Cardinal Quarterly

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Market Outlook

CONSUMERS POISED TO DRIVE MARKET RETURNS IN 2022

BY EVAN MANCER, CFA

Global stock markets hit record highs at the end of 2021, fuelled by the strongest GDP and corporate earnings growth in decades. There's no debate about the source of this growth. Since the start of the pandemic nearly two years ago, governments around the world have unleashed nearly $15 trillion in global stimulus spending to offset the negative impact of COVID-19 lockdowns. Although the benefits of stimulus spending have not been spread out evenly, consumers are poised to provide a considerable boost as they're currently sitting on record bank deposits, lower debt and strong wage increases.

Our outlook for our Cardinal portfolios in 2022 is for returns in the 15 per cent to 20 per cent range

The best performing markets in 2022 were the French CAC and U.S. S&P 500, up 31.1 per cent and 28.7 per cent respectively. The Nikkei 225 in Japan and Canada's S&P/TSX were close behind, posting returns of 26.1 per cent and 25.1 per cent. The Australian ASX 200, the UK FTSE 100 and the German DAX 30 were the weakest markets, but still achieved respectable returns in the mid- to high-teens.

Our outlook for our Cardinal portfolios in 2022 is for returns in the 15 per cent to 20 per cent range, although we are somewhat less optimistic for the overall market. While global government stimulus efforts will likely slow or even stop this year, our confidence is based on the huge financial firepower of consumers, who will be eager to spend in a strong employment market

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to satisfy their pent-up demand from two years of COVID restrictions.

We expect business spending to remain high throughout 2022. Companies that have long been stressing lean inventories and just-in-time supply chains have been rethinking their strategies amid current shortages and political concerns with China. We expect most businesses will invest closer to home and build their inventories above 2019 levels. Banks are also flush with cash and eager to lend, even to consumers and businesses with less-than-stellar credit scores.

We think corporate earnings growth should be strong again this year, probably above 10 per cent. Given that our portfolios at Cardinal are currently trading at average historical multiples – around 15 times earnings – we believe a combination of a strong economy and low interest rates will see our stocks become overvalued. That's why we're calling for 15 per cent to 20 per cent returns compared to 10 per cent earnings growth.

We believe that overall market valuations are already high. In 2020, the single best strategy to outperform was to invest in companies with zero earnings. Last year, some of these gravity-defying stocks fell back to earth with lockdown winners such as Zoom and Peloton losing 60 per cent and 80 per cent, respectively, from their early-pandemic highs. However, despite our expectations of healthy earnings growth this year, many companies, particularly in the technology and communication sectors, remain overvalued and could be a drag on index returns should valuations return to normal.

Last year was a tug-of-war year between value and growth stocks. When investors became more optimistic about seeing an end to COVID lockdowns early in 2021, 10-year treasury yields surged higher and value stocks took the lead. When COVID cases began to accelerate in June, 10-year treasuries declined and growth stocks regained the top spot. Growth stocks jumped again in November as the Omicron variant first appeared but value has been leading since the start of December as COVID case counts have reached record highs.

Progress on COVID will undoubtedly continue this year. Vaccination levels in most developed countries are currently in the 50 per cent to 80 per cent range and should move slightly higher this year. There will be greater gains in developing countries, where between 20 per cent and 40 per cent of their populations have gotten the jab.

It's now widely believed that the official COVID case count of 309 million people around the world is vastly understated. So, the global population should have reasonable protection from COVID this year, either through vaccination, immunity from past infection, or both.

Our confidence is based on the huge financial firepower of consumers, who will be eager to spend in a strong employment market to satisfy their pent-up demand from two years of COVID restrictions.

There are a number of concerns on the geopolitical front that we're keeping our eye on. First, Russia has moved nearly 100,000 troops to the border of Ukraine. Russian President Vladimir Putin is likely less concerned about potential sanctions from the West if Russia invades its neighbour than he is about Ukraine transitioning to a successful democracy and shining a negative light on him and his leadership.

It's important to remember that Russia invaded Ukraine in 2014 when it annexed the Crimean Peninsula and we believe the odds of another Russian invasion are significant. A greater worry from a market perspective is that such an invasion, if unopposed by the West, could embolden China to take military action against Taiwan. That would almost certainly trigger a bear market.

