

## Today At A Glance

Company	Ticker	Rating	PT chg	Curr. Q (e) chg	Curr. Y (e) chg	Next Y (e) chg	Est. Type
AcelRx Pharmaceuticals Inc.	ACRX	B	\$8.00 to \$13.00	-	(\$1.09) to (\$1.11)	(\$0.74) to (\$0.87)	EPS
Centene Corp.	CNC	H	\$47.00 to \$50.00	-	-	-	
Crompton Greaves	CRG IN	U	INR82.00 to INR75.00	-	INR10.30 to INR8.70	-	EPS
First Midwest	FMBI	B	\$14.00 to \$15.00	-	-	-	
Actuant	ATU	H	-	\$0.65 to \$0.58	\$2.15 to \$1.94	\$2.37 to \$2.15	EPS
Celanese Corporation	CE	B	-	\$1.23 to \$1.11	\$4.60 to \$4.40	\$5.50 to \$5.15	EPS
Ship Finance International	SFL	H	-	-	\$1.18 to \$1.16	\$1.60 to \$1.53	EPS
African Minerals	AMI LN	B	-	-	-	-	
Apple Inc.	AAPL	H	-	-	-	-	
Bright Horizons Family Solutions	BFAM	B	-	-	-	-	
Cabot Corp.	CBT	B	-	-	-	-	
CIENA Corp.	CIEN	H	-	-	-	-	
Daisy Group plc	DAY LN	B	-	-	-	-	
Ingersoll-Rand Plc	IR	B	-	-	-	-	
Lloyds Banking Group	LLOY LN	H	-	-	-	-	
Medivation Inc.	MDVN	B	-	-	-	-	
Medtronic	MDT	H	-	-	-	-	
Paychex	PAYX	U	-	-	-	-	
Quintiles Inc.	Q	H	-	-	-	-	
Royal Bank of Scotland	RBS LN	B	-	-	-	-	
SDL	SDL LN	B	-	-	-	-	

## Focus Calls

## All Research

### Business Services - Education

**Bright Horizons Family Solutions Inc. (NASDAQ: BFAM, \$33.26 , BUY ) ►►**

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### PE Ownership High; Analysis Suggests High Insider Ownership IPOs Perform Best

#### Key Takeaway

Following BFAM's secondary offering by Bain (8.5m shares), we conducted an analysis of 117 private equity backed IPOs and a study of the Dunkin' Brands offering. The analysis shows that Bain will likely seek to rapidly reduce its high ~67% stake (~80% pre-secondary) but that 1) companies with 50%+ insider ownership tend to outperform those with <50%, and 2) the negative share impact following the 2nd and 3rd offerings is more muted.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$41.00	\$0.25	\$1.19	\$1.45	EPS	Americas

## Energy - Oil Services &amp; Equipment

## Oil Services &amp; Equipment►►

## “Directionally” Upgrading; Logging While Investing (LWI)

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## Key Takeaway

In a U.S. rig count characterized more by its flatness than anything, the “Directional” land rig count is up 57% YTD. The causes are, frankly, unclear, yet it's tempting to think that notion of directional is shifting to something more precise/sophisticated (perhaps including Rotary Steerables) from “Slant Drilling”. If we add the rising Directional count to the slipping Horizontal count, the net service implication is more positive.

## Financials - Banks

## Royal Bank of Scotland (LSE: RBS LN, 316.00p , BUY ) ►►

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## Value extraction

## Key Takeaway

The short-term direction of RBS & LLOY's share price will be dictated by the true character of UK Chancellor George Osborne. The key issue for investors ahead of Wednesday's Mansion House speech is how much clarity will be achieved on the return of the government's holdings to private hands. Any indication regarding the UK's disposal of the shares within the next 12 months will be supportive for each name and RBS in particular.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	390.00p	-	-	-	EPS	Europe

## Lloyds Banking Group (LSE: LLOY LN, 61.30p , HOLD ) ►►

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## Value extraction

## Key Takeaway

The short-term direction of RBS & LLOY's share price will be dictated by the true character of UK Chancellor George Osborne. The key issue for investors ahead of Wednesday's Mansion House speech is how much clarity will be achieved on the return of the government's holdings to private hands. Any indication regarding the UK's disposal of the shares within the next 12 months will be supportive for each name and RBS in particular.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	65.00p	-	-	-	EPS	Europe

## Financials - Consumer Finance

## Consumer Finance►►

## Credit Card DQs &amp; Charge-Offs Decline, Spend Data Looks Soft

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## Key Takeaway

May credit data from the six card issuers pointed to improving credit trends as charge-offs, first stage delinquencies and total delinquencies improved in the month, mostly ahead of our expectations.

