4Q16 STRATEGY OUTLOOK

Illustrated With Equities

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Data as of 05 October 2016, 11 p.m. Paris time.

SOCIETE GENERALE
Private Banking

KEY TAKEAWAYS

- This report contains SGPB Strategy team's 4Q16 market outlook and comments on three themes that we would draw investors' attention to. We favour the following:

  - **Market Outlook**
    - **US:** Sectors with domestic exposure regarding good earnings prospects and reasonable valuations, financial and real estate sectors and, finally, sectors supported by constant innovation.
    - **Eurozone:** Sectors likely to benefit from the strong global demand such as the consumer discretionary sector, real estate which is supported by extremely low interest rates and technology benefiting from a strong growth momentum and margin expansion.
    - **Switzerland:** Large cap, high-quality companies in Healthcare
    - **UK:** Large multinationals in the Materials and Energy sectors that would benefit from a recovery in commodity prices
    - **Japan:** Sectors with a strong exposure to domestic markets
    - **Emerging Markets:** Asian stocks over EMEA and Latin American stocks
  - **Equity Themes**
    - **Theme #1:** Emerging Asia
    - **Theme #2:** Sustainable Food Production
    - **Theme #3:** Eurozone Real Estate

- This report shows investors how to play these outlooks and themes with single equities, for which we have provided our fundamental views and analysis.

- Each stock is presented with a brief investment case, along with price charts, market data and financial metrics.

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Illustrating Equity Markets Outlook

PART I – ILLUSTRATING EQUITY MARKETS OUTLOOK

UK

Large Multinationals

GlaxoSmithKline* (GSK-GB)
HSBC Holdings (HSBA-GB)
RELX Plc (REL-GB)
Senior Plc* (SNR-GB)
Shire (SHP-GB)
WPP Plc* (WPP-GB)

Emerging

Favour Asia over Latin America and EMEA

Bangkok Bank* (BBL-TH)
Hyundai Mobis* (012330-KR)
Samsung Elect.* (SMSN-GB)

Japan

Astellas Inc* (4503-JP)
Bridgestone Corp* (5108-JP)
Japan Airlines* (9201-JP)
Japan Tobacco* (2914-JP)
Mitsubishi UFJ* (8306-JP)
Mitsui Fudosan* (8801-JP)
Nissan Motor (7201-JP)
NTT (9432-JP)

US

Financials & Real Estate
Constant innovation
Good earning prospect
Reasonable valuation

Accenture Plc (ACN-US)
Alphabet Inc* (GOOGL-US)
Apple Inc* (AAPL-US)
AT&T Inc (T-US)
Citigroup Inc* (C-US)
CVS Health* (CVS-US)
Facebook Inc* (FB-US)
Intel Corp (INTC-US)
JPMorgan Chase (JPM-US)
Mobileye NV (MBLY-US)
Salesforce.com (CRM-US)
Simon Property (SPG-US)
Synchrony Financ. (SYF-US)
Wells Fargo (WFC-US)

Switzerland

Large Caps - High Quality in Healthcare

Actelion Ltd (ATLN-CH)
Novartis* (NOVN-CH)

Europe

Consumer Discretionary
Real Estate
Technology

Alstria REIT-AG (AOX-DE)
ASML Holding (ASML-NL)
Atos SE* (ATO-FR)
Continental AG (CON-DE)
Daimler AG (DAI-DE)
Havas SA (HAV-FR)
Inditex SA (ITX-ES)
LVMH* (MC-FR)
Publicis Groupe* (PUB-FR)
Renault SA (RNO-FR)
Unibail-Rodamco (UL-NL)
Vonovia SE (VNA-DE)
Wirecard AG* (WDI-DE)

** Conviction list members as of 04 October 2016*

PART II

Strategy Themes

#1	#2	#3
Emerging Asia	*Sustainable Food Production*	*Eurozone Real Estate*

PART II – STRATEGY THEMES

#1 Favour Emerging Asia But Avoid China

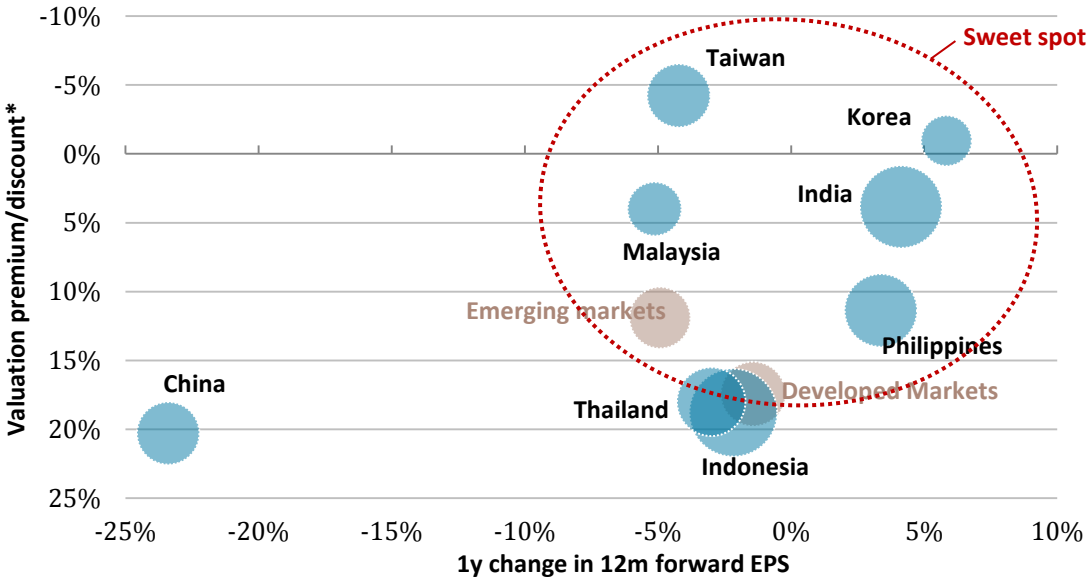
With easing hard-landing concerns in China, higher commodity prices and a fading dollar bull-run, investors have been attracted back to emerging markets since the beginning of the year:

- We expect emerging equities and more especially emerging Asia ex China to remain supported by gradually improving fundamentals:
  1. economic growth is finally picking up thanks to stronger private consumption;
  2. currencies are recovering now that the dollar bull-run is over;
  3. declining inflation allows central banks to boost growth through monetary easing; and
  4. equity metrics are appealing.

- Within emerging Asia, some countries seem more attractive than others and we would advise selectivity. We would favour reforming countries such as India and Indonesia. Taiwanese and South Korean equities should also do well.

Emerging Asia: appealing equity metrics

Bubble size = Return on Equity (%)



* Based on 2016E price-to-earnings ratio and 10-year median

Sources: SGPB, Datastream (data as of 26/09/2016)

See our selection on the next page

PART II – STRATEGY THEMES

#1 Favour Emerging Asia But Avoid China

Our Selection

Company	Exposure to the theme
Bangkok Bank	BBL's strengths are its (1) strong and liquid balance sheet and (2) dominant position in wholesale and corporate lending segments. We believe BBL would be the biggest beneficiary of potential infrastructure projects in Thailand, as credit growth is expected to pick up in 2017.
Hyundai Mobis	Hyundai Mobis is the largest auto-parts manufacturer in Korea with >50% of its FY15 revenue exposure to Emerging Asia. In our view, Mobis should benefit from product mix improvements at its captive customers towards high-value components, including advanced driver-assistance system and green-car components.
Samsung Electronics	Samsung derived over 26% of its FY15 revenues from Emerging Asia. It enjoys a leading share in the smartphone market of many Emerging Asia countries (2Q16 share of 25.1% in India), given its new model launches in the mid/low-end (A/J series).

PART II – STRATEGY THEMES

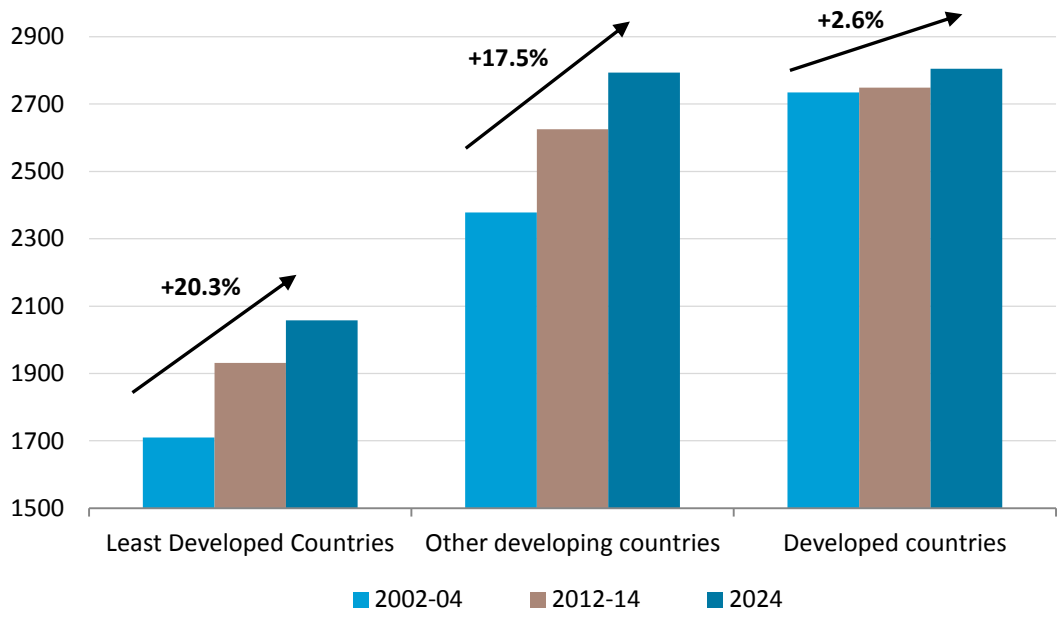
#2 Shifting To More Sustainable Food Production

According to the United Nations (UN), the world population will grow by 2bn people to 9.3bn in 2050. One of the great challenges the world faces is how to produce enough food to meet growing needs:

- Global population growth, a fast growing middle-class and changing diet habits increase the demand for more varied and higher-quality food. And higher demand for healthy food cannot be met without shifting to more sustainable agricultural systems.
- This creates investment opportunities in companies making the food supply chain more healthy and sustainable from production to distribution.
- Firms working to reduce food waste, minimise the use of water and energy in food production, fight malnutrition, or ensure traceability and healthiness of food products should be among the main benefiters.

Growing food consumption, especially in developing countries

Per capita food consumption (Kcal per capita per day)



Sources: SGPB, OECD/FAO (data as of 2015)

See our selection on the next page

PART II – STRATEGY THEMES

#2 Shifting To More Sustainable Food Production

Our Selection

Company	Exposure to the theme
Anheuser-Busch Inbev	AB Inbev has a set of goals to reduce the harmful use of alcohol. It increases efficiency and reduces impacts throughout its operations and its entire value chain. The environmental goals span its own operations and extend to its supply chain and beyond.
Bayer	Bayer advocates the Sustainable Development Goals of the UN. It targets some of the biggest challenges like ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture. Bayer introduced “high-quality food for all” as a central element of its programme.
Carrefour	Carrefour is the only French player among the top-12 companies listed in the Dow Jones Sustainability Index (Food & Staples Retailing industry) for 2016. It is also a constituent of the Ethibel Sustainability Index Excellence Europe, FTSE4Good Index Series and the ECPI indices.
Coca-Cola	Coca-Cola has clear 2020 sustainability commitments. Amongst others it aims to offer low- or no-calorie options, provide transparent nutrition information, improve water efficiency, return water to communities and nature, recover and recycle bottles and cans and reduce the carbon footprint.
Danone	Sustainable food production is strategic for Danone. Its Response-Inducing Sustainability Evaluation (RISE) is a method developed by Bern university for assessing the environmental, social and economic sustainability of agricultural production at farm level. It aims to raise awareness-raising and improve performance.
DSM Koninklijke	Sustainability is a core value for DSM. It has identified three focus areas, largely driven by demographic change: Nutrition, Climate Change and Circular Economy and Bio-based. DSM is working with cross-sector partners on food security and malnutrition (obesity, stunting).
Kroger	Kroger was listed on North America’s Dow Jones Sustainability Index for the fourth consecutive year and is recognised as one of the most generous companies in the US for its support to >100 Feeding America food bank partners and >145,000 schools and community organisations.
Suez	Suez has a defensive earnings profile and is well-positioned to benefit from cyclical investment propositions. EBIT growth of ≥4% for 2015–17 should be driven by growth capex and cost cutting, while potential recovery in the EU should lead to recovery in the waste business.
ThermoFisher Scientific	The company offers food quality-assurance solutions, including analytical testing, microbiology testing and beverage testing. We expect strong demand for these services in view of stringent risk-management requirements across the supply chain and regulatory quality-control measures worldwide, particularly in the US and Europe.
Veolia	Despite weakness in the French economy and low European inflation outlook, Veolia expects organic revenue growth in FY16. It plans to double its discretionary growth capex from EUR 275 mn in FY15 to ~EUR 500 mn going forward, which should drive earnings growth.

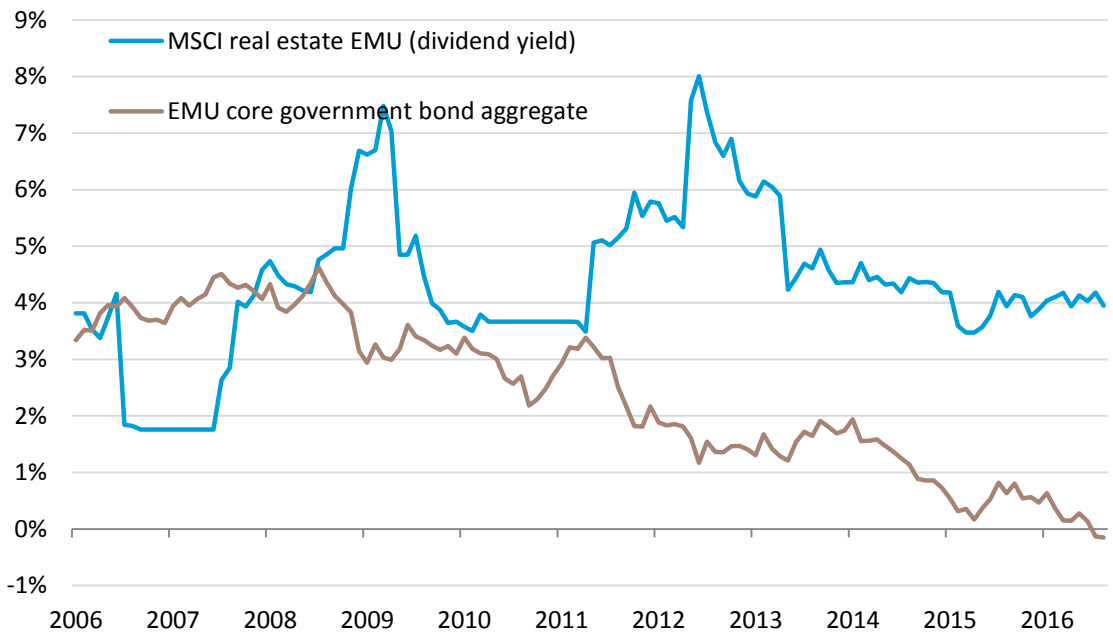
PART II – STRATEGY THEMES

#3 Eurozone Real Estate: A Yield Play In A Zero-rate Context

Eurozone real estate remains one of the few sweet spots, offering positive real returns, long-term visibility and reduced volatility:

- Negative interest rate policies are likely to keep eurozone long-term yields at very low levels for an extended period of time.
- Against this background, investors are hunting for products offering better yields and long-term visibility.
- REITs should continue to benefit from both low interest rates and a slow but increasingly broad-based recovery in the region.
- The ECB's policy helps reduce funding costs while commercial and residential rental prices are increasing, especially in Germany.
- MSCI's decision to give real estate its own sector from September 1st will help improve visibility.

A growing yield gap between real estate and government bonds



Sources: SGPB, Datastream (data as of 20/09/2016)

See our selection on the next page

PART II – STRATEGY THEMES

#3 Eurozone Real Estate: A Yield Play In A Zero-rate Context

Our Selection

Company	Exposure to the theme
Unibail-Rodamco	Unibail-Rodamco is a leading commercial property operator, investor and developer. The company's healthy development pipeline makes it well-placed to capture any recovery in European office and retail demand (87% of FY15 revenue from offices and rest from shopping malls).
Vonovia	Vonovia is a leading residential REIT in Europe with 100% of FY15 revenue exposure to Germany. The company's segments consist of sales, rentals and extensions of residential properties. Its shares were included in DAX 30 in September 2015.

PART III

Investment Cases

PART III – INVESTMENT CASES

Index of Stocks

PART III – INVESTMENT CASES

Accenture Plc (ACN-US) – BUY – Target Price: USD 133.00

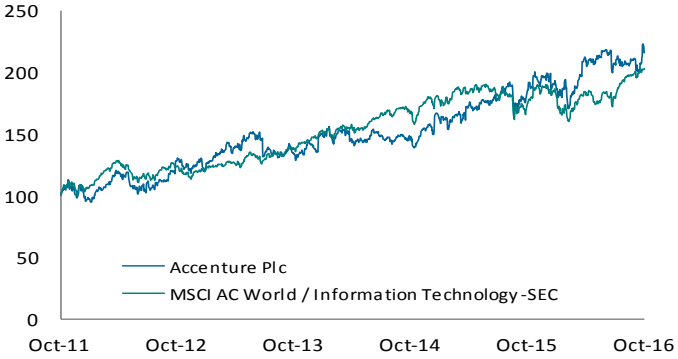
ACN's strategy of focusing on digital and cloud services has been among its key growth drivers. We believe the company's M&A initiatives, focused on improving its presence in digital segment, is value-accretive and should further enhance revenue growth.

Additionally, the growing demand for new technologies (analytics, cloud, mobile, social media analytics and security) should be beneficial, as ACN has adapted its product offerings to these high-growth services, leading to organic growth and margin expansion.

