

Equities

7 June 2012 | 32 pages

European Portfolio Strategist

UK/Pan-Europe — Euro 2012: The Value Cup

- **Cheap #1** — We look at 15 valuation measures. On average, European equities are cheaper than 85% of the time in the past 25-100 years. Most attractive on CAPE & DYR.
- **Cheap #2** — On CAPE, European equities look cheaper than 2H11 lows and than 96% of the time in the past 30 years. Historically, this has been a great time to buy equities.
- **Cheap #3** — Last summer, German equities traded at 40-year lows on a trailing P/E. Not as cheap now, but they have only been cheaper 20% of the time since 1973.
- **Cheap #4** — Equities look great value in relative terms, eg UK/German equities not cheaper vs bond yields in 100yrs & European equities not cheaper vs credit in 25yrs.
- **Cheap #5** — Lower-risk equity baskets, eg CDS-adjusted DYs & big defensives, suggest good value for long-term investors. Average P/Es for these rarely lower.
- **Cheap but** — A lot of bad news appears priced in, but global recession isn't. Given uncertainty, policy action/political progress in Europe are needed to drive shares higher.

Equities

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Figure 1. European CAPE



Source: Datastream & CIRA.

[May 31 — Edging Back to Risk*](#)

[May 24 — Quality Core vs Peripheral Risk](#)

[May 17 — Higher Yield & More Liquidity Coming](#)

[May 10 — Higher Highs, Lower Lows](#)

[May 3 — Stick With EMARP](#)

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

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UK/Pan-Europe — Euro 2012: The Value Cup

Europe will offer the world something other than crisis over the next few weeks as Euro 2012 gets underway in Poland and the Ukraine. In this week's note we run through our preferred squad of valuation charts to gauge what is being priced into European equities.

We believe that a significant fall in earnings expectations is priced in, but a global recession and earnings collapse probably is not ¹. From here, we think that bears have to back global recession. We think that valuation should provide support to European equities at these levels. But, we think additional support, most likely through various central banks' policy actions, will be needed to drive share prices higher.

P/E - On trailing earnings, European equities trade on 11.2x - 15% above last summer's lows, 17% below long-run average levels. P/Es have been lower 8% of the time since 1990 (30% since 1973).

Figure 2. European P/E



Source: Datastream.

German P/E - Last summer, German equities traded at 40-year lows on a trailing P/E. The current P/E for German stocks is 11.6x, 33% above last summer's lows, but still cheaper than 80% of the time since 1973.

Figure 3. German P/E



Source: Datastream.

¹ [European Portfolio Strategist — Edging Back to Risk, 31st May 2012](#)

CAPE - On a cyclically-adjusted P/E (CAPE, P/10-year trend earnings), European equities look cheaper than last summer's lows. In the last 30 years, the European CAPE has only been cheaper in the early 1980s and in 2008-09. Historically, this has been a great time to buy equities².

Figure 4. European CAPE



Source: Datastream & CIRA.

P/B - European equities trade on a price/book of 1.23x, 25% below post-1980 average levels. This is 8% above last summer's lows and 24% above 2008-09 lows. We also note that the current price/book of 1.23x compares to a 4Q08 average of 1.31x. A lot of bad news appears to be priced in.

Figure 5. Europe P/Book



Source: Datastream

² [European Portfolio Strategist — Check Out Page 6, 8th March 2012](#)

P/B ex-fins - Excluding financials, European equities trade on a price/book of 1.58x. This is just 9% above 2H11 lows and 20% above 2008-09 lows.

Figure 6. Europe ex Financials P/Book



Source: Datastream

Europe vs US P/B - European equities have been sharply de-rated versus US equities in the past couple of years. Europe now trades at a c40% discount to the US, compared with a post-1980 average discount of 33%. Europe has only been cheaper versus the US 12% of the time since 1980.

Figure 7. Europe P/Book Relative to US



Source: Datastream

DY - Europe's trailing dividend yield is back to 4% and close to summer 2011 levels. The current DY is 14% above long-run average levels and above the 2003 peak. Dividend yields hit 6.3% in early 2009. That would imply a 35% fall in share prices from current levels.

Figure 8. Europe Dividend Yield



Source: Datastream

Median PE - The European median P/E is 13.1x. This is 16% cheaper than an almost 16x long-run average. The median P/E has been lower 21% of the time since the early 1980s.

Figure 9. Pan Europe, Median P/E



Source: Datastream

Median DY - The median dividend yield for European equities is now above summer 2011 highs and 23% above long-run average levels. This suggests good value and attractive income opportunities within the equity market ³.

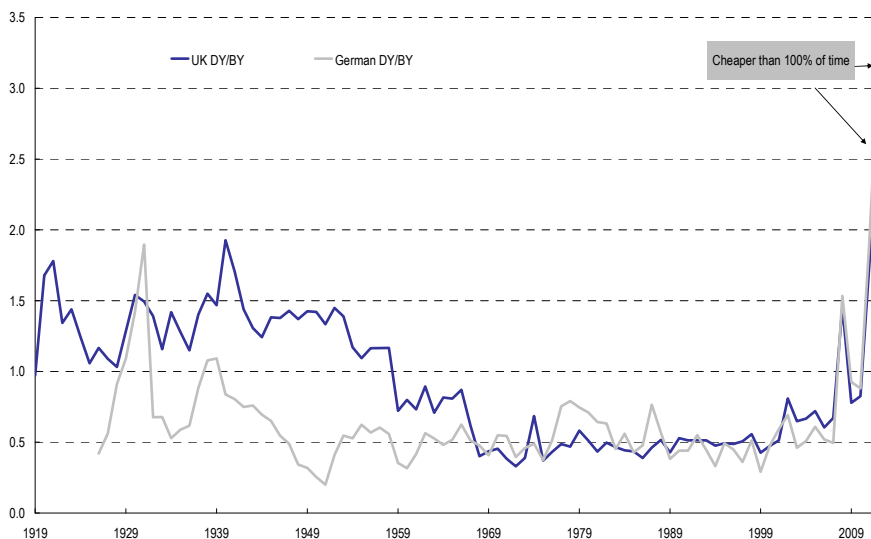
Figure 10. Pan Europe, Median Dividend Yield



Source: Datastream & CIRA

DYR - UK and German equities have not looked this cheap relative to respective 10-year government bond yields in the last 100 years. This suggests that either: 1) bonds are expensive, 2) dividends are unsustainable, 3) equities are cheap, or 4) a combination of 1) to 3).

Figure 11. German & UK Dividend Yields/Bond Yields



Source: Global Financial Data, Datastream & CIRA.

³ [The Citi Income Report - Higher Yield & More Liquidity Coming, 17th May 2012](#)

Corp DYR - European equities are at their cheapest levels in 25 years comparing DYs to investment grade corporate bond yields.

Figure 12. Europe Corporate DYR



Source: Datastream & CIRA

Corp DYR (ex-fins) - Excluding financials, European equities look even cheaper relative to corporate bond yields compared to the last 25 years.

