

UK Value Investor

For Defensive and Income-Focused Value Investors

Sticking to the plan produces a good performance in 2015

2015 was, in general, a mixed year for the UK stock market with the FTSE 100 and FTSE 250 producing total returns of -1% and 10% respectively, while the model portfolio achieved a surprisingly good return of 13.2%. For comparison, the UK market as a whole has historically produced an average return of about 5% after inflation, so we can perhaps expect a 7% average market return if inflation stays near the Bank of England's 2% target.



John Kingham
Editor

In terms of annualised total returns from inception (March 2011), these are now 10.4% and 6.6% for the model portfolio and its All-Share tracker benchmark respectively. That gives an annualised outperformance of 3.8%, which is slightly above my guesstimated target of beating the market by 3% a year (and so my expected average return is about 10% a year, with inflation at 2%).

As for individual trades, 2015 saw the first net loss on an investment with the sale of Serco. It was a significant loss of about 50% and was not a pleasant experience to go through. However, my mantra is that investors should focus on the long-game and not worry too much about one individual bad decision or run of bad luck (although Serco was primarily a bad decision caused by lack of knowledge), and so the only sensible thing to do was to avoid panic, keep applying the core strategy and try to improve it where possible.

That refusal to be blown off course, even when a string of underperforming investments were sold during the middle of the year (Balfour Beatty, Serco and RSA) is, I think, largely why the model portfolio has managed to do so well over the whole year.

Only by sticking to a plan that works and consistently applying it and improving it over many years can investors hope to succeed, especially if they want to achieve better returns with less risk than the market.

With any luck your results during 2015 were even better than the model portfolio's, but either way I wish you a happy and prosperous 2016.

John Kingham, 6th January 2016

"By adhering to a 20 Mile March no matter what challenges and unexpected shocks you encounter, you prove to yourself and your enterprise that performance is not determined by your conditions but largely by your own actions"

Jim Collins, Great by Choice

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FTSE 100: Valuation and forecast

Valuing the market: Although stock market valuations change over time they tend to stay fairly close to their long-term average. Investors can take advantage of this tendency as it implies that markets are more likely to go up when valuations are below average and more likely to go down when above average.

Cyclically Adjusted PE ratio (CAPE)	Historic frequency of this CAPE (based on S&P 500)	FTSE 100 (currently at 6,274)	Current CAPE ratio relative to historic norms
Above 32	2%	Above 16,500	Extremely Expensive
28 - 32 (e.g. yr 2000)	5%	14,500 - 16,500	Very Expensive
24 - 28	10%	12,400 - 14,500	Expensive
20 - 24	20%	10,300 - 12,400	Slightly Expensive
14 - 20	30%	7,200 - 10,300	Normal
12 - 14	15%	6,200 - 7,200	Slightly Cheap
10 - 12	10%	5,200 - 6,200	Cheap
8 - 10 (e.g. yr 2009)	5%	4,100 - 5,200	Very Cheap
Below 8	3%	Below 4,200	Extremely Cheap

With the start of a new year comes a new cyclically adjusted earnings figure (i.e. ten-year inflation-adjusted average) for the FTSE 100. This is the basis of Robert Shiller's CAPE which I use for the UK market valuations in the table above.

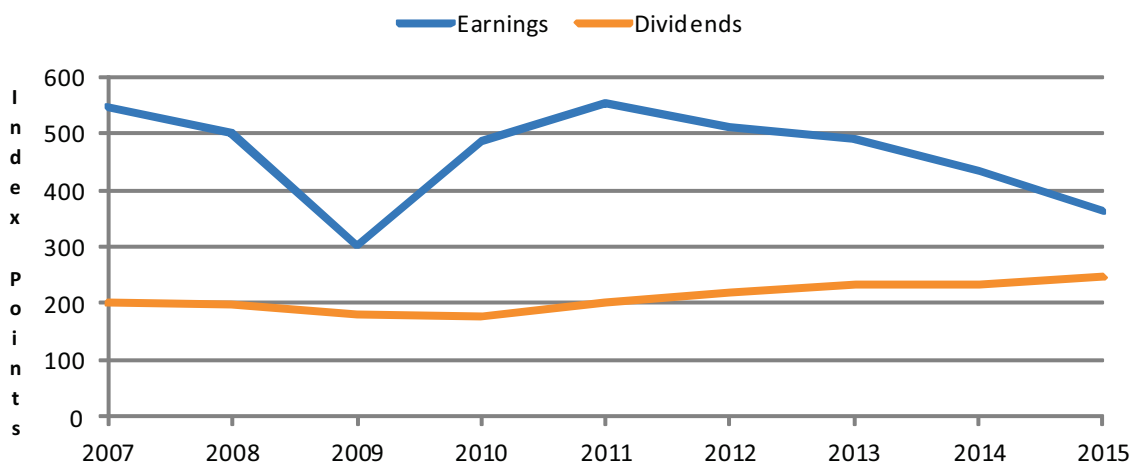
This year is a bit of a shocker in that the cyclically adjusted earnings figure has fallen from 531 index points to 517 index points. This is the first time in 30 years that cyclically adjusted earnings have fallen, and it is a consequence of the economic boom of the mid-2000s. The FTSE 100's latest earnings are now less than they were a decade ago and so the ten-year average figure is now heading downwards.

