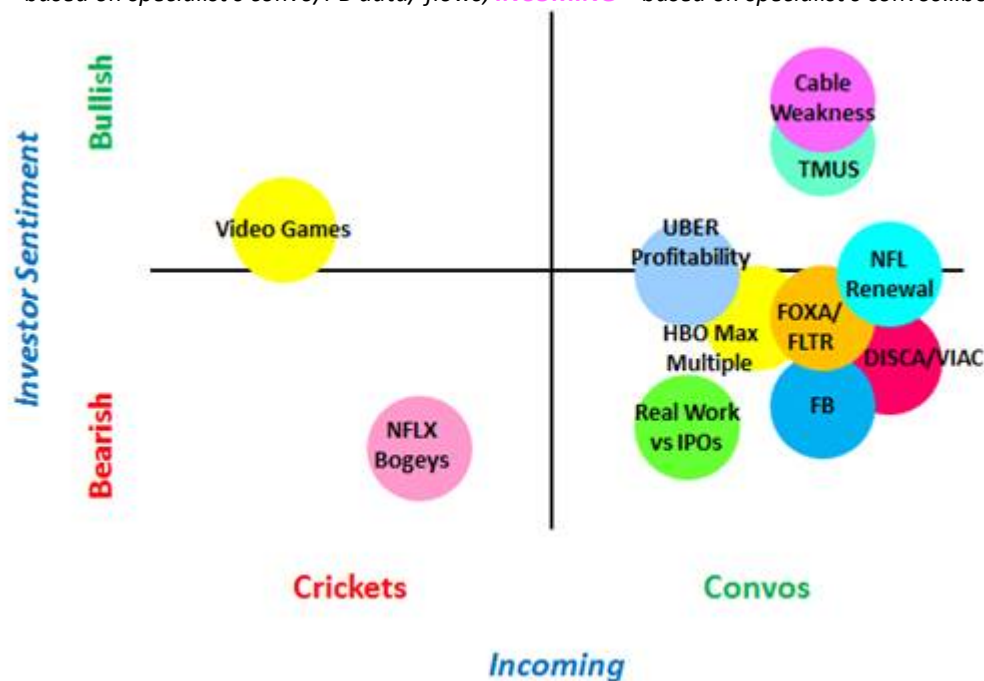
- **WHY IS TMUS SO WEAK?** A continuation of the "sell the news" from last week and positioning (cons long). Bulls think it's a no brainer as guide likely conservative, buybacks will be big and FCF growing. But are there near-term catalysts?
- **IS THERE ANY INTEREST IN FB?** There is **starting to be a pickup in interest around FB** as the stock has massively u/p, is cheap and should have strong 1H results. IDFA and regulatory have been overhangs. FB has been a cons short.
- **UBER IN THE UK:** UBER reclassified 70k UK drivers as workers (pay min wage/benefits) but making no changes to **1Q or 2021 Adj EBITDA guide**. Debate now if legislation rolls out to other markets and how minimum wage is calculated.
- **WHAT DID T SAY ABOUT HBO?** T guided '25 rev to ~\$15b and **suggested all of HBO would see negative EBITDA until '25**. That suggests ~3x growth in content amort to \$9-\$10b/yr (vs ~\$3b in 2020), similar to D+ and 2x P+.
- **NFL RENEWALS:** In-line in terms of total spending/AAVs, all companies renew deals except Fox gives up TNF to AMZN. The longer length of the contract and **higher than expected escalators** brings the first year step up in amort lower than expected. New deals include digital rights, adding pressure to the bundle. ([link](#))

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UPCOMING CATALYSTS

- **3/22@9AM ET Conf Call:** Eric Sheridan co-hosting a **GIG ECONOMY REGULATION EXPERT CALL** with Philip Harman, Partner at DAC Beachcroft... [Register Here](#)
- **3/22@10AM ET Conf Call:** Eric Sheridan hosting a **DIGITAL ADV EXPERT CALL** with Ben Legg, CEO at The Portfolio Collective [Register Here](#)
- **3/22@2PM ET Conf Call:** Eric Sheridan hosting a **DIGITAL ADV EXPERT CALL** with Kunal Nagpal, GM, Publisher Platforms ad Exchange, InMobi Pte Ltd. [Register Here](#)
- **3/24 @10AM Vimeo 2021 Investor Day:** Expect presentations from CEO, CPO, CFO and Head of Sales. [Register Here](#)

MOST READ ARTICLES OF THE WEEK

- **U.S. Media & Entertainment - [NFL Renewal: Higher pricing and wider OTT availability](#)** (John C. Hodulik, CFA)
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TECHNOLOGY

