

## Top 10 trade ideas for 2014

### Proposition 5: All-Star companies

The uncertainty regarding when the Fed will start tapering off the quantitative easing is making investors uneasy as to the short-term outlook; however the following long-term views remain valid, irrespective of the timing of the tapering:

- 1) Across the globe, economic growth is accelerating,
- 2) FY1 to FY3 EPS figures are projected to be positive,
- 3) Excess liquidity needs to be put to work,
- 4) Equity valuations are attractive on a relative risk-reward level,
- 5) Equities offer the best long-term risk-reward opportunities.

The All-Star investment theme consists of top-ranked companies emerging from a screening of worldwide key industry players. The following company metrics were assessed during the selection process:

- Management quality,
- Dividend policy (sustainability of growth), and
- Attractiveness of relative valuation

Moreover, the principal business drivers underpinning these companies are megatrends and these business opportunities provide controlled and stable growth. Adding these names into the portfolio during times when volatility levels are above average is a good way to expand one's strategic equity holdings.

#### List of well-positioned (company metrics, risk-reward drivers) global players:

Company	Symbol	Country	Sector	Key driver / ecosystem
ABB	ABBN	CH	Diversified Industrial	Strong dual market exposure (i.e. developed and emerging markets). Strong long-term capital deployment strategy. Western world countries (e.g. Europe and the Americas) are expected to start renewing their power infrastructure very soon due to its age, and ABB will grab a major part of this business. The company's products are ahead of the competition. A conservative management approach has helped the company glide through recent years with few balance sheet issues.
Apple	AAPL	US	IT	Apple has become the largest dividend payer worldwide. In the last 5 quarters, the company has returned some USD 36 billion to investors (e.g. dividends, share repurchases). As the company focuses on a leaner structure, gross margins are set to benefit further with a subsequent increase in revenues.
Bank of America	BAC	US	Financial	The credit portfolio is developing positively and consumer demand is picking-up.
Intel	INTC	CH	IT	In the next few years, faster growth is to be expected in the low-end price bands. INTC is ideally positioned to compete in this field.

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Company	Symbol	Country	Sector	Key driver / ecosystem
Mastercard	MA	US	Software & Services / Financial	The global economic recovery is increasing worldwide consumption by about 6% per year. Additionally, the structural shift towards mobile and electronic payment systems, is adding an additional 5% to 6% sales growth per year. Constant EPS growth is an excellent long-term driver providing upside momentum to the share price.
Pfizer	PFE	US	Pharmaceuticals	During an average molecule cycle period, emerging market take-up is increasing about 4x times faster than in the developed market. PFE is well positioned, with its range of products, to benefit from this higher take-up in EMA.
Roche	ROG	CH	Pharmaceuticals	A number of forces are driving change across the healthcare sector. Demographics are driving increased utilisation, end payers are demanding far more efficient applications, and consumers are strongly engaged with the care continuum, driven by access to information. Roche is well prepared to respond to these challenges.
Royal Dutch	RDSA	NL	Energy	RDSA is a fully fledged operator both downstream and upstream. The company is extremely well positioned to take advantage of the most recent development in the LNG segment. At the present price level, the company is attractively valued. This, coupled with an above average dividend yield, offers an excellent long-term investment outlook.
Schlumberger	SLB	US	Exploration and Services	The development of the 3D reservoir model for shale gas players is a significant milestone in the segment. This is helping SLB to better penetrate the market and expand its business.
Siemens	SIE	DE	Diversified Industrial	Siemens is a leading industrial company in electronics and electrical engineering. Key sales drivers come from energy, healthcare and infrastructure solutions with applications for cities and metropolitan areas. Siemens is a late cyclical mover and therefore consensus EPS growth figures are to be surpassed.
Syngenta	SYNN	CH	Speciality Chemical	Syngenta is constantly introducing innovative products. Given the company's historic background, it approaches the research, development, and commercialization of its products the same way a pharmaceutical company would. Many of its crop-protection products are more specialized than those of its peers, giving the company plenty of scope for future developments. In the seed segment, the company has made some major developments in recent years, and as a result it can be assumed that the seed division has more potential for growth than the crop chemical division.

Company	Symbol	Country	Sector	Key driver / ecosystem
Visa	V	US	Software & Services / Financial	Past market expansion has been achieved both organically and through acquisitions. Present development focus is on the integration of mobile operation systems (iOS, Android, etc.) into their ecosystem. A perfect roll-out of these developments would ensure Visa obtain a further share of the business.
Walt Disney	DIS	US	Entertainment	The backbone of Disney is the media networks. ESPN accounts for about ¼ of the network sales. The network has been able to pass on much of the ever increasing broadcasting rights to the subscribers. However, although the company loses money broadcasting the actual games; recurring revenues are generated from hours of NFL-related programming. The ongoing retransmission of sports events generates customer loyalty, and therefore audience, and finally publicity revenues.