Equity Research
29 March 2015

1Q 2015
Global Top Picks

Equity Research Team

PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 153.

FOREWORD

A lot has changed since we published our last Global Top Picks in December. The plunge in oil prices and the rise in the US dollar have produced clear beneficiaries in the euro area and Japan, where monetary policy continues to be extremely supportive, providing support for further upside in stock prices. As we argue in our *Global Outlook: Oil, the dollar and monetary policy: it's all (or at least mostly) good*, lower inflation as a result of lower oil prices, combined with a stronger dollar, also argues for the Fed to be more cautious about raising rates than it otherwise would have been, allowing risk assets to continue to perform well.

Against this continued accommodative backdrop, we raise our price targets for continental European and Japanese equities, forecasting an additional 13% and 9% of total returns from current levels to the end of 2015, respectively.

With this publication, we are excited to bring you our consolidated global and regional Top Picks for Q1 2015, which represent our fundamental analysts' single best alpha-generating investment idea within each industry, taken from among their Overweight-rated stocks. We have 116 Top Picks this quarter, across the Americas (53 stocks), EMEA (30 stocks), Japan (15 stocks) and Asia Ex-Japan (18 stocks). Our analysts will be providing intra-quarter updates to these Top Picks through their regular publications. Look out for updates and changes in our newly branded single-company "Top Picks" reports.

To accompany our Top Picks brand, we are pleased to launch three new Top Picks pages on *Barclays Live* (keyword: TopPicksGlobal): an Interactive Chart with sector breakdowns, a Table with metrics that can be filtered and downloaded to Excel, and a new Publications page showing our latest global and regional quarterly Top Picks publications, as well as intra-quarter updates.

We hope that these regular Top Picks updates provide you with food for thought, as our analysts seek to highlight and refresh their high conviction calls. As always, we welcome your feedback and look forward to continuing to provide you with useful inputs into your investment decisions.

Jon Scoffin
Head of Equity Research

BARCLAYS AMERICAS EQUITY RESEARCH

AMERICAS

BASIC INDUSTRIES

Canadian Metals & Mining
Farooq Hamed
1.416.863.8963
farooq.hamed@barclays.com
BCCI, Toronto

U.S. Chemicals
Duffy Fischer
1.212.526.3212
duffy.fischer@barclays.com
BCI, New York

U.S. Metals & Mining
Matthew J. Korn, CFA
1.212.526.3717
matthew.korn@barclays.com
BCI, New York

U.S. Paper & Packaging
Scott L. Gaffner, CFA
1.212.526.9132
scott.gaffner@barclays.com
BCI, New York

CONSUMER

Latin America Consumer
Benjamin M. Theurer
+52 55 5241 3322
benjamin.theurer@barclays.com
BBMX, Mexico City

U.S. Beverages & Tobacco
William Marshall, CFA
1.212.526.7156
william.marshall@barclays.com
BCI, New York

U.S. Cosmetics: Household & Personal Care
Lauren R. Lieberman
1.212.526.3112
lauren.lieberman@barclays.com
BCI, New York

U.S. Food
Andrew Lazar
1.212.526.4668
andrew.lazar@barclays.com
BCI, New York

U.S. Food & Drug Retailing
Meredith Adler, CFA
1.212.526.7146
meredith.adler@barclays.com
BCI, New York

ENERGY

Americas Integrated Oil
U.S. Independent Refiners
Paul Y. Cheng, CFA
1.212.526.1884
paul.cheng@barclays.com
BCI, New York

Canadian Oil & Gas: E&P (Mid-Cap)
Grant Hofer, CFA
1.403.592.7460
grant.hofer@barclays.com
BCCI, Toronto

North America Oilfield Services & Equipment
J. David Anderson, CFA
1 212 526 4016
jdavid.anderson@barclays.com
BCI, New York

North America Oil & Gas: E&P (Large Cap)
Thomas R. Driscoll, CFA
1.212.526.3557
thomas.driscoll@barclays.com
BCI, New York

FINANCIAL SERVICES

Canadian Financial Services
John Aiken, CA, CFA
1.416.863.8961
john.aiken@barclays.com
BCCI, Toronto

U.S. Brokers, Asset Managers & Exchanges
Kenneth Hill, CFA
1.212.526.7179
kenneth.hill@barclays.com
BCI, New York

U.S. Consumer Finance
Mark C. DeVries
1.212.526.9484
mark.devries@barclays.com
BCI, New York

U.S. Insurance/Life
Jay Gelb, CFA
1.212.526.1561
jay.gelb@barclays.com
BCI, New York

U.S. Large-, Mid-, & Small-Cap Banks
Jason M. Goldberg, CFA
1.212.526.8580
jason.goldberg@barclays.com
BCI, New York

U.S. REITs
Ross L. Smotrich
1.212.526.2306
ross.smotrich@barclays.com
BCI, New York

U.S. Small-Cap Banks
Matthew J. Keating, CFA
1.212.526.8572
matthew.keating@barclays.com
BCI, New York

HEALTHCARE

U.S. Biotechnology
Geoff Meacham, Ph.D.
1 212 526 2795
geoffrey.meacham@barclays.com
BCI, New York

U.S. Health Care Distribution & Technology
Eric Percher
+1 212 526 5496
eric.percher@barclays.com
BCI, New York

U.S. Health Care Facilities
U.S. Health Care-Managed Care
Joshua R. Raskin, CFA
1.212.526.2279
joshua.raskin@barclays.com
BCI, New York

U.S. Life Science Tools & Diagnostics
Jack Meehan, CFA
1.212.526.3909
jack.meehan@barclays.com
BCI, New York

U.S. Medical Supplies & Devices
Matthew Taylor, CFA
1.212.526.6965
matthew.c.taylor@barclays.com
BCI, New York

U.S. Specialty Pharmaceuticals
Douglas D. Tsao
1.212.526.4160
douglas.tsao@barclays.com
BCI, New York

AMERICAS

INDUSTRIALS

Latin America Cement & Construction
Benjamin M. Theurer
+52 55 5241 3322
benjamin.theurer@barclays.com
BBMX, Mexico City

North America Airfreight & Ground Transportation
Brandon R. Oglenski
1.212.526.8903
brandon.oglenski@barclays.com
BCI, New York

U.S. Aerospace & Defense
Carter Copeland
1.212.526.1661
carter.copeland@barclays.com
BCI, New York

U.S. Airlines
David E. Fintzen
1.212.526.5130
david.fintzen@barclays.com
BCI, New York

U.S. Autos & Auto Parts
Brian A. Johnson
1.212.526.5627
brian.a.johnson@barclays.com
BCI, New York

U.S. Building Products & Homebuilding
Stephen Kim
1.212.526.2805
stephen.kim@barclays.com
BCI, New York

U.S. Business & Professional Services
Manav Patnaik
1.212.526.2983
manav.patnaik@barclays.com
BCI, New York

U.S. Engineering & Construction
U.S. Machinery
Andy Kaplowitz
1.212.526.5586
andrew.kaplowitz@barclays.com
BCI, New York

U.S. Multi-Industry
Scott R. Davis, CFA
1.212.526.5580
scott.r.davis@barclays.com
BCI, New York

INTERNET & MEDIA

U.S. Internet
Paul Vogel, CFA
+1 212 526 0839
paul.vogel@barclays.com
BCI, New York

U.S. Cable & Satellite Communications, Media
Kannan Venkateshwar
1.212.528.7054
kannan.venkateshwar@barclays.com
BCI, New York

POWER & UTILITIES

Mexico Infrastructure
Pablo Monsivais
+52 55 5241 3327
pablo.monsivais@barclays.com
BBMX, Mexico City

Mexico Infrastructure
Gilberto Garcia
+52 55 5241 3326
gilberto.garcia@barclays.com
BBMX, Mexico City

North America Utilities
U.S. Power
Daniel Ford, CFA
1.212.526.0836
daniel.x.ford@barclays.com
BCI, New York

RETAIL

U.S. Gaming, Leisure, & Lodging
Felicia R. Hendrix
1.212.526.5562
felicia.hendrix@barclays.com
BCI, New York

U.S. Luxury, Apparel and Footwear
Joan Payson
1.212.526.3385
joan.payson@barclays.com
BCI, New York

U.S. Restaurants
Jeffrey A. Bernstein
1.212.526.3855
jeffrey.bernstein@barclays.com
BCI, New York

U.S. Retail Hardlines
Alan M. Rifkin
1.212.526.1292
alan.rifkin@barclays.com
BCI, New York

U.S. Retail Softlines
Matthew McClintock, CPA, CFA
1.212.526.5257
matthew.mcclintock@barclays.com
BCI, New York

TECHNOLOGY

U.S. Emerging Technologies
Joseph Wolf
+1 212 526 3392
joseph.wolf@barclays.com
BCI, New York

U.S. IT Consulting & Computer Services
Darrin D. Peller
1.212.526.7144
darrin.peller@barclays.com
BCI, New York

U.S. Semiconductors
Blayne Curtis
1.617.342.4101
blayne.curtis@barclays.com
BCI, New York

U.S. Software
Raimo Lenschow, CFA
1.212.526.2712
raimo.lenschow@barclays.com
BCI, New York

TELECOMMUNICATIONS

U.S. Telecom Services
Amir Rozwadowski
1.212.526.4043
amir.rozwadowski@barclays.com
BCI, New York

BARCLAYS EMEA EQUITY RESEARCH

EMEA

African Precious Metals
Andrew Byrne
+ 44 (0)20 3555 7919
andrew.byrne@barclays.com
Barclays, London

Emerging Markets Banks
Cristina Marzea, CFA
+44 (0)20 3555 0572
cristina.marzea@barclays.com
Barclays, London

Emerging Markets Banks
Valentina Stoykova
+44 (0)203 1340243
valentina.stoykova@barclays.com
Barclays, London

Emerging Markets Healthcare
Simon Mather
+44 (0)20 3134 3405
simon.mather@barclays.com
Barclays, London

Emerging Markets Oil & Gas
Caroline Learmonth
+27 11 895 6080
caroline.learmonth@barclays.com
Absa, Johannesburg

Emerging Markets Oil & Gas
James Hutchison
+27 11 895 6823
james.hutchison@barclays.com
Absa, Johannesburg

Emerging Markets Telecom Services
JP Davids, CFA
+27 10 245 4240
jp.davids@barclays.com
Absa, Johannesburg

European Autos & Auto Parts
Kristina Church
+44 (0)20 3134 2199
kristina.church@barclays.com
Barclays, London

European Autos & Auto Parts
Michael Tyndall
+44 (0)20 7773 2327
mike.tyndall@barclays.com
Barclays, London

European Banks
Jeremy Sigee
+44 (0)20 3134 3363
jeremy.sigee@barclays.com
Barclays, London

European Banks
Kiri Vijayarajah
+44 (0)20 3134 5745
kiri.vijayarajah@barclays.com
Barclays, London

European Banks
Paulina Sokolova
+44 (0)20 3555 5790
paulina.sokolova@barclays.com
Barclays, London

European Beverages & Tobacco
Simon Hales
+44 (0)20 3555 2107
simon.hales@barclays.com
Barclays, London

European Business Services
Paul Checketts
+44 (0)20 3134 0522
paul.checketts@barclays.com
Barclays, London

European Business Services
Paul Sullivan
+44 (0)20 3134 3307
paul.sullivan@barclays.com
Barclays, London

European Capital Goods
James Stettler, CFA
+44 (0)20 3134 4802
james.stettler@barclays.com
Barclays, London

European Capital Goods
Lars Brorson
+44 (0)20 3134 1156
lars.brorson@barclays.com
Barclays, London

European Capital Goods
Rizk Maidi
+44 (0)20 3134 3474
rizk.maidi@barclays.com
Barclays, London

European Capital Goods
David Vos, CFA
+44 (0)20 7773 5629
david.vos@barclays.com
Barclays, London

European Chemicals
Andreas Heine
+44 (0)20 7773 6210
andreas.heine@barclays.com
Barclays, London

European Chemicals
Alex Stewart, CFA
+44 (0)20 3555 4957
alex.stewart@barclays.com
Barclays, London

European Diversified Financials
Daniel Garrod
+44 (0)20 7773 3812
daniel.garrod@barclays.com
Barclays, London

European Diversified Financials
Toni Dang, CFA
+44 (0)20 3134 3837
toni.dang@barclays.com
Barclays, London

European Diversified Financials
Shamoli Ravishanker
+44 (0)20 7773 0015
shamoli.ravishanker@barclays.com
Barclays, London

European Food & HPC
Cedric Besnard
+ 33 (0)1 44 58 89 45
Cedric.Besnard@barclays.com
Barclays, London

European Food & HPC
Florence Dohan
+44 (0)20 3134 3132
florence.dohan@barclays.com
Barclays, London

European Food Retail
James Anstead
+44 (0)20 3134 6166
james.anstead@barclays.com
Barclays, London

European Food Retail
Nicolas Champ
+331 44 58 32 45
nicolas.champ@barclays.com
Barclays, London

European General Retail
Christodoulos Chaviaras
+44 (0)20 3134 1948
chris.chaviaras@barclays.com
Barclays, London

European Insurance
Alan Devlin, CFA
+44 (0)20 3134 3506
alan.devlin@barclays.com
Barclays, London

European Integrated Oil
Lydia Rainforth, CFA
+44 (0)20 3134 6669
lydia.rainforth@barclays.com
Barclays, London

European Integrated Oil
Joshua Stone
+44 (0)20 3134 6694
joshua.stone@barclays.com
Barclays, London

EMEA

European Leisure
Patrick Coffey
+44 (0)20 3555 5955
patrick.coffey@barclays.com
Barclays, London

European Leisure
Vicki Stern
+44 (0)20 3134 6733
vicki.stern@barclays.com
Barclays, London

European Leisure
James Rowland Clark
+44 (0)20 7773 0872
james.rowlandclark@barclays.com
Barclays, London

European Luxury Goods
Helen Brand, CFA
+44 (0)20 7773 0671
helen.brand@barclays.com
Barclays, London

European Luxury Goods
Julian Easthope
+44 (0)20 3134 6640
julian.easthope@barclays.com
Barclays, London

European Luxury Goods
Laura Levy
+44 (0)20 7773 2932
laura.levy@barclays.com
Barclays, London

European Media
Nick Dempsey
+44 (0)20 3134 5888
nick.dempsey@barclays.com
Barclays, London

European Media
Andrew Ross
+44 (0)20 7773 3023
andrew.ross2@barclays.com
Barclays, London

European Medical Supplies & Devices
Alexander Kleban
+44 (0)20 3555 2155
alexander.kleban@barclays.com
Barclays, London

European Mining
Ian Rossouw
+44 (0)20 3555 2620
ian.rossouw@barclays.com
Barclays, London

European Mining
David Butler
+44 (0)20 3134 5756
david.s.butler@barclays.com
Barclays, London

European Mining
Amos Fletcher
+44 (0)20 7773 2225
amos.fletcher@barclays.com
Barclays, London

European Mining
Lourina Pretorius
+44 (0)20 3555 4423
lourina.pretorius@barclays.com
Barclays, London

European Oil Services & Drilling
Mick Pickup
+44 (0)20 3134 6695
mick.pickup@barclays.com
Barclays, London

European Oil Services & Drilling
Haley Mayers
+44 (0)20 7773 4457
haley.mayers@barclays.com
Barclays, London

European Pharmaceuticals
Emerging Markets Healthcare
Olivia Capra
+44 (0)20 3555 2669
olivia.capra@barclays.com
Barclays, London

European Pharmaceuticals
Michael Leuchten
+44 (0)20 3134 3039
michael.leuchten@barclays.com
Barclays, London

European Pharmaceuticals
Emerging Markets Healthcare
Mark Purcell
+44 (0)20 3134 7189
mark.purcell@barclays.com
Barclays, London

European Real Estate
David Prescott, CFA
+44 (0)20 3134 7751
David.Prescott@barclays.com
Barclays, London

European Software & IT Services
Gerardus Vos
+44 (0)20 3134 6690
gerardus.vos@barclays.com
Barclays, London

European Software & IT Services
James Goodman
+44 (0)20 3134 1038
james.a.goodman@barclays.com
Barclays, London

European Technology Hardware
Andrew M. Gardiner, CFA
+44 (0)20 3134 7217
andrew.m.gardiner@barclays.com
Barclays, London

European Technology Hardware
Youssef Essaegh
+44 (0)20 3134 7250
youssef.essaegh@barclays.com
Barclays, London

European Telecom Services
Mathieu Robilliard
+44 (0)20 3134 3288
mathieu.robilliard@barclays.com
Barclays, London

European Telecom Services
Maurice Patrick
+44 (0)20 3134 3622
maurice.patrick@barclays.com
Barclays, London

European Utilities
Monica Girardi
+39 02 6372 2683
monica.girardi@barclays.com
Barclays, London

Israel Banks
Tavy Rosner
972.3.623.8628
tavy.rosner@barclays.com
Barclays, London

Russian Metals & Mining
Vladimir Sergievskiy
+44 (0)20 3555 5187
vladimir.sergievskiy@barclays.com
Barclays, London

South Africa General Retail
Rod Salmon
+27 102454307
rod.salmon@barclays.com
Absa, Johannesburg

Turkey Retail & Consumer
Hanzade Kilickiran
+44 (0)20 3134 7177
hanzade.kilickiran@barclays.com
Barclays, London

Turkey Retail & Consumer
Batuhan Karabekir
+44 (0)20 3555 3969
batuhan.karabekir@barclays.com
Barclays, London

UK Capital Goods
Richard Paige
+44 (0)20 3134 6905
richard.paige@barclays.com
Barclays, London

EMEA

UK Capital Goods
UK Mid & Small Cap Services
Stephen Jeffrey
+44 (0)20 355 57090
steve.m.jeffrey@barclays.com
Barclays, London

UK Homebuilding
UK Property Services
Jon Bell
+44 (0)20 7773 5996
jon.bell@barclays.com
Barclays, London

UK Mid & Small Cap
Leisure/Consumer
European Leisure
Richard Taylor
+44 (0)20 3555 2650
richard.e.taylor@barclays.com
Barclays, London

UK Mid & Small Cap Services
Jane Sparrow
+44 (0)20 3134 5918
jane.sparrow@barclays.com
Barclays, London

European Equity Strategy
Ian Scott
+ 44 (0)20 3134 7668
ian.c.scott@barclays.com
Barclays, London

European Equity Strategy
Dennis Jose, CFA
+44 (0)20 3134 3777
dennis.jose@barclays.com
Barclays, London

European Equity Strategy
Jason Hart
+44 (0)20 3134 7425
jason.hart@barclays.com
Barclays, London

BARCLAYS ASIA EX-JAPAN EQUITY RESEARCH

ASIA EX-JAPAN

BASIC INDUSTRIES

Asia ex-Japan Metals & Mining
Asia ex-Japan Soft Commodities & Trading Companies
Ephrem Ravi
+852 2903 4892
ephrem.ravi@barclays.com
Barclays Bank, Hong Kong

CONSUMER

Asia ex-Japan Cosmetics and HPC
HJ Moon
+82 2 2126 2678
hj.moon@barclays.com
BCSL, Seoul

Asia ex-Japan Staples
Vineet Sharma, CFA
+852 2903 4609
v.sharma@barclays.com
Barclays Bank, Hong Kong

ENERGY

Asia ex-Japan Oil & Gas
Somshankar Sinha
+852 2903 2434
somshankar.sinha@barclays.com
Barclays Bank, Hong Kong

FINANCIAL SERVICES

Asia ex-Japan Banks
Anish Tawakley
+91 22 6719 6016
anish.tawakley@barclays.com
BSIPL, Mumbai

Asia Ex-Japan Diversified Financials
Sharnie Wong, CA
+852 2903 3457
sharnie.wong@barclays.com
Barclays Bank, Hong Kong

Asia ex-Japan Insurance
Noel Chan
+886 2 663 84693
noel.chan@barclays.com
BCSTW, Taiwan

Asia ex-Japan Real Estate
Alvin Wong
+852 2903 4535
alvin.wong@barclays.com
Barclays Bank, Hong Kong

HEALTHCARE

Asia ex-Japan Healthcare & Pharmaceuticals
Balaji Prasad, M.D.
+91 22 6719 6295
balaji.prasad@barclays.com
BSIPL, Mumbai

INDUSTRIALS

Asia ex-Japan Autos & Auto Parts
Paul Hwang
+82 2 2126 2983
paul.hwang@barclays.com
BCSL, Seoul

Asia ex-Japan Capital Goods
Venugopal Garre
+91 22 6719 6291
venugopal.garre@barclays.com
BSIPL, Mumbai

Asia ex-Japan Capital Goods
Yang Song
+852 2903 2489
yang.song@barclays.com
Barclays Bank, Hong Kong

Asia ex-Japan Infrastructure & Transport
Jon Windham, CFA
+852 2903 4672
jon.windham@barclays.com
Barclays Bank, Hong Kong

INTERNET & MEDIA

Asia ex-Japan Internet & Media
Alicia Yap, CFA
+852 2903 4593
alicia.yap@barclays.com
Barclays Bank, Hong Kong

POWER & UTILITIES

Asia ex-Japan Power & Utilities
Ephrem Ravi
+852 2903 4892
ephrem.ravi@barclays.com
Barclays Bank, Hong Kong

RETAIL

Asia Ex-Japan Gaming & Leisure
Phoebe Tse
+852 2903 4285
phoebe.tse@barclays.com
Barclays Bank, Hong Kong

Asia ex-Japan General Retail
Vineet Sharma, CFA
+852 2903 4609
v.sharma@barclays.com
Barclays Bank, Hong Kong

TECHNOLOGY

Asia ex-Japan IT Hardware
Kirk Yang
+852 2903 4635
kirk.yang@barclays.com
Barclays Bank, Hong Kong

Asia ex-Japan LCD Displays
SC Bae
+82 2 2126 2932
sc.bae@barclays.com
BCSL, Seoul

Asia ex-Japan Semiconductors
Andrew Lu
+886 2 663 84698
andrew.lu@barclays.com
BCSTW, Taiwan

Asia Ex-Japan Software & IT Services
Bhuvnesh Singh
+91 22 6719 6314
bhuvnesh.singh@barclays.com
BSIPL, Mumbai

Asia ex-Japan Wireless Equipment & Products
Dale Gai
+886 2 663 84697
dale.gai@barclays.com
BCSTW, Taiwan

TELECOMMUNICATIONS

Asia ex-Japan Telecom Services
Sahil Kedia
+91 22 6719 6036
sahil.kedia@barclays.com
BSIPL, Mumbai

BARCLAYS JAPAN EQUITY RESEARCH

JAPAN

BASIC INDUSTRIES

Japan Chemicals
Mikiya Yamada
+81 3 4530 2911
mikiya.yamada@barclays.com
BSJL, Tokyo

CONSUMER

Japan Cosmetics and HPC
Mitsuko Miyasako
+81 3 4530 2963
mitsuko.miyasako@barclays.com
BSJL, Tokyo

FINANCIAL SERVICES

Japan Diversified Financials
Azuma Ohno
+81 3 4530 2968
azuma.ohno@barclays.com
BSJL, Tokyo

Japan Real Estate Leasing
Japan REITs
Takashi Hashimoto
+81 3 4530 2956
takashi.hashimoto@barclays.com
BSJL, Tokyo

Japan Regional Banks
Shin Tamura
+81 3 4530 2977
shinichi.tamura@barclays.com
BSJL, Tokyo

Japan REITs
Atsuro Takemura
+81 3 4530 2914
atsuro.takemura@barclays.com
BSJL, Tokyo

HEALTHCARE

Japan Biopharmaceuticals
Atsushi Seki
+81 3 4530 2934
atsushi.seki@barclays.com
BSJL, Tokyo

Japan Medical Supplies & Devices
Mitsuko Miyasako
+81 3 4530 2963
mitsuko.miyasako@barclays.com
BSJL, Tokyo

INDUSTRIALS

Japan Autos & Auto Parts
Tatsuo Yoshida
+813 4530 2931
tatsuo.yoshida@barclays.com
BSJL, Tokyo

Japan Heavy Industries
Kunio Sakaida
+81 3 4530 2935
kunio.sakaida@barclays.com
BSJL, Tokyo

Japan Machinery
Kunio Sakaida
+81 3 4530 2935
kunio.sakaida@barclays.com
BSJL, Tokyo

Japan Transportation
Ryota Himeno
+81 3 4530 2966
ryota.himeno@barclays.com
BSJL, Tokyo

INTERNET & MEDIA

Japan Internet
Keiichi Yoneshima
+81 3 4530 2906
keiichi.yoneshima@barclays.com
BSJL, Tokyo

Japan Software & Entertainment
Yuki Okishio
+81 3 4530 2932
yuki.okishio@barclays.com
BSJL, Tokyo

RETAIL

Japan Retail
Ryota Himeno
+81 3 4530 2966
ryota.himeno@barclays.com
BSJL, Tokyo

JAPAN

TECHNOLOGY

Japan Consumer Electronics
Kazunori Ito
+81 3 4530 2957
kazunori.ito@barclays.com
BSJL, Tokyo

Japan Electronic Components
Kazunori Ito
+81 3 4530 2957
kazunori.ito@barclays.com
BSJL, Tokyo

Japan Precision Instruments
Masahiro Nakanomyo
+81 3 4530 2962
masahiro.nakanomyo@barclays.com
BSJL, Tokyo

SUMMARY OF ASSET ALLOCATION THEMES

	KEY FORECASTS	KEY RECOMMENDATIONS
Equities	• We are raising our price targets for continental European and Japanese equities. • We forecast an additional 13% of total returns for continental European markets, 9% for Japanese markets and 6% for global stock markets to the end of 2015. • Earnings are everything. The long-awaited recovery in continental European earnings revisions seems to be finally here. Meanwhile Japanese earnings revisions are faring best globally. Lastly, US earnings revisions are faring worst for the first time in the past five years. • While the gap between the performance of cyclical sectors and economic indicators has corrected a little bit, we believe there is more to go.	• We are optimistic on the prospects for equities globally. • We are overweight continental European and Japanese equities, underweight US equities and neutral EM equities. • We have a preference for cyclically oriented sectors over defensive sectors, driven by an expected improvement in economic growth over the coming quarters. • We also have a preference for value stocks to quality stocks. The premium paid in the market for quality stocks looks exceptionally high to us. • Within sectors, we are overweight Financials, Consumer Discretionary, Industrials, Materials and Technology. We are Underweight Staples, Healthcare and Utilities.
Bonds	• We expect rates to remain range-bound in the US, the UK and Japan and to grind lower in Europe, with 10y Bunds potentially reaching 0bp. • We are neutral on duration at the current rate levels and believe that dollar strength is likely to limit the prospects for divergence between the US and other developed markets.	• Short the US 2s3s5s fly to position for an upside surprise and a US 5y5y-10y10y steepener for a dovish surprise. We also like 10y swap spread wideners and buying 6m*2y 1x1x1 payer ladders. • In the UK, we recommend 2y1y-4y1y steepeners. We also recommend selling the belly of 5s10s20s JGB fly. • We see value in 12y and 30y France sovereign spreads. We maintain our long 15y core periphery vs Germany view.
Commodities	• Early-year supportive factors for commodity prices, such as cold northern hemisphere weather, supply problems and a surge in investor interest, are starting to fade. • A fragile China, the potential for further dollar strength and positioning that is very heavily weighted to the long side, especially in oil, point to downside price risks. • In oil, US supply growth is not slowing fast enough to rebalance the market, and we expect the rate of inventory accumulation to accelerate in Q2.	• WTI is likely to trade into the high \$30s, Brent into the mid-\$40s and the contango in both oil futures markets to widen. • The WTI-Brent spread will likely stay volatile, widening as stocks continue to build rapidly in the US, though it should narrow from late Q2 as US supply growth starts to slow. • We expect gold to struggle with tightening liquidity and sluggish physical demand, but palladium to outperform, as it is one of the few markets with firm fundamentals.
Inflation	• Inflation is relatively low across most developed economies. However, markets are priced for central banks to miss targets over the medium term. We see opportunities on structural breakeven longs.	• US front-end breakevens seem most dislocated from fundamentals. • Pension fund demand for long UK linkers and ECB buying of Euro linkers should support those markets.
Credit	• ECB asset purchases are pushing EUR credit investors out along the curve and down the credit spectrum. Non-European investors are likely to shift their currency exposures within credit, providing support for other parts of the credit market, including USD and EM. • In Europe, issuers have already catered to the appetite for corporate hybrids and for longer duration. We expect this to continue throughout the asset purchase program. • Issuance from US companies in EUR has doubled year-to-date, but the pace is likely to slow.	• Peripheral risk could underperform as debt/GDP dynamics may be called into question if deflation cannot be ruled out. Given tight valuations, this underpins our underweight view on peripheral corporate risk. • We believe that corporate hybrids are the best alternative to €IG, with issuance from well-known companies that have a strong buyer base in general, and are predominantly IG-rated. • We favour CDS index option hedges as efficient, patient, shorts, particularly given the significant long risk base in CDS indices.
Emerging Markets	• EM economies continue to face difficult adjustments to a more hostile external environment, with lower Chinese growth, commodity prices, looming Fed hikes and USD strength. This is partially mitigated by ECB easing and, on aggregate, generous EM risk premia. • We believe the high level of dispersion within the EM universe is set to continue and see select opportunities across asset classes and regions.	• In EM credit, we think structural safe havens (large parts of Asia, CEE) and Mexico and Chile are well positioned to attract demand. We advocate a case-by-case approach in the challenged part of the EM universe, generally preferring Brazilian corporates over Russian corporates. • We recommend long INRTWD and short SGDPHP relative value trades. In local rates, we think risk premia in BRL, INR and IDR duration are attractive, but ZAR valuations look rich.
Foreign Exchange	• We think the USD is likely to take a break before resuming its uptrend at a slower pace. We forecast 5% USD REER appreciation by year end. • Unprecedented ECB easing suggests selling EURUSD remains the best way to express a long USD view. • We remain selective on EM carry currencies in spite of the positive global backdrop for this class.	• Stay short EURUSD • Stay long USDCAD as lower oil prices permeate • Stay long USDCNH in the context of weak Chinese domestic demand and low inflation • Buy INRTWD for carry as improved fundamentals and prospect for reform support currency stability

Extracted from *Global Outlook: Oil, the dollar and monetary policy: it's all (or at least mostly) good*, Marchr 26, 2015.

CONTENTS

All data, including ratings, estimates and price targets are as of March 25, 2015 unless otherwise specified.

EQUITY MARKET OUTLOOK

Global & European Equity Strategy
Ian Scott
+ 44 (0)20 3134 7668
ian.c.scott@barclays.com
Barclays, London

Dennis Jose, CFA
+44 (0)20 3134 3777
dennis.jose@barclays.com
Barclays, London

Jason Hart
+44 (0)20 3134 7425
jason.hart@barclays.com
Barclays, London

Japan Equity Strategy
Hajime Kitano
813.4530.2937
hajime.kitano@barclays.com
BSJL, Tokyo

US Equity Strategy
Jonathan Glionna
1.212.526.5313
jonathan.glionna@barclays.com
BCI, New York

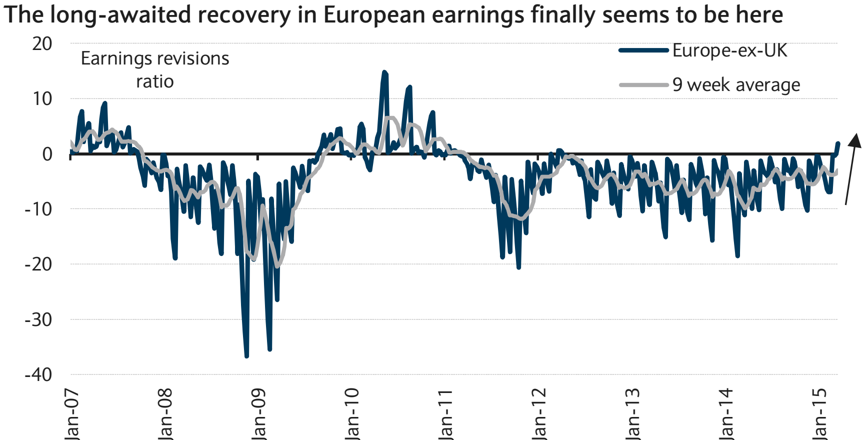
Eric Slover, CFA
1.212.526.6426
eric.slover@barclays.com
BCI, New York

This is an extract from our *Equity Market Outlook: Raising targets for Europe and Japan* (26 March 2015). To view the full report, including analyst certifications and other required disclosures, please go to Barclays Live.

Raising targets for Europe and Japan

- **We are raising our year-end targets for continental European and Japanese equities.** Since the beginning of the year, both markets have risen by 19% and 12%, respectively, bringing levels close to our previous targets. From current levels our new forecasts imply a 13% total return for continental European markets, 9% for Japanese markets and 6% for global stock markets through to the end of 2015.
- **Earnings are everything:** Our expectations for further upside stem from an acceleration in earnings. However, with valuations only in line with historical norms and the equity risk premium still high, investors do not appear to be pricing in a surge in earnings.
- **Overweight Continental Europe:** The long-awaited recovery in European earnings finally seems to be here – earnings revisions are positive for the first time since 2011. While we admit that the overweight Europe view is no longer anti-consensus, we believe that better earnings momentum is likely to remain supportive of further outperformance.
- **Overweight Japan:** Japanese earnings revisions are faring best globally. Japanese corporates are increasing shareholder payouts too, and international participation in the rally thus far seems low.
- **Underweight US:** US earnings revisions are faring worst for the first time in five years. We recommend a still counter-consensus Underweight stance here.
- **Prefer cyclicals to defensives:** While the gap between the performance of cyclical sectors and economic indicators has corrected a little bit, we believe that there is more to go. We are Overweight Financials, Consumer Discretionary, Industrials, Materials and Technology. We are Underweight Staples, Healthcare and Telecoms.

FIGURE 1
The long-awaited recovery in European earnings finally seems to be here



Source: DataStream, Barclays Research

Raising targets

We are raising our expected returns for Continental European and Japanese equities. Since the beginning of the year, both markets have risen by 19% and 12%, respectively, bringing levels close to our previous targets. Our revised targets are presented in Figure 2. We have not made any alterations elsewhere, so our projection for global equities' annual 2015 total return rises to 6% from today's levels.

FIGURE 2

Global equity index targets

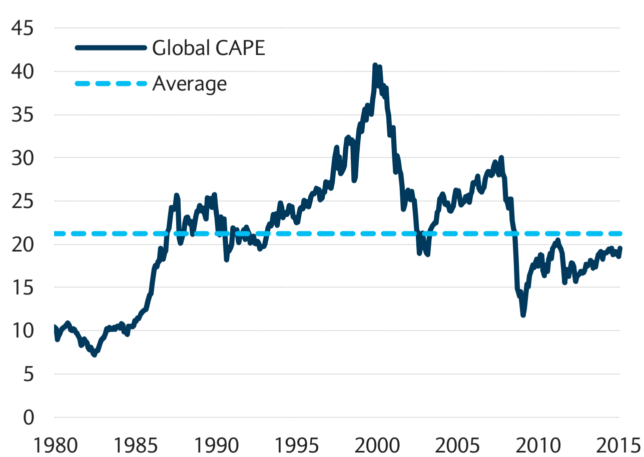
Region	Current Level (close 24 Mar 2015)	Previous End-2015 Target	New End-2015 Target	% Price Upside to New Targets	Implied Total Return
US I	2108	2100	2100	0	1
Europe Ex-UK II	150	155	165	10	13
UK III	7023	7300	7300	4	7
Japan IV	1581	1530	1700	8	9
Pacific ex-Japan V	480	490	490	2	5
Emerging Markets VI	970	1050	1050	8	10
Global VII	432	443	448	4	6

Note: IS&P 500, II MSCI Europe Ex-UK (€), III FTSE 100, IV Topix, V MSCI Pacific ex-Japan ($), VI MSCI Emerging Markets Index ($), VII MSCI County World Index ($). Source: Barclays Research.

Why are we raising targets rather than becoming more cautious? Despite the rally in global stock markets, valuations still do not look expensive, in our opinion. Traditional measures of valuation such as the PE and the Price/Book multiple are still in line with historical norms. A similar perspective is provided by the Cyclically-Adjusted PE (Shiller PE/CAPE) in Figure 3, which is also in line with historical norms. Alternately, while measures of risk premia such as the nominal yield gap have receded from the highs of August 2012, they are still quite elevated relative to longer-term history (Figure 4). The evidence from these combined factors suggests a global stock market that is not overly exuberant about the prospects for earnings growth. It also suggests a market that may not be completely factoring in the positive impulses to the outlook from lower Oil prices and the ECB's QE.

FIGURE 3

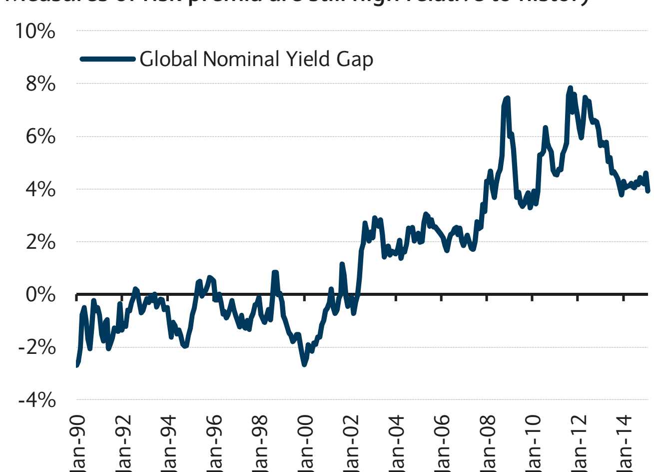
Global cape in line with historical norms



Source: DataStream, Barclays Research

FIGURE 4

Measures of risk premia are still high relative to history



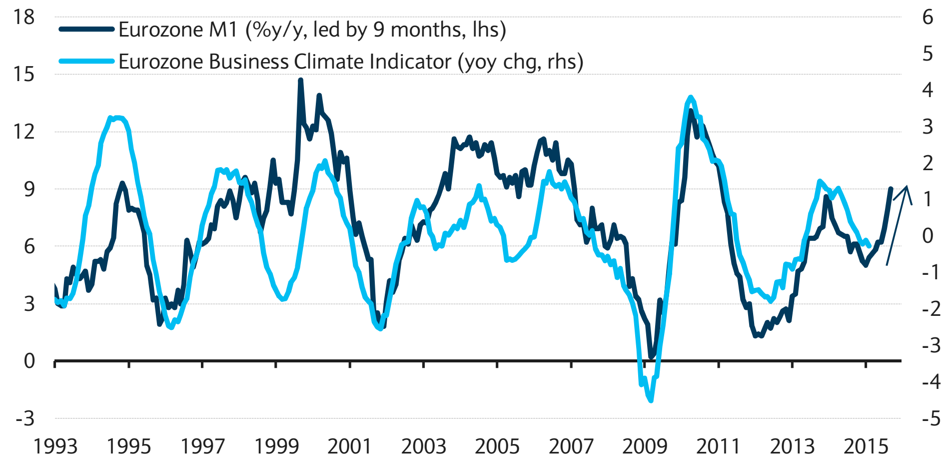
Note: Nominal Yield Gap calculated as the Earnings Yield – 10y Treasury yield. Source: DataStream, Barclays Research

Back in November, while our economists expected the ECB to move to sovereign QE, there was uncertainty among investors as to whether it would work. Indeed, a common narrative back then was that the transmission of sovereign QE to the real economy would not be easy to achieve in the eurozone, due to the more limited exposure to the wealth effects of higher stock prices and property values. There was a general recognition that the currency would prove to be the more powerful channel, but the continued strong and stable relationship between money supply growth and subsequent economic performance, suggests to us that these fears regarding the transmission may have been misplaced.

Money supply has led business confidence by nine months

FIGURE 5

Money supply growth is accelerating



Source: Barclays Research, DataStream, ECB

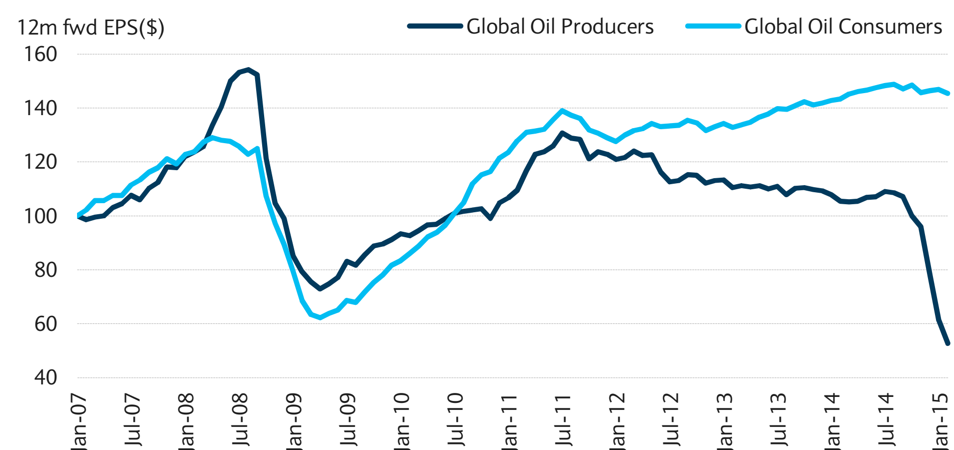
Also, back in November, crude was at $79, now it is at $54. If the decline in oil prices has been primarily due to increased supply rather than lower demand, these lower prices should ultimately prove supportive for global growth. However, the initial reaction from equity analysts has been a "glass half empty" one. While analysts have been quick to cut earnings forecasts for oil producers, they have not increased estimates for the "oil consuming" areas of the market (Figure 6). Therefore, there may be room for earnings estimates to "catch-up" over the coming weeks and months, as the beneficial effect of lower oil prices feeds through.

While earnings estimates for Oil producing companies have been cut aggressively…

… Oil consuming companies have not had seen upgrades

FIGURE 6

Analysts have adopted a "glass half-empty" approach to earnings estimates



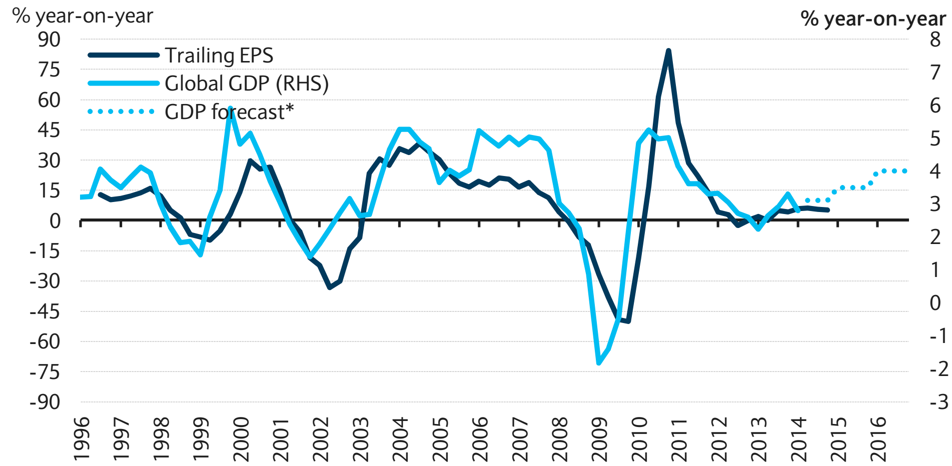
Note: Oil Producers = MSCI ACWI Energy; Oil Consumers = MSCI ACWI Consumer Discretionary, Chemicals & Transport. Source: DataStream, MSCI, Barclays Research

These two tailwinds combined are likely to support global growth. Indeed, as Figure 7 indicates, if our Economics team's projections for global real GDP to grow by 3.4% in 2015 and 3.8% in 2016 prove correct, then global earnings per share growth is likely to accelerate in both 2015 and 2016.

Global EPS growth likely to accelerate in 2015 and 2016

FIGURE 7

Global trailing EPS growth and global GDP



Note: *Forecast from Barclays' Global Economics Team. Source: IMF, IBES, DataStream, Barclays Research

We forecast global earnings to grow 12% in 2015 (Figure 8). From a regional perspective, we expect strongest earnings growth from continental Europe and Japan, while earnings in the US may fail to keep apace, given the strong dollar.

FIGURE 8

Global earnings growth

	2013	2014	2015*
US [I]	10.8%	9.0%	7.0%
Europe Ex-UK [II]	-1.1%	8.0%	15.0%
UK [III]	-1.8%	5.0%	11.0%
Japan [IV]	72.4%	8.0%	15.0%
Pacific ex-Japan [V]	-0.1%	-1.9%	7.7%
Emerging Markets [VI]	-4.9%	6.0%	12.0%
Global [VII]	1.6%	6.5%	12.0%

Notes: [I] S&P 500, [II] MSCI Europe Ex-UK (Eur), [III] FTSE 100, [IV] Topix, [V] MSCI Pacific ex-Japan ($), [VI] MSCI Emerging Markets Index ($), [VII] MSCI County World Index ($) Source: Barclays Research, MSCI

Earnings are everything

Indeed from a regional allocation perspective, we are broadly overweight the regions where we believe the prospects for earnings are most positive. In our Global Recommended Portfolio relative to the MSCI All Country World Index, we are overweight in continental European equities by 10.1% and in Japanese equities by 8.7%. Conversely, we are underweight in North American equities by 17.6%. Lastly, we are neutral on emerging markets and the UK (Figure 9).

FIGURE 9

Regional recommendations

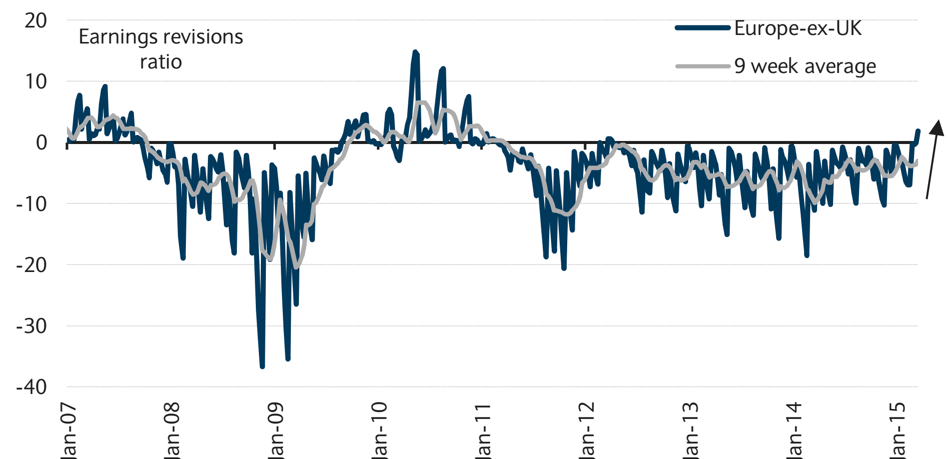
		Recommended Weight	Benchmark Weight	Gap
North America		37.0%	54.6%	-17.6%
Europe ex-UK		26.0%	15.9%	10.1%
UK		6.3%	7.0%	-0.7%
Japan		16.5%	7.8%	8.7%
Pacific ex-Japan		4.0%	4.2%	-0.2%
Emerging Markets		10.2%	10.5%	-0.3%
of which:	Asia	7.4%	7.0%	0.4%
	CEEMEA	1.2%	2.0%	-0.8%
	LATAM	1.6%	1.5%	0.1%
Total		100.0%	100.0%	0.0%

Source: DataStream, Barclays Research

Our regional recommendations are driven by our optimism regarding the prospects for a recovery in earnings for both continental European and Japan corporates. In fact, for the first time since 2010, continental European stocks are receiving more upgrades than downgrades to their earnings forecasts. The long-awaited recovery in earnings for continental European equities finally seems to be coming through.

FIGURE 10

At long last, continental European earnings revisions are in positive territory



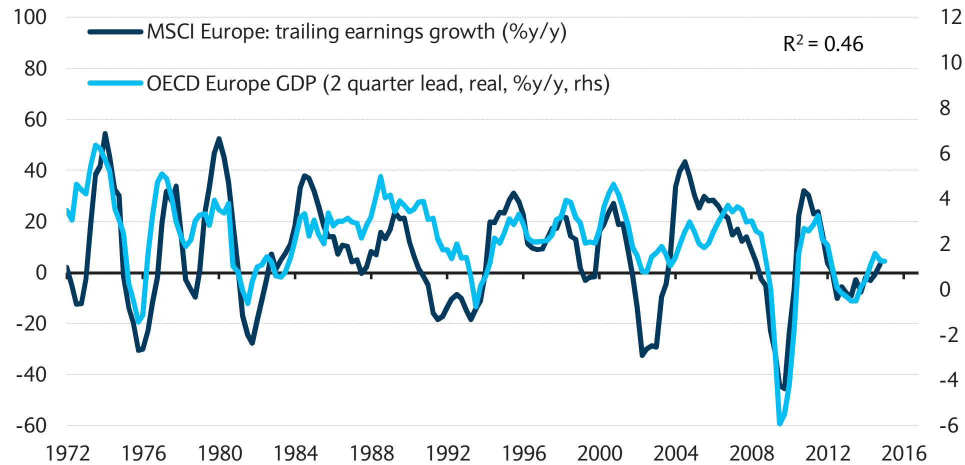
Note: Earnings revisions ratio calculated as the difference between the number of earnings upgrades and downgrades as a percentage of total estimates. Source: DataStream, MSCI, IBES, Barclays Research

On a trailing basis, earnings growth for continental European equities is also back in positive territory, in line with the improvements seen in real GDP growth (Figure 11). Now our economists forecast real GDP to grow by 1.3% for the euro area in 2015 versus 0.9% in 2014. Pari passu this level of real GDP growth has historically seen earnings grow by c.10%. However, this time round, we have also had a c.20% depreciation in the euro relative to the dollar, which in the past has contributed to an equivalent increase in earnings growth for non-financial euro area companies (*Reaching the Rotation, 8 December 2014*). A combination of these two factors, in addition to lower refinancing costs for corporates due to lower corporate bond yields, could lead to a dramatic increase in earnings growth rates for euro area non financial corporates.

Better GDP growth in 2015 should lead to better earnings growth

FIGURE 11

European earnings are growing in line with GDP growth



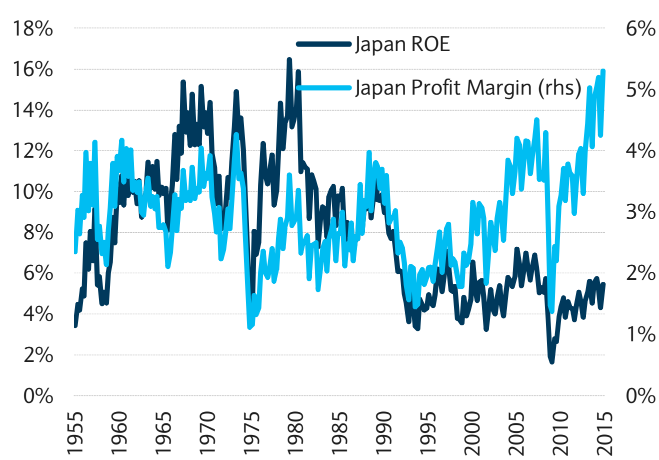
Source: DataStream, MSCI, Barclays Research

We also forecast Japanese earnings to improve from 8% in 2014 to 15% in 2015, driven by a pickup in real GDP growth (as per our economists forecast) from 0% in 2014 to 1.0% in 2015 and 1.6% in 2016.

In addition to this, we believe that the story for Japanese equities is one of corporate renaissance. While, aided by QE, Japanese profit margins are near their highest levels since 1955, the return on equity (RoE) for Japanese corporates is still quite low relative to history. The wide gap between the improvements in profit margins and RoE is indicative of a group of companies that have been aggressively deleveraging their balance sheets. However, recently there have been signs that companies, such as Fanuc[1], are now beginning to stop deleveraging and start rewarding shareholders through higher share and dividend buybacks (Figure 13). This would help to boost the RoE from Japanese companies, which, in addition to a cyclical boost to earnings aided by economic growth, should increase the attractiveness of Japanese equities, in our view (*Looking Beyond the US, 20 November 2014*).

FIGURE 12

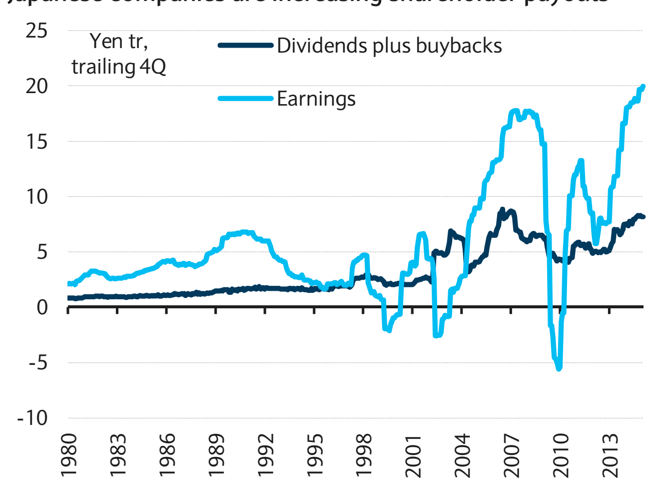
While profit margins are high, RoEs are very low



Source: DataStream, MOF, Barclays Research

FIGURE 13

Japanese companies are increasing shareholder payouts



Source: DataStream, Barclays Research

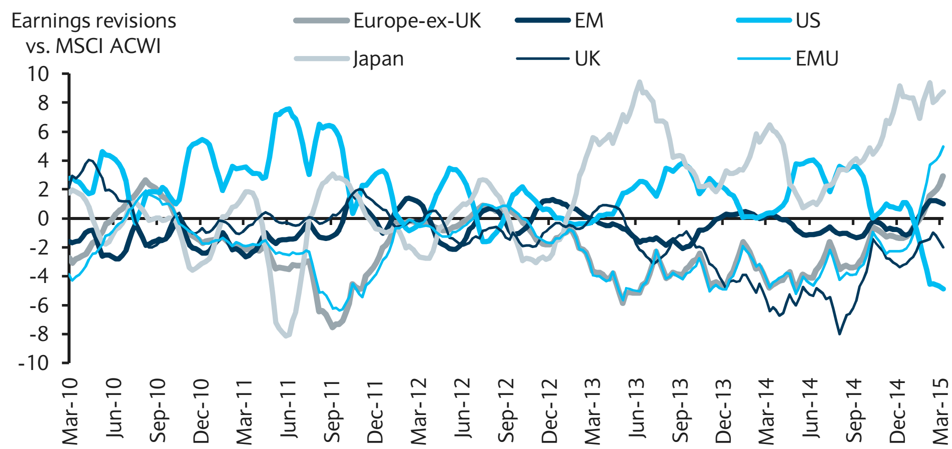
[1] *Fanuc considering bolstering shareholders returns, Financial Times, 13 March 2015*

Lastly, in Figure 14, we plot the earnings revisions ratio for the different regions relative to that for the MSCI All Country World Index. Those for Japanese companies are improving at a much faster pace than other regions. Earnings revisions for European companies are improving at a faster pace than the benchmark for the first time since 2010, while that for US companies are now slowing for the first time in five years. In addition to better prospects for earnings growth elsewhere, the relatively heavier weighting in energy companies, and the strong dollar are putting incrementally negative pressure on the profitability of US corporates.

Japanese and continental European earnings revisions look the most attractive

FIGURE 14

For the first time since 2010, US earnings revisions are negative versus the MSCI ACWI



Source: DataStream, MSCI, Barclays Research

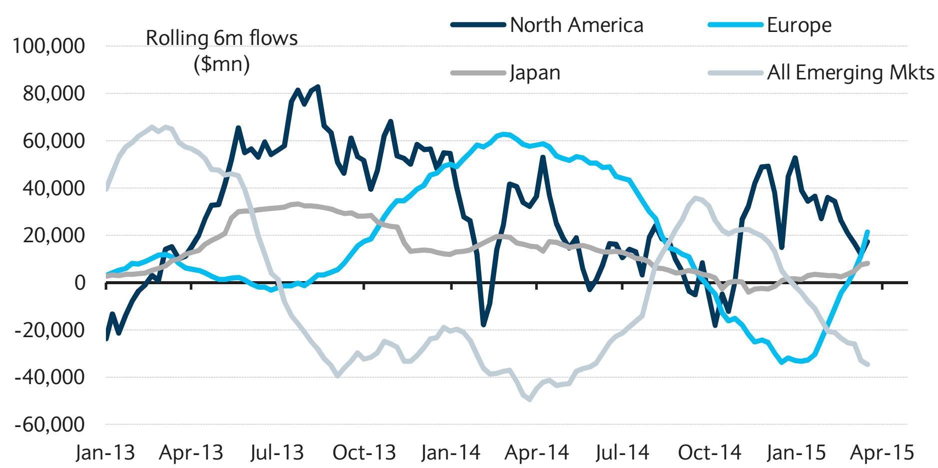
However, flows to US equity markets still do not reflect the more downbeat prospects for profitability there. While the pace of inflows to North American funds has declined from the highs seen at the end of 2014, they are still quite strong. Investor positioning does not seem to reflect our underweight on US equities.

While the overweight Europe position no longer appears anti-consensus…

… the overweight Japan and underweight US recommendations do not appear to be in line with consensus

FIGURE 15

Flows to US and European equity funds have been strongest



Source: DataStream, EPFR, Barclays Research

Meanwhile flows to European funds have picked up. While the overweight Europe position is no longer anti-consensus, the pace of inflows is not near previous highs highlighting the scope for further inflows.

Flows to Japanese funds, on the other hand, have not picked up – it appears that international investors have not participated in the rally thus far and thus, the scope for additional inflows is high. Lastly, emerging markets seem to be the consensus underweight.

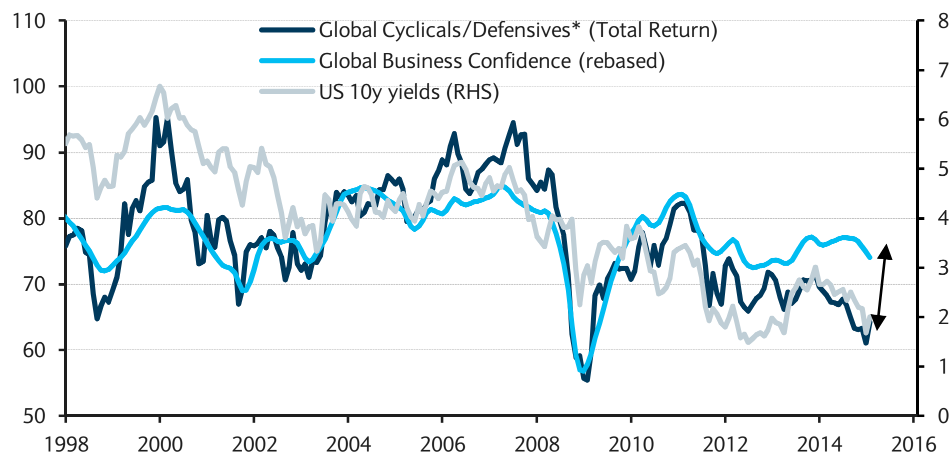
Prefer cyclicals to defensives

From a sector perspective, the key aspect remains a further outperformance from cyclical sectors. Historically, the performance of cyclicals relative to defensives has tracked business confidence very closely. However, during the second half of last year, the cyclical sector's performance diverged dramatically from business confidence by the largest margin seen in history. This is because, as we highlighted in *Yielding to the Bond Market, 6 February, 2015*, equity investors were, incorrectly in our view, looking to the bond markets when allocating to sectors. Aggressive central bank policy, in our opinion, has rendered bond markets as an inaccurate reflection of the economy. Therefore, we think that the reversal of the prior underperformance of cyclical sectors, which has started recently, has further to go.

Until recently, equity investors have been following the bond markets, not economic variables

FIGURE 16

The performance of cyclical sectors has dramatically diverged from business confidence



Source: DataStream, MSCI, Barclays Research

Within the cyclically oriented sectors we still prefer Financials, which is our largest overweight. We are also overweight Consumer Discretionary, Industrials, Technology and Materials. We are underweight Consumer Staples, Healthcare and Telecoms.

FIGURE 17

Global Sector Recommendations

Sector	Recommended Weighting	Benchmark Weighting	Gap	Rating
C. Discretionary	17.7%	12.5%	5.2%	Overweight
C. Staples	3.3%	9.6%	-6.3%	Underweight
Energy	7.4%	7.4%	0.0%	Market Weight
Financials	29.1%	21.5%	7.6%	Overweight
Healthcare	2.3%	12.2%	-9.9%	Underweight
Industrials	13.4%	10.5%	2.9%	Overweight
Information Technology	15.0%	14.0%	1.0%	Overweight
Materials	7.5%	5.4%	2.1%	Overweight
Telecoms	1.7%	3.7%	-1.9%	Underweight
Utilities	2.6%	3.2%	-0.5%	Market Weight
Total	100%	100%	0%	

Source: Barclays Research

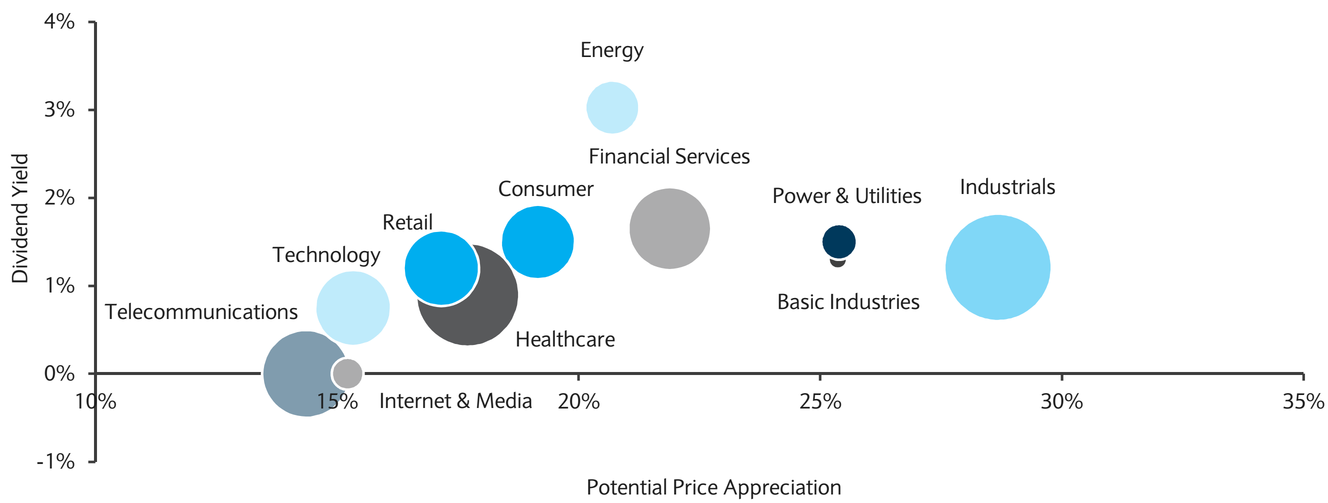
Top Picks

AMERICAS

Our first quarterly update for Top Picks in the Americas presents 53 of our analysts' best alpha-generating ideas, down from 54 in our December publication. While, for the most part, our analysts have taken this quarterly update as an opportunity to reiterate the high-conviction thesis on their existing Top Pick, the following pages also include some compelling new narratives that have been identified in recent months. Analysts who have swapped their Top Picks have been motivated by varied drivers for share price appreciation, from best-in-class earnings growth (G-III Apparel Group, Newell Rubbermaid), to margin expansion and international growth potential (Hanesbrands, Fluor), to positive risk/return available at an attractive valuation (General Electric, Orbital ATK). We are also excited to introduce new Top Picks in three industries: Beverages (PepsiCo), Life Science Tools & Diagnostics (Thermo Fisher Scientific), and Lodging (Hilton Worldwide Holdings). Finally, our Top Pick removals were based primarily on sustained exposure to heightened volatility in energy markets (EOG Resources, Cimarex Energy, LyondellBasell Industries).

As in December, our 53 Top Picks represent the most high-conviction liquid investment ideas from each sector. In aggregate, our Top Picks average USD 44.2 billion in market cap and offer roughly 21% potential upside to their 12-month price targets. Outside of a base-case scenario, the group offers approximately 41.5% potential upside if ideal conditions materialize, against 18.4% downside risk, establishing nearly a 2.2:1 risk/reward skew. The average stock in the group generates an 18.6% ROE and trades on a 17.8x forward P/E while paying a 1.3% dividend yield.

Potential Total Return of Top Picks



Source: Barclays Research, Thomson Reuters

Top Picks added and removed since previous Global Top Picks report on 8 December 2014

Date Published	Industry	Analyst	Added	Removed
8-Jan-2015	North America Oilfield Services & Equipment	J. David Anderson	Halliburton Co.	–
8-Jan-2015	U.S. Life Sciences Tools & Diagnostics	Jack Meehan	Thermo Fisher Scientific	–
26-Jan-2015	U.S. MLP's	Richard Gross	–	Equity Transfer Equity LP
12-Feb-2015	U.S. Diversified Natural Gas	Richard Gross	–	EQT Corporation
20-Feb-2015	U.S. Retail Softlines	Matthew McClintock	Hanesbrands Inc.	Lululemon Athletica Inc.
10-Mar-2015	U.S. Aerospace & Defense	Carter Copeland	Orbital ATK Inc.	Spirit AeroSystems Holdings
27-Mar-2015	U.S. IT Hardware	N/A		CDW Corp.
30-Mar-2015	North America Oil & Gas: E&P (Large Cap)	Thomas Driscoll	–	EOG Resources
30-Mar-2015	North America Utilities	Daniel Ford	–	Dominion Resources
30-Mar-2015	U.S. Beverages & Tobacco	William Marshall	PepsiCo Inc.	–
30-Mar-2015	U.S. Biotechnology	Geoff Meacham	Gilead Sciences	–
30-Mar-2015	U.S. Cable & Satellite Communications	Kannan Venkateshwar	–	Sirius XM Radio
30-Mar-2015	U.S. Chemicals	Duffy Fischer	–	LyondellBasell Industries NV
30-Mar-2015	U.S. Cosmetics; Household & Personal Care	Lauren Lieberman	Newell Rubbermaid Inc.	Jarden Corp.
30-Mar-2015	U.S. Engineering & Construction	Andy Kaplowitz	Fluor Corp.	MasTec Inc.
30-Mar-2015	U.S. Lodging	Felicia Hendrix	Hilton Worldwide Holdings	–
30-Mar-2015	U.S. Luxury Goods/Broadlines	Joan Payson	G-III Apparel Group, Ltd.	Kate Spade & Co.
30-Mar-2015	U.S. Media	Kannan Venkateshwar	Twenty-First Century Fox	–
30-Mar-2015	U.S. Metals & Mining	Matthew J. Korn	Steel Dynamics Inc.	Agrium Inc.
30-Mar-2015	U.S. Multi-Industry	Scott Davis	General Electric	Rexnord Corp.
30-Mar-2015	U.S. Oil & Gas: E&P (Mid-Cap)	Jeffrey Robertson	–	Cimarex Energy Co.
30-Mar-2015	U.S. Power	Daniel Ford	NextEra Energy	–

Source: Barclays Research

ROYAL GOLD INC. (RGLD)

Farooq Hamed
1.416.863.8963
farooq.hamed@barclays.com
BCCI, Toronto

The Investment Case

With the current weakened gold price environment, we continue to prefer gold royalty companies to gold producers, as they have limited exposure to rising operating and capital costs and their diversified portfolios limit political risk. Specifically, we favour Royal Gold in 2015 as its key royalty/stream assets either ramp up (Mt. Milligan) or return to higher production levels (Penasquito), driving y/y revenue growth of 28% and FCF growth of ~89%. With robust growth expected in 2015, we believe RGLD will once again raise its dividend in calendar 2015.

The Business Drivers

RGLD has a diverse asset portfolio of around 200 properties, including interests in 37 producing mines, 24 development stage projects and 138 evaluation and exploration stage properties. Of its wide portfolio, the Mt. Milligan stream is the largest by revenue contribution, in F2015, we expect Mt. Milligan to continue to ramp up after its start-up in the previous year with revenues from this asset growing by more than fourfold y/y in fiscal 2015 (June).

Beyond Mt. Milligan, RGLD has other key assets that should be strong contributors in fiscal 2015, including Penasquito in north central Mexico, which we estimate can increase revenue by around 17% y/y in fiscal 2015.

In addition to its existing portfolio of high-quality assets, RGLD maintains a conservative balance sheet with a net cash position and has $960 million in available liquidity to continue to add to its portfolio.

Upside/Downside Scenarios

For our upside scenario, we use a NAVPS multiple of 2.3x and a CFPS multiple of 22.0x to reflect successful ramp-up at Mt. Milligan and improved production at Penasquito and Canadian Malartic. Our upside case is $93.

For our downside scenario, we use a NAVPS multiple of 1.4x and a CFPS multiple of 14.0x to reflect the risk of a slower than expected ramp-up at Mt. Milligan and continued low royalty payments from Voisey's Bay. Our downside case is $58.

Valuation Analysis

RGLD has been recently trading at 1.4x our F2016 NAV estimate (compared with its royalty peers at 1.7x and its 5-year historical average of 1.7x), and 17.0x our F2016 CFPS estimate (vs. royalties at 17.2x and its 5-year historical average of 19.5x). Our $85 price target is based on an even weighting of the historical P/NAV and P/CF multiples. For RGLD we use a P/NAV multiple of 2.0x our F2016E NAVPS estimate of $46.89 and a P/CF multiple of 21.0x our F2016E CFPS estimate of $3.58.

Basic Industries | Canadian Metals & Mining

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 85.00
Price (25-Mar-2015)	USD 64.86
Potential Upside/Downside	+31%

Market Cap (USD mn)	4204
Return on Equity TTM (%)	2.09
Dividend Yield (%)	1.3

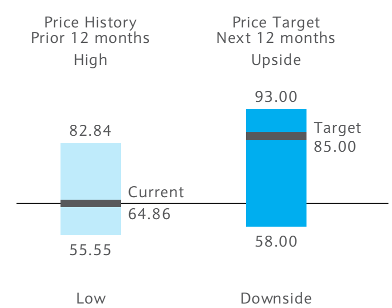
Source: Thomson Reuters

EPS USD

FY Jun	EPS	P/E
2014	0.94A	68.9
2015	1.24E	52.3
2016	1.64E	39.6

Source: Barclays Research.

Upside/Downside scenarios



STEEL DYNAMICS, INC. (STLD)

Matthew J. Korn, CFA
1.212.526.3717
matthew.korn@barclays.com
BCI, New York

The Investment Case

Steel Dynamics is our new Top Pick (replacing Agrium). We believe Steel Dynamics has strong potential to emerge from a challenging 1Q15 with its best-in-class earnings profile intact, even as increased steel imports, elevated service center inventories, and substantial declines in flat-rolled prices have investors cautious on shares of American steel companies in the near term. While overall industry sentiment is weak now, STLD remains a best-in-class operator with an encouraging outlook. With strengthening non-residential construction activity lifting STLD's key end-use markets, a margin tailwind from lower scrap prices, a 45% capacity lift from the acquisition of the Columbus mill, and expansion of high-margin special-bar quality (SBQ) and premium rail volumes, we anticipate average annual earnings growth of nearly 23% from 2014 to 2016. Our STLD price target of $25 implies 23% upside from its recent close.

The Business Drivers

The construction industry represents 35-40% of Steel Dynamics' end market, and we are encouraged by our Barclays Equity Research colleagues' enthusiasm for strong non-residential construction expansion of 7% in 2015E. This should provide a healthy offset to weaker demand from other areas, particularly steel consumption tied to energy spending (which we estimate makes up 13-14% of STLD's steel mill sales), and also drive performance of the company's Steel Fabrication business. Also driving STLD's earnings will be the roughly $100/t decline in benchmark scrap prices since January; scrap is the primary raw material input for mini-mill steel production. Finally, we expect relative pricing strength in STLD's long products that have not been subject to the same amount of import pressure – beams, bar, rail – to benefit realizations relative to the industry over 2H15, especially when incorporating the company's recent organic capacity expansions for SBQ and premium rail. Altogether, combined with the effect of the Columbus mill acquisition in late 2014, we expect STLD's external steel shipments to increase by 29% this year.

Upside/Downside Scenarios

Our upside case of $34 (based on EV of 5.5x 2016 EBITDA of $1.93bn) assumes higher EBITDA generation from a combination of better-than-expected steel prices and volumes driven by strengthening U.S. manufacturing, construction, and automotive demand while scrap costs remain lower than recent levels. Our downside case of $12 (6.5x 2016 EBITDA of $824mn) assumes the opposite: weaker domestic industrial and construction markets that lessen steel demand and lead to lower prices and compressed per-ton operating income.

Valuation Analysis

Our $25 price target is based on a weighted average of two valuation methods: an EV multiple 6.0x our 2016 EBITDA forecast of $1.3bn and a discounted cash flow model with a 8.2% cost of capital and a long-term growth rate of 2.0%.

Basic Industries | U.S. Metals & Mining

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 25.00
Price (25-Mar-2015)	USD 20.34
Potential Upside/Downside	+23%
Market Cap (USD mn)	4913
Return on Equity TTM (%)	5.75
Dividend Yield (%)	2.7

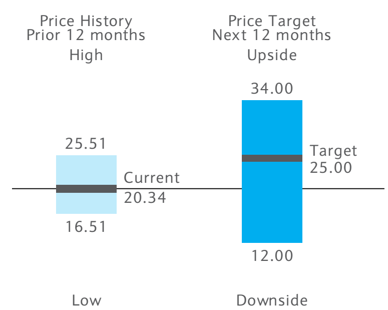
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.35A	15.1
2015	1.37E	14.8
2016	2.03E	10.0

Source: Barclays Research.

Upside/Downside scenarios



BERRY PLASTICS GROUP INC. (BERY)

Scott L. Gaffner, CFA
1.212.526.9132
scott.gaffner@barclays.com
BCI, New York

The Investment Case

Strong free cash flow generation and a multitude of opportunities to expand FCF guidance, coupled with improving volumes, a renewed focus on debt paydown, and new product acceptance, keep BERY as our Top Pick in packaging. We expect organic volumes to improve this year (following soft demand in 2014) with additional potential upside from Versalite wins and increased capacity, which could lead to earnings growth ahead of the group. Furthermore, 2015 FCF guidance of $320mn could prove conservative as it assumes flat volumes and resin prices and no refinancing activity. Lastly, management appears to have refocused its attention on straightforward deleveraging opportunities following a period in which cash deployment was focused on opportunistic and value-enhancing acquisitions.

The Business Drivers

We believe BERY is nearing an inflection point in volumes. With 2014's hurdles – including poor weather in C1Q and a customer loss in the thermoformed drink cup business – now behind it, volumes should improve in 2015, aided by new product introductions, customer acceptance of Versalite, and easing y/y compares. Despite sluggish volumes, BERY has maintained above-average EBITDA margins vs. peers and we expect that management's cost reduction efforts, and potentially lower resin prices, will lead to additional margin expansion in 2015. Management guidance, however, remains conservative.

Upside potential could be boosted by accelerated deleveraging and subsequent accretion to shareholder value. Although BERY missed its target to de-lever by 0.5x annually in 2014 (due to volume headwinds, higher costs, and opportunistic acquisitions), we expect it can deliver in 2015 as volumes improve, costs decline, and acquisitions become less of a priority. Also supporting our bullish thesis is that BERY's sales mix is predominantly North America based; therefore, we expect minimal negative impact from FX in 2015.

Upside/Downside Scenarios

Acceleration in volumes ahead of expectations and/or faster-than-anticipated deleveraging could result in a higher multiple of 26x 2015 earnings power of $1.85, implying a $48 upside case. A continuation of weak volumes and/or unsuccessful or slow paydown of debt could result in a lower multiple of 22x 2015 earnings power of $1.55, implying a $34 downside case.

Valuation Analysis

Valuation remains attractive at current levels, and we expect positive near-term catalysts are not currently baked into the share price. BERY currently trades below major peers at 21x our 2015 EPS estimate versus plastic packaging peers (Amcor, ATR, SEE) at 23x the consensus estimate, on average. Our $43 price target is based on a forward P/E multiple of 25.5x our 2015 EPS estimate of $1.70. BERY shares are also attractive on a FCF basis, trading at only 12x 2015 FCF with an 8.5% yield (versus a 5% 2015 FCF yield at major peers).

Basic Industries | U.S. Paper & Packaging

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 43.00
Price (25-Mar-2015)	USD 35.21
Potential Upside/Downside	+22%

Market Cap (USD mn)	4186
Return on Equity TTM (%)	N/A
Dividend Yield (%)	N/A

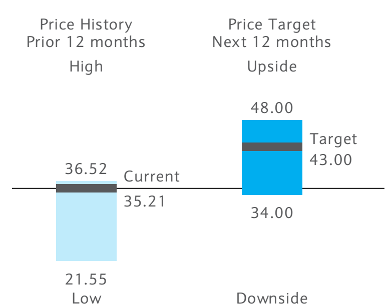
Source: Thomson Reuters

EPS USD

FY Sep	EPS	P/E
2014	1.31A	26.9
2015	1.70E	20.8
2016	2.00E	17.6

Source: Barclays Research.