The other concern with China is that its economy, normally one of the primary drivers of global GDP growth, is under duress. Its communist government has placed new penalties and regulations on some of its largest technology companies, which many investors have interpreted as putting political power ahead of economic growth. China's giant real estate sector has been sputtering lately, too, as some of its largest property developers have taken on crippling amounts of debt.

Despite these issues, we believe that China will experience only a modest slowdown in 2022 as some of the weakness will be offset by export opportunities from an otherwise healthy global economy and by stimulus measures.

Inflation ended the year at close to five per cent in Canada and almost seven per cent in the U.S., prompting central banks to move up their timetables for interest rate increases. Federal Reserve Chairman Jerome Powell indicated recently that the Fed is likely to start increasing interest rates in March and the consensus among economists is three or four rate hikes are likely in 2022. We expect the Bank of Canada will follow a similar timetable.

Three or four rate increases, however, are unlikely to cool either a hot economy or inflation so ultimately, we believe central banks will have to get more aggressive with rate increases.

Historically, markets have done fine in the early stages of a rising interest rate cycle as the positives of a hot economy tend to outweigh the negatives of higher rates. Given that interest rates remain near historic lows, we suspect that the overnight rate would have to reach 2.5 per cent or 3.0 per cent – a level we don't expect to see until 2023 – before serious pressure will be placed on the economy.

The 10-year Treasury rate in the U.S. ended the quarter just above 1.5 per cent but jumped to nearly 1.8 per cent in January. This price pattern has been mirrored by 10-year Bank of Canada bonds. We expect both yields to move towards three per cent in 2022. The Fed is ending its role as the majority buyer of long-term government bonds and individual bond purchasers will likely demand higher rates to offset inflation.

Oil prices ended the year at just over USD$75 per barrel, flat versus the last quarter. Despite the spread of the Omicron virus, demand for oil has remained reasonably strong and prices have since risen above USD$80.

Most importantly, OPEC has continued to be stingy with increasing supply. Private companies have also been very cautious about committing new investment for increasing production and have instead been using cash to reduce debt, buy back shares and diversify into green energy projects. Should economic activity recover quickly in 2022 as we expect, we would not be surprised to see oil prices spike to USD$100, spurring OPEC and the oil industry to increase supply and likely push prices down to about USD$70.

The loonie ended the year at USD 79 cents, flat from the previous quarter and six cents below our year-end target. Interest rate levels are similar on both sides of the border but with strong commodities markets in Canada, particularly in oil, we continue to believe the loonie is undervalued. We maintain our fair value estimate of USD 85 cents.

Cardinal Rule #4: Use Common Sense

YOU KNOW SOMETHING IS WRONG WHEN A FICTIONAL TV SHOW SENDS A STOCK INTO A TAILSPIN

BY GEOFF KIRBYSON, MBA

It's hard enough for investment professionals to keep track of real-life events that can send stock markets soaring or spiraling, but it's impossible for them to keep their finger on the pulse of Hollywood, too.

Yet, that's what was necessary to keep abreast of Peloton, the U.S.-based manufacturer of exercise equipment, whose shares plummeted 11 per cent overnight in December after millions of people watched John Preston die on television following a 45-minute stationary bike work out.

It was an ironic end for the man nicknamed "Mr. Big," but it confounded investment experts because Preston was a fictional character on the *Sex and the City* reboot, "*And Just Like That...*"

That's right, he doesn't exist. The actor who played him, Chris Noth, got up from the floor – just moments after dying – as soon as the director yelled, "cut!"

Before that episode aired on Dec. 8, Peloton shares (PTON/NASDAQ) closed at USD$45.91. The next day, they were trading at USD$40.70 and a day after that, they'd fallen to $38.51, a drop of more than 16 per cent in less than 48 hours.

This entire made-on-TV fiasco is a unique example of Cardinal Rule No. 4 – Use Common Sense.

Sure, you might have had your hair cut like Rachel Green, Jennifer Aniston's character on *Friends* back in the 1990s, or worn pastel suits with T-shirts like Crockett and Tubbs on *Miami Vice* in the 1980s, but we'll bet you didn't instruct your advisor to sell all your shares in Nakatomi Corp. after Die Hard came out in 1988. (The company's 35-storey skyscraper suffered millions of dollars in

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damage in a terrorist attack – a *fictional* terrorist attack.)

