

Equity Solutions WATCHER



Communication Services

A new sector to reflect TMT convergence

In accordance with the applicable regulation, we inform the reader that this material is qualified as a marketing document. Data as of 25 December 2017, 11 p.m. Paris time.

BUILDING TEAM SPIRIT TOGETHER

Editorial (1/2)

Contents

- 2 **Editorial**
- 4 **Market Dashboard & Conviction Lists – Performances**
- 5 **Global Conviction List & Historical Performance**
- 7 **Dividend Conviction List**
- 8 **Emerging Markets Overview**
- 9 **Regional Conviction Lists**
- 11 **Convictions by Sectors**
- 12 **Contact Details**
- 13 **Rating System**
- 14 **Calculation Methodology**
- 15 **Glossary**
- 17 **Important Disclosures & Disclaimers**

Communication Services – A new sector to reflect TMT convergence

The two largest index providers, S&P Dow Jones Indices (S&P DJI) and MSCI, jointly announced on 15 November 2017 a new GICS structure (Global Industry Classification Standard). From 28 September 2018, the Telecommunication Services sector will be broadened and renamed “Communication Services” to include companies that “facilitate communication and offer related content through various media”. This includes not only the Media industry group (Consumer Discretionary sector), but also selected companies in the Internet & Direct Marketing Retail (Consumer Discretionary) and Software & Services (Information Technology) industry groups. The new sector will be split into two industry groups: Telecommunication Services and Media & Entertainment. While this change might seem anecdotal, it has some important implications.

One question raised by investors is whether this change will have unintended effects on individual stocks. In theory, where a stock is classified and the benchmark it is compared to can have an impact on where the money flows. In 2016, REITs and other real estate companies were moved from the Financial Services sector to their own, Real Estate, with no consequence on sector allocations and individual stock performances. This should also be the case with next year’s reshuffle.

Apart from these allocation-related considerations, this change reflects the convergence of business models between TMT (Telecom, Media and Technology) companies. In their press release, index providers state that “the last several years have seen an evolution in the mode in which people communicate and access entertainment content and other information. This evolution is a result of the integration between telecommunications, media, and internet companies.” Besides, while we know all Media companies are concerned, index providers did not disclose specifically which companies in the IT space would move to Communication Services. For example, large companies such as Facebook and Alphabet (ex-Google) could be moved to the newly formed sector, as they offer content (social media and search engine) and most of their revenue base comes from advertising. At the same time, they are “dot com” companies that also develop software and produce hardware technology. Are they closer to Media companies than to IT companies? Index providers will tell us in January.

This document presents equity ideas exclusively provided for potential investments.

This document cannot be considered as adapted to a person or based on the analysis of the situation of a person.



Hafid Lalouch
Equity Expert

Editorial (2/2)

Current GICS structure	New GICS structure
11 sectors, 24 industry groups	Still 11 sectors and 24 industry groups, but Telecommunication Services expanded and renamed "Communication Services"
Media companies (e.g. Walt Disney) classified in Consumer Discretionary	Classified in Communication Services with Telecom companies
IT companies that offer communication services (official list in January 2018)	Classified in Communication Services with Telecom and Media companies

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Market Dashboard & Conviction List Performance

Conviction Lists¹ & Benchmarks

12/25/2017	Inception Date	Performance	Weekly	YTD
Global CL	09/14/2009	86.3%	-0.7%	18.2%
Developed Asia-Pacific CL	02/22/2016	22.5%	0.5%	15.7%
European CL	03/10/2010	50.5%	-0.7%	13.3%
US CL	03/10/2010	85.2%	-1.0%	29.4%
Emerging CL	02/22/2016	86.1%	0.8%	53.5%
Dividend CL	02/05/2015	14.9%	0.0%	12.3%
MSCI AC World	09/14/2009	80.0%	-0.1%	21.2%
MSCI Pacific Index	02/22/2016	35.8%	0.2%	21.2%
MSCI Europe	03/10/2010	47.0%	-0.6%	7.6%
SPX Index	03/10/2010	134.2%	-0.3%	19.9%
MSCI Emerging Markets	02/22/2016	52.3%	0.9%	32.3%
MSCI World High Dividend Yield	02/05/2015	22.4%	-0.4%	17.6%

