

The Road Ahead 2013: Global Equities

Moderate Gains Ahead

- **The Bad News** — The bottom-up consensus for 12% global EPS growth in 2013E looks too high compared to Citi strategists' top-down forecast of 7%. The risk to that top-down forecast remains to the downside.
- **The Good News** — Global equity valuations still look reasonable. But last year's rerating from 12.8x to 14.5x trailing EPS limits the upside in our view. We forecast a 10% increase in the MSCI AC World benchmark over 2013. A strong start to the year has eaten into those anticipated gains.
- **Regions** — Continued GDP and EPS outperformance means that we are Overweight US equities. We also like Australia. Weaker GDP and EPS performance, combined with sharp re-ratings mean that we are not tempted to chase the recent rallies in Japan and Europe ex UK. We are Neutral UK and Emerging Markets. Within EM equities we now favour LatAm over Asia and CEEMEA.
- **Global Sectors** — We have a mixed global sector strategy. Utilities is now our preferred defensive. IT is our preferred cyclical and Energy replaces Materials as our preferred commodity sector. We are Underweight two of the more expensive cyclical sectors (Consumer Discretionary and Industrials). Telecoms is now our least preferred defensive.

Figure 1. Regional and Global Sector Recommendations (Arrows show latest change)

Overweight US Australia	Neutral Global Emerging Markets Asia Pac ex Japan ↓ UK	Underweight Europe ex UK Japan
Overweight Energy ↑ IT Utilities ↑	Neutral Consumer Staples Financials Health Care ↓ Materials ↓	Underweight Consumer Discretionary Industrials Telecoms

Source: Citi Research

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Moderate Gains Ahead

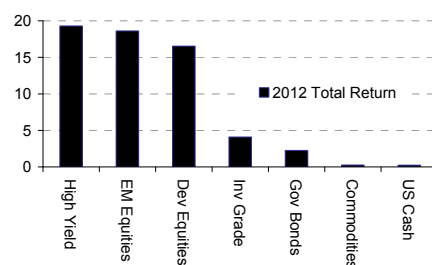
Global equities defied EPS downgrades to post positive returns in 2012. The asset class rerated accordingly, up from 12.8x to 14.5x trailing EPS. Higher valuations limit the upside from here in our view - Citi strategists' targets imply a 10% gain for the MSCI AC World benchmark in 2013. The strong start to the year has already accounted for some of that expected increase.

Amongst the developed markets, the US continues to generate premium GDP and EPS growth. This, along with recent underperformance, leaves us Overweight. We also favour Australian equities. We are Underweight Europe ex UK and Japan where economies remain weak and relative valuations are starting to look more stretched. We are Neutral on Emerging Markets and the UK. Within EM equities we favour LatAm.

2012: Up 13%

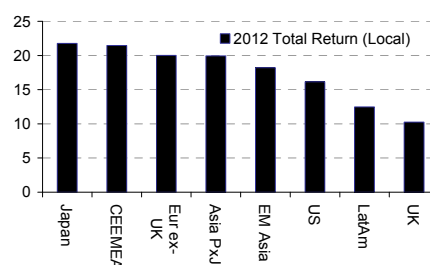
After a 1Q rally, the MSCI AC World benchmark fell by 14% in April/May only to recover again later in the year. The 13% gain for the year reversed the losses suffered in 2011 but still leaves the index 18% below its all-time high reached in 2007.

Figure 2. Global Asset Returns 2012 (%USD)



Source: Citi Research, Datastream

Figure 3. Equity Region Returns 2012 (%Loc)



Source: Citi Research, Datastream

2012 a risk-on year

With the notable exception of commodities, 2012 was a "risk-on" year. Equities and high yield bonds outperformed more defensive government and investment grade bonds in 2012 (Figure 2). EM equities (19% return in USD) beat DM equities (17%) over the year. Japan (22%) was the best-performing major country/region in local terms. The UK (10%) was the worst. These market conditions generally favoured cyclical over defensive global sectors. The two best were Financials (29% return) and Consumer Discretionary (24%). The two worst were Energy and Utilities (both 3% return).

Global Economic Outlook

Citi's key economic forecasts are outlined in Figure 4. These suggest 2.6% global real GDP growth in 2013, similar to 2012. While uninspiring, this forecast is still well ahead of the -1.9% outcome seen in 2009. Citi economists currently forecast a mild acceleration to 3.1% global growth in 2014.

Figure 4. Citi Research Key Economic Forecasts

Region	Real GDP Growth (%)			CPI Inflation (%)		
	2012F	2013F	2014F	2012F	2013F	2014F
Global	2.5	2.6	3.1	2.9	2.8	3.0
Industrial Countries	1.2	0.9	1.5	1.9	1.7	1.8
Emerging Markets	4.7	5.3	5.5	4.4	4.6	4.7
US	2.2	1.6	3.0	1.8	1.9	2.0
Japan	1.6	0.7	0.7	0.0	-0.3	1.6
Euro Zone	-0.4	-0.7	-0.4	2.6	2.0	1.5
Germany	0.9	0.5	0.3	2.0	1.9	2.5
France	0.1	-0.2	0.2	2.3	1.5	1.8
Italy	-2.1	-1.2	-1.5	3.3	1.8	1.2
Spain	-1.5	-2.4	-1.9	2.4	1.9	0.4
UK	-0.1	0.8	1.0	2.8	2.5	2.1
Sweden	1.0	1.6	2.3	0.9	0.6	1.7
Asia	6.1	6.6	6.6	3.5	3.5	3.9
Latin America	2.7	3.9	4.0	5.8	5.8	5.9
Central/Eastern Europe	2.7	2.8	3.5	5.4	6.1	5.1
Australia	3.7	3.1	3.1	1.9	2.9	2.7
China	7.7	7.8	7.3	2.7	2.8	3.6

Source: Citi Research

EMU crisis to rumble on

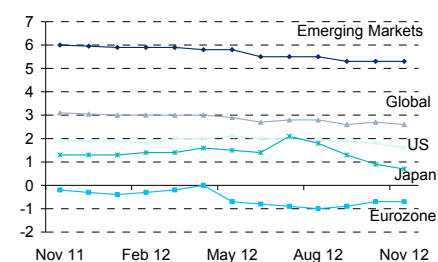
Outside Germany, all the major Eurozone economies are expected to remain in recession for 2013. Despite better recent financial conditions, the EMU crisis has not gone away. Citi economists still forecast Greece to exit EMU over the next 12-18 months. They also expect sovereign debt restructuring during 2013-17 for at least five EMU countries (Greece, Ireland, Italy, Portugal and Spain). Eurozone economies and ongoing austerity measures should remain significant drags on the UK economy over the next 12 months.

Citi economists forecast 1.6% real US GDP growth in 2013, better than Europe but down from the 2.2% outcome likely in 2012. They expect acceleration in US activity later in the year, with a 3.0% growth rate predicted in 2014. EM growth slowed in 2012 (to 4.7%), but is projected to pick up again in 2013 (to 5.3%). Better recent activity data support the Citi view that a China hard-landing is unlikely to occur in the foreseeable future.

GDP downgrades

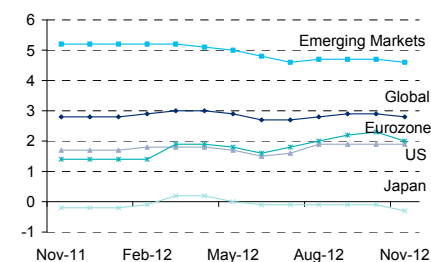
Our 2013 global GDP growth forecast was 3.0% a year ago. It is now down at 2.6% (Figure 5). The Eurozone forecast was cut sharply at the start of the year. Japan was cut sharply later in the year. The EM GDP forecast was cut over the whole year. The US forecast have been more resilient. These reductions are similar to those seen in 2011, but the direction of equity markets then was different (down not up).

Figure 5. Citi 2013 GDP Growth Forecasts %



Source: Citi Research

Figure 6. Citi 2013 CPI forecasts %



Source: Citi Research

EM inflation was one area of concern in a year ago. But the subsequent reduction in inflation expectations (the progression of our 2013 CPI forecasts are shown in Figure 6) has given EM central banks the scope to cut rates. Elsewhere, inflation forecasts have been generally stable.

Rates, FX and Credit

Ultra-low rates here to stay

Slowing growth and lower inflation forecasts mean that we expect continued ultra-low interest rates in the major industrial countries. The US, UK and Euro area are not expected to hike rates until 2015 at the earliest. All are likely to use unconventional methods to ease monetary conditions further, as may Japan following the recent change in government. Elsewhere, the prospects are for more rate cuts. We expect Australian rates (currently 3.25%) to be 3.0% by end-2013 and Indian rates are expected to fall from 8.0% to 7.25% over the same period. Brazilian rates are expected to fall from the current 7.25% to 6.5%. Chinese rates are expected to end the year 25bp higher. Overall, investors should not expect as many cuts in 2013, but low rates should continue to provide support for riskier assets.

Away from areas of sovereign distress, easy monetary policy is likely to keep government bond yields low. Citi rate strategists forecast 10-year bund yields to still be at current levels (1.5%) at the end of 2013. US treasury yields (now 1.9%) are expected to rise to 2.5%. JGB yields (currently 0.8%) are expected to be 1.1%. Gilt yields (now 2.1%) are forecast to drop back to 1.8% by December 2013. Our ongoing EMU concerns mean that we are sceptical about the recent rally. French 10 year bonds (currently 2.1%) are expected to end 2013 at 2.7%. Italian bonds (now 4.3%) are expected to be back at 5.5% while Spanish bonds (now 5.1%) are forecast to rise to 5.75%. Any rebound in EMU sovereign fears would be unhelpful for risk assets.

Strong US\$

Citi FX strategists remain optimistic on the US\$. They expect the US\$/euro cross (currently \$1.31) to hit \$1.20 by the end of the year. The yen is expected to recover some of its recent losses against the US\$ (back to 84 from current 87). Sterling is forecast to weaken in line with the euro. With the rate outlook diverging in the EM economies, we expect currency dynamics to shift as well. Citi FX strategists now expect the best 2013 currency performance from Asia and the worst from CEEMEA, with LatAm somewhere in-between.

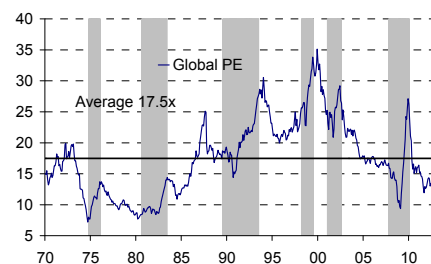
Citi credit strategists remain concerned about the fundamental backdrop, especially in Europe. But they also recognise that credit spreads still offer some value at and that investor demand for the asset class remains strong. On balance, they expect easy money to trump weak fundamentals again in 2013, but there should be volatility along the way.

Valuation: Still Cheap, But Less So

Global trailing PE 14.5x

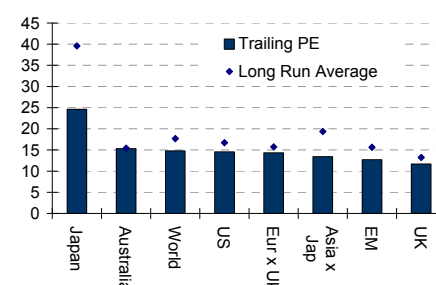
The MSCI AC World trailing PE is now 14.5x, up from 12.8x a year ago but still below the 17x long-run average. Valuations look cheap, but not extreme. This measure fell to 10x in November 2008 and 8x in the 1970s bear market (Figure 7). Rising share prices and falling EPS means that Japan now trades on the highest trailing multiple (25x) of the major regions. Elsewhere, the US trades on 15x, EM on 13x and the UK 12x (Figure 8).

Figure 7. MSCI World Trailing PE



Source: Citi Research, Factset. Grey bars are EPS contractions

Figure 8. MSCI Regional Trailing PE

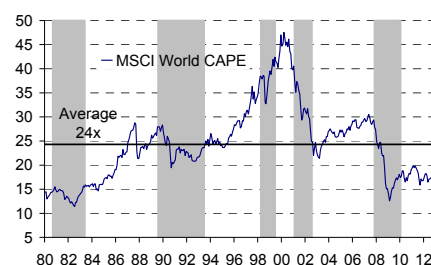


Source: Citi Research, Factset. Average excludes periods of negative EPS

Global CAPE 18x

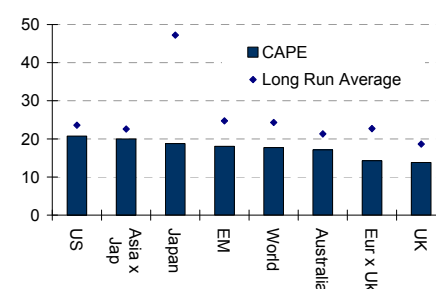
Economic uncertainty means that many investors are suspicious of spot PEs, whether based on trailing or forecast EPS. They may prefer to look at valuations based on trend EPS. We calculate a cyclically-adjusted global PE (CAPE) that compares current share prices to average EPS over the previous ten years. This also makes the MSCI World index look good value. The current 18x CAPE is up from 17x a year ago, but compares favourably to the long-run average of 24x (Figure 9). Like spot PEs, CAPEs make European equities look cheapest.

Figure 9. MSCI World CAPE



Source: Citi Research, Factset. Grey bars are EPS contractions

Figure 10. MSCI Regional CAPE

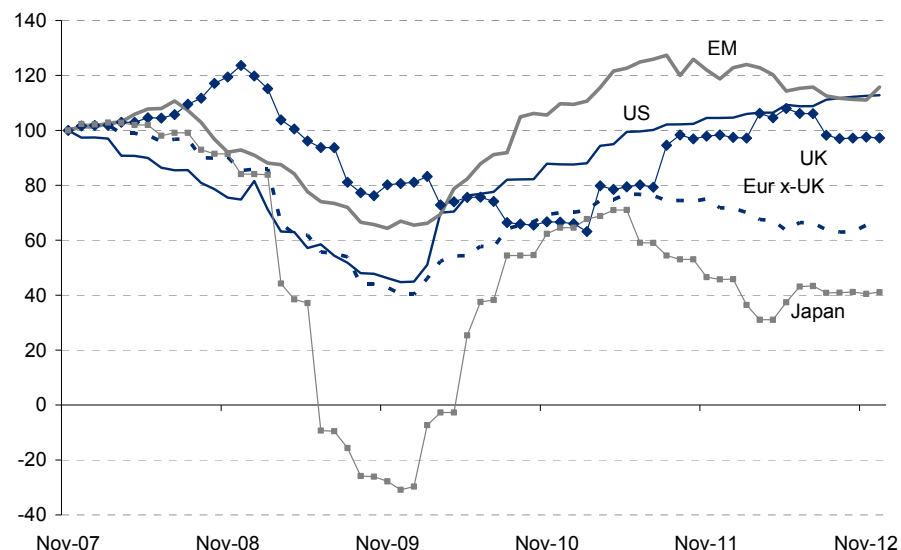


Source: Citi Research, Factset

EPS: Forecasts Still Too High

A slowing global economy has been reflected in slowing profits growth. Figure 11 shows trailing EPS for the major countries/regions since the global peak in November 2007. Only the US and EM managed to regain their previous highs. Only the US saw trailing EPS rise in 2012, but there do seem to be signs of a leveling out elsewhere.

Figure 11. Trailing EPS Since November 2007



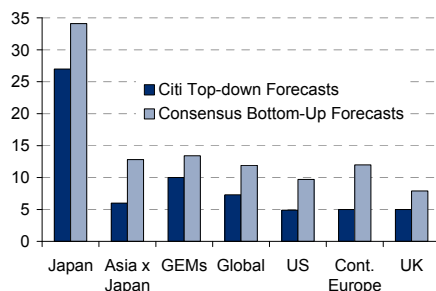
Source: MSCI, Citi Research

A year ago, most investors were (correctly) worried about the global EPS outlook. The bottom-up consensus suggested analysts looking for 12% EPS growth in 2012. That number looked too high in our view given the limited prospects for the world economy. The outcome looks likely to be nearer to zero.

Analysts looking for 12% EPS growth, again

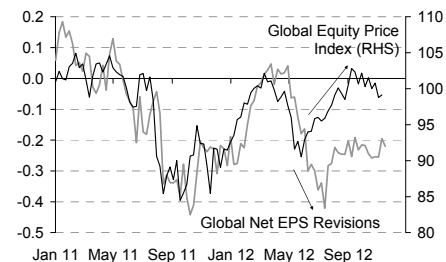
2013 looks similar. Again, analysts are looking for double-digit global EPS growth. Again, this looks too high given the economic outlook in our view. Figure 12 compares Citi strategists' EPS growth forecasts to the analyst consensus by region. All the top-down forecasts are below their bottom-up equivalents. Citi strategists are collectively looking for 7% global EPS growth in 2013 compared to the analyst prediction of 12%. And we suspect that the 7% top-down forecast may still be too high.

Figure 12. 2013 EPS Growth Forecasts (%)



Source: Citi Research, Factset, MSCI

Figure 13. ERI And Share Prices Decouple



Source: Citi Research, Factset

More EPS downgrades to come

So it looks like 2013 will be another EPS downgrade year. Our widely watched earnings revision (ERI) indices are likely to remain in negative territory (Figure 13). But 2012 shows that this is not necessarily bad news for the equity markets. Global EPS expectations were revised down by around 10% over the year, but the global equity benchmark still rose by 13%.

Market Targets

A year ago, Citi strategists suggested that markets were already discounting a 20% contraction in global EPS for 2012. As that failed to materialize (EPS are likely to be flat), so markets were able to rally. From here, we suspect that global equities are still discounting a downturn in EPS, but not as much as a year ago. This should leave some scope to absorb future downgrades but also explains why we are less positive on global equities than at the start of last year.

This is reflected in Citi strategists' index targets for 2013 (Figure 14). Most remain positive on the prospects for their markets, but do not expect the same gains as seen in 2012. Markus Rosgen (Asia Pac) and Tobias Levkovich (US) are most positive while Jonathan Stubbs and Adrian Cattley (Europe) are least positive. Our collective end-2013 target for the global MSCI AC World benchmark (ended 2012 at 340) is now 375, up slightly from the previous 360 forecast. This suggests a 10% gain for the year. Unspectacular perhaps, but still competitive compared to the returns predicted in other asset classes.

Figure 14. Citi Strategists' Index Targets

Region	Index	End 2012 Level	End 2013 Target	Expected Gain
US	S&P 500	1426	1615	13%
Pan Europe	DJ Stoxx600	280	290	4%
UK	FTSE 100	5898	6200	5%
Japan	Topix	860	940	9%
Asia x Japan	MSCI Asia x J	548	625	14%
Australia	S&P/ASX 200	4649	5200	12%
GEMs	MSCI EM	1055	1150	9%
World	MSCI AC World	340	375	10%

Source: Citi Research, Datastream

Regional and Global Sector Allocation

Our regional and global sector views incorporate top-down thoughts from our regional strategists, bottom-up from our sector analysts, and the results of our more quantitative global allocation models. Our latest recommendations are summarised in Figure 15. Our regional recommendations are made in local currency terms. An explanation of our more quantitative model is provided further below.

Figure 15. Regional and Global Sector Recommendations (Arrows show latest change)

Overweight	Neutral	Underweight
US	Global Emerging Markets	Europe ex UK
Australia	Asia Pac ex Japan ↓	Japan
	UK	
Overweight	Neutral	Underweight
Energy ↑	Consumer Staples	Consumer Discretionary
IT	Financials	Industrials
Utilities ↑	Health Care ↓	Telecoms
	Materials ↓	

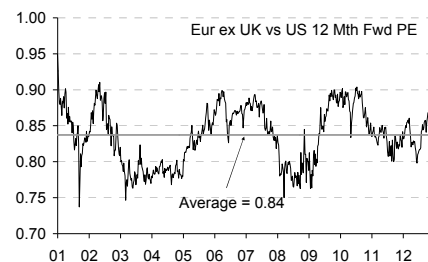
Source: Citi Research

Underweight Europe ex UK

To the surprise of many investors European equities outperformed their global peers in 2012. The gains have come despite a worrisome earnings backdrop —

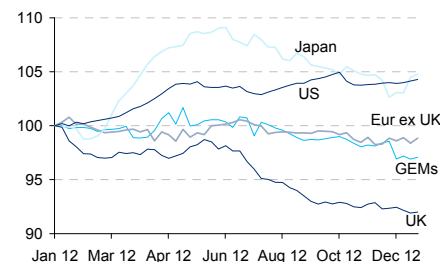
Continental European EPS have declined by more than 10% since 3Q 2011. Outperforming stock markets, combined with underperforming EPS, have made for a notable re-rating of European equities. At the start of last year Europe ex UK equities traded at a 18% discount to the US. Now there is only a 8% discount. This is some way above the longer term average (Figure 16).

Figure 16. Eur x UK at 10 Yr High PE vs US



Source: Citi Research

Figure 17. 12 Month Fwd EPS Momentum



Source: Citi Research

The valuation gap between Continental Europe and the US has closed so we believe corporate profits will be a more important driver of performance from here. This is why we believe European equities could lag. Earnings momentum in Continental Europe remains sluggish. This is unlikely to improve given our economists' forecasts of continued recession in the Euro Area.

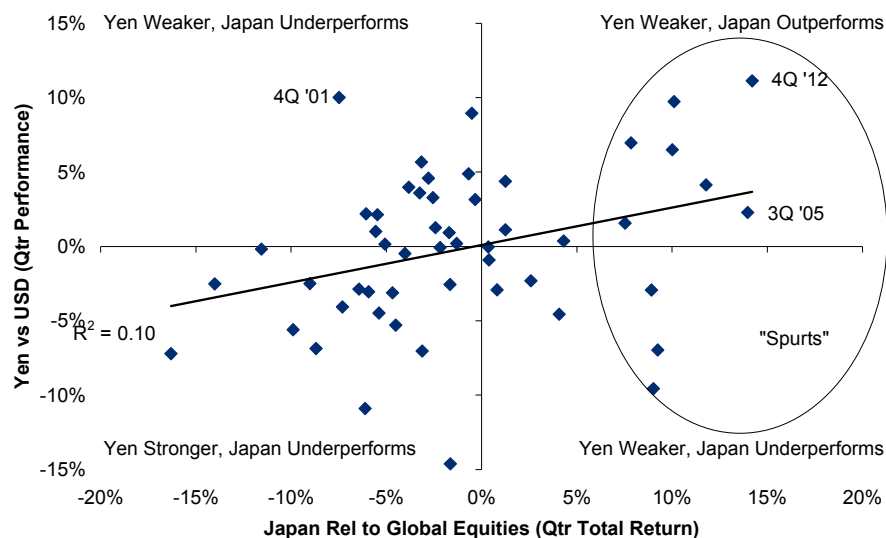
Within Europe we prefer the UK. While UK EPS momentum has been weak, at least plenty of bad news is in the price. The UK currently trades at a discount to Continental Europe based on 12 month forward EPS. As our strategists note, the UK is a relatively open market for corporate control which should bode well for further dividends, buybacks and M&A as companies take advantage of the debt-equity arbitrage.

Underweight Japan

Japanese equities finished last year strongly and have started 2013 in the same way. The potential of a new dawn at the BoJ looks to be driving performance. The gains in Japan have largely been multiple driven. While analysts have slowed the pace of downgrades, they are yet to convincingly move into upgrade territory. Japanese equities now trade on a Cyclically Adjusted PE of 19x this is a 6% premium to the global equity average. At the start of 2012 Japanese equities traded on no premium to the global average.

There have been nine other quarters since 2000 where Japanese equities had a similar performance spurt. The Yen has generally depreciated during these periods. The relationship between Japanese equities' relative performance and the Yen seems robust from a pure quantitative perspective, but far from all encompassing. Figure 18 shows that about 10% of Japanese equity relative performance can be explained by the Yen.

Figure 18. Weak Relationship Between The Yen and Japanese Relative Performance



Source: Citi Research

So what happened after the previous nine quarters following spurts in Japanese equities? In the following 3 months, the equity market underperformed the global index on five occasions. Japanese equities performed in-line on two other occasions and outperformed on two times. On average Japanese equities returned 2% less than the global benchmark in the following quarters. We believe a major reason why Japan tends to underperform is because companies struggle to meet their cost of capital. While, a weaker currency and potentially stronger profits will help, we do not expect a sea change in Japanese corporate behavior. Japan Inc. RoEs are currently close to 4%. This compares to a global benchmark of 12%. With returns at these levels, we believe Japan will continue to destroy value. So we have three reasons why investors should be Underweight Japan. First, valuations have re-rated considerably. Second, history suggests strong performance does not follow strong performance. Third, companies will continue to destroy value, in our view.

Overweight the US

Our preferred large market is the US. US equities have suffered an unusual period of underperforming share prices and outperforming EPS. The market has moved from more than a 10% 12 month forward PE premium to less than a 5% premium in just a quarter — valuations are no longer as testing as before. Tobias Levkovich believes the US should post double digit gains this year, helped by easier credit conditions and an improving employment market.

Overweight Australia

Australia is our other Overweight. Australian equities should continue to benefit from the global search for yield. The dividend yield is expected to be almost 5% for 2013. This makes it the highest yielding major market in the world. Tony Brennan also notes that further rate cuts, and stability in commodity prices and the currency, should also support returns for the next year. As of today Tony raises his end-2013 ASX All Share target to 5200 from 4900.

Neutral GEMs

We remain Neutral GEMs but have a preference for LatAm over Asia and CEEMEA. We recently upgraded LatAm to Overweight after its severe underperformance in 2012. We expect a strong GDP and EPS rebound in 2013 following weakness last year. Accommodative central bank policy should also help. We downgrade Asia ex Japan to Neutral from Overweight. While we still expect sound returns from the

region, supported by stabilising GDP growth and expanding central bank assets, our preference within EM is for LatAm. We are Underweight CEEMEA equities. Kingsmill Bond, our Russian strategist, believes the market will struggle with oil prices drifting lower as our commodity team forecasts. Meanwhile, Richard Schellbach in South Africa sees little catalyst for a re-rating so meager EPS growth should cap performance.

Global Sectors

Our global sector allocation now has neither a defensive nor a cyclical tilt. The average beta for our three Overweight sectors is 0.9 as it is for our three Underweight sectors.

Upgrade Utilities downgrade Health Care

Weak share price performance and stabilising EPS momentum means we upgrade Utilities to Overweight from Neutral. Relative earnings trends in Utilities are no worse than at the start of last year but stock prices have underperformed. Global Utilities now trades at the smallest PE premium in almost two years. The sector also enjoys the second highest dividend yield at almost 5%. Utilities was one of the worst performers in 2012, along with Energy, and we have found that contrarian trades tend to work well at the start of the year.

Our upgrade of Utilities is at the expense of Health Care which we downgrade to Neutral. Health Care enjoyed strong performance in 2012. Valuations are attractive and EPS momentum remains stable. Meanwhile, the sector remains one of the biggest capital returners which also help support share prices. Given the strong performance we hope to buy back in at lower valuations.

Upgrade Energy, Downgrade Materials

Within the commodity sectors we now prefer Energy to Materials. The bounce in the iron ore price in 4Q certainly helped Materials performance as did the prospect of more capital returns. However, with the sunset of the super cycle upon us we believe it will be difficult to get sustained performance from a sector with little pricing power. Our upgrade of Energy to Overweight comes after a period of underperformance. We agree with our analysts that cost inflation and capex will continue to squeeze margins however much seems to be discounted with single digit PE multiples and sustainable dividends yields of more than 3%.

Our other Overweight sector is Global IT. This sector is dominated by the big US Tech companies which have high and sustainable margins and are able to generate strong cashflow. Business models in this area are largely sound and the prospect of serious competition seems remote for most of these companies. Now, we believe is an opportune time to consider Global IT given its recent Underperformance.

In Figure 19 we highlight our regional strategists' sector allocations. The two most liked sectors by our strategists around the world are Financials and IT. The three sectors that our strategists are most clearly avoiding include Consumer Discretionary, Telecoms and Consumer Staples. Meanwhile, the sector that looks to conjure the most mixed views is Health Care. Our strategists are buyers (Pan-Europe and UK) or sellers (US, Japan, Asia ex Japan).

Figure 19. Citi Research Strategists' Sector Positions
O = Overweight, N = Neutral, U=Underweight

Sector Allocations	Global	US	Pan-Europe	UK	Japan	Asia ex Japan	Australia	GEMs
Energy	O	N		U	U	N	O	N
Materials	N	U		N	N	N	U	O
Industrials	U	U		N	N	N	O	N
Consumer Discretionary	U	U		N	N	O	U	O
Consumer Staples	N	U		O	O	U	U	U
Health Care	N	U		O	O	U	U	U
Financials	N	O		O	O	O	O	O
IT	O	O		N	N	N	O	N
Telecoms	U	O		U	U	N	U	U
Utilities	O	O		U	U	U	U	U

Source: Citi Research

Regional and Sector Allocation Model

In Figure 20 we highlight our Global Regional and Sector allocation model. This ranks regions/sectors based on factors we believe will be important drivers of equities in the next 1-4 quarters. This is just one input into our regional and global sector recommendations. We also consider the inputs of Citi Research strategists and analysts. Below, we describe the factors currently in the model.

Figure 20. Regional and Global Sector Allocation Model (1 is best)

	Earnings			Momentum & Valn			De-eq	Macro			
	E Mom	ERI	RoE	P Mom	DY	CAPE	De-eq	GDP	Real IR	CESI	Mkt/Sector
	25	15	5	10	5	5	5	10	10	10	100
	25	25	10	15	5	10	10	0	0	0	100
Regions											
Canada	1	6	4	1	4	5	5	3	6	5	1
Eur ex UK	4	2	1	5	3	2	3	6	5	3	2
Japan	2	1	5	7	6	4	4	7	7	1	3
GEM	7	3	3	4	5	3	7	1	1	4	4
US	3	4	7	3	7	7	1	5	2	6	5
UK	6	5	6	2	2	1	2	4	3	7	6
Dev Asia	5	7	2	6	1	6	6	2	4	2	7
Sectors											
Utilities	4	9	1	1	2	3	2				1
Health Care	5	3	2	8	8	7	1				2
Consumer Staples	1	5	4	5	6	10	3				3
Energy	9	6	3	2	3	1	6				4
Industrials	7	1	8	7	7	6	9				5
Telecoms	6	8	7	3	1	5	8				6
Materials	10	2	6	4	4	4	4				7
Financials	2	10	5	10	5	2	10				8
IT	8	4	9	6	9	8	7				9
Consumer Disc.	3	7	10	9	10	9	5				10

Source: Citi Research

EPS Momentum — This is a measure of the change in 12-month forward earnings estimates. Those regions and sectors with rising estimates rank highly on this factor.

ERI — This is a high-frequency measure of analyst earnings revisions. We find that analyst revisions (the net number of upgrades) tend to lead EPS momentum. However ERI is much more volatile. Those regions with low but improving analyst earnings revisions rank highest on this factor.

RoE — This factor prefers regions and sectors on low RoEs vs history. It is an attempt to highlight those areas which are already progressed in their EPS down cycle.

Dividend Yield and CAPE — We have simplified the valuation measures we use to two. Over the long term, we have found that dividend yields and cyclically-adjusted PE ratios have provided the best signal on future performance.

Price Momentum — Our price momentum factor helps identify contrarian opportunities. At the moment it measures the performance of regions/sectors over the last 12 months. Those areas of the market that rank highly here have performed poorly more recently but strongly over the entire 12-month period.

De-equitisation — Here we measure the change in share count over the last 12 months. Those regions and sectors that have shrunk their share count via buybacks or cash financed M&A rate highly.

GDP — This is a macro factor only relevant for regions. Those that rank highly here are forecast to benefit from the fastest GDP growth over the next 4 quarters and the strongest GDP revisions over the last three months.

CESI — Here we use the Citi Economic Surprise Index, as developed by our FX team, for each region. We use this as a contrarian indicator as we find that a low CESI tends to lead stronger returns in the quarter ahead.

Real Rates — This is a macro factor that measures the easiness of monetary policy conditions and is only relevant for regions. The regions that rank highly here have benefitted from declining real rates and have the lowest real rates when compared to expected GDP growth.

Global Favoured Stock List

20 Global Favoured Stocks

Finally, with the help of our regional strategists, we draw together a global stock list in Figure 21. These are important Buy recommendations from Citi Research analysts around the world. The list broadly reflects our region and sector preferences.

Figure 21. 20 Most Favored Global Stocks

Stock	Country	Sector	Ccy	Price	Mcap (\$ bn)	Rating	Comment
AB-InBev	Belgium	Food Bev. & Tobacco	EUR	65.73	140.2	1	Relative valuation close to 18-month low
Agrium Inc	Canada	Materials	USD	105.25	15.7	1	Steady margins in retail, rising volumes in fertilizer business
Barclays PLC	UK	Banks	GBP	2.986	59.1	1	Additional cost savings, pick up in capital market revenues
Bayer AG	Germany	Pharmaceuticals	EUR	71.82	78.8	1	Strong asset and geographical diversification, higher core EPS growth outlook
BG Group	UK	Energy	GBP	10.48	57.6	1	Attractive valuation, Brazil assets expected to be developed
Celgene Corp	US	Pharmaceuticals	USD	95.48	40.4	1	2013-17 CAGR of 19%
Comm Bnk Aust	Australia	Banks	AUD	61.38	104.7	1	More capital efficient compared to peers, large wealth management contribution
CVS Caremark	US	Food & Staples Retail	USD	51.23	63.9	1	Well positioned to gain market share and generate earnings upside
Danaher	US	Capital Goods	USD	59.99	41.6	1	Attractive relative valuation; recent acquisitions bolstering its growth profile
Duke Energy	US	Utilities	USD	65.37	46.0	1	Cheap valuations and tail risk to the upside given reduced expectations
Duralex	Brazil	Materials	BRL	14.44	3.9	1	Proxy for the Brazilian construction industry (leadership, scale, diversification)
Family Dollar Str.	US	Retailing	USD	57.06	6.6	1	Caters to low-income consumers; continues to take share
Mitsubishi UFJ	Japan	Banks	JPY	479	76.3	1	Well capitalized; planning to grow in global transaction services
Ping An Ins.	China	Insurance	HKD	66.95	27.0	1	Rise of consumer and wealth management
Qualcomm	US	Tech Hardware	USD	64.78	110.4	1	Potential EPS upside from adoption of 3G-based smartphones in China/EM
Santos	Australia	Energy	AUD	11.5	11.7	1	Attractively valued based on growth from PNG LNG and GLNG projects
Symantec	US	Software & Services	USD	19.94	13.8	1	Market leader; margin expansion and share buybacks are potential catalysts
TE Connectivity	US	Tech Hardware	USD	37.2	15.7	1	Benefits from long term auto trends given electronic content growth per vehicle
TSMC	Taiwan	Semiconductors	TWD	101	90.5	1	Market share leader in foundry; riding on the smartphone and tablet wave
Wal-Mart Stores	US	Food & Staples Retail	USD	68.36	228.7	1	Strong international division growth; cost savings from improved global sourcing

Source: Citi Research

Regions

Please refer to pages 94 and 95 for how to read this section

Data in Charts and Tables as of 31st of December 2012

Stock recommendations as of 31st of December 2012

AC World

Market Cap (US\$) 29,474 Bn

Region Weight Breakdown

USA	45.6%
Europe ex UK	15.9%
Emerging World	13.1%
United Kingdom	8.4%
Japan	7.4%
Pacific ex Jp	5.2%

Global equities rallied 13% in 2012 and 3% in 4Q12. Japan, CEEMEA and Australia proved to be the strongest markets, while LatAm and the UK lagged. From here Citi Equity Strategists believe the combination of even easier central bank policy and cheap valuation should ensure global markets to grind 10% higher by the end of 2013. This means we target the MSCI AC World index to finish 2013 at 375. However, the global corporate earnings cycle is clearly rolling over and is not helped by a slowing world economy. Citi strategists are collectively looking for 7% global EPS growth in 2013E compared to the analyst prediction of 12%. The combination of strong EPS momentum and a very aggressive central bank means that we maintain our Overweight in the US, while we are Underweight Europe. The valuation gap between Europe and the US has closed so we believe, from here, corporate profits will be a more important driver of performance. Europe earnings momentum looks sluggish at best. Amongst the sectors we upgrade global Energy and Utilities to Overweight and downgrade global Health Care and Materials to Neutral. **(Strategists: Robert Buckland, Hasan Tefvik)**

Strategists' Views

MSCI ACWI(\$)	Target end 2013:	375
Level at end of 2012:		340
Expected Gain:		10%

Overweight

Energy
IT
Utilities

US
Australia

Neutral

Materials
Consumer Staples
Health Care
Financials

GEM
Asia Pac ex Japan
UK

Underweight

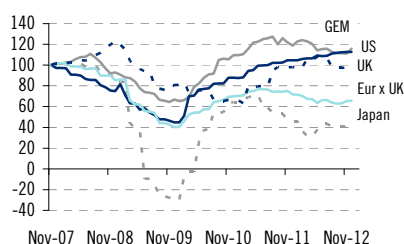
Industrials
Consumer Disc.
Telecoms

Eur ex UK
Japan

Performance

Stabilizing EPS across regions

Regional EPS (rebased at Nov-07 global peak)



Source: Citi Research, MSCI

Price Performance (Loc)



Source: Citi Research, MSCI, Factset

Valuation

Re-rated to over 12x Fwd earnings

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

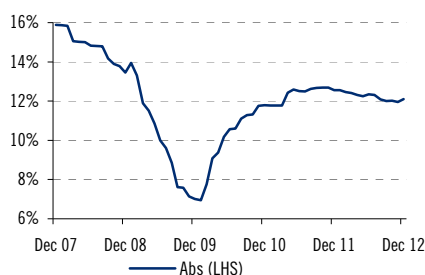
	PE			EPS YoY			EV /	EV /	Fwd
	12E	13E	14E	12E	13E	14E	EBITDA	Sales	DY
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

Global RoE recovery has stalled

Return on Equity



Price to Book



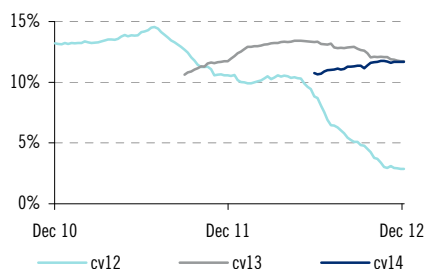
Source: Citi Research, MSCI, Factset

Source: Citi Research, MSCI, Factset

Earnings

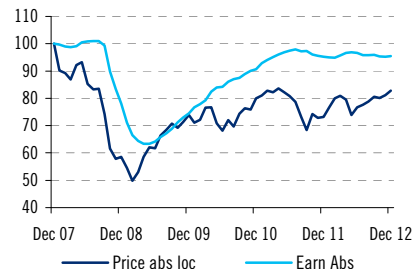
EPS expected to grow 12% in 2013

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Apple Inc	US	2	1.6	478	10.0	Pfizer Inc	US	1	0.6	186	10.9
ExxonMobil	US	1	1.3	393	10.8	Procter & Gamble	US	1	0.6	185	16.3
General Electric	US	1	0.7	216	12.2	Google	US	1	0.6	183	15.1
Nestle	CH	2	0.7	210	16.4	Wells Fargo	US	2	0.6	170	9.4
Chevron	US	1	0.7	209	8.7	JP Morgan Chase	US	1	0.6	164	8.2
IBM	US	1	0.7	206	11.4	Samsung Elec	KR	1	0.5	157	8.1
Microsoft	US	1	0.7	200	8.7	Coca-Cola Co	US	1	0.5	146	16.4
HSBC	GB	1	0.7	193	10.3	Novartis	CH	2	0.5	145	11.8
AT&T	US	1	0.7	192	13.1	Roche	CH	2	0.5	142	12.2
Johnson&Johnson	US	1	0.6	192	12.7	Philip Morris	US	2	0.5	139	14.2

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

USA

Overweight

Weight in MSCI AC World 45.6%
Market Cap (US\$) 13,438 Bn

Country Weight Breakdown
United States 100.0%

As was the case this time last year, investors continue to doubt the ability for equities to do well, given a series of legitimate concerns from elevated corporate margins to fiscal cliffs, European economic woes and geopolitical uncertainty. While we understand that investors are sceptical that growth will return, we suggest there is a fair amount of good news out there that many may be ignoring. Credit conditions argue for renewed growth in corporate investment over the next nine months, while the NFIB hiring intentions continue to point to less unemployment given its 12 month lead. Moreover, both the normalized earnings yield gap valuation work and the present value of flat earnings analysis generate high probability outcomes for market gains in the next six and 12 months, supporting our year-end S&P 500 target of 1,615 which represents 13% upside, with both dividends and large caps staying in the forefront of thematic investing. Thus, while we expect the early part of the year could be somewhat volatile, investors should expect to make money in equities once again in 2013. (Strategist: Tobias Levkovich)

