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Global Equities Roundup: Market Talk

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Dow Jones Institutional News

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0826 GMT - Bouygues has agreed to a steep price in the acquisition of energy company Engie's technical-services arm Equans, Bryan Garnier analyst Eric Lemarie says. The French conglomerate will pay EUR7.1 billion for Equans, well above previously reported price ranges, Lemarie notes. While Bouygues is right to focus on the attractive sector, with the merged division to become the group's largest by revenue, the low implied profit multiple makes the deal an expensive one, Lemarie says. "We suspect the temptation was just too strong for Bouygues to pay a serious price," he says. The large and sprawling unit will moreover be complicated to absorb, with governance issues to boot, Lemarie says. Bouygues slides more than 3% to EUR34.47. (joshua.kirby@wsj.com; @joshualeokirby)

0802 GMT - "This is the big leap Bouygues needs," Jefferies says after the French conglomerate reached a deal to buy Engie's technical-services unit Equans for EUR7.1 billion. The merger with Bouygues's existing energies & services arm will make the division the group's largest by revenue, and will moreover, Jefferies says, make it the world's number two in multi-technical services after compatriot Vinci, from a marginal position today. The sector offers good long-term visibility, reliable growth thanks to the energy transition and strong cash conversion, the bank notes. Nevertheless, complicated execution lies ahead for the deal, and Bouygues will have to square its synergy targets with its workforce commitments, it adds. (joshua.kirby@wsj.com; @joshualeokirby)

0757 GMT - Henkel's updated 2021 margin outlook, at the lower end of its previously guided range, implies clear pressure in the second half of the year, Citi says. The German consumer-goods company said at its 3Q earnings it is now expecting an adjusted EBIT margin of around 13.5%, versus 13.5%-14.5% before, due to input-cost inflation, the bank says. The Dusseldorf-based company also guided its adjusted EPS target to high single-digit growth, vs. high single-digit to mid-teens previously. The new outlook may lead to a 2%-3% consensus EPS cut, with further questions around the carryover from cost inflation into 1H 2022, Citi says. Third-quarter organic sales growth, however, came in at 3.5%, above consensus of 2.5%, Citi says, which maintains its neutral rating on the stock. (edward.frankl@dowjones.com)

0754 GMT - Nordic markets are seen opening slightly lower, with IG calling the OMXS30 down 0.2% at around 2320. U.S. equity markets found new energy from Friday's jobs data and the **S&P500** closed at a new record level, says SEB. Pfizer rose 8% on positive results from the company's new Covid-pills and over the weekend Elon Musk has, with the help of Twitter, made the decision to sell 10% of Tesla, it adds. Movements in the fixed income market continue to be dramatic, but inflation concerns have eased somewhat in recent days, according to market pricing, with markets now awaiting U.S. CPI figures later this week, SEB says. OMXS30 closed at 2324.90, OMXN40 at 2428.21 and OBX at 1096.43. (dominic.chopping@wsj.com)

0748 GMT - The market should react well to Ceconomy's decision to get its transaction with investment company Convergenta back on track, Baader Helvea's Volker Bosse says. The German electronics retailer said Friday that it will again ask shareholders to approve the transaction, under which Convergenta's minority stake in Ceconomy subsidiary MediaMarktSaturn is swapped for a stake in the parent company, after the deal was stymied by a lawsuit brought by some investors earlier this year. While the transaction implies major changes to governance and decision-making at Ceconomy, it also has the potential to create substantial value, Bosse says. If shareholders once more approve the deal, it should go ahead this fiscal year, Ceconomy says. (joshua.kirby@wsj.com; @joshualeokirby)

0744 GMT - DBS Group has positive outlook for 2022, with the bank's engine of wealth management gaining good momentum and set to be the main driver for achieving its double-digit fee-income growth target, CGS-CIMB says. It raises the stock's target price to S\$34.90 from S\$32.70 with an unchanged add rating. Besides equity-accounted contributions from DBS's 13% stake in Shenzhen Rural Commercial Bank, its earnings upside in 2022 could come from potential U.S. Fed rate increases, which may be around S\$18

million-S\$20 million in income per basis point of increase, the brokerage estimates. The shares are 0.8% higher at S\$32.56. (ronnie.harui@wsj.com)

0743 GMT - The FTSE 100 is seen starting the week slightly lower with spreadbetting firm IG expecting the London index to open down 4 points. "This week's main focus will still be on the risks that rising prices may do to the recovery as we head into year end with the latest U.S. producer price index and consumer price index numbers for October set to show further increases, on Tuesday and Wednesday," CMC Markets analyst Michael Hewson says. Meanwhile, the release of October's Chinese trade data on Sunday gave a mixed insight into the world's second largest economy, with exports boosted by global supply-chain disruptions while imports slowed due to various power cuts and shutdowns of China's heavy industries, he says. (renae.dyer@wsj.com)

0739 GMT - Chinese stocks finished the session higher, as lithium producers and airlines led gains, while the healthcare sector weakened. Ganfeng Lithium jumped 7.9% and Zijin Mining was 3.2% higher, while electric-car battery maker CATL added 4.2%. Air China advanced 8.4% and China Southern Airlines gained 6.8%. Covid-19 vaccine maker CanSino Biologics dived 10% to an all-time closing low after Pfizer said its Covid-19 pill was 89% effective in a preliminary assessment. Shenzhen Mindray Bio-Medical shed 6.1% and Jiangsu Hengrui Medicine slumped 4.2%. The Shanghai Composite Index climbed 0.2% to 3498.63, the Shenzhen Composite Index rose 0.5% and the ChiNext Price Index was up 0.8%. (clarence.leong@wsj.com)

0734 GMT - Venture Corp . may be weighed by continued component shortages, including chips, capacitors and plastics, as shipments are impaired by sporadic lockdowns in Southeast Asia, RHB Research says. These shortages had weighed on the company's 3Q earnings, and the brokerage expects these issues to continue into 4Q. However, strong demand for Venture's products should still support margins over the next few quarters amid new product launches. "We remain confident of Venture enjoying a strong rebound once the component shortage subsides," RHB says. It keeps a buy rating, but cuts its target price to S\$20.90 from S\$23.00. Shares rise 0.9% to S\$18.74. (yongchang.chin@wsj.com)

0715 GMT - South Korea's Kospi fell 0.3% to close at 2960.20, dragged by biotech and fintech stocks. Vaccine maker SK Bioscience slumped 14% and antiviral treatment developer Celltrion Inc. slid 5.7%. Some investors saw their business prospects dimming as U.S. drug firms Pfizer and Merck reported their Covid-19 pills' effectiveness in fighting the coronavirus. Digital-only bank KakaoBank fell 2.8%, as institutional investors were allowed to sell shares and book profits after their post-IPO lockup periods ended. Meanwhile, the easing of Covid-19 restrictions sent travel stocks higher. Budget airline Jin Air jumped 10% as Hanatour Service gained 6.3%. (kwanwoo.jun@wsj.com)

0703 GMT - Lendlease Global Commercial REIT 's planned acquisition of the stake in Singapore suburban mall Jem that it doesn't already own could drive growth as the country's retail sector recovers, CGS-CIMB says. The broker estimates that Jem's tenant sales volumes are already close to pre-Covid levels, and may get a further boost as the year-end holiday season kicks in. This could also have a positive knock-on effect across the REIT's leasing business in 2022, the broker says, keeping an add rating and a S\$0.956 target price on Lendlease's units. They rise 0.6% to S\$0.89. (yongchang.chin@wsj.com)

0657 GMT - GS Retail may take an earnings hit from a slower-than-expected recovery in its core businesses, including convenient stores and online shopping malls, says Shinyoung Securities. The South Korean retailer's TV- and internet-based shopping channels are unlikely to make a strong profit turnaround anytime soon, while its convenient-store unit may recover gradually on the easing of Covid-19 restrictions after the spread of the Delta variant hit the segment severely in 3Q, the brokerage says. Shinyoung cuts the stock's target price by 13% to KRW45,000 but maintains a buy rating. Shares are 1.5% higher at KRW33,200. (kwanwoo.jun@wsj.com)

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Economic Report

U.S. adds robust 531,000 new jobs in October in sign economy is speeding up

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Unemployment falls to 4.6%, but millions who had jobs before pandemic still aren't working

The numbers: Companies stepped up hiring in October and added a robust 531,000 jobs, but the biggest labor shortage in decades is still holding back an economic recovery and adding to the largest surge in inflation in three decades.

The increase in hiring almost doubled the number of job gains in September and exceeded Wall Street's forecast. Economists polled by The Wall Street Journal had forecast 450,000 new jobs.

Job gains in September and August were also stronger than originally reported.

The private sector generated 604,000 new jobs last month and hiring was robust across most industries. Government was the only sector in which employment fell.

The unemployment rate dipped to 4.6% from 4.8% and hit a new pandemic low. Yet the official rate underestimates the true level of unemployment by a few percentage points, economists say.

UncreditedThe most disappointing part of the report: The number of people who joined the labor force only rose by 104,000. That left the rate of participation at a paltry 61.6%.

The labor-force participation rate has barely budged over the past year and remains near the lowest level since the early 1970s. The economy can't grow much faster unless more people go back to work.

Businesses have tried to attract more workers by raising pay, offering bonuses or improving benefits. Hourly wages jumped again in October and they have risen 4.9% in the last 12 months, one of the sharpest increases in decades.

Read: ['My business faces a dire shortage of workers,' owner tells Congress](#)

The downside is higher wages are adding to inflation and raising the cost of living. Much the wage gain workers are reaping is being eaten up by higher prices for rent, food, gas and transportation.

U.S. stocks rose in Friday trading after the data was published.

The rebound in hiring is unlikely to spur the Federal Reserve to hasten plans to withdraw its support for the U.S. economy, at least for now. The Fed would like to see even stronger job gains in the months ahead.

Read: [U.S. economy appears to be speeding up again as delta fades](#)

Bryan R. Smith/Agence France-Presse/Getty ImagesBig picture: A rapidly dwindling number of coronavirus cases have paved the way for the economy to speed up, but a lack of workers still poses a big roadblock. Companies can't produce enough goods and services to keep up with demand because of persistent labor and supply shortages.

The hope is that the fading pandemic, higher pay, the reopening of schools and the end of emergency unemployment benefits will push more people back into the labor force. Some 9 million people lost jobless benefits in September.

It's by no means guaranteed, however. A large number of people retired during the pandemic, a decision made easier by record stock-market gains. And many are still too afraid of Covid to go back to work.

How many people reenter the labor force — and how quickly — will help determine when the U.S. economy makes a full recovery from the pandemic.

Key details: Restaurants, hotels, theaters and other companies in the hospitality business created 164,000 new jobs last month to lead the way.

These companies are the most sensitive to the coronavirus and hiring briefly dried up during the rapid spread of the coronavirus delta variant.

Employment also increased by 100,000 at white-collar professional businesses, 60,000 in manufacturing, 54,000 in transportation and 44,000 in construction.

Employment fell by 73,000 in government, but the decline largely reflects disruptions in education at the state and local levels tied to the pandemic. The closing and reopening of schools over the past year has distorted Labor Department's measure for determining government employment levels.

The demand for labor is forcing businesses to compete for workers and entice them with higher pay. Average hourly wages rose 11 cents to \$30.96 in October.

The 4.9% increase in wages over the past 12 months is the fastest since the government adopted new tracking measures in 2006. The last time worker pay rose as fast was in the early 1980s during another period of high inflation.

The average number of hours Americans work slipped a tick to 34.7 hours a week but remained near an all-time high. Businesses have increased overtime to cope with the ongoing labor shortage.

Hiring in September and August was a lot stronger than initially reported.

The government revised the number of new jobs created in September to 312,000 from 194,000, based on new information from the businesses surveyed. And the job gains in August were raised to 483,000 from 366,000.

The revised figures show that hiring didn't slow quite as much as it appeared toward the end of the summer, when the delta outbreak slammed the economy.

What they are saying? "Today's jobs report shows a strong rebound in U.S. employment despite a continuing labor shortage that is pushing wages higher and spurring inflation," said Tony Bedikian, head of global markets at Citizens. "The virus is still weighing on the U.S. jobs recovery, but today's report could be a sign that the economy has turned a corner."

"Despite widely reported worker shortages, strong underlying demand in the economy is steadily healing the labor market," said senior U.S. economist Sal Guatieri of BMO Capital Markets. "The only thing missing now is an upturn in participation as the market tightens and wages rise further."

Read: [Labor costs surge in 3rd quarter due to higher wages and production snafus](#)

Market reaction: The Dow Jones Industrial Average DJIA and **S&P500** SPX rose in Friday trades. The stock market just set a fresh all-time high.

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0726 GMT - Chinese stocks finished lower, with coal miners among the laggards after Beijing signaled plans to stabilize coal prices over the long term. Yanzhou Coal slumped 8.4%, China Shenhua Energy shed 4.0% and China Coal Energy lost 4.7%. Gree Electric fell 5.7% after it posted a 16% decline in 3Q net profit, while peers Midea Group and Haier Smart Home weakened for the third straight session, down 4.3% and 2.3%, respectively. Renewable-energy sectors strengthened, with solar-panel maker LONGi Green Energy up 2.3% and electric-vehicle battery maker CATL rising 2.9% to a new record of CNY615.04. The Shanghai Composite Index slipped 1.0% to 3562.31, the Shenzhen Composite Index dropped 1.1% and the ChiNext Price Index was 0.6% lower. (clarence.leong@wsj.com)

0724 GMT - ZTE Corp.'s strong sales growth and margin improvement will likely be sustained, and may even accelerate, in 4Q, Jefferies says. The bank keeps the stock at buy and raises the target price to HK\$36.82 from HK\$36.72. The telecom equipment maker delivered 14% revenue growth in 3Q, above market expectations, and a significant increase from 4.3% in 2Q. Jefferies reckons the upbeat momentum could further accelerate in 4Q, when telecom carriers are expected to give out more base station orders. A gross profit margin of 38% in 3Q also beat expectations, and Jefferies sees further margin upside as the industry's price competition eases. Shares are down 3.5% at HK\$24.60. (yifan.wang@wsj.com)

0723 GMT - Sodexo's results for fiscal 2021 should be welcomed positively by the market as organic revenue growth and margin performance in the second half came in ahead of expectations, says Citi. The French company's revenue growth was up 18.1% organically in 2H, compared with guidance of 15% and consensus of 16.8%, and guidance for fiscal 2022 looks consistent with a company-compiled consensus. Looking ahead, "while investors are clearly also concerned about supply chain and cost inflation, we expect resilience, driven by menu flexibility and good contractual rights to pass on cost pressures," the bank says. Shares trade 4.6% higher at EUR82.76. (giulia.petroni@wsj.com)

0722 GMT - South Korea's Kospi fell 0.8% to close at 3025.49, snapping a two-session winning streak. Shipping, airline and retail stocks led the retreat. Profit taking kicked in after recent gains amid lingering inflation worries. Stocks wobbled as investors kept parsing corporate earnings. Shipping company HMM slumped 8.5% on stock-dilution concerns after a major noteholder moved to convert bonds into shares. Budget airlines Jin Air and Jeju Air slid 4.4% and 3.3%, respectively. Car maker Kia edged 0.2% higher while electronic-component supplier Samsung Electro-Mechanics fell 1.2% after their earnings reports. Index heavyweight Samsung Electronics fell 1.4% ahead of its 3Q report Thursday. (kwanwoo.jun@wsj.com)

0718 GMT - Heineken's third-quarter update was frustratingly opaque, with a meaningful volume miss of minus 5.1% against company-compiled consensus expectations of minus 2.3%, and little price or margin information to interpret, RBC Capital Markets says. The Dutch brewer was always going to be affected by Asia's coronavirus lockdowns, but a 37% fall in the region's beer volume was greater than expected, and with American and European beer-volume growth missing expectations, this wasn't exactly a vintage quarter for Heineken, the Canadian bank says. "Nor is there any comment on the outlook for 2022 which Heineken said previously will be materially affected by input price rises," RBC says. The bank retains its underperform rating and price target of EUR69.0. Shares are down EUR2.54, or 2.7%, at EUR91.46. (joseph.hoppe@wsj.com)

0717 GMT - Shares in sporting-goods company Puma are trading higher after the German company posted a strong third-quarter earlier Wednesday. Puma's results were better than expected across its profit-and-loss statement, with sales of EUR1.90 billion for the three-month period that were 5% above consensus expectations, while EBIT of EUR228.9 million was 11% ahead, says RBC Capital Markets analyst Piral Dadhanian. The German company's results, the full-year guidance raise as well as the accelerating revenue momentum in the EMEA and Americas regions should all be well received by the market, says the analyst. "Puma's underlying brand and product momentum is strong, supported by product newness and innovation,

white space distribution and market share opportunities across regions/channels/categories/price points," says the analyst. Puma shares are trading 3.4% higher at EUR106.00. (kim.richters@wsj.com)

0703 GMT - The German economy has lost a little of its willingness to hire, the Ifo Institute says. The Ifo employment barometer fell to 103.6 points in October from 104.3 points in September. Nevertheless, the labor market continues to recover, Ifo adds. In manufacturing, the employment barometer remained almost unchanged. Supply problems with raw materials and intermediate products aren't yet reflected in companies' employment policies, Ifo says. Among service providers, the indicator fell but the hospitality industry is still looking for new staff, as are recruitment agencies, the German institute says. In trade, businesses would like to strengthen their personnel planning. There is also still demand for new employees in construction, albeit less than in the previous month, Ifo says. (maria.martinez@wsj.com)

0653 GMT - Huaneng Power International is unlikely to recover from its very weak growth potential, which led the power producer to swing to a loss in 3Q, Citi says. The bank keeps its sell rating and trims its target price to HK\$2.30 from HK\$2.35. Citi reckons Huaneng would likely remain loss-making through 2022, as China's coal prices are expected to remain sharply higher and weigh on Huaneng's margins. Huaneng Power is particularly vulnerable to coal-cost increases, as 88% of its electricity sales are from coal-fired plants, Citi says. Shares are 6.9% higher at HK\$3.90, but have lost 15% since mid-September. (yifan.wang@wsj.com)

0651 GMT - Nordic markets are seen opening slightly lower with IG calling the OMXS30 down 0.4% at around 2335. U.S. stock markets opened strongly yesterday after positive corporate news and earnings reports and the **S&P500** recorded a new all-time high, says SEB. "It seems that September's concerns for inflation, monetary tightening and Chinese debt problems, at least temporarily, have been replaced by focus on positive quarterly reports." Asian stocks are down this morning as the debt crisis on the Chinese real estate market is back in focus and the U.S. cranked up tensions with Beijing by banning China Telecom, as the two countries clash over issues ranging from the coronavirus to cyber-espionage, SEB says. OMXS30 closed at 2344.20, OMXN40 at 2418.72 and OBX at 1080.14. (dominic.chopping@wsj.com)

0643 GMT - The FTSE 100 is expected to open lower as investors look ahead to the release of U.K. Treasury chief Rishi Sunak's budget statement later. Spreadbetting firm IG expects the London index to start trading down 9 points. Some of the policies from the U.K. budget have already been unveiled including extra spending for the National Health Service and an increase in minimum wages. Sunak will announce the rest of his plans at about 1130 GMT. "The Chancellor is insisting on 'fiscal responsibility' and will likely announce new fiscal rules, including balancing the current budget (i.e. excluding investment) and putting the debt/GDP ratio on a declining path by 2024-25," UniCredit analysts say. (renae.dyer@wsj.com)

0627 GMT - Banco Santander's better-than-expected earnings in the third quarter should support its shares, Renta 4 Banco analyst Nuria Alvarez says. "The good operating evolution is confirmed once again, with volume growth in Latin America which compensates for the stability in Europe, the recovery of net fee income, the support of the efficiency plans, and the reduction of the cost of risk underpinning net profit," she says. The Spanish bank posted a net profit of EUR2.17 billion for the third quarter, up 24% compared with the same period a year earlier. Earnings beat analysts' expectations of a EUR2.03 billion profit, according to a consensus forecast provided by FactSet. Santander is in line to meet its profitability guidance for 2021, Alvarez says. (xavier.fontdegloria@wsj.com)

0616 GMT - Japan's Nikkei Stock Average closed flat at 29098.24, erasing earlier losses as U.S. stock futures rose. Among the best performers were Shimano, which soared 8.2% after the maker of bicycle parts and fishing gear raised its fiscal-year revenue and net-profit forecasts, and Nitto Denko, which jumped 7.3% after it raised its fiscal-year revenue and net-profit estimates. Canon slipped 5.9% after it lowered its fiscal-year operating-profit forecast. USD/JPY is at 114.04 compared with 113.97 as of Tuesday's Tokyo stock-market close. The yield on the 10-year Japanese government bond is unchanged at 0.100%. (ronnie.harui@wsj.com)

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0717 GMT - Shares in sporting-goods company Puma are trading higher after the German company posted a strong third-quarter earlier Wednesday. Puma's results were better than expected across its profit-and-loss statement, with sales of EUR1.90 billion for the three-month period that were 5% above consensus expectations, while EBIT of EUR228.9 million was 11% ahead, says RBC Capital Markets analyst Piral Dadhania. The German company's results, the full-year guidance raise as well as the accelerating revenue momentum in the EMEA and Americas regions should all be well received by the market, says the analyst. "Puma's underlying brand and product momentum is strong, supported by product newness and innovation, white space distribution and market share opportunities across regions/channels/categories/price points," says the analyst. Puma shares are trading 3.4% higher at EUR106.00. (kim.richters@wsj.com)

0703 GMT - The German economy has lost a little of its willingness to hire, the Ifo Institute says. The Ifo employment barometer fell to 103.6 points in October from 104.3 points in September. Nevertheless, the labor market continues to recover, Ifo adds. In manufacturing, the employment barometer remained almost unchanged. Supply problems with raw materials and intermediate products aren't yet reflected in companies' employment policies, Ifo says. Among service providers, the indicator fell but the hospitality industry is still looking for new staff, as are recruitment agencies, the German institute says. In trade, businesses would like to strengthen their personnel planning. There is also still demand for new employees in construction, albeit less than in the previous month, Ifo says. (maria.martinez@wsj.com)

0653 GMT - Huaneng Power International is unlikely to recover from its very weak growth potential, which led the power producer to swing to a loss in 3Q, Citi says. The bank keeps its sell rating and trims its target price to HK\$2.30 from HK\$2.35. Citi reckons Huaneng would likely remain loss-making through 2022, as China's coal prices are expected to remain sharply higher and weigh on Huaneng's margins. Huaneng Power is particularly vulnerable to coal-cost increases, as 88% of its electricity sales are from coal-fired plants, Citi says. Shares are 6.9% higher at HK\$3.90, but have lost 15% since mid-September. (yifan.wang@wsj.com)

0651 GMT - Nordic markets are seen opening slightly lower with IG calling the OMXS30 down 0.4% at around 2335. U.S. stock markets opened strongly yesterday after positive corporate news and earnings reports and the **S&P500** recorded a new all-time high, says SEB. "It seems that September's concerns for inflation, monetary tightening and Chinese debt problems, at least temporarily, have been replaced by focus on positive quarterly reports." Asian stocks are down this morning as the debt crisis on the Chinese real estate market is back in focus and the U.S. cranked up tensions with Beijing by banning China Telecom, as the two countries clash over issues ranging from the coronavirus to cyber-espionage, SEB says. OMXS30 closed at 2344.20, OMXN40 at 2418.72 and OBX at 1080.14. (dominic.chopping@wsj.com)

0643 GMT - The FTSE 100 is expected to open lower as investors look ahead to the release of U.K. Treasury chief Rishi Sunak's budget statement later. Spreadbetting firm IG expects the London index to start trading down 9 points. Some of the policies from the U.K. budget have already been unveiled including extra spending for the National Health Service and an increase in minimum wages. Sunak will announce the rest of his plans at about 1130 GMT. "The Chancellor is insisting on 'fiscal responsibility' and will likely announce new fiscal rules, including balancing the current budget (i.e. excluding investment) and putting the debt/GDP ratio on a declining path by 2024-25," UniCredit analysts say. (renae.dyer@wsj.com)

0627 GMT - Banco Santander's better-than-expected earnings in the third quarter should support its shares, Renta 4 Banco analyst Nuria Alvarez says. "The good operating evolution is confirmed once again, with volume growth in Latin America which compensates for the stability in Europe, the recovery of net fee income, the support of the efficiency plans, and the reduction of the cost of risk underpinning net profit," she says. The Spanish bank posted a net profit of EUR2.17 billion for the third quarter, up 24% compared with the same period a year earlier. Earnings beat analysts' expectations of a EUR2.03 billion profit, according to a

consensus forecast provided by FactSet. Santander is in line to meet its profitability guidance for 2021, Alvarez says. (xavier.fontdegloria@wsj.com)

0616 GMT - Japan's Nikkei Stock Average closed flat at 29098.24, erasing earlier losses as U.S. stock futures rose. Among the best performers were Shimano, which soared 8.2% after the maker of bicycle parts and fishing gear raised its fiscal-year revenue and net-profit forecasts, and Nitto Denko, which jumped 7.3% after it raised its fiscal-year revenue and net-profit estimates. Canon slipped 5.9% after it lowered its fiscal-year operating-profit forecast. USD/JPY is at 114.04 compared with 113.97 as of Tuesday's Tokyo stock-market close. The yield on the 10-year Japanese government bond is unchanged at 0.100%. (ronnie.harui@wsj.com)

0611 GMT - Citi upgrades its profit view for electronic parts supplier Foryou Corp. on expectations of higher orders and easing headwinds. The investment bank raises its 2022-2023 net profit estimates for the company by 2.0%, expecting strict cost controls will help offset higher raw material prices, which it reckons will start normalizing soon. Despite a slight decline in 3Q due to the global semiconductor chip shortage, Citi thinks Foryou's head-up display shipments will be resilient as the supply crunch eases. It raises the stock's target price to CNY54.00 from CNY48.00 and maintains its buy rating. Shares are trading 0.3% higher at CNY45.02. (yiwei.wong@wsj.com)

0602 GMT - Shanghai Jahwa United shares' further price downside is likely limited owing to an undemanding valuation, but both sales and margin outlooks appear concerning, Citi says. The bank trims its target to CNY52.10 from CNY55.10, but keeps the stock at buy. The personal hygiene and cosmetics maker's 3Q sales undershot Citi's forecast due to weaker sales both in China and abroad amid pandemic disruptions, a negative trend that could persist, Citi says. It also reckons profitability could be pressured in 4Q, given anticipated promotional expenses. But Citi says the stock's forward 12-month PE multiple is at a three-year low, which has likely priced in most unfavorable factors. (yifan.wang@wsj.com)

0553 GMT - Eni's valuation of the listing of its retail-and-renewables business, as reported by the media this week, is viewed as elevated, Jefferies says. Bloomberg reported Tuesday that the Italian oil-and-gas major will seek a valuation of up to EUR15 billion for the business's IPO next year. According to analysts at the bank, a valuation of around EUR9 billion would be more realistic. Jefferies says IPO proceeds are expected to be used by the company to further accelerate the growth of its low-carbon businesses, rather than be returned to shareholders. (giulia.petroni@wsj.com)

0550 GMT - Deutsche Bank shares are anticipated to open higher, according to Lang & Schwarz, after the German lender's 3Q profit and revenue beat analysts' expectations. Deutsche Bank's after-tax profit for the quarter was EUR329 million, higher on year and ahead of consensus views of EUR280 million, even though the bank booked EUR583 million in additional costs related to its overhaul. The costs were mostly related to moving some of its systems to the cloud, it said. Revenue rose 2% and was also ahead of views. Investment-banking revenue fell 6% as the effect of a pandemic-related boom faded, but it beat consensus views. Deutsche Bank expects the business to perform in line with last year's record levels for 2021. (cristina.roca@wsj.com; @_cristinaroca)

0540 GMT - WABCO India is likely a high-quality commercial vehicle play in India, ICICI Securities says, raising the stock's rating to buy from add and the target price to INR9,135 from INR7,629. The supplier of technologies that improve the safety, efficiency and connectivity of commercial vehicles may be a beneficiary of the country's impending multiyear growth cycle, strong export opportunities from both existing customers and parent ZF, and best-in-class technology support from its parent, ICICI Securities says. Also, public and private capital expenditures together with moderate monsoons are likely to facilitate fleet utilization improvement with higher freight rates, the brokerage says. The shares are 2.4% higher at INR7,476.35. (ronnie.harui@wsj.com)

(END) Dow Jones Newswires

October 27, 2021 03:17 ET (07:17 GMT)

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DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Lower -- Market Talk

162 字

2021 年 10 月 27 日 07:51

Dow Jones Institutional News

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Global Equities Roundup: Market Talk

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0821 GMT - China Resources Cement 's profits could be squeezed by high coal prices, China Galaxy Securities International says. It notes 3Q net profit fell 47.5% on year, as high coal prices added to costs. The resulting higher cement selling prices may also result in less construction activity in 4Q, which may further weigh on profits, it says. China Galaxy cuts China Resources Cement 's full-year net profit forecast by 13.6% to HK\$7.27 billion and lowers its target price to HK\$9.08 from HK\$9.28. The broker keeps an add rating, citing its current price-to-book ratio of 0.87X versus a historical average of 1.27X. Shares closed 4.6% lower at HK\$6.80. (yongchang.chin@wsj.com)

0805 GMT - Galp Energia 's third-quarter results were mixed and the updated guidance for the full year is already reflected in current consensus expectations, says Citi. The Portuguese energy company said earlier Monday that it expects adjusted Ebitda for the group to exceed EUR2.3 billion in 2021, compared with a previous target of more than EUR2.0 billion. Citi's estimate and consensus expectations are at EUR2.4 billion for this metric, says the U.S. bank. For the third quarter, Galp's adjusted net income was EUR161 million, which compares with consensus estimates of EUR149 million, Citi says. "The beat versus consensus was driven by lower financial expenses and taxes, despite a weaker operational performance," it says. Shares in Galp trade 0.9% lower at EUR9.71. (kim.richters@wsj.com)

0753 GMT - Banca Monte dei Paschi shares fall sharply after talks between UniCredit and the Italian government to buy selected parts of the Italian bank collapse. Barring a resumption of negotiations in the coming weeks, Italy will mostly likely ask the EU for an extension to the deadline it faces to sell its 64% stake in the troubled lender, Citi analysts say. The Italian government will likely "pursue a standalone strategy for MPS in the meantime (e.g. recap, restructuring) in order to find a new partner in the medium term," Citi says. So far, UniCredit has been the only suitor that seriously considered purchasing the Tuscan bank. MPS trades 3.4% lower at EUR1.04, having dropped as low as EUR0.97 earlier Monday. (cristina.roca@wsj.com; @_cristinaroca)

0740 GMT - China's state-owned cloud initiative is likely to boost public sector demand for software and digitization services, but only vendors trusted by the government stand to gain, Jefferies says. A key objective of the initiatives is to accelerate the digitization of local governments and state-owned companies, especially smaller ones with very low levels of digitization. Jefferies reckons that as the public sector becomes more digitized, software solutions and data-analysis tools will be in high demand. And these products are likely to be procured from external suppliers that have already earned the government's trust. (yifan.wang@wsj.com)

0736 GMT - Germany's Ifo business climate index is expected to decline to its lowest level since this spring, according to UniCredit . The Italian bank forecasts the index will fall from 98.8 in September to 97.5 in October. Economists polled by The Wall Street Journal see a decline to 98.0. This would be the fourth consecutive deterioration after peaking at nearly 102 in June. The drivers of the decline are likely to be soaring energy prices, persistent supply shortages and concerns about a further cooling of the Chinese economy, economists at UniCredit say. UniCredit expects both the current assessment and the expectations components to decline to 99.1 from 100.4 and to 96.0 from 97.3, respectively. The Ifo business climate index will be published at 0800GMT. (maria.martinez@wsj.com)

0731 GMT - The FTSE 100 rises 0.3% to 7227 points with mining and energy shares leading the gains. Miners BHP Group, Antofagasta and Glencore rally along with energy giants BP and Royal Dutch Shell , boosted by higher prices of copper and oil. HSBC shares climb 0.6% after the bank posted a 74% jump in third-quarter pre-tax profits and announced a share buyback of up to \$2 billion. "The numbers are flattered by further bad debt releases, in what will be the likely theme of the season, but the announcement of a share buyback programme is a positive endorsement of the bank's own confidence in prospects," Interactive Investor analyst Richard Hunter says. (renae.dyer@wsj.com)

0728 GMT - China's three major telecom operators and software developer Yonyou Network Technology look well-positioned to capture demand from the state-owned cloud initiative, Jefferies says. Several local governments have recently unveiled plans to build state-owned cloud platforms for government and state-owned companies' data. Jefferies reckons the three major telcos, China Unicom, China Telecom and China Mobile, would likely get a substantial share of the new market, given their good relationships with the government and their capacity to provide both network and data-center services. Yonyou could also win from the initiative, as it is already working with multiple local governments on digital platforms. (yifan.wang@wsj.com)

0724 GMT - Chinese stocks ended higher, with energy companies rising amid high energy-commodity prices while consumer-related companies fell. The Shanghai Composite Index rose 0.8% to end at 3609.86, the Shenzhen Composite Index gained 0.9% to 2433.22 and the ChiNext Price Index advanced 1.6% to 3338.62. Energy company China Shenhua Energy was 3.3% higher, Shenzhen Energy added 1.0% and LONGi Green Energy Technology advanced 4.0%. Consumer-related companies declined amid concerns over a resurgence of Covid-19 in 11 of China's provinces, IG said. Kweichow Moutai lost 1.5%, Wuliangye Yibin dropped 2.1% and China Tourism Group Duty Free fell 1.7%. (yongchang.chin@wsj.com)

0721 GMT - South Korea's Kospi rose 0.5% to close at 3020.54, reversing earlier losses. Shipbuilding, airline and steel stocks led the rebound. The won's gain against the greenback supported local equities. Foreign investors joined institutional ones to turn net buyers, as USD/KRW was trading 0.7% lower at 1,168.40 late Monday. Shipbuilder Hyundai Heavy Industries rose 5.0% on new contract wins, also sending its affiliate Hyundai Mipo Dockyard 11% higher and parent Korea Shipbuilding & Offshore Engineering 5.1% higher. Budget airlines Jeju Air and Jin Air climbed 7.8% and 6.4%, respectively. Steelmaker Posco added 3.1% after solid 3Q earnings. (kwanwoo.jun@wsj.com)

0718 GMT - HSBC Holdings' more-than-doubled net profit and strong pretax profit for 3Q, which were ahead of market expectations for the period, should drive earnings upgrades, Goodbody UK says. The bank's capital beat and the \$2 billion buyback will also be pleasing to investors, Goodbody says. HSBC did flag inflationary pressures and continued investment requirements, but investors will likely focus on the bank's key metrics, the U.K. brokerage says. Shares in London are up 0.4% at 436.45 pence. (sabela.ojea@wsj.com; @sabelaojeaguix)

0649 GMT - Nordic markets are seen opening slightly higher, with IG calling the OMXS30 up 0.2% at around 2354. Global stock markets continue to illustrate resilience and calm in a global market characterized by increasing and more persistent production problems, growing inflationary concerns, and new evidence that we are moving towards less monetary stimulus, says SEB. In the U.S., **S&P500** closed just below the previous record level at 4550 on Friday. "Global risk appetite gained momentum from continued strong company reports and that Chinese Evergrande made an interest payment at the very last minute and thus avoided a formal default." Stock markets in Asia this morning have a slightly negative undertone, while U.S. futures are close to zero, it says. OMXS30 closed at 2348.84, OMXN40 at 2420.60 and OBX at 1082.28. (dominic.chopping@wsj.com)

0638 GMT - The FTSE 100 is expected to open higher as traders look ahead to a busy week of news. Spreadbetting firm IG expects the London index starting up 17 points. "After Friday's strong U.S. finish, markets in Europe look set to see a positive open in what is set to be an important week for macroeconomic data, with EU and U.S. third-quarter gross domestic product and interest rate meetings from the European Central Bank and the Bank of Japan, while in the U.K. the Chancellor of the Exchequer will be delivering his Autumn Budget," CMC Markets analyst Michael Hewson says. (renae.dyer@wsj.com)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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Dow Jones Institutional News

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0627 GMT - APL Apollo Tubes looks attractive to ICICI Securities, which starts coverage of the stock with a buy rating and a target price of INR1,020. The manufacturer has been able to premiumize steel structural tubes via production capacity expansion, quality control and brand campaigns, and looks set to keep boosting its share of the Indian market. The company has become almost net debt free, generating consistent free cashflows, and has lowered its working capital to eight days. APL Apollo Tubes also has twice the number of dealers and three times the number of product offerings than its nearest rival. Shares are 6.6% lower at INR762.60. (ronnie.harui@wsj.com)

0624 GMT - Japanese stocks end lower, dragged by falls in tech and food stocks, as uncertainty continues about the pace of an economic recovery from the Covid-19 pandemic. SoftBank Group loses 3.4% and Asahi Group Holdings drops 3.0%. The Nikkei Stock Average falls 0.7% at 28600.41. Investors are focusing on political developments ahead of Japan's lower-house election on Sunday. USD/JPY is at 113.53, compared with 113.50 late Friday in New York. The 10-year Japanese government bond yield rises half a basis point at 0.095%. (kosaku.narioka@wsj.com; @kosakunarioka)

0621 GMT - Sabadell shares should react positively to news that it has received interest for TSB from the U.K.'s Co-Operative Bank, Jefferies analysts say. The Co-Operative Bank said Monday that no talks are currently taking place. The GBP1 billion valuation reported by Sky News on Sunday is below the GBP1.7 billion Sabadell paid for TSB in 2015, and a sale would cut the Spanish bank's 2023 profit by 17%, Jefferies estimates. However, a sale would also lift Sabadell's CET 1 ratio by about 130 basis points, improving its small capital buffers, the U.S. bank says. "Despite the improving profitability outlook for TSB, we expect the market would welcome an exit of the U.K. market by Sabadell," it adds. (cristina.roca@wsj.com; @_cristinaroca)

0604 GMT - Continental looks like an attractive turnaround story when automotive production normalizes and cost savings boost a margin recovery for its auto business, "which should simultaneously drive earnings and multiple expansion," Citi says. The German car-parts supplier last week lowered its full-year outlook because of chip shortage and supply-chain uncertainties. The bank reiterates its buy rating on the stock and lifts the target price to EUR115.00 from EUR110.00. Continental's outlook "downgrade was largely driven by lower auto production assumptions (-1% to +1% compared to +8-10% previously), which were anticipated, but incremental cost inflation in rubber and automotive meant the cut was c.10% lower than consensus expected," Citi says. (kim.richters@wsj.com)

0601 GMT - Kuaishou Technology 's profit margins are likely to improve, as the video-sharing platform has decided to tighten its overseas marketing budget, Nomura says. The Japanese investment bank also expects the Chinese video platform's online-advertisement business segment to sustain its solid growth despite regulatory headwinds affecting the technology sector. Kuaishou could book solid growth from its other services, including its proprietary e-commerce platform Kwaishop, it adds. Nomura raises its target price to HK\$122.00 from HK\$95.00, as it expects Kuaishou's profit margins to improve. The bank maintains its buy rating on Kuaishou's H-shares, which are 6.2% higher at HK\$108.50. (yiwei.wong@wsj.com)

0551 GMT - UniCredit 's decision to end talks to take over Banca Monte dei Paschi shows that the bank's management is focused on shareholder value, Jefferies analysts say. The company confirmed Sunday that it won't continue negotiations with the Italian government. There is still a chance that either side could change its mind, and M&A could be an "accelerator" of strategic outcomes for the bank, but UniCredit also looks attractive on its own, Jefferies says. UniCredit could beat consensus revenue views thanks to rebounding volume in its domestic business, while its strong excess capital leaves it well placed to implement additional buybacks, the bank says. (cristina.roca@wsj.com; @_cristinaroca)

0548 GMT - Biocon's earnings may grow after likely bottoming out in 2Q FY 2022, Jefferies says, raising the stock's rating to hold from underperform and the target price to INR305 from INR298. The generics business is expected to continue its recovery based on upcoming launches of drugs such as everolimus. Meanwhile, the biosimilars division is likely to begin posting on-quarter earnings growth thanks to biosimilar insulin glargine, which will be added by Express Scripts in the U.S. as a preferred insulin brand in its National Preferred Formulary, and due to geographic expansion of its product portfolio in coming quarters, Jefferies says. Shares are 1.2% lower at INR320.00. (ronnie.harui@wsj.com)

0530 GMT - Cruise operator Carnival is expected to move progressively from cash burn to cash generation as fleet deployments ramp up over the next 12 months, and be free-cash-flow positive in the second quarter of 2022, Citi analysts say. Near-term uncertainties for the cruising industry persist, though strict vaccination and testing policies are key drivers in improving consumer sentiment, and momentum is expected to build as deployments and associated marketing spending ramp up in the coming months, the bank says. "Consumer interest in cruising has lagged other forms of leisure travel but web visits suggest the recovery is continuing despite concerns about the Delta variant," the bank says. Citi cuts its stock rating to neutral from buy. (anthony.orunagoriainoff@dowjones.com)

0520 GMT - Australia's S&P/ASX 200 closed 0.3% higher at 7441.0, with gains across almost every sector. Commodity stocks led the way as the benchmark built on positive momentum from the Dow Jones Industrial Average's record at the end of last week. Energy companies provided five of the ASX 200's six best performing components as Oil Search, Santos, Origin, Woodside and Beach put on between 3.5% and 5.1%. Shares in iron ore and gold miners also rose, although Mineral Resources ' 9.0% gain on the restart of its lithium JV made it the standout performer. Industrial and tech stocks slipped, with Afterpay giving up 2.7% amid disquiet over potential regulation of Australia's buy-now-pay-later sector. (stuart.condie@wsj.com; @StuartLCondie)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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Dow Jones Institutional News

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0638 GMT - The FTSE 100 is expected to open higher as traders look ahead to a busy week of news. Spreadbetting firm IG expects the London index starting up 17 points. "After Friday's strong U.S. finish, markets in Europe look set to see a positive open in what is set to be an important week for macroeconomic data, with EU and U.S. third-quarter gross domestic product and interest rate meetings from the European Central Bank and the Bank of Japan, while in the U.K. the Chancellor of the Exchequer will be delivering his Autumn Budget," CMC Markets analyst Michael Hewson says. (renae.dyer@wsj.com)

0627 GMT - APL Apollo Tubes looks attractive to ICICI Securities, which starts coverage of the stock with a buy rating and a target price of INR1,020. The manufacturer has been able to premiumize steel structural tubes via production capacity expansion, quality control and brand campaigns, and looks set to keep boosting its share of the Indian market. The company has become almost net debt free, generating consistent free cashflows, and has lowered its working capital to eight days. APL Apollo Tubes also has twice the number of dealers and three times the number of product offerings than its nearest rival. Shares are 6.6% lower at INR762.60. (ronnie.harui@wsj.com)

0624 GMT - Japanese stocks end lower, dragged by falls in tech and food stocks, as uncertainty continues about the pace of an economic recovery from the Covid-19 pandemic. SoftBank Group loses 3.4% and Asahi Group Holdings drops 3.0%. The Nikkei Stock Average falls 0.7% at 28600.41. Investors are focusing on political developments ahead of Japan's lower-house election on Sunday. USD/JPY is at 113.53, compared with 113.50 late Friday in New York. The 10-year Japanese government bond yield rises half a basis point at 0.095%. (kosaku.narioka@wsj.com; @kosakunarioka)

0621 GMT - Sabadell shares should react positively to news that it has received interest for TSB from the U.K.'s Co-Operative Bank, Jefferies analysts say. The Co-Operative Bank said Monday that no talks are currently taking place. The GBP1 billion valuation reported by Sky News on Sunday is below the GBP1.7 billion Sabadell paid for TSB in 2015, and a sale would cut the Spanish bank's 2023 profit by 17%, Jefferies estimates. However, a sale would also lift Sabadell's CET 1 ratio by about 130 basis points, improving its small capital buffers, the U.S. bank says. "Despite the improving profitability outlook for TSB, we expect the market would welcome an exit of the U.K. market by Sabadell," it adds. (cristina.roca@wsj.com; @_cristinaroca)

0604 GMT - Continental looks like an attractive turnaround story when automotive production normalizes and cost savings boost a margin recovery for its auto business, "which should simultaneously drive earnings and multiple expansion," Citi says. The German car-parts supplier last week lowered its full-year outlook because of chip shortage and supply-chain uncertainties. The bank reiterates its buy rating on the stock and lifts the target price to EUR115.00 from EUR110.00. Continental's outlook "downgrade was largely driven by lower auto production assumptions (-1% to +1% compared to +8-10% previously), which were anticipated, but incremental cost inflation in rubber and automotive meant the cut was c.10% lower than consensus expected," Citi says. (kim.richters@wsj.com)

0601 GMT - Kuaishou Technology's profit margins are likely to improve, as the video-sharing platform has decided to tighten its overseas marketing budget, Nomura says. The Japanese investment bank also expects the Chinese video platform's online-advertisement business segment to sustain its solid growth despite regulatory headwinds affecting the technology sector. Kuaishou could book solid growth from its other services, including its proprietary e-commerce platform Kwaishop, it adds. Nomura raises its target price to HK\$122.00 from HK\$95.00, as it expects Kuaishou's profit margins to improve. The bank maintains its buy rating on Kuaishou's H-shares, which are 6.2% higher at HK\$108.50. (yiwei.wong@wsj.com)

(END) Dow Jones Newswires

October 25, 2021 03:31 ET (07:31 GMT)

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DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Higher -- Market Talk

165 字

2021 年 10 月 25 日 07:49

Dow Jones Institutional News

DJDN

英文

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0649 GMT - Nordic markets are seen opening slightly higher, with IG calling the OMXS30 up 0.2% at around 2354. Global stock markets continue to illustrate resilience and calm in a global market characterized by increasing and more persistent production problems, growing inflationary concerns, and new evidence that we are moving towards less monetary stimulus, says SEB. In the U.S., **S&P500** closed just below the previous record level at 4550 on Friday. "Global risk appetite gained momentum from continued strong company reports and that Chinese Evergrande made an interest payment at the very last minute and thus avoided a formal default." Stock markets in Asia this morning have a slightly negative undertone, while U.S. futures are close to zero, it says. OMXS30 closed at 2348.84, OMXN40 at 2420.60 and OBX at 1082.28. (dominic.chopping@wsj.com)

(END) Dow Jones Newswires

October 25, 2021 02:49 ET (06:49 GMT)

文件 DJDN000020211025ehap000gp

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,474 字

2021 年 10 月 22 日 08:53

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0753 GMT - Chinese stocks ended the session mixed, continuing a trend of muted trading so far this month. The benchmark Shanghai Composite Index shed 0.3% to settle at 3582.60, while the Shenzhen Composite Index lost 0.1% to 2412.67. The ChiNext Price Index, which features emerging industries, rose 0.2% to close at 3284.91. Coal miners led the losers as the sector retreated from the previous day's growth. Consumer goods and services showed some strength. (yifan.wang@wsj.com)

0659 GMT - Sonata Software 's earnings growth profile appears solid, based on its 2Q FY 2022 results, HDFC Securities says, raising the stock's target price to INR1,050 from INR1,030 with an unchanged buy rating. Revenue from Microsoft -related services is driving growth, which is expected to be in the high teens, while growth in its domestic product and services business will likely be driven by higher cloud adoption, the brokerage says. Also, its travel business has rebounded and this recovery will probably quicken with an increase in leisure travel, adds the brokerage, which raises its FY 2022-FY 2023 EPS estimates for the technology company by 3.6%-3.3%. Shares are 2.9% lower at INR810.00. (ronnie.harui@wsj.com)

0645 GMT - South Korean stocks ended flat, with the Kospi closing 0.04% or 1.17 points lower at 3006.16 after mixed choppy trade. The benchmark fell 0.3% for the week. Stocks wobbled on Friday as 3Q corporate earnings trickled out. Hanwha Aerospace and Korea Aerospace Industries retreated 4.5% and 4.7%, respectively, after the country's unsuccessful attempt to launch its first homegrown space rocket on Thursday. Hana Financial Group rose 0.3% ahead of its 3Q earnings release. Steelmaker Posco lost 2.4% while chip maker SK Hynix rose 2.3% before reporting 3Q results next week. Samsung SDI gained 1.9% after a EV battery deal with Stellantis. (kwanwoo.jun@wsj.com)

0642 GMT - Nordic markets may open slightly higher with IG calling the OMXS30 up 0.3% at around 2332. U.S. equity markets rose Thursday after initially trading sideways, notes SEB. Broad gains are noted in Asia this morning due to, among other things, Evergrande avoiding bankruptcy with a last-minute bond interest payment, it adds. "The earnings season has once again offered a party atmosphere, 80% of the 109 reporting companies in the **S&P500** have so far positively surprised already high expectations." Overnight, U.K. consumer confidence was reported to have fallen further and the data focus today is on PMIs, the Riksbank 's business report and U.K. retail figures, it adds. OMXS30 closed at 2325.15, OMXN40 at 2392.17 and OBX at 1078.21. (dominic.chopping@wsj.com)

0639 GMT - L'Oreal 's shares on Friday should benefit from a strong beat in third-quarter sales driven by broad-based share gains and e-commerce, says Jefferies. The French cosmetics and consumer-products company's quarterly sales were up 13.1% on year at constant exchange rates, ahead of consensus of 7.6%, boosted by the luxe, active and professional divisions, according to the bank. Jefferies says L'Oreal 's increased confidence on its full-year outlook is also likely to drive consensus top-line upgrades. "It looks to us as if consensus LFL expectations for the year will go comfortably into the mid-teens," it says. Consensus currently forecasts like-for-like sales growth of 13.1% for the full year. (giulia.petroni@wsj.com)

0634 GMT - CaixaBank is thinking of selling its stake in Erste amid regulatory changes on the horizon, Jefferies analysts say. The Basel IV framework, which will be implemented from 2023, should reduce the favorable treatment that the stake currently enjoys, Jefferies says. The Spanish lender said a full disposal of its 9.9% stake in the Austrian bank could improve its CET 1 ratio by 15 basis points, but that it would have a small effect on its bottom line. Jefferies calculates a 5% hit to 2023 net profit if the full stake is sold, and says shares could have a mixed reaction to the news. In the long run, however, a move to simplify CaixaBank 's investment exposure should be welcomed, it says. (cristina.roca@wsj.com; @_cristinaroca)

0635 GMT - Sika 's third-quarter EBIT and net profit might have missed expectations, but Sika's business story is unchanged and remains positive, Baader Helvea says. Sales were in line at CHF2.41 billion but profits were between 3%-5% below consensus, Baader says. Yet despite significant raw-material cost

increases, Sika achieved a more-than 15% EBIT margin in the period, the equity-research firm says. Economies of scale were realized thanks to higher volume, an increase in prices, and targeted efficiency gains in production workflows, Baader says. Sika confirmed its full-year outlook, but consensus might be too ambitious for the 4Q margin due to increasing raw-material costs, Baader says. The research firm maintains its add rating, but, despite the positives, expects share-price underperformance in Friday trading. (edward.frankl@dowjones.com)

0634 GMT - Sika 's third-quarter sales were in line with expectations but EBIT and net profit dipped 3% and 5% respectively below consensus, Baader Helvea says. However, while the consensus miss might be a negative surprise, it should be only a timing issue based on how fast higher raw-material costs can be passed on to customers, Baader says. Growth momentum in large markets like Germany or France may have worsened in the period, which might have led to the miss, despite higher e-commerce and distribution, the equity-research firm says. The global chip shortage was stronger than anticipated too, Baader says. However, Sika performed very well in Asia/Pacific and in particular in Americas, it says. Baader keeps its add rating and CHF340 target price. (edward.frankl@dowjones.com)

0633 GMT - The FTSE 100 is expected to open 23 points higher at 7213, according to CMC Markets , after upbeat trading in Asia. Stocks in mainland China, Hong Kong and Japan are all in positive territory, though the Dow Jones closed flat Thursday. "As we look towards today's European trading, we can expect to see a positive open after reports in Asia that Evergrande would be paying the \$83 million interest due on its US dollar bond," CMC analyst Michael Hewson says. (philip.waller@wsj.com)

0612 GMT - Japanese stocks closed higher, as hopes for an earnings recovery offset concerns about higher costs of borrowing and raw materials. Among biggest winners, Nippon Paint Holdings gained 4.9% and Tokyo Electron Ltd . added 4.4%. The Nikkei Stock Average rose 0.3% to 28804.85. Investor are expected to focus on the earnings season set to start next week and any policy developments ahead of Japan's lower-house election on Oct. 31. USD/JPY was at 114.00, little changed from 113.99 as of Thursday 5 p.m. Eastern Time. The 10-year Japanese government bond yield was flat at 0.085%. (kosaku.narioka@wsj.com; @kosakunarioka)

0609 GMT - Gateway Distriparks ' freight volume growth outlook appears positive, based on its fiscal 2Q results, Jefferies says, raising the stock's target price to INR415 from INR400 with an unchanged buy rating. The company's management mentioned that its dedicated freight corridor trial runs that began in 2Q from India's Palanpur to Rewari and transit assurances have contributed to volume growth, Jefferies notes. Operational issues for connectivity to Mundra and Kandla should be resolved in 3Q, which would boost the logistics company's freight volume further. Jefferies raises its FY 2022-25 profit forecasts for the company by 6%-7% to reflect its positive view on DFC phase-wise commissioning. Shares are 0.6% higher at INR266.50. (ronnie.harui@wsj.com)

0558 GMT - Celltrion's earnings may be pressured by the slower-than-expected approval of its Covid-19 treatment candidate in Europe, SK Securities says. The brokerage factors out Celltrion's antibody drug Regdanvimab, marketed as Regkirona, from the South Korean biotech company's projected earnings due to the delay. U.S. pharmaceutical company Merck's plan to roll out Covid-19 treatment pills also weighs on Celltrion, SK Securities adds. It cuts its operating profit forecast for Celltrion by 7.9% for 2021, 15% for 2022 and 14% for 2023. It lowers the stock's target price by 19% to KRW300,000 and keeps a buy rating. Shares rise 0.7% to KRW219,000. (kwanwoo.jun@wsj.com)

(END) Dow Jones Newswires

October 22, 2021 03:53 ET (07:53 GMT)

文件 DJDN000020211022eham000yt

DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Higher -- Market Talk

156 字

2021 年 10 月 22 日 07:42

Dow Jones Institutional News

DJDN

英文

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0642 GMT - Nordic markets may open slightly higher with IG calling the OMXS30 up 0.3% at around 2332. U.S. equity markets rose Thursday after initially trading sideways, notes SEB. Broad gains are noted in Asia this morning due to, among other things, Evergrande avoiding bankruptcy with a last-minute bond interest payment, it adds. "The earnings season has once again offered a party atmosphere, 80% of the 109 reporting companies in the **S&P500** have so far positively surprised already high expectations." Overnight, U.K. consumer confidence was reported to have fallen further and the data focus today is on PMIs, the Riksbank's business report and U.K. retail figures, it adds. OMXS30 closed at 2325.15, OMXN40 at 2392.17 and OBX at 1078.21. (dominic.chopping@wsj.com)

(END) Dow Jones Newswires

October 22, 2021 02:42 ET (06:42 GMT)

文件 DJDN000020211022eham000gl

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,486 字

2021 年 10 月 22 日 09:12

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0812 GMT - Shares of Singapore banks may trade sideways in the near term amid expectations that the lenders' 3Q operating metrics will be similar to 2Q, according to RHB Research. The broker expects banks' fee income to grow as a low-interest-rate environment drives demand for higher-return investments, but net interest margins will likely be "stable to slightly lower" as competition for quality loans limits banks' ability to price loans higher. Lenders' outlook may improve in 2022 as vaccination rates in Singapore and neighboring countries improve, RHB Research says. It keeps an overweight rating on the sector with UOB and OCBC as its top picks. (yongchang.chin@wsj.com)

0810 GMT - Retail sales volumes in the U.K. fell again in September, partly due to the growing near-term risks for the country's economy such as the global inflation surge or the petrol panic and gas price rises, but also because consumers are normalizing spending patterns, Berenberg says. With Covid-19 restrictions lifted, people are shifting consumption away from goods, particularly household goods, toward consumer services, Berenberg's senior economist Kallum Pickering says. "The strong nominal spend and rising real consumption of clothing and footwear points to still-solid underlying demand," he says. Berenberg remains positive about U.K. growth prospects over the medium and longer term, but the data for the next few months are likely to surprise to the downside. (xavier.fontdegloria@wsj.com)

0807 GMT - The FTSE 100 Index rises 0.3%, or 23 points to 7213 as gains for miners offset losses for InterContinental Hotels Group and house-builders. Antofagasta, Rio Tinto, BHP and Fresnillo gain after reports in Asia that Evergrande would be paying the \$83 million interest due on its U.S. dollar bond. Still, IHG drops 2% after reporting third-quarter revenue per available room 21% below 2019 levels. Barratt Developments, Taylor Wimpey and Persimmon are also among the biggest fallers and London Stock Exchange backtracks 3.8% after saying it didn't expect fourth-quarter income to rise as fast as in the third quarter. (philip.waller@wsj.com)

0756 GMT - Air Liquide's 3Q revenue update was 1% ahead of consensus, Jefferies says, and in line with the U.S. bank's own expectations. Sales came to 5.83 billion, up 7% on a like-for-like basis, with its gas & services segment coming in up 6.5% on year on a comparable basis. Full-year guidance was reiterated for an increase in operating margin and recurring net-profit growth, Jefferies says. The bank expects a muted share-price response in the wake of the earnings. Jefferies keeps its buy rating on the stock with a EUR162 target price. Shares rise 0.6% to EUR144.42. (edward.frankl@dowjones.com)

0755 GMT - NetEase's near-term earnings growth may be supported by the success of its major mobile game "Harry Potter: Magic Awakened," UOB Kay Hian says, raising the target price on its American depositary receipts to \$115.00 from \$97.00 with an unchanged buy rating. The game garnered \$138.2 million in September alone and \$335 million in its first month. It could contribute roughly 17% of NetEase's 4Q online game revenue, should it sustain its strong momentum over October to December, the brokerage says. It adds that NetEase's online-education subsidiary's plan to dispose of its K12 after-school-tutoring business looks positive. NetEase's ADRs closed 0.4% higher at \$101.75 on Thursday. (ronnie.harui@wsj.com)

0753 GMT - Chinese stocks ended the session mixed, continuing a trend of muted trading so far this month. The benchmark Shanghai Composite Index shed 0.3% to settle at 3582.60, while the Shenzhen Composite Index lost 0.1% to 2412.67. The ChiNext Price Index, which features emerging industries, rose 0.2% to close at 3284.91. Coal miners led the losers as the sector retreated from the previous day's growth. Consumer goods and services showed some strength. (yifan.wang@wsj.com)

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(END) Dow Jones Newswires

October 22, 2021 04:12 ET (08:12 GMT)

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DOW JONES NEWSWIRES

PRESS RELEASE: BB Biotech : Gains realized following COVID-19 vaccine booster update enable increases in oncology and CNS

1,891 字

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Dow Jones Institutional News

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英文

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DGAP-News: BB BIOTECH AG / Key word(s): Interim Report BB Biotech: Gains realized following COVID-19 vaccine booster update enable increases in oncology and CNS 2021-10-22 / 07:00 The issuer is solely responsible for the content of this announcement.

Media release of October 22, 2021

Interim report of BB Biotech AG as at September 30, 2021

BB Biotech : Gains realized following COVID-19 vaccine booster update enable increases in oncology and CNS

Healthcare markets traded higher in July and August but lost ground in September and ended the third quarter in line with the broader market. BB Biotech shares showed a return of -3.3% in CHF and -2.0% in EUR for the third quarter of 2021. For the first nine months, their total return including the dividend stood at 18.2% in CHF and 19.0% in EUR. BB Biotech, an early investor in Moderna, took advantage of the company's fundamental strength to realize some profits, but remains substantially invested in the stock. The Investment Team did close its position in Halozyme after 11 years and realized a total profit of USD 235 mn on this investment. Most of the proceeds were reinvested in companies with an attractive oncology pipeline such as Revolution Medicines , Relay Therapeutics , Fate Therapeutics , Essa Pharma , MacroGenics, Molecular Templates and Mersana Therapeutics. IPO activities in the biotech sector have subsided somewhat, while takeovers remain at a low level. There is however a full pipeline of pending regulatory approvals and clinical trial readouts.

The MSCI World Healthcare Index (+1.1% in USD) and Nasdaq Biotech Index (-1.1% in USD) consolidated over the first nine months of the year. Yet within these indices there was a substantial performance dispersion, particularly in the NBI index. Smaller and mid cap biotechnology companies continued to underperform in the third quarter, as reflected, for example, by the XBI, an S&P biotechnology ETF, at -7.2% (in USD). The limited appetite for earlier stage, smaller and mid cap biotechnology companies reduced and cooled the previously robust IPO action.

BB Biotech 's third quarter and first nine months 2021 performance

BB Biotech 's third quarter 2021 share price performance was -3.3% in CHF and -2.0% in EUR. The Net Asset Value (NAV) pulled back 5.2% in CHF, 3.5% in EUR and 6.1% in USD. Consequently, the net loss was CHF 208 mn compared to a net loss of CHF 395 mn for the same period in 2020. Despite the third quarter pullback, BB Biotech 's total share price return for the first nine months of 2021 was 18.2% in CHF and 19.0% in EUR, including the dividend. This was well ahead of the Net Asset Value appreciation of 3.2% in CHF, 3.5% in EUR and -2.0% in USD. The resulting net profit of CHF 141 mn for the first nine months of 2021 compares to a profit of CHF 26 mn for the same period of 2020. Exchange-rate fluctuations in the USD/CHF currency pair contributed approximately 5.3% to first nine months 2021 performance. Selective portfolio adjustments

The Investment Team continued to reshape the portfolio. Moderna's inclusion in the **S&P500** and evolving SARS-CoV-2 patterns in August 2021 propelled its share price to all-time highs, making it the most valuable biotechnology company. Moderna's promising outlook and the ascendancy of mRNA technology has allowed BB Biotech to realize further profits from this long-term investment. Another long-term investment cycle with Halozyme allowed the Investment Team to exit the position with substantial (USD 235 mn) profits over the eleven-year investment cycle.

The capital released from Moderna and Halozyme was reinvested in three subsectors. Most was allocated to oncology pipeline companies such as Revolution Medicines , Relay Therapeutics , Fate Therapeutics , Essa

Pharma, MacroGenics, Molecular Templates and Mersana Therapeutics. The Investment Team also took on more exposure to the CNS space, increasing the Sage Therapeutics and Intra-Cellular Therapies positions. Existing positions in Myovant and Radius, smaller commercial-stage companies, were also expanded.

With 32 positions in the portfolio, during the third quarter 2021 the investment level decreased slightly from 107.5% to 106.8%. This infers capital flexibility to continue investing in new opportunities within the established guidelines. Third-quarter 2021 developments in the portfolio

Moderna presented impressive COVID-19 boost injection data. Management also outlined its strategy to leverage its mRNA platform with new prophylactic vaccines. The company demonstrated that the third "booster shot", at half dose (50ug) achieved antibody titers higher than the second dose. The FDA VRBPAC panel voted unanimously to support Moderna COVID-19 vaccine booster dose in certain at risk populations.

The US FDA has moved past the Aduhelm/Alzheimer controversy, but patients, physicians and insurance companies have now entered the fray. Reflecting market resistance, Biogen recently slashed its already cautious 2021 launch guidance. Commercial hurdles for the intravenous and arguably costly medication are high. The Center for Medicare and Medicaid Services (CMS) began its National Coverage Determination (NCD). BB Biotech anticipates a clarifying decision in 2022.

Neurocrine signaled growth recovery for its lead commercial product Ingrezza. Reported prescriptions are trending towards an improved second half 2021 after stalling during the pandemic. Intra-Cellular Therapies, Radius and Esperion also face growth headwinds with Caplyta, Tymlos and Nexlitol/Nexlizet, respectively, with prescription trends expected to improve in the fourth quarter of 2021.

Outlook for the final quarter of 2021

Investors should monitor the global roll-out of booster COVID-19 vaccine injections; several new product launches and important clinical trial results are also expected. COVID-19 booster shots - particularly of mRNA vaccines - will play an important part during the northern hemisphere winter season. Emergence of SARS-CoV-2 variants and the potential requirement for novel, variant-specific vaccines will be watched closely by investors.

Product launches of interest within our portfolio include the following: Biogen's Aduhelm for Alzheimer's and Myovant's Orgovyx for prostate cancer and Myfembree for treating heavy menstrual bleeding associated with uterine fibroids. After an underwhelming Monjuvi launch, Incyte and partner Morphosys will be in the spotlight. The same goes for Incyte's recently approved Opzelura, a topical cream to treat atopic dermatitis.

In the fourth quarter of 2021 important regulatory decisions are expected for the following portfolio companies: Argenx (FDA approval of efgartigimod), Intra-Cellular Therapies (an FDA approval of Caplyta), Moderna (emergency use authorization (EUA) for its mRNA-1273 COVID-19 booster shot), and Alnylam's partner Novartis (US approval of inclisiran).

At the time of writing, various news outlets had reported that Robert Califf would be nominated by the Biden administration as head of the FDA. Califf had already served as an FDA Commissioner under President Obama. He holds moderate views and is familiar with the industry. His professional career as a cardiologist and experience with digitalization in healthcare make him a capable and promising candidate. However, it is precisely his close ties with the industry that could lead progressive members of the Democratic Party to raise objections to his confirmation in the Senate.

Having created effective solutions for fighting the pandemic, the biotechnology sector can be expected to bring other important products for severe and chronic diseases to the market. BB Biotech also anticipates continued momentum in the sector as differentiated medicines are delivered to patients with high-unmet medical need at prices considered affordable by payers.

The quarterly report of BB Biotech AG as at September 30, 2021 can be downloaded at report.bbbiotech.ch/Q321 or www.bbbiotech.com

For further information:

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22 Oct 2021 05:16 ET PRESS RELEASE: BB Biotech : Gains realized -2-

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DOW JONES NEWSWIRES

PRESS RELEASE: BB Biotech : Gains realized following COVID-19 vaccine booster update enable increases in oncology and CNS

1,891 字

2021 年 10 月 22 日 10:16

Dow Jones Institutional News

DJDN

英文

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Economic Report

U.S. adds just 194,000 jobs in September as more people drop out of the labor force

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2021 年 10 月 8 日 15:02

MarketWatch

MRKWC

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Businesses are eager to hire, but they can't find enough workers to fill record job openings

The numbers: The economy created a stingy 194,000 new jobs in September to mark the second disappointing monthly increase in a row, suggesting a lack of labor could frustrate a robust U.S. economic recovery in the months ahead.

The increase in hiring fell well short of Wall Street's forecast, exacerbated by a decline in employment at public schools. Economists polled by The Wall Street Journal had forecast 500,000 new jobs.

The private sector added 317,000 workers last month, but state and local employment fell by 123,000.

The unemployment rate, meanwhile, slipped to 4.8% from 5.2% and touched a new pandemic low.

The jobless rate for Blacks sank almost a full percentage point to 7.9%, accounting for much of the decline.

Yet the official rate underestimates the true unemployment by a few percentage points, economists estimate.

What's worse, the size of the labor force actually shrank by 183,000 in September and partly explains the large drop in the level of unemployment.

The percentage of people in the labor force fell a tick to 61.6%, leaving it almost 2 points below its pre-crisis peak.

One of the biggest problems the economy faces right now is enticing enough people to return to work. Many businesses lack sufficient staff to produce enough goods and services to keep up with demand.

The tepid September jobs report adds to growing evidence the recovery has slowed, but it probably won't deter the Federal Reserve from announcing plans soon to start to wean the economy off its easy-money strategy.

Read: [Economists see growing chance of earlier Fed rate hike](#)

U.S. stocks rose in early Friday trading.

Big picture: The speed of the economic recovery could depend largely on many workers rejoin the labor force in the coming months.

Olivier Douliery/Agence France-Presse/Getty Images Record U.S. job openings show there's plenty of demand for labor. And with delta starting to fade, even more companies might be willing to add staff.

"There is no shortage of labor demand. Companies want to hire," said senior economist Will Compernelle of FHN Financial Markets.

Read: [Economy perks up again as delta ebbs, but shortages still a big worry](#)

The problem is, the labor force is missing as many as 6 million people who likely would be working now had there never been a pandemic at all.

What might nudge more people to return to the labor force soon are the end of extra federal benefits for the unemployed and most schools reopening for in-person learning. But it will take several months to see if they are coming back — and how quickly.

Read: [U.S. jobless claims sink 38,000 to 326,000 in sign of improving labor market](#)

Key details: Employment grew the fastest last month at businesses in leisure and hospitality that have shown the most sensitivity to the coronavirus. Hotels, theaters and the like generated 74,000 new jobs.

Yet that's just one-fifth of the average increase in industry employment during the spring, suggesting the late-summer surge in coronavirus delta cases held back hiring in September.

Employment increased by 60,000 at white-collar professional businesses, 56,000 at retailers and 47,000 at transportation companies that deliver goods to customers.

The number of new jobs also rose modestly in manufacturing and construction.

The only sector to report notably lower employment was government, mostly in public education. The decline in school employment reflects quirks in seasonal hiring tied to the pandemic instead of broader problems with the economy.

By and large, the economy has expanding quite rapidly, but the shortage of labor threatens to put the U.S. on a slower growth track and feed the biggest increase in inflation in 30 years. Most businesses are raising wages to try to lure workers or poach them from rivals.

Average pay rose 19 cents to \$30.85 an hour, pushing the increase over the past year up to 4.6% from 4%. Before the pandemic wages were increasing at a more leisurely 3% a year.

Yet higher inflation is eating up most if not all of those wage gains.

Prices have jumped 5.3% over the past year using the better known consumer price index. And they are up 4.3% in the last 12 months using the Fed's preferred personal consumption expenditure inflation gauge.

Another step businesses have taken to cope with the labor shortage is to increase overtime hours.

The average number of hours Americans work rose two tenths of a percentage point to 34.8 hours a week. Before the pandemic the length of the workweek had never gotten so high.

Hiring in August, meanwhile, was not quite as weak as it originally seemed.

The government revised its estimate of how many new jobs were created to 332,000 from 235,000. That's still well below the average increase during the spring, however.

What they are saying? "Labor demand remains robust, but a combination of factors continues to limit stronger job creation," said Jim Baird, chief investment officer at Plante Moran Financial Advisors.

"Hopefully the current decline in Covid case counts continues," said Indeed Hiring Labs director Nick Bunker. "That seems to be the only way out of our current situation."

Market reaction: The Dow Jones Industrial Average DJIA and **S&P500** SPX rose slightly in Friday trades after an up-and-down start to the trading day.

文件 MRKWC00020211008eha80018h



Economic Report

U.S. trade deficit climbs 4.2% to record \$73.3 billion as imports surge ahead of holidays

549 字

2021 年 10 月 5 日 10:01

MarketWatch

MRKWC

英文

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Biden administration keeps Trump sanctions on China

nicolas asfour/Agence France-Presse/Getty ImagesThe numbers: The U.S. trade deficit rose 4.2% in August to a record high, reflecting strong imports of medicine and consumer goods as retailers stocked up ahead of the holiday shopping season.

The trade gap widened to \$73.3 billion from \$70.3 billion in the prior month, [the government said Tuesday](#).

Imports rose 1.4% to an all-time high of \$287 billion. They are now 14% higher compared to the last month before the onset of the coronavirus pandemic.

U.S. exports increased a smaller 0.5% to \$213.7 billion, but they now top pre-pandemic levels and are not far from the all-time high set in May 2018.

The U.S. trade deficit in goods with China, meanwhile, jumped 12% to \$28.1 billion in August.

The deficit with China is running well above 2020 levels, when it fell because of the pandemic as well as steep U.S. tariffs originally put in place by former President Donald Trump.

On Monday, the Biden White House announced its own strategy to combat unfair Chinese trade practices. While Democrats have adopted a more conciliatory tone than an often-combative Trump, the Biden strategy keeps most of Trump's sanctions and agreements with the Chinese in place for now.

Read: [Biden to keep Trump's China tariffs in place as trade tensions remain high](#)

Big picture: The nation's trade deficit soared to record highs during the pandemic because the U.S. economy recovered faster and Americans gobbled up foreign-made goods such as cell phones, computers and the like.

Deficits are likely to decline as the rest of the world recovers and buys more American imports, but the U.S. is expected to run large trade gaps for the foreseeable future. The U.S. has become dependent on imports over the past few decades and no longer produces as many of the goods that Americans covet,

Key details: Imports of consumer goods such as cell phones, computers and toys rose 0.6% in August.

Retailers have stocked up earlier than usual to make sure they have enough products on their shelves before the holiday shopping season. The pandemic has wreaked havoc on the movement of goods around the world.

The U.S. also imported more pharmaceutical drugs and industrial supplies.

The increase in exports was concentrated in industrial supplies and natural gas.

Both exports and imports of new cars and trucks fell sharply. The global auto industry is in a world of hurt because of a unprecedented shortage of computer chips that is unlikely to clear up soon.

The shortage has limited auto production and raised prices to record highs, scaring off many potential buyers.

The value of American-made autos shipped abroad fell by \$1 billion in August. General Motors GM and Ford F have had to stop some assembly lines temporarily because of the semiconductor crunch.

Market reaction: The Dow Jones Industrial Average DJIA and **S&P500** SPX were set to open higher on Tuesday after a sharp decline the day before. The trade report usually has little impact on investors.

文件 MRKWC00020211005eha5001md

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,506 字

2021 年 10 月 1 日 08:30

Dow Jones Institutional News

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英文

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0610 GMT - Chinese oil-and-gas majors Sinopec, PetroChina and Cnooc are set to post strong 2H earnings thanks to recovering domestic demand and pricier oil, Fitch Ratings says. The companies are likely helped by sizable domestic capital expenditures in previous years, which should support current oil production growth, Fitch says. This would allow the companies to take advantage of higher selling prices, which should offset higher production costs from inflationary pressures and a stronger yuan, Fitch says. However, the companies' natural gas businesses may weigh due to higher gas-import prices and a lower likelihood of being able to pass on costs to end users. (yongchang.chin@wsj.com)

(END) Dow Jones Newswires

October 01, 2021 03:30 ET (07:30 GMT)

文件 DJDN000020211001eha1000pt

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,535 字

2021 年 10 月 1 日 09:15

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0814 GMT - Brent crude oil falls 0.6% to \$77.81 a barrel and WTI futures fall 0.7% to \$74.48 a barrel with both set to end the week with gentle gains even after the volatility brought by the global gas crisis. Energy markets are calmer Friday with Chinese markets not trading due to the week-long public holiday there. Even so, "if China's state-owned energy companies have indeed been instructed to "do whatever it takes" to secure winter energy supplies, it is unlikely that oil prices can fall very far," Oanda's Jeffrey Halley says. OPEC+ meets on Monday but analysts aren't expecting the alliance to do much to address the supply crunch except ratify its pre-existing plan to ease cuts by another 400,000 barrels a day. (david.hodari@wsj.com ; @davidhodari)

0807 GMT - The FTSE 100 begins the first day of the final quarter on the back foot, falling 0.8% to 7033 points on concerns about slowing economic growth, high inflation and supply chain issues. Housebuilders, retailers and financial stocks are among the worst performers on the London index. U.K. market sentiment has deteriorated as the "initial economic rebound from the pandemic lockdowns has somewhat run out of steam," Interactive Investor analyst Richard Hunter says. With elevated inflation and supply chain problems also in evidence, the prospect of the Bank of England raising interest rates soon adds to a "mixed picture" on the immediate economic outlook, he says. (renae.dyer@wsj.com)

0759 GMT - Growth of manufacturing activity in Italy remained solid in September, but supply-chain disruptions continued to hold the sector back, data from IHS Markit show. The manufacturing PMI came in at 59.7 in September, indicating the slowest expansion rate since February and down from 60.9 in August. Strong demand and a further rise in factory output drove growth during September, but material shortages and transport problems were widespread. "The sector continues to perform well, with growth remaining rapid despite supply and inflationary issues," IHS Markit's economist Lewis Cooper says. "It is these issues themselves, however, which may pose ongoing significant challenges in the coming months," he says. (xavier.fontdegloria@wsj.com)

0757 GMT - Taiwanese electronics maker Lotes's outlook is likely dimmed by surging raw-material costs and uncertainties around whether power restrictions in China will be tightened and how long they would last, Citi says. It lowers the stock's target price to NT\$714.00 from NT\$738.47 to reflect sharply higher costs for materials like copper and plastic as well as the risk of longer-than-expected curbs on energy use in China's Guangdong province, where many of Lotes's production plants are based. Both factors would weigh on Lotes's margins, and Citi expects the company's gross profit margin to narrow around 1.5 percentage points sequentially in 2H. Shares fall 3.4% to NT\$536.00. (yifan.wang@wsj.com)

0743 GMT - Manufacturing activity in Spain continued to grow strongly in September, but the expansion pace softened amid persisting capacity constraints, data from IHS Markit show. The manufacturing PMI came in at 58.1 in September, down from 59.5 in August and the lowest reading since April. "Growth is clearly being restrained by severe and ongoing supply-side delays, which show little sign of dissipating," IHS Markit's economics director Paul Smith says. This reflects strong buying activity, buoyed in part by efforts to bolster stocks and mitigate the challenges that firms are trying to overcome, he said. Most of the respondents of the survey said they struggled to match production with current order book requirements, the report said. (xavier.fontdegloria@wsj.com)

0730 GMT - China Aviation Oil may be weighed by falling jet-fuel margins, as the price spread between jet fuel and Brent crude thins, RHB Research says, while lowering its target price to S\$1.08 from S\$1.15. This would hurt the profitability of the company's jet-fuel trading and supply business. However, RHB keeps a buy rating on China Aviation Oil, as it expects a material improvement in Chinese international aviation traffic next year, which should boost the company's earnings. The stock is 1.1% higher at S\$0.96, though it has lost 9.9% in the year to date. (yongchang.chin@wsj.com)

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(END) Dow Jones Newswires

October 01, 2021 04:15 ET (08:15 GMT)

文件 DJDN000020211001eha1000rf

DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Lower -- Market Talk

164 字

2021 年 10 月 1 日 07:51

Dow Jones Institutional News

DJDN

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Global Equities Roundup: Market Talk

1,524 字

2021 年 10 月 1 日 07:51

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0608 GMT - Allianz is constantly looking for the sweet spot between growth and margin, a strategy that has been successful for its broad non-life insurance business, Berenberg says. The German insurer's program of investing in alternative assets to earn an "illiquidity premium"--the premium between two investments' differing levels of liquidity--means growth has also been good in its life segment, Berenberg adds. It means Allianz's valuation is now "too cheap to ignore," and with strong solvency and catalysts such as a its Dec. 3 investor day--when it will unveil a new three-year strategy--it means the market is ready to move on from the risks associated with Structured Alpha claims, the bank says. Berenberg raises the stock to buy from hold, with a EUR254 target price. (edward.frankl@dowjones.com)

0602 GMT - Foxconn Technology Group's potential acquisition of an auto factory in Ohio from electric-truck maker Lordstown Motors may result in faster-than-expected electric-vehicle sales contributions, Citi says. As Foxconn manufacturing Lordstown's Endurance pickup truck would be part of the facility purchase deal, it may imply faster-than-expected EV revenue contributions, considering the mass ramp-up of Endurance in 2022, the U.S. bank says. Foxconn's capex spending will also be much less than building a new plant from the ground up. The site will be able to support EV manufacturing for Lordstown, Fisker, and others in the U.S., it says. Citi keeps a buy rating on Foxconn and a NT\$175.00 target price. Shares closed 1.9% lower at NT\$103.00. (kosaku.narioka@wsj.com; @kosakunarioka)

0601 GMT - BMW's lifted earnings outlook for the year should bode well for German peers Daimler and Volkswagen and their premium brands Mercedes, Audi and Porsche, says RBC Capital Markets analyst Tom Narayan. BMW raised its 2021 guidance corridor for the EBIT margin of the automotive segment to between 9.5% and 10.5% from 7%-9% previously, saying positive pricing effects for both new and used vehicles would outweigh negative sales volume effects due to the semiconductor shortage. "We do wonder what could happen to pricing once shortages come to an end. But until then, let the good times roll," the RBC analyst says. (kim.richters@wsj.com)

0549 GMT - Sapura Energy may not be able to turn profitable within the next 12 months because of increased cost overruns in its projects in India and Taiwan, says Hong Leong Investment Bank. Profitability may also be weighed by the oil and gas engineering services provider's high fixed costs, leading to low operating efficiency, the investment bank says. Project cost overruns have already weighed on the group's 1H results despite a recovery in crude oil prices. Hong Leong downgrades the stock to sell from buy and cuts its target price to MYR0.09 from MYR0.15. Shares fall 4.3% to MYR0.11. (chester.tay@wsj.com)

0545 GMT - BMW's increased earnings outlook for the year shows that pricing trends in the second half wouldn't soften as feared, with the German car maker seeing stronger prices for new and used vehicles, says Citi. According to the U.S. bank, this "is more than offsetting the negative volume impact from chip shortages." Consensus expectations for the car maker's EBIT margin in its automotive segment are 9.7% and already within BMW's revised range, which now stands at 9.5% to 10.5%, says Citi. BMW's expected 2021 free cashflow in the auto segment of around EUR6.5 billion compares to consensus expectations of EUR5.7 billion, says Citi. (kim.richters@wsj.com)

(END) Dow Jones Newswires

October 01, 2021 02:51 ET (06:51 GMT)

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Economic Report

U.S. trade deficit climbs again as retailers import more consumer goods for holiday shopping season

417 字

2021 年 9 月 28 日 10:22

MarketWatch

MRKWC

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U.S. trade deficit rises 0.9% in August to \$87.6 billion

Joe Raedle/Getty ImagesThe numbers: The U.S. international trade deficit in goods rose in August and stood near a record high, as retailers imported more consumer goods ahead of the holiday shopping season.

The trade gap in goods widened 0.9% to \$87.6 billion in August, [the government said Tuesday](#).

Goods imports increased 0.8% to \$236.6 billion — just a hair below the all-time high set in June.

U.S. exports, meanwhile, moved up 0.7% to \$149 billion and set a new record.

Big picture: Already high deficits have set fresh records during the pandemic because the U.S. economy has recovered faster than other countries. Americans can afford to buy more imports and they've increased faster than exports.

Record deficits are likely to recede once the global pandemic is over, but they are sure to remain quite high. The U.S. has become dependent on imported goods over the past few decades.

Key details: Imports of consumer goods such as cell phones, computers and toys jumped 4.6% in August.

Retailers are trying to stock up earlier than usual to make sure they have enough products on their shelves before the holiday shopping season starts in late November. There's been widespread shortages of lots of products and big delays at U.S. ports where these goods are unloaded.

Car and truck imports, on the other hand, fell again amid an ongoing shortage of computer chips that limited auto production and raised prices to record highs.

The U.S. exported more industrial supplies, but shipments of American-made autos fell sharply as expected. General Motors GM and Ford F have had to stop some assembly lines temporarily because of the semiconductor crunch.

The full report on the August trade balance, which includes services such as tourism, will be released next week.

The government on Tuesday also said wholesale inventories shot up 1.2% in August while retail inventories inched up 0.1%, based on an "advanced" looked at early data.

All three of these reports help determine the speed of growth in the U.S. economy as measured by gross domestic product.

Market reaction: The Dow Jones Industrial Average DJIA and **S&P500** SPX were set to open lower in Tuesday action. The trade report usually has little impact on investors.

文件 MRKWC00020210928eh9s001md

DOW JONES NEWSWIRES

U.S. trade deficit climbs again as retailers import more consumer goods for holiday sho

254 字

2021 年 9 月 28 日 13:57

Dow Jones Newswires Chinese (English)

RTNW

英文

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Jeffrey Bartash

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Big picture: Already high deficits have set fresh records during the pandemic because the U.S. economy has recovered faster than other countries. Americans can afford more imports while people in other countries are less able to buy U.S. exports.

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(END) Dow Jones Newswires

28-09-21 1257GMT

文件 RTNW000020210928eh9s000dd

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,449 字

2021 年 9 月 24 日 07:46

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0646 GMT - Australia's S&P/ASX 200 closed 0.4% lower at 7342.6 after a mixed session across sectors, with energy stocks emerging as the strongest performers. Washington H. Soul Pattinson rose 3.8%, while Santos climbed 1.9%. The materials sector was among the weakest, with Silver Lake losing 5.1%, Northern Star down 4.3% and Newcrest falling 2.5%. BHP was also a drag on the market, shedding 1.7%. The major banks, however, rose between 0.1% and 1.0%. Australia's benchmark index was 0.8% lower for the week. (alice.uribe@wsj.com)

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0537 GMT - Real-estate investment trust LondonMetric Property 's exposure to retail has been resilient during the pandemic, and the continuing strength in logistics demand offers a long runway of growth, Citi says. Long income retail--around 24% of the portfolio--, including grocery & roadside and triple net lease retail and trade, are benefiting from the positive trends in addition to logistics property with potential for an alternative use in online fulfillment, Citi says. "The demand-supply imbalance of warehousing space in the U.K. is expected to continue to drive rental growth and rents, still a low proportion of overall cost for online businesses," it says. Citi upgrades its stock rating to buy from neutral, raising its target price to 299 pence from 232 pence. (anthony.orunagorai@off@dwjones.com)

0524 GMT - Electronics suppliers in Singapore and Thailand will likely experience slower revenue growth in the months ahead as pandemic-driven demand begins to ease, Citi says. It cites recent data showing that global electronics inventory in the June quarter rose 6.5% sequentially, a sign of stock buildup that may lead clients to slow order placements. Citi reckons end-demand for notebook computers and smartphone devices, which have been driving this year's sharply higher electronics demand, will weaken in 2022-23, further pressuring component suppliers' growth outlook. Citi keeps a sell call on Nanofilm Technologies , Delta Electronics and KCE Electronics. (yifan.wang@wsj.com)

0514 GMT - Singapore is the Asean country best positioned to capture semiconductor investment as governments and corporations world-wide race to boost chip-production capability and capacity, DBS economist Ma Tiewing says. Thanks to strong human capital, infrastructure and economic and institutional environment, Singapore ranked the highest among six Asean countries in the bank's semiconductor FDI attraction index. Malaysia is in second place and has the potential to move up the value chain from chip assembly and testing to fabrication, Ma says. While U.S. companies are the main investors in the region's semiconductor industry currently, she expects South Korean and Taiwanese players to expand their Asean footprint in the coming years. (farah.elias@wsj.com)

0502 GMT - Global contagion spilling from a disorderly default and liquidation of China Evergrande is likely to be avoided for four good reasons, says Shane Oliver , chief economist at AMP Capital. The government can't allow a collapse in property prices as it would destroy much of the wealth of Chinese households. A collapse in the economy and property sector on the back of the pandemic could trigger social unrest. A collapse in property construction would be contrary to the government's desire to make housing more affordable. And the Chinese Government saw the damage when Lehman went bust, he says. (james.glynn@wsj.com; @JamesGlynnWSJ)

0502 GMT - Singapore equities could be a safe harbor for investor funds as Evergrande-related volatility roils Asian markets, OCBC Research says. It notes that Singapore's FTSE Straits Times Index is down 5.4% from its 52-week high, compared with the Hang Seng Index's 22% fall and the China CSI 300's 18% decline from their respective 52-week highs. OCBC thinks STI valuations aren't demanding, noting that it is trading at a price/earnings ratio of 12.4 versus its five-year average of 14.7. It adds that Temasek investing in mid-cap companies and the Singapore Exchange allowing SPAC listings should also improve the outlook for Singapore equities. (yongchang.chin@wsj.com)

(END) Dow Jones Newswires

September 24, 2021 02:46 ET (06:46 GMT)

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DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Lower -- Market Talk

157 字

2021 年 9 月 24 日 07:37

Dow Jones Institutional News

DJDN

英文

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(END) Dow Jones Newswires

September 24, 2021 02:37 ET (06:37 GMT)

文件 DJDN000020210924eh9o000fj

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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2021 年 9 月 24 日 08:14

Dow Jones Institutional News

DJDN

英文

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0714 GMT - South Korea's Kospi finished 0.1% lower at 3125.24, as losses by industrial sectors outweighed gains by some financial and tech stocks. Chipmaker SK Hynix dropped 1.4%, Samsung Engineering slumped 7.0% and Doosan Corp. lost 3.5%. Biopharma company Celltrion reversed course over the past two sessions to end 3.5% lower, while Asiana Airlines gave up 4.6% after surging 16% Thursday. Among the gainers, KakaoBank rose 3.9% and KB Financial gained 2.9%. Tech shares also strengthened, with Kakao Corp. adding 3.9% and Naver closing 1.4% higher. Index heavyweight Samsung Electronics edged 0.1% lower. (clarence.leong@wsj.com)

0714 GMT - A sustained period of inflation in advanced economies of 3% to 4% over the coming years could be dealt with relatively easily by central banks, Capital Economics senior U.K. economist Ruth Gregory says. But if inflation were to rise much further, policymakers would have to raise rates more aggressively and for longer, she adds. Other forms of policy tightening, including fiscal policy, may help, but interest rates would be the main policy tool to bring inflation down, the economist says. "The subsequent economic damage wouldn't be as large as that seen in the 1980s or the Global Financial Crisis, but a global recession and the bursting of housing bubbles in some advanced economies would be difficult to avoid," Gregory says. (maria.martinez@wsj.com)

0713 GMT - Chinese stocks ended mixed, as investors remained the sidelines amid uncertainty from China Evergrande's liquidity crisis. The benchmark Shanghai Composite Index fell 0.8% to settle at 3613.07, while the Shenzhen Composite Index edged 0.7% lower to 2434.23. The ChiNext Price Index, a measure for emerging industries and startups, gained 0.8% to 3207.82. The top performing sectors included consumer products such as snack and edible-oil producers, as well as consumer services providers including tourism agencies. But the momentum was offset by broad losses in the commodities sector, as steelmakers and mining firms weakened. (yifan.wang@wsj.com)

0702 GMT - Shanghai AtHub may be weighed by slower growth of its top customer Alicloud, which is projected to generate 76% of its revenue in 2021, Citi says. Alicloud has said that its earnings growth could start to slow as one of its top cloud customers in the short-video segment has stopped using its services, the U.S. investment bank notes. Citi lowers its 2022-2023 Ebitda estimates for Shanghai AtHub by 17%-18% to account the impact from Alicloud's slowing growth, and cuts its target price to CNY53.00 from CNY70.00. The bank maintains a buy rating on Shanghai AtHub's stock, which is 0.8% lower at CNY33.02. (yiwei.wong@wsj.com)

0658 GMT - Yinson Holdings seems to be at the forefront of capitalizing on possible rising demand for floating production storage and offloading vessels, Maybank IB Research says. Earnings should be stronger in 2H FY 2022 given potentially higher workflow in the company's operation and maintenance segment, while contribution from engineering, procurement, construction, installation and commissioning works should increase as well. Maybank says the FPSO leasing company currently has the capacity to take on another one or two new projects involving capital expenditure of about MYR1.5 billion. Maybank keeps a buy rating and MYR6.65 target price on the stock. Shares are unchanged at MYR4.90. (chester.tay@wsj.com)

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(END) Dow Jones Newswires

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DOW JONES NEWSWIRES

Press Release: Johnson Controls Issues First \$500 Million Sustainability-Linked Bond

1,242 字

2021 年 9 月 16 日 21:01

Dow Jones Institutional News

DJDN

英文

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Johnson Controls Issues First \$500 Million Sustainability-Linked Bond

- Johnson Controls becomes first **S&P500** industrial company to publish an integrated sustainable finance framework and issue a Sustainability-Linked Bond
- Sustainability-Linked Bond will target greenhouse gas emissions reduction goals
- The offering and publication of an integrated sustainable finance framework represent new milestones in sustainable finance, following entry into sustainability-linked revolving credit facility in 2019 and issuance of inaugural green bond in 2020

PR Newswire

CORK, Ireland, Sept. 16, 2021

CORK, Ireland, Sept. 16, 2021 /PRNewswire/ -- Johnson Controls (NYSE: JCI), the global leader for smart, healthy and sustainable buildings has furthered its leadership in sustainable finance following the completion of its first Sustainability-Linked Bond offering of \$500 million in ten-year senior notes. The offering of the Sustainability-Linked Bond is in conformity with the company's recently published integrated green, social and sustainability-linked finance framework. The publication of an integrated sustainable finance framework and issuance of a Sustainability-Linked Bond mark two new sustainability milestones for Johnson Controls, which has become the first **S&P500** industrial company to complete both accomplishments.