Evan Mancer, President of Cardinal, says the fallout for Peloton from the *Sex and the City* episode is why it's critical to not lose sight of a company's fundamentals.

"If you focus too much on the story and there's any wrinkle in that story, like Mr. Big dying after a Peloton workout, then the story can change on you and the sentiment can change on you. That's where the fundamentals become important because they'll give you confidence when you see these odd events affecting a company," he said.

Peloton was one of the big winners when the pandemic hit in the spring of 2020, as its shares rose steadily from USD$19.72 in March 2020 to a peak of more than USD$171 just nine months later, an astronomical gain of 765 per cent. An overnight market darling along with Zoom and Netflix, Peloton became an instant juggernaut with a market capitalization of more than USD$50 billion.

But then a couple of things happened to prompt investors to hit the brakes.

First, restrictions started easing early in 2021 as the global vaccine rollout began, enabling people to start going to the gym again. Second, the company made a number of miscalculations, including basing its projections on consumers preferring home workouts once the pandemic had subsided.

"Management's view was that there was a paradigm shift," Aaron Kessler, California-based senior Internet analyst at Raymond James, said in an interview. "It was a false narrative. People did want to return to the gym."

Last summer, Peloton lowered the price of its original stationary bike by 20 per cent but that didn't stop sales of its bikes and treadmills from falling 17 per cent year-over-year in the third quarter. A quick check of Kijiji.com shows a huge selection of used equipment available at significant discounts. If the Omicron variant COVID-19 wave passes by the spring, it's a good bet that bikes and treadmills will pop up at garage sales everywhere.

Not surprisingly, Peloton shares have plummeted more than 77 per cent in the last 13 months, down to less than USD$34 early in the New Year.

THE CARDINAL FOUNDATION

Start Up Your Own Private Foundation

BY DEWAYNE OSBORN, CPA, CGA, CFP

Ever since it was founded as a private foundation in 2008, the Cardinal Foundation has processed bi-annual grants totalling $100,000 per year to charities across Canada. All funding for these grants was provided by Cardinal Capital Management and its employees served as members of the board of directors and on various committees.

In 2017, we began a new program where clients could set up their own private foundations inside the Cardinal Foundation. This structure is known as a donor advised fund or DAF. They operate exactly like traditional private foundations where donors make gifts and recommend which organizations to fund. All recognition is in the name of the donor. The only difference is that the donor has no administrative or legal responsibilities. Thanks to the generous support of donors last year, the Cardinal Foundation allocated more than $675,000 to 40 organizations.

What kind of projects are eligible? Anything that Canada Revenue Agency refers to as a "qualified donees." That includes religious organizations, soup kitchens, food banks and other organizations dedicated to poverty relief, Covid-19 front line workers, B.C. fire fighters, medical research facilities, the environment, preloaded computerized learning devices for schools and many more.

In order to increase the types of properties that the Cardinal Foundation can accept, it was re-registered as a public foundation last October. This enables it to accept privately-held shares.

Gifts of privately-held preferred shares are growing in popularity as many older Canadians are using them in charitable gifting. Here's how they work:

When a charitably-inclined retired business owner with preferred shares from their business considers passing the ownership to the next generation, they can gift them to the Cardinal Foundation and have the company buy them back from the foundation.

This way, the donor converts a highly-taxed dividend transaction into a more favourable capital gain and has more tax savings available from the fair market value tax receipt for the shares.

Our board of directors includes Ron Malech, Sheila Wilson-Kowal, Melanie Burt, Leslie Stafford and Sean Lawton.

The grant committee is made up of David Aime, Emily Burt, Leah Cochrane, Mitch de Rocquigny and Leanne Thiessen.

If you have any charitable giving-related questions, need information on how to setup your own DAF or how to make a gift to another charity, please contact us at Dosborn@caridnal.ca.

You Want Dividend Increases? We Got 'Em

FINANCIAL SERVICES HOLDINGS CHURN OUT DOUBLE-DIGIT INCREASES

BY ROBERT LAM, CFA, CPA

Canada's Big Six Banks finished off 2021 by running the table on dividend increases.

Led by BMO with a jump of 25.5 per cent for its fourth quarter, all six banks announced double-digit dividend hikes in their most recent financial reports.

Next up was National Bank of Canada with a dividend increase of 22.5 per cent, followed by TD Bank (13 per cent), RBC and Scotiabank (11 per cent each) and CIBC at 10 per cent.