## Financials - Regional Banks

## First Midwest (NASDAQ: FMBI, \$12.74 , BUY ) &gt;&gt;

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## Revenue Growth Built on New Lending Products; Management Meeting Highlights

## Key Takeaway

We recently traveled with FMBI CEO Mike Scudder. The company is focused on growing loans, and believes it can generate 5% - 7% growth while diversifying the balance sheet by adding new lending products. Expenses should decline near-term on the run-off of credit remediation expenses, and there is long-term help from the restructuring of branch infrastructure and compensation.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$14.00 to \$15.00	\$0.22	\$0.90	\$1.05	EPS	Americas

## Financials - Regional Banks

## Regional Banks&gt;&gt;

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## Macro Monitor: 2Q13 Industry Trends Through Mid-June

## Key Takeaway

Through mid-June, macro data support near-term estimates, but some growth rates are softening. Average loan growth is flat, deposit growth is decelerating, low short-term rates are a drag, and mortgage banking stats have declined. Improving credit, housing, and manufacturing metrics are positives. The stocks remain resilient, even with P/Es expanding on flattish EPS estimates. Top picks: RF, PNC, FITB, WFC, OFG, FMBI, BPFH, and WAL.

## Healthcare - Biotechnology

## Medivation Inc. (NASDAQ: MDVN, \$47.41 , BUY ) &gt;&gt;

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## ARN-509 Development Challenges Remain Despite JNJ Acquisition

## Key Takeaway

JNJ announced yesterday the acquisition of Aragon Pharmaceuticals and its ARN-509, an AR-antagonist similar to Xtandi. JNJ intends to develop ARN-509 broadly across several settings in prostate cancer, including post-Zytiga PC. Given data-to-date, ARN-509 is not meaningfully differentiated from Xtandi on efficacy/safety and dev't challenges remain in pre-chemo as the upcoming PREVAIL will likely set the bar to differentiate.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$64.00	-	-	-	EPS	Americas

## Healthcare - Healthcare

## Healthcare&gt;&gt;

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## Heard in the US

## Key Takeaway

We conducted our marketing in the US during June 6-14 and visited investors in Boston, New York, Toronto, Chicago, Mid-Atlantic and West Coast. The majority of clients we met were global pharma/healthcare specialists. Compared to our previous trip in December 2012, the interest level from investors for Japanese equities and Japanese pharma/healthcare names was much higher.

## Healthcare - Managed Care

## Centene Corp. (NYSE: CNC, \$50.81 , HOLD ) &gt;&gt;

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## I-Day Glimpse of '14; Still Exiting KY in '13

## Key Takeaway

With the future of KY top of mind, management said it still expects to exit the state, likely by the end of 3Q13. The financial impact update of the delayed exit will have to wait until the 2Q earnings call in late July, and guidance updates may have to wait longer. CNC also provided initial color on 2014 top-line growth and Exchange plans.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▲ \$47.00 to \$50.00	\$0.65	\$2.80	\$3.37	EPS	Americas

## Healthcare - Medical Supplies &amp; Devices

## Medtronic, Inc. (NYSE: MDT, \$53.51 , HOLD ) &gt;&gt;

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## Yale Published: Something for Everyone but on Balance, Appears More Negative

## Key Takeaway

Highly-anticipated results of two independent reviews of InFUSE clinical data were published. The papers offer something for everyone. On the pluses: no smoking guns on cancer or other issues. In the negative column: the authors largely conclude the material offers little clinical benefit with the risk of increased harm. On balance we view the papers as tilted to the negative and expect InFUSE to continue to hemorrhage sales.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$53.00	-	-	-	EPS	Americas