Earlier, in January 2021, Johnson Controls adopted a new set of ambitious environmental goals, which were approved by the Science Based Targets Initiative. The company committed to cut operational emissions by 55 percent and reduce customers' emissions by 16 percent before 2030. Based on these commitments, the company issued a Sustainability-Linked Bond which ties the interest rate on the bond to the achievement of these environmental goals. This means that Johnson Controls will pay a higher interest rate to bond investors if it fails to meet its interim targets for reducing Scope 1 + 2 and Scope 3 carbon emissions by September 16, 2025.

"Experts say that an additional \$1-2 trillion/year must be invested in sustainability and cutting greenhouse gases if we are going to have any chance of meeting the steep carbon reductions science tells us is urgently required," said George Oliver, chairman and CEO, Johnson Controls. "Governments alone will not be able to mobilize this sum of money, so private sector capital needs to get sustainable, and fast. Building the market for sustainable finance is therefore an imperative; and ensuring that the highest standards are met so that dollars flow to projects that truly accelerate decarbonization, is also critical. With our continued commitment to sustainable finance and aggressive sustainability targets, we are showing our leadership in the field."

The adoption of an expanded, integrated Sustainable Finance Framework gives Johnson Controls the flexibility to utilize a wider range of sustainable finance instruments than its prior Green Finance Framework, now enabling the company to issue Green, Sustainability, and Sustainability-Linked Bonds and Loans. This more than ever shows the company's desire to promote an ESG impact via its debt financing and further strengthen the commitments the company has made around reducing its greenhouse gas emissions. The Sustainable Finance Framework received a positive Second Party Opinion (SPO) from Sustainalytics, calling the framework "credible and impactful", noting that the company's key performance indicators (KPIs) are "very strong", and the company's sustainable performance targets (SPTs) are "ambitious" to "highly ambitious". The integrated Sustainable Finance Framework is available on the Johnson Controls Corporate Sustainability website, together with a link to the SPO.

The Sustainability-Linked Bond offering further solidifies Johnson Controls leadership in the use of sustainable finance instruments to support initiatives aimed at combatting climate change -- now being the first **S&P500** company to have floated the trifecta of sustainable instruments. In December 2019, Johnson Controls became one of the first industrial companies to tie its senior revolving credit facilities to individual

sustainability metrics in the U.S. syndicated loan market. In September 2020, it completed its inaugural green bond issuance in the form of \$625 million in ten-year senior notes. This landmark issuance was not only one of the largest among industrial issuers in the U.S., but also made Johnson Controls one of the first industrial companies to issue a green bond in the U.S. dollar debt capital markets.

With respect to the company's green bond issuance, the company is pleased to announce that it has fully allocated the net proceeds of the green bond within one year of issuance on projects aimed at driving energy efficiency, both internally and for its customers. An overview of the final allocation, along with the corresponding positive environmental impacts and project spotlights, will be provided in the 2021 Green Bond Report, which will be posted on the company's Corporate Sustainability website tomorrow, September 17, 2021.

"This is further demonstration that Johnson Controls is taking a lead in the zero emissions buildings space, said Katie McGinty, vice president & chief sustainability, government and regulatory affairs officer at Johnson Controls. "Slashing carbon emissions from buildings is critical in tackling climate change, since they represent 40 percent of all greenhouse gas emissions and analyses show that 30 percent and more of green finance proceeds go to sustainable buildings projects. Johnson Controls OpenBlue digital platform and services for optimizing buildings can drive improvements of 50 percent and more in energy efficiency to deliver corresponding reductions carbon emissions."

As a leader in the buildings space for more than 135 years, Johnson Controls has been a pioneer in sustainability. It is ranked in the top 12 percent of climate leadership companies globally by CDP and was recently named again to the World's Most Ethical Companies(R) Honoree List and one of Corporate Knights ' Global 100 most Sustainable Companies.

For more information, please visit:

<https://www.johnsoncontrols.com/corporate-sustainability/sustainable-finance>

About Johnson Controls :

At Johnson Controls (NYSE:JCI) we transform the environments where people live, work, learn and play. As the global leader in smart, healthy and sustainable buildings, our mission is to reimagine the performance of buildings to serve people, places and the planet.

With a history of more than 135 years of innovation, Johnson Controls delivers the blueprint of the future for industries such as healthcare, schools, data centers, airports, stadiums, manufacturing and beyond through its comprehensive digital offering OpenBlue. With a global team of 100,000 experts in more than 150 countries, Johnson Controls offers the world's largest portfolio of building technology, software as well as service solutions with some of the most trusted names in the industry. For more information, visit www.johnsoncontrols.com or follow us @johnsoncontrols on Twitter .

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<https://www.prnewswire.com/news-releases/johnson-controls-issues-first-500-million-sustainability-linked-bond-301379005.html>

SOURCE Johnson Controls International plc

/Web site: <http://www.johnsoncontrols.com>

16 Sep 2021 16:03 ET *Johnson Controls : Issues First \$500 Million Sustainability-Linked Bond

16 Sep 2021 16:03 ET *Johnson Controls : First **S&P500** Industrial Co to Publish Integrated Sustainable Finance Framework and Issue a Sustainability-Linked Bond >JCI

16 Sep 2021 16:03 ET *Johnson Controls : Sustainability-Linked Bond Will Target Greenhouse Gas Emissions Reduction Goals >JCI

(END) Dow Jones Newswires

September 16, 2021 16:03 ET (20:03 GMT)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,462 字

2021 年 9 月 14 日 08:26

Dow Jones Institutional News

DJDN

英文

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0726 GMT - PTT PCL is a likely beneficiary of rising liquefied petroleum gas and propane prices due to U.S. supply disruptions in the wake of Hurricane Ida, CGS-CIMB says. The broker notes PTT sells LPG and propane to domestic chemicals users including PTT Global Chemical and others, and the higher prices of the gases should contribute to PTT's earnings. CIMB expects PTT's 3Q Ebitda from its gas production business to rise 20% on quarter. The broker has an add rating on PTT with an unchanged THB45 target price. Shares rise 2.0% to THB39.00. (yongchang.chin@wsj.com)

0720 GMT - Shares in JD Sports jump 9.0% after the company released first-half results and provided improved full-year guidance. The sports-goods retailer's financials for January-June were very strong, with revenue and earnings ahead of expectations, RBC Capital Markets says. In addition, the integration of recent acquisitions in the U.S. and Eastern Europe is going well, and current trading is encouraging, RBC says. As a result, JD now expects a headline pretax profit of at least GBP750 million, which is 20%-25% ahead of consensus and well above previous guidance of GBP550 million, the Canadian bank says. RBC has an outperform rating on the stock. (jaime.llinares@wsj.com)

0717 GMT - Chinese stocks finished mixed amid the country's latest Covid-19 outbreak in Fujian province that has prompted a localized lockdown. Steelmakers, which rallied in recent weeks, suffered heavy losses, with Baoshan Iron & Steel down 6.8% and Angang Steel slipping 6.2%. Property developers also fell after market leader China Evergrande said it expected a significant decline in September contracted sales. China Vanke retreated 5.3% and Seazen Holdings fell 4.7%. Electric-vehicle battery maker CATL gained 5.4%, after unveiling plans for a CNY13.5 billion expansion project. The Shanghai Composite Index fell 1.4% to 3662.60, the Shenzhen Composite Index was 0.5% lower, while the ChiNext Price Index gained 1.3%. (clarence.leong@wsj.com)

0708 GMT - South Korea's Kospi closed 0.7% higher at 3148.83, gaining for the third consecutive session. Aviation stocks extended early gains, with Asiana Airlines up 3.9% and Korean Air Lines advancing 4.0%. Calls by the Korea Development Bank chief for a speedy approval of the integration of the two airlines helped boost sentiment. Financial stocks also ended the day higher. KB Financial advanced 1.0% and Hana Financial rose 2.6%. Internet company Kakao Corp. declined 0.4% after saying it will form a KRW300 billion fund for small merchants, amid growing regulatory scrutiny. (justina.lee@wsj.com)

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0619 GMT - Australia's S&P/ASX 200 closed 0.2% higher at 7437.3 on surging energy stocks and strength among heavyweight financials. The benchmark slipped lower at the open in line with ASX futures but steadily climbed from late morning to post a third straight gain, matching its best streak in a month. The energy sector jumped 4.4% for its largest gain since Feb. 23, as Santos, Oil Search, Woodside and Beach put on between 5.2% and 7.2% amid higher oil prices. Macquarie rose 1.9%, while major lenders NAB, Commonwealth, Westpac and ANZ added between 0.2% and 0.3%. Industrial, tech, health and consumer stocks were weak. (stuart.condie@wsj.com; @StuartLCondie)

0618 GMT - The Nikkei Stock Average closed 0.7% higher at 30670.10, its highest level since August 1990, driven by hopes for fiscal stimulus and other economic policies by a new chief of Japan's ruling party. Investors continue to focus on comments from ruling-party chief candidates ahead of the election later this month. Steel, chip and shipping stocks have led the recent surge in stocks. Tuesday's gains were led by insurance and tech stocks with Tokio Marine Holdings rising 6.2% and Z Holdings advancing 5.2%. USD/JPY was at 110.08, compared with 110.00 as of Monday 5 p.m. Eastern Time. The 10-year Japanese government bond yield was flat at 0.040%. (kosaku.narioka@wsj.com; @kosakunarioka)

(END) Dow Jones Newswires

September 14, 2021 03:26 ET (07:26 GMT)

文件 DJDN000020210914eh9e000ht

DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Marginally Lower -- Market Talk

165 字

2021 年 9 月 14 日 07:54

Dow Jones Institutional News

DJDN

英文

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September 14, 2021 02:54 ET (06:54 GMT)

文件 DJDN000020210914eh9e000jp

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,454 字

2021 年 9 月 14 日 09:19

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0819 GMT - Carabao Group 's stronger export outlook should outweigh short-term hiccups caused by Covid-19 and high aluminum prices, Nomura says. The investment bank upgrades the stock to buy from neutral and raises its target price to THB155.00 from THB125.00, citing strong growth in the China and U.K. markets. Nomura cuts its 2021-2022 earnings estimates by 3.0%-7.0% to reflect the impact of the coronavirus on the drink company's sales in other markets. The sudden jump in aluminum prices after a coup in Guinea could also pressure gross profit margin for Carabao's canned drinks in 4Q. Shares are flat at THB130, taking year-to-date gains to 13%. (yiwei.wong@wsj.com)

0757 GMT - The FTSE 100 falls 0.6% to 7025.87 as stocks are hit by caution ahead of U.S. inflation figures due at 1230 GMT amid growing worries about rising inflationary pressures while growth stalls. Falls in heavyweight mining stocks as base-metal prices lose ground help to drag the blue-chip index lower, along with losses for financial names. Online grocer Ocado falls by 2.7% after it reported a drop in revenue at its retail unit. Sports retailer JD Sports Fashion bucks the overall trend, however, rising by 7.6% after the company released strong first-half results and provided improved full-year guidance. (jessica.fleetham@wsj.com)

0755 GMT - Singapore lenders United Overseas Bank , Oversea-Chinese Banking Corp . and DBS Group could be weighed by Sea Ltd.'s phased inclusion into the MSCI Singapore Index, RHB Research says. Shares of the banks, which feature heavily on the index, could be pressured lower as funds sell them in favor of Sea, it says. The broker notes that after rallying from February to July, the three banks declined in August. It expects Sea's index inclusion to weigh on the Singapore banks' price performance until 1Q 2022. "Still, sector fundamentals are healthy and we remain positive on Singapore Banks over the next 12 months," RHB says and keeps an overweight rating on the sector. (yongchang.chin@wsj.com)

0743 GMT - Man Wah faces several challenges including surging shipping costs for U.S.-China routes and the suspension of its Vietnam production due to pandemic policies there, but these are unlikely to significantly hurt the company's earnings, Citi says. Sharply higher freight charges have prompted Man Wah to defer shipments and revenue recognition, which could lead to slower earnings growth in the September quarter, while the factory suspension could further weigh on output and sales. However, both factors affect only Man Wah's U.S. business, which makes up 10% of the company's total profit, Citi says. Shares are 0.9% lower at HK\$13.20. (yifan.wang@wsj.com)

0735 GMT - Singapore Exchange may be hit by Hong Kong Exchanges & Clearing 's launch of a China A50 index futures contract, CGS-CIMB says as it lowers the stock's target price to S\$10.40 from S\$10.70. HKEX 's derivatives product will be in direct competition with SGX's FTSE China A50 index futures offering. While the extent of SGX's loss of revenue will depend on the take-up rate of HKEX 's product, the loss may be sizeable given the intertwined relationship between Hong Kong and China, the brokerage says. It cuts its FY 2022-2024 EPS estimates for SGX by roughly 2%-3%. CGS-CIMB keeps a hold rating on the stock, which is 0.2% lower at S\$10.01. (ronnie.harui@wsj.com)

0726 GMT - PTT PCL is a likely beneficiary of rising liquefied petroleum gas and propane prices due to U.S. supply disruptions in the wake of Hurricane Ida, CGS-CIMB says. The broker notes PTT sells LPG and propane to domestic chemicals users including PTT Global Chemical and others, and the higher prices of the gases should contribute to PTT's earnings. CIMB expects PTT's 3Q Ebitda from its gas production business to rise 20% on quarter. The broker has an add rating on PTT with an unchanged THB45 target price. Shares rise 2.0% to THB39.00. (yongchang.chin@wsj.com)

0720 GMT - Shares in JD Sports jump 9.0% after the company released first-half results and provided improved full-year guidance. The sports-goods retailer's financials for January-June were very strong, with revenue and earnings ahead of expectations, RBC Capital Markets says. In addition, the integration of recent

acquisitions in the U.S. and Eastern Europe is going well, and current trading is encouraging, RBC says. As a result, JD now expects a headline pretax profit of at least GBP750 million, which is 20%-25% ahead of consensus and well above previous guidance of GBP550 million, the Canadian bank says. RBC has an outperform rating on the stock. (jaime.llinares@wsj.com)

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(END) Dow Jones Newswires

September 14, 2021 04:19 ET (08:19 GMT)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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2021 年 9 月 14 日 08:04

Dow Jones Institutional News

DJDN

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0603 GMT - Dairy Farm International is likely to benefit as Covid-19 vaccination rates in markets like Hong Kong, Singapore, Indonesia and Thailand rise, UOB Kay Hian says. The broker expects more Asian economies to reopen in the next three to six months, which should not only boost tourism-related spending, but also domestic spending at the company's food-and-beverage outlets and supermarkets. The gradual reopening of the Hong Kong-China border should also help boost sales. UOB Kay Hian keeps a buy rating and S\$4.53 target price on Dairy Farm shares, which are 0.3% higher at S\$3.58. (yongchang.chin@wsj.com)

0521 GMT - China Molybdenum's H-shares are likely a better bet than its A-shares, thanks to their more attractive valuation, Citi says. The Chinese mining company has enjoyed a strong rally in recent weeks, buoyed by 1H profit which more than doubled thanks to sharply higher commodity prices globally. Citi thus raises its H-share target to HK\$8.30 from HK\$6.50 and its A-share target to CNY7.00 from CNY6.30 to factor in higher copper and cobalt prices. However, it downgrades the Shanghai-listed stock to sell from buy due to its overly high valuation, but keeps a buy call for the Hong Kong-listed stock. "We prefer the H-share as it trades at a discount compared to the A-share," Citi says. (yifan.wang@wsj.com)

0518 GMT - New Zealand's NZX-50 closed 0.5% lower at 13108.61, as utilities fell on perceived risk of increased regulation and heavyweight Fisher & Paykel Healthcare dropped due to continuing earnings uncertainty. Several reviews of the electricity industry are under way following power blackouts last month. That has prompted jitters about a breakup of utilities that have both generation and electricity-retailing businesses, though it seems unlikely, says David Price, head of institutional equities at Forsyth Barr. Meridian Energy fell 2.7%, Mercury dropped 2.9% and Contact Energy shed 1.4%. Fisher & Paykel Healthcare slid 3.5% as Covid-19 hospitalizations may be peaking globally as inoculations increase. (stephen.wright@wsj.com)

0515 GMT - China's property sector appears to be on a weakening trend, with the country's low-tier cities bearing the brunt of the downturn amid tightening measures from Beijing and continued population outflows to large cities, Nomura says. Citing high-frequency data, the bank estimates the National Bureau of Statistics' headline new home sales in volume terms for August, due to be released Wednesday, could show a 15% on-year decline, compared with an 8.5% fall in July. Nomura expects the downtrend could extend into September and beyond as the Chinese government is unlikely to ease current curbs, having "attached national strategic importance to reining in property bubbles." (clarence.leong@wsj.com)

0512 GMT - China Evergrande Group's debt crisis is a worry for financial markets, says Mizuho Bank. A bankruptcy would trigger defaults in its bonds and wealth management products, as well as cause problems associated with unfinished housing projects, Mizuho Bank says. Also, such an event would damp market confidence in Chinese property developers, and a credit collapse would result in a liquidity squeeze in financial markets, Mizuho Bank says, adding that market participants might intend to swap more CNH and CNY liquidity in the FX swap market, that is to sell/buy USD against the yuan, to prepare for such a liquidity squeeze. (ronnie.harui@wsj.com)

(END) Dow Jones Newswires

September 14, 2021 03:04 ET (07:04 GMT)

文件 DJDN000020210914eh9e000mu



Economic Report

U.S. adds just 235,000 jobs in August as delta and labor shortages dent hiring

942 字

2021 年 9 月 3 日 12:12

MarketWatch

MRKWC

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The unemployment rate fell from 5.4% to 5.2%, in line with estimates, but leisure and hospitality hirings slowed.

The numbers: The economy created a disappointingly small 235,000 new jobs in August amid another major coronavirus outbreak, raising questions about whether the Federal Reserve will delay plans to start weaning the U.S. off its easy-money strategy.

The increase in new jobs was the smallest in seven months and fell well short of Wall Street's forecast. Economists surveyed by The Wall Street Journal had forecast 720,000 jobs would be added.

The details of the August employment report were lackluster across the board.

The private sector generated only 243,000 new jobs, for instance, and employment in leisure and hospitality — the part of the economy most sensitive to the coronavirus outbreak in the country — was flat.

Scott Olson/Getty ImagesThe small gain suggests the rapid spread of the delta strain of the coronavirus drove a lot of companies to temporarily freeze hiring plans, especially for customer-facing positions.

Another big problem is a lack of available workers.

Millions of people who had jobs before the pandemic still haven't returned to work and businesses have been complaining about a labor shortage for months. They've been raising wages to try to lure workers, but so far it hasn't been enough.

The unemployment rate, meanwhile, dropped again to 5.2% from 5.4% and touched a new pandemic low. The official rate underestimates the true unemployment by a few percentage points, economists believe.

One big caveat: The last full month of summer is notoriously difficult to forecast because of the so-called August effect. The first report often underestimates job creation. Read: [Beware the dreaded 'August effect'](#)

In financial markets, U.S. stocks opened down. Bond yields were flat.

Big picture: The faint increase in hiring in August is probably just a temporary setback.

While delta caused some companies cut back on hiring out of caution, most still plan to add jobs in anticipation of the delta wave receding. Job openings topped 10 million for the very first time in June and layoffs were at a record low.

The biggest problem for most companies is finding enough workers, even with unemployment still relatively high. They've got lots of demand for their goods and services but can't keep up because of a surprisingly tight labor market.

Read: [Manufacturers struggle with labor shortages](#)

The hope is that more people will reenter the labor force in the fall as schools reopen and extra unemployment benefits put in place during the pandemic go away. Those benefits are set to expire Sept. 6.

The Fed, for its part, has said it would begin to reduce, or "taper," bond purchases this year if hiring remained strong. The tepid August report probably just pushes the central bank's announcement out to November or December.

The central bank has kept a fragile economy on life support since the onset of the pandemic by keeping interest rates at record lows. The Fed has accomplished its goal largely by buying \$120 billion a month in Treasury bonds and mortgage-backed securities.

These purchases have pushed the stock market to record highs, some critics contend, and could lead to a selloff once the Fed begins to tighten monetary policy.

Read: [Consumer confidence sinks to 6-month low on delta anxiety and inflation](#)

Also: [Inflation in the U.S. is running at the highest level in 30 years](#)

Key details: The freeze in hiring among companies that provide leisure and hospitality was a big surprise.

Restaurants, hotels, vacation resorts, entertainment venues and the like had added an average of 364,000 new jobs in each of the previous four months. Delta caused some customers to stay away in August and forced businesses to delay hiring plans.

Hiring should rebound if delta cases continue to level off, however. The viral outbreak might be peaking.

Employment also fell in retail, health care, construction and government.

The biggest increase in hiring was among professional firms that employ a lot of white-collar workers. They added 74,000 employees.

Manufacturers, transportation companies and financial firms also hired more workers.

Record job openings and an ongoing labor shortage drove wages higher again in August. Many companies have boosted pay or offered bonuses in an effort to fill empty positions.

Hourly pay jumped 17 cents to \$30.73 an hour in August. Over the past 12 months wages have risen 4.3% and are trending well above pre-pandemic norms.

Higher pay suggests there's plenty of demand for new workers despite the shortfall in new jobs last month.

In a bit of good news, the government said combined employment gains in July and June were 134,000 higher than originally reported.

Job gains in July were raised to 1.05 million from 943,000. June's total was raised to 962,000 from 938,000.

What they are saying? "The delta wave clearly knocked down hiring in August," said corporate economist Robert Frick of Navy Federal Credit Union.

Read: ['The Delta wave clearly knocked down hiring' — economists react to disappointing August jobs report](#)

"Despite storm clouds from the delta variant, record high demand for workers is keeping the labor market recovery afloat," said senior economist Daniel Zhao of Glassdoor.

"This report remains consistent with Fed tapering, but probably not soon," said chief economist Scott Brown of Raymond James.

Market reaction: The Dow Jones Industrial Average DJIA and **S&P500** SPX were set to open higher on Friday.

文件 MRKWC00020210903eh93000xd



Economic Report

Construction spending climbs in July due to more U.S. home building

305 字

2021 年 9 月 1 日 12:41

MarketWatch

MRKWC

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Chris Delmas/Agence France-Presse/Getty ImagesU.S. home builders and other construction companies increased spending in July, reflecting both higher demand and higher prices for materials.

Outlays rose 0.3% in July at a \$1.57 trillion annual pace, [the Commerce Department said Wednesday](#). That's how much money would be spent on construction in the entire country this year if outlays rose by the same amount in every month.

Economists polled by the Wall Street Journal had expected a 0.2% increase.

The building trades play a big role in the U.S. economy, if at a somewhat diminished level compared to a few decades ago.

By and large, demand for housing is very strong because of ultra-low interest rates. Residential construction rose 0.5% in July.

Demand has cooled off lately, but only because a shortage of new and existing homes for sale has caused prices to soar and discourage prospective buyers. The cost of materials to build a house has also fed into higher prices.

Read: [Inflation in the U.S. is running at the highest level in 30 years](#)

Also: [Consumer confidence sinks to 6-month low on delta anxiety and inflation](#)

Other forms of construction, such as public works or commercial projects, increase 0.1% in July. State and local governments are primed to spend more after getting a huge dose of federal stimulus money.

That type of construction hasn't kept pace with the boomlet of sorts in home building, however. Residential spending is up 26.5% over the past while nonresidential spending has only risen 0.5% in the same span.

The report rarely influences the stock market. The Dow Jones Industrial Average DJIA and **S&P500** SPX were narrowly mixed in Wednesday trades.

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FA Center

Why stock market bulls may be right to push valuations so high

Jim Ayres and Larry Hood

900 字

2021 年 8 月 28 日 11:34

MarketWatch

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Investor sentiment right now doesn't indicate a frothy market

Agence France-Presse/Getty Images With U.S. stocks reaching new highs, investors and experts alike are starting to wonder if market conditions are getting frothy.

In a frothy market, investor enthusiasm begins to outpace any consideration of risk. Investors feel confident in the economy and corporate earnings and begin to project that confidence further into the future. They increasingly listen to their greed impulse and tune out fear, leading them to bid up stock prices to levels that look historically high and difficult to justify based on the near-term outlook.

Taken to its extreme, this eventually lays the groundwork for a bubble, when investor emotion causes prices to detach completely from valuation. We certainly are not there at this point, so we'll leave that for another time.

A clear example of frothiness played out in late 2017, when many investors were fully invested in stocks and behaving as though volatility was only going lower. Fear of missing out overtook the fear of losing money and many took on more risk than they probably would have wanted (or perhaps even realized they had) in a more normal environment. Those are classic symptoms of a frothy market.

While there have been pockets of speculation of late — cryptocurrencies, SPACs, meme stocks — we are not seeing the sort of widespread excess in investor enthusiasm that would lead us to characterize the broader market as frothy. Yes, returns have been robust and stocks have risen steadily. One could easily assume that investors have anchored on recent good news and moved into the “greed” phase.

But what if this optimism is justified? Economic growth has been exceptionally strong, driven by pent-up demand and massively accommodative policy, while earnings have rebounded dramatically. Continued growth should bring valuations to a point where they begin to look more reasonable.

Measures of risk appetite, meanwhile, are not extreme; the various risk barometers periodically make a run at exuberance, but there's still enough to worry about — from a possible Fed policy change to the growing spread of the Delta variant — to put investor emotion back in check before things get out of hand.

In fact, investors' inability to shake these worries produces an interesting paradox, whereby the largest and most-stable stocks are one of the few areas that might actually be starting to warrant the “frothy” label. Investors feel they have no choice but to own stocks, yet are reluctant to take on risk.

As a result, traditional “risk-on” sectors — small-caps, high-beta stocks, IPOs, for example — have lost steam as investors pivot to their favorite large-cap, U.S. growth companies, which have seen their price multiples and representation in the indexes rise to lofty levels.

At times like this, it can be tempting to chase performance and buy even more of what's working because “it's going up.” But like the Hotel California, getting in is not a problem, but getting out may prove difficult as everyone heads for the exit at once.

Risk control

Investors do have options to mitigate the risks that may be developing within this part of the market. While some are turning to “smart beta,” which uses a different index-weighting methodology — such as dividends or volatility (versus the market capitalization-weighted approach used by many indexes) — there is a clear element of market timing in such moves that can materially impact performance.

Better to choose a balanced approach — for example, an equal-weighted exchange-traded fund, such as Invesco **S&P500** Equal Weight ETF RSP or the more reasonably priced iShares MSCI USA Equal Weighted ETF EUSA — may reduce concentration and manage risk better than a more extreme move into, say, a value-skewed, dividend-weighted fund.

For those who manage to maintain a reasonable time horizon, start looking for opportunities; remember they're unlikely to reside within the market's current darlings, so you'll want to cast a broad net.

If you're patient, developed markets outside of the U.S. are shaping up to offer more fertile ground. The iShares Core MSCI EAFE ETF IEFA offers a cost-effective way to get exposure to developed markets, while Vanguard FTSE Emerging Markets ETF VWO does the same for emerging regions; meanwhile, consider Vanguard's FTSE All-World ex-US ETF VEU for an all-in-one solution.

Meanwhile, keep in mind that emotion is not your friend, so stay disciplined. When things look frothy, investors often try to time the market by moving to cash, a notoriously tricky and strongly discouraged maneuver. Even those lucky enough to avoid a pullback rarely get the re-entry right, leaving them sitting on the sidelines watching a major market advance pass them by. Remember, you and your financial adviser worked hard to find the right long-term strategy for you — stick with it for the long-term.

Jim Ayres is chief investment officer, Larry Hood is chairman and CEO, at Pacific Portfolio Consulting, a Seattle-based wealth management firm.

More: [These 20 'left behind' stocks among the S&P 500 are expected to rise up to 59% over 12 months](#)

Also read: [Your stock fund's poor return could be because the manager is clueless about when to sell](#)

文件 MRKWC00020210826eh8q003ux

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2021 INTERIM RESULTS

The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company" or "Asia Financial ") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 30th June, 2021 as follows:

Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2021

Six months ended 30th June,

Notes 2021 2020

HK\$'000 HK\$'000

REVENUE 3 1,090,250

Gross premiums	1,090,250	953,378
Reinsurers' share of gross premiums	(412,053)	(340,696)
Change in unearned premiums reserve	(97,001)	(76,116)
Change in life reserve	(12,598)	
	(11,157)	

Net insurance contracts premiums revenue	568,598	525,409
Gross claims paid	(435,604)	(376,965)
Reinsurers' share of gross claims paid	206,539	220,320
Gross change in outstanding claims	(74,538)	(144,723)
Reinsurers' share of gross change in outstanding claims	42,414	
	41,058	

Net claims incurred	(261,189)	(260,310)
Commission income	83,366	67,637
Commission expense	(252,707)	
	(211,556)	

Net commission expense	(169,341)	(143,919)
Management expenses for underwriting business	(44,711)	
	(57,781)	

Underwriting profit	93,357	63,399
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continued

Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2021

Six months ended 30th June,

Notes 2021 2020

HK\$'000 HK\$'000

Dividend income		66,370	55,192
Realised gain/(loss) on investments		17,301	(76,664)
Unrealised gain/(loss) on investments		110,132	(54,981)
Interest income		26,230	47,732
Other income and gains/(losses), net			6,691
			(38,516)
320,081	(3,838)		
Operating expenses		(65,573)	(60,066)
Finance costs	4	(42)	
			(336)
254,466	(64,240)		
Share of profits and losses of joint ventures		30,467	(21,232)
Share of profits and losses of associates		61,456	
			64,388
PROFIT/(LOSS) BEFORE TAX	5	346,389	(21,084)
Income tax expense	6	(26,342)	
			(7,060)
PROFIT/(LOSS) FOR THE PERIOD		320,047	
			(28,144)
Attributable to:			
Equity holders of the Company		320,194	(29,894)
Non-controlling interests		(147)	1,750
320,047			
			(28,144)
INTERIM DIVIDEND	7	37,642	
			9,493
INTERIM DIVIDEND PER SHARE	7	HK4.0 cents	
			HK1.0 cent
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic - For profit/(loss) for the period		HK34.0 cents	
			(HK3.1 cents)
Diluted - For profit/(loss) for the period		N/A	
			N/A

Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

For the six months ended 30th June, 2021

Six months ended 30th June,

2021 2020

HK\$'000 HK\$'000

PROFIT/(LOSS) FOR THE PERIOD 320,047
(28,144)

OTHER COMPREHENSIVE INCOME

Other comprehensive income that may be reclassified to profit or loss in subsequent periods:

Share of other comprehensive income of joint ventures 7,115 (16,391)
Share of other comprehensive income of associates 4,418 (6,544)
Exchange differences on translation of foreign operations 365
(942)

Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	11,898	
	(23,877)	
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(857,912)	(1,241,964)
Income tax effect	79,945	
	77,336	
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(777,967)	
	(1,164,628)	
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(766,069)	
	(1,188,505)	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(446,022)	

ATTRIBUTABLE TO:		
Equity holders of the Company	(447,015)	(1,219,486)
Non-controlling interests	993	
	2,837	
	(1,216,649)	

Condensed Consolidated Statement of Financial Position
(Unaudited)

30th June, 2021

30th June, 31st December,

Notes 2021 2020

HK\$'000 HK\$'000

ASSETS

Property, plant and equipment	191,563	194,232
Investment properties	257,500	257,500
Interests in joint ventures	553,909	515,444
Interests in associates	491,411	427,519
Due from associates	255,015	256,140
Held-to-collect debt securities at amortised cost	1,157,551	1,042,767
Equity investments designated at fair value through other comprehensive income ("FVOCI")	5,936,568	6,850,964
Pledged deposits	296,124	313,357
Loans and advances and other assets	157,123	153,702
Financial assets at fair value through profit or loss	1,754,801	1,341,716
Insurance receivables	9 315,385	231,385
Reinsurance assets	1,598,416	1,531,060
Cash and cash equivalents	2,526,101	
	2,800,240	
15,491,467	15,916,026	
Asset held for distribution	10 56,484	
	-	
Total assets	15,547,951	

EQUITY AND LIABILITIES

Equity attributable to equity holders of the Company

Issued capital	11	942,180	946,620
Reserves		9,495,098	9,991,849
Proposed dividend		37,642	

65,970

10,474,920 11,004,439

Non-controlling interests 56,484

54,881

Total equity 10,531,404

11,059,320

Liabilities

Insurance contracts liabilities 4,170,450 3,935,104

Insurance payables 12 198,160 169,375

Due to associates 4,222 4,222

Other liabilities 281,558 304,552

Tax payable 65,347 69,637

Deferred tax liabilities 296,810

373,816

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Total liabilities 5,016,547

4,856,706

Total equity and liabilities 15,547,951

Notes to the Interim Financial Statements (Unaudited)**1. Accounting Policies**

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted are consistent with those adopted in the Company's financial statements for the year ended 31st December, 2020 except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") for the first time for the current period's financial information and as disclosed below.

Amendments to HKFRS 9, Interest Rate Benchmark Reform - Phase 2
HKAS 39 and HKFRS 7,
HKFRS 4 and HKFRS 16

Amendments to HKFRS 16 COVID-19-Related Rent Concessions
beyond 30th June, 2021 (early adopted)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a

temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

Notes to the Interim Financial Statements (Unaudited)

1. Accounting Policies (continued)

Amendment to HKFRS 16 issued in 1st April, 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30th June, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1st April, 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

Adoption of these revised HKFRSs and HKASs did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

Notes to the Interim Financial Statements (Unaudited)

2. Operating Segment Information

(a) Operating segments

The following tables present revenue, profit and certain asset and liability information for the Group's operating segments.

Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30th June, 2021			
Segment revenue:			
External customers	1,090,250	-	- 1,090,250
Other revenue, income and gains, net	113,725	112,999	- 226,724
Intersegment	6,259		
	-	(6,259)	
	-		
Total	1,210,234		

Segment results	166,613
-----------------	---------

Share of profits and losses of:

Joint ventures	12,559	17,908	-	30,467
Associates	2,112	59,344	-	61,456
Profit before tax			346,389	
Income tax expense	(18,557)	(7,785)	-	(26,342)
Profit for the period			320,047	

Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30th June, 2020			
Segment revenue:			
External customers	953,378	-	- 953,378
Other revenue, income and losses, net	(31,701)	(35,536)	- (67,237)
Intersegment	4,723		
	-	(4,723)	
Total	926,400		

Segment results (5,229)

Share of profits and losses of:

Joint ventures	(36,842)	15,610	-	(21,232)
Associates	15,313	49,075	-	64,388
Loss before tax			(21,084)	
Income tax expense	(5,921)	(1,139)	-	(7,060)

Loss for the period (28,144)

Notes to the Interim Financial Statements (Unaudited)

2. Operating Segment Information (continued)

(a) Operating segments (continued)

Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
30th June, 2021		
Segment assets	7,573,716	6,872,431 14,446,147
Interests in joint ventures	430,412	123,497 553,909
Interests in associates	49,838	441,573 491,411
Asset held for distribution	56,484	
	-	
	56,484	
Total assets	8,110,450	

Segment liabilities	4,427,322
---------------------	-----------

Insurance HK\$'000	Corporate Consolidated HK\$'000	HK\$'000		
31st December, 2020				
Segment assets		7,359,635	7,613,428	14,973,063
Interests in joint ventures		409,855	105,589	515,444
Interests in associates		49,607		
	377,912			
	427,519			
Total assets		7,819,097		

Segment liabilities	4,189,996
---------------------	-----------

(b) Geographical information

Over 90% of the Group's revenue and results are derived from operations carried out in Hong Kong, Macau and Mainland China.

3. Revenue

Revenue represents gross premiums net of discounts, from the direct and reinsurance business underwritten during the period.

4. Finance Costs

Six months ended 30th June,				
2021	2020			
HK\$'000	HK\$'000			
Interest on a bank loan		-		304
Interest on lease liabilities		42		
	32			

Notes to the Interim Financial Statements (Unaudited)

5. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after crediting/(charging):

Six months ended 30th June,				
2021	2020			
HK\$'000	HK\$'000			
Auditor's remuneration		(1,879)		(1,838)
Depreciation		(6,511)		(5,191)
Employee benefits expense (including directors' remuneration)		(79,277)		(75,088)
Expenses of short-term leases and leases of low-value assets		(130)		(156)

Realised gain/(loss) on:

- disposal of financial assets at fair value through

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profit or loss, net	20,155	(82,227)
- disposal of held-to-collect debt securities at amortised cost	(2,854)	-
- change in interest in a joint venture	-	-
	5,563	
Total realised gain/(loss) on investments		17,301
Unrealised gain/(loss) on financial assets at fair value through profit or loss, net	110,132	(54,981)
Change in expected credit losses	(20)	(4,640)
Interest income	26,230	47,732
Loss on disposal/write-off of items of property, plant and equipment*	(33)	(4)
Gross rental income*	3,487	3,380
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	(100)	(96)
Change in fair value of investment properties*	-	(32,905)
Foreign exchange gain/(loss), net*	1,223	(11,423)
Dividend income from:		
Listed investments	39,160	37,844
Unlisted investments	27,210	
	17,348	
Total dividend income		66,370

* Such amount was included in "Other income and gains/(losses), net" on the face of the unaudited condensed consolidated statement of profit or loss.

Notes to the Interim Financial Statements (Unaudited)

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

Six months ended 30th June,		
2021	2020	
HK\$'000	HK\$'000	
Current - Hong Kong		
Charge for the period	11,287	398
Current - Elsewhere		
Charge for the period	12,116	5,918
Deferred tax charge	2,939	
	744	
Total tax charge for the period		26,342

7. Dividend

Six months ended 30th June,	
2021	2020
HK\$'000	HK\$'000
Proposed interim dividend:	
HK4.0 cents (2020: HK1.0 cent)	
per ordinary share	37,642

The Board has resolved to pay an interim dividend of HK4.0 cents per share (2020: HK1.0 cent), which will be paid in cash, for the six months ended 30th June, 2021 payable on or about 8th October, 2021 to shareholders whose names appear on the Register of Members of the Company on 28th September, 2021.

8. Earnings/(Loss) Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings/(loss) per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$320,194,000 (2020: loss of HK\$29,894,000) and the weighted average number of ordinary shares of 942,972,000 (2020: 959,351,000) in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the periods ended 30th June, 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

Notes to the Interim Financial Statements (Unaudited)

9. Insurance Receivables

30th June, 31st December,		
2021	2020	
HK\$'000	HK\$'000	
Amounts due in respect of:		
Direct underwriting	216,197	99,795
Reinsurance accepted	109,779	
	142,181	
325,976	241,976	
Less: Impairment allowance	(10,591)	
	(10,591)	

The Group grants credit terms of three months to six months on billed policies.

The past settlement history of these receivables indicates that certain debtors settle in arrears subsequent to the credit period, which may also involve settlement subsequent to 12 months from the end of the reporting period.

The Group's insurance receivables relate to a large number of diversified customers, and therefore, there is no significant concentration of credit risk.

Insurance receivables are non-interest-bearing.

An aging analysis of the insurance receivables based on the issuance date of policies, as at the end of the reporting period, is as follows:

30th June, 31st December,		
2021	2020	
HK\$'000	HK\$'000	
Three months or less	279,979	195,413
Six months or less but over three months	41,182	37,406
One year or less but over six months	4,129	8,807

Over one year		686
	350	
325,976	241,976	
Less: Impairment allowance		(10,591)
	(10,591)	

Notes to the Interim Financial Statements (Unaudited)

9. Insurance Receivables (continued)

The movements in the loss allowance for impairment of insurance receivables are as follows:

30th June, 31st December,			
2021	2020		
HK\$'000	HK\$'000		
At beginning of year		10,591	5,577
Impairment losses		-	
	5,014		

10. Asset Held for Distribution

The Group has been applying for the liquidation of a 69.5% owned subsidiary, Asia Insurance (Investments) Limited ("All"). All is holding approximately 10.64% of the People's Insurance Company of China (Hong Kong), Ltd. ("PICC(HK)"), which is classified as equity investments designated at fair value through other comprehensive income ("FVOCI investment").

Management expects that the FVOCI investment will be distributed to owners of All (i.e. the Group and non-controlling interest) within one year. The classification of 69.5% of the FVOCI investment, which would be distributed to the Group, remains unchanged from the Group's perspective. In accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the Group has reclassified the remaining 30.5% amounted to HK\$56,484,000 of the FVOCI investment, which would be distributed to non-controlling interests, to an asset held for distribution in the Interim Financial Statements.

The cumulative change in fair value recognised in other comprehensive income of non-controlling interests relating to the above asset held for distribution amounted to HK\$2,040,000.

Notes to the Interim Financial Statements (Unaudited)

11. Share Capital

30th June, 31st December,	
2021	2020
HK\$'000	HK\$'000
Authorised:	
1,500,000,000 ordinary shares of HK\$1 each	1,500,000

Issued and fully paid:

942,180,000 (2020: 946,620,000) ordinary shares of HK\$1 each	942,180

A summary of movements in the Company's share capital is as follows:

Number of shares in issue	Share capital	
HK\$'000		
At 1st January, 2021	946,620,000	946,620
Shares repurchased and cancelled (note)	(4,440,000)	
	(4,440)	
At 30th June, 2021	942,180,000	

Note:

At 31st December, 2020, 470,000 shares with cost of HK\$1,720,000 were classified as treasury shares, and were subsequently cancelled in January 2021.

During the period ended 30th June, 2021, a subsidiary of the Company repurchased 4,634,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.56 to HK\$4.10 per share at a total consideration of HK\$17,884,000 (including expenses). Out of which, 3,970,000 repurchased shares were cancelled and an amount of HK\$3,970,000 was transferred from retained profits of the Company to the capital redemption reserve, as set out in the unaudited condensed consolidated statement of changes in equity.

The premium of HK\$12,736,000 paid on the repurchase of such shares was debited to the retained profits account. The remaining 664,000 shares with cost of HK\$2,428,000 were classified as treasury shares at 30th June, 2021 and were subsequently cancelled in July 2021.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 470,000 ordinary shares of the Company from the market at prices ranging from HK\$3.62 to HK\$3.74 per share at a total amount of HK\$1,751,000 (including expenses). As at the date of this announcement, the number of issued shares of the Company is 941,046,000 shares.

Notes to the Interim Financial Statements (Unaudited)

12. Insurance Payables

An aging analysis of the insurance payables based on the invoice date, as at the end of the reporting period, is as follows:

30th June, 31st December,
2021 2020

HK\$'000 HK\$'000

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Three months or less	143,380	107,562
Six months or less but over three months	11,754	17,684
One year or less but over six months	17,513	22,952
Over one year	25,513	
	21,177	

Management Discussion and Analysis

Profit attributable to equity holders of the Company: HK\$320.2 million

Earnings per share: HK34.0 cents

Interim dividend per share: HK4.0 cents

Asia Financial Holdings Limited ("Asia Financial ") recorded a net profit attributable to shareholders of HK\$320.2 million in the first half of 2021, compared to a loss of

HK\$29.9 million over the same period in 2020. The main contributing factors were an increase in underwriting profits from the insurance business and healthy returns from investments. Overall contributions from our joint ventures and associates were also positive.

In spite of the coronavirus pandemic and its associated economic impact, our core businesses showed reassuring resiliency. Current insurance underwriting profits remain stable and growing. Our core insurance business is solid and mature. We are fortunate to enjoy customer confidence in the marketplace, due to our long-term and unwavering commitment to the Hong Kong and Macau insurance markets. This will be an asset to us as we face upcoming challenges on the path to global economic recovery.

Asia Financial's prospects for the second half of 2021 will continue to be affected by the pandemic crisis and its unpredictable impact on the performance of global equities markets and on global economies in general. Despite potential economic headwinds, we remain cautiously optimistic about the outlook for our businesses.

We will continue with our conservative but flexible core investment approach in the pursuit of long-term growth in shareholder value.

Economic Background

The global economy is on track to show a firm recovery. Coming off of a 3.2% recession in 2020, the IMF is projecting global GDP growth of 6.0% in 2021 and

4.9% in 2022. This is largely a result of economic stimulus, accommodative monetary policy and reopening of economies. Interest rates remained low.

Both the US and Hong Kong benefited from drops in their unemployment rates as businesses and industries gradually reopened. Hong Kong's economic recovery is also on track and forecast to grow by 3.5% to 5.5% in 2021.

China's economy sustained a steady recovery, growing by 12.7% in the first half of the year.

Management Discussion and Analysis (continued)

Economic Background (continued)

The US stock market has continued to perform well, with the **S&P500** up by 14.4% year-to-June. Elsewhere, the market performance was mixed, with the Hang Seng Index up by 5.9%, and the H-share Index down by 0.7%. The H-share Index underperformance was due in large part to Chinese regulatory tightening on big tech, which dampened market sentiment.

Management Approach and Future Prospects

The global and regional economic picture in mid-2021 remains uncertain and difficult to predict due to underlying risks. We will be closely monitoring the development of the pandemic crisis and its impact on the global economic environment. We expect more volatility in markets due to risks of pandemic outbreaks, inflationary pressure, tapering of stimulus, and increased geopolitical tensions. We will maintain a prudent portfolio investment strategy accordingly.

The current outlook for our insurance operations is positive, with our strong distribution network and market positioning helping us to perform well despite the challenging economic situation and a crowded market. We will continue to review and optimize our mix of business segments. We are also further developing our distribution capacity and product range.

At this time of global challenge in our industry and the world, our company's reputation and stability are an advantage in an uncertain and volatile marketplace.

The region is undergoing a major transformation involving the rise of large middle classes, gradually ageing societies and greater use of market-based solutions to demographic and other policy challenges. In this changing environment, Asia Financial is well-positioned for steady and successful growth.

This is the long-term environment on which Asia Financial's management focuses.

We aim to continue building on our interests in livelihood-related service industries such as insurance, retirement, health and property development, focused on Hong Kong and Greater China. Our investment spheres fit well with our traditional expertise and networks of clients and partners, and as a whole are well-positioned to benefit from long-term economic and social trends. In considering ways to build upon this base, we will adhere to this fundamental approach and exercise patience and caution.

Management Discussion and Analysis (continued)

Business Review

Insurance

Wholly owned subsidiary, Asia Insurance Company, Limited ("Asia Insurance") achieved net profit attributable to shareholders of HK\$169.7 million in the first half of 2021, compared to a loss of HK\$29.1 million over the same period in 2020.

Despite the pandemic's impact on our clients' businesses, our turnover for the first half of 2021 rose by 14.4% over the same period in 2020, an extraordinary testimony to our company's service, reputation and client confidence. For 3 years in a row, we have achieved a record high in turnover.

We maintained most of our existing business while adding new business as well, particularly in our core SME market. There was no exposure to major catastrophe during the period. Underwriting profit increased by 45.8% over the same period in 2020. Our fundamental underwriting profit trend remains healthy and stable, and we remain among the top performers in the Hong Kong insurance industry, with a S&P rating of A (All the above figures are before elimination of group transactions.).

The rise in Asia Insurance's costs in the first half of 2021 was in line with the company's continuing business expansion and investment in user and backend systems. Asia Insurance further developed its distribution network through new agents and brokers and online digital channels. We have successfully introduced an online platform for business partners. We are also actively working on significant enhancements to our product range, and ongoing upgrades to employee skills, systems and distribution capacity in anticipation of future trends in clients' needs and market conditions.

The outlook for Asia Insurance's core underwriting activities in both Hong Kong and Macau looks positive for the second half of 2021 and beyond. We will continue to utilize our risk management expertise to focus on quality business, and to optimize the mix of business segments while spreading risk. We are confident that our strengths in these areas will ensure continued healthy underwriting profitability.

Looking ahead, we also anticipate possible opportunities arising from the central government's "Greater Bay Area" plan to further integrate Pearl River Delta regions.

Additionally, in the aftermath of COVID-19 both individuals and corporates are increasingly aware of the need for insurance coverage, a trend that will add traction to our core business and support our market growth.

In general, Asia Insurance expects to continue to build on its status as a leader in Hong Kong's general insurance market with an outstanding reputation for service and professionalism.

Management Discussion and Analysis (continued)

Business Review (continued)

Insurance (continued)

We recorded both realised and unrealised gains in our investments. However, the pandemic and related economic fallout along with geopolitical risk and trade tensions make the outlook for the rest of the year uncertain. We will maintain a sensible and watchful approach towards portfolio management.

Joint ventures and associates in the insurance segment turned a healthy profit in the first half of 2021. BC Reinsurance Limited, Hong Kong Life Insurance Limited and Professional Liability Underwriting Services Limited enjoyed a stable profit.

PICC Life Insurance Company Limited ("PICC Life"), in which Asia Financial has a 5% stake, continues to take advantage of its opportunities as a company with a nationwide licence. At the time of writing, interim results are still awaited. The company maintains a healthy position in the China market, with a substantial network of offices.

Other Portfolio Investment

Trading investments posted modest growth in the first half of 2021 due to the economic recovery and positive stock market returns. We have adjusted our portfolio in line with market changes, and will continue to monitor and adjust to continuing market fluctuations. Dividend income from long-term strategic investments was stable.

Our portfolio will remain focused on blue chip equities and investment grade fixed-income assets, and our approach will be long-term rather than reactive to year-on-year fluctuations in market valuations. We will continue to place the highest priority on preservation of core shareholder wealth. At the same time, we will remain alert to potential new long-term opportunities arising from major developments in the international environment, and changes in consumer trends in the post-COVID-19 market.

Health Care and Wellness

Our 4.7% holding in Bumrungrad Hospital Public Company Limited ("Bumrungrad") in Bangkok is our largest listed equity investment. For the first half of 2021, the stock price was up 7.1%, but when converted to Hong Kong dollars, this

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appreciation dropped to around 0.2% due to the weak Thai baht. Additionally, the company felt the negative effect of coronavirus pandemic restrictions on entry to Thailand (around 46% of Bumrungrad's patients are from overseas). The outlook for medical tourism remains uncertain for the second half of the year.

Bumrungrad's success in attracting patients internationally through the delivery of high-quality medical services is likely to rebound.

Management Discussion and Analysis (continued)

Business Review (continued)

Pension and Asset Management

The Group's holding in Bank Consortium Holding Limited ("BCH"), one of our joint ventures, generated healthy returns in the first half of 2021, in spite of the economic situation. Bank Consortium Trust Company Limited ("BCT"), a wholly owned subsidiary of BCH, remains one of the major providers of Mandatory Provident Fund services in Hong Kong.

Property Development

The Group's interests in real estate are focused on Shanghai and represent 3.8% of our total assets. The main project is a residential and commercial complex in Jiading District in Shanghai, in which we have a 27.5% stake.

China's property market remains strong, and there is high demand among lifestyle-conscious young urbanites for design-forward housing complexes like Jiading. Its Phase 3 is being developed in four stages, and in the first half of 2021 we took a healthy profit from residential sales of Stages Two and Three mainly.

Despite the COVID-19 pandemic, there was enthusiastic demand for residential sales of Stage Three, which is now 100% sold. We expect to realise steady profits from this project in the second half of 2021. We anticipate that Stage Four will be put up for sale in late 2021, and that it will follow the successful trajectory of the project's previous stages.

Securities Investments Representing More than 5% of Total Assets

As at 30th June, 2021, two securities investments each represented above 5% of the Group's total assets:

Fair value as at 30th June,	% of total Group	Realised and unrealised	Dividends
-----------------------------	------------------	-------------------------	-----------

Holding (in thousand)	No. of shares (HK\$'million)	2021	assets (HK\$'million)	gain/(loss) (HK\$'million)	received
PICC Life	1,288,055	3,525	22.7%	(795)	Nil
Bumrungrad Hospital	37,214	1,158	7.4%	2	19

Both investments are mainly long-term strategic holdings.

Capital Structure

The Group finances its own working capital requirement through funds generated from operations.

Management Discussion and Analysis (continued)

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and cash equivalents as at 30th June, 2021 amounted to HK\$2,526,101,000 (31st December, 2020: HK\$2,800,240,000).

The Group had no bank borrowing as at 30th June, 2021 and 31st December, No gearing ratio was calculated as the Group had no net current debt as at 30th June, 2021. The gearing ratio was based on net current debt divided by total capital plus net current debt. Net current debt includes net current portion of insurance contracts liabilities, insurance payables, amounts due to associates and other liabilities, less cash and cash equivalents and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company.

The Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitment and working capital requirements.

Charge on Assets

As at 30th June, 2021, Asia Insurance charged assets with a carrying value of HK\$119,042,000 (31st December, 2020: HK\$119,030,000) in favour of a cedant to secure the performance of Asia Insurance's obligations to the cedant under certain pecuniary loss reinsurance contracts.

Contingent Liabilities

As at 30th June, 2021, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2021 was 303 (31st December, 2020: 299). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefit schemes are made available to all levels of personnel. There was no share option scheme in operation during the six months ended 30th June, 2021. The Group also offers various training and induction programmes to its employees.

The remuneration policy of the Group is formulated and recommended by the Remuneration Committee of the Company for the Board's approval. The Remuneration Committee's responsibilities include reviewing and approving the management's remuneration proposals, and making recommendations to the Board on the adjustments to remuneration packages payable to directors, senior management and employees of the Group.

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30th June, 2021, a subsidiary of the Company repurchased a total of 4,634,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate purchase price of approximately HK\$17,843,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled during the reporting period and after the end of the reporting period. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period are as follows:

Aggregate Number of Month of	ordinary shares	purchase price Price per share	(excluding
------------------------------------	-----------------	-----------------------------------	------------

repurchase HK\$	repurchased HK\$	Highest	Lowest	expenses)
	HK\$'000			
Jan 2021	244,000	3.95	3.80	949
Feb 2021	3,482,000	4.10	3.80	13,504
Mar 2021	88,000	3.98	3.98	350
Apr 2021	156,000	3.95	3.95	616
Jun 2021	664,000	3.73	3.56	2,424
4,634,000		17,843		

Subsequent to the end of the reporting period and up to the date of this announcement, a total of 470,000 ordinary shares of the Company were repurchased on the Stock Exchange at an aggregate purchase price of approximately HK\$1,745,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled on 4th August, 2021.

Details of the ordinary shares repurchased on the Stock Exchange after the end of the reporting period are as follows:

Aggregate		purchase price		
Number of				
Month of	ordinary shares	Price per share		(excluding
repurchase	repurchased	Highest	Lowest	expenses)
HK\$	HK\$	HK\$'000		
Jul 2021	470,000	3.74	3.62	1,745

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the reporting period and after the end of the reporting period. As at the date of this announcement, the number of issued ordinary shares of the Company is 941,046,000 shares.

Purchase, Sale or Redemption of the Company's Shares (continued)

The purchase of the Company's shares during the reporting period and after the end of the reporting period was effected by the directors, pursuant to the mandate from shareholders received at the annual general meetings held in 2020 and 2021 respectively. The directors believe that the above share repurchases were exercised in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net assets value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares during the six months ended 30th June, 2021 and up to the date of this announcement.

Corporate Governance Code

The Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2021.

Review of Interim Financial Statements

The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30th June, 2021 and recommended it for the Board's approval.

Interim Dividend

The Board has resolved to declare an interim cash dividend of HK4.0 cents (2020: HK1.0 cent) per ordinary share for the six months ended 30th June, 2021 payable on or about Friday, 8th October, 2021 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 28th September, 2021.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 24th September, 2021 to Tuesday, 28th September, 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong

Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 23rd September, 2021.

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Publication of 2021 Interim Results and Interim Report
This results announcement is published on the Company's website at www.afh.hk and the HKExnews website at www.hkexnews.hk. The 2021 Interim Report will be available on the same websites and despatched to the shareholders on or about Friday, 17th September, 2021.

Source: Hong Kong Exchanges & Clearing
(END) Dow Jones Newswires

August 27, 2021 04:47 ET (08:47 GMT)

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DOW JONES NEWSWIRES

Press Release: FXCM July Single Share & Stock Baskets Report

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2021 年 8 月 19 日 14:41

Dow Jones Institutional News

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LONDON, Aug. 19, 2021 (GLOBE NEWSWIRE) --

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FXCM offers fractional, single share CFD trading with no commission fees* on leading companies from the US, UK, France, Germany, Hong Kong and, following its July launch, Australia. FXCM's stock basket products combine the shares of multiple companies from one sector into a single tradeable instrument, and the company currently boasts a portfolio of 14 stock baskets. The list of companies and weightings is available on FXCM's stock basket website:

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FXCM's Big US Tech FAANG basket re-gained top ranking in July for the first time since February, with four of its components ranking in the top ten single stocks. The Big US Tech FAANG basket was followed by the China Technology and China Ecommerce Baskets, whose components, including Baidu and Pinduoduo, were significantly impacted by recent Chinese regulatory crackdowns.

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2	-	Apple Inc	AAPL.us
3	New to Top 20	Moderna Inc	MRNA.us
4	3	Amazon.com Inc	AMZN.us
5	New to Top 20	Tencent Holdings Ltd	TENC.hk
6	13	Facebook Inc	FB.us
7	1	NVIDIA Corporation	NVDA.us
8	9	Beyond Meat Inc	BYND.us
9	New to Top 20	HSBC Holdings PLC	HSBA.uk
10	1	Alibaba Group Holding Ltd ADR	BABA.us

Volume Rank	Monthly Rank Change	Sector	Symbol
1	2	Big US Tech	FAANG
2	1	China Tech	CHN.TECH
3	1	China Ecommerce	CHN.ECOMM
4	3	US Banks	US.BANKS
5	-	Airlines	AIRLINES
6	2	Cannabis	CANNABIS
7	7	US Automotive	US.AUTO
8	2	Biotech	BIOTECH
9	-	Esports & Gaming	ESPORTS
10	1	Travel & Hospitality	TRAVEL

Past performance and popularity are not indicators of future results.

Rank is derived from FXCM Client Volume.

*FXCM can be compensated in several ways, which includes but are not limited to adding a mark-up to the spreads it receives from its liquidity providers, adding a mark-up to rollover, etc. Commission-based pricing is applicable to Active Trader account types.

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FXCM Pro provides retail brokers, small hedge funds and emerging market banks access to wholesale execution and liquidity, while providing high and medium frequency funds access to prime brokerage services via FXCM Prime. FXCM is a Leucadia Company.

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.

70% of retail investor accounts lose money when trading CFDs with this provider.

You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

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Between 74-89% of retail investor accounts lose money when trading CFDs.

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August 19, 2021 09:41 ET (13:41 GMT)

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DOW JONES NEWSWIRES

FXCM July Single Share & Stock Baskets Report

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2021 年 8 月 19 日 14:41

Dow Jones Institutional News

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FXCM Pro provides retail brokers, small hedge funds and emerging market banks access to wholesale execution and liquidity, while providing high and medium frequency funds access to prime brokerage services via FXCM Prime. FXCM is a Leucadia Company.

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.

70% of retail investor accounts lose money when trading CFDs with this provider.

You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

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Between 74-89% of retail investor accounts lose money when trading CFDs.

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FXCM Australia Pty. Limited: AFSL 309763. You can sustain a total loss of deposited funds.. The products may not be suitable for all investors. Please ensure that you fully understand the risks involved. If you decide to trade products offered by FXCM AU, you must read and understand the https://www.globenewswire.com/Tracker?data=P_I8gPiLXF7V1AnFlrEfy2e1KMh3frEqHDcTZU2I_jZdYDkMVJLGKovw9aWAS769JxJggxiAnFYIEMySjKp29Q7VRDdJKEIXdmOb-fsbA80j_AUMNNp4HoSYQ5KsVeCSNOF1MZYspR2QtxFUIk9Gxw== Financial Services Guide, https://www.globenewswire.com/Tracker?data=B8Lq1eSkr5nI9I3fDfEZ6I9FrsgibmZQZz8tnLqo6Bnp9mo-bTV-1GmnVHMg2KX2dQ0CqgjkvJieNOBu-9PcK8AvS3yBNN6o_-vy6r2LE6u-NE9EZbWwbF5URO5UEUCBJKMTaGbXkJ5cU1mKXjIPuw== Product Disclosure Statement, and https://www.globenewswire.com/Tracker?data=bKFc9NcTAz8GITwpsKPrLopYD9Wm45t1YpK5QOIQqXqeaKy-ug3NrvdjSkjmwC_oOvDfoYY0JiF9jya9ZCgPIKEG7O9CEKPEEVLR-fBpiw7tDQTVrus_IUNn2XBagta5 Terms of Business on https://www.globenewswire.com/Tracker?data=aQVD_egzTtNLM1hscV6-2bvZjbrmXiVX3X8RI5HCsc8YsNuKhxfuz16_SHIXd9YKEbF8BTXNFBQKRR9gUfbmA== www.fxcm.com/au.

FXCM South Africa (PTY) Ltd: FSP No 46534 (https://www.globenewswire.com/Tracker?data=aQVD_egzTtNLM1hscV6-2ZehzaLPOCOJIQFWbIbZMIbT9NyW7n8I-9okQ0rPZYihFGHkjG9t_UpPO5RCP2XeSw== www.fxcm.com/za). Our service includes products that are traded on margin and carry a risk of losses in excess of your deposited funds. The products may not be suitable for all investors. Please ensure that you fully understand the risks involved.

FXCM Markets Limited: Losses can exceed deposited funds. (https://www.globenewswire.com/Tracker?data=aQVD_egzTtNLM1hscV6-2Sz9Owd-dGINFb3sMffqHrFIZJAZOMOLDSG5IcOoBsPfb_rsX6lqkS46e1d4LrvAecX31h6OpXDnH-aEp1VKaac= www.fxcm.com/markets).

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https://www.globenewswire.com/Tracker?data=HraDJIGyblxK0HI_HshnYr8rXFzcpbAKQIm6D2zr--P5PU5FznBHK-N-QyavBHMketPO2sQIkGJWYsDUph6Z5M4v2Kzmdl3gQXFgJ6zOHTI_XQllqc2-iOAPYoy9eFCERyHvdtbjHODERsHIPf0YZw==

(END) Dow Jones Newswires

August 19, 2021 09:41 ET (13:41 GMT)

文件 DJDN000020210819eh8j0024c

DOW JONES NEWSWIRES

Press Release: HUMBL Welcomes Brad Hoagland as a Director

469 字

2021 年 8 月 17 日 12:55

Dow Jones Institutional News

DJDN

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HUMBL Welcomes Brad Hoagland as a Director

San Diego, California, Aug. 17, 2021 (GLOBE NEWSWIRE) -- HUMBL, Inc. (OTC Markets: HMBL) is proud to announce that Brad Hoagland has joined the HUMBL Board of Directors as an independent director.

Brad Hoagland holds the position of Chief Financial Officer and Secretary of Ecoark Holdings, Inc. His past experience includes being the Managing Member at Trend Discovery Capital Management, LLC, Senior Financial Analyst at U.S. Silica Capital, and Senior Associate at Prudential Financial, Inc.

Immediately prior to joining Ecoark, Inc. in 2019, Mr. Hoagland spent the previous eight years as Managing Member of Trend Discovery, a hybrid hedge fund with a track record of outperforming the **S&P500**. At Trend Discovery, Mr. Hoagland had overall accountability for the fund and was responsible for executing the fund's overall strategy. Prior to founding Trend Discovery in 2011, Mr. Hoagland spent six years as a Senior Associate at Prudential Global Investment Management (PGIM), working in both PGIM's Newark, NJ, and London, England offices.

An accomplished financial modeler, Brad previously completed financial forecasting projects for multi-billion-dollar consumer products and financial services clients, as well as government contractors and universities. Prior to the FP&A roles, Brad worked as a Senior Associate at PGIM where he was responsible for over 25 portfolio companies and \$350M AUM.

Brad received a Bachelor of Arts in Economics from Bucknell University, holds the Chartered Financial Analyst designation and is a level III candidate in the Chartered Market Technician Program.

About HUMBL

HUMBL is an early stage, financial technology company. HUMBL is working to deliver mobile payments, tickets, NFTs and digital assets into a seamless platform on the blockchain.

Forward Looking Statements

This release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements by the use of the words "may," "will," "should," "plans," "expects," "anticipates," "continue," "estimates," "projects," "intends," and similar expressions. Forward-looking statements involve risks and uncertainties that could cause results to differ materially from those projected or anticipated. These risks and uncertainties include, but are not limited to, HUMBL's ability to successfully execute its expanded business strategy, including by entering into definitive agreements with commercial partners and customers, general economic and business conditions, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing various engineering programs, changes in customer order patterns, changes in product mix, continued success in technical advances and delivering technological innovations, regulatory requirements and the ability to meet them, government agency rules and changes, and various other factors beyond HUMBL's control.

CONTACT:

PR@HUMBLPay.com

(END) Dow Jones Newswires

August 17, 2021 07:55 ET (11:55 GMT)

文件 DJDN000020210817eh8h001j4

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,340 字

2021 年 8 月 12 日 07:41

Dow Jones Institutional News

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

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0611 GMT - The Nikkei Stock Average gave up early gains to close 0.2% lower at 28015.02, as losses in railway and electronics shares offset gains in financial stocks. Private railway operator Keio Corp. dropped 1.1%, Central Japan Railway Co. fell 1.4% and West Japan Railway Co. slid 2.1%. Among electronics, Fuji Electric lost 1.6% and Nidec Corp. fell 1.0%. Conglomerate Toshiba fell 4.1% after posting 1Q earnings. In financial shares, Sumitomo Mitsui Financial Group gained 0.3% and Mitsubishi UFJ Financial Group added 0.2%. USD/JPY was at 110.40 compared with 110.44 late Wednesday in New York. The yield on the 10-year Japanese government bond was down 1.5 basis points at 0.020%. (justina.lee@wsj.com)

0529 GMT - Property developer City Developments looks well positioned to ride on a likely recovery in the hospitality sector in its overseas markets, Citi Research says. CDL's negative Ebitda of its hotel operations narrowed to S\$47 million in 1H, compared with S\$126 million a year earlier, reflecting an improving outlook for its hotel business, Jefferies says. A sizeable pipeline of residential property launches of around 2,000 units over the next 12-18 months in Singapore should enable CDL to lock in some decent profits amid a strong residential upcycle, it adds. Citi maintains a buy rating and a S\$11.02 target price. Shares are 2.3% higher at S\$6.76. (justina.lee@wsj.com)

0513 GMT - New Zealand's NZX-50 closed 0.5% lower at 12681.81 on falls in power utilities and heavyweight Fisher & Paykel Healthcare. The index is 3.2% lower this year, currently putting it on pace for its weakest year since 2011. Auckland International Airport gained 1.0% after the government outlined plans for gradually reopening the border next year. It is a step in the right direction that puts the onus on officials to deliver the best outcomes, says Stuart Williams, head of equities at Nikko Asset Management in Auckland. Some REITs were higher after giving FY 2022 dividend guidance. Precinct Property rose 1.5% and Vital Healthcare Property Trust gained 1.9%. (stephen.wright@wsj.com)

0508 GMT - Dialog Group's maiden venture into producing food-grade recycled plastic pellets is positive for its ESG score, says AmlInvestment Bank. Dialog is investing \$25 million in a 51-49 joint venture with a local post-consumer plastics recycling company to establish a production facility for food-grade recycled PET pellets. Still, this small project won't significantly boost Dialog's FY 2022 earnings, says AmlInvestment Bank, which keeps its buy rating and MYR4.90 target price on the stock. It thinks the Malaysian tank terminal operator deserves a higher valuation, given its long-term recurring cash flow-generating businesses. Shares are unchanged at MYR2.59. (chester.tay@wsj.com)

(END) Dow Jones Newswires

August 12, 2021 02:41 ET (06:41 GMT)

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DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Flat -- Market Talk

167 字

2021 年 8 月 12 日 07:41

Dow Jones Institutional News

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文件 DJDN000020210812eh8c000wj

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,475 字

2021 年 8 月 12 日 08:07

Dow Jones Institutional News

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0657 GMT - Henkel's change to guidance in 1H earnings was anticipated by the market, even with 2Q organic growth ahead of consensus expectations, Bernstein says. Henkel raised its outlook for 2021 organic-sales growth to between 6.0% and 8.0% from previous guidance of 4.0% to 6.0%. The German chemicals and consumer-goods company updated its 2021 EBIT-margin guidance to 13.5%-14.5% from 14.0%-15.0% previously, but kept its EPS outlook. Faster growth with lower EBIT margins leading to stable EPS expectations is "very much in line with what consensus was anticipating already," Bernstein says. However, the focus for investors might be on the EBIT-margin pressure from cost-of-goods-sold inflation--although that is already factored into the share price, Bernstein says. (edward.frankl@dowjones.com)

0646 GMT - Lenovo Group 's PC sales and service provision units are likely to be its growth drivers, CGS-CIMB thinks. It notes 1Q PC sales rose 22% on year to US\$12.9 billion, driven by consumers working from home. However, with economies reopening and workers tipped to return to offices, PC sales aren't likely to suffer. Instead of consumer demand, sales are poised to be led by commercial needs instead, the broker reckons. Lenovo's commercial subscription-based service business should also do well amid a likely upshot of business activity, it says. CGS-CIMB keeps an add rating with a target price of HK\$12.00 on Lenovo, which was last 1.8% higher at HK\$8.16. (yongchang.chin@wsj.com)

0642 GMT - Indofood CBP Sukses Makmur has a strong earnings growth driver from its noodle division, which is expected deliver 15.6% revenue CAGR over the next three years, Nomura says. It initiates coverage of the stock with a buy rating and IDR11,600 target price. In addition to robust domestic demand, the Indonesian food company's Pinehill subsidiary could help boost profits thanks to its foothold in Middle Eastern markets, Nomura adds. It expects Indofood CBP's overall noodle sales to rise 27% in 2021. Shares are 1.6% higher at IDR8,175. (yiwei.wong@wsj.com)

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(END) Dow Jones Newswires

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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2021 年 8 月 12 日 08:32

Dow Jones Institutional News

DJDN

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0730 GMT - Sterling edges slightly lower after data showed U.K. gross domestic product expanded 4.8% in the second quarter versus the previous three months. Strong growth was expected after the easing of some coronavirus restrictions, but the outlook for the third quarter may not be so rosy, ING says. "We think the July and August GDP readings will average at roughly 0.2-0.3%, which translates into overall third-quarter growth in the region of 1.5%--quite a bit lower than the 3% figure the Bank of England is penciling in," the firm says. GBP/USD is last down 0.1% at 1.3863, while EUR/GBP is up 0.1% at 0.8467. The impact of the data is limited, however, and ING currency analysts say EUR/GBP could edge toward 0.8400 as the euro weakens. (jessica.fleetham@wsj.com)

0732 GMT - Max Healthcare Institute 's growth momentum over the next two years is likely to be strong, based on its 1Q results, HDFC Securities says, raising the stock's target price to INR350 from INR330 with an unchanged buy rating. The hospital chain operator's regular business is picking up due to pent-up demand and return of international patients, which will probably boost its average revenue per operating bed, the brokerage says. The company's Ebitda margin could improve further, thanks to things such as ramping up of its non-Covid-19 business and margin improvement in its Nanavati hospital business, HDFC says. The shares are 5.5% higher at INR316.90. (ronnie.harui@wsj.com)

0729 GMT - Delivery Hero 's slight trim to its Ebitda margin outlook for the full year may lead to cuts to consensus estimates, Bryan Garnier says. The Berlin-based food-delivery company upgraded guidance on the back of a strong second quarter, but said it expects an adjusted Ebitda-to-GMV--or gross merchandise value--margin of minus 2% from previous expectations of between minus 1.5% and minus 2%. According to the bank, this could lead to a 5% to 18% cut in estimates, given that expectations stood at minus 1.8%. "It remains to be seen what is behind the EUR50 million-EUR100 million extra Ebitda losses: additional marketing efforts to fully grasp the market potential or accelerated opening pace of Dmart dark stores," Bryan Garnier says. (giulia.petroni@wsj.com)

0724 GMT - Chinese stocks ended lower, as consumer-related sectors including liquor and home-appliance makers weakened, offsetting gains in auto shares. Heavily weighted Kweichow Moutai fell 3.5% and Wuliangye Yibin lost 3.4%, extending Wednesday's losses amid an ongoing Covid-19 outbreak and calls for an end to corporate drinking culture by China's antigraft watchdog. Gree Electric Appliances was 2.7% lower and Midea Group slipped 1.4%. Auto makers led gains. Great Wall Motor added 5.6% and BYD Co. rose for a second day, up 4.7%, after Chinese car sales data showed the number of electric cars sold in July more than doubled on year. The Shanghai Composite Index dropped 0.2% to 3524.74, the Shenzhen Composite Index declined 0.3% and the ChiNext Price Index fell 1.5%. (clarence.leong@wsj.com)

0724 GMT - TUI still has medium-term liquidity risk and long-term balance-sheet risk, which could be accentuated by post-coronavirus structural changes like deposit ring-fencing, Jefferies says. The German travel operator's new bookings are helping liquidity, but it has cut 2021 capacity and summer 2022 bookings are slowed, though they are still materially ahead of pre-coronavirus levels, the U.S. bank says. TUI 's update did point to a narrowed net debt of EUR6.35 billion, compared to EUR6.81 billion as of March 31--with the improvement mainly due to customer bookings, Jefferies says. The bank retains its underperform rating and price target of 90 European cents. Shares are up 1.6% at EUR3.99. (joseph.hoppe@wsj.com)

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0704 GMT - South Korean stocks fall for a sixth consecutive session, with the benchmark Kospi closing 0.4% lower at 3208.38. Electronics shares led the decline. Deepening worries amid the spread of the Covid-19 Delta variant outweighed hopes for an economic recovery and improved corporate earnings. Index heavyweight Samsung Electronics lost 1.9%, as memory-chip maker SK Hynix slumped 4.7%. Online gaming company Netmarble fell 3.3% on its downbeat earnings outlook. Samsung Fire & Marine Insurance edged 0.2% lower despite solid 2Q earnings. Defense electronics company Hanwha Systems jumped 7.7% after announcing it plans to invest \$300 million in U.K. Satellite Firm OneWeb.(kwanwoo.jun@wsj.com)

0657 GMT - Henkel's change to guidance in 1H earnings was anticipated by the market, even with 2Q organic growth ahead of consensus expectations, Bernstein says. Henkel raised its outlook for 2021 organic-sales growth to between 6.0% and 8.0% from previous guidance of 4.0% to 6.0%. The German chemicals and consumer-goods company updated its 2021 EBIT-margin guidance to 13.5%-14.5% from 14.0%-15.0% previously, but kept its EPS outlook. Faster growth with lower EBIT margins leading to stable EPS expectations is "very much in line with what consensus was anticipating already," Bernstein says. However, the focus for investors might be on the EBIT-margin pressure from cost-of-goods-sold inflation--although that is already factored into the share price, Bernstein says. (edward.frankl@dowjones.com)

0646 GMT - Lenovo Group 's PC sales and service provision units are likely to be its growth drivers, CGS-CIMB thinks. It notes 1Q PC sales rose 22% on year to US\$12.9 billion, driven by consumers working from home. However, with economies reopening and workers tipped to return to offices, PC sales aren't likely to suffer. Instead of consumer demand, sales are poised to be led by commercial needs instead, the broker reckons. Lenovo's commercial subscription-based service business should also do well amid a likely upshot of business activity, it says. CGS-CIMB keeps an add rating with a target price of HK\$12.00 on Lenovo, which was last 1.8% higher at HK\$8.16. (yongchang.chin@wsj.com)

0642 GMT - Indofood CBP Sukses Makmur has a strong earnings growth driver from its noodle division, which is expected deliver 15.6% revenue CAGR over the next three years, Nomura says. It initiates coverage of the stock with a buy rating and IDR11,600 target price. In addition to robust domestic demand, the Indonesian food company's Pinehill subsidiary could help boost profits thanks to its foothold in Middle Eastern markets, Nomura adds. It expects Indofood CBP's overall noodle sales to rise 27% in 2021. Shares are 1.6% higher at IDR8,175. (yiwei.wong@wsj.com)

0641 GMT - Nordic markets are seen opening little changed, with IG calling the OMXS30 flat at around 2401. Yesterday saw renewed strength on global equity markets and the **S&P500** closed at yet another all-time high, says SEB. U.S. inflation failed to surprise on the upside, contrary to what we have become used to in recent months, hence the market sees prospects that the peak in the CPI is now close, it says. Long-term interest rates fell by a few basis points and the dollar weakened marginally. "In Asia, most stock market indices are mixed, but concerns about new restrictions following the spread of the Delta variant of Covid-19 in Australia and Japan, among others, mean that several indices are falling this morning." OMXS30 closed at 2401.49, OMXN40 at 2405.73 and OBX at 1017.94. (dominic.chopping@wsj.com)

0636 GMT - The fast-spreading Delta coronavirus variant may be a drag on Paradise Co.'s earnings recovery, Samsung Securities says. The South Korean casino operator swung to a net profit and posted a narrower operating profit on cost savings in 2Q, but is likely to remain in the red through 2021 due to weak visitor traffic, the brokerage says. Samsung Securities expects Paradise to return to an operating profit in 2022 and recover to a pre-pandemic level only in 2023. It cuts the stock's target by 14% to KRW19,000 and keeps a buy rating. Shares fall 0.6% to KRW16,400. (kwanwoo.jun@wsj.com)

(END) Dow Jones Newswires

August 12, 2021 03:32 ET (07:32 GMT)

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DOW JONES NEWSWIRES

U.S. factory orders increase 1.5% in June even as firms struggle with shortages

316 字

2021 年 8 月 3 日 15:44

Dow Jones Newswires Chinese (English)

RTNW

英文

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Jeffrey Bartash

U.S. manufacturers are struggling to keep up with demand

U.S. factory orders rose 1.5% in June on stronger demand for airplanes, oil and other industrial goods, extending a recent hot streak in which demand has surged well above pre-pandemic levels.

Economists surveyed by the Wall Street Journal had forecast a 1% increase.

Durable-goods orders rose 0.9%, the Commerce Department said Tuesday (<https://www.census.gov/economic-indicators/>). Initially the government put the increase at 0.8%.

The biggest increase in new bookings involved commercial planes. Boeing (BA) is receiving new orders again as more people begin to fly.

Orders for nondurable goods -- food, clothing, drugs and the like -- advanced 2.1% in the month.

The fast-recovering U.S. economy has generated plenty of business for manufacturers -- so much so that they can't keep up because of shortages of labor and supplies.

These hurdles are expected to fade over time, but many companies have had to raise prices for customers or even curtail production.

Read: Broad shortages still plague manufacturers and stunt economic recovery

(<https://www.marketwatch.com/story/broad-shortages-still-plague-manufacturers-ism-shows-and-restrain-u-s-recovery-11627914207>)

Orders for capital goods excluding aircraft and military items rose a revised 0.7% in June, up slightly from the prior 0.5% estimate.

These are known as core orders and they show a big surge in investment this year as businesses prepare for a post-pandemic world.

The Dow Jones Industrial Average

(https://www.marketwatch.com/investing/index/DJIA?mod=MW_story_quote) and **S&P500** (https://www.marketwatch.com/investing/index/SPX?mod=MW_story_quote) fell in Tuesday trades, but both indexes remained near record highs.

-Jeffrey Bartash

(END) Dow Jones Newswires

03-08-21 1444GMT

文件 RTNW000020210803eh83000qv

DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Higher -- Market Talk

133 字

2021 年 7 月 12 日 07:56

Dow Jones Institutional News

DJDN

英文

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0656 GMT - Nordic markets are seen opening slightly higher with IG calling the OMXS30 up 0.1% at around 2322. The **S&P500** closed at a new record level on Friday and Asia is following suit with clear gains on most markets, says SEB. "Reduced reserve requirements from the Chinese central bank give equities a little extra boost in China." U.S. inflation and Fed Chair Powell's testimony are the most interesting international events during the week, SEB adds. Equity futures in the U.S. are pointing slightly lower this morning. OMXS30 closed at 2319.53, OMXN40 at 2307.95 and OBX at 1006.90. (dominic.chopping@wsj.com)

(END) Dow Jones Newswires

July 12, 2021 02:56 ET (06:56 GMT)

文件 DJDN000020210712eh7c000n3

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,357 字

2021 年 7 月 12 日 08:02

Dow Jones Institutional News

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英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0702 GMT - BASF should be supported by 2Q results that beat consensus and a guidance upgrade Friday, Bernstein says, although its analysts expect volumes to slow and raw materials inflation to accelerate in 2H. "The results and guidance raise are clearly positive for the stock and supports our Outperform thesis on BASF continuing to benefit from cyclical recovery and upstream pricing," Bernstein says. Both BASF's outlook for 2021 EBIT before special items and sales topped consensus forecasts, the analysts say. "We also anticipated that they would have to raise FY21 guidance however, EBIT before special items is higher than we expected by 6%." Results came an hour before market close Friday and shares gained more than 3% to close at EUR68.01. (sarah.sloat@wsj.com)

0701 GMT - Feng Tay Enterprises' order outlook looks promising, Daiwa Capital Markets says, raising the stock's target price to NT\$232.00 from NT\$210.00 with an unchanged hold rating. Feng Tay may be a major beneficiary of a recovery in the sportswear trend and could raise its order share with key customer Nike, given the latter's upbeat guidance through 2025. With its rising sales scale, better product mix and improving production efficiency, the Taiwanese athletic-shoe maker's operating margin should expand over 2021-2023, Daiwa adds. Shares closed 0.2% lower at NT\$237.50. (ronnie.harui@wsj.com)

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0635 GMT - Kakao Games is likely to get an earnings boost from a new game that launched recently, says EBEST Investment & Securities. The South Korean company's new game, Odin, is forecast to yield average daily revenue of KRW3.24 billion in 3Q, up 74% from a previous estimate, the brokerage says. EBEST expects the massively multiplayer online role-playing game to prevail among local mobile games through September. The brokerage raises the stock's target price by 30% to KRW95,000, but downgrades its rating to

hold from buy given recent sharp gains and likely limited room to rise. Shares fall 5.9% to KRW79,500 on profit taking. (kwanwoo.jun@wsj.com)

0623 GMT - Australia's S&P/ASX 200 closed 0.8% higher at 7333.5 amid strong gains by iron ore miners. Rio Tinto, BHP and Fortescue added between 1.8% and 3.3% after China's central bank on Friday cut the reserve requirement ratio for banks, a move that could stimulate the country's economy. Materials was the ASX 200's best-performing sector, rising 2.2%. Banks ANZ, NAB, CBA and Westpac rose between by 0.4% and 0.6%, while gains by Appen, Afterpay and Xero helped the tech sector put on 0.8%. Australian Pharmaceutical Industries surged 20% after receiving a takeover proposal from Wesfarmers, which edged 0.5% higher. (stuart.condie@wsj.com; @StuartLCondie)

0604 GMT - China Suntien Green Energy will likely be able to extend its strong 1H earnings growth momentum through the rest of the year, Citi says. The bank raises its target price to HK\$4.00 from HK\$3.30 and keeps the stock at buy. Suntien issued a positive profit alert, expecting 1H net profit to jump as much as 70%, significantly higher than previous estimates from both Citi and the market. The robust earnings were mainly driven by sharply-higher wind-power generation, thanks to favorable weather conditions and capacity expansion, which Citi reckons would continue to support earnings in 2H. Another positive is the Chinese government's fee cuts for gas-pipeline transmission this year, which will underpin Suntien's profitability, Citi adds. Shares are up 9.0% at HK\$3.88. (yifan.wang@wsj.com)

0553 GMT - Gas Malaysia's tariff increase seemingly bodes well for its earnings, but Maybank IB Research says any gains may be offset by lower sales volumes due to ongoing Covid-19 movement restrictions. The company recently increased its gas tariff by 11.8%. Maybank keeps a hold rating and MYR2.80 target price. Shares are 0.4% higher at MYR2.68. (chester.tay@wsj.com)

0549 GMT - Despite Sydney's Covid-19 outbreak and resultant lockdown, Australian banks' bad-debt levels could be surprisingly lower than expected, says Citi. Citi notes that Australia's economic recovery has been far stronger than anyone predicted, and that insolvency stats suggest impaired-asset formation will be much below pre-Covid, given that a recovery is evident in even the hardest-hit industries. Citi says that while an upside surprise on bad debts will likely not sway valuations, it may pull forward bank buybacks. Citi lowers its bank bad-debt forecasts to 60 basis points over FY 2020-FY 2023 levels, down from 70 bps. This results in 2%-3% EPS upgrades. (alice.uribe@wsj.com)

0542 GMT - New Zealand's NZX-50 closed 0.6% higher at 12763.40, as regional equity markets generally rose on a short-term increase in risk appetite. Heavyweight stock Meridian Energy, which jumped 3.5%, accounted for a large part of the index's gain. Still, there was no specific news driving it higher, says Stuart Williams, head of equities at Nikko Asset Management in Auckland. Retirement-village operators and medical-equipment maker Fisher & Paykel Healthcare also contributed to the benchmark index's rise. The index has been meandering between 12600 and 12800 since late June, ahead of full-year earnings reports in August from many NZX-50 companies. (stephen.wright@wsj.com)

(END) Dow Jones Newswires

July 12, 2021 03:02 ET (07:02 GMT)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,392 字

2021 年 7 月 12 日 08:45

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0745 GMT - Atos significantly cut its 2021 targets on Monday as the French IT's legacy infrastructure business is hit by strong demand for cloud migration, Bryan Garnier says. "We have decided to put our rating and our target price under review (vs. Buy and EUR88) on Atos--before reviewing our forecasts--following a profit warning for 2021 announced this morning by the company," the bank says. Atos's 1H results are below expectations with an operating margin at roughly 5.5%, when consensus is at 7.4%, it says. Atos trades down 12.8% at EUR46. (olivia.bugault@wsj.com)

0735 GMT - Car-insurance company Admiral Group 's unscheduled update upgrades profit guidance for the first half to up to GBP500 million, compared with a full-year consensus estimate of GBP750 million, Shore Capital says, but stronger guidance isn't the critical part. Admiral's key read-across is from the lower-than-expected claims frequency over 2021, more than offsetting the reductions in premiums seen across the market, and to a lesser extent the positive bodily-injuries claims development leading to higher reserve releases and profit commission revenue, the investment group says. "The latter is a higher proportion of total claims costs at Admiral than peers due to the differences in demographics of its insured book," Shore says. Shares are up 2.4% at 3,195 pence. (joseph.hoppe@wsj.com)

0731 GMT - U.K. online retailer ASOS is forming a joint venture with U.S. retailer Nordstrom to support its Topshop brands and both are exploring a wider collaboration, which looks to be a sensible development in light of ASOS's U.S. plans, Jefferies says. "[ASOS] is clearly targeting an accelerated growth trend in the U.S., and the initiatives announced with Nordstrom [on Monday], that will garner incremental exposure as well as building customer convenience, should be supportive of that," Jefferies says. Nordstrom was the first U.S. retailer to offer Topshop to the U.S. market, and the partnership is also supported by that history, Jefferies says. Shares in ASOS rise 0.7%. (adria.calatayud@dowjones.com)

0722 GMT - Shares in Atos fell sharply on Monday after the French IT company cut its 2021 revenue, profitability and cash-flow targets. Atos said it now expects its operating margin for the full year to be at roughly 6% compared with a previous target of between 9.4% and 9.8%, and that its revenue growth at constant currency should be stable, when it previously said it would grow by 3.5% to 4.5%. Atos reduced its financial goals after a disappointing first half with a lower-than-expected operating margin at roughly 5.5% and negative organic growth in its second quarter of about minus 1.5%. Atos trades 14.7% lower at EUR45. (olivia.bugault@wsj.com)

0704 GMT - Audinate's FY 2021 sales exceeded those expected by Shaw and Partners, which says the audio-visual equipment firm's stock is one of its key small-cap picks over the next 12 months. Sales of US\$25 million beat Shaw's estimate of US\$24.4 million and the broker says guidance for FY 2022 looks very positive. The company says it is well-placed to return to historical revenue growth rate, which Shaw says is more than 30%. The broker lifts its forecasts accordingly and raises the target price by 20% to A\$12.00, maintaining a buy rating. Shares closed 8.5% higher at A\$9.98. (stuart.condie@wsj.com; @StuartLCondie)

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DOW JONES NEWSWIRES

Herman Miller Beat Earnings Estimates. Why Its Stock Is Dropping. -- Barrons.com

363 字

2021 年 6 月 28 日 23:51

Dow Jones Institutional News

DJDN

英文

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by William Philip

Herman Miller stock was slumping Monday evening despite reporting better-than-expected earnings.

The American office furniture and equipment company reported adjusted earnings of 56 cents a share on sales of \$621.5 million for its fiscal fourth quarter ended May 29, exceeding consensus estimates for 39 cents per share and forecasts for \$583 million.

In a note to shareholders, Chief Executive Officer Andi Owen and Chief Financial Officer Jeff Stutz noted that in the company's retail division, sales of home-office and workplace-related products remain strong, posting a year-over-year increase of 213%. Additionally, sales through digital channels were up 158% compared with last year. The retail division, which altogether posted revenue growth of 81% over last year, also posted its highest-ever monthly sales in May.

While revenue from North America was down 4.2% compared with the same period last year, the Asia-Pacific region and EMEA regions posted 39% and 69% year-over-year sales growth respectively, benefiting from an early recovery and return to the office. As a whole, net sales were up 27.9% over the prior year's fourth quarter on a currency-neutral basis. Herman Miller's gross margins increased by 1.1 percentage point to 36% which translated into a 7% adjusted operating margin.

Looking ahead, Herman Miller (MLHR) executives stated that as the pandemic subsides, they have increased clarity relative to business expectations moving forward. They offered revenue guidance of between \$640 million and \$670 million for the first quarter of 2022, representing a 3% to 8% premium over current revenue, while projecting earnings of 52 cents to 58 cents, below forecasts for 62 cents.

That probably explains why shares of Herman Miller -- a Barron's stock pick -- were down 3%, at \$46.50 after hours on Monday. That, and the fact that the stock is up 44.9% in 2021 compared with the **S&P500**'s 15.9%.

High expectations can be hard to meet.

Write to editors@barrons.com

(END) Dow Jones Newswires

June 28, 2021 18:51 ET (22:51 GMT)

文件 DJDN000020210628eh6s0046w



Market Snapshot

Dow books worst week since October on 'quad witching' Friday, as investors pivot with more hawkish Fed

1,327 字

2021 年 6 月 19 日 13:06

MarketWatch

MRKWC

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S&P 500 financial sector down 6.2% for week

U.S. stocks ended sharply lower Friday, with the Dow booking its worst week since October 2020, after comments from a Fed official exacerbated market volatility that followed the central bank's updated outlook this week for inflation and the economic recovery from COVID.

Friday also marked quadruple witching day, which is the simultaneous expiration of single-stock options, single-stock futures, stock-index options and stock-index futures.

The U.S. government was closed on Friday after President Joseph Biden signed a bill Thursday making [Juneteenth](#) a national holiday commemorating the end of slavery in the U.S. Stock and bond markets remained open for business.

How did stock benchmarks trade?

The Dow Jones Industrial Average DJIA dropped 533.37 points, or 1.6%, to end at 33,290.08

The S&P 500 SPX fell 55.41 points, or 1.3%, closing at 4,166.45.

The Nasdaq Composite Index COMP slid 130.97, or 0.9%, ending at 14,030.38.

[On Thursday](#), the Dow closed down 210.22 points, or 0.6%, at 33,823.45, marking a four-day skid that was its longest since January. The S&P 500 edged down 1.84 points, or less than 0.1%, to 4,221.86. The Nasdaq Composite gained 121.67 points, or 0.9%, to 14,161.35.

Weekly statistics

For the week, the Dow declined 3.5%, its second weekly fall in a row and its steepest such drop since the week of Oct. 30, 2020. The Nasdaq saw a weekly loss of 0.3%, snapping its four-week winning streak. The S&P 500 shed 1.9% for the week, ending a three-week win streak.

What drove the market?

Blame it on quadruple witching or James Bullard as the market took a leg lower, rounding out a downbeat week where investors looked for guidance from interest rate setters at the Federal Reserve.

