# Equity Solutions
# WATCHER

## Real Estate:
## Getting its own GICS sector

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BUILDING TEAM SPIRIT TOGETHER

SOCIETE GENERALE
Private Banking

# Editorial (1/3)

## Contents



*This document presents equity ideas exclusively provided for potential investments.*

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Data & recommendations as of 6 June, 2016 close

**Real Estate: Getting its own GICS sector**

Real Estate Investment Trusts (REITs) were first introduced in the 1960s by the US Congress in order to provide all investors an opportunity to invest in diversified portfolios of income-producing real estate. An REIT is a company that owns, and either finances or operates real estate properties like apartments, office complexes, warehouses, hospitals, shopping centers and hotels among others. To qualify as an REIT, a company must have the bulk (at least 75%) of income derived from real estate investments and must distribute 90% of its taxable income to shareholders in the form of dividends. For investors, growth of REITs has created better opportunities to access attractive potential returns along with the added benefit of reduced portfolio risk. Investors' search for diversification, regular income and stable return make the real estate investment via REITs a compelling alternative.

Of late, REITs have gathered increasing popularity among investors, the companies have grown larger, their balance sheets have become more disciplined and their management teams have become more professional. Since the creation of REITs, a major event that emphasizes the importance of real estate and elevates its recognition as a distinct asset class is the creation of a separate headline-level sector for real estate in the Global Industry Classification Standard (GICS).

An influential industry classification standard used widely in investment management, the GICS was developed in 1999 by S&P Dow Jones Indices, a leading provider of financial market indices, and MSCI Inc., a leading provider of investment decision support tools with products such as indices, portfolio risk and performance analytics. For the first time since the inception of the GICS in 1999, a new GICS sector will be incorporated taking the total number of sectors to eleven. Beginning September 1, 2016, Equity REITs and real estate management and development companies will be removed from the Financials umbrella and get their own dedicated GICS sector. However, mortgage REITs will remain under the Financials sector under a newly created industry and sub-industry. Based on today's weights, the newly developed real estate sector would be almost similar in size to Utilities, Telecom or Materials (the smallest sectors in the S&P 500, at close to 3% each).

In the last couple of years, Equity REITs have been delivering solid returns, outperforming the broader equity markets and other


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financials. For example, in 2015, the FTSE NA Equity REITS Index was up 3.2%, outperforming the S&P 500 which returned 1.4%. In the past one year, the MSCI Europe Financials index was down 18.89% while the MSCI Europe REIT Index was down only by 4.8%. Globally, the MSCI world financials Index was down by 8.3% in the past one year, while the MSCI world REIT index was up by 10%. REITs have been outperforming in large part because of the predictable nature of their cash flows, solid near-term earnings growth, attractive dividend profiles and reasonable valuations.

We believe that a separate dedicated GICS sector for REITs should provide numerous tangible benefits to the sector. Investors would increasingly tend to look upon REITs as a reliable and attractive diversification opportunity rather than an alternative investment option.

As real estate assumes its well-deserved position as the 11th GICS sector, we believe REIT stocks should benefit from higher visibility and increased attention from market participants, especially as institutions tend to use GICS as an organisational framework for everything from portfolio management and asset allocation to investment research. There will be increased awareness of the sector's distinct investment characteristics, especially as its valuation involves understanding industry-specific metrics like Funds from Operations (FFO), Net Asset Value (NAV), etc. REITs are required to return most of their profits (90% of taxable income) to shareholders and need not pay taxes on that amount. The estimated average dividend yield of REITs for FY16 is ~4%.

Investors were generally underweight on REITs and could now look at adding fundamentally strong companies to their portfolio which should increase the sector's liquidity. Market analysts estimate that anywhere close to $100 bn could flow into REIT and real estate stocks as a result of equity fund managers benchmarking their portfolios to the GICS. Coverage and importance of REITs should also improve and so should the respective companies' accountability, corporate governance and disclosure norms.

Moreover, as a result of this realignment, real estate sector's volatility should decline as the financial sector tends to be highly volatile. Institutions and equity managers were used to altering their exposure to the financial sector in response to any global event. As Exchange Traded Funds (ETFs) and portfolio managers

# Editorial (3/3)

downgraded their views on the Financials sector in response to challenging monetary policies, REITs ability for further outperformance could have been constrained. With this new change, REITs would now be untouched whenever investors choose to increase or reduce their bank exposure through a financials ETF.

The correlation between REITs and other financials would reduce as they would no longer fall in the same basket. Since REITs were clubbed together with banks, insurers and diversified financials, it is quite possible that investors underestimated their unique fundamentals and their ability to pay dividends.

We believe that in a backdrop of rock-bottom interest rates, the difference between the attractive dividend yields offered by REITs and shrinking bond yields should remain compelling enough for investors and institutions to add promising REITs to their portfolio.

Given the realignment, which validates the emergence of real estate as an important asset class, and the potential increase in capital inflows and a broader investor base, we believe that there could be a case for a rerating in fundamentally strong real estate stocks. Although, the timing of fund flows cannot be ascertained, we believe large REITs should be the immediate beneficiaries as a result of their presence in the index, followed by high quality mid-cap REITs which should benefit in the medium to long term. In this context, we present a list of high-quality real estate stocks, with promising growth prospects, which are likely to benefit as a result of this reclassification.

# Focus: Basket of Stocks (1/2)

### American Tower Corp (AMT US) – ADD – Consensus Target Price: USD 118.17

AMT is a US-based REIT that operates as a wireless and broadcast communications infrastructure company. It develops, owns and operates communications sites. AMT's main activity is to lease antenna space to wireless service providers and to radio and television-broadcast companies. The transition from 3G to 4G wireless service in the US is in full swing and is expected to increase the demand for tower space. AMT has a strong business model with non-cancellable long-term contracts that enables it to achieve stable operational growth in the long term. Moreover, we expect its global tenants to increase their capex towards wireless technology in coming years, which should provide strong growth and generate consistent revenues for the company. AMT trades at a next-12-month P/FFO of 17.6x lower than its five-year average of 19.1x.

### AvalonBay Communities Inc (AVB US) – ADD – Consensus Target Price: USD 192.34

Avalon is engaged in developing, re-developing, acquiring and managing high-quality apartment communities in leading metropolitan areas of the US. It operates in a business environment which has high entry barriers due to extensive capital requirements (higher-than-average land cost in prime locations) and multiple residential community clauses and regulations. The declining unemployment rate in the US, lower interest rate environment and an expected rise in personal income should continue to support Avalon's business fundamentals. It also benefits from a shortage in supply of quality residential properties in main metropolitans of the US for the upper income group (particularly in both eastern and western coastal areas). Avalon is trading at a next-12-month P/FFO of 21.2x, slightly lower than its five-year average, and the FY16E dividend yield is ~3%.

