WEALTH MANAGEMENT RESEARCH
28 OCTOBER 2020

Wealth Weekly
Four More Years?

WEALTH MANAGEMENT RESEARCH
wmr@forsythbarr.co.nz
+64 4 499 7464

The US elections are now just a week away, on 3 November (next Wednesday NZ time). The results of US elections have not historically had a dramatic impact on the overall performance of financial markets — in fact, volatility in US equity markets in the 100 days preceding and following elections has historically been lower than at the same time in non-election years. Also, dating back to 1860 the performance of a balanced portfolio has been nearly exactly the same under Republican and Democrat presidents. That said, there are some potential risks to be aware of.

One election down, one to go

One risk is an uncertain election outcome and associated market volatility, for example due to delayed counting of a large number of absentee ballots or either party (most likely Republican) contesting the result. Last time that happened, in 2000, the US S&P 500 benchmark equity index fell -8.4% from election day until the outcome was certain.

According to the betting odds and the polls (which have proved to be unreliable in recent times), **the most likely election outcome is a "Blue Wave"** in which Democrats would come to control the executive and legislative branches of government. An outcome in which control remains split between Democrats and Republicans could prolong the current policy stasis. A "Red Wave" in which Republicans retain the White House and Senate and win a majority in the House would be very surprising.

The Blue Wave scenario would give Joe Biden the best opportunity to implement his policies, impeded only by aisle-crossing by members of Congress and a conservative-leaning Supreme Court. **Larger fiscal stimulus and social welfare would be likely, partly offset by higher taxes on companies and the very rich**. If the experience of 2013 is anything to go by, investors could sell equities ahead of an increase in capital gains tax rates, before repurchasing after implementation. There would be **greater support under Biden for "green" initiatives** like renewable energy, transport infrastructure and 5G buildouts. **Regulatory burdens would probably increase** for polluters and financial companies, and **antitrust action to promote competition in electronic media and reform in the healthcare sector would become more likely**. Relative winners might include companies exposed to consumer spending and infrastructure development (especially of the green variety). Relative losers might include the oil & gas, technology and healthcare sectors — although for the latter two the downsides will initially be more from investor sentiment than policy action, as implementation will be time-consuming and (in the case of healthcare) controversial. **We recommend investors take profits in tech stocks that have performed particularly well over the past year, and remain well diversified in tech and healthcare**.

Themes of the week

Company results last week included a mixed one from **Intel** due to weak profit margins, and solid results from Gucci-owner **Kering** and EV-maker **Tesla**. German enterprise software provider **SAP** cut its revenue guidance on Sunday, with management pointing towards a slower than expected recovery in demand for enterprise software amid renewed COVID-19 restrictions. The warning sent a shot across the sector's bow and the stock lost nearly a quarter of its value on Monday.

Infratil's management last week reiterated the growth potential of its investments in CDC Data Centres and Vodafone. The favourable outlook at CDC and strong performance of its peers contributed to a big increase in our target price. On Monday **Infratil confirmed it has made a conditional offer to acquire up to 60% of Australian radiology business Qscan** from its private equity owners for up to A$330m, reportedly outbidding other contenders including Ramsay Health Care. Infratil has not shied away from investments in unfamiliar industries, some of which (including Z Energy and CDC) went on to deliver excellent returns.

Looking ahead

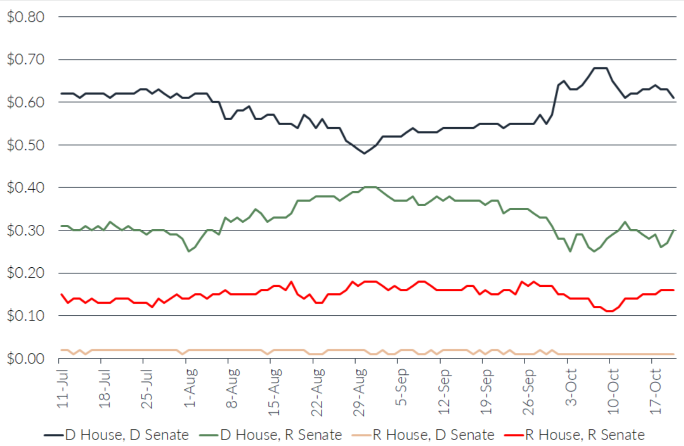
A who's who of blue chips is due to report results this week, including Apple, Alphabet, Amazon, Facebook, Microsoft and Visa.