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TOP TALKING POINTS

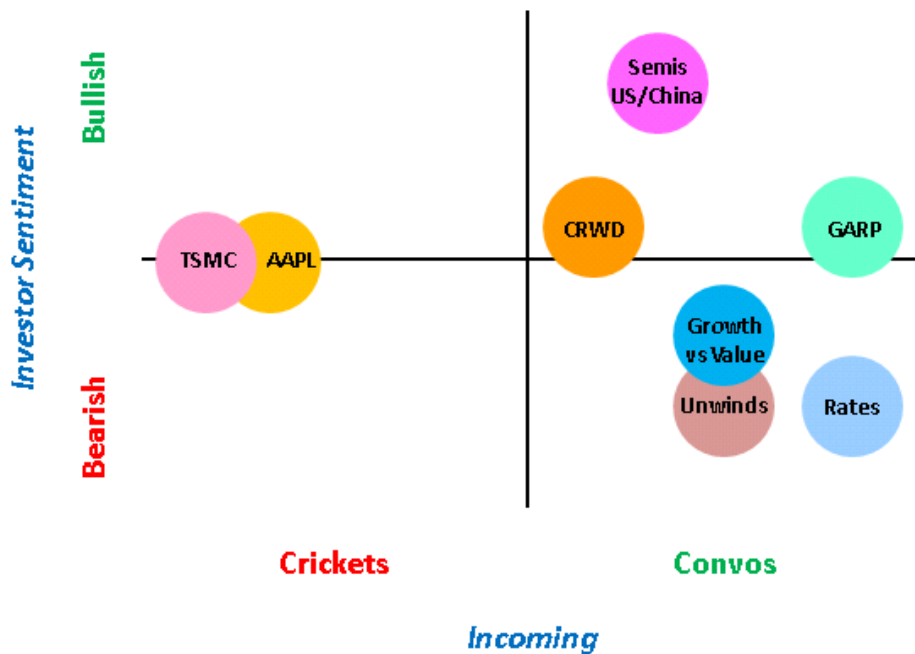
- **UNWIND/DE-GROSSING/RATES:** Continues to be the #1 topic discussed in my conversations given the continued sell-off across all of tech. Feels like the path of least resistance is higher in rates, which spells trouble for software in particular, and to an extent all of tech.
- **CRWD:** Results were strong, but overall investors thought it was good but not a 'homerun' vs buy side models. In a tape where only homeruns manage to trade up, CRWD sold off and finished WTD slightly worse than the high growth group.
- **SEMIS:** Semis once again underperformed despite the rise in rates. The correlation between rising rates and semis outperformance has broken down this cycle, as it seems that positioning is driving factor behind the semis sell-off.
- **GROWTH:** Continues to be completely out of favor as stocks violently sell-off with no one willing to come back to the table until rates stop going up.
- **GARP SOFTWARE:** Relative to Growth, I've picked up on more inbounds for the group as investors look for dislocations and opportunities in NOW, CRM, WDAY, MSFT, ADBE etc.

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UPCOMING CATALYSTS

- **3/23: FUTURE OF INDUSTRIAL TECH MINI CONF:** A panel on Industrial Automation and 2 panels on Cybersecurity will be supplemented by fireside chats, thematic private company presentations, and opportunities for 1:1 meetings.
- **3/23: INTC ENGINEERING EVENT:** A Q1 pos-pre is very likely and almost now expected, as is a FY guide potentially above the Street's \$4.70 – UBS models \$4.94. The main focus will be on the roadmap and progress on 7nm.
- **3/24: ADBE EARNINGS RELEASE:** Focus is going to be on NN DM ARR and the degree of the beat with investors expecting a smaller than normal beat, somewhere like \$10-20M. Margins will also be a focus as some think ADBE needs to lower the outlook.
- **3/24: DOCU INVESTOR DAY:** The expectation is that DOCU will map out in more detail the CLM opportunity as they see it, and how that filters down into the financials in addition to medium term targets.

MOST READ ARTICLES OF THE WEEK

- Palo Alto Networks (PANW, Neutral, USD 425) - [What does the ClaiSec "Equity Structure" Mean for Investors?](#) (Fatima Boolani)
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HEALTHCARE

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TOP TALKING POINTS

- **LLY / ABBV:** join the list of 2021 biopharma disappointments (Donanemab, Rinvoq, respectively)
- **DGX CFO conf call:** Kevin Caliendo hosted detailed group call with CFO. Key topics: PLS, Market Access, AMZN, PAMA
- **TNDM / PODD / DXCM:** Diabetes stocks hit hard with growth names- ENDO this weekend
- **APR / SGFY:** initiations from Whit Mayo and Kevin Caliendo, respectively.
- **CCCC:** Colin Bristow with bullish note out after reviewing a BMJ co-sponsored study on cereblon-mediated resistance.

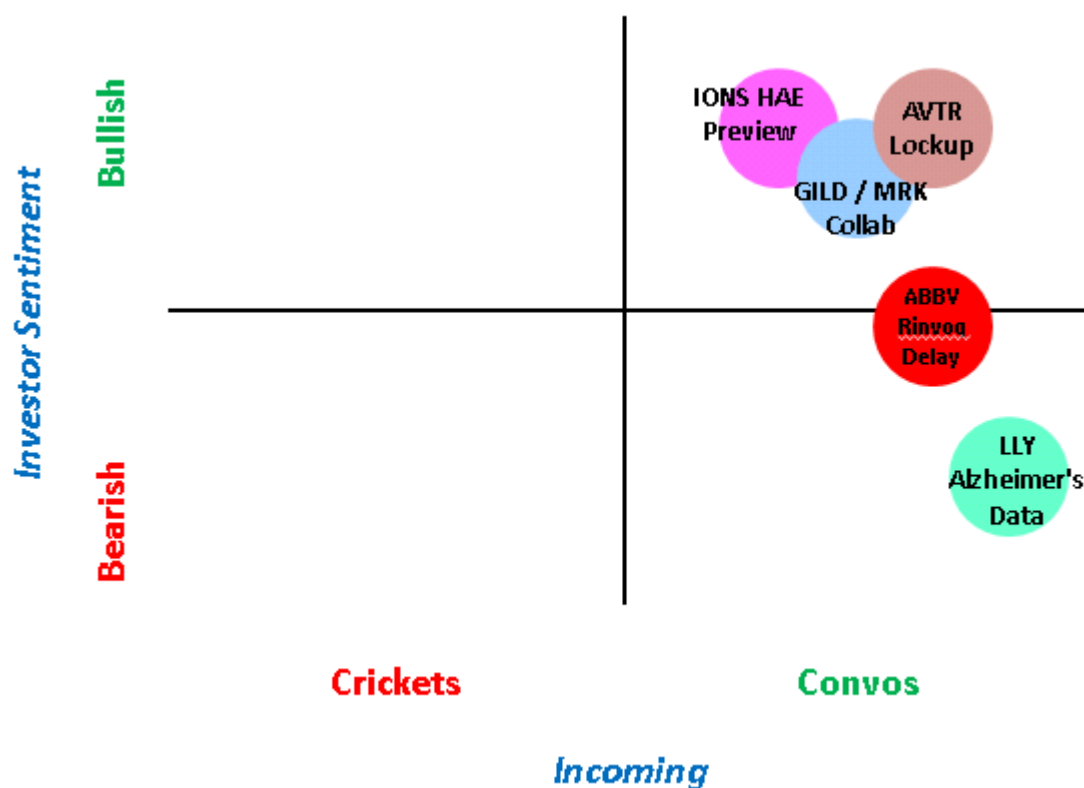
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UPCOMING CATALYSTS

- **PODD / TNDM:** Omnipod 5 data at ENDO this weekend. Matt Taylor expecting TIR in the low-to-mid-70's.
- **AMGN:** competitor events for AMG 420/AMG 701: bb2121 PDUFA March 27th (read through from BLUE and BMJ).