### Simon Property Group Inc (SPG US) – ADD – Consensus Target Price: USD 229.53

Simon Property Group (SPG) is a leading global retail real estate investment trust. It owns, develops and manages a high-quality portfolio of retail real estate properties including malls and premium outlets. The company has a 20.3% stake in a France-based retail shopping centre REIT Klepierre SA. Proactive balance sheet management and refinancing of debt at a lower cost should add to the company's overall income. SPG is trading at a next-12-month P/FFO of 17.6x, almost in line with its five-year average. The FY16E dividend yield is 3.3%.

### Unibail-Rodamco SE (UL NA) – ADD – Consensus Target Price: EUR 245.43

Unibail's focus on high footfall and superior quality assets like shopping malls throughout Europe underlines the attractiveness of its business model. The company has a strong project development pipeline of EUR 7.4 bn. With Unibail's sound track record of timely project delivery, we expect overall value uplift in the long term. Its 1Q16 turnover was up by a strong 5.8% YoY and tenant sales were up by 2.3% YoY despite weakness after the Paris terrorist attacks, which highlight the resilience in its operating markets. In 2015, Unibail signed 196 leases with international premium retailers for its shopping centres, up 15% from 2014. The company has a healthy balance sheet with a loan-to-value of 35% as of FY15 and interest coverage ratio of 4.6x. Cost of debt is at a historical low of 2.2%. The FY16E dividend yield is ~4.2%.

# Focus: Basket of Stocks (2/2)

### Vonovia SE (VNA GY) – ADD – Consensus Target Price: EUR 33.20

Vonovia is Germany's largest pure-play residential property player with an attractive rental growth profile (+48.7% YoY/+79.2% as of 1Q16/FY15), declining vacancy rate (2.8% as of 1Q16 vs. 3.4% as of FY15) and a balanced property portfolio with exposure to high-growth locations. Acquisitions made since 2014 will enable Vonovia to excel in its operating performance and generate synergies. The company reported better-than-expected 1Q16 results and raised its FY16 guidance. It now expects an FFO per share of EUR 1.55–1.59 (previously EUR 1.48–1.52). We attribute this to successful business development and rapid integration of its acquisitions. Vonovia's financial position is on an improving trend with loan-to-value of 45.8% as of 1Q16 (down from 46.9% and 49.7% as of FY15 and FY14, respectively). It is trading at an FY16E P/NAV of ~1x, below its average of 1.2x, and it offers a healthy FY16E dividend yield of 3.5%.

# Market Dashboard & Conviction-list Performance

## Conviction Lists[2] & Benchmarks

| 06/06/2016 | Inception Date | | Weekly | YTD |
|---|---|---|---|---|
| **Global CL** | **09/14/2009** | **45.2%** | **-1.0%** | **-5.4%** |
| Developed Asia-Pacific CL | 02/22/2016 | 0.8% | -0.7% | 0.8% [1] |
| European CL | 03/10/2010 | 28.0% | -2.0% | -7.9% |
| US CL | 03/10/2010 | 43.4% | -0.3% | -1.2% |
| Emerging CL | 02/22/2016 | 10.6% | 1.6% | 10.6% [1] |
| Dividend CL | 02/05/2015 | -1.1% | -1.7% | -1.5% |
| **MSCI AC World** | **09/14/2009** | **42.9%** | **0.7%** | **1.6%** |
| MSCI Pacific Index | 02/22/2016 | 7.6% | 1.2% | -2.5% |
| MSCI Europe | 03/10/2010 | 28.5% | -2.2% | -6.4% |
| SPX Index | 03/10/2010 | 84.1% | 0.5% | 3.2% |
| MSCI Emerging Markets | 02/22/2016 | 9.9% | 1.9% | 3.7% |
| MSCI World High Dividend Yield | 02/05/2015 | 2.0% | 0.7% | 7.1% |

*Sources: Bloomberg & Société Générale Private Banking*

## MSCI World AC Group Ranked Returns

| 06/06/2016 | Weekly | YTD | 52 Week Rolling | |
|---|---|---|---|---|
| | | | Low | High |
| **MSCI AC World** | **0.7%** | **1.6%** | **15.6%** | **-7.4%** |
| Energy | 1.1% | 12.0% | 34.3% | -14.6% |
| Telecom Services | 0.5% | 5.4% | 14.1% | -5.3% |
| Utilities | 1.5% | 7.8% | 14.1% | -0.8% |
| Cons. Staples | 1.2% | 5.6% | 15.9% | -0.4% |
| Financials | -0.3% | -3.6% | 18.0% | -15.1% |
| Cons. Discretionary | 0.3% | -1.6% | 14.4% | -7.1% |
| Materials | 2.6% | 10.5% | 29.9% | -13.0% |
| Industrials | 0.8% | 4.3% | 17.7% | -4.6% |
| Info Technology | 0.2% | 0.9% | 16.6% | -3.0% |
| Healthcare | 1.8% | -1.5% | 13.2% | -9.6% |

*Source: Bloomberg*

## Global Style Counselling[3]

| 06/06/2016 | Weekly | YTD | 52 Week Rolling | |
|---|---|---|---|---|
| | | | Low | High |
| **MSCI AC WORLD** | **0.7%** | **1.6%** | **15.6%** | **-7.4%** |
| MSCI World Value | 0.4% | 1.9% | 15.1% | -7.7% |
| MSCI World Growth | 0.8% | 1.0% | 14.5% | -4.8% |
| MSCI World Small Cap | 1.9% | 5.1% | 21.5% | -4.7% |
| MSCI World Large Cap | 0.6% | 1.3% | 14.9% | -7.7% |

*Source: Bloomberg*

[1] Performance since 02/22/2016.
[2] Conviction lists' content is detailed on the following pages.
[3] Each style is defined according to MSCI standards, detailed in the glossary.

Past performance is not a reliable indicator of the future performance. The amounts indicated above do not include any fees, duties or other charges which may be added in case of conclusion of an operation.

# Global Conviction List…

## List Definition

- The List comprises Societe Generale Private Banking Equity Experts' convictions with exclusively buy rated listed companies.
- The selection derives from Societe Generale Private Banking investment universe.
- Any update in the list is announced through a "Conviction List Change" publication.

