

Equities

11 April 2012 | 112 pages

Global Equity Quarterly

Still Bullish, Just Less So

- **Strong Start To Year** — Global equities rose 11% in 1Q12 as fears of a global double-dip receded. Economists and analysts turned from net GDP/EPS downgraders to upgraders over the quarter.
- **Consolidation Appropriate** — After such a strong start to the year, Citi strategists anticipate some profit taking, perhaps triggered by further EMU concerns. This would represent a buying opportunity, in our view.
- **Still Good Value** — Global equities trade on just 12x 2012's increasingly robust EPS forecast, 25% below the long-run average of 16x. We target 360 for end 2012 on the MSCI AC World benchmark (ended 1Q at 333).
- **Regions** — We favour Japan and Global Emerging Markets, especially in Asia. These markets look reasonably valued and should benefit from easing monetary conditions. We are now Neutral on European equities. We cut Australia to Underweight given relatively sluggish EPS trends. Relatively expensive valuation means US equities remain Underweight.
- **Global Sectors** — We raise global Industrials to Overweight and cut Financials to Neutral. This dials down our beta, but not too much. Cheap Utilities replaces expensive Consumer Staples as our preferred defensive sector. We cut Telecoms to Underweight. Overall, our sector strategy retains a pro-cyclical bias.
- **Global Favoured Stock List** — Agricultural Bank of China, Apache, BHP Billiton, Canon, Charles Schwab, Daimler, Endesa Chile, Fanuc, Fedex, GlaxoSmithKline, Goldman Sachs, Lam Research, LVMH, Pernod-Ricard, Qualcomm, Rolls-Royce, Samsung Electronics, Surgetneftgaz, AES Corp, Wipro

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Figure 1. Regional And Global Sector Recommendations (Arrows show latest changes)

Overweight	Neutral	Underweight
Global Emerging Markets	Europe ex-UK	US
Asia Pac ex-Japan	UK ↓	Australia ↓
Japan		
Overweight	Neutral	Underweight
Industrials ↑	Consumer Staples ↓	Consumer Disc
IT	Energy	Health Care
Utilities ↑	Financials ↓	Telecoms ↓
	Materials	

Source: CIRA

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

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Still Bullish, Just Less So

Attractive valuations and healthy corporate performance mean that Citi strategists remain bullish on the longer-term prospects for global equities. However, some shorter-term consolidation may be appropriate after such a strong start to the year. Ongoing EMU concerns may trigger profit taking. We would be buyers into weakness. For end-2012, we target 360 on the MSCI ACWI benchmark (ended 1Q at 333).

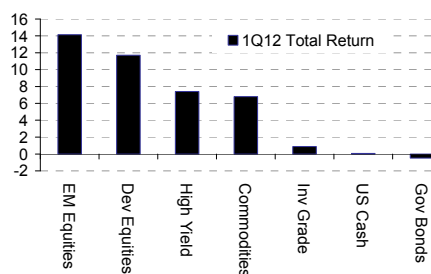
We are now Overweight Japan and Emerging Markets. Both look reasonable value and should benefit from easier monetary conditions over the rest of the year. We are Neutral on Europe. Weaker relative EPS trends mean we cut Australia to Underweight. It joins the US, where valuations continue to look expensive.

We raise global Industrials to Overweight and cut Financials to Neutral. This dials down our sector beta, but not too much. Cheap Utilities replaces expensive Consumer Staples as our preferred defensive sector. We cut Telecoms to Underweight. Overall, our sector strategy retains a pro-cyclical bias.

1Q12: Up 11%

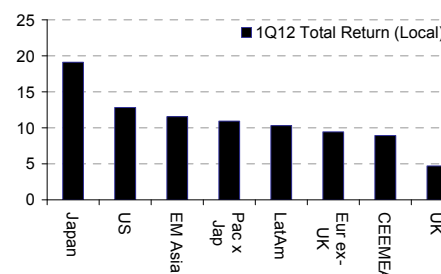
The MSCI AC World benchmark rose by 11% in 2011, the best quarter since 3Q10. The index is still down 7% from its recent May 2011 high and 22% from its October 2007 all-time peak.

Figure 2. Global Assets Returns 2012 (%),USD



Source: CIRA, Datastream

Figure 3. Equity Region Returns 2012 (%),loc



Source: CIRA, Datastream

Risk-on

Equities outperformed over the quarter (Figure 2). Cash and government bonds underperformed. EM equities (14% return in USD) beat DM equities (12%). Japan (19%) was the best-performing major country/region in local terms. The UK (5%) was the worst. The risk-on trade was evident at the global sector level. The best three were IT (20% return), Financials (18%) and Consumer Discretionary (17%). The three worst performers were Telecoms (3% return), Utilities (3%) and Energy (5%).

Global Economic Outlook

Citi's key economic forecasts are outlined in Figure 4. These suggest 2.5% global real GDP growth in 2012, down from 3.0% in 2011. This would represent a meaningful slowdown, if not a double-dip (a global recession is usually defined as 2% growth or below). Our 2012 growth forecast is still well ahead of the -1.9% outcome seen in 2009. We currently forecast acceleration back to 3.0% global growth in 2013.

Figure 4. CIRA Economic Forecasts

Region	Real GDP Growth (%)			CPI Inflation (%)		
	2011F	2012F	2013F	2011F	2012F	2013F
Global	3.0	2.5	3.0	3.7	3.1	3.0
Industrial Countries	1.3	0.8	1.2	2.3	1.9	1.6
Emerging Markets	6.1	5.3	5.9	6.1	5.1	5.2
US	1.7	2.1	2.0	2.5	2.1	1.8
Japan	-0.7	1.5	1.4	-0.3	0.0	0.2
Euro Zone	1.5	-1.2	-0.2	2.7	2.5	1.9
Germany	3.1	0.9	1.6	2.3	2.2	2.2
France	1.7	-0.3	0.5	2.3	2.8	1.6
Italy	0.4	-2.3	-0.4	2.9	3.1	1.7
Spain	0.7	-2.7	-1.2	3.1	2.3	1.8
UK	0.9	0.2	0.9	4.5	2.4	1.9
Sweden	4.0	0.7	1.9	2.9	1.2	1.9
Asia	7.2	6.9	7.3	5.7	4.1	4.2
Latin America	4.2	3.6	4.4	7.0	6.6	6.8
Central/Eastern Europe	4.9	2.9	3.7	6.7	5.8	5.7
Australia	2.0	3.4	3.9	3.4	2.6	3.4
China	9.2	8.4	8.6	5.4	3.3	3.7

Source: CIRA

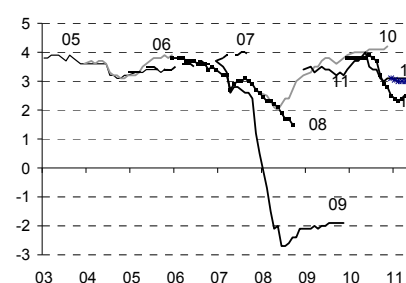
EMU recession

Outside Germany, all the major Eurozone economies are expected to fall back into recession in 2012. The EMU sovereign debt crisis is probably not over and further rating downgrades seem likely over the rest of the year. Weak Eurozone economies and ongoing austerity measures should remain significant drags on the UK economy over the next 12 months.

China resilience

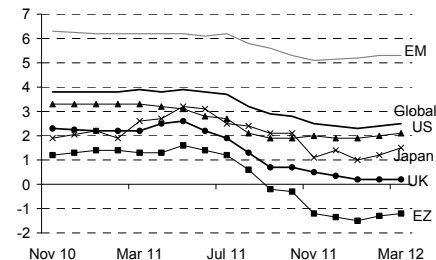
Recent US data have been more encouraging. Recovery is on a modest track, supported by pent-up demand, rising employment and accommodative policies. We forecast similar US economic growth in 2012 to 2011. We expect 5.3% EM growth in 2012, down from 6.1% in 2011. This represents reasonable headline performance, but EM are not immune to problems in the developed world. We have never really believed in the China hard-landing story. We forecast a mild slowdown, from 9.2% growth in 2011 to 8.4% in 2012.

Figure 5. Global GDP Growth Forecasts (%)



Source: CIRA

Figure 6. 2012 Global GDP Growth F'casts (%)



Source: CIRA

Our 2012 global GDP growth forecast was 3.8% a year ago. It is now 2.5%. But it is still a long way from the -1.9% outcome seen in 2009 and, importantly, the downgrades appear to have stopped (Figure 5). Fears of another wholesale global recession have receded over the past quarter. Global equities have rerated accordingly. Forecast stabilisation has been evident across the world (Figure 6).

Slowing growth should help to ease inflationary pressures. Citi economists expect global inflation to fall from 3.7% in 2011 to 3.1% in 2012. DM inflation is expected to fall from 2.3% to 1.9%. EM inflation is forecast to drop from 6.1% in 2011 to a more manageable 5.1% in 2012. This should provide further relief to EM equities, which were weighed down by inflation concerns in 2011.

Rates, FX and Credit

Ultra-low rates here to stay

Slowing growth and lower inflation forecasts mean that we expect a long period of ultra-low interest rates in the major industrial countries, with the first rate hike forecast for 2014 in the US, 2015 in the UK and 2016 in the Euro Area. Indeed, all are likely to use unconventional methods to ease monetary conditions further. These are partly intended to provide support for risk assets such as equities. Elsewhere, 2011 rate hikes are being reversed as inflationary pressures abate. We expect Australian rates (currently 4.25%) to be 4.0% by year-end. Brazilian rates are forecast to fall from 9.75% to 9.0%, Russian rates from 8.0% to 7.75% and Indian rates from 8.5% to 7.75%. We expect more China RRR cuts over 2012. Higher rates were a clear headwind for EM equities in 2011, but have become a tailwind in 2012.

Away from areas of sovereign distress, easy monetary policy is likely to keep government bond yields low. Citi rate strategists forecast 10-year bund yields (currently 1.7%) of 2.0% at the end of 2012. US treasury yields (now 2.0%) are expected to rise to 2.45%. JGB yields (currently 1.0%) are predicted to reach 1.2%. Gilt yields are forecast to rise from 2.1% to 2.3%. Within the Eurozone, French bonds (now 3.0%) are forecast at 3.2%, Italian bonds (now 5.5%) at 5.2% and Spanish bonds (now 5.9%) at 5.3% for end-2012. This suggests that the EMU sovereign fears will not end the year much higher but they will not be much lower either. And it will probably be a volatile journey along the way.

Strong US\$

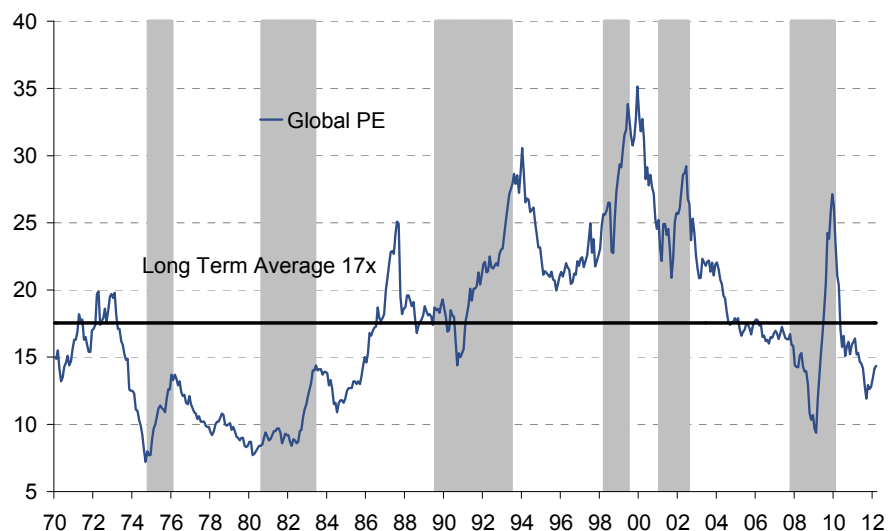
Citi FX strategists remain optimistic on the US\$. They expect the US\$/euro cross (currently \$1.31) to hit \$1.26 by the end of the year. They forecast US\$ appreciation against the G10 commodity currencies. The yen is expected to move sideways against this strong US\$ profile. Sterling is forecast to rise against the euro but fall against the US\$. Lower inflation has given EM policymakers the opportunities to ease policy and this is likely to prove a drag on their collective currencies. Citi FX strategists now expect the best performance from LatAm, the worst from CEEMEA, and from Asia somewhere in between.

Citi credit strategists have been heartened by signs of improvement in the macro data. They also estimate that credit markets have benefited from as much as \$600bn of surplus liquidity in the financial system as a result of various central banks' stimulatory measures. However, they remain concerned about the impact of the deleveraging process, especially amongst sovereigns. Markets are likely to hit more speed-bumps along the way but our credit strategists expect liquidity to win out and forecast reasonable returns from their asset class over the rest of the year.

Global Equity Valuations

Despite the rebound in global share prices, the MSCI AC World trailing PE is still only 14x, below the 17x long-run average. But valuations are no longer near extremes. This measure fell to 10x in November 2008 low and 8x in the 1970s bear market (Figure 7). Rising share prices and earthquake-weakened EPS mean that Japan currently trades on the highest trailing multiple (32x) of the major regions. Elsewhere, the US trades on 15x. Europe and EM trade on 12x.

Figure 7. MSCI World Trailing PE



Source: CIRA, Datastream. Grey bars are EPS contractions

Citi strategists bullish, just less bullish

Cheap valuation was key to Citi strategists' bullishness at the start of the year. It seemed to us all that the market was pricing in an overly bearish outlook for corporate profits. From here, Tobias Levkovich sticks with his long-term "Raging Bull" thesis for US equities but thinks that there could be some turbulence over the summer ([Equity Strategy - Three-to-Five](#)). Jonathan Stubbs and Adrian Cattley recently toned down their European sector strategy by upgrading Telecoms and downgrading Basic Resources. They have never been convinced by the rally in EMU periphery markets ([European Equity Strategy - Stay North, Not South](#)).

Tony Brennan notes that Australian equities have lagged the global rally but suggests that market concerns about EPS performance are overdone ([Australia Equity Strategy - FY13 Earnings Growth Could Be Better Than Some Think](#)). Markus Rosgen thinks that the short-term prospects for Asia Pac equities have probably moved to neutral from overly bullish. But valuations still look cheap and he would buy into any setback ([Pan Asia Strategy - Outlook More Finely Balanced Than in October or January](#)). Kenji Abe highlights that Japan lagged the rally in January but has performed strongly since then. If anything he is becoming more positive on the prospects for his market ([Japan Equity Strategy - The Big Long: Raising our March 2013 TOPIX forecast to 990](#)).

Geoffrey Dennis notes that, since the start of the year, GEM equities are already halfway to his end-year target. Progress may be slower from here, but he remains long-term bullish ([Global Emerging Markets Strategist - EM Quarterly: The Next Leg](#)).

Valuation supportive

Valuation remains the key reason for Citi strategists to be positive on equities. But, with the economic outlook so unclear, investors are understandably wary of trailing/forecast EPS-based valuations metrics. So we are increasingly looking at more stable valuation metrics such as P/BV or cyclically adjusted PE (CAPE). These have been good predictors of equity market returns over the longer term ([Global Equity Strategist - Around The CAPE](#)). Figure 8 shows global equities trading at 1.8x P/BV, 15% below the long-run average. On a P/BV basis, Japan (1.1x) and Europe (1.5x) look especially cheap. The US is more highly rated, although hardly expensive, at 2.3x. Since 1975, the US has traded on an average P/BV of 2.4x.

Figure 8. MSCI World P/BV



Source: CIRA, Factset. Grey bars are EPS contractions

Figure 9. MSCI World CAPE



Source: CIRA, Factset. Grey bars are EPS contractions

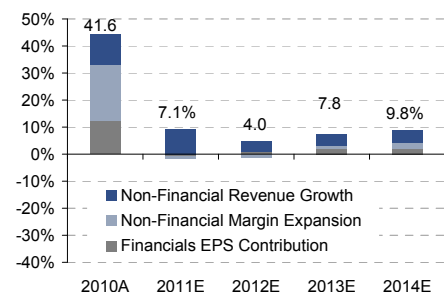
Figure 9 shows a global cyclically adjusted PE based on the current level of share prices, but using a ten-year average EPS trend. The CAPE helps to smooth out cyclical extremes. It is a favourite of our Japan strategist, Kenji Abe, and gives a similar global profile to P/BV. Global equities trade on a CAPE of 18x compared to 13x at the 2009 low and a long-run average of 25x. Japan (20x) and the US (22x) are most highly rated. GEMs (19x) and Europe (14x) look cheaper.

Global EPS

Top-down we forecast 4% global EPS growth in 2012

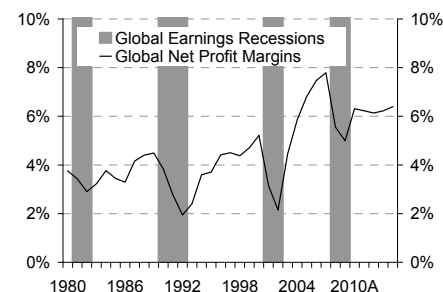
We think that global EPS growth will slow, not reverse, in 2012. Figure 10 factors our economists' latest forecasts into our global EPS model. This produces 4% EPS growth for 2012E, followed by a predicted 8% increase in 2013E. It compares to our previous top-down forecasts of 0% for 2012E and +10% for 2013E, so we have upgraded slightly.

Figure 10. Top-down Global EPS G'wth F'casts



Source: CIRA, Factset

Figure 11. Global Net Profit Margins (%)



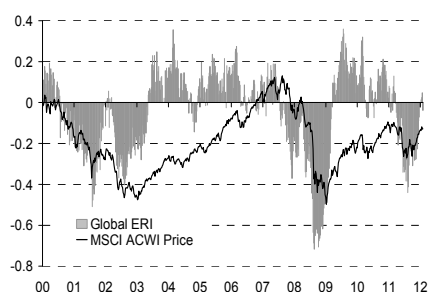
Source: CIRA, Factset

Our forecasts suggest that global profit margins level out over the next two years (Figure 11). In a full-blown global recession, we would expect recent margin gains to reverse sharply, so magnifying the impact upon EPS. But a mid-cycle slowdown should be less damaging. And while economic theory might suggest that profitability is mean-reverting over time (excess profits attract capital that eventually drive down those profits), the changing shape of global business models and continued capex/cost discipline mean that a significant profit margin reversal is not imminent, in our view (see [Global Equity Strategist - Margins Migrate West, Sales Migrate East](#)).

Analysts stop net downgrading

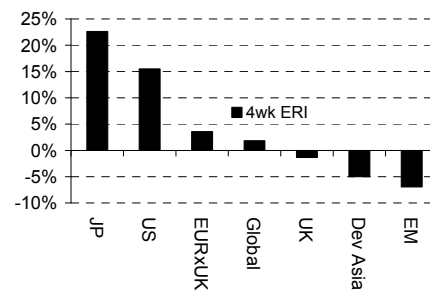
At the start of the year, we were more optimistic than the market on the global EPS outlook, but more pessimistic than the analysts. This remains the case. Our global EPS growth forecast of 4% for 2012 is still below the analyst consensus of 10%. While this suggests more analyst downgrades to come, we would highlight that our global Earnings Revision Index (ERI) has recently turned positive (Figure 12). On a net basis, analysts have stopped downgrading. Perhaps company analysts will end up being better forecasters of 2012 EPS than their more bearish macro counterparts. It certainly supports our view that macro-driven fears of a global EPS double-dip are overdone.

Figure 12. Global ERI



Source: CIRA, Factset, Datstream

Figure 13. Regional ERI (4 Week)



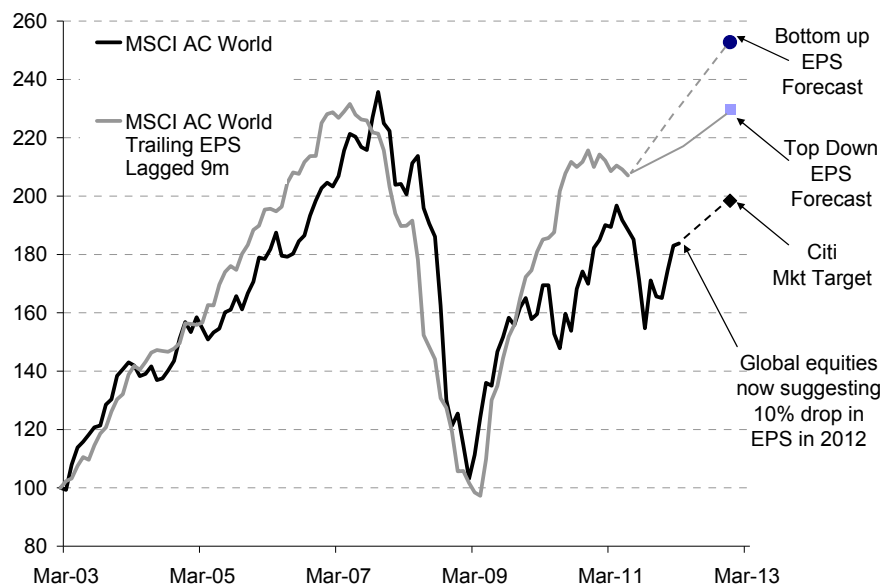
Source: CIRA, Factset

Figure 13 breaks ERI down into its regional constituents. The US and Japan have seen meaningful upgrades over the past month. Other regions have seen an end to the downgrades. Of course, ERI just looks at the number rather than magnitude of upgrades/downgrades and is perhaps less valid as companies enter into end-quarter close season. But the general direction of forecasts has been undeniably better in recent weeks. And it seems unlikely that the 1Q12 reporting season will reverse this trend.

MSCI AC World Forecast

We started this year forecasting a 20% gain for the MSCI AC World benchmark in 2012. By the end of 1Q, it was already halfway there.

Figure 14. MSCI AC World Price Vs EPS (9m Lagged) Indices



Source: CIRA, Factset

**MSCI AC World (ended 1Q at 330) target
360 for end-12**

The close lead/lag relationship between global share prices and trailing EPS (Figure 14) suggests that the market was pricing in something near a 30% contraction in global EPS towards the end of last year; so a full-blown global recession rather than a mid-cycle slowdown. This relationship suggests that the market is still expecting EPS to be down around 10% in 2012, which is now looking increasingly unlikely. We expect global EPS to rise 0-5% this year and 5-10% next. So we are still more bearish than the analyst consensus, but more bullish than the market. We stick with our end-2012 MSCI AC World target of 360, up 8% from end 1Q. This implies a partial re-coupling of global share prices and EPS over the year, but more through rising prices than falling EPS. We suspect that some consolidation may be appropriate as we head into the summer, with further European woes proving the obvious catalyst for investors to take off some risk (see [Global Equity Strategist - The Best RoRo Trades In Global Equities](#)). But, Figure 14 suggests that our market targets remain conservative.

Less bullish

Understandably, Citi equity strategists are not predicting such strong performance for the rest of 2012 (Figure 15). Geoffrey Dennis still expects 18% gains from GEMS to the end of the year. Within EM, Jason Press, our LatAm strategist, is most bullish ([EM - Latin America Equity Strategy - Rally Reaches Adolescence: Looking for 15-20% to Year-end](#)). Next is Markus Rosgen on Asia. Andrew Howell, our CEEMEA strategist, is expecting flat markets over the rest of the year. Australia, Europe and Japan are all expected to rise by around 10%. Tobias Levkovich expects the S&P to end 1% above its end-1Q level, consistent with his view that better buying opportunities may emerge over the summer.

Figure 15. Citi Strategists' Equity Index Targets For End-2012

Region	Index	Current (30-Mar-12)	End 2012 Target	Expected Gain (%)
US	S&P 500	1408	1425	1
Pan Euro	DJ Stoxx600	263	285	8
UK	FTSE 100	5768	6200	7
Japan	Topix	854	960	12
Asia x Japan	MSCI Asia x J	520	585	12
Australia	S&P/ASX 200	4335	4750	10
GEMs	MSCI EM	1041	1225	18
LATAM	MSCI Latam	4108	4900	19
CEEMEA	MSCI EM EMEA	350	350	0
World	MSCI AC World	333	360	9

Source: CIRA

Buy the dips

The general message is that Citi equity strategists see further long-term value in global equities. But, after a strong start to the year, some consolidation in share prices may be appropriate. They would see any future weakness as a buying opportunity.

Regional and Global Sector Allocation

Our regional and global sector views incorporate top-down thoughts from our regional strategists, bottom-up from our sector analysts, and the results of our more quantitative global allocation models. Our latest recommendations are summarised in Figure 16. Our regional recommendations are made in local currency terms. An explanation of our more quantitative model is provided further below.

Figure 16. Regional And Global Sector Recommendations (Arrows show latest changes)

Overweight Global Emerging Markets Asia Pac ex-Japan Japan	Neutral Europe ex-UK UK ↓	Underweight US Australia ↓
Overweight Industrials ↑ IT Utilities ↑	Neutral Consumer Staples ↓ Energy Financials ↓ Materials	Underweight Consumer Disc Health Care Telecoms ↓

Source: CIRA

Regions

Downgrade UK

We started 2012 with an allocation towards those regions with a combination of strong earnings and GDP trends, cheap valuation, and easy monetary policy (real rates vs GDP). We still look for regions with these qualities, which is why we are becoming marginally more cautious on European equities. We downgrade the UK to Neutral from Overweight. While it stands out as one of the cheapest markets in the world, and our strategists believe stock prices could double over the next decade, the UK is suffering weakening EPS and GDP trends in the short-term. In addition, the UK had the easiest monetary policy conditions in 2011 and no doubt this was a reason the equity market outperformed last year. However, with slowing inflation/economic growth and easier policy elsewhere, this is no longer the case.

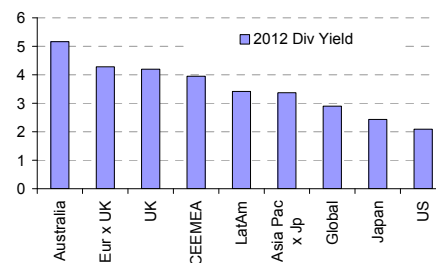
Now we are Neutral on both the UK and Continental Europe. Jonathan Stubbs and Adrian Cattley caution that the sovereign/banking crisis has not been resolved. Within Europe, they remain underweight stocks in Southern Europe and suggest investors look to buy into those companies that they consider “World Champions” and happen to be listed on European bourses (Figure 17). They also note that European equities have amongst the highest dividend yields in the world (Figure 18), and income strategies should focus on growth or risk-adjusted dividends.

Figure 17. European World Champions



Source: CIRA, Datastream

Figure 18. 2012 Dividend Yield

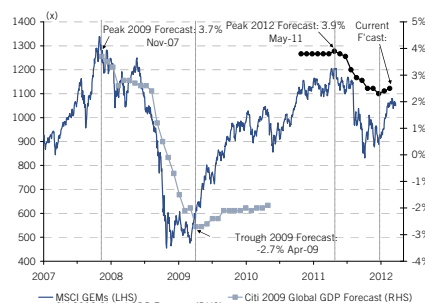


Source: CIRA, Factset Consensus

Remain Overweight EM

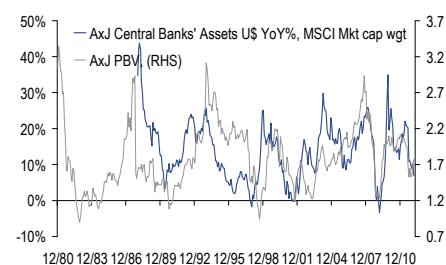
Our allocation remains Overweight Emerging Markets. Geoffrey Dennis notes that in addition to further liquidity provisions, EM equities also should benefit from cheaper valuations when compared to DM. Global GDP upgrades are typically supportive of EM equities (Figure 19). The forward dividend yield for the asset class is now higher than in developed markets.

Figure 19. Citi Global GDP F'cast & EM Equities



Source: CIRA, MSCI, Datastream

Figure 20. Asia CB Balance Sheet & Stock Mkts



Source: CIRA, Haver, CEIC

Prefer Asia

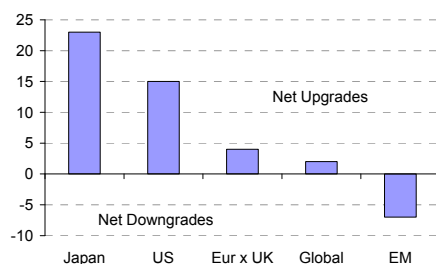
Within Emerging Markets, we are most positive on Asia. Markus Rosgen thinks that valuations are cheap and earnings revisions have turned positive, but investor sentiment in the region is no longer consistent with big gains in the near term. Markus also notes that his region almost always re-rates when local central banks accelerate the expansion of their balance sheet (Figure 20). This is not happening right now. Nevertheless, Markus is a buyer into weakness.

In LatAm, Jason Press, is positive on Brazil, which has the most attractive valuations. In CEEMEA, Andrew Howell is less optimistic given the vulnerability of the region to a further escalation of the Euro crisis. Turkey, with a current account deficit of 10% of GDP, may be particularly exposed to a seizing-up of international capital flows.

Overweight Japan

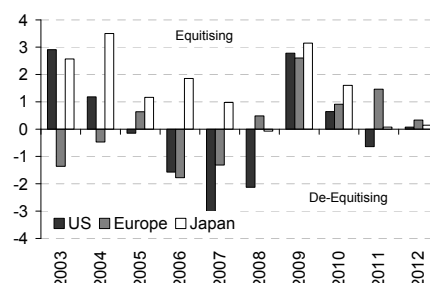
Joining EM at the top of our allocation is Japan. Kenji Abe notes that Japan was helped by a weaker Yen and a recovery of the supply chain after the Thai floods in 1Q. But we believe gains will slow in 2Q as the tailwinds of 1Q wane. In the medium term, we believe earnings growth in Japan will remain robust, so supporting our Overweight. After a contraction last year, consensus expectations are for a 40% increase in EPS for 2012 followed by a 25% increase in 2013. These forecasts seem robust given that consensus EPS revisions for the market are amongst the strongest in the world (Figure 21).

Figure 21. 1 Month Consensus EPS Revisions



Source: CIRA, Factset Consensus

Figure 22. Equitisation (%)



Source: CIRA, Datastream

Underweight US, Australia

US equities has started 2012 well. However, Tobias Levkovich recommends not chasing the market higher and to wait for pull-backs before buying. The team's view on 1Q earnings is positive, at least relative to bottom-up consensus expectations. They note that 1Q EPS surprises have been stronger than those in 4Q in almost every year for the past decade. While solid earnings should support US equities, we believe regions offering cheaper valuations will outperform. An area where the US stands out relative to all other regions is de-equitisation. US companies have shrunk their net share count by 0.6% in 2011 and we expect more in 2012. By comparison, European companies grew net share count by 1.5% in 2011 (Figure 22).

Joining the US amongst our Underweights is Australia, which we downgrade from Neutral. The Australian market underperformed, in local currency, in 1Q and we expect more as global equity indices rise, albeit at a slower pace. We found Australia has tended to underperform a rising global equity benchmark. Tony Brennan believes earnings revisions should improve as the central bank eases policy further, perhaps in May. He also notes that many of his companies are restructuring and cutting costs, increasing operational leverage to any potential upside in GDP and revenue growth.

Global Sectors

Lowering Financials...

In line with our view of slower gains in markets, we have tempered our global sector allocation by lowering its inherent beta. We have taken profits on our Overweight position on Financials and downgrade to Neutral. The sector outperformed at the start of the year, which has been the typical period of contrarian outperformance. However, Financials no longer look as stunningly cheap as they did. Also, deleveraging and weak demand in Europe is likely to keep a lid on performance. Our Global Financials team are buyers of US money centre banks and brokers, which they think offer good value and are potential beneficiaries of improving capital markets. Also they like the Chinese banks as policy is eased further and the earnings outlook remains solid.

...But Raising Industrials

In place of Financials, we have upgraded Global Industrials. This keeps our cyclical bias, but lowers our exposure to financial leverage and beta. Deane Dray, our Global Industrials pod leader, notes that companies in his sector have successfully de-leveraged and aggregate cash balances are at record levels. In contrast to Financials, Industrial companies benefit from solid earnings trends.

Contrarian Call: Raising Utilities

Perhaps our most contrarian call this quarter is to upgrade global Utilities to Overweight in place of Consumer Staples, which we downgrade to Neutral. The global Utilities sector has been a serial underperformer. But it now seems to be enjoying stabilising earnings momentum along with cheap valuations. Our analysts note that political risks remain in Europe, while the US sector, which is a much larger component of the global benchmark, looks to be an attractive allocation position for investors. The sector has a dividend yield of 4.5%. The earnings outlook for Consumer Staples remains sound and is supported by considerable barriers to entry and growing EM exposure. But it stands out as being amongst the most expensive across the world.

Consumers: Prefer Staples To Discretionary

Still, amongst the consumer sectors we prefer Staples to Discretionary (which includes Autos, Media and Retailers). Consumer Discretionary remains our least favoured cyclical in part because valuations are high and earnings revisions could be weakening. Our colleagues around the world seem to agree. In Figure 23, we highlight the sector allocations for each of our regional strategists.

Figure 23. CIRA Regional Strategists Sector Recommendations

Sector Allocations	Global	US	Pan-Europe	UK	Japan	Asia ex Japan	Australia	GEMs
Energy	N	N	N	N	N		O	N
Materials	N	U	N	N	N		U	O
Industrials	O	U	N	O	N		O	N
Consumer Disc.	U	U	O	U	O		U	O
Consumer Staples	N	O	O	O	U		U	U
Health Care	U	U	O	O	U		n.a	N
Financials	N	O	O	O	O		O	N
IT	O	O	N	U	N		O	N
Telecoms	U	O	N	N	U		N	U
Utilities	O	O	U	U	U		U	N

Source: CIRA

Regional and Sector Allocation Model

How our model works

In Figure 24, we highlight our Global Regional and Sector allocation model. This ranks regions/sectors based on factors we believe will be important drivers of equities in the next 1-4 quarters. This is just one input into our regional and global sector recommendations. We also consider the inputs of CIRA strategists and analysts. Below we describe the factors currently in the model.

EPS Momentum — This is a measure of the change in 12-month forward earnings estimates. Those regions and sectors with rising estimates rank highly on this factor.

ERI — This is a high frequency measure of analyst earnings revisions. We find that analyst revisions (the net number of upgrades) tend to lead EPS momentum. However ERI is much more volatile. Those regions with low but improving analyst earnings revisions rank highest on this factor.

Figure 24. Regional and Sector Allocation Model (1 is Best)

	Earnings		Momentum		Valuation		De-eq	Macro			Result
	E Mom	ERI	P Mom	RoRo	DY	CAPE	De-eq	GDP	Real IR	CESI	
Region Weight (%)	10	15	10	5	10	10	5	10	15	10	100
Sector Weight (%)	20	20	5	5	10	20	20				100
Regions											
Canada	7	2	3	3	4	6	4	3	3	2	1
Japan	1	1	7	6	6	5	2	5	4	3	2
US	2	6	2	4	7	7	1	4	1	6	3
Dev Asia	3	3	6	7	2	3	5	2	7	1	4
Eur ex UK	4	5	4	1	1	1	3	6	6	5	5
GEM	5	7	5	2	5	4	7	1	2	4	6
UK	6	4	1	5	3	2	6	7	5	7	7
Sectors											
Utilities	6	1	5	8	2	2	10				1
Industrials	4	8	8	2	8	6	2				2
Energy	8	2	4	4	6	3	5				3
Telecoms	9	6	3	7	1	4	6				4
Financials	7	3	10	1	3	1	9				5
Health Care	5	10	1	9	5	7	1				6
IT	1	4	7	5	10	10	3				7
Consumer Staples	3	5	2	10	7	8	4				8
Consumer Disc.	2	9	6	6	9	9	8				9
Materials	10	7	9	2	4	5	7				10

Source: CIRA

Dividend Yield and CAPE — We have simplified the valuation measures we use to two. Over the long term, we have found that dividend yields and cyclically adjusted PE ratios have provided the best signal on future performance.

Price Momentum — Our price momentum factor helps identify contrarian opportunities, which tend to work earlier in the year. It simply measures the performance of regions/sectors over the last 12 months. Those areas of the market that rank highly here have performed poorly in 2011, and vice versa.

RoRo — Sectors and Regions that rank highly on RoRo are those that have consistently outperformed during previous risk on phases. Those that rank low have consistently underperformed. The RoRo score is different from beta as it measures the consistency of relative performance, not the magnitude.

De-equitisation — Here we measure the change in share count over the last 12 months. Those regions and sectors that have shrunk their share count via buybacks or cash financed M&A rate highly.

GDP — This is a macro factor only relevant for regions. Those that rank highly here are forecast to benefit from the fastest GDP growth over the next 4 quarters and the strongest GDP revisions over the last three months.

CESI — Here we use the Citigroup Economic Surprise Index, as developed by our FX team, for each region. We use this as a contrarian indicator as we find that a low CESI tends to lead stronger returns in the quarter ahead.

Real Rates — This is a macro factor that measures the easiness of monetary policy conditions and is only relevant for regions. The regions that rank highly here have benefitted from declining real rates and have the lowest real rates when compared to expected GDP growth.

Global Favoured Stock List

20 Global Favoured Stocks

Finally, with the help of our regional strategists, we draw together a global stock list in Figure 25. These are important Buy recommendations from Citi Research analysts around the world. The list broadly reflects our region and sector preferences.

Figure 25. Most Favoured Stocks From Our Regional Strategists

Stock	Sector	Price	Rating	Currency	Country	Analyst Comment
Agricultural Bank of China	Banks	3.31	1	HKD	China	<ul style="list-style-type: none"> Well positioned for rural growth in China 12th 5YP targets consumption growth in rural areas +5% dividend yield and <6x Fwd PE
Apache	Energy	93.5	1	USD	US	<ul style="list-style-type: none"> Below average sensitivity to falling gas prices Sound balance sheet with 30x interest cover Sub 7x PE
BHP Billiton	Materials	33.59	1	AUD	Australia/UK	<ul style="list-style-type: none"> Potential for further capital returns Able to deliver alpha in a declining beta sector Outlook for China growth is for a slowdown, not collapse
Canon	Technology Hardware	3735	1	JPY	Japan	<ul style="list-style-type: none"> Buying back shares Beneficiary of a weaker Yen +3% dividend yield
Charles Schwab	Diversified Financials	13.75	1	USD	US	<ul style="list-style-type: none"> Underappreciated earnings stream Significant leverage to rising cash rates Consistent grower of BV per share
Daimler	Automobiles & Components	40.815	1	EUR	Germany	<ul style="list-style-type: none"> Cheapest of the German Auto's +5% dividend yield Handicaps beginning to subside
Endesa Chile	Utilities	54.55	1	USD	Chile	<ul style="list-style-type: none"> Trading at a discount to replacement cost Normalising hydro outlook Spanish uncertainty already discounted
Fanuc	Capital Goods	14220	1	JPY	Japan	<ul style="list-style-type: none"> Leveraged to strong demand from rest of Asia Continuous focus on cost cutting Net cash on balance sheet
Fedex Corp	Transportation	86.63	1	USD	US	<ul style="list-style-type: none"> Leader in a consolidating industry Solid pricing power Sound balance sheet
GlaxoSmithKline	Pharmaceuticals, Biotechnology & Life Sciences	14.155	1	GBP	UK	<ul style="list-style-type: none"> Premium EPS Growth Under-appreciated operating leverage Aggressive capital distributor
Goldman Sachs	Diversified Financials	114.56	1	USD	US	<ul style="list-style-type: none"> Attractively priced Well positioned Relatively clean balance sheet
Lam Research	Semiconductors & Semiconductor Equipment	41.41	1	USD	US	<ul style="list-style-type: none"> Orders likely to trough in 2H Outsourcing has allowed for a rise in FCF Most undervalued stock in US Semi sector
LVMH	Consumer Durables & Apparel	125.4	1	EUR	France	<ul style="list-style-type: none"> Less cyclical than commonly perceived Strong balance sheet Providing the highest returns in the industry
Pernod-Ricard	Food Beverage & Tobacco	75.46	1	EUR	France	<ul style="list-style-type: none"> Balance sheet risk has receded Large EM exposure Strong EBIT growth, despite weak European demand
Qualcomm Inc	Technology Hardware & Equipment	66.22	1	USD	US	<ul style="list-style-type: none"> Beneficiary of Smartphone adoption High margins are sustainable Large cash pile
Rolls-Royce	Capital Goods	8.01325	1	GBP	UK	<ul style="list-style-type: none"> Increasing proportion of aftermarket revenues Lower cyclical warrants higher valuation ratios Strong balance sheet, pension issues resolved
Samsung Electronics	Semiconductors & Semiconductor Equipment	1311000	1	KRW	South Korea	<ul style="list-style-type: none"> Diversified revenue stream Better than industry margins Sub 10x PE
Surgutneftegaz(pref)	Energy	19.4	1	RUB	Russia	<ul style="list-style-type: none"> Double digit dividend yield Downstream upgrade project will improve profitability Dollar denominated cash pile
The AES Corp	Utilities	12.5	1	USD	US	<ul style="list-style-type: none"> EM Focus Beneficiary of credit spread tightening Cash flows returned to shareholders
Wipro	Software and Services	443	1	INR	India	<ul style="list-style-type: none"> Full service model Well positioned for growing demand for IT outsourcing 10-20% EPS growth expected for both 2013-14

Source: Citi Investment Research and Analysis. *Prices as of 10 April 2012

Regions

Please refer to pages 98 and 99 for how to read this section

Data in Charts and Tables as of 30th of March 2012

Stock recommendations as of 10th of April 2012

AC World

Market Cap (US\$) 28,584 Bn

Region Weight Breakdown

USA	46.2%
Europe ex UK	15.4%
Emerging World	12.9%
United Kingdom	8.2%
Japan	7.9%
Pacific ex Jp	4.8%

Global equities were up 11% in 1Q12 and 23% from their October lows. It was the best quarter since 3Q09. There was little to differentiate between EM and DM performance. The best region was Japan (+18%), outperforming by 7%, the largest since mid 2008, followed by the US (+12% abs & +1% rel). UK and Australia lagged. Risk-on was clear at a global sector level with cyclicals outperforming defensives by 10% (usd). The best performing sectors were IT, Cons. Discr. and Financials. The laggards included all defensive sectors and Energy. While stock indices might be due for a period of consolidation, we expect more upside by year-end. Current valuations imply equity investors are still pricing in a decline in global EPS. Stabilising earnings revisions and economic expectations suggest this is less likely. Our MSCI AC World year end target is 360, suggesting 8% upside from end 1Q levels. In addition to cheap valuations, the continuation of very accommodative monetary policy should provide further support. This implies a recoupling of global share prices and EPS over the year. The main risks to our outlook are sharply rising core government bond yields and a further escalation of the EMU crisis.

(Strategists: Robert Buckland, Hasan Tevfik)

Strategists' Views

MSCI ACWI(\$)	360
Target end 2012:	360
Level at end of 1Q12:	333
Expected Gain:	8%

Overweight

Industrials
IT
Utilities

GEM
Japan
Asia Pac ex Japan

Neutral

Energy
Materials
Consumer Staples
Financials

UK
Eur ex UK

Underweight

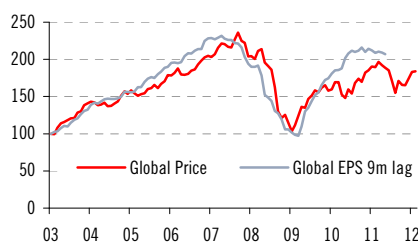
Consumer Disc.
Health Care
Telecoms

US
Australia

Performance

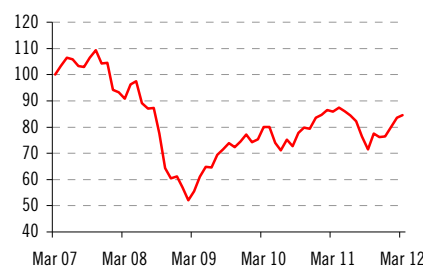
Market is pricing in 10% fall in global EPS, unlikely in our view

Global EPS (9m lag) vs Price



Source: CIRA, MSCI

Price Performance (Loc)

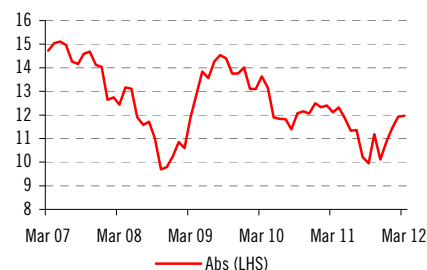


Source: CIRA, MSCI, Factset

Global Context

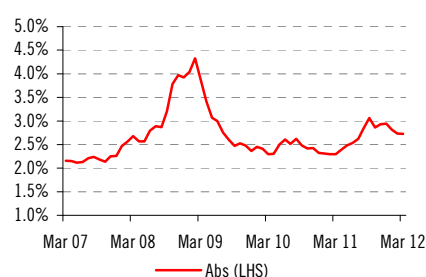
Fwd PE at 12x

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

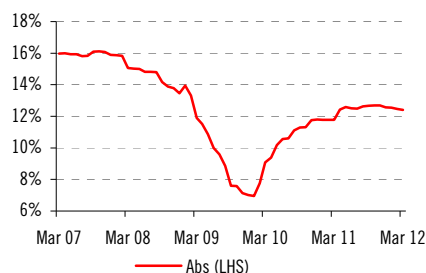
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

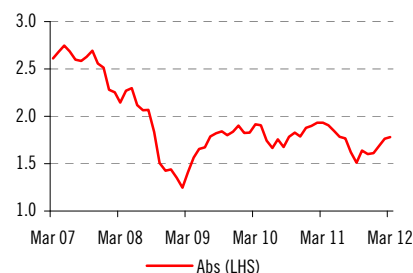
PBV and RoE

RoE below 2007 highs

Return on Equity



Price to Book



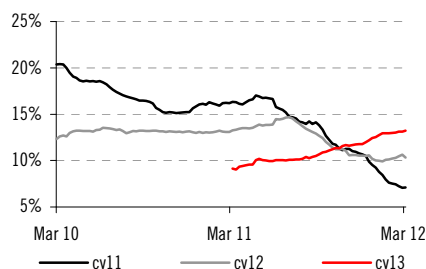
Source: CIRA, MSCI, Factset

Source: CIRA, MSCI, Factset

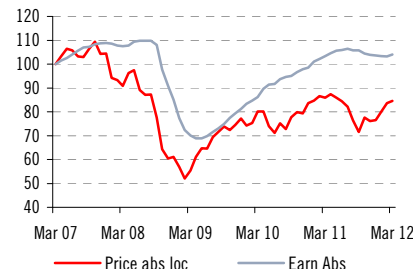
Earnings

2012 EPS growth forecasts stabilizing recently

Growth Forecast Trends



Earnings/Price Momentum



Source: CIRA, Factset Consensus

Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Apple Inc	US	1	1.9	557	12.8	JP Morgan Chase	US	1	0.6	175	9.3
ExxonMobil	US	1	1.5	416	10.3	Pfizer Inc	US	2	0.6	174	9.9
IBM	US	1	0.9	246	13.6	Wells Fargo	US	2	0.6	171	10.3
Microsoft	US	1	0.9	244	11.0	Google	US	1	0.6	164	14.4
Chevron	US	1	0.7	214	8.2	HSBC	GB	1	0.6	158	9.3
General Electric	US	1	0.7	212	12.6	Philip Morris	US	2	0.5	154	16.2
Nestle	CH	2	0.7	207	16.8	Coca-Cola Co	US	1	0.5	151	17.7
AT&T	US	1	0.6	185	13.0	Intel	US	1	0.5	143	11.4
Procter & Gamble	US	1	0.6	185	15.6	BP	GB	2	0.5	140	6.5
Johnson&Johnson	US	1	0.6	180	12.7	Restricted	GB		0.5	138	10.3

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

USA

Underweight

Weight in MSCI AC World 46.2%
Market Cap (US\$) 13,200 Bn

Country Weight Breakdown
United States 100.0%

We believe a more tempered view through to year-end is warranted, given the 12% 1Q12 rally getting the S&P 500 within a few percent of our year-end target. Investor sentiment and valuations no longer suggest strong gains ahead. The Citi Economic Surprise Index has slipped from extended levels and profit margins are likely to come under some near-term pressure. Moreover, election uncertainty and a \$500 billion fiscal cliff starting next January may weigh on business sentiment this summer, as might some payback from a mild winter pulling numbers forward and higher gasoline prices. The combined impact may cause investor risk tolerance to ease back at which point a better buying opportunity should emerge. Yet, a major downdraft is unlikely given that an implied earnings growth model shows that equities are discounting EPS well below current expectations and credit conditions in the US are still relatively benign. Thus, the overall US economic environment appears to be gathering some steam, especially as capital spending intentions are rising alongside improved hiring plans. Investors need to be a bit more selective with a more balanced barbell of Diversified Financials and Semis, for example, offset by Overweight positions in Utilities and Telecom Services. **(Strategist: Tobias Levkovich)**

Strategists' Views

S&P 500 Target end 2012: 1425
Level at end of 1Q12: 1408
Expected Gain: 1%

Overweight

Consumer Staples
Financials
IT
Telecoms
Utilities

Neutral

Energy

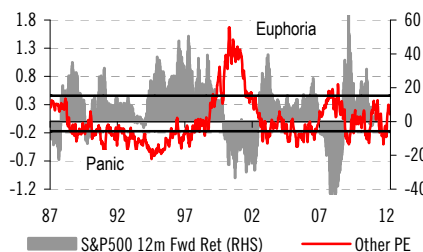
Underweight

Materials
Industrials
Consumer Disc.
Health Care

Strategists' Favourite Chart

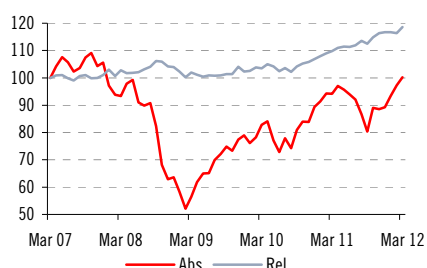
Sentiment readings suggest investors are complacent

The Panic/Euphoria Model (Other PE)



Source: CIRA, Haver Analytics

Price Performance Abs & Relative (Loc)

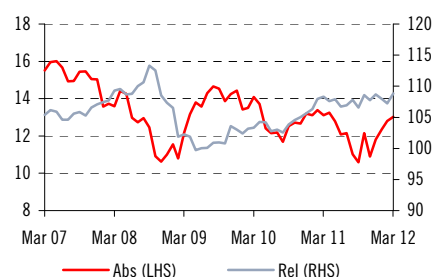


Source: CIRA, MSCI, Factset

Valuation

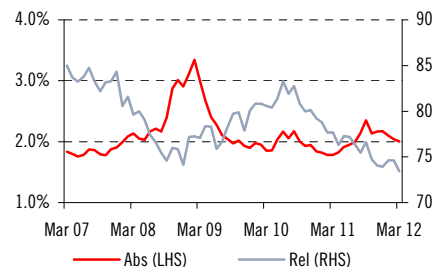
Premium valuations

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	14.7	13.4	11.9	14.5	9.6	12.7	7.9	1.7	1.9
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

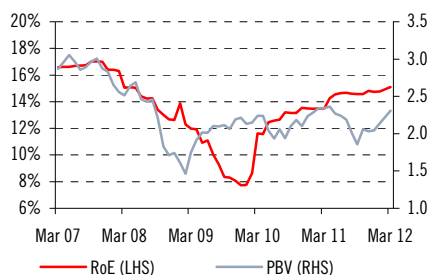
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	12.2	24.7	6.3	12.2	24.7	6.3	15.1	2.3	2.0
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

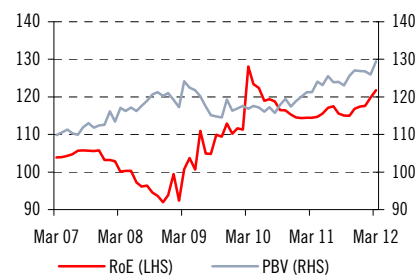
PBV and RoE

c30% P/BV premium

RoE and PBV - Absolute



RoE and PBV - Relative



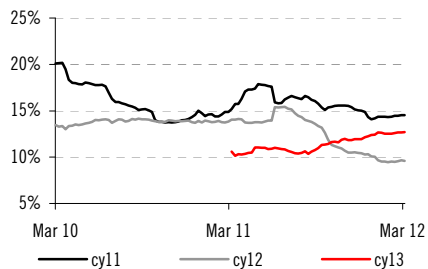
Source: CIRA, MSCI, Factset

Source: CIRA, MSCI, Factset

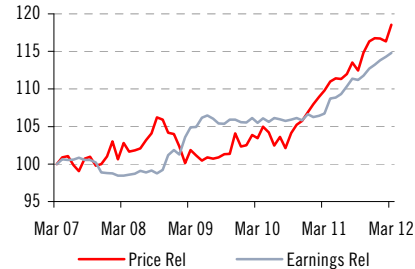
Earnings

Relative earnings momentum strong

Growth Forecast Trends



Relative Earnings/Price Momentum



Source: CIRA, Factset Consensus

Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Rtg	Wgt	MC	PE	Top 11 - 20	Rtg	Wgt	MC	PE
Apple Inc	1	4.2	557	12.8	Pfizer Inc	2	1.3	174	9.9
ExxonMobil	1	3.1	416	10.3	Wells Fargo	2	1.3	171	10.3
IBM	1	1.9	246	13.6	Google	1	1.2	164	14.4
Microsoft	1	1.8	244	11.0	Philip Morris	2	1.2	154	16.2
Chevron	1	1.6	214	8.2	Coca-Cola Co	1	1.1	151	17.7
General Electric	1	1.6	212	12.6	Intel	1	1.1	143	11.4
AT&T	1	1.4	185	13.0	Oracle Corp	1	0.9	118	11.2
Procter & Gamble	1	1.4	185	15.6	Merck	2	0.9	117	10.2
Johnson&Johnson	1	1.4	180	12.7	Wal Mart	1	0.9	116	12.4
JP Morgan Chase	1	1.3	175	9.3	Qualcomm Inc	1	0.9	114	17.2

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Europe ex UK

Neutral

Weight in MSCI AC World 15.4%
Market Cap (US\$) 4,399 Bn

Country Weight Breakdown

France	22.0%
Germany	20.4%
Switzerland	20.3%
Sweden	7.6%
Spain	6.9%
Netherlands	5.8%
Italy	5.5%
Denmark	2.7%
Belgium	2.4%
Norway	2.3%

As global markets have rallied, Europe ex UK has been one of the main beneficiaries of the improved liquidity backdrop. The two LTROs coupled with the ECB cutting rates has reduced the fear of a disorderly Euro breakup. This has seen a survivors' party trade play out and Euro Financials have been front and centre. However, we view much of the risk rally as having occurred and market performance is set to broaden out from here. Furthermore, Citi's economists remain sceptical of peripheral European economies. The problems in the Eurozone have not gone away, which drives our ongoing preference for growth and income. On the growth side we look for either defensive growth that gives an effective earnings call option for investors, or world champion businesses that in general have greater exposure to the faster growth areas of the world. On the income side, we prefer strategies that look for either growth or risk adjusted dividends. Finally, a consequence of the low growth world and fragile banking system is that interest rates will stay low and liquidity plentiful. This is likely to encourage corporates to buy equity, either their own or someone else's. Getting in front of these de-equitisation flows will be another performance defining theme for the rest of 2012 and 2013. **(Strategists: Jonathan Stubbs, Adrian Cattley)**

Strategists' Views

STOXX 600 Target end 2012: 285
Level at end of 1Q12: 263
Expected Gain: 8%

Overweight

Consumer Disc.
Consumer Staples
Health Care
Financials

Neutral

Energy
Materials
Industrials
IT
Telecoms

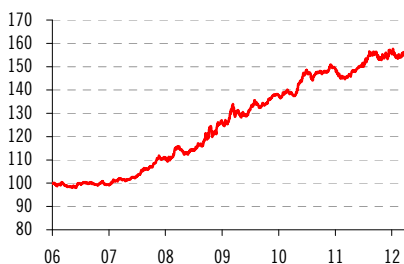
Underweight

Utilities

Strategists' Favourite Chart

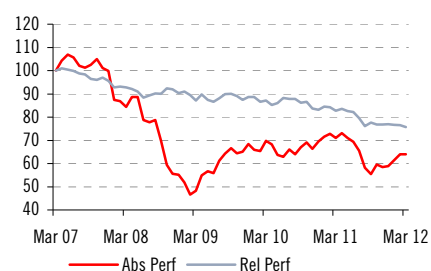
Quality outperformed and remains one of our favourite themes

European World Champions Relative Performance



Source: CIRA, Datastream

Price Performance Abs & Relative (Loc)

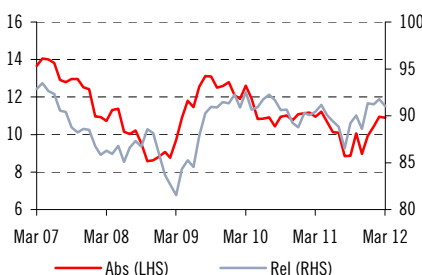


Source: CIRA, MSCI, Factset

Valuation

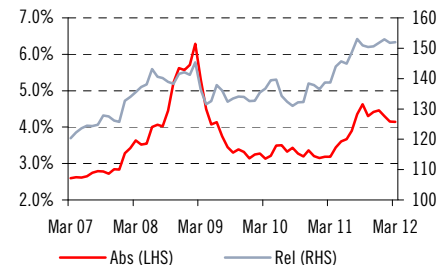
Cheap relative valuations

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	12.3	11.2	9.9	-8.7	9.6	12.8	6.6	1.3	4.0
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

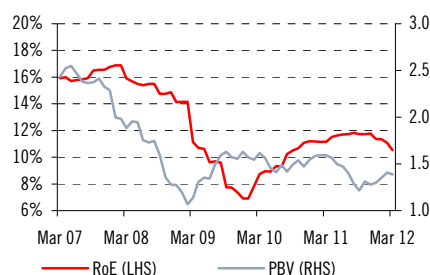
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	11.8	15.3	-14.3	8.7	15.4	-9.9	10.5	1.4	4.1
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

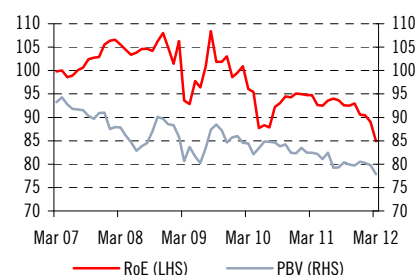
20% discount on P/BV

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

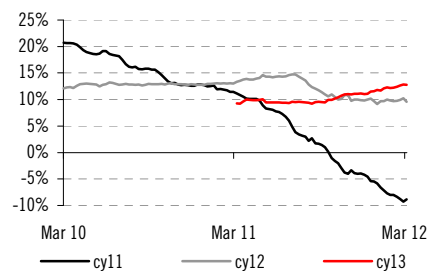


Source: CIRA, MSCI, Factset

Earnings

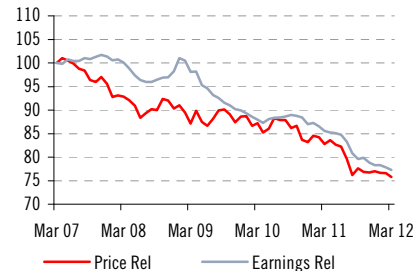
Performance in-line with rel earnings momentum

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Nestle	CH	2	4.7	207	16.8	Novo-Nordisk	DK	1	1.3	59	20.9
Novartis	CH	2	2.9	129	10.1	InBev	BE	1	1.3	59	16.2
Roche	CH	2	2.8	122	11.3	Bayer	DE	1	1.3	58	10.4
Total	FR	3	2.5	108	7.0	ENI	IT	1	1.3	56	7.8
Sanofi-Aventis	FR	1	2.0	88	9.8	Unilever NV	NL	2	1.3	55	15.2
Siemens AG	DE	1	1.9	83	11.0	Daimler	DE	1	1.2	55	8.3
BASF	DE	2	1.8	80	11.0	Allianz	DE	1	1.2	54	7.8
Telefonica	ES	2	1.5	67	8.3	UBS	CH	1	1.2	51	9.0
Santander	ES	2H	1.5	66	7.2	Deutsche Bank	DE	2	1.0	46	7.3
SAP AG	DE	1	1.5	64	16.5	BNP Paribas	FR	1	1.0	46	6.3

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

United Kingdom

Neutral

Weight in MSCI AC World 8.2%
Market Cap (US\$) 2,345 Bn

Country Weight Breakdown
United Kingdom 100.0%

Having been a relative outperformer last year, the UK underperformed in 2012, although has still risen by 5% in Q1. This was down to a combination of the defensive sectors lagging in the risk rally and ongoing underperformance in the Mining sector. Looking out for rest of the year we continue to expect reasonable returns with a FTSE100 year-end target of 6200, implying 7% upside. Valuations remain supportive with the PE below the long-term average. Historic returns from current cyclically adjusted PE and DY levels suggest that compound annual returns from here could be double digit over the next decade. Earnings have also been more resilient than we expected in part because of the higher oil price. Overall in a world that is deleveraging with a consequent depressing effect on growth we expect companies that can grow faster than the market to outperform. Companies that qualify as leaders in their markets are another way of trying to get exposure to structural growth. Alongside growth we also believe that income will continue to be a key part of total returns so look for resilient and risk adjusted dividends. Finally, the UK market is more open to both M&A and buybacks so should be a beneficiary of the de-equitisation trade. (Strategists: Jonathan Stubbs, Adrian Cattley)

Strategists' Views

FTSE100 Target end 2012: 6200
Level at end of 1Q12: 5768
Expected Gain: 7%

Overweight

Industrials
Consumer Staples
Health Care
Financials

Neutral

Energy
Materials
Telecoms

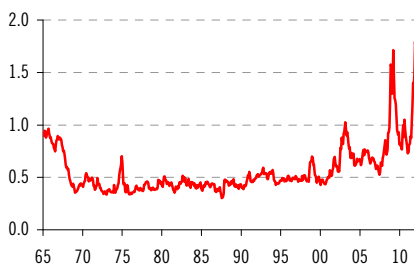
Underweight

Consumer Disc.
IT
Utilities

Strategists' Favourite Chart

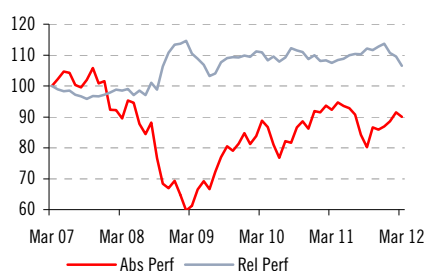
Dividend vs. Gilt yields at all time highs

UK Dividend Yield / Gilt Yield



Source: CIRA

Price Performance Abs & Relative (Loc)

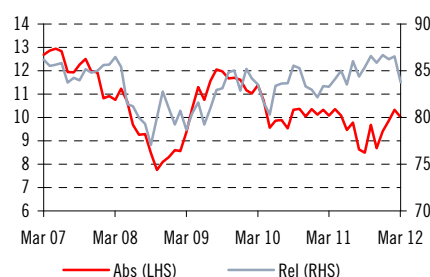


Source: CIRA, MSCI, Factset

Valuation

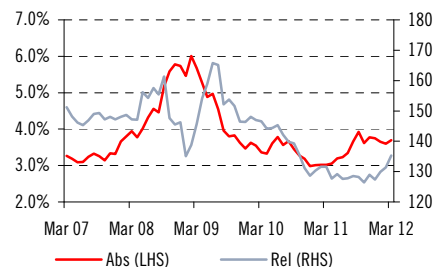
15% discount on 12m Fwd PE

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	10.7	10.3	9.3	12.5	4.3	10.2	7.6	1.3	3.9
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

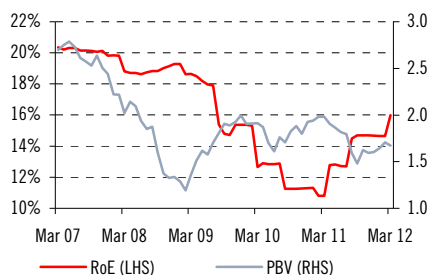
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	6.5	15.2	-2.8	3.5	12.3	-2.5	16.0	1.7	3.7
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

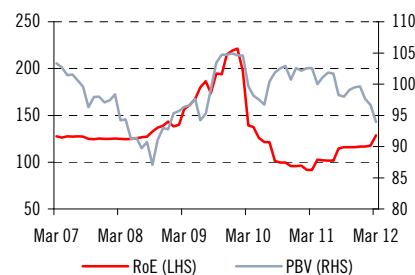
PBV and RoE

RoE has been improving

RoE and PBV - Absolute



RoE and PBV - Relative



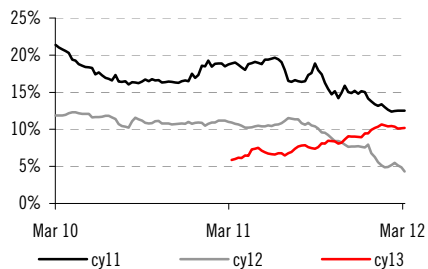
Source: CIRA, MSCI, Factset

Source: CIRA, MSCI, Factset

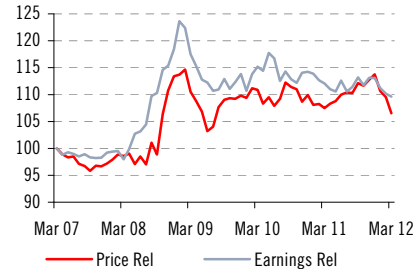
Earnings

Rel earnings momentum weakening recently

Growth Forecast Trends



Relative Earnings/Price Momentum



Source: CIRA, Factset Consensus

Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10					Top 11 - 20				
	Rtg	Wgt	MC	PE		Rtg	Wgt	MC	PE
HSBC	1	6.8	158	9.3	Diageo	2	2.6	60	15.2
BP	2	6.0	140	6.5	Standard Chart	1	2.5	59	11.2
Restricted		5.9	138	10.3	AstraZeneca	2	2.5	58	7.2
RD Shell Class A	2	5.4	127	7.4	Anglo American	2	2.1	49	7.3
GlaxoSmithKline	1	4.8	113	11.2	Barclays	1	1.9	44	7.4
Brit Am Tobacco	2	4.2	99	14.4	Unilever	2	1.8	42	15.1
RD Shell Class B	2	4.0	94	7.6	Tesco	3	1.8	42	9.3
BG	1	3.3	79	14.9	Imperial Tobacco	1	1.7	41	11.9
Rio Tinto	1	3.2	76	6.9	SABMiller	1	1.6	38	16.9
BHP Billiton	1	2.7	64	7.3	National Grid	2	1.5	36	11.6

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Japan

Overweight

Weight in MSCI AC World 7.9%
Market Cap (US\$) 2,259 Bn

Country Weight Breakdown
Japan 100.0%

Japan was the best performing region in 1Q12, rising by 18% (loc). We believe this is attributable to three factors: a weaker yen against both the USD and the Euro, receding concerns over Eurozone sovereign risks, and recovery from the supply chain disruption caused by Thai floods. The yen depreciated against the USD and the Euro by 6% and 9% respectively as the market outlook for US monetary policy stopped its long-lasting shift towards easing, the BOJ eased monetary conditions and adopted “the price stability goal in the medium to long-term” of 1%. The ECB’s LTRO eased tensions in the sovereign markets and lifted the risk appetite of foreign investors who were net buyers of Japanese equities for three consecutive months. Japanese exports and production showed a strong recovery after a decrease caused by Thai floods. Given the strong performance in Q1 2012, for a number of reasons we expect weaker performance in 2Q12. First, the room for further yen depreciation is likely to be limited. Second, momentum in production would weaken as the recovery from Thai floods runs its course. Thirdly, concerns over the Spanish sovereign problem might intensify. Despite the outlook of slower gains, our sector allocation remains pro-cyclical. **(Strategist: Kenji Abe)**

Strategists' Views

TOPIX Target end 2012: 960
Level at end of 1Q12: 854
Expected Gain: 12%

Overweight

Consumer Disc.
Financials

Neutral

Energy
Materials
Industrials
IT

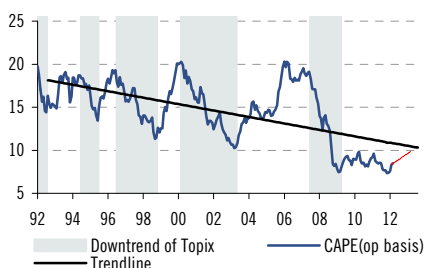
Underweight

Consumer Staples
Health Care
Telecoms
Utilities

Strategists' Favourite Chart

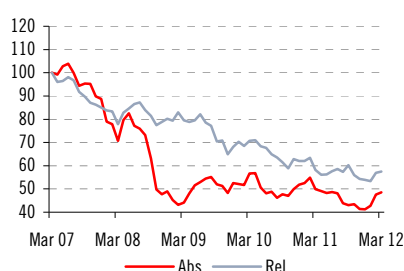
Return to trendline CAPE suggests upside of c20%

The TOPIX CAPE



Source: CIRA

Price Performance Abs & Relative (Loc)

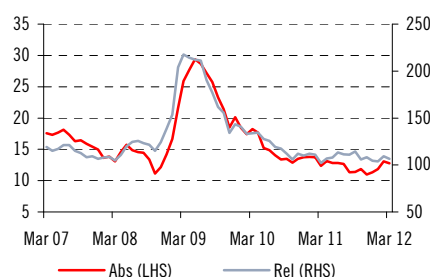


Source: CIRA, MSCI, Factset

Valuation

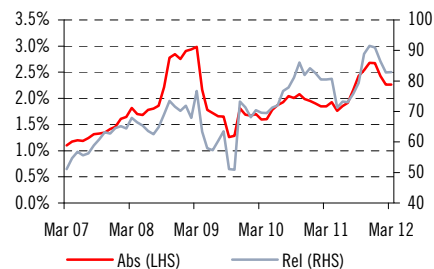
Fwd PE in-line with the market

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	19.4	14.4	11.8	-12.2	41.8	25.5	7.1	1.0	2.2
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

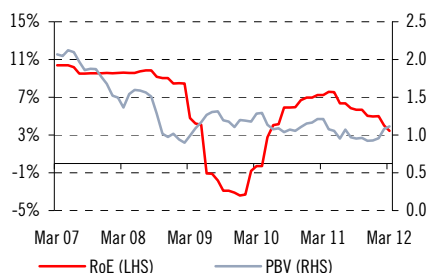
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	10.2	5.7	-1.9	17.8	12.9	-2.6	3.4	1.1	2.3
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

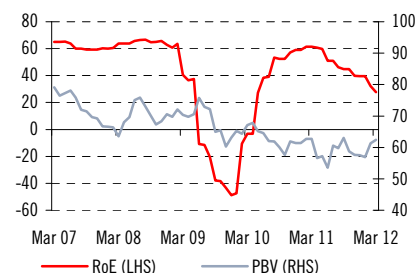
Deep discount on P/BV

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

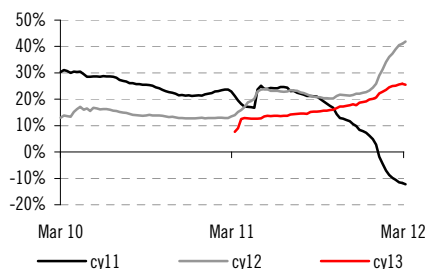


Source: CIRA, MSCI, Factset

Earnings

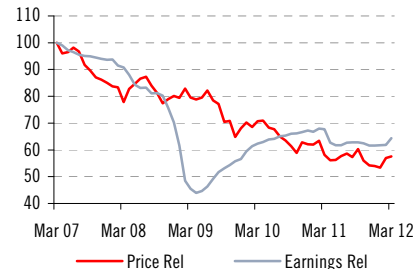
Solid EPS growth expected in 2012 and 2013

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Rtg	Wgt	MC	PE	Top 11 - 20	Rtg	Wgt	MC	PE
Toyota Motor	2	5.3	120	14.9	Mitsui & Co Ltd		1.3	29	5.6
Mitsubishi UFJ FG	1	2.8	64	9.3	Komatsu	2	1.2	27	11.4
Honda Motor	2	2.8	62	11.1	Nissan Motor	1	1.2	27	9.2
Canon Inc	1	2.4	54	15.3	SoftBank	2H	1.2	26	8.7
SMFG	1	2.0	44	8.5	NTT DoCoMo	2	1.1	26	10.4
Mizuho Financial	1	1.7	37	8.6	Japan Tobacco	1	1.1	25	19.7
Takeda Chem	1	1.5	35	19.6	Shin Etsu Chemical	1	1.1	24	17.0
Fanuc Ltd	1	1.5	34	18.5	Seven & I Hldgs	1	1.0	23	14.3
Mitsubishi Corp		1.5	33	6.6	Mitsubishi Est	1	1.0	22	34.7
Hitachi Ltd	1	1.3	29	10.6	East Japan Rail	1	1.0	22	11.4

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Australia

Underweight

Weight in MSCI AC World 3.1%
Market Cap (US\$) 881 Bn

Country Weight Breakdown
Australia 100.0%

The Australian market rose by 6% in 1Q12, underperforming global equities. This reflects recent reporting season weakness, confirming continued tough conditions for many companies in fiscal 2012 (June year-end). Expectations are for little eps growth for the market. But investors also appear sceptical about eps growth in future years, given the expansion of the resource sector underway and growth being constrained in the rest of the economy, as well as doubts about further commodity price rises. However, we see several reasons for improved earnings growth in FY2013. A number of sectors appear to have been “under-earning” due to likely passing factors, including insurers, engineering and construction contractors, food retailers, rail companies, building materials manufacturers. Further, more companies appear to be restructuring and cutting costs, which should help margins. We can see these developments enabling 5-10% earnings growth in fiscal 2013, after flat earnings in FY2012, and we see potential for the market to recover further as this becomes evident. We forecast ASX200 Index at 4750 by end 2012. Reflecting the scepticism about earnings growth, the market is trading on a modest PE multiple of 11.5x 12m fwd earnings, from which there is room for re-rating up to around 12.5x on our forecasts. **(Strategist: Tony Brennan)**

Strategists' Views

ASX200 Target end 2012: 4750
Level at end of 1Q12: 4335
Expected Gain: 10%

Overweight

Materials
Consumer Disc.

Neutral

Energy
Industrials
Health Care
Financials
IT
Utilities

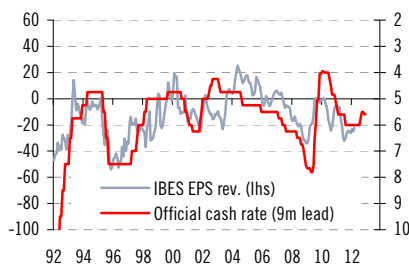
Underweight

Consumer Staples
Telecoms

Strategists' Favourite Chart

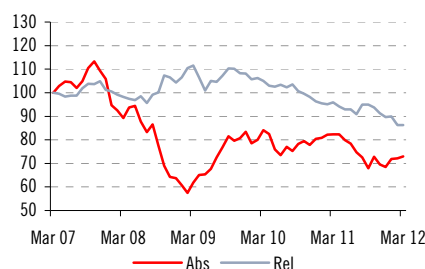
Earnings downgrades expected to slow over the next 6 months

Earnings Revisions vs Interest Rates



Source: RBA, CIRA

Price Performance Abs & Relative (Loc)

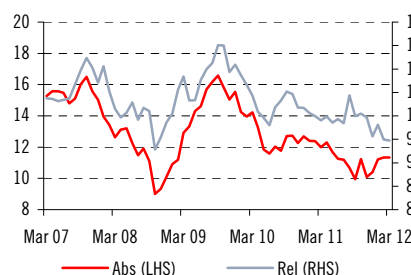


Source: CIRA, MSCI, Factset

Valuation

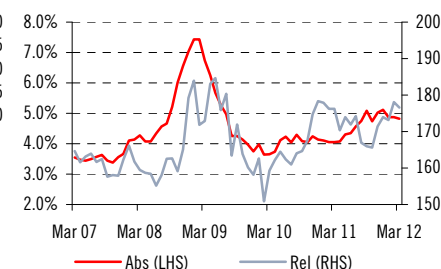
Fwd PE rel at 5 year low

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	12.8	11.7	10.6	9.0	9.6	10.1	8.2	2.0	4.9
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

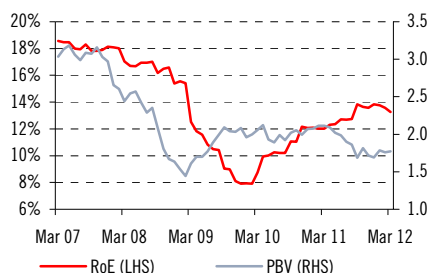
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	7.5	14.4	-11.3	6.4	7.4	-11.5	13.3	1.8	4.8
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

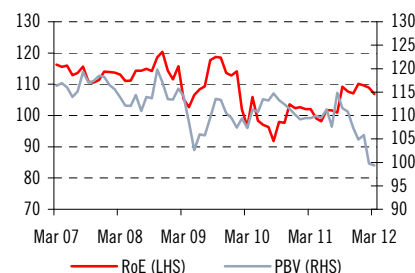
No P/BV premium anymore

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

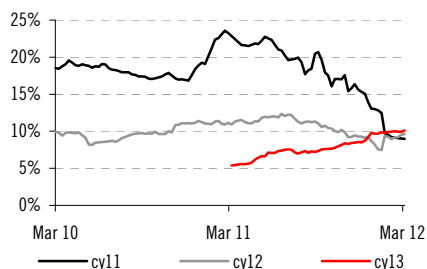


Source: CIRA, MSCI, Factset

Earnings

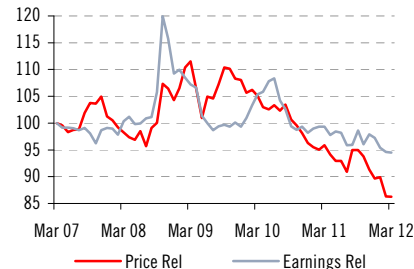
Weakening earnings momentum

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
BHP Billiton	AU	1	13.1	115	8.8	Westfield Group	AU	1	2.3	20	13.3
Comm Bk of Aus	AU	2	9.3	82	11.0	CSL Ltd	AU	1	2.2	19	17.2
Westpac	AU	2	7.8	69	10.5	QBE Insurance	AU	2	1.9	16	11.2
ANZ Banking Grp	AU	2	7.2	63	10.3	Origin Energy	AU	1	1.7	15	15.7
NAB	AU	2	6.4	56	9.2	Telstra Corp	AU	2	1.7	15	11.2
Woolworths Ltd	AU	1	3.7	33	13.7	Santos	AU	1	1.6	14	21.4
Wesfarmers Ltd	AU	2	3.5	31	14.4	AMP Ltd	AU	2	1.4	13	13.1
Rio Tinto	AU	1	3.3	30	8.3	Suncorp Metway	AU	1	1.3	11	10.4
Newcrest Mining	AU	1	2.7	24	12.8	Brambles	AU		1.2	11	15.3
Woodside	AU	1	2.6	23	14.1	Orica	AU	1	1.2	11	13.9

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Emerging Markets

Overweight

Weight in MSCI AC World 12.9%
Market Cap (US\$) 3,690 Bn

Country Weight Breakdown (top 10)

China	17.2%
Korea	15.1%
Brazil	14.8%
Taiwan	11.0%
South Africa	7.6%
Russia	6.8%
India	6.5%
Mexico	4.7%
Malaysia	3.4%
Indonesia	2.7%

After the best Q1 for Emerging Market Equities for 20 years, we are almost halfway to our year-end target of 1,225 on MSCI GEMs. We see a further 15-20% upside and remain bullish on the asset class for 2012. Doubts have begun to creep in during March, particularly with respect to China, where we expect GDP growth to bottom at around 8% in Q1/Q2 with a strong acceleration after mid-year. As the macro data turn and monetary policy is eased further (via RRR cuts), we expect investors to feel much better about China by mid-year. Also, supporting further gains in EM equities are: i) the end of the broader global growth downgrade process; ii) signs of an upturn in earnings momentum; iii) ample liquidity provision, including from many large EM central banks, which continue to ease monetary policy; and iv) attractive valuations at 11.8x trailing earnings (vs. a recent average of 14.8x). We remain Overweight in Asia, the growth attributes of which should be attractive in Q2 as the global economy begins to rebound, and Neutral in Latin America. Our Overweight markets are Korea (top pick), Peru, South Africa, Brazil and China. Our favoured sectors are Financials (top pick), Consumer Discretionary and Energy, which we now prefer to Materials. **(Strategist: Geoffrey Dennis)**

Strategists' Views

MSCI EM(\$) Target end 2012: 1225
Level at end of 1Q12: 1041
Expected Gain: 18%

Overweight

Energy
Consumer Disc.
Financials

Asia

Neutral

Materials
Industrials
IT

Latin America

Underweight

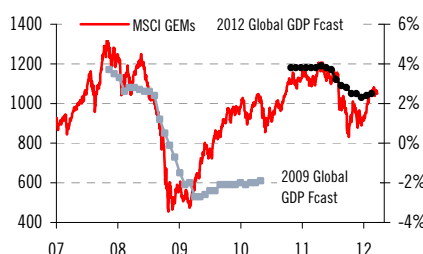
Consumer Staples
Health Care
Telecoms
Utilities

CEEMEA

Strategists' Favourite Chart

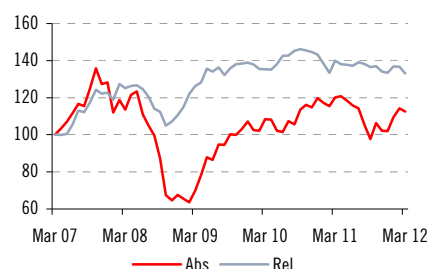
Upturn in Citi Global GDP Forecasts for 2012

Citi Global GDP Forecasts and EM Equities



Source: CIRA, MSCI, Datastream

Price Performance Abs & Relative (Loc)

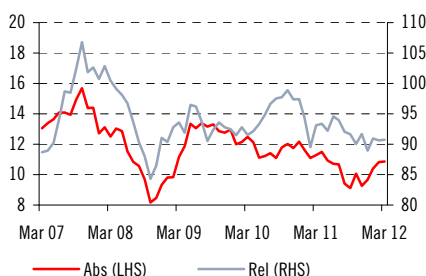


Source: CIRA, MSCI, Factset

Global Context

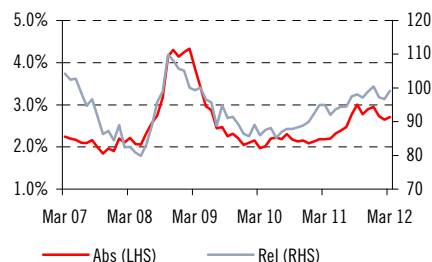
Fwd PE at 10% discount

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	11.6	10.6	9.5	10.2	8.6	12.6	6.8	1.5	2.8
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

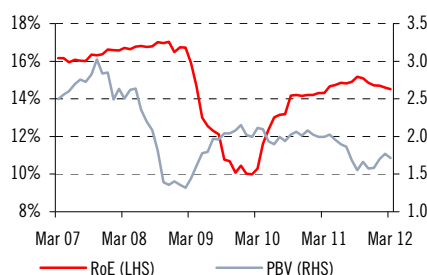
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	13.6	18.3	-11.1	10.3	15.2	-6.4	14.5	1.7	2.7
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

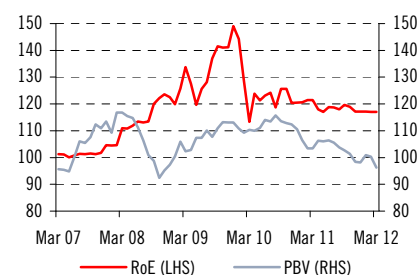
P/BV rel close to 2008-09 low

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

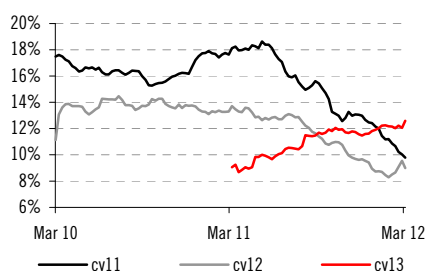


Source: CIRA, MSCI, Factset

Earnings

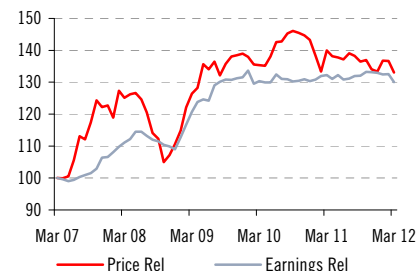
Relative earnings momentum weakening recently

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Samsung Elec	KR	1	3.4	124	9.7	ICBC	CN	1	1.1	39	6.0
TSMC	TW	1	1.9	71	14.6	CNOOC	CN	1	1.0	37	8.3
China Mobile	CN	1	1.8	66	10.8	Hon Hai Precision	TW	1	1.0	35	11.4
Gazprom	RU	2	1.8	66	3.2	Bradesco	BR	1	0.9	33	9.7
Petrobras-A	BR	1	1.5	54	8.2	Hyundai Motor	KR	1	0.9	32	6.8
America Movil	MX	1	1.3	49	11.0	AmBev	BR		0.8	31	22.3
CCB	CN	1	1.3	46	6.2	Lukoil	RU	1	0.8	31	4.3
Vale (Pref)	BR	1	1.2	46	5.5	Vale	BR	1	0.8	31	6.0
Restricted	BR		1.2	44	9.4	MTN Group Ltd	ZA	1	0.8	30	10.6
Petrobras	BR	1	1.1	40	8.5	PetroChina	CN	1	0.8	30	10.0

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Asia Pacific ex Japan

Overweight

Weight in MSCI AC World 12.4%
Market Cap (US\$) 3,548 Bn

Country Weight Breakdown

China	17.9%
Korea	15.7%
Taiwan	11.5%
Hong Kong	8.4%
India	6.7%
Singapore	5.3%
Malaysia	3.5%
Indonesia	2.8%
Thailand	2.1%
Philippines	0.8%

The region was up 12% in 1Q12, outperforming global equities. Near term the outlook is more neutral than overtly bullish. Based on the 5 indicators which drive our markets, things are more finely balanced now than they were in either October or January. Yes, valuations remain very attractive, yes earnings revisions are positive. Sentiment is now neutral in Asia ex towards equities. Liquidity is plenty but not shifting. There is money (neutral), however central banks balance sheets are showing decelerating growth (negative). We've never seen a bull market in Asia ex without CB balance sheet expansion. The final negative is the economic surprise index, where the degree of positive surprises has slowed. On the back of this we expect market progression to slow compared to what we've seen since October. A stronger US\$ would be negative for Asia ex, but very bullish for Japan, which is the cheapest market in Asia on P/BV by a wide margin. If EPS revisions roll over again this would add to the cap in markets now placed by CBs' lack of balance sheet expansion. Our year-end target (set in November) remains at 585 for MXASJ, which suggests 12% upside from current levels. We remain overweight Hong Kong vs. China, Korea and Taiwan. Most attractive market in ASEAN is Singapore. **(Strategist: Markus Rosgen)**

Strategists' Views

MSCI AC AsiaJP(\$) Target end 2012: 585
Level at end of 1Q12: 520
Expected Gain: 12%

Overweight

Energy
Industrials
Financials
IT

Hong Kong
South Korea
Taiwan

Neutral

Telecoms

Underweight

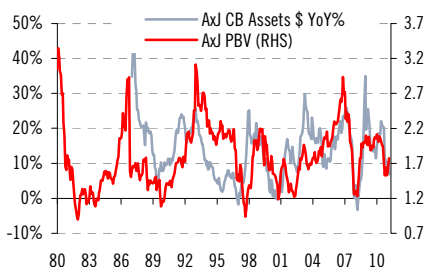
Materials
Consumer Disc.
Consumer Staples
Utilities

China, Philippines
India, Singapore
Indonesia, Thailand
Malaysia

Strategists' Favourite Chart

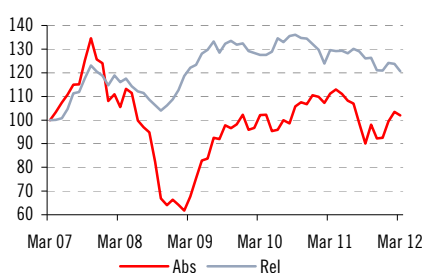
Rate of Central Banks' balance sheet expansion hasn't picked up

Central Bank Assets vs Valuation



Source: CIRA, Haver, CEIC

Price Performance Abs & Relative (Loc)

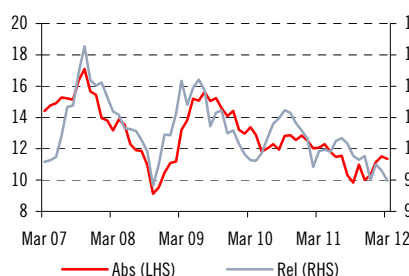


Source: CIRA, MSCI, Factset

Valuation

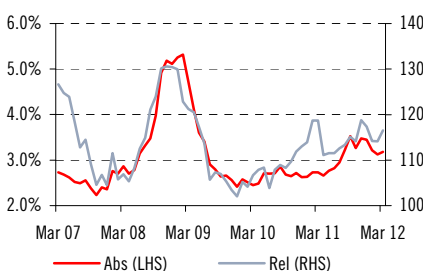
5% discount on Fwd PE

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	12.9	11.7	10.4	4.3	11.0	13.6	7.5	1.6	3.2
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

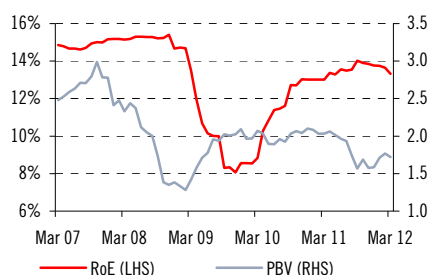
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	11.9	16.3	-9.6	10.3	13.2	-8.3	13.3	1.7	3.2
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

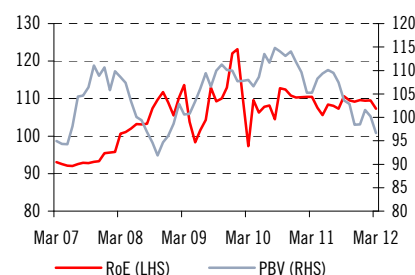
Discount on P/BV, premium on RoE

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

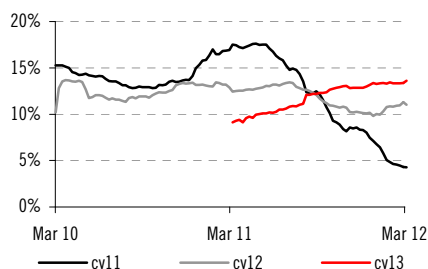


Source: CIRA, MSCI, Factset

Earnings

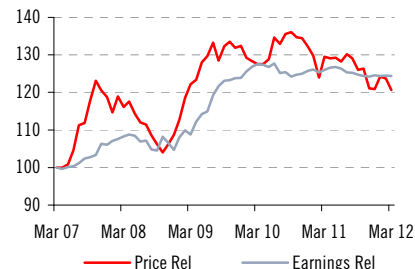
Relative earnings momentum stable

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Samsung Elec	KR	1	3.5	124	9.7	Tencent	CN	1	0.8	28	23.2
TSMC	TW	1	2.0	71	14.6	BoC	CN	2	0.8	27	5.4
China Mobile	CN	1	1.9	66	10.8	Infosys Tech	IN	2	0.7	24	16.9
CCB	CN	1	1.3	46	6.2	POSCO	KR	1	0.6	22	8.2
ICBC	CN	1	1.1	39	6.0	Hutchison Wham	HK	2	0.6	21	13.6
CNOOC	CN	1	1.0	37	8.3	SingTel	SG	2	0.6	20	12.4
Hon Hai Precision	TW	1	1.0	35	11.4	Restricted	SG		0.6	20	11.3
Hyundai Motor	KR	1	0.9	32	6.8	China Life	CN	2	0.5	19	13.3
AIA Group	HK	1	0.9	31	16.7	Reliance Industries	IN	1	0.5	19	10.8
PetroChina	CN	1	0.8	30	10.0	UOB	SG	3	0.5	18	11.9

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Latin America

Neutral

Weight in MSCI AC World 3.0%
Market Cap (US\$) 855 Bn

Country Weight Breakdown

Brazil	64.1%
Mexico	20.5%
Chile	7.9%
Colombia	4.7%
Peru	2.8%

The external environment has proved less onerous to Latam's macro outlook than feared. If anything, rising inflation expectations and bond yields would be a bigger source of concern than slower growth. The much discussed Latam equity market decline in March (-3.5%) is entirely attributable to currency depreciation and Brazil's FX policy, in particular. Nonetheless, the rising tide is no longer lifting all boats. This new lack of breadth, and a modest rise in yields, suggests that the rally, now into its sixth month, has reached adolescence. The liquidity argument and the decision to be risk-on or risk-off remain paramount still. And to be clear, we are constructive, expecting 15-20% returns to year end. However, we recently moved sector allocations more defensively, raising Telecoms to Overweight (alongside Financials) and lowering Materials to Underweight. In addition, at this stage of the cycle, bottom-up analysis and alpha become increasingly relevant. Earnings growth forecasts have turned up in recent weeks, particularly for select domestic sectors. Look for pockets of value. Among countries, Brazil remains most attractive on a cyclically adjusted PE (CAPE), PB and DY. Reform in Mexico ahead of the July 1 election is anything but a done deal. Further protectionism within the region, including competitive devaluations, is a potential problem. **(Strategist: Jason Press)**

Strategists' Views

MSCI EM LATAM(\$) Target end 2012: 4900
Level at end of 1Q12: 4108
Expected Gain: 19%

Overweight

Financials
Telecoms

Brazil
Peru

Neutral

Energy
Consumer Disc.
Consumer Staples
IT
Utilities

Chile

Underweight

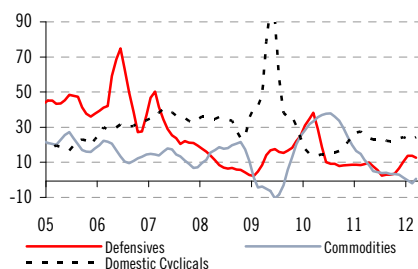
Materials
Industrials
Health Care

Colombia
Mexico

Strategists' Favourite Chart

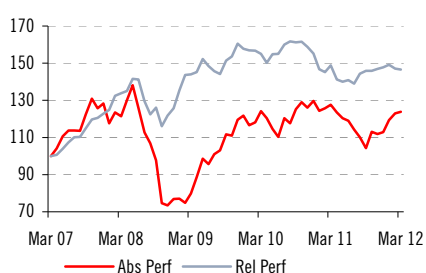
Domestic cyclicals with highest expected EPS growth

Latam 12M Forward Consensus Growth by Sectors



Source: CIRA, MSCI, Datastream, IBES

Price Performance Abs & Relative (Loc)

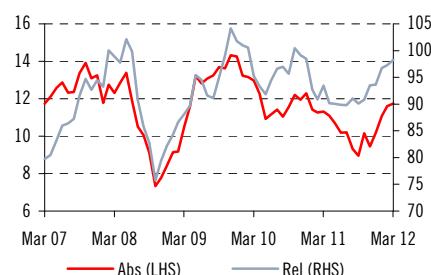


Source: CIRA, MSCI, Factset

Valuation

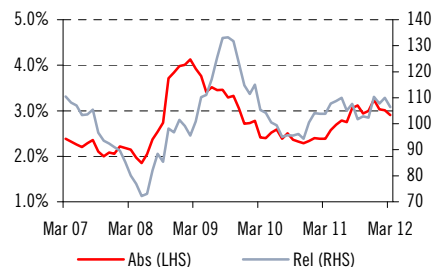
Fwd PE discount has been narrowing

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	12.7	12.1	10.7	8.6	5.4	12.2	6.7	1.9	3.1
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

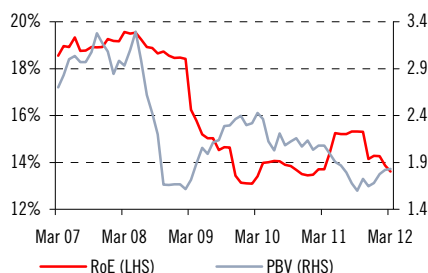
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	14.0	22.9	-11.3	9.7	18.8	-3.0	13.6	1.8	2.9
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

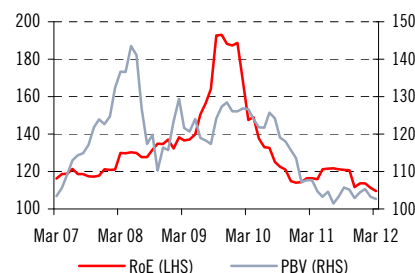
PBV and RoE

Premium on P/BV and RoE

RoE and PBV - Absolute



RoE and PBV - Relative



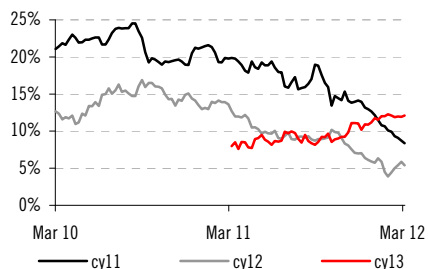
Source: CIRA, MSCI, Factset

Source: CIRA, MSCI, Factset

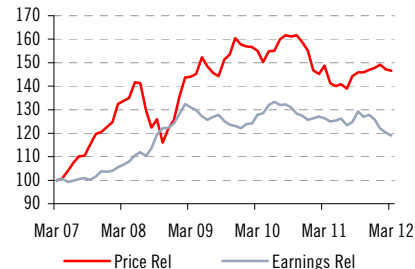
Earnings

Relative earnings momentum weakening

Growth Forecast Trends



Relative Earnings/Price Momentum



Source: CIRA, Factset Consensus

Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Petrobras-A	BR	1	6.3	54	8.2	Ecopetrol	CO	2	1.7	15	10.8
America Movil	MX	1	5.8	49	11.0	Itausa Inv Itau	BR		1.7	14	8.1
Vale (Pref)	BR	1	5.3	46	5.5	Perdigao SA	BR	2	1.5	13	14.8
Restricted	BR		5.1	44	9.4	Grupo Mexico	MX	2	1.4	12	9.8
Petrobras	BR	1	4.6	40	8.5	BMF Bovespa	BR		1.4	12	12.6
Bradesco	BR	1	3.9	33	9.7	Grupo Televisa	MX	1	1.3	11	18.1
AmBev	BR		3.6	31	22.3	OGX	BR	1H	1.3	11	74.6
Vale	BR	1	3.6	31	6.0	Telefonica	BR	2	1.1	9	12.2
Wal-Mart Mexico	MX		2.4	21	27.5	CEMIG	BR	1	1.1	9	11.6
FEMSA	MX		1.9	16	20.6	Credicorp	PE	1	1.0	9	13.1

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

CEEMEA

Underweight

Weight in MSCI AC World 2.3%
Market Cap (US\$) 669 Bn

Country Weight Breakdown

South Africa	41.4%
Russia	37.1%
Poland	7.7%
Turkey	7.6%
Egypt	1.9%
Czech Republic	1.8%
Hungary	1.7%
Morocco	0.8%

CEEMEA has delivered solid USD returns of 15% in 1Q12, driven by Egypt, Turkey, Hungary and Russia. Russia's outperformance was largely a function of the oil price and a lack of new political surprises, following an uneventful presidential election. By contrast, the Turkey/Hungary rally was driven more by improved risk appetite and liquidity conditions from the LTRO boost. Volatile Egypt saw a rebound in sentiment from depressed levels, although big political hurdles remain there. Looking forward, there is reason to be cautious on the outlook across CEEMEA. Weaker GDP growth prospects compared with EM, higher exposure to the Eurozone, and weaker earnings growth could all weigh on the outlook. Balancing this is valuation: the region remains attractively valued relative to other EM regions as well as to its own history, with the dividend yield looking particularly appealing. Key will be commodity price trends and risk appetite towards peripheral European markets. Our preferred market is South Africa thanks largely to its strong and resilient earnings growth outlook. We have a Neutral view on Russia due to oil price risks. We are also Neutral on Egypt; and we are Underweight CE3 markets Hungary, Poland and Czech Republic, as well as Turkey. **(Strategist: Andrew Howell)**

Strategists' Views

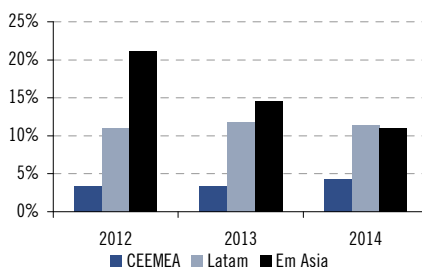
MSCI EM EMEA(\$)
Target end 2012: 350
Level at end of 1Q12: 350
Expected Gain: 0%

Overweight	Neutral	Underweight
Energy	Industrials	Materials
Consumer Disc.	Financials	Health Care
Consumer Staples	IT	Utilities
Telecoms		
South Africa	Russia	Turkey
	Egypt	Poland
		Czech Rep., Hungary

Strategists' Favourite Chart

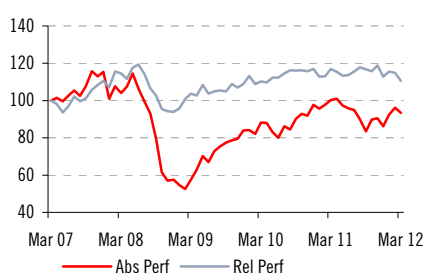
Uninspiring EPS growth forecasts for CEEMEA

Consensus EPS Growth for EM Regions



Source: CIRA, Datastream, IBES

Price Performance Abs & Relative (Loc)

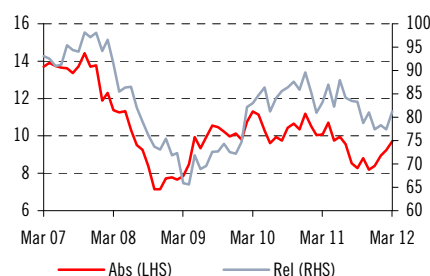


Source: CIRA, MSCI, Factset

Valuation

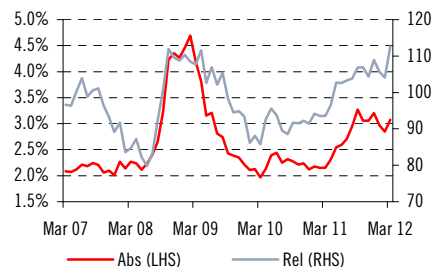
Dividend yield rel at 5-yr high

12Mth Forward PE



Source: CIRA, MSCI, Factset

Dividend Yield



Source: CIRA, MSCI, Factset

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Region	8.0	8.1	7.5	32.5	-2.2	6.9	5.7	1.4	3.5
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

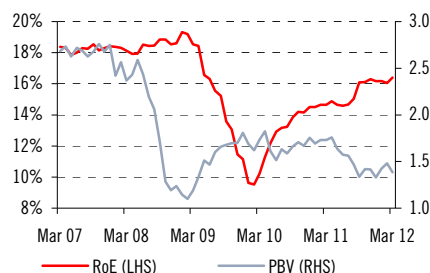
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Region	15.4	18.2	-14.7	8.3	12.0	-6.9	16.4	1.4	3.1
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

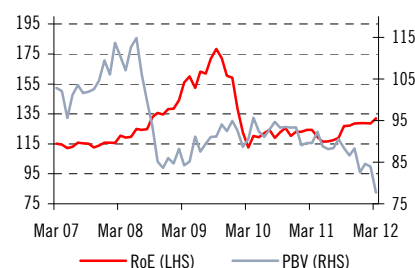
Large discount on P/BV

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

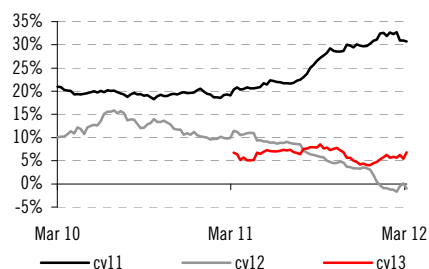


Source: CIRA, MSCI, Factset

Earnings

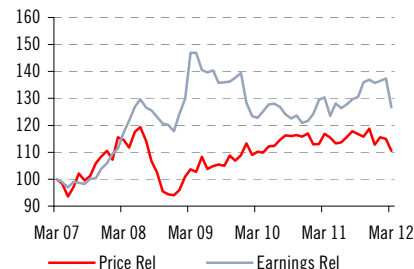
Uninspiring growth prospects for 2012 and 2013

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Gazprom	RU	2	9.8	66	3.2	Uralkali	RU	2	1.6	11	11.6
Lukoil	RU	1	4.6	31	4.3	Impala Platinum	ZA	1	1.5	10	13.0
MTN Group Ltd	ZA	1	4.5	30	10.6	Gold Fields	ZA	3	1.5	10	6.2
Sberbank	RU	1	4.2	28	6.9	Mobile Telesystems	RU	1	1.4	9	10.5
Sasol	ZA	1	3.9	26	7.7	Tatneft	RU	2	1.4	9	7.0
Naspers	ZA	1	3.2	22	19.3	Norilsk	RU	2	1.3	9	7.0
Standard Bank	ZA	2	2.6	17	10.9	FirstRand	ZA	2	1.3	9	10.1
AngloGold Ashanti	ZA	2	2.1	14	7.2	Garanti Bankasi	TR	1	1.2	8	9.3
Novatek	RU	2	1.8	12	16.2	Sanlam	ZA	1	1.2	8	11.8
Rosneft	RU	2	1.7	11	6.5	Magnit	RU	1	1.1	8	25.7

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

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Sectors – Level 1

Please refer to pages 98 and 99 for how to read this section

Data in Charts and Tables as of 30th of March 2012

Stock recommendations as of 10th of April 2012

Energy

Neutral

Weight in MSCI AC World 11.4%
Market Cap (US\$) 3,244 Bn

Regional Weight Breakdown

- US 46.4%
- Emerging Markets 16.0%
- UK 14.6%
- Europe x UK 9.8%
- Dev Asia 1.8%
- Japan 1.2%

Industry Group Weight Breakdown

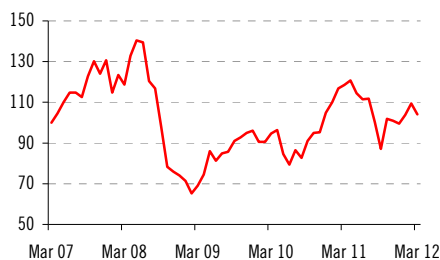
- Energy 100.0%

The global Energy sector was up 5% through 1Q12, underperforming the global benchmark by 7%, which is a little surprising against a backdrop of rising oil prices (+14% for Brent), but can be partly attributed to weak 4Q reporting and the continued decline in US gas (-36% YTD). Valuations now look to offer some support. P/B is at c10% discount to the market, while ROE is at c10% premium. Our expectation is for a generally robust 1Q reporting season, particularly for developed market companies. We think the best value lies within Europe (ex-UK), US large-cap and Russia (as has been for some time). We also continue to highlight the potential of Oilfield Services, particularly outside of North America, where rising broader industry capital investment seems like a necessary requirement for the global economy as the world needs access to affordable energy. Consolidation is expected to be a key element of investment performance in 2012; for that reason our long-bias sits with many of the companies that look well-positioned on the cost-curve. We see Apache, BG, Anadarko, Inpex, Gazprom and Santos as key Buys. **(Sector Analyst: Alastair Syme)**

Performance

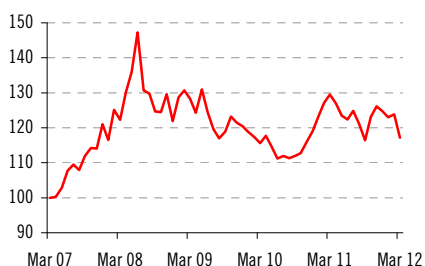
Worst cyclical sector in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

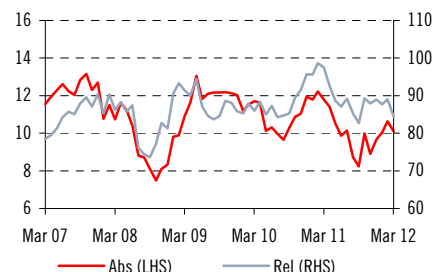


Source: CIRA, MSCI, Factset

Valuation

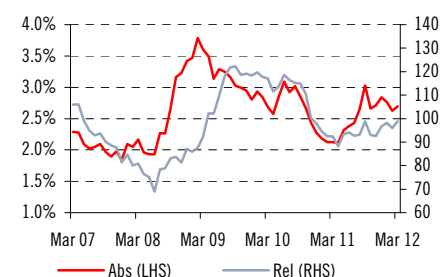
c15% discount on Fwd PE

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

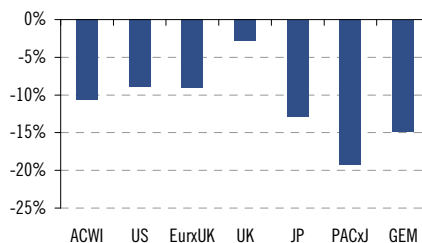


Source: CIRA, MSCI, Factset

Regional Breakdown

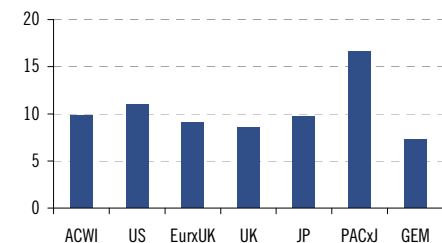
GEM the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Sector	10.1	9.9	9.0	26.4	1.9	9.9	5.8	1.2	2.7
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

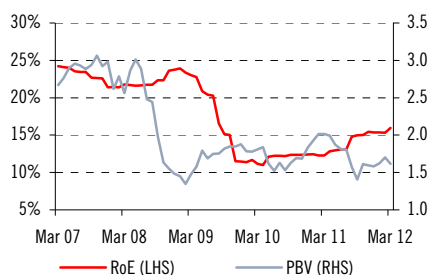
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	4.5	19.5	-12.2	3.1	18.0	-10.6	16.0	1.6	2.7
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

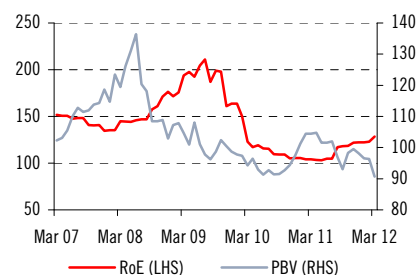
Relative RoE going up, P/BV coming down

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

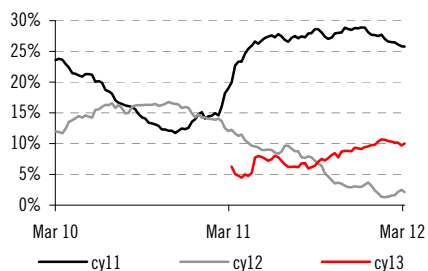


Source: CIRA, MSCI, Factset

Earnings

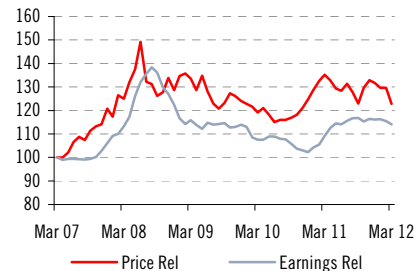
Only 2% EPS growth expected for 2012

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
ExxonMobil	US	1	12.8	416	10.3	Gazprom	RU	2	2.0	66	3.2
Chevron	US	1	6.6	214	8.2	ENI	IT	1	1.7	56	7.8
BP	GB	2	4.3	140	6.5	Petrobras-A	BR	1	1.7	54	8.2
RD Shell Class A	GB	2	3.9	127	7.4	Suncor Energy	CA		1.6	51	9.4
Total	FR	3	3.3	108	7.0	Petrobras	BR	1	1.2	40	8.5
ConocoPhillips	US	2H	3.0	96	8.9	Anadarko Petro	US	1	1.2	39	18.7
Schlumberger Ltd	US	1	2.9	94	14.1	Apache	US	1	1.2	39	7.7
RD Shell Class B	GB	2	2.9	94	7.6	CNOOC	CN	1	1.1	37	8.3
BG	GB	1	2.4	79	14.9	Canadian Nat'l	CA	1	1.1	36	10.4
Occidental	US	2	2.4	77	10.8	National Oilwell Varco	US	1	1.0	34	12.9

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Materials

Neutral

Weight in MSCI AC World 7.9%
Market Cap (US\$) 2,257 Bn

Regional Weight Breakdown

Emerging Markets	21.2%
US	21.0%
Europe x UK	17.1%
UK	12.3%
Dev Asia	10.2%
Japan	7.2%

Industry Group Weight Breakdown

Materials	100.0%
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The global Materials sector is made up of Mining and Chemical companies. Mining companies were only up by 5% in 1Q12 and continued to be the worse performer. Margins and returns of the mining sector have peaked and the sector now faces headwinds of higher inflation, oil prices, operating costs, taxation, royalties and capex. We don't see scope for the sector to re-rate on a PE basis as capex/depreciation is now 4x while current D&A is based on old book values - negative earnings revisions are to come. Based on value in use, copper intensity in China is already ahead of most of the developed world; prices should come down for consumption to increase further. Meanwhile Chemical producers are pushing for higher prices on the back of elevated oil prices and have mostly been successful. Following a period of modest restocking, however, some buyers in select product chains appear more cautious. Regional margins are mixed, as European and Asian producers are coping with higher oil prices, while US petrochemical profitability remains advantaged due to cheap natural gas. Our top picks include BHP Billiton, Rio Tinto, ArcelorMittal, ENRC, DOW, ALB, Arkema, DSM, China BlueChemicals. **(Sector Analysts: PJ Juvekar, Heath Jansen)**

Performance

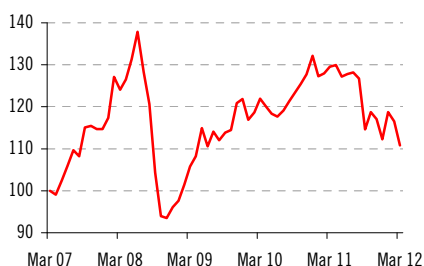
Underperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

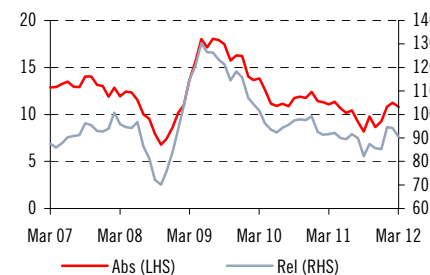


Source: CIRA, MSCI, Factset

Valuation

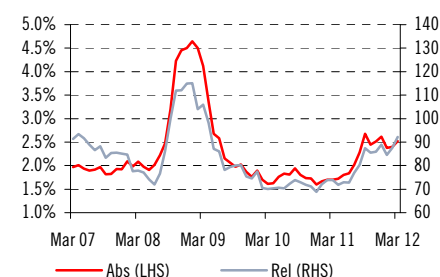
10% discount on Fwd PE

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

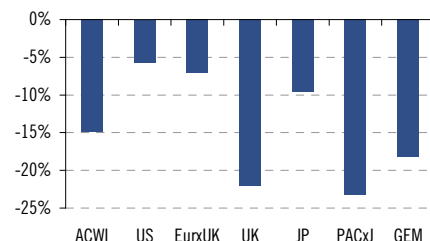


Source: CIRA, MSCI, Factset

Regional Breakdown

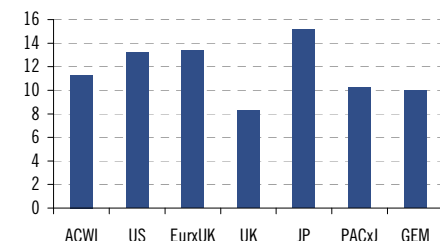
UK the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Sector	11.8	11.3	9.7	18.0	4.1	16.9	7.1	1.5	2.5
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

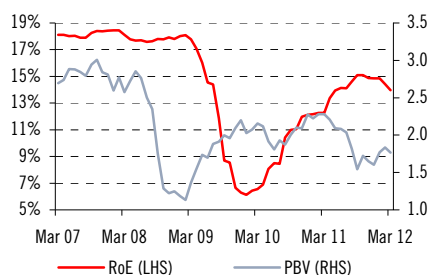
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	9.8	14.8	-17.1	8.3	12.9	-14.9	14.0	1.8	2.5
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

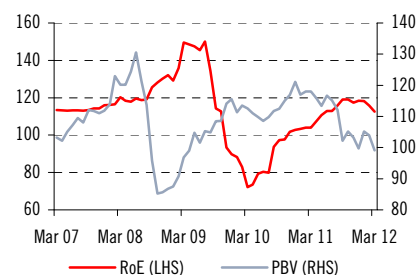
Higher RoE, in-line P/BV

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

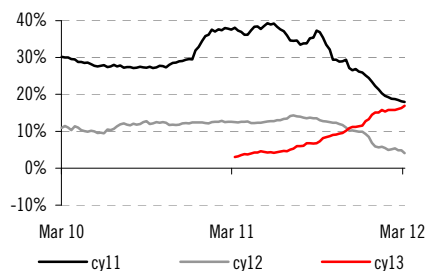


Source: CIRA, MSCI, Factset

Earnings

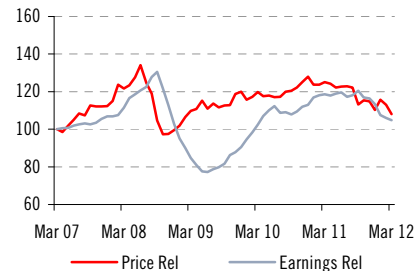
Weak relative earnings momentum

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
BHP Billiton	AU	1	5.1	115	8.8	Potash Saskatchewan	CA	1	1.7	39	12.3
BASF	DE	2	3.6	80	11.0	Air Liquide	FR	2	1.7	38	17.0
Rio Tinto	GB	1	3.3	76	6.9	Goldcorp	CA	1	1.6	36	16.3
BHP Billiton	GB	1	2.9	64	7.3	Freeport McMoran	US	2	1.6	36	8.4
Anglo American	GB	2	2.2	49	7.3	Restricted	GB	1	1.6	35	8.6
DuPont	US	2	2.2	49	12.1	Praxair	US	1	1.5	34	19.0
Vale (Pref)	BR	1	2.0	46	5.5	Syngenta	CH	2	1.4	33	15.6
Barrick Gold	CA	1	1.9	43	8.3	Vale	BR	1	1.4	31	6.0
Monsanto	US	1	1.9	43	20.8	Linde	DE	1	1.4	31	16.3
Dow Chemical	US	1	1.8	41	12.1	Rio Tinto	AU	1	1.3	30	8.3

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Industrials

Overweight

Weight in MSCI AC World 10.5%
Market Cap (US\$) 3,000 Bn

Regional Weight Breakdown

US 45.2%
Europe x UK 19.9%
Japan 15.4%
Emerging Markets 8.2%
UK 4.6%
Dev Asia 4.3%

Industry Group Weight Breakdown

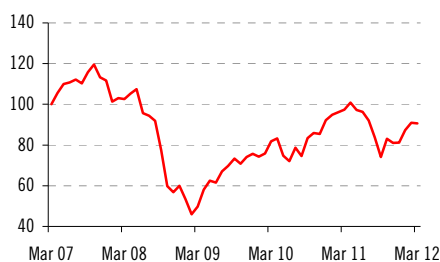
Capital Goods 74.4%
Commercial Services 7.0%
Transportation 18.7%

Industrials has performed roughly in-line with the global benchmark in 1Q12, increasing 12% and extending the 9% gain from 4Q11. The increase in 1Q12 was solid across nearly all regions with double-digit increases for the US, Europe, Asia-Pacific and Latin America. The outperformers were led by Capital Goods, which was up 13.0% while Commercial and Transportation underperformed in 1Q12. In our view, strong performance was driven by moderating negative tail risk as European markets appear to have stabilized, even if the growth outlook remains tepid. US economic data have been supportive of expectations for a sustainable recovery. The earnings growth outlook for the sector is still above the global benchmark's with expectations for an 11% increase in 2012E and 14% growth in 2013E. The sector trades on a 15% premium to global price to book and 5% premium to global 2012E PE. Balance sheets remain strong across the sector and aggregate cash balances are at record levels, a differentiator from the prior recession and a potential offset to any downside risk; M&A is still a large untapped catalyst. Our analysts like General Electric, Siemens, Cummins Inc., Eaton Corp, Ford, Fanuc, THK, Boeing, and EADS. **(Sector Analyst: Deane Dray)**

Performance

In-line performance in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

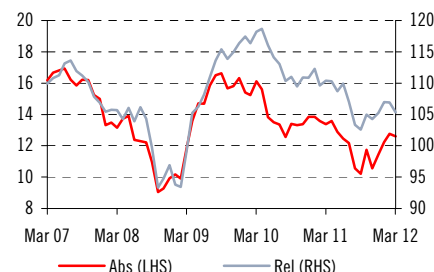


Source: CIRA, MSCI, Factset

Valuation

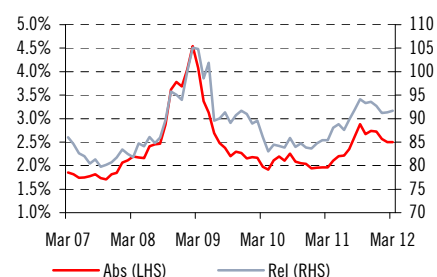
5% premium on Fwd PE

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

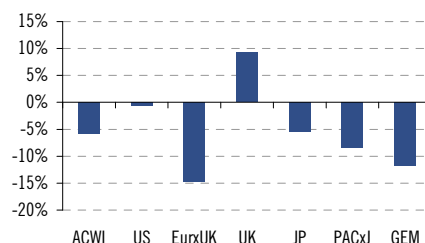


Source: CIRA, MSCI, Factset

Regional Breakdown

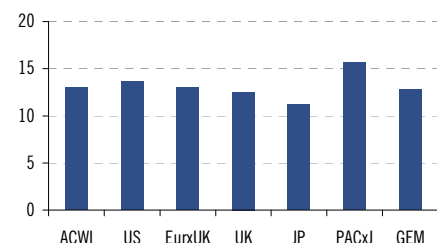
Japan the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Sector	14.5	13.1	11.4	11.2	11.0	14.1	8.4	1.3	2.5
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

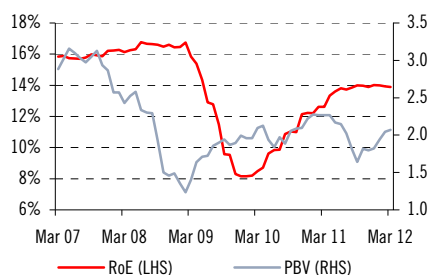
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Sector	11.8	22.2	-6.9	11.8	22.7	-5.7	13.9	2.1	2.5
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

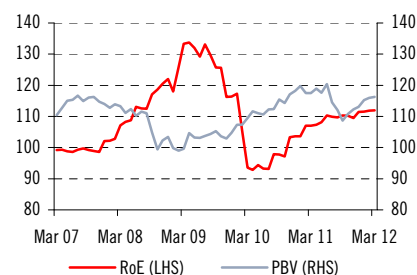
15% P/BV premium

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

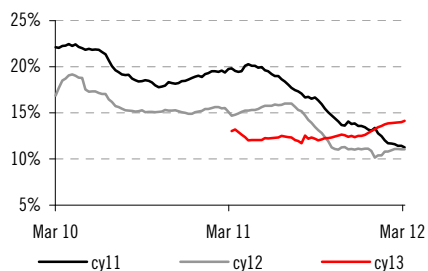


Source: CIRA, MSCI, Factset

Earnings

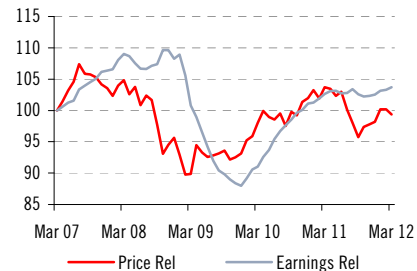
Relative earnings momentum improving recently

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
General Electric	US	1	7.1	212	12.6	Emerson Electric	US	1	1.3	38	13.9
Siemens AG	DE	1	2.8	83	11.0	Canadian Nat Rly	CA	2	1.2	35	14.5
United Tech	US	2	2.4	71	14.1	Fanuc Ltd	JP	1	1.1	34	18.5
Caterpillar Inc	US	2	2.3	69	10.7	Deere and Co	US	1	1.1	33	9.8
3M Co	US	2	2.0	59	13.8	Mitsubishi Corp	JP		1.1	33	6.6
United Parcel	US	1	1.9	58	16.0	Danaher Corp	US	1	1.1	33	16.5
The Boeing Co	US	1	1.8	53	15.6	Schneider Elec	FR	3	1.1	32	12.0
Union Pacific	US	1	1.7	52	12.8	Mitsui & Co Ltd	JP		1.0	29	5.6
ABB	CH	1	1.5	45	13.1	Fedex Corp	US	1	0.9	28	12.6
Honeywell Intl	US	1	1.5	45	13.4	Komatsu	JP	2	0.9	27	11.4

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Consumer Disc.

Underweight

Weight in MSCI AC World 10.5%
Market Cap (US\$) 2,989 Bn

Regional Weight Breakdown

US 50.8%
Japan 15.5%
Europe x UK 15.0%
Emerging Markets 9.8%
UK 4.8%
Dev Asia 2.5%

Industry Group Weight Breakdown

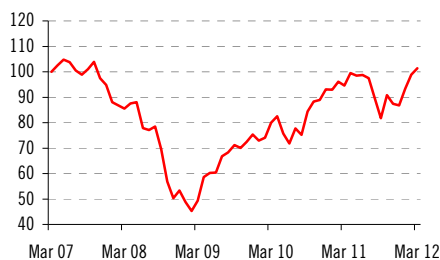
Autos & Components 25.0%
Consumer Durables 14.1%
Consumer Services 14.1%
Media 21.2%
Retailing 25.6%

Consumer Discretionary was the second best performing sector in 1Q12 (+17%), outperforming the global benchmark by 6%. Continental Europe and Japan outperformed the broad sector. Autos and Consumer Durables were the best performing industries. Consumer Discretionary EPS is expected to grow by 20% this and next year. However, strong performance (sector outperformed in 11 out of last 13 quarters), has made the sector the most expensive among the cyclicals. We have a cautiously optimistic outlook for the broadline retailers for the rest of the year. We expect the "Consumer Hourglass" to play out as the high-end consumer continues to improve and the low-income consumer stabilizes. As such, luxury goods companies should continue to outperform in 2012. Media stocks are facing two years of negative EPS growth due to challenging ad market and tepid consumer spending. We are cautiously positive on Autos. Despite its sensitivity to economic uncertainty, 70% of the market cap in big German names generate more than 50% of their sales outside of Europe. We remain focused on structural growth in EMs/recovery from a very low base of US demand. We are also positive on aftermarket orientated tire stocks with raw material tailwinds. **(Sector Analyst: Deborah Weinswig)**

Performance

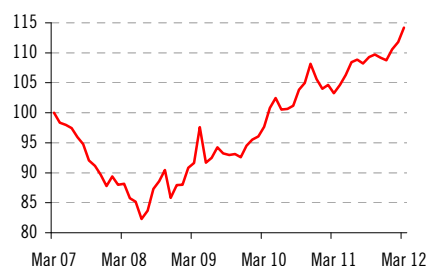
Outperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

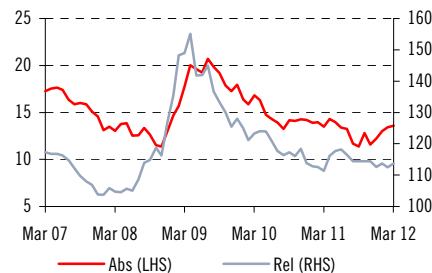


Source: CIRA, MSCI, Factset

Valuation

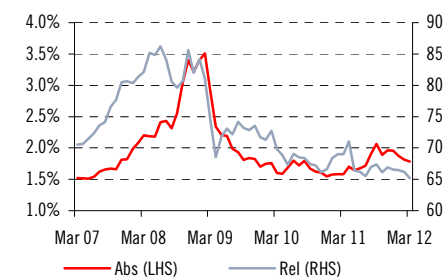
Relative dividend yield at 5-yr low

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

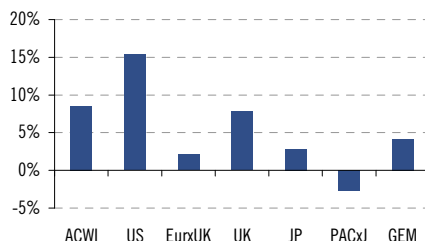


Source: CIRA, MSCI, Factset

Regional Breakdown

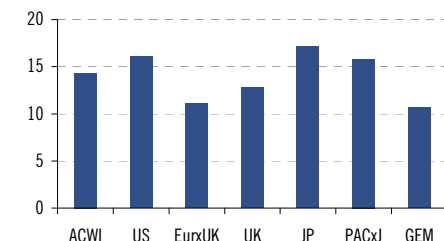
Europe & GEMs the cheapest on fwd PE

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Sector	17.2	14.3	12.0	9.6	20.1	19.8	7.2	1.3	1.7
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

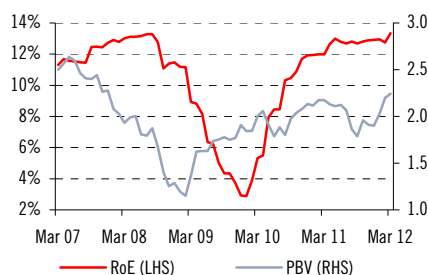
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	16.8	24.1	7.3	17.0	24.6	8.5	13.3	2.2	1.8
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

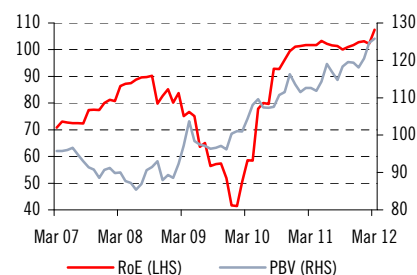
P/BV premium keeps widening

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

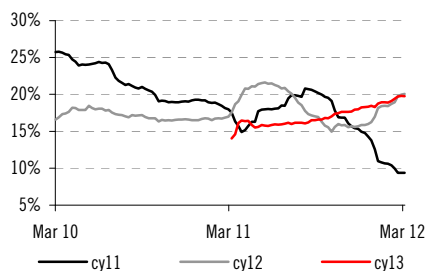


Source: CIRA, MSCI, Factset

Earnings

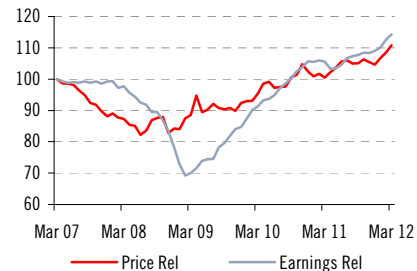
Strong earnings momentum

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Toyota Motor	JP	2	4.0	120	14.9	Starbucks	US	1	1.4	42	27.0
McDonald's	US	2	3.4	100	16.7	Lowe's	US	2	1.3	40	16.5
Home Depot Inc	US	1	2.6	78	17.2	Nike Inc	US	1	1.3	38	19.1
Walt Disney Co	US	1	2.5	75	13.7	Time Warner	US	1	1.3	38	11.4
Amazon.com Inc	US	1	2.5	74	124.0	Target Corp	US	1	1.2	37	13.5
Comcast A	US	1	2.1	63	15.5	Hennes & Mauritz	SE	1	1.2	37	21.2
Honda Motor	JP	2	2.1	62	11.1	Priceline.Com	US	1	1.2	36	21.8
Daimler	DE	1	1.8	55	8.3	DirecTV	US	1	1.2	35	10.7
Ford Motor	US	1H	1.5	44	8.2	News Corp	US	1	1.1	34	12.2
LVMH	FR	1	1.5	44	17.6	YUM! BRANDS	US	2	1.1	33	21.0

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Consumer Staples

Neutral

Weight in MSCI AC World 10.2%
Market Cap (US\$) 2,916 Bn

Regional Weight Breakdown

US	48.3%
Europe x UK	19.2%
UK	13.2%
Emerging Markets	10.1%
Japan	4.7%
Dev Asia	3.1%

Industry Group Weight Breakdown

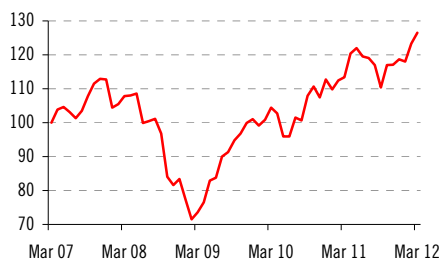
Food & Staples Retailing	21.5%
Food Beverage & Tobacco	62.5%
Household & Personal	16.0%

The global Consumer Staples group has appreciated by 7% in 1Q12, underperforming the broader market by 5%. Stocks in the Emerging Markets have performed better than the Developed Market stocks. Within Developed Markets, Continental European names have been relatively stronger. Overall, we attribute the weakness in the sector to several factors. First, the Consumer Staples group performed very well in 2011 relative to the market, such that the group entered the year with relatively high valuations. As investors rotated into less defensive areas of the market, the Consumer Staples sector served as a source of funds. Second, given the strengthening U.S. dollar, investors have been concerned that reported earnings growth for many of the U.S. companies would be pressured by unfavourable currency translation. Third, there continues to be a heightened level of competitive activity, both in developed and emerging markets (most notably, Brazil, China and India), as more companies fight for market share in those regions. Notwithstanding these issues, strong balance sheets and share repurchases and/or healthy dividend payments should continue to help returns over the long-term. **(Sector Analysts: Deborah Weinswig, Wendy Nicholson)**

Performance

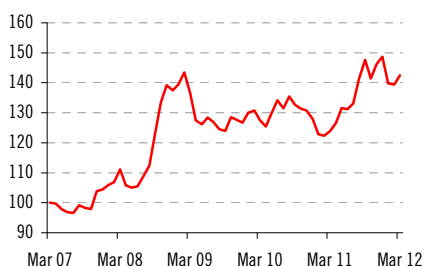
Underperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

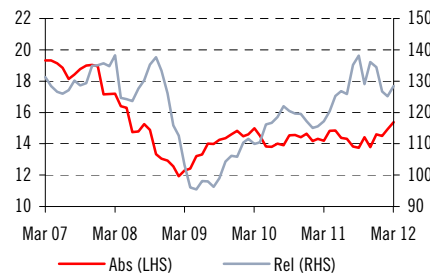


Source: CIRA, MSCI, Factset

Valuation

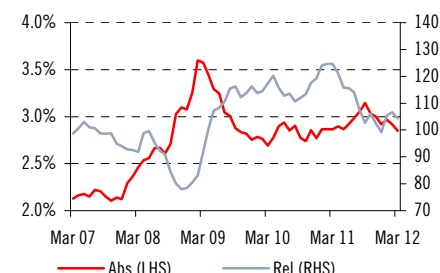
Fwd PE premium has narrowed, but still at c30%

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

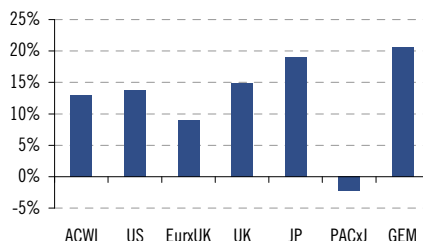


Source: CIRA, MSCI, Factset

Regional Breakdown

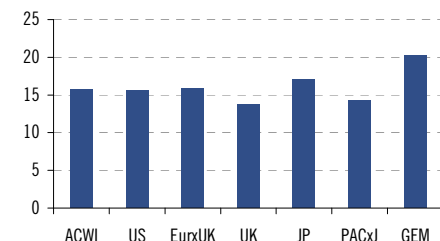
UK the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Sector	17.2	15.7	14.3	6.4	9.3	10.2	9.9	1.5	2.8
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

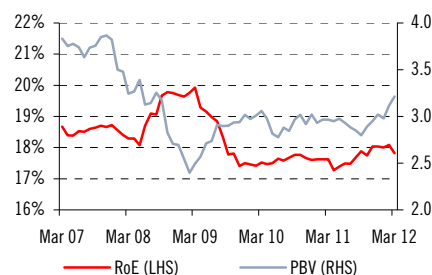
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Sector	6.6	14.6	11.6	5.6	14.0	13.0	17.8	3.2	2.8
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

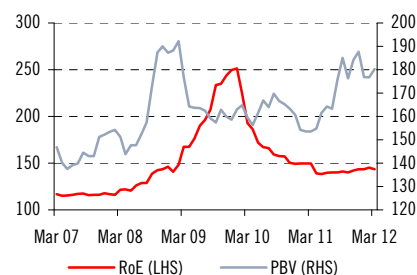
RoE has been stable

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

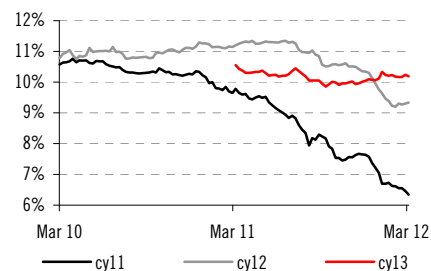


Source: CIRA, MSCI, Factset

Earnings

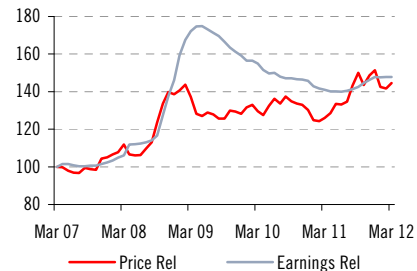
Relative earnings momentum flattening out recently

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Nestle	CH	2	7.1	207	16.8	InBev	BE	1	2.0	59	16.2
Procter & Gamble	US	1	6.3	185	15.6	CVS	US	1	2.0	58	13.3
Philip Morris	US	2	5.3	154	16.2	Unilever NV	NL	2	1.9	55	15.2
Coca-Cola Co	US	1	5.2	151	17.7	Colgate	US	2	1.6	47	17.7
Wal Mart	US	1	4.0	116	12.4	Unilever	GB	2	1.5	42	15.1
Pepsico Inc	US	2	3.6	104	15.9	Tesco	GB	3	1.4	42	9.3
Brit Am Tobacco	GB	2	3.4	99	14.4	Imperial Tobacco	GB	1	1.4	41	11.9
Kraft Foods Inc	US	1	2.2	64	14.7	Danone	FR	2	1.4	41	15.9
Altria Group Inc	US	2	2.2	63	13.8	Costco	US	2	1.3	39	21.9
Diageo	GB	2	2.1	60	15.2	SABMiller	GB	1	1.3	38	16.9

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Health Care

Underweight

Weight in MSCI AC World 8.9%
Market Cap (US\$) 2,538 Bn

Regional Weight Breakdown

US 59.5%
Europe x UK 22.3%
UK 7.8%
Japan 5.4%
Emerging Markets 1.5%
Dev Asia 1.2%

Industry Group Weight Breakdown

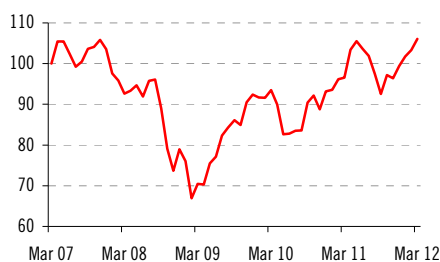
Health Care Equipment & Services 26.0%
Pharma & Biotech 74.0%

The outlook for Global Health Care continues to be a mixed bag for 2012 and has changed little since the start of the year. We are positive on Biotechnology and increasingly optimistic for Pharmaceuticals but hold a more cautious view for Medical Tech and Life Science Tools and Diagnostics. For US focused industries, we remain bullish on Managed Care, CROs, and HCIT in the US and cautious on Facilities. Our optimism for Biotechnology and Pharmaceuticals in the face of rising reimbursement pressure is driven by the dual forces of much improved capital allocation in R&D coupled with increased cash distribution and a more predictable FDA. This change should be enough to offset further downward pressure on reimbursement levels for novel drugs in the EU and the possible overturn of Obamacare by the Supreme Court. For Medical Tech and Life Science Tools & Diagnostics, economic pressures and tighter government spending in developed markets (especially the EU) are the primary headwinds. US trends for managed care (lower utilization) and HCIT (technology capex) are expected to remain positive drivers. Globally, our favoured names are AET, BAY, BMY, CERN, MDT, CSL, HOLX, MD and Astellas. **(Sector Analyst: Andrew Baum)**

Performance

Best defensive sector in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

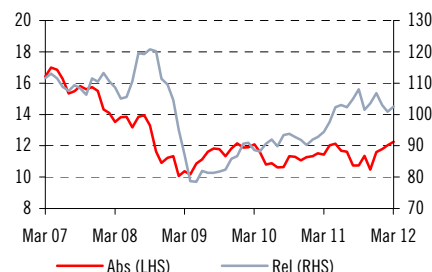


Source: CIRA, MSCI, Factset

Valuation

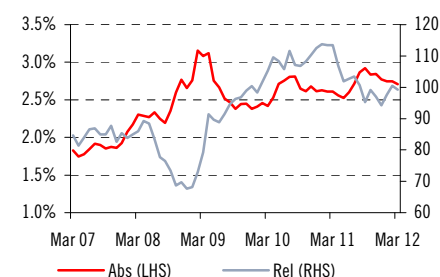
Premium on Fwd PE has narrowed

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

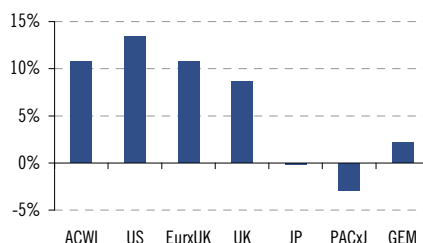


Source: CIRA, MSCI, Factset

Regional Breakdown

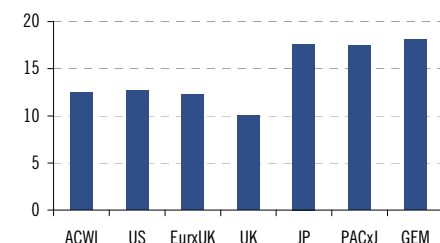
UK the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Sector	12.8	12.5	11.5	9.1	2.9	8.1	8.7	1.9	2.6
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

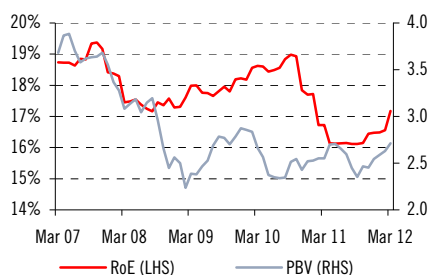
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Sector	6.7	14.7	9.8	6.0	14.7	10.8	17.2	2.7	2.7
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

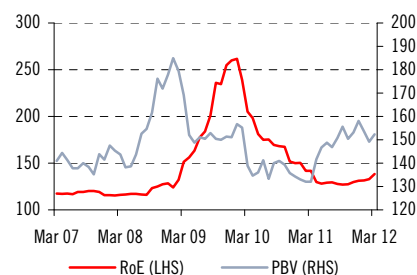
RoE has been improving

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

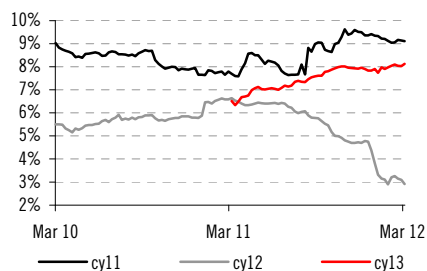


Source: CIRA, MSCI, Factset

Earnings

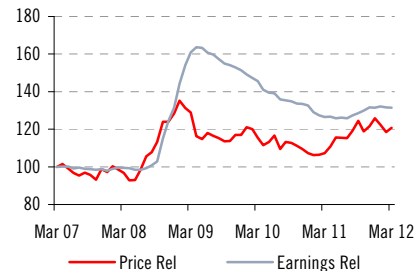
Uninspiring EPS growth for 2012

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Johnson&Johnson	US	1	7.1	180	12.7	Bayer	DE	1	2.3	58	10.4
Pfizer Inc	US	2	6.9	174	9.9	AstraZeneca	GB	2	2.3	58	7.2
Novartis	CH	2	5.1	129	10.1	Bristol Myers	US	1	2.3	57	17.2
Roche	CH	2	4.8	122	11.3	Amgen Inc	US	1	2.1	54	10.9
Merck	US	2	4.6	117	10.2	Eli Lilly and Co	US	2	1.7	42	12.2
GlaxoSmithKline	GB	1	4.4	113	11.2	Teva	IL	1	1.6	42	7.8
Abbott Labs	US	3	3.8	95	12.0	Medtronic Inc	US	1	1.6	41	10.7
Sanofi-Aventis	FR	1	3.5	88	9.8	Gilead Sciences	US	1	1.4	37	12.3
UnitedHealth Grp	US	1	2.5	63	11.8	Takeda Chem	JP	1	1.4	35	19.6
Novo-Nordisk	DK	1	2.3	59	20.9	Celgene Corp	US	1	1.4	34	15.4

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Financials

Neutral

Weight in MSCI AC World 19.5%
Market Cap (US\$) 5,580 Bn

Regional Weight Breakdown

- US 34.3%
- Emerging Markets 15.7%
- Europe x UK 15.3%
- Dev Asia 11.9%
- UK 7.8%
- Japan 7.2%

Industry Group Weight Breakdown

- Banks 45.4%
- Diversified Financials 22.2%
- Insurance 19.3%
- Real Estate 13.1%

Sovereign indebtedness and European banks recapitalisation efforts will likely remain the focus of investor attention in 2Q12. European banks will need to meet the 9% minimum capital threshold set as part of the bank stress tests by June 30th. Against this background, we expect topline growth to be held back by deleveraging and weak demand. While the recent ECB liquidity operations have added more than €1tn of liquidity to the system, we believe most of it will be used to meet 2012 maturing obligations and for carry-trades rather than for lending to the real economy. We like the French banks as main beneficiaries of the liquidity driven pricing. While liquidity favours Euro area banks, fundamentals favour UK, US and EM banks. In the US, we believe the risk/reward for regional banks is unattractive at current levels due to earnings pressures from prolonged low rate environment and full valuations, and believe the money centre banks and brokers offer better value plus a potential play on improving capital markets activity. In Asia, we like Chinese banks because of further policy easing, cheap valuations and a solid earnings outlook. Despite recent rhetoric, we do not believe RoEs will fall substantially. Investment banks globally are unlikely to carry the 1Q12 earnings momentum into 2Q12 as credit spread tightening reaches its limits. **(Sector Analyst: Ronit Ghose)**

Performance

Outperformer in 1Q12 after 7 consecutive quarters of underperformance

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

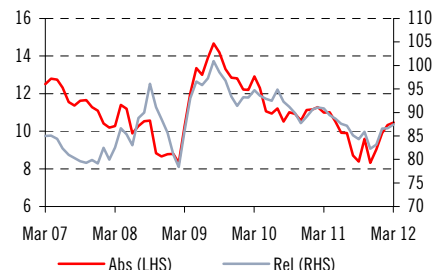


Source: CIRA, MSCI, Factset

Valuation

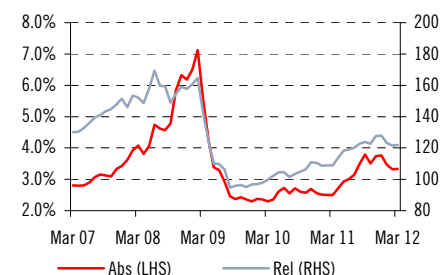
Fwd PE discount has been narrowing

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

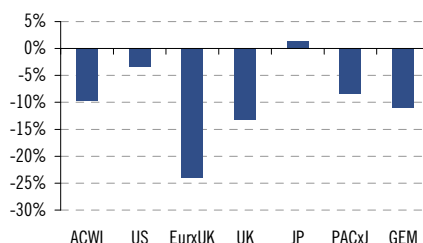


Source: CIRA, MSCI, Factset

Regional Breakdown

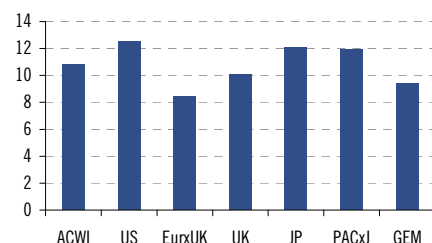
Continental Europe the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Sector	12.6	10.8	9.5	-4.0	16.9	13.0			3.1
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

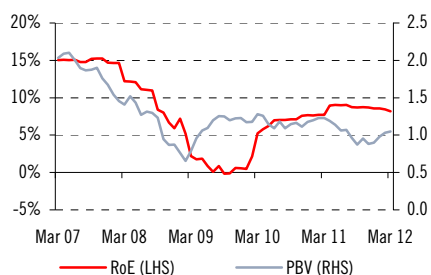
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	16.8	20.9	-11.3	15.7	19.7	-9.8	8.2	1.0	3.3
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

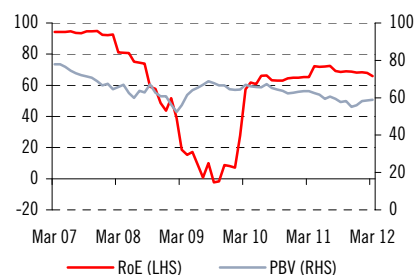
Large P/BV discount

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

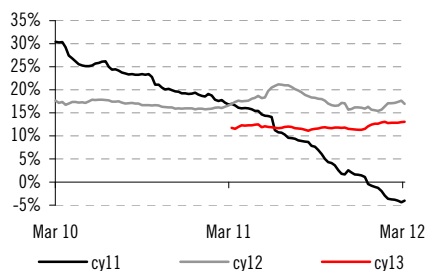


Source: CIRA, MSCI, Factset

Earnings

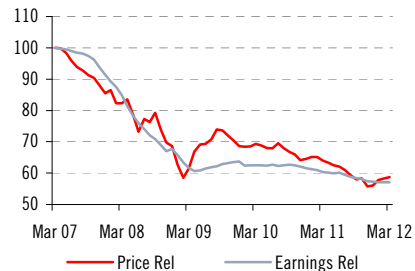
c15% EPS growth expected for 2012

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
JP Morgan Chase	US	1	3.1	175	9.3	Santander	ES	2H	1.2	66	7.2
Wells Fargo	US	2	3.1	171	10.3	Mitsubishi UFJ FG	JP	1	1.1	64	9.3
HSBC	GB	1	2.8	158	9.3	ANZ Banking Grp	AU	2	1.1	63	10.3
Restricted	US		1.9	107	8.7	Bank Nova Scotia	CA		1.1	61	11.5
Bank of America	US	2	1.7	97	12.2	American Express	US	1	1.1	60	13.2
Royal Bk Canada	CA		1.5	83	11.6	US Bancorp	US	2	1.1	60	11.5
Comm Bk of Aus	AU	2	1.5	82	11.0	Standard Chart	GB	1	1.1	59	11.2
Toronto Dominion	CA		1.4	76	11.2	Goldman Sachs	US	1	1.0	58	10.4
Berkshire Hathaw	US		1.3	74	15.5	NAB	AU	2	1.0	56	9.2
Westpac	AU	2	1.2	69	10.5	Allianz	DE	1	1.0	54	7.8

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

IT

Overweight

Weight in MSCI AC World 13.1%
Market Cap (US\$) 3,740 Bn

Regional Weight Breakdown

US	72.4%
Emerging Markets	13.7%
Japan	7.6%
Europe x UK	5.1%
UK	0.5%
Dev Asia	0.2%

Industry Group Weight Breakdown

Software & Services	40.7%
Tech Hardware	41.2%
Semiconductors	18.1%

Information Technology has been the best performing sector in 1Q12 with a 20% gain. Within IT, Hardware has performed best with a c25% gain thanks largely to Apple and EMC, but Semis and Software & Services have also outperformed the market, up 18% and 15% respectively. While our U.S. Equity Strategist, Tobias Levkovich, maintains a modest overweight on the US IT Sector as a whole, he is underweight Software & Services due to valuation and relative lack of EPS revision momentum. Our analysts share the view that strong year-to-date performance warrants more focus on individual stock selection. Generally, we like the wireless device & components, enterprise storage, software-as-a-service, network security, desktop virtualization, offshore outsourcing and data analytics & business intelligence themes. We would avoid the Imaging & Printing, PC and Server supply chains over a 2-3 year period, but believe that the current valuations of certain stocks in these sectors more than adequately reflect secular pressures. Our analysts' top picks are Apple, NetApp, Lenovo, Catcher, Foxconn, Ibiden, TE Connectivity, Amphenol, Samsung Electronics, Arm Holdings, AMD, Infineon, Broadcom, SAP, Citrix, VeriSign, Cognizant, Towers Watson, Cap Gemini and Atos. **(Sector Analysts: Glen Yeung, Richard Gardner)**

Performance

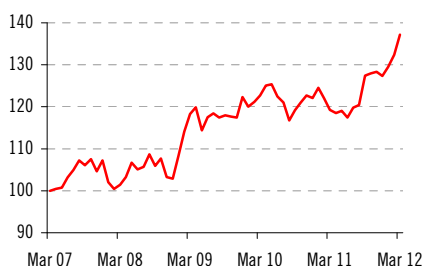
Best performing sector in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

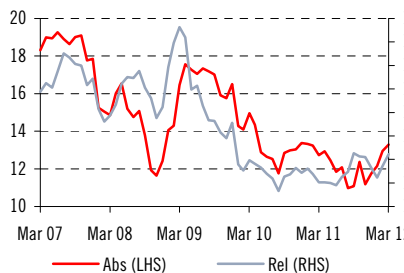


Source: CIRA, MSCI, Factset

Valuation

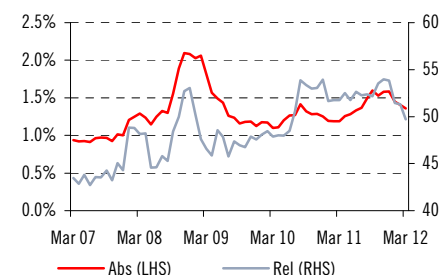
10% premium on Fwd PE

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

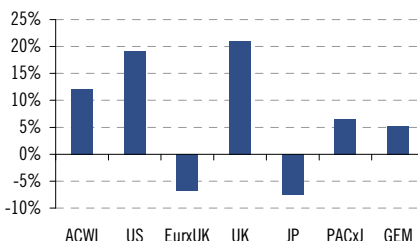


Source: CIRA, MSCI, Factset

Regional Breakdown

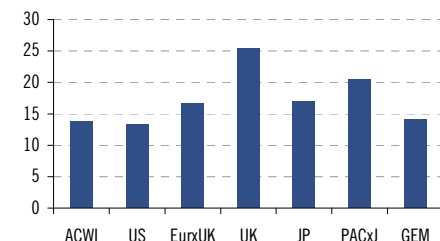
US the cheapest

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Sector	15.7	13.8	12.0	7.1	14.9	15.4	7.6	1.7	1.2
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

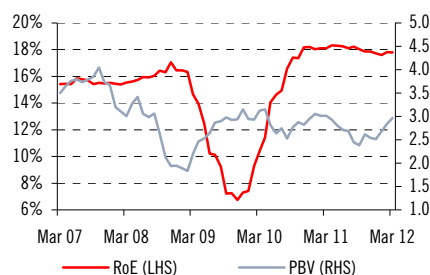
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Sector	19.9	27.9	11.6	19.9	28.0	12.2	17.8	3.0	1.4
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

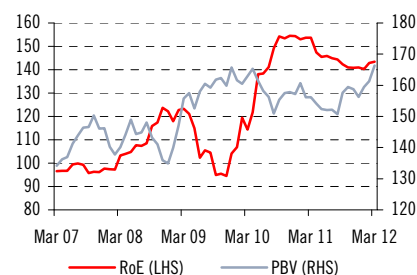
RoE has been stable

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

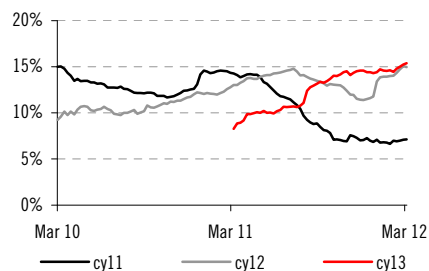


Source: CIRA, MSCI, Factset

Earnings

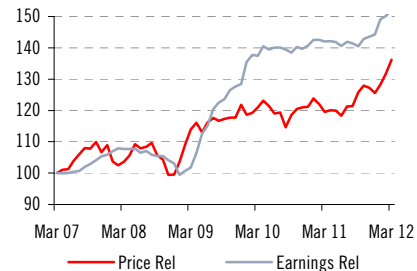
Relative earnings momentum strong

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
Apple Inc	US	1	14.9	557	12.8	SAP AG	DE	1	1.7	64	16.5
IBM	US	1	6.6	246	13.6	Visa	US	2	1.6	62	18.3
Microsoft	US	1	6.5	244	11.0	EMC Corp	US	1	1.6	61	16.6
Google	US	1	4.4	164	14.4	Canon Inc	JP	1	1.4	54	15.3
Intel	US	1	3.8	143	11.4	Hewlett-Packard	US	1	1.3	47	5.7
Samsung Elec	KR	1	3.3	124	9.7	MasterCard	US	2	1.2	46	18.4
Oracle Corp	US	1	3.1	118	11.2	eBay Inc	US	2	1.1	43	15.4
Qualcomm Inc	US	1	3.1	114	17.2	Accenture	US	1	1.1	41	15.7
Cisco Systems	US		3.0	114	10.9	Texas Instrument	US	1	1.0	38	17.6
TSMC	TW	1	1.9	71	14.6	Hon Hai Precision	TW	1	0.9	35	11.4

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Telecom Services

Underweight

Weight in MSCI AC World 4.4%
Market Cap (US\$) 1,272 Bn

Regional Weight Breakdown

US 28.9%
Emerging Markets 23.3%
Europe x UK 20.6%
UK 13.3%
Japan 7.1%
Dev Asia 3.3%

Industry Group Weight Breakdown

Telecom Services 100.0%

Telecoms have underperformed by 9% in 1Q12, with EM outperforming DM stocks. The Eurozone was the weakest region, with CEEMEA comparatively strong. Themes for 2012 include smartphones and tablets, faster broadband, LTE deployment and cannibalisation risks. Sub US\$100 smartphones should boost take-up in Emerging Asia and we may see increased data contributions materializing. The main risk lies with voice substitution given smaller wallets in these markets. Price wars in some parts may evolve more positively, notably in the Philippines and Indonesia, while we expect European operators to seek to push down handset subsidies, such as recently in Spain, to ease the vigorous and expensive replacement cycle. We expect US telecoms growth to slow and attribute the recent decline in TV ratings partly to growth in on-line Subscription Video on Demand. 3G is likely to remain the main driver of mobile growth outside the US with many operators, notably in Japan, racing to keep up with demand. Over the next 24 months we expect deployment of LTE (4G) to start in more countries with China Mobile, our top pick of the Chinese names, set to bring its 9 city field trial of TD-LTE to pre-commercial standard by end-2012. We also think that China Mobile will get the LTE iPhone (probably early in 2013) after Qualcomm adds TD-LTE to its chipsets in September. **(Sector Analyst: Simon Weeden)**

Performance

Worst performing sector in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

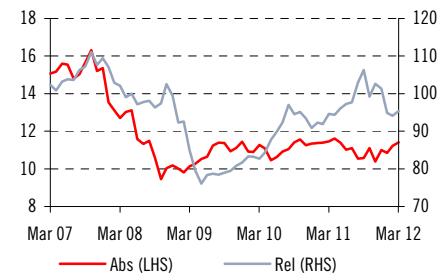


Source: CIRA, MSCI, Factset

Valuation

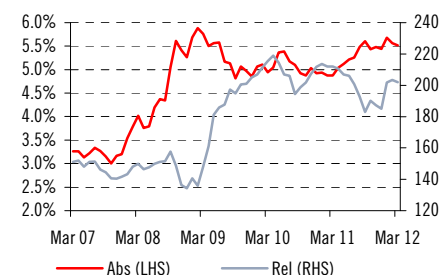
Fwd PE premium disappeared in 1Q12

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

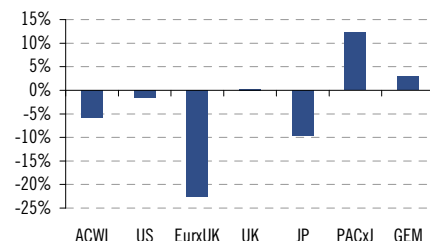


Source: CIRA, MSCI, Factset

Regional Breakdown

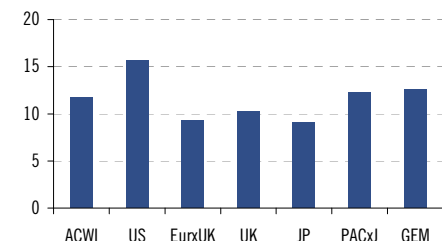
US most expensive

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Sector	12.7	11.7	11.2	-1.9	4.4	9.1	5.8	1.8	5.7
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

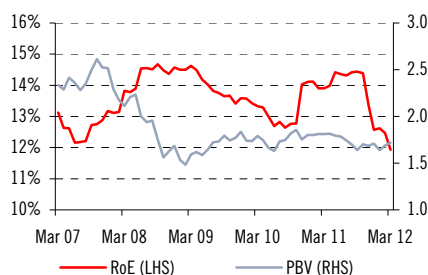
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Sector	1.8	4.4	-7.9	0.5	3.6	-5.8	11.9	1.7	5.5
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

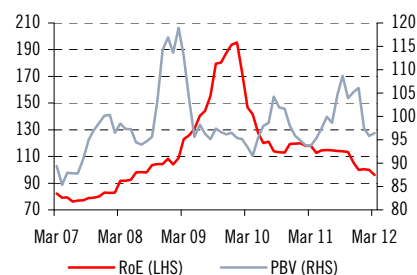
RoE has been coming down

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

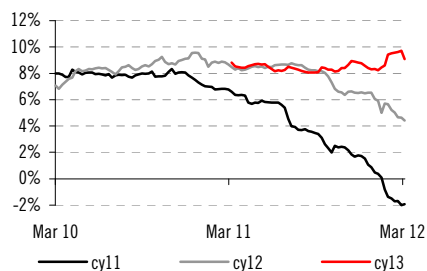


Source: CIRA, MSCI, Factset

Earnings

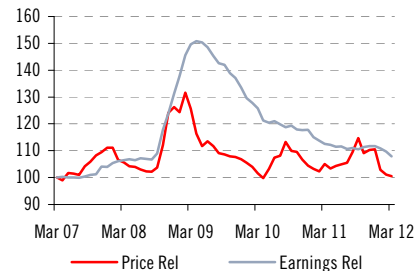
Downgrades for 2012 EPS growth continuing

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
AT&T	US	1	14.6	185	13.0	SoftBank	JP	2H	2.1	26	8.7
Restricted	GB		10.9	138	10.3	NTT DoCoMo	JP	2	2.0	26	10.4
Verizon Comms	US	2	8.5	108	14.9	CenturyLink	US	1H	1.9	24	16.1
Telefonica	ES	2	5.3	67	8.3	Restricted	FR		1.8	23	6.4
China Mobile	CN	1	5.2	66	10.8	SingTel	SG	2	1.6	20	12.4
America Movil	MX	1	3.9	49	11.0	NTT	JP	1	1.6	20	7.9
Deutsche Tele	DE	1	2.7	34	12.7	KDDI	JP	1	1.5	19	8.0
MTN Group Ltd	ZA	1	2.3	30	10.6	KPN	NL	3	1.3	16	8.3
BT Group	GB	1	2.2	28	9.4	Rogers Coms	CA		1.2	16	11.9
France Telecom	FR	3	2.2	27	8.1	Crown Castle	US	2	1.2	15	59.7

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Utilities

Overweight

Weight in MSCI AC World 3.6%
Market Cap (US\$) 1,042 Bn

Regional Weight Breakdown

US 41.9%
Europe x UK 20.5%
Emerging Markets 13.1%
UK 10.0%
Japan 7.7%
Dev Asia 5.3%

Industry Group Weight Breakdown

Utilities 100.0%

Utilities stocks were up 2% in 1Q12 underperforming a rising global stock market. Emerging Markets and Continental European stocks were up 12% and 4% respectively while US utilities were down 2%. Heavy regional variation matched our 2012 Road Ahead outlook, in which we signalled the outlook will vary considerably around the world. We continue to expect US regulated names to perform better than their commodity-sensitive peers due to falling natural gas prices. Overall, US Utilities remain the most out-of-favour equities sector and we believe this sets the stage for an attractive contrarian position for investors. For Pan-Europe, ongoing political risk remains high and the outlook for defensive names should continue to be more resilient than Energy oriented names. In East Asia, we continue to favour Utilities benefitting from tariff hikes and lower fuel costs amid slower economic growth, while in Japan we now hold a more cautious view that dividend outlooks may not be updated until early 2013. India now faces the need to reset rates considerably higher given needs for infrastructure. In Latin America, we favour Brazilian water and Chilean Electric Utilities. Globally, our favourite Electric Utilities and power generators include PG&E Corporation, Jindal Steel and Power, and Tractebel. **(Sector Analyst: Brian Chin)**

Performance

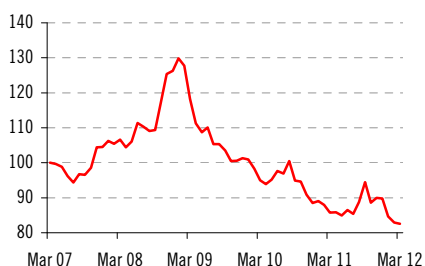
Underperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

Relative Price Performance (US\$)

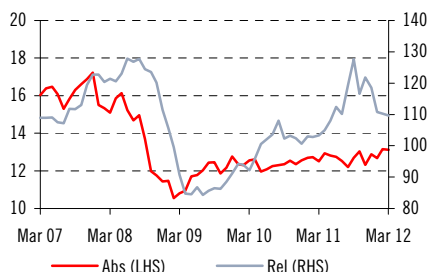


Source: CIRA, MSCI, Factset

Valuation

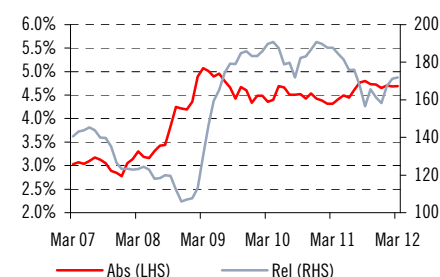
10% premium on Fwd PE

12Mth Forward PE



Source: CIRA, Factset Consensus

Dividend Yield

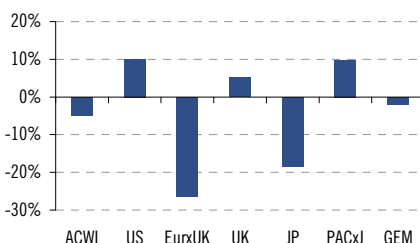


Source: CIRA, MSCI, Factset

Regional Breakdown

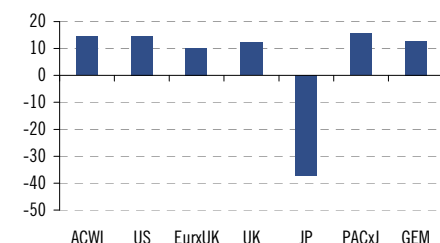
Continental Europe the worst performer over 12M

12Mth Performance (Loc)



Source: CIRA, MSCI, Factset

2012 Forward PE



Source: CIRA, Factset Consensus

Key Metrics

	PE			EPS YoY			EV /	EV /	Fwd
	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Sector	15.1	14.4	12.9	-18.9	14.1	18.3	8.2	1.6	4.5
MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7

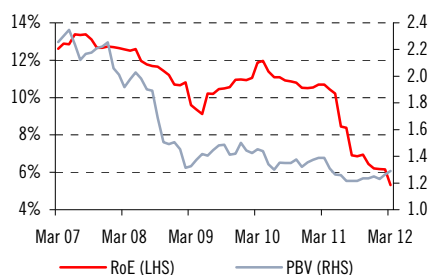
	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
	3m	6m	12m	3m	6m	12m			DY
Sector	2.3	3.8	-6.7	1.5	3.7	-4.9	5.3	1.3	4.7
MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

PBV and RoE

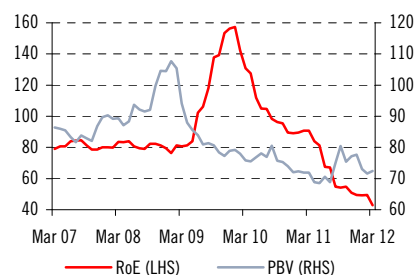
RoE discount has been widening

RoE and PBV - Absolute



Source: CIRA, MSCI, Factset

RoE and PBV - Relative

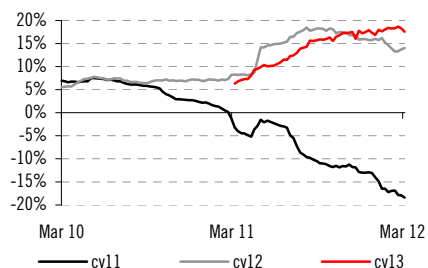


Source: CIRA, MSCI, Factset

Earnings

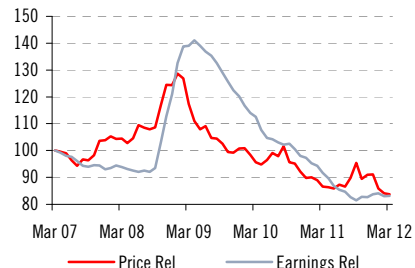
c15% EPS growth expected for 2012 and 2013

Growth Forecast Trends



Source: CIRA, Factset Consensus

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10	Cntry	Rtg	Wgt	MC	PE	Top 11 - 20	Cntry	Rtg	Wgt	MC	PE
E.ON	DE	2	4.1	43	11.3	RWE	DE	3	2.2	23	8.8
Southern Co	US	1	3.7	39	16.6	Iberdrola	ES	2	2.1	22	8.6
National Grid	GB	2	3.4	36	11.6	Scot & Sth Enrgy	GB	2	1.9	20	11.0
Exelon Corp	US	2	3.2	33	12.8	FirstEnergy Corp	US	2	1.8	19	13.5
GDF Suez	FR	1	3.1	32	11.3	Amer Elec Pwr	US	2	1.8	19	12.3
Dominion Rsc	US	2	2.8	29	15.6	PG&E	US	1	1.7	18	13.7
Duke Energy	US	2	2.7	28	14.6	Consol Edison	US	2	1.6	17	15.5
Centrica	GB	2	2.5	26	11.3	CLP Holdings	HK	2	1.6	17	14.2
NextEra Energy Inc	US	2	2.4	25	13.2	PPL Corp	US	2	1.6	16	11.9
Enel	IT	2	2.3	24	7.0	Progress Energy	US	2	1.5	16	16.5

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

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Sectors – Level 2

Please refer to pages 98 and 99 for how to read this section

Data in Charts and Tables as of 30th of March 2012

Stock recommendations as of 10th of April 2012

Materials

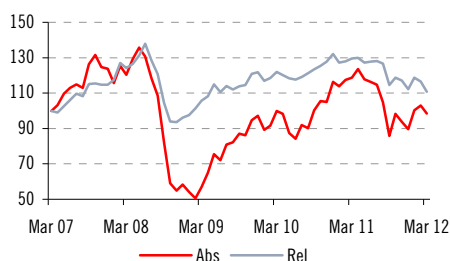
Weight in MSCI AC World	7.9%	Key Metrics	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
Market Cap (US\$)	2,257 Bn		11E	12E	13E	11E	12E	13E			
Regional Weight Breakdown		Sector	11.8	11.3	9.7	18.0	4.1	16.9	7.1	1.5	2.5
Emerging Markets	21.2%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
US	21.0%		US\$ Perf.			Loc. Perf.					Trail DY
Europe x UK	17.1%		3m	6m	12m	3m	6m	12m	ROE	P / BV	
UK	12.3%										
Dev Asia	10.2%										
Japan	7.2%	Sector	9.8	14.8	-17.1	8.3	12.9	-14.9	14.0	1.8	2.5
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

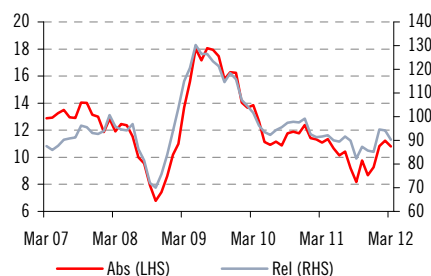
10% discount on Fwd PE

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

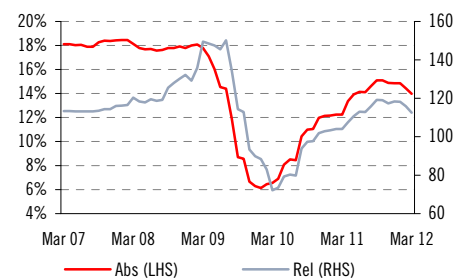


Source: CIRA, Factset Consensus

Profitability/Earnings

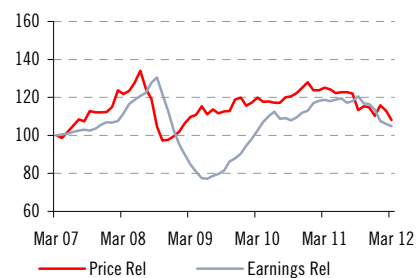
Relative earnings momentum weakening

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
BHP Billiton	AU	1	5.1	115	8.8	Potash Saskatchewan	CA	1	1.7	39	12.3
BASF	DE	2	3.6	80	11.0	Air Liquide	FR	2	1.7	38	17.0
Rio Tinto	GB	1	3.3	76	6.9	Goldcorp	CA		1.6	36	16.3
BHP Billiton	GB	1	2.9	64	7.3	Freeport McMoran	US	2	1.6	36	8.4
Anglo American	GB	2	2.2	49	7.3	Restricted	GB		1.6	35	8.6
DuPont	US	2	2.2	49	12.1	Praxair	US	1	1.5	34	19.0
Vale (Pref)	BR	1	2.0	46	5.5	Syngenta	CH	2	1.4	33	15.6
Barrick Gold	CA	1	1.9	43	8.3	Vale	BR	1	1.4	31	6.0
Monsanto	US	1	1.9	43	20.8	Linde	DE	1	1.4	31	16.3
Dow Chemical	US	1	1.8	41	12.1	Rio Tinto	AU	1	1.3	30	8.3

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Capital Goods

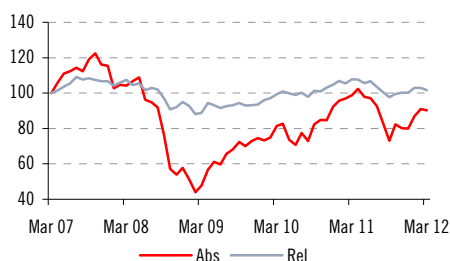
Weight in MSCI AC World Market Cap (US\$)	7.8% 2,230 Bn	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY			
Regional Weight Breakdown	Sector	13.4	12.3	10.9	17.1	9.2	12.9	8.5	1.2	2.5			
US	47.1%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7		
Europe x UK	21.6%												
Japan	15.3%												
Emerging Markets	8.5%												
UK	3.7%												
Dev Asia	2.8%												
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail		
			3m	6m	12m	3m	6m	12m			DY		
		Sector	13.0	23.8	-8.5	13.0	24.3	-7.3	15.0	2.1	2.6		
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7		

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

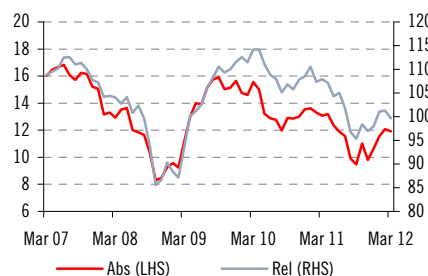
Price Performance (US\$)

No Fwd PE discount anymore



Source: CIRA, MSCI, Factset

12Mth Forward PE

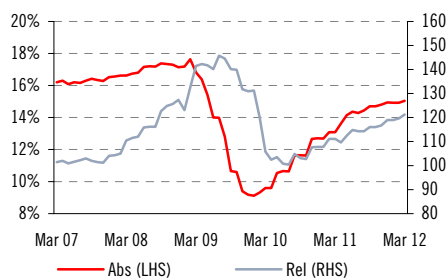


Source: CIRA, Factset Consensus

Profitability/Earnings

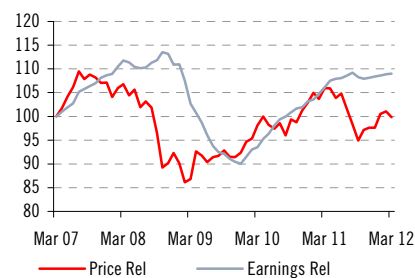
Return on Equity

Improving RoE



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
General Electric	US	1	9.5	212	12.6	Deere and Co	US	1	1.5	33	9.8
Siemens AG	DE	1	3.7	83	11.0	Mitsubishi Corp	JP		1.5	33	6.6
United Tech	US	2	3.2	71	14.1	Danaher Corp	US	1	1.5	33	16.5
Caterpillar Inc	US	2	3.1	69	10.7	Schneider Elec	FR	3	1.4	32	12.0
3M Co	US	2	2.7	59	13.8	Mitsui & Co Ltd	JP		1.3	29	5.6
The Boeing Co	US	1	2.4	53	15.6	Komatsu	JP	2	1.2	27	11.4
ABB	CH	1	2.0	45	13.1	Tyco Intl	US	2	1.2	26	14.4
Honeywell Intl	US	1	2.0	45	13.4	Precision Cast	US	1	1.1	25	17.2
Emerson Electric	US	1	1.7	38	13.9	Illinois Tool	US	2	1.1	25	13.4
Fanuc Ltd	JP	1	1.5	34	18.5	Lockheed Martin	US	1	1.1	25	11.2

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

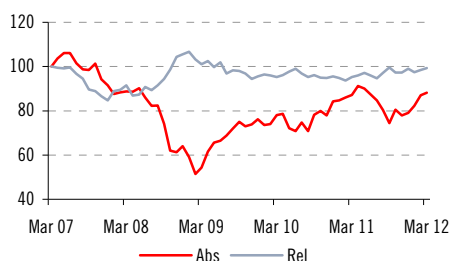
Commercial Services

Weight in MSCI AC World Market Cap (US\$)	0.7% 209 Bn	Key Metrics	PE			EPS YoY			EV /	EV /	Fwd
			11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Regional Weight Breakdown		Sector	18.3	16.7	14.8	8.3	9.4	13.1	9.0	1.6	2.6
US	37.4%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
UK	25.8%										
Europe x UK	18.0%										
Japan	9.8%										
Dev Asia	7.5%										
Emerging Markets	0.4%										
			US\$ Perf.			Loc. Perf.					Trail
			3m	6m	12m	3m	6m	12m	ROE	P / BV	DY
		Sector	11.6	18.5	1.2	10.9	18.0	1.5	14.7	2.8	2.4
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

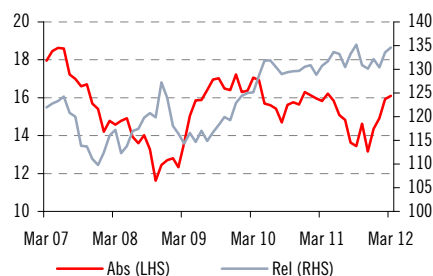
Price Performance (US\$)



35% Fwd PE premium

Source: CIRA, MSCI, Factset

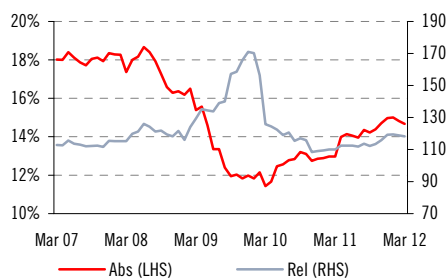
12Mth Forward PE



Source: CIRA, Factset Consensus

Profitability/Earnings

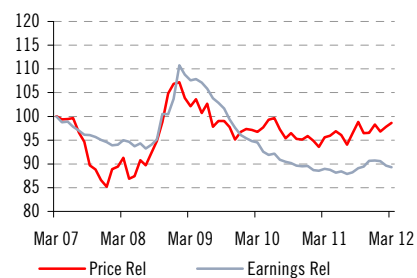
Return on Equity



Relative earnings momentum has weakened recently

Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Experian Group	GB	1	7.5	16	17.5	Verisk Analytics	US		3.1	7	23.1
Waste Management	US		7.3	15	15.2	Intertek Group	GB	1	3.1	6	19.7
Brambles	AU		5.2	11	15.3	Group 4 Securicor	GB	1	2.9	6	10.6
SGS	CH	2	5.1	11	20.2	Dai Nippon Print	JP		2.8	6	24.1
Secom	JP		5.0	10	14.3	Equifax	US		2.6	5	15.3
Aggreko	GB	1	4.6	10	21.6	Bureau Veritas	FR	2	2.3	5	18.1
Republic Svcs	US		4.3	9	14.8	Edenred	FR	1	2.3	5	22.8
Capita Group	GB	1	3.4	7	13.7	Campbell	AU		2.3	5	17.8
Adecco	CH	2	3.3	7	13.3	Babcock	GB	1	2.2	5	11.8
Stericycle	US		3.2	7	25.8	Cintas Corp	US	1	2.2	5	15.7

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Transportation

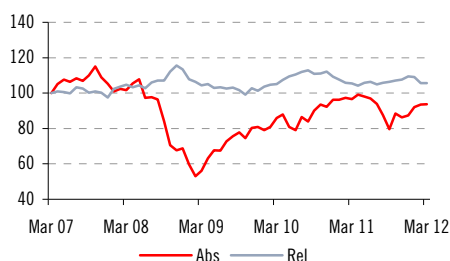
Weight in MSCI AC World Market Cap (US\$)	2.0% 561 Bn	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY			
Regional Weight Breakdown	Sector	19.0	15.6	12.9	-12.4	21.8	20.8	7.8	1.6	2.2			
US	40.5%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7		
Japan	18.1%												
Europe x UK	14.1%												
Emerging Markets	10.0%												
Dev Asia	8.8%												
UK	0.0%												
			US\$ Perf.			Loc. Perf.						Trail	
			3m	6m	12m	3m	6m	12m	ROE	P / BV	DY		
		Sector	7.3	17.8	-3.0	7.8	18.2	-1.6	9.5	1.9	2.2		
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7		

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

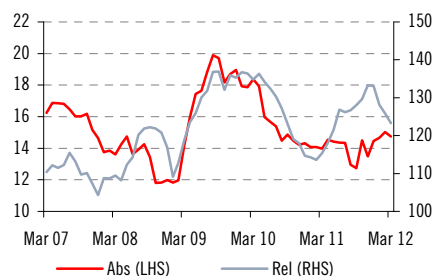
Price Performance (US\$)

PE premium



Source: CIRA, MSCI, Factset

12Mth Forward PE

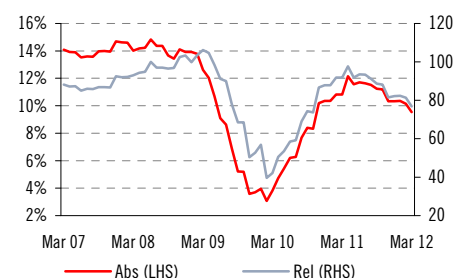


Source: CIRA, Factset Consensus

Profitability/Earnings

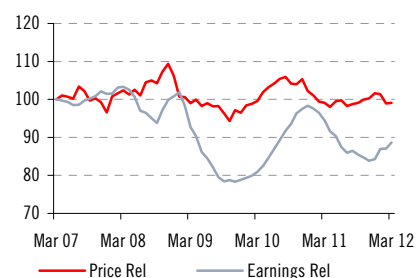
Return on Equity

Strong relative earnings momentum



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
United Parcel	US	1	10.4	58	16.0	CH Robinson WW	US	2	1.9	11	21.5
Union Pacific	US	1	9.3	52	12.8	APM Maersk	DK	2	1.8	10	11.9
Canadian Nat Rly	CA	2	6.3	35	14.5	Expeditors	US		1.8	10	22.9
Fedex Corp	US	1	4.9	28	12.6	Kansas City Sthn	US	1	1.4	8	19.8
Norfolk Southern	US	1	4.2	23	11.0	Transurban Group	AU	2	1.4	8	37.0
CSX	US	1	4.0	23	11.4	Kuehne & Nagel	CH	1	1.3	7	21.2
East Japan Rail	JP	1	3.8	22	11.4	Comp Conc Rodo	BR	2	1.3	7	19.9
Deutsche Post	DE	2	2.9	16	11.5	West Japan Ry	JP	1	1.2	7	11.7
Can Pacific Rly	CA	2	2.3	13	16.8	Qr National	AU		1.2	7	17.6
Central Japan Rail	JP	2	2.2	12	7.9	Abertis	ES		1.2	7	13.2

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Autos & Components

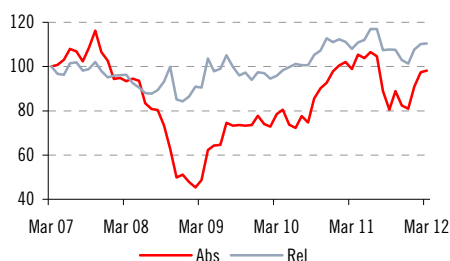
Weight in MSCI AC World Market Cap (US\$)	2.6% 747 Bn	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY			
Regional Weight Breakdown		Sector	11.2	9.9	8.4	16.1	13.8	20.4	5.8	0.9	1.8		
Japan	40.7%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7		
Europe x UK	23.3%												
Emerging Markets	17.8%												
US	16.2%												
UK	0.7%												
Dev Asia	0.0%												
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail		
			3m	6m	12m	3m	6m	12m			DY		
		Sector	21.3	21.8	-0.8	23.3	24.5	0.9	14.4	1.4	1.8		
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7		

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

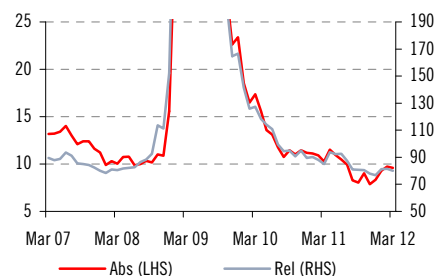
Strong outperformance in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

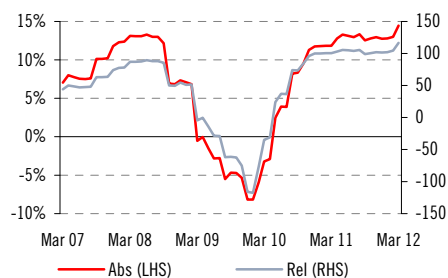


Source: CIRA, Factset Consensus

Profitability/Earnings

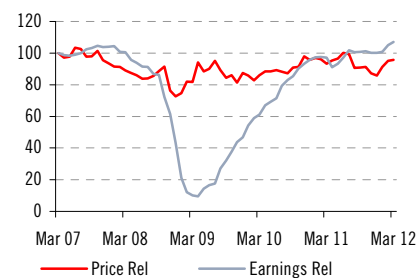
RoE has stabilized

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Toyota Motor	JP	2	16.0	120	14.9	Hyundai Mobis	KR	2	2.3	17	7.7
Honda Motor	JP	2	8.3	62	11.1	Astra Intl	ID	2	2.2	16	14.7
Daimler	DE	1	7.3	55	8.3	Denso Corp	JP	1	2.2	16	13.6
Ford Motor	US	1H	5.9	44	8.2	Bridgestone Corp	JP	2	2.1	16	9.3
Hyundai Motor	KR	1	4.2	32	6.8	Kia Motors	KR	1	2.1	16	6.9
BMW	DE	1	4.0	30	8.7	Michelin	FR	1	1.8	13	7.5
Nissan Motor	JP	1	3.6	27	9.2	Harley Davidson	US	2	1.5	11	17.1
Volkswagen	DE	2	3.4	25	6.0	Magna Intl	CA	3H	1.4	10	9.9
Johnson Controls	US	2	3.0	22	10.6	Renault	FR	1	1.4	10	5.0
General Motors Co	US	1H	2.7	20	6.6	Borg Warner	US	2	1.2	9	14.7

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Consumer Durables

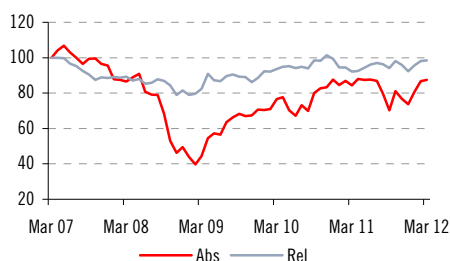
Weight in MSCI AC World Market Cap (US\$)	1.5% 421 Bn	Key Metrics	PE			EPS YoY			EV /	EV /	Fwd
			11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Regional Weight Breakdown		Sector	48.5	19.4	13.9	-46.7	149.7	41.6	7.4	1.8	1.7
US	34.8%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Europe x UK	31.0%										
Japan	21.5%										
Emerging Markets	8.9%										
UK	2.5%										
Dev Asia	0.6%										
			US\$ Perf.			Loc. Perf.					Trail
			3m	6m	12m	3m	6m	12m	ROE	P / BV	DY
		Sector	18.9	24.5	3.8	19.0	25.6	5.0	2.6	2.0	1.7
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

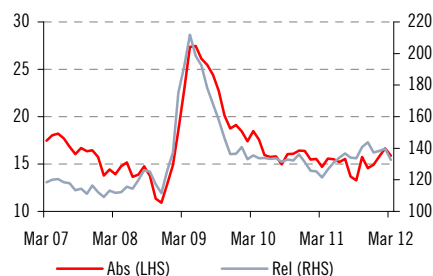
Outperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

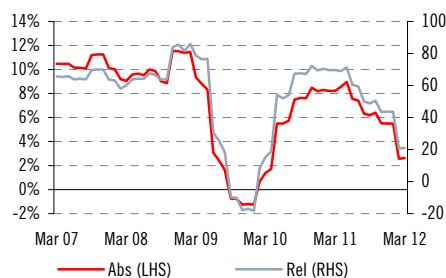


Source: CIRA, Factset Consensus

Profitability/Earnings

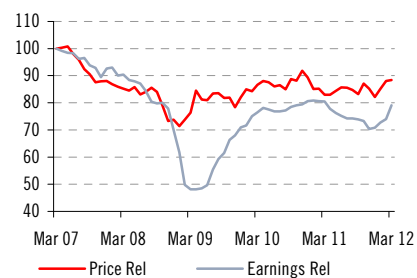
Strong relative earnings momentum

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
LVMH	FR	1	10.4	44	17.6	Ralph Lauren	US	1	2.5	11	20.9
Nike Inc	US	1	9.1	38	19.1	Burberry Group	GB	2	2.5	10	20.9
Richemont	CH	1	7.8	33	16.2	Nikon Corp	JP	2	2.5	10	16.5
Coach	US	1	5.4	23	19.5	Christian Dior	FR		2.0	8	13.8
Restricted	JP		4.9	21	24.3	LGE	KR	1	1.8	8	14.4
Panasonic	JP	2	4.9	20	16.4	lululemon	US		1.8	8	44.6
Adidas-Salomon	DE	1	3.9	16	15.0	Sharp Corp	JP	3	1.7	7	1006.7
Swatch Group	CH	1	3.4	14	15.1	Fossil	US	2	1.7	7	22.7
VF	US	1	3.1	13	15.0	Whirlpool Corp	US		1.4	6	11.7
Mattel	US	1	2.7	11	13.6	Sekisui House	JP	2	1.3	6	12.2

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Media

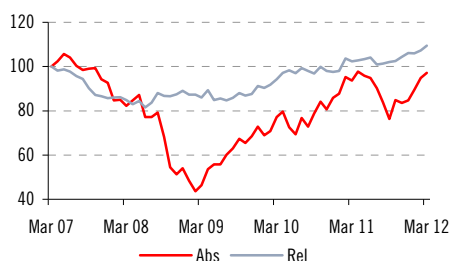
Weight in MSCI AC World Market Cap (US\$)	2.2% 633 Bn	Key Metrics		PE			EPS YoY			EV /	EV /	Fwd
		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY		
Regional Weight Breakdown	Sector	16.5	14.1	12.2	18.7	17.0	15.6	7.5	2.0	1.8		
US	69.9%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7	
UK	9.6%											
Europe x UK	9.0%											
Emerging Markets	5.8%											
Japan	1.8%											
Dev Asia	1.0%											
			US\$ Perf.			Loc. Perf.					Trail	
			3m	6m	12m	3m	6m	12m	ROE	P / BV	DY	
		Sector	14.8	27.4	3.8	13.9	26.7	5.2	13.7	2.4	1.9	
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7	

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

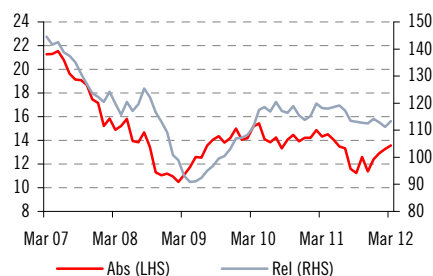
Price Performance (US\$)

c10% Fwd PE premium



Source: CIRA, MSCI, Factset

12Mth Forward PE

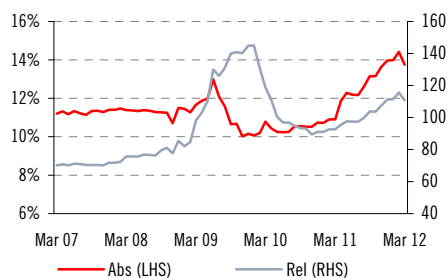


Source: CIRA, Factset Consensus

Profitability/Earnings

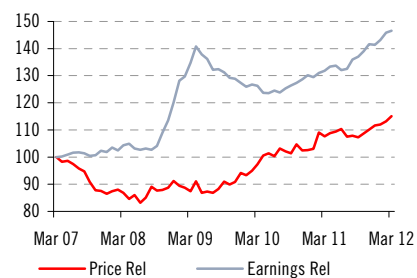
Return on Equity

Strong relative earnings momentum



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Walt Disney Co	US	1	11.8	75	13.7	WPP	GB	2	2.7	17	11.3
Comcast A	US	1	9.9	63	15.5	Pearson	GB	1	2.4	15	13.3
Time Warner	US	1	6.0	38	11.4	McGraw-Hill Inc	US		2.2	14	14.2
DirectTV	US	1	5.5	35	10.7	Omnicom Group	US	1	2.2	14	13.4
News Corp	US	1	5.4	34	12.2	B Sky B	GB	2	1.9	12	12.6
Restricted	US		4.1	26	14.1	Grupo Televisa	MX	1	1.7	11	18.1
Viacom	US	1	3.8	24	10.2	Reed Elsevier	GB	2	1.7	11	11.1
Naspers	ZA	1	3.4	22	19.3	Thomson Corp	CA	2	1.7	11	13.9
CBS	US	1	3.3	21	13.9	Liberty Media	US	2	1.5	10	29.8
Comcast A Spec	US	1	3.0	19	15.5	News Corp	US	1	1.4	9	12.2

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Retailing

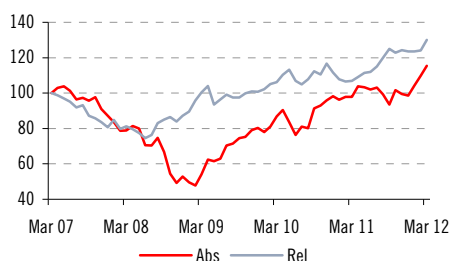
Weight in MSCI AC World	2.7%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	766 Bn		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY		
Regional Weight Breakdown		Sector	19.7	17.6	15.2	13.1	12.0	14.9	8.9	1.1	1.5		
US	68.6%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7		
Europe x UK	9.3%												
Emerging Markets	9.0%												
Japan	6.1%												
UK	3.8%												
Dev Asia	2.6%												
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail		
			3m	6m	12m	3m	6m	12m			DY		
		Sector	17.0	23.4	17.9	16.7	23.2	19.1	16.9	3.5	1.5		
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7		

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

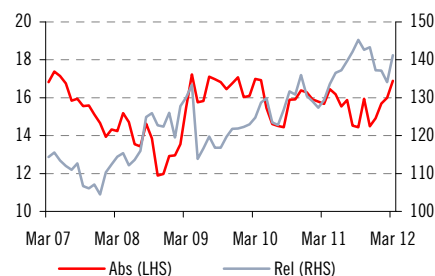
Outperformer

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

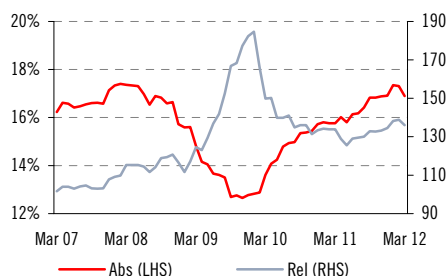


Source: CIRA, Factset Consensus

Profitability/Earnings

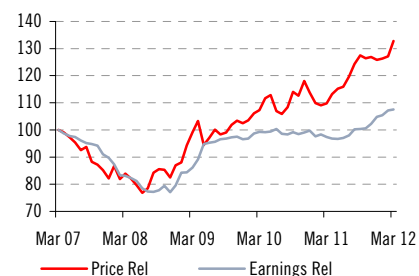
Strong relative earnings momentum

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Home Depot Inc	US	1	10.1	78	17.2	Ross Stores Inc	US	2	1.8	13	17.3
Amazon.com Inc	US	1	9.6	74	124.0	PPR	FR	1	1.7	13	13.3
Lowe's	US	2	5.2	40	16.5	Li & Fung	HK	1	1.7	13	20.8
Target Corp	US	1	4.9	37	13.5	Limited Brands	US	2	1.6	12	16.6
Hennes & Mauritz	SE	1	4.8	37	21.2	Fast Retailing	JP	3	1.6	12	24.5
Priceline.Com	US	1	4.7	36	21.8	Kohls	US	1	1.6	12	10.3
TJX Cos Inc	US	2	3.9	30	16.8	O'Reilly Auto	US	2	1.5	12	19.6
Inditex	ES	1	2.7	21	20.1	Kingfisher	GB	2	1.5	12	11.3
Macys	US	1	2.2	17	11.7	Staples Inc	US	2	1.5	11	10.6
Bed Bath Bynd	US	2	2.1	16	14.6	Dollar Tree	US		1.5	11	18.8

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Household & Personal

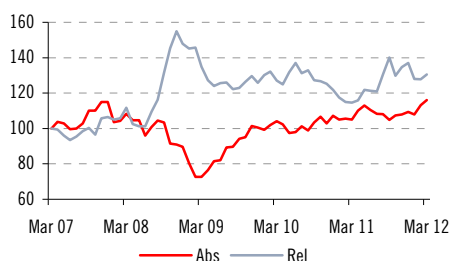
Weight in MSCI AC World Market Cap (US\$)	1.6% 468 Bn	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY			
Regional Weight Breakdown		Sector	18.4	17.0	15.7	2.7	8.0	8.6	10.9	2.1	2.6		
US	67.0%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7		
Europe x UK	12.3%												
Emerging Markets	7.7%												
UK	7.5%												
Japan	5.6%												
Dev Asia	0.0%												
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail		
			3m	6m	12m	3m	6m	12m			DY		
		Sector	6.1	10.7	10.5	5.8	10.9	11.7	20.5	3.9	2.7		
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7		

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

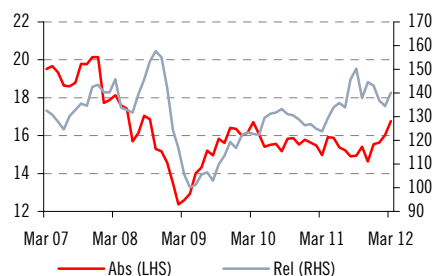
Underperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

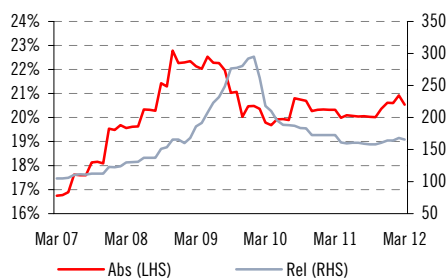


Source: CIRA, Factset Consensus

Profitability/Earnings

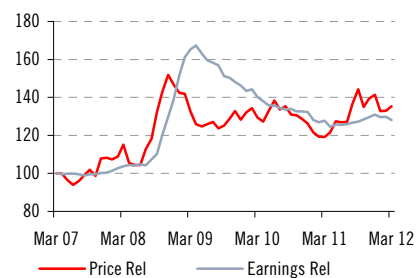
RoE over 20%

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Procter & Gamble	US	1	39.5	185	15.6	Henkel	DE	2	1.7	8	15.0
Colgate	US	2	10.1	47	17.7	Herbalife	US		1.7	8	18.3
Reckitt Benckiser	GB	1	7.5	35	14.2	Hengan Intl	CN	1	1.6	7	25.6
L'Oreal	FR	2	6.3	30	19.6	Church Dwight Co	US	2	1.5	7	19.9
Kimberly Clark	US	2	6.2	29	14.2	Hindustan Unilev	IN	3	1.5	7	29.9
Estee Lauder Inc	US	2	3.1	14	24.9	Beiersdorf	DE	3	1.4	7	23.8
Kao Corp	JP	1	3.0	14	19.0	Shiseido Co Ltd	JP	3	1.3	6	23.7
Henkel	DE	2	2.8	13	15.0	Uni-Charm Corp	JP		1.3	6	24.3
Clorox Co	US	2	1.9	9	16.0	Energizer Hldgs	US	1	1.1	5	11.6
Avon Prods	US	1	1.8	8	12.3	LG Household	KR	2	1.1	5	25.3

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Diversified Financials

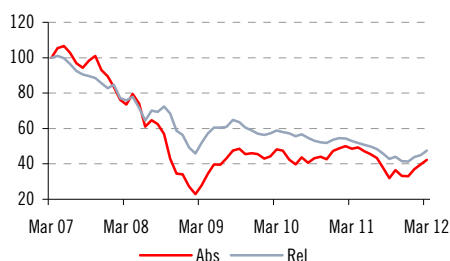
Weight in MSCI AC World Market Cap (US\$)	4.3% 1,239 Bn	Key Metrics	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
			11E	12E	13E	11E	12E	13E			
Regional Weight Breakdown		Sector	13.6	11.0	9.4	-17.2	23.4	17.6			1.8
US	65.1%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Europe x UK	18.0%										
Emerging Markets	7.3%										
Japan	3.4%										
Dev Asia	3.3%										
UK	1.6%										
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
			3m	6m	12m	3m	6m	12m			
		Sector	27.9	32.0	-13.0	27.0	31.6	-12.1	6.8	0.9	1.9
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

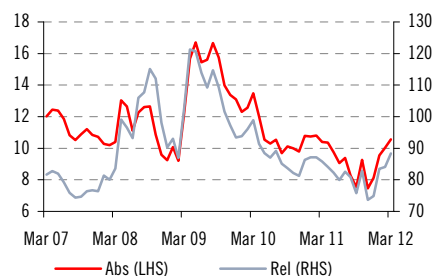
The best performing industry in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

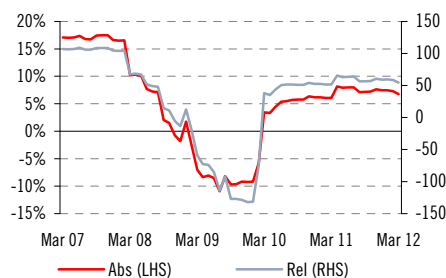


Source: CIRA, Factset Consensus

Profitability/Earnings

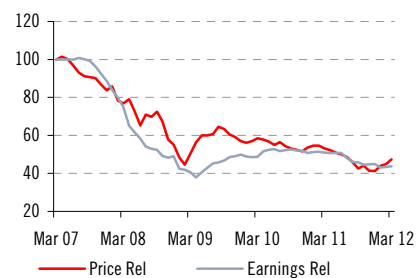
Uninspiring earnings

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
JP Morgan Chase	US	1	14.1	175	9.3	Morgan Stanley	US	2	2.3	28	9.7
Restricted	US		8.6	107	8.7	Capital One Fnc'l	US	1	2.2	28	9.1
Bank of America	US	2	7.8	97	12.2	State Street	US		1.8	22	11.2
American Express	US	1	4.9	60	13.2	BlackRock	US	2	1.7	21	15.0
Goldman Sachs	US	1	4.7	58	10.4	Franklin Rsc	US	2	1.5	19	13.3
UBS	CH	1	4.1	51	9.0	Discover Fincl	US	2	1.5	18	8.7
Deutsche Bank	DE	2	3.7	46	7.3	CME Group Inc	US	1	1.5	18	15.7
Credit Suisse	CH	1	2.6	32	8.7	HK Exch.	HK	1	1.4	17	25.1
ING	NL	2H	2.6	32	4.8	T Rowe Price Gp	US	3	1.3	16	19.4
Bank of NY Melln	US		2.4	29	10.4	Nomura Holdings	JP	1	1.3	16	16.5

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Insurance

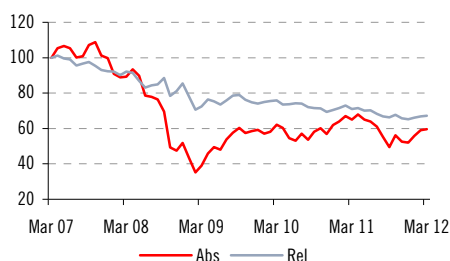
Weight in MSCI AC World	3.8%	Key Metrics	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
Market Cap (US\$)	1,077 Bn		11E	12E	13E	11E	12E	13E			
Regional Weight Breakdown		Sector	15.0	10.3	9.3	-16.8	45.8	10.7			3.2
US	39.2%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Europe x UK	22.7%										
UK	8.9%										
Emerging Markets	8.6%										
Dev Asia	7.3%										
Japan	5.8%										
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
			3m	6m	12m	3m	6m	12m			
		Sector	14.6	20.4	-8.2	13.6	19.7	-7.0	6.9	1.0	3.3
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

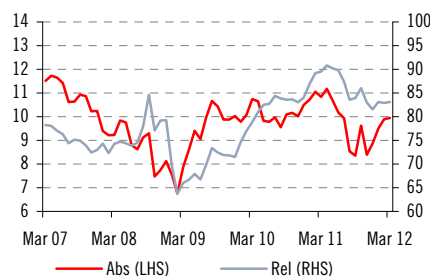
Outperformer in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

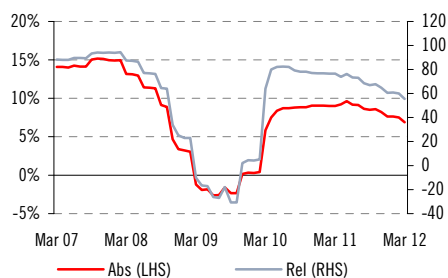


Source: CIRA, Factset Consensus

Profitability/Earnings

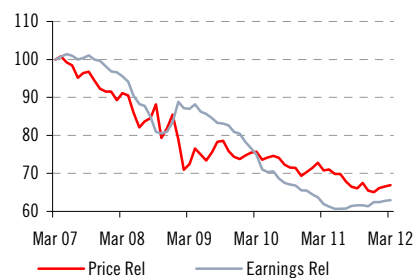
Relative earnings momentum has started to improve

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Berkshire Hathaw	US		6.8	74	15.5	Travlrs	US	2	2.3	24	10.2
Allianz	DE	1	5.0	54	7.8	Manulife Finl	CA		2.3	24	9.7
Zurich	CH	1	3.7	40	9.2	Swiss Re	CH	1	2.0	22	9.2
MetLife Inc	US		3.7	40	7.2	AFLAC Inc	US		2.0	21	6.8
AIA Group	HK	1	2.9	31	16.7	Tokio Marine	JP	1	1.9	20	12.9
Prudential	GB	1	2.8	30	10.9	China Life	CN	2	1.8	19	13.3
Prudential Finl	US		2.8	30	8.7	Chubb Corp	US	2	1.8	19	11.9
Axa SA	FR	2H	2.7	29	6.5	Generali SpA	IT	3	1.7	18	8.3
Munich Re	DE	2	2.5	27	7.8	Marsh & McLennan	US	1	1.6	18	14.8
Ace Ltd	US	1	2.3	25	9.7	Allstate Corp	US	2	1.5	17	8.7

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Real Estate

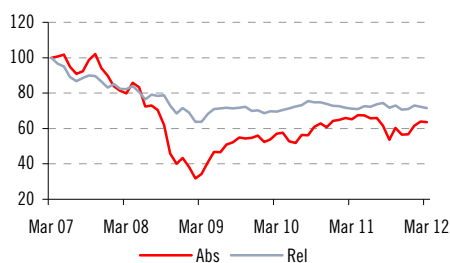
Weight in MSCI AC World Market Cap (US\$)	2.6% 733 Bn	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
		11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY			
Regional Weight Breakdown	Sector	18.7	19.0	17.2	10.5	-1.1	10.5					3.6	
US	42.9%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7		
Dev Asia	25.4%												
Japan	11.4%												
Emerging Markets	8.1%												
Europe x UK	4.8%												
UK	3.5%												
			US\$ Perf.			Loc. Perf.						Trail	
			3m	6m	12m	3m	6m	12m	ROE	P / BV	DY		
		Sector	12.3	18.7	-2.4	12.5	18.3	-1.7	7.0	1.3	3.5		
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7		

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

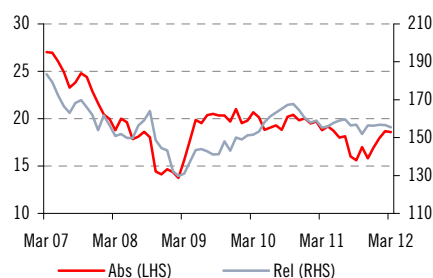
In-line performance

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

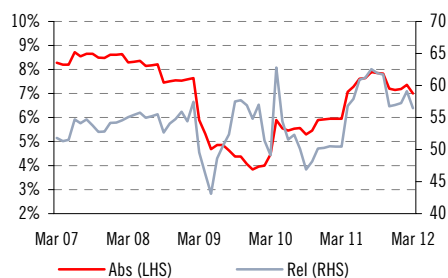


Source: CIRA, Factset Consensus

Profitability/Earnings

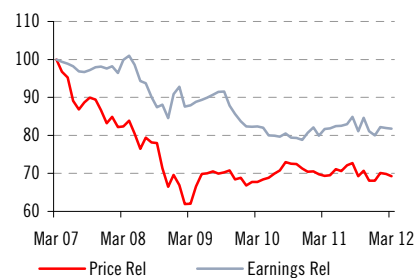
Stable relative earnings momentum

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Simon Prop Grp	US	2	5.8	43	41.7	Prologis	US	2	2.3	17	-423.8
American Tower	US	1	3.4	25	35.8	Ventas	US	1	2.2	16	42.0
Mitsubishi Est	JP	1	3.1	22	34.7	Mitsui Fudosan	JP	1	2.2	16	22.6
Public Storage	US	2	2.7	20	33.7	HCP	US	2	2.2	16	21.1
Westfield Group	AU	1	2.7	20	13.3	Boston Ppty	US	2	2.1	15	54.0
Equity Resident	US	2	2.5	19	57.5	Annaly Capital	US	2	2.1	15	8.0
Unibail	FR		2.5	18	15.8	Vornado Realty	US	2	1.9	14	45.8
Cheung Kong	HK	1	2.4	18	9.9	AvalonBay Comm	US	3	1.8	13	44.1
Brookfield Asst	CA		2.4	18	33.5	Weyerhaeuser Co	US	2	1.6	12	45.0
SHK Props	HK	2	2.4	18	11.8	Host Hotels	US	2	1.6	12	84.6

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Tech Hardware

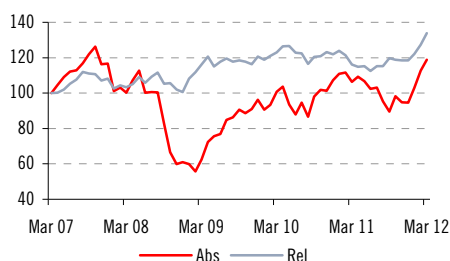
Weight in MSCI AC World	5.4%	Key Metrics			PE			EPS YoY			EV /	EV /	Fwd
Market Cap (US\$)	1,542 Bn	11E	12E	13E	11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Regional Weight Breakdown		Sector			15.3	12.9	11.1	11.3	20.8	15.3	6.8	1.2	1.0
US	71.5%	MSCI AC World			13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Japan	14.5%				US\$ Perf.			Loc. Perf.					Trail
Emerging Markets	9.3%				3m	6m	12m	3m	6m	12m	ROE	P / BV	DY
Europe x UK	4.1%				Sector			Sector			14.8	2.4	1.2
Dev Asia	0.1%				MSCI AC World			MSCI AC World			12.4	1.8	2.7
UK	0.0%												

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

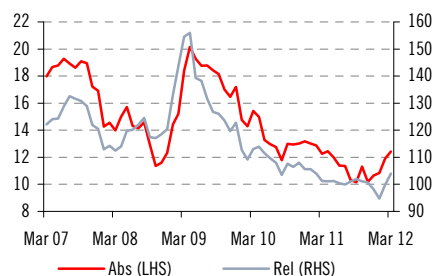
Strong outperformance in 1Q12

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

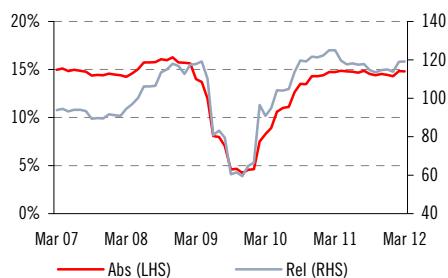


Source: CIRA, Factset Consensus

Profitability/Earnings

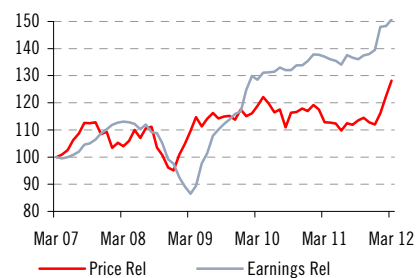
Strong relative performance in-line with earnings momentum

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Apple Inc	US	1	36.1	557	12.8	Corning Inc	US	2	1.4	22	10.1
Qualcomm Inc	US	1	7.4	114	17.2	Nokia	FI	3	1.3	20	23.7
Cisco Systems	US		7.4	114	10.9	Toshiba	JP	1	1.2	18	11.4
EMC Corp	US	1	4.0	61	16.6	Netwk Appliance	US	1	1.1	16	16.6
Canon Inc	JP	1	3.5	54	15.3	TE Connectivity	US	1	1.0	16	11.2
Hewlett-Packard	US	1	3.1	47	5.7	High Tech Comp	TW	3	1.0	15	10.9
Hon Hai Precision	TW	1	2.3	35	11.4	Kyocera	JP	2	0.9	14	17.1
Ericsson	SE	1	2.0	31	13.5	Motorola Solutions Ir	US	2	0.9	14	16.2
Hitachi Ltd	JP	1	1.9	29	10.6	Murata	JP	1	0.8	12	21.5
Dell Inc	US	2	1.7	27	7.8	Juniper Netwrks	US		0.8	12	22.5

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Semiconductors

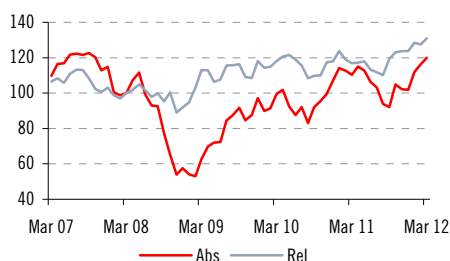
Weight in MSCI AC World Market Cap (US\$)	2.4% 675 Bn	Key Metrics	PE			EPS YoY			EV /	EV /	Fwd
			11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Regional Weight Breakdown		Sector	15.0	14.0	11.5	-11.3	8.2	21.0	6.1	2.0	1.9
US	49.9%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Emerging Markets	39.5%										
Europe x UK	5.6%										
Japan	2.7%										
UK	1.9%										
Dev Asia	0.4%										
			US\$ Perf.			Loc. Perf.					Trail
			3m	6m	12m	3m	6m	12m	ROE	P / BV	DY
		Sector	17.9	30.3	8.7	16.9	28.9	9.7	16.7	2.4	2.1
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

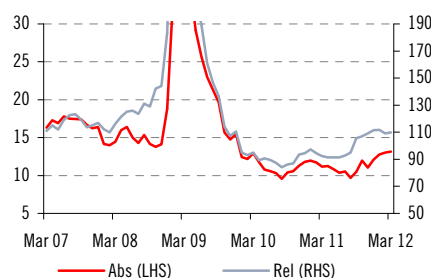
10% Fwd PE premium

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

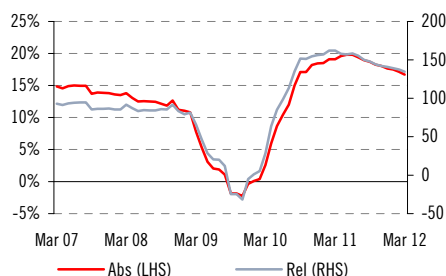


Source: CIRA, Factset Consensus

Profitability/Earnings

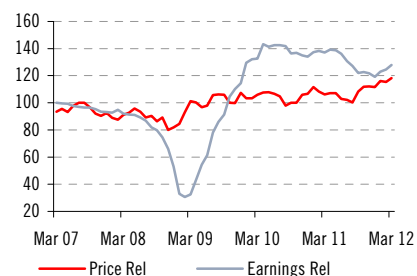
EPS momentum has improved recently

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
Intel	US	1	21.2	143	11.4	Altera Corp	US	1	1.9	13	21.1
Samsung Elec	KR	1	18.4	124	9.7	Analog Devices	US		1.8	12	16.8
TSMC	TW	1	10.5	71	14.6	Infineon	DE	1	1.6	11	15.8
Texas Instrument	US	1	5.7	38	17.6	MediaTek	TW	3	1.5	10	19.4
ASML Holding	NL	2	3.2	22	14.5	Tokyo Electron	JP	2	1.5	10	21.2
Broadcom Corp	US	1	2.8	19	13.2	Xilinx Inc	US	2	1.4	10	18.5
Applied Material	US	2	2.4	16	12.1	NVIDIA	US	2H	1.4	9	20.9
Samsung Elec P	KR	1	2.1	14	9.7	KLA Tencor	US	1	1.3	9	12.1
Hynix	KR	1	2.0	13	15.4	Avago Tech	US	1	1.3	9	14.5
ARM Holdings	GB	1	1.9	13	39.9	Maxim Integrated	US	1	1.2	8	17.4

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Telecom Services

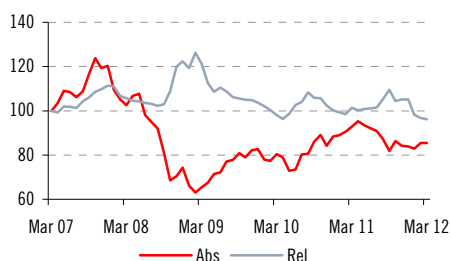
Weight in MSCI AC World Market Cap (US\$)	4.4% 1,272 Bn	Key Metrics	PE			EPS YoY			EV /	EV /	Fwd
			11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Regional Weight Breakdown		Sector	12.7	11.7	11.2	-1.9	4.4	9.1	5.8	1.8	5.7
US	28.9%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Emerging Markets	23.3%										
Europe x UK	20.6%										
UK	13.3%										
Japan	7.1%										
Dev Asia	3.3%										
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
			3m	6m	12m	3m	6m	12m			DY
		Sector	1.8	4.4	-7.9	0.5	3.6	-5.8	11.9	1.7	5.5
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

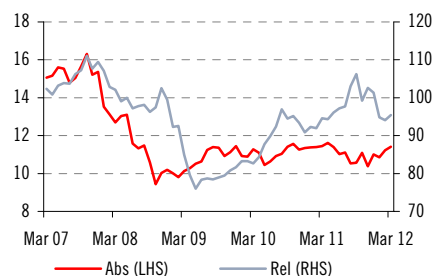
Price Performance (US\$)

Worst performer in 1Q12



Source: CIRA, MSCI, Factset

12Mth Forward PE

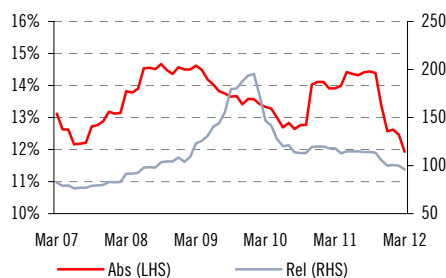


Source: CIRA, Factset Consensus

Profitability/Earnings

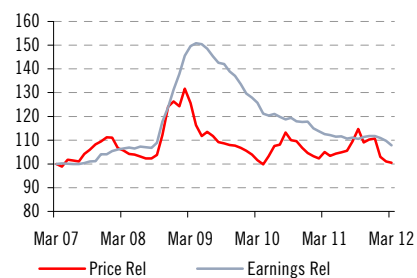
Return on Equity

Uninspiring earnings



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
AT&T	US	1	14.6	185	13.0	SoftBank	JP	2H	2.1	26	8.7
Restricted	GB		10.9	138	10.3	NTT DoCoMo	JP	2	2.0	26	10.4
Verizon Comms	US	2	8.5	108	14.9	CenturyLink	US	1H	1.9	24	16.1
Telefonica	ES	2	5.3	67	8.3	Restricted	FR		1.8	23	6.4
China Mobile	CN	1	5.2	66	10.8	SingTel	SG	2	1.6	20	12.4
America Movil	MX	1	3.9	49	11.0	NTT	JP	1	1.6	20	7.9
Deutsche Tele	DE	1	2.7	34	12.7	KDDI	JP	1	1.5	19	8.0
MTN Group Ltd	ZA	1	2.3	30	10.6	KPN	NL	3	1.3	16	8.3
BT Group	GB	1	2.2	28	9.4	Rogers Coms	CA		1.2	16	11.9
France Telecom	FR	3	2.2	27	8.1	Crown Castle	US	2	1.2	15	59.7

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

Utilities

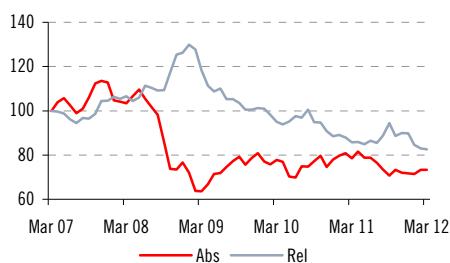
Weight in MSCI AC World Market Cap (US\$)	3.6% 1,042 Bn	Key Metrics	PE			EPS YoY			EV /	EV /	Fwd
			11E	12E	13E	11E	12E	13E	EBITDA	Sales	DY
Regional Weight Breakdown		Sector	15.1	14.4	12.9	-18.9	14.1	18.3	8.2	1.6	4.5
US	41.9%	MSCI AC World	13.5	12.3	10.9	7.2	10.3	13.2	7.4	1.5	2.7
Europe x UK	20.5%										
Emerging Markets	13.1%										
UK	10.0%										
Japan	7.7%										
Dev Asia	5.3%										
			US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail
			3m	6m	12m	3m	6m	12m			DY
		Sector	2.3	3.8	-6.7	1.5	3.7	-4.9	5.3	1.3	4.7
		MSCI AC World	11.3	18.8	-3.0	10.5	18.2	-1.6	12.4	1.8	2.7

Source: CIRA, Worldscope, MSCI, Factset Consensus

Performance/Valuation

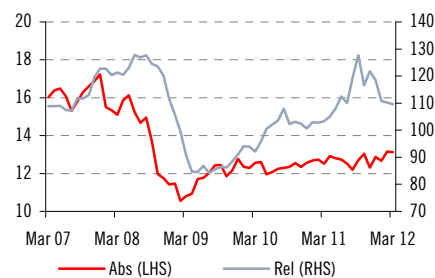
10% PE premium

Price Performance (US\$)



Source: CIRA, MSCI, Factset

12Mth Forward PE

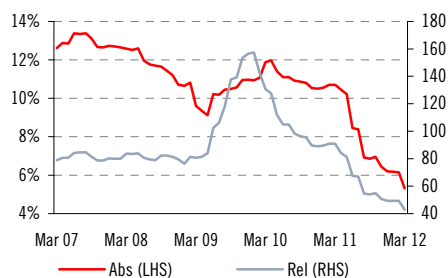


Source: CIRA, Factset Consensus

Profitability/Earnings

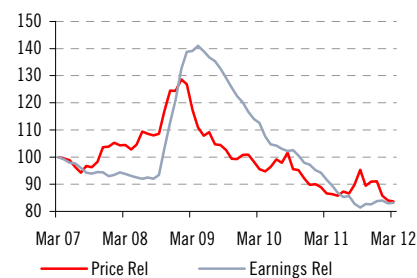
RoE has been decreasing

Return on Equity



Source: CIRA, MSCI, Factset

Relative Earnings/Price Momentum



Source: CIRA, MSCI, Factset

Largest Companies

Top 1 - 10						Top 11 - 20					
	Cntry	Rtg	Wgt	MC	PE		Cntry	Rtg	Wgt	MC	PE
E.ON	DE	2	4.1	43	11.3	RWE	DE	3	2.2	23	8.8
Southern Co	US	1	3.7	39	16.6	Iberdrola	ES	2	2.1	22	8.6
National Grid	GB	2	3.4	36	11.6	Scot & Sth Energy	GB	2	1.9	20	11.0
Exelon Corp	US	2	3.2	33	12.8	FirstEnergy Corp	US	2	1.8	19	13.5
GDF Suez	FR	1	3.1	32	11.3	Amer Elec Pwr	US	2	1.8	19	12.3
Dominion Rsc	US	2	2.8	29	15.6	PG&E	US	1	1.7	18	13.7
Duke Energy	US	2	2.7	28	14.6	Consol Edison	US	2	1.6	17	15.5
Centrica	GB	2	2.5	26	11.3	CLP Holdings	HK	2	1.6	17	14.2
NextEra Energy Inc	US	2	2.4	25	13.2	PPL Corp	US	2	1.6	16	11.9
Enel	IT	2	2.3	24	7.0	Progress Energy	US	2	1.5	16	16.5

Source: CIRA, MSCI, IBES

Source: CIRA, MSCI, IBES

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Global Market Intelligence

Figure 26. Global Market Intelligence by Region

30 Mar 12	Free MC		P/E			EPS YoY %			P/B	ROE	Div Yld	EV/ Sales	EV/ EBITDA	Perf % (local)	
	US\$bn	%	11E	12E	13E	11E	12E	13E						12E	12E
Global	28,584	100	13.5	12.3	10.9	7.2	10.3	13.2	1.6	13.3	2.9	1.5	7.4	0.1	10.5
Developed World	24,887	87.1	13.9	12.6	11.1	6.7	10.6	13.3	1.7	13.1	2.8	1.5	7.5	0.2	10.6
Emerging World	3,696	12.9	11.6	10.6	9.5	10.2	8.6	12.6	1.5	14.3	3.0	1.5	6.8	-0.1	10.3
North America	14,437	50.5	14.7	13.3	11.9	15.0	9.7	12.8	2.0	15.4	2.1	1.7	7.9	0.7	11.5
USA	13,200	46.2	14.7	13.4	11.9	14.5	9.6	12.7	2.1	15.6	2.1	1.7	7.9	0.8	12.2
Canada	1,238	4.3	14.1	12.8	11.2	20.1	10.4	13.7	1.7	13.1	2.9	2.4	7.8	-0.6	3.9
Europe	6,744	23.6	11.7	10.9	9.7	-1.7	7.6	11.8	1.4	12.8	4.2	1.3	6.9	-1.1	6.8
United Kingdom	2,345	8.2	10.7	10.3	9.3	12.5	4.3	10.2	1.5	15.1	4.1	1.3	7.6	-1.4	3.5
Europe ex UK	4,399	15.4	12.3	11.2	9.9	-8.7	9.6	12.8	1.3	11.7	4.2	1.3	6.6	-0.9	8.7
France	967	3.4	10.8	10.4	9.3	-2.0	4.0	11.4	1.1	10.5	4.3	1.1	6.0	-1.3	9.2
Germany	900	3.1	11.9	10.6	9.5	-4.4	11.6	12.0	1.3	12.5	3.6	1.0	6.3	-0.7	17.5
Switzerland	894	3.1	14.5	12.9	11.6	-10.6	12.5	11.3	2.0	15.4	3.6	2.3	10.5	0.0	5.4
Sweden	333	1.2	14.1	13.0	11.8	-11.0	7.9	10.8	1.8	14.0	4.1	1.5	7.9	-0.6	9.9
Spain	302	1.1	9.4	9.5	8.2	-15.4	-1.4	15.9	1.0	10.8	7.7	1.6	5.9	-3.4	-6.7
Netherlands	257	0.9	11.5	10.6	9.5	-5.5	9.3	11.8	1.4	12.8	3.8	1.3	8.2	-0.4	5.8
Italy	243	0.8	11.2	9.0	7.8	-22.8	23.7	15.8	0.7	8.1	4.6	1.4	4.8	-2.8	6.2
Denmark	117	0.4	22.1	17.4	13.7	-16.8	27.0	27.5	2.1	12.0	2.1	1.6	6.7	-0.6	13.9
Belgium	107	0.4	17.5	13.3	11.9	-12.2	31.1	12.0	1.5	11.2	3.4	2.7	7.7	-0.1	15.9
Norway	101	0.4	11.4	10.6	9.5	13.0	8.1	10.9	1.5	13.9	4.6	1.1	4.6	-0.5	9.7
Finland	92	0.3	13.2	14.6	11.9	-18.5	-9.5	22.6	1.5	10.1	4.8	1.5	7.7	0.8	12.8
Ireland	30	0.1	22.6	20.7	17.0	31.0	9.2	21.7	1.7	8.0	2.4	1.2	11.5	-0.9	5.4
Austria	27	0.1	16.6	8.9	7.5	-44.8	87.3	18.0	0.8	9.1	4.0	0.8	5.5	-1.9	13.5
Portugal	21	0.1	13.6	12.0	10.5	-16.4	12.8	14.9	1.2	9.9	6.0	1.7	8.3	-0.5	-0.9
Greece	9	0.0	19.2	9.7	7.4	-72.0	97.3	32.2	0.7	7.6	3.2	0.9	4.0	-6.3	10.7
Japan	2,259	7.9	19.4	14.4	11.8	-12.2	41.8	25.5	1.0	6.9	2.3	1.0	7.1	0.2	17.8
Asia Pac ex Jp	3,548	12.4	12.9	11.7	10.4	4.3	11.0	13.6	1.6	13.3	3.4	1.6	7.5	0.3	10.3
Pacific ex Jp	1,381	4.8	13.0	12.6	11.3	7.8	3.9	10.7	1.5	11.9	4.5	1.9	8.7	1.0	8.9
Australia	881	3.1	12.8	11.7	10.6	9.0	9.6	10.1	1.6	14.0	5.1	2.0	8.2	1.6	6.4
Hong Kong	299	1.0	13.3	15.0	13.3	7.9	-11.3	12.5	1.2	8.2	3.1	2.3	13.5	-0.5	13.0
Singapore	188	0.7	13.9	13.8	12.5	2.4	0.3	10.9	1.4	10.4	3.5	1.6	8.3	0.6	15.5
New Zealand	13	0.0	15.1	14.8	13.0	-2.2	1.7	14.2	1.5	10.2	5.6	1.5	7.7	1.3	8.2
Em Asia	2,167	7.6	12.9	11.2	9.8	2.2	15.5	15.3	1.6	14.2	2.7	1.4	7.1	-0.1	11.2
China	635	2.2	10.4	9.4	8.3	15.0	10.6	12.6	1.5	15.8	3.4	1.6	6.9	0.0	9.9
Korea	557	1.9	11.6	9.6	8.6	-1.6	20.7	15.3	1.2	12.8	1.3	0.9	5.5	-0.3	12.5
Taiwan	406	1.4	17.3	15.5	12.5	-26.5	19.9	24.8	1.8	11.3	3.7	1.3	7.5	-1.3	11.6
India	239	0.8	16.2	14.1	12.2	12.6	15.2	14.8	2.3	16.2	1.6	2.2	10.4	0.5	14.9
Malaysia	124	0.4	17.0	14.9	13.4	8.1	14.3	10.7	2.1	13.9	3.5	2.3	9.6	0.6	4.3
Indonesia	101	0.4	15.3	13.8	12.1	22.4	11.1	14.2	3.2	23.1	2.8	2.5	8.1	1.9	4.9
Thailand	76	0.3	13.8	11.8	10.3	17.8	16.7	15.4	2.1	17.8	3.6	1.2	7.3	-0.1	17.7
Philippines	29	0.1	18.7	17.0	15.2	1.0	10.1	11.5	2.6	15.1	2.3	2.8	10.4	1.1	17.6
Latin America	854	3.0	12.7	12.1	10.7	8.6	5.4	12.2	1.7	14.0	3.3	1.9	6.7	0.2	9.7
Brazil	547	1.9	10.8	10.6	9.5	8.5	1.9	11.0	1.4	13.6	3.8	1.7	6.1	-0.9	10.6
Mexico	175	0.6	20.5	17.0	13.9	7.6	20.3	18.6	2.5	14.7	1.9	2.1	7.9	3.2	5.9
Chile	68	0.2	19.0	17.2	15.4	-1.2	10.5	12.0	2.4	14.0	2.5	2.2	10.3	1.0	10.1
Colombia	40	0.1	18.6	16.2	14.6	26.7	14.7	11.5	2.5	17.6	3.2	2.9	12.1	1.2	9.2
Peru	24	0.1	13.0	11.6	10.3	22.7	12.0	12.5	3.0	24.7	2.9	4.7	8.8	3.0	12.2
CEEMEA	675	2.4	8.0	8.1	7.5	32.5	-2.2	6.9	1.2	14.8	3.9	1.4	5.7	-0.4	8.3
South Africa	280	1.0	13.5	11.2	9.8	20.6	19.8	14.5	2.0	17.8	4.0	1.6	7.6	0.2	4.5
Russia	251	0.9	5.2	5.6	5.5	46.6	-11.4	2.4	0.8	14.0	3.3	1.2	4.6	-1.4	10.0
Poland	52	0.2	8.1	10.1	10.0	40.5	-20.1	1.1	1.2	11.5	5.5	1.3	3.9	0.1	6.7
Turkey	51	0.2	11.0	9.9	8.8	-3.4	10.4	12.9	1.5	15.3	3.2	1.3	7.9	1.6	20.0
Egypt	13	0.0	11.1	9.4	8.9	0.8	18.3	9.5	1.3	13.4	3.9	2.3	7.5	-2.1	40.7
Czech Republic	12	0.0	11.8	10.8	10.5	-16.7	8.8	3.5	1.8	16.2	6.6	2.6	5.6	-0.7	3.8
Hungary	11	0.0	10.5	8.9	7.6	-10.5	18.2	17.1	0.9	10.0	4.0	0.8	5.2	-2.7	12.1
Morocco	5	0.0	14.2	12.9	14.4	-4.0	10.0	2.1	4.0	26.9	5.5	4.2	6.8	0.5	1.7
Israel	66	0.2	8.8	8.4	7.7	7.8	4.8	8.9	1.4	16.9	3.2	2.6	10.4	1.2	5.0

Source: Citi Investment Research and Analysis, MSCI, Worldscope, Factset Consensus Estimates

Figure 27. Global Market Intelligence by Sector

30 Mar 12	Free MC		P/E			EPS YoY %			P/B	ROE	Div Yld	EV/ Sales	EV/ EBITDA	Perf % (local)	
	US\$bn	Wgt %	11E	12E	13E	11E	12E	13E	12E	12E	12E	11	11	Weekly	YTD
Global	28,584	100	13.5	12.3	10.9	7.2	10.3	13.2	1.6	13.3	2.9	1.5	7.4	0.1	10.5
Sectors- Level 1															
Energy	3,251	11.4	10.1	9.9	9.0	26.4	1.9	9.9	1.4	14.4	2.9	1.2	5.8	-1.2	3.1
Materials	2,257	7.9	11.8	11.3	9.7	18.0	4.1	16.9	1.6	13.9	2.7	1.5	7.1	0.0	8.3
Industrials	3,000	10.5	14.5	13.1	11.4	11.2	11.0	14.1	1.9	14.4	2.6	1.3	8.4	0.2	11.8
Consumer Disc.	2,989	10.5	17.2	14.3	12.0	9.6	20.1	19.8	2.0	14.2	2.0	1.3	7.2	0.6	17.0
Consumer Staples	2,916	10.2	17.2	15.7	14.3	6.4	9.3	10.2	2.9	18.6	3.1	1.5	9.9	1.0	5.6
Health Care	2,538	8.9	12.8	12.5	11.5	9.1	2.9	8.1	2.4	19.3	2.8	1.9	8.7	1.4	6.0
Financials	5,580	19.5	12.6	10.8	9.5	-4.0	16.9	13.0	1.0	9.3	3.5	NA	NA	-0.7	15.7
IT	3,740	13.1	15.7	13.8	12.0	7.1	14.9	15.4	2.6	18.7	1.4	1.7	7.6	0.8	19.9
Telecoms	1,272	4.4	12.7	11.7	11.2	-1.9	4.4	9.1	1.6	13.5	5.9	1.8	5.8	-0.6	0.5
Utilities	1,042	3.6	15.1	14.4	12.9	-18.9	14.1	18.3	1.2	8.0	4.6	1.6	8.2	0.3	1.5
Sectors- Level 2															
Energy	3,251	11.4	10.1	9.9	9.0	26.4	1.9	9.9	1.4	14.4	2.9	1.2	5.8	-1.2	3.1
Materials	2,257	7.9	11.8	11.3	9.7	18.0	4.1	16.9	1.6	13.9	2.7	1.5	7.1	0.0	8.3
Capital Goods	2,230	7.8	13.4	12.3	10.9	17.1	9.2	12.9	1.9	15.2	2.7	1.2	8.5	0.2	13.0
Comm Svc & Supp	209	0.7	18.3	16.7	14.8	8.3	9.4	13.1	2.5	14.9	2.7	1.6	9.0	0.8	10.9
Transport	561	2.0	19.0	15.6	12.9	-12.4	21.8	20.8	1.8	11.2	2.3	1.6	7.8	0.1	7.8
Autos	747	2.6	11.2	9.9	8.4	16.1	13.8	20.4	1.2	12.4	2.1	0.9	5.8	1.0	23.3
Consumer Durables	421	1.5	48.5	19.4	13.9	-46.7	149.7	41.6	1.9	9.7	1.9	1.8	7.4	0.5	19.0
Consumer Services	423	1.5	19.8	18.5	16.1	16.7	7.0	14.9	3.5	18.9	2.3	2.1	9.8	0.8	10.1
Media	633	2.2	16.5	14.1	12.2	18.7	17.0	15.6	2.2	16.3	2.1	2.0	7.5	0.6	13.9
Retailing	766	2.7	19.7	17.6	15.2	13.1	12.0	14.9	3.2	18.1	1.7	1.1	8.9	0.3	16.7
Food & Staples	627	2.2	15.3	13.9	12.6	5.5	10.5	10.4	2.0	14.2	2.9	0.7	7.7	0.7	3.1
Food Bev & Tobac.	1,821	6.4	17.6	16.2	14.6	7.8	9.2	10.6	3.3	20.5	3.2	2.2	10.7	1.1	6.4
Household Products	467	1.6	18.4	17.0	15.7	2.7	8.0	8.6	3.6	21.2	2.9	2.1	10.9	0.8	5.8
Health Care	660	2.3	15.0	13.8	12.4	11.1	8.6	11.0	2.2	16.5	1.2	1.2	8.3	3.2	13.1
Pharma & Biotech	1,878	6.6	12.2	12.1	11.3	8.6	1.3	7.2	2.5	20.3	3.3	2.6	8.8	0.8	3.8
Banks	2,532	8.9	10.5	9.7	8.6	4.8	8.8	12.4	1.0	10.5	4.0	NA	NA	-1.2	12.6
Div Financials	1,239	4.3	13.6	11.0	9.4	-17.2	23.4	17.6	0.9	7.9	2.1	NA	NA	-0.8	27.0
Insurance	1,077	3.8	15.0	10.3	9.3	-16.8	45.8	10.7	1.0	9.6	3.5	NA	NA	-0.4	13.6
Real Estate	733	2.6	18.7	19.0	17.2	10.5	-1.1	10.5	1.3	6.7	3.7	NA	NA	0.6	12.5
Software & Services	1,523	5.3	16.6	14.8	13.1	14.0	11.9	12.8	3.6	24.4	1.2	2.8	9.5	0.7	15.2
Tech	1,542	5.4	15.3	12.9	11.1	11.3	20.8	15.3	2.1	16.5	1.2	1.2	6.8	1.1	26.5
Semi & Semi Equip	675	2.4	15.0	14.0	11.5	-11.3	8.2	21.0	2.2	15.8	2.0	2.0	6.1	0.5	16.9
Telecom	1,272	4.4	12.7	11.7	11.2	-1.9	4.4	9.1	1.6	13.5	5.9	1.8	5.8	-0.6	0.5
Utilities	1,042	3.6	15.1	14.4	12.9	-18.9	14.1	18.3	1.2	8.0	4.6	1.6	8.2	0.3	1.5

Source: Citi Investment Research and Analysis, MSCI, Worldscope, Factset Consensus Estimates

Figure 28. 2012 P/E Estimates by Region and Sector

30 Mar 12 P/E 12E	Global	DM	GEM	US	Eur ex UK	UK	Jap	Dev Asia	Em Asia	Lat Am	CEEMEA
Region	12.3	12.6	10.6	13.4	11.2	10.3	14.4	12.6	11.2	12.1	8.1

Sectors- Level 1

Energy	9.9	10.6	7.2	11.0	9.1	8.5	9.8	16.6	9.4	10.1	5.1
Materials	11.3	11.7	10.0	13.2	13.4	8.3	15.2	10.2	10.9	9.6	9.1
Industrials	13.1	13.1	12.8	13.7	13.0	12.5	11.2	15.6	12.2	18.0	11.0
Consumer Disc.	14.3	14.9	10.7	16.1	11.1	12.8	17.2	15.8	9.5	14.8	15.0
Consumer Staples	15.7	15.3	20.2	15.6	15.9	13.8	17.1	14.2	19.2	21.6	19.5
Health Care	12.5	12.4	18.1	12.7	12.3	10.0	17.6	17.4	19.5	19.9	15.2
Financials	10.8	11.1	9.4	12.5	8.5	10.1	12.1	11.9	9.1	10.9	9.2
IT	13.8	13.8	14.1	13.3	16.6	25.5	17.0	20.5	14.0	16.4	11.0
Telecom Services	11.7	11.5	12.6	15.7	9.3	10.3	9.1	12.3	13.3	12.5	11.4
Utilities	14.4	14.8	12.7	14.7	10.3	12.3	-37.5	15.6	14.2	12.8	10.1

Sectors- Level 2

Energy	9.9	10.6	7.2	11.0	9.1	8.5	9.8	16.6	9.4	10.1	5.1
Materials	11.3	11.7	10.0	13.2	13.4	8.3	15.2	10.2	10.9	9.6	9.1
Capital Goods	12.3	12.4	11.6	13.4	12.5	11.1	10.0	13.3	11.4	15.7	11.0
Comm Svc & Supp	16.7	16.7	13.3	16.7	16.3	15.8	19.9	16.7	13.3		
Transport	15.6	15.3	18.8	13.9	15.6		17.0	19.7	18.4	20.6	10.9
Autos & Components	9.9	10.3	8.2	9.2	7.5	8.2	14.0		8.2		9.4
Consumer Durables	19.4	21.6	9.5	18.6	16.4	21.6	88.3	10.4	12.4	6.8	8.6
Consumer Services	18.5	18.7	14.6	20.3	14.3	15.0	18.0	16.4	14.5	16.2	
Media	14.1	13.8	20.0	14.3	12.3	12.2	19.4	12.4	21.2	18.6	20.5
Retailing	17.6	17.7	16.2	18.5	19.6	11.3	15.0	17.3	13.6	27.3	13.6
Food & Staples Retailing	13.9	13.1	23.1	14.0	11.6	10.0	13.8	14.1	19.9	25.6	22.9
Food Bev & Tobacco	16.2	16.0	18.4	16.0	16.4	14.8	18.6	14.5	17.2	20.4	14.3
Household Products	17.0	16.5	25.6	16.4	17.9	14.5	19.2		28.1	20.1	
Health Care Equip & Svc	13.8	13.7	18.0	13.0	18.5	13.1	20.0	16.7	20.9	19.9	14.0
Pharma & Biotech	12.1	12.0	18.2	12.5	11.7	9.9	17.2	17.8	19.2		16.0
Banks	9.7	10.0	8.8	11.5	8.3	9.8	8.9	10.8	8.4	10.1	8.5
Div Financials	11.0	10.9	12.2	11.3	8.5	13.8	17.2	16.6	12.0	18.1	10.0
Insurance	10.3	10.1	12.8	10.3	8.1	9.2	24.8	13.4	13.6	10.1	10.9
Real Estate	19.0	20.8	9.4	37.1	14.3	17.9	19.7	13.1	8.1	23.0	12.4
Software & Services	14.8	14.6	19.2	14.4	15.9	14.1	20.5	16.9	20.0	16.4	11.0
Tech Hardware & Equip	12.9	12.7	15.1	12.1	17.6		15.8	36.2	15.1		
Semi & Semi Equip	14.0	15.2	12.4	14.3	16.6	42.3	31.9	22.0	12.4		
Telecom	11.7	11.5	12.6	15.7	9.3	10.3	9.1	12.3	13.3	12.5	11.4
Utilities	14.4	14.8	12.7	14.7	10.3	12.3	-37.5	15.6	14.2	12.8	10.1

Source: Citi Investment Research and Analysis, MSCI, Worldscope, Factset Consensus Estimates

Figure 29. Current Prices & Ratings For Stocks Mentioned In This Report*

RIC	Stock Name	Price*	Rating	Curr	RIC	Stock Name	Price*	Rating	Currency
MMM.N	3M Company	84.58	2	USD	JNSP.BO	Jindal Steel and Power	486.55	1	INR
ABBN.VX	ABB Ltd	18.02	1	CHF	JNJ.N	Johnson & Johnson Inc	64.2	1	USD
ABT.N	Abbott Laboratories	60.14	3	USD	JCI.N	Johnson Controls Inc	30.65	2	USD
1288.HK	ABC	3.31	1	HKD	JPM.N	JP Morgan Chase & Co	42.96	1	USD
ABE.MC	Abertis Infraestructuras SA	12.25		EUR	JNPR.N	Juniper Networks, Inc.	20.88		USD
ABI.BR	AB-InBev	53.94	1	EUR	KSU.N	Kansas City Southern	69.21	1	USD
ACN.N	Accenture Ltd	63.15	1	USD	4452.T	Kao	2142	1	JPY
ACCP.PA	Accor SA	25.125	3	EUR	9433.T	KDDI	520000	1	JPY
ACE.N	ACE Ltd	71.56	1	USD	000270.KS	Kia Motors	77800	1	KRW
ADEN.VX	Adecco	44.79	2	CHF	KMB.N	Kimberly-Clark	73.53	2	USD
ADSGn.DE	adidas Group	58.42	1	EUR	KGF.L	Kingfisher PLC	3.025	2	GBP
ADBE.O	Adobe Systems Inc.	32.61	1	USD	KLAC.O	KLA Tencor Corp	52.06	1	USD
AMD.N	Advanced Micro Devices	7.53	1H	USD	KSS.N	Kohl's Corp	48.95	1	USD
8267.T	Aeon	1093	2	JPY	6301.T	Komatsu	2294	2	JPY
AET.N	Aetna	47.67	1	USD	KPN.AS	KPN NV	7.911	3	EUR
AFL.N	AFLAC Inc	42.22		USD	KFT.N	Kraft Foods Inc	37.02	1	USD
AGGK.L	Aggreko PLC	21.29817	1	GBP	KR.N	Kroger Co	23.27	1	USD
1288.HK	Agricultural Bank of China	3.31	1	HKD	KNIN.VX	Kuehne & Nagel International	118.6	1	CHF
AHLN.AS	Ahold	10.23	1	EUR	6971.T	Kyocera	7200	2	JPY
1299.HK	AIA Group	27.5	1	HKD	AIRP.PA	L'Air Liquide SA	97.59	2	EUR
ALB.N	Albemarle Corp	61.31	1	USD	LRCX.O	Lam Research Corp	41.41	1	USD
AGN.N	Allergan Inc	92.48	1	USD	LVS.N	Las Vegas Sands	58.4	1	USD
ALVG.DE	Allianz SE	84.85	1	EUR	0992.HK	Lenovo Group	7.35	1	HKD
ALL.N	Allstate Corp	31.97	2	USD	066570.KS	LG Electronics	78300	1	KRW
ALTR.O	Altera Corp	36.86	1	USD	051900.KS	LG Household & Health Care	590000	2	KRW
MO.N	Altria Group Inc	30.95	2	USD	0494.HK	Li&Fung	16.44	1	HKD
AMZN.O	Amazon.com Inc	186.98	1	USD	LMCA.O	Liberty Media	84.15	2	USD
ABV.N	AmBev	40.93		USD	LTD.N	Limited Brands, Inc.	46.53	2	USD
AMX.N	América Móvil SA de CV	23.38	1	USD	LING.DE	Linde AG	129.65	1	EUR
AEP.N	American Electric Power Co Inc	37.22	2	USD	LMT.N	Lockheed Martin Corp.	87.67	1	USD
AXP.N	American Express Co.	56.2	1	USD	OREP.PA	L'Oréal	90.18	2	EUR
AMT.N	American Tower Corp	61.62	1	USD	LO.N	Lorillard Inc.	134.55	1	USD
AMGN.O	Amgen Inc	66.19	1	USD	LOW.N	Lowe's Cos Inc	30.33	2	USD
AMP.AX	AMP Ltd	4.19	2	AUD	LKOH.MM	Lukoil	1814.4	1	RUB
APH.N	Amphenol Corp	57.15	1	USD	LLL.TO	lululemon Athletica Inc	71.7		CAD
APC.N	Anadarko Petroleum Corp	74.63	1	USD	LVMH.PA	LVMH	126.9	1	EUR
ADI.O	Analog Devices	37.61	1	USD	M.N	Macys Inc	38.56	1	USD
AAL.L	Anglo American PLC	22.49	2	GBP	MGA.N	Magna International Inc	44.52	3H	USD
NLY.N	Annaly Capital Management	15.63	2	USD	MGNTq.L	Magnit	28.34	1	USD
MAERSKb.CO	AP Moller Maersk A/S	41640	2	DKK	MFC.TO	Manulife Financial Corp	12.36		CAD
APA.N	Apache Corp	93.5	1	USD	MAR.N	Marriott International	36.47	1	USD
AAPL.O	Apple Inc	628.44	1	USD	MMC.N	Marsh & McLennan Companies Inc	31.41	1	USD
AMAT.O	Applied Materials Inc	11.75	2	USD	MA.N	MasterCard Inc.	424.73	2	USD
ISPA.AS	ArcelorMittal	13.475	1	EUR	MAT.O	Mattel Inc	33	1	USD
ADM.N	Archer-Daniels-Midland Company	30.82	1	USD	MXIM.O	Maxim Integrated	27.19	1	USD
AKE.PA	Arkema	66.03	1	EUR	MCD.N	McDonald's Corp	97.63	2	USD
ARM.L	ARM Holdings PLC	5.805	1	GBP	MHP.N	McGraw-Hill Companies Inc	47.85		USD
ASML.AS	ASML Holding NV	36.04	2	EUR	MCK.N	McKesson Corp	86.76	1	USD
GASI.MI	Assicurazioni Generali SpA	10.77	3	EUR	2454.TW	MediaTek	277	3	TWD
4503.T	Astellas Pharma	3245	1	JPY	MD.N	MEDNAX Inc	70.45	1	USD
ASII.JK	Astra International	73300	2	IDR	MDT.N	Medtronic Inc	37.36	1	USD
AZN.L	AstraZeneca PLC	27.72	2	GBP	MRK.N	Merck	38.45	2	USD
T.N	AT&T Inc	30.13	1	USD	MET.N	MetLife Inc	34.86		USD
ATOS.PA	ATOS	41.635	1	EUR	MICP.PA	Michelin	54.08	1	EUR
ANZ.AX	Australia and NZ Banking Group Ltd	22.77	2	AUD	MSFT.O	Microsoft Corp.	30.47	1	USD
ASX.AX	Australian Securities Exchange	31.33	1	AUD	8058.T	Mitsubishi	1788		JPY
ADP.O	Automatic Data Processing Inc	53.92	2	USD	8802.T	Mitsubishi Estate	1377	1	JPY
AVGO.O	Avago Technologies	36.8	1	USD	8306.T	Mitsubishi UFJ Financial Group	390	1	JPY
AVB.N	AvalonBay Communities, Inc	136.39	3	USD	8031.T	Mitsui	1261		JPY
AVP.N	Avon Products Inc	22.22	1	USD	8801.T	Mitsui Fudosan	1458	1	JPY
AXAF.PA	AXA SA	11.415	2H	EUR	8411.T	Mizuho Financial Group	126	1	JPY
BAB.L	Babcock	8.115	1	GBP	MON.N	Monsanto Co	74.42	1	USD
BBAS3.SA	Banco do Brasil	24.23	1	BRL	MS.N	Morgan Stanley	17.31	2	USD

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SAN.MC	Banco Santander	5.344	2H	EUR	MRW.L Morrison (Wm)	2.866	2	GBP
BAC.N	Bank of America Corp	8.54	2	USD	MSI.N Motorola Solutions Inc	48.4	2	USD
3988.HK	Bank of China	3.12	2	HKD	MTNJ.J MTN Group Limited	131.84	1	ZAR
BMO.TO	Bank of Montreal	58.11		CAD	MUVGn.DE Munich Re	110.65	2	EUR
BK.N	Bank of New York Mellon Corp	23.11		USD	6981.OS Murata	4675	1	JPY
BNS.TO	Bank of Nova Scotia	54.38		CAD	NPNJn.J Naspers Limited	443.99	1	ZAR
BARC.L	Barclays PLC	2.172	1	GBP	NAB.AX National Australia Bank Ltd	24.3	2	AUD
ABX.N	Barrick Gold	41.48	1	USD	NG.L National Grid PLC	6.35	2	GBP
BASFn.DE	BASF SE	63	2	EUR	NOV.N National Oilwell Varco Inc	76	1	USD
BAX.N	Baxter International Inc	57.67	2	USD	NESN.VX Nestle	55.6	2	CHF
BAYGn.DE	Bayer AG	51.34	1	EUR	NTAP.O NetApp, Inc.	42.02	1	USD
BDX.N	Becton, Dickinson and Company	76.01	2	USD	0017.HK New World Development	9.1	1	HKD
BBBY.O	Bed Bath & Beyond Inc	69.31	2	USD	NCM.AX Newcrest Mining Ltd	28.86	1	AUD
BEIG.DE	Beiersdorf	48.185	3	EUR	NWSA.O News Corp	18.66	2	USD
BRKa.N	Berkshire Hathaway Inc	118195		USD	NEE.N NextEra Energy Inc	62.25	2	USD
BG.L	BG Group	13.918715	1	GBP	NKE.N Nike Inc	106.46	1	USD
BHP.AX	BHP Billiton Ltd	33.59	1	AUD	7731.T Nikon	2403	2	JPY
BLT.L	BHP Billiton PLC	18.675	1	GBP	7974.OS Nintendo	11900	2	JPY
BIIB.O	Biogen Idec Inc	125.02	2	USD	9432.T Nippon Telegraph and Telephone	3630	1	JPY
BIZIM.IS	Bizim	25	1	TRY	7201.T Nissan Motor	833	1	JPY
BLK.N	BlackRock Inc	198.6	2	USD	6988.T Nitto Denko	3325	1	JPY
BMWG.DE	BMW AG	66.98	1	EUR	NOK1V.HE Nokia Oyj	3.824	3	EUR
BNPP.PA	BNP Paribas SA	32.29	1	EUR	8604.T Nomura Holdings	342	1	JPY
BA.N	Boeing Co.	70.6	1	USD	NSC.N Norfolk Southern Corp.	65.32	1	USD
BWA.N	Borg Warner Inc	79.58	2	USD	NOVN.VX Novartis AG	49.64	2	CHF
BXP.N	Boston Properties Inc	99.03	2	USD	NOVOb.CO Novo Nordisk A/S	822	1	DKK
BP.L	BP	4.4835	2	GBP	9437.T NTT DoCoMo	135000	2	JPY
BBDC4.SA	Bradesco	30.49	1	BRL	NVDA.O NVIDIA Corp	14.16	2H	USD
BXB.AX	Brambles Ltd	7.14		AUD	OXY.N Occidental Petroleum Corp	89.61	2	USD
5108.T	Bridgestone	1875	2	JPY	OMC.N Omnicom	47.51	1	USD
BMY.N	Bristol-Myers Squibb	32.47	1	USD	ORCL.O Oracle Corporation	28.35	1	USD
BATS.L	British American Tobacco PLC	31.11875	2	GBP	ORLY.O O'Reilly Automotive Inc	91.47	2	USD
BSY.L	British Sky Broadcasting Group PLC	6.46	2	GBP	ORI.AX Orica Limited	26.8	1	AUD
BRCM.O	Broadcom Corporation	35.93	1	USD	4661.T Oriental Land Co Ltd	8800		JPY
BAMa.TO	Brookfield Asset Management Inc	30.26		CAD	ORG.AX Origin Energy Ltd	13.09	1	AUD
BT.L	BT Group PLC	2.137	1	GBP	6752.T Panasonic	656	2	JPY
BRBY.L	Burberry Group PLC	15.28	2	GBP	PSON.L Pearson PLC	11.27	1	GBP
BVI.PA	Bureau Veritas	65.69	2	EUR	PEP.N PepsiCo	64.85	2	USD
CHRW.O	C.H. Robinson Worldwide Inc.	63.34	2	USD	PERP.PA Pernod-Ricard	76	1	EUR
CPB.AX	Campbell Brothers Ltd	64.67		AUD	PBR.N Petrobras	24.28	1	USD
CNI.N	Canadian National Railway Company	75.79	2	USD	0857.HK PetroChina	10.7	1	HKD
CNQ.N	Canadian Natural Resources Ltd	31.16	1	USD	PFE.N Pfizer	21.98	2	USD
CP.N	Canadian Pacific Railway Limited	72.95	2	USD	PCGN.PG&E Corp	42.04	1	USD
7751.T	Canon	3735	1	JPY	PM.N Philip Morris International	87.05	2	USD
CAPP.PA	Capgemini SA	30.62	1	EUR	005490.KS POSCO	371500	1	KRW
CPI.L	Capita Group PLC	7.285	1	GBP	POT.N Potash Corp of Saskatchewan Inc	42.85	1	USD
COF.N	Capital One Financial Corp.	52.69	1	USD	PPL.N PPL Corp	27.06	2	USD
CAH.N	Cardinal Health Inc	40.99	1	USD	P RTP.PA PPR	126.35	1	EUR
CCL.N	Carnival Corp.	30.48	1	USD	PX.N Praxair Inc	109.65	1	USD
CCL.L	Carnival PLC	19.25		GBP	PCP.N Precision Castparts Corp.	163.47	1	USD
CARR.PA	Carrefour	16.485	3	EUR	PCLN.O Priceline.Com Inc	741.26	1	USD
2474.TW	Catcher Technology	204	1H	TWD	PG.N Procter & Gamble Co	66.35	1	USD
CAT.N	Caterpillar Inc.	100.43	2	USD	PGN.N Progress Energy Inc	51.47	2	USD
CBS.N	CBS Corp	31.3	2	USD	PLD.N Prologis Inc	33.15	2	USD
CCRO3.SA	CCR	15	2	BRL	PRU.N Prudential Financial Inc	59.33		USD
CELG.O	Celgene Corp	79.2	1	USD	PRU.L Prudential Plc	7.26	1	GBP
9022.T	Central Japan Railway	655000	2	JPY	PSA.N Public Storage Inc	134.33	2	USD
CNA.L	Centrica PLC	3.141	2	GBP	PZU.WA PZU	315.4	1	PLN
CTL.N	CenturyLink	37.93	1H	USD	QBE.AX QBE Insurance Group Ltd	13.45	2	AUD
CERN.O	Cerner Corporation	72.81	1	USD	QRN.AX QR National Limited	3.57		AUD
SCHW.N	Charles Schwab	13.75	1	USD	QCOM.O Qualcomm Inc	66.22	1	USD
0001.HK	Cheung Kong	97.05	1	HKD	RL.N Ralph Lauren Corporation	169.8	1	USD
CVX.N	Chevron	101.45	1	USD	RB.L Reckitt Benckiser	34.825	1	GBP
3983.HK	China BlueChemical	5.73	1	HKD	RELL.L Reed Elsevier PLC	5.325	2	GBP
0939.HK	China Construction Bank	5.93	1	HKD	RELI.BO Reliance Industries	732.9	1	INR
2628.HK	China Life Insurance	19.8	2	HKD	RENA.PA Renault SA	36.705	1	EUR

0941.HK	China Mobile	83.35	1	HKD	RSG.N Republic Services Inc	30.1	USD
CMG.N	Chipotle Mexican Grill, Inc.	416.62	2	USD	CFR.VX Richemont	56.2	1 CHF
DIOR.PA	Christian Dior SA	113.95		EUR	RIO.AX Rio Tinto Ltd	63.52	1 AUD
CB.N	Chubb Corp	68.8	2	USD	RIO.L Rio Tinto PLC	33.89	1 GBP
CHD.N	Church & Dwight Co Inc	49.21	2	USD	ROG.VX Roche Holding AG	154.2	2 CHF
CI.N	CIGNA	47.39	1	USD	RCIb.TO Rogers Communications Inc	38.82	CAD
CTAS.O	Cintas Corp	37.75	1	USD	RR.L Rolls Royce	8.03888	1 GBP
CSCO.O	Cisco Systems Inc.	19.55		USD	ROST.O Ross Stores Inc.	57.19	2 USD
CTXS.O	Citrix Systems, Inc.	73.71	1	USD	RY.TO Royal Bank of Canada	55.95	CAD
0002.HK	CLP Holdings	65.45	2	HKD	RDSa.L Royal Dutch Shell	21.44	2 GBP
CME.O	CME Group Inc	282.09	1	USD	RDSb.L Royal Dutch Shell(CL B)	21.8	2 GBP
0883.HK	CNOOC	15.28	1	HKD	RWEG.DE RWE AG	34.575	3 EUR
COH.N	Coach, Inc.	72.9	1	USD	SAB.L SABMiller	24.905	1 GBP
CTSH.O	Cognizant	74.82	1	USD	SWY.N Safeway Inc	19.9	2 USD
CL.N	Colgate-Palmolive Co	96.17	2	USD	CRM.N salesforce.com, inc.	153.73	1 USD
CMCSA.O	Comcast Corp	28.65	1	USD	005930.KS Samsung Electronics	1311000	1 KRW
CBA.AX	Commonwealth Bank of Australia	49.6	2	AUD	1928.HK Sands China	29.5	1 HKD
CPG.L	Compass Group	6.295	1	GBP	SASY.PA Sanofi SA	55.59	1 EUR
COP.N	ConocoPhillips	73.69	2H	USD	STO.AX Santos Ltd	13.82	1 AUD
ED.N	Consolidated Edison Inc	57.14	2	USD	SAPG.DE SAP AG	50.18	1 EUR
GLW.N	Corning Incorporated	13.39	2	USD	SOLJ.J Sasol Ltd	365.93	1 ZAR
COST.O	Costco Wholesale Corp	86.89	2	USD	SBER.MM Sberbank RF	96.3	1 RUB
COV.N	Covidien Ltd	52.28	1	USD	SLB.N Schlumberger Ltd	67.26	1 USD
BAP.N	Credicorp	133.8	1	USD	SCHN.PA Schneider Electric SA	46.935	3 EUR
CSGN.VX	Credit Suisse	24.07	1	CHF	9735.T Secom	3855	JPY
CCI.N	Crown Castle International Corp	52.6	2	USD	1928.T Sekisui House	763	2 JPY
CSL.AX	CSL Ltd	35.39	1	AUD	3382.T Seven & i Holdings	2372	1 JPY
CSX.N	CSX Corp.	21.06	1	USD	SGSN.VX SGS	1732	2 CHF
CMI.N	Cummins Inc.	111.76	1	USD	6753.T Sharp	513	3 JPY
CVS.N	CVS Caremark Corp	43.53	1	USD	4063.T Shin-Etsu Chemical	4505	1 JPY
7912.T	Dai Nippon Printing Co Ltd	757		JPY	4911.T Shiseido	1410	3 JPY
DAIGn.DE	Daimler AG	41.755	1	EUR	0016.HK SHK Props	95.35	2 HKD
DHR.N	Danaher Corporation	52.83	1	USD	SC.TO Shoppers Drug Mart Corp	43.19	CAD
DANO.PA	Danone	50.43	2	EUR	SHPJ.J Shoprite Holdings	134.75	1 ZAR
DRI.N	Darden Restaurants Inc.	48.76	1	USD	SIEGn.DE Siemens AG	73.34	1 EUR
DE.N	Deere & Company	76.52	1	USD	SPG.N Simon Property Group Inc	141.73	2 USD
DELL.O	Dell Inc	16.25	2	USD	STEL.SI SingTel	3.08	2 SGD
6902.T	Denso	2504	1	JPY	000660.KS SK Hynix	27750	1 KRW
4324.T	Dentsu	2490	1	JPY	EXHO.PA Sodexo	58.68	2 EUR
DBKGn.DE	Deutsche Bank	34.875	2	EUR	9984.T SoftBank	2257	2H JPY
DPWGn.DE	Deutsche Post	14.175	2	EUR	SO.N Southern Company Inc	44.36	1 USD
DTEGn.DE	Deutsche Telekom AG	8.735	1	EUR	SQM.N SQM - Soc. Quimica y Minera de Chile	57.4	1 USD
DGE.L	Diageo	14.96125	2	GBP	SSE.L SSE PLC	13.15	2 GBP
DTV.O	DIRECTV Group Inc	48.41	1	USD	STJ.N St Jude Medical Inc	38.53	3 USD
DFS.N	Discover Financial Services	32.18	2	USD	STAN.L Standard Chartered PLC	15.03	1 GBP
DLTR.OQ	Dollar Tree Inc	93.39		USD	SPLS.O Staples Inc	15.48	2 USD
D.N	Dominion Resources Inc	50.2	2	USD	SBUX.O Starbucks Corp	56.78	1 USD
DOW.N	Dow Chemical Co	31.7	1	USD	HOT.N Starwood Hotels & Resorts	53.19	1 USD
DSMN.AS	DSM NV	41.605	1	EUR	STT.N State Street Corp	43	USD
DUK.N	Duke Energy Corp	20.37	2	USD	SRCL.O Stericycle Inc	84.44	USD
DD.N	E I du Pont de Nemours and Co	51.05	2	USD	SYK.N Stryker Corp	53.11	2 USD
EONGn.DE	E.ON AG	17.25	2	EUR	8316.T Sumitomo Mitsui Financial Group	2603	1 JPY
EAD.PA	EADS	30.62	1	EUR	SU.N Suncor Energy Inc	29.52	USD
9020.T	East Japan Railway	5030	1	JPY	SUN.AX Suncorp Group Ltd	8.09	1 AUD
ETN.N	Eaton Corp	46.45	1	USD	SNGS_p.MM Surgutneftegaz(pref)	19.485	1 RUB
EBAY.O	eBay Inc	35.47	2	USD	UHR.VX Swatch Group AG	413.8	1 CHF
EDEN.PA	Edenred	22.61	1	EUR	SRENH.VX Swiss Re	56.5	1 CHF
LLY.N	Eli Lilly	39.42	2	USD	SYMC.O Symantec Corp.	17.56	1 USD
EMC.N	EMC Corporation	28.25	1	USD	SYNN.VX Syngenta AG	310.1	2 CHF
EMR.N	Emerson Electric Co.	49.64	1	USD	SYN.N Sysco Corp	28.99	2 USD
EOC.N	Endesa Chile	54.55	1	USD	TROW.O T Rowe Price Group Inc	61.85	3 USD
ENEI.MI	ENEL SpA	2.532	2	EUR	4502.T Takeda Pharmaceutical	3450	1 JPY
ENR.N	Energizer Holdings Inc	71.36	1	USD	TGT.N Target Corp	56.38	1 USD
ENI.MI	Eni	16.55	1	EUR	TEL.N TE Connectivity Ltd.	34.39	1 USD
EFX.N	Equifax Inc	42.5		USD	TEF.MC Telefonica SA	11.735	2 EUR
EQR.N	Equity Residential	59.28	2	USD	TLS.AX Telstra Corp Ltd	3.33	2 AUD

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ERICb.ST	Ericsson LM	66.55	1	SEK	0700.HK Tencent Holdings	219.4	1	HKD
ESSI.PA	Essilor	66.1	3	EUR	TSCO.L Tesco	3.17172	3	GBP
EL.N	Estee Lauder Inc	60.79	2	USD	TEVA.O Teva Pharmaceutical Industries Ltd.	43.86	1	USD
ENRC.L	Eurasian Natural Resources Corporation PLC (ENRC)	5.79	1	GBP	TXN.O Texas Instruments Inc	31.69	1	USD
EXC.N	Exelon Corp	38.01	2	USD	AES.N The AES Corp	12.5	1	USD
EXPD.O	Expeditors Int of Washington Inc	45.06		USD	SCHW.N The Charles Schwab Corporation	13.75	1	USD
EXP.N.L	Experian	9.64	1	GBP	CLX.N The Clorox Co	68.88	2	USD
ESRX.O	Express Scripts Inc	55.72	2	USD	KO.N The Coca-Cola Company	72.02	1	USD
XOM.N	Exxon Mobil Corp	82.15	1	USD	0823.HK The Link REIT	29.35	1	HKD
6954.T	Fanuc	14220	1	JPY	TJX.N The TJX Companies, Inc.	38.67	2	USD
9983.T	Fast Retailing	17210	3	JPY	6481.T THK	1574	1	JPY
FDX.N	FedEx Corp.	86.63	1	USD	TRI.N Thomson Reuters Corp	27.59	2	USD
FE.N	FirstEnergy Corp	44.92	2	USD	THI.TO Tim Hortons Inc	52.86		CAD
F.N	Ford Motor Co	11.79	1H	USD	TIMP3.SA TIM Participações SA	11.61	1	BRL
FOSL.O	Fossil Inc	134.16	2	USD	TWX.N Time Warner Inc	35.41	1	USD
2038.HK	Foxconn International Holdings	5.43	2	HKD	8766.T Tokio Marine Holdings	2048	1	JPY
FTE.PA	France Telecom	10.53	3	EUR	8035.T Tokyo Electron	4570	2	JPY
BEN.N	Franklin Resources Inc	121.77	2	USD	TD.TO Toronto Dominion Bank	82.76		CAD
FCX.N	Freeport-McMoRan Copper & Gold	36.62	2	USD	6502.T Toshiba	338	1	JPY
FMEG.DE	Fresenius Medical Care	51.87	2	EUR	TOTF.PA Total	37.38	3	EUR
FREG.DE	Fresenius SE	74.22	1	EUR	TW.N Towers Watson and Co	63.24	1	USD
GFS.L	G4S	2.807	1	GBP	7203.T Toyota Motor	3320	2	JPY
GAZP.MM	Gazprom	176.35	2	RUB	TBLE3.SA TRACTEBEL	32.56	1	BRL
GSZ.PA	GDF Suez	18.535	1	EUR	TCL.AX Transurban	5.58	2	AUD
GE.N	General Electric Company	18.74	1	USD	TRV.N Travelers Companies, Inc	57.75	2	USD
GIS.N	General Mills Inc	38.51	1	USD	2330.TW TSMC	82.4	1	TWD
GM.N	General Motors Company	23.71	1H	USD	TYC.N Tyco International Ltd.	53.12	2	USD
GENT.KL	Genting	11.08	3	MYR	UBSN.VX UBS	11.71	1	CHF
GENS.SI	Genting Singapore	1.68	3	SGD	UGL.AX UGL Ltd	12.65	1	AUD
GILD.O	Gilead Sciences Inc	45.77	1	USD	UNBP.PA Unibail Rodamco	142.6		EUR
GSK.L	GlaxoSmithKline PLC	13.96	1	GBP	8113.T Unicharm Corp	4320		JPY
GG.N	Goldcorp Inc	41.44	2	USD	UNc.AS Unilever NV	24.925	2	EUR
GS.N	Goldman Sachs Group, Inc.	114.56	1	USD	ULVR.L Unilever PLC	20.10825	2	GBP
GOOG.O	Google Inc	626.86	1	USD	UNP.N Union Pacific Corp.	104.98	1	USD
TV.N	Grupo Televisa	20.41	1	USD	UPS.N United Parcel Service Inc.	78.33	1	USD
HOG.N	Harley-Davidson Inc	46.88	1	USD	UTX.N United Technologies Corporation	78.48	2	USD
HCP.N	HCP Inc	37.87	2	USD	UNH.N UnitedHealth	57.56	1	USD
1044.HK	Hengan International	78.95	1	HKD	UOBH.SI UOB	18.25	3	SGD
HNKG_p.DE	Henkel	53.38	2	EUR	USB.N US Bancorp	30.34	2	USD
HMb.ST	Hennes & Mauritz AB	228.3	1	SEK	VALE.N Vale	22.34	1	USD
HLF.N	Herbalife Ltd	67.88		USD	VALEp.N Vale (Preferred)	21.9	1	USD
HPQ.N	Hewlett-Packard Co	23.26	1	USD	VTR.N Ventas Inc	54.06	1	USD
HLL.BO	Hindustan Unilever	415.3	3	INR	VRSN.O Verisign, Inc.	39	1	USD
6501.T	Hitachi	515	1	JPY	VRSK.OQ Verisk Analytics Inc	46.34		USD
HOLX.O	Hologic Inc	20.56	1	USD	VZ.N Verizon Communications Inc	36.8	2	USD
HD.N	Home Depot Inc	49.36	1	USD	VFC.N VF Corp	144.52	1	USD
2317.TW	Hon Hai Precision	113.5	1	TWD	VIAB.O Viacom Inc	46.24	1	USD
7267.T	Honda Motor	2899	2	JPY	V.N Visa Inc.	116.74	2	USD
HON.N	Honeywell International Inc.	56.58	1	USD	VOWG.DE Volkswagen AG	118.05	2	EUR
0388.HK	Hong Kong Exchanges & Clearing	128.2	1	HKD	VNO.N Vornado Realty Trust	79.33	2	USD
HST.N	Host Hotels & Resorts	15.57	2	USD	WAG.N Walgreen Co	32.21	3	USD
HSBA.L	HSBC Holdings PLC	5.427	1	GBP	WMT.N Wal-Mart Stores Inc	59.93	1	USD
2498.TW	HTC Corporation	520	3	TWD	WALMEXV.MX Walmart	44.82		MXN
HUM.N	Humana	87.84	1	USD	DIS.N Walt Disney Co	40.98	2	USD
0013.HK	Hutchison Whampoa	73.95	2	HKD	WM.N Waste Management Inc	34.49		USD
012330.KS	Hyundai Mobis	301500	2	KRW	WLP.N WellPoint	69.27	1	USD
005380.KS	Hyundai Motor	261000	1	KRW	WFC.N Wells Fargo & Co	32.94	2	USD
IBE.MC	Iberdrola SA	3.959	2	EUR	WES.AX Wesfarmers Ltd	29.22	2	AUD
4062.T	Ibiden	1887	1	JPY	9021.T West Japan Railway	3265	1	JPY
ITW.N	Illinois Tool Works Inc.	54.75	2	USD	WDC.AX Westfield Group	8.76	1	AUD
IMI.L	IMI PLC	9.21	1	GBP	WBC.AX Westpac Banking Corp	21.9	2	AUD
IMT.L	Imperial Tobacco Group PLC	24.53225	1	GBP	WY.N Weyerhaeuser Co	20.37	2	USD
ITX.MC	Inditex	69.88	1	EUR	WHR.N Whirlpool Corp	70.46		USD
1398.HK	Industrial & Commercial Bank of China	4.96	1	HKD	WFM.O Whole Foods Market Inc	81.69	2	USD

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IFXGn.DE	Infineon Technologies	7.135	1	EUR	WIN.O Windstream Communications	11.205	1H	USD
INFY.BO	Infosys Ltd	2802.35	2	INR	WIPR.BO Wipro	444.6	1	INR
ING.AS	ING Groep NV	5.607	2H	EUR	WPL.AX Woodside Petroleum Ltd	34.04	1	AUD
1605.T	Inpex	519000	1	JPY	WOW.AX Woolworths Ltd	25.5	1	AUD
INTC.O	Intel Corp	27.45	1	USD	WPP.L WPP PLC	8.305	2	GBP
IHG.L	Intercontinental Hotels Group Plc	14.15	1	GBP	WYNN.O Wynn Resorts	122.1	2	USD
IBM.N	IBM Corp	202.33	1	USD	XLNX.O Xilinx Inc	34.85	2	USD
ITRK.L	Intertek	24.49	1	GBP	YHOO.O Yahoo! Inc	14.99	2	USD
INTU.O	Intuit Inc.	58.59	1	USD	YUM.N YUM! Brands Inc.	68.48	2	USD
ISRG.OQ	Intuitive Surgical Inc	535.24		USD	ZMH.N Zimmer Holdings Inc	63.15	3	USD
2914.T	Japan Tobacco	454500	1	JPY	ZURN.VX Zurich Insurance Group	217.9	1	CHF

Source: Citi Investment Research and Analysis, *Prices sourced from DataCentral as of 10th April 2012

How to read

This page does not necessarily represent the current view nor freshest market data.

Citi Ratings are driven by our regional and sectoral allocation model.

MSCI All Country World Region or Sector Index

USA

Underweight

Weight in MSCI AC World Market Cap (US\$) 44.4% 10,715 Bn

Country Weight Breakdown United States 100.0%

The US equity market has been buffeted primarily by news out of Europe and most recently from China on manufacturing trends, though the impact also has been seen in commodities and currencies, with feedback effects on specific stocks. The good news for investors is that sentiment is in "panic" territory on our proprietary metrics which provides high probabilities for equity market gains over the next 6 and 12 months. EPS revision momentum has tumbled with roughly 65% of all estimate changes to the downside, versus 60% to the upside seven weeks ago. In addition, valuation is signalling opportunity, with the (trailing) earnings yield gap at more than two standard deviations below its 40-year average – a condition that has generated one-year stock index appreciation in every one of the 59 weekly instances since 1970. Due to volatility, group trading trends are sometimes swinging wildly, but we continue to like the Div. Financials, Insurance, Food, Beverage & Tobacco, Semiconductor and Tech Hardware groups as well as Telecom Services, while avoiding, Materials, Capital Goods, Autos, Health Care, Media and Retailing. Catalysts for market strength could include funding to smooth over European sovereign credit woes at least for the near term, a bipartisan jobs program in the US, better earnings and the lack of an American recession. (Strategist: Tobias Levkovich)

Regional Strategists' index target & sector recommendation

Strategist's Views

S&P 500 Target end 2011: 1325
S&P 500 Target end 2012: 1375
Level at end of 3Q11: 1131

Overweight

Neutral

Underweight

Consumer Staples	Energy	Materials
Financials	Utilities	Industrials
IT		Consumer Disc.
Telecoms		Health Care

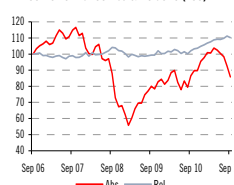
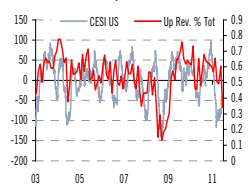
LHS: Regional Strategists' Favourite chart

Strategist's Favourite Chart

CESI US vs S&P 500 Upward Revisions as % Total

Price Performance Abs & Relative (Loc)

EPS revision momentum has tumbled against recovering CESI



Source: CIRA, Bloomberg, Factset

Source: CIRA, MSCI, Factset

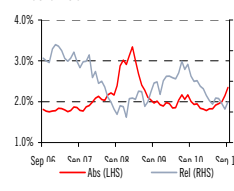
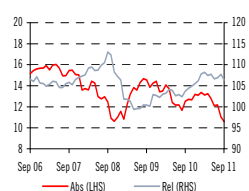
LHS: Factset Consensus 12m forward PE (left axis) and relative to world (right axis).

Valuation

12Mth Forward PE

Dividend Yield

Premium valuations



Source: CIRA, MSCI, Factset

Source: CIRA, MSCI, Factset

RHS: Trailing dividend yield (left axis) and relative to world (right axis).

Key Metrics

Compiled based on constituents of the MSCI AC World Index. PE, EPS Growth, Forward DY are aggregated from FactSet consensus estimates (calendarized to December year end) with current prices. ROE is calculated using trailing book value and trailing earnings. Trailing DY is calculated using current price. The last full EV/Sales and EV/EBITDA are aggregated from Worldscope data (EV uses current market capitalisation, EBITDA and Sales use last reported year).

Key Metrics

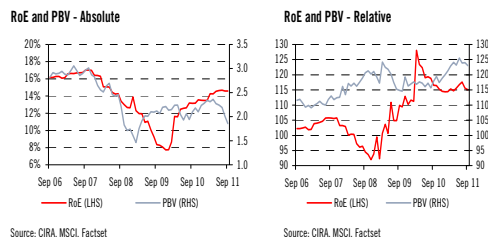
	PE			EPS YoY			EV / EBITDA	EV / Sales	Fwd DY
	11E	12E	13E	11E	12E	13E			
Region	11.7	10.3	9.3	15.7	13.5	10.7	8.4	1.8	2.3
MSCI AC World	10.8	9.6	8.7	13.9	12.8	10.5	7.7	1.5	3.2

	US\$ Perf.			Loc. Perf.			ROE	P / BV	Trail DY
	3m	6m	12m	3m	6m	12m			
Region	-14.5	-14.7	-0.7	-14.5	-14.7	-0.7	14.6	1.9	2.3
MSCI AC World	-17.9	-18.3	-8.0	-15.3	-16.7	-8.0	12.7	1.5	3.1

Source: CIRIA, Worldscope, MSCI, Factset Consensus

PBV and RoE

25% P/BV premium

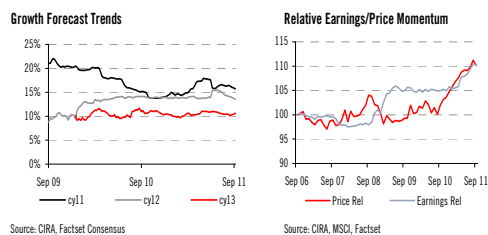


Source: CIRIA, MSCI, Factset

Source: CIRIA, MSCI, Factset

Earnings

Rel earnings momentum improving



Source: CIRIA, Factset Consensus

Source: CIRIA, MSCI, Factset

Largest Companies

Top 1 - 10	Rtg	Wgt	MC	PE	Top 11 - 20	Rtg	Wgt	MC	PE
ExxonMobil	1	3.3	358	8.2	Coca-Cola Co	1	1.3	139	16.1
Apple Inc	1	3.3	352	11.7	Google	2	1.2	130	12.7
IBM	1	2.0	212	12.1	Wells Fargo	2	1.1	121	7.5
Microsoft	1	1.8	189	8.5	JP Morgan Chase	1	1.1	120	5.8
Chevron	1	1.7	186	6.9	Oracle Corp	1	1.1	116	11.5
Procter & Gamble	1	1.6	176	14.6	Intel	1	1.1	113	8.8
Johnson&Johnson	1	1.6	175	12.2	Philip Morris	2	1.0	111	12.2
AT&T	1	1.6	169	11.4	Verizon Comms	2	1.0	104	14.7
General Electric	1	1.5	162	9.9	Merck	2	0.9	101	8.6
Pfizer Inc	2	1.3	140	7.8	Wal Mart	1	0.9	99	10.9

Source: CIRIA, MSCI, IBES

Source: CIRIA, MSCI, IBES

LHS: Trailing Return on Equity (left axis) and trailing PBV (right axis).

RHS: Relative trailing Return on Equity (left axis) and relative trailing PBV (right axis).

LHS: Revisions to calendarized year-on-year EPS growth. Based on Facset Estimates.

RHS: Relative 12 month forward earnings and relative price performance.

Key Companies

The top 20 companies by market cap.

Rtg - Citi investment rating: 1 is Buy, 2 is Hold, 3 is Sell. When no data shows, data is restricted or company is not covered by Citi.

Wgt - Company weighting in region/sector index shown in percent.

MC - Index market capitalization. Index market capitalizations represent the value of the company that is included in the index and are displayed in billions of US\$. The market capitalization are free-float foreign-investable adjusted.

PE - 12 month forward IBES consensus PE. When no data shows, data is restricted or company's not covered by IBES.

Cntry - Country code of inclusion in MSCI index.

Notes

Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is Kia Motors. As at 10 Apr 12, CGMK holds 3,596,100 Citi ELW 1578 Call warrants & 289 shares of Kia Motors.

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is Hynix Semiconductor. As at 10 Apr 12 CGMK holds 3,399,990 Citi ELW 2004 Call warrants & 15 shares of Hynix Semiconductor.

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is Hyundai Motor. As at 10 Apr 12, CGMK holds 3,399,600 Citi ELW 1630, 3,356,160 Citi ELW 2005 Call warrants & 119 shares of Hyundai Motor.

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is POSCO. As at 10 Apr 12, CGMK holds 3,590,000 Citi ELW 2007, 3,397,670 Citi ELW 2008 Call warrants & 92 shares of POSCO.

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is Samsung Elec. As at 10 Apr 12, CGMK holds 3,500,000 Citi ELW 2011 Call warrants of Samsung Elec.

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is Hyundai Mobis. As at 10 Apr 12, CGMK holds 3,266,140 Citi ELW 2022 Call warrants & 4 shares of Hyundai Mobis.

Citigroup Global Markets Korea Securities Limited (CGMK) performs the role of liquidity provider on the warrants of which the underlying asset is LG Elec. As at 10 Apr 12, CGMK holds 3,398,900 Citi ELW 2036, 3,489,990 Citi ELW 2037, 3,599,100 Citi ELW 2038 Call warrants & 796 shares of LG Elec.

An employee of Citigroup Global Markets or its affiliates is a non - executive director of Anglo American Plc.

A director of America Movil S.A.B de C.V. is a member of the board of directors of an affiliate of Citigroup Global Markets Inc.

A director of Citi serves on the board of Comcast Corporation.

Citigroup Global Markets Inc. is a book-running manager on the announced equity offering for Capital One Financial Corp.

Thelma M Bardouille, Research Assistant, holds a long position in the shares of Chevron Corp.

The Chairman of Citi serves as a director of Estee Lauder Companies Inc.

A director of Citi serves on the board of General Mills Inc.

A director of Citi serves on the board of IBM Corporation.

Citigroup Global Markets Inc. is acting as an advisor to Bain Capital in its acquisition of Physio-Control from Medtronic, Inc.

Morgan Stanley may be deemed to control Morgan Stanley Smith Barney LLC due to ownership, board membership, or other relationships. Morgan Stanley Smith Barney LLC may participate in, or otherwise have a financial interest in, the primary or secondary distribution of securities issued by Morgan Stanley or an affiliate of Morgan Stanley that is controlled by or under common control with Morgan Stanley Smith Barney LLC. An officer of Citi serves on the board of Morgan Stanley Smith Barney Holdings LLC, subsidiary of Morgan Stanley.

Citigroup Global Markets, Inc. is a sales agent in PG&E Corporation's continuous offering program.

A director of Citi serves on the board of Procter & Gamble Company.

DMBH is a market maker in the publicly traded equity securities of PZU. DMBH rating distribution versus Investment Banking service provision in the past 12 months as at 30th March 2012 is as follows: Buy (1) representing 54% of the DMBH coverage 0% of which are IB clients, Hold (2) representing 33% of the DMBH coverage 0% of which are IB clients, Sell (3) representing 13% of the DMBH coverage 0% of which are IB clients. Michal Fidelus, Assistant, holds a long position in the shares of Powszechny Zaklad Ubezpieczen SA.

A director of Citi serves on the board of Renault SA.

Citigroup Global Markets Limited is currently mandated as joint-financial advisor to Banco Santander, S.A. in relation to the announced merger between Banco Santander's and KBC Group NV's Polish subsidiaries Bank Zachodni WBK S.A. and Kredyt Bank S.A.

Citigroup Global Markets, Inc. is acting as a Sales Agent on the announced equity shares dribble program of Southern Company.

Citigroup Global Markets, Inc. is acting as a joint book-runner for Simon Property Group, Inc's. announced follow-on offering.

An employee of Citigroup Global Markets or its affiliates is a trustee of Target Corp.

An officer or director of Grupo Televisa, S.A. serves as a director on Citi's board. One or more directors of Grupo Televisa, S.A. are members of the board of directors of an affiliate of Citigroup Global Markets Inc.

Due to Citi's involvement as an advisor to Goodrich Corp. on the announced pending sale to United Technologies Corp, CIRA suspended its rating and target price on United Technologies Corp. on September 21, 2011 (the 'Suspension Date'). Please note that the Company price chart that appears in this report and available on CIRA's disclosure website does not reflect that CIRA did not have a rating or target price between the Suspension Date and March 18, 2012 when CIRA resumed full coverage.

An employee of Citi serves on the board of WPP Group PLC.

Graeme McDonald, Analyst, holds a long position in the securities of HSBC Holdings PLC.

Guy Robinson, Analyst, holds a long position in the securities of Orica Limited.

Josh Levin, CFA, Analyst, holds a long position in the securities of Time Warner Inc.

Adrian Cattley, Strategist, holds a long position in the securities of Prudential Plc.

Tobias M Levkovich, Strategist, holds a long position in the securities of Travelers Companies, Inc.

Peter Atherton, Analyst, holds a long position in the securities of National Grid PLC.

Craig Williams, Analyst, holds a long position in the securities of Australia and New Zealand Banking Group Ltd.

Tony Brennan, Strategist, holds a long position in the securities of Deutsche Bank.

Leo Kulp, CFA, Analyst, holds a long position in the securities of Wal-Mart Stores Inc, The Coca-Cola Company, Morgan Stanley.

Dominik Frauendienst, Analyst, holds a long position in the securities of Infineon Technologies, Apple Inc.

Nigel Pittaway, Analyst, holds a long position in the securities of AMP Ltd.

Robert S Morris, Analyst, holds a long position in the securities of Canadian Natural Resources Ltd.

A member of the household of Keith Horowitz, CFA, Analyst, holds a long position in the securities of Bank of New York Mellon Corp, JP Morgan Chase & Co.

A member of the household of Tobias M Levkovich, Strategist, holds a long position in the securities of CBS Corp, Walt Disney Co, Intel Corp, Motorola Solutions Inc, Microsoft Corp., Travelers Companies, Inc.

Tony Brennan, Strategist, received compensation from Deutsche Bank in the past 12 months.

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Centrica PLC, Canadian National Railway Company, Canadian Natural Resources Ltd, Capital One Financial Corp., ConocoPhillips, Covidien Ltd, Canadian Pacific Railway Limited, Compass Group, Cisco Systems Inc., Credit Suisse, CSL Ltd, CSX Corp., CenturyLink, Dominion Resources Inc, Daimler AG, Danone, Deutsche Bank, E I du Pont de Nemours and Co, Deere & Company, Dell Inc, Discover Financial Services, Diageo, Danaher Corporation, Walt Disney Co, Dow Chemical Co, Deutsche Post, DSM NV, Deutsche Telekom AG, DIRECTV Group Inc, Duke Energy Corp, EADS, eBay Inc, Consolidated Edison Inc, Estee Lauder Inc, ENEL SpA, Eni, Endesa Chile, Ericsson LM, Essilor, Eaton Corp, Exelon Corp, Sodexo, Ford Motor Co, Freeport-McMoRan Copper & Gold Inc., FedEx Corp., FirstEnergy Corp, France Telecom, Assicurazioni Generali SpA, Gazprom, General Electric Company, General Mills Inc, Corning Incorporated, General Motors Company, Google Inc, Goldman Sachs Group, Inc., GlaxoSmithKline PLC, GDF Suez, HCP Inc, Home Depot Inc, Hindustan Unilever, Henkel, Harley-Davidson Inc, Honeywell International Inc., Starwood Hotels & Resorts, Hewlett-Packard Co, HSBC Holdings PLC, Host Hotels & Resorts, Humana, Iberdrola SA, International Business Machines Corp, Intercontinental Hotels Group Plc, Imperial Tobacco Group PLC, ING Groep NV, Intel Corp, ArcelorMittal, Illinois Tool Works Inc., Johnson Controls Inc, Johnson & Johnson Inc, Juniper Networks, Inc., Jindal Steel and Power, JP Morgan Chase & Co, Kraft Foods Inc, Kimberly-Clark, The Coca-Cola Company, KPN NV, Kroger Co, Kansas City Southern, Linde AG, Lukoil, Lockheed Martin Corp., Limited Brands, Inc., LVMH, Las Vegas Sands, Macys Inc, Marriott International, Mattel Inc, McDonald's Corp, Medtronic Inc, Magna International Inc, Michelin, Marsh & McLennan Companies Inc, 3M Company, Altria Group Inc, Monsanto Co, Merck, Morgan Stanley, Microsoft Corp., Motorola Solutions Inc, MTN Group Limited, Munich Re, National Australia Bank Ltd, NextEra Energy Inc, Nestle, National Grid PLC, Nike Inc, Nokia Oyj, Novartis AG, Novo Nordisk A/S, Naspers Limited, Norfolk Southern Corp., News Corp, Omnicom, Occidental Petroleum Corp, Petrobras, PG&E Corp, Precision Castparts Corp., PepsiCo, Pfizer, Procter & Gamble Co, Progress Energy Inc, Prologis Inc, Philip Morris International, PPL Corp, Prudential Plc, Public Storage Inc, Pearson PLC, Praxair Inc, PZU, QBE Insurance Group Ltd, Qualcomm Inc, Royal Dutch Shell, Reliance Industries, Renault SA, Rio Tinto Ltd, Rio Tinto PLC, Roche Holding AG, Rolls Royce, RWE AG, SABMiller, Banco Santander, SAP AG, Sanofi SA, Sberbank RF, The Charles Schwab Corporation, Siemens AG, Schlumberger Ltd, Southern Company Inc, Simon Property Group Inc, Staples Inc, Swiss Re, Standard Chartered PLC, SingTel, State Street Corp, Stryker Corp, Symantec Corp., Syngenta AG, AT&T Inc, TRACTEBEL, Telefonica SA, TE Connectivity Ltd., Teva Pharmaceutical Industries Ltd., Target Corp, TIM Participações SA, Telstra Corp Ltd, Total, 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KDDI, NTT DoCoMo, Secom, Fast Retailing, SoftBank, Anglo American PLC, Apple Inc, ABB Ltd, AB-InBev, Abbott Laboratories, Barrick Gold, Accor SA, ACE Ltd, Adobe Systems Inc., Adecco, Analog Devices, Archer-Daniels-Midland Company, adidas Group, American Electric Power Co Inc, The AES Corp, Aetna, Allergan Inc, Ahold, L'Air Liquide SA, Arkema, Allstate Corp, Altera Corp, Allianz SE, Applied Materials Inc, Advanced Micro Devices, Amgen Inc, American Tower Corp, América Móvil SA de CV, Amazon.com Inc, Australia and New Zealand Banking Group Ltd, Apache Corp, Anadarko Petroleum Corp, Amphenol Corp, ARM Holdings PLC, Astra International, Australian Securities Exchange, ATOS, Avago Technologies, Avon Products Inc, AXA SA, American Express Co., AstraZeneca PLC, Boeing Co., Bank of America Corp, Credicorp, Barclays PLC, BASF SE, British American Tobacco PLC, Baxter International Inc, Bayer AG, Banco do Brasil, Bradesco, Becton, Dickinson and Company, Beiersdorf, Franklin Resources Inc, BG Group, BHP Billiton Ltd, Biogen Idec Inc, Bank of New York Mellon Corp, BlackRock Inc, BHP Billiton PLC, BMW AG, Bristol-Myers Squibb, BNP Paribas SA, BP, Broadcom Corporation, British Sky Broadcasting Group PLC, BT Group PLC, Bureau Veritas, Borg Warner Inc, Boston Properties Inc, Cardinal Health Inc, Cargill SA, Carrefour, Caterpillar Inc., Chubb Corp, Commonwealth Bank of Australia, CBS Corp, Crown Castle International Corp, Carnival Corp., Celgene Corp, Richemont, Church & Dwight Co Inc, CIGNA, Colgate-Palmolive Co, The Clorox Co, Comcast Corp, CME Group Inc, Chipotle Mexican Grill, Inc., Cummins Inc., Centrica PLC, Canadian National Railway Company, Canadian Natural Resources Ltd, Capital One Financial Corp., ConocoPhillips, Costco Wholesale Corp, Covidien Ltd, Canadian Pacific Railway Limited, Compass Group, Capita Group PLC, Cisco Systems Inc., Credit Suisse, CSL Ltd, CSX Corp., Cintas Corp, CenturyLink, Citrix Systems, Inc., CVS Caremark Corp, Chevron, Dominion Resources Inc, 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Companies Inc, 3M Company, Altria Group Inc, Merck, Morrison (Wm), Morgan Stanley, Microsoft Corp., MTN Group Limited, Munich Re, National Australia Bank Ltd, NextEra Energy Inc, Nestle, National Grid PLC, Nike Inc, Annaly Capital Management, Nokia Oyj, National Oilwell Varco Inc, Novartis AG, Novo Nordisk A/S, Naspers Limited, Norfolk Southern Corp., NetApp, Inc., NVIDIA Corp, News Corp, Omnicom, Oracle Corporation, L'Oréal, Origin Energy Ltd, Orica Limited, Occidental Petroleum Corp, Petrobras, PG&E Corp, Priceline.Com Inc, Precision Castparts Corp., PepsiCo, Pernod-Ricard, Pfizer, Procter & Gamble Co, Progress Energy Inc, Prologis Inc, Philip Morris International, Potash Corp of Saskatchewan Inc, PPL Corp, PPR, Prudential Plc, Public Storage Inc, Pearson PLC, PZU, Qualcomm Inc, Reckitt Benckiser, Royal Dutch Shell, Reed Elsevier PLC, Reliance Industries, Renault SA, Rio Tinto Ltd, Rio Tinto PLC, Ralph Lauren Corporation, Roche Holding AG, Rolls Royce, RWE AG, SABMiller, Banco Santander, SAP AG, Sanofi SA, Sberbank RF, Starbucks Corp, Schneider Electric SA, The Charles Schwab Corporation, SGS, Shoprite Holdings, Siemens AG, Schlumberger Ltd, Surgutneftegaz, Southern Company Inc, Sasol Ltd, Simon Property Group Inc, Staples Inc, SQM - Soc. Quimica y Minera de Chile, Swiss Re, SSE PLC, Standard Chartered PLC, SingTel, St Jude Medical Inc, Santos Ltd, State Street Corp, Suncor Energy Inc, Safeway Inc, Stryker Corp, Symantec Corp., Syngenta AG, AT&T Inc, TRACTEBEL, Transurban, Telefonica SA, TE Connectivity Ltd., Teva Pharmaceutical Industries Ltd., Target Corp, TIM Participações SA, Telstra Corp Ltd, Total, Thomson Reuters Corp, T Rowe Price Group Inc, Travelers Companies, Inc, Tesco, Grupo Televisa, Time Warner Inc, Texas Instruments Inc, Tyco International Ltd., UBS, Swatch Group AG, Unilever PLC, Unilever NV, UnitedHealth, Union Pacific Corp., UOB, United Parcel Service Inc., US Bancorp, United Technologies Corporation, Visa Inc., Vale, VF Corp, Viacom Inc, Vornado Realty Trust, Volkswagen AG, Verisign, Inc., Ventas Inc, Verizon Communications Inc, Walgreen Co, Westpac Banking Corp, Westfield Group, Wesfarmers Ltd, Wells Fargo & Co, Windstream Communications, Wipro, WellPoint, Wal-Mart Stores Inc, Woolworths Ltd, Woodside Petroleum Ltd, WPP PLC, Weyerhaeuser Co, Xilinx Inc, Exxon Mobil Corp, Yahoo! 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Deutsche Telekom AG, DIRECTV Group Inc, Duke Energy Corp, EADS, eBay Inc, Consolidated Edison Inc, Estee Lauder Inc, ENEL SpA, Eni, Endesa Chile, Ericsson LM, Essilor, Eaton Corp, Exelon Corp, Sodexo, Ford Motor Co, Freeport-McMoRan Copper & Gold Inc., FedEx Corp., FirstEnergy Corp, France Telecom, Assicurazioni Generali SpA, Gazprom, General Electric Company, General Mills Inc, Corning Incorporated, Google Inc, Goldman Sachs Group, Inc., GlaxoSmithKline PLC, GDF Suez, HCP Inc, Home Depot Inc, Hindustan Unilever, Henkel, Harley-Davidson Inc, Honeywell International Inc., Starwood Hotels & Resorts, Hewlett-Packard Co, Host Hotels & Resorts, Iberdrola SA, International Business Machines Corp, Intercontinental Hotels Group Plc, Imperial Tobacco Group PLC, Intel Corp, ArcelorMittal, Illinois Tool Works Inc., Johnson Controls Inc, Juniper Networks, Inc., Jindal Steel and Power, JP Morgan Chase & Co, Kimberly-Clark, The Coca-Cola Company, KPN NV, Kroger Co, Kansas City Southern, Lukoil, Lockheed Martin Corp., Limited Brands, Inc., LVMH, Las Vegas Sands, Macys Inc, Marriott International, Mattel Inc, McDonald's Corp, Magna International Inc, Michelin, Marsh & McLennan Companies Inc, 3M Company, Altria Group Inc, Merck, Morgan Stanley, MTN Group Limited, Munich Re, National Australia Bank Ltd, NextEra Energy Inc, Nestle, National Grid PLC, Nike Inc, Nokia Oyj, Novartis AG, Novo Nordisk A/S, Naspers Limited, Norfolk Southern Corp., News Corp, Omnicom, Orica Limited, Occidental Petroleum Corp, Petrobras, PG&E Corp, Precision Castparts Corp., Pfizer, Procter & Gamble Co, Progress Energy Inc, Prologis Inc, Philip Morris International, PPL Corp, Prudential Plc, Public Storage Inc, Pearson PLC, PZU, QBE Insurance Group Ltd, Qualcomm Inc, Royal Dutch Shell, Reliance Industries, Renault SA, Rio Tinto Ltd, Rio Tinto PLC, Roche Holding AG, Rolls Royce, RWE AG, SABMiller, Banco Santander, SAP AG, Sanofi SA, Sberbank RF, Starbucks Corp, The Charles Schwab Corporation, Siemens AG, Schlumberger Ltd, Southern Company Inc, Simon Property Group Inc, Staples Inc, Swiss Re, Standard Chartered PLC, SingTel, State Street Corp, Syngenta AG, TRACTEBEL, Telefonica SA, Teva Pharmaceutical Industries Ltd., Target Corp, TIM Participações SA, Telstra Corp Ltd, Total, Thomson Reuters Corp, T Rowe Price Group Inc, Travelers Companies, Inc, Tesco, Time Warner Inc, Texas Instruments Inc, Tyco International Ltd., UBS, Unilever PLC, Unilever NV, UnitedHealth, Union Pacific Corp., UOB, United Parcel Service Inc., US Bancorp, United Technologies Corporation, Vale, VF Corp, Viacom Inc, Vornado Realty Trust, Volkswagen AG, Ventas Inc, Westpac Banking Corp, Westfield Group, Wells Fargo & Co, Wipro, WellPoint, Wal-Mart Stores Inc, Woolworths Ltd, Woodside Petroleum Ltd, WPP PLC, Weyerhaeuser Co, Exxon Mobil Corp, Yahoo! Inc, YUM! Brands Inc., Zimmer Holdings Inc, Zurich Insurance Group.

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