Upside/Downside scenarios



ALSEA S.A.B. DE C.V. (ALSEA.MX)

Benjamin M. Theurer
+52 55 5241 3322
benjamin.theurer@barclays.com
BBMX, Mexico City

The Investment Case

Alsea recently posted strong 2014 results and we reiterate it as our Top Pick of the consumer stocks in LatAm – we like its attractive growth profile (40% EBITDA growth in 2015E) and business model of growing well-known American brands (Starbucks, The Cheesecake Factory, Domino's Pizza, among others) in Mexico and South America. While the devaluation of the Argentine peso and weakness in the Mexican economy made 2014 challenging, we are more optimistic about 2015; in our models we assume devaluation of the Argentine peso of 20-30% (vs. 60%+ in 2014) and Mexican economic growth of 2.6%. Alsea should also see margins improve (by about 100bp) from integration of Vips restaurants in Mexico, and, in Spain, from the consolidation of Grupo Zena, which posted impressive same store sales (SSS) growth of 8.9% y/y for 4Q14.

The Business Drivers

With its portfolio of globally recognized brands, Alsea is well positioned to benefit from economic improvement in Mexico and Spain (Barclays estimates GDP growth of 2.6% and 2.7%, respectively, for 2015), which together account for about 80% of sales. We expect growth in Mexico to be supported by an uptick in fiscal spending (real wage growth) and discretionary spending (higher levels of disposable income). Alsea's growth strategy has three pillars: 1) organic growth through SSS growth and new store openings; 2) expansion into new regions/markets to benefit from its brand know-how; and 3) acquisition/ integration of new segments and formats (i.e., retail, family dining, and sports bars). Margin improvement could also come from better cost management in its acquired new operations, enhancing EBITDA and EPS growth.

Upside/Downside Scenarios

In our upside case, we assume Alsea expands profitability above its guidance level (Alsea estimates180-200bp EBITDA margin expansion in 2015, vs. our 80-90bp estimate) and suffers less from economic weakness in its operating markets. Higher profitability could boost our price target by P$9, as higher operating earnings result in faster deleveraging and cash flow generation.

Major downside risks are exposure to Argentina (risk of governmental control as well as FX depreciation), and overpaying for its diversification strategy. If these events were to occur at the same time, we estimate downside of up to P$19 to our price target, due to lower earnings levels and reduced cash generation (longer terms of refinancing), hurting Alsea's FCFE generation.

Valuation Analysis

We see Alsea as a well-positioned brand operator with dominant market share in Mexico and a growing footprint in other Latin American countries and Spain. Although its valuation somewhat reflects a premium relative to peers, we expect the company to post strong growth in the near to mid-term, which justifies our Overweight rating. Our price target of P$51.00 is derived from a discounted cash flow (DCF) calculation (WACC of 9%, terminal growth rate of 7%).

Consumer | Latin America Consumer

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	MXN 51.00
Price (25-Mar-2015)	MXN 45.37
Potential Upside/Downside	+12%

Market Cap (MXN mn)	38024
Return on Equity TTM (%)	10.31
Dividend Yield (%)	1.1

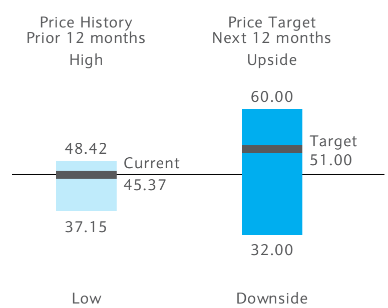
Source: Thomson Reuters

EPS MXN

FY Dec	EPS	P/E
2014	0.75A	60.2
2015	1.37E	33.2
2016	1.73E	26.2

Source: Barclays Research.

Upside/Downside scenarios



PEPSICO INC. (PEP)

William Marshall, CFA
1.212.526.7156
william.marshall@barclays.com
BCI, New York

The Investment Case

Our Top Pick in U.S. beverages & tobacco is PepsiCo, as we look for the company to operate at a high level by meeting or beating targets and investor expectations in 2015. A combination of improving industry conditions in the beverage space and ongoing activist influence by Nelson Peltz – now with a seat on the board of directors – should pave the way for solid results, in our view. We believe these tailwinds increase the likelihood that PEP at least delivers on its targets while sustaining attractive cash returns, which should continue to support the stock.

The Business Drivers

We believe that PEP could outperform top- and bottom-line expectations in 2015, due to: 1) improvement in U.S. carbonated soft drinks (CSD) pricing, 2) favorable commodity cost trends, and 3) ongoing productivity efforts. First, retail level data has shown U.S. CSD sales improving in recent months. We believe that this should continue as the industry focuses on price/mix gains as the engine for sales growth. Second, the input cost outlook is benign, further supporting gross margin expansion in 2015. Finally, pressure from Mr. Peltz could support additional cost-cutting efforts to boost operating leverage and potential portfolio changes. More broadly, PEP's diversified beverage & snacks portfolio puts it in position to manage through secular and currency headwinds better than peer companies with narrower category exposure. Given these factors, we expect PEP to achieve +7% FX-neutral EPS growth in 2015 (flat including FX).

Upside/Downside Scenarios

Our upside case reflects faster top-line growth, driven by an improvement in core markets, and greater cost leverage. In this scenario, we see tangible upside potential versus our forecast for +7% FX-neutral EPS growth in 2015, which would push the stock higher.

Our downside case assumes slower growth in PEP's core beverage and snacks markets, along with greater pressure from disruptions in Russia and adverse currency movements. However, in a scenario of worsening operating performance, an activist campaign for structural change could gain momentum.

Valuation Analysis

Our $111 price target is based on a 22.7x P/E multiple on our 2016 EPS estimate of $4.90. With operating discipline, better top-line trends, and ongoing innovation, we view it as likely that PEP will at least meet investor expectations – which should support the stock through 2015. We believe that PEP's growth and earnings visibility is considerably clearer than many of its Consumer Staples peers, justifying a higher valuation multiple. Accordingly, we look for the stock to move up toward the top of our $96-$113 upside/downside range.

Consumer | U.S. Beverages & Tobacco

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 111.00
Price (25-Mar-2015)	USD 95.26
Potential Upside/Downside	+17%

Market Cap (USD mn)	141210
Return on Equity TTM (%)	30.98
Dividend Yield (%)	2.7

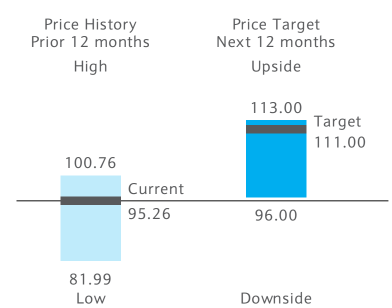
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	4.63A	20.6
2015	4.63E	20.6
2016	4.90E	19.4

Source: Barclays Research.

Upside/Downside scenarios



NEWELL RUBBERMAID INC. (NWL)

Lauren R. Lieberman
1.212.526.3112
lauren.lieberman@barclays.com
BCI, New York

The Investment Case

Newell Rubbermaid is our Top Pick (replacing Jarden). In an increasingly volatile currency and commodity environment, we believe Newell will be among the strongest and most stable EPS growth names in our coverage during 2015 as cost saving initiatives continue to streamline operations and provide protection against unexpected headwinds. We expect NWL's top line to accelerate on strong momentum in the Win Bigger businesses (Commercial Products, Writing & Tools) and a turnaround in Home Solutions and Baby & Parenting as NWL leverages incremental distribution and design capabilities inherited from recent acquisitions, with the acquisitions also being additive to total sales growth.

The Business Drivers

We expect mid-single-digit organic growth in the Win Bigger businesses to be driven largely by building strength in NWL's emerging markets footprint as the fragmented nature of NWL's categories provides strong opportunity for share capture, leaving NWL relatively immune to the slowdown in EM GDP growth. In Home Solutions, we expect last year's acquisition of three brands – Contigo, Avex, and bubba – in the high-growth thermal hydration category, while being additive to total revenue growth, will open up incremental distribution opportunities (bubba has strength in Walmart/Target; Contigo and Avex are stronger in CostCo) and be instrumental in turning around the struggling Rubbermaid Consumer product line vis-a-vis product enhancements that leverage Contigo's strong design expertise. In Baby & Parenting, we expect the Baby Jogger acquisition to be incremental to total revenue growth and see the segment accelerating on an improvement in the U.S. economy (linked to higher birth-rates and new purchase cycles vs. a hand-me-down culture) and increased distribution opportunities. Baby Jogger has strong relationships in the high-end boutique channel, plus a presence in Australia, both of which will be incremental to Graco in the mass channel and expand its geographic footprint.

From a bottom-line perspective, flexibility afforded by cost savings from Project Renewal III should provide a buffer against mounting currency headwinds, and with potential to pull forward 2016 savings into 2015 already being explored, we believe NWL should comfortably post high-single-digit EPS growth in 2015.

Upside/Downside Scenarios

Our upside case of $49 assumes 9% EPS growth predicated on additional cost savings being realized from indirect procurement and supply chain savings. Our downside case of $27 assumes EPS only grows 5% on a slower-than-expected recovery in Baby & Home Solutions.

Valuation Analysis

As we believe NWL's EPS growth this year will be among the strongest and most stable in our industry, our price target of $46 assumes a 5% premium valuation to peers (~21x multiple on our 2015 EPS estimate of $2.15).

Consumer | U.S. Cosmetics; Household & Personal Care

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 46.00
Price (25-Mar-2015)	USD 39.08
Potential Upside/Downside	+18%

Market Cap (USD mn)	10493
Return on Equity TTM (%)	19.02
Dividend Yield (%)	1.9

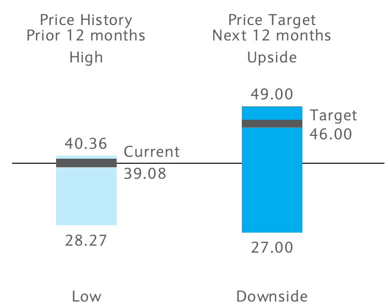
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	2.00A	19.5
2015	2.15E	18.2
2016	2.37E	16.5

Source: Barclays Research.

Upside/Downside scenarios



SPROUTS FARMERS MARKET, INC. (SFM)

Meredith Adler, CFA
1.212.526.7146
meredith.adler@barclays.com
BCI, New York

The Investment Case

Company guidance is for moderate sales growth this year (due to an array of headwinds), but we are far less cautious and believe numerous initiatives already under way to broaden the product offering and increase customer satisfaction will create real momentum in SFM's sales – and, once investors catch up, its shares. SFM is well positioned to benefit from the mainstreaming of healthy eating given the company's unique store format, targeted assortment, and produce prices that are 20-25% below nearby conventional supermarket competitors and even lower when compared with Whole Foods. We believe SFM has the potential for many more years of robust new store growth (now running at a 14% annual increase), and it is also likely to continue to report healthy comps. We think that current valuation does not reflect these factors.

The Business Drivers

Sprouts is at the center of two major consumer trends: healthy living and the desire for value pricing. The company operates in the healthy eating, natural & organic food industry, which is showing attractive growth, but is positioned as a value-oriented food retailer that appeals to a wide range of income levels. The company's pricing strategy inverts the financial model of a conventional supermarket competitor by giving up margin on produce in order to drive traffic and, eventually, purchases of higher-margin products.

With only 191 stores at the end of 4Q14, we see considerable opportunity for SFM to expand across the United States; the Sunbelt is the focus right now. The company's current penetration in an established market like Phoenix supports our view that Sprouts can open many more stores in other markets. SFM generates high returns from its new stores and is funding its growth with internally generated cash. Private equity owner Apollo Management Holdings Group recently completed the sale of all its remaining shares of SFM.

Upside/Downside Scenarios

We estimate potential upside of $45 (45x 2015 earnings power of $1.01, or a PEG ratio of 1.1x), assuming Sprouts can maintain its robust new store growth while posting healthy comps and continuing to gain market share. We could see SFM trade down to $34 (38x 2015 earnings power of $0.91; PEG ratio of 1.5x) if Sprouts' new store growth slows, comps moderate, or if competition intensifies.

Valuation Analysis

Our $42 price target is based on a P/E multiple of 44x our 2015 EPS estimate of $0.95. Given Sprouts' strong EPS growth (we estimate EPS will grow 38% over the next five years), we are basing our valuation on a PEG ratio of 1.2x, which is one of the lowest PEG ratios in our coverage universe. While the stock currently trades at 35x our 2015 EPS estimate, it is down substantially from its historical average one-year forward P/E multiple of 61x, although the company has only been public since September 2013.

Consumer | U.S. Food & Drug Retailing

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 42.00
Price (25-Mar-2015)	USD 33.27
Potential Upside/Downside	+26%

Market Cap (USD mn)	5069
Return on Equity TTM (%)	17.96
Dividend Yield (%)	N/A

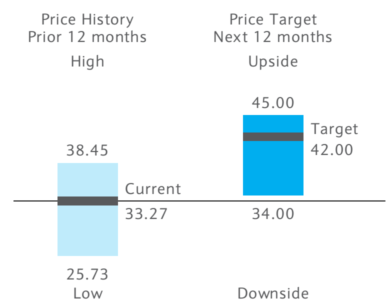
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.72A	46.3
2015	0.95E	34.9
2016	1.26E	26.4

Source: Barclays Research.

Upside/Downside scenarios



MONDELEZ INTERNATIONAL (MDLZ)

Andrew Lazar
1.212.526.4668
andrew.lazar@barclays.com
BCI, New York

The Investment Case

Mondelez International has not proven immune to the slowdown in global category growth or to the recent dollar strength, but with a known activist's representation on the board and a much more aggressive tack toward narrowing the margin disconnect vs. peers, the company enjoys unusually high constant FX EPS visibility for the food space, which supports further upside for the shares, in our view.

The Business Drivers

MDLZ is differentiated from the broader U.S. packaged food group by its high level of sales in faster-growing emerging markets (~40%) and concentration in the higher-growth areas of snacking and confectionery. Although these structural advantages have been less pronounced in recent results, due to macro challenges in many of MDLZ's markets and unfavorable FX, the company's margin expansion has still enabled delivery on its constant FX EPS targets. Importantly, this more aggressive self-help effort on margins remains a critical tenet of our bullish thesis on MDLZ: it should not only enhance near-term visibility to double-digit constant FX EPS growth, even in the absence of meaningful top-line improvement, but also establish a leaner cost structure that should provide intriguing profit leverage when market growth reaccelerates.

Upside/Downside Scenarios

If MDLZ can outperform its organic top-line target and exceed its margin goal in 2015, we see upside EPS of $1.85 this year. To the extent that visibility to this type of scenario improves, we expect to see accompanying multiple expansion. Based on a 25.5x upside P/E multiple (or a +26% premium to the group), we see an upside case of $47 (+34% vs. current levels).

However, if the top-line challenges for MDLZ persist into 2015 (such as if competitors do not follow on pricing in Europe) and/or margin progress slows, we see potential 2015 downside EPS of $1.65. Though we do believe that MDLZ deserves a sizeable premium multiple over time given the aforementioned structural advantages, we believe such a scenario could result in a near-term valuation at a more modest premium to its packaged food peer set. At 19.5x earnings (a -3% discount), we calculate a downside case of $32 (-9% vs. present).

Valuation Analysis

At present, MDLZ trades at around 20.0x our 2015 EPS estimate of $1.75, in line with the packaged food group – despite its better top-line growth and outsized margin expansion opportunity vs. its peers. As such, we view the current multiple as justified and see the potential for MDLZ's relative premium to expand even further as top-line growth reaccelerates, though the timing of this recovery admittedly remains uncertain.

Consumer | U.S. Food

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 44.00
Price (25-Mar-2015)	USD 35.81
Potential Upside/Downside	+23%

Market Cap (USD mn)	59060
Return on Equity TTM (%)	7.27
Dividend Yield (%)	1.7

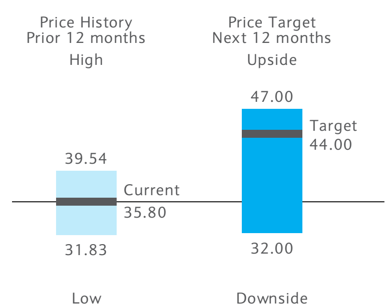
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.76A	20.4
2015	1.75E	20.5
2016	1.97E	18.2

Source: Barclays Research.

Upside/Downside scenarios



SUNCOR ENERGY (SU.TO)

Paul Y. Cheng, CFA
1.212.526.1884
paul.cheng@barclays.com
BCI, New York

The Investment Case

We think Canada's Suncor Energy remains well positioned to withstand the recent volatility in oil prices. With average upstream cash costs of under C$30/boe combined with the company's integrated approach, Suncor can continue to generate reasonable cash flow even in a relatively low oil price environment. We believe SU continues to rank as one of the world's most attractive major oil companies, offering a combination of a predictable and better long-term production outlook vs. peers, lower geological and political risk profiles, and an advantaged integrated business model. We also believe SU has the ability to generate free cash flow (after capex and dividend) of more than C$5 billion between 2016 and 2019 while growing production by approximately 5-6% under an $80-$90/bl Brent oil price environment. In FY16, we estimate SU will be cash flow neutral after capex and dividend even at $80/bl Brent and $68/bl WTI. By 2018, we estimate SU will generate a 6% free cash flow yield (after capex versus its market cap) under a $90/bl Brent oil price environment.

The Business Drivers

After several years of poor operating performance in its core oil sands operations, SU has finally begun to show better reliability. Since mid-2011, SU's operated oil sands production has averaged more than 300 mb/d (000s b/d) compared to its average production of ~285 mb/d in 2010, ~290 mb/d in 2009, and ~225 mb/d in 2008. Equally important, the upgrader's utilization rate has also shown signs of improvement, averaging 81% since 2011, compared with 65% in 2008. Since oil sands operations are largely a fixed cost business, a higher utilization rate should significantly reduce their unit operating cost, while boosting revenue (upgraded oil sells at a 30-40% premium to unprocessed bitumen), which should in turn result in a step change in the operation's unit profitability, breakeven requirement, and ROCE.

Upside/Downside Scenarios

We think the consensus risk/reward view on SU is skewed by the common misperception that oil sands production represents the high end of the oil production cost curve. In contrast, we believe in-situ oil sand supply cost – the source of SU's production growth – is comparable to, or better than, deepwater Gulf of Mexico. Our upside scenario of C$62 is based on our NAV estimate under a $100/bl Brent oil price environment. Our downside scenario of C$16 is based on our NAV estimate under a $60/bl Brent oil price environment.

Valuation Analysis

SU is trading at 6.7x EV/2016 EBIDA + deferred taxes compared to the major oil companies' average of 6.4x and the large-cap oil sands company average of 6.9x (CVE, HSE, IMO, and SU).

Energy | Americas Integrated Oil

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	CAD 45.00
Price (25-Mar-2015)	CAD 36.16
Potential Upside/Downside	+24%

Market Cap (CAD mn)	52228
Return on Equity TTM (%)	6.52
Dividend Yield (%)	3.1

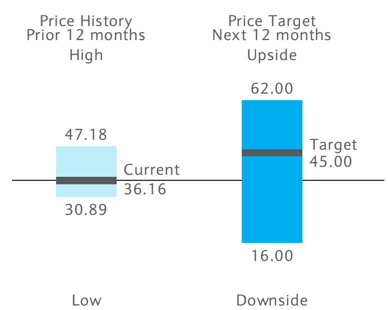
Source: Thomson Reuters

CDPU CAD

FY Dec	CDPU	P/CDPU
2014	3.15A	11.5
2015	0.35E	N/A
2016	2.55E	14.2

Source: Barclays Research.

Upside/Downside scenarios



VERMILION ENERGY INC. (VET.TO)

Grant Hofer, CFA
1.403.592.7460
grant.hofer@barclays.com
BCCI, Toronto

The Investment Case

Vermilion trades at a premium but we think it is well deserved – it is one of the highest quality names in our coverage, based on its strong cash flow profile, impressive operational track record, industry-best netbacks, and robust balance sheet. With the long-awaited Corrib project in Ireland coming onstream in just a few months (mid-2015), we expect higher production volumes to boost free cash flow, supporting continued long-term dividend growth (and stability in the current environment), while providing flexibility for improving the balance sheet, higher capital spending (and production growth), and/or accretive M&A.

The Business Drivers

With its international E&P operations, Vermilion's current 50,000 boe/d (64% liquids) of production is derived roughly 48% from Canada, 22% from France, 17% from European gas (Netherlands and Germany), and 12% from Australia. With its exposure to Brent crude oil and European gas pricing (both of which are more attractive than the North American counterparts), Vermilion generates the best netbacks in the industry, aided by attractive royalty frameworks in France and the Netherlands (in particular).

Vermilion continues to deliver impressive operational performance, and we look for it to deliver growth throughout its asset portfolio. We like the company's conservative financial positioning, with the 5% dividend yield well supported by a 57% payout ratio (2015, but improving to 39% in 2016E), and a strong balance sheet (2.2x D/CF in 2015, and improving). Key to the go-forward story will be the addition of 9,700 boe/d (100% natural gas) from Corrib.

Upside/Downside Scenarios

As Vermilion is an internationally diversified E&P company, in our upside/ downside case we apply broadly higher/lower commodity prices, but otherwise leave assumptions unchanged. Specifically, we move our benchmark crude oil prices +/- US$10/bbl while moving natural gas prices +/- US$0.50/mcf, resulting in an upside case of CAD 77 and potential downside of CAD 50. The stock has been recently trading close to our downside case; however, we attribute that to recent weakness in commodities prices and energy equities.

Valuation Analysis

Among the Canadian energy stocks, Vermilion has long enjoyed a premium valuation, reflecting its top-tier management, conservative financial positioning, exceptionally high netbacks, and attractive growth opportunities. We believe the story remains compelling today, and expect the company to be a strong performer with a low-risk growth outlook. Our $65 price target is based on a blend of our going concern NAV ($64.50 with a 1.1x multiple), and a premium 2016E EV/DACF multiple of 10.0x. Vermilion has recently been trading at a 2015 EV/DACF multiple of 14.4x (skewed by the Corrib timing), and a P/NAV multiple of 0.8x, versus the peer group averages of 9.2x and 0.9x, respectively.

Energy | Canadian Oil & Gas: E&P (Mid-Cap)

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	CAD 65.00
Price (25-Mar-2015)	CAD 55.25
Potential Upside/Downside	+18%

Market Cap (CAD mn)	5907
Return on Equity TTM (%)	14.41
Dividend Yield (%)	4.7

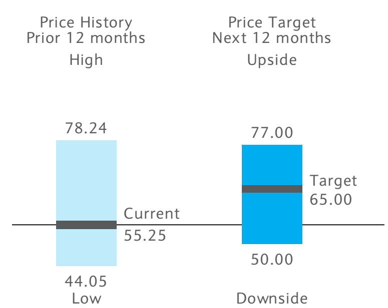
Source: Thomson Reuters

EPS CAD

FY Dec	EPS	P/E
2014	2.51A	22.0
2015	0.07E	N/A
2016	1.51E	36.6

Source: Barclays Research.

Upside/Downside scenarios



HALLIBURTON CO. (HAL)

J. David Anderson, CFA
+1 212 526 4016
jdavid.anderson@barclays.com
BCI, New York

The Investment Case

As the low-cost North American oil service provider, we expect Halliburton to emerge from the downturn with greater market share and the pending Baker Hughes acquisition to help close its multiple gap with Schlumberger as it becomes more competitive internationally.

The Business Drivers

With an enhanced cost structure through vertical integration, superior supply chain and logistics, and operational efficiency, HAL has established itself as the dominant onshore North American service company for unconventional completion activity. HAL is now taking aim at its larger competitor SLB with the pending acquisition of its smaller rival BHI, which is expected to close in 2H15 and provide the international scale and integrated portfolio to compete with SLB in large-scale integrated project management (IPM). HAL believes the transaction should help close the roughly 3.5x P/E and 2.5x EV/EBITDA discount at which it has traded relative to SLB.

Upside/Downside Scenarios

We believe the BHI acquisition will close in 2H15, but recognize numerous risks associated with the acquisition, including anti-trust scrutiny ($3.5bn breakup fee), expected forced divestitures (up to $7.5bn of LTM revenue), and the challenges of integrating the cultures and operations. HAL has identified $2bn of pre-tax annual cost synergies, though the deal is not expected to be accretive to cash flow per share until the end of the first year (late 2016) or to EPS until the end of the second year (late 2017). We're also cautious on the overall industry, as we expect continued downward earnings revisions driven by lower activity levels and pricing pressures.

Our $55 upside scenario assumes the BHI acquisition is consummated and reflects a DCF valuation based on our pro forma estimates of the merged company using a 7.5x terminal multiple. Our $55 DCF valuation reflects $4bn of revenue divestitures at 20% EBITDA margins, a 15% revenue decline at 30% decrementals in 2015, followed by 7% growth at 30% incrementals in 2016, 8% growth at 35% incrementals in 2017, and 6% growth at 35% incrementals in 2018; EBITDA margins exclude $2bn of annual cost synergies based on HAL guidance, which we have ramping up into 2019. Our $33 downside scenario assumes a breakup of the BHI acquisition, triggering the related $3.5bn breakup fee, as well as further financial weakness, particularly in North America.

Valuation Analysis

Our $46 price target is the midpoint of our $55 DCF assuming consummation of the BHI acquisition and our $33 DCF assuming breakup of the BHI acquisition. Our price target implies a 15x P/E and 5.5x EV/EBITDA multiple on our 2016 estimates vs. historical averages of 10.5-12.0x and 5.5-6.0x forward P/E and EV/EBITDA, respectively.

Energy | North America Oilfield Services & Equipment

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 46.00
Price (25-Mar-2015)	USD 43.46
Potential Upside/Downside	+6%

Market Cap (USD mn)	36927
Return on Equity TTM (%)	23.02
Dividend Yield (%)	1.7

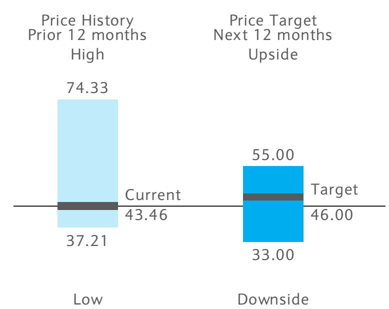
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	4.02A	10.8
2015	2.45E	17.8
2016	3.05E	14.3

Source: Barclays Research.

Upside/Downside scenarios



VALERO ENERGY (VLO)

Paul Y. Cheng, CFA
1.212.526.1884
paul.cheng@barclays.com
BCI, New York

The Investment Case

Valero Energy's new management has improved the company's approach to capital allocation, in our view, and cash returns to shareholders should now accelerate via dividends and buybacks. The company's 40% dividend hike in January was the first concrete evidence of how it plans to prioritize spending, and underscored management's confidence in its ability to generate sustainable cash flow. Assuming a 20-30% coverage ratio, this implies a minimum sustainable cash flow in the range of $2.7-$4.1 billion, or EPS of $2.00-$4.50.

We also believe the decision to drop down $1 billion in transactions in 2015, with a target to achieve an annual 200 million EBIDTA run rate by 4Q15, will resonate strongly with investors. More importantly, management signalled during the 4Q14 call that it believes this pace of dropdowns is sustainable over the next several years, supported by VLO's large backlog of high quality MLP-able assets within the C-corp. We also believe VLO will benefit over the next several years from wider Gulf Coast differentials, improved Quebec City earnings following the reversal of Line 9B, and contributions from recent initiatives to grow capital.

The Business Drivers

Every $1/bl change in the Gulf Coast LLS 6-3-2-1 margin can translate into an annual EPS impact of +$0.60. Accordingly, the LLS-Brent differential will continue to be a primary focus for investors. The LLS-Maya and LLS-Mars differentials are also important for VLO. We estimate that every $1/bl change in the LLS/Maya discount translates into an annual EPS impact of ~$0.30, and that every $1/bl change in the LLS-Mars discount translates into an annual EPS impact of ~$0.25.

Upside/Downside Scenarios

Using our sum-of-the-parts valuation methodology, our upside scenario of $102 assumes our high case scenario in our SOTP analysis (higher multiples across refining and non-refining segments), and a 15% conglomerate/tax leakage discount. Our downside scenario of $47 assumes the company will trade at a lower case scenario in our SOTP analysis (lower multiples across refining and non-refining segments). We also assume a larger 40% conglomerate/tax leakage discount.

Valuation Analysis

We think the shares are inexpensive based on our SOTP and FCF yield analysis. Based on our SOTP analysis, we estimate VLO's fair value at $86/share. We also estimate that VLO will generate average annual free cash flow from operations after capex of $2.7 billion in 2015-19, or $3.7 billion per year assuming $1 billion of asset drop-downs to VLP. Based on the shares' current market cap of $30.8 billion, this translates to an average yearly free cash flow yield of 8.8% or 12.0% including asset drop-downs.

Energy | U.S. Independent Refiners

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 86.00
Price (25-Mar-2015)	USD 63.78
Potential Upside/Downside	+35%

Market Cap (USD mn)	32785
Return on Equity TTM (%)	18.39
Dividend Yield (%)	2.6

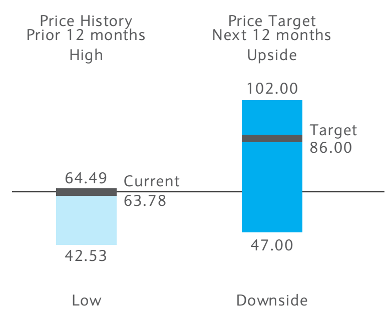
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	6.58A	9.7
2015	7.10E	9.0
2016	11.00E	5.8

Source: Barclays Research.

Upside/Downside scenarios



MANULIFE FINANCIAL (MFC.TO)

John Aiken, CA, CFA
1.416.863.8961
john.aiken@barclays.com
BCCI, Toronto

The Investment Case

Of all our stocks, Manulife has the greatest leverage to a strengthening global economy and the greatest sensitivity to rising interest rates. Although continued low interest rates creates headwinds, they are not insurmountable; underlying growth in earnings and profitability is evident and we see upside potential even before a lift in rates, particularly if MFC continues to deploy its excess capital. Upside can also come from its growing Asia operations, which is experiencing double-digit sales growth in insurance and wealth management. With the next true lift in sentiment likely to come with greater conviction on rising interest rates, the current uncertainty offers a good opportunity to buy shares.

The Business Drivers

Relative to its peers, Manulife's earnings offer the most upside potential in a rising interest rate and equity market environment, even after de-risking its operations through hedging and focusing on lower risk products, which have reduced earnings volatility. MFC has raised prices on its products (thereby improving margins), implemented a cost reduction program, and bolstered its capital. As such, it is poised to benefit from a strengthening global economy.

Investors can expect additional earnings growth in 2015 to come from MFC's acquisition of Standard Life's Canadian operations (completed in February; we believe there is a substantial amount of embedded conservatism in MFC's guidance of no 2015 earnings impact and only $0.03 2016 EPS accretion), its increasing focus on global wealth management (we estimate almost 10% AUM growth), and exposure to Asia (now represents over 35% of core earnings).

Upside/Downside Scenarios

The market's focus is currently on MFC's sensitivities; however, forecast growth and profitability with improving economic conditions and rising interest rates could merit a higher multiple. Our CAD 26 upside case is derived by applying a 13.5x multiple to a 5% increase in our 2015 earnings per share forecast. MFC's downside is capped by its book value. If global growth reverts and government yields decline further, it will likely weigh on earnings. Furthermore, increased regulatory activity could provide a headwind. Our downside scenario of CAD 19 is derived by applying a 1.2x multiple to its current book value.

Valuation Analysis

MFC is trading at a discount to its peers – at a P/E of 10.6x and P/B of 1.3x 2015 consensus estimates. While it is trading modestly above its historical forward P/E average of 11.6x, it is still below its average P/B of 1.6x. Though the group is trading at 11.3x consensus estimates, with a stronger growth outlook for MFC relative to its peers, we apply a 13x P/E on our 2015 EPS estimate, resulting in a CAD 24 PT. The improvements to date have already helped unlock core earnings, which should also be enhanced by additional product sales and improving efficiencies, but additional improvements in the operating environment would likely go a long way in further expanding its multiple.

Financial Services | Canadian Financial Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	CAD 24.00
Price (25-Mar-2015)	CAD 21.65
Potential Upside/Downside	+11%

Market Cap (CAD mn)	42650
Return on Equity TTM (%)	11.90
Dividend Yield (%)	2.8

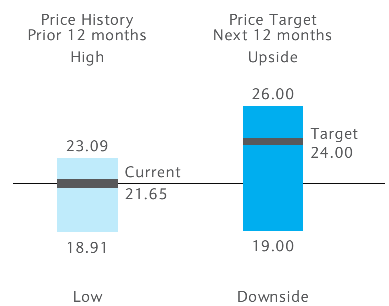
Source: Thomson Reuters

EPS CAD

FY Dec	EPS	P/E
2014	1.47A	14.7
2015	1.82E	11.9
2016	2.01E	10.8

Source: Barclays Research.

Upside/Downside scenarios



NASDAQ OMX GROUP, INC. (NDAQ)

Kenneth Hill, CFA
1.212.526.7179
kenneth.hill@barclays.com
BCI, New York

The Investment Case

NASDAQ OMX Group remains our top investment idea based on its: 1) attractive valuation (20% discount to peers), 2) recurring and diversified revenue base, and 3) strong free cash flow supporting its capital return efforts.

We expect the shares to outperform peers over 2015 as NDAQ builds traction in its non-transaction businesses, helping to support revenues even if we see industry volumes slow from early 2015 levels (a concern for investors currently). We anticipate the company's best-in-class expense management and mid-single-digit revenue growth will generate double-digit EPS expansion in 2015.

The Business Drivers

Differing from many exchange models, NDAQ derives more than 70% of its net revenue from non-transaction businesses (listing services, information services, technology services). We anticipate the recent Dorsey Wright acquisition will give a further boost to its information services business. This highly diversified revenue base provides some earnings stability irrespective of volume levels.

NDAQ's 2013 acquisitions (Thomson Reuters (TR) and eSpeed) have been a drag on results, but we anticipate seeing progress this year. We view TR as the bigger opportunity for NDAQ, benefitting from cross-selling opportunities as the platform is further integrated. We look for the launch of the NextGen IR platform and further expense synergies (in excess of the $35mn target) to lift technology operating margins to the high-teens level by 4Q15. We anticipate eSpeed will benefit from recent systems upgrades and that revenues will stabilize and improve as rate volatility increases and new rate products are launched.

Upside/Downside Scenarios

Our upside case of $63 is contingent upon higher trading activity driving elevated levels of revenue. Given high incremental margins for the market services segment, a large portion of revenue upside should flow to the bottom line, driving EPS higher. Along with strong repurchase activity and vigilant expense management, an 18x multiple on 2015 EPS would be warranted.

While we stress that NDAQ, relative to the other exchanges, is least affected by lower trading volumes, a material decline in volatility (similar to that seen in the summer of 2014) would likely hinder stock price performance. In addition, we believe a potential large-scale acquisition or a material increase in spending associated with NDAQ's foray into the U.S. energy market could weigh on investor sentiment. As such, we could see the multiple compress to 11.5x our 2015 EPS estimate, implying a $40 downside case.

Valuation Analysis

We view NDAQ as attractively priced at a 2016 P/E of 13.2x, representing a 14% discount to the broader market (SPX) and a roughly 20% discount to its peer group. Our price target of $55 reflects 15.5x our 2015 EPS estimate of $3.52.

Financial Services | U.S. Brokers, Asset Managers & Exchanges

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 55.00
Price (25-Mar-2015)	USD 49.16
Potential Upside/Downside	+12%

Market Cap (USD mn)	8300
Return on Equity TTM (%)	6.91
Dividend Yield (%)	1.2

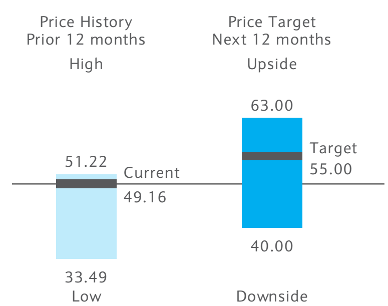
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	3.13A	15.7
2015	3.52E	14.0
2016	3.72E	13.2

Source: Barclays Research.

Upside/Downside scenarios



MGIC INVESTMENT (MTG)

Mark C. DeVries
1.212.526.9484
mark.devries@barclays.com
BCI, New York

The Investment Case

We see significant upside potential to MGIC shares as the Street has yet to fully appreciate the company's potential earnings growth trajectory in a sub-normalized loss environment. MGIC's earnings already reflect a normalized run rate but as the higher quality post-crisis vintages come to dominate the in-force book, we see an extended period of subnormalized losses with significant EPS gains. This strong earnings growth profile, coupled with the view that Street estimates will eventually move higher to reflect it, keeps MTG as our Top Pick.

The Business Drivers

The primary near-term driver of MTG performance is a continued reduction in credit losses. Earnings upside should be driven by an in-force book dominated by newer vintages that have well-below-normalized loss curves. The default rates on recent vintages are peaking at 0.5% versus a 4%-6% normalized rate, which we think will translate into a period of sub-10% loss ratios (provision over earned premiums) for an extended period of time (vs. a 30% normalized rate).

Longer term, macro tailwinds such as a recovering, purchase-centric origination market, and stable to increasing market share vs. the Federal Housing Administration (FHA) should help MTG grow its in-force book and premiums. We expect the mortgage market will expand from trough origination levels ($1.1trn in 2014) over the next few years, dominated by purchase activity (where private mortgage insurance (MI) has 3x the penetration of refi). The growing pie of total originations should translate into revenue growth at all private MIs, including MTG, even if the sector does not gain share vs. the FHA (40% today vs. 60% pre-crisis).

Upside/Downside Scenarios

We see a supercycle in mortgage credit losses that could translate into incurred losses of sub-10% of premiums for an extended period of time, well below the 30% normalized level, translating into 2016 EPS of $1.18. Furthermore, we expect that the combination of sub-normalized losses and growth in MTG's new insurance written and in-force book should command a premium multiple of 11-12x (vs. a normalized 10-11x), translating into a $17 upside case.

In the unlikely scenario where credit losses deteriorate from current levels or the pending Private Mortgage Insurer Eligibility Requirements (PMIERs) become more restrictive than proposed, MTG could be forced to raise additional capital and shares could trade down to only a slight premium to adjusted book value ($3 book value + $2 deferred tax asset), resulting in a downside case of $6.

Valuation Analysis

Our $14 price target is based on 11x our normalized 2016 EPS of $1.18/share plus $1 on the present value of MTG's deferred tax asset. We believe that there is some overhang on the stock due to the pending PMIERs, which are expected to be finalized by April and do not materially impact our forecasts.

Financial Services | U.S. Consumer Finance

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 14.00
Price (25-Mar-2015)	USD 9.52
Potential Upside/Downside	+47%

Market Cap (USD mn)	3230
Return on Equity TTM (%)	28.29
Dividend Yield (%)	N/A

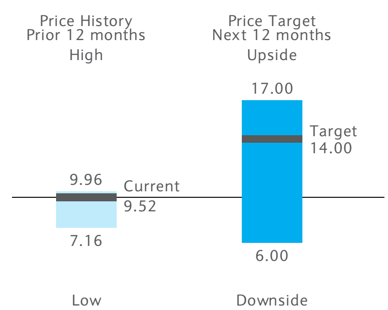
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.64A	14.9
2015	0.98E	9.7
2016	1.18E	8.1

Source: Barclays Research.

Upside/Downside scenarios



PRUDENTIAL FINANCIAL INC. (PRU)

Jay Gelb, CFA
1.212.526.1561
jay.gelb@barclays.com
BCI, New York

Financial Services | U.S. Insurance/Life

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 92.00
Price (25-Mar-2015)	USD 79.38
Potential Upside/Downside	+16%

Market Cap (USD mn)	36053
Return on Equity TTM (%)	3.52
Dividend Yield (%)	2.9

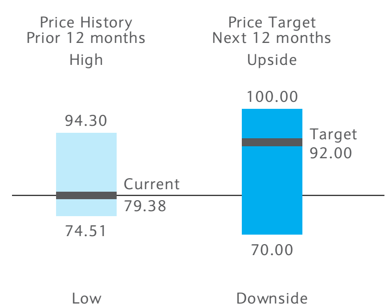
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	9.21A	8.6
2015	9.75E	8.1
2016	10.25E	7.7

Source: Barclays Research.

Upside/Downside scenarios



The Investment Case

Prudential Financial is our Top Pick in life insurance because it is valued at a meaningful discount to other life insurers despite its superior ROE (we estimate above-average mid-teens ROE through 2016) and global franchise (half of PRU's earnings are from outside the United States – mostly Japan). We attribute PRU's discount to peers partially to concerns about looming Fed (non-bank SIFI) regulation. Once this overhang is quantified, we expect PRU's valuation to rise. PRU views the U.S. environment as favorable despite low interest rates. Its expanded U.S. variable annuity (VA) products offer attractive risk-adjusted returns, and there is a strong pipeline of pension risk transfer deals. However, it will take time to improve U.S. group insurance results. Meanwhile, its International business generates a 20%+ unlevered ROE and strong free cash flow, although earnings growth could moderate.

The Business Drivers

PRU continues to right-size its U.S. variable annuity exposure although it views its VA unit as a core business and expects to generate positive cash flow even in adverse market and policyholder behavior scenarios. Group insurance earnings remain uneven, but PRU remains confident it is on the path to recovery. The asset management business currently generates a high-20s ROE, reflecting earnings growth as well as low capital requirements.

PRU could deploy ~$2bn of capital to shareholders in 2015, evenly split between share buybacks and dividends. Our outlook is for $1bn of buybacks annually through 2016. We think PRU could also target accretive bolt-on acquisitions including in high-growth international markets. PRU has announced several mid-size pension risk transfer deals, and the pipeline for further deals is strong.

Upside/Downside Scenarios

We see upside potential for PRU to $100 (10x 2016E EPS of $10.25) and limited downside risk to $70 (7x 2016E EPS of $10.25). PRU could benefit from rising interest rates, share buybacks, and accretion from the AIG Star/Edison and Hartford Life acquisitions. Looming Fed oversight remains an overhang on the stock, although PRU appears optimistic that a reasonable outcome can be achieved for domestic non-bank SIFI regulation. Risks to our outlook include a weaker-than-anticipated economic recovery, spread compression, falling equity markets, and integration risk from recent acquisitions.

Valuation Analysis

PRU's current 2015 P/E valuation of 7.7x is a meaningful discount to the U.S. life insurance sector despite a superior ROE. PRU's 15% 2014 core ROE ex-AOCI/FX reinforces our view that it is well positioned to generate sustainable mid-teens ROE. Our $92 price target implies a multiple of 9x our 2016E EPS of $10.25. We expect ROE improvement, clarity on non-bank SIFI regulation, and eventually rising interest rates to be a major driver of PRU's valuation.

CITIGROUP INC. (C)

Jason M. Goldberg, CFA
1.212.526.8580
jason.goldberg@barclays.com
BCI, New York

The Investment Case

We expect Citigroup to outperform its large-cap bank peers in 2015 as it benefits from: 1) having corrected qualitative issues identified in the 2014 CCAR, which resulted in return to meaningful capital deployment with the 2015 CCAR; 2) increased focus on execution across core markets/businesses following non-core retail market exits (including more than ten in LatAm, Asia, EMEA) and business sales (OneMain); 3) emerging market (EM) footprint growth continuing to outpace developed markets (DM); 4) utilization of a $50bn deferred tax asset; 5) continued reduction in Citi Holdings (U.S. non-prime mortgage portfolio run off/sale); and 6) progress on 2015 profitability goals. These trends should strengthen tangible book (ex. deployment) and narrow its valuation discount, currently at 0.9x tangible book.

The Business Drivers

Citigroup is better positioned than U.S. peers to benefit from EM growth (outperforming DM) and U.S. economic recovery. With a physical presence in about 100 countries and client services in another 60, Citigroup has the greatest EM exposure in our coverage (more than 50% of Citicorp net income is typically derived from outside North America, mostly EM). Its broad global network offers a sustainable competitive advantage that should translate to faster revenue and profit growth vs. DM focused peers. Its mass affluent retail strategy focuses on servicing customers in 150 priority cities globally (currently in 120 of 150 cities), which drive about 30% of global GDP and position it to benefit from growing global wealth. It should also continue to benefit from the U.S. housing recovery ($3.5bn LLR related to U.S. mortgages in Holdings) and capital markets (ICG NA is up to 25% of Citicorp's net income ex Corporate/Other).

Upside/Downside Scenarios

We see the greatest incremental upside for Citigroup from more favorable than modeled: 1) U.S. credit trends (we model 2015 LLP of $8.3bn vs. $6.8bn in 2014); 2) impact of rising rates in the U.S. (we model 2 bps NIM expansion in 2015, 8 bps in 2016); and 3) stronger capital markets recovery. In this scenario, shares could trade closer to 13x 2015 EPS estimate of $5.50 or $71.

We see downside risk to $40 as our downside scenario encompasses a more acute slowdown in EM GDP growth (especially Asia, LatAm) and reversal of economic recovery in Europe and the U.S. which could also delay realization of its $50bn net DTA. In this scenario, C shares could trade closer to 7x 2015 EPS estimate of $5.50 or $40 (0.6x estimated year-end 2015 tangible book).

Valuation Analysis

Citigroup trades at 9.3x 2015 EPS estimate of $5.50, and although P/E has moved up from prior lows, it still trades below peers (closer to 10.8x 2015 EPS) and its 10-year average P/E of closer to 11.1x. It also trades at 0.9x tangible book vs. 10-year average of 2.2x. Our $65 price target implies 11x our 2015 EPS estimate and 1.05x year-end 2015 estimated tangible book.

Financial Services | U.S. Large-Cap Banks

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 65.00
Price (25-Mar-2015)	USD 51.38
Potential Upside/Downside	+27%

Market Cap (USD mn)	155935
Return on Equity TTM (%)	3.37
Dividend Yield (%)	0.1

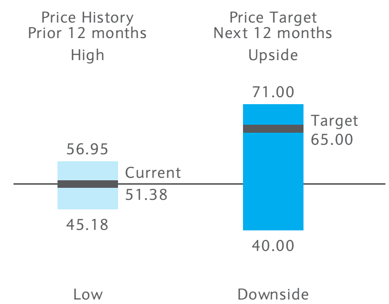
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	3.56A	14.4
2015	5.50E	9.3
2016	5.90E	8.7

Source: Barclays Research.

Upside/Downside scenarios



EAST WEST BANCORP (EWBC)

Jason M. Goldberg, CFA
1.212.526.8580
jason.goldberg@barclays.com
BCI, New York

The Investment Case

We expect East West Bancorp to outperform its mid-cap bank peers in 2015 thanks to its: 1) well above peer level loan growth; 2) differentiated market positioning in the U.S. and China (new branch in Shenzen and a sub branch in Shanghai); 3) increased emphasis on organic growth as it digests its purchase of MetroCorp; 4) dividend payout ratio of around 30%, 5) a bottoming core net interest margin; 6) significant upside to higher short-term interest rates (rate +200bp, NII +15.5%); 7) better than peer profitability metrics that (unlike most) have not benefited from loan loss reserve releases; and 8) attractive valuation.

The Business Drivers

In an environment where banks are facing top-line growth challenges, EWBC is successfully utilizing its niche position as the bridge between China (the East) and the U.S. (the West) to capitalize on favorable trends in C&I, trade finance and mortgage. It is the only Chinese American focused bank with full banking licenses in China and in the U.S. and one of only three U.S. banks with a full banking license in China. As globalization is increasing bilateral trade between the two countries, we foresee more opportunities for EWBC to benefit from this trend by providing cross-border and advisory banking services to customers. It should further be able to leverage its strength with the Asian American population and grow its loan book after acquiring MetroCorp in 2014, extending its presence in the growing California and Texas marketplace. We expect double-digit core EPS growth in 2015 as a result of strong loan growth, a slowing of net interest margin contraction, controlled expenses, sound asset quality, and accretion from MCBI. In 1Q15, its dividend increased 11% to $0.20.

Upside/Downside Scenarios

Our upside scenario assumes EWBC can retain more of its comparatively higher yielding covered loans while our 2016 loan growth and NIM forecasts prove conservative. In this scenario, 2016 EPS could increase to $3.20 from our $3.05 estimate and the stock could trade up to $50, closer to 15.5x earnings. However, if its covered loan run-off proves to be faster than envisioned (causing earning assets to decline) and accretion from MCBI is less than expected, it could potentially pressure 2016 EPS down to $2.85 from our estimate of $3.05. In this environment, we see downside to $31 or 11x our 2016 EPS estimate.

Valuation Analysis

EWBC is trading at a 6% discount to the average mid-cap bank in our coverage, despite placing in the top 2 in terms of projected ROTCE, ROE, ROA and efficiency ratio. We believe EWBC provides above-average growth (EPS, loans, dividend) and better than-peer profitability metrics at a discounted valuation. Our price target of $46 implies a 15x multiple (10 year average of 16x) on our 2016 EPS estimate of $3.05, which does not assume much of a pick-up in short-term interest rates. We believe a 100bp increase would add almost $0.25 to annual EPS, while a 200bp hike could add more than $0.50.

Financial Services | U.S. Mid-Cap Banks

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 46.00
Price (25-Mar-2015)	USD 39.99
Potential Upside/Downside	+15%

Market Cap (USD mn)	5751
Return on Equity TTM (%)	13.12
Dividend Yield (%)	2.0

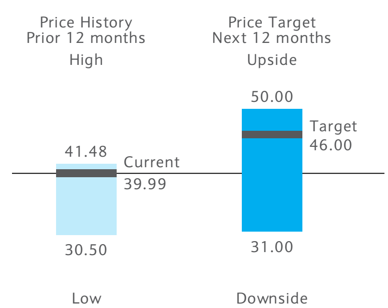
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	2.38A	16.8
2015	2.65E	15.1
2016	3.05E	13.1

Source: Barclays Research.

Upside/Downside scenarios



PROLOGIS (PLD)

Ross L. Smotrich
1.212.526.2306
ross.smotrich@barclays.com
BCI, New York

The Investment Case

Fourth quarter and 2014 results suggest that Prologis is successfully scaling its business and remains ahead of market opportunities, the impact of which should contribute to double-digit core-FFO/sh growth through 2019. Industrial fundamentals in the U.S. remain solid, driven by an improving economy and new demand from eCommerce growth. Europe is mixed by region, but cap rates are declining and we view the economic stimulus as a positive for real estate. PLD is capitalizing on incremental worldwide demand for industrial real estate via its development platform. The stock's underperformance, which we attribute to slowing global growth (ex. U.S.), offers a compelling entry point.

The Business Drivers

Global demand for industrial real estate is partly driven by eCommerce sales, which are increasing 15% annually and now account for 5-10% of worldwide retail sales. Compared with brick-and-mortar stores, online retailing requires 2.5-3x more logistics space for the same level of sales.

PLD is exploiting both the shift to eCommerce and the increase in demand for modern industrial space by developing new facilities. Modern class A industrial space represents only 31% of U.S. industrial stock (14% Europe, 9% Brazil, 4% China, 2% Japan). PLD has developed $21bn of industrial real estate since 2001 at a healthy 19% gross IRR. We expect PLD will continue to develop ~$2bn of properties/year at 7-8% yields. PLD estimates 25% of its global development is eCommerce related. The remainder is to replace older inventory or to meet demand in countries with little or no modern industrial product. Thus, we think PLD is well positioned to leverage its development expertise and continue to build properties at high IRRs as it adapts to global supply chain reconfiguration.

Upside/Downside Scenarios

Although lackluster economic growth in Europe has precluded rent growth and weighed on PLD shares, European logistic real estate fundamentals are relatively strong, evidenced by positive net absorption, lack of class A industrial space and declining cap rates. If economic stimulus improves the European economy, removes the perceptual overhang and gives PLD better pricing power, we see upside to $60 (36x 2015E P/CAD). On the downside, a global economic slowdown, oversupply of industrial real estate in its markets, recession in Europe, or slowing U.S. growth, could drive PLD to $40 (24x 2015E P/CAD).

Valuation Analysis

Our $56 price target is based on a $60.68 DCF (70% weighting), $46.86 NAV (10%), and $43.19 sentiment/regression value (20%), and implies a total return of 28.4% (incl. 3.3% div. yield). While PLD's 26.2x 2015E CAD may not look compelling vs. the REITs' 23.8x, we believe it does not reflect the value of the development pipeline, which is better captured by DCF. Also, our CAD estimates do not include potential development gains. PLD trades at an attractive 6.9% discount to our $46.86 NAV estimate vs. REITs' 18.5% premium.

Financial Services | U.S. REITs

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 56.00
Price (25-Mar-2015)	USD 43.62
Potential Upside/Downside	+28%
Market Cap (USD mn)	22734
Return on Equity TTM (%)	4.52
Dividend Yield (%)	3.2

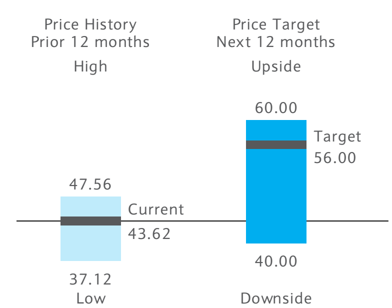
Source: Thomson Reuters

FFO USD

FY Dec	FFO	P/FFO
2014	1.78A	24.5
2015	2.10E	20.8
2016	2.32E	18.8

Source: Barclays Research.

Upside/Downside scenarios



SVB FINANCIAL GROUP (SIVB)

Matthew J. Keating, CFA
1.212.526.8572
matthew.keating@barclays.com
BCI, New York

Jason M. Goldberg, CFA
1.212.526.8580
jason.goldberg@barclays.com
BCI, New York

The Investment Case

SVB Financial Group is our Top Pick based on the growth in the technology/ innovation economy it serves, its differentiated balance sheet, and our above-consensus 2015 EPS forecast. Its status as one of a select number of growth financials, leading asset sensitivity, and high quality deposit franchise should support its premium valuation as its earnings continue to increase.

The Business Drivers

SIVB has the greatest potential for favorable EPS revisions of any bank we cover. SIVB's 2014 EPS came in 33% above the 2014 consensus at the start of 2013. This outperformance occurred as its net interest margin (NIM) fell to 2.66% in 4Q14 from 3.25% in 1Q13. With mid-twenties (%) loan and low thirties deposit growth expected this year, similarly favorable EPS revisions are possible in the next two years (especially if its NIM benefits from higher interest rates).

Higher interest rates should drive faster EPS growth. If the fed funds rate follows the FOMC's dot plot trajectory (median expectation of 1.9% in 2016), we see potential upside to our above-consensus 2016 EPS forecast of $7.20. SIVB projects that a 100bp fed funds hike would add $1.21 to its EPS. Based on CME Fed Watch data, the probability of a rate hike by the end of 2015 exceeds 70%.

Arguably, SIVB has the best deposit franchise in banking. SIVB maintains the lowest cost of deposits (4bp), the lowest loans-to-deposits ratio (42%), and the highest non-interest bearing deposit mix (72%) in our coverage. The last time short-term rates increased meaningfully (2003-06), its cost of deposits declined.

Upside/Downside Scenarios

The bullish case for SIVB rests on trends in the innovation economy remaining strong (78 venture-backed companies were valued at $1bn or more in March 2015 vs. 42 in January 2014) and an eventual increase in interest rates driving profitability gains. The bearish scenario for the bank is premised on the VC/technology sector overheating, domestic economic growth slowing, and interest rates remaining lower for longer.

If a more constructive interest rate backdrop allows SIVB's NIM to increase by 5bp in 2016 vs. contracting 6bp, its EPS could rise to $7.70 from $7.20 and its shares could trade up to $155 (20x EPS). If its average 2016 loan growth falls to 10% from 14%, EPS could drop to $6.80 from $7.20 and its shares could trade down to $118 (17x EPS).

Valuation Analysis

SIVB trades at 2.2x tangible book value and at 19.0x our 2015 EPS. Its valuation represents a discount to its long-term P/TBV multiple average of 2.4x and a premium to its forward P/E average of 18.5x. Our $145 price target implies a 2.6x multiple on TBV and a 20x multiple on our 2016 EPS forecast of $7.20. These multiples are supported by recent M&A activity in the technology lending space.

Financial Services | U.S. Small-Cap Banks

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 145.00
Price (25-Mar-2015)	USD 121.39
Potential Upside/Downside	+19%

Market Cap (USD mn)	6193
Return on Equity TTM (%)	11.03
Dividend Yield (%)	N/A

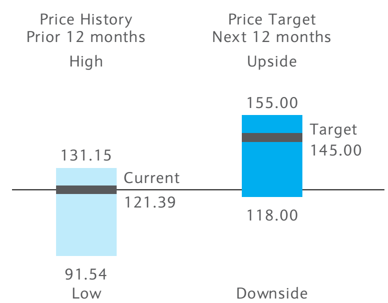
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	5.31A	22.9
2015	6.40E	19.0
2016	7.20E	16.9

Source: Barclays Research.

Upside/Downside scenarios



GILEAD SCIENCES (GILD)

Geoff Meacham, Ph.D.
+1 212 526 2795
geoffrey.meacham@barclays.com
BCI, New York

The Investment Case

Dramatic growth in the hepatitis C business should continue to drive upside in 2015 and beyond. Clearly, 2014 was an historic year based on the Sovaldi launch, but looking forward, Harvoni seems to have even greater potential, which could begin to play out in 2015. Early trends suggest larger-than-expected discounts are being offset by broader access. Gilead should also remain ahead of the competition with phase 3 data for Sovaldi/GS-5816, a pan-genotypic regimen in hepatitis C. Overall, we think that Gilead should remain a strong performer in 2015, driven by P&L upside, pipeline progression in many therapeutic areas (e.g., hepatitis C, NASH, IPF, hepatitis B) and major product launches, including TAF in HIV, and Sovaldi and Harvoni in key geographies outside the United States (OUS), including Japan.

The Business Drivers

The hepatitis C business continues to expand: The launch of Harvoni in the United States is off to a strong start as rollout of Harvoni across Europe continues, while Sovaldi is gaining momentum in Europe. In Japan, launch of Sovaldi is expected next month, with approval of Harvoni expected in 2H15. We expect geographic expansion in 2015 to drive continued growth and extend the duration of the hepatitis C business.

The pipeline has several major de-risking events in 2015: Sovaldi/GS-5816, a pangenotypic regimen in a broad phase 3 program, is the next evolution in hepatitis C treatment, with data coming in 2H15. This has broad commercial potential, in our view, especially when looking to OUS geographies. Beyond hep C, simtuzumab has initial de-risking data in 2H15 in NASH and with broad applicability in fibrotic diseases. Beyond these areas, we think there is very little reflected in the stock for the TAF launch (HIV) or for assets in many exciting categories such as hepatitis B, RSV and oncology, among others.

Upside/Downside Scenarios

The key driver for Gilead is the hepatitis C business. A faster-than-expected launch of Harvoni in the U.S., coupled with longer-term sustainability (expectation of four additional years of modest single-digit growth beyond 2016), could drive upside to $140. Greater-than-expected competitive pressures and pricing discounts greater than 46%, translating to a forecast of double-digit declines in revenue beginning in 2016, could drive shares to $85.

Valuation Analysis

Our price target of $125 is based on 12x our 2015 EPS estimate of $10.00. Gilead is currently trading at a P/E multiple of 10x 2015 EPS, below that of peers, yet has a 2014-16E CAGR in line with peers (13% on revenue; 9% on EPS). Gilead's hepatitis C franchise should remain best-in-class despite competition from AbbVie (now) and Merck (~15 months). As such, a multiple closer to the group in the 12x area is more reasonable, in our view.

Healthcare | U.S. Biotechnology

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 125.00
Price (25-Mar-2015)	USD 99.86
Potential Upside/Downside	+25%

Market Cap (USD mn)	148732
Return on Equity TTM (%)	90.32
Dividend Yield (%)	N/A

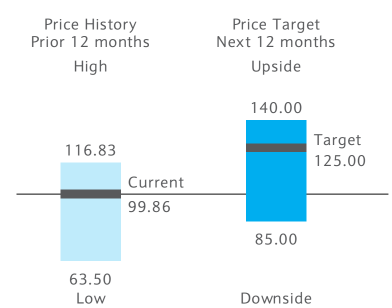
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	8.08A	12.4
2015	10.00E	10.0
2016	11.50E	8.7

Source: Barclays Research.

Upside/Downside scenarios



EXPRESS SCRIPTS HOLDING CO. (ESRX)

Eric Percher
+1 212 526 5496
eric.percher@barclays.com
BCI, New York

The Investment Case

We maintain that pure-play pharmacy benefit manager (PBM) Express Scripts Holding is best positioned in our healthcare supply chain universe to manage rapidly rising pharmaceutical costs and capitalize on the fast-growing specialty pharma opportunity. Our view is that formulary and specialty contributions will more than offset declining claims, enabling EBITDA growth in 2015 and 2016.

The Business Drivers

Within the pharmaceutical supply chain, only PBMs are positioned to influence which product is utilized (therapeutic and generic substitution) and which manufacturer is purchased from, enabling them to extract greater profits from manufacturers than can distributors or retailers. Express has taken an increasingly aggressive approach to formulary management over the past two years, which appears to support its position relative to manufacturers as we progress through 2015. With the pendulum swinging toward PBMs, we expect manufacturers will be forced to provide greater rebates and discounts to PBMs and their payer end customers to ensure patient access.

With broad specialty fulfilment offerings, deep manufacturer service capabilities and an aggressive specialty cost containment posture, no company is better positioned than Express in the specialty market, the fastest-growing segment of pharma. We expect Express will retain and perhaps expand its 32% specialty pharmacy share while the market expands at a 9% CAGR from 2013 to 2018. In addition, Express is likely to be the most aggressive among PBMs when it comes to managing specialty pharmaceutical costs for payers.

In 2015-16, we project averages of $4.8bn in annual CFO and $4.5bn in FCF (average FCF yield of 8.1%). While Express has not shied away from acquisitions, we expect the company will continue to prioritize share repurchase ahead of M&A over 2015-16, repurchasing ~$4.5bn worth of shares this year and ~$4.1bn next year (since 2013, the company has repurchased $8.7bn worth of shares).

Upside/Downside Scenarios

In an upside scenario, ESRX executes upon formulary management and specialty opportunities, while hitting the high end of 94%-97% retention rate target. The forward P/E expands to 19.0x, implying an upside case of $118. In a downside scenario, financial forecast proves too optimistic and EPS declines by 15%. The forward P/E multiple drops to14.0x, implying a downside case of $71.

Valuation Analysis

ESRX is trading at a 14.9x 2015 P/E (1.1x PEG based on a 12% two-year EPS CAGR) and 10.0x 2015 EV/EBITDA vs our pharma supply chain peer group at an 18.6x P/E and 10.8x EV/EBITDA. Historically, ESRX traded at a 17.3x forward P/E and 10.5x forward EV/EBITDA on a ten-year average basis. Our price target of $102 is based on a 16.5x P/E on our 2016 EPS estimate of $6.15.

Healthcare | U.S. Health Care Distribution & Technology

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 102.00
Price (25-Mar-2015)	USD 83.45
Potential Upside/Downside	+22%

Market Cap (USD mn)	60660
Return on Equity TTM (%)	9.58
Dividend Yield (%)	N/A

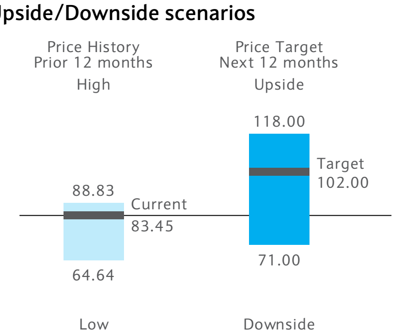
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	4.88A	17.1
2015	5.45E	15.3
2016	6.15E	13.6

Source: Barclays Research.

Upside/Downside scenarios



HCA HOLDINGS INC. (HCA)

Joshua R. Raskin, CFA
1.212.526.2279
joshua.raskin@barclays.com
BCI, New York

The Investment Case

We regard HCA Holdings as the clear leader in the hospital management industry and the company's size, scale, business mix, and management team have led to margins that are sustainably above its peer group. Additionally, the company has ample opportunity to deploy capital, namely through repurchases.

HCA operates in a broad set of attractive urban markets that offer the most growth potential. Compared to its peers, HCA has been able to deliver stronger volume growth. Its exposure to the Affordable Care Act has lagged in the past due to its limited geographic footprint, but we think that can only improve in the future as additional states expand Medicaid.

The Business Drivers

HCA continues to drive volume growth above industry norms, in part as a result of its geographical advantages. HCA has a strong presence in Florida and Texas, two quickly growing markets. We are projecting 3% same-store growth in admissions for 2015 versus 2% for its peers.

We believe HCA has a very strong management team with a long track record of delivering value for shareholders. With a strong focus on quality and value-based care, HCA is the best positioned of its peers in an evolving value based reimbursement environment.

Upside/Downside Scenarios

Our upside scenario of $90 represents 8.7x our upside case EBITDA of $7.9 billion, assuming greater than anticipated upside from healthcare reform. Our upside case EBITDA represents a 5% increase over our current 2015 EBITDA estimate.

Our downside scenario of $60 represents 7.4x our downside EBITDA of $7.5 billion, assuming weak volumes and worse than anticipated upside from reform. Our downside case EBITDA represents only 1% growth in 2015.

Valuation Analysis

Our price target of $81 represents a multiple of 8.5x our 2015 EBITDA estimate of $7.5 billion. Our target EBITDA estimate represents a 1.0% y/y increase due to certain non-recurring benefits impacting 2014 results. However, core results are in line with the company's historical commentary, projecting 3-5% organic EBITDA growth and a 1-2% benefit from healthcare reform. We believe HCA deserves a premium over its peers and its current trading multiple of 7.9x EV/2015 EBITDA.

Healthcare | U.S. Health Care Facilities

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 81.00
Price (25-Mar-2015)	USD 75.65
Potential Upside/Downside	+7%
Market Cap (USD mn)	31735
Return on Equity TTM (%)	N/A
Dividend Yield (%)	N/A

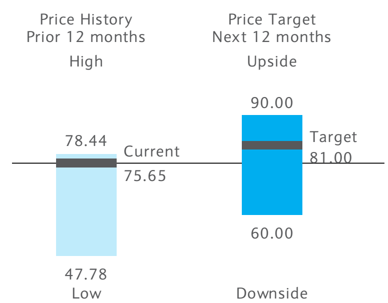
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	4.56A	16.6
2015	4.75E	15.9
2016	5.25E	14.4

Source: Barclays Research.

Upside/Downside scenarios



AETNA INC. (AET)

Joshua R. Raskin, CFA
1.212.526.2279
joshua.raskin@barclays.com
BCI, New York

The Investment Case

We believe that Aetna enjoys key competitive advantages that position it well for the future. The company has strong market share density, substantial product breadth across the commercial, government and individual segments, service that is consistently ranked at the top of the industry, and a strong and capable leadership team.

Moreover, Aetna's acquisition of Coventry Health in 2013 helped it to compete in the healthcare insurance exchanges that were created under the healthcare reform law. In addition, Aetna's differentiated, provider-centric partnership model will be critical to curb costs and align incentives between payors and providers.

The Business Drivers

Aetna's savvy capital deployment strategy, including acquisitions, augments the company's scale while providing new avenues to accelerate growth. Returns are then augmented through buyback and dividends. Aetna raised its quarterly dividend by 11% in November to $0.25 per share for 2015. The company also authorized a $1 billion buyback program on top of the company's existing $464 million repurchase authority.

Through investments in healthcare information technology and the shift toward consumer-driven healthcare, Aetna increases its value proposition by offering low-cost plan alternatives with improved engagement. This should lead to further opportunities in all segments as well as newer private exchanges, which is a more lucrative business model relative to a self-insured model.

Upside/Downside Scenarios

Our upside scenario of $140 represents 19.0x our upside case 2015 EPS of $7.37, assuming reform is less onerous than expected, membership stabilizes, and the company accretively deploys capital.

Our downside scenario of $90 represents 14.9x our downside case 2015 EPS of $6.03, assuming cost trends increase faster than projections, rate increases are subject to strict regulatory review, and membership continues to stall.

Valuation Analysis

Our price target of $119 represents 17.8x our 2015 EPS estimate of $6.70, reflecting better visibility into the company's 2015 growth strategy.

We believe the market is undervaluing Aetna's competitive advantages. Peers are trading at 15.4x our forward estimates, while Aetna trades at a discount of 16.7x. The company has shown stronger earnings growth than its peers in recent years, with a CAGR of 18% compared to a peer average of 7.5%.

Healthcare | U.S. Health Care-Managed Care

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 122.00
Price (25-Mar-2015)	USD 107.29
Potential Upside/Downside	+14%

Market Cap (USD mn)	37412
Return on Equity TTM (%)	14.32
Dividend Yield (%)	0.9

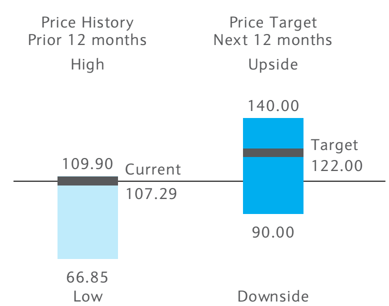
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	6.24A	17.2
2015	6.70E	16.0
2016	7.40E	14.5

Source: Barclays Research.

Upside/Downside scenarios



THERMO FISHER SCIENTIFIC, INC. (TMO)

Jack Meehan, CFA
1.212.526.3909
jack.meehan@barclays.com
BCI, New York

Matthew Taylor, CFA
1.212.526.6965
matthew.c.taylor@barclays.com
BCI, New York

The Investment Case

Thermo Fisher Scientific has positioned itself as the market leader across a diverse portfolio of life science tools & diagnostics, with unmatched global reach across customer classes and end markets. As healthcare research and discovery remain a priority for developing nations, we expect Thermo Fisher to benefit in its role as the supplier of this discovery, through market-leading brands and products, unparalleled scale, and best-in-class distribution. The company's acquisition of Life Technologies, completed in February 2014, was particularly transformational: The deal dwarfed its previous transactions and immediately moved the company to the forefront of genetic testing, the fastest-growing area of diagnostics. We recommend the shares as a core holding for exposure to innovation in healthcare.

The Business Drivers

Thermo Fisher's dominance across both life science tools and diagnostics should be a competitive advantage as partnerships emerge across its end markets. Additionally, recent data points suggest stabilization in end-market growth, which bodes well for the start of 2015. Finally, Thermo Fisher has been very disciplined in capital deployment, which has helped extend its market leadership. Further capital deployment would represent upside to our estimates.

Upside/Downside Scenarios

We see upside to Thermo Fisher's 2018 targets from further capital deployment and better results from the Life Technologies acquisition. Our upside case of $200 reflects 18.5x our upside EBITDA of $5.07 billion.

Thermo Fisher has very high correlation to economic activity in its end markets, and any weakness could impact growth. Our downside case of $110 reflects 13x our downside EBITDA of $4.17 billion.

Valuation Analysis

Our $160 price target represents 17.5x our 2016 EBITDA estimate of $4.47 billion. Our 17.5x multiple represents the upper end of TMO's historical valuation, in large part because the company's 2014 acquisition of Life Technologies (now 25% of revenue) warrants a higher multiple than the legacy business earned.

Healthcare | U.S. Life Science Tools & Diagnostics

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 160.00
Price (25-Mar-2015)	USD 133.71
Potential Upside/Downside	+20%
Market Cap (USD mn)	53054
Return on Equity TTM (%)	10.14
Dividend Yield (%)	0.4

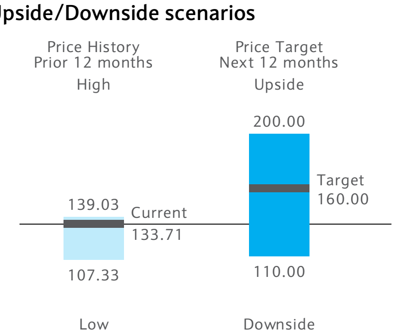
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	6.96A	19.2
2015	7.30E	18.3
2016	7.95E	16.8

Source: Barclays Research.

Upside/Downside scenarios



BAXTER INTERNATIONAL (BAX)

Matthew Taylor, CFA
1.212.526.6965
matthew.c.taylor@barclays.com
BCI, New York

The Investment Case

Baxter International continues to trade at a significant discount to peers – indeed, it remains the cheapest large-cap in our universe – because of concerns around competition in its core hemophilia business and expected 2015 headwinds that we think are overdone. Our proprietary work on the global hemophilia market suggests that investors are missing the potential for underlying expansion that would support multiple winners and offset some share loss. Moreover, we believe that Baxter's new products remain underappreciated and that its plan to split into a biopharmaceuticals company and a medical products company in mid-2015 is a key catalyst that should support the stock, as similar splits have done in the past. We anticipate NewBAX (the device piece) will get more credit for margin drivers and investors will get more comfortable with the risks to BAXALTA (the pharma piece) and potential upside from new products as the year goes on.

The Business Drivers

Despite competition from new entrants in the hemophilia space, we anticipate that BAX will retain a large portion of its leading market share. In contrast to consensus, we expect the hemophilia market to grow thanks to new recombinant launches (rFIX, OBI-1, rVWF) and international expansion via tender wins of contracts in the U.K. and Australia, Brazil's adoption of recombinant therapy, and emerging markets. Further, the September 2014 approval of HyQ could help to drive significant growth in intravenous immunoglobulin (IVIG) therapy as capacity expands; the dialysis business is beginning to show signs of growth and margin improvement; and New BAX could see a significant margin benefit from the return of large volume infusion pumps. Finally, we think that a number of orphan drug investments and partnerships at BAXALTA could lead to significant payoffs.

Upside/Downside Scenarios

Our upside case assumes lower-than-expected risk from competitive hemophilia recombinant launches. We also assume stable demand and more positive pricing in the plasma markets, and share gains from new subcutaneous and HyQ products. Our upside case supports a stock valuation of $88.

Our downside case assumes greater-than-expected competitive pressures in rFVIII resulting in faster-than-expected deterioration in market share. We also assume macro pressures impacting plasma usage and weaker-than-expected plasma pricing. Our downside case supports a stock valuation of $60.

Valuation Analysis

Our price target of $83 is based on 18x our 2016 cash EPS estimate of $4.57, which represents around 22% upside. Our target multiple is in line with the current diversified large-cap med tech comp group valuation of 18x 2016 EPS. Over the past 10 years, BAX traded at a P/E multiple of 10.5x-23x.

Healthcare | U.S. Medical Supplies & Devices

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 83.00
Price (25-Mar-2015)	USD 68.14
Potential Upside/Downside	+22%

Market Cap (USD mn)	36972
Return on Equity TTM (%)	23.47
Dividend Yield (%)	3.0

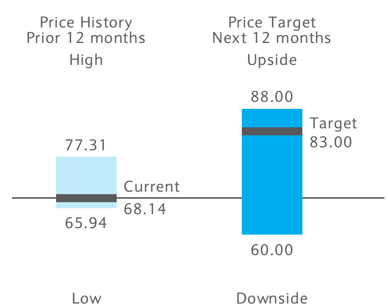
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	4.90A	13.9
2015	4.22E	16.1
2016	4.57E	14.9

Source: Barclays Research.

Upside/Downside scenarios



TEVA PHARMACEUTICAL INDUSTRIES (TEVA)

Douglas D. Tsao
1.212.526.4160
douglas.tsao@barclays.com
BCI, New York

Healthcare | U.S. Specialty Pharmaceuticals

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 70.00
Price (25-Mar-2015)	USD 61.27
Potential Upside/Downside	+14%

Market Cap (USD mn)	60521
Return on Equity TTM (%)	13.32
Dividend Yield (%)	2.2

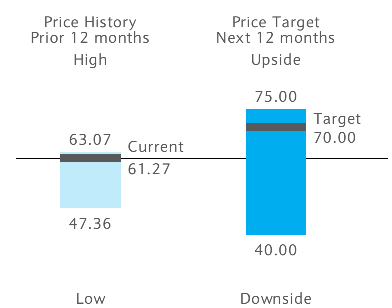
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	5.07A	12.1
2015	5.16E	11.9
2016	5.14E	11.9

Source: Barclays Research.

Upside/Downside scenarios



The Investment Case

Teva Pharmaceutical's earnings power has improved thanks to the company's ongoing restructuring and new pipeline opportunities, and the market has begun to take notice. As the largest generic drug manufacturer in the world, Teva historically relied on sales of its flagship multiple sclerosis drug Copaxone for the majority of its sales. However, Teva has successfully converted more than 60% of its MS franchise to a newly approved 3x weekly 40mg formulation from the daily 20mg, which faces potential generic competition when its patent expires. Beyond Copaxone, Teva has a promising portfolio of treatments for central nervous system disorders, pain, and respiratory conditions.

The Business Drivers

After a period of underperformance, which reflected the bumpy integration of several large acquisitions, profitability has begun to improve. Moreover, the addition of Siggi Olafsson in mid-2014 to oversee the generics business should help accelerate profitability even further. We think Mr. Olafsson can help TEVA improve profitability by rationalizing the manufacturing footprint and improving R&D efficiency. He also increases our confidence in TEVA's ability to drive industry consolidation through M&A based on his track record of successful integrations.

We also expect improved sentiment for TEVA's specialty business, which should benefit from the conversion of the Copaxone franchise and progress on other key assets. In particular, we expect TEVA to file a new drug application for approval of its anti-IL-5 monoclonal antibody, reslizumab, for the treatment of asthma, targeting a potential launch in early 2016. Additionally, recently released data from Phase II trials for TEVA's anti-CGRP monoclonal antibody, TEV-48125, for the treatment of chronic and episodic migraine, increase our confidence in the likelihood of its success. Both reslizumab and TEV-48125 could each generate more than $500 million in peak sales.

Upside/Downside Scenarios

Capital deployment for accretive acquisitions has the potential to drive earnings upside, and we think smart M&A could help close the gap with large pharmaceutical company peers, implying an upside case of $75.