As a result I have adjusted downwards the CAPE valuation bands in the table above which, if you refer back to last month's issue, are each a few hundred index points lower than before.

Given that the FTSE 100 is now at 6,274, it sits at the bottom end of the slightly cheap band, which is more or less where it has been for an inordinate amount of time.

Although I do not generally like to make one-year forecasts, I have finally come up with a formula for calculating them that I'm happy with, which I wrote about on the UKVI blog recently. In case you didn't read it, my estimate of "fair value" (FTSE 100 CAPE = 16) for the end of 2016 was 8,100 and my estimate of where we might reasonably expect it to get to (which is very different from saying where we *will* get to) was 7,100.

FTSE 100 Earnings and Dividends



Model Portfolio: Annual review

Reviewing the portfolio: In order to keep a portfolio on track it's important carry out regular reviews. These reviews should include tasks such as checking overall performance against a suitable benchmark, re-analysing existing holdings when new annual results are announced and dealing with corporate actions such as mergers, acquisitions or rights issues.

I have already briefly reviewed the model portfolio's performance for 2015 (it was surprisingly good) and the main lesson learned (stick with the strategy even if things get bumpy for a while), so here' I'll just quickly recap the six sell trades made during 2015.

February - Selling ICAP for a 42% return in 2 years and 10 months

ICAP, the leading inter-dealer broker and market maker was the first sale of 2015. The holding period was relatively straightforward, although the shares were down by 25% at one point; another example of where the use of a stop loss (typically set at around 20% below the purchase price) would have led to a quick sale with a significant capital loss. That would have been a mistake as the shares subsequently rebounded and produced a solid result.

April - Selling Balfour Beatty for a 9% return in 3 years and 8 months

Balfour Beatty was much less impressive and the company had many problems. It's business model requires it to repeatedly win large, one-off contracts, which is hard and risky enough, but the real problems lay in its heavy use of debt and its dangerously large pension liabilities. Although Balfour produced weak results for the portfolio the lessons learned have helped to significantly improve the stock selection process for future investments.

June - Selling Serco for a 50% loss after 1 year and 1 month

Serco was, in no uncertain terms, a disaster. The key to Serco's downfall was twofold. On the one hand it upset the UK Government, its largest client, by over-billing it on at least one major contract. The company launched a review of other contracts and found that some of its largest contracts were likely to underperform expectations, and perhaps even produce losses over many years. The CEO and the dividend got the chop and a rights issue was launched to strengthen the balance sheet. Of course, this is a scenario I would rather avoid, to put it mildly, and so I have introduced many changes to the investment strategy as a result of Serco's collapse. These include tighter restrictions on debt, profitability, pensions and an additional caution around companies that profit from large contracts won through a competitive tendering process.

August - Selling RSA for a 19% return in 3 years and 6 months

RSA was another disappointing investment. A variety of problems occurred during the holding period, including accounting irregularities in its Ireland business. However, the root of its problems were the same familiar issues which crop up again and again in weak businesses: Low profitability and high leverage. In RSA's case its underwriting profits were too low and its balance sheet too weak. Again, the familiar remedy was a dividend cut and a rights issue. In this case the shares were sold as a profit thanks to some luck in the form of a takeover offer from Zurich. The shares leapt by about 30% in a day or so, enabling them to be sold for a reasonable profit. These issues, and problems with Aviva which was sold a long time ago, led to improvements in the way the investment strategy looks at insurance company profitability and leverage.

