In this file photo, a person walks by signage hangs outside a Walgreens pharmacy in downtown Cincinnati. COVID-19 took another bite out of Walgreens Boots Alliance quarterly numbers but this time left behind better-than-expected earnings. (AP)

Walgreens rebounds with $373mn Q4 profit

COVID-19 took another bite out of Walgreens Boots Alliance quarterly numbers but this time left behind better-than-expected earnings.

The drugstore chain said Thursday that it made $373 million in the final quarter of fiscal 2020 after losing $1.7 billion the previous quarter, when millions of shoppers stayed home to avoid the rapidly spreading pandemic.

COVID-19 still hurt. The company estimated that the pandemic's impact shaved about $520 million from its operating income. But Walgreens also grew sales and prescriptions at its established U.S. stores and saw an improved performance in the United Kingdom.

Overall, the company booked adjusted earnings of $1.02 per share in the three-month window that ended Aug. 31. Revenue climbed 2% to $34.75 billion.

Analysts expected, on average, earnings of 96 cents per share in the fiscal fourth quarter on $34.37 billion in revenue, according to financial data provider FactSet.

Walgreens Boots Alliance Inc., based in Deerfield, Illinois, runs more than 9,000 stores in the United States and several thousand more internationally.

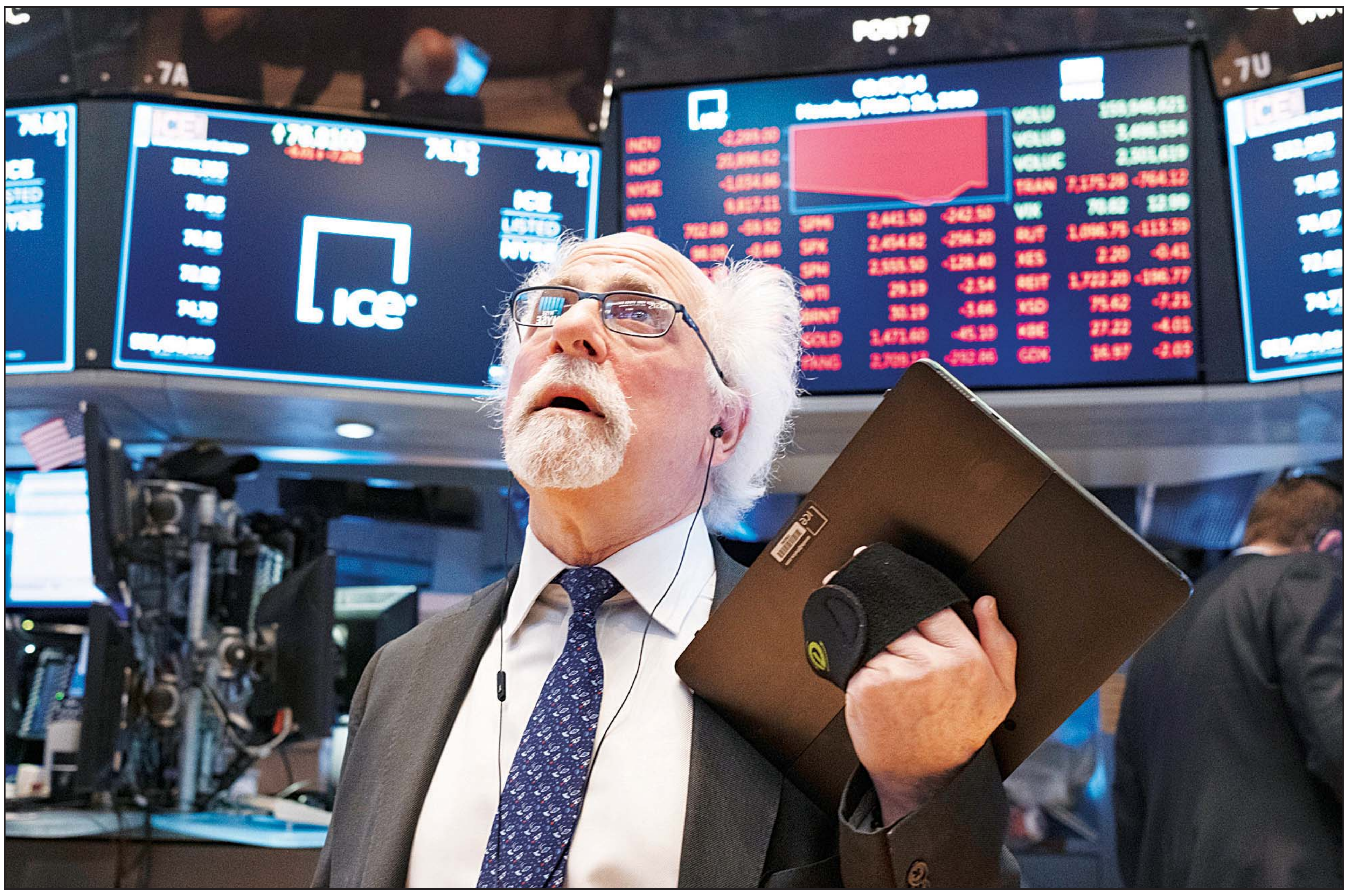
The company said Thursday that it expects the pandemic to still affect its stores in the first half of 2021. It forecasts low, single-digit adjusted earnings per share growth next year.