**EUROPE**

**BNP Paribas SA** (BNP FP)
**Bayer AG** (BAYN GR)
**Cie de St-Gobain SA** (SGO FP)
**ING Groep NV** (INGA NA)
**LVMH SE** (MC FP)
**Pernod Ricard SA** (RI FP)
**Schneider Electric SE** (SU FP)
**Senior Plc** (SNR LN)
**WPP Plc** (WPP LN)

**U.S.**

**Alphabet Inc** (GOOGL US)
**Apple Inc** (AAPL US)
**Check Point Software Technologies Ltd** (CHKP US)
**Citigroup Inc** (C US)
**Oracle Corp** (ORCL US)
**Thermo Fisher Scientific Inc** (TMO US)
**United Technologies Corp** (UTX US)
**Walt Disney Co** (DIS US)

**ASIA**

**Alibaba Group Holding Ltd** (BABA US)
**Japan Airlines** (9201 JP)
**Japan Tobacco Inc** (2914 JP)
**Mitsubishi UFJ Financial Group** (8306 JP)
**Samsung Electronics Co Ltd** (SMSN LI)

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# …& Historical Performance

## Global Conviction List

**06/06/2016**

| Code | Company Name | Last Price | Perf.* | Target Price ** | Upside | Industry | Entry Date |
|---|---|---|---|---|---|---|---|
| BABA US | Alibaba Group Holding Ltd | 78.06 | -19% | 95.00 | 22% | Information Technology | 01/19/2015 |
| GOOGL US | Alphabet Inc | 730.06 | 19% | 850.00 | 16% | Information Technology | 08/25/2015 |
| AAPL US | Apple Inc | 98.63 | 7% | 125.00 | 27% | Information Technology | 06/19/2014 |
| BAYN GR | Bayer AG | 89.01 | -25% | 119.00 | 34% | Health Care | 09/09/2015 |
| BNP FP | BNP Paribas | 46.39 | 16% | 66.00 | 42% | Financials | 04/04/2013 |
| CHKP US | Check Point Software Technologies Ltd | 85.30 | 11% | 98.00 | 15% | Information Technology | 02/11/2015 |
| SGO FP | Cie de St-Gobain | 39.11 | -2% | 51.00 | 30% | Industrials | 04/29/2015 |
| C US | Citigroup | 45.74 | -10% | 57.00 | 25% | Financials | 10/16/2013 |
| INGA NA | ING Groep NV | 10.85 | 0% | 13.40 | 24% | Financials | 06/10/2014 |
| 9201 JP | Japan Airlines Co Ltd | 3,625.00 | -13% | 4,950.00 | 37% | Industrials | 09/11/2015 |
| 2914 JP | Japan Tobacco Inc | 4,482.00 | 73% | 5,300.00 | 18% | Consumer Staples | 01/08/2013 |
| MC FP | LVMH SE | 145.25 | -11% | 190.00 | 31% | Consumer Discretionary | 06/04/2015 |
| 8306 JP | Mitsubishi UFJ Financial | 523.20 | 10% | 720.00 | 38% | Financials | 01/10/2013 |
| ORCL US | Oracle Corp | 39.44 | 31% | 49.00 | 24% | Information Technology | 06/24/2013 |
| RI FP | Pernod Ricard SA | 98.51 | -4% | 120.00 | 22% | Consumer Staples | 01/19/2015 |
| SMSN LI | Samsung Electronics Co Ltd | 587.00 | -7% | 720.00 | 23% | Information Technology | 02/09/2015 |
| SU FP | Schneider Electric SE | 56.84 | -8% | 73.00 | 28% | Industrials | 06/30/2015 |
| SNR LN | Senior Plc | 222.20 | -6% | 265.00 | 19% | Industrials | 04/21/2016 |
| TMO US | Thermo Fisher Scientific Inc | 153.19 | 22% | 162.00 | 6% | Health Care | 02/11/2015 |
| UTX US | United Technologies Corp | 101.36 | 43% | 118.00 | 16% | Industrials | 09/22/2010 |
| DIS US | Walt Disney Co | 98.78 | -1% | 120.00 | 21% | Consumer Discretionary | 01/08/2016 |
| WPP LN | WPP Plc | 1,588.00 | 123% | 1,821.00 | 15% | Consumer Discretionary | 07/27/2011 |
| | **List Performance Since Inception:** | **45.2%** | | | | | |
| | **List Potential Upside:** | **34.9%** | | | | | |

*Sources: SGPB & Bloomberg*

** Price Return Since Inception*

*** Target price is a 12-month forecast price defined by SGPB Equity Experts*

## Weekly Comment

- The Global Conviction List declined 1.0%, underperforming the MSCI AC World Index, which gained 0.7%.
- The week's worst performers were BNP Paribas and ING Groep, as they plunged 7.7% and 5.0%, respectively. They were followed by Japan Airlines and Mitsubishi UFJ Financial, which dropped 4.7% and 4.2%, respectively. On the other hand, the week's best performing stock was Samsung Electronics as it surged 8.5%.
- The List offers an average upside of 34.9%, based on our Equity Experts' target prices.

# Dividend Conviction List

## List Definition

- List comprises Societe Generale Private Banking Equity Experts' convictions with exclusive buy rating and an attractive dividend yield.
- The selection aims at generating dividend income.
- The selection derives from Societe Generale Private Banking investment universe.
- Any update in the list is announced through a "Conviction List Change" publication.

**06/06/2016**

| Bloomberg Code | Company Name | Dividend Yield* | Last Price | Perf.** | Target Price*** | Upside | Industry | Entry Date |
|---|---|---|---|---|---|---|---|---|
| CS FP | AXA SA | 5.4% | 21.82 | 5% | 29.00 | 33% | Financials | 02/05/2015 |
| CVX US | Chevron Corp | 4.3% | 101.17 | 1% | 112.00 | 11% | Energy | 06/23/2015 |
| KO US | Coca-Cola | 3.1% | 45.37 | 9% | 48.00 | 6% | Consumer Staples | 02/05/2015 |
| ENEL IM | Enel SpA | 4.4% | 4.05 | 2% | 4.64 | 15% | Utilities | 08/25/2015 |
| ENGI FP | Engie SA | 7.3% | 13.65 | -29% | 21.00 | 54% | Utilities | 02/05/2015 |
| GSK LN | GlaxoSmithKline Plc | 5.4% | 1,470.50 | -2% | 1,530.00 | 4% | Health Care | 02/05/2015 |
| INGA NA | ING Groep NV | 6.3% | 10.85 | -18% | 13.40 | 24% | Financials | 10/06/2015 |
| LLOY LN | Lloyds Banking Group Plc | 6.2% | 69.64 | -5% | 86.00 | 23% | Financials | 11/26/2015 |
| RDSA NA | Royal Dutch Shell Plc | 7.4% | 21.95 | -20% | 31.60 | 44% | Energy | 05/19/2015 |
| SU FP | Schneider Electric SE | 3.6% | 56.84 | -8% | 73.00 | 28% | Industrials | 06/30/2015 |
| VIE FP | Veolia Environnement SA | 3.9% | 20.38 | 24% | 25.00 | 23% | Utilities | 02/05/2015 |
| DG FP | Vinci SA | 3.1% | 66.83 | 35% | 77.00 | 15% | Industrials | 02/05/2015 |

**List Performance Since Inception:** **-1.1%**

**List Potential Upside:** **22.9%**

*Sources: SGPB & Bloomberg*

** Estimated annual dividend yield for the next 12 months (average of the estimates given by the contributors to the Bloomberg consensus)*