Strategists' Views

Overweight

Neutral

Underweight

S&P 500 Target end 2013: 1615
Level at end of 2012: 1426
Expected Gain: 13%

Financials
IT
Telecoms
Utilities

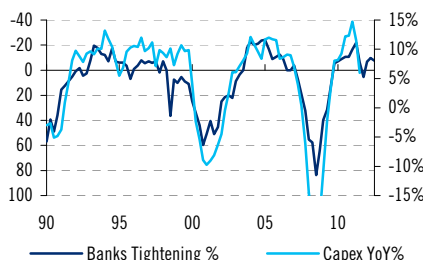
Energy

Materials
Industrials
Consumer Disc.
Consumer Staples
Health Care

Strategists' Favourite Chart

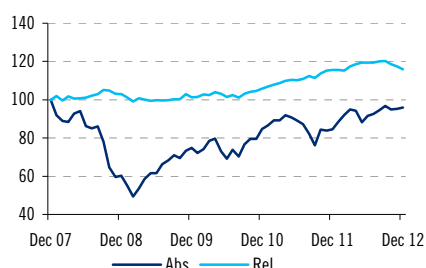
Credit conditions suggest a pick-up in capex

Credit Conditions vs Capex YoY% (9m lagged)



Source: Citi Research, Haver Analytics

Price Performance Abs & Relative (Loc)

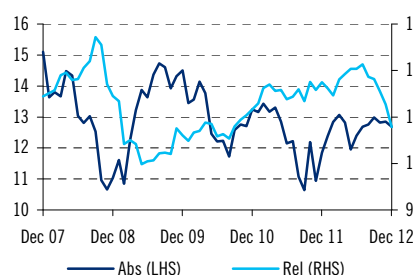


Source: Citi Research, MSCI, Factset

Valuation

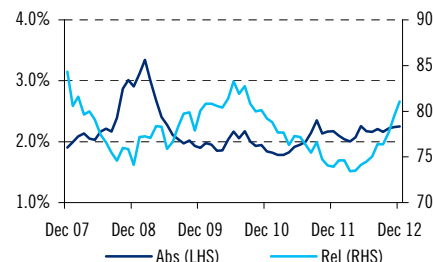
De-rated in 2H12

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	14.1	12.9	11.6	6.4	9.5	11.6	8.1	1.7	2.4
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

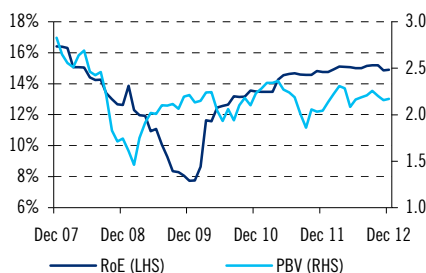
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	-0.9	4.9	13.5	-0.9	4.9	13.5	14.9	2.2	2.3
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

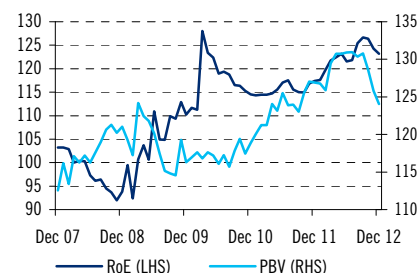
25% P/BV premium

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

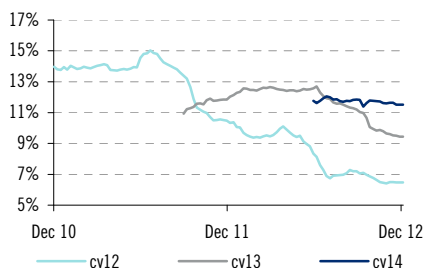


Source: Citi Research, MSCI, Factset

Earnings

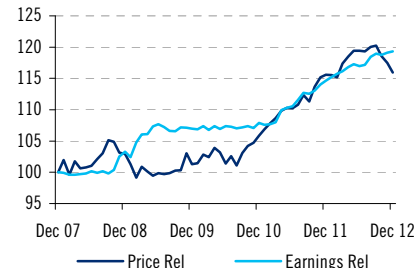
Relative underperformer despite strong relative earnings momentum

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10					Top 11 - 20				
	Rtg	Wgt	MC	PE		Rtg	Wgt	MC	PE
Apple Inc	2	3.6	478	10.0	Google	1	1.4	183	15.1
ExxonMobil	1	2.9	393	10.8	Wells Fargo	2	1.3	170	9.4
General Electric	1	1.6	216	12.2	JP Morgan Chase	1	1.2	164	8.2
Chevron	1	1.6	209	8.7	Coca-Cola Co	1	1.1	146	16.4
IBM	1	1.5	206	11.4	Philip Morris	2	1.0	139	14.2
Microsoft	1	1.5	200	8.7	Oracle Corp	1	1.0	129	11.6
AT&T	1	1.4	192	13.1	Wal Mart	1	0.9	126	12.7
Johnson&Johnson	1	1.4	192	12.7	Merck	2	0.9	124	11.0
Pfizer Inc	1	1.4	186	10.9	Bank of America	2	0.9	122	11.8
Procter & Gamble	1	1.4	185	16.3	Verizon Comms	2	0.9	122	15.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Europe ex UK

Underweight

Weight in MSCI AC World 15.9%
Market Cap (US\$) 4,674 Bn

Country Weight Breakdown

France	22.4%
Germany	20.5%
Switzerland	20.3%
Sweden	7.4%
Spain	7.0%
Netherlands	5.8%
Italy	5.3%
Belgium	2.7%
Denmark	2.7%
Norway	2.2%

Thanks to a strong 2H12, Europe ex-UK beat US equity returns last year and outperformed global equities. Risk and EM-linked growth performed well with Autos, Insurance and Chemicals amongst the best sectors. The strong end-2012 rally has already eaten into much of our targeted total return for 2013. But, we do see return risks skewed to the upside over the coming 1-2 years. Falling macro risk and rising risk appetite from corporates and investors can drive a further re-rating, in our view. It is hard to see earnings growth as a big support of share price gains in 2013. Top-down, we forecast 5% earnings growth. Our economists expect ongoing recession in the Euro Area in 2013 so we continue to prefer companies and industries with sales exposed to faster growing economies, notably EM. As well as re-rating, we see restructuring as a key investment theme for 2013. Record cheap debt funding should oil an increase in corporate actions (buybacks, dividends, M&A) this year. Our long-term preference for European World Champions, De-Equitisers and Defensive Growth remains, but investors should also balance this with cheap/acceptable risk. This means an overall barbell strategy. For example, we are Overweight both Food & Beverage and Banks in 2013. (Strategists: Jonathan Stubbs, Adrian Cattley)

Strategists' Views

Overweight

Consumer Staples
Health Care
Financials

Neutral

Materials
Industrials
Consumer Disc.
IT

Underweight

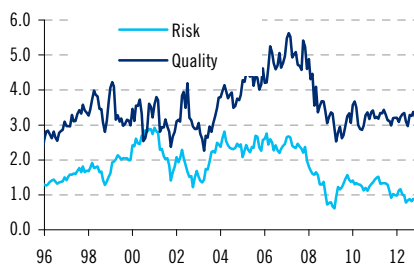
Energy
Telecoms
Utilities

STOXX 600 Target end 2013: 290
Level at end of 2012: 280
Expected Gain: 4%

Strategists' Favourite Chart

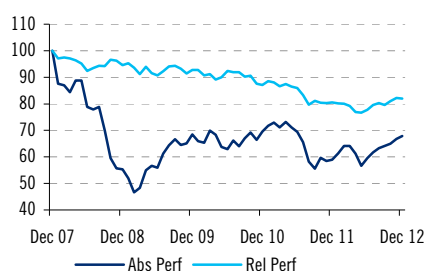
Quality is not expensive but Risk is cheap

Risk & Quality (Price/Book)



Source: Citi Research, Datastream

Price Performance Abs & Relative (Loc)

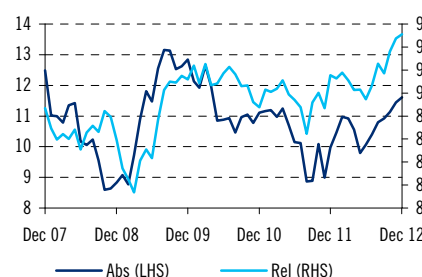


Source: Citi Research, MSCI, Factset

Valuation

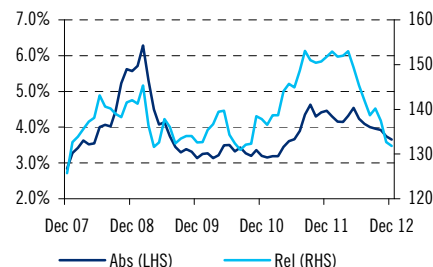
Fwd PE rel at the highest level in 5 years

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	12.9	11.6	10.4	1.0	12.1	12.2	6.8	1.3	3.9
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

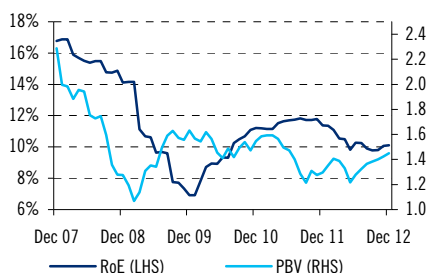
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	8.4	18.5	17.6	5.9	13.9	15.2	10.1	1.4	3.7
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

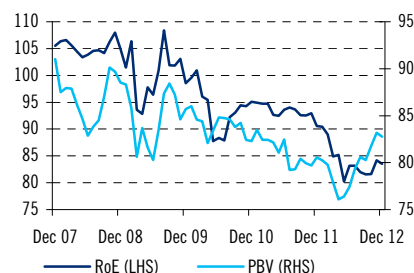
15-20% discount on P/BV

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

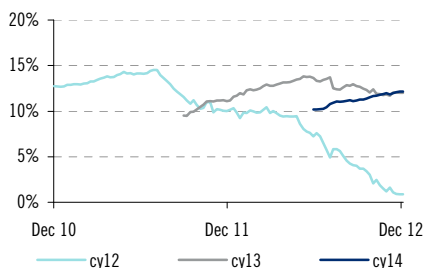


Source: Citi Research, MSCI, Factset

Earnings

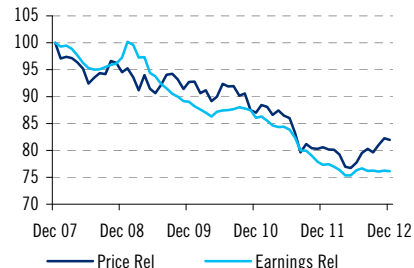
Rel earnings momentum has flattened

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE
Nestle	CH	2	4.5	210	16.4
Novartis	CH	2	3.1	145	11.8
Roche	CH	2	3.0	142	12.2
Sanofi-Aventis	FR	1	2.4	112	11.2
Total	FR	2	2.3	110	7.3
Siemens AG	DE	1	1.9	89	12.7
BASF	DE	2	1.8	86	12.1
Santander	ES	2H	1.8	82	9.5
Bayer	DE	1	1.7	79	12.4
SAP AG	DE	1	1.6	74	17.4

Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
InBev	BE	1	1.5	70	16.8
Novo-Nordisk	DK	1	1.4	66	20.4
Allianz	DE	1	1.3	63	8.8
Unilever NV	NL	2	1.3	62	16.6
ENI	IT	1	1.3	62	8.7
UBS	CH	1	1.2	57	13.5
BNP Paribas	FR	1	1.2	56	7.8
Telefonica	ES	2	1.2	55	8.3
BBVA	ES	2H	1.1	50	9.0
Daimler	DE	1	1.1	50	8.6

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

United Kingdom

Neutral

Weight in MSCI AC World 8.4%
Market Cap (US\$) 2,466 Bn

Country Weight Breakdown
United Kingdom 100.0%

UK equities were the weakest major developed equity market in 2012. The mega cap sectors of Mining, Oil, Telecoms and Pharma all lagged. Looking at 2013 we target 6200 on the FTSE 100, which combined with the dividend would deliver 5-10% total returns. Currently analysts are forecasting strong rebound in earnings growth, which we view as too optimistic given the recession in the Eurozone forecast for 2013 and sluggish growth in the UK. Faster growth should come from the US and EM. As a result we look to tilt our sector exposure towards these geographies and as an example are overweight Banks and Beverages. Overall we expect 0-5% earnings growth in 2013 and the market to as a minimum track this earnings growth. The upside is a potential re-rating as we move further through the Eurozone crisis. One of the main influences on stock markets in 2013 is set to be how companies respond to the record low absolute cost of credit. We expect more buybacks and M&A as companies take advantage of the debt/equity arbitrage. The UK as a relatively open market for corporate control and is well placed to be a beneficiary of these flows in our view. (Strategists: Jonathan Stubbs, Adrian Cattley)

Strategists' Views

Overweight

Consumer Staples
Health Care
Financials

Neutral

Materials
Industrials
Consumer Disc.
IT

Underweight

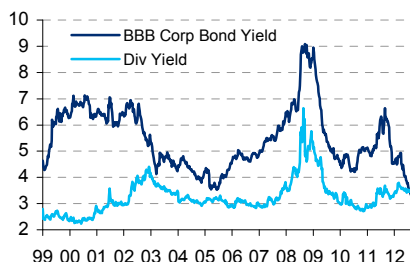
Energy
Telecoms
Utilities

FTSE100 Target end 2013: 6200
Level at end of 2012: 5898
Expected Gain: 5%

Strategists' Favourite Chart

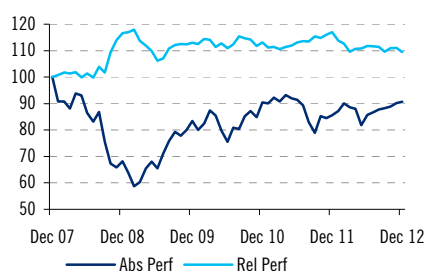
Crossover: Equity Dividend Yield
over BBB Corp Bond Yield

UK: Dividend Yield / Gilt Yield



Source: Citi Research, Datastream

Price Performance Abs & Relative (Loc)

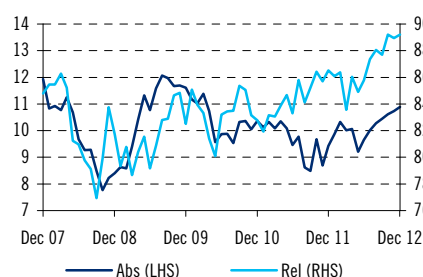


Source: Citi Research, MSCI, Factset

Valuation

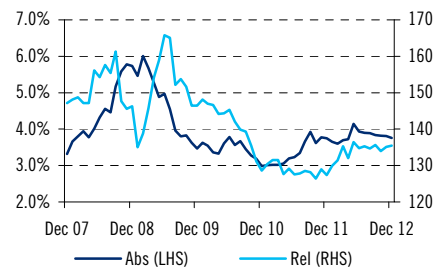
c10% discount on 12m Fwd PE

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	11.7	10.9	9.9	-6.5	7.7	9.5	6.8	1.3	4.1
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

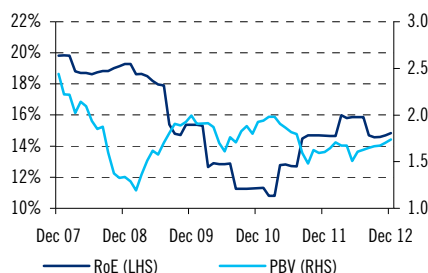
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	3.4	9.6	10.8	2.8	5.8	5.9	14.8	1.7	3.8
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

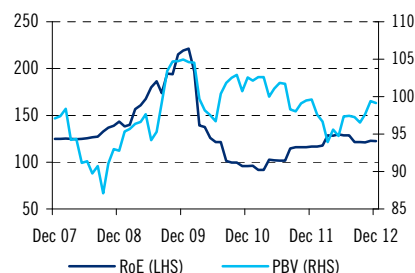
P/BV in-line with the market

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

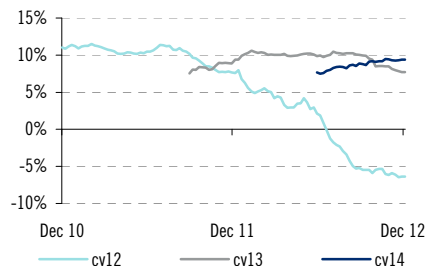


Source: Citi Research, MSCI, Factset

Earnings

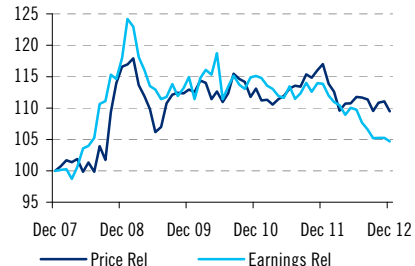
8% EPS growth expected for 2013

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10					Top 11 - 20				
	Rtg	Wgt	MC	PE		Rtg	Wgt	MC	PE
HSBC	1	7.8	193	10.3	Standard Chart	1	2.5	61	10.9
BP	2	5.3	131	7.2	AstraZeneca	2	2.4	59	8.2
RD Shell Class A	2	5.2	128	7.8	BG	1	2.2	55	11.5
Vodafone	1	5.0	123	9.6	Unilever	2	2.0	49	17.1
GlaxoSmithKline	1	4.4	108	11.3	Barclays	1	2.0	49	7.0
Brit Am Tobacco	1	4.0	98	13.8	SABMiller	1	1.8	44	17.7
RD Shell Class B	2	3.8	93	8.0	Tesco	3	1.8	44	10.0
Rio Tinto	2	3.1	77	9.8	Anglo American	2	1.7	43	11.3
BHP Billiton	1	3.0	73	11.8	National Grid	2	1.7	41	12.8
		3.0	73	16.4	Reckitt Benckiser	1	1.7	41	15.5

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Japan

Underweight

Weight in MSCI AC World 7.4%
Market Cap (US\$) 2,185 Bn

Country Weight Breakdown
Japan 100.0%

We believe the risk for Japanese equities is to the upside for the next 12 months for three reasons. Firstly, we believe Abe's administration will implement policies to get out of deflation, including setting up an accord with the BOJ to achieve an inflation goal of 2% and increasing public investment. Secondly, the earnings revision index is likely to rise for the time being thanks to the yen depreciation caused by Abe's comments on aggressive monetary easing and the economic recovery likely to have started by the end of 2012. Thirdly, the valuation of Japanese equities is still attractive in our view. The cyclically adjusted PE of TOPIX is well below the trend line from the early 1990s. The USD/JPY has already reached the range of 85-90 which LDP secretary general Ishiba considers desirable. The pace of the yen depreciation and stock price rally are likely to slow down. The biggest risk for the Japanese equities is that the market loses confidence in Abe's policies and then the yen starts to appreciate against the USD again. Whether a new BOJ governor can keep the weak yen by showing strong commitment to an inflation goal of 2% and unlimited asset purchase will be key for Japan to perform well.
(Strategist: Kenji Abe)

Strategists' Views

Overweight

Consumer Disc.
Financials

Neutral

Energy
Materials
Industrials
IT
Telecoms

Underweight

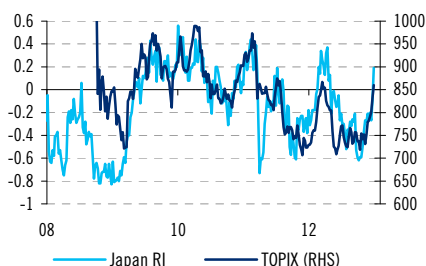
Consumer Staples
Health Care
Utilities

TOPIX Target end 2013: 940
Level at end of 2012: 860
Expected Gain: 9%

Strategists' Favourite Chart

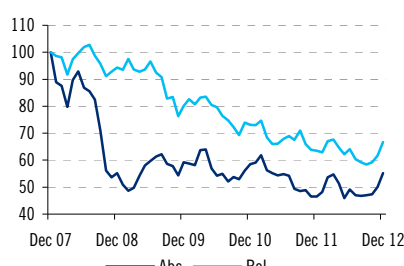
Earnings revisions have been improving

Revision Index and TOPIX



Source: Citi Research, Factset, MSCI

Price Performance Abs & Relative (Loc)

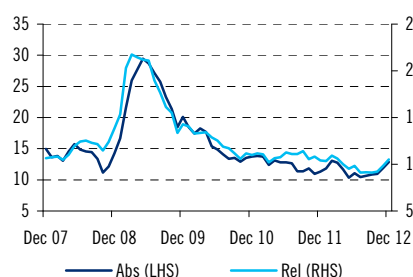


Source: Citi Research, MSCI, Factset

Valuation

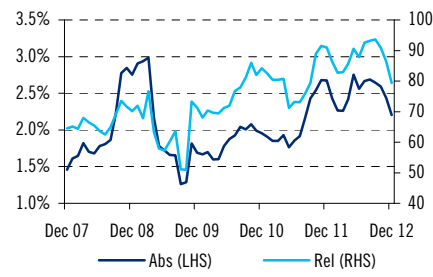
Recent re-rating

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	16.0	13.6	11.6	19.4	34.7	17.3	7.9	1.0	2.4
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

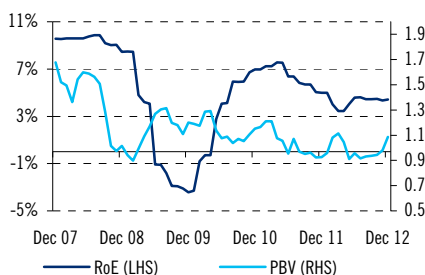
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	5.7	3.7	5.8	17.4	12.4	18.8	4.4	1.1	2.2
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

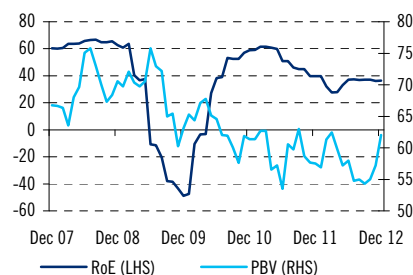
Trades over its BV now

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

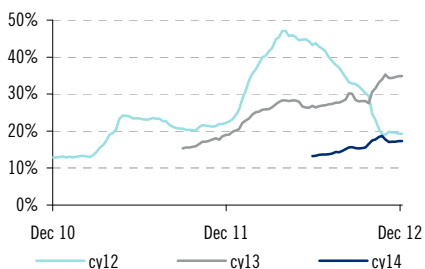


Source: Citi Research, MSCI, Factset

Earnings

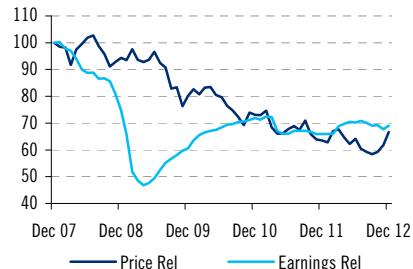
Stable relative earnings momentum

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Rtg	Wgt	MC	PE
Toyota Motor	2	5.9	128	12.3
Mitsubishi UFJ FG	1	3.1	68	9.7
Honda Motor	1	2.7	60	11.3
SMFG	1	2.2	49	8.4
Canon Inc	1	2.0	44	14.9
Mizuho Financial	1	1.9	42	9.0
Fanuc Ltd	1	1.6	35	22.9
Takeda Chem	1	1.6	35	20.1
		1.6	35	9.6
Mitsubishi Est	1	1.4	30	43.6

Top 11 - 20	Rtg	Wgt	MC	PE
Hitachi Ltd	1	1.2	27	9.8
Mitsubishi Corp		1.2	27	7.0
Mitsui & Co Ltd		1.2	26	6.8
Japan Tobacco	1	1.2	26	12.9
Shin Etsu Chemical	1	1.1	25	18.5
Komatsu	2	1.1	24	13.2
Nissan Motor	1	1.1	23	8.2
East Japan Rail	1	1.0	22	11.5
NTT DoCoMo	2	1.0	22	9.8
Seven & I Hldgs		1.0	21	12.9

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Australia

Overweight

Weight in MSCI AC World 3.3%
Market Cap (US\$) 974 Bn

Country Weight Breakdown
Australia 100.0%

The Australian market rose by 15% in 2012. The rebound in the market over the second half of last year occurred despite continued earnings downgrades, particularly for the resource sector. As a result Australia re-rated against lower earnings. Despite last year's solid performance, we see scope for another year of above average returns, potentially in the mid-teens. At 13x, the market PE isn't high, but we expect less multiple expansion from here, and for the market to be underpinned more by earnings growth. With interest rates lowered over the past year, further cuts possible in coming months, and the exchange rate relatively stable for some time, market earnings growth should be stronger in the next couple of years. Resource sector earnings prospects also look to be improving, with iron-ore prices having rebounded strongly, lessening the risk of further earnings downgrades. Consequently, after an expected decline in resource sector earnings in FY13, reasonable growth in FY14 seems possible, as production volumes expand further. Overall, with the potential for market earnings growth to pick up over the next year or so, we are forecasting the ASX200 Index to rise to 5200 this year for the first time since 2008, extending the recovery in the market over the past six months. (Strategist: Tony Brennan)

Strategists' Views

Overweight

Neutral

Underweight

ASX200 Target end 2013: 5200
Level at end of 2012: 4649
Expected Gain: 12%

Energy
Materials
Financials

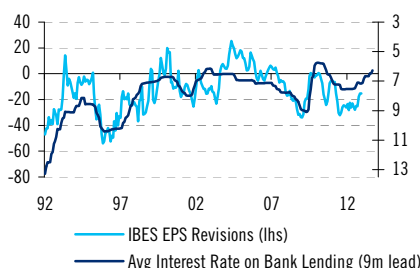
Industrials
Consumer Disc.
Health Care
IT

Consumer Staples
Telecoms
Utilities

Strategists' Favourite Chart

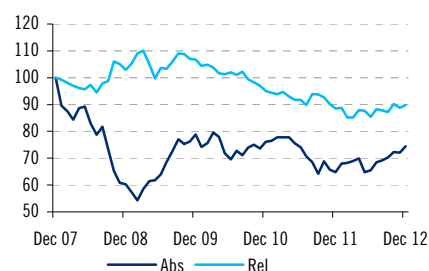
Earnings downgrades expected to slow over the next 6 months

Earnings Revisions vs Interest Rates



Source: RBA, IBES, Citi Research

Price Performance Abs & Relative (Loc)

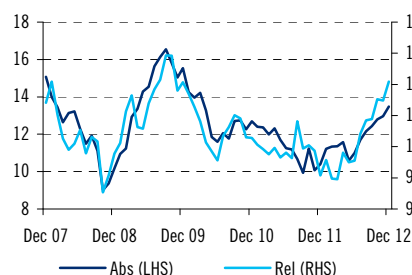


Source: Citi Research, MSCI, Factset

Valuation

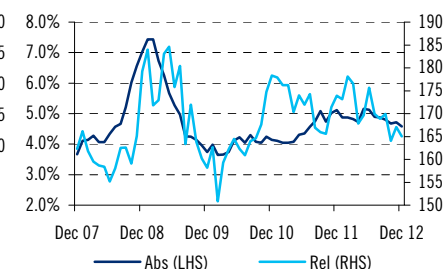
4.5% dividend yield

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	14.7	13.4	12.2	-4.5	9.6	9.5	8.0	1.9	4.9
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

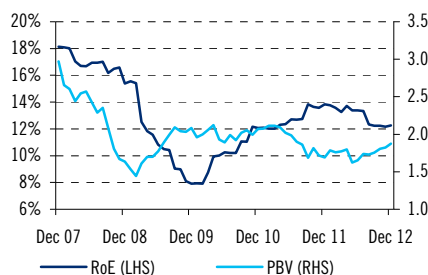
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	5.8	15.1	16.4	6.0	13.7	14.9	12.3	1.9	4.6
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

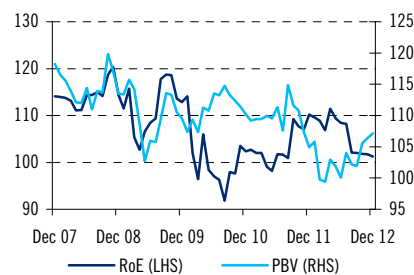
RoE has been stable recently

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

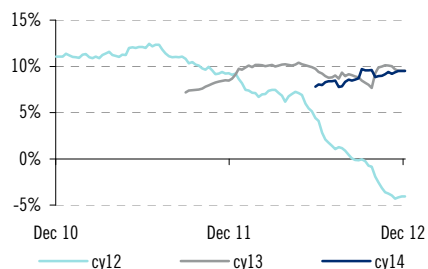


Source: Citi Research, MSCI, Factset

Earnings

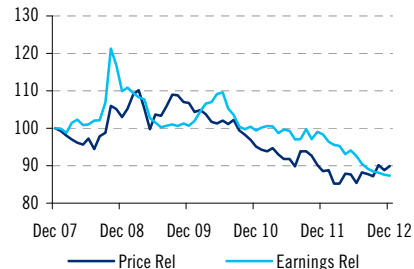
Weakening rel earnings momentum

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE
BHP Billiton	AU	1	12.8	125	13.1
Comm Bk of Aus	AU	1	10.6	103	13.6
Westpac	AU	1	8.6	84	12.0
ANZ Banking Grp	AU	1	7.2	70	11.0
NAB	AU	2	6.1	59	10.1
Wesfarmers Ltd	AU	3	4.0	39	17.3
Woolworths Ltd	AU	2	3.9	38	15.1
Rio Tinto	AU	1	3.1	30	12.0
CSL Ltd	AU	3	2.9	29	20.7
Westfield Group	AU	2	2.4	24	15.6

Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Woodside	AU	1	2.4	23	13.7
Telstra Corp	AU	2	2.0	20	14.6
Newcrest Mining	AU	2	1.8	18	12.9
AMP Ltd	AU	2	1.5	15	14.1
Suncorp Metway	AU	1	1.4	14	11.7
QBE Insurance	AU	2	1.4	13	9.7
Origin Energy	AU	1	1.4	13	14.6
Brambles	AU		1.3	12	16.4
Macquarie Group	AU	2	1.2	12	12.3
Santos	AU	1	1.1	11	19.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Emerging Markets

Neutral

Weight in MSCI AC World 13.1%
Market Cap (US\$) 3,865 Bn

Country Weight Breakdown (top 10)

China	18.3%
Korea	15.3%
Brazil	12.6%
Taiwan	10.6%
South Africa	7.7%
India	6.6%
Russia	6.0%
Mexico	5.2%
Malaysia	3.5%
Indonesia	2.6%

We remain moderately bullish on EM equities. Our end-2013 MSCI GEMs target is 1,150, which translates into full year dollar gains of 9%. The big surprise of 2012 was sharply weaker economic growth in emerging markets than expected; from earlier forecasts of over 6% growth, it now appears the outturn will be around 4.5%. One result was virtually flat EM earnings last year; given strong market gains of 15%, EM equities re-rated in 2012. We doubt that happens again. Therefore, the keys to our optimism are the forecast of economic recovery to 5.3% growth in 2013 and a rebound in EPS growth to 13-15%. Liquidity conditions – both QE from major central banks and further rate cuts in some emerging markets – should remain supportive. Valuations are still cheap, just less so than a year ago. EM equities trade on 12.7x trailing earnings v. a recent average of 14x and 10.5x forward (v. 11.3x). We have upgraded Latin America to Overweight and are now Neutral in Asia; CEEMEA is cut to Underweight. Our favoured major markets are Mexico, Brazil, China, Korea; we are Neutral in Russia and Taiwan. We retain an aggressive tilt to our sector calls with Overweights in Financials, Consumer Discretionary and Materials. (Strategist: Geoffrey Dennis)

Strategists' Views

MSCI EM(\$)

Target end 2013:	1150
Level at end of 2012:	1055
Expected Gain:	9%

Overweight

Materials
Consumer Disc.
Financials

Latin America

Neutral

Energy
Industrials
IT

Asia

Underweight

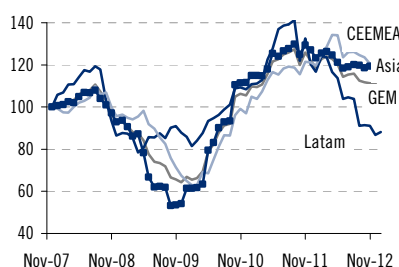
Consumer Staples
Health Care
Telecoms
Utilities

CEEMEA

Strategists' Favourite Chart

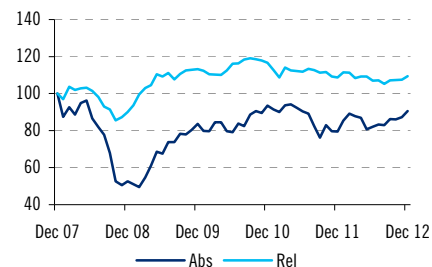
EPS recession appears to be ending

GEMS Regions: Trailing EPS (US\$)



Source: Citi Research, MSCI, Factset

Price Performance Abs & Relative (Loc)

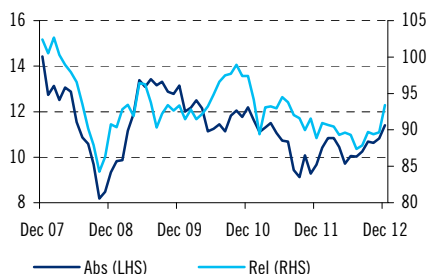


Source: Citi Research, MSCI, Factset

Global Context

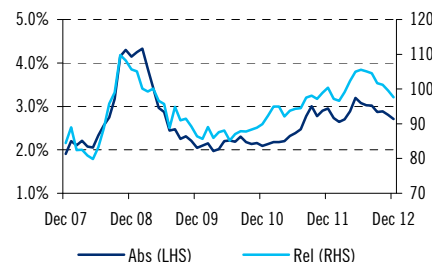
Fwd PE at c5% discount

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	12.2	10.8	9.7	0.6	13.2	11.6	6.3	1.4	2.9
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

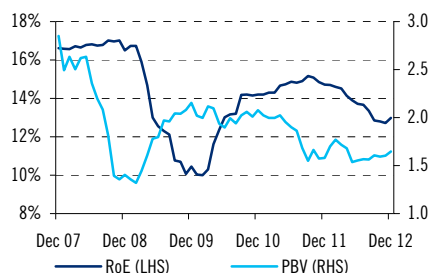
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	5.2	12.6	15.1	5.0	10.4	13.9	13.0	1.6	2.7
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

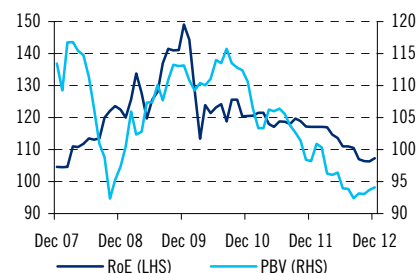
RoE seems to have troughed

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

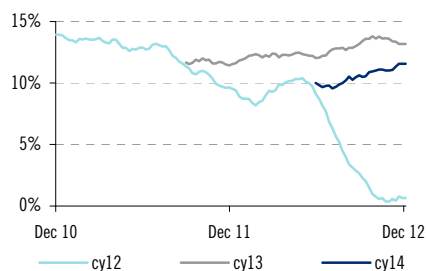


Source: Citi Research, MSCI, Factset

Earnings

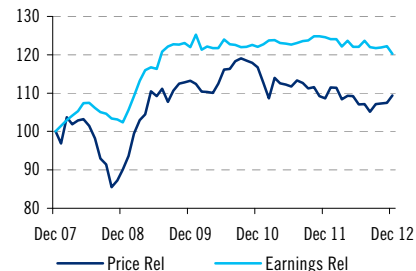
2013 EPS growth forecasts have been stable

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Samsung Elec	KR	1	4.1	157	8.1	Itaú Unibanco	BR	1	1.0	37	9.3
TSMC	TW	1	2.1	82	14.2	MTN Group Ltd	ZA	1	0.9	36	13.2
China Mobile	CN	1	1.8	70	11.6	Lukoil	RU	1	0.9	34	4.8
CCB	CN	1	1.5	58	6.5	BoC	CN	1	0.9	34	5.9
Gazprom	RU	1	1.3	50	3.2	Sberbank	RU	1	0.9	33	5.7
ICBC	CN	2	1.2	46	6.5	Bradesco	BR	1	0.9	33	10.2
America Movil	MX	2	1.2	45	10.4	Tencent	CN	1	0.8	33	22.6
Petrobras-A	BR	1	1.0	40	7.3	AmBev	BR	1	0.8	32	23.4
Vale (Pref)	BR	1	1.0	40	7.4	Hyundai Motor	KR	1	0.8	31	5.8
	CN		1.0	39	9.2	Hon Hai Precision	TW	1	0.8	31	9.5

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Asia Pacific ex Japan

Neutral

Weight in MSCI AC World 13.1%
Market Cap (US\$) 3,870 Bn

Country Weight Breakdown

China	18.3%
Korea	15.3%
Taiwan	10.6%
Hong Kong	8.9%
India	6.6%
Singapore	5.3%
Malaysia	3.5%
Indonesia	2.6%
Thailand	2.5%
Philippines	0.9%

For the second year running, we are optimistic on Emerging Asia for 2013. The drivers are fourfold. First, with the exception of the Philippines and Indonesia, valuations, both absolute and relative, and interest rates remain very cheap. Secondly, the asset side of Asian central banks is expanding again. Where the balance sheet goes, there go multiples. The other part of the equation is retail, which has continued to accumulate assets in the banking system, now more than double GDP or market cap. Having missed out on double digit returns in 2012, we expect greater retail participation in 2013. Third, EPS revisions are more equity friendly as are GDP growth forecasts, whilst interest rates remain at record lows. Finally, investors are generally cautious to negative on equities. Within the equity market, bond proxy-like stocks are preferred vs. financials or cyclicals. We expect the latter two groups to do substantially better in 2013. The rotation out of defensives began in the summer of 2012 and will carry on into 2013 in our view. That plays to North Asia vs. ASEAN. Within the Emerging Asian region we prefer Korea over ASEAN and India. **(Strategist: Markus Rosgen)**

Strategists' Views

MSCI AC AsiaJP(\$ Target end 2013: 625
Level at end of 2012: 548
Expected Gain: 14%

Overweight

Energy
Industrials
Financials
IT

Hong Kong
Singapore
South Korea
Taiwan

Neutral

Underweight

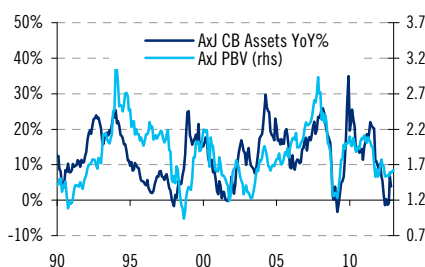
Materials
Consumer Disc.
Consumer Staples
Health Care
Telecoms, Utilities

China, Philippines
India, Thailand
Indonesia
Malaysia

Strategists' Favourite Chart

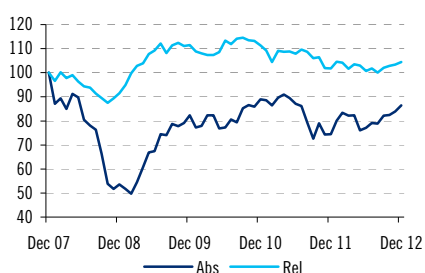
Central Banks' Assets expanding now

Asia x Japan: CB Assets vs PBV



Source: Citi Research, Haver, CEIC

Price Performance Abs & Relative (Loc)

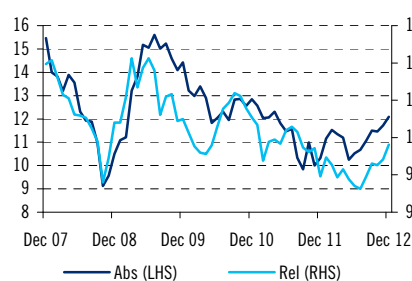


Source: Citi Research, MSCI, Factset

Valuation

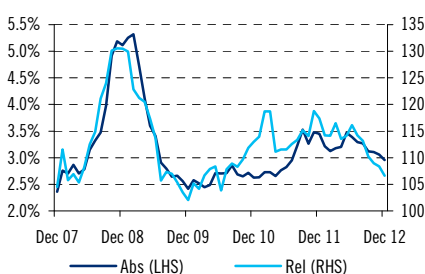
Rel Fwd PE discount has disappeared

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	13.5	12.0	10.7	2.5	12.8	11.9	7.0	1.4	3.2
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

