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| --- | --- | --- | --- |
| Company Ticker | General History | Recent History | Size & Prospects |
| HSBA.L |  |  |  |
| BARC.L |  |  |  |
| LLOY.L |  |  |  |
| STAN.L |  |  |  |
| NWG.L |  |  |  |
| III.L |  |  |  |
| HGT.L |  |  |  |
| FRES.L |  |  |  |
| EDV.L |  |  |  |
| SRB.L |  |  |  |
| ALTN.L |  |  |  |
| ANTO.L |  |  |  |
| RIO.L |  |  |  |
| GLEN.L |  |  |  |
| AAL.L |  |  |  |
| RR.L |  |  |  |
| BA.L |  |  |  |
| QQ.L |  |  |  |
| BAB.L |  |  |  |
| SMIN.L |  |  |  |

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| --- | --- | --- | --- |
| Ticker | History | Recent News | Size & Prospects |
| Finance – Banking Stocks | | | |
| HSBA.L | Established in 1865. Initially facilitated trade over Europe and Asia. Has since expanded into UK and Europe in the retail banking wealth, private banking and investment banking divisions. | Recently announced restructuring (after investment period, therefore ignored). Focus on global asset management divisions and using technology to improve efficiency and customer service. | Very large and stable market share. Global presence with some prospects to grow further in many countries such as Australia. However, this is not within the investment horizon. |
| BARC.L | Established in 1690. Initially a goldsmith banking business. Expanded to various sectors such as retail banking and investment banking. Specifically, expanded their investment banking division in north America upon the acquisition of Lehman Brothers in 2008. | 750M pound share buyback program. Heightened focus on digital banking and improved capital allocation. | Large market share and relative stability. Relatively strong global presence, through room to grown. Significant investment prospects in short term due to share buyback. |
| LLOY.L | Established in 1765. Initially focussed on retail banking but has since expanded into commercial banking. Mostly present in the UK | Fears of increasing default rates. Digital focus – aiming to improve efficiency and customer service. | Medium market share. Prospects to grow in counties outside of the UK, but not in the short term. |
| STAN.L | Established in 1969 upon the merger of 2 banks. Initially in trade and markets, but has since expanded into wealth, corporate banking and investment banking. | Announced largest ever share buyback. Focus on wealth in growing markets/ economises such as Hong Kong and Singapore. | Relatively large market share. High prospects in short term due to share buyback. High long-term prospects due to increasing presence in growing economies. |
| NWG.L | Founded in 1927. Initially in retail banking. Expanded into commercial and investment banking as well as wealth. | Regulatory compliance fines. Digital focus on expansion in the UK. | Smaller prospects in the short term due to regulatory issues. |
| Finance – Private Equity Stocks | | | |
| III.L | Founded in 1945. Initially in private equity and venture capital but has since expanded into infrastructure investments. | Increased deal flow and stronger asset portfolio driving stock prices. Focus on improved capital allocation and increased capacity for VC. Focus on increase diversification in infrastructure investments. | Small market share. Strong revenue due to investor sentiment around industry and current level of deal flow. Prospects for short term growth. |
| HGT.L | Founded in 1989. Initially in private equity and venture capital. Has maintained a focus on technology and software investments. | Investments performing well upon recent AI revolution. | Small market share. Prospects for short term growth with AI sector. |

The key short-term risks across the finance stocks are geopolitical risks, interest rate risk and regulatory challenges. Firms such as HSBC

HSBC Holdings (5% weight), with its large market capitalization and international reach, offers stability. Its low dividend yield (0.35) supports the expectation of consistent, moderate returns without high yield potential, aligning with its 5% allocation for steady performance at manageable risk. Barclays (7.5% weight), with a lower dividend yield (0.11), reflects a focus on capital appreciation rather than dividends. Its large investment banking arm and global presence support the higher weight, given its potential for strong returns, albeit with some volatility. Lloyds Banking Group (1.25% weight), heavily UK-focused and retail-oriented, has a minimal dividend yield (0.01) and low return metrics. This smaller allocation reflects its limited growth prospects and high exposure to UK economic pressures, where retail banking margins may be constrained. Standard Chartered (7.5% weight) benefits from its exposure to high-growth emerging markets in Asia, Africa, and the Middle East, supported by a higher dividend yield (0.36). This aligns with its larger weight, balancing its higher-risk market exposure with the potential for substantial returns. NatWest Group (1.25% weight), also UK-focused, has a moderate dividend yield (0.18) and limited international exposure. Given the economic challenges in the UK, this conservative weight reflects a cautious outlook on its growth prospects. 3i Group (7.5% weight) stands out with a high dividend yield (0.86) and significant private equity holdings, making it a prime candidate for growth in alternative investments. The larger weight is justified by its potential for high returns from private equity and venture capital activities, aligning with its proven track record in growth sectors.