ACN's early adoption of new technologies has led to market share gains historically. We are positive on the company given its management's solid execution capability, strong global delivery network and the fact that a majority of its employees are based in low-cost countries.

Given ACN's recent execution, encouraging FY17 guidance and bookings growth. We upgrade our target price to USD 133.0 (from USD 123.00) on a 22.5x FY17E EPS of USD 5.90.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Actelion Ltd (ATLN-CH) – BUY – Target Price: CHF 182.00

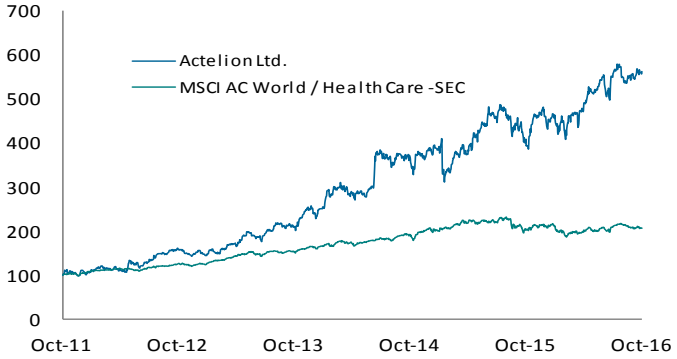
Pulmonary arterial hypertension (PAH) is a rare but life-threatening disease with an estimated prevalence of 15 to 50 cases per million. (prevalence is higher in at risk groups such as those with AIDS, systemic sclerosis). We expect volume growth, limited competition and relatively lower pricing pressure for Actelion's PAH portfolio.

The company is expected to maintain its leadership in PAH backed by the possible blockbuster, Opsumit (macitentan) and by healthy uptake of the recently launched Uptravi (selexipag).

Sales of these two drugs should easily compensate for revenue loss due to the patent expiry of Tracleer. Generic competition to Tracleer in the US is not expected till 1Q17, and the switch from it to Opsumit should also offset the impact from generics.

Actelion is trading at an FY17E P/E of 21.7x vs. the peer average of 18.2x. Consensus expects an FY15–18E EPS CAGR of 14.3%. We value the stock at an FY17E P/E of 24.0x, resulting in a target price of CHF 182.00.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

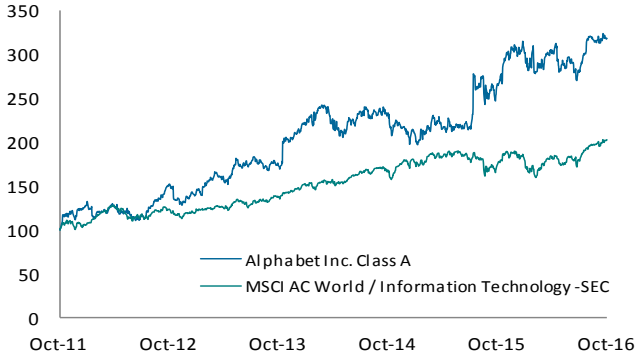
Alphabet Inc (GOOGL-US) – BUY – Target Price: USD 850.00

Alphabet's new operating structure will provide more clarity, in our view. While the investment case is dependent on its core business Google's performance, details of the company's initiatives and focus on developing new technologies (such as Nest, driverless cars and Life Sciences), is a positive in our view.

In our view, Google benefits from the shift towards digital advertising (internet, smartphones etc.) from advertising through traditional media (radio, newspapers). We believe that this shift should last over the long term as the content published on the internet increases and takes over traditional media. The company is able to monetise its platform and is witnessing increasing traction in services like YouTube. We believe given the strong user base, the monetisation should improve further.

The shares are trading at an FY17E P/E of 19.6x vs. the peer group average of 34.3x. We believe the risk reward is favourable currently.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

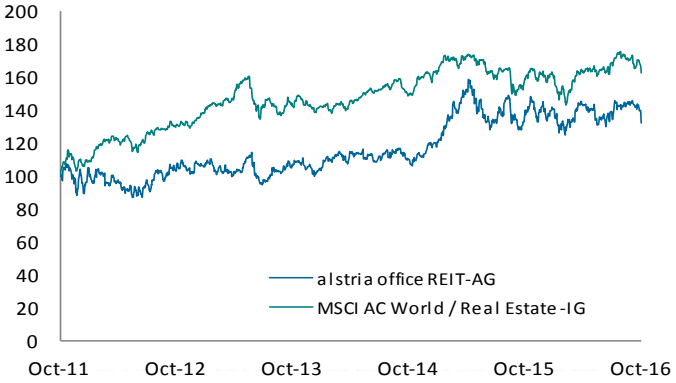
Alstria Office REIT-AG (AOX-DE) – BUY – Target Price: EUR 14.00

The key positives for Alstria are (1) operational efficiencies through acquisitions of new properties, (2) organic growth through addition of leasing contracts and (3) long-term financial stability (average debt maturity of 5.6 years). We expect these factors to be value-accretive over the long term

The company has been consistently adding new leases and actively renewing existing leases. Net new leases and renewals more than doubled YoY to 80 800 sq m in 1H16 and FFO margin improved by 870 bps to 56.2%. The continued streamlining of its portfolio through a mix of acquisitions in core markets and the sale of non-core assets should result in an efficient asset base and a lower vacancy rate in FY17E.

We expect Alstria's performance to improve further driven by a healthy operating environment in Germany and lower financing costs. We value the stock at 1.15x FY17E P/NAV per share and arrive at a TP of EUR 14.00 per share.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Anheuser-Busch Inbev (ABI-BE) – BUY – Target Price: EUR 125.00

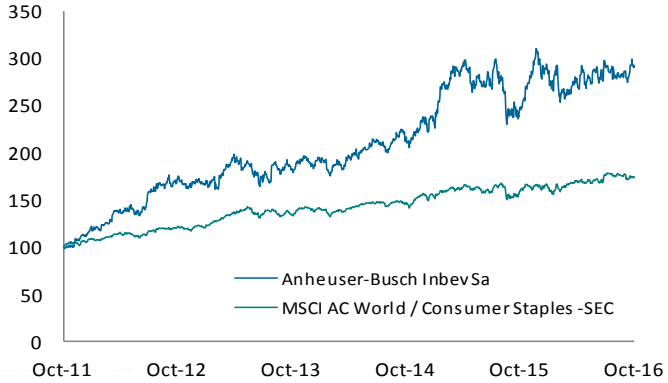
ABI has a long history of growth through successfully integrated M&As and perfect financial execution. Over the past 20 years, revenues went up 15-fold and the EBITDA margin expanded from ~15% to close to 39%, making it the sector reference.

The acquisition of SABMiller broadens the group's geographic footprint, adding an important position in Africa, which is expected to show above-average growth in the coming years. ABI's proposed pre-tax synergies of at least USD 1.4 bn pa in addition to the USD 1.05 bn identified earlier by SABMiller look credible and should boost margins even further.

Although the expected dividend yield looks attractive, ABI shares are pricey and are trading at a significant premium to peers. Being by far the largest and most profitable brewer makes it the default choice for investors wanting to play the brewing industry and hence warrants a premium valuation, in our view.

Our target price implies a FY17E P/E of ~26.5x and yield of ~2.8%

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

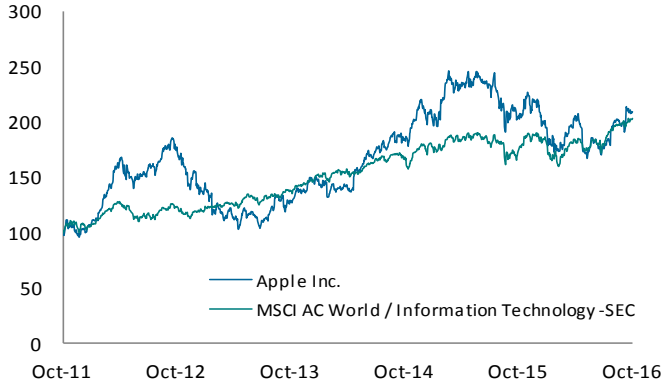
Apple Inc (AAPL-US) – BUY – Target Price: USD 125.00

Apple is aiming to become a leading player in the Internet of Things (IoT) space and its new products (like Watch and TV) and services are aimed towards this objective. Given its strong user connect, we believe this objective is attainable and should add to revenues in the coming years. In addition, its product sales growth cycle is showing strong growth.

In March, Apple recently launched the iPhone SE, a cheaper model priced at <USD 500. The company has been reporting growth in the Android switch rate and we believe the low-cost phone should further increase its market share in emerging markets. While this might bring down the ASP over the next couple of quarters, its gross margin should remain stable as the management is focused on preserving margins. The expected launch of iPhone 7 in 2H16 also makes us optimistic on the stock.

Apple stock is trading at a 2017E P/E of 12.0x, which along with a 2.2% dividend yield, appears attractive.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

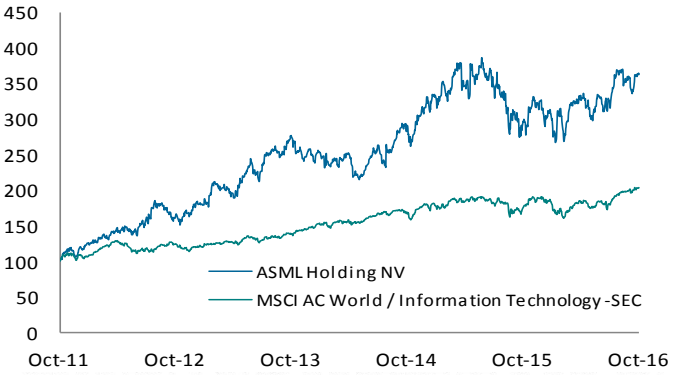
ASML Holding NV (ASML-NL) – BUY – Target Price: EUR 110.00

ASML benefits from the technology transition to advanced nodes and from capacity addition by the manufacturers of semiconductor memory and processor chips. We expect its equipment orders to benefit from higher lithography intensity in advanced nodes ≤ 10 nanometre (nm) in the medium to long term (management expects 30–40% increase for 10 nm).

ASML is the only manufacturer of extreme ultraviolet (EUV) lithography equipment, which provides a cost-effective way to increase the number of transistors in semiconductor chips (<10 nm nodes). It expects EUV shipments to increase to 50–60 units by 2020 (from 6–7 in 2016E). This should allow the company to achieve its 2020 revenue target of EUR 10 bn, implying a 2015–20E CAGR of 10%.

We value ASML at 23.9x its 2017E EPS. Given its monopoly in EUV lithography, we believe that a sooner-than-expected volume ramp up in EUV could lead to a potential re-rating of the stock.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Astellas Pharma Inc (4503-JP) – BUY – Target Price: JPY 2210.00

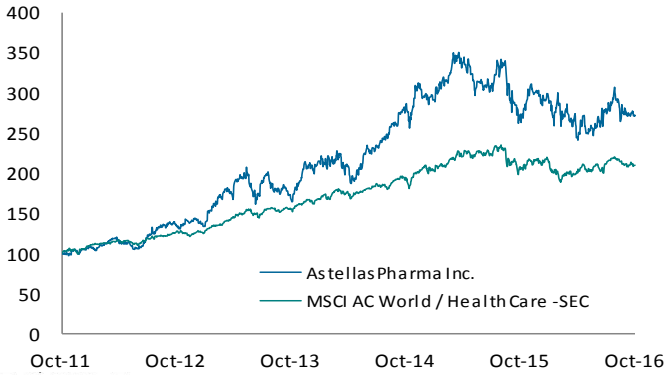
Strong sales growth of the prostate cancer drug Xtandi and the overactive bladder treatment drugs, Vesicare and Myrbetriq/Betmiga, is translating into overall earnings growth.

Pipeline remains robust with various urology, immunology and oncology products in phase 3. We remain confident on Xtandi sales growth during the coming quarters, led by indication expansion. In our view, this drug has multibillion dollar sales potential, which will also help expand EBITDA margin.

We expect higher sales of the cholesterol-lowering drug Repatha, developed by the Astellas-Amgen JV in Japan, given its advantage over existing treatment. Repatha sale started in April as the first PCSK9 inhibitor in Japan.

Astellas is trading at an attractive valuation of FY17E P/E of 18.8x vs. its peer average of 39.7x. FY17E EPS is expected to increase 3.4% vs. a 16.0% decline for peers.

Five-year Performance vs. Benchmark (rebased to 100)



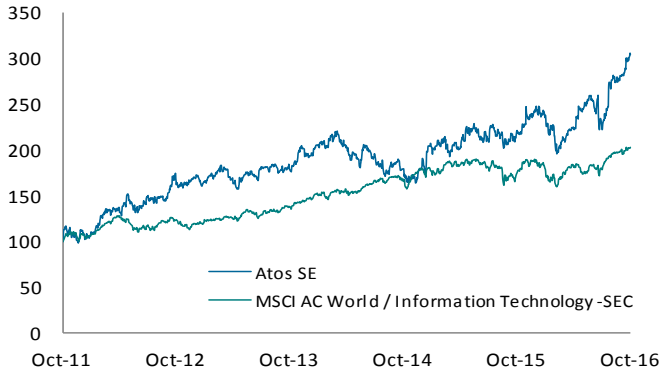
Source: FactSet

Atos SE (ATO-FR) – BUY – Target Price: EUR 101.00

Atos is well-placed among European IT service-providers following its acquisition of (a) Bull, which offers high performance in-memory servers, optimisation and business applications for big-data analytics and (b) the Xerox IT outsourcing business, which is expected to help Atos generate strong FCF (EUR 552 mn in FY16E and EUR 665 mn FY17E) and add market share. Further, Atos' exposure to big data, cloud and mobile, as well as to e-payments through Worldline, should drive organic revenue growth and margin improvement in the long term.

Atos has a strong backlog of EUR 19.5 bn, providing revenue visibility of 1.7 years. It is expected to have solid margin progression through FY16 and FY17 owing to ongoing productivity synergies with Bull, Unify, Equens and Xerox IT outsourcing. Atos is trading at an FY17E P/E of 11.7x vs. its peer average of 13.8x. We believe that this discount should narrow given the company's upgraded guidance and expected synergies. Our target price of EUR 101.0 reflects a FY17 P/E of 13.1x.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

AT&T Inc (T-US) – BUY – Target Price: USD 46.00

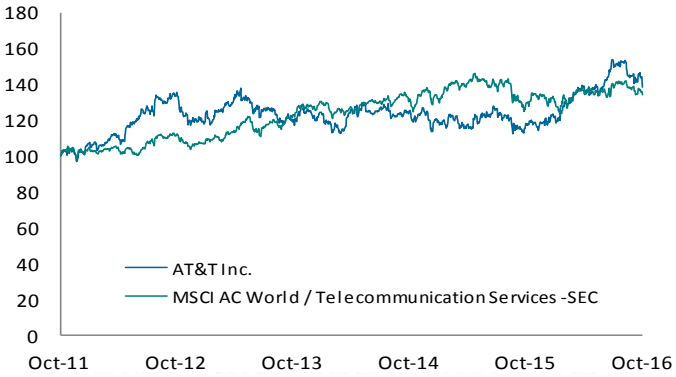
AT&T's core driver remains its margin expansion and the resultant growth in FCF and dividend. Although organic revenue growth is likely to remain subdued on account of heightened competition from T-Mobile and Sprint in the US, we expect FY16 revenue growth to be strong on account of the DIRECTV acquisition in July 2015.

Management has guided for margin expansion through acquisition-related synergies of USD 1.5 bn run-rate in FY16E and USD 1.5–2.0 bn in FY17E. Also, the DIRECTV acquisition (a) reduces revenue dependence on the currently competitive wireless business and (b) improves transition towards converged services (voice, internet and TV) that lower customer churn and offer cross-selling opportunities.

Long-term opex and capex reduction initiatives through network and technology optimisation efforts are likely to further boost FCF growth.

Our target price of USD 46.0 implies 15.3x P/E on FY17E EPS, with FY16E EPS growth of 5.9% and dividend yield of 4.5%.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

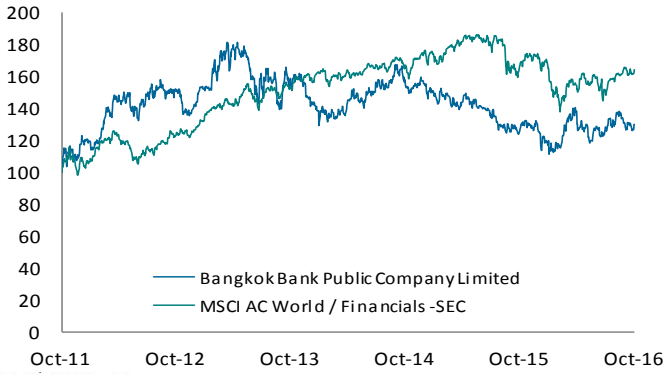
Bangkok Bank PCL (BBL-TH) – BUY – Target Price: THB 240.00

Bangkok Bank PCL (BBL) is adequately capitalised with a common equity tier-1 ratio of 16.8% and capital adequacy ratio of 18.8%. The loan book is well-diversified with the manufacturing and commercial sectors accounting for the largest exposure (41.7%), followed by Utilities & services (20.1%), Housing (11.3%) and Real estate & construction (9.4%).

Though credit growth is weak, QoQ growth improved from 0.0% in 1Q16 to 1.7% in 2Q16. Asset quality is expected to deteriorate further in the coming quarters, primarily in the SME segment, however the pace of deterioration is expected to moderate and then peak in FY16.

At a 2016 P/B of 0.8x, the stock is trading at a discount to its Thai banking peers. We expect BBL to be a key beneficiary of an improvement in the corporate lending cycle. Our target price of THB 240.00 corresponds to 2017 P/B of 1.12x.