## Healthcare - Pharmaceuticals/Specialty

## AcelRx Pharmaceuticals Inc. (NASDAQ: ACRX, \$9.63 , BUY ) &gt;&gt;

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## Updating Model Assumptions; Raise PT to \$13

## Key Takeaway

We are making numerous model adjustments as we move closer to an NDA filing for ARX-01 (3Q'13). We raise initial pricing expectations, but temper uptake in the early years. We also increase our terminal value assumptions. Net, net, our peak utilization rate is unchanged (10%), our peak sales estimates in 2025 rise (to \$478M from \$398M), and our DCF now yields a \$13 PT (prior \$8). July 27th analyst day is the next catalyst.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$8.00 to \$13.00	(\$0.30)	(\$1.09) ▼ (\$1.11)	(\$0.74) ▼ (\$0.87)	EPS	Americas

**Healthcare - Pharmaceutical Svcs.****Quintiles Inc. (NYSE: Q, \$43.53 , HOLD ) >>**

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**Market Leader in Most Ways, But Lower Growth; Initiating Coverage with Hold****Key Takeaway**

The late-stage CRO market is poised to grow 7-9% over the next several years, according to March survey data. Quintiles should trend up to that rate, while late-stage peers are above that. Q's margins are closer to "peak" than its peers leading to slower earnings growth. With the growth differential, Q's valuation handsomely rewards its leadership position among CROs. PT \$41. Jefferies served as co-lead manager on Q's IPO.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$41.00	\$0.45	\$1.88	\$2.16	EPS	Americas

**Industrials - Aerospace & Defense Electronics****Aerospace & Defense Electronics>>**

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**Selected Observations from Le Bourget, the 50th Paris Air Show****Key Takeaway**

This air show appears to be about new products, market opportunities, and product development that will make advances in operating efficiencies.

**Industrials - Chemicals****Celanese Corporation (NYSE: CE, \$47.58 , BUY ) >>**

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**5 Shifts That Are Not Discounted Yet****Key Takeaway**

Earnings lumpiness should be increasingly offset by evidence of a significant structural shift in Celanese from a company with dramatic catalysts (TCX, acetyl competitor outages) to one with multiple levers to drive earnings growth. We reiterate our Buy rating.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$60.00	\$1.23 ▼ \$1.11	\$4.60 ▼ \$4.40	\$5.50 ▼ \$5.15	EPS	Americas

**Industrials - Diversified Industrials****Crompton Greaves Limited (NSEI: CRG IN, INR88.65 , UNDERPERFORM ) >>**

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**ROEs to Remain Subdued****Key Takeaway**

We recently met Crompton Greaves (CRG) for a sense on business trends. CRG's management has a good grip on its technology-intensive business, which is generating cash and has negligible leverage. Over the past 12 months, we have cut FY14 estimates by 35%, and seem close to an end of earnings downgrade cycle. However, given its subdued margin profile and ROEs in the medium term, we maintain Underperform (revise PT to Rs75 from Rs82).

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
UNDERPERFORM	▼ INR82.00 to INR75.00	-	INR10.30 ▼ INR8.70	-	EPS	Asia

**Industrials - Diversified Industrials****Cabot Corp. (NYSE: CBT, \$38.44 , BUY ) >>**

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**Consolidating Mexican JV a Low-risk Use of Capital****Key Takeaway**

**Cabot's highly-accretive NHUMO acquisition should help allay concerns over management's capital deployment strategy. We reiterate our Buy rating.**

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$44.00	\$0.83	\$2.85	\$3.90	EPS	Americas

**Industrials - Diversified Industrials****Actuant Corporation (NYSE: ATU, \$32.76 , HOLD ) >>**

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**Lowering Estimates for Electrical Segment Divestiture****Key Takeaway**

**We are lowering our estimates for the dilution associated with the expected F14 divestiture of the Electrical Segment. Relative to valuation, we believe the earnings reduction is partially offset by a higher multiple argument for the divestiture of a low-margin op. We still believe ATU is fairly valued.**