That's not the only good news for Cardinal clients. Both of our insurance holdings, Manulife Financial and Intact Financial, raised their quarterly dividends, too, by 18 per cent and 10 per cent respectively.

Remember when the pandemic was just beginning nearly two years ago? There was a great deal of uncertainty at the time about the impact of COVID-19 on both the global and Canadian economies as well as the financial system. The Office of the Superintendent of Financial Institutions (OSFI), an independent agency of the Government of Canada, took extraordinary measures to preserve capital in our financial system, including new restrictions on federally regulated financial institutions, such as banks, trust companies and life insurance companies. Chief among those restrictions was a prohibition on share buybacks and increases to dividends.

For investors focused on dividend-paying, dividend-growing companies, this announcement was certainly disappointing but it made sense considering all of the uncertainty that was swirling around.

Canada's banks made significant provisions for loan defaults over the next two quarters but high credit losses never materialized.

The situation was similar on the insurance side. Market volatility had some impact on results but they all avoided significant losses. In fact, capital levels not only held firm for financial institutions during the pandemic but actually increased as it wore on. As a result, in combination with the improving economic backdrop, OSFI announced two months ago that it was lifting the capital restrictions on share buybacks and dividend increases.

Our Canadian bank and insurance holdings subsequently announced dividend increases averaging more than 15 per cent.

The pandemic has provided yet another reminder of the financial strength of our Canadian bank and insurance holdings, their ability to remain resilient during challenging times and their capacity to bounce back as things improve. They provide a good balance of offence and defense. They also remain a bedrock in our portfolios, serving the dual purpose of meeting client income objectives while preserving capital over the long term.

TABLE: SUMMARY OF ANNOUNCED DIVIDEND INCREASES

	Q3	Q4	% increase
Bank Holdings			
BMO	$1.06	$1.33	25 per cent
National Bank	$0.71	$0.87	23 per cent
TD Bank	$0.79	$0.89	13 per cent
RBC	$1.08	$1.20	11 per cent
Scotiabank	$0.90	$1.00	11 per cent
CIBC	$1.46	$1.61	10 per cent
AverageDividend Increase for Bank Holdings			15.5 per cent
Insurance Holdings			
Manulife Financial	$0.28	$0.33	18 per cent
Intact Financial	$0.83	$0.91	10 per cent
Average Dividend Increase for Insurance Holdings:			14 per cent
Average Dividend Increase for all Financial Holdings:			15 per cent

Source: Company Press Releases. Cardinal Research.

Savings or Debt?

WHERE YOU PUT YOUR EXTRA MONEY DEPENDS ON YOUR CIRCUMSTANCES

BY IAN WOOD, CFP, CIM, MFA-P

Once you've stockpiled some extra money, you've got a big decision to make – where do you put it?

You've finally come up with a little extra money – now should you put it into savings or pay down your debt?

That's the most common question we get at this time of year. There are many possibilities but we'll focus on three primary options – an RRSP, a TFSA and debt. For virtually all investors, their mortgage is their biggest financial obligation, but there are other forms of debt, including car and home improvement loans and credit card balances.

Let's consider this question from a behavioural finance point of view. We want to avoid a mental accounting bias, which is the practice of ignoring the fungibility of money when considering its different uses. (Fungibility – it's a real word! – is the ability of an asset to be interchanged with other assets of the same type.)

A good example of fungibility is money in your chequing and savings accounts. You can use either one to cover an expense and your net worth decreases by the same amount regardless of which account you use.

To get an apples-to-apples comparison, we need to consider the taxable nature of both options, which affects the real spending power of the savings.

The first step is to consider your goals for the money. How long will it be invested?

Next, we need to understand your options. How much RRSP and TFSA contribution room do you have available? Is there a maximum payment you can make against your mortgage without attracting a penalty? What are the interest rates on your loans or credit cards?

Assuming we are looking at long-term options, we now need to involve your financial planner to project your future income. Will you be in a higher, lower or similar tax bracket? If it appears you will withdraw the money in a lower tax bracket in the future, then your RRSP likely makes the most sense. Deposits to an RRSP are considered before-tax money because you get a tax refund based on your contributions. This means you have a larger amount of investable funds because you don't have to pay tax before making the investment. The difference between the income tax you'll save now with an RRSP deduction and the income tax you'll pay at the time of withdrawal is yours to keep. If it looks like you will be in a similar or higher bracket in the future, then the TFSA or debt may be the better options.

