

US equities

The rising Millennials - closing the theme | 26 March 2018

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- In January of 2015, we launched an equity theme focused on the Millennial generation: the demographic cohort of individuals born between 1980 and 1999, now 19 to 38 years of age.
- Given this generation's sheer size, we believed its members were poised to have an outsized impact on the US economy. We still think the Millennials will be influential, but we believe this is now well-understood by the market and our conviction that Millennial-related stocks will continue to outperform the broader market from here is reduced.
- In addition, the theme's content overlaps with several other CIO themes, including e-Commerce, Rewarding Experiences, and Transformational Technologies. And our equity strategy team now recommends a neutral allocation to both the US consumer discretionary and information technology sectors, which together account for over 80% of the names in the theme's stock basket.
- We are therefore closing out the theme and will no longer manage this stock list. All previous views and estimates should no longer be relied upon.



Millennial stock list

Company name	Ticker	Price (USD)
Activision +	ATVI	70.08
Apple	AAPL	172.77
Facebook	FB	160.06
Alphabet	GOOGL	1,054.09
IAC Interactive +	IAC	163.48
Lululemon	LULU	80.34
Walt Disney Co.	DIS	100.65
Nike	NKE	65.90
Starbucks	SBUX	57.80
Pulte Home	PHM	29.17
Estee Lauder	EL	148.21
American Inv. & Mgmt. Co.	AIV	39.10

Source: UBS as of 26 March 2018. Stocks covered only by UBS Investment Research (IR) are noted with a "+" sign. These stocks have a 12-month rated Buy or Neutral recommendation. UBS IR is part of UBS Investment Bank (the UBS business group that includes, among others, UBS Securities LLC).

Appendix

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Equities - Stock market returns are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions and other important variables.

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Companies mentioned in this report (26 March 2018):

Apple Inc. (AAPL - Bellwether, \$164.94), Apartment Inv. & Mgmt. Co. (AIV - Not Rated, \$38.62), Activision Blizzard (ATVI - , \$68.04), Walt Disney Co. (DIS - Most Preferred, \$98.54), Estee Lauder Cos. (CI A) (EL - Most Preferred, \$143.80), Facebook (FB - Bellwether, \$159.39), Alphabet Inc. Class A (GOOGL - Most Preferred, \$1,026.55), IAC/InterActiveCorp (IACI - , \$50.68), Lululemon Athletica (LULU - Bellwether, \$79.51), Nike Inc. (NKE - Most Preferred, \$64.63), Pulte Homes Inc. (PHM - Most Preferred, \$28.65), Starbucks Corp. (SBUX - Bellwether, \$56.31)

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UBS Investment Research: Global Equity Rating Definitions

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Buy: FSR is > 6% above the MRA. **Neutral:** FSR is between -6% and 6% of the MRA. **Sell:** FSR is > 6% below the MRA.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

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