Five-year Performance vs. Benchmark (rebased to 100)



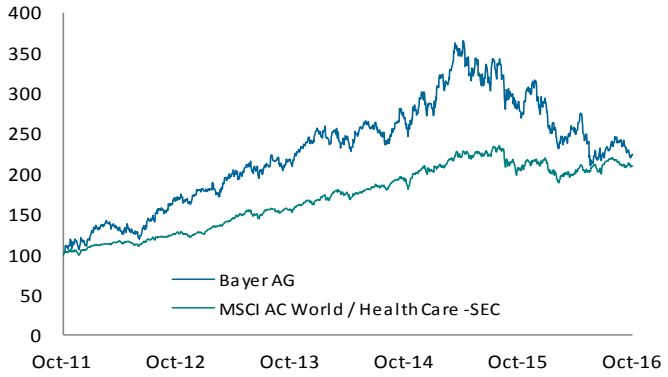
Source: FactSet

Bayer AG (BAYN-DE) – BUY – Target Price: EUR 119.00

Pharmaceutical sales should increase by ~5% pa, driven by 5 new products: Xarelto (anticoagulant, peak sales ~EUR 4 bn), Eylea (eye care, ~EUR 2 bn), Xofigo (metastatic prostate cancer, ~EUR 1 bn), 30% 27% 23% 20% care, ~EUR 2 bn), Xofigo (metastatic prostate cancer, ~EUR 1 bn), R&D annually. Bayer Stivarga (colorectal cancer, ~EUR 0.5 bn) and Adempas (pulmonary hypertension, ~EUR 0.5 bn). The prospects for Eylea remain very positive, supported by new data indicating a potential safety advantage vs. Lucentis in cardiovascular events. Bayer has a modest exposure to US primary care, where price pressure is high.

Bayer has strengthened its global market position in OTC through acquisitions in the US and China. Crop Science has a solid track record. It will benefit from long-term trends like improvement in agricultural sustainability and productivity. The acquisition of Monsanto would make it the global leader. The stock trades at a P/E of ~12.0x 2017E, which is unjustifiably low considering expected EPS growth of ~7% until 2020.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

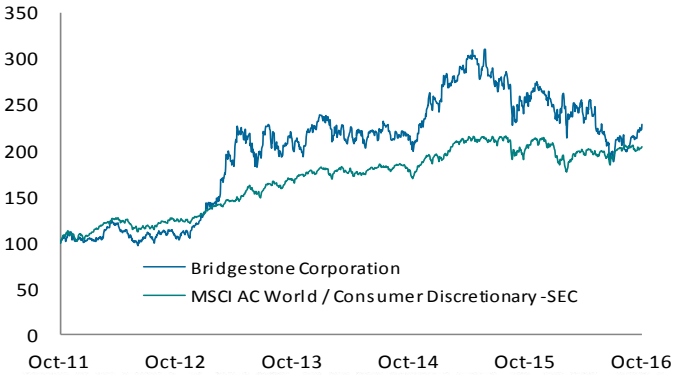
Bridgestone Corporation (5108-JP) – BUY – Target Price: JPY 4000.00

Bridgestone should grow at least in line with the market and report superior margins, thanks to its multi-brand strategy and advanced technology. We see room for market share gains in emerging markets, where the replacement cycle should heighten demand in 2017, and in Europe, where the company is underrepresented. The North American market still carries significant margin potential, in our view.

Domestic sales are sluggish and the JPY strength is hurting results. US and European sales are solid, but the US truck tyre market is suffering from lower demand and pricing pressure, which could spread to Europe. The mining segment is weak. Raw material prices have been a major tailwind to margins, but this effect is fading.

In our view, the market is focused on headwinds and ignores the stock's long-term potential. At our target price, the shares would trade at 10.5x FY17E EPS, 4.4x FY17E EBITDA and with a FY17E dividend yield of 3.6%.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

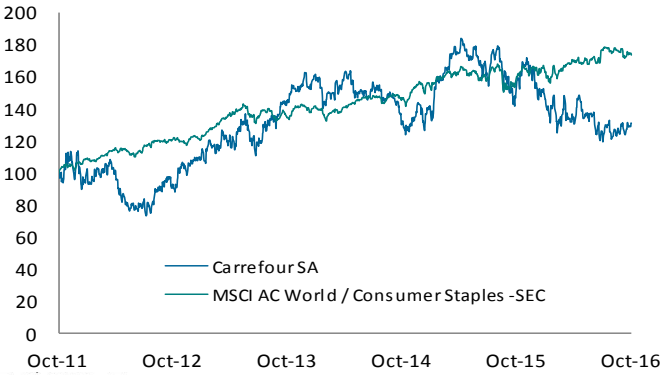
Carrefour SA (CA-FR) – BUY – Target Price: EUR 26.50

Carrefour's (CA) strategy to constantly renovate its stores and evolve to suit the dynamic needs of its consumers has played out well in the tough European food-retailing space. It has allocated a major component of its FY16 capital expenditure target of EUR 2.5–2.6 bn for store expansion and remodeling through Carmilla (shopping mall property unit) in France. CA is focusing on developing e-commerce activities (the latest being Greenways, an organic website in France). It also recently opened its first convenience store in China.

CA has demonstrated credibility in selective expansion through its multi-local approach and staying closely attuned to consumption trends through local ties, viz., Dia France, Rue de Commerce, Billa Romania, investment by Abilio Diniz in Brazil, Il Centro in Italy. We believe this strengthens its long-term growth prospects.

Given attractive fundamentals, we expect the shares (FY17E P/E of 11.7x) to trade at par with peers (14.3x). We value CA at 14.3x FY17E EPS of EUR 1.85 to arrive at a target price of EUR 26.50.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

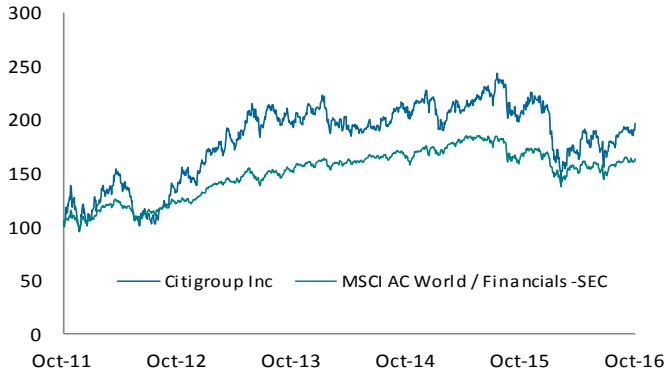
Citigroup Inc (C-US) – BUY – Target Price: USD 57.00

Citigroup's strengths are its (1) diversified business model, (2) significant exposure to the high-yielding credit card and personal loans segments in the US (~27% of 2Q16 revenues), (3) gearing to high-growth economies, especially Asia and Mexico and (4) superior capitalisation with 2Q16 Basel III CET I ratio of 12.5%.

Recently, Citigroup witnessed a slew of positives as it (1) comfortably passed the Fed's stress test and received approval for its capital plan, (2) acquired the Costco portfolio and (3) renewed key partnerships with American Airlines and The Home Depot.

In our view, the sharp cut in net income estimates of ~24% YTD for FY16 and ~20% for FY17 have factored in the near-term concerns. We have a constructive view on Citigroup considering its strengths, attractive valuation (FY17E P/TBV of 0.6x, trades at a ~38% discount to its peers), continued progress on its strategy of utilising deferred tax assets (DTAs) and reducing NCAs, focus on tight cost control and credit discipline, and solid shareholder return prospects.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

Coca-Cola Company (KO-US) – BUY – Target Price: USD 48.00

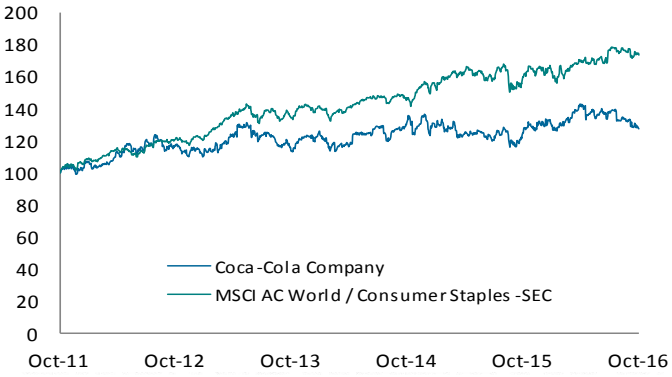
CEO–Chairman Muhtar Kent "continues to see incredible market potential ahead" as "the non-alcoholic ready-to-drink beverage industry has grown by nearly USD 200 bn since 2009 and is estimated to grow another USD 300 bn by 2020."

To capture growth, the group is adapting packaging and increasing its marketing spends and quality while reducing costs. We see scope for improvement in the company's cost-reduction efforts.

We believe the group will be able to deliver on its long-term currency-neutral growth targets of mid-single digit for revenue, 6–8% for profit before tax and high-single digit for EPS. Moreover, it is highly cash-generative, allowing for dividends and share buybacks.

At our target price, KO would trade at ~24x FY17E EPS vs. its 10Y median of 17.3x, at an FY17E dividend yield of ~3% vs. its 10Y median of 3.1%, and in line with the FactSet US Non-Alcoholic Beverages Index (10Y median premium ~2%).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Continental (CON-DE) – BUY – Target Price: EUR 210.00

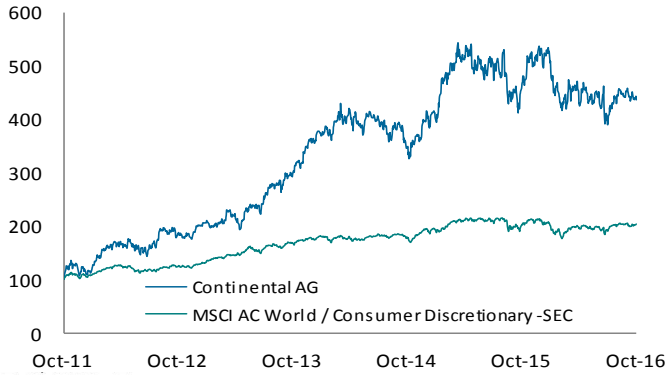
We feel Automotive (47% of FY15 EBIT, margin 8.5%, with Interior 10.2%, Chassis & Safety 9.7%, Powertrain 6.1%) is well-placed to benefit from the long-term trend towards safer, more fuel-efficient and 'connected' cars. A firm and sustained acceleration of this division's activities should allow the Continental shares to re-rate.

Stringent safety and fuel-efficiency requirements should also benefit Rubber (53% of FY15 EBIT, margin 14.4%, with Tyres 20.4%, ContiTech 10.4%). Tyre and ContiTech sales are resp. 71% and 50% non-OEM, reducing cyclicality.

Geographically, revenues are well-balanced, but the management wants to increase Asian exposure to ≥30%. On a group level, it targets to reduce the share of OEM sales from 72% in FY15 to 60% in FY20.

We increase our target price to EUR 210.00 (from EUR 200.00), at the upper end of a range using the 10Y-median multiples (~EUR 160.00) and the 10Y-median dividend yield (~EUR 225.00).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

CVS Health Corp (CVS-US) – BUY – Target Price: USD 117.00

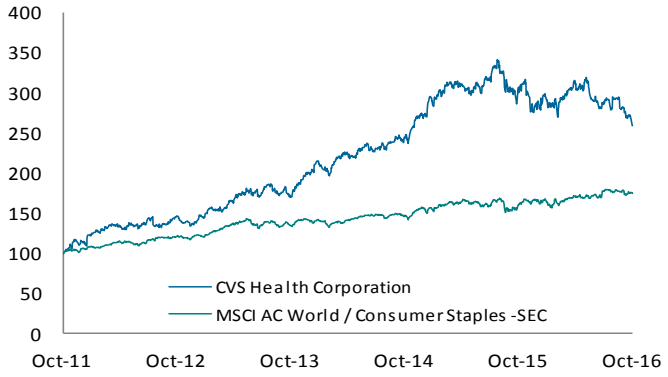
CVS is a pure-play on the largest and growing healthcare market, the US. In our view, the company is better positioned than its peers in the US healthcare market, given its integrated pharmacy model and its diversified products and services portfolio.

CVS is expected to benefit from the increase in generic and biosimilar drug launches, which in turn are expected to reduce treatment costs. To benefit from this positive trend, CVS Health and Cardinal Health recently created Red Oak Sourcing, the world's largest generic sourcing entity, through a 50/50 JV.

The acquisitions of Target's pharmacies and of Omnicare Inc are enabling CVS to gain market share, which is expected to help it negotiate pricing with drug manufacturers.

CVS is trading at an FY17E P/E of 14.9x vs. its peer average of 14.3x. Consensus expects 2015-18E EPS CAGR of 12.5%

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

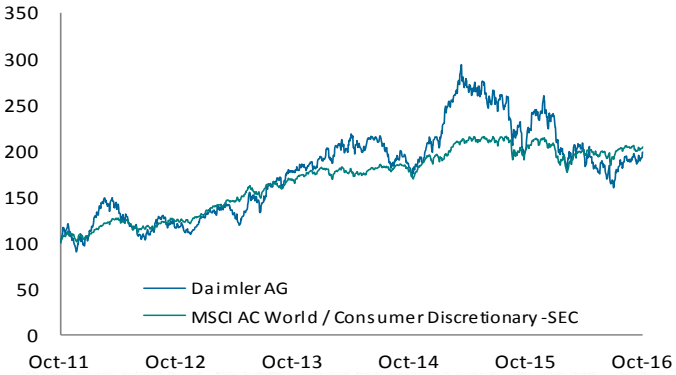
Daimler AG (DAI-DE) – BUY – Target Price: EUR 69.00

Daimler has been on a growth track since FY12. The passenger car model range has been renewed, broadened and deepened, and the management has been putting great emphasis on increasing efficiency and decreasing costs. While a lot has been done, we see room for further volume improvements (model renewal, range extension), revenue growth (high-end products) and margin expansion (high-margin products and component sharing).

Adverse market conditions will weigh on truck margins, but increased use of own content in the NAFTA region should benefit profitability in the medium term. A recovery of the currently depressed emerging markets could also boost earnings. Daimler – already world leader – is determined to grow its global market share (FY20 unit target 700k, EBIT margin 8%).

The shares are trading at an average ~20% discount to its 10Y median P/E, P/S, P/B and dividend yield. A sum-of-the-parts points at a value per share of ~EUR 76 to which we apply a 10% discount.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

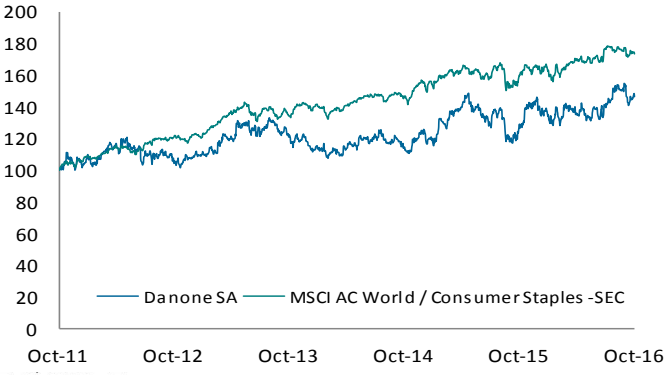
Danone (BN-FR) – BUY – Target Price: EUR 77.00

On June 14, Danone upgraded its 2016 guidance for EBIT margin from "solid improvement" to +50-60 bps with sales growth of +3-5%, in line with its 2020 target of "strong, profitable and sustainable growth." The market may underestimate this positive signal. Excluding the 10-15 bps margin benefit from the deconsolidation of loss-making Dumex (China babyfood), Danone aims for a 60-75bps margin uplift. Danone has become more efficient and flexible. Its product mix is improving.

By 2020 Danone aims for 5% organic sales growth (a mix of 3-5% in dairy, 6-8% in medical and 7-10% for water and baby food) with a 200 bps margin improvement. Growth should be sustainable and cash generative. We believe this transition will succeed.

At a P/E of ~20x 2017E Danone is showing a re-rating as its earnings growth is accelerating. We increase our target price from EUR 70.00 to EUR 77.00 (~22.5x EPS 2017E).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

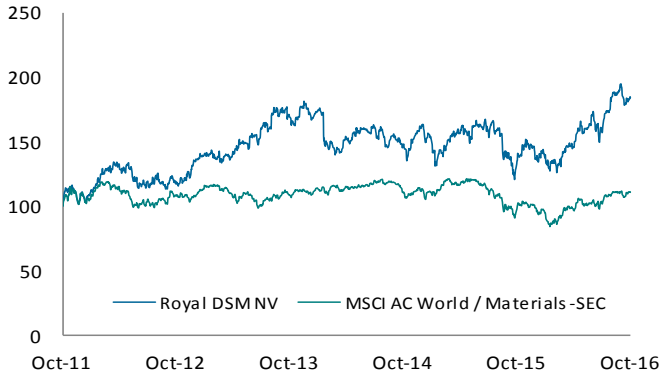
DSM Koninklijke NV (DSM-NL) – BUY – Target Price: EUR 76.00

DSM surprised positively in the last three quarters. Organic growth in Nutrition has strongly improved due to better pricing. Due to contracts in place, higher vitamin prices will mainly benefit 2017E earnings. DSM could surpass its 2018E divisional EBITDA targets (18–20% EBITDA margin in Nutrition and >15% in PM over the cycle). By 2018E costs savings of EUR 250-300 mn are targeted.

DSM has a broad-based Nutrition product portfolio. It is accumulating cash from the sale of non-core activities. The CEO declared that DSM is actively looking for acquisitions.