MOST READ ARTICLES OF THE WEEK

- **Petco Health and Wellness Company Inc (WOOF, Neutral, USD 25 from 28)** - [A Fetching Quarter](#) (Michael Lasser)
- **Ortho Clinical Diagnostics (OCDX, Buy, USD 24 from 23)** - [4Q20 Recap: Solid Start As A Public Company; Beat & Raise PT To \\$24](#) (John Sourbeer)
- **Life Sciences & Diagnostic Tools** - [COVID-19 Tracker: Vaccinations & Testing in the US \(as of morning March 18\)](#) (Dan Brennan, CFA)
- **US SMID Cap Biotechnology** - [HAE Takeaways from a Community Allergist](#) (Esther Rajavelu)
- **US Healthcare** - [Hospital CEO Expert Call: Inpatient Impact Mitigated; Pent-Up Demand Expected](#) (Whit Mayo)
- **Petco Health and Wellness Company Inc (WOOF, Neutral, USD 28)** - [What's The Initial View On 4Q'20 Results?](#) (Michael Lasser)

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INDUSTRIALS

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TOP TALKING POINTS

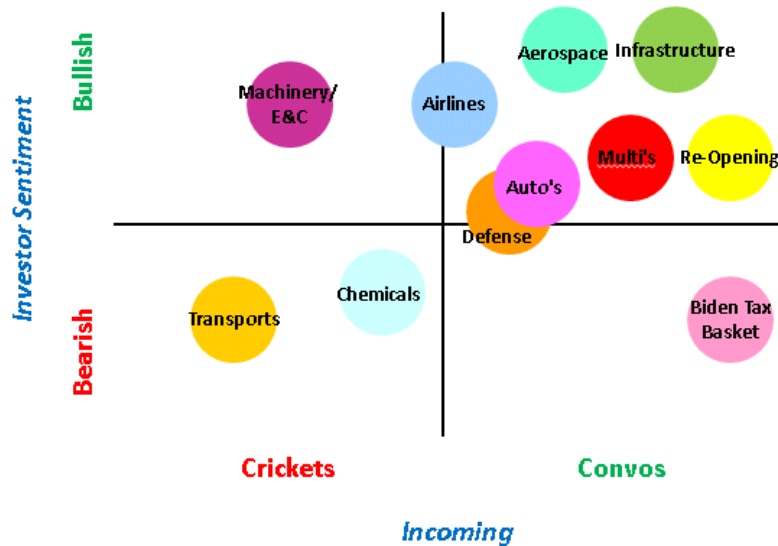
- **GE strength:** Following last week's sharp reversal lower, GE is back above \$13.50 after mgmt meetings with UBS and BOA. Company commentary was constructive and now it seems like GE's cash bridge through 2023 is very conservative and there could be substantial incremental upside (>\$10B) to their "ending cash 2023" guide of ~\$10-15B.
- **Biden Tax Basket:** The most amounts of questions have been on Biden Tax Plan and the implications across Industrials/Materials. Names flagged as losers include: TDG (due to interest deductibility), LUV and ALK when COVID losses run out, US Defense, US Rails, SITE, APG, AOS, SPEX, LII, TTT, CR, PNR, AYI, HUBB, FAST, GWW, HEES URI, NAV, NCS, TPC, ADSW, PWR, steels, STLD, NUE, X, PKG, CF, WLK, OLN, SHW.
- **FDX Q3:** Expectations were low and positioning has been underweight..print that wasn't necessarily a blow up. There is noise in here and weather was a very big factor – co called out a \$350M reduction in op income vs UBSe \$80M – probably would assume this had an adverse impact on Express.

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UPCOMING CATALYSTS

- **3/25 APG Q4:** Stock is for sure trafficked by a smaller subset of investors, though bullish ones nonetheless. UBS just updated forecasts to be more in line with API's 2021 revenue guidance of \$3.65B - \$3.75B, assuming organic growth of ~8% in Safety Services, ~6% in Specialty Services, offset by a purposeful ~30% decline in Industrial Services (strategic rationale to focus more on margins than top-line growth).
- **3/25 KBR Investor Day:** Investors will largely focus on multi-year EPS goals, organic growth potential in Govt Services & size of the funnel, Integration status of Centauri and other M&A possibilities, Potential for upside to 10% margins in Gov't Solutions, Timing for doubling of Technology Solutions profit, Strategic plans for Tech solutions and lastly, capital allocation potential and consistency (was \$50M in Q4 was a one off)
- **3/25 CE Investor Day:** On the CE earnings call, mgmt gave us a bit of a preview as to what to expect during the investor day so investors are expecting comments about capacity expansion (already announced), outlook for the Acetyl chain, EPS outlook, ESG, and the outlook for cash deployment.

