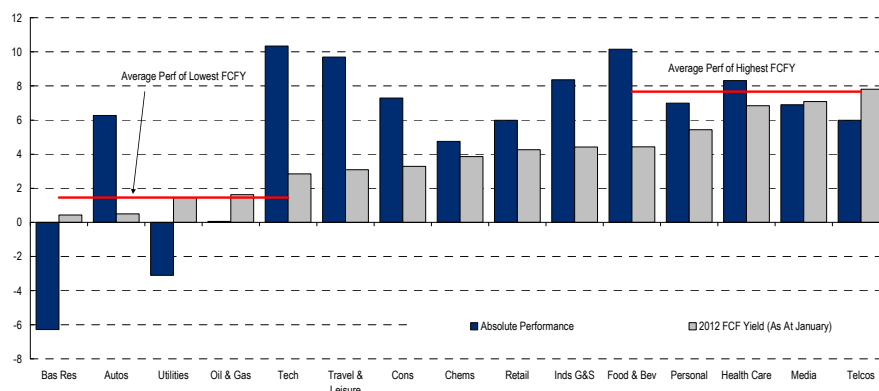


European Portfolio Strategist

The Value of Cash*

- **PE value investing YTD hasn't worked** — Despite equity markets rallying towards 2007 highs a classic value investing strategy of buying low PE stocks has lagged.
- **But FCF value investing has** — However, if we use high FCF yields instead this has worked. High yield sectors are outperforming, low FCF yields underperforming.
- **Over 15 years FCF investing has been successful** — Extending this analysis produces the same outcome. But it struggles when risk appetite is rising.
- **Rising risk appetite makes mean reversion more likely** — reducing macro risk and underperformance of classic value strategies makes mean reversion more likely.
- **Combine PE and FCF value for mean reversion** — We screen for companies that combine earnings value with positive earnings momentum and FCF yield.
- **Stock answers** — Siemens, Sanofi, Thales, Conti and Next are in the non-fins screen. Removing FCF and looking only at Financials, Barclays, BNP, CS and AXA feature.

Figure 1. Average Performance of Low FCF Yield vs High FCF Yield Sectors YTD



Source: Datastream & Citi Research

Equities

Adrian Cattley

+44-20-7986-4454

adrian.cattley@citi.com

Anna Esposito

+44-20-7986-4039

anna.z.esposito@citi.com

Jonathan Stubbs

+44-20-7986-4218

jonathan.stubbs@citi.com

Ayush Tambi

+91-22-4277-5153

ayush.tambi@citi.com

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*CORRECTION: Figure 9 in the original version of this note was based on two-year free cash flow yields, and has been replaced based on 2013E free cash flow yields.

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

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The Value of Cash

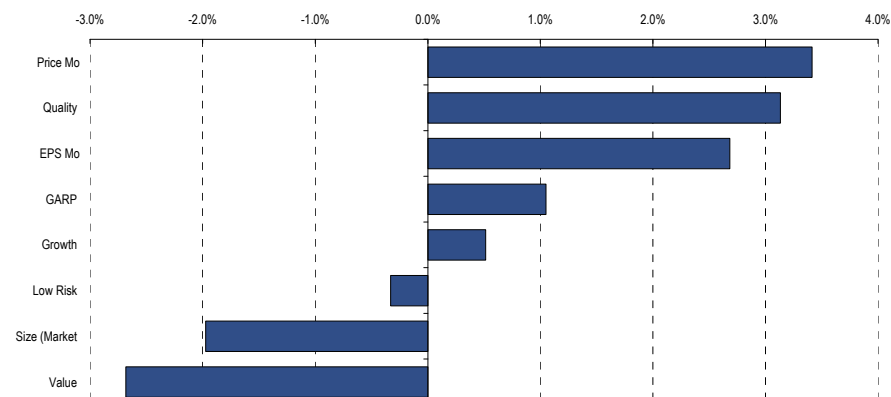
Market making new highs. Economic risks diminishing. Economic growth improving in the US. Yet classic value styles have continued to underperform. In this note we analyse what has supported the outperforming sectors and styles and does this look set to change? We then look at ways to get exposure to the potential mean reversion of classic value investing without giving up on the attributes that have been working, notably high FCF yields and positive earnings momentum trends.

Value hasn't worked

Whether we use from the start of 2010, the Draghi inspired rally from the middle of 2012 or YTD the market has not been led consistently by value. Much better performance has come from quality and growth. Themes such as defensive growth and world champions have been leading. This is despite ongoing market participant fears that these types of stocks are too expensive. Since mid 2009 hindsight investors would not have put value as the key driver of their investment strategy.

Mo and quality outperforming, value lagging

Figure 2. Long/Short Style Performance Summary, YTD

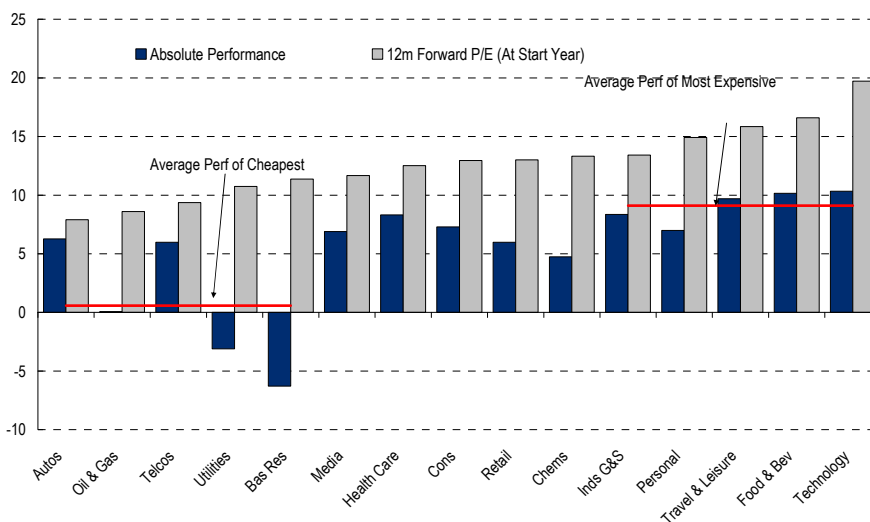


Source: Citi Research, IBES, Worldscope, Factset

Figure 2 illustrates style performance using data from Citi's quant team. Year to date price or earnings momentum have been leading the way with value and size lagging.

Low PE sectors underperforming, high PE outperforming

Figure 3. Average Performance of Low PE vs High PE Sectors YTD



Source: Datastream & Citi Research

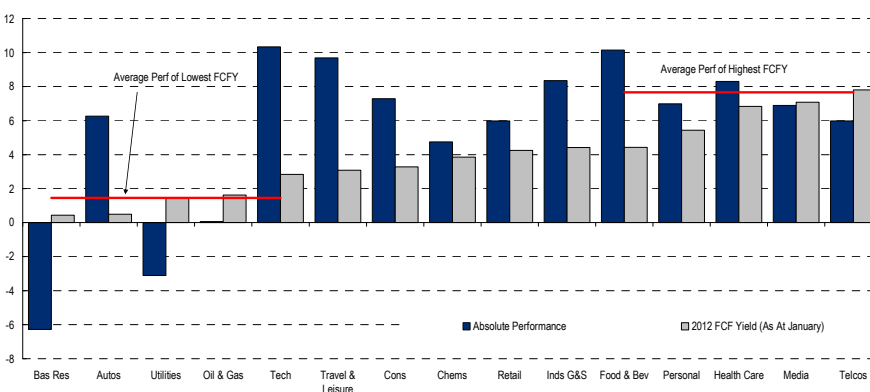
A different way of looking at this is shown in Figure 3 where we extend the analysis to sectors. The relationship is pretty clear and follows on from above. Low PE, underperformance, high PE, outperformance.

Cash flow value has

The question is therefore what has been a better predictor of performance? In the following analysis we use the FCF generated by each sector.