*** Price Return Since Inception*

**** Target price is a 12-month forecast price defined by SGPB Equity Experts*

| Dividend Yield | % |
|---|---|
| FTSE 100 | 4.4% |
| Euro Stoxx50 | 4.1% |
| Straits Times Index | 4.0% |
| SMI | 3.7% |
| Bovespa Index | 3.4% |
| S&P 500 | 2.2% |
| Nikkei 225 | 1.9% |

# Emerging Markets Overview

## Conviction List

**06/06/2016**

| Code | ADR/GDR* | Company Name | Last Price | Perf.** | Target Price *** | Upside | Industry | Entry Date |
|---|---|---|---|---|---|---|---|---|
| BABA US | BABA US | Alibaba Group Holding Ltd | 78.06 | 13% | 95.00 | 22% | Information Technology | 02/22/2016 |
| BBL-R TB | - | Bangkok Bank PCL | 165.50 | 5% | 240.00 | 45% | Financials | 02/22/2016 |
| 012330 KS | - | Hyundai Mobis | 255,000.00 | -2% | 320,000.00 | 25% | Consumer Discretionary | 02/22/2016 |
| SMSN LI | SMSN LI | Samsung Electronics Co Ltd | 587.00 | 22% | 720.00 | 23% | Information Technology | 02/22/2016 |
| 2330 TT | TSM US | TSMC | 161.00 | 7% | 172.00 | 7% | Information Technology | 02/22/2016 |
| | | **List Performance Since Inception:** | **10.6%** | | | | | |
| | | **List Upside:** | **26.8%** | | | | | |

*Sources: SGPB & Bloomberg*

** When available, ADR/GDR most liquid. ** Price Return since Inception*

**** Target price is a 12-month forecast price defined by SGPB Equity Experts*

## Market Performances

| 06/06/2016 | EM Index | Weekly | YTD |
|---|---|---|---|
| MXEF Index | MSCI Emerging (USD) | 1.9% | 3.7% |
| MSEUEMEA Index | MSI EMEA (USD) | 3.3% | 11.0% |
| MXLA index | MSCI LATAM (USD) | 2.8% | 15.7% |
| MXMS Index | MSCI Emerging Asia (USD) | 1.5% | 0.1% |
| MXRU Index | MSCI Russia | -0.3% | 20.4% |
| MXBR Index | MSCI Brazil | 5.2% | 28.7% |
| MXIN Index | MSCI India | -0.1% | 1.5% |

*Sources: SGPB & Bloomberg*

## Convictions Highlights

The EM Conviction List advanced 1.6%, underperforming the MSCI EM Index, which gained 1.9%. Samsung Electronics was the week's best performing stock, surging 8.5%, while Alibaba Group Holdings was the worst performer as it declined 3.6%.

## MSCI Emerging Markets Index (USD)


*Sources: SGPB & Bloomberg*

## Macroeconomic Views

**China's PMI remains in expansion zone**

China's official manufacturing PMI for the month of May came in at 50.1, slightly better than the consensus of 50.0, indicating activity improvement in Chinese factories for the third consecutive month.

**India: GDP expands in 4Q16**

India reported GDP growth of 7.9% YoY in 4Q16 (FY ended March), vs. 7.2% in 3Q16, better than the consensus of 7.5% growth. This was mainly driven by a rebound in farm output, which grew 2.3% compared with a 1.0% contraction in the last quarter.

*Source: Bloomberg*

# Regional Conviction Lists

## List Definition

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## Developed Asia-Pacific

**06/06/2016**

| Code | Company Name | Last Price | Perf.* | Target Price ** | Upside | Industry | Entry Date |
|---|---|---|---|---|---|---|---|
| 1299 HK | AIA Group | 46.10 | 16% | 60.00 | 30% | Financials | 02/22/2016 |
| 4503 JP | Astellas Pharma Inc. | 1,491.00 | -5% | 2,210.00 | 48% | Health Care | 02/22/2016 |
| 5108 JP | Bridgestone | 3,643.00 | -9% | 4,500.00 | 24% | Consumer Discretionary | 02/22/2016 |
| 9201 JP | Japan Airlines Co Ltd | 3,625.00 | -14% | 4,950.00 | 37% | Industrials | 02/22/2016 |
| 2914 JP | Japan Tobacco Inc | 4,482.00 | -1% | 5,300.00 | 18% | Consumer Staples | 02/22/2016 |
| 8306 JP | Mitsubishi UFJ Financial | 523.20 | 10% | 720.00 | 38% | Financials | 02/22/2016 |
| 8801 JP | Mitsui Fudosan | 2,614.50 | -1% | 4,000.00 | 53% | Financials | 02/22/2016 |
| OCBC SP | Oversea-Chinese Banking Corp Ltd | 8.76 | 10% | 12.10 | 38% | Financials | 02/22/2016 |