The stock trades at a P/E of 17.5x 2017E. We set our target price at EUR 76.00 (~22x EPS 2017E) as we believe consensus 2017E EPS of EUR 3.47 does not fully take into account the positive price dynamics. Furthermore, DSM could enjoy a re-rating towards ingredient or biotech peers (Chr. Hansen, Givaudan, Lonza) that are much more highly valued (higher barriers to entry, higher ROIC).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

Facebook Inc (FB-US) – BUY – Target Price: USD 150.00

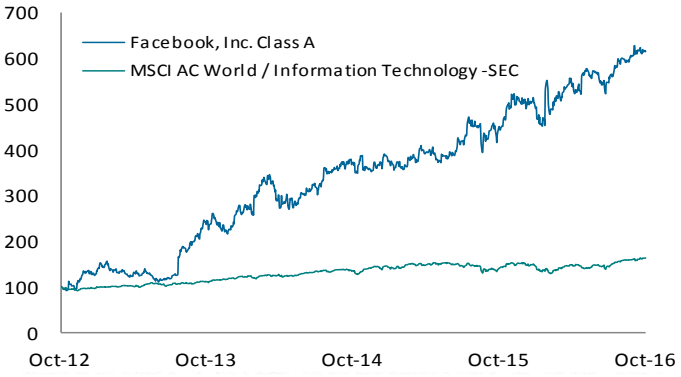
Facebook is one of the biggest beneficiaries of the shift towards internet advertising. The company's platform enables advertisers to target specific audiences, assess the impact of their ad campaign in real time and generate higher return on investment as compared to traditional advertising.

Facebook has successfully capitalised the shift to mobile usage, with mobile ad revenues accounting for 82% of its advertising revenues, and we believe this would be its future revenue growth driver. In addition, the growing use of video is increasing user traction and generating better return for the advertisers.

In our view, Facebook's investment in mobile and other applications like Instagram is now yielding returns. We believe this would enhance platform monetisation and boost revenue growth in the long run.

The stock is trading at FY17E P/E of 25.3x which appears attractive given the 2015–18E EPS CAGR of 40%.

Four-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

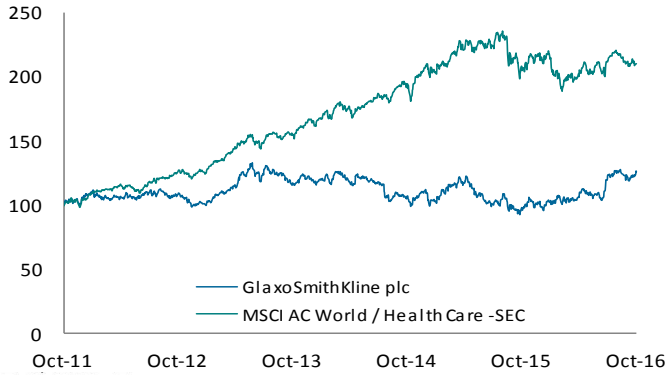
GlaxoSmithKline Plc (GSK-GB) – BUY – Target Price: GBP 18.60

All divisions are now in a growth trend. The HIV segment (led by the Tivicay and Triumeq drugs) has strong growth potential. The Vaccines business is expected to accelerate to mid-to-high single digit growth in 2017. The integration of Novartis Consumer Health Care is on track and will deliver a strong margin increase.

Management expects GBP 6 bn by 2018 from 11 new products (Rx: Breo, Anoro, Incruse, Arnuity, Tanzeum, Nucala, Tivicay, Triumeq; Vaccines: Menveo, Bexsero, Shingrix). It is confident that its pipeline of ±40 assets (80% potentially first-in-class) will deliver multiple development milestones in 2016/17 with 4 regulatory decisions and 10 phase 3 starts. Potential to file up to 20 assets by 2020.

The positive currency impact is expected to increase EPS by ~5%. The stock trades at a P/E of ~17x 2017E. To reflect improved trading conditions we increase our target price to GBP 18.60 based on ~19x 2017E EPS.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Havas SA (HAV-FR) – BUY – Target Price: EUR 8.00

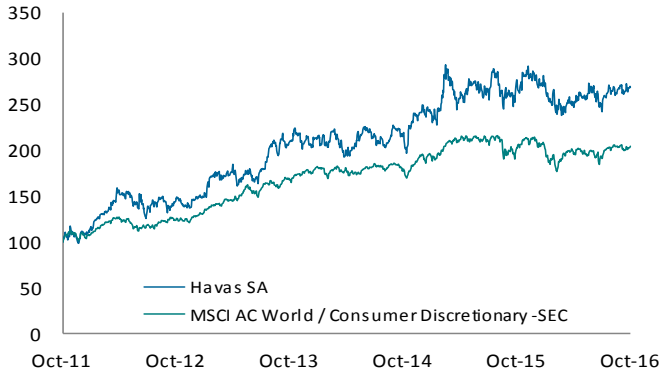
In its 'Village' concept, Havas has implemented common infrastructure for its Creative and Media Groups, along with complete integration of agencies in every country. This should continue driving growth and has already increased collaboration and cross-selling. Havas expects to complete the execution of this horizontally integrated structure in 2017, allowing it to realise full synergies in the medium term.

The company acquired 13 companies in FY15 (6 in FY14) at a cumulative value of EUR 100 mn (~3% of market cap). This provides tailwinds for revenue growth in the near term as well.

Havas' small size (relative to WPP, Pubilcis, IPG and Omnicom) makes it a potential M&A target. With the Bolloré family owning 60%, sale to larger players (or integration with Vivendi) may imply a premium M&A valuation for the company.

Our target price of EUR 8.0 implies 15.7x P/E on FY17E EPS, with an FY16E EPS growth of 5.4% (FY17E: 7.4%).

Five-year Performance vs. Benchmark (rebased to 100)



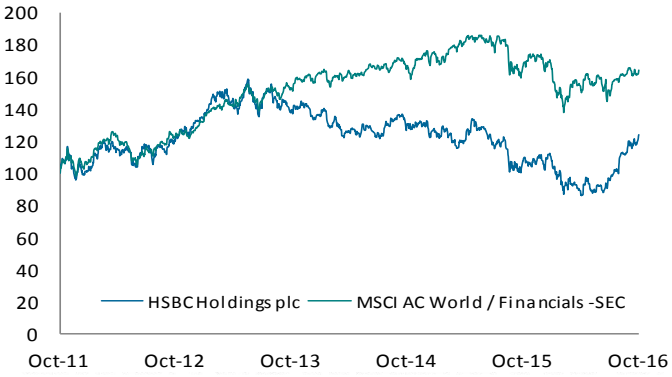
Source: FactSet

PART III – INVESTMENT CASES

HSBC Holdings Plc (HSBA-GB) – BUY – Target Price: GBP 6.53

HSBC's competitive advantages are its (1) diversified universal banking business model, (2) comfortable capitalisation with pro-forma CRD IV CET I ratio of 12.8% (target of 12–13%), (3) conservative balance sheet with 2Q16 L/D ratio of 69% and solid deposit base of USD 1.29 trn and (4) favourable gearing to an interest rate hike (mainly in the US and HK), as a 25 bps rise in interest rates would increase net interest income by ~USD 1.37 bn. In our view, HSBC would continue to trade at a premium to its UK peers, considering its (1) competitive advantages, (2) healthy FY17E ROE of 6.5% (peers: 5.9%), (3) strict cost management, (4) significant progress on executing strategic actions and (5) improved visibility over shareholder returns (dividend/share buyback). These factors are likely to outweigh concerns over challenging revenue outlook and elevated loan impairment charges (given exposure to UK commercial real estate, oil and gas, and metals and mining segments). We value HSBC at 1.1x (5-year historical average of 1-yr. fwd P/TBV) FY17E TBV of GBP 5.94/share to arrive at a target price of GBP 6.53.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

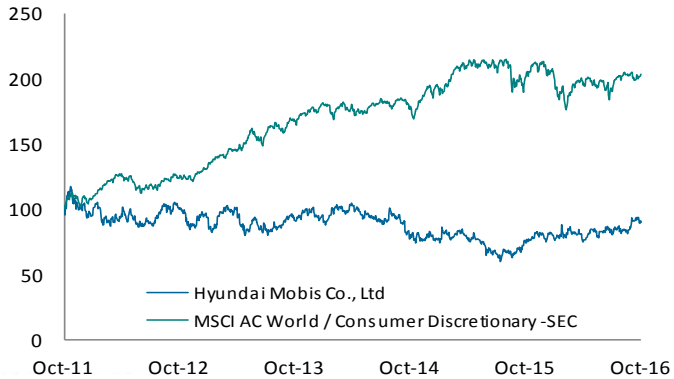
Hyundai Mobis (012330-KR) – BUY – Target Price: KRW 320 000

Mobis benefits from overseas expansion and robust product launches at its two captive customers. We expect its operating margin to improve in the medium term with the increasing share of the high-margin business (A/S Parts). Meanwhile, its Module business should grow in line with volume growth at its captive customers and keep the operating margin stable.

In the longer run, Mobis should benefit from product mix improvement to high-value components, including advanced driver-assistance system (ADAS) and green-car components. Further, we believe that expansion to non-captive customers should work as an additional growth driver.

At an FY17E P/E of 7.2x, the stock is trading at a ~28% discount to its peer average, which seems attractive as we expect earnings to improve further, driven by better volumes at captive customers and product mix improvements. Meanwhile, improving shareholder returns should drive a re-rating of the stock.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

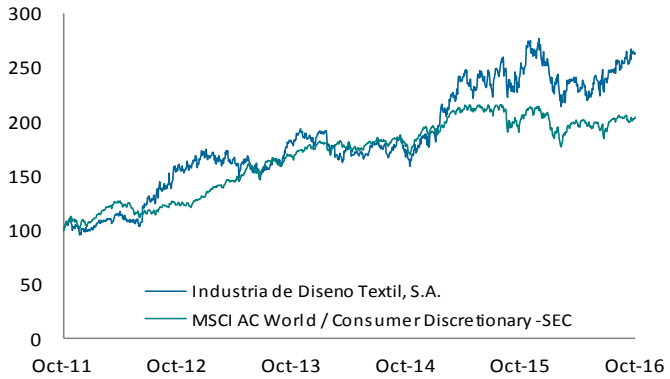
Inditex SA (ITX-ES) – BUY – Target Price: EUR 37.00

We are positive on Inditex given its wide geographic exposure with multi-format approach, low inventory model vs. peers and improving online offerings (online presence in 39 markets). Inditex has fully integrated its store and online sales platform, which should boost earnings in the long term, especially as its online platform is gaining good traction.

We believe the company's fast-fashion concept (delivery to market, more designs in smaller quantities) aids sales growth and supports margin expansion. Inditex continues to expand globally and has aggressively expanded in developing markets, which should propel growth and increase market share by converting new space to improved revenues.

Given Inditex's strong sales and EPS growth vs. peers in a highly competitive environment, we believe it warrants a premium valuation. We thus upgrade the target price to EUR 37.0 from EUR 34.0, valuing Inditex at P/E of 31.5x FY17E EPS of EUR 1.17.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

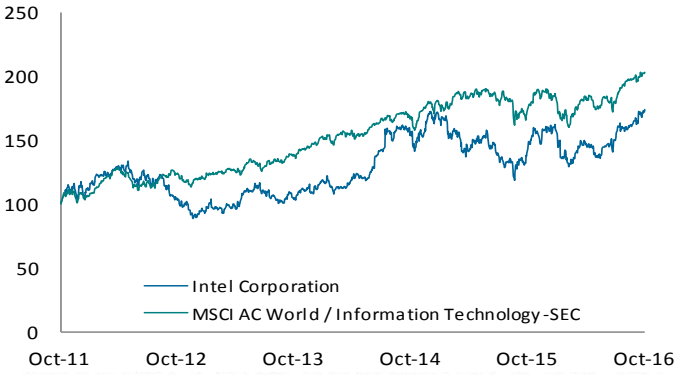
Intel Corp (INTC-US) – BUY – Target Price: USD 42.00

Intel has been shifting its focus from the mature PC segment (CCG) towards the faster growing data centre (DCG) and IoT segments. We expect DCG to be a key driver of Intel's medium-term EPS growth, considering its leadership position, increasing demand from cloud and big data analytics end-markets and better margins, driven by products with higher selling prices like the Broadwell processors.

The Altera acquisition has helped diversify Intel's business to the communications/telecom end-markets and has also strengthened its dominance in the servers segment. We expect PC margins to improve gradually, driven by the growing adoption of its high-end processors (Skylake) and ongoing restructuring efforts.

Given the management's updated guidance, its growth opportunities in the DCG/IoT segments, a solid share buyback programme and a high dividend yield, we expect the stock to trade at a premium to its peers (2017E P/E of 13.9x). We value it at a 2017E P/E of 15.0x and increase our target price to USD 42.00 (from USD 39.00).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

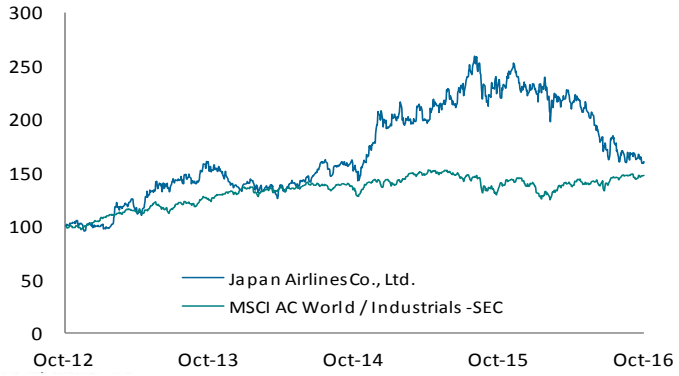
Japan Airlines (9201-JP) – BUY – Target Price: JPY 4950.00

Several macro-factors are positive for the company: 1) strong demand from China and Southeast Asia tourism, 2) supply/demand tightening in international and domestic routes, 3) improving Japanese economy and 4) stabilising jet fuel price at historically low level.

Given that passenger growth is greater than expected and fuel prices below the company's guidance (USD 80/bbl), there is a significant value in the airline which is not priced in, in our view. For the years to come, JAL has hedged ~40% of fuel consumption and 90% of FX.

Japan Airlines trades at a next-12-month (NTM) EV/EBITDA of 2.8x and an NTM PE of 5.6x, both at a discount to peers of 25% and 15% respectively. At this level, we think the discount is exaggerated and that the stock will be rerated to match its profitability.

Four-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Japan Tobacco Inc (2914-JP) – BUY – Target Price: JPY 4650.00

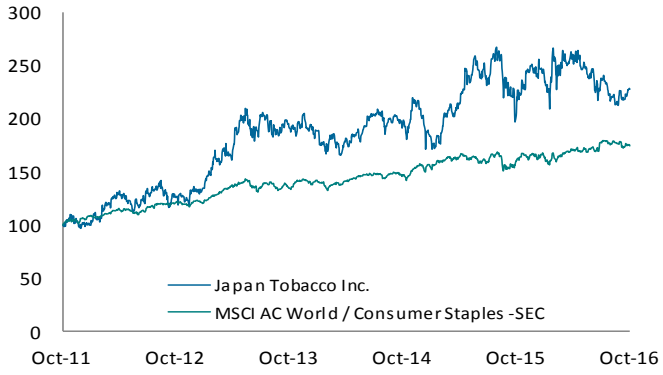
We believe JT's (Japan Tobacco) profit breakdown of ~60% International and ~40% Japan makes it a well-balanced group. It is the undisputed market leader in Japan, the world's fourth-largest market (ex China, which is almost 100% operated by CNTC, a state monopoly).

JTI (Japan Tobacco International) will remain JT's growth engine given the industry dynamics: low volumes in developed markets (DM) have led to a decline in global volumes, but better price/mix in DM and emerging markets (EM) are leading to a worldwide uptick in value.

With its attractive and broad range of brands (Winston is the #2 cigarette brand worldwide), efforts in different next-generation tobacco products, ability and will to seize acquisition opportunities and cash-flow generation capacity, JT should be able to combine profit growth with a generous shareholder remuneration policy.

We reduce our target price (TP) to JPY 4 650 from JPY 5 300 using a blend of JT's historic multiples and peer comps. At our TP, the FY17E P/E and dividend yield would be ~19x and ~3.0% resp.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

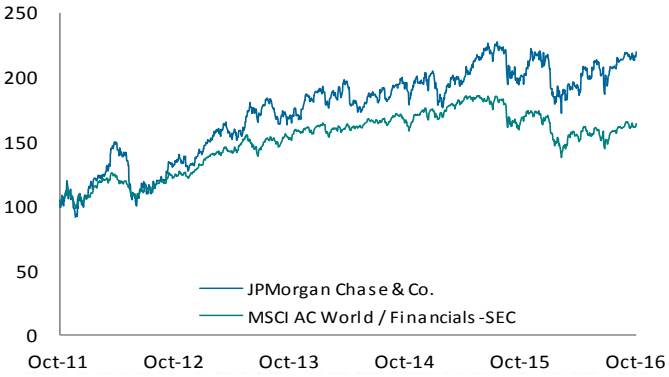
JPMorgan Chase & Co (JPM-US) – BUY – Target Price: USD 71.00

JPM's competitive advantages are its (1) diversified business model, (2) leadership positions in its business segments, (3) strong liability franchise as ~30% of 2Q16 deposits are non-interest bearing and cost of deposits is low at 0.14% (peers: 0.26%), (4) favourable positioning of the balance sheet with lowest 2Q16 loan-to-deposit ratio of 66% (peers: 73.1%) and (5) high exposure to the US (77% of FY15 net income), which is expected to witness steady economic growth and a gradual rate hike.

Notwithstanding premium valuation (FY17E P/TBV of 1.2x, trades at a ~15% premium to its peers), we believe that JPM's valuation rerating is likely to continue, considering its competitive advantages, comfortable capitalisation (Basel III CET I ratio of 11.9%), sound asset quality, ongoing progress on cost-reduction initiatives, strong FY17E ROE of 9.4% (peers: 8.5%) and healthy shareholder returns.