Walgreens finished 2020 with adjusted EPS of $4.74. Analysts forecast, on average, earnings of $4.80 per share, which would represent growth of about 1%. (AP)

Business Plus

Many fund managers sticking with their investment strategies

As election uncertainty sweeps markets, the pros hold steady



In this file photo, trader Peter Tuchman works on the floor of the New York Stock Exchange. The 2020 presidential election is clearly unlike any other, but investors might be wise to treat it just like most of the previous ones. History shows the stock market's performance doesn't correlate that closely with which party controls the White House: It tends to rise following elections regardless of who wins. (AP)

By Stan Choe

This presidential election is clearly unlike any other, but investors might be wise to treat it just like most of the previous ones.

History shows the stock market's performance doesn't correlate that closely with which party controls the White House: It tends to rise following elections regardless of who wins. Because of that, many fund managers are sticking with their investment strategies and focusing on the long term - even in a year when the election's outcome could be in doubt past Election Day, and the nation is in the grip of a pandemic.

"The election is kind of noise in the short term," said Kari Montanus, senior portfolio manager at Columbia Threadneedle Investments. "It doesn't mean you dismiss it completely," but she said she doesn't want "to try to position or make a bet on different outcomes."

Most fund managers are holding stocks that they intend to hang onto for years, which means they care more about the long-term prospects for corporate profits. In that case, what ultimately happens with the coronavirus pandemic - whether and when a vaccine is widely available, for example - is much more important than who sits in the White House.

"As investors, we are focused first and foremost on the economy and on corporate earnings, because that's what moves stock prices," Montanus said.

> 'As investors, we are focused first and foremost on the economy and on corporate earnings, because that's what moves stock prices'

Here's a look at how market professionals are viewing the upcoming election:

Does Wall Street care at all about the election?

Money managers aren't pretending as if the election won't have any consequences. In the short term, they're fully expecting the big swings that swept the market in recent weeks to continue until Election Day, and perhaps beyond.

Beyond?

A contested election is a worst-case scenario for investors. Markets famously hate uncertainty, and not knowing who will lead the United States for weeks following Election Day would be a huge unknown. President Donald Trump has refused to commit to a peaceful transfer of power if he loses.

Consider 2000, when the S&P 500 dropped 5% in about five weeks after Election Day before Al Gore conceded to George W. Bush. That, though, also happened during the near-halving of the S&P 500 from March 2000 to October 2002 as the dot-com bubble deflated.

How bad would a contested election be for the market?

If one were to happen, strategists at Goldman Sachs say the S&P 500 could fall to 3,100 in the near term. That would be a drop of 11.1% from Wednesday's close. Compare that with the 3,700 level for the S&P 500 that Goldman Sachs expects if the election were to yield a divided Congress and 3,400 if Democrats were to sweep the House, Senate and presidency.

Even if the outcome is contested, most of Wall Street expects a clear winner to eventually emerge for the White House. Whoever it is, many investors say the resolution of the market's heavy uncertainty should ultimately help it rise afterward.

Is Wall Street doing anything to prepare for such a scenario?

David Jilek, chief investment strategist of Gateway Investment Advisers, noticed growing expectations last month among investors for volatility in the stock market, not only in the October run-up to Election Day but also in November, December and even in January.

Jilek was measuring their concern by watching pricing climb on futures for the VIX index, which measures how much volatility traders expect from the S&P 500. VIX futures for January hit a peak late last month, after Trump indicated he might not accept the outcome if Biden wins.

Some of that may have also been due to worries about the possibility of increasing coronavirus infections as the weather turns colder. But VIX futures have come down recently after polls showed Democrat Joe Biden widening his lead over Trump, which would increase the odds of a clear winner being known earlier.

So would a Democratic win be better for the market? Republican?

In the end, many professional investors say it likely doesn't make that much of a difference. Going back to 1933, the S&P 500 has had an average annual gain of 12.9% under an entirely Republican-controlled Washington and 9.3% under Democratic control. The best returns have historically come with a split Congress and a Democrat in the White House, though a split Congress with a Republican president has been just a hair behind.

"Presidents get both far too much credit and far too much blame for what's happening in the economy and the markets." said Darrell Spence, an economist at Capital Group, which manages more than $1.7 trillion.

"The U.S. economy is large and complex, so there is a limit to how much a person or policy can really move that around. For example, tax cuts or increases only really impact growth at the margin."

