Capital Markets

2020

Top 30 Global Ideas for 2020

Second-Quarter Update

EQUITY RESEARCH | April 3, 2020

For Required Non-U.S. Analyst and Conflicts Disclosures please see page 39.

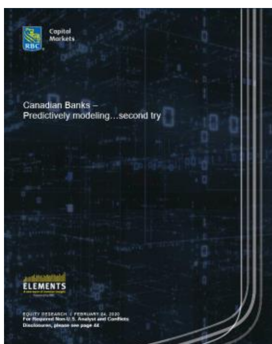
Disseminated: April 3, 2020 00:15ET; Produced: April 2, 2020 22:49ET

Introduction

RBC Fusion

Imagine 2025

RBC Elements



The *Top 30 Global Ideas* list for 2020 was originally presented in December 2019. Historically, the list was a static report compiled by the Global Equity Research Department of our top investment ideas for the year ahead, with no changes made to the list and a complete review and performance reset at year end. We have decided to transition to an evolving quarterly list, in part because of growing volatility in the market, but also to enable a dynamic response when stocks have performed well or an analyst has changed a rating. These *Top 30* quarterly updates will highlight any changes as well as performance metrics.

While equity markets have recovered off recent lows as central bank intervention has lowered risk within credit and funding markets and Chinese data recovers, we anticipate a volatile market in the months ahead. Our economists anticipate a recession in 2Q and 3Q, before recovery in 4Q. Clearly that is dependent on the path that COVID-19 takes as well as the gradual reopening of economies as population shut-downs end. It is more a question of how long the recession is, rather than how deep.

Given extreme market moves we have made more changes into 2Q than we would normally expect. These are listed below and on page 5.

Additions to the Top 30 this quarter: *Americold Realty Trust; Brookfield Asset Management Inc.; Cigna Corporation; CrowdStrike Holdings, Inc.; ING Groep N.V.; LVMH Moet Hennessy-Louis Vuitton SE; McDonald's Corporation; Microsoft Corporation; Ollie's Bargain Outlet Holdings, Inc.; Orsted A/S; PepsiCo, Inc.; Pfizer Inc.; Siemens AG; Stericycle, Inc.; and Thomson Reuters Corporation.*

Deletions to the Top 30 this quarter: *Alibaba Group Holding Limited; AXA SA; Banco Santander, S.A.; Concho Resources Inc.; Constellation Software Inc.; Eiffage SA; Louisiana-Pacific Corporation; Lowe's Companies, Inc.; salesforce.com, inc.; TC Energy Corporation; Teladoc Health, Inc.; The Weir Group PLC; UnitedHealth Group Inc.; V.F. Corporation; and Waste Connections, Inc.*

Within Consumer Staples, we add **PepsiCo**, a recent upgrade where we believe long-term growth is set to accelerate and bolsters existing names **Diageo** and **Alimentation Couche-Tard**. Staying with defensive sectors, in Utilities, we use the pullback to add **Orsted** – a renewable leader in wind with strong ESG credentials. Within Healthcare, we add **Cigna** and **Pfizer**, another recent initiation, to join growth names **Gilead** and **Genmab**. In more cyclical sectors, we have rotated some names – for example, within Banks, we now see more upside in **ING Groep** than **Banco Santander**, while a recent upgrade on **Siemens**, in Industrials, sees it added in place of **The Weir Group**. It should be noted both deletions remain at Outperform. We have also added names where we are looking to gain exposure to a consumer recovery. **LVMH** joins as a world leader within Luxury, and we look to **Ollie's** and **McDonald's** to play recovery on the US main street. In the Technology, Payments and Communications sectors, we add **Microsoft**, **CrowdStrike** and **Thomson Reuters** (another recent upgrade) to join **Uber** and **Xero**.

Beginning on page 7, we include further details on our investment thesis for each stock in the *Top 30* as well as a link to the latest company-specific research. We encourage you to reach out to our team to continue the dialogue regarding their investment ideas.

As always, here at RBC Capital Markets we strive to put clients first. As we look forward to the rest of 2020, we see our fundamental work being increasingly augmented by our three flagship research products: RBC Elements, Imagine 2025 and RBC Fusion. In conjunction with our internal data science team, RBC Elements, we believe integrating proprietary data insights into our traditional analytical work leads to a more holistic investment view for our clients. Looking beyond 2020, for investors interested in our longer-term vision of the investment landscape and perspective on multi-year secular winners, we recommend our Imagine 2025 Portfolio. Finally, for those looking for our highest conviction, most differentiated calls, investors need look no further than RBC Fusion, which are some of our most rigorous and critically peer reviewed, unique reports.

Graeme Pearson – Head of Global Research & European Research
Justin Spitzer – Head of US Research
Andre-Philippe Hardy – Head of Canadian Research & APAC Research
Michael Hall – Global Head of Research Product Management

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This report is priced as of market close on March 31, 2020 unless otherwise noted.

Top 30 Global Ideas for 2020 — Second-Quarter Pricing Data

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (03/31/2020)	Market Cap (MM)	Price Target	Dividend Yield (%)	Implied All-in Return (%)
Alimentation Couche-Tard Inc.	ATD/B CN	Irene Nattel	Outperform	CAD	33.15	37,406	49.00	0.8	48.7
Americold Realty Trust	COLD US	Michael Carroll	Outperform	USD	34.04	6,958	38.00	2.4	14.0
Barrick Gold Corporation	GOLD US	Josh Wolfson	Outperform	USD	18.32	32,571	20.00	1.5	10.7
Brookfield Asset Management Inc.[1]	BAM US	Neil Downey	Outperform	USD	27.75	41,875	39.00	1.7	42.3
Canadian Natural Resources Limited	CNQ CN	Greg Pardy	Outperform	CAD	19.25	22,848	25.00	8.8	38.7
Canadian Pacific Railway Limited	CP CN	Walter Spracklin	Outperform	CAD	310.55	42,763	361.00	1.2	17.4
Cigna Corporation	CI US	Frank Morgan	Outperform	USD	177.18	66,620	260.00	0.1	46.8
CrowdStrike Holdings, Inc.	CRWD US	Matthew Hedberg	Outperform	USD	55.68	12,500	73.00	0.0	31.1
Diageo PLC	DGE LN	James Edwardes Jones	Outperform	GBp	2,586.50	64,714	3,000.00	2.9	18.9
Duke Energy Corporation	DUK US	Shelby Tucker	Outperform	USD	80.88	55,670	112.00	4.4	42.9
GDS Holdings Limited	GDS US	Jonathan Atkin	Outperform	USD	57.97	8,278	69.00	0.0	19.0
Genmab A/S	GMAB US	Kennen MacKay	Outperform	USD	21.19	1,377	27.00	0.0	27.4
Gilead Sciences, Inc.	GILD US	Brian Abrahams	Outperform	USD	74.76	94,646	83.00	3.4	14.4
ING Groep N.V.[2]	INGA NA	Anke Reingen	Outperform	EUR	4.78	18,498	7.00	0.0	46.4
LVMH Moet Hennessy Louis Vuitton[3]	MC FP	Piral Dadhania	Outperform	EUR	324.65	163,624	390.00	2.1	22.2
Markel Corporation	MKL US	Mark Dwelle	Outperform	USD	927.89	12,898	1,500.00	0.0	61.7
McDonald's Corporation	MCD US	Christopher Carril	Outperform	USD	165.35	130,147	201.00	2.4	24.0
Microsoft Corporation	MSFT US	Alex Zukin	Outperform	USD	157.71	1,224,524	200.00	0.8	27.6
Ollie's Bargain Outlet Holdings, Inc.[4]	OLLI US	Scot Ciccarelli	Outperform	USD	46.65	3,046	57.00	0.0	22.2
Orsted A/S	ORSTED DC	John Musk	Outperform	DKK	666.40	278,355	830.00	1.7	26.2
PepsiCo, Inc.	PEP US	Nik Modi	Outperform	USD	120.10	168,260	153.00	3.4	30.8
Pfizer Inc.	PFE US	Randall Stanicky	Outperform	USD	32.64	184,285	44.00	4.5	39.3
Roper Technologies, Inc.	ROP US	Deane Dray	Outperform	USD	311.81	31,992	368.00	0.7	18.7
Siemens AG	SIE GR	Wasi Rizvi	Outperform	EUR	76.25	62,373	110.00	5.3	49.5
Stericycle, Inc.	SRCL	Sean Dodge	Outperform	USD	48.58	4,431	75.00	0.0	54.4
Thomson Reuters Corporation	TRI US	Drew McReynolds	Outperform	USD	67.86	33,984	70.00	2.2	5.4
Truist Financial Corporation	TFC US	Gerard Cassidy	Outperform	USD	30.84	23,633	50.00	5.8	68.0
Uber Technologies Inc	UBER US	Mark Mahaney	Outperform	USD	27.92	51,451	44.00	0.0	57.6
Visa Inc.	V US	Daniel R. Perlin	Outperform	USD	161.12	360,909	195.00	0.6	21.7
Xero Limited	XRO AU	Garry Sherriff	Outperform	AUD	67.71	9,574	85.00	0.0	25.5

Notes:

[1] Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, BAM's price target was changed to $39.00 (from $50.00) on April 2, 2020. See note **here**. All figures herein reflect BAM's 3/2 common share split (effective at the market open on April 2, 2020).

[2] Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, ING's FY2020 dividend estimate was changed to EUR 0.00 (from EUR 0.69) on April 1, 2020. See note **here**. The dividend yield and implied all-in return shown here are based on our new estimate.

[3] Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, LVMH's price target was changed to EUR 390 (from EUR 435) on April 2, 2020. See note **here**.

[4] Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, OLLI's price target was changed to $57.00 (from $44.00) on April 2, 2020. See note **here**.

Past performance is not necessarily indicative of future performance. Price performance does not take into account relevant costs, including commissions and interest charges or other applicable expenses that may be associated with transactions in these shares.

Source: RBC Capital Markets estimates, Bloomberg

Changes to the Top 30 list this quarter

Company	Pricing Symbol	Analyst	Rating	Trading Currency	Closing Price (03/31/2020)	Market Cap (MM)	Price Target	Dividend Yield (%)	Implied All-in Return (%)
Additions this quarter:									
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CrowdStrike Holdings, Inc.	CRWD US	Matthew Hedberg	Outperform	USD	55.68	12,500	73.00	0.0	31.1
ING Groep N.V.[2]	INGA NA	Anke Reingen	Outperform	EUR	4.78	18,498	7.00	0.0	46.4
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Pfizer Inc.	PFE US	Randall Stanicky	Outperform	USD	32.64	184,285	44.00	4.5	39.3
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Thomson Reuters Corporation	TRI US	Drew McReynolds	Outperform	USD	67.86	33,984	70.00	2.2	5.4
Deletions this quarter:									
Alibaba Group Holding Limited	BABA US	Mark Mahaney	Outperform	USD	194.48	514,789	235.00	0.0	20.8
AXA SA	CS FP	Kamran Hossain	Outperform	EUR	15.79	38,396	24.00	9.7	61.7
Banco Santander, S.A.	SAN SM	Benjamin Toms	Outperform	EUR	2.22	36,859	2.80	3.6	29.9
Concho Resources Inc.	CXO US	Scott Hanold	Outperform	USD	42.85	8,613	73.00	1.9	72.2
Constellation Software Inc.	CSU CN	Paul Treiber	Outperform	CAD	1,279.02	27,115	1,700.00	0.4	33.4
Eiffage SA	FGR FP	Stephanie D'Ath	Outperform	EUR	64.50	6,315	100.00	2.8	57.8
Louisiana-Pacific Corporation	LPX US	Paul Quinn	Outperform	USD	17.18	1,976	30.00	3.1	77.8
Lowe's Companies, Inc.	LOW US	Scot Ciccarelli	Outperform	USD	86.05	66,259	85.00	2.6	1.3
salesforce.com, inc.	CRM US	Alex Zukin	Outperform	USD	143.98	134,189	230.00	0.0	59.7
TC Energy Corporation	TRP CN	Robert Kwan	Outperform	CAD	62.55	58,672	81.00	5.2	34.7
Teladoc Health, Inc.	TDOC US	Sean Dodge	Outperform	USD	155.01	11,254	150.00	0.0	-3.2
The Weir Group PLC	WEIR LN	Mark Fielding	Outperform	GBp	721.00	1,871	1,420.00	6.5	103.5
UnitedHealth Group Inc.	UNH US	Frank Morgan	Outperform	USD	249.38	239,904	345.00	1.7	40.1
V.F. Corporation	VFC US	Kate Fitzsimons	Outperform	USD	54.08	21,648	94.00	3.5	77.3
Waste Connections, Inc.	WCN US	Walter Spracklin	Outperform	USD	77.50	20,507	111.00	0.9	44.1

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Past performance is not necessarily indicative of future performance. Price performance does not take into account relevant costs, including commissions and interest charges or other applicable expenses that may be associated with transactions in these shares.

