

May 10, 2017

Markets: S&P 500 companies get 32% of revenues abroad, almost equally spread in Europe and Asia. As of March 2016 Latin America and Canada brought in around 7.3% onto the index, while Africa and Middle East accounted for 2.6% of sales.

Revenues from domestic equities as of March 2016 accounted for 68.5% of S&P 500 revenues. Within diversified portfolios in 2016, overall gains in emerging markets were 11.6%, after previous three years of double-digit losses, compared to small-cap U.S. stocks up 21.3% and large-cap U.S. stocks up 12% in 2016.

Stocks to Watch: Apollo Global Management LLC (APO) opened down 0.3% at \$27.08 after the portfolio manager will invest in network services provider West Corp (WSTC) acquiring shares at \$23.50 per share in cash. The purchase price offers premium of 17.5%, and the transaction is now valued at \$5.1 billion, including debt.

Kobe Steel Ltd (KBSTY) plans to spend ¥55 billion or \$484 million to boost its aluminum business and so meet growing demand from car makers. The industrial manufacturer will buy 50% in a plant in South Korea and build a new facility in Japan, abiding to strict environmental rules of production as well.

Surgery Partners Inc (SGRY) surged 6% to \$19.30 after the healthcare company will acquire privately-owned hospitals operator National Surgical Healthcare Inc paying \$760 million during this year. The seller is private equity firm Irving Place Capital. Sponsoring the merger is Bain Capital LP, and the combined business will operate facilities in 32 states with a network of over 5,000 physicians.

In further hospitals sector change, investor Bain will acquire the existing equity stake of HIG Capital LLC in surgery partners. The deal will be accretive in 2018.

In the News: (CC), (CLI), (COST), (FDC), (HSC), (HTA), (ITCB), (LOB), (LVNTA), (PPC), (REN), (SLF), (SYF), and (XOMA).

Costco Wholesale Corp (COST) opened down 0.8% to \$171.27 after the discount bulk retailer priced senior notes worth \$3.8 billion to use proceeds and existing cash to pay a previously announced special cash dividend. The notes are unsecured: due 2021, 2022, 2024, and 2027. The dividend is one-time \$7 per share, payable on May 26.

First Data Corp (FDC) gained 0.4% or six cents to \$16.54 after the e-commerce and card processing services provider is setting up a new joint venture with savings and loans provider Live Oak Bancshares Inc (LOB). The two companies will participate via equal 50% ownership stakes, targeting to accelerate growth in digital banking services. The deal is expected to close in third quarter.

Liberty Ventures (LVNTA) fell 0.7% or 37 cents to \$51.6 after the gifts and flowers retailer said its e-commerce subsidiary Zulily Inc (ZU) signed multi-year contract with Synchrony Financial (SYF) to launch together a “Zulily” credit card in late 2017 or early 2018. Liberty also provides events planning services. Jewelry, apparel, and home products are offered via subsidiary QVC Group (QVCA).

Sun Life Financial Inc (SLF) plunged 5.1% or \$1.83 to \$33.76 after Canada-based asset manager said first-quarter revenue dropped 20.2% from last year to C\$7.01 billion. Weighing on results were digital banking expansion in Vietnam and the acquisition of Premier Dental Group Inc.

Net income rose to \$551 million or 89 cents a share from \$540 million or 88 cents a share in year-ago first quarter. Global assets under management jumped 2.7% to 927 billion sequentially from prior quarter.

Sun Life saw strong revenue growth with insurance sales up 58% and wealth sales rising 13%. On back of soft business in the U.S., operations in Asia and Canada delivered strongly. The company raised its dividend 4% from previous payout to 43.5 cents a share, payable on June 30, for