But what if I am sure a Democratic win would be better for the market? or a Republican one?

Making big changes to your investments based on expectations for a political outcome is essentially placing a bet upon a bet upon another bet, said Rich Weiss, chief investment officer of multi-asset strategies for American Century Investments.

First, an investor has to bet correctly that either Trump or Biden will win. Second, the winner has to bring about the policies the investor expected. Third, the investor would need to correctly guess the timing of those policies.

"To get all three, the sun and the moon and stars all have to be perfectly aligned for you to make money on that bet," Weiss said.

So the best bet is just to tune out the short-term noise and stay the course?

That's what many professional investors are doing. The memory of Election Night four years ago is still fresh. Markets initially tumbled following Trump's surprise win. But within a couple hours, they spun 180 degrees to march higher.

"Even if you have a good crystal ball and know what the policies are going to be, it's not obvious how the stocks are going to react," said Columbia Threadneedle's Montanus. (AP)

Things renters insurance covers – and leaves out

By Sarah Schlichter
NerdWallet

Insurance is designed to offer peace of mind, but there's a reason your policy has all that fine print: You might not have the coverage you expect. Like any other insurance policy, renters insurance has exclusions, and knowing about them ahead of time can help you avoid unexpected bills in a disaster.

Just as important, though, is knowing what is covered. All that fine print in your policy likely includes coverage you might not expect, which could save you money down the line.

> 'Unless you really know insurance ... it's very easy to miss coverages that you need or to not realize something isn't covered'

In this file photo, a woman walks next to a 'For Rent' sign at an apartment complex in Palo Alto, Calif. Many tenants aren't familiar with the ins and outs of their renters insurance policies, but what they don't know could cost them money. (AP)

Covered: belongings outside your home

Most renters know insurance covers personal belongings within their home but may not realize their things are probably covered off-premises too, including when traveling. Barbara Madvin, an insurance agent at Gaspar Insurance Services, says vehicle break-ins are some of the most common insurance claims she sees for renters. While damage to the car itself is generally covered by your auto policy, your renters insurance pays for items stolen from the vehicle, as long as their value exceeds your deductible.

Your renters policy will also cover your belongings if you move them from your home to a storage unit, a friend's house or anywhere else to protect them from a covered disaster. In the event of a wildfire or hurricane evacuation, this can be particularly valuable, according to Christine G. Barlow, a chartered property casualty underwriter. This coverage typically lasts 30 days.

Covered: living expenses if your rental is uninhabitable

While your home is undergoing repairs due to a fire or other covered disaster, your insurance company will usually pay for you to maintain your normal standard of living somewhere else.

A "normal standard of living" is broader than you might think. For instance, if you live in a rental home with a pool that you use every day, "the carrier needs to put you someplace where you have access to a swimming pool," says Barlow, who is also managing editor at FC&S Expert Coverage Interpretation, a trade publication. If you have pets, your insurer should find you pet-friendly accommodations or board the animals where you normally would.

Not covered: common disasters

Most renters insurance covers your possessions only in the case of specific scenarios, or "named perils" listed in the policy - things like fire, theft and wind. "If something's not mentioned in that list, then there's no coverage," Barlow says.

For example, flood damage is almost always excluded from renters policies and typically must be purchased separately. (One exception: USAA, which serves military families, includes flood coverage with standard renters policies.)

Not covered: brand-new stuff

Madvin recommends asking whether replacement cost coverage is included in your policy. If not, your belongings are covered only for their depreciated value, which often isn't enough to buy brand-new replacements.

Say your 10-year-old TV is stolen and replacement cost isn't included. "The carrier's going to say, 'OK, you paid $1,000 for it 10 years ago; we'll give you $250 for it now,'" Madvin says. With replacement cost coverage, you'll receive enough to purchase a new TV.

Not covered: expensive valuables

Most renters policies cover jewelry and other costly items only up to a specific limit named in the policy, typically $1,000 to $2,000. So if you have an expensive engagement ring, for example, both Madvin and Barlow recommend adding separate coverage for it. An appraisal is usually required.

How to avoid surprises

Before buying renters insurance, take inventory of your belongings. "Most renters underestimate how much stuff they have," Barlow says, which can leave a coverage gap. Barlow recommends using the Encircle app to upload photos of your belongings and estimate their worth. Other similar apps include Sortly and Allstate's Digital Locker.

Read your policy thoroughly. Barlow suggests marking it with what's covered in green and what isn't in red.

Madvin advises paying particular attention to the policy's endorsements, which are typically add-ons or exclusions to standard coverage.

Confused by all the legalese? Turn to an expert. Talking through your options with an insurance agent or broker can ensure you understand the policy you're buying. "Unless you really know insurance," Barlow says, "it's very easy to miss coverages that you need or to not realize something isn't covered." (AP)