Sources: SGPB & FactSet

MSCI World AC Group Ranked Returns

12/25/2017	Weekly	YTD	52 Week Rolling	
			Low	High
MSCI AC WORLD	-0.1%	21.2%	21.5%	-0.2%
Energy	2.4%	2.8%	16.3%	-0.2%
Materials	0.9%	25.1%	26.7%	-0.1%
Cons. Discretionary	0.3%	23.3%	23.5%	-0.2%
Industrials	0.3%	22.7%	23.0%	-0.1%
Financials	0.2%	20.6%	21.4%	-0.3%
Telecom Services	-0.1%	3.6%	6.2%	-1.0%
Cons. Staples	-0.4%	14.5%	15.3%	-0.7%
Info Technology	-0.6%	41.2%	41.4%	-1.9%
Healthcare	-0.8%	18.0%	18.8%	-1.5%
Utilities	-2.4%	10.3%	11.5%	-5.5%

Source: FactSet

Global Style Counselling²

12/25/2017	Weekly	YTD	52 Week Rolling	
			Low	High
MSCI AC WORLD	-0.1%	21.2%	21.5%	-0.2%
MSCI World Value	-0.1%	14.0%	14.1%	-0.1%
MSCI World Growth	-0.3%	26.2%	26.2%	-0.3%
MSCI World Small Cap	0.1%	20.1%	20.6%	0.0%
MSCI World Large Cap	-0.1%	21.2%	21.4%	-0.2%

Source: FactSet

¹ Conviction lists' content is detailed on the following pages.

² Each style is defined according to MSCI standards, detailed in the glossary.

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 recommended universe.
- Any update in the list is announced through a "Conviction List Change" publication.

US

Alphabet Inc (GOOGL-US)
Citigroup Inc (C-US)
Facebook, Inc. Class A (FB-US)
PepsiCo, Inc (PEP-US)
Pfizer Inc. (PFE-US)
Thermo Fisher Scientific Inc (TMO-US)
Walt Disney Co (DIS-US)

EUROPE

Actividades de Construccion y Servicios SA (ACS-ES)
Anheuser-Busch Inbev (ABI-BE)
BNP Paribas SA (BNP-FR)
Compagnie d'Entreprises CFE SA (CFEB-BE)
Compagnie de Saint-Gobain SA (SGO-FR)
CRH Plc (CRG-IE)
Danone SA (BN-FR)
Diageo plc (DGE-GB)
Henkel AG & Co. KGaA (HEN3-DE)
ING Groep NV (INGA-NL)
Novartis AG (NOVN-CH)
Renault SA (RNO-FR)
Royal Ahold Delhaize NV (AD-NL)
Schneider Electric SE (SU-FR)
WPP Plc (WPP-GB)

ASIA

Alibaba Group Holding Ltd (BABA-US)
Mitsubishi UFJ Financial Group (8306-JP)
Samsung Electronics Co Ltd (SMSN-GB)

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.