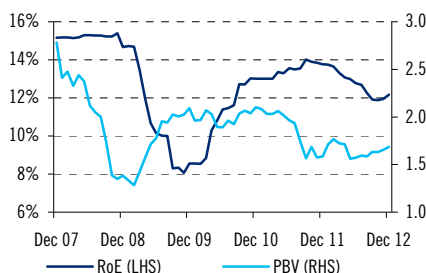
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	5.6	14.5	18.6	5.2	12.0	16.1	12.2	1.7	3.0
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

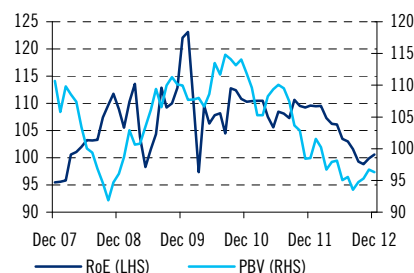
RoE premium has disappeared

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

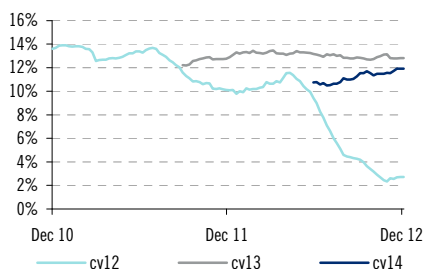


Source: Citi Research, MSCI, Factset

Earnings

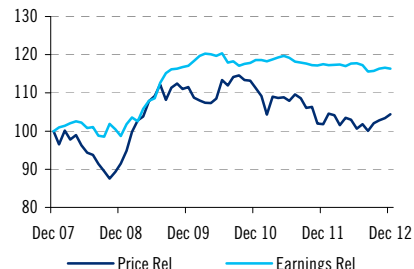
Relative earnings momentum stable

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Samsung Elec	KR	1	4.1	157	8.1	Hon Hai Precision	TW	1	0.8	31	9.5
TSMC	TW	1	2.1	82	14.2	PetroChina	CN	2	0.8	30	11.2
China Mobile	CN	1	1.8	70	11.6	China Life	CN	2	0.6	24	18.6
CCB	CN	1	1.5	58	6.5	SHK Props	HK	1	0.6	24	13.4
ICBC	CN	2	1.2	46	6.5		SG		0.6	22	10.6
Alia Grp	HK	1	1.1	42	16.5	Hutchison Wham	HK	2	0.6	22	13.1
	CN		1.0	39	9.2	HDFC	IN	1	0.6	22	22.1
BoC	CN	1	0.9	34	5.9	SingTel	SG	2	0.6	22	13.7
Tencent	CN	1	0.8	33	22.6	POSCO	KR	1	0.6	21	9.1
Hyundai Motor	KR	1	0.8	31	5.8	Cheung Kong	HK	1	0.6	21	10.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Latin America

Overweight

Weight in MSCI AC World 2.8%
Market Cap (US\$) 828 Bn

Country Weight Breakdown

Brazil	58.8%
Mexico	24.1%
Chile	8.3%
Colombia	6.0%
Peru	2.8%

We upgrade Latin America to Overweight from Underweight within our GEMs portfolio based on several factors we expect to see: i) a strong rebound in EPS growth in 2013E of 15-20% from extreme weakness last year (-14%), mainly in Brazil and Chile; ii) stabilization of commodity prices; iii) a growth pick-up in the region's biggest economy, Brazil (receiving some marginal benefit from steadier Chinese growth); and iv) a rebound from significant underperformance last year (+5.4% for MSCI Latam v. +15% for GEMs). While valuations are less supportive (13.2x 2013E earnings v. 10.8x for GEMs), better earnings momentum should be the main driver. We upgrade Brazil to Overweight (from Underweight) and Mexico (from Neutral), which should both generate dollar gains of 15-20% this year. Mexico is our top pick for now, given expectations of another strong earnings forecast in 2013, in part due to Mexico's close ties to the US (the strongest part of the DM world), the outlook for structural reform and a cheap peso. We have now also turned more positive on Brazil based on a strong earnings rebound this year, yet further rate cuts and given that some of the benefits of the government's recent interventionist policies may filter through to the broader economy. (Strategist: Geoffrey Dennis)

Strategists' Views

Overweight

Mexico
Brazil

Neutral

Peru

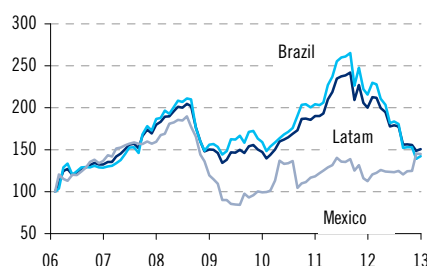
Underweight

Chile
Colombia

Strategists' Favourite Chart

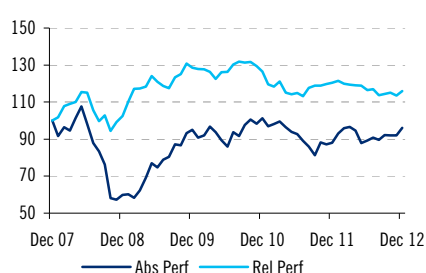
EPS expected to rebound strongly in 2013

Trailing EPS (US\$)



Source: Citi Research, MSCI, Datastream

Price Performance Abs & Relative (Loc)

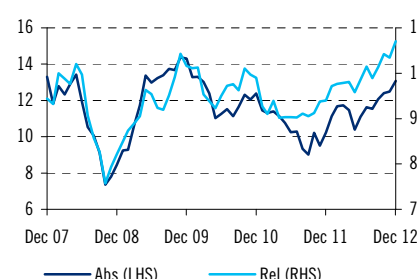


Source: Citi Research, MSCI, Factset

Valuation

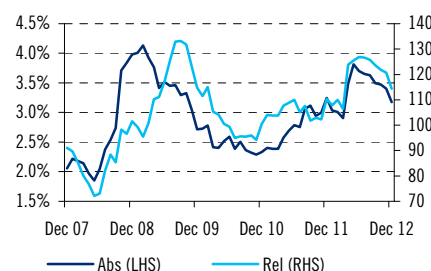
Over 3% dividend yield

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

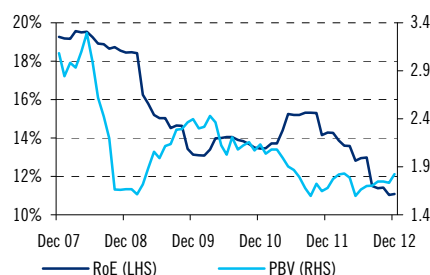
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	15.5	13.2	11.5	-14.1	17.5	13.7	6.9	1.9	2.9
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	3.4	7.8	5.4	4.1	7.4	8.9	11.1	1.8	3.2
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

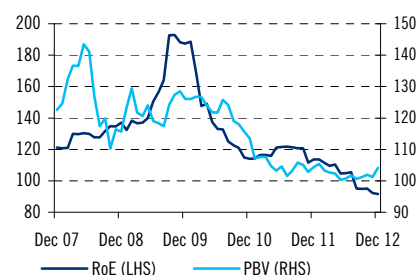
Premium on P/BV and RoE
have been waning

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

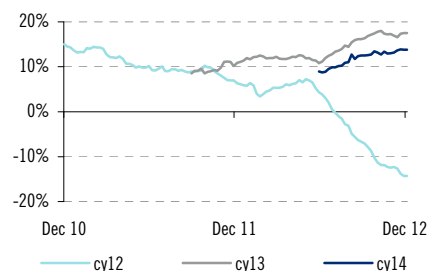


Source: Citi Research, MSCI, Factset

Earnings

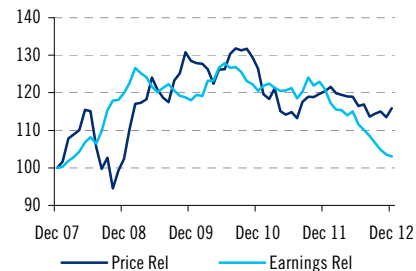
Relative earnings momentum
weakening

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
America Movil	MX	2	5.4	45	10.4	Ecopetrol	CO	3	1.8	15	12.9
Petrobras-A	BR	1	4.8	40	7.3	Grupo Mexico	MX	2	1.7	14	12.0
Vale (Pref)	BR	1	4.8	40	7.4	Perdigao SA	BR	1	1.6	14	19.8
Itaú Unibanco	BR	1	4.5	37	9.3	Grupo Televisa	MX	1	1.6	13	19.8
Bradesco	BR	1	4.0	33	10.2	BMF Bovespa	BR		1.5	12	15.0
AmBev	BR	1	3.8	32	23.4	Grp Fin Banorte	MX	1	1.5	12	14.2
Petrobras	BR	1	3.4	28	7.2	Itaúsa Inv Itaú	BR		1.5	12	8.3
Vale	BR	1	3.3	27	9.4		MX		1.2	10	nm
FEMSA	MX	2	2.4	20	22.9	Credicorp	PE	1	1.2	10	13.2
Wal-Mart Mexico	MX	1	2.1	17	26.8	Bradesco	BR	1	1.1	10	10.3

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

CEEMEA

Underweight

Weight in MSCI AC World 2.4%
Market Cap (US\$) 701 Bn

Country Weight Breakdown

South Africa	42.7%
Russia	33.1%
Turkey	10.9%
Poland	8.5%
Egypt	1.7%
Czech Republic	1.6%
Hungary	1.2%
Morocco	0.4%

After a solid Q4 rally, boosted by a calmer EU debt crisis, we cut CEEMEA again to Underweight. This may be seen as a high risk call as regional valuations are very attractive (at 8.4x 2013E earnings, compared to 10.8x for GEMs), sentiment on CEEMEA remains poor and interest rates may be cut in several small markets. However, our main concern is weak earnings momentum with a slower rebound in EPS growth expected in 2013 (6-7%) than the 12-14% growth in the other regions. Also, we believe no one CEEMEA market appears a compelling opportunity right now. The best story remains Turkey in our view, given an improved growth dynamic in 2013, supportive monetary policy and another solid rise in EPS of 11-12% forecast for 2013; we still remain Neutral after the market's large gains in 2012 (+41% in dollars). We stay Neutral also in Russia where lower oil prices in 2013 may be offset by reduced investor pessimism about reforms. After a strong rally in Q4, including in the Rand, we cut South Africa to Underweight as our base case is flat/negative dollar returns this year. We stay Underweight in CE3, cutting the Czech Rep to Neutral and Poland to Underweight, although we raise Hungary to Neutral (at 8x 2013E earnings) after a very weak Q4. (Strategist: Geoffrey Dennis)

Strategists' Views

Overweight

Neutral

Underweight

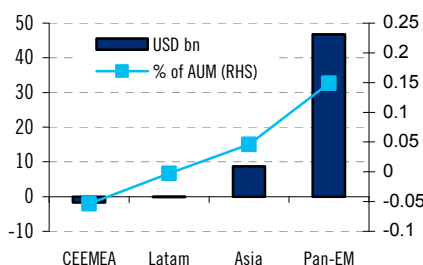
Russia
Turkey
Czech Rep
Hungary

South Africa
Poland
Egypt

Strategists' Favourite Chart

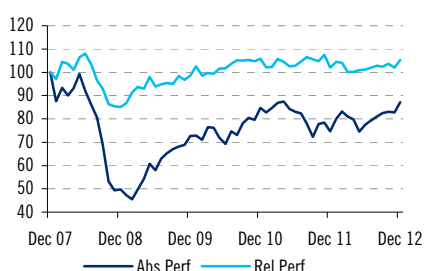
Equity fund flows weak in CEEMEA

EM Fund Flows in 2012



Source: Citi Research, EPFR

Price Performance Abs & Relative (Loc)

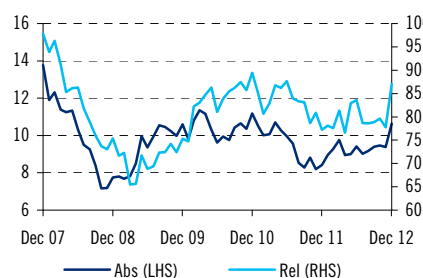


Source: Citi Research, MSCI, Factset

Valuation

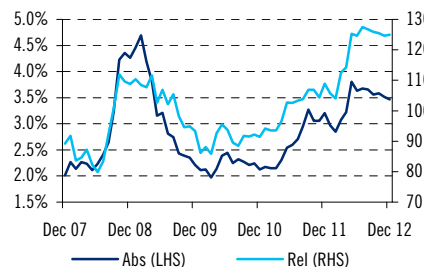
Dividend yield rel at 5-year high

12Mth Forward PE



Source: Citi Research, MSCI, Factset

Dividend Yield



Source: Citi Research, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Region	8.9	8.4	7.9	-2.5	5.1	6.7	4.3	1.2	3.9
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

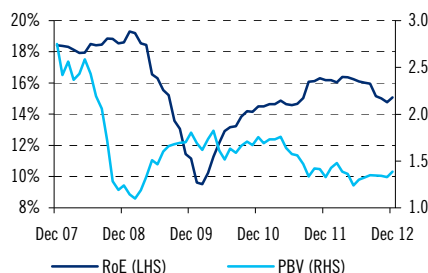
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	5.5	13.4	17.7	5.7	12.4	16.8	15.1	1.4	3.5
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

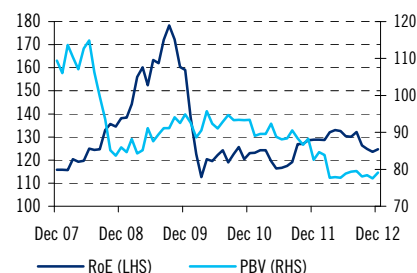
Large discount on P/BV

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

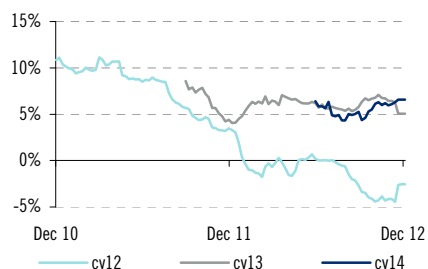


Source: Citi Research, MSCI, Factset

Earnings

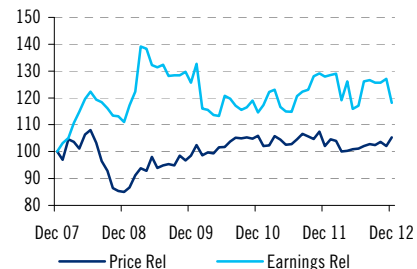
Uninspiring growth prospects for 2013 and 2014

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE
Gazprom	RU	1	7.2	50	3.2
MTN Group Ltd	ZA	1	5.1	36	13.2
Lukoil	RU	1	4.8	34	4.8
Sberbank	RU	1	4.7	33	5.7
Naspers	ZA	1	3.6	25	21.3
Sasol	ZA	1	3.3	23	8.4
Standard Bank	ZA	2	2.4	17	11.1
Garanti Bankasi	TR	2	1.7	12	10.8
AngloGold Ashanti	ZA	2	1.7	12	6.6
FirstRand	ZA	1	1.6	11	11.2

Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Rosneft	RU	1	1.6	11	7.0
Novatek	RU	1	1.6	11	12.6
Impala Platinum	ZA	1	1.5	11	21.0
Shoprite Hldgs	ZA	1	1.5	10	25.4
Uralkali	RU	1	1.5	10	11.9
Tatneft	RU	2	1.4	10	7.2
Magnit	RU	1	1.4	10	22.2
Mobile Telesystems	RU	1	1.4	10	10.3
Sanlam	ZA		1.4	10	14.6
PKO BP	PL	2	1.3	9	12.3

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

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Sectors – Level 1

Please refer to pages 94 and 95 for how to read this section

Data in Charts and Tables as of 31st of December 2012

Stock recommendations as of 31st of December 2012

Energy

Overweight

Weight in MSCI AC World 10.6%
Market Cap (US\$) 3,119 Bn

Regional Weight Breakdown

US 47.2%
Emerging Markets 15.5%
UK 14.1%
Europe x UK 10.0%
Dev Asia 1.8%
Japan 1.0%

Industry Group Weight Breakdown

Energy 100.0%

Energy was the second worst performing sector in 2012 (underperforming the global equity market by 14%), a performance that we think reflects how the sector finds itself in a period of change. The last two years of essentially sideways price movements and inflationary capex continue to squeeze margins across the upstream value chain. Wide price dislocations look to remain a medium-term feature of the North American markets, and the competitiveness of coal and the increasing competitiveness of solar poses an uncertainty to high-cost gas supply. We think key to reduce the uncertainty in an environment of change is to be positioned low on the cost-curve, offering either economically secure growth or assets value from players seeking 'cost-curve' repositioning. We also highlight the continued secular growth outlook for offshore/deepwater services, a portion of growth capital that we think remains economically defensible in this environment. Our most preferred names are BG, Rosneft, Noble Energy and FMC. Least preferred Statoil, Chesapeake. **(Sector Analyst: Alastair Syme)**

Performance

Second worst performer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

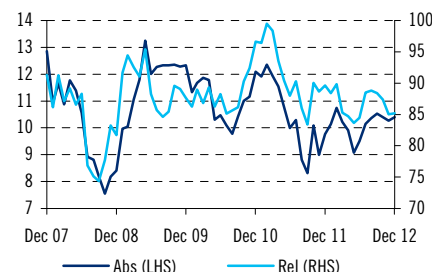


Source: Citi Research, MSCI, Factset

Valuation

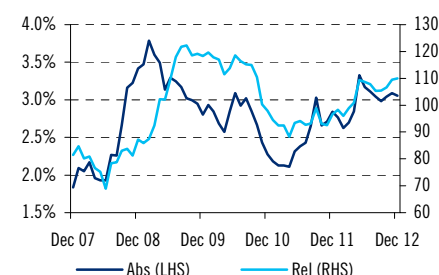
15% discount on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

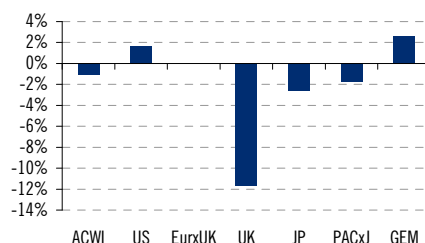


Source: Citi Research, MSCI, Factset

Regional Breakdown

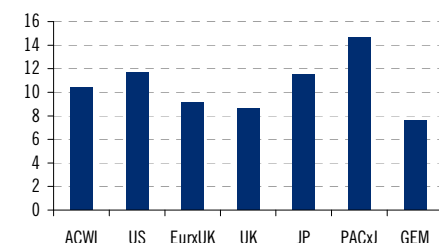
GEMs the cheapest

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

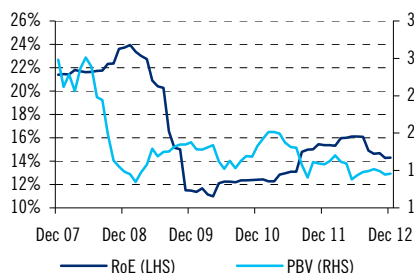
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	10.4	9.9	9.2	-7.0	5.2	7.5	5.1	1.2	3.2
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	-2.3	6.1	-0.1	-2.4	4.6	-1.1	14.3	1.5	3.1
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

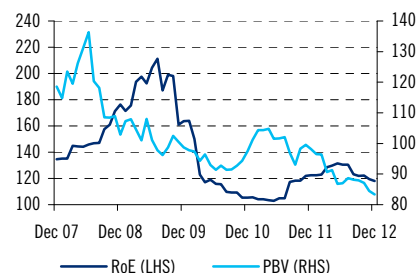
RoE has been coming down

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

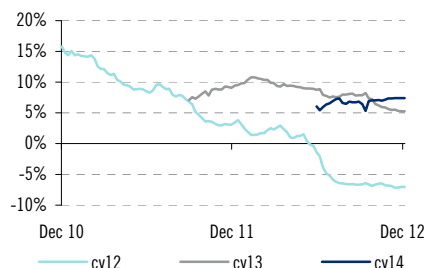


Source: Citi Research, MSCI, Factset

Earnings

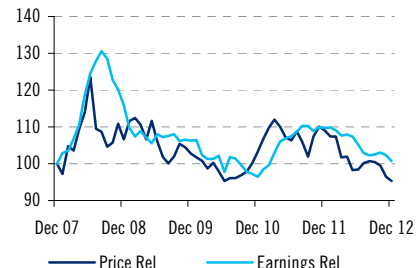
5% EPS growth expected for 2013

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
ExxonMobil	US	1	12.6	393	10.8	BG	GB	1	1.8	55	11.5
Chevron	US	1	6.7	209	8.7	Gazprom	RU	1	1.6	50	3.2
BP	GB	2	4.2	131	7.2	Suncor Energy	CA		1.6	50	9.8
RD Shell Class A	GB	2	4.1	128	7.8	Petrobras-A	BR	1	1.3	40	7.3
Total	FR	2	3.5	110	7.3		CN		1.2	39	9.2
RD Shell Class B	GB	2	3.0	93	8.0	Anadarko Petro	US	1	1.2	36	17.9
Schlumberger Ltd	US	1	2.9	90	14.1	Lukoil	RU	1	1.1	34	4.8
ConocoPhillips	US	1	2.1	66	9.9	TransCanada	CA	2	1.1	33	19.4
ENI	IT	1	2.0	62	8.7	Enbridge	CA	2	1.0	32	23.2
Occidental	US	2	2.0	61	10.3	EOG	US	1	1.0	32	18.8

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Materials

Neutral

Weight in MSCI AC World 7.6%
Market Cap (US\$) 2,242 Bn

Regional Weight Breakdown

US 21.6%
Emerging Markets 20.2%
Europe x UK 17.5%
UK 13.3%
Dev Asia 10.1%
Japan 6.6%

Industry Group Weight Breakdown

Materials 100.0%

We expect Materials to perform in-line with the market in 2013. We continue to believe that our Super Cycle Sunset thesis will be the major driver of stock performance this year. 2012 was a year with reduced capex plans and cost reductions for the sector. The mining companies have been reluctant to change, but were pressured by shareholders to reduce capex plans which has resulted in global budget cuts by around 18% for 2013 and 20% for 2014. It is unlikely that the cuts will repeat in 2013 in our view and free cash flows even with capex cuts are not appealing. The sector is spending around 97% of its free cash on capex. This leaves the global mining sector trading at a dividend yield of c3% and a forward PE of c9x; this in our view limits the upside in 2013. Our key pick is BHP Billiton. In chemicals, we have three themes for 2013 - "three Cs": Commodities, Construction and Consolidation. We expect ethylene margins to remain elevated, although we see limited upside as raw material prices have less room to fall. We expect US housing and construction markets to have a positive impact on chemicals. Third, corporates will be faced with the same choices as in 2012 between returning capital to shareholders vs. growth through M&A. **(Sector Analyst: PJ Juvekar, Heath Jansen)**

Performance

Underperformer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

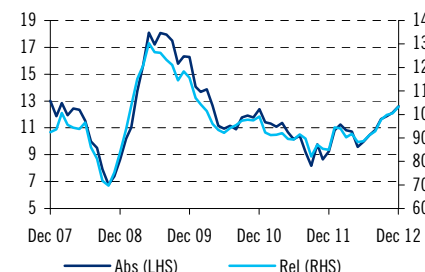


Source: Citi Research, MSCI, Factset

Valuation

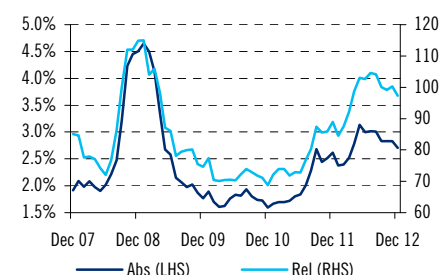
In-line Fwd PE and dividend yield

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

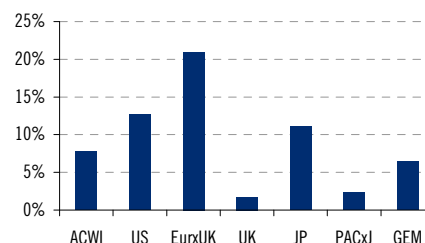


Source: Citi Research, MSCI, Factset

Regional Breakdown

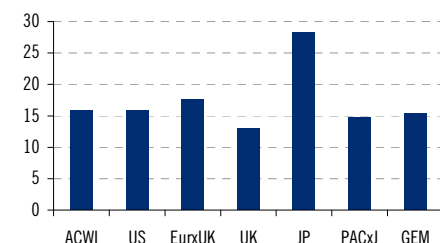
UK the cheapest

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

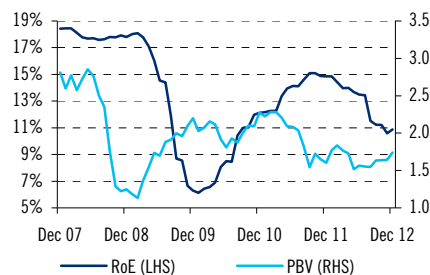
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	15.8	12.7	10.9	-24.6	24.5	16.0	6.9	1.5	2.6
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	4.8	11.6	8.5	5.1	10.1	7.8	10.9	1.7	2.7
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

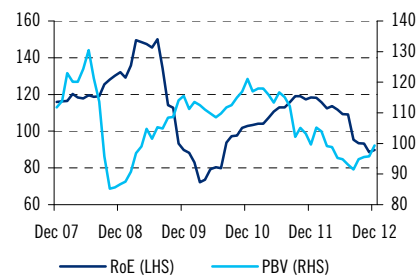
RoE has been weakening

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

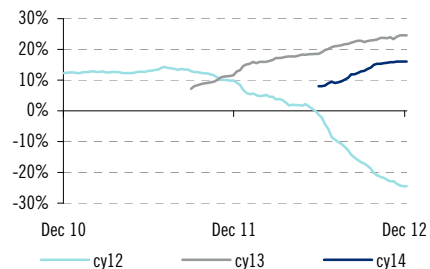


Source: Citi Research, MSCI, Factset

Earnings

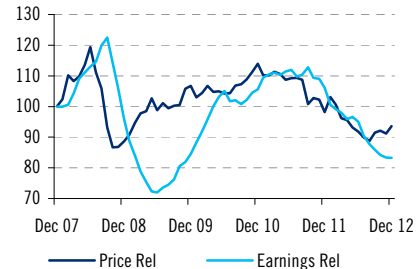
Weak rel earnings momentum

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
BHP Billiton	AU	1	5.6	125	13.1	Syngenta	CH	1	1.7	37	16.2
BASF	DE	2	3.9	86	12.1		GB		1.6	36	11.9
Rio Tinto	GB	2	3.4	77	9.8	Potash Saskatchewan	CA	2	1.5	34	12.2
BHP Billiton	GB	1	3.3	73	11.8	Barrick Gold	CA	1	1.5	34	7.0
Monsanto	US	1	2.2	50	20.1	Linde	DE	1	1.4	32	15.1
Anglo American	GB	2	1.9	43	11.3	Praxair	US	1	1.4	32	17.5
DuPont	US	2	1.9	42	11.8	Freeport McMoran	US	2	1.4	31	7.1
Vale (Pref)	BR	1	1.8	40	7.4	Rio Tinto	AU	1	1.3	30	12.0
Air Liquide	FR	2	1.7	39	16.7	Goldcorp	CA	2	1.3	29	12.5
Dow Chemical	US	1	1.7	38	13.0	Vale	BR	1	1.2	27	9.4

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Industrials

Underweight

Weight in MSCI AC World 10.4%
Market Cap (US\$) 3,059 Bn

Regional Weight Breakdown

US	44.4%
Europe x UK	20.8%
Japan	14.5%
Emerging Markets	8.2%
UK	5.2%
Dev Asia	4.3%

Industry Group Weight Breakdown

Capital Goods	73.1%
Commercial Services	7.9%
Transportation	19.0%

Industrials performed well in 2012, up 13.6% and roughly in-line with the global benchmark's 13.4% increase. The performance was broadly strong across most regions with Developed Markets up 13.5%, and the US up 13.2%. Despite the sovereign debt angst, Europe was one of the strongest, up 20.2%. Japan was the weakest but still up 2.2% as the weaker yen is supplying a nice boost to the Japanese industrials. The strong global performance came in the face of some end market headwinds in both developed and emerging markets; recent performance was entirely driven by multiple expansion and risk-on positioning, probably reflecting incremental doses of quantitative easing in the US and Europe. Companies remain cautious on capital allocation in light of fiscal cliff/Europe worries. Balance sheets and cash flows remain strong. The earnings growth outlook for the sector has declined to 4.4% Y/Y growth in 2012, down sharply from the 11.0% increase expected at the beginning of the year. Earnings growth is expected to be 11% in 2013E, roughly in-line with the global average, though we see risk to this forecast if macro conditions remain soft. Our analysts like ABB, Boeing, Danaher, Deere, Fanuc, Ford, General Electric, Hitachi, and Siemens. **(Sector Analyst: Deane Dray)**

Performance

In-line performance in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

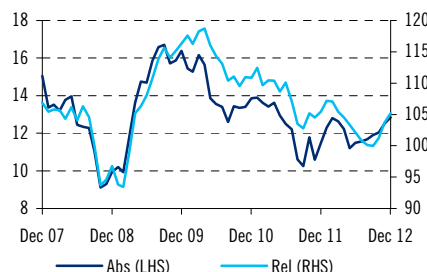


Source: Citi Research, MSCI, Factset

Valuation

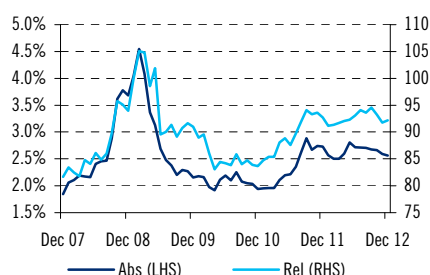
5% premium on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

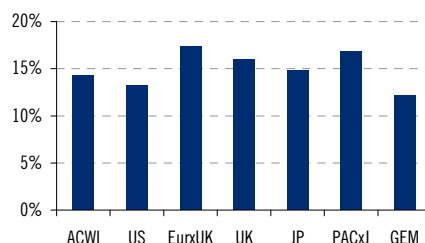


Source: Citi Research, MSCI, Factset

Regional Breakdown

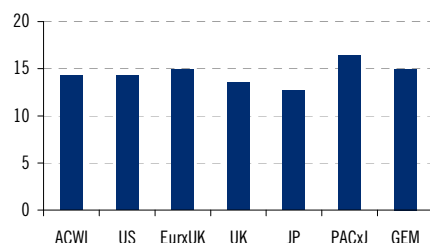
Japan the cheapest

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

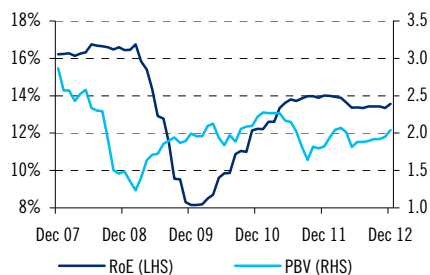
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	14.3	12.9	11.5	4.4	10.8	12.7	8.3	1.3	2.7
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	5.5	9.9	13.6	6.6	9.6	14.3	13.6	2.0	2.6
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

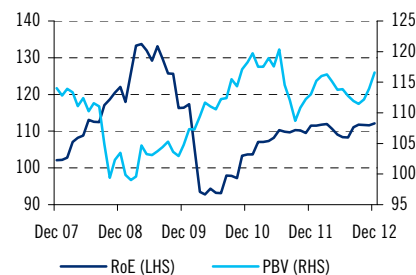
c15% P/BV premium

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

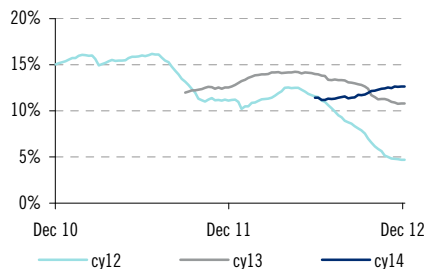


Source: Citi Research, MSCI, Factset

Earnings

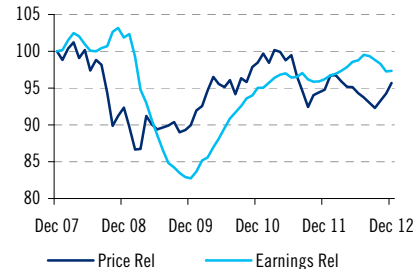
Double digit EPS growth expected in 2013-14

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
General Electric	US	1	7.1	216	12.2	Canadian Nat Rly	CA	2	1.3	39	14.5
Siemens AG	DE	1	2.9	89	12.7	Schneider Elec	FR	3	1.2	38	13.1
United Tech	US	2	2.3	70	13.3	Emerson Electric	US	1	1.2	38	14.1
3M Co	US	2	2.0	60	13.4	Fanuc Ltd	JP	1	1.2	35	22.9
Union Pacific	US	1	1.9	59	13.0	Danaher Corp	US	1	1.1	33	15.7
Caterpillar Inc	US	2	1.9	57	10.0	Deere and Co	US	1	1.0	31	10.0
The Boeing Co	US	1	1.7	53	14.7	Philips	NL	3	0.9	27	12.8
United Parcel	US	1	1.7	53	14.2	Precision Cast	US	1	0.9	27	16.5
Honeywell Intl	US	1	1.5	47	12.8	Fedex Corp	US	1	0.9	27	12.5
ABB	CH	1	1.5	45	13.5	Mitsubishi Corp	JP		0.9	27	7.0

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Consumer Discretionary

Underweight

Weight in MSCI AC World 10.7%
Market Cap (US\$) 3,164 Bn

Regional Weight Breakdown

US	51.8%
Europe x UK	15.5%
Japan	13.9%
Emerging Markets	9.6%
UK	5.0%
Dev Asia	2.5%

Industry Group Weight Breakdown

Autos & Components	24.8%
Consumer Durables	14.0%
Consumer Services	13.3%
Media	22.4%
Retailing	25.6%

Consumer Discretionary was up 22% in 2012 outperforming the global benchmark by 8%. The sector is trading at 13.7x 2013E earnings (the third most expensive sector after Consumer Staples and Utilities). We have a cautious view on the consumer sector in our “Empty Pockets” landscape for 1H13. We expect the pace of consumer spending to continue to slow, driven by a soft U.S. macro environment, weakness in Europe (including the drag on tourism to the US), potential implications from the fiscal cliff, and fragile consumer confidence, which should have a negative effect on the stocks. We believe that the slowdown is being led by high-income consumers, who account for approximately 50% of spending, own 90% of U.S. equities, and are most impacted by stock market volatility. We also expect technology to play an increasing role in determining outperformers and underperformers among retailers as they learn to spend smarter, not just bigger, to compete with the “tech titans” (AAPL, AMZN, EBAY, FB, GOOG). (**Sector**

Analyst: Deborah Weinswig)

Performance

Outperformer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

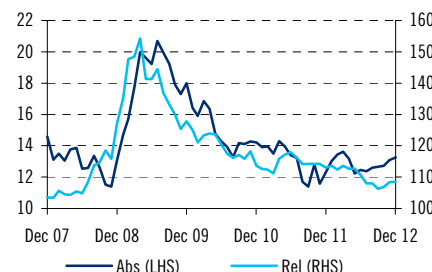


Source: Citi Research, MSCI, Factset

Valuation

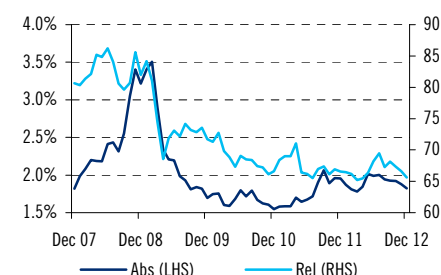
10% premium on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

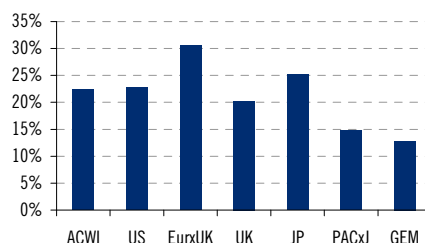


Source: Citi Research, MSCI, Factset

Regional Breakdown

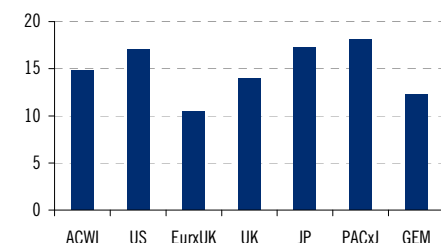
Europe the cheapest on fwd PE

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

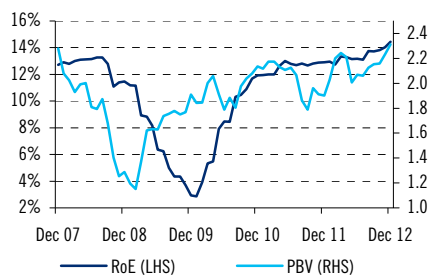
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	14.9	13.7	11.7	18.4	16.5	17.0	7.9	1.3	2.1
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	5.8	11.9	21.5	6.8	11.9	22.5	14.4	2.3	1.8
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

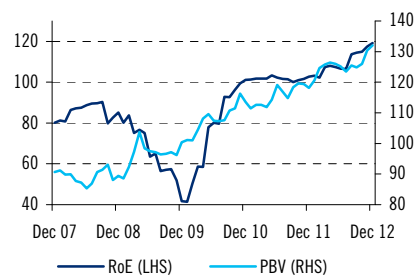
RoE at 5-year high

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

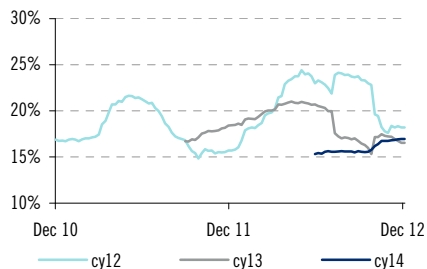


Source: Citi Research, MSCI, Factset

Earnings

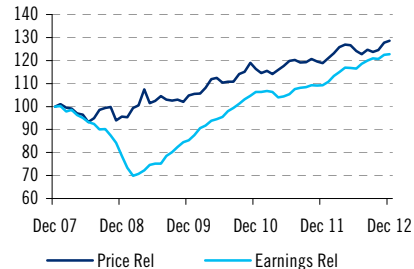
Strong rel earnings momentum

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Toyota Motor	JP	2	4.1	128	12.3	Time Warner	US	1	1.4	45	12.9
Home Depot Inc	US	1	2.9	91	17.7	Lowe's	US	2	1.3	41	17.1
Amazon.com Inc	US	1	2.8	89	nm	Richemont	CH	1	1.3	41	15.6
McDonald's	US	2	2.8	88	15.2	Starbucks	US	1	1.3	40	23.2
Walt Disney Co	US	1	2.6	84	14.0						
Comcast A	US	1	2.4	77	16.4	Nike Inc	US	2	1.2	37	18.0
Honda Motor	JP	1	1.9	60	11.3	Target Corp	US	2	1.2	36	12.1
Daimler	DE	1	1.6	50	8.6	Volkswagen	DE	2	1.0	33	6.8
LVMH	FR	1	1.5	46	17.3	Hennes & Mauritz	SE	2	1.0	33	19.6
Ford Motor	US	1H	1.4	46	8.8	BMW	DE	2	1.0	32	9.4

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Consumer Staples

Neutral

Weight in MSCI AC World 10.4%
Market Cap (US\$) 3,056 Bn

Regional Weight Breakdown

US	46.2%
Europe x UK	20.1%
UK	13.7%
Emerging Markets	11.1%
Japan	4.4%
Dev Asia	3.3%

Industry Group Weight Breakdown

Food & Staples Retailing	22.0%
Food Beverage & Tobacco	61.5%
Household & Personal	16.4%