Just as investors were girding themselves for a Fed with perhaps less of an inclination to champion easy-money policies, St. Louis Federal Reserve President Bullard offered a fresh dose of hawkishness, saying Friday that he thinks the Fed should lift its benchmark interest rate as early as late 2022.

In an interview on CNBC, [Bullard said](#) it was "natural" for the Fed to tilt hawkish at its meeting earlier this week, given recent strong inflation readings, but he also pointed to an economy that he views as recovering strongly from the pandemic.

Bullard also said he was "leaning" toward supporting an end to the purchases of mortgage backed securities, given the "booming housing market" and with concerns mounting around a potential bubble in the sector. "I would be a little concerned about feeding into the housing froth that seems to be developing," Bullard said.

Bullard's comments followed statements earlier in the week from the Federal Open Market Committee and remarks by Fed Chairman Jerome Powell, which were viewed as setting the stage for a less accommodative stance by the central bank. Fed policy makers penciled in [two rate increases by the end of 2023](#) and discussed the eventual tapering of the central bank's asset buying program.

Growing expectations that the U.S. central bank will raise interest rates in 2023 has helped to pull equities down from record highs touched earlier this week by the S&P 500 and the Nasdaq Composite.

The Nasdaq Composite performed relatively better, however, as a fall in longer term Treasury yields this week encouraged buying in technology and growth stocks whose valuations are sensitive to bond yields.

Moves in longer-dated bonds have been pegged to some position unwinding as short-term yields rose and long-term yields fell, but some analysts wager that yields will eventually climb in response to a Fed that appears to be preparing the market for higher inflation and higher interest rates.

The flattening of the U.S. Treasury yield curve also contributed to a sharp fall in bank stocks this week, with the [S&P500](#) financial sector down 6.2%.

The day's losses were led by declines in financials XLF, down 2.4%, consumer staples XLP off 1.8%, energy XLE slid 3% and communication services XLC fell 1.2%.

A correction in the cyclical stock rally is underway as China's economy slows, U.S. fiscal stimulus fades, and the Fed becomes more hawkish, according to a BofA Global Research report dated June 17. That creates "a perfect summer storm for necessary correction in cyclicals, bulls rotating to tech," BofA's investment strategists wrote.

"We're definitely seeing people go back into growth," said Matthew Tuttle, chief executive officer and chief investment officer of Tuttle Capital Management, in a phone interview Friday. "I don't think that's the long-term play. I still believe in the reopening trade."

Matt Peron, director of research at Janus Henderson, told MarketWatch Friday that he thinks the reflation trade still has "gas in the tank," even if it pauses over the summer. The recent rotation into growth stocks may be a belief among some investors that peak inflation has passed, as well as the stock market's reaction this week to a still highly-accommodative Fed moving closer toward tightening its monetary policy. "It's tightening a tempest in a teapot," said Peron.

Thomas Mathews, market economist at Capital Economics, is forecasting the S&P 500 index will pare its gains over the coming six months and sees muted returns in the 2022 and 2023, amid a higher interest-rate regime. "This would represent an annualized increase of ~4% from its current level, compared with ~13% in the past decade," he forecast in a research note Friday.

There was no U.S. economic data Friday as the government observed the Juneteenth holiday.

Which companies were in focus?

Sykes Enterprises Inc. [SYKE](#) shares soared almost 30% after the company announced an agreement Friday to be acquired by Sitel Group in a cash deal for the customer experience management services valued at \$2.2 billion.

Moderna Inc. [MRNA](#) said Friday it remains committed to creating jobs in Massachusetts and will hire at least 155 more people for high-tech manufacturing roles this year. Shares closed 1.6% lower.

Shares of Orphazyme A/S [ORPH](#) plummeted after the Denmark-based biopharmaceutical company said overnight that it received a "Complete Response Letter" (CRL) from the U.S. Food and Drug Administration regarding its treatment for Niemann-Pick disease type C (NPC). U.S. listed shares plunged almost 50% Friday.

Shares of Curevac [CVAC](#) rose 7.1%. Shares of the German biotech have lost 22% this week after the company said a late-stage clinical trial of its COVID-19 vaccine [was only 47% effective](#).

How did other assets fare?

The yield on the 10-year Treasury note [TMUBMUSD10Y](#) slid 6 basis points to 1.449%, down for a fifth straight week.

The ICE U.S. Dollar Index [DXY](#), a measure of the currency against a basket of six major rivals, shot up 0.4% and has climbed 2% for the week, its sharpest weekly gain since the week of April 3, 2020.

Oil futures [CL00](#) rose Friday, with West Texas Intermediate crude for July delivery settling 0.8% lower at \$71.64 a barrel. Gold futures [GC00](#) ended with a loss Friday, settling 0.3% lower at \$1,769 an ounce.

European equities slumped, with the pan-Continental Stoxx Europe 600 [SXXP](#) closing 1.6% lower for a 1.2% loss this week. London's FTSE 100 [UKX](#) fell 1.9% Friday, booking a weekly loss of 1.6%.

In Asia, the Shanghai Composite [SHCOMP](#) closed flat, Hong Kong's Hang Seng Index [HSI](#) ended 0.9% higher and Japan's Nikkei 225 [NIK](#) shed 0.2%, on the day.

文件 MRKWC00020210618eh6i0005w



The Fed

Fed now sees two interest rate hikes in 2023

265 字

2021 年 6 月 16 日 15:07

MarketWatch

MRKWC

英文

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The Federal Reserve on Wednesday said it might hike interest rates earlier than it had previously expected, penciling in two interest rate hikes in 2023.

In its statement, the Fed stuck to its guns and said the recent burst of inflation would be transitory. At the same time, it acknowledged that inflation would be much higher this year, raising its forecast for headline PCE inflation to 3%.

According to the Fed's dot plot chart, 11 of 18 officials expect at least two rate hikes in 2023. In March, only seven expected one hike.

Seven officials now see the first hike next year, up from four in March.

The Fed is buying \$80 billion of Treasuries and \$40 billion of mortgage-backed securities each month, along with keeping its benchmark rate pinned close to zero, in a concerted effort to keep financial markets stable and support the economy.

The Fed has said it wanted to see "substantial further progress" before slowing down the purchases — the first step of pulling back all the support for the economy.

The statement made no mention of whether the Fed discussed tapering the asset purchases.

Many economists, including former U.S. Treasury Secretary Larry Summers, say the Fed needs to rethink its policy given the two massive fiscal stimulus passed by Congress since December.

The **S&P500** SPX index fell 1% after the Fed statement.

The yield on the 10-year Treasury note BX:TMUBMUSD10Y rose to 1.53%

Powell will hold a press conference at 2:30 p.m. Eastern.

文件 MRKWC00020210616eh6g00691



Market Extra

Taper tantrum after the Federal Reserve update? Chairman Jerome Powell's stock-market record is poor

621 字

2021 年 6 月 16 日 11:51

MarketWatch

MRKWC

英文

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Another big update from interest rate-setters at the Federal Open Market Committee is due Wednesday afternoon and investors shouldn't be faulted for bracing for a bearish reaction to the June Fed policy statement which has market participants on edge watching for a word on tapering asset purchases and inflation.

But Federal Reserve Chairman Jerome Powell's record with the stock market isn't a stellar one. To be sure, that's probably not high on the central banker's priority list today — maximum employment and price stability are the Fed's dual mandates —but investors may be preparing for a bit of choppiness in stocks nonetheless.

So far Wednesday, the Dow Jones Industrial Average DJIA, the S&P 500 index SPX and the Nasdaq Composite Index COMP have been idling [ahead of the policy update](#) due to be released at 2 p.m. Eastern Time, followed by Powell's news conference at 2:30 p.m.

However, the S&P 500 has declined on average more times than not during Powell's chairmanship of the Fed, compared with those led by Janet Yellen, now U.S. Treasury Secretary, and former chairman Ben Bernanke.

The average decline of the **S&P500** index for Powell on Fed decision or update days is a loss of 0.13%, and the median is 0.18%. By comparison, Yellen presided over an average gain of 0.16% and Bernanke oversaw average rise of 0.40% on Fed days, according to Dow Jones Market Data.

Dow Jones Market Data from Bespoke Investment Group offers a slightly broader look at Powell's comparative stock-market performance, including a comparison with Alan Greenspan, who led the Fed from 1987 to 2006.

Bespoke Investment GroupAs previously mentioned, Powell isn't likely to be focused on his stock-market performance as much as the investors are in the short term.

This meeting, even though major adjustments to policy or benchmark interest rates, which stand at 0% to 0.25%, aren't expected, could prove a challenging one for Powell.

The potential for pitfalls appear numerous. Not all investors are sold on the Fed's consensus view that inflation will be transitory, caused by the demand and supply shocks as the economy recovers from the pandemic. And any attempt by Powell to point to a time when the Fed may scale back some of its easy money policies, notably its monthly purchase of \$120 billion in Treasuries and mortgage-backed bonds, without causing a disruption in the bond or stock markets, or both, may also be a challenge.

In 2013, Bernanke told lawmakers that the central bank could begin to pare back the bond purchases implemented in the 2007-09 recession if the economy continued to improve and the market's didn't react well.

Read: [Taper tantrum? Only if somebody wakes the U.S. bond market](#)

Analysts say that this time the Fed is likely to give ample lead time in making such declarations in order to avoid a so-called taper tantrum.

Treasury traders hate inflation because it means that coupon payments and principal in the future aren't worth as much in a rising price environment. Evidence of pricing pressures tends to drive selling in bonds, as a result.

However, bonds have been fairly sanguine about evidence of hotter inflation, so far.

Yields for the 10-year TreasuryBX:TMUBMUSD10Y and the 30-yearBX:TMUBMUSD30Y are lower than they were at the Fed's April 28 policy update.

Meanwhile, bulls can at least take heart in the fact that equity indexes are trading near record highs, even if Powell's statment delivers a characteristic stumble lower.

文件 MRKWC00020210616eh6g004bl



Market Snapshot

Dow futures edge up early Wednesday, with benchmark aiming for 5th straight gain

691 字

2021 年 6 月 2 日 08:23

MarketWatch

MRKWC

英文

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U.S. stocks were seen making muted moves Wednesday morning, with few available catalysts to drive trading in the session other than comments from members of the Federal Reserve and the central bank's Beige Book, an anecdotal account of conditions in the central bank's 12 business districts.

How are stock benchmarks trading?

Futures for the Dow Jones Industrial Average YMM21YM00 are up 45 points, or 0.1%, to reach 34,595.

S&P 500 index futures ESM21ES00 were up less than a point at 4,199.50, a climb of less than 0.1%.

Nasdaq-100 futures NQM21NQ00 were down 11.50 points, or 0.1%, at 13,637.25.

[On Tuesday](#), the DowDJIA rose 45.86 points, or 0.1%, to 34,575.31, its fourth day of gains. The S&P 500 SPX ended down 2.07 points, or 0.1%, at 4,202.04, while the Nasdaq Composite Index COMP slipped 12.26 points, or 0.1%, to 13,736.48.

What's driving the market?

Investors may struggle to push equity markets much further toward all-time highs in June, as Wall Street begins to weigh second quarter performance by American corporations against evidence of supply chain problems forming in the wake of the COVID pandemic.

Stock markets have been drifting higher as [new cases of the coronavirus decline with vaccine rollouts in the U.S.](#) but last month's Labor Department employment report implied that growth in employment may be stagnating.

The seven-day average for new cases in the U.S. has fallen 45% from two weeks ago, [according to a New York Times tracker](#), and deaths have dropped 44%, with hospitalizations down 22%.

The number of Americans fully vaccinated increased to 135.9 million, or 40.9% of the total population, while the number of people who are at least 18 years old who have been fully vaccinated grew to 133.6 million, or 51.7% of the population, according to data from Johns Hopkins University.

Some analysts U.S. stock market indexes are likely to remain in a trading range until Friday's May nonfarm payrolls report is released. April's report was estimated to have added around 1 million jobs, but instead badly missed forecasts at 266,000 jobs and the rate of unemployment inched up to 6.1%.

"Markets are in a bit of a limbo waiting for new Nonfarm Payrolls data on Friday and signals from the Fed policymakers, wrote Alex Kuptsikevich, senior market analyst, at FXPro, in a daily note.

"For the last week, the Nasdaq100 and **S&P500** have been gradually shedding on low volumes, reflecting investor wariness in anticipation of new signal," the analyst said.

Looking ahead, investors will be watching for a speech from Philadelphia Fed President Patrick Harker speech on economic outlook to Women in Housing and Finance at noon Eastern.

Chicago Fed President Evans, Atlanta Fed President Bostic and Dallas Fed President Kaplan will discuss the impact of racism and the economy at 2 p.m. Eastern.

The Fed Beige Book's report on current economic conditions will be released at 2 p.m., and ahead of that the University of California at Los Angeles's latest economic forecast is due at 11:30 a.m.

Which companies are in focus?

Shares of Lands' End Inc. [LE](#) were indicated up premarket trading Wednesday, after the casual clothing and accessories retailer swung to a surprise profit with sales growing 48%, as the recovery in its Outfitters business is occurring at a faster-than-forecast pace.

Advance Auto Parts Inc. [AAP](#) reported fiscal a [first-quarter adjusted profit](#) that more than tripled and beat expectations, boosted by record sales growth amid strong demand from do-it-yourself and professional customers.

Shares of Donaldson Co. Inc. [DCI](#) were indicated up in premarket trading Wednesday, after the filtration products company reported fiscal third-quarter profit and record sales that beat expectations, and raised its full-year outlook.

Online art seller Etsy [ETSY](#) says it's buying London-based privately held fashion marketplace Depop for \$1.625 billion.

文件 MRKWC00020210602eh62002s1

DOW JONES NEWSWIRES

Press Release: Concerned Shareholder: Vote "Withhold" at IMV Annual Shareholder Meeting

1,358 字

2021 年 6 月 1 日 13:57

Dow Jones Institutional News

DJDN

英文

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Concerned Shareholder: Vote "Withhold" at IMV Annual Shareholder Meeting

-- The Board of Directors of
IMV needs immediate and meaningful change

-- Complacency is squandering IMV's potential

-- MARK "WITHHOLD" ON ANDREW SHELDON AND JULIA GREGORY
HALIFAX, Nova Scotia, June 01, 2021 (GLOBE NEWSWIRE) -- A concerned shareholder (the "Concerned Shareholder"), who has the support of approximately 25% of the outstanding common shares of IMV Inc. ("IMV"), announced today that he will be withholding votes for Andrew Sheldon and Julia Gregory at the upcoming annual general meeting of IMV to be held on June 18, 2021 (the "Meeting"). The Concerned Shareholder urges IMV shareholders to do the same and send a clear message to IMV that its underperformance will no longer be tolerated.

IMV's Underperformance

The Concerned Shareholder is a strong believer in IMV and its future. His optimism is consistent with recent analyst consensus that IMV has great potential: 12-month price forecasts indicate a range of between \$3 USD and \$13 USD per share, with a median of \$7.11 USD.

Unfortunately, IMV's performance looks nothing like the analyst projections: the current price of approximately \$2.40 USD (\$2.88 CAD) sits near the 52-week low of \$2.20 USD (\$2.65 CAD). This is astonishing given that the share price topped \$6.82 USD (\$9.25 CAD) in that 52-week period. Since February 5, 2021 alone, IMV's share price has lost nearly 50% of its value.

If a picture is worth a thousand words, this graph tells the story:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/360b4802-1b44-46d5-9ecf-2999132e89b2>

IMV's trailing returns for the last three years as compared to the S&P/TSX Small Cap index and S&P 500 Pharma, Biotech, & Life Science Index also paints a clear picture of IMV's poor performance relative to its peers and the sector:

S&P500 Pharma, Biotech,
Trailing Returns IMV Inc S&P/TSX Small Cap index & Life Science Index

3 Year	-69%	20%	41%
2 Year	-51%	40%	34%
1 Year	-29%	62%	11%
YTD	-29%	16%	6%

IMV's underperformance is particularly troubling given the current opportunities for vaccination technology. The Concerned Shareholder believes that IMV's technology -- offering an inexpensive and scalable manufacturing process for its vaccines capable of producing up to a staggering 800 million doses a month -- should be front and centre given the pandemic.

IMV's results are unsurprising in circumstances in which IMV's Board has failed to tie pay to performance. While shareholders have been suffering, CEO and CFO cash compensation has been increasing steadily:

Year	Total CEO			Total CFO		
	Salary	Cash Bonus	Cash Comp.	Salary	Cash Bonus	Cash Comp.
2018	\$450,000	\$180,000	\$630,000	\$320,000	\$89,600	\$409,600
2019	\$500,000	\$175,000	\$675,000	\$360,000	\$89,400	\$449,400
2020	\$550,000	\$206,300	\$756,300	\$372,300	\$120,000	\$492,300

Despite the continued underperformance noted above, this trend is set to continue into 2021: IMV has committed to salaries of \$605,000 and \$440,000 for the CEO and CFO, respectively, in addition to their bonus (equity and non-equity) compensation.

IMV has delivered for management. It is now time for IMV to deliver for shareholders. We need change and we need it quickly. Current cash balances may be exhausted in 12 months.

The Change Needed

The Concerned Shareholder does not seek to take over the Board and is not proposing nominees. Rather, he believes that the key to unlocking shareholder value is removing two directors:

--

Andrew Sheldon has been Chair of IMV since 2016 and has presided over years of non-performance. He has failed to deliver to shareholders and yet has enjoyed annual compensation of approximately \$200,000. He has had his chance and now must go.

-- Julia Gregory is Chair of the Compensation Committee and has allowed the fundamental disconnect to persist between management compensation and share performance. She too must go.

By voting "withhold", shareholders can use the Majority Voting Policy to effect Board change. Under the policy, where a director does not receive a majority (50% + 1 vote) of the votes cast by shareholders with respect to his/her election, the director nominee will be considered by the Board not to have received the support of the shareholders and must resign immediately.

The removal of Andrew Sheldon and Julia Gregory -- two longstanding and underperforming directors -- will create vacancies that allow the Board to add new directors who can create real value. The Concerned Shareholder trusts the remaining members of the Board to select appropriate replacements and deliver much-needed change through a transparent process.

The fight for change is just beginning. The Concerned Shareholder will continue to disseminate information to IMV's shareholders in advance of the Meeting to make it clear to shareholders that the only way to unlock shareholder value is to submit "withhold" votes for Andrew Sheldon and Julia Gregory.

Norton Rose Fulbright Canada LLP has been retained as legal counsel.

Additional Information:

The Concerned Shareholder is Dr. Michael Gross.

The information contained in this press release does not, and is not meant to, constitute a solicitation of a proxy within the meaning of applicable securities laws.

Notwithstanding the foregoing, the Concerned Shareholder is voluntarily providing the disclosure required under Section 9.2(4) of National Instrument 51-102 -- Continuous Disclosure Obligations applicable to public broadcast solicitations.

Any solicitation made by the Concerned Shareholder will be made by them and not by or on behalf of management of IMV. All costs incurred for any such solicitation will be borne by the Concerned Shareholder. Proxies may be solicited by the Concerned Shareholder pursuant to an information circular sent to shareholders after which solicitations may be made by or on behalf of the Concerned Shareholder by mail, telephone, fax, email or other electronic means as well as by newspaper or other media advertising, and in person by directors, officers and employees of the Concerned Shareholder, who may be specifically

remunerated therefor. The Concerned Shareholder may also solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian securities laws, including through press releases, speeches or publications, and by any other manner permitted under applicable Canadian laws. The Concerned Shareholder may engage the services of one or more agents and authorize other persons to assist in soliciting proxies on its behalf, which agents would receive customary fees for such services. If Concerned Shareholder commence any solicitation of proxies, proxies may be revoked by an instrument in writing by a shareholder giving the proxy or by its duly authorized officer or attorney, or in any other manner permitted by law. None of the Concerned Shareholders nor, to their knowledge, any of their associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter proposed to be acted upon at the Meeting. IMV's head office is located at 130 Eileen Stubbs Avenue, Suite 19, Dartmouth, Nova Scotia B3B 2C4.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements. All statements contained in this filing that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. These statements are based on current expectations of the Concerned Shareholders and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not prove to be accurate. The Concerned Shareholders do not assume any obligation to update any forward-looking statements contained in this press release, except as required by applicable law.

Dr. Michael Gross

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A graph accompanying this announcement is available at
<https://www.globenewswire.com/NewsRoom/AttachmentNg/360b4802-1b44-46d5-9ecf-2999132e89b2>

(END) Dow Jones Newswires

June 01, 2021 08:57 ET (12:57 GMT)

文件 DJDN000020210601eh610020t

DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Higher -- Market Talk

161 字

2021 年 5 月 17 日 07:53

Dow Jones Institutional News

DJDN

英文

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0653 GMT - Nordic markets are seen opening slightly higher, with IG calling the OMXS30 up 0.1% at around 2250. The markets quickly shook off last week's U.S. inflation shock, with the **S&P500** now slightly higher than before the release of surprisingly high inflation data on Wednesday, notes SEB. "The high inflation figure in the U.S. has meant that speculation about the risks of higher inflation can also affect other countries and the CPI in the U.K. will be a first test." Chinese stock markets are rising, while many other stock markets in Asia are falling, with South Korea, Taiwan and Japan, among others, driven down by increased virus spread and renewed restrictions, it adds. OMXS30 closed at 2247.88, OMXN40 at 2172.62 and OBX at 949.82. (dominic.chopping@wsj.com)

(END) Dow Jones Newswires

May 17, 2021 02:53 ET (06:53 GMT)

文件 DJDN000020210517eh5h000i1

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,518 字

2021 年 5 月 17 日 08:15

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0715 GMT - Ryanair 's pre-exceptionals EUR815 million loss was eased by cost savings and ancillaries, and the low-cost carrier guidance for fiscal 2022 of "close to breakeven" was maintained, Davy says. The airline is geared to a market recovery, and is well positioned with EUR3.15 billion in cash and 85% of its aircraft unencumbered, the Irish research firm says. "We believe operating cash burn has turned positive and Ryanair is leveraged to a successful summer reopening, aided by the EU green certificate," Davy says. Digital green certificates, also known Covid-19 passports, have been proposed by the European Parliament and are expected to be in place in time for summer. (anthony.orunagoriainoff@dowjones.com)

0654 GMT - Escorts faces near-term headwinds from the latest Covid-19 wave in India, Axis Securities says, lowering the stock's target price to INR1,350 from INR1,600 with an unchanged buy rating. The conglomerate's tractor sales have remained muted in April and May, and unlike last year, the latest Covid-19 wave has affected India's rural areas, the brokerage notes. Escorts' margins could also remain under pressure in the near term, given rising input prices and the change in its product mix toward lower horsepower tractors, Axis Securities adds. Shares are 2.8% lower at INR1,132.40. (ronnie.harui@wsj.com)

0653 GMT - Nordic markets are seen opening slightly higher, with IG calling the OMXS30 up 0.1% at around 2250. The markets quickly shook off last week's U.S. inflation shock, with the **S&P500** now slightly higher than before the release of surprisingly high inflation data on Wednesday, notes SEB. "The high inflation figure in the U.S. has meant that speculation about the risks of higher inflation can also affect other countries and the CPI in the U.K. will be a first test." Chinese stock markets are rising, while many other stock markets in Asia are falling, with South Korea, Taiwan and Japan, among others, driven down by increased virus spread and renewed restrictions, it adds. OMXS30 closed at 2247.88, OMXN40 at 2172.62 and OBX at 949.82. (dominic.chopping@wsj.com)

0653 GMT - YTL Corp .'s move to consolidate its cement-producing operations into 77%-owned Malayan Cement will unlock value, MIDF Research says. Malayan Cement is acquiring YTL's cement operations in a MYR5.16 billion cash-and-share deal, which values the business at 2.7x price-to-book value, at a premium to YTL's overall group price-to-book of 0.6x. After the consolidation, MIDF expects Malayan Cement to trade at 1.0x price-to-book value, higher than YTL's own valuation. MIDF upgrades YTL to buy from neutral and revises up its target price to MYR0.76 from MYR0.70 after incorporating higher valuations for the cement operations. Shares are unchanged at MYR0.69. (chester.tay@wsj.com)

0633 GMT - The FTSE 100 is expected to open five points higher at 7048, according to CMC Markets , after fresh coronavirus concerns sparked mixed trading in Asia. Markets in mainland China and Hong Kong are up 1.2% and 0.8%, respectively, but Japan's Nikkei 225 falls 0.9%. The Dow Jones closed Friday 1% higher. "Markets in Asia have been mixed as coronavirus infection rates there have started to show signs of edging back up again," says CMC's Michael Hewson.(philip.waller@wsj.com)

0627 GMT - Nearmap's confidence that it can successfully defend patent infringement allegations in the U.S. doesn't stop Citi downgrading the stock to neutral/high risk from buy. Citi cites uncertainty generated by the legal proceedings and thinks the case will likely cause potential partners to hesitate over signing up with the aerial mapping company. The investment bank thinks the Australian firm can still be successful in the U.S. if it loses, growing through its differentiated subscription-based aerial imagery program and premium content offerings. Citi's bear case assumes a A\$50 million capital raise in fiscal 2023 to fund damages. It cuts its target price 37% to A\$2.00. The stock closed 2.9% lower at A\$1.695. (stuart.condie@wsj.com; @StuartLCondie)

0617 GMT - Australia's S&P/ASX 200 closed 0.1% higher at 7023.6 after losing momentum through the latter half of the session. The benchmark was up by more than 0.7% in early trade following a positive lead from U.S. stocks at the end of last week, but steadily gave back most of its gains. The beaten-down tech sector

was the best performer, rising 1.2%. Energy added 1.1%, with refiners Ampol and Viva putting on 6.1% and 7.0%, respectively, on news of financial support from the federal government. Financials lost 0.4% as banks Westpac, ANZ and NAB lost between 0.3% and 0.7%. (stuart.condie@wsj.com; @StuartLCondie)

0614 GMT - Japan's Nikkei Stock Average closed 0.9% lower at 27824.83 amid renewed concerns over the rising number of Covid-19 cases across Asia. Natural resources companies led losses, with Mitsui Mining & Smelting losing 3.2%, Sumitomo Metal Mining falling 3.8% and Mitsubishi Materials shedding 9.6%. Construction stocks also declined. Sho-Bond Holdings dropped 0.9%, Tama Home fell 1.4% and Comsys Holdings was off 9.0%. Among shipping stocks, Nippon Yusen declined 0.9% and Mitsui O.S.K. Lines was off 1.9%. USD/JPY was at 109.28, compared with 109.35 late Friday in New York. The yield on the 10-year Japanese government bond was down half a basis point at 0.075%. (justina.lee@wsj.com)

0604 GMT - Larsen & Toubro faces uncertain growth and order intake in the near term owing to latest Covid-19 wave in India, ICICI Securities says, lowering the stock's target price to INR1,670 from INR1,684. This wave has disrupted the conglomerate's businesses, which had reached pre-Covid-19 levels of activity, and some of its migrant workers have returned home, the brokerage notes. However, L&T expects the Covid-19 situation to normalize by end-2Q FY 2022 and anticipates the government to be able to carry out the expenditure part of the Budget. Given factors including the conglomerate's strong balance sheet, ICICI Securities maintains its buy call on the shares, which are 2.2% lower at INR1,383.85. (ronnie.harui@wsj.com)

0542 GMT - Taiwanese shares resumed their selloff amid the island's rising Covid-19 cases, putting the benchmark index on track to become Asia's worst performer on Monday. A pullback in electronics weighed on the index, with TSMC falling 1.4% and UMC sliding 6.1%. Apple supplier Foxconn shed 6.0%. Taiwan reported more than 200 local infections on Sunday, its highest daily count since the pandemic began. The government on Saturday imposed more stringent measures on Taipei and New Taipei City, raising the Covid-19 alert in those places to the second-highest level. The Taiex closed 3.0% lower at 15353.89, having lost almost 13% from its recent closing high in late April. (clarence.leong@wsj.com)

0542 GMT - Dr. Reddy's Laboratories may benefit from the launch of two drugs, Jefferies says, as it raises the stock's target price to INR5,978 from INR5,533 with an unchanged buy rating. The pharmaceutical company has launched the Covid-19 vaccine 'Sputnik V' in India at INR995 per dose and intends to sell 250 million doses over the next 12 months, which could provide a positive boost to its EPS in FY 2022-2023, Jefferies says. Also, management guided to the launch of a generic version of cardiovascular drug Vascepa in the U.S. with regular supplies in the next two months, which Jefferies expects to bring in \$50 million of revenue in FY 2022. The shares are 0.2% higher at INR5,208.55. (ronnie.harui@wsj.com)

0530 GMT - BIMB Holdings is set to gain from its corporate restructuring, which will let investors value Bank Islam on a standalone basis, Maybank IB Research. BIMB's own valuation includes its 59% stake in Islamic insurance unit Syarikat Takaful Malaysia Keluarga. Bank Islam, which is undervalued despite having above-industry average return on equity, is expected to have an about 10% ROE this year versus a peer average of 8.6%. Under the restructuring Bank Islam will be listed and shareholders will own their stakes in the business and Syarikat Takaful directly via two separate listed entities instead of through BIMB. Maybank keeps a buy rating on the stock and cuts the target to MYR4.75 from MYR5.00 based on Bank Islam's standalone valuation. Shares are 0.3% lower at MYR3.86. (chester.tay@wsj.com)

(END) Dow Jones Newswires

May 17, 2021 03:15 ET (07:15 GMT)

文件 DJDN000020210517eh5h000o6

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,424 字

2021 年 5 月 17 日 08:35

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0735 GMT - South Korea's benchmark Kospi closed 0.6% lower at 3134.52, erasing early gains. Foreign investors' profit-taking and a rise in Covid-19 cases in Asia dented investor sentiment. Biosimilar company Samsung Biologics slumped 7.8%, retreating from Friday's sharp gains on a possible deal to manufacture Moderna's Covid-19 vaccines. Auto maker Hyundai Motor and its sister firm Kia fell 0.9% and 1.2%, respectively, after suspending a part of their production in Korea due to chip supply shortages. Korean Air Lines jumped 4.1% on its solid 1Q earnings released after Friday's market close, as its parent Hanjin KAL surged 10%. (kwanwoo.jun@wsj.com)

0734 GMT - Chinese stocks ended higher, extending Friday's strong rebound. The benchmark Shanghai Composite Index gained 0.8% to settle at 3517.62, its highest close since early March. The Shenzhen Composite Index rose 1.2% to 2320.33 while the ChiNext Price Index jumped 2.6% to 3112.74. The renewable energy sector led the rise, recovering from some losses last week amid worries over oversupply and falling solar glass prices. Food and beverage stocks lent further support. (yifan.wang@wsj.com)

0730 GMT - Mediaset had previously confirmed that advertising revenue in Italy would be up 6.1% in the first quarter, and having been the first country to go into lockdown last year the Italian broadcaster's performance didn't come as a surprise, Berenberg says. "Italy went earlier into lockdown than some other European markets, and thus Mediaset benefited from easier 1Q comparables than some other broadcasters. Thus 2Q is probably the more meaningful in terms of comparison with the peer group, and in this respect we note that April 2021 advertising revenue looks broadly in line with April 2019," the German brokerage says. Mediaset noted a particularly sustained rise in advertising sales in April in both Italy and Spain. Mediaset shares trade 2.1% lower at EUR2.83. (mauro.orr@wsj.com; @MauroOrru94)

0724 GMT - Samsung Life Insurance 's 2021 earnings are likely to improve on steady demand for insurance policies in South Korea despite the Covid-19, Kyobo Securities says. Pandemic-related lockdowns and social-distance measures usually weigh on in-person sales activities done by agents in the country. The South Korean insurer is expanding sales of high-profit insurance policies against injuries and illness, Kyobo says and remains bullish on the insurer's rising value of new business. Kyobo raises the stock's target by 10% to KRW110,000 and maintains a buy rating. Shares closed 0.6% higher at KRW85,400. (kwanwoo.jun@wsj.com)

0719 GMT - Bilibili's user growth looks to be on track, Nomura says. The Chinese video-sharing platform's 1Q earnings beat market expectations, and data showed average daily time per user rose 9% on quarter. Ad revenue surged 2.3x on year, driven by rising recognition among young Chinese audiences. The investment bank expects Bilibili's mobile-gaming growth to rise from 2Q, thanks to a solid game launch pipeline including 12 exclusive titles. Nomura cuts its target price to \$114.00 from \$138.00 to account for higher operating expenses, but maintains a buy rating on the stock. Bilibili's ADRs last closed 0.5% higher at \$97.35. (yiwei.wong@wsj.com)

0715 GMT - Ryanair 's pre-exceptionals EUR815 million loss was eased by cost savings and ancillaries, and the low-cost carrier guidance for fiscal 2022 of "close to breakeven" was maintained, Davy says. The airline is geared to a market recovery, and is well positioned with EUR3.15 billion in cash and 85% of its aircraft unencumbered, the Irish research firm says. "We believe operating cash burn has turned positive and Ryanair is leveraged to a successful summer reopening, aided by the EU green certificate," Davy says. Digital green certificates, also known Covid-19 passports, have been proposed by the European Parliament and are expected to be in place in time for summer. (anthony.orunagoriainoff@dowjones.com)

0654 GMT - Escorts faces near-term headwinds from the latest Covid-19 wave in India, Axis Securities says, lowering the stock's target price to INR1,350 from INR1,600 with an unchanged buy rating. The conglomerate's tractor sales have remained muted in April and May, and unlike last year, the latest Covid-19

wave has affected India's rural areas, the brokerage notes. Escorts' margins could also remain under pressure in the near term, given rising input prices and the change in its product mix toward lower horsepower tractors, Axis Securities adds. Shares are 2.8% lower at INR1,132.40. (ronnie.harui@wsj.com)

0653 GMT - Nordic markets are seen opening slightly higher, with IG calling the OMXS30 up 0.1% at around 2250. The markets quickly shook off last week's U.S. inflation shock, with the **S&P500** now slightly higher than before the release of surprisingly high inflation data on Wednesday, notes SEB. "The high inflation figure in the U.S. has meant that speculation about the risks of higher inflation can also affect other countries and the CPI in the U.K. will be a first test." Chinese stock markets are rising, while many other stock markets in Asia are falling, with South Korea, Taiwan and Japan, among others, driven down by increased virus spread and renewed restrictions, it adds. OMXS30 closed at 2247.88, OMXN40 at 2172.62 and OBX at 949.82. (dominic.chopping@wsj.com)

0653 GMT - YTL Corp.'s move to consolidate its cement-producing operations into 77%-owned Malayan Cement will unlock value, MIDF Research says. Malayan Cement is acquiring YTL's cement operations in a MYR5.16 billion cash-and-share deal, which values the business at 2.7x price-to-book value, at a premium to YTL's overall group price-to-book of 0.6x. After the consolidation, MIDF expects Malayan Cement to trade at 1.0x price-to-book value, higher than YTL's own valuation. MIDF upgrades YTL to buy from neutral and revises up its target price to MYR0.76 from MYR0.70 after incorporating higher valuations for the cement operations. Shares are unchanged at MYR0.69. (chester.tay@wsj.com)

0633 GMT - The FTSE 100 is expected to open five points higher at 7048, according to CMC Markets, after fresh coronavirus concerns sparked mixed trading in Asia. Markets in mainland China and Hong Kong are up 1.2% and 0.8%, respectively, but Japan's Nikkei 225 falls 0.9%. The Dow Jones closed Friday 1% higher. "Markets in Asia have been mixed as coronavirus infection rates there have started to show signs of edging back up again," says CMC's Michael Hewson. (philip.waller@wsj.com)

0627 GMT - Nearmap's confidence that it can successfully defend patent infringement allegations in the U.S. doesn't stop Citi downgrading the stock to neutral/high risk from buy. Citi cites uncertainty generated by the legal proceedings and thinks the case will likely cause potential partners to hesitate over signing up with the aerial mapping company. The investment bank thinks the Australian firm can still be successful in the U.S. if it loses, growing through its differentiated subscription-based aerial imagery program and premium content offerings. Citi's bear case assumes a A\$50 million capital raise in fiscal 2023 to fund damages. It cuts its target price 37% to A\$2.00. The stock closed 2.9% lower at A\$1.695. (stuart.condie@wsj.com; @StuartLCondie)

0617 GMT - Australia's S&P/ASX 200 closed 0.1% higher at 7023.6 after losing momentum through the latter half of the session. The benchmark was up by more than 0.7% in early trade following a positive lead from U.S. stocks at the end of last week, but steadily gave back most of its gains. The beaten-down tech sector was the best performer, rising 1.2%. Energy added 1.1%, with refiners Ampol and Viva putting on 6.1% and 7.0%, respectively, on news of financial support from the federal government. Financials lost 0.4% as banks Westpac, ANZ and NAB lost between 0.3% and 0.7%. (stuart.condie@wsj.com; @StuartLCondie)

(END) Dow Jones Newswires

May 17, 2021 03:35 ET (07:35 GMT)

文件 DJDN000020210517eh5h000ov

DOW JONES NEWSWIRES

Global Stocks Are Mixed, With Gasoline Futures Climbing After Pipeline Cyberattack -- Barrons.com

By Barbara Kollmeyer

634 字

2021 年 5 月 10 日 11:18

Dow Jones Institutional News

DJDN

英文

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Global stocks traded mixed on Monday, with Dow industrials futures hinting at possibly another record. But investors were keeping close watch on a major U.S. pipeline cyberattack that could lead to higher fuel prices, if not resolved within days.

The Nikkei 225 index rose 0.6%, the Korean KOSPI gained 1.6%, and the China CSI 300 traded flat. The Stoxx Europe 600 index, which closed at a fresh high on Friday, was holding steady.

S&P 500 futures were flat, and Dow Jones Industrial Average futures climbed 0.2%, while Nasdaq-100 futures fell 0.3%. The S&P and Dow logged fresh closing highs on Friday, while the Nasdaq Composite COMP also gained.

Friday's 266,000 April nonfarm payrolls gain marked the biggest missed forecast for economists' predictions for those data since the 1990s, as many expected the month would see one million gains. But investors are now getting comfortable with the idea of lower-for-longer interest rate from the Federal Reserve.

"In an example of bad news being good news, the lower figure calmed the inflation and interest rate fears which had been overshadowing the markets' recent progress," said Richard Hunter, head of markets at Interactive Investor, in a note to clients.

"In the year to date, the pace of progress has been rapid with a gap appearing between the two main indices and the previously firing technology stocks, which have been under some pressure given the switch out of growth into value. The Dow Jones is ahead by 13.6%, the **S&P500** by 12.7% and the Nasdaq by 6.7%," added Hunter.

Fears over higher energy prices were on the minds of some investors. Oil and gasoline prices rose following a cyberattack on a key fuel line in the U.S. operated by Georgia-based Colonial Pipeline, which delivers around 45% of fuel used by the East Coast.

Gasoline futures climbed 1%, while U.S. and Brent crude futures were up more than 0.5% each. Shares oil companies of BP and Royal Dutch Shell rose over 2% in London.

"The existence of plentiful gasoline inventories does limit the impact of this attack for now, although the issue could become more pressing with each day that passes without resolution," said Joshua Mahony, senior market analyst at IG, in a note to clients.

Mining stocks were climbing in Europe as iron ore futures surged in Singapore past \$226 a ton, boosted by demand from China and general recovery for the global economy. Iron-ore prices also surged last week. July copper futures climbed another 2.5% to \$4.8665 a pound after closing at a record high on Friday at nearly \$4.75 a pound.

Copper prices gained 6.3% last week, the biggest weekly jump since the week ended Feb. 19. Goldman commodity analyst Nicholas Snowden recently predicted copper could hit \$6.80 by 2025. Shares of miners Rio Tinto and BHP climbed 3.5% and 2% in London, respectively.

Chicken, beef and pork processor Tyson Foods, hotel group Marriott and biotechnology group BioNTech are all due to report results ahead of the market open on Monday, with online games platform Roblox, cannabis producer Tilray, and hotel and casino operator Wynn Resorts coming after the close.

Investors will also be watching cryptocurrencies, with meme-based Dogecoin recovering some ground after tumbling to 46 cents after Tesla Chief Executive Elon Musk's performance hosting "Saturday Night Live." Dogecoin shares were last at 50 cents. Meanwhile, ether -- the cryptocurrency that runs on the ethereum blockchain -- passed another milestone at \$4,000 on Sunday evening, last changing \$4,117.

(END) Dow Jones Newswires

May 10, 2021 06:18 ET (10:18 GMT)

文件 DJDN000020210510eh5a001el



Economic Report

U.S. factory orders jump 1.1% as surging economy sends demand soaring

255 字

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MarketWatch

MRKWC

英文

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Manufacturers can't keep up amid widespread shortages

Joe Raedle/Getty Images U.S. factory orders rose 1.1% in March as fast-growing manufacturers sought to ratchet up production to match rising demand for new cars, construction equipment, computers, furniture and many other long-lasting goods.

Economists surveyed by the Wall Street Journal were expecting a 1.3% increase.

The biggest obstacle for manufacturers as the U.S. recovers from the pandemic is not a lack of demand. Companies have been deluged with new orders.

What's holding them back are widespread shortages of parts and materials and sharp increases in prices caused by the supply bottlenecks. A global shortage of computer chips have been a particular problem.

Durable-goods orders rose a revised 0.8%, the [the Commerce Department said Tuesday](#). Initially the government put the increase at 0.5%.

Read: [Durable-goods orders rebound, but chip shortages gum up the works](#)

Orders for nondurable goods rose 1.5% in the month.

Orders for nondefense capital goods excluding aircraft rose a revised 1.2% in March, up slightly from the prior estimate of a 0.9% advance.

Known as core orders, they point to an increase in business investment as the U.S. economy regains momentum after a winter lull.

U.S. stocks fell in Tuesday trades but remained near record highs. The Dow Jones Industrial Average DJIA lost more than 200 points and the **S&P500** SPX was also off.

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DOW JONES NEWSWIRES

U.S. factory orders jump 1.1% as surging economy sends demand soaring

297 字

2021 年 5 月 4 日 15:41

Dow Jones Newswires Chinese (English)

RTNW

英文

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Jeffrey Bartash

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(<https://www.marketwatch.com/story/u-s-durable-goods-orders-rebound-in-march-but-supply-shortages-still-gumming-up-the-works-11619441042>)

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-Jeffrey Bartash; 415-439-6400; AskNewswires@dowjones.com

(END) Dow Jones Newswires

04-05-21 1441GMT

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Market Snapshot

Stocks are at all-time highs and the U.S. economy is booming. So why is everyone so freaked out?

1,231 字

2021 年 4 月 30 日 10:58

MarketWatch

MRKWC

英文

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Clients say 'markets don't feel right,' one markets research analyst notes

iStockphotoPeter Andersen, a [Boston-based money manager](#), started 2021 feeling upbeat.

"I think this is going to be one of the historic recoveries, up there with the end of major wars," he told MarketWatch around the turn of the year. "There's enormous demand from consumers. Can you imagine when we get the all-clear and start moving back toward normalcy?"

But three months into the year, Andersen is glum. In an interview last week, he talked about the way big segments of the market seem to be in favor one day, out the next. "We toggle between value and growth, stay-at-home and re-opening, almost daily," he said. "I don't know who is driving this, but it must be following some kind of algorithm."

Andersen is trying to be patient, recognizing that the economy is at a once-in-a-generation inflection point and that everyone is operating in unprecedented conditions. Still, he said, the financial markets sometimes feel like a house of cards.

"It's confounding," he said. "The market is fragile, and surprisingly so. This whole year for me has been really challenging to try to figure out is there any momentum, what direction is it going in and what's responsible for it."

As if the horrors of the global coronavirus pandemic weren't enough of a curveball, the past 12 months have thrown up a slew of other headwinds against smooth market sailing. There's the surge of [retail traders bent on using the stock market as a gambling casino](#), and a national politics so bitter that the presidential election turned bloody.

And that's not even counting the more existential questions: what's the right level for a stock market that plunged 33% in about two weeks just a year ago? How much of that gain comes down to policy stimulus and how much is real? How much of the expected economic rebound is already priced in? What happens if the vaccine promise falls short? What if this is as good as it gets?

Taken together, it leaves people who manage money, their clients, and the companies that advise them, just as befuddled as Andersen, with almost as many perceived red flags as there are theories as to what's causing it all.

"The most common observation we get from clients is that markets don't 'feel right', and we absolutely get that," wrote Nicholas Colas, co-founder of DataTrek Research, in a recent note. "For us, a big piece of this unease comes from the novelty of seeing capital markets go from distress to euphoria in such a short period of time."

Market observers point to all manner of weird quirks that seem to confirm something is askew. Among other things, trading volumes have plunged to start 2021.

To be sure, the elevated volumes in 2020 were just that — an outlier. But by some estimates, inexperienced amateur traders now [make up as much as 20% of all](#) volume in the markets. And even if all of them aren't out gunning for short-sellers, they still have very different priorities and incentives than much of the rest of the market.

Also unsettling: the spike in U.S. Treasury yieldsBX:TMUBMUSD10Y in only a few weeks in the first quarter this year, spooking stock-market investors, followed by several weeks of Federal Reserve policymakers reassuring markets that any interest rate rises wouldn't start until 2023 and would be telegraphed well in advance. Strangely then, rosy economic data [seemingly caused bond yields to plunge](#) in mid-April.

“Other weird stuff is going on,” mused Evercore ISI’s Dennis DeBusschere, in a note attempting to explain the government-bond rally. “SPAC’s and Solar are getting hit hard on a relative basis, which is odd given the move lower in 10 year yields. Some are citing that the retail investor-sponsored names are getting hit in general as they move away from the market. And why are homebuilders underperforming with 10 year yields collapsing?”

Dave Nadig is a long-time student of market structure, including as [one of the first developers of exchange-traded funds](#) to help markets avoid another blow-up like 1987’s Black Monday.

Nadig thinks markets are healthy — that is, working efficiently and staying resilient, even through hiccups like the meme-stock rampage in the past couple of months and the Archegos family office blow-up. What’s become “very fragile,” in his words, is price discovery.

“There are some fundamental underpinnings of how markets work that are dissolving,” he said in an interview. “What we’re realizing is that there’s a lot more noise and randomness in the market than people are willing to admit. Mostly what’s changed is information flow and data moving faster and faster. Any model you build today by definition fails to take into account an acceleration tomorrow.”

Take the Gamestop Corp. GME [frenzy that erupted in January](#). After a group of disgruntled traders spent several weeks targeting short sellers by driving the price of that stock higher, “It’s no longer a normal stock — it’s an externality in the market that has ripple effects some investors may not even be aware of,” Nadig said.

Older investing models — and algorithms — are bumping up against new ones that take into account new conditions, a process Nadig calls “an arms race,” and one that’s accelerated because of the modern speed of information flow and reaction functions.

“We’re starting to see cracks in the traditional ways we’ve always analyzed markets,” he said. “We’re no longer processing reality, we’re processing information, and it gets priced in instantaneously. We’ve given up on analyzing.”

That means that a headline, say, about [a pause in the use of Johnson & Johnson’s COVID-19 vaccine](#) doesn’t just mean that Johnson & Johnson JNJ shares trade lower, Nadig said. It means that for that day, the entire “re-opening” trade — and by extension, some cyclical trades and some value plays — suffers.

For Peter Andersen, who’s managed money for nearly three decades and returned more than 40% for his clients in each of the the past two years, the market’s fragility is frustrating. Andersen prides himself on “fierce independence” in stock selection that results in a macro-agnostic portfolio. Some of his recent investments have been in cybersecurity, data storage, and pet care.

In the year to date, however, one of Andersen’s top picks, Trupanion Inc. TRUP, is down 33%, for no logical reason, he noted. “It’s as if someone thinks everyone is going to euthanize their pets!”

Stocks looked past the Johnson & Johnson news [to close higher for the week](#) with both the Dow and **S&P500** index at new records. The Dow Jones Industrial Average DJIA gained 1.2%, the S&P 500 SPX was up 1.4%, and the Nasdaq Composite COMP added 1.1%.

The coming week will bring U.S. economic data on the housing market, including existing- and new- home sales, and a raft of corporate earnings reports.

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文件 MRKWC00020210430eh4u0035x



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Stocks are at all-time highs and the U.S. economy is booming. So why is everyone so nervous?

1,230 字

2021 年 4 月 17 日 09:30

MarketWatch

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文件 MRKWC00020210417eh4h0002t

DOW JONES NEWSWIRES

Press Release: Ossiam ESG Low Carbon Shiller Barclays CAPE US Sector ETF Celebrates its Third Anniversary with 2.8% Annualized Outperformance Versus **S&P500**

2,527 字

2021 年 4 月 15 日 08:00

Dow Jones Institutional News

DJDN

英文

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Ossiam ESG Low Carbon Shiller Barclays CAPE US Sector ETF Celebrates its Third Anniversary with 2.8% Annualized Outperformance Versus **S&P500**

LONDON & PARIS--(BUSINESS WIRE)--April 15, 2021--

Ossiam and Barclays are celebrating the third anniversary of the creation of the Ossiam ESG Low Carbon Shiller Barclays CAPE US Sector UCITS ETF.

Ossiam launched the exchange-traded fund in April 2018 as a low carbon and ESG version of the existing Ossiam Shiller Barclays CAPE(R) US Sector Value ETF for investors looking to improve their climate impact and ESG-related exposure, followed by listing on stock exchanges in June. It is listed on Borsa Italiana , Euronext Paris , London Stock Exchange , Swiss SIX and Xetra.

Since inception the fund's assets under management have increased to reach USD 417.6m.

The strategy's adaptability as fundamentally value-driven, but with the ability to rotate in and out of sectors, has enhanced its performance where the value factor has underperformed over the same time period (see table below). The combination of the strategy's sector rotation and stock picking determined by ESG and carbon criteria delivered strong results specifically in 2020, a year in which sector dispersion has been particularly high, with 7.1% outperformance versus **S&P500** (see table below).

In 2019, the fund was one of four Ossiam ETFs granted the official French government SRI label ("Label ISR" in French). It complies with article 8 of the Sustainable Finance Directive Regulation.

Professor Robert Shiller said, "I am pleased with the performance of the fund on the three-year anniversary. ESG is becoming a major narrative that I believe is important for the world. That said, I think investors need to be cognisant of valuations amidst the growing demand for ESG products and I believe our product helps them with its focus on still under-valued sectors."

Bruno Poulin , CEO of Ossiam said, "We are delighted that the fund has passed this milestone and delivered solid performance. The three-year mark is a key stage in a new fund's existence, as proof-of-concept and in demonstrating its relevance to investors. This fund has demonstrated that making a contribution to sustainability goals with a well-designed ESG policy can go hand-in-hand with the financial objectives of the strategy."

Ben Redmond, Head of QIS Structuring EMEA at Barclays , said, "Adding the ESG feature to the fund has proven beneficial, not only for performance reasons, but also in helping clients adopt a more ESG-focused approach to their investments. We are optimistic for further asset growth given many investors require a three-year track record."

Notes to Editors:

Investment Process

The Shiller Barclays CAPE(R) US Sector Value Net TR index reflects the performance of dynamic long exposure to four US equity sectors which are selected every month according to their Relative CAPE(R) ratio and price variations over the prior 12 months. The Barclays Shiller CAPE(R) indices, developed jointly by Barclays and Professor Robert Shiller, use the Cyclically Adjusted Price-to-Earnings ratio as a valuation driver in a sector rotational strategy. The ESG Low Carbon Shiller Barclays CAPE(R) US Sector strategy aims to deliver a risk/return profile similar to the Shiller Barclays CAPE(R) US Sector Value index, but with a significantly reduced carbon footprint and improved ESG profile.

The ESG stage of the strategy starts by removing companies in specific industries, such as controversial weapons, tobacco and thermal coal, companies that are undergoing severe controversies and those in breach with one of the Ten Principles of the UN Global Compact . The strategy also incorporates publicly available exclusion lists offered by major, highly regarded Scandinavian institutional investors. All of these filters improve the strategy's ESG profile.

With the remaining stocks, the strategy selects the portfolio that mimics the financial behaviour of the Barclays Shiller CAPE(R) US Sector Value Net TR Index by minimizing the expected tracking error, while reducing the total carbon footprint and maintaining the same sector exposure of the original index.

The carbon footprint reduction is measured across three dimensions: a 40% reduction in Scope 1+2+3 total greenhouse gas emissions (GHG); a 40% reduction in the total potential GHG emissions from reserves (i. e. GHG emissions linked to proven fossil reserves that are not yet burned but could be in the future when extracted from the ground); and a 40% reduction in the carbon intensity of the strategy compared to the original index.

Data illustrating the funds' performance from April 6th 2018 to April 6th 2021

	Ossiam Shiller	Ossiam ESG Low			
Barclays			Carbon		
Data from	CAPE(R) US	Shiller	S&P 500	S&P 500	
06/04/2018	S&P 500 Net	Sector	Barclays	Value Net	Growth Net
to	total	Value TR	Value Net	total	total
06/04/2021	return	UCITS ETF	Sector ETF	return	return
Performance	62.8%	65.9%	74.7%	40.2%	82.3%
Annualized					
Performance	17.6%	18.4%	20.4%	11.9%	22.1%
Annualized					
Volatility	22.5%	23.1%	22.9%	22.8%	23.8%
Perf/Vol					
Ratio	0.78	0.79	0.89	0.52	0.93
Maximum					
DrawDown	-33.8%	-34.7%	-33.0%	-37.1%	-31.4%
Tracking					
Error	7.0%	6.8%	6.8%	5.3%	
Beta	1.00	0.99	0.96	1.03	
Alpha	0.7%	3.0%	-5.8%	9.9%	
Correlation					
vs S&P500	95.4%	95.5%	95.5%	97.5%	

Source: Bloomberg - Calculation by Ossiam as of 07/04/2021 (USD)

Additional information about the fund

Main Risks: Investment in a Fund carries a substantial degree of risk such as Risk of capital loss --
Underlying risk - Volatility Risk. Before any investment, please read the detailed descriptions of the main risks in the KIID and prospectus.

The ETF is an ICAV (Irish Collective Asset Management Vehicle), regulated by the Central Bank of Ireland and uses physical replication. It has a total expense ratio (TER) of 0.75%. The ETF is available under an accumulating share class denominated in USD (ISIN code: IE00BF92LR56).

This document and information included herein about the Ossiam ETF funds is intended solely for journalists and media professionals, provided solely to enable them to have an overview of these funds, exclusively for their own independent editorial. Ossiam assumes no liability, whether direct or indirect, that may result from using any information contained in this document. In no circumstances may Ossiam be held liable for any decision taken on the basis of this information.

About Ossiam

Ossiam is a specialist asset management company that develops and manages investment funds, including exchange-traded funds (ETFs), based on systematic investment processes. Ossiam funds use alternatively

weighted indexes -- also known as alternative beta or smart beta -- applied to a range of financial asset classes. Our ETFs have been listed on major European stock exchanges, including Deutsche Börse , Borsa Italiana , London Stock Exchange , NYSE Euronext and the SIX Swiss Exchange since 2011.

The team behind Ossiam has extensive experience in quantitative research and financial product design, fund management, trading and risk management. Ossiam was the first asset manager to launch an ETF based on a minimum variance strategy and the first asset manager to launch a risk-weighted smart beta commodity ETF.

Ossiam is headquartered in Paris, France, and is an affiliate of Natixis Investment Managers . The investment company is regulated by the Autorité des marchés financiers (AMF) of France. Ossiam's total assets under management were EUR3.9bn as of end of 2020.

Ossiam is a signatory to the United Nations Principles for Responsible Investment.

About Natixis Investment Managers

Natixis Investment Managers serves financial professionals with more insightful ways to construct portfolios. Powered by the expertise of more than 20 specialized investment managers globally, we apply Active Thinking(R) to deliver proactive solutions that help clients pursue better outcomes in all markets. Natixis Investment Managers ranks among the world's largest asset management firms(1) with more than \$1 trillion assets under management(2) (EUR934.1 billion).

Headquartered in Paris and Boston, Natixis Investment Managers is a subsidiary of Natixis . Listed on the Paris Stock Exchange, Natixis is a subsidiary of BPCE , the second-largest banking group in France. Natixis Investment Managers ' affiliated investment management firms include AEW; Alliance Entreprendre; AlphaSimplex Group ; Darius Capital Partners; DNCA Investments;(3) Dorval Asset Management; Flexstone Partners; Gateway Investment Advisers; H2O Asset Management; Harris Associates ; Investors Mutual Limited; Loomis, Sayles & Company ; Mirova; MV Credit; Naxicap Partners ; Ossiam; Ostrum Asset Management; Seeyond; Seventure Partners ; Thematics Asset Management; Vauban Infrastructure Partners;(4) Vaughan Nelson Investment Management ; Vega Investment Managers;(5) and WCM Investment Management . Investment solutions are also offered through Natixis Advisors and Natixis Investment Managers Solutions.(6) Not all offerings available in all jurisdictions. For additional information, please visit Natixis Investment Managers ' website at im.natixis.com | LinkedIn : [linkedin.com/company/natixis-investment-managers](https://www.linkedin.com/company/natixis-investment-managers).

15 Apr 2021 03:00 ET Press Release: Ossiam ESG Low Carbon Shiller -2-

Natixis Investment Managers ' distribution and service groups include Natixis Distribution, L.P., a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliated firms of Natixis Investment Managers , Natixis Investment Managers S.A. (Luxembourg), Natixis Investment Managers International and its global affiliated distribution and investment management entities.

(1) Cerulli Quantitative Update: Global Markets 2019 ranked Natixis Investment Managers as the 17th largest asset manager in the world based on assets under management as of December 31, 2018.

(2) Net asset value as of December 31, 2019 is \$1,048.4 billion. Assets under management ("AUM"), as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of non-regulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers .

(3) A brand of DNCA Finance .

(4) Not yet licensed -- currently pending authorization process as a portfolio management company with the French Autorité des marchés financiers (the "AMF").

(5) A wholly owned subsidiary of Natixis Wealth Management.

(6) Natixis Investment Managers Solutions teams, based in several locations (Paris, London, Geneva), gather the asset allocation, portfolio construction, multi-asset portfolio management and structuring expertise of Natixis Investment Managers . Only the entity based in Paris has the portfolio management company certification.

About Barclays

Barclays is a British universal bank. We are diversified by business, by different types of customers and clients, and by geography. Our businesses include consumer banking and payments operations around the

world, as well as a top-tier, full service, global corporate and investment bank, all of which are supported by our service company which provides technology, operations and functional services across the Group.

Disclaimer

S&P500 refers to **S&P500** Net Total Return.

It is each investor's responsibility to ascertain that it is authorised to subscribe or invest into the product detailed in this press release. Prior to investing in the product, investors should seek independent financial, tax, accounting and legal advice. Ossiam UCITS ETFs are Luxembourg or Irish open ended mutual investment funds respectively approved by the Luxembourg Commission de Surveillance du Secteur Financier or by the Central Bank of Ireland, and authorized for marketing of their units or shares in various European countries (the Marketing Countries) pursuant to the article 93 of the 2009/65/EC Directive. Ossiam recommends that investors read carefully the "risk factors" section of the Ossiam UCITS ETFs prospectus and the "Risk and reward" section of the Key Investor Information Document (KIID). The prospectus and the KIID in the local languages of the Marketing Countries are available free of charge on www.ossiam.com.

Updated composition of the Ossiam UCITS ETFs investment portfolio is available on www.ossiam.com. Indicative net asset value is published on the Reuters and Bloomberg pages of the products, and might also be mentioned on the websites of the stock exchanges where the product is listed. The products are the object of market-making contracts, the purpose of which is to ensure the liquidity of the products on the exchange, assuming normal market conditions and normally functioning computer systems. Units of a specific Ossiam UCITS ETF managed by an asset manager and purchased on the secondary market cannot usually be sold directly back to the asset manager itself. Investors must buy and sell units on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units and may receive less than the current net asset value when selling them.

The Ossiam UCITS ETF including the one detailed in this press release include a risk of capital loss. The redemption value of these Ossiam UCITS ETF may be less than the amount initially invested. In a worst case scenario, investors could sustain the loss of their entire investment. There is no guarantee that the objective of any Ossiam UCITS ETF will be met. The trademarks used in this document are the intellectual property of their licensors. The accuracy, completeness or relevance of the information which has been drawn from external sources is not guaranteed although it is drawn from sources reasonably believed to be reliable. Subject to any applicable law, Ossiam shall not assume any liability in this respect. This press release together with the prospectus and/or more generally any information or documents with respect to or in connection with the Ossiam UCITS ETF detailed herein does not constitute an offer for sale or solicitation of an offer for sale in any jurisdiction (i) in which such offer or solicitation is not authorized, (ii) in which the person making such offer or solicitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or solicitation. In addition, the shares are not registered under the U.S Securities Act of 1933 and may not be directly or indirectly offered or sold in the United States (including its territories or possessions) or to or for the benefit of a U.S Person (being a "United State Person" within the meaning of Regulation S under the Securities Act of 1933 of the United States, as amended, and/or any person not included in the definition of "Non-United States Person" within the meaning of Section 4.7 (a) (1) (iv) of the rules of the U.S. Commodity Futures Trading Commission .).

No U.S federal or state securities commission has reviewed or approved this document and more generally any documents with respect to or in connection with the fund. Any representation to the contrary is a criminal offence.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20210415005264/en/>

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Press Release: Pershing Square Holdings, Ltd . Issues 2020 Annual Report and Financial Statements, Announces Annual General Meeting and Proposes Three New Directors

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Pershing Square Holdings, Ltd . Issues 2020 Annual Report and Financial Statements, Announces Annual General Meeting and Proposes Three New Directors

LONDON--(BUSINESS WIRE)--March 29, 2021--

Regulatory News:

Pershing Square Holdings, Ltd . (LN:PSH) (LN:PSHD) (NA:PSH) (the "Company") today issued the PSH annual report and financial statements for the year ended December 31, 2020, which are now available on PSH's website, <https://www.pershingsquareholdings.com/company-reports/financial-statements/>.

PSH also announced that its Annual General Meeting of Shareholders ("AGM") will be held on Wednesday, April 28, 2021, at 12:00 PM BST. Pursuant to mandatory measures announced by the States of Guernsey to reduce the transmission of COVID-19, any persons arriving into the Bailiwick of Guernsey are required to self-isolate for a period of up to 14 days upon arrival and may be required to submit pre-travel forms.

The board of directors of PSH (the "Board") fully supports these measures to protect public health and safety and, in light of the travel restrictions, requests that shareholders not attend the AGM in person and instead submit proxy votes in electronic form. Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the AGM so that it may proceed. The results of the voting will be announced as soon as practicable after the conclusion of the AGM.

At the AGM, shareholders will consider the receipt of the annual report and the financial statements, the renewal of PSH's share buy-back authority, the re-appointment of PSH's auditor, the approval to disapply pre-emption rights for any share issuance of 10% or less, and the re-election of PSH's current directors with the exception of Richard Battey, who has served as a director for the Company for nine years and has determined not to offer himself for re-election, and Richard Wohanka who is not offering himself up for re-election due to his other commitments.

Following a thorough search process for prospective Board candidates, the Nomination Committee (which is comprised of only the independent directors) recommended that the Board submit Tope Lawani, Rupert Morley and Tracy Palandjian for election as non-executive directors to the Board at the upcoming AGM. The election of Mr. Lawani, Mr. Morley and Ms. Palandjian would expand the board to seven members, six of whom are independent.

"The Board is pleased to recommend that shareholders elect Tope, Rupert and Tracy to the PSH Board," said PSH Chairman Anne Farlow. "Tope's deep global investing experience, Rupert's extensive operational, entrepreneurial and investing roles and Tracy's background in social impact investing and alternative investment management will provide valuable perspectives to the Board and will complement the Board's existing expertise."

The specific resolutions can be found in the Notice of Annual General Meeting available on PSH's website, <https://www.pershingsquareholdings.com/company-reports/notices-shareholders/>.

Tope Lawani

Mr. Lawani, a Nigerian national, is a co-founder and managing partner of Helios Investment Partners and co-CEO and a director of Helios Fairfax Partners Corp (TSX:HFPC). Prior to forming Helios, he was a principal in the San Francisco and London offices of TPG Capital . He began his career as a mergers & acquisitions and corporate development analyst at the Walt Disney Company.

Mr. Lawani serves as a non-executive director of Helios Towers plc (LSE:HTWS.L), Vivo Energy plc (LSE:VVO.L), LinkCommerce Ltd, Thunes, Axxela Ltd, ZOLA Electric and OVH Energy BV. Mr. Lawani is a

member of the MIT Corporation (Massachusetts Institute of Technology 's board of trustees), the MIT School of Engineering dean's advisory council, the Harvard Law School dean's advisory board and the international board of The END Fund. He previously served as a non-executive director of Equity Group Holdings Plc (NSE:NAIROBI:EQTY.NR), Emerging Markets Private Equity Association (EMPEA), First City Monument Bank Plc (NSE:FCMB), Bayport Management and Millicom International Cellular (NASDAQ:TIGO). Mr. Lawani also previously served as a board observer of the board of directors of J. Crew, Inc . and Burger King Corp , and on the overseers' visiting committee of the Harvard Business School .

Mr. Lawani received a B.S. in chemical engineering with a minor in economics from the Massachusetts Institute of Technology , a juris doctorate from Harvard Law School and an MBA from Harvard Business School . He is fluent in Yoruba, a widely spoken West African language.

Rupert Morley

Mr. Morley is a trustee of Comic Relief and chair of its investment advisory group. He has served as chairman and CEO of Rococo Chocolates, one of Britain's leading makers of high-quality chocolates, since 2017. He purchased the business out of administration in 2019, prior to which he was a minority shareholder. Mr. Morley previously served as CEO of Sterling Relocation , Hamptons estate agency and Propertyfinder.co.uk and managing director of Swan Hellenic Cruises. He also previously served as operations director of Brierley Investments Limited , a non-executive director of Thistle Hotels, English Welsh & Scottish Railways and Graham-Field Health Products and president of the Fédération Internationale des Déménageurs Internationaux (FIDI).

He has a degree in economics from Cambridge University and an MBA from Harvard Business School where he was a Kennedy Scholar.

Tracy Palandjian

Ms. Palandjian is co-founder and CEO of Social Finance, Inc., a non-profit organization focused on developing and managing investments that generate social impact and financial return. Prior to Social Finance, Ms. Palandjian was a managing director for eleven years at The Parthenon Group, a global strategy consulting firm, where she established and led the Nonprofit Practice. She also worked at Wellington Management Co . and McKinsey & Co .

Ms. Palandjian is co-author of "Investing for Impact: Case Studies Across Asset Classes," and serves as vice chair of the U.S. Impact Investing Alliance and vice chair of the Global Steering Group on Impact Investing. She is an independent director of Affiliated Managers Group (NYSE:AMG) where she is on the compensation and nominating & governance committees, a trustee at the Surdna Foundation where she chairs the investment committee, and a director at the Boston Foundation. Previously, Ms. Palandjian served as vice chair of the Harvard Board of Overseers, board chair of Facing History and Ourselves, co-chair of Robert F. Kennedy Human Rights, and trustee of Milton Academy. Ms. Palandjian is a 2019 recipient of the HBS Alumni Achievement Award, the school's highest honor.

A native of Hong Kong, Ms. Palandjian is fluent in Cantonese and Mandarin. She graduated from Harvard College with a B.A. magna cum laude in economics and holds an M.B.A. with high distinction from Harvard Business School , where she was a Baker Scholar.

About Pershing Square Holdings, Ltd .

Pershing Square Holdings, Ltd . (LN:PSH) (LN:PSHD) (NA:PSH) is an investment holding company structured as a closed-ended fund that makes concentrated investments principally in North American domiciled companies.

Category: (PSH:FinancialReporting)

This is a disclosure according to Article 17 of the EU Market Abuse Regulation (Regulation 596/2014/EU).

The document will shortly be available for inspection on the National Storage Mechanism website:
<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

Pershing Square Holdings, Ltd .

2020 Annual Report

Pershing Square Holdings, Ltd .

2020 Annual Report

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Pershing Square Holdings, Ltd. ("PSH", or the "Company") (LN:PSH) (LN:PSHD) (NA:PSH) is an investment holding company structured as a closed-ended fund that makes concentrated investments in publicly traded, principally North American-domiciled, companies. PSH's objective is to maximize its long-term compound annual rate of growth in intrinsic value per share.

PSH has appointed Pershing Square Capital Management, L.P. ("PSCM," the "Investment Manager" or "Pershing Square"), as its investment manager. The Investment Manager has responsibility, subject to the overall supervision of the Board of Directors, for the investment of PSH's assets and liabilities in accordance with the investment policy of PSH set forth on pages 30-31 of this Annual Report (the "Investment Policy").

PSCM, a Delaware limited partnership, was founded by William A. Ackman on January 1, 2004. PSH was incorporated with limited liability under the laws of the Bailiwick of Guernsey on February 2, 2012. It commenced operations on December 31, 2012 as a registered open-ended investment scheme, and on October 2, 2014 converted into a registered closed-ended investment scheme. Public Shares of PSH commenced trading on Euronext Amsterdam N.V. on October 13, 2014. On May 2, 2017, PSH's Public Shares were admitted to the Official List of the UK Listing Authority and commenced trading on the Premium Segment of the Main Market of the London Stock Exchange ("LSE").

Company Performance

Pershing Square Holdings, Ltd. and Pershing Square, L.P. ("PSLP") NAV Performance vs. the S&P 500

	PSLP/PSH Net Return(*)	PSLP Net Return(1,2)	S&P 500(3)
2004	42.6 %	42.6 %	10.9 %
2005	39.9 %	39.9 %	4.9 %
2006	22.5 %	22.5 %	15.8 %
2007	22.0 %	22.0 %	5.5 %
2008	(13.0)%	(13.0)%	(37.0)%
2009	40.6 %	40.6 %	26.5 %
2010	29.7 %	29.7 %	15.1 %
2011	(1.1)%	(1.1)%	2.1 %
2012	13.3 %	13.3 %	16.0 %
2013	9.6 %	9.7 %	32.4 %
2014	40.4 %	36.9 %	13.7 %
2015	(20.5)%	(16.2)%	1.4 %
2016	(13.5)%	(9.6)%	11.9 %
2017	(4.0)%	(1.6)%	21.8 %
2018	(0.7)%	(1.2)%	(4.4)%
2019	58.1 %	44.1 %	31.5 %
2020	70.2 %	56.6 %	18.4 %
Year-to-date through March 23, 2021	5.9 %	4.9 %	4.5 %

January 1, 2004--March
23, 2021(1,4)

Cumulative (Since Inception)	1,412.8 %	1,288.4 %	399.2 %
Compound Annual Return	17.1 %	16.5 %	9.8 %

December 31,
2012--March 23,
2021(1,4)

Cumulative (Since PSH Inception)	185.4 %	161.9 %	223.5 %
Compound Annual Return	13.6 %	12.4 %	15.3 %

* NAV return an investor would have earned if it invested in PSLP at its January 1, 2004 inception and converted to PSH at its launch on December 31, 2012. Also see endnote 1 on page 110. Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying endnotes and important disclaimers on pages 110-112.

Chairman's Statement

INTRODUCTION

When I wrote to you last year, we were mere months into what became a year that none of us will ever forget. COVID-19 has infected more than 100 million people around the world and millions have died. Our thoughts continue to be with all those who have lost family members and friends to the virus, or have suffered great hardship due to the impact it has had on their daily lives. It may take years for certain aspects of our lives to return to the way they were before COVID-19, and many things we took for granted have been irrevocably changed.

In 2020, both our portfolio companies and our Investment Manager faced rapidly changing conditions and challenges. They were forced to adapt and pivot in record time to protect their employees and preserve their businesses. You will read more about the actions of our portfolio companies in the Investment Manager's Report. Our Investment Manager's employees have been working remotely for over a year now. Fortunately, they have adapted exceptionally well to the change in circumstances, and the investment team has continued to work efficiently and effectively with great support from the operational team. Amid such a challenging period of time, I am pleased to report that not only did the Investment Manager protect your investment in PSH last year, but it delivered exceptional returns, making 2020 the best year of performance since the inception of the Investment Manager's strategy in 2004.

In addition to successfully navigating the volatile financial markets and tumultuous business conditions, the Investment Manager and the PSH Board were active on a number of fronts throughout the year. To highlight several: PSH issued two tranches of debt totaling \$700 million, repurchased \$286 million of PSH's outstanding Public Shares, continued PSH's dividend program, welcomed a new Board member, and gained entry to the FTSE 100 in December 2020. The Investment Manager, with oversight from the PSH Board, committed to a new investment by forming Pershing Square Tontine Holdings, Ltd. ("PSTH"). PSTH is a special purpose acquisition company, (or "SPAC") and it listed on the New York Stock Exchange on July 22, 2020. PSTH is expected to combine with a private business in an initial business combination (or de-SPAC transaction) which will result in PSH owning a minority shareholding in a newly listed public company.

I discuss these initiatives, among others, in detail below.

INVESTMENT PERFORMANCE

During the year ended December 31, 2020, PSH's total Net Asset Value ("NAV") return including dividends was 70.2%, ending the year at \$45.46 per share.(i) PSH generated a total shareholder return of 84.8% as a result of the narrowing of the discount to NAV at which PSH shares trade.(ii) Over the same period, the S&P 500 increased 18.4%.(iii)

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PSH's outperformance was driven by its purchase of index credit default swaps in February 2020, and the subsequent unwinding of those hedges. When we published our 2019 Annual Report in April 2020, I stated that the PSH Board appreciated the Investment Manager's foresight in using the hedges to protect the portfolio from severe declines in the stock market in Q1 2020. Now that we can reflect on the events of the full year of 2020, we also commend the Investment Manager's actions in successfully identifying the optimal moment to reinvest the proceeds from the hedges as the markets recovered.

The Investment Manager continues to engage with PSH's portfolio companies through direct board representation in some situations, and less formal, private engagement in others. PSH's portfolio companies have responded well to the challenges of the pandemic, and the Investment Manager believes that they will continue to recover and thrive over the long term, allowing for significant further share price appreciation. The outlook for PSH's portfolio companies is described further in the Investment Manager's Report.

INVESTMENT MANAGER

The Board has delegated the task of managing the Company's assets to the Investment Manager as set out in the Investment Management Agreement (the "IMA") entered into by PSH and Pershing Square Capital Management, L.P. at the inception of PSH. Although the Board does not make individual investment decisions, the Board is ultimately accountable for oversight of the Investment Manager. In 2020, the Board adopted terms of reference describing its principal responsibilities, which are available on the PSH website.

The Investment Manager is a fundamental value investor that utilizes a range of activist strategies to unlock long-term value for shareholders, and seeks to invest in excellent businesses with opportunities for improvement. These businesses tend to be large-cap companies that generate relatively predictable and growing free-cash-flows, with formidable barriers to entry and a compelling value proposition.

PORTFOLIO CHANGES

As mentioned above, PSH invested in index credit default swaps in February 2020 and unwound the positions in March. When faced with the challenge of re-investing the considerable proceeds from the hedges, the Investment Manager prudently chose to primarily invest in existing portfolio companies it knew well, including Agilent ("A"), Hilton ("HLT"), Lowe's ("LOW"), and Restaurant Brands ("QSR"), and to re-establish a core investment in Starbucks ("SBUX").

In the summer of 2020, the Investment Manager initiated a new portfolio investment for PSH by launching a SPAC, PSTH. On July 22, 2020, PSTH raised \$4 billion in its IPO on the New York Stock Exchange. The Company, Pershing Square, L.P. and Pershing Square International, Ltd. (collectively, the "Pershing Square Funds") entered into a Forward Purchase Agreement where they committed to contributing an additional \$1 billion, with the option to increase their investment up to \$3 billion (including capital from Pershing Square co-investment funds) such that in total, PSTH has \$5 billion to \$7 billion of equity capital for use in its initial business combination.

In addition, the Pershing Square Funds purchased a Sponsor Warrant exercisable at \$24 per share to purchase 5.95% of the fully diluted business combination. In typical SPAC transactions, the sponsor is owned by the investment manager. However, the SPAC sponsor for PSTH is 100% owned by the Pershing Square Funds, ensuring that the Investment Manager's incentives are fully aligned with the performance of the funds, and that there is no conflict of interest between the Investment Manager and PSH. The creation of PSTH did not require PSH Board approval, but the Investment Manager kept the Board informed of its actions and processes as they were considered and executed.

In 2020, the Investment Manager also increased PSH's ownership of HHC and exited its investment in Berkshire Hathaway. During the period of heightened volatility last spring, a number of non-core investments were also initiated and sold. Later in the year, smaller notional amounts of CDS were purchased as spreads narrowed. The Investment Manager will provide a more detailed portfolio update in the following pages.

CORPORATE ACTIONS

The PSH Board took several corporate actions in 2020 that we believe will contribute to the long-term success of the Company.

- Bond Issuances In 2020, PSH completed two new bond issuances, raising a total of \$700 million of additional capital at highly attractive interest rates: \$500 million of 3.250% 10-year unsecured Bonds due November 2030 (the "2030 Bonds") and \$200 million of 3.000% 12-year unsecured Bonds due July 2032 (the "2032 Bonds"). The Company currently has \$2.1 billion of debt in four tranches. The 2030 Bonds and 2032 Bonds rank equally in right of payment with PSH's existing \$1 billion of 5.500% Bonds due July

2022 (the "2022 Bonds"), and PSH's \$400 million of 4.950% Bonds due July 2039 (the "2039 Bonds"). The Company's total debt to capital ratio was 18.8% as of December 31, 2020, and 18.0% as of March 23, 2021.^{iv} PSH maintains conservative leverage levels and investment grade ratings on its debt. PSH's long-term debt management strategy focuses on managing leverage over time by increasing NAV through strong performance and laddering its maturities through new issuances. The Board believes that it is appropriate for PSH to use a prudent amount of debt to enhance our returns to shareholders, and that our laddered maturities from 2022 to 2039 are well matched to our long-term investment horizon.

- Dividend Since February 2019, PSH has paid a quarterly dividend of \$0.10 per Public Share, a 1.1% yield at the current PSH share price.^v The dividend represents a return of capital at NAV which can currently be reinvested in PSH shares at a discount to NAV. In 2020, PSH returned \$81 million of capital to shareholders via the dividend. The Board has continued the quarterly dividend as it believes that the payment expands PSH's potential investor base to include shareholders who prefer or are required to invest in dividend-paying equities. As PSH's current dividend yield is similar to that of the S&P 500, we believe this further emphasizes that PSH is an attractive alternative to an

S&P500

portfolio.^{vi}

- Share Buyback Programs As we have discussed in previous letters, when considering potential share repurchase programs, the Board consults with the Investment Manager and considers a number of factors including: the available free cash and the likelihood that such cash would be deployed into an attractive new investment in a given market environment; the level at which our current portfolio holdings trade relative to their intrinsic values; our leverage levels; the discount to NAV at which the shares would be repurchased; and the impact further reductions would have on the free cash of PSH shares. In 2020, PSH repurchased a total of \$286 million of PSH Public shares, representing 13.7 million PSH Public Shares at an average price of \$20.81 per share and an average discount of 32%. Since May 2, 2017, when PSH initiated its first share repurchase program, through March 23, 2021, the Company has repurchased 50.8 million PSH Public Shares at a total cost of \$837 million at an average price of \$16.46 per share and an average discount of 26.5%. PSH buybacks and purchases by PSCM affiliates reduced the free cash by 9.9% in 2020 and by 37% since PSH's IPO.^{vii} Today, as a result of purchases by PSCM affiliates and the buyback programs, PSCM affiliates now own approximately 25% of PSH on a fully diluted basis.^{viii}

FTSE 100 INCLUSION

The FTSE 100 Index represents the 100 largest companies by market capitalization on the London Stock Exchange. I am pleased to report that in December 2020, PSH gained entry to the FTSE 100. This achievement is both symbolic, as it is an honor to be a part of this prestigious group, but also it has materially positive practical implications. Inclusion in the FTSE 100 has led to increased demand for PSH shares by funds who track the index and are required to purchase the shares. The inclusion also provides added global visibility and an opportunity to share our investment story with a wider audience. Over time, we hope investors will realize that PSH is undervalued relative to the other FTSE 100 constituents as PSH's market capitalisation is at a significant discount to its underlying NAV.

DISCOUNT TO NET ASSET VALUE

The Board pays close attention to the discount to NAV at which PSH's Public Shares currently trade. The Board was pleased to see PSH's discount narrowed by 5.9%, from 28.9% in the beginning of 2020 to 23.0% as of December 31, 2020, although it has widened slightly to 24.7% as of March 23, 2021.^(ix)

The Board continues to hold the view that PSH shares are undervalued at current levels. The Board believes that the recent narrowing of the discount occurred largely as a result of continued positive NAV performance, increased awareness of PSH, and additional buying demand for PSH shares following our inclusion in the FTSE 100 in December 2020. It is however an anomaly that PSH, which owns almost 91% of the PSTH Sponsor Warrant, trades at a discount to NAV, while PSTH, which does not share in the potential upside of the Sponsor Warrant, trades at a 33.1% premium to its IPO price.^(x) We expect that continued strong performance and appreciation of the fact that PSH is undervalued will lead to a further narrowing of the discount over time.

CORPORATE GOVERNANCE / BOARD

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The Board continues to work effectively and diligently on behalf of all shareholders. Despite the challenges of 2020, the Investment Manager and the PSH Board have been able to maintain open and productive channels of communication in what has been a very busy year. I would like to thank my fellow directors for all of their contributions and time commitment throughout the year.

Richard Battey and Richard Wohanka will not be offering themselves for re-election to the PSH Board at our Annual General Meeting ("AGM") in April 2021. We will miss their thoughtful insight at our Board meetings and thank them for their many contributions. In September 2020, we welcomed a new independent director, Andrew Henton, to the Board. Andrew will assume the role of Chairman of the Audit Committee upon Richard Battey's departure.

Following a thorough search process for prospective PSH Board candidates, the Nomination Committee (which is comprised of only the independent directors) recommended that the Board submit Tope Lawani, Rupert Morley and Tracy Palandjian for election as non-executive directors at the upcoming AGM. Tope's deep global investing experience, Rupert's extensive

operational, entrepreneurial and investing roles, and Tracy's background in social impact investing and alternative investment management will provide valuable perspectives, and will complement the Board's existing expertise. The election of Tope, Rupert and Tracy would expand the board to seven members, six of whom are independent.

EVENTS / SHAREHOLDER ENGAGEMENT

I enjoyed meeting many of our shareholders at the PSH investor meetings in New York and London in February 2020. Since then, COVID-19 has made it much more difficult to meet investors in person, but the widespread adoption of Zoom has allowed me to interact virtually with shareholders around the world. I look forward to returning to in-person meetings at the appropriate time while maintaining the option to meet virtually when that is more convenient.

The Investment Manager operates a robust investor relations program that acts as a resource for existing shareholders, and actively seeks to engage with potential future shareholders. The Board coordinates closely with the Investment Manager to ensure that we remain apprised of shareholder feedback, and the Board regularly reviews the communications we receive from shareholders.

We held a virtual PSH investor meeting on February 18, 2021, and we welcomed more shareholders to that event than to any other previous PSH meeting. The Investment Manager presented a portfolio update. Slides from the presentation are available on PSH's website: www.pershingsquareholdings.com. PSH's 2021 AGM will be held on April 28, 2021. To protect the health of our shareholders and in accordance with public safety measures enacted by the States of Guernsey to reduce the transmission of COVID-19, the Board requests that shareholders not attend the AGM in person, but instead submit proxy votes in electronic form.

Arrangements will be made by the Company to ensure that the minimum number of Shareholders required to form a quorum will attend the AGM so that it may proceed. The results of the voting will be announced as soon as practicable after the conclusion of the AGM.

I will report to you on the first half of 2021 in August 2021, and the Investment Manager will keep you informed of any significant developments in the portfolio before then, when appropriate.

/s/ Anne Farlow

Anne Farlow
Chairman of the Board
March 29, 2021

Investment Manager's Report

LETTER TO SHAREHOLDERS

To the Shareholders of Pershing Square Holdings, Ltd .:

2020 was the best year in the 17-year history of Pershing Square. We generated NAV performance of 70.2% and a total shareholder return (TSR) including dividends of 84.8% due to the reduction in the discount to NAV

at which PSH's shares trade.(5) Our NAV performance and TSR exceeded our benchmark's performance, the S&P 500, by 5,180 and 6,640 basis points respectively.(6)

Investors who invested in Pershing Square, L.P. at its inception on January 1, 2004, and transferred their investment to PSH at its inception on December 31, 2012 have grown their equity investment at a 17.1% compounded annual return as of March 23, 2021, compared with a 9.8% return had one invested in the S&P 500 over the same period. With the magic of compounding, our 17.1% compound annual NAV return translates into a cumulative total NAV return since inception of 1,413% versus 399% for the S&P 500 over the same period.(7) In other words, investors in Pershing Square since inception have multiplied their equity investment by 15 times, versus the 5 times multiple they would have achieved had they invested in a zero-cost S&P 500 index fund.

Our returns to investors using the market value of our common stock rather than NAV are somewhat lower, as PSH currently trades at a 25% discount to NAV. Using PSH's stock market value rather than NAV, investors in Pershing Square since inception have earned a 15.2% compounded return, or an 11.5 times multiple of their original investment.(8) With continued strong performance, we expect that our discount to NAV will narrow and our NAV and market value returns will be comparable.

2020 was also an excellent year for our portfolio companies, which we discuss in greater detail later in this letter. The well- capitalized, high-quality, durable growth companies that represent nearly all of our holdings comfortably weathered the COVID-19 storm. Each has executed initiatives that have and will likely lead to greater market share, improved long-term profitability, and the acceleration of shareholder value creation.

The majority of our NAV performance last year was driven by our large hedging gain (45% of our net investment gain) and the reinvestment of those proceeds in our portfolio companies from March through the beginning of April of last year (25% of our net investment gains).⁹ As a result of the hedge and reinvestment, 70% of our net investment gains were unrelated to our companies' underlying performance. Therefore, despite the large increase in NAV in 2020, our portfolio composition and the inherent investment opportunities in our holdings remain about the same as one year ago, as our companies' share price increases were generally in line with improvements in their underlying intrinsic value.

We also generated a substantial mark-to-market gain on our Forward Purchase Agreement ("FPA") and Sponsor Warrants in Pershing Square Tontine Holdings, Ltd. (NYSE:PSTH) due to the requirement under IFRS for PSH to mark to market these instruments with the benefit of a third-party valuation service. PSTH is trading at a premium to its \$20 per share cash in trust, driven, we believe, by PSTH's highly favorable and differentiated shareholder/merger friendly structure, and our investors' expectation that PSTH will create substantial shareholder value from its initial business combination.

Eight months since PSTH's launch, we remain convinced that an investment in PSTH will generate highly attractive long- term returns, even from PSTH's current stock price. While we previously believed that we would be able to announce a potential transaction by the end of this quarter, we will not be in a position to do so. We do not intend to make any announcements about PSTH's transaction progress until we enter into a definitive agreement.

If we are successful in completing such a transaction, we expect that PSTH will be an important contributor to our shorter- term and long-term performance. This is due to our investment expectations from the transaction, the large size of this investment due to the Pershing Square funds' minimum FPA commitment of \$1 billion, and the large notional investment underlying the Sponsor Warrants, 91% of which are held by PSH.

We are likely to launch a second SPAC, PSTH2 after PSTH completes a business combination transaction. If we do so, we believe it is appropriate for the right to invest in PSTH2 to be owned by our current PSTH shareholders, including PSH and the Pershing Square private funds.

We like the idea of providing investors who backed us in PSTH with the opportunity to invest in PSTH2 without paying a premium to its cash-in-trust value. We have always believed in giving existing investors the right to participate in new Pershing Square opportunities, and we intend to continue this tradition with PSTH.(a)

Conglomerates

In this year's Berkshire Hathaway annual letter, Warren Buffett writes about the "terrible reputation" that has been "earned" by conglomerates. He explains that this bad reputation is due to the fact that conglomerates: (1) are generally required, for regulatory, tax and other reasons, to own controlling interests in businesses, (2) must pay large premiums for these controlling interests, and (3) find it difficult to buy control of great businesses, as they are rarely available for sale. Berkshire has managed these issues with a more open mandate than a typical conglomerate due to its large insurance company investment portfolios, which have enabled Berkshire to invest a large portion of its assets in non-controlling interests in publicly traded companies.

In last year's letter, I wrote:

PSH is legally a closed-ended fund, [but] in our view it is best thought of as a tax-efficient investment holding company that owns minority interests in public companies which are of a quality and scale where legal control is often difficult if not impossible to achieve. Our strategy is to acquire smaller pieces of superb businesses over which we have substantial influence, rather than controlling interests in lower quality businesses...

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The formal definition of a subsidiary is a corporation controlled by a holding company, where control is typically represented by a 50% or greater ownership interest. In the case of PSH's "subsidiaries," however, we have generally owned less than 20% of shares outstanding, and usually less than 10% of shares outstanding. Even so, we are typically one of the largest shareholders of our investees, and we are an influential and supportive owner whether or not we have board seats, regardless of what percentage of the company we own.

If one were to think of PSH as a conglomerate, one should consider PSH's important distinguishing attributes. Since PSH is structured as a closed-ended fund, there are no securities law, tax or other issues that require any of our assets to be invested in companies we legally control. As a result, there is no limitation on the nature of our ownership stakes; they can be controlling or non-controlling. We did, however, intentionally include an ownership restriction in the investment management agreement which limits PSH's investment universe to publicly traded companies.

While it is extremely rare for a controlling interest in a truly outstanding business to be available without the payment of a large control premium, this is not the case for minority interests in the best publicly traded businesses. Just one year ago, we saw all of our holdings, which represent among the best businesses in the world, become available at massive discounts to their intrinsic values, and we took advantage of this, albeit short-term, opportunity.

We have always believed that the common stocks of even the best businesses can trade at almost any price for brief periods. And it is this volatility -- often driven by a disappointing short-term event, missed expectations, macro factors, political events, shareholder frustration with management and/or governance, that has enabled us to acquire large minority stakes in great businesses at bargain prices.

In light of the nature of our strategy, and our long-term track record for effectuating corporate change, we have often been able to obtain influence over our portfolio holdings that is similar to that of a control shareholder, but without the need to pay a control premium. This aspect of our strategy has given us the best of both worlds, that is, the ability to own great businesses as an important and influential shareholder, and the occasional opportunity to purchase them at bargain prices in the stock market.

Furthermore, unlike most conglomerates, including Berkshire Hathaway, which are structured as tax-paying C corporations, PSH is a Guernsey closed-ended fund which generally does not pay any corporate taxes.^(b) As a result, PSH does not have the same "switching costs" as a tax-paying conglomerate, which must pay corporate taxes if it sells an investment at a price in excess of its tax basis.

Unlike the typical conglomerate which: (1) has an extremely limited universe of opportunities to buy controlling interests in great businesses at sensible prices, (2) must pay corporate taxes when it sells an existing holding, and (3) is limited in the amount of its assets it can invest in non-controlling interests, PSH suffers from none of these constraints.

PSH has another important benefit because of its closed-ended fund structure and the highly liquid nature of our portfolio, which is almost entirely comprised of publicly traded, large capitalization, investment-grade U.S. equities. We have been able to access low-cost, long-term, non-margin debt in the form of publicly traded bonds to finance our investments and reduce our cost of capital, which should enhance our ability to generate high, long-term rates of return. While in recent years, we have been able to issue bonds at attractive long-term rates, we still believe that PSH remains an underappreciated and underrated credit. Our credit remains misunderstood likely because we are a one-of-a-kind company, and it will therefore take time for fixed income investors and analysts to fully appreciate our story.

Discount and Valuation

PSH has traded at a persistently wide discount to NAV in recent years. As a result, the Board and we have taken a number of steps to address the discount including obtaining a premium listing on the London Stock Exchange, repurchasing 21% of our shares outstanding, and initiating a quarterly dividend. In addition, I and other affiliates of the Investment Manager have increased our stake in PSH from 4% to 25% via open market purchases over the last three years. Employees and affiliates of PSCM now have an investment of approximately \$2.4 billion in PSH equity, which is one of the largest insider investments of any FTSE 100 or FTSE 250 company.

Despite the above actions, PSH's discount to NAV remains wide. The discount was as high as 35% in September prior to PSH's recent FTSE 100 inclusion, which we believe has contributed to the discount narrowing to 25% today.