From a tax perspective, the TFSA and debt are similar in that they both use after-tax dollars and attract tax-free returns. You don't pay tax on any income or growth within the TFSA nor do you pay taxes on the interest you save by paying off the debt. With mortgage rates continuing to hover near historical lows, investing can be very appealing because the minimum rate of return needed within the TFSA to outperform the debt is quite low. There is still risk with investing, but it's not difficult to imagine outperforming current lending rates over the long run.

When evaluating the two options, we also need to consider your comfort with leveraged investing. Borrowing money to invest is a risky strategy that we generally discourage, although it can be appropriate for some people with a higher risk tolerance.

Borrowing to invest in a TFSA and maintaining debt to invest in a TFSA are actually very similar. In both cases, you end up with the same amount of debt, TFSA balance and taxable income. When you borrow to invest in a TFSA, you don't get to write off the interest on the loan, so from a tax perspective, your income is the same.

When we ask our clients about borrowing to invest, they'll often say the idea makes them uncomfortable. However, if we suggest keeping a mortgage balance in place and investing in TFSAs, they are generally fine with this. The outcome, however, is actually the same. This is the mental accounting we mentioned earlier.

So, if the idea of borrowing to invest in your TFSA makes you uncomfortable, you should do one of two things – either pay down your debt or be willing to transfer your TFSA balance against it when you feel it becomes less likely that the TFSA will be the better performer.

When considering various strategies for your long-term savings goals, you should work with your financial planner to estimate both the tax outcomes of your options as well as your risk tolerance so you can determine which approach is most suitable for you.

Investment Q&A

HEALTH CARE – CVS

Have any of our companies helped in the fight against COVID?

CVS was rewarded for its pivotal role in combatting the COVID-19 pandemic in 2021 as the market pushed its share price (CVS/NYSE) up by more than 50 per cent.

The Rhode Island-based health solutions company has been a crucial contributor during the pandemic, starting in late 2020 when it began administering vaccination shots in long-term care facilities in the U.S. Last year, it gave the jab to more than 50 million customers while also administering another 29 million COVID tests, a combination that helped generate an additional USD$3 billion in revenue.

CVS shares rose from USD$68.30 at the beginning of 2021 to USD$103.16 by the end of December.

While CVS has evolved into a more fully-integrated health care company over the last few years. In 2017, it acquired Aetna, a Connecticut-based health care benefits company, and it recently expanded into primary care, where it is looking to add physicians and clinics to its growing network.

CVS is leveraging its unique asset base to offer dedicated healthcare teams, which include physicians, nurses, pharmacists and social workers, to build long-term, holistic relationships with patients.

The USD$69 billion Aetna deal was completed in 2018 and CVS paused dividend increases and share repurchases to direct all of its excess cash toward debt repayment. Since then, the combination of strong business performance and accelerated debt repayment has allowed CVS to resume raising its dividend earlier than expected, as a 10 per cent increase was announced last month.

We believe there is further upside in CVS shares as the company has solid growth prospects and continues to trade at a reasonable valuation.

DAVID AIME, CFA

ENTERTAINMENT: SONY

Why is Sony Music music to our ears?

It was another strong year for Sony in 2021. Its shares returned 26 per cent, including dividends, and the company increased its dividend by 20 per cent.

Virtually all of its divisions, across electronics and entertainment, are performing well but we are particularly optimistic about Sony Music.

The globe's largest music publisher and the second-largest record label represents 20 per cent of Sony's operating profits. The industry is dominated by a trifecta of players – Universal and Warner are the other two – which control two-thirds of global revenues.

The company foots the bill for developing musical artists and distribution. In exchange, they take ownership of the master recordings and song compositions and earn royalties over more than 70 years of copyright. Sony Music owns dozens of labels, including Columbia, RCA, Arista, United and Epic. Their catalog of artists runs quite literally from A (AC/DC) to Z (Zendaya).

The advent of music streaming subscription services, such as Spotify, has been a boon to Sony Music while simultaneously reducing Internet piracy.

First, the streaming applications' ease of use and the all-you-can-eat music model increases the overall market of people who pay for music. Second, the services pay the music labels based on listened time.