...& Historical Performance

Global Conviction List

12/25/2017

Code	Company Name	Last Price	Perf.*	Target Price **	Upside	Industry	Entry Date
ACS-ES	Actividades de Construcción y Servicios SA	32.52	20%	40.00	23%	Industrials	11/21/2016
BABA-US	Alibaba Group Holding Ltd.	176.29	82%	233.00	32%	Information Technology	01/19/2015
GOOGL-US	Alphabet Inc. Class A	1 068.86	75%	1 160.00	9%	Information Technology	08/25/2015
ABI-BE	Anheuser-Busch InBev SA/NV	93.99	-14%	125.00	33%	Consumer Staples	05/16/2017
BNP-FR	BNP Paribas SA Class A	62.95	58%	74.00	18%	Financials	04/04/2013
CFEB-BE	Compagnie d'Entreprises CFE SA	120.10	-8%	151.00	26%	Industrials	06/14/2017
SGO-FR	Compagnie de Saint-Gobain SA	46.45	16%	57.00	23%	Materials	04/29/2015
C-US	Citigroup Inc	75.49	48%	80.00	6%	Financials	10/16/2013
CRG-IE	CRH Plc	29.96	-7%	36.00	20%	Materials	01/05/2017
BN-FR	Danone SA	70.60	17%	77.00	9%	Consumer Staples	06/16/2016
DGE-GB	Diageo plc	26.90	27%	26.50	-1%	Consumer Staples	01/05/2017
FB-US	Facebook, Inc. Class A	177.20	43%	205.00	16%	Information Technology	07/29/2016
HEN3-DE	Henkel AG & Co. KGaA Pref	110.50	-3%	131.00	19%	Consumer Staples	09/06/2017
INGA-NL	ING Groep NV	15.55	43%	17.50	13%	Financials	06/10/2014
8306-JP	Mitsubishi UFJ Financial Group, Inc.	839.80	77%	893.00	6%	Financials	01/10/2013
NOVN-CH	Novartis AG	82.20	3%	94.00	14%	Health Care	08/02/2016
PEP-US	PepsiCo, Inc.	118.60	13%	125.00	5%	Consumer Staples	01/26/2017
PFE-US	Pfizer Inc.	36.14	3%	42.00	16%	Health Care	08/18/2016
RNO-FR	Renault SA	84.18	0%	99.00	18%	Consumer Discretionary	10/27/2017
AD-NL	Royal Ahold Delhaize N.V.	18.20	-8%	20.00	10%	Consumer Staples	01/26/2017
SMSN-GB	Samsung Electronics Co., Ltd.	1 158.00	83%	1 380.00	19%	Information Technology	02/09/2015
SU-FR	Schneider Electric SE	72.32	17%	82.50	14%	Industrials	06/30/2015
TMO-US	Thermo Fisher Scientific Inc.	190.42	52%	217.50	14%	Health Care	02/11/2015
DIS-US	Walt Disney Company	108.67	9%	120.00	10%	Consumer Discretionary	01/08/2016
WPP-GB	WPP Plc	13.45	89%	19.00	41%	Consumer Discretionary	07/27/2011

List Performance Since Inception: **86.3%**

List Potential Upside: **30.1%**

Sources: SGPB & FactSet

* Price Return Since Inception

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

Weekly Comment

- The Global Conviction List lost 0.7% last week, underperforming the MSCI AC World Index, which declined 0.1%.
- The week's top losers were Henkel and Pfizer that plunged 2.9% and 2.7%, respectively. Conversely, the top gainers were CRH and Mitsubishi UFJ Financial Group, which advanced 4.0% and 2.2%, respectively.
- The List offers an average upside of 30.1%, based on our Equity Experts' target prices.

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Dividend Conviction List

List Definition

- The 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 recommended universe.
- Any update in the list is announced through a "Conviction List Change" publication.