We believe that PSH's discount to NAV or book value is anomalously large, particularly when PSH is compared with our peers in the FTSE 100. In general, companies which earn higher, long-term returns on equity should trade at greater multiples of book value or NAV than companies that earn lower returns on equity.

When our long-term track record's 17% ROE is compared with that of other FTSE 100 companies over the same 17-year period, there is no other company that has earned similar or greater long-term returns on equity that trades at a meaningful discount to NAV or book value.

When compared over the short term, the last three years for example, the disparately low valuation of PSH becomes that much more stark. PSH's ROE of 39% over the last three years compares favorably to the FTSE 100's weighted average, three-year ROE of approximately 8%. Despite earning an ROE nearly 5 times greater than the FTSE 100 index, PSH trades at only 0.7 times book value, while the FTSE 100 index, weighted by market cap, currently trades at approximately 1.8 times book value.

PSH Replication

Some investors have suggested that PSH should trade at a discount to book value because our portfolio is publicly traded, and copycat investors (let's call them PSH Replicators) can simply purchase our companies in the same proportions as we own them, thereby replicating our portfolio without paying investment management fees.

The problem with this approach is that investors can only replicate changes in our portfolio when we disclose them. By the date on which we are required or choose to disclose a new position, its trading price is typically well above PSH's average cost of acquisition. As a result, investors who attempt to track and replicate the portfolio will likely have a substantially higher cost basis in our investments, and therefore will earn lower returns.

More significantly, there are limited disclosure requirements for the various hedging transactions we have historically executed. For example, had PSH Replicators simply purchased and held PSH's portfolio as of the beginning of last year until the end of the year and paid no fees, they would have realized a 15.4% return.⁽¹⁰⁾ Had they purchased PSH shares instead, they would have earned a 70.2% NAV total return and an 84.8% TSR as the opportunity to realize returns from the credit hedge and reinvest the proceeds in our existing holdings would not have been in the PSH Replicator's portfolio.

As of this writing, in addition to investment grade credit hedges, PSH owns very large notional hedges in the form of interest rate swaptions that we purchased beginning in December through early February. Like our credit hedge, our interest rate swaption position is highly asymmetric; it has a potential payoff that is many multiples of our capital at risk. While this hedge started as a small percentage of the portfolio -- at a cost of \$157 million it represented 1.4% of assets at that time -- it has more than tripled in value, and now represents 4.2% of the portfolio with a market value of \$493 million.⁽¹¹⁾

There is no requirement that we make timely disclosures of our hedging transactions, and the timing of their purchase and sale. As a result, a PSH Replicator has no ability to participate in these investments, which have historically generated large profits and important hedging benefits for PSH.

Net of all fees, long-term PSH investors have earned substantially superior returns to that of the theoretical PSH Replicator. For the above reasons, we believe that PSH is an attractive acquisition at its NAV, and an even better investment when it is trading at a discount to NAV.

ESG

Earlier in my career, I thought business was about making money, and philanthropy was about doing good. To that end, the Pershing Square Foundation has given away hundreds of millions of dollars in an attempt to address U.S. and global problems in income inequality, education, healthcare, social and criminal justice, and other areas. As a result of a successful venture investment I made more than a decade ago, the Foundation and an affiliated donor advised fund now have more than a billion dollars of additional philanthropic resources.

Despite these growing resources and the excellent works of many important organizations the Foundation has supported, over time it has become increasingly clear to us that philanthropy alone cannot save the world. Unfortunately, we cannot rely on governments either.

With the benefit of substantial philanthropic and investing experience, I have come to believe that capitalism is likely the most powerful potential force for good in addressing society's long-term problems. A successful business operating ethically and sustainably can create many thousands of high-paying jobs, deliver high long-term returns for pensioners, long-term savers and other investors, and provide goods and services that materially increase its customers' quality of life, broadly defined. That said, capitalism is far from perfect.

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Poorly designed compensation structures can lead management to pursue short-term profits at the expense of long-term sustainability, with negative externalities that are borne by others. On the other hand, with well-aligned incentive structures, supportive corporate values, and strong leadership, a successful business can generate both strong returns for its shareholders, and positively impact the society and environment in which it operates.

Environmental, social and governance ("ESG") issues have emerged into the Zeitgeist, with considerable study and discussion in board rooms, and among investors around the world. Companies are evaluating how they interact with their stakeholders and what role they play in society. This self-examination will lead managements and boards to elevate the importance of ESG in how they govern and manage their companies, and implement their long-term strategies.

We believe that good ESG practices are fundamentally aligned with running a successful business. As consumers and other corporate customers have become increasingly educated on matters of ESG, they have begun to avoid companies that contribute to climate change or do not treat their employees well, while rewarding companies with their business that have sustainable and responsible policies. Similarly, a growing number of investors have become increasingly concerned about the risks of companies which do not take ESG issues seriously. These investors avoid investing in companies which do not meet high ESG standards, reducing the valuations and investment returns of these businesses, negatively impacting their cost of capital.

As capital is reallocated away from companies that rate poorly on ESG issues, boards' and managements' likely response will be to pivot their company's business models to ones that are better for the environment and society. As a long-term, concentrated and engaged owner of publicly traded companies, we can help accelerate this process in a manner that is closely aligned with our strategy, which seeks to generate high long-term rates of returns for our shareholders.

The emergence of ESG has provided an additional lens with which to evaluate how companies perform. We therefore thought it would be helpful to share how we think about ESG at Pershing Square, and its role in our investment process.

ESG As Part of Our Investment Process

We believe that good corporate governance, including the management of sustainability risks, creates long-term value for shareholders. We consider ESG issues in our investment selection process, and as part of our ongoing stewardship once we have made an investment.

We do not view ESG as a way to market our funds to investors or to raise additional capital. As you likely are aware, we decided several years ago that we would no longer market our private funds to new investors, and PSH has returned substantial capital through large share buybacks and dividends. Our interest in ESG issues therefore entirely relates to their impact on our investments, and our long-term track record.

The most important criterion in our investment selection process is our assessment of the long-term quality of a business, which is informed by, among other considerations, our assessment of the long-term impact of the company on all of its stakeholders and society at large. As a result, assessing the sustainability risks of a potential investment is a critical component of our investment selection process.

Our focus on business quality has largely enabled us to avoid investments in businesses which make products or deliver services which we do not believe to be desirable, which treat their employees poorly, and/or which have long-term financial and legal risks that are a consequence of their negative externalities. We believe that this approach has helped us to avoid losses and generate profits by identifying great businesses that have contributed to our long-term investment returns, and by avoiding others which would likely have generated losses in the portfolio. We have still made mistakes (you know them well) when in certain cases, we failed to fully consider certain ESG shortcomings in a company's approach to business.

The relevant ESG issues we consider as part of our due diligence process can vary depending on a given company and the sector in which it operates. We therefore do not utilize a uniform set of sustainability factors to evaluate companies that we are considering for potential investment.

In many instances, we have chosen to invest in companies which already have excellent ESG practices, including good governance, robust environmental stewardship programs, and diversity and inclusion

initiatives. The majority of the companies in our portfolio today exhibited those characteristics at the time of our initial investment, and all, to varying degrees, do so today.

A few examples from our portfolio:

For the third year in a row, Agilent ranked in the top three of Barron's Most Sustainable Companies in America as it continues to invest in infrastructure improvements to further reduce its environmental impact.

Starbucks has made significant investments in eco-friendly operations, regenerative agricultural practices, and an environmentally friendly menu, and has committed to cut its carbon, water, and waste footprints by half by 2030.

Lowe's is enhancing the sustainability of its products and promoting consumers' ability to reduce their own environmental footprints through the sale of eco-conscious products. During the pandemic, Lowe's invested more than \$1 billion in employee support, community donations, and enhanced store safety.

The Howard Hughes Corporation (HHC) has set 10-year goals for energy, water, waste, and carbon emissions, and established an ESG Committee that reports directly to the CEO to guide its sustainability program. HHC has regularly received awards for owning and managing communities and small cities that are considered among the best places to live in the United States.

In some instances, we have used our influence and engagement with boards and management to improve ESG practices that pose sustainability risks to a business in order to catalyze long-term value creation.

For example, Chipotle is a business for which sustainability has been a core value since its founding. For years, the company has earned accolades for sustainably sourcing its food, and for reducing its environmental impact over time. Consumers understand that the company's commitment is genuine and reward it with their business. When we first invested in the company, we recognized that the opportunity to work with the company to improve its governance could create significant shareholder and stakeholder value, while allowing the company to continue to grow rapidly and stay true to its core values.

Following our investment, the Board and management were refreshed, and have since done a remarkable job of turning around and accelerating the growth and profitability of the company. As evidence of the company's continued commitment to good ESG practices, in March 2021, Chipotle announced that 10% of its officers' annual incentive bonus will be tied to the company's progress toward achieving ESG objectives in three categories: Food & Animals, People, and the Environment.

Each of our companies' ESG initiatives generates a materially positive benefit to society, and fosters customer and stakeholder loyalty, which contribute to the creation of shareholder value. The above examples represent a small sample of our portfolio companies' approach to ESG issues. Each of our portfolio companies produces robust sustainability reports which track the initiatives that are most relevant to their businesses. You can learn more about these programs from their respective websites.

Our ability to consider ESG issues in our investment selection is greatly enhanced by the long duration of our capital base. As a public company where the investment manager is the largest shareholder with a more than 25% stake, we do not need to think or act short-term. With a long-term mindset, we can be highly supportive of investments that reduce short-term earnings, but increase a company's long-term net present value.⁽¹²⁾ Compared with the entire universe of global investment entities, PSH is extremely advantaged due to our long-term structure and large insider ownership.

We are grateful to you for supporting PSH's long-term approach to investing, and we are very pleased to have delivered the third consecutive year of returns well in excess of our S&P 500 benchmark. We do not believe it is coincidental that our performance over the last three years coincides with the increased stability of our capital base that resulted from management's larger investment in the company several years ago, our decision to no longer market the private funds for investment, and our refocusing the firm on our core investment strategy.

2020 will go down in history as one of the world's most challenging years primarily due to the pandemic, but also because of the political divisiveness that plagues the U.S. and many countries around the world. During this difficult time for all, we are fortunate to have been able to generate strong returns for our shareholders, which include many healthcare, educational, and other institutions that have been at the frontlines dealing with this crisis, and to whom we are very grateful.

Unlike other alternative investment firms, we are pleased that our publicly traded corporate form allows us to have a highly diversified investor base which includes thousands of smaller investors who can invest in PSH at a very low entry price, the less than forty dollars it costs to purchase one share. We take our responsibility for managing our highly disparate investors' savings extremely seriously, and remain focused on delivering outstanding long-term results for all of you.

Lastly, I would like to thank the entire Pershing Square team. This was without question our most productive year. The entire organization transitioned seamlessly to working from home, and executed extraordinarily well under highly challenging circumstances. We are looking forward to the day when we will return to the office, which is hopefully only a few more months from now.

Please contact us if you have questions about any of the above.

Sincerely,

William A. Ackman

2020 PORTFOLIO UPDATE

Performance Attribution

Below are the contributors and detractors to gross performance of the portfolio of the Company for 2020 and year-to-date 2021(13) .

January 1, 2020 -- December 31, 2020		January 1, 2021 -- March 23, 2021	
Index CDS	36.6 %	Interest Rate Swaptions	3.8 %
Pershing Square Tontine Holdings, Ltd.	13.1 %	Lowe's Companies Inc .	2.4 %
Lowe's Companies Inc .	10.7 %	The Howard Hughes Corporation	1.5 %
Chipotle Mexican Grill, Inc.	10.2 %	Hilton Worldwide Holdings Inc.	1.0 %
Starbucks Corporation	7.6 %	Restaurant Brands International Inc.	1.0 %
Agilent Technologies Inc .	7.2 %	Chipotle Mexican Grill, Inc .	0.7 %
Restaurant Brands International Inc.	3.0 %	Bond Interest Expense	(0.3)%
Hilton Worldwide Holdings Inc.	2.7 %	Federal National Mortgage Association	(0.7)%
Share Buyback Accretion	2.4 %	Federal Home Loan Mortgage Corporation	(0.7)%
Federal Home Loan Mortgage Corporation	(0.9)%	Pershing Square Tontine Holdings, Ltd.	(1.8)%
Bond Interest Expense	(1.5)%	All Other Positions and Other Income and Expense	0.4 %
Federal National Mortgage Association	(1.6)%		
Berkshire Hathaway Inc .	(3.1)%		
All Other Positions and Other Income and Expense	(0.6)%		
Net Contributors and Detractors	85.8 %	Net Contributors and Detractors	7.3 %

Contributors or detractors to performance of 50 basis points or more are listed above separately, while contributors or detractors to performance of less than 50 basis points are aggregated, except for share buyback accretion and bond interest expense. Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying endnotes and important disclaimers on pages 110-112.

Lowe's ("LOW")

Lowe's is a high-quality business with significant long-term earnings growth potential. We initiated our investment in the company in April 2018 largely because we believed that the hiring of a new high-caliber management team could dramatically improve the business and close the performance gap to its closest competitor, Home Depot. Marvin Ellison became CEO in July 2018, and immediately began working on a multi-year transformation plan to bolster Lowe's retail fundamentals, reduce structural costs, expand distribution capabilities, and modernize systems and the company's online capabilities.

In 2020, Lowe's experienced unprecedented demand driven by consumers nesting at home, higher home asset utilization and a reallocation of discretionary spend. Lowe's earlier decision to modernize the company's online offering allowed it to meet consumers' surging demand. Further, its commitment to improve the company's retail fundamentals allowed Lowe's to showcase its enhanced merchandising, greater in-stock-levels, and excellent customer service. In the fourth quarter, the company completed 95% of its store layout resets which include a more intuitive shopping experience complete with a more Pro-centric layout (by "Pro" we refer to the professional tradesmen that perform repair and maintenance, remodeling and construction services). The company is also rolling out a new Pro CRM tool, which should improve Lowe's Pro market share.

Lowe's experienced comparable sales growth of more than 26% in 2020, while generating significant margin expansion and robust earnings growth. The company shared its success with its employees and the community by investing more than \$1.2 billion in special associate support, community donations and enhanced store safety.

Management remains focused on a myriad of operational initiatives designed to improve the customer shopping experience and the company's long-term earnings power. In the near-to-medium-term, these initiatives include improving Lowe's omnichannel capabilities including simplifying search and checkout features, launching three additional ecommerce fulfillment centers, enabling faster mobile order fulfillment, standing up dedicated store fulfillment teams, rolling out touchless Buy-Online-Pick-Up-In-Store lockers to all U.S. stores by April 2021, and reimagining scheduling and modes of delivery for certain large-format order deliveries (notably, appliances). These initiatives are examples of Lowe's "Perpetual Productivity Improvement" program which is designed to improve market share and profit margins.

Lowe's is making important strategic investments to position the business to continue to thrive. The company's long-term outlook implies significant opportunity for continued earnings appreciation and margin expansion as it executes its multi-year business transformation.

Chipotle ("CMG")

Chipotle's superb 2020 performance amid a challenging backdrop was due to the successful business transformation led by CEO Brian Niccol and his team. Improved digital access, which has been a pillar of management's transformation strategy and a growing sales driver in recent years, enabled the company to serve customers with digital pickup and delivery as the pandemic began. Only three months after the onset of COVID-19 in the U.S., Chipotle returned to growth, achieving same-store sales growth of 6% in Q4, or 20% over two years.

The pandemic accelerated a shift in the company's digital sales mix from just under 20% of sales at the end of 2019 to 70% in April, before settling to about 50% in July, a level which has been maintained through the start of 2021. Management believes that the majority of these digital sales are incremental, noting that in the 60% of stores with dining rooms open, 80% to 85% of digital sales gains are being retained while 50% to 60% of in-store sales have been recovered.

Management remains confident that the company will emerge even stronger from the COVID-19 pandemic as it continues to execute on a number of long-term strategic initiatives. Chipotle plans to open 200 new restaurants in 2021, a 24% increase from 2020 opening levels, with more than 70% of these new locations featuring a Chipotlane, the company's high-return, digital drive-thru format.

Chipotle has already launched two new menu innovations in 2021, including cauliflower rice, which was introduced in January and has garnered very favorable early feedback, and the much-anticipated quesadilla,

which was launched as a digital-only menu item on March 11(th) . Chipotle Rewards, a highly effective marketing tool for the company, continues to see enrollment growth with over 19.5 million members as of year-end, compared to 8.5 million members at the end of 2019.

Chipotle is extremely well positioned to execute on the company's long-term strategy, which should drive substantial shareholder value in the future.

Agilent ("A")

Amid a challenging backdrop, Agilent 's highly resilient performance throughout 2020 demonstrated the durable and high- quality nature of its business model. Despite the impact of the COVID crisis, the company generated positive revenue growth and improved profitability, with 1% organic growth and 20 basis points of operating profit margin expansion in fiscal year 2020.

The company was able to achieve these results without furloughing a single employee. The resulting organizational stability allowed the Agilent team to remain focused on customer-centric initiatives and new product innovation to drive market share gains. For example, the company launched several new instrument lines designed to improve throughput for high volume testing in the pharmaceutical end market. Likewise, in its CrossLab services segment, the company is capitalizing on the trend of labs increasingly outsourcing multiple services to a single vendor, and has recently won several large, lab-wide, enterprise service contracts.

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The pandemic provided the company with a timely opportunity to accelerate its digital transformation. Agilent quickly adopted online engagement channels and digital tools to remotely respond to customer service requests and sales inquiries in a timely and reliable manner. This online service approach yielded record high customer satisfaction scores. As the business emerges from the pandemic, we expect Agilent to remain committed to its digital transformation as it not only supports a higher standard of customer engagement, but also allows for more efficient internal operations and cost savings.

In December, Agilent held an Analyst Day to highlight the acceleration in the company's long-term revenue growth outlook and margin expansion opportunity. Management significantly raised its guidance from its Analyst Day, and the company is now targeting long-term organic growth of 5% to 7%, and margin expansion of up to 100 basis points per annum. Agilent 's strong business momentum was clearly reflected in its most recent quarter, where the company delivered 11% organic growth and an impressive 260 basis points of margin expansion.

We believe that Agilent will be a more profitable and competitive company post COVID-19.

Hilton ("HLT")

Hilton is a high-quality, asset light, high-margin business with significant long-term growth potential, led by a superb management team. The hotel industry was one of the most negatively impacted as a result of the COVID-19 pandemic. As the pandemic set in, Hilton's management team deftly navigated a challenging situation and took decisive actions to right size Hilton's cost structure for the current economic environment, and fortify its balance sheet. As a result, Hilton managed through the pandemic and positioned the company to generate enhanced margins, improved cash flows and returns, once the business recovers to pre-COVID-19 demand levels.

Hilton's systemwide occupancy bottomed at 13% in April 2020, but rebounded to approximately 40% during Q3 and Q4 as COVID-19 became better understood and travel restrictions lifted. Positive demand momentum experienced in the summer and early fall were disrupted in November and December due to rising COVID-19 cases and tightening travel restrictions.

Hilton management expects a more pronounced and sustained recovery to commence in the second half of 2021, particularly as the COVID-19 vaccine is rolled out more broadly, driven by increased leisure demand and a rebound in business travel. Management's conviction is driven by a number of factors which include: (1) pent-up leisure travel demand, (2) large amounts of unspent consumer savings, (3) large corporations indicating a desire to resume business travel, (4) improving business transient booking trends, (5) proprietary survey work in which 80% of respondents express a desire to travel, and a substantially better second half of 2021 group booking calendar.

Despite significant headwinds, Hilton continued to execute on its long-term strategy, and opened 47,400 net new rooms in 2020 (+5%). Hilton's pipeline expanded 3% year-over-year to 397,000 rooms, or 39% of the existing room footprint, 51% of which are currently under construction. We believe Hilton will continue to grow its market share over time given independent hotels' increased interest in seeking an affiliation with global brands, particularly in the wake of the pandemic.

Hilton is well positioned to thrive as the recovery sets in due to its best-in-class management team, portfolio of great brands, dominant market position, capital-light economic model, deep development pipeline and strong balance sheet. Hilton is in the early stages of a multi-year recovery, which we believe will deliver long-term earnings that are meaningfully greater than pre-2020 levels.

Restaurant Brands International ("QSR")

QSR's franchised business model is a high-quality, capital-light, growing annuity that generates high-margin brand royalty fees from three leading brands: Burger King, Tim Hortons and Popeyes. The company nimbly navigated difficult market conditions in 2020 by assisting franchisees, while maintaining its long-term growth potential.

As the COVID-19 pandemic began, management undertook a series of steps to secure and strengthen the business. The company quickly bolstered safety procedures and shifted marketing spend to highlight the off-premise options available to customers, while supporting its franchisees with fee/cap ex deferrals and liquidity programs. Throughout the year, the company accelerated its digital investments by expanding its delivery footprint, modernizing its drive-thru experience, increasing mobile ordering adoption, and improving its loyalty programs.

While the company's sales were negatively impacted by the pandemic, comparable sales have already recovered or are well on their way to recovery. Burger King U.S. returned to growth in January; Tim Hortons improved to a high-single-digit decline in Canada during the fourth quarter, and Popeyes U.S. grew 16% in 2020. To accelerate the recovery at Tim Hortons in Canada, the company has committed additional funds to bolster its advertising, and support continued enhancements to its Tim's Rewards program.

We continue to believe each of Restaurant Brands' concepts will emerge stronger from this crisis as their business models are competitively advantaged in a socially distant and more budget-conscious consumption environment, and as the company continues to invest in drive-thru, delivery, and digital. We believe QSR's long-term unit growth opportunity is still intact, and we expect unit growth to return to its mid-single-digit growth rate this year. As investors begin to see the results of these efforts, and underlying sales trends at each of its brands continue to improve, QSR's share price should more accurately reflect our view of its business fundamentals.

The Howard Hughes Corporation ("HHC")

In 2019, HHC's Board of Directors announced a strategic transformation plan to streamline the company's organizational structure, sell \$2 billion of non-core assets, and accelerate growth in its core master planned community ("MPC") business. In 2020, David O'Reilly, formerly HHC's CFO and President, became the company's new CEO, and Jay Cross, formerly President of Hudson Yards, became the new President. This transformation into a leaner and more focused organization allowed the company to successfully navigate the impact of COVID-19.

When the pandemic began, it was clear that it would have a draconian effect on the company's assets. Management acted quickly and decisively to stabilize the business by raising \$600 million of equity in March 2020 to strengthen the company's balance sheet. The Pershing Square funds invested \$500 million in that offering. Additionally, HHC's transition to a decentralized operating model significantly reduced overhead expenses and enabled each MPC to more nimbly react to challenging local market conditions.

Since the second quarter of 2020, the company has experienced a robust recovery across all of its assets, which we expect will continue into 2021. Despite the impact of the pandemic, new home sales across HHC's MPCs grew an impressive 10% in 2020. Demand for residential land in HHC's MPCs continues to accelerate, benefiting from out-of-state migration from higher cost-of-living and higher tax states. New homebuyers are drawn to HHC's walkable communities, expansive open spaces, and amenity-rich urban cores in Summerlin, Bridgeland and the Woodlands Hills, the three MPCs which own the substantial majority of HHC's remaining unsold land.

Within HHC's portfolio of income-producing commercial properties, office and multi-family assets have remained highly resilient. The company has collected 97% of office and 98% of multi-family rents from the beginning of Q2 2020 to year-end. Retail and hospitality fundamentals are steadily improving with phased re-openings and a gradual rebound in foot traffic. Highlighting management's conviction in the recovery, in February 2021, the company announced the acceleration of plans for approximately two million square feet of commercial development across the company's MPCs.

In Ward Village, the company experienced strong condo sales activity with the help of an innovative digital sales platform which provides homebuyers with a completely online experience, including virtual 3D condo tours and live chat capabilities. The company's latest luxury condo project, Victoria Place, is already 77% pre-sold after launching sales in December 2019. At the Seaport, which has begun to reopen after being

impacted by New York City's stay-at-home orders, the company has found creative ways to activate the property with innovative new offerings like "The Greens," a rooftop dining venue.

We believe that the impact of the COVID-19 pandemic is largely transitory, and expect Howard Hughes's uniquely well positioned MPCs and portfolio of high-quality operating assets to deliver substantial growth for years to come.

Fannie Mae ("FNMA" or "Fannie") and Freddie Mac ("FMCC" or "Freddie") (together "the GSEs")

Fannie and Freddie continue to move towards the ending of their conservatorships. While the progress made during the Trump administration fell short of its articulated goals, there were a number of positive developments in 2020.

The Preferred Stock Purchase Agreement ("PSPA") modification announced in January 2021 suspended the net worth sweep, allowing the GSEs to increase their maximum capital retention from \$45 billion to over \$300 billion. The amended PSPA, however, did not provide recognition that Treasury's Senior Preferred investment has been repaid and the balance due to Treasury continues to increase for every dollar of capital retained. We were not surprised that the Treasury's Senior Preferred remains unresolved in light of existing shareholder litigation.

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In July, the U.S. Supreme Court agreed to hear appeals by both the plaintiff and the Federal Government from the Fifth Circuit Court of Appeals' decision in the Collins case. The Fifth Circuit, sitting en banc, ruled in favor of the plaintiff shareholders. On appeal to the Supreme Court, the parties argued about the legality of FHFA's structure, and the lawfulness of the net worth sweep, and the scope of various provisions under the HERA statute under which the Fannie and Freddie conservatorships were created.

We expect a decision by the Court by June 2021, which if a ruling is issued in shareholders' favor, would be a game-changing event. Regardless of the decision by the Court, we continue to believe that our investment in the GSEs is a valuable perpetual option on their eventual exit from conservatorship due to their widely acknowledged irreplaceable role in the U.S. housing finance system.

Starbucks ("SBUX")

We exited our initial investment in Starbucks in January 2020, and opportunistically repurchased a stake in the company at a highly attractive valuation during the March market downturn. Management has handled the COVID-19 crisis incredibly well, which we believe will enable the company to emerge even stronger following the pandemic. At the company's current valuation, about twice the price we paid one year ago, our expected returns from owning Starbucks are below our long-term targets. As a result, we recently sold our stake. Below we summarize our thoughts on the company. Despite the sale, we expect that Starbucks will continue to be a good, long-term investment.

Starbucks was well-prepared for the arrival of COVID-19 in the U.S. given the company's large presence in China. As a result, the company quickly shifted to a drive-thru and delivery-only model at the beginning of the pandemic. As management reopened locations and in-store ordering, Starbucks began to experience a robust sales recovery.

Today, the company is already nearing a full sales recovery, and should be a major beneficiary of a reopened global economy in 2021. By January 2021, same-store sales in the U.S. only declined by 2%. By the second quarter of 2021, Starbucks expects same-store sales in the U.S. to grow by 5% to 10% year over year, implying cumulative two-year comps of 2% to 7% with average-unit volumes above pre-COVID-19 levels.

Starbucks is continuing to experience robust growth in China, following the demise of its closest competitor in the region, Luckin Coffee, and plans to open 600 stores in China in 2021.

We expect Starbucks to benefit from a number of post-COVID-19 tailwinds including pent-up consumer demand for the "third place" experience as many consumers who prefer to enjoy their beverages in store with friends and colleagues have not been able to do so for the past year. Starbucks has historically generated 50% of its sales from breakfast, a daypart geared towards work and school commuting, which should benefit from a return of consumers to their pre-COVID-19 routines.

In addition to managing the COVID-19 crisis, management continues to invest in important growth initiatives including digital, new store formats, and menu innovation. In December 2020, Starbucks' management underscored their confidence in the company's future and increased its long-term outlook for revenue growth, margins, and earnings growth.

Other Positions

As discussed in detail in the 2020 Interim Financial Statements, we invested in index credit default swaps in February 2020 and unwound the positions in March. In the summer of 2020, we initiated a new portfolio investment by launching a SPAC, PSTH. On July 22, 2020, PSTH raised \$4 billion in its IPO on the New York Stock Exchange. The SPAC sponsor for PSTH is 100% owned by the Pershing Square Funds.

Other Exited Investments

As previously disclosed in our Interim Financial Statements, we exited our investment in Berkshire Hathaway ("BRK.B") in 2020.

Principal Risks and Uncertainties

The Board has ultimate responsibility for the Company's risk management. The Board believes that identifying the inherent risks related to the business and operations of the Company and developing an effective strategy to manage and mitigate these risks is crucial to the ongoing viability and success of the Company.

In order to identify these risks, the Board reviews the management of investment risk and the operations of the Investment Manager at each quarterly Board meeting. In addition, the Board has established a Risk Committee, which has carried out a robust assessment of the existing and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity.

The Risk Committee's assessment identified 43 existing risks relevant to the Company's business in 2020, including risks arising from the Company's investment activities, structure and operations as well as risks relating to shareholder engagement and regulatory compliance. The Risk Committee has considered the cause of each risk, the likelihood of a risk occurring, and the severity of the impact on the Company if the risk occurs, both before and after taking into account the controls in place to mitigate them. Based on this assessment, the Risk Committee has identified the subset of risks set out below as the principal risks faced by the Company.

The Risk Committee identified the effect of the Covid-19 pandemic on the Company and the Investment Manager, and risks relating to remote operations, such as cybersecurity and service provider concerns, as 2020 emerging risks. The effect of these emerging risks is discussed as part of each applicable principal risk below.

Risk	Description	Mitigating Factors
Investment Risk	The Company's investments are exposed to the risk of the loss of capital. There is no assurance that the Company's portfolio investments will increase in value and shareholders may lose all, or substantially all, of their investment in the Company.	The Investment Manager is an experienced investor and makes investment decisions in accordance with its investment principles as described in the Company's Investment Policy.
	Failure to appropriately integrate risks into investment decisions or to manage risks to which the Company's investments are exposed, including ESG risks, may have a material negative impact on the Company's performance.	The most important criterion in the Investment Manager's investment selection process is its view of the long-term quality of a business, which is informed by, among other things, the Investment Manager's assessment of the long-term impact of the company on all of its stakeholders and society at large, and how its management and board manage ESG risks. The Investment Manager assesses risks to the long-term

success of the Company's investments by performing extensive research prior to making an investment decision and ongoing monitoring to deeply understand each business and the industry in which it operates.

As discussed in the Chairman's Statement and the Investment Manager's Report, the Investment Manager's early implementation of a hedging program in response to the Covid-19 pandemic successfully mitigated the impact of Covid-19 on the Company's investments.

The Board receives quarterly updates on the performance of the Company's portfolio positions.

The interests of the Investment Manager are aligned with the Company's shareholders as a result of the substantial investment made by Investment

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Manager's personnel in the Company.

Investment Manager's Authority The Investment Manager has broad investment authority from the Investment Manager in executing the Company's strategy and may use whatever investment techniques it believes are suitable for the Company, including novel or untested approaches. The Board receives a report at each quarterly Board meeting, or as necessary, on developments and risks relating to portfolio positions, activist engagements, nancial instruments used in the portfolio and the portfolio composition as a whole.

In addition, the Company's strategy depends on the ability of the Investment Manager to successfully identify attractive investment opportunities. The Board receives a daily summary of media reports regarding the activities of the Investment Manager and the Company's underlying portfolio positions.

The interests of the Investment Manager are aligned with the Company's shareholders as a result of the substantial investment made by Investment Manager's personnel in the

Company.

Portfolio Concentration	The Investment Manager may invest a significant proportion of the Company's capital in a limited number of investments, subject to the Company's Investment Policy. Because the Company's portfolio is highly concentrated and primarily invested in public equities (or derivatives referencing public equities), it is sensitive to fluctuations in equity prices and investment results over time may be volatile. A concentrated portfolio also exacerbates the risk that a loss in any one position could have a material adverse impact on the Company's assets.	The Investment Manager performs extensive research prior to making new investments, along with ongoing monitoring of positions held in the Company's portfolio. The Investment Manager is mindful of sector and industry exposures and other correlations between businesses in which the Company invests.
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The Board reviews portfolio concentration and receives a detailed overview of the portfolio positions no less than quarterly, but more frequently as necessary.

The Investment Policy prohibits investments by the Company in, or giving exposure to, the securities of any one issuer representing more than 25% of the Company's gross assets (assets on the statement of financial position prior to deduction of liabilities) measured at the time of making the investment.

Activist Strategies	The Investment Manager may pursue an activist role with respect to an investment, which may involve substantial use of time, resources and capital and litigation by or opposition of the target company's management, board or shareholders.	The Investment Manager has significant experience conducting activist campaigns.
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The Board reviews the Investment Manager's activist engagements at each Board meeting, or more frequently as necessary.

Portfolio Liquidity Risk	The Company may be restricted from trading in certain securities in its	The Investment Manager actively monitors positions with trading restrictions
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portfolio for which the Investment Manager has to identify future selling opportunities. The board representation or for Investment Manager may sell contractual, regulatory or securities subject to other reasons. restrictions through block sales, during open trading windows or pursuant to automatic trading plans.

Stressful market conditions The Company invests may prevent the Company primarily in from having sufficient large-capitalization liquidity to meet its securities which are highly liabilities when due. liquid under normal market conditions. The Investment Manager actively manages the Company's cash and cash equivalents to ensure, as much as possible, that the Company will have sufficient liquidity under both normal and stressful market conditions.

NAV Discount The Public Shares of the For a summary of actions Company have in the past, the Company has taken to currently and may in the address the discount, future trade at a signi please see "Discount to cant discount to NAV. NAV" in the Report of the Directors.

The Board monitors the trading activity of the shares on a regular basis and reviews the discount to NAV at its quarterly meetings. The Company has also retained advisers to engage with existing and potential shareholders and to consider other potential measures to reduce the discount of share price to NAV.

Regulatory Risk Regulatory risk can Prior to initiating an negatively impact the investment, the Investment Company in a number of Manager considers the ways. For example, changes possible legal and in laws or regulations regulatory issues that could have a detrimental could impact its ability to

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impact on the Company's achieve its objective with ability to freely acquire respect to such position. and dispose of certain The Investment Manager's securities or deploy legal and compliance team certain investment monitors regulatory changes techniques. In addition, on an ongoing basis and failure to comply with laws informs the Board of or regulations can subject emerging risks. the Company to reputational damage and prosecutions.

The Board and the

Investment Manager maintain policies and procedures designed to prevent violations of applicable laws and regulations. The Board is provided with the Investment Manager's compliance manual and any updates thereto.

The Board is apprised of any regulatory inquiries or material regulatory developments and receives quarterly updates from the Investment Manager's Chief Legal and Compliance Officer.

Key Man	The Investment Manager is dependent on William Ackman to provide its investment advisory services to the Company as he has ultimate discretion with respect to all investment decisions.	The investment team and other senior personnel of the Investment Manager are experienced, longstanding employees.
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The Investment Manager maintains a contingency plan to facilitate an orderly transition in the management of the Company's affairs upon the occurrence of a key man event.

Until October 2021, if a key man event occurs, provisions in place in the Company's Articles of Incorporation will trigger a continuation vote.

Tax Risk	The Company may conduct its affairs in a way that places its tax status at risk. Changes to the tax laws of, or practice in a tax jurisdiction affecting the Company could adversely affect the value of the Company's investments and decrease the post-tax returns to shareholders. Investments in the Company may not be tax efficient for certain shareholders. Although the investment decisions of the Investment Manager are based primarily on economic considerations, the Investment Manager may make an investment decision which is tax efficient for some shareholders but which may result in adverse tax or economic consequences	The Company aims to avoid adverse tax consequences and engages experienced tax advisors as appropriate.
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for other shareholders.

Market Risk	<p>Adverse changes affecting the global financial markets and economy as a whole may have a material negative impact on the performance of the Company's investments or may cause the prices of financial and derivative instruments in which the Company invests to be highly volatile.</p> <p>The Investment Manager monitors emerging risks to global markets that may impact the Company's portfolio. In order to mitigate market-related downside risk, the Company may acquire put options, short market indices or baskets of securities and/or purchase index or single-name credit default swaps or engage in other hedging strategies, but the Company is not committed to maintaining market hedges at any time.</p> <p>The Investment Manager identified Covid-19 as an emerging market risk in early 2020 and entered into a series of large hedging transactions in the credit default swap market that offset the stock price declines of the Company's investment holdings due to Covid-19.</p>
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Business Continuity	<p>An incident significantly disrupts the business operations of the Investment Manager or another key service provider to the Company.</p> <p>The Investment Manager maintains and regularly tests a business continuity plan that emphasizes incident preparedness and anticipates responses to a variety of potential disruptions, including natural disasters, pandemics and equipment failures. The Investment Manager has invested in systems that allow its personnel to work remotely for an indefinite period of time.</p> <p>The Investment Manager reviews the business continuity planning of service providers whose disruption in service would impact the Investment Manager's operations and has confirmed that the Company's prime brokers, the Administrator, and trading systems have well-documented plans that are tested on a regular basis. The Investment Manager has identified alternate means of conducting critical functions provided by</p>
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service providers and can perform many critical functions internally.

The Board receives
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quarterly operational updates from the Investment Manager regarding upgrades to systems and any operational issues.

The Investment Manager and other service providers activated business continuity plans and transitioned to remote operations in response to the threat of the Covid-19 pandemic. The Company did not experience any service disruptions as a result of the transition and all key service providers continue to perform well.

Cybersecurity An information security The Company's sensitive
breach results in the information is maintained
disclosure of the Company's by the Investment Manager,
sensitive information. which has implemented
robust information security
controls and monitoring of
cybersecurity threats. The
Investment Manager reviews
the information security
controls of service
providers with access to
sensitive Company
information to ensure
appropriate protections are
in place.

The Cybersecurity Committee of the Investment Manager meets quarterly or more frequently as needed to evaluate cybersecurity risks and to review the effectiveness of Investment Manager's cybersecurity controls.

The Board receives quarterly updates on cybersecurity and an annual overview of the Investment Manager's cybersecurity program.

The Investment Manager has adopted additional precautions to mitigate the additional cybersecurity risks presented by its

transition to remote operations, including additional monitoring of network traffic and user activity as well as employee training to prevent successful phishing/ ransomware attacks.

Service Providers	Key service providers	The Investment Manager has
	perform inadequately or	adopted a vendor
	expose Company to risk.	supervision policy and
		performs due diligence on
		service providers in
		accordance with its
		assessment of their risk to
		the Company.

The Investment Manager monitors key service providers through frequent contact and reports to the Board as needed.

Insurance	The Company is liable for	The Company and the
	claims due to the failure	Investment Manager maintain
	of an insurance underwriter	insurance policies with
	or inadequate insurance	reputable insurance
	coverage.	underwriters.

Insurance arrangements and limits are reviewed annually by the Board to ensure they remain appropriate.

Directors

ANNE FARLOW

Independent Director

Chairman of the Board

Chairman of the Nomination Committee

Ms Farlow, a Hong Kong resident, has been an independent Director of the Company since 2014 and is an experienced private equity investment professional and non-executive director. She is a non-executive director of BlueRiver Acquisition Corp., listed on the New York Stock Exchange, and since 2005 she has been an active investor in and non-executive director of various unlisted companies.

From 2000 to 2005, she was a director of Providence Equity Partners in London, and was one of the partners responsible for investing a \$2.8 billion fund in telecom and media companies in Europe.

From 1992 to 2000, she was a director of Electra Partners, and was based in London from 1992 to 1996 and Hong Kong from 1996 to 2000. Prior to working in private equity, Ms Farlow worked as a banker for Morgan Stanley in New York, and as a management consultant for Bain and Company in London, Sydney and Jakarta.

Ms Farlow graduated from Cambridge University with a MA in engineering in 1986 and a MEng in chemical engineering in 1987. She obtained an MBA from Harvard Business School in 1991.

RICHARD BATTEY

Independent Director

Chairman of the Audit Committee

Mr Battey, a Guernsey resident, has been an independent Director of the Company since 2012 and also serves as a non-executive director of a number of investment companies and funds. He is Chairman of the Board of Princess Private Equity Holding Limited, which is listed on the London Stock Exchange.

From 2005 to 2006, Mr Battey was Chief Financial Officer of CanArgo Energy Corporation. Mr Battey also worked for the Schroder Group from 1977 to 2005, first in London with J. Henry Schroder Wagg & Co. Limited and Schroder Investment Management, then in Guernsey as finance director and chief operating officer of Schroders (C.I.) Limited, and retired as a director of his last Schroder Group Guernsey company in 2008.

Mr Battey received his Bachelor of Economics from Trent Polytechnic Nottingham in 1973 and is a chartered accountant having qualified with Baker Sutton & Co. in 1977.

NICHOLAS BOTTA

Chairman of the Risk Committee

Mr Botta, a U.S. resident, has been a Director of the Company since 2012. He is also a director of Pershing Square International, Ltd. Until March 1, 2017, when Mr Botta became President of the Investment Manager, he was the Investment Manager's Chief Financial Officer.

He also worked as controller and then as Chief Financial Officer of Gotham Partners from 2000 to 2003. From 1997 to 2000, Mr Botta was a senior auditor at Deloitte & Touche in its securities group. He was also a senior accountant from 1995 to 1997 for Richard A. Eisner & Co., LLP.

Mr Botta received his Bachelor of Accounting from Bernard Baruch College in 1996. Mr Botta is a certified public accountant.

BRONWYN CURTIS, OBE

Senior Independent Director

Chairman of the Management Engagement Committee

Ms Curtis, a U.K. resident, has been an independent Director of the Company since April 2018. Ms Curtis is a global financial economist who has held senior executive positions in both the financial and media sectors. She currently serves as a non-executive director of a number of institutions including the U.K. Office of Budget Responsibility, JP Morgan Asia Growth and Income, BH Macro, Mercator Media, Australia-United Kingdom Chamber of Commerce, and Scottish American Investment Co.

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She has also been a Governor at the London School of Economics. Ms Curtis held several senior positions at HSBC from 2008 to 2012 where she managed the global research operations and portfolio including the economic, fixed income, foreign exchange and equity products. From 1999 to 2006, Ms. Curtis was the Head of European Broadcast at Bloomberg LP, where she was responsible for production and editorial for its 24-hour business and financial news coverage.

Prior to joining Bloomberg, she held positions at Nomura International and Deutsche Bank. Ms Curtis graduated from the London School of Economics with a Masters in Economics in 1974.

ANDREW HENTON

Independent Director

Mr Henton, a Guernsey resident, has been an independent director of the Company since September 2020. Mr Henton has wide board experience of both regulated and non-regulated businesses (including listed funds) in both executive and non-executive capacities. He currently serves as the Chair of the Board of Boussard & Gavaudan Holding Limited, a listed closed-ended investment company. Mr Henton also currently serves on the Boards of several private entities. He is Chair of the Board of Butterfield Bank Jersey Limited and SW7 Holdings Limited, and serves as a member of the Board of Butterfield Bank Guernsey Limited, Longview Partners (Guernsey) Limited and Close Brothers Asset Management (Guernsey) Limited.

Between 2002 and 2011, Mr Henton held various positions at Close Brothers Group plc, latterly acting as Head of Offshore Businesses. During this time, he led the creation of Close Private Bank, which provided asset management, banking, and administration services to high net worth and institutional clients. Mr Henton previously spent four years working in HSBC's Corporate Finance division and three years as a Fund Manager with Baring Private Equity Partners.

He graduated from Oxford University in 1991 and subsequently qualified as a Chartered Accountant with PricewaterhouseCoopers in London, specializing as a corporate tax consultant.

RICHARD WOHANKA, CBE

Independent Director

Chairman of the Remuneration Committee

Mr Wohanka, a U.K. resident, has been an independent Director of the Company since April 2018. He currently chairs the Nuclear Liabilities Fund and the Pension Super Fund. He is a trustee of the James Neill pension fund.

He previously served as a non-executive director of BTG, the Embark Group, Julius Baer International, Old Mutual Global Investors and Union Bancaire Privée Japan. Mr Wohanka was the Chief Executive Officer at Union Bancaire Privée Asset Management from 2009 to 2012. Prior to that, he was the Chief Executive of Fortis Investments from 2001 to 2009 and Chief Executive of West LB Asset Management from 1998 to 2001.

He joined Baring Asset Management in 1996 and became the Chief Executive Officer of the Institutional and Mutual Fund Division in 1997.

He worked at Banque Paribas from 1983 to 1996, where he was the Chief Executive of Paribas Asset Management and a Banque Paribas Board Member from 1993 to 1996, and in the Asset Management division from 1990 to 1993.

He held various positions in Investment Banking from 1983 to 1990. Mr Wohanka was also employed at European Banking Corporation from 1975 to 1983. He graduated from Cambridge University with a BA in History in 1974 and subsequently studied modern economic history at Harvard University as a Kennedy scholar.

Report of the Directors

We present the Annual Report and Financial Statements of the Company for the year ended December 31, 2020.

PRINCIPAL ACTIVITY

The Company was incorporated in Guernsey, Channel Islands on February 2, 2012. It became a registered open-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Registered Collective Investment Scheme Rules 2008 (issued by the Guernsey Financial Services Commission ("GFSC")) on June 27, 2012, and commenced operations on December 31, 2012. On October 2, 2014, the GFSC approved the conversion of the Company into a registered closed-ended investment scheme under the Protection of Investors Law and the 2008 Rules.

Please refer to Note 11 for further information on the various classes of shares (any reference to "Note" herein shall refer to the Notes to the Financial Statements).

INVESTMENT POLICY

The Company's investment objective is to preserve capital and seek maximum, long-term capital appreciation commensurate with reasonable risk. For these purposes, risk is defined as the probability of permanent loss of capital, rather than price volatility.

In its value approach to investing, the Company seeks to invest in long (and occasionally short) investment opportunities that the Investment Manager believes exhibit significant valuation discrepancies between current trading prices and intrinsic business (or net asset) value, often with a catalyst for value recognition.

The Investment Manager may also seek short sale investments that offer absolute return opportunities. In addition, the Investment Manager may short individual securities to hedge or reduce our long exposures.

The Company will not make an initial investment in the equity of companies whose securities are not publicly traded (i.e., private equity) but may invest in privately placed securities of public issuers and publicly traded securities of private issuers. Notwithstanding the foregoing, it is possible that, in limited circumstances, public companies in which we have invested may later be taken private, and we may make additional investments in the equity or debt of such companies. We may make investments in the debt securities of a private company, provided that there is an observable market price for such debt securities.

The Company may invest in long and short positions in equity or debt securities of U.S. and non-U.S. issuers (including securities convertible into equity or debt securities); distressed securities, rights, options and

warrants; bonds, notes and equity and debt indices; swaps (including equity, foreign exchange, interest rate, commodity and credit default swaps), swaptions, and other derivatives; instruments such as futures contracts, foreign currency, forward contracts on stock indices and structured equity or fixed-income products (including without limitation, asset-backed securities, mortgage-backed securities, mezzanine loans, commercial loans, mortgages and bank debt); exchange traded funds and any other financial instruments the Investment Manager believes will achieve the Company's investment objective. The Company may invest in securities sold pursuant to initial public offerings. Investments in options on financial indices may be used to establish or increase long or short positions or to hedge the Company's investments. In order to mitigate market-related downside risk, the Company may acquire put options, short market indices, baskets of securities and/or purchase credit default swaps but is not committed to maintaining market hedges at any time.

A substantial majority of the Company's portfolio is typically allocated to 8 to 12 core holdings usually comprised of liquid, listed mid-to-large capitalization North American companies.

So long as the Company relies on certain exemptions from investment company status under the U.S. Investment Company Act of 1940, as amended, the Company will not purchase more than 3% of the outstanding voting securities of any SEC-registered investment company. The Company will not invest more than 10%, in aggregate, of its total assets in other UK-listed closed-ended investment funds, unless such other closed-ended investment funds themselves have published investment policies to invest no more than 15% of their total assets in other UK-listed closed-ended investment funds. In addition, investments by the Company in, or giving exposure to, the securities of any one issuer may not, in the aggregate, represent more than 25% of the Company's gross assets, measured at the time the investment is made.

The Company generally implements substantially similar investment objectives, policies and strategies as the other investment funds managed by the Investment Manager and its affiliates. Allocation of investment opportunities and rebalancing or internal "cross" transactions are typically made on a pro-rata basis. However, the Investment Manager may abstain from effecting a cross transaction or only effect a partial cross transaction if it determines, in its sole discretion, that a cross transaction, or a portion thereof, is not in the best interests of a fund (for example, because a security or financial instrument is held by such fund in the appropriate ratio relative to its adjusted net asset value, or because a security or financial instrument should be divested, in whole or in part, by the other funds) or as a result of tax, regulatory, risk or other considerations.

The Company may hold its assets in cash, cash equivalents and/or U.S. Treasuries pending the identification of new investment opportunities by the Investment Manager. There is no limit on the amount of the Company's assets that may be held in cash or cash equivalent investments at any time.

The Board has adopted a policy pursuant to which the borrowing ratio of the Company, defined for this purpose as the ratio of the aggregate principal amount of all borrowed money (including margin loans) to total assets (pursuant to the latest annual or semi-annual Financial Statements of the Company), shall in no event exceed 50% at the time of incurrence of any borrowing or its drawdown (e.g. a borrowing under a line of credit). The Board may amend the Company's borrowing policy from time to time, although the Board may not increase or decrease the Company's maximum borrowing ratio without the prior consent of the Investment Manager. This borrowing policy does not apply to and does not limit the leverage inherent in the use of derivative instruments.

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The Company may use derivatives, including equity options, in order to obtain security-specific, non-recourse leverage in an effort to reduce the capital commitment to a specific investment, while potentially enhancing the returns on the capital invested in that investment.

The Company may also use derivatives, such as equity and credit derivatives and put options, to achieve a synthetic short position in a company without exposing the Company to some of the typical risks of short selling, which include the possibility of unlimited losses and the risks associated with maintaining a stock borrow. The Company generally does not use total return swaps to obtain leverage, but rather to manage regulatory, tax, legal or other issues.

Any material change to this Investment Policy will require approval by a special resolution of the holders of Public Shares.

RESULTS AND NAV

The Company had a gain attributable to all shareholders for the year ended December 31, 2020 of \$3.70 billion (2019: gain of \$2.15 billion). The net assets attributable to all shareholders at December 31, 2020 were \$9.05 billion (2019: \$5.72 billion). For the Company's performance returns, please see the Company Performance and Financial Highlights sections on pages 2 and 105, respectively.

The Company announces the weekly and monthly NAV and investment performance of its Public Shares to the Euronext Amsterdam and LSE markets and publishes this information on the Company's website (www.pershingsquareholdings.com). In addition, transparency reports created by the Administrator are published on the Company's website.

The Company released semi-annual financial statements on August 28, 2020 relating to the first half of 2020. The Company intends to release semi-annual financial statements for the first half of 2021 in the third quarter.

DISCOUNT TO NAV

The Board notes that the discount to NAV at which the Company's Public Shares trade narrowed to 23.0% as of December 31, 2020 from 28.9% as of December 31, 2019, although a wide discount persists despite the Company's strong performance. The Board monitors the discount closely and seeks opportunities to narrow it.

In addition to its Euronext Amsterdam listing, the Company has added a listing on the Main Market of the LSE and a U.S.-Dollar denominated LSE quotation, allowing investors access to the Company's shares in multiple markets and currencies. On December 21, 2020, the Company was admitted into the FTSE 100 index, comprising the 100 largest companies by market capitalization listed on the LSE, which may have the effect of further narrowing the discount by increasing demand for the Company's shares by index funds, and by enhancing the Company's visibility to potential investors.

In 2019, the Company announced that it had initiated a quarterly dividend of \$0.10 per Public Share, in order to expand the Company's potential shareholder base to include those who prefer or require dividend-paying equities.

The Board also evaluates whether the discount provides opportunities for accretive share repurchases. The Company repurchased 13,732,785 Public Shares in 2020 through share buyback programs authorized by the Board for a total of \$286 million at an average discount to NAV at the time of purchase of 32.0%. Since 2017, the Company has repurchased 50,834,239 Public Shares (21.2% of shares then-outstanding) for a total of \$837 million at an average discount of 26.5%. The Company intends to propose that shareholders renew the Company's general share buyback authority at the Company's 2021 Annual General Meeting to allow the Company to engage in share buybacks up to a maximum of 14.99% of the Public Shares outstanding. If approved by shareholders and depending on market conditions, the Company's available capital and other considerations, the Company may decide to utilize the share buyback authority to make further acquisitions of Public Shares in the market.

The Board continues to be satisfied that the interests of PSH shareholders and the Investment Manager are closely aligned. Since 2018, members of the PSCM management team and their affiliates have substantially increased their ownership of, or exposure to, the Company. Assuming full exercise of option contracts, affiliates of the Investment Manager beneficially owned approximately 25% of the Company at December 31, 2020 on a fully diluted basis (December 31, 2019: 22%). The Board believes the continued investment in the Company by the Investment Manager's team has increased alignment and created an even stronger incentive for it to generate positive investment performance, which the Board believes will increase the Company's share price and reduce the discount to NAV over the long term. In addition, all Management Shares were converted to Public Shares as of December 31, 2020 and will therefore now be included in the Company's public share capital by the FTSE Indices.

The Board is encouraged by the Company's progress over the course of 2020, and believes that sustained positive performance over the long-term will lead to further reduction in the discount.

BONDS IN ISSUE

On June 26, 2015, the Company issued \$1 billion of Senior Notes maturing on July 15, 2022 (the "2022 Bonds"). The 2022 Bonds were issued at par with a coupon rate of 5.50% per annum.

On July 25, 2019, the Company closed on a fully committed private placement of \$400 million Senior Notes with a coupon rate of 4.95%, maturing on July 15, 2039 (the "2039 Bonds").

On August 26, 2020, the Company closed on a fully committed private placement of \$200 million of Senior Notes with a coupon rate of 3.00%, maturing on July 15, 2032 (the "2032 Bonds").

On November 2, 2020, the Company issued \$500 million of Senior Notes maturing on November 15, 2030 (the "2030 Bonds" and together with the 2022 Bonds, 2039 Bonds and 2032 Bonds, "the Bonds"). The 2030 Bonds were issued at par with a coupon rate of 3.25% per annum.

The Bonds rank equally in right of payment and contain substantially the same covenants. The Bonds' coupons are paid semi-annually. The Bonds are listed on Euronext Dublin with a symbol of PSHNA.

DIVIDEND

On February 13, 2019, the Company announced that it had initiated a quarterly interim dividend of \$0.10 per Public Share. A proportionate quarterly dividend will be paid to the Special Voting Share, based on their respective net asset values per share. Dividends will be paid in U.S. Dollars unless a shareholder elects to be paid in GBP. Shareholders may also elect to reinvest cash dividends into Public Shares through a dividend reinvestment program administered by an affiliate of Link Market Services Limited ("Link"), the Company's registrar. Further information regarding the dividend, including the anticipated 2021 dividend payment schedule and how to make these elections, is available at www.pershingsquareholdings.com/psh-dividend-information.

Each dividend is subject to a determination that, after the payment of the dividend, the Company will meet the solvency requirements under Guernsey law, and that, in accordance with the indentures governing the Bonds, the Company's total indebtedness will be less than one third of the Company's total capital. The Board may determine to modify or cease paying the dividend in the future.

The Company's Investment Management Agreement (the "IMA") has been amended to account for the effect of a dividend on fees paid to the Investment Manager. Further details regarding this amendment are included in Notes 15 and 16.

In the year ended December 31, 2020, the Company paid dividends in the amount of \$81,137,646, a lesser amount than in 2019 (\$87,746,208), due to the decrease in the number of Public Shares outstanding.

DIRECTORS

The present members of the Board, all of whom are non- executive Directors, are listed on pages 27-29. Further information regarding the Board is provided in the Corporate Governance Report.

The Company maintains directors' and officers' liability insurance in relation to the actions of the Directors on behalf of the Company. Information regarding Directors' remuneration and ownership in the Company is set out in the Directors' Remuneration Report on pages 39-40.

MATERIAL CONTRACTS

The Company's material contracts are with:

- PSCM, the Investment Manager to the Company. PSCM receives a quarterly management fee and may receive a performance fee from the Company as described more fully in Note 15.
- Effective August 1, 2020, Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") replaced Elysium Fund Management Limited ("Elysium"), the Company's former Administrator, and Morgan Stanley Fund Services (Cayman) Ltd., the Company's former Sub-Administrator ("Morgan Stanley"). The Administrator provides the Company with administration services, including, among other things, the computation of the Company's NAV and the maintenance of the Company's accounting and statutory records.
- Effective September 1, 2020, Northern Trust replaced Elysium as the Company's Secretary.
- Link, the Company's registrar. The Company has also appointed an affiliate of Link to administer the Company's dividend reinvestment program.
- Goldman Sachs & Co. LLC and UBS Securities LLC ("UBS"), the Company's Prime Brokers and custodians. UBS also provided investor relations consulting services to the Company until that service was terminated on December 31, 2020.
- Jefferies International Limited ("Jefferies"), a corporate broker for the Company and the Company's buyback agent. Jefferies also served as the adviser for the Company's tender offer and was the Company's sponsor in connection with its LSE listing.

Although the Investment Manager is authorized to engage service providers on behalf of the Company, the Board is advised of and given the opportunity to review and execute material contracts.

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The Board, and where appropriate the Investment Manager, monitor the performance of these service providers throughout the year. In addition, the Investment Manager, the material service providers and certain other providers of professional services to the Company were reviewed formally by the Management Engagement Committee during 2020. For further details of the review conducted by the Management Engagement Committee, please see "Management Engagement Committee" in the Corporate Governance Report.

Although the Board had been pleased with the services of the Company's previous Administrator and Sub-Administrator, the Board believes that the engagement of Northern Trust to replace both Elysium and Morgan Stanley as the Company's new Administrator and Secretary will result in significant efficiencies and cost savings.

The Board has reviewed the recommendations of the Management Engagement Committee with respect to the engagement of the Investment Manager and the Company's other material service providers above, and agrees with the Committee's conclusions. In the opinion of the Board, the continued appointment of the Investment Manager and the other material service providers is in the interests of the Company's shareholders as a whole. The Board will continue to monitor the performance of the Company and the Investment Manager closely and will take further action as appropriate.

ENVIRONMENTAL, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

As an investment company without employees or physical operations, the Company does not directly engage in activities that impact the environment or the community. Although the Board has delegated the responsibility for making individual investment decisions to the Investment Manager, the Board is committed to responsible investing practices and has encouraged the Investment Manager to consider ESG best practices within its own organization, and to actively engage with these issues with its portfolio companies when appropriate.

The Company's investment objective is to generate long-term capital appreciation commensurate with reasonable risk. It is a crucial part of the risk assessment process for the Investment Manager to evaluate the effect of ESG risks on our portfolio companies.

The Investment Manager's approach to ESG issues is described in the Investment Manager's Report. The Board is pleased to note that nearly all of the Company's portfolio companies have integrated ESG into their business practices, including by adopting environmental stewardship programs, diversity & inclusion initiatives, and, in some cases, aligning the remuneration of senior management to ESG targets. In addition, the Investment Manager showed strong commitment to diversity initiatives internally and in connection with the PSTH offering. The longstanding participation of the Investment Manager's CEO in charitable and community activities is well documented at www.pershingsquarefoundation.org which supports exceptional leaders and innovative organizations that tackle important social issues and deliver scalable and sustainable impact. The Board will continue to monitor the Investment Manager's implementation of ESG initiatives over the course of 2021.

MODERN SLAVERY ACT 2015

Although the Company does not fall within the scope of the U.K. Modern Slavery Act 2015, it has assessed its supply chains for potential sources of modern slavery or human trafficking. The Company has minimal contact with countries and sectors most likely to have a risk of modern slavery or human trafficking. The Company's major suppliers are providers of professional services, including the Investment Manager, Administrator, auditor and other legal and financial advisors described in "Material Contracts". These suppliers operate in the United States, United Kingdom, Western Europe, and other countries that are generally regarded as low risk. Prior to engaging a supplier with higher-risk attributes, the Company will perform additional due diligence on the supplier's employment practices to ensure that it is not engaged in modern slavery or human trafficking.

SECTION 172(1) STATEMENT

The Directors have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to its stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006, in the decisions taken during the year ended December 31, 2020 as described in this Report of the Directors.

The following are some examples of how the Directors have discharged their section 172 duties during the year:

- The Board has identified shareholders as key stakeholders and actively sought to engage with them. As a closed-ended investment company, PSH has no employees or operations, and its shareholders are both customers and investors. The Board's approach to engagement with its stakeholders is discussed further in "Relations with Shareholders".
- The Board has maintained close relationships with its major suppliers of services -- the Investment Manager, Administrator, auditor and its other professional service providers. The Board carefully considered whether the appointment of Northern Trust as Administrator was in the long-term best interest of the Company and its stakeholders.
- The Board has approved the issuance of the 2030 Bonds and the 2032 Bonds, which allow the Company to responsibly manage and ladder the maturities of its debt obligations at low interest rates, and which we believe, will enhance the Company's returns over the long-term.
- Additional share buyback programs authorized by the Board in April and June 2020 have permitted the Company to repurchase a total of \$159 million of PSH Public Shares at a discount to NAV of 32.5% for the benefit of shareholders.
- The appointment of Andrew Henton as a non-executive Director in September 2020 as part of the Board's long-term succession planning ensures a smooth transition in connection with the anticipated departure of the Chairman of the Audit Committee in 2021.
- The Board instructed the Investment Manager to examine the role of the Company's investment activities on the community and the environment. The Manager's approach to ESG issues is discussed in the Investment Manager's Report.

Further details regarding the processes by which the Board has considered the requirements of 172(1) in its decision-making are included in "The Board's Processes" in the Corporate Governance Report.

SHAREHOLDER ENGAGEMENT

As the Company's shareholders are also its customers, the Board recognizes the importance of soliciting shareholder feedback to understand shareholders' issues and to address their concerns regarding the Company. The Chairman has met regularly with shareholders over the past several years, and the Chairman and other Directors plan to continue this practice.

The Board regularly assesses the nature and quality of its and the Investment Manager's engagement with shareholders. To ensure the Board remains apprised of shareholder requests and feedback for the Board, the Board and the Investment Manager have adopted procedures governing interactions with shareholders. In addition, Company announcements, other than routine or portfolio-related announcements, are generally approved by the Chairman and the Senior Independent Director prior to their release. The Board receives quarterly updates from the Investment Manager regarding investor contact during the quarter, which include, among other items, a summary of common discussion topics, selected meeting highlights, and metrics regarding the number, type, location and investment timeframe of shareholders contacted.

To understand the views of the Company's key stakeholders, and to assist the Board's consideration of shareholder interests, the Investment Manager maintains regular contact with shareholders via quarterly communications, including semi-annual investor calls and letters to shareholders, the publication of weekly and monthly NAV estimates, and on an ad-hoc basis when queries from shareholders arise. In addition, a representative of the investor relations team is present for the substantial majority of board discussions regarding key decisions to be made by the Board.

The Board notes that during the course of 2020, the Investment Manager was able to take advantage of the efficiency of connecting with shareholders virtually and communicated with holders of a majority of the Company's Public Shares representing a variety of regions, types and investment strategies, including a number of the Company's largest shareholders.

Jefferies acted as the corporate broker to the Company during 2020 to support communications with shareholders and advise the Company on shareholder sentiment. Investor feedback from meetings conducted by Jefferies is reported to the Board on a regular basis.

In 2020, shareholders had the opportunity to meet the Directors in person at the Company's investor meetings in London and New York in February. A record number of shareholders, representing approximately 47% of NAV (excluding affiliate ownership), attended the Company's 2021 virtual investor event on February 18, 2021. On a more formal basis, the Directors reported to shareholders throughout the year with the publication of the annual and semi-annual reports.

Shareholders may contact the Directors in writing at the Company's registered office or by email at PSHDirectors@ntrs.com.

GOING CONCERN

Risks associated with the Company's investment activities, together with existing and emerging risks likely to affect its future development, performance and position are set out in Principal Risks and Uncertainties on pages 22-26 and in Note 13.

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The Board has considered the financial prospects of the Company through April 30, 2022 and made an assessment of the Company's ability to continue as a going concern. In assessing the going concern status of the Company, the Directors have considered:

- The Company's net assets attributable to all shareholders at December 31, 2020 of \$9,052,536,502;
- The liquidity of the Company's assets (at December 31, 2020, 85.8% of its assets comprised of cash and cash equivalents and Level 1 assets); and
- The Company's total indebtedness to total capital ratio of 18.8% at December 31, 2020.

After making reasonable enquiries, and assessing all data relating to the Company's liquidity, particularly its cash holdings and Level 1 assets, the Directors and the Investment Manager believe that the Company is well placed to manage its business risks. Furthermore, the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For these reasons, the Directors have adopted the going concern basis in preparing the Financial Statements.

VIABILITY STATEMENT

In accordance with Principle 33 of the Association of Investment Companies ("AIC") Code, the Board has carefully considered the existing and emerging risks set out in Principal Risks and Uncertainties alongside the measures in place to mitigate those risks -- both at the Investment Manager level and the Company level -- and has determined that they are sufficient such that the risks will not likely impair the long-term viability of the business. The Board has made this assessment with respect to the upcoming three-year period ending December 31, 2023.

The Board has also evaluated the sustainability of the Company's business model, taking into account its investment objective, sources of capital and strategy. The Board believes that the Company's closed-ended structure and Investment Policy position it to invest over the long-term, and provide the Company with the ability to meet its investment objectives in a variety of market conditions. In particular, the Board notes the Investment Manager's success at managing the effects of severe market disruptions due to Covid-19 on the Company in the first quarter of 2020, and the Company's strong 2020 performance despite the Covid-19 pandemic.

The Board has also evaluated quantitative data as of December 31, 2020 including net assets attributable to shareholders, the liquidity of the Company's assets, and the Company's total liabilities, and has also considered projections of expected net cash outflows for the next three years. The Board believes that a three-year timeframe is appropriate given the general business conditions affecting PSH's portfolio positions and the regulatory environment in which PSH operates, which is undergoing constant change. The Board is confident that these projections can be relied upon to form a conclusion as to the viability of the Company with a reasonable degree of accuracy over the three-year timeframe.

On the basis of these projections and the considerations described above, the Board has determined that the Company will remain viable for the upcoming three-year period. This assessment is conducted annually by the Board.

KEY INFORMATION DOCUMENT

The Company has prepared a standardized Key Information Document ("KID") conforming to the requirements of the EU Packaged Retail and Insurance-Based Investment Products Regulation. The KID is updated at least annually and is available at www.pershingsquareholdings.com/company-documents.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008 requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss of the Company for that year. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008, Protection of Investors (Bailiwick of Guernsey) Law, 1987, the listing requirements of Euronext Amsterdam and the UK Listing Authority, the Company's governing documents and applicable regulations under English and Dutch law. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms to the best of her or his knowledge and belief that:

- the Financial Statements, prepared in accordance with the International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced.

The Directors further confirm that they have complied with the above requirements, and that this Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each of the Directors is aware, there is no information relevant to the audit of which the Company's auditor is unaware, and each has taken all steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board.

/s/ Anne Farlow

/s/ Richard Battey

Anne Farlow

Richard Battey

Chairman of the Board Chairman of the Audit Committee

March 29, 2021

March 29, 2021

Directors' Remuneration Report

The Board aims to compensate the Directors in a manner that promotes the strategy and long-term success of the Company, and has formed a Remuneration Committee to ensure that the Company maintains fair and appropriate remuneration policies and controls. The Remuneration Committee has been delegated responsibility for determining the remuneration of the Chairman and recommending remuneration for the non-executive Directors of the Company.

The Remuneration Committee consists of the independent Directors of the Company who are not affiliated with the Investment Manager. Mr Wohanka is the Chairman of the Remuneration Committee. The Committee is encouraged to exercise independent judgment when considering the remuneration of each Director.

The Directors, other than Mr Botta, are all independent non-executive Directors. The Directors are the only officers of the Company. Each Director has executed an appointment letter setting forth his or her responsibilities. Copies of the Directors' letters of appointment are available upon request from the Company Secretary, and will be available for inspection at the Annual General Meeting.

DIRECTOR REMUNERATION POLICY

The Directors shall be paid such remuneration for their services as determined by the Board, save that, unless otherwise approved by ordinary resolution, each Director's remuneration shall not exceed GBP150,000 per annum, the limit set in the Company's Articles of Incorporation. All of the Directors are entitled to be reimbursed for all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. At the recommendation of the Remuneration Committee, the Board has adopted a travel and expense policy to ensure that business expenditures are appropriate and are cost-effective.

The Committee, in making its recommendations, will take into account the Company's and each Director's performance, the time commitments and responsibilities of the Directors, the level of skill and experience of each Director, overall market conditions, remuneration paid by companies of similar size and complexity, and any other factors the Committee determines are relevant. The Committee may recommend that additional remuneration be paid, from time to time, on a time spent basis to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company. The Committee's review may not result in any changes to previous recommendations to the Board.

Only Directors unaffiliated with the Investment Manager will receive fees for their services. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance-related benefits. No Director will be involved in deciding their own remuneration.

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The Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities arising out of any claims made against them in connection with the performance of their duties as a Director of the Company.

All Directors are required to submit themselves to annual re-election by shareholders at each annual general meeting in accordance with the Articles of Incorporation of the Company. On termination of the appointment, Directors shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date. The Company does not pay any remuneration to the Directors for loss of office.

ANNUAL REPORT ON REMUNERATION

Service Contracts Obligations and Payment on Loss of Office

No Director has a service contract with the Company and, as such, no Director is entitled to compensation payments upon termination of their appointment or loss of office.

Total Remuneration Paid to Each Director

The total remuneration of the Directors for the year ended December 31, 2020 was:

2020

2019

Anne Farlow	GBP75,000	GBP75,000
Richard Battey	GBP55,000	GBP55,000
Nicholas Botta	--	--
Bronwyn Curtis	GBP50,000	GBP50,000
Andrew Henton(1)	GBP13,587	--
William Scott(2)	GBP15,797	GBP50,000
Richard Wohanka	GBP50,000	GBP50,000

(1) Appointed September 23, 2020

(2) Retired on April 27, 2020

Ms Farlow and Mr Battey were paid higher fees to reflect the additional responsibilities required of the Chairman of the Board and of the Audit Committee. Mr Botta did not receive a fee for his services as a Director.

All of the above remuneration relates to fixed annual fees. There are no pension arrangements in place for the Directors of the Company. Accordingly, there were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during the year.

As the Directors' remuneration had remained unchanged since 2014, the Remuneration Committee collected and reviewed peer remuneration data and consulted with a global leadership advisory firm to develop a benchmark for the Directors' remuneration in 2021. Its evaluation found that the Directors' remuneration should be increased to reflect market comparatives and in consideration of the Company's complex structure, unique regulatory requirements and additional

Board meetings as compared to its peers. In addition, the Committee recommended that the Chairman of the Board, the Senior Independent Director and the Chairman of the Audit Committee be paid a premium reflecting the increased workload of their respective roles.

The Board has accepted the recommendation of the Remuneration Committee and the Directors will receive the following remuneration for 2021:

2021 Remuneration

Chairman of the Board	GBP125,000
Chairman of the Audit Committee	GBP75,000
Senior Independent Director	GBP70,000
Non-Executive Directors	GBP65,000

Following the Company's 2021 AGM, the Audit Committee's size will be reduced to three members. Members of the Audit Committee will receive additional remuneration of GBP5,000.

Directors' Shareholdings in the Company

Directors are not required under the Company's Articles of Incorporation or letters of appointment to hold shares in the Company. At December 31, 2020, the Directors' interests in the Company were as follows:

Class of Shares Held	Number of Shares
Anne Farlow	Public Shares 15,139
Richard Battey	Public Shares 4,000

Nicholas Botta	Public Shares	2,065,822
Bronwyn Curtis	Public Shares	7,400
Andrew Henton	Public Shares	4,775
Richard Wohanka	Public Shares	42,654

During the year ended December 31, 2020, Anne Farlow, Bronwyn Curtis, Andrew Henton and Richard Wohanka purchased 5,000, 7,400, 4,775 and 26,350 Public Shares, respectively. Nicholas Botta converted 1,726,083 Management Shares into 2,065,822 Public Shares on December 31, 2020. There have been no changes in the interests of the Directors between December 31, 2020 and the date of signing of this report.

Corporate Governance Report

The Company is a member of the AIC and reports against the AIC Code of Corporate Governance published in February 2019 (the "AIC Code"). The AIC Code provides a framework of corporate governance best practices for investment companies.

As an entity authorized and regulated by the Guernsey Financial Services Commission (the "GFSC"), the Company is subject to the GFSC's "Finance Sector Code of Corporate Governance" (the "Guernsey Code"). By reason of the premium listing of the Public Shares on the LSE, the Company is also required by the Listing Rules of the Financial Conduct Authority to report on how it has applied the UK Corporate Governance Code (the "UK Code"). The Company is deemed to meet its reporting obligations under the Guernsey Code and the UK Code by reporting against the AIC Code. The AIC Code addresses all of the principles set out in the Guernsey Code and closely reflects the UK Code. In addition, the AIC Code contains additional principles and recommendations on issues that are of specific relevance to investment companies. Accordingly, the Board believes that applying the AIC Code provides the appropriate corporate governance framework for the Company and reporting for its shareholders.

The AIC Code is available on the AIC's website, www.theaic.co.uk. The UK Code is available on the UK Financial Reporting Council's website, www.frc.org.uk.

The Company's compliance with the AIC Code is explained in this Corporate Governance Report, the Report of the Directors, the Directors' Remuneration Report and the Report of the Audit Committee. Except as set forth in the Report of the Audit Committee, the Company has complied with the principles and recommendations of the AIC Code and the relevant provisions of the UK Code.

The Board strongly believes that its focus on maintaining high standards of corporate governance contributes to the Company's success, as described throughout this report and the reports of its committees. The Board is also pleased to report the following enhancements to the Company's corporate governance:

- The Board adopted terms of reference in February 2020 setting forth its principal responsibilities, which are available on the Company's website.
- The Board has established a Risk Committee and has appointed Mr Botta as its Chairman. The Risk Committee had its first meeting in July 2020.
- The Board has adopted a travel and expense policy.
- The Board has adopted procedures for the coordination of shareholder interactions with the Investment Manager.

THE BOARD COMPOSITION AND DELEGATION OF FUNCTIONS AND ACTIVITIES

The Board consists of six non-executive Directors, five of whom are independent. Mr Botta, as President of the Investment Manager, is deemed not to be an independent Director of the Company. Ms Farlow and Ms Curtis serve as Chairman and Senior Independent Director of the Board, respectively. William Scott, who had served as non-executive Director since 2012, retired on April 27, 2020. Andrew Henton was appointed as a non-executive Director on September 23, 2020.

The Company has no executive directors or employees, and has engaged external parties to undertake the daily management, operational and administrative activities of the Company. In particular, the Directors have delegated the function of managing the assets comprising the Company's portfolio to the Investment Manager, which is not required to, and generally will not, submit individual investment decisions for the

approval of the Board. In each case where the Board has delegated certain functions to an external party, the delegation has been clearly documented in contractual arrangements between the Company and the external party. The Board retains accountability for the various functions it delegates. Further information is provided in the Report of the Audit Committee.

COMPANY CULTURE

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While the Company does not have employees, the Board and the Investment Manager believe that it is important to the Company's success to promote a culture of high ethical and professional values, engage in prudent risk management and utilize effective control processes and systems. The Company has adopted an investment policy, which describes the Company's investment objective, the instruments in which the Company may invest and the types of opportunities the Investment Manager seeks on the Company's behalf. Risk management is integrated into the Investment Manager's investment process and operations. The Investment Manager creates strong operational systems by maintaining a robust compliance function, continually seeking to enhance its infrastructure and controls, and incentivizing personnel to collaborate and act with professional integrity.

The Board periodically receives reports on the Investment Manager's culture, and is exposed to the Investment Manager's culture through its close contact with the Investment Manager's management team and support personnel. The Board has been pleased by the Investment Manager's focus on creating a culture that will contribute to the success of the Company. The Board believes that the Investment Manager's investments in operational infrastructure and personnel has contributed to the Company's positive performance during the Covid-19 pandemic.

DIVERSITY

The Board recognizes that Board diversity contributes to the success of the Company by enhancing the Board's effectiveness through good corporate governance. Furthermore, in accordance with the AIC Code, the Board believes that Board diversity is an important component of a Board that reflects the balance of skills, experience, independence, opinions and knowledge appropriate for the Company.

The Board is committed to appointing the best possible applicant for any open Board positions, taking into account the composition and needs of the Board at the time of the appointment. Subject to the foregoing, it is the intention of the Board that Board members include Directors of different backgrounds, races and genders with different skills, knowledge and experience.

The Nomination Committee will be responsible for recommending the appointment of new Directors to the Board. When evaluating candidates, the Nomination Committee will give full consideration to the skills, experience, knowledge, background, gender and race of each candidate in the context of the composition of the current Board (including the benefits of gender and ethnic diversity), the challenges and opportunities facing the Company and the balance of skills, knowledge and experience needed for the Board to be effective in the future. All candidates are considered on their merits. Where appropriate, the Nomination Committee may retain external search consultants to assist in securing a diverse pool of candidates for open board positions.

The Board currently comprises two female and four male Directors. The Board acknowledges the targets set by the Hampton-Alexander and Parker Reviews for female and ethnic minority board representation, respectively, and intends to maintain or exceed such representation to the extent consistent with its aim that the Board reflects the balance of skills, experience, length of service and knowledge appropriate for the Company.

The Company and the Investment Manager have made progress in increasing their diversity. The Board has recommended that shareholders elect Tope Lawani and Tracy Palandjian as non-executive Directors at the Company's upcoming Annual General Meeting. The Investment Manager's last three analyst and last six operational hires are from ethnic minority groups, and it has hired a female analyst who will join its investment team later this year. In addition, a majority of the co-managers for the 2030 Bonds were female and minority-owned banks. The Investment Manager continues to seek opportunities to do business with firms owned by under-represented groups and to expand the diversity of candidates it considers for future open positions. The Investment Manager has formed a Diversity & Inclusion Committee to monitor its progress in this area and provide further strategic direction as appropriate.

BOARD TENURE AND SUCCESSION PLANNING

All Directors are required to submit themselves to annual re-election by shareholders at each annual general meeting, and any Director appointed in accordance with the Articles of Incorporation will hold office only until the next following annual general meeting, and will then stand for re-election. In accordance with the AIC

Code, if and when any Director, including the Chairman, has been in office (or upon re-election would at the end of that term, be in office) for more than nine years, the Board will consider whether there is a risk that such Director might reasonably be deemed to have lost independence through such long service. The Board believes that this policy will provide for its regular refreshment while allowing it the ability to maintain the proper balance of skills, experience and independence that will contribute to the Company's success.

William Scott and Richard Battey joined the Company's Board at inception in December 2012. As part of the Board's policy for its regular refreshment, Mr Scott resigned as non-executive director on April 27, 2020, and Mr Battey has decided not to offer himself for re-election at the 2021 Annual General Meeting. Mr Wohanka, having served as a non-executive director of the Company for three years, has also decided not to offer himself for re-election at the 2021 Annual General Meeting due to other commitments.

Andrew Henton was appointed as a non-executive Director on September 23, 2020. Mr Henton will replace Mr Battey as the Chairman of the Audit Committee.

The Board has accepted the recommendation of the Nomination Committee that it increase the size of the Board to seven directors. Accordingly, following a thorough search process conducted by the Nomination Committee, the Board has submitted Tope Lawani, Rupert Morley, and Tracy Palandjian for shareholder approval at the 2021 Annual General Meeting as independent non-executive Directors of the Company.

Further details regarding the selection of Mr Henton and the search process undertaken by the Nomination Committee are provided under "Nomination Committee" on pages 45-46.

THE BOARD'S PROCESSES

The content and culture of board meetings are a critical means by which the Board's governance contributes to the Company's success. The Board meets regularly throughout the year, at least on a quarterly basis. Board meetings prioritize open discussion and debate. The Board's decision-making actively considers the likely consequences of any decision in the long term, reputational risks to the Company and the need to consider the interests of shareholders' as a whole.

The Chairman maintains regular contact with the Investment Manager to identify information that should be provided to the Directors, and invites Director comments on meeting agendas. At the beginning of every Board meeting, Directors disclose their potential conflicts, including ownership in the Company, interests in the business to be transacted at the meeting, and potential appointments to other public companies. The Chairman is actively involved in all aspects of Board decision making, seeks input from other Directors, and encourages their participation in matters involving their expertise. Minutes of meetings reflect any Director's concerns voiced at Board meetings.

At each quarterly Board meeting, the Board receives updates regarding the Investment Manager's operations and investor relations activities during the quarter. The Board also reviews the Company's investments, share price performance, and the premium/discount to NAV at which the Company's Public Shares are trading, and receives an update on litigation and regulatory matters. The Board conducts a comprehensive review of the Company's expenses semi-annually.

In order to perform these reviews in an informed and effective manner, the Board receives formal reports from the Investment Manager at each quarterly Board meeting. The Board may also request focused reports to review the Investment Manager's controls in certain operational areas such as information security, regulatory compliance or media relations, and may request enhanced operational controls as appropriate. In between meetings, the Board maintains regular contact with the Investment Manager, the Company Secretary and the Administrator, and is informed in a timely manner of investments and other matters relevant to the operation of the Company that would be expected to be brought to the Board's attention.

An induction program, including training and information about the Company and the Investment Manager, is provided to Directors upon their election or appointment to the Board. Each Director is encouraged to consider their own training needs on an ongoing basis, and the Chairman also assesses the individual training requirements for each Director.

Directors, where necessary in the furtherance of their duties, also have access to independent professional advice at the Company's expense.

BOARD ATTENDANCE

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All Board members are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance may be unavoidable in certain circumstances. The following table details the number of Board meetings attended by each Director in the year ended December 31, 2020:

	Scheduled Quarterly Board Meetings (attended/eligible)	Ad-hoc Board and Subcommittee Meetings (attended/eligible)
Richard Battey	4/4	12/12
Nicholas Botta(1)	4/4	11/11
Bronwyn Curtis	4/4	11/11
Anne Farlow	4/4	12/12
Andrew Henton(2)	1/1	2/2
William Scott(3)	1/1	3/3
Richard Wohanka	4/4	11/11

(1) Mr Botta does not attend meetings as a Director where such attendance may conflict with his interests as President and a partner in the Investment Manager.

(2) Appointed September 23, 2020

(3) Retired on April 27, 2020

The Board meets formally four times a year. Ad-hoc Board meetings may be convened at short notice to discuss time- sensitive matters arising in between scheduled meetings and require a minimum quorum of two Directors.

COMMITTEES OF THE BOARD

The Board has established an Audit Committee, a Remuneration Committee, a Management Engagement Committee, a Nomination Committee and a Risk Committee. Other than the Risk Committee, each of the Committees is comprised of the independent Directors of the Company who are not affiliated with the Investment Manager.

Audit Committee

Further details as to the composition and role of the Audit Committee are provided in the Report of the Audit Committee.

Remuneration Committee

The Remuneration Committee reviews the remuneration of the Company's Chairman and non-executive Directors and seeks to ensure that the Company maintains fair and appropriate remuneration policies and controls. Mr Wohanka is the Chairman of the Remuneration Committee. Further details regarding the Directors' remuneration are provided in the Directors' Remuneration Report.

	Remuneration Committee Meetings (attended/eligible)
Richard Battey	2/2
Bronwyn Curtis	2/2
Anne Farlow	2/2
Andrew Henton(1)	1/1
Richard Wohanka	2/2

(1) Appointed September 23, 2020

The written terms of reference of the Remuneration Committee are available on the Company's website or, on request, from the Company Secretary.

Management Engagement Committee

The Management Engagement Committee reviews the performance of the Investment Manager in the management of the Company's affairs and the terms of engagement and performance of the Company's other key service providers, and then reports and makes recommendations to the full Board. Ms Curtis is the Chairman of the Management Engagement Committee.

Management Engagement Committee Meetings (attended/eligible)	
Richard Battey	2/2
Bronwyn Curtis	2/2
Anne Farlow	2/2
Andrew Henton(1)	1/1
Richard Wohanka	2/2

1 Appointed September 23, 2020

The written terms of reference of the Management Engagement Committee are available on the Company's website or, on request, from the Company Secretary.

The Management Engagement Committee performed a formal review of the Company's key service providers, including the Investment Manager, in April 2020.

The Committee's review of the Investment Manager included a discussion of, among other items, the Company's annual and long-term investment performance, and shareholder feedback regarding the Company's fee structure. The Committee noted the Company's performance in 2019 and 2020 and the Investment Manager's foresight in identifying Covid-19 as a material risk to the portfolio in early 2020 and taking steps to mitigate potential losses. Accordingly, the Committee recommended that the Board continue to engage PSCM as the Investment Manager while monitoring performance closely.

The Management Engagement Committee also reviewed the large performance fee earned by the Investment Manager in 2020. The Committee believes that competitive remuneration is critical to the Investment Manager's ability to recruit and retain the personnel who contribute to the long-term success of the Company. In addition to fees paid by the Company, the Investment Manager has taken separate steps, such as the implementation of a long-term equity program, to retain key personnel.

The Committee noted that the performance fee was calculated in accordance with the terms of the IMA which is further discussed in "Significant Reporting Matters" in the Report of the Audit Committee.

The Committee also reviewed the performance of and fees paid to the Company's other key service providers and made recommendations to the Board and the Investment Manager.

Nomination Committee

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, succession planning for Director departures and identifying and nominating suitable candidates to fill vacancies, taking into account the challenges and opportunities facing the Company and the skills, knowledge and experience needed on the Board. The Nomination Committee, of which Ms Farlow is the Chairman, reports its recommendations to the full Board. In the event the Nomination Committee is considering the matter of the succession to the chairmanship of the Board, another member of the Committee will preside as Committee Chairman.

Nomination Committee Meetings (attended/eligible)	
Richard Battey	4/4

Bronwyn Curtis	4/4
Anne Farlow	4/4
Andrew Henton(1)	1/1
William Scott(2)	1/1
Richard Wohanka	3/3

(1) Appointed September 23, 2020

(2) Retired on April 27, 2020

The written terms of reference of the Nomination Committee are available on the Company's website or, on request, from the Company Secretary.

The Nomination Committee undertook a targeted search process to identify Mr Henton as Mr Scott's replacement. The Nomination Committee prioritized the need to prepare for Mr Battey's departure and therefore determined that the new Director should be a Guernsey-resident with the skills necessary to succeed Mr Battey as Chairman of the Audit Committee. Given the specific requirements for the new director, the Committee concluded that the best candidates could be identified by the Company's Guernsey-based service providers, and therefore it was not necessary to engage an external search consultant. Following a review of the recommended candidates by a senior member of the Investment Manager, the Nomination Committee reviewed a shortlist of candidates. After consideration of the results of the interviews and the qualifications of these candidates to chair the Audit Committee, Mr Henton was interviewed by the remaining members of the Nomination Committee and Mr. Ackman, and was appointed a non-executive Director by the Board on September 23, 2020.

The Nomination Committee also reviewed the commitments of the Directors to confirm that they continue to have sufficient time to meet their responsibilities to the Company and that their other commitments do not create any conflicts of interest. While the Committee believes that each Director has sufficient time to meet their responsibilities to the Company, in light of the significant increase in the number of ad-hoc/subcommittee meetings of the Board and corporate actions in 2019 and 2020, the Committee recommended that the Board increase its size to seven directors and reduce the size of the Audit Committee to three members.

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The Nomination Committee engaged Egon Zehnder, a global leadership advisory firm with no other connection to the Company, to identify a range of candidates to fill the Board vacancies. The Committee also considered candidates proposed by members of the Board and the Investment Manager. The Committee, noting the U.S. focus of the Company's investments and the benefits of expanding the diversity of the Board, actively sought to identify candidates with U.S. business experience and diverse ethnic backgrounds. Committee members and representatives of the Investment Manager conducted interviews with a number of highly qualified candidates, of which three were interviewed by the remaining members of the Committee. Following this process, the Nomination Committee recommended that the Board submit Tope Lawani, Rupert Morley, and Tracy Palandjian for shareholder approval at the 2021 Annual General Meeting as independent non-executive Directors of the Company.

To ensure that Directors continue to have sufficient time to be effective contributors to the Company, Directors are limited in the number and type of directorship appointments they may hold in accordance with overboarding guidelines, and will seek the approval of the Board prior to accepting new appointments. In considering whether to grant approval, the Board will assess any impact the appointment may have on the time the Director is able to devote to the Company, any impact on the Director's independence, and relevant guidelines on overboarding.

Risk Committee

A Risk Committee consisting of all the Directors of the Company was established by the Board on February 11, 2020. Mr Botta is the Chairman of the Risk Committee. The Risk Committee is responsible for reviewing the Company's risk profile, as described in the Company's Investment Policy, borrowing policy and other risk disclosures; identifying, evaluating and reporting to the Board any emerging risks to the Company; ensuring that appropriate controls and reporting are in place to allow for the identification, monitoring and management of key risks to the Company's business; conducting and submitting to the Board an annual assessment of the material risks applicable to the Company's business; and making recommendations to the Board regarding risk mitigation.

The written terms of reference of the Risk Committee are available on the Company's website or, on request, from the Company Secretary.

Risk Committee Meetings (attended/eligible)	
Richard Battey	2/2
Nicholas Botta	2/2
Bronwyn Curtis	2/2
Anne Farlow	2/2
Andrew Henton(1)	1/1
Richard Wohanka	2/2

(1) Appointed September 23, 2020

The Risk Committee conducted its annual business risk assessment in November 2020 and identified 43 risks relevant to the Company's business. These risks consist of risks arising from the Company's investment activities, structure and operations as well as risks relating to shareholder engagement and regulatory compliance.

The Risk Committee has considered the cause of each risk and has assigned each risk a rating based on the likelihood of a risk occurring and the severity of the impact on the Company if the risk occurs before and after considering the controls in place to mitigate them. Risks with the highest inherent risk or the highest residual risk have been included in "Principal Risks and Uncertainties".

The Risk Committee identified the effect of the Covid-19 pandemic on the Company and risks relating to remote operations, such as cybersecurity, service provider and culture concerns, as emerging risks in 2020. It reviewed the controls of the Investment Manager and the Administrator to address these risks and found them to be appropriate.

COMMITTEES OF THE INVESTMENT MANAGER

The Investment Manager has a Conflicts Committee, which meets no less frequently than annually and on an as-needed basis; a Best Execution and Cybersecurity Committees, which meet no less frequently than quarterly and on an as-needed basis; and Valuation and Disclosure Committees, which meet no less frequently than semi-annually, and on an as-needed basis. The minutes from Disclosure, Valuation and Conflicts Committee meetings are presented to the Board at the quarterly Board meetings, or sooner if necessary.

BOARD PERFORMANCE

The performance of the Board and that of each individual Director is evaluated annually.

The evaluation of the Board's performance in 2020 was performed internally. Each Director completed a questionnaire assessment of the effectiveness of the Board, its committees, the individual directors and the policies and procedures observed by the Board and its committees. The Chairman discussed matters related to individual performance individually with each Director. The Senior Independent Director conducted a full review of the Chairman's performance with the other non-executive Directors.

The results were collated by the Company Secretary and were presented to the Board by the Chairman. No material weaknesses in performance were identified in the assessment, and the Board has concluded that it operated effectively in 2020. The Board will use the findings of its assessment to further build on its existing strengths in the coming year. The 2019 Board evaluation was externally facilitated by SCT Consultants. The next external review will be completed for 2022, or earlier as the Board deems appropriate.

/s/ Anne Farlow

Anne Farlow
Chairman of the Board

March 29, 2021

Report of the Audit Committee

The Audit Committee consists of the independent Directors of the Company. Mr Battey is the Chairman of the Audit Committee. As Ms Farlow is an independent non-executive Director, the Directors consider it appropriate for her to be a member of the Audit Committee. In consideration of Mr Battey's and Mr Henton's professional qualifications and service on the audit committees of other investment companies, and the experience of the other Audit Committee members in the financial sector, the Board has determined that the Audit Committee members have the relevant experience to successfully perform the duties of the Committee.

From the date of the 2021 Annual General Meeting, Mr Henton will become the Chairman of the Audit Committee, and the size of the Committee will be reduced to three Directors.