Figure 13. Europe (Ex Financials) Corporate DYR



Source: Datastream & CIRA

EYR - Comparing corporate bond yields to earnings yields (E/P), European equities have only been cheaper in 2H11 in the past 25 years.

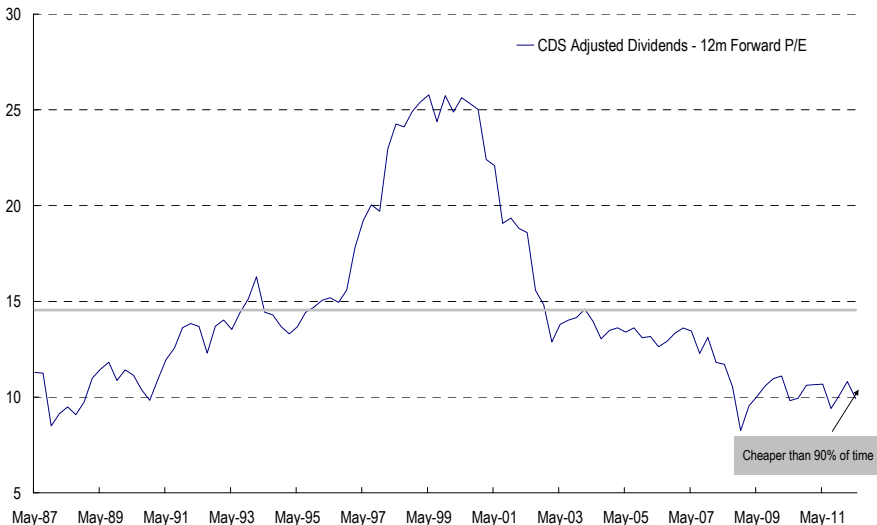
Figure 14. European Corporate EYR



Source: Datastream & CIRA.

CDS DY - Using the current CDS-adjusted DY basket⁴ Figure 15 shows the 12-month forward P/E of all featured stocks. At 9.9x, current levels are close to 2H11 lows and have only been cheaper during late-87 and 08 or 09 in the past 25 years.

Figure 15. CDS Adjusted Dividend Yield, 12m Forward P/E

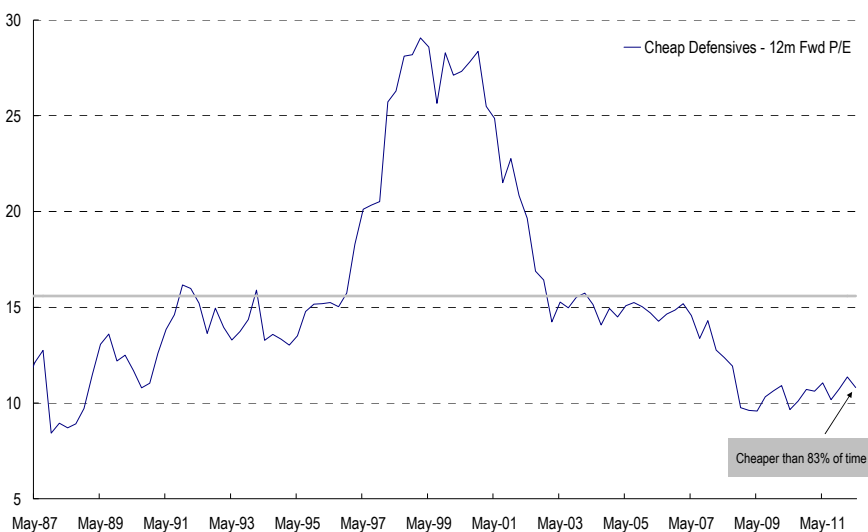


Source: Datastream & CIRA.

⁴ Unilever (UK) (ULVR.L), AstraZeneca (AZN.L), Novartis R (NOVN.VX), Unilever Certs. (UNc.AS), Nestle R (NESN.VX), National Grid (NG.L), Sanofi (SASY.PA), TeliaSonera (TLSN.ST), GlaxoSmithKline (GSK.L), Roche (ROG.VX), Fortum (FUM1V.HE), ABB (ABBN.VX), Total (TOTF.PA), Muenchener Rueckver (MUVGn.DE), British American Tobacco (BATS.L), Pearson (PSO.N.L), Royal Dutch Shell A (RDSA.L), Centrica (CNA.L), Reed Elsevier (REL.L), SES Fdr (SESFd.PA), SKF B (SKFb.ST), United Utilities Group (UU.L), Statoil (STL.OL), BASF (BASFn.DE), Siemens (SIEGn.DE)

Defensives PE⁵ - Figure 16 shows the 12-month forward P/E of the 10 largest European defensive stocks by market cap. Some of these companies also feature in the CDS-adjusted DY basket. Defensive stocks look cheap compared to the last 25 years. Given the more defensive nature of earnings in these companies, we think investors need to back global recession to be sellers of these stocks.

Figure 16. Cheap Defensives



Source: Datastream & CIRA.

Strategy outlook

European equities look cheap to very cheap on most valuation measures. A lot of bad news appears priced in. Longer-term investors will look at European equities on a CAPE basis and compared to bond yields to see a strong case for raising allocation to shares. The average P/E's for CDS-adjusted DY and defensive stocks paint a similar picture, in our view.

However, given current macro risks, valuation by itself is probably not attractive enough for most investors to turn aggressive buyers of equities at this point. While a significant fall in earnings expectations is probably priced in, a global recession and earnings collapse is probably not. From here, we think that bears have to back global recession.

Overall, valuation should provide support to European equities. But, additional support, most likely through various central banks' policy actions, will be needed to drive share prices higher. We think investors should start to position for this via various "Risk+" strategies (see last week's note for more details).

⁵ Nestle R (NESN.VX), Novartis R (NOVN.VX), Roche (ROG.VX), GlaxoSmithKline (GSK.L), British American Tobacco (BATS.L), Sanofi (SASY.PA), Telefonica (TEF.MC), Diageo (DGE.L), AstraZeneca (AZN.L), plus one other

Market Outlook & Citi Research

The Point — Top Calls

Europe ex-UK

Integrated Oil & Refiners — Lowering 2012/13E oil prices; 2013E to US\$100/bbl

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EUROPE | INTEGRATED OILS

Citi is making changes to oil price forecasts, lowering our Brent forecast to US\$115/bbl for 2012 and to US\$100/bbl for 2013. This move primarily reflects changes to our supply picture through 2013, although we note that short-term (3Q12) the balances remain tight. We have lowered our EPS estimates by an average of 5% and 16% 2012/13 for the Integrated Oils, and lowered our DCF based price-targets by an average 8% for the Integrated Oils and 13% for the Refiners.

Nordic Banks — Well Placed, But Not Immune

SWEDEN, NORWAY, DENMARK, FINLAND | BANKS

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We upgrade Nordea and Danske Bank to Buy (from Neutral). Nordea's share price is lagging the operational performance of the bank and after recent weakness the stock is attractively valued, in our view. While there is still limited visibility around Danske's provision levels going forward, the bank is taking action to further improve underlying profitability. Danske's 0.7x tangible book valuation offers an attractive risk-reward in our view. DNB is our top pick among the Nordic banks. To reflect 1Q12 results we have updated our forecasts and target prices for the Nordic Banks.