October - Selling Cranswick for a 135% return in 2 years and 11 months

The sale of Cranswick marked a return to more positive results. The company performed as expected (i.e. very well) and the shares were re-rated by the market, leading to exceptionally good returns.

December - Selling JD Sport for a 234% return in 4 years and 9 months

As with Cranswick, this was a relatively simple investment which ended with incredible results over almost five years. However, this stock also fell heavily in the early stages (by almost 40% at one point) and so again, ignoring share price declines was definitely a good idea. All in all, JD was the best investment so far.

Model Portfolio: Monthly review

Reviewing the portfolio: In order to keep a portfolio on track it's important carry out regular reviews. These reviews should include tasks such as checking overall performance against a suitable benchmark, re-analysing existing holdings when new annual results are announced and dealing with corporate actions such as mergers, acquisitions or rights issues.

Performance review

The model portfolio produced a total return of 13.2% for the year compared to 1.0% for its All-Share tracker benchmark. Much more importantly, the annualised returns from inception are 10.4% and 6.6% respectively. 2015 was a good year in terms of results and I'm generally pleased with the portfolio's progress so far.

Last month's trade

Last month I sold JD Sport for 1,002.2p and it has been by far the best investment since the portfolio began in March 2011. In fact JD was there right at the beginning and so hopefully many UKVI readers benefitted from its spectacular gains over the last couple of years. The sale produced annualised returns of 32.7% over 4 years and 9 months, which is of course far in excess of the the 10% or so that I hope the portfolio can achieve.

Holdings review

December saw most of the holdings in the portfolio fall to some degree, although those that did rise had the largest position sizes to start with, so the portfolio rose very slightly over the month. The biggest gainer was SSE, which gained more than 6% for reasons that are not entirely obvious (at least to me). On the downside N Brown fell by 13%, again for reasons that are not entirely obvious which, if anything, goes to show how volatile the market can be even without any significant new pieces of information.

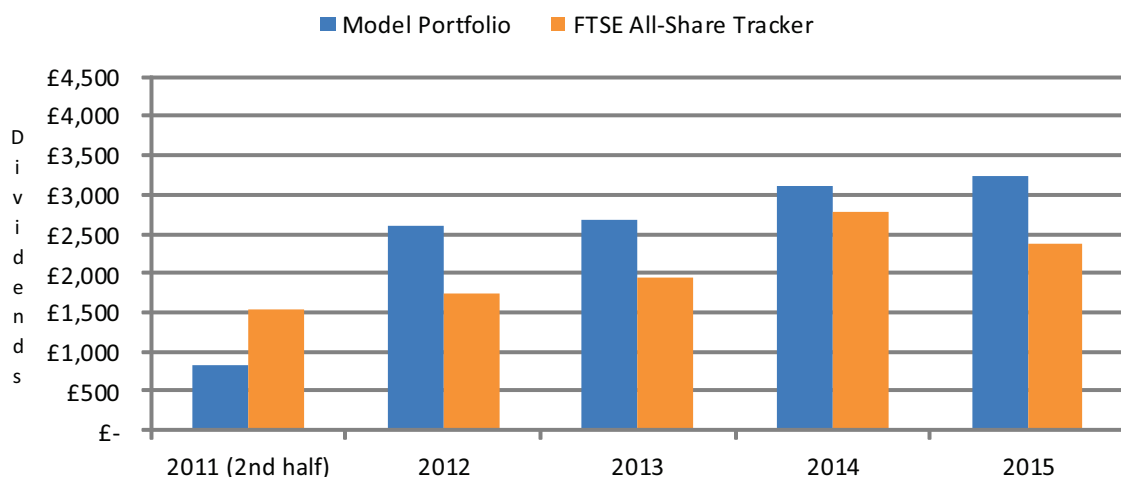
As usual I generally ignore these short-term ups and downs, but they are a handy reminder of how much more volatile shares are than the "earnings power" of the underlying companies.

AstraZeneca acquisitions

AstraZeneca has continued its recent run of acquisitions as the company attempts to negate the impact of its patent cliff (a period where major patents expire, potentially causing profits to fall off a cliff).