All members of the Audit Committee are expected to attend each Board and Audit Committee meeting and to arrange their schedules accordingly, although non-attendance may be unavoidable in certain circumstances. The following table details the number of formal meetings attended by each Director in the year ended December 31, 2020:

Audit Committee Meetings (attended/eligible)	
Richard Battey	7/7
Bronwyn Curtis	7/7
Anne Farlow	7/7
Andrew Henton(1)	1/1
William Scott(2)	1/1
Richard Wohanka	7/7

(1) Appointed September 23, 2020

(2) Retired on April 27, 2020

The Audit Committee has written terms of reference with formally delegated duties and responsibilities. The terms of reference of the Audit Committee are available on the Company's website or, on request, from the Company Secretary.

The Audit Committee considers the appointment, independence and remuneration of the auditor and reviews the annual accounts and semi-annual reports. Where non-audit services are to be provided by the auditor, the Audit Committee reviews the scope and terms of the engagement, and considers the financial and other implications of the engagement on the independence of the auditor.

The principal duties of the Audit Committee are to monitor the integrity of the Financial Statements of the Company, including its annual and semi-annual reports and formal announcements relating to the Company's financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgements communicated to the Committee by the auditor. In particular, the Audit Committee reviews and assesses, where necessary:

- The consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the Company;
- The methods used to account for significant or unusual transactions where different approaches are possible;
- Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- The clarity of disclosure in the Company's financial reports and the context in which statements are made;

- All material information presented with the Financial Statements, such as the Chairman's Statement, Investment Manager's Report, Principal Risks and Uncertainties, Report of the Directors, Directors' Remuneration Report and the Corporate Governance Report; and
 - The content of the Annual Report and Financial Statements, and advises the Board on whether, taken as a whole, it is fair, balanced and
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understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

PREPARATION OF FINANCIAL STATEMENTS

As part of the December 31, 2020 audit, prior to year-end, the Audit Committee was involved in the planning and preparation for the Annual Report, Financial Statements and the audit. The Audit Committee's November 2020 meeting was devoted to discussing the audit plan and timelines, including the extensive coordination undertaken by the Investment Manager and the Company's new Administrator to ensure an efficient audit process. In addition to meetings of the Audit Committee during the audit, the Chairman of the Board and the Chairman of the Audit Committee were in regular contact with the Investment Manager, Administrator and auditor throughout the audit process. From this contact, the Audit Committee was able to consider the processes of the Investment Manager and the Administrator in relation to the production of the Financial Statements and determine that their processes were appropriate.

The Audit Committee used its own experience with the Company and the Investment Manager's, Administrator's and auditor's knowledge to determine the overall fairness, balance and understandability of the Annual Report and Financial Statements, and carefully reviewed their content prior to final approval by the Board. This allowed the Audit Committee and the Board to be satisfied that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable.

SIGNIFICANT REPORTING MATTERS

As part of the year-end audit, the Audit Committee reviewed and discussed the most relevant issues for the Company. In discharging its responsibilities, the Audit Committee made the following assessments during the year:

Given the large performance fee owed by the Company for 2020, the Audit Committee reviewed the auditors' process for confirming the Investment Manager's calculation of the performance fee and the disclosure of the performance fee in Note 15. The Audit Committee also noted that the performance fee is independently calculated by the Company's Administrator as part of its calculation of the Company's NAV, and that 1% of the total performance fee is held back by the Company to account for adjustments, if any, that arise from the Company's audit. The Audit Committee is satisfied with the controls in place for the calculation of the performance fee and has determined that the disclosure is consistent with the relevant accounting standards.

The Audit Committee has confirmed that where the Investment Manager has fair valued Level 3 assets, such as the Company's investment in Pershing Square TH Sponsor, LLC and the Committed Forward Purchase Units and Additional Forward Purchase Units (as defined in Note 14), the Investment Manager has obtained pricing from an independent third-party pricing service/valuation agent. The independent third-party pricing service/valuation agent utilizes proprietary models to determine fair value. The Audit Committee also reviewed the auditor's assessment of the appropriateness of the valuation process and methodology. The Audit Committee has satisfied itself that the valuation techniques are reasonable and appropriate for the Company's investments, and are consistent with the requirements of IFRS.

The Audit Committee reviewed the completeness and accuracy of the disclosures in the Annual Report and Financial Statements, in particular the disclosures regarding the effect of Covid-19 and other emerging risks on the Company, and satisfied itself that the disclosures appropriately reflected the risks facing the Company and its financial results.

The Audit Committee reviewed the report of the Risk Committee and the Board's procedures regarding the identification, management, and monitoring of risks that could affect the Company. The Audit Committee is satisfied that the Risk Committee and the Board are engaged on an ongoing basis in the process of identifying, evaluating and managing (where possible) the principal risks facing the Company as described in Principal Risks and Uncertainties on pages 22-26. The Audit Committee also has access to personnel of the Investment Manager responsible for implementing and maintaining controls to address these risks.

The Audit Committee continues to monitor the review by the Board of the Company's compliance with applicable regulations, listing requirements and corporate governance standards.

Members of the Audit Committee met with the auditor a number of times during the audit process and, after considering the audit process and various discussions with the auditor, Investment Manager and Administrator, are satisfied that the audit was undertaken in an effective manner and addressed the main risks.

INTERNAL CONTROLS

The Audit Committee has examined the effectiveness of the Company's internal control systems at managing the risks to which the Company is exposed and has not identified any material weaknesses.

The Board is ultimately responsible for the Company's system of internal controls, and for assessing its effectiveness at managing the operational risks to which the Company is exposed. The internal control systems are designed to manage, rather than eliminate, the operational risk of failure to achieve business objectives, and by their nature can only provide reasonable and not absolute assurance against misstatement and loss. The Board confirms there is an ongoing process for identifying, evaluating and managing the significant operational risks faced by the Company, and that this process has been in place for the year ended December 31, 2020, and up to the date of the approval of the Annual Report and Financial Statements. This is done in accordance with relevant best practices detailed in the Financial Reporting Council's guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Risk Committee, at the direction of the Board, conducts an annual risk assessment to identify the material risks applicable to the Company's business, the likelihood of a risk occurring, and the severity of the impact on the Company, and reviews the controls and reporting in place to monitor and mitigate these risks. Deficiencies and recommendations are provided to the Board. The Investment Manager's operational controls are reviewed by the Board as part of an operational update provided by the Investment Manager at each quarterly Board meeting.

Neither the Company nor the Investment Manager have an internal audit department. All of the Company's management functions are delegated to independent third parties, and the Board therefore believes that an internal audit function for the Company is not necessary or required. The Board, and where appropriate the Investment Manager, has familiarized itself with the internal control systems of its material service providers, which report regularly to the Board. The Board is satisfied that the controls employed by these service providers adequately manage the operational risks to which the Company is exposed.

AUDITOR

It is the duty of the Audit Committee, among other things, to:

- Consider and make recommendations to the Board in respect of the Company's external auditor that are to be approved by shareholders at the Annual General Meeting;
- Discuss and agree with the external auditor the nature and scope of the audit;
- Keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor; and
- Review the external auditor's letter of engagement, audit plan and management letter.

Ernst & Young LLP has been appointed to provide audit services to the Company, and has acted as the Company's auditor since it was appointed to audit the Company's first Financial Statements, for the period ended December 31, 2012. A resolution to re-appoint Ernst & Young LLP as auditor will be proposed at the 2021 Annual General Meeting. In recognition of the auditor's long tenure, the Audit Committee intends to put the audit services contract out to tender no later than for the period ending December 31, 2022.

The Audit Committee reviewed the scope of the audit and the fee proposal set out by the auditor in its audit planning report and discussed these with the auditor at the Audit Committee meeting held on November 5, 2020. The Company regularly undertakes market surveys of auditors' fees and has found its auditor's fees to be in line with the market. The Audit Committee recommended to the Board that it accept the auditor's proposed fee of \$224,000 (2019 Actual: \$176,000) for the audit of the Annual Report and Financial Statements. The Audit Committee notes that the increase in the 2020 fee is attributable to the additional audit work undertaken in relation to the Company's investment in Pershing Square Tontine Holdings, Ltd. During

the year ended December 31, 2020, the Company also paid \$66,000 (2019: \$55,000) for fees related to the semi-annual review.

The table below summarizes the amounts expensed for other non-audit services during the years ended December 31, 2020 and December 31, 2019.

	Year Ended 2020	Year Ended 2019
Tax Services	\$ 86,034	\$ 57,563
Other Services(1)	192,749	--
Total Non-Audit Fees	\$ 278,783	\$ 57,563

(1) Ernst & Young LLP was engaged to provide a comfort letter relating to the nancial information of the Company in the offering memorandum for the 2030 Bonds.

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The Audit Committee understands the importance of auditor independence. Each year, the Audit Committee reviews the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the external auditor. As part of this review, the Audit Committee receives a report from the external auditor con rming its independence and the controls it has in place to ensure its independence is not compromised.

In addition, any engagement of the auditor to provide non- audit services to the Company must receive the prior approval of the Audit Committee. In considering whether to approve such engagement, the Audit Committee assesses (i) the nature of the non-audit service and whether the auditor is the most appropriate party to provide such service; (ii) the proposed fee for the service and whether it is reasonable; and (iii) whether the engagement will constitute a threat to the objectivity and independence of the conduct of the audit. The Audit Committee may take into account the expertise of the auditor, the potential time and cost savings to the Company, and any other factors it believes relevant to its determination.

The auditor was engaged to provide non-audit services to the Company in connection with the issuance of the 2030 Bonds, including a comfort letter for 2017, 2018 and 2019 nancial statements and the 2020 unaudited semi-annual nancial statements included in the offering documentation. Prior to approving the engagement, the Audit Committee con rmed that no rm other than the auditor could provide the services in the expedited timetable required for the bond issuance. Furthermore, because of the auditor's prior audit of these nancial statements and expertise in the matters for which it was engaged, the auditor was able to perform the non- audit services more efficiently than another accounting rm, resulting in substantial cost savings to the Company. The Audit Committee has reviewed the fees paid for the non-audit services. The Audit Committee does not consider the fees to be excessive or a threat to the objectivity and independence of the conduct of the audit and considers Ernst & Young LLP to be independent of the Company.

To ful ll its responsibility regarding the independence of the external auditor, the Audit Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any con icts of interest; and
- the nature of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the Audit Committee reviews:

- the external auditor's ful llment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

The Audit Committee is satis ed with Ernst & Young LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional skepticism demonstrated by them, and has also considered the Financial Reporting Council's Audit Quality Review of Ernst & Young LLP's previous audit work.

Having carried out the review described above, and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that Ernst & Young LLP be reappointed as external auditor for the year ending December 31, 2021.

Shareholders should note that the primary framework for the Company's audit is International Standards on Auditing (UK); the auditor's report thereunder is set out on pages 53-59. The Annual Report also includes on page 60 a report from the auditor to the Directors in accordance with U.S. Generally Accepted Auditing Standards in order to satisfy various U.S. regulatory requirements.

/s/ Richard Battey

Richard Battey
Chairman of the Audit Committee
March 29, 2021

Report of Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERSHING SQUARE HOLDINGS, LTD.

Opinion

We have audited the Financial Statements of Pershing Square Holdings, Ltd. (the "Company") for the year ended 31 December 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Management Shareholders, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included;

- Confirming our understanding of the Investment Manager's going concern assessment process by engaging with the Investment Manager early in the audit process to ensure all key factors were considered in its assessment;
- Obtaining the Investment Manager's going concern assessment which comprised a cash flow forecast and loan covenant reverse stress test, acknowledging the liquidity of the investment portfolio, the significant

net asset position and cash balances which are significantly in excess of current liabilities, and testing for arithmetical accuracy;

- We challenged the appropriateness of Investment Manager's forecasts by applying downside sensitivity analysis and applying further sensitivities to understand the impact on the liquidity of the Company;
- Holding discussions with the Investment Manager and the Board on whether events or conditions exist that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern;
- Assessing the assumptions used in the going concern assessment prepared by the Investment Manager and considering whether the methods utilised were appropriate for the Company;
- Reading the going concern disclosures included in the Annual Report and Financial Statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern up to 31 December 2023.

- In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting;
- Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of Our Audit Approach

Key audit matters Misstatement of the valuation of the Company's investments

Materiality Overall materiality of \$90.5m which represents 1% of Total Equity.

An Overview of the Scope of our Audit

Tailoring The Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key Audit Matters

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Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Misstatement of the valuation of the Company's investments (2020 -- assets: \$9,697.0 million and liabilities: \$573.6 million; 2019 -- assets: \$5,865.2 million and liabilities: \$7.6 million)	Updated our understanding of the investment valuation process, performed a walkthrough of the investment valuation class of transactions and evaluated the design of controls in this area.	We confirmed that there were no material instances of use of inappropriate policies or methodologies and that the valuation of the investments was not materially misstated.
Refer to the Audit Committee Report (pages 48-52); Accounting policies (pages 68-72); and Note 7 of the Financial Statements (pages 76-80)	In conjunction with our internal valuation specialists we assessed the reasonableness and appropriateness of the valuation model/method, comparing these to our understanding of market practices, and to the attention of the determined whether significant assumptions used to estimate fair value are appropriate and supported.	We also confirmed that there were no material matters arising from our audit work on the valuation of financial instruments, in accordance with IFRS, that we wanted to bring to the attention of the Audit Committee.
The fair value of the investment portfolio may be misstated due to the application of inappropriate methodologies or inputs to the valuations.	For options, forwards and swaps, we instructed our internal valuation specialists to assist the audit team by independently valuing a sample of positions. We compared their values to the Company's valuations, assessing differences with reference to our Reporting Threshold.	
The valuation of the Company's investments is a key driver of the Company's net asset value and total return. Investment valuation could have a significant impact on the net asset value of the Company and the total return generated for shareholders.	For level 3 investments we obtained management's models, as well as those of their independent valuation agents, and instructed our own internal specialists to assist the audit team in challenging the methodologies and subjective estimates therein.	
There has been no change in this risk from the previous year.	Identified the key unobservable inputs to valuations and reviewed and assessed the reasonableness of the sensitivity workings and disclosures, comparing against our range of	

acceptable inputs.

Vouched valuation inputs that do not require specialist knowledge to independent sources and tested the arithmetical accuracy of the Company's calculations.

The audit team also considered the credentials and qualifications of management's independent valuation agents.

Obtained values for all remaining quoted equities from independent sources and agreed these to the client proposed values.

Assessed whether the valuation determined is in accordance with IFRS by comparing the valuation methodology to the requirements of IFRS

13.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be \$90.5 million (2019: \$55.7 million), which is 1% (2019: 1%) of Total Equity. We believe that Total Equity provides us with the best measure of materiality as the Company's primary performance measures for internal and external reporting are based on Total Equity.

During the course of our audit, we reassessed initial materiality and updated its calculation to align with the year-end Total Equity figure.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely \$67.9 million (2019: \$41.8 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the Financial Statements did not exceed our materiality level.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$4.5 million (2019: \$2.8 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 36;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on pages 36-37;
- Directors' statement on fair, balanced and understandable Financial Statements, set out on page 37;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 46;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, set out on

page 50; and

- The section describing the work of the audit committee, set out on pages 48-52.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the Financial Statements, and for being satisfied that they give a true and fair view, and for such internal controls as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and the Investment Manager. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies (Guernsey) Law, 2008, the 2018 UK Corporate Governance Code and the listing requirements of Euronext Amsterdam and the UK Listing Authority.
- We understood how the Company is complying with those frameworks by making enquiries of the Investment Manager and those charged with governance regarding:
 - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the Financial Statements;
 - the Company's methods of enforcing and monitoring non-compliance with such policies;
 - management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
 - how management monitors those programs and controls.
- Administration and maintenance of the Company's books and records is performed by Northern Trust International Fund Administration Services (Guernsey) Limited whom are a regulated firm, independent of the Investment Manager. We corroborated our enquiries through our review of Board minutes and any correspondence received from regulatory bodies. We also

obtained their SOC1 controls report and reviewed it for findings relevant to the Company. We noted no contradictory evidence during these procedures. For the period up to 31 July 2020, the books and records were maintained by Morgan Stanley Fund Services Inc ("MSFS"). The same procedures, as described above were performed in connection with MSFS for that period with no contradictory evidence noted.

- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by:
 - obtaining an understanding of entity-level controls and considering the influence of the control environment;
 - obtaining management's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Board's risk matrix;
 - making inquiries with those charged with governance as to how they exercise oversight of management's processes for identifying and responding to fraud risks and the controls established by management to mitigate specifically those risks the entity has identified, or that otherwise help to prevent, deter and detect fraud;
 - making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
 - making inquiries with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved a review of Board minutes and inquiries of the Investment Manager and those charged with governance including:
 - Through discussion, gaining an understanding of how those charged with governance, the Investment Manager and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
 - Inspecting the relevant policies, processes and procedures to further our understanding;
 - Reviewing Board minutes and internal compliance reporting;
 - Inspecting correspondence with regulators; and
 - Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ Christopher James Matthews

Christopher James Matthews, FCA
For and on behalf of Ernst & Young LLP Guernsey
March 29, 2021

- (1) The maintenance and integrity of the Pershing Square Holdings, Ltd. website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.
- (2) Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF PERSHING SQUARE HOLDINGS, LTD.

We have audited the accompanying Financial Statements of the Company, which comprise the Statement of Financial Position as of December 31, 2020, and the related Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Management Shareholders, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the related notes to the Financial Statements.

Management's Responsibility for the Financial Statements

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Management is responsible for the preparation and fair presentation of these Financial Statements in conformity with International Financial Reporting Standards. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Financial Statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Pershing Square Holdings, Ltd. at December 31, 2020, and the results of its operations, changes in net assets attributable to management shareholders and equity, and its cash flows for the year then ended, in conformity with International Financial Reporting Standards.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Financial Statements as a whole. The accompanying Supplemental U.S. GAAP Disclosures and Certain Regulatory Disclosures are presented for the purposes of additional analysis and are not a required part of the Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the Financial Statements or to the Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Financial Statements as a whole.

/s/ Ernst & Young LLP

Ernst & Young LLP
Guernsey
March 29, 2021

Audited Financial Statements

STATEMENT OF FINANCIAL POSITION

As of December 31, 2020
and December 31, 2019
(Stated in United States
Dollars)

	Notes	2020	2019
Assets			
Cash and cash equivalents	10	\$ 1,879,639,109	\$ 1,222,846,586
Due from brokers	13	955,676,624	114,975,502
Trade and other receivables	9	8,865,622	7,124,045
Financial assets at fair value through profit or loss			
Investments in securities	6	9,093,461,819	5,734,336,025
Derivative financial instruments	6, 8	603,563,999	130,860,803
Total Assets		\$ 12,541,207,173	\$ 7,210,142,961
Liabilities			
Due to brokers	13	\$ 46,004,594	\$ --
Trade and other payables	9	693,840,621	45,497,324
Deferred tax expense payable	19	52,446,850	13,508,846
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	6, 8	573,590,762	7,607,415
Bonds	18	2,122,787,844	1,422,883,554
Liabilities excluding net assets attributable to management shareholders		3,488,670,671	1,489,497,139

Net assets attributable to management shareholders(1)	11	--	152,364,909
Total Liabilities		\$ 3,488,670,671	\$ 1,641,862,048
Equity			
Share capital	11	\$ 5,722,349,692	\$ 5,568,360,539
Treasury shares	11	(242,956,239)	(80,153,606)
Retained earnings		3,573,143,049	80,073,980
Total Equity(2)		9,052,536,502	5,568,280,913
Total Liabilities and Equity		\$ 12,541,207,173	\$ 7,210,142,961
Net assets attributable to Public Shares		\$ 9,052,247,442	\$ 5,568,109,388
Public Shares outstanding		199,120,882	206,677,784
Net assets per Public Share		\$ 45.46	\$ 26.94
Net assets attributable to Management Shares		\$ --	\$ 152,364,909
Management Shares outstanding		--	5,160,225
Net assets per Management Share		\$ --	\$ 29.53
Net assets attributable to Special Voting Share		\$ 289,060	\$ 171,525
Special Voting Share outstanding		1	1
Net assets per Special Voting Share		\$ 289,060.26	\$ 171,524.95

(1) Net assets attributable to management shareholders are comprised of the aggregate net asset values of all Management Shares as of December 31, 2019. On December 31, 2020, all outstanding Management Shares were converted to Public Shares. See Note 11 for further discussion. (2) Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share as of December 31, 2020 and December 31, 2019. The accompanying notes form an integral part of these Financial Statements.

These Financial Statements on pages 61-102 were approved by the Board of Directors on March 29, 2021, and were signed on its behalf by

/s/ Anne Farlow

/s/ Richard Battey

Anne Farlow
Chairman of the Board

Richard Battey
Chairman of the Audit Committee

March 29, 2021 March 29, 2021

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STATEMENT OF COMPREHENSIVE INCOME

For the years ended December
31, 2020 and December 31, 2019
(Stated in United States
Dollars)

	Notes	2020	2019
Investment gains and losses			
Net gain/(loss) on nancial assets and liabilities at fair value through pro t or loss		\$ 2,512,130,911	\$ 2,274,474,001
Net realized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of (2020: \$1,305,482, 2019: \$521,138))		2,057,091,477	(1,732,785)
Net change in unrealized gain/(loss) on commodity interests		(8,908,581)	--
	6	4,560,313,807	2,272,741,216
Income			
Dividend income		84,418,343	84,148,405
Interest income	12	1,062,148	3,033,126
		85,480,491	87,181,531
Expenses			
Performance fees	15	(695,694,558)	(38,979,640)
Management fees	15	(95,794,204)	(64,422,781)
Interest expense	12	(83,482,818)	(66,384,642)
Professional fees		(9,186,732)	(7,314,830)
Other expenses		(2,028,302)	(1,526,381)
		(886,186,614)	(178,628,274)
Pro t/(loss) before tax attributable to equity and management shareholders		3,759,607,684	2,181,294,473
Withholding tax (dividends)		(21,794,811)	(18,714,011)
Deferred tax expense	19	(38,938,005)	(13,508,846)
Pro t/(loss) attributable to equity and management shareholders		3,698,874,868	2,149,071,616
Amounts attributable to management shareholders		127,038,913	51,430,312

Profit/(loss) attributable to equity shareholders(1)	\$ 3,571,835,955	\$ 2,097,641,304
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Earnings per share (basic & diluted)(2)

Public Shares	17	\$ 18.12	\$ 9.78
Special Voting Share	17	\$ 115,896.15	\$ 61,933.12

All the items in the above statement are derived from continuing operations. There is no other comprehensive income for the years ended 2020 and 2019.

(1) Profit/(loss) attributable to equity shareholders is comprised of the net profits earned and losses incurred by shareholders of Public Shares and the Special Voting Share.

(2) EPS is calculated using the profit/(loss) for the year attributable to equity shareholders divided by the weighted average shares outstanding over the full years of 2020 and 2019 as required under IFRS. See Note 17 for further details.

The accompanying notes form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS

ATTRIBUTABLE TO MANAGEMENT SHAREHOLDERS

For the years ended December 31, 2020 and December 31, 2019 (Stated in United States Dollars)

	Net Assets Attributable to Management Shareholders
As of December 31, 2019	\$ 152,364,909
Total profit/(loss) attributable to management shareholders	127,038,913
Dividend distribution to management shareholders	(2,370,760)
Conversion from Management Shares to Public Shares(1)	(280,762,795)
Accretion from share buybacks(2)	3,729,733
As of December 31, 2020	\$ --
As of December 31, 2018	\$ 86,046,388
Total profit/(loss) attributable to management shareholders	51,430,312
Dividend distribution to management shareholders	(2,043,108)
Conversion from Management Shares to Public Shares	(4,725,042)
Conversion from Public Shares to Management Shares	20,026,591
Accretion from share buybacks(2)	1,629,768
As of December 31, 2019	\$ 152,364,909

(1) The Company converted all outstanding Management Shares to Public Shares on December 31, 2020. See Note 11 for further details.

(2) Since June 20, 2019, the Company has been engaged in an ongoing share buyback program whereby its buyback agent has repurchased Public Shares subject to certain limitations. Any repurchased Public Shares are subsequently cancelled or held in Treasury. See Note 11 for further details. This amount represents the accretion relating to the share buyback program that has been allocated to the Management Shares.

The accompanying notes form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and December 31, 2019
(Stated in United States Dollars)

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
As of December				
31, 2019(1)	\$ 5,568,360,539	\$ (80,153,606)	\$ 80,073,980	\$ 5,568,280,913
Total profit/(loss) attributable to equity shareholders	--	--	3,571,835,955	3,571,835,955
Share buybacks(2)	--	(289,575,701)	--	(289,575,701)
Dividend distribution to equity shareholders	--	--	(78,766,886)	(78,766,886)
Conversion from Management Shares to Public Shares(3)	153,989,153	126,773,068	--	280,762,221
As of December				
31, 2020(1)	\$ 5,722,349,692	\$ (242,956,239)	\$ 3,573,143,049	\$ 9,052,536,502
As of December				
31, 2018(1)	\$ 5,678,775,664	\$ --	\$ (1,931,864,224)	\$ 3,746,911,440
Total profit/(loss) attributable to equity shareholders	--	--	2,097,641,304	2,097,641,304
Share buybacks(2)	(95,113,359)	(80,153,606)	--	(175,266,965)
Dividend distribution to equity shareholders	--	--	(85,703,100)	(85,703,100)
Conversion from				

Management
Shares to
Public

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Shares	4,724,997	--	--	4,724,997
<hr/>				
Conversion from Public Shares to Management Shares	(20,026,763)	--	--	(20,026,763)
<hr/>				
As of December 31, 2019(1)	\$ 5,568,360,539	\$ (80,153,606)	\$ 80,073,980	\$ 5,568,280,913
<hr/>				

(1) Total equity of the Company is comprised of the aggregate net asset values of Public Shares and the Special Voting Share. Under IFRS, Management Shares are classified as financial liabilities rather than equity. See Note 2 on page 72 for further details.

(2) Since June 20, 2019, the Company has been engaged in an ongoing share buyback program whereby its buyback agent has repurchased Public Shares subject to certain limitations. Any repurchased Public Shares are subsequently retired or held in Treasury. As of December 31, 2020 and December 31, 2019, 11,835,868 and 4,278,966 Public Shares were held in Treasury, respectively. See Note 11 for further details. This amount includes the accretion relating to the share buyback program that has been allocated to the Public Shares and the Special Voting Share.

(3) The Company converted all outstanding Management Shares to Public Shares on December 31, 2020 and issued Public Shares to these shareholders from Treasury. See Note 11 for further details.

The accompanying notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the years ended December 31, 2020 and December 31, 2019
(Stated in United States Dollars)

	Notes	2020	2019
<hr/>			
Cash flows from operating activities			
<hr/>			
Profit/(loss) for the year attributable to equity and management shareholders		\$ 3,698,874,868	\$ 2,149,071,616
<hr/>			
Adjustments to reconcile changes in profit/(loss) for the year to net cash flows:			
<hr/>			
Bond interest expense	18	82,079,517	65,765,676
<hr/>			
Bond interest paid(1)	18	(74,250,000)	(55,000,000)
<hr/>			
(Increase)/decrease in operating assets:			
<hr/>			
Due from brokers		(840,701,122)	246,671,489
<hr/>			

Trade and other receivables	9	(1,741,577)	(353,782)
Investments in securities	6	(3,359,125,794)	(1,259,295,954)
Derivative financial instruments	6	(472,703,196)	(68,946,858)
Increase/(decrease) in operating liabilities:			
Due to brokers		46,004,594	(67,510,000)
Due to Pershing Square, L.P.		--	(24,783,576)
Due to Pershing Square International, Ltd.		--	(18,145,672)
Trade and other payables	9	653,217,441	38,905,255
Deferred tax expense payable	19	38,938,004	13,508,846
Derivative financial instruments	6	565,983,347	(137,093,923)
Net cash from operating activities		336,576,082	882,793,117
Cash flows from financing activities			
Purchase of Public Shares(2)	11	(291,177,639)	(168,305,743)
Dividend distributions	11	(81,137,646)	(87,746,208)
Proceeds from issuance of the Bonds(3)	18	700,000,000	400,000,000
Expenses relating to issuance of the Bonds(4)	18	(7,468,274)	(5,140,756)
Net cash from financing activities		320,216,441	138,807,293
Net change in cash and cash equivalents		656,792,523	1,021,600,410
Cash and cash equivalents at beginning of year		1,222,846,586	201,246,176
Cash and cash equivalents at end of year	10	\$ 1,879,639,109	\$ 1,222,846,586
Supplemental disclosure of cash flow information			
Cash paid during the year for interest		\$ 75,483,434	\$ 55,770,197
Cash received during the year for interest		\$ 1,232,136	\$ 3,359,520
Cash received during the year for dividends		\$ 81,637,693	\$ 83,410,482

Cash deducted during the year for withholding taxes	\$ 21,045,969	\$ 18,271,732
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- (1) In accordance with the amendments to IAS 7, the Company's net debt reconciliation related to the Company's Bonds is further detailed in Note 18.
- (2) Includes cash paid for fractional shares related to conversions.
- (3) Proceeds from issuance of the 2030 and 2032 Bonds are reflected in the year ended 2020 and proceeds for the 2039 Bonds are reflected in the year ended 2019.
- (4) Expenses from issuance of the Bonds for the year ended 2020 pertain to the 2030, 2032 and 2039 Bonds. Expenses for the year ended 2019 pertain to the 2039 Bonds.

The accompanying notes form an integral part of these Financial Statements.

Notes to Financial Statements

1. CORPORATE INFORMATION

Organization

The Company was incorporated with limited liability under the laws of the Bailiwick of Guernsey on February 2, 2012. It became a registered open-ended investment scheme, under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Registered Collective Investment Scheme Rules 2008 (issued by the Guernsey Financial Services Commission, the "GFSC"), on June 27, 2012, and commenced operations on December 31, 2012.

On October 2, 2014, the GFSC approved the conversion of the Company into a registered closed-ended investment scheme under the Protection of Investors Law and the 2008 Rules.

The Company's registered office is at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, Channel Islands.

The latest traded price of the Public Shares is available on Reuters, Bloomberg, Euronext Amsterdam and the LSE.

A copy of the Prospectus of the Company is available from the Company's registered office and on the Company's website (www.pershingsquareholdings.com).

Investment Policy

Please refer to "Investment Policy" in the Report of the Directors for the Investment Policy of the Company.

Bond Offering

On June 26, 2015, the Company closed on the offering of \$1 billion Senior Notes that mature on July 15, 2022 (the "2022 Bonds"). The 2022 Bonds were issued at par with a coupon rate of 5.50% per annum.

On July 25, 2019, the Company closed on a fully committed private placement of \$400 million Senior Notes with a coupon rate of 4.95%, maturing on July 15, 2039 (the "2039 Bonds").

On August 26, 2020, the Company closed on a fully committed private placement of \$200 million Senior Notes with a coupon rate of 3.00%, maturing on July 15, 2032 (the "2032 Bonds").

On November 2, 2020, the Company closed on the offering of \$500 million Senior Notes that mature on November 15, 2030 (the "2030 Bonds" and together with the 2022 Bonds, 2039 Bonds and 2032 Bonds, "the Bonds"). The 2030 Bonds were issued at par with a coupon rate of 3.25% per annum.

The Bonds' coupons are paid semi-annually. The Bonds are listed on the Euronext Dublin with a trading symbol of PSHNA.

Investment Manager

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The Company has appointed PSCM as its investment manager pursuant to the IMA. The Investment Manager has responsibility, subject to the overall supervision of the Board of Directors, for the investment of

the Company's assets in accordance with the Investment Policy of the Company. The Company delegates certain administrative functions relating to the management of the Company to PSCM. William A. Ackman is the managing member of PS Management GP, LLC, the general partner of PSCM.

Board of Directors

The Company's Board of Directors is comprised of Nicholas Botta, President and a partner of the Investment Manager, Richard Battey, Bronwyn Curtis, Anne Farlow, Andrew Henton and Richard Wohanka, all of whom are non-executive Directors. All Directors other than Mr. Botta are considered independent. Anne Farlow is the Chairman of the Board.

Committees of the Board

The Board has established an Audit Committee, a Management Engagement Committee, a Remuneration Committee, a Risk Committee and a Nomination Committee. Other than the Risk Committee, all Committee members are independent Directors of the Company who are not affiliated with the Investment Manager. Further details as to the composition and role of the Audit Committee are provided

in the Report of the Audit Committee; further details as to the composition and role of the Management Engagement, Remuneration, Risk and Nomination Committees are provided in the Corporate Governance Report.

Prime Brokers

Pursuant to prime broker agreements, Goldman Sachs & Co. LLC and UBS Securities LLC (the "Prime Brokers") both serve as custodians and primary clearing brokers for the Company.

Administrator

Effective August 1, 2020, Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") replaced both Elysium Fund Management Limited, the Company's prior administrator, and Morgan Stanley Fund Services (Cayman) Ltd., the Company's prior sub-administrator. Effective September 1, 2020, Northern Trust replaced Elysium as the Company Secretary.

The Administrator provides certain administrative and accounting services, including the maintenance of the Company's accounting and statutory records, and receives customary fees, plus out of pocket expenses, based on the nature and extent of services provided.

Exchange Listings

The Company's Public Shares trade on the Premium Segment of the Main Market of the LSE and on Euronext Amsterdam. Shares are quoted and traded in USD in Amsterdam and in USD and Sterling in London.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The Financial Statements have been prepared on a historical-cost basis, except for nancial assets and nancial liabilities at fair value through pro t or loss that have been measured at fair value.

The Company presents its statement of nancial position with assets and liabilities listed in order of liquidity. An analysis regarding settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 13.

After making reasonable inquiries and assessing all data relating to the Company's liquidity, particularly its holding of cash and Level 1 assets, the Investment Manager and the Board of Directors believe that the Company is well placed to manage its business risks, has adequate resources to continue in operational existence through April 30, 2022 and do not consider there to be any threat to the going concern status of the Company. For these reasons, they have adopted the going concern basis in preparing the Financial Statements.

Financial Instruments

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss and Commodity Interests

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if: (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or (b) on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial Assets

The Company classifies its financial assets as subsequently measured at fair value through profit or loss or measured at amortized cost based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at fair value through profit or loss if: (a) its contractual terms do not give rise to cash flows on specified dates that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding or (b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or (c) at initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company includes in this category investments in securities and derivative financial instruments.

Financial assets measured at amortized cost

A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts and other receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired.

Financial Liabilities

Financial liabilities measured at fair value through profit or loss

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. This category would include derivative contracts in a liability position and equity instruments sold short since they are classified as held for trading.

Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category its Bonds and other short-term payables.

Derecognition of financial liabilities

The Company will derecognize a financial liability when the obligation under the liability is discharged, canceled or expired.

Bonds at Amortized Cost

(i) Classification

The Company classifies its Bonds, as discussed in Note 1 and Note 18, at initial recognition at amortized cost.

(ii) Recognition

The Company recognizes its Bonds upon the date of issuance of the Bonds.

(iii) Initial Measurement

Bonds are measured initially at their par values plus any directly attributable incremental costs of acquisition or issue, which is considered to approximate fair value.

(iv) Subsequent Measurement

After initial measurement, the Company measures the Bonds at amortized cost using the effective interest method. Interest expense relating to the Bonds is calculated using the effective interest method and allocated over the relevant period and is recognized in the statement of comprehensive income accordingly. The interest expense relating to the Bonds includes coupon interest accrued as well as amortization of the transaction costs from the bond offerings.

(v) Derecognition

The Company will derecognize its liability associated with each of the Bonds upon maturity or in the event that the Company exercises its prepayment option for all or some of the Bonds, in which case all or some of the liability would be derecognized at the settlement date.

Fair Value Measurement

The Company measures its investments in financial instruments, such as equities, options and other derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company values equity securities listed on a securities exchange at the official closing price reported by the exchange on which the securities are primarily traded on the date of determination. In the event that the date of determination is not a day on which the relevant exchange is open for business, such securities are valued at the official closing price reported by the exchange on the most recent business day prior to the date of determination. Exchange-traded options and securities listed on a securities exchange for which the exchange does not report an official closing price on the date of determination (other than because the relevant exchange was closed on such date) are valued at the average of the most recent "bid" and "ask" prices.

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Securities that are not listed on an exchange (both equity and debt) but for which external pricing sources (such as dealer quotes or other independent pricing services) may be available are valued by the Investment Manager after considering, among other factors, such external pricing sources, recent trading activity or other information that, in the opinion of the Investment Manager, may not have been reflected in pricing obtained from external sources. When dealer quotes are being used to assess the value of a holding, an attempt is made to obtain several independent quotes. The practical application of quoted market prices to portfolio positions is a function of the quoted differential in bid/offer spreads. Long and short positions generally are marked to mid-market (subject to the Investment Manager's discretion to mark such positions differently if and when deemed appropriate).

In order to value over-the-counter credit derivatives, the Investment Manager uses a third-party pricing service that obtains quotes from multiple dealers and/or values such instruments after considering, among other factors, the mark-to-market price provided by the dealer with which the Company established the position or other dealers. Cleared credit derivatives (including index credit default swaps) will generally be valued using prices obtained from the clearing house that clears the majority of the volume of such credit derivative and/or as necessary, the value of a third-party pricing provider if a single clearing house does not clear the majority of such credit derivative.

For investments where no external pricing sources are available (i.e. Level 3 investments), they are fair valued using valuation methodologies as determined by the Investment Manager. Additionally, the Investment Manager may choose to employ an independent third-party valuation firm to conduct valuations.

The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, including information obtained after the close of markets, and may request that alternative valuation methods be applied to support the valuation arising from the methods discussed. Any material changes in valuation methods are discussed and agreed with the Board of Directors.

Offsetting of Financial Instruments

Financial assets and financial liabilities are reported gross by counterparty in the statement of financial position. It is not the Company's intention to settle financial assets and financial liabilities net of the collateral pledged to or received from counterparties.

See Note 8 for the offset of the Company's derivative assets and liabilities, along with collateral pledged to or received from counterparties.

Functional and Presentation Currency

The Company's functional currency is the United States Dollar ("USD"), which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated, and its liquidity is managed, in USD. Therefore, USD is considered the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The presentation currency of the Company's Financial Statements is USD.

Foreign Currency Translations

Assets and liabilities denominated in non-U.S. currencies are translated into USD at the prevailing exchange rates at the reporting date. Transactions in non-U.S. currencies are translated into USD at the prevailing exchange rates at the time of the transaction. The Company includes the portion of gains and losses on investments due to changes in foreign exchange rates with the portion due to changes in market prices of the investments based on the classification of the underlying investment in the statement of comprehensive income.

Amounts Due To and Due From Brokers

Due from brokers includes cash balances held at the Company's prime brokers, cash held and collateral pledged at the futures commission merchants, cash collateral pledged to counterparties related to derivative contracts and amounts receivable for securities transactions that have not settled at the reporting date. Cash that is related to securities sold, not yet purchased, is restricted until the securities are purchased. Due to brokers consists of cash received from counterparties to collateralize the Company's derivative contracts and amounts payable for securities transactions that have not settled at the reporting date.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents in the statement of financial position comprise cash held at banks and money market funds which are invested in U.S. Treasuries and obligations of the U.S. government.

Investment Income/Expense

Dividend income is recognized on the date on which the investments are quoted ex-dividend and presented gross of withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to securities sold not yet purchased is recognized when the shareholders' right to receive the payment is established. Interest income and expense related to cash, collateral cash received/posted by the Company and rebate expense and borrowing costs on securities sold not yet purchased is recognized when earned/incurred.

Net Gain or Loss on Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

The Company records its security transactions and the related revenue and expenses on a trade date basis. Unrealized gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior years' unrealized gains and losses for financial instruments which were realized in the reporting period.

Realized gains and losses on disposals of financial instruments classified at fair value through profit or loss are calculated using the highest cost relief method (specific identification). These gains or losses represent the differences between an instrument's purchase amount and disposal amount, or cash payments due on, or receipts from, derivative contracts.

Professional Fees

Professional fees include, but are not limited to, expenses relating to accounting, investment valuation, administrative services, auditing, tax preparation expenses, legal fees and expenses, professional fees and expenses (including fees and expenses of investment bankers, advisers, appraisers, public and government relations and other consultants and experts) and investment-related fees and expenses including research, but excluding investment transaction costs.

Other Expenses

Other expenses include, but are not limited to, investment-related expenses associated with activist campaigns including expenses for: (i) proxy contests, solicitations and tender offers; (ii) compensation,

indemnification and expenses of nominees proposed by the Investment Manager as directors or executives of portfolio companies; and (iii) printing and postage expenses, bank service fees, insurance expenses, and expenses relating to regulatory filings and registrations made in connection with the Company's business and investment activities.

Taxes

The Company is not subject to any income or capital gains taxes in Guernsey. The Company is subject to withholding taxes applicable to certain investment income, such as dividends.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. See Note 19 for further details.

Management Fees and Performance Fees

The Company recognizes management fees and performance fees in the period in which they are incurred in accordance with the terms of the IMA, which is an executory contract under IAS 37 as discussed in Note 3. Refer to Note 15 for detailed information regarding the calculation of both fees.

Net Assets Attributable to Management Shareholders

In accordance with IAS 32, the Company classifies its Public Shares and the Special Voting Share as equity, as shareholders do not have any rights of redemption.

Management Shares can be converted into a variable number of Public Shares based upon their net asset values as of the last day of each calendar month and are therefore classified as financial liabilities in accordance with IFRS. At no time can Management Shares be redeemed in cash at the option of the management shareholders. Net assets attributable to Management Shares, if any, are accounted for on an amortized cost basis at the net asset value calculated in accordance with IFRS. The change in the net assets attributable to Management Shares, other than that arising from share issuances, share repurchases or conversions, is recognized in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognized in the Financial Statements and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant effect on the amounts recognized in the Financial Statements:

Assessment of Investment Management Agreement as an executory contract

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The Company classifies the IMA as an executory contract. Under paragraph 3 of IAS 37, "executory contracts" are contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent. The objective of IAS 37 is to ensure, inter alia, that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets. The Board has determined that the IMA meets the definition of an executory contract in that: it is a contract for the performance of services, it imposes continuing obligations on each party, and it has been entered into for a renewable term.

Under the IMA, the services that the Company has contracted for consist of investment management services to be delivered by the Investment Manager. The Investment Manager has sole authority to make investments on behalf of the Company throughout the term of the IMA. In consideration for those services, the Company has continuing obligations to pay management fees and performance fees (if any). See Note 15 - Investment Management Agreement - Fees, Performance Fees And Termination.

As explained in Note 15, the performance fee is made up of three components including the Potential Offset Amount (as defined in Note 15). In the Company's judgment these components constitute a single unit of account because no component is payable without the others being payable, the components are settled as a single amount and it is not possible to segregate the different services provided by the Company and attribute them to the different components of the performance fee.

The IMA is automatically renewable each December 31 for one year. The IMA is terminable (a) at December 31 of any year by each party upon four months' prior notice (subject, in the case of termination by the Company, to shareholder approval requiring a 66 2/3% majority by voting power of the outstanding shares and a 66 2/3% majority of the outstanding Public Shares, as prescribed by the Company's Articles of Incorporation) or (b) at any time if the other party liquidates, a receiver or liquidator or administrator is appointed in respect of the other party's assets or the other party commits a material breach that remains uncured for more than 30 days after notice thereof. The Company considers that its termination rights are substantive. In the event that the IMA is terminated, the Company is only liable for performance fees up to the date of termination, and the Investment Manager cannot recover any Potential Offset Amount (except to the extent that it is part of the performance fee).

In its application of IAS 37, the Board has determined that payment of performance fees is entirely dependent on performance of services under the IMA and on the Company's NAV appreciation generated by those services (subject to standard high water mark arrangements). Accordingly, those fees (including the Potential Offset Amount component of performance fees) arise and are recognized as the services are performed by the Investment Manager, and the Company's NAV appreciates. The Company accrues a provision for performance fees over the applicable period based on its NAV appreciation above the high water mark. The Board has assessed that in this manner, the Company's NAV appreciation appropriately matches the timing of recognizing the Company's obligation to pay fees that may be triggered by the NAV appreciation.

The Company also assessed whether the Potential Offset Amount gave rise to a financial liability under the requirements to record contingent settlement obligations in IAS 32 paragraph 25. The Company concluded that no financial liability arises until December 31 of each year, at which point the performance fee including the offset amount crystallizes, because the arrangements only give rise to a financial asset for the Investment Manager at that date.

Assessment of Company investment as structured entity

IFRS 12 defines a structured entity as an entity that has been designed so that voting or other similar rights of the investors are not the dominant factor in deciding who controls the entity.

The Company, Pershing Square, L.P. ("PSLP") and Pershing Square International, Ltd. ("PSINTL" and together with the Company and PSLP, the "Pershing Square Funds") wholly own Pershing Square TH Sponsor, LLC ("PSTH Sponsor"), a Delaware limited liability company, as non-managing members. The business and affairs of PSTH Sponsor are managed exclusively by its non-member manager, PSCM. PSTH Sponsor is the sponsor entity for Pershing Square Tontine Holdings, Ltd. ("PSTH"), a Delaware corporation, which is a newly organized blank-check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. PSTH led its initial Form S-1 Registration Statement (the "PSTH S-1") with the Securities and Exchange Commission ("SEC") on June 22, 2020 and subsequently had its Initial Public Offering ("IPO") on July 22, 2020. As of December 31, 2020, the Company held an investment in PSTH Sponsor. This investment is reflected under financial assets at fair value through profit or loss in the statement of financial position.

The Company has assessed whether PSTH Sponsor should be classified as a structured entity. The Company has considered the terms of the limited liability company agreement of PSTH Sponsor and has determined that the dominant factor of control is PSCM's role as non-member manager. The Company, therefore, has concluded that PSTH Sponsor is a structured entity. Pershing Square VI, L.P. ("PS VI LP") and Pershing Square VI International, L.P. ("PS VI Intl"), each feeder funds to Pershing Square VI Master, L.P. ("PS VI Master Fund"), all of which operated collectively as a co-investment vehicle invested primarily in securities of (or otherwise seeking to be exposed to the value of securities issued by) Automatic Data Processing, Inc. ("ADP"), were affiliated investment funds (collectively "PS VI"). PS VI commenced operations on July 24, 2017 and ceased operations as of July 31, 2019 (the "PSVI Cessation Date"). During its operation, the Company held investments in PS VI LP and PS VI Intl. See Note 16 for further detail.

The Company has assessed whether the PS VI funds should be classified as structured entities. The Company has considered the terms of the investment management agreement between the PS VI funds and the Investment Manager along with the voting and redemption rights of the PS VI investors, including their rights to remove the Investment Manager, and has determined that the dominant factor of control of PS VI is the PS VI funds' contractual agreement with the Investment Manager. The Company, therefore, has concluded that the PS VI funds were structured entities.

All realized and unrealized gains and losses from the Company's investments in PS VI and PSTH Sponsor are reflected in the statement of comprehensive income for the years ended 2019 and 2020, respectively. The Company has not provided any financial or other support to these unconsolidated structured entities. See Note 7 for the discussion on the fair value measurement and Note 16 for related party transactions regarding the Company's investments in PS VI and PSTH Sponsor.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined by the Investment Manager using prices obtained from counterparties or independent third-party pricing services/ valuation agents. The independent third-party pricing services/ valuation agents utilize proprietary models to determine fair value. The valuation agents' modeling may consider, but is not limited to, the following inputs: amount and timing of cash flows, current and projected financial performance, volatility of the underlying securities' stock prices, dividend yields and/or interest rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are calibrated regularly and tested for validity using prices from observable current market transactions in the same instrument (without modification or repackaging) or based on available observable market data.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has assessed the impact of amendments made to IFRS 3, IFRS 7, IFRS 9, IFRS 16, IAS 39, IAS 1, IAS 8 and

the Conceptual Framework for Financial Reporting, and has determined that they do not affect the Company's Financial Statements. The Company has also assessed the impact of amendments made to IFRS 1, IFRS 9, IFRS 17, IAS 41, IAS 1, IAS 3, IAS 16 and IAS 37, which have been issued but are not yet effective, and has determined that they are unlikely to affect the Company's Financial Statements.

5. SEGMENT INFORMATION

In accordance with IFRS 8: Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board in order to assess each segment's performance.

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Management information for the Company as a whole is provided internally to the Directors for decision-making purposes. The Board's decisions are based on a single integrated strategy and the Company's performance is evaluated on an overall basis. The Company has a portfolio of long and occasionally short investments that the Board and Investment Manager believe exhibit significant valuation discrepancies between current trading prices and intrinsic business value, often with a catalyst for value recognition.

Therefore, the Directors are of the opinion that the Company is engaged in a single economic segment of business for all decision-making purposes. The financial results of this segment are equivalent to the results of the Company as a whole.

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss:

As of December 31	2020	2019
Investments in securities	\$ 9,093,461,819	\$ 5,734,336,025
Derivative financial instruments	603,563,999	130,860,803

Financial assets at fair value through
profit or loss \$ 9,697,025,818 \$ 5,865,196,828

Financial liabilities at fair value through profit or loss:

As of December 31 2020 2019

Derivative financial instruments	\$ 573,590,762	\$ 7,607,415
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Financial liabilities at fair value through profit or loss	\$ 573,590,762	\$ 7,607,415
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Net changes in fair value of financial assets and financial liabilities through profit or loss:

For the years ended December 31	2020			2019		
	Realized	Total Unrealized	Gains/(Losses)	Realized	Total Unrealized	Gains/(Losses)
Financial assets at fair value through profit or loss	\$ 142,989,921	\$ 2,056,431,944	\$ 2,199,421,865	\$ 260,672,692	\$ 1,776,919,372	\$ 2,037,592,064
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--
Derivative financial instruments	1,829,627,106	531,264,836	2,360,891,942	(9,180,025)	244,329,177	235,149,152
Net changes in fair value	\$ 1,972,617,027	\$ 2,587,696,780	\$ 4,560,313,807	\$ 251,492,667	\$ 2,021,248,549	\$ 2,272,741,216

7. FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Hierarchy

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgment and considers factors specific to the asset or liability. Financial instruments are recognized at fair value and categorized in the following table based on:

Level 1 -- Inputs are unadjusted quoted prices in active markets. The assets and liabilities in this category will generally include equities listed in active markets, Treasuries (on the run) and listed options.

Level 2 -- Inputs (other than quoted prices included in Level 1) are obtained directly or indirectly from observable market data at the measurement date. The assets and liabilities in this category will generally include fixed income securities, OTC options, total return swaps, credit default swaps, equity forward contracts, foreign currency forward contracts and certain other derivatives.

Level 3 -- Inputs, including significant unobservable inputs, reflect the Company's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date. The assets and liabilities in this category will generally include warrants and certain other derivatives.

Recurring Fair Value Measurement of Assets and Liabilities

(in thousands)

As of December 31	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	3	Total
Financial Assets:								
Equity Securities:								
Common Stock:								
Financial Services	\$ 346,991	\$ --	\$ --	\$ 346,991	\$ 399,340	\$ --	\$ --	\$ 399,340
Hospitality	1,269,175	--	--	1,269,175	945,704	--	--	945,704
Insurance/Industrials	--	--	--	--	734,632	--	--	734,632
Life Science Tools/Industrials	1,238,920	--	--	1,238,920	116,508	--	--	116,508
Real Estate Development and Operating	681,387	--	--	681,387	221,782	--	--	221,782
Restaurant	3,545,817	--	--	3,545,817	2,392,970	--	--	2,392,970
Retail	1,700,141	--	--	1,700,141	833,161	--	--	833,161
Preferred Stock:								
Financial Services	94,265	--	--	94,265	90,239	--	--	90,239
Investment in Affiliated Entity								
Special Purpose Acquisition Company	--	--	216,765(3)	216,765	--	--	--	--
Derivative Contracts (Held for Trading):								
Currency Call/Put Options	--	243(1)	--	243	--	--	--	--
Equity Forwards:								
Life Science Tools/Industrials	--	--	--	--	58,972(2)	--	--	58,972
Real Estate Development and Operating	--	--	--	--	43,028(2)	--	--	43,028
Foreign Currency Forwards	--	223(1)	--	223	--	--	--	--
Forward Purchase Units:								
Special Purpose Acquisition Company	--	--	536,441(4)	536,441	--	--	--	--
Interest Rate Swaptions	--	61,101(1)	--	61,101	--	--	--	--
Total Return Swaps:								

Financial Services	--	5,557(2)	--	5,557	--	28,861(2)	--	28,861
Total	\$ 8,876,696	\$ 67,124	\$ 753,206	\$ 9,697,026	\$ 5,734,336	\$ 130,861	\$ --	\$ 5,865,197

Recurring Fair Value Measurement of Assets and Liabilities (continued)

(in thousands)

As of December 31	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities:								
Derivative Contracts (Held for Trading):								
Credit Default Swaps:								
Financial Services	\$ --	\$ 1,261(2)	\$ --	\$ 1,261	\$ --	\$ --	\$ --	\$ --
Equity Forwards:								
Restaurant	--	--	--	--	2,180(2)	--	--	2,180
Equity Options Written:								
Real Estate Development and Operating	--	47,712(1)	--	47,712	--	--	--	--
Foreign Currency Forwards	--	--	--	--	5,427(1)	--	--	5,427
Index Credit Default Swaps	--	524,618(2)	--	524,618	--	--	--	--
Total	\$ --	\$ 573,591	\$ --	\$ 573,591	\$ --	\$ 7,607	\$ --	\$ 7,607

(1) Level 2 financial instruments may include OTC currency call/put options, equity options, interest rate swaptions and foreign currency forward contracts that are fair valued by the Investment Manager. The fair values of these financial instruments may reflect, but are not limited to, the following inputs: current market and contractual prices from market makers or dealers, volatilities of the underlying financial instruments, interest rates and/or current foreign exchange forward and spot rates. The significant inputs are market observable and are included within Level 2. Additionally, the Investment Manager employs an independent third-party pricing service to conduct valuations.

The independent third-party pricing service uses widely recognized valuation models for determining fair values of OTC derivatives. The most frequently applied valuation techniques include forward pricing and option models, using present value calculations.

(2) Level 2 financial instruments may include total return swap contracts, equity forward contracts, credit default swaps and index credit default swaps that are fair valued by the Investment Manager using market observable inputs. The fair values of these financial instruments may reflect, but are not limited to, the following inputs: market price of the underlying security, notional amount, expiration date, fixed and floating interest rates, credit spreads, index factors, payment schedules and/or dividends declared.

(3) This figure relates to the Company's investment in PSTH Sponsor as of the year ended 2020. Refer to Note 16 for further details. Substantially all of the instruments underlying the Company's investment in PSTH Sponsor are Level 3.

(4) This figure includes the Company's investments in the Committed Forward Purchase Units and the Additional Forward Purchase Units. Refer to Note 14 for further details.

The Company's cash and cash equivalents and short-term receivables and payables are recorded at carrying value which approximates fair value. The Bonds are classified as Level 1 financial liabilities and the fair values of the Bonds are discussed further in Note 18.

Some of the Company's investments in Level 1 securities represent a significant proportion of the Company's portfolio. If such investments were sold or covered in their entirety, it might not be possible to sell them at the quoted market price which IFRS requires to be used in determining fair value.

Many factors affect the price that could be realized for large investments and the Investment Manager believes that it is difficult to accurately estimate the potential discount or premium to quoted market prices that the Company would receive or realize.

Level 3 Transfers

Transfers between levels during the year are determined and deemed to have occurred at each financial statement reporting date. There were no transfers into or out of Level 3 fair value measurements since the last financial statement reporting date.

Level 3 Reconciliation

Level 3 investments include the Company's investment in PSTH Sponsor (as disclosed in Note 16) and the Committed Forward Purchase Units and Additional Forward Purchase Units (as disclosed in Note 14). As no external pricing sources are available for these investments, each is fair valued using valuation methodologies as determined by the Investment Manager. In applying its valuation methods, the Investment Manager utilizes information including, but not limited to

the following: amount and timing of cash flows, current and projected financial performance, probability assessments, volatility of the underlying securities' stock price, dividend yields and/or interest rates. In addition, the Investment

Manager employs an independent third-party valuation firm to conduct valuations. The independent third-party valuation firm provides the Investment Manager with a written report documenting their recommended valuations as of the determination date. The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods be applied to support the valuation arising from the method discussed. Any material changes in valuation methods are discussed and agreed with the Board of Directors. The following table summarizes the change in the carrying amounts associated with Level 3 investments for the year ended 2020. The Company did not hold Level 3 securities as of December 31, 2019.

	Forward Purchase Units	Investment in Affiliated Entity	Total
Balance at December 31, 2019	\$ --	\$ --	\$ --
Purchase of Sponsor Warrants	--	58,967,000	58,967,000
Purchase of Class B common stock	--	21,076	21,076
Funding of PSTH Sponsor loan	--	957,355	957,355
Repayment of PSTH Sponsor loan	--	(957,525)	(957,525)
Net gain/(loss)	536,440,242	157,777,526	694,217,768
Balance at December 31, 2020	\$ 536,440,242	\$ 216,765,432	\$ 753,205,674

As disclosed in the table above, the Company had a net gain of \$694,217,768 from Level 3 securities held directly with/ referencing PSTH. The most significant input driving the valuation of these investments is the

appreciation of PSTH stock which closed on December 31, 2020 at \$27.72 as compared to its July 22, 2020 IPO price of \$20.00.

Quantitative Information of Significant Unobservable Inputs -- Level 3

The table below summarizes quantitative information about the significant unobservable inputs used in the fair value measurement and the valuation processes used by the Company for Level 3 securities:

Financial Asset	Year Ended	Fair Value	Valuation Techniques	Unobservable Input	Input
Forward Purchase Units:					
			Discount for Lack of Marketability	3%	
Committed Forward Purchase Units	2020	\$ 387,563,628	Black-Scholes pricing model	Discount for Lack of Marketability	8%
Additional Forward Purchase Units					
	2020	\$ 148,876,614	Black-Scholes pricing model	Discount for Probability of Exercise	79.8%
Investment in Affiliated Entity:					
			Volatility	25%	
			Illiquidity Discount	17%	
Sponsor Warrants	2020	\$ 216,762,909	Black-Scholes pricing model	Probability of Warrant Renegotiation	24.5%

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The significant unobservable inputs listed above are reflective of rights and obligations associated with each investment.

The Discount for Lack of Marketability ("DLOM") for the Committed Forward Purchase Units relates to an embedded lock-up (the "FPA Lock-Up"), whereby the securities underlying the Committed Forward Purchase Units may not be sold for 180 days post the completion of PSTH's Initial Business Combination ("IBC"). As a result of the FPA Lock-Up, the DLOM was 3%.

The Additional Forward Purchase Units are subject to the same FPA Lock-Up, and have embedded optionality such that they may be exercised at any amount of the Additional Forward Purchase Units up to \$2 billion. This additional feature, combined with the FPA Lock-Up, resulted in a DLOM of 8%. The Discount for Probability of Exercise is a direct result of the embedded option component previously stated. It is modelled to reflect the possible exercise of values between nil and \$2 billion, resulting in a discount of 79.8%.

The Sponsor Warrants have three significant unobservable inputs: (i) Volatility, (ii) Illiquidity Discount and (iii) Probability of Warrant Renegotiation. The volatility of 25% reflects the anticipated implied volatility of the potential target company from PSTH's IBC over the Sponsor Warrants' 10-year term. The Illiquidity Discount of 17% relates to an embedded lock-up, whereby the securities underlying the Sponsor Warrants may not be sold for three years post the completion of PSTH's IBC. The Probability of Warrant Renegotiation is a discount based on the probability that the Sponsor Warrants will be restructured at the time of PSTH's IBC. The discount of 24.5% was representative of the average of sponsor incentive restructurings and founder stock forfeitures in completed SPAC transactions.

Sensitivity Analysis to Significant Changes in Unobservable Inputs with Level 3 Hierarchy

The significant unobservable inputs used in the fair value measurement of Level 3 investments together with a quantitative sensitivity analysis are shown as follows:

Financial Asset	Year Ended	Unobservable Input	Sensitivity Used	Effect on Fair Value
<hr/>				
Forward Purchase Units:				
Committed Forward Purchase Units	2020	Discount for Lack of Marketability	+2%/-2%	\$(7,983,360) / \$7,983,360
Additional Forward Purchase Units	2020	Discount for Lack of Marketability	+3%/-3%	\$(4,808,160) / \$4,808,160
Additional Forward Purchase Units	2020	Discount for Probability of Exercise	+3%/-3%	\$(22,055,795) / \$22,055,795
<hr/>				
Investment in Affiliated Entity:				
Sponsor Warrant	2020	Volatility	+5%/-5%	\$31,752,000 / \$(32,659,200)
Sponsor Warrant	2020	Illiquidity Discount	+5%/-5%	\$(12,700,800) / \$12,700,800
Sponsor Warrant	2020	Probability of Warrant Renegotiation	+1%/-1%	\$(3,150,172) / \$3,150,172
<hr/>				

8. DERIVATIVE CONTRACTS

In the normal course of business, the Company enters into derivative contracts primarily for investment purposes, and periodically for hedging purposes. These instruments are subject to various risks, similar to non-derivative instruments, including market, credit and liquidity risk (see Note 13). The Company manages these risks on an aggregate basis along with other risks associated with its investing activities as part of its overall risk management strategy.

The Company's derivative trading activities are primarily the purchase and sale of OTC and listed equity options, equity forward contracts, index and single-name credit default swaps, total return swap contracts and foreign currency options and forward contracts. All derivatives are reported at fair value (as described in Note 2) in the statement of financial position. Changes in fair value are reflected in the statement of comprehensive income.

Total Return Swaps

Total return swap contracts represent agreements between two parties to make payments based upon the performance of a certain underlying financial instrument. The Company is obligated to pay or entitled to receive as the case may be, the net difference in the value determined at the onset of the swap versus the value determined at the termination or reset date of the swap. The amounts required for the future satisfaction of the swaps may be greater or less than the amounts recorded in the statement of financial position. The ultimate gain or loss depends upon the prices of the underlying instrument(s) on settlement date. In addition, a total return swap requires one party to pay the other party a floating amount that reflects an interest carrying cost; the party that receives the performance of the underlying financial instrument will pay the floating amount to the other party.

Credit Default Swaps

A credit default swap contract represents an agreement that one party, the protection buyer, will pay a fixed coupon in return for a payment by the other party, the protection seller, contingent upon a specified credit event relating to an underlying reference obligation. While there is no credit event, the protection buyer pays the protection seller a quarterly fixed coupon. If a specified credit event occurs, there is an exchange of cash

ows and/or securities designed so that the net payment to the protection buyer reflects the loss incurred by holders of the referenced obligation in the event of its default. In the case of OTC credit default swaps, which are usually on single reference entities, the ISDA agreement establishes the nature of the credit event, and such events may include bankruptcy and failure to meet payment obligations when due. For cleared credit default swaps, the terms incorporate a uniform set of definitions published by ISDA. At the point in time when a credit default swap contract is entered into, the parties thereto agree that the contract will be governed by these definitions and that the determinations of the Credit Derivatives Determinations Committees will be binding on the contract.

Equity Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Company purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Company is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Company provide the purchaser (the party facing the Company) the opportunity to purchase from or sell to the Company the underlying asset at an agreed-upon value either on or before the expiration of the option. In writing an option, the Company bears the market risk of an unfavorable change in the financial instrument underlying the written option. The exercise by the purchaser of an option written by the Company could result in the Company buying or selling a financial instrument at a price higher or lower than the current market value, respectively. The maximum loss for written put options is limited to the number of contracts written and the related strike prices, and the maximum loss for written call options (which could be unlimited) is contingent upon the market price of the underlying security at the exercise date. At December 31, 2020, the Company had a maximum potential loss of \$564,492,880 relating to written equity put options, assuming the underliers stock price of such options decreased to nil. The fair value of these written put options as of December 31, 2020 was (\$47,711,572). At December 31, 2019, the Company had no written options.

Interest Rate Swaptions

An interest rate swaption is an option to enter into an interest rate swap. In exchange for premiums, the buyer gains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date. A payer swaption is an option to enter into a swap as a fixed-rate payer, while a receiver swaption is an option to enter into a swap as a fixed-rate receiver.

Equity Forwards

An equity forward contract involves a commitment by the Company to purchase or sell equity securities for a predetermined price, with payment and delivery of the equity securities at a predetermined future date. An equity forward embeds a cost of carry (interest) charge payable by the Company (when the Company commits to purchase) or receivable by the Company (when the Company commits to sell) the underlying securities.

Currency Options

Currency options operate as described under Equity Options with the underlying asset being a notional amount of a currency that will be bought or sold in the future for a specified amount of another currency (the strike price).

Currency Forwards

A foreign currency forward contract is a commitment to purchase or sell a non-USD currency on a future date at a negotiated forward exchange rate. Foreign currency forward contracts are used for trading purposes and may hedge the Company's exposure to changes in foreign currency exchange rates on its non-U.S. portfolio holdings.

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The following table shows the fair values of derivative financial instruments recorded as assets or liabilities as of December 31, 2020 and December 31, 2019, together with their average notional amounts (or shares, when applicable) which is indicative of the trading activity throughout the year. The notional amount, which is

recorded on a gross basis, is the amount of a derivative's underlying asset, reference rate or index value, and is the basis upon which changes in the value of derivatives are measured.

Fair Value of Derivative Financial Instruments

As of December 31	2020		2019	
	Fair Value	Average Notional	Fair Value	Average Notional
Derivatives primarily held for trading purposes				
Assets				
Currency Call/Put Options	\$ 243,466	\$ 265,360,922	\$ --	\$ --
Equity Forwards	--	102,380,104	101,999,533	1,126,077,944
Forward Purchase Units	536,440,242	719,088,197	--	--
Interest Rate Swaptions	61,101,294	304,845,333	--	--
Total Return Swaps	5,556,245	69,711,494	28,861,270	96,605,710
Total Assets	\$ 603,341,247	\$ 1,461,386,050	\$ 130,860,803	\$ 1,222,683,654
Liabilities				
Equity Forwards	\$ --	\$ 119,308,042	\$ 2,180,511	\$ 60,442,290
Equity Options	47,711,572	174,732,049	--	--
Total Liabilities	\$ 47,711,572	\$ 294,040,091	\$ 2,180,511	\$ 60,442,290
Derivatives primarily held for risk management purposes				
Assets				
Foreign Currency Forwards Liabilities	\$ 222,752	\$ 299,142,964	\$ --	\$ --

Credit Default Swaps	\$ 1,260,780	\$ 4,351,500	\$ --	\$ --
Foreign Currency Forwards	--	--	5,426,904	305,682,837
Index Credit Default Swaps	524,618,410	8,284,621,212	--	--
Total Liabilities	\$ 525,879,190	\$ 8,288,972,712	\$ 5,426,904	\$ 305,682,837

The table below summarizes gains or losses from the Company's derivative trading activities for December 31, 2020 and December 31, 2019 that are included in investment gains and losses.

Derivatives for Trading Activities	Year Ended 2020 Net Gain/(Loss)	Year Ended 2019 Net Gain/(Loss)
Credit Default Swaps	\$ (43,081)	\$ --
Currency Call/Put Options	(6,097,741)	(1,732,784)
Equity Forwards	(320,069,585)	99,819,022
Equity Options	121,246,522	25,440,446
Foreign Currency Forwards	(1,560,028)	(11,638,315)
Forward Purchase Units	536,440,242	--
Index Credit Default Swaps	2,057,013,956	--
Interest Rate Swaptions	(2,733,319)	--
Total Return Swaps	(23,305,024)	123,260,783
Total Net Gain/(Loss)	\$ 2,360,891,942	\$ 235,149,152

Offsetting of Derivative Assets and Liabilities

IFRS 7 requires an entity to disclose information about offsetting rights and related arrangements. The disclosures provide users with information to evaluate the effect of netting arrangements on an entity's financial position.

The disclosures are required for all recognized financial instruments that could be offset in accordance with IAS 32 Financial Instruments Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with IAS 32.

The table below displays the amounts by which the fair values of derivative assets and liabilities could be offset in the statement of financial position as a result of counterparty netting. Collateral pledged/received represents amounts by which derivative assets and liabilities could have been further offset for financial presentation purposes if the Company did not include collateral amounts in due from/to brokers in the statement of financial position.

Offsetting of Derivative Assets and Liabilities

Gross Amounts	
Offset in	Net Amounts

As of December 31, 2020	the Statement of Gross Amounts(1)	Offset in the Statement of Financial Position	Offsetting Permitted Financial Position	Under ISDA Master Agreements	Cash Collateral Pledged/ (Received)(2)	Net Amount
Derivative Assets	\$ 66,901,005	\$ --	\$ 66,901,005	\$ (5,799,711)	\$ (61,101,294)	\$ --
Total	\$ 66,901,005	\$ --	\$ 66,901,005	\$ (5,799,711)	\$ (61,101,294)	\$ --

Derivative Liabilities	\$ (47,711,572)	\$ --	\$ (47,711,572)	\$ 5,799,711	\$ 41,911,861	\$ --
Total	\$ (47,711,572)	\$ --	\$ (47,711,572)	\$ 5,799,711	\$ 41,911,861	\$ --

As of December 31, 2019	Gross Amounts Offset in the Statement of Gross Amounts(1)	Offset in the Statement of Financial Position	Offsetting Permitted Financial Position	Under ISDA Master Agreements	Cash Collateral Pledged/ (Received)(3)	Net Amount
Derivative Assets	\$ 130,860,803	\$ --	\$ 130,860,803	\$ (2,180,511)	\$ (122,334,209)	\$ 6,346,083
Total	\$ 130,860,803	\$ --	\$ 130,860,803	\$ (2,180,511)	\$ (122,334,209)	\$ 6,346,083

Derivative Liabilities	\$ (2,180,511)	\$ --	\$ (2,180,511)	\$ 2,180,511	\$ --	\$ --
Total	\$ (2,180,511)	\$ --	\$ (2,180,511)	\$ 2,180,511	\$ --	\$ --

(1) The gross amounts include derivative assets and liabilities which the Company has entered into with an ISDA counterparty and are collateralized. Derivative assets and liabilities not subject to ISDA Master Agreements totaled \$536,662,994 and \$525,879,190, respectively.

(2) The Company has also received collateral of approximately \$633,000 and posted collateral of approximately \$157.4 million to its ISDA counterparties. Included within the collateral available for offset shown above are amounts offset against balances due from/to brokers as disclosed in Note 13. Additionally, the Company has posted collateral of approximately \$271.4M to its futures commission merchant where the Company's credit default swaps and index credit default swaps are held. This amount is not expressed in the above table and is not subject to an ISDA Master Agreements.

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(3) The Company has also received collateral of approximately \$34,000 and posted collateral of approximately \$230.1 million (net of pending settlements) from/to its ISDA counterparties. Included within the collateral available for offset shown above are amounts offset against balances due from/to brokers as disclosed in Note 13.

9. TRADE AND OTHER RECEIVABLES/PAYABLES

The following is a breakdown of the Company's trade and other receivables/payables as stated in the statement of nancial position.

As of December 31	2020	2019
Trade and other receivables		
Dividends receivable	\$ 8,436,729	\$ 6,404,920
Prepays and other receivables	414,478	184,403
Interest receivable	14,415	534,722
	\$ 8,865,622	\$ 7,124,045

As of December 31	2020	2019
Trade and other payables		
Performance fees payable	\$ 692,206,795	\$ 38,707,174
Other payables	1,463,960	1,458,367
Interest payable	169,866	--
Settlement of share buybacks	--	5,331,783
	\$ 693,840,621	\$ 45,497,324

10. CASH AND CASH EQUIVALENTS

The following is a breakdown of the Company's cash and cash equivalents as stated in the statement of financial position.

As of December 31	2020	2019
Cash and cash equivalents		
Cash at banks	\$ --	\$ 799
U.S. Treasury money market funds	1,879,639,109	1,222,845,787
	\$ 1,879,639,109	\$ 1,222,846,586

As of December 31, 2020, money market fund investments in Goldman Sachs Financial Square Treasury Instruments Fund and BlackRock Liquidity Funds Treasury Trust Fund had fair values of \$1,135,121,890 (2019: \$968,816,432) and \$744,517,219 (2019: \$254,029,355), respectively.

11. SHARE CAPITAL

Authorized and Issued Capital

The Board of the Company is authorized to issue an unlimited number of shares, classes of shares or series, as determined by the Board. All of the Company's share classes participate pro-rata in the profits and losses of the Company based upon the share class's ownership of the Company at the time of such allocation.

The Company had 199,120,882 Public Shares (2019: 206,677,784) and the Special Voting Share outstanding as of December 31, 2020. All Management Shares converted to Public Shares on December 31, 2020 (2019: 5,160,225 Management Shares outstanding). In addition, the Company holds 11,835,868 Public Shares in Treasury (2019: 4,278,966) for a total of 210,956,750 Public Shares in issue as of December 31, 2020 (2019: 210,956,750).

The Company's Articles of Incorporation, in accordance with the Listing Rules, incorporate pre-emption rights in favor of existing Shareholders on the issue or sale from treasury of new equity securities for cash (or to issue any rights to subscribe for or convert equity securities into ordinary shares of the Company). At the 2020 Annual General Meeting, the Company proposed and shareholders passed a special resolution to approve the disapplication of the pre-emption rights contained in the Articles of Incorporation so that the Board has the authority to allot and issue (or sell from treasury) up to 20,044,933 Public Shares and up to

516,022 Management Shares (equal to 10% of the Public Shares and 10% of the Management Shares outstanding as at the latest practicable date prior to the date of publication of the Notice of the 2020 Annual General Meeting). Such disapplication for issuances of 10% or less of outstanding equity is commonly requested by issuers listed on the LSE. The Company intends to propose the same special resolution with regards to Public Shares at the 2021 Annual General Meeting.

In order to maintain the status of the Company as a foreign private issuer under U.S. securities law and regulations, the Company has issued a Special Voting Share to PS Holdings Independent Voting Company Limited ("VoteCo"), a Guernsey limited liability company. The Special Voting Share at all times carries 50.1% of the aggregate voting power in the Company (except for certain matters set forth in the Listing Rules on which it may not vote). VoteCo's organizational documents require it to vote in the interest of the Company's shareholders as a whole. The Investment Manager has no affiliation with VoteCo. The members of the VoteCo board of directors are independent from the Investment Manager and have no interest in the Company or the Investment Manager. VoteCo is wholly owned by a trust established for the benefit of one or more charitable organizations outside of the United States, currently the Breast Cancer Society of Canada.

The Investment Manager waived the management fee and the performance fee with respect to Management Shares, which were issued to certain members, partners, officers, managers, employees or affiliates of the Investment Manager and certain other shareholders.

Lock-up

In connection with the Company's IPO, Mr. Ackman and other members of the PSCM's investment and management teams have each entered into a lock-up arrangement with the Company (the "Lock-Up Deed") whereby their aggregate Management Shares held at the time of the IPO are subject to a lock-up of ten years commencing from October 1, 2014, other than sales of Management Shares (i) required to pay taxes on income generated by the Company; (ii) required due to regulatory constraints; or (iii) following separation of employment from the Investment Manager. Management Shares subject to the Lock-Up Deed may from time to time be transferred to affiliates, provided that the transferee agrees to be subject to the remaining lock-up period. On August 9, 2018, the Company amended the Lock-Up Deed to clarify that parties to the Lock-Up Deed may sell the specific Management Shares they held at the time of the IPO, so long as they continue to hold at least as many Management Shares in the aggregate as they held at the time of the IPO (or, if the Management Shares have been converted, so long as they hold at least as many shares of the class such Management Shares were converted into). As of December 31, 2020, 7,950,974 Public Shares were subject to the Lock-Up Deed (2019: 7,891,079).

Share Conversion

Subject to the terms of the lock-up agreements, holders of Management Shares are entitled to convert into Public Shares at the current NAV as of the last day of each calendar month upon such days' prior written notice to the Company as the Board may determine.

As a result of amendments to the Articles approved by shareholders at the 2018 Annual General Meeting, Public Shares acquired by persons who are otherwise eligible to hold Management Shares can be converted into Management Shares, on a NAV for NAV basis as at each month end. The Management Shares resulting from these conversions are not subject to the lock-up described in "Lock-up."

During the year ended December 31, 2020, holders of Management Shares converted 5,160,225 Management Shares into 6,175,883 Public Shares. During the year ended December 31, 2019, holders of Management Shares converted 783,086 Public Shares into 719,357 Management Shares and converted 185,949 Management Shares into 200,343 Public Shares.

Voting Rights

The holders of Public Shares have the right to receive notice of, attend and vote at general meetings of the Company. Public Shares held in Treasury do not have voting rights.

Each Public Share and Management Share carries such voting power so that the aggregate issued number of Public Shares and Management Shares carries 49.9% of the total voting power of the aggregate number of voting shares. Each Public Share carries one vote and each Management Share carries such voting power so that the total voting power of the Public Shares and Management Shares are pro-rated in accordance with their respective net asset values. The Special Voting Share carries 50.1% of the aggregate voting power in the Company. The Special Voting Share and the Management Shares may not vote on certain matters specified in the Listing Rules as discussed below.

Specified Matters

In order to comply with the Listing Rules, the Company was required to make certain revisions to its shareholder voting structure. The Listing Rules permit only holders of the Public Shares to vote on certain matters (the "Speci ed Matters").

Each of the Speci ed Matters is set forth in the Listing Rules.

Distributions

The Board may at any time declare and pay dividends (or interim dividends) based upon the nancial position of the Company. No dividends shall be paid in excess of the amounts permitted by the Companies (Guernsey) Law, 2008 and without the prior consent of the Board and the Investment Manager.

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On February 13, 2019, the Company initiated a quarterly interim dividend of \$0.10 per Public Share. Please see "Dividends" in the Report of the Directors for further information regarding the dividend. For the year ended December 31, 2020, the Company paid dividends of \$81,137,646 (2019: \$87,746,208).

Capital Management

The Company's general objectives for managing capital are:

- To continue as a going concern;
- To maximize its total return primarily through the capital appreciation of its investments; and
- To minimize the risk of an overall permanent loss of capital.

To the extent the Investment Manager deems it advisable and provided that there are no legal, tax or regulatory constraints, the Company is authorized to manage its capital through various methods, including, but not limited to: (i) repurchases of Public Shares and (ii) further issuances of shares, provided that the Board only intends to exercise its authority to issue new shares if such shares are issued at a value not less than the estimated prevailing NAV per share (or under certain other speci ed circumstances).

At the 2020 Annual General Meeting, shareholders renewed the Company's authority to engage in share buybacks up to a maximum of 14.99% of the Public Shares outstanding.

The Company announced share buyback programs in June, October and December of 2019 and April and June of 2020, each of \$100 million and each for up to 6 million of the Company's outstanding Public Shares. Jefferies International Limited was appointed as the buyback agent. The Company repurchased 13,732,785 (2019: 9,355,567) Public Shares for a total of \$286 million (2019: \$174 million) at an average discount of 32.0% (2019: 28.3%) for the year ended December 31, 2020. Beginning on October 24, 2019, all Public Shares repurchased were held in Treasury. Public Shares repurchased prior to this date were cancelled. Since the Company's rst buyback program in May 2017, including the Company's May 2018 tender offer, the Company has repurchased a total of 50,834,239 Public Shares for \$837 million at an average discount of 26.5% as of December 31, 2020.

As presented in "Supplemental U.S. GAAP Disclosures - Financial Highlights", the Company's 2020 share repurchases provided accretion to the Public Shares of \$0.66 per share for the year ended December 31, 2020 (2019: \$0.31). The Company intends to propose that shareholders renew its general share buyback authority at the 2021 Annual General Meeting to allow the Company to engage in share buybacks for up to a maximum of 14.99% of the Public Shares outstanding. If approved by shareholders and depending on market conditions, the Company's available capital and other considerations, the Company may decide to utilize the share buyback authority to make further acquisitions of Public Shares in the market.

As discussed on page 86 under "Lock-up", the Investment Manager imposed a ten-year lock-up on certain holders of Management Shares at the time of the IPO, subject to certain exceptions. This lock-up does not affect capital resources available to the Company.

The Public Shares, Management Shares and Special Voting Share transactions for the years ended December 31, 2020 and December 31, 2019 were as follows:

	Special Voting	
	Management Shares	Public Shares
		Share
-----	-----	-----

Shares Outstanding as of December 31, 2019	5,160,225	206,677,784	1
Share Buybacks*	--	(13,732,785)	--
Conversion Out	(5,160,225)	--	--
Conversion In	--	6,175,883	--
Shares Outstanding as of December 31, 2020	--	199,120,882	1

	Special Voting		
	Management Shares	Public Shares	Share
Shares Outstanding as of December 31, 2018	4,626,817	216,616,094	1
Share Buybacks*	--	(9,355,567)	--
Conversion Out	(185,949)	(783,086)	--
Conversion In	719,357	200,343	--
Shares Outstanding as of December 31, 2019	5,160,225	206,677,784	1

* Beginning on October 24, 2019, all Public Shares repurchased were held in Treasury. Public Shares repurchased prior to this date were cancelled. The Company holds 11,835,868 Public Shares in Treasury which are excluded from Public Shares outstanding.

12. INTEREST INCOME AND EXPENSE

The following is a breakdown of the Company's interest income and expense as stated in the statement of comprehensive income.

	Year Ended 2020	Year Ended 2019
Interest Income		
Interest earned on collateral balances	\$ 1,030,739	\$ 2,828,170
Cash	31,409	204,956
	\$ 1,062,148	\$ 3,033,126

	Year Ended 2020	Year Ended 2019
Interest Expense		
Bonds coupon expense	\$ 79,602,528	\$ 63,592,033
Amortization of Bonds issue costs incurred as finance costs	2,476,989	2,173,643
Interest expense on collateral balances	1,401,786	618,641
Cash	1,515	325

\$ 83,482,818 \$ 66,384,642

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk Mitigation

The Investment Manager does not use formulaic approaches to risk management. Instead, risk management is integrated into the portfolio management process. The primary risk management tool is extensive research completed by the Investment Manager prior to an initial investment. The Investment Manager defines investment risk as the probability of a permanent loss of capital rather than price volatility. Factors considered by the Investment Manager in assessing long investment opportunities include, but are not limited to:

- The volatility/predictability of the business;
- Its correlation with macroeconomic factors;
- The company's financial leverage;
- The defensibility of the company's market position; and
- Its discount to intrinsic value.

The Investment Manager believes that the acquisition of a portfolio of investments, when acquired at a large discount to intrinsic value, provides a margin of safety that can mitigate the likelihood of an overall permanent loss of the Company's capital. The primary risks in the Company's portfolio are company-specific risks which are managed through investment selection and due diligence.

The Investment Manager does not have a formulaic approach in evaluating correlations between investments, but is mindful of sector and industry exposures and other fundamental correlations between the businesses in which the Company invests.

The Investment Manager believes that an important distinguishing factor about the Company's portfolio is that it does not generally use margin leverage.

At times, the Investment Manager has made investments that have materially different risk and reward characteristics. These investments -- because of the circumstances surrounding the companies at the time of the investment, the highly leveraged nature of the businesses or assets, the relative illiquidity of the investment, and/or the structure of the Company's investment -- have a materially greater likelihood of a potential permanent loss of capital for the funds. In light of this greater risk, the Investment Manager generally requires the potential for a materially greater reward if successful, and sizes the investments appropriately.

Refer to Principal Risks and Uncertainties (which are explicitly incorporated by reference into these Notes to Financial Statements) for further information regarding principal risks faced by the Company.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

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Securities sold, not yet purchased, represent obligations of the Company to deliver the specified securities and, thereby, create a liability to purchase the security in the open market at prevailing prices. Accordingly, these transactions may result in additional risk as the amount needed to satisfy the Company's obligations may exceed the amount recognized in the statement of financial position.

The Company's derivative trading activities are discussed in detail in Note 8 and a portfolio of the derivatives held as of December 31, 2020 is presented in the Condensed Schedule of Investments on pages 103-104 (which is explicitly incorporated by reference into these Notes to Financial Statements).

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Generally, most financial assets decline in value when interest rates rise, and increase in value when interest rates decline. While nearly every one of the Company's investments is exposed to the economy to some degree, the Investment Manager attempts to identify companies for which increases or decreases in interest rates are not particularly material to the investment thesis. The Company does not generally hedge its interest rate exposure as the Investment Manager does not, generally, believe

that hedging interest rate risk is a prudent use of capital. The Company did however, initiate a position in interest rate swaptions in December 2020 as it believes the potential portfolio hedging benefits and asymmetric profit opportunity provided an attractive opportunity.

The following table shows the Company's exposure to U.S. interest rates as of December 31, 2020 as a result of its investment in an interest rate swaption. The analysis calculates the effect of a reasonably possible percentage change to the rate and its effect on the Company's profit or loss with all other variables are held constant. The Company did not hold interest rate swaptions as of December 31, 2019.

Interest Rate	Exposure	Effect on Net Assets Attributable to all Shareholders Change in Interest Rate and on Profit/(Loss) for the Year	
U.S. 10 Year Treasury	\$ 61,101,294	+26%	\$ 67,370,000
U.S. 10 Year Treasury	\$ 61,101,294	-26%	\$ (6,330,000)

The Company's investments in cash and cash equivalents have limited exposure to interest rate risk because the duration of these investments is less than 90 days. As of December 31, 2020 and December 31, 2019 cash and cash equivalents equaled \$1,879,639,109 and \$1,222,846,586, respectively. The Bonds have no interest rate risk as the interest rate is fixed and they are carried at amortized cost.

Currency Risk

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than USD. Consequently, the Company is exposed to risks that the exchange rate of the USD relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of future cash flows of that portion of the Company's financial assets or liabilities denominated in currencies other than USD.

The Company primarily utilizes forward exchange contracts and currency options to hedge foreign currency denominated investments, though it may invest in such instruments for other purposes. The primary purpose of the Company's foreign currency economic hedging activities is to protect against the foreign currency exposure associated with investments denominated in foreign currencies. Increases or decreases in the fair value of the Company's foreign currency denominated investments are partially offset by gains and losses on the economic hedging instruments. Also refer to the Condensed Schedule of Investments on pages 103-104 (which is explicitly incorporated by reference into these Notes to Financial Statements) for additional details of the Company's financial assets and liabilities.

The following tables show the currencies to which the Company had significant direct exposure at December 31, 2020 and December 31, 2019 on its financial assets and financial liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against USD on equity and on profit or loss with all other variables held constant.

Currency (2020)	Net Foreign Currency Exposure	Effect on Net Assets Change in Currency Rate	Attributable to all Shareholders and on Profit/(Loss) for the Year
CAD	\$ 4,115,711	+7%	\$ 2,087,157
CAD	\$ 4,115,711	-7%	\$ 1,712,478
EUR	\$ 96,929,247	+7%	\$ 7,187,473
EUR	\$ 96,929,247	-7%	\$ (7,187,473)

Effect on Net Assets

Currency (2019)	Net Foreign Currency Exposure	Change in Currency Rate	Attributable to all Shareholders and on Profit/(Loss) for the Year
CAD	\$ 11,206,411	+8%	\$ (15,644,761)
CAD	\$ 11,206,411	-8%	\$ (2,174,972)

Equity Price Risk

The Company's portfolio is highly concentrated, and may invest a significant proportion of its capital in one or a limited set of investments. A substantial majority of the Company's portfolio is typically allocated to 8 to 12 core holdings usually comprised of highly liquid, listed large cap North American companies. Because the portfolio is highly concentrated and primarily invested in public equities (or derivative instruments which reference public equities), fluctuations in equity prices are a significant risk to the portfolio. Refer to the Company Performance on page 2, Investment Manager's Portfolio Update on pages 15-20 and the Condensed Schedule of Investments on pages 103-104 (each of which is explicitly incorporated by reference into these Notes to Financial Statements) for quantitative and qualitative discussion of the Company's portfolio and additional details regarding the Company's financial assets and financial liabilities.

The following table estimates the effect on the Company's net assets due to a possible change in equity prices with all other variables held constant.

% Change in Net Assets Attributable to all Shareholders	
Change in Equity Price (2020)	
+10%	+12%
-10%	-12%
% Change in Net Assets Attributable to all Shareholders	
Change in Equity Price (2019)	
+9%	+11%
-9%	-11%

The following table analyzes the Company's concentration of equity price risk in the Company's equity portfolio by geographical distribution (based on issuer's place of primary listing or, if not listed, place of domicile).

As of December 31	2020	2019
North America	100%	100%
Total	100%	100%

The following table analyzes the Company's concentration of equity price risk in the Company's equity portfolio by industry sectors:

As of December 31	2020	2019
Restaurant	37 %	40 %
Retail	18 %	14 %
Hospitality	13 %	16 %
Life Science Tools/Industrials	13 %	3 %

Special Purpose Acquisition Company	8 %	--
Real Estate Development and Operating	6 %	5 %
Financial Services	5 %	9 %
Insurance/Industrials	--	13 %
Total	100 %	100 %

Liquidity Risk

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The Company's policy and the Investment Manager's approach to managing liquidity are to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressful market conditions. The Company invests primarily in liquid, large-capitalization securities which, under normal market conditions, are readily convertible to cash. Less liquidity is tolerated in situations where the risk/reward trade-off is sufficiently attractive to justify a greater degree of illiquidity. The following tables summarize the liquidity profile of the Company's financial assets and financial liabilities, cash and cash equivalents (including due to/from brokers) and trade receivables and payables based on undiscounted cash flows:

As of December 31, 2020	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
Assets						
Cash and cash equivalents	\$ 1,879,639,109	\$ --	\$ --	\$ --	\$ --	\$ 1,879,639,109
Due from brokers	955,676,624	--	--	--	--	955,676,624
Trade and other receivables	8,865,622	--	--	--	--	8,865,622
Financial assets at fair value through profit or loss:						
Investments in securities	6,499,107,690	1,752,399,222	350,611,391	274,256,888	217,086,628	9,093,461,819
Derivative financial instruments*	62,616,855	2,051,500	1,844,034	611,368	536,440,242**	603,563,999
Total Assets	\$ 9,405,905,900	\$ 1,754,450,722	\$ 352,455,425	\$ 274,868,256	\$ 753,526,870	\$ 12,541,207,173
Liabilities						
Due to brokers	\$ 46,004,594	\$ --	\$ --	\$ --	\$ --	\$ 46,004,594
Trade and other payables	693,840,621	--	--	--	--	693,840,621
Deferred tax expense payable	6,033,240	11,792,241	17,825,481	16,795,888	--	52,446,850
Bonds	39,716,667	--	8,711,806	48,525,000	2,723,650,000	2,820,603,473

Financial liabilities at fair value through profit or loss:						
Derivative financial instruments*	531,367,705	10,727,553	16,216,069	15,279,435	--	573,590,762
Total liabilities excluding net assets attributable to shareholders	1,316,962,827	22,519,794	42,753,356	80,600,323	2,723,650,000	4,186,486,300
Net assets attributable to shareholders	--	--	--	--	--	--
Total Liabilities	\$ 1,316,962,827	\$ 22,519,794	\$ 42,753,356	\$ 80,600,323	\$ 2,723,650,000	\$ 4,186,486,300

* In the case of derivatives that reference equity securities, the derivative terms provide that the counterparty, if directed, may terminate the derivative directly in the marketplace without requiring any upfront cash payment and such termination would follow the above liquidation time horizons.

** Represents the fair value of the Forward Purchase Units, which is the value that would be received to sell these assets in an orderly transaction between market participants at the measurement date. Pursuant to the Forward Purchase Agreement, the Company has an obligation to purchase Committed Forward Purchase Units and the option to purchase Additional Forward Purchase Units no later than simultaneously with the closing of PSTH's IBC. The Committed Forward Purchase Units and Additional Forward Purchase Units each have a purchase price of \$20.00. See Note 14 for further details.