We value JPM at 1.3x (at the higher end of its 3-year historical valuation band of 1.0–1.3x) FY17E TBV of USD 54.8/share to arrive at a target of price of USD 71.00.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Kroger Co. (KR-US) – BUY – Target Price: USD 34.65

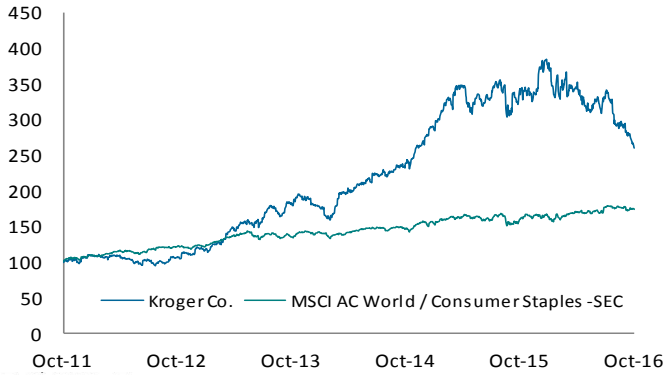
Food deflation in the US appears to be nearing a trough and should improve from 4Q16. This should serve as a tailwind for Kroger, in our view. CPI-U food in the US was flat MoM in July and August vs. declines in the preceding months on a seasonally adjusted basis.

Kroger has consistently grown market share with 50 quarters of identical sales growth and EPS-accretive acquisitions of established local players (Roundy's, Harris Teeter, Vitacost.com). This seems sustainable to us given continued capex in store improvement and expected synergies from recent acquisitions.

Kroger is poised to benefit from evolving customer trends with its investment in digital platforms and best-in-class customer analytics, focus on health and wellbeing with the recent acquisition of Axium Pharmacy, and improved assortment with private and organic/natural labels. This should drive volume growth, in our view.

We value Kroger at 15.0x (15% discount to peer average) FY17E EPS of USD 2.31, which gives a target price of USD 34.65.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

LVMH (MC-FR) – BUY – Target Price: EUR 190.00

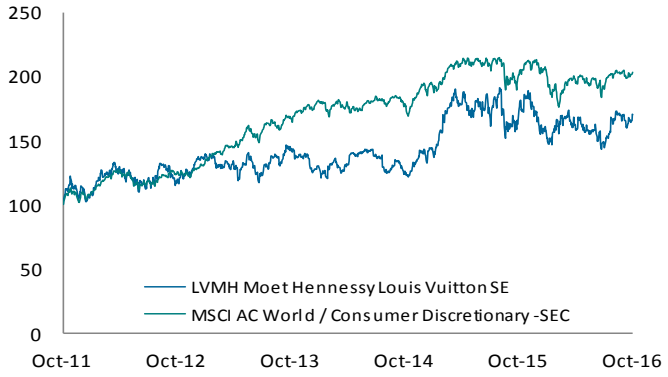
Thanks to its solid balance sheet and FCF generation, LVMH can spend large amounts on advertising and can easily finance the expansion of the retail network, while keeping ample financial leeway for M&A and making extraordinary cash returns increasingly likely.

The group's diversified revenue and profit base make it less vulnerable to a downturn in any particular market segment. While many brands in the portfolio are currently still small, we feel that some carry significant long-term potential. Moreover, as the capital invested in these small brands is limited and as they are self-supportive, it makes sense to hold on to them.

The repositioning of Louis Vuitton, the group's star brand, seems to become a success. In our view, this should support both the growth and the profitability of the brand.

We arrive at our target price by applying the high end of the historical range for a blend of multiples to the FY17 consensus estimates.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

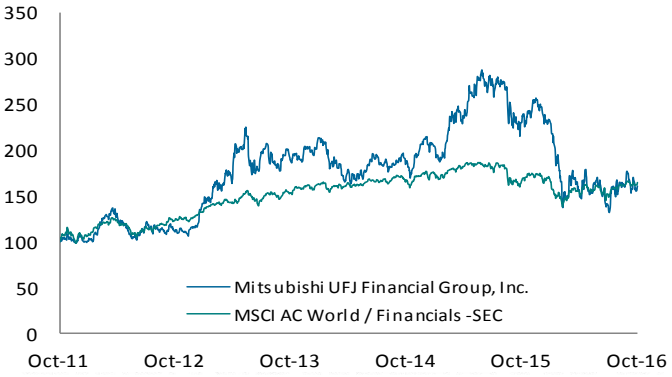
Mitsubishi UFJ Financial (8306-JP) – BUY – Target Price: JPY 720.00

MUFG's (Mitsubishi UFJ Financial Group) strengths are its (1) diversified business model, (2) growing overseas footprint, mainly in the US and Asia (the global business' share of operating profit increased to 36% in FY16 from 24% in FY12), (3) strong capitalisation with an FY16 CET I ratio of 12.1% vs. peers at 11.3% and (4) conservative lending standards as NPLs declined 1.8% QoQ to JPY 1.28 trn.

On 29 April, the Bank of Japan said that it would not reduce benchmark interest rates further into the negative territory as a monetary policy measure. We believe that this would be positive for MUFG as it would allay concerns over decline in earnings due to deepening of negative interest rates.

We have a constructive view on MUFG considering its attractive valuation (FY17E P/BV of 0.42x, at a ~9% discount to its megabank peers), best-in-class capitalisation, focus on improving cost efficiency, steady asset quality and expectations of healthy shareholder returns (in the form of dividend and share buyback).

Five-year Performance vs. Benchmark (rebased to 100)

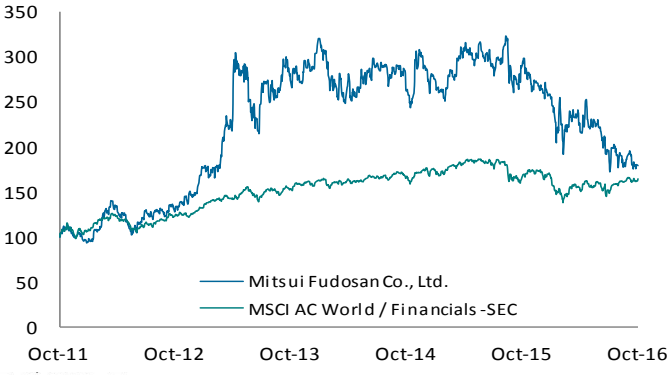


Source: FactSet

Mitsui Fudosan Co. Ltd (8801-JP) – BUY – Target Price: JPY 2910.00

We have a positive view on MF (Mitsui Fudosan) considering its (1) diversified business model, (2) rich development pipeline, (3) low 1Q17 debt/equity ratio of 1.23x (peers: 2.4x) and (4) healthy fundamentals in the Leasing segment (65% of 1Q17 operating profit) with a low vacancy rate and higher-than-expected rent due to lower supply of large-scale office buildings in central Tokyo. Further, MF benefits from BOJ's dovish monetary policy stance as it has led to lower mortgage rates and improved liquidity in the direct property market. In our view, potential development risks in the UK on projects worth JPY 400 bn (after Brexit) and lease cancellation by a major tenant in Tokyo midtown in 1Q17 could weigh on earnings growth. This was reflected in the downgrade in FY17E and FY18E operating income estimates by ~11% and 8%, respectively, till date in FY17. MF is trading at an FY18E P/BV of 1.06x, at a ~21% discount to its peers. While we remain constructive on the stock, we reduce our target price to JPY 2,910 to factor in the headwinds to earnings. We value MF at 1.35x (peer average) FY17E BV of JPY 2,155/share.

Five-year Performance vs. Benchmark (rebased to 100)



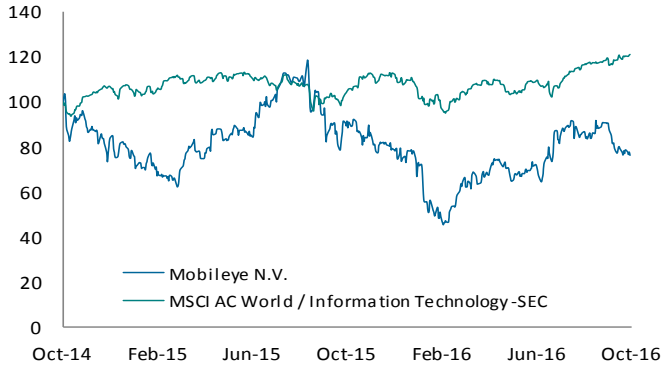
Source: FactSet

Mobileye NV (MBLY-US) – BUY – Target Price: USD 48.00

Mobileye provides a pure-play exposure to two of the fastest growing automotive sub-segments—ADAS and semi-autonomous driving—commanding an ~80% share of the auto-vision market. According to MarketsAndMarkets, the ADAS market is expected to grow at a 2016–21 CAGR of 10.4% to reach USD 42.4 bn by 2021, driven by European and US regulations requiring higher ADAS implementation to obtain star ratings for cars from 2019.

We believe that Mobileye will be the biggest beneficiary of this trend as 23 OEMs have already selected its ADAS offerings in the serial production of ~287 car models by 2017. This should ensure strong recurring revenues for the foreseeable future. Further, it is well-placed to benefit from the future adoption of fully autonomous driving through its next-gen mapping technology (REM) and advanced algorithms. In our view, Mobileye's high valuation (FY16E P/E of 58.6x) is justified considering that it is in hyper-growth mode (2015–19E EPS CAGR of 51.5%, PEG ratio of 1.1x) and in the early stages of a long-term disruptive story.

Two-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

Nissan Motor Company (7201-JP) – BUY – Target Price: JPY 1050.00

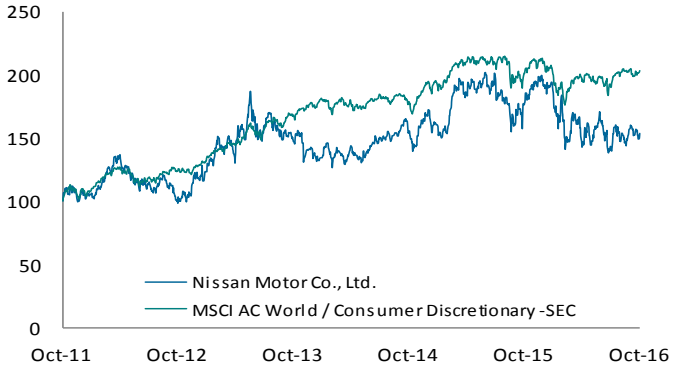
NMC's (Nissan Motor Company) operating margin has recovered significantly since 2009 (operating loss) but is still well below the pre-crisis levels (>10%) and the company target (8%). Its market share too is still below the stated objective (8%). We believe this indicates that there still is room to grow unit sales and revenues, while cost management should lead to a further increase in profitability.

While the North American market is the most important one, NMC has a sound exposure to emerging markets (EM). The company's product portfolio is well diversified with an attractive SUV/CUV offering.

NMC will be acquiring a 34% stake in Mitsubishi Motors (MMC). Synergies should be broad-based and significant (JPY 50 bn/year), adding to those from the Renault–Nissan Alliance.

We set our target price at 0.4x FY16E revenues (~10Y median), leading to a FY16E PE of ~7.9x (<10Y median of 10.0)

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

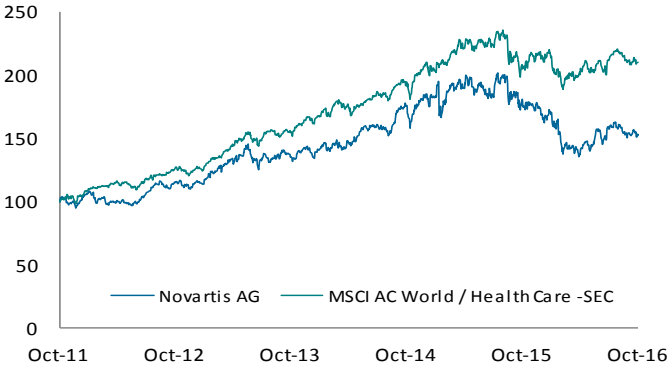
Novartis AG (NOVN-CH) – BUY – Target Price: CHF 94.00

Novartis is addressing its problems (lack of innovation and growth at Alcon, slow ramp-up of Entresto). A sale of Alcon is not excluded. Sandoz is a leader in biosimilars, a promising market.

In 2015 Novartis launched heart failure (HF) drug Entresto and psoriasis treatment Cosentyx, two breakthrough therapies. Cosentyx is a great success: consensus sales are ~USD 1 bn in 2016E and USD bn 3.1 in 2020E. Entresto had a very slow start (guidance 2016E: USD 200 mn). Novartis invests an additional USD 200 mn in marketing and started the largest clinical programme in HF ever because it believes the drug has peak sales potential of USD 5 bn (consensus: USD 2.8 bn in 2020E). Novartis has a very broad pipeline that will deliver a steady flow of new products.

The stock trades at a P/E of ~16x 2017E. EPS growth should resume in 2017E (~8%) and grow double digit in 2018-19E. Therefore we set a target price at CHF 94.00 based on ~18x 2017E EPS. Negative sentiment offers a great entry point, in our view.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

NTT Corp (9432-JP) – BUY – Target Price: JPY 5500.00

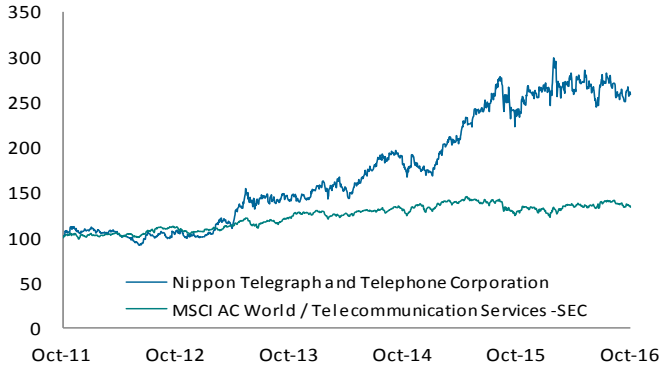
NTT's primary drivers remain operating cost and capex optimisation in its telecom businesses and investments in its non-telecom businesses for diversified growth, leading to higher returns

The domestic telecom business is witnessing growth in subscriber addition and data ARPU; offset by decline in voice ARPU. Reduction in the Regional communication segments' marketing expenses is supporting operating income growth despite a price decline led revenue fall.

The Long Distance segment continues to see strong growth, driven by geographic customer expansion for its cloud-computing platform and other IT outsourcing solutions. Acquisition of Dell IT services business in March 2016 should further boost NTT's cloud and IT services revenue base.

Our target price of JPY 5,550.00 implies 14.6x P/E on FY17E EPS, with FY17E/18E expected EPS growth of 7.9%/8.3% and dividend yield of 2.6%/2.8%.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

Publicis Groupe (PUB-FR) – BUY – Target Price: EUR 77.00

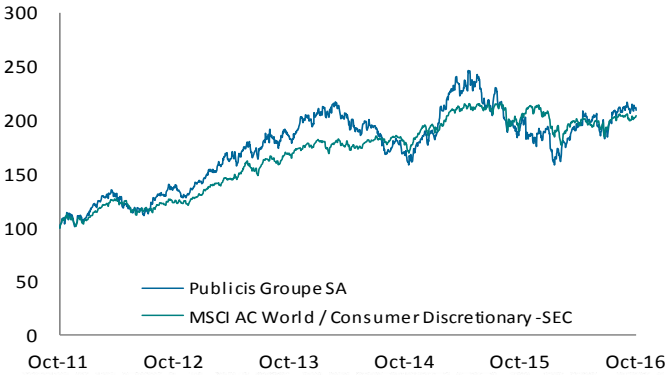
Publicis is refocusing on improving business performance after a difficult 2014/15 owing to a failed merger with Omnicom, the world's second-largest ad agency. Disruptions caused at business level and management focus should now reverse, with the management targeting to gradually match (and even exceed) peers' organic growth rates by 2017.

The company achieved an average organic growth rate of 3.3% over FY05-15 (peer average: 3.1%) and 3.8% in CY10-15, below peer average of 4.4%.

Publicis acquired Sapient in February 2015 to improve its digital offerings, as advertising budgets increasingly shift from analogue to the digital platform. The faster growing digital segment accounted for 55% of revenue (as of 1Q16) vs. 42% as of FY14. The acquisition also provides Publicis with increased presence in the US, which is the largest ad market globally.

Publicis is trading at an FY16 P/E of 14.1x, at a discount to its peer average of 17.0x.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

RELX Plc (REL-GB) – BUY – Target Price: GBP 16.00

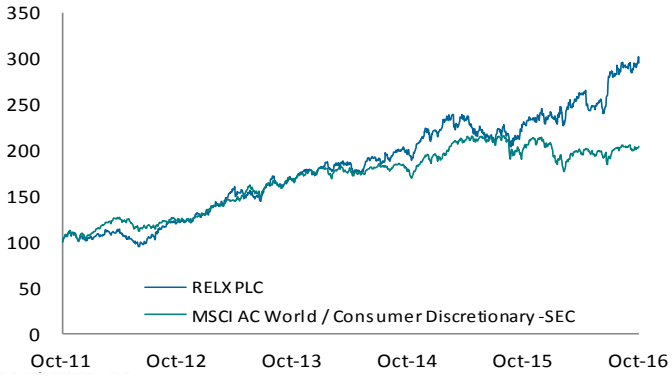
RELX's investments in data, content, and analytics and technology platforms should drive organic growth while it leverages its strong balance sheet to make bolt-on acquisitions.

STM growth is likely to be driven by increase in primary research subscriptions and growth in databases and tools (partially offset by decline in print). RBA growth is likely to be driven by demand from insurance companies and US state/federal agencies, in addition to demand for identity authentication, fraud detection solutions.

RELX has largely completed its transition from print to electronic (Print: 15% of FY15 revenue) and is now moving from electronic reference products (data search and retrieval) to electronic decision tools (data analysis). It is thus likely to benefit from up-selling and greater client volumes as it launches new products with electronic decision tools.