**List Performance Since Inception:** **0.8%**

**List Potential Upside:** **35.9%**

*Sources: SGPB & Bloomberg*

** Price Return Since Inception*

*** Target price is a 12-month forecast price defined by SGPB Equity Experts*

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# Europe

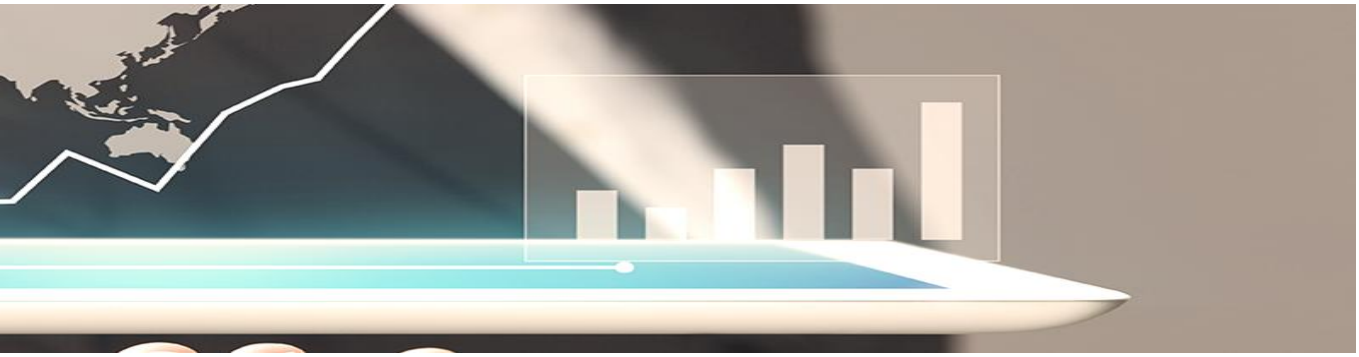
**06/06/2016**

| Code | Company Name | Last Price | Perf.* | Target Price ** | Upside | Industry | Entry Date |
|---|---|---|---|---|---|---|---|
| ADEN VX | Adecco SA | 60.25 | -10% | 78.00 | 29% | Industrials | 12/17/2015 |
| AGN NA | Aegon NV | 4.42 | -29% | 6.25 | 41% | Financials | 10/29/2014 |
| AIR FP | Airbus Group SE | 53.03 | -6% | 69.00 | 30% | Industrials | 08/25/2015 |
| BAYN GR | Bayer AG | 89.01 | -25% | 119.00 | 34% | Health Care | 09/09/2015 |
| BNP FP | BNP Paribas | 46.39 | 16% | 66.00 | 42% | Financials | 04/04/2013 |
| SGO FP | Cie de St-Gobain | 39.11 | -2% | 51.00 | 30% | Industrials | 04/29/2015 |
| EOAN GR | E.ON SE | 8.90 | -7% | 12.00 | 35% | Utilities | 10/13/2015 |
| ENG SM | Enagas SA | 26.65 | 4% | 31.00 | 16% | Utilities | 01/08/2016 |
| ENEL IM | Enel SpA | 4.05 | 2% | 4.64 | 15% | Utilities | 08/25/2015 |
| FME GY | Fresenius Medical Care AG | 76.37 | -2% | 90.00 | 18% | Health Care | 01/08/2016 |
| INGA NA | ING Groep NV | 10.85 | 0% | 13.40 | 24% | Financials | 06/10/2014 |
| ERICB SS | LM Ericsson Telefon AB | 62.60 | -26% | 80.00 | 28% | Information Technology | 10/06/2015 |
| MC FP | LVMH SE | 145.25 | -11% | 190.00 | 31% | Consumer Discretionary | 06/04/2015 |
| RI FP | Pernod Ricard SA | 98.51 | -4% | 120.00 | 22% | Consumer Staples | 01/19/2015 |
| PUB FP | Publicis Groupe | 61.77 | 2% | 77.00 | 25% | Consumer Discretionary | 12/01/2015 |
| SU FP | Schneider Electric SE | 56.84 | -8% | 73.00 | 28% | Industrials | 06/30/2015 |
| SNR LN | Senior Plc | 222.20 | -6% | 265.00 | 19% | Industrials | 04/21/2016 |
| VIE FP | Veolia Environnement SA | 20.38 | 13% | 25.00 | 23% | Utilities | 04/08/2015 |
| WDI GY | Wirecard AG | 38.53 | -1% | 50.00 | 30% | Information Technology | 05/08/2015 |
| WIZZ LN | Wizz Air Holdings Plc | 1,938.00 | 9% | 2,150.00 | 11% | Industrials | 11/06/2015 |
| WPP LN | WPP Plc | 1,588.00 | 123% | 1,821.00 | 15% | Consumer Discretionary | 07/27/2011 |
| | **List Performance Since Inception:** | **28.0%** | | | | | |
| | **List Upside:** | **33.2%** | | | | | |

*Sources: SGPB & Bloomberg*

** Price Return Since Inception*

*** Target price is a 12-month forecast price defined by SGPB Equity Experts*



# United States

**06/06/2016**

| Code | Company Name | Last Price | Perf.* | Target Price ** | Upside | Industry | Entry Date |
|---|---|---|---|---|---|---|---|
| GOOGL US | Alphabet Inc | 730.06 | 19% | 850.00 | 16% | Information Technology | 08/25/2015 |
| AAPL US | Apple Inc | 98.63 | 7% | 125.00 | 27% | Information Technology | 06/19/2014 |
| CHKP US | Check Point Software Technologies Ltd | 85.30 | 11% | 98.00 | 15% | Information Technology | 02/11/2015 |
| C US | Citigroup | 45.74 | -10% | 57.00 | 25% | Financials | 10/16/2013 |
| KO US | Coca-Cola | 45.37 | 22% | 48.00 | 6% | Consumer Staples | 10/04/2013 |
| CVS US | CVS Health Corp | 96.31 | -2% | 117.00 | 21% | Consumer Staples | 09/25/2015 |
| GILD US | Gilead Sciences Inc | 87.60 | 9% | 125.00 | 43% | Health Care | 06/12/2014 |
| ORCL US | Oracle Corp | 39.44 | 31% | 49.00 | 24% | Information Technology | 06/24/2013 |
| TMO US | Thermo Fisher Scientific Inc | 153.19 | 22% | 162.00 | 6% | Health Care | 02/11/2015 |
| UTX US | United Technologies Corp | 101.36 | 43% | 118.00 | 16% | Industrials | 09/22/2010 |
| DIS US | Walt Disney Co | 98.78 | -1% | 120.00 | 21% | Consumer Discretionary | 01/08/2016 |
| | **List Performance Since Inception:** | **43.4%** | | | | | |
| | **List Upside:** | **28.1%** | | | | | |

*Sources: SGPB & Bloomberg*

** Price Return Since Inception*

*** Target price is a 12-month forecast price defined by SGPB Equity Experts*

**Past performance is not a reliable indicator of the future performance. The amounts indicated above do not include any fees, duties or other charges which may be added in case of conclusion of an operation.**

# Convictions By Sectors

| | Name | Bloomberg Code |
|---|---|---|
| Consumer Discretionary | Bridgestone Corp | 5108 JP |
| | Hyundai Mobis Co Ltd | 012330 KS |
| | LVMH SE | MC FP |
| | Publicis Groupe | PUB FP |
| | Walt Disney Co | DIS US |
| | WPP PLC | WPP LN |
| Consumer Staples | Coca-Cola | KO US |
| | CVS Health Corp | CVS US |
| | Japan Tobacco Inc | 2914 JP |
| | Pernod Ricard SA | RI FP |
| Energy | Chevron Corp | CVX US |
| | Royal Dutch Shell Plc | RDSA NA |
| Financials | Aegon NA | AGN NA |
| | AIA Group Ltd | 1299 HK |
| | AXA SA | CS FP |
| | Bangkok Bank PCL | BBL-R TB |
| | BNP Paribas SA | BNP FP |
| | Citigroup Inc | C US |
| | ING Groep NV | INGA NA |
| | Lloyds Banking Group Plc | LLOY LN |
| | Mitsubishi UFJ Financial Group Inc | 8306 JP |
| | Mitsui Fudosan Co Ltd | 8801 JP |
| | Oversea-Chinese Banking Corp Ltd | OCBC SP |
| Healthcare | Astellas Pharma Inc. | 4503 JP |
| | Bayer AG | BAYN GR |
| | Fresenius Medical Care & Co KGaA | FME GY |
| | Gilead Sciences Inc | GILD US |
| | GlaxoSmithKline Plc | GSK LN |
| | Thermo Fisher Scientific Inc | TMO US |
| Industrials | Adecco SA | ADEN VX |
| | Airbus Group SE | AIR FP |
| | Cie de St-Gobain | SGO FP |
| | Japan Airlines Co Ltd | 9201 JP |
| | Schneider Electric SE | SU FP |
| | Senior Plc | SNR LN |
| | United Technologies Corp | UTX US |
| | Vinci SA | DG FP |
| | Wizz Air Holdings Plc | WIZZ LN |
| Information Technology | Alibaba Group Holding Ltd | BABA US |
| | Alphabet Inc | GOOG US |
| | Apple Inc | AAPL US |
| | Check Point Software Technologies Ltd | CHKP US |
| | LM Ericsson Telefon AB | ERICB SS |
| | Oracle Corp | ORCL US |
| | Samsung Electronics Co Ltd | SMSN LI |
| | TSMC | 2330 TT |
| | Wirecard AG | WDI GY |
| Utilities | E.ON SE | EOAN GR |
| | Enagas SA | ENG SM |
| | Enel SpA | ENEL IM |
| | Engie SA | GSZ FP |
| | Veolia Environment SA | VIE FP |