European Autos — Where is the upside from here?

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EUROPE | AUTO MANUFACTURERS

Markets have turned down and are trending lower. Global macro has slowed sharply. Automotive markets in many cases are following the macro trends, as they tend to do. How does the macro improve in a deleveraging world? Auto demand growth is slowing in all regions, including EM. Will EM exposure remain the key positive for investors even through a cyclical downturn? Watch China sales and margin deterioration. Relative to the market, auto share prices are at or near record levels. Auto earnings are at record levels. Where is the upside?

SMID Panorama –Continental Europe — June's Euro 2012 – A Month of Two Halves for CE-SMID

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EUROPE | SMALL/MID-CAP

As in the last two years, CE-SMID indices corrected (by 9-10%) and in an accelerating trend over May, underperforming Eurostoxx that fell by 7%, and returning most of its ytd (flat) outperformance to larger caps. Despite this the spread between our Keys Buys (+7%) and Sells (-16%) lists widened by 5% to 23%. The rise in the Greek political and Grexit risks (we assign a 50-75% probability and use it as a baseline scenario in our economic forecasts) and Spanish banking concerns led to the risk-off in May.

UK

Man Group PLC (EMG.L) — Upgrade to Buy. FRM deal helps, but AHL is the key

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UNITED KINGDOM | BROKERS & ASSET MANAGERS | BUY/HIGH RISK

Man is down 40% YTD, >70% since Jan 11. We downgrade EPS but believe Man is now at the end of its downgrade cycle. At 8.1x 2013E PE, 12.3x management fee PE, Man is at trough multiples on trough earnings. Our 90p price target (from 100p) assumes no AHL contribution to performance fee earnings until 2014, and only 2% AHL returns from now to end 2012. We believe this is conservative: AHL saw its best returns in 2008, the last time we saw significant market dislocation. Upgrading rating to Buy/High Risk.

GlaxoSmithKline PLC (GSK.L) — GSK Melanoma data at ASCO doesn't disappoint our high expectations. BUY

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UNITED KINGDOM | DRUGS | BUY

ASCO data on GSK's dabrafenib and trametanib support our risk adjusted 2020 sales estimate of £1.5bn (consensus £500m). The market continues to overlook the opportunity for GSK agents in early stage melanoma (adjuvant) or the potential of trametanib as a treatment backbone in other cancers, in our view. As important as the melanoma data itself, we believe that GSK's fast and smart development of its melanoma drugs is strongly encouraging for the remainder of GSK's youthful oncology pipeline.

Market Outlook

The Euro Area sovereign debt crisis is back in the spotlight. The soothing effect of the 3-year LTROs did not last long. Political and economic risks have risen with Spain, France and the Netherlands in the lead roles. The recently signed Fiscal Compact is under attack on several fronts. Global financial markets are once again focused on Europe. Elections in France and Greece, political events in the Netherlands and a referendum in Ireland are setting the agenda for financial markets. Already, European markets have reacted strongly to these developments. European equities have sold off, 7-8% lower than YTD highs, with the peripheral markets suffering even worse falls.

Macro – mind the gap

Our economists have recently edged up their 2012 global growth forecasts, for the third consecutive month. They now expect that global growth will slow from 3% in 2011 to 2.7% in 2012. They also recently upgraded GDP growth forecasts for the Eurozone, though they still expect it to be in recession this year and the next. Moreover, they expect Spain to enter a Troika programme this year, most likely focused on recapitalising and restructuring the banks. And they expect Portugal and Ireland to need a second bailout, while Italy's fiscal and economic outlook remains weak. Plenty of challenges ahead.

Flat earnings

The pace of earnings downgrades for European corporates has eased, and the latest data suggest that consensus is mildly upgrading year one forecasts. Bottom up, Citi analysts expect earnings to grow by 9% this year. Top down we remain less positive and expect earnings to remain at 2011 levels, given our belief that the economic backdrop will continue to pose challenges for some companies.

Valuations

European equity valuations look reasonably to very attractive to us. On 12m fwd P/E, the market is now trading back in double-digits, but remains significantly below its long-term average. On a price/book basis and excluding the financials, European equities are trading at post-1980 average levels.

Themes

We retain our structural preference for growth and quality. We continue to back defensive growth and Europe's World Champions. We think that defensive growth will continue to benefit from reduced leverage-driven growth compared with before 2008-09. Our World Champions theme asks our sector teams for European companies that are 'global leaders' in their industries. This skews exposure towards higher international growth and away from weaker domestic growth. Other key themes include various income strategies and de-equitisation.

Sector Strategy

Our sector Overweights have an international and strong balance sheet bias. Our sector Underweights have a domestic and more levered tilt.

GDP	2011	2012E	2013E
Euro zone	1.5	-0.6	-0.7
UK	0.6	-0.2	0.5
Global	3.0	2.7	2.9
US	1.7	2.1	2.1
Japan	-0.7	2.6	1.5
CPI	2011	2012E	2013E
Euro zone	2.7	2.5	1.8
UK	4.5	2.9	1.8
Global	3.7	3.0	2.9
US	2.5	1.9	1.7
Japan	-0.3	0.4	0.0
Interest Rates	3Q12E	3Q13E	
ECB	0.50	0.50	
UK Base	0.50	0.50	
US Fed Funds	0.25	0.25	
Japan Call	0.10	0.10	
10Yr Yield	3Q12E	3Q13E	
Euro zone	1.40	1.75	
UK	1.80	2.25	
US	1.90	3.05	
Japan	0.95	1.30	
Ex Rates	3Q12E	3Q13E	
US\$/€	1.23	1.27	
US\$/£	1.58	1.61	
€/£	1.28	1.27	
Y/US\$	80	82	
End Year Targets	End-12E		
Stoxx	285		
FTSE 100	6200		