Source: RBC Capital Markets estimates, Bloomberg

Top 30 Global Ideas for 2020 — First-Quarter Performance Summary

Although the *Top 30* is not intended to be a relative product, having been created to capture RBC Capital Markets' best ideas on an absolute basis, we compare the performance of the *Top 30* to the MSCI Developed World Index and regional indices to provide context for its returns. See the table below for the first-quarter performance summary from January 1, 2020 to March 31, 2020.

Index	Company	Total Return
TDOC US Equity	**Teladoc Health, Inc.**	85%
GILD US Equity	**Gilead Sciences, Inc.**	16%
GDS US Equity	**GDS Holdings Limited**	12%
CSU CN Equity	**Constellation Software Inc.**	2%
GOLD US Equity	**Barrick Gold Corporation**	-1%
UBER US Equity	**Uber Technologies Inc**	-6%
GMAB DC Equity	**Genmab A/S**	-7%
BABA US Equity	**Alibaba Group Holding Limited**	-8%
TRP CN Equity	**TC Energy Corporation**	-8%
DUK US Equity	**Duke Energy Corporation**	-10%
CRM US Equity	**salesforce.com, inc.**	-11%
ROP US Equity	**Roper Technologies, Inc.**	-12%
CP US Equity	**Canadian Pacific Railway Limited**	-14%
V US Equity	**Visa Inc.**	-14%
WCN US Equity	**Waste Connections, Inc.**	-14%
XRO AU Equity	**Xero Limited**	-15%
UNH US Equity	**UnitedHealth Group Inc.**	-15%
MKL US Equity	**Markel Corporation**	-19%
DGE LN Equity	**Diageo PLC**	-18%
ATD/B CN Equity	**Alimentation Couche-Tard Inc.**	-19%
LOW US Equity	**Lowe's Companies, Inc.**	-28%
FGR FP Equity	**Eiffage SA**	-37%
CS FP Equity	**AXA SA**	-37%
SAN SM Equity	**Banco Santander, S.A.**	-41%
LPX US Equity	**Louisiana-Pacific Corporation**	-42%
VFC US Equity	**V.F. Corporation**	-45%
CXO US Equity	**Concho Resources Inc.**	-51%
TCF US Equity	**Truist Financial Corporation**	-51%
WEIR LN Equity	**The Weir Group PLC**	-52%
CNQ CN Equity	**Canadian Natural Resources Limited**	-53%
	Average return for RBC Top 30 Global Ideas for 2020	***-17%***
NDDUWI Index	MSCI Daily TR Net World	-21%
SPTSX Index	S&P/TSX COMPOSITE INDEX	-21%
SPX Index	S&P 500 INDEX	-20%
SXXP Index	STXE 600 (EUR) Pr	-23%
AS51 Index	S&P/ASX 200 INDEX	-23%

Source: Bloomberg

Investment Thesis

Alimentation Couche-Tard Inc. (TSX: ATD.B)

RBC Dominion Securities Inc.
Irene Nattel (Analyst) (514) 878-7262; irene.nattel@rbccm.com

Rating: Outperform

Closing Price: CAD 33.15

Price Target: CAD 49.00

Implied All-in Return (%): 48.7

Most recent company note: link

Investment summary

Our Outperform rating and thesis on ATD are predicated on:

Multiple routes to future growth, *with the 5-year plan calling for double-digit EBITDA growth driven equally by organic growth/M&A,* versus 30%/70% historically. Drivers include: i) surfacing incremental synergies from prior-period acquisitions including reverse synergies from Holiday; ii) renewed top-line momentum from a more focused, data-driven approach to merchandising/promotional strategies; iii) sharing of best practices among geographies to drive sales and optimize margin/productivity; iv) focus on surfacing opex/scale benefits; v) increased activity on new store openings, with NTI target of 200, up from 100 previously. And of course, opportunistic acquisitions.

Solid underlying operating performance aided by global rebranding to Circle K, with fresh food and coffee initiatives generating traffic and basket growth.

Defensive sector attributes: Inside stores sales have declined only once since 1975, and falling and low fuel prices should enable ATD to offset any gallon weakness related to current dislocation. ATD has consistently outperformed the TSX and consumer sub-index during prior market downturns.

Attractive geographic diversification with >85% of GP$ generated outside Canada (>65% US / ~20% Europe based on F20 estimates), which leads to...

Real-world EV R&D lab in Norway: Looking ahead, sales of electric vehicles are likely to accelerate, and ATD is the only North American c-store player with a strong footprint in Norway, the global leader in EV sales. ATD already operates in excess of 100 charging stations, has signed a partnership agreement with multiple OEMs, and is gaining valuable insight into consumer behaviour/revenue opportunities associated with top-up charging.

Strong BS + FCF profile with forecast FCF in excess of $2b range in F20–22 to fund rising dividends, debt repayment, and future acquisitions. Adjusted net debt/EBITDAR now <2x, well below the post-SFR peak of 3.6x, with normalized estimated balance sheet capacity in the range of US$8B.

Current environment likely to surface attractive M&A opportunities. ATD's strong Balance Sheet and cash flow have historically enabled the Company to make successful acquisitions at attractive valuations during periods where highly-leveraged acquirers are challenged to access funding.

Valuation: Taking the midpoint of 18.5x Q3/F22E TTM EPS ($49) and 11.0x Q3/F22E TTM EBITDA ($48) drives our price target of $49, which supports our Outperform rating. The EBITDA multiple is consistent with the average of the five-year range, reflecting overall sector valuation trends, and supported by ongoing strong normalized underlying performance, relatively recession-resistant business model and benefits from prior-period M&A. We believe the multiples are also appropriate relative to our c-store coverage universe based on relative investment attributes.

Risks to rating and price target: The current environment is causing unprecedented declines to fuel demand that to date have been more than offset by gas margins. Normalization of gas margins without an improvement in volumes would result in earnings and likely share price that are below expectations. Although c-stores provide a convenient fill-in shop, current substantial dislocation in normal daily patterns could cause sharply lower inside store traffic. Although c-stores typically are relatively recession-resistant, we note that 50% of US c-store customers have incomes of $50,000 or less, a group that could be hard-hit by a post-COVID recession if income support is lessened. We also note that with ATD's diversified geographic footprint, the risk profile of forecasts includes multiple geographies and currencies and economic and operating environments, each of which is being impacted at differing levels by COVID-19 and low oil prices.

Americold Realty Trust (NYSE: COLD)

RBC Capital Markets, LLC
Michael Carroll, CFA (Analyst) (440) 715-2649; michael.carroll@rbccm.com

Rating: Outperform

Closing Price: USD 34.04

Price Target: USD 38.00

Implied All-in Return (%): 14.0

Most recent company note: link

Investment summary

Americold Realty Trust (NYSE: COLD) is an industrial REIT solely focused on owning and operating temperature-controlled warehouses. The company is the largest public player in this niche space, and we believe management will successfully utilize its scale and platform to drive solid earnings growth and create value for shareholders. The in-place portfolio derives ~89% of revenue from the US and ~11% abroad, but over time, we expect the biggest growth opportunities to be international ones.

Potential catalysts

SS portfolio should generate above-average growth. COLD has driven solid growth over the last few years due to management's ability to replace old legacy customer agreements with the company's new commercial business rules. While trends will likely moderate, growth should remain healthy in the near term. Additionally, the spread of COVID-19 has caused a shift in consumer behavior that has caused a near-term activity surge.

Development pipeline should drive strong external growth. 2020 guidance includes $75–200 million of development starts. We expect the company to reach the high-end of the above range and believe these investments will drive ~$0.08/share of earnings accretion on a leverage neutral basis once fully stabilized. Additionally, we believe that the pipeline remains strong and management will be able to source additional projects in the future.

Potential acquisitions would be additive to the story. We believe that the company could also become more aggressive pursuing acquisitions which would push external contributions higher.

Valuation

Price target justification: Our 12-month price target of $38/share reflects a ~10% premium (~15% previously) to our YE20 NAV estimate of $33.74/share. We believe this premium is warranted due to the company's sophisticated platform and its ability to navigate the uncertain economic environment. Overall, we believe the in-place portfolio will generate above-average organic growth for the foreseeable future and management will create solid value through sourcing and completing accretive acquisitions and new developments. Our price target supports our Outperform rating.

Net asset value: We currently estimate COLD's in-place NAV at $32.30/share assuming a 6.75% cap rate. Going forward, we expect the in-place portfolio to generate solid organic growth trends and management to create significant value through acquisitions, developments, and expansions, pushing our YE20 (looking at 2021) NAV estimate to $33.74/share from our YE19 (looking at 2020) estimate of $30.21/share.

Risks to rating and price target

- **COVID-19 could impact the workforce.** The company's facilities have remained open during the pandemic as product continues to flow through the supply chain. If the virus were to meaningfully impact the workforce, either directly or indirectly, it could slow down activity and negatively impact results.
- **New supply could make the operating environment more difficult.** There has been an uptick in interest from institutional capital sources entering the temperature controlled warehouse space. We believe this could eventually drive construction activity higher, and make it more difficult for existing operators like COLD to drive above-average organic growth.
- **Foreign currency exposure could weigh earnings.** COLD is exposed to the movements of multiple foreign currencies, including the Australian Dollar, New Zealand Dollar, Argentinian Peso, and the Canadian Dollar. The company is only partially hedged and any sharp appreciation in the US Dollar could place incremental pressure on earnings.

Barrick Gold Corporation (NYSE: GOLD; TSX: ABX)

RBC Dominion Securities Inc.
Josh Wolfson, CFA (Analyst) (416) 842-9893; josh.wolfson@rbccm.com

Rating: Outperform

Closing Price: USD 18.32

Price Target: USD 20.00

Implied All-in Return (%): 10.7

Most recent company note: link

Investment summary

Barrick Gold is a senior gold producer with a globally diversified portfolio of gold and copper assets. Company guidance demonstrates a stable 5-year production and cost profile prior to planned non-core asset sales, including 2020 production of 4.8-5.2 moz at AISC of $920-970/oz and 2020-2024 production guidance of 5.1-5.6 moz with AISC declining to <$850/oz by 2024. Barrick is focused on integration and portfolio optimization post its recent M&A transactions including the 1Q19 merger with Randgold, 3Q19 Nevada Gold Mines JV with Newmont, and 3Q19 buy-out of Acacia.

Investment outlook

- We view progress toward stated M&A synergy/optimization goals as a key driver for Barrick's shares. The company has targeted annual synergies of $450-500m from the Nevada Gold Mines JV.
- Barrick is targeting $1.5b+ of non-core asset sales post the company's Randgold merger. In line with this objective, in 4Q19 the company announced the $750m sale of its 50% share of KCGM and $400m sale of its pro-rata interest in Massawa.
- Barrick has outlined a focus on generating growing free cash flow per share. In line with these targets, we expect capital allocation priorities to include the advancement of higher-return growth projects, exploration that will extend mine life duration, and the pursuit of value-add M&A. With achievement of this target, return of capital through dividend increases is anticipated.
- Our Outperform rating is predicated upon on our view that GOLD's valuation provides greater upside potential relative to peers given the company's positive upcoming catalysts and encouraging expected year-end resource update.

Upcoming milestones and catalysts

- Demonstration of guided Nevada JV synergies and updates on planned non-core asset sales (2020+)
- Acacia updated mine plans (2020)
- Updates on and successful advancement of core growth projects including the Pueblo Viejo plant expansion, Goldrush, Fourmile, Cortez Deep South (2020+)

Valuation

Our GOLD target price of US$20 is based upon 1.7x our NAV5% at a long-term gold prices of US$1,400/oz and 24x our 2020-2021 Sustaining FCF estimate, which would be equivalent to 11x EBITDA. These multiples are slightly above the average multiples we use to value the large gold producer peers. Our Outperform rating is supported by GOLD's implied return to our price target relative to its peers, while accounting for its company-specific risks.