Our target price of GBP 16.0 implies 22.0x P/E on FY17E EPS, with an FY16E/17E expected EPS growth of 13.6%/9.7%

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

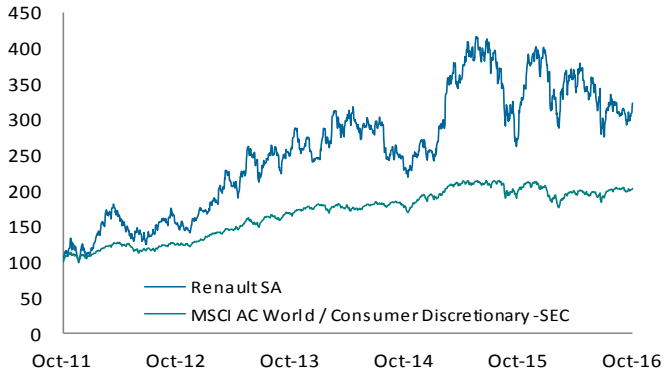
Renault SA (RNO-FR) – BUY – Target Price: EUR 85.00

The Renault–Nissan Alliance brings significant synergies (>EUR 4.3 bn in FY15, EUR 5.5 bn in FY18E). Carlos Ghosn is President and CEO of Renault (Renault, Dacia, Renault Samsung Motors) and Nissan (Nissan, Infinity, Datsun) and Chairman of Avtovaz (Lada). The partnerships with Daimler (2010) and Bolloré Group (2014) should help increase economies of scale, accelerate growth in new regions and fund R&D.

Renault is launching models in attractive segments (SUV, CUV) and is renewing the Megane and Scenic, its bread-and-butter models. Next step will be the renewal of entry-range vehicles. All this should lead to a continuation of revenue and profit growth. Emerging markets (EMs) could surprise positively.

At current market value and exchange rates, the stakes in Nissan and Daimler are worth ~EUR 56 per share (ps) and ~EUR 3 ps resp. We value automotive conservatively at 0.1x sales (~EUR 15 ps) and financial services at 1x book value (~EUR 12 ps).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

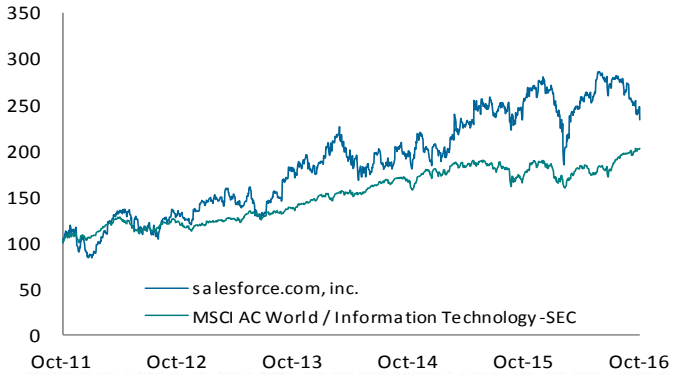
salesforce.com (CRM-US) – BUY – Target Price: USD 95.00

As the largest pure-player in cloud software, Salesforce benefits from secular growth in the enterprise cloud market, thanks to a structural shift from on-premise to on-demand software applications. Market research firm IDC estimates that the worldwide SaaS and cloud software market should grow at a 2014–19E CAGR of 18.3% to reach USD 112.8 bn by 2019.

The company's continuous expansion into new verticals through products like Analytics and Commerce cloud has expanded its total addressable market and should help it maintain double-digit revenue growth momentum in the long term.

We value Salesforce at FY18E Price/Sales of 6.4x, at a premium to its cloud peers. We believe this to be justified given its leadership in CRM (largest cloud software segment), focus on improving profitability (FY16–19E EBIT margin expansion of 350 bps) and the strong growth in backlog (2Q17 deferred revenue up 26% YoY to USD 3.82 bn).

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

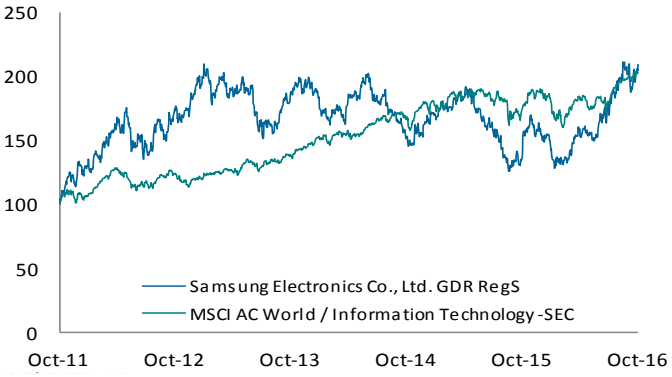
Samsung Electronics (SMSN-GB) – BUY – Target Price: USD 810.00

Samsung's mobile segment revenues should remain resilient despite a broad slowdown in the smartphone industry. We expect margins to improve in the near term due to a stronger mix of high-end smartphone shipments facilitated by the expected launch of its flagship Note 7 in August. New product launches in the mid/low end should also help maintain its market share in the medium term.

We expect Samsung's memory business to benefit from better average selling prices (ASPs) in 2H16 due to a healthy supply– demand scenario for DRAM/NAND. Segment margins should benefit from yield improvements and an improved mix of high-margin products such as DDR4, LPDDR4 and 3D NAND.

The company is trading at an FY17E P/E of 9.9x, at a discount to its peer average of 11.1x. We expect this discount to narrow given its shareholder return policy and medium-term revenue/margin growth opportunities in the memory and mobile divisions. We value Samsung at 10.95x its FY17E EPS.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Senior Plc (SNR-GB) – BUY – Target Price: GBP 2.65

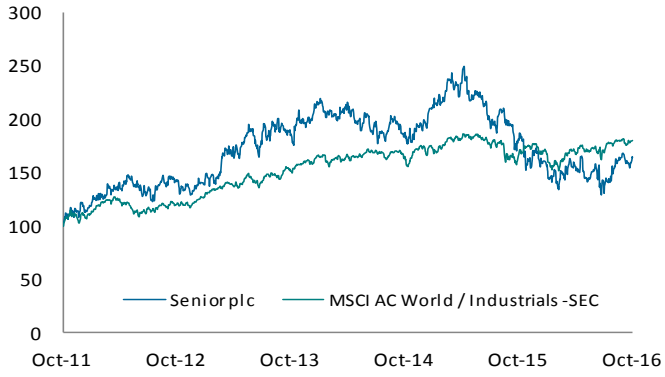
The group has a sound financial approach with a solid balance sheet and a robust cash conversion model. Although it is facing temporary difficulties due to its Flexonics activities, its long-term potential remains solid its diversified end client-base.

Senior is exposed to both defence and civil aerospace, as well as to all submarkets in civil and commercial aerospace. The firm has a long and robust track record of shipsets' (components sold for a unique programme) value improvement.

It has a material backlog on OEM's next generation aircraft, namely the Airbus A350XWB, A320neo family and Boeing B737Max, as well as significant output diversification through exposure to regional jets and engines manufacturers.

The stock trades at an NTM EV/EBITDA of 8.4x and an FY16 PE ratio of 13.0x. We believe that the stock should trade at a premium of at least 10% over its competitors.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

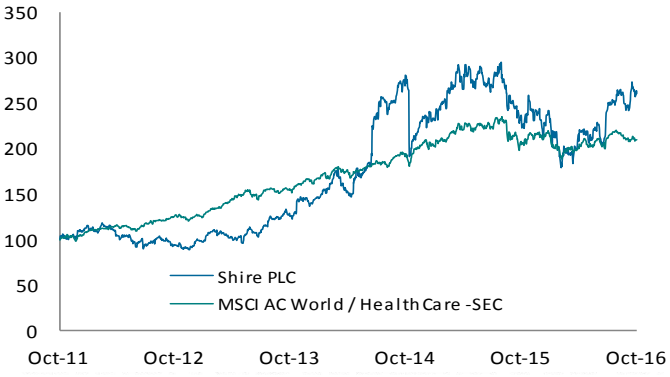
Shire (SHP-GB) – BUY – Target Price: GBP 58.00

Shire was built through a long series of acquisitions, starting with Transkaryotic in 2005 (human genetic therapies). Despite the occasional hiccup (Movetis), these acquisitions delivered a broad portfolio of strongly growing products. The companies were quickly integrated, as was the case with ViroPharma, Lumena, NPS Pharma and Dyax in 2014/15. Shire has multiple franchises (hematology, genetic disorders, neuroscience, immunology, internal medicine) with several best-in-class drugs, reducing overall risk.

Shire has generated double digit EPS growth since 2011 and is expected to have ~16% average EPS growth in FY17/19E (FactSet consensus). Based on Shire's unique portfolio with long-duration assets, this growth assumption is realistic.

Shire has a lower P/E than big pharma stocks with lower earnings growth. Shire's valuation discounts some obvious risks (drug pricing, the integration of Baxalta). We value the stock at an FY17E P/E of 15.0x, delivering a target price of GBP 58.00.

Five-year Performance vs. Benchmark (rebased to 100)



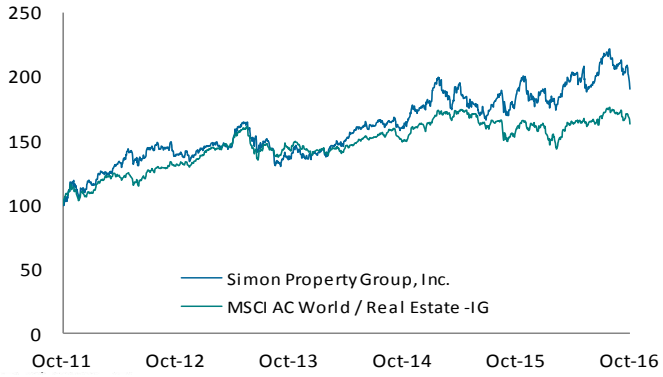
Source: FactSet

Simon Property Group Inc (SPG-US) – BUY – Target Price: USD 245.00

Simon Property Group (SPG) has established itself as a high-quality REIT and emerged as a global leader in retail real estate by building a premium portfolio of shopping centres, malls and retail outlets. The declining unemployment rate in the US, lower interest rate environment and an expected rise in personal income should continue to support the company's business fundamentals. It has a robust development pipeline of USD 3.64 bn to fuel growth, in both domestic and international markets. We believe this bodes well for future earnings and cash flows.

SPG has one of the lowest leverage among US-based REITs (FY17E net debt/EBITDA of 6.1x vs. peer average of 10.2x). Further, proactive balance sheet management and debt refinancing at a lower interest rate should augment its overall income. Due to a combination of strong earnings visibility, healthy development pipeline and superior balance sheet metrics, we value SPG at ~21x FY17E FFO/share and arrive at a TP of USD 245.00.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

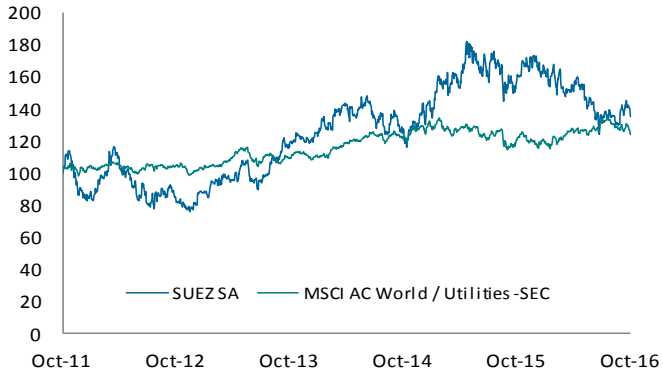
Suez SA (SEV-FR) – BUY – Target Price: EUR 16.20

Suez SA (SEV) has a defensive earnings profile and is well-positioned to benefit from cyclical investment propositions. EBIT growth of at least 4% for 2015-17 is expected to be driven by growth capex and cost cutting, while potential recovery in the EU should lead to recovery in the waste business. The water segment continues to witness decent growth, however, low waste volumes is an area of concern.

Despite continuing uncertainty in global economic conditions, the regulatory environment worldwide remains supportive for environmental companies. This should support Suez's growth. The UK for instance has increased landfill tax, China enacted three important laws in 2015, expediting the treatment of hazardous waste and water pollutants, and many countries have submitted their pollution-control plans at the Paris climate conference in December.

We value Suez at a P/E of 20.3x (in line with its European water and waste peers) to arrive at a target price of EUR16.20.

Five-year Performance vs. Benchmark (rebased to 100)



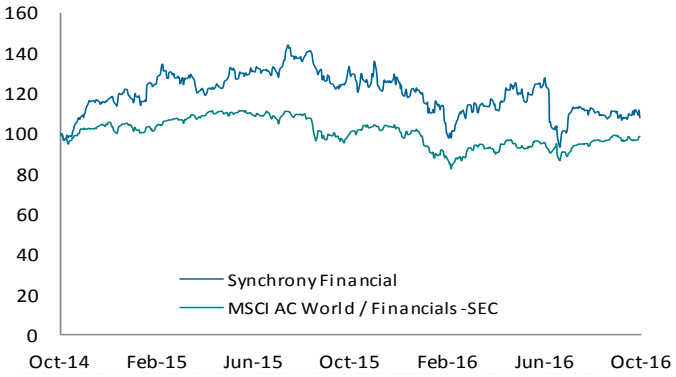
Source: FactSet

PART III – INVESTMENT CASES

Synchrony Financial (SYF-US) – BUY – Target Price: USD 31.60

Synchrony Financial (SYF) is a key beneficiary of the increased usage of cards for the purchase of consumer goods and healthcare services. SYF's competitive advantages are its (1) extensive product offerings and presence across varied categories, (2) diverse partner base and longstanding relationships with well-known consumer brands (Walmart, Amazon, Lowe's etc.), (3) leadership position in the PLCC segment, (4) superior efficiency ratio of 30.4% in 1Q16 vs. peers at 49.4%, (5) best-in-class capitalisation with a fully phased-in CET I ratio of 18.0% vs. peers at 12.9% and (6) solid deposit base (rose 23% YoY to ~USD 46 bn in 2Q16) and low cost structure of its online bank. We have a constructive view on SYF given its (1) competitive advantages, (2) commencement of shareholder returns (in July its board approved a quarterly dividend and share buyback program), and (3) expectations of healthy earnings growth (FY15–18E net income CAGR of 4.8% vs. peers at -0.6%). We value SYF at 1.66x (in line with peers) FY17E BV of USD 19.04 to arrive at a target price of USD 31.60.

Two-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Thermo Fisher Scientific Inc (TMO-US) – BUY Target Price: USD 179.00

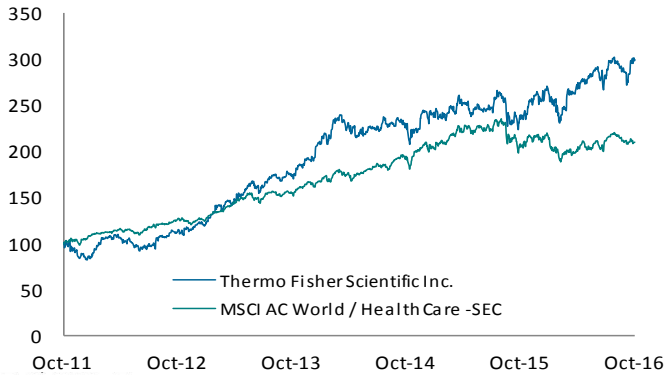
In view of higher usage of Next Generation Sequencing (NGS) by individuals, biotech companies and academic research labs, we expect a robust growth in the company's Life Sciences Solutions segment.

In line with our view, Thermo Fischer Scientific (TMO) witnessed strong growth in 2Q16 in China. This should be further aided by the recent launch of the Integrion high-pressure chromatography system, given the country's underpenetrated applied market for environment safety and food safety equipment.

Thermo Fisher's recent acquisition of Affymetrix Inc is expected to increase revenue during 2016 and it would be also EPS-accretive.

TMO is trading at a 2017E P/E of 17.6x, below its peer average of 19.9x. Given its market leadership, expected margin expansion and strong EPS growth, we value the stock in line with peers with a target price of USD 179.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

Unibail-Rodamco SE (UL-NL) – BUY – Target Price: EUR 265.00

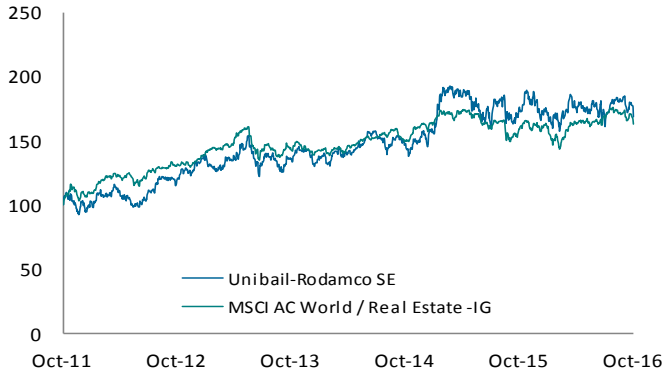
Unibail-Rodamco's focus on high footfall, superior quality and leisure locations throughout Europe underlines the attractiveness of its business model.

In the near to medium term, it is targeting to improve portfolio quality through the sale of non-core assets and acquisition of properties in prime locations. In our view, this should provide the company with the financial flexibility to undertake new strategic projects. Unibail-Rodamco has already exceeded its objective stated in early 2014 to dispose non-core retail assets of EUR 1.5 bn–2.0 bn over a five-year period.

The company has a healthy balance sheet with a loan-to-value of 34% (vs. 35% in FY15) and interest coverage ratio of 5.9x (vs. 4.6x in FY15). Cost of debt is at a historical low of 1.7% (vs. 2.2% in FY15).

The FY16E dividend yield is attractive at ~4.3%. Consensus expects NAV/share of EUR 193.68 for FY16E, representing a P/NAV of ~1.2x, below its five-year average of 1.3x.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

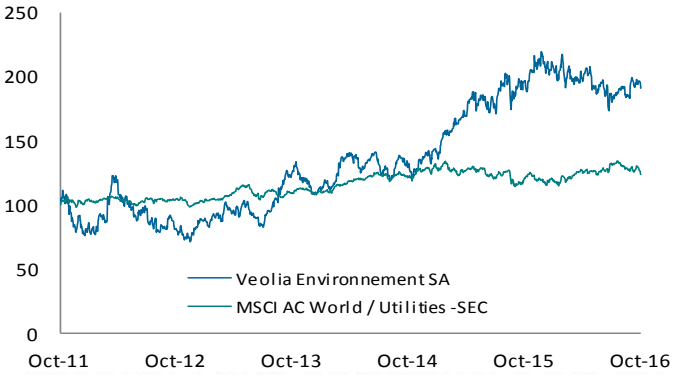
Veolia SA (VIE-FR) – BUY – Target Price: EUR 25.00

Despite weakness in the French economy and low European inflation outlook, Veolia expects organic revenue growth in FY16. The company plans to double its discretionary growth capex from EUR 275 mn in FY15 to ~EUR 500 mn in the years ahead, which should drive earnings growth.