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$35.00	\$0.65 ▼ \$0.58	\$2.15 ▼ \$1.94	\$2.37 ▼ \$2.15	EPS	Americas

**Industrials - Machinery****Ingersoll-Rand Plc (NYSE: IR, \$56.60 , BUY ) >>**

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**Form 10 Filing; No Surprises****Key Takeaway**

**Ingersoll-Rand made several announcements following the market close today including the filing of a Form 10 Registration Statement providing details as to the new security business which is to be named Allegion and trade on the NYSE under the symbol ALLE. IR also announced the pricing of \$1.55bln in Senior Notes. All in we saw no surprises and believe the strategic story is intact.**

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$65.00	-	-	-	EPS	Americas

**Natural Resources - Metals & Mining****African Minerals (LSE: AMI LN, 216.75p , BUY ) >>**

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**Hitting its Targets****Key Takeaway**

**African Minerals this morning announced it has successfully achieved its target 20mtpa export run-rate at Tonkolili, in line with previous guidance. With phase one now fully ramped up, per unit operating costs should significantly decrease and cash flow generation will improve. Together with an alleviation of liquidity concerns, this should drive an equity re-rating for shares of AMI in the months ahead.**

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	400.00p	-	-	-	EPS	Global

**Technology - Computer Services & IT Consulting****SDL (LSE: SDL LN, 386.50p , BUY ) >>**

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**H1 13 Warning: Services Weak, Technology Sluggish, Strategic Attractions Intact****Key Takeaway**

Language Services appears to have been the main culprit behind the H1 13E profit warning. Technology has been modestly impacted, with licence revenue remaining sluggish. Management has been overly optimistic on short-term bookings targets, but the boost to sales & marketing resources should pay off, albeit over longer timescales than initially flagged. We believe the technology assets remain valuable. We retain our Buy rating.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	620.00p	-	-	-	EPS	Europe

**Technology - Computer Services & IT Consulting****Paychex, Inc. (NASDAQ: PAYX, \$37.14 , UNDERPERFORM ) >>**

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**Reiterate Negative Thesis Ahead Of F4Q****Key Takeaway**

PAYX reports F4Q and will provide initial F14 guidance on 6/26. While we expect the print to be generally in line, and perhaps not much of a negative catalyst, we will be looking for more color on a potentially lowered long-term guidance range, after PAYX admitted last quarter than its target of mid single-digit core payroll rev growth was likely too aggressive. Maintain Underperform on PAYX/ADP due to structural concerns, valuation.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
UNDERPERFORM	\$31.00	\$0.36	\$1.59	\$1.68	EPS	Americas

**Technology - Data Networking & Wireline Equip.****CIENA Corp. (NASDAQ: CIEN, \$20.10 , HOLD ) >>**

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**CIEN: 10-Q Tid-Bits... Maintain Hold Rating****Key Takeaway**

Ciena filed its 10-Q last week. We continue to remain concerned about longer-term profitability and declining legacy products. At the same time, we still believe the business may get an intermediate-term boost as the 6500 / 5430 product cycles combined with catch-up spend by AT&T. In total, we see the current risk/reward as balanced.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$20.00	\$0.21	\$0.62	\$1.19	EPS	Americas

**Technology - Telecom Equipment/Wireless****Apple Inc. (NASDAQ: AAPL, \$432.00 , HOLD ) >>**

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**We Forecast Limited iWatch Opportunity****Key Takeaway**

We believe iWatch will more likely be a hobby for Apple than a major new product line. Our analysis and smartwatch trialing indicate that Apple would need to redefine the watch market for it to have a substantial impact on our estimates. While there is trial production for some parts, mass production has not started yet and none is expected until 2014. We reiterate our Hold.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$420.00	\$6.95	\$38.58	\$38.23	EPS	Americas