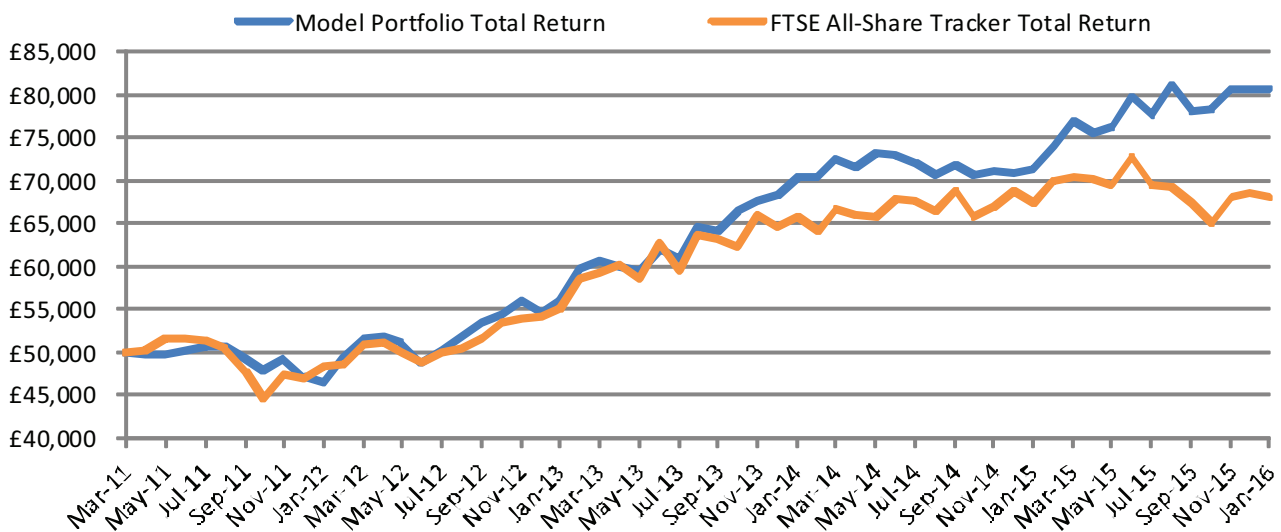
During December it confirmed deals amounting to \$0.6bn for a respiratory business and \$2.5bn (followed by another \$1.5bn by 2018 and up to another \$3bn after that) for an oncology business. These are big acquisitions, but they may not end up being classified as "large" acquisitions according to my definition (which is an acquisition costing more one year's post-tax profit).

Annual Dividends



Model Portfolio: Performance and diversification

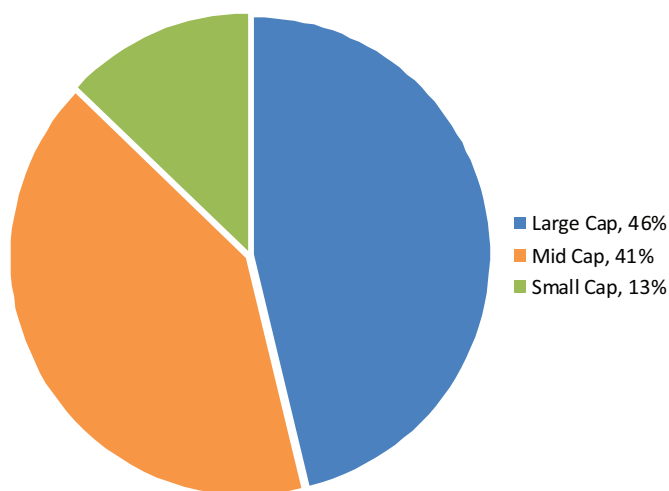
The Model Portfolio represents the portfolio of a typical investor who is still in the capital accumulation phase. It started with £50,000 in March 2011 and reinvests all dividends to generate additional growth.