Risks to rating and price target

In addition to general operating and financial risks for Barrick related to commodities (gold, silver and copper) and FX (CAD, AUD, EUR, CLP), the company is not immune to mine and office closures experienced by others due to COVID-19. We also highlight:

- Increasing capital requirements to sustain existing output and fund new development projects
- Achievement of synergy/optimization targets post the recent M&A transactions
- Political risk, including exposure to Tanzania, DRC, Mali, the Dominican Republic, Argentina, Chile and Papua New Guinea

Brookfield Asset Management Inc. (NYSE: BAM; TSX: BAM.A)

RBC Dominion Securities Inc.
Neil Downey, CFA, CA, CPA (Analyst and Associate Director of Canadian Research) (416) 842-7835; neil.downey@rbccm.com

Rating: Outperform

Closing Price: USD 27.75

Price Target: USD 39.00

Implied All-in Return (%): 42.3

Most recent company note: link

Please note: Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, BAM's price target was changed to $39.00 (from $50.00) on April 2, 2020. See note **here**. All figures herein reflect BAM's 3/2 common share split (effective at the market open on April 2, 2020).

Investment summary

Investing in "real return" assets – Through its private funds and flagship listed limited partnerships, BAM is a major owner of property, renewable power, infrastructure ("real return assets"), and private equity investments around the globe. BAM's common shareholders effectively own a share of each of these businesses, which generate returns in the form of recurring cash flow and long-term capital appreciation. The company's business model seeks to capitalize upon its global reach to identify and acquire high-quality "real" assets at favourable valuations and finance them on a long-term, low-risk basis. Operating expertise is applied to enhance the cash flows and values, such that BAM can earn reliable, attractive long-term total returns for the benefit of its capital partners and its own account. BAM has a range of public and private investment vehicles that provide competitive advantages in the markets where it operates.

Leverage to a highly profitable fee-based asset manager – With $290B of fee-bearing capital ($247B at economic share) as at Q4/19, BAM has built a large-scale and profitable asset management business (~$1.2B of trailing twelve-month fee-related earnings and potentially tracking towards $1.5B of 2021-2022E FRE). We believe BAM's principal competitive advantages as an asset manager and owner include: **1)** global reach; **2)** size/scale; **3)** strong investment track records; and **4)** multiple funds/strategies. BAM's common shareholders' returns therefore include cash flow and long-term capital appreciation upon the capital invested in real return assets and the annual profits from the asset management business.

Core large-cap holding, in our view – We view BAM as a core holding for most Canadian equity portfolios.

Valuation

Our $39 price target equates to a 10% premium to our estimated Intrinsic Value per share one year hence, and it implies a 17x multiple on our 2021 operating FFO estimate. Overall, we believe our target valuation metrics are appropriate in light of BAM's high-quality asset base and the growing profitability of its asset management platform. We believe there are few if any companies that are truly comparable to Brookfield Asset Management, and we continue to view BAM's shares as a "*core holding*". Based on risk-adjusted relative return prospects, we rate BAM's shares Outperform, which is supported by our price target.

Risks to rating and price target

Risks to our earnings estimates, price target, and rating include rising interest rates, which might negatively impact earnings at the company's home-building operations and reduce the value of its long-dated assets (commercial properties, power generation, transmission and infrastructure assets), a hard cyclical downturn in the commercial property sector (BAM's largest industry exposure), and any economic shock that causes lending spreads to widen and/or loan-to-value ratios to decline, which could have a notable impact on BAM's weighted-average cost of capital (and hence, its equity value).

Canadian Natural Resources Limited (TSX: CNQ; NYSE: CNQ)

RBC Dominion Securities Inc.
Greg Pardy, CFA (Co-Head Global Energy Research) (416) 842-7848; greg.pardy@rbccm.com

Rating: Outperform

Closing Price: CAD 19.25

Price Target: CAD 25.00

Implied All-in Return (%): 38.7

Most recent company note: link

Investment summary

We rate the common shares of Canadian Natural Resources Outperform for the following reasons:

CNQ possesses an impressive portfolio weighted towards long-life, low-decline upstream properties. The company has also shown a resolute focus on driving down its oil sands emissions intensity. Over the last 30 years, CNQ has demonstrated an ability to evolve, so when the company aspires to achieve net zero oil sands emissions over time, we take note.

Focusing on the Controllable. Against the backdrop of volatile oil market conditions, CNQ is placing an intensified focus on costs, and is confident in its financial position, with no plans to alter its dividend policy. One of the reasons we like CNQ so much is that the company has navigated difficult oil market conditions in the past (including the Asian Currency Crisis of 1999), and come out stronger on the other side.

Risks to our thesis include:

Crude oil prices. With an estimated crude oil production weighting of roughly 80%, CNQ's earnings and cash flows are impacted by weakness in oil prices, including Canadian oil differentials. A US$1 change in WTI prices impacts the company's after-tax cash flows by about $325 million.

Valuation

Our price target of $25 per share reflects an equal weighting toward a multiple of 0.8x our NAV and an implied 2020E debt-adjusted cash flow multiple of 6.0x at mid-cycle commodity prices. The multiples we have chosen reflect CNQ's superior execution capability, long-life, low-decline asset base, and free cash flow generation potential. Our price target and implied return support our Outperform rating.

Risks to rating and price target

- The most significant risk to our price target and rating is unexpected changes in crude oil and natural gas prices.
- With an estimated crude oil production weighting of roughly 80%, CNQ's earnings and cash flows would be impacted by weakness in oil prices, including Canadian oil differentials.
- The ability to replace production and reserves in a cost-effective manner on a per-share basis also poses a risk to investors.
- The valuation of oil and gas assets is subject to risk with respect to reservoir performance, including production rates and expected recovery factors.
- Other risks include the impact of foreign exchange and government legislation as it relates to royalties, income taxes, and environmental policy.

Canadian Pacific Railway Limited (TSX: CP; NYSE: CP)

RBC Dominion Securities Inc.
Walter Spracklin, CFA (Analyst) (416) 842-7877; walter.spracklin@rbccm.com

Rating: Outperform

Closing Price: CAD 310.55

Price Target: CAD 361.00

Implied All-in Return (%): 17.4

Most recent note: link

Investment summary

Operations-focused management is driving improved service. Our view is that CP benefits from a best-in-class management team that is entirely operations-focused and driving industry-leading service – a view supported by our proprietary 2020 Shipper Survey (see note **here**). We believe that top operators outperform in periods of volatility and our view is that this is especially important now due to trade concerns and macro uncertainty.

We expect strong pricing due to CP's industry-leading service. Our view is that CP will lead the rail industry in pricing resulting from its strong service offering. During our shipper survey we note CP moved to the top of our service leaderboard in 2019 and that 67% of customers were positive on CP's service, versus 43% in 2018. We believe that service is the most important criteria customers consider when deciding which transportation businesses to partner with; accordingly, we expect CP's service offering to drive strong pricing increases.

We expect CP's volume growth to outperform peers. We believe that CP's volumes will outperform peers by 200-300 bps in 2020 driven by intermodal, grain, and potash. We expect intermodal to benefit from business wins and grain to be up due to easy comps reflecting a delayed harvest in 2019. Additionally, we believe potash will be higher once a Canpotex deal is signed with its customers. Additionally, CP has limited exposure to thermal coal, which we expect will face significant headwinds in 2020.

We continue to view positively CP's margin improvement potential. CP delivered an impressive turnaround following a very difficult winter in 2019 and we saw strong results in Q3/19 in spite of weak volume growth. Accordingly, we believe that current operating momentum is likely to continue into 2020 and beyond.

Valuation

Our $361 price target supports our Outperform rating and is based on a P/E multiple of 18x applied to our 2021 EPS estimate of $20.06. Our 2021 EPS forecast reflects volume growth of 4.0%, yield growth of 3.0%, and an operating ratio of 57.9%. The 18x multiple, which is a premium to peers, reflects very strong volume and operating momentum partially offset by a relatively narrower network footprint and revenue mix. We also note that CP trades at a discount to its regional peer; our view is that shares should trade at a premium.

Risks to rating and price target

- COVID-19-related economic volatility tempering industrial production as well as consumer demand and thereby negatively affecting rail volumes
- Persistent oil price weakness from COVID-19-related demand disruption impairing crude-by-rail economics
- Severe weather impacting crop quality and network fluidity
- Unfavourable currency fluctuations impacting cross-border freight flows

Cigna Corporation (NYSE: CI)

RBC Capital Markets, LLC
Frank G. Morgan, CFA (Analyst) (615) 372-1331; frank.morgan@rbccm.com

Rating: Outperform

Closing Price: USD 177.18

Price Target: USD 260.00

Implied All-in Return (%): 46.8

Most recent note: link

Investment summary

We expect CI shares to outperform the sector for the following reasons:

- Cigna's growth outlook is accelerated through the Express Scripts acquisition, to an annual long-term EPS growth target of 10–13% (vs. its previous target of ~7–9% annually).
- Cigna's industry-leading medical cost trend, combined with Express Scripts' strong performance with company-record pharmacy cost trend, positions the combined company for strong improvement in affordability.
- Visibility remains strong on achieving management's target of $20–21 in adjusted EPS by 2021 through: underlying base performance in both assets; achieving $600MM in administrative cost synergies; and the P&L impact from deleveraging.

Potential catalysts

- Quarterly earnings results.
- Increased M&A given some expectation of vertical integration in the sector.
- Membership growth in employer groups, Medicare, and Medicaid.
- Changes in economic and employment conditions.
- Inflection points in utilization.
- Continued declines in medical trend.

Valuation

Our base case price target of $260 is based on ~14x our FY20E EPS, which is more in line with the current valuation of the peer group average. Our conviction in our price target is strengthened by our belief that visibility across the enterprise is improving and CI's current PE discount to peers suggests significant under-appreciation for the value of the ESRX platform.

Our price target supports our Outperform rating.

Risks to rating and price target

- Integration risk in the larger vertical merger with Express Scripts, including the potential loss of major customers during the transition.
- Execution risk in predicting and managing medical cost trends.
- Execution risk in network contracting.
- Reimbursement risk in the government business.
- Exposure to proposed regulatory reforms potentially impacting rebate economics.

CrowdStrike Holdings, Inc. (NASDAQ: CRWD)

RBC Capital Markets, LLC
Matthew Hedberg (Analyst) (612) 313-1293; matthew.hedberg@rbccm.com

Rating: Outperform

Closing Price: USD 55.68

Price Target: USD 73.00

Implied All-in Return (%): 31.1

Most recent company note: link

Investment summary

High-level thesis of CrowdStrike

CrowdStrike was founded in 2011 with a mission of reinventing security for the cloud era. Co-founder George Kurtz previously worked at a gen-1 AV endpoint vendor and was motivated to build CrowdStrike after realizing that legacy security technology was incapable of protecting customers against modern attacks within a hybrid-cloud architecture.

The company developed a differentiated cloud-native security platform that leverages its lightweight intelligent agent and Threat Graph database across a 10-module portfolio of solutions. The company and its customers benefit from the network effect, as each additional endpoint added to the platform expands the crowd-sourced database, which in turn improves the quality of the algorithms.

We view CrowdStrike as a prime land-and-expand model benefiting from the SaaS delivery and ability to rapidly add more modules with no extra configuration or consulting needed. The long-term power of the install base of more than 5,500 customers should continue to lead to strong net expansion rates as the company cross-sells additional seats (endpoints) and modules.

Potential catalysts

- Ability to maintain net expansion rates by selling additional products into its growing customer base and maintaining low churn rates.
- New product introduction and/or traction from recently introduced modules.
- Accelerated customer additions leveraging its multi-pronged, go-to market approach.
- Faster-than-expected progression toward profitability driven by top-line success.

Valuation

To derive our $73 price target, we apply a 15.8x EV/S multiple on CY/21E revenue of $950M, which is a premium to growth software peers, in our view reasonable given that our growth outlook is likely biased higher. Our price target supports an Outperform rating.

Risks to rating and price target

- CrowdStrike operates in a market with competition from larger legacy competitors, like Symantec, as well as newer entrants.
- Potential pricing pressure given the crowded nature of the market.
- CrowdStrike operates a land-and-expand model; failure to retain existing customers could be a detriment.
- CrowdStrike has experienced rapid growth; failure to manage growth/expectations could cause operational challenges.
- COVID-19 could impact company operations or customer demand.

Diageo PLC (LSE: DGE)

RBC Europe Limited
James Edwardes Jones (Analyst) +44 20 7002 2101; james.edwardesjones@rbccm.com

Rating: Outperform

Closing Price: GBp 2,586.50

Price Target: GBp 3,000.00

Implied All-in Return (%): 18.9

Most recent note: link

Investment summary

In terms of the COVID-19 outbreak, we think Diageo sits pretty well. There is no doubt that the spirits sector leans towards the less defensive end of the staples spectrum, however Diageo has a significant beer portfolio and £4bn worth of maturing inventory as a support. We also think it has lower exposure to the on-trade than its peers, Campari and Pernod Ricard, and therefore expect it to recover more quickly once that reopens. Its balance sheet also looks fine.