The Consumer Staples sector was up 11.9% last year, placing it in the middle of the pack amongst global sectors. Within Consumer Staples, the Household and Personal Care segment was up 10.8% while Food Beverage and Tobacco was up 12.1%. Food and Staples Retailing was the best performing sub-segment, with 12.3% appreciation. This healthy stock price performance for the overall sector came despite relatively anaemic earnings growth for the group (average 3%). Its reported growth was pressured notably by foreign exchange headwinds for much of the year. Reflecting this weak earnings growth for the year as well as the relatively strong stock price performance, the sector ended the year trading at 15.5x the 2013 earnings forecasts, which makes it the most expensive sector on a 2013E P/E basis. While we are hopeful that a combination of a more stable currency backdrop, a continued benign commodity environment and a slowly recovering consumer environment will all lead to stronger EPS growth for the sector in 2013, we acknowledge that the relatively high valuations for some stocks warrant caution. We continue to believe that those companies with the strongest exposure to Emerging Markets in Asia and Latin America will be the winners over the longer term. **(Sector Analysts: Deborah Weinswig, Wendy Nicholson)**

Performance

Underperformer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

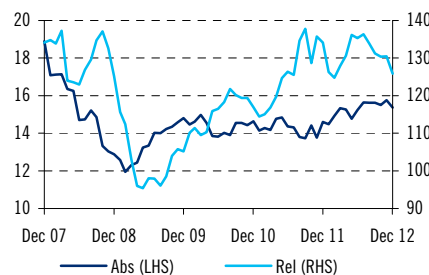


Source: Citi Research, MSCI, Factset

Valuation

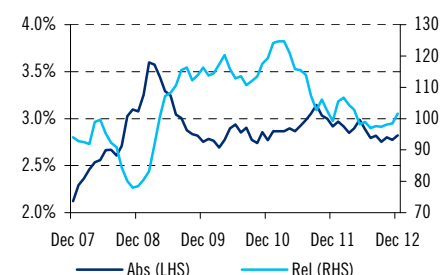
30% premium on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

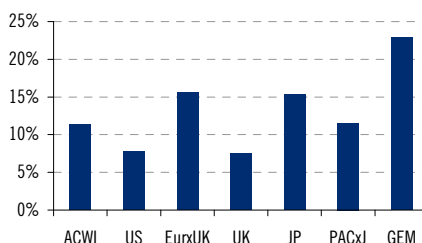


Source: Citi Research, MSCI, Factset

Regional Breakdown

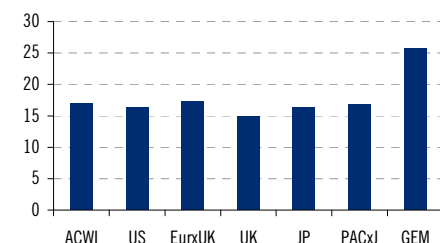
UK the cheapest

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	16.9	15.5	14.0	5.8	9.4	10.5	10.1	1.5	3.2
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

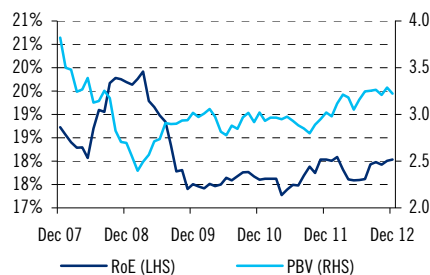
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	0.9	5.7	11.9	0.8	4.6	11.3	18.0	3.2	2.8
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

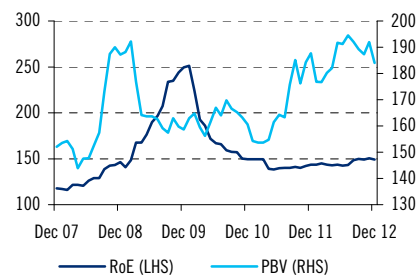
P/BV premium close to 5-year high

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

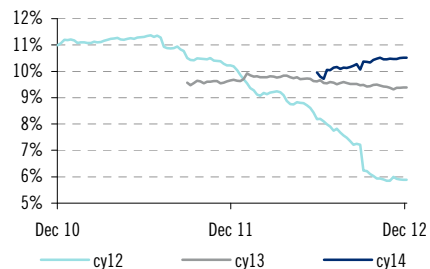


Source: Citi Research, MSCI, Factset

Earnings

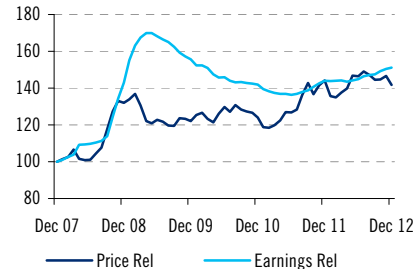
Relative earnings momentum has been stable

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Nestle	CH	2	6.9	210	16.4	Unilever NV	NL	2	2.0	62	16.6
Procter & Gamble	US	1	6.1	185	16.3	CVS	US	1	2.0	61	12.2
Coca-Cola Co	US	1	4.8	146	16.4	Unilever	GB	2	1.6	49	17.1
Philip Morris	US	2	4.6	139	14.2	Colgate	US	2	1.6	49	17.7
Wal Mart	US	1	4.1	126	12.7	SABMiller	GB	1	1.4	44	17.7
Pepsico Inc	US	2	3.5	106	15.4	Tesco	GB	3	1.4	44	10.0
Brit Am Tobacco	GB	1	3.2	98	13.8	Mondelez	US	1	1.4	43	16.0
	GB		2.4	73	16.4	Costco	US	2	1.4	42	20.8
InBev	BE	1	2.3	70	16.8	Reckitt Benckiser	GB	1	1.3	41	15.5
Altria Group Inc	US	1	2.1	63	13.1	Wesfarmers Ltd	AU	3	1.3	39	17.3

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Health Care

Neutral

Weight in MSCI AC World 9.3%
Market Cap (US\$) 2,740 Bn

Regional Weight Breakdown

US	58.2%
Europe x UK	24.0%
UK	7.1%
Japan	5.1%
Emerging Markets	1.8%
Dev Asia	1.5%

Industry Group Weight Breakdown

Health Care Equipment & Services	24.3%
Pharma & Biotech	75.7%

The outlook for Health Care is generally positive for 2013. We like Pharmaceuticals ex Japan and increasingly optimistic on Lab Equipment/Tools but hold a more mixed view on Biotech and a cautious view for Medical Technology. In the US, we are bullish on Managed Care, Facilities, CROs and HCIT. Our optimism for Pharmaceuticals in the face of reimbursement pressure is driven by improved capital allocation in R&D and increased cash distribution. We're cautious on Japanese Pharma in the run up to 2014 price negotiations. We expect Indian Pharma to remain strong, buoyed by high growth in US generics & INR depreciation. For Lab Equipment/Tools, we believe headwinds from government reimbursement are increasingly reflected in valuations. For Facilities, we expect positive returns in the run up to implementation of Obamacare from 2014 which should lead to an acceleration of healthcare spend before longer term pressures. For Managed Care we expect sentiment towards Obamacare to improve. We expect HCIT spend to increase by over 12% which should drive double digit sales and EPS growth. We believe the current Pharma environment is positive for CROs. For Medical Tech. we are cautious because of reimbursement pressures in the US/EU despite growth in EM. We expect Biotech to outperform in 1H13 due to strong fundamentals. **(Sector Analyst: Andrew Baum)**

Performance

Underperformer in 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

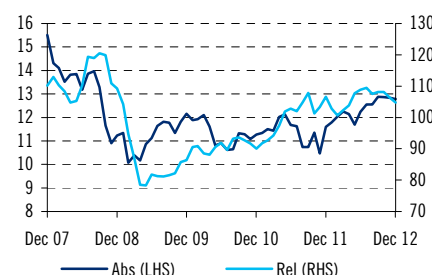


Source: Citi Research, MSCI, Factset

Valuation

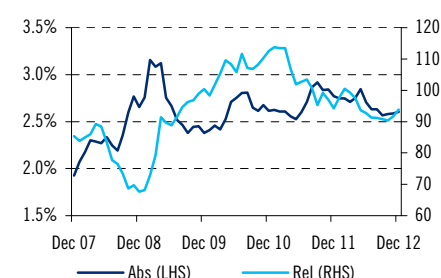
5% premium on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

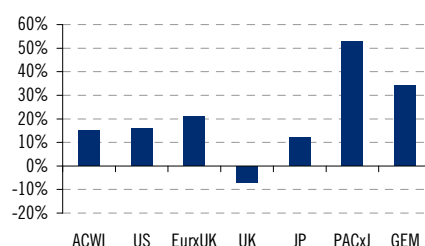


Source: Citi Research, MSCI, Factset

Regional Breakdown

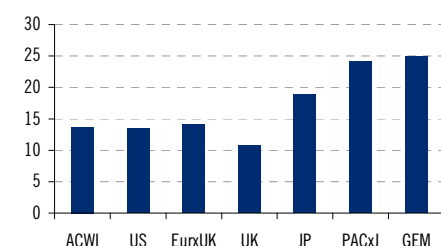
UK the cheapest

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

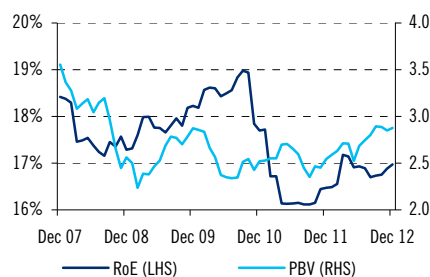
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	13.7	12.9	11.9	3.1	6.4	8.3	8.8	2.0	2.7
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	0.5	7.4	15.3	0.4	6.5	15.0	17.0	2.9	2.6
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

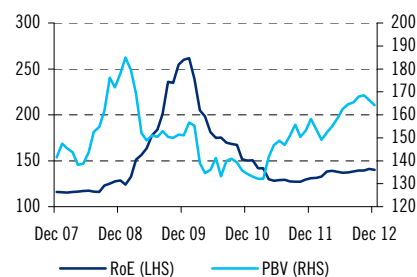
RoE at 17%

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

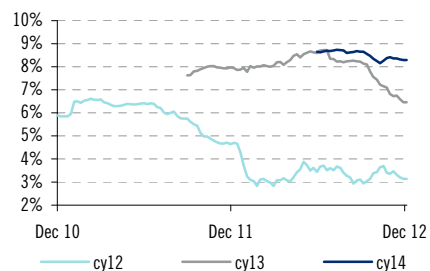


Source: Citi Research, MSCI, Factset

Earnings

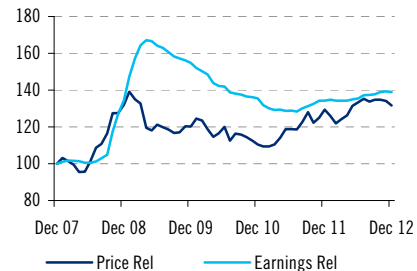
Uninspiring EPS growth for 2013-14

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Johnson&Johnson	US	1	7.0	192	12.7	Amgen Inc	US	1	2.4	66	12.2
Pfizer Inc	US	1	6.8	186	10.9	AstraZeneca	GB	2	2.1	59	8.2
Novartis	CH	2	5.3	145	11.8	UnitedHealth Grp	US	1	2.0	56	9.7
Roche	CH	2	5.2	142	12.2	Gilead Sciences	US	1	2.0	55	16.5
Merck	US	2	4.5	124	11.0	Bristol Myers	US	2	2.0	54	17.3
Sanofi-Aventis	FR	1	4.1	112	11.2	Eli Lilly and Co	US	1	1.9	51	13.1
GlaxoSmithKline	GB	1	3.9	108	11.3	Express Scripts	US	1	1.6	43	12.6
Abbott Labs	US	3	3.7	101	12.3	Medtronic Inc	US	1	1.5	42	10.8
Bayer	DE	1	2.9	79	12.4	Baxter Intl	US	2	1.3	36	13.5
Novo-Nordisk	DK	1	2.4	66	20.4	Takeda Chem	JP	1	1.3	35	20.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Financials

Neutral

Weight in MSCI AC World 21.1%
Market Cap (US\$) 6,221 Bn

Regional Weight Breakdown

US	33.2%
Emerging Markets	16.5%
Europe x UK	15.4%
Dev Asia	12.5%
UK	8.2%
Japan	7.1%

Industry Group Weight Breakdown

Banks	45.3%
Diversified Financials	21.2%
Insurance	19.0%
Real Estate	14.5%

In 2012 bank stocks were supported by falling risk premia. For 2013, after several years of capital rebuild, we expect focus on capital returns. Europe/UK banks' shift from a B3 capital deficit position in 2011-12 to a surplus by 2014-15E supporting capital returns. The key risk is the escalation of European sovereign crisis. Attractive DYs, solid Basel 3 core capital ratios and low CDS spreads can be found among Australians, Nordics, BNP Paribas and HSBC. For a step rise in capital return, we flag 2014 UK bank dividends that we forecast up c40% yoy; Europe ex UK should also bounce back led by the Swiss. While policy action has reduced the risk of a Euro Area break up, DM banks are also focused on improving returns via restructuring. Amongst EM banks, we like dominant franchises in under-penetrated markets. Insurers also recovered strongly in 2012 and remain geared to macro factors, especially fixed income and equity markets. The sector's earnings sensitivity to the low yield environment continues to be far less than the market fears and there is significant upside from further restructuring in our view. Among asset managers, we see Traditionals outperforming Alternatives in 1H13 followed by a potential catch up trade in the Alternatives. Broker Dealers will benefit from seasonal strength during early 2013 but such gains may prove transitory. **(Sector Analysts: Ronit Ghose, Bill Katz)**

Performance

Best performing sector in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

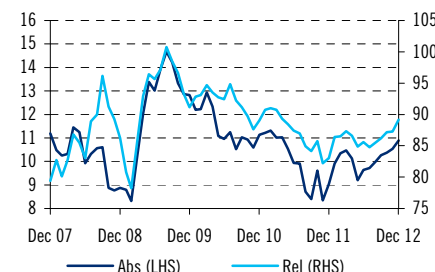


Source: Citi Research, MSCI, Factset

Valuation

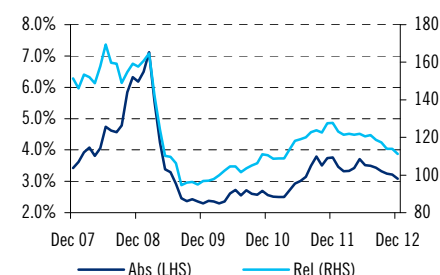
10% discount on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

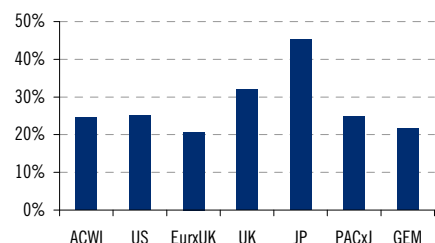


Source: Citi Research, MSCI, Factset

Regional Breakdown

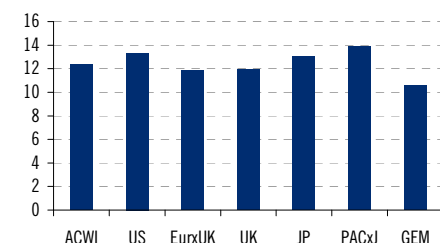
GEMs the cheapest

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

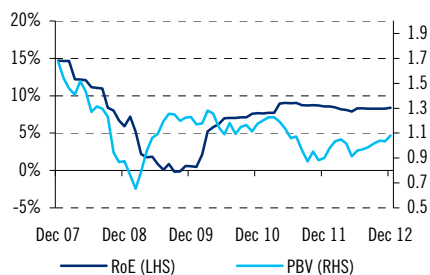
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	12.4	10.9	9.9	9.3	13.8	10.6			3.4
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	8.0	16.7	25.1	8.5	15.6	24.5	8.4	1.1	3.1
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

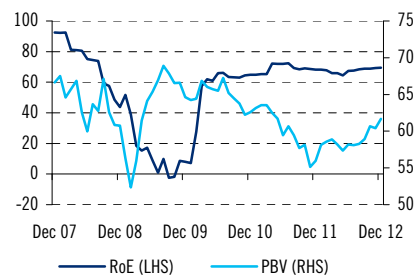
P/BV above 1x now

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

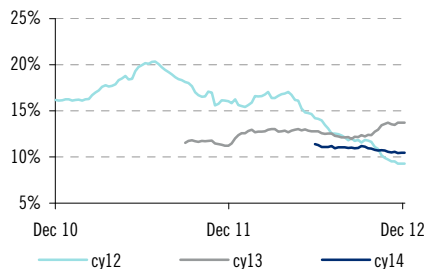


Source: Citi Research, MSCI, Factset

Earnings

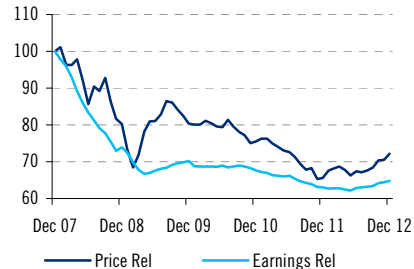
c10% EPS growth expected for 2013-14

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
HSBC	GB	1	3.1	193	10.3	Toronto Dominion	CA	1	1.2	76	10.5
Wells Fargo	US	2	2.7	170	9.4	ANZ Banking Grp	AU	1	1.1	70	11.0
JP Morgan Chase	US	1	2.6	164	8.2	Mitsubishi UFJ FG	JP	1	1.1	68	9.7
Bank of America	US	2	2.0	122	11.8	Bank Nova Scotia	CA	2	1.1	66	11.1
	US		1.8	114	8.4	Allianz	DE	1	1.0	63	8.8
Comm Bk of Aus	AU	1	1.7	103	13.6	Standard Chart	GB	1	1.0	61	10.9
Royal Bk Canada	CA	1	1.4	87	11.1	US Bancorp	US	2	1.0	60	10.3
Westpac	AU	1	1.4	84	12.0	NAB	AU	2	0.9	59	10.1
Santander	ES	2H	1.3	82	9.5	CCB	CN	1	0.9	58	6.5
Berkshire Hatha	US		1.3	82	15.9	American Express	US	1	0.9	58	12.0

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

IT

Overweight

Weight in MSCI AC World 12.1%
Market Cap (US\$) 3,577 Bn

Regional Weight Breakdown

US 71.5%
Emerging Markets 14.9%
Japan 6.9%
Europe x UK 5.4%
UK 0.6%
Dev Asia 0.2%

Industry Group Weight Breakdown

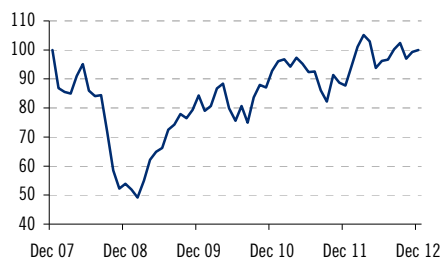
Software & Services 43.9%
Tech Hardware 37.9%
Semiconductors 18.2%

IT was up 14% in 2012, in-line with the global benchmark. We attribute the in-line performance to polarized performance among constituents, as significant outperformance by market leaders offset underperformance from laggards. There was a deceleration in end demand in 2H12 mainly due to a slowdown in Asia, while North America remained stable and Europe stagnated. Excluding market laggards, balance sheets and cash balances remain strong. For hardware in 2013, we expect another difficult year for segments facing secular challenges, such as PCs and printing. However, enterprise storage and IT distribution segments should see growth. For semiconductors in 2013, we take a generally positive view of the sector, augmented by thematic overlays. Our optimism stems from 3 factors: 1) stabilizing macro; 2) lean inventories; and 3) an upward/downward estimate revision ratio between 20% and 30%. We remain theme-oriented in our approach, noting three: 1) China smartphone growth (which favours product cycle stocks); 2) Cycle leverage (which favours "traditional" chip stocks); and 3) a potential recovery in touch PC in 2H13 (which would favour PC stocks). **(Sector Analyst: Glen Yeung)**

Performance

In-line performance in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

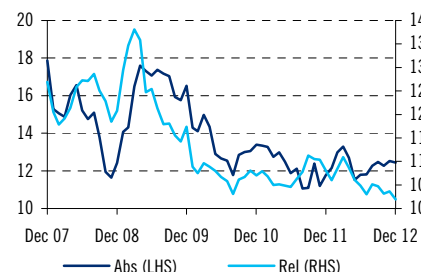


Source: Citi Research, MSCI, Factset

Valuation

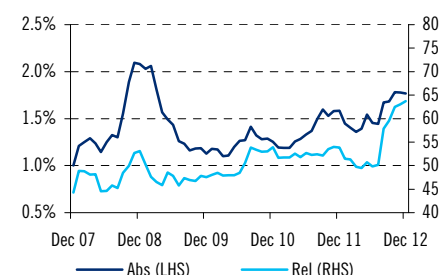
Rel Fwd PE at 5 year low

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

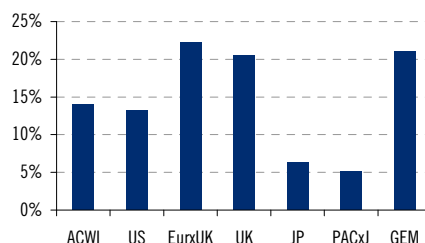


Source: Citi Research, MSCI, Factset

Regional Breakdown

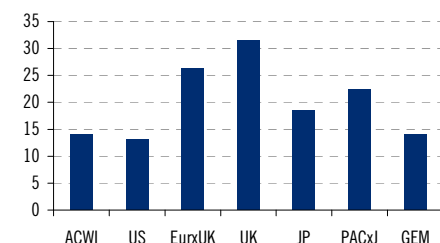
US Tech one of the weak performers over 12M

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

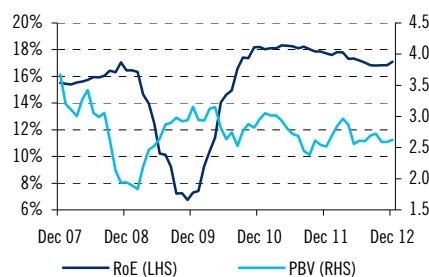
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	14.0	12.4	10.9	9.1	13.2	13.9	7.7	2.0	1.7
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	-2.4	3.8	13.9	-2.1	3.5	13.9	17.1	2.6	1.8
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

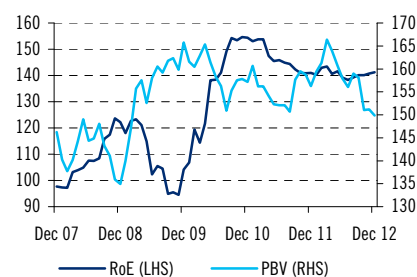
RoE seems to have troughed

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

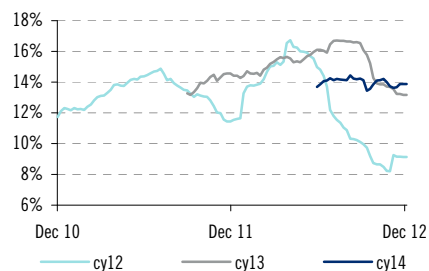


Source: Citi Research, MSCI, Factset

Earnings

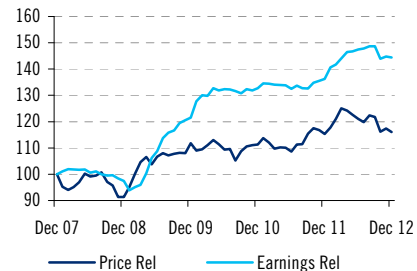
Double digit EPS growth expected in 2013-14

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Apple Inc	US	2	13.3	478	10.0	Visa	US	2	2.2	78	19.7
IBM	US	1	5.8	206	11.4	SAP AG	DE	1	2.1	74	17.4
Microsoft	US	1	5.6	200	8.7	eBay Inc	US	2	1.6	58	18.2
Google	US	1	5.1	183	15.1	EMC Corp	US	2	1.5	52	12.9
Samsung Elec	KR	1	4.4	157	8.1	MasterCard	US	1	1.5	52	18.9
Oracle Corp	US	1	3.6	129	11.6	Canon Inc	JP	1	1.2	44	14.9
Cisco Systems	US	1	2.9	104	9.6	Accenture	US	1	1.2	42	14.9
Qualcomm Inc	US	1	2.9	103	13.7	Texas Instrument	US	1	1.0	35	17.0
Intel	US	2	2.8	101	10.5	Tencent	CN	1	0.9	33	22.6
TSMC	TW	1	2.3	82	14.2	Hon Hai Precision	TW	1	0.9	31	9.5

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Telecom Services

Underweight

Weight in MSCI AC World 4.3%
Market Cap (US\$) 1,277 Bn

Regional Weight Breakdown

US 31.7%
Emerging Markets 23.3%
Europe x UK 18.1%
UK 12.3%
Japan 7.3%
Dev Asia 4.0%

Industry Group Weight Breakdown

Telecom Services 100.0%

Global Telecoms underperformed the global benchmark by 10% in 2012. Current themes in Telecoms include lower prices of smartphones/tablets, LTE and fibre local broadband deployment and selective potential for recovery in enterprise spending. Sub-\$100 smartphones should boost take-up in EMs given growth in data usage and margin expansion as subsidies may fall, notably in China. In DMs, we see a broader move to tiered and premium LTE pricing vs. 3G, as in the US, Singapore, Korea and Switzerland. We expect US consolidation to boost spectrum allocations with revenue and cash flow growth due to rising smartphone penetration and efforts to slow the device replacement rate. Some EMEA regulators support pro-investment policies due to encourage deployment of faster fixed broadband for defensive and political reasons and 2013 is the key year for formulation of the EU regulatory terms for this. Delevering is a theme in Europe with widespread cuts in dividends, notably for Southern European players impacted by weak macro, now putting net debt on a downward path. **(Sector Analyst: Simon Weeden)**

Performance

Underperformer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

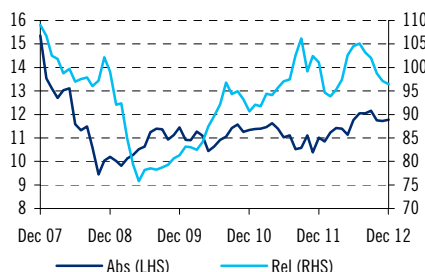


Source: Citi Research, MSCI, Factset

Valuation

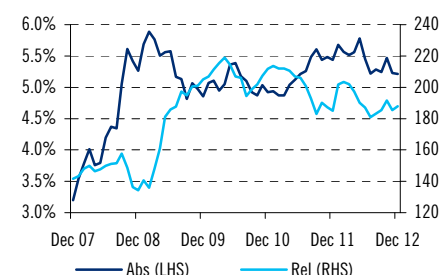
Trades at a Fwd PE discount now

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

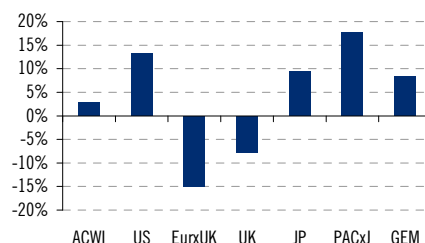


Source: Citi Research, MSCI, Factset

Regional Breakdown

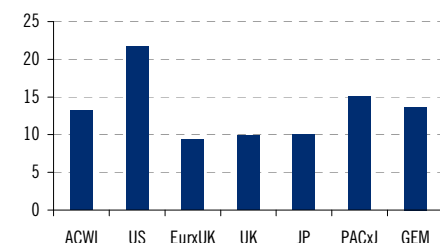
US most expensive

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	13.2	12.2	11.1	1.1	8.7	9.7	6.0	1.8	5.2
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0

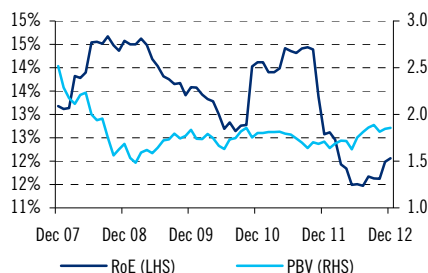
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	-4.2	1.1	3.4	-3.8	0.0	2.8	12.1	1.9	5.2
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

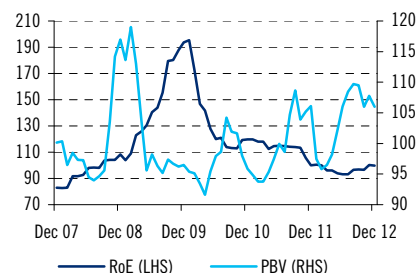
c5% P/BV premium

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

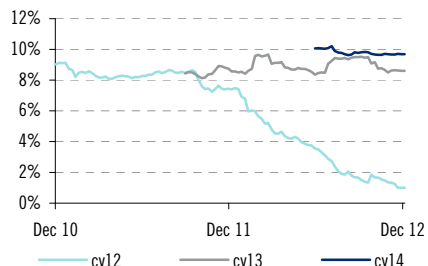


Source: Citi Research, MSCI, Factset

Earnings

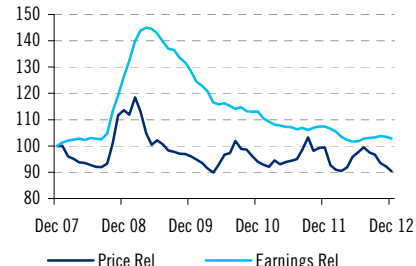
Relative earnings momentum has been stable

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
AT&T	US	1	15.0	192	13.1	Vivendi	FR	2	2.3	29	8.5
Vodafone	GB	1	9.7	123	9.6	CenturyLink	US	1H	1.9	24	14.5
Verizon Comms	US	2	9.6	122	15.1	NTT DoCoMo	JP	2	1.7	22	9.8
China Mobile	CN	1	5.5	70	11.6	SingTel	SG	2	1.7	22	13.7
Telefonica	ES	2	4.3	55	8.3	Crown Castle	US	2	1.6	21	88.3
America Movil	MX	2	3.5	45	10.4	France Telecom	FR	3	1.6	20	7.2
MTN Group Ltd	ZA	1	2.8	36	13.2	Telstra Corp	AU	2	1.6	20	14.6
	JP		2.7	35	9.6	KDDI	JP	1	1.5	19	8.1
Deutsche Tele	DE	1	2.5	32	12.1	NTT	JP	1	1.4	18	7.6
BT Group	GB	2	2.3	30	9.2	Rogers Coms	CA		1.4	17	13.3

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Utilities

Overweight

Weight in MSCI AC World 3.5%
Market Cap (US\$) 1,018 Bn

Regional Weight Breakdown

US 44.4%
Europe x UK 18.9%
Emerging Markets 12.8%
UK 10.3%
Japan 6.2%
Dev Asia 6.0%

Industry Group Weight Breakdown

Utilities 100.0%

In 2012, global Utilities underperformed the global benchmark by 15%. UK Utilities performed the best (up +18.7%) while Japanese Utilities were the worst performers (-18.4%). The bellwether US Utilities subsector generated a -2.4% return in 2012. For 2013, we believe performance will once again differ among regions. Our 2013E US outlook is mixed but starting to tilt towards integrated companies. They appear levered to natural gas prices currently near a cyclical low. Regulated companies face falling allowed regulatory returns and the effect of the dividend tax rate adjustment that is only partly priced into valuations. We are selective on European (ex-UK) utilities, favouring stocks that have flexible capital expenditure and cash flow options. UK utilities face mixed returns on their domestic supply base. Asian (ex-Japan) utilities appear well positioned to perform as economic growth stabilizes while interest rates remain low, although we are now cautious on Indian power stocks. We remain extremely cautious on Japanese utilities. **(Sector Analyst: Brian Chin)**

Performance

Worst performing sector in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

Relative Price Performance (US\$)

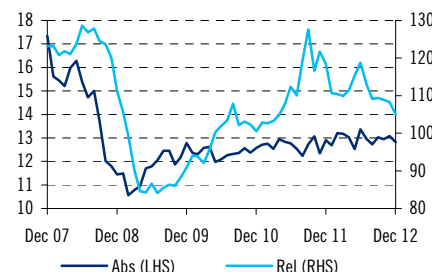


Source: Citi Research, MSCI, Factset

Valuation

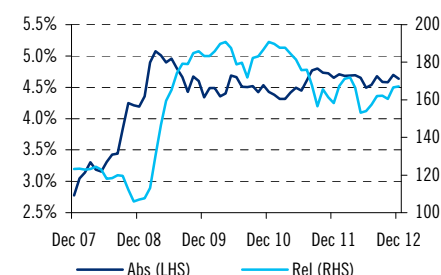
5% premium on Fwd PE

12Mth Forward PE



Source: Citi Research, Factset Consensus

Dividend Yield

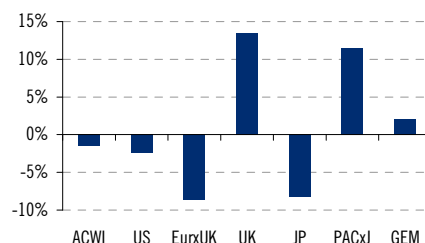


Source: Citi Research, MSCI, Factset

Regional Breakdown

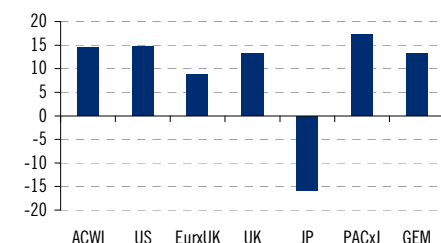
Japan and Continental Europe the worst performers over 12M

12Mth Performance (Loc)



Source: Citi Research, MSCI, Factset

2012 Forward PE



Source: Citi Research, Factset Consensus

Key Metrics

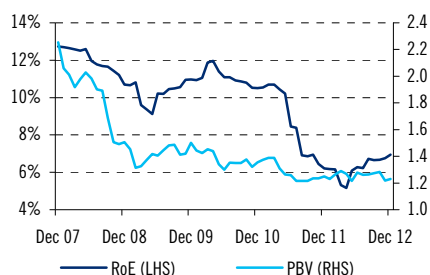
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	14.4	14.3	12.3	12.9	8.4	16.7	8.9	1.6	4.6
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	-1.2	-1.5	-1.4	-1.0	-2.4	-1.5	6.9	1.2	4.6
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

PBV and RoE

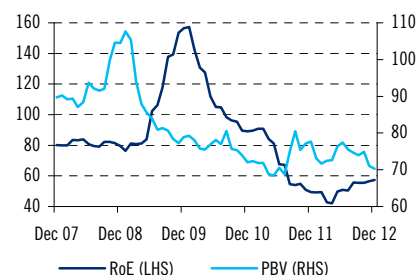
Rel P/BV at lowest levels in 5 years

RoE and PBV - Absolute



Source: Citi Research, MSCI, Factset

RoE and PBV - Relative

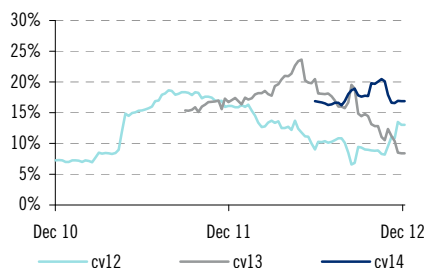


Source: Citi Research, MSCI, Factset

Earnings

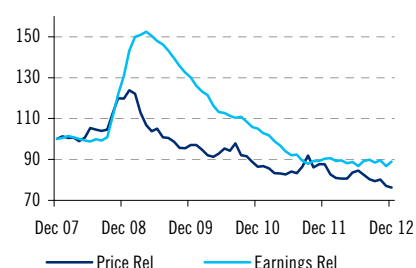
Stable relative earnings momentum

Growth Forecast Trends



Source: Citi Research, Factset Consensus

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Duke Energy	US	1	4.4	44	14.4	Scot & Sth Enrgy	GB	3	2.2	22	12.1
National Grid	GB	2	4.1	41	12.8	Iberdrola	ES	2	2.1	22	10.4
Southern Co	US	1	3.6	37	15.2	Amer Elec Pwr	US	2	2.0	20	13.4
E.ON	DE	3	3.3	34	9.5	RWE	DE	3	2.0	20	7.9
Dominion Rsc	US	2	2.9	29	15.1	FirstEnergy Corp	US	2	1.7	17	13.7
Centrica	GB	1	2.8	28	11.9	PG&E	US	1	1.7	17	14.1
NextEra Energy Inc	US	2	2.7	27	13.8	PPL Corp	US	2	1.6	16	11.6
Enel	IT	1	2.7	27	8.6	Sempra Energy	US	1	1.6	16	16.3
GDF Suez	FR	1	2.6	26	10.7	Consol Edison	US	2	1.6	16	14.3
Exelon Corp	US	2	2.4	25	11.4	Public Srvc Ent	US	2	1.5	15	12.8

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

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Sectors – Level 2

Please refer to pages 94 and 95 for how to read this section

Data in Charts and Tables as of 31st of December 2012

Stock recommendations as of 31st of December 2012

Energy

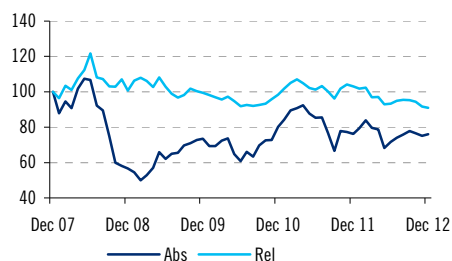
Weight in MSCI AC World		10.6%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)		3,119 Bn		12E	13E	14E		12E	13E	14E		EBITDA	Sales	DY
Regional Weight Breakdown			Sector	10.4	9.9	9.2		-7.0	5.2	7.5		5.1	1.2	3.2
US	47.2%		MSCI AC World	13.6	12.3	11.0		2.9	11.7	11.7		7.4	1.5	3.0
Emerging Markets	15.5%													
UK	14.1%			US\$ Perf.				Loc. Perf.						Trail
Europe x UK	10.0%			3m	6m	12m		3m	6m	12m		ROE	P / BV	DY
Dev Asia	1.8%													
Japan	1.0%		Sector	-2.3	6.1	-0.1		-2.4	4.6	-1.1		14.3	1.5	3.1
			MSCI AC World	2.5	8.9	13.4		2.8	8.0	13.2		12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

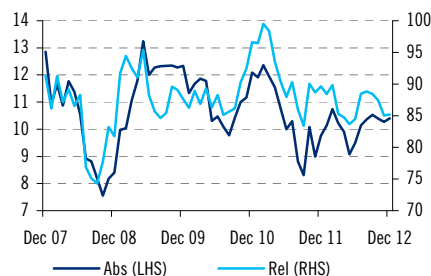
Second worst performer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

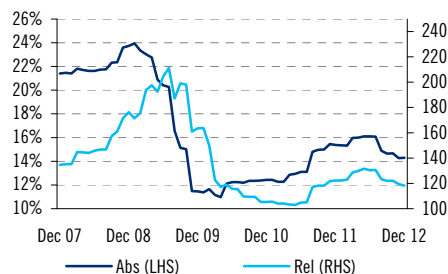


Source: Citi Research, Factset Consensus

Profitability/Earnings

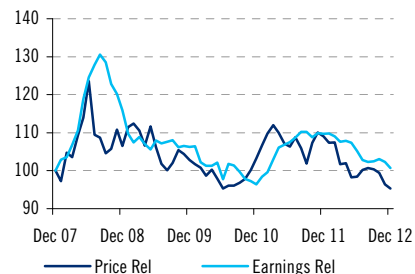
Relative earnings momentum weakening

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
ExxonMobil	US	1	12.6	393	10.8	BG	GB	1	1.8	55	11.5
Chevron	US	1	6.7	209	8.7	Gazprom	RU	1	1.6	50	3.2
BP	GB	2	4.2	131	7.2	Suncor Energy	CA		1.6	50	9.8
RD Shell Class A	GB	2	4.1	128	7.8	Petrobras-A	BR	1	1.3	40	7.3
Total	FR	2	3.5	110	7.3		CN		1.2	39	9.2
RD Shell Class B	GB	2	3.0	93	8.0	Anadarko Petro	US	1	1.2	36	17.9
Schlumberger Ltd	US	1	2.9	90	14.1	Lukoil	RU	1	1.1	34	4.8
ConocoPhillips	US	1	2.1	66	9.9	TransCanada	CA	2	1.1	33	19.4
ENI	IT	1	2.0	62	8.7	Enbridge	CA	2	1.0	32	23.2
Occidental	US	2	2.0	61	10.3	EOG	US	1	1.0	32	18.8