12/25/2017

Code	Company Name	Dividend Yield*	Last Price	Perf.**	Target Price***	Upside	Industry	Entry Date
ADEN-CH	Adecco Group AG	3.8%	74.60	-3%	86.00	15%	Industrials	05/16/2017
ABI-BE	Anheuser-Busch InBev SA/NV	3.6%	93.99	-9%	125.00	33%	Consumer Staples	10/31/2017
CS-FR	AXA SA	5.2%	25.18	30%	28.00	11%	Financials	02/05/2015
BATS-GB	British American Tobacco p.l.c.	4.0%	49.70	6%	56.00	13%	Consumer Staples	01/10/2017
CO-FR	Casino, Guichard-Perrachon SA	6.3%	49.94	0%	60.00	20%	Consumer Staples	04/19/2017
CVX-US	Chevron Corporation	3.5%	124.98	25%	122.00	-2%	Energy	06/23/2015
KO-US	Coca-Cola Company	3.4%	45.59	9%	48.00	5%	Consumer Staples	02/05/2015
ENEL-IT	Enel SpA	5.3%	5.29	33%	6.00	14%	Utilities	08/25/2015
ENGI-FR	ENGIE SA	4.8%	14.57	-24%	17.00	17%	Utilities	02/05/2015
INGA-NL	ING Groep NV	4.7%	15.55	18%	17.50	13%	Financials	10/06/2015
LLOY-GB	Lloyds Banking Group	6.7%	0.67	-8%	0.74	10%	Financials	11/26/2015
RIO-GB	Rio Tinto Plc	5.0%	37.47	5%	40.50	8%	Materials	10/27/2017
RDSA-NL	Royal Dutch Shell Plc	5.7%	27.82	1%	30.50	10%	Energy	05/19/2015
SU-FR	Schneider Electric SE	3.2%	72.32	17%	82.50	14%	Industrials	06/30/2015
TUI1-DE	TUI AG	4.1%	17.09	28%	18.30	7%	Consumer Discretionary	02/16/2017
UL-FR	Unibail Rodamco	5.4%	210.65	-1%	235.00	12%	Real Estate	10/30/2017
VIE-FR	Veolia Environnement SA	4.2%	21.49	30%	25.00	16%	Utilities	02/05/2015
DG-FR	VINCI SA	3.0%	85.93	73%	90.00	5%	Industrials	02/05/2015

List Performance Since Inception: **14.9%**

List Potential Upside: **13.8%**

Sources: SGPB & FactSet

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

** Price Return Since Inception

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

Dividend Yield	%
FTSE 100	4.2%
Euro Stoxx50	3.6%
Bovespa Index	3.5%
SMI	3.4%
Straits Times Index	3.0%
S&P 500	1.9%
Nikkei 225	1.5%

Sources: SGPB & FactSet

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

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Emerging Markets Overview

Conviction List

12/25/2017

Code	ADR/GDR*	Company Name	Last Price	Perf.**	Target Price ***	Upside	Industry	Entry Date
BABA-US	BABA-US	Alibaba Group Holding Ltd.	176.29	156%	233.00	32%	Information Technology	02/22/2016
BBLR-TH	-	Bangkok Bank Public Company	206.00	30%	214.00	4%	Financials	02/22/2016
SMSN-GB	SMSN-GB	Samsung Electronics Co., Ltd.	1 158.00	140%	1 380.00	19%	Information Technology	02/22/2016

List Performance Since Inception: 86.1%
List Upside: 37.7%

Sources: SGPB & FactSet

* 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

12/25/2017	EM Index	Weekly	YTD
MXEF Index	MSCI Emerging (USD)	0.9%	32.3%
MSEUEMEA Index	MSI EMEA (USD)	1.1%	17.6%
MXLA index	MSCI LATAM (USD)	-0.1%	18.8%
MXMS Index	MSCI Emerging Asia (USD)	1.1%	38.4%
MXRU Index	MSCI Russia	-1.3%	-1.0%
MXBR Index	MSCI Brazil	1.3%	19.1%
MXIN INDEX	MSCI India	1.3%	27.7%

Sources: SGPB & FactSet

Convictions Highlights

The EM Conviction List advanced 0.8% last week, underperforming the MSCI EM Index, which rose 0.9%. Alibaba Group was the best performer as it climbed 1.7%, while Samsung Electronics was the worst performer, as it declined by 0.9%.

MSCI Emerging Markets Index (USD)



Macroeconomic Views

Brazil: Current account deficit surges in November

Current account deficit increased ~3.3x YoY to USD 2.39 bn in November and was lower than market expectations of a USD 1.8 bn shortfall. This was driven by a rise in services deficit to USD 3.12 bn (+32.8%) and a reduction in goods surplus to USD 3.25 bn (-28.0%).