MOST READ ARTICLES OF THE WEEK

- **Global Airlines** - [Bullish sentiment backed by recovering bookings data](#) (Myles Walton, PhD, CFA)
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ENERGY/UTILITIES

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TOP TALKING POINTS

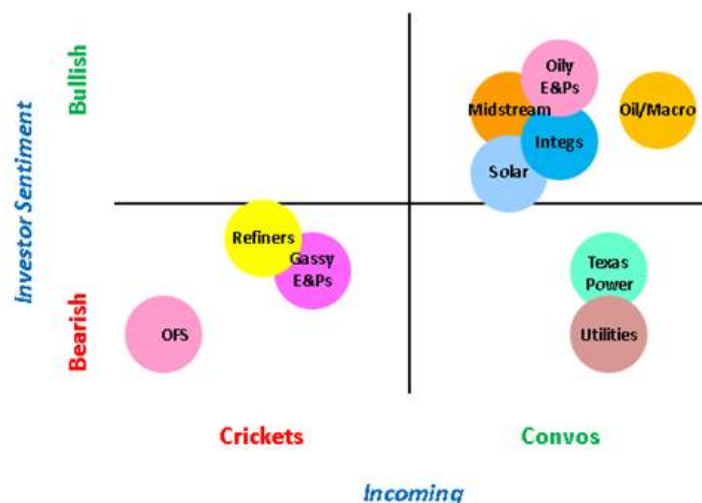
- **WHY DID CRUDE FALL ~9% THIS WEEK?:** still plenty of head scratching around the steep pullback, but it sounded like the market linked it to slow European recovery from lockdown/vaccine roll-out (which isn't new news and Europe is ~15% of oil demand).
- **ENERGY SENTIMENT:** remains bullish for the medium-term despite the move in crude. **What I find encouraging is the stocks have held up relatively well on big crude dips like we saw this week vs getting punished more in the past.** Our trading desk finished yesterday 4-1 better for sale / no shorts (all long sellers) in energy...
- **UTILITIES SENTIMENT / INTEREST LEVELS:** the group has seen a bit of an oversold bounce, but after the Fed threaded the needle with the fed really threading the needle it seems like the market is back to reflation. This leaves the group where we've been with no fund flow support.
- **US POWER / TEXAS DEVELOPMENTS:** the rollercoaster continued after the TX House speaker opposed repricing ([link](#)), followed by the resignation of the last remaining PUCT commissioner, and then **NRG** pulled its FY21 guidance post updated ERCOT settlement data.
- **WHAT'S THE FOCUS FOR MIDSTREAM?: incremental investors are all asking about FCF yields.** Despite the AMZ advancing ~24% to start the year and roughly 63% off late Sept lows, FCF yields for our coverage universe remain attractive in both '21 and '22. On average the '21 FCF yield is 11.2% and 12.9% for '22. Further, to put the recent run up in the space into perspective the AMZ, despite the aforementioned surge, remains 25% below its Jan '20 high, hence we still think there is room for the stocks to move higher from here. Link to note from Team Gershuni [here](#).
- **UBS EUROPEAN VIRTUAL ENERGY CONFERENCE:** lots of requests for takeaways calls post our 3 day conference from US long-only investors. Here are the links to the team's initial takeaway notes: Day 1 ([link](#)) / Day 2 ([link](#)) / Day 3 ([link](#)).

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UPCOMING CATALYSTS

- **3/22: DTE NON-DEAL ROADSHOW:** we're hosting a group video call with Jerry Norcia (CEO of DTE) and Dave Slater (President and CEO-Elect of DT Midstream) @ 2pm ET. Focus remains on the Midstream spin – utility investors are valuing it at 10-12x, which midstream investors think will disappoint.

MOST READ ARTICLES OF THE WEEK

- **Global Energy Transition Call Series** - [Call invite: Renewable Transaction Infrastructure w/ LevelTen Energy](#) (Jon Windham, CFA)
- **Global Energy Transition Call Series** - [UPDATED: March Energy Transition Conference Call Schedule](#) (Jon Windham, CFA)
- **Power & Utilities, Alt Energy & Env. Services** - [Weekly Preview](#) (Daniel Ford, CFA)

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CONSUMER

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TOP TALKING POINTS

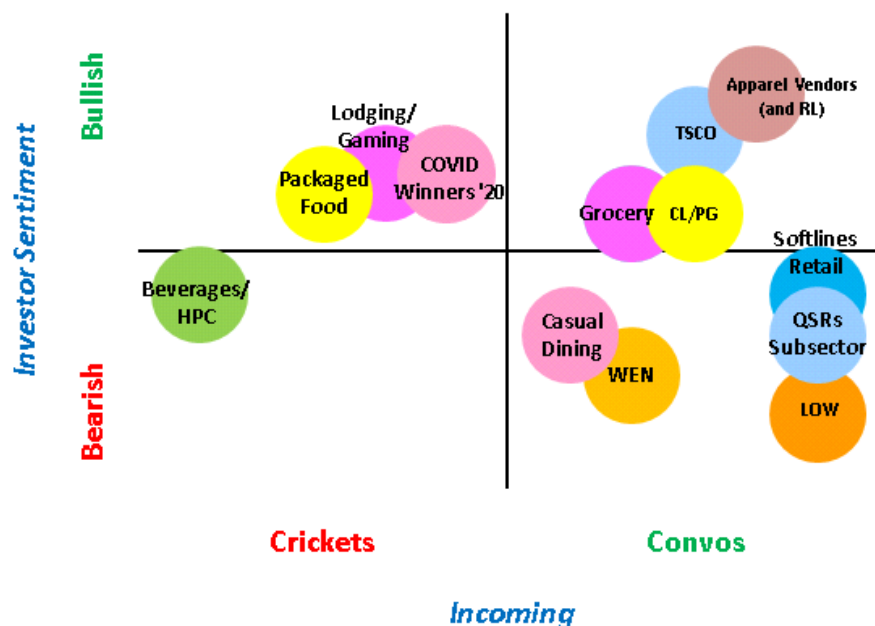
- **DO THE "WINNERS" START TO BECOME INTERESTING AGAIN?** It's still very early, but it was interesting that this week several investors started to question if things were "overdone" in some of the COVID winners (to the downside) and when you could own quality/growth again. It's something to monitor, though it does not feel urgent yet.
- **RESTAURANTS:** We hosted several Zooms throughout the week to talk through sentiment. Things are very high level, reopening vs. not, and centered more around the group than individual stocks. It seems like there's still not much to do in the group stock specific wise – and instead it's more about baskets.
- **STAPLES– AT LEAST SOME INTEREST?:** Similar to the quality hardlines, it does seem like some are poking around in staples to see if there's opportunity in the wreckage..
- **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 and since then 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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UPCOMING CATALYSTS

- **3/24: GIS EARNINGS RELEASE:** Sentiment remains subdued for the food space, though with this off cycle reporter investors seem to be looking more for the reaction to earnings as a sign of what they should think of the space.
- **3/24: RH CONSUMER CONFERENCE:** Most thought that the WSM print was a positive read through to RH and expectations are high here; sentiment is a bit more positive than for WSM.
- **3/25: DRI EARNINGS RELEASE:** Investors remain positive the space and most think there's not much the co. can say to change this; though there is some thought they need to provide some color on recent trends to keep the stock going.