US Elections

Thoughts ahead of US vote

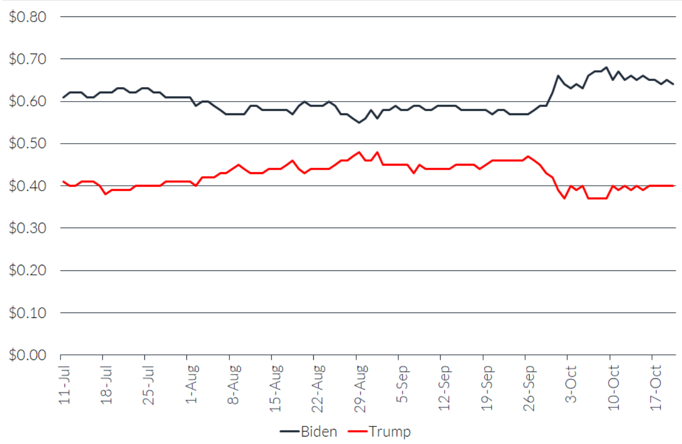
In the upcoming US federal elections, the Presidency, a third of the seats in the Senate and all of the seats in the House of Representatives will be decided. **According to the polls the most likely election outcome is a "Blue Wave**" following which Joe Biden (a Democrat) would win control of the White House from Trump, and Democrats would gain a majority in the currently Republican-led Senate and retain control of the House. **This scenario would provide Biden and the Democrats the best opportunity to implement their policies**. Current polls predict a very low chance of Republicans retaining the Presidency and Senate and winning back the House (a "Red Wave"). A split congress would dampen the ability of Trump or Biden to implement policies.

Figure 1. Betting odds for Congress



Source: PredictIt

Figure 2. Betting odds for President



Source: PredictIt

Swing states will be key to the outcome. For those who remember, Hillary Clinton in 2016 won the popular vote but not the Presidency. Trump won a number of swing states by a narrow margin including Michigan by 0.2%, Pennsylvania 0.7%, Wisconsin 0.8%, and Florida 1.2%. The President is elected by the **Electoral College** (consisting of 538 electors), which is the sum of the state's membership in the Senate (two for every state) and House of Representatives (based on population), and all the states except two (Maine and Nebraska) allocate the Electoral College vote on a winner-take-all basis, i.e. whichever candidate wins the popular vote in the state receives 100% of that state's electoral votes. **Key swing states this election are expected to be Florida, Michigan, Pennsylvania, Ohio, and Georgia.**

How it might go down

Don't hold your breath waiting on the election result. Absentee voting (via mail) is expected to be much higher than usual, potentially taking a week before we know the result. Absentee votes tend to be Democratic leaning — so we may see Trump leading on the day, only to be defeated after counting of the absentee votes. This also raises the question of whether the apparently losing side will contest the result into January 2021 — **the likelihood of this occurrence increases with a narrower margin of victory**.

The uncertainty accompanying a contested outcome would likely cause some market volatility. When Bush and Gore in late 2000 battled for five weeks all the way to the Supreme Court over Florida's "hanging chads", the S&P 500 lost -8.4% between the election and the day after Gore conceded. In late 2000 the internet/TMT bubble was still deflating, and it was defensive sectors and winners from a Republican presidency (like energy and small caps) that outperformed in late 2000.

Fiscal stimulus

The size and shape of a US fiscal stimulus package will remain a **primary issue for the market ahead of, and likely post, the US election.** US Federal Reserve chair, Jay Powell has highlighted the need for more fiscal stimulus to bolster the US economic recovery that currently appears to be losing steam.