Source: Reuters and CIRA forecasts

Figure 17. European Sector Strategy

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

Source: Citi Investment Research and Analysis

Valuation Tables

Figure 18. Pan-European Sector Weightings & Returns

As at Close 29 May 12 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)	484,892	9.9	-1	-5	8	-7	-6	-11	-2	-5
Chemicals (23)	244,097	5.0	0	3	8	9	-5	-3	-2	11
Basic Resources (31)	225,047	4.6	-8	-10	-18	-6	-12	-16	-25	-4
Construction & Materials (24)	112,534	2.3	0	-5	-10	0	-5	-11	-19	2
Industrial G&S (98)	500,106	10.2	0	1	0	6	-5	-5	-10	8
Automobiles & Parts (15)	123,003	2.5	-2	-2	0	17	-7	-8	-10	19
Food & Beverage (29)	450,114	9.2	4	10	24	6	-1	4	12	8
Personal & H'hold Goods (30)	317,127	6.5	3	8	24	10	-2	1	12	12
Health Care (36)	572,742	11.7	5	10	20	1	0	4	8	3
Retail (25)	160,370	3.3	3	3	-1	-5	-2	-3	-10	-3
Media (28)	114,343	2.3	2	3	4	0	-3	-3	-6	2
Travel & Leisure (22)	66,634	1.4	3	10	10	9	-2	3	-1	11
Telecommunications (19)	270,613	5.5	3	1	1	-9	-2	-5	-9	-7
Utilities (27)	227,300	4.6	1	0	-9	-6	-4	-6	-18	-4
Banks (48)	502,675	10.3	-6	-14	-28	-7	-11	-19	-35	-6
Insurance (32)	243,599	5.0	-3	-4	-7	1	-8	-10	-16	4
Real Estate (24)	64,245	1.3	5	12	2	9	0	5	-8	11
Financial Services (30)	63,843	1.3	-3	-3	-11	1	-8	-9	-20	3
Technology (27)	146,230	3.0	0	-2	-5	1	-5	-8	-14	3
Stoxx - Pan Europe (600)	4,889,514	100.0	—	—	—	—	-5	-6	-10	2
Pan Euro - Large Cap	3,994,148	81.7	0	0	1	-1	-5	-6	-9	1
Pan Euro - Mid Cap	625,939	12.8	-1	0	-2	4	-6	-6	-12	6
Pan Euro - Small Cap	269,426	5.5	-1	0	-3	4	-6	-6	-12	7
Stoxx ex UK (422)	3,125,810	63.9	—	—	—	—	-5	-8	-15	1
EuroStoxx - Eurozone (304)	2,075,216	42.4	—	—	—	—	-6	-10	-19	-1

Source: Citi Investment Research and Analysis & DataStream

Figure 19. Pan-European Sector Relative Ratings

As at Close 29 May 12 Sector	P/E Relative to Stoxx				Yield Relative to Stoxx			
	2010	2011E	2012E	2013E	2010	2011E	2012E	2013E
Oil & Gas	87	82	74	78	91	103	104	102
Chemicals	119	105	115	117	69	74	72	71
Basic Resources	78	70	81	74	71	74	79	82
Construction & Materials	113	102	111	110	103	101	96	97
Industrial G&S	122	118	117	118	79	83	80	80
Automobiles & Parts	90	65	70	67	72	90	97	109
Food & Beverage	167	157	155	159	65	70	74	76
Personal & H'hold Goods	161	155	147	148	65	69	71	74
Health Care	108	108	114	118	86	90	91	92
Retail	113	116	118	123	96	91	91	93
Media	104	97	102	108	112	124	109	107
Travel & Leisure	144	136	150	135	75	73	70	74
Telecommunications	73	79	89	97	196	206	202	179
Utilities	73	94	97	106	192	163	152	143
Banks	79	84	79	69	131	104	108	122
Insurance	70	82	63	67	131	133	136	133
Real Estate	148	147	160	171	119	122	117	112
Financial Services	98	110	100	94	127	127	129	125
Technology	120	122	172	154	69	64	63	51
Stoxx - Pan Europe	100	100	100	100	100	100	100	100
Pan Euro - Large Cap	94	95	97	98	103	104	104	103
Pan Euro - Mid Cap	113	122	120	113	86	84	82	84
Pan Euro - Small Cap	343	143	118	111	90	86	83	86
Stoxx ex UK	98	100	101	100	110	105	102	101
EuroStoxx - Eurozone	89	92	94	93	125	115	109	107

Source: Citi Investment Research and Analysis & DataStream

Figure 20. Pan-European Sector Growth

As at Close 29 May 12 Sector	Earnings Growth %			Net Dividend Growth %		
	2011E	2012E	2013E	2011E	2012E	2013E
Oil & Gas	6.5	22.7	8.0	18.3	9.4	6.4
Chemicals	14.3	1.6	10.6	12.2	5.9	6.4
Basic Resources	11.6	-4.5	23.8	9.3	15.3	11.9
Construction & Materials	12.7	0.8	14.6	2.6	3.6	9.1
Industrial G&S	4.0	11.4	12.0	9.8	4.0	9.1
Automobiles & Parts	39.5	2.8	17.1	31.4	16.2	22.3
Food & Beverage	7.6	12.1	10.3	13.0	14.4	10.9
Personal & H'hold Goods	4.9	16.8	12.6	11.1	11.1	13.3
Health Care	1.1	4.3	8.8	8.5	10.2	8.9
Retail	-1.5	7.9	9.1	-0.7	8.3	9.6
Media	8.6	5.0	6.2	15.4	-5.1	6.4
Travel & Leisure	6.9	-0.3	25.9	1.7	4.2	14.4
Telecommunications	-7.7	-1.3	3.8	9.8	5.8	-3.6
Utilities	-22.2	7.8	3.5	-11.2	1.0	2.1
Banks	-4.7	17.7	29.1	-16.7	12.3	22.0
Insurance	-13.6	42.6	6.5	5.9	10.7	6.2
Real Estate	2.1	1.6	5.5	7.0	3.8	3.4
Financial Services	-10.2	21.1	20.3	5.0	9.7	5.0
Technology	-0.3	-21.5	26.4	-2.7	6.3	-12.2
Sbxx - Pan Europe	1.0	10.5	13.0	4.7	8.2	8.2
Pan Euro - Large Cap	-0.5	9.2	11.8	5.3	8.7	7.7
Pan Euro - Mid Cap	-6.6	13.1	19.4	1.7	6.2	10.8
Pan Euro - Small Cap	141.9	34.3	19.9	-0.3	4.4	12.5
Sbxx ex UK	-1.6	9.5	14.1	-0.4	5.0	7.0
EuroSbxx - Eurozone	-2.8	9.0	13.9	-3.9	3.4	5.7

Source: Citi Investment Research and Analysis & DataStream

Figure 21. Pan-European Sector Ratings

As at Close 29 May 12 Sector	Price/Earnings				Net Dividend Yield			
	2010	2011E	2012E	2013E	2010	2011E	2012E	2013E
Oil & Gas	9.9	9.3	7.6	7.0	3.58	4.23	4.63	4.93
Chemicals	13.7	12.0	11.8	10.6	2.70	3.03	3.21	3.42
Basic Resources	8.9	8.0	8.3	6.7	2.78	3.04	3.51	3.93
Construction & Materials	13.0	11.5	11.4	10.0	4.03	4.13	4.28	4.67
Industrial G&S	14.0	13.4	12.0	10.8	3.11	3.41	3.55	3.87
Automobiles & Parts	10.3	7.4	7.2	6.1	2.81	3.70	4.30	5.26
Food & Beverage	19.2	17.8	15.9	14.4	2.55	2.88	3.29	3.65
Personal & H'hold Goods	18.5	17.6	15.1	13.4	2.54	2.83	3.14	3.56
Health Care	12.3	12.2	11.7	10.7	3.39	3.68	4.06	4.42
Retail	12.9	13.1	12.1	11.1	3.78	3.75	4.07	4.46
Media	11.9	11.0	10.4	9.8	4.41	5.09	4.83	5.14
Travel & Leisure	16.4	15.4	15.4	12.2	2.94	2.99	3.12	3.57
Telecommunications	8.3	9.0	9.1	8.8	7.71	8.47	8.96	8.64
Utilities	8.3	10.7	9.9	9.6	7.53	6.69	6.75	6.89
Banks	9.1	9.6	8.1	6.3	5.13	4.28	4.80	5.86
Insurance	8.0	9.2	6.5	6.1	5.15	5.45	6.03	6.41
Real Estate	17.0	16.6	16.4	15.5	4.68	5.01	5.20	5.38
Financial Services	11.2	12.4	10.3	8.5	4.98	5.23	5.73	6.02
Technology	13.8	13.8	17.6	13.9	2.72	2.65	2.82	2.47
Sbxx - Pan Europe	11.5	11.3	10.3	9.1	3.93	4.11	4.45	4.81
Pan Euro - Large Cap	10.7	10.8	9.9	8.9	4.04	4.25	4.62	4.98
Pan Euro - Mid Cap	13.0	13.9	12.3	10.3	3.37	3.43	3.65	4.04
Pan Euro - Small Cap	39.3	16.3	12.1	10.1	3.54	3.53	3.69	4.15
Sbxx ex UK	11.2	11.4	10.4	9.1	4.34	4.32	4.54	4.86
EuroSbxx - Eurozone	10.2	10.5	9.6	8.4	4.90	4.71	4.87	5.14