## Telecommunications - Telecom Services

## Daisy Group plc (AIM: DAY LN, 130.50p , BUY ) ►

## Upbeat Prospects for FCF Growth and Cash Returns

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## Key Takeaway

**FY13 results out this morning. A strong FCF result, guided to by management at the April pre-close, has been delivered. Guidance points to significant capacity to grow FCF, suggesting material upside to JEF/cons forecasts. Raising JEF to reflect 5% pa FCF growth in FY14-16e (flat thereafter) would add c.25p to our PT. Today's release also contains an upbeat message on the cash return outlook.**

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	124.00p	-	-	-	EPS	Europe

## Jefferies Events

For further details please call your Jefferies contact

## Conferences

Title	Dates	Location
Jefferies 2013 Shipping Conference (at Marine Money)	6/18/2013 - 6/20/2013	New York
Jefferies 2013 Boston Energy Summit	6/24/2013 - 6/25/2013	Boston
Jefferies 2nd Annual Asia EXPERT Summit - Hong Kong	7/10/2013 - 7/11/2013	Hong Kong
Jefferies 2013 Global Industrials Conference	8/12/2013 - 8/15/2013	New York
Jefferies Semiconductor & Hardware Summit	8/27/2013 - 8/28/2013	Chicago
Jefferies 3rd Annual Asia Summit- Hong Kong	10/23/2013 - 10/24/2013	Hong Kong

## Company Marketing

Title	Dates	Location
N Brown Group PLC (BWNG LN)	6/18/2013	New York
Bering Media	6/18/2013 - 6/19/2013	New York
Linde AG (LIN GR)	6/19/2013 - 6/20/2013	Atlanta, Denver
Ambu A/S (AMBUB DC)	6/19/2013	London
Biostime International Holdings Ltd (1112 HK)	6/19/2013	Boston
Intermediate Capital Group PLC (ICP LN)	6/19/2013	New York
Celgene Corp (CELG)	6/20/2013	London
Rollins Inc (ROL)	6/20/2013	New York
Diana Shipping Inc (DSX)/Diana Containerships (DCIX)	6/20/2013	New York
NagaCorp Ltd (3918 HK)	6/20/2013	London
Biotronik (Private)	6/20/2013	New York
Ashtead Group PLC (AHT LN)	6/20/2013 - 7/1/2013	Edinburgh, London
Samsung Electronics Co Ltd (005930 KS)	6/20/2013	London
Royal Dutch Shell PLC (RDSA LN)	6/21/2013	Singapore
Regional Management Corp (RM)	6/25/2013	Dallas, Houston
Ecolab Inc (ECL)	6/25/2013	New York
Domino Printing Sciences PLC (DNO LN)	6/25/2013 - 7/3/2013	Edinburgh, London
Statoil ASA (STL NO)	6/26/2013	New York
Synta Pharmaceuticals Corp (SNTA)	6/26/2013	New York
Coresite Realty Corp (COR)	6/26/2013 - 6/27/2013	San Francisco, Seattle
Royal DSM NV (DSM NA)	6/26/2013	New York
BioSpecifics Technologies Corp. (BSTC)	6/26/2013	London
WM Morrison Supermarkets PLC (MRW LN)	6/26/2013 - 6/27/2013	Frankfurt
Abercrombie & Fitch Co (ANF)	7/1/2013 - 7/3/2013	Edinburgh, London