Mexico: Retail sales drop in October

Retail sales fell 0.1% YoY in October vs. (0.3% decrease in September) and was below market expectations of a 0.4% rise. This was the third consecutive month of decline in retail trade.

Source: FactSet

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Regional Conviction Lists

List Definition

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- The selection derives from Societe Generale Private Banking recommended universe.
- Any update in the list is announced through a "Conviction List Change" publication.



Developed Asia-Pacific¹

12/25/2017

Code	Company Name	Last Price	Perf.*	Target Price **	Upside	Industry	Entry Date
1299-HK	AIA Group Limited	63.95	61%	70.00	9%	Financials	02/22/2016
8306-JP	Mitsubishi UFJ Financial	839.80	76%	893.00	6%	Financials	02/22/2016
8801-JP	Mitsui Fudosan Co., Ltd.	2 550.50	-4%	2 910.00	14%	Financials	02/22/2016
O39-SG	Oversea-Chinese Banking Corp.	12.29	55%	13.20	7%	Financials	02/22/2016
3382-JP	Seven & I Holdings Co., Ltd.	4 697.00	2%	5 500.00	17%	Consumer Staples	04/11/2017

List Performance Since Inception: 22.5%

List Potential Upside: 13.1%

Sources: SGPB & FactSet

* Price Return Since Inception

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

¹ Includes Australia, Hong Kong, Japan, New Zealand, Singapore

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Europe

12/25/2017

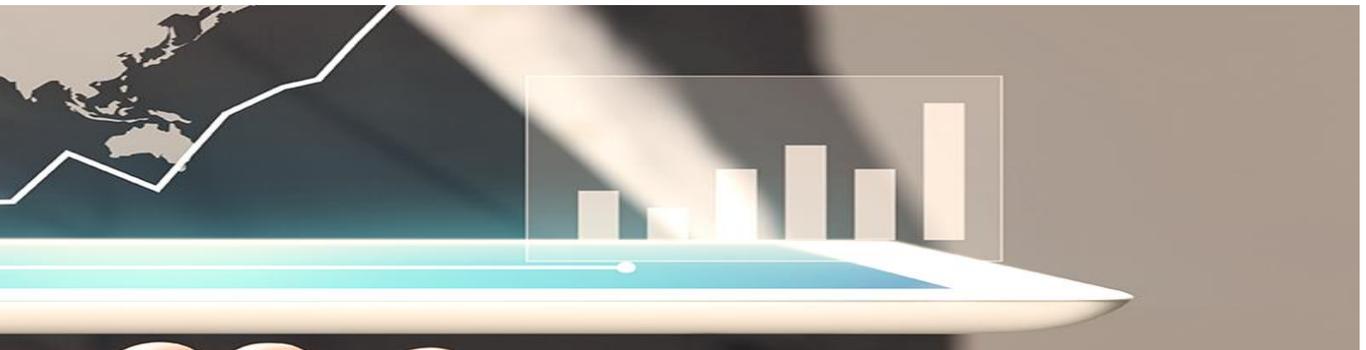
Code	Company Name	Last Price	Perf.*	Target Price **	Upside	Industry	Entry Date
AC-FR	Accor SA	41.90	1%	48.20	15%	Consumer Discretionary	10/23/2017
ACS-ES	Actividades de Construccion y Servicios SA	32.52	20%	40.00	23%	Industrials	11/21/2016
ADEN-CH	Adecco Group AG	74.60	11%	86.00	15%	Industrials	12/17/2015
ALO-FR	Alstom SA	34.91	3%	41.00	17%	Industrials	11/20/2017
ABI-BE	Anheuser-Busch InBev SA/NV	93.99	-14%	125.00	33%	Consumer Staples	05/16/2017
BNP-FR	BNP Paribas SA Class A	62.95	58%	74.00	18%	Financials	04/04/2013
CO-FR	Casino, Guichard-Perrachon SA	49.94	0%	60.00	20%	Consumer Staples	04/19/2017
CFEB-BE	Compagnie d'Entreprises CFE SA	120.10	-8%	151.00	26%	Industrials	06/14/2017
SGO-FR	Compagnie de Saint-Gobain SA	46.45	16%	57.00	23%	Materials	04/29/2015
CRG-IE	CRH Plc	29.96	-7%	36.00	20%	Materials	01/05/2017
BN-FR	Danone SA	70.60	17%	77.00	9%	Consumer Staples	06/16/2016
DGE-GB	Diageo plc	26.90	27%	26.50	-1%	Consumer Staples	01/05/2017
ENG-ES	Enagas SA	24.13	-6%	29.00	20%	Utilities	01/08/2016