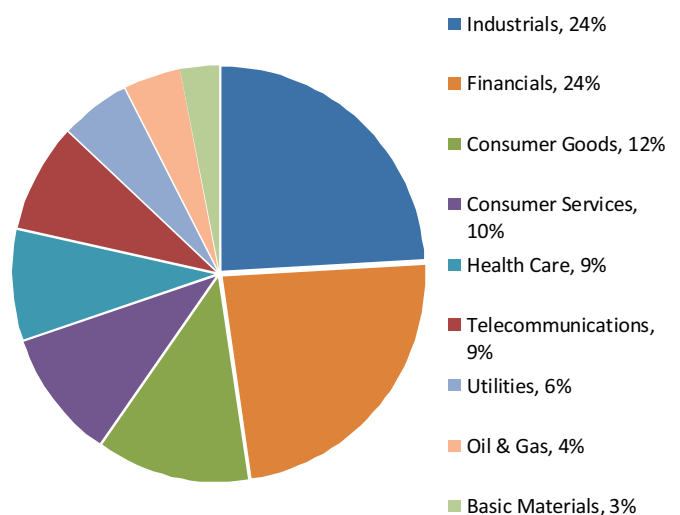
Performance	Model Portfolio (A)	FTSE All-Share Tracker Trust (B)	Difference (A) - (B)
Total return over 1 year	13.2%	1.0%	12.2%
Total return over 3 years	44.1%	23.9%	20.2%
Total return from inception	61.5%	36.3%	25.2%
Annualised return from inception	10.4%	6.6%	3.8%
Annualised return over 5 years	10.4%	7% (fixed target)	3.8%
Current cash value	£80,755	£68,162	£12,593
Historic dividend yield	4.0%	3.5%	0.5%
Maximum decline over 5 years	8%	13.5%	-5.5%

Average Percentage of Revenues from UK	Number of Holdings in Cyclical Sectors
40.0% (max = 50%)	14 (max = 15, i.e. 50%)

Size Allocation



Industry Allocation



Model Portfolio - Current Opinion

Rank	Name	EPIC	Index	Sector	At today's price would I buy, hold or sell?	Why?
3	Admiral Group PLC	ADM	FTSE 100	Nonlife Insurance	Buy	This still fits my definition of a good business at an attractive price.
41	Amlin PLC	AML	FTSE 250	Nonlife Insurance	Hold	There is an impending takeover of Amlin in Q1 2016.
63	AstraZeneca PLC	AZN	FTSE 100	Pharmaceuticals & Biotechnology	Buy	AstraZeneca's Growth Rate is too low (below 2%) but I'm willing to overlook that because it otherwise fits my definition of a good business at an attractive price.
115	BAE Systems PLC	BA.	FTSE 100	Aerospace & Defense	Hold	BAE's Pension Ratio is 21.6, which is well above the rule of thumb maximum of 10. It is also one of the bottom five holdings by rank which means it could be sold soon.
59	Beazley PLC	BEZ	FTSE 250	Nonlife Insurance	Buy	This still fits my definition of a good business at an attractive price.
12	BHP Billiton PLC	BLT	FTSE 100	Mining	Buy	This still fits my definition of a good business at an attractive price.
96	BP PLC	BP.	FTSE 100	Oil & Gas Producers	Hold	BP's Growth Rate is far too low (below zero). Also, BP is one of the bottom five holdings by rank which means it could be sold soon.
87	Braemar Shipping Services PLC	BMS	Small Cap	Industrial Transportation	Hold	Braemar's Growth Rate is too low (just above zero). It is also one of the bottom five holdings by rank and could be sold soon.
23	British American Tobacco PLC	BATS	FTSE 100	Tobacco	Buy	This still fits my definition of a good business at an attractive price.
43	Brown (N) Group PLC	BWNG	FTSE 250	General Retailers	Buy	This still fits my definition of a good business at an attractive price.
18	Burberry Group PLC	BRBY	FTSE 100	Personal Goods	Buy	This still fits my definition of a good business at an attractive price.
8	Centrica PLC	CNA	FTSE 100	Gas, Water & Multiutilities	Buy	Despite a recent but relatively small dividend cut, this still fits my definition of a good business at an attractive price.
76	Chemring Group PLC	CHG	Small Cap	Aerospace & Defense	Hold	I wouldn't add Chemring to the portfolio today as its revenues, earnings and dividends have been declining for a few years and it does not have a progressive dividend policy.
53	GlaxoSmithKline PLC	GSK	FTSE 100	Pharmaceuticals & Biotechnology	Buy	GSK's growth rate is just below my rule of thumb minimum of 2% but I am willing to overlook that for now as it otherwise fits my definition of a good business at an attractive price.
111	Hill & Smith Holdings PLC	HLS	Small Cap	Industrial Engineering	Hold	Hill & Smith is one of the five lowest ranked holdings and may be sold soon.
56	Homeserve PLC	HSV	FTSE 250	Support Services	Buy	This still fits my definition of a good business at an attractive price.
13	IG Group Holdings PLC	IGG	FTSE 250	Financial Services	Buy	This still fits my definition of a good business at an attractive price.
19	ITE Group PLC	ITE	Small Cap	Media	Buy	This still fits my definition of a good business at an attractive price.
24	Mitie Group PLC	MTO	FTSE 250	Support Services	Buy	This still fits my definition of a good business at an attractive price.
14	Morrison (Wm) Supermarkets PLC	MRW	FTSE 250	Food & Drug Retailers	Hold	The Debt Ratio is above my rule of thumb maximum of 5 and its combined Debt and Pension Ratio is 11.5, which is above the maximum of 10.
1	Petrofac Ltd	PFC	FTSE 250	Oil Equipment, Services & Distribution	Buy	This still fits my definition of a good business at an attractive price.
47	Reckitt Benckiser Group PLC	RB.	FTSE 100	Household Goods & Home Construction	Buy	The PE10 ratio is slightly above the rule of thumb maximum of 30, but I would still buy it as I think the above average valuation may be justified.
69	Rio Tinto PLC	RIO	FTSE 100	Mining	Buy	This still fits my definition of a good business at an attractive price.
66	SSE PLC	SSE	FTSE 100	Electricity	Buy	SSE's Debt Ratio is fractionally above my rule of thumb maximum of 5, but I would still buy it as it otherwise appears to be a good business at an attractive price.
11	Standard Chartered PLC	STAN	FTSE 100	Banks	Hold	The dividend has been suspended and a rights issue announced so I would not add to this holding at the moment.
21	Telecom plus PLC	TEP	FTSE 250	Fixed Line Telecommunications	Hold	The PE10 ratio is above my rule of thumb maximum of 30.
75	Tesco PLC	TSCO	FTSE 100	Food & Drug Retailers	Hold	Tesco's debt ratio is too high (above 5) and the company is facing a potentially difficult turnaround situation, so I would not buy it today.
92	Tullett Prebon PLC	TLPR	FTSE 250	Financial Services	Hold	This is one of the bottom five ranked holdings and may be sold soon.
44	Vodafone Group PLC	VOD	FTSE 100	Mobile Telecommunications	Buy	This still fits my definition of a good business at an attractive price.