Value using FCF has outperformed

Figure 4. Average Performance of Low FCF Yield vs High FCF Yield Sectors YTD

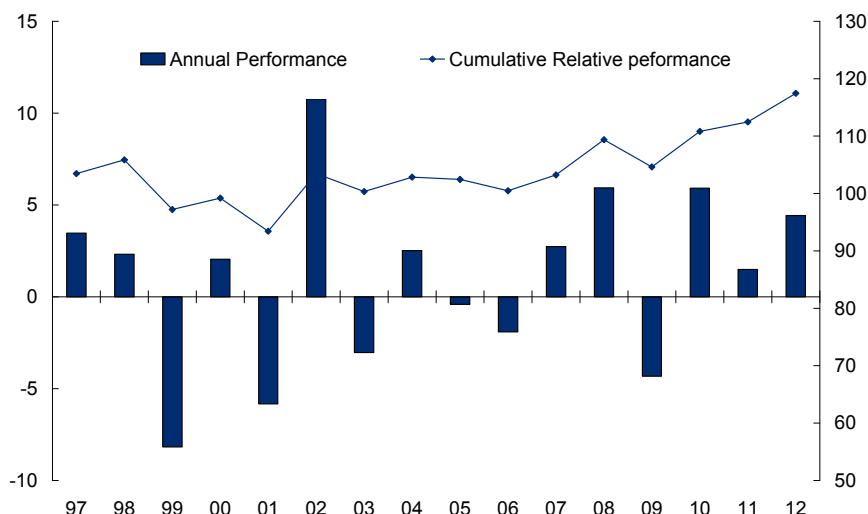


Source: Datastream & Citi Research

Figure 4 reproduces the sector performance chart but compares it to FCF yields rather than PEs. As can be seen the performance of a value strategy YTD based on cash flow has been much more successful than an earnings based one. The question this raises is how successful has a cash flow based value investing strategy been over the longer term rather than just YTD.

**Sectors with above average FCF yield
have outperformed over 15 years**

Figure 5. Buying Above Average and Selling Below Average FCF Sectors 1997-2012

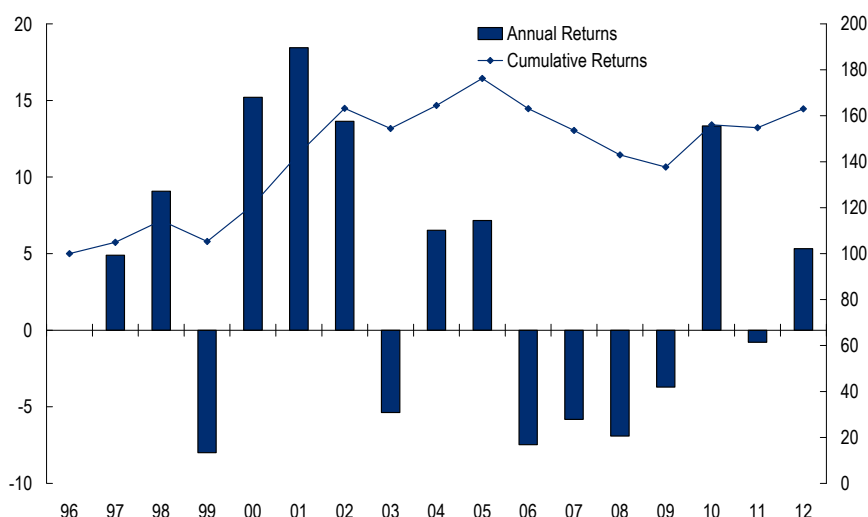


Source: Datastream & Citi Research

First we analyse a strategy of buying the higher than average FCF yields sectors and selling the below average sectors each year. We measure the average sector relative performance each year. This produced an outperforming strategy over the 15 year period, beating the index by 17%. It has been a more successful strategy over the last 6 years producing more consistent outperformance as the market has valued certainty more highly.

**Top 3 vs. Bottom 3 sectors by FCF
shows value tilt has worked**

Figure 6. Performance of Long/Short Top /Bottom FCF Yield Sectors 1996-2012



Source: Datastream & Citi Research

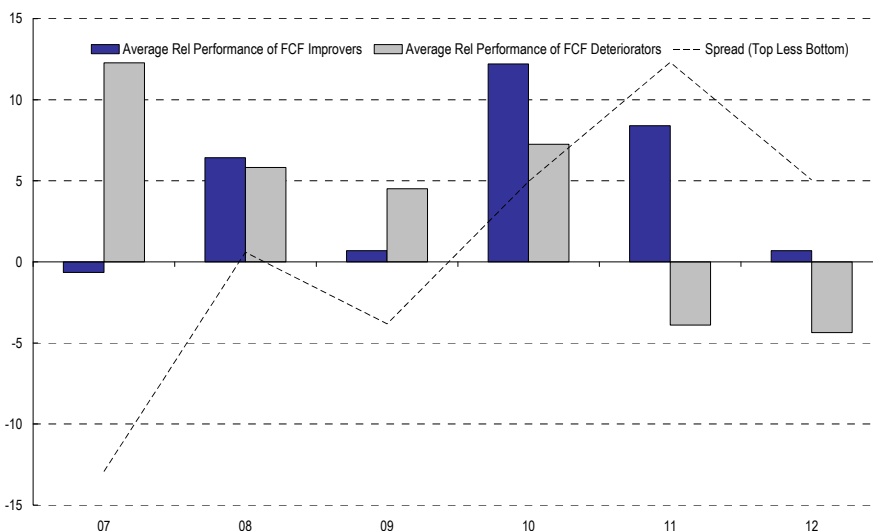
Figure 6 changes the analysis by selecting only the top 3 yielding sectors to buy and the lowest 3 yielding sectors to sell. We measure the average relative performance of each group. As this has fewer sectors in each long and short basket it is a more volatile performance. However, in aggregate this has been a more successful strategy outperforming by c.60% over the 15 years. However, the

negative performance for four consecutive years (2006-2009) both at the end of the last bull market and in the initial recovery phase show this is not a perfect strategy. It doesn't work well in periods of sharply rising risk appetite. Since 2010 it has worked well.

In the final analysis illustrated in Figure 7 we focus on the 2007-2012 period and this time buy those sectors that have improving FCF vs. selling those with deteriorating cash generation. This produces a similar pattern of performance to the two previous strategies. Companies that are getting better at generating cash tend to outperform.

Improvers vs. deteriorators completes the pattern of FCF outperforming

Figure 7. Improving vs Deteriorating FCF Sector relative Perf 2007-2012



Source: Datastream & Citi Research

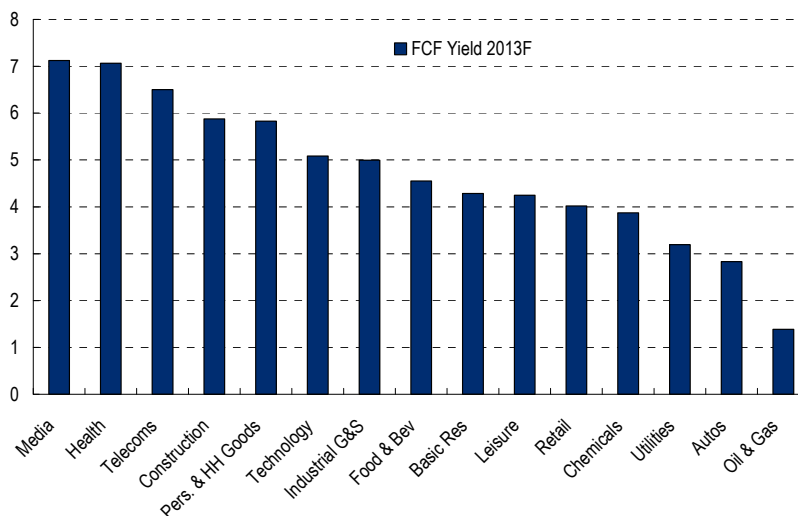
What the above analysis shows is that over the last 15 years it has paid to back a value investment strategy but one that is focused on cash generation rather than PE. While working over time it has tended to underperform during periods of materially rising risk appetite.

What next using cash?

The next step is of course what does cash flow suggest about returns from here and what does it imply for the value sectors?

Positive on Health Care, Media and Personal. Negative on Oils and Utilities

Figure 8. Sector FCF Yield 2013E



Source: Datastream & Citi Research

A value tilt today using FCF will have a similar sector bias to the start of the year with Media, Health and Telcos still offering top 5 yields. Personal & Household Goods is still in the Top 5 but Food & Bev has dropped out, replaced by Construction. So the cash flow based value investor can still own some of the best performing sectors of the year but will also be looking at Telcos and Construction.