As of December 31, 2019	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
Assets						
Cash and cash equivalents	\$ 1,222,846,586	\$ --	\$ --	\$ --	\$ --	\$ 1,222,846,586
Due from brokers	114,975,502	--	--	--	--	114,975,502
Trade and other receivables	7,124,045	--	--	--	--	7,124,045
Financial assets at fair value through profit or loss:						
Investments in securities	4,703,594,767	726,462,406	249,674,918	54,603,934	--	5,734,336,025
Derivative						

financial instruments*	51,792,308	48,447,390	26,965,946	3,655,159	--	130,860,803
Total Assets	\$ 6,100,333,208	\$ 774,909,796	\$ 276,640,864	\$ 58,259,093	\$ --	\$ 7,210,142,961
Liabilities						
Due to brokers	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Trade and other payables	45,497,324	--	--	--	--	45,497,324
Deferred tax expense payable	3,025,184	5,912,860	4,570,802	--	--	13,508,846
Bonds	36,850,000	--	--	37,400,000	1,886,200,000	1,960,450,000
Financial liabilities at fair value through profit or loss:						
Derivative financial instruments*	7,607,415	--	--	--	--	7,607,415
Total liabilities excluding net assets attributable to management shareholders	92,979,923	5,912,860	4,570,802	37,400,000	1,886,200,000	2,027,063,585
Net assets attributable to management shareholders	--	134,828,916	--	--	17,535,993	152,364,909
Total Liabilities	\$ 92,979,923	\$ 140,741,776	\$ 4,570,802	\$ 37,400,000	\$ 1,903,735,993	\$ 2,179,428,494

* In the case of derivatives that reference equity securities, the derivative terms provide that the counterparty, if directed, may terminate the derivative directly in the marketplace without requiring any upfront cash payment and

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such termination would follow the above liquidation time horizons.

Although a majority of the Company's portfolio is comprised of liquid, large-capitalization securities, there may be contractual or regulatory restrictions on trading, or "trading windows" imposed with respect to certain issuers for which the Investment Manager has board representation or is otherwise restricted. Although these limitations are considered in connection with the portfolio liquidation analysis, these restrictions are not taken into consideration when calculating the overall liquidity in the table above as the Investment Manager has been able to liquidate such securities successfully through block trades or automatic purchase/sale plans. The Investment Manager believes that the appropriate metric for assessing portfolio liquidity is to calculate how many days it would require to liquidate a position assuming the Investment Manager were able to capture 20% of the trailing 90-day average trading volume. On a monthly basis, this metric is applied to the existing portfolio to assess how long it will take to divest the Company (and the other PSCM- managed funds) of its portfolio positions.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with the Company, resulting in a financial loss to the Company. It arises principally from derivative financial assets, cash and cash equivalents, and balances due from brokers. In order to mitigate credit risk, the Company seeks to trade only with reputable counterparties that the Investment Manager believes to be creditworthy. The Investment Manager has negotiated its ISDA agreements to include bilateral collateral agreements. Thereafter the Investment Manager monitors exposure, performs reconciliations, and posts/receives cash or U.S. Treasury collateral to/from each of the Company's counterparties on a daily basis. The Company invests substantially all cash collateral received in U.S. Treasuries or short-term U.S. Treasury money market funds. In addition, from time to time, the Company purchases credit default swap contracts on the Company's counterparties as a form of credit protection. The Investment Manager prepares daily reports that set forth the Company's exposure (along with that of the other PSCM-managed funds) to each counterparty. Such reports include the credit default swap notional exposure, the net unhedged/(over hedged) exposure, initial margin posted and the net counterparty exposure. In addition, the Investment Manager reviews credit ratings reports on its counterparties on a weekly basis. Please refer to the Condensed Schedule of Investments on pages 103-104 (which is explicitly incorporated by reference into these Notes to Financial Statements) for additional details regarding the Company's financial assets and financial liabilities.

After taking into effect the offsetting permitted under IAS 32, the Company views its credit exposure to be \$156,794,838 and \$236,389,446 at December 31, 2020 and December 31, 2019, respectively, representing the fair value of derivative contracts in net asset position net of derivative contracts in net liability position and net of any collateral received by or given to ISDA counterparties. The Company may purchase credit default swap contracts to hedge against a portion of the Company's credit exposure to certain derivative counterparties. At December 31, 2020 and December 31, 2019, the Company held no credit default swap contracts on its counterparties. The Company did however, utilize index credit default swaps and credit default swaps referencing unrelated counterparties during 2020 to hedge its portfolio against market downturns as a result of the global pandemic.

The Company maintains its cash and cash equivalents position at major financial institutions. At times, cash balances may exceed federally insured limits and, as such, the Company has credit risk associated with such financial institutions. The cash and cash equivalents balances are reflected in the statement of financial position. At December 31, 2020 and December 31, 2019, cash was primarily invested in U.S. Treasury money market funds with daily liquidity as disclosed in Note 10.

The Company's prime brokers are required to provide custody services for the Company's securities. The prime brokers are not permitted under U.S. law to lend out (or "re-hypothecate") the Company's securities if these securities are fully paid. If the Company uses margin leverage, the prime brokers may lend out the Company's securities to fund the prime brokers' business, but are restricted under U.S. law; that is, the prime brokers may only lend out an amount of the Company's securities that is less than or equal to 140% of the debit balance that the prime broker extends to the Company as credit. The Company monitors its accounts to avoid running a debit balance for a significant period of time. Additionally, the Company has processes in place that allow it to quickly move securities from its prime brokers into a regulated bank entity which is not legally permitted to re-hypothecate client securities.

The following table analyzes the Company's cash and cash equivalents (2020: \$1,879,639,109, 2019: \$1,222,846,586), due from brokers (2020: \$955,676,624, 2019: \$114,975,502) and financial assets portfolio (2020: \$9,697,025,818, 2019: \$5,865,196,828) based on the underlying custodians' and counterparties' credit rating, with the exception of the Company's investments in PSTH Sponsor and the Additional and Committed Forward Purchase Units which the Company excluded for purposes of this calculation. For cash held at the Company's futures commission merchant ("FCM"), the Company has exposure to both the FCM and the clearing house which securities are cleared. This calculation only considers the credit rating of the FCM.

As of December 31 2020 2019

-----	-----	-----
AAA	16%	17%
-----	-----	-----
A	83%	81%
-----	-----	-----
BBB+	1%	2%
-----	-----	-----
Total	100%	100%

The following tables reconcile the Company's due from brokers and due to brokers balances from a gross basis to a net basis under which they are presented on the statement of financial position.

As of December 31	2020	2019
Due from brokers		
Cash held at prime brokers	\$ 1,418,813	\$ 8,475,934
Gross ISDA collateral posted	199,340,019	228,867,416
Cash/collateral held at FCM	770,647,811	--
Netting of collateral allowable under ISDA agreements	(15,730,019)	(122,367,848)
	\$ 955,676,624	\$ 114,975,502

As of December 31	2020	2019
Due to brokers		
Gross ISDA collateral received	\$ (61,734,613)	\$ (122,367,848)
Netting of collateral allowable under ISDA agreements	15,730,019	122,367,848
	\$ (46,004,594)	\$ --

14. COMMITMENTS AND CONTINGENCIES

The Pershing Square Funds entered into a forward purchase agreement with PSTH on June 21, 2020. Pursuant to the forward purchase agreement, the Pershing Square Funds have agreed to purchase an aggregate of \$1,000,000,000 of units (the "Committed Forward Purchase Units"), which will have a purchase price of \$20.00 and consist of one share of PSTH Class A common stock and one-third of one warrant. The purchase of the 50,000,000 Committed Forward Purchase Units will take place in one or more private placements in such amounts and at such time or times as the Pershing Square Funds determine, with the full amount to have been purchased no later than simultaneously with the closing of PSTH's IBC. The obligation to purchase the Committed Forward Purchase Units may not be transferred to any other parties.

The forward purchase agreement also provides that the Pershing Square Funds (and/or affiliated co-investment funds) may elect to purchase up to an additional aggregate amount of \$2,000,000,000 of units (the "Additional Forward Purchase Units" and collectively with the Committed Forward Purchase Units, the "Forward Purchase Units"), which will also have a purchase price of \$20.00 and consist of one share of Class A common stock and one-third of one warrant. Any elections to purchase Additional Forward Purchase Units will also take place in one or more private placements, in such amounts and at such time or times as the Pershing Square Funds determine, but no later than simultaneously with the closing of PSTH's IBC. The Pershing Square Funds' right to purchase the Additional Forward Purchase Units may be transferred, in whole or in part, to any entity that is managed by PSCM, but not to third parties. PSTH and the Pershing Square Funds may determine, by mutual agreement, to increase the number of Additional Forward Purchase Units at any time prior to the IBC.

The Pershing Square Funds' obligation or right, as applicable, to purchase the Forward Purchase Units was allocated among the Company, PSLP and PSI at 90.72%, 5.73% and 3.55%, respectively.

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Other than disclosed above, there were no other commitments or contingencies as of December 31, 2020 and December 31, 2019.

15. INVESTMENT MANAGEMENT AGREEMENT -- FEES, PERFORMANCE FEES AND TERMINATION

The Investment Manager receives management fees and performance fees, if any, from the Company pursuant to the IMA.

Management Fee

The Investment Manager receives a quarterly management fee payable in advance each quarter in an amount equal to 0.375% (1.5% per annum) of the net assets (before any accrued performance fee) attributable to fee-paying shares. The fee-paying shares of the Company are the Public Shares and the Special Voting Share.

For the years ended December 31, 2020 and 2019, the Investment Manager earned management fees from the Company of \$95,794,204 and \$64,422,781, respectively.

The Investment Manager chose to reduce the management fees paid by the Company and three affiliated entities managed by the Investment Manager for eight consecutive quarters beginning with the management fee payable on April 1, 2018 by a total of \$32.2 million. This amount is equal to the amount by which performance fees would have been reduced had Allergan-related settlement expenses been incurred in 2014 contemporaneously with gains from the Allergan investment. The reduced fees were allocated among the Company and three affiliated entities based upon the amount of settlement reserves previously recognized at the years ended 2016 and 2017. As a result, the Company's management fees were reduced by a total of \$14.4 million.

The Investment Manager reduced the management fees paid by the Company and three affiliated entities on March 1, 2019 as a result of the Investment Manager's sale of its investment in IEX Group, Inc. ("IEX"). The Company's portion of the reduction was \$2,477,980. See Note 16 for further details.

Performance Fee

Generally, the Investment Manager receives performance fees annually and upon payment of dividends in an amount equal to 16% of the NAV appreciation attributable to the fee-paying shares of the Company above a high water mark (the "16% performance fee") and before giving effect to the accrued performance fees minus the Additional Reduction (defined below). The 16% performance fees paid in connection with dividends are prorated to reflect the ratio of the dividend to the Company's net asset value at the time the dividend is paid. The Company's payment of a dividend will reduce the high water mark by the percentage of net asset value the dividend represents. These performance fees are defined as the "Variable Performance Fee" in the IMA. No Variable Performance Fee can be higher than the 16% performance fee, but it may, as a result of the Additional Reduction, be lower (although it can never be a negative amount).

The "Additional Reduction" is an amount equal to (i) the lesser of the 16% performance fee and the Potential Reduction Amount (defined below), offset (up to such lesser amount) by (ii) the then current portion of the Potential Offset Amount.

The "Potential Reduction Amount" is equal to (i) 20% of the aggregate performance fees and allocation earned by the Investment Manager and its affiliates in respect of the same calculation period on the gains of current and certain future funds managed by the Investment Manager or any of its affiliates plus (ii) if the Potential Reduction Amount for the previous calculation period exceeded the 16% performance fee, the excess amount (which is in effect carried forward).

The "Potential Offset Amount" refers to the fees and other costs of the offering and admission on Euronext Amsterdam of the Public Shares and the commissions paid to placement agents and other formation and offering expenses incurred prior to the IPO of the Company that were, in each case, borne by the Investment Manager pursuant to the IMA. The Potential Offset Amount will be reduced by each dollar applied to reduce the Additional Reduction, until it is fully reduced to zero.

The Potential Offset Amount is not a Company obligation but instead is a component used in the calculation of the Variable Performance Fee. Thus, if the Company or the Investment Manager terminates the IMA or the Company liquidates and the Company pays the Variable Performance Fee that may crystallize in connection therewith, the Company has no obligation to pay any remaining portion of the Potential Offset Amount.

The Potential Offset Amount equaled \$120 million in the aggregate at the time of the IPO. After giving effect to the Potential Reduction Amount of \$30.1 million in 2020, the Potential Offset Amount was reduced to \$52.4 million as of December 31, 2020 (2019: \$82.5 million).

For the year ended December 31, 2020, the Investment Manager earned performance fees of \$3,522,993 in connection with the payment of the quarterly dividend and an annual performance fee of \$692,171,565. For the year ended December 31, 2019, the Investment Manager earned performance fees of \$275,219 in connection with the payment of the quarterly dividend and an annual performance fee of \$38,704,421.

Termination

The IMA automatically renews annually, except that it may be terminated (a) as of December 31st of any year upon four months' prior written notice by either party, subject, in the case of termination by the Company, to approval by a 66 2/3% vote (by voting power) of the holders of the then outstanding voting shares of the Company, together with a 66 2/3% vote (by voting power) of the holders of the then outstanding Public Shares; and (b) in case of dissolution or liquidation of either party or if a receiver or provisional liquidator or administrator or similar officer is appointed over any of the assets of such party or if either party commits a material breach of its obligations under the IMA and such breach remains uncured for more than 30 calendar days after the notice thereof delivered to the party in breach by the other party in accordance with the IMA.

The termination of the IMA at any time will be a crystallization event, which will result in the Variable Performance Fee described above being payable.

16. RELATED PARTY DISCLOSURES

Rebalancing Transactions

The Investment Manager may seek to effect rebalancing transactions from time to time pursuant to policies that are intended to result in the Company and the affiliated entities managed by the Investment Manager generally holding investment positions on a proportionate basis relating to their respective adjusted net asset values, which are equal to each of the entities' net asset values plus any accrued (but not crystallized) performance fees and the net proceeds of any outstanding long-term debt, including the current portion thereof (which in the case of the Company, includes the net proceeds from the Bonds as further discussed below in Note 18). Rebalancing transactions involve either the Company purchasing securities or other financial instruments held by one or more affiliated entities or selling securities or other financial instruments to one or more affiliated entities.

Rebalancing transactions are subject to a number of considerations including, but not limited to, cash balances and liquidity needs, tax, regulatory, risk and other considerations, which may preclude these transactions from occurring or limit their scope at the time of the transactions. The Investment Manager effects rebalancing transactions based on independent market prices, and consistent with the valuation procedures established by the Investment Manager. Neither the Investment Manager nor any of its affiliates receive any compensation in connection with rebalancing transactions. In addition, rebalancing transactions are generally effected without brokerage commissions being charged. To the extent that rebalancing transactions may be viewed as principal transactions due to the ownership interest in the Company or an affiliated entity by the Investment Manager and its personnel, the Investment Manager will either not effect such transactions or comply with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, including that the Investment Manager will notify the relevant entity (or an independent representative of that entity) in writing of the transaction and obtain the consent of that entity (or an independent representative of that entity), and any other applicable law or regulation.

The Investment Manager effected rebalancing transactions among the Company, PSLP and PSINTL in relation to certain of the Company's investments. The aggregate fair value of these rebalancing transactions was \$8,119,333 and \$105,934,754 for the years ended 2020 and 2019, respectively. Rebalancing transactions pertaining to the Company's investment in PSVI are discussed in "Pershing Square VI Investments".

Pershing Square VI Investments

During the period from January 1, 2019 to July 31, 2019, the Company held investments in each of PS VI Intl and PS VI LP. As of the PS VI Cessation Date, the Company had ownership percentages in PS VI Intl and PS VI LP of 49.70% and 19.84%, respectively. On the PS VI Cessation Date, PS VI transferred to the Company its ownership of 1,392,332 ADP common shares (with a value of \$228,342,448), as a partial redemption in kind of its indirect ownership interests in the PS VI Master Fund. Immediately following the ownership transfer, the PS VI Master Fund sold such ADP shares through a block sale as agent to the Company. On August 8, 2019, the remainder of the Company's ownership was paid out in cash except for cash held back for any adjustments required to be made pursuant to the PS VI final audits. The final distribution was made on October 17, 2019.

The Investment Manager had determined that the Company's investments in PS VI were fair valued in accordance with IFRS and the Company's accounting policy. No fair value adjustments were made for trading restrictions. The Company was not charged a management fee or performance fee in relation to its investments in PS VI.

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All realized and unrealized gains and losses from the investments in PS VI were reflected in the statement of comprehensive income for the year ended December 31, 2019. The Company did not recognize gains or losses of any kind subsequent to the final distribution date of October 17, 2019.

During 2019, the Investment Manager effected rebalancing transactions in PS VI on April 1, 2019 and July 1, 2019 among the Company, PSLP and PSINTL. On April 1, 2019, the Company purchased \$21,532,957 and \$23,146,526 of PSINTL's interests in PS VI Intl and PSLP's interest in PS VI LP, respectively. On July 1, 2019, the Company purchased \$18,715,681 and \$17,691,431 of PSINTL's interests in PS VI Intl and PSLP's interest in PS VI LP, respectively. The Company's purchases were completed at the fair market values of PS VI LP and PS VI Intl based on the closing prices of the PS VI Master Fund's underlying securities on the date prior to the transactions. In connection with each rebalancing transaction, the Company sold certain direct interests it owned in ADP so that after the rebalancing transactions the Company's delta-adjusted exposure to ADP reached the intended percentage of its adjusted net assets.

Pershing Square Tontine Holdings, Ltd.

The Pershing Square Funds wholly own PSTH Sponsor, an affiliate of the Investment Manager, and are its only source of funding. PSTH Sponsor is the sponsor entity for PSTH, which is a newly organized blank-check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

On May 7, 2020, the Pershing Square Funds made a capital contribution of \$25,000 to PSTH Sponsor to fund PSTH Sponsor's acquisition of 100 shares of PSTH Class B common stock at a price of \$250.00 a share. The Company's portion of the contribution was \$21,076. The number of votes carried by each share of Class B common stock will be such that, the 100 shares of Class B common stock will, in the aggregate, hold 20.0% of the voting power of the Class A common stock and Class B common stock issued and outstanding immediately following PSTH's IPO and will not be adjusted following PSTH's IBC or upon the issuance of any Forward Purchase Units.

In addition to the Pershing Square Funds' initial capital contribution, PSTH Sponsor agreed to loan PSTH up to \$1,500,000 to cover certain expenses pursuant to a promissory note. The loan was unsecured, accrued interest on a monthly basis at the applicable federal rate, and was payable no later than the end of the 24-month (or 30-month, as applicable) period from the PSTH IPO in which PSTH must complete its IBC.

From May 26, 2020 to July 2, 2020, the Company made additional contributions to PSTH Sponsor totaling \$957,355, all of which PSTH Sponsor loaned to PSTH under the promissory note. On July 24, 2020 all amounts drawn down by PSTH under the promissory note with PSTH Sponsor, along with a nominal amount of interest, were fully repaid and immediately distributed to the Pershing Square Funds.

On July 21, 2020, PSTH Sponsor agreed to purchase the Sponsor Warrants from PSTH for an aggregate purchase price of \$65,000,000. The Company's pro-rata portion of the Sponsor Warrants' purchase price was \$58,967,000. The Sponsor Warrants will generally not be salable, transferable or exercisable until three years after the date of PSTH's initial business combination (the "IBC"), and will be exercisable, in whole or in part, for that number of shares constituting 5.95% of the common shares of the post-combination business on a fully diluted basis at the time immediately following the PSTH's IBC, as more fully described in the PSTH S-1. The Sponsor Warrants will have a term of 10 years from the consummation of PSTH's IBC.

As of December 31, 2020, the market value of PSTH Sponsor's investment in the Sponsor Warrants and Class B common stock of PSTH was \$238,940,673 and \$2,772, respectively, and \$238,943,445 in total. Based on the Company's 90.72% ownership of PSTH Sponsor, the market value of the Company's investment in PSTH Sponsor was \$216,765,432 as of December 31, 2020. All realized and unrealized gains and losses from the Company's investment in PSTH Sponsor are reflected in the statement of comprehensive income for the year ended December 31, 2020. See Note 7 for the discussion on the fair value measurement.

In addition to the Company's investment in PSTH Sponsor, the Company agreed to purchase the Committed Forward Purchase Units from PSTH and may elect to purchase Additional Forward Purchase Units. See Note 14 for further details regarding these investments.

Director's Fees

For the year ended December 31, 2020, the Company's independent Directors' fees in relation to their services for the Company were \$331,525 of which none were payable as of December 31, 2020. For the year ended December 31, 2019, the Company's independent Directors' fees in relation to their services for the Company were \$357,559 of which none were payable as of December 31, 2019.

Management and Performance Fees

The relationship between the Company and the Investment Manager and the fees earned are disclosed in Note 15.

The IMA was amended February 12, 2019 to account for the effect of a dividend on fees paid to the Investment Manager. This amendment constituted a small transaction for the purposes of Chapter 11 of the Listing Rules and was therefore exempt from the requirements thereof.

In January 2013, PSCM invested \$1 million in IEX, a private alternative trading system company. IEX's business objective is to create an execution alternative to reduce the trading costs of large investors (including the Company). The Pershing Square Funds were prohibited from investing in IEX due to restrictions on investments in private companies. Because PSCM believed that the success of the IEX platform would benefit all funds managed by PSCM and that the funds would likely trade on the IEX platform, in order to eliminate any potential for conflicts of interest, PSCM chose to invest in IEX effectively on behalf of the funds, including the Company.

At the time of PSCM's \$1 million investment in IEX, PSCM committed to bear 100% of any losses from its investment in IEX. In the event the investment in IEX was profitable, PSCM committed to reduce the aggregate management fees that the Pershing Square Funds and Pershing Square II, L.P. paid by an amount equal to any profit realized in respect of the disposition, as adjusted in its sole discretion, for any fees, costs, taxes, or expenses incurred by PSCM from the investment.

PSCM sold its investment in IEX in March 2019 and realized \$3.7 million in net profits after adjusting for taxes and other expenses. As previously agreed by PSCM, the profits were used to reduce the management fees payable by the Pershing Square Funds and Pershing Square II, L.P. The reduction was allocated pro-rata among these funds based on each fund's respective net asset value as of March 1, 2019. As a result, the 2019 management fees payable by the Company were reduced by \$2,477,980.

Beneficial Ownership of Portfolio Companies

In the normal course of business, the Company and its affiliates make concentrated investments in portfolio companies where the aggregate beneficial holdings of the Company and its affiliates may be in excess of 10% of one or more portfolio companies' classes of outstanding securities. At such ownership levels, a variety of securities laws may, under certain circumstances, restrict or otherwise limit the timing, manner and volume of disposition of such securities. In addition, with respect to such securities, the Company and its affiliates may have disclosures or other public reporting obligations with respect to acquisitions and/or dispositions of such securities.

As of December 31, 2020 and December 31, 2019, the Company and its affiliates beneficially owned in excess of 10% of the outstanding common equity securities of The Howard Hughes Corporation. Additionally, as of December 31, 2020, assuming full election of the Forward Purchase Units, the Company and its affiliates beneficially owned in excess of 10% of PSTH.

William A. Ackman is the chairman of the board of The Howard Hughes Corporation, and Ryan Israel, a member of PSCM's investment team, was a board member of Platform Specialty Products Corporation until his resignation on February 4, 2019.

PSH Ownership

During the year ended December 31, 2020, William Ackman and other affiliates of PSCM purchased and sold Public Shares as well as option contracts referencing the Public Shares. As a result of these transactions, assuming full exercise by their terms of all such call option contracts, which Mr. Ackman intends to exercise in 2021, the share ownership of the Company held by William Ackman, Nicholas Botta and other affiliates of PSCM would be approximately 25% at December 31, 2020 on a fully diluted basis (December 31, 2019: 22%).

17. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit/(loss) for the year attributable to the Public Shares and the Special Voting Share over the weighted average number of Public Shares and the Special Voting Share outstanding, respectively. In accordance with IFRS, the weighted average shares outstanding calculated for the Public Shares and the Special Voting Share were 197,168,930 and 1, respectively, for the year ended December 31, 2020 and 214,402,994 and 1, respectively, for the year ended December 31, 2019.

18. BONDS

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The Company has issued the following Senior Notes as follows:

Bond	Date of Issuance	Bond Face	Fixed Rate Coupon	Maturity Date
2022 Bonds	June 26, 2015	\$ 1,000,000,000 annum	5.50% per 2022	July 15,
2039 Bonds	July 25, 2019	\$ 400,000,000 annum	4.95% per 2039	July 15,
2032 Bonds 2020	August 26,	\$ 200,000,000 annum	3.00% per 2032	July 15,
2030 Bonds 2020	November 2,	\$ 500,000,000 annum	3.25% per 2030	November 15,

The Bonds are listed on the Euronext Dublin with a trading symbol of PSHNA.

The fixed rate coupon of each Bond is paid semi-annually. The proceeds from each offering of Bonds were in U.S. Dollars and were used to make investments or hold assets in accordance with the Company's Investment Policy. The Bonds rank equally in right of payment with each other and contain substantially the same covenants. The Company has the option to redeem all or some of the 2022 Bonds prior to June 15, 2022, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2022 Bonds to be redeemed or (2) the sum of the present values of the remaining scheduled principal and interest payments (exclusive of accrued and unpaid interest to the date of redemption) on the 2022 Bonds to be redeemed, discounted to the redemption date on a semi-annual basis using the applicable U.S. Treasury rate plus 50 basis points, plus accrued and unpaid interest.

Each of the 2039, 2032 and 2030 Bonds are callable at par plus a customary make whole premium until a certain date (the "Par Call Date") and thereafter become callable at 100% of Par. The Par Call Date for the 2039 Bonds is July 15, 2034, for the 2032 Bonds is July 15, 2030 and for the 2030 Bonds is August 15, 2030.

Until July 15, 2022, the 2039, 2032 and 2030 Bonds each have the same key man provision as the 2022 Bonds, which requires the Company to make an offer to acquire the 2022 Bonds and 2039 Bonds at 101% of par plus accrued interest if a key man event occurs. After July 15, 2022 the covenant is modified to provide that if a key man event occurs, the specified debt to capital ratio in the debt covenant is reduced from 1.0 to 3.0 to 1.0 to 4.0. If at the time of the key man event, the Company's debt to capital ratio is above 1.0 to 4.0, the Company has a one-time obligation to reduce its debt to a 1.0 to 4.0 ratio within 180 days. In the event a reduction is required, a portion of each Bond becomes callable at 101% of par in the amount necessary to achieve the required debt repayment.

The fair value of the Bonds as of December 31, 2020 and December 31, 2019 is summarized in the table below:

As of December 31	2020	2019
Fair Value of the Bonds		
2022 Bonds	\$ 1,057,350,000	\$ 1,059,430,000
2039 Bonds	469,480,000	440,160,000
2032 Bonds	198,538,000	--
2030 Bonds	506,925,000	--
	\$ 2,232,293,000	\$ 1,499,590,000

In accordance with IFRS 9, the Bonds' carrying value on the statement of financial position as of December 31, 2020 and December 31, 2019, is \$2,122,787,844 and \$1,422,883,554, respectively. The Bonds' carrying value includes \$27,721,656 of capitalized transaction costs which are amortized over the life of the Bonds using the effective interest method.

2020

At December 31, 2019	\$ 1,422,883,554	
Write-off of 2039 Bonds issue costs	86,988	
2032 Bonds issued	200,000,000	
2032 Bonds issue costs	(1,936,379)	
2030 Bonds issued	500,000,000	
2030 Bonds issue costs	(6,075,836)	
Finance costs for the year	82,079,517	
Bonds coupon payments during the year	(74,250,000)	
At December 31, 2020	\$ 2,122,787,844	
Finance costs for the year:		
Bonds coupon expense	\$ 79,602,528	
Amortization of Bonds issue costs incurred as finance costs		2,476,989
Interest expense	\$ 82,079,517	

2019

At December 31, 2018	\$ 1,017,411,979	
2039 Bonds issued	400,000,000	
2039 Bonds issue costs	(5,294,101)	
Finance costs for the year	65,765,676	
Bonds coupon payments during the year	(55,000,000)	
At December 31, 2019	\$ 1,422,883,554	
Finance costs for the year:		
Bonds coupon expense	\$ 63,592,033	
Amortization of Bonds issue costs incurred as finance costs		2,173,643
Interest expense	\$ 65,765,676	

19. DEFERRED TAX EXPENSE

As a foreign corporation holding a beneficial ownership in a U.S. real property interest (The Howard Hughes Corporation), the Company will be subject to the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") income tax withholding upon disposition of such investment. Foreign corporations purchasing U.S. real property interests are required to pay the U.S. corporate tax rate (currently 21%) on the gain realized upon the disposition. To accrue for this potential withholding the Company assessed a 21% rate on the unrealized gains on the stock and equity forward contracts purchased, if any, which resulted in a deferred tax expense of \$38,938,005 and \$13,508,846 for the years ended December 31, 2020 and December 31, 2019, respectively.

20. EVENTS AFTER THE REPORTING PERIOD

The Investment Manager has evaluated the need for disclosures and/or adjustments resulting from subsequent events during the period between the end of the reporting period and the date of authorization of the Financial Statements. This evaluation together with the Directors' review thereof did not result in any additional subsequent events that necessitated disclosures and/or adjustments.

Supplemental U.S. GAAP Disclosures

(Stated in United States Dollars)

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CONDENSED SCHEDULE OF INVESTMENTS

Shares	Description/Name	Percentage of Net Fair Value	Assets
	Investments in Securities		
	Equity Securities		
	Common Stock		
	Canada:		
	Restaurant:		
21,389,922	Restaurant Brands International Inc.	\$ 1,307,138,133	14.44%
140,873	Restaurant Brands International Limited Partnership	8,617,944	0.10
	Total Canada (cost \$837,417,419)	1,315,756,077	14.54
	United States:		
	Financial Services	346,990,611	3.83
	Hospitality:		
11,407,293	Hilton Worldwide Holdings Inc.	1,269,175,419	14.02
	Life Science Tools/Industrials:		
10,455,906	Agilent Technologies Inc.	1,238,920,302	13.69
	Real Estate Development and Operating:		
8,632,800	The Howard Hughes Corporation	681,386,904	7.53

	Restaurant:		
962,452	Chipotle Mexican Grill, Inc.	1,334,641,813	14.74
8,369,971	Starbucks Corporation	895,419,498	9.89
	Retail:		
10,592,116	Lowe's Companies Inc.	1,700,140,539	18.78
	Total United States (cost \$4,138,439,763)	7,466,675,086	82.48
	Total Common Stock (cost \$4,975,857,182)	8,782,431,163	97.02
	Preferred Stock		
	United States:		
	Financial Services (cost \$87,085,587)	94,265,224	1.04
	Total Equity Securities (cost \$5,062,942,769)	8,876,696,387	98.06
	Investment in Affiliated Entity		
	United States:		
	Special Purpose Acquisition Company:		
	Pershing Square TH Sponsor, LLC		
	Sponsor Warrants(1)	216,762,909	2.39
	Class B Common Stock(1)	2,523	0.00
	Total Investment in Affiliated Entity (cost \$58,988,076)	216,765,432	2.39
	Total Investments in Securities (cost \$5,121,930,845)	\$ 9,093,461,819	100.45%

(1) Figures relate to the Company's investment in Pershing Square TH Sponsor, LLC which holds Sponsor Warrants and Class B Common Stock referencing Pershing

Square Tontine Holdings, Ltd. Refer to Note 16 for further details.

CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

Shares	Description/Name	Percentage of Fair Value	Net Assets
Derivative Contracts			
Currency Call/Put Options Purchased			
Currency Put Options, U.S. Dollar Call Options (cost \$6,341,207)			
Credit Default Swaps, Buy Protection			
United States:			
	Financial Services (premiums received \$1,221,906)	(1,260,780)	(0.01)
Equity Options Written			
Real Estate Development and Operating:			
	The Howard Hughes Corporation, Put Options, \$75.08 - \$91.63, 01/06/2021 - 08/11/2021 (premiums received \$168,958,095)	(47,711,572)	(0.53)
6,925,000			
Foreign Currency Forwards			
	Currencies	222,752	0.00
Forward Purchase Units			
United States:			
Special Purpose Acquisition Company:			
	Pershing Square Tontine Holdings, Ltd.		
Committed Forward Purchase Units(2)			
		387,563,628	4.28
Additional Forward Purchase Units(2)			
		148,876,614	1.65
Total Forward Purchase Units			
		536,440,242	5.93

Index Credit Default Swaps, Buy Protection		
Europe	(308,616,726)	(3.41)
United States	(216,001,684)	(2.39)
Total Index Credit Default Swaps, Buy Protection (premiums received \$511,487,493)	(524,618,410)	(5.80)
Interest Rate Swaptions Purchased		
Interest Rate Swaptions (cost \$63,834,613)	61,101,294	0.68
Total Return Swaps, Long Exposure		
United States:		
Financial Services	5,556,245	0.06
Total Derivative Contracts (net cost/premiums received \$611,491,674)	\$ 29,973,237	0.33 %

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(2) Figures relate to the Company's investments in the Committed Forward Purchase Units and the Additional Forward Purchase Units as discussed further in Note 14.

FINANCIAL HIGHLIGHTS

For the year ended 2020	Public Shares
Per share operating performance	
Beginning net asset value at January 1, 2020	\$ 26.94
Change in net assets resulting from nancing:	
Accretion from share buyback	0.66
Dividends paid	(0.40)
Change in net assets resulting from operations:	
Net investment loss	(4.19)
Net gain from investments and derivatives(1)	22.45
Ending net asset value at December 31, 2020	\$ 45.46
Total return prior to performance fees	83.54 %
Performance fees	(13.31)
Total return after performance fees	

Ratios to average net assets	70.23 %
Expenses before performance fees	2.68 %
Performance fees	9.94
Expenses after performance fees	12.62 %
Net investment income/(loss)(2)	(1.80)%

(1) Net gain from investments and derivatives includes deferred tax expense.
See Note 19 for further details.

(2) Net investment income/(loss) ratio includes dividend income, interest income, management fees, interest expense, professional fees, other expenses and withholding tax(dividends) as shown on the statement of comprehensive income.

Certain Regulatory Disclosures

1. None of the Company's assets are subject to special arrangements arising from an illiquid nature.
2. There have been no material changes to the Company's risk profile and risk management system as disclosed in the Prospectus of the Company dated October 2, 2014.
3. a) There have been no changes to the maximum amount of leverage which the Investment Manager may employ on behalf of the Company since the Company's inception. The terms of the Company's Bonds restrict the Company from incurring indebtedness beyond a total debt-to-capital ratio of 33.3%. If a key man event occurs after July 15, 2022, the terms of the Bonds reduce the Company's permitted total debt-to-capital ratio to 25%.

Articles 7 and 8 of the Level 2 Regulations of the Alternative Investment Fund Managers Directive (the "Directive") set forth the methodology of calculating the leverage of the Company in accordance with the gross method and the commitment method. Leverage is expressed as the exposure of the Company. Exposures are calculated using the sum of the absolute values of all positions valued in accordance with Article 19 of the Directive and all delegated acts adopted pursuant to Article 19. For derivatives, exposures are calculated using the conversion methodology set forth in Annex II to the Level 2 Regulations. For all other securities, exposures are calculated using market values. The gross method excludes cash and cash equivalents held in the Company's base currency as per Article 7. The commitment method includes cash and cash equivalents and employs netting and hedging arrangements as per Article 8. The total amount of leverage employed by the Company as per these calculations as of December 31, 2020 is shown below.

Gross method: \$34,889,040,780
Commitment method: \$36,679,119,432

The amounts disclosed in the calculation above are substantially higher than in the previous year due to the Company's large notionally sized investments in the ownership of index credit default swaps and interest rate swaptions.

The Company generally does not expect to use a significant amount of margin financing. In the past, securities purchased by the Company pursuant to prime brokerage services agreements typically, but not always, have been fully paid for. Although it is anticipated that securities purchased in the future typically will be fully paid for, this may not be the case in all circumstances.

In addition, the Company, from time to time, enters into total return swaps, options, forward contracts and other derivatives, some of which have inherent recourse leverage. The Company generally uses such derivatives to take advantage of investment opportunities or manage regulatory, tax, legal or other issues and not in order to obtain leverage. However, depending on the investment strategies employed by the Company and specific market opportunities, the Company may use such derivatives for leverage.

- b) There have been no material changes to the right of the re-use of collateral or any guarantee granted under any leveraging arrangement.

From time to time, the Company may permit third-party banks, broker-dealers, financial institutions and/ or derivatives counterparties ("Third Parties"), to whom assets have been pledged (in order to secure such Third Party's credit exposure to the Company), to use, reuse, lend, borrow, hypothecate or re-hypothecate such assets. Typically, with respect to derivatives, the Company pledges to Third Parties cash, U.S. Treasury securities and/or other liquid securities ("Collateral") as initial margin and as variation margin. Collateral may be transferred either to the Third Party or to an unaffiliated custodian for the benefit of the Third Party. In the case where Collateral is transferred to the Third Party, the Third Party pursuant to these derivatives arrangements will be permitted to use, reuse, lend, borrow, hypothecate or re-hypothecate such Collateral. The Third Parties will have no obligation to retain an equivalent amount of similar property in their possession and control, until such time as the Company's obligations to the Third Party are satisfied. The Company has no right to this Collateral, but has the right to receive fungible, equivalent Collateral upon the Company's satisfaction of the Company's obligation under the derivatives. Collateral held as securities by an unaffiliated custodian may not be used, reused, lent, borrowed, hypothecated or re-hypothecated. From time to time, the Company may offer guarantees to Third Parties with respect to derivatives, prime brokerage and other arrangements. These guarantees are not provided by the Company as a guarantee of the payment and performance by other funds managed by the Investment Manager to such Third Parties. Rather, the guarantees are typically to guarantee the payment and performance by entities that are direct or indirect subsidiaries of the Company. Such entities are typically set up to manage regulatory, tax, legal or other issues. To the extent that a subsidiary is not 100% owned by the Company, the Company will typically only guarantee such subsidiary for the benefit of Third Parties to the extent of the Company's ownership interest in the subsidiary.

4. With respect to the liquidity management procedures of the Company, the Company is a closed-ended investment fund, the Public Shares of which are admitted to trading on Euronext Amsterdam and the LSE. As such, Public Shares have no redemption rights and shareholders' only source of liquidity is their ability to trade Public Shares on Euronext Amsterdam and the LSE.

5. The Bonds are subject to the following transfer restrictions:

(a) Each holder of the Bonds is required to be either (a) a qualified institutional buyer ("QIB") as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") who is also a qualified purchaser ("QP") as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940 or (b) a non-U.S. person, provided that, in each case, such holder can make the representations set forth in the Listing Particulars, dated June 24, 2015,

(b) The Bonds can only be transferred to a person that is a QIB/QP in a transaction that is exempt from the registration requirements of the Securities Act pursuant to Rule 144A or to a non-U.S. person in an offshore transaction that is not subject to the registration requirements of the Securities Act pursuant to Regulation S, or to the Company, and

(c) The Company has the right to force any holder who is not a QIB/QP or a non-U.S. person to sell its Bonds.

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6. Remuneration

For the Year Ended 2020	Fixed Remuneration(1)	Variable Remuneration(1)	Number of Total Beneficiaries
Total remuneration of entire PSCM staff			
(2)	\$10,444,400	\$669,022,621	\$679,467,021 36
Remuneration of PSCM staff who are fully or partly involved in the activities of the Company			
(3)	\$8,545,250	\$662,614,763	\$671,160,013 24

Proportion of remuneration of PSCM staff who are involved in the activities of the Company as a percentage of the total PSCM staff remuneration	81.82%	99.04%	98.78%	24 out of 36
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Remuneration of senior management and PSCM staff whose actions have a material impact on the risk profile of the Company	\$5,902,600	\$636,186,117	\$642,088,717	12
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(1) Fixed remuneration reflects salaries and guaranteed remuneration earned in 2020 by PSCM staff. All other remuneration earned in 2020 is considered to be variable remuneration.

(2) Total remuneration reflects salaries, bonuses and performance fees/allocations earned by PSCM staff in 2020 for services provided to PSCM, the Company and/or other funds managed by PSCM.

(3) Remuneration earned in 2020 by any staff member involved in the activities of the Company for services provided by such staff member to PSCM, the Company and/or other funds managed by PSCM.

Affirmation of the Commodity Pool Operator

To the best of the knowledge and belief of the undersigned, the information contained in the audited Financial Statements of Pershing Square Holdings, Ltd. for the year ended December 31, 2020 is accurate and complete.

/s/ Michael Gonnella

Michael Gonnella

By: Michael Gonnella
Chief Financial Officer

Pershing Square Capital Management, L.P.
Commodity Pool Operator

Pershing Square Holdings, Ltd.
Commodity Pool

Endnotes and Disclaimers

ENDNOTES TO CHAIRMAN'S STATEMENT

(i) Calculated with respect to Public Shares only and as of December 31, 2020. Performance results are presented on a net-of-fees basis. Net returns include the reinvestment of all dividends, interest, and capital gains from underlying portfolio companies and assume an investor has participated in any "new issues" as

such term is defined under Rules 5130 and 5131 of FINRA. Net returns also reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses and performance fees (if any). Performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. Past performance is not a guarantee of future results.

(ii) Total shareholder return for 2020 is calculated based on PSH's Public Shares traded on Euronext Amsterdam. Over the same period, the total shareholder return for Public Shares listed in Sterling and USD on the London Stock Exchange was 78.5% and 84.2%, respectively. Total shareholder return for Public Shares includes dividends paid with respect to such shares.

(iii) Please see Endnote 3 in "Endnotes to Company Performance and Investment Manager's Report."

(iv) The Company's total debt to capital ratio is calculated in accordance with the "Total Indebtedness to Total Capital Ratio" under the PSH Bonds' Indentures. Under the Indentures, the Company's "Total Capital" reflects the sum of its NAV and its "Total Indebtedness". Total Indebtedness reflects the total "Indebtedness" of the Company and any consolidated subsidiaries (excluding any margin debt that does not exceed 10% of the Company's total capital), plus the proportionate amount of indebtedness of any unconsolidated subsidiary or affiliated special investment vehicle. As defined in the Indentures, "Indebtedness" reflects indebtedness (i) in respect of borrowed money, (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), representing capital lease obligations, (iv) representing the balance deferred and unpaid of the purchase price of any property or services (excluding accrued expenses and trade payables in the ordinary course of business) due more than one year after such property is acquired or such services are completed or (v) in respect of the Company's capital stock that is repayable or redeemable, pursuant to a sinking fund obligation or otherwise, or preferred stock of any of the Company's future subsidiaries. Indebtedness does not include, among other things, NAV attributable to any management shares or hedging obligations or other derivative transactions and any obligation to return collateral posted by counterparties in respect thereto.

(v) As of March 23, 2021 for PSH's Shares traded on Euronext Amsterdam.

(vi) The weighted average dividend yield of the S&P 500 was 1.5% as of March 23, 2021.

(vii) Free float refers to the number of Public Shares not owned by affiliates of Pershing Square.

(viii) Holdings of affiliates of the Investment Manager have not been aggregated for regulatory reporting purposes.

(ix) Calculated based on the Company's Public Shares traded on Euronext Amsterdam. Over the same periods, the discount to NAV of Public Shares listed in Sterling on the London Stock Exchange narrowed from 28.5% to 22.8% as of December 31, 2020 and widened to 25.6% as of March 23, 2021 and the discount for Public Shares listed in USD narrowed from 28.7% to 23.1% as of December 31, 2020 and widened to 24.8% as of March 23, 2021.

(x) PSTH units were issued on July 22, 2020 at \$20. Each unit consisted of one share of PSTH Class A common stock and one-ninth of one redeemable warrant. On September 11, 2020, the redeemable warrants began trading separately (NYSE: PSTH/WS) from the PSTH Class A common stock (NYSE: PSTH). The premium to the PSTH IPO price reflects the closing price of one share of PSTH Class A common stock and one-ninth of the price of one redeemable warrant on March 23, 2021.

ENDNOTES TO COMPANY PERFORMANCE AND INVESTMENT MANAGER'S REPORT

1. Performance results are presented on a net-of-fees basis. Net returns include the reinvestment of all dividends, interest, and capital gains from underlying portfolio companies and reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses and accrued and/or crystallized performance allocation/fees (if any). The Company's performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. Where the Company's performance is presented with that of PSLP, performance results assume that an investor (i) has been invested in PSLP since inception, has not invested in Tranche G, and has participated in any "new issues," as such term is defined under Rules 5130 and 5131 of FINRA and (ii) investor invested in PSLP at its inception on January 1, 2004 and converted to PSH at its inception on December 31, 2012. Depending on the timing of an individual investor's specific investment in the Company and/or PSLP, net performance for an individual investor may vary from the net performance as stated herein.

2. PSLP's net performance results are presented as it is the Pershing Square fund with the longest track record and substantially the same investment strategy to the Company. The inception date for PSLP is January 1, 2004. In 2004, Pershing Square earned a \$1.5 million (approximately 3.9%) annual management

fee and PSLP's general partner earned a performance allocation equal to 20% above a 6% hurdle from PSLP, in accordance with the terms of the limited partnership agreement of PSLP then in effect. That limited partnership agreement was later amended to provide for a 1.5% annual management fee and 20% performance allocation effective January 1, 2005. The net returns for PSLP presented herein reflect the different fee arrangements in 2004, and subsequently, except that the performance of the tranche of interests subject to a 30% performance allocation and a 5% hard hurdle (non-cumulative) issued on January 1, 2017 is not reflected in PSLP's returns. In addition, pursuant to a separate agreement, in 2004 the sole unaffiliated limited partner of PSLP paid Pershing Square an additional \$840,000 for overhead expenses in connection with services provided unrelated to PSLP, which have not been taken into account in determining PSLP's net returns. To the extent that such overhead expenses had been included as fund expenses of PSLP, net returns would have been lower.

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3. The S&P 500 Total Return Index ("index") has been selected for purposes of comparing the performance of an investment in the Company or PSLP, as applicable, with a well-known, broad-based equity benchmark. The statistical data regarding the index has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The index is not subject to any of the fees or expenses to which the Pershing Square funds are subject. The Pershing Square funds are not restricted to investing in those securities which comprise this index, their performance may or may not correlate to this index and they should not be considered a proxy for this index. The volatility of an index may materially differ from the volatility of the Pershing Square funds' portfolios. The **S&P500** is comprised of a representative sample of 500 U.S. large cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poor's. The S&P 500 index is proprietary to and is calculated, distributed and marketed by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC), its affiliates and/or its licensors and has been licensed for use. S&P(R) and S&P 500(R), are registered trademarks of Standard & Poor's Financial Services LLC. (c) 2021 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.

4. The performance data presented on page 2 under "Cumulative (Since Inception)" and "Cumulative PSH (Since Inception)" is calculated from January 1, 2004 and December 31, 2012, respectively.

5. NAV performance is presented as net of all fees and is compared to Pershing Square Funds with substantially the same investment strategy to the Company. Please also refer to endnotes i and ii of the Chairman's Statement.

6. Please refer to Endnote 3.

7. Refer to Endnotes 1 and 4.

8. Please refer to Endnote 1. The Company's share return is calculated based on PSH's Public Shares traded on Euronext Amsterdam. The return using Public Shares listed in Sterling and USD on the London Stock Exchange was 15.1% and 15.2%, respectively. The return for Public Shares includes dividends paid with respect to such shares.

9. Net investment gain reflects total investment gains and losses, dividend income, withholding tax on dividends and deferred tax expense on the statement of comprehensive income.

10. Calculated based on the dollar change of the Company's portfolio from January 1, 2020 to December 31, 2020, including dividends received.

11. Assets reflect the Company's net assets calculated on February 4, 2021 and March 23, 2021 in accordance with IFRS without deducting amounts attributable to accrued performance fees, while adding back the Company's value of its debt outstanding (\$2.1 billion).

12. Ownership stake on a fully diluted basis, includes PSCM affiliates and assumes the exercise of all call option contracts.

13. This report reflects the contributors and detractors to the performance of the portfolio of the Company. Other than share buyback accretion and bond interest expense, positions with contributions or detractions to performance of 50 basis points or more are listed separately, while positions with contributions or detractions to performance of less than 50 basis points are aggregated. Since June 20, 2019, the Company has engaged in share repurchases whereby its buyback agent has repurchased Public Shares subject to certain limitations. The accretion from the share buyback program is reflected herein.

The contributions and detractions to performance presented herein are based on gross returns which do not reflect the deduction of certain fees or expenses charged to the Company, including, without limitation, management fees and accrued performance allocation/fees (if any).

Inclusion of such fees and expenses would produce lower returns than presented here. In addition, at times, Pershing Square may engage in hedging transactions to seek to reduce risk in the portfolio, including investment-specific hedges that do not relate to the underlying securities of an issuer in which the Company is invested.

For each issuer, the gross returns reflected herein (i) include only returns on the investment in the underlying issuer and the hedge positions that directly relate to the securities that reference the underlying issuer (e.g., if the Company was long Issuer A stock and also purchased puts on Issuer A stock, the gross return reflects the profit/loss on the stock and the profit/loss on the put); (ii) do not reflect the cost/benefit of hedges that do not relate to the securities that reference the underlying issuer (e.g., if the Company was long Issuer A stock and short Issuer B stock, the profit/loss on the Issuer B stock is not included in the gross returns attributable to the investment in Issuer A); and (iii) do not reflect the cost/benefit of portfolio hedges. Performance with respect to currency hedging related to a specific issuer is included in the overall performance attribution of such issuer. For all other currency derivatives, the long/short classification is determined by the non-USD leg of the derivative. For example, a long USD call/GBP put option position would be considered a short exposure, and a long USD put/GBP call option would be considered a long exposure.

The contributors and detractors to the gross returns presented herein are for illustrative purposes only. The securities on this list may not have been held by the Company for the entire calendar year. All investments involve risk including the loss of principal. It should not be assumed that investments made in the future will be profitable or will equal the performance of the securities on this list. Past performance is not indicative of future results. Please refer to the net performance figures presented on page 2.

14. While the Pershing Square funds are concentrated and often take an active role with respect to certain investments, they will own, and in the past have owned, other investments, including passive investments and hedging-related positions. "Short Activist Positions" includes options, credit default swaps and other instruments that provide short economic exposure. All trademarks are the property of their respective owners. It should not be assumed that any of the securities transactions or holdings discussed herein were or will prove to be profitable, or that the investment recommendations or decisions Pershing Square makes in the future will be profitable or will equal the investment performance of the securities discussed herein. Companies shown in this figure are meant to demonstrate Pershing Square's active investment style and the types of industries in which the Pershing Square funds invest, and were not selected based on past performance.

Limitations of Performance Data

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. This report does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. This report contains information and analyses relating to all publicly disclosed positions above 50 basis points in the Company's portfolio during 2020. Pershing Square may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this report for any reason. Pershing Square hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Pershing Square investment.

Forward-Looking Statements

This report also contains forward-looking statements, which reflect Pershing Square's views. These forward-looking statements can be identified by reference to words such as "believe", "expect", "potential", "continue", "may", "will", "should", "seek", "approximately", "predict", "intend", "plan", "estimate", "anticipate" or other comparable words. These forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Should any assumptions underlying the forward-looking statements contained herein prove to be incorrect, the actual outcome or results may differ materially from outcomes or results projected in these statements. None of the Company, Pershing Square or any of their respective affiliates undertakes any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law or regulation.

Pershing Square Holdings, Ltd.

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(END) Dow Jones Newswires

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DOW JONES NEWSWIRES

London Shares to Rise After Upbeat Asia, US Trading

576 字

2021 年 2 月 25 日 07:55

Dow Jones Institutional News

DJDN

英文

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Market News:

FTSE 100 6,658.97 33.03 0.50%

FTSE 250 21,312.65 254.93 1.21%

FTSE AIM 1,188.26 4.38 0.37%

Closing

FTSE 100 Set to Rise After Upbeat Asia, US Trading

The FTSE 100 is expected to rise 29 points to 6688, according to CMC Markets , after Asia markets mostly rose and Wall Street closed higher. While mainland China stocks traded slightly lower, the Hang Seng and Nikkei were both more than 1% ahead and the Dow gained 424 points. "After last night's record close for the Dow and subsequent rebound in the **S&P500** and Nasdaq , markets in Europe look set to open higher, encouraged by prospects of a continued re-opening and central banks that are in no hurry to pare back stimulus attempts," says CMC's Michael Hewson.

Top News:

AB Foods Sees Lower 1H Sales, Profits as Pandemic Hurt Primark

Associated British Foods PLC said Thursday that it expects lower group sales, lower adjusted operating profit and lower adjusted earnings per share for the first half of fiscal 2021 after the coronavirus pandemic hit its Primark clothing arm hard.

BAE Systems 2020 Profit Fell

BAE Systems PLC said Thursday that 2020 pretax profit fell after it booked higher costs and that it was well placed to deliver profitable top-line growth with increasing cash conversion in the coming years.

Companies News:

Aston Martin Lagonda Loss Widens as Pandemic Hits Revenue

Aston Martin Lagonda Global Holdings PLC reported Thursday a much widened pretax loss for the fourth quarter of 2020 and the year overall on a sharp fall in revenue amid the coronavirus pandemic.

Amigo Holdings Swings to Nine-Month Pretax Loss

Amigo Holdings PLC reported Thursday a swing to a pretax loss for the first five months of fiscal 2021, and said that its new board is ready to resolve the challenges it faces.

Centrica 2020 Pretax Loss Narrows; Accelerates Net-Zero Commitment to 2045

British Gas owner Centrica PLC said Thursday that pretax loss for 2020 narrowed despite a drop in revenue, and said it has brought forward its commitment to have net-zero greenhouse-gas emissions to 2045.

Hikma Pharmaceuticals 2020 Net Profit Falls But Beats Market Views

Hikma Pharmaceuticals PLC on Thursday reported a 11% fall in 2020 net profit but still beat market forecasts.

Howden Joinery's 2020 Pretax Profit Falls; Resumes Dividend-Distributions

Howden Joinery Group PLC reported Thursday a fall in pretax profit for 2020 and said that it has resumed dividends by declaring both a final dividend and a special dividend for the year.

Mondi 2020 Pretax Profit Falls

Mondi PLC said Thursday that pretax profit and revenue for 2020 fell, but that it is seeing strong order books supporting price increases.

Serco 2020 Pretax Profit Increased; Raises 2021 Guidance and Reinstates Dividend

Serco Group PLC said Thursday that pretax profit for 2020 increased 90%, and raised its guidance for revenue and profit in 2021.

St. James's Place Reports Underlying Cash Drop, Aims for GBP200 Bln in Funds in 2025

St. James's Place PLC reported Thursday a drop in its underlying cash result for 2020, as it set out targets for funds growth to 2025 and rebased its dividend policy.

Contact: London NewsPlus, Dow Jones Newswires; +44-20-7842-931

(END) Dow Jones Newswires

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,369 字

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Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0756 GMT - Adecco Group 's adjusted earnings before interest, taxes and amortization were better than analysts had expected for the fourth quarter. The Swiss human-resources company reported quarterly adjusted Ebita--one of its key metrics, which strips out one-off items--of EUR260 million. This compares to adjusted Ebita of EUR290 million the same quarter a year earlier but was better than EUR223 million forecasted by analysts, according to consensus estimates provided by Adecco . The company generally showed "excellent cost management," an analyst at Citi say. (kim.richters@wsj.com)

0752 GMT - TechnipFMC 's 2021 guidance is encouraging for the new separated business, Citi says, after the oil-and-gas services company's 2020 results--the last as a combined entity after the spinoff of Technip Energies . The energies business drove a 4Q Ebitda beat, but guidance for the remaining business was also encouraging with positive outlook for the subsea and surface segments, Citi says. The key focus will be on the ability to deleverage the stand-alone TechnipFMC , the bank says, noting higher-than-expected estimates on net debt. The key to this will be the sell-down of Technip 's remaining 49.9% stake in Technip Energies , Citi adds. (joshua.kirby@dowjones.com; @joshualeokirby)

0746 GMT - Nordic markets are expected to open slightly higher, with IG calling the OMXS30 up 0.4% at around 2045. Stock markets in Asia are rising on a broad front after similar moves in the U.S., boosted by Fed Chairman Jerome Powell 's statement yesterday that sought to mute concerns about inflation, SEB says. For the Fed, the most important thing right now is the weak labor market and Mr. Powell doesn't see inflation as a problem or a reason to tighten monetary policy, SEB adds. "The positive market sentiment can thus continue for a while longer." OMXS30 closed at 2037.25, OMXN40 at 2015.13 and OBX at 901.49. (dominic.chopping@wsj.com)

0740 GMT - Shares of China Evergrande and other large Chinese property developers rallied in afternoon trade after the government said it will implement a centralized residential land supply system. Under new rules, land in 22 cities will be sold collectively three times a year. These reforms could benefit larger property names, as this means developers will need more cash flow in order to meet bid requirements, Citi says. The bank expects land prices to stay high as developers can now bid for fewer sites in a single auction. Shares of China Evergrande jump 6.5%, while China Resources Land gains 12%. (yiwei.wong@wsj.com)

0734 GMT - The FTSE 100 is expected to rise 29 points to 6688, according to CMC Markets , after Asia markets mostly rose and Wall Street closed higher. While mainland China stocks traded slightly lower, the Hang Seng and Nikkei were both more than 1% ahead and the Dow gained 424 points. "After last night's record close for the Dow and subsequent rebound in the **S&P500** and Nasdaq , markets in Europe look set to open higher, encouraged by prospects of a continued re-opening and central banks that are in no hurry to pare back stimulus attempts," says CMC's Michael Hewson. (philip.waller@wsj.com)

0706 GMT - South Korea's Kospi rose 3.5% to close at 3099.69, snapping a three-session losing streak. The stock benchmark notched its sharpest daily percentage gain in seven weeks. Gains were broad-based, with index heavyweight Samsung Electronics advancing 4.0%. Sentiment was buoyed by the Bank of Korea 's decision to maintain its record-low base rate to help support the economy. Abroad, U.S. Fed Chairman Powell's renewed pledge to keep interest rates low also supported sentiment. SK Hynix surged 9.2% after a deal to purchase ASML equipment for its next-generation memory-chip processing. Oil refiner S-Oil added 5.1%. (kwanwoo.jun@wsj.com)

0654 GMT - Axiata Group 's move to accelerate the shutdown of its 3G network caused its depreciation and write-off of network assets to more than triple in 4Q, plunging the regional telco into a net loss for the quarter. But Axiata says the shutdown will pay dividends in the long term by improving network resilience and efficiency with 4G deployment, which could help it capture increasing demand for internet usage. The initiative is in response to government's plan announced last year to shutter the country's 3G network by

end-2021. Axiata's shares, which was up 2.1% at the noon break ahead of its quarterly report, is now up 4.1% to MYR3.54 upon the resumption of trade. (chester.tay@wsj.com)

0638 GMT - The possibility of future OPEC+ limits to oil supply remains an overwhelming risk to Rosneft in its ability to fully utilize its growing production capacity, Citi says. In addition, the Russian oil company's high leverage exposes it to the downside risks of a volatile oil market, Citi adds. Still, the U.S. bank raises its 2021 earnings forecast for Rosneft by 3% to reflect higher oil prices expectations. (jaime.llinares@wsj.com)

0634 GMT - Korea Aerospace Industries may be pressured by weak near-term earnings, Daiwa Capital says. It expects the South Korean aircraft maker's operating profit to drop 13% in 2021, as management projects a 23% decline in airframe revenue. The Japanese investment bank lowers its net-profit forecast for the company by 18% this year due to weak margins from its airframe business, while KAI's aircraft export target of KRW1.2 trillion looks too ambitious given the current Covid-19 situation. It cuts the stock's target by 13% to KRW35,000 and maintains a hold rating. Shares rise 2.3% to KRW35,100. (kwanwoo.jun@wsj.com)

0613 GMT - The Nikkei Stock Average ended 1.7% higher at 30168.27 amid some risk-on mood following Wall Street's overnight gains. Japan-Myanmar relations may be in focus after media reported that Japan is mulling a halt to new assistance projects in Myanmar in response to the military coup earlier this month. Mining stocks were among the best performers, with Nittetsu Mining gaining 8.6%, Mitsui Matsushima Holdings jumping 9.6% and Inpex Corp. up 1.8%. USD/JPY was at 105.86 compared with 105.85 late Wednesday in New York. The yield on the 10-year Japanese government bond was up 2.5 basis points at 0.140%. (justina.lee@wsj.com)

0609 GMT - Yidu Tech's data intelligence platform YiduCore likely offers a differentiated value proposition for China's top research hospitals and regulators, Goldman Sachs says. With more hospitals and regulators being serviced by this platform, the company is able to refine its data-processing capabilities as it collates and standardizes large volumes of heterogeneous healthcare data across different IT systems. Given the high volume, velocity and variety of data generated daily at hospitals, which Yidu continuously processes and analyzes, Yidu's competitive edge and AI sophistication is growing by the day. GS initiates coverage of the stock with a neutral rating and target price of HK\$67.00. Yidu Tech shares are 0.6% higher at HK\$52.40. (ronnie.harui@wsj.com)

0558 GMT - China Everbright Greentech's profits are likely to take a dive as Beijing is expected to cut subsidies on the company's biomass projects, Citi says. The bank trims target price to HK\$2.70 from HK\$2.80 and keeps the stock at sell. The environmental-services provider will likely post a significant earnings miss for 2020. Citi's 2020 profit estimate for China Everbright is 57% below market consensus, as it factors in impairment losses expected due to upcoming subsidy reduction. Citi is also cautious on the firm's negative free cashflow, and weak income quality with most revenue in non-cash form. Shares rise 3.3% to HK\$3.46. (yifan.wang@wsj.com)

(END) Dow Jones Newswires

February 25, 2021 02:56 ET (07:56 GMT)

文件 DJDN000020210225eh2p0012z

DOW JONES NEWSWIRES

FTSE 100 Set to Rise After Upbeat Asia, US Trading -- Market Talk

133 字

2021 年 2 月 25 日 07:34

Dow Jones Institutional News

DJDN

英文

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0734 GMT - The FTSE 100 is expected to rise 29 points to 6688, according to CMC Markets, after Asia markets mostly rose and Wall Street closed higher. While mainland China stocks traded slightly lower, the Hang Seng and Nikkei were both more than 1% ahead and the Dow gained 424 points. "After last night's record close for the Dow and subsequent rebound in the **S&P500** and Nasdaq, markets in Europe look set to open higher, encouraged by prospects of a continued re-opening and central banks that are in no hurry to pare back stimulus attempts," says CMC's Michael Hewson. (philip.waller@wsj.com)

(END) Dow Jones Newswires

February 25, 2021 02:34 ET (07:34 GMT)

文件 DJDN000020210225eh2p000ui

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,447 字

2021 年 2 月 25 日 08:28

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0828 GMT - Associated British Foods is taking a hit at group level after the coronavirus pandemic hurt its Primark clothing arm but it can leverage the diversification of its business to mitigate the damage, according to Interactive Investor analyst Richard Hunter. In fact, changing habits arising from the pandemic have boosted other parts of the business for the British conglomerate, Hunter says. "In grocery, which accounted for 42% of adjusted operating profit at the full-year, consumption from home has been beneficial for sales," the analyst says. Similarly, the growth in home baking should result in improved revenues at the ingredients arm, which contributed 14% to profits last year, he adds. (matteo.castia@dowjones.com)

0827 GMT - BAE Systems is seeing further opportunities for sales of the Eurofighter Typhoon as it looks to keep production of the fighter jet ticking through to the end of the decade until development of a new combat air system is complete, CEO Charles Woodburn said. A follow-on sale of the warplane to Germany is on the cards as the air force looks to retire its aging Tornado jets, he said. The defense contractor is also seeing further interest for the aircraft in other European and Middle Eastern states, Mr. Woodburn said without adding further details. "The outlook for Typhoon today is the best I've seen it as CEO of the business," he said. (ben.katz@wsj.com, @benkatz)

0818 GMT - Standard Chartered's move to resume dividend payout and restart a share buyback program is likely a positive surprise for the market, Citi says, following its 2020 earnings release. It keeps the lender at neutral. The Asia-focused bank's outlook and income figures are largely in line with expectations, which are unlikely to materially move its share price or lead to earnings forecast revisions by analysts, Citi says. However, the resumption of dividend payout and an imminent \$254 million share buyback plan would likely buoy sentiments, and Citi expects StanChart could offer further capital returns to shareholders later this year after the U.K. stress test. Shares ended 1.9% lower at HK\$54.10. (yifan.wang@wsj.com)

0815 GMT - Nan Ya Printed Circuit Board stands to improve its revenue on the back of higher prices for an insulation material used in CPUs, Goldman Sachs says. The U.S. investment bank is beginning to see signs of supply shortages of Ajinomoto build-up film, or ABF, that could result in increases in average selling prices. The film, which is used to insulate substrates on semiconductor chips, accounted for 38% of its revenue in 2019. The company's ABF revenue could grow by a third in 2021, supported by rising demand, in part due to increasing use of the material in AI, high-performance computing and 5G applications, GS estimates, placing the buy-rated stock on its conviction list and raising the target price to NT\$420 from NT\$270. The shares closed 3.7% higher at NT\$306.00. (ronnie.harui@wsj.com)

0757 GMT - Thai Airways shares are suspended from trading by the Thai bourse, halting a 29% year-to-date climb for the loss-making airline as it readies for rehabilitation. The local stock exchange cites the airline's negative equity after it announced end-2020 shareholders' equity of negative THB127.24 billion, one product of a year in which passenger volume fell to 5.9 million amid the Covid-19 pandemic, from 24.5 million a year earlier. The bourse says it will determine by March 8 whether the company is subject to delisting. In 2020, Thai Airways suffered a staggering THB141.18B loss, compared with a loss of THB12.04 billion in 2019. (ben.otto@wsj.com; @benottoWSJ)

0756 GMT - Adecco Group's adjusted earnings before interest, taxes and amortization were better than analysts had expected for the fourth quarter. The Swiss human-resources company reported quarterly adjusted Ebita--one of its key metrics, which strips out one-off items--of EUR260 million. This compares to adjusted Ebita of EUR290 million the same quarter a year earlier but was better than EUR223 million forecasted by analysts, according to consensus estimates provided by Adecco. The company generally showed "excellent cost management," an analyst at Citi say. (kim.richters@wsj.com)

0752 GMT - TechnipFMC's 2021 guidance is encouraging for the new separated business, Citi says, after the oil-and-gas services company's 2020 results--the last as a combined entity after the spinoff of Technip

Energies . The energies business drove a 4Q Ebitda beat, but guidance for the remaining business was also encouraging with positive outlook for the subsea and surface segments, Citi says. The key focus will be on the ability to deleverage the stand-alone TechnipFMC , the bank says, noting higher-than-expected estimates on net debt. The key to this will be the sell-down of Technip 's remaining 49.9% stake in Technip Energies , Citi adds. (joshua.kirby@dowjones.com; @joshualeokirby)

0746 GMT - Nordic markets are expected to open slightly higher, with IG calling the OMXS30 up 0.4% at around 2045. Stock markets in Asia are rising on a broad front after similar moves in the U.S., boosted by Fed Chairman Jerome Powell 's statement yesterday that sought to mute concerns about inflation, SEB says. For the Fed, the most important thing right now is the weak labor market and Mr. Powell doesn't see inflation as a problem or a reason to tighten monetary policy, SEB adds. "The positive market sentiment can thus continue for a while longer." OMXS30 closed at 2037.25, OMXN40 at 2015.13 and OBX at 901.49. (dominic.chopping@wsj.com)

0740 GMT - Shares of China Evergrande and other large Chinese property developers rallied in afternoon trade after the government said it will implement a centralized residential land supply system. Under new rules, land in 22 cities will be sold collectively three times a year. These reforms could benefit larger property names, as this means developers will need more cash flow in order to meet bid requirements, Citi says. The bank expects land prices to stay high as developers can now bid for fewer sites in a single auction. Shares of China Evergrande jump 6.5%, while China Resources Land gains 12%. (yiwei.wong@wsj.com)

0734 GMT - The FTSE 100 is expected to rise 29 points to 6688, according to CMC Markets , after Asia markets mostly rose and Wall Street closed higher. While mainland China stocks traded slightly lower, the Hang Seng and Nikkei were both more than 1% ahead and the Dow gained 424 points. "After last night's record close for the Dow and subsequent rebound in the **S&P500** and Nasdaq , markets in Europe look set to open higher, encouraged by prospects of a continued re-opening and central banks that are in no hurry to pare back stimulus attempts," says CMC's Michael Hewson. (philip.waller@wsj.com)

0706 GMT - South Korea's Kospi rose 3.5% to close at 3099.69, snapping a three-session losing streak. The stock benchmark notched its sharpest daily percentage gain in seven weeks. Gains were broad-based, with index heavyweight Samsung Electronics advancing 4.0%. Sentiment was buoyed by the Bank of Korea 's decision to maintain its record-low base rate to help support the economy. Abroad, U.S. Fed Chairman Powell's renewed pledge to keep interest rates low also supported sentiment. SK Hynix surged 9.2% after a deal to purchase ASML equipment for its next-generation memory-chip processing. Oil refiner S-Oil added 5.1%. (kwanwoo.jun@wsj.com)

0654 GMT - Axiata Group 's move to accelerate the shutdown of its 3G network caused its depreciation and write-off of network assets to more than triple in 4Q, plunging the regional telco into a net loss for the quarter. But Axiata says the shutdown will pay dividends in the long term by improving network resilience and efficiency with 4G deployment, which could help it capture increasing demand for internet usage. The initiative is in response to government's plan announced last year to shutter the country's 3G network by end-2021. Axiata's shares, which was up 2.1% at the noon break ahead of its quarterly report, is now up 4.1% to MYR3.54 upon the resumption of trade. (chester.tay@wsj.com)

(END) Dow Jones Newswires

February 25, 2021 03:28 ET (08:28 GMT)

文件 DJDN000020210225eh2p000zw

DOW JONES NEWSWIRES

*LivePerson 4Q Loss/Shr 20c >LPSN

4,666 字

2021 年 2 月 25 日 21:05

Dow Jones Institutional News

DJDN

英文

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25 Feb 2021 16:05 ET *LivePerson 4Q Loss \$13.3M >LPSN

25 Feb 2021 16:05 ET *LivePerson 4Q Rev \$102.1M >LPSN

25 Feb 2021 16:05 ET Press Release: LivePerson Announces Fourth Quarter 2020 Financial Results

LivePerson Announces Fourth Quarter 2020 Financial Results

-- Achieved first \$100 million revenue quarter, generating 29% revenue growth--

--Reported record 2020 revenue of \$367M, 26% YoY growth, exceeded plan and one year ahead--

-- Signed 10 seven-figure deals in the fourth quarter, including four seven-figure new logos --

--Record EBITDA margin fueled by revenue upside, internal automation, and budgetary vigilance--

--Strong momentum positions Company for revenue acceleration in 2021--

PR Newswire

NEW YORK, Feb. 25, 2021

NEW YORK, Feb. 25, 2021 /PRNewswire/ -- LivePerson, Inc. (NASDAQ: LPSN), a global leader in conversational AI, today announced financial results for the fourth quarter ended December 31, 2020.

Fourth Quarter and 2020 Highlights

Total revenue was \$102.1 million for the fourth quarter of 2020, an increase of 29% as compared to the same period last year. Within total revenue, business operations (B2B) revenue for the fourth quarter of 2020 increased 29% year over year to \$94.1 million and revenue from consumer operations increased 29% to \$8.1 million.

Total revenue was \$366.6 million for fiscal year 2020, an increase of 26% as compared to 2019. Within total revenue, B2B revenue increased 26% year over year to \$336.9 million and consumer operations revenue increased 22% to \$29.8 million.

LivePerson signed 10 seven-figure deals and 128 deals in total in the fourth quarter, including the addition of 46 new and 82 existing customer contracts. LivePerson signed 525 deals in 2020, including the addition of 197 new and 328 existing customer contracts.

Trailing-twelve-month average revenue per enterprise and mid-market customer set new records throughout 2020, and increased by 35% in the fourth quarter of 2020 to approximately \$465,000, up from \$345,000 in the comparable prior-year period.

"The outstanding results of the year have confirmed LivePerson's leadership in Conversational AI. Building a digital strategy is now simply table stakes for brands. LivePerson has created the world-class Conversational AI at the heart of our Conversational Cloud that powers the best digital experiences between brands and consumers at scale," said CEO and founder, Robert LoCascio. "We are seeing a massive opportunity ahead where brands of all kinds increasingly rely on our Conversational Cloud not only for exceptional customer care but also for incremental sales and marketing. In 2021, LivePerson will continue to invest to accelerate our leadership in Conversational Commerce."

"We closed 2020 with exceptional business and financial performance, surpassing previous records across several key metrics in the fourth quarter, including revenue, profit, the quantity of 7-figure deals, average revenue per customer, and billable platform usage," added CFO John Collins. "We exceeded the high end of

our guidance range for the top and bottom line, once again demonstrating our ability to enhance operating leverage while aggressively growing the business. Overall, these results reinforce our position as a clear market leader for Conversational AI and demonstrate the ease with which our platform can be adapted to meet accelerating demand across a broad spectrum of use cases, industries, and geographies."

Customer Expansion

During the fourth quarter, the Company signed contracts with the following new customers, among others:

- A Top 5 global largest logistics company
- A Top 5 global consumer goods company
- A Top 5 global bookmaker
- One of the largest cryptocurrency exchanges in the world
- A Fortune 500 paint manufacturer and retailer

The Company also expanded business with:

- One of the world's largest automobile manufacturers
- A Fortune 100 home improvement retailer
- A multi-billion dollar **S&P500** software company
- One of the top 5 largest banks in Italy
- One of the world's largest online travel and related services companies

Net Loss and Adjusted Operating Income (Loss)

Net loss for the fourth quarter of 2020 was \$13.3 million or \$0.20 per share, as compared to a net loss of \$27.3 million or \$0.43 per share in the fourth quarter of 2019. Adjusted operating income for the fourth quarter of 2020 was \$12.6 million, as compared to adjusted operating (loss) of \$3.4 million in the fourth quarter of 2019. Adjusted operating (loss) income excludes amortization of purchased intangibles and finance leases, stock-based compensation, other litigation and consulting costs, restructuring costs, acquisition costs and other income (loss).

Adjusted EBITDA (Non-GAAP Measure)

Adjusted EBITDA for the fourth quarter of 2020 was \$18.2 million or \$0.25 per share, as compared to \$1.2 million or \$0.02 per share in the fourth quarter of 2019. Adjusted EBITDA excludes amortization of purchased intangibles and finance leases, stock-based compensation, depreciation and amortization, other litigation and consulting costs, restructuring costs, acquisition costs, provision for (benefit from) income taxes, and other income (loss).

A reconciliation of the non-GAAP financial measures to GAAP measures has been provided in the financial tables included in this press release. An explanation of the non-GAAP financial measures and how they are calculated is included below under the heading "Non-GAAP Financial Measures."

Cash and Cash Equivalents

The Company's cash balance was \$654.2 million at December 31, 2020, inclusive of proceeds from the convertible debt offering in the fourth quarter of 2020, as compared to \$176.5 million at December 31, 2019.

Financial Expectations

LivePerson is entering 2021 with strong momentum. Demand for Conversational AI has hit an inflection point, highlighted by a record-breaking number of seven-figure deals. Volumes on Conversational Cloud continue to accelerate and LivePerson's revenue run rate is ahead of plan.

With this backdrop, the Company is targeting a revenue range of \$458 million to \$466 million, or 25% to 27% revenue growth in 2021, compared to 26% growth in 2020 and up from 17% growth in 2019. The Company is guiding for first quarter revenue growth of 32% to 33% to a range of \$103 million to \$104 million.

Regarding profitability, the Company is expecting to accelerate investments in go-to-market capacity and product development in the first half of 2021 while continuing to realize efficiency gains from internal automation. With this in mind, the Company is guiding for 2021 adjusted EBITDA range of \$33.5 million to \$41.5 million or 7% to 9% margin. First quarter adjusted EBITDA is estimated to be in a range of \$5.0 million to \$7.0 million or 5% to 7% margin.

The Company's detailed 2021 financial expectations are as follows:

First Quarter 2021

	Guidance
Revenue (in millions)	\$103.0 - \$104.0
GAAP net loss per share	\$(0.57) - \$(0.54)
Adjusted operating loss (in millions)	\$(4.5) - \$(2.5)
Adjusted EBITDA (in millions)	\$5.0 - \$7.0
Fully diluted share count (in millions)	74.6

Full Year 2021

	Guidance
Revenue (in millions)	\$458.0 - \$466.0
GAAP net loss per share	\$(2.03) - \$(1.91)
Adjusted operating (loss) income (in millions)	\$(4.3) - \$3.7
Adjusted EBITDA (in millions)	\$33.5- \$41.5
Fully diluted share count (in millions)	76.5

Other Full Year 2021 Assumptions

- Estimated IP litigation and consulting expenses of approximately \$3.5 million (\$0.05 per share) and severance and restructuring of \$6.0 million (\$0.08 per share)
- Amortization of purchased intangibles and finance leases of approximately \$6.2 million
- Non-cash interest expense of approximately \$35.8 million
- Stock-based compensation expense of approximately \$77.2 million
- Depreciation and amortization of approximately \$37.8 million
- Cash taxes paid of \$2.0 million to \$4.0 million. A GAAP tax liability of approximately \$4.0 million
- Capital expenditures of approximately \$47.3 million

Furthermore, as a percent of revenue for the year, including amortization of intangibles and finance leases, and stock-based compensation, but excluding non-recurring expenses discussed above, we anticipate gross profit to be approximately 70.0%, sales and marketing 37.0%, product development 37.4% and G&A at 13.6%.

Stock-Based Compensation

Included in the accompanying financial results are expenses related to stock-based compensation, as follows (in thousands):

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Cost of revenue	\$ 776	\$2,307	\$ 6,511	\$4,218
Sales and				

marketing	6,570	4,266	16,106	10,010
General and administrative	5,344	4,221	15,772	12,216
Product development	7,085	7,772	27,557	17,661
Total	\$ 19,775	\$18,566	\$ 65,946	\$44,105

Amortization of Purchased Intangible Assets and Finance Leases

Included in the accompanying financial results are expenses related to the amortization of purchased intangible assets and finance leases, as follows (in thousands):

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Cost of revenue	\$ 1,059	\$ 285	\$ 1,913	\$ 1,138
Amortization of purchased intangibles	419	448	1,639	1,794
Total	\$ 1,478	\$ 733	\$ 3,552	\$ 2,932

Supplemental Fourth Quarter 2020 Presentation

LivePerson will post a presentation providing supplemental information for the fourth quarter 2020 on the investor relations section of the Company's web site at <https://ir.liveperson.com>.

Earnings Teleconference Information

25 Feb 2021 16:05 ET Press Release: LivePerson Announces Fourth -2-

The Company will discuss its fourth quarter 2020 financial results during a teleconference today, February 25, 2021. To participate via telephone, callers should dial in five to ten minutes prior to the 5:00 p.m. Eastern start time; domestic callers (U.S. and Canada) should dial 1-877-300-8521, while international callers should dial 1-412-317-6026, and both should reference the conference ID "10152081." The conference call will also be simulcast live on the Internet and can be accessed by logging onto the investor relations section of the Company's web site at <https://ir.liveperson.com>.

If you are unable to participate in the live call, the teleconference will be available for replay approximately two hours after the call until March 11, 2021. To access the replay, please call 1-844-512-2921 (U.S. and Canada) or 1-412-317-6671 (international). Please reference the conference ID "10152081." A replay will also be available on the investor relations section of the Company's web site at <https://ir.liveperson.com/financial-information/quarterly-results>.

About LivePerson

LivePerson makes life easier for people and brands everywhere through trusted conversational AI. Our 18,000 customers, including leading brands like HSBC, Orange, GM Financial, and The Home Depot, use our conversational solutions to orchestrate humans and AI, at scale, and create a convenient, deeply personal relationship - a conversational relationship - with their millions of consumers. LivePerson was named to Fast Company's World's Most Innovative Companies list in 2020 for its leadership in artificial intelligence. For more information about LivePerson (NASDAQ: LPSN), please visit www.liveperson.com.

Non-GAAP Financial Measures

Investors are cautioned that the following financial measures used in this press release are defined as "non-GAAP financial measures" by the Securities and Exchange Commission: adjusted EBITDA, or earnings/(loss) before provision for (benefit from) income taxes, interest income (expense), other expense (income), depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other costs; and adjusted operating income, or operating income excluding amortization, stock-based compensation, restructuring costs, acquisition costs, deferred tax asset valuation allowance, and other costs.

A reconciliation of non-GAAP financial information to GAAP financial information is not a financial measure under generally accepted accounting principles (GAAP). In addition, non-GAAP financial information should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating,

investing and financing activities as there may be significant factors or trends that it fails to address. We present non-GAAP financial information because we believe that it is helpful to some investors as one measure of our operations

Safe Harbor Provision

Statements in this press release regarding LivePerson that are not historical facts are forward-looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements, including but not limited to financial guidance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. It is routine for our internal projections and expectations to change as the quarter and year progress, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations may change. Although these expectations may change, we are under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: major public health issues, and specifically the pandemic caused by the spread of COVID-19 on the U.S. and global markets; our ability to retain key personnel, attract new personnel and to manage staff attrition; supporting our existing and growing customer base could strain our personnel resources and infrastructure; risks related to the ability to successfully integrate past or potential future acquisitions; our ability to secure additional financing to execute our business strategy; delays in our implementation cycles; payment-related risks; potential fluctuations in our quarterly revenue and operating results; risks associated with the limitations on the effectiveness of our controls; non-payment or late payment of amounts due to us from a significant number of customers; risks associated with the recent volatility in the capital markets; risks related to our recognition of revenue from subscriptions; customer retention and their purchase of additional services, the migration of existing customers to our new platform, and attracting new customers and new consumer users of our consumer services; our ability to develop and maintain successful relationships with social media and other third-party consumer messaging platforms and endpoints; the markets in which we operate are highly competitive; the adverse effect that the global economic downturn may have on our business and results of operations; privacy concerns relating to the Internet that could result in new legislation or negative public perception; risks related to new regulatory or other legal requirements that could materially impact our business; risks relating to governmental export controls and economic sanctions; risks related to industry-specific regulation and unfavorable industry-specific laws, regulations or interpretive positions; future regulation of the Internet or mobile devices; our operations may expose us to greater than anticipated income, non-income and transactional tax liabilities; failures or security breaches in our services, those of our third party providers, or in the websites of our customers; risks related to the regulation or possible misappropriation of personal information belonging to our customers' Internet users; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; our dependence on the continued viability of the Internet; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; risks associated with the use of AI in our product offerings; errors, failures or "bugs" in our products may be difficult to correct; our ability to license necessary third party software for use in our products and services, and our ability to successfully integrate third party software; potential adverse impact due to foreign currency exchange rate fluctuations; additional regulatory requirements, tax liabilities, currency exchange rate fluctuations and other risks as we expand internationally and/or as we expand into direct-to-consumer services; risks related to our operations in Israel, and the civil and political unrest in that region; risks related to our outstanding convertible notes; potential failure to meeting service level commitments to certain customers; legal liability and/or negative publicity for the services provided to consumers via our technology platforms; technological or other defects could disrupt or negatively impact our services; risks related to corporate and social responsibility and reputation; our history of losses; our ability to maintain our reputation; our lengthy sales cycles; changes in accounting principles generally accepted in the United States; natural catastrophic events and interruption to our business by man-made problems; potential limitations on our ability to use net operating losses to offset future taxable income; and risks related to our common stock being traded on more than one securities exchange. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by us with the Securities and Exchange Commission for a discussion of these and other important factors that could cause actual results to differ from those discussed in forward-looking statements.

LivePerson, Inc .
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Data)
Unaudited

Three Months Ended	Twelve Months Ended
December 31,	December 31,

	2020	2019	2020	2019
Revenue	\$ 102,125	\$ 79,073	\$366,620	\$ 291,609

Costs and expenses:

Cost of revenue	28,049	22,060	106,268	78,878
Sales and marketing	39,700	42,661	149,773	156,814
General and administrative	12,844	15,079	60,557	56,967
Product development	27,995	23,213	108,414	82,145
Restructuring costs (recovery)	(212)	134	29,420	2,043
Amortization of purchased intangibles	419	448	1,639	1,794
Total cost and expenses	108,795	103,595	456,071	378,641

Loss from operations	(6,670)	(24,522)	(89,451)	(87,032)
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Other (expense)

income, net

Interest (expense), net	(5,173)	(2,535)	(14,334)	(7,407)
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Other (expense)

income, net	1,141	352	(1,343)	1,213
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Other (expense)

income, net	(4,032)	(2,183)	(15,677)	(6,194)
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Loss before provision

for income taxes	(10,702)	(26,705)	(105,128)	(93,226)
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Provision for income

taxes	2,553	617	2,466	2,845
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25 Feb 2021 16:05 ET Press Release: LivePerson Announces Fourth -3-

Net loss	\$ (13,255)	\$ (27,322)	\$(107,594)	\$ (96,071)
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Net loss per share of

common stock:

Basic	\$ (0.20)	\$ (0.43)	\$(1.63)	\$ (1.53)
Diluted	\$ (0.20)	\$ (0.43)	\$(1.63)	\$ (1.53)

Weighted-average

shares used to

compute net loss per

share:

Basic	67,027,572	63,556,205	65,888,450	62,593,026
Diluted	67,027,572	63,556,205	65,888,450	62,593,026

LivePerson, Inc .

Condensed Consolidated Statement of Cash Flows

(In Thousands)

Unaudited

Twelve Months Ended
December 31,
2020 2019

OPERATING ACTIVITIES:

Net loss	\$(107,594)	\$(96,071)
Depreciation and amortization	22,826	16,366
Change in operating assets and liabilities and non-cash charges	118,373	20,547

Net cash provided by (used in) operating activities 33,605 (59,158)

INVESTING ACTIVITIES:

Purchases of property and equipment, including capitalized software (41,641) (47,582)
 Payments for acquisitions and intangible assets, net of cash acquired (1,835) (924)
 Net cash used in investing activities (43,476) (48,506)

FINANCING ACTIVITIES:

Principal payments for financing leases (1,154) --
 Repurchase of common stock -- (903)
 Proceeds from issuance of common stock in connection with the exercise of options and ESPP 25,355 21,060
 Proceeds from issuance of convertible senior notes 517,500 230,000
 Payment of issuance costs in connection with convertible senior notes (11,800) (8,635)
 Payment related to contingent consideration -- (487)
 Purchase of capped call option (46,058) (23,184)
 Net cash provided by financing activities 483,843 217,851
 EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS 3,657 (113)
 CHANGE IN CASH AND CASH EQUIVALENTS 477,629 110,074
 CASH AND CASH EQUIVALENTS - Beginning of the year 176,523 66,449
 CASH AND CASH EQUIVALENTS - End of the year \$654,152 \$176,523

LivePerson, Inc .

Reconciliation of Non-GAAP Financial Information to GAAP

(In Thousands, Except Share and Per Share Data)

Unaudited

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Reconciliation of Adjusted EBITDA				
(1) :				
GAAP net loss	\$ (13,255)	\$ (27,322)	\$(107,594)	\$ (96,071)
Add/(less):				
Amortization of purchased intangibles and finance leases	1,479	733	3,552	2,932
Stock-based compensation	19,775	18,566	65,946	44,105
Depreciation and amortization	5,603	4,564	22,826	16,366
Contingent earn-out adjustments	--	--	263	--
Other litigation and consulting costs	(1,733)	(2) 1,718	(4) 5,375	(3) 7,974
Restructuring costs	(215)	(6) 134	(8) 29,420	(7) 2,043
Provision for income taxes	2,553	617	2,466	2,845
Interest expense	5,173	2,535	14,334	7,407
Other expense (income)	(1,141)	(352)	1,343	(1,213)
Adjusted EBITDA				

(1)	\$ 18,239	\$ 1,193	\$37,931	\$ (13,612)
Diluted adjusted EBITDA per common share	\$ 0.25	\$ 0.02	\$0.54	\$ (0.21)
Weighted average shares used in diluted adjusted EBITDA per common share	73,704,972	(10) 65,872,220	70,683,319	(10) 64,922,005

Reconciliation of Adjusted

Operating Income (Loss):

Loss before provision for income taxes	\$ (10,702)	\$ (26,705)	\$(105,128)	\$ (93,226)
Add/(less):				
Amortization of purchased intangibles and finance leases	1,479	733	3,552	2,932
Stock-based compensation	19,775	18,566	65,946	44,105
Other litigation and consulting costs	(1,733)	(2) 1,718	(4) 5,375	(3) 7,974
Contingent earn-out adjustments	--	--	263	--
Restructuring costs	(215)	(6) 134	(8) 29,420	(7) 2,043
Interest expense	5,173	2,535	14,334	7,407
Other expense (income)	(1,141)	(352)	1,343	(1,213)
Adjusted operating income (loss)	12,636	(3,371)	15,105	(29,978)

(1) Earnings/(loss) before provision for (benefit from) income taxes, other (income)/expense, net, depreciation and amortization, stock-based compensation, restructuring costs, acquisition costs and other costs.

(2) Includes benefit from other litigation items of \$1.7 million for the three months ended December 31, 2020. The benefits taken relate to the Company's intellectual property suit against [24]7 Customer, Inc.

(3) Includes litigation costs of \$0.9 million, reserve for sales and use tax liability of \$2.3 million, employee benefit cost of \$0.8 million, and consulting costs of \$1.4 million for the year ended December 31, 2020.

(4) Includes other litigation costs of \$1.2 million and consulting cost of \$0.5 million for the three months ended December 31, 2019. The Company's other litigation costs relate to the Company's intellectual property suit against [24]7 Customer, Inc.

(5) Includes other litigation costs of \$4.4 million, consulting costs of \$3.2 million, and fair value earn-out adjustment of \$0.3 million for the year ended December 31, 2019. Please refer to footnote (4) above for additional information related to the nature of these other litigation costs.

(6) Includes benefit from severance and associated costs of \$0.2 million for the three months ended December 31, 2020.

(7) Includes lease restructuring costs of \$24.3 million and severance and other compensation related costs of \$5.1 million for the year ended December 31, 2020. The Company's lease restructuring costs relate to a transition to an employee-centric workforce model that does not rely on traditional offices, while the severance and other compensation costs relate to the Company re-prioritizing and reallocating resources to focus on areas showing high growth potential.

(8) Includes severance costs and associated costs of \$0.1 million for the three months ended December 31, 2019. The Company's restructuring costs relate to resource reallocation for the Company's platform transformation.

(9) Includes severance and associated costs of \$2.0 million for the year ended December 31, 2019. The restructuring costs relate to resource reallocation for the Company's platform

transformation.

(10) Includes shares related to the Convertible Senior Notes issued in March 2019. Since the Company expects to settle the principal amount of its outstanding Convertible Senior Notes in cash and any excess in shares of the Company's common stock, the Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The conversion spread will have a dilutive impact on diluted net income per share of common stock when the average market price of the Company's common stock for a given period exceeds the conversion price of \$38.58 per share for the Notes. The conversion spread is calculated using the average market price of common stock during the period, consistent with the treasury stock method. The conversion spread had an anti-dilutive impact for the Convertible Senior Notes issued in December 2020, since the average market price of the Company's stock during the period was less than the initial conversion price of \$75.23 per share.

LivePerson, Inc .

Reconciliation of Projected Non-GAAP Financial Information to GAAP

(In Thousands)

Unaudited

	Three Months Ended March 31, 2021	Twelve Months Ended December 31, 2021
Reconciliation of Projected Adjusted EBITDA: (1)		
Net loss in accordance with GAAP	\$(38,800) - \$(36,800)	\$(139,000) - \$(130,800)
Add/(less):		
Amortization of purchased intangibles and finance leases	1,500	6,200
Stock-based compensation	16,300	77,200
Depreciation	9,500	37,800
Other costs	6,000	9,500
Other expense, net	9,200	37,500
Provision for income taxes	1,200	4,200 - 4,000
Adjusted EBITDA	\$5,000 - \$7,000	\$33,500 - \$41,500

Reconciliation of Projected Adjusted Operating (Loss) Income: (1)		
Loss before provision for income taxes	\$(37,600) - \$(35,600)	\$(134,800) - \$(126,800)
Add/(less):		
Amortization of purchased intangibles and finance leases	1,500	6,200
Stock-based compensation	16,300	77,200
Other costs	6,000	9,500
Other expense, net	9,200	37,500

25 Feb 2021 16:05 ET Press Release: LivePerson Announces Fourth -4-

Adjusted operating (loss) income	\$(4,500) - \$(2,500)	\$(4,300) - \$3,700
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(1) Certain items

may not total
due to
rounding.