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# Rating System

## Investment Rating Definitions:

| | |
|---|---|
| **Buy** | Stock that is expected to outperform its MSCI sector index over a 12-month investment horizon. |
| **Neutral** | Stock that is expected to perform in line with its MSCI sector index over a 12-month investment horizon. |
| **Sell** | Stock that is expected to underperform its MSCI sector index over a 12-month investment horizon. |
| **Restricted** | Covered stock that is not rated or assigned a target price as the Societe Generale group has a capital market transaction with that company. |

**Product Risk Rating**

The product category of single equity, stock, share is rated at '4'.

In order to draw the attention of potential investors to the risk linked to each investment solution, Societe Generale Private Banking has ranked each product according to its own specific risk scale from the lowest risk (class 0) to the highest risk (class 4). The risk classification is a Societe Generale Private Banking internal risk indicator. These internal indicators are based on the Value at Risk 95% 1 year (VaR). The VaR corresponds to the maximum amount that the portfolio being considered could lose in normal market conditions over a given period with a given probability (past performances and simulations of performance shall not be considered as a reliable indicator of future performance). If the VaR 95% 1 year is y%, this means that there is a 95% probability that the portfolio will not lose more than y% of its value in one year.

| Risk Levels | Losses |
|---|---|
| **0 - Lowest Risk** | There is a 95% probability that the product will not depreciate in value in one year. |
| **1 - Low Risk** | There is a 95% probability that the product will not lose more than 5% of its value in one year. |
| **2 - Medium Risk** | There is a 95% probability that the product will not lose more than 15% of its value in one year. |
| **3 - High Risk** | There is a 95% probability that the product will not lose more than 30% of its value in one year. |
| **4 - Highest Risk** | There is a minimum of 5% probability that the product will lose more than 30% of its value in one year. |

# Calculation Methodology

**Performance Calculation**

At the time of inception of the conviction list, all members are based at 100. Each stock is equally weighted, so that every member has the same probability to add value to the list. The selection is made using a bottom-up approach and may not be read as a portfolio construction.

Performance of Conviction Lists and the members is calculated every week based on Monday's closing price or last trading day in case of a holiday. Rebased level for Conviction List members is obtained by applying the change in the share price (current price/last week price) to the previous rebased level. Rebased level for the Conviction Lists is obtained by averaging the rebased levels for all the conviction list members.

**Conviction List Change**

Performance is also calculated as mentioned above at the time of any change in Conviction Lists such as inclusion of a new member or removal of an existing member. For inclusion or removal of a member, closing price on the day prior to the announcement is used. In addition, all members are equally weighted again by applying the last rebased level of the Conviction List.

**Performance Measurement**

Weekly: % change in the current rebased level over previous week's rebased level.

YTD: % change in the current rebased level over the rebased level at the beginning of the year.

Since inception: % change in the current rebased level over the base value (100).

Since inclusion (Conviction List Members): % change in the current rebased level over the rebased level at the time of inclusion.

**Potential Upside Calculation**

Of Members: is obtained by ascertaining the % difference between the current price and target price.

Of Conviction Lists: is obtained by rebasing the upside potential of members and then averaging these rebased upside potential levels.

**Corporate Actions**

Dividend payment : the performance methodology does not take into account the impact of dividend payment. Therefore, the lists' performance is purely based on price return calculation.

Stock Split : to adjust the effect a stock split, we adjust the target price by the same ratio as that of the stock split.

**Benchmarking**

Performance of Conviction Lists is compared with the following relative benchmarks to ascertain the outperformance/underperformance

**Global CL** (Conviction List) : MSCI AC World

**Asian CL** : MSCI AC Asia Pacific

**European CL** : MSCI Europe

**US CL** : S&P 500

**Emerging CL** : MSCI Emerging Markets

**High Dividend CL** : MSCI World High Dividend Yield

# Glossary (1/2)

## Societe Generale Private Banking Investment Universe

Societe Generale Private Banking defines and maintains an investment universe, aiming at ensuring the liquidity and the meaningful coverage of companies subject to potential investments. This investment universe complies with rules defined as follows:

- **Issuers are constituents of MSCI indices**: The constituents of the indices retained cover developed and emerging countries with increased precision (average market capitalisation) for Germany, Belgium, France, the UK and Switzerland.
- **Market Capitalisation**: To avoid the inclusion of securities whose market capitalisation could be too low in light of the potential investments by clients and/or managers, only securities whose market capitalisation is greater than €500 mn have been chosen.
- **Liquidity**: To ensure minimum liquidity for investments, only securities with a six-month average daily trading volume greater than EUR 300,000 are selected.
- **Reliable Financial Information**: Only securities tracked by at least three sell side financial analysts are included in the universe.
- **Social and Environmental Responsibility Policy of SG Group**: Societe Generale has defined a framework for Social and Environmental Responsibility. This framework sets out restrictions on listed securities identified by SG Group and deleted from the universe.

## Societe Generale Private Banking Recommended Universe

The Recommended Universe is made of companies from the Investment Universe as defined by Societe Generale Private Banking guidelines. Members are chosen by Equity Solutions. There are no lower nor upper limits on the number of stocks in the Recommended Universe. There is no specific constraint in term of geographical or industry representation. A company from the recommended universe can be subject to a rating change, as decided by the Equity Solutions expert covering the company. When a stock is downgraded to a Sell rating, it is still followed for at least 3-month, after which Equity Solutions issues a coverage termination alert.

## Financial Terms and Acronyms

**ADR (American Depositary Receipt)**: is a negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US exchange. ADRs are denominated in US dollars, with the underlying security held by a US financial institution overseas.

**BACKLOG**: often refers to a company's sales orders waiting to be fulfilled. Even if it provides the revenue visibility, the companies usually try to avoid to have an extensive backlog because that creates the risk of unmet demand and thus can have negative impact on future earnings

**BENCHMARK**: is, generally, a broad market, market-segment stock or bond index that is used as a reference to evaluate the performance of a security, mutual fund or investment manager.

**BV (Book Value)**: is the total value of net assets of a company. It consists of the firm's fixed assets plus its current assets, minus short-term liabilities, long-term creditors and any provisions.