Veolia is planning a major expansion in the MENA region, where it expects greater business in energy efficiency as governments and businesses seek to cut costs and save energy. It expects regional revenues to reach EUR 350 mn over the next five years from EUR 200 mn in 2015.

We like the company's strategy to increase focus on emerging markets and reduce exposure to France and Western Europe. We also believe that its focus on treating industrial waste (over residential waste and supplying water to households) should drive profitability.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

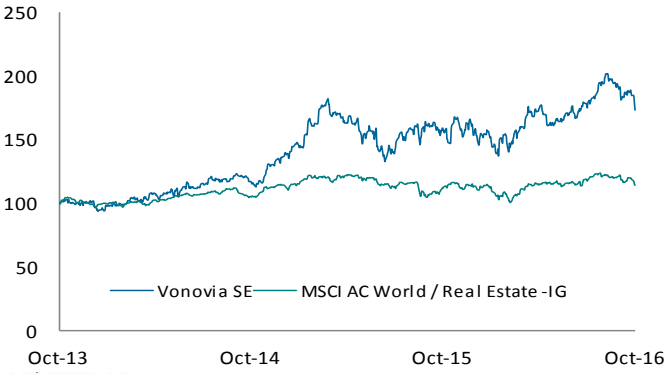
Vonovia SE (VNA-DE) – BUY Target Price: EUR 40.00

Vonovia is Germany's largest pure-play residential property player. It has an attractive rental growth profile (+23.4% YoY in 1H16), declining vacancy rate (2.8% in 1H16 vs. 3.4% in FY15) and a comprehensive property portfolio with exposure to high-growth locations.

The company has been making sound bolt-on acquisitions to strengthen its portfolio in major cities and diversify its regional presence. Acquisitions made since 2014 (mainly DeWAG, GAGFAH, Vitus and SUDEWO) have been fully integrated, and we believe this should enable Vonovia to excel in its operating performance and generate synergies going ahead.

With a strong internal growth profile (NAV per share expected to increase from EUR 24.20 in FY15 to EUR 32.27 in FY17E) and stable long-term cash flows, we expect Vonovia to trade at ~1.25x FY17E consensus NAV per share of 32.27 and arrive at a target price of EUR 40.00 (vs. EUR 36.00 previously).

Three-year Performance vs. Benchmark (rebased to 100)

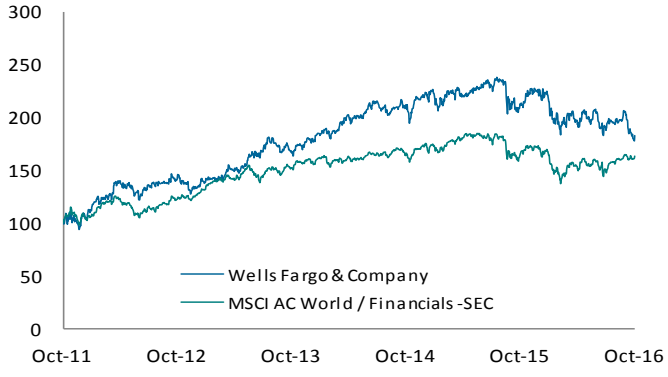


Source: FactSet

Wells Fargo & Company (WFC-US) – BUY – Target Price: USD 55.00

Well Fargo Company's (WFC) strengths are its (1) leadership position in its business segments, (2) diversified business model (in terms of both, revenue sources and loan portfolio), (3) superior deposit base with a minimal 2Q16 deposit cost of 11 bps vs. large-cap peers at 27 bps and (4) strong asset quality with net charge-off rate near historical lows at 39 bps in 1H16 vs. peers at 84 bps and (5) high exposure to the US (~95% of FY15 total assets vs. peers at 75%), as it would benefit from a healthy economic outlook and gradual rate hike. WFC is trading at an FY17E P/TBV of 1.5x, at a ~43% premium to its US large-cap peers which we believe is justified by its solid return ratio (FY17E ROE of 11.4% vs. peers at 7.5%). We believe that positives such as WFC's strengths, comfortable capitalisation, disciplined expense management and accretive impact of the GE Capital acquisition on FY16 results are likely to outweigh concern over its high energy exposure (USD 39.1 bn as of 2Q16). We value WFC at 1.7x (3-year average of 1-yr fwd P/TBV) FY17E TBV of USD 32.4/share to arrive at a target price of USD 55.00.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART III – INVESTMENT CASES

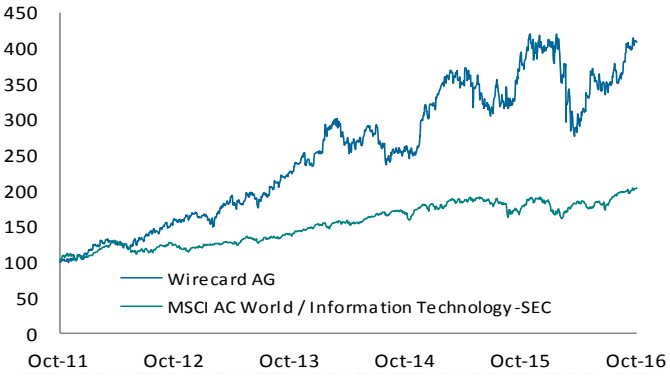
Wirecard AG (WDI-DE) – BUY – Target Price: EUR 50.00

Wirecard's platform is used by ~25,000 merchants globally and is present across multiple channels (online, offline, m-commerce), which in our view, should help strengthen its position and gain market share. In our view, the growing trend towards cashless transactions globally should create solid growth opportunity for the company.

We believe Wirecard's expansion plans (US and Asia) and potential upside from growth in e-commerce/m-commerce should aid margin expansion and thereby result in better-than-expected earnings. As per Euromonitor and Statista, global e-commerce is expected to grow 16–17% and European e-commerce at 12% in FY16.

We are also positive on Wirecard's recent acquisition Citi's prepaid Card Services (deal expected to be completed by 4Q16) as it would facilitate cross-selling and lead to EBITDA margin expansion. The stock is trading at an FY17E P/E of 19.3x with 2015–18E EPS CAGR of 30%. We believe it offers attractive risk reward.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

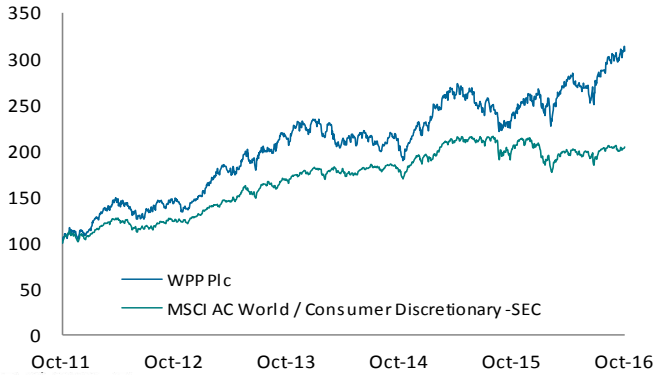
WPP Plc (WPP-GB) – BUY – Target Price: GBP 20.80

WPP is the largest agency player with a global footprint and is well-placed to cater to large clients on the rapidly growing digital media segment and traditional platforms. It has already successfully increased its presence in the fast-growing digital media segment with a revenue share of 37% in FY15 (FY06: 21%, FY20E: 40–45%).

With high correlation between media spend and economic growth, WPP has also focussed on increasing its exposure in new markets, with FY15 revenue share at 29% (FY06: 21%). To increase its digital and new markets revenue share, WPP is pursuing both organic and inorganic growth strategies with ~GBP 649 mn of acquisitions in FY15 (FY14: GBP 461 mn).

We increase our target price to GBP 20.80 (from GBP 18.21). This implies a P/E of 17.5x on an FY17E EPS of GBP 1.19. With an expected 2015–17E EPS CAGR of 12.5%, FY16E/17E dividend yield of 3.0%/3.3%, we remain positive on the stock.

Five-year Performance vs. Benchmark (rebased to 100)



Source: FactSet

PART IV

Valuations and Market Data

PART IV – VALUATIONS (1/3)

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		EBITDA Margin	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
ACN-US	Accenture Plc	65 970	8.8	10.4	1.9	1.8	20.0	18.3	16.8	2.1	7.0	6.5	10.9	9.4	16.8	11.1	42.4
ATLN-CH	Actelion Ltd.	15 133	12.0	6.9	7.4	7.0	22.7	22.1	23.7	1.0	15.1	1.5	19.6	2.9	39.8	31.8	47.7
GOOGL-US	Alphabet Inc. Class A	494 476	4.0	5.0	6.7	5.4	23.4	19.8	35.8	0.0	19.0	15.9	15.6	18.5	49.8	33.1	16.4
AOX-DE	alstria office REIT-AG	1 818	1.0	0.8	16.1	16.4	15.9	15.4	18.1	4.5	73.9	-1.9	23.0	2.0	79.0	58.9	6.6
ABI-BE	Anheuser-Busch Inbev Sa	185 672	4.9	3.2	5.8	4.3	32.7	24.7	19.1	2.8	-4.2	35.1	-28.6	34.9	38.3	12.6	14.1
AAPL-US	Apple Inc.	545 702	5.0	5.8	2.1	2.0	13.7	12.7	22.7	2.0	-7.8	4.1	-10.3	8.8	32.7	21.2	36.1
ASML-NL	ASML Holding NV	41 694	4.7	4.3	6.2	5.3	30.5	23.6	18.6	1.1	3.9	13.5	-1.8	31.1	28.1	20.6	15.5
4503-JP	Astellas Pharma Inc.	28 518	2.5	2.1	2.2	2.0	16.8	15.6	20.5	2.2	-3.0	3.1	5.8	5.3	24.6	15.0	14.7
ATO-FR	Atos SE	10 179	2.3	1.7	0.8	0.7	13.9	12.7	31.6	1.2	9.5	3.2	17.8	10.1	11.9	6.3	17.1
T-US	AT&T Inc.	219 990	1.9	1.9	2.2	2.1	14.0	13.2	19.9	5.0	12.1	1.9	5.5	5.4	32.5	9.2	14.5
BBL-TH	Bangkok Bank Public Company Limited	8 236	0.8	1.2	na	na	9.5	8.7	10.2	4.1	1.0	4.6	-3.4	12.0	na	32.0	8.8
BAYN-DE	Bayer AG	74 450	2.8	3.0	1.9	1.8	12.3	11.4	23.9	3.0	0.8	4.3	7.8	7.3	23.3	9.8	23.4
5108-JP	Bridgestone Corporation	25 417	1.3	1.4	0.8	0.8	10.8	10.0	131.2	3.7	-9.5	2.0	-6.1	9.5	19.3	7.9	11.7
CA-FR	Carrefour SA	17 431	1.7	2.4	0.3	0.3	14.5	12.8	25.3	3.2	-0.9	3.6	5.2	14.1	5.2	1.5	11.1
C-US	Citigroup Inc	124 334	0.6	0.8	na	na	10.3	9.2	16.3	0.9	-9.0	3.0	-14.0	12.2	na	19.0	6.1
KO-US	Coca-Cola Company	161 841	7.1	5.7	5.1	6.0	21.9	20.9	20.7	3.3	-6.2	-14.8	-4.5	4.7	28.5	20.2	33.9
CON-DE	Continental AG	37 741	2.5	2.4	1.0	0.9	12.1	11.3	13.7	2.3	3.7	4.6	13.9	8.0	15.9	7.5	20.5
CVS-US	CVS Health Corporation	82 388	2.5	2.0	0.6	0.6	14.7	13.2	17.7	1.9	17.4	7.7	13.5	11.8	7.3	3.1	17.2
DAI-DE	Daimler AG	68 863	1.2	1.4	0.4	0.4	8.0	7.7	11.6	5.1	2.5	2.4	0.2	4.4	11.9	5.6	15.0
BN-FR	Danone SA	41 517	3.0	2.9	2.3	2.1	21.9	19.7	18.8	2.5	-1.2	7.1	4.9	10.1	17.5	8.5	14.1
		Average	**3.5**	**3.3**	**3.5**	**3.3**	**17.0**	**15.1**	**25.8**	**2.6**	**6.2**	**5.4**	**3.8**	**11.1**	**26.8**	**16.7**	**19.4**

P/BV: Price-to-book value

FY1: Current unrealised year, FY2: Next year

Sources: SGPB, FactSet

PART IV – VALUATIONS (2/3)

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		EBITDA Margin	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
DSM-AMS	DSM NV	10 639	1.8	1.3	1.6	1.6	21.0	17.5	28.9	2.9	2.2	3.8	33.5	21.4	15.7	6.1	8.8
FB-US	Facebook, Inc. Class A	329 915	6.6	7.5	12.6	9.0	32.7	25.4	nm	0.0	51.7	34.0	73.7	28.8	63.3	42.3	19.9
GSK-GB	GlaxoSmithKline plc	94 517	30.8	11.0	3.5	3.3	17.6	16.4	16.8	4.9	13.3	5.1	29.5	6.1	33.2	17.5	177.7
HAV-FR	Havas SA	3 176	1.8	1.6	1.3	1.2	16.2	15.0	18.0	2.3	5.0	3.6	5.4	6.4	16.4	8.4	11.4
HSBA-GB	HSBC Holdings plc	135 888	0.9	1.3	na	na	13.3	12.5	15.4	6.5	3.5	-2.5	4.7	4.3	na	18.9	6.5
012330-KR	Hyundai Mobis Co., Ltd	21 643	0.9	1.8	0.6	0.5	8.1	7.6	8.7	1.5	6.6	5.0	10.1	7.1	9.8	8.7	11.7
ITX-ES	Industria de Diseno Textil, S.A.	102 469	8.1	7.1	4.1	3.7	31.9	28.1	24.1	2.0	11.3	10.9	11.6	12.9	22.4	13.8	25.4
INTC-US	Intel Corporation	159 170	2.8	2.7	3.3	3.1	14.4	13.4	16.4	2.6	6.2	4.0	12.0	8.8	37.6	17.4	19.3
9201-JP	Japan Airlines Co., Ltd.	9 357	1.1	5.8	0.6	0.6	5.7	6.5	11.6	4.1	-2.2	1.8	7.5	-10.9	22.4	14.4	18.8
2914-JP	Japan Tobacco Inc.	64 696	2.8	2.5	3.9	3.7	18.5	18.0	18.4	3.0	-4.3	1.6	-14.4	1.9	33.2	19.5	16.1
JPM-US	JPMorgan Chase & Co.	215 592	1.0	1.0	na	na	11.8	10.8	14.3	2.8	0.3	3.2	-6.2	9.1	na	23.4	8.7
KR-US	Kroger Co.	24 539	3.8	3.9	0.3	0.3	13.6	12.6	32.5	1.6	4.8	4.5	3.9	8.6	5.1	1.8	28.5
MC-FR	LVMH Moet Hennessy Louis Vuitton SE	78 827	3.0	3.0	2.2	2.1	20.0	18.4	18.6	2.5	3.7	5.3	10.1	9.3	23.0	10.7	15.0
8306-JP	Mitsubishi UFJ Financial Group, Inc.	62 609	0.4	0.9	na	na	8.0	7.6	11.6	3.5	-2.8	1.2	-6.8	7.5	na	22.2	5.5
8801-JP	Mitsui Fudosan Co., Ltd.	18 303	1.0	1.8	2.5	2.6	16.6	15.3	29.0	1.5	11.5	1.9	9.1	8.4	16.6	7.3	6.3
MBLY-US	Mobileye N.V.	8 142	13.3	25.9	24.9	16.8	58.3	38.9	145.8	0.0	44.1	42.7	47.9	47.9	51.8	47.7	23.4
7201-JP	Nissan Motor Co., Ltd.	34 148	0.8	1.1	0.9	0.9	7.6	6.8	16.7	4.7	-6.5	3.5	5.6	10.2	11.0	4.6	11.0
NOVN-CH	Novartis AG	164 782	2.4	2.5	4.6	4.4	16.8	15.6	16.9	3.6	-3.1	2.5	-7.5	8.2	30.1	23.0	14.4
9432-JP	Nippon Telegraph and Telephone Corpora	78 652	1.0	0.8	1.1	1.0	12.2	11.3	12.0	2.7	-0.6	1.0	9.5	9.2	27.3	7.0	8.7
PUB-FR	Publicis Groupe SA	15 134	2.1	2.2	1.7	1.6	14.8	13.7	14.3	2.7	2.8	3.4	4.1	7.7	17.7	10.0	14.1
		Average	**4.3**	**4.3**	**4.1**	**3.3**	**17.9**	**15.6**	**24.7**	**2.8**	**7.4**	**6.8**	**12.2**	**10.6**	**25.7**	**16.2**	**22.6**

P/BV: Price-to-book value

FY1: Current unrealised year, FY2: Next year

Sources: SGPB, FactSet

PART IV – VALUATIONS (3/3)