LivePerson, Inc .
Condensed Consolidated Balance Sheets
(In Thousands)
Unaudited

As of December 31, 2020 As of December 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 654,152	\$ 176,523
Accounts receivable, net	81,084	87,620
Prepaid expenses and other current assets	\$ 14,236	\$ 13,964
Total current assets	749,472	278,107

Operating lease right of use asset	614	15,680
Property and equipment, net	106,055	76,236
Contract acquisition costs	41,021	31,965
Intangibles, net	10,927	11,812
Goodwill	95,192	94,987
Deferred tax assets, net	2,032	2,179
Other assets	1,780	1,744
Total assets	\$ 1,007,093	\$ 512,710

LIABILITIES AND
STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 14,115	\$ 12,302
Accrued expenses and other current liabilities	91,180	62,778
Deferred revenue	89,509	88,751
Operating lease liability	5,718	6,602
Total current liabilities	200,522	170,433

Deferred revenue, net of current portion	409	438
Convertible senior notes, net	538,432	179,012
Other liabilities	6,304	72
Operating lease liability, net of current portion	7,180	12,865
Deferred tax liability	1,622	1,355
Total liabilities	754,469	364,175

Commitments and
contingencies

Total stockholders' equity	252,624	148,535
Total liabilities and stockholders' equity	\$ 1,007,093	\$ 512,710

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View original content to download multimedia:

<http://www.prnewswire.com/news-releases/liveperson-announces-fourth-quarter-2020-financial-results-301236013.html>

SOURCE LivePerson, Inc .

/Web site: <http://www.liveperson.com>

25 Feb 2021 16:42 ET *LivePerson Sees 1Q Rev \$103M-\$104M >LPSN

25 Feb 2021 16:42 ET *LivePerson Sees 1Q Loss/Shr 54c-Loss 57c >LPSN

(MORE TO FOLLOW) Dow Jones Newswires

February 25, 2021 16:42 ET (21:42 GMT)

文件 DJDN000020210225eh2p004de



Market Extra

Bitcoin market value tops \$1 trillion for first time ever as crypto price soars

540 字

2021 年 2 月 20 日 15:39

MarketWatch

MRKWC

英文

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MarketWatch photo illustration/iStockphotoThe world's No. 1 cryptocurrency hit a record high on Friday, propelling it to a market value above \$1 trillion for the first time ever.

A single bitcoin BTCUSD jumped to a record at \$53,910.44, based on prices tracked by CoinDesk, briefly bringing its total market capitalization to a peak at \$1,002,547,798,785, according to data from [research company CoinMarketCap.com](#).

via CoinMarketCap.comBitcoin was last up 4% on Friday at around \$53,734, and has surged over 85% since the beginning of 2021. By comparison, gold prices GC00, which bitcoin often competes against for investment dollars, are down nearly 6% so far this year.

Meanwhile, the S&P 500 index SPX is looking at a year-to-date gain of 4.5%, the Dow Jones Industrial Average DJIA is up 3.3% and the Nasdaq Composite Index COMPis looking at a gain thus far in the year of over 8%.

"Bitcoin price reaching the 1 trillion dollar is the most exciting news of this year," wrote Naeem Aslam, chief market analyst at AvaTrade, in an emailed note. "This was long coming and the fact is that we are only 10X away from flipping the gold market cap on its head," he said.

The ascent of the digital asset created just 12 years ago by a person or persons known as Satoshi Nakamoto has been attributed to growing institutional interest in bitcoin and other alternative cryptographically backed assets.

The fervor for bitcoins was given a fresh spark [earlier this month](#) when Elon Musk's Tesla Inc. TSLA said that it has acquired \$1.5 billion in bitcoins in January and that it could accept the world's No. 1 digital asset for payment in the future.

Late Thursday, Musk via a tweet, further explained his rationale for getting exposure to bitcoins, describing the decision as "simply a less dumb form of liquidity than cash, is adventurous enough for an **S&P500** company."

https://twitter.com/elonmusk/status/1362600676174557186?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetemb ed%7Ctwterm%5E1362600676174557186%7Ctwgr%5E%7Ctwcon%5Es1 &ref_url=https%3A%2F%2Fwww. zerohedge.com%2Fmarkets%2Fbitcoin-soars-above-53000-after-musk-calls-it-less-bs-cash-ignores-5th-jpmorgan-slam Other institutions including PayPal Holdings Inc. [PYPL](#), which back in November opened up its cryptocurrency platform to all U.S. customers after conducting a more narrow rollout, has helped drive bitcoin prices sharply higher in recent weeks and months.

And several high-profile Wall Street investors, including Stanley Druckenmiller and Paul Tudor Jones, have embraced bitcoin. Famed investor Bill Miller, founder of Miller Value Partners, in [a letter to clients](#) earlier this month published on the firm's website, reaffirmed his bullish outlook on bitcoin.

One point worth noting is that despite the parabolic move in bitcoins in the recent period its dominance, its share of market value compared against other alternative digital assets, is just around 60%, down from a recent peak around 70% at the start of the year.

That may suggests that other cryptos, like EtherETHUSD on the ethereum blockchain, are also drawing strong interest among buyers along with bitcoin.

文件 MRKWC00020210219eh2j00461



Outside the Box

Index funds don't buy IPOs but here's why they should

1,429 字

2021 年 2 月 16 日 11:58

MarketWatch

MRKWC

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How indexed mutual funds and ETFs can capture the powerful gains when a company goes public

The U.S. market for IPOs (initial public offerings) was red hot in 2020. Excluding special purpose acquisition vehicles, U.S. IPOs last year raised \$83 billion in gross proceeds. The prices of these IPOs jumped during the initial day of trading by 36% on average.

Despite these high returns, index funds — including mutual funds and exchange-traded funds — almost never bought IPOs at their initial offering price. Instead, index funds waited to buy IPO stocks until near the date on which they were added to the relevant index — typically at the end of a quarter within six months to a year after the IPO.

Yet as the index inclusion date nears for any IPO, its price typically surges in anticipation of a barrage of purchases — driving up the price that index funds must pay for that stock. For example, the price of Tesla TSLA spiked once it became likely that the company would be added to the **S&P500** SPX.

In this article, I outline the data from 2010 to 2018 about the high initial returns for IPOs as well as the concerns holding back index funds from buying IPOs before they are included in the index. Then, I make a path-breaking proposal — allowing any index fund that tracks the Russell 1000 Index RUI to meet these concerns by early buying of IPOs if, and only if, they are large relative to the size of the index.

Like many other studies, [the study that I co-authored with two experts on indexing](#) found high returns in IPO stock prices during the initial day of trading. After this initial day of trading, the study evaluated IPO returns by a measure known as the index-adjusted performance (IAP) — the difference between the total return of the security and the total return of the index from the closing price on the first day of trading to the closing price of any following day. For example, a positive IAP would signal that an IPO has outperformed the index from the close of the first day of trading until the date the IPO is included in the relevant index.

The study calculated these two metrics of returns for all 932 U.S. IPOs offered in the nine years between January 2010 and December 2018. Of these 932 IPOs, 115 were included in the Russell 1000 within the first six months of trading.

The study used the Russell 1000 because it includes 92% of the total market capitalization of all listed stocks in the U.S. equity market. The Russell 1000 contains the top 1000 publicly traded U.S. companies according to market capitalization. IPOs are considered for inclusion at the end of each quarter, strictly based on their market capitalization.

The first-day return for these 115 IPOs was highly positive — 22% on average with a median gain of 10%.

Similarly, looking at the IAP for these 115 IPOs included in the Russell 1000, the study found a positive trend — with an average IAP of 6.89% and median of 5.24% between the IPO and the index inclusion date.

Both of these trends show that index funds could generate excess return by buying IPOs before they are added to the index. The greatest return could be realized by buying IPOs at the initial offering price and holding them through the index inclusion date. Index funds could also realize significant excess returns by buying IPOs after their first day of trading and holding them through the index inclusion date.

Risks in the returns

Index funds would face several risks associated with such early purchases of IPOs.

First, and most importantly, no one knows which IPOs will be added to the index at the time of the IPO. An index fund might purchase an IPO stock that doesn't get added to the index. In that event, the fund would have to sell the IPO stock, potentially at a loss. The price of the IPO stock would decline because there would

no longer be the expectation that other index funds would be required to buy that stock when it is added to the index.

A second concern is that an index fund would not get a large enough allocation in an IPO to reflect the stock's future position in the index — for example, when a popular tech company goes public. Even so, an index fund can still generate excess returns by buying more of such a stock on the day following an IPO and holding that stock until it is added to the index.

Third, since the index fund would be holding stocks that are not included in the index — at least for several months — the fund would experience tracking error. Tracking error occurs when the returns on an index fund portfolio differ materially from those of the index it is benchmarked against. But investors would probably not be overly concerned if the fund beat the index it was designed to track.

Of course, the prospectus of such an index fund would have to make clear that it would be buying stocks in the initial offerings of IPOs and after their first day of trading. The prospectus should also delineate the risks involved when the fund buys IPOs before they are included in the index.

To mitigate the most important risk — that the IPO will not be included in the index — I recommend that index funds should purchase an IPO only if its expected weight in the Russell 1000 is relatively large. The expected weight equals the gross proceeds raised by the IPO, divided by the total freely traded float of stocks in the index. Since the Russell 1000 Index is composed of the top 1000 U.S. companies by market capitalization, the larger the IPO is relative to the index, the more likely that the IPO will be added to that index.

This strategy could be adapted to varying risk tolerances of index funds by adjusting the size threshold for early purchases of an IPO. In a conservative strategy, the index fund would purchase only IPOs with the largest expected weight in the index, since they are most likely to be included in the index. In a more aggressive strategy, by contrast, the size threshold for buying IPOs would be lower.

The study examined three thresholds for risk appetite, defined in terms of the expected weight of the IPO in the index: 1.0 basis point for conservative; 0.75 basis point for pragmatic and 0.50 basis point for aggressive. (One basis point equals 1/100 of 1%)

The results, summarized in the table below, show that this strategy would have been successful at generating excess returns without significant risks during the period from 2010 through 2018.

For example, 100% of the largest IPOs that would have been purchased under the conservative strategy during this period were added to the index within the first six months and generated excess returns above 15%. Under the aggressive strategy, 88% of the IPOs that would have been purchased during this period were included in the index within six months and generated excess returns of close to 17%.

My recommendation is that an index fund based on the Russell 1000 buy relatively large IPOs in their initial offerings or, if necessary, immediately after their first day of trading. Although there is a modest risk that such IPOs will not subsequently be included in that index, the excess returns from this strategy outweigh the risks.

I would not recommend that any index fund use this strategy to buy an IPO effected by merging a private company with a special acquisition vehicle. I also would not recommend this strategy for any index fund based on other indices where it is more difficult to predict when and whether IPO stocks will be included in the index, such as the S&P 500, where stocks included are chosen by a committee.

Robert C. Pozen is a senior lecturer at the MIT Sloan School of Management and a former president of Fidelity Investments. Research assistance for this article was provided by MIT undergraduate student Peter Hoffman.

More: [This fund manager's top 2020 stock picks returned an average 170%. He's betting on these companies for 2021](#)

Also read: [Tesla is on this list of 20 S&P 500 companies that have produced the biggest sales increases along with pricing power](#)

文件 MRKWC00020210216eh2g0028l

DOW JONES NEWSWIRES

Stocks Rise to End Best Week For S&P 500 Since November **S&P500** Caps Best Week -- WSJ

By Paul Vigna and Caitlin Ostroff

1,280 字

2021 年 2 月 6 日 07:32

Dow Jones Institutional News

DJDN

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This article is being republished as part of our daily reproduction of WSJ.com articles that also appeared in the U.S. print edition of The Wall Street Journal (February 6, 2021).

U.S. shares rose Friday, with the S&P 500 notching its best week since November, as investors pivoted to focus on a possible new stimulus package and shook off some of the razzmatazz in individual stocks that marked the previous month of trading.

The Dow Jones Industrial Average gained 92.38 points, or 0.3%, to 31148.24. The S&P 500 climbed 15.09 points, or 0.4%, to 3886.83, setting a second consecutive record high. The benchmark rose 4.65% this week, its biggest one-week gain since the week ending Nov. 6.

The tech-heavy Nasdaq Composite rose 78.55 points, or 0.6%, to 13856.30. It also hit a record high and had its best week since Nov. 6.

The heavily traded stocks at the center of a social-media spectacle have lost some of their steam. GameStop rose \$10.27, or 19%, to \$63.77, after falling by 30% or more for three of the previous four trading days. It fell 80% for the week, but is still up nearly 240% for the year.

AMC Entertainment Holdings fell \$0.26, or 3.7% to \$6.83. Popular trading app Robinhood Markets removed the last of its trading limits on shares of both companies, according to its website.

The stocks that day traders have gathered behind, like GameStop and AMC, had been heavily shorted by hedge funds, meaning those investors bet the stocks would fall.

Another heavily shorted stock, Koss, rose \$1.18, or 6.3%, to \$19.98.

Friday's broad increases were a marked change from the previous week, when GameStop soared 400% but stocks suffered their worst week since October. Markets seesawed throughout January, including into last week, buffeted by up-and-down news about the state of the U.S. economy and the online-trading spectacle epitomized by GameStop.

Friday, investors bet that a relatively weak jobs report would help guarantee a fresh stimulus bill.

The Labor Department reported that employers added 49,000 jobs in January, and the jobless rate edged lower to 6.3% from 6.7% the month prior. Still, many sectors lost jobs last month, including leisure and hospitality, retailers, health-care companies and warehouses.

"It's because of the ongoing issues around Covid and the dislocations in the economy," said Saira Malik, the chief investment officer of Nuveen Equities. Still, she thought the data was more of a "rearview mirror" look. New coronavirus cases are trending down, vaccines are being distributed, and more government aid is likely. "All of that gives investors confidence," she said.

Many investors believe that the relatively weak jobs report Friday will bolster the odds of a government stimulus package gaining approval. The market has rallied this week as President Biden pushed ahead with efforts to pass a \$1.9 trillion relief package. Democrats are using a special procedure to move ahead on the stimulus bill: The Senate on Friday approved a budget plan that advances the reconciliation process necessary to get the aid plan approved with a simple majority in the Senate.

The House on Friday approved a budget bill advancing Mr. Biden's stimulus plan, a further step toward making the relief package a reality.

The fresh spending is viewed by many investors as crucial for shoring up the economy, with coronavirus cases still high across parts of the U.S.

"That would be a huge boost to the economy," said Edward Smith, head of asset allocation research at Rathbone Investment Management. "It certainly reduces any short term risk as we wait for the vaccine rollout to get fully up to speed."

Investors remain focused on the rollout of Covid-19 vaccines, which could accelerate the speed of economic recovery. Johnson & Johnson asked U.S. regulators on Thursday to authorize the emergency use of its single-shot Covid-19 vaccine, setting the stage for a potential third vaccine to become available in the U.S. within weeks.

"The more vaccines get rolled out, the more people are going to start moving around," said Gregory Perdon, co-chief investment officer at private bank Arbuthnot Latham.

Shares of Johnson & Johnson rose \$2.46, or 1.5%, to \$164.45.

Volatility in markets also declined somewhat this week, after soaring at the end of January to its highest level since late October. The spike came as individual investors on online forums injected money into a handful of stocks, leading to frenzied trading and sharp price jumps. The Cboe Volatility Index, a gauge of turbulence in the broader U.S. stock market, fell to less than 22 on Friday, from over 37 last week.

The market's gains for the past year have largely been driven by companies that have benefited from the pandemic and the stay-at-home economy, many of them tech firms. Several reported earnings late Thursday.

Pinterest, which added millions more users than expected in its latest quarter, rose \$4.12, or 5.3%, to \$81.96. Activision Blizzard, a videogame company, jumped \$8.93, or 9.6%, to \$101.61 after results topped expectations.

Pandemic favorite Peloton said sales and subscriptions more than doubled in the latest quarter. Still, customers have complained about long shipping delays for its bikes, and would-be customers have vented their anger online. The stock fell \$9.23, or 5.9%, to \$148.30.

Recent moves have been fueled by expectations for earnings growth and a return to normal in the economy, plus central-bank policy that has kept interest rates low. But valuations are dangerously stretched, said James McDonald, the chief executive of alternative-asset manager Hercules Investments.

"We're really in a very tenuous place," he said. Government aid and central-bank policies can prevent a collapse, but they won't create growth on their own. And the sectors that provide the most jobs are the ones that are struggling, he said. The jobs market may not recover fully until 2022, but the market is priced as if it has already happened, Mr. McDonald said.

"Fundamentally, it's unsustainable for the market to stay higher without some dramatic improvement," he said.

For now, though, investors remain optimistic, and it showed up in markets besides equities. In bond markets, the yield on the 10-year Treasury note ticked up to 1.168%, its highest closing level since March 18. Yields rise when prices fall.

Crude-oil prices rose sharply this week as well, driven by rising demand and curbed production. Nymex crude rose 8.9% to \$56.85 for the week, its highest level in more than a year. It is up 17% on the year.

Overseas, the pan-continental Stoxx Europe 600 fell less than 0.1% to 409.54 Friday and lost 3.5% on the week. Shares of French bank BNP Paribas rose about 2.6% after it reported a smaller-than-expected drop in profit.

In Asia, most major benchmarks advanced by the close of trading. Japan's Nikkei 225 gained 1.5%, and South Korea's Kospi Index closed 1.1% higher. Hong Kong's Hang Seng rose 0.6%. China's Shanghai Composite edged 0.2% lower.

Write to Paul Vigna at paul.vigna@wsj.com and Caitlin Ostroff at caitlin.ostroff@wsj.com

(END) Dow Jones Newswires

February 06, 2021 02:32 ET (07:32 GMT)

文件 DJDN000020210206eh260009I

DOW JONES NEWSWIRES

Press Release: UTMD Reports Audited Year 2020 and Fourth Quarter Financial Performance

7,269 字

2021 年 1 月 28 日 14:00

Dow Jones Institutional News

DJDN

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Salt Lake City, Utah, Jan. 28, 2021 (GLOBE NEWSWIRE) -- via

https://www.globenewswire.com/Tracker?data=dPlmPDnxVAzs1aKYgOdUYQQ-irUUBhRaAVzz3uxrK3t0hN_Fr10tOXVn-AHoRIk8gW-kOxIHb4N725nDo2qsWpa4qyMK1z4U75ssdRk1iHk=

NewMediaWire -- Utah Medical Products, Inc. (Nasdaq: UTMD) reports financial results for the fourth calendar quarter (4Q) which confirms a trend of recovery from the "COVID-19 depression" in 2Q 2020 caused by government policies restricting medical procedures deemed "nonessential" such as tubal ligation and loop excision of the transformation zone. In this report, UTMD presents 2020 successive quarterly comparisons. In summary, 4Q 2020 was UTMD's best revenue quarter of the year, almost 2% higher than the pre-pandemic 4Q 2019. Consolidated total worldwide revenues for the 2020 year were 10% lower than in 2019, after being down 26% in 2Q 2020. Direct to end user sales, which drive UTMD's overall profitability, were 14% lower for the 2020 year after being down 39% in the dismal 2Q 2020.

Currencies in this release are denoted as \$ or USD = U.S. Dollars; AUD = Australia Dollars; GBP or GBP = UK Pound Sterling; C\$ or CAD = Canadian Dollars; and EUR or EUR = Euros. Currency amounts throughout this report are in thousands, except per share amounts and where noted.

Summary of Financial Results

UTMD management believes that the presentation of sequential 2020 quarterly comparisons provides meaningful supplemental information to both management and investors. Keeping in mind that results for any given three month period in comparison with a previous year's same three month period may vary as a result of several factors: foreign currency exchange rates for sales invoiced in foreign currencies, uneven international distributor and OEM customer order patterns as a result of purchasing larger quantities of devices at a time, and the timing of ups and downs in government restrictions during the pandemic. The following table shows the percent changes in 2020 quarterly revenues by sales channel compared to the same periods of time in 2019:

Revenues [USD denominated]	1Q	2Q	3Q	4Q	Year
U.S. domestic (excluding OEM)	+ 14.5%	(29.1%)	(8.0%)	(2.7%)	(7.5%)
Canada domestic	(21.7%)	(62.9%)	(5.6%)	(23.0%)	(29.7%)
Ireland domestic	(26.2%)	(48.6%)	(18.1%)	(31.3%)	(31.0%)
UK domestic	(11.2%)	(72.8%)	(34.4%)	(29.5%)	(36.2%)
France domestic	(11.8%)	(72.1%)	(12.3%)	(22.5%)	(29.8%)

Australia domestic	(8.6%)	(43.0%)	(13.6%)	(1.2%)	(16.7%)
Subtotal, Direct to End-User:	+4.2%	(39.1%)	(11.1%)	(8.8%)	(14.3%)
All Other OUS (Sales to Int'l Distributors)	(5.2%)	(4.5%)	(34.7%)	+ 39.9%	(3.4%)
U.S. OEM Sales	+ 0.7%	+ 9.5%	(8.9%)	(1.3%)	(0.8%)
Worldwide Revenues	+ 1.6%	(25.8%)	(16.1%)	+ 1.5%	(10.1%)

U.S. domestic sales direct to end-user facilities did not decline as much as OUS direct to end-user facilities in 2Q 2020, down 29% in the U.S. compared to down 63% OUS, and recovered faster. For the year, U.S. domestic sales to end-user facilities were 8% lower compared to 30% lower OUS. After a good 3Q 2020 recovery, a resurgence of virus infections in 4Q 2020 slowed the recovery OUS but not in the U.S. The different OUS 4Q 2020 significant improvement in Australia was due in part to UTMD beginning to sell directly to medical facilities in New Zealand from its Australia facility, rather than by a third party distributor.

UTMD subsidiary direct domestic sales in Canada, Ireland, the United Kingdom, France, Australia and, beginning in 4Q 2020, New Zealand, were invoiced in foreign currencies. Foreign currency exchange (FX) rates for income statement purposes are transaction-weighted averages. The average rates from the applicable foreign currency to USD during 4Q 2020 and year 2020 compared to the same periods in 2019 follow:

	4Q 20	4Q 19	Change	2020	2019	Change
GBP	1.320	1.288	+ 2.5%	1.291	1.277	+ 1.1%
EUR	1.192	1.108	+ 7.7%	1.146	1.119	+ 2.4%
AUD	0.729	0.684	+ 6.6%	0.692	0.696	(0.6%)
CAD	0.767	0.757	+ 1.3%	0.751	0.754	(0.3%)

The volatility of FX rates for OUS sales when consolidated in USD terms continues to affect period-to-period relative financial results because of UTMD's significant percentage of foreign currency sales. The FX rate impact in 4Q 2020 increased sales by 1.1% compared to using the same FX rate as in 4Q 2019 ("constant currency"). The 4Q 2020 FX rate impact represented about 70% of UTMD's increase in revenues compared to 4Q 2019. Foreign currency revenues in 4Q 2020 were increased by \$135 as a result of a weaker USD compared to particularly the EUR and AUD. For the 2020 year as a whole, the FX rate impact was less significant, increasing sales by \$99. Foreign currency sales as a percentage of total sales were 23.0% of total sales in 4Q 2020, and 22.3% of total sales for the year 2020. UTMD's 4Q 2019 and year 2019 revenues invoiced in foreign currencies represented 27.2% of total consolidated USD sales in both periods of time.

A comparison of 4Q and Year 2020 results with the results in the same periods of 2019, according to U.S. Generally Accepted Accounting Principles (US GAAP), is affected by some income tax provision adjustments not related to normal operations: 1) 4Q 2019 net income was increased \$582 (\$.165 increase in EPS) as a result of final adjustments made to state of Utah tax estimates following the December 2017 U.S. "Tax Cuts and Jobs Act" (TCJA), enacted in late 2017, and 2) 2Q 2020 net income was decreased \$225 (\$.061 decrease in EPS) by a long term deferred tax liability increase on the balance of Femcare intangible

assets (the amortization of which is not tax-deductible in the UK) as a result of a change in the UK income tax rate. The \$225 increase in deferred UK taxes over the next six years, according to US GAAP, must be booked in the quarter in which the tax law change was enacted. The UK decided to not reduce its corporate income tax rate from 19% to 17% beginning in 2Q 2020, as was previously enacted. UTMD management believes that the presentation of results excluding the unfavorable deferred tax liability adjustment to its 2Q 2020 net income and the favorable tax-related adjustments to 4Q 2019 net income provides meaningful supplemental information to both management and investors that is more clearly indicative of UTMD's operating results in 2020 compared to 2019. The non-US GAAP exclusion only affects Net Income and Earnings Per Share. All other income statement categories at and above the EBT line were unaffected by the tax provision adjustments.

Summary of Financial Results

The following table provides the sequential quarterly percentage changes in results for each income statement category, comparing the same periods in 2020 and 2019:

Consolidated Income Statement	1Q	2Q	3Q	4Q	Year
Worldwide Revenues	+ 1.6%	(25.8%)	(16.1%)	+ 1.5%	(10.1%)
Gross Profit	+ 0.9%	(34.0%)	(12.0%)	(7.0%)	(13.3%)
Operating Income	(5.8%)	(55.9%)	(17.9%)	(8.5%)	(22.3%)
Earnings Before Income Tax	(3.6%)	(56.7%)	(19.3%)	(9.5%)	(22.6%)
Net Income (US GAAP)	- (62.8%)	(20.8%)	(21.7%)	(26.7%)	
Earnings Per Share (US GAAP)	+ 0.4%	(62.0%)	(19.0%)	(19.8%)	(25.4%)

Excluding the 2Q 2020 deferred tax liability increase and resulting "one-time" tax provision increase and the favorable tax provision adjustments in 4Q 2019 related to the TCJA, UTMD's non-US GAAP Net Income and Earnings Per Share (EPS) quarterly percentage changes follow:

Net Income (Non-US GAAP)	- (56.4%)	(20.8%)	(9.7%)	(22.1%)	
EPS (Non-US GAAP)	+ 0.4%	(55.5%)	(19.0%)	(7.5%)	(20.7%)

In other words, ignoring the income tax provision adjustments in 4Q 2019 and 2Q 2020, all income statement categories improved sequentially during 2020 following the 2Q pandemic drop, compared to the same time periods in 2019. In the following income statement summary description, please refer to the right two columns in the table just above for a

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comparison of 4Q 2020 and year 2020 income statement results with the same periods in 2019. More detail is provided later in this report.

UTMD profit margins in 4Q 2020 and year 2020 compared to 4Q 2019 and year 2019 follow:

	4Q 2020 (Oct -- Dec)	2020 4Q 2019 (Oct -- Dec)	2019 (Jan -- Dec)	(Jan -- Dec)
Gross Profit Margin (gross profits/sales):	60.5%	66.0%	60.6%	62.8%
Operating Income Margin (operating profits/sales):	35.6%	39.5%	32.5%	37.6%
Net Income Margin (profit after taxes/sales) US GAAP:	28.4%		36.8%	25.6% 31.4%
Net Income Margin (non-US GAAP):		28.4%	31.9%	26.1% 30.2%

Gross Profit in 4Q 2020 declined despite a sales increase primarily as a result of comparison with an unusually high Gross Profit Margin (GPM) in 4Q 2019. The decline would have been just 2% if 4Q 2019 GPM had been the same as for 2019 year as a whole. A 2% decline was caused by lower direct labor productivity in both Ireland and the U.S. UTMD self-insures its health care plan in the U.S., which experienced an unusually high employee health care expense quarter. Year 2020 Gross Profit was 13% lower than in 2019 as a result of 10% lower sales together with a GPM two percentage points lower. The diluted GPM again was due to unfavorable health care costs in the U.S., lower direct labor productivity in Ireland manufacturing operations and marginally less absorption of UTMD's fixed critical mass of manufacturing overhead. Because the lower sales were transitory, the Company remains very profitable even at the lower sales levels experienced during the recent pandemic and the Company has a significant cash reserve relative to its operational needs, management did not cut important overhead resources which would sacrifice future capabilities to maintain shorter term profit margins.

Operating Income declined more than gross profit in both 4Q 2020 and year 2020. In 4Q 2020, the lower operating income was due to a lower GPM, as 4Q 2020 sales were higher and 4Q 2020 operating expenses were \$150 lower than in 4Q 2019. For the 2020 year, the decline was due in part to a GPM that was two percentage points lower, but also because UTMD's non-cash identifiable intangible asset (IIA) amortization expense related to Femcare and the Filshie Clip System, included in operating expenses, was 15.3% of sales in year 2020 compared to 13.0% in year 2019. The substantially higher IIA expense as a percentage of sales was due not only to the lower sales in 2020 (less absorption of a fixed expense) but also the GBP FX rate difference and the later beginning of CSI IIA amortization in 2019.

Earnings before tax (EBT) declined more than operating income simply because UTMD did not receive interest on its cash balances in 2020 like it did in 2019, although average cash balances were about 20% higher during 2020. The decline in Net Income and EPS per US GAAP was substantially affected by tax provision adjustments in 4Q 2019 and 2Q 2020 due to tax law changes in the U.S. and the UK respectively. Non-US GAAP Net Income, which excludes tax provision adjustments due to tax law changes, declined about the same as EBT. Finally, both US-GAAP EPS and non-US GAAP EPS declined less than Net Income as a result of the benefit of share repurchases in 2020.

UTMD's FX rates for balance sheet purposes are the applicable rates at the end of each reporting period. The FX rates from the applicable

foreign currency to USD for assets and liabilities at the end of December 2020 and the end of December 2019 follow:

Dec 31, 2020	Dec 31, 2019	Change
GBP	1.366	1.327 + 3.0%
EUR	1.223	1.123 + 8.9%
AUD	0.771	0.703 + 9.7%
CAD	0.784	0.771 + 1.6%

UTMD's December 31, 2020 Balance Sheet remained strong with an absence of debt. Year-end cash increased 21% to \$51,590, after using cash to pay \$4,116 in cash dividends to stockholders and an additional \$6,976 to repurchase 87,000 UTMD shares in the open market. Ending 2020 inventories were 10% lower and ending accounts receivable were 13% lower than at the end of 2019, despite 2% higher sales in 4Q 2020 compared to 4Q 2019. Due to the increase in value of the foreign currencies noted immediately above, despite \$326 depreciation of foreign fixed assets, the USD net book value of fixed assets in the UK, Ireland, Australia and Canada increased \$449 as of December 31, 2020 from December 31, 2019. Over the one year period of time, UTMD's intangible asset balance declined \$6,016, about 14%, despite 3% appreciation in the GBP. Year-ending total liabilities increased \$243 because customers deposits were \$259 higher at the end of 2020. Deposits occur because UTMD, in order to reduce collection risk, requires many of its international distributor customers to prepay for products that they have ordered that haven't shipped yet. Although net profits were not as high in 2020 as in 2019, after reducing stockholders' equity a combined \$11,092 from payment of stockholder dividends and share repurchases, stockholders' equity increased \$1,730 from December 31, 2019 to \$102,822 at December 31, 2020, an historical high for UTMD.

Sales

Total consolidated 4Q 2020 UTMD sales were \$179 (1.5%) higher than in 4Q 2019. Constant currency sales were \$44 (0.4%) higher. Total consolidated 2020 UTMD sales were \$4,726 (10.1%) lower than in 2019. Constant currency sales in 2020 were \$4,825 (10.3%) lower than in 2019.

In 4Q 2020 compared to 4Q 2019, U.S. domestic sales were 2% lower and OUS sales were 7% higher. For the year 2020 compared to 2019, U.S. domestic sales were 6% lower and OUS sales were 16% lower.

Domestic sales in 4Q 2020 were \$6,960 compared to \$7,127 in 4Q 2019. Domestic sales for the year 2020 were \$25,866 compared to \$27,493 in 2019. The components of domestic sales include 1) "direct sales" of UTMD's medical devices to end-user facilities (and med/surg stocking distributors for hospitals), excluding Filshie Clip System ("Filshie device") sales, 2) "OEM sales" of components and other products manufactured by UTMD for other medical device and non-medical device companies, and 3) Filshie device sales direct to U.S. medical facilities starting in February 2019. Domestic direct sales in 4Q 2020 excluding Filshie devices, representing 49% of total 4Q domestic sales, were \$15 (0%) lower than in 4Q 2019. Domestic direct sales for the year 2020 excluding Filshie devices, representing 50% of total domestic sales, were \$1,092 (8%) lower than in 2019. OEM sales in 4Q 2020, representing 26% of total domestic sales, were \$24 (1%) lower than in 4Q 2019. OEM sales for the year 2020, representing 25% of total domestic sales, were \$51 (1%) lower than in 2019. Filshie device sales direct to U.S. domestic end-user facilities were \$129 (7%) lower in 4Q 2020 compared to 4Q 2019. Filshie device sales direct to U.S. domestic end-user facilities were \$484 (7%) lower for the year 2020 compared to Filshie device sales in 2019. The negative impact of the COVID-19 pandemic on

Filshie device sales began in March 2020. Because Filshie device sales are a significant portion of UTMD's domestic business and a UTMD device most affected by the COVID-19 pandemic, management believes the following table might help to understand the overall 2020 pandemic impact and recovery trend:

Filshie device sequential quarterly direct sales in the U.S.
[USD]

	Year	1Q	2Q	3Q	4Q	Year
2020		1,689	1,135	1,733	1,756	6,312
2019		925	1,979	2,008	1,884	6,796

Total OUS sales in 4Q 2020 were \$5,050 compared to \$4,704 in 4Q 2019. Total OUS sales for the year 2020 were \$16,312 compared to \$19,411 in 2019.

OUS sales invoiced in GBP, EUR, AUD and CAD currencies were \$135 higher in 4Q 2020, and \$99 higher for the year 2020 as a result of changes in FX rates. Foreign currency OUS sales in 4Q 2020 were \$2,759, which was 55% of all OUS sales and 23% of total consolidated 4Q 2020 sales. In comparison, foreign currency OUS sales in 4Q 2019 were \$3,221, which was 68% of all OUS sales and 27% of total consolidated 4Q 2019 sales.

The foreign currency OUS sales for the year 2020 were \$9,412, which was 58% of all OUS sales and 22% of total consolidated 2020 sales. In comparison, foreign currency OUS sales for the year 2019 were \$12,755, which was 66% of all OUS sales and 27% of total consolidated 2019 sales. Because Filshie device sales are also a significant portion of UTMD's OUS business and an implanted device most affected by the COVID-19 pandemic, management believes the following table might help to understand the overall 2020 pandemic impact and recovery trend:

Filshie device sequential quarterly USD-denominated sales OUS:

	Year	1Q	2Q	3Q	4Q	Year
Direct 2020		1,798	681	1,426	1,640	5,545
2019		2,136	2,035	1,810	2,135	8,116
Distributor 2020		318	323	133	296	1,070
2019		494	487	437	340	1,758

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Total OUS 2020	2,117	1,003	1,559	1,936	6,615
2019	2,630	2,523	2,246	2,475	9,874

OUS Filshie device sales obviously took a deeper hit as a result of the pandemic than domestically in the U.S.

UTMD segments sales into the following general product categories: gynecology/ electrosurgery, labor & delivery, neonatal, and miscellaneous including blood pressure monitoring kits and accessories as well as related OEM products.

In 4Q 2020 compared to 4Q 2019, worldwide gynecology/ electrosurgery device sales were 10% lower, worldwide labor & delivery device sales were 2% higher, worldwide neonatal device sales were 6% lower and worldwide blood pressure monitoring and related OEM product sales were 38% higher. Devices in the gynecology/ electrosurgery category were mostly classified as "nonessential" during the pandemic. In the blood pressure monitoring category, UTMD's largest OUS distributor requested an early \$478 shipment under a new 2021 blanket purchase order.

For the year 2020 compared to 2019, worldwide gynecology/ electrosurgery device sales were 19% lower, worldwide labor & delivery device sales were 10% lower, worldwide neonatal device sales were 3% lower and worldwide blood pressure monitoring and related OEM product sales were 7% higher.

Gross Profit

Gross Profit results from subtracting the costs of manufacturing and shipping products to customers from revenues. Gross Profit was \$549 (7.0%) lower in 4Q 2020 than in 4Q 2019, after being 34% lower in 2Q 2020 and 12% lower in 3Q 2020 compared to the same time periods in 2019. The 4Q 2020 GPM was 60.5% compared to 66.0% in 4Q 2019, an unusually high GPM quarter for UTMD. Gross Profit for the year 2020 was \$3,918 (13.3%) lower than in 2019 when the year's revenues were 10.1% lower. Lower direct labor productivity and less absorption of fixed overhead costs, particularly in the 2Q and 3Q, and 22% higher U.S. self-insured medical costs were responsible for a greater decline in gross profit than in sales. Despite UTMD not accepting U.S. government subsidies provided in the CARES Act, the Company paid its manufacturing employees, who felt virus symptoms or were exposed to others with symptoms, to not work and stay at home during a quarantine period. In addition, in 2Q 2020, UTMD paid U.S. employees, who were essential in continuing to produce needed medical devices for critical care, a special bonus for coming to work at a time when government officials were advising people to stay at home with promises that they would be paid for not working. The average 2020 cost for UTMD's self-funded U.S. health care plan increased to \$13,200 (not thousands) per employee participating in the plan from \$10,800 in 2019, and the portion paid by employees declined from 18% in 2019 to 15% in 2020. UTMD expects its U.S. health plan expense, as well as the direct labor productivity of its experienced workforce in the U.S. and Ireland in general, will return to the 2019 level in 2021.

Despite the 2020 GPM decline, an average GPM exceeding 60% for the 2020 year, with international distributor and OEM sales representing 39% of total consolidated sales at a substantially lower GPM, met management's long term profitability objective.

Operating Income

Operating Income results from subtracting Operating Expenses from Gross Profit. Operating Expenses, comprised of general and administrative (G&A) expenses, sales and marketing (S&M) expenses and product development (R&D) expenses, were 24.9% of sales in 4Q 2020 compared to 26.5% of sales in 4Q 2019. Operating Expenses were 28.1% of sales for the year 2020 compared to 25.2% of sales in 2019.

Sales were higher in 4Q 2020 than in 4Q 2019, and operating expenses lower, yielding improvements in 4Q expenses as a percentage of 4Q sales. On the other hand, sales were substantially lower for the year 2020 compared to 2019, and operating expenses about the same, yielding less favorable expenses as a percentage of sales, and diluting UTMD's operating profit margin for the year as a whole.

Although the 2020 operating expense percentage of sales increased due to

the 2020 short term pandemic reduction in sales, management continued to tightly manage operating expenses without sacrificing resources needed for longer term growth.

	4Q 2020	4Q 2019	2020	2019
S&M Expense	\$ 359	\$ 434	\$ 1,554	\$ 1,738
R&D Expense	111	125	486	483
G&A Expense	2,515	2,576	9,800	9,613
Total Operating Expenses:	\$ 2,985	\$ 3,135	\$11,840	\$11,834

Lower S&M expenses were due to the lack of trade show expenses during the pandemic, and the reduction in Femcare's direct UK sales personnel effective in 3Q 2020. Consolidated total S&M expenses were 3.0% of sales in 4Q 2020 and 3.7% of sales in 4Q 2019. S&M expenses were 3.7% of sales for both the year 2020 and the year 2019.

R&D expenses were consistent with the prior year's same periods of time, varying only by specific project expenses. R&D expenses were 0.9% of sales in 4Q 2020 compared to 1.1% of sales in 4Q 2019. R&D expenses for the year 2020 were 1.2% of sales compared to 1.0% of sales in 2019.

Consolidated G&A expenses were 20.9% of sales in 4Q 2020 compared to 21.8% of sales in 4Q 2019. Consolidated G&A expenses were 23.2% of sales in the year 2020 compared to 20.5% of sales in 2019. Again, lower expense and higher sales in the 4Q, but lower sales and higher expense for the preceding nine months of the year, compared to the same time periods in 2019.

G&A expenses included non-cash expense from the amortization of IIA resulting from 1) the March 2011 Femcare Group Ltd (UK) acquisition and 2) the amortization of IIA from the purchase of the CSI U.S. exclusive Filshie device distribution rights effective in February 2019.

1. The initial amount of IIA for the 2011 Femcare UK purchase was GBP23,998. After 9.75 years of amortization, the IIA balance is GBP8,686. For both years of 2020 and 2019, the amortization expense rate was a constant GBP399 per calendar quarter. The USD amortization expense amount in each period, however, varied according to the USD/GBP FX rate. In 4Q 2020, the Femcare acquisition IIA amortization expense was \$526 compared to \$513 in 4Q 2019 for the same GBP amortization expense in both periods. For the year 2020, the Femcare acquisition IIA amortization expense was \$2,049 compared to \$2,037 in 2019.
2. The initial amount of IIA for the acquisition of remaining exclusive U.S. Filshie device distribution rights from CSI in February 2019 was \$21,000. The straight-line amortization of this IIA is \$368.4/ month over the then remaining 4.75 years of the prior distribution agreement. After 23 months of amortization, the CSI IIA balance as of December 31, 2020 is \$12,526. The year 2020/2019 difference in CSI IIA amortization expense is due to the start of the amortization in February 2019, i.e. 12 months of \$368.4 monthly expense in 2020 versus 11 months of expense in 2019.

Because the two Filshie -related IIA amortization expenses represent a significant portion of UTMD's G&A expenses, UTMD provides the following table that separates the IIA amortization expenses from all other G&A expenses:

	4Q 2020	4Q 2019	2020	2019
I/A amortization expense	\$ 1,631	\$ 1,618	\$ 6,470	\$ 6,089
All other G&A expense	884	958	3,330	3,524
Total G&A Expenses:	\$ 2,515	\$ 2,576	\$ 9,800	\$ 9,613

Percent of Sales:	4Q 2020	4Q 2019	2020	2019
I/A amortization expense	13.6%	13.7%	15.3%	13.0%
All other G&A expense	7.3%	8.1%	7.9%	7.5%
Total G&A Expenses:	20.9%	21.8%	23.2%	20.5%

Eventually, when the two Filshie-related I/A balances are fully amortized, stockholders can obviously look forward to a substantial increase in EBT. The Femcare acquisition I/A amortization expense has 5.25 more years to run at about \$525 per quarter using the same USD/GBP FX rate as in 4Q 2020.

The CSI I/A amortization expense has 3.1 more years to run at \$1,105 per quarter. Stockholders will appreciate that, although cash flow will not be affected, annualized reported EPS will increase \$.90 after another 2.8 years, based on 4Q 2020 diluted shares outstanding and if current U.S. and Utah income tax rates remain the same. Similarly, after another 5.25 years annualized EPS would be \$1.33 higher based on 4Q 2020 USD/GBP FX rate, 4Q 2020 diluted shares outstanding and unchanged income tax rates.

In summary, Operating Income in 4Q 2020 was \$4,280 (35.6% of sales) compared to \$4,679 (39.5% of sales) in 4Q 2019. Operating Income for the year 2020 was \$13,708 (32.5% of sales) compared to \$17,633 (37.6% of sales) in 2019. Lower gross profits leveraged down further by higher I/A amortization expense absorbed by fewer sales caused the 22% lower Operating Income for 2020. In any event, UTMD's operating income margins achieved in 2020 were excellent compared to industry peers.

Income Before Tax (EBT)

EBT results from subtracting net non--operating expense or adding net non-operating income from or to, as applicable, Operating Income. Consolidated 4Q 2020 EBT was \$4,286 (35.7% of sales) compared to \$4,735

(40.0% of sales) in 4Q 2019. Consolidated EBT for the year 2020 was \$13,840 (32.8% of sales) compared to \$17,884 (38.1% of sales) in 2019.

For UTMD, non-operating expenses include bank fees, losses from remeasuring the value of EUR cash bank balances in the UK, and GBP cash balances in Ireland, in USD terms, and losses from the disposition of fixed assets. Non-operating income includes income from rent of

underutilized property; investment income; royalties from licensing UTMD's technology to others, gains from remeasuring the value of EUR or GBP bank balances, as applicable; and gains from the disposition of fixed assets. Net non-operating income results from subtracting non-operating expenses from gross non-operating income. UTMD's net non-operating income in 4Q 2020 was \$6 compared to \$56 in 4Q 2019. Net non-operating income for the year 2020 was \$132 compared to \$252 in 2019. The lower non-operating income in 2020 was essentially due to lower interest rates for UTMD cash balances.

As a side note for clarity of income statement results, UTMD's 2020 and 2019 EBT, as well as all other income statement measures above the EBT line in the Income Statements, were unaffected by tax provision adjustments in 2020 and 2019 which resulted from a 2020 tax law change in the UK and final adjustments for the tax law change in the U.S. in 2017. Therefore, from management's perspective, the 2020 year to 2019 year comparisons of Sales, Gross Profit, Operating Income and EBT per U.S. GAAP are clear indicators of UTMD's financial performance, whereas the Net Income and EPS comparisons per U.S. GAAP are not.

UTMD's consolidated EBT was a combination of the following partitions:
The EBT of

Utah Medical Products, Inc. in the U.S. was \$9,031 for the year 2020 compared to \$11,549 in 2019. The 2020 EBT of Utah Medical Products, Ltd (Ireland) was EUR 3,728 compared to EUR 2,577 in 2019. The 2020 EBT of Femcare Ltd. in the UK was GBP (593) compared to GBP 1,566 in 2019. The 2020 EBT of Femcare Australia Pty Ltd was AUD 857 compared to AUD 952 in 2019. The 2020 EBT of Utah Medical Products Canada, Inc. (dba Femcare Canada) was CAD 798 compared to CAD 1,280 in 2019. The separate EBT of UTMD's subsidiaries is also a function of intercompany shipments which are eliminated in the consolidation of revenues.

EBITDA is a non-US GAAP metric that UTMD management believes is of interest to investors because it provides meaningful supplemental information to both management and investors that represents profitability performance without factoring in effects of financing, accounting decisions regarding non-cash expenses, capital expenditures or tax environments. Although the U.S. Securities and Exchange Commission advises that EBITDA is a non-GAAP metric, UTMD's non-US GAAP EBITDA is the sum of the following elements in the table below, each of which is a US GAAP number:

	4Q 2020	4Q 2019	2020	2019
EBT	\$ 4,286	\$ 4,735	\$13,840	\$17,884
Depreciation Expense		160	174	655
Femcare IIA Amortization Expense	526	513	2,049	2,037
CSI IIA Amortization Expense		1,105	1,105	4,421
Other Non-Cash Amortization Expense	9	13	45	54
Stock Option Compensation Expense	39	28	160	113
Remeasured Foreign Currency Balances	(4)	32	(45)	76
UTMD non-US GAAP EBITDA:		\$ 6,121	\$ 6,600	\$21,125
Period to same period change:		(7.3%)	(15.2%)	\$24,917

In summary, UTMD's 4Q 2020 (non-US GAAP) EBITDA declined 7.3% compared to a 9.5% decline in EBT, and (non-US GAAP) EBITDA for the year 2020 declined 15.2% compared to a 22.6% decline in EBT. Management believes

that the non-US GAAP 15% EBITDA decline is more indicative of the COVID-19 pandemic negative impact on UTMD's 2020 operating results than the 23% decline in EBT. Overall, the 50.1% (non-US GAAP) EBITDA as a percentage of revenues in 2020 met management's long term operating objective and represents excellent 2020 operating performance in the face of lower sales due to pandemic restrictions on medical procedures worldwide.

Net Income

Net Income in 4Q 2020 was \$3,412 (28.4% of sales) compared to \$4,359 (36.8% of sales) per US GAAP in 4Q 2019. Net Income according to US GAAP in 4Q 2019 was helped by a \$582 reduction in UTMD's income tax provision. Stockholders may recall that the favorable 4Q 2019 adjustment emanated from an updated estimate of the Utah portion of the Repatriation tax which was a result of the TCJA enacted by Congress in December 2017, application of Utah rules for income apportionment and further clarification of the new Foreign-Derived Intangible Income (FDII) regime associated with the GILTI regime as part of the TCJA.

US GAAP Net Income for the year 2020 was \$10,798 (25.6% of sales) compared to US GAAP Net Income of \$14,727 (31.4% of sales) in 2019. Net Income in 2020 included a 2Q 2020 unfavorable \$225 tax provision adjustment for a UK income tax increase on future non-deductible IIA amortization expenses over the following six years. The UK tax adjustment had to be recognized in the income statement all at once according to US GAAP.

To state it simply, there was a reduction in estimated 2019 taxes that made 2019 US GAAP Net Income and EPS results better, and an increase in 2020 estimated taxes that made 2020 US GAAP results worse. UTMD management believes that the presentation of Net Income and EPS results excluding the REPAT/ GILTI/ FDII tax liability estimate adjustments in 2019 and the UK change in the long term deferred tax liability provides meaningful supplemental information to both management and investors that is more clearly indicative of UTMD's bottom line results when comparing 4Q 2020 and year 2020 to the same periods of time in 2019.

	4Q 2020	4Q 2019	Change	2020	2019	Change
Net Income (US GAAP)	\$3,412	\$4,359	(21.7%)	\$10,798	\$14,727	(26.7%)
Consolidated Tax Rate	20.4%	7.9%		22.0%	17.7%	
Net Income (Non-GAAP, excluding tax provision adjustments)	\$3,412	\$3,777	(9.7%)	\$11,023	\$14,145	(22.1%)
Consolidated Non-GAAP Tax Rate	20.4%	20.2%		20.4%	20.9%	

Earnings per share (EPS)

Diluted EPS is Net Income divided by a time-weighted calculation of outstanding shares plus dilution from unexercised employee and director options. Similar to Net Income, UTMD management believes that the non-GAAP EPS presented below are more clearly indicative of comparative results in 2020.

4Q 2020 4Q 2019 Change 2020 2019 Change

EPS (US GAAP)	\$0.934	\$1.165	(19.8%)	\$2.941	\$3.939	(25.4%)
EPS (Non-GAAP, excluding tax provision adjustments)	\$0.934	\$1.010	(7.5%)	\$3.002	\$3.784	(20.7%)

Diluted shares were 3,652,084 in 4Q 2020 compared to 3,740,458 in 4Q 2019, and 3,671,993 for the year 2020 compared to 3,738,596 in 2019. The lower diluted shares in 2020 were the combined result of 80,000 shares repurchased in 1Q 2020, 7,000 shares repurchased in 3Q 2020, 8,278 employee option exercises during 2020 and an employee option award of 26,300 shares in March 2020.

Outstanding shares at the end of 2020 were 3,643,035 compared to 3,721,757 at the end of calendar year 2019. The difference was due to employee option exercises of 8,278 during 2020 offset by 87,000 shares repurchased in the open market. The number of shares used for calculating diluted EPS was higher than ending shares because of a time-weighted calculation of average outstanding shares plus dilution from unexercised employee and director options. The total number of outstanding unexercised employee and outside director options at December 31, 2020 was 69,036 at an average exercise price of \$67.23, including shares awarded but not yet vested. This compares to 51,690 unexercised option shares at the end of 2019 at an average exercise price of \$58.50/ share, including shares awarded but not yet vested.

The number of shares added as a dilution factor in 4Q 2020 was 11,091 compared to 19,649 in 4Q 2019. The number of shares added as a dilution factor for the year 2020 was 14,018 compared to 17,728 in 2019. In March 2020, 26,300 option shares were awarded to 48 employees at an exercise price of \$77.05 per share. No options were awarded in 2019. UTMD paid \$1,018 (\$0.280/share) in dividends to stockholders in 4Q 2020 compared to \$1,023 (\$0.275/ share) paid in 4Q 2019. Dividends paid to stockholders during 4Q 2020 were 30% of 4Q 2020 Net Income. UTMD paid \$4,116 (\$0.280/share) in dividends to stockholders in the year 2020 compared to \$4,096 (\$0.275/ share) paid in 2019. Dividends paid to stockholders during 2020 were 38% of 2020 US GAAP Net Income, and 37% of 2020 non-US GAAP Net Income.

In March 2020, UTMD repurchased 80,000 of its shares in the open market at \$80.32/ share. In September 2020, UTMD repurchased 7,000 of its shares in the open market at \$78.67/ share. The total 87,000 shares repurchased in 2020 were at an average price of \$80.19/ share. In May 2019, UTMD repurchased 5,000 shares at \$79.52/ share. No other shares were repurchased in 2019. The Company retains the strong desire and

financial ability for repurchasing its shares at a price it believes is attractive for remaining stockholders.

UTMD's share price at the end of 2020 closed at \$84.30, down 22% from the \$107.90 closing price at the end of 2019. This compares unfavorably to the major stock market indices in 2020, all of which appreciated: The DJIA was up 7%,

S&P500 up 16% and NASDAQ (where UTMD is traded) up 44%.

The UTMD stock price has declined during a calendar year only 5 other times in the last 22 years. The average compounded appreciation in UTMD stock value for the last 22 years, including the 2020 decline, was 12.3% per year, outpacing all of the major indices. Adding dividends, UTMD stockholder value increased at an annually compounded rate of 13.2% over the last 22 years.

Balance Sheet.

At December 31, 2020 compared to the end of 2019, UTMD cash and

investments increased \$8.8 million to \$51.6 million after using \$4.1 million cash for dividends to stockholders and \$7.0 million cash to repurchase 87,000 UTMD shares. At December 31, 2020, working capital was \$58.5 million compared to \$51.4 million at the end of 2019. Net Intangible Assets were 34.1% of total consolidated assets on December 31, 2020 compared to 40.2% on December 31, 2019. Even with lower demand as a result of the COVID-19 pandemic, UTMD was able to reduce inventories \$0.7 million at December 31, 2020 from December 31, 2019. Consolidated Accounts Receivable (net of allowances) declined \$0.6 million at December 31, 2020 compared to December 31, 2019. UTMD was able to reduce the aging of trade receivables at the end of 2020 to 31 days, compared to aging of 36 days at the end of 2019, despite increased financial stress of hospitals and international distributors during the pandemic.

Stockholders' Equity at December 31, 2020 increased \$1.7 million from the end of 2019, despite being reduced by \$11.1 million from combining \$4.1 million in cash dividends and \$7.0 million in stock repurchases.

Financial ratios as of December 31, 2020 which may be of interest to stockholders follow:

- 1) Current Ratio = 16.4
- 2) Days in Trade Receivables (based on 4Q 2020 sales activity) = 31
- 3) Average Inventory Turns (based on 4Q 2020 CGS and average inventories) = 3.0
- 4) 2020 YTD ROE (before dividends) = 11%

Investors are cautioned that this press release contains forward-looking statements and that actual events may differ from those projected. Risk factors that could cause results to differ materially from those projected include global economic conditions, market acceptance of products, regulatory approvals of products, regulatory intervention in current operations, government intervention in healthcare in general, tax reforms, the Company's ability to efficiently manufacture, market and sell products, cybersecurity and foreign currency exchange rates, among other factors that have been and will be outlined in UTMD's public disclosure filings with the SEC.

Utah Medical Products, Inc., with particular interest in health care for women and their babies, develops, manufactures and markets a broad range of disposable and reusable specialty medical devices recognized by clinicians in over one hundred countries around the world as the standard for obtaining optimal long term outcomes for their patients. For more information about Utah Medical Products, Inc., visit UTMD's website at

<https://www.globenewswire.com/Tracker?data=7tSIF2-WrcrTrqmaNIG7ulFBXDeE2ziWTofLVjocQeCS8D90c5JibZ-Ftjyu9WU-147poWuHx5Rr6g-KwdZw> ==
www.utahmed.com.

Utah Medical Products, Inc.

INCOME STATEMENT, Fourth Quarter (3 months ended December 31)

(in thousands except earnings per share):

	4Q 2020	4Q 2019	Percent Change
Net Sales	\$ 12,010	\$ 11,831	+ 1.5%
Gross Profit	7,265	7,814	(7.0%)
Operating Income	4,280	4,679	(8.5%)
Income Before Tax	4,286	4,735	(9.5%)
Net Income (US GAAP)	3,412	4,359	(21.7%)
Net Income (non-US GAAP)	3,412	3,777	(9.7%)
Diluted EPS (US GAAP)	\$.934	\$ 1.165	(19.8%)
Diluted EPS (non-US GAAP)	\$.934	\$ 1.010	(7.5%)
Shares Outstanding (diluted)	3,652	3,740	

INCOME STATEMENT, Year (12 months ended December 31)

(in thousands except earnings per share):

	2020	2019	Percent Change
Net Sales	\$ 42,178	\$ 46,904	(10.1%)
Gross Profit	25,548	29,466	(13.3%)
Operating Income	13,708	17,633	(22.3%)
Income Before Tax	13,840	17,884	(22.6%)
Net Income (US GAAP)	10,798	14,727	(26.7%)
Net Income (non-US GAAP)	11,023	14,145	(22.1%)
Diluted EPS (US GAAP)	\$ 2.941	\$ 3.939	(25.4%)
Diluted EPS (non-US GAAP)	\$ 3.002	\$ 3.784	(20.7%)
Shares Outstanding (diluted)	3,672	3,739	

BALANCE SHEET

	(audited)		
	DEC 31, 2020	(unaudited)	(audited)
(in thousands)	2020	SEP 30, 2020	DEC 31, 2019
Assets			
Cash & Investments	\$51,590	\$46,294	\$42,787
Accounts & Other Receivables, Net	4,104	4,277	4,742
Inventories	6,222	6,304	6,913
Other Current Assets	346	385	444
Total Current Assets	62,262	57,260	54,886
Property & Equipment, Net	11,326	11,036	10,728
Intangible Assets, Net	38,157	38,776	44,173
Total Assets	\$111,745	\$107,072	\$109,787
Liabilities & Stockholders' Equity			
Accounts Payable	788	651	1,098
REPAT Tax Payable	79	79	101
Other Accrued Liabilities	2,924	2,897	2,249
Total Current Liabilities	\$3,791	\$3,627	\$3,448
Deferred Tax Liability -- Intangible Assets	2,151	2,132	2,239
Long Term Lease Liability	335	346	376

Long Term REPAT Tax Payable	1,995	1,995	2,110
Deferred Income Taxes	651	557	521
Stockholders' Equity	102,822	98,415	101,093
	-----	-----	
Total Liabilities & Stockholders' Equity	\$111,745	\$107,072	\$109,787

Contact: Crystal Rios (801) 566-1200

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28 Jan 2021 09:00 ET Press Release: UTMD Reports Audited Year 2020 and Fourth Quarter Financial Performance

UTMD Reports Audited Year 2020 and Fourth Quarter Financial Performance

Salt Lake City, Utah, Jan. 28, 2021 (GLOBE NEWSWIRE) -- via NewMediaWire -- Utah Medical Products, Inc. (Nasdaq: UTMD) reports financial results for the fourth calendar quarter (4Q) which confirms a trend of recovery from the "COVID-19 depression" in 2Q 2020 caused by government policies restricting medical procedures deemed "nonessential" such as tubal ligation and loop excision of the transformation zone. In this report, UTMD presents 2020 successive quarterly comparisons. In summary, 4Q 2020 was UTMD's best revenue quarter of the year, almost 2% higher than the pre-pandemic 4Q 2019. Consolidated total worldwide revenues for the 2020 year were 10% lower than in 2019, after being down 26% in 2Q 2020. Direct to end user sales, which drive UTMD's overall profitability, were 14% lower for the 2020 year after being down 39% in the dismal 2Q 2020.

Currencies in this release are denoted as \$ or USD = U.S. Dollars; AUD = Australia Dollars; GBP or GBP = UK Pound Sterling; C\$ or CAD = Canadian Dollars; and EUR or EUR = Euros. Currency amounts throughout this report are in thousands, except per share amounts and where noted.

Summary of Financial Results

UTMD management believes that the presentation of sequential 2020 quarterly comparisons provides meaningful supplemental information to both management and investors. Keeping in mind that results for any given three month period in comparison with a previous year's same three month period may vary as a result of several factors: foreign currency exchange rates for sales invoiced in foreign currencies, uneven international distributor and OEM customer order patterns as a result of purchasing larger quantities of devices at a time, and the timing of ups and downs in government restrictions during the pandemic. The following table shows the percent changes in 2020 quarterly revenues by sales channel compared to the same periods of time in 2019:

Revenues [USD denominated]	1Q	2Q	3Q	4Q	Year
U.S. domestic (excluding OEM)	+ 14.5%	(29.1%)	(8.0%)	(2.7%)	(7.5%)
Canada domestic	(21.7%)	(62.9%)	(5.6%)	(23.0%)	(29.7%)
Ireland domestic	(26.2%)	(48.6%)	(18.1%)	(31.3%)	(31.0%)
UK domestic	(11.2%)	(72.8%)	(34.4%)	(29.5%)	(36.2%)
France domestic	(11.8%)	(72.1%)	(12.3%)	(22.5%)	(29.8%)
Australia domestic	(8.6%)	(43.0%)	(13.6%)	(1.2%)	(16.7%)
Subtotal, Direct to End-User:	+4.2%	(39.1%)	(11.1%)	(8.8%)	(14.3%)
All Other OUS (Sales to Int'l Distributors)	(5.2%)	(4.5%)	(34.7%)	+ 39.9%	(3.4%)

U.S. OEM Sales	+ 0.7%	+ 9.5%	(8.9%)	(1.3%)	(0.8%)
Worldwide Revenues	+ 1.6%	(25.8%)	(16.1%)	+ 1.5%	(10.1%)

U.S. domestic sales direct to end-user facilities did not decline as much as OUS direct to end-user facilities in 2Q 2020, down 29% in the U.S. compared to down 63% OUS, and recovered faster. For the year, U.S. domestic sales to end-user facilities were 8% lower compared to 30% lower OUS. After a good 3Q 2020 recovery, a resurgence of virus infections in 4Q 2020 slowed the recovery OUS but not in the U.S. The different OUS 4Q 2020 significant improvement in Australia was due in part to UTMD beginning to sell directly to medical facilities in New Zealand from its Australia facility, rather than by a third party distributor.

UTMD subsidiary direct domestic sales in Canada, Ireland, the United Kingdom, France, Australia and, beginning in 4Q 2020, New Zealand, were invoiced in foreign currencies. Foreign currency exchange (FX) rates for income statement purposes are transaction-weighted averages. The average rates from the applicable foreign currency to USD during 4Q 2020 and year 2020 compared to the same periods in 2019 follow:

	4Q 20	4Q 19	Change	2020	2019	Change
GBP	1.320	1.288	+ 2.5%	1.291	1.277	+ 1.1%
EUR	1.192	1.108	+ 7.7%	1.146	1.119	+ 2.4%
AUD	0.729	0.684	+ 6.6%	0.692	0.696	(0.6%)
CAD	0.767	0.757	+ 1.3%	0.751	0.754	(0.3%)

The volatility of FX rates for OUS sales when consolidated in USD terms continues to affect period-to-period relative financial results because of UTMD's significant percentage of foreign currency sales. The FX rate impact in 4Q 2020 increased sales by 1.1% compared to using the same FX rate as in 4Q 2019 ("constant currency"). The 4Q 2020 FX rate impact represented about 70% of UTMD's increase in revenues compared to 4Q 2019. Foreign currency revenues in 4Q 2020 were increased by \$135 as a result of a weaker USD compared to particularly the EUR and AUD. For the 2020 year as a whole, the FX rate impact was less significant, increasing sales by \$99. Foreign currency sales as a percentage of total sales were 23.0% of total sales in 4Q 2020, and 22.3% of total sales for the year 2020. UTMD's 4Q 2019 and year 2019 revenues invoiced in foreign currencies represented 27.2% of total consolidated USD sales in both periods of time.

A comparison of 4Q and Year 2020 results with the results in the same periods of 2019, according to U.S. Generally Accepted Accounting Principles (US GAAP), is affected by some income tax provision adjustments not related to normal operations: 1) 4Q 2019 net income was increased \$582 (\$.165 increase in EPS) as a result of final adjustments made to state of Utah tax estimates following the December 2017 U.S. "Tax Cuts and Jobs Act" (TCJA), enacted in late 2017, and 2) 2Q 2020 net income was decreased \$225 (\$.061 decrease in EPS) by a long term deferred tax liability increase on the balance of Femcare intangible assets (the amortization of which is not tax-deductible in the UK) as a result of a change in the UK income tax rate. The \$225 increase in deferred UK taxes over the next six years, according to US GAAP, must be booked in the quarter in which the tax law change was enacted. The UK decided to not reduce its corporate income tax rate from 19% to 17% beginning in 2Q 2020, as was previously enacted. UTMD management believes that the presentation of results excluding the unfavorable deferred tax liability adjustment to its 2Q 2020 net income and the favorable tax-related adjustments to 4Q 2019 net income provides meaningful supplemental information to both management and investors that is more clearly indicative of UTMD's operating results in 2020 compared to 2019. The non-US GAAP exclusion only affects Net Income and Earnings Per Share. All other income statement categories at and above the EBT line were unaffected by the tax provision adjustments.

Summary of Financial Results

The following table provides the sequential quarterly percentage changes in results for each income statement category, comparing the same periods in 2020 and 2019:

Consolidated Income Statement	1Q	2Q	3Q	4Q	Year
Worldwide Revenues	+ 1.6%	(25.8%)	(16.1%)	+ 1.5%	(10.1%)
Gross Profit	+ 0.9%	(34.0%)	(12.0%)	(7.0%)	(13.3%)
Operating Income	(5.8%)	(55.9%)	(17.9%)	(8.5%)	(22.3%)

Earnings Before Income Tax	(3.6%)	(56.7%)	(19.3%)	(9.5%)	(22.6%)
Net Income (US GAAP)	-	(62.8%)	(20.8%)	(21.7%)	(26.7%)
Earnings Per Share (US GAAP)	+ 0.4%	(62.0%)	(19.0%)	(19.8%)	(25.4%)

Excluding the 2Q 2020 deferred tax liability increase and resulting "one-time" tax provision increase and the favorable tax provision adjustments in 4Q 2019 related to the TCJA, UTMD's non-US GAAP Net Income and Earnings Per Share (EPS) quarterly percentage changes follow:

Net Income (Non-US GAAP)	-	(56.4%)	(20.8%)	(9.7%)	(22.1%)
EPS (Non-US GAAP)	+ 0.4%	(55.5%)	(19.0%)	(7.5%)	(20.7%)

In other words, ignoring the income tax provision adjustments in 4Q 2019 and 2Q 2020, all income statement categories improved sequentially during 2020 following the 2Q pandemic drop, compared to the same time periods in 2019. In the following income statement summary description, please refer to the right two columns in the table just above for a comparison of 4Q 2020 and year 2020 income statement results with the same periods in 2019. More detail is provided later in this report.

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UTMD profit margins in 4Q 2020 and year 2020 compared to 4Q 2019 and year 2019 follow:

	2020 4Q 2020 (Oct -- Dec)	2020 4Q 2019 (Oct -- Dec)	2019 Jan -- Dec	2019 Jan -- Dec
Gross Profit Margin (gross profits/sales):	60.5%	66.0%	60.6%	62.8%
Operating Income Margin (operating profits/sales):	35.6%	39.5%	32.5%	37.6%
Net Income Margin (profit after taxes/sales) US GAAP:	28.4%	36.8%	25.6%	31.4%
Net Income Margin (non-US GAAP):	28.4%	31.9%	26.1%	30.2%

Gross Profit in 4Q 2020 declined despite a sales increase primarily as a result of comparison with an unusually high Gross Profit Margin (GPM) in 4Q 2019. The decline would have been just 2% if 4Q 2019 GPM had been the same as for 2019 year as a whole. A 2% decline was caused by lower direct labor productivity in both Ireland and the U.S. UTMD self-insures its health care plan in the U.S., which experienced an unusually high employee health care expense quarter. Year 2020 Gross Profit was 13% lower than in 2019 as a result of 10% lower sales together with a GPM two percentage points lower. The diluted GPM again was due to unfavorable health care costs in the U.S., lower direct labor productivity in Ireland manufacturing operations and marginally less absorption of UTMD's fixed critical mass of manufacturing overhead. Because the lower sales were transitory, the Company remains very profitable even at the lower sales levels experienced during the recent pandemic and the Company has a significant cash reserve relative to its operational needs, management did not cut important overhead resources which would sacrifice future capabilities to maintain shorter term profit margins.

Operating Income declined more than gross profit in both 4Q 2020 and year 2020. In 4Q 2020, the lower operating income was due to a lower GPM, as 4Q 2020 sales were higher and 4Q 2020 operating expenses were \$150 lower than in 4Q 2019. For the 2020 year, the decline was due in part to a GPM that was two percentage points lower, but also because UTMD's non-cash identifiable intangible asset (IIA) amortization

expense related to Femcare and the Filshie Clip System, included in operating expenses, was 15.3% of sales in year 2020 compared to 13.0% in year 2019. The substantially higher IIA expense as a percentage of sales was due not only to the lower sales in 2020 (less absorption of a fixed expense) but also the GBP FX rate difference and the later beginning of CSI IIA amortization in 2019.

Earnings before tax (EBT) declined more than operating income simply because UTMD did not receive interest on its cash balances in 2020 like it did in 2019, although average cash balances were about 20% higher during 2020. The decline in Net Income and EPS per US GAAP was substantially affected by tax provision adjustments in 4Q 2019 and 2Q 2020 due to tax law changes in the U.S. and the UK respectively. Non-US GAAP Net Income, which excludes tax provision adjustments due to tax law changes, declined about the same as EBT. Finally, both US-GAAP EPS and non-US GAAP EPS declined less than Net Income as a result of the benefit of share repurchases in 2020.

UTMD's FX rates for balance sheet purposes are the applicable rates at the end of each reporting period. The FX rates from the applicable foreign currency to USD for assets and liabilities at the end of December 2020 and the end of December 2019 follow:

Dec 31, 2020 Dec 31, 2019 Change

GBP 1.366 1.327 + 3.0%

EUR 1.223 1.123 + 8.9%

AUD 0.771 0.703 + 9.7%

CAD 0.784 0.771 + 1.6%

UTMD's December 31, 2020 Balance Sheet remained strong with an absence of debt. Year-end cash increased 21% to \$51,590, after using cash to pay \$4,116 in cash dividends to stockholders and an additional \$6,976 to repurchase 87,000 UTMD shares in the open market. Ending 2020 inventories were 10% lower and ending accounts receivable were 13% lower than at the end of 2019, despite 2% higher sales in 4Q 2020 compared to 4Q 2019. Due to the increase in value of the foreign currencies noted immediately above, despite \$326 depreciation of foreign fixed assets, the USD net book value of fixed assets in the UK, Ireland, Australia and Canada increased \$449 as of December 31, 2020 from December 31, 2019. Over the one year period of time, UTMD's intangible asset balance declined \$6,016, about 14%, despite 3% appreciation in the GBP. Year-ending total liabilities increased \$243 because customers deposits were \$259 higher at the end of 2020. Deposits occur because UTMD, in order to reduce collection risk, requires many of its international distributor customers to prepay for products that they have ordered that haven't shipped yet. Although net profits were not as high in 2020 as in 2019, after reducing stockholders' equity a combined \$11,092 from payment of stockholder dividends and share repurchases, stockholders' equity increased \$1,730 from December 31, 2019 to \$102,822 at December 31, 2020, an historical high for UTMD.

Sales

Total consolidated 4Q 2020 UTMD sales were \$179 (1.5%) higher than in 4Q 2019. Constant currency sales were \$44 (0.4%) higher. Total consolidated 2020 UTMD sales were \$4,726 (10.1%) lower than in 2019. Constant currency sales in 2020 were \$4,825 (10.3%) lower than in 2019.

In 4Q 2020 compared to 4Q 2019, U.S. domestic sales were 2% lower and OUS sales were 7% higher. For the year 2020 compared to 2019, U.S. domestic sales were 6% lower and OUS sales were 16% lower.

Domestic sales in 4Q 2020 were \$6,960 compared to \$7,127 in 4Q 2019. Domestic sales for the year 2020 were \$25,866 compared to \$27,493 in 2019. The components of domestic sales include 1) "direct sales" of UTMD's medical devices to end-user facilities (and med/surg stocking distributors for hospitals), excluding Filshie Clip System ("Filshie device") sales, 2) "OEM sales" of components and other products manufactured by UTMD for other medical device and non-medical device companies, and 3) Filshie device sales direct to U.S. medical facilities starting in February 2019. Domestic direct sales in 4Q 2020 excluding Filshie devices, representing 49% of total 4Q domestic sales, were \$15 (0%) lower than in 4Q 2019. Domestic direct sales for the year 2020 excluding Filshie devices, representing 50% of total domestic sales, were \$1,092 (8%) lower than in 2019. OEM sales in 4Q 2020, representing 26% of total domestic sales, were \$24 (1%) lower than in 4Q 2019. OEM sales for the year 2020, representing 25% of total domestic sales, were \$51 (1%) lower than in 2019. Filshie device sales direct to U.S. domestic end-user facilities were \$129 (7%) lower in 4Q 2020 compared to 4Q 2019. Filshie device sales direct to U.S. domestic end-user facilities were \$484 (7%) lower for the year 2020 compared to Filshie device sales in 2019. The negative impact of the COVID-19 pandemic on Filshie device sales began in March 2020. Because Filshie device sales are a significant portion of UTMD's domestic business and a UTMD device most affected by the COVID-19 pandemic, management believes the following table might help to understand the overall 2020 pandemic impact and recovery trend:

Filshie device sequential quarterly direct sales in the U.S. [USD]

	Year	1Q	2Q	3Q	4Q	Year
2020		1,689	1,135	1,733	1,756	6,312
2019		925	1,979	2,008	1,884	6,796

Total OUS sales in 4Q 2020 were \$5,050 compared to \$4,704 in 4Q 2019. Total OUS sales for the year 2020 were \$16,312 compared to \$19,411 in 2019.

OUS sales invoiced in GBP, EUR, AUD and CAD currencies were \$135 higher in 4Q 2020, and \$99 higher for the year 2020 as a result of changes in FX rates. Foreign currency OUS sales in 4Q 2020 were \$2,759, which was 55% of all OUS sales and 23% of total consolidated 4Q 2020 sales. In comparison, foreign currency OUS sales in 4Q 2019 were \$3,221, which was 68% of all OUS sales and 27% of total consolidated 4Q 2019 sales.

The foreign currency OUS sales for the year 2020 were \$9,412, which was 58% of all OUS sales and 22% of total consolidated 2020 sales. In comparison, foreign currency OUS sales for the year 2019 were \$12,755, which was 66% of all OUS sales and 27% of total consolidated 2019 sales. Because Filshie device sales are also a significant portion of UTMD's OUS business and an implanted device most affected by the COVID-19 pandemic, management believes the following table might help to understand the overall 2020 pandemic impact and recovery trend:

Filshie device sequential quarterly USD-denominated sales OUS:

	Year	1Q	2Q	3Q	4Q	Year
Direct 2020		1,798	681	1,426	1,640	5,545
2019		2,136	2,035	1,810	2,135	8,116
Distributor 2020		318	323	133	296	1,070
2019		494	487	437	340	1,758
=====						
Total OUS 2020		2,117	1,003	1,559	1,936	6,615
2019		2,630	2,523	2,246	2,475	9,874

OUS Filshie device sales obviously took a deeper hit as a result of the pandemic than domestically in the U.S.

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UTMD segments sales into the following general product categories: gynecology/ electrosurgery, labor & delivery, neonatal, and miscellaneous including blood pressure monitoring kits and accessories as well as related OEM products.

In 4Q 2020 compared to 4Q 2019, worldwide gynecology/ electrosurgery device sales were 10% lower, worldwide labor & delivery device sales were 2% higher, worldwide neonatal device sales were 6% lower and worldwide blood pressure monitoring and related OEM product sales were 38% higher. Devices in the gynecology/ electrosurgery category were mostly classified as "nonessential" during the pandemic. In the blood pressure monitoring category, UTMD's largest OUS distributor requested an early \$478 shipment under a new 2021 blanket purchase order.

For the year 2020 compared to 2019, worldwide gynecology/ electrosurgery device sales were 19% lower, worldwide labor & delivery device sales were 10% lower, worldwide neonatal device sales were 3% lower and worldwide blood pressure monitoring and related OEM product sales were 7% higher.

Gross Profit

Gross Profit results from subtracting the costs of manufacturing and shipping products to customers from revenues. Gross Profit was \$549 (7.0%) lower in 4Q 2020 than in 4Q 2019, after being 34% lower in 2Q 2020 and 12% lower in 3Q 2020 compared to the same time periods in 2019. The 4Q 2020 GPM was 60.5% compared to 66.0% in 4Q 2019, an unusually high GPM quarter for UTMD. Gross Profit for the year 2020 was \$3,918 (13.3%) lower than in 2019 when the year's revenues were 10.1% lower. Lower direct labor productivity and less absorption of fixed overhead costs, particularly in the 2Q and 3Q, and 22% higher U.S.

self-insured medical costs were responsible for a greater decline in gross profit than in sales. Despite UTMD not accepting U.S. government subsidies provided in the CARES Act, the Company paid its manufacturing employees, who felt virus symptoms or were exposed to others with symptoms, to not work and stay at home during a quarantine period. In addition, in 2Q 2020, UTMD paid U.S. employees, who were essential in continuing to produce needed medical devices for critical care, a special bonus for coming to work at a time when government officials were advising people to stay at home with promises that they would be paid for not working. The average 2020 cost for UTMD's self-funded U.S. health care plan increased to \$13,200 (not thousands) per employee participating in the plan from \$10,800 in 2019, and the portion paid by employees declined from 18% in 2019 to 15% in 2020. UTMD expects its U.S. health plan expense, as well as the direct labor productivity of its experienced workforce in the U.S. and Ireland in general, will return to the 2019 level in 2021.

Despite the 2020 GPM decline, an average GPM exceeding 60% for the 2020 year, with international distributor and OEM sales representing 39% of total consolidated sales at a substantially lower GPM, met management's long term profitability objective.

Operating Income

Operating Income results from subtracting Operating Expenses from Gross Profit. Operating Expenses, comprised of general and administrative (G&A) expenses, sales and marketing (S&M) expenses and product development (R&D) expenses, were 24.9% of sales in 4Q 2020 compared to 26.5% of sales in 4Q 2019. Operating Expenses were 28.1% of sales for the year 2020 compared to 25.2% of sales in 2019.

Sales were higher in 4Q 2020 than in 4Q 2019, and operating expenses lower, yielding improvements in 4Q expenses as a percentage of 4Q sales. On the other hand, sales were substantially lower for the year 2020 compared to 2019, and operating expenses about the same, yielding less favorable expenses as a percentage of sales, and diluting UTMD's operating profit margin for the year as a whole.

Although the 2020 operating expense percentage of sales increased due to the 2020 short term pandemic reduction in sales, management continued to tightly manage operating expenses without sacrificing resources needed for longer term growth.

	4Q 2020	4Q 2019	2020	2019
S&M Expense	\$ 359	\$ 434	\$ 1,554	\$ 1,738
R&D Expense	111	125	486	483
G&A Expense	2,515	2,576	9,800	9,613
Total Operating Expenses:	\$ 2,985	\$ 3,135	\$11,840	\$11,834

Lower S&M expenses were due to the lack of trade show expenses during the pandemic, and the reduction in Femcare's direct UK sales personnel effective in 3Q 2020. Consolidated total S&M expenses were 3.0% of sales in 4Q 2020 and 3.7% of sales in 4Q 2019. S&M expenses were 3.7% of sales for both the year 2020 and the year 2019.

R&D expenses were consistent with the prior year's same periods of time, varying only by specific project expenses. R&D expenses were 0.9% of sales in 4Q 2020 compared to 1.1% of sales in 4Q 2019. R&D expenses for the year 2020 were 1.2% of sales compared to 1.0% of sales in 2019.

Consolidated G&A expenses were 20.9% of sales in 4Q 2020 compared to 21.8% of sales in 4Q 2019. Consolidated G&A expenses were 23.2% of sales in the year 2020 compared to 20.5% of sales in 2019. Again, lower expense and higher sales in the 4Q, but lower sales and higher expense for the preceding nine months of the year, compared to the same time periods in 2019.

G&A expenses included non-cash expense from the amortization of IIA resulting from 1) the March 2011 Femcare Group Ltd (UK) acquisition and 2) the amortization of IIA from the purchase of the CSI U.S. exclusive Filshie device distribution rights effective in February 2019.

1. The initial amount of IIA for the 2011 Femcare UK purchase was GBP23,998. After 9.75 years of amortization, the IIA balance is GBP8,686. For both years of 2020 and 2019, the amortization expense rate was a constant GBP399 per calendar quarter. The USD amortization expense amount in each period, however, varied according to the USD/GBP FX rate.

In 4Q 2020, the Femcare acquisition IIA amortization expense was \$526 compared to \$513 in 4Q 2019 for the same GBP amortization expense in both periods. For the year 2020, the Femcare acquisition IIA amortization expense was \$2,049 compared to \$2,037 in 2019.

2. The initial amount of IIA for the acquisition of remaining exclusive U.S. Filshie device distribution rights from CSI in February 2019 was \$21,000. The straight-line amortization of this IIA is \$368.4/ month over the then remaining 4.75 years of the prior distribution agreement. After 23 months of amortization, the CSI IIA balance as of December 31, 2020 is \$12,526. The year 2020/2019 difference in CSI IIA amortization expense is due to the start of the amortization in February 2019, i.e. 12 months of \$368.4 monthly expense in 2020 versus 11 months of expense in 2019.

Because the two Filshie -related IIA amortization expenses represent a significant portion of UTMD's G&A expenses, UTMD provides the following table that separates the IIA amortization expenses from all other G&A expenses:

	4Q 2020	4Q 2019	2020	2019
IIA amortization expense	\$ 1,631	\$ 1,618	\$ 6,470	\$ 6,089
All other G&A expense		884	958	3,330
Total G&A Expenses:	\$ 2,515	\$ 2,576	\$ 9,800	\$ 9,613

	4Q 2020	4Q 2019	2020	2019
IIA amortization expense	13.6%	13.7%	15.3%	13.0%
All other G&A expense	7.3%	8.1%	7.9%	7.5%
Total G&A Expenses:	20.9%	21.8%	23.2%	20.5%

Eventually, when the two Filshie-related IIA balances are fully amortized, stockholders can obviously look forward to a substantial increase in EBT. The Femcare acquisition IIA amortization expense has 5.25 more years to run at about \$525 per quarter using the same USD/GBP FX rate as in 4Q 2020.

The CSI IIA amortization expense has 3.1 more years to run at \$1,105 per quarter. Stockholders will appreciate that, although cash flow will not be affected, annualized reported EPS will increase \$.90 after another 2.8 years, based on 4Q 2020 diluted shares outstanding and if current U.S. and Utah income tax rates remain the same. Similarly, after another 5.25 years annualized EPS would be \$1.33 higher based on 4Q 2020 USD/GBP FX rate, 4Q 2020 diluted shares outstanding and unchanged income tax rates.

In summary, Operating Income in 4Q 2020 was \$4,280 (35.6% of sales) compared to \$4,679 (39.5% of sales) in 4Q 2019. Operating Income for the year 2020 was \$13,708 (32.5% of sales) compared to \$17,633 (37.6% of sales) in 2019. Lower gross profits leveraged down further by higher IIA amortization expense absorbed by fewer sales caused the 22% lower Operating Income for 2020. In any event, UTMD's operating income margins achieved in 2020 were excellent compared to industry peers.

Income Before Tax (EBT)

EBT results from subtracting net non-operating expense or adding net non-operating income from or to, as applicable, Operating Income. Consolidated 4Q 2020 EBT was \$4,286 (35.7% of sales) compared to \$4,735 (40.0% of sales) in 4Q 2019. Consolidated EBT for the year 2020 was \$13,840 (32.8% of sales) compared to \$17,884 (38.1% of sales) in 2019.

28 Jan 2021 09:00 ET Press Release: UTMD Reports Audited Year 2020 and -4-

For UTMD, non-operating expenses include bank fees, losses from remeasuring the value of EUR cash bank balances in the UK, and GBP cash balances in Ireland, in USD terms, and losses from the disposition of fixed assets. Non-operating income includes income from rent of underutilized property; investment income; royalties from licensing UTMD's technology to others, gains from remeasuring the value of EUR or GBP bank balances, as applicable; and gains from the disposition of fixed assets. Net non-operating income results from

subtracting non-operating expenses from gross non-operating income. UTMD's net non-operating income in 4Q 2020 was \$6 compared to \$56 in 4Q 2019. Net non-operating income for the year 2020 was \$132 compared to \$252 in 2019. The lower non-operating income in 2020 was essentially due to lower interest rates for UTMD cash balances.

As a side note for clarity of income statement results, UTMD's 2020 and 2019 EBT, as well as all other income statement measures above the EBT line in the Income Statements, were unaffected by tax provision adjustments in 2020 and 2019 which resulted from a 2020 tax law change in the UK and final adjustments for the tax law change in the U.S. in 2017. Therefore, from management's perspective, the 2020 year to 2019 year comparisons of Sales, Gross Profit, Operating Income and EBT per U.S. GAAP are clear indicators of UTMD's financial performance, whereas the Net Income and EPS comparisons per U.S. GAAP are not.

UTMD's consolidated EBT was a combination of the following partitions: The EBT of Utah Medical Products, Inc. in the U.S. was \$9,031 for the year 2020 compared to \$11,549 in 2019. The 2020 EBT of Utah Medical Products, Ltd (Ireland) was EUR 3,728 compared to EUR 2,577 in 2019. The 2020 EBT of Femcare Ltd. in the UK was GBP (593) compared to GBP 1,566 in 2019. The 2020 EBT of Femcare Australia Pty Ltd was AUD 857 compared to AUD 952 in 2019. The 2020 EBT of Utah Medical Products Canada, Inc. (dba Femcare Canada) was CAD 798 compared to CAD 1,280 in 2019. The separate EBT of UTMD's subsidiaries is also a function of intercompany shipments which are eliminated in the consolidation of revenues.

EBITDA is a non-US GAAP metric that UTMD management believes is of interest to investors because it provides meaningful supplemental information to both management and investors that represents profitability performance without factoring in effects of financing, accounting decisions regarding non-cash expenses, capital expenditures or tax environments. Although the U.S. Securities and Exchange Commission advises that EBITDA is a non-GAAP metric, UTMD's non-US GAAP EBITDA is the sum of the following elements in the table below, each of which is a US GAAP number:

	4Q 2020	4Q 2019	2020	2019
EBT	\$ 4,286	\$ 4,735	\$13,840	\$17,884
Depreciation Expense		160	174	655
Femcare IIA Amortization Expense	526	513	2,049	2,037
CSI IIA Amortization Expense		1,105	1,105	4,421
Other Non-Cash Amortization Expense	9	13	45	54
Stock Option Compensation Expense	39	28	160	113
Remeasured Foreign Currency Balances	(4)	32	(45)	76
UTMD non-US GAAP EBITDA:		\$ 6,121	\$ 6,600	\$21,125
Period to same period change:		(7.3%)	(15.2%)	\$24,917

In summary, UTMD's 4Q 2020 (non-US GAAP) EBITDA declined 7.3% compared to a 9.5% decline in EBT, and (non-US GAAP) EBITDA for the year 2020 declined 15.2% compared to a 22.6% decline in EBT. Management believes that the non-US GAAP 15% EBITDA decline is more indicative of the COVID-19 pandemic negative impact on UTMD's 2020 operating results than the 23% decline in EBT. Overall, the 50.1% (non-US GAAP) EBITDA as a percentage of revenues in 2020 met management's long term operating objective and represents excellent 2020 operating performance in the face of lower sales due to pandemic restrictions on medical procedures worldwide.

Net Income

Net Income in 4Q 2020 was \$3,412 (28.4% of sales) compared to \$4,359 (36.8% of sales) per US GAAP in 4Q 2019. Net Income according to US GAAP in 4Q 2019 was helped by a \$582 reduction in UTMD's income tax provision. Stockholders may recall that the favorable 4Q 2019 adjustment emanated from an updated estimate of the Utah portion of the Repatriation tax which was a result of the TCJA enacted by Congress in December 2017, application of Utah rules for income apportionment and further clarification of the new Foreign-Derived Intangible Income (FDII) regime associated with the GILTI regime as part of the TCJA.

US GAAP Net Income for the year 2020 was \$10,798 (25.6% of sales) compared to US GAAP Net Income of \$14,727 (31.4% of sales) in 2019. Net Income in 2020 included a 2Q 2020 unfavorable \$225 tax provision adjustment for a UK income tax increase on future non-deductible IIA amortization expenses over the

following six years. The UK tax adjustment had to be recognized in the income statement all at once according to US GAAP.

To state it simply, there was a reduction in estimated 2019 taxes that made 2019 US GAAP Net Income and EPS results better, and an increase in 2020 estimated taxes that made 2020 US GAAP results worse. UTMD management believes that the presentation of Net Income and EPS results excluding the REPAT/ GILT/ FDII tax liability estimate adjustments in 2019 and the UK change in the long term deferred tax liability provides meaningful supplemental information to both management and investors that is more clearly indicative of UTMD's bottom line results when comparing 4Q 2020 and year 2020 to the same periods of time in 2019.

	4Q 2020	4Q 2019	Change	2020	2019	Change
Net Income (US GAAP)	\$3,412	\$4,359	(21.7%)	\$10,798	\$14,727	(26.7%)
Consolidated Tax Rate	20.4%	7.9%		22.0%	17.7%	
Net Income (Non-GAAP, excluding tax provision adjustments)	\$3,412	\$3,777	(9.7%)	\$11,023	\$14,145	(22.1%)
Consolidated Non-GAAP Tax Rate	20.4%	20.2%		20.4%	20.9%	

Earnings per share (EPS)

Diluted EPS is Net Income divided by a time-weighted calculation of outstanding shares plus dilution from unexercised employee and director options. Similar to Net Income, UTMD management believes that the non-GAAP EPS presented below are more clearly indicative of comparative results in 2020.

	4Q 2020	4Q 2019	Change	2020	2019	Change
EPS (US GAAP)	\$0.934	\$1.165	(19.8%)	\$2.941	\$3.939	(25.4%)
EPS (Non-GAAP, excluding tax provision adjustments)	\$0.934	\$1.010	(7.5%)	\$3.002	\$3.784	(20.7%)

Diluted shares were 3,652,084 in 4Q 2020 compared to 3,740,458 in 4Q 2019, and 3,671,993 for the year 2020 compared to 3,738,596 in 2019. The lower diluted shares in 2020 were the combined result of 80,000 shares repurchased in 1Q 2020, 7,000 shares repurchased in 3Q 2020, 8,278 employee option exercises during 2020 and an employee option award of 26,300 shares in March 2020.

Outstanding shares at the end of 2020 were 3,643,035 compared to 3,721,757 at the end of calendar year 2019. The difference was due to employee option exercises of 8,278 during 2020 offset by 87,000 shares repurchased in the open market. The number of shares used for calculating diluted EPS was higher than ending shares because of a time-weighted calculation of average outstanding shares plus dilution from unexercised employee and director options. The total number of outstanding unexercised employee and outside director options at December 31, 2020 was 69,036 at an average exercise price of \$67.23, including shares awarded but not yet vested. This compares to 51,690 unexercised option shares at the end of 2019 at an average exercise price of \$58.50/ share, including shares awarded but not yet vested.

The number of shares added as a dilution factor in 4Q 2020 was 11,091 compared to 19,649 in 4Q 2019. The number of shares added as a dilution factor for the year 2020 was 14,018 compared to 17,728 in 2019. In March 2020, 26,300 option shares were awarded to 48 employees at an exercise price of \$77.05 per share. No options were awarded in 2019. UTMD paid \$1,018 (\$0.280/share) in dividends to stockholders in 4Q 2020 compared to \$1,023 (\$0.275/ share) paid in 4Q 2019. Dividends paid to stockholders during 4Q 2020 were 30% of 4Q 2020 Net Income. UTMD paid \$4,116 (\$0.280/share) in dividends to stockholders in the year 2020 compared to \$4,096 (\$0.275/ share) paid in 2019. Dividends paid to stockholders during 2020 were 38% of 2020 US GAAP Net Income, and 37% of 2020 non-US GAAP Net Income.

In March 2020, UTMD repurchased 80,000 of its shares in the open market at \$80.32/ share. In September 2020, UTMD repurchased 7,000 of its shares in the open market at \$78.67/ share. The total 87,000 shares repurchased in 2020 were at an average price of \$80.19/ share. In May 2019, UTMD repurchased 5,000

shares at \$79.52/ share. No other shares were repurchased in 2019. The Company retains the strong desire and financial ability for repurchasing its shares at a price it believes is attractive for remaining stockholders.