**BV/S (Book Value Per Share)**: is the total value of the net assets of a company divided by the total number of outstanding shares.

**C/I (Cost Income Ratio)**: is used for valuing banks. It shows a company's costs in relation to its income. Formula: (Operating Costs/Operating Income)*100.

**CAGR (Compound Annual Growth Rate**): is a term used for the geometric progression ratio that provides a constant rate of return over a specific time period.

**CAPEX (Capital Expenditure)**: is the fund used by the company to acquire or upgrade the physical assets such as property, industrial buildings or equipment. The most capital intensive industries include oil, telecom and utilities.

**CAR (Capital Adequacy Ratio)**: is a measure of a bank's capital. It is expressed as a percentage of a bank's risk-weighted credit exposures. Formula: (Tier One Capital + Tier Two Capital)/Risk Weighted Assets.

**CET I (Common Equity Tier I Ratio)** : is a measure of the bank's common equity capital as a percentage of risk-weighted assets. It is generally compared to a defined benchmark stipulated by the regulatory authority to determine whether a bank is sufficiently capitalised.

**DIVIDEND YIELD**: Dividend per share (total dividend paid out divided by the total number of shares) expressed as a percentage of current stock price.

## Financial Terms and Acronyms (contd.)

**EBIT (Earnings Before Interest and Taxes)**: profit before taking into account interest payments and income taxes. Also referred to as operating income, it is calculated as a company's gross income minus all its operating expenses.

**EBIT Margin**: Ratio that expresses EBIT as a percentage of total sales (EBIT/Sales*100); also referred to as operating margin.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)**: profit before taking into account interest payments, income taxes and non-cash operating expenses (depreciation and amortisation). It is calculated as a company's gross income minus its cash operating expenses only.

**EPS (Earnings Per Share):** is the division of total net profit by the number of shares.

**EV (Enterprise Value)** is a measure of a company's value, often used as an alternative to straightforward market capitalisation. It is calculated as (market cap + debt + minority interest + preferred shares) − total cash − cash equivalents.

**EV/EBITDA**: compares the total value of the company to its EBITDA.

**EV/SALES**: compares the total value of the company to its sales.

**FCF (Free Cash Flow)**: represents the difference between operating cash flow and capital expenditures and shows the company's ability to generate shareholder's value after laying out the money required to maintain or expand its asset base. Without enough cash, it would be difficult for a company to develop new products, make acquisitions, pay dividends and reduce debt.

**FFO (Funds from Operations)**: measures a REIT's operating performance. It is net income plus gains (minus losses) from property sale and purchase. Non-cash expenses like depreciation and amortisation are added back because value of real estate tends to rise over time rather than depreciating like other fixed assets and investments. FFO per share is often used in place of earnings per share when analysing REITs.

**FY1 (Fiscal Year One)**: refers to the current fiscal year.

**FY2 (Fiscal Year Two)**: refers to the next fiscal year.

**GDR (Global Depositary Receipt)**: is very similar to an ADR. It is a bank certificate issued in more than one country for shares in a foreign company. The shares are held by a foreign branch of an international bank. The shares trade as domestic shares, but are offered for sale globally through the various bank branches.

**GOODWILL**: is an intangible asset that arises as a result of the acquisition of one company by another company for a premium value and can have as origin the value of a company's brand name, solid customer base, good customer relations, good employee relations and any patents or proprietary technology.

**GROSS INCOME**: gross profit calculated as a company's total sales minus its cost of goods sold (COGS) that corresponds to labour and production costs.

**GROSS MARGIN**: expresses gross income as a percentage of total sales (Gross Income/Sales*100).

**IPO (Initial Public Offering)**: is the first sale of stock by a private company to the public to expand its growth or, sometimes, repay its debt.

**LIKE FOR LIKE (LFL) GROWTH**: is a measure of growth in sales, adjusted for new or divested businesses. This is a widely used indicator of retailers' performance. This adjustment is important in businesses that show a significant change through expansion, disposals or closures.

**LTV (Loan-To-Value Ratio**): is a financial term used to express the ratio of a loan to the value of an asset purchased. The term is commonly used by financial institutions and real estate companies to represent the ratio of the loan as a percentage of the total appraised value of real property.

**NAV (Net Asset Value)**: is similar to book value and is also called per investment unit. NAV is the marked-to-market value of the company's property investments less liabilities.

**ND (Net Debt)**: is calculated as a company's total debt minus cash and other similar liquid assets.

**NET MARGIN**: is a financial ratio which measures the profitability of the net income of a company. Formula: Net Profit/Sales.

**NI (Net Income or Bottom Line)**: represents a company's total earnings (or profit) which is calculated by adjusting revenues for the costs, depreciation, interest, taxes and other expenses.

**OPERATING MARGIN**: See definition of EBIT Margin.

**ORGANIC GROWTH:** is the growth rate that a company can achieve by increasing its output and enhancing sales, excluding any profits or growth from takeovers or M&A activities.

# Glossary (2/2)

**P/E or PER (Price Earnings Ratio):** reflects the trading price of a share in relation to the expected earnings. Formula: Share Price/Earnings Per Share.

**P/TBVS (Price To Tangible Book Value):** expresses the share price with regard to the accounting value of the company. Formula: Share Price/Tangible Book Value Per Share.

**PAYOUT RATIO:** is the proportion of earnings paid out as dividends to shareholders and typically expressed as a percentage. A lower payout ratio is generally preferable to a higher payout ratio. A ratio greater than 100% indicates the company is paying out more in dividends than it makes in net income.

**PROFIT WARNING:** is the announcement made by the company before its earnings release indicating the investors that its earnings would not meet the analysts' expectations.

**RWA (Risk Weighted Assets):** is a measure of the bank's assets, weighted according to their risk. It involves the risk weighting of both on and off-balance-sheet exposures. It is generally used to calculate risk-based capital ratio which is the ratio of a bank's capital to its risk weighted assets.

**REVENUE GROWTH**: Illustrates the growth of sales over a given period.

**ROA (Return on assets):** a financial ratio that is calculated as net income divided by total assets and shows how profitable a company is relative to its total assets

**ROC (Return on invested capital):** a profitability ratio which is calculated as net income minus dividends divided by total invested capital.

**ROE (Return On Equity):** The amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by disclosing how much profit a company generates with the money shareholders have invested.

**SHARE BUYBACK (Share Repurchase):** A program by which a company buys back its own shares from the marketplace, reducing the number of outstanding shares. It usually indicates that the company's shares are undervalued and pushes the share prices up. SHAREHOLDER'S EQUITY: is the amount of the funds contributed by the owners (the stockholders) plus the retained earnings (or losses).

**STOCK SPLIT:** is a corporate action in which the company divides its existing shares into multiple shares to make shares seem more affordable for small investors without changing the underlying value of the company.

**TBV (Tangible Book Value):** is the book value excluding intangible assets.

**TBV/S (Tangible Book Value Per Share):** allows to estimate the accounting value of a company by measuring its stockholders' equity per share. Formula: Re-valued Net Assets/Total Shares of Company.