At the other end, the low FCF yield sectors, Basic Resources has moved from the lowest yield to mid table as the companies have attenuated capex plans while the shares have also performed poorly. Oils, Utilities and Autos are still in the bottom 5 but joined by Chemicals following robust performance and Retail. The value investor should remain wary of the siren call of the low PE sectors in our view.

Value hunter

We believe that the analysis above shows that value has been working this year (and over the longer run) but value focused on cash. At the same time we know that earnings momentum strategies have also been working. There are two questions that follow on from this. Will cash flow value investing carry on working? What would make an earnings mo and cash flow strategy look like?

Cash tilt

In the low growth, low interest rate world that is the consequence of financial crisis investors want certainty. That is one of the attractions of [income](#) strategies. Businesses that have been consistent generators of cash offer this. The implication is that investors will care less about cash generation and more about optionality from events like M&A and balance sheet re-leveraging when there is greater certainty about economic growth and reduced downside risks. There is some progress towards this as the US economy moves towards 3% growth and the ECB's "do whatever it takes" is more trusted. This suggests that investors should be thinking more about earnings value/optionality now but not fully committing to it. In the shorter term that tilt is also re-enforced by the relative underperformance of value compared to growth and the risk of a shorter term mean reversion trade.

Earnings mo with cash generation

As we showed at the start of the note earnings mo has worked successfully YTD as has a cash flow bias. We also believe that investors need to be prepared for classic value to perform better. Below we try and combine these three requirements.

Figure 9. Positive Earnings Mo, Below Median PE and Above Median FCF Yield Screen

Stock	RIC	MktCap	FCF Yield 2012E	>4.9 FCF Yield 2013E	FCF Yield 2014E	<13.4 12m Fwd P/E	+ve -6m Rel Earn Mo
Mondi	MNDI.L	3711	9.02	5.24	10.98	12.6	22
Smith (Ds)	SMD.S.L	2391	8.54	9.60	11.59	11.4	20
Berkeley Group	BKGH.L	3025	-0.52	5.12	9.02	11.9	18
CGG Veritas	GEPH.PA	2903	2.95	7.10	12.94	9.7	17
Deutsche Telekom	DTEGn.DE	24957	15.73	8.64	11.96	11.9	12
Arkema	AKE.PA	4626	0.41	5.08	7.78	9.5	12
Repsol Ypf	REP.MC	13250	2.36	5.95	5.72	10.0	12
Reed Elsevier (Ams)	ELSN.AS	8753	9.29	10.53	11.61	12.1	12
Atos	ATOS.PA	3087	4.72	6.76	7.42	12.4	12
Michelin	MICP.PA	12549	8.06	5.09	7.65	7.7	11
Bayer	BAYGn.DE	63700	2.84	6.97	6.56	13.1	11
GEA Group	G1AG.DE	4568	3.45	5.33	5.55	12.6	10
Deutsche Post	DPWGn.DE	16456	-9.54	4.91	7.59	13.1	10
Volkswagen Pref.	VOWG.DE	23872	4.26	5.43	6.33	6.8	10
Gas Natural Sdg	GAS.MC	4892	15.72	14.03	11.78	11.3	9
Siemens	SIEGn.DE	68885	4.34	6.94	9.60	12.4	8
Continental	CONG.DE	9639	8.83	5.09	9.17	9.1	7
Lonza Group	LONN.VX	2427	12.86	7.45	7.05	12.7	7
Thales	TCFP.PA	3088	5.25	7.99	9.65	10.3	6
Alstom	ALSO.PA	7604	2.15	8.59	11.70	10.0	6
Prysmian	PRY.MI	3483	9.57	5.10	6.58	11.5	6
Red Electrica Corp.	REE.MC	4468	1.35	7.18	8.52	11.0	6
Sanofi	SASY.PA	90708	7.64	8.65	8.84	12.1	6
Securitas B	SECUB.ST	2337	8.11	8.02	8.46	10.7	5
Ahold Kon.	AHLN.AS	11038	5.92	7.44	9.79	11.1	5
Electrolux B	ELUXb.ST	4596	6.30	5.09	9.08	11.6	5
OMV	OMVV.VI	4909	15.01	13.39	5.91	8.0	5
Wolters Kluwer	WLSNc.AS	4873	9.97	8.77	9.34	10.5	4
Elisa	ELI1V.HE	2513	5.84	7.30	8.32	12.4	4
Next	NXT.L	7647	6.33	6.26	6.80	13.0	4
Enel	ENEI.MI	17704	-2.53	5.59	7.95	7.2	3
EDP Energias Port	EDP.LS	5438	-7.48	8.14	9.43	8.7	3
TDC	TDC.CO	3086	9.13	9.05	8.41	12.2	3
Yara International	YAR.OL	6759	12.39	9.81	9.61	8.2	2
Vivendi	VIV.PA	20319	8.15	10.79	13.87	8.4	2
TeliaSonera	TLSN.ST	12017	5.48	5.80	7.03	10.8	1
AMEC	AMEC.L	3764	7.19	8.65	9.61	11.2	1
Delhaize Group	DELB.BR	4218	14.92	9.54	13.12	10.2	1

Source: Datastream & Citi Research

We screen for companies that have positive 6m earnings momentum trends compared to the market, are on a 12m forward PE below the market median and also have FCF yield above the market median. This produces a diverse group of stocks that includes focus list stocks such as Siemens and Sanofi. But also [peripheral misnomers](#) such as Prysmian and Repsol. "North" stocks such as Securitas, Next, Thales, Conti and Ahold also feature.

Figure 10. Financials - Positive Earnings Mo and Below Median PE Screen

Stock	RIC	MktCap	<13.4 12m Fwd P/E	+ve -6m Rel Earn Mo
Credit Agricole	CAGR.PA	7909	6.8	38
Lloyds Banking Group	LLOY.L	24512	12.2	27
BBV Argentario	BBVA.MC	41433	9.7	23
Credit Suisse R	CSGN.VX	26386	9.8	21
Danske Bank	DANSKE.CO	8568	10.6	19
DNB	DNB.OL	11297	10.0	16
SEB A	SEBa.ST	12542	12.0	13
Hannover Ruck.	HNRGn.DE	3807	9.6	12
Erste Group Bank	ERST.VI	6658	10.4	12
Swedbank A	SWEDa.ST	16882	12.4	11
Societe Generale	SOGN.PA	23764	7.8	11
Nordea Bank	NDA1V.HE	23997	11.2	10
Royal Bank Of Scti.Gp.	RBS.L	7374	10.0	10
Allianz	ALVG.DE	50301	9.2	9
Muenchener Rueckver	MUVGn.DE	23430	9.1	9
Aegon	AEON.AS	8686	7.6	9
Assicurazioni Generali	GASI.MI	16621	9.0	9
Swiss Re	SRENH.VX	21293	10.5	7
Svenska Handbkn	SHBa.ST	16593	13.0	6
AXA	AXAF.PA	28746	7.2	6
Barclays	BARC.L	40696	8.3	3
Standard Chartered	STAN.L	40259	11.2	3
Scor Se	SCOR.PA	4081	8.8	3
HSBC Holdings	HSBA.L	153461	10.8	3
BNP Paribas	BNPP.PA	46728	8.1	2
Banco Santander	SAN.MC	60554	9.6	2

Source: Datastream & Citi Research

Figure 10 removes the FCF yield filter and looks solely at Financials. If the market is going to move into a more risk on phase then Financials are likely to be front and centre. We are net overweight financials in our sector strategy – O/W Banks, Neutral Insurance. We prefer to take our value exposure here rather than elsewhere. Our analysts see improving capital positions and restructuring as key drivers of higher share prices in both sectors.

Strategy outlook

Backing cash generators and high FCF yields has been the right way to be invested not only this year but also over the last 15 years. Since the financial crisis the market has valued the certainty of cash generation over the optionality of re-leveraged driven growth. In a low growth world we expect this to continue but also know that as confidence in economic recovery increases then risk appetite rises and cash based value investing works less well.

Market Outlook

Willem Buiter, our Chief Economist, and team expect another year of modest global growth in 2013. De-leveraging should cap growth. Policy action should (successfully, in our view) defuse systemic growth bombs. Despite macro risks, we have argued that the macro framework remains pretty certain and embedded. It consists of five elements: 1) de-leveraging, 2) lower growth, 3) divergent growth, 4) 0% policy rates, and 5) QE. It is this framework which gives us a world of low growth and low rates and is the basis for our ongoing preference for growth and income-biased strategies.

Macro

GDP	2012	2013E	2014E
Euro zone	-0.5	-0.5	-0.3
UK	0.0	0.4	0.7
Global	2.5	2.7	3.2
US	2.2	2.0	2.9
Japan	1.9	1.4	1.3
CPI	2012	2013E	2014E
Euro zone	2.5	1.7	1.5
UK	2.8	3.0	2.9
Global	2.8	2.8	3.1
US	1.7	1.6	2.1
Japan	0.0	-0.2	1.9
Interest Rates	1Q13E	3Q13E	4Q13E
ECB	0.75	0.25	0.25
UK Base	0.50	0.50	0.50
US Fed Funds	0.25	0.25	0.25
Japan Call	0.10	0.10	0.10
10Yr Yield	1Q13E	3Q13E	4Q13E
Euro zone	1.48	1.75	1.55
UK	2.01	2.50	2.40
US	1.87	2.30	2.60
Japan	0.74	0.80	1.00
Ex Rates	1Q13E	3Q13E	4Q13E
US\$/€	1.35	1.32	1.31
US\$/£	1.57	1.49	1.48
€/£	0.86	0.88	0.89
Y/US\$	95	96	95
End Year Targets	Now	End-13E	Return
Stoxx	295	330	12
FTSE 100	6482	7000	8

Source: Datastream and Citi Research estimates

Modest global growth is the outcome in 2012, but investors have had to deal with Chinese hard landing fears, US stall speed concerns and ongoing uncertainty in the Euro Area. By end-1H13, no Chinese hard landing and no US fiscal cliff should contribute to a world of reduced macro risks. From Europe, Spain (and possibly Italy) in a funding program and getting safely beyond Italian elections could also bring some temporary stability. Lower macro risk in 2013 is one support of our re-rating case and should also present a better platform for corporates to be heard.

2014 looks better than 2013 for earnings

Modest nominal global GDP growth including a 2H13 pick-up in US growth and a pick-up in EPS-boosting M&A and buybacks could support modest single-digit earnings growth in 2013E. But, recession in the EA and near-record margins suggest that big earnings gains are unlikely. Citi's analysts expect 10-15% earnings growth in 2013E and 2014E. Our top-down base case is 5% & 10%, respectively. Ongoing downgrades to 2013E estimates likely to be modest.

Equities look fair value to super-cheap

European equities look fair value on trailing P/E and price/book multiples, in-line with long-term averages. Balance sheet adjusted multiples (EV/EBITDA) suggest that shares are cheaper than fair value, as does the cyclically adjusted P/E for Europe (CAPE). Based on post-1980 data, current DY, P/E, price/book and CAPE multiples all suggest 10%+ compound returns over the next 10 years. While, in the absence of an earnings collapse, absolute valuations look supportive of further 2013 gains for European equities, it is relative valuations which continue to show equities as looking particularly cheap. In the UK, dividends have not looked this cheap vs UK gilts in the last 100 years. European equities are trading at record cheaps relative to investment grade credit.

Sector Strategy

We continue to run a barbell strategy, with a preference for growth leaders in a low growth world & cheap (acceptable) risk. We also back restructuring and re-leveraging as key alpha drivers in 2013-14. We are currently net long Financials with an Overweight on Banks. Here, our analysts see improving capital, higher potential returns, restructuring and regulatory forbearance as supporting a positive stance. We are broadly Neutral on cyclicals, have a positive skew to defensive growth and are Underweight Utilities, Telecoms and Oil & Gas.

Figure 11. European Sector Strategy

Overweight	Neutral	Underweight
Banks	Autos	Construction
Chemicals	Basic Resources	Oil & Gas
Food & Bev	Financial Services	Real Estate
Healthcare	Industrial G&S	Telecoms
Media	Insurance	Utilities
Personal & Household Goods	Retail	
	Technology	
	Travel & Leisure	

Source: Citi Research

Valuation Tables

Figure 12. Pan-European Sector Weightings & Returns

As at Close 12 Mar 13 Sector (No of Stocks)	Mkt Cap (Euros m)	% of Stoxx	Return Relative to Stoxx				Absolute Return			
			1m	3m	12m	Ytd	1m	3m	12m	Ytd
Oil & Gas (32)	504,821	8.4	-2	-6	-18	-5	1	-1	-6	1
Chemicals (24)	309,533	5.2	1	-1	6	-1	5	5	22	5
Basic Resources (29)	237,904	4.0	-6	-9	-20	-11	-3	-4	-8	-6
Construction & Materials (21)	132,422	2.2	4	5	-2	1	8	11	13	8
Industrial G&S (105)	655,913	11.0	3	3	4	3	6	9	20	9
Automobiles & Parts (14)	157,166	2.6	-1	3	-4	0	2	9	11	6
Food & Beverage (28)	553,239	9.3	4	3	9	4	7	9	25	10
Personal & H'hold Goods (29)	362,251	6.1	2	0	2	1	5	6	18	7
Health Care (35)	679,439	11.4	3	2	8	3	6	8	24	10
Retail (24)	189,247	3.2	-1	1	4	0	2	6	20	6
Media (28)	145,937	2.4	1	1	8	1	4	7	25	7
Travel & Leisure (21)	84,642	1.4	0	5	17	4	3	11	34	11
Telecommunications (20)	281,030	4.7	0	-2	-10	-1	4	3	3	5
Utilities (26)	232,743	3.9	-3	-8	-13	-8	0	-2	0	-3
Banks (46)	744,814	12.5	-5	2	3	1	-2	8	19	7
Insurance (33)	345,379	5.8	0	0	10	-1	4	5	26	5
Real Estate (29)	81,487	1.4	-2	-6	1	-7	1	-1	16	-1
Financial Services (30)	87,995	1.5	1	10	10	7	4	16	26	13
Technology (26)	191,413	3.2	0	5	6	4	3	11	22	11
Stoxx - Pan Europe (600)	5,977,375	100.0	—	—	—	—	3	6	15	6
Pan Euro - Large Cap	4,875,246	81.6	0	0	0	0	3	5	15	6
Pan Euro - Mid Cap	770,185	12.9	1	2	1	1	4	7	16	7
Pan Euro - Small Cap	331,943	5.6	-1	2	2	1	2	8	17	7
Stoxx ex UK (418)	3,989,546	66.7	—	—	—	—	4	7	17	7
EuroStoxx - Eurozone (297)	2,651,625	44.4	—	—	—	—	3	6	13	5

Source: Citi Research & DataStream

Figure 13. Pan-European Sector Relative Ratings

As at Close 12 Mar 13 Sector	P/E Relative to Stoxx				Yield Relative to Stoxx			
	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E
Oil & Gas	71	64	75	79	123	130	129	126
Chemicals	110	108	114	113	72	78	78	77
Basic Resources	61	100	92	83	87	92	89	91
Construction & Materials	113	115	116	111	90	93	94	94
Industrial Goods & Service	121	108	114	113	76	80	83	83
Automobiles & Parts	66	46	72	69	89	94	94	94
Food & Beverage	160	139	147	148	68	72	75	78
Personal & H'hold Goods	149	123	130	132	69	75	80	81
Health Care	107	98	112	112	91	96	95	97
Retail	117	110	121	125	92	96	92	90
Media	104	96	109	112	107	116	106	103
Travel & Leisure	146	144	128	120	72	70	69	71
Telecommunications	69	81	84	90	239	152	149	142
Utilities	75	67	87	95	199	192	178	166
Banks	97	173	83	78	93	98	107	114
Insurance	103	72	72	76	115	120	118	116
Real Estate	148	135	145	154	120	121	120	116
Financial Services	124	110	111	108	111	113	105	105
Technology	128	237	154	131	56	58	49	50
Stoxx - Pan Europe	100	100	100	100	100	100	100	100
Pan Euro - Large Cap	96	93	97	98	103	103	103	103
Pan Euro - Mid Cap	122	130	117	113	87	85	87	89
Pan Euro - Small Cap	131	328	122	114	88	90	84	86
Stoxx ex UK	104	107	102	101	101	98	99	99
EuroStoxx - Eurozone	95	103	96	95	110	102	103	101

Source: Citi Research & DataStream

Figure 14. Pan-European Sector Growth

Sector	Earnings Growth %			Net Dividend Growth %		
	2012E	2013E	2014E	2012E	2013E	2014E
Oil & Gas	6.1	-3.3	6.1	10.2	3.1	5.1
Chemicals	-2.7	7.4	12.3	13.1	3.8	6.9
Basic Resources	-41.5	22.9	23.7	10.6	-0.2	11.2
Construction & Materials	-5.5	12.0	16.9	8.2	5.2	7.3
Industrial Goods & Services	7.4	7.1	12.6	9.7	7.8	8.2
Automobiles & Parts	40.2	-28.4	16.8	10.3	3.3	7.9
Food & Beverage	10.6	6.8	10.9	11.5	8.7	11.2
Personal & H'hold Goods	16.8	6.7	10.5	13.7	10.1	9.4
Health Care	5.0	-1.0	11.2	9.7	3.0	10.3
Retail	2.1	3.1	7.9	8.4	-0.2	6.1
Media	3.8	-0.8	9.4	13.2	-4.3	4.5
Travel & Leisure	-2.7	27.0	19.5	0.9	2.9	10.3
Telecommunications	-18.0	8.2	5.1	-33.7	2.4	2.7
Utilities	7.8	-13.5	2.7	0.7	-3.9	0.8
Banks	-46.3	136.4	18.1	10.4	13.2	14.4
Insurance	37.7	12.5	6.9	8.7	2.2	6.0
Real Estate	5.4	4.6	5.5	5.4	2.8	4.5
Financial Services	8.5	11.9	15.2	6.8	-3.4	7.8
Technology	-48.2	73.4	31.6	8.8	-11.3	8.8
Sbxx - Pan Europe	-3.9	12.8	12.0	4.4	4.1	8.0
Pan Euro - Large Cap	-0.5	8.0	11.0	4.6	4.2	7.6
Pan Euro - Mid Cap	-9.3	24.4	16.6	2.0	6.1	10.1
Pan Euro - Small Cap	-61.8	203.7	20.2	6.9	-2.3	10.3
Sbxx ex UK	-7.0	18.3	13.0	1.4	5.2	8.0
EuroSbxx - Eurozone	-11.7	21.7	12.6	-3.2	5.1	6.2

Source: Citi Research & DataStream

Figure 15. Pan-European Sector Ratings

Sector	Price/Earnings				Net Dividend Yield			
	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E
Oil & Gas	9.7	9.1	9.4	8.9	4.16	4.59	4.73	4.97
Chemicals	15.0	15.4	14.4	12.8	2.43	2.75	2.85	3.05
Basic Resources	8.3	14.3	11.6	9.4	2.94	3.25	3.25	3.61
Construction & Materials	15.5	16.4	14.6	12.5	3.04	3.29	3.47	3.72
Industrial Goods & Services	16.5	15.4	14.4	12.8	2.56	2.81	3.03	3.28
Automobiles & Parts	9.1	6.5	9.1	7.8	3.01	3.32	3.44	3.71
Food & Beverage	21.9	19.8	18.6	16.7	2.28	2.55	2.77	3.08
Personal & H'hold Goods	20.4	17.5	16.4	14.8	2.33	2.65	2.92	3.19
Health Care	14.6	14.0	14.1	12.7	3.08	3.38	3.48	3.84
Retail	16.1	15.7	15.3	14.1	3.10	3.37	3.36	3.56
Media	14.2	13.7	13.8	12.6	3.60	4.07	3.90	4.07
Travel & Leisure	20.0	20.6	16.2	13.6	2.44	2.46	2.54	2.80
Telecommunications	9.4	11.5	10.6	10.1	8.07	5.35	5.48	5.63
Utilities	10.3	9.5	11.0	10.7	6.73	6.78	6.51	6.56
Banks	13.3	24.7	10.4	8.8	3.14	3.47	3.93	4.50
Insurance	14.2	10.3	9.2	8.6	3.89	4.23	4.33	4.59
Real Estate	20.2	19.2	18.3	17.4	4.06	4.28	4.40	4.60
Financial Services	17.0	15.7	14.0	12.2	3.74	3.99	3.86	4.16
Technology	17.5	33.8	19.5	14.8	1.88	2.05	1.81	1.97
Sbxx - Pan Europe	13.7	14.3	12.6	11.3	3.38	3.52	3.67	3.96
Pan Euro - Large Cap	13.1	13.2	12.2	11.0	3.47	3.63	3.78	4.07
Pan Euro - Mid Cap	16.7	18.5	14.9	12.7	2.95	3.01	3.19	3.51
Pan Euro - Small Cap	17.9	46.8	15.4	12.8	2.95	3.16	3.09	3.41
Sbxx ex UK	14.2	15.3	12.9	11.4	3.40	3.45	3.63	3.92
EuroSbxx - Eurozone	13.0	14.8	12.1	10.8	3.70	3.58	3.76	4.00

Source: Citi Research & DataStream

Figure 16. Pan-European Country Weightings & Returns

	Mkt Cap (Euros m)	% of Stoxx	Relative Return to Stoxx*				Absolute Return*			
			1m	3m	12m	YTD	1m	3m	12m	YTD
Austria	26,481	0.4	3	2	-2	0	6	9	12	5
Belgium	95,580	1.6	4	3	18	3	7	9	35	8
Denmark	113,787	1.9	-3	6	10	7	1	13	25	12
Finland	84,105	1.4	-1	1	-4	2	2	8	10	7
France	872,929	14.6	0	0	0	-1	3	6	14	5
Germany	780,120	13.1	-1	-1	1	-2	3	6	16	4
Greece	6,188	0.1	1	16	-3	13	4	23	11	19
Ireland	43,649	0.7	10	11	1	7	14	19	15	13
Italy	203,901	3.4	-8	-8	-15	-9	-5	-2	-3	-4
Netherlands	237,304	4.0	-3	-2	3	-2	0	4	17	4
Norway	91,016	1.5	-1	0	-5	0	2	7	9	5
Portugal	16,097	0.3	-6	2	-7	-2	-3	9	6	3
Spain	266,906	4.5	0	1	-6	-1	4	8	7	4
Sweden	306,589	5.1	3	8	7	7	6	15	23	13
Switzerland	826,530	13.9	2	5	11	6	5	12	27	12
UK	1,987,829	33.4	0	-3	-4	-2	3	3	10	3
Stoxx - Pan Europe	5,959,009	100								

Source: Citi Research & DataStream. *Note: Country returns use MSCI indices.

Figure 17. Pan-European Country Relative Ratings

As at Close 12 Mar 13 Country	Price/Earnings				Net Dividend Yield			
	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E
Austria	251	98	101	92	74	82	91	94
Belgium	146	145	136	130	69	90	90	94
Denmark	191	143	139	129	44	50	58	69
Finland	103	156	123	108	138	137	106	103
France	92	101	94	94	102	102	106	108
Germany	97	78	94	95	92	94	88	87
Greece	183	-1409	329	105	74	70	63	72
Ireland	152	139	146	136	49	49	50	49
Italy	82	84	83	82	118	111	118	120
Netherlands	119	105	101	99	81	74	74	77
Norway	98	87	89	87	113	128	127	132
Portugal	102	100	97	89	179	144	139	135
Spain	74	818	90	95	221	144	164	140
Sweden	117	107	116	116	90	101	106	105
Switzerland	127	119	119	117	83	88	87	91
UK	94	89	96	98	99	104	102	102
EuroStoxx - Eurozone	95	103	96	95	110	102	103	101
Stoxx ex UK - Europe ex UK	104	107	102	101	101	98	99	99
Stoxx - Pan Europe	100	100	100	100	100	100	100	100

Source: Citi Research & DataStream

Figure 18. Pan-European Country Growth

As at Close 12 Mar 13 Country	Earnings Growth %			Dividend Growth %		
	2012E	2013E	2014E	2012E	2013E	2014E
Austria	146.8	9.1	23.4	14.5	16.2	11.4
Belgium	-3.0	20.1	17.6	35.8	4.5	13.2
Denmark	28.4	15.8	21.3	17.9	20.7	28.3
Finland	-36.6	43.0	27.9	3.9	-19.6	5.0
France	-12.1	20.9	11.9	3.5	9.0	9.3
Germany	20.3	-6.9	11.1	6.7	-2.7	6.8
Greece	-112.4	-583.4	251.5	-0.2	-7.2	23.8
Ireland	4.6	7.3	20.7	6.4	6.0	4.3
Italy	-6.7	13.8	14.3	-1.7	10.9	9.2
Netherlands	8.8	17.7	14.1	-4.2	3.7	13.6
Norway	7.3	10.5	15.0	18.1	3.2	12.4
Portugal	-1.6	16.0	22.1	-16.5	0.6	4.9
Spain	-91.3	922.2	6.9	-32.0	18.4	-7.9
Sweden	5.1	4.5	11.3	17.2	8.9	6.9
Switzerland	2.4	13.2	13.8	10.8	3.1	12.6
UK	1.7	3.9	10.1	10.3	2.0	8.0
EuroStoxx - Eurozone	-11.7	21.7	12.6	-3.2	5.1	6.2
Stoxx ex UK - Europe ex UK	-7.0	18.3	13.0	1.4	5.2	8.0
Stoxx - Pan Europe	-3.9	12.8	12.0	4.4	4.1	8.0

Source: Citi Research & DataStream. *Note: Country returns use MSCI index

Figure 19. Pan-European Country Ratings

As at Close 12 Mar 13 Country	Price/Earnings				Net Dividend Yield			
	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E
Austria	34.4	13.9	12.8	10.3	2.51	2.87	3.34	3.72
Belgium	20.1	20.7	17.2	14.6	2.32	3.16	3.30	3.73
Denmark	26.2	20.4	17.6	14.5	1.49	1.76	2.12	2.72
Finland	14.1	22.2	15.5	12.1	4.65	4.83	3.88	4.08
France	12.6	14.3	11.9	10.6	3.46	3.58	3.90	4.26
Germany	13.3	11.1	11.9	10.7	3.09	3.30	3.21	3.43
Greece	25.0	-200.9	41.6	11.8	2.49	2.48	2.30	2.85
Ireland	20.8	19.8	18.5	15.3	1.64	1.74	1.85	1.93
Italy	11.2	12.0	10.5	9.2	3.98	3.91	4.34	4.73
Netherlands	16.3	15.0	12.8	11.2	2.72	2.60	2.70	3.07
Norway	13.4	12.4	11.3	9.8	3.82	4.52	4.66	5.24
Portugal	14.0	14.2	12.3	10.1	6.06	5.06	5.09	5.34
Spain	10.2	116.7	11.4	10.7	7.47	5.08	6.01	5.54
Sweden	16.0	15.3	14.6	13.1	3.03	3.55	3.87	4.14
Switzerland	17.4	17.0	15.0	13.2	2.80	3.10	3.20	3.60
UK	12.8	12.6	12.2	11.0	3.33	3.67	3.75	4.05
EuroStoxx - Eurozone	13.0	14.8	12.1	10.8	3.70	3.58	3.76	4.00
Stoxx ex UK - Europe ex UK	14.2	15.3	12.9	11.4	3.40	3.45	3.63	3.92
Stoxx - Pan Europe	13.7	14.3	12.6	11.3	3.38	3.52	3.67	3.96

Source: Citi Research & DataStream

Figure 20. UK Sector Weightings & Relative Returns

As at Close 12 Mar 2013	Mkt Cap £m	% of AllShare	% of Group	Relative return				
				1m	3m	12m	Qtd	Ytd
OIL & GAS (25)	303,433	15.4		-1	-4	-17	-4	-4
Oil & Gas Producers (18)	290,915	14.8	96	-1	-4	-17	-4	-4
Oil Equip, Serv and Distrib (7)	12,518	0.6	4	-3	-7	-17	-4	-4
BASIC MATERIALS (38)	187,299	9.5		-5	-7	-18	-9	-9
Chemicals (8)	14,354	0.7	8	3	-4	2	-3	-3
Forestry & Paper (1)	3,246	0.2	2	6	21	31	18	18
Industrial Metals (4)	1,722	0.1	1	-10	-6	-43	-7	-7
Mining (25)	167,977	8.5	90	-6	-7	-19	-10	-10
INDUSTRIALS (109)	185,955	9.5		5	5	7	5	5
Construction & Materials (11)	15,364	0.8	8	6	13	0	6	6
Aerospace (9)	42,472	2.2	23	6	5	9	5	5
General Industrials (6)	13,344	0.7	7	4	3	8	2	2
Electronic & Electrical Equip (12)	9,349	0.5	5	2	5	6	2	2
Industrial Engineering (12)	20,251	1.0	11	8	11	10	9	9
Industrial Transportation (8)	2,243	0.1	1	-1	-1	-1	-3	-3
Support Services (51)	82,933	4.2	45	5	3	8	4	4
CONSUMER GOODS (35)	280,647	14.3		4	2	6	4	4
Automobiles & Parts (2)	4,574	0.2	2	6	11	16	9	9
Beverages (4)	84,549	4.3	30	4	4	14	5	5
Food Producers (11)	46,055	2.3	16	3	3	16	4	4
Household Gds & Home Cons (11)	43,553	2.2	16	4	8	19	8	8
Leisure Goods (1)	184	0.0	0	4	22	59	14	14
Personal Goods (4)	8,018	0.4	3	1	1	-15	3	3
Tobacco (2)	93,714	4.8	33	4	-3	-6	1	1
HEALTH CARE (13)	135,560	6.9		1	-2	-5	0	0
Health Care Equip & Services (5)	7,730	0.4	6	0	-2	3	-3	-3
Pharmaceuticals & Biotech (8)	127,831	6.5	94	1	-2	-5	1	1
CONSUMER SERVICES (87)	192,723	9.8		0	1	12	1	1
Food & Drug Retailers (7)	44,815	2.3	23	-1	-1	3	-1	-1
General Retailers (22)	31,011	1.6	16	-3	-6	10	-7	-7
Media (24)	57,343	2.9	30	1	3	10	2	2
Travel & Leisure (34)	59,555	3.0	31	2	6	22	5	5
TELECOMMUNICATIONS (8)	119,081	6.1		2	3	2	7	7
Fixed-Line Telecoms (6)	24,919	1.3	21	-3	5	15	4	4
Mobile Telecoms (2)	94,162	4.8	79	3	3	0	7	7
UTILITIES (7)	72,626	3.7		0	-6	2	-5	-5
Electricity (2)	16,380	0.8	23	-1	-7	2	-5	-5
Gas, Water & Multi-Utilities (5)	56,246	2.9	77	1	-6	2	-5	-5
TECHNOLOGY (25)	32,002	1.6		0	7	23	6	6
Software & Computer Serv (15)	14,389	0.7	45	1	3	14	1	1
Technology Hardware & Equip (10)	17,613	0.9	55	-1	11	30	10	10
TOTAL NON-FINANCIAL (347)	1,509,325	76.7		1	-1	-3	0	0
FINANCIALS (251)	457,516	23.3		-2	3	12	1	1
Banks (6)	235,275	12.0	51	-4	4	15	1	1
Non-Life Insurance (10)	17,867	0.9	4	-1	-1	11	-2	-2
Life Insurance (9)	70,679	3.6	15	2	-1	16	0	0
Real Estate Investment Svs (23)	7,367	0.4	2	0	0	10	-1	-1
REITS (16)	26,460	1.3	6	-4	-7	2	-9	-9
Financial Services (27)	37,812	1.9	8	2	14	19	11	11
Equity Inv. Instruments (160)	62,055	3.2	14	1	2	1	1	1
FTSE ALL SHARE (598)	1,966,841	100.0		0	0	0	0	0
FTSE 100 (100)	1,649,594	83.9		0	-1	-1	0	0
Mid 250 (250)	271,298	13.8		1	4	8	2	2
Small Cap (248)	45,949	2.3		0	3	8	1	1