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Materials

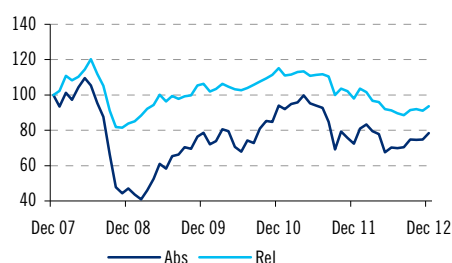
Weight in MSCI AC World		7.6%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)		2,242 Bn		12E	13E	14E		12E	13E	14E		EBITDA	Sales	DY
Regional Weight Breakdown			Sector	15.8	12.7	10.9		-24.6	24.5	16.0		6.9	1.5	2.6
US	21.6%		MSCI AC World	13.6	12.3	11.0		2.9	11.7	11.7		7.4	1.5	3.0
Emerging Markets	20.2%													
Europe x UK	17.5%			US\$ Perf.				Loc. Perf.						Trail
UK	13.3%			3m	6m	12m		3m	6m	12m		ROE	P / BV	DY
Dev Asia	10.1%													
Japan	6.6%		Sector	4.8	11.6	8.5		5.1	10.1	7.8		10.9	1.7	2.7
			MSCI AC World	2.5	8.9	13.4		2.8	8.0	13.2		12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

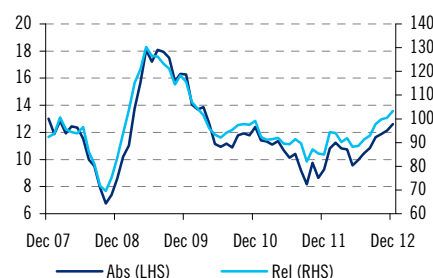
Underperformer in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

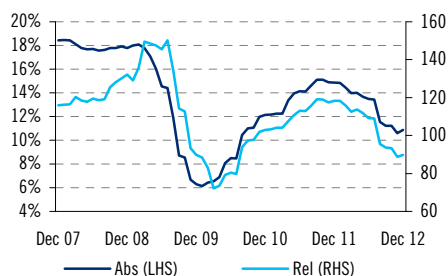


Source: Citi Research, Factset Consensus

Profitability/Earnings

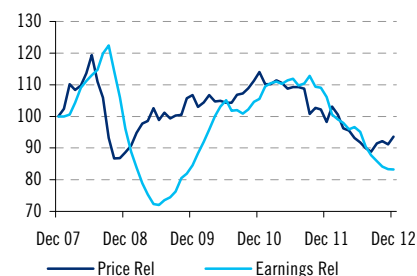
Rel price and earnings momentum decoupled

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
BHP Billiton	AU	1	5.6	125	13.1	Syngenta	CH	1	1.7	37	16.2
BASF	DE	2	3.9	86	12.1		GB		1.6	36	11.9
Rio Tinto	GB	2	3.4	77	9.8	Potash Saskatchewan	CA	2	1.5	34	12.2
BHP Billiton	GB	1	3.3	73	11.8	Barrick Gold	CA	1	1.5	34	7.0
Monsanto	US	1	2.2	50	20.1	Linde	DE	1	1.4	32	15.1
Anglo American	GB	2	1.9	43	11.3	Praxair	US	1	1.4	32	17.5
DuPont	US	2	1.9	42	11.8	Freeport McMoran	US	2	1.4	31	7.1
Vale (Pref)	BR	1	1.8	40	7.4	Rio Tinto	AU	1	1.3	30	12.0
Air Liquide	FR	2	1.7	39	16.7	Goldcorp	CA	2	1.3	29	12.5
Dow Chemical	US	1	1.7	38	13.0	Vale	BR	1	1.2	27	9.4

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Capital Goods

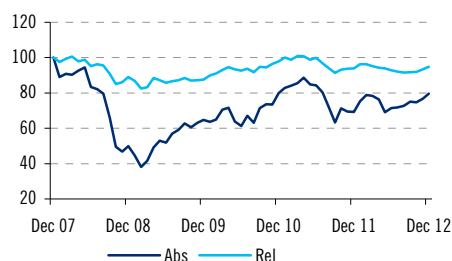
Weight in MSCI AC World	7.6%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	2,235 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	13.4	12.4	11.0	2.4	8.8	11.8		8.2	1.2	2.8	
US	46.0%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	23.0%												
Japan	14.2%												
Emerging Markets	8.3%												
UK	4.6%												
Dev Asia	3.0%												
			US\$ Perf.			Loc. Perf.						Trail	
			3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
		Sector	5.9	11.4	14.7	6.9	10.9	15.2		14.5	2.0	2.7	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

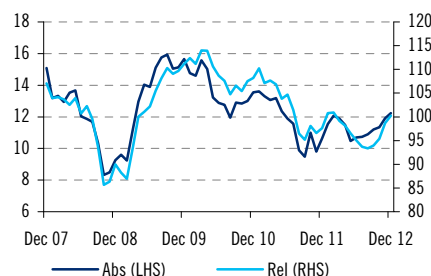
In-line Fwd PE

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

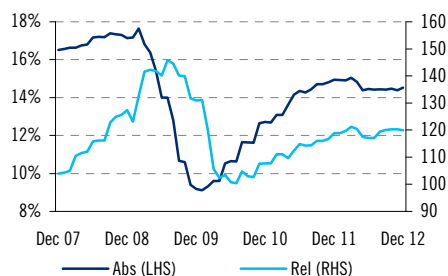


Source: Citi Research, Factset Consensus

Profitability/Earnings

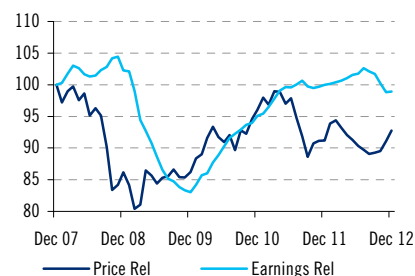
Relative earnings momentum weakening

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
General Electric	US	1	9.7	216	12.2	Fanuc Ltd	JP	1	1.6	35	22.9
Siemens AG	DE	1	4.0	89	12.7	Danaher Corp	US	1	1.5	33	15.7
United Tech	US	2	3.1	70	13.3	Deere and Co	US	1	1.4	31	10.0
3M Co	US	2	2.7	60	13.4	Philips	NL	3	1.2	27	12.8
Caterpillar Inc	US	2	2.5	57	10.0	Precision Cast	US	1	1.2	27	16.5
The Boeing Co	US	1	2.4	53	14.7	Mitsubishi Corp	JP		1.2	27	7.0
Honeywell Intl	US	1	2.1	47	12.8	Rolls-Royce	GB	1	1.2	27	13.7
ABB	CH	1	2.0	45	13.5	Mitsui & Co Ltd	JP		1.2	26	6.8
Schneider Elec	FR	3	1.7	38	13.1	Illinois Tool	US	2	1.1	25	13.7
Emerson Electric	US	1	1.7	38	14.1	Lockheed Martin	US	1	1.1	25	11.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Commercial Services

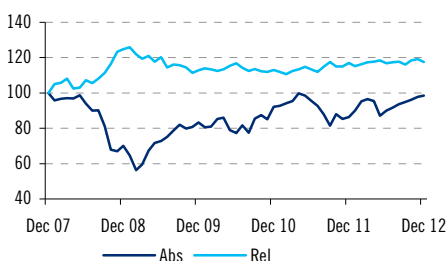
Weight in MSCI AC World	0.8%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	242 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	18.1	16.2	14.6	7.5	12.3	12.4		10.1	1.7	2.7	
US	43.5%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
UK	23.0%												
Europe x UK	17.0%		US\$ Perf.			Loc. Perf.						Trail	
Japan	8.2%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
Dev Asia	6.6%												
Emerging Markets	0.9%	Sector	3.8	9.5	14.0	4.1	8.3	13.3		12.7	2.8	2.4	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

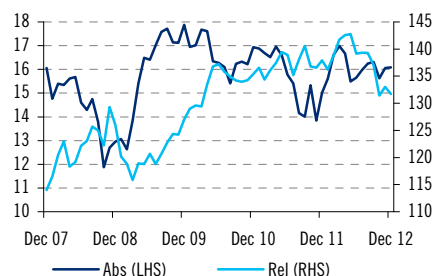
In-line performance

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

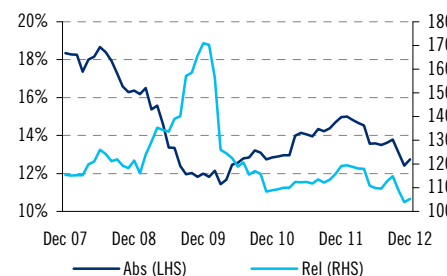


Source: Citi Research, Factset Consensus

Profitability/Earnings

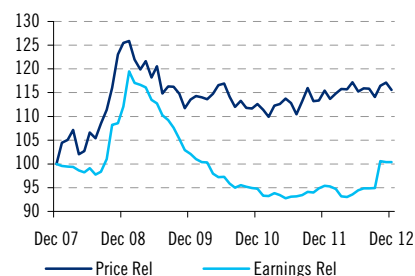
Relative earnings momentum improving

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Experian Group	GB	1	6.7	16	16.9	Stericycle	US		3.3	8	25.1
Waste Management	US		6.1	15	14.7	Aggreko	GB	1	3.1	8	16.9
Tyco Intl	US	2	5.4	13	14.9	Verisk Analytics	US		2.9	7	22.0
Brambles	AU		5.1	12	16.4	Adecco	CH	3	2.9	7	12.8
SGS	CH	2	5.0	12	21.3	Equifax	US		2.6	6	14.8
Secom	JP	1	4.4	11	14.3	Bureau Veritas	FR	2	2.5	6	20.0
ADT	US	1	4.3	10	24.5	Group 4 Securicor	GB	1	2.4	6	10.1
Republic Svcs	US		3.7	9	15.2	Babcock	GB	1	2.3	6	13.5
Intertek Group	GB	1	3.4	8	21.1	IHS Inc	US		2.2	5	21.5
Capita Group	GB	1	3.3	8	13.6	Edenred	FR	1	2.1	5	22.3

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Transportation

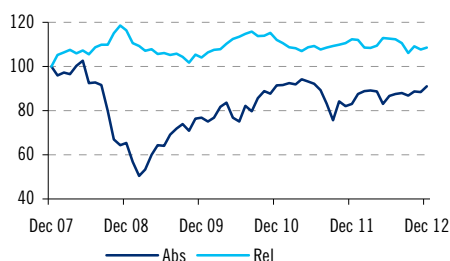
Weight in MSCI AC World	2.0%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	582 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	16.9	14.1	12.1	14.7	19.6	16.3		8.1	1.7	2.4	
US	38.8%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Japan	18.3%												
Europe x UK	14.2%		US\$ Perf.			Loc. Perf.						Trail	
Emerging Markets	10.6%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
Dev Asia	8.4%												
UK	0.0%	Sector	4.9	5.0	9.6	6.7	5.5	11.5		10.4	1.9	2.2	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

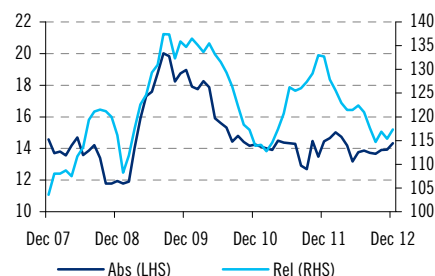
15% Fwd PE premium

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

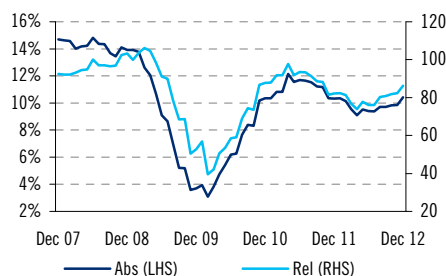


Source: Citi Research, Factset Consensus

Profitability/Earnings

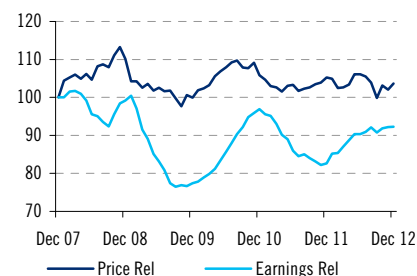
Strong relative earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Union Pacific	US	1	10.1	59	13.0	CH Robinson WW	US	2	1.7	10	19.7
United Parcel	US	1	9.1	53	14.2	APM Maersk	DK	2	1.7	10	9.1
Canadian Nat Rly	CA	2	6.8	39	14.5	Kansas City Sthn	US	1	1.6	9	20.2
Fedex Corp	US	1	4.6	27	12.5	Transurban Group	AU	2	1.4	8	52.4
East Japan Rail	JP	1	3.8	22	11.5	Comp Conc Rodo	BR	2	1.4	8	23.0
CSX	US	1	3.5	20	10.4	Expeditors	US		1.4	8	20.8
Deutsche Post	DE	1	3.4	20	12.0	Aurizon Holdings	AU		1.2	7	16.7
Norfolk Southern	US	2	3.4	20	10.9	West Japan Ry	JP	1	1.2	7	10.7
Can Pacific Rly	CA	1	3.0	17	17.6	Kintetsu	JP		1.1	7	27.4
Central Japan Rail	JP	2	2.0	12	7.4	Odakyu Elec Ry	JP	2	1.1	7	31.9

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Autos & Components

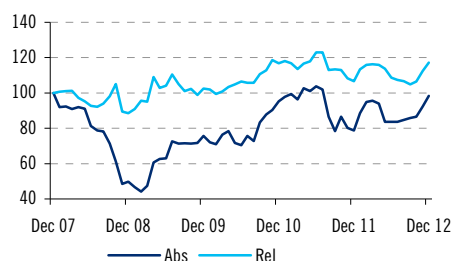
Weight in MSCI AC World	2.7%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	784 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	9.7	9.4	8.1	18.8	7.3	15.7		6.3	0.9	2.3	
Japan	39.3%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	24.2%												
US	17.4%		US\$ Perf.			Loc. Perf.						Trail	
Emerging Markets	17.0%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
UK	0.8%												
Dev Asia	0.0%	Sector	14.5	17.4	24.8	18.3	18.8	28.8		15.3	1.3	1.9	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

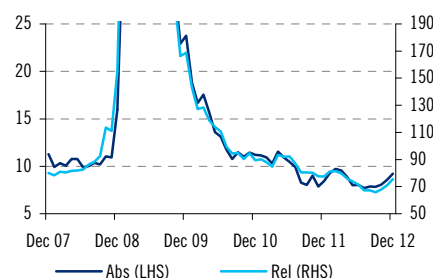
The best performer in 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

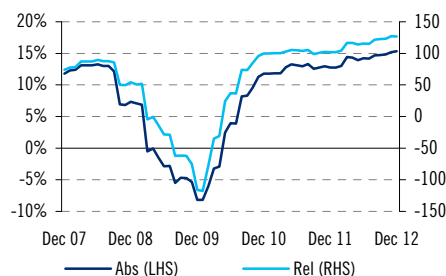


Source: Citi Research, Factset Consensus

Profitability/Earnings

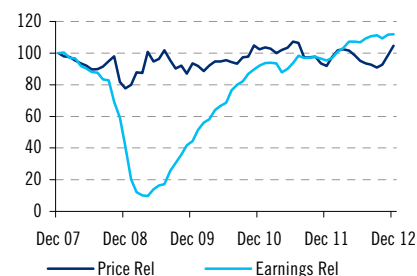
High RoE

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Toyota Motor	JP	2	16.4	128	12.3	Hyundai Mobis	KR	1	2.3	18	6.9
Honda Motor	JP	1	7.6	60	11.3	Michelin	FR	1	2.2	17	7.7
Daimler	DE	1	6.3	50	8.6	Bridgestone Corp	JP	2	2.1	17	8.8
Ford Motor	US	1H	5.8	46	8.8	Denso Corp	JP	1	2.1	17	13.6
Volkswagen	DE	2	4.2	33	6.8	Astra Intl	ID	1	2.0	16	14.0
BMW	DE	2	4.1	32	9.4	Kia Motors	KR	1	1.8	14	5.1
Hyundai Motor	KR	1	4.0	31	5.8	Continental	DE	1	1.6	13	8.3
Nissan Motor	JP	1	3.0	23	8.2	Porsche	DE	3H	1.6	12	5.2
General Motors Co	US	1H	2.8	22	7.3	Delphi	US	1	1.5	12	8.8
Johnson Controls	US	2	2.6	21	11.0	Magna Intl	CA	3H	1.4	11	9.4

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Consumer Durables

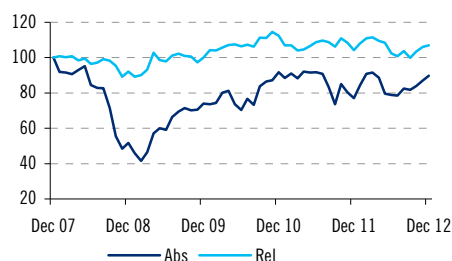
Weight in MSCI AC World	1.5%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	442 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	19.2	17.0	13.2	103.1	133.8	30.4		10.5	1.7	1.9	
US	39.2%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	34.5%												
Japan	15.4%		US\$ Perf.			Loc. Perf.						Trail	
Emerging Markets	7.5%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
UK	2.0%												
Dev Asia	0.6%	Sector	9.6	13.7	16.3	10.5	13.2	17.4		0.7	2.3	1.7	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

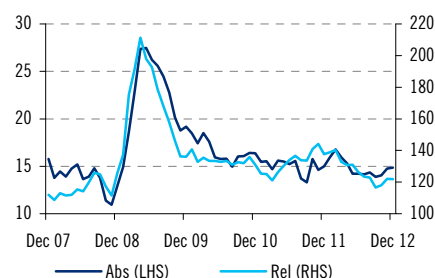
Outperformer in 4Q12 and over the year

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

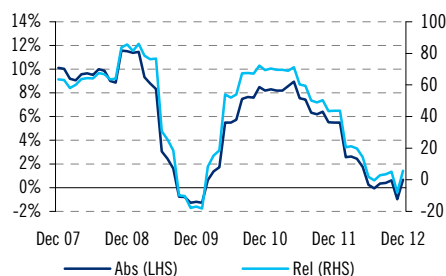


Source: Citi Research, Factset Consensus

Profitability/Earnings

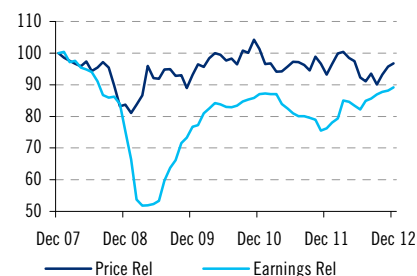
Relative earnings momentum strong

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
LVMH	FR	1	10.5	46	17.3	Nikon Corp	JP	2	2.3	10	14.4
Richemont	CH	1	9.2	41	15.6	Christian Dior	FR		2.1	9	11.5
Nike Inc	US	2	8.4	37	18.0	Ralph Lauren	US	1	2.0	9	16.8
Adidas-Salomon	DE	1	4.2	19	14.9	Burberry Group	GB	2	2.0	9	16.9
Swatch Group	CH	2	3.5	16	15.3	Whirlpool Corp	US		1.7	8	10.8
Coach	US	2	3.5	15	13.1		US		1.7	8	14.8
Panasonic	JP	1	3.0	13	nm	Lululemon	US		1.7	7	33.3
VF	US	1	2.9	13	13.5	LGE	KR	2	1.7	7	10.0
Mattel	US	1	2.8	12	12.9	Luxottica Group	IT	1	1.5	7	21.2
Sony	JP	2	2.5	11	26.9	Newell Rubber	US	1	1.4	6	12.0

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Consumer Services

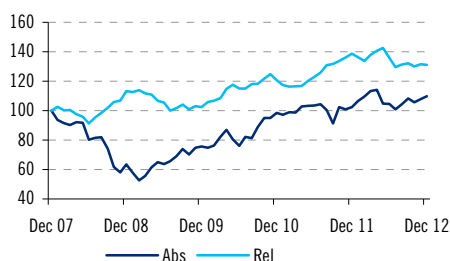
Weight in MSCI AC World	1.4%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	419 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	18.9	17.0	14.8	4.4	11.2	14.4		10.0	2.1	2.7	
US	63.4%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Dev Asia	13.4%												
UK	10.9%		US\$ Perf.			Loc. Perf.						Trail	
Emerging Markets	4.4%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
Europe x UK	3.5%												
Japan	2.5%	Sector	1.5	4.9	7.2	1.6	4.3	6.6		21.3	3.6	2.4	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

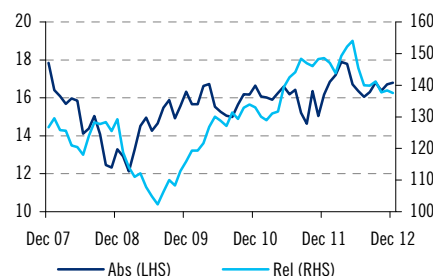
Still large premium on Fwd PE

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

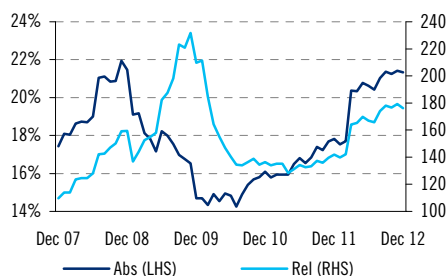


Source: Citi Research, Factset Consensus

Profitability/Earnings

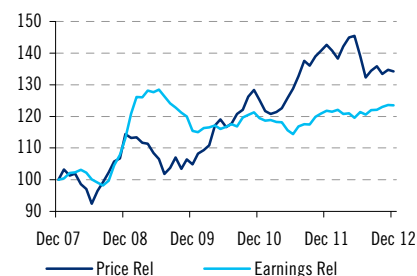
Strong relative earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
McDonald's	US	2	21.1	88	15.2	Wynn Resorts LTD	US	2	2.1	9	18.2
Starbucks	US	1	9.5	40	23.2	Galaxy Ent	HK	1	2.0	8	15.4
YUM! BRANDS	US	2	7.0	30	17.6	Sodexo	FR	2	1.9	8	17.5
Compass Group	GB	1	5.2	22	15.4	Tim Hortons	CA		1.8	8	16.2
Las Vegas Snds	US	1	4.4	18	17.1	Intercont Hotels	GB	1	1.8	7	17.6
Carnival Corp	US	1	3.8	16	14.3	Wyndham World	US		1.8	7	14.4
Starwood Hotels	US	1	2.6	11	21.5	Whitbread	GB	2	1.7	7	15.1
Sands China	HK	1	2.5	11	19.6	Carnival Plc	GB		1.7	7	15.3
Marriott Intl	US	1	2.2	9	18.1	Genting Intl	SG	2	1.7	7	22.0
Chipotle Mexican	US	1	2.2	9	27.9	Genting	MY	3	1.5	6	13.7

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Media

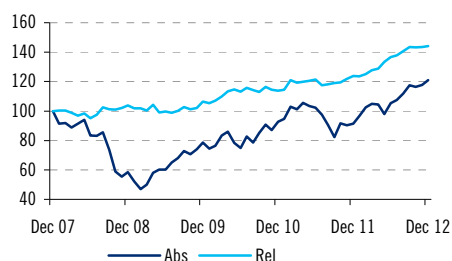
Weight in MSCI AC World	2.4%	Key Metrics									
Market Cap (US\$)	710 Bn		PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
			12E	13E	14E	12E	13E	14E			
Regional Weight Breakdown		Sector	15.7	14.5	12.6	24.0	8.0	14.7	8.0	2.1	1.9
US	70.9%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
UK	9.4%										
Europe x UK	7.9%		US\$ Perf.			Loc. Perf.					Trail
Emerging Markets	6.8%		3m	6m	12m	3m	6m	12m	ROE	P / BV	DY
Japan	1.5%										
Dev Asia	0.7%	Sector	3.0	14.9	32.2	3.0	14.2	31.6	17.3	2.8	1.7
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

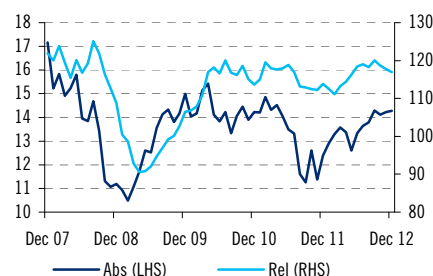
Second best performing industry in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

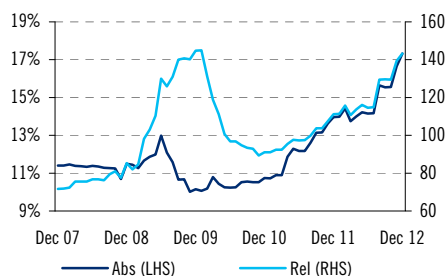


Source: Citi Research, Factset Consensus

Profitability/Earnings

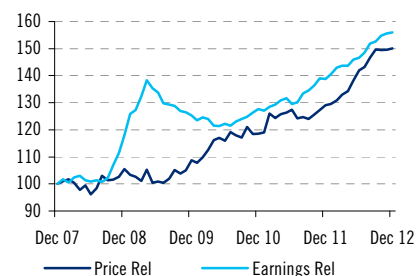
Stellar relative earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Walt Disney Co	US	1	11.8	84	14.0	WPP	GB	2	2.6	18	11.3
Comcast A	US	1	10.9	77	16.4	Pearson	GB	2	2.2	16	13.2
Time Warner	US	1	6.3	45	12.9	Grupo Televisa	MX	1	1.9	13	19.8
DirectTV	US	1	4.4	31	9.5	B Sky B	GB	1	1.9	13	13.4
Time Warner	US	1	4.1	29	13.8	Omnicom Group	US	1	1.8	13	12.4
Naspers	ZA	1	3.5	25	21.3	Reed Elsevier	GB	1	1.8	13	12.2
Viacom	US	1	3.4	24	10.6	Liberty Media	US	1	1.7	12	33.5
CBS	US	2	3.1	22	12.7	Sirius Satellite	US	1	1.6	11	28.9
Comcast A Spec	US	1	2.9	20	16.7						

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Retailing

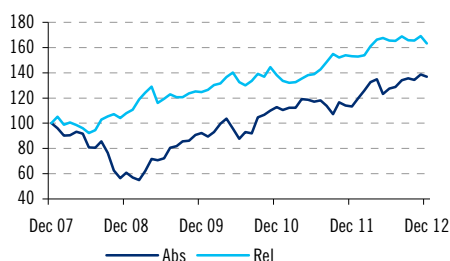
Weight in MSCI AC World	2.7%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	809 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	19.4	16.9	14.6	8.2	14.9	15.7		9.1	1.1	1.7	
US	69.3%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	9.5%												
Emerging Markets	8.8%		US\$ Perf.			Loc. Perf.						Trail	
Japan	5.4%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
UK	3.8%												
Dev Asia	1.9%	Sector	1.0	7.4	21.0	1.4	7.2	21.1		17.3	3.7	1.5	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

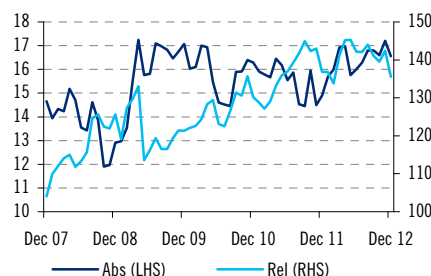
Price Performance (US\$)

Large Fwd PE premium



Source: Citi Research, MSCI, Factset

12Mth Forward PE

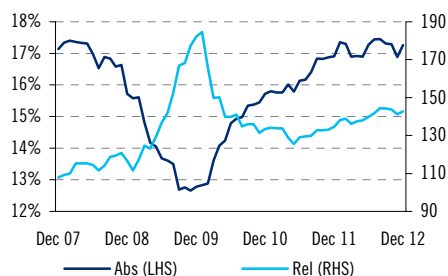


Source: Citi Research, Factset Consensus

Profitability/Earnings

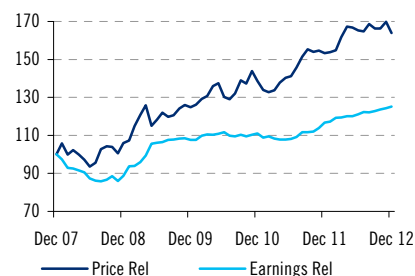
Return on Equity

Strong relative earnings momentum



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Home Depot Inc	US	1	11.3	91	17.7	Fast Retailing	JP		1.7	13	25.5
Amazon.com Inc	US	1	11.0	89	nm	Bed Bath Bynd	US	2	1.6	13	11.1
Lowe's	US	2	5.1	41	17.1	Ross Stores Inc	US	2	1.5	12	13.8
Target Corp	US	2	4.5	36	12.1	AutoZone Inc	US	1	1.5	12	12.1
Hennes & Mauritz	SE	2	4.0	33	19.6	Dollar General	US	1	1.4	11	13.1
TJX Cos Inc	US	1	3.8	31	15.0	Limited Brands	US	1	1.4	11	14.1
Priceline.Com	US		3.7	30	16.3	Kingfisher	GB	1	1.3	11	11.4
Inditex	ES	1	3.7	30	24.3	O'Reilly Auto	US	2	1.3	10	16.2
Macys	US	2	1.9	15	10.0	Li & Fung	HK	2	1.3	10	17.4
PPR	FR	1	1.7	14	14.2	Belle Intl	CN	1	1.2	10	20.5

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Food & Staples Retailing

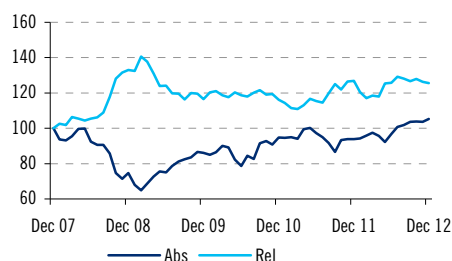
Weight in MSCI AC World	2.3%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	673 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	15.2	13.8	12.5	8.9	10.0	10.5	7.7	0.7	3.1		
US	47.0%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0		
Emerging Markets	13.8%												
Dev Asia	12.0%		US\$ Perf.			Loc. Perf.					Trail		
UK	9.0%		3m	6m	12m	3m	6m	12m	ROE	P / BV	DY		
Europe x UK	8.3%												
Japan	5.1%	Sector	1.6	8.8	12.3	2.1	8.1	11.9	12.9	2.2	2.6		
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8		

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

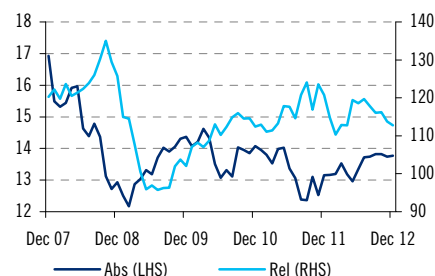
c15% Fwd PE premium

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

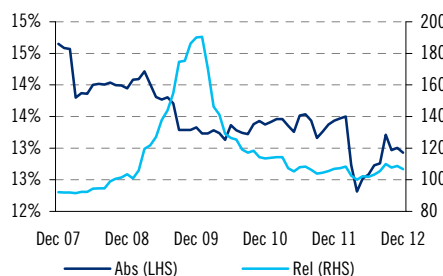


Source: Citi Research, Factset Consensus

Profitability/Earnings

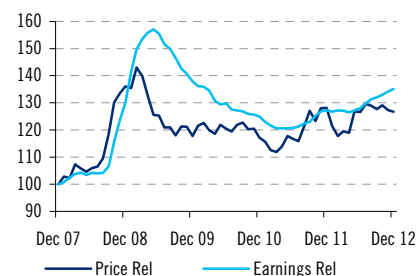
Strong relative earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Wal Mart	US	1	18.7	126	12.7	Whole Foods	US	2	2.3	16	29.4
CVS	US	1	9.1	61	12.2	Carrefour	FR	2	2.3	15	13.7
Tesco	GB	3	6.5	44	10.0	Ahold	NL	1	2.0	14	9.8
Costco	US	2	6.2	42	20.8	Kroger	US	1	2.0	13	9.8
Wesfarmers Ltd	AU	3	5.7	39	17.3	Shoprite Hldgs	ZA	1	1.5	10	25.4
Woolworths Ltd	AU	2	5.6	38	15.1	Magnit	RU	1	1.5	10	22.2
Walgreen	US	3	4.9	33	10.6	Morrison Supermkts	GB	2	1.4	10	9.4
Seven & I Hldgs	JP		3.2	21	12.9	Shoppers Drug	CA		1.3	9	13.8
Sysco	US	2	2.7	18	15.5	Aeon Co Ltd	JP		1.0	7	10.4
Wal-Mart Mexico	MX	1	2.6	17	26.8	Sainsbury	GB	2	1.0	7	11.2

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Food Beverage & Tobacco

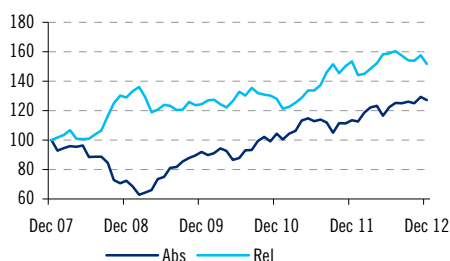
Weight in MSCI AC World	6.4%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	1,881 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	17.3	15.8	14.2	4.8	9.6	10.8		11.0	2.3	3.2	
US	41.4%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	25.5%												
UK	16.9%												
Emerging Markets	10.8%												
Japan	3.9%												
Dev Asia	1.1%												
			US\$ Perf.			Loc. Perf.						Trail	
			3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
		Sector	0.9	3.9	12.1	0.6	2.4	11.2		20.8	3.7	2.9	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

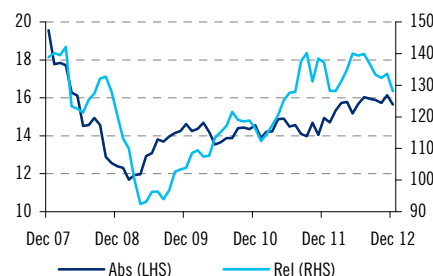
Price Performance (US\$)

30% Fwd PE premium



Source: Citi Research, MSCI, Factset

12Mth Forward PE

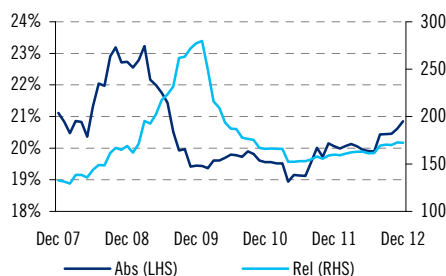


Source: Citi Research, Factset Consensus

Profitability/Earnings

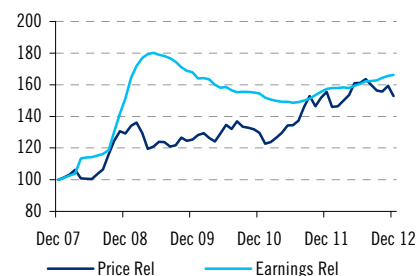
Return on Equity

High RoE



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Nestle	CH	2	11.2	210	16.4	SABMiller	GB	1	2.3	44	17.7
Coca-Cola Co	US	1	7.8	146	16.4	Mondelez	US	1	2.3	43	16.0
Philip Morris	US	2	7.4	139	14.2	Imperial Tobacco	GB	2	2.0	38	10.8
Pepsico Inc	US	2	5.6	106	15.4	Danone	FR	1	2.0	38	15.4
Brit Am Tobacco	GB	1	5.2	98	13.8	AmBev	BR	1	1.7	32	23.4
	GB		3.9	73	16.4	General Mills	US	1	1.4	26	14.3
InBev	BE	1	3.7	70	16.8	Japan Tobacco	JP	1	1.4	26	12.9
Altria Group Inc	US	1	3.4	63	13.1	Kraft Foods	US	2	1.3	25	16.8
Unilever NV	NL	2	3.3	62	16.6	Pernod-Ricard SA	FR	1	1.3	24	15.9
Unilever	GB	2	2.6	49	17.1	FEMSA	MX	2	1.0	20	22.9

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Household & Personal

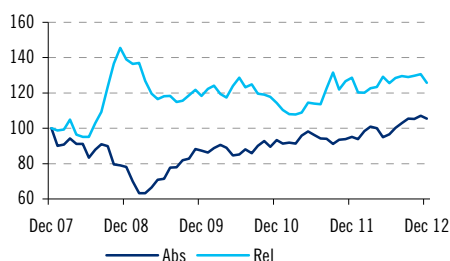
Weight in MSCI AC World	1.7%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	502 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	18.4	17.0	15.6	4.9	7.9	9.3		10.9	2.0	2.9	
US	62.9%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	15.5%												
Emerging Markets	8.6%		US\$ Perf.			Loc. Perf.						Trail	
UK	8.2%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
Japan	4.9%												
Dev Asia	0.0%	Sector	-0.1	9.0	10.8	0.1	8.4	10.8		19.2	3.8	2.7	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

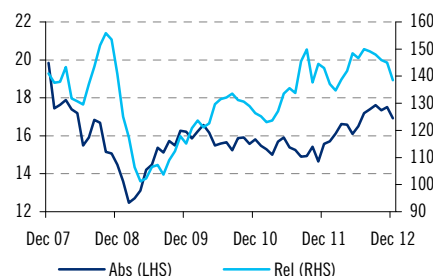
Price Performance (US\$)

Underperformer



Source: Citi Research, MSCI, Factset

12Mth Forward PE

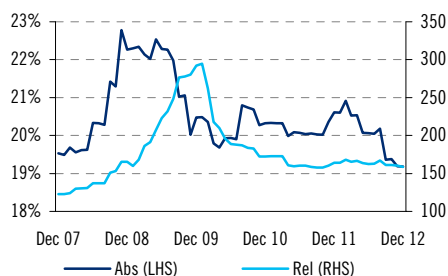


Source: Citi Research, Factset Consensus

Profitability/Earnings

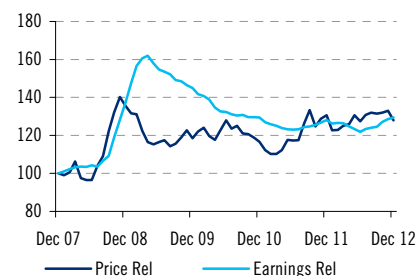
Return on Equity

RoE has come down recently



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Procter & Gamble	US	1	36.9	185	16.3	Henkel	DE	2	1.8	9	15.5
Colgate	US	2	9.8	49	17.7	Beiersdorf	DE	2	1.6	8	25.8
Reckitt Benckiser	GB	1	8.2	41	15.5	Hindustan Unilev	IN	3	1.6	8	30.6
L'Oreal	FR	2	6.7	33	20.3	Church Dwight Co	US	2	1.5	7	19.1
Kimberly Clark	US	2	6.5	33	14.9	Hengan Intl	CN	1	1.3	7	20.4
Henkel	DE	2	2.9	15	15.5	Avon Prods	US	1	1.2	6	15.2
Kao Corp	JP	1	2.7	14	17.0	Uni-Charm Corp	JP		1.2	6	23.2
Estee Lauder Inc	US	2	2.7	14	21.0	LG Household	KR		1.1	6	27.8
SCA	SE		2.5	13	14.8	Energizer Hldgs	US	1	1.0	5	11.4
Clorox Co	US	1	1.8	9	16.2	Shiseido Co Ltd	JP	3	1.0	5	21.7

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Health Care Equipment & Services

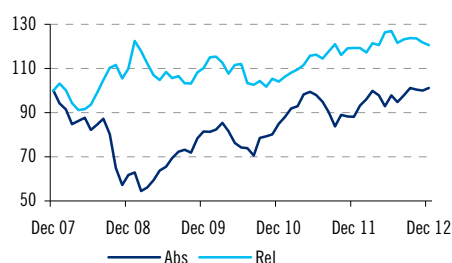
Weight in MSCI AC World	2.3%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	666 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	14.3	13.0	11.8	10.3	9.8	10.4		8.2	1.3	1.3	
US	77.2%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
Europe x UK	11.5%												
Japan	3.3%		US\$ Perf.			Loc. Perf.						Trail	
Emerging Markets	3.1%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
Dev Asia	2.0%												
UK	1.5%	Sector	-0.1	3.4	14.7	0.0	3.1	14.8		16.0	2.5	1.3	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

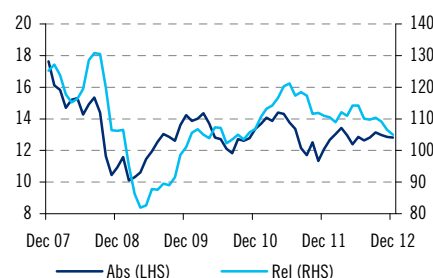
Underperformer in 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

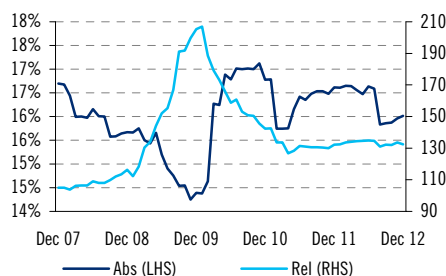


Source: Citi Research, Factset Consensus

Profitability/Earnings

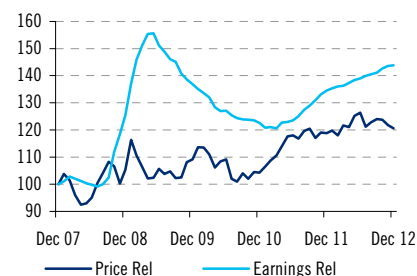
Strong relative earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
UnitedHealth Grp	US	1	8.3	56	9.7	Becton Dickinson	US	2	2.3	15	13.4
Express Scripts	US	1	6.4	43	12.6	CIGNA Corp	US	1	2.3	15	8.3
Medtronic Inc	US	1	6.3	42	10.8	Aetna	US	1	2.3	15	8.3
Baxter Intl	US	2	5.4	36	13.5	Fresenius Med	DE	2	2.2	15	17.2
Covidien	US	1	4.1	27	12.4	Fresenius SE	DE	1	2.2	14	14.7
McKesson	US	1	3.4	23	12.2	Cardinal Health	US	1	2.1	14	11.3
Essilor	FR	1	3.0	20	23.9	Zimmer Hldgs	US	3	1.7	11	11.4
WellPoint	US	1	2.9	19	7.6	St Jude Medical	US	3	1.7	11	9.9
Intuitive Srgcal	US		2.9	19	27.1	Cerner	US	1	1.7	11	27.4
Stryker Corp	US	2	2.5	17	12.7	Humana Inc	US	1	1.6	11	8.5

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Pharma & Biotech

Weight in MSCI AC World 7.0%
Market Cap (US\$) 2,074 Bn

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	13.5	12.8	11.9	1.1	5.3	7.6	9.0	2.6	3.2
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	0.7	8.7	15.4	0.5	7.7	15.0	17.3	3.0	3.0
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Regional Weight Breakdown

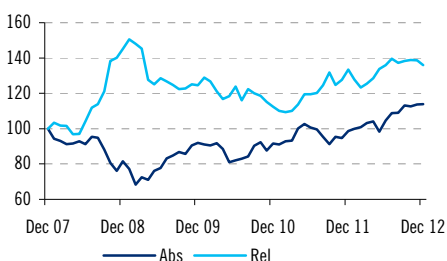
US	52.1%
Europe x UK	28.1%
UK	8.9%
Japan	5.6%
Emerging Markets	1.4%
Dev Asia	1.4%

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

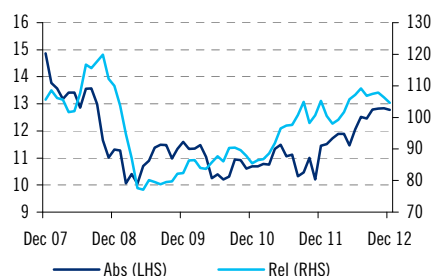
Price Performance (US\$)

Underperformer in 4Q12



Source: Citi Research, MSCI, Factset

12Mth Forward PE

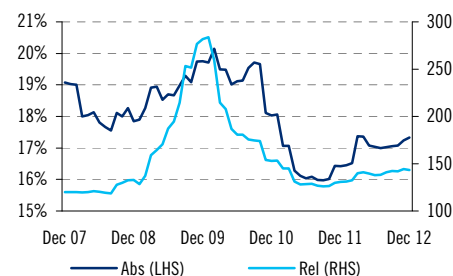


Source: Citi Research, Factset Consensus

Profitability/Earnings

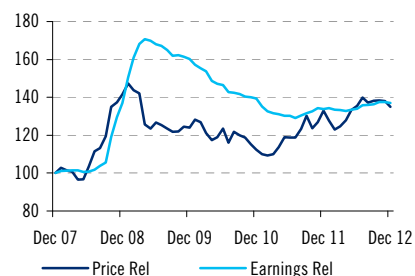
Return on Equity

RoE picking up



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Johnson&Johnson	US	1	9.2	192	12.7	Amgen Inc	US	1	3.2	66	12.2
Pfizer Inc	US	1	9.0	186	10.9	AstraZeneca	GB	2	2.8	59	8.2
Novartis	CH	2	7.0	145	11.8	Gilead Sciences	US	1	2.6	55	16.5
Roche	CH	2	6.8	142	12.2	Bristol Myers	US	2	2.6	54	17.3
Merck	US	2	6.0	124	11.0	Eli Lilly and Co	US	1	2.4	51	13.1
Sanofi-Aventis	FR	1	5.4	112	11.2	Takeda Chem	JP	1	1.7	35	20.1
GlaxoSmithKline	GB	1	5.2	108	11.3	Celgene Corp	US	1	1.6	34	14.0
Abbott Labs	US	3	4.9	101	12.3	Biogen Idec	US	2	1.6	33	20.0
Bayer	DE	1	3.8	79	12.4	CSL Ltd	AU	3	1.4	29	20.7
Novo-Nordisk	DK	1	3.2	66	20.4						

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Banks

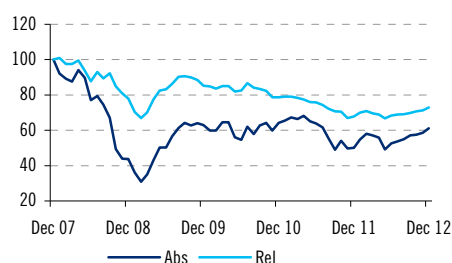
Weight in MSCI AC World		9.6%		Key Metrics			PE			EPS YoY			EV /		EV /		Fwd					
Market Cap (US\$)		2,820 Bn					12E			13E			14E			EBITDA		Sales		DY		
Regional Weight Breakdown				Sector			10.8			9.8			8.8						4.0			
Emerging Markets		25.9%		MSCI AC World			13.6			12.3			11.0			7.4			1.5		3.0	
Dev Asia		14.6%																				
Europe x UK		14.6%																				
US		13.2%																				
UK		12.3%																				
Japan		7.9%		Sector			6.9			16.0			21.8			9.8			1.1		3.6	
				MSCI AC World			2.5			8.9			13.4			12.1			1.8		2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

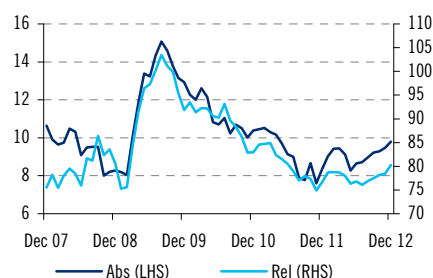
Strong outperformer over the year and 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

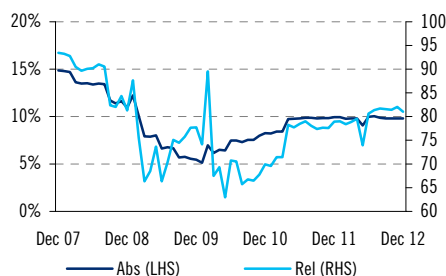


Source: Citi Research, Factset Consensus

Profitability/Earnings

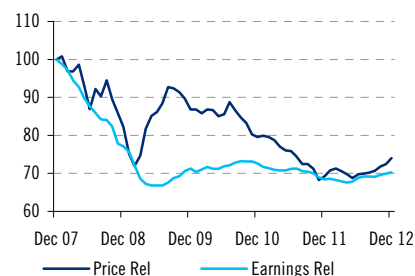
RoE stable at 10%

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
HSBC	GB	1	6.8	193	10.3	Standard Chart	GB	1	2.2	61	10.9
Wells Fargo	US	2	6.0	170	9.4	US Bancorp	US	2	2.1	60	10.3
Comm Bk of Aus	AU	1	3.6	103	13.6	NAB	AU	2	2.1	59	10.1
Royal Bk Canada	CA	1	3.1	87	11.1	CCB	CN	1	2.1	58	6.5
Westpac	AU	1	3.0	84	12.0	BNP Paribas	FR	1	2.0	56	7.8
Santander	ES	2H	2.9	82	9.5	BBVA	ES	2H	1.8	50	9.0
Toronto Dominion	CA	1	2.7	76	10.5	Barclays	GB	1	1.7	49	7.0
ANZ Banking Grp	AU	1	2.5	70	11.0	SMFG	JP	1	1.7	49	8.4
Mitsubishi UFJ FG	JP	1	2.4	68	9.7	ICBC	CN	2	1.6	46	6.5
Bank Nova Scotia	CA	2	2.3	66	11.1	Mizuho Financial	JP	1	1.5	42	9.0

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Diversified Financials

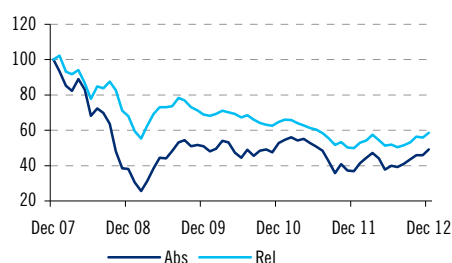
Weight in MSCI AC World	4.5%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	1,318 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	13.5	10.7	9.5	7.0	26.3	12.9				2.2	
US	64.7%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0		
Europe x UK	17.2%												
Emerging Markets	8.1%		US\$ Perf.			Loc. Perf.					Trail		
Japan	4.0%		3m	6m	12m	3m	6m	12m	ROE	P / BV	DY		
Dev Asia	3.3%												
UK	1.8%	Sector	13.0	22.9	33.1	12.9	22.2	33.0	6.2	0.9	1.8		
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8		

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

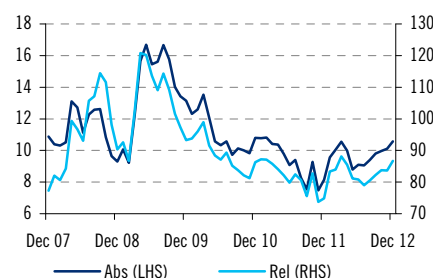
Best performing industry in 2012 and second best in 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

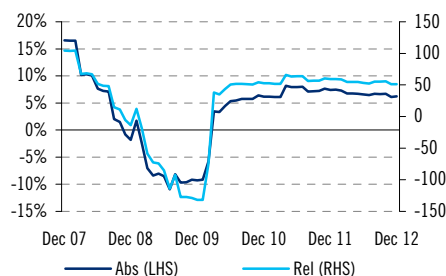


Source: Citi Research, Factset Consensus

Profitability/Earnings

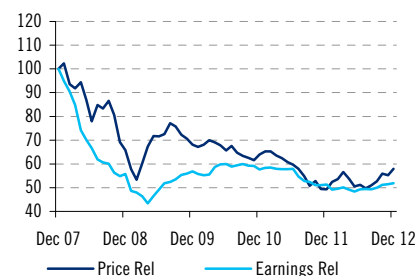
Relative earnings starting to pick up

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
JP Morgan Chase	US	1	12.5	164	8.2	Bank of NY Melln	US	2	2.3	30	10.7
Bank of America	US	2	9.3	122	11.8	Morgan Stanley	US	2	2.1	28	9.4
	US		8.7	114	8.4	BlackRock	US	1	2.1	27	13.6
American Express	US	1	4.4	58	12.0	State Street	US	1	1.7	22	10.7
Goldman Sachs	US	1	4.3	57	9.9	Nomura Holdings	JP	1	1.6	21	20.8
UBS	CH	1	4.3	57	13.5	Discover Fincl	US	2	1.5	20	8.7
Deutsche Bank	DE	2	3.1	40	7.7	HK Exch.	HK	1	1.4	19	29.6
ING	NL	1	2.7	35	6.1	Franklin Rsc	US	2	1.4	19	12.3
Capital One Fncl	US	1	2.5	33	8.1	T Rowe Price Gp	US	2	1.2	16	16.8
Credit Suisse	CH	1	2.3	31	8.8	CME Group Inc	US	1	1.2	16	15.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Insurance

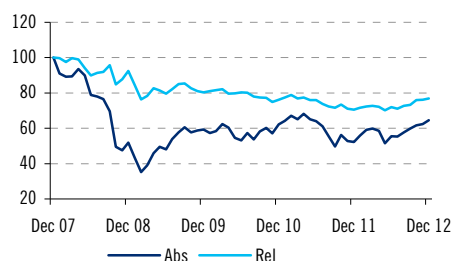
Weight in MSCI AC World	4.0%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	1,184 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	11.7	10.4	9.6	42.8	12.1	8.5				3.3	
US	39.0%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5		3.0	
Europe x UK	23.2%												
UK	9.4%		US\$ Perf.			Loc. Perf.						Trail	
Emerging Markets	9.3%		3m	6m	12m	3m	6m	12m	ROE	P / BV		DY	
Dev Asia	7.9%												
Japan	5.0%	Sector	7.6	16.4	23.6	7.5	15.0	22.7	8.9	1.0		3.0	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8		2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

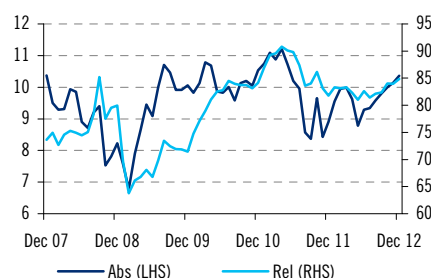
Strong outperformer over the year and 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

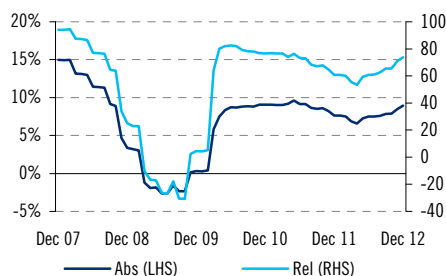


Source: Citi Research, Factset Consensus

Profitability/Earnings

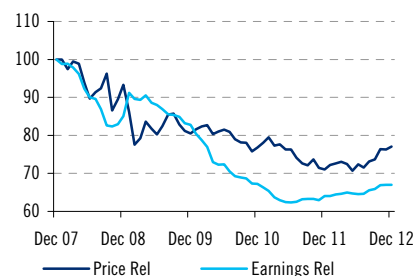
Relative earnings starting to pick up

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Berkshire Hatha	US		6.9	82	15.9	ACE	US		2.3	27	10.0
Allianz	DE	1	5.3	63	8.8	Swiss Re	CH	1	2.1	25	9.2
	US		4.1	48	9.9	AFLAC Inc	US		2.1	24	7.5
AIA Grp	HK	1	3.6	42	16.5	Manulife Finl	CA		2.1	24	9.6
Zurich	CH	1	3.3	39	8.9	Prudential Finl	US		2.1	24	6.6
Prudential	GB	1	3.0	36	11.3	China Life	CN	2	2.0	24	18.6
Munich Re	DE	2	2.7	32	8.6	Generali SpA	IT	3	1.8	21	10.4
Axa SA	FR	2H	2.6	31	6.8	Chubb Corp	US		1.7	20	11.9
Travlrs	US		2.3	27	10.4	Allstate Corp	US		1.6	19	8.8
MetLife Inc	US		2.3	27	6.1	Tokio Marine	JP	1	1.6	19	15.1

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Real Estate

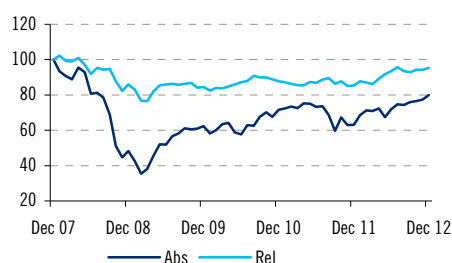
Weight in MSCI AC World	3.1%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	900 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	21.4	20.2	18.3	-5.4	6.3	9.8					
US	42.1%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0		
Dev Asia	25.6%												
Japan	11.8%												
Emerging Markets	8.7%												
Europe x UK	4.9%												
UK	3.3%												
		Sector	5.2	11.0	26.7	6.4	11.4	27.6	6.6	1.5	3.5		
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8		

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

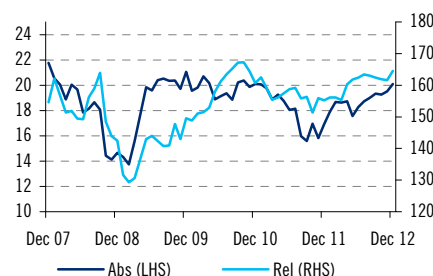
Third best performing industry in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

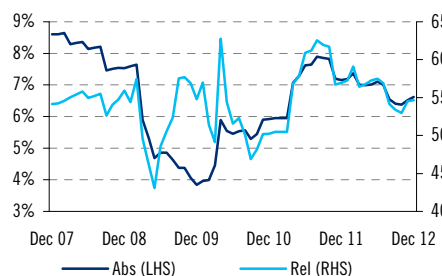


Source: Citi Research, Factset Consensus

Profitability/Earnings

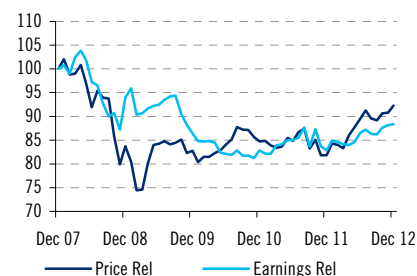
Relative earnings starting to pick up

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Simon Prop Grp	US	1	5.3	47	41.6	Brookfield Asst	CA		2.2	20	48.3
American Tower	US	2	3.3	30	35.6	Ventas	US	1	2.1	19	45.7
Mitsubishi Est	JP	1	3.3	30	43.6	Equity Resident	US	2	2.0	18	48.6
Westfield Group	AU	2	2.6	24	15.6	Prologis	US	2	1.8	16	nm
SHK Props	HK	1	2.6	24	13.4	Boston Ppty	US	1	1.8	16	55.2
Unibail	FR		2.5	22	18.0	Health Care REIT	US		1.7	16	47.9
Cheung Kong	HK	1	2.4	21	10.1	AvalonBay Comm	US	3	1.7	15	33.5
Public Storage	US	2	2.3	21	32.2	Weyerhaeuser Co	US	1	1.6	15	29.3
Mitsui Fudosan	JP	1	2.3	20	29.5	Annaly Capital	US	2	1.5	14	9.5
HCP	US	2	2.3	20	22.6	Vornado Realty	US	1	1.5	13	39.8

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Software & Services

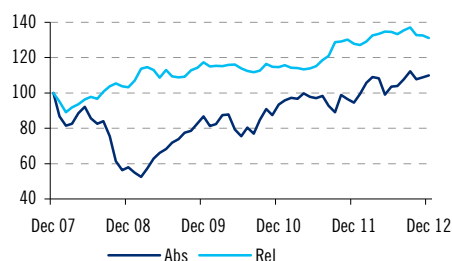
Weight in MSCI AC World		5.3%		Key Metrics			PE			EPS YoY			EV /		EV /		Fwd														
Market Cap (US\$)		1,570 Bn					12E			13E			14E			EBITDA			Sales		DY										
Regional Weight Breakdown				Sector			15.5			14.0			12.4			10.8			11.2			12.8			9.5			2.9		1.3	
US		83.9%		MSCI AC World			13.6			12.3			11.0			2.9			11.7			11.7			7.4			1.5		3.0	
Europe x UK		6.4%																													
Emerging Markets		5.9%																													
Japan		2.4%																													
UK		0.4%																													
Dev Asia		0.3%																													
				Sector			-2.0			6.1			16.4			-1.8			5.9			16.7			23.1			4.0		1.3	
				MSCI AC World			2.5			8.9			13.4			2.8			8.0			13.2			12.1			1.8		2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

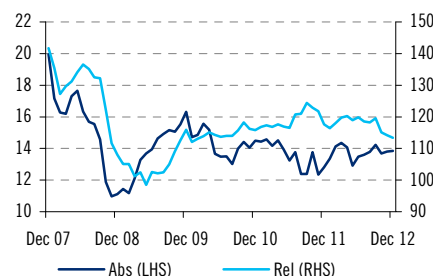
Underperformed in 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

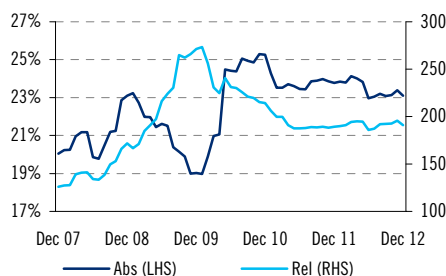


Source: Citi Research, Factset Consensus

Profitability/Earnings

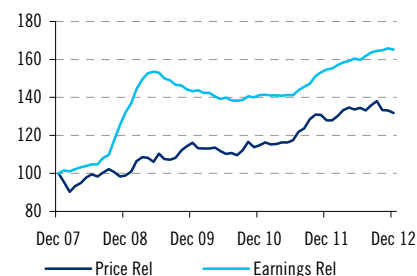
Strong earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
IBM	US	1	13.1	206	11.4	Automatic Data	US	2	1.7	27	18.5
Microsoft	US	1	12.8	200	8.7	Facebook	US	1	1.6	26	39.9
Google	US	1	11.7	183	15.1	Yahoo	US	2	1.4	22	17.1
Oracle Corp	US	1	8.2	129	11.6	salesforce.com	US	1	1.4	22	83.8
Visa	US	2	5.0	78	19.7	Cognizant Tech	US	1	1.4	22	18.1
SAP AG	DE	1	4.7	74	17.4	Infosys Tech	IN	1	1.2	18	13.6
eBay Inc	US	2	3.7	58	18.2	Adobe Sys	US	1	1.2	18	25.3
MasterCard	US	1	3.3	52	18.9	Intuit Inc	US	1	1.1	17	16.9
Accenture	US	1	2.7	42	14.9	Symantec	US	1	0.8	13	10.2
Tencent	CN	1	2.1	33	22.6	Citrix Sy	US	1	0.8	12	20.5

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Tech Hardware

Weight in MSCI AC World 4.6%
Market Cap (US\$) 1,356 Bn

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	12E	13E	14E	12E	13E	14E			
Sector	12.6	11.1	9.8	9.1	14.0	13.5	7.2	1.6	2.1
MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	-6.6	-0.1	11.0	-5.4	0.5	12.1	14.7	2.1	2.2
MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8

Regional Weight Breakdown

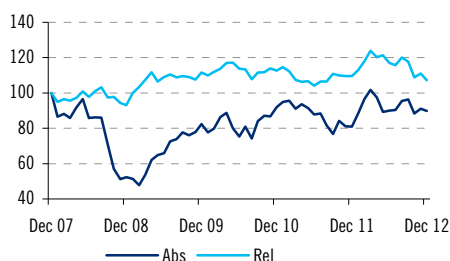
US	71.3%
Japan	14.5%
Emerging Markets	9.5%
Europe x UK	4.3%
UK	0.0%
UK	0.0%

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

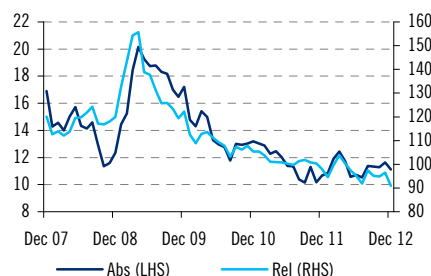
The worst performing industry in 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

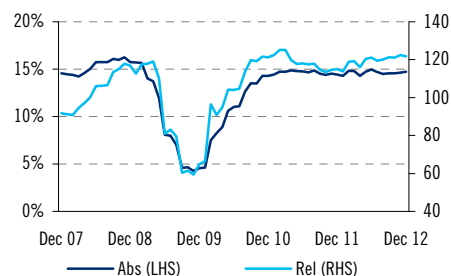


Source: Citi Research, Factset Consensus

Profitability/Earnings

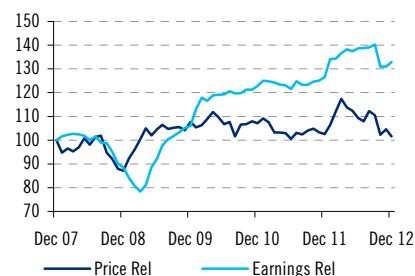
High RoE

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Apple Inc	US	2	35.2	478	10.0	Toshiba	JP	1	1.2	16	10.4
Cisco Systems	US	1	7.7	104	9.6	TE Connectivity	US	1	1.1	16	11.1
Qualcomm Inc	US	1	7.6	103	13.7	Dell Inc	US	3	1.1	15	6.0
EMC Corp	US	2	3.8	52	12.9	Nokia	FI	2H	1.1	14	nm
Canon Inc	JP	1	3.2	44	14.9	Motorola Solutions	US	2	1.0	14	14.7
Hon Hai Precision	TW	1	2.3	31	9.5	Kyocera	JP	2	1.0	14	16.4
Ericsson	SE	1	2.2	30	13.3	Keyence Corp	JP	2	0.9	13	21.7
Hitachi Ltd	JP	1	2.0	27	9.8	Netwk Appliance	US	2	0.9	12	13.9
Hewlett-Packard	US	3	2.0	27	4.1	Murata	JP	2	0.9	12	22.6
Corning Inc	US	2	1.4	19	9.3	Seagate Tech	US	3	0.8	11	5.6

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Semiconductors

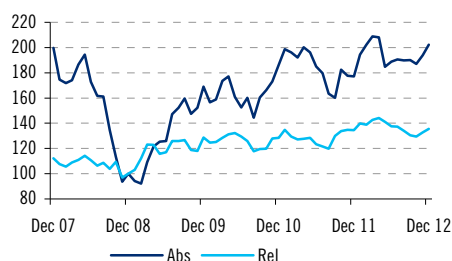
Weight in MSCI AC World	2.2%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	652 Bn		12E	13E	14E	12E	13E	14E		EBITDA	Sales	DY	
Regional Weight Breakdown		Sector	13.8	12.0	10.2	5.9	15.5	17.0		6.1	1.6	2.2	
Emerging Markets	47.5%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7		7.4	1.5	3.0	
US	41.9%												
Europe x UK	5.1%		US\$ Perf.			Loc. Perf.						Trail	
UK	2.6%		3m	6m	12m	3m	6m	12m		ROE	P / BV	DY	
Japan	2.2%												
Dev Asia	0.4%	Sector	6.4	7.1	14.1	5.2	4.5	11.3		14.6	2.1	2.1	
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2		12.1	1.8	2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

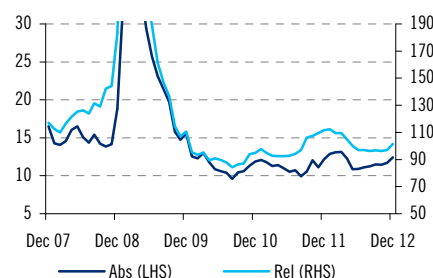
Fwd PE in-line with the market

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

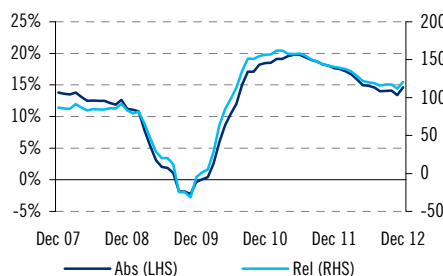


Source: Citi Research, Factset Consensus

Profitability/Earnings

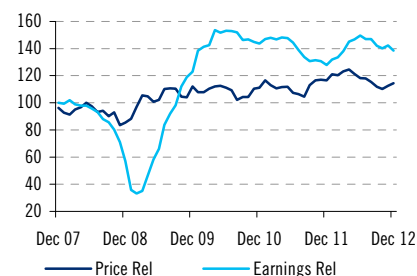
Weakening relative earnings momentum

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Samsung Elec	KR	1	24.1	157	8.1	Hynix	KR	1	1.9	13	14.1
Intel	US	2	15.5	101	10.5	Analog Devices	US	2	1.9	12	18.7
TSMC	TW	1	12.6	82	14.2	Altera Corp	US	2	1.7	11	19.4
Texas Instrument	US	1	5.3	35	17.0	Xilinx Inc	US	2	1.4	9	17.9
ASML Hld	NL	2	3.1	20	13.6	Infineon	DE	2	1.4	9	27.2
ARM Holdings	GB	1	2.6	17	43.0	Maxim Integrated	US	1	1.3	8	15.2
Broadcom Corp	US	1	2.5	16	10.9	Tokyo Electron	JP	2	1.2	8	40.6
Samsung Elec P	KR	1	2.5	16	8.1	KLA Tencor	US	1	1.2	8	13.2
Applied Material	US	2	2.1	14	18.8	Linear Tech	US	3	1.2	8	17.7
	TW		2.0	13	17.5	Avago Tech	US	1	1.2	8	11.6

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Telecom Services

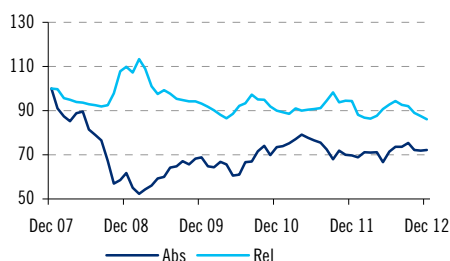
Weight in MSCI AC World		4.3%		Key Metrics			PE			EPS YoY			EV /		EV /		Fwd														
Market Cap (US\$)		1,277 Bn					12E			13E			14E			EBITDA			Sales		DY										
Regional Weight Breakdown				Sector			13.2			12.2			11.1			1.1			8.7			9.7			6.0			1.8		5.2	
US		31.7%		MSCI AC World			13.6			12.3			11.0			2.9			11.7			11.7			7.4			1.5		3.0	
Emerging Markets		23.3%																													
Europe x UK		18.1%																													
UK		12.3%																													
Japan		7.3%																													
Dev Asia		4.0%																													
				Sector			-4.2			1.1			3.4			-3.8			0.0			2.8			12.1			1.9		5.2	
				MSCI AC World			2.5			8.9			13.4			2.8			8.0			13.2			12.1			1.8		2.8	

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

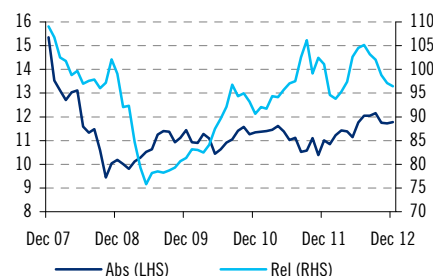
One of the weakest performing industries over the year and 4Q12

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

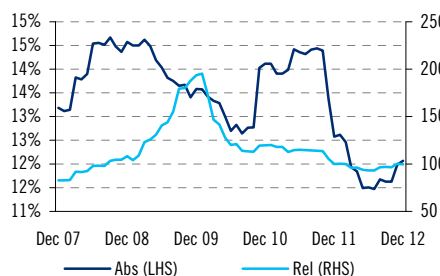


Source: Citi Research, Factset Consensus

Profitability/Earnings

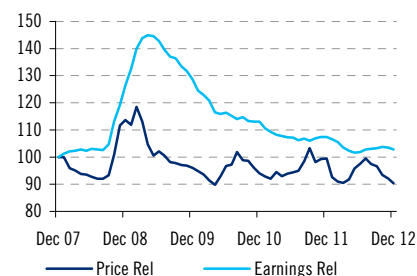
Uninspiring earnings

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
AT&T	US	1	15.0	192	13.1	Vivendi	FR	2	2.3	29	8.5
Vodafone	GB	1	9.7	123	9.6	CenturyLink	US	1H	1.9	24	14.5
Verizon Comms	US	2	9.6	122	15.1	NTT DoCoMo	JP	2	1.7	22	9.8
China Mobile	CN	1	5.5	70	11.6	SingTel	SG	2	1.7	22	13.7
Telefonica	ES	2	4.3	55	8.3	Crown Castle	US	2	1.6	21	88.3
America Movil	MX	2	3.5	45	10.4	France Telecom	FR	3	1.6	20	7.2
MTN Group Ltd	ZA	1	2.8	36	13.2	Telstra Corp	AU	2	1.6	20	14.6
	JP		2.7	35	9.6	KDDI	JP	1	1.5	19	8.1
Deutsche Tele	DE	1	2.5	32	12.1	NTT	JP	1	1.4	18	7.6
BT Group	GB	2	2.3	30	9.2	Rogers Coms	CA		1.4	17	13.3

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

Utilities

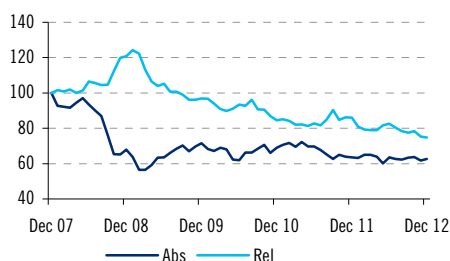
Weight in MSCI AC World		3.5%		Key Metrics			PE			EPS YoY			EV /		EV /		Fwd	
Market Cap (US\$)		1,018 Bn					12E	13E	14E	12E	13E	14E	EBITDA		Sales		DY	
Regional Weight Breakdown				Sector	14.4	14.3	12.3	12.9	8.4	16.7	8.9	1.6	4.6					
US	44.4%	MSCI AC World	13.6	12.3	11.0	2.9	11.7	11.7	7.4	1.5	3.0							
Europe x UK	18.9%																	
Emerging Markets	12.8%																	
UK	10.3%																	
Japan	6.2%																	
Dev Asia	6.0%																	
		Sector	-1.2	-1.5	-1.4	-1.0	-2.4	-1.5	6.9	1.2	4.6							
		MSCI AC World	2.5	8.9	13.4	2.8	8.0	13.2	12.1	1.8	2.8							

Source: Citi Research, Worldscope, MSCI, Factset Consensus

Performance/Valuation

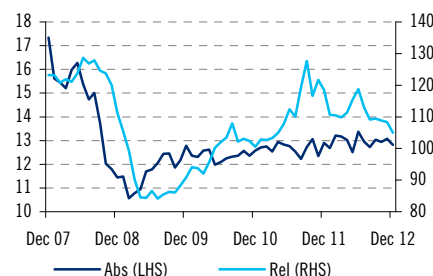
Worst performing industry in 2012

Price Performance (US\$)



Source: Citi Research, MSCI, Factset

12Mth Forward PE

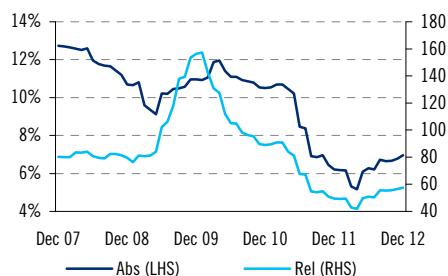


Source: Citi Research, Factset Consensus

Profitability/Earnings

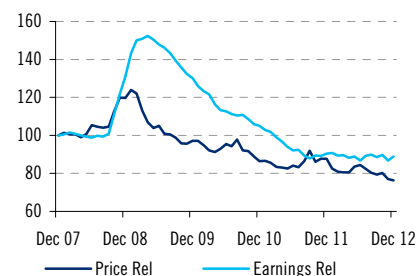
RoE seems to have troughed

Return on Equity



Source: Citi Research, MSCI, Factset

Relative Earnings/Price Momentum



Source: Citi Research, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Duke Energy	US	1	4.4	44	14.4	Scot & Sth Enrgy	GB	3	2.2	22	12.1
National Grid	GB	2	4.1	41	12.8	Iberdrola	ES	2	2.1	22	10.4
Southern Co	US	1	3.6	37	15.2	Amer Elec Pwr	US	2	2.0	20	13.4
E.ON	DE	3	3.3	34	9.5	RWE	DE	3	2.0	20	7.9
Dominion Rsc	US	2	2.9	29	15.1	FirstEnergy Corp	US	2	1.7	17	13.7
Centrica	GB	1	2.8	28	11.9	PG&E	US	1	1.7	17	14.1
NextEra Energy Inc	US	2	2.7	27	13.8	PPL Corp	US	2	1.6	16	11.6
Enel	IT	1	2.7	27	8.6	Sempra Energy	US	1	1.6	16	16.3
GDF Suez	FR	1	2.6	26	10.7	Consol Edison	US	2	1.6	16	14.3
Exelon Corp	US	2	2.4	25	11.4	Public Srvc Ent	US	2	1.5	15	12.8

Source: Citi Research, MSCI, IBES

Source: Citi Research, MSCI, IBES

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Global Market Intelligence

Figure 22. Global Market Intelligence by Region

31 Dec 12	Free MC	Wgt	P/E			EPS YoY %			P/B	ROE	Div Yld	EV/ Sales	EV/ EBITDA	CAPE	Perf % (local)	
	US\$bn	%	12E	13E	14E	12E	13E	14E	13E	13E	13E	11	11	10Yr	Weekly	YTD
Global	29,474	100	13.6	12.3	11.0	2.9	11.7	11.7	1.6	13.1	3.0	1.5	7.4	17.7	0.2	13.2
Developed World	25,609	86.9	13.8	12.5	11.2	3.3	11.5	11.8	1.6	12.9	3.0	1.5	7.6	17.6	0.1	13.1
Emerging World	3,865	13.1	12.2	10.8	9.7	0.6	13.2	11.6	1.5	13.7	2.9	1.4	6.3	18.1	0.7	13.9
North America	14,689	49.8	14.2	12.9	11.6	5.7	9.8	11.5	1.9	15.0	2.4	1.8	8.0	20.5	0.0	12.7
USA	13,438	45.6	14.1	12.9	11.6	6.4	9.5	11.6	2.0	15.2	2.4	1.7	8.1	20.6	0.0	13.5
Canada	1,251	4.2	14.5	12.8	11.6	-2.4	13.7	10.1	1.6	12.7	3.0	2.5	7.8	19.1	0.4	4.3
Europe	7,140	24.2	12.5	11.4	10.2	-1.9	10.4	11.2	1.4	12.5	4.0	1.3	6.8	13.9	-0.7	11.8
United Kingdom	2,466	8.4	11.7	10.9	9.9	-6.5	7.7	9.5	1.6	14.5	4.1	1.3	6.8	13.8	-0.9	5.9
Europe ex UK	4,674	15.9	12.9	11.6	10.4	1.0	12.1	12.2	1.4	11.6	3.9	1.3	6.8	14.2	-0.5	15.2
France	1,046	3.5	12.0	11.0	9.9	-4.3	10.8	11.6	1.2	10.4	4.1	1.1	5.9	13.8	-0.3	15.9
Germany	959	3.3	10.9	10.9	9.8	17.9	-0.7	12.2	1.3	12.2	3.5	1.0	6.2	17.2	-0.2	25.2
Switzerland	949	3.2	15.2	13.0	11.9	3.5	16.2	9.3	2.1	15.7	3.6	2.3	10.4	19.3	-0.9	14.8
Sweden	344	1.2	14.9	13.2	11.6	-2.2	13.4	13.0	1.9	14.4	4.2	1.5	8.2	18.5	-0.2	12.7
Spain	329	1.1	14.8	10.6	9.2	-40.4	53.9	15.5	1.1	10.0	6.4	1.7	6.9	9.3	-1.2	-4.8
Netherlands	273	0.9	12.7	11.2	10.2	4.5	13.2	10.3	1.4	12.1	3.1	1.3	8.5	13.8	-0.4	15.4
Italy	247	0.8	10.7	9.6	8.3	12.2	11.0	15.2	0.7	7.6	4.4	1.4	5.8	8.6	-0.5	6.9
Belgium	127	0.4	14.8	13.8	12.4	44.4	7.1	11.4	1.6	11.7	3.1	2.9	8.2	12.3	-0.3	34.0
Denmark	126	0.4	18.4	15.1	12.9	27.9	21.3	17.7	2.2	14.8	2.3	1.7	6.7	26.7	0.0	28.1
Norway	101	0.3	10.6	10.0	9.1	4.3	6.1	10.4	1.4	13.5	5.0	1.2	3.7	13.2	-0.9	6.0
Finland	86	0.3	23.5	15.8	12.6	-45.7	49.4	24.8	1.5	9.6	4.6	1.6	7.7	10.8	-1.4	8.3
Austria	32	0.1	11.5	10.4	9.0	87.2	10.6	15.2	0.9	9.0	3.5	0.7	5.7	9.6	-0.2	20.7
Ireland	29	0.1	25.0	17.4	14.4	-13.2	43.4	21.2	1.6	9.0	2.4	1.1	11.0	6.3	0.9	2.2
Portugal	20	0.1	13.7	13.1	10.8	7.2	4.6	22.0	1.2	9.5	4.9	1.5	7.2	10.2	-0.9	-2.2
Greece	6	0.0	9.7	16.4	13.7	-10.4	-40.7	20.0	1.9	11.4	2.6	0.8	5.3	2.5	0.2	-2.4
Japan	2,185	7.4	16.0	13.6	11.6	19.4	34.7	17.3	1.0	7.5	2.4	1.0	7.9	18.7	3.4	18.8
Asia Pac ex Jp	3,870	13.1	13.5	12.0	10.7	2.5	12.8	11.9	1.5	12.8	3.2	1.4	7.0	18.9	0.8	16.1
Pacific ex Jp	1,535	5.2	15.0	13.8	12.6	-5.3	8.0	10.1	1.6	11.2	4.3	1.9	8.2	18.1	0.2	17.4
Australia	974	3.3	14.7	13.4	12.2	-4.5	9.6	9.5	1.7	12.8	4.9	1.9	8.0	17.2	0.2	14.9
Hong Kong	343	1.2	16.5	15.2	13.6	-12.0	8.2	12.4	1.3	8.3	3.0	2.1	10.0	22.5	0.3	24.2
Singapore	204	0.7	13.9	13.8	12.7	2.1	0.2	9.0	1.4	10.3	3.6	1.7	8.6	17.0	0.1	19.2
New Zealand	14	0.0	17.1	15.2	13.3	-3.2	12.4	14.2	1.7	11.1	5.2	1.2	6.6	15.5	0.1	16.3
Em Asia	2,335	7.9	12.7	11.1	9.8	7.5	15.5	12.9	1.5	13.8	2.5	1.3	6.6	19.3	1.2	15.2
China	709	2.4	11.0	10.0	9.0	0.9	10.5	11.5	1.5	14.6	3.1	1.4	6.0	19.6	1.2	18.7
Korea	591	2.0	10.3	8.8	7.7	16.8	19.0	13.6	1.1	12.9	1.2	0.9	6.4	16.9	0.8	11.7
Taiwan	411	1.4	18.1	14.5	12.6	1.4	25.3	15.2	1.7	11.5	3.3	1.7	7.7	18.5	2.2	8.8
India	256	0.9	16.4	14.5	12.7	11.2	13.1	14.7	2.3	15.7	1.6	1.7	9.1	27.8	0.7	27.9
Malaysia	135	0.5	15.8	14.6	13.4	8.0	8.3	9.5	2.0	13.3	3.5	2.2	8.7	22.9	1.5	6.8
Indonesia	102	0.3	15.6	13.6	11.9	6.3	14.6	15.1	3.0	22.0	2.8	2.3	7.9	28.4	1.2	8.8
Thailand	97	0.3	14.0	12.1	10.9	14.7	15.6	11.0	2.1	17.6	3.6	1.1	7.1	21.0	0.9	26.9
Philippines	35	0.1	19.5	17.4	16.0	10.8	11.7	8.7	2.7	15.3	2.3	2.6	9.7	29.2	-0.2	34.7
Latin America	828	2.8	15.5	13.2	11.5	-14.1	17.5	13.7	1.7	12.5	2.9	1.9	6.9	18.9	-0.7	8.9
Brazil	487	1.7	13.5	11.5	10.1	-21.4	17.5	13.6	1.4	11.7	3.5	1.8	6.2	15.0	-1.5	5.9
Mexico	200	0.7	19.9	17.1	14.7	27.4	16.5	16.3	2.7	15.8	1.7	2.1	8.4	30.6	0.4	18.2
Chile	69	0.2	21.6	16.6	14.6	-20.0	30.3	13.8	2.1	12.5	2.7	2.2	10.3	27.4	0.1	-2.7
Colombia	49	0.2	20.1	18.7	16.4	-4.6	7.8	6.3	2.0	11.2	2.6	3.0	8.6	37.5	0.7	19.9
Peru	23	0.1	14.0	12.3	11.4	-3.2	14.3	8.1	2.7	21.9	2.8	5.0	8.9	25.7	0.4	15.0
CEEMEA	701	2.4	8.9	8.4	7.9	-2.5	5.1	6.7	1.2	14.2	3.9	1.2	4.3	15.4	0.8	16.8
South Africa	299	1.0	14.6	12.4	11.1	8.9	18.1	10.9	2.1	17.2	3.7	1.6	7.3	25.2	1.1	20.6
Russia	232	0.8	5.4	5.3	5.2	-7.6	0.0	3.4	0.7	13.5	3.9	1.0	3.0	9.1	0.4	5.1
Turkey	76	0.3	12.0	10.7	9.6	14.4	11.9	11.5	1.7	15.4	3.1	1.2	7.7	19.2	1.1	51.7
Poland	60	0.2	10.6	12.1	11.5	-16.8	-12.0	5.3	1.3	10.6	4.4	1.3	3.4	13.8	-0.1	19.0
Egypt	12	0.0	10.6	9.2	8.2	11.8	23.8	12.0	1.3	14.4	4.5	1.7	5.2	16.4	1.5	51.9
Czech Republic	11	0.0	10.1	10.3	10.3	7.4	-2.3	-0.2	1.5	14.8	7.4	2.6	6.2	12.9	-0.1	-6.1
Hungary	8	0.0	8.5	8.0	6.7	14.5	6.3	19.9	0.8	9.6	4.7	0.7	5.6	9.2	1.3	8.1
Morocco	3	0.0	11.7	10.6	9.9	2.2	10.6	7.3	1.9	18.2	5.1	4.2	7.8	17.4	-1.7	-17.6
Israel	59	0.2	8.0	8.1	7.4	-1.1	-2.2	10.0	1.2	15.3	2.4	2.6	9.3	14.3	-1.5	-9.2

Source: Citi Research, MSCI, Worldscope, Factset Consensus Estimates

Figure 23. Global Market Intelligence by Sector

31 Dec 12	Free MC	Wgt	P/E			EPS YoY %			P/B	ROE	Div Yld	EV/ Sales	EV/ EBITDA	CAPE	Perf % (local)	
	US\$bn	%	12E	13E	14E	12E	13E	14E	13E	13E	13E	11	11	10Yr	Weekly	YTD
Global	29,474	100	13.6	12.3	11.0	2.9	11.7	11.7	1.6	13.1	3.0	1.5	7.4	17.7	0.2	13.2
Sectors - Level 1																
Energy	3,119	10.6	10.4	9.9	9.2	-7.0	5.2	7.5	1.3	12.9	3.2	1.2	5.1	13.3	-0.4	-1.1
Materials	2,242	7.6	15.8	12.7	10.9	-24.6	24.5	16.0	1.6	12.3	2.6	1.5	6.9	17.1	1.0	7.8
Industrials	3,059	10.4	14.3	12.9	11.5	4.4	10.8	12.7	1.8	14.1	2.7	1.3	8.3	18.9	0.5	14.3
Consumer Disc.	3,164	10.7	14.9	13.7	11.7	18.4	16.5	17.0	2.0	15.1	2.1	1.3	7.9	23.8	0.9	22.5
Consumer Staples	3,056	10.4	16.9	15.5	14.0	5.8	9.4	10.5	2.9	19.1	3.2	1.5	10.1	24.6	-0.3	11.3
Health Care	2,740	9.3	13.7	12.9	11.9	3.1	6.4	8.3	2.4	19.0	2.7	2.0	8.8	22.0	-0.6	15.0
Financials	6,221	21.1	12.4	10.9	9.9	9.3	13.8	10.6	1.0	9.4	3.4	NA	NA	12.1	0.2	24.5
IT	3,577	12.1	14.0	12.4	10.9	9.1	13.2	13.9	2.3	18.3	1.7	2.0	7.7	26.0	0.7	13.9
Telecoms	1,277	4.3	13.2	12.2	11.1	1.1	8.7	9.7	1.7	14.0	5.2	1.8	6.0	16.1	0.0	2.8
Utilities	1,018	3.5	14.4	14.3	12.3	12.9	8.4	16.7	1.2	8.7	4.6	1.6	8.9	14.2	-0.6	-1.5
Sectors - Level 2																
Energy	3,119	10.6	10.4	9.9	9.2	-7.0	5.2	7.5	1.3	12.9	3.2	1.2	5.1	13.3	-0.4	-1.1
Materials	2,242	7.6	15.8	12.7	10.9	-24.6	24.5	16.0	1.6	12.3	2.6	1.5	6.9	17.1	1.0	7.8
Capital Goods	2,235	7.6	13.4	12.4	11.0	2.4	8.8	11.8	1.8	14.6	2.8	1.2	8.2	18.4	0.6	15.2
Comm Svc & Supp	242	0.8	18.1	16.2	14.6	7.5	12.3	12.4	2.5	15.3	2.7	1.7	10.1	20.2	0.0	13.3
Transport	582	2.0	16.9	14.1	12.1	14.7	19.6	16.3	1.7	12.2	2.4	1.7	8.1	20.6	0.3	11.5
Autos	784	2.7	9.7	9.4	8.1	18.8	7.3	15.7	1.2	12.8	2.3	0.9	6.3	17.8	2.8	28.8
Consumer Durables	442	1.5	19.2	17.0	13.2	103.1	133.8	30.4	2.0	11.8	1.9	1.7	10.5	23.3	0.4	17.4
Consumer Services	419	1.4	18.9	17.0	14.8	4.4	11.2	14.4	3.3	19.4	2.7	2.1	10.0	25.6	0.0	6.6
Media	710	2.4	15.7	14.5	12.6	24.0	8.0	14.7	2.5	18.0	1.9	2.1	8.0	28.8	0.3	31.6
Retailing	809	2.7	19.4	16.9	14.6	8.2	14.9	15.7	3.2	19.1	1.7	1.1	9.1	26.0	0.3	21.1
Food & Staples	673	2.3	15.2	13.8	12.5	8.9	10.0	10.5	2.0	14.6	3.1	0.7	7.7	21.9	0.0	11.9
Food Bev & Tobac.	1,881	6.4	17.3	15.8	14.2	4.8	9.6	10.8	3.3	21.5	3.2	2.3	11.0	25.5	-0.5	11.2
Household Products	502	1.7	18.4	17.0	15.6	4.9	7.9	9.3	3.5	20.7	2.9	2.0	10.9	25.6	-0.1	10.8
Health Care	666	2.3	14.3	13.0	11.8	10.3	9.8	10.4	2.0	15.6	1.3	1.3	8.2	22.7	-0.5	14.8
Pharma & Biotech	2,074	7.0	13.5	12.8	11.9	1.1	5.3	7.6	2.6	20.3	3.2	2.6	9.0	21.7	-0.6	15.0
Banks	2,820	9.6	10.8	9.8	8.8	3.2	11.0	10.6	1.0	10.7	4.0	NA	NA	10.5	-0.1	20.8
Div Financials	1,318	4.5	13.5	10.7	9.5	7.0	26.3	12.9	0.9	8.1	2.2	NA	NA	11.6	0.7	33.0
Insurance	1,184	4.0	11.7	10.4	9.6	42.8	12.1	8.5	1.0	9.5	3.3	NA	NA	13.2	0.0	22.7
Real Estate	900	3.1	21.4	20.2	18.3	-5.4	6.3	9.8	1.4	6.9	3.5	NA	NA	23.4	0.5	27.6
Software & Services	1,570	5.3	15.5	14.0	12.4	10.8	11.2	12.8	3.2	22.9	1.3	2.9	9.5	30.6	-0.3	16.7
Tech	1,356	4.6	12.6	11.1	9.8	9.1	14.0	13.5	1.8	16.3	2.1	1.6	7.2	23.6	1.5	12.1
Semi & Semi Equip	652	2.2	13.8	12.0	10.2	5.9	15.5	17.0	1.9	16.1	2.2	1.6	6.1	22.8	1.2	11.3
Telecom	1,277	4.3	13.2	12.2	11.1	1.1	8.7	9.7	1.7	14.0	5.2	1.8	6.0	16.1	0.0	2.8
Utilities	1,018	3.5	14.4	14.3	12.3	12.9	8.4	16.7	1.2	8.7	4.6	1.6	8.9	14.2	-0.6	-1.5

Source: Citi Research, MSCI, Worldscope, Factset Consensus Estimates

Figure 24. 2012 P/E Estimates by Region and Sector

31 Dec 12

P/E 13E	Global	DM	GEM	US	Eur ex UK	UK	Jap	Dev Asia	Em Asia	Lat Am	CEEMEA
Region	12.3	12.5	10.8	12.9	11.6	10.9	13.6	13.8	11.1	13.2	8.4
Sectors - Level 1											
Energy	9.9	10.7	7.2	11.2	8.8	8.3	9.8	15.0	10.1	9.4	4.8
Materials	12.7	12.9	12.0	13.1	13.8	11.4	15.7	13.4	12.5	12.7	10.1
Industrials	12.9	12.9	12.6	13.1	13.2	12.7	11.5	15.1	12.1	17.9	10.2
Consumer Disc.	13.7	14.0	11.2	15.2	11.4	12.9	13.7	16.4	9.7	17.5	16.4
Consumer Staples	15.5	15.0	21.6	15.0	15.8	13.9	15.0	15.3	20.5	23.0	21.4
Health Care	12.9	12.8	20.9	12.8	13.1	10.6	16.4	20.4	21.3	24.6	18.5
Financials	10.9	11.2	9.8	11.6	9.3	10.5	12.7	12.9	9.4	11.6	9.3
IT	12.4	12.6	11.0	12.1	18.3	27.2	14.6	17.1	11.0	15.7	10.0
Telecom Services	12.2	12.0	12.5	17.5	9.3	9.7	8.9	14.3	13.7	11.0	11.7
Utilities	14.3	14.6	12.5	14.4	9.9	12.8	-22.5	16.0	13.3	13.0	10.1

Sectors - Level 2

Energy	9.9	10.7	7.2	11.2	8.8	8.3	9.8	15.0	10.1	9.4	4.8
Materials	12.7	12.9	12.0	13.1	13.8	11.4	15.7	13.4	12.5	12.7	10.1
Capital Goods	12.4	12.4	11.6	12.9	13.0	11.7	10.7	13.1	11.4	14.9	10.6
Comm Svc & Supp	16.2	16.1	21.6	16.4	16.5	15.0	16.8	16.2	18.9	25.2	
Transport	14.1	13.9	16.6	13.0	13.6		13.7	18.6	15.6	20.4	8.2
Autos & Components	9.4	9.6	8.2	9.3	7.8	8.5	11.5		8.2		10.6
Consumer Durables	17.0	17.9	10.6	16.1	15.7	16.8	54.1	10.1	12.1	8.6	8.6
Consumer Services	17.0	17.1	15.2	17.4	17.4	15.4	16.8	17.2	14.3	20.3	
Media	14.5	14.2	21.1	14.6	12.6	12.3	18.0	16.7	22.1	19.8	21.6
Retailing	16.9	16.9	16.8	17.3	19.7	11.5	14.9	15.0	14.8	22.7	15.9
Food & Staples Retailing	13.8	13.0	23.4	13.4	11.7	10.0	12.7	15.5	21.7	24.0	24.2
Food Bev & Tobacco	15.8	15.4	20.4	15.2	16.1	14.8	15.1	14.5	19.0	22.6	16.0
Household Products	17.0	16.5	24.9	16.3	17.5	15.4	19.0		25.3	23.8	
Health Care Equip & Svc	13.0	12.8	20.8	11.9	18.1	14.0	17.8	18.9	21.8	24.6	16.8
Pharma & Biotech	12.8	12.8	20.9	13.2	12.7	10.4	16.2	21.1	21.1		20.4
Banks	9.8	10.1	8.9	9.9	9.2	10.1	9.5	11.8	8.5	10.6	8.4
Div Financials	10.7	10.5	13.5	10.3	9.6	11.4	15.7	17.9	13.5	19.7	11.0
Insurance	10.4	10.1	14.0	10.1	8.5	10.2	19.0	13.5	14.5	11.2	12.7
Real Estate	20.2	21.8	11.3	32.6	16.1	19.8	23.5	14.5	10.2	21.4	12.6
Software & Services	14.0	13.8	16.4	13.7	16.3	13.2	14.9	15.8	16.6	15.7	10.0
Tech Hardware & Equip	11.1	11.0	12.1	10.2	21.5		13.9		12.1		
Semi & Semi Equip	12.0	15.2	9.7	13.7	20.9	43.1	43.5	20.1	9.7		
Telecom	12.2	12.0	12.5	17.5	9.3	9.7	8.9	14.3	13.7	11.0	11.7
Utilities	14.3	14.6	12.5	14.4	9.9	12.8	-22.5	16.0	13.3	13.0	10.1

Source: Citi Research, MSCI, Worldscope, Factset Consensus Estimates

Figure 25. Current prices and ratings for stocks mentioned in this report * Prices as of 10 Jan 2013

RIC	Stock Name	Price*	Rating	Currency	RIC	Stock Name	Price*	Rating	Currency
MMM.N	3M Company	96.89	2	USD	9433.T	KDDI	6100	1	JPY
ABBN.VX	ABB	19.62	1	CHF	6861.T	Keyence	24420	2	JPY
ABT.N	Abbott Laboratories	33.85	3	USD	000270.KS	Kia Motors	53700	1	KRW
ABI.BR	AB-InBev	65.55	1	EUR	KMB.N	Kimberly-Clark	84.93	2	USD
ACN.N	Accenture Ltd	69.17	1	USD	KGF.L	Kingfisher PLC	2.827	1	GBP
ACE.N	ACE Ltd	82.04		USD	9041.T	Kintetsu Corp	368		JPY
ADEN.VX	Adecco	50	3	CHF	KLAC.O	KLA Tencor Corp	48.59	1	USD
ADSGn.DE	adidas Group	67.23	1	EUR	6301.T	Komatsu	2330	2	JPY
ADBE.O	Adobe Systems Inc.	38.62	1	USD	KRFT.O	Kraft Foods Group Inc	46.01	2	USD
ADT.N	ADT Corporation	46.5	1	USD	KR.N	Kroger Co	25.55	1	USD
8267.T	Aeon	1003		JPY	6971.T	Kyocera	7960	2	JPY
AET.N	Aetna	45.76	1	USD	AIRP.PA	L'Air Liquide SA	92.68	2	EUR
AFL.N	AFLAC, Inc.	53.37	1	USD	LVS.N	Las Vegas Sands	52.44	1	USD
AGGK.L	Aggreko PLC	17.48	1	GBP	066570.KS	LG Electronics	75100	2	KRW
AGU.N	Agrium Inc	105.25	1	USD	051900.KS	LG Household & Health Care	650000		KRW
AHLN.AS	Ahold	10.5	1	EUR	0494.HK	Li&Fung	13.88	2	HKD
1299.HK	AIA Group	29.95	1	HKD	LMCA.O	Liberty Media	122.62	1	USD
ALVG.DE	Allianz SE	105.25	1	EUR	LTD.N	Limited Brands Inc.	44.3	1	USD
ALL.N	Allstate Corp	42.58		USD	LING.DE	Linde AG	129.55	1	EUR
ALTR.O	Altera Corp	34.93	2	USD	LLTC.O	Linear Technology	36.17	3	USD
MO.N	Altria Group Inc	32.7	1	USD	LMT.N	Lockheed Martin Corp.	94.11	1	USD
AMZN.O	Amazon.com	265.34	1	USD	OREP.PA	L'Oréal	104.5	2	EUR
ABV.N	AmBev	42.97	1	USD	LOW.N	Lowe's Cos Inc	35.55	2	USD
AMX.N	América Móvil	24.6	2	USD	LKOH.MM	Lukoil	2007.1	1	RUB
AEP.N	American Electric Power Co Inc	43.55	2	USD	LULU.O	lululemon athletica inc.	70.58		USD
AXP.N	American Express Co.	60.79	1	USD	LUX.MI	Luxottica Group SpA	32.44	1	EUR
AMT.N	American Tower Corp	78.67	2	USD	LVMH.PA	LVMH	137.4	1	EUR
AMGN.O	Amgen Inc	87.81	1	USD	MQG.AX	Macquarie Group Limited	35.95	2	AUD
AMP.AX	AMP Ltd	5.05	2	AUD	M.N	Macys Inc	37.25	2	USD
APC.N	Anadarko Petroleum Corp	77.66	1	USD	MGA.N	Magna International Inc	51.85	3H	USD
ADI.O	Analog Devices	42.61	2	USD	MGNTq.L	Magnit	41.17	1	USD
AAL.L	Anglo American PLC	20.435	2	GBP	MFC.TO	Manulife Financial Corp	14.09		CAD
ANGJ.J	AngloGold Ashanti Ltd	253.2	2	ZAR	MAR.N	Marriott International	39.02	1	USD
NLY.N	Annaly Capital Management	14.73	2	USD	MA.N	MasterCard Inc.	527.65	1	USD
MAERSKb.CO	AP Moller Maersk A/S	46120	2	DKK	MAT.O	Mattel Inc	37	1	USD
AAPL.O	Apple, Inc.	523.51	2	USD	MXIM.O	Maxim Integrated	29.64	1	USD
AMAT.O	Applied Materials Inc	11.64	2	USD	MCD.N	McDonald's Corp	91.4	2	USD
ARM.L	ARM Holdings PLC	8.6575	1	GBP	MCK.N	McKesson Corp	101.66	1	USD
ASML.AS	ASML Holding NV	49.425	2	EUR	MDT.N	Medtronic Inc	43.85	1	USD
GASI.MI	Assicurazioni Generali SpA	14.5	3	EUR	MRK.N	Merck & Co	42.78	2	USD
ASII.JK	Astra International	7300	1	IDR	MET.N	MetLife Inc.	36.59	2	USD
AZN.L	AstraZeneca PLC	30.07	2	GBP	MICP.PA	Michelin	70.06	1	EUR
T.N	AT&T Inc	34.37	1	USD	MSFT.O	Microsoft Corp.	26.46	1	USD
AZJ.AX	Aurizon Holdings Limited	3.84		AUD	8058.T	Mitsubishi	1761		JPY
ANZ.AX	Australia and New Zealand Banking Group Ltd	25.25	1	AUD	8802.T	Mitsubishi Estate	2104	1	JPY
ADP.O	Automatic Data Processing Inc	59.32	2	USD	8306.T	Mitsubishi UFJ Financial Group	479	1	JPY
AZO.N	AutoZone Inc.	346.5	1	USD	8031.T	Mitsui	1366		JPY
AVGO.O	Avago Technologies	33.52	1	USD	8801.T	Mitsui Fudosan	2067	1	JPY
AVB.N	AvalonBay Communities, Inc	137.09	3	USD	8411.T	Mizuho Financial Group	169	1	JPY
AVP.N	Avon Products Inc	15.51	1	USD	MBT.N	Mobile Telesystems OJSC	18.88	1	USD
AXAF.PA	AXA SA	13.62	2H	EUR	MDLZ.O	Mondelez International Inc	27.31	1	USD
BAB.L	Babcock	9.98	1	GBP	MON.N	Monsanto Co	99.47	1	USD
BBVA.MC	Banco Bilbao Vizcaya Argentaria SA	7.677	2H	EUR	MS.N	Morgan Stanley	20.34	2	USD
SAN.MC	Banco Santander	6.541	2H	EUR	MRW.L	Morrison (Wm)	2.52345	2	GBP
BAC.N	Bank of America Corp	11.78	2	USD	MSI.N	Motorola Solutions Inc	56.78	2	USD
3988.HK	Bank of China	3.65	1	HKD	MTNJ.J	MTN Group Limited	176.51	1	ZAR
BK.N	Bank of New York Mellon Corp	26.83	2	USD	MUVGn.DE	Munich Re	135.55	2	EUR
GFNORTEO.MX	Banorte	86.33	1	MXN	6981.OS	Murata	5280	2	JPY
BARC.L	Barclays PLC	2.997	1	GBP	NPNJn.J	Naspers Limited	536.5	1	ZAR
ABX.N	Barrick Gold	34.5	1	USD	NAB.AX	National Australia Bank Ltd	25.57	2	AUD
BASFn.DE	BASF SE	70.7	2	EUR	NG.L	National Grid PLC	6.80375	2	GBP
BAX.N	Baxter International Inc	68.43	2	USD	NESN.VX	Nestle	61.25	2	CHF
BAYGn.DE	Bayer AG	71.82	1	EUR	NTAP.O	NetApp Inc	32.42	2	USD

BDX.N	Becton, Dickinson and Company	81.68	2	USD	NCM.AX	Newcrest Mining Ltd	21.75	2	AUD
BBBY.O	Bed Bath & Beyond Inc	56.7	2	USD	NWL.N	Newell Rubbermaid Inc	21.95	1	USD
BEIG.DE	Beiersdorf	61.1	2	EUR					
1880.HK	Belle	16.92	1	HKD	NEE.N	NextEra Energy Inc	71.49	2	USD
BRKa.N	Berkshire Hathaway Inc	141768		USD	NKE.N	Nike Inc	52.55	2	USD
BG.L	BG Group	10.46438	1	GBP	7731.T	Nikon	2721	2	JPY
BHP.AX	BHP Billiton Ltd	36.68	1	AUD	9432.T	Nippon Telegraph and Telephone	3725	1	JPY
BLT.L	BHP Billiton PLC	20.755	1	GBP	7201.T	Nissan Motor	873	1	JPY
BIIB.O	Biogen Idec Inc	143.91	2	USD	NBL.N	Noble Energy Inc	104.59	1	USD
BLK.N	BlackRock Inc	218.75	1	USD	NOK1V.HE	Nokia Oyj	3.324	2H	EUR
BVMF3.SA	BM&F Bovespa SA Bolsa de Valores	13.94		BRL	8604.T	Nomura Holdings	490	1	JPY
BMWG.DE	BMW AG	71.9	2	EUR	NSC.N	Norfolk Southern Corp.	64.67	2	USD
BNPP.PA	BNP Paribas SA	45.3	1	EUR	NOVN.VX	Novartis AG	59.8	2	CHF
BA.N	Boeing Co.	77.09	1	USD	NVTKq.L	Novatek OAO	118.8	1	USD
BXP.N	Boston Properties Inc	107.4	1	USD	NOVOB.CO	Novo Nordisk A/S	958.5	1	DKK
BP.L	BP	4.65506	2	GBP	9437.T	NTT DoCoMo	128500	2	JPY
BBDC4.SA	Bradesco	37.24	1	BRL	OXY.N	Occidental Petroleum Corp	83.01	2	USD
BXB.AX	Brambles Limited	7.8		AUD	9007.T	Odakyu Electric Railway	910	2	JPY
BRFS.N	Brasil Foods	22.09	1	USD	OMC.N	Omnicom	52.05	1	USD
5108.T	Bridgestone	2398	2	JPY	ORCL.O	Oracle Corporation	34.91	1	USD
BMV.N	Bristol Myers Squibb	34.09	2	USD	ORLY.O	O'Reilly Automotive Inc	87.74	2	USD
BATS.L	British American Tobacco PLC	31.65	1	GBP	ORG.AX	Origin Energy Ltd	11.81	1	AUD
BSY.L	British Sky Broadcasting Group PLC	7.755	1	GBP	6752.T	Panasonic	551	1	JPY
BRCM.O	Broadcom Corporation	34.83	1	USD	PSON.L	Pearson PLC	11.99	2	GBP
BAMa.TO	Brookfield Asset Management Inc	37.21		CAD	PEP.N	PepsiCo	70.81	2	USD
BT.L	BT Group PLC	2.45015	2	GBP	PERP.PA	Pernod-Ricard	87.38	1	EUR
BRBY.L	Burberry Group PLC	13.18	2	GBP	PBR.N	Petrobras	20.01	1	USD
BVI.PA	Bureau Veritas	84.98	2	EUR	0857.HK	PetroChina	10.88	2	HKD
CHRW.O	C.H. Robinson Worldwide Inc.	64.38	2	USD	PFE.N	Pfizer	26.76	1	USD
CNI.N	Canadian National Railway Company	93.5	2	USD	PCG.N	PG&E Corp	40.87	1	USD
CP.N	Canadian Pacific Railway Limited	110.71	1	USD	PM.N	Philip Morris International	87.29	2	USD
7751.T	Canon	3370	1	JPY	PHG.AS	Philips	20.945	3	EUR
CPI.L	Capita Group PLC	7.75	1	GBP	2318.HK	Ping An Insurance	66.95	1	HKD
COF.N	Capital One Financial Corp.	62.87	1	USD	PKO.WA	PKO BP	35.92	2	PLN
CAH.N	Cardinal Health Inc	42.99	1	USD	PSHG_p.DE	Porsche Automobil Holding SE	62.29	3H	EUR
CCL.N	Carnival Corp.	37.14	1	USD	005490.KS	POSCO	359500	1	KRW
CCL.L	Carnival PLC	24.18		GBP	POT.N	Potash Corp of Saskatchewan	42.78	2	USD
CARR.PA	Carrefour	19.12		EUR	PPL.N	PPL Corp	29	2	USD
CAT.N	Caterpillar Inc.	95.08	2	USD	PRT.PA	PPR	146.9	1	EUR
CBS.N	CBS Corp	38.54	2	USD	PX.N	Praxair Inc	114.18	1	USD
CCRO3.SA	CCR	19.65	2	BRL	PCP.N	Precision Castparts Corp.	190.01	1	USD
CELG.O	Celgene Corp	95.48	1	USD	PCLN.O	Priceline.Com Inc	653.62		USD
9022.T	Central Japan Railway	7260	2	JPY	PG.N	Procter & Gamble Co	69.27	1	USD
CNA.L	Centrica PLC	3.346	1	GBP	PLD.N	Prologis Inc	38.04	2	USD
CTL.N	CenturyLink	40.18	1H	USD	PRU.N	Prudential Financial Inc.	57.9	1	USD
CERN.O	Cerner Corporation	82.21	1	USD	PRU.L	Prudential Plc	9.23125	1	GBP
CHK.N	Chesapeake Energy Corp	16.73	2H	USD	PEG.N	Public Service Enterprise Gr	30.14	2	USD
0001.HK	Cheung Kong	125.9	1	HKD	PSA.N	Public Storage Inc	146.28	2	USD
CVX.N	Chevron	110.47	1	USD	QBE.AX	QBE Insurance Group Ltd	11.81	2	AUD
0939.HK	China Construction Bank	6.46	1	HKD	QCOM.O	Qualcomm Inc	64.78	1	USD
2628.HK	China Life Insurance	26	2	HKD	RL.N	Ralph Lauren Corporation	167.48	1	USD
0941.HK	China Mobile	89.85	1	HKD	RB.L	Reckitt Benckiser	39.73	1	GBP
CMG.N	Chipotle Mexican Grill, Inc.	298.41	1	USD	REL.L	Reed Elsevier PLC	6.6	1	GBP
DIOR.PA	Christian Dior SA	129.9		EUR	RSG.N	Republic Services Inc	30.19		USD
CB.N	Chubb Corp	77.58		USD	CFR.VX	Richemont	76.3	1	CHF
CHD.N	Church & Dwight Co Inc	55.75	2	USD	RIO.AX	Rio Tinto Ltd	65.8	1	AUD
CI.N	CIGNA	55.62	1	USD	RIO.L	Rio Tinto PLC	34.665	2	GBP
CSCO.O	Cisco Systems Inc.	20.44	1	USD	ROG.VX	Roche Holding AG	194.2	2	CHF
CTXS.O	Citrix Systems, Inc.	70.48	1	USD	RCLb.TO	Rogers Communications Inc	44.79		CAD
CME.O	CME Group Inc	53.32	1	USD	RR.L	Rolls Royce	8.88913	1	GBP
COH.N	Coach Inc.	57.49	2	USD	ROSN.MM	Rosneft	265.77	1	RUB
CTSH.O	Cognizant	75.05	1	USD	ROST.O	Ross Stores Inc.	57.3	2	USD
CL.N	Colgate-Palmolive Co	107.39	2	USD	RY.TO	Royal Bank of Canada	60.88	1	CAD
CMCSA.O	Comcast Corp	38.5	1	USD	RDSa.L	Royal Dutch Shell	21.565	2	GBP
CBA.AX	Commonwealth Bank of Australia	61.38	1	AUD	RDSb.L	Royal Dutch Shell(CL B)	22.162168	2	GBP

CPG.L	Compass Group	7.475	1	GBP	RWEG.DE	RWE AG	30.255	3	EUR
COP.N	ConocoPhillips	58.5	1	USD	SAB.L	SABMiller	29.225	1	GBP
ED.N	Consolidated Edison Inc	56.09	2	USD	SBRY.L	Sainsbury	3.24755	2	GBP
CONG.DE	Continental AG	85.46	1	EUR	CRM.N	salesforce.com, inc.	173.12	1	USD
GLW.N	Corning Incorporated	12.64	2	USD	005930.KS	Samsung Electronics	1533000	1	KRW
COST.O	Costco Wholesale Corp	100.74	2	USD	1928.HK	Sands China	36.8	1	HKD
COV.N	Covidien Ltd	60.16	1	USD	SLMJ.J	Sanlam Ltd	46.7		ZAR
BAP.N	Credicorp	155.44	1	USD	SASY.PA	Sanofi SA	73.72	1	EUR
CSGN.VX	Credit Suisse	24.91	1	CHF	STO.AX	Santos Ltd	11.5	1	AUD
CCI.N	Crown Castle International Corp	73.18	2	USD	SAPG.DE	SAP AG	61.56	1	EUR
CSL.AX	CSL Ltd	51.95	3	AUD	SOLJ.J	Sasol Ltd	369.83	1	ZAR
CSX.N	CSX Corp.	20.54	1	USD	SBER.MM	Sberbank RF	99.35	1	RUB
CVS.N	CVS Caremark Corp	51.23	1	USD	SLB.N	Schlumberger Ltd	73.25	1	USD
DAIGn.DE	Daimler AG	42.985	1	EUR	SCHN.PA	Schneider Electric	55.29	3	EUR
DHR.N	Danaher Corporation	59.99	1	USD	BNS.TO	Scotiabank	57.56	2	CAD
DANO.PA	Danone	49.62	1	EUR	STX.O	Seagate Technology	33.68	3	USD
DE.N	Deere & Company	89.91	1	USD	9735.T	Secom	4490	1	JPY
DELL.O	Dell Inc	11.04	3	USD	SRE.N	Sempra Energy	71.86	1	USD
DLPH.N	Delphi Automotive PLC	38.81	1	USD	3382.T	Seven & i Holdings	2614		JPY
6902.T	Denso	3180	1	JPY	SGSN.VX	SGS	2078	2	CHF
DBKGn.DE	Deutsche Bank	37.415	2	EUR	4063.T	Shin-Etsu Chemical	5450	1	JPY
DPWGn.DE	Deutsche Post	16.845	1	EUR	4911.T	Shiseido	1273	3	JPY
DTEGn.DE	Deutsche Telekom AG	9.165	2	EUR	0016.HK	SHK Props	123.2	1	HKD
DTV.O	DIRECTV Group Inc	52.44	1	USD	SC.TO	Shoppers Drug Mart Corp	42.66		CAD
DFS.N	Discover Financial Services	40.48	2	USD	SHPJ.J	Shoprite Holdings	199.99	1	ZAR
DG.N	Dollar General Corp.	43.38	1	USD	SIEGn.DE	Siemens	83.52	1	EUR
D.N	Dominion Resources Inc	52.22	2	USD	SPG.N	Simon Property Group Inc	159.9	1	USD
DOW.N	Dow Chemical Co	33.84	1	USD	STEL.SI	SingTel	3.39	2	SGD
DUK.N	Duke Energy Corp	65.37	1	USD	SIRI.O	SIRIUS XM Radio Inc.	3.13	1	USD
DTEX3.SA	Duratex	14.38	1	BRL	000660.KS	SK Hynix	27100	1	KRW
DD.N	E I du Pont de Nemours and Co	46.2	2	USD	EXHO.PA	Sodexo	63.8	1	EUR
EONGn.DE	E.ON AG	14.27	3	EUR	6758.T	Sony	983	2	JPY
9020.T	East Japan Railway	5790	1	JPY	SO.N	Southern Company Inc	43.22	1	USD
EBAY.O	eBay Inc	53	2	USD	SSE.L	SSE PLC	14.45	3	GBP
EC.N	Ecopetrol	61.97	3	USD	STJ.N	St Jude Medical Inc	38.16	3	USD
EDEN.PA	Edenred	23	1	EUR	SBKJ.J	Standard Bank Group	117.03	2	ZAR
LLY.N	Eli Lilly	53.25	1	USD	STAN.L	Standard Chartered PLC	16.775	1	GBP
EMC.N	EMC Corp	23.85	2	USD	SBUX.O	Starbucks Corp	54.54	1	USD
EMR.N	Emerson Electric Co.	55.14	1	USD	HOT.N	Starwood Hotels & Resorts	59.54	1	USD
ENB.TO	Enbridge Inc.	43.62	2	CAD	STT.N	State Street Corp	50.25	1	USD
ENEI.MI	ENEL SpA	3.222	1	EUR	STL.OL	Statoil	141.3	2	NOK
ENR.N	Energizer Holdings Inc	83.45	1	USD	SRCL.O	Stericycle Inc	95.24		USD
ENI.MI	Eni	19.34	1	EUR	SYK.N	Stryker Corp	58.84	2	USD
EOG.N	EOG Resources Inc	126.1	1	USD	8316.T	Sumitomo Mitsui Financial Gr	3330	1	JPY
EFX.N	Equifax Inc	56.11		USD	SU.N	Suncor Energy Inc	34.14		USD
EQR.N	Equity Residential	58.37	2	USD	SUN.AX	Suncorp Group Ltd	10.7	1	AUD
ERICb.ST	Ericsson LM	66.5	1	SEK	SCAb.ST	Svenska Cellulosa AB SCA	143.5		SEK
ESSI.PA	Essilor	75.69	1	EUR	UHR.VX	Swatch Group AG	488.8	2	CHF
EL.N	Estee Lauder Inc	63.8	2	USD	SRENH.VX	Swiss Re	69.1	1	CHF
EXC.N	Exelon Corp	29.26	2	USD	SYMC.O	Symantec Corp.	19.94	1	USD
EXPD.O	Expeditors International of Washington Inc	42.54		USD	SYNN.VX	Syngenta AG	380.9	1	CHF
EXP.N.L	Experian	10.22	1	GBP	SYN.N	Sysco Corp	30.95	2	USD
ESRX.O	Express Scripts Inc	55.84	1	USD	TROW.O	T Rowe Price Group Inc	68.21	2	USD
XOM.N	Exxon Mobil Corp	89.1	1	USD	4502.T	Takeda Pharmaceutical	4270	1	JPY
FB.O	Facebook Inc	31.3	1	USD	TGT.N	Target Corp	60.31	2	USD
FDO.N	Family Dollar Stores Inc	57.06	1	USD	TATN.MM	Tatneft	219.02	2	RUB
6954.T	Fanuc	15630	1	JPY	TEL.N	TE Connectivity Ltd.	37.2	1	USD
9983.T	Fast Retailing	23640		JPY	TEF.MC	Telefonica SA	10.905	2	EUR
FDX.N	FedEx Corp.	97.7	1	USD	TLS.AX	Telstra Corp Ltd	4.48	2	AUD
FMX.N	Femsa	105.37	2	USD	0700.HK	Tencent Holdings	255.2	1	HKD
FE.N	FirstEnergy Corp	40.12	2	USD	TSCO.L	Tesco	3.4965	3	GBP
FSRJ.J	FirstRand Limited	31.9	1	ZAR					
FTI.N	FMC Technologies	44.43	1	USD	TXN.O	Texas Instruments Inc	32.43	1	USD
F.N	Ford Motor Co	13.83	1H	USD	CLX.N	The Clorox Co	75.48	1	USD
FTE.PA	France Telecom	8.747	3	EUR	KO.N	The Coca-Cola Company	36.96	1	USD
BEN.N	Franklin Resources Inc	134.01	2	USD					

FCX.N	Freeport-McMoRan Copper & Gold Inc.	35.6	2	USD	THI.TO	Tim Hortons Inc	48.67		CAD
FMEG.DE	Fresenius Medical Care	49.22	2	EUR	TWC.N	Time Warner Cable Inc	97.95	1	USD
FREG.DE	Fresenius SE	84.09	1	EUR	TWX.N	Time Warner Inc	49.81	1	USD
GFS.L	G4S	2.64	1	GBP	TJX.N	TJX Companies	43.73	1	USD
0027.HK	Galaxy Entertainment	32.05	1	HKD	8766.T	Tokio Marine Holdings	2687	1	JPY
GARAN.IS	Garanti Bank	9.34	2	TRY	8035.T	Tokyo Electron	3965	2	JPY
GAZP.MM	Gazprom	148.42	1	RUB	TD.TO	Toronto Dominion	82.07	1	CAD
GSZ.PA	GDF Suez	15.4	1	EUR	6502.T	Toshiba	350	1	JPY
GE.N	General Electric Company	21.17	1	USD	TOTF.PA	Total	39.515	2	EUR
GIS.N	General Mills Inc	41.6	1	USD	7203.T	Toyota Motor	4260	2	JPY
GM.N	General Motors Company	30.44	1H	USD	TRP.TO	TransCanada Corp	48.54	2	CAD
GENT.KL	Genting	9.51	3	MYR	TCL.AX	Transurban	6.18	2	AUD
GENS.SI	Genting Singapore	1.46	2	SGD	TRV.N	Travelers Companies, Inc	74.45		USD
GILD.O	Gilead Sciences Inc	77.94	1	USD	2330.TW	TSMC	101	1	TWD
GSK.L	GlaxoSmithKline PLC	13.81	1	GBP	TYC.N	Tyco International Ltd.	30.39	2	USD
GG.N	Goldcorp Inc	37.28	2	USD	UBSN.VX	UBS	15.78	1	CHF
GS.N	Goldman Sachs Group, Inc.	137.37	1	USD	UNBP.PA	Unibail-Rodamco SE	175.7		EUR
GOOG.O	Google Inc	741.48	1	USD	8113.T	Unicharm Corp	4680		JPY
GMXICOB.MX	Grupo Mexico	47.88	2	MXN	UNc.AS	Unilever NV	28.75	2	EUR
TV.N	Grupo Televisa	27.74	1	USD	ULVR.L	Unilever PLC	23.75	2	GBP
HCP.N	HCP Inc	45.95	2	USD	UNP.N	Union Pacific Corp.	131.09	1	USD
HCN.N	Health Care REIT Inc	61.99		USD	UPS.N	United Parcel Service Inc.	78.2	1	USD
1044.HK	Hengan International	74.3	1	HKD	UTX.N	United Technologies Corp	84.97	2	USD
HNKG_p.DE	Henkel	59.57	2	EUR	UNH.N	UnitedHealth	53.11	1	USD
Hmb.ST	Hennes & Mauritz AB	219.6	2	SEK	URKAq.L	Uralkali OAO	38.11	1	USD
HPQ.N	Hewlett-Packard Co	16.28	3	USD	USB.N	US Bancorp	33.64	2	USD
HLL.BO	Hindustan Unilever	498.5	3	INR	VALE.N	Vale	20.71	1	USD
6501.T	Hitachi	539	1	JPY	VALEp.N	Vale (pn)	19.94	1	USD
HD.N	Home Depot Inc	63.62	1	USD	VTR.N	Ventas Inc	65.16	1	USD
2317.TW	Hon Hai Precision	88.6	1	TWD	VRSK.OQ	Verisk Analytics Inc	53.87		USD
7267.T	Honda Motor	3380	1	JPY	VZ.N	Verizon Communications Inc	43.59	2	USD
HON.N	Honeywell International Inc.	66.42	1	USD	VFC.N	VF Corp	150.92	1	USD
0388.HK	Hong Kong Exchanges & Clearing	144	1	HKD	VIAB.O	Viacom Inc	58.5	1	USD
HDFC.BO	Housing Development Finance Corp.	809.6	1	INR	V.N	Visa Inc.	160.51	2	USD
HSBA.L	HSBC Holdings PLC	6.7556	1	GBP	VIV.PA	Vivendi	16.725	2	EUR
HUM.N	Humana	69.24	1	USD	VOD.L	Vodafone Group PLC	1.65271	1	GBP
0013.HK	Hutchison Whampoa	84.2	2	HKD	VOWG.DE	Volkswagen AG	159.65	2	EUR
012330.KS	Hyundai Mobis	258000	1	KRW	VNO.N	Vornado Realty Trust	81.05	1	USD
005380.KS	Hyundai Motor	206000	1	KRW	WAG.N	Walgreen Co	38.57	3	USD
IBE.MC	Iberdrola	4.087	2	EUR	WMT.N	Wal-Mart Stores Inc	68.36	1	USD
IHS.N	IHS Inc	101.95		USD	WALMEXV.MX	Walmex	42.4	1	MXN
ITW.N	Illinois Tool Works Inc.	62.76	2	USD	DIS.N	Walt Disney Co	50.79	1	USD
IMPJ.J	Impala Platinum	172.2	2	ZAR	WM.N	Waste Management Inc	34.86		USD
IMT.L	Imperial Tobacco Group PLC	24.49	2	GBP	WLP.N	WellPoint	62.24	1	USD
ITX.MC	Inditex	105.85	1	EUR	WFC.N	Wells Fargo & Co	35.4	2	USD
1398.HK	Industrial & Commercial Bank of China	5.76	2	HKD	WES.AX	Wesfarmers Ltd	37.59	3	AUD
IFXGn.DE	Infineon Technologies	6.636	2	EUR	9021.T	West Japan Railway	3460	1	JPY
INFY.BO	Infosys Ltd	2712.6	1	INR	WDC.AX	Westfield Group	10.78	2	AUD
ING.AS	ING Groep NV	7.761	1	EUR	WBC.AX	Westpac Banking Corp	26.58	1	AUD
INTC.O	Intel Corp	21.8	2	USD	WY.N	Weyerhaeuser Co	30.54	1	USD
IHG.L	Intercontinental Hotels Group Plc	17.72	1	GBP	WHR.N	Whirlpool Corp	105.78		USD
IBM.N	International Business Machines Corp	192.88	1	USD	WTB.L	Whitbread PLC	24.52	2	GBP
ITRK.L	Intertek	31.09	1	GBP	WFM.O	Whole Foods Market Inc	88.44	2	USD
INTU.O	Intuit Inc.	62.41	1	USD	WPL.AX	Woodside Petroleum Ltd	34.67	1	AUD
ISRG.OQ	Intuitive Surgical Inc	508.87		USD	WOW.AX	Woolworths Ltd	30.19	2	AUD
ITUB4.SA	Itaú Unibanco	35	1	BRL	WPP.L	WPP PLC	9.335	2	GBP
ITSA4.SA	Itaúsa Investimentos Itaú SA	10.28		BRL	WYN.N	Wyndham Worldwide Corp	56.18		USD
2914.T	Japan Tobacco	2649	1	JPY	WYNN.O	Wynn Resorts	122.9	2	USD
JNJ.N	Johnson & Johnson Inc	72.19	1	USD	XLNX.O	Xilinx Inc	36	2	USD
JCI.N	Johnson Controls Inc	31.49	2	USD	YHOO.O	Yahoo! Inc	18.99	2	USD
JPM.N	JP Morgan Chase & Co	46.15	1	USD	YUM.N	YUM! Brands Inc.	66.25	2	USD
KSU.N	Kansas City Southern	85.4	1	USD	ZMH.N	Zimmer Holdings Inc	70.71	3	USD
4452.T	Kao	2370	1	JPY	ZURN.VX	Zurich Insurance Group	253.4	1	CHF

Source: Citi Research

How to read

This page does not necessarily represent the current view nor freshest market data.

Citi Ratings are driven by our regional and sectoral allocation model.

MSCI All Country World Region or Sector Index

USA

Underweight

Weight in MSCI AC World
Market Cap (US\$)

44.4%

10,715 Bn

Country Weight Breakdown

United States

100.0%

The US equity market has been buffeted primarily by news out of Europe and most recently from China on manufacturing trends, though the impact also has been seen in commodities and currencies, with feedback effects on specific stocks. The good news for investors is that sentiment is in "panic" territory on our proprietary metrics which provides high probabilities for equity market gains over the next 6 and 12 months. EPS revision momentum has tumbled with roughly 65% of all estimate changes to the downside, versus 60% to the upside seven weeks ago. In addition, valuation is signalling opportunity, with the (trailing) earnings yield gap at more than two standard deviations below its 40-year average – a condition that has generated one-year stock index appreciation in every one of the 59 weekly instances since 1970. Due to volatility, group trading trends are sometimes swinging wildly, but we continue to like the Div. Financials, Insurance, Food, Beverage & Tobacco, Semiconductor and Tech Hardware groups as well as Telecom Services, while avoiding, Materials, Capital Goods, Autos, Health Care, Media and Retailing. Catalysts for market strength could include funding to smooth over European sovereign credit woes at least for the near term, a bipartisan jobs program in the US, better earnings and the lack of an American recession. (Strategist: Tobias Levkovich)

Regional Strategists' index target
& sector recommendation

Strategist's Views

S&P 500 Target end 2011: 1325
S&P 500 Target end 2012: 1375
Level at end of 3Q11: 1131

Overweight

Neutral

Underweight

Consumer Staples
Financials
IT
Telecoms

Energy
Utilities

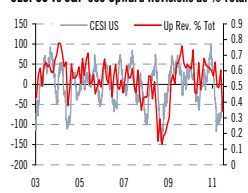
Materials
Industrials
Consumer Disc.
Health Care

LHS: Regional Strategists' Favourite
chart

Strategist's Favourite Chart

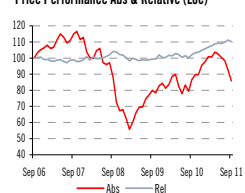
EPS revision momentum has
tumbled against recovering CESI

CESI US vs S&P 500 Upward Revisions as % Total



Source: CIRA, Bloomberg, Factset

Price Performance Abs & Relative (Loc)



Source: CIRA, MSCI, Factset

LHS: Factset Consensus 12m
forward PE (left axis) and relative to
world (right axis).

Valuation

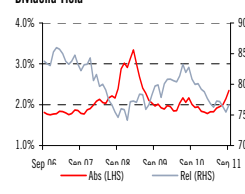
Premium valuations

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

RHS: Trailing dividend yield (left
axis) and relative to world (right
axis).

Key Metrics

Compiled based on constituents of the MSCI AC World Index. PE, EPS Growth, Forward DY are aggregated from FactSet consensus estimates (calendarized to December year end) with current prices. ROE is calculated using trailing book value and trailing earnings. Trailing DY is calculated using current price. The last full EV/Sales and EV/EBITDA are aggregated from Worldscope data (EV uses current market capitalisation, EBITDA and Sales use last reported year).

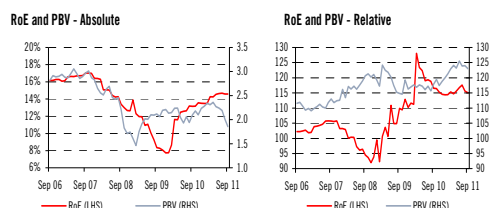
Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Region	11.7	10.3	9.3	15.7	13.5	10.7	8.4	1.8	2.3
MSCI AC World	10.8	9.6	8.7	13.9	12.8	10.5	7.7	1.5	3.2
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	-14.5	-14.7	-0.7	-14.5	-14.7	-0.7	14.6	1.9	2.3
MSCI AC World	-17.9	-18.3	-8.0	-15.3	-16.7	-8.0	12.7	1.5	3.1

Source: CIRIA, Worldscope, MSCI, Factset Consensus

PBV and RoE

25% P/BV premium

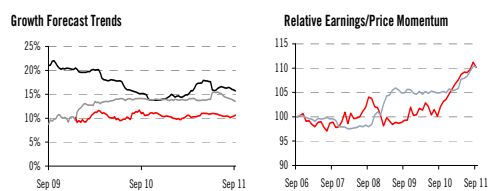


Source: CIRIA, MSCI, Factset

Source: CIRIA, MSCI, Factset

Earnings

Rel earnings momentum improving



Source: CIRIA, Factset Consensus

Source: CIRIA, MSCI, Factset

Largest Companies

Top 1 - 10					Top 11 - 20				
	Rtg	Wgt	MC	PE		Rtg	Wgt	MC	PE
ExxonMobil	1	3.3	358	8.2	Coca-Cola Co	1	1.3	139	16.1
Apple Inc	1	3.3	352	11.7	Google	2	1.2	130	12.7
IBM	1	2.0	212	12.1	Wells Fargo	2	1.1	121	7.5
Microsoft	1	1.8	189	8.5	JP Morgan Chase	1	1.1	120	5.8
Chevron	1	1.7	186	6.9	Oracle Corp	1	1.1	116	11.5
Procter & Gamble	1	1.6	176	14.6	Intel	1	1.1	113	8.8
Johnson & Johnson	1	1.6	175	12.2	Philip Morris	2	1.0	111	12.2
AT&T	1	1.6	169	11.4	Verizon Comms	2	1.0	104	14.7
General Electric	1	1.5	162	9.9	Merck	2	0.9	101	8.6
Pfizer Inc	2	1.3	140	7.8	Wal Mart	1	0.9	99	10.9

Source: CIRIA, MSCI, IBES

Source: CIRIA, MSCI, IBES

LHS: Trailing Return on Equity (left axis) and trailing PBV (right axis).

RHS: Relative trailing Return on Equity (left axis) and relative trailing PBV (right axis).

LHS: Revisions to calendarized year-on-year EPS growth. Based on Facset Estimates.

RHS: Relative 12 month forward earnings and relative price performance.

Key Companies

The top 20 companies by market cap.

Rtg - Citi investment rating: 1 is Buy, 2 is Hold, 3 is Sell. When no data shows, data is restricted or company is not covered by Citi.

Wgt - Company weighting in region/sector index shown in percent.

MC - Index market capitalization. Index market capitalizations represent the value of the company that is included in the index and are displayed in billions of US\$. The market capitalization are free-float foreign-investable adjusted.

PE - 12 month forward IBES consensus PE. When no data shows, data is restricted or company's not covered by IBES.

Cntry - Country code of inclusion in MSCI index.

Notes

Notes

Notes

Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of AvalonBay Communities Inc. Citigroup Global Markets, Inc. is advising Lehman Brothers Holdings Inc. in its announced sale of full ownership of Archstone Enterprise LP to Equity Residential and AvalonBay Communities, Inc.

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Bank of America Corp

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Celgene Corp

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Citigroup Global Markets Ltd is currently mandated as advisor to Cigna Corporation RC in relation to the announced 51% acquisition of Finans Emeklilik ve Hayat A.S. (a subsidiary of Finansbank AS-GDR, which is a subsidiary of National Bank of Greece).

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Delphi Automotive PLC

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Dow Chemical Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Directv

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Duke Energy Corp

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Estee Lauder Companies Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of EMC Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Emerson Electric Co

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of General Motors Co

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Home Depot Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Honeywell International Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Hewlett-Packard Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of HSBC Holdings PLC

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Humana Inc

A director of Citi serves on the board of IBM Corporation. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of International Business Machines Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Intel Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Intuit Inc

Citigroup Global Markets Inc. has been retained by Redecard S.A. ('Redecard'), for the purpose of compliance with Item 4.8 of the Novo Mercado listing rules, to render a fairness opinion to the board of directors of Redecard in connection with the announced public tender offer by Itaú Unibanco Holding S.A. ('Itaú') to acquire the outstanding ordinary shares of Redecard not held by Itaú or its affiliates (the Public Tender Offer) and subsequent cancellation of Redecard's listing as a publicly traded company on the Novo Mercado pursuant to applicable law and the Novo Mercado listing rules. Due to Citigroup

Global Market Inc.'s involvement in the Public Tender Offer, Citi Research restricted publication of new research reports, and suspended its rating and target price for Itau on February 29, 2012 (the 'Suspension Date'). Please note that Itau's price chart available on Citi Research's disclosure website does not reflect that Citi Research did not have a rating or target price between the Suspension date and when Citi Research resumed full coverage. Nothing herein is intended as, or constitutes, a recommendation to any shareholder or any other person as to how such shareholder or other person should vote or act with respect to any matter relating to the announced Public Tender Offer or any related transaction. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Itau Unibanco Holding SA

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Illinois Tool Works Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Johnson Controls Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Johnson & Johnson

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of JPMorgan Chase & Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of KLA-Tencor Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Kimberly-Clark Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Kroger Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Kraft Foods Group Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Kansas City Southern

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Eli Lilly and Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Lockheed Martin Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Lowe's Companies Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Limited Brands Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Las Vegas Sands Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Macy's Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Mattel Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of McDonald's Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of McKesson Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Mondelez International Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Medtronic Inc

Citigroup Global Markets, Inc. is acting as financial advisor to Ceradyne, Inc. in 3M's acquisition of Ceradyne, Inc. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of 3M Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Altria Group Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Monsanto Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Macquarie Group Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Merck & Co Inc

Morgan Stanley may be deemed to control Morgan Stanley Smith Barney LLC due to ownership, board membership, or other relationships. Morgan Stanley Smith Barney LLC may participate in, or otherwise have a financial interest in, the primary or secondary distribution of securities issued by Morgan Stanley or an affiliate of Morgan Stanley that is controlled by or under common control with Morgan Stanley Smith Barney LLC. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Morgan Stanley

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Microsoft Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Motorola Solutions Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Maxim Integrated Products Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of National Australia Bank Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Nike Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Annaly Capital Management Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Nokia Oyj

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Norfolk Southern Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of NetApp Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Oracle Corp

An employee of Citigroup Global Markets or its affiliates is a Chairman of the Audit Committee and a Board member of L'Oreal SA.

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Occidental Petroleum Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Petroleo Brasileiro Petrobras SA

Citigroup Global Markets, Inc. is a sales agent in PG&E Corporation's continuous offering program. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of PG&E Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Public Service Enterprise Group Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of PepsiCo Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Pfizer Inc

A director of Citi serves on the board of Procter & Gamble Company. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Procter & Gamble Co

DMBH is a market maker in the publicly traded equity securities of PKO BP. A member of the household of DMBH Analyst, holds a long position in the securities of PKO BP. DMBH rating distribution versus Investment Banking service provision in the past 12 months as at 31st December 2012 is as follows: Buy (1) representing 38% of the DMBH coverage 0% of which are IB clients, Hold (2) representing 38% of the DMBH coverage 0% of which are IB clients, Sell (3) representing 25% of the DMBH coverage 0% of which are IB clients.

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Prologis Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Philip Morris International Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of PPL Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Prudential PLC

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Public Storage

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Praxair Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Qualcomm Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Royal Dutch Shell PLC

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Rio Tinto PLC

The Chairman of Citi serves as a director of Roche Holding AG.

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Sanofi SA

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Starbucks Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Siemens AG

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Sirius XM Radio Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Schlumberger NV

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Southern Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Simon Property Group Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Sempra Energy

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Standard Chartered PLC

Citigroup is acting as joint bookrunner for Temasek's sale of its stake in Singapore Telecommunications Ltd.

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Statoil ASA

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of State Street Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Stryker Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Symantec Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of AT&T Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Toronto Dominion Bank

Citigroup Global Markets Inc. acted as a joint bookrunner in the announced notes offering for Target Corp. An employee of Citigroup Global Markets or its affiliates is a trustee of Target Corp. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Target Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Telstra Corp Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Total SA

An officer or director of Grupo Televisa, S.A. serves as a director on Citi's board. One or more directors of Grupo Televisa, S.A. are members of the board of directors of an affiliate of Citigroup Global Markets Inc.

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Time Warner Cable Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Time Warner Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Texas Instruments Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Tyco International Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of UnitedHealth Group Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Union Pacific Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of United Parcel Service Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of U.S. Bancorp

Due to Citi's involvement as an advisor to Goodrich Corp. on the announced pending sale to United Technologies Corp, CIRA suspended its rating and target price on United Technologies Corp. on September 21, 2011 (the 'Suspension Date'). Please note that the Company price chart that appears in this report and available on CIRA's disclosure website does not reflect that CIRA did not have a rating or target price between the Suspension Date and March 18, 2012 when CIRA resumed full coverage. Citigroup Global Markets Inc. is acting as a joint bookrunner on United Technologies Inc.'s announced offering of equity units as component of financing for the Goodrich acquisition. Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of United Technologies Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Visa Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Vale SA

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Viacom Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Vornado Realty Trust

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Vodafone Group PLC

Citigroup Global Markets Ltd is currently mandated as advisor to Volkswagen AG in relation to the announced acquisition of Porsche AG.

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Verizon Communications Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Walgreen Co

One or more directors of WAL-MART DE MEXICO, S.A.B DE C.V. is a member of the board of directors of an affiliate of Citigroup Global Markets Inc.

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Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Wells Fargo & Co

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of WellPoint Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Wal-Mart Stores Inc

An employee of Citi serves on the board of WPP Group PLC.

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Wynn Resorts Ltd

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Xilinx Inc

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Exxon Mobil Corp

Citigroup Global Markets Inc. owns a position of 1 million USD or more in the debt securities of Yahoo! Inc

Johann Steyn, Analyst, holds a long position in the securities of Anglo American PLC.

Graeme McDonald, Analyst, holds a long position in the securities of HSBC Holdings PLC.

Timm Schneider, Analyst, holds a long position in the securities of Dow Chemical Co, Altria Group Inc, General Electric Company.

Adrian Cattley, Strategist, holds a long position in the securities of Prudential Plc.

Henry Hall, Analyst, holds a long position in the securities of Barclays PLC, Vivendi, BHP Billiton Ltd, Credit Suisse, Bank of America Corp.

Craig Williams, Analyst, holds a long position in the securities of Australia and New Zealand Banking Group Ltd.

Kingsmill Bond, CFA, Strategist, holds a long position in the securities of Gazprom, Sberbank RF, Mobile Telesystems OJSC.

Tassin Meyer, Analyst, holds a long position in the securities of MTN Group Limited.

Leo Kulp, CFA, Analyst, holds a long position in the securities of Wal-Mart Stores Inc, The Coca-Cola Company, Morgan Stanley.

Robert S Morris, Analyst, holds a long position in the securities of Chesapeake Energy Corp, EOG Resources Inc.

Josh Levin, CFA, Analyst, holds a long position in the securities of Time Warner Inc, Time Warner Cable Inc.

Eddie Lau, Analyst, holds a long position in the securities of Intel Corp.

Neil A Doshi, Analyst, holds a long position in the securities of Google Inc.

Alexander Robarts, Analyst, holds a long position in the securities of Banco Santander.

Tony Brennan, Strategist, holds a long position in the securities of Deutsche Bank.

Richard Schellbach, Analyst, holds a long position in the securities of Telstra Corp Ltd.

Nigel Pittaway, Analyst, holds a long position in the securities of AMP Ltd.

A member of the household of Keith Horowitz, CFA, Analyst, holds a long position in the securities of Bank of New York Mellon Corp, JP Morgan Chase & Co.

A member of the household of Tobias M Levkovich, Strategist, holds a long position in the securities of CBS Corp, Walt Disney Co, Intel Corp, Motorola Solutions Inc, Microsoft Corp..

A member of the household of Andrzej Powierza, Analyst, holds a long position in the securities of PKO BP.

A member of the household of Ronald Paul Smith, Analyst, holds a long position in the securities of Siemens, Henkel, Bayer AG, Celgene Corp.

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of POSCO, China Construction Bank, Ping An Insurance, Anadarko Petroleum Corp, Bank of America Corp, Chipotle Mexican Grill, Inc., Dell Inc, Energizer Holdings Inc, Banorte, Goldman Sachs Group, Inc., Housing Development Finance Corp., Infineon Technologies, Symantec Corp., Grupo Televisa, Time Warner Cable Inc, Yahoo! Inc. This position reflects information available as of the prior business day.

Within the past 12 months, Citigroup Global Markets Inc. or its affiliates has acted as manager or co-manager of an offering of securities of Hutchison Whampoa, SHK Props, Galaxy Entertainment, Hyundai Motor, Samsung Electronics, Li&Fung, Tencent Holdings, PetroChina, China Construction Bank, AIA Group, Hon Hai Precision, China Life Insurance, Bank of China, Takeda Pharmaceutical, Sony, Nissan Motor, Toyota Motor, Honda Motor, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, Mizuho Financial Group, Mitsubishi Estate, Nippon Telegraph and Telephone, NTT DoCoMo, Anglo American PLC, ABB, Barrick Gold, adidas Group, ADT Corporation, American Electric Power Co Inc, Aetna, L'Air Liquide SA, Altera Corp, Allianz SE, Amgen Inc, American Tower Corp, América Móvil, AngloGold Ashanti Ltd, Australia and New Zealand Banking Group Ltd, Anadarko Petroleum Corp, Avago Technologies, American Express Co., Credicorp, Barclays PLC, Bradesco, Banco Bilbao Vizcaya Argentaria SA, Franklin Resources Inc, Bank of New York Mellon Corp, BlackRock Inc, BMW AG, Bristol Myers Squibb, BNP Paribas SA, Scotiabank, BP, Broadcom Corporation, BT Group PLC, Boston Properties Inc, Caterpillar Inc., Commonwealth Bank of Australia, CBS Corp, Crown Castle International Corp, Chesapeake Energy Corp, Colgate-Palmolive Co, The Clorox Co, Comcast Corp, CME Group Inc, Centrica PLC, Canadian National Railway Company, Capital One Financial Corp., ConocoPhillips, Covidien Ltd, Compass Group, Capita Group PLC, Credit Suisse, CSX Corp., Chevron, Dominion Resources Inc, Daimler AG, Danone, Deere & Company, Discover Financial Services, Dollar General Corp., Walt Disney Co, Deutsche Post, Deutsche Telekom AG, DIRECTV Group Inc, Duke Energy Corp, eBay Inc, Consolidated Edison Inc, Estee Lauder Inc, Enbridge Inc., ENEL SpA, Eni, EOG Resources Inc, Equity Residential, Express Scripts Inc, Essilor, Ford Motor Co, Facebook Inc, Freeport-McMoRan Copper & Gold Inc., FedEx Corp., Garanti Bank, Assicurazioni Generali SpA, General Electric Company, Corning Incorporated, General Motors Company, Goldman Sachs Group, Inc., GlaxoSmithKline PLC, GDF Suez, HCP Inc, Housing Development Finance Corp., Starwood Hotels & Resorts, Hewlett-Packard Co, HSBC Holdings PLC, Iberdrola, International Business Machines Corp, ING Groep NV, Illinois Tool Works Inc., JP Morgan Chase & Co, Kimberly-Clark, Kroger Co, Kraft Foods Group Inc, Linde AG, Limited Brands Inc., Luxottica Group SpA, LVMH, Macys Inc, Marriott International, McDonald's Corp, Mondelez International Inc, Medtronic Inc, Michelin, 3M Company, Altria Group Inc, Monsanto Co, Macquarie Group Limited, Merck & Co, Morgan Stanley, Motorola Solutions Inc, National Australia Bank Ltd, NextEra Energy Inc, Nestle, National Grid PLC, Nokia Oyj, Novartis AG, Norfolk Southern Corp., Newell Rubbermaid Inc, Omnicom, Oracle Corporation, Occidental Petroleum Corp, Petrobras, Precision Castparts Corp., PepsiCo, Procter & Gamble Co, Philips, Philip Morris International, PPL Corp, Prudential Plc, Porsche Automobil Holding SE, Pearson PLC, Praxair Inc, Rio Tinto PLC, Rosneft, RWE AG, Royal Bank of Canada, SABMiller, Banco Santander, Sberbank RF, Siemens, SIRIUS XM Radio Inc., Schlumberger Ltd, Southern Company Inc, Simon Property Group Inc, Semptra Energy, Swiss Re, SingTel, Santos Ltd, Suncorp Group Ltd, Symantec Corp., Syngenta AG, AT&T Inc, Telefonica SA, Target Corp, Telstra Corp Ltd, TransCanada Corp, Time Warner Cable Inc, Time Warner Inc, Texas Instruments Inc, Tyco International Ltd., UBS, UnitedHealth, Union Pacific Corp., United Parcel Service Inc., United Technologies Corporation, Vale, Viacom Inc, Vivendi, Vornado Realty Trust, Volkswagen AG, Ventas Inc, Verizon Communications Inc, Westpac Banking Corp, Westfield Group, Wells Fargo & Co, WellPoint, Woolworths Ltd, WPP PLC, Exxon Mobil Corp, Zurich Insurance Group.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Cheung Kong, Kia Motors, Hutchison Whampoa, SHK Props, Galaxy Entertainment, Hyundai Motor, POSCO, Samsung Electronics, Li&Fung, Tencent Holdings, PetroChina, China Construction Bank, China Mobile, AIA Group, Industrial & Commercial Bank of China, Sands China, Hon Hai Precision, Ping An Insurance, China Life Insurance, Japan Tobacco, Bank of China, Takeda Pharmaceutical, Shiseido, Bridgestone, Komatsu, Hitachi, Toshiba, Panasonic, Sony, Denso, Nissan Motor, Toyota Motor, Honda Motor, Nikon, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, Mizuho Financial Group, Nomura Holdings, Tokio Marine Holdings, Mitsubishi Estate, Nippon Telegraph and Telephone, NTT DoCoMo, Anglo American PLC, Apple, Inc., ABB, AB-InBev, Abbott Laboratories, AmBev, Barrick Gold, Adobe Systems Inc., Automatic Data Processing Inc, adidas Group, ADT Corporation, American Electric Power Co Inc, Aetna, AFLAC, Inc., L'Air Liquide SA, Altera Corp, Allianz SE, Applied Materials Inc, Amgen Inc, AMP Ltd, American Tower Corp, América Móvil, AngloGold Ashanti Ltd, Australia and New Zealand Banking Group Ltd, Anadarko Petroleum Corp, Astra International, Avago Technologies, Avon Products Inc, AXA SA, American Express Co., AutoZone Inc., Boeing Co., Bank of America Corp, Credicorp, Barclays PLC, BASF SE, Baxter International Inc, Bayer AG, Bradesco, Banco Bilbao Vizcaya Argentaria SA, Becton, Dickinson and Company, Franklin Resources Inc, BG Group, Bank of New York Mellon Corp, BlackRock Inc, BHP Billiton PLC, BMW AG, Bristol Myers Squibb, BNP Paribas SA, Scotiabank, BP, Broadcom Corporation, BT Group PLC, Boston Properties Inc, Caterpillar Inc., Commonwealth Bank of Australia, CBS Corp, Crown Castle International Corp, Celgene Corp, Chesapeake Energy Corp, CIGNA, Colgate-Palmolive Co, The Clorox Co, Comcast Corp, CME Group Inc, Centrica PLC, Canadian National Railway Company, Capital One Financial Corp., Continental AG, ConocoPhillips, Covidien Ltd, Canadian Pacific Railway Limited, Compass Group, Capita Group PLC, Cisco Systems Inc., Credit Suisse, CSL Ltd, CSX Corp., CenturyLink, Chevron, Dominion Resources Inc, Daimler AG, Danone, Deutsche Bank, E I du Pont de Nemours and Co, Deere & Company, Dell Inc, Discover Financial Services, Dollar General Corp., Danaher Corporation, Walt Disney Co, Delphi Automotive PLC, Dow Chemical Co, Deutsche Post, Deutsche Telekom AG, DIRECTV Group Inc, Duke Energy Corp, eBay Inc, Ecopetrol, Consolidated Edison Inc, Estee Lauder Inc, EMC Corp, Emerson Electric Co., Enbridge Inc., ENEL SpA, Eni, Energizer Holdings Inc, EOG Resources Inc, E.ON AG, Equity Residential, Ericsson LM, Express Scripts Inc, Essilor, Exelon Corp, Sodexo, Ford Motor Co, Facebook Inc, Freeport-McMoRan Copper & Gold Inc., FedEx Corp., FirstEnergy Corp, Fresenius SE, FirstRand Limited, France Telecom, Garanti Bank, Assicurazioni Generali SpA, Gazprom, General Electric Company, Genting Singapore, Genting, Banorte, General Mills Inc, Corning Incorporated, General Motors Company, Grupo Mexico, Google Inc, Goldman Sachs Group, Inc., GlaxoSmithKline PLC, GDF Suez, HCP Inc, Home Depot Inc, Hindustan Unilever, Henkel, Honeywell International Inc., Starwood Hotels & Resorts, Hewlett-Packard Co, HSBC Holdings PLC, Humana, Iberdrola, International Business Machines Corp, Intercontinental Hotels Group Plc, Imperial Tobacco Group

PLC, ING Groep NV, Intel Corp, Itaú Unibanco, Illinois Tool Works Inc., Johnson Controls Inc, Johnson & Johnson Inc, JP Morgan Chase & Co, Kimberly-Clark, The Coca-Cola Company, Kroger Co, Kansas City Southern, Linde AG, Lukoil, Eli Lilly, Liberty Media, Lockheed Martin Corp., Limited Brands Inc., Luxottica Group SpA, LVMH, Las Vegas Sands, Macys Inc, MasterCard Inc., AP Moller Maersk A/S, Marriott International, Mattel Inc, Mobile Telesystems OJSC, McDonald's Corp, Mondelez International Inc, Medtronic Inc, Magna International Inc, Michelin, 3M Company, Altria Group Inc, Monsanto Co, Macquarie Group Limited, Merck & Co, Morgan Stanley, Microsoft Corp., Motorola Solutions Inc, MTN Group Limited, Munich Re, National Australia Bank Ltd, Noble Energy Inc, NextEra Energy Inc, Nestle, National Grid PLC, Nike Inc, Nokia Oyj, Novartis AG, Naspers Limited, Norfolk Southern Corp., NetApp Inc, Novatek OAO, Newell Rubbermaid Inc, Omnicom, Oracle Corporation, Occidental Petroleum Corp, Petrobras, PG&E Corp, Precision Castparts Corp., Public Service Enterprise Group Inc, PepsiCo, Pernod-Ricard, Pfizer, Procter & Gamble Co, Philips, PKO BP, Prologis Inc, Philip Morris International, PPL Corp, Prudential Plc, Public Storage Inc, Pearson PLC, Praxair Inc, QBE Insurance Group Ltd, Qualcomm Inc, Royal Dutch Shell, Rio Tinto Ltd, Rio Tinto PLC, Roche Holding AG, Rosneft, Rolls Royce, RWE AG, Royal Bank of Canada, SABMiller, Banco Santander, SAP AG, Sanofi SA, Sberbank RF, Standard Bank Group, Siemens, SIRIUS XM Radio Inc., Schlumberger Ltd, Southern Company Inc, Simon Property Group Inc, Sempra Energy, Swiss Re, Standard Chartered PLC, SingTel, Statoil, Santos Ltd, State Street Corp, Suncorp Group Ltd, Stryker Corp, Symantec Corp., Syngenta AG, AT&T Inc, Toronto Dominion, Telefonica SA, TE Connectivity Ltd., Target Corp, Telstra Corp Ltd, Total, T Rowe Price Group Inc, TransCanada Corp, Tesco, Time Warner Cable Inc, Time Warner Inc, Texas Instruments Inc, Tyco International Ltd., UBS, Unilever PLC, Unilever NV, UnitedHealth, Union Pacific Corp., United Parcel Service Inc., US Bancorp, United Technologies Corporation, Visa Inc., Vale, VF Corp, Viacom Inc, Vivendi, Vornado Realty Trust, Vodafone Group PLC, Volkswagen AG, Ventas Inc, Verizon Communications Inc, Walmex, Westpac Banking Corp, Westfield Group, Wesfarmers Ltd, Wells Fargo & Co, WellPoint, Wal-Mart Stores Inc, Woolworths Ltd, Woodside Petroleum Ltd, WPP PLC, Weyerhaeuser Co, Exxon Mobil Corp, Yahoo! Inc, YUM! Brands Inc., Zimmer Holdings Inc, Zurich Insurance Group.

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Inc, Royal Dutch Shell, Rio Tinto Ltd, Rio Tinto PLC, Roche Holding AG, Rosneft, Rolls Royce, RWE AG, Royal Bank of Canada, SABMiller, Banco Santander, SAP AG, Sanofi SA, Sberbank RF, Standard Bank Group, Starbucks Corp, Siemens, SIRIUS XM Radio Inc., Schlumberger Ltd, Southern Company Inc, Simon Property Group Inc, Sempra Energy, Swiss Re, Standard Chartered PLC, SingTel, Statoil, Santos Ltd, State Street Corp, Suncorp Group Ltd, Syngenta AG, Toronto Dominion, Telefonica SA, Target Corp, Telstra Corp Ltd, Total, T Rowe Price Group Inc, TransCanada Corp, Tesco, Time Warner Cable Inc, Time Warner Inc, Texas Instruments Inc, Tyco International Ltd., UBS, Unilever PLC, Unilever NV, Union Pacific Corp., United Parcel Service Inc., US Bancorp, United Technologies Corporation, Visa Inc., Vale, VF Corp, Viacom Inc, Vivendi, Vornado Realty Trust, Vodafone Group PLC, Volkswagen AG, Wal-mex, Westpac Banking Corp, Westfield Group, Wesfarmers Ltd, Wells Fargo & Co, Wal-Mart Stores Inc, Woolworths 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Products Inc, AXA SA, AstraZeneca PLC, AutoZone Inc., Boeing Co., Bank of America Corp, Credicorp, Barclays PLC, BASF SE, British American Tobacco PLC, Baxter International Inc, Bayer AG, Bradesco, Banco Bilbao Vizcaya Argentaria SA, Becton, Dickinson and Company, Beiersdorf, Franklin Resources Inc, BG Group, BHP Billiton Ltd, Biogen Idec Inc, Bank of New York Mellon Corp, BlackRock Inc, BHP Billiton PLC, BMW AG, Bristol Myers Squibb, BNP Paribas SA, Scotiabank, BP, Burberry Group PLC, Broadcom Corporation, Brasil Foods, British Sky Broadcasting Group PLC, BT Group PLC, Bureau Veritas, Boston Properties Inc, Cardinal Health Inc, Caterpillar Inc., Commonwealth Bank of Australia, CBS Corp, Crown Castle International Corp, Carnival Corp., Celgene Corp, Richemont, Church & Dwight Co Inc, Chesapeake Energy Corp, Colgate-Palmolive Co, The Clorox Co, Comcast Corp, Centrica PLC, Canadian National Railway Company, Coach Inc., Continental AG, ConocoPhillips, Costco Wholesale Corp, Covidien Ltd, 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MasterCard Inc., AP Moller Maersk A/S, Marriott International, Mattel Inc, Mobile Telesystems OJSC, McDonald's Corp, Mondelez International Inc, Medtronic Inc, Magna International Inc, Michelin, 3M Company, Altria Group Inc, Macquarie Group Limited, Merck & Co, Morrison (Wm), Morgan Stanley, Microsoft Corp., MTN Group Limited, Munich Re, Maxim Integrated, National Australia Bank Ltd, Noble Energy Inc, Newcrest Mining Ltd, NextEra Energy Inc, Nestle, National Grid PLC, Nike Inc, Nokia Oyj, Novartis AG, Novo Nordisk A/S, Naspers Limited, Norfolk Southern Corp., NetApp Inc, Novatek OAO, Newell Rubbermaid Inc, Omnicom, L'Oréal, Origin Energy Ltd, Occidental Petroleum Corp, Petrobras, PG&E Corp, Precision Castparts Corp., Public Service Enterprise Group Inc, PepsiCo, Pernod-Ricard, Pfizer, Procter & Gamble Co, Philips, PKO BP, Prologis Inc, Philip Morris International, Potash Corp of Saskatchewan Inc, PPL Corp, PPR, Prudential Plc, Porsche Automobil Holding SE, Qualcomm Inc, Reckitt Benckiser, Royal Dutch Shell, Reed Elsevier PLC, Rio Tinto PLC, Rio Tinto PLC, Ralph Lauren Corporation, Roche Holding AG, Rosneft, Rolls Royce, RWE AG, Royal Bank of Canada, SABMiller, Banco Santander, SAP AG, Sanofi SA, Sberbank RF, Standard Bank Group, Sainsbury, Starbucks Corp, Schneider Electric, SGS, Shoprite Holdings, Siemens, SIRIUS XM Radio Inc., Schlumberger Ltd, Southern Company Inc, Sasol Ltd, Simon Property Group Inc, Sempra Energy, Swiss Re, SSE PLC, Standard Chartered PLC, SingTel, St Jude Medical Inc, Statoil, Santos Ltd, State Street Corp, Stryker Corp, Symantec Corp., Syngenta AG, AT&T Inc, Transurban, Toronto Dominion, Telefonica SA, TE Connectivity Ltd., Target Corp, TJX Companies, Telstra Corp Ltd, Total, T Rowe Price Group Inc, TransCanada Corp, Tesco, Grupo Televisa, Time Warner Cable Inc, Time Warner Inc, Texas Instruments Inc, Tyco International Ltd., UBS, Swatch Group AG, Unilever PLC, Unilever NV, Union Pacific Corp., United Parcel Service Inc., US Bancorp, United Technologies Corporation, Visa Inc., Vale, VF Corp, Viacom Inc, Vivendi, Vornado Realty Trust, Vodafone Group PLC, Volkswagen AG, Ventas Inc, Verizon Communications Inc, Walgreen Co, Walmex, Westpac Banking Corp, Westfield Group, Wesfarmers Ltd, Wells Fargo & Co, Wal-Mart Stores Inc, Woolworths Ltd, Woodside Petroleum Ltd, WPP PLC, Weyerhaeuser Co, Xilinx Inc, Exxon Mobil Corp, Yahoo! 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