Model Portfolio: Latest annual results

1st December - ITE Group, Media (cyclical), Small-Cap (£0.4bn)

“[ITE’s] strategy is to develop positions of market leadership in the exhibition business substantially in emerging and developing markets with good growth prospects” (www.ite-exhibitions.com)

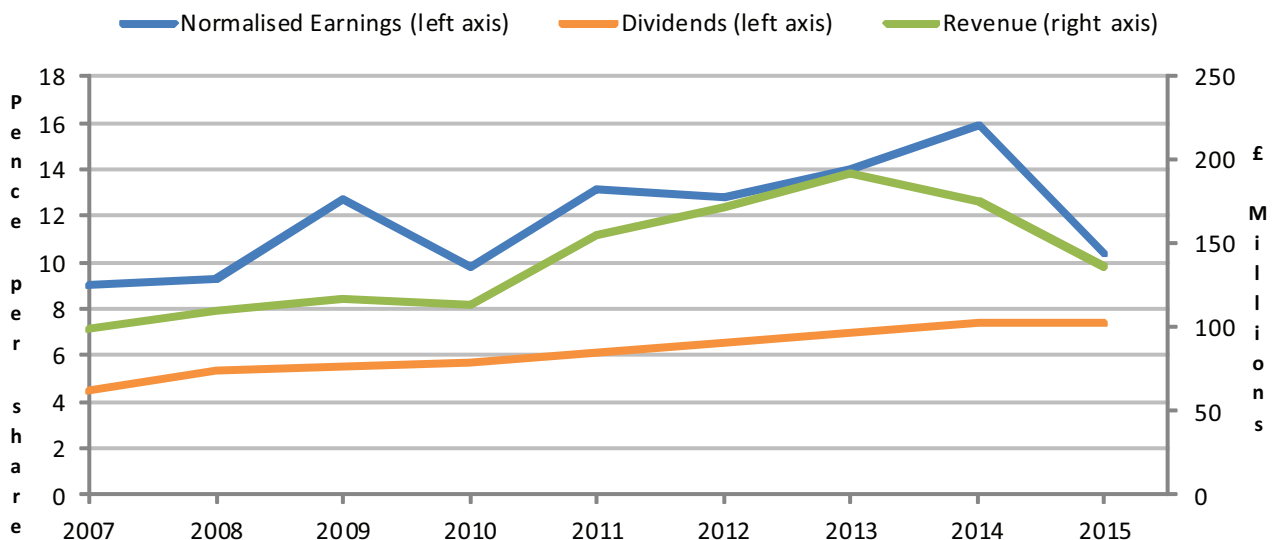
Revenue Down 22%	10 Year average earnings Down 2%	Dividend Unchanged
Debt Ratio (max 4) 2.1	Pension Ratio (max 10) No defined benefit pension	Does it pass the buy tests? Yes