Source: Citi Research & DataStream

Figure 21. UK Relative Ratings

As at Close 12 Mar 2013	P/E Relative				Yield Relative			
	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E
OIL & GAS	73	72	76	79	109	114	118	114
Oil & Gas Producers	72	71	76	79	111	116	120	116
Oil Equip, Serv and Distrib	129	112	101	96	68	69	73	80
BASIC MATERIALS	64	97	93	84	80	81	84	88
Chemicals	137	130	138	140	61	62	63	65
Forestry & Paper	117	118	104	100	77	75	85	91
Industrial Metals	88	-114	-249	202	164	10	10	13
Mining	61	93	89	81	80	84	86	90
INDUSTRIALS	128	118	120	121	72	76	77	74
Construction & Materials	125	126	135	124	114	106	105	100
Aerospace	110	100	100	107	85	87	86	84
General Industrials	111	104	105	105	82	84	88	88
Electronic & Electrical Equip	140	134	138	139	44	46	46	47
Industrial Engineering	143	130	133	136	58	72	60	60
Industrial Transportation	96	102	99	97	88	84	86	82
Support Services	141	129	129	128	61	69	73	68
CONSUMER GOODS	153	136	135	135	80	82	88	88
Automobiles & Parts	97	80	82	80	65	74	80	84
Beverages	184	161	156	155	59	61	64	65
Food Producers	161	150	146	147	80	79	82	83
Household Gds & Home Cons	164	138	140	140	62	62	79	75
Personal Goods	190	163	159	153	49	53	56	59
Tobacco	128	116	116	117	111	114	119	121
HEALTH CARE	84	83	98	101	136	131	129	124
Health Care Equip & Services	122	115	116	114	45	63	64	65
Pharmaceuticals & Biotech	82	81	97	101	141	135	133	128
CONSUMER SERVICES	111	111	114	116	91	89	87	85
Food & Drug Retailers	93	94	107	120	115	113	105	97
General Retailers	105	103	104	105	89	88	87	87
Media	121	110	116	118	87	85	86	85
Travel & Leisure	121	136	123	117	77	77	75	74
TELECOMMUNICATIONS	94	91	94	96	180	157	140	131
Fixed-Line Telecoms	97	87	92	95	103	104	108	113
Mobile Telecoms	94	93	95	97	200	171	148	136
UTILITIES	111	104	113	118	148	148	143	137
Electricity	100	95	110	114	161	158	147	141
Gas, Water & Multi-Utilities	114	106	113	120	144	145	141	136
TECHNOLOGY	228	200	186	180	33	36	40	43
Software & Computer Serv	159	140	135	135	52	56	58	60
Technology Hardware & Equip	354	304	268	246	18	20	25	30
TOTAL NON-FINANCIAL	96	99	102	103	101	101	101	99
FINANCIALS	120	106	93	91	95	96	95	103
Banks	113	103	85	82	79	82	87	102
Non-Life Insurance	174	87	89	93	164	176	133	130
Life Insurance	100	90	94	97	120	113	107	105
Real Estate Investment Svs	288	197	218	203	48	48	51	55
REITS	178	173	185	191	110	110	105	101
Financial Services	169	137	109	103	105	108	99	102
FTSE ALL SHARE	100	100	100	100	100	100	100	100
FTSE 100	95	98	98	98	103	103	103	103
Mid 250	154	119	118	117	79	80	78	77
Small Cap	103	120	104	92	78	72	72	75

Source: Citi Research & DataStream

Figure 22. UK Earnings Growth

As at Close 12 Mar 2013	Earnings Growth %			Net Dividend Growth %		
	2012	2013E	2014E	2012	2013E	2014E
OIL & GAS	-1.8	3.8	7.1	8.7	12.0	4.7
Oil & Gas Producers	-2.1	3.3	6.8	8.8	12.0	4.3
Oil Equip, Serv and Distrib	11.6	21.9	16.9	6.9	13.3	18.6
BASIC MATERIALS	-36.1	15.3	22.8	6.7	10.6	14.0
Chemicals	1.6	3.3	10.0	6.5	9.8	12.2
Forestry & Paper	-3.8	24.1	15.7	0.7	22.9	15.7
Industrial Metals	-175.0	-49.9	-236.6	-93.7	5.4	50.9
Mining	-36.7	15.3	22.6	8.9	10.4	14.1
INDUSTRIALS	4.8	8.7	9.9	11.6	8.2	4.4
Construction & Materials	-4.4	2.4	20.7	-2.8	6.5	3.4
Aerospace	6.8	9.6	3.9	6.6	6.3	6.4
General Industrials	3.8	8.7	10.3	7.1	12.0	9.1
Electronic & Electrical Equip	1.0	7.1	9.7	9.2	8.8	9.8
Industrial Engineering	6.5	6.7	8.6	30.3	-9.5	7.3
Industrial Transportation	-8.7	12.7	13.7	0.4	9.0	3.6
Support Services	6.1	9.8	12.1	17.6	13.6	1.6
CONSUMER GOODS	9.0	11.1	10.8	7.2	14.8	9.6
Automobiles & Parts	16.9	7.9	12.9	20.0	15.0	15.0
Beverages	11.0	13.0	12.3	8.6	12.2	11.0
Food Producers	4.2	12.7	10.3	4.1	11.6	9.7
Household Gds & Home Cons	15.2	8.4	10.7	4.3	36.3	3.7
Personal Goods	12.9	12.7	14.9	13.9	12.3	15.1
Tobacco	6.6	10.4	9.6	7.8	11.9	10.3
HEALTH CARE	-2.0	-6.8	6.9	0.7	6.2	4.8
Health Care Equip & Services	2.9	9.2	12.3	45.3	9.2	11.4
Pharmaceuticals & Biotech	-2.2	-7.5	6.7	-0.2	6.1	4.6
CONSUMER SERVICES	-3.5	7.3	9.0	3.0	5.0	5.7
Food & Drug Retailers	-4.2	-3.2	-1.0	2.3	0.2	0.5
General Retailers	-0.8	8.0	10.3	3.0	6.8	8.3
Media	6.4	4.4	9.0	2.4	8.7	7.3
Travel & Leisure	-14.0	21.5	17.0	4.4	5.4	7.8
TELECOMMUNICATIONS	0.1	6.3	8.6	-8.4	-4.6	2.2
Fixed-Line Telecoms	8.8	3.3	7.4	6.2	11.5	13.5
Mobile Telecoms	-2.1	7.2	9.0	-10.4	-7.2	0.0
UTILITIES	3.4	1.2	5.5	5.0	3.5	4.3
Electricity	1.2	-4.5	6.9	2.9	0.0	4.5
Gas, Water & Multi-Utilities	4.2	3.1	5.1	5.7	4.6	4.2
TECHNOLOGY	10.6	17.9	14.8	14.5	17.8	18.7
Software & Computer Serv	9.3	14.1	11.1	13.3	12.2	11.2
Technology Hardware & Equip	12.8	24.6	20.7	17.0	30.3	33.1
TOTAL NON-FINANCIAL	-6.0	6.2	10.4	4.3	7.9	6.3
FINANCIALS	9.8	25.0	13.1	5.6	6.4	18.4
Banks	5.9	33.7	14.5	7.6	14.6	27.3
Non-Life Insurance	94.6	7.4	5.9	12.2	-19.0	6.8
Life Insurance	7.0	5.2	8.4	-1.5	1.6	6.5
Real Estate Investment Svs	41.4	-0.5	19.3	5.3	14.9	17.0
REITS	-0.3	3.0	7.4	4.4	3.1	4.0
Financial Services	18.8	37.8	17.8	7.2	-1.7	12.0
FTSE ALL SHARE	-3.2	9.9	11.0	4.6	7.6	8.7
FTSE 100	-5.5	9.6	10.7	4.6	7.9	8.7
Mid 250	25.2	10.9	11.9	5.2	4.9	8.3
Small Cap	-17.1	27.0	24.6	-3.3	6.3	13.4