However, we think what matters more than 2020 forecasts is how 2021 turns out. This, we hope, will be the base from which normal growth resumes. To date, we believe Diageo's management have delivered in their pursuit of the company becoming a 'reliable compounder of growth'. Indeed we see them executing the virtuous circle of steadily upping marketing investment and seeing the results in sustained revenue growth, declining cost ratios and higher margins. This latter dynamic also benefits from the fact that its higher margin categories tend to be growing faster than their more lowly counterparts (we're not sure how much of this is luck and how much is judgement). In our view, the COVID-19 outbreak, although disruptive, has not changed this and we expect Diageo to continue to generate stronger revenue growth than its peers.

We have an Outperform rating for Diageo with a 3000p PT.

Valuation

We believe that consumer staples stocks lend themselves to a DCF valuation methodology owing to the relative strength and predictability of their cash flow together with – in some instances – a significant mismatch between capital expenditure and depreciation charged through the profit & loss account meaning that P&L-based valuation metrics (P/E ratio, EV/EBITDA ratio) can be misleading. We use a derivative of a traditional DCF calculation called adjusted present value (APV), whereby the business's operating cash flows are discounted at its cost of equity (8.0% for Diageo) and tax shield at the cost of debt (2.1%). We use explicit forecasts out to 2022 then assume that revenue growth declines by 0.1% per annum and EBIT margin increases by 50bps per annum until 2030. We assume a terminal growth rate of 2.5% per annum from 2025. This yields an APV of £29. Discounting this forward by one year at the cost of equity yields a 12-month price target of £30 net of our forecast dividend payment. Our price target supports our Outperform rating.

Risks to rating and price target

- A longer than expected continuation of on-trade closures and lockdown in response to the outbreak of COVID-19 poses a significant threat to Diageo. On-trade closures would affect its ability to brand build and manage working capital. The outbreak could also result in disruption to Diageo's supply chain, particularly given some categories, such as scotch, have relatively inflexible supply constraints. In addition, if alcohol was to be branded 'non-essential' by national governments, this would lead to factory closures and cease off-trade purchases. Lastly, any economic recession and dip in consumer confidence would have a geared effect on Diageo given that it is at the relatively cyclical end of the consumer staples sector. The US remains important to Diageo and it is particularly sensitive to any deterioration in economic conditions there.
- Currency: we estimate that 10% appreciation in Sterling versus the US$ would depress EBIT by £100-150m and our fair value by £1.

Duke Energy Corporation (NYSE: DUK)

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst) (212) 428-6462; shelby.tucker@rbccm.com

Rating: Outperform

Closing Price: USD 80.88

Price Target: USD 112.00

Implied All-in Return (%): 42.9

Most recent note: link

Investment summary

We consider DUK a core holding due to its defensive profile, improving balance sheet, attractive regulatory environments, and large capital plan. We think DUK should trade at a premium to peers given these characteristics. While we expected 2020 to be a strong year for DUK, we acknowledge new potential challenges stemming from coronavirus. Some risks for 2020 include deterioration in utility volumes and delays in rate case schedules. Questions remain surrounding construction of the Atlantic Coast Pipeline and the regulatory/legislative environments in the Carolinas, but we still see a line of sight going forward. We think DUK's earnings profile and sizable capital plan will help alleviate some of this uncertainty. As a blue chip utility, we believe that Duke should be a core holding.

Potential catalysts

- Completion of Atlantic Coast Pipeline.
- Potential regulatory actions and/or legislative actions in Indiana and North Carolina.
- Western Carolinas reaches in-service and DUK files rate case at DEP.
- Potential bid for Santee Cooper could be viewed as a positive or negative.

Valuation

We apply a 20.47x P/E multiple, representing a 15% premium to our utilities target P/E of 17.8x, to 2021E adjusted EPS of $5.45. The premium reflects the defensive nature of Duke's earnings and takes into account the fact that Duke is a large and liquid name in the utility universe. Our $112 price target supports our Outperform rating.

Risks to rating and price target

- Prolonged economic slowdown from coronavirus impacts loads, deteriorating earnings at the various utilities.
- Stay-at-home orders delay regulatory proceedings, pushing out rate case decisions into 2021.
- Lower than expected rate base growth and/or poor execution on capital plan.
- No recovery on coal ash run-rate spend.
- Delays and/or cost increases on Atlantic Coast Pipeline, including cancellation.
- Less constructive regulation and/or legislation.

GDS Holdings Limited (NASDAQ: GDS)

RBC Capital Markets, LLC
Jonathan Atkin (Analyst) (415) 633-8589; jonathan.atkin@rbccm.com

Rating: Outperform

Closing Price: USD 57.97

Price Target: USD 69.00

Implied All-in Return (%): 19.0

Most recent company note: link

Investment summary

We believe GDS has potential to outperform its peers given its positioning in an under-penetrated, growing market with strong customer demand trends and limited competitive supply. We believe the biggest risk (under the company's control) is management's ability to successfully manage, plan, and execute its expansion plans.

Positives

- GDS is well positioned to capitalize on strong secular and macro trends, such as faster-than-average GDP and increased IT outsourcing.
- Unlike most other datacenter providers in China, GDS is focused on being a carrier-neutral datacenter operator with national reach, targeting high-performance self-developed datacenters located in key metros.
- Most new construction projects appear to be driven by specific customer requirements, suggesting commitment rates above 50% for high-performance sites. Government moves to encourage development beyond major metros may place additional supply pressure in these markets and prove beneficial for GDS's positioning in major metros.
- Large-scale Chinese cloud and Internet platforms are a major driver of colocation demand in China and for GDS in particular.
- Costs of revenue are predominantly fixed, providing a key source of margin expansion. We believe GDS's stabilized EBITDA margins can approach those of Western datacenters in the range of 40–50%, subject to expansion drag.
- The Chinese datacenter market has high barriers to entry and limited competitive supply due to the market structure, high level of government regulation, and limited capital focus by independent datacenter peers.

Valuation

Our price target of $69 is based on applying a 15x EBITDA multiple to our estimate of the company's fully developed/stabilized EBITDA. We believe a 15x EBITDA multiple, approximately in line with the company's non-REIT datacenter peer group, is conservative. Our price target supports an Outperform rating.

Risks to rating and price target

- **Execution risk:** The management team's ability to manage, plan, and execute expansion plans would be a significant factor in GDS's growth trajectory.
- **Customer concentration:** GDS expects that its net revenue will continue to be highly dependent on a limited number of customers that will likely account for a large percentage of its total area committed.
- **Higher capital requirements:** We believe GDS has sufficient liquidity to fund operational, financing, and capex needs over the next couple of years; if capex needs increase to a higher-than-expected rate, GDS may need to return to the capital markets for additional equity or debt financing or access alternative sources of capital.
- **Country risk:** The level and scope of government involvement in the Chinese economy may adversely impact GDS in unforeseen ways
- **Other risks**: Although GDS has already likely absorbed most COVID-19 impacts, given China's earlier exposure, any unforeseen obstacles to the company's supply chain or ability to pursue its targeted development pipeline could mute its growth profile

Genmab A/S (NASDAQ: GMAB)

RBC Capital Markets, LLC
Kennen MacKay, Ph.D. (Analyst) (212) 905-5980; kennen.mackay@rbccm.com

Rating: Outperform

Closing Price: USD 21.19

Price Target: USD 27.00

Implied All-in Return (%): 27.4

Most recent note: link

Investment summary

We see GMAB as a highly validated antibody/biologics engineering company with demonstrated potential to develop best-in-class blockbuster products. We are most impressed by GMAB's proprietary antibody technology, where their history of success differentiates them from competition & provides platform scarcity value. GMAB has a robust pipeline consisting of mAbs and BsAbs, which we see as compelling given GMAB's platform successes. The company is also pioneering novel antibody technology such as "Next-Generation" HexaBody, DuoHexaBody and HexElect antibody technologies.

We see a high probability that Darzalex's move into 1L Multiple Myeloma (MM) across standards of care will dominate the market for years to come. We see Darzalex' combo regimens with Revlimid or Velcade gaining acceptance as the new standard of care for 2L+ RRMM both in academic and community settings. With Dara setting to seek more penetration in the bigger market of frontline (especially with label expansion to transplant-eligible patients), we see limited risks associated with the drug in MM market and royalties from this adding non-dilutive revenue to offset pipeline development spending.

Epcoritamab (DuoBody-CD3xCD20) is a major pipeline focus with key partnership opportunities in 2020. Subcu Epcoritamab's preliminary data at ASH showed encouraging efficacy in DLBCL & FL at a very low dose range (still escalating) and demonstrated a potential best-in-class safety profile among competitors. We see strong partnership opportunities with this drug in H2:20 and key data updates at major medical conferences in 2020.

Tisotumab Vedotin (TV) could see a rapid path to market in cervical cancer with potentially registrational data in H1:20 and upside from other solid tumor indications. We see the potential for an accelerated approval pathway based on ph2 data anticipated in H1:20. TV previously demonstrated a 22% ORR in the ph2 innovaTV201 trial in 2L recurrent cervical cancer patients. We view this as highly impressive given standard of care chemotherapy achieves only a 10-15% ORR, and Keytruda's recent approval was based on a 14.3% ORR in a limited subset of MSI+ biomarker defined patients (10-15% of patients).

Key upcoming catalysts: 1) TV pivotal trial InnovaTV204 readout H1:20; 2) Darzalex in AL amyloidosis ph3 topline readout in Q1:20; 3) Updated Epcoritamab (DuoBody-CD3xCD20) dose-escalation data in FL&DLBCL at a major medical meeting; 4) Initial Hexabody-DR5/DR5 clinical data, Tisotumab Vedotin for other indications, and program & data updates on Enapotamab Vedotin at major medical conferences; 5) Darzalex SC formulation PDUFA likely by mid-'20; 6) FDA decision on regulatory dossier submission in Ofatumumab for RMS and potential market launch by YE-'20; 7) DuoBody-PD-L1x4-1BB initial data from dose escalation cohorts in H2:20; 8) HexaBody-CD37 and HexaBody-CD38 IND acceptance and initiation of clinical trials by YE-'20.

Valuation: Our DKK1818/sh (ADS US$27/sh) price target is derived from the NPV of cash flow generated from PoS-adjusted commercial product, pipeline, and royalty/milestones forecast through 2030. Our base-case includes: 1) Darzalex 20-30% peak penetration in NDMM and 45%-55% peak penetration in RRMM. 2) Darzalex 80%/70% PoS (US/EU) and 30% peak penetration in AL Amyloidosis. 3) Ofatumumab 85% PoS and 8% peak penetration in RMS. 4) Tisotumab Vedotin 60-65% PoS, 15-20% peak penetration in cervical cancer. 5) Tepezza 100% PoS, 8-20% peak penetration in the US TED market and 90% PoS, 5-10% peak penetration in the EU. 6) EnaV 20% PoS and 10-30% peak penetration in OC and NSCLC (non-AXL biomarker required market). Our price target supports an Outperform rating.

Risks to rating and price target: We expect limited impacts due to COVID-19 circumstances on GMAB’s business operations as the company’s current commercial products target severe oncology or other disease patients who need active treatments. We see risks in clinical program development of some of the company’s early-stage assets such as Epcoritamab or Enapotamab Vetodin as patients recruitment to these trials could be temporarily delayed or halted. Additional risks to our price target and rating include pricing and commercial update risk for Darzalex in MM, and clinical development and regulatory risk for Ofatumumab, Tisotumab Vedotin and Enapotamab Vedotin.

Gilead Sciences, Inc. (NASDAQ: GILD)

RBC Capital Markets, LLC
Brian Abrahams, M.D. (Analyst) (212) 858-7066; brian.abrahams@rbccm.com

Rating: Outperform

Closing Price: USD 74.76

Price Target: USD 83.00

Implied All-in Return (%): 14.4

Most recent company note: link

Investment summary

We believe Biktarvy's strong profile and robust launch, along with favorable demographic and pricing dynamics, will underpin good HIV franchise sustainability through 2025, with nearer-term competitive threats overblown; we expect this to maintain a strong foundation for GILD's valuation. Though we expect continued HCV declines and increased competition from the recent disruptive entrant, share and pricing stability should provide more predictability, and sustainable patient volumes should still contribute a meaningful ~$17B in cash flows over the next decade. Expansion into cellular therapy, with solid initial uptake of Yescarta helping to establish core infrastructure and additional investments into new modalities, should help provide durable out-year revenue growth and maintain a leading edge in a new therapeutic area that could be built upon in the future. We also see filgotinib as a potential blockbuster in the pipeline. Overall, we expect improving sentiment, continued strong commercial execution, and successful pipeline diversification into cellular therapy and inflammation to help drive share appreciation.

Key positives: (1) favorable leadership position, pricing power, demographics in HIV; (2) more predictable HCV share and pricing, and sustainable volumes that should enable meaningful cash flows; (3) blockbuster potential for pipeline program filgotinib; and (4) aggressive expansion of cellular therapy franchise provides new foundation for future revenue growth.

Key risks: (1) patent expiries and competition may impact LT HIV revenues; (2) greater scrutiny around drug pricing could reduce per-patient HIV and HCV revenue; (3) filgotinib potentially entering competitive spaces, which could limit market share oppty; (4) CAR-T delivery remains complex; (5) potential negative macro effects of an economic downturn – or impacts to GILD's pricing power, development programs, and workforce – related to COVID-19 pandemic.

Potential catalysts: (1) submission MAA for Descovy for PrEP (1H20); (2) data from ph.III SELECTION study for filgotinib in UC (2Q20); (3) potential data/updates from remdesivir trials in coronavirus patients (2Q20); (4) potential approval and launch of filgotinib in RA (3Q20).

Valuation

Our $83 price target is derived via a DCF analysis, with a 9% discount rate and a 2.8% terminal growth rate off 2029E (post-TAF generic). Our price target supports our Outperform rating.

Risks to rating and price target

Risks inherent to GILD's business include generic HIV entrants, competition in HCV, pricing pressure, commercial and scientific complexities of cellular CAR-T therapies, and efficacy and safety risk for pipeline products such as filgotinib. More systemically, GILD could also be negatively impacted by macro effects of an economic downturn, or impacts to GILD's workforce, related to COVID-19.

ING Groep N.V. (NXT AM: INGA; NYSE: ING)

RBC Europe Limited
Anke Reingen (Analyst) +44 20 7029 0784; anke.reingen@rbccm.com

Rating: Outperform

Closing Price: EUR 4.78

Price Target: EUR 7.00

Implied All-in Return (%): 46.4

Most recent note: link

Please note: Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, ING's FY2020 dividend estimate was changed to EUR 0.00 (from EUR 0.69) on April 1, 2020. See note **here**. The dividend yield and implied all-in return shown here are based on our new estimate.

Investment summary

ING's shares have underperformed the EU bank sector on concerns of the implications of COVID-19 and its financing of energy companies. The shares are also listed on the Amsterdam exchange, which has not banned short selling (leaving it relatively more exposed to shorting). We think this underperformance opens up an attractive long-term opportunity. ING's CET1 of 14.2% provides a sizeable at 4pp buffer against impairment losses and the impact of negative risk migration. Its business mix is diversified with a strong foothold in core European retail banking providing better earnings resilience and potential for capital generation. Cost-cutting efforts should be coming through faster now also as investments related to ALM investigations are nearing an end. Longer term its focus on digital banking should position it better in a banking landscape that after this crisis is likely to be even more based on digital banking than before.

Valuation

Our price target of EUR 7 values ING on our 2021 estimates. We apply a linear model and a cost of equity of 12%. We make no adjustments for capital or potential regulatory changes. Our price target supports our Outperform recommendation.

Risks to rating and price target

- ING's exposure to the energy sector is higher than for other banks.
- The implication of the coronavirus on earnings and capital position are an uncertainty and it could have material implications on the bank's operations. There is a further risk to equity shareholders in the event of state intervention into the business.
- Any change in regulation that impacts ING's capital level can have an impact on our price target (target ratio, risk weightings to name a few).
- Litigation is a sector-wide risk to which ING is exposed.

LVMH Moet Hennessy Louis Vuitton (NXT PA: MC)

RBC Europe Limited
Piral Dadhania (Analyst) +44 20 7429 8644; piral.dadhania@rbccm.com

Rating: Outperform

Closing Price: EUR 324.65

Price Target: EUR 390.00

Implied All-in Return (%): 22.2

Most recent note: link

Please note: Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, LVMH's price target was changed to EUR 390 (from EUR 435) on April 2, 2020. See note **here**.

Investment summary

We have an Outperform rating and €390 price target. LVMH remains a high quality compounder with balanced risk/reward exposure to luxury and premium staples in our view.

LVMH benefits from scale advantages (marketing, retail, sourcing, talent development), a strong digital platform, it owns brands and operates in categories which demonstrate strong distribution control (and therefore makes them relatively 'un-Amazonable') and generates consistent and meaningful free cashflow, supporting its acquisition strategy (which has a demonstrated a strong track record supported by highly capable management).

We anticipate strong underlying brand momentum at core LV and Dior brands within Fashion & Leather, with margin levers to protect profitability in the near-term. The agreed Tiffany acquisition should complete by mid-2020 which provides mid-long term earnings accretion potential in our view.

Potential catalysts

Key potential catalysts include: (1) strong demand from Chinese clientele fuelling faster sales growth for LV; (2) better-than-expected margin performance; and (3) untapped growth opportunity for Wine & Spirits maisons and Sephora in emerging markets, (4) weakening of the euro relative to the USD, CNY, HKD and JPY.

Valuation

Our 12-month price target of €390 is based on a DCF model which takes on board our explicit 5-year forecasts, 7.5% WACC, +9% FCF CAGR in the medium term (years 5-10) and a terminal growth rate of 2.5%. Our price target supports our Outperform rating.

Risks to rating and price target

- **LVMH is exposed to sector-wide risks related to:** (1) macro factors driving wealth creation and high-net worth individual population growth; (2) geopolitical risks adversely affecting the overall 'feel-good factor'; (3) risks that affect global travel flows (e.g., visa restrictions, wars, and health scares which includes Coronavirus); and (4) currency movements (strengthening euro, Swiss franc and sterling negative for the sector).
- **We see the following company-specific risks:** (1) ROIC dilution due to faster growth of smaller, lower-margin brands and fast expansion of operating leases for businesses like DFS; (2) law of big numbers for Louis Vuitton; (3) Sephora market share gains slowdown; (4) higher costs to turnaround and develop the smaller brands in its portfolio like Marc Jacobs; and (5) M&A risk if overpayment leads to excessive ROIC dilution.
- **Key potential catalysts include:** (1) strong demand from Chinese clientele fuelling faster sales growth for LV; (2) better-than-expected margin performance; and (3) untapped growth opportunity for Wine & Spirits maisons and Sephora in emerging markets, (4) weakening of the euro relative to the USD, CNY, HKD and JPY.

Markel Corporation (NYSE: MKL)

RBC Capital Markets, LLC
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Rating: Outperform

Closing Price: USD 927.89

Price Target: USD 1,500.00

Implied All-in Return (%): 61.7

Most recent note: link

Investment summary

Markel's underlying operating results continue to remain solid backed by strong favorable reserve development, good investment total returns and continued product-driven growth from recent acquisitions in addition to favorable pricing trends. Markel's balance sheet remains among the most conservative in the business, with considerable embedded value and the company has ample capital, an expanding footprint, and the organizational discipline to continue to grow book value at a double-digit pace over time, in our view. Our Outperform rating reflects the company being well positioned in products with the best potential for rate increases and for Markel the opportunity to both improve margins and gain share. Equally, we have no reserve concerns with Markel; it is one of the few companies that has been consistently proactive in reserve setting and doing good underwriting in the first place.

Our investment thesis is driven by the following key characteristics:

Disciplined and conservative – Markel has always focused on delivering underwriting profits across all market conditions and establishing conservative reserves and their track record backs up the success of both strategies.

The right products for the current environment – Markel has a strong presence in specialty and E&S lines and also a sizeable presence in reinsurance all of which have been seeing an improving pricing environment. Historically Markel has been quick to take advantage of improved pricing conditions and has had the capital to respond quickly to market dislocations.

Diversified investment portfolio – Markel invests a sizable portion of its portfolio in equities. A long-term approach to book value growth over time coupled with non-insurance earnings from the company's Markel Ventures unit provides a unique source of differentiation.

Upsides and risks to our thesis

CatCo uncertainty – The company continues to face reviews from regulators and shareholder lawsuits related to its CatCo unit, which is now in run-off. Neither the timeline nor the magnitude of any potential charges or penalties are readily predictable at this time though we would expect potential losses to be both manageable and one-time in nature.

Markel Ventures – The company's Ventures portfolio provides the company a diversified earnings stream and an attractive source of non-insurance returns. That said, such results can be more volatile and less visible than regular underwriting and investing results.

Valuation

Our price target of $1,500 is based on a multiple approximating 1.7x estimated ending-2020 book value, which is slightly below most peers. Our price target is consistent with our Outperform rating. Markel has a strong long-term record of value creation through conservatively set reserves and the ability to grow book value via both underwriting and investing. Our current multiple reflects the company's well-positioned product set, which is focused on specialty and E&S lines of business. These lines are seeing strong rate increases and we expect that momentum to continue throughout 2020.

Risks to rating and price target

We believe that the most significant risks to our price target and rating include: industry-wide pricing deterioration, large or unusual catastrophe losses, potential unsuccessful defense of business interruption exclusions, weaker-than-expected results at Markel Ventures, and unusual fluctuations in the company's equity-heavy investment portfolio.

McDonald's Corporation (NYSE: MCD)

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Rating: Outperform

Closing Price: USD 165.35

Price Target: USD 201.00

Implied All-in Return (%): 24.0

Most recent company note: link

Investment summary

We see MCD at current levels as an attractive opportunity given: 1) the substantial investments made behind its domestic business (e.g. Experience of the Future, Dynamic Yield) that we expect will continue to drive same store sales momentum; 2) free cash flow that is poised to accelerate as capex begins to decline materially in 2021 and beyond; and 3) an improving long-term earnings growth outlook. We also believe MCD is among the most defensive names in the overall restaurants group, supported by lower leverage vs. global "all-franchised" peers, its strong dividend yield and history of outperforming in challenging macro environments. While recent management change and macro pressures have created some near-term questions, we are confident in current leadership's ability to guide MCD through disruption and believe overall strategy—marked by asset base and technological improvements—will remain intact.

Potential catalysts

- A return to positive traffic in the US.
- EPS growth in the high single digits, in line with LT guidance.
- Acceleration in system sales, driven by comp and/or unit growth momentum.

Valuation

Our price target of $201 is based on a multiple of 17x 2021E EBITDA of $10.9B. Our price target implies a target P/E multiple of ~25x 2021E EPS and a FCF yield of ~4%. Our target multiple is above the target multiple for most large, global 'all- franchised' restaurant peers. McDonald's stable and improved business model, global scale, relatively lower debt levels and near best-in-class dividend yield all help to balance relatively lower unit growth, justifying multiple expansion to above that of all-franchised peers. Our price target supports an Outperform rating.

Risks to rating and price target

- The primary risk to earnings and multiples currently is the duration and magnitude of the impact from COVID-19, including related risks such as: government-mandated and/or company/franchisee-directed restaurant closures or restrictions; muted demand for restaurant services amid the outbreak; and impact to overall demand for consumer discretionary products/services due to macroeconomic pressures.
- As with most restaurant company stocks, worse-than-expected same store sales can negatively impact valuation. Risk factors for same store sales include: macro/consumer headwinds; increased competition; declining consumer demand for the brand.
- Slowing demand for the brand can impact consumer and potentially franchisee demand, thus impacting negatively unit growth.
- Company-operated restaurant margins can be negatively impacted by rising labor and commodity costs, as well as other restaurant-related expenses (rent, insurance, etc.).
- For global restaurant companies, foreign currency exchange risk can have a meaningful impact on revenue and earnings.

Microsoft Corporation (NASDAQ: MSFT)

RBC Capital Markets, LLC
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Rating: Outperform

Closing Price: USD 157.71

Price Target: USD 200.00

Implied All-in Return (%): 27.6

Most recent company note: link

Investment summary

Multi-year growth engines of O365 and Azure continue to show fundamental strength, and margin expansion across Commercial Cloud is continuing with scale and execution. Legacy business lines are benefiting from halo effects (Azure Stack, LinkedIn and Dynamics) across the business. The current environment will likely drive more companies to adopt the company's Cloud and collaboration offerings, to better enable remote work, disaster recovery, and flexibility. We view risk-reward as attractive and rate MSFT as Outperform.

Potential catalysts

Azure and O365 mixing up: As these businesses grow within the mix and as margins improve (especially in Azure), we expect revenue and gross profit growth to accelerate. This, coupled with controlled opex growth and share repurchases, should enable the company to deliver EPS growth in the low-to-mid teens.

Very large TAM for Azure: We think Azure can scale to multiples of its current size as workloads grow on hyperscale cloud platforms and MSFT maintains a strong second position to leader AWS in Western economies.

Optionality around IoT/ AI/ VR: We think MSFT's efforts in these areas are strong.