Fiscal stimulus proposals are constantly changing. Thus far talks have focussed on another round of US$1,200 payments to certain eligible individuals, US$75b for coronavirus testing and contact tracing, more money for the Paycheck Protection Program for small businesses, more aid to the US Postal Service and airlines, and restoring the US$600 a week unemployment top-up that expired in July.

The current White House proposal is for a US$1.8t package, less than the US$2.2t bill put forward by Democrats. However, Senate Majority Leader Mitch McConnell seems to be unable to get Republican caucus members on board to support the White House proposal, and has stated **it is unlikely a stimulus package will be approved ahead of the election due to lack of Republican support.**

With a "Blue Wave" result looking increasingly likely the market expectation is for a significant fiscal stimulus package, likely after the election. Our affiliates expect a Biden administration would likely prioritise fiscal stimulus in 2021, followed by a phasing-in of tax reform in 2022/23. **A large increase in fiscal spending, funded in part by increased tax revenue, would boost economic growth and help offset the earnings headwind from high tax rates.** Infrastructure is likely to be part of a Biden or Trump stimulus package — it is one of the few policies that has bipartisan support. Under Biden "a green new deal" would likely extend beyond roading to broadband and climate-friendly buildings and schools.

Tax implications

There is a gulf between the presidential candidates on tax policy.

- Trump is campaigning to continue his administration's 2017 tax reform, which lowered taxes on businesses and individuals while increasing budget deficits. Mining and oil & gas exploration companies stand to lose less from a Trump Presidency.
- Biden proposes **halving the Trump tax cuts (lifting the corporate tax rate from 21% to 28%)** and raising capital gains taxes for the very wealthy to pay for social programs.
  - **Even under a Blue Wave there is no guarantee Biden's policies would be implemented in full, and if they are it may take some time**. Clearly, taxes will reduce corporate earnings, however, this should not be looked at in isolation.
  - Biden's proposed infrastructure expenditure will provide a boost to economic growth. **Companies with an exposure to green initiatives, transportation infrastructure, and 5G buildouts are expected to benefit from a Biden Presidency.**
  - Biden is also proposing to lift the capital gains rate for taxpayers with income over US$1m to 39.6% (from 23.8%). History suggests hikes in capital gains taxes can spark short-term selling of equities. Evidence from 2013 shows wealthy investors sold equities ahead of capital gains tax increases, only to repurchase afterwards.

Technology implications

Technology companies are in the spotlight this election. **A recent report from the Democrat-controlled House antitrust subcommittee alleged that the "Big Four" (Apple, Amazon, Alphabet (Google), Facebook) engaged in anticompetitive behaviour**, including controlling marketplaces in which they compete, enabling them to "pick winners and losers" throughout the economy. Additionally, they can charge excessive fees, impose onerous contract terms, and hoard data. At the same time the report pointed to the "clear benefits to society" these companies delivered, such as innovations, free-to-use services and lower prices.

Irrespective of who wins the US election it is likely the big four technology leaders will face increased scrutiny. However, there is lack of clarity on the appropriate regulatory remedy, and limited momentum for a more extreme "breakup" of the companies.

- Trump would likely continue with his broad scrutiny, with allegations of anticonservative bias online, antitrust investigations, and actions against Chinese-owned technology companies and apps.
- Biden's rhetoric has focussed on big tech's market power and has said he would support stricter antitrust oversight and online privacy rules. **We expect a "Blue Wave" would result in a harder stance against Big Tech. Biden's administration may also look to target tax policies at those US technology companies that currently pay very little tax in the US.**

Regardless of the administration, antitrust cases, forced divestitures or an extensive change in US antitrust policy would likely take years to play out. The absence of a market reaction to the Department of Justice's filing of an antitrust case against Google last week highlights that markets currently don't expect a materially adverse outcome in the near-term. History and recent commentary from some investors suggests a breakup would not necessarily be detrimental for shareholder value. Additional compliance or oversight of technology companies could raise the cost of doing business. **We think the more apparent risks in the near-term relate to political posturing, unfavourable news headlines, and investor sentiment.**

We continue to like the Big Four technology names as core portfolio holdings, with a preference for Apple, Amazon and Alphabet over Facebook. However, given their outstanding performance (Figure 3) and the uncertainty around the US election, we believe it is prudent to trim holdings back to target weights. **We recommend diversifying holdings within the Information Technology sector.** Tech funds like Polar Capital Technology provide well diversified exposure. We also continue to like software companies driving digital transformations (salesforce.com, Microsoft), semiconductor companies enabling new technologies such as 5G (Taiwan Semiconductor, Intel, Qualcomm, NVIDIA), and companies providing cyber-security and payment solutions (Palo Alto, Visa).