Source: Citi Research & DataStream

Figure 23. UK Sector Ratings

As at Close 12 Mar 2013	Price/Earnings				Net Dividend Yield			
	2011	2012E	2013E	2014E	2011	2012E	2013E	2014E
OIL & GAS	9.5	9.7	9.3	8.7	3.61	3.92	4.39	4.60
Oil & Gas Producers	9.3	9.5	9.2	8.6	3.66	3.99	4.46	4.66
Oil Equip, Serv and Distrib	16.7	15.0	12.3	10.5	2.23	2.39	2.71	3.21
BASIC MATERIALS	8.3	13.0	11.3	9.2	2.63	2.80	3.10	3.54
Chemicals	17.7	17.4	16.8	15.3	2.00	2.13	2.34	2.62
Forestry & Paper	15.1	15.7	12.7	11.0	2.55	2.57	3.16	3.65
Industrial Metals	11.4	-15.2	-30.3	22.2	5.40	0.34	0.36	0.54
Mining	7.9	12.5	10.8	8.8	2.65	2.89	3.19	3.64
INDUSTRIALS	16.6	15.8	14.6	13.3	2.36	2.64	2.85	2.98
Construction & Materials	16.1	16.9	16.5	13.6	3.77	3.67	3.90	4.04
Aerospace	14.2	13.3	12.2	11.7	2.81	2.99	3.18	3.39
General Industrials	14.4	13.9	12.8	11.6	2.71	2.90	3.25	3.55
Electronic & Electrical Equip	18.1	18.0	16.8	15.3	1.45	1.58	1.72	1.89
Industrial Engineering	18.5	17.3	16.2	15.0	1.90	2.47	2.24	2.40
Industrial Transportation	12.4	13.6	12.1	10.6	2.90	2.91	3.17	3.29
Support Services	18.2	17.2	15.7	14.0	2.02	2.37	2.69	2.74
CONSUMER GOODS	19.8	18.2	16.4	14.8	2.64	2.83	3.25	3.56
Automobiles & Parts	12.5	10.7	9.9	8.8	2.14	2.56	2.95	3.39
Beverages	23.9	21.5	19.0	16.9	1.93	2.10	2.36	2.61
Food Producers	20.9	20.0	17.8	16.1	2.63	2.73	3.05	3.35
Household Gds & Home Cons	21.3	18.5	17.0	15.4	2.06	2.15	2.93	3.03
Personal Goods	24.6	21.8	19.3	16.8	1.62	1.84	2.07	2.38
Tobacco	16.5	15.5	14.1	12.8	3.65	3.94	4.41	4.86
HEALTH CARE	10.8	11.1	11.9	11.1	4.48	4.51	4.78	5.02
Health Care Equip & Services	15.8	15.4	14.1	12.5	1.49	2.16	2.36	2.63
Pharmaceuticals & Biotech	10.6	10.9	11.8	11.0	4.66	4.65	4.93	5.16
CONSUMER SERVICES	14.3	14.9	13.8	12.7	2.99	3.08	3.24	3.42
Food & Drug Retailers	12.1	12.6	13.0	13.2	3.81	3.89	3.90	3.92
General Retailers	13.6	13.7	12.7	11.5	2.94	3.03	3.23	3.50
Media	15.7	14.7	14.1	12.9	2.87	2.94	3.19	3.43
Travel & Leisure	15.7	18.2	15.0	12.8	2.53	2.64	2.78	3.00
TELECOMMUNICATIONS	12.2	12.2	11.5	10.6	5.92	5.42	5.17	5.29
Fixed-Line Telecoms	12.6	11.6	11.2	10.4	3.39	3.60	4.02	4.56
Mobile Telecoms	12.1	12.4	11.5	10.6	6.59	5.91	5.48	5.48
UTILITIES	14.3	13.9	13.7	13.0	4.87	5.11	5.29	5.52
Electricity	12.9	12.7	13.3	12.5	5.29	5.45	5.44	5.69
Gas, Water & Multi-Utilities	14.8	14.2	13.8	13.1	4.75	5.01	5.24	5.47
TECHNOLOGY	29.5	26.7	22.6	19.7	1.09	1.25	1.47	1.74
Software & Computer Serv	20.5	18.8	16.5	14.8	1.70	1.93	2.16	2.40
Technology Hardware & Equip	45.8	40.6	32.6	27.0	0.60	0.70	0.91	1.21
TOTAL NON-FINANCIAL	12.4	13.2	12.4	11.2	3.34	3.49	3.76	4.00
FINANCIALS	15.5	14.1	11.3	10.0	3.12	3.30	3.51	4.15
Banks	14.6	13.8	10.3	9.0	2.61	2.81	3.22	4.10
Non-Life Insurance	22.5	11.6	10.8	10.2	5.41	6.08	4.92	5.26
Life Insurance	12.9	12.1	11.5	10.6	3.96	3.90	3.96	4.22
Real Estate Investment Svs	37.3	26.4	26.5	22.2	1.57	1.65	1.90	2.22
REITS	23.1	23.2	22.5	20.9	3.62	3.78	3.90	4.06
Financial Services	21.8	18.4	13.3	11.3	3.48	3.73	3.67	4.11
FTSE ALL SHARE	12.9	13.4	12.2	11.0	3.30	3.45	3.71	4.03
FTSE 100	12.3	13.1	11.9	10.8	3.40	3.56	3.84	4.17
Mid 250	19.9	15.9	14.3	12.8	2.61	2.75	2.88	3.12
Small Cap	13.3	16.0	12.6	10.1	2.58	2.49	2.65	3.01

Source: Citi Research & DataStream

Figure 24. Stocks Mentioned (Prices as at 13th March 2013)

Stock	RIC	Price	Rating	Currency	Stock	RIC	Price	Rating	Currency
Aegon	AEGN.AS	5.01	2H	EUR	Hannover Re	HNRGn.DE	64.47	2	EUR
Ahold	AHLN.AS	11.66	1	EUR	HSBC	HSBA.L	7.39	2	GBP
Allianz	ALVG.DE	113.85	1	EUR	Lloyds Banking Grp	LLOY.L	0.51	1	GBP
Alstom	ALSO.PA	35.10	1	EUR	Lonza Grp	LONN.VX	62.05	2	CHF
AMEC	AMEC.L	10.60	2	GBP	Michelin	MICP.PA	68.97	1	EUR
Arkema	AKE.PA	78.11	2	EUR	Mond	MNDI.L	8.84	3	GBP
Atos	ATOS.PA	57.11	1	EUR	Munich Re	MUVGn.DE	147.70	2	EUR
AXA	AXAF.PA	14.60	1	EUR	Next Grp	NXT.L	41.50	1	GBP
Banco Santander	SAN.MC	5.97	2H	EUR	Nordea	NDA1V.HE	9.24	2	EUR
Barclays	BARC.L	3.17	1	GBP	OMV	OMVV.VI	35.00	2	EUR
Bayer	BAYGn.DE	78.54	1	EUR	Prysmian	PRY.MI	17.76	1	EUR
BBVA	BBVA.MC	7.78	2H	EUR	RBS	RBS.L	3.01	2H	GBP
Berkeley Grp	BKGH.L	19.35	2	GBP	Red Electrica	REE.MC	42.75	1	EUR
BNP Paribas	BNPP.PA	44.26	1	EUR	Reed Elsevier	ELSN.AS	12.44	1	EUR
CGG Veritas	GEPH.PA	18.56	2	EUR	Repsol	REP.MC	17.36	1	EUR
Continental	CONG.DE	97.05	1	EUR	Sanofi	SASY.PA	75.84	1	EUR
Credit Agricole	CAGR.PA	7.24	2	EUR	SCOR	SCOR.PA	23.05	1	EUR
Credit Suisse	CSGN.VX	26.77	1	CHF	SE Banken AB	SEBa.ST	68.80	2	SEK
Danske Bank	DANSKE.CO	109.70	1	DKK	Securitas	SECub.ST	61.75	2	SEK
Delhaize	DELB.BR	41.89	1	EUR	SHB	SHBa.ST	282.10	2	SEK
Deutsche Post	DPWGn.DE	18.63	1	EUR	Siemens	SIEGn.DE	83.77	1	EUR
Deutsche Telekom	DTEGn.DE	8.52	2	EUR	Societe Generale	SOGN.PA	30.50	1	EUR
DnB	DNB.OL	93.10	2	NOK	Standard Chartered	STAN.L	17.73	1	GBP
DS Smith	SMDS.L	2.37	1	GBP	Swedbank	SWEDa.ST	160.30	2	SEK
EDP	EDP.LS	2.39	1	EUR	Swiss Re	SRENH.VX	78.05	2	CHF
Electrolux	ELUXb.ST	164.50	1	SEK	Tdc	TDC.CO	44.70	2	DKK
Elisa	ELI1V.HE	16.73	2	EUR	TeliaSonera	TLSN.ST	45.58	3	SEK
Enel	ENEI.MI	2.65	1	EUR	Thales	TCFP.PA	33.54	1	EUR
Erste Bank	ERST.VI	24.35	2	EUR	Vivendi	VIV.PA	16.66	2	EUR
Gas Natural	GAS.MC	15.82	1	EUR	Volkswagen	VOWG.DE	156.50	2	EUR
GEA	G1AG.DE	26.65	1	EUR	Wolters Kluwer	WLSNc.AS	16.71	2	EUR
Generali	GASI.MI	13.33	3	EUR	Yara	YAR.OL	272.90	1	NOK

Source: Datacentral

Notes

Notes

Appendix A-1

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