DESCRIPTION			VALUATION								GROWTH				PROFITABILITY		
Ticker	Company	Cap (m€)	P/BV		EV/Sales (e)		P/E (e)			Div. Yield	Sales Growth		EPS Growth		EBITDA Margin	Net Margin	ROE
			FY1x	10Yx	FY1x	FY2x	FY1x	FY2x	10Yx	FY1%	FY1%	FY2%	FY1%	FY2%	FY1%	FY1%	FY1%
REL-GB	RELX PLC	35 552	14.9	9.3	5.2	4.8	21.5	19.4	21.4	2.3	12.1	6.8	15.8	10.4	34.2	21.7	72.1
RNO-FR	Renault SA	22 157	0.7	0.7	0.4	0.3	6.3	5.6	8.9	3.7	9.9	8.0	16.7	16.9	11.5	6.7	11.1
CRM-US	salesforce.com, inc.	44 100	7.2	12.2	5.4	4.3	76.7	56.9	nm	0.0	24.7	21.5	26.7	34.7	20.0	8.0	10.8
SMSN-GB	Samsung Electronics Co., Ltd. GDR RegS	158 777	1.4	1.4	0.9	0.8	10.4	9.2	10.5	1.5	8.0	3.4	31.4	13.7	25.3	11.1	12.5
SNR-GB	Senior plc	1 139	2.2	2.6	1.3	1.2	14.4	13.4	13.8	2.8	5.0	5.5	-13.9	7.4	14.1	6.0	15.1
SHP-GB	Shire PLC	52 925	4.2	6.2	6.9	4.9	15.2	12.8	30.7	0.5	104.7	34.8	28.0	17.5	42.2	29.3	29.6
SPG-US	Simon Property Group, Inc.	56 006	15.1	8.3	16.2	15.3	32.3	29.4	52.9	3.4	0.9	5.4	16.0	9.1	76.1	37.6	28.0
SEV-FR	SUEZ SA	8 077	1.4	1.6	1.1	1.0	18.8	16.3	18.1	4.6	1.7	3.1	12.1	16.1	16.3	2.8	7.9
SYF-US	Synchrony Financial	20 426	1.6	2.3	3.0	2.3	10.4	9.1	11.1	0.9	9.7	8.0	-0.8	14.1	33.2	20.4	15.3
TMO-US	Thermo Fisher Scientific Inc.	55 677	2.8	1.8	4.2	3.7	19.3	17.0	26.9	0.4	5.8	10.5	10.4	13.7	25.3	18.1	14.5
UL-NL	Unibail-Rodamco SE	23 603	1.3	1.3	20.9	20.5	21.2	20.4	9.0	4.4	4.0	4.2	7.1	5.1	85.9	110.3	6.1
VIE-FR	Veolia Environnement SA	11 142	1.3	1.8	0.8	0.7	19.4	16.2	27.5	4.0	-0.2	2.8	12.2	24.8	12.0	2.3	7.1
VNA-DE	Vonovia SE	15 520	1.3	1.4	12.2	11.7	22.6	21.3	12.5	3.4	9.2	2.6	21.3	9.5	46.1	76.1	5.7
WFC-US	Wells Fargo & Company	197 834	1.2	1.7	na	na	10.9	10.6	15.5	3.4	3.4	2.9	-3.1	3.2	na	23.4	11.1
WDI-DE	Wirecard AG	5 703	3.9	4.4	5.3	4.1	24.6	21.3	28.2	0.4	32.1	25.8	51.2	19.8	29.8	25.5	15.7
WPP-GB	WPP Plc	27 094	3.0	1.9	2.1	1.9	16.8	15.1	16.0	3.0	0.6	10.0	18.4	10.8	17.9	10.5	17.6
		Average	**4.0**	**3.7**	**5.7**	**5.2**	**21.3**	**18.4**	**20.2**	**2.4**	**14.5**	**9.7**	**15.6**	**14.2**	**32.7**	**25.6**	**17.5**

P/BV: Price-to-book value

FY1: Current unrealised year, FY2: Next year

Sources: SGPB, FactSet

PART IV – MARKET DATA (1/3)

Ticker	Company	Ccy	Price	52 Weeks High	52 Weeks Low	Avg 6M Daily Turnover in (000)	Performance (%)					Risk	
							3m	6m	12m	Ytd	5y	Volatility	Beta
ACN-US	Accenture Plc	USD	118.24	125.0	91.4	263 824	4.2	2.4	19.0	13.1	117.9	3.4	1.1
ATLN-CH	Actelion Ltd.	CHF	167.60	179.0	115.3	54 912	1.5	18.5	39.3	20.1	460.7	22.3	1.0
GOOGL-US	Alphabet Inc. Class A	USD	802.79	819.1	654.5	1 348 374	13.0	4.9	22.2	3.2	219.6	7.2	1.1
AOX-DE	alstria office REIT-AG	EUR	11.87	13.1	10.8	3 905	-2.4	-5.1	1.8	-3.7	39.3	13.4	0.5
ABI-BE	Anheuser-Busch Inbev Sa	EUR	116.10	124.2	96.6	159 610	-1.0	4.8	21.3	1.5	191.7	6.2	1.0
AAPL-US	Apple Inc.	USD	113.00	123.8	89.5	4 057 075	17.8	1.7	2.4	7.4	112.3	6.0	1.4
ASML-NL	ASML Holding NV	EUR	97.93	100.5	70.5	99 310	12.2	9.4	26.9	18.6	271.5	19.8	1.4
4503-JP	Astellas Pharma Inc.	JPY	1 578.00	1 804.0	1 358.0	12 117 636	-2.8	11.0	2.2	-8.9	167.8	4.3	0.6
ATO-FR	Atos SE	EUR	97.81	98.5	62.3	24 063	33.3	35.8	43.5	26.3	213.5	17.4	0.7
T-US	AT&T Inc.	USD	39.90	43.9	32.2	851 246	-8.2	1.4	22.2	16.0	40.9	21.2	0.5
BBL-TH	Bangkok Bank Public Company Limited	THB	167.00	182.0	142.5	910 181	2.1	-5.9	4.7	9.5	31.5	18.5	1.1
BAYN-DE	Bayer AG	EUR	90.03	127.3	83.5	240 446	-0.6	-12.5	-20.4	-22.3	128.0	18.0	0.9
5108-JP	Bridgestone Corporation	JPY	3 724.00	4 620.0	3 089.0	10 791 392	12.8	-6.2	-13.6	-10.8	122.2	24.6	0.9
CA-FR	Carrefour SA	EUR	23.39	30.8	20.9	75 415	4.2	-2.7	-11.8	-12.2	39.8	17.9	1.2
C-US	Citigroup Inc	USD	47.75	56.5	34.5	910 448	13.2	13.5	-4.3	-7.7	95.8	0.3	1.8
KO-US	Coca-Cola Company	USD	41.84	47.1	40.4	545 158	-7.3	-10.8	3.6	-2.6	28.3	6.8	0.6
CON-DE	Continental AG	EUR	188.70	231.9	162.1	73 119	10.2	-1.8	-2.2	-16.0	378.5	23.5	1.1
CVS-US	CVS Health Corporation	USD	86.22	106.7	86.0	482 751	-9.2	-17.5	-12.9	-11.8	161.3	24.4	0.8
DAI-DE	Daimler AG	EUR	64.37	85.5	50.8	244 271	18.7	-1.6	-0.3	-17.0	107.9	6.6	1.3
BN-FR	Danone SA	EUR	67.38	70.5	57.0	100 109	5.4	9.1	20.1	8.2	48.7	8.6	0.8

Sources: SGPB, FactSet.

na = Not available

PART IV – MARKET DATA (2/3)

Ticker	Company	Ccy	Price	52 Weeks High	52 Weeks Low	Avg 6M Daily Turnover in (000)	Performance (%)					Risk	
							3m	6m	12m	Ytd	5y	Volatility	Beta
DSM-AMS	DSM NV	EUR	60.90	64.4	40.9	40 947	15.4	26.9	43.8	31.6	93.6	39.5	0.9
FB-US	Facebook, Inc. Class A	USD	128.19	132.0	89.4	2 738 555	12.3	13.9	39.2	22.5	na	14.4	1.1
GSK-GB	GlaxoSmithKline plc	GBP	16.96	17.2	12.8	128 557	5.9	18.8	32.3	23.5	29.3	30.0	0.8
HAV-FR	Havas SA	EUR	7.57	8.3	6.5	1 333	9.5	6.9	0.3	-2.4	178.3	17.5	0.5
HSBA-GB	HSBC Holdings plc	GBP	5.96	6.0	3.9	162 189	28.6	38.4	17.4	11.2	25.9	26.3	1.2
012330-KR	Hyundai Mobis Co., Ltd	KRW	280 000.00	293 500.0	220 500.0	40 269 182	7.9	21.0	19.4	13.6	-14.9	14.8	0.6
ITX-ES	Industria de Diseno Textil, S.A.	EUR	32.92	35.4	26.6	186 279	9.7	12.4	9.0	3.9	170.1	22.7	0.7
INTC-US	Intel Corporation	USD	37.54	38.1	27.7	803 404	14.6	17.3	23.0	9.0	76.9	23.6	1.4
9201-JP	Japan Airlines Co., Ltd.	JPY	2 962.00	4 767.0	2 933.0	7 367 207	-7.2	-26.1	-31.3	-32.0	na	58.8	0.8
2914-JP	Japan Tobacco Inc.	JPY	4 146.00	4 850.0	3 629.0	15 729 481	-3.9	-12.3	15.4	-7.3	127.8	8.7	0.8
JPM-US	JPMorgan Chase & Co.	USD	66.60	69.0	52.5	955 451	8.7	12.5	9.5	0.9	120.1	6.1	1.3
KR-US	Kroger Co.	USD	29.00	42.8	28.9	321 002	-20.7	-23.7	-21.9	-30.7	163.5	44.1	0.6
MC-FR	LVMH Moet Hennessy Louis Vuitton SE	EUR	156.60	174.3	130.6	114 464	14.4	5.0	5.0	8.1	77.7	17.3	0.9
8306-JP	Mitsubishi UFJ Financial Group, Inc.	JPY	516.60	841.8	425.8	43 149 979	13.5	1.5	-30.9	-31.8	56.1	39.0	1.5
8801-JP	Mitsui Fudosan Co., Ltd.	JPY	2 125.50	3 536.0	2 031.5	11 212 922	-8.4	-20.6	-37.5	-30.4	76.1	33.4	1.3
MBLY-US	Mobileye N.V.	USD	41.44	52.0	23.6	146 942	-12.0	11.6	-16.2	-2.0	na	1.3	1.8
7201-JP	Nissan Motor Co., Ltd.	JPY	988.70	1 321.5	893.1	15 364 352	4.9	2.0	-15.3	-22.7	45.6	21.7	1.2
NOVN-CH	Novartis AG	CHF	77.60	92.3	67.0	339 708	-3.8	11.7	-13.0	-10.6	54.1	9.3	1.1
9432-JP	Nippon Telegraph and Telephone Corporat	JPY	4 698.00	5 419.0	4 171.0	18 069 677	-5.1	-1.1	11.5	-2.9	156.0	12.9	0.6
PUB-FR	Publicis Groupe SA	EUR	67.40	69.5	49.9	36 949	11.7	7.3	10.6	9.8	118.1	2.6	0.6

Sources: SGPB, FactSet.

na = Not available

PART IV – MARKET DATA (3/3)

Ticker	Company	Ccy	Price	52 Weeks High	52 Weeks Low	Avg 6M Daily Turnover in (000)	Performance (%)					Risk	
							3m	6m	12m	Ytd	5y	Volatility	Beta
REL-GB	RELX PLC	GBP	15.02	15.1	6.3	39 377	8.1	15.4	33.0	25.5	207.2	13.1	0.9
RNO-FR	Renault SA	EUR	75.58	98.1	63.6	74 885	9.3	-12.1	17.2	-18.4	238.3	0.2	1.5
CRM-US	salesforce.com, inc.	USD	72.63	84.5	52.6	353 928	-9.0	-4.0	-1.8	-7.4	147.0	20.0	1.3
SMSN-GB	Samsung Electronics Co., Ltd. GDR RegS	USD	725.50	751.5	452.5	18 809	14.6	28.6	52.7	36.5	114.0	45.4	1.0
SNR-GB	Senior plc	GBP	2.38	2.7	1.7	2 007	16.4	6.0	-7.0	3.4	73.4	2.4	1.2
SHP-GB	Shire PLC	GBP	51.28	53.8	34.2	111 532	8.7	22.1	13.6	9.2	172.3	21.8	1.1
SPG-US	Simon Property Group, Inc.	USD	198.87	229.1	176.1	278 854	-8.4	-4.7	6.1	2.3	90.9	4.9	0.8
SEV-FR	SUEZ SA	EUR	14.36	18.3	12.9	16 418	1.5	-9.9	-10.1	-16.8	41.3	22.6	0.7
SYF-US	Synchrony Financial	USD	27.33	34.6	23.3	215 183	7.8	-5.7	-14.1	-10.1	na	29.9	1.7
TMO-US	Thermo Fisher Scientific Inc.	USD	157.57	160.7	119.8	214 851	5.6	9.4	26.6	11.1	211.6	17.0	1.0
UL-NL	Unibail-Rodamco SE	EUR	237.65	257.9	212.1	68 018	3.2	-0.4	3.1	1.4	83.4	9.0	0.9
VIE-FR	Veolia Environnement SA	EUR	20.28	23.0	18.0	36 065	4.1	-2.1	-0.7	-7.3	97.2	35.8	0.7
VNA-DE	Vonovia SE	EUR	33.31	37.0	24.9	37 907	2.3	5.9	17.9	16.7	na	10.3	0.8
WFC-US	Wells Fargo & Company	USD	43.75	56.3	43.6	1 029 884	-7.0	-9.8	-14.7	-19.5	80.7	9.2	1.1
WDI-DE	Wirecard AG	EUR	46.15	49.0	29.4	22 370	17.1	36.0	5.3	-0.8	307.5	33.2	0.5
WPP-GB	WPP Plc	GBP	18.50	18.8	12.0	56 502	15.6	12.0	34.5	18.4	220.1	14.5	1.0

Sources: SGPB, FactSet.

na = Not available

Financial Terms And Acronyms

BV (Book Value): is the total value of net assets of a company.

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.

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.

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.

COMBINED RATIO: It represents the total of acquisition and administrative expenses, and claims and insurance benefits incurred, divided by net premiums earned.

DIVIDEND YIELD: Dividend per share (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.

EBIT Margin: Ratio that expresses EBIT as a percentage of total sales (EBIT/Sales*100)

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).

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

EQUITY is the difference between the value of the assets and the cost of the liabilities.

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.

FCF (Free Cash Flow): represents the difference between operating cash flow and capital expenditures.

FFO (Funds from Operations): measures a REIT's operating performance. It is net income plus gains (minus losses) from property sale and purchase. FFO per share is often used in place of earnings per share when analysing REITs.

FY0: Realised year, **FY1**: Current unrealised year, **FY2**: next year

GOODWILL: is an intangible asset that arises as a result of the acquisition of one company by another company for a premium value.

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.

LIKE FOR LIKE (LFL) GROWTH: is a measure of growth in sales, adjusted for new or divested businesses.

Loan-to-deposit (L/D) ratio: Loans/Deposits. This helps in assessing a bank's liquidity, lending capacity and balance sheet quality.

LTV (Loan-To-Value Ratio): is a financial term used to express the ratio of a loan to the value of an asset purchased.

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.

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.

NIM: Net Interest Margin

NON-PERFORMING LOANS (NPL) RATIO: NPLs/Loans. This indicates the percentage of the loans that are non-performing or are in stressed segments.

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.

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

P/BV (Price To Book Value): expresses the share price with regard to the accounting value of the company.

PAYOUT RATIO: is the proportion of earnings paid out as dividends to shareholders and typically expressed as a percentage.

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.

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.

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.

Appendix

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.

Termination Stock is subject to be deleted from the SGPB recommended universe and will no longer be followed. In this case, a coverage termination alert is issued.

Recommended Universe Principle:

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.

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 in 5 levels, 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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SG is financial advisor of Accenture in the acquisition of Octo Technology.

SG acted as joint bookrunner in Alstria Office's bond issue (Eur 5.25y).

SG acted as joint bookrunner in Alstria Office Reit AG's bond issue (Senior, EUR, 7yr).

SG is acting as joint mandated lead arranger & bookrunner with Anheuser-Busch InBev for the financing of the acquistion of SABMiller.

SG acted as joint bookrunner in Anheuser-Busch Inbev's bond issue (4yr, 4yr, 6yr, 9yr, 12yr, 20yr).

SG acted as co-manager in AT&T's bond issue (SEC 4 part senior note).

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

SG acted as co-manager in Citigroup's bond issue and a TAP (3 yr, 5yr TAP ISIN US172967KK69)

SG acted as co-manager in Citigroup's bond issuance (12y HG SEC reg).

SG acted as joint bookrunner in Daimler's bond issue (Senior, EUR, 3yr, 5yr, 8yr).

SG acted as joint bookrunner in Danone's bond issue (EUR, 8.5yr).

SG acted as joint bookrunner in Havas' bond issue (5y).

SG acted as co-manager in HSBC Holding's bond issue (dual tranche).

SG acted as joint lead manager in HSBC's bond issue (5y USD).

SG acted as joint lead manager in JPMorgan Chase's bond issue (7yr, EUR).

SG acted as co-manager in JPMorgan Chase & Co's bond issue (USD,5yr).

SG acted as co-manager in JP Morgan's bond issue (EUR benchmark 10.5-year).

SG acted as co-manager in JPMorgan Chase & Co's bond issue (SEC, 10 yr).

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

SG acted as co-manager in Mitsubishi UFJ's bond issue (USD, 5-7-10yr).

SG acted as co-manager in Nissan Motor Acceptance's bond issue (3y and 5y).

SG acted acting as Co-manager in Nissan Motor Acceptance's 3 part 144a Reg S offering.

SG acted as co-manager in Novartis' bond issue (7y, 12y Eur).

SG acted as joint bookrunner in RELX's bond issue (10y EUR benchmark).

SG acted as passive bookrunner in Simon International Finance's bond issue (EUR; 7yr).

SG acted as passive bookrunner in Simon International Finance's bond issue (EUR; 9yr).

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

SG acted as joint bookrunner in unibail-Rodamco's bond issue (10yr).

SG acted as passive joint bookrunner in Vonovia's bond issue (EUR;2,5,8yr).

SG acted as joint bookrunner in Vonovia's bond issue (EUR, 6y, 10y).

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