**Explanation 4 - Finance Stock Selections & Justifications**

The selected banking stocks are:

|  |  |
| --- | --- |
| Stock Name | Stock Ticker |
| HSBC Holdings Plc | HSBA.L |
| Barclays Plc | BARC.L |
| Lloyd’s Banking Group Plc | LLOY.L |
| Standard Chartered Plc | STAN.L |
| NatWest Group Plc | NWG.L |

The selected private equity stocks are:

|  |  |
| --- | --- |
| Stock Name | Stock Ticker |
| 3i Group plc | III.L |
| Hg Capital trust plc | HGT.L |

Below is some further information about each company, as well as the justification for their selection specifically.

1. **HSBC Holdings Plc (HSBA.L)**

Hong Kong & Shanghai Banking Corporation (HSBC) was established in 1865. Initially, its primary operations involved facilitating trade between Europe and Asia. Over time, it expanded its presence in the UK and Europe, providing additional services across divisions such as wealth management, private banking and investment banking. More recently, HSBC has announced a restructuring and consolidation of its divisions – it’s largest restructuring in over a decade.

Regarding prospects and growth, HSBC consistently mention their strategic focus on expanding their wealth and asset management divisions globally, as well as recapturing and improving their presence in the Asian markets. They also mention capturing the AI revolution, especially in terms of operational efficiency (such as focuses on process automation) and customer service.

Some key measures in HSBC’s H1 2024 reporting were:

* Pre-tax profit of $21.6bn USD, stable compared to H1 2023.
* 1% rise in net income (compared to H1 2023).
* 5% increase in operating expenses (compared to H1 2023).
* Earnings per share (EPS) of $0.89 USD (compared to $0.86 in H1 2023).
* Dividend per share of (DPS) of $0.88 USD (compared to $0.86 in H1 2023).
* Leverage Ratio of 5.7%

These statistics showcase HSBC’s stable financial performance, improving efficiency in operations and effective debt management. Collectively, their recent reporting affirms their selection as an effective investment option for the capital growth portfolio.

1. **Barclays Plc (BARC.L)**

Founded in 1690, Barclays is one of the oldest financial institutions. Initially a small goldsmith banking business, Barclays has expanded its operations to various sectors and divisions such as retail banking and investment banking specifically. After their partial acquisition of the Lehman Brothers in 2008, Barclays was able to significantly enhance their presence in the North American investment banking space, simultaneously becoming a stronger global presence. More recently, Barclays has announced a 750M pound share buyback program. Regarding prospects and growth, Barclays has showcased a focus on digital banking and improved capital allocation (especially in their investment banking division).

Some key measures in Barclays’ Q2 2024 reporting were:

* Pre-tax profit of $1.9bn USD (down 6% since Q2 2023).
* 7% decrease in net income compared to Q2 2023.
* Stable $5bn in operating expenses (down 2% compared to Q2 2023).
* Dividend per share of (DPS) of 8.3 pence (roughly equal to Q2 2023).
* CET1 ratio of 13.6% (stable amount of capital, in line with targets).

Whilst these statistics showcase a small decline in profitability, Barclays’ stability in DPS, healthy leverage ratio and overall strong profits showcase their resilience and performance under challenging economic conditions (in the UK). Further, their 750M pound share buyback program showcases the company’s confidence whilst simultaneously driving forward their stock price (decrease in supply of stocks).

1. **Remaining Banking Stocks (LLOY.L, STAN.L, NWG.L):**

Some key information regarding the history and prospects of each of the following banks:

|  |  |  |  |
| --- | --- | --- | --- |
| Factor | LLOY.L | STAN.L | NWG.L |
| Year founded: | 1765 | 1969 upon merger of 2 banks | 1727 |
| Initial primary division: | Retail Banking | Trade and Markets | Retail Banking |
| Expanded into divisions: | Commercial Banking | Wealth, Corporate Banking, Investment Banking | Commercial Banking, Investment Banking, Wealth |
| Global presence: | Mostly UK | Strong presence in the UK, Asia, Middle East and Africa | Mostly UK |
| Recent News: | Fears of increased default rates | Focus on wealth in Asia. Strong growth in Asia and middle east, as well as growing economies. | Regulatory compliance fines. |
| Growth Prospects: | Digital focus. Focus on expansion in UK. | Focus on growing economies/ markets such as Hong Kong and Singapore. Announced a $2.7bn share buyback. | Digital focus. Focus on expansion in UK. |

Some key measures in their H1 2024 (compared to H1 2023) reporting were:

|  |  |  |  |
| --- | --- | --- | --- |
| Metric | LLOY.L | STAN.L | NWG.L |
| Pretax profit | -2% | +20% | -8% |
| Net Income | -9% | +10% | ~ |
| Operating Expenses | +14% | +6% | +5% |
| EPS | -13% | +31% | +2% |
| DPS | +15% | +50% | +4% |
| CET1 Ratio | 14.1% | 14.6% | 11.4% |

Standard chartered represent strong investment opportunities due to their strong financial performance (profits, income and expenses). Furthermore, Standard Charterer’s expansion into economies such as Hong Kong, Singapore and the Middle East demonstrates substantial potential for future growth. Whilst NatWest Group and Lloyd’s benefit from the high margins in their lending business, they struggle with regulation regarding potential delinquency rates. Regardless the companies represent an investment option due to their significant presence in the UK retail banking sector (especially for their current size).

1. **Private Equity Stocks (III.L & HGT.L):**

Some key information regarding the history and prospects of each of the following banks:

|  |  |  |
| --- | --- | --- |
| Factor | III.L | HGT.L |
| Year founded: | 1945 | 1989 |
| Initial primary division: | Private Equity & VC. | Private Equity & VC. |
| Expanded into divisions: | Infrastructure Investments. | Technology and Software Investments. |
| Global presence: | Strong presence in UK, Europe and North America. | Strong presence in UK and Europe. |
| Recent News: | Increased deal flow and strong asset portfolio driving forward stock price. | Digital transformation resulting in strong growth. |
| Growth Prospects: | Focus on improved capital allocation and increased capacity for VC. Increased diversification in infrastructure investments. | Investments into growing AI industry. |

Some key measures in their Q2 2024 (compared to Q2 2023) reporting were:

|  |  |  |
| --- | --- | --- |
| Metric | III.L | HGT.L |
| Net Asset Value per Share | +13% | +7% |
| Gross Return | +17% | +9% |
| DPS | +7% | +7% |
| Net Debt | +£57B | ~ |
| Assets under Management | +10% | +7% |

Both private equity firms showcase strong investment opportunities due to their strong financial performance (return and DPS) as well as increase in business activity (assets value per share, assets under management, debt). HgCapital’s focus on the AI revolution resembles significant opportunities for short term growth within the industry.

**Explanation 5 - Basic Materials Stock Selections & Justifications**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Ticker | Revenue (Q2 2024 vs Q2 2023) | EBITDA (Q2 2024 vs Q2 2023) | Debt (Q2 2024 vs Q2 2023) | Production costs |
| FRES.L | +18% | +39% | Decrease | $14.5 per ounce of silver |
| EDV.L | +6% | +17% | Decrease | $1287 per ounce of gold |
| SRB.L | +31% | N/A | Decrease | $1320 per ounce of gold |
| ALTN.L | +0.6% | -17% (adjusted) | Increase | $1100 per ounce of gold |
| ANTO.L | +17% | +5% | Decrease | $1.82 per pound of copper. |
| RIO.L | +3% | +3% | Decrease | $1.38 per pound of copper. $21 per ton of iron ore. $1900 per tonne of aluminium. |
| GLEN.L | +9% | +4% | Decrease | Primarily trade. |
| AAL.L | -3% | +19% (adjusted) | Increase | $1.57 per pound of copper. $37 per ton of iron. Other metals too. |

The stocks above all showcase strong growth in revenue and EBITDA, decreases in debt and competitive production costs (amidst given context). This signifies strong operational performance, regulatory correspondence as well as competitive production costs. As such, investments into these stocks are likely to yield favourable returns given the information and measures above.

**Explanation 5 - Basic Materials Stock Selections & Justifications**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Ticker | Revenue (Q2 2024 vs Q2 2023) | EBITDA (Q2 2024 vs Q2 2023) | Debt (Q2 2024 vs Q2 2023) | Production costs (Recent) |
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| EDV.L | +6% | +17% | Decrease | $1287 per ounce of gold |
| SRB.L | +31% | N/A | Decrease | $1320 per ounce of gold |
| ALTN.L | +0.6% | -17% (adjusted) | Increase | $1100 per ounce of gold |
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| GLEN.L | +9% | +4% | Decrease | Primarily trade. |
| AAL.L | -3% | +19% (adjusted) | Increase | $1.57 per pound of copper. $37 per ton of iron. Other metals too. |

The stocks above all showcase strong growth in revenue and EBITDA, decreases in debt and competitive production costs (amidst given context). This signifies strong operational performance, regulatory correspondence as well as competitive production costs. As such, investments into these stocks are likely to yield favourable returns given the information and measures above.