Source: Citi Investment Research and Analysis & DataStream

Figure 22. 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 (10)	20,472	0.4	-5	-10	-26	-3	-10	-15	-33	-1
Belgium (16)	77,166	1.6	4	10	13	12	-1	4	2	14
Denmark (16)	91,971	1.9	3	7	12	14	-2	0	1	16
Finland (20)	67,230	1.4	-4	-7	-20	-4	-9	-13	-27	-2
France (86)	695,602	14.2	1	-2	-9	-1	-4	-8	-17	1
Germany (63)	620,484	12.7	-1	0	0	7	-6	-6	-10	9
Greece (3)	4,590	0.1	-20	-25	-61	-23	-24	-30	-65	-22
Ireland (8)	33,859	0.7	4	10	30	4	-1	4	18	6
Italy (32)	166,671	3.4	-5	-12	-25	-12	-10	-17	-32	-11
Netherlands (31)	196,028	4.0	2	2	0	-2	-3	-4	-10	0
Norway (15)	75,491	1.5	0	-4	7	2	-5	-10	-3	4
Portugal (5)	11,996	0.2	-5	-9	-28	-17	-10	-14	-34	-15
Spain (30)	181,116	3.7	-7	-20	-28	-26	-11	-24	-35	-24
Sweden (40)	230,295	4.7	0	-2	-2	3	-5	-8	-12	5
Switzerland (47)	652,836	13.4	2	6	5	2	-3	-1	-5	4
UK (178)	1,763,704	36.1	1	4	13	1	-4	-3	2	3
Stoxx - Pan Europe	4,889,514	100								

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

Figure 23. Pan-European Country Relative Ratings

As at Close 29 May 12 Country	Price/Earnings				Net Dividend Yield			
	2010	2011E	2012E	2013E	2010	2011E	2012E	2013E
Austria	83	183	101	82	107	80	83	99
Belgium	122	125	124	125	82	82	92	91
Denmark	176	197	167	148	29	40	46	57
Finland	82	113	171	156	169	138	127	95
France	85	91	97	95	120	107	103	106
Germany	91	97	93	94	96	94	92	92
Greece	40	-	64	55	233	131	137	154
Ireland	-	1047	255	185	47	45	43	42
Italy	71	79	73	74	153	123	120	121
Netherlands	91	94	93	92	85	90	91	86
Norway	110	98	94	93	124	123	110	117
Portugal	72	94	87	88	259	193	140	142
Spain	54	66	80	79	265	247	220	193
Sweden	122	107	116	122	92	97	98	96
Switzerland	117	122	121	118	82	86	87	88
UK	104	100	98	100	82	91	96	98
EuroStoxx - Eurozone	89	92	94	93	125	115	109	107
Stoxx ex UK - Europe ex UK	98	100	101	100	110	105	102	101
Stoxx - Pan Europe	100	100	100	100	100	100	100	100

Source: Citi Investment Research and Analysis & DataStream

Figure 24. Pan-European Country Growth

As at Close 29 May 12 Country	Earnings Growth %			Dividend Growth %		
	2011E	2012E	2013E	2011E	2012E	2013E
Austria	-54.1	101.4	38.3	-21.4	12.4	29.1
Belgium	-1.8	11.4	12.4	4.4	21.9	6.6
Denmark	-9.9	30.4	27.1	46.5	24.6	32.3
Finland	-26.4	-27.2	24.5	-14.8	-0.1	-19.1
France	-4.6	3.1	15.2	-6.6	3.3	11.5
Germany	-4.5	15.2	10.9	2.6	5.4	8.0
Greece	-	-	32.6	-40.9	12.9	22.1
Ireland	-	354.4	55.6	1.8	3.1	5.7
Italy	-8.5	19.0	12.0	-15.6	4.9	9.7
Netherlands	-2.1	12.3	13.2	10.7	10.2	2.2
Norway	13.3	16.1	13.9	3.1	-2.8	14.8
Portugal	-22.7	18.8	12.1	-22.3	-21.5	10.1
Spain	-18.0	-8.3	14.7	-2.3	-3.5	-5.4
Sweden	14.6	1.9	8.0	9.5	9.5	6.5
Switzerland	-2.9	11.9	15.7	9.8	10.3	9.2
UK	5.9	12.3	11.2	16.7	14.7	10.5
EuroStoxx - Eurozone	-2.8	9.0	13.9	-3.9	3.4	5.7
Stoxx ex UK - Europe ex UK	-1.6	9.5	14.1	-0.4	5.0	7.0
Stoxx - Pan Europe	1.0	10.5	13.0	4.7	8.2	8.2

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

Figure 25. Pan-European Country Ratings

As at Close 29 May 12 Country	Price/Earnings				Net Dividend Yield			
	2010	2011E	2012E	2013E	2010	2011E	2012E	2013E
Austria	9.5	20.8	10.3	7.5	4.19	3.30	3.71	4.79
Belgium	13.9	14.2	12.7	11.3	3.22	3.36	4.09	4.36
Denmark	20.1	22.3	17.1	13.5	1.13	1.66	2.06	2.73
Finland	9.4	12.8	17.6	14.1	6.64	5.66	5.65	4.57
France	9.8	10.3	10.0	8.6	4.73	4.41	4.56	5.08
Germany	10.5	10.9	9.5	8.6	3.78	3.87	4.08	4.41
Greece	4.5	-	6.6	5.0	9.14	5.40	6.09	7.43
Ireland	-	118.7	26.1	16.8	1.83	1.87	1.92	2.03
Italy	8.2	8.9	7.5	6.7	6.00	5.07	5.32	5.83
Netherlands	10.4	10.7	9.5	8.4	3.34	3.69	4.07	4.16
Norway	12.6	11.1	9.6	8.4	4.89	5.04	4.90	5.63
Portugal	8.2	10.6	9.0	8.0	10.19	7.91	6.21	6.84
Spain	6.2	7.5	8.2	7.1	10.39	10.16	9.80	9.27
Sweden	13.9	12.2	11.9	11.0	3.63	3.97	4.35	4.63
Switzerland	13.4	13.9	12.4	10.7	3.21	3.52	3.88	4.24
UK	12.0	11.3	10.0	9.0	3.20	3.74	4.28	4.74
EuroStoxx - Eurozone	10.2	10.5	9.6	8.4	4.90	4.71	4.87	5.14
Stoxx ex UK - Europe ex UK	11.2	11.4	10.4	9.1	4.34	4.32	4.54	4.86
Stoxx - Pan Europe	11.5	11.3	10.3	9.1	3.93	4.11	4.45	4.81