Valuation

Our $200 PT represents a 31x multiple on our CY21 EPS estimate. We believe a premium multiple is warranted given MSFT continues to benefit from a secular shift around the nature of work, cloud, and AI-based business transformation. Our price target supports an Outperform rating.

Risks to rating and price target

- **Deflationary risks:** There is some concern that Azure may be deflationary to medium-term Server Products growth.
- **Competitive backdrop remains intense:** The industry shift toward mobile and cloud has created a new set of challenges for Microsoft: (i) operating systems have become integrated or free (Apple and Android); (ii) cloud applications are chipping away at personal productivity software (e.g., Google Apps); and (iii) Infrastructure-as-a-Service players are determined to grow by passing on the economies of scale to customers (e.g., Amazon Web Services). Microsoft has a more focused strategy to address these challenges, but it is still not clear that it will succeed on all fronts.
- **Weakening consumer position:** MSFT's failure to build a smartphone ecosystem and its lagging position in the living room versus AMZN and GOOGL could be long-term competitive disadvantages.
- **Transformational acquisition:** A significant acquisition that depletes the company's net cash position and places additional operational pressures on the business could be a risk.
- **COVID-related delays**: The COVID-19 situation may lead to longer sales and implementation cycles, delaying revenue, or in some cases even leading to lost opportunities.

Ollie's Bargain Outlet Holdings, Inc. (NASDAQ: OLLI)

RBC Capital Markets, LLC
Scot Ciccarelli, CFA (Analyst) (212) 428-6402; scot.ciccarelli@rbccm.com

Rating: Outperform

Closing Price: USD 46.65

Price Target: USD 57.00

Implied All-in Return (%): 22.2

Most recent company note: link

Please note: Subsequent to the March 31, 2020 pricing of the *Top 30 Global Ideas* list for 2020, OLLI's price target was changed to $57.00 (from $44.00) on April 2, 2020. See note **here**.

Investment summary

With projected annual store growth of ~15%, which is 50–100% higher than many other "high store growth" retailers in the 8–10% range, and the potential to expand by ~3x+ from current levels (345 to 950+ over time), we think Ollie's has one of the best long-term store growth profiles in the Hardlines/Broadlines Retail sector. Further, the company's stores generate strong cash-on-cash returns of ~60%+, with 4-wall EBITDA of $585,000–600,000 ($630,000 in most recent vintages) on an initial $1 million investment. In addition, its constantly changing/treasure hunt-oriented shopping experience, coupled with its steep clearance-level prices, should help insulate the company against e-commerce cannibalization. With ~15% unit growth and flat to LSD comp growth longer-term, Ollie's should be able to post high-teens to mid-20% EPS growth over the next several years. We rate OLLI shares Outperform.

Potential catalysts: Expansion in Texas and other western markets; leveraging of Ollie's Army member data for targeted marketing; buying opportunity for inventory post-COVID-19 crisis; and 1Q20 EPS results

Valuation: We rate OLLI shares Outperform and arrive at our base case price target of $57 by applying a 25x P/E multiple to our 2021 EPS estimate of $2.30. Our 2021 EPS estimate is based on new store and other sales growth of 13%, comp growth of 8.3%, and 100 bps of EBIT margin expansion. Our target multiple is below the 3-year median 2-year forward multiple of ~33x. We believe that Ollie's has a plethora of highly favorable long-term growth characteristics, with extremely productive unit economics and a time horizon on its store growth that is increasingly hard to come by in today's retail landscape. We believe the company's ~15% unit growth, 3x store expansion potential and long-term earnings growth potential will enable investors to benefit from the company's robust earnings compounding potential. The implied return to our price target justifies our Outperform rating.

Risks to rating and price target

- **Ability to consistently obtain discount and closeout inventory –** Roughly 70% of Ollie's offerings consist of closeout products, making it heavily reliant on its ability to consistently obtain discounted inventory, availability of which can be volatile. Ollie's also faces competition from a variety of other retailers for its inventory. Though we believe Ollie's remains relatively insulated from e-commerce competition, continued expansion of companies like Amazon into the "flash sale" business could further disrupt availability of closeout inventory.
- **High level of "comp" volatility –** The risks described above regarding closeout availability are likely to create peaks and troughs in same-store sales trends over shorter-term periods (though annual comp performance has remained largely consistent over time). While deals on products such as coffee K-cups might drive traffic into the stores, the company will then have to compete against the incremental sales generated by these products. This becomes increasingly difficult if they are unobtainable on a consistent basis or if the company is unable to replace that deal with a similarly attractive one.
- **Lack of comp lift from new store growth –** One reason investors are typically bullish on retailers with significant store growth is the incremental comp lift that those retailers can generate as younger, less productive stores ramp toward maturity. However, Ollie's stores open above ~100% maturity, so its young store base will not provide the extra "comp" growth that most growth retailers experience.
- **Investor focus on unit growth and economics necessary for stock appreciation –** The performance of retail stocks has historically been dependent on consistent same-store sales trends and growth. Given the comp risks described above, the appreciation of Ollie's shares will likely be dependent on investors' ability to place a greater focus on the company's solid unit expansion potential and reliable unit economics profile.
- **Lack of e-commerce business –** Ollie's doesn't have an e-commerce business to subsidize a drop in store sales resulting from COVID-19 shelter in place orders.

Orsted A/S (CSE: ORSTED)

RBC Europe Limited
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Rating: Outperform

Closing Price: DKK 666.40

Price Target: DKK 830.00

Implied All-in Return (%): 26.2

Most recent company note: link

Investment summary

Ørsted, in our view, is the clear market leader in the growing offshore wind industry with an excellent track record of delivery. We see growth prospects in offshore wind as accelerating, which should provide opportunities for Ørsted to add to the secured 15GW of assets in 2025, and move towards the 30GW target for 2030. We give Ørsted full credit for achieving the 30GW target in our forecasts, however, estimate this still implies a decline in market share from ~20% in 2020 to ~13% in 2030.

Our DKK 830/sh target is ~65% known assets and ~35% growth, with a long-term growth assumption of 1.5GW of new offshore capacity per annum delivered at a 7% IRR. Newsflow on subsidy regimes may add further value to our investment case as Japan and Poland are likely to announce the format of subsidy regimes this year, which as burgeoning markets may be more generous than current returns assumed by the market.

We believe that the transition to net zero will be resilient to the impacts of COVID-19 and we see Ørsted as one of the best placed companies in this regard. Furthermore, the company is well placed to deal with any near term uncertainty as a result of the global pandemic given its strong balance sheet, with ~DKK 30bn of liquidity, and a highly visible cashflow profile. Interestingly, the COVID-19 crisis may present an opportunity for Ørsted due to reduced competition in bids for renewables projects as more challenged and leveraged players withdraw their interest.

With an implied total return of ~30% to our DKK 830/sh price target, we rate Ørsted Outperform.

Valuation

We value Ørsted via a sum-of-the-parts. Renewables (~98% of EV) are valued asset-by-asset over the life of the windfarms using DCFs and a post-tax WACC of 4.8%. We add ~DKK 288/sh for unsecured growth based on a generic 1.5GW p.a. build-out across 2026-50 at a ~7% IRR. We forecast ~21GW capacity by 2025 and ~30GW capacity by 2030, in line with Ørsted's 30GW target.

Our DKK 830/sh PT supports our Outperform rating.

Risks to rating and price target

The risks to our price target and rating include: Competitive pressures on offshore wind auctions that push down IRRs; construction risks; changing government policies on renewables; weaker power prices (on some assets); and FX (particularly weakening of GBP relative to DKK).The key risks for Ørsted as a result of COVID-19 are an inability to keep sites operational, delays to construction programmes on new assets and a reduction in demand for power as a result of global lockdowns which could lead to lower achieved prices on not fixed mechanism assets.

PepsiCo, Inc. (NASDAQ: PEP)

RBC Capital Markets, LLC
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Rating: Outperform

Closing Price: USD 120.10

Price Target: USD 153.00

Implied All-in Return (%): 30.8

Most recent company note: link

Investment summary

After a complete review of our model and assessing PepsiCo's strategic direction under CEO Ramon Laguarta, we believe the company will be able to deliver better long-term revenue and profit growth than we had previously assumed. Investments behind marketing, digital, and infrastructure should start to pay dividends. We believe the recent sell-off of PEP provides an attractive entry point for a long-term compounder.

Valuation

Our $153 DCF-based price target assumes a top-line CAGR of 4.4% and peak margins of 18.3%. We assume a 1.0% terminal growth rate and a WACC of 6.3%. Our price target supports an Outperform rating.

Risks to rating and price target

- **Manufacturing/logistics disruption** – In a situation like COVID-19, PEP runs the risk of significant manufacturing/logistics disruption that could result in the inability to keep up with increased consumer demand and ultimately lead to share losses down the road.
- **Recessionary scenario** – While consumer staples tends to fare better than other sectors in an economic downturn, PEP is not completely insulated. In the 2008-2009 recession, PEP's NTM P/E contracted almost 40% from a pre-crash average of 20x to a trough of 12x.
- **Increased competition** – From both new market entrants and packaged food peers leaning into snacks as a source of growth.
- **FX/commodity cost volatility** – Significant swings in FX or input costs could pose downside risk to earnings.
- **Health and wellness headline risk** – Issues facing CSDs (Health and Wellness) in the US become global.

Pfizer Inc. (NYSE: PFE)

RBC Capital Markets, LLC
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Rating: Outperform

Closing Price: USD 32.64

Price Target: USD 44.00

Implied All-in Return (%): 39.3

Most recent company note: link

Investment summary

With the announced deals to divest its Consumer and Upjohn businesses, PFE will be left with a cleaner platform in 2021 and beyond with best in class revenue and EPS growth through 2025. Importantly that growth is not predicated on major pipeline contribution or acquisitions providing solid visibility. That earnings base also comes with relative defensiveness and a supportable dividend of >5% in the current uncertain COVID-19 environment supporting our Outperform rating:

1) **We have confidence in the growth outlook with portfolio of products that should be relatively better positioned against COVID-19 impact.** Our revenue and EPS CAGR through 2025 off our re-based 2021 forecast are 5% and 11%, respectively. The portfolio includes healthy concentration to critical care products and Vaccines, which we expect to be relatively resilient in the current environment.
2) **We see upside in VYNDAQEL and IBRANCE relative to consensus over the next several years.** The top five products comprise almost half of the base, with solid underlying growth of 5% through 2025 and that top-line growth drives meaningful operating leverage to the bottom line.
3) **Bear case points to loss of exclusivities (LOE) in 2025 and beyond, but there is ample time to back-fill the revenue base and grow the dividend.** There is meaningful firepower to support both the >5% dividend as well as M&A with end of year proforma leverage of ~1.5x. Moreover, given valuation dislocations driven by COVID-19 we believe we could see PFE get increasingly aggressive from an M&A perspective over the next 1-2 years.

Potential catalysts: (1) close of Upjohn RMT to Mylan (expected 2H2020); (2) data reads – focus on IBRANCE's PALLAS (early 2021) and PENELOPE B (late 2020); and (3) Potential for deployment of capital to M&A targeting 2026 LOE that can address bear case in the stock.

Valuation

Our $44 price target is based equally on P/E and EV/EBITDA on our 2021 estimates reflecting standalone numbers following the 2H2020 close of the Upjohn spin. We use multiples of 17x and 14x, respectively, which gets us to $42, and add $2.50 per share to reflect the value of its 57% ownership stake in the Mylan/Upjohn Newco. The multiples used are reflective of our price target framework where we apply a 15% premium to historical industry averages, reflective of factors including the company's higher dividend yield, growth profile, and others. The implied return to our price target supports an Outperform rating.

Risks to rating and price target

Risks to our rating and price target include but are not limited to: (1) tail value risk with Loss of Exclusivity (LOE) concerns on key products starting 2026 and beyond; (2) pipeline risk, with its "Up to 15 in 5" and "Beyond 15 in 5" initiatives key drivers of sustained growth; (3) Risk from a more material impact from COVID-19 pressuring core product sales and possibly delaying clinical trial timing; (4) regulatory/political risk, which is broadly applicable to the sector, particularly around pricing/reimbursement.

Roper Technologies, Inc. (NYSE: ROP)

RBC Capital Markets, LLC
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Rating: Outperform

Closing Price: USD 311.81

Price Target: USD 368.00

Implied All-in Return (%): 18.7

Most recent note: link

Investment summary

Differentiated business model. We think the Roper business model is unique within the sector on a number of key aspects: (1) unwavering focus on asset-light, high free cash flow businesses; (2) recurring revenues account for +60% of its mix thanks to aftermarket and subscription fees; (3) self-funded M&A focused on SaaS and network-based businesses, now +50% of earnings; (4) with elements of a publicly traded private equity firm, Roper has a decentralized corporate structure with 40 group presidents; (5) niche, medium-tech portfolio, with 85% of sales from customized products and 15% from standardized, reducing exposure to pricing pressure.