**WACC (Weighted Average Cost of Capital):** also referred to as the firm's cost of capital, it is the rate that a company is expected to pay on an average to all its security holders to finance its assets.

**WORKING CAPITAL:** is the difference between a company's current assets and current liabilities and shows whether the company has sufficient short-term assets to cover its short-term debts.

## Indices

**MSCI AC WORLD:** is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK, and the US (as of 2 June 2014).

**MSCI AC ASIA PACIFIC**: is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of the developed and emerging markets in the Pacific region. The MSCI AC Pacific Free Index consists of the following 12 developed and emerging market countries: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, and Thailand (as of 2 June 2014).

**MSCI EUROPE:** is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 15 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK (as of 2 June 2014).

**MSCI EMERGING MARKETS**: is a free float-adjusted market capitalisation index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, the Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, the Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey* and the UAE (as of 2 June 2014).

**MSCI WORLD HIGH DIVIDEND YIELD**: is based on the MSCI World Index, its parent index, and includes large- and mid-cap stocks across 23 Developed Markets (DM) countries (as of 31 March 2014). The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

**MSCI WORLD VALUE**: captures large- and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets countries (as of 31 March 2014). The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 853 constituents, the index targets 50% coverage of the free float-adjusted market capitalisation of the MSCI World Index.

**MSCI WORLD GROWTH**: captures large- and mid-cap securities exhibiting overall growth style characteristics across 23 Developed Markets countries (as of 31 March 2014). The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

**MSCI WORLD SMALL CAP**: captures small cap representation across 23 Developed Markets (DM) countries (as of 31 March 2014). With 4,302 constituents, the index covers approximately 14% of the free float-adjusted market capitalisation in each country.

**MSCI WORLD LARGE CAP**: captures large-cap representation across 23 Developed Markets (DM) countries (as of 31 March 2014). With 737 constituents, the index covers approximately 70% of the free float-adjusted market capitalisation in each country.

**MSCI EMEA**: is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of the emerging market countries of Europe, the Middle East and Africa. The MSCI EM EMEA Index consists of the following 10 emerging market country indexes: the Czech Republic, Greece, Hungary, Poland, Russia, Turkey, Egypt, South Africa, Qatar and the UAE.

**MSCI LATAM**: captures large- and mid-cap representation across five emerging market (EM) countries (as of 31 March 2014) in Latin America. With 137 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country.

**MSCI EMERGING ASIA**: captures large and mid-cap representation across eight EM countries (as of 31 March 2014). With 537 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country.

**MSCI RUSSIA**: is designed to measure the performance of the large- and mid-cap segments of the Russian market. With 22 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in Russia.

**MSCI BRAZIL**: is designed to measure the performance of the large- and mid-cap segments of the Brazilian market. With 70 constituents, the index covers about 85% of the Brazilian equity universe.

**MSCI INDIA**: is designed to measure the performance of the large- and mid-cap segments of the Indian market. With 64 constituents, the index covers approximately 85% of the Indian equity universe.

**Euro Stoxx 50**: is the leading blue-chip index for the eurozone and provides a blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries. The Index is licensed to financial institutions to serve as underlying for a wide range of investment products such as Exchange Traded Funds (ETF), Futures and Options and structured products.

**FTSE 100**: comprises the 100 most highly capitalised blue chip companies, representing approximately 81% of the UK market. It is used extensively as a basis for investment products, such as derivatives and exchange-traded funds.

**S&P 500**: includes 500 leading companies in the leading industries of the US economy. It is a core component of the US indices that could be used as building blocks for portfolio construction. It is also the US component of S&P Global 1200.

**Nikkei 225**: is the leading index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the US.

*Sources: FactSet, Bloomberg, MSCI global equity indexes, SGPB*

# Important Disclosures

SG acted as co-manager in Adecco's bond issue (7.5 yr)

SG acted as joint bookrunner in Aegon's bond issue (RegS, EUR, 5yr).

SG acted as Sole Global Coordinator & Joint Bookrunner in Airbus' convertible bond issue (7yr).

SG is acting as joint global coordinator and joint lead manager in the AXA's bond issue (12y, EUR).

SG acted as joint bookrunner in BNPP's bond issue (EUR, 10yr).

SG acted as co-manager in Chevron's bond issue (USD, 2,3,5,10 yr).

SG is acting as passive bookrunner in Chevron Corp's bond issue (2y, 3y, 5y, 7y, 10y; USD Benchmark).

SG acted as co-manager in Citigroup's bond issue (USD).

SG acted as co-manager in Citigroup's bond issue (USD 12y).

SG acted as co-manager in Citigroup's bond issue (5y SEC).

SG acted as co-manager in Citigroup's bond issue ((USD perpNC5).

SG acted as co-manager in Citigroup's bond issue.

SG acted as co-manager in Citigroup's bond issue (10y USD).

SG is acting as co-manager in Citigroup Inc's bond issue (30y).

SG acted as passive bookrunner for Enagas's bond issue (8y EUR).

SG acted as joint bookrunner in Enagas's bond issue (12yr EUR Benchmark).

SG makes a market in Enel warrants.

SG acted as a lead structuring advisor in Engie's bond tender offer.

SG acted as joint lead manager in ING Belgium's bond issue (EUR).

SG acted as joint bookrunner in Lloyds Bank bond issue (5y).

SG is acting as co-manager in Mitsubishi Financial Group's bond TAP issue (US606822AD62 / US606822AA24 / US606822AB07)

SG is acting as joint bookrunner in Pernod Ricard's bond issue (10y, EUR).

SG is acting as financing joint mandated lead manager with Royal Dutch Shell PLC for the acquistion of BG Group PLC.

SG acted as a joint lead manager in Royal Dutch Shell's bond issue.

SG acted as joint bookrunner in Schneider Electric's bond issue (EUR, 8yr).

SG acted as co-manager in United Technologies's new bond issue (USD)

SG acted as co-manager in United Technologies Corporation's bond issue (8yr, EUR).

SG acted as senior co-manager on UTX's bond issue (EUR 2y, 5y, 10y).

SG actedas senior co-manager on UTX's bond issue (EUR 2y, 5y, 10y).

SG acted as sole bookrunner in Qatar Holding's bloc disposal of Vinci shares.

# Important Disclaimer (1/2)

Société Générale Private Banking ("SGPB") is a division of the group Société Générale S.A. operating through its head office within Société Générale S.A and its network (subsidiaries or branches or departments of Société Générale S.A.), located in various countries, hereinafter mentioned, acting under the "Société Générale Private Banking" brand, and distributors of the document.

**Subject of the document**

The present document has been prepared by the experts of the group Société Générale S.A. and more particularly of Société Générale Private Banking division, to provide you with information relating to some financial and economic data. The name and function of the people having prepared this document are indicated in the first pages of this document.

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