Figure 3. The Big Four Price Return Year to Date

Company	Last Price	Price return YTD	Price return since 23 March
Amazon	US$3,184.94	+72.4%	+67.4%
Apple	US$116.87	+59.2%	+108.4%
Alphabet	US$1,585.99	+18.4%	+50.5%
Facebook	US$278.73	+35.8%	+88.2%
S&P 500 Index	**$3,435.56**	**+6.3%**	+53.6%

Source: Forsyth Barr analysis, Refinitiv

Healthcare implications

Healthcare is an area of considerable controversy in US politics. We could see volatility in the sector around the election. The US has the highest healthcare costs in the world and they continue to increase, while the quality of outcomes lags some other countries. A change in leadership after the November election may lead to healthcare reform. Any reform, however, will not be easy given the complexity of the issues, the significant cost of some proposals, the partisan nature of US politics currently, and the strength of the provider, insurer, and drug-maker lobbies. Additionally, we think healthcare reform could be overshadowed by the ongoing coronavirus pandemic and related economic recovery.

In contrast to Trump, (who has already weakened President Obama's Affordable Care Act, ACA) Biden's healthcare plan is to improve the ACA — "instead of starting from scratch and getting rid of private insurance". This suggests the Democrats' previously proposed "Medicare for All" (MFA), a compulsory national health insurance programme (think ACC, but for all healthcare) is off the table. However, an expansion of public healthcare coverage would be likely under Democrats, and both administrations support some form of drug price reform.

Not all healthcare sectors/companies are exposed to US reform to the same degree:

- **The most exposed are pharma/drug companies** (e.g. Bristol-Myers Squibb, Gilead Sciences, Merck & Co) particularly those whose drugs are US Government funded.
- Service providers, such MCOs (Managed Care Organisations) which contract with insurers to deliver healthcare, are at risk if there was to be an expansion of public healthcare coverage.
- Expansion of the ACA would also reduce the need for private health insurance, and therefore clearly impact private health insurers.
- Med-tech companies (such as Medtronic, Resmed and Fisher & Paykel) are likely the least exposed, although MFA (or an extension of the ACA) is seen as a mechanism to constrain prices of medical devices as well as drugs.

Ultimately, **meaningful healthcare reform is very difficult** in the US. **Arguably, the healthcare sector is already pricing in a sufficient discount for this risk.**

Quickly on China

US-China geopolitical tensions have been topical under the Trump administration. Despite disagreeing on a number of fronts, **this is an area where Trump and Biden find commonality**. While Biden's approach towards China is unlikely to be materially different to Trump's, it is expected that he will strengthen alliances with other countries to counter China.

Themes of the Week

Equities

International reporting season

Intel (INTC.O) — Large share price reaction to a mixed result

INTC's result was mixed, sending shares down over -13%, despite 3Q revenue coming in slightly above guidance and expectations. The market seems to be focussing on INTC's gross margins and weaker demand in its data centre end markets. Gross margins at 54.8% were below consensus estimates of 57%, and management guided to similar levels of gross margin for 4Q20. Prior to the result INTC announced plans to sell a loss-making unit of its memory business for $9bn, and we expect proceeds could be used for opportunistic M&A.

We retain a positive view towards the semiconductor industry and reiterate our preference for gaining exposure through a diversified approach by combining Intel, NVIDIA, Qualcomm and Taiwan Semiconductor Manufacturing Co. We view INTC as a value play in the space with its current 12 month forward PE below 10x, which is a discount to history and a substantial discount to the sector.

Kering (PRTP.PA) — Decent result overshadowed by Gucci performance

PRTP delivered results that were ahead of expectations at a group level, with organic sales across all its brands performing inline or better than expected. However, it appears the market wanted more than an inline result from PRTP's flagship brand Gucci, which slightly disappointed following a stronger than expected performance from peer LVMH.

PRTP did not provide quantitative guidance, but management highlighted that ongoing investments in digital initiatives and its portfolio of brands means 2H20 margins will not be up versus last year. Additionally, Gucci's performance continues to suffer from lack of travel related sales. PRTP is continuing with its strategy of "toning down" Gucci's often flamboyant aesthetic to capture older, non-millennial demographics and to rebalance the brand's product/price/age mix.

We were attracted to PRTP earlier this year as shares looked cheap relative to its luxury peers on a PE multiple basis. However, PRTP's PE has re-rated significantly in the past 6 months, and we are somewhat disappointed that Gucci's performance is diverging from its peers, especially given it makes up ~80% of EBIT.

Tesla (TSLA.O) — Hard to know what happens from here

TSLA delivered a solid 3Q20 revenue and operating profit beat, largely on stronger gross margins reflecting improved execution, particularly with the ramp up in production of the Model Y, as well as benefits from localisation of new plants (Shanghai Model 3). However, TSLA missed EPS expectations due to high stock-based compensation (US$543m, mainly awarded to CEO Elon Musk).

There were no significant changes to the outlook. Management confirmed its 500,000 vehicle delivery target for 2020 and there were a few other notable items mentioned on the call:

- TSLA noted that it will likely take 12–24 months from the point of initial production to hit targeted levels of capacity for new plants (Berlin & Texas)
- If all goes well, Cybertruck deliveries could start in late-2021 and continue ramping up throughout 2022
- Management sounded quite optimistic on 2021 delivery growth prospects, but somewhat more cautious on the company's prior 2030 vehicle delivery target of 20 million.

TSLA continues to be a polarising stock, especially following its outstanding performance this year. Broker ratings are distributed between 27% "buys", 38% "holds", and 35% "sells". Whilst TSLA is a great story and the company has started to deliver on its promises, we struggle to see an attractive risk-reward proposition at current prices.

FORSYTH BARR

Fixed Interest

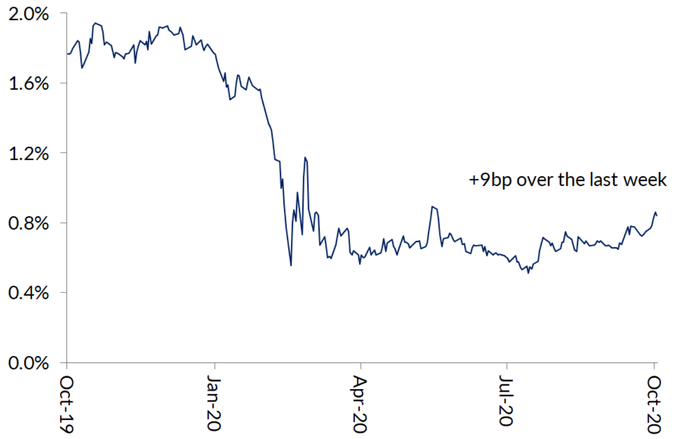
RBNZ to provide some key guidelines in November

As 2020 approaches the final two months, fixed income investors will be wondering if there are any more new debt issues to consider. Not surprisingly the amount raised so far in 2020 is well down on 2019 and 2018; however, one of the more interesting features of the issuance lists is that not one of the big four banks has issued debt since Westpac did in February. Since COVID-19 came along and quantitative easing was launched, banks are awash with funds, which is set to continue with the Reserve Bank of New Zealand's (RBNZ) plan to lend to the banks directly (see last week's Wealth Weekly).

One shining light on the issuance front could glow stronger in November with the release of the RBNZ's rules around capital securities, which may come into play in 2021. Once the rules around what a bank can issue in terms of Additional Tier One and Tier Two securities become clear, we may be able to assess the likelihood of not only the possibility of some new capital securities but also the likelihood of redemptions of Kiwibank (KCFHA) and ANZ securities (ANBHB).