Best-in-class operating metrics. In our view, Roper is indisputably one of the highest-quality names within the Multi-Industry sector. It leads the pack in EBIT margin and free cash flow conversion thanks to its portfolio of low capital-intensity and profitable SaaS and network-based businesses. Roper has also generated among the highest organic and total revenue CAGRs in the sector, showing that it has multiple legs for operating momentum besides M&A.

Potential catalysts: Robust pipeline of M&A opportunities. Roper's strong free cash flow generation should be enough to fund +$7 billion of acquisitions over the next four years. We believe that the market is filled with potential software and network-based targets, and management will remain disciplined in sourcing niche, undervalued gems to deliver shareholder returns.

Valuation: We consider Roper's +135% five-year free cash flow conversion, well above the sector average, to be sustainable in the long term. In our view, the large and likely permanent disconnect between Roper's free cash flow and net income suggests that P/E is not the most accurate way to value the company. We view P/FCF as the more appropriate metric given the company's focus on cash generation. We believe that Roper warrants a 40% premium to peers on P/FCF, above the high end of its (20%)-20% historical relative range, for 23.8x on 2021E P/FCF based on its superior profitability, organic growth, and M&A opportunities. This derives our $368 price target, underpinning our Outperform rating.

Risks to rating and price target

- **Coronavirus disruptions.** The recessionary economic environment spurred by the COVID-19 coronavirus may result in project push-outs, weaker macro demand, and customer payment delays. For instance, the near-term strain on the US healthcare market and lock-outs of non-essential personnel may delay the implementation of software ERP roll-outs.
- **Oil & gas volatility.** The recent collapse in crude oil prices may pressure Roper's oil-exposed businesses (10% of revenues), especially those levered to upstream demand such as Roper Pump.
- **Remote work.** Assuming that the trend towards remote work continues, Roper's TransCore business may not benefit from the implementation of future congestion tolling projects, as there would be less commuters on the roads.
- **Acquisition risks.** Roper is highly acquisitive, and its success depends on identifying and acquiring attractive businesses at prices that can be accretive to earnings. Even successful integrations can require substantial management time and attention.
- **Private equity competition.** Roper has been stymied in its efforts to execute on M&A due to outbidding by private equity firms with deep pockets. We expect the prevalence of cheap debt to persist, and the balance of power in the M&A market to stay with private equity at the expense of strategic acquirers like Roper.
- **Margins.** Since Roper generates the highest gross and operating margins in the sector, there is a degree of execution risk, where it would see a shortfall in profitability.
- **Economic conditions.** Economic factors, including the pace of the global recovery, late-cycle exposures in energy and process industries, inflation/deflation, commodity prices and availability, credit conditions, currency, product costs, and price realization, could cause Roper's results to be lower than anticipated.

Siemens AG (XETRA: SIE)

RBC Europe Limited
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Rating: Outperform

Closing Price: EUR 76.25

Price Target: EUR 110.00

Implied All-in Return (%): 49.5

Most recent company note: link

Investment summary

Siemens' size and breadth offer above average resilience and a strong balance sheet. Simplification will continue with the Energy spin scheduled for September, a potential catalyst even if delayed. An uncertain macro environment will cause ongoing volatility in the fundamentals and perhaps even more so in the shares (4th largest DAX component and largest within Stoxx 600 Ind Gds & Svcs). However, with a 10-year average PE and DCF together implying ~50% upside on forecasts we have already cut 15-20%, we see the valuation as compelling.

Valuation

Price Target to €110: We consider a PE and DCF when valuing Siemens, using an average of the two (abandoning a SOTP owing to volatility in peer multiples). Our PE, using a 10-year average of just 12.8x, returns a valuation of €107, while our DCF (WACC 7.5%, terminal growth 2%) returns a value of €113. Averaging the two returns a target of €110. The implied all-in return to our price target supports an Outperform recommendation.

Risks to rating and price target

- **COVID-19 impact.** Short cycle businesses (DI and SI) are seeing challenges, most notably in China, Germany and Italy, in the automotive and machine building sectors. At Healthineers we see potential for a short-term negative impact as all healthcare resources become focused on COVID-19, which Siemens' diagnostics platform does not test for (although imaging – in particular CT where Siemens is market leader – is used in assessing patients). However, medium to longer term this could be a trigger for greater investment in healthcare globally. Near- term deliveries at Mobility and SGRE could also be impacted, but we do not expect a meaningful change to the structural tailwinds.
- **Cost flexibility.** Siemens' size, complexity and Board level representation from labour unions means that it has historically not been very agile with its cost basis. Siemens' new structure has been designed to change this, but is in its infancy (effective as of April 1 2019) and remains unproven in a major downturn.
- **Energy spin.** Siemens is scheduled to spin off its Energy business in September, meaning shareholders of Siemens AG will also become shareholders in an energy focused company. The structural changes within energy present a number of risks mainly from the Siemens Energy's fossil power generation and oil & gas related businesses, although we see this as offset partially at least by the renewable and grid exposure.
- **Further sector de-rating:** Further concerns of a deep recession could precipitate a general sell-off and de-rating in the industrials sector, thus affecting Siemens' valuation.
- **Siemens could suffer indiscriminate buying/selling pressure:** Siemens is a highly liquid proxy for industrial Europe and could be bought or sold by portfolio managers wanting to increase or reduce European industrial or European cyclical exposure. The share is also a major component of Germany's DAX Index.

Stericycle, Inc. (NASDAQ: SRCL)

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Rating: Outperform

Closing Price: USD 48.58

Price Target: USD 75.00

Implied All-in Return (%): 54.4

Most recent company note: link

Investment summary

It has been a rough four years for what once was a very consistent growing company and high-flying stock. Beginning in 3Q15, SRCL was hit by a confluence of challenging headwinds, and as some abated, others piled on. The impact on the stock has been significant—from its 5-year high to low, shares were off more than 75%. We believe things are changing, though, and are seeing more evidence that SRCL's turnaround is gaining traction. An entirely new management team has been installed (led by ex-UPS exec Cindy Miller), who have made quick progress re-simplifying the business (i.e., divesting non-core assets), overhauling operations, and now getting under way with the implementation of a global ERP system. Shares are up from recent lows, but valuation still looks attractive to us, relative to both peers and its longer-term historical trading range. For it to continue to work, we believe investors want to see: (1) continued execution on management's new operational/efficiency initiatives; (2) more evidence that the SQ pricing headwind is abating; and (3) a successful implementation of its new ERP system. As these fall into place and organic revenue growth resumes, margins lift, and the balance sheet begins to de-lever, we believe the benefits of SRCL's anti-cyclical model should shine through and its multiple should grind back to its former "glory day" levels in the high-20s.

Potential catalysts

Closing of the Harsco/Environmental Services Divestiture. The deal was initially slated to close in 1Q; management is still hopeful it will soon. All that is needed now is HSR approval, but that could be delayed by government office closures. SRCL plans to use the $430M net proceeds for debt reduction, which would reduce leverage to 3.96x, from 4.45x as of 4Q19.

More Evidence of SQ Pricing Headwind Abating. This is one of the primary headwinds that SRCL has been fighting, and the one that has been most detrimental to revenue growth and margins. Our price checks point to stabilization, which should enable re-acceleration in organic RMW growth in 2020.

Portfolio Rationalization/Divestitures. Management has made some progress here but still has (we estimate) $140-150M of remaining revenue it would like to sell. Additional transactions should be well received, as they would help to restore the consistency for which Stericycle has been historically known.

Valuation

Our $75 price target is based on a 25x multiple of our base case 2021 EPS estimate. This would put valuation in line with both its peers and its longer-term historical trading average. Our price target supports an Outperform rating.

Risks to rating and price target

Risks include increasing competition and pricing pressures across its core markets, disruptions and/or elevated costs stemming from the COVID-19 pandemic, significant international exposure, an upcoming ERP implementation, a levered balance sheet, and fluctuating paper prices.

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

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

Rating: Outperform

Closing Price: USD 67.86

Price Target: USD 70.00

Implied All-in Return (%): 5.4

Most recent company note: link

Investment summary

With the stock hovering above our downside scenario range of US$55-US$60, we believe Thomson Reuters at current levels is now positioned to deliver capital protection in the event of a prolonged 2008-2009 style recession and recovery, yet also positioned to deliver capital appreciation should this recession be deep but relatively short-lived with a "V-like" recovery beginning in H2/20. Prior economic cycles for Thomson Reuters have shown: (i) a defensive revenue mix; (ii) an ability for management to realize additional cost efficiencies to mitigate incremental revenue pressure; and (iii) the stock typically experiences a reasonably sharp but short-lived period of multiple compression before recovering concurrent with an improvement in market sentiment.

Potential catalysts for the stock

- Greater-than-expected resilience in Legal Professionals organic revenue growth resulting in a positive re-rating of the stock
- Greater-than-expected resilience in end-market demand across the company's businesses
- Improved adjusted earnings visibility
- Accretive tuck-in acquisitions

Valuation

Our base case assumes a modest COVID-19 related deceleration in organic revenue growth. Our one-year price target of US$70 is based on an NAV approach. We apply target EV/EBITDA multiples of 15.0x, 16.5x, and 16.5x to our blended 2021/2022 EBITDA estimates for Legal Professionals, Corporates, and Tax Professionals, respectively. We believe these target multiples are consistent with a resilient organic revenue growth profile through 2021E, defensible margins, and comparable valuations. Our price target of $70 supports an Outperform rating.

Risks to rating and price target

- Reductions in the number of customers within Corporates and Tax & Accounting Professionals segments
- Sustained organic revenue growth pressure in the event that the current economic downturn is deeper and longer than anticipated
- Inability to further reduce operating costs leading to margin deterioration as significant operating leverage works against a temporarily decelerating organic revenue growth profile
- Potential dilution associated with further acquisitions

Truist Financial Corporation (NYSE: TFC)

RBC Capital Markets, LLC
Gerard Cassidy (Analyst) (207) 780-1554; gerard.cassidy@rbccm.com

Rating: Outperform

Closing Price: USD 30.84

Price Target: USD 50.00

Implied All-in Return (%): 68.0

Most recent note: link

Investment summary

We rate TFC Outperform for the following key reasons:

Return on Tangible Common Equity (ROTCE): TFC's low 20% ROTCE goal puts them in the "best in class" category. We expect TFC will be able to reach this target through executing on the merger and effectively managing its capital levels.

TBV and BV Per Share Growth: TFC's tangible book value (TBV) per share increased 5.2% and 30% to $25.93 from $24.66 in 3Q19 and $21.61 in 4Q18, respectively. Book value (BV) per share of $45.66 increased 20% from $38.07 on a sequential basis and 29% from $35.46 in 4Q18, respectively.

Upside to cost savings: The current stock price does not reflect any upside to the conservatively targeted cost savings of $1.6 billion, in our view. Assuming that cost savings approach 35–40% of SunTrust's expense base, the incremental expenses savings above the targeted $1.6 billion would range from $0.21 to $0.37 per share.

Diversified revenue mix: Estimated fee revenue as a percentage of estimated total revenue will account for 39% of estimated total revenues in 2020 compared to legacy BB&T's fee revenue to total revenue through nine months of 2019 of approximately 43%. We anticipate that Truist will have enhanced capacity to grow its insurance and capital markets businesses, which should accelerate fee revenue growth and enable the company to return to fee revenue levels closer to legacy BB&T in the future.

Attractive markets: Truist's footprint is located in one of the strongest and fastest-growing regions of the US. We expect TFC to maintain a competitive advantage over many of its competitors headquartered outside its footprint due to its being physically located in the southeast part of the US.

Operating efficiency: TFC expects its adjusted efficiency ratio to reach into the low 50% range after it completes the integration. We expect TFC to eventually hit this target due to the realization of revenue synergies and cost savings.

Digitalization: We expect Truist to benefit from the technology investments undertaken by both SunTrust and BB&T. While SunTrust has invested in a cloud-based open architecture framework, BB&T has largely focused on building data centers. We expect that Truist will benefit from the cloud-based agility that allows for quickly testing new technologies and implementing new systems, while also maintaining a high degree of security afforded by BB&T's data centers. Additionally, SunTrust's LightStream will extend BB&T's existing consumer lending efforts.

Return of capital: The company is well capitalized and expected to begin to return 75–80% of its earnings through share repurchases and dividends after it surpasses a CET 1 ratio of 10%, which could occur as early as the third quarter of 2020.