MOST READ ARTICLES OF THE WEEK

- Dollar General Corp (DG, Buy, USD 235 from 245) - [Fresh Prince of Dol-Lar](#) (Michael Lasser)

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SPECIAL SITUATIONS

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- **COHR-IIVH-LITE:** Another eventful week with topping bids being topped. IIVI's last offer represents the eighth revised offer in total from all bidders involved – while it is still short of the most number of iterations we have seen (12), it is getting there, and it might make sense for it to come to an end at this point as the situation has stopped making sense.
- **HIG-CB:** If it gets announced, we think the CB-ACE deal is most relevant for comparing premium and the deal spread it would trade at. The spread during the first couple of months during the CB-ACE deal was ~6% annualized. Brian Meredith also framed this deal as a precedent to look at for synergies and accretion. Brian sees the deal as complimentary and sees the strategic merit. Note: <https://neo.ubs.com/shared/d2ZF0YWwyR1OODi>
- **GE-AER:** Vol persists but shares have recovered some of their post deal drop. Markus continues to pump out bullish notes with upside to cash bridges the co has provided (which he got more convinced on this week post calls he did with mgmt.). We have some event folks doing a deeper dive here. Latest note here: <https://neo.ubs.com/shared/d2fzIU1uLWq>
- **PANW:** What does the CFO departure mean for any potential SOTP unlock? Fatima noted it cause disruption in the finance organization and could increase complexity. She put out a follow up note suggesting PANW is most focused on being able to access ClaiSec equity, both as a potential currency for future M&A and as an incentive to retain and hire talent, where she sees separate financials and compensation plans as the most likely result. Her segment based SOTP provides a lot of upside but there are challenges to a full legal separation. Notes: [UBS Research](#) and <https://neo.ubs.com/shared/d28gjr3RHc>
- **STAY:** Deal was announced this week. There is a reduced competing bid termination fee for superior proposal related termination where the proposal is made by April 14, 2021 and STAY delivers the required superior proposal notice by April 28, 2021. The merger agreement has a fairly standard Blackstone lodging / REIT deal construct. The agreement also has a specific provision that the debt financing may not exceed \$5 billion without the consent of STAY (\$5bn would imply v high leverage at 11.5x vs our assumed 7x)
- **CXP:** Received an unsolicited offer from Arkhouse Partners and AS8888. As much as the offer valuation on its face seems reasonable, we have not come across these buyers in public company deals in the past and the background seems unusual. We are not convinced this proposal would go anywhere, but CXP lacks many of the strong takeover protections of a Maryland company.

CLIENT CONVERSATIONS

- 3/22/21: DTE NDR (with UBS) with CEO/COO/IR; GWPH-JAZZ HSR expiration expected; WDR-MQG AU CFIUS expiration
- 3/23/21: SPWH shareholder meeting; WDR shareholder meeting
- 3/24/21: Capital Markets day for Vimeo (spinning out of IAC); CHNG-UNH HSR expiration expected (refiled); IIVI at Industrial Laser Applications Symposium; MIK HSR expiration expected
- 3/25/21: AZN analyst and investor meeting; EGOV-TYL HSR expiration expected; TCH and HBAN shareholder meetings
- 3/26/21: HMSY shareholder meeting
- 3/27/21: MIK go-shop 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	0.42%	0.33%	↓	Apple Inc.	AAPL UW	2.23%	-1.11%	↑
Tata Consultancy Services Limited	TCS IS	0.37%	0.30%	↓	Taiwan Semiconductor Manufacturing Co	2330 TT	0.40%	-0.47%	↑
Tencent Holdings Ltd.	700 HK	1.07%	0.29%	↓	Amazon.com, Inc.	AMZN UW	1.81%	-0.33%	↑
Walmart Inc.	WMT UN	0.57%	0.26%	↑	Tesla Inc	TSLA UW	0.57%	-0.25%	↓
LVMH Moët Hennessy Louis Vuitton SE	MC FP	0.55%	0.25%	↑	Nestle S.A.	NESN SE	0.25%	-0.26%	↑
Reliance Industries Limited	RIL IS	0.38%	0.24%	↓	Microsoft Corporation	MSFT UW	2.50%	-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%	0.17%	↓	Roche Holding Ltd	ROG SE	0.20%	-0.18%	↓
Visa Inc. Class A	V UN	0.78%	0.16%	↑	Commonwealth Bank of Australia	CBA AT	0.03%	-0.16%	↑
Southern Copper Corporation	SCCO UN	0.16%	0.15%	↑	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 12 March 2021 close.