Approval of generic versions of Copaxone and better-than-expected adoption of competing products would pressure earnings and drive shares to our downside case of $40, which is based on roughly 10x EPS of $4.

Valuation Analysis

TEVA trades at 12x our 2015 EPS estimate, well below its peers at 17x. We expect to see TEVA narrow that valuation gap as the market gains greater comfort in the strength of TEVA's pipeline and confidence that the ongoing restructuring will result in higher EPS. Our $70 price target is based on a more in line peer multiple of 13.6x our 2015 EPS estimate of $5.16.

CEMEX SAB DE CV (CX)

Benjamin M. Theurer
+52 55 5241 3322
benjamin.theurer@barclays.com
BBMX, Mexico City

The Investment Case

Among the Latin American Cement & Construction companies, we continue to prefer CEMEX. In our base case, we expect the company's U.S. division to contribute about US$180mn in 2015, driving the vast majority of the total expected EBITDA growth of US$260mn. Although currency weakness in two key markets – Mexico and Colombia – has negative implications for their EBITDA contribution, CEMEX has shown in the past that FX weakness is not a long-term negative and that price increases in local currency terms tend to help offset the negative translation impact. Moreover, in our view the current strength in the U.S. dollar reflects the strength in the U.S. economy, which ultimately should be beneficial for CX's exposure to the U.S. residential market.

The Business Drivers

In our view, the key drivers will be sustained volume growth combined with pricing power in the United States. We expect volume growth in Mexico to be boosted in the short term as a result of mid-term elections in July, as lawmakers promote a flurry of new building projects, although slightly offset by the MXN weakness, as CX's reporting currency is U.S. dollars.

Upside/Downside Scenarios

CEMEX has already introduced significant price increases in the first quarter and plans to further raise prices in 2015. Our estimates do not reflect the full price increase for its U.S. operations (we assume a 60% success ratio instead); however, if the company is able to successfully implement these price increases, this could add $2/ADR to our valuation, or an upside case of $15, due to the higher EBITDA and FCF generation based on higher cement prices sold over the total volume in the United States.

To the downside, further currency weakness in Mexico and Colombia as well as risks to our base case volume assumption for Mexico could have a negative impact of at least $2/ADR. Moreover, slower-than-expected growth in the U.S. could have an additional negative impact of $3/ADR, resulting in a downside case of $8. If this weakness were to materialize, the company's EBITDA and FCF generation would be significantly lower than in our base case assumptions.

Valuation Analysis

CX shares are trading at a 13% discount to its average historical multiple, with a 2015 EV/EBITDA of 9.0x. Although this level is still at a modest premium when compared to its global peers, we see it as an attractive entry point due to the high operating leverage in its U.S. business as well as ongoing balance sheet deleveraging via EBITDA expansion. At our price target, CX shares would trade at 10.3x 2015 EV/EBITDA, in line with its historical multiple.

Industrials | Latin America Cement & Construction

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 13.00
Price (25-Mar-2015)	USD 9.72
Potential Upside/Downside	+34%
Market Cap (USD mn)	12058
Return on Equity TTM (%)	-5.13
Dividend Yield (%)	4.4

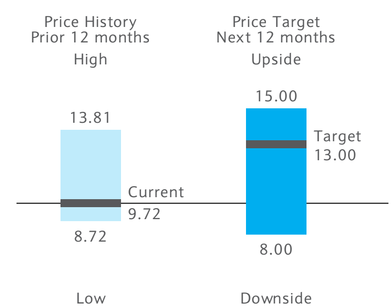
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	-0.40A	N/A
2015	-0.01E	N/A
2016	0.32E	30.2

Source: Barclays Research.

Upside/Downside scenarios



UNION PACIFIC CORP. (UNP)

Brandon R. Oglenski
1.212.526.8903
brandon.oglenski@barclays.com
BCI, New York

The Investment Case

With a market cap north of $100bn, Union Pacific is the largest U.S. transportation stock, making it a critical component of industrial indexes. The best-in-class western U.S. railroad is benefiting from favorable end-market exposure tied to industrial demand, cross-border trade with Mexico, and continued highway-to-rail intermodal conversion. We expect continued focus on pricing gains and productivity initiatives will enable Union Pacific to reach its long-term goal of a 60% operating ratio (OR) well ahead of target in 2019. Under modest growth assumptions, we forecast the company will achieve a 60% OR in the next three years. When combined with a slight acceleration in share repurchases, we expect EPS could exceed $8 by 2017, or roughly 40% above current levels. We find Union Pacific's industry-leading capital return profile and double-digit earnings growth outlook compelling within both the transport group and a broader universe of mega-cap industrial stocks.

The Business Drivers

Union Pacific is the largest publicly traded U.S. Class 1 railroad. The U.S. railroads provide transportation for a wide variety of commodities that touch nearly all economic segments, from low-value basic materials to high-value finished goods. Union Pacific is one of two dominant western rail carriers, with a network of over 31,000 miles of track and interchanges with all six major freight border crossings with Mexico.

Union Pacific has a relatively diverse revenue base, with the top three commodity groups being intermodal (20%), industrial products (20%), and coal (18%). With a mostly on-demand and contract based business, the carrier and other railroads exhibit only modest operating leverage, with a significant portion of expense variable by activity level. Railroad earnings expansion over the past business cycle was robust and driven largely by structural pricing gains derived from the renegotiation of "legacy" contracts. Over the next few years, we expect the environment for North American rail demand to remain strong and pricing gains to continue exceeding cost inflation, leading to further margin expansion.

Upside/Downside Scenarios

UNP's upside case is estimated assuming a stronger economy drives a 3% increase in core pricing gains, relative to our estimates, and market multiples remain consistent with mid-cycle levels, resulting in an upside scenario of $137.

UNP's downside case is estimated assuming a weaker economy results in a 3% decrease in core pricing gains, relative to our estimates, and market multiples compress to near-trough levels, resulting in a downside scenario of $105.

Valuation Analysis

Our UNP price target of $126 is based on the average of applying a 17.0x P/E multiple on our 2016 EPS estimate of $7.40 and a 9.5x EV/EBITDA multiple on our 2016 EBITDA estimate of $12.7bn.

Industrials | North America Airfreight & Ground Transportation

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 126.00
Price (25-Mar-2015)	USD 110.82
Potential Upside/Downside	+14%

Market Cap (USD mn)	97664
Return on Equity TTM (%)	24.43
Dividend Yield (%)	2.0

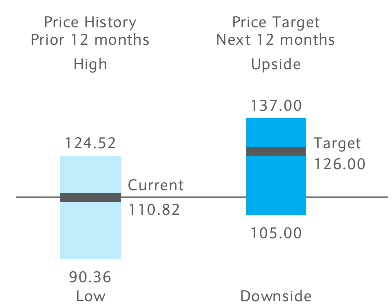
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	5.75A	19.3
2015	6.55E	16.9
2016	7.40E	15.0

Source: Barclays Research.

Upside/Downside scenarios



ORBITAL ATK INC. (OA)

Carter Copeland
+1.212.526.1661
carter.copeland@barclays.com
BCI, New York

The Investment Case

Orbital ATK, which resulted from the February 2015 merger of Orbital Sciences and Alliant Techsystems, has the attributes of a premium defense company but is also an attractive grower vis-à-vis broader industrials, in our view. The shares have been volatile following a rocket launch failure in 2014, and lack of investor familiarity with the new entity hasn't helped. However, we think the company's growth and cash profile could support a multiple closer to defense peers at ~17x. We expect a three-year top-line CAGR of 4-5% to drive EPS growth of 12-15% at free cash flow conversion levels north of 1.0x. Revenues are supported by a robust $12bn backlog, while 200-300bp of guided margin expansion should largely be driven by rate ramps and risk retirements on major programs.

The Business Drivers

In our view, much of OA's expected growth will come from the production and launch of spacecraft, rockets, space launch vehicles, and satellites for both commercial and military purposes. The company's largest contract is the initial Commercial Resupply Services (CRS) for NASA, which funds the delivery of cargo and supplies to the International Space Station; OA builds both the Cygnus capsule and Antares rocket as one of two competitors down-selected for the mission. Other major growth platforms include missile defense systems, aerospace structures (i.e. 787, F-35, A350 XWB), and commercial satellites.

Over the next three years, OA will unwind ~$600-$700mn in receivables attributable to a 25% holdback on the original CRS contract and the A350 program. Altogether, we expect OA to generate just over $1bn in FCF, with 70-80% of FCF available for potential deployment back to shareholders.

Upside/Downside Scenarios

Our $115 upside case is based on OA reaching the high end of management's revenue, EBIT, and EPS guidance, with faster-than-expected integration of both revenue and cost synergies. Our forecast and upside case could also benefit from more aggressive capital deployment from management.

On the downside, a competitive loss on the CRS-2 contract would create significant pressure on top-line growth starting in 2018. Additionally, revenues could see a modest drop-off in 2017 if the company is unable to generate incremental Antares sales to bridge the CRS-1 to CRS-2 gap. As such, we see shares potentially trading at an 8% yield on our downside FCF of $5.50, or ~$70.

Valuation Analysis

OA shares have been trading at unsustainably low levels following a mission failure in 2014 (ORB-3) and the higher visibility of the ATK SpinCo (VSTO) vs. the OA RemainCo. We think that the risks are more than appropriately discounted, and that OA should trade closer to the defense peer group average of 15-16x CY2016 P/E (vs. 13x for OA) and at a FCF yield of 7% (vs. 9-10%).

Industrials | U.S. Aerospace & Defense

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 100.00
Price (25-Mar-2015)	USD 76.30
Potential Upside/Downside	+31%

Market Cap (USD mn)	4523
Return on Equity TTM (%)	17.08
Dividend Yield (%)	1.3

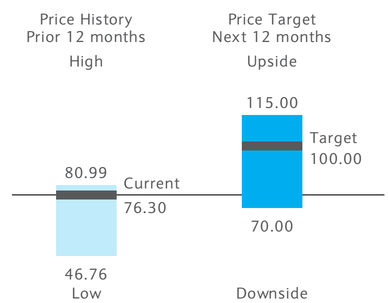
Source: Thomson Reuters

EPS USD

FY Mar	EPS	P/E
2014	4.20A	18.2
2015	5.20E	14.7
2016	6.00E	12.7

Source: Barclays Research.

Upside/Downside scenarios



SPIRIT AIRLINES (SAVE)

David E. Fintzen
1.212.526.5130
david.fintzen@barclays.com
BCI, New York

The Investment Case

We view Spirit Airlines as one of the best organic growth stories in airlines today, but at valuation levels below similar airlines historically. Spirit is an ultra-low cost carrier (ULCC) that offers no-frills flights in large and mid-sized U.S. cities and near-international leisure markets. Spirit Airlines is focused on the pure leisure segment of the U.S. market, a segment that other airlines have largely withdrawn from in recent years. This void allows Spirit to both generate best-in-class global airline returns (20%+ pre-tax ROIC) and grow capacity at a 20% long-term rate. Moreover, Spirit's fare unbundling strategy generates sizeable ancillary revenues relative to the industry, while cost discipline propels margin. These factors combined allow the company to stimulate incremental travel rather than focus on taking share from legacy peers.

The Business Drivers

Spirit continues to generate among the highest returns in our coverage, more than 350bp better than our overall universe, central to our view that ongoing expansion does not come at the expense of margins and returns. By year end 2014, the company had increased capacity by 17% y/y and also expanded pre-tax margins by more than 200bp, demonstrating that it can digest growth without compromising its industry-leading low cost profile.

Spirit continues to expand its relative cost advantage and lower its absolute costs as it benefits from scale, with lower costs central to stimulating incremental demand. For FY2015 ex-fuel unit costs, we are modeling an impressive 7.2% decline on a 30% uptick in capacity. While the uptick in capacity growth likely dilutes unit revenue, we think lower costs will drive ongoing margin momentum in 2015.

Upside/Downside Scenarios

Our upside scenario assumes that fuel stays low through 2016 with much more limited revenue offset. The upside case of $142 assumes an 18.3x P/E multiple on a 2016 EPS estimate of $7.78.

Our downside scenario assumes that the 2016 base EPS misses by 8% on execution of new initiatives. The downside case of $60 assumes the multiple contracts to 11.1x.

Valuation Analysis

SAVE trades at a 2016 adjusted EV/EBITDAR of 6.3x and a 2015 P/E of 13.3x. Our price target of $110 assumes valuation goes to 8.5x EV/EBITDAR, more in line with global LCCs during their respective growth and return periods (Ryanair averaged 8.5x EV/EBITDAR in 2000-08) – a more appropriate comparison than low-growth U.S. peers. As with any airline, Spirit's valuation multiples are highly sensitive to margin performance and guidance.

Industrials | U.S. Airlines

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 110.00
Price (25-Mar-2015)	USD 74.15
Potential Upside/Downside	+48%

Market Cap (USD mn)	5396
Return on Equity TTM (%)	25.44
Dividend Yield (%)	N/A

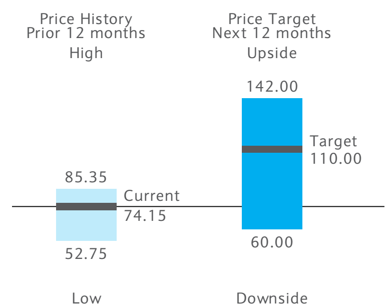
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	3.24A	22.9
2015	5.45E	13.6
2016	5.75E	12.9

Source: Barclays Research.

Upside/Downside scenarios



MOBILEYE N.V. (MBLY)

Brian A. Johnson
1.212.526.5627
brian.a.johnson@barclays.com
BCI, New York

The Investment Case

Just as PCs and smartphones transformed computing, software will change the way we drive, and Mobileye will likely be at the forefront of that change. MBLY is in the sweet spot of the fast-growing advanced driver assistance systems (ADAS) and semi-autonomous driving markets, providing the most cost-effective solution in the industry. We believe MBLY stock offers considerable upside potential given the company's strong competitive position in the ADAS value chain, its margin moats, and its highly scalable business model, which helps drive attractive software-like financial metrics.

The Business Drivers

MBLY's primary revenue source is from selling the software and chipset used for mono camera–based active safety systems to Tier 1 auto suppliers. Profitability is driven by MBLY's highly scalable business model and its exposure to the proliferation of ADAS and semi-autonomous driving. ADAS adoption is set to increase from around 5% today to nearly 30% in 2020 as regulatory mandates kick in, consumer interest increases, and prices fall; semi-autonomous driving – which carries higher ASPs – is likely to increase from 0% today to 16% by 2025.

MBLY's advanced analytics software and impressive data set create a virtuous cycle that drives continuous improvements in MBLY's technology, and which, in our view, provides a sustainable competitive advantage that leads to impressive win rates of more than 80% and drives software-like financial metrics, including a gross margin of 75%, an operating margin of 45%, and an EPS CAGR of 50%+ through 2020. Importantly, MBLY commands a key position in the ADAS value chain and benefits from its first-mover advantage, as MBLY has spent more than 15 years on ADAS R&D and is currently the only player with a mono-vision system that offers all ADAS applications.

Upside/Downside Scenarios

Our upside case of $150 is based on a more rapid inflection in ADAS and semi-autonomous driving later in the decade. We also assume higher gross margin, stronger ASPs, and greater demand for MBLY's aftermarket products. Our downside case of $5 assumes slower ADAS/semi-autonomous driving adoption combined with lower earnings power and market share as new entrants come into play and substitute products are developed.

Valuation Analysis

Our $66 valuation implies a 42.5x P/E in 2020 ($132 stock) discounted back five years at 15%, which we view as justified given MBLY is the only pure play on active safety within the auto supplier landscape and stands to benefit as the secular shift toward ADAS and semi-autonomous driving occurs. Given the likely persistence of the secular growth story in the 2020-25 timeframe, and the likelihood of double-digit EPS CAGR over that period, we tend to look at MBLY's earnings power near the end of the decade.

Industrials | U.S. Autos & Auto Parts

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 66.00
Price (25-Mar-2015)	USD 42.43
Potential Upside/Downside	+56%
Market Cap (USD mn)	9194
Return on Equity TTM (%)	-11.20
Dividend Yield (%)	N/A

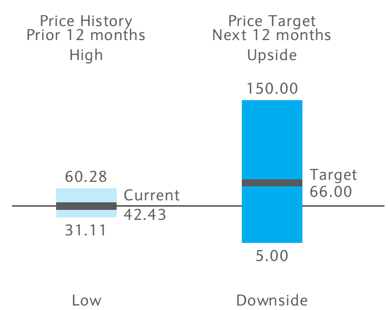
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.22A	N/A
2015	0.39E	N/A
2016	0.67E	63.3

Source: Barclays Research.

Upside/Downside scenarios



MOHAWK INDUSTRIES INC. (MHK)

Stephen Kim
1.212.526.2805
stephen.kim@barclays.com
BCI, New York

The Investment Case

Mohawk Industries operates in an effective duopoly in the domestic carpet business; has a commanding share of the domestic ceramic tile and laminate flooring segments; and competes in the carpet tile and hardwood segments. As such, it is highly levered to both residential and non-residential construction. MHK has a long track record of strong execution, as evidenced by its 2014 results in which the company's earnings growth was driven by deal synergies and productivity initiatives.

In 2015, we believe the company is favorably positioned to benefit from growth in residential construction as well as a recovery in commercial construction. Additionally, we believe raw material deflation in the carpet segment and the company's recent announced acquisition of IVC Group should yield both cost and revenue synergies to drive additional upside to earnings.

The Business Drivers

We believe the outlook for each of MHK's segments – Carpet, Ceramic, and Laminate & Wood flooring – remain positive given our expectation of double-digit growth in new construction volumes as well as mid-single-digit growth in residential repair and remodel (R&R) and commercial construction demand. MHK should also continue to reap the benefits of recent productivity initiatives that have resulted in y/y margin expansion in all three segments despite a challenging top-line environment. We believe these two factors, combined with a normalization of mix between single family and multi-family housing starts, should drive incremental margins in excess of previously guided ranges. Longer term, incremental margins of 20% in Carpet, 25% in Ceramic, and 30% in Laminate & Wood should drive normalized margins of 10%, 14%, and mid-teens in those segments, respectively.

Upside/Downside Scenarios

If housing trends accelerate more than expected this year and the macro environment in Europe and Russia stabilize, we believe MHK can trade at 14.0x our 2015 EBITDA estimate, or $233 per share.

If the mid-cycle correction in U.S. housing persists, and weakness in Europe and Russia as well as further FX pressure continues to moderate top-line growth, MHK could trade to 9.5x our 2015 EBITDA estimate, or $147 per share.

Valuation Analysis

Our $210 price target is based on an average of EV/EBITDA and normalized P/E methodologies. Our EV/EBITDA methodology yields a $213.67 valuation based on 13x our FY15 EBITDA estimate of $1,400mn. Our normalized P/E methodology yields a $207.22 valuation based on 17x our normalized earnings estimate of $14.75 that is discounted back by two years using a 10% discount rate.

Industrials | U.S. Building Products & Homebuilding

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 210.00
Price (25-Mar-2015)	USD 180.95
Potential Upside/Downside	+16%

Market Cap (USD mn)	13211
Return on Equity TTM (%)	11.98
Dividend Yield (%)	N/A

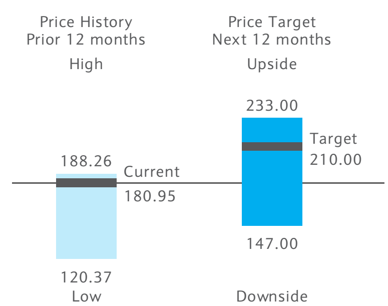
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	8.15A	22.2
2015	9.50E	19.0
2016	11.25E	16.1

Source: Barclays Research.

Upside/Downside scenarios



MCGRAW-HILL FINANCIAL INC. (MHFI)

Manav Patnaik
1.212.526.2983
manav.patnaik@barclays.com
BCI, New York

The Investment Case

We view McGraw-Hill Financial as an attractive way to gain exposure to the growth tailwinds for rating agencies; namely, European disintermediation, recovery in structured products, and debt issuance in emerging markets. We expect MHFI to supplement this top-line growth (which we believe can be in the high single digits over the long term) by taking tangible steps to rationalize its cost base, which has already shrunk in the wake of its settlement with the Department of Justice (DOJ), and close its 850bp margin gap to Moody's in the ratings business. Finally, MHFI is more than just a rating agency (~55% of EBIT), as its portfolio includes fast-growing and high-margin blue chip assets like S&P Dow Jones Indices and Platts, along with CapIQ and JDPA.

The Business Drivers

With a strong balance sheet and free cash flow profile, we believe that MHFI's most compelling competitive advantage is its ability to engage in aggressive share buybacks, increase its dividend, and at the same time invest in its business, both organically and via tuck-in acquisitions.

While issuance can be fairly lumpy, long-term ratings growth of 9-10% appears plausible, driven by 4-5% pricing increases plus issuance growth and mix benefits. S&P Dow Jones Indices (~20% of EBIT) is positioned to benefit from the steady move from active to passive investing, as evidenced by the growth of ETFs' assets under management. Commodities & Commercial (~15% of EBIT) should continue to be driven by Platts, which is widely considered one of the company's most attractive assets, and JD Power, which is leveraged to supportive trends in China and autos. Finally, CapIQ (~10% of EBIT) should grow thanks to its recognized brand and track record of taking market share, supported by a recently completed period of growth investment.

Upside/Downside Scenarios

Following its $1.6 billion total settlements with the DOJ, the SEC, CalPERs and various state AGs, MHFI has removed much of its legal overhang. MHFI will now be able to rationalize its balance sheet either via share buybacks or M&A (likely both) while raising the visibility of its other high quality brands. With broad-based momentum, we believe the stock could reach $140, or 25.5x FY16 EPS.

Slow global growth combined with limited issuance in the face of rising interest rates could weigh on ratings growth, which in our downside scenario drives an $85 share price using a 19x P/E. While the DOJ settlement removes a notable legal risk, outstanding legal and regulatory pressures remain.

Valuation Analysis

Our $120 price target is based on a sum-of-the-arts analysis, or ~24x our FY16 EPS estimate of $5.00. The implied multiple is a premium to mid-teens 2008-era multiples, as MHFI continues re-rating toward its historical mid-20s level – driven by lower legal/regulatory risk and steady operational performance.

Industrials | U.S. Business & Professional Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 120.00
Price (25-Mar-2015)	USD 103.78
Potential Upside/Downside	+16%
Market Cap (USD mn)	28444
Return on Equity TTM (%)	-32.76
Dividend Yield (%)	1.3

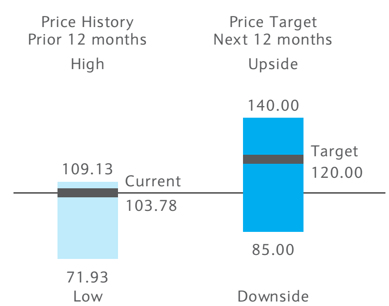
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	3.88A	26.7
2015	4.35E	23.9
2016	5.00E	20.8

Source: Barclays Research.

Upside/Downside scenarios



FLUOR CORP. (FLR)

Andy Kaplowitz
1.212.526.5586
andrew.kaplowitz@barclays.com
BCI, New York

The Investment Case

Fluor is our new Top Pick (replacing MasTec). In our view, FLR offers the best combination of backlog resiliency, margin upside, and significant cash generation/deployment potential within the E&C space. Together with what seems like a significant cultural change in its oil & gas business, FLR looks well positioned to outperform relatively low Street expectations in 2015.

The Business Drivers

Backlog may still decline before rising again, but FLR seems to have more international award potential than some investors believe. If oil prices remain relatively stable, we think FLR could win several international energy projects in areas such as the Middle East and Eastern Europe over the next year. Together with still some momentum in North American downstream work, FLR could potentially maintain a higher backlog than we currently model.

Margin performance could be an even bigger highlight in 2015. FLR's 4Q14 oil & gas margin might be a high-water mark in the near term, but in our view, it was not a fluke. We think the changes FLR has made to be more competitive with its procurement, engineering, and fabrication could signal that oil & gas margin is structurally higher this cycle than in the past, and support potential upside to our 5.8% oil & gas margin forecast over the next two years.

Cash generation and deployment to shareholders should continue at a brisk pace. FLR has committed to repurchasing $500mn in stock in 2015, and we surmise FLR will still have good flexibility to deploy more cash to shareholders after the program is done. Cash generation could be reasonably strong again in 2015 as FLR's big and profitable projects are in ramp-up mode. We get the sense that most domestic cash generation will be "excess" cash and available to support repurchases at 2015's pace or even greater in 2016.

Upside/Downside Scenarios

Upside could be driven by stabilizing oil & gas prices leading to a pickup in new awards/reacceleration of backlog sooner than expected. In this scenario, FLR's other muted businesses (power, government, mining) also improve, and shares could trade to $82, reflecting 15x 2016 earnings power of $4.85 + $9 cash.

Downside could result from a continued decline in oil and other commodity prices, causing a more prolonged pause in new award activity as projects materially get pushed to the right/cancelled. Backlog declines more than expected, and visibility to earnings improvement degrades. As a result, shares could trade to $45, reflecting 11x 2016 earnings power of $3.30 + $9 cash.

Valuation Analysis

FLR trades at ~13.1x our 2016 EPS estimate or a relative ~0.84x P/E vs. the S&P 500, which represents a discount vs. FLR's five-year average relative P/E of ~1.1x, which we think reflects favorable risk/reward.

Industrials | U.S. Engineering & Construction

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 71.00
Price (25-Mar-2015)	USD 57.47
Potential Upside/Downside	+24%

Market Cap (USD mn)	8473
Return on Equity TTM (%)	20.84
Dividend Yield (%)	1.4

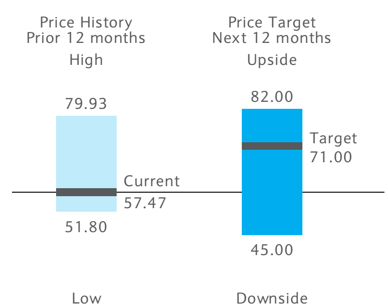
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	4.48A	12.8
2015	4.40E	13.1
2016	4.40E	13.1

Source: Barclays Research.

Upside/Downside scenarios



CUMMINS INC. (CMI)

Andy Kaplowitz
1.212.526.5586
andrew.kaplowitz@barclays.com
BCI, New York

The Investment Case

Cummins is one of our preferred ways to invest in the robust North American truck market up-cycle, where we expect continued solid freight fundamentals to support demand growth in 2015 and resilient demand in 2016. In addition, we expect the acquisition of CMI's North American distributors, better execution, and introduction of new products to support continued earnings improvement.

The Business Drivers

North American truck is our preferred end market within our machinery coverage universe. Industry backlog is up 73% y/y at the end of January, and we forecast a mid-teens growth rate for North American Class 8 truck production in 2015. As a supplier, CMI is well positioned to benefit from improving demand, given more favorable competitive dynamics vs. OEMs.

We think CMI could maintain its relatively solid market share in North America, and given the company's ability to meet increasingly stringent emissions and fuel economy standards globally, CMI has some opportunities to grow market share globally. For example, while Chinese truck markets could be challenged, we think CMI's businesses in China could improve in 2015 given its higher-quality product and increasing enforcement of emissions standards in China; CMI also seems to have good market share growth potential in India.

While CMI did have some execution issues in 2014, overall margin performance has remained solid and we see room for further margin improvement in 2015 as the company continues to take costs out of its Power Generation business and as execution consistency potentially improves.

Upside/Downside Scenarios

Upside could be driven by better-than-expected growth in emerging markets and stronger-than-expected growth in North American truck demand, resulting in revenue and earnings upside. In this scenario, shares could trade to $184, reflecting 16x upside 2016 EPS of $11.50.

Downside could result from worse-than-expected global macroeconomic activity and a sooner-than-expected peak in North American truck markets, which could result in declining revenue and margins. Shares could trade to $114, reflecting 12x downside 2016 EPS of $9.50.

Valuation Analysis

CMI trades at 12.6x our 2016 EPS estimate or a relative 0.81x P/E vs. the S&P 500, which represents a discount vs. CMI's five-year average relative P/E of 1.0x. We view CMI as reflecting solid risk-reward at current levels.

Industrials | U.S. Machinery

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 165.00
Price (25-Mar-2015)	USD 136.76
Potential Upside/Downside	+21%

Market Cap (USD mn)	24883
Return on Equity TTM (%)	21.64
Dividend Yield (%)	2.2

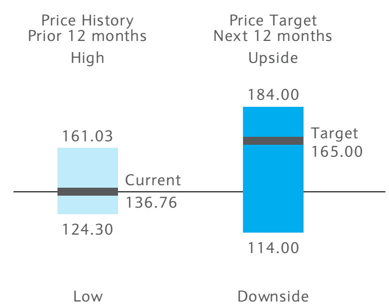
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	9.13A	15.0
2015	10.05E	13.6
2016	11.00E	12.4

Source: Barclays Research.

Upside/Downside scenarios



GENERAL ELECTRIC (GE)

Scott R. Davis, CFA
1.212.526.5580
scott.r.davis@barclays.com
BCI, New York

The Investment Case

Simplification of General Electric's industrial holdings, a shrinking asset base in GE Capital, improving margin structures, best-in-class dividend yield, and potential for management change make GE one of the most compelling stories in our coverage. The overall GE story is improving and at a faster rate than is generally perceived, in our view, given the relative discount the stock is trading at to its peers.

The Business Drivers

Portfolio simplification and margin expansion should continue to be stock drivers, and the potential for further asset sales in Capital provide further potential upside. We believe Alstom is a solid transaction that should provide meaningful accretion and a sharp decline in % of earnings from capital. GE has a strong core portfolio and has been making meaningful share gains in powergen, medical, locomotives, and commercial aircraft engines.

In a year in which the S&P may stumble and lower commodity prices and FX headwinds cut industrials EPS growth, GE's industrial earnings can move into the top quartile of our group. As industrial earnings rise, P/E should rise materially given the higher multiple at which industrials trade relative to banks. GE also has an outsized dividend yield of 3.6% (vs. the group average of 1.6%). A potential transition in management provides a further catalyst to the story, we think.

Upside/Downside Scenarios

Upside case: GE executes on portfolio simplification including material incremental dispositions in Capital. Powergen orders pick up faster than expected and execution of cost-out initiatives is strong. Our upside case of $36 is based on 18x our upside 2016 EPS estimate of $2.05.

Downside case: GE does not execute on additional portfolio changes or cost-out and the U.S. powergen cycle is pushed further to the right. Oil & Gas headwinds are materially worse than expected. Our downside case of $21 is based on 14x our downside 2016 EPS estimate of $1.50.

Valuation Analysis

GE's P/E of 14x (2016E EPS) is 2.5 turns lower than the group median of ~16.5x. As industrial earnings rise as a percentage of the company's total earnings, the P/E should rise materially given industrial stocks have historically traded at a higher multiple than banks. We also believe that investors are undervaluing captive financing businesses, which provide meaningful synergies to GE and should likely be valued far higher than average bank multiples. Our price target of $32 is based on 18.0x our 2016 EPS estimate of $1.80 or 18.5x 2016E Industrial earnings of $1.40 plus 14.5x GECC 2016E earnings of $0.40.

Industrials | U.S. Multi-Industry

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 32.00
Price (25-Mar-2015)	USD 24.91
Potential Upside/Downside	+28%

Market Cap (USD mn)	250781
Return on Equity TTM (%)	11.85
Dividend Yield (%)	3.6

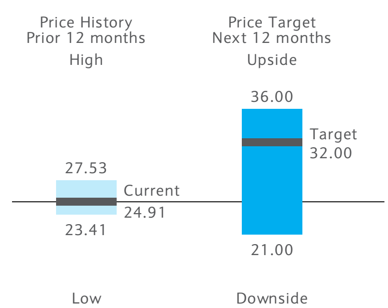
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.65A	15.1
2015	1.70E	14.6
2016	1.80E	13.9

Source: Barclays Research.

Upside/Downside scenarios



FACEBOOK, INC. (FB)

Paul Vogel, CFA
+1 212 526 0839
paul.vogel@barclays.com
BCI, New York

The Investment Case

Over the next few years, we expect advertising dollars to continue to move online, particularly to mobile. Facebook is likely to be a major beneficiary of this seismic shift. The company has made an impressive transition away from the desktop with 69%+ of its ad revenue now coming from mobile. It continues to demonstrate a good understanding of the major online trends and is well positioned to capitalize on them. With more than a billion engaged global users, FB's ability to target advertising both on and off Facebook.com should lead to continued strong revenue growth in 2015 and beyond. We remain cognizant of potential near-term FX headwinds as the dollar marches toward parity with the euro, though strong business fundamentals should remain intact.

The Business Drivers

Facebook's ability to identify users across multiple devices and platforms puts it in a unique position to gain share of dollars spent not only on its own platform, but across third-party publishers as well. Based on our top-down analysis of digital advertising, we estimate that if FB can execute on its strategy, there is $4-$5bn of incremental revenue potential over the next four years. This would be on top of our current model and could provide a nice tailwind to growth.

Facebook has a strong advantage given its large user base (1.4 billion) and that it has some of the most engaged users. Per FB, roughly 64% of its users visit the site daily. This is a very high number in absolute terms, as many other "social" networks have DAU/MAU (daily active users/monthly active users) closer to 40%. These users also share a tremendous amount about their interests and connections, making targeting with both content and advertising a real strength of FB. We think the gap between what FB can offer versus what other social platforms can offer, particularly to advertisers, will likely widen over time as FB's scale is a meaningful differentiator and continues to compound over time.

Upside/Downside Scenarios

We see upside potential from Facebook's initiatives in video, monetization of Instagram, and traction with its revamped Atlas product to solve the cross-platform advertising problem (i.e., being able to track users across devices). With the growth in mobile, online advertising, and FB's ability to target, upside to earnings is possible in both the near and long term. We could see FB expand its 2016 P/E multiple to 36x commensurate with estimated EPS growth, implying an upside case of $100 on $2.80 of 2016 EPS.

If mobile monetization slows or desktop revenue declines meaningfully accelerate, Facebook's revenue and earnings could grow at a slower rate than projected. Using a 27x 2016 P/E multiple implies a downside case of $68.

Valuation Analysis

Our price target of $88 is based on 33x our 2016 EPS estimate, reflecting a PEG ratio of approximately 1.0x and representing 6% upside from current levels.

Internet & Media | U.S. Internet

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 98.00
Price (26-Mar-2015)	USD 83.01
Potential Upside/Downside	+18%

Market Cap (USD mn)	232346
Return on Equity TTM (%)	11.34
Dividend Yield (%)	N/A

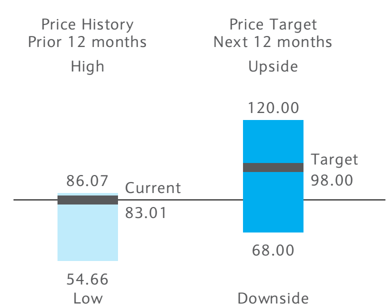
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.76A	47.2
2015	2.00E	41.6
2016	2.67E	31.1

Source: Barclays Research.

Upside/Downside scenarios



TWENTY-FIRST CENTURY FOX (FOXA)

Kannan Venkateshwar
1.212.528.7054
kannan.venkateshwar@barclays.com
BCI, New York

The Investment Case

Amid the uncertainty and secular concerns around the media and advertising industry, we see Twenty-First Century Fox as the most attractive name in our coverage. Our positive view is based on the company's industry-leading growth being driven by sustainable strategic investments in its cable networks and the multiple sources of potential upside from these diversified investments.

The Business Drivers

We expect more than 50% of Fox's growth over the coming two years to come from domestic sports and international, especially STAR India.

Fox's 57% share of the Regional Sports Network market and its investment in FS1, a new national sports network, means the company is uniquely positioned to capitalize on the importance of live sports in the U.S. both nationally and locally. The company's business model around sports is a lot more diversified than in the case of Disney, which is largely dependent on NFL content. Also, the company's RSNs are quite important for local market viewership trends from a distributor perspective. Consequently, the sports model provides a highly visible and steady stream of affiliate fees from distributors as these contracts have been negotiated ahead of time.

The international business, especially STAR India, should also be one of the biggest drivers of growth for Fox. The India television market is undergoing major changes including digitalization, increased penetration, and consolidation, with both distribution and advertising growth reaching an inflection point in the next few years. In addition, Fox is poised to benefit from STAR's market-leading position in the top two channel categories.

Upside/Downside Scenarios

Our $45 upside case takes into account the potential for faster-than-expected penetration growth of pay TV subs at Fox's international businesses. Domestic affiliate fees could also grow faster than what we have modelled. Our upside case is based on a FY2016E EV/EBITDA multiple of 12.3x.

Our $32 downside case reflects the risk of a deteriorating economic environment impacting our advertising estimates. Poor capital allocation decisions could also significantly weigh on the multiple. Our downside case is based on a FY2016E EV/EBITDA multiple of 8.6x.

Valuation Analysis

Our price target of $42 assumes a weighted average EV/EBITDA of 11.3x across the company's segments on 2016 fiscal estimates. We expect Fox to be one of the fastest-growing companies in our coverage universe but it is currently undervalued on a growth-adjusted basis, we think mainly due to secular concerns affecting the entire industry. It also has $10bn in cash for potential capital returns.

Internet & Media | U.S. Media

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 42.00
Price (25-Mar-2015)	USD 34.26
Potential Upside/Downside	+23%

Market Cap (USD mn)	72039
Return on Equity TTM (%)	49.66
Dividend Yield (%)	0.9

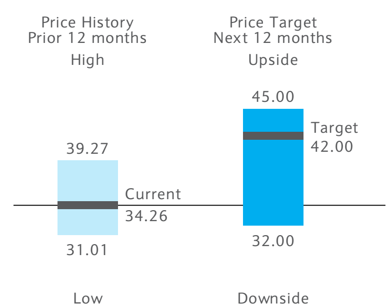
Source: Thomson Reuters

EPS USD

FY Jun	EPS	P/E
2014	1.57A	21.8
2015	1.76E	19.5
2016	2.05E	16.7

Source: Barclays Research.

Upside/Downside scenarios



PROMOTORA Y OPERADORA DE INFRAESTRUCTURA, S.A.B DE C.V. (PINFRA.MX)

Pablo Monsivais
+52 55 5241 3327
pablo.monsivais@barclays.com
BBMX, Mexico City

Gilberto Garcia
+52 55 5241 3326
gilberto.garcia@barclays.com
BBMX, Mexico City

Benjamin M. Theurer
+52 55 5241 3322
benjamin.theurer@barclays.com
BBMX, Mexico City

The Investment Case

Following 2014 results, we continue to recommend PINFRA as our Top Pick in Mexico infrastructure. Although we are cautious on the growth prospects of Mexican infrastructure, we remain positive on the company's growth profile, as it offers an interesting mix of mature concessions and accretive pipeline projects. PINFRA has consistently increased the number of concessions it holds, from 7 in 2005 to 16 in 2014, and has maintained a steady growth rate, with concessions revenue posting a CAGR of 9.5% in 2004-14. The stock offers attractive upside potential, in our view, as PINFRA remains the best positioned in the industry to take advantage of new projects due to its low debt, predictable cash flows, and extensive experience. In addition, PINFRA has little exposure to the risks related to construction because it is only responsible for the project management of its new concessions and subcontracts all major works.

The Business Drivers

We believe that Mexican GDP growth will boost traffic volume on the country's roads, as Mexico's economy should grow by 2.6% in 2015, up from 2.1% in 2014. In addition, PINFRA has four projects that will start operations in the next 2-3 years with estimated internal rates of return of 9.5-13%, coupled with the Puebla–Tlaxcala highway, which started operating in January 2015. Although government budget cuts pose a risk to the outlook for Mexican construction activity, we believe PINFRA is much better positioned than its infrastructure peers to participate in new projects as the company has the strongest balance sheet – its net debt/EBITDA is -1.4x vs. an industry average of 7.2x. In our view, PINFRA's low leverage is a fundamental support that allows it to keep participating in new projects.

Upside/Downside Scenarios

Our upside case reflects a better-than-expected performance, mainly driven by higher traffic on the back of stronger-than-expected economic growth. In addition, under this scenario we assume that PINFRA wins two further concessions by 2018 and 2021. As a result, our upside case is P$227, implying upside potential of 33.1%.

Our downside case reflects worse-than-expected performance from existing operations, mainly driven by weaker-than-expected economic growth. Under this scenario, we estimate slightly lower profitability levels and assume that the company does not win any new concessions going forward. As a result, our downside case is P$165, implying downside potential of 3.2%.

Valuation Analysis

PINFRA currently trades at a 13.2x EV/EBITDA for 2015, below its historical average of 14.7x. We expect to see valuation become more appealing toward 2017, reaching 10.3x, as we expect EBITDA to post a CAGR of 11% in 2015-17. We derive our price target of P$215 per share from a DCF methodology.

Power & Utilities | Mexico Infrastructure

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	MXN 215.00
Price (25-Mar-2015)	MXN 165.50
Potential Upside/Downside	+30%

Market Cap (MXN mn)	70018
Return on Equity TTM (%)	16.13
Dividend Yield (%)	N/A

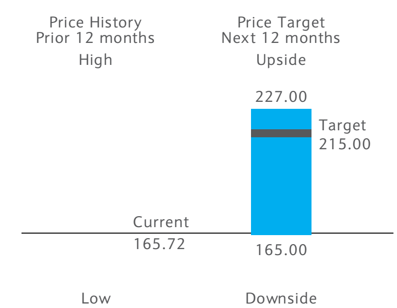
Source: Thomson Reuters

EPS MXN

FY Dec	EPS	P/E
2014	5.52A	30.0
2015	7.58E	21.8
2016	9.58E	17.3

Source: Barclays Research.

Upside/Downside scenarios



NEXTERA ENERGY (NEE)

Daniel Ford, CFA
1.212.526.0836
daniel.x.ford@barclays.com
BCI, New York

The Investment Case

NextEra Energy is one of the highest quality companies in the regulated utility universe, in our view, with 5-7% targeted earnings growth generated from continued investment in its Florida Power & Light (FPL) regulated entity and a highly visible development backlog of renewable projects at its unregulated subsidiary, Energy Resources (NEER). NEE replaces Dominion Resources as our Top Pick.

The Business Drivers

NEE is focused on growing its regulated and contracted asset base, with more than $30 billion of projected capital investment planned for 2015-18. FPL accounts for $7-10bn of planned capex, while roughly another $10bn is directed at investments in contracted renewable energy projects at NEER, supported by the extension of the Production Tax Credit (PTC) and state Renewable Portfolio Standards mandates. Longer term, NEE, as a premier clean energy company, is well positioned to meet the requirements of the U.S. Environmental Protection Agency's Clean Power Plan.

In 2015, NEE anticipates benefiting from an accelerated pace of asset dropdowns to its yieldco, NextEra Energy Partners, LP (NEP). The company expects to receive approximately $1.1-1.3bn of proceeds from dropdowns this year, and a cumulative $7.5-9.5bn through 2020. Additionally, NEE expects to receive $65-80mn in LP distributions in 2015, growing to $340-430mn in 2020.

Upside/Downside Scenarios

In a rising interest rate environment, we expect the range of P/E multiples awarded to stocks in our universe to widen, in line with historical valuations. In such a scenario, NEE could trade up to a 15% premium to the regulated utility average P/E multiple on 2017 earnings. This outcome, plus NEE's LP ownership in NEP, could result in an upside share price of $133. Additional sources of upside that are not explicitly priced into this scenario include GP value for the yieldco, market value for NEE's Mountain Valley Pipeline (MVP) investment, extension of the PTC, or a larger backlog of renewable projects.

Fundamental risks to NEE include the potential for execution missteps with the build-out of its renewable projects or issues with FPL's 2016 rate case. Realization of these risks could cause the stock to trade down to an industry average multiple, resulting in a share price of $106. This scenario excludes any LP or GP value for the yieldco and MVP.

Valuation Analysis

Our $125 price target for NEE is predicated on a 10% premium to the 2017 regulated utility average P/E multiple applied to our 2017 EPS estimate of $6.40 ($117), plus $8 for NEE's 80% ownership interest in NEP valued at $46.

Power & Utilities | U.S. Power

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 125.00
Price (25-Mar-2015)	USD 103.42
Potential Upside/Downside	+21%

Market Cap (USD mn)	46690
Return on Equity TTM (%)	12.99
Dividend Yield (%)	2.9

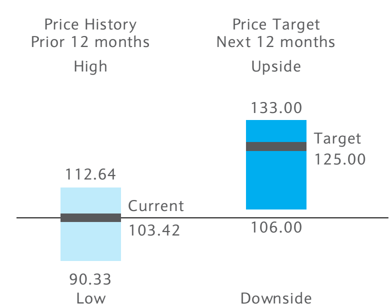
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	5.30A	19.5
2015	5.59E	18.5
2016	5.98E	17.3

Source: Barclays Research.

Upside/Downside scenarios



MGM RESORTS INTERNATIONAL (MGM)

Felicia R. Hendrix
1.212.526.5562
felicia.hendrix@barclays.com
BCI, New York

The Investment Case

We believe that MGM Resorts International offers the most attractive valuation of the large-cap gaming operators, and could be poised for further upside if it proceeds with a potential conversion of its real estate assets into a real estate investment trust (although we believe this option is unlikely). MGM's geographic diversity exposes it to improving trends in Las Vegas while its exposure to Macau could be favorable in the near term should the current headwinds facing that market abate (anti corruption, China macro, smoking ban). If fundamentals improve materially in Macau and gross gaming revenue (GGR) trends re-accelerate, shares of the large-cap operators with more exposure to that market could outperform MGM. However, given that GGR comps in Macau remain tough until the end of 1H15, we believe investors are better off positioned with an operator that has presence in both markets along with the potential upside from real estate monetization.

The Business Drivers

MGM is currently the best positioned large-cap gaming operator, in our view, given its high relative exposure to the recovering Las Vegas Strip and lower relative exposure to Macau; we estimate that every 5% change in Macau GGR for MGM results in a 2.6% change to total EBITDA versus 3.3% for LVS and 4.7% for WYNN. Although Macau has historically been a growth driver for operators, slowing GGR trends and policy uncertainty have driven share price declines. In Las Vegas, where we estimate MGM has roughly 50% of the hotel inventory on the Strip, lodging and gaming trends continue to improve. We estimate the company will generate GGR and RevPAR growth of about 4% in Las Vegas this year compared to a GGR decline of -11% in Macau, driven mainly by the central government's anti-corruption efforts.

Upside/Downside Scenarios

Our upside case of $31 reflects the impact of a potential OpCo/PropCo REIT transaction. Our downside case of $17 reflects a Macau market GGR decline of 22% and flat GGR and ADR growth in Las Vegas.

Valuation Analysis

MGM shares are trading at 11.3x EV/EBITDA using our 2016 estimates, which compares to 13.0x for LVS and 13.9x for WYNN. Our $24 price target is based on a sum-of-the-parts analysis of our 2016E EBITDA and attributes $8 to the company's wholly owned EBITDA, $13 to Macau, $2 to CityCenter, and $1 to Massachusetts and Maryland.

Retail | Gaming

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 24.00
Price (25-Mar-2015)	USD 21.69
Potential Upside/Downside	+11%

Market Cap (USD mn)	10657
Return on Equity TTM (%)	-3.61
Dividend Yield (%)	N/A

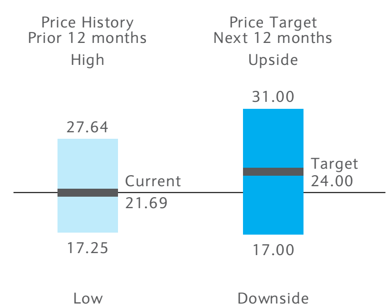
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.35A	61.3
2015	0.61E	35.6
2016	0.99E	21.9

Source: Barclays Research.

Upside/Downside scenarios



ROYAL CARIBBEAN (RCL)

Felicia R. Hendrix
1.212.526.5562
felicia.hendrix@barclays.com
BCI, New York

Retail | U.S. Leisure

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 94.00
Price (25-Mar-2015)	USD 75.30
Potential Upside/Downside	+25%

Market Cap (USD mn)	16537
Return on Equity TTM (%)	8.94
Dividend Yield (%)	1.5

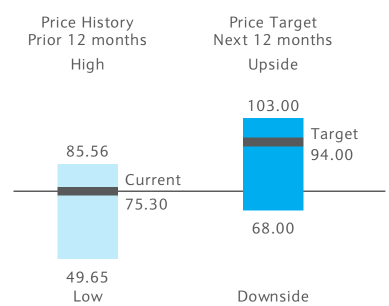
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	3.39A	22.2
2015	5.00E	15.1
2016	6.26E	12.0

Source: Barclays Research.

Upside/Downside scenarios



The Investment Case

Royal Caribbean remains our top Leisure pick, although the stock could be volatile in the near term as the investment community assesses the net impact of FX and fuel on earnings. Importantly, we believe RCL is on track to meet its "Double Double" goals (doubling EPS; double-digit ROIC) by 2017, which implies EPS of ~$6.90 by 2017. Strategic deployment changes, premium pricing on newer vessels, and moderate industry capacity growth in the Caribbean this year should drive local currency revenues. While near-term EPS growth is vulnerable to FX, RCL is currently working to mitigate this headwind through a variety of efforts, including local sourcing and supply chain management.

The Business Drivers

We believe RCL is on track to deliver its sixth consecutive year of constant dollar net yield growth in 2015. The company will increase deployment in the Asia-Pacific region to 15% from 12% in 2014, with the addition of the recently delivered 4,100-berth *Quantum of the Seas,* which will be redeployed to China in May (China will represent 10% of deployment in the summer months). Yields in China, which account for the majority of RCL's AsiaPac deployment, have been tracking up double-digits and we expect this to continue once *Quantum* arrives. Sister ship, *Anthem of the Seas*, will be delivered in 2Q15, offering Mediterranean and Caribbean itineraries. Once *Anthem* joins the fleet, both ships will account for around 8% of overall berths. Given assumed 25% pricing premiums on these new vessels, these two ships alone could generate 2.0% net yield accretion. Our above-consensus 2015 EPS estimate of $5.00 is based on constant dollar net yield growth of 4.0%, thus implying conservative growth at the legacy fleet. We estimate every 1% change in net yield is equal to about $0.29/share. On the cost side, we estimate NCC (ex fuel) to be (1.0)% in 2015, given recent restructuring initiatives and new hardware. Further bolstering RCL's growth prospects are more moderate supply increases in the Caribbean in 2015: flattish versus +15% in 2014.

Upside/Downside Scenarios

The single largest driver of EPS for RCL is net yield. For 2015/2016, we forecast current dollar net yields of +0.9%/+2.7%. If yields outperform our estimates by 1pt in each of the next two years, our 2016 EPS could go to $6.87, which using our current target P/E multiple of 15x generates an upside case of $103. If yields underperform our current estimates by 1pt in each year, we estimate that 2016 EPS could be $5.64, resulting in a stock price of $68 based on 12x P/E (3 turns lower). RCL estimates that every 1% change in the U.S. dollar impacts EPS by $0.05; every 10% change in fuel affects EPS by $0.11.

Valuation Analysis

RCL shares currently trade at 12.0x our 2016 EPS estimate of $6.26, which is just above the midpoint of the stock's historical five-year 7x-17x range. Our $94 price target is based on a 15x multiple applied to our 2016 EPS estimate.

HILTON WORLDWIDE HOLDINGS (HLT)

Felicia R. Hendrix
1.212.526.5562
felicia.hendrix@barclays.com
BCI, New York

The Investment Case

Hilton Worldwide's strong brands, robust development activity, and its attention to all geographic regions and lodging chainscales provide a base for the company to generate growth in a wide variety of market conditions and cycles. We expect Hilton will generate industry-leading growth in its management and franchise business in 2015, while taking advantage of select growth opportunities in its owned hotel and timeshare businesses.

The Business Drivers

Hilton's collection of hotel brands offers attractive choices to hotel developers in essentially every lodging region and in every lodging chainscale. As of year-end 2014, Hilton's signed development pipeline reached 230,000 rooms (or 245,000 when including signed and approved deals). As a result of this development pipeline, we estimate Hilton will generate organic unit growth of 6.7% in 2015, which is the highest in our coverage universe. In addition, many of Hilton's brands (such as Conrad, DoubleTree, Hilton Garden Inn, and Hampton) are outperforming peers in RevPAR growth. Hilton's combination of robust unit additions and RevPAR growth outperformance supports our 2015 management and franchise fee growth estimate of 12.6%, which is the highest among large lodging C-Corps in our coverage universe. Hilton is also generating growth outside of its management and franchise business; Hilton recently completed an accretive sale of the Waldorf Astoria New York hotel at 32x EBITDA (using $1.7bn of the proceeds to acquire assets at 13x) and is adding new inventory in its timeshare business using an asset-light model.

Upside/Downside Scenarios

Our upside case of $35 for Hilton is based on multiple expansion. Assuming a 0.5x increase in our blended valuation multiple (based on a 0.5x increase in our managed and franchise fee EBITDA multiple due to Hilton's leading growth and a 1.0x increase in our timeshare EBITDA multiple to reflect the recent trading levels of public comps) would result in a blended 13.8x EV/EBITDA multiple and a $35 valuation. Our downside case of $24 is based on the potential negative impact of accelerating industry supply growth in the upscale and upper midscale chainscales; if increased supply growth drives fee growth down to 5% and valuation multiples 1.5x lower, HLT's stock could reach $24.

Valuation Analysis

Our $33 price target is based on a blended 13.3x EV/EBITDA multiple of our 2016 EBITDA estimate of $3,059mn. Despite its attractive growth prospects, Hilton currently trades at 12.7x our 2016 EBITDA estimate, approximately 0.5x below MAR (13.2x) and HOT (13.2x). Part of this valuation disconnect is likely tied to Blackstone's 56% ownership of Hilton; if Blackstone makes further share sales in 2015, we believe this overhang could be reduced. In addition, Hilton plans to evaluate capital return options (such as a dividend) by the end of the year, which could create additional demand for the shares.

Retail | U.S. Lodging

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 33.00
Price (25-Mar-2015)	USD 28.75
Potential Upside/Downside	+15%

Market Cap (USD mn)	28308
Return on Equity TTM (%)	14.77
Dividend Yield (%)	N/A

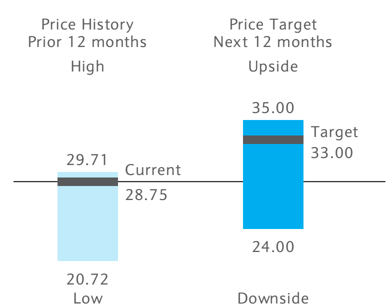
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.69A	41.5
2015	0.80E	36.0
2016	1.00E	28.7

Source: Barclays Research.

Upside/Downside scenarios



G-III APPAREL GROUP, LTD. (GIII)

Joan Payson
1.212.526.3385
joan.payson@barclays.com
BCI, New York

The Investment Case

G-III Apparel Group is our Top Pick, replacing Kate Spade & Co. We expect GIII to realize 20%+ organic EPS growth for the next four years, driven by a combination of top-line expansion and margin improvement. Moreover, GIII is one of the few companies under coverage we see as near-term acquisitive – providing a likely upside case.

The Business Drivers

We expect top-line expansion to drive 11% of our 21% organic earnings growth from FY15 to FY18. From a wholesale perspective, key drivers of near- to medium-term top-line expansion include: 1) low- to mid-single-digit growth in outerwear; 2) double-digit growth in dresses; and 3) double-digit growth in Sportswear & Other (which includes Performance and handbags). From a retail perspective, we forecast high single-digit growth driven by productivity gains at G.H. Bass (the brand generates roughly $245 in SSF today vs. $390 SSF at GIII-owned Wilson's Leather), as well as a number of upcoming product introductions – specifically G.H. Bass women's apparel, expansion of G.H. Bass men's sportswear, and Europe distribution of Bass footwear.

We expect margin expansion to drive the remaining 10% of our 21% growth estimate. EBITDA margins of around 7.6% today should increase to 10-12% within the next 3-4 years, by our estimates. GIII tends to realize meaningful SG&A leverage within its Licensed categories and brands upon crossing a $75-$100mn revenue threshold, and we estimate the penetration of $100+ million businesses has risen to 55% in 2014 vs. only 10% in 2011. Retail margin opportunities include: 1) the transition of G.H. Bass to an accretive operation beginning in 4Q15; and 2) improving profitability metrics of owned Bass, Vilebrequin, and Wilson's Leather brands.

We highlight potential for near-term upside in the form of strong Holiday outerwear sell-throughs, promising acceleration in U.S. women's apparel expenditures (4.6% FY4Q vs. 2.4% FY), and insulation from international and FX volatility, given about 90% of GIII's sales are North America based.

Upside/Downside Scenarios

Our upside case is $144 (20x 2016 EPS of $7.20). We believe the acquisition of an owned brand (vs. a license) with strong awareness or elevated positioning could drive multiple expansion. We also see upside from new launches such as G.H. Bass women's wear and the Ivanka Trump brand. Our downside case of $90 (15x 2016 EPS of $6.00) assumes weather-driven weakness in outwear (35% of the business), and macro-driven softness in the mid-tier channel.

Valuation Analysis

Our $128 PT represents 19.8x our FY17/CY16 EPS estimate of $6.45, with our base case assuming 20%+ EPS growth through FY19 (CY18) driven by growing brands, accretion from past acquisitions, and leveraging expense structure.

Retail | U.S. Luxury, Apparel & Footwear

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 128.00
Price (25-Mar-2015)	USD 110.77
Potential Upside/Downside	+16%

Market Cap (USD mn)	2489
Return on Equity TTM (%)	N/A
Dividend Yield (%)	N/A

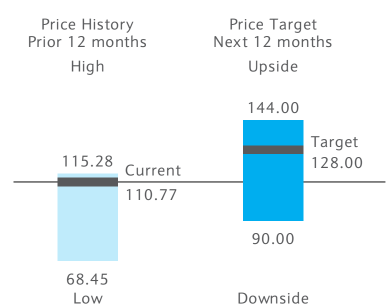
Source: Thomson Reuters

EPS USD

FY Jan	EPS	P/E
2015	4.54A	24.4
2016	5.30E	20.9
2017	6.45E	17.2

Source: Barclays Research.

Upside/Downside scenarios



PANERA BREAD (PNRA)

Jeffrey A. Bernstein
1.212.526.3855
jeffrey.bernstein@barclays.com
BCI, New York

The Investment Case

We continue to prefer the more discretionary restaurant names over the more defensive in an improving U.S. macro consumer environment. And beyond the macro drivers, Panera Bread is working to reverse the disappointing comp and traffic trends of 2013-14. The turnaround is driven by Panera 2.0, which is an overhaul of the consumer-facing model, driven first by digital and second by operational enhancements. We expect Panera 2.0 will support a re-acceleration in EPS growth medium term. With short-term expectations low, we see a favorable risk-reward, especially as traffic has already begun to turn prior to full rollout. While many are cautious on a 12+ month turnaround, we expect the shares will outperform, driven by EPS upside and related multiple expansion.

The Business Drivers

We regard Panera as a leader in the fast casual segment of the restaurant industry. Annual unit growth is a strong 6-7%, albeit below newer fast-casual concepts in the 10%+ area, and we expect this to be supported by a 50/50 company/franchise mix. Comp growth has been the challenge of late, with negative traffic in the six quarters prior to 2Q14, though such reversed in 2H14. The pause in traffic was attributed to a lack of throughput, or the ability to process orders, though we couple that with a lack of compelling value and intense competition. In response, the rollout of 2.0 is in the early stages, with technology to ultimately lead the industry. Our other concerns are addressed by new menu boards, portion choice, national ads, and seasonal "feasts."

2.0 will address throughput, allowing Panera to lead in an ever more digital and omni-channel marketplace. While these major investments will lead to choppy EPS in 2015 (and likely 2016), we believe the cost of the investments is well understood and the ultimate comp benefit large. And even without the benefit of 2.0, comp momentum has returned, not unlike the rest of the industry.

Upside/Downside Scenarios

Our upside scenario assumes a ~1pp acceleration in comp growth, which along with ~50bp of related restaurant margin expansion and 2-3 turns of multiple expansion supports a stock price of $240. Our downside scenario assumes a ~1pp deceleration in comp growth, which along with ~50bp of related restaurant margin contraction and 2-3 turns of multiple contraction supports a stock price of $155.

Valuation Analysis

Panera is trading at a 25.5x forward P/E compared to a 20-29x three-year range and 24x average – a ~8x discount (or 20%+) to peers. We believe a discount is justified given that Panera's long-term growth has lagged peers and its visibility on near-term EPS growth is low. That said, we expect the valuation gap will narrow, sustaining Panera's shares at the high end of recent ranges and supported by an expected acceleration in comp and EPS growth in out years.

Retail | U.S. Restaurants

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 200.00
Price (25-Mar-2015)	USD 157.42
Potential Upside/Downside	+27%

Market Cap (USD mn)	4221
Return on Equity TTM (%)	24.97
Dividend Yield (%)	N/A

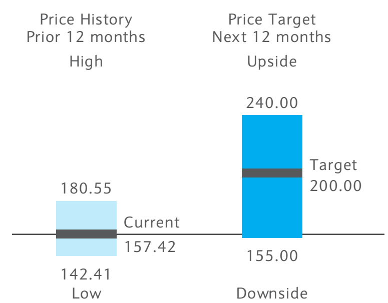
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	6.53A	24.1
2015	6.15E	25.6
2016	7.00E	22.5

Source: Barclays Research.

Upside/Downside scenarios



THE HOME DEPOT INC. (HD)

Alan M. Rifkin
1.212.526.1292
alan.rifkin@barclays.com
BCI, New York

The Investment Case

We continue to view Home Depot as the top investment opportunity in the Hardlines Retail space. The company should continue to benefit from macro data points, including continued housing tailwinds, modest increases in home prices as well as increases in existing home sales. Home Depot reported a 7.9% comp in 4Q14, further widening the gap vs. LOW and marking the greatest comp growth since 2Q13. Additionally, we view the company's recently announced $18 billion share repurchase program as conservative. We believe 2015 will mark another record year of EBIT margins – our estimate is 13.3%, an increase of 70bp y/y.

The Business Drivers

Given Home Depot's robust real estate portfolio and the likelihood it benefits from multiple macro tailwinds, we believe the company is well positioned to achieve 4.5% comps in 2015. Additionally, we view Home Depot's efforts in eCommerce positively, particularly management's focus on creating a more efficient customer service platform, with online sales up 36% y/y in 2014. We expect Craig Menear, CEO, will actively work to further enhance the company's omnichannel capabilities, complementing his efforts in his prior role as president of U.S. Retail. Finally, we remain confident in our SG&A estimate of (55)bp of leverage to 19.65% in 2015 as Home Depot needs just a 1.5% comp to successfully lever SG&A.

Upside/Downside Scenarios

We believe Home Depot results may exceed our expectations, which remain above consensus. Our upside scenario assumes an acceleration in the housing market and further accelerating same-store sales trends. Our upside scenario uses a multiple of 26x our 2015 EPS estimate.

Should the housing market take a turn for the worse, we could see some risk to our estimates. Our downside scenario assumes a weakening housing market, a more competitive landscape, unseasonable weather and poor execution in supply chain upgrades. Our downside scenario uses a multiple of 14x our 2015 EPS estimate.

Valuation Analysis

Our price target of $130 is based on a multiple 25x our 2015 EPS estimate of $5.28. We believe this is prudent given the company's accelerating business trends, superior real estate portfolio, especially in the top 25 markets, as well as its robust buyback program. Looking toward the company's 2015 operations, we believe Home Depot will continue to grow its eCommerce footprint, currently making up about 4.5% of total sales, as well as benefit from the improved economy, lower gas prices, and positive housing trends.

Retail | U.S. Retail Hardlines

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 130.00
Price (25-Mar-2015)	USD 113.68
Potential Upside/Downside	+14%

Market Cap (USD mn)	149811
Return on Equity TTM (%)	58.09
Dividend Yield (%)	2.0

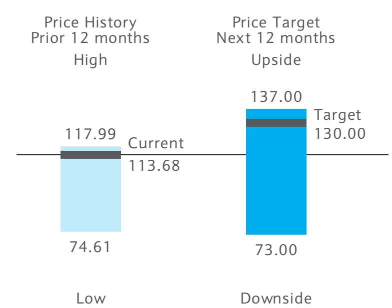
Source: Thomson Reuters

EPS USD

FY Jan	EPS	P/E
2014	4.58A	24.8
2015	5.28E	21.5
2016	6.05E	18.8

Source: Barclays Research.

Upside/Downside scenarios



HANESBRANDS INC. (HBI)

Matthew McClintock, CPA, CFA
1.212.526.5257
matthew.mcclintock@barclays.com
BCI, New York

The Investment Case

Hanesbrands offers a differentiated growth story still early in its development, with a long runway of significant earnings potential ahead thanks to a proven M&A platform and its Innovate-to-Elevate margin expansion initiatives. In short, we believe the combination of these two catalysts can drive 20% EPS growth longer term, and given HBI trades at approximately 20x NTM P/E, we see a 1.0x PEG as a highly attractive valuation, despite the shares up approximately 200% in the last two years (vs. the S&P 500 +32%).

The Business Drivers

We view the set-up in 2015 as favorable. Hanesbrands expects the acquisition of Knights Apparel, announced in February, to be accretive this year. FX headwinds and the Target exit from Canada are now fully incorporated into guidance, which still implies double-digit earnings growth. Moreover, the 2013 acquisition of Maidenform and 2014 acquisition of DBApparel are still accretive to earnings, cotton prices remain relatively low and should serve as a tailwind as we progress through the year, and comps in the mass channel are improving.

As we look to 2016, we expect HBI to increase prices in Europe in 2015 to offset pressure from FX. Should HBI be able to maintain pricing, as it did when cotton prices rose sharply, we believe margins could see upside next year. Lastly, HBI's stock split on March 4 and addition to the S&P 500 on March 13 are supportive, if not fundamental, developments.

Upside/Downside Scenarios

Our upside case of $43 is based on higher-than-expected integration synergies and margin expansion from Innovate-to-Elevate, which could lead to expense leverage and ultimately higher earnings. We believe investors will continue to award a greater valuation to the HBI story, particularly now that it has joined the S&P 500. Our upside case represents 20.5x 2016 EPS of $2.10.

Our downside case of $28 reflects the potential execution risk from an active M&A strategy, which could lead to earnings and multiple contraction. Additionally, should trends in the mass channel meaningfully slow, lower-than-expected revenue could drive expense deleverage. Our downside case represents 16.1x 2016 EPS of $1.75.

Valuation Analysis

We expect Hanesbrands to generate normalized annual free cash flow of at least $400 million, which could support share repurchases and/or bolt-on acquisitions that could drive annual EPS growth into the high teens, as well as support a meaningful dividend. Hanesbrands is trading at 20.4x our 2015 EPS estimate of $1.65 and 17.5x our 2016 EPS estimate of $1.93. Our price target of $38 represents 19.5x our 2016 EPS estimate of $1.93.

Retail | U.S. Retail Softlines

Stock Rating	OVERWEIGHT
Industry View	NEGATIVE
Price Target	USD 38.00
Price (25-Mar-2015)	USD 33.67
Potential Upside/Downside	+13%

Market Cap (USD mn)	13495
Return on Equity TTM (%)	30.91
Dividend Yield (%)	1.2

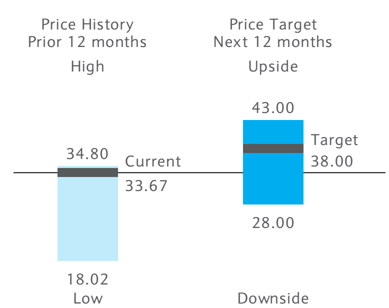
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.42A	23.8
2015	1.65E	20.4
2016	1.93E	17.5

Source: Barclays Research.

Upside/Downside scenarios



CORNING INC. (GLW)

Joseph Wolf
+1 212 526 3392
joseph.wolf@barclays.com
BCI, New York

The Investment Case

Corning kicked off 2015 by announcing two new products that have potential to be significant revenue contributors (Iris and Phire). In addition, we continue to view GLW as a compelling large-cap investment based on the growth prospects in the majority of its core end markets including display, glass, and optical communications. Capital allocation will remain a focus throughout the year and GLW's $0.48 annual dividend (up 20%) and new $1.5 billion share repurchase authorization should lend support to the stock and our bullish view.

The Business Drivers

GLW's stock performance is primarily driven by its Display and Gorilla Glass business units and trends thus far have been positive. Glass demand and pricing dynamics remain favorable and are set to be a tailwind for the first time in recent years. Data points from the Chinese New Year (China is responsible for the majority of the world's growth in television demand) point to a continuation of LCD TV growth on both units shipped and size. Every inch of TV glass growth is equivalent to an additional 150 square feet of glass demand. The GG4 launch has been successful, highlighted by its use in the new Samsung Galaxy ALPHA, and plans are for commercialization of Phire by the end of the year.

In its Environmental Technologies segment, growth continues to be driven by higher market volumes and tighter regulations. Sales of heavy- and light-duty vehicles are both expected to grow and diesel regulations continue to tighten in both China and North America. (Andy Kaplowitz, Barclays' U.S. machinery analyst, remains positive on the North America truck market in 2015.) In Optical Communications, growing bandwidth demand is creating pressures at the connectivity-rich edges of the network. We estimate core growth in the segment to be in the high single digits and that recent acquisitions will add $300 million to revenues in 2015.

Upside/Downside Scenarios

Our upside case of $30 is based on 16x our 2016 EPS estimate of $1.83. This assumes a reversal of recent FX headwinds, further acceleration in glass demand and pricing, more robust Gorilla Glass sales, and the auto opportunity materializing. Our downside case of $17 is based on 9x our 2016 EPS estimate. This assumes a weakening in the near-term glass market and new product launches failing to take market share, which would lead investors to view GLW as a mature company with limited growth prospects.

Valuation Analysis

Our price target of $26 is based on 14x our 2016 EPS estimate of $1.83. We view our 14x multiple as appropriate given the mature side of the business, and conservative given the P/E premiums of some comparable companies. Including GLW's $0.48 annual dividend, we forecast a total return of approximately 17% through the rest of 2015.

Technology | U.S. Emerging Technologies

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 26.00
Price (25-Mar-2015)	USD 22.71
Potential Upside/Downside	+14%

Market Cap (USD mn)	28814
Return on Equity TTM (%)	11.76
Dividend Yield (%)	2.1

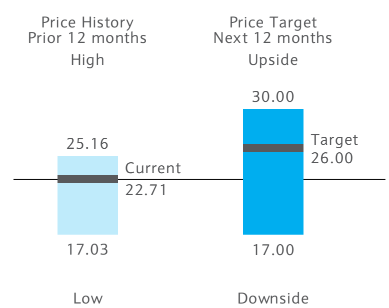
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.42A	16.0
2015	1.50E	15.1
2016	1.83E	12.4

Source: Barclays Research.

Upside/Downside scenarios



VANTIV, INC. (VNTV)

Darrin D. Peller
1.212.526.7144
darrin.peller@barclays.com
BCI, New York

The Investment Case

We expect Vantiv to outperform the industry and the market over the next 12 months. Synergies from Mercury Payment Systems (acquired July 2014), and faster growth in remaining IPOS and eCommerce segments, should materially improve its revenue mix (and earnings) this year; we also expect the revenue contribution from these "faster growth" segments to expand to 35% in 2015 (from 10% in 2013). Vantiv guided to 2015 pro forma (for Mercury) Merchant Services net revenue growth of 8% y/y – we model 9% based on mid-teens Mercury growth (despite 20%+ growth in 4Q14), low-single-digit independent sales organizations (ISO) growth, and mid-teens growth in merchant bank referral/eCommerce. VNTV expects to realize $15-$20mn in Mercury-related cost synergies in 2015, which we also view as conservative.

The Business Drivers

A continued shift from cash and checks to electronic payments globally will help VNTV achieve growth at a rate much higher than nominal GDP growth for years to come, in our view. Importantly, over the near term, we expect VNTV will see a shift in revenue toward its faster growing IPOS (Mercury) and eCommerce segments; we also see 10-20c of potential upside to consensus 2016 EPS estimates from cost synergies related to Mercury. Pricing increases by V/MA should provide catalysts for meaningful price increase pass-throughs to merchants over the course of 2015, resulting in potential upside vs. guidance.

Upside/Downside Scenarios

Slightly stronger growth in VNTV's SME segment (driven by the merchant bank referral program), combined with greater margin expansion, synergies, and repurchases, could drive $0.25-$0.40 upside to our 2016 EPS estimate. Applying a multiple of 17x to $2.92 results in an upside case of $50.

Slower growth in transactions and net revenue yielding flat EBITDA margins in 2015, and no share repurchases, could reduce 2016 EPS by $0.25. Applying a multiple of 14x (VNTV's trough multiple) results in a downside case of $30.

Valuation Analysis

Overall, we are encouraged by: 1) strong 4Q14 results, 2) a rebound in financial institution (FI) sales, and 3) improved expectation setting by management. We expect the stock to re-rate 1-2 turns higher over time as we see potential upside from: 1) revenue acceleration through 2015 on easier FI comps, 2) 2H anniversarying of Mercury/incremental synergies, 3) price increases, 4) strong growth in the merchant bank referral program, 5) better merchant acquiring mix, 6) buybacks (2-4c), and 7) additional partners to enable further multiple expansion. We believe EPS growth potential is mid-teens on a sustainable basis, and therefore apply a P/E multiple of 17x to our 2016 EPS estimate of $2.42. We then add in an extra 10-20c of incremental EPS upside, given further conviction in top-line growth, to derive a12-month price target of $44.

Technology | U.S. IT Consulting & Computer Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 44.00
Price (25-Mar-2015)	USD 37.62
Potential Upside/Downside	+17%

Market Cap (USD mn)	7120
Return on Equity TTM (%)	15.00
Dividend Yield (%)	N/A

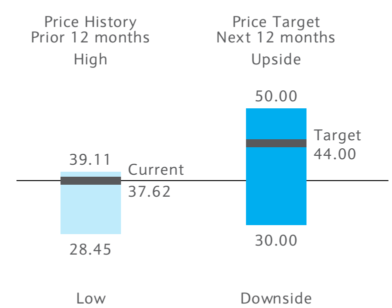
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.87A	20.1
2015	2.15E	17.5
2016	2.42E	15.5

Source: Barclays Research.

Upside/Downside scenarios



CAVIUM INC. (CAVM)

Blayne Curtis
1.617.342.4101
blayne.curtis@barclays.com
BCI, New York

The Investment Case

Cavium is well positioned for multi-year growth driven by: 1) continued growth in its core business bolstered by Liquid IO, 2/4 core Octeon (addresses FSL's $500mn+ business), Fusion (small cell), and new Basestation on a Chip solutions (doubles content); and 2) disruptive new products: ThunderX (ARM server), Xpliant (switch silicon), and one more (potentially 2Q). ThunderX and XPliant address $1bn+ TAMs with disruptive products vs. monopoly incumbents (Intel and Broadcom, respectively). We see significant upside potential as each $100mn in incremental revenue drives $0.70-1.00 in EPS by our estimates vs. consensus EPS of just $1.84 in 2015 and $2.45 in 2016.

The Business Drivers

Cavium's ARM server product, ThunderX, was announced in early June (2014) at Computex and the company demonstrated working first silicon at SC14 in mid-November. The company is already engaged with 25+ end customers, with OEM wins at Cray, Lenovo, and StackVelocity already announced (also potentially Dell and Huawei), and multiple direct customers testing (2-3 starting to test in a cluster). We expect to see additional wins announced over the next 3-6 months with revenue ramping late 2015.

CAVM's switch silicon product is progressing well with recent design win announcements at Accton and Inventec. We believe Xpliant is starting to sample to multiple lead customers with several OEMs already committed to using Xpliant (one was an investor) if the silicon meets performance requirements. Xpliant is aimed at Broadcom's switch portfolio for the data center with comparable speeds to Broadcom's Tomahawk; however, Xpliant has programmable match tables – which allow support of new protocols, custom workflows and headers, and greater platform flexibility – vs. Broadcom's largely fixed function architecture.

Upside/Downside Scenarios

Our upside case of $100 is based on 27x 2016 earnings power of $3.75, which could prove conservative with success in Thunder/Xpliant (each has a $1bn+ TAM) as each $100mn in incremental revenue drives $0.70-1.00 in added EPS.

Our downside case of $50 is based on 24x 2016 earnings power of $2.10, which assumes a lower adoption of new products. CAVM has a high degree of customer concentration (CSCO, NSN, Huawei, Samsung, AMZN), which exposes the company to some potential inventory and/or end market risk.

Valuation Analysis

Our price target of $80 is based on 31x our 2016 EPS estimate of $2.62. While at the high end of our group, the higher valuation is justified by the 20%+ growth in the core business and growth potential from new products, which likely drive upside to our estimates.

Technology | U.S. Semiconductors

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 80.00
Price (25-Mar-2015)	USD 67.75
Potential Upside/Downside	+18%

Market Cap (USD mn)	3727
Return on Equity TTM (%)	-5.07
Dividend Yield (%)	N/A

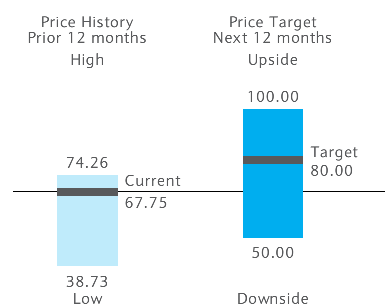
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	1.47A	46.2
2015	1.85E	36.6
2016	2.62E	25.9

Source: Barclays Research.

Upside/Downside scenarios



ORACLE CORP. (ORCL)

Raimo Lenschow, CFA
1.212.526.2712
raimo.lenschow@barclays.com
BCI, New York

The Investment Case

We think Oracle is emerging from an extended period of product development and internal changes that position it well to capitalize on key tailwinds through 2015 and into 2016. With better execution in software and stabilization in hardware, we think investor sentiment will become more positive, and the risk/reward at the current valuation makes Oracle shares attractive.

The Business Drivers

There are two key business drivers underlying the Oracle investment case, bolstered by strong financials that round out our Top Pick thesis:

1. The second release of Oracle's *12c* database product should bring broader adoption of the new in-memory and multi-tenancy options, which are crucial to better speed and performance in the cloud and can reinvigorate the company's license growth.

2. Oracle's cloud products are more mature and emerging from the intensive development stage. Recent results suggest that an acceleration of cloud revenue growth is possible since the company can now focus on go-to-market, which should lift investor sentiment on the name, given the importance of the cloud business from a longer-term perspective.

Oracle has a healthy balance sheet and cash flow that support aggressive buybacks and a dividend. In addition, disruptions from internal changes such as a more cloud-ready sales force are seemingly in the past.

Upside/Downside Scenarios

Our upside case is based on a FCF multiple of 17x, a premium to the peer average. With better execution on the top line due to faster-than-expected adoption of *12c* specifically, we think that investor sentiment would become much more positive. Additionally, margins have been stable and we see little short- to medium-term risk here in spite of greater contribution from cloud businesses. Our downside case is based on an 11x FCF multiple, a discount to large-cap peers that we think is unlikely due to solid performance and intact tailwinds.

Valuation Analysis

Our CY16 FCF estimate of ~$13.88bn yields a price target of $48 using a target FCF multiple of 15x, which we think is reasonable given Oracle's opportunities for accelerating growth and strong cash return profile. We still view the *12c* product cycle (which should kick in more fully in 2H15 and into 2016) and better cloud adoption as the core drivers of our Overweight rating.

Technology | U.S. Software

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 48.00
Price (25-Mar-2015)	USD 42.93
Potential Upside/Downside	+12%

Market Cap (USD mn)	187478
Return on Equity TTM (%)	23.33
Dividend Yield (%)	1.4

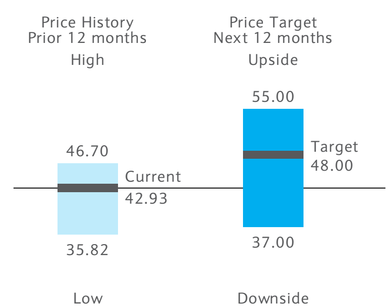
Source: Thomson Reuters

EPS USD

FY May	EPS	P/E
2014	2.87A	14.9
2015	2.83E	15.2
2016	2.88E	14.9

Source: Barclays Research.

Upside/Downside scenarios



AMERICAN TOWER CORP. (AMT)

Amir Rozwadowski
1.212.526.4043
amir.rozwadowski@barclays.com
BCI, New York

The Investment Case

American Tower remains well positioned to benefit from the continued growth in wireless data traffic as a global provider of infrastructure services to leading wireless carriers. While FX tempers near-term organic growth and the pace of domestic spending slowed over 2014, we believe the company's longer-term contracts help to mitigate near-term fluctuations. Moreover, AMT's position in the international markets is unique among its peers, allowing it to benefit from both the expansion of network coverage and the need to improve capacity requirements in markets such as Mexico, Brazil, and India. With the acquisition of Verizon's tower assets effectively elongating its domestic growth cycle, we believe AMT is an attractive way to gain exposure to a segment of the wireless ecosystem that has healthy growth, is relatively immune to pricing pressure, has comparatively higher margins, and is highly cash generative.

The Business Drivers

American Tower's business is tied to the growth in wireless operators' need to support rising data traffic over their networks. As wireless operators invest in their networks to improve network quality – one of the primary means by which wireless operators look to differentiate their service – tower operators such as American Tower are often called upon to improve network quality.

The tower model consists of a business that typically reflects a relatively high margin (> 60%), even though the business may be categorized as not capital intensive, either for tower acquisitions or from a maintenance standpoint. This means that once the company's investment phase is complete, investors' focus will likely shift from growth to cash flows and the ensuing shareholder returns.

Upside/Downside Scenarios

Our upside/downside scenarios are tied to AMT's growth prospects. Our upside case of $120 assumes a marginally improved growth rate of 12% in 2015. Given AMT's acquisitive nature, we believe it can continue to realize growth opportunities in the emerging markets, such as Latin America, India, and Africa. Realization of these opportunities could result in faster-than-expected sales growth, which drives our upside case.

Our downside case of $85 assumes a discounted 17x 2015E adjusted funds from operations (AFFO) multiple, in the event rising interest rates and a more mature growth profile impact its valuation. It also reflects risks from a potential rise in Treasury yields, which would raise the cost of acquisition capital for the company, and thus temper growth.

Valuation Analysis

Our price target of $110 is based on ~21x 2016E AFFO. We believe the premium to peers is justified because our estimates factor in the incremental shares issued to finance the Verizon tower transaction but not the incremental AFFO from the deal, which is yet to close.

Telecommunications | U.S. Telecom Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	USD 110.00
Price (25-Mar-2015)	USD 95.47
Potential Upside/Downside	+15%

Market Cap (USD mn)	40342
Return on Equity TTM (%)	21.40
Dividend Yield (%)	1.7

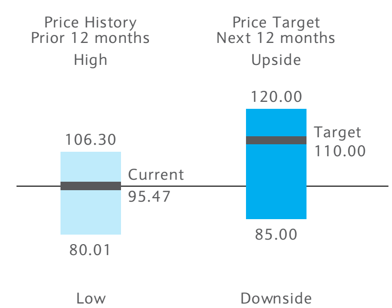
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	2.00A	47.7
2015	2.11E	45.2
2016	2.68E	35.6

Source: Barclays Research.

Upside/Downside scenarios



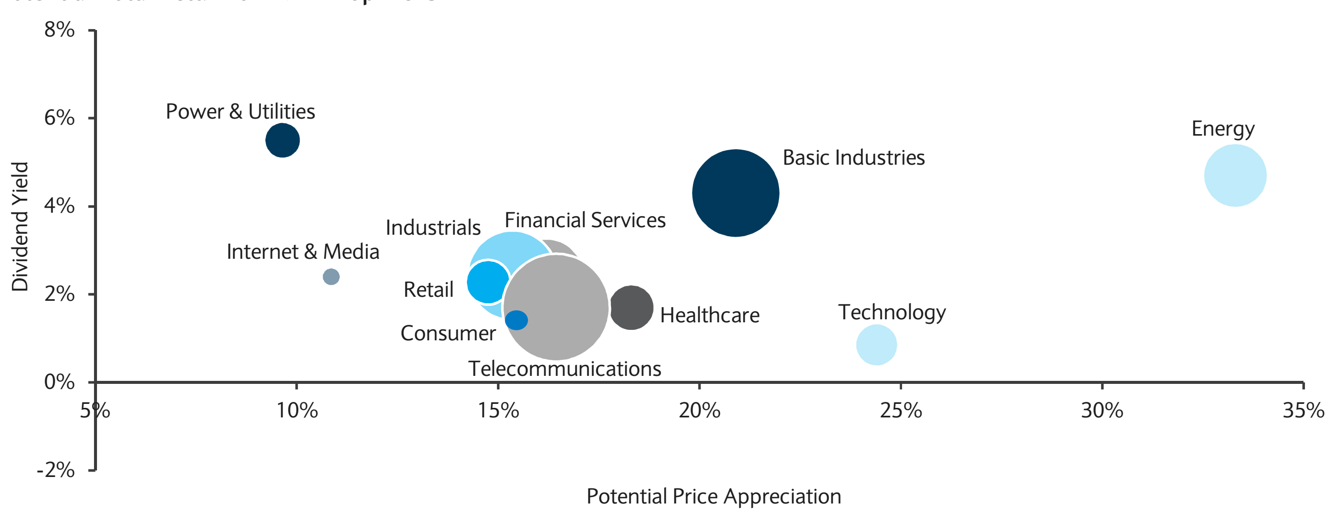
EMEA

Our EMEA Quarterly Top Picks update comes at an interesting juncture for European markets. The sharp run-up YTD (SXXP +16% at the time of pricing) leaves a number of our bottom-up analysts struggling for conviction and as a result we are reducing the number of stocks in our list from 40 to 30. That said, our Equity Strategists remain positive on Europe, believing that the long-awaited recovery in earnings is likely to remain supportive of further outperformance. Of our 30 selections, 11 come from Continental Europe including a number of names exposed to cyclical recovery (Solvay, Renault, Capgemini, Alcatel). Credit Suisse also joins the list, replacing ING, given our continuing confidence on it as a business transformation story. In the UK, we present a further 11 names, including TUI which replaces Whitbread as our favoured Leisure stock, on long-term opportunities for market leadership coupled with high expectations into their forthcoming CMD . Two removals in Staples (Danone and Pernod-Ricard) chime with our cautious top-down stance on that space. In addition, Carrefour, Prudential, Whitbread, Luxottica, British Land and Savills leave the list as they no longer have sufficient upside to price target to merit inclusion.

Our list is completed by a further eight emerging market stocks. Our CEEMEA analysts have taken the opportunity to switch a number of preferences with AngloGold, Akbank and Sasol going in and Gold Fields, Halkbank and Life Healthcare coming out.

There is potential for 18.5% upside to our price targets under our base case. If our most optimistic scenarios play out, this could rise to 47.8%, with the risk of losing 22.4% if our downside cases materialise. This implies a risk reward skew of 2.1:1. Our Top Picks have an average market capitalization of US$19.4bn, trade on a 12-month forward P/E of 17.2x and offer a 12-month forward dividend yield of 2.8%.

Potential Total Return of EMEA Top Picks



Source: Barclays Research, Thomson Reuters

Top Picks added and removed since previous EMEA Top Picks report on 8 December 2014

Date Published	Industry	Analyst	Added	Removed
18-Dec-2014	European Transportation	Oliver Sleath	–	International Consolidated Airlines Group *
5-Jan-2015	European Food & HPC	Cedric Besnard	Danone	–
21-Jan-2015	European Medical Supplies & Devices	Alexander Kleban	Grifols SA	Coloplast
23-Jan-2015	Emerging Markets General Retail & Transportation	Boris Vilidnitsky	–	Magnit
26-Jan-2015	South Africa Insurance	Larissa Van Deventer	Sanlam Limited	–
30-Jan-2015	European Media	Nick Dempsey	Daily Mail & General Trust Plc	WPP
11-Feb-2015	UK Homebuilding	Jon Bell	Redrow	Barratt Developments
18-Mar-2015	South Africa Insurance	Larissa Van Deventer	–	Sanlam Limited
20-Mar-2015	South Africa Banks & Diversified Financials	Nicholas Watts	–	Investec Ltd.
24-Mar-2015	European Oil & Gas: E&P	James Hosie	–	Ophir Energy Plc
29-Mar-2015	African Precious Metals	Andrew Byrne	AngloGold Ashanti Ltd.	Gold Fields Ltd.
29-Mar-2015	Emerging Markets Banks	Cristina Marzea	Akbank	Halkbank
29-Mar-2015	Emerging Markets Healthcare	Simon Mather	–	Life Healthcare
29-Mar-2015	Emerging Markets Oil & Gas	Caroline Learmonth	Sasol Limited	–
29-Mar-2015	European Banks	Jeremy Sigee	Credit Suisse Group AG	ING
29-Mar-2015	European Beverages & Tobacco	Simon Hales	–	Pernod-Ricard SA
29-Mar-2015	European Food & HPC	Cedric Besnard	–	Danone
29-Mar-2015	European Food Retail	Nicolas Champ	–	Carrefour
29-Mar-2015	European Insurance	Alan Devlin	–	Prudential Plc
29-Mar-2015	European Leisure	Patrick Coffey	Tui AG	Whitbread Plc
29-Mar-2015	European Luxury Goods	Julian Easthope	–	Luxottica Group SpA
29-Mar-2015	European Real Estate	David Prescott	–	British Land
29-Mar-2015	UK Property Services	Jon Bell	–	Savills Plc

Source: Barclays Research

*Barclays Bank PLC is a Connected Party in the potential takeover of Aer Lingus by International Consolidated Airlines Group (IAG). As Barclays does not have a rating on IAG, it was therefore removed from 'Top Picks'.

ANGLOGOLD ASHANTI LTD. (ANGJ.J)

Andrew Byrne
+ 44 (0)20 3555 7919
andrew.byrne@barclays.com
Barclays, London

The Investment Case

AngloGold is our Top Pick, replacing Gold Fields. Despite strong YTD performance, we believe that there is meaningful upside to the current share price and, crucially, short-term catalysts to drive earnings upgrades and a valuation multiple re-rating. After a tumultuous 4Q 14, we believe AngloGold enters 2015 in good shape; the company's balance sheet remains robust with ample liquidity and there is a clear strategy being executed by management to reduce costs across the portfolio and deliver meaningful free cashflow from 2016 onwards. Whilst we remain Overweight on Gold Fields, we believe AngloGold has a more compelling investment case post the disappointment of the announcement of the revised South Deep strategy at Gold Fields.

The Business Drivers

The gold price remains the key driver. Other catalysts include: (1) Portfolio restructuring will see asset sales either remove marginal production ounces or projects from the portfolio. (2) In South Africa, AngloGold can cut R200/tonne (US$100/oz) from its cost base over the next 24 months as it restructures operations by reducing shaft footprints, collapsing management structures and improving productivity. (3) We expect the cost base to benefit from local deflation as labour and energy costs drop through 2015. We expect recent dollar strength to benefit USD cost comparisons and offset USD gold price declines.

Upside/Downside Scenarios

Upside risks include the following: (1) AngloGold spends cUS$150mn pa on exploration in Colombia. It has committed to either selling the assets or finding JV partners; progress would see the double benefit of reduced cash outflow/ proceeds inflow and higher group EBITDA due to lower exploration spend. (2) Obuasi – After a challenging three years, AngloGold appears to be coming to grips with the asset. With retrenchment of the workforce completed, the asset no longer has the employee liability overhang that prevented AngloGold having discussions around the strategic future of the asset. We believe AngloGold is now in a position to either close or dispose of the asset (whole or part sale). Despite its significant reserve and resource base, Obuasi attracts a zero (or negative) valuation; thus we believe any update is likely to be viewed positively.

Apart from a lower gold price, the key downside risk is the potential for strikes in South Africa, but we believe this risk has been overemphasised. Whilst we recognise the importance of SA cash flows, our analysis only shows AngloGold breaching its 3.5x debt covenants should gold average below US$1,100/oz through 2015 and strikes in South Africa last more than eight weeks.

Valuation Analysis

AngloGold is trading at a 46% 2015E EV/EBITDA (4.6x) discount to our international gold coverage. With unit costs and balance sheet leverage at similar levels to peers, we believe this discount is unjustified and expect meaningful outperformance as concerns around the company's balance sheet subside.

Basic Industries | African Precious Metals

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	ZAR 160.00
Price (25-Mar-2015)	ZAR 118.16
Potential Upside/Downside	+35%

Market Cap (ZAR mn)	94437
Return on Equity TTM (%)	-1.96
Dividend Yield (%)	N/A

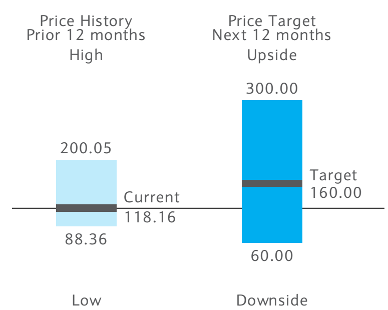
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	-0.32A	N/A
2015	1.00E	10.0
2016	1.31E	7.6

Source: Barclays Research.

Upside/Downside scenarios



SOLVAY SA (SOLB.BR)

Andreas Heine
+44 (0)20 7773 6210
andreas.heine@barclays.com
Barclays, London

Alex Stewart, CFA
+44 (0)20 3555 4957
alex.stewart@barclays.com
Barclays, London

The Investment Case

Solvay is both a growth and transformation story. A new, more focused company should enhance the quality of the group which, in turn, could lead to a higher valuation. The 'Value Drivers' represent 40% of sales but 60% of fair value. We see Aroma Performance, Rare Earth, H_2O_2 and fluoro specialties as attractive niches. Each is small but, when combined, add significantly to the quality of the company. As Solvay morphs, the quality of these core assets should become more evident.

The Business Drivers

Solvay's latest guidance statement confirms the company's expectation for double-digit EBITDA growth in 2015. The ongoing EUR weakness should complement organic progress to deliver 16% growth in 2015 and 9% in 2016. Silica, Specialty Plastics and Soda Ash are likely to be the main earnings drivers in 2015 and management recently appeased concerns regarding the impact of lower oil prices on Novecare, as well as confirming no underlying margin issue at Acetow.

Upside/Downside Scenarios

In our upside case, we expect stronger momentum for the growth drivers. This should help Advanced Materials and Advanced Formulations to improve earnings rapidly, but should also help Polyamide to improve profitability.

The downside case is less pronounced earnings momentum at Soda Ash and a more pronounced decline when the market becomes oversupplied in 2017. It would also include no recovery of volume in Acetow and a more severe impact of lower demand from the oil industry at Novecare/Chemlogics.

Valuation Analysis

Our €154 price target is derived from our DCF model. Using comparative EV/EBITDA multiples for the peer group would suggest a share price of €180 for Solvay. Even adjusting for the above-average capital intensity (Solvay's capex/sales is 2pp higher than the average) a peer group comparison would deliver a share price value of €147 and €155 on 2015E and 2016E multiples, respectively. We use a simplified DCF model based on mid-cycle margins to derive the multiples for each business line. This approach delivers DCF values of €151 and €164 as of end-2015 and end-2016, respectively.

Basic Industries | European Chemicals

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	EUR 154.00
Price (25-Mar-2015)	EUR 134.95
Potential Upside/Downside	+14%

Market Cap (EUR mn)	11430
Return on Equity TTM (%)	4.78
Dividend Yield (%)	1.9

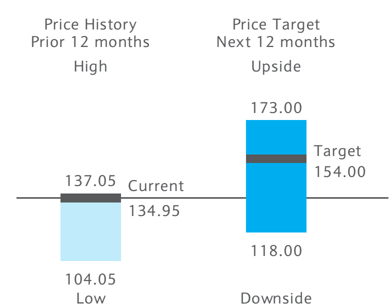
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	7.63A	17.7
2015	9.32E	14.5
2016	11.07E	12.2

Source: Barclays Research.

Upside/Downside scenarios



GLENCORE (GLEN.L)

Ian Rossouw
+44 (0)20 3555 2620
ian.rossouw@barclays.com
Barclays, London

David Butler
+44 (0)20 3134 5756
david.s.butler@barclays.com
Barclays, London

Amos Fletcher
+44 (0)20 7773 2225
amos.fletcher@barclays.com
Barclays, London

Lourina Pretorius
+44 (0)20 3555 4423
lourina.pretorius@barclays.com
Barclays, London

The Investment Case

The various strands to the Glencore investment case remain powerful, in our view. These are principally very strong earnings growth driven by volumes, most of which is coming at very attractive capital intensities, impressive cost reduction and intriguing supply/demand fundamentals over the next two to three years in a number of the company's principal commodity exposures – in particular copper, zinc and nickel.

The Business Drivers

The acyclical nature of its marketing business delivers steady returns and cash flows even in a falling commodity price environment. Moreover, the lack of iron ore exposure is also attractive. Management has shown it is listening to shareholders with a buyback, while the company's strong prospective FCF yields are supportive of further increased shareholder returns. All of this is driving one of the strongest EPS growth profiles among the majors.

Upside/Downside Scenarios

The company's biggest risk has been to coal prices but these have shrunk to such a large extent that the coal division's contributions to EBIT using spot prices is 6% (-4% using our forecasts). However, if other commodity prices come under pressure, particularly base metals, Glencore's earnings and cash flow would be impacted most amongst the diversifieds.

Assuming 20% lower prices compared to our price deck, the downside scenario delivers 116p fair value. Conversely, assuming 20% upside to commodity price, the upside would deliver a valuation of 598p.

Valuation Analysis

The company is trading on highly attractive medium term earnings multiples on our price deck which assumes rising base metal prices over the next couple of years: 2015-16E P/Es of 19.0x and 9.9x, respectively, and significant ramp-up in FCF at 7.7% and 12.9% respectively (8.7% and 10.3% on spot), well in excess of the dividend yield, implying upside to increasing capital returns, in our view.

Basic Industries | European Mining

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	GBp 340.0
Price (25-Mar-2015)	GBp 302.1
Potential Upside/Downside	+13%

Market Cap (GBP mn)	39502
Return on Equity TTM (%)	4.72
Dividend Yield (%)	3.9

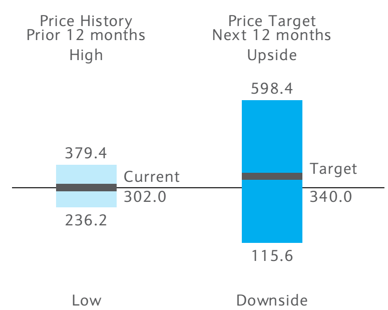
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.33A	13.7
2015	0.25E	17.7
2016	0.49E	9.2

Source: Barclays Research.

Upside/Downside scenarios



NORILSK NICKEL (NKELYQ.L)

Vladimir Sergievskiy
+44 (0)20 3555 5187
vladimir.sergievskiy@barclays.com
Barclays, London

The Investment Case

Norilsk Nickel is one of the most profitable diversified miners with a compelling commodity basket (Ni, Cu, PGMs), which has received a strong tailwind from the sharp devaluation of the Russian rouble. On top of a favourable set of external factors, the company is going through an internal efficiency turnaround and is committed to distributing at least 50% of EBITDA in the form of dividends, which we expect to translate into a double-digit dividend yield.

The Business Drivers

Attractive commodity basket. We believe Norilsk has one of the most promising commodity baskets among global diversified miners: no exposure to bulk commodities, and >65% of metal revenues are coming from Ni and Pd sales, commodities which have the potential to see structural deficits.

Rouble devaluation. Sharp devaluation of the local currency has further strengthened Norilsk's cost curve position, providing a strong tailwind to earnings and cash flows: on our estimates, every 10% move in the USD/RUB rate drives Norilsk's EBITDA by 6% and FCFE by 15%.

Ongoing operational turnaround. The new management team (which arrived in early 2013) has already delivered substantial cost savings, but still sees further potential for efficiency improvements. In particular, the recently introduced reconfiguration of the downstream footprint should have a c.$0.45bn EBITDA impact by 2018, while progress on non-core asset divestments and introduction of the new upstream strategy (expected to be released in 2Q15) should provide additional benefits.

Sector-leading dividend policy. Norilsk Nickel is committed to distributing at least 50% of its EBITDA in the form of regular dividends (at least $2.0bn pa), while its recent approach to determining a special dividend indicates Norilsk's intention to pay out its entire FCFE to shareholders.

Upside/Downside Scenarios

The upside case for Norilsk Nickel is primarily driven by outperformance in commodity prices and rouble devaluation: a 10% increase in our commodity price deck brings our fair price per share in the upside scenario to $32 per GDR. The downside scenario (10% lower commodity price curves) suggests an NPV per share of $12.

Valuation Analysis

Norilsk Nickel is currently trading on 8.7x marked-to-market P/E 2015E, which is not far from the bottom of its historical valuation range. We believe that meaningful benefit from rouble devaluation together with a positive outlook for the company's commodity basket promises to create a healthy tailwind to 2015 earnings and cash flows.

Basic Industries | Russian Metals & Mining

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 22.00
Price (25-Mar-2015)	USD 18.11
Potential Upside/Downside	+21%

Market Cap (USD mn)	28802
Return on Equity TTM (%)	6.90
Dividend Yield (%)	6.4

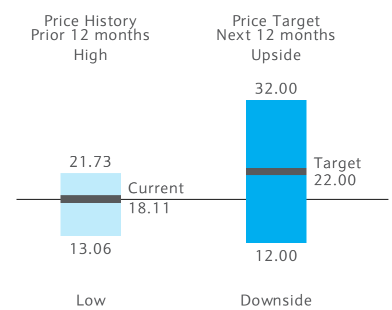
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2013	0.49A	37.0
2014	2.05E	8.9
2015	2.40E	7.6

Source: Barclays Research.

Upside/Downside scenarios



ULKER (ULKER.IS)

Hanzade Kilickiran
+44 (0)20 3134 7177
hanzade.kilickiran@barclays.com
Barclays, London

Batuhan Karabekir
+44 (0)20 3555 3969
batuhan.karabekir@barclays.com
Barclays, London

The Investment Case

Ulker stands out from the crowd on two counts. First, its growth potential, which mostly relates to the additional room it has to expand margins towards global industry averages. Second, we believe it is a stock that offers potential for significant total shareholder returns (40% vs. 20% for its global peers during 2014-16E). From 2010 to 2014, Ulker grew its revenues at a CAGR of 17%, while boosting its EBITDA margin from 4.4% to 11.5%. We think there is scope for margins to expand to 12.0-12.5% in 2015 and further towards 14% in the medium term. 2014 was a difficult year but margins recovered strongly in 4Q and we believe Ulker now enters 2015 ready to reap the benefits of its price adjustments in 2014. Potential catalysts for share price performance include Ulker's ambitions to grow in the Middle East through acquisitions and improved earnings momentum.

The Business Drivers

Ulker generates 82% of its revenues in Turkey, a fast-growing and traditional food market. This is a consolidated market where two local players, Ulker and Eti, control c.90% of the biscuits segment and the multinational companies' share is less than 20% in chocolate. There are high barriers to entry in the Turkish market due to low production costs that local producers enjoy and the strong distribution networks of Ulker and Eti.

Structurally, we believe Ulker still has room to expand its margins by cutting the discount given to traditional channel distributors, which is high compared with global industry averages. Coupled with positive product mix and potential to cut opex through modernization investments, we look for EBITDA to grow by 21% in 2015, implying EPS growth of 18%. Currency is the risk on the EPS side, as Ulker has a TL311m short fx position that is mostly in EUR though.

Upside/Downside Scenarios

In our upside case, we include the potential acquisition of the group's Saudi Arabian and Egyptian operations and increase our EBITDA margin forecast to 15% in 2017. This points to a fair value of TL25.10.

In our downside case, we assume a decline in EBITDA margins to 13% (vs. our base case of 14%) with lower revenue growth. Furthermore, we reflect a higher country risk premium and increase our cost of equity assumption by 100bp from the base with a lower terminal growth rate (4%). This suggests a fair value of TL16.90.

Valuation Analysis

Ulker's P/E has re-rated from 21x to 27x vs. global peers on 22x P/E. We think valuations are still compelling on PEG (Ulker 1.5x vs. 3.7x for global peers).

Consumer | Turkey Retail & Consumer

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	TRY 23.10
Price (25-Mar-2015)	TRY 20.00
Potential Upside/Downside	+16%

Market Cap (TRY mn)	6840
Return on Equity TTM (%)	18.67
Dividend Yield (%)	1.4

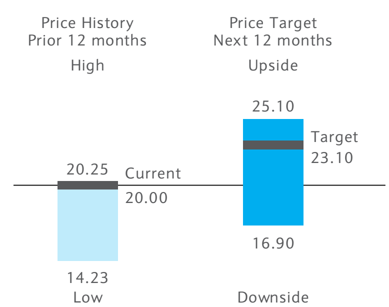
Source: Thomson Reuters

EPS TRY

FY Dec	EPS	P/E
2014	0.62A	32.3
2015	0.73E	27.3
2016	0.87E	23.1

Source: Barclays Research.

Upside/Downside scenarios



REPSOL (REP.MC)

Lydia Rainforth, CFA
+44 (0)20 3134 6669
lydia.rainforth@barclays.com
Barclays, London

Joshua Stone
+44 (0)20 3134 6694
joshua.stone@barclays.com
Barclays, London

The Investment Case

Repsol's planned US$12.9bn takeover of Talisman Energy is set to transform both the geographic exposure and business mix of the group. In doing so Repsol is, in our view, close to completing a journey that started nearly three years ago with the expropriation of its assets in Argentina. It does appear to us that Repsol has been prudent in its approach to what is achievable operationally from the assets and around the potential for optimising the combined company. There will continue to be much debate about the economics of the transaction given the current oil price, but on what we see as sensible long-run assumptions we expect the acquisition to add value – something we expect to be clearer when Repsol releases its 2016-2019 strategic plan later this year. Importantly the underlying Repsol business continues to offer a number of attractive features and with management commitment to the dividend we see the current valuation of the shares as compelling. Repsol is our Top Pick in European Integrated Oil, and we rate the shares Overweight with a €24 price target.

The Business Drivers

It has been a tumultuous two years for Repsol with the nationalization of its YPF assets forcing a sale of the LNG business before compensation was received. The end result though is a good one and Repsol has put the balance sheet to work through the acquisition of Talisman Energy. This transaction will add oil price sensitivity and does mean that the group is less of a safe haven than it was in early December but the combination of the group's 30% stake in Gas Natural, a refining business that is experiencing the highest margins in two years helped by lower energy costs and the weaker euro, a gas biased upstream business and the prospect of rapid production growth over the next two years should all be attractive features in the current environment.

Upside/Downside Scenarios

The proposed acquisition of Talisman has been greeted with some degree of scepticism that the transaction can create rather than destroy value. Our own assumption is that the transaction will be value neutral. If instead the group were able to achieve a 2% premium to the cost of capital, we estimate c€2/sh of further potential upside.

If the Brent oil price was to average $60/bl long term without any corresponding reduction in costs we see downside to €16/sh. Whilst we see this as very unlikely there are other risks for Repsol including its exposure to politically unstable countries including Libya, Venezuela and Brazil, all of which could contribute to the stock trading at a discount to our estimate of NAV.

Valuation Analysis

We value Repsol using a DCF based net asset value calculation. Our Brent oil price assumptions are $70/bl for 2015, $80/bl for 2016 and $90/bl long term. Based on this methodology we see 38% potential upside to our price target. The stock also benefits from a near 6% yield.

Energy | European Integrated Oil

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	EUR 24.00
Price (25-Mar-2015)	EUR 17.40
Potential Upside/Downside	+38%

Market Cap (EUR mn)	23920
Return on Equity TTM (%)	3.68
Dividend Yield (%)	8.1

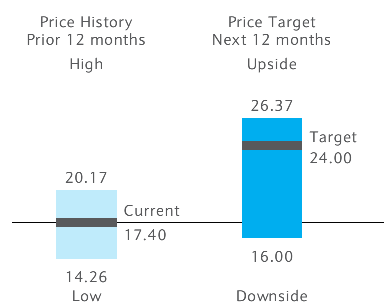
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2013	1.01A	17.2
2014	1.24E	14.0
2015	1.27E	13.7

Source: Barclays Research.

Upside/Downside scenarios



PETROFAC (PFC.L)

Mick Pickup
+44 (0)20 3134 6695
mick.pickup@barclays.com
Barclays, London

Haley Mayers
+44 (0)20 7773 4457
haley.mayers@barclays.com
Barclays, London

Energy | European Oil Services & Drilling

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	GBP 14.00
Price (25-Mar-2015)	GBP 9.88
Potential Upside/Downside	+42%

Market Cap (GBP mn)	3418
Return on Equity TTM (%)	6.23
Dividend Yield (%)	4.4

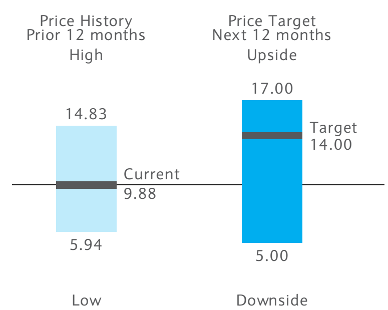
Source: Thomson Reuters

EPS GBP

FY Dec	EPS	P/E
2013	1.20A	8.2
2014	1.03E	9.6
2015	0.83E	11.9

Source: Barclays Research.

Upside/Downside scenarios



The Investment Case

With backlog rebuilt, at a margin which we believe will still be industry leading, we feel that Petrofac is on course to deliver strong earnings growth over the 2015-17F period. In an uncertain macro environment, we believe Petrofac's strong backlog and high exposure to National Oil Companies (NOCs) will help to underpin our earnings forecasts. Furthermore, FY14 results put a line under the issues that have plagued the company and de-risked the offshore construction investment, and should enable investors to once again focus on its core Engineering & Construction business.

The Business Drivers

Petrofac has two main divisions: the Engineering & Construction business (ECOM), and the development business (IES). IES has had issues in 2014, and is now being de-emphasized by management. ECOM is Petrofac's core business and operates mostly in the Middle East and North Africa serving large, established NOCs on large-scale mid- and downstream developments. These types of clients have a different motivation from that of their publicly listed Integrated Oil Company (IOC) peers, which is driven by providing income for their respective countries rather than shareholder returns. Furthermore, large mid- and downstream developments are the types of projects that tend to progress in a low oil price environment. With over 2x 2015E revenue in hand in E&C, leading to both our 2015 and 2016 E&C revenue forecasts being more than 90% covered by backlog, we feel incremental contracts will provide positive earnings momentum throughout the year.

Upside/Downside Scenarios

Upside (GBP 17.00): In this scenario order intake is better than we expect in 2015-17, boosting revenues, and existing projects start up ahead of schedule. This leads to EBITDA margins expanding by an additional 50bps from 2015E onwards. We also assume US$250mn value creation from the cUS$1bn offshore construction investment.

Downside (GBP 5.00): Due to a low oil price, projects are delayed and existing projects start up slower than expected. This leads to lower revenue growth and EBITDA margins from 2015E, some 350bps lower than in our base case. We also assume the offshore construction investment destroys US$250mn of value.

Valuation Analysis

We value the IES business on a standalone bottom-up basis, assigning US$1.2bn (GBp223p/share) of value to it, versus the company's own carrying value of US$1.8bn. Ex-IES the company will grow strongly in 2015F and 2016F, execution excepting, with the core business delivering, on our numbers GBp78/share of earnings. This places the core business on just 8.2x PE, despite the business having significant embedded growth already in backlog, new contract potential and it trading on an average PE of ca.15x over the 2007-14 period.

SASOL LIMITED (SOLJ.J)

Caroline Learmonth	James Hutchison
+27 11 895 6080	+27 11 895 6823
caroline.learmonth@barclays.com	james.hutchison@barclays.com
Absa, Johannesburg	Absa, Johannesburg

The Investment Case

We like the benefits of proactive management: the increased cost savings, the US ethane cracker being on track, a significant fall in average employee cost and the response to lower-for-longer oil prices.

Under the revised dividend policy of 2.2-2.8x cover, we assume a 2.7x average dividend cover ratio and a 1H:2H dividend split in line with guidance of 40%:60%, i.e. R17.5 for FY15. We believe that the dividend change is prudent and could still deliver an attractive yield (4.3% FY15E) vs. peers.

The Business Drivers

We believe Sasol is actively addressing a challenging macro environment – evidenced by Project Phoenix which was already underway before the severe oil price decline last year and now also by the Response Plan, which Sasol was busy with internally straight after last November's OPEC meeting.

The US ethane cracker capex is 38% of Sasol's market capitalization and successful execution is therefore key – the project represents 22% of our total Sasol group 12-month price target of R500. On our base case, group gearing would peak at 34% in FY17E. We calculate an attractive IRR of 9% and the cracker would be an important 25% of long-term profit.

Upside/Downside Scenarios

Our integrated oil & gas equity research team believes the long-run cost of supply to be US$75/bbl real. Our commodities oil research team forecasts US$51/bbl for 2015 and US$60/bbl for 2016. If oil prices tracked this commodity view for the longer term, we calculate gearing would remain manageable, peaking at 45% in FY18, with net debt/EBITDA peaking at 1.8x. In addition in our 10% weaker rand and oil price scenario (R12.73:US$1, US$67/bbl) vs. our base case we estimate that our fair value and HEPS forecasts would be unchanged, i.e. the weaker rand counters the weaker oil price almost exactly. Under this scenario we calculate gearing would peak at 36% in FY17.

Our upside case assumes a 9% strengthening of the long-term rand to R12.35:US$1, 2015 real, versus our R11.60 base case plus a 17% higher long-term oil price of US$88/bbl versus our US$75/bbl assumption (2015 real). Our downside case assumes a 4% strengthening of the rand to R10.86:US$1, 2015 real, and a 16% lower long-term oil price of US$50/bbl.

Valuation Analysis

Sasol trades on an attractive 8.6x 2015E P/E vs. peers at 14.2x and has been below the historically significant 2x price/book since late 2014. New segmental reporting emphasises chemicals – at 49% of FY15E operating profit and 61% long term. This allows comparison with US chemicals companies. Sasol was moved from the Integrated Oil & Gas JSE sector to Speciality Chemicals in late March. We maintain our Overweight rating.

Energy | Emerging Markets Oil & Gas

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	ZAR 500.00
Price (25-Mar-2015)	ZAR 415.70
Potential Upside/Downside	+20%

Market Cap (ZAR mn)	271509
Return on Equity TTM (%)	21.28
Dividend Yield (%)	4.9

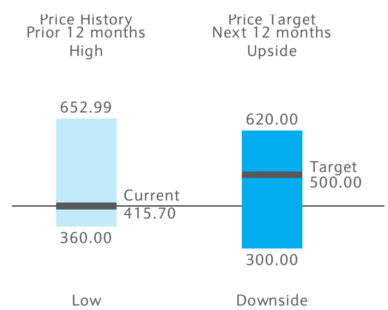
Source: Thomson Reuters

EPS ZAR

FY Jun	EPS	P/E
2014	60.16A	6.9
2015	46.45E	8.9
2016	50.36E	8.3

Source: Barclays Research.

Upside/Downside scenarios



AKBANK (AKBNK.IS)

Cristina Marzea, CFA
+44 (0)20 3555 0572
cristina.marzea@barclays.com
Barclays, London

Valentina Stoykova
+44 (0)203 1340243
valentina.stoykova@barclays.com
Barclays, London

The Investment Case

Akbank reported the highest ROA in 2014 of 1.6% among the Turkish banks we cover and we expect 12% YoY net income growth in 2015E, while management has guided for a mid-teens increase on the bottom line.

Akbank replaces Halkbank as our Top Pick in Emerging Markets Banks as we expect it to sustain its superior ROA vs. Turkish private peers in the medium term. We see the following key drivers for the stock performance: (1) it is the most cost efficient bank in a country where macro-prudential rules weigh on revenues and y/y loan growth is more tamed y/y; (2) it has one of the most conservative provisioning policies among the private banks we cover, resulting in much higher NPL coverage ratios; (3) valuations look attractive at the current level of 1.1x P/BV (2015E) given the lack of a share overhang, as Citigroup's sale of its 9.9% stake has already been completed.

The Business Drivers

We are relieved that the Fed came out with more dovish statements on 17-18 March, which takes the pressure off Turkish 10-year treasury yields and CoE for the Turkish banks in the short term. On average, every 1% increase in CoE shaves off 18% of fair value from our model for the Turkish banks we follow.

Akbank has structurally strong ROAs as it leads on cost efficiency in Turkey with 37% CIR and 1.8% costs/average assets in 2014 vs. 44% CIR and 2.3% cost/average assets for private banks. We believe cost efficiency would be a big driver for banks' profitability going forward especially now that we see loan growth stabilizing y/y for most banks we follow and macro-prudential rules weighing on banks' revenues.

Akbank's conservative provisioning policy leaves it with the highest NPL coverage ratio of 94% vs. private banks' average of 76% as of end-2014. This makes Akbank better positioned in a deteriorating NPL cycle as it has a better provisioning cushion to absorb worsening NPLs.

Upside/Downside Scenarios

We currently see 27% upside potential for Akbank to our price target of TRY10.16. In our upside scenario (oil prices stay low or fall further, alleviating inflation pressures and helping the current account deficit) we could see Akbank's price going to TRY13.78 (36% above our price target). In our downside scenario (asset quality deterioration, interest rates in the US increase steeply and Turkish rates follow, oil price goes up) we see 36% downside potential to TRY6.53.

Valuation Analysis

Akbank is currently trading on 7.6x 2016E P/E – on par with private bank peers in Turkey despite its superior 2016E ROE of 13.6% vs. 13% for the rest of the private banks. Akbank trades on a 27% discount on 2016E P/E and a 33% discount on 2015E P/BV vs. CEEMEA banks. We believe the valuation gap should narrow, given Akbank's 2016E ROE equals that of CEEMEA banks.

Financial Services | Emerging Markets Banks

Stock Rating	OVERWEIGHT
Industry View	NEGATIVE
Price Target	TRY 10.16
Price (25-Mar-2015)	TRY 8.01
Potential Upside/Downside	+27%

Market Cap (TRY mn)	32040
Return on Equity TTM (%)	14.00
Dividend Yield (%)	1.8

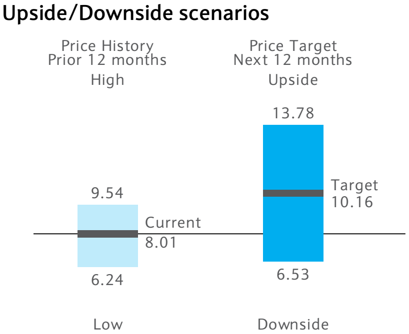
Source: Thomson Reuters

EPS TRY

FY Dec	EPS	P/E
2014	0.84A	9.5
2015	0.95E	8.4
2016	1.05E	7.6

Source: Barclays Research.

Upside/Downside scenarios



CREDIT SUISSE GROUP AG (CSGN.VX)

Jeremy Sigee
+44 (0)20 3134 3363
jeremy.sigee@barclays.com
Barclays, London

Kiri Vijayarajah
+44 (0)20 3134 5745
kiri.vijayarajah@barclays.com
Barclays, London

Paulina Sokolova
+44 (0)20 3555 5970
paulina.x.sokolova@barclays.com
Barclays, London

The Investment Case

Credit Suisse replaces ING as our Top Pick among European banks. CS is making strong progress on capital and leverage, with substantial balance sheet reduction, and added impetus as new management take the reins. The reshaping should strengthen capital adequacy, and pave the way for dividend growth. Importantly it should also boost group returns on equity. Both main businesses have potential to surprise with improving profit trends from here, and the rebalancing from IB to higher-return, higher-growth WM will be welcomed too. We see scope for the shares to re-rate from the current 1.2x tangible book to 1.4x or more as these positives are confirmed.

The Business Drivers

The Wealth Management mix shift towards lower-margin UHNW clients look to have stabilised, meaning self-help levers such as increased mandate penetration and re-pricing, cross-selling and cost-cutting can start to boost margins. Meanwhile, the incoming CEO will be looking for growth opportunities in Asia, and has a strong track. Credit Suisse is already on the right trajectory to meet expected leverage requirements, whilst further deleveraging in the investment bank gives a welcome refocus towards more profitable areas, and provides a useful boost to capital ratios too.

Upside/Downside Scenarios

Upside scenario involves the bank re-rating to 2x TBV, reflecting the core business RoE of 20%.

Our downside scenario involves a de-rating of the stock to 0.8x TBV, at the bottom end of its peer group.

Valuation Analysis

Credit Suisse shares currently trade on 1.2x trailing tangible book value. This is commensurate with near-term structural RoTE of 12% (based on 2016 consensus earnings and required capital levels of 12% CET1/RWAs and 3.25% CET1/leverage).

However, RoTE should improve more meaningfully than this, with the run-off of non-strategic activities, core bank restructuring efforts already underway, and potential further reshaping under the new management.

Our price target of SFr30 represents 1.4x trailing tangible book value, reflecting medium-term RoTE potential around 15% and cost of equity around 11%. The valuation should benefit from decent growth in book value too.

Financial Services | European Banks

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	CHF 30.00
Price (25-Mar-2015)	CHF 25.71
Potential Upside/Downside	+17%

Market Cap (CHF mn)	41320
Return on Equity TTM (%)	3.81
Dividend Yield (%)	2.7

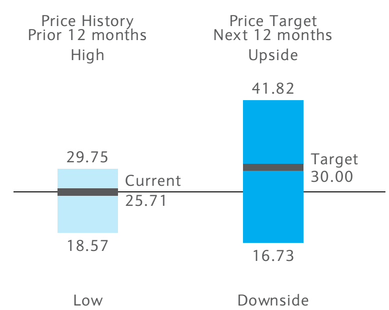
Source: Thomson Reuters

EPS CHF

FY Dec	EPS	P/E
2013	1.26A	20.5
2014	1.17E	22.0
2015	2.06E	12.5

Source: Barclays Research.

Upside/Downside scenarios



SCHRODERS PLC (SDR.L)

Daniel Garrod
+44 (0)20 7773 3812
daniel.garrod@barclays.com
Barclays, London

Toni Dang, CFA
+44 (0)20 3134 3837
toni.dang@barclays.com
Barclays, London

Shamoli Ravishanker
+44 (0)20 7773 0015
shamoli.ravishanker@barclays.com
Barclays, London

The Investment Case

Schroders is our Top Pick due to its gearing to Equities flow improvement, a strong Multi-Asset offering and good fund performance. Over 60% of group revenues are derived from outside of the UK, offering attractive diversification at a time of increasing domestic revenue margin pressures. Inflow rate has been strong, particularly in higher-margin Intermediary, averaging over 9% annualized flow rate at 2014. Management is typically conservative but the 2015 outlook was bullish, highlighting strong momentum in flows across all asset classes for both Institutional and Intermediary, but particularly in Multi-Asset. The Institutional pipeline is described as significant into 2015, with some success already in winning a mandate from Japan's GPIF, while the drag from Commodities funds' run-off has now largely run its course. Fund performance is strong with 78% of AUM outperforming the three-year benchmark at Dec-14.

The Business Drivers

Improving macro confidence should lead to higher industry flows into 2015 with regulatory stimulus also helping bridge the UK savings gap. However, the Retail Distribution Review may also impose pressure on manufacturing fees and encourage UK industry consolidation. Brand, competitive pricing and fund performance are becoming more and more key to dominating shelf-space at distributors. Longer-term demand is likely to be concentrated around diversified funds, income, and capital preservation products. We believe Schroders' flows are well positioned to benefit from this, with 24% AUM in the Multi-Asset category, the strongest bias amongst our listed names. Schroders also has strong brand, good performance track record, and limited superclean fund discounts offered so far. Management has been vocal in stating that the impact on its P&L from the unbundling of dealing commissions would not be material.

Upside/Downside Scenarios

If we assume SDR's FY16 flow return to FY10's level of ~£27bn and net revenues margins are maintained at 52bps, 2016E EPS could be ~211p. An 18x PE multiple and excess capital of £3.61 per share suggest an upside case of ~£41.60.

If we assume SDR's FY16 flow slowdown is severe to £0bn and net revenue margins fall to 50bps, 2016E EPS might be only ~190p. A 12x PE multiple and excess capital of £3.61 per share suggest a downside case of £26.40.

Valuation Analysis

We highlight that 16.6x headline PE (or ~14.6x adjusted for £1bn excess cash) does not look stretched vs. a sector average of 14.4x and is at a discount to the through-the-cycle average of 17x. We believe the shares are good value for ~11% three-year EPS CAGR. We value SDR at a premium to the sector, reflecting our increased confidence around positive flow outlook, ability to protect revenue margins and good cost discipline. Bias to Multi-Assets and strong Asian distribution positions the firm well, with excess cash creating opportunities for bolt-on acquisitions.

Financial Services | European Diversified Financials

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	GBp 3580.0
Price (25-Mar-2015)	GBp 3343.0
Potential Upside/Downside	+7%

Market Cap (GBP mn)	9011
Return on Equity TTM (%)	17.19
Dividend Yield (%)	2.3

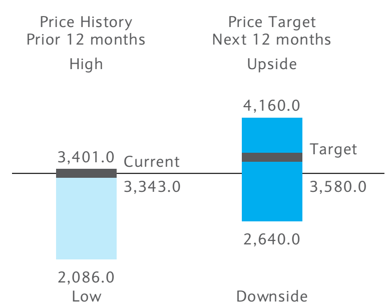
Source: Thomson Reuters

EPS GBp

FY Dec	EPS	P/E
2014	161.5A	20.7
2015	184.9E	18.1
2016	201.3E	16.6

Source: Barclays Research.

Upside/Downside scenarios



ISRAEL DISCOUNT BANK (DSCT.TA)

Tavy Rosner
972.3.623.8628
tavy.rosner@barclays.com
Barclays, London

The Investment Case

We view Israel Discount Bank as a restructuring story given the high cost base that has been weighing on the bank's performance metrics. However, in August 2014 DSCT's new management introduced a five-year strategic plan for the bank, which we view as ambitious and which we believe has the breadth to bring ROE to 7.7% in 2015E and 8.5% in 2016E. Trading at a 35% discount to its historical average, we believe the valuation doesn't give management credit for its strategic plan.

The Business Drivers

DSCT's strategic plan has two key pillars: 1) long-term growth and profitability, and 2) efficiency and expense management. On the growth side, we estimate the bank has room to expand its currently low market share in the SME loan and Consumer loan segments, primarily by increasing cross-selling to its existing customers and by focusing employees' efforts.

On the expense side, the bank is working towards decreasing the group's net headcount by over 1,000 employees by 2019 (around 10% of the workforce), which could primarily be achieved through natural attrition and early retirement. As of year-end 2014, DSCT indicated 395 employees had already taken part in the early retirement schemes.

Upside/Downside Scenarios

Despite management's early signs of success, we believe that some investors are currently waiting for steady results. Our target multiple could prove conservative if investors gain confidence that DSCT will be able to deliver on its strategic plan, and we could see the shares trading around ILS 8.5, implying 0.6x 2016E BVPS.

Given the depressed multiple we see limited downside from here, but we do believe the stock could revisit ILS 6.0 (0.4x 2016E BVPS) if results are disappointing over the coming couple of quarters and if the management doesn't deliver on its upcoming strategic plan.

Valuation Analysis

Trading at 0.45x 2015E BV, a 35% discount to its historical average, we believe the valuation doesn't give new management credit for its strategic plan, which we believe has the breadth to bring ROE to 7.7% in 2015 and 8.5% in 2016. Our ILS 7.5 price target, based on what we view as an undemanding 0.5x 2016E BV, implies 12% upside potential from here.

Financial Services | Israel Banks

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	ILS 7.50
Price (25-Mar-2015)	ILS 6.67
Potential Upside/Downside	+12%

Market Cap (ILS mn)	7029
Return on Equity TTM (%)	4.68
Dividend Yield (%)	N/A

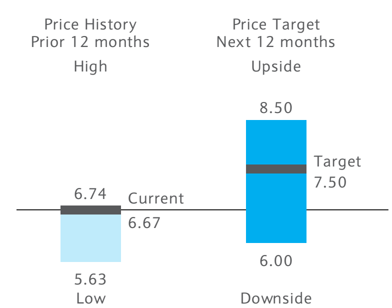
Source: Thomson Reuters

EPS ILS

FY Dec	EPS	P/E
2014	0.57A	11.8
2015	0.97E	6.9
2016	1.15E	5.8

Source: Barclays Research.

Upside/Downside scenarios



GRIFOLS SA (GRLS.MC)

Alexander Kleban
+44 (0)20 3555 2155
alexander.kleban@barclays.com
Barclays, London

The Investment Case

We value Grifols on a long cycle view and see this as the biggest upside opportunity in our coverage at the moment for three reasons: 1) Grifols is the leader in plasma with ~25% of the market and is well positioned over the next expansion cycle into the 2020s. 2) We believe plasma derived products will remain a 6-8% structural growth market with incremental potential from pipelines. 3) The stock does not reflect its intrinsic value, in our view, with potential near-term headwinds driving the stock price rather than long-term positives.

The Business Drivers

After the last round of industry consolidation in 2011, we estimate that three players now account for over 70% of developed market capacity. Based on our analysis and proprietary data, we believe net industry output will grow in line with demand in the 5-7% range over the medium term with a 1-2% price/mix tailwind. We think this will necessitate further expansion beyond 2020, which Grifols is well positioned to lead, supporting mid-single-digit growth.

We forecast an adjusted EBITDA margin step-down from 33% for 2013 to 30.6% in 2015E (due to launching new capacity) with >34% EBITDA margins 3-4 years after new capacity is established, supporting mid-term adjusted EPS growth in 10-12% range post 2015E.

Upside/Downside Scenarios

Grifols continues to work to expand the market for IVIG in CIDP, Alpha 1 in AAT, diabetes and cystic fibrosis as well as with albumin for Alzheimer's. Due to last liter economics, the IVIG and Alpha 1 opportunities could generate significant upside to our base case. Albumin in Alzheimer's, if successful, would be a transformative opportunity that would likely lead to a step change in capacity investment and pricing.

We believe the shares currently reflect a combination of a decline in the pdfVIII business, competition in IG and pessimism over a margin recovery. If Grifols' business model is under threat, margins could decline further and the company could meaningfully under-grow the market.

Valuation Analysis

Our €45 valuation implies 21.7x our 2016E EPS vs. an 11% 2016-19E EPS CAGR and dividend yield of 2%. Potential catalysts are Q1 results, which could be lumpy, and the June investor day, which we expect to be a positive. We think the shares can still perform in the back half of the year once a clearer picture on 2015 and 2016 expectations emerges.

Healthcare | European Medical Supplies & Devices

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 45.00
Price (25-Mar-2015)	EUR 39.95
Potential Upside/Downside	+13%

Market Cap (EUR mn)	12557
Return on Equity TTM (%)	19.76
Dividend Yield (%)	1.1

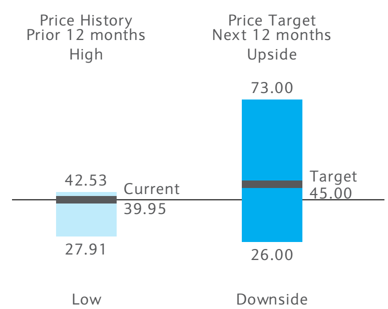
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	1.74A	22.9
2015	1.89E	21.1
2016	2.07E	19.3

Source: Barclays Research.

Upside/Downside scenarios



UCB SA (UCB.BR)

Olivia Capra
+44 (0)20 3555 2669
olivia.capra@barclays.com
Barclays, London

Mark Purcell
+44 (0)20 3134 7189
mark.purcell@barclays.com
Barclays, London

Michael Leuchten
+44 (0)20 3134 3039
michael.leuchten@barclays.com
Barclays, London

The Investment Case

We remain Overweight on UCB given its strong mix of top-line growth, margin leverage and corporate/pipeline optionality. It remains our Top Pick in EU Pharma with core franchises Vimpat, Cimzia and Neupro and operational efficiencies leading to a tripling of EBITDA by 2018E. Our deep dive on the immunology market leads to the belief Cimzia can still grow in the face of anti-TNF competition (biosimilar and branded) and we price in a bullish outlook of 2020E sales of $2.3bn vs. guidance of "at least $1.6bn". Further upside is geared towards pipeline success with two late assets in particular (brivaracetam and epratuzumab) offering the potential for significant operating leverage.

The Business Drivers

Mature franchises: The strong launch in psoriatic arthritis (PsA) for key product Cimzia should continue and is driven by clear efficacy indicators for patients and a unique pricing strategy. Our optimistic peak sales forecast stems from our deep dive on the immunology market where we see limited branded competition in PsA and Crohn's Disease as well as a robust second-line anti-TNF population amidst future first-line biosimilars. Additionally, as doctors become familiar with key drug Vimpat for monotherapy use (epilepsy) we expect a sustained double digit growth trajectory.

Pipeline: Following the acquisitions of Celltech and Schwarz Pharma, UCB has emerged as a specialty biopharma company focused on the fields of CNS, immunology and allergy. The pipeline remains robust with expected data from epratuzumab (Q2 15, Lupus), IL-17 AF (H2 15, proof of concept psoriatic arthritis), romosozumab (H1 16, osteoporosis) and approval of brivaracetam (H2 15, epilepsy) driving sentiment on the long-term growth outlook. These assets also offer the potential for existing infrastructure synergies and favourable patent box tax rates (Belgian patent box rate 6%, UK 10%).

Upside/Downside Scenarios

Our €100/share upside case assumes 1) Vimpat monotherapy drives revenues above expectation (+€3.10), 2) epratuzumab succeeds in lupus (+€2.20), 3) brivaracetam approval (+€0.50), 4) romosozumab succeeds in PMO (+€5.20) and 5) clarity over the KudCo divestment (+€3.00).

Our €63/share downside case assumes 1) Cimzia affected by therapeutic competition from new oral drugs and biosimilars (-€5.00), 2) Vimpat sales disappoint (-€3.00), 3) brivaracetam fails in epilepsy (-€4.20), 4) epratuzumab fails in lupus (-€2.20) and 5) romosozumab fails in PMO (-€8.60).

Valuation Analysis

UCB currently trades at 24x 2015E earnings, a 26% premium to mid cap peers. With a mid-term earnings growth forecast of 30% pa between 2014 and 2019 (midcap peers c13%) the stock quickly moves to a 15% discount from 2017E onwards. We value UCB equity by DCF and derive a price target of €86.

Healthcare | European Pharmaceuticals

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 86.00
Price (25-Mar-2015)	EUR 68.25
Potential Upside/Downside	+26%

Market Cap (EUR mn)	13275
Return on Equity TTM (%)	2.43
Dividend Yield (%)	1.1

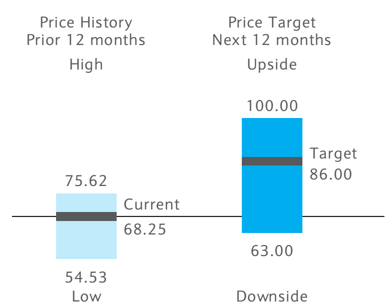
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2013	1.93A	35.4
2014	2.03E	33.6
2015	2.81E	24.2

Source: Barclays Research.

Upside/Downside scenarios



RENAULT SA (RENA.PA)

Kristina Church
+44 (0)20 3134 2199
kristina.church@barclays.com
Barclays, London

Michael Tyndall
+44 (0)20 7773 2327
mike.tyndall@barclays.com
Barclays, London

The Investment Case

We see significant upside potential at Renault which remains our Top Pick in the European auto space. We think the market has unfairly penalised Renault due to its Russian exposure. Russia is clearly still an issue with volumes falling sharply YTD but we think Russian earnings have already seen their steep decline (from close to €300m in 2013 to just above breakeven at end-2014). It is the strength of Renault's core business, i.e. its EU, non-Dacia branded cars, which we believe will drive the business to the greatest earnings momentum in 2015E and beyond and show the company's resilience from emerging markets woes. Product momentum should combine with further savings on the Nissan Alliance.

The Business Drivers

We expect volume gains to accelerate in 2015E as product renewals ramp and RNO focuses on the increased profitability of new products. The success of new B-segment vehicles and the attractiveness of new Twingo and Espace bodes well for the upcoming C- and D-segment renewal and we think consensus forecasts currently underestimate the earnings upside for 2015-16E, especially given these vehicles come on the new CMF platform. With sales to partners also growing, we think profit contributions can rise from 2015E onwards. Earnings growth should in turn generate higher cash returns and a pass-through of dividend from the core business. Valuation attracts but more importantly it is the earnings momentum that drives our Overweight rating.

Upside/Downside Scenarios

Our upside case sum of the parts puts the core Renault brand business on an EV/Sales of 25%, applies our multiples to 16E forecasts and cuts our conglomerate discount to 15% to drive a valuation of €115. Our downside case assumes demand weakness and pricing pressure in Europe, placing a -5% valuation on the core Autos business and raises our assumed conglomerate discount to 25%, which drives a valuation of €72.

Valuation Analysis

In terms of valuation, with the stub value only just teetering above negative territory despite the post-results rally, we see plenty of upside. Renault’s high Russian exposure is an overhang for the stock while macro issues remain, but we think this is more than incorporated in current price. We would never recommend a negative stub as a reason for buying Renault (or as a "cheap" way into Nissan shares) but when a negative stub coincides with upside recovery in core Renault, driven both by product renewals and the resultant greater "Monokuzuri" or Alliance savings and also an upswing in sales to other partners, we think the stock looks attractive. Our unchanged sum-of-the-parts valuation attaches just 15% EV/Sales to core Renault, takes Nissan at market cap (not applying a dividend stream model), takes 2014 reported cash position (rather than any more optimistic forward forecasts) and also applies a 20% conglomerate discount to reach our PT of €100.

Industrials | European Autos & Auto Parts

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 100.00
Price (25-Mar-2015)	EUR 81.53
Potential Upside/Downside	+23%
Market Cap (EUR mn)	24110
Return on Equity TTM (%)	5.55
Dividend Yield (%)	2.3

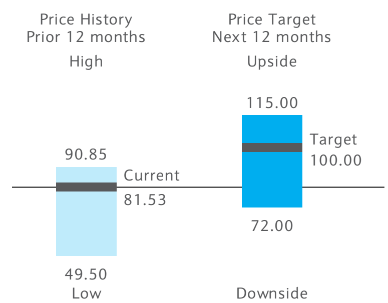
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	6.90A	11.8
2015	9.53E	8.6
2016	12.80E	6.4

Source: Barclays Research.

Upside/Downside scenarios



WOLSELEY (WOS.L)

Paul Checketts
+44 (0)20 3134 0522
paul.checketts@barclays.com
Barclays, London

Paul Sullivan
+44 (0)20 3134 3307
paul.sullivan@barclays.com
Barclays, London

The Investment Case

Wolseley is our Top Pick in European Business Services as we believe there is a multi-year opportunity for the business to gain market share across the USA. We see three fundamental sources of outperformance in the US, which accounts for 71% of group EBITA: 1) ongoing share gains in the established business, as its market-leading scale is used to achieve best-in-class product availability, delivery options and competitive prices; 2) expansion in the end market verticals where Wolseley is outside of the top two; and 3) regional growth across the US, particularly in New York, where Wolseley's market share is below average. These initiatives would further consolidate its leading position and dampen the cyclicality of its business. We think 17x CY15E PE is attractive for a business we estimate can deliver 11% 2015-18E EPS CAGR and has the potential for further capital returns as well as bolt-on acquisitions.

The Business Drivers

Market leading positions in a rationalised portfolio: Wolseley's divisions have been heavily revised since Ian Meakins joined as CEO in 2009, leaving a collection of market leaders making good returns. Wolseley's US business is the clear market leader in the plumbing & heating market, more than twice as large as the trade offering of Home Depot, the second largest competitor.

Market recovery: We see good long-term characteristics for the overall US market as RMI spending as a proportion of disposable income is still c25% below its long-term average and per household is at the same absolute level it was c15years ago.

Self-help: Wolseley has a multitude of initiatives to gain market share, expand gross margin, increase productivity and improve cash and returns such as better utilising its distribution and regional centres.

Upside/Downside Scenarios

Assuming cyclically improving demand, a turnaround in Europe and strong performance in the US would lead to EPS 10% above our 2016E base case forecasts, implying calendarised earnings of 302p. On c19x earnings, this implies a share price of 5,700p.

Disappointment in Europe and weak conditions in the US would lead to EPS 10% below our 2016E base case forecasts, implying calendarised earnings of 247p. On c15x earnings this implies a share price of 3,800p.

Valuation Analysis

17x CY15E PE, falling to 15x in 2016E is attractive for a business we estimate can deliver 11% 2015-18E EPS CAGR, plus a 2.5% 2015E dividend yield and c4% from a combination of capital returns/bolt on acquisitions. The key risks are a slowdown in the US economy or a thematic shift from businesses with high US exposure to those with high European exposure.

Industrials | European Business Services

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	GBp 4700.0
Price (25-Mar-2015)	GBp 4065.0
Potential Upside/Downside	+16%

Market Cap (GBP mn)	10571
Return on Equity TTM (%)	16.97
Dividend Yield (%)	2.1

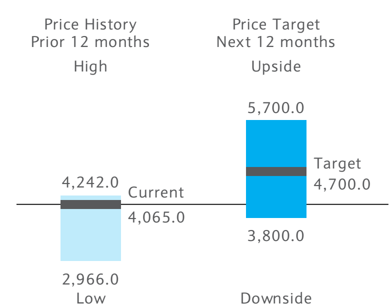
Source: Thomson Reuters

EPS GBp

FY Jul	EPS	P/E
2014	196.2A	20.7
2015	224.3E	18.1
2016	262.4E	15.5

Source: Barclays Research.

Upside/Downside scenarios



SCHNEIDER ELECTRIC SA (SCHN.PA)

James Stettler, CFA
+44 (0)20 3134 4802
james.stettler@barclays.com
Barclays, London

Lars Brorson
+44 (0)20 3134 1156
lars.brorson@barclays.com
Barclays, London

David Vos, CFA
+44 (0)20 7773 5629
david.vos@barclays.com
Barclays, London

Rizk Maidi
+44 (0)20 3134 3474
rizk.maidi@barclays.com
Barclays, London

The Investment Case

Schneider remains one of the best positioned companies in our coverage universe with a portfolio built around productivity and energy efficiency. Management appears more committed than ever to improving its already efficient operations with the new 2015-17 program. Growth targets are achievable, in our view, aided by easier comps, pricing power and increasing service share (especially on the higher value added segment). The era of large deals appears over for now with capital allocation increasingly tilted towards shareholder remuneration (a €1.0-1.5bn share buyback is planned), leaving some room for bolt-on deals. The Invensys integration is to be completed in March as planned. Infrastructure is probably now at trough and we feel more comfortable with growth opportunities in data centres. Schneider remains our Top Pick in the sector and we reiterate our Overweight stance with a price target of €80.

The Business Drivers

The low voltage and automation markets are characterised by strong pricing power. Demand is driven by industrial production in addition to the growing trend to improve energy efficiency and productivity. Over the past 20 years, the company has built global leadership positions across all major markets in the core automation and electrical distribution segments.

Upside/Downside Scenarios

Our €85 upside case is based on a scenario where construction markets in Europe and the US pick up materially, combined with higher utility spending. This would likely also drive a re-rating.

Our €60 downside case is based on a scenario where construction markets in Western Europe continue to slow and we see slower growth in North America and emerging markets than expected.

Valuation Analysis

Schneider trades in line with the sector on a 2016E 11.6x EV/EBITA multiple and at a discount in terms of forward PE (13.8x vs. 16.7x). This may reflect lingering concerns about large future deals and lower growth, especially in emerging markets. We continue to argue for a sector premium based on a superior medium term growth outlook, margin potential as growth returns, pricing power and cash generation (9% FCF margin over past years vs. sector average of 6%). Our target forward EBITA multiple – based on Barclays' capital goods framework – is 12.5x.

Industrials | European Capital Goods

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 80.00
Price (25-Mar-2015)	EUR 71.90
Potential Upside/Downside	+11%

Market Cap (EUR mn)	42028
Return on Equity TTM (%)	9.59
Dividend Yield (%)	2.6

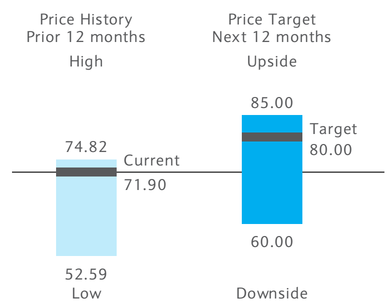
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	3.86A	18.6
2015	4.61E	15.6
2016	5.20E	13.8

Source: Barclays Research.

Upside/Downside scenarios



MELROSE INDUSTRIES PLC (MRON.L)

Richard Paige
+44 (0)20 3134 6905
richard.paige@barclays.com
Barclays, London

Stephen Jeffrey
+44 (0)20 355 57090
steve.m.jeffrey@barclays.com
Barclays, London

The Investment Case

Management has a very strong long-term track record and the shares are currently trading at an 8% discount to our 315p SoP-derived price target. We estimate that the watermark of management's current LTIP is c202p. Elster profitability has increased by two-thirds since its acquisition in August 2012 for an EV of c£1.75bn, with its underlying operating margin increased from c13% in 2011 to 19.6% in FY14A. Management is also seeking its next major acquisition.

The Business Drivers

Melrose is essentially a listed investment vehicle; seeking to make returns through acquiring underperforming industrial businesses whose operational performance can be improved and then be sold on; returning the proceeds to shareholders. Management aims for a three- to five-year period of ownership in which to make its improvements and is heavily incentivised to succeed, benefiting from 7.5% of any upside in value created (measured through total returns from Melrose's share price). Management has a long track record of success having generated an annualised TSR of 19% (vs. 9% for the FTSE All-Share) since the start of Melrose in 2003. Before this management had generated an annualised TSR of 18% over 12 years at Wassall compared with 12% over the same period for the FTSE 250. Elster represents over 75% of continuing group sales and here management will focus on improving operational performance. At Brush (the last significant FKI business), profits are expected to decline significantly in 2015E. Management is likely to remain patient here being keen to see the benefits of its high capex investment as well as some market recovery.

Upside/Downside Scenarios

Upside case 390p: We assume a 4x equity return on Elster in five years of ownership and discount back at 10%. Further upside could come from disposals for values in excess of our expectations, or further value-enhancing acquisitions.

Downside case 215p: We assume flat EBITA in FY15E at Brush of £69m (which is £4m lower than in FY13A). FY15E EBITA at Lifting of only £20m (13A £34.1m) and Elster 15E EBITA of £202m (FY13A £194m). SoP multiples reduced to 10x for Elster (acquisition multiple) and by 100bp for Lifting and 300bp for Energy. A potential additional risk is that a major acquisition opportunity is found, which while likely to create significant long-term value, could suppress the share price near term given the sizeable equity issue this would likely entail.

Valuation Analysis

Our 315p price target is based on a sum of the parts valuation with the following values and 15E EV/EBITDA multiples: Elster Gas (£2,530m, 12.8x), Elster Electricity (£407m, 10.5x), Elster Water (£245m, 8.5x) and Brush (£991m; 13.0x).

Industrials | UK Capital Goods

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	GBp 315.0
Price (25-Mar-2015)	GBp 290.7
Potential Upside/Downside	+8%
Market Cap (GBP mn)	2893
Return on Equity TTM (%)	4.59
Dividend Yield (%)	2.8

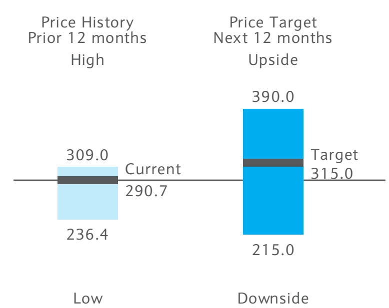
Source: Thomson Reuters

EPS GBp

FY Dec	EPS	P/E
2013	12.8A	22.8
2014	15.7E	18.5
2015	17.7E	16.5

Source: Barclays Research.

Upside/Downside scenarios



REDROW (RDW.L)

Jon Bell
+44 (0)20 7773 5996
jon.bell@barclays.com
Barclays, London

The Investment Case

Unlike most of its house building peers, Redrow is continuing to invest in its future growth. As we believe that the housing cycle has a long way to run, our view is that this investment will be rewarded in the medium term. We believe this should be of interest to those that are happy to sacrifice near-term dividends in exchange for longer-term growth.

The Business Drivers

Redrow's fortunes are tied to conditions in the macroeconomy, including unemployment levels, GDP growth, interest rates and mortgage availability.

We illustrate these and other trends, which we believe are largely positive and supportive, in our weekly chartbook.

Several years ago, Redrow took the decision to re-enter the London market. This decision has proved correct, in our view, and leaves the company with an attractive geography.

Upside/Downside Scenarios

In our upside scenario, which is struck on a 200bp P/E multiple premium, we arrive at a valuation of 528p per share.

In our downside scenario, which is struck on the reverse of the above, we arrive at a valuation of 346p per share, which is broadly in line with the current share price.

Valuation Analysis

Redrow offers a much lower dividend yield than most of its peers as, unlike them, it is electing to reinvest significant cash in its future growth. As a consequence of this, the shares are trading on an attractive P/E ratio, and there remains scope for a significant increase in the dividend on a more long term time frame.

In our core scenario, we arrive at a price target of 437.1p, which represents significant potential upside from the company's current share price. Our view is that this will be achieved over time as the stock market becomes more comfortable with the extended nature of the housing cycle.

Industrials | UK Homebuilding

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	GBp 437.1
Price (25-Mar-2015)	GBp 358.7
Potential Upside/Downside	+22%

Market Cap (GBP mn)	1326
Return on Equity TTM (%)	19.87
Dividend Yield (%)	1.2

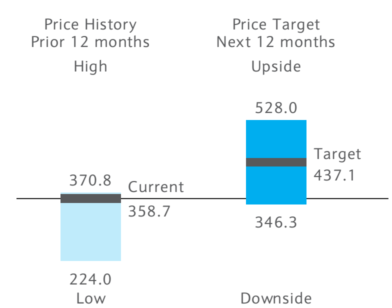
Source: Thomson Reuters

EPS GBp

FY Jun	EPS	P/E
2014	28.2A	12.7
2015	39.9E	9.0
2016	46.2E	7.8

Source: Barclays Research.

Upside/Downside scenarios



ASHTEAD GROUP (AHT.L)

Jane Sparrow
+44 (0)20 3134 5918
jane.sparrow@barclays.com
Barclays, London

Stephen Jeffrey
+44 (0)20 355 57090
steve.m.jeffrey@barclays.com
Barclays, London

The Investment Case

Ashtead has delivered strong earnings upgrades since 2011, driven largely by structural growth and self-help, with a cyclical recovery in non-residential construction really only beginning in the second half of 2014. With end markets improving, we believe there is scope for further strong EBITDA growth and that the rating can be sustained over the next 12 months given the current stage of the cycle.

The Business Drivers

With the US non-residential market in the early stages of recovery, we expect this to be a key driver of growth over the next few years with improvements in both the volume of equipment on rent, and pricing. We think this top-line growth, coupled with tight cost control to deliver management's drop-through target of 60%, should deliver EBITDA margins above the previous peak.

We expect this same-store organic profit growth to be supplemented by a branch rollout programme or bolt-on acquisitions to fill regional gaps, or increase the group's speciality offering.

Upside/Downside Scenarios

Our upside case of 1456p is based on FY16 US rental revenues being 10% higher than we currently forecast with this dropping through to profits at the targeted 60%. We apply 7.5x EV/EBITDA to US profits and 6.5x to UK.

Our downside case of 972p is based on growth rates slowing more quickly than expected as the business exits FY15 (April year-end) creating a de-rating earlier than we currently expect with both the US and the UK valued at 5.5x EBITDA in this scenario.

Valuation Analysis

Ashtead is currently trading at the top end of its historical trading range, which, given the current growth profile (forecast three-year EPS CAGR of 24%), we are comfortable with. We continue to hold the view that a de-rating of the shares remains some way off and note that historically it has occurred when end markets are significantly stronger than they are today.

Industrials | UK Mid & Small Cap Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	GBp 1289.0
Price (25-Mar-2015)	GBp 1122.0
Potential Upside/Downside	+15%

Market Cap (GBP mn)	5648
Return on Equity TTM (%)	30.85
Dividend Yield (%)	1.1

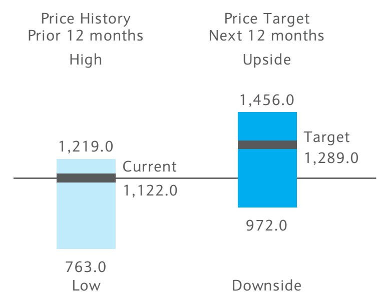
Source: Thomson Reuters

EPS GBp

FY Apr	EPS	P/E
2014	46.3A	24.3
2015	60.9E	18.4
2016	75.6E	14.8

Source: Barclays Research.

Upside/Downside scenarios



DAILY MAIL & GENERAL TRUST PLC (DMGOA.L)

Nick Dempsey
+44 (0)20 3134 5888
nick.dempsey@barclays.com
Barclays, London

Andrew Ross
+44 (0)20 7773 3023
andrew.ross2@barclays.com
Barclays, London

The Investment Case

DMGT disappointed the market with 1Q15 organic revenue growth of only 1%. But 1) there are specific reasons in DMG Information, in particular, why growth should accelerate in 2H, and 2) management has confidently reiterated its guidance for the year. The shares are trading on c.14x P/E in 2016E, and we see opportunity for better EPS growth going forward from 1) a cover price increase at the Mail, 2) the first contributions from RMS(one), 3) some margin improvement at DMG Info and 4) some more cost opportunities at the newspapers. Over time, we expect the newspaper to shrink further within the mix, implying potential for better growth, and we expect RMS(one) to deliver an uplift to growth in FY17 (though not much before that). So the valuation looks attractive for the growth potential here.

The Business Drivers

In its B2B businesses, DMGT has niche data businesses with No1 positioning or even unique data. This has been very supportive to growth and margins within an information industry that has seen little growth. In print newspapers, structural challenges mean that revenues will decline forever, but the Daily Mail has room on cover price and is gaining ad share from peers. MailOnline is the most successfully ad-driven news site in the English-speaking world and is starting to get into the “big leagues” in terms of traffic.

Upside/Downside Scenarios

On the upside, DMGT could see strong performance from RMS(one) over time in which case a high-teens EBITDA multiple would be appropriate. It could also see modestly better growth at DMG Info and Euromoney. Using 17x in our SOTP for RMS and using modestly higher EBITDA for the other two divisions implies a fair value of 1,130p.

On the downside, DMGT could fail to hold revenues and profits in DMG Media flat going forward and could see some deterioration elsewhere. Assuming modestly lower multiples for DMG Info, a lower share price for Euromoney and lower EBITDA for DMG Media implies a SOTP-driven fair value of 650p.

Valuation Analysis

At 15.8x P/E on a 1-year forward basis, DMGT is 7% below its 20-year average of 17.0x, one of the few names left in European Media to offer value vs. its own history. This is remarkable as well because DMGT was seeing worse revenue growth through most of its history than it is now. Compared to peers (professional publishers and cross-over consumer publishers like Axel Springer), the discount on a P/E is c15%, compared to broadly level in the last two years (over the long run they were all different companies).

Internet & Media | European Media

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	GBp 970.0
Price (25-Mar-2015)	GBp 875.0
Potential Upside/Downside	+11%

Market Cap (GBP mn)	3004
Return on Equity TTM (%)	92.20
Dividend Yield (%)	2.3

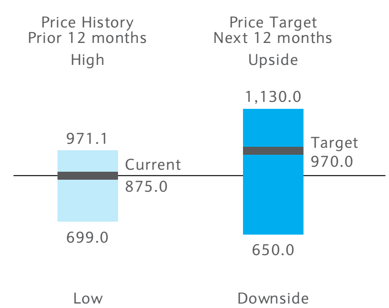
Source: Thomson Reuters

EPS GBp

FY Sep	EPS	P/E
2013	53.0A	16.5
2014	55.7E	15.7
2015	53.7E	16.3

Source: Barclays Research.

Upside/Downside scenarios



SNAM (SRG.MI)

Monica Girardi
+39 02 6372 2683
monica.girardi@barclays.com
Barclays, London

The Investment Case

We see Snam as a very appealing investment opportunity in a falling interest rate environment as the company is able to capitalise on low risk-free rates through ongoing refinancing. We see little risk to the dividend policy and hence believe that the current spread between the dividend yield and 10-year bond yield is unjustified. We believe this trading premium (430bp) will correct, supporting share prices. We also welcome Snam's strategy to become an important gas player in Europe, ensuring security of supply beyond Italy.

The Business Drivers

Domestic market returns remain appealing: As we have argued previously, the mid-term review of gas transport and distribution tariffs – scheduled to take place in 2016 – is something we continue to believe the market is overly concerned about. In our view, a potential cut into baseline regulatory returns would not jeopardise the dividend policy, which is now even more strongly supported by the cancellation of the Robin Hood Tax.

Dividend sustainability continues: Snam has confirmed a €0.25/share dividend, adding that whatever inflation scenario might play out, the company continues to have a 'focused approach to support the dividend policy', as was recently reiterated in the 2015/18 business plan. We believe that even if payout ratios were pushed beyond 100% temporarily, Snam has the capex flexibility to help pay the dividend in full even in a worst-case scenario. Credit metrics should remain robust, even in our downside scenario.

International strategy on track: We assume that the finalisation of the Trans Austrian Gas pipeline (TAG) deal will have an impact on the bottom line from 2015 onwards. An agreement with Belgium's gas transmission operator Fluxys by end-2015 to combine European gas assets could be another positive catalyst. We also see an increasing contribution from equity-accounted investments, i.e. TAG and TIGF. Over the next decade, we think the EU will need to assess infrastructure investments and seek to protect gas supply from geopolitical tensions.

Upside/Downside Scenarios

In our upside scenario (€5.30), we assume that the cash buffer we calculate to be available in 2016 would be partially returned to shareholders, implying a notable expansion of the dividend yield. In our downside scenario (€4.10), we assume an increase of 1% in risk-free rates in Italy over the next 12 months and an unchanged dividend policy.

Valuation Analysis

On 2016E multiples, Snam trades on 1.7% equity FCF yield and a 5.6% dividend yield, underpinning a 430bp premium to the 10-year risk-free rate in Italy, the highest amongst the regulated utilities. We value Snam using a Regulated Asset Base methodology adjusted for the value of dividends to be paid in 2015E and the value associated with outperformance vs. the current regulatory framework. In particular, we include extra value from extra remunerated investments, the financial structure, cost cutting and fiscal payments. Net debt and other liabilities are at book value.

Power & Utilities | European Utilities

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 5.00
Price (25-Mar-2015)	EUR 4.56
Potential Upside/Downside	+10%

Market Cap (EUR mn)	15949
Return on Equity TTM (%)	18.20
Dividend Yield (%)	5.5

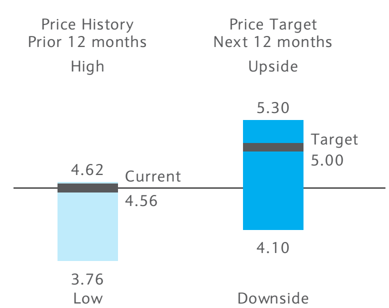
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2013	0.28A	16.5
2014	0.31E	14.6
2015	0.31E	14.6

Source: Barclays Research.

Upside/Downside scenarios



DIXONS CARPHONE PLC (DC.L)

Christodoulos Chaviaras
+44 (0)20 3134 1948
chris.chaviaras@barclays.com
Barclays, London

The Investment Case

Carphone's merger with Dixons unlocks significant imminent cost and revenue synergies that the market is under-appreciating, in our view. Our analysis indicates at least £40m of cost savings, while the launch of Carphone's Stores Within A Store (SWAS) in the UK should be significantly profit-accretive. We believe Phones 4U's (P4U) bankruptcy will also likely prove significantly earnings-accretive for Dixons Carphone throughout 2015. We estimate a three-year EPS CAGR of 18%. On 15x CY15E PE we consider Dixons Carphone's risk/reward profile favourable.

The Business Drivers

Revenue and cost synergies due to the merger are the major self-help driver of earnings. We estimate the UK SWAS, the biggest and most tangible opportunity in our view, can offer £39m EBIT upside by FY16, +11% vs. FY14 EBIT. P4U's bankruptcy and the immediate rebranding of all P4U concessions within Currys into Carphone Warehouse last month has been reassuring to our investment thesis. We also identify potential for at least £40m of cost savings by FY17.

P4U's bankruptcy offers c10% EPS uplift incorporated in our estimates for FY15 and FY16. P4U had c500 stores of which Vodafone and EE took c200 stores. We would expect Dixons Carphone to pick up c30% of P4U's lost revenue (vs. management's base case of at least 20%). We estimate that this leads to £24m incremental EBIT in FY15, rising to £40m in FY16.

Overall the combination of significant capacity withdrawal seen in the past five years in the consumer electronics industry in both the UK and the Nordics, and a positive technology cycle, especially for large-screen TVs, should lead to a good underlying performance in addition to the merger initiatives.

Upside/Downside Scenarios

There are a few things that we think could go better than our projections for Dixons Carphone in our upside case. We factor in incremental profitability from the 4G opportunity and more optimistic assumptions on incremental EBIT from the SWAS, Connected World Services and an extra £15m of cost savings. We get to £650m of EBIT in FY17 and an upside valuation case of 590p

In our downside scenario we assume the merger does not provide any profit accretion from cost and revenue synergies while network consolidation in the UK prove to be a real disruption to Carphone UK. We derive a 350p valuation.

Valuation Analysis

Dixons Carphone trades on 15x CY15E PE on our estimates, in line with its long-term average and at a discount to our European General Retail coverage at 16.5x. We believe that after the merger, prior PE ratings for the individual companies may not be as relevant. We estimate a 3y EPS CAGR of 18%, the second highest in our coverage universe after Boohoo, hence 15x is justified in our view.

Retail | European General Retail

Stock Rating	OVERWEIGHT
Industry View	NEGATIVE
Price Target	GBp 480.0
Price (25-Mar-2015)	GBp 430.6
Potential Upside/Downside	+11%

Market Cap (GBP mn)	4958
Return on Equity TTM (%)	2.05
Dividend Yield (%)	1.4

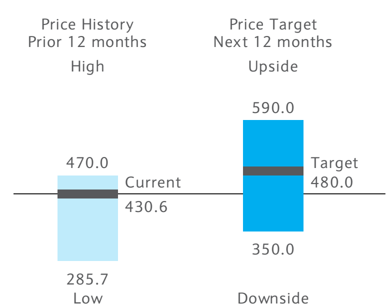
Source: Thomson Reuters

EPS GBp

FY Mar	EPS	P/E
2014	19.0A	22.7
2015	24.1E	17.9
2016	30.1E	14.3

Source: Barclays Research.

Upside/Downside scenarios



WOOLWORTHS HOLDINGS LTD. (WHLJ.J)

Rod Salmon
+27 102454307
rod.salmon@barclays.com
Absa, Johannesburg

The Investment Case

Woolworths operates in the middle to upper end of the consumer income bands in South Africa, where household spending is less constrained. Its private label clothing brands in South Africa are more middle income, while the Country Road and Witchery brands from Australia are targeted at upper-income consumers. The food offering is less price-sensitive, as customers tend to buy for health, freshness and convenience. Woolworths' expansion into Australia, with the acquisition of David Jones in summer 2014, has created the largest retailer in the southern hemisphere.

The Business Drivers

Woolworths is in an extremely defensive position in the South African market, particularly in food where its product is viewed not just as a commodity but also as a solution with a large portion of prepared meals. With an overall food retail market share of 9.3%, Woolworths' significant market shares in fresh food (over 30% national market share) and cut flowers (over 80%) highlights the frequency of customer visits as well as the trust and appeal the company has with consumers. Woolworths aims to double the South African business by 2020. In our view, the acquisition of David Jones in Australia was not about buying a struggling department store chain but about buying a platform from which it can duplicate the Woolworths model in Australia.

Upside/Downside Scenarios

The main risk in our view is execution in the David Jones acquisition, which comes down to timing. Management guidance on the benefits of David Jones (increasing the private label clothing offer) is conservative, in our view. Creating a defensive brand such as that in South Africa takes time. We do believe, however, that the targeted benefits of A$160m per annum within five years are conservative and that the proposed timing is reasonable.

In our upside scenario, the South African consumer recovers quicker than expected, the top income groups remain resilient spenders despite higher interest and tax rates, and the David Jones integration happens faster than expected. In this case we see fair value at R125. If the reverse happens and the spending by top income groups falls or David Jones takes longer to turn around, our downside scenario fair value would be R73.

Valuation Analysis

We base our valuations on a combination of DCF and an historical five-year P/E. We use a five-year forecast based on free cash flow with a terminal growth rate of 4.0%. The discount rate applied is 10.1%, based on a risk-free rate of 7.8% p.a. and an after-tax cost of debt of 4.3% (a blended rate based on the AUD and ZAR debt mix) and a tax rate of 29% (SA 28% and Australia 30%). We are Overweight with a price target of R104. We forecast fully diluted HEPS of R3.97 for FY15, up 5.9% y/y.

Retail | South Africa General Retail

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	ZAR 104.00
Price (25-Mar-2015)	ZAR 85.41
Potential Upside/Downside	+22%

Market Cap (ZAR mn)	86779
Return on Equity TTM (%)	29.19
Dividend Yield (%)	2.9

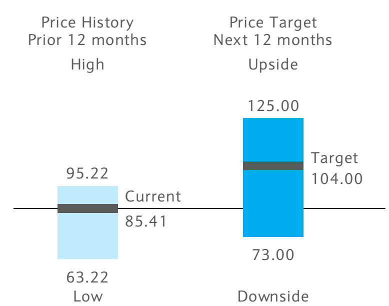
Source: Thomson Reuters

EPS ZAR

FY Jun	EPS	P/E
2014	3.75A	22.8
2015	3.97E	21.5
2016	4.46E	19.1

Source: Barclays Research.

Upside/Downside scenarios



JD WETHERSPOON (JDW.L)

Richard Taylor
+44 (0)20 3555 2650
richard.e.taylor@barclays.com
Barclays, London

The Investment Case

Our base case assumes a CAGR in EPS of 7% from FY14-17E assuming slight ongoing margin erosion and sector-leading LFL sales growth of 3-4%. Given the starting FCF yield of c9%, we believe that this is an attractive investment case and underpins our Overweight rating. With Repairs and Maintenance of £57mn (4% of sales) and Maintenance Capex of £56mn in FY14 (4% of sales), the company is now spending a record amount on these investment items. To say an “economic moat” is being built is an understatement, in our view. At 8% of sales, this is well above the long-term average since 1997 of 5.8%, and materially ahead of sector peers (4.9-7.4% of sales, based on our FY13 estimates). If spending reverted back to its long-term average, FCF would increase by c£31mn (c36%), which would boost the FCF yield as high as 12%.

The Business Drivers

We believe that Wetherspoon dominates the value end of the pubs market. It continues to build its competitive advantage by investing in its business across all areas including the fabric of the assets, staff training, and product quality. This, along with pre-emptive increases in staff wages ahead of the National Minimum Wage, is causing weakness in the operating margin. That said, the company is always keen to show growth in EBITDA. We believe that it invests “when it can” rather than “when it has to”. Over the long term, the Total Shareholder Return has been outstanding relative to peers. We are happy to ignore short-term bumps in the road with regard to operating margin weakness, and look at the future potential earnings power of the business.

Upside/Downside Scenarios

The group has traded on a very wide P/E range of c7-26x based on the timing of the cycle over the past 10 years. Our upside case assumes the higher end of this range at an FY15E P/E of 20x, giving an upside case of 1000p. This would be a FY15E FCF yield of 7.3%.

Using 13x in 2015E, which is the mid/lower end of this trading range, we derive a downside case fair value of 655p. This is higher than trough multiples, reflecting the strong market re-rating, and implies a FY15E FCF yield of 11%.

Valuation Analysis

Wetherspoon now offers investors a FY15E FCF yield of 9%. What makes the FCF yield even more attractive is that we believe that JDW is significantly under-earning, with Maintenance Capex and Repairs and Maintenance running at record highs. The majority of this cash is currently being reinvested into building new pubs, and although the ROCE on these sites is acceptable rather than outstanding, management has commented that it is better than the group average (c11%). Only highly levered peers Enterprise Inns and Punch Taverns have better FCF yields in the pub sector. With LFLs growing more by volume than price, and JDW outspending competitors on re-investment, we believe a lower FCF yield is appropriate. Our PT is based on a 2015E FCF yield of 8.3%.

Retail | UK Mid & Small Cap Leisure/Consumer

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	GBp 880.0
Price (25-Mar-2015)	GBp 763.0
Potential Upside/Downside	+15%
Market Cap (GBP mn)	934
Return on Equity TTM (%)	18.90
Dividend Yield (%)	1.6

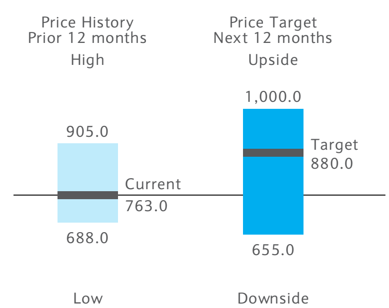
Source: Thomson Reuters

EPS GBp

FY Jul	EPS	P/E
2014	48.6A	15.7
2015	49.8E	15.3
2016	54.9E	13.9

Source: Barclays Research.

Upside/Downside scenarios



TUI AG (TUIT.L)

Patrick Coffey
+44 (0)20 3555 5955
patrick.coffey@barclays.com
Barclays, London

Vicki Stern
+44 (0)20 3134 6733
vicki.stern@barclays.com
Barclays, London

James Rowland Clark
+44 (0)20 7773 0872
james.rowlandclark@barclays.com
Barclays, London

Richard Taylor
+44 (0)20 3555 2650
richard.e.taylor@barclays.com
Barclays, London

The Investment Case

TUI offers European exposure, cyclical upside, balance sheet optionality and margin upside. It has a tailwind from the oil price and a Capital Markets Day on 13th May which we think could be a positive catalyst. TUI replaces Whitbread as our Top Pick in the European Leisure sector. We remain optimistic on the long-term growth story at Whitbread but believe that TUI offers a more attractive entry point at current levels.

The Business Drivers

TUI is made up of a Tour Operator business (77% of FY15E EBIT), Hotels and Resorts (20%) and Cruises (3%) and the company guide to EBIT growth of 10-15% in FY15. After the nil-premium, all share-offer between TUI AG and TUI Travel, the combined group will have greater control over its product, distribution and cash flow. For Tui Travel, it is an opportunity to leverage Tui AG's hotel and cruise capacity. Tui AG can directly control capital allocation at Tui Travel, improve occupancy within hotels, enhance supply of unique content and be recognised as a vertically integrated tour operator with hotel and cruise content. This could reduce the conglomerate discount which we think is in the share price.

Upside/Downside Scenarios

In our upside case we assume an additional 20 new hotels are built and occupancy improves an additional 300bps. We also assume German Tour Operating margins reach 5% (vs. 3.9% in our base case) and Specialist and Activity returns to 4.7% EBIT margin (vs. 3.5% in our base case). Our upside scenario fair value is 1,630p.

In our downside case, we take our base case estimates but lower the multiples we apply to each business. We also apply a 10% conglomerate discount to reflect the risk that the market continues to apply a holding company discount to TUI. Our downside scenario fair value is 890p.

Valuation Analysis

We think a sum of the parts is the most appropriate valuation methodology given the conglomerate nature of the business. Our base case (Tui Travel 7.2x EV/EBITDA, Hotels 8.5x EV/EBITDA, Tui Cruise 13.9x P/E for JV earnings, Hapag-Lloyd Kreuzfahrten at book value, the 14% stake in Hapag-Lloyd at a 10% discount to book value, 5.2x EV/EBITDA for Specialist & Activity and 10x EV/EBITDA for Online Accommodation) delivers a price target of 1,342p.

We think TUI offers investors good growth and a solid dividend yield. We forecast a FY14-18 EBIT CAGR of 13%, an EPS CAGR of 17% and a dividend payout ratio of 46% (with upside risk to this estimate in our view). The FY 15E P/E of 16.8x falls to 12x in FY17 when synergies kick in.

Retail | European Leisure

Stock Rating	OVERWEIGHT
Industry View	NEGATIVE
Price Target	GBp 1342.0
Price (25-Mar-2015)	GBp 1214.0
Potential Upside/Downside	+11%

Market Cap (GBP mn)	6454
Return on Equity TTM (%)	5.36
Dividend Yield (%)	1.5

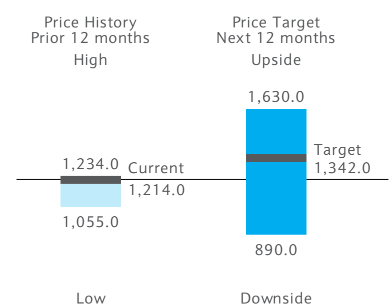
Source: Thomson Reuters

EPS EUR

FY Sep	EPS	P/E
2014	0.78A	21.3
2015	0.96E	17.3
2016	1.16E	14.3

Source: Barclays Research.

Upside/Downside scenarios



CAPGEMINI (CAPP.PA)

Gerardus Vos	James Goodman
+44 (0)20 3134 6690	+44 (0)20 3134 1038
gerardus.vos@barclays.com	james.a.goodman@barclays.com
Barclays, London	Barclays, London

The Investment Case

We argue that Capgemini will benefit both from positive estimate momentum (we are c.10% ahead of Bloomberg consensus) and an expanding valuation multiple as it continues its journey towards the "international champions league". The decline in offshore cannibalisation should lead to a structural improvement in organic growth, combined with positive FX and cyclical factors. In addition, operating profit margin could reach 13% on our calculation with less variance than previous cycles. Please refer to our recent note, *Goldilocks... growth up but less cyclical?*.

The Business Drivers

Growth structurally improving: We argue that growth will improve over the coming cycle as the offshore revenue cannibalisation abates. We calculate that this is currently impacting revenue growth by around 3% and this should approach zero by 2020 when Cap hits offshore stabilisation. As a result we estimate that structural growth will trend towards 6% by 2020. In addition to this structural improvement, Cap is benefitting from a turn in the cycle and strong FX. Neither is fully captured in guidance or consensus, in our view.

Multiple expanding due to better margin and cash: The current cycle is the first with a higher peak and trough than the last since 1968. We believe margin could peak at around 13% and argue that margin cyclicality should reduce.

More cash return ahead: Due to the above, less operational cash is needed than in prior cycles – we argue €500-600mn. With €1.2bn net and €2.2bn gross cash, there is ample room for further returns in our view.

May catalyst: At its CMD on May 28, we expect Cap to address its next margin aspiration, detail a growth path to 5-7%, and give an update on cash usage.

Upside/Downside Scenarios

Our upside scenario would likely be realised through greater-than-anticipated shareholder returns. The downside scenario is mainly linked to macroeconomic factors or if the company were to make very dilutive acquisitions, which we see as highly unlikely.

Valuation Analysis

We recently upgraded our price target to €95. Following further forecast upgrades at this time, our earnings estimates are now c.10% ahead of the street (Bloomberg) for 2015/16. We believe structural improvements in organic growth, margin, cash conversion and strong execution will enable Cap's valuation to trend towards international peers. We therefore expect its multiple to reach 16-17x FY16E ex cash resulting in a range of €92-97, with our price target set at €95 per share.

Technology | European Software & IT Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 95.00
Price (25-Mar-2015)	EUR 73.99
Potential Upside/Downside	+28%

Market Cap (EUR mn)	12104
Return on Equity TTM (%)	12.19
Dividend Yield (%)	1.6

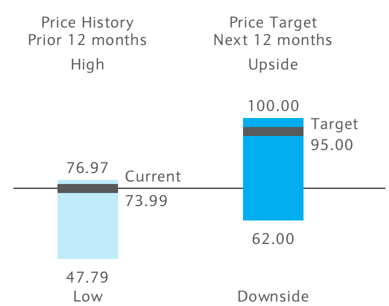
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	3.78A	19.6
2015	4.42E	16.7
2016	4.97E	14.9

Source: Barclays Research.

Upside/Downside scenarios



ALCATEL-LUCENT (ALUA.PA)

Andrew M. Gardiner, CFA
+44 (0)20 3134 7217
andrew.m.gardiner@barclays.com
Barclays, London

Youssef Essaegh
+44 (0)20 3134 7250
youssef.essaegh@barclays.com
Barclays, London

The Investment Case

Alcatel-Lucent offers a compelling combination of revenue growth and self-help that is not yet fully appreciated by the market, in our view. We believe Alcatel is on track to deliver on its 2015 goals set out under its current three year "SHIFT" turnaround plan, driven by continued market share gains in IP routing and the burgeoning submarine cycle. Beyond the SHIFT plan, the next growth chapter will likely be driven by the networks migration towards a software-defined architecture which we believe Alcatel's product portfolio is well placed to benefit from relative to its European peers, given its strength in IP routing and platforms. With margins set to expand from 5% in 2014 to 8%/9% in 2015/16E, we believe valuation remains attractive at 0.8x 2016E EV/Sales and 13x P/E 2016E.

The Business Drivers

Alcatel trades on 0.8x 2016E EV/Sales, suggesting the market does not give Alcatel the full benefit of its transformation plan ending in 2015, not even mentioning the potential for further revenue growth and margin improvement next year. We think Alcatel has the momentum to deliver better than that

SHIFT plan: Driven by the trio of routing share gains, a submarine cycle and FX tailwind, we believe Alcatel is on track to achieve the 2015 goals set out under the SHIFT plan, in particular generating €7bn in revenue from its Core Networking portfolio (+15% y/y) and €950mn in annual cost savings.

Favourable revenue mix: Beyond the SHIFT plan, the next growth chapter in 2016 will likely be driven by share gains within the networks migration towards software based architecture. To this, Alcatel provides a convincing story given it's know-how in virtualisation and strengths in IP routing and platforms relative to its European peers Ericsson and Nokia.

Upside/Downside Scenarios

We model an upside case of €5.00, based on Alcatel's growth engine – Core Networking – growing faster than anticipated into new markets of cable operators and cloud platforms, lifting revenue and margins further. If telecom capex however were to deteriorate further, Alcatel's share gain story could take longer to be reflected in earnings, limiting the room for margin improvement near term. A lower assumption for core networking margins would trim our valuation to €2.30.

Valuation Analysis

We forecast 8%/9% EBIT margins in 2015/16, and further improvements after that assuming the full benefit of the SHIFT plan and Alcatel's growing presence within the networks migration to a software defined architecture. We argue for a fair multiple of 1.1x 2016E EV/Sales, which translates into our €4.25 price target. This is a premium of c20% to current levels but well justified in our view, given Alcatel's unique position to deliver both revenue and profit on an underlying basis, even before the benefit from currency.

Technology | European Technology Hardware

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	EUR 4.25
Price (25-Mar-2015)	EUR 3.53
Potential Upside/Downside	+20%
Market Cap (EUR mn)	9964
Return on Equity TTM (%)	-1.54
Dividend Yield (%)	N/A

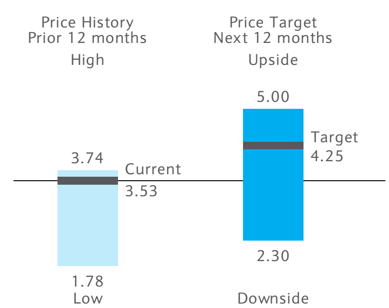
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	0.01A	N/A
2015	0.12E	29.6
2016	0.26E	13.5

Source: Barclays Research.

Upside/Downside scenarios



NASPERS (NPNJN.J)

JP Davids, CFA
+27 10 245 4240
jp.davids@barclays.com
Absa, Johannesburg

The Investment Case

We identify five themes that look set to drive performance in 2015: 1) penetrating a >$13bn payments opportunity, via PayU, 2) further ROI optimization and execution, 3) Tencent's emerging opportunities in mobile internet, 4) India's revenue ramp up and 5) development spend. We see just over half the upside to our price target as driven by a further rump re-rating and the balance supported by Tencent outperformance.

The Business Drivers

Tencent makes up just over 90% of Naspers' market cap. As such this asset is unquestionably important to the investment case. Barclays Research sees internet in China offering structural growth. We see R190/share upside potential for Naspers shareholders from here on our base case forecasts.

Naspers' unlisted assets make up 65% of our FY14 revenues but just 6% of its market cap. This misalignment of revenue relevance and valuation is driven by the company's ongoing cash burn in e-commerce, DTT push into Africa and a persistent conglomerate discount in our view. We believe the Schibsted deal demonstrated ROI pragmatism, and will help shift the debate from the potential value erosion from development spend to the potential market opportunity for the e-Commerce assets.

Upside/Downside Scenarios

Upside case ZAR 2,550: This assumes Tencent earnings are higher than our estimates and our target multiple is 37x. Also that e-Commerce is worth 5.0x EV/revs and SA Pay TV re-rates to 9.0x FY15E EV/EBITDA.

Downside case ZAR 1,150: This assumes Tencent earnings are lower than our already below-consensus forecasts and the target multiple drops to a trough valuation of 22x one-year forward. We also assume R30/share M&A risk for e-Commerce, the SA Pay TV derates to 7.0x FY15E EV/EBITDA and a conglomerate discount of 20%.

Valuation Analysis

We estimate that Naspers currently trades on a FY2016E PE of 38.6x, and offers a 0.9% FY2016E dividend yield. Tencent currently trades on a calendar 2015E PE of 35..7x, and offers a 0.3% 2015E dividend yield vs. EM peers on a 27.3x P/E, and 0.3% dividend yield respectively.

We estimate that the unlisted Naspers rump (i.e., ex Tencent/Mail.ru) is now trading at R70/share, having been negative for most of 2014 and at –R48/share pre the Schibsted deal. On a consolidated EV basis, this implies an EBITDA multiple of 7.4x.

To assess the market's value of e-Commerce we need to estimate a conglomerate discount. We note that a conglomerate discount of 15% on the entire group equates to –R355/share. This would imply e-Commerce is trading at +R114/share, previously +R169/share per our note *"Offering significant upside in 2015"* (R3/share on 13 Nov 2014, prior to the Schibsted deal).

Telecommunications | Emerging Markets
Telecom Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	ZAR 2100.00
Price (25-Mar-2015)	ZAR 1770.00
Potential Upside/Downside	+19%

Market Cap (ZAR mn)	709271
Return on Equity TTM (%)	16.71
Dividend Yield (%)	0.2

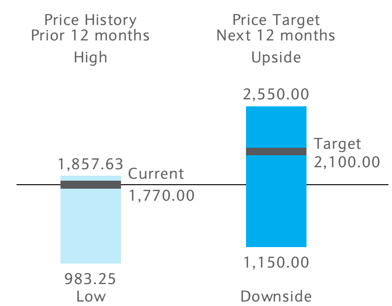
Source: Thomson Reuters

EPS ZAR

FY Mar	EPS	P/E
2014	21.81A	81.2
2015	30.23E	58.5
2016	46.93E	37.7

Source: Barclays Research.

Upside/Downside scenarios



DEUTSCHE TELEKOM AG (DTEGN.DE)

Mathieu Robilliard
+44 (0)20 3134 3288
mathieu.robilliard@barclays.com
Barclays, London

Maurice Patrick
+44 (0)20 3134 3622
maurice.patrick@barclays.com
Barclays, London

The Investment Case

Deutsche Telekom (DTE), in our view, is at the forefront of the upcoming European telecom industry reality: it should grow in 2015 and beyond. We expect a four-year CAGR in revenues of +3.5% and in adjusted EBITDA of +7%. This should translate into a FCF CAGR of more than 10%, and the company has just guided for DPS growth to match FCF growth. With c.80% of EBITDA coming from Germany and the US, a solid balance sheet and a 3% dividend yield growing 10%+ per year we see more outperformance ahead.

The Business Drivers

In Germany (59% of EV), DTE has built mobile network leadership (speeds 2x faster than peers), which should enable it to maintain premium pricing and remain insulated from low-end competition. In fixed, DTE is on track to closing the network quality gap vs. cable by 2016 and we expect a positive commercial impact in 2015. Combined with cost cutting, it should enable DTE to post a four-year CAGR in domestic EBITDA of c.+2%. T-Mobile US (24% of EV) remains the growth engine. Additional market share gains (thanks to competitive pricing and rising quality), cost cutting (synergies from MetroPCS merger) and rising operating scale should translate into a four-year EBITDA CAGR of +16% for TMO US.

Upside/Downside Scenarios

More favourable sector regulation from the EU (currently under discussion) and higher mobile data pick-up could lead to stronger revenue growth in Germany. A 1ppt increase in our 10-year revenue CAGR to 2% would raise Germany's EV from an implied EV/EBITDA of 10x to 11x. Our upside scenario also includes a sale of the US business at a premium, given many potential suitors and DTE management having stated that it is open to a sale. This leads to an upside fair value of €24. Conversely, a return to revenue decline in Germany and increased competitive pressures in the US with no sale point to a €15 downside scenario. Another risk is more expensive than expected spectrum auctions in 2015 and 2016, although we already include in our estimates a €7bn bill.

Valuation Analysis

DTE is trading on an EV/Adj EBITDA 2015E of 7.7x (vs. peers on 6.7x) and an EV/Adj. OpFCF of 16x vs. 14x. However, with growth around the corner we believe a further re-rating is warranted. Upward revisions to consensus could also support the shares: we are 4% above Bloomberg consensus for 2015E EBITDA. DTE's dividend yield is below peers (3.2% vs. 4.5%) but comes with a low pay-out ratio (c.50%), a solid balance sheet, and should grow strongly (we expect DPS +10% p.a.), something that is rather unique in the sector.

Telecommunications | European Telecom Services

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	EUR 19.50
Price (25-Mar-2015)	EUR 17.07
Potential Upside/Downside	+14%

Market Cap (EUR mn)	77422
Return on Equity TTM (%)	11.86
Dividend Yield (%)	2.9

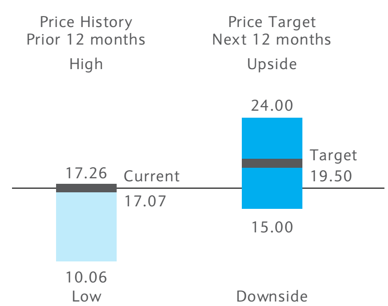
Source: Thomson Reuters

EPS EUR

FY Dec	EPS	P/E
2014	0.53A	32.0
2015	0.69E	24.7
2016	0.92E	18.5

Source: Barclays Research.

Upside/Downside scenarios



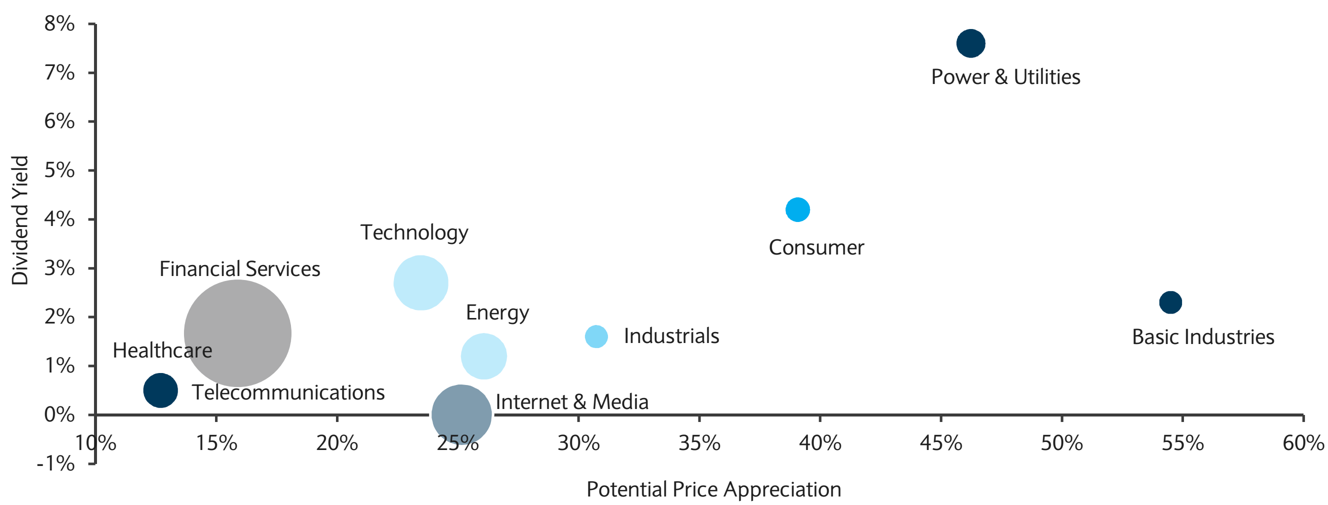
ASIA EX-JAPAN

In our inaugural quarterly update for Asia ex-Japan Top Picks we have reduced the number of high conviction calls from 23 to 18. We have replaced one stock, Voltas in India, for Zhuzhou CSR in China, and maintain our high conviction on the rest. The removals have been prompted by a combination of lower conviction in the China consumption story (Melco Crown and Belle International) since the December publication, and limited price target upside potential in India and Korea as stocks continue to rally and the analysts find it harder to maintain their high conviction at these levels (Tata Consultancy Services, Voltas and Cosmax).

The 18 Top Picks are 60% represented by Hong Kong/China and India, with Korea, Taiwan and Southeast Asia making up the balance. The average market capitalisation for the Top Picks is US$27bn, with an average total potential return to price target of 30%. Our analysts favour exposure to TMT, which makes up 33% of the list with an average total potential return of 24%, while also showing extreme caution in Oil & Gas, General Retail and Leisure, which lack any Top Pick.

With the expectation that China's economy may receive stimulus support as GDP shrinks more rapidly than expected, our analysts have also included Industrials, Capital Goods and Basic Materials in their Top Picks. Our new addition, Zhuzhou CSR, is the focus and beneficiary of significant consolidation initiated by the government to squeeze out excess capacity in a number of manufacturing, capital-intensive and un-environmental sectors – a theme that we believe will continue to run over the coming 12 months.

Potential Total Return of Asia ex-Japan Top Picks



Source: Barclays Research, Thomson Reuters

Top Picks added and removed since previous Asia ex-Japan Top Picks report on 8 December 2014

Date Published	Industry	Analyst	Added	Removed
19-Mar-2015	Asia ex-Japan Diversified Financials	Sharnie Wong	–	China Cinda Asset Management Co., Ltd.
29-Mar-2015	Asia ex-Japan Capital Goods	Yang Song/Venugopal Garre	Zhuzhou CSR Times Electric	Voltas Ltd.
29-Mar-2015	Asia ex-Japan Cosmetics and HPC	HJ Moon	–	Cosmax
29-Mar-2015	Asia ex-Japan Gaming & Leisure	Phoebe Tse	–	Melco Crown Entertainment
29-Mar-2015	Asia ex-Japan General Retail	Vineet Sharma	–	Belle International Holdings Ltd.
29-Mar-2015	Asia ex-JapanSoftware & IT Services	Bhuvnesh Singh	–	Tata Consultancy Services

Source: Barclays Research

HYUNDAI STEEL CO. (004020.KS)

Ephrem Ravi
+852 2903 4892
ephrem.ravi@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Hyundai Steel is reaping the benefits of the ramp-up of Blast Furnace #3, which increases its flat steel products exposure, and synergies from the acquisition of Hysco's CRC business. Hyundai Steel's EBITDA margin has climbed to levels not seen since 2006 and is now higher than Posco's. Higher free cash flows will de-gear its balance sheet to 50% in 2017, on our estimates.

The Business Drivers

Margin expansion for steel companies is an industry-wide phenomenon aided by capacity closures in China (with new capacity starts slowing due to losses in previous years and closures accelerating due to pollution control measures). Hyundai Steel is also reaping the benefits of the completion of its Blast Furnace (BF) in terms of product mix improvements (more flat products and automotive steel), and synergies from the integration of Hysco's CRC business. With a balanced portfolio of long and flat steel products, extending to high-end flat products, Hyundai Steel has increased its EBITDA margin by 30% since 2007.

The company has turned its focus from volume growth to high-end steel production with investment in two small but significant projects: a 1mtpa speciality steel unit and a 0.5mtpa galvanising unit. The shift to high-end steel means the era of heavy investment in upstream capacity expansion is over, and we believe total capex will drop significantly in the next three years, leading to the company's first positive free cash flow since 2006. We forecast gearing to drop to around 49% by the end of 2017 from 94% in 2012. Debt reduction will be worth KRW 30,000/share by 2017, based on our estimation.

Upside/Downside Scenarios

Accelerated improvement in EBITDA/t due to a successful product mix shift to higher value-added products such as automotive steel and specialty steel, and a bull market in steel leading to higher steel prices, could increase the stock's valuation to KRW125,000/share.

Hyundai Steel has no backward integration and relies on imported material. In addition, a bear market in steel leading to significantly lower steel prices could reduce the stock's valuation to KRW60,000/share.

Valuation Analysis

Our 12-month price target for Hyundai Steel is based on an average of our base case NPV valuation and 0.8x (five-year historical average) 2015E price to book. It is also trading at 7.7x 2015E P/E, which is lower than its peer Posco and the regional average of 9.6x, leaving room for a re-rating in the medium term, in our view.

Basic Industries | Asia ex-Japan Metals & Mining

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	KRW 95000
Price (25-Mar-2015)	KRW 72400
Potential Upside/Downside	+31%

Market Cap (USD mn)	7652
Return on Equity TTM (%)	5.70
Dividend Yield (%)	1.0

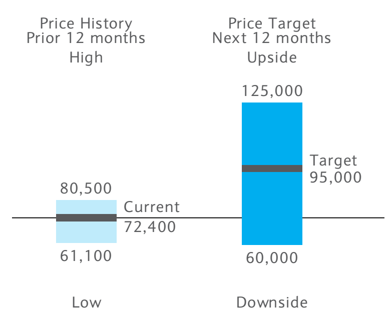
Source: Thomson Reuters

EPS KRW

FY Dec	EPS	P/E
2013	8192.92A	8.8
2014	7126.00E	10.2
2015	9410.97E	7.7

Source: Barclays Research.

Upside/Downside scenarios



NOBLE GROUP LTD. (NOBG.SI)

Ephrem Ravi
+852 2903 4892
ephrem.ravi@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Noble has multiple catalysts on the horizon for a rerating, driven by a pickup in earnings and valuation multiples, in our view. The disposal of its loss-making 51% agricultural business stake has strengthened its balance sheet and should help earnings increase materially in 2015. The current P/B valuation, at -1 SD to its long-term average, represents a good opportunity to gain exposure to what we view as the start of Noble's transformation back to a high-return business model.

The Business Drivers

We forecast Noble's ROE to recover to 11% in 2015 from 3% in 2014; the disposal of Noble's loss-making agri-business and higher volumes should drive increased earnings. The 28% y/y increase in 4Q14 marketing volumes in Noble's energy and industrial commodity business illustrates the growth potential of Noble's asset-light business model, in our view.

Noble's value-accretive M&A in 2014 provides earnings growth potential to its marketing business, in our opinion. Its seed investment in X2 of US$500mn could add significant volume to its business and upside investment value potential should X2 follow the growth trajectory of Xstrata. The acquisition of a 55% stake in an alumina operation in Jamaica highlights the company's ability to create value by borrowing from its strength in coal trading and combining it with the raw material advantages in Jamaica to deliver a high return business.

Upside/Downside Scenarios

Higher volume growth along with margins and profitability returning to 2011 peak levels drive our upside case valuation of S$2.16/share. Noble's ability to achieve higher margins and volume growth throughout the commodity cycle with minimal capital investment is one of the key strengths of its resilient trading business.

Failing to recognize any value from its investments in the metals and energy trading businesses, lower margins and reduction in trading volumes lead to our downside case valuation of S$0.68/share.

Valuation Analysis

Noble has traded at an average multiple of 2x its book value on the back of an average ROE of 20%. While we see potential catalysts for earnings and ROE uplift both in the near and medium term, we believe the current valuation at 0.8x 2015E book value does not reflect its potential. While ROE could improve to c.11% in 2015 without gearing up, it could increase to the high-teens were Noble to deploy its balance sheet.

Basic Industries | Asia ex-Japan Soft Commodities & Trading Companies

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	SGD 1.60
Price (25-Mar-2015)	SGD 0.91
Potential Upside/Downside	+77%

Market Cap (USD mn)	4465
Return on Equity TTM (%)	4.20
Dividend Yield (%)	1.1

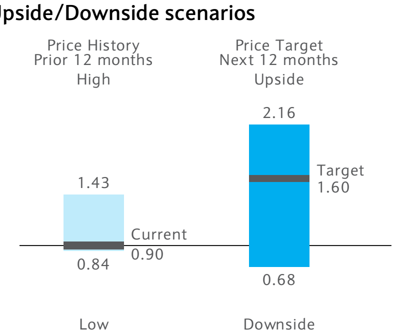
Source: Thomson Reuters

EPS USD Cents

FY Dec	EPS	P/E
2013	3.87A	17.1
2014	5.62E	11.8
2015	10.26E	6.5

Source: Barclays Research.

Upside/Downside scenarios



WANT WANT CHINA HOLDINGS LTD. (0151.HK)

Vineet Sharma, CFA
+852 2903 4609
v.sharma@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Want Want should trade on a higher P/E than the 15x implied by consensus, in our view, putting our HK$11 price target among the highest on the Street. We forecast margin-driven improvement in earnings quality will support the shares, as a result of: 1) the decline in milk powder prices and upside coming from new products and new channels; 2) favourable overall input cost trends; and 3) robust low-20% 2015E y/y earnings growth supported by stronger margins. We see the recent business slowdown as temporary and current valuations as attractive given the company's high-quality business.

The Business Drivers

We forecast stable revenue growth of 8% this year as the company unwinds its more expensive inventory (particularly wood pulp and raw milk) and rolls out new products and product upgrades, as well as new channel strategies.

Helped by a decline in raw milk prices and other input costs, margins should start to pick up in 1H15 – we forecast 7-12% y/y revenue growth for the three divisions (Dairy and Beverages, Snacks, and Rice Crackers). On our estimates, gross margin should expand to 42.5% in 2015 from 40.2% in 2014, and EBIT margin should grow to 23.4% in 2015 from 20.6% in 2014. We think robust earnings growth of 21% y/y in 2015 is achievable.

Upside/Downside Scenarios

On a continued decline in soft commodity prices and higher-than-expected growth in the snacks business, our upside case could see earnings rise 10% above our current estimate for 2015. We base our HK$12.10 upside case on this scenario.

On a surge in input costs and further worsening consumption sentiment, our downside case could see earnings fall to 40% below our current estimates for 2015, with the shares reaching HK$6.60.

Valuation Analysis

Want Want is trading at 18x 2015E P/E, a 16% discount to China Staples peers, and we consider it undervalued. Our price target of HK$11.00 is based on a target multiple of 25x 2015E EPS, which is at a 17% premium to the sector average. This is justified, in our view, by estimated 21% growth in 2015 earnings and our expectations for this high-returns business to provide scope for significant dividend payouts or share buybacks, with capex and inventories falling, thereby enhancing total returns. Want Want's dividend yield is 4% vs an average of 2% for China Staples.

Consumer | Asia ex-Japan Staples

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	HKD 11.00
Price (25-Mar-2015)	HKD 7.91
Potential Upside/Downside	+39%

Market Cap (USD mn)	13454
Return on Equity TTM (%)	31.08
Dividend Yield (%)	2.4

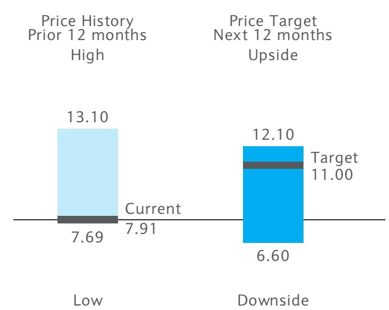
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2014	0.05A	21.7
2015	0.06E	18.0
2016	0.06E	16.7

Source: Barclays Research.

Upside/Downside scenarios



RELIANCE INDUSTRIES (RELI.NS)

Somshankar Sinha
+852 2903 2434
somshankar.sinha@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Reliance's EPS and ROCE could nearly double in FY16-21, based on our estimates, even if oil prices remain low and volatile. This provides one of the strongest growth outlooks among the global energy stocks Barclays covers. The catalysts for this should fall into place within the next year as Reliance completes its US$16bn downstream capex (projects appear on track) and launches its US$12bn telecom project (consensus expectations here are low; it could surprise positively). A rebound in domestic E&P may help too, should the government reassess its gas price decision.

The Business Drivers

Our forecast earnings trajectory depends on: 1) smooth execution of its US$16bn refining and petrochem projects expanding capacity, cutting operating costs and optimising feedstock; 2) higher output from select offshore India gas projects that would raise upstream production; and 3) a credible path to profitability in its US$12bn data-centric telecom venture (Reliance Jio).

While none of these prerequisites are without risks, we expect them to fall into place in the next 12 months. The telecom venture, for example, may be launched by mid-FY16, the first module of Reliance's petcoke gasification project (one of its two key downstream projects) may start up in September 2015 and the new refinery off-gas based olefin cracker should be commissioned by March 2016.

Upside/Downside Scenarios

Greater confidence on project timelines and smooth execution of key downstream projects may lead to Reliance's stock price discounting FY18E earnings ahead our expectations. We base our Rs1,266.64/sh upside case on this scenario. A rebound in domestic E&P (if the government of India were to re-assess its recent decision to increase gas prices), and a quick and profitable ramp-up of the company's telecom business (for which we believe consensus expectations are low) may provide further upside to our estimates.

A sharp fall in refining and petrochem margins, and delays in implementation of its US$16bn downstream projects, on the other hand, may de-rate the stock to 10x adjusted FY15E earnings, on which we base our Rs774.63/sh downside case.

Valuation Analysis

We base our 12-month price target on an SOTP analysis after building in a 15% conglomerate discount. We value the downstream businesses on the average of ascribed multiple-based (EV/EBITDA, EV/EBIDA) and DCF-based values. Reliance stock's underperformance relative to the broader Indian market in each of the last eight years has now rendered its valuations 25% below its own historical averages on trailing earnings (10.8x FY15E P/E adjusted for treasury shares) and at a 31% discount to global peers on our FY17 earnings estimates.

Energy | Asia ex-Japan Oil & Gas

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	INR 1065.00
Price (25-Mar-2015)	INR 844.90
Potential Upside/Downside	+26%

Market Cap (USD mn)	43855
Return on Equity TTM (%)	N/A
Dividend Yield (%)	1.1

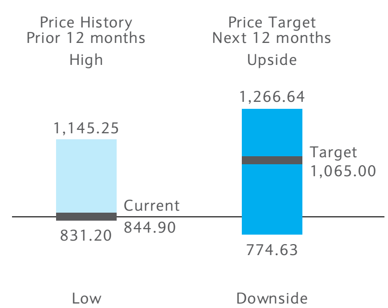
Source: Thomson Reuters

EPS INR

FY Mar	EPS	P/E
2014	69.62A	12.1
2015	70.46E	12.0
2016	71.41E	11.8

Source: Barclays Research.

Upside/Downside scenarios



HDFC BANK (HDBK.NS)

Anish Tawakley
+91 22 6719 6016
anish.tawakley@barclays.com
BSIPL, Mumbai

The Investment Case

HDFC Bank is well positioned to benefit from a macro recovery, in our view, owing to its strong deposit franchise, clean balance sheet and increased investment in its network. HDFCB also has minimal exposure to project finance loans, an area of system-wide stress. The recent pickup in network investments should allow it to grow loans 5-6% faster than the system, helping it gain savings account (SA) market share. HDFCB could benefit from a cyclical recovery in the CA deposit market as shown by its strong CA growth (~19% y/y) in 3Q.

The Business Drivers

HDFCB's competitive advantage is its strong retail franchise, which provides access to low-cost CASA deposits. The company can avoid relying on short-term wholesale funding from the liability side, and has lower credit stress from the asset side as its strong CASA base allows it to lend more conservatively: We note that its CASA growth of 20% y/y in 3Q was the highest amongst the large banks we cover. The quality of its fee income is also very strong: 90% of fees are retail related, which is best-in-class.

We expect CASA deposits to grow at a 20% CAGR over the next two years, which would keep funding costs low even as loan growth picks up with the economic recovery (at an anticipated 21% CAGR over the same time period). Fee income growth should pickup (23% CAGR) as retail fees continue to be strong and corporate fees increase. Credit costs of ~ 0.6% should be the lowest among the top three private sector banks (ICICI, Axis and HDFC Bank).

Upside/Downside Scenarios

Faster balance sheet growth could be a key source of upside. In our upside case of Rs1,364, we value the stock at a price/one-year forward earnings (P/FE) multiple of 24x, which is 1 standard deviation above its historical average.

Increasing competition from smaller private banks expanding their networks could lead to lower EPS growth through a combination of slower balance sheet growth and compressed NIMs or higher opex. In such a scenario the stock could trade at 15x P/FE, or Rs852.

Valuation Analysis

We value HDFCB at a price/one-year forward earnings (P/FE) multiple of 21x (PT Rs1,193), in line with its historical average, with ROE expected at 20-21%, broadly in line with its current ROE of 22%.

Financial Services | Asia ex-Japan Banks

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	INR 1193.00
Price (25-Mar-2015)	INR 1034.25
Potential Upside/Downside	+15%

Market Cap (USD mn)	41585
Return on Equity TTM (%)	18.05
Dividend Yield (%)	0.7

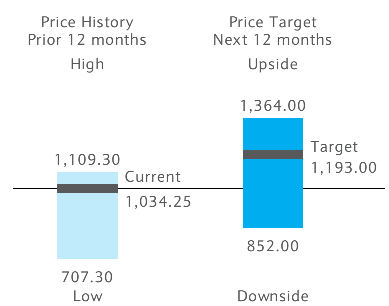
Source: Thomson Reuters

EPS INR

FY Mar	EPS	P/E
2014	35.34A	29.3
2015	41.21E	25.1
2016	56.83E	18.2

Source: Barclays Research.

Upside/Downside scenarios



CHINA LIFE (2628.HK)

Noel Chan
+886 2 663 84693
noel.chan@barclays.com
BCSTW, Taiwan

The Investment Case

Benefiting from a strong equity market rally and a recovery in VoNB growth, China Life saw a 33% jump in embedded value (EV) in 2014 from only 1.4% growth in 2013. Underlying VoNB growth momentum is improving on insurance agents' better productivity. The contribution to VoNB from bancassurance was down to 5%; hence any further shrinkage here should not have a material impact on its future growth. We continue to expect its VoNB growth to accelerate in 2015/16E on better product and distribution strategies. We estimate its sustainable EV growth to be around 18.0% vs. its five-year average of 7.6%. China Life has one of the strongest capital positions among AeJ life insurers and one of the balance sheets with the lowest risk among our covered companies.

The Business Drivers

We believe the operating environment for the China life insurance sector has improved along with recent positive policy changes. Structurally, the new bancassurance rules have expedited the life insurers' distribution transition to the more sustainable agency model. Lower interest rates should support growth of insurance products, as a cyclical catalyst.

Strong growth from China Life's agent distribution in 2014 suggests recovering demand for insurance products as trust products and WMP growth continued to decline. With its bancassurance contribution now having declined to only 2% of VoNB in 2014, we estimate its VoNB could recover to 14% in 2015 and 18% in 2016, closing the gap with Ping An Life and CPIC Life, which generates high-teens to sub-20% of VoNB growth on our estimates.

In addition, China Life has one of the strongest capital positions (295% as of the latest reported period) among our covered insurers and has the least exposure to alternative debt schemes, which we believe makes it the most defensive way to participate in the structural growth of life insurance products in China.

Upside/Downside Scenarios

Our upside case of HK$42.6 assumes 5% stronger VoNB growth from our base case estimate, which would result in a higher new business multiple (NBM) of 15x in our valuation (vs 12x in our base case). Our downside case assumes decelerating agency premium growth momentum and low-single-digit growth for VoNB and applies a NBM of 5x. This results in a value of HK$28.5.

Valuation Analysis

Our 12-month price target of HK$39.0 is based on 2015E embedded value plus a new business multiple of 12x applied to 2015E VoNB (derived from our 10-year DCF model and at the middle of its historical valuation cycle). The stock is currently trading at 1.3x 2015E P/EV (mid- to low end of the stock's P/EV trading band) with an estimated RoEV of 18%.

Financial Services | Asia ex-Japan Insurance

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	HKD 39.00
Price (25-Mar-2015)	HKD 32.65
Potential Upside/Downside	+19%

Market Cap (USD mn)	153019
Return on Equity TTM (%)	11.45
Dividend Yield (%)	1.5

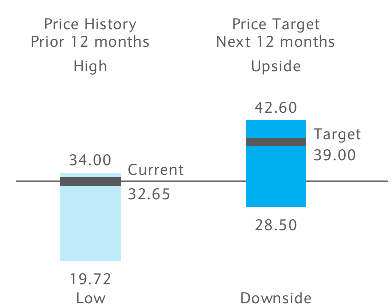
Source: Thomson Reuters

EPS CNY

FY Dec	EPS	P/E
2013	0.88A	29.8
2014	1.14E	22.9
2015	1.60E	16.3

Source: Barclays Research.

Upside/Downside scenarios



CHINA RESOURCES LAND (1109.HK)

Alvin Wong
+852 2903 4535
alvin.wong@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Resilient rental income positions CRL defensively against a challenging retail backdrop. In its residential business, the recent asset injection from parent company China Resources Holdings should help support continuing sales and margin improvement, based on our estimates. We consider CRL to be better positioned now to gain more share amid market consolidation – while it is one of the biggest landlords in China it is also one of the top-10 developers. Its unique dual business model, equally balanced between residential and commercial property, is not easy to replicate and thus deserves a premium valuation, in our view.

The Business Drivers

Despite the challenging retail environment, CRL expanded its 2014 rental income by 17.6% y/y, thus reinforcing its competitive edge in commercial property. Contracted residential property sales also grew, posting a 71% h/h increase in 2H14, and we expect this sales momentum to remain strong in 2015 given increasing saleable resources since the asset injection. A further adjustment in the property mix to meet customers' needs with better cost control could lead to CRL's development margin stabilizing at about 30%, on our estimates, from a bottom of 26.1% in 2013.

Upside/Downside Scenarios

Should homebuyers' liquidity remain supportive and the government continue to stimulate the property market, sales momentum should strengthen and NAV discounts should narrow. In our upside case, we assume CRL trades at par to forward NAV.

In our downside case, we think any unexpected administrative tightening measures, especially on the demand side, and a hard-landing for China's macro economy could depress valuation. Thus, we assume a 50% discount to forward NAV.

Valuation Analysis

CRL is now trading at a 29% NAV discount and at 10.9x FY15E P/E. While the valuation is at the high end among the stocks we cover, this is justified, in our view, by the company's successful track record of having a dual business model bolstering its long-term strategy, along with continuous support from its parent company. We forecast further improvement in CRL's operating data, based on our expectation of a sales recovery across first-tier and second-tier cities in 2015 amid a favourable policy environment. Our PT of HK$23.70 is based on a 20% discount to our forward NAV estimate of HK$29.60 and is equivalent to 12.3x FY15E P/E. Our target NAV discount is 0.5 SD above its historical average of 27%.

Financial Services | Asia ex-Japan Real Estate

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	HKD 23.70
Price (25-Mar-2015)	HKD 21.00
Potential Upside/Downside	+13%

Market Cap (USD mn)	17683
Return on Equity TTM (%)	16.22
Dividend Yield (%)	2.4

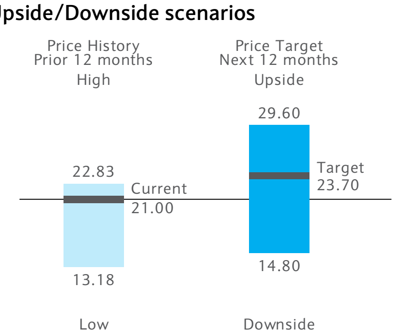
Source: Thomson Reuters

EPS HKD

FY Dec	EPS	P/E
2014	1.94A	10.8
2015	1.93E	10.9
2016	2.27E	9.3

Source: Barclays Research.

Upside/Downside scenarios



LUPIN LTD. (LUPN.NS)

Balaji Prasad, M.D.
+91 22 6719 6295
balaji.prasad@barclays.com
BSIPL, Mumbai

The Investment Case

Lupin's investment case continues to offer compelling support for further rerating, in our view. We expect Lupin to: 1) deliver among the highest revenue and earnings CAGRs within our regional coverage universe, at 20%/29% over FY14-17E; 2) consolidate its position as a leading generics firm in the US, where it is well positioned in focused therapeutic areas (eg, OCs, Ophthal) with one of the best Para-IV pipelines and nascent focus on Respiratory and Derma; and 3) improve its return profile (up 600bps over FY15-7E), which is among the best in our coverage group. Lupin's ability to monetize its US pipeline and its strong execution capabilities are the key drivers of our investment case.

The Business Drivers

Across most of its key markets (US, Japan and India), Lupin's organic sales have grown at a 28% CAGR over the past five years, one of the best growth profiles in Indian pharma. We forecast exports will be a key factor driving its growth over the next two years at a revenue CAGR of 22%, led by the US (24% CAGR) and traction in other emerging markets (South Africa, LATAM – driven by the acquisition of Lab Grin). Furthermore, an increasing focus on chronic specialties should improve the product mix and complement the recovery trend in the domestic market. Improving profitability from these geographies should underpin a 26% EBIT CAGR over FY14-17, on our estimates.

In our view, Lupin has one of the best US product launch pipelines in the next three years (130 products). We estimate its Para-IV pipeline will generate around US$500mn of incremental revenues. An improving revenue mix (focus on niche segments, demonstrated by Lupin's acquisition of Nanomi in complex injectables) and strong earnings growth are likely to further strengthen its returns profile.

Upside/Downside Scenarios

Lupin's US business has lately been impacted by a slowdown in approvals and channel consolidation pressures. A steady pick-up in US launches, stabilizing buyside dynamics and faster-than-expected improvement in emerging markets (India, Japan) could propel earnings to 15% above our FY16-17 estimates, for an upside case of Rs2,606.

On the other hand, greater-than-anticipated generics competition in Lupin's high-value Para-IV pipeline, inability to sustain its revenue growth momentum in the branded generics business and a slower ramp-up than expected in emerging markets could drive earnings 15% lower and, on a multiple de-rating to 20x, could imply a downside case of Rs1,482.

Valuation Analysis

With one of the best cash return profiles in the sector, Lupin has rerated in the past four years and is now trading at a FY17E P/E of 23x. Owing to its superior returns and growth outlook, we set our target multiple at 26x FY17E EPS of Rs87.17 to derive our PT of Rs2266.

Healthcare | Asia ex-Japan Healthcare & Pharmaceuticals

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	INR 2266.00
Price (25-Mar-2015)	INR 2008.90
Potential Upside/Downside	+13%

Market Cap (USD mn)	14485
Return on Equity TTM (%)	N/A
Dividend Yield (%)	0.3

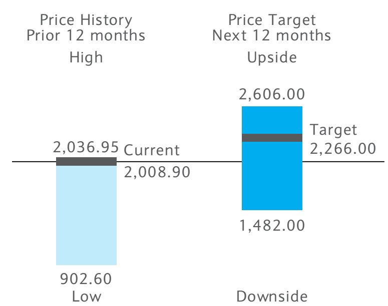
Source: Thomson Reuters

EPS INR

FY Mar	EPS	P/E
2014	40.89A	49.1
2015	55.28E	36.3
2016	68.94E	29.1

Source: Barclays Research.

Upside/Downside scenarios



MANDO CORP. (204320.KS)

Paul Hwang
+82 2 2126 2983
paul.hwang@barclays.com
BCSL, Seoul

The Investment Case

A number of catalysts provide support to our positive view on Mando, including: 1) the gradual removal of corporate governance concerns through ongoing restructuring to remove circular ownerships within the Halla Group; 2) continuing new order increases supporting solid top-line growth for the next several years; 3) an increase in the dividend payout ratio to around 25% from FY15E; and 4) anticipated recovery of sales volume this year at Mando's two largest Chinese OEM customers, Geely and Great Wall.

The Business Drivers

Mando continues to gain traction from new customers because of its attractive price point (vs. tier-1 global suppliers) and its diversified product footprint globally. Sales should grow 4%/12% y/y in 2015E/16E on an apples-to-apples basis (i.e. excluding the impact of Mando's spin-off from the Halla Group in 3Q14).

Mando is shifting its product portfolio from conventional auto parts to advanced auto parts, such as anti-lock braking systems (ABS) and electric power steering (EPS), which generate higher margins. The competitive landscape for conventional auto parts with less tech-savvy features will eventually become tougher, in our view, as technology requirements become more demanding.

Key concerns mainly relate to corporate governance and the margin outlook. Moves to complete the disconnection of circular ownership within the Halla Group (where Halla Corp. no longer directly or indirectly controls Mando), should mitigate the first concern. Incrementally stronger pricing pressure from Hyundai Motor (HMC) and Kia Motors is a potential risk to Mando's operating margin, although not during FY15-16, in our view. Average OPM at HMC and Kia will decline less in FY15-16 than in FY14, based on our estimates, and should keep OPM stable for Mando at 5.4-5.5%.

Upside/Downside Scenarios

Compared to our price target of W215,000, we could see Mando trade up to W286,000 (based on EV/EBITDA of 7x, Mando's pre-spin-off historical average) if OP incrementally grows by 11% (assuming +2% sales from more global shipments at OEMs) and valuation re-rates vs its peers. Mando could trade down to W109,000 (based on EV/EBITDA of 4.9x, which is peer Hyundai Mobis' historical mid- to low-end average), if volume (sales) growth is 5% weaker (assuming fewer global shipments at OEMs) and valuation remains depressed vs its peers.

Valuation Analysis

We apply a target EV/EBITDA multiple of 6x – Mando's historical low-end average pre-spin-off – to our 2015 earnings estimates (EBITDA minus net debt) to derive our price target of W215,000. Mando is currently trading at a FY15E P/E of 8.6x, below its historical average P/E of 10x before the spin-off.

Industrials | Asia ex-Japan Autos & Auto Parts

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	KRW 215000
Price (25-Mar-2015)	KRW 161500
Potential Upside/Downside	+33%

Market Cap (USD mn)	1375
Return on Equity TTM (%)	N/A
Dividend Yield (%)	1.2

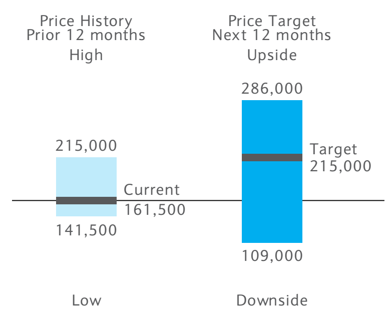
Source: Thomson Reuters

EPS KRW

FY Dec	EPS	P/E
2013	N/A	N/A
2014	3371.80E	47.9
2015	18697.76E	8.6

Source: Barclays Research.

Upside/Downside scenarios



ZHUZHOU CSR TIMES ELECTRIC (3898.HK)

Yang Song
+852 2903 2489
yang.song@barclays.com
Barclays Bank, Hong Kong

Industrials | Asia ex-Japan Capital Goods

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	HKD 66.00
Price (25-Mar-2015)	HKD 49.90
Potential Upside/Downside	+32%

Market Cap (USD mn)	7563
Return on Equity TTM (%)	27.85
Dividend Yield (%)	1.0

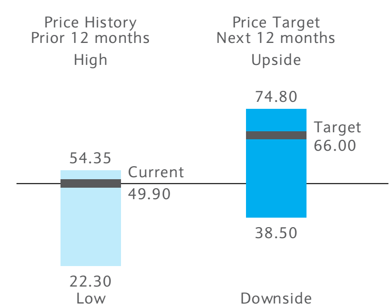
Source: Thomson Reuters

EPS CNY

FY Dec	EPS	P/E
2014	2.04A	19.6
2015	2.36E	16.9
2016	2.57E	15.6

Source: Barclays Research.

Upside/Downside scenarios



The Investment Case

Zhuzhou CSR – CSR's subsidiary and component supplier – should be the primary beneficiary of the pending CSR/CNR merger as it should become a CNR supplier and it has first rights to purchase CNR's competing subsidiaries (i.e. CNR Dalian), according to a 30 December 2014 company announcement. We also expect the company to benefit from China's strong demand for Multiple Units (MUs), driven not only by newly completed high-speed railways but also by increasing traffic, and China's rolling stock companies' increased presence overseas. We remove Voltas (covered by Venugopal Garre) as our industry Top Pick in favour of Zhuzhou CSR.

The Business Drivers

Zhuzhou CSR would clearly benefit if the organizational barrier currently preventing CNR from sourcing components from Zhuzhou were removed; however, achieving this is not dependent on an absolute structural integration between CSR and CNR. According to management, Zhuzhou CSR has already started working with CNR subsidiaries on converters and is confident of order inflow from CNR even without acquiring CNR assets thanks to Zhuzhou's superior product quality.

Solid progress with the IGBT (Insulated Gate Bipolar Transistor) business is also being made. At the company's recent 2014 results briefing, management commented that production yield for IGBT modules has reached 90% and Zhuzhou will be ready to deliver 30-50K units in 2015 (production capacity is 500K units). Management expects to post a narrower operating loss this year (versus RMb250mn loss in 2014) and potentially break even in 2016.

Upside/Downside Scenarios

We believe the stock could reach HK$74.80 if the company saw 70% EPS accretion by acquiring CNR's competing subsidiaries. This is based on our best estimates of CNR's competing businesses' market value and the proportion of the potential acquisition funded by debt and cash versus equity.

We acknowledge that the following are still uncertain: 1) the fair value of CNR's businesses that compete with Zhuzhou; 2) how Zhuzhou might fund such an acquisition; and 3) the timing of a potential acquisition. In our downside case, we assume Zhuzhou CSR does not purchase CNR's competing business and therefore sees 0% EPS accretion, which could lead to a stock value of HK$38.50 based on a 14x multiple applied to our 2015E EPS.

Valuation Analysis

Our 12-month price target of HK$66.00 for Zhuzhou CSR is based on a target P/E of 16x applied to our EPS estimate for 2015 and assuming 50% potential EPS accretion should it acquire CNR's competing subsidiaries. This extra 50% is not included in our EPS forecast, so we multiply our 2015E EPS by 1.5 and apply the 16x target multiple to reach our price target.

MALAYSIA AIRPORTS HOLDINGS BHD (MAHB.KL)

Jon Windham, CFA
+852 2903 4672
jon.windham@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Passenger volume growth of 12% per annum should drive a strong 2015-16 EPS recovery at Malaysia Airports Holdings, on our estimates, boosted by long-term structural growth in demand from increasing low-cost carrier penetration in ASEAN and the return of Chinese tourists.

The Business Drivers

Recovering passenger traffic: We expect passenger volume traffic growth to normalise in 2Q15, accelerating from the combined January-February 2015 y/y growth of 1%, which was due to the high base effect before the decline in traffic triggered by the two Malaysian Airlines crashes in 2014.

We forecast passenger volume growth of 12% per annum in 2015-16E, driven by the return of Chinese visitors to Malaysia and increasing numbers of ASEAN tour groups as stability in Thailand resumes.

KLIA2 launch – high fixed cost: Airports have a high fixed-cost base. A key positive driver of MAHB's story, in our view, is the incremental profitability of additional passenger volume and incremental profitability related to higher retail spend per passenger that we expect from the enhanced retail offering at KLIA2, the new low-cost carrier dedicated terminal.

Istanbul airport: In October 2014, MAHB increased its stake in Istanbul Sabiha Gokcen International Airport (ISG) to 100% from 60%, at a cost of RM1.2bn. We expect ISG to turn profitable in 2015 and to account for 23% of MAHB's total passenger volumes and 26% of total revenues. Combined January-February 2015 passenger volume growth of 16% y/y is ahead of our 2015 forecast of 12%.

Upside/Downside Scenarios

Our upside case of MYR13.42 assumes passenger growth and retail revenue exceed expectations at KLIA2. Airports have a high fixed-cost base and we see passenger volume and higher retail spend as one of the key earnings drivers. Our downside case of MYR3.58 assumes execution risk in Turkey and higher-than-expected start-up costs related to the KLIA2 launch. MAHB also faces larger currency translation risks from EUR-denominated revenues in Turkey.

Valuation Analysis

Our MYR8.94 price target for MAHB is based on a P/E multiple of 20x applied to our 2016E EPS. Our target P/E of 20x is broadly in line with the current valuation of other ASEAN listed infrastructure names. We expect MAHB's earnings recovery to lead to relative outperformance vs its peer group. Over the past 12 months (as of 25 March 2015), MAHB has significantly underperformed compared to its closest peer, Airports of Thailand, with MAHB down 11% compared to AOT up 58%.

Industrials | Asia ex-Japan Infrastructure & Transport

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	MYR 8.94
Price (25-Mar-2015)	MYR 7.05
Potential Upside/Downside	+27%

Market Cap (USD mn)	3193
Return on Equity TTM (%)	12.33
Dividend Yield (%)	1.0

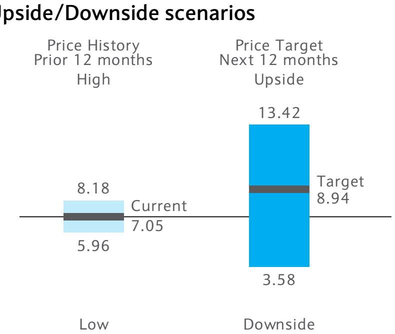
Source: Thomson Reuters

EPS MYR

FY Dec	EPS	P/E
2013	0.32A	22.2
2014	0.14E	50.4
2015	0.26E	27.3

Source: Barclays Research.

Upside/Downside scenarios



BAIDU, INC. (BIDU)

Alicia Yap, CFA
+852 2903 4593
alicia.yap@barclays.com
Barclays Bank, Hong Kong

The Investment Case

We remain positive on Baidu's ability to reaccelerate top-line growth (30% CAGR for 2014-17E), driven by improving mobile monetization, although we see operating leverage and margin recovery pushed back by one year due to continued investment in S&M and content. Baidu has repositioned itself to capture mobile internet growth, with mobile accounting for 42% of its revenue in 4Q14. The number of transactions completed on its platform grew by more than four times in 2014 following the efforts made to promote its O2O service offerings.

The Business Drivers

Revenue growth should be driven by: 1) investment to refine its search function capability and algorithm; 2) increasing traction on its mobile search and other mobile services; and 3) continued development of its "big data" analysis efforts, which we believe will all gradually help improve the overall user experience and monetization potential. Baidu's latest mobile strategies and efforts to strengthen its overall mobile internet position and improve its monetization capability are bearing fruit, in our view, and its aggressive investment is likely to yield more promising growth over time.

Further synergies are likely to be realised via the integrated approach of its native app and light app strategies, as well as its new Baidu Connect initiatives. In addition, improved LBS (location-based service) offerings via map and Nuomi integration, and steady ramping of revenue from its mobile search offering, bode well for a stronger 2015, in our view.

Upside/Downside Scenarios

Our upside case of US$343 assumes a faster ramp in mobile search monetization and a smaller-than-expected impact from Qihoo, suggesting upside to our estimates and margins, with the target multiple rising to 30x. Our downside case of US$140 assumes mobile search monetization grows more slowly than expected, and Qihoo taking revenue share from Baidu, with the target multiple likely dropping to 15x.

Risks include: 1) Intensifying competition in PC search as Qihoo continues to ramp up aggressively; 2) margin pressure if sales and marketing spend and traffic acquisition costs continue to increase by more than we expect; and 3) potential slowdown of China's economy leading to ad budget constraints for many SME customers, which could have an impact on Baidu's top-line growth.

Valuation Analysis

Our price target of US$260 is based on a target P/E multiple of 25x applied to our 2016E non-GAAP EPADS of US$10.38. Our target multiple of 25x is about a 0.8x PEG to our three-year (2014-17E) earnings CAGR of 30%, which we believe is reasonable given Baidu's leading position in the China internet sector and solid growth prospects.

Internet & Media | Asia ex-Japan Internet & Media

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	USD 260.00
Price (25-Mar-2015)	USD 207.74
Potential Upside/Downside	+25%

Market Cap (USD mn)	73369
Return on Equity TTM (%)	30.42
Dividend Yield (%)	N/A

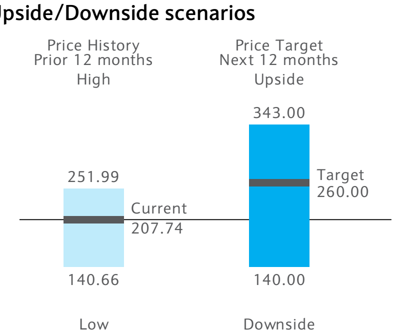
Source: Thomson Reuters

EPS USD

FY Dec	EPS	P/E
2013	5.19A	40.1
2014	6.45E	32.2
2015	7.62E	27.3

Source: Barclays Research.

Upside/Downside scenarios



HUANENG POWER INTERNATIONAL (0902.HK)

Ephrem Ravi
+852 2903 4892
ephrem.ravi@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Huaneng Power has the highest potential upside amongst Asian utilities in our coverage universe, we believe, even with its share price having tripled from its trough in early 4Q11. It has a 2015E dividend yield above 7% and is currently trading at one standard deviation below its 5-year average P/E and EV/EBITDA. Moderate capacity growth for this low-cost operator should provide further upside potential to earnings. Strong cash flows could allow Huaneng to fully de-gear in less than five years, on our estimates.

The Business Drivers

Since 2014 Huaneng's shares have transformed from simply being an inverse correlation on coal prices to a business case supported by strong cash flow and structural cost advantages, in our view. We estimate the annualized free cash flow potential of RMB30bn would be able to fully de-gear the company's balance sheet in less than five years. In addition there is the possibility of asset injections from the parent company, which have been consistently earnings accretive.

Huaneng's structural cost advantages are the main drivers of its sustainable outperformance. Its fuel cost is lower than average, while its lower operating cost is a result of better management and better quality of assets. Although further on-grid tariff cuts could negatively impact Huaneng's earnings, we have already factored in a cRMB2.0/kWh reduction in on-grid tariff and a drop in utilization rates, with clean energy ramp-ups in its key operational bases.

Upside/Downside Scenarios

Lower-than-expected coal prices or the absence of further on-grid tariff cuts for coal power companies could drive the stock higher in the medium term. Higher power capacity additions and utilization hours above 5,500 would support our upside case of HK$16.7.

Our downside case for Huaneng of HK$6.9 is based on a sharp decline in utilization hours as a result of lower electricity demand, or supply competition from nuclear and Ultra High Voltage transmission lines. A higher-than-expected jump in coal prices or significant reduction in on-grid tariffs could also lower the earnings outlook for the company.

Valuation Analysis

Global utilities have traded on an average P/E multiple of 13-15x, while Huaneng is only trading at 6.6x 2015E, implying a 40% discount vs. its 5-year historical average and a 17% discount versus its China peers. A dividend yield of 7% reinforces its potential to become an income stock as well, in our view.

Power & Utilities | Asia ex-Japan Power & Utilities

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	HKD 13.00
Price (25-Mar-2015)	HKD 8.89
Potential Upside/Downside	+46%

Market Cap (USD mn)	18320
Return on Equity TTM (%)	19.01
Dividend Yield (%)	5.1

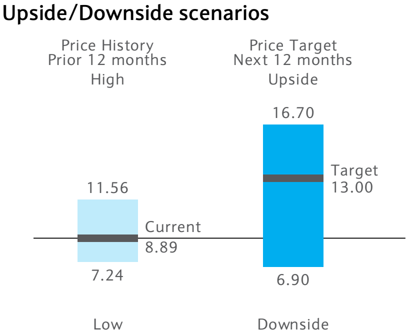
Source: Thomson Reuters

EPS CNY

FY Dec	EPS	P/E
2013	0.74A	9.6
2014	0.91E	7.9
2015	1.07E	6.6

Source: Barclays Research.

Upside/Downside scenarios



LENOVO GROUP LTD. (0992.HK)

Kirk Yang
+852 2903 4635
kirk.yang@barclays.com
Barclays Bank, Hong Kong

The Investment Case

Lenovo has made impressive PC and smartphone market share gains across all regions via margin improvements and is set for further share gains in these markets, in our view. We are also positive on the recently closed Motorola Mobility and System X acquisitions given strong synergies and improving outlooks for smooth integration.

The Business Drivers

Lenovo's PC margin should be able to expand due to increasing scaling benefits. The company guides that its operating profit margin will improve by 1ppt in three years, but this is still below the average OPM for Dell and HP at c5-6%. Lenovo's China PC OPM has already stabilised at 5-6% while other geographic regions and China non-PC OP margins could have room for improvement.

We believe both Motorola Mobility and System X will have strong synergies with Lenovo and could be the catalyst for Lenovo entering new markets and customer segments, especially in developed markets. Lenovo's smartphone business has little geographical overlap and targets different price segments: Lenovo has a global x86 server market share of 3.5% that is primarily focused on China's SME business. System X has 8.3% market share but two-thirds are outside China and focus on the higher-end x86 server market. Lenovo should see further growth opportunities after successful integration.

Upside/Downside Scenarios

Our upside case of HK$15.0 assumes successful market share gains in China, emerging smartphone markets for its products, and continued PC share gains in emerging markets and EMEA. We also assume Motorola Mobility and System X turn around faster than expected and break even within 4-6 quarters. This would translate into 10-15% further earnings growth.

The biggest downside risk is slower-than-expected growth in China's economy, on which Lenovo is highly dependent, with China accounting for c45% of sales (FY14). If its smartphone products were not successful, we believe this could negatively impact earnings by more than 25%, leading to our downside case of HK$8.0.

Other risks that might threaten our HK$13.0 price target include: 1) slower-than-expected integration and turnaround of Motorola Mobility and System X, leading to prolonged losses; and 2) margin contraction due to competition and over-expansion in emerging markets.

Valuation Analysis

Our HK$13 PT for Lenovo is based on a target P/E multiple of 13x our pro-forma FY16E EPS. Our target P/E is higher than those of its brand peers such as Asustek, which has historically traded at an average 10-12x 12-month forward EPS. We believe Lenovo deserves a higher multiple than its PC peers given its stronger PC share gains and better mix owing to its mobile device business.

Technology | Asia ex-Japan IT Hardware

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	HKD 13.00
Price (25-Mar-2015)	HKD 11.52
Potential Upside/Downside	+13%

Market Cap (USD mn)	16500
Return on Equity TTM (%)	24.91
Dividend Yield (%)	2.1

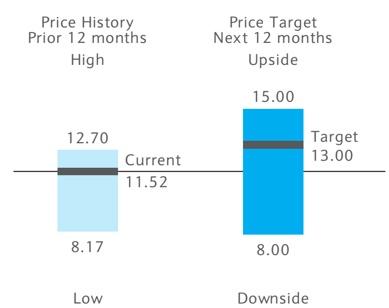
Source: Thomson Reuters

EPS USD Cents

FY Mar	EPS	P/E
2014	7.88A	18.8
2015	7.54E	19.7
2016	10.28E	14.5

Source: Barclays Research.

Upside/Downside scenarios



LG DISPLAY (034220.KS)

SC Bae
+82 2 2126 2932
sc.bae@barclays.com
BCSL, Seoul

The Investment Case

In contrast to the general perception that the TFT-LCD panel industry is highly cyclical and unstable, we expect the ongoing recovery in global TFT-LCDs to be much more sustainable. We believe investors are sceptical about the industry due to the relative absence of industry consolidation and outlook for slower demand owing to TFT-LCD panel saturation. But such scepticism has helped the panel industry to become more disciplined about capacity expansion, in our view. As the size of TVs continues to evolve without a meaningful shock to supply, we believe the cyclicality of the industry has been significantly reduced and the panel makers such as LG Display are set for more sustainable free cash flow generation and, therefore, deserve a higher valuation multiple (vs. its current 0.8x 2015E P/B).

The Business Drivers

Supply-driven crystal cycle appears to be over: We expect the global TFT-LCD supply growth rate to settle in the 5-10% range for the time being vs. the 33% 10-year historical average due to: 1) pessimism over demand growth after saturation; 2) less need for technology migration beyond 8G; and 3) capacity losses of existing lines as a more complex process is introduced. We believe this is materially positive for the panel industry given less risk for oversupply, easier supply adjustment and significant free cash flow improvement.

Demand profile should remain healthy in 2016 as China takes over the replacement cycle: In terms of demand, we expect the replacement cycle in developed countries to approach the peak in 2016, but the new cycle will be just be beginning in China in 2016. Overall demand price sensitivity should start to rise again from 2016, but the size migration itself should continue into 2016. Overall, we believe that the demand profile will remain healthy into 2016 as wealthier consumers upgrade their TVs.

Upside/Downside Scenarios

Our upside case of KRW54,000 is based on 1.3x P/B (+1STDV to the historical average) on our 2015-16E BVPS and assumes higher-than-expected global TV shipments and faster-than-expected earnings visibility in the OLED business (Apple TV with OLED or iPhone with OLED).

Our downside case of KRW25,000 is based on 0.6x P/B (historical low) on our 2015-16E BVPS and assumes irrational behaviour at tier panel makers to control utilization rates and poor execution in OLED production.

Valuation Analysis

Our price target of KRW47,000 is based on 1.16x our average BVPS estimate for 2015-16. Our target multiple represents the stock's past six-year historical average, which we believe is reasonable given we expect ROE to improve to 16% in 2015 vs. a historical average of 4% (over 2009-14). This is compared to its peers such as AUO at 13.0% ROE and Innolux at 12.7% ROE in 2015E.

Technology | Asia ex-Japan LCD Displays

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	KRW 47000
Price (25-Mar-2015)	KRW 32500
Potential Upside/Downside	+45%

Market Cap (USD mn)	10546
Return on Equity TTM (%)	8.20
Dividend Yield (%)	1.6

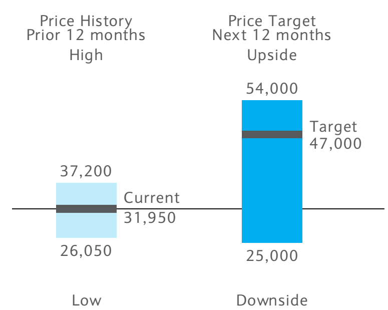
Source: Thomson Reuters

EPS KRW

FY Dec	EPS	P/E
2013	1190.89A	27.3
2014	2562.95E	12.9
2015	5160.66E	5.7

Source: Barclays Research.

Upside/Downside scenarios



MEDIATEK INC. (2454.TW)

Andrew Lu
+886 2 663 84698
andrew.lu@barclays.com
BCSTW, Taiwan

The Investment Case

We are still structurally positive on MediaTek despite the recent February sales miss and rising operating expenses owing to the baseband design that should cut costs, the new Helio product that should increase ASP/margins and full support from TSMC vs Qualcomm. MediaTek's competitive smartphone turnkey SoC (system on a chip) solution should gain share with its 4G upgrade in China, with its 3G/4G upgrade in ex-China emerging countries, and via new customers like Motorola (acquired by Lenovo), HTC, TCL, Vodafone, Sony and LGE in developed countries.

The Business Drivers

MediaTek's 3G to 4G upgrade should boost ASP by 50% across its four SoC products – extreme (Helio X), premium (Helio P), mainstream and entry level. It should gain share in developed countries from 5% in 2014 to 26% in 2016E. Ex-China emerging countries should also see increased share from 26% in 2014 to 52% in 2016E.

Margin stability should resume in 2H15 once extreme/premium Helio SoC shipments increase, MediaTek receives a volume price from TSMC on 16nm FinFet+ and MediaTek introduces cost-optimized MT6753, MT6735 and MT6735m. In addition, after the Chinese government announces the final penalties of US$975mn and licensing rate cuts (from 5% to 3%) for the Qualcomm anti-monopoly investigation, we might see less aggressive pricing pressure from Qualcomm for the next few quarters.

Upside/Downside Scenarios

Our upside case of NT$740 reflects a three-year peak P/E of 24x. We assume share gains of 60% in emerging countries and 41% in developed countries. We also assume a blended ASP increase of 0-5% y/y in the next two years due to mix change and gross margin recovery. On the other hand, greater-than-expected price competition on 3G/4G smartphone IC and falling 3G demand in China could affect margins. In this scenario, the shares could decline to NT$400, based on a three-year trough P/E of 12x.

Valuation Analysis

Our 12-month price target is based on a 15x target P/E multiple applied to our 2016E EPS. Our valuation methodology is derived from 1x PEG, which we use to represent the secular growth we expect for the fabless sector. In our view, MediaTek is trading at a discount at 12x 2016E EPS, falling short of its three-year average trailing valuation of 17x, compared to its three-year forward EPS CAGR of 15%.

Technology | Asia ex-Japan Semiconductors

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	TWD 565.00
Price (25-Mar-2015)	TWD 443.00
Potential Upside/Downside	+28%

Market Cap (USD mn)	25427
Return on Equity TTM (%)	21.46
Dividend Yield (%)	3.4

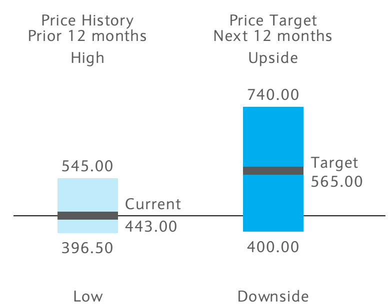
Source: Thomson Reuters

EPS TWD

FY Dec	EPS	P/E
2014	29.90A	14.8
2015	32.17E	13.8
2016	36.91E	12.0

Source: Barclays Research.

Upside/Downside scenarios



LARGAN PRECISION CO., LTD. (3008.TW)

Dale Gai
+886 2 663 84697
dale.gai@barclays.com
BCSTW, Taiwan

The Investment Case

Largan's investment case is premised on its ability to improve margins amid the global smartphone slowdown. The company's better yield rate, stable ASP and greater production scale drives our conviction. Although we factor in order volatility from Apple and other high-end smartphone makers, significant margin upside highlights Largan's strong market position, in our view.

The Business Drivers

We forecast flattish iPhone unit volumes with 20% y/y growth from non-Apple clients in 2H15, despite our cautious view on the Apple supply chain. ASP, on the other hand, is a key driver for sales growth, with increasing penetration on migrations over 13 megapixels, optical zooms and possible higher adoption of dual cameras. We expect future iPhone models, likely from 2015, to upgrade to 13MP or a dual-camera design (like HTC's M8) to keep up with mainstream technologies. The resulting potential upside does not appear to be factored into Bloomberg consensus.

Upside/Downside Scenarios

Full adoption of OIS (Optical Image Stabilizer) from new iPhones in 2015 and higher ASP from China smartphone clients would boost Largan's sales and add 5-10% earnings upside to our base case. Applying 18x 2015-16E to the higher EPS results in a share price of NT$3,300.

Downside could result from weaker iPhone/China smartphone brand sales and/or competition from local handset camera makers. This could cause earnings to decline 15% from our base case. Applying 15x P/E to 2015-16E EPS implies a share price of NT$1,900.

The key downside risks to our price target of NT$3,000 include disappointing demand for iPhone sales, weaker-than-expected orders from China smartphone brands owing to inventory correction or share losses (to Samsung), and failure to maintain margins as a result of increased competition, ASP pressure, low yield rates, or smaller scale.

Valuation Analysis

Our 12-month price target of NT$3,000 is based on a target P/E of 17x our 2015-16E NT$176 EPS. We maintain our forecast period of 2015-16E since we believe investors will start to factor in Largan's 2016 prospects, including higher optical zoom penetration and a stronger iPhone cycle, in 2015. Since 2006, when Largan transitioned its main business from DSCs to handset cameras and supplied Motorola's RAZR, the stock has traded between 9x and 30x forward EPS, and at an average of 15x. Our target P/E multiple is +1SD above its historical average, reflecting Largan's strong market position and improved ROE. The 17x P/E also represents the stock's 0.9x PEG, given our forecast for a 20% EPS CAGR from 2014 to 2016. Our price target represents a 7.2x P/B multiple based on our 2015E BVPS of NT$416.

Technology | Asia ex-Japan Wireless Equipment & Products

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	TWD 3000.00
Price (25-Mar-2015)	TWD 2755.00
Potential Upside/Downside	+9%

Market Cap (USD mn)	11832
Return on Equity TTM (%)	46.95
Dividend Yield (%)	1.0

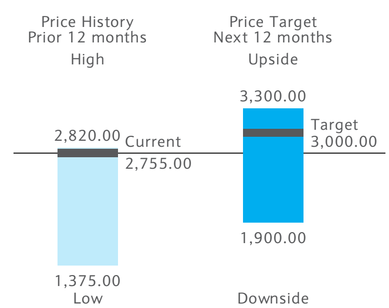
Source: Thomson Reuters

EPS TWD

FY Dec	EPS	P/E
2013	71.64A	38.5
2014	144.85E	19.0
2015	159.90E	17.2

Source: Barclays Research.

Upside/Downside scenarios



BHARTI AIRTEL LTD. (BRTI.NS)

Sahil Kedia
+91 22 6719 6036
sahil.kedia@barclays.com
BSIPL, Mumbai

The Investment Case

We reiterate Bharti Airtel as our Top Pick in Asia ex-Japan Telecoms. 3QFY15 numbers confirmed operational trends are ahead of its peers. Bharti is the biggest beneficiary of industry dynamics aiding market share consolidation towards the top three operators (largest wireless operator: c31% revenue share), in our view. A strong balance sheet leaves adequate flexibility to acquire spectrum or accelerate network rollout to meet surging data demand. Its African operations provide opportunity and risk: the opportunity lies in higher market share and margins driven by higher scale, the risk is in continued execution hiccups.

The Business Drivers

We forecast 10% revenue CAGR over FY14-17E with an EBITDA margin expansion of 260bps due to improvement in voice realisations and an uptick in data revenues. Bharti Airtel's current EBITDA margin at 37.1% remains the highest in the industry due to significant operational efficiencies.

Improvement in voice realisations to have a disproportionate impact on margins: Post the expensive spectrum auctions, we expect telecom operators to monetise their spectrum holdings by reducing discounted minutes. Bharti Airtel is likely to benefit the most from the resulting improvement in voice trends as it has the highest share of the urban and metro subscriber base.

Data services – key top-line driver: A strong balance sheet provides Bharti Airtel with first-mover advantage to accelerate the deployment of data-ready infrastructure. It is one of the first operators to launch 4G services. Management guided for higher capex towards data infrastructure. We forecast data revenue contribution to increase to 23% in FY17E (vs. 10% in FY14).

Upside/Downside Scenarios

Our upside case assumes that a recovery in voice trends and higher growth in wireless data services will drive EBITDA 10% higher. This, coupled with a 5% increase in valuation multiples, leads to an upside case of Rs540/share.

Our downside case assumes that deterioration in operating trends in India and Africa will adversely affect FY16E EBITDA by about 15%. This, coupled with 15% lower valuation multiples, leads to a downside case of Rs276/share.

Key risks to our price target include unfavourable regulatory changes in India and higher competition due to the entry of newer players like R-Jio, resulting in predatory pricing. Additional risks include continued weakness in the African operations where Bharti is a late entrant.

Valuation Analysis

Our price target of Rs445 is based on DCF analysis, assuming 10% revenue growth and margin expansion of 260bps over the next three years (FY14-17E), a 3% terminal growth rate and WACC of 12.7%.

Telecommunications | Asia ex-Japan Telecom Services

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	INR 445.00
Price (25-Mar-2015)	INR 395.00
Potential Upside/Downside	+13%

Market Cap (USD mn)	25329
Return on Equity TTM (%)	N/A
Dividend Yield (%)	0.5

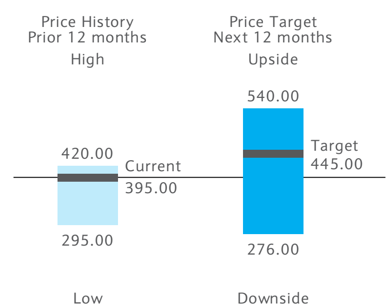
Source: Thomson Reuters

EPS INR

FY Mar	EPS	P/E
2014	6.80A	58.1
2015	16.30E	24.2
2016	19.36E	20.4

Source: Barclays Research.

Upside/Downside scenarios



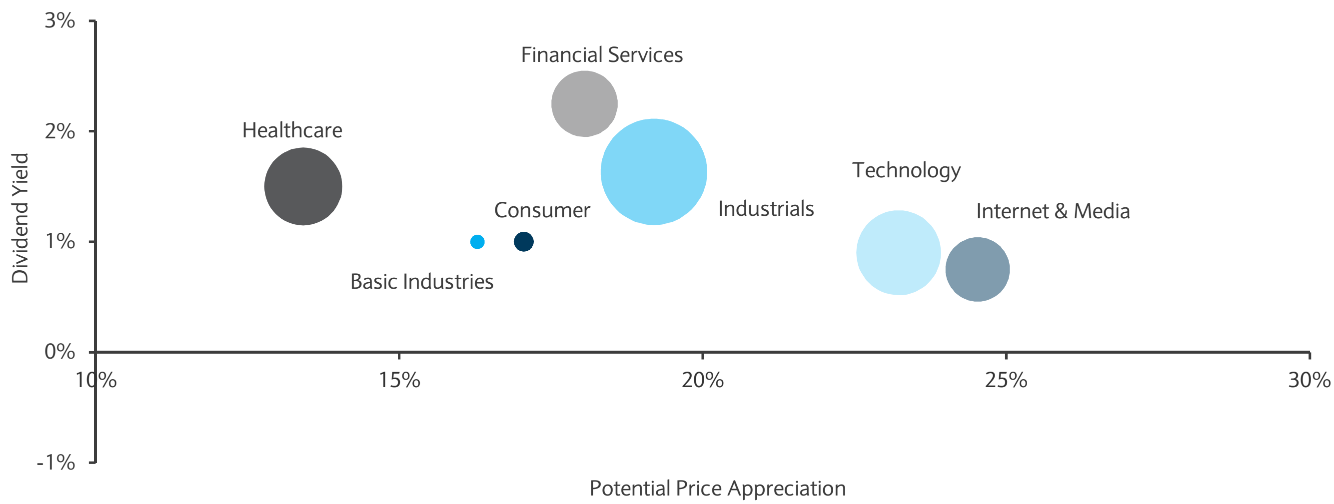
JAPAN

In this quarterly update, we present 15 high-conviction ideas across our Japan coverage, down from 16 in our previous GTP publication in December 2014. There were a total of 6 removals (Lixil Group, Japan Tobacco, Softbank, Kawasaki Heavy Industries, Miraca Holdings, and Ryohin Keikaku), 5 additions (Square Enix, Kenedix Retail Reit, Aeon Mall, Sony, and TDK), and 2 replacements (Shimadzu Corp replaced by Citizen Holdings and Shionogi & Co replaced by Astellas Pharma). The removals have been largely prompted by the stocks' limited upside from current levels. Sony and TDK were added on the back of our sector initiation in Consumer Electronics and Electronic Components, while the additions of both Kenedix Retail Reit and Aeon Mall are due to attractive valuations and cap rate yield spreads against the backdrop of a recovering real estate market in Japan. Square Enix's addition is more company specific.

Our current Top Picks average ¥1.68tn (US$14bn) in market cap and boast an average 20% upside to 12-month price targets with an additional 1.4% dividend yield. The average stock in the group generates an 8.8% ROE and trades on a 16.6x forward P/E. Our analysts favour exposure to Financial Services which makes up 29% of the list with an average total return of 20.3%, while also remaining non-conviction in Telecom Services.

While each idea presents an individual investment thesis that merits its selection as a Top Pick, some interesting themes have also appeared when considering the group as a whole. In particular, the weaker yen has been supporting in-bound tourist demand, thus benefiting areas such as Precisions, whereas the decline in oil prices causes us to favour diversified chemical companies such as Tosoh Corp.

Potential Total Return of Top Picks



Source: Barclays Research, Thomson Reuters
Note: Size of the bubble denotes the total market capitalization of our coverage stocks in each Industry.

Top Picks added and removed since previous Global Top Picks report on 8 December 2014

Date Published	Industry	Analyst	Added	Removed
4-Mar-2015	Japan Food, Beverages & Tobacco	N/A	–	Japan Tobacco Inc.
4-Mar-2015	Japan REITs	Atsuro Takemura	Kenedix Retail Reit	–
13-Mar-2015	Japan Software & Entertainment	Yuki Okishio	Square Enix Holdings	–
16-Mar-2015	Japan Telecom Services	Keiichi Yoneshima	–	SoftBank Corp.
24-Mar-2015	Japan Electronic Components	Kazunori Ito	TDK Corp.	–
25-Mar-2015	Japan Building Products & Homebuilders	Takashi Hashimoto	–	LIXIL Group Corp.
29-Mar-2015	Japan Biopharmaceuticals	Atsushi Seki	Astellas Pharma Inc.	Shionogi & Co., Ltd.
29-Mar-2015	Japan Consumer Electronics	Kazunori Ito	Sony Corp.	–
29-Mar-2015	Japan Heavy Industries	Kunio Sakaida	–	Kawasaki Heavy Industries
29-Mar-2015	Japan Medical Supplies & Devices	Mitsuko Miyasako	–	Miraca Holdings Inc.
29-Mar-2015	Japan Precision Instruments	Masahiro Nakanomyo	Citizen Holdings Co., Ltd.	Shimadzu Corp.
29-Mar-2015	Japan Real Estate Leasing	Takashi Hashimoto	Aeon Mall	–
29-Mar-2015	Japan Retail	Ryota Himeno	–	Ryohin Keikaku Co., Ltd.

Source: Barclays Research

TOSOH CORP. (4042.T)

Mikiya Yamada
+81 3 4530 2911
mikiya.yamada@barclays.com
BSJL, Tokyo

The Investment Case

Net D/E < 0.8x, ROE > 12%; share price low despite Specialty Group earnings expansion: We expect Tosoh to generate roughly 55% of its FY3/16 OP from high value-added specialty products and reach 12.7% ROE. We also foresee the net D/E ratio dropping to 0.76x at end-FY3/15 and 0.51x at end-FY3/16. We think Tosoh's shares are trading very attractively at 9.9x P/E and 1.2x P/B ratios based on our FY3/16 estimates at the JPY584 closing price from 25 March.

The Business Drivers

More than just MDI and VCM, Specialty Group steady expansion: We view favorably Tosoh's strategy of achieving high-level integration of the business portfolio, effectively leveraging robust electrolysis and petrochemical industrial infrastructure and a broad range of intellectual property from inorganic chemistry and precision organic synthesis fields, and expanding bioscience, advanced materials, organic chemicals, and other specialty products. We expect Specialty Group OP to expand to JPY30.4bn in FY3/16, from FY3/13's JPY9.0bn, including support from correction of yen appreciation versus major currencies.

We think many experienced investors in Japanese equities see Tosoh as having earnings that fluctuate substantially with methylene diphenyl diisocyanate (MDI) and vinyl chloride monomer (VCM) prices and a weak financial standing. Still, Tosoh is expanding profits in FY3/15 despite a slump by VCM and MDI Asian prices. We are impressed by profit contributions from specialty products.

Upside/Downside Scenarios

Focus on "preconception" revision as a catalyst for an upswing by Tosoh shares: We expect Tosoh to boost the OPM to 7.1% in FY3/16, from FY3/13's 3.7%, and reach a 42.0% shareholders' equity ratio at the end of FY3/16. We think the above-noted "preconception" by experienced investors is keeping Tosoh's valuation at a low level. We believe Tosoh shares could rise to JPY850, which corresponds to peak P/B (about 1.9x) since FY3/09, if investor views of Tosoh change significantly, such as removal of the "preconception" due to healthy profit expansion and improved financial standing.

We see risk of a steep adjustment by Tosoh shares if the yen strengthens sharply or resource prices drop significantly because of concerns about income erosion for the Chlor-alkali Group, which includes MDI and VCM. However, we doubt that the share price would trade below roughly 0.42x P/B (JPY155), the lowest level for the past 20 years even in this case.

Valuation Analysis

Shares trading attractively from the standpoint of ROE and P/B correlation too: We think Tosoh shares are trading attractively at a low P/B (1.1x based on the closing price from 25 March and our end-FY3/16 BPS estimate) compared to Nitto Denko (JPY8,273, 2.1x) and Air Water (JPY2,197, 1.8x), which should surpass 10% ROE in FY3/16 excluding special factors.

Basic Industries | Japan Chemicals

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 680
Price (25-Mar-2015)	JPY 584
Potential Upside/Downside	+16%

Market Cap (JPY mn)	351079
Return on Equity TTM (%)	24.45
Dividend Yield (%)	1.0

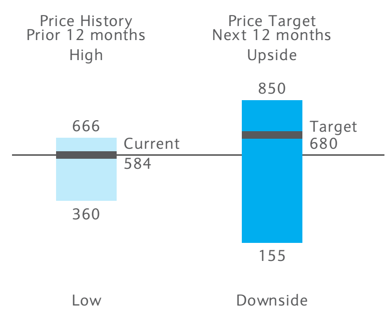
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	49.30A	11.8
2015	103.30E	5.7
2016	58.80E	9.9

Source: Barclays Research.

Upside/Downside scenarios



ROHTO PHARMACEUTICAL CO., LTD. (4527.T)

Mitsuko Miyasako
+81 3 4530 2963
mitsuko.miyasako@barclays.com
BSJL, Tokyo

The Investment Case

The share-price upside has been weak due to the announcement (May 2014) of impairment losses on Yaeyama Farm in FY3/14 and three straight downward earnings revisions in FY3/15. However, we see our Asian growth story (mainly China) remaining intact. Three-year projected average OP growth is in line with our coverage average at 7%, but at a P/E of 19x based on the 25 March close and our FY3/16 estimates, the stock looks comparatively undervalued (coverage average P/E of 31x).

The Business Drivers

We expect brisk earnings from business expansion in Asia, the US, and Europe using the highly recognized Mentholatum brand. In Asia (30% sales composition), we expect continued high growth in China and Hong Kong at around 10% (China and Hong Kong account for 2/3 of Asian sales). In China, we look for strong sales in the highly promising male cosmetics and sunscreen markets. Many Japanese makers have entered the department store channel, which is slowing, but we think Rohto, with its drug store channel, will sustain relatively high growth.

Upside/Downside Scenarios

Upside: Based on announcement of details about regenerative therapies. The company continues research in this field but has yet to release any details (possible announcement in April 2015). Our upside case also assumes stronger-than-expected sales of new products, taking OP to JPY18.0bn and the theoretical share price to JPY2,400.

Downside: Based on further investment in the foods business. Rohto has acquired Yaeyama Farm and Hokushin Foods. Synergies with the main business seem doubtful, so we see further investment here as negative. Our downside case also assumes deceleration in the Asia business, taking OP down to JPY14.0bn and the theoretical share price to JPY1,300.

Valuation Analysis

The stock is trading at a 19x P/E based on our FY3/16 estimates. Although projected three-year average growth is in line with our coverage average of 7%, the stock is inexpensive within our coverage.

Consumer | Japan Cosmetics and HPC

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 2000
Price (25-Mar-2015)	JPY 1730
Potential Upside/Downside	+16%
Market Cap (JPY mn)	204018
Return on Equity TTM (%)	6.47
Dividend Yield (%)	1.0

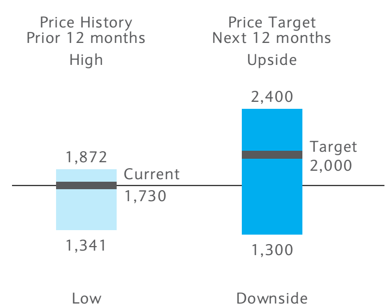
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	77.15A	22.4
2015	84.16E	20.6
2016	90.28E	19.2

Source: Barclays Research.

Upside/Downside scenarios



DAI-ICHI LIFE INSURANCE CO., LTD. (8750.T)

Azuma Ohno
+81 3 4530 2968
azuma.ohno@barclays.com
BSJL, Tokyo

The Investment Case

We continue to focus on Dai-ichi Life's medium-term profit/dividend growth rate. We look for FY3/17E NP to expand 2.7x over the FY3/14 level. We see DPS increasing 2.5x to JPY50 from JPY20 along with NP growth, creating investment appeal on dividend yield. We see the catalysts as being FY3/16 profit/DPS guidance, along with new medium-term plan details, which are all scheduled to be announced along with FY3/15 results. In our view, the key points in the company's new plan are the FY3/18 profit target and whether it calls for higher shareholder returns (now around 30%).

The Business Drivers

We see FY3/16 NP growth driven by improvement at Dai-ichi Frontier Life (JPY10bn-20bn) and contributions from Protective Life (around JPY20bn - 30bn), which it acquired. For FY3/17, we see NP growth driven by reduced additional underwriting reserve provisions (JPY30bn-40bn). We anticipate strong insurance profits on a consolidated basis from increased third-sector sales and OTC sales. The investment environment remains favourable, especially for equities and forex, so we think stable base income is likely. Absent significant deterioration in the investment environment, we expect sharp profit growth over the next two years.

Upside/Downside Scenarios

The market environment is the major risk both upside and downside. Stock price EV and interest rate sensitivity remain high, so major market shifts present a risk. Upside: share price to JPY2,350 assuming 1,450 TOPIX; downside: to JPY1,400 assuming 1,100 TOPIX. If interest rates remain ultra low as during mid-January, product planning difficulties for insurance products could adversely impact sales.

Valuation Analysis

We see P/E dropping sharply along with profit growth. FY3/17E P/E of about 10x is inexpensive based on the historical range. The P/E has been high compared with peers, but we see this relative overvaluation being erased. Projected dividend yield is around 3%, which is not bad among financial stocks.

Financial Services | Japan Diversified Financials

Stock Rating	OVERWEIGHT
Industry View	NEGATIVE
Price Target	JPY 2050.0
Price (25-Mar-2015)	JPY 1767.5
Potential Upside/Downside	+16%

Market Cap (JPY mn)	2117357
Return on Equity TTM (%)	5.09
Dividend Yield (%)	1.1

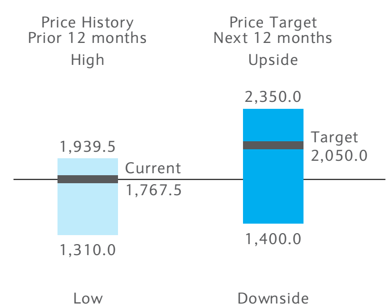
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	78.58A	22.5
2015	96.70E	18.3
2016	145.06E	12.2

Source: Barclays Research.

Upside/Downside scenarios



AEON MALL (8905.T)

Takashi Hashimoto
+81 3 4530 2956
takashi.hashimoto@barclays.com
BSJL, Tokyo

The Investment Case

The stock continues to underperform TOPIX on concerns about downside earnings risk due to weak personal consumption and economic deceleration after the consumption tax hike. However, we see upside catalysts in our outlook for a modest economic recovery, a rebound in same-store monthly sales data, and profit contributions from new stores.

The Business Drivers

We see profits driven by rental income from tenants at existing stores and at newly developed stores. The firm had 167 large shopping centres (over 40,000 sqm) in Japan's suburbs at end-2014 (Aeon Group: 94 of which 58 are Aeon Malls). The firm stands out in the industry for its store development capabilities and ability to attract high-calibre tenants. Management plans to grow sales by aggressively opening new stores in Japan and overseas (FY2/15: Japan 7, overseas 4; FY2/16: Japan 5, overseas 10). We see a JPY2.1bn operating loss for the overseas business in FY2/16, turning to a JPY2.3bn profit in FY2/18. We expect valuations to rise as the market prices in overseas profitability and faster earnings growth.

Upside/Downside Scenarios

Upside: Share price up to JPY4,200 on 17x EBITDA (2006-2007 level), assuming 1) faster new store openings in Asia/China and earlier-than-expected profitability; 2) higher same-store sales on unexpectedly strong domestic economy; and 3) further acceleration of new store openings due to smooth land acquisitions, etc.

Downside: Share price down to JPY2,100 on 11x EBITDA (2010-2011), assuming 1) prolonged overseas losses due to lagging new store openings in Asia/China and increased competition with local rivals; 2) a weaker-than-expected domestic economy due to the consumption tax increase; and 3) sharp deceleration in the pace of store openings due to higher real estate acquisition costs.

Valuation Analysis

The stock has underperformed TOPIX on concerns over lagging profit contributions from new stores and lower rental income from domestic existing stores due to deceleration of the Japanese economy. However, the stock is trading at historically low discounts (past 10 years) in terms of NAVPS (FP2/16 basis) and EV/EBITDA, indicating undervaluation, in our view.

Financial Services | Japan Real Estate Leasing

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	JPY 2800
Price (25-Mar-2015)	JPY 2463
Potential Upside/Downside	+14%

Market Cap (JPY mn)	561295
Return on Equity TTM (%)	7.31
Dividend Yield (%)	0.9

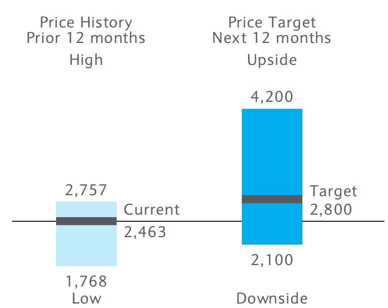
Source: Thomson Reuters

EPS JPY

FY Feb	EPS	P/E
2014	106.96A	23.0
2015	103.30E	23.8
2016	107.78E	22.9

Source: Barclays Research.

Upside/Downside scenarios



FUKUOKA FINANCIAL GROUP INC. (8354.T)

Shin Tamura
+81 3 4530 2977
shinichi.tamura@barclays.com
BSJL, Tokyo

The Investment Case

We continue to expect an upturn in domestic loan income (a focal point for the market) as annual loan growth of around 5% exceeds the market average. Another support factor is the tendency for Fukuoka City to attract attention due to its designation by the government as a National Strategic Special Zone. Near-term, we estimate an overshoot for FY3/15 earnings and a JPY1 dividend increase.

The Business Drivers

The main driver is the accelerating trend for population and economic activity to concentrate in Fukuoka due to the start of Kyushu shinkansen service in 2011. First, the real estate boom caused by this concentration brought with it growth in housing loans and loans to real estate-related firms. Second, local banks in Kumamoto and Nagasaki cannot compete with FFG in addressing demand from firms in those areas to transact with Fukuoka companies or expand into Fukuoka. As a result, group members Bank of Fukuoka, Kumamoto Bank, and Shinwa Bank in Nagasaki are sustaining annual loan growth of around 5%. Like other banks, loan spreads continue to decline, but the pace should be limited to 5bps to 6bps annually from FY3/16 onward, and banks posting loan balance growth of 5% are likely to see an upswing in lending income. We think FFG will readily attract market attention as the most prominent of those banks.

Upside/Downside Scenarios

We see potential upside to a 2.0x P/BV or JPY1,675. Other regional banks are failing to see a turnaround in lending income; if FFG, with its high loan growth rate, is the only bank where lending income appears to be bottoming, we think it could attract a premium as the market focuses on the potential for a subsequent upturn. Its use of earnings-linked dividends should also boost investor confidence in upside given the certainty of dividend growth if profits increase. If this combines with improved sentiment toward bank stocks due to higher long-term rates, we see upside risk to a P/BV of well above 1.0x.

Our downside case would be continued pessimism on bank stocks due to earnings erosion associated with low long-term rates. Negatives for earnings include ongoing declines in lending profits due to narrowing loan spreads and rising credit costs due to worsening earnings at corporate borrowers associated with prolonged yen weakness. Integration with neighbouring banks poses the risk of initial negatives such as cost increases and the risk of additional capital raising. Applying a P/BV of 0.3x, the current low for the listed banks, gives a downside value of JPY250 (based on end-March 2014 BPS).

Valuation Analysis

The stock currently trades at a P/BV of 0.8x and a P/E of 15.8x on FY3/15 guidance, above the 0.72x and 14.7x regional bank averages but not expensive versus the 1.06x and 15.3x averages for the top three regionals. Factoring in a potential premium for lending income growth, we think relative upside is high.

Financial Services | Japan Regional Banks

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 790
Price (25-Mar-2015)	JPY 661
Potential Upside/Downside	+20%

Market Cap (JPY mn)	568303
Return on Equity TTM (%)	5.07
Dividend Yield (%)	1.9

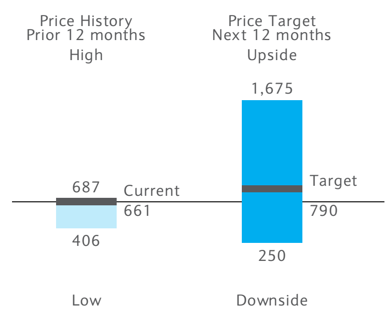
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	42.10A	15.7
2015	46.56E	14.2
2016	48.27E	13.7

Source: Barclays Research.

Upside/Downside scenarios



KENEDIX RETAIL REIT (3453.T)

Atsuro Takemura
+81 3 4530 2914
atsuro.takemura@barclays.com
BSJL, Tokyo

Takashi Hashimoto
+81 3 4530 2956
takashi.hashimoto@barclays.com
BSJL, Tokyo

The Investment Case

Kenedix Retail Reit (KRR) remains undervalued, partly because of the short time since its listing in February 2015. However, we see KRR as the J-REIT with the best DPU growth potential, backed by its 1) intention to make property acquisitions corresponding to 50% of its existing portfolio in the next year and 2) low LTV at around 34%. We see a high probability of outperformance versus other funds as the market prices in DPU growth expectations and real growth.

The Business Drivers

KRR plans to purchase around JPY40bn worth of properties annually against a current portfolio size of JPY80.8bn. Assuming these purchases are financed equally by capital increases and borrowings, we see DPU upside of 18.9% compared with zero property acquisitions.

We also expect the fund to increase its LTV to around 40%-45% from roughly 34% now. Assuming an LTV of 45%, we estimate DPU upside of 20.1% compared with zero property acquisitions.

Upside/Downside Scenarios

Upside: Unit price to JPY379,000 assuming 1.5pt reduction in capital costs due to extra market liquidity due to expectations for extension of the BoJ's easy money policy.

Downside: Unit price to JPY257,000 based on 1.5pt increase in capital costs due to sharp rise in 10-year JGB yields.

Valuation Analysis

The 25 March unit price was at a 26.8% premium to NAV (J-REIT average: 52.9%), with a DPU yield of around 3.4% (J-REIT average: 3.1%), which are discounts to other funds.

Because of high exposure to suburban commercial facilities, KRR is trading at a large valuation discount, but we see the DPU yield dropping below 3% considering that 1) AEON REIT, which focuses on suburban commercial facilities (AEON), is trading at a DPU yield of around 3% on expectations for external growth; and 2) KRR should have ample room to boost its LTV.

Financial Services | Japan REITs

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 330000
Price (25-Mar-2015)	JPY 275200
Potential Upside/Downside	+20%

Market Cap (JPY mn)	71758
Return on Equity TTM (%)	N/A
Dividend Yield (%)	N/A

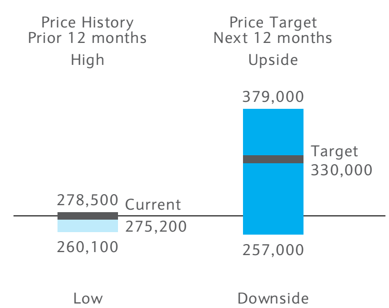
Source: Thomson Reuters

EPS JPY

FY Sep	EPS	P/E
2014	N/A	N/A
2015	12850.00E	21.4
2016	11820.00E	23.3

Source: Barclays Research.

Upside/Downside scenarios



ASTELLAS PHARMA INC. (4503.T)

Atsushi Seki
+81 3 4530 2934
atsushi.seki@barclays.com
BSJL, Tokyo

The Investment Case

Our Top Pick is Astellas based on its multiple growth drugs, disciplined cost-management, and excellent management with a demonstrated commitment to shareholder return. Astellas is often mistakenly viewed as a one-drug company owing to the huge success of Xtandi, but we think the company is building a foundation for sustained profit growth with many other interesting drugs and R&D pipeline assets. Astellas replaces Shionogi, the potential upside of which has greatly diminished.

The Business Drivers

Prostate cancer treatment Xtandi, licensed from Medivation (MDVN, OW), is certainly the biggest asset in Astellas' business portfolio. We estimate global Xtandi sales will reach USD5,948mn by 2020, exceeding the FirstOrder consensus estimate of USD5,193mn. Though too early to discount the potential from an expansion of the indication to include treatment of breast cancer, successful approval would boost upside substantially.

Astellas plans to announce the new medium-term plan in May 2015, and we look for management to explain how it aims to weather the May 2019 patent expiries for Vesicare and Tarceva. There is a risk that Astellas could announce weak medium-term earnings targets, but we think management is sufficiently in tune with investors' concerns. We believe management plans to raise shareholder value over the next several years.

Upside/Downside Scenarios

Our upside scenario of JPY2,500 is premised on 1) peak Xtandi sales reaching USD10bn, 2) successful commercialization of oral anemia treatment Roxadustat, currently in Phase 3, and 3) early commercialization of anticancer agents ASP2215 (AXL inhibitor) and ASP8273 (EGFR T790R inhibitor) as a result of being granted Breakthrough Therapy Designation.

Our downside scenario of JPY1,600 is based on assumptions that include 1) peak Xtandi sales are limited to USD4bn, 2) Roxadustat Phase 3 clinical trials fail to achievement the primary endpoint, resulting in an impairment loss of around JPY50bn (pre-tax effect), and 3) accelerated market share erosion of long-term listed drugs to generic competition.

Valuation Analysis

We consider Astellas undervalued. The stock trades at a Cash P/E of 18.4x, which corresponds to a 30% discount to the 26.2x average for the 13 brand drug makers. The estimated dividend yield is not particularly high at 1.5%, but we look for continued dividend hikes through FY3/19.

Healthcare | Japan Biopharmaceuticals

Stock Rating	OVERWEIGHT
Industry View	NEGATIVE
Price Target	JPY 2250.0
Price (25-Mar-2015)	JPY 2000.0
Potential Upside/Downside	+13%

Market Cap (JPY mn)	4519646
Return on Equity TTM (%)	9.80
Dividend Yield (%)	1.4

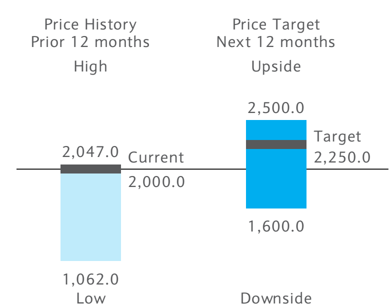
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	59.11A	33.8
2015	71.94E	27.8
2016	88.89E	22.5

Source: Barclays Research.

Upside/Downside scenarios



HONDA MOTOR CO., LTD. (7267.T)

Tatsuo Yoshida
+813 4530 2931
tatsuo.yoshida@barclays.com
BSJL, Tokyo

The Investment Case

Faster earnings improvement near: We expect margins to improve after a squeeze by upfront investment and product competitiveness improvement costs. Earnings improvement does not seem to be fully priced into the current share price, and we anticipate further reflection as earnings rise. We think diminishing negatives due to the recall over defective airbags/inflators make low valuations look attractive.

The Business Drivers

Higher vehicle sales in emerging markets and generational change for global products

Profit improvement should be driven in two stages: 1) higher vehicle sales in Asian and other emerging markets (2014-2015) and 2) generational change for global products (2H 2015-2017). Fit and Brio rollouts focused on Asia mark Stage 1 successes. Stage 2 involves generational changes in core products for global markets, starting with North America, including the Civic (end-2015), CR-V (2016), and Accord (2017). These updated products should emphasize product appeal over improved COGS amid escalating competition.

Plans are to build new-generation products on common platforms and procure in Mexico and other low-cost countries, but we expect a balance between high product appeal and lower costs at the development stage based on lessons learned from current generation models.

Upside/Downside Scenarios

Upside case (JPY6,300): FY3/16 OP to JPY1.387trn on higher US auto demand (17.9mn units annualized) and yen depreciation (JPY145/USD and JPY165/EUR).

Downside case (JPY3,100): FY3/16 OP squeezed to JPY408.0bn on lower US auto demand (15.9mn units annualized) and yen appreciation (JPY85/USD and JPY105/EUR). Airbag-related recall has pushed down the share price, but likelihood of worsening from our base case appears to have diminished. However, downward pressure could increase or be prolonged depending on future developments.

Valuation Analysis

The closing price on 25 March corresponds to FY3/16E EV/EBITDA of 5.0x, low compared with the 10-year historical average (5.9x) of the high (7.3x) and low (4.4x), and a FY3/16E P/B of 1.0x, low compared with the 10-year historical average (1.3x) of the high (1.6x) and the low (1.0x).

Industrials | Japan Autos & Auto Parts

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	JPY 4800.0
Price (25-Mar-2015)	JPY 4110.0
Potential Upside/Downside	+17%

Market Cap (JPY mn)	7444971
Return on Equity TTM (%)	9.48
Dividend Yield (%)	2.1

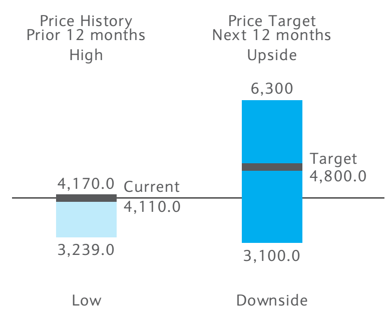
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	318.54A	12.9
2015	313.49E	13.1
2016	380.63E	10.8

Source: Barclays Research.

Upside/Downside scenarios



TADANO LTD. (6395.T)

Kunio Sakaida
+81 3 4530 2935
kunio.sakaida@barclays.com
BSJL, Tokyo

The Investment Case

The market for construction cranes, where Tadano has top global market share, looks bright amid rising energy demand over the longer term and urbanization in emerging nations. We think the company's superior competitiveness is another positive. In addition, we believe earnings have significant upside via accelerated overseas expansion and margin improvement. The stock appears undervalued now due to concerns over negatives from falling oil prices. However, newly launched products and the overseas strategy are driving market share gains in FY3/15, and we expect these trends to accelerate in FY3/16, creating strong earnings growth potential.

The Business Drivers

The sales composition (FY3/15E) is construction cranes, 67%; truck-mounted cranes, 11%; high lift work vehicles, 8%; and other, 14%. The demand environment differed by region in FY3/15, but we expect sales and profits to hit record levels on sales growth efforts in Japan/overseas, selling price optimization, and cost reductions. Management targets a medium-term overseas sales ratio of 80% (FY3/15E: 55%). In addition to construction cranes, the company is rolling out truck-mounted cranes and high lift work vehicles overseas, and we think this should set the stage for a new growth phase along with margin improvement.

Upside/Downside Scenarios

Upside (JPY2,500): This scenario is based on earnings upside from volume benefits if crane demand exceeds our outlook in the Middle East and emerging nations.

Downside (JPY1,260): In this scenario, earnings miss our estimates due to yen appreciation and sharply higher raw materials costs and supply chain risks. Lower capex at customers due to lower oil prices also poses downside risk.

Valuation Analysis

The FY3/15E (our estimate) P/E is 12x, which is below the 19x average for our coverage (as of 25 March). We think the stock looks highly undervalued considering earnings capacity underpinned by margin improvement and sales growth driven by the firm's expansion strategy. We see P/E upside to 15.5x in line with our JPY2,100 12-month price target.

Industrials | Japan Machinery

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 2100
Price (25-Mar-2015)	JPY 1650
Potential Upside/Downside	+27%

Market Cap (JPY mn)	213676
Return on Equity TTM (%)	17.56
Dividend Yield (%)	1.3

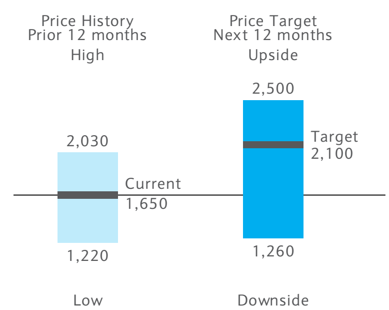
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	113.67A	14.5
2015	140.54E	11.7
2016	153.67E	10.7

Source: Barclays Research.

Upside/Downside scenarios



NIPPON YUSEN KK (9101.T)

Ryota Himeno
+81 3 4530 2966
ryota.himeno@barclays.com
BSJL, Tokyo

Industrials | Japan Transportation

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	JPY 420
Price (25-Mar-2015)	JPY 379
Potential Upside/Downside	+11%

Market Cap (JPY mn)	644509
Return on Equity TTM (%)	4.42
Dividend Yield (%)	1.3

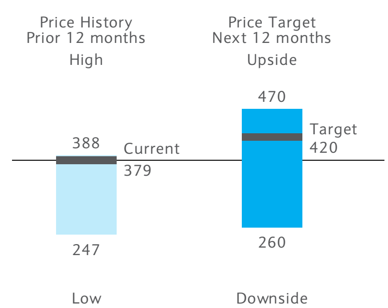
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	19.50A	19.4
2015	23.60E	16.1
2016	30.70E	12.3

Source: Barclays Research.

Upside/Downside scenarios



The Investment Case

We are bullish on marine transport due to benefits from yen weakness and lower bunker oil prices, plus firm North America-bound freight rates. We particularly like Nippon Yusen (NYK) for its 1) improved business portfolio via the sale of some passenger operations; 2) highly competitive car carrier operation; and 3) improving logistics and air freight forwarding business (NCA).

The Business Drivers

We estimate FY3/16 RP at JPY86.8bn, up 20.2% (JPY14.6bn) over FY3/15E, driven by higher profits from car carrier and logistics businesses and improved earnings from dry bulk and air freight forwarding.

By business, we see the JPY14.6bn increase coming +JPY4.8bn from container, +JPY6.5bn from tramp, +JPY1.2bn from logistics, and +JPY2.0bn from NCA. Positives aside from yen weakness and cheaper bunker oil are 1) tramp car carrier and dry bulker operations (elimination of high-cost vessels and restructuring benefits rather than higher rates); 2) container business cost cuts; and 3) volume rebound and restructuring benefits for NCA. NCA and dry bulk (mainly Panamax) restructuring resulted in JPY20.0bn in extraordinary losses in FY3/15. We expect FY3/16 profits to improve by several billion yen.

NYK also announced on 3 March the sale of passenger subsidiary Crystal Cruises to Genting Hong Kong Limited as part of an overhaul of that business, with a JPY26.1bn extraordinary profit expected in FY3/16. We are positive on the partial sale of the business, where growth investment is difficult, as the extraordinary profits will facilitate other restructuring that involves extraordinary losses.

Upside/Downside Scenarios

Weak Baltic Dry Index, weak container rates, stronger yen and high bunker oil prices are directly tied to earnings deterioration. Even so, we expect the high earnings power of car carrier operations, increased logistics profits and cost reductions to prevent earnings from falling below historical trough levels.

Upside (JPY470): FY3/14 BPS of JPY425 x P/B of 1.1x (assuming FY3/15-FY3/16 average ROE of 7.0%/6.4%). RP beats our estimates in FY3/15-FY3/16 on yen depreciation and a marine transport market upturn.

Downside (JPY260): FY3/14 BPS of JPY425 x P/B of 0.6x (assuming FY3/15-FY3/16 average ROE of 3.8%/COE of 6.4%). FY3/15-FY3/16 RP growth limited to a few percent due to stronger yen and weak marine transport market.

Valuation Analysis

Our price target is JPY420 (FY3/14 BPS x 0.98x P/B). In FY3/16 marine transport should benefit from a weaker yen and lower bunker oil prices, and we think dry bulk rates are bottoming. We see this as conducive to a bullish stance on the subsector. The FY3/16E P/E of 12x, low versus TOPIX and historical levels, is appealing given expectations for restructuring-driven ROE improvement.

RAKUTEN INC. (4755.T)

Keiichi Yoneshima
+81 3 4530 2906
keiichi.yoneshima@barclays.com
BSJL, Tokyo

The Investment Case

Rakuten leads rivals in Internet-financial synergies. We expect stable, high growth from the EC business, which is positioned for robust expansion in a fast-changing Internet industry, linked with the financial business to realize a formidable ECO system. We think it is able to achieve business expansion while controlling risk underpinned by superior decision-making and business management skills. As one of the few domestic online majors positioned to achieve high growth, Rakuten is our Top Pick.

The Business Drivers

We expect sustained high growth underpinned by strong competitiveness of industry leader Rakuten Market (EC) and Rakuten Travel (online travel) in expanding markets. Financial business profits are rising on emerging benefits from scale merits coupled with sustained fast growth underpinned by linkage of Rakuten Card (credit card) and EC.

We also expect contributions from earnings improvement on loss reduction in the problem overseas business since 2014. The ongoing M&A expansion strategy also affects earnings, but profits are already high, so expect this to increase profit growth stability.

Upside/Downside Scenarios

Given the firm's aggressive business expansion, the share price could move up/down on changes of trend/earnings levels associated with M&A. Theoretical share price of JPY2,800 possible assuming 40x P/E on 20% overshoot to our FY12/15E EPS estimate supported by earlier-than-expected monetization of acquired firms (Viber and EBATES, for example) and higher overseas earnings via existing business growth/improvement. Theoretical share price down to JPY1,100 assuming 25x P/E on 20% undershoot to our FY12/15E EPS estimate due to upfront costs for new M&A/businesses.

Valuation Analysis

Because operations span diverse business fields, we have calculated values for each business unit and applied a sum-of-the-parts methodology.

We have used peer comparison of book value to value the financial business, but the valuation could climb as growth exceeds that for the market and rivals.

At a FY12/15E EV/EBITDA of 18.9x and a P/E of 37x (closing price on 25 March) using our estimates, the stock does not look undervalued compared with the Internet industry average, but valuations are below the average for domestic and overseas EC firms, so we see upside on this basis. Also, we think valuations could rise as the firm is one of the few to integrate its Internet and financial businesses.

Internet & Media | Japan Internet

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	JPY 2400.0
Price (25-Mar-2015)	JPY 2133.0
Potential Upside/Downside	+13%

Market Cap (JPY mn)	2836142
Return on Equity TTM (%)	19.57
Dividend Yield (%)	0.2

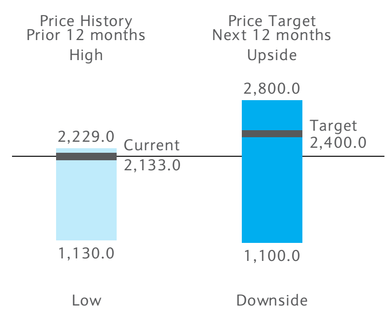
Source: Thomson Reuters

EPS JPY

FY Dec	EPS	P/E
2014	53.45A	39.9
2015	57.30E	37.2
2016	70.68E	30.2

Source: Barclays Research.

Upside/Downside scenarios



SQUARE ENIX HOLDINGS (9684.T)

Yuki Okishio
+81 3 4530 2932
yuki.okishio@barclays.com
BSJL, Tokyo

The Investment Case

Earnings have increased in recent years on rollout of the company's numerous, formidable IP assets across various platforms, including online mobile/PC. Advantages in the form of 1) high development technologies and 2) prominent game IP give the firm an advantage over rivals in the fiercely competitive mobile game market, so we expect an even stronger market presence ahead. Meanwhile, we expect a cyclical rebound in the package business along with the penetration of gen-8 game consoles (PS4, Xbox One, Wii U).

We look for a record-high OP of JPY31.0bn in FY3/17. Valuations rose in the last cycle of record earnings (JPY28.2bn in FY3/10), and we see the potential for valuations to rise higher as future earnings improvement is priced in.

The Business Drivers

Social game and MMO earnings growth have driven profits in FY3/15, with earnings poised to improve from FY3/16 on 1) stable profit growth from MMO and social games and 2) cyclical growth in packaged software sales volume. The launch of major packaged titles in Japan/overseas is near, and in our view, this along with expected value from unannounced titles is setting the stage for future profit growth.

FY3/15E OP +70.7% YoY to JPY18.0bn (company guidance: JPY11.0bn-JPY16.0bn; Bloomberg consensus: JPY18.1bn). FY3/16E OP estimate: +33.3% to JPY24.0bn (Bloomberg consensus: JPY25.5bn); FY3/17E OP estimate: +29.2% to JPY31.0bn (JPY29.8bn).

Upside/Downside Scenarios

Upside scenario (JPY4,600): Sharp game business earnings improvement if promising packaged/smart phone titles slated for release become major hits. Expectations for game business profit growth pushes P/E to 34x, the average during the last earnings growth cycle in FY3/08-FY3/09.

Downside scenario (JPY2,000): Game earnings slump as many packaged and smartphone titles fall short of expectations, eroding valuations. In this case, we see P/E downside to 15.0x, the bottom of the historical range.

Valuation Analysis

Our JPY3,400 TP is based on our FY3/15E BPS of JPY1,219 x a theoretical P/B of 2.8x (FY3/16E ROE of 10.4%/COE of 3.8%). The historical TOPIX-relative P/B shows an average of 2.1x for Jan.-Dec. 2008 when the market priced in expectations for record high profits for FY3/10 (OP of JPY28.2bn). Pricing in future earnings improvement, the stock still looks undervalued at a TOPIX-relative P/B of 1.5x. The 2.8x P/B used to derive our target price corresponds to a TOPIX-relative P/B of 2.1x (TOPIX P/B=1.35x).

Internet & Media | Japan Software & Entertainment

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price Target	JPY 3400
Price (25-Mar-2015)	JPY 2510
Potential Upside/Downside	+35%

Market Cap (JPY mn)	306799
Return on Equity TTM (%)	9.33
Dividend Yield (%)	1.2

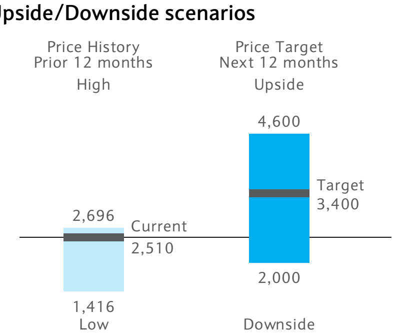
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	57.27A	43.8
2015	101.50E	24.7
2016	135.34E	18.5

Source: Barclays Research.

Upside/Downside scenarios



SONY CORP. (6758.T)

Kazunori Ito
+81 (0)3 4530 2957
kazunori.ito@barclays.com
BSJL, Tokyo

The Investment Case

We expect healthy earnings expansion at Sony to continue from FY3/16 when income should significantly improve due to 1) manifestation of contributions from games, image sensors, and other areas with relatively less competition and 2) an end of income erosion for televisions, PCs, and other digital consumer electronics following restructuring reforms. We select Sony as our Top Pick for the Japan Consumer Electronics Industry due to its medium-term earnings momentum.

The Business Drivers

Sony's image sensors have excellent mobility and high-sensitivity image quality and hold a very large market share for the high-end mobile application. We also expect wider adoption in front cameras of smartphones, and the growth rate should continue to exceed the rate of the smartphone shipment volume.

The game and network service business is doing well too with PS4 having the fastest-ever market inroads and steady roll out of new network services leveraging extensive contents. We see stable cash flow from a rising number of active users for network services to boost income in the medium term.

Sony is still facing intense competition for TVs, smartphones, and other digital consumer electronics and it is difficult to be optimistic, but it has positioned these businesses as risk control areas and plans to limit investments. We thus see a lower possibility of incurring the type of large losses from past years.

We expect Sony's OP to rise sharply from JPY35bn in FY3/15 to JPY400bn in FY3/16. We think most of this improvement will come from a positive JPY290bn contribution from such areas as costs for structural reform and the shrinking of losses in the PC business, but in other areas, we also expect large positive contributions of JPY20bn from the games and network services business and JPY30bn from such areas as devices.

Upside/Downside Scenarios

Upside scenario (JPY4,500): We see 10% in upside room for EPS driven by 1) tighter market conditions for mobile image sensors and 2) upbeat PS4 business and member expansion for network services.

Downside scenario (JPY2,800): We see the risk of a roughly 30% shortfall by EPS because of 1) tougher competition for smartphones, TVs, and other digital consumer electronics and 2) forex trends (according to Sony, a single yen of depreciation against the USD lowers OP by JPY3bn and against the euro increases OP by JPY6bn).

Valuation Analysis

Sony shares traded at a 4.4x FY3/16E EV/EBITDA multiple at the JPY3,273 closing price on 25 March. We foresee an upturn by valuation to around the industry average (5.5-6x) as the visibility of a FY3/16 profit recovery improves.

Technology | Japan Consumer Electronics

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 4000.0
Price (25-Mar-2015)	JPY 3273.0
Potential Upside/Downside	+22%

Market Cap (JPY mn)	3827930
Return on Equity TTM (%)	-9.75
Dividend Yield (%)	N/A

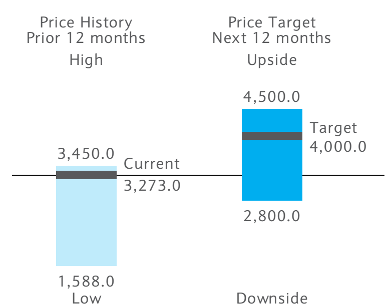
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	-124.99A	N/A
2015	-126.23E	N/A
2016	191.52E	17.1

Source: Barclays Research.

Upside/Downside scenarios



TDK CORP. (6762.T)

Kazunori Ito
+81 (0)3 4530 2957
kazunori.ito@barclays.com
BSJL, Tokyo

The Investment Case

TDK successfully transitioned from an income structure that relied heavily on HDD heads to a business portfolio that benefits from growth offered by automobile and smartphone applications through restructuring reforms. We foresee stable business expansion primarily driven by passive components for automobiles, and rechargeable batteries and high-frequency components for smartphones. We select TDK as our Top Pick for the Japan Electronic Components Industry because of its strong earnings momentum.

The Business Drivers

We foresee advances by ceramic capacitors, inductors, and other passive components due to steady adoption of automobile electrification, and also expansion of lithium-ion polymer rechargeable battery and high-frequency component businesses for smartphone usage. We expect OP to increase by JPY32bn from FY3/15 through FY3/16, with JPY14.8bn coming from passive components and JPY6.7bn coming from rechargeable batteries. In particular, we think TDK's shares have not sufficiently factored in the growth potential from rechargeable batteries.

While weaker momentum for HDDs after exhaustion of PC replacement demand is a concern, the number of heads used per unit is rising because of a shift by HDDs to larger capacity, mainly driven by the server application. We expect this trend to offset the impact of lower PC-related demand. While we expect HDD shipment volume in 2015 to fall 1.6% YoY, we expect it to see a 1.5% YoY increase in HDD heads shipped in FY3/16.

Upside/Downside Scenarios

Upside scenario (JPY12,800): Roughly 10% in upside room for EPS driven by 1) upbeat sales of high-frequency components and piezoelectric components accompanying robust smartphone shipments, 2) stronger than expected large-capacity HDD shipments, and 3) yen depreciation against the USD (according to TDK, a single-yen shift adds JPY1.4bn to OP).

Downside scenario (JPY8,500): Risk of a roughly 25% shortfall by EPS because of 1) HDD inventory adjustments and weaker market share due to PC demand sharply declines (by 10% or more YoY) and 2) progress by yen appreciation against the USD.

Valuation Analysis

TDK shares traded at a FY3/16E EV/EBITDA multiple of just above 6x at the JPY9,170 closing price on 25 March. While TDK's share price has stayed in a 5-6x range since 2011, this was a period of heavy profit reliance on HDD heads and income erosion for passive parts. We foresee an upturn by valuation to the level seen through around 2010 (7-8x) because of manifestation of growth factors other than HDDs.

Technology | Japan Electronic Components

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 11600
Price (25-Mar-2015)	JPY 9170
Potential Upside/Downside	+26%

Market Cap (JPY mn)	1188346
Return on Equity TTM (%)	4.91
Dividend Yield (%)	0.9

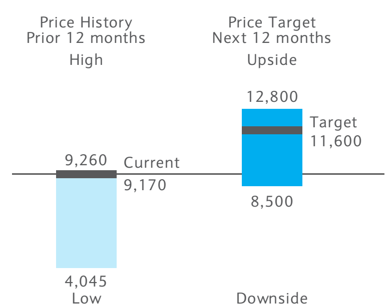
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	129.47A	70.8
2015	333.51E	27.5
2016	555.85E	16.5

Source: Barclays Research.

Upside/Downside scenarios



CITIZEN HOLDINGS CO., LTD. (7762.T)

Masahiro Nakanomyo
+81 3 4530 2962
masahiro.nakanomyo@barclays.com
BSJL, Tokyo

The Investment Case

Shimadzu is no longer our top pick, as the upside to our target price has declined. Our new top pick is Citizen Holdings, for which we expect a substantial absolute return with relatively high (within our coverage) FY3/16 OP growth of 15% YoY, supported by continued briskness in the mainstay watch business. Profit sensitivity to the euro is comparatively low, and we expect yen depreciation against the dollar to boost FY3/16 earnings. We see share-price upside toward May, when FY3/16 guidance will be announced.

The Business Drivers

Citizen brand domestic watch sales are likely to remain strong, with upbeat in-bound demand and demand in the mid-priced range persisting in FY3/16. We see strong sales in North America, where the distribution system, including online sales, has been upgraded. In movements, demand for added-value varieties should remain strong. Although the recovery in China remains weak, we see control of advertising/sales promotion costs mitigating profit negatives. Prober rebranding will be completed in FY3/15, so we expect profits to improve in FY3/16. Machine tool sales are likely to pull back from the high level in FY3/15, but good dispersion across regions/industries should keep sales relatively stable.

Upside/Downside Scenarios

Watch prices are relatively stable on a local-currency basis. OP forex sensitivity is JPY400mn per one-yen move (company's calculation). We see advertising/sales promotion expenses rising when the yen weakens against the dollar, but even deducting this impact, we anticipate yen depreciation benefits. If the product mix improves in addition, we expect ROE to exceed 11%, with share-price upside to around JPY1,300.

The Chinese watch market is slowing again and the movement S/D balance is worsening. Assuming ongoing investments for growth, earnings deterioration could take ROE to around 5%, with share-price downside to JPY600.

Valuation Analysis

The stock is trading (25 March closing price of JPY948) at a FY3/15E P/E of 16.2x and a FY3/16E P/E of 14.5x on our estimates, low valuations compared with the TSE-1 average (18.6x based on 13 March close and FY3/15 estimates). FY3/16 earnings improvement is still not fully priced into the stock, in our view. Our price target of JPY1,130 implies significant upside. (We set our target price by using a theoretical P/B we derive by dividing our FY3/16 RoE estimate of 8.9% by cost of equity.)

Technology | Japan Precision Instruments

Stock Rating	OVERWEIGHT
Industry View	NEUTRAL
Price Target	JPY 1130
Price (25-Mar-2015)	JPY 948
Potential Upside/Downside	+19%

Market Cap (JPY mn)	313175
Return on Equity TTM (%)	9.59
Dividend Yield (%)	1.7

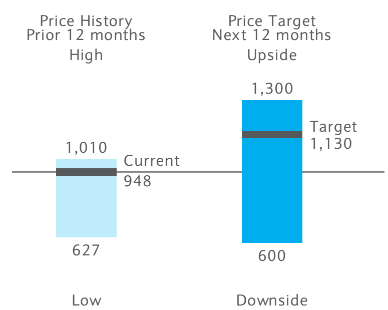
Source: Thomson Reuters

EPS JPY

FY Mar	EPS	P/E
2014	53.81A	17.6
2015	55.25E	17.2
2016	65.44E	14.5

Source: Barclays Research.

Upside/Downside scenarios



GLOBALTOP PICKS FUNDAMENTAL DATA

Sector	Company	Ticker	Stock Rating	Industry View	Market Cap (mn)	Currency	Price 25-Mar-2015	Price Target	Potential Upside/ Downside %	Upside Scenario	Downside Scenario	Dividend Yield %	Adj. EPS Growth %	Potential Total Return %
Basic Industries														
African Precious Metals	AngloGold Ashanti Ltd.	ANGJ.J	OW	Neu	49,752	ZAR	118.16	160.00	35.4	300.00	60.00	0.0	(410.9)	35.4
Asia ex-Japan Metals & Mining	Hyundai Steel Co.	004020.KS	OW	Neu	7,638	KRW	72400.00	95000.00	31.2	125000.00	60000.00	0.7	58.0	31.9
Asia ex-Japan Soft Commodities & Trading Companies	Noble Group Ltd.	NOBG.SI	OW	Neu	6,244	SGD	0.91	1.60	75.8	2.16	0.68	3.8	83.2	79.6
Canadian Metals & Mining	Royal Gold Inc.	RGLD	OW	Neu	4,204	USD	64.86	85.00	31.1	93.00	58.00	1.3	31.6	32.4
European Chemicals	Solvay SA	SOLB.BR	OW	Pos	11,106	EUR	134.95	154.00	14.1	173.00	118.00	2.7	22.2	16.8
European Mining	Glencore	GLEN.L	OW	Pos	39,011	GBP	3.02	3.40	12.6	5.98	1.16	4.3	(22.2)	16.9
Japan Chemicals	Tosoh Corp.	4042.T	OW	Neu	343,310	JPY	584.00	680.00	16.4	850.00	155.00	1.0	109.5	17.4
Russian Metals & Mining	Norilsk Nickel	NKELyq.L	OW	Pos	28,658	USD	18.11	22.00	21.5	32.00	12.00	10.3	17.3	31.8
U.S. Metals & Mining	Steel Dynamics, Inc.	STLD	OW	Neu	4,899	USD	20.34	25.00	22.9	34.00	12.00	2.6	2.0	25.5
U.S. Paper & Packaging	Berry Plastics Group Inc.	BERY	OW	Pos	3,138	USD	35.21	43.00	22.1	48.00	34.00	0.0	29.4	22.1
Consumer														
Asia ex-Japan Staples	Want Want China Holdings Ltd.	0151.HK	OW	Neu	106,201	HKD	7.91	11.00	39.1	12.10	6.60	4.1	20.6	43.2
Japan Cosmetics and HPC	ROHTO Pharmaceutical Co., Ltd.	4527.T	OW	Neu	198,427	JPY	1730.00	2000.00	15.6	2400.00	1300.00	1.1	9.1	16.7
Latin America Consumer	Alsea S.A.B. de C.V.	ALSEA.MX	OW	Neu	38,047	MXN	45.37	51.00	12.4	60.00	32.00	1.2	81.3	13.6
Turkey Retail & Consumer	Ulker	ULKER.IS	OW	Pos	6,840	TRY	20.00	23.10	15.5	25.10	16.90	1.4	18.4	16.9
U.S. Beverages & Tobacco	PepsiCo Inc.	PEP	OW	Pos	144,224	USD	95.26	111.00	16.5	113.00	96.00	2.9	0.1	19.4
U.S. Cosmetics; Household & Personal Care	Newell Rubbermaid Inc.	NWL	OW	Pos	10,770	USD	39.08	46.00	17.7	49.00	27.00	1.7	7.6	19.4
U.S. Food	Mondelez International	MDLZ	OW	Neu	60,689	USD	35.80	44.00	22.9	47.00	32.00	1.7	(0.6)	24.6
U.S. Food & Drug Retailing	Sprouts Farmers Market, Inc.	SFM	OW	Neu	5,157	USD	33.27	42.00	26.2	45.00	34.00	0.0	32.6	26.2
Energy														
Americas Integrated Oil	Suncor Energy	SU.TO	OW	Neu	52,974	CAD	36.16	45.00	24.4	62.00	16.00	3.2	(88.9)	27.6
Asia ex-Japan Oil & Gas	Reliance Industries	RELI.NS	OW	Pos	2,733,557	INR	844.90	1065.00	26.1	1266.64	774.63	1.2	1.2	27.3
Canadian Oil & Gas: E&P (Mid-Cap)	Vermilion Energy Inc.	VET.TO	OW	Neu	5,350	CAD	55.25	65.00	17.6	77.00	50.00	4.6	(97.1)	22.2
Emerging Markets Oil & Gas	Sasol Limited	SOLJ.J	OW	Neu	282,385	ZAR	415.70	500.00	20.3	620.00	300.00	4.2	(22.8)	24.5
European Integrated Oil	Repsol	REP.MC	OW	Pos	23,047	EUR	17.40	24.00	37.9	26.37	16.00	5.7	2.3	43.6
European Oil Services & Drilling	Petrofac	PFC.L	OW	Pos	3,359	GBP	9.88	14.00	41.7	17.00	5.00	4.2	(19.7)	45.9
North America Oilfield Services & Equipment	Halliburton Co.	HAL	OW	Neu	36,941	USD	43.46	46.00	5.8	55.00	33.00	1.7	(39.0)	7.5
U.S. Independent Refiners	Valero Energy	VLO	OW	Pos	33,229	USD	63.78	86.00	34.8	102.00	47.00	2.5	7.9	37.3
Financial Services														
Asia ex-Japan Banks	HDFC Bank	HDBK.NS	OW	Neu	2,428,626	INR	1034.25	1193.00	15.3	1364.00	852.00	0.7	16.6	16.0
Asia ex-Japan Insurance	China Life	2628.HK	OW	Pos	1,139,685	HKD	32.65	39.00	19.4	42.60	28.50	1.9	40.7	21.3
Asia ex-Japan Real Estate	China Resources Land	1109.HK	OW	Neu	136,167	HKD	21.00	23.70	12.9	29.60	14.80	2.4	(0.9)	15.3
Canadian Financial Services	Manulife Financial	MFC.TO	OW	Neu	40,356	CAD	21.65	24.00	10.9	26.00	19.00	3.1	23.8	14.0
Emerging Markets Banks	Akbank	AKBNK.IS	OW	Neg	32,040	TRY	8.01	10.16	26.8	13.78	6.53	2.4	12.4	29.2
European Banks	Credit Suisse Group AG	CSGN.VX	OW	Neu	44,104	CHF	25.71	30.00	16.7	41.82	16.73	4.7	76.0	21.4
European Diversified Financials	Schroders PLC	SDR.L	OW	Pos	9,340	GBP	32.89	35.80	8.8	41.60	26.40	2.8	14.5	11.6
Israel Banks	Israel Discount Bank	DSCT.TA	OW	Neu	7,029	ILS	6.67	7.50	12.4	8.50	6.00	0.0	71.9	12.4
Japan Diversified Financials	Dai-ichi Life Insurance Co., Ltd.	8750.T	OW	Neg	1,726,051	JPY	1767.50	2050.00	16.0	2350.00	1400.00	1.4	0.0	17.4
Japan Real Estate Leasing	Aeon Mall	8905.T	OW	Pos	545,309	JPY	2463.00	2800.00	13.7	4200.00	2100.00	0.9	(3.4)	14.6
Japan Regional Banks	Fukuoka Financial Group Inc.	8354.T	OW	Neu	556,266	JPY	661.00	790.00	19.5	1675.00	250.00	2.0	10.6	21.5
Japan REITs	Kenedix Retail Reit	3453.T	OW	Neu	71,576	JPY	275200.00	330000.00	19.9	379000.00	257000.00	4.7	0.0	24.6
U.S. Brokers, Asset Managers & Exchanges	NASDAQ OMX Group, Inc.	NDAQ	OW	Neu	8,510	USD	49.16	55.00	11.9	63.00	40.00	1.2	12.2	13.1
U.S. Consumer Finance	MGIC Investment	MTG	OW	Pos	3,223	USD	9.52	14.00	47.1	17.00	6.00	0.0	53.5	47.1
U.S. Insurance/Life	Prudential Financial Inc.	PRU	OW	Pos	37,713	USD	79.38	92.00	15.9	100.00	70.00	2.9	0.0	18.8
U.S. Large-Cap Banks	Citigroup Inc.	C	OW	Pos	155,656	USD	51.38	65.00	26.5	71.00	40.00	0.6	54.5	27.1
U.S. Mid-Cap Banks	East West Bancorp	EWBC	OW	Neu	5,610	USD	39.99	46.00	15.0	50.00	31.00	2.0	11.4	17.0
U.S. REITs	Prologis	PLD	OW	Neu	22,224	USD	43.62	56.00	28.4	60.00	40.00	3.3	0.0	31.7
U.S. Small-Cap Banks	SVB Financial Group	SIVB	OW	Neu	6,182	USD	121.39	145.00	19.4	155.00	118.00	0.0	14.6	19.4

GLOBALTOP PICKS FUNDAMENTAL DATA

Sector	Company	Ticker	Stock Rating	Industry View	Market Cap (mn)	Currency	Price 25-Mar-2015	Price Target	Potential Upside/ Downside %	Upside Scenario	Downside Scenario	Dividend Yield %	Adj. EPS Growth %	Potential Total Return %
Healthcare														
Asia ex-Japan Healthcare & Pharmaceuticals	Lupin Ltd.	LUPN.NS	OW	Pos	902,259	INR	2008.90	2266.00	12.8	2606.00	1482.00	0.4	35.2	13.2
European Medical Supplies & Devices	Grifols SA	GRLS.MC	OW	Neu	13,690	EUR	39.95	45.00	12.6	73.00	26.00	1.7	8.3	14.3
European Pharmaceuticals	UCB SA	UCB.BR	OW	Neu	13,279	EUR	69.37	86.00	24.0	100.00	63.00	1.8	38.5	25.8
Japan Biopharmaceuticals	Astellas Pharma Inc.	4503.T	OW	Neg	4,355,444	JPY	2000.00	2250.00	12.5	2500.00	1600.00	1.5	21.7	14.0
U.S. Biotechnology	Gilead Sciences	GILD	OW	Pos	158,378	USD	99.86	125.00	25.2	140.00	85.00	0.0	23.8	25.2
U.S. Health Care Distribution & Technology	Express Scripts Holding Co.	ESRX	OW	Pos	68,671	USD	83.45	102.00	22.2	118.00	71.00	0.0	11.6	22.2
U.S. Health Care Facilities	HCA Holdings Inc.	HCA	OW	Neu	34,688	USD	75.65	81.00	7.1	90.00	60.00	0.0	4.2	7.1
U.S. Health Care-Managed Care	Aetna Inc.	AET	OW	Pos	39,247	USD	107.29	122.00	13.7	140.00	90.00	0.0	7.3	13.7
U.S. Life Science Tools & Diagnostics	Thermo Fisher Scientific, Inc.	TMO	OW	Pos	53,979	USD	133.71	160.00	19.7	200.00	110.00	0.5	4.9	20.2
U.S. Medical Supplies & Devices	Baxter International	BAX	OW	Neu	37,409	USD	68.14	83.00	21.8	88.00	60.00	3.2	(13.9)	25.0
U.S. Specialty Pharmaceuticals	Teva Pharmaceutical Industries	TEVA	OW	Pos	54,224	USD	61.27	70.00	14.2	75.00	40.00	2.7	1.7	16.9
Industrials														
Asia ex-Japan Autos & Auto Parts	Mando Corp.	204320.KS	OW	Neu	1,502,628	KRW	161500.00	215000.00	33.1	286000.00	109000.00	2.9	454.5	36.0
Asia ex-Japan Capital Goods	Zhuzhou CSR Times Electric	3898.HK	OW	Neu	54,430	HKD	49.90	66.00	32.3	74.80	38.50	1.2	15.8	33.5
Asia ex-Japan Infrastructure & Transport	Malaysia Airports Holdings Bhd	MAHB.KL	OW	Neu	8,339	MYR	7.05	8.94	26.8	13.42	3.58	0.7	85.0	27.5
European Autos & Auto Parts	Renault SA	RENA.PA	OW	Neu	22,197	EUR	83.07	100.00	20.4	115.00	72.00	3.4	38.2	23.8
European Business Services	Wolseley	WOS.L	OW	Pos	10,854	GBP	40.65	47.00	15.6	57.00	38.00	2.2	14.3	17.8
European Capital Goods	Schneider Electric SA	SCHN.PA	OW	Neu	40,793	EUR	71.90	80.00	11.3	85.00	60.00	2.8	19.3	14.1
Japan Autos & Auto Parts	Honda Motor Co., Ltd.	7267.T	OW	Pos	7,300,169	JPY	4110.00	4800.00	16.8	6300.00	3100.00	2.2	(1.6)	19.0
Japan Machinery	Tadano Ltd.	6395.T	OW	Neu	212,251	JPY	1650.00	2100.00	27.3	2500.00	1260.00	1.2	23.6	28.5
Japan Transportation	Nippon Yusen KK	9101.T	OW	Pos	625,857	JPY	379.00	420.00	10.8	470.00	260.00	1.6	21.0	12.4
Latin America Cement & Construction	CEMEX SAB de CV	CX	OW	Neu	12,192	USD	9.72	13.00	33.7	15.00	8.00	0.0	(99.8)	33.7
North America Airfreight & Ground Transportation	Union Pacific Corp.	UNP	OW	Pos	98,608	USD	110.82	126.00	13.7	137.00	105.00	1.8	14.0	15.5
U.S. Aerospace & Defense	Orbital ATK Inc.	OA	OW	Pos	4,310	USD	76.30	100.00	31.1	115.00	70.00	1.4	23.9	32.5
U.S. Airlines	Spirit Airlines	SAVE	OW	Pos	5,385	USD	74.15	110.00	48.3	142.00	60.00	0.0	68.0	48.3
U.S. Autos & Auto Parts	Mobileye N.V.	MBLY	OW	Neu	9,103	USD	42.43	66.00	55.6	150.00	5.00	0.0	77.3	55.6
U.S. Building Products & Homebuilding	Mohawk Industries Inc.	MHK	OW	Neu	13,291	USD	180.95	210.00	16.1	233.00	147.00	0.0	16.6	16.1
U.S. Business & Professional Services	McGraw-Hill Financial inc.	MHFI	OW	Neu	28,664	USD	103.78	120.00	15.6	140.00	85.00	1.3	11.9	16.9
U.S. Engineering & Construction	Fluor Corp.	FLR	OW	Pos	8,977	USD	57.47	71.00	23.5	82.00	45.00	1.5	(1.8)	25.0
U.S. Machinery	Cummins Inc.	CMI	OW	Pos	24,877	USD	136.76	165.00	20.6	184.00	114.00	2.4	10.0	23.0
U.S. Multi-Industry	General Electric	GE	OW	Neu	259,204	USD	24.91	32.00	28.5	36.00	21.00	3.7	3.1	32.2
UK Capital Goods	Melrose Industries PLC	MRON.L	OW	Neu	3,117	GBP	2.91	3.15	8.2	3.90	2.15	3.2	12.5	11.4
UK Homebuilding	Redrow	RDW.L	OW	Pos	1,300	GBP	3.59	4.37	21.7	5.28	3.46	1.7	41.7	23.4
UK Mid & Small Cap Services	Ashtead Group	AHT.L	OW	Neu	5,647	GBP	11.22	12.89	14.9	14.56	9.72	1.4	31.6	16.3
Internet & Media														
Asia ex-Japan Internet & Media	Baidu, Inc.	BIDU	OW	Pos	73,268	USD	207.74	260.00	25.2	343.00	140.00	0.0	18.1	25.2
European Media	Daily Mail & General Trust PLC	DMGOa.L	OW	Pos	3,213	GBP	8.75	9.70	10.9	11.30	6.50	2.5	(3.6)	13.4
Japan Internet	Rakuten Inc.	4755.T	OW	Pos	2,821,474	JPY	2133.00	2400.00	12.5	2800.00	1100.00	0.3	7.2	12.8
Japan Software & Entertainment	SQUARE ENIX HOLDINGS	9684.T	OW	Pos	290,824	JPY	2510.00	3400.00	35.5	4600.00	2000.00	1.2	77.2	36.7
U.S. Internet	Facebook, Inc.	FB	OW	Pos	216,338	USD	83.01	98.00	18.1	120.00	68.00	0.0	13.7	18.1
U.S. Media	Twenty-First Century Fox	FOXA	OW	Neu	77,291	USD	34.26	42.00	22.6	45.00	32.00	0.0	12.0	22.6

GLOBALTOP PICKS FUNDAMENTAL DATA

Sector	Company	Ticker	Stock Rating	Industry View	Market Cap (mn)	Currency	Price 25-Mar-2015	Price Target	Potential Upside/ Downside %	Upside Scenario	Downside Scenario	Dividend Yield %	Adj. EPS Growth %	Potential Total Return %
Power & Utilities														
Asia ex-Japan Power & Utilities	Huaneng Power International	0902.HK	OW	Neu	123,406	HKD	8.89	13.00	46.2	16.70	6.90	7.6	19.4	53.8
European Utilities	Snam	SRG.MI	OW	Neu	15,949	EUR	4.56	5.00	9.6	5.30	4.10	5.6	0.4	15.2
Mexico Infrastructure	Promotora y Operadora de Infraestructura, S.A.B de C.V.	PINFRA.MX	OW	Neu	70,701	MXN	165.50	215.00	29.9	227.00	165.00	0.0	37.4	29.9
U.S. Power	NextEra Energy	NEE	OW	Neu	45,505	USD	103.42	125.00	20.9	133.00	106.00	3.0	5.5	23.9
Retail														
European General Retail	Dixons Carphone Plc	DC.L	OW	Neg	15,917	GBP	4.31	4.80	11.4	5.90	3.50	1.9	26.8	13.3
European Leisure	Tui AG	TUIT.L	OW	Neg	7,130	GBP	12.14	13.42	10.5	16.30	8.90	2.7	23.4	13.2
Gaming	MGM Resorts International	MGM	OW	Neu	10,611	USD	21.69	24.00	10.7	31.00	17.00	0.0	72.0	10.7
South Africa General Retail	Woolworths Holdings Ltd.	WHLJ.J	OW	Pos	64,081	ZAR	85.41	104.00	21.8	125.00	73.00	3.0	5.8	24.8
U.S. Leisure	Royal Caribbean	RCL	OW	Neu	16,615	USD	75.30	94.00	24.8	103.00	68.00	1.6	47.2	26.4
U.S. Lodging	Hilton Worldwide Holdings	HLT	OW	Neu	28,319	USD	28.75	33.00	14.8	35.00	24.00	0.0	15.4	14.8
U.S. Luxury Goods/Broadlines	G-III Apparel Group, Ltd.	GIII	OW	Pos	2,552	USD	110.77	128.00	15.6	144.00	90.00	0.0	21.4	15.6
U.S. Restaurants	Panera Bread	PNRA	OW	Neu	4,707	USD	157.42	200.00	27.0	240.00	155.00	0.0	(5.8)	27.0
U.S. Retail Hardlines	The Home Depot Inc.	HD	OW	Neu	153,809	USD	113.68	130.00	14.4	137.00	73.00	2.0	15.3	16.4
U.S. Retail Softlines	Hanesbrands Inc.	HBI	OW	Neg	3,376	USD	33.67	38.00	12.9	43.00	28.00	4.8	16.6	17.7
UK Mid & Small Cap Leisure/Consumer	JD Wetherspoon	JDW.L	OW	Neu	933	GBP	7.63	8.80	15.3	10.00	6.55	1.6	2.4	16.9
Technology														
Asia ex-Japan IT Hardware	Lenovo Group Ltd.	0992.HK	OW	Neu	114,302	HKD	11.52	13.00	12.8	15.00	8.00	2.0	(4.3)	14.8
Asia ex-Japan LCD Displays	LG Display	034220.KS	OW	Pos	11,432,212	KRW	32500.00	47000.00	44.6	54000.00	25000.00	1.6	124.2	46.2
Asia ex-Japan Semiconductors	MediaTek Inc.	2454.TW	OW	Pos	593,727	TWD	443.00	565.00	27.5	740.00	400.00	5.1	7.6	32.6
Asia ex-Japan Wireless Equipment & Products	Largan Precision Co., Ltd.	3008.TW	OW	Pos	360,166	TWD	2755.00	3000.00	8.9	3300.00	1900.00	2.2	10.4	11.1
European Software & IT Services	Capgemini	CAPP.PA	OW	Neu	12,946	EUR	73.99	95.00	28.4	100.00	62.00	1.7	17.1	30.1
European Technology Hardware	Alcatel-Lucent	ALUA.PA	OW	Neu	8,208	EUR	3.53	4.25	20.4	5.00	2.30	0.0	1,775.7	20.4
Japan Consumer Electronics	Sony Corp.	6758.T	OW	Neu	3,303,251	JPY	3273.00	4000.00	22.2	4500.00	2800.00	0.0	1.0	22.2
Japan Electronic Components	TDK Corp.	6762.T	OW	Neu	1,102,134	JPY	9170.00	11600.00	26.5	12800.00	8500.00	1.0	157.6	27.5
Japan Precision Instruments	Citizen Holdings Co., Ltd.	7762.T	OW	Neu	304,256	JPY	948.00	1130.00	19.2	1300.00	600.00	1.7	(2.6)	20.9
U.S. Emerging Technologies	Corning Inc.	GLW	OW	Neu	32,475	USD	22.71	26.00	14.5	30.00	17.00	1.8	5.5	16.3
U.S. IT Consulting & Computer Services	Vantiv, Inc.	VNTV	OW	Neu	7,484	USD	37.62	44.00	17.0	50.00	30.00	0.0	0.0	17.0
U.S. Semiconductors	Cavium Inc.	CAVM	OW	Neu	3,952	USD	67.75	80.00	18.1	100.00	50.00	0.0	26.3	18.1
U.S. Software	Oracle Corp.	ORCL	OW	Pos	191,081	USD	42.93	48.00	11.8	55.00	37.00	1.2	(1.6)	13.0
Telecommunications														
Asia ex-Japan Telecom Services	Bharti Airtel Ltd.	BRTI.NS	OW	Neu	1,578,973	INR	395.00	445.00	12.7	540.00	276.00	0.5	139.6	13.2
Emerging Markets Telecom Services	Naspers	NPNJn.J	OW	Neu	738,920	ZAR	1770.00	2100.00	18.6	2550.00	1150.00	0.3	38.6	18.9
European Telecom Services	Deutsche Telekom AG	DTEGn.DE	OW	Pos	77,422	EUR	17.07	19.50	14.2	24.00	15.00	3.1	29.5	17.3
U.S. Telecom Services	American Tower Corp.	AMT	OW	Neu	40,488	USD	95.47	110.00	15.2	120.00	85.00	0.0	5.6	15.2

Source: Thomson Reuters and Barclays Research.
Share prices are shown in the primary listing major currency; price targets, upside, and downside scenarios are shown in the primary listing minor currency. Facebook, Inc. is priced as of 26 March 2015.
Dividend yield represents dividend per share divided by price per share. Adjusted EPS growth represents annual diluted EPS growth for the current financial year over the prior financial year.
Stock Rating: OW: Overweight. Industry View: Pos: Positive; Neu: Neutral; Neg: Negative.
For full disclosures on each covered company, including details of our company-specific valuation methodology and risks, please refer to *http://publicresearch.barcap.com*.

ANALYST(S) CERTIFICATION(S):

We, Joan Payson, Alan M. Rifkin, Meredith Adler, CFA, Thomas R. Driscoll, CFA, Jeffrey W. Robertson, Raimo Lenschow, CFA, Jason M. Goldberg, CFA, Carter Copeland, Ross L. Smotrich, Lauren R. Lieberman, Grant Hofer, CFA, Matthew J. Keating, CFA, Paul Vogel, CFA, Kenneth Hill, CFA, J. David Anderson, CFA, Matthew J. Korn, CFA, Amir Rozwadowski, Matthew McClintock, CPA, CFA, Andrew Lazar, Joshua R. Raskin, CFA, Mark C. DeVries, Brandon R. Oglenski, Jack Meehan, CFA, Joseph Wolf, Eric Percher, Daniel Ford, CFA, Pablo Monsivais, Matthew Taylor, CFA, Duffy Fischer, Felicia R. Hendrix, William Marshall, CFA, Jay Gelb, CFA, Farooq Hamed, Geoff Meacham, Ph.D., Brian A. Johnson, Kannan Venkateshwar, Manav Patnaik, Darrin D. Peller, Jeffrey A. Bernstein, Scott L. Gaffner, CFA, Scott R. Davis, CFA, Andy Kaplowitz, John Aiken, CA, CFA, Gilberto Garcia, Benjamin M. Theurer, Stephen Kim, Paul Y. Cheng, CFA, Blayne Curtis, Cedric Besnard, Simon Hales, Florence Dohan, Julian Easthope, Shamoli Ravishanker, Vladimir Sergievskiy, Helen Brand, CFA, David Vos, CFA, James Stettler, CFA, Rod Salmon, Andrew Byrne, Alexander Kleban, James Anstead, James Rowland Clark, Stephen Jeffrey, Caroline Learmonth, Kiri Vijayarajah, Nick Dempsey, Batuhan Karabekir, Lydia Rainforth, CFA, Laura Levy, Michael Tyndall, Lourina Pretorius, Lars Brorson, Andrew M. Gardiner, CFA, David Prescott, CFA, Alan Devlin, CFA, Mick Pickup, Gerardus Vos, Richard Paige, Vicki Stern, Christodoulos Chaviaras, Paulina Sokolova, Haley Mayers, Toni Dang, CFA, Patrick Coffey, Monica Girardi, Maurice Patrick, Mathieu Robilliard, Richard Taylor, JP Davids, CFA, James Hutchison, Jeremy Sigee, Jane Sparrow, Paul Sullivan, Valentina Stoykova, Amos Fletcher, Cristina Marzea, CFA, Kristina Church, Jon Bell, David Butler, Andreas Heine, Hanzade Kilickiran, Alex Stewart, CFA, Andrew Ross, Ian Rossouw, Daniel Garrod, Youssef Essaegh, Olivia Capra, Simon Mather, Joshua Stone, Mark Purcell, Rizk Maidi, Nicolas Champ, Tavy Rosner, Paul Checketts, Michael Leuchten, James Goodman, SC Bae, Dale Gai, Andrew Lu, Jon Windham, CFA, Somshankar Sinha, Anish Tawakley, Paul Hwang, Venugopal Garre, Sahil Kedia, Sharnie Wong, CA, HJ Moon, Ephrem Ravi, Balaji Prasad, M.D., Bhuvnesh Singh, Kirk Yang, Alicia Yap, CFA, Yang Song, Phoebe Tse, Vineet Sharma, CFA, Alvin Wong, Noel Chan, Tatsuo Yoshida, Atsushi Seki, Mikiya Yamada, Kazunori Ito, Mitsuko Miyasako, Azuma Ohno, Keiichi Yoneshima, Kunio Sakaida, Masahiro Nakanomyo, Takashi Hashimoto, Shin Tamura, Atsuro Takemura, Yuki Okishio, Ryota Himeno and Takumi Kojo, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

IMPORTANT DISCLOSURES

When an equity research report covers six or more subject companies, Barclays generally does not include specific conflict of interest disclosures regarding the subject companies and instead provides the reader with instructions about how to view or obtain the applicable conflict of interest disclosures. In order to comply with the requirements of the Korea Financial Investment Association, specific disclosures about subject companies with securities listed on the Korea Exchange are included herein. To access important disclosures, including, where relevant, price targets, regarding other companies that are the subject of this research report, please send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 14th Floor, New York, NY 10019 or refer to http://publicresearch.barclays.com or call 1-212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities.

Research analysts employed outside the US by affiliates of Barclays Capital Inc. are not registered/qualified as research analysts with FINRA. These analysts may not be associated persons of the member firm and therefore may not be subject to NASD Rule 2711 and incorporated NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst's account.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to https://live.barcap.com/publiccp/RSR/nyfipubs/disclaimer/disclaimer-research-dissemination.html. In order to access Barclays Research Conflict Management Policy Statement, please refer to: https://live.barcap.com/publiccp/RSR/nyfipubs/disclaimer/disclaimer-conflict-management.html.

The Investment Bank's Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research, whether as a result of differing time horizons, methodologies, or otherwise.

Primary Stocks (Ticker, Date, Price)

Cosmax (192820.KS, 26-Mar-2015, KRW 134000), Overweight/Neutral, J

Materially Mentioned Stocks (Ticker, Date, Price)

Aeon Mall (8905.T, 26-Mar-2015, JPY 2393), Overweight/Positive, J/K/M

Aetna Inc. (AET, 26-Mar-2015, USD 105.91), Overweight/Positive, A/C/D/E/F/J/K/L/M/O

Akbank (AKBNK.IS, 26-Mar-2015, TRY 7.94), Overweight/Negative, A/D/J/K/L/M/N

Alcatel-Lucent (ALUA.PA, 26-Mar-2015, EUR 3.46), Overweight/Neutral, A/C/D/F/J/K/L/M/N/O

Alsea S.A.B. de C.V. (ALSEA.MX, 26-Mar-2015, MXN 45.13), Overweight/Neutral, J

American Tower Corp. (AMT, 26-Mar-2015, USD 95.20), Overweight/Neutral, A/D/J/K/L/M

AngloGold Ashanti Ltd. (ANGJ.J, 26-Mar-2015, ZAR 122.98), Overweight/Neutral, C/D/J/K/L/M/N/O/Q

Ashtead Group (AHT.L, 26-Mar-2015, GBp 1098.0), Overweight/Neutral, A/C/D/F/J/K/L/N/Q

Astellas Pharma Inc. (4503.T, 26-Mar-2015, JPY 1978), Overweight/Negative, F/J/K/N

Baidu, Inc. (BIDU, 26-Mar-2015, USD 205.44), Overweight/Positive, J

Baxter International (BAX, 26-Mar-2015, USD 68.02), Overweight/Neutral, C/D/J/K/L/M/N

IMPORTANT DISCLOSURES CONTINUED

Belle International Holdings Ltd. (1880.HK, 26-Mar-2015, HKD 8.64), Overweight/Neutral, D/J/L

Berry Plastics Group Inc. (BERY, 26-Mar-2015, USD 35.00), Overweight/Positive, A/C/D/J/K/L/M

Bharti Airtel Ltd. (BRTI.NS, 26-Mar-2015, INR 399.65), Overweight/Neutral, A/D/J/K/L/M

British Land (BLND.L, 26-Mar-2015, GBp 845.5), Overweight/Neutral, C/D/E/J/K/L/M/N

Capgemini (CAPP.PA, 26-Mar-2015, EUR 75.11), Overweight/Neutral, C/D/F/J/K/L/M/N

Carrefour (CARR.PA, 26-Mar-2015, EUR 30.99), Overweight/Neutral, C/D/F/J/K/L/M/N

Cavium Inc. (CAVM, 26-Mar-2015, USD 66.86), Overweight/Neutral, C/J

CEMEX SAB de CV (CX, 26-Mar-2015, USD 9.44), Overweight/Neutral, C/J/K/M/N/O

China Cinda Asset Management Co., Ltd. (1359.HK, 26-Mar-2015, HKD 3.66), Overweight/Neutral, D/J/K/L/M

China Life (2628.HK, 26-Mar-2015, HKD 32.30), Overweight/Positive, C/J/O

China Resources Land (1109.HK, 26-Mar-2015, HKD 20.85), Overweight/Neutral, D/J/K/L/M

Citigroup Inc. (C, 26-Mar-2015, USD 51.19), Overweight/Positive, A/C/D/E/G/J/K/L/M/N/O

Other Material Conflicts: Barclays Bank plc and/or an affiliate is providing investment banking services to Springleaf Holdings LLC (LEAF) relating to its definitive agreement to acquire OneMain Financial from CitiFinancial Credit Company, a wholly-owned subsidiary of Citigroup (C). The ratings, price targets and estimates (as applicable) on Citigroup (C) do not incorporate this potential transaction.

Citizen Holdings Co., Ltd. (7762.T, 26-Mar-2015, JPY 921), Overweight/Neutral, J/K/M/N

Corning Inc. (GLW, 26-Mar-2015, USD 22.47), Overweight/Neutral, C/D/J/K/L/M/N/O

Credit Suisse Group AG (CSGN.VX, 26-Mar-2015, CHF 25.72), Overweight/Neutral, A/C/D/J/K/L/M/N

Cummins Inc. (CMI, 26-Mar-2015, USD 136.78), Overweight/Positive, C/J/K/N/O

Dai-ichi Life Insurance Co., Ltd. (8750.T, 26-Mar-2015, JPY 1740), Overweight/Negative, A/D/J/K/L/M/N

Daily Mail & General Trust PLC (DMGOa.L, 26-Mar-2015, GBp 866.5), Overweight/Positive, D/J/K/L/M/N

Danone (DANO.PA, 26-Mar-2015, EUR 62.23), Overweight/Neutral, C/D/F/J/K/L/M

Deutsche Telekom AG (DTEGn.DE, 26-Mar-2015, EUR 17.14), Overweight/Positive, A/C/D/J/K/L/M/N

Other Material Conflicts: Barclays Bank PLC and/or an affiliate is acting as lead financial adviser to Deutsche Telekom AG in relation to BT Group PLC's possible acquisition of EE Limited, which is jointly owned by Orange SA and Deutsche Telekom AG. The ratings, price targets and estimates for Deutsche Telekom AG do not include this potential transaction.

Dixons Carphone Plc (DC.L, 26-Mar-2015, GBp 418.4), Overweight/Negative, D/J/K/L/M/N

East West Bancorp (EWBC, 26-Mar-2015, USD 40.12), Overweight/Neutral, C/J/K/M

Express Scripts Holding Co. (ESRX, 26-Mar-2015, USD 82.99), Overweight/Positive, C/J/K/M/N

Facebook, Inc. (FB, 26-Mar-2015, USD 83.01), Overweight/Positive, C/J/K/M

Fluor Corp. (FLR, 26-Mar-2015, USD 57.47), Overweight/Positive, A/C/D/J/K/L/N/O

Fukuoka Financial Group Inc. (8354.T, 26-Mar-2015, JPY 647), Overweight/Neutral, J/K/M/N

G-III Apparel Group, Ltd. (GIII, 26-Mar-2015, USD 109.82), Overweight/Positive, A/C/D/J/L

General Electric (GE, 26-Mar-2015, USD 24.80), Overweight/Neutral, A/C/D/E/J/K/L/M/N

Gilead Sciences (GILD, 26-Mar-2015, USD 101.08), Overweight/Positive, A/C/D/J/K/L/M

Glencore (GLEN.L, 26-Mar-2015, GBp 297.2), Overweight/Positive, A/D/J/K/L/M/N

Other Material Conflicts: The Corporate and Investment Banking Division of Barclays Bank Plc and/or an affiliate is providing equity sponsor services to Glencore Xstrata.

Gold Fields Ltd. (GFIJ.J, 26-Mar-2015, ZAR 54.65), Overweight/Neutral, C/D/E/J/K/L/M/N/O

Grifols SA (GRLS.MC, 26-Mar-2015, EUR 39.25), Overweight/Neutral, J/K/M/N

Halkbank (HALKB.IS, 26-Mar-2015, TRY 13.15), Overweight/Negative, A/D/J/K/L/M/N

Halliburton Co. (HAL, 26-Mar-2015, USD 43.18), Overweight/Neutral, C/D/J/K/L/M/N

Hanesbrands Inc. (HBI, 26-Mar-2015, USD 33.46), Overweight/Negative, C/D/J/K/L/M

HCA Holdings Inc. (HCA, 26-Mar-2015, USD 76.10), Overweight/Neutral, A/C/D/J/K/L/M/N

HDFC Bank (HDBK.NS, 26-Mar-2015, INR 1006.95), Overweight/Neutral, A/D/J/K/L/M/N

Hilton Worldwide Holdings (HLT, 26-Mar-2015, USD 29.18), Overweight/Neutral, A/C/D/J/K/L/M/O

Honda Motor Co., Ltd. (7267.T, 26-Mar-2015, JPY 4051), Overweight/Positive, A/C/D/J/K/L/M/N/O

Huaneng Power International (0902.HK, 26-Mar-2015, HKD 8.78), Overweight/Neutral, D/J/L

Hyundai Steel Co. (004020.KS, 26-Mar-2015, KRW 72900), Overweight/Neutral, E/J/L

IMPORTANT DISCLOSURES CONTINUED

ING (ING.AS, 26-Mar-2015, EUR 13.47), Overweight/Neutral, A/D/E/J/K/L/M/N

Israel Discount Bank (DSCT.TA, 26-Mar-2015, ILS 6.62), Overweight/Neutral, D/J/K/L/M/N

JD Wetherspoon (JDW.L, 26-Mar-2015, GBp 755.5), Overweight/Neutral, J/K/N

Kenedix Retail Reit (3453.T, 26-Mar-2015, JPY 274500), Overweight/Neutral, J

Largan Precision Co., Ltd. (3008.TW, 26-Mar-2015, TWD 2685.00), Overweight/Positive, J

Lenovo Group Ltd. (0992.HK, 26-Mar-2015, HKD 11.28), Overweight/Neutral, A/D/J/K/L/M

LG Display (034220.KS, 26-Mar-2015, KRW 31950), Overweight/Positive, D/J/K/L/M/N

Life Healthcare (LHCJ.J, 26-Mar-2015, ZAR 39.71), Overweight/Neutral, E/J/K/L/M

Lupin Ltd. (LUPN.NS, 26-Mar-2015, INR 1972.95), Overweight/Positive, J

Luxottica Group SpA (LUX.MI, 26-Mar-2015, EUR 57.40), Overweight/Neutral, J/K/N

Malaysia Airports Holdings Bhd (MAHB.KL, 26-Mar-2015, MYR 7.03), Overweight/Neutral, D/J/K/L/M

Mando Corp. (204320.KS, 26-Mar-2015, KRW 160000), Overweight/Neutral, J

Manulife Financial (MFC.TO, 26-Mar-2015, CAD 21.44), Overweight/Neutral, C/J/K/M/O

McGraw-Hill Financial inc. (MHFI, 26-Mar-2015, USD 104.19), Overweight/Neutral, C/J/K/N

MediaTek Inc. (2454.TW, 26-Mar-2015, TWD 440.00), Overweight/Positive, J

Melco Crown Entertainment (MPEL, 26-Mar-2015, USD 22.19), Overweight/Positive, J

Melrose Industries PLC (MRON.L, 26-Mar-2015, GBp 288.1), Overweight/Neutral, D/F/J/K/L/M/N

MGIC Investment (MTG, 26-Mar-2015, USD 9.40), Overweight/Positive, C/J

MGM Resorts International (MGM, 26-Mar-2015, USD 21.39), Overweight/Neutral, A/C/D/F/J/K/L/M

Mobileye N.V. (MBLY, 26-Mar-2015, USD 42.28), Overweight/Neutral, A/C/D/J/L/O

Mohawk Industries Inc. (MHK, 26-Mar-2015, USD 180.09), Overweight/Neutral, C/D/J/K/L/M

Mondelez International (MDLZ, 26-Mar-2015, USD 35.08), Overweight/Neutral, A/C/D/G/J/K/L/M/N

NASDAQ OMX Group, Inc. (NDAQ, 26-Mar-2015, USD 49.55), Overweight/Neutral, C/E/J/K/L/M

Naspers (NPNJn.J, 26-Mar-2015, ZAR 1731.25), Overweight/Neutral, D/J/K/L/M

Newell Rubbermaid Inc. (NWL, 26-Mar-2015, USD 38.98), Overweight/Positive, A/C/D/J/K/L/M/N/O

NextEra Energy (NEE, 26-Mar-2015, USD 102.72), Overweight/Neutral, A/C/D/J/K/L/M

Nippon Yusen KK (9101.T, 26-Mar-2015, JPY 369), Overweight/Positive, D/J/K/L/N

Noble Group Ltd. (NOBG.SI, 26-Mar-2015, SGD 0.93), Overweight/Neutral, D/J/K/L/M

Norilsk Nickel (NKELyq.L, 26-Mar-2015, USD 18.06), Overweight/Positive, D/E/J/K/L/M/N

Other Material Conflicts: The Corporate and Investment Banking division of Barclays is providing investment banking services to Norilsk Nickel in connection with the potential sale of its African operations to BCL Limited. The ratings, price targets, and estimates on Norilsk Nickel do not incorporate this potential transaction.

Oracle Corp. (ORCL, 26-Mar-2015, USD 42.99), Overweight/Positive, A/C/D/J/K/L/M/N/O

Orbital ATK Inc. (OA, 26-Mar-2015, USD 76.86), Overweight/Positive, C/J/K/N

Panera Bread (PNRA, 26-Mar-2015, USD 157.27), Overweight/Neutral, C/F/J

PepsiCo Inc. (PEP, 26-Mar-2015, USD 95.63), Overweight/Positive, C/D/J/K/L/M/N/O

Petrofac (PFC.L, 26-Mar-2015, GBP 9.81), Overweight/Positive, C/J

Prologis (PLD, 26-Mar-2015, USD 43.07), Overweight/Neutral, A/C/D/E/J/K/L/M/O

Promotora y Operadora de Infraestructura, S.A.B de C.V. (PINFRA.MX, 26-Mar-2015, MXN 166.32), Overweight/Neutral, J

Prudential Financial Inc. (PRU, 26-Mar-2015, USD 80.04), Overweight/Positive, A/C/D/E/J/K/L/M/N

Rakuten Inc. (4755.T, 26-Mar-2015, JPY 2135.5), Overweight/Positive, J/K/M/N

Redrow (RDW.L, 26-Mar-2015, GBp 354.0), Overweight/Positive, F/J/K/L/N/Q

Reliance Industries (RELI.NS, 26-Mar-2015, INR 829.30), Overweight/Positive, A/D/J/K/L/M/N

Renault SA (RENA.PA, 26-Mar-2015, EUR 83.85), Overweight/Neutral, C/D/J/K/L/M/N

Repsol (REP.MC, 26-Mar-2015, EUR 17.46), Overweight/Positive, D/J/K/L/M/N

ROHTO Pharmaceutical Co., Ltd. (4527.T, 26-Mar-2015, JPY 1711), Overweight/Neutral, J/K/M/N

Royal Caribbean (RCL, 26-Mar-2015, USD 75.00), Overweight/Neutral, C/D/J/K/L/M/N/O

Royal Gold Inc. (RGLD, 26-Mar-2015, USD 64.30), Overweight/Neutral, C/J

IMPORTANT DISCLOSURES CONTINUED

Sasol Limited (SOLJ.J, 26-Mar-2015, ZAR 417.54), Overweight/Neutral, C/D/E/J/K/L/M/N/O

Savills PLC (SVS.L, 26-Mar-2015, GBp 806.0), Overweight/Neutral, F/J/K/M/N

Schneider Electric SA (SCHN.PA, 26-Mar-2015, EUR 71.71), Overweight/Neutral, C/D/F/J/K/L/M/N

Schroders PLC (SDR.L, 26-Mar-2015, GBp 3207.0), Overweight/Positive, C/J/K/M/N

Snam (SRG.MI, 26-Mar-2015, EUR 4.49), Overweight/Neutral, A/D/E/J/K/L/M

Solvay SA (SOLB.BR, 26-Mar-2015, EUR 133.05), Overweight/Positive, C/J/K/N

Sony Corp. (6758.T, 26-Mar-2015, JPY 3165.0), Overweight/Neutral, D/J/K/L/M/N

Spirit Airlines (SAVE, 26-Mar-2015, USD 73.67), Overweight/Positive, C/D/J/K/L/M

Sprouts Farmers Market, Inc. (SFM, 26-Mar-2015, USD 33.09), Overweight/Neutral, A/C/D/J/L

SQUARE ENIX HOLDINGS (9684.T, 26-Mar-2015, JPY 2523), Overweight/Positive, F/J

Steel Dynamics, Inc. (STLD, 26-Mar-2015, USD 20.01), Overweight/Neutral, C/J

Suncor Energy (SU.TO, 26-Mar-2015, CAD 36.55), Overweight/Neutral, C/D/J/K/L/M/O

SVB Financial Group (SIVB, 26-Mar-2015, USD 121.94), Overweight/Neutral, C/J/K/M/N

Tadano Ltd. (6395.T, 26-Mar-2015, JPY 1639), Overweight/Neutral, J

Tata Consultancy Services (TCS.NS, 26-Mar-2015, INR 2513.10), Overweight/Neutral, D/J/K/L/M/N

TDK Corp. (6762.T, 26-Mar-2015, JPY 8760), Overweight/Neutral, J

Teva Pharmaceutical Industries (TEVA, 26-Mar-2015, USD 62.42), Overweight/Positive, C/D/J/K/L/M/N

The Home Depot Inc. (HD, 26-Mar-2015, USD 112.37), Overweight/Neutral, A/C/D/J/K/L/M

Thermo Fisher Scientific, Inc. (TMO, 26-Mar-2015, USD 133.07), Overweight/Positive, A/C/D/J/K/L/M/N

Tosoh Corp. (4042.T, 26-Mar-2015, JPY 573), Overweight/Neutral, J/K/M/N

Tui AG (TUIT.L, 26-Mar-2015, GBp 1207.0), Overweight/Negative, A/D/J/K/L/M/N/Q

Twenty-First Century Fox (FOXA, 26-Mar-2015, USD 33.94), Overweight/Neutral, C/D/J/K/L/N

UCB SA (UCB.BR, 26-Mar-2015, EUR 67.62), Overweight/Neutral, D/E/J/K/L/M/N

Ulker (ULKER.IS, 26-Mar-2015, TRY 19.25), Overweight/Positive, J/K/M

Union Pacific Corp. (UNP, 26-Mar-2015, USD 108.17), Overweight/Positive, A/C/D/J/K/L/M

Valero Energy (VLO, 26-Mar-2015, USD 63.38), Overweight/Positive, C/D/J/K/L/M/N

Vantiv, Inc. (VNTV, 26-Mar-2015, USD 37.45), Overweight/Neutral, C/J

Vermilion Energy Inc. (VET.TO, 26-Mar-2015, CAD 55.52), Overweight/Neutral, J/K/M

Voltas Ltd. (VOLT.NS, 26-Mar-2015, INR 273.30), Overweight/Neutral, J

Want Want China Holdings Ltd. (0151.HK, 26-Mar-2015, HKD 8.03), Overweight/Neutral, J

Whitbread PLC (WTB.L, 26-Mar-2015, GBp 5235.0), Overweight/Negative, C/F/J/K/N

Wolseley (WOS.L, 26-Mar-2015, GBp 4018.0), Overweight/Positive, C/D/J/K/L/M/N/Q

Woolworths Holdings Ltd. (WHLJ.J, 26-Mar-2015, ZAR 82.65), Overweight/Positive, D/J/K/L/M

Zhuzhou CSR Times Electric (3898.HK, 26-Mar-2015, HKD 50.20), Overweight/Neutral, J

Disclosure Legend:

A: Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.

B: An employee of Barclays Bank PLC and/or an affiliate is a director of this issuer.

C: Barclays Bank PLC and/or an affiliate is a market-maker and/or liquidity provider in equity securities issued by this issuer or one of its affiliates.

D: Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

E: Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.

F: Barclays Bank PLC and/or an affiliate beneficially owned 1% or more of a class of equity securities of the issuer as of the end of the month prior to the research report's issuance.

G: One of the analysts on the coverage team (or a member of his or her household) owns shares of the common stock of this issuer.

H: This issuer beneficially owns 5% or more of any class of common equity securities of Barclays Bank PLC.

I: Barclays Bank PLC and/or an affiliate has a significant financial interest in the securities of this issuer.

IMPORTANT DISCLOSURES CONTINUED

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of this issuer.

K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation from this issuer within the past 12 months.

L: This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

M: This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

N: This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

O: Barclays Capital Inc., through Barclays Market Makers, is a Designated Market Maker in this issuer's stock, which is listed on the New York Stock Exchange. At any given time, its associated Designated Market Maker may have "long" or "short" inventory position in the stock; and its associated Designated Market Maker may be on the opposite side of orders executed on the floor of the New York Stock Exchange in the stock.

P: A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.

Q: Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.

R: Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

S: Barclays Capital Canada Inc. is a market-maker in an equity or equity related security issued by this issuer.

T: Barclays Bank PLC and/or an affiliate is providing equity advisory services to this issuer.

Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

African Precious Metals

Anglo American Platinum Ltd. (AMSJ.J)	AngloGold Ashanti Ltd. (ANGJ.J)	Aquarius Platinum Ltd. (AQP.L)
Gold Fields Ltd. (GFIJ.J)	Harmony Gold Mining (HARJ.J)	Impala Platinum Holdings Ltd. (IMPJ.J)
Lonmin PLC (LMI.L)	Northam Platinum Ltd. (NHMJ.J)	Sibanye Gold Ltd. (SGLJ.J)

Americas Integrated Oil

Cenovus Energy Inc. (CVE.TO)	Chevron Corporation (CVX)	ConocoPhillips (COP)
Exxon Mobil Corp. (XOM)	Hess Corp. (HES)	Husky Energy, Inc. (HSE.TO)
Imperial Oil Ltd. (IMO.TO)	Murphy Oil (MUR)	Petroleo Brasileiro S.A. (PBR)
Petroleo Brasileiro S.A. (PBRA)	Suncor Energy (SU.TO)	

IMPORTANT DISCLOSURES CONTINUED

Asia ex-Japan Autos & Auto Parts

Ashok Leyland Ltd. (ASOK.NS)	Bajaj Auto Ltd. (BAJA.NS)	Bharat Forge (BFRG.NS)
Brilliance China Automotive Holdings Ltd. (1114.HK)	BYD Co., Ltd. (1211.HK)	Cheng Shin Rubber Industry Co., Ltd. (2105.TW)
CUB Elecparts (2231.TW)	Dongfeng Motor Group Co., Ltd. (0489.HK)	Exide Industries (EXID.NS)
Geely Automobile Holdings Ltd. (0175.HK)	Great Wall Motor Co., Ltd. (2333.HK)	Guangzhou Automobile Group Co., Ltd. (2238.HK)
Halla Visteon Climate Control (018880.KS)	Hankook Tire Co., Ltd. (161390.KS)	Hero Motocorp Ltd. (HROM.NS)
Hyundai Glovis Co., Ltd. (086280.KS)	Hyundai Mobis (012330.KS)	Hyundai Motor Company (005380.KS)
Hyundai Wia Corp. (011210.KS)	Iron Force (2228.TW)	Kia Motors Corporation (000270.KS)
Macauto Industrial (9951.TWO)	Mahindra & Mahindra Ltd. (MAHM.NS)	Mando Corp. (204320.KS)
Maruti Suzuki India Limited (MRTI.NS)	Motherson Sumi Systems (MOSS.NS)	Nexen Tire Corp. (002350.KS)
Tata Motors Ltd. (TAMO.NS)	TVS Motor Co., Ltd. (TVSM.NS)	

Asia ex-Japan Banks

Agricultural Bank of China Limited (1288.HK)	Axis Bank (AXBK.NS)	Bank Central Asia (BBCA.JK)
Bank Mandiri (BMRI.JK)	Bank Negara Indonesia (BBNI.JK)	Bank of Baroda (BOB.NS)
Bank of China (Hong Kong) Ltd. (2388.HK)	Bank of China Limited (3988.HK)	Bank of Communications Co., Ltd. (3328.HK)
Bank of East Asia Ltd. (0023.HK)	Bank of India (BOI.NS)	Bank Rakyat Indonesia (BBRI.JK)
Bank Tabungan Negara (BBTN.JK)	BS Financial Group (138930.KS)	China CITIC Bank Corporation (0998.HK)
China Construction Bank Corp. (0939.HK)	China Merchants Bank Co., Ltd. (3968.HK)	China Minsheng Banking Corp., Ltd. (1988.HK)
Chongqing Rural Commercial Bank (3618.HK)	CTBC Financial Holding (2891.TW)	Dah Sing Banking Group Ltd. (2356.HK)
Dah Sing Financial Holdings Ltd. (0440.HK)	DBS Group Holdings, Ltd. (DBSM.SI)	DGB Financial Group (139130.KS)
E.Sun Financial Holding (2884.TW)	Federal Bank (FED.NS)	First Financial Holding (2892.TW)
Hana Financial Group (086790.KS)	Hang Seng Bank Ltd. (0011.HK)	HDFC Bank (HDBK.NS)
HSBC Holdings PLC (0005.HK)	ICICI Bank (ICBK.NS)	Indusind Bank (INBK.NS)
Industrial & Commercial Bank of China Ltd. (1398.HK)	Industrial Bank of Korea (024110.KS)	ING Vysya Bank (VYSA.NS)
KB Financial Group (105560.KS)	Kotak Mahindra Bank Ltd. (KTKM.NS)	Mega Financial Holding (2886.TW)
OCBC Group (OCBC.SI)	Punjab National Bank (PNBK.NS)	Shinhan Financial Group (055550.KS)
SinoPac Financial Holdings (2890.TW)	Standard Chartered PLC (2888.HK)	State Bank of India (SBI.NS)
UOB Group (UOBH.SI)	Woori Bank (000030.KS)	Yes Bank (YESB.NS)

Asia ex-Japan Capital Goods

ABB Ltd. (ABB.NS)	Airtac International Group (1590.TW)	BGR Energy Systems Ltd. (BGRE.NS)
Bharat Heavy Electricals Ltd. (BHEL.NS)	Crompton Greaves Ltd. (CROM.NS)	CSR Corporation Ltd. (1766.HK)
Cummins India Ltd. (CUMM.NS)	Dongfang Electric Corp., Ltd. (1072.HK)	Doosan Heavy Industries & Construction (034020.KS)
Harbin Electric Co., Ltd. (1133.HK)	Havells India Ltd. (HVEL.NS)	Hiwin Technologies Corp. (2049.TW)
KEC International Ltd. (KECL.NS)	Larsen & Toubro Ltd. (LART.NS)	Lonking Holdings Limited. (3339.HK)
Sany Heavy Equipment Int'l Holdings Co., Ltd. (0631.HK)	Shanghai Electric Group Co., Ltd. (2727.HK)	Siemens Ltd. (SIEM.NS)
Sinotruk (Hong Kong) Limited. (3808.HK)	Sunspring Metal (2062.TW)	Thermax Ltd. (THMX.NS)
Voltas Ltd. (VOLT.NS)	Weichai Power Co., Ltd. (2338.HK)	Zhuzhou CSR Times Electric (3898.HK)
Zoomlion Heavy Industry (1157.HK)		

Asia ex-Japan Cosmetics and HPC

Able C&C (078520.KS)	Amorepacific (090430.KS)	Cosmax (192820.KS)
Dabur India Ltd. (DABU.NS)	Godrej Consumer Products Ltd. (GOCP.NS)	Hengan International Group Co., Ltd. (1044.HK)
Hindustan Unilever Ltd. (HLL.NS)	Korea Kolmar (161890.KS)	LG Household & Healthcare (051900.KS)

IMPORTANT DISCLOSURES CONTINUED

Asia ex-Japan Diversified Financials		
China Cinda Asset Management Co., Ltd. (1359.HK)	Housing Development Finance (HDFC.NS)	IDFC Limited (IDFC.NS)
L&T Finance Holdings (LTFH.NS)	LIC Housing Finance (LICH.NS)	M&M Financial Services (MMFS.NS)
Power Finance (PWFC.NS)	Rural Electrification (RURL.NS)	Shriram Transport Finance Co., Ltd. (SRTR.NS)
Asia ex-Japan Gaming & Leisure		
Cox & Kings Ltd. (COKI.NS)	Galaxy (0027.HK)	Grand Korea Leisure Co., Ltd. (114090.KS)
Hotel Shilla (008770.KS)	Kangwon Land Inc. (035250.KS)	Melco Crown Entertainment (MPEL)
MGM China (2282.HK)	Paradise Co., Ltd. (034230.KQ)	Sands China Ltd. (1928.HK)
SJM (0880.HK)	Wynn Macau (1128.HK)	
Asia ex-Japan General Retail		
Anta Sports Products Ltd. (2020.HK)	Bata (BATA.NS)	Belle International Holdings Ltd. (1880.HK)
BGF Retail (027410.KS)	Cheil Industries (028260.KS)	Chow Tai Fook Jewellery Group Ltd. (1929.HK)
CJ O Shopping (035760.KQ)	E-Mart (139480.KS)	Esprit Holdings Limited (0330.HK)
Golden Eagle Retail Group Ltd. (3308.HK)	Gome Electrical Appliances (0493.HK)	Gourmet Master (2723.TW)
GS Home Shopping (028150.KQ)	GS Retail (007070.KS)	Hyundai Department Store (069960.KS)
Hyundai Home Shopping (057050.KS)	Jubilant Foodworks (JUBI.NS)	L'Occitane International (0973.HK)
Li & Fung Limited (0494.HK)	Li Ning Co., Ltd. (2331.HK)	Lifestyle International Holdings Ltd. (1212.HK)
Lotte Shopping (023530.KS)	Luk Fook Holdings (International) Limited (0590.HK)	Page Industries (PAGE.NS)
Parkson Retail Group Ltd. (3368.HK)	PRADA S.p.A. (1913.HK)	President Chain Store (2912.TW)
Sa Sa International (0178.HK)	Samsonite International (1910.HK)	Shinsegae (004170.KS)
Titan Industries (TITN.NS)	Trinity Ltd. (0891.HK)	Wowprime (2727.TW)
Asia ex-Japan Healthcare & Pharmaceuticals		
Apollo Hospitals Enterprise (APLH.NS)	Cadila Healthcare Ltd. (CADI.NS)	Cipla Ltd. (CIPL.NS)
Dr. Reddy's Laboratories Ltd. (REDY.NS)	Fortis Healthcare (FOHE.NS)	Glenmark Pharmaceuticals Ltd. (GLEN.NS)
Lupin Ltd. (LUPN.NS)	ScinoPharm (1789.TW)	Sun Pharmaceutical Industries (SUN.NS)
Asia ex-Japan Infrastructure & Transport		
Adani Ports and SEZ Ltd. (APSE.NS)	Airports of Thailand PCL (AOT.BK)	China COSCO Holdings Co., Ltd. (1919.HK)
China Merchants Holdings (0144.HK)	China Rongsheng Heavy Ind. (1101.HK)	China Shipping Container Lines Co., Ltd. (2866.HK)
China Shipping Development Co., Ltd. (1138.HK)	CJ Korea Express (000120.KS)	Container Corporation of India Ltd. (CCRI.NS)
COSCO Pacific Limited (1199.HK)	Essar Ports Ltd. (ESRS.NS)	Evergreen Marine Corp Ltd. (2603.TW)
GMR Infrastructure Ltd. (GMRI.NS)	Gujarat Pipavav Port Ltd. (GPPL.NS)	GVK Power & Infrastructure Ltd. (GVKP.NS)
Hanjin Transportation (002320.KS)	Hutchison Port Holdings Trust (HPHT.SI)	IL&FS Transportation Networks Ltd. (ILFT.NS)
International Container Terminal Services Inc. (ICT.PS)	IRB Infrastructure Developers Ltd. (IRBI.NS)	Jaiprakash Associates Ltd. (JAIA.NS)
Kerry Logistics Network Ltd. (0636.HK)	Malaysia Airports Holdings Bhd (MAHB.KL)	Neptune Orient Lines Ltd. (NEPS.SI)
Orient Overseas (International) Ltd. (0316.HK)	Pacific Basin Shipping Ltd. (2343.HK)	Reliance Infrastructure Ltd. (RLIN.NS)
Singamas Container Holdings Ltd. (0716.HK)	Sinotrans Shipping Ltd. (0368.HK)	Wan Hai Lines (2615.TW)
Westports Holdings Bhd (WPHB.KL)	Yang Ming Marine Transport (2609.TW)	Yangzijiang Shipbuilding (Holdings) Ltd. (YAZG.SI)
Asia ex-Japan Insurance		
AIA Group Ltd. (1299.HK)	Bajaj Finserv (BJFS.NS)	Cathay Financial Holding (2882.TW)

IMPORTANT DISCLOSURES CONTINUED

China Life (2628.HK)	China Pacific Insurance (2601.HK)	China Taiping (0966.HK)
Dongbu Insurance (005830.KS)	Fubon Financial Holding (2881.TW)	Hanwha Life (088350.KS)
Hyundai Marine & Fire (001450.KS)	LIG Insurance (002550.KS)	Max India (MAXI.NS)
PICC Group (1339.HK)	PICC Property & Casualty (2328.HK)	Ping An (2318.HK)
Reliance Capital Ltd. (RLCP.NS)	Samsung Fire & Marine (000810.KS)	Samsung Life (032830.KS)
Shin Kong Financial Holding (2888.TW)		
Asia ex-Japan Internet & Media		
Alibaba Group Holding Ltd. (BABA)	Autohome Inc. (ATHM)	Baidu, Inc. (BIDU)
Bitauto Holdings Ltd. (BITA)	Changyou.com Ltd. (CYOU)	Cheil Worldwide (030000.KS)
China Mobile Games & Entertainment Group (CMGE)	CJ CGV (079160.KS)	CJ Hellovision (037560.KS)
Ctrip.com International Ltd. (CTRP)	Daum Kakao (035720.KQ)	E-Commerce China Dangdang Inc. (DANG)
Info Edge (India) Ltd. (INED.NS)	Interpark INT (108790.KQ)	JD.com (JD)
Just Dial Ltd. (JUST.NS)	KT Skylife (053210.KS)	MakeMyTrip (MMYT)
Naver Corp. (035420.KS)	NetEase, Inc. (NTES)	Perfect World Co., Ltd. (PWRD)
Qihoo 360 Technology Co., Ltd. (QIHU)	Qunar (QUNR)	Sina Corp. (SINA)
Sohu.com Inc. (SOHU)	Television Broadcasts Ltd. (0511.HK)	Tencent Holdings Ltd. (0700.HK)
Vipshop Holdings Ltd. (VIPS)	Youku Tudou Inc. (YOKU)	YY Inc. (YY)
Asia ex-Japan IT Hardware		
Acer Inc. (2353.TW)	Advantech (2395.TW)	Asustek Computer Inc. (2357.TW)
Compal Electronics Inc. (2324.TW)	Delta Electronics Inc. (2308.TW)	Epistar Corporation (2448.TW)
Hon Hai Precision Industry Co., Ltd. (2317.TW)	Lenovo Group Ltd. (0992.HK)	LG Innotek (011070.KS)
Lite-On Technology Corp. (2301.TW)	Lumens Co., Ltd. (038060.KQ)	PAX Global Technology Ltd. (0327.HK)
Pegatron Corp. (4938.TW)	Quanta Computer Inc. (2382.TW)	Samsung Electro-Mechanics (009150.KS)
Samsung SDI (006400.KS)	Skyworth Digital Holdings Ltd. (0751.HK)	Wistron Corporation (3231.TW)
Asia ex-Japan LCD Displays		
Advanced Process Systems (054620.KQ)	AU Optronics Corp. (2409.TW)	Iljin Display (020760.KS)
Innolux Corp. (3481.TW)	LG Display (034220.KS)	Radiant Opto-Electronics Corp. (6176.TW)
Seoul Semiconductor (046890.KQ)	SFA Engineering (056190.KQ)	TPK Holding Co., Ltd. (3673.TW)
Asia ex-Japan Metals & Mining		
ACC Limited (ACC.NS)	Adaro Energy Tbk PT. (ADRO.JK)	Aluminum Corporation of China Ltd. (2600.HK)
Ambuja Cements (ABUJ.NS)	Angang Steel Co., Ltd. (0347.HK)	Anhui Conch Cement Co., Ltd. (0914.HK)
Banpu PCL (BANPU.BK)	BHP Billiton Ltd. (BHP.AX)	Bumi Resources Tbk PT. (BUMI.JK)
China Coal Energy Co., Ltd. (1898.HK)	China Hongqiao Group Ltd. (1378.HK)	China National Building Material Co., Ltd. (3323.HK)
China Resources Cement Holdings Ltd. (1313.HK)	China Shanshui Cement Group Ltd. (0691.HK)	China Shenhua Energy Co., Ltd. (1088.HK)
China Steel Corp. (2002.TW)	Coal India (COAL.NS)	Fortescue Metals Group Ltd. (FMG.AX)
Grasim Industries Ltd. (GRAS.NS)	Harum Energy Tbk PT. (HRUM.JK)	Hindalco Industries Ltd. (HALC.NS)
Hindustan Zinc Ltd. (HZNC.NS)	Hyundai Steel Co. (004020.KS)	Indo Tambangraya Megah Tbk PT. (ITMG.JK)
IRC Ltd. (1029.HK)	Jiangxi Copper Co., Ltd. (0358.HK)	Jindal Steel & Power (JNSP.NS)
JSW Steel (JSTL.NS)	Korea Zinc Co., Ltd. (010130.KS)	Maanshan Iron & Steel Co., Ltd. (0323.HK)
MMG Limited. (1208.HK)	National Aluminium Co., Ltd. (NALU.NS)	NMDC Ltd. (NMDC.NS)
POSCO (005490.KS)	Sesa Sterlite Ltd. (SESA.NS)	Shree Cement (SHCM.NS)
Steel Authority of India (SAIL.NS)	Tata Steel (TISC.NS)	TB Bukit Asam Tbk PT. (PTBA.JK)

IMPORTANT DISCLOSURES CONTINUED

UC Rusal (0486.HK)	Ultratech Cement Ltd. (ULTC.NS)	Yanzhou Coal Mining Co., Ltd. (1171.HK)
Asia ex-Japan Oil & Gas		
Beijing Enterprises Holdings (0392.HK)	Bharat Petroleum Corp., Ltd. (BPCL.NS)	Cairn India (CAIL.NS)
China Gas Holdings (0384.HK)	China Resources Gas (1193.HK)	China Steel Chemical (1723.TW)
CNOOC (0883.HK)	ENN Energy (2688.HK)	Formosa Chemicals (1326.TW)
Formosa Petrochemical (6505.TW)	Formosa Plastics (1301.TW)	Gail India (GAIL.NS)
Hindustan Petroleum Corp., Ltd. (HPCL.NS)	Indian Oil Corp., Ltd. (IOC.NS)	Kumho Petrochemical (011780.KS)
Kunlun Energy (0135.HK)	LG Chem (051910.KS)	Lotte Chemical (011170.KS)
Nan Ya Plastics (1303.TW)	Oil & Natural Gas Corp., Ltd. (ONGC.NS)	Oil India (OILI.NS)
PetroChina (0857.HK)	Petronet LNG (PLNG.NS)	Reliance Industries (RELI.NS)
S-Oil (010950.KS)	Sinopec (0386.HK)	SK Innovation (096770.KS)
Asia ex-Japan Power & Utilities		
Adani Power Ltd. (ADAN.NS)	CGN Power Co., Ltd. (1816.HK)	China Datang Corp Renewable Power Co. (1798.HK)
China Longyuan Power Group Corp. (0916.HK)	China Power International Development Ltd. (2380.HK)	China Resources Power Holdings (0836.HK)
Datang International Power Generation Co. (0991.HK)	Huadian Power International Co. (1071.HK)	Huaneng Power International (0902.HK)
Huaneng Renewables Corp. (0958.HK)	Jaiprakash Power Ventures Ltd. (JAPR.NS)	NTPC Ltd. (NTPC.NS)
Power Grid Corp of India Ltd. (PGRD.NS)	Reliance Power Ltd. (RPOL.NS)	Tata Power Co., Ltd. (TTPW.NS)
Asia ex-Japan Real Estate		
Agile Property Holdings (3383.HK)	Ananda Development PCL (ANAN.BK)	Ascendas REIT (AEMN.SI)
CapitaCommercial Trust (CACT.SI)	CapitaLand (CATL.SI)	CapitaMall Trust (CMLT.SI)
Champion REIT (2778.HK)	China Overseas Grand Oceans Group (0081.HK)	China Overseas Land & Investment (0688.HK)
China Resources Land (1109.HK)	Chong Hong Construction Co. (5534.TW)	City Developments (CTDM.SI)
CKH Holdings (0001.HK)	Country Garden Holdings (2007.HK)	DLF Ltd. (DLF.NS)
Evergrande Real Estate Group (3333.HK)	Far Eastern New Century Corp. (1402.TW)	Farglory Land Development Co., Ltd. (5522.TW)
Fortune REIT (0778.HK)	Global Logistic Properties (GLPL.SI)	Godrej Properties Ltd. (GODR.NS)
Greentown China Holdings Ltd. (3900.HK)	Guangzhou R&F Properties Co., Ltd. (2777.HK)	Hang Lung Properties (0101.HK)
Henderson Land (0012.HK)	Hongkong Land (HKLD.SI)	Huaku Development Co., Ltd. (2548.TW)
Hui Xian REIT (87001.HK)	Hysan Development (0014.HK)	IREIT Global (IREI.SI)
Keppel Land (KLAN.SI)	Keppel REIT (KASA.SI)	Kerry Properties (0683.HK)
Kindom Construction (2520.TW)	KWG Property Holding (1813.HK)	Link REIT (0823.HK)
Longfor Properties (0960.HK)	Mapletree Industrial Trust (MAPI.SI)	Mapletree Logistics Trust (MAPL.SI)
Midland Holdings (1200.HK)	New World Development (0017.HK)	Oberoi Realty Ltd. (OEBO.NS)
Poly Property Group Co., Ltd. (0119.HK)	Prestige Estates Projects Ltd. (PREG.NS)	Shimao Property Holdings Ltd. (0813.HK)
Sino Land (0083.HK)	Sino-Ocean Land Holdings Ltd. (3377.HK)	Sobha Developers Ltd. (SOBH.NS)
Sun Hung Kai Properties (0016.HK)	Sunac China Holdings Ltd. (1918.HK)	Suntec REIT (SUNT.SI)
Swire Properties (1972.HK)	Wharf Holdings (0004.HK)	Yuexiu REIT (0405.HK)
Asia ex-Japan Semiconductors		
Advanced Semiconductor Engineering (2311.TW)	Chipbond Technology (6147.TWO)	Chroma ATE Inc. (2360.TW)
DNF (092070.KQ)	Elan Microelectronics (2458.TW)	GCL-Poly Energy Holdings (3800.HK)
Gigasolar (3691.TWO)	Hermes Microvision Inc. (3658.TWO)	Inotera Memories, Inc. (3474.TW)
Jinko Solar (JKS)	Kinsus Interconnect Technology (3189.TW)	MediaTek Inc. (2454.TW)
Neo Solar (3576.TW)	Novatek Microelectronics Corp. (3034.TW)	OCI Materials (036490.KQ)
Phison Electronics (8299.TWO)	Powertech Technology (6239.TW)	Richtek Technology (6286.TW)
Samsung Electronics (005930.KS)	Semiconductor Manufacturing Int'l Corp. (0981.HK)	Siliconware Precision Industries (2325.TW)

IMPORTANT DISCLOSURES CONTINUED

SK Hynix (000660.KS)
Soulbrain (036830.KQ)
TSMC (2330.TW)
United Microelectronics Corp. (2303.TW)
Vanguard International Semiconductor (5347.TWO)
Win Semiconductors Corp. (3105.TWO)
Wonik Materials (104830.KQ)

Asia ex-Japan Soft Commodities & Trading Companies

Golden Agri-Resources Ltd. (GAGR.SI)
Noble Group Ltd. (NOBG.SI)
OLAM International Ltd. (OLAM.SI)
Sime Darby Berhad (SIME.KL)
Wilmar International Ltd. (WLIL.SI)

Asia Ex-Japan Software & IT Services

HCL Technologies (HCLT.NS)
Infosys Ltd. (INFY.NS)
MindTree (MINT.NS)
Mphasis (MBFL.NS)
Tata Consultancy Services (TCS.NS)
Tech Mahindra (TEML.NS)
Wipro Limited (WIPR.NS)

Asia ex-Japan Staples

Ajisen (China) Holdings Ltd. (0538.HK)
Britannia Industries (BRIT.NS)
China Mengniu Dairy Co., Ltd. (2319.HK)
China Resources Enterprise, Ltd. (0291.HK)
Emami Ltd. (EMAM.NS)
Giant Manufacturing (9921.TW)
Ginko International (8406.TWO)
ITC Ltd. (ITC.NS)
KT&G (033780.KS)
Marico Ltd. (MRCO.NS)
Merida Industry (9914.TW)
Nestle India Ltd. (NEST.NS)
St. Shine Optical (1565.TWO)
Sun Art Retail Group (6808.HK)
Tingyi Holdings Corp. (0322.HK)
Tsingtao Brewery Co., Ltd. (0168.HK)
Uni-President Enterprises (1216.TW)
Want Want China Holdings Ltd. (0151.HK)
WH Group Ltd. (0288.HK)

Asia ex-Japan Telecom Services

Advanced Info Service (ADVANC.BK)
Axiata Group (AXIA.KL)
Bharti Airtel Ltd. (BRTI.NS)
Bharti Infratel Ltd. (BHRI.NS)
China Mobile (0941.HK)
China Telecom (0728.HK)
China Unicom (0762.HK)
Chunghwa Telecom (2412.TW)
DiGi.Com (DSOM.KL)
Far EasTone (4904.TW)
HKBN Ltd. (1310.HK)
HKT Trust and HKT Limited (6823.HK)
Hutchison Telecom HK (0215.HK)
Idea Cellular Ltd. (IDEA.NS)
KT Corp. (030200.KS)
LG Uplus Corp. (032640.KS)
M1 (MONE.SI)
Maxis (MXSC.KL)
PCCW Limited (0008.HK)
PT Indosat (ISAT.JK)
PT Telkom (TLKM.JK)
PT XL Axiata (EXCL.JK)
Reliance Communications Ltd. (RLCM.NS)
Singapore Telecom (STEL.SI)
SK Telecom (017670.KS)
SmarTone Telecommunications Holdings Ltd. (0315.HK)
StarHub Limited (STAR.SI)
Taiwan Mobile (3045.TW)
Telekom Malaysia (TLMM.KL)
Total Access Communication (DTAC.BK)

Asia ex-Japan Wireless Equipment & Products

AAC Technologies Holdings (2018.HK)
BYD Electronics (0285.HK)
Casetek Holdings Limited (5264.TW)
Catcher Technology Co., Ltd. (2474.TW)
FIH Mobile Ltd. (2038.HK)
HTC Corp. (2498.TW)
Largan Precision Co., Ltd. (3008.TW)
LG Electronics (066570.KS)
Primax Electronics (4915.TW)
Sunny Optical Technology (2382.HK)
TCL Communication (2618.HK)
Unimicron Technology Corp. (3037.TW)
Yageo Corporation (2327.TW)
Zhen Ding Technology (4958.TW)
ZTE Corporation (0763.HK)

Canadian Financial Services

AGF Management Ltd. (AGFb.TO)
Bank of Montreal (BMO.TO)
Bank of Nova Scotia (BNS.TO)
Canadian Imperial Bank of Commerce (CM.TO)
Canadian Western Bank (CWB.TO)
CI Financial Corp. (CIX.TO)
Element Financial (EFN.TO)
Great-West Lifeco Inc. (GWO.TO)
IGM Financial Inc. (IGM.TO)
Intact Financial (IFC.TO)
Laurentian Bank (LB.TO)
Manulife Financial (MFC.TO)
National Bank of Canada (NA.TO)
Power Corporation (POW.TO)
Power Financial (PWF.TO)
Royal Bank of Canada (RY.TO)
Sun Life Financial (SLF.TO)
TD Bank Group (TD.TO)

Canadian Metals & Mining

Agnico-Eagle Mines Ltd. (AEM)
Barrick Gold Corp. (ABX)
Eldorado Gold Corp. (EGO)
Franco-Nevada Corp. (FNV)
Goldcorp Inc. (GG)
Hudbay Minerals Inc. (HBM.TO)
IAMGOLD Corp. (IAG)
Kinross Gold Corp. (KGC)
Lundin Mining Corp. (LUN.TO)

IMPORTANT DISCLOSURES CONTINUED

New Gold Inc. (NGD)
Newmont Mining (NEM)
Royal Gold Inc. (RGLD)
Teck Resources Ltd. (TCK.B)
Yamana Gold Inc. (AUY)

Canadian Oil & Gas: E&P (Mid-Cap)

ARC Resources Ltd. (ARX.TO)
Athabasca Oil Corp. (ATH.TO)
Baytex Energy Corp. (BTE.TO)
BlackPearl Resources Inc. (PXX.TO)
Bonavista Energy Corp. (BNP.TO)
Crescent Point Energy Corp. (CPG.TO)
Enerplus Corporation (ERF.TO)
Freehold Royalties Ltd. (FRU.TO)
Legacy Oil + Gas Inc. (LEG.TO)
Lightstream Resources Ltd. (LTS.TO)
Paramount Resources Ltd. (POU.TO)
Pengrowth Energy Corp. (PGF.TO)
Penn West Petroleum Ltd. (PWT.TO)
Peyto Exploration & Development Corp. (PEY.TO)
PrairieSky Royalty Ltd. (PSK.TO)
Trilogy Energy Corp. (TET.TO)
Vermilion Energy Inc. (VET.TO)
Whitecap Resources Inc. (WCP.TO)

Emerging Markets Banks

Akbank (AKBNK.IS)
Banco Bradesco (BBDC4.SA)
Banco do Brasil (BBAS3.SA)
Bank Alior S.A. (ALRR.WA)
Bank Pekao (PEO.WA)
Banorte (GFNORTEO.MX)
Erste Group Bank (ERST.VI)
Garanti Bank (GARAN.IS)
Grupo Financiero Interacciones (GFINTERO.MX)
Halkbank (HALKB.IS)
Isbank (ISCTR.IS)
Itaú Unibanco (ITUB4.SA)
Komercni Banka (BKOMsp.PR)
OTP (OTPB.BU)
PKO BP (PKO.WA)
PZU SA (PZU.WA)
Raiffeisen Bank International (RBIV.VI)
Santander Brasil (SANB11.SA)
Santander Mexico (SANMEXB.MX)
Sberbank (SBER.MM)
TBC Bank (TBCBq.L)
VTB Bank (VTBRq.L)
Yapi Kredi (YKBNK.IS)

Emerging Markets Healthcare

Adcock Ingram (AIPJ.J)
Aspen Pharmacare (APNJ.J)
KRKA (KRKG.LJ)
Life Healthcare (LHCJ.J)
Mediclinic International (MDCJ.J)
Netcare (NTCJ.J)
Richter Gedeon (GDRB.BU)

Emerging Markets Oil & Gas

Bashneft (BANE.MM)
Ecopetrol (EC)
Gazprom (GAZPq.L)
Gazprom Neft (SIBNq.L)
Lukoil (LKOHyq.L)
Novatek (NVTKq.L)
Pacific Rubiales (PRE.TO)
Rosneft (ROSNq.L)
Sasol Limited (SOLJ.J)
Surgutneftegas (SNGSyq.L)
Surgutneftegas (SNGS_p.MM)
Tatneft (TATNxq.L)

Emerging Markets Telecom Services

Global Telecom Holding (GLTDq.L)
Maroc Telecom SA (IAM.CS)
Megafon (MFONq.L)
Millicom (MICsdb.ST)
Mobile TeleSystems (MBT)
MTN Group Limited (MTNJ.J)
Naspers (NPNJn.J)
Oi (OIBR)
Orange Polska SA (OPL.WA)
OTE (OTEr.AT)
Rostelecom (RTKM.MM)
Rostelecom (RTKM_p.MM)
Safaricom Ltd. (SCOM.NR)
Sonatel (SNTSbrg.XOF)
Telecom Argentina (TEO)
Telecom Egypt (ETEL.CA)
Telefonica Brasil (VIV)
Telkom (TKGJ.J)
TIM Participações (TSU)
Turk Telekom (TTKOM.IS)
Turkcell (TCELL.IS)
VimpelCom (VIP)
Vodacom Group Ltd. (VODJ.J)

European Autos & Auto Parts

BMW (BMWG.DE)
CNH Industrial N.V. (CNHI.MI)
Continental (CONG.DE)
Daimler AG (DAIGn.DE)
Faurecia (EPED.PA)
Fiat Chrysler Automobiles (FCHA.MI)
GKN plc (GKN.L)
Michelin (MICP.PA)
Peugeot SA (PEUP.PA)
Pirelli (PECI.MI)
Porsche Automobil Holding SE (PSHG_p.DE)
Renault SA (RENA.PA)
Valeo (VLOF.PA)
Volkswagen AG (VOWG.DE)
Volkswagen AG-PFD Preferred (VOWG_p.DE)
Volvo AB (VOLVb.ST)

European Banks

Alpha Bank (ACBr.AT)
Banca Monte dei Paschi di Siena (BMPS.MI)
Banca Popolare di Milano (PMII.MI)
Banco Bilbao Vizcaya Argentaria S.A. (BBVA.MC)
Banco Popolare (BAPO.MI)
Banco Popular (POP.MC)

IMPORTANT DISCLOSURES CONTINUED

Banco Sabadell (SABE.MC)	Banco Santander SA (SAN.MC)	Bankia SA (BKIA.MC)
BNP Paribas (BNPP.PA)	CaixaBank S.A. (CABK.MC)	Commerzbank AG (CBKG.DE)
Credit Agricole SA (CAGR.PA)	Credit Suisse Group AG (CSGN.VX)	Danske Bank (DANSKE.CO)
Deutsche Bank AG (DBKGn.DE)	Deutsche Postbank AG (DPBGn.DE)	DNB (DNB.OL)
Eurobank (EURBr.AT)	HSBC Holdings PLC (HSBA.L)	ING (ING.AS)
Intesa Sanpaolo (ISP.MI)	Julius Baer (BAER.VX)	KBC (KBC.BR)
Lloyds Banking Group PLC (LLOY.L)	National Bank of Greece (NBGr.AT)	Nordea (NDA.ST)
Piraeus Bank (BOPr.AT)	Royal Bank of Scotland Group PLC (RBS.L)	Skandinaviska Enskilda Banken AB (SEBa.ST)
Société Générale (SOGN.PA)	Standard Chartered PLC (STAN.L)	Svenska Handelsbanken (SHBa.ST)
Swedbank AB (SWEDa.ST)	TSB (TSB.L)	UBI Banca (UBI.MI)
UBS Group AG (UBSG.VX)	UniCredit (CRDI.MI)	Virgin Money (VM.L)

European Beverages & Tobacco

A.G. Barr PLC (BAG.L)	Anheuser-Busch InBev NV (ABI.BR)	British American Tobacco (BATS.L)
Britvic Plc (BVIC.L)	C&C Group (GCC.I)	Carlsberg AS-B (CARLb.CO)
Coca-Cola HBC AG (CCH.L)	Davide Campari-Milano SpA (CPRI.MI)	Diageo Plc. (DGE.L)
Heineken NV (HEIN.AS)	Imperial Tobacco (IMT.L)	Lanson-BCC (LAN.PA)
Laurent-Perrier (LPER.PA)	Pernod-Ricard SA (PERP.PA)	Remy Cointreau (RCOP.PA)
SABMiller Plc. (SAB.L)	Swedish Match (SWMA.ST)	Vranken-Pommery Monopole (VRKP.PA)

European Business Services

Adecco SA (ADEN.VX)	Aggreko (AGGK.L)	APR Energy (APREN.L)
Bunzl plc (BNZL.L)	Bureau Veritas SA (BVI.PA)	Capita Group Plc (CPI.L)
Edenred (EDEN.PA)	Exova Group (EXO.L)	Experian PLC (EXPN.L)
G4S plc (GFS.L)	Hays plc (HAYS.L)	Intertek Group plc (ITRK.L)
ISS (ISS.CO)	Michael Page International plc (MPI.L)	Randstad Holding NV (RAND.AS)
Rexam (REX.L)	Securitas AB (SECUb.ST)	Serco Group plc (SRP.L)
SGS SA (SGSN.VX)	Travis Perkins (TPK.L)	Wolseley (WOS.L)

European Capital Goods

ABB Ltd. (ABBN.VX)	Alfa Laval AB (ALFA.ST)	Alstom (ALSO.PA)
Assa Abloy AB (ASSAb.ST)	Atlas Copco AB (ATCOa.ST)	Electrolux AB (ELUXb.ST)
GEA Group AG (G1AG.DE)	Kone OYJ (KNEBV.HE)	Kuka AG (KU2G.DE)
Legrand SA (LEGD.PA)	Metso OYJ (MEO1V.HE)	Nexans SA (NEXS.PA)
OSRAM Licht AG (OSRn.DE)	Philips Electronics N.V. (PHG.AS)	Prysmian SpA (PRY.MI)
Rexel SA (RXL.PA)	Sandvik AB (SAND.ST)	Schindler Holding (SCHN.S)
Schneider Electric SA (SCHN.PA)	Siemens AG (SIEGn.DE)	SKF AB (SKFb.ST)
Sulzer AG (SUN.VX)	Vestas Wind Systems A/S (VWS.CO)	

European Chemicals

Air Liquide (AIRP.PA)	Akzo Nobel (AKZO.AS)	Alent plc (ALNT.L)
Arkema SA (AKE.PA)	BASF (BASFn.DE)	BioAmber Inc. (BIOA)
Clariant (CLN.VX)	Croda (CRDA.L)	DSM (DSMN.AS)
Evonik (EVKn.DE)	Givaudan (GIVN.VX)	K+S AG (SDFGn.DE)
KWS Saat AG (KWSG.DE)	Lanxess (LXSG.DE)	Linde (LING.DE)
OCI N.V. (OCI.AS)	Solvay SA (SOLB.BR)	Syngenta (SYNN.VX)
Synthomer plc (SYNTS.L)	Victrex Plc. (VCTX.L)	Yara (YAR.OL)

European Diversified Financials

3i Group PLC (III.L)	Aberdeen Asset Management PLC (ADN.L)	Ashmore Group (ASHM.L)
Close Brothers Group (CBRO.L)	Deutsche Boerse AG (DB1Gn.DE)	Hargreaves Lansdown (HRGV.L)
Henderson Group PLC (HGGH.L)	ICAP PLC (IAP.L)	IG Group (IGG.L)