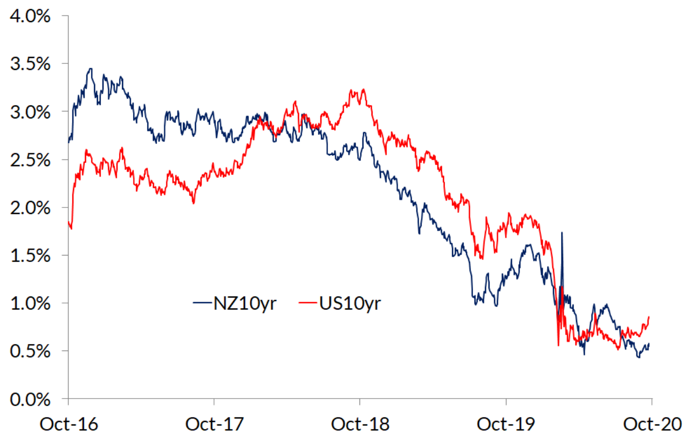
The key difference with the capital securities that will be outlined by the RBNZ next month will be the removal of any loss absorbing features. The absence of these features mean that the new capital securities may not qualify as capital for the big four parents in Australia, which could be somewhat of a stumbling block for new issues. This may suit the RBNZ, which in the past has indicated it is not in favour of these types of securities.

Figure 4. US 10yr yield



Source: Forsyth Barr analysis, Refinitiv

Figure 5. US versus NZ 10 yr



Source: Forsyth Barr analysis, Refinitiv

Research Worth Reading

New Zealand

NZX (NZX) — Building up a Head of Steam

NZX reported a robust 3Q20 trading update despite a slowdown in COVID-19 tailwinds. We remain positive on the company's outlook, with NZX well placed to benefit from either bull or bear market scenarios given its exposure to global equities through its Funds Under Management business, and Secondary Markets set to benefit from future periods of high volatility. We also expect two additional wealth managers to join the Wealth Technologies platform in the coming weeks, which is a key catalyst in our opinion. Given its strong balance sheet, diversified revenue streams and defensive qualities NZX remains attractive and we raised our target price to NZ$2.03. OUTPERFORM. (Published by Forsyth Barr)

Infratil (IFT) — Data Centre Growth Ramp

IFT's mini investor day reiterated recent themes; CDC Data Centres (CDC) is IFT's growth engine and Vodafone has plenty of opportunity in front of it. CDC has been IFT's stand-out investment for the past three years and that has not changed, with growth expectations continuing to accelerate. A significant lift in our CDC valuation (up +NZ$1.54 to NZ$3.50) has been the key driver of the +NZ$1.33 increase in our target price to NZ$5.95. However, we retain our NEUTRAL rating as we have some concerns over how far data centre valuations have run. NEUTRAL. (Published by Forsyth Barr)

Infratil (IFT.NZ) — A Platform for Further Growth

IFT has announced an offer to acquire "up to 60%" of Australian diagnostics company 'Qscan' for an equity/enterprise consideration of up to AU$330m, representing c.13-14x forward EV/EBITDA. Qscan will make up c.5% of IFT's total portfolio. Three key points: (1) we believe it is encouraging that IFT is using the recent (June) NZ$300m capital raise to acquire a new asset rather than keep it for "general business purposes", mainly paying dividends and performance fees; (2) Qscan fits well with IFT's portfolio strategy of purchasing infrastructure assets growing greater than GDP; (3) the price paid seems reasonable given that IFT will gain control of the asset. NEUTRAL. (Published by Forsyth Barr)

Tilt Renewables (TLT)— Snowtown 2 Takes Wind Out of 1H21

Tougher market conditions and TLT's recent strong share price performance have resulted in us downgrading our rating to NEUTRAL from OUTPERFORM. The near-term wholesale electricity price outlook has softened and recent market evidence points to record low renewable energy auction prices for new build, both of which impact on value. We have lowered our target price -10cps to NZ$4.00. TLT is reporting its 1H21 result on 9 November and we are forecasting EBITDAF of A$32m, -56% lower than in 1H20 which included the profit from the sale of Snowtown 2 in late 2019. NEUTRAL. (Published by Forsyth Barr)