Source: FactSet, MSCI, UBS Quantitative Research

You can read the full report [here](#)

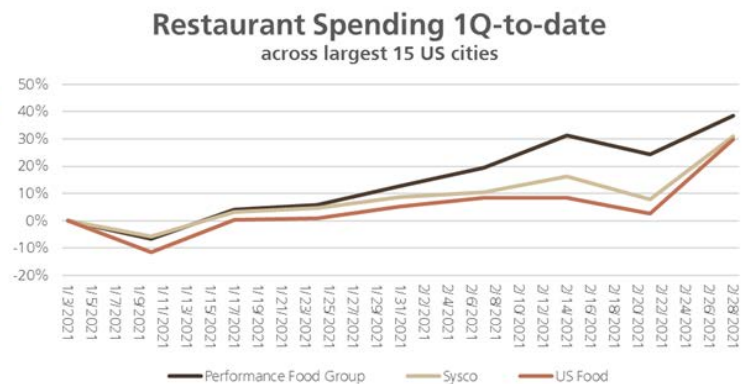
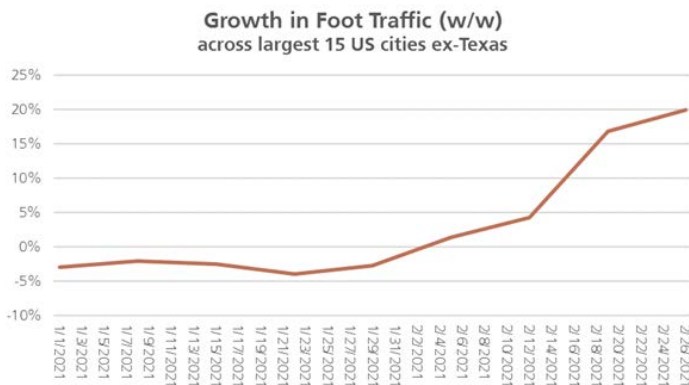
SUMMARY

UBS Evidence Lab: Who wins from a resurgence in restaurant traffic?

[According to the data](#), restaurant foot traffic has **inflected for the first time this year**, particularly in those northeast cities impacted by winter weather. Has [spending](#) tracked a similar trajectory? How have state-wide mask mandates impacted restaurant transaction activity? Which [food distributor\(s\) are best positioned](#) to capture a potential resurgence of demand?

What is the data telling us?

- [Restaurant foot traffic](#) has increased over the past few weeks, **inflecting for the first time this year in areas impacted by severe winter weather**, like New York City, Washington DC, Philadelphia and Chicago (top chart). New York City remains the slowest growing market across the top 15 MSAs, with nearly half the activity-levels compared to the next closest peer (Philadelphia).
- [Spending and transactions nation-wide](#) is **only returning to peak-levels seen during 3Q 2020**. In states like Florida, having less COVID-related mobility restrictions and warmer weather, transaction activity has remained generally stable since 3Q 2020.
- Do state-wide COVID mask mandates impact restaurant activity? Of the 16 states now without state-wide mandates, the data shows total restaurant transactions were 25% higher on average during 1Q – and for **dine-in specifically, spending was roughly 50% higher**.
- What does this mean for the food distributors? Looking at the [growth in restaurant spend by food distributors market share](#), **Performance Foods** has experienced the most relative spending growth, while **Sysco** and **US Food** markets have improved following the storms of early February (bottom chart).



COVID TRACKING

- [Global Paper Mill Weather Monitor](#)
- [Global Travel Restriction Monitor](#)
- [US New Construction Activity Monitor](#)
- [US Reopening Consumer Survey](#)
- [US Hard Seltzer Usage PulseCheck](#)

ELECTRIC VEHICLE TEARDOWN

- [Click here](#) to download ***all eight*** UBS Evidence Lab teardowns
- Looking for the slides and replay from our recent EV webcast? You can find everything here on our [EVs page](#)

MOST DOWNLOADED

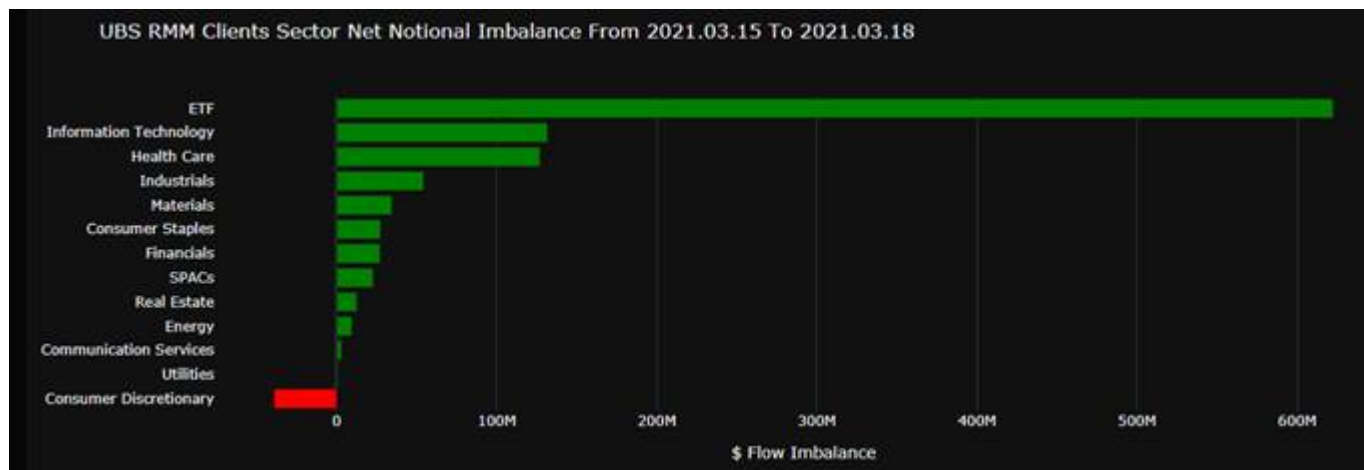
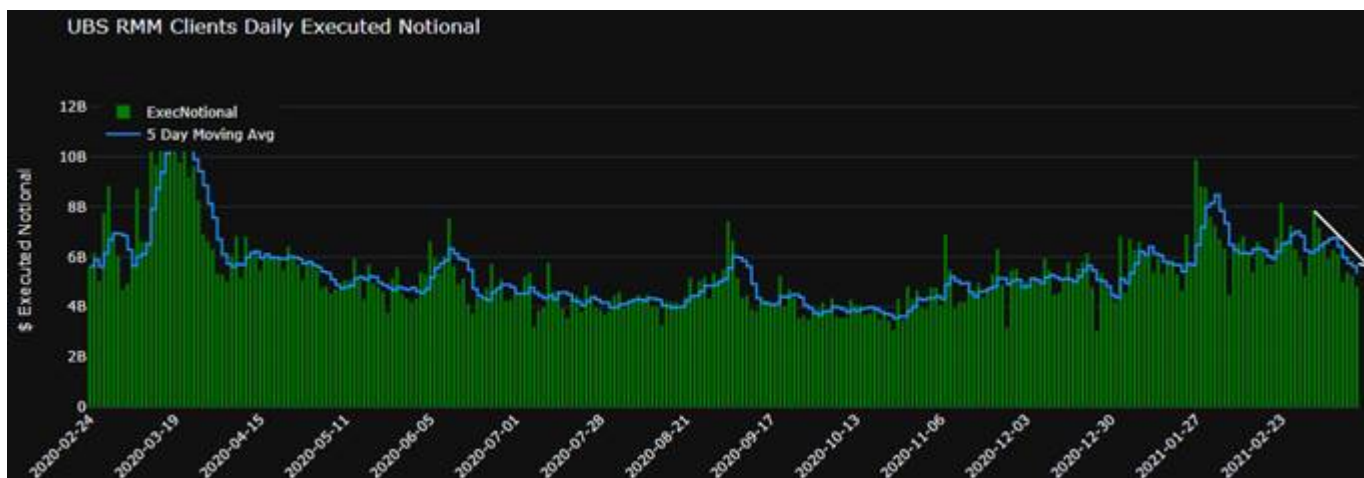
- [COVID-19 Activity Monitor](#)
- [Electric Vehicle Teardown](#)
- [Global Covid-19 Vaccine Adoption Monitor](#)
- [Global Employee Reviews Monitor \[Glassdoor\]](#)
- [Global Covid-19 Mutation Monitor](#)
- [Global Traffic Congestion Monitor](#)
- [US Hospital Volume Tracker](#)
- [Best Sellers \[Amazon\]](#)
- [Global Maritime Trade Monitor](#)
- [Brand Tracker \[WeChat\]](#)