Valuation: Our price target of $50 is 12.3 x our 2020 EPS estimate, 1.31 x book value and 2.02 x tangible book value. Our price target primarily reflects our profitability and risk assessment of the company relative to a peer group of similar companies, as well as current market concerns over the impact from COVID-19. This multiple is consistent with the highest quality banks in the peer group. We believe the premium is warranted by the company's consistent fundamental performance, strong capital position, and clean asset quality. Our price target and implied return support an Outperform rating.

Risks to rating and price target: We believe that COVID-19 containment strategies are likely to cause a severe near-term economic downturn, amplifying risks that could affect the achievement of our rating, outlook, and price target objective. Interest rate risk causing additional margin pressure, as well as the deterioration of asset quality metrics from current levels would represent two of these potential risks. Additionally, we are monitoring the realization of cost savings associated with the merger.

Uber Technologies, Inc. (NYSE: UBER)

RBC Capital Markets, LLC
Mark S.F. Mahaney (Analyst) (415) 633-8608; mark.mahaney@rbccm.com

Rating: Outperform

Closing Price: USD 27.92

Price Target: USD 44.00

Implied All-in Return (%): 57.6

Most recent company note: link

Investment summary

Our Outperform rating is based on several key factors:

We believe investors largely agree that Uber faces very large TAMs, has a leading competitive position, and benefits from an experienced management team. The controversy is around profit potential, heightened by the largest loss profile of almost any IPO (~$3B EBITDA loss in FY19). BUT, over the past 3 years, we have seen each of Uber's four opex lines (Ops & Support, Sales & Marketing, R&D, and G&A) decline as a percentage of Revenue (from 99% in FY16 to 66% in FY18), and we have seen Driver & Rider Subsidies as a percentage of bookings come down materially (from 13% in FY16 to 9% in FY18).

And we see 4 key paths to profitability:

1) Eventual rationalization in competitive dynamics leading to fewer Subsidies.
2) Long-term pricing power (as other major consumer Internet platforms have proven).
3) Insurance leverage (50% of COGS) from a mix/shift in business to non-ridesharing verticals & international.
4) Expense leverage as the company scales.

Valuation

Our $44 PT is based on a 3X EV/Sales multiple on our 2021E Revenue est. of $21.1B and a 3-yr revenue CAGR of 22%. Our SOTP & comps also support our $44 PT. On a SOTP basis, we believe UBER's ridesharing business should trade at a premium multiple to LYFT, given its larger market share, international exposure, and business diversification. We believe that the two stocks are likely to be relatively linked; greater-than-expected losses at one is likely to be read as a negative read-thru to the other, and better-than-expected profitability at one is likely to be a positive read-thru to the other. Our price target supports our Outperform rating.

Risks to rating and price target

- **Were COVID-19 concerns** to cause longer than anticipated work from home or stay in place restrictions, Uber could see a longer than expected decline in demand for its ride-sharing services.
- **Unproven Profitability:** Uber has never been profitable and we do not expect EBITDA breakeven until 4Q20.
- **Fierce Global Competition:** Uber faces substantial competition in its ridesharing, meal delivery, and freight verticals.
- **Significant Regulatory Risk:** Uber is subject to numerous legal and regulatory risks that could have a material impact on its business. Intense regulation could hinder Uber's ability to continue its expansion into Canada and share gains in the US, causing growth to materially decline.
- **Autonomous Uncertainty:** Although Uber has invested approx. $1B in autonomous technology, the return on that spend will not be clear for some time, and where economic rents will accrue (to the tech or the network provider) is unclear.

Visa Inc. (NYSE: V)

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

Rating: Outperform

Closing Price: USD 161.12

Price Target: USD 195.00

Implied All-in Return (%): 21.7

Most recent company note: link

Investment summary

Visa's business model is such that, while near-term results will be hurt by the macro environment, we believe it should be among the first companies to benefit from a reacceleration in retail spending. The macro environment has led to significant drop in the stock price since the February 2020 highs, but we believe does not change it being a long-term secular-driven stock that should provide solid compounding organic growth with opportunities for additional strategic M&A or change Visa's long-term fundamentals of high-single- to low-double-digit organic revenue growth, 60%+ GAAP operating margins, potential for close to mid-teens+ EPS growth, and significant free cash flow generation.

In addition to being one of the best ideas in our space, we believe that Visa's fundamentals and significant free cash flow generation) rank it among a select group of companies with strong fundamentals.

We see the macro-economic environment as the major near-term fundamental risk and note that the stock price could also come under pressure based on headline risk around litigation and regulation, in our opinion.

Valuation

Our price target of $195 is based on 30x our CY21 EPS estimate of $6.50, generally in line with the fundamental peers. Underlying our EPS estimates are expectations for constant-currency revenue growth in the high-single digits and 60%+ GAAP operating margins, once near-term macro factors abate. Our price target supports our Outperform rating.

Risks to rating and price target

A persistent slowdown in payment volumes and cross-border travel as result of macro conditions, or pushback from large financial institutions on pricing could impede our price target objective and/or rating. Increased regulatory scrutiny, inability to maintain pricing structure, and a prolonged global recession could cause the stock to perform below our expectations and impede achievement of our price target objective and/or rating.

Xero Limited (ASX: XRO)

Royal Bank of Canada - Sydney Branch
Garry Sherriff (Analyst) +61 2 9033 3022; garry.sherriff@rbccm.com

Rating: Outperform

Closing Price: AUD 67.71

Price Target: AUD 85.00

Implied All-in Return (%): 25.5

Most recent note: link

Investment summary

Mission Critical Software with a Solid Balance Sheet. Over 2m subscribers globally with SMEs are paying only ~$30/month on average for business-critical software. High product utility and relative low price translates to high recurring revenue over 99%. XRO has ~$100m net cash and is in positive free cash flow territory. SMEs are highly unlikely to switch back to pen, paper or Microsoft Excel to manage their invoicing, tax, supplier and employee payments. XRO's software also fulfills increased mandatory obligations from tax authorities in Australia, New Zealand and the UK. We believe SMEs with real-time CF analysis and forecasting are in a better position relative to SMEs who are still using manual processes (pen, paper, Excel). COVID-19 could be a catalyst for SMEs who currently do not have real-time CF updates to run their business, particularly given the low cost of ~$30/month vs high product utility.

Cloud First, SaaS First with Global Scalability Advantages. XRO is the only global accounting software player built in the cloud as a SaaS platform since inception for small-medium enterprises (SMEs). These attributes give XRO material global scalability advantages relative to key competitors who started life as desktop or on-premise software packages. XRO is not saddled with the complexities of a hybrid solution or transitioning its core offerings to the cloud, unlike core competitors.

Lord of the Ring (Binders) in ANZ. XRO is the dominant SME accounting software platform in Australia and New Zealand (ANZ) with an estimated TAM of ~NZ$1bn/year. We forecast XRO's Australian market share double to ~65% by 2025 with NZ share to mature around ~75%.

The Battle of Britain in the UK. XRO is quickly gaining market share in the UK, with its core competitor Sage struggling with difficulties transitioning to cloud, platform outages, churn and management changes. The UK TAM is ~2x the size of ANZ with an estimated TAM ~NZ$2bn/year. We expect XRO to triple UK market share to ~24% by 2025, primarily at the expense of Sage.

Playing Hardball in the US. XRO's foray in the US to date has been impacted by changed distribution strategies and incumbent Intuit proving a strong competitor. We estimate the size of the US TAM is ~10x ANZ at ~NZ$10bn/year. We forecast XRO to triple US market share to ~2% by 2025 through investing in product and building brand awareness. We believe XRO can solidify its position as a top 3 player US over the medium term.

Potential Catalysts

1) Subscriber net adds; 2) Average Revenue Per User (ARPU) growth; 3) Financial results – November 1H and May FY; and, 4) AGM – August; 5) Acquisitions; and, 6) Entering new geographies

Valuation

Our 12-month forward A$85.00/share price target is based on our DCF valuation and is also supported by the discount Xero currently trades at vs global SaaS peers, on growth adjusted forward sales and EBITDA multiples. The assumptions for our base case valuation are: 1) Cash flow forecast to FY30; 2) WACC 9%; and Terminal value calculated as a blended average of our perpetuity growth 3.0% assumption and a terminal EV/EBITDA multiple 10.0x. These metrics are broadly consistent with those we use for peers. Our price target supports an Outperform rating.

Risks to rating and price target

Prolonged weak economic conditions from COVID-19 impacting SMEs cashflows which may see a reduction of existing subscribers numbers; lower net adds on lower economic activity from COVID-19 impacting SMEs; increased competition; financial results in February and August; potential bolt-on acquisitions; and, entering new geographies.

Companies Mentioned

Alibaba Group Holding Limited (NYSE: BABA US; $188.90; Outperform)
Alimentation Couche-Tard Inc. (TSX: ATD/B CN; C$33.82; Outperform)
Americold Realty Trust (NYSE: COLD US; $33.42; Outperform)
AXA SA (NXT PA: CS FP; EUR 14.63; Outperform)
Banco Santander, S.A. (MADRID: SAN SM; EUR 2.15; Outperform)
Barrick Gold Corporation (NYSE: GOLD US; $19.85; Outperform)
Brookfield Asset Management Inc. (NYSE: BAM US; $28.96; Outperform)
Canadian Natural Resources Limited (TSX: CNQ CN; C$19.83; Outperform)
Canadian Pacific Railway Limited (TSX: CP CN; C$304.20; Outperform)
Cigna Corporation (NYSE: CI US; $168.81; Outperform)
Concho Resources Inc. (NYSE: CXO US; $46.68; Outperform)
Constellation Software Inc. (TSX: CSU CN; C$1,274.15; Outperform)
CrowdStrike Holdings, Inc. (NASDAQ: CRWD US; $56.69; Outperform)
Diageo PLC (LSE: DGE LN; GBp2,468.50; Outperform)
Duke Energy Corporation (NYSE: DUK US; $79.39; Outperform)
Eiffage SA (NXT PA: FGR FP; EUR 62.78; Outperform)
GDS Holdings Limited (NASDAQ: GDS US; $57.05; Outperform)
Genmab A/S (NASDAQ: GMAB US; $20.30; Outperform)
Gilead Sciences, Inc. (NASDAQ: GILD US; $76.98; Outperform)
ING Groep N.V. (NXT AM: INGA NA; EUR 4.81; Outperform)
Louisiana-Pacific Corporation (NYSE: LPX US; $14.61; Outperform)
Lowe's Companies, Inc. (NYSE: LOW US; $82.86; Outperform)
LVMH Moet Hennessy-Louis Vuitton SE (NXT PA: MC FP; EUR 325.35; Outperform)
Markel Corporation (NYSE: MKL US; $909.35; Outperform)
McDonald's Corporation (NYSE: MCD US; $161.50; Outperform)
Microsoft Corporation (NASDAQ: MSFT US; $155.26; Outperform)
Ollie's Bargain Outlet Holdings, Inc. (NASDAQ: OLLI US; $46.65; Outperform)
Orsted A/S (CSE: ORSTED DC; DKK644.80; Outperform)
PepsiCo, Inc. (NASDAQ: PEP US; $123.86; Outperform)
Pfizer Inc. (NYSE: PFE US; $32.87; Outperform)
Roper Technologies, Inc. (NYSE: ROP US; $305.07; Outperform)
salesforce.com, inc. (NYSE: CRM US; $134.32; Outperform)
Siemens AG (XETRA: SIE GR; EUR 76.43; Outperform)
Stericycle, Inc. (NASDAQ: SRCL; $44.83; Outperform)
TC Energy Corporation (TSX: TRP CN; C$59.89; Outperform)
Teladoc Health, Inc. (NYSE: TDOC US; $159.32; Outperform)
The Weir Group PLC (LSE: WEIR LN; GBp789.60; Outperform)
Thomson Reuters Corporation (NYSE: TRI US; $66.73; Outperform)
Truist Financial Corporation (NYSE: TFC US; $28.48; Outperform)
Uber Technologies Inc (NYSE: UBER US; $23.68; Outperform)
UnitedHealth Group Inc. (NYSE: UNH US; $240.44; Outperform)
V.F. Corporation (NYSE: VFC US; $49.12; Outperform)
Visa Inc. (NYSE: V US; $157.39; Outperform)
Waste Connections, Inc. (NYSE: WCN US; $76.38; Outperform)
Xero Limited (ASX: XRO AU; AUD66.33; Outperform)

Companies Mentioned is priced as of market close on April 2, 2020.

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HOLD [Sector Perform]	**619**	**42.34**	**126**	**20.36**
SELL [Underperform]	**88**	**6.02**	**11**	**12.50**

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