28 Jan 2021 09:00 ET Press Release: UTMD Reports Audited Year 2020 and -5-

UTMD's share price at the end of 2020 closed at \$84.30, down 22% from the \$107.90 closing price at the end of 2019. This compares unfavorably to the major stock market indices in 2020, all of which appreciated: The DJIA was up 7%, **S&P500** up 16% and NASDAQ (where UTMD is traded) up 44%. The UTMD stock price has declined during a calendar year only 5 other times in the last 22 years. The average compounded appreciation in UTMD stock value for the last 22 years, including the 2020 decline, was 12.3% per year, outpacing all of the major indices. Adding dividends, UTMD stockholder value increased at an annually compounded rate of 13.2% over the last 22 years.

Balance Sheet.

At December 31, 2020 compared to the end of 2019, UTMD cash and investments increased \$8.8 million to \$51.6 million after using \$4.1 million cash for dividends to stockholders and \$7.0 million cash to repurchase 87,000 UTMD shares. At December 31, 2020, working capital was \$58.5 million compared to \$51.4 million at the end of 2019. Net Intangible Assets were 34.1% of total consolidated assets on December 31, 2020 compared to 40.2% on December 31, 2019. Even with lower demand as a result of the COVID-19 pandemic, UTMD was able to reduce inventories \$0.7 million at December 31, 2020 from December 31, 2019. Consolidated Accounts Receivable (net of allowances) declined \$0.6 million at December 31, 2020 compared to December 31, 2019. UTMD was able to reduce the aging of trade receivables at the end of 2020 to 31 days, compared to aging of 36 days at the end of 2019, despite increased financial stress of hospitals and international distributors during the pandemic.

Stockholders' Equity at December 31, 2020 increased \$1.7 million from the end of 2019, despite being reduced by \$11.1 million from combining \$4.1 million in cash dividends and \$7.0 million in stock repurchases.

Financial ratios as of December 31, 2020 which may be of interest to stockholders follow:

- 1) Current Ratio = 16.4
- 2) Days in Trade Receivables (based on 4Q 2020 sales activity) = 31
- 3) Average Inventory Turns (based on 4Q 2020 CGS and average inventories) = 3.0
- 4) 2020 YTD ROE (before dividends) = 11%

Investors are cautioned that this press release contains forward-looking statements and that actual events may differ from those projected. Risk factors that could cause results to differ materially from those projected include global economic conditions, market acceptance of products, regulatory approvals of products, regulatory intervention in current operations, government intervention in healthcare in general, tax reforms, the Company's ability to efficiently manufacture, market and sell products, cybersecurity and foreign currency exchange rates, among other factors that have been and will be outlined in UTMD's public disclosure filings with the SEC.

Utah Medical Products, Inc., with particular interest in health care for women and their babies, develops, manufactures and markets a broad range of disposable and reusable specialty medical devices recognized by clinicians in over one hundred countries around the world as the standard for obtaining optimal long term outcomes for their patients. For more information about Utah Medical Products, Inc., visit UTMD's website at www.utahmed.com.

Utah Medical Products, Inc.

INCOME STATEMENT, Fourth Quarter (3 months ended December 31)

(in thousands except earnings per share):

	4Q 2020	4Q 2019	Percent Change
Net Sales	\$ 12,010	\$ 11,831	+ 1.5%
Gross Profit	7,265	7,814	(7.0%)
Operating Income	4,280	4,679	(8.5%)
Income Before Tax	4,286	4,735	(9.5%)
Net Income (US GAAP)	3,412	4,359	(21.7%)

Net Income (non-US GAAP)	3,412	3,777	(9.7%)
Dilutes EPS (US GAAP)	\$.934	\$1.165	(19.8%)
Diluted EPS (non-US GAAP)	\$.934	\$1.010	(7.5%)
Shares Outstanding (diluted)	3,652	3,740	

INCOME STATEMENT, Year (12 months ended December 31)

(in thousands except earnings per share):

	2020	2019	Percent Change
Net Sales	\$ 42,178	\$ 46,904	(10.1%)
Gross Profit	25,548	29,466	(13.3%)
Operating Income	13,708	17,633	(22.3%)
Income Before Tax	13,840	17,884	(22.6%)
Net Income (US GAAP)	10,798	14,727	(26.7%)
Net Income (non-US GAAP)	11,023	14,145	(22.1%)
Diluted EPS (US GAAP)	\$ 2.941	\$ 3.939	(25.4%)
Diluted EPS (non-US GAAP)	\$ 3.002	\$ 3.784	(20.7%)
Shares Outstanding (diluted)	3,672	3,739	

BALANCE SHEET

	(audited) DEC 31, 2020	(unaudited) SEP 30, 2020	(audited) DEC 31, 2019
(in thousands)			
Assets			
Cash & Investments	\$51,590	\$46,294	\$42,787
Accounts & Other Receivables, Net	4,104	4,277	4,742
Inventories	6,222	6,304	6,913
Other Current Assets	346	385	444
Total Current Assets	62,262	57,260	54,886
Property & Equipment, Net	11,326	11,036	10,728
Intangible Assets, Net	38,157	38,776	44,173
Total Assets	\$111,745	\$107,072	\$109,787
Liabilities & Stockholders' Equity			
Accounts Payable	788	651	1,098
REPAT Tax Payable	79	79	101
Other Accrued Liabilities	2,924	2,897	2,249
Total Current Liabilities	\$3,791	\$3,627	\$3,448
Deferred Tax Liability -- Intangible Assets	2,151	2,132	2,239
Long Term Lease Liability	335	346	376
Long Term REPAT Tax Payable	1,995	1,995	2,110
Deferred Income Taxes	651	557	521
Stockholders' Equity	102,822	98,415	101,093
Total Liabilities & Stockholders' Equity	\$111,745	\$107,072	\$109,787

Contact: Crystal Rios (801) 566-1200

28 Jan 2021 09:03 ET *Utah Medical Products 4Q Sales \$12M >UTMD

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January 28, 2021 09:03 ET (14:03 GMT)

文件 DJDN000020210128eh1s002pk



NewsWatch

News & Commentary

Even Reddit is beginning to discuss the endgame for the wild GameStop ride

MarketWatch

299 字

2021 年 1 月 27 日 09:00

MarketWatch

MRKWC

英文

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[MARKETWATCH FRONT PAGE](#)

When are the meteoric gains for videogames retailer GameStop going to stop? Perhaps one sign is that there is a discussion of the subject on the Reddit message board that fueled the run. See full story.

Sanofi teams up with BioNTech and Pfizer to help fix Europe's vaccine shortage

Unusual collaboration will see Sanofi supply more than 125 million doses of Pfizer–BioNTech COVID shot from the summer. See full story.

Get ready for Apple's first \$100 billion quarter in history

Even a pandemic can't stop Apple Inc. from hitting new records. The smartphone giant is likely to post its first-ever quarter with revenue above \$100 billion Wednesday. See full story.

The AMD that investors bet on is finally here

Advanced Micro Devices Inc. has finally achieved many of its big goals that investors have been banking on over the past few years, as they drove its shares to become the biggest gainer in the **S&P500** two years in a row. Now comes the the conundrum. See full story.

The 'ice is cracking' on the bull market, one stock-market analyst warns

U.S. stocks have been hanging around record highs recently amid broader participation by individual investors, but now cracks are starting to form in the foundation of the bull market, according to technical analysts at SentimenTrader. See full story.

[MARKETWATCH PERSONAL FINANCE](#)

To get better at money, you have to get better at life. You have to make the effort to understand the world, finance, the economy, and most importantly, yourself. That is the idea behind Mastering Your Money MarketWatch's new live free event series that kicks off February 3rd. See full story.

文件 MRKWC00020210127eh1r003pd



NewsWatch

News & Commentary

It isn't just GameStop: Here are some of the other heavily shorted stocks shooting higher

MarketWatch

261 字

2021 年 1 月 27 日 12:00

MarketWatch

MRKWC

英文

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[MARKETWATCH FRONT PAGE](#)

The dynamic that has seemingly contributed to a short squeeze in the stock of videogame retailer GameStop Corp. also appears to be affecting shares in a host of other heavily shorted companies. See full story.

U.S. stocks slide as investors focus on tech earnings, await Fed

Stocks are lower Wednesday, as investors focus on a stream of earnings reports from technology companies and awaited the outcome of the Federal Reserve's first policy meeting of 2021. See full story.

Sanofi teams up with BioNTech and Pfizer to help fix Europe's vaccine shortage

Unusual collaboration will see Sanofi supply more than 125 million doses of Pfizer-BioNTech COVID shot from the summer. See full story.

The AMD that investors bet on is finally here

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Get ready for Apple's first \$100 billion quarter in history

Even a pandemic can't stop Apple Inc. from hitting new records. The smartphone giant is likely to post its first-ever quarter with revenue above \$100 billion Wednesday. See full story.

[MARKETWATCH PERSONAL FINANCE](#)

Young people almost consistently are expressing more comfort in nearly every question that we've asked. See full story.

文件 MRKWC00020210127eh1r005mt



MarketWatch First Take

The AMD that investors bet on is finally here

559 字

2021 年 1 月 27 日 07:37

MarketWatch

MRKWC

英文

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After years of stock appreciation and slight movement in the finances, the chip maker proved its worth with 2020 performance and 2021 forecast

Paul Sakuma PhotographyAdvanced Micro Devices Inc. has finally achieved many of its big goals that investors have been banking on over the past few years, as they drove its shares to become the biggest gainer in the **S&P500** for two years in a row.

But now it faces a conundrum going forward.

On Tuesday, [AMD reported a record fourth quarter, topping \\$3 billion in revenue](#) for the first time to produce a record for full-year revenue of \$9.76 billion, up 45% from the previous year. AMD produced record profit as well, and predicted big gains from these record results in the year ahead.

Yet shares sat basically still in after-hours trading — and are actually down a bit premarket. And that is where the problem is now for AMD investors: What happens next?

The company has been riding high on new chip families based on a new architecture, but the biggest hopes were around the company's plans to re-enter the server market, which began in 2017 with a new Epyc chip. AMD is making big progress in that large and fast-growing market, and is about to launch its third-generation server/data-center chip family, code-named Milan. AMD said sales of chips sold to the data center were in the high-teens percentage of total revenue, but [it still will not break out those sales](#).

"We are happy with the progress in the data-center business ... 2020 was a strong year for us. We do see a significant growth into 2021," AMD Chief Executive Lisa Su, said on the analyst call Tuesday. "I think there are a number of drivers ... first of all, I think we're seeing the cloud business strengthen for us." She added later that AMD now has deeper customer relationships as a result of the positive reception to its products.

AMD's stock was the biggest performer in the S&P 500 SPX for both 2019 and in 2018, as the [company began to show results](#).

Revenue growth was 45% in 2020, but the company's forecast of 37% revenue growth for full-year 2021 shows that the law of large numbers is starting to take effect, resulting in slower gains.

Another issue at hand is that [many on Wall Street believe that AMD has benefited by the missteps of its biggest rival](#), Intel Corp. INTC. Now that Intel's highly regarded new CEO, Pat Gelsinger, is about to take the helm, many are becoming jittery that a resurgent Intel could eventually make mincemeat of AMD.

"Intel's white-knight CEO change has impacted the AMD narrative a bit in recent days as the AMD story hinges around them maintaining and growing their competitive position over the long term, hence newfound Intel hope has been coming somewhat at the expense of AMD," said Stacy Rasgon, a Bernstein Research analyst, in an earnings preview to clients.

With the stock currently trading at around 50 times Wall Street's current estimates for 2021, investors are faced with a conundrum over determining how much more upside can they expect from AMD going forward. It's a tough call.

文件 MRKWC00020210127eh1q0005m

DOW JONES NEWSWIRES

Nordic Stocks Tipped to Open Slightly Lower -- Market Talk

161 字

2021 年 1 月 22 日 07:46

Dow Jones Institutional News

DJDN

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0746 GMT - Nordic markets are seen opening slightly lower with IG calling the OMXS30 down 0.5% at around 1977. In general, there were small movements on U.S. equity markets yesterday and the **S&P500** closed largely unchanged after Wednesday's equity market record, notes SEB. In Asia, sentiment is slightly weaker this morning and futures in Europe and the U.S. point towards a weaker opening. In the U.S., President Biden warned yesterday of high death rates in the coming months and signed a number of new presidential orders to try to combat the spread of the virus. Today focus will be on the PMI figures for the euro area, the U.K. and the U.S. OMXS30 closed at 1987.26, OMXN40 at 2037.61 and OBX at 891.72. (dominic.chopping@wsj.com)

(END) Dow Jones Newswires

January 22, 2021 02:46 ET (07:46 GMT)

文件 DJDN000020210122eh1m000ov

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,454 字

2021 年 1 月 22 日 08:06

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0806 GMT - Pacific Textiles' capacity expansion in Vietnam should increase the company's revenue growth potential, Citi says. The bank maintains the stock at buy with an unchanged target of HK\$8.00. The fabric maker plans to increase the output capacity of its existing factory in Hanoi and to build a new plant in Ho Chi Minh City, the bank notes, adding that both expansions should be completed by end-2022. This would help Pacific Textiles attract more orders from U.S. clients, which are keen to avoid tariffs on China-made goods. Moreover, fabric prices have been tracking up in Vietnam due to tight supply, boding well for Pacific Textiles' margins, Citi adds. Shares fall 3.7% to HK\$4.96. (yifan.wang@wsj.com)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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2021 年 1 月 22 日 08:34

Dow Jones Institutional News

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0834 GMT - The FTSE 100 falls 0.5% to 6681 points as investors digest disappointing U.K. retail sales and public sector borrowing data and look ahead to key U.K. purchasing managers' index surveys. U.K. retail sales rose 0.3% month-on-month in December, versus expectations of 1.5% in a WSJ survey of economists. Public sector borrowing for December totalled GBP34.1 billion, versus a forecast of GBP32.0 billion. U.K. manufacturing and services PMIs for January will be released at 0930 GMT. Meanwhile, U.K. Prime Minister Boris Johnson on Thursday raised fears that tough coronavirus measures in England could continue well into the spring after saying it was "too early to say" when restrictions will be eased. Retail, travel and energy shares are among the worst performers. (renae.dyer@wsj.com)

0826 GMT - Remy Cointreau delivered an impressive beat in its third-quarter revenue update, and this impetus should continue in its fiscal year's last quarter, Citi says. The French drinks group posted organic sales growth of 25% in its 3Q, some 10% higher than consensus expectations. Cognac sales a third higher on the year drove the beat, though other categories also posted growth, the bank says. Remy also reiterated its full-year guidance of positive operating-profit growth, with 4Q sales seen buoyant, though less so than in this quarter. Citi expects full-year earnings consensus expectations to be bumped up by low single digits. Remy shares are flat at EUR146.30, having risen more than 2% in opening trade. (joshua.kirby@dowjones.com; @joshualeokirby)

0825 GMT - CLP Holdings may be weighed by lower profits from its Australian business, Citi says. The power company's Australian business may be hit by lower energy prices in 2021, the U.S. investment bank says. The retail business of the company's EnergyAustralia unit also booked a loss of HK\$200 million-HK\$300 million in 2020 due to the impact of retail price cuts in Victoria and South Australia, it says. CLP's planned acquisitions in India are also running behind schedule due to regulatory delays amid the Covid-19 pandemic, the bank adds. Citi cuts its target price to HK\$86.00 from HK\$87.50 and keeps its buy rating. Shares are down 0.9% at HK\$72.65. (yiwei.wong@wsj.com)

0820 GMT - UniCredit expects the eurozone composite purchasers managers' index for January to decline to 46.0 from 49.1, with a fall in both the services and manufacturing sub-indexes. Economists polled by The Wall Street Journal forecast a less steep decline, with the indicator coming in at 48.0. The restrictions that were put in place in the second half of December across most countries in the bloc, as well as the further tightening that took place in early January, primarily targeted the services sector, UniCredit says. However, some of the economic fallout from these measures will spill over into manufacturing, although activity in the sector should continue to expand, the bank says. The eurozone composite PMI will be published at 0900 GMT. (maria.martinez@wsj.com)

0817 GMT - Bango is set to benefit from a rapid expansion in demand for digital content, and the market seems to be missing its earnings potential, Liberum says as the brokerage starts coverage on the stock with a buy recommendation and a target price of 260 pence. The U.K. payments and mobile-commerce company provides two key products--online payments and data monetization--which benefit from rising consumer spend on digital content and from merchants wanting to increase their share of that spend through targeted advertising, Liberum says. With more predictable, high-sales growth and cost control, Bango's adjusted Ebitda is forecast to rise 13-fold in the 2019-22 period, Liberum says. (adria.calatayud@dowjones.com)

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DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

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2021 年 1 月 22 日 07:46

Dow Jones Institutional News

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0717 GMT - Chinese stocks ended the session mixed, as the market weakened from strong gains in the past two days. The benchmark Shanghai Composite Index fell 0.4% to 3606.75, after the index on Thursday hit its highest level since 2015. The Shenzhen Composite Index rose 0.3% to 2456.24, while the ChiNext Price Index, a measure for emerging industries and startups, gained 2.3% to 3358.24. The new-energy industry extended its rally to lead gains, as investors remain optimistic on the sector's demand outlook in 2021. But developers and telecom suppliers weakened, weighing on the market. (yifan.wang@wsj.com)

0712 GMT - Shares in Siemens are expected to perform well in early trading, say analysts at Berenberg. The engineering group showed strong growth in the first quarter of its fiscal year, with the three disclosed core industrial businesses showing overall beats against consensus expectations of 8% in orders, 3% in sales and 30% in adjusted EBITA, say the analysts. Comparable revenue growth at the German company's Digital Industries and Smart Infrastructure businesses should be "a good omen for the sector heading into this earnings season," they say, adding that it wasn't clear how much this was driven by China. (kim.richters@wsj.com)

0705 GMT - Jiangsu Hengli Hydraulic will likely significantly benefit from an expected large number of supply orders from U.S. industrial giant Caterpillar, Citi says. It keeps Hengli at buy with an unchanged target price of CNY134.60. The Chinese equipment maker should be able to obtain "mass supply orders" from Caterpillar in 2021, as the client expands its new-machine market after three years of trial operations, Citi says. Such a contract win would be viewed by the industry as a big endorsement of Hengli's product quality and could boost the Chinese company's expansion overseas, Citi says. Shares are up 6.2% at CNY125.04. (yifan.wang@wsj.com)

0701 GMT - South Korea's Kospi fell 0.6% to close at 3140.63, snapping a three-session winning streak. The stock benchmark gained 1.8% for the week. It wobbled through today's session, as investors parsed individual companies' business outlooks ahead of the earnings season. While auto and electronics stocks were down, internet and retail shares rose. Hyundai Motor fell 2.8%, and LG Electronics lost 4.1%. But internet group Naver jumped 6.5%, and Hyundai Department Store gained 3.1%. Index heavyweight Samsung Electronics slid 1.5%, erasing early gains amid media reports of Intel likely planning to outsource some chip production to the company. (kwanwoo.jun@wsj.com)

0656 GMT - CapitaLand Integrated Commercial Trust is "too big to ignore," offering investors an attractive valuation and a way to buy into the growing global trend of work-play-live, DBS Group Research says. Singapore's largest integrated REIT currently trades at a price-to-net-value ratio of about 1.1x, but the imminent rollout of vaccines is likely to boost that closer to its historical average of 1.24x, DBS says. The bank also likes CICT's forward yield, which at 5% is the highest among its large-cap peers. DBS maintains a buy rating and a target price of S\$2.50 on the stock. Shares are down 0.9% to S\$2.28, paring 2021 gains to below 6%. (@benottoWSJ; ben.otto@wsj.com)

(END) Dow Jones Newswires

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Key Words

Man who called 2008 stock-market top says we are in 'real humdinger' of a bubble

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MarketWatch

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(Photo by ANGELA WEISS/AFP via Getty Images) That is Jeremy Grantham, co-founder and chief investment strategist at Boston-based money manager Grantham, Mayo, Van Otterloo & Co., in a research report dated Tuesday after a particularly withering year for his investment outfit in 2020.

Grantham's bearish view on valuations was reflected in GMO's investment strategy which trailed the S&P 500 index SPX, according to a report by [Bloomberg News late last year](#) which noted that clients had pulled \$2.2 billion from the fund as of November 2020.

Last year was a remarkable year for risk assets in the face of a global viral epidemic that left equity indexes initially reeling in the spring, only to stage a spectacular rebound in the ensuing months as fiscal and monetary policy contributed to an economic recovery.

The S&P 500 SPX and the Dow Jones Industrial Average DJIA posted impressive gains in 2020, despite an initial bear market a decline of at least 20% and a recovery from those March lows of over 60%, while the Nasdaq Composite Index COMP surged more than 80% from its nadir.

The Dow Jones Industrial Average finished 2020 up 7.25% in 2020, while the **S&P500** index gained 16.26% and the Nasdaq Composite returned 43.64%.

Grantham however says that the market's bubblicious state has accelerated since he last declared values inflated and referenced a quote often attributed to famed economist John Maynard Keynes stipulating that "the market can remain irrational longer than you can remain solvent."

In Grantham's words "either way, the market is now checking off all the touchy-feely characteristics of a major bubble."

He also mentions the surge in interest in electric-vehicle makers like Tesla Inc. TSLA as evidence of the market's speculative fervor.

"The most impressive features are the intensity and enthusiasm of bulls, the breadth of coverage of stocks and the market, and, above all, the rising hostility toward bears," he writes.

What's a prudent investor to do with one of the legends of Wall Street signaling caution is warranted?

Grantham says assets considered value, or trading at a discount based on some metric and emerging markets may be better bets in the near term. He said such bets go "along with the greatest avoidance of U.S. Growth stocks that your career and business risk will allow."

Despite his recent challenges calling a top, Grantham is worth paying attention to due to his prescient calls over the years. He said that stocks were overvalued in 2000 and again in 2007, anticipating those market downturns, [the Wall Street Journal reports](#). Grantham also signaled that elements of the financial market had become unmoored from reality leading up to the 2008-09 financial crisis.

文件 MRKWC00020210105eh15007vd

DOW JONES NEWSWIRES

*ProShares Announces ETF Share Splits >TQQQ

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2021 年 1 月 6 日 22:00

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DJDN

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6 Jan 2021 17:00 ET Press Release: ProShares Announces ETF Share Splits

ProShares Announces ETF Share Splits

BETHESDA, Md.--(BUSINESS WIRE)--January 06, 2021--

ProShares, a premier provider of ETFs, announced today forward and reverse share splits on twelve of its ETFs. The splits will not change the total value of a shareholder's investment.

Forward Splits

Two ETFs will forward split shares at the following split ratios:

Ticker	ProShares ETF	Split Ratio
RXL	ProShares Ultra Health Care	2:1
TQQQ	ProShares UltraPro QQQ	2:1

All forward splits will apply to shareholders of record as of market close on January 19, 2021, payable after market close on January 20, 2021. All forward splits will be effective prior to market open on January 21, 2021, when the funds will begin trading at their post-split price. The ticker symbols and CUSIP numbers for the funds will not change.

The forward splits will decrease the price per share of each fund with a proportionate increase in the number of shares outstanding. For example, for a two-for-one split, every pre-split share will result in the receipt of two post-split shares, which will be priced at one-half the net asset value ("NAV") of a pre-split share.

Illustration of a Forward Split

The following table shows the effect of a hypothetical two-for-one forward split:

Period	# of Shares Owned	Hypothetical NAV	Value of Shares
Pre-Split	100	\$120.00	\$12,000.00
Post-Split	200	\$60.00	\$12,000.00

Reverse Splits

Ten ETFs will reverse split shares at the following split ratios:

Ticker	ProShares ETF	Split Ratio	Old CUSIP	New CUSIP
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MZZ	ProShares UltraShort MidCap400	1:2	74348A343	74348A129
SDD	ProShares UltraShort SmallCap600	1:2	74348A327	74348A137
SDP	ProShares UltraShort Utilities	1:2	74347B722	74347G721
SIJ	ProShares UltraShort Industrials	1:2	74348A368	74348A111
SKF	ProShares UltraShort Financials	1:2	74347B748	74347G713
SMDD	ProShares UltraPro Short MidCap400	1:2	74347G879	74347G697
QID	ProShares UltraShort QQQ	1:4	74347B243	74347G739
TWM	ProShares UltraShort Russell2000	1:4	74348A319	74347G689
SPXU S&P500	ProShares UltraPro Short	1:5	74347B268	74347B110
SRTY	ProShares UltraPro Short Russell2000	1:5	74348A152	74347G747

All reverse splits will be effective prior to market open on January 21, 2021, when the funds will begin trading at their post-split price. The ticker symbols for the funds will not change. All funds undergoing a reverse split will be issued new CUSIP numbers, listed above.

The reverse splits will increase the price per share of each fund with a proportionate decrease in the number of shares outstanding. For example, for a one-for-four reverse split, every four pre-split shares will result in the receipt of one post-split share, which will be priced four times higher than the NAV of a pre-split share.

Illustration of a Reverse Split

The following table shows the effect of a hypothetical one-for-four reverse split:

Period	# of Shares Owned	Hypothetical NAV	Value of Shares
Pre-Split	1,000	\$10.00	\$10,000.00
Post-Split	250	\$40.00	\$10,000.00

Fractional Shares from Reverse Splits

For shareholders who hold quantities of shares that are not an exact multiple of the reverse split ratio (for example, not a multiple of four for a one-for-four reverse split), the reverse split will result in the creation of a fractional share. Post-reverse split fractional shares will be redeemed for cash and sent to your broker of record. This redemption may cause some shareholders to realize gains or losses, which could be a taxable event for those shareholders.

About ProShares

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January 6, 2021

ProShares is the leader in strategies such as dividend growth, interest rate hedged bond and geared (leveraged and inverse) ETF investing. Source: ProShares, 2021.

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Key Words

Famed investor 'doubling down', says stock market a 'real humdinger' of a bubble

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MarketWatch

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(Photo by ANGELA WEISS/AFP via Getty Images) That is Jeremy Grantham, co-founder and chief investment strategist at Boston-based money manager Grantham, Mayo, Van Otterloo & Co., in a research report dated Tuesday after a particularly withering year for his investment outfit in 2020.

Grantham's bearish view on valuations was reflected in GMO's investment strategy which trailed the S&P 500 index SPX, according to a report by [Bloomberg News late last year](#) which noted that clients had pulled \$2.2 billion from the fund as of November 2020.

Last year was a remarkable year for risk assets in the face of a global viral epidemic that left equity indexes initially reeling in the spring, only to stage a spectacular rebound in the ensuing months as fiscal and monetary policy contributed to an economic recovery.

The S&P 500 SPX and the Dow Jones Industrial Average DJIA posted impressive gains in 2020, despite an initial bear market a decline of at least 20% and a recovery from those March lows of over 60%, while the Nasdaq Composite Index COMP surged more than 80% from its nadir.

The Dow Jones Industrial Average finished 2020 up 7.25% in 2020, while the **S&P500** index gained 16.26% and the Nasdaq Composite returned 43.64%.

Grantham however says that the market's bubblicious state has accelerated since he last declared values inflated and referenced a quote often attributed to famed economist John Maynard Keynes stipulating that "the market can remain irrational longer than you can remain solvent."

In Grantham's words "either way, the market is now checking off all the touchy-feely characteristics of a major bubble."

He also mentions the surge in interest in electric-vehicle makers like Tesla Inc. TSLA as evidence of the market's speculative fervor.

"The most impressive features are the intensity and enthusiasm of bulls, the breadth of coverage of stocks and the market, and, above all, the rising hostility toward bears," he writes.

What's a prudent investor to do with one of the legends of Wall Street signaling caution is warranted?

Grantham says assets considered value, or trading at a discount based on some metric and emerging markets may be better bets in the near term. He said such bets go "along with the greatest avoidance of U.S. Growth stocks that your career and business risk will allow."

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Market Snapshot

Here's why the Georgia runoff elections for the U.S. Senate could turn into a 'big deal' for markets

730 字

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MarketWatch

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A Cobb County, Georgia, sign reminds voters that the runoff elections for U.S. Senate seats is just days away.

Photo by Donnell Suggs The runoff elections for two U.S. Senate seats in Georgia next Tuesday have the potential to inject volatility into a high-flying stock market that has mostly looked past political turbulence in Washington this year.

Market participants say any complacency among investors could be misplaced, since if the Democrats win both senate seats, then the incoming administration of President-elect Joe Biden would have control of both chambers of Congress and may move to reverse the corporate tax cuts of 2017, putting company earnings and stock prices under some pressure.

However, a Democratic victory could also boost equities by raising expectations for more aggressive fiscal stimulus measures next year, on top of the billions of dollars deployed already by Congress.

These are reasons why the Georgia runoff elections could turn into a "big deal" for Wall Street, Michael Reynolds, investment strategy officer at Glenmede, said in an interview.

"If we get a shot in the arm with a larger fiscal package, you need to balance that out with the specter of increasing corporate tax rates," said Reynolds.

Most analysts are forecasting a victory for the incumbent Republican senators from Georgia, and [Betting market PredictIt](#) gives Republicans a 65% chance of staying in charge of the Senate as of Thursday.

But Democratic challenger Rev. Raphael Warnock leads Republican incumbent Sen. Kelly Loeffler by 1.8 percentage points in a [RealClearPolitics moving average of polls](#) for one of the Georgia runoffs. And in [RCP's average of surveys for the other Georgia contest](#), Democrat Jon Ossoff is ahead of GOP Sen. David Perdue by 0.8 percentage point.

Read: [Betting markets see Republican win in Georgia's crucial runoffs, while polls give edge to Democrats](#)

See: [Trump plans to campaign on Monday in Georgia county with low early voter turnout](#)

So the outcome of the Jan. 5 run offs could generate volatility in a frothy stock market that many investors see as having baked in most of the good news, including a coronavirus vaccine rollout, more fiscal stimulus, and further economic recovery in 2021.

In particular, the risk of higher tax rates for corporations could upset investors' pent-up expectations for a rebound in earnings growth next year.

According to FactSet data, earnings for S&P 500 index firms SPX are forecast to surge by 22.1% next year, after falling 13.6% in 2020, which would mark the largest year-over-year earnings jump in a decade.

"We can't book those earnings expectations right now. They shouldn't be taken as gospel," said Reynolds.

But others are more skeptical about whether the Senate election runoffs have the potential to generate volatility in the stock market.

They argue even if Democrats achieve a slim majority in the Senate, a Biden administration may still struggle to push forward with more ambitious items on the policy agenda.

Indeed, to cobble together the necessary votes to raise levies on businesses could prove a difficult task, much more so than passing a new fiscal relief package, said Nomura chief economist Lewis Alexander, who anticipated the corporate tax rate would stay at 21%.

It's why some feel the recent market quiescence running into next week's runoff elections reflected how investors were expecting few legislative surprises even if Democrats won both Senate seats in Georgia.

The Dow Jones Industrial Average DJIA gained 7.25% in 2020, while the **S&P500** index SPX finished up 16.26% and the Nasdaq Composite COMP gained 43.64%.

"It's hard to imagine moderate Democrats siding with progressives to change filibuster rules or stack the Supreme Court," Michael Arone, chief strategist of State Street Global Advisors, told MarketWatch.

Looking ahead, investors will face a busy economic docket in the first week of the new year. ISM manufacturing and services gauges for December, weekly jobless benefit claims, November trade deficit, and most importantly, the official employment report for December will be released next week.

Few companies are set to announce their earnings in the coming week Still, Micron TechnologyMU, Walgreens Boot AllianceWBA, Constellation BrandsSTZ, Bed, Bath and BeyondBBBY are among the smattering of companies that will report results.

文件 MRKWC00020210101eh11000rt

DOW JONES NEWSWIRES

Press Release: MONMOUTH REAL ESTATE INVESTMENT CORPORATION ISSUES STATEMENT

2,211 字

2020 年 12 月 31 日 22:01

Dow Jones Institutional News

DJDN

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MONMOUTH REAL ESTATE INVESTMENT CORPORATION ISSUES STATEMENT

Highlights Track Record of Superior Value Creation Overseen by Diverse, Experienced Board of Directors

Monmouth Board Is Reviewing Blackwells' Unsolicited Acquisition Proposal

Board's Nominating and Corporate Governance Committee Will Evaluate

Director Nominations and Proposals Submitted by Blackwells and Land & Buildings

Monmouth was the Single Best Performing Industrial REIT

Based on Total Return to Stockholders, Over the Past Year

HOLMDEL, N.J., Dec. 31, 2020 (GLOBE NEWSWIRE) -- Monmouth Real Estate Investment Corporation (NYSE: MNR) ("Monmouth" or the "Company") today disclosed that, as of the deadline for receipt of such notices, it has received notice from Blackwells Capital LLC ("Blackwells") of its intention to nominate four candidates to stand for election to the Company's Board of Directors and submit six non-binding proposals, and has received notice from Land & Buildings Investment Management, LLC ("Land & Buildings") of its intention to nominate four candidates to stand for election to the Company's Board of Directors and submit one non-binding proposal to be voted on at Monmouth's 2021 Annual Meeting of Stockholders.

As previously announced, the Monmouth Board is reviewing a non-binding, unsolicited proposal from Blackwells to acquire all of the outstanding common shares of the Company for \$18.00 per share. In addition, the Board and its Nominating and Corporate Governance Committee will review Blackwells' and Land & Buildings' notices of proposed director nominations and stockholder proposals, and will make its recommendations to the Board at the appropriate time.

The Company issued the following statement:

Experienced & Engaged Board

Monmouth has a highly experienced and actively engaged Board that has overseen consistently outstanding operating and financial performance and total stockholder returns, and the Board remains committed to acting in the best interests of the Company and all stockholders.

Monmouth notes that over the past three years, it has meaningfully strengthened the independence and diversity of its Board with the addition of three new independent directors who bring fresh perspectives and relevant backgrounds in REITs, risk management, global commerce, security matters and real estate finance and investment. Monmouth's Board regularly evaluates opportunities to enhance corporate governance, will carefully consider the nominations and proposals put forth by stockholders and, if appropriate, may propose its own recommendations.

Monmouth: The Single Best Performing Industrial REIT by TSR

The Monmouth Board and management team have taken decisive actions to drive the Company's next phase of growth and deliver value for stockholders. Notwithstanding the unprecedented challenges caused by COVID-19, Monmouth's operating excellence has produced consistently high occupancies, strong tenant retentions and rent collections as well as strong overall growth.

Recent developments have only highlighted the value of Monmouth's assets and resiliency of its unique approach to profitably serving its ecommerce-oriented tenants. During fiscal 2020, Monmouth has seen strong demand for its properties and has the highest occupancy rate in the sector at 99.7%. The Company expects the combination of its two recent acquisitions totaling \$170.0 million, a \$169.3 million acquisition

pipeline, substantial parking expansions currently taking place and increased occupancy to meaningfully contribute to its earnings per share and cash flow growth in fiscal 2021 and beyond.

Monmouth's disciplined approach and proven business model have delivered to stockholders significant total returns including 1,239%, 243%, 103% and 22% over the 20, 10, 5 and 1 year periods ending on December 18, 2020, respectively, the last trading day preceding Blackwells' announcement of its unsolicited proposal. Over the past year, Monmouth was the single best performing industrial REIT based on total return to stockholders and has significantly outperformed the MSCI US REIT Index and exceeded returns on the **S&P500**. Indeed, Monmouth has maintained or increased its common stock cash dividend for 116 consecutive quarters or 29 years, in addition to being one of the few REITs that preserved its cash dividend during the Global Financial Crisis of 2007-2008.

A State-Of-The-Art Industrial Portfolio Fueled By Ecommerce

Over the past five years, the Company has managed to substantially increase the size of its state-of-the-art industrial portfolio on a cash flow accretive basis while also strengthening its balance sheet. Since fiscal year 2015, Monmouth successfully:

- Completed \$1.26 billion in acquisitions, more than doubling the size of the Company;
- Added 10.6 million square feet of GLA representing an increase of 76%;
- Increased rental revenue by 111% or 16% per annum;
- Increased AFFO per share while expanding its equity market capitalization to \$1.7 billion;
- Increased dividends per share by 13.3% while significantly improving dividend coverage;
- Reduced debt leverage by 15% to 6.0x Net Debt to Adjusted EBITDA;
- Lowered debt costs by 18% to an average interest rate of less than 4%; and
- Extended average debt maturities to 11 years, among the longest in the REIT industry.

Following review by its Nominating and Corporate Governance Committee, the Board will present its formal recommendations with respect to the election of directors and any other matters that may properly be brought before the 2021 Annual Meeting. The 2021 Annual Meeting has not yet been scheduled. Monmouth stockholders are not required to take action at this time.

Venable LLP is serving as Monmouth's legal counsel, and CS Capital Advisors is acting as the Company's financial advisor.

Non-GAAP Financial Measures

This press release contains certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included in the attached supplemental reconciliation schedule.

About Monmouth Real Estate

Monmouth Real Estate Investment Corporation, founded in 1968, is one of the oldest public equity REITs in the world. The Company specializes in single tenant, net-leased industrial properties, subject to long-term leases, primarily to investment-grade tenants. Monmouth Real Estate Investment Corporation is a fully integrated and self-managed real estate company, whose property portfolio consists of 121 properties containing a total of approximately 24.5 million rentable square feet, geographically diversified across 31 states. The Company's occupancy rate as of this date is 99.7%.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide the Company's current expectations or forecasts of future events. Forward-looking statements include statements about the Company's expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance

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and underlying assumptions and other statements that are not historical facts. You can identify forward-looking statements by their use of forward-looking words, such as "may," "will," "anticipate," "expect," "believe," "intend," "plan," "should," "seek" or comparable terms, or the negative use of those words, but the absence of these words does not necessarily mean that a statement is not forward-looking. The forward-looking statements are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to it. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company. Some of these factors are described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020 and its other periodic reports filed with the Securities and Exchange Commission, which are accessible on the Securities and Exchange Commission's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included in the filings. These and other risks, uncertainties and factors could cause the Company's actual results to differ materially from those included in any forward-looking statements it makes. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for the Company to predict those events or how they may affect it. Except as required by law, the Company is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on these forward-looking statements, as events described or implied in such statements may not occur.

Important Additional Information and Where to Find It

31 Dec 2020 17:01 ET Press Release: MONMOUTH REAL ESTATE INVESTMENT -2-

In connection with the solicitation of proxies in connection with Monmouth's 2021 Annual Meeting of Stockholders (the "2021 Annual Meeting"), Monmouth intends to file a definitive proxy statement, white proxy card and other relevant documents with the Securities and Exchange Commission (the "SEC"). STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ THE COMPANY'S DEFINITIVE PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO), WHITE PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders may obtain a free copy of the definitive proxy statement, any amendments or supplements thereto, and other documents that the Company files with the SEC at the SEC's website at www.sec.gov or the Company's website at <https://investors.mreic.reit/> once such materials are electronically filed with, or furnished to, the SEC.

Certain Information Regarding Participants to the Solicitation

The Company, its directors and certain of its executive officers and employees may be deemed participants in the solicitation of proxies in connection with the 2021 Annual Meeting. Information regarding the direct and indirect interests, by security holdings or otherwise of the Company's directors and executive officers is set forth in the Company's Annual Report on Form 10-K filed with the SEC on November 23, 2020. To the extent that such participants' holdings in the Company's securities have changed since the filing of such Annual Report, such changes have been reflected in SEC filings on Forms 3, 4 and 5, which can be found on the SEC's website at www.sec.gov or the Company's website at <https://investors.mreic.reit/>. Updated information regarding the identities of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the definitive proxy statement and other materials to be filed with the SEC in connection with the 2021 Annual Meeting.

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Non-GAAP Measure of Financial Performance

Investors and analysts following the real estate industry utilize earnings before interest, taxes, depreciation and amortization for real estate ("Adjusted EBITDA") and Net Debt to Adjusted EBITDA, variously defined, as supplemental performance measures. We consider Net Debt to Adjusted EBITDA, given its wide use by and relevance to investors and analysts, an appropriate supplemental performance measure. Net Debt to Adjusted EBITDA is commonly used in various ratios as valuation of calculations used to measure financial position, performance and liquidity. Net Debt to Adjusted EBITDA, as currently calculated by us, may not be comparable to similarly titled, but variously calculated, measures of other REITs. As used herein, we calculate the following non-U.S. GAAP measures as follows:

-- Adjusted EBITDA is net income attributable to common shareholders, as defined by U.S. GAAP, plus preferred dividends, interest expense, including amortization of financing costs, depreciation and amortization, net amortization of acquired above and below market lease revenue and unrealized holding losses (minus gains) arising during the periods.

-- Net Debt is Total Debt, less Cash and Cash Equivalents.

-- Net Debt to Adjusted EBITDA is Net Debt divided by Adjusted EBITDA.

The following is a reconciliation of Total Debt to Net Debt, Net Income (Loss) Attributable to Common Shareholders to Adjusted EBITDA and Net Debt to Adjusted EBITDA:

As of 9/30/2020 (\$ in thousands)		
Total Debt	\$	874,507
less: Cash and Cash Equivalents		23,517
Net Debt	\$	850,990
For the Fiscal Year Ended 9/30/2020 (\$ in thousands)		
Net Income (Loss) Attributable to Common Shareholders	\$	(48,617)
Plus: Preferred Dividends		26,474
Plus: Interest Expense, including Amortization of Financing Costs		36,376
Plus: Depreciation and Amortization		49,850
Plus: Net Amortization of Acquired Above and Below Market Lease Revenue		103
Less/Plus: Unrealized Holding (Gains) Losses Arising During the Periods		77,380
Adjusted EBITDA	\$	141,566
Net Debt / Adjusted EBITDA		6.0 x

31 Dec 2020 17:02 ET *Monmouth Real Estate : Board Is Reviewing Blackwells' Unsolicited Acquisition Proposal >MNR

31 Dec 2020 17:03 ET *Monmouth Real Estate : Received Notice From Blackwells Cap LLC of Its Intention to Nominate Four Candidates for Election to Co's Bd >MNR

31 Dec 2020 17:04 ET *Monmouth Real Estate : Received Notice From Blackwells of Its Intention to Nominate Submit Six Non-Binding Proposals >MNR

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December 31, 2020 17:04 ET (22:04 GMT)

文件 DJDN000020201231egcv00339



Buying Tesla stock? Here's what one analyst says as it enters the S&P 500

550 字

2020 年 12 月 21 日 06:53

MarketWatch

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AFP/Getty Images Tesla Inc. is set to join the U.S. equities' major leagues after Monday's opening bell, a relatively routine move turned unprecedented by the sheer size of the Silicon Valley electric-car maker's market valuation.

Tesla TSLA is by far the largest company to be added to the S&P 500 index SPX. Come Monday, when it starts trading on the benchmark, it likely will be the sixth-largest company on the index by market value, currently well above \$600 billion.

The stock [rallied on Friday, setting a new closing record of \\$695](#). Nearly 200 million shares changed hands, Tesla's fifth-ever largest volume and its highest volume since early February. The stock was the best performer and most active stock on the Nasdaq 100 NDX on Friday.

There is "strong precedence" for gains for stocks before their S&P inclusion and after the announcement, but very limited precedent for near-term outperformance after the inclusion, analyst Toni Sacconaghi at Bernstein said in a recent note.

And since Tesla's fourth-quarter sales report in early January aren't expected "to be a blowout, we would recommend that investors take short-term profits going into Dec. 21," he said.

Tesla's stock fell 5.3% in premarket trading on Monday, while futures ES00 for the S&P 500 fell 1.9%.

The 50 largest additions to the **S&P500** index since 2010 have on average "outperformed strongly" before their announced inclusion in the S&P, outperformed an additional 3% between announcement and inclusion, and "modestly underperformed" in the days and months following inclusion, Sacconaghi said.

On average, the new entrants fell 1.7% in the six months post inclusion, he said.

Thus far, Tesla's appreciation has been the more spectacular, including more than 230% over the past six months, when hopes were high the company would join the index after meeting criteria that included longer-term profitability.

So far this year, Tesla shares have gained 731%, which compares with gains around 15% for the S&P.

S&P Dow Jones Indices announced Tesla's inclusion on Nov. 16, after snubbing the company in an earlier rebalance. Underscoring the complexity of adding the company, it consulted with investors on how to go about it, ultimately deciding [to add Tesla all at once](#).

Since then, Tesla has seen its shares rise more than 60% and add nearly \$200 billion in market cap to today's \$625 billion, about 10 times General Motors Co.'s GM and 18 times Ford Motor Co.'s F.

See also: [Tesla debt edges close to investment-grade rating at S&P](#)

Joining the S&P puts Tesla in countless index-tracking funds, rippling to the many managed funds that have had to add Tesla to their holdings to balance them.

It is likely that most repositioning will take place after Monday, Sacconaghi said.

In addition to the imminent addition to the S&P 500 index, Tesla got good news on its corporate debt front late Thursday.

S&P Global Ratings upgraded its rating on Tesla bonds to BB, leaving the company's measure of creditworthiness [only two rungs away from the coveted investment-grade classification](#).

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Market Extra

Tesla joining the S&P 500 Friday is 'mother of all' stock-market events

1,268 字

2020 年 12 月 18 日 16:10

MarketWatch

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Apartment Investment Management will be removed from the S&P 500 index as a part of the effort to make way for Tesla

MarketWatch photo illustration/iStockphotoHow quickly can the S&P 500 index go from 0 to volatile?

Wall Street will soon find out, as investors strap in for what could be a frenetic ride in equities thanks to electric-vehicle maker Tesla.

On Dec. 21, Tesla's planned inclusion in the granddaddy of the benchmark U.S. stock indexes is set to create what Howard Silverblatt, senior index analyst for S&P Dow Jones Indices, described to MarketWatch as "the mother of all" stock market rebalancing events. An event that will alter the topography of the S&P 500 at a pivotal time in an already tumultuous period in financial markets.

On Friday, S&P Dow Jones Indices said that real estate investment trust Apartment Investment Management Co. AIV, would be removed from the 500-stock index as a part of the effort to make way for the \$578 billion electric automobile pioneer. With CEO Elon Musk owning some 20% of the company's shares though, the value will be closer to \$460 billion.

Part of the trepidation on Wall Street is that Tesla, the largest-ever such company by market value to join the S&P 500, will immediately see a weighting in the 500-company index of between 1.5% and 1.6%.

To put that addition into perspective, every \$11 move in the Palo Alto, Calif.-based company would commensurately swing the entire S&P 500 by nearly a point.

"We've never put anything that large into the index before," Silverblatt said.

Last quarter's S&P 500 rebalancing saw a sizable \$32.4 billion change hands, above the average of about \$27 billion and under the record \$50.8 rebalancing of the third-quarter of 2018.

Next Friday's rebalancing could see well over \$100 billion in trading, with much of that to the sell side, as passive investors and index trackers, which must hold the same securities as the index, and in the same proportion, make room to add Tesla.

There are some \$5.3 trillion in funds benchmarked to the S&P 500, including those from behemoths Vanguard, which oversees the Vanguard S&P 500 ETF VOO, and State Street, which looks after the SPDR S&P 500 Trust SPY, commonly referred to on Wall Street as the SPY.

"I think Tesla is a highly liquid stock on a normal trading day, but there will be forced buying occurring as SPY, IVV, VOO and the various S&P 500 index mutual funds add approximately 1.5% of assets into the stock and trim more moderately sized companies to make room, Todd Rosenbluth, head of ETF and mutual fund research at CFRA, told MarketWatch, referencing the ticker symbols of some of the large exchange-traded funds that include Tesla.

"While there are more than a dozen companies added to the S&P 500 index each year they are typically among the smallest companies representing less than 0.1% of the index. Tesla is considerably larger and requires more planning on the part of the asset managers who want to refrain from incurring too much index tracking risk," the CFRA researcher said.

"It's definitely large," Matthew Bartolini, head of SPDR Americas Research at State Street Global Advisors, told MarketWatch on Wednesday.

The State Street complex has four other major funds, besides the SPY, that will be adjusted to account for Tesla: The SPDR Portfolio S&P 500 Growth ETF SPYG, the SPDR Portfolio S&P 1500 Composite Stock

SPYG, the Consumer Discretionary Select SPDR Fund XLY and State Street's lower-cost version of SPY, the SPDR Portfolio S&P 500 ETF SPYG.

All totaled, Bartolini estimates that the State Street will have to trade some \$6 billion to adjust for Tesla in those funds, with the most of that coming from SPY.

"It's SPY's largest ever, rebalancing," the State Street official said, noting that the fund manager feels it's well equipped to handle.

And it isn't just passive funds that will be compelled to buy Tesla. Goldman Sachs in a research note last month estimated that actively managed funds benchmarked to the S&P 500 will purchase around \$8 billion of the company's shares.

Silverblatt said the fact that Dec. 18 also marks quadruple witching—the simultaneous expiration of stock-index futures and options and individual stock futures and options, a notably volatile time in trading—could actually help relive some market pressure because that session is usually a high-liquidity day which could ease any turbulence surrounding Tesla-related moves. Tesla's shares will begin trading in the SPX on Dec. 21.

Still, there are questions about what Tesla's inclusion means over the longer term. Bartolini estimated that Tesla's inclusion could see the S&P 500's price-to-earnings ratio, one measure of gauging the value of stock, move by more than 1.6%. Tesla's P/E over the last 12-months is 1,208 and the S&P500's trailing 12-month P/E stands at 27.08, FactSet data show.

Complicating matters is the fact that Tesla is also an unusually volatile stock for a S&P 500 member. Its shares have run-up 48% since the S&P Dow Jones Indices announced it was being added to the broad-market index in mid-November. Tesla's shares have risen a whopping 622% so far this year and are considered one of the most volatile stocks among major companies.

Bartolini notes that by some metrics, Tesla is far more volatile on a daily return basis than companies like Apple or even the SPY itself.

That being said, he doesn't expect the volatility of Tesla to increase the S&P 500's overall volatility.

"Meaning, if a fund just held AAPL, TSLA, and say Wells Fargo—all stocks with volatility over the past year above the market—the volatility of that portfolio would not be the weighted average of the standard deviations. The correlation of returns across those stocks is considered," the State Street official explained.

Tesla has historically had a positive correlation with the S&P 500 of 0.49, on a scale where 1.00 means a perfect direct correlation and -1.00 means a perfect indirect correlation, Bartolini estimated.

The average correlation for an index component since 2015 based on a rolling 100-day correlation to the index has been 0.53, according to Birinyi Associates Inc., in data commissioned by MarketWatch.

Birinyi's director of research, Jeff Rubin, told MarketWatch that Tesla's correlation based on that measure was 0.39 and has been choppy during that period, with shares tightening their correlation with the S&P 500 during the February-March pandemic-inspired selloff.

Source: Birinyi AssociatesBartolini also raised another point that the inclusion of Tesla will have a significant impact not just on passive investments, but also on active money managers who have thus far relied upon Tesla to achieve so-called alpha, or returns above a benchmark. Now that Tesla will be a part of the S&P 500, it could challenge hedge funds and other investors to figure out different ways of beating the market.

"That game is over now," the State Street official said. "I do think that is going to be a challenge for highflying growth [funds] to derive alpha," he said.

文件 MRKWC00020201210egca00691



Buying Tesla stock? Here's what one analyst says ahead of S&P 500 addition

477 字

2020 年 12 月 18 日 13:20

MarketWatch

MRKWC

英文

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AFP/Getty Images Tesla Inc. is set to join the U.S. equities' major leagues on Monday, a relatively routine move turned unprecedented by the sheer size of the Silicon Valley electric-car maker's market valuation.

Tesla TSLA is by far the largest company to be added to the S&P 500 index SPX. Come Monday, when it starts trading on the benchmark, it likely will be the sixth-largest company on the index by market value, currently well above \$600 billion.

There is "strong precedence" for gains for stocks before their S&P inclusion and after the announcement, but very limited precedent for near-term outperformance after the inclusion, analyst Toni Sacconaghi at Bernstein said in a recent note.

And since Tesla's fourth-quarter sales report in early January aren't expected "to be a blowout, we would recommend that investors take short-term profits going into Dec. 21," he said.

The 50 largest additions to the **S&P500** index since 2010 have on average "outperformed strongly" before their announced inclusion in the S&P, outperformed an additional 3% between announcement and inclusion, and "modestly underperformed" in the days and months following inclusion, Sacconaghi said.

On average, the new entrants fell 1.7% in the six months post inclusion, he said.

Thus far, Tesla's appreciation has been the more spectacular, including more than 230% over the past six months, when hopes were high the company would join the index after meeting criteria that included longer-term profitability.

So far this year, Tesla shares have gained about 700%, which compares with gains around 14% for the S&P.

S&P Dow Jones Indices announced Tesla's inclusion on Nov. 16, after snubbing the company in an earlier rebalance. Underscoring the complexity of adding the company, it consulted with investors on how to go about it, ultimately deciding [to add Tesla all at once](#).

Since then, Tesla has seen its shares rise more than 60% and add nearly \$200 billion in market cap to today's \$625 billion, about 10 times General Motors Co.'s GM and 18 times Ford Motor Co.'s F.

See also: [Tesla debt edges close to investment-grade rating at S&P](#)

Joining the S&P puts Tesla in countless index-tracking funds, rippling to the many managed funds that have had to add Tesla to their holdings to balance them.

It is likely that most repositioning will take place after Monday, Sacconaghi said.

In addition to the imminent addition to the S&P 500 index, Tesla got good news on its corporate debt front late Thursday.

S&P Global Ratings upgraded its rating on Tesla bonds to BB, leaving the company's measure of creditworthiness [only two rungs away from the coveted investment-grade classification](#).

文件 MRKWC00020201218egci005h9



Market Extra

Tesla joining the S&P 500 is going to be 'the mother of all' stock-market events

1,269 字

2020 年 12 月 10 日 12:26

MarketWatch

MRKWC

英文

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The Palo Alto, Calif. electric auto maker will be added to the S&P 500 on Dec. 18 and trade Dec. 21

MarketWatch photo illustration/iStockphotoHow quickly can the S&P 500 index go from 0 to volatile?

Wall Street will soon find out, as investors strap in for what could be a frenetic ride in equities thanks to electric-vehicle maker Tesla.

On Dec. 18, Tesla's planned inclusion in the granddaddy of the benchmark U.S. stock indexes is set to create what Howard Silverblatt, senior index analyst for S&P Dow Jones Indices, described to MarketWatch as "the mother of all" stock market rebalancing events. An event that will alter the topography of the S&P 500 at a pivotal time in an already tumultuous period in financial markets.

This Friday though at 5:15 p.m. Eastern is the time when investors will learn which companies will be taken out of the index or have their weightings scaled back to make way for the \$572 billion electric automobile pioneer. With CEO Elon Musk owning some 20% of the company's shares though, the value will be closer to \$460 billion.

Part of the trepidation on Wall Street is that Tesla, the largest-ever such company by market value to join the S&P 500, will immediately see a weighting in the 500-company index of between 1.5% and 1.6%.

To put that addition into perspective, every \$11 move in the Palo Alto, Calif.-based company would commensurately swing the entire S&P 500 by nearly a point.

"We've never put anything that large into the index before," Silverblatt said.

Last quarter's S&P 500 rebalancing saw a sizable \$32.4 billion change hands, above the average of about \$27 billion and under the record \$50.8 rebalancing of the third-quarter of 2018.

Next Friday's rebalancing could see well over \$100 billion in trading, with much of that to the sell side, as passive investors and index trackers, which must hold the same securities as the index, and in the same proportion, make room to add Tesla.

There are some \$5.3 trillion in funds benchmarked to the S&P 500, including those from behemoths Vanguard, which oversees the Vanguard S&P 500 ETF VOO, and State Street, which looks after the SPDR S&P 500 Trust SPY, commonly referred to on Wall Street as the SPY.

"I think Tesla is a highly liquid stock on a normal trading day, but there will be forced buying occurring as SPY, IVV, VOO and the various S&P 500 index mutual funds add approximately 1.5% of assets into the stock and trim more moderately sized companies to make room, Todd Rosenbluth, head of ETF and mutual fund research at CFRA, told MarketWatch, referencing the ticker symbols of some of the large exchange-traded funds that include Tesla.

"While there are more than a dozen companies added to the S&P 500 index each year they are typically among the smallest companies representing less than 0.1% of the index. Tesla is considerably larger and requires more planning on the part of the asset managers who want to refrain from incurring too much index tracking risk," the CFRA researcher said.

"It's definitely large," Matthew Bartolini, head of SPDR Americas Research at State Street Global Advisors, told MarketWatch on Wednesday.

The State Street complex has four other major funds, besides the SPY, that will be adjusted to account for Tesla: The SPDR Portfolio S&P 500 Growth ETF SPYG, the SPDR Portfolio S&P 1500 Composite Stock SPYG, the Consumer Discretionary Select SPDR Fund XLY and State Street's lower-cost version of SPY, the SPDR Portfolio S&P 500 ETF SPYG.

All totaled, Bartolini estimates that the State Street will have to trade some \$6 billion to adjust for Tesla in those funds, with the most of that coming from SPY.

“It’s SPYs largest ever, rebalancing,” the State Street official said, noting that the fund manager feels it’s well equipped to handle.

And it isn’t just passive funds that will be compelled to buy Tesla. Goldman Sachs in a research note last month estimated that actively managed funds benchmarked to the S&P 500 will purchase around \$8 billion of the company’s shares.

Silverblatt said the fact that Dec. 18 also marks quadruple witching—the simultaneous expiration of stock-index futures and options and individual stock futures and options, a notably volatile time in trading—could actually help relieve some market pressure because that session is usually a high-liquidity day which could ease any turbulence surrounding Tesla-related moves. Tesla’s shares will begin trading in the SPX on Dec. 21.

Still, there are questions about what Tesla’s inclusion means over the longer term. Bartolini estimated that Tesla’s inclusion could see the S&P 500’s price-to-earnings ratio, one measure of gauging the value of stock, move by more than 1.6%. Tesla’s P/E over the last 12-months is 1,208 and the **S&P500**’s trailing 12-month P/E stands at 27.08, FactSet data show.

Complicating matters is the fact that Tesla is also an unusually volatile stock for a S&P 500 member. Its shares have run-up 48% since the S&P Dow Jones Indices announced it was being added to the broad-market index in mid-November. Tesla’s shares have risen a whopping 622% so far this year and are considered one of the most volatile stocks among major companies.

Bartolini notes that by some metrics, Tesla is far more volatile on a daily return basis than companies like Apple or even the SPY itself.

That being said, he doesn’t expect the volatility of Tesla to increase the S&P 500’s overall volatility.

“Meaning, if a fund just held AAPL, TSLA, and say Wells Fargo—all stocks with volatility over the past year above the market—the volatility of that portfolio would not be the weighted average of the standard deviations. The correlation of returns across those stocks is considered,” the State Street official explained.

Tesla has historically had a positive correlation with the S&P 500 of 0.49, on a scale where 1.00 means a perfect direct correlation and -1.00 means a perfect indirect correlation, Bartolini estimated.

The average correlation for an index component since 2015 based on a rolling 100-day correlation to the index has been 0.53, according to Biriyini Associates Inc., in data commissioned by MarketWatch .

Biriyini ‘s director of research, Jeff Rubin , told MarketWatch that Tesla’s correlation based on that measure was 0.39 and has been choppy during that period, with shares tightening their correlation with the S&P 500 during the February-March pandemic-inspired selloff.

Source: Birinyi AssociatesBartolini also raised another point that the inclusion of Tesla will have a significant impact not just on passive investments, but also on active money managers who have thus far relied upon Tesla to achieve so-called alpha, or returns above a benchmark. Now that Tesla will be a part of the S&P 500, it could challenge hedge funds and other investors to figure out different ways of beating the market.

“That game is over now,” the State Street official said. “I do think that is going to be a challenge for highflying growth [funds] to derive alpha,” he said.

文件 MRKWC00020201210egca00669

DOW JONES NEWSWIRES

Press Release: S&PGR Rates Cboe Global Markets \$500 Mil Sr Notes 'A-'

1,315 字

2020 年 12 月 8 日 14:51

Dow Jones Institutional News

DJDN

英文

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The following is a press release from S&P Global Ratings:

NEW YORK (S&P Global Ratings) Dec. 8, 2020--S&P Global Ratings today assigned its 'A-' rating to

Cboe Global Markets' issuance of senior unsecured notes.

Cboe announced today that it intends to issue \$500 million of senior unsecured notes, subject to market and customary conditions. We understand Cboe will use the proceeds to finance the previously announced acquisition of BIDS Trading, repay a portion of amounts outstanding under the term loan facility and all outstanding indebtedness under the revolving credit facility and for general corporate purposes.

We believe the acquisition of BIDS, the largest independent block trading ATS (Alternative Trading Systems) in the U.S., will provide Cboe with a meaningful presence in the off-exchange segment of the U.S. equities market, supplementing the acquisition of Canadian-based ATS Match Now in August this year. We project leverage will peak at 1.5x pro forma at the end of 2020 (from 1.2x at the end of September 2020) but return to 1.2x by the end of 2021, thanks to strong cash flow generation and our expectation of lower share repurchases in 2021 than in 2020.

Cboe has outperformed peer exchanges since the beginning of the year, with a 26% increase in operating income in the first nine months of the year. The company benefited from its strong position in cash equity and U.S. equity options in a context of high volatility in the pandemic and a surge in retail engagement. We continue to view, however, the concentration in the flagship products (VIX futures and options, and **S&P500** options) and the higher dependence than peers on transaction-based revenues as weaknesses for the rating.

RELATED CRITERIA

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of

RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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8 Dec 2020 09:51 ET *S&PGR Rates Cboe Global Markets \$500 Mil Sr Notes 'A-'

(MORE TO FOLLOW) Dow Jones Newswires

December 08, 2020 09:51 ET (14:51 GMT)

文件 DJDN000020201208egc8002kc



MarketWatch Premium

The stock market is advancing without help from the FAAMNGs, which analysts say is a bullish sign

580 字

2020 年 11 月 21 日 07:57

MarketWatch

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It wasn't that long ago — last summer, in fact — when analysts were wringing their hands over the narrowness of the stock market's advance.

That was when the so-called FAAMNG stocks — Facebook FB, Apple AAPL, Amazon AMZN, Microsoft MSFT, Netflix NFLX and Google holding company Alphabet GOOGGOOGL — were dominating the market and were largely responsible for keeping the bull market alive. They collectively represented more than 20% of the combined market capitalization of the **S&P500** Index SPX, and many worried that the bull market would be in big trouble if any of them stumbled.

Stumble they did: Since early September, those six mega-cap stocks have lost an average of 8.7%, according to FactSet. And, yet, the bull market remains very much alive, with the S&P 500 higher today. What happened, and what does it mean for the stock market's future?

That's what I am discussing in this column, which will become a regular monthly feature. In it I will focus on an investment theme like this one that is receiving widespread attention from Wall Street research firms.

What "happened" is that the bull market transformed itself from one led by just a few big names into one of the most broad-based rallies in years. The research reports I read almost universally consider this transformation to be a sign of underlying stock market health and strength. They believe it means the bull market will continue for at least a number of months.

There are a number of different indicators that research analysts point to as evidence of the market's newfound breadth:

Over what time period is this widespread breadth bullish? Martin said in an interview that, from his research, he found that past periods of similarly broad breadth led to "particular strength ... in the 6-12 month time frame." Over the shorter term, however, "market returns have been less reliable" especially when "froth extremes are present."

Unfortunately, Martin says, now is one of those times of froth extremes.

I can confirm that froth is indeed present. Consider the average recommended equity exposure level among short-term stock market timers (as measured by the Hulbert Stock Newsletter Sentiment Index, or HSNSI). Three weeks ago, [when I last reported in this space where the HSNSI stood](#), it was at the 45 percentile of the historical distribution since 2000. That meant that the market timers were slightly less bullish than their average over the last two decades.

What a difference a few weeks make. Now the HSNSI is at the 95 percentile of the historical distribution, well within the zone that contrarians consider to be extreme bullishness. Historically, the stock market has struggled over the one- to three-month horizon in the wake of bullishness this extreme.

Martin concludes therefore that "the market's performance over the next few months is questionable" even as its intermediate-term outlook is favorable. What kind of scenario is consistent with this picture?

Martin says that a perfect recent example is the "January 2018 interim top, when excessive froth led to a nasty two-month correction in the 10%-15% range. After this sharp pullback, the market advance immediately resumed."

Mark Hulbert is a regular contributor to MarketWatch. His Hulbert Ratings tracks investment newsletters that pay a flat fee to be audited. He can be reached at mark@hulbertratings.com

文件 MRKWC00020201120egbk00439

DOW JONES NEWSWIRES

*US Stocks Continue Their Sell-Off Amid Rise in Virus Cases

91 字

2020 年 10 月 28 日 20:08

Dow Jones Institutional News

DJDN

英文

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28 Oct 2020 16:08 ET *US Stocks on Pace for Worst Week Since Late March

28 Oct 2020 16:08 ET *DJIA Fell 3.4%, to 26520, in Fourth Consecutive Losing Session

28 Oct 2020 16:09 ET ***S&P500** Fell 3.5% in Third Straight Down Session

28 Oct 2020 16:09 ET *Tech-Heavy Nasdaq Composite Dropped 3.7%, to 11,005

(MORE TO FOLLOW) Dow Jones Newswires

October 28, 2020 16:09 ET (20:09 GMT)

文件 DJDN000020201028egas003gn

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,442 字

2020 年 10 月 12 日 01:52

Dow Jones Institutional News

DJDN

英文

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

2052 ET - Mr. D.I.Y. isn't immune to the negative impact from Malaysia's Covid-19 lockdown, TA Securities says. The temporary closure of some of the stores at Malaysia's largest home-improvement retailer in March and May is expected to drag 2020 earnings down 18% to MYR260.4 million, the brokerage says. It then expects earnings to rebound 66% in 2021 and 22% in 2022. Based on a 25x forward price-to-earnings ratio, Mr. D.I.Y. has a fair value of MYR1.73/share, versus its IPO price of MYR1.60, TA says. Mr. D.I.Y. is valued lower than its regional peers due to the relatively smaller population of Malaysia, it says. (chester.tay@wsj.com)

2048 ET - Woori Financial Group might post below-consensus 3Q earnings due to weak noninterest incomes, Daishin Securities says. The brokerage expects the South Korean banking group's net profit to fall 11% on year for the quarter. The group's 3Q credit costs could normalize after it preemptively set aside large provisions for pandemic risks and fund-investment losses in 2Q, Daishin says, although its net profit could still fall 7.0% in 2020 versus a 5.7% drop in 2019. Daishin maintains a buy rating on the stock with an unchanged target price of KRW15,000. Shares edge 0.2% higher to KRW8,680. (kwanwoo.jun@wsj.com)

2031 ET - Vinda International 's 3Q earnings are likely to be strong, based on preliminary results released on Oct. 11, Citi says. Citi estimates operating profit for the tissue-paper maker to surge by at least 80% on-year in 3Q, given its forecast of 5.0%-10% revenue growth in 3Q. Citi opens a 30-day positive catalyst watch on the stock as it anticipates the company's upcoming results and low pulp prices to ease market concerns over margin contraction and increase investor confidence in its earnings outlook for next 6-12 months. Vinda International closed 2.1% lower at HK\$25.55 last Friday. Citi has a buy rating and target price of HK\$35.00. (ronnie.harui@wsj.com)

2031 ET - South Korea's stock benchmark Kospi is 0.7% higher at 2407.40 in early trade, led by retail and technology shares. Risk appetite is growing on global weakness in the greenback, supporting local equities, an NH Futures analyst says. USD/KRW is last at 1,148.35, versus 1,153.30 late Thursday in Seoul. Retail companies are leading the gains, with GS Retail up 4.3% and Lotte Shopping 2.5% higher. Hyundai Department Store climbs 2.6%. Memory-chip maker SK Hynix gains 2.2%. But battery and chemical company LG Chem is down 0.1%, paring earlier losses after its better-than-expected 3Q earnings forecast. Index heavyweight Samsung Electronics is up 0.8%. (kwanwoo.jun@wsj.com)

2015 ET - Nine Entertainment remains Credit Suisse 's preferred exposure to a recovering TV ad market even though the bank acknowledges rival Seven West Media has greater ad market leverage. CS thinks industry data points to an improving ad market trajectory, with TV outperforming other media amid the fallout of the coronavirus pandemic. The bank thinks this supports its forecasts for a less aggressive decline for the free-to-air TV market in 1H of FY 2021, followed by growth in 2H. CS thinks Nine has ratings momentum after it leapfrogged Seven in terms of commercial audience share, with an even greater lead in the key 16-54 demographic. (stuart.condie@wsj.com; @StuartLCondie)

2015 ET - Japanese stocks are down, weighed on by falls in auto and financial stocks, as the yen strengthens. Honda Motor is down 1.9% and Mitsubishi UFJ Financial Group is 1.2% lower. Meanwhile, Yaskawa Electric is down 4.5% after the company projected a 0.4% decline in fiscal-year net profit. The USD/JPY is at 105.62, down from 105.89 as of Friday's Tokyo stock market close. Any economic and regulatory initiatives by Prime Minister Yoshihide Suga are being closely watched. The Nikkei Stock Average is down 0.3% at 23554.03. (kosaku.narioka@wsj.com; @kosakunarioka)

2001 ET - Nine in 10 investors say climate change influences their investment choices and more than half view climate change as the greatest threat to the world, according to a survey of high-net-worth investors world-wide by Barclays Private Bank, Campden Wealth and Global Impact Solutions Today. These investors said they plan to increase their allocation to impact investing--investments made with the intention to

generate a positive social and environmental impact alongside a financial return--to 35% of their portfolios by 2025 from 20% last year. This uplift, the survey found, is driven by the belief of 38% of the respondents that they have a responsibility to make the world a better place. (maitane.sardon@wsj.com)

1956 ET - Amcor could look to a joint-venture or acquisition to expand its North American digital printing capabilities and tap what could be US\$500 million in high-margin sales to smaller customers, Credit Suisse says. The investment bank notes Amcor has about 850 small customers in North America with an average sales value of US\$1.6 million, compared with about 6,000 in Europe and an average sales value of 300,000 euros (US\$354,960). Credit Suisse acknowledges end-markets differ, but says this also shows differences in the firm's regional manufacturing capabilities. It retains its neutral rating and A\$15.50 target price on the stock. Shares are 0.7% lower at A\$15.71. (stuart.condie@wsj.com; @StuartLCondie)

1941 ET - Japanese stocks may decline as the yen strengthens amid continuing uncertainty over the pace of a global economic recovery. Nikkei futures open down 30 points at 23550 on the SGX. USD/JPY is at 105.63, down from 105.89 as of Friday's Tokyo stock market close. Any earnings-related updates and Prime Minister Yoshihide Suga 's regulatory changes are being closely watched. The Nikkei Stock Average closed 0.1% lower at 23619.69 on Friday. (kosaku.narioka@wsj.com)

1851 ET - New Zealand's NZX-50 stock benchmark is rising for a ninth session, after the **S&P500** posted its biggest weekly gain in three months. The benchmark is up 0.5% at 12340 in early trading, after two consecutive record closes. Gains are driven by power utilities, Fisher & Paykel Healthcare and dairy marketing company a2 Milk. Third-quarter earnings from U.S. companies could provide direction for stock markets this week. Profits are expected to be down from a year earlier, but less sharply than originally estimated. New Zealand's general election on Oct. 17 is likely to reelect a Labour Party-led coalition and isn't expected to have much impact on local financial markets. (stephen.wright@wsj.com)

1759 ET - RBA Gov. Philip Lowe will speak Thursday with traders and analysts set to sift his words closely for any hint of coming monetary stimulus. The RBA continues to signal that it has firepower to deploy, and recently reminded markets that support of the job market was a national priority. But that may not equate to a need to lower the cash rate or expand bond borrowing near-term. The RBA has also indicated that it thinks its current policy settings are working well, and Lowe is sure to welcome the government's big spending budget announced last week, and point out the primacy of fiscal policy in driving the economic recovery. (james.glynn@wsj.com; @JamesGlynnWSJ)

1747 ET - Australia shares look set for a muted open following their strongest weekly performance since April. ASX futures are down by 5 points, or less than 0.1%, with continued uncertainty over the prospects of further U.S. stimulus offsetting a positive lead from U.S. stocks. The S&P 500 on Friday climbed 0.9%, the DJIA rose 0.6%, and the Nasdaq Composite lifted 1.4%, before a weekend in which Senate Republicans and House Democrats signaled opposition to the Trump administration's offer for coronavirus aid. Australia's benchmark S&P/ASX 200 index rose 5.4% last week. This week features data on labor, construction, immigration and the impact of the coronavirus on the economy. (stuart.condie@wsj.com; @StuartLCondie)

(END) Dow Jones Newswires

October 11, 2020 20:52 ET (00:52 GMT)

文件 DJDN000020201012egac0000c

DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

1,076 字

2020 年 10 月 12 日 01:15

Dow Jones Institutional News

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The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

2015 ET - Japanese stocks are down, weighed on by falls in auto and financial stocks, as the yen strengthens. Honda Motor is down 1.9% and Mitsubishi UFJ Financial Group is 1.2% lower. Meanwhile, Yaskawa Electric is down 4.5% after the company projected a 0.4% decline in fiscal-year net profit. The USD/JPY is at 105.62, down from 105.89 as of Friday's Tokyo stock market close. Any economic and regulatory initiatives by Prime Minister Yoshihide Suga are being closely watched. The Nikkei Stock Average is down 0.3% at 23554.03. (kosaku.narioka@wsj.com; @kosakunarioka)

2001 ET - Nine in 10 investors say climate change influences their investment choices and more than half view climate change as the greatest threat to the world, according to a survey of high-net-worth investors world-wide by Barclays Private Bank, Campden Wealth and Global Impact Solutions Today. These investors said they plan to increase their allocation to impact investing--investments made with the intention to generate a positive social and environmental impact alongside a financial return--to 35% of their portfolios by 2025 from 20% last year. This uplift, the survey found, is driven by the belief of 38% of the respondents that they have a responsibility to make the world a better place. (maitane.sardon@wsj.com)

1956 ET - Amcor could look to a joint-venture or acquisition to expand its North American digital printing capabilities and tap what could be US\$500 million in high-margin sales to smaller customers, Credit Suisse says. The investment bank notes Amcor has about 850 small customers in North America with an average sales value of US\$1.6 million, compared with about 6,000 in Europe and an average sales value of 300,000 euros (US\$354,960). Credit Suisse acknowledges end-markets differ, but says this also shows differences in the firm's regional manufacturing capabilities. It retains its neutral rating and A\$15.50 target price on the stock. Shares are 0.7% lower at A\$15.71. (stuart.condie@wsj.com; @StuartLCondie)

1941 ET - Japanese stocks may decline as the yen strengthens amid continuing uncertainty over the pace of a global economic recovery. Nikkei futures open down 30 points at 23550 on the SGX. USD/JPY is at 105.63, down from 105.89 as of Friday's Tokyo stock market close. Any earnings-related updates and Prime Minister Yoshihide Suga's regulatory changes are being closely watched. The Nikkei Stock Average closed 0.1% lower at 23619.69 on Friday. (kosaku.narioka@wsj.com)

1851 ET - New Zealand's NZX-50 stock benchmark is rising for a ninth session, after the **S&P500** posted its biggest weekly gain in three months. The benchmark is up 0.5% at 12340 in early trading, after two consecutive record closes. Gains are driven by power utilities, Fisher & Paykel Healthcare and dairy marketing company a2 Milk. Third-quarter earnings from U.S. companies could provide direction for stock markets this week. Profits are expected to be down from a year earlier, but less sharply than originally estimated. New Zealand's general election on Oct. 17 is likely to reelect a Labour Party-led coalition and isn't expected to have much impact on local financial markets. (stephen.wright@wsj.com)

1759 ET - RBA Gov. Philip Lowe will speak Thursday with traders and analysts set to sift his words closely for any hint of coming monetary stimulus. The RBA continues to signal that it has firepower to deploy, and recently reminded markets that support of the job market was a national priority. But that may not equate to a need to lower the cash rate or expand bond borrowing near-term. The RBA has also indicated that it thinks its current policy settings are working well, and Lowe is sure to welcome the government's big spending budget announced last week, and point out the primacy of fiscal policy in driving the economic recovery. (james.glynn@wsj.com; @JamesGlynnWSJ)

1747 ET - Australia shares look set for a muted open following their strongest weekly performance since April. ASX futures are down by 5 points, or less than 0.1%, with continued uncertainty over the prospects of further U.S. stimulus offsetting a positive lead from U.S. stocks. The S&P 500 on Friday climbed 0.9%, the DJIA rose 0.6%, and the Nasdaq Composite lifted 1.4%, before a weekend in which Senate Republicans and House Democrats signaled opposition to the Trump administration's offer for coronavirus aid. Australia's

benchmark S&P/ASX 200 index rose 5.4% last week. This week features data on labor, construction, immigration and the impact of the coronavirus on the economy. (stuart.condie@wsj.com; @StuartLCondie)

1728 ET - USD looks likely to be buffeted this week by uncertainty about the size, scope and timing of additional U.S. fiscal stimulus. CBA says it can rise further if talks fail to agree to new economic stimulus this week. Risks stemming from the U.S. election are also elevated with the result unlikely to be clear on the night, CBA says. There is a high risk of delays because of mail-in votes which take longer to count or because the election is disputed. The bottomline is that there remains a risk of a stronger USD in coming weeks, CBA says. (james.glynn@wsj.com; @JamesGlynnWSJ)

1700 ET - The World Bank has invested more than \$12 billion in fossil fuels, \$10.5 billion of which was direct fossil-fuel financing in 30 countries, since the Paris Agreement on climate change that the bank signed in December 2015, according to an analysis by German environmental nonprofit Urgewald . The findings come as the World Bank completes its annual meeting and has previously said that climate change could push more than 100 million people into poverty, absent urgent action. "The World Bank 's billions in public assistance are distorting the market in favor of fossil fuels over renewable energy, which is slowing down the energy transition," says Heike Mainhardt, senior advisor for multilateral development banks at Urgewald . (dieter.holger@wsj.com; @dieterholger)

(END) Dow Jones Newswires

October 11, 2020 20:15 ET (00:15 GMT)

文件 DJDN000020201012egac00030

DOW JONES NEWSWIRES

New Zealand Shares Gaining for Ninth Consecutive Session -- Market Talk

146 字

2020 年 10 月 11 日 23:51

Dow Jones Institutional News

DJDN

英文

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2251 GMT - New Zealand's NZX-50 stock benchmark is rising for a ninth session, after the **S&P500** posted its biggest weekly gain in three months. The benchmark is up 0.5% at 12340 in early trading, after two consecutive record closes. Gains are driven by power utilities, Fisher & Paykel Healthcare and dairy marketing company a2 Milk. Third-quarter earnings from U.S. companies could provide direction for stock markets this week. Profits are expected to be down from a year earlier, but less sharply than originally estimated. New Zealand's general election on Oct. 17 is likely to reelect a Labour Party-led coalition and isn't expected to have much impact on local financial markets. (stephen.wright@wsj.com)

(END) Dow Jones Newswires

October 11, 2020 18:51 ET (22:51 GMT)

文件 DJDN000020201011egab00059

DOW JONES NEWSWIRES

Global Markets Rattled After President Trump Says He Has Contracted Coronavirus -- Barrons.com

By Barbara Kollmeyer

555 字

2020 年 10 月 2 日 08:59

Dow Jones Institutional News

DJDN

英文

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U.S. and European equity futures fell sharply in a risk-averse Friday, with investors rattled by news that President Donald Trump has tested positive for coronavirus just a month ahead of the presidential election.

Dow Jones Industrial Average futures fell over 300 points, or 1%, with similar percentage drops for S&P 500 futures, while Nasdaq 100 futures were down 1.4%. Wall Street stocks wavered on Thursday, with the Dow Industrials closing barely positive and the S&P and Nasdaq Composite rising 0.5% and 1.45% higher, respectively.

The Stoxx Europe 600 fell 1%, with the German DAX dropping 1.3%. Several Asian markets were closed for holidays.

"Tonight, @FLOTUS and I tested positive for COVID-19. We will begin our quarantine and recovery process immediately," President Trump said on Twitter in the early hours of Friday. First Lady Melania Trump said that she and the president were "feeling good."

Trump's positive coronavirus test came hours after news that close senior aide Hope Hicks, who had been traveling with him this week, had contracted the virus. Trump's age, 74, puts him in a potentially higher risk category for complications. The death toll in the U.S. stands at over 200,000.

The news comes just over a month ahead of the U.S. presidential election -- Democratic rival Joe Biden has been holding a comfortable lead in the polls. Biden's lead in betting markets rose after a chaotic debate with Trump earlier in the week.

"The reaction of equity futures was to fall by around 1% for the **S&P500**. Given that a Republican administration would have been superficially seen as more supportive than Democratic one, the odds are that we will lose another 1%," said Nordea Investment's senior macro strategist, Sebastien Galy, in a note to clients.

"Add to this the likelihood of more leaks from the NY Times or Washington Post and the probabilities of Joe Biden winning are increasing. Faced with this, the administration is likely to take a strong step early, likely against China. Hence, this shock should create a series of after shocks and volatility is unsurprisingly expensive," said Galy.

Investors may have an additional worries if COVID-19 has spread to the top echelons of government, such as Senate leadership, as that would halt ongoing fiscal stimulus talks, said Jeffrey Halley, senior market analyst, Asia Pacific, OANDA, in emailed comments.

House Democrats approved a \$2.2 trillion economic stimulus plan as talks drag on between House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin on a coronavirus aid deal.

News of Trump's positive diagnosis may overshadow nonfarm payrolls data due ahead of Wall Street's open. Economists polled by MarketWatch are expecting a September payrolls rise of 800,000, down from a 1.371 million gain in August. The unemployment rate is expected to tick down to 8.2% from 8.4%.

Elsewhere oil prices also fell sharply, with November crude down 2.5% to \$37.63 a barrel, while gold futures slipped. The U.S. Dollar Index edged higher, while the yield on the 10-year Treasury slipped to 0.66%.

(END) Dow Jones Newswires

October 02, 2020 03:59 ET (07:59 GMT)

文件 DJDN000020201002ega2000nh

DOW JONES NEWSWIRES

Press Release: ABC arbitrage: 2020 Interim Results: EUR25.7m / 2020 annualized ROE: 32.8%

671 字

2020 年 9 月 22 日 07:00

Dow Jones Institutional News

DJDN

英文

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2020 Interim Results: EUR25.7m(1)

2020 annualized ROE: 32.8%

The Board of Directors of ABC arbitrage, presided by the Chairman

Dominique Ceolin, met on September 17, 2020 to approve the consolidated financial statements for the first half 2020.

In EUR millions	June 30, 2020 IFRS	June 30, 2019 IFRS	Dec. 30, 2019 IFRS
Net revenues	EUR44.8m	EUR17.8m	EUR37.2m
Net income	EUR25.7m	EUR8.5m	EUR18.3m
Earnings per share (EPS)	EUR0.44	EUR0.15	EUR0.31
Shareholders equity	EUR156.5m	EUR149.5m	EUR139.9m
Annualized Return On Equity (ROE)	32.8%	11.2%	12.8%

Business performance

In accordance with IFRS standards, consolidated net revenue at 30 June 2020 was EUR44.8 million and consolidated net income amounted to EUR25.7 million, a significant increase (+203%) compared to first half 2019.

The first half of 2020 is marked by just over 3 months of volatility and volumes above their levels of the last 5 years. These parameters always strongly influence activity and the Group was able to confirm its expertise in this type of situation despite an exceptional context, particularly in March which experienced market shocks that were unusual even in 2008. Group revenue for the first half of the year is therefore consistent with the markets encountered. In addition, the substantial increase in expenses mainly corresponds to an increase in provisions for future performance-based remuneration for Group employees, in logical correlation with the increase in earnings. From an operational point of view, the implementation of the BCP (Business Continuity Plan) in the context of the health crisis has validated the investments made in recent years with excellent operational performance of our teams remotely.

Dividend Policy

On the proposal of the Board of Directors, and in accordance with its quarterly distribution policy, ABC arbitrage will pay two interim dividends of EUR0.10 per share each. The detachment of the first interim dividend is scheduled for Tuesday, October 6, 2020 for payment on October 8, 2020. The timing and terms of the following payment will be specified at a later date.

Outlook

In the first half of the year, the health crisis generated high volatility and significant volumes on the markets. ABC arbitrage has once again demonstrated its expertise in this type of context. The strategic plan "ABC 2022", launched at the beginning of 2020, aims at improving the results of the Group in a situation of low volatility, maintained by the central banks for many years. Without reducing its efforts on its core businesses, the Group confirms its desire to continue to invest to improve its results in calm environments, symptomatic of the paradigm reinforced in 2020 by central banks and governments to support the economic system. As a direct consequence of their interventions, the markets have in recent months experienced a significant drop in activity and historically high valuations in certain sectors, even taking the **S&P500** temporarily to its highs and "intraday"(2) volatility to 2017 lows. On the strength of its performance at the service of its shareholders and clients, ABC arbitrage confirms its distribution policy and the maintenance of the priorities of its "ABC 2022" plan such as the development of its assets under management and the implementation of new areas of arbitrage.

(1) As of the date of this press release, the work of the statutory auditors is in the process of being finalized.

(2) Movements made by the markets during the course of a day as opposed to the VIX which evaluates potential future turbulence.

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(END) Dow Jones Newswires

September 22, 2020 02:00 ET (06:00 GMT)

文件 DJDN000020200922eg9m000e5



Market Snapshot

News & Commentary

Stocks close lower, notching third straight weekly loss as tech-led sell-off intensifies; S&P 500 closes below its 50-day moving average for the first time since April 23

Mark DeCambre, MarketWatch , Andrea Riquier

1,291 字

2020 年 9 月 18 日 17:30

MarketWatch

MRKWC

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S&P 500 closes below its 50-day moving average for the first time since April 23

U.S. stock indexes closed lower Friday, notching a third straight weekly loss, amid uncertainty about a fresh round of fiscal stimulus from Washington, concerns about tensions between the U.S. and China, and worries about the sluggish pace of economic recovery.

The day's trading action also marked quadruple witching, which refers to the simultaneous expiration of single-stock options, single-stock futures, and stock-index options and stock-index futures, which has traditionally been associated with some intraday volatility.

How did major benchmarks trade?

The Dow Jones Industrial Average (DJIA, US) closed at 27,657.42, down 244.56 points or 0.9%. The S&P 500 index (SPX, US) shed 37.54 points, or 1.1%, to close at 3,319.47. Friday's session marked the first time the broad index closed below its 50-day moving average, 3,343.42, since April 23. The Nasdaq Composite Index (COMP, US) fell 116.99 points, 1.1%, to close at 10,793.28. For the week, the Dow lost less than 0.1%, the S&P 500 was down 0.6%, and the Nasdaq fell 0.6%.

The Dow is down 2.72% for the month-to-date, the **S&P500** down 5.17% and Nasdaq Composite down 8.34%.

Read: Sell Rosh Hashana, buy Yom Kippur? Why some traders put stock in this strategy

What drove the market?

Investors continue to look for progress on fiscal stimulus talks in Washington which many consider crucial to underpin the economic recovery from the coronavirus pandemic and sustain the stock market's gains.

Congressional lawmakers planned to introduce a bill Friday that would see the U.S. government funded through mid-December but U.S. House Speaker Nancy Pelosi said Friday the airlines and restaurant industries both need help that could be in another big economic stimulus package.

House Democrats had passed a \$3.5 trillion relief bill in May, but more recently in negotiations with White House officials said they would accept a \$2.2 trillion deal, [the Wall Street Journal reported](#). House Speaker Nancy Pelosi said Democrats could push for more than their previous offer of \$2.2 trillion but isn't willing to advocate for anything less than her less proposal.

On the geopolitical front, the U.S. Commerce Department said Friday it is prohibiting transactions involving Tencent's WeChat and Bytedance's TikTok. The order makes no mention of the Oracle Corp. (ORCL, US) deal with TikTok but said "the President has provided until November 12 for the national security concerns posed by TikTok to be resolved." The news highlights lingering Sino-American testiness.

Investor angst over the impact of the Federal Reserve's policy update on Wednesday is still rippling through the market also after the central bank indicated that the economic recovery could be a long one and that it did not expect to lift interest rates for at least another three or four years,

The central bank's policy update on Wednesday marked its first since it outlined its average-inflation target strategy to avoid falling into the quicksand of low inflation by keeping interest rates close to 0% until the labor market achieves maximum employment and inflation has risen to its 2% target "and is on track to moderately exceed 2% for some time."

That intention is “a unilaterally supportive message for stocks and risk assets over the long term,” said Michael Stritch, chief investment officer at BMO Wealth Management.

The challenge for investors, Stritch noted, is the near term. “We’re going to need some political clarity, and we have to get some vaccine clarity. There are a lot of assumptions out there right now and until some of those are confirmed or refuted, we will probably continue to see choppiness.”

For now, Stritch’s team is favoring what he calls “quality growth” stocks. “I don’t want to embrace a cyclical value story just yet,” he said in an interview. “I would pay up for certainty rather than make a big bet on timing the economic recovery.”

Read: Coronavirus tally: Global cases of COVID-19 top 30 million, 946,490 deaths and U.S. death toll close to 200,000

Meanwhile, the Fed is embarking on a second round of stress tests for the banking sector amid the coronavirus epidemic and is reportedly considering extending limits to dividend payments and share buybacks on the industry.

In U.S. economic data, the University of Michigan said the preliminary reading of its U.S. consumer sentiment index in September was 78.9, up from 74.1 in the prior month, better than average estimates from economists polled by MarketWatch, who expected a reading of 75.9.

The U.S. current-account deficit, a measure of the nation’s debt to other countries, widened sharply in the second quarter. The current-account deficit widened to \$170 billion from a revised \$111.5 billion in the first quarter.

Which stocks were in focus?

XL Fleet, a provider of electric vehicle technology, said Friday it has agreed to merge with Pivotal Investment Corporation II (PIC, US), a special purpose acquisition corporation, or SPAC, in a deal with a pro forma enterprise value of about \$1 billion. Shares of PIC gained more than 14%.

Shares of Swiss-based Roche Holding AG (ROG, CH) were in focus on Friday after the drug maker said hospitalized COVID-19 patients taking rheumatoid arthritis drug Actemra were less likely to need mechanical ventilation than those receiving placebo. U.S. listed Roche shares were up 1.8%.

Shares of U.S. Steel Corp. (X, US) rose nearly 5% Friday, after the steel producer provided an upbeat third-quarter outlook, including a “significantly better” performance expected for its flat-rolled business and signs that the tubular business has bottomed.

Oracle (ORCL, US) shares slipped 0.7% amid the TikTok developments.

A trio of stocks surged in the first day of trading after their initial public offerings: Compass Pathways PLC (CMPS, US) shares rocketed 71% higher, Unity Software Inc. (U, US) shares advanced 32%, and Athira Pharma (ATHA, US) shares surged by double-digits in early trade before settling to a 0.7% gain for the day.

How did other markets fare?

The yield on the 10-year Treasury note (TMUBMUSD10Y, BX) rose about one basis point to 0.695%, continuing to trade in a narrow range. Bond prices move inversely to yields.

The ICE U.S. Dollar Index (DXY, US), which tracks the performance of the greenback against its major rivals, was flat at 92.96.

Gold futures (GCZ20, US) headed 0.6%, \$12.20, higher on Comex to settle at \$1,962.10 an ounce. Futures for the U.S. crude oil benchmark (CL.1, US) reversed early gains to trade 9 cents lower, near \$40.88 a barrel as OPEC+ emphasized the importance of complying with output cuts during its monthly meeting on Thursday.

Stoxx Europe 600 index (SXXP, XX) lost 0.7% to close at 368.78, while the U.K.’s benchmark FTSE 100 (UKX, UK) ended trading at 6,007.05, also 0.7% lower. In Asia, Hong Kong’s Hang Seng Index (HSI, HK) closed 0.5% higher and the Shanghai Composite (SHCOMP, CN) lost advanced 2.1%. Japan’s Nikkei (NIK, JP) inched up 0.2%.

Read next: Just launched: an ETF made for black swan moments like these

文件 MRKWC00020200918eg9i001p5