Music released at least three years ago represents between 55 per cent and 60 per cent of the time listened. Accordingly, the value in the industry has shifted towards the music catalog versus new album sales. This dynamic has resulted in music labels earning about 70 cents for every dollar spent on streaming subscriptions.

We expect these trends to last into the foreseeable future, allowing for continued growth in revenues and margins at Sony Music.

JEFF RANCE, CFA

CARDINAL NEWS

We can't be more thrilled about Geoff Kirbyson joining our team. Geoff recently came on board as our new Director of Marketing. He has a great deal of industry experience as well as a background working as a business reporter and journalist.

Tanis Kemerle also joined us as a Client Service Administrator. She previously worked at Entegra Credit Union and has a Bachelor of Arts (Hons.) degree from U of M.

Please join us in welcoming Geoff and Tanis!

Bond Market Needs a Booster

BY BRETT PURDY, CFA

The global pandemic is even taking its toll on the bond market as fixed income returns declined significantly last year after a positive 2020.

TThe FTSE Canadian Universe Bond Index declined 2.5 per cent in 2021 due to an increase in bond yields, following an 8.7 per cent return in 2020. The Government of Canada 10-year bond yield increased 75 basis points to end the year at 1.42 per cent while the three-month T-Bill yield rose just 10 bps to 0.16 per cent, resulting in a steeper yield curve.

The short end of the curve has been anchored by the Bank of Canada keeping the overnight rate unchanged at 0.25 per cent. However, the central bank has indicated on several occasions that it will soon be time to ease up on monetary policy stimulus by raising rates. Inflationary pressures appear to have more staying power than previously forecast and economic growth remains strong, despite the arrival of the new Omicron COVID-19 variant.

We are focused on mitigating your interest rate risk due to rising bond yields. Because bond yields and bond prices are inversely related, rising yields mean lower prices. We measure this type of risk by using a term called duration. Duration is the percentage price change for every 100 basis points, or one per cent, change in yield. For example, the FTSE Canadian Universe Bond Index has a duration of 8.4. If yields go up by one per cent, the index will fall by 8.4 per cent.

At Cardinal, we are maintaining a much lower duration for our bond portfolios by investing in shorter-term maturities (under 10 years). If rates go up, bond prices in the portfolio will still decrease but not to the same extent as the index, which has a higher duration.

Fixed income plays a critical role for risk-averse clients by reducing the overall volatility of their portfolios. Another fixed income option that we recommend is the Cardinal Income Pool. Launched just over a year ago, it is comprised primarily of investment grade corporate bonds and is similar to an individual bond portfolio but with greater sector diversification.

There is a small government bond allocation in the Income Pool for liquidity, plus some preferred shares, which help support a higher yield than our individual bond portfolios.

We continue to emphasize high quality, investment grade issuers in the Income Pool and we maintain a low duration just like our bond portfolios. The Income Pool also has a quarterly cash distribution to provide income to those needing it. We believe it is a great option for the fixed income component of a balanced portfolio.

Dividend-Paying Stocks Prove Their Mettle

You'd never know there's a global pandemic going on from the financial results of the companies in our portfolios.

Led by Suncor at 100 per cent, 23 of our companies increased their dividends in the fourth quarter of 2021. It was followed by Alimentation Couche-Tard at 25.7 per cent and BMO at 25.5 per cent.

This performance is anything but a one-quarter phenomenon. Fifty of our companies raised their dividends in 2021 by an average of 9.4 per cent.

DIVIDEND INCREASES

CANADA	% Increase
Alimentation Couche-Tard	25.7%
Bank of Montreal	25.5%
Canadian Imperial Bank of Commerce	10.3%
Canadian Tire	10.6%
Intact Financial	9.6%
Enbridge	3.0%
Granite REIT	3.3%
Manulife Financial	22.5%
National Bank of Canada	22.5%
Royal Bank of Canada	11.1%
Suncor Energy	100.0%
TELUS	3.5%
The Toronto-Dominion Bank	12.7%
The Bank of Nova Scotia	11.1%
U.S.A	
AbbVie	8.5%
Becton, Dickinson	4.8%
Broadcom	13.9%
CVS Health	10.0%
Honeywell	5.4%
Merck & Co.	6.2%
V.F. Corp.	2.0%
INTERNATIONAL	
Sony Group	20.0%
Siemens	14.3%

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