## Analyst Marketing



<b>Title</b>	<b>Dates</b>	<b>Location</b>
Biren Amin	6/18/2013 - 6/19/2013	San Francisco
Peter Ward	6/18/2013	Denver
Group Dinner with Daniel "Dan" Fannon, Ken Usdin	6/18/2013	New York
Daniel "Dan" Fannon	6/19/2013	New York
Eun Yang	6/19/2013 - 6/20/2013	Chicago, Kansas City
Ken Usdin	6/19/2013 - 6/20/2013	Detroit, Minneapolis
Thomas Wei	6/19/2013	London
David "Dave" Windley	6/19/2013 - 6/20/2013	Boston
Jessie Guo- HK/ China Consumer	6/19/2013 - 6/25/2013	Berwyn, Boston, New York, San Francisco, Wilmington
Conference Call- Sean Darby - Global Head of Equity Strategy	6/19/2013	London
Biren Amin	6/20/2013	Boston
Aaron Schwartz Marketing with Ramin Safai, Jefferies Chief Security Officer	6/20/2013 - 6/27/2013	New York
George Notter, James Kisner	6/21/2013	Los Angeles
Brandon Couillard	6/21/2013	Connecticut
Dan Dolev	6/21/2013	Connecticut
Laurence Alexander	6/21/2013	Boston
Iain Reid	6/21/2013 - 6/28/2013	Austin, Boston, Dallas, Denver, Houston, San Antonio, San Francisco, Toronto
Andrew Douglas	6/21/2013	Edinburgh
Sean Dodge, Brian Tanquilut	6/24/2013 - 6/25/2013	Atlanta, Tampa
Brendan Warn	6/24/2013 - 6/27/2013	Baltimore, Boston, New York
Nilesh Jasani	6/24/2013 - 6/28/2013	Copenhagen, Edinburgh, London, Stockholm
Stephen "Steve" Volkmann, Luke Folta	6/24/2013	New York
Govindarajan Chellappa- Indian Autos & Consumer	6/24/2013 - 7/1/2013	Baltimore, Boston, Chicago, Kansas City, Los Angeles, Mid-Atlantic, New York, San Francisco, Smithfield, Wilmington
Atul Goyal - Asia Technology	6/24/2013 - 6/28/2013	Hong Kong, Tokyo
Dan Dolev	6/25/2013 - 6/26/2013	Atlanta, Tampa
Ken Usdin	6/25/2013	Boston
James Grzanic, Charlotte Edgar, Charmaine Yap	6/25/2013 - 6/28/2013	London
Peter Welford	6/25/2013	Edinburgh
Lee Simpson	6/25/2013	Frankfurt
Biren Amin Group Lunch	6/25/2013	New York
Jefferies Engage - Lee Simpson	6/26/2013	London
Andrew Barish, Alexander "Alex" Slagle	6/26/2013 - 6/27/2013	New York
Subash Chandra, Biju Perincheril	6/26/2013	Boston
James Grzanic, Charlotte Edgar	6/26/2013 - 6/27/2013	Frankfurt
Wellington-Jefferies Healthcare Summer Wine Tasting Social	6/26/2013	Boston
Thomas Seitz	6/27/2013	New York
David "Dave" Windley	6/27/2013 - 6/28/2013	Toronto
RESTAURANT PRIVATE EQUITY DINNER	6/27/2013	New York
Dan Dolev	6/28/2013	New York

## Important Disclosures

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## Company Specific Disclosures

### Meanings of Jefferies Ratings

Buy - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes stocks that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated stocks with an average stock price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated stocks with an average stock price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated stocks with an average stock price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.

CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

## Valuation Methodology

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### Conviction List Methodology

1. The aim of the conviction list is to publicise the best individual stock ideas from Jefferies Global Research
2. Only stocks with a Buy or Underperform rating are allowed to be included in the recommended list.
3. Stocks are screened for minimum market capitalisation and adequate daily turnover. Furthermore, a valuation, correlation and style screen is used to ensure a well-diversified portfolio.
4. Stocks are sorted to a maximum of 30 stocks with the maximum country exposure at around 50%. Limits are also imposed on a sector basis.
5. Once a month, analysts are invited to recommend their best ideas. Analysts' stock selection can be based on one or more of the following: non-Consensus investment view, difference in earnings relative to Consensus, valuation methodology, target upside/downside % relative to the current stock price. These are then assessed against existing holdings to ensure consistency. Stocks that have either reached their target price, been downgraded over the course of the month or where a more suitable candidate has been found are removed.
6. All stocks are inserted at the last closing price and removed at the last closing price. There are no changes to the conviction list during the month.
7. Performance is calculated in US dollars on an equally weighted basis and is compared to MSCI World AC US\$.
8. The conviction list is published once a month whilst global equity markets are closed.
9. Transaction fees are not included.
10. All corporate actions are taken into account.

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## Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY</b>	787	47.50%	152	19.31%
<b>HOLD</b>	737	44.48%	98	13.30%
<b>UNDERPERFORM</b>	133	8.03%	1	0.75%

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