ENEL-IT	Enel SpA	5.29	33%	6.00	14%	Utilities	08/25/2015
FME-DE	Fresenius Medical Care AG & Co. KGaA	88.23	13%	95.30	8%	Health Care	01/08/2016
HEN3-DE	Henkel AG & Co. KGaA Pref	110.50	-3%	131.00	19%	Consumer Staples	09/06/2017
ITX-ES	Industria de Diseno Textil, S.A.	29.62	-3%	40.00	35%	Consumer Discretionary	03/08/2017
INGA-NL	ING Groep NV	15.55	43%	17.50	13%	Financials	06/10/2014
NN-NL	NN Group N.V.	36.46	14%	40.00	10%	Financials	05/22/2017
NOVN-CH	Novartis AG	82.20	3%	94.00	14%	Health Care	08/02/2016
PUB-FR	Publicis Groupe SA	56.79	-6%	72.50	28%	Consumer Discretionary	12/01/2015
RNO-FR	Renault SA	84.18	0%	99.00	18%	Consumer Discretionary	10/27/2017
AD-NL	Royal Ahold Delhaize N.V.	18.20	-8%	20.00	10%	Consumer Staples	01/26/2017
DSM-NL	Royal DSM NV	80.26	34%	92.00	15%	Materials	08/04/2016
SU-FR	Schneider Electric SE	72.32	17%	82.50	14%	Industrials	06/30/2015
SEV-FR	Suez Environnement SA	14.62	14%	18.00	23%	Utilities	11/16/2016
VIE-FR	Veolia Environnement SA	21.49	20%	25.00	16%	Utilities	04/08/2015
WDI-DE	Wirecard AG	94.11	143%	95.00	1%	Information Technology	05/08/2015
WPP-GB	WPP Plc	13.45	89%	19.00	41%	Consumer Discretionary	07/27/2011

List Performance Since Inception: **50.5%**
List Upside: **26.6%**

Sources: SGPB & FactSet

* Price Return Since Inception

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



United States

12/25/2017

Code	Company Name	Last Price	Perf.*	Target Price **	Upside	Industry	Entry Date
ABT-US	Abbott Laboratories	56.93	31%	61.80	9%	Health Care	04/24/2017
GOOGL-US	Alphabet Inc. Class A	1 068.86	75%	1 160.00	9%	Information Technology	08/25/2015
AVGO-US	Broadcom Limited	262.35	68%	320.00	22%	Information Technology	06/20/2016
C-US	Citigroup Inc	75.49	48%	80.00	6%	Financials	10/16/2013
COST-US	Costco Wholesale Corporation	186.63	19%	210.00	13%	Consumer Staples	10/10/2017
FB-US	Facebook, Inc. Class A	177.20	43%	205.00	16%	Information Technology	07/29/2016
MAR-US	Marriott International, Inc. Class A	133.97	31%	134.00	0%	Consumer Discretionary	05/10/2017
PEP-US	PepsiCo, Inc.	118.60	13%	125.00	5%	Consumer Staples	01/26/2017
PFE-US	Pfizer Inc.	36.14	3%	42.00	16%	Health Care	08/18/2016
TMUS-US	T-Mobile US, Inc.	63.62	2%	72.50	14%	Telecommunication Services	07/24/2017
TMO-US	Thermo Fisher Scientific Inc.	190.42	52%	217.50	14%	Health Care	02/11/2015
DIS-US	Walt Disney Company	108.67	9%	120.00	10%	Consumer Discretionary	01/08/2016

