



# LOSE THE HOME BIAS.

Need a compelling reason to diversify your portfolio away from the traditional Australian bias? We've found 15 "High Conviction Buys" from Europe, Asia and USA.

# ASIA.



## SAMSUNG ELECTRONICS

Samsung Electronics is a global leader in semiconductor, telecommunications, and digital convergence technology. It is the world's leading producer of memory semiconductors, display panels, mobile phones, monitors and TVs. SEC has four main business units: 1) Semiconductor; 2) Display Panel; 3) Telecommunications; and 4) Media & Appliances. We believe in Samsung's positive profit growth on the back of strong semiconductor contribution, and we expect mobile margin to stabilise in the low teens. Given its high cash holdings and abundant free cash flow generation, we believe Samsung has scope for higher capital returns in the medium term.



## TENCENT HOLDINGS

This Citi high conviction buy is a leading internet company in China with its instant messaging platform QQ exceeding 800 million monthly active users and it is also engaged in online games, social networking services, and mobile value-added services. We rate Tencent as a Buy as we are positive on its overall strategic direction based on its mobile open platform initiatives that positions it to capture the significant opportunities in China's mobile internet growth over the next few years. Leveraging off its sticky, integrated mobile user platform on WeChat, Tencent should be able to drive earnings growth by monetizing its strengths in mobile advertising, mobile gaming, and mobile payments.



## PING AN INSURANCE

Ping An is a leading financial conglomerate involved in insurance, pension, banking, brokerage, trust and other financial service businesses. Currently, Ping An is the second largest life insurer and the second largest P&C insurer in China in terms of premiums. Ping An expects the strong premium growth momentum to continue in 2017, underpinned by rising demand for risk protection. Its Life agent number is close to 1.1mn and it has higher-quality distribution channel and product mix than non-listed players. Ping An has arguably a sector-leading position in industry structural drivers (pension reform, investment liberalization etc).



## WYNN MACAU

Wynn Macau is one of the concessionaires and sub-concessionaires permitted by the Macau government to operate casino games in Macau. The US\$550m Encore at Wynn Macau opened on 21 April 2010, and includes 410 luxury suites and four villas. In May 2012, the Macau government gazetted Wynn Macau's Cotai land application, allowing the operator to build a casino on its 51-acre site. Wynn Palace opened on August 22, 2016. We remain optimistic on Wynn Macau's outlook, driven by (a) upside risk to dividends after the Wynn Palace opening, and (b) our expectation of a significant improvement in the debt-to-EBITDA ratio.



## BANK OF CHINA

As China's most internationalized and diversified bank, Bank of China provides a comprehensive range of financial services to customers across the Chinese mainland as well as 51 countries and regions. The Bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. BOC has been more resilient than its peers under interest rate liberalization due to its high overseas loans exposure. This will also allow it to benefit from any upcoming Fed rate hike. In addition, BOC is a key beneficiary from any further development of RMB internationalization and free trade zones, given its leading market share in international trade settlement and cross-border RMB settlement business.

# EUROPE.



## VOLVO

Volvo is the world's second largest manufacturer of heavy trucks under the Volvo, Renault Truck, Mack, UD and Eicher brands. While Volvo's shares have nearly doubled since the Brexit results in June of last year, we still see considerable upside driven by further earnings momentum and re-rating. Volvo leads its peer group in modular manufacturing (across engines, transmission and chassis) and is one of Citi's high conviction buys.



## KERING

Founded in 1963 by businessman François Pinault, Kering (previously PPR) is a French luxury goods holding company and the owner of Alexander McQueen, Balenciaga, Brioni, Gucci, Puma, Volcom, Saint Laurent Paris, and other luxury, sport and lifestyle brands distributed in 120 countries. Over the past few years Kering's structure has been significantly simplified following the disposal of all legacy retail assets. The group's future growth dynamics and product/geographic exposure continue to evolve and offer significant margin/returns expansion potential in the long term.



## BNP PARIBAS

BNP Paribas SA is a universal bank whose activities are roughly split between retail banking (1/2), CIB (1/3) and Investment Solutions (1/6). In our view, the bank benefits from strong franchises in these main activities. The bank's domestic French retail network is focused on urban, affluent clients. The Belgium retail banking operations are solid and profitable. The bank also has rapidly growing franchises in retail banking overseas. In wholesale banking, BNPP is a leader in European fixed income and has a strong global equity derivatives franchise. We believe management has been strategically bold, and we like its leverage to the steepening yield curve, its sustainable business model, solid profitability and gearing to economic recovery.



## ROCHE

Roche is a global healthcare company with interests in pharmaceuticals and diagnostics. The pharmaceuticals division is the world leader in anti-cancer medicine. The diagnostics division is the world's largest with expertise in blood glucose monitoring and blood virus testing. We believe that long-term Roche will be a leading competitor in the immuno-oncology arena given its research expertise, antibody engineering and diagnostics. While Roche historically has been conservative on the opportunities for immunotherapy, we think Roche and Genentech have assembled arguably the most extensive immunotherapy portfolio in the industry spanning checkpoint blockers, co-stimulatory molecules, therapeutic cancer vaccines and bi-specific T-cell receptors.



## INDITEX

Industria de Diseno Textil, SA manufactures and retails apparel. The company operates retail chains under the names Zara, Massimo Dutti, Pull & Bear, Stradivarius, Bershka, Oysho, Zara Home and Uterque in 91 markets around the world. Much of the manufacturing is subcontracted out and takes place in Northern Spain. We regard Inditex as one of the few beneficiaries of the ongoing, rapid channel shift to online from store-based apparel sales.

# USA.



## MONSTER BEVERAGE CORP

Monster Beverage develops, markets, sells, and distributes energy drinks through two main operating segments: Monster Energy Drinks and Strategic Brands. Some of its well-known brands include Monster Energy, Monster Rehab, Zero Ultra, and Java Monster. MNST has more recently become an international growth story, with over 25% of gross sales coming from outside the U.S. This US based energy drinks company offers “best in beverage class” growth and is one of Citi’s high conviction buys underpinned by worldwide distribution expansion opportunities, the opportunity to further improve international profit margins given scale leverage, and improved local execution.



## GENERAL MOTORS

Globally headquartered in Detroit, Michigan, General Motors Co. is a global automotive manufacturing company, with operations and sales in over 120 countries. GM assembles passenger cars, crossover vehicles (CUVs), light trucks (pick-up trucks), sport utility vehicles (SUVs), hybrids, vans and other vehicles in 71 assembly facilities globally and has an additional 88 global manufacturing centres worldwide. GM fits well within our auto stock selection framework and bullish sector view as it offers both profitable market share gains and superior regional exposure at a low valuation. Combined with favourable industry dynamics and GM’s #1 presence in emerging markets, GM may be the most compelling auto turnaround stories in our universe.



## BLUE BUFFALO PET PRODUCTS

This leading US manufacturer in the fast growing wholesome natural pet food market is one of Citi’s high conviction buys. Due to pet humanization trends, our analysis forecasts the continued trade-up to premium & natural pet food over the coming decade and more. Specifically, we estimate the potential market for premium pet food at US\$22B (retail), which is almost 2.5x greater than the US\$9B of today. Blue Buffalo, our top pick in U.S. Food, was #1 in almost every area across our proprietary retailer survey, and e-commerce analysis as follows: 1) Ranked #1 brand in dry dog sales both in brick & mortar and online; 2) #1 shelf space gainer; and 3) performing above expectations & being mentioned ~5x more than the next brand. Our long term analysis is supportive of Blue growing sales at or near double-digits for the foreseeable future.



## NEWELL BRANDS

Newell is a world-leading manufacturer of consumer goods, with brands that include Paper Mate, Sharpie, Dymo, EXPO, Parker, Elmer’s, Coleman, Sunbeam, FoodSaver, Mr. Coffee, Rubbermaid, Graco, and Baby Jogger. Newell Brands has delivered robust and consistent growth principally attributable to ongoing and expanded cost savings programs, which have generated funds for more reinvestment in the business leading to both stronger organic revenue growth and margin expansion. In addition, NWL’s portfolio has evolved through both acquisitions and divestitures to become a faster-growth and higher-margin mix of businesses.



## KROGER

The Kroger Company is an Ohio-based food retailer operating over 3,700 stores across the United States. In terms of revenue, the company is the largest supermarket chain in the US and is the country’s second-largest retailer behind Walmart. The company operates stores under two dozen different banners and has multiple store formats including supermarkets, multi-department stores, convenience stores, and fine jewellery stores. As one of the largest supermarket retailers with leading share, KR has had consistent sales growth driven by strong innovation and a seasoned management team. We think the company continues to be a market share gainer and should see outsized benefits from an improving economic picture.

# GET STARTED.

---

Bell Potter's international equities service enables you to directly invest in equity markets across all major exchanges around the globe.

There are many names, products, sectors and opportunities that Australian investors simply cannot get exposure to within the ASX.

International investing exposes you to businesses and brands you know, such as Google, Amazon or Apple.

We allow you to trade international shares simply and quickly, just like you do for Australian shares - all you need to start trading is an active domestic account.

For more information about our international equities service please contact your Bell Potter adviser or call 1300 0 BELLS(23557).

## KEY FEATURES

---

- Individually tailored advice and solutions
- Simple account opening
- Access to 126 global share markets and approximately 15,000 stocks
- Comprehensive reporting
- Research from Bell Potter, Citi and Morningstar covering over 1600 international securities
- Dividends are paid in Australian dollars or foreign currency of choice
- All buy and sell orders are settled in Australian dollars or foreign currency of choice
- Competitive fees and charges including NO annual account keeping fee
- A margin lending facility is available

---

Bell Potter Securities is a leading Australian stockbroking, investment and financial advisory firm that provides a comprehensive offering of financial services to a diversified client base that includes individuals, institutions and corporations.

Founded in 1970 by Colin Bell, Bell Potter has grown to a total staff of 600 and operates across thirteen offices in Australia and has offices in London and Hong Kong.

Bell Potter is a part of the Bell Financial Group of companies (ASX:BFG).

---

## CONTACT US

[www.bellpotter.com.au](http://www.bellpotter.com.au)

1300 0 BELLS (1300 023 557)

[info@bellpotter.com.au](mailto:info@bellpotter.com.au)

### **The following may affect your legal rights:**

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited.

This is general investment advice only and does not constitute personal advice to any person.

Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility to inform you of any matter that subsequently comes to its notice, which may affect any of the information contained in

this document and Bell Potter assumes no responsibility for updating any advice, views, opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued. Past performance is not a reliable indicator of future performance.

Except insofar as liability under any statute cannot be excluded, Bell Potter Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

### **Disclosure of Interest:**

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

May 2017