IMPORTANT DISCLOSURES CONTINUED

Investec Plc. (INVP.L)	John Laing Group (JLG.L)	Jupiter Fund Management (JUP.L)
London Stock Exchange Group Plc (LSE.L)	Man Group PLC (EMG.L)	OneSavings Bank (OSBO.L)
Paragon Group (PARA.L)	Provident Financial (PFG.L)	Schroders PLC (SDR.L)
Tullett Prebon plc (TLPR.L)		
European Food & HPC		
Associated British Foods (ABF.L)	Beiersdorf AG (BEIG.DE)	Danone (DANO.PA)
Glanbia Plc. (GL9.I)	Henkel (HNKG_p.DE)	Kerry Group Plc. (KYGa.I)
L'Oreal (OREP.PA)	Nestle SA (NESN.VX)	Reckitt Benckiser (RB.L)
SCA (SCAb.ST)	Unilever NV (UNc.AS)	Unilever PLC (ULVR.L)
European Food Retail		
Ahold (AHLN.AS)	Carrefour (CARR.PA)	Casino (CASP.PA)
Colruyt (COLR.BR)	Delhaize (DELB.BR)	DIA (DIDA.MC)
Jeronimo Martins (JMT.LS)	Metro AG (MEOG.DE)	Morrison (MRW.L)
Ocado (OCDO.L)	Rallye (GENC.PA)	Sainsbury (J) plc (SBRY.L)
Sonae (YSO.LS)	Tesco (TSCO.L)	
European General Retail		
ASOS plc (ASOS.L)	Boohoo.com (BOOH.L)	Debenhams Plc (DEB.L)
Dixons Carphone Plc (DC.L)	Dunelm Group (DNLM.L)	Halfords Group plc (HFD.L)
Hennes & Mauritz (HMb.ST)	Home Retail Group plc (HOME.L)	Inditex (ITX.MC)
Kingfisher PLC (KGF.L)	Marks & Spencer Group PLC (MKS.L)	Next Plc (NXT.L)
Steinhoff International Holdings Ltd. (SHFJ.J)		
European Insurance		
Admiral Group plc (ADML.L)	AEGON N.V. (AEGN.AS)	Allianz SE (ALVG.DE)
Amlin plc (AML.L)	AVIVA (AV.L)	AXA (AXAF.PA)
Catlin Group Ltd. (CGL.L)	CNP Assurances (CNPP.PA)	Direct Line Insurance Group (DLGD.L)
esure (ESUR.L)	Friends Life (FLG.L)	Generali (GASI.MI)
Gjensidige Forsikring ASA (GJFS.OL)	Hannover Re (HNRGn.DE)	Hiscox Ltd. (HSX.L)
Lancashire Holdings (LRE.L)	Legal & General (LGEN.L)	Mapfre (MAP.MC)
Munich RE (MUVGn.DE)	Old Mutual PLC (OML.L)	Partnership (PA.L)
Phoenix (PHNX.L)	Prudential Plc (PRU.L)	RSA Insurance Group plc (RSA.L)
Sampo (SAMAS.HE)	St. James's Place (SJP.L)	Standard Life (SL.L)
Swiss Re (SRENH.VX)	Talanx (TLXGn.DE)	Topdanmark (TOP.CO)
Tryg (TRYG.CO)	Unipol (UNPI.MI)	Vienna Insurance Group (VIGR.VI)
Zurich Insurance Group AG (ZURN.VX)		
European Integrated Oil		
BG Group (BG.L)	BP (BP.L)	Eni (ENI.MI)
Galp Energia (GALP.LS)	MOL (MOLB.BU)	OMV (OMVV.VI)
Repsol (REP.MC)	Royal Dutch Shell A (RDSa.L)	Royal Dutch Shell B (RDSb.L)
Statoil ASA (STL.OL)	Total (TOTF.PA)	
European Leisure		
Accor SA (ACCP.PA)	Betfair Group PLC (BETF.L)	Carnival PLC (CCL.L)
Compass Group PLC (CPG.L)	Elior (ELIOR.PA)	InterContinental Hotels Group Plc (IHG.L)
Ladbrokes Plc (LAD.L)	Merlin Entertainments Plc. (MERL.L)	Sodexo SA (EXHO.PA)
SSP (SSPG.L)	Thomas Cook Group Plc (TCG.L)	Tui AG (TUIT.L)
Whitbread PLC (WTB.L)	William Hill PLC (WMH.L)	
European Luxury Goods		
adidas AG (ADSGn.DE)	Burberry (BRBY.L)	GrandVision BV (GVNV.AS)
Hugo Boss (BOSSn.DE)	Kering (KER.PA)	Luxottica Group SpA (LUX.MI)

IMPORTANT DISCLOSURES CONTINUED

LVMH (LVMH.PA)	Mulberry (MUL.L)	Puma SE (PUMG.DE)
Richemont (CFR.VX)	Salvatore Ferragamo (SFER.MI)	Swatch Group AG (UHR.VX)
Tod's (TOD.MI)		
European Media		
ATRESMEDIA (A3M.MC)	Axel Springer AG (SPRGn.DE)	Daily Mail & General Trust PLC (DMGOa.L)
Eutelsat Communications (ETL.PA)	Havas SA (HAVA.PA)	Informa PLC (INF.L)
Intelsat S.A. (I)	ITV Plc (ITV.L)	JC Decaux SA (JCDX.PA)
Lagardere SCA (LAGA.PA)	M6-Metropole Television SA (MMTP.PA)	Mediaset Espana (TL5.MC)
Mediaset SpA (MS.MI)	Omnicom Group Inc. (OMC)	Pearson plc (PSON.L)
ProsiebenSat. 1 Media AG (PSMGn.DE)	Publicis Groupe SA (PUBP.PA)	Reed Elsevier NV (ELSN.AS)
Reed Elsevier PLC (REL.L)	Rightmove Plc (RMV.L)	RTL Group PLC (AUDKt.BR)
Schibsted ASA (SBST.OL)	SES SA (SESFd.PA)	Sky Deutschland AG (SKYDn.DE)
Sky Plc. (SKYB.L)	Solocal Group (LOCAL.PA)	Television Francaise 1 SA (TFFP.PA)
Trinity Mirror PLC (TNI.L)	UBM Plc (UBM.L)	Vivendi SA (VIV.PA)
Wolters Kluwer NV (WLSNc.AS)	WPP (WPP.L)	Zoopla (ZPLAZ.L)
European Medical Supplies & Devices		
Coloplast (COLOb.CO)	Elekta AB (EKTAb.ST)	Essilor (ESSI.PA)
Fresenius Medical Care (FMEG.DE)	Fresenius SE & Co KGaA (FREG.DE)	GN Store Nord (GN.CO)
Grifols SA (GRLS.MC)	Nobel Biocare (NOBN.S)	Smith & Nephew (SN.L)
Sonova (SOON.VX)	Straumann Holding AG (STMN.S)	William Demant (WDH.CO)
European Mining		
Acacia (ACAA.L)	Anglo American plc (AAL.L)	Antofagasta (ANTO.L)
ArcelorMittal (ISPA.AS)	Asia Resource Minerals Plc (ARMS.L)	BHP Billiton plc (BLT.L)
Dominion Diamond Corp. (DDC)	Ferrexpo Plc (FXPO.L)	First Quantum Minerals (FQM.L)
Fresnillo (FRES.L)	Gem Diamonds Ltd. (GEMD.L)	Glencore (GLEN.L)
Hochschild Mining (HOCM.L)	KAZ Minerals PLC (KAZ.L)	Petra Diamonds Ltd. (PDL.L)
Polymetal International (POLYP.L)	Polyus Gold (PGIL.L)	Randgold Resources (RRS.L)
Rio Tinto plc (RIO.L)	ThyssenKrupp (TKAG.DE)	Vale (VALE)
Vedanta Resources plc (VED.L)	voestalpine (VOES.VI)	
European Oil Services & Drilling		
Akastor (AKAS.OL)	Aker Solutions (AKSOL.OL)	Amec Foster Wheeler Plc. (AMFW.L)
CGG (GEPH.PA)	Gulf Marine Services (GMS.L)	Hunting (HTG.L)
Maire Tecnimont (MTCM.MI)	Petrofac (PFC.L)	Petroleum Geo-Services (PGS.OL)
Polarcus (PLCS.OL)	Saipem (SPMI.MI)	SBM Offshore (SBMO.AS)
Subsea 7 SA (SUBC.OL)	Technip (TECF.PA)	Tecnicas Reunidas (TRE.MC)
TGS (TGS.OL)	Wood Group (WG.L)	
European Pharmaceuticals		
Actelion (ATLN.VX)	Almirall SA (ALM.MC)	AstraZeneca (AZN.L)
Bayer AG (BAYGn.DE)	GlaxoSmithKline (GSK.L)	Hikma Pharmaceuticals (HIK.L)
Ipsen (IPN.PA)	Merck KGaA (MRCG.DE)	Novartis (NOVN.VX)
Novo Nordisk (NOVOb.CO)	Pharmstandard (PHSTq.L)	Roche (ROG.VX)
Sanofi (SASY.PA)	Shire (SHP.L)	Stada (STAGn.DE)
UCB SA (UCB.BR)	Vectura (VEC.L)	
European Real Estate		
Beni Stabili (BNSI.MI)	British Land (BLND.L)	BUWOG (BWOA.VI)
Capital & Counties Properties (CAPCC.L)	Derwent London (DLN.L)	Deutsche Annington (ANNGn.DE)
Deutsche Wohnen AG (DWNG.DE)	Development Securities (DSC.L)	Hammerson (HMSO.L)

IMPORTANT DISCLOSURES CONTINUED

Immofinanz (IMFI.VI)	Intu Properties Plc (INTUP.L)	Land Securities (LAND.L)
Quintain Estates & Development (QED.L)	SEGRO (SGRO.L)	Shaftesbury (SHB.L)
TAG Immobilien AG (TEGG.DE)		
European Software & IT Services		
Amadeus (AMA.MC)	Atos (ATOS.PA)	AVEVA (AVV.L)
Capgemini (CAPP.PA)	Cielo (CIEL3.SA)	Computacenter (CCC.L)
Dassault Systèmes (DAST.PA)	Fidessa (FDSA.L)	Hexagon AB (HEXAb.ST)
Just Eat (JE.L)	Micro Focus (MCRO.L)	Monitise (MONI.L)
Optimal Payments (OPAY.L)	PayPoint (PAYP.L)	Sage Group (SGE.L)
SAP AG (SAPG.DE)	Software AG (SOWG.DE)	Temenos (TEMN.S)
Wirecard (WDIG.DE)	Worldline (WLN.PA)	
European Technology Hardware		
Aixtron SE (AIXGn.DE)	Alcatel-Lucent (ALUA.PA)	Anite (AIE.L)
ARM Holdings PLC (ARM.L)	ASML Holding NV (ASML.AS)	CSR plc (CSR.L)
Dialog Semiconductor (DLGS.DE)	Ericsson (ERICb.ST)	Gemalto (GTO.AS)
Imagination Technologies (IMG.L)	Infineon Technologies AG (IFXGn.DE)	Ingenico (INGC.PA)
Logitech International SA (LOGN.S)	Nokia (NOK1V.HE)	Pace plc (PIC.L)
Spirent (SPT.L)	STMicroelectronics NV (STM.PA)	TomTom NV (TOM2.AS)
European Telecom Services		
Belgacom (BCOM.BR)	Bouygues SA (BOUY.PA)	BT Group PLC (BT.L)
Cable & Wireless Communications PLC (CWC.L)	Colt (COLT.L)	Com Hem (COMH.ST)
Deutsche Telekom AG (DTEGn.DE)	Elisa Oyj (ELI1V.HE)	Iliad SA (ILD.PA)
Inmarsat plc (ISA.L)	InterXion Holding NV (INXN)	Jazztel Plc (JAZ.MC)
KCOM (KCOM.L)	KPN (KPN.AS)	Liberty Global (LBTYA)
Manx Telecom (MANX.L)	Mobistar (MSTAR.BR)	NOS (NOS.LS)
Numericable Group (NUME.PA)	Orange (ORAN.PA)	Portugal Telecom SGPS SA (PTC.LS)
Sunrise (SRCG.S)	Swisscom (SCMN.VX)	TalkTalk Telecom Group (TALK.L)
TDC (TDC.CO)	Tele2 AB (TEL2b.ST)	TeleCity Group Plc (TCY.L)
Telecom Italia SpA (TLIT.MI)	Telecom Italia-RSP (TLITn.MI)	Telefonica Deutschland (O2Dn.DE)
Telefonica SA (TEF.MC)	Telekom Austria (TELA.VI)	Telenet Group Holding NV (TNET.BR)
Telenor ASA (TEL.OL)	TeliaSonera AB (TLSN.ST)	Vodafone Group Plc (VOD.L)
European Utilities		
EDP Renovaveis S.A. (EDPR.LS)	Enagas SA (ENAG.MC)	Endesa S.A. (ELE.MC)
Enel Green Power SpA (EGPW.MI)	Enel SpA (ENEI.MI)	Gas Natural SDG SA (GAS.MC)
Iberdrola SA (IBE.MC)	Infinis Energy Plc. (INFII.L)	Red Electrica Corporacion SA (REE.MC)
Redes Energeticas Nacionais (RENE.LS)	Snam (SRG.MI)	Terna SpA (TRN.MI)
Gaming		
Boyd Gaming (BYD)	Caesars Entertainment (CZR)	Gaming & Leisure Properties, Inc. (GLPI)
International Game Technology (IGT)	Las Vegas Sands Corp. (LVS)	MGM Resorts International (MGM)
Penn National Gaming (PENN)	Pinnacle Entertainment (PNK)	Wynn Resorts Ltd. (WYNN)
Israel Banks		
Bank HaPoalim (POLI.TA)	Bank Leumi (LUMI.TA)	Gazit-Globe Ltd. (GZT.TA)
Israel Discount Bank (DSCT.TA)	Mizrahi-Tefachot Bank Ltd. (MZTF.TA)	
Japan Autos & Auto Parts		
Aisin Seiki (7259.T)	Bridgestone Corp. (5108.T)	Daihatsu Motor Co., Ltd. (7262.T)
Denso Corp. (6902.T)	Fuji Heavy Industries Ltd. (7270.T)	Honda Motor Co., Ltd. (7267.T)
Mazda Motor Corp. (7261.T)	Nissan Motor Co., Ltd. (7201.T)	Sumitomo Rubber Industries (5110.T)
Suzuki Motor Corp. (7269.T)	Toyo Tire & Rubber (5105.T)	Toyota Boshoku (3116.T)

IMPORTANT DISCLOSURES CONTINUED

Toyota Industries (6201.T)	Toyota Motor Corp. (7203.T)	Yokohama Rubber (5101.T)
Japan Biopharmaceuticals		
Acucela, Inc. (4589.T)	Alfresa Holdings Corp. (2784.T)	Astellas Pharma Inc. (4503.T)
Chugai Pharmaceutical Co., Ltd. (4519.T)	Daiichi Sankyo Co., Ltd. (4568.T)	Eisai Co., Ltd. (4523.T)
Kyowa Hakko Kirin Co., Ltd. (4151.T)	Medipal Holdings Corp. (7459.T)	Mitsubishi Tanabe Pharma Co. (4508.T)
Nichi-Iko Pharmaceutical Co., Ltd. (4541.T)	Ono Pharmaceutical Co., Ltd. (4528.T)	Otsuka Holdings Co., Ltd. (4578.T)
Santen Pharmaceutical Co., Ltd. (4536.T)	Sawai Pharmaceutical Co., Ltd. (4555.T)	Shionogi & Co., Ltd. (4507.T)
Sumitomo Dainippon Pharma (4506.T)	Suzuken Co., Ltd. (9987.T)	Taisho Pharmaceutical Holdings (4581.T)
Takeda Pharmaceutical Co. (4502.T)	Towa Pharmaceutical Co., Ltd. (4553.T)	
Japan Chemicals		
AIR WATER Inc. (4088.T)	Asahi Kasei Corp. (3407.T)	Daicel Corporation (4202.T)
Hitachi Chemical Co., Ltd. (4217.T)	JSR Corp. (4185.T)	Kuraray Co., Ltd. (3405.T)
Mitsubishi Chemical Holdings (4188.T)	Mitsubishi Gas Chemical Co., Inc. (4182.T)	Mitsui Chemicals Inc. (4183.T)
Nippon Shokubai Co., Ltd. (4114.T)	Nitto Denko Corp. (6988.T)	Shin-Etsu Chemical Co., Ltd. (4063.T)
Showa Denko (4004.T)	SUMCO Corporation (3436.T)	Sumitomo Chemical Co., Ltd. (4005.T)
Taiyo Nippon Sanso Corporation (4091.T)	Teijin Limited (3401.T)	Toray Industries Inc. (3402.T)
Tosoh Corp. (4042.T)	Ube Industries (4208.T)	Zeon Corp. (4205.T)
Japan Consumer Electronics		
Casio Computer Co., Ltd. (6952.T)	Japan Display Inc. (6740.T)	Panasonic Corp. (6752.T)
Pioneer Corp. (6773.T)	Sharp Corp. (6753.T)	Sony Corp. (6758.T)
Japan Cosmetics and HPC		
Fancl Corp. (4921.T)	Kao Corp. (4452.T)	Kobayashi Pharmaceutical Co., Ltd. (4967.T)
Kose Corp. (4922.T)	Lion Corp. (4912.T)	Pigeon Corp. (7956.T)
Pola Orbis Holdings Inc. (4927.T)	ROHTO Pharmaceutical Co., Ltd. (4527.T)	Shiseido Co., Ltd. (4911.T)
Unicharm Corp. (8113.T)		
Japan Diversified Financials		
Credit Saison Co., Ltd. (8253.T)	Dai-ichi Life Insurance Co., Ltd. (8750.T)	Daiwa Securities Group Inc. (8601.T)
MS&AD Insurance Group Holdings (8725.T)	Nomura Holdings Inc. (8604.T)	Orix Corp. (8591.T)
Sompo Japan Nipponkoa Holdings (8630.T)	Sony Financial Holdings Inc (8729.T)	T&D Holdings Inc (8795.T)
Tokio Marine Holdings, Inc. (8766.T)		
Japan Electronic Components		
Alps Electric Co., Ltd. (6770.T)	Hirose Electric Co., Ltd. (6806.T)	Japan Aviation Electronics Industry Ltd. (6807.T)
Kyocera Corp. (6971.T)	Murata Manufacturing Co., Ltd. (6981.T)	NGK Insulators Ltd. (5333.T)
NGK Spark Plug Co., Ltd. (5334.T)	Nidec Corp. (6594.T)	Taiyo Yuden Co., Ltd. (6976.T)
TDK Corp. (6762.T)		
Japan Internet		
CyberAgent Inc. (4751.T)	DeNA Co., Ltd. (2432.T)	GMO Internet Inc. (9449.T)
Gree Inc. (3632.T)	Gurunavi Inc. (2440.T)	Kakaku.com Inc. (2371.T)
Mixi Inc. (2121.T)	NEXON (3659.T)	Rakuten Inc. (4755.T)
Yahoo! JAPAN (4689.T)		
Japan Machinery		
Amada Co., Ltd. (6113.T)	Daikin Industries Ltd. (6367.T)	Fanuc Corp. (6954.T)
Hitachi Construction Machinery (6305.T)	Komatsu Ltd. (6301.T)	Kubota Corp. (6326.T)
Makita Corp. (6586.T)	Minebea Co., Ltd. (6479.T)	NSK Ltd. (6471.T)
SMC Corp. (6273.T)	Tadano Ltd. (6395.T)	THK Co., Ltd. (6481.T)
Yaskawa Electric Corp. (6506.T)		

IMPORTANT DISCLOSURES CONTINUED

Japan Precision Instruments

Canon Inc. (7751.T)	Canon Marketing Japan Inc. (8060.T)	Citizen Holdings Co., Ltd. (7762.T)
FUJIFILM Holdings Corp. (4901.T)	GS Yuasa Corporation (6674.T)	Hitachi High-Technologies Corp. (8036.T)
HORIBA Ltd. (6856.T)	Hoya Corp. (7741.T)	JEOL Ltd. (6951.T)
Konica Minolta Inc. (4902.T)	NIKON Corp. (7731.T)	Olympus Corp. (7733.T)
OMRON Corp. (6645.T)	Ricoh Co., Ltd. (7752.T)	SCREEN Holdings Co., Ltd. (7735.T)
Seiko Epson Corp. (6724.T)	Shibaura Mechatronics Corp. (6590.T)	Shimadzu Corp. (7701.T)
Tamron Co., Ltd. (7740.T)	Tokyo Electron Ltd. (8035.T)	TOPCON CORP. (7732.T)
ULVAC Inc. (6728.T)		

Japan Real Estate Leasing

Aeon Mall (8905.T)	Hulic (3003.T)	Mitsubishi Estate Co., Ltd. (8802.T)
Mitsui Fudosan Co., Ltd. (8801.T)	NTT Urban Development Corp. (8933.T)	Sumitomo Realty & Development Co. (8830.T)
Tokyo Tatemono Co., Ltd. (8804.T)		

Japan Regional Banks

Bank of Kyoto Ltd. (8369.T)	Bank of Yokohama Ltd. (8332.T)	Chiba Bank Ltd. (8331.T)
Fukuoka Financial Group Inc. (8354.T)	Shizuoka Bank Ltd. (8355.T)	Suruga Bank Ltd. (8358.T)

Japan REITs

Activia Properties Inc. (3279.T)	Advance Residence Investment Corp. (3269.T)	Daiwa House REIT Investment Corp. (3263.T)
Frontier Real Estate Investment (8964.T)	Global One Real Estate Investment (8958.T)	GLP J-REIT (3281.T)
Hulic Reit, Inc. (3295.T)	Invincible Investment Corp. (8963.T)	Japan Hotel REIT Investment Corp. (8985.T)
Japan Prime Realty Investment Corp. (8955.T)	Japan Real Estate Investment Corp. (8952.T)	Japan Retail Fund Investment Corp. (8953.T)
Kenedix Residential Investment Corp. (3278.T)	Kenedix Retail Reit (3453.T)	Mori Hills Reit Investment (3234.T)
Nippon Building Fund Inc. (8951.T)	Nippon Prologis REIT, Inc. (3283.T)	Nomura Real Estate Office Fund, Inc. (8959.T)
ORIX JREIT (8954.T)	United Urban Investment Corp. (8960.T)	

Japan Software & Entertainment

BANDAI NAMCO Holdings (7832.T)	CAPCOM (9697.T)	FIELDS (2767.T)
Heiwa (6412.T)	KOEI TECMO HOLDINGS (3635.T)	KONAMI (9766.T)
Nintendo (7974.T)	ORIENTAL LAND (4661.T)	ROUND ONE (4680.T)
SANKYO (6417.T)	Sanrio (8136.T)	SEGA SAMMY HOLDINGS (6460.T)
SQUARE ENIX HOLDINGS (9684.T)	TOMY COMPANY (7867.T)	

Japan Transportation

ANA Holdings, Inc. (9202.T)	Central Japan Railway Co. (9022.T)	East Japan Railway Co. (9020.T)
Hankyu Hanshin Holdings Inc. (9042.T)	Hitachi Transport System (9086.T)	Japan Airlines (9201.T)
Kamigumi (9364.T)	Kawasaki Kisen Kaisha Ltd. (9107.T)	Kintetsu World Express (9375.T)
Mitsubishi Logistics (9301.T)	Mitsui OSK Lines Ltd. (9104.T)	Mitsui-Soko (9302.T)
Nippon Express Co., Ltd. (9062.T)	Nippon Konpo Unyu Soko (9072.T)	Nippon Yusen KK (9101.T)
Odakyu Electric Railway Co., Ltd. (9007.T)	Sankyu Inc. (9065.T)	Seibu Holdings Inc. (9024.T)
Seino Holdings (9076.T)	Senko (9069.T)	Sumitomo Warehouse (9303.T)
Tokyu Corp. (9005.T)	West Japan Railway Co. (9021.T)	Yamato Holdings Co., Ltd. (9064.T)
Yusen Logistics (9370.T)		

Latin America Cement & Construction

Cementos Argos SA (CCB.CN)	Cementos Pacasmayo S.A.A. (CPAC)	CEMEX SAB de CV (CX)
Consorcio Ara SAB de CV (ARA.MX)	Corp Inmobiliaria Vesta SAB de CV (VESTA.MX)	Fibra Uno Administracion SA de CV (FUNO11.MX)
Macquarie Mexico Real Estate Management SA de	TF Administradora Industrial S de RL de CV	

IMPORTANT DISCLOSURES CONTINUED

CV (FIBRAMQ12.MX)
(TERRA13.MX)

Latin America Consumer

Alfa, S.A.B. de C.V. (ALFAA.MX)
Alpek, S.A.B. de C.V. (ALPEKA.MX)
Alsea S.A.B. de C.V. (ALSEA.MX)
AmBev (ABEV)
AmBev (ABEV3.SA)
Arca Continental (AC.MX)
Bimbo (BIMBOA.MX)
CCU (CCU.SN)
Cencosud S.A. (CEN.SN)
Coca-Cola FEMSA (KOF)
Controladora Comercial Mexicana SAB de C.V. (COMEUBC.MX)
Credito Real (CREAL.MX)
El Puerto de Liverpool Sab de CV (LIVEPOLC1.MX)
Embotelladora Andina SA (AND_pb.SN)
FEMSA (FMX)
Genomma Lab Internacional SAB de CV (LABB.MX)
Gruma (GRUMAB.MX)
Grupo Comercial Chedraui S.A.B de C.V. (CHDRAUIB.MX)
Grupo Exito S.A. (IMI.CN)
Grupo Sanborns S.A. de C.V. (GSNBRB1.MX)
Grupo Televisa, S.A.B. (TV)
Kimberly-Clark de Mexico S.A.B. de C.V. (KIMBERA.MX)
Lala (LALAB.MX)
Megacable Holdings, S.A.B. de C.V. (MEGACPO.MX)
Organizacion Soriana S.A.B. de C.V. (SORIANAB.MX)
Ripley Corp. S.A. (RIP.SN)
S.A.C.I. Falabella (FAL.SN)
TV Azteca, S.A.B. de C.V. (AZTECACPO.MX)
Wal-Mart de Mexico S.A.B. de C.V. (WALMEX.MX)

Mexico Infrastructure

Controladora Vuela Cia de Aviacion SAB de CV (VOLARA.MX)
Controladora Vuela Cia de Aviacion SAB de CV (VLRS)
Empresas ICA S.A.B de C.V. (ICA.MX)
Grupo Aeromexico SAB de CV (AEROMEX.MX)
Grupo Aeroportuario del Centro Norte SAB de CV (OMAB.MX)
Grupo Aeroportuario del Pacifico SAB de CV (GAPB.MX)
Grupo Aeroportuario del Sureste SAB de CV (ASURB.MX)
Infraestructura Energética Nova, S.A.B. de C.V. (IENOVA.MX)
OHL Mexico SAB de CV (OHLMEX.MX)
Promotora y Operadora de Infraestructura, S.A.B de C.V. (PINFRA.MX)

North America Airfreight & Ground Transportation

Box Ships Inc. (TEU)
C.H. Robinson Worldwide Inc. (CHRW)
Canadian National Railway (CNI)
Canadian National Railway (CNR.TO)
Canadian Pacific Railway (CP)
Canadian Pacific Railway (CP.TO)
Costamare Inc. (CMRE)
CSX Corporation (CSX)
Diana Containerships Inc. (DCIX)
Diana Shipping Inc. (DSX)
DryShips Inc. (DRYS)
Expeditors Intl. of Washington Inc. (EXPD)
FedEx Corp. (FDX)
Heartland Express, Inc. (HTLD)
Hub Group Inc. (HUBG)
JB Hunt Transport Services Inc. (JBHT)
Kansas City Southern (KSU)
Knight Transportation Inc. (KNX)
Norfolk Southern Corp. (NSC)
Seaspan Corp. (SSW)
StealthGas Inc. (GASS)
Swift Transportation Co. (SWFT)
Teekay Corp. (TK)
Union Pacific Corp. (UNP)
United Parcel Service Inc. (UPS)
Werner Enterprises Inc. (WERN)
XPO Logistics Inc. (XPO)

North America Oil & Gas: E&P (Large Cap)

Anadarko Petroleum (APC)
Apache Corp. (APA)
Cabot Oil & Gas (COG)
Canadian Natural Resources (CNQ.TO)
Canadian Oil Sands Ltd. (COS.TO)
Chesapeake Energy (CHK)
Continental Resources (CLR)
Devon Energy (DVN)
Encana Corp. (ECA)
EOG Resources (EOG)
Kosmos Energy Ltd. (KOS)
Marathon Oil Corp. (MRO)
MEG Energy (MEG.TO)
Newfield Exploration (NFX)
Noble Energy (NBL)
Occidental Petroleum (OXY)
Pioneer Natural Resources (PXD)
QEP Resources (QEP)
Range Resources Corp. (RRC)
Southwestern Energy Co. (SWN)
Ultra Petroleum Corp. (UPL)
WPX Energy (WPX)

North America Oilfield Services & Equipment

Baker Hughes (BHI)
Cameron International (CAM)
Dril-Quip Inc. (DRQ)
FMC Technologies (FTI)
Forum Energy Technologies Inc. (FET)
Halliburton Co. (HAL)
National Oilwell Varco (NOV)
Schlumberger Ltd. (SLB)
Superior Energy Services Inc. (SPN)
Weatherford International (WFT)

North America Utilities

IMPORTANT DISCLOSURES CONTINUED

Alliant Energy (LNT)	Ameren Corp. (AEE)	American Electric Power (AEP)
American Water Works (AWK)	Aqua America (WTR)	Brookfield Infrastructure Partners LP (BIP)
Brookfield Infrastructure Partners LP (BIP_u.TO)	Brookfield Renewable Energy Partners LP (BEP_u.TO)	Brookfield Renewable Energy Partners LP (BEP)
Canadian Utilities Ltd. (CU.TO)	CenterPoint Energy Inc. (CNP)	CMS Energy (CMS)
Consolidated Edison (ED)	Dominion Resources (D)	DTE Energy (DTE)
Duke Energy (DUK)	Edison International (EIX)	Emera Inc. (EMA.TO)
Eversource Energy (ES)	Fortis Inc. (FTS.TO)	Great Plains Energy Inc. (GXP)
Hawaiian Electric Inds (HE)	Integrys Energy Group Inc. (TEG)	ITC Holdings (ITC)
National Grid Plc (NGG)	National Grid Plc (NG.L)	NiSource, Inc. (NI)
OGE Energy Corp. (OGE)	Pepco Holdings (POM)	PG&E Corp. (PCG)
Pinnacle West Capital (PNW)	PNM Resources (PNM)	Portland General Electric Co. (POR)
PPL Corporation (PPL)	SCANA Corp. (SCG)	Sempra Energy (SRE)
Southern Co. (SO)	TECO Energy (TE)	Westar Energy (WR)
Wisconsin Energy (WEC)	Xcel Energy (XEL)	
Russian Metals & Mining		
ALROSA AO (ALRS.MM)	EVRAZ plc (EVRE.L)	MMK (MAGNq.L)
NLMK (NLMKq.L)	Norilsk Nickel (NKELyq.L)	Severstal (CHMFq.L)
TMK (TRMKq.L)	UC Rusal (RUALR.MM)	Uralkali (URKAq.L)
South Africa General Retail		
Foschini Group Ltd. (TFGJ.J)	Lewis Group Ltd. (LEWJ.J)	Massmart Holdings Ltd. (MSMJ.J)
Mr Price Group Ltd. (MPCJ.J)	Truworths International Ltd. (TRUJ.J)	Woolworths Holdings Ltd. (WHLJ.J)
Turkey Retail & Consumer		
Anadolu Efes (AEFES.IS)	BIM (BIMAS.IS)	Coca-Cola Icecek AS (CCOLA.IS)
Migros (MGROS.IS)	Ulker (ULKER.IS)	
U.S. Aerospace & Defense		
Boeing Co. (BA)	Booz Allen Hamilton Holding Corp. (BAH)	General Dynamics (GD)
Harris Corp. (HRS)	Huntington Ingalls Industries (HII)	L-3 Communications (LLL)
Lockheed Martin (LMT)	Northrop Grumman (NOC)	Orbital ATK Inc. (OA)
Precision Castparts Corp. (PCP)	Raytheon Co. (RTN)	Rockwell Collins (COL)
Spirit AeroSystems Holdings (SPR)	Textron Inc. (TXT)	TransDigm Group (TDG)
United Technologies (UTX)	Wesco Aircraft Holdings (WAIR)	
U.S. Airlines		
AerCap Holdings (AER)	Air Lease Corp. (AL)	Aircastle Ltd. (AYR)
Alaska Air Group (ALK)	Allegiant Travel Co. (ALGT)	American Airlines Group Inc. (AAL)
Delta Air Lines (DAL)	JetBlue Airways (JBLU)	Southwest Airlines (LUV)
Spirit Airlines (SAVE)	United Continental Holdings (UAL)	Virgin America (VA)
U.S. Autos & Auto Parts		
American Axle & Mfg. (AXL)	Autoliv, Inc. (ALV)	Avis Budget Group Inc. (CAR)
BorgWarner Inc. (BWA)	Dana Holding Corp. (DAN)	Delphi Automotive (DLPH)
Ford Motor (F)	General Motors (GM)	Harman International Industries, Inc. (HAR)
Hertz Global Holdings Inc. (HTZ)	Johnson Controls (JCI)	Lear Corporation (LEA)
Meritor, Inc. (MTOR)	Metaldyne Performance Group Inc. (MPG)	Mobileye N.V. (MBLY)
Tenneco Inc. (TEN)	Tesla Motors Inc. (TSLA)	TRW Automotive Holdings Corp. (TRW)
Visteon Corp. (VC)		
U.S. Beverages & Tobacco		
Altria Group Inc. (MO)	Brown-Forman (BF.B)	Coca-Cola Enterprises (CCE)
Constellation Brands (STZ)	Cott Corp. (COT)	Dr Pepper Snapple Group Inc. (DPS)

IMPORTANT DISCLOSURES CONTINUED

Molson Coors Brewing Co. (TAP)	PepsiCo Inc. (PEP)	Philip Morris International Inc. (PM)
Reynolds American (RAI)	The Coca-Cola Company (KO)	
U.S. Biotechnology		
Achillion Pharmaceuticals (ACHN)	Alexion Pharmaceuticals (ALXN)	Alnylam Pharmaceuticals (ALNY)
Amgen Inc. (AMGN)	Biogen Idec (BIIB)	Celgene Corp. (CELG)
Chimerix (CMRX)	Enanta Pharmaceuticals (ENTA)	Gilead Sciences (GILD)
Ironwood Pharmaceuticals (IRWD)	Medivation Inc. (MDVN)	Neurocrine Biosciences (NBIX)
PTC Therapeutics (PTCT)	Regeneron Pharmaceuticals (REGN)	United Therapeutics (UTHR)
Vertex Pharmaceuticals (VRTX)		
U.S. Brokers, Asset Managers & Exchanges		
BlackRock, Inc. (BLK)	CBOE Holdings, Inc. (CBOE)	Charles Schwab Corp. (SCHW)
CME Group (CME)	E*TRADE Financial (ETFC)	Franklin Resources Inc. (BEN)
FXCM Inc. (FXCM)	IntercontinentalExchange Inc. (ICE)	Invesco Ltd. (IVZ)
KCG Holdings Inc. (KCG)	Kohlberg Kravis Roberts & Co. L.P. (KKR)	Legg Mason Inc. (LM)
NASDAQ OMX Group, Inc. (NDAQ)	Oaktree Capital Group, LLC (OAK)	RCS Capital Corp. (RCAP)
T. Rowe Price Group, Inc. (TROW)	TD Ameritrade Holding Corp. (AMTD)	The Blackstone Group L.P. (BX)
The Carlyle Group L.P. (CG)		
U.S. Building Products & Homebuilding		
Advanced Drainage Systems Inc. (WMS)	Armstrong World Industries (AWI)	CaesarStone Sdot Yam Ltd. (CSTE)
Continental Building Products, Inc. (CBPX)	D.R. Horton Inc. (DHI)	Fortune Brands Home & Security, Inc. (FBHS)
Interface Inc. (TILE)	KB Home (KBH)	Lennar Corp. (LEN)
Masco Corp. (MAS)	Meritage Homes Corp. (MTH)	Mohawk Industries Inc. (MHK)
Owens Corning Inc. (OC)	PulteGroup Inc. (PHM)	Realogy Holdings Corp. (RLGY)
Ryland Group Inc. (RYL)	Stanley Black & Decker Inc. (SWK)	Stock Building Supply Holdings, Inc. (STCK)
Toll Brothers Inc. (TOL)	USG Corp. (USG)	
U.S. Business & Professional Services		
Aramark (ARMK)	Bright Horizons Family Solutions (BFAM)	Cintas Corp. (CTAS)
Corporate Executive Board (CEB)	Dun & Bradstreet Corp. (DNB)	Ecolab Inc. (ECL)
Equifax Inc. (EFX)	FactSet Research Systems (FDS)	Fair Isaac Corp. (FICO)
Gartner Inc. (IT)	IHS Inc. (IHS)	IMS Health (IMS)
ManpowerGroup (MAN)	Markit Ltd. (MRKT)	McGraw-Hill Financial inc. (MHFI)
Moody's Corp. (MCO)	Nielsen Holdings (NLSN)	Nord Anglia Education Inc. (NORD)
Robert Half International (RHI)	Solera Holdings (SLH)	Thomson Reuters Corp. (TRI)
Verisk Analytics (VRSK)		
U.S. Cable & Satellite Communications		
AMC Entertainment (AMC)	Cablevision Systems Corp. (CVC)	Charter Communications, Inc. (CHTR)
Comcast Corp. (CMCSA)	DIRECTV (DTV)	DISH Network Corp. (DISH)
Gannett Co., Inc. (GCI)	Liberty Media Corporation (LMCA)	Sirius XM Radio Inc. (SIRI)
The New York Times (NYT)	Time Warner Cable Inc. (TWC)	TiVo Inc. (TIVO)
U.S. Chemicals		
Air Products & Chemicals Inc. (APD)	Axalta Coating Systems (AXTA)	Celanese Corp. (CE)
Dow Chemical Co. (DOW)	Du Pont (DD)	Eastman Chemical Co. (EMN)
Kronos (KRO)	LyondellBasell Industries NV (LYB)	Monsanto Co. (MON)
NL Industries (NL)	Orion Engineered Carbons (OEC)	Platform Specialty Products (PAH)
PPG Industries, Inc. (PPG)	Praxair Inc. (PX)	Sherwin-Williams Co., The (SHW)
Trinseo (TSE)	Valhi (VHI)	Valspar Corp. (VAL)
U.S. Consumer Finance		

IMPORTANT DISCLOSURES CONTINUED

American Capital Agency (AGNC)	American Express (AXP)	Annaly Capital Management Inc. (NLY)
Apollo Investment Corp. (AINV)	Ares Capital Corp. (ARCC)	Arlington Asset Investment Corp. (AI)
ARMOUR Residential REIT Inc. (ARR)	Capitala Finance Corp. (CPTA)	Cherry Hill Mortgage Investment Corp. (CHMI)
Chimera Investment Corp. (CIM)	CIT Group, Inc. (CIT)	CYS Investments Inc. (CYS)
Discover Financial Services (DFS)	Essent Group (ESNT)	Fidelity National Financial (FNF)
Fifth Street Finance Corp. (FSC)	Fifth Street Senior Floating Rate Corp. (FSFR)	First American Financial (FAF)
Five Oaks Investment Corporation (OAKS)	Home Loan Servicing Solutions Ltd. (HLSS)	Invesco Mortgage Capital Inc. (IVR)
JAVELIN Mortgage Investment (JMI)	JGWPT Holdings Inc. (JGW)	Medley Capital Corp. (MCC)
MGIC Investment (MTG)	Nationstar Mortgage Holdings (NSM)	Navient Corp. (NAVI)
New York Mortgage Trust, Inc. (NYMT)	Ocwen Financial Corp. (OCN)	OFS Capital Corp. (OFS)
Prospect Capital Corp. (PSEC)	Radian Group (RDN)	Santander Consumer USA Holdings, Inc. (SC)
SLM Corp. (SLM)	Springleaf Holdings Inc. (LEAF)	Stonegate Mortgage Corp. (SGM)
Synchrony Financial (SYF)	TICC Capital Corp. (TICC)	TPG Specialty Lending (TSLX)
Two Harbors Investment Corp. (TWO)	Walter Investment Management Corp. (WAC)	Whitehorse Finance Inc. (WHF)
ZAIS Financial Corp. (ZFC)		
U.S. Cosmetics; Household & Personal Care		
Avon Products (AVP)	Church & Dwight Co., Inc. (CHD)	Clorox Company (CLX)
Colgate-Palmolive (CL)	Coty Inc. (COTY)	International Flavors & Fragrances (IFF)
Jarden Corporation (JAH)	Kimberly-Clark Corp. (KMB)	Newell Rubbermaid Inc. (NWL)
Procter & Gamble (PG)	The Estée Lauder Companies (EL)	
U.S. Emerging Technologies		
Allot Communications, Ltd. (ALLT)	Arris Group (ARRS)	CEVA, Inc. (CEVA)
Corning Inc. (GLW)	Emulex Corp (ELX)	EZchip Semiconductor (EZCH)
Finisar Corp. (FNSR)	GoPro Inc. (GPRO)	JDS Uniphase Corp. (JDSU)
Mellanox Technologies (MLNX)	Orbotech (ORBK)	QLogic Corp. (QLGC)
Radware Ltd. (RDWR)		
U.S. Engineering & Construction		
AECOM Technology Corp. (ACM)	Babcock & Wilcox Co. (BWC)	Chicago Bridge & Iron (CBI)
Fluor Corp. (FLR)	Great Lakes Dredge & Dock (GLDD)	Jacobs Engineering Group (JEC)
KBR Inc. (KBR)	MasTec Inc. (MTZ)	McDermott International Inc. (MDR)
U.S. Food		
B&G Foods (BGS)	Campbell Soup (CPB)	ConAgra Foods (CAG)
Diamond Foods Inc. (DMND)	General Mills (GIS)	Hain Celestial (HAIN)
Kellogg Co. (K)	Kraft Foods Group Inc. (KRFT)	McCormick & Co. (MKC)
Mondelez International (MDLZ)	Pinnacle Foods., Inc. (PF)	Post Holdings, Inc. (POST)
The Hershey Company (HSY)	The J.M. Smucker Company (SJM)	TreeHouse Foods (THS)
WhiteWave Foods, Co. (WWAV)		
U.S. Food & Drug Retailing		
Big Lots Inc. (BIG)	Costco Wholesale Corp. (COST)	CVS Health Corp. (CVS)
Dollar General Corp. (DG)	Dollar Tree Stores (DLTR)	Family Dollar (FDO)
Five Below, Inc. (FIVE)	GNC Holdings Inc. (GNC)	Herbalife Ltd. (HLF)
Kroger Co. (KR)	Sally Beauty Holdings, Inc. (SBH)	Smart & Final Stores, Inc. (SFS)
Sprouts Farmers Market, Inc. (SFM)	SuperValu Inc. (SVU)	SYSCO Corp. (SYY)
United Natural Foods, Inc. (UNFI)	Vitamin Shoppe Inc. (VSI)	Wal-Mart Stores (WMT)
Walgreens Boots Alliance, Inc. (WBA)	Weight Watchers International Inc. (WTW)	Whole Foods Market (WFM)
U.S. Health Care Distribution & Technology		
Allscripts Healthcare Solutions, Inc. (MDRX)	AmerisourceBergen Corp. (ABC)	Athenahealth, Inc. (ATHN)

IMPORTANT DISCLOSURES CONTINUED

Cardinal Health Inc. (CAH)	Catamaran Corp. (CTRX)	Cerner Corp. (CERN)
Express Scripts Holding Co. (ESRX)	McKesson Corp. (MCK)	MedAssets, Inc. (MDAS)
Omnicare, Inc. (OCR)	PharMerica Corporation (PMC)	The Advisory Board Co. (ABCO)
VWR Corp. (VWR)		
U.S. Health Care Facilities		
AmSurg Corp. (AMSG)	Brookdale Senior Living (BKD)	Civitas Solutions, Inc. (CIVI)
Community Health Systems (CYH)	Envision Healthcare (EVHC)	HCA Holdings Inc. (HCA)
HCP, Inc. (HCP)	Health Care REIT (HCN)	HealthSouth Corp. (HLS)
Kindred Healthcare (KND)	LifePoint Hospitals (LPNT)	Sabra Healthcare REIT (SBRA)
Surgical Care Affiliates Inc. (SCAI)	Team Health Holdings Inc. (TMH)	Tenet Healthcare Corp. (THC)
Universal Health Services (UHS)	Ventas, Inc. (VTR)	
U.S. Health Care-Managed Care		
Aetna Inc. (AET)	Anthem, Inc. (ANTM)	Centene Corp. (CNC)
CIGNA Corp. (CI)	Health Net (HNT)	Healthways Inc. (HWAY)
Humana Inc. (HUM)	Magellan Health Inc. (MGLN)	Molina Healthcare (MOH)
UnitedHealth Group (UNH)	Universal American Corp. (UAM)	WellCare Health Plans (WCG)
U.S. Independent Refiners		
Alon USA Energy (ALJ)	Delek US Holdings Inc. (DK)	HollyFrontier Corp. (HFC)
Marathon Petroleum Corp. (MPC)	PBF Energy Inc. (PBF)	Phillips 66 (PSX)
Tesoro Corporation (TSO)	Valero Energy (VLO)	Western Refining, Inc. (WNR)
U.S. Insurance/Life		
AFLAC INC (AFL)	Ameriprise Financial (AMP)	Lincoln National (LNC)
MetLife Inc. (MET)	Principal Financial Group (PFG)	Prudential Financial Inc. (PRU)
Torchmark Corp. (TMK)	Unum Group (UNM)	Voya Financial, Inc. (VOYA)
U.S. Internet		
Activision Blizzard, Inc. (ATVI)	Amazon.com, Inc. (AMZN)	Cimpress N.V. (CMPR)
eBay, Inc. (EBAY)	Electronic Arts, Inc. (EA)	Facebook, Inc. (FB)
Google Inc. (GOOGL)	GrubHub, Inc. (GRUB)	HomeAway, Inc. (AWAY)
IAC/InterActiveCorp (IACI)	King Digital Entertainment Plc. (KING)	LinkedIn Corporation (LNKD)
Netflix, Inc. (NFLX)	Shutterfly, Inc. (SFLY)	Trupanion, Inc. (TRUP)
Twitter, Inc. (TWTR)	Yahoo! Inc. (YHOO)	Yelp, Inc. (YELP)
YuMe, Inc. (YUME)	Zillow, Inc. (Z)	Zynga Inc. (ZNGA)
U.S. IT Consulting & Computer Services		
Acacia Research Corp. (ACTG)	Accenture Plc (ACN)	Alliance Data Systems Corp. (ADS)
Cognizant Technology Solutions (CTSH)	Computer Sciences Corp. (CSC)	CoreLogic, Inc. (CLGX)
EPAM Systems Inc (EPAM)	Fidelity National Information Services (FIS)	Fiserv Inc. (FISV)
FleetCor Technologies, Inc. (FLT)	Global Payments Inc. (GPN)	InterDigital, Inc. (IDCC)
MasterCard Inc. (MA)	RPX Corporation (RPXC)	Total System Services Inc. (TSS)
Vantiv, Inc. (VNTV)	VeriFone Systems Inc. (PAY)	Visa Inc. (V)
Western Union Co. (WU)	Xoom Corp. (XOOM)	
U.S. Large-Cap Banks		
Ally Financial Inc. (ALLY)	Bank of America (BAC)	BB&T Corp. (BBT)
Capital One Financial (COF)	Citigroup Inc. (C)	Citizens Financial Group Inc. (CFG)
Fifth Third Bancorp (FITB)	Goldman Sachs Group Inc. (GS)	JPMorgan Chase & Co. (JPM)
KeyCorp (KEY)	Morgan Stanley (MS)	Northern Trust (NTRS)
PNC Financial Services Gp (PNC)	Regions Financial (RF)	State Street (STT)
SunTrust Banks (STI)	The Bank of New York Mellon Corp. (BK)	U.S. Bancorp (USB)
Wells Fargo (WFC)		

IMPORTANT DISCLOSURES CONTINUED

U.S. Leisure

Carnival Corp. (CCL)
Harley-Davidson (HOG)
Hasbro, Inc. (HAS)
Mattel, Inc. (MAT)
Norwegian Cruise Line Holdings (NCLH)
Royal Caribbean (RCL)
SeaWorld Entertainment Inc. (SEAS)
Vail Resorts (MTN)

U.S. Life Science Tools & Diagnostics

Agilent Technologies (A)
Hologic Inc. (HOLX)
Illumina Inc. (ILMN)
Laboratory Corp. of America Hldgs. (LH)
Myriad Genetics Inc. (MYGN)
QIAGEN N.V. (QGEN)
Quest Diagnostics (DGX)
Thermo Fisher Scientific, Inc. (TMO)

U.S. Lodging

Belmond (BEL)
Chatham Lodging Trust (CLDT)
Choice Hotels (CHH)
Diamondrock Hospitality Co. (DRH)
Extended Stay America Inc. (STAY)
Hersha Hospitality Trust (HT)
Hilton Worldwide Holdings (HLT)
Host Hotels & Resorts (HST)
Marriott International (MAR)
RLJ Lodging Trust (RLJ)
Starwood (HOT)
Sunstone Hotel Investors (SHO)

U.S. Luxury, Apparel & Footwear

Coach, Inc. (COH)
G-III Apparel Group, Ltd. (GIII)
Hudson's Bay Co (HBC.TO)
Kate Spade & Co. (KATE)
Macy's Inc. (M)
Michael Kors Holdings Ltd. (KORS)
Nordstrom Inc. (JWN)
PVH Corp. (PVH)
Ralph Lauren Corp. (RL)
Signet Jewelers Ltd. (SIG)
Tiffany & Co. (TIF)
Vince Holding Corp. (VNCE)

U.S. Machinery

AGCO Corp. (AGCO)
Allison Transmission Holdings Inc. (ALSN)
Caterpillar Inc. (CAT)
Cummins Inc. (CMI)
Deere & Co. (DE)
Flowserve Corp. (FLS)
Illinois Tool Works Inc. (ITW)
Joy Global (JOY)
Manitowoc Co., Inc. (MTW)
Navistar International Corp. (NAV)
Paccar Inc. (PCAR)
Terex Corp. (TEX)

U.S. Media

CBS Corp. (CBS)
Discovery Communications Inc. (DISCA)
Time Warner Inc. (TWX)
Twenty-First Century Fox (FOXA)
Viacom Inc. (VIAB)
Walt Disney Co. (DIS)

U.S. Medical Supplies & Devices

Abbott Laboratories (ABT)
Baxter International (BAX)
Becton Dickinson & Co. (BDX)
Boston Scientific Corp. (BSX)
C.R. Bard Inc. (BCR)
Edwards Lifesciences Corp. (EW)
Heartware International Inc. (HTWR)
Hospira, Inc. (HSP)
Integra LifeSciences Holdings (IART)
K2M Group Holdings Inc. (KTWO)
Lombard Medical Inc. (EVAR)
Mazor Robotics Ltd. (MZOR)
Medtronic Inc. (MDT)
NuVasive Inc. (NUVA)
ReWalk Robotics Ltd. (RWLK)
St. Jude Medical Inc. (STJ)
Stryker Corp. (SYK)
Teleflex (TFX)
Thoratec Corp. (THOR)
Tornier (TRNX)
Wright Medical Group (WMGI)
Zimmer Holdings Inc. (ZMH)

U.S. Metals & Mining

Agrium Inc. (AGU)
AK Steel Holding Corp. (AKS)
Alpha Natural Resources, Inc. (ANR)
Arch Coal, Inc. (ACI)
CF Industries Holdings (CF)
Cloud Peak Energy Inc. (CLD)
Consol Energy Inc. (CNX)
Freeport-McMoRan (FCX)
Israel Chemicals Ltd. (ICL)
Nucor Corp. (NUE)
Peabody Energy Corp. (BTU)
Potash Corporation of Saskatchewan (POT)
Southern Copper Corp. (SCCO)
Steel Dynamics, Inc. (STLD)
The Mosaic Company (MOS)
United States Steel Corp. (X)

U.S. Mid-Cap Banks

City National (CYN)
Comerica Inc. (CMA)
East West Bancorp (EWBC)
First Horizon National (FHN)
Huntington Bancshares (HBAN)
M&T Bank (MTB)
Signature Bank (SBNY)
Synovus Financial (SNV)
TCF Financial (TCB)
Zions Bancorporation (ZION)

IMPORTANT DISCLOSURES CONTINUED

U.S. Multi-Industry

3M Company (MMM)
ADT Corporation (ADT)
Colfax Corp. (CFX)
Danaher Corp. (DHR)
Dover Corp. (DOV)
Eaton Corp. (ETN)
Emerson (EMR)
Fastenal Company (FAST)
General Electric (GE)
HD Supply Holdings, Inc. (HDS)
Honeywell International (HON)
Hubbell, Inc. (HUBB)
Ingersoll-Rand Plc (IR)
ITT Corporation (ITT)
Lennox International (LII)
MSC Industrial Direct (MSM)
Rexnord Corp. (RXN)
Rockwell Automation (ROK)
Roper Industries Inc. (ROP)
Sensata Technologies Holding NV (ST)
SPX Corp. (SPW)
Tyco International (TYC)
Watsco Inc. (WSO)
WESCO International, Inc. (WCC)
WW Grainger Inc. (GWW)
Xylem, Inc. (XYL)

U.S. Oil & Gas: E&P (Mid-Cap)

Antero Resources (AR)
Bill Barrett Corp. (BBG)
Cimarex Energy Co. (XEC)
Comstock Resources (CRK)
Concho Resources Inc. (CXO)
Denbury Resources (DNR)
Eclipse Resources (ECR)
Exco Resources Inc. (XCO)
Gulfport Energy (GPOR)
Halcon Resources Corp. (HK)
Jones Energy Inc. (JONE)
Memorial Resource Development Corp. (MRD)
Penn Virginia Corp. (PVA)
Resolute Energy Corp. (REN)
Rice Energy (RICE)
RSP Permian (RSPP)
SandRidge Energy Inc. (SD)
SM Energy Co. (SM)
Stone Energy Corp. (SGY)
Swift Energy Company (SFY)
W&T Offshore (WTI)
Whiting Petroleum (WLL)

U.S. Paper & Packaging

Avery Dennison Corp. (AVY)
Ball Corporation (BLL)
Bemis Company (BMS)
Berry Plastics Group Inc. (BERY)
Crown Holdings Inc. (CCK)
International Paper Co. (IP)
KapStone (KS)
Owens-Illinois Inc. (OI)
Packaging Corp. of America (PKG)
Rock-Tenn Co. (RKT)
Sealed Air Corp. (SEE)
Silgan Holdings Inc. (SLGN)
Sonoco Products Co. (SON)
Veritiv Corp. (VRTV)

U.S. Power

AES Corp. (AES)
Calpine Corp. (CPN)
Covanta Holding Corp. (CVA)
Dynegy Inc. (DYN)
Entergy Corp. (ETR)
Exelon Corp. (EXC)
FirstEnergy Corp. (FE)
NextEra Energy (NEE)
NextEra Energy Partners, LP. (NEP)
NRG Energy (NRG)
NRG Yield Inc. (NYLD)
Ormat Technologies (ORA)
Public Service Enterprise Gp (PEG)
TerraForm Power, Inc. (TERP)
Vivint Solar Inc. (VSLR)

U.S. REITs

Alexandria Real Estate Equities Inc. (ARE)
Apartment Investment & Management Co. (AIV)
Apollo Commercial Real Estate Finance Inc. (ARI)
Avalonbay Communities Inc. (AVB)
Boston Properties Inc. (BXP)
Brandywine Realty Trust (BDN)
Brixmor Property Group Inc. (BRX)
Camden Property Trust (CPT)
Campus Crest Communities, Inc. (CCG)
CBL & Associates Properties Inc. (CBL)
CBRE Group, Inc. (CBG)
Digital Realty Trust Inc. (DLR)
Douglas Emmett Inc. (DEI)
Duke Realty Corp. (DRE)
DuPont Fabros Technology, Inc. (DFT)
Equity One Inc. (EQY)
Equity Residential (EQR)
Essex Property Trust Inc. (ESS)
Excel Trust Inc. (EXL)
General Growth Properties Inc. (GGP)
Home Properties Inc. (HME)
Hudson Pacific Properties (HPP)
Jones Lang LaSalle Inc. (JLL)
Kimco Realty Corp. (KIM)
Lexington Realty Trust (LXP)
Macerich Company (MAC)
Mack-Cali Realty Corp. (CLI)
Newcastle Investment Corp. (NCT)
Parkway Properties Inc. (PKY)
Pennsylvania Real Estate Investment Trust (PEI)
Post Properties Inc. (PPS)
Prologis (PLD)
Public Storage Inc. (PSA)
Regency Centers Corp. (REG)
Simon Property Group Inc. (SPG)
SL Green Realty Corp. (SLG)
UDR, Inc. (UDR)
Vornado Realty Trust (VNO)
Winthrop Realty Trust (FUR)

U.S. Restaurants

IMPORTANT DISCLOSURES CONTINUED

BJ's Restaurants Inc (BJRI)	Bloomin' Brands, Inc. (BLMN)	Brinker International (EAT)
Buffalo Wild Wings Inc. (BWLD)	Chipotle Mexican Grill, Inc. (CMG)	Darden Restaurants (DRI)
Domino's Pizza (DPZ)	Dunkin' Brands Group (DNKN)	Jack in the Box Inc. (JACK)
McDonald's Corp. (MCD)	Noodles & Co. (NDLS)	Panera Bread (PNRA)
Shake Shack Inc. (SHAK)	Sonic Corporation (SONC)	Starbucks Corp. (SBUX)
Texas Roadhouse, Inc. (TXRH)	The Cheesecake Factory (CAKE)	The Wendy's Company (WEN)
Yum! Brands Inc. (YUM)		
U.S. Retail Hardlines		
ACCO Brands Corp. (ACCO)	Advance Auto Parts Inc. (AAP)	AutoZone Inc. (AZO)
Barnes & Noble, Inc. (BKS)	Bed Bath & Beyond Inc. (BBBY)	Best Buy Co., Inc. (BBY)
Dick's Sporting Goods Inc. (DKS)	hhgregg, Inc. (HGG)	Lowe's Companies, Inc. (LOW)
Mattress Firm Holding Corp. (MFRM)	O'Reilly Automotive Inc. (ORLY)	Office Depot Inc. (ODP)
Pier 1 Imports Inc. (PIR)	Staples Inc. (SPLS)	Tempur Sealy International, Inc. (TPX)
The Container Store Group (TCS)	The Home Depot Inc. (HD)	The Michaels Companies, Inc. (MIK)
Tractor Supply Co. (TSCO)	Williams-Sonoma Inc. (WSM)	
U.S. Retail Softlines		
Abercrombie & Fitch Co. (ANF)	Aeropostale Inc. (ARO)	American Eagle Outfitters, Inc. (AEO)
Ann Inc. (ANN)	Chico's FAS, Inc. (CHS)	Finish Line Inc. (FINL)
Foot Locker (FL)	Fossil, Inc. (FOSL)	Gap Inc. (GPS)
Hanesbrands Inc. (HBI)	L Brands, Inc. (LB)	Lululemon Athletica Inc. (LULU)
Nike Inc. (NKE)	Target Corp. (TGT)	Under Armour Inc. (UA)
Urban Outfitters, Inc. (URBN)	VF Corp. (VFC)	
U.S. Semiconductors		
Altera Corp. (ALTR)	Analog Devices (ADI)	Atmel Corp. (ATML)
Avago Technologies Ltd. (AVGO)	Broadcom Corp. (BRCM)	Cavium Inc. (CAVM)
Cirrus Logic Inc. (CRUS)	Cypress Semiconductor Corp. (CY)	Entropic Communications Inc. (ENTR)
Freescale Semiconductor Holdings (FSL)	Integrated Device Technology, Inc. (IDTI)	Intel Corp. (INTC)
M/A-COM Technology Solutions Holdings, Inc. (MTSI)	MagnaChip Semiconductor (MX)	Marvell Technology Group, Ltd. (MRVL)
Maxim Integrated Products (MXIM)	NVIDIA Corp. (NVDA)	NXP Semiconductors NV (NXPI)
Qorvo Inc. (QRVO)	QUALCOMM, Inc. (QCOM)	Silicon Laboratories, Inc. (SLAB)
Skyworks Solutions, Inc. (SWKS)	Texas Instruments, Inc. (TXN)	Xilinx, Inc. (XLNX)
U.S. Small-Cap Banks		
Associated Banc-Corp (ASB)	Astoria Financial (AF)	Bank of Hawaii Corp. (BOH)
BankUnited, Inc. (BKU)	Capital Bank Financial Corp. (CBF)	Commerce Bancshares, Inc. (CBSH)
Cullen/Frost Bankers, Inc. (CFR)	Dime Community Bancshares (DCOM)	EverBank Financial Corp. (EVER)
First Financial Bancorp (FFBC)	First Interstate BancSystem Inc. (FIBK)	First Niagara Financial Group Inc. (FNFG)
First Republic Bank (FRC)	FirstMerit Corporation (FMER)	Fulton Financial Corp. (FULT)
Investors Bancorp Inc. (ISBC)	New York Community Bancorp (NYCB)	People's United Financial (PBCT)
SVB Financial Group (SIVB)	Texas Capital Bancshares (TCBI)	Umpqua Holdings Corp. (UMPQ)
Webster Financial (WBS)		
U.S. Software		
Amdocs Ltd. (DOX)	Ansys, Inc. (ANSS)	Autodesk Inc. (ADSK)
CA Technologies (CA)	Citrix Systems (CTXS)	Cornerstone OnDemand Inc. (CSOD)
CyberArk Software (CYBR)	Dealertrack Technologies (TRAK)	Demandware (DWRE)
Ellie Mae Inc. (ELLI)	FireEye (FEYE)	Five9, Inc. (FIVN)
Fleetmatics Group, PLC (FLTX)	Informatica Corp. (INFA)	Intuit Inc. (INTU)
LogMeIn, Inc. (LOGM)	Magic Software Enterprises Ltd. (MGIC)	Microsoft Corp. (MSFT)

IMPORTANT DISCLOSURES CONTINUED

MobileIron, Inc. (MOBL)	NetSuite Inc. (N)	Nice Systems (NICE)
Oracle Corp. (ORCL)	Palo Alto Networks (PANW)	Paycom (PAYC)
PTC Inc. (PTC)	Qlik Tech (QLIK)	Red Hat Inc. (RHT)
Salesforce.com Inc. (CRM)	SAP AG (SAP)	Sapiens International Corp (SPNS)
ServiceNow, Inc. (NOW)	Splunk Inc. (SPLK)	Symantec Corp. (SYMC)
Tableau Software, Inc. (DATA)	Tangoe Inc (TNGO)	Teradata Corp. (TDC)
Varonis Systems, Inc. (VRNS)	VMware Inc. (VMW)	Workday Inc. (WDAY)
U.S. Specialty Pharmaceuticals		
Actavis, Inc. (ACT)	Allergan Inc. (AGN)	Aratana Therapeutics Inc. (PETX)
Charles River Laboratories (CRL)	Foamix Pharmaceuticals Inc. (FOMX)	ICON plc (ICLR)
Jazz Pharmaceuticals PLC (JAZZ)	Mallinckrodt (MNK)	Mylan Inc. (MYL)
Pacira Pharmaceuticals Inc. (PCRX)	PAREXEL International (PRXL)	Phibro Animal Health Corp. (PAHC)
Quintiles Transnational (Q)	Teva Pharmaceutical Industries (TEVA)	Valeant Pharmaceuticals International Inc. (VRX)
Zoetis Inc. (ZTS)		
U.S. Telecom Services		
8x8 Inc. (EGHT)	America Movil (AMX)	American Tower Corp. (AMT)
AT&T (T)	CommScope Holding Co., Inc. (COMM)	Crown Castle International Corp. (CCI)
CyrusOne Inc. (CONE)	Equinix, Inc. (EQIX)	Rackspace (RAX)
SBA Communications Corp. (SBAC)	Sprint Corp. (S)	T-Mobile US Inc. (TMUS)
Verizon (VZ)	West Corp. (WSTC)	Zayo Group Holdings, Inc. (ZAYO)
UK Capital Goods		
Chemring Group PLC (CHG.L)	Domino Printing Sciences PLC (DOPR.L)	Halma PLC (HLMA.L)
IMI Plc (IMI.L)	Intelligent Energy Holdings (IEH.L)	Laird PLC (LRD.L)
Melrose Industries PLC (MRON.L)	Morgan Advanced Materials, plc. (MGAM.L)	Oxford Instruments PLC (OXIG.L)
Qinetiq Group PLC (QQ.L)	Renishaw PLC (RSW.L)	Rotork PLC (ROR.L)
Spectris (SXS.L)	Ultra Electronics Holdings PLC (ULE.L)	Weir Group (WEIR.L)
UK Homebuilding		
Barratt Developments (BDEV.L)	Bellway (BWY.L)	Berkeley Group (BKGH.L)
Bovis Homes (BVS.L)	Crest Nicholson Holdings, plc. (CRST.L)	Damac Properties (DAMAC.DU)
Galliford Try (GFRD.L)	Persimmon (PSN.L)	Redrow (RDW.L)
Taylor Wimpey (TW.L)	Telford Homes Plc. (TELF.L)	
UK Mid & Small Cap Leisure/Consumer		
Booker (BOK.L)	Cineworld Group (CINE.L)	Domino's Pizza UK & IRL PLC (DOM.L)
Enterprise Inns PLC (ETI.L)	Greene King (GNK.L)	JD Wetherspoon (JDW.L)
Marston's (MARS.L)	Mitchells & Butlers Plc (MAB.L)	Punch Taverns PLC (PUB.L)
Restaurant Group (RTN.L)	Spirit (SPRTC.L)	WH Smith (SMWH.L)
UK Mid & Small Cap Services		
Ashtead Group (AHT.L)	Berendsen (BRSN.L)	DCC (DCC.L)
Diploma (DPLM.L)	Electrocomponents (ECM.L)	Homeserve (HSV.L)
MITIE Group (MTO.L)	Northgate (NTG.L)	Premier Farnell (PFL.L)
Rentokil Initial (RTO.L)	Shanks Group (SKS.L)	
UK Property Services		
Countrywide PLC (CWD.L)	Foxtons Group PLC (FOXT.L)	Savills PLC (SVS.L)

Distribution of Ratings:

Barclays Equity Research has 2695 companies under coverage.

43% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 54% of companies with this rating are investment banking clients of the Firm.

IMPORTANT DISCLOSURES CONTINUED

41% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 46% of companies with this rating are investment banking clients of the Firm.

14% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 42% of companies with this rating are investment banking clients of the Firm.

Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Top Picks:

Barclays Equity Research's "Top Picks" represent the single best alpha-generating investment idea within each industry (as defined by the relevant "industry coverage universe"), taken from among the Overweight-rated stocks within that industry. Barclays Equity Research publishes global and regional "Top Picks" reports every quarter and analysts may also publish intra-quarter changes to their Top Picks, as necessary. While analysts may highlight other Overweight-rated stocks in their published research in addition to their Top Pick, there can only be one "Top Pick" for each industry. The current list of Top Picks is available on https://live.barcap.com/go/RSL/servlets/dv.search?pubType=4526&contentType=latest.

To see a list of companies that comprise a particular industry coverage universe, please go to http://publicresearch.barclays.com.

Barclays offices involved in the production of equity research:

London

Barclays Bank PLC (Barclays, London)

New York

Barclays Capital Inc. (BCI, New York)

Tokyo

Barclays Securities Japan Limited (BSJL, Tokyo)

São Paulo

Banco Barclays S.A. (BBSA, São Paulo)

Hong Kong

Barclays Bank PLC, Hong Kong branch (Barclays Bank, Hong Kong)

Toronto

Barclays Capital Canada Inc. (BCCI, Toronto)

Johannesburg

Absa Bank Limited (Absa, Johannesburg)

Mexico City

Barclays Bank Mexico, S.A. (BBMX, Mexico City)

Taiwan

Barclays Capital Securities Taiwan Limited (BCSTW, Taiwan)

Seoul

Barclays Capital Securities Limited (BCSL, Seoul)

Mumbai

Barclays Securities (India) Private Limited (BSIPL, Mumbai)

Singapore

Barclays Bank PLC, Singapore branch (Barclays Bank, Singapore)

IMPORTANT DISCLOSURES CONTINUED

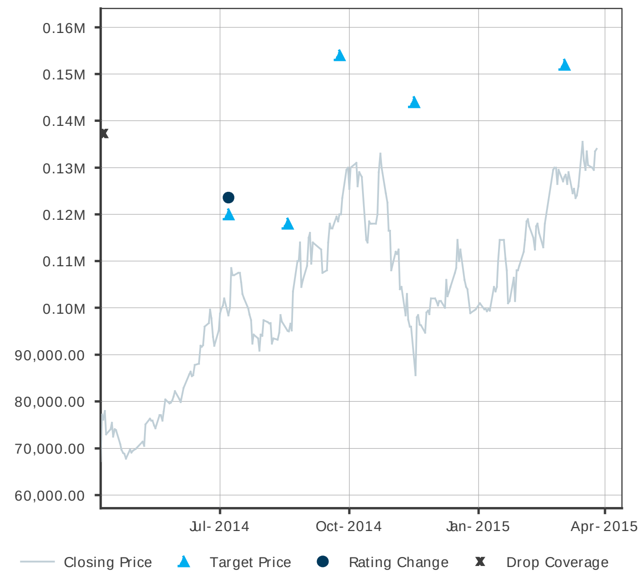
Cosmax (192820 KS / 192820.KS)

KRW 134000 (26-Mar-2015)

Stock Rating **OVERWEIGHT**

Industry View **NEUTRAL**

Rating and Price Target Chart - KRW (as of 26-Mar-2015)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=KRW

Date	Closing Price	Rating	Adjusted Price Target
03-Mar-2015	128000		152000
16-Nov-2014	96000		144000
24-Sep-2014	120000		154000
18-Aug-2014	95100		118000
07-Jul-2014	98400	Overweight	120000
07-Apr-2014	67200	Drop Coverage	
10-Feb-2014	N/A		
13-Nov-2013	N/A	Equal Weight	

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Cosmax.

Valuation Methodology: Our 12-month price target of W152,000 for Cosmax is based on a target P/E of 37x (high-end of the historical trading range) applied to our EPS estimate for 2016. This also implies a PEG ratio of 1.35x multiplied by the growth rates in Korea and China and a weighted average of each business' OP contribution (China 40% and Korea 60%, as of 2015E).

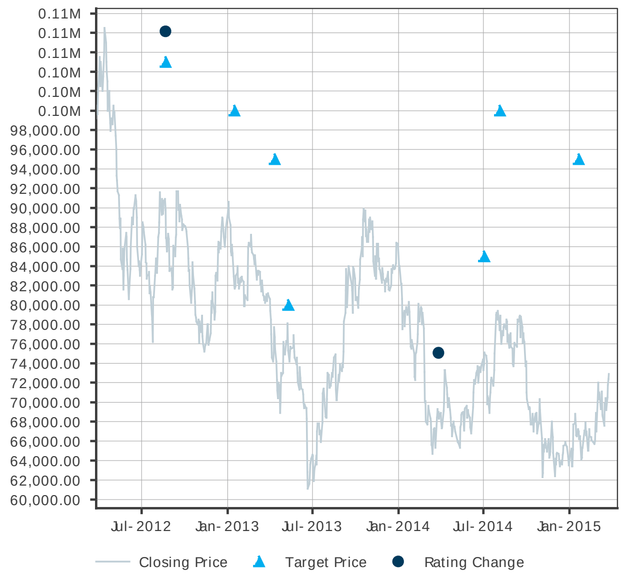
Risks which May Impede the Achievement of the Barclays Research Price Target: The key risks to price target, in our view, include the following: Major Chinese local cosmetics companies potentially seeking a larger internal production (rather than using ODMs), better-than-expected execution by global ODM companies competing in China (i.e. Intercos, Japan Kolmar), weaker-than-expected growth in domestic single brand shop channels and larger-than-expected loss from US and Indonesia businesses.

IMPORTANT DISCLOSURES CONTINUED

Hyundai Steel Co. (004020 KS / 004020.KS)

	Stock Rating	Industry View
KRW 72900 (26-Mar-2015)	**OVERWEIGHT**	**NEUTRAL**

Rating and Price Target Chart - KRW (as of 26-Mar-2015)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=KRW

Date	Closing Price	Rating	Adjusted Price Target
20-Jan-2015	67000		95000
05-Aug-2014	77400		100000
02-Jul-2014	73900		85000
27-Mar-2014	69000	Overweight	
10-May-2013	75300		80000
11-Apr-2013	76700		95000
15-Jan-2013	81900		100000
21-Aug-2012	89800	Equal Weight	105000

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

E: Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from Hyundai Steel Co. within the next 3 months.

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Hyundai Steel Co..

L: Hyundai Steel Co. is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

Valuation Methodology: We set our 12-month price target for Hyundai Steel at an average of our base case NPV valuation and 0.80x (five-year historical average) 2015E book value. We use a WACC of 9% and Terminal Growth Rate of 2.5% to arrive at our NPV valuation using a DCF valuation methodology. We believe this best captures the heavy capital intensity and longer dated nature of steel business involving operations at multiple geographies, growth programmes with long lead times, and volatility in commodity prices. Near-term earnings-based multiples are less useful due to the highly volatile nature of commodity prices (and earnings are levered on the commodity prices).

Risks which May Impede the Achievement of the Barclays Research Price Target: In addition to top-down risks in the form of volatility in commodity prices, general cost inflation, and taxation and resource nationalism, there are several other organization-specific risks that could have a material impact on our investment thesis and price target for Hyundai Steel. These include operational and production delivery risks at current operations and execution risks in major projects involving sizable cash outflows upfront.

IMPORTANT DISCLOSURES CONTINUED

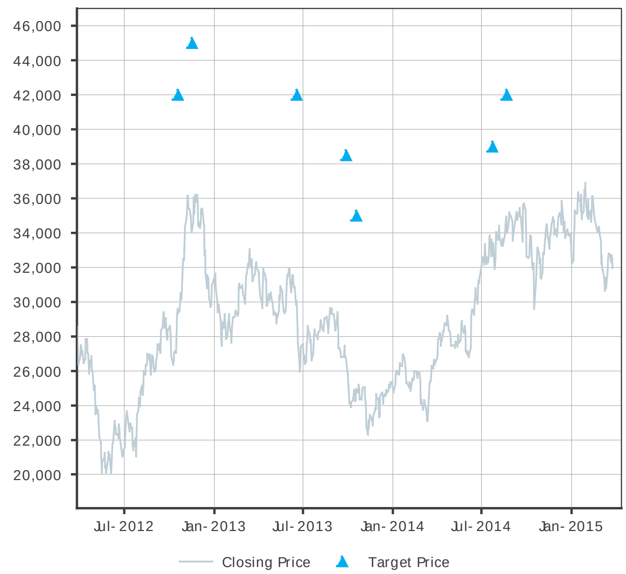
LG Display (034220 KS / 034220.KS)

KRW 31950 (26-Mar-2015)

Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Rating and Price Target Chart - KRW (as of 26-Mar-2015)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=KRW

Date	Closing Price	Rating *	Adjusted Price Target
26-Mar-2015	31950		47000
21-Aug-2014	34950		42000
23-Jul-2014	32700		39000
18-Oct-2013	24950		35000
27-Sep-2013	26750		38500
18-Jun-2013	30050		42000
16-Nov-2012	34050		45000
18-Oct-2012	29600		42000

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

*The rating for this security remained Overweight during the relevant period.

D: Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from LG Display in the past 12 months.

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of LG Display.

K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation from LG Display within the past 12 months.

L: LG Display is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

M: LG Display is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

N: LG Display is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

Valuation Methodology: Our 12-month price target of W47,000 for LG Display is based on a target P/B multiple of 1.16x, the historical average P/B over the last six-years, applied to our 2015/2016E BVPS. We believe the target multiple reflects our expectations of an upcycle in specialty panels (accounting for c30% of revenue) combined with a recovery cycle in commodity panels (accounting for c70% of revenue).

Risks which May Impede the Achievement of the Barclays Research Price Target: The key downside risks to our LG Display price target include: 1) mis-execution in specialty panel production and 2) steeper-than-expected KRW appreciation.

IMPORTANT DISCLOSURES CONTINUED

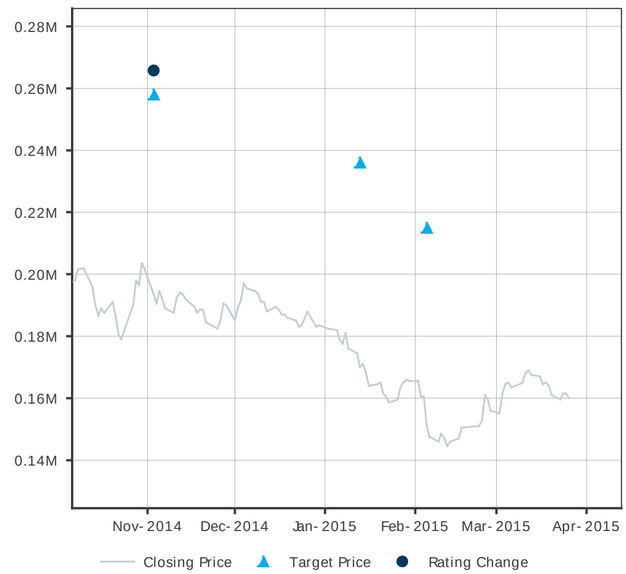
Mando Corp. (204320 KS / 204320.KS)

KRW 160000 (26-Mar-2015)

Stock Rating **OVERWEIGHT**

Industry View **NEUTRAL**

Rating and Price Target Chart - KRW (as of 26-Mar-2015)



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Currency=KRW

Date	Closing Price	Rating	Adjusted Price Target
05-Feb-2015	151000		215000
13-Jan-2015	170000		236000
03-Nov-2014	193500	Overweight	258000

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Mando Corp..

Valuation Methodology: Our 12-month price target of W215,000 is derived by applying a 6x FY15E EV/EBITDA multiple (Mando's historical low-end average EV/EBITDA before the de-merger) to FY15E earnings estimates. Our price target of W215,000 translates into an FY15E P/E of 11x, lower than Mando's historical average P/E of 13x and in line with Mando's historical low-end average P/E of 11

Risks which May Impede the Achievement of the Barclays Research Price Target: The key downside risks to our price target being achieved include, 1) weaker-than-expected new orders from non-Hyundai Motor group companies; 2) lower-than-expected global shipments at Hyundai Motor or Kia Motors; and 3) larger-than-expected pricing pressure from OEMs.

Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi).

Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

This material is distributed in the UAE (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC.

This material is distributed in Russia by OOO Barclays Capital, affiliated company of Barclays Bank PLC, registered and regulated in Russia by the FSFM. Broker License #177-11850-100000; Dealer License #177-11855-010000. Registered address in Russia: 125047 Moscow, 1st Tverskaya-Yamskaya str. 21.

This material is distributed in Singapore by the Singapore branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this report, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is One Raffles Quay Level 28, South Tower, Singapore 048583.

Barclays Bank PLC, Australia Branch (ARBN 062 449 585, AFSL 246617) is distributing this material in Australia. It is directed at 'wholesale clients' as defined by Australian Corporations Act 2001.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.