List Performance Since Inception: **85.2%**
List Upside: **20.4%**

Sources: SGPB & FactSet

* Price Return Since Inception

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Convictions By Sectors

	Name
Consumer Discretionary	<ul style="list-style-type: none"> Accor SA Inditex SA Marriott International, Inc. Class A Publicis Groupe Renault SA TUI AG Walt Disney Co WPP PLC
Consumer Staples	<ul style="list-style-type: none"> Anheuser-Busch InBev SA/NV British American Tobacco p.l.c. Casino, Guichard-Perrachon SA Coca-Cola Costco Wholesale Corporation Danone SA Diageo plc Henkel AG & Co. KGaA PepsiCo, Inc. Royal Ahold Delhaize N.V. Seven & I Holdings Co., Ltd.
Energy	<ul style="list-style-type: none"> Chevron Corp Royal Dutch Shell Plc
Financials	<ul style="list-style-type: none"> AIA Group Ltd AXA SA Bangkok Bank PCL BNP Paribas SA Citigroup Inc ING Groep NV Lloyds Banking Group Plc Mitsubishi UFJ Financial Group Inc Mitsui Fudosan Co Ltd NN Group N.V. Oversea-Chinese Banking Corp Ltd
Healthcare	<ul style="list-style-type: none"> Abbott Laboratories Fresenius Medical Care & Co KGaA Novartis AG Pfizer Inc. Thermo Fisher Scientific Inc
Industrials	<ul style="list-style-type: none"> Actividades de Construccion y Servicios SA Adecco SA Alstom SA Compagnie d'Entreprises CFE SA Schneider Electric SE Vinci SA
Information Technology	<ul style="list-style-type: none"> Alibaba Group Holding Ltd Alphabet Inc Broadcom Ltd Facebook, Inc. Class A Samsung Electronics Co Ltd Wirecard AG
Materials	<ul style="list-style-type: none"> Compagnie de Saint-Gobain SA CRH Plc Rio Tinto Plc Royal DSM NV
Real Estate	<ul style="list-style-type: none"> Unibail Rodamco SE
Telecommunication Services	<ul style="list-style-type: none"> T-Mobile US, Inc.
Utilities	<ul style="list-style-type: none"> Enagas SA Enel SpA Engie SA Suez Environnement SA Veolia Environnement SA

Contact Details



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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.

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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

Developed Asia-Pacific CL : MSCI AC Asia Pacific

European CL : MSCI Europe

US CL : S&P 500

Emerging CL : MSCI Emerging Markets

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.

BVS (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: $(\text{Operating Costs}/\text{Operating Income}) \times 100$.

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: $(\text{Tier One Capital} + \text{Tier Two Capital})/\text{Risk Weighted Assets}$.

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 or DPS (total dividend paid out divided by the total number of shares) expressed as a percentage of current stock price.

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.

Financial Terms and Acronyms (contd.)

EBIT Margin: Ratio that expresses EBIT as a percentage of total sales $(\text{EBIT}/\text{Sales} \times 100)$; 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.

EM (Emerging Market) : is a country that has some characteristics of a developed market, but does not meet standards to be a developed market. This includes countries that may become developed markets in the future or were in the past.

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 $(\text{market cap} + \text{debt} + \text{minority interest} + \text{preferred shares}) - \text{total cash} - \text{cash equivalents}$.

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.

FY16E: Fiscal year 2016 estimation, **FY17E:** Fiscal year 2017 estimation

GDP (Gross Domestic Product): is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

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 $(\text{Gross Income}/\text{Sales} \times 100)$.

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: $\text{Net Profit}/\text{Sales}$.

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.

Glossary (2/2)

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.

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.

PMI (Purchasing Managers Index): is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment

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.

TBVS (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, MSCI global equity indexes, SGPB

Important Disclosures

SG acted as joint bookrunner in Accor's bond issue (7y, EUR)

SG has been mandated on Accor's consent solicitation (FR0010784066, FR0011452291, FR0011731876, FR0012386688, FR0012949949, FR0012005924).

SG acted as Financial advisor for ACS in the sale of Urbaser.

SG acted as jointbookrunner in Axa Bank Europe's bond issue (5y covered).

SG acted as global coordinator and joint bookrunner in the disposal of Euronext shares held by Société Générale and BNP Paribas

SG acted as passive bookrunner in British American Tobacco's bond issue (USD , senior unsecured).

SG acted as active joint bookrunner in British American Tobacco's bond issue (EUR/GBP, 4,6.25,8,12.5yrs)

SG is acting as advisor to Casino for the disposal of Via Varejo by GPA/CBD (Companhia Brasileira de Distribuição/Pão de Açúcar), which is majority-owned by Casino

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

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

SG acted as co-manager in Citigroup's senior high grade bond issue

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

SG acted as joint bookrunner in Danone's bond issue (5.5y, EUR Benchmark).

SG acted as co-manager in Disney's bond issue

SG acted as joint bookrunner in Enel's bond issue (5y, 10y, 30y, USD).

SG acted as joint bookrunner in the disposal of Engie's stakes by Government of France (APE).

SG acted as sole global coordinateur and joint bookrunner in Engie's tender offer (FR0011289230, FR0000472334, FR0010678185, FR0010709451, FR0010721704, FR0010952770, FR0011261924) and joint dealer manager and structuring advisor in the new bonds issue (EUR, 7-11yr).

SG is acting as financial advisor to Engie for the disposal of LNG business to Total

SG acted as passive bookrunner in Fresenius' bond issue (Senior, Unsecured, Reg S, multi-tranche, 5y, 7y, 10y, 15y).

SG acted as joint global coordinator and joint bookrunner in the Fresenius bond issue (EUR, 7y, Convertible)

SG acted as joint bookrunner in ING Group's bond issue (EUR, RegS, 12yr).

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

SG acted as co-manager in MUFG's bond issue (5y, 10y, USD).

SG acted as co-manager in Mitsubishi UFJ's bond issue (7y, RegS, EUR).

SG acted as Co-manager in Novartis Finance's Bond issue(EUR;RegS;4yr/10.5yr)

SG acted as Co-Manager in PepsiCo's bond issue (USD, 2yr, 5y, 30y).

SG is acting as joint bookrunner in Renault's bond issue (8y, EUR).

SG provided bridge loan financing to Suez for the acquisition of GE Water, sold by General Electric.

SG acted as buy-side adviser to Suez for the acquisition of GE Water, sold by General Electric.

SG acted as joint bookrunner in Suez's bond issue (EUR, 8y, 12y).

SG acted as joint bookrunner in Suez's hybrid bond issue (EUR; 7yr).

SG acted as joint global coordinator and joint bookrunner in Suez's capital increase via Accelerated Bookbuilding (ABB)

SG acted as joint global coordinator in Unibail-Rodamco's dual tranche bond issue (12y, 20y, EUR, RegS).

SG acted as joint Global Coordinator in Cofiroute's bond issue (RegS, 10y or 8y+12y).

SG acted as joint bookrunner in Vinci's convertible bond issue (USD, 5yr).

SG is acting as joint bookrunner in Vinci's bond issue (Convertible TAP - FR0013237856, 5y, USD).

Important Disclaimer (1/2)

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Subject of the document

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