Source: Citi Investment Research and Analysis & DataStream

Figure 26. UK Sector Weightings & Relative Returns

As at Close 29 May 2012	Mkt	% of	% of	Relative return				
	Cap £m	AllShare	Group	1m	3m	12m	Qtd	Ytd
OIL & GAS (27)	284,800	17.2		-2	-6	1	-2	-9
Oil & Gas Producers (19)	272,533	16.5	96	-2	-6	1	-2	-9
Oil Equip, Serv and Distrib (7)	12,250	0.7	4	-7	-1	0	-5	8
Alternative Energy (1)	17	0.0	0	98	88	-	106	88
BASIC MATERIALS (40)	174,145	10.5		-9	-13	-23	-6	-7
Chemicals (7)	11,795	0.7	7	2	10	20	7	27
Forestry & Paper (1)	1,923	0.1	1	-4	-2	-4	-3	19
Industrial Metals (4)	1,996	0.1	1	-14	-26	-54	-17	-19
Mining (28)	158,431	9.6	91	-9	-14	-25	-6	-8
INDUSTRIALS (111)	145,614	8.8		1	4	10	3	10
Construction & Materials (11)	12,316	0.7	8	1	-1	-7	-1	-1
Aerospace (10)	34,016	2.1	23	3	8	18	6	10
General Industrials (6)	11,454	0.7	8	1	4	4	2	16
Electronic & Electrical Equip (12)	7,419	0.4	5	1	3	10	6	24
Industrial Engineering (12)	13,706	0.8	9	-1	0	9	4	6
Industrial Transportation (8)	2,005	0.1	1	4	5	-1	-1	9
Support Services (52)	64,699	3.9	44	1	4	10	2	10
CONSUMER GOODS (36)	231,266	14.0		2	5	20	3	5
Automobiles & Parts (2)	2,991	0.2	1	-3	-5	-5	0	6
Beverages (4)	68,243	4.1	30	1	5	24	5	8
Food Producers (12)	36,252	2.2	16	4	8	15	5	-2
Household Gds & Home Cons (11)	33,164	2.0	14	1	3	13	2	11
Leisure Goods (2)	140	0.0	0	-5	-6	-17	-6	-21
Personal Goods (3)	7,080	0.4	3	4	8	13	2	16
Tobacco (2)	83,396	5.0	36	1	4	23	2	2
HEALTH CARE (13)	126,283	7.6		6	6	10	6	-3
Health Care Equip & Services (4)	6,185	0.4	5	6	8	-1	4	0
Pharmaceuticals & Biotech (9)	120,098	7.3	95	6	6	11	6	-3
CONSUMER SERVICES (88)	156,444	9.5		3	6	-1	1	0
Food & Drug Retailers (6)	38,406	2.3	25	3	6	-14	1	-17
General Retailers (24)	25,510	1.5	16	2	5	0	-1	12
Media (26)	47,987	2.9	31	3	5	6	1	5
Travel & Leisure (32)	44,542	2.7	28	3	8	4	3	7
TELECOMMUNICATIONS (9)	107,758	6.5		7	8	15	5	-1
Fixed-Line Telecoms (7)	19,924	1.2	18	5	5	12	0	10
Mobile Telecoms (2)	87,834	5.3	82	8	9	16	6	-3
UTILITIES (8)	71,971	4.4		8	15	20	11	10
Electricity (2)	14,543	0.9	20	8	13	14	8	6
Gas, Water & Multi-Utilities (6)	57,427	3.5	80	8	15	21	12	11
TECHNOLOGY (29)	24,412	1.5		0	0	5	-4	1
Software & Computer Serv (18)	13,565	0.8	56	1	2	11	-2	7
Technology Hardware & Equip (11)	10,846	0.7	44	-2	-1	-3	-7	-5
TOTAL NON-FINANCIAL (361)	1,322,692	80.0		1	1	3	1	-1
FINANCIALS (251)	331,332	20.0		-2	-2	-11	-4	5
Banks (5)	160,922	9.7	49	-5	-6	-17	-7	4
Non-Life Insurance (10)	13,745	0.8	4	3	7	-6	5	9
Life Insurance (9)	48,062	2.9	15	-3	-2	-2	-5	5
Real Estate Investment Svs (23)	5,777	0.3	2	2	3	-7	0	3
REITS (17)	23,334	1.4	7	6	13	-5	7	12
Financial Services (27)	28,655	1.7	9	-4	-1	-15	-7	4
Equity Inv Instruments (160)	50,837	3.1	15	2	1	-3	0	3
FTSE ALL SHARE (612)	1,654,024	100.0		0	0	0	0	0
FTSE 100 (100)	1,396,679	84.4		0	0	0	0	-1
Mid 250 (250)	217,731	13.2		-1	1	-2	-1	7
Small Cap (262)	39,614	2.4		1	2	-2	0	8