Australia

Aristocrat Leisure (ALL.AX) — US land-based performance still well ahead of competitors

ALL has maintained its clear leadership position in September 2020 across all three key segments. Its performance improved on August 2020 in both the outright Class III and Class III premium leased/wide area progressive (WAP) categories. Premium leased/WAP performance has moderated but is still clearly ahead of the rest of the market. ALL is Citi's preferred exposure in the Australian Gaming sector. BUY. (Published by Citi)

BHP Group (BHP.AX) — First-quarter FY21 production report

BHP's iron ore shipments remained strong in 1Q21. Olympic Dam expansion plans have been halted for now. Capex for the Jansen project has increased by $272m. Ord Minnett has a slight preference for BHP over Rio Tinto (RIO, Buy), based on BHP's steady operating performance and attractive valuation. BUY. (Published by Ord Minnett)

CSL (CSL.AX) — 2020 R&D Day

CSL highlighted that it continues to expect to spend ~10–11% of revenue on research & development annually. COVID-19 impacted the progression of several of trials in 2020, but Citi remains confident in the long-term portfolio. Citi remains of the view that CSL is an excellent custodian when spending shareholder funds on R&D. BUY. (Published by Citi)

ResMed (RMD.AX) — First-quarter FY21 result preview

RMD is due to report its September quarter result on 30 October. Ord Minnett's EPS forecasts are +8% above Bloomberg consensus, largely due to higher revenues. Ord Minnett expects solid ventilator sales and a speedy recovery in sleep laboratory sales, particularly in the US. Tight cost control should also support the bottom-line result. LIGHTEN. (Published by Ord Minnett)

Webjet (WEB.AX) — Have been swamped by the shorts before but not this time

Last week's AGM came at a time when WEB remains one of the most shorted stocks on the ASX. From Ord Minnett's perspective WEB's working capital reversal is now largely complete and is now moving in the opposite direction. At the same time, cash burn levels continue to move lower and the domestic online business remains highly leveraged to an expected surge in domestic leisure travel in Australia. Further, Ord Minnett expects COVID-19 to drive changes to the bed banks (B2B Hotels) working capital model such that the risk of a repeat event is reduced considerably i.e. earnings quality improves. BUY. (Published by Ord Minnett)

International

Abbott Laboratories (ABT.N) — Demand Returning to More Normalized Levels; Setting EPS Floor +9% for 2020E Y/Y

ABT reported 3Q sales of $8.85b (+10.6% organic growth) vs. consensus of $8.54b and EPS of $0.98 (+17% growth) vs. consensus of $0.91. While ABT did not provide sales guidance, it increased 2020E EPS guidance from at least $3.25 to at least $3.55 (+9% yoy). UBS continues to like shares of ABT, with a resilient and diversified business in an uncertain period, and some of the best growth drivers in medtech, including upside from COVID testing. BUY. (Published by UBS)

Alphabet (GOOGL.O) — DoJ Makes Its Move. But, Is the Case Weak?

The US Department of Justice filed a 64-page lawsuit against GOOGL in US District Court. The DoJ suggests that GOOGL violated Section 2 of the Sherman Act, focussing exclusively on potential abuses in the search market. The primary difference between the EU and the US case is this: the EU case focussed on the narrower issue of GOOGL's agreements with non-Apple original equipment manufacturers, while the US lawsuit casts a far wider net. It claims that GOOGL's behaviour is illegal on Android devices, Apple devices, and rival search engines. Ironically, the decision to cast a wide net (rather than a specific, narrow set) may suggest that the DoJ did not find a smoking gun. Citi thinks that this may be a harbinger of a subsequent Court ruling in favour of Alphabet. The risks of an adverse ruling are likely limited, in Citi's view. BUY. (Published by Citi)

