

# Investment Cases

15 February 2012

Investment Committee

## Adding to the cyclical element

On 9-10 February 2012 JGAM held its regular monthly Investment Committee meeting, deciding on a number of investments for our managed portfolios. We also recommend some of these investments to our advisory clients. Below is a summary of the recommended investments, each of these equities are intended to add to the cyclical element of a well diversified portfolio.

### Visa

Visa Inc. (USA) operates a retail electronic payments network and manages global financial service. The company is the world leader in electronic payments, accounting for 66% of global card based transactions. Visa's business model is very profitable and in a market where 80% of all purchases still are done in cash, the future potential is evident.

The stock presently trades close to USD 114/share. Morgan Stanley has an overweight recommendation on the company and based on their base case of a 12 month price target of USD 125 (upside of 9%) and a 57% upside (price target USD 180) on their bull case. The stock presently offers a dividend yield of 0.66%.

### Statoil

Statoil ASA (Norway) is an international energy company that explores for, produces, transport, refines and trades oil and natural gas. The company has operations in 36 countries and is building on more than 35 years of experience from oil and gas production. Recently Statoil has been successful with a notable discovery in the Barents Sea due to its aggressive exploration strategy.

Bank Credit Analyst our external research partner, has an overweight recommendation on the energy complex. We build our buy recommendation on this favorable sector outlook together with the Norwegian currency's fundamentally strong characteristics (low debt, high interest rates, etc.); and an overall positive Bloomberg consensus on the equity. The stock presently offers an attractive dividend yield of 4.16%.

### Siemens

Siemens AG (Germany) is an engineering and manufacturing company, a European equivalent to the American General Electric. The company focuses on three major business sectors industrial, energy and healthcare. Siemens AG has 360,000 employees worldwide providing engineering solutions in automation and control, power, transportation, medical, information and communication, and lighting. Siemens anticipates moderate organic sales growth in 2012 however, recent incoming orders in the Drive Technologies, Industrial Automation, Renewables and Healthcare segments have all been particular positive.

We build our buy recommendation on the Bloomberg consensus target with a 12% upside estimation as well as the somewhat positive impact an increasing competitive EUR will have on the equity. JGAM's long-term view is that the EUR shall weaken versus the USD. The stock presently offers an attractive dividend yield of 4.04%.

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Investments on the basis of this publication are subject to risk. The price of and return on securities may fall as well as rise. Past performance is not a guide to the future, and investors may not get back the full amount invested. The price of emerging-market securities can be extremely volatile.

When an investment is denominated in a currency other than the investor’s base currency, the investor must be warned that changes in exchange rates may have an adverse effect on the value and price of or return on an investment.

Bond investment involves risk. Many factors, including the country’s credit quality, willingness to pay, liquidity, social conditions and economic developments may affect the price of a bond. Indirect factors may also affect the price of a bond, for instance global economic factors, global risk tolerance and geopolitical risks.

Equity investments are associated with risk. Movements in the equity market, the sector and/or news flow, etc. regarding the company may affect the price of the equity. In connection with an ADR or similar papers, the foreign exchange risk exists relative to the currency in which the underlying equity trades.

Alternative investments (including commodity investments) involve risk. Movements in the credit market, the sector and/or the news flow, etc. regarding the issuer may affect the price of an alternative investment.

Leveraged investments are very risky, exposed to all the above mentioned factors as well as a fall in the value of collaterals combined with an increase in the value of the loan currencies. Leveraged investments are only recommended for investors with a suitable risk profile.

All of the above mentioned risk factors should not be regarded as exhaustive.