Source: Citi Investment Research and Analysis & DataStream

Figure 27. UK Relative Ratings

As at Close 29 May 2012	P/E Relative				Yield Relative			
	2010	2011	2012E	2013E	2010	2011	2012E	2013E
OIL & GAS	88	84	74	78	87	95	96	95
Oil & Gas Producers	86	83	73	77	89	97	98	96
Oil Equip, Serv and Distrib	161	152	128	118	59	58	64	68
BASIC MATERIALS	77	71	83	76	74	71	75	77
Chemicals	182	155	151	149	60	54	54	52
Forestry & Paper	135	85	111	115	95	108	107	104
Industrial Metals	105	105	143	153	11	9	39	8
Mining	73	68	79	73	75	73	77	80
INDUSTRIALS	130	122	122	122	78	76	75	75
Construction & Materials	140	124	131	125	132	118	107	102
Aerospace	107	108	108	112	92	89	88	86
General Industrials	109	104	104	103	85	88	91	91
Electronic & Electrical Equip	179	140	135	133	43	44	45	46
Industrial Engineering	152	129	123	125	67	64	65	66
Industrial Transportation	88	95	102	104	129	109	105	103
Support Services	142	133	133	131	64	64	65	66
CONSUMER GOODS	153	149	147	146	88	84	83	86
Automobiles & Parts	93	95	88	85	75	104	121	133
Beverages	175	169	163	161	69	65	66	66
Food Producers	146	148	145	149	95	90	85	82
Household Gds & Home Cons	149	140	143	140	78	76	67	82
Personal Goods	250	218	199	187	39	43	48	51
Tobacco	140	138	138	139	108	104	105	106
HEALTH CARE	87	94	102	106	126	124	120	116
Health Care Equip & Services	115	126	131	130	49	45	47	47
Pharmaceuticals & Biotech	85	93	101	105	130	128	124	120
CONSUMER SERVICES	107	105	112	112	98	98	91	91
Food & Drug Retailers	96	96	101	106	127	117	110	107
General Retailers	99	104	108	108	101	92	89	90
Media	116	110	111	112	83	97	89	89
Travel & Leisure	113	108	128	122	88	84	80	81
TELECOMMUNICATIONS	92	103	111	117	141	166	174	167
Fixed-Line Telecoms	88	91	92	93	112	106	107	110
Mobile Telecoms	93	106	116	124	147	179	189	180
UTILITIES	117	129	131	138	140	126	123	118
Electricity	100	113	117	131	160	144	138	126
Gas, Water & Multi-Utilities	123	133	135	140	135	121	119	115
TECHNOLOGY	160	169	168	159	45	45	47	48
Software & Computer Serv	122	130	130	127	62	62	64	64
Technology Hardware & Equip	260	266	261	228	25	25	27	28
TOTAL NON-FINANCIAL	102	100	102	102	96	98	98	97
FINANCIALS	93	98	93	90	119	111	112	116
Banks	91	87	86	83	103	98	99	109
Non-Life Insurance	81	197	89	93	204	172	154	148
Life Insurance	78	85	84	84	144	135	141	137
Real Estate Investment Svs	238	222	224	208	55	51	52	53
REITS	180	191	206	214	113	105	101	97
Financial Services	98	127	110	92	140	128	130	125
FTSE ALL SHARE	100	100	100	100	100	100	100	100
FTSE 100	98	97	98	99	102	103	103	103
Mid 250	119	136	115	110	87	82	76	78
Small Cap	80	94	88	86	92	77	76	79

Source: Citi Investment Research and Analysis & DataStream

Figure 28. UK Earnings Growth

As at Close 29 May 2012	Earnings Growth %			Net Dividend Growth %		
	2011	2012E	2013E	2011	2012E	2013E
OIL & GAS	12.1	21.5	4.5	25.9	8.8	7.4
Oil & Gas Producers	12.1	21.4	4.1	26.3	8.6	7.1
Oil Equip, Serv and Distrib	14.3	26.5	18.7	12.7	19.0	16.6
BASIC MATERIALS	16.0	-7.8	18.9	11.7	13.0	12.4
Chemicals	26.2	10.0	11.1	5.1	6.6	5.6
Forestry & Paper	69.9	-17.5	5.3	31.5	6.8	5.3
Industrial Metals	7.3	-21.3	2.8	-3.7	362.6	-77.8
Mining	15.5	-8.2	19.4	11.8	12.9	13.5
INDUSTRIALS	14.0	7.3	9.4	12.4	6.9	8.2
Construction & Materials	21.3	0.8	14.7	2.8	-2.4	3.4
Aerospace	6.7	7.3	5.3	10.7	6.8	6.3
General Industrials	12.5	7.1	10.5	19.8	10.7	9.8
Electronic & Electrical Equip	37.6	11.0	10.5	18.5	10.3	9.9
Industrial Engineering	26.5	12.2	7.4	9.4	10.6	10.1
Industrial Transportation	0.0	-1.0	8.2	-2.5	3.6	6.1
Support Services	14.0	7.4	11.2	16.7	8.3	10.3
CONSUMER GOODS	10.1	8.4	10.0	11.0	6.1	11.9
Automobiles & Parts	5.1	16.6	13.4	60.0	25.0	20.0
Beverages	11.7	10.7	11.2	8.6	8.5	9.0
Food Producers	6.3	8.7	7.1	8.5	1.9	5.8
Household Gds & Home Cons	13.7	5.1	11.8	11.7	-4.4	32.4
Personal Goods	23.3	17.2	16.5	28.4	18.4	17.4
Tobacco	8.9	7.2	9.2	11.2	8.4	9.8
HEALTH CARE	-1.2	-1.5	5.6	14.0	3.9	5.1
Health Care Equip & Services	-2.1	3.7	9.7	6.3	11.5	9.9
Pharmaceuticals & Biotech	-1.1	-1.7	5.4	14.1	3.8	5.0
CONSUMER SERVICES	9.5	0.1	9.1	14.3	0.8	8.6
Food & Drug Retailers	7.8	1.4	4.1	5.8	1.2	5.6
General Retailers	1.7	3.3	9.6	5.8	3.8	9.6
Media	13.0	6.9	8.3	33.9	-1.7	9.5
Travel & Leisure	12.5	-10.1	15.2	10.4	1.6	10.1
TELECOMMUNICATIONS	-4.4	-0.4	3.6	36.0	12.8	4.3
Fixed-Line Telecoms	4.6	5.6	8.4	9.6	8.3	12.0
Mobile Telecoms	-6.6	-2.0	2.2	40.4	13.4	3.3
UTILITIES	-2.1	5.1	4.2	4.1	5.2	3.7
Electricity	-5.1	3.6	-2.4	4.0	3.3	-0.8
Gas, Water & Multi-Utilities	-1.2	5.6	6.1	4.1	5.7	5.0
TECHNOLOGY	2.0	7.6	16.0	15.2	12.2	9.9
Software & Computer Serv	0.9	7.0	12.3	15.3	11.1	8.9
Technology Hardware & Equip	4.9	9.2	25.3	15.1	15.7	13.1
TOTAL NON-FINANCIAL	8.7	5.9	8.6	17.3	7.4	7.8
FINANCIALS	2.1	12.6	13.5	7.4	8.2	12.6
Banks	12.1	8.7	13.7	9.5	8.6	20.0
Non-Life Insurance	-55.6	136.6	4.6	-2.9	-3.4	4.4
Life Insurance	-1.4	8.3	8.7	8.4	12.4	5.6
Real Estate Investment Svs	15.3	6.0	18.0	5.9	9.6	12.5
REITS	1.6	-0.7	5.3	6.8	3.5	3.9
Financial Services	-17.3	23.4	30.8	5.1	9.4	4.6
FTSE ALL SHARE	7.4	7.1	9.5	15.3	7.6	8.8
FTSE 100	9.2	5.2	8.8	16.3	8.3	8.4
Mid 250	-6.3	26.4	15.1	8.3	0.3	12.0
Small Cap	-9.2	14.2	12.5	-3.8	7.4	12.9

Source: Citi Investment Research and Analysis & DataStream

Figure 29. UK Sector Ratings

As at Close 29 May 2012	Price/Earnings				Net Dividend Yield			
	2010	2011	2012E	2013E	2010	2011	2012E	2013E
OIL & GAS	9.9	8.8	7.3	7.0	3.02	3.80	4.13	4.44
Oil & Gas Producers	9.7	8.7	7.1	6.9	3.06	3.87	4.20	4.50
Oil Equip, Serv and Distrib	18.2	15.9	12.6	10.6	2.04	2.29	2.73	3.18
BASIC MATERIALS	8.7	7.5	8.1	6.8	2.55	2.84	3.21	3.61
Chemicals	20.5	16.3	14.8	13.3	2.06	2.17	2.31	2.44
Forestry & Paper	15.2	9.0	10.9	10.3	3.28	4.31	4.60	4.85
Industrial Metals	11.9	11.1	14.1	13.7	0.38	0.36	1.68	0.37
Mining	8.2	7.1	7.8	6.5	2.60	2.91	3.28	3.72
INDUSTRIALS	14.6	12.8	12.0	10.9	2.69	3.03	3.23	3.50
Construction & Materials	15.8	13.0	12.9	11.2	4.56	4.69	4.58	4.74
Aerospace	12.1	11.3	10.5	10.0	3.19	3.53	3.77	4.01
General Industrials	12.3	11.0	10.2	9.3	2.93	3.51	3.88	4.27
Electronic & Electrical Equip	20.2	14.7	13.2	11.9	1.48	1.76	1.94	2.13
Industrial Engineering	17.1	13.5	12.1	11.2	2.32	2.54	2.81	3.09
Industrial Transportation	9.9	9.9	10.0	9.3	4.47	4.36	4.52	4.79
Support Services	16.0	14.0	13.0	11.7	2.20	2.56	2.78	3.06
CONSUMER GOODS	17.2	15.6	14.4	13.1	3.03	3.37	3.57	4.00
Automobiles & Parts	10.5	10.0	8.6	7.6	2.59	4.14	5.18	6.22
Beverages	19.8	17.7	16.0	14.4	2.39	2.59	2.81	3.07
Food Producers	16.5	15.5	14.3	13.3	3.29	3.57	3.63	3.85
Household Gds & Home Cons	16.8	14.7	14.0	12.5	2.71	3.03	2.89	3.83
Personal Goods	28.2	22.8	19.5	16.7	1.34	1.72	2.04	2.39
Tobacco	15.8	14.5	13.6	12.4	3.74	4.16	4.51	4.95
HEALTH CARE	9.8	9.9	10.0	9.5	4.35	4.96	5.15	5.41
Health Care Equip & Services	13.0	13.3	12.8	11.7	1.69	1.80	2.01	2.21
Pharmaceuticals & Biotech	9.6	9.7	9.9	9.4	4.49	5.12	5.31	5.57
CONSUMER SERVICES	12.0	11.0	11.0	10.1	3.40	3.89	3.92	4.26
Food & Drug Retailers	10.8	10.0	9.9	9.5	4.40	4.65	4.71	4.98
General Retailers	11.1	10.9	10.6	9.7	3.48	3.69	3.83	4.20
Media	13.1	11.6	10.9	10.0	2.89	3.86	3.80	4.16
Travel & Leisure	12.7	11.3	12.6	10.9	3.05	3.37	3.42	3.77
TELECOMMUNICATIONS	10.3	10.8	10.9	10.5	4.87	6.62	7.46	7.78
Fixed-Line Telecoms	10.0	9.5	9.0	8.3	3.86	4.23	4.59	5.14
Mobile Telecoms	10.4	11.2	11.4	11.2	5.09	7.15	8.10	8.37
UTILITIES	13.2	13.5	12.9	12.3	4.83	5.03	5.28	5.48
Electricity	11.3	11.9	11.5	11.8	5.53	5.75	5.94	5.89
Gas, Water & Multi-Utilities	13.8	14.0	13.3	12.5	4.65	4.84	5.12	5.38
TECHNOLOGY	18.1	17.7	16.5	14.2	1.57	1.81	2.03	2.23
Software & Computer Serv	13.8	13.7	12.8	11.4	2.15	2.48	2.75	3.00
Technology Hardware & Equip	29.4	28.0	25.6	20.4	0.85	0.98	1.14	1.29
TOTAL NON-FINANCIAL	11.5	10.6	10.0	9.2	3.32	3.89	4.18	4.51
FINANCIALS	10.5	10.3	9.1	8.0	4.12	4.43	4.79	5.39
Banks	10.3	9.2	8.4	7.4	3.56	3.89	4.23	5.07
Non-Life Insurance	9.2	20.7	8.7	8.4	7.06	6.85	6.62	6.91
Life Insurance	8.8	8.9	8.2	7.6	4.97	5.39	6.06	6.40
Real Estate Investment Svs	26.9	23.3	22.0	18.6	1.91	2.02	2.21	2.49
REITS	20.3	20.0	20.2	19.2	3.92	4.19	4.33	4.50
Financial Services	11.0	13.3	10.8	8.3	4.85	5.10	5.58	5.84
FTSE ALL SHARE	11.3	10.5	9.8	9.0	3.46	3.99	4.29	4.66
FTSE 100	11.1	10.2	9.7	8.9	3.52	4.09	4.44	4.81
Mid 250	13.4	14.3	11.3	9.8	3.01	3.26	3.26	3.66
Small Cap	9.0	9.9	8.7	7.7	3.17	3.05	3.28	3.70

Source: Citi Investment Research and Analysis & DataStream

Figure 30. Companies Mentioned

Stock	RIC Code	Rating	Price	Currency
ABB	ABBN.VX	1	15.59	CHF
AstraZeneca	AZN.L	2	26.39	GBP
BASF	BASFn.DE	2	55.76	EUR
British American Tobacco	BATS.L	1	31.05	GBP
Centrica	CNA.L	2	3.094	GBP
Danske Bank	DANSKE.CO	1	81.25	DKK
Diageo	DGE.L	2	15.935	GBP
DNB	DNB.OL	1	57.2	NOK
Fortum	FUM1V.HE	2	14.58	EUR
GlaxoSmithKline	GSK.L	1	14.42	GBP
Man Group	EMG.L	1H	0.805	GBP
Muenchener Rueckver	MUVGn.DE	2	101.5	EUR
National Grid	NG.L	2	6.51438	GBP
Nestle R	NESN.VX	2	54.5	CHF
NORDEA BANK	NDA1V.HE	1	6.11	EUR
Novartis R	NOVN.VX	2	49.97	CHF
Pearson	PSON.L	1	11.49	GBP
Reed Elsevier	REL.L	2	4.855	GBP
Roche	ROG.VX	2	153.9	CHF
Royal Dutch Shell A	RDSa.L	2	20.555	GBP
Sanofi	SASY.PA	1	54.95	EUR
SES Fdr	SESFd.PA	3	18.19	EUR
Siemens	SIEGn.DE	1	65.6	EUR
SKF B	SKFb.ST	3	145.1	SEK
Statoil	STL.OL	2	137.8	NOK
Telefonica	TEF.MC	2	9.6	EUR
TeliaSonera	TLSN.ST	1	43.32	SEK
Total	TOTF.PA	3	35.125	EUR
Unilever (UK)	ULVR.L	2	20.43	GBP
Unilever Certs.	UNc.AS	2	24.985	EUR
United Utilities Group	UU.L	2	6.695	GBP

Note: Prices as at Close 6 June 2012. Source: Citi Investment Research and Analysis

Notes

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Appendix A-1

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