Apple (AAPL.O) — Strength in Macs, iPads and Wearables Could Drive Upside

AAPL is scheduled to report earnings on 29 October. With no impact from new iPhone 12 sales in the September quarter, Citi expects management to highlight AAPL's multiple and diverse product revenue streams and showcase the company's installed base and subscriber monetisation efforts. For iPhones, Citi now sees an attractively priced lineup of phones and strong US carrier promotions (more aggressive than in 2018 and 2019) boding well for a strong Christmas sales season. BUY. (Published by Citi

Medtronic (MDT.N) — 12-Month DTM Data Sets the Stage for the Next Wave of SCS Innovation

MDT is looking to expand its footprint in spinal cord stimulation (SCS) by treating surgery naïve patients, upper limb and neck pain, and peripheral diabetic neuropathy (PDN) pain. Last week, MDT unveiled recent clinical study outcomes. As the neuromodulation market continues to evolve, these programmes validate efforts to utilize SCS technology in other applications and could provide the spark to reaccelerate growth. BUY. (Published by Citi)

Thermo Fisher Scientific (TMO.N) - 3Q Recap: COVID Vaccine / Therapeutics & Base Recovery Provide Next Leg Of Growth; PT To $535

TMO reported 3Q results well above the 10 September pre-announcement. COVID-19-levered businesses contributed ~$2b while the base ex-COVID-19 organic revenues grew +3%. Profitability was strong, with the greater revenues driving margins ~400bp ahead of UBS's recently revised EBIT margin assumption. Testing and related revenues remain the largest component of COVID-19 revenues, though the vaccine / therapeutics opportunity is ramping up and is expected to contribute $1b+ in 2021- 2022. BUY. (Published by UBS)

Calendar

Figure 6. Calendar

Date	New Zealand	Australia	International
26-Oct	Labour Day Holiday		HK: Chung Yeung Day Holiday GY: Ifo Business Climate Index (Oct) SAP 3Q20
27-Oct	Trade Balance, Exports & Imports (Sep) Michael Hill International AGM	RBA Assistant Governor Bullock speaks	US: New Home Sales (Sep) Ping An Insurance 3Q20 BP 3Q20
28-Oct		Consumer Price Index (Q3) Coles 1Q21	US: Core Durable Goods Orders (Sep) US: CB Consumer Confidence (Oct) Merck & Co 3Q20 Pfizer 3Q20 Novartis 3Q20 Eli Lilly 3Q20 3M Company 3Q20 Microsoft 1Q21 GlaxoSmithKline 3Q20
29-Oct	ANZ Business Confidence (Oct) Freightways AGM Skellerup AGM South Port AGM	NAB Quarterly Business Confidence ANZ 4Q20 Newcrest Mining 1Q21	US: Crude Oil Inventories JP: Bank of Japan Monetary Policy Statement GY: Unemployment Change (Oct) General Electric 3Q20 Boeing 3Q20 Yum China 3Q20 Visa 4Q20 Mastercard 3Q20 ServiceNow 3Q20 Samsung Electronics 3Q20 Sanofi 3Q20 Shell 3Q20 Takeda Pharmaceutical 2Q20 Lloyds Banking Group 3Q20
30-Oct	Building Consents Port of Tauranga AGM Tourism Holdings AGM	Producer Price Index (Q3) Private Sector Credit (Sep) ResMed 1Q21 Origin Energy 1Q21 report	US: Gross Domestic Product (Q3) US: Initial Jobless Claims EU: ECB Monetary Policy Statement US: Pending Home Sales (Sep) GY: Gross Domestic Product (Q3) EU: Consumer Price Index (Oct) Comcast 3Q20 American Tower 3Q20 YUM! Brands 3Q20 Alphabet 3Q20 Apple 4Q20 Amazon 3Q20 Facebook 3Q20 Starbucks 4Q20 Illumina 3Q20
31-Oct		AIG Manufacturing Index	UK: Autumn Budget JP: Tankan Large Manufacturers Index CN: Caixin Manufacturing PMI Exxon Mobil 3Q20

Source: Forsyth Barr analysis

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