UBS RETAIL MARKET MAKING

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SUMMARY

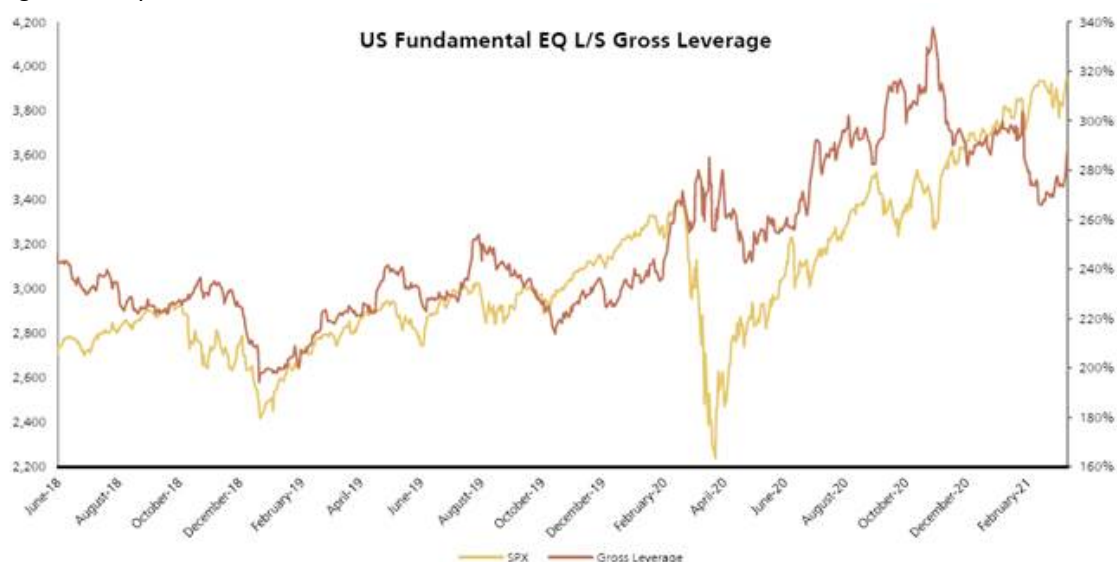
Retail generally acted as a market stabilizer for most of the week buying laggards/market weakness and selling outperformers/market rallies. Overall retail was a net buyer every day this week with vast majority of inflows coming through equity etf's. Single stock sectorized inflows were led by tech and healthcare. Consumer discretionary being the only sector seeing net outflows on the week – driven by outflows in EV makers TSLA and NIO. NIO saw its largest single day outflows ever on Wednesday. Other notable flows - VIAC continues to be sold heavily by retail as the stock rallies. It was the largest sell imbalance on Monday and has been sold for 80 of the past 81 sessions. Semis were sold heavily on Tuesday with TSM/INTC/AMAT/TXN all among the top 10 outflows. ABBV was the most bought stock on Wednesday after post the FDA upadacitinib headlines. AAPL was the most bought stock on Thursday with the broad tech weakness.



SUMMARY

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

- Gross leverage increased 0.13x to 2.87x week over week
 - Long leverage increased 0.05x while short leverage up 0.08x
 - Leverage change was driven by increase in Short exposure
- Major sector themes last week
 - Clients decreased long exposure to Communication Services
 - Clients moved exposure within sectors on the short side -- covered shorts in broad equity indices while increasing exposure to Health Care
- Net leverage currently sits at 0.80x; down 0.03x since last week



CROWDED LONGS

Region	Common Name	#	#1W	%1W	%YTD
Americas	Amazon.com Inc	1	1	2.97%	-5.14%
Americas	Microsoft Corp	2	2	1.79%	6.24%
Americas	Facebook Inc	3	3	1.56%	-1.74%
Americas	Alphabet Inc A	4	4	-2.24%	16.97%
APAC	Kweichow Moutai Co Ltd	5	5	-1.66%	1.40%
Americas	Visa Inc	6	8	4.15%	2.73%
Americas	Wells Fargo & Co	7	6	6.79%	32.84%
Americas	Walt Disney Co	8	9	3.77%	8.82%
Americas	Micron Technology Inc	9	10	-1.30%	16.75%
Americas	Mastercard Inc	10	16	6.05%	7.35%
Americas	Twitter Inc	11	7	1.72%	25.76%
Americas	Alphabet Inc C	12	20	-2.21%	17.70%
Americas	Apple Inc	13	15	-0.32%	-8.65%
Americas	Uber Technologies Inc	14	13	8.66%	18.33%
Europe	AstraZeneca PLC	15	18	1.36%	-3.23%

CROWDED SHORTS

Region	Common Name	#	#1W	%1W	%YTD
Americas	Tesla Inc	1	1	16.02%	-1.69%
Americas	ViacomCBS Inc	2	2	28.21%	155.45%
APAC	Afterpay Ltd	3	3	-1.72%	-3.88%
Americas	Salesforce.Com Inc	4	4	0.69%	-4.64%
Americas	Apple Inc	5	5	-0.32%	-8.65%
Americas	Intel Corp	6	11	3.56%	27.00%
Americas	Advanced Micro Devices Inc	7	6	3.22%	-11.62%
Europe	J Sainsbury PLC	8	7	2.87%	4.79%
Europe	Just Eat Takeaway.com NV	9	14	15.30%	-7.49%
Americas	Discovery Inc	10	12	10.66%	136.29%
Americas	Oracle Corp	11	22	-4.02%	4.22%
Europe	Trainline PLC	12	9	1.30%	3.88%
Americas	S&P Global Inc	13	19	3.32%	5.38%
Americas	Campbell Soup Co	14	17	2.94%	-0.03%
Europe	Prudential PLC	15	13	4.69%	14.29%

CONFERENCE CALLS

COMING UP

	Date	Sector	Time (EDT)	Company/Topic	UBS Host	Link to RSVP	Dial-In	Replay	Replay Code
NEW	23-Mar	Consumer	10:00 AM	UBS Expert Event: Hotel Owner Call w/Several Properties Under Various Major Flags	Robin Farley	PLEASE REGISTER HERE			
	23-Mar	Renewables	11:00 AM	Renewable Transaction Infrastructure w/ LevITen Energy	Jon Windham	PLEASE REGISTER HERE			
	23-Mar	Consumer	2:00 PM	Virtual NDR: MGA Entertainment (Private), one of the world's largest private toy companies	Aepine Kocharyan	PLEASE REGISTER HERE			
	24-Mar	ESG	8:00 AM	Expert Access Call: Biodiversity Loss	Vicki Kalb, Julie Hudson	PLEASE REGISTER HERE			
NEW	24-Mar	TMT	8:30 AM	Adobe Earnings Recap	Jen Lowe	PLEASE REGISTER HERE		US: 1 888 286.8010 Int'l: +1 617 801.6888 Replay Global Access Numbers	94165786
	24-Mar	Renewables	11:00 AM	EV Charging Infrastructure w/ Volta	Jon Windham	PLEASE REGISTER HERE			
	25-Mar	Aerospace & Defense, Airlines	11:00 AM	Expert Call: Assessing the appetite for commercial aircraft in 2021 and beyond - A view from the leasing community	Celine Fornaro, Myles Walton, Markus Mittermaier, Jarrod Castle	PLEASE REGISTER HERE			
NEW	25-Mar	Healthcare	12:00 PM	UBS Expert Event: Largest Hawaii Hosp System President & COO Call	Matt Taylor, Whit Mayo, Dan Brennan, Kevin Caliendo	PLEASE REGISTER HERE		US: 1 888 286.8010 Int'l: +1 617 801.6888	62688464

REPLAYS

	Date	Sector	Time (EDT)	Company/Topic	UBS Host	Replay	Replay Code
NEW	18-Mar	Consumer	8:00 AM	UBS DG, RVE, WSM Call	Nick Smith, Michael Lasser, Mark Paski	US: 1 888 286.8010 Int'l: +1 617 801.6888 Replay Global Access Numbers	31533490#
	18-Mar	Healthcare	10:00 AM	UBS Expert Event: University of Florida Director of Infection Control Call	Matt Taylor, Whit Mayo, Dan Brennan, Kevin Caliendo	US: 1 888 286.8010 Int'l: +1 617 801.6888	26810505
NEW	17-Mar	TMT	8:30 AM	CRWD EPS Recap Call	Fatima Boolani, Andrew Rocha	US: 1 888 286.8010 Int'l: +1 617 801.6888 Replay Global Access Numbers	15132193
NEW	17-Mar	TMT	11:00 AM	Expert Call: Discussing Trends in The Data Center (NVDA, AMD, INTC)	Tim Arcuri	US: 1 888 286.8010 Int'l: +1 617 801.6888	52589214
NEW	16-Mar	TMT	10:00 AM	Takeaways Call for the UBS APAC Tech Tour	Tim Arcuri	1 877-482-6144	13849974
NEW	16-Mar	TMT	11:00 AM	Intel Manufacturing – Separating Myth and Fact; Where Do We Go From Here? Guest Speaker: Brian Vomack	Tim Arcuri	US: 1 888 286.8010 Int'l: +1 617 801.6888	84107935
NEW	16-Mar	Healthcare	12:00 PM	UBS Expert Event: Israel Hospital Medical Director on COVID Vaccinations and Recovery	Matt Taylor, Dan Brennan, Whit Mayo, Kevin Caliendo	US: 1 888 286.8010 Int'l: +1 617 801.6888	20643761
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	Click to Request Replay	
NEW	15-Mar	Healthcare	12:00 PM	Expert Call: US Biosimilar Update	Michael Leuchten, Laura Sutcliffe, Kevin Caliendo, Navin Jacob	US Dial-in: 617-213-4164 UK Dial-in: 0207 136 9233 Replay Global Access Numbers	48423861

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