Quotes from the annual results

“The two major themes running through this year have been the impact of the fall in the oil price on the oil dependant economies where we operate, and the Group’s ongoing diversification of its business. The lower oil price has caused a significant slowdown in economic activity in some of the key countries in which we operate and has also led to a devaluation of their currencies against Sterling. At the same time, the Group has continued to diversify both organically and through acquisition into other geographies. Looking forward, Russia now accounts for circa 40% of ITE’s business (2014: 51%).”

“During 2015, three substantial acquisitions have been completed and, as a result, the Group has stronger businesses in Asia and Turkey and has established a first time presence in Africa, a new geography for ITE. These proactive changes have given the Group a better geographic balance between its historic Russian-CIS businesses [Commonwealth of Independent States], and other leading emerging markets. Post-year end the Group has announced the exercise of its call option in its Indian associate, ABEC, taking its holding to 60%, making ITE the leading private organiser in the Indian exhibition industry as well as enhancing its construction portfolio.”

“ITE has been evolving its strategic objectives. We have to date been successful in establishing positions in new markets, but in the future our activity will be orientated towards development of brands and industry verticals to support our aim for industry leadership in certain sectors. This ‘strength in depth’ logic is increasingly driving the development of our future business as it both reduces risk and increases synergy to develop the business within sectors where there is expertise and a common customer base. We will continue to add geographic balance to our business through expansion in our industry verticals in focussing on emerging and developing markets.”



Buying: Aggreko PLC (AGK)

Improve the portfolio : As companies grow (or shrink) and as their share prices go up (or down) the attractiveness of the investment changes. If a company's share price shoots up quickly its shares may no longer represent good value for money, while a company that falls into a long-term decline may no longer be remotely defensive. In both situations selling can be the right course of action.

Price on 1st January 2016 914p	Index FTSE 250	Sector Support Services
FTSE Market Cap £2.3 billion	Revenue £1.5 billion	Normalised Post-tax Profit £211 million

“Aggreko is the global leader in temporary power and temperature control solutions, operating in around 100 countries worldwide. Our business model balances our global scale with local operations to deliver fast, effective solutions.” (www.aggreko.com)

Overview

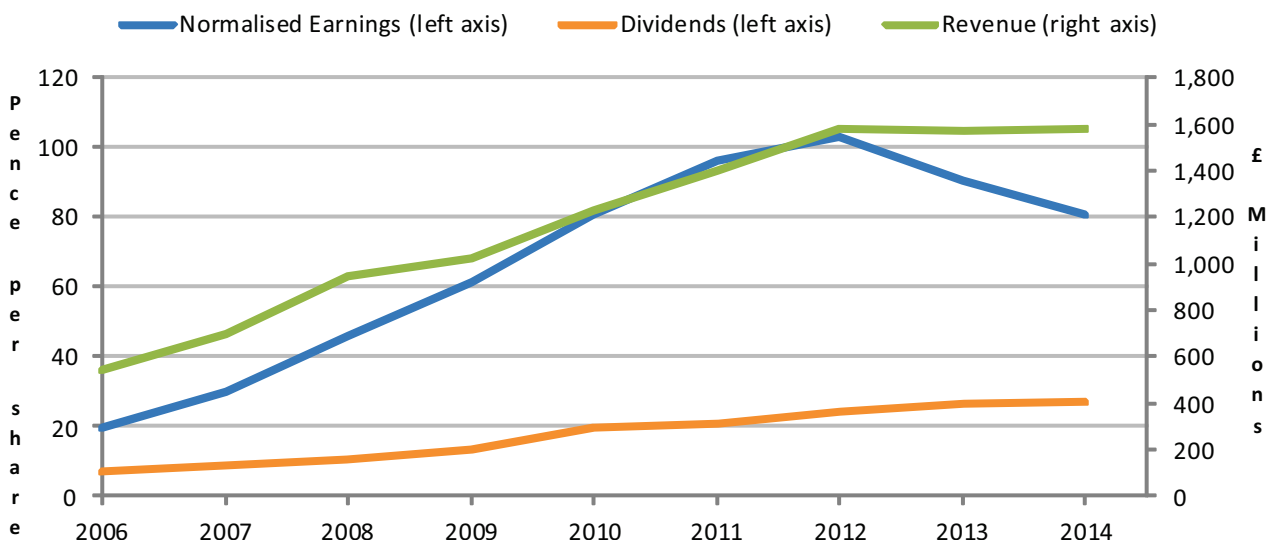
Aggreko is the world's leading provider of flexible power and temperature control solutions. In practice that means it either rents shipping container-sized power generators and temperature control units to customers or supplies power from temporary power stations which it builds by connecting multiple power generators. These services are provided to a wide range of customers in a wide range of countries on either an emergency, short-term or intermediate-term basis.

Recent examples of Aggreko's activities include supplying temporary power for one-off events such as the Olympic Games and Japan's post-tsunami recovery, to more regular events such as temporary summer cooling for oil refineries or chillers for a Christmas ice-rink.

The company was founded in 1962 in the Netherlands and in 1973 it set up operations in Scotland, where its head office, design and manufacturing operations can still be found. Between 1984 and 1997 it was a wholly owned subsidiary of another company, where it expanded into a global business both organically and through a series of acquisitions, and that process continues today.

Growth Rate 17.7% (min 2%)	Dividend Yield 3.0%	Profitability 16.3% (min 7%)	PE10 13.5 (max = 30)
Growth Quality 88% (min 50%)	Debt Ratio 2.2 (max 5)	Pension Ratio 0.4	Rank 4 (out of 235)

Green = Better than FTSE 100; Red = Worse than FTSE 100 or outside the "rule of thumb" minimum or maximum values



Investment checklist

Successful investing requires the methodical application of a systematic approach in order to achieve specific objectives, and a checklist is a great aid towards that end. This checklist helps to ensure that the company under investigation is high quality and that its shares are likely to improve the portfolio in the long-run.

Maintaining and increasing portfolio diversification

1. Will this purchase leave the portfolio's average UK revenues at less than 50%?

YES Aggreko is a very international company and only receives around 5% of its revenues from the UK.

2. Will this purchase leave the number of holdings from cyclical sectors at 15 or less?

YES The portfolio currently holds 14 cyclical sector stocks. Aggreko is in the cyclical Support Services sector so it will take that number up to the maximum of 15.

3. Will this purchase leave the number of holdings from this company's sector at 3 or less?

YES The portfolio holds two Support Services companies, so Aggreko will be the third and final one for now.

Avoiding (or trying to avoid) value traps

Good management

1. Is the company focused on a clear and consistent goal and strategy?

YES The company's goal since 2003 has been *"to deliver long-term value to shareholders, outstanding service to customers and rewarding careers to our employees"*, and at a high level, its strategy for achieving that goal is to continue to be *"the leading global provider of flexible power and temperature control solutions"*. The company's medium-term strategy is reviewed from the ground up every five years. The most recent iteration in 2013 highlighted the following key areas of focus:

For the Rental Solutions business (covering equipment rental in developed markets): 1) Provide higher levels of service and equipment; 2) Use global scale to maximise efficiency and cost competitiveness; 3) Increase market share; 4) Extend presence in emerging markets.

For the Power Solutions business (covering power supply and rental in emerging markets): 1) Be the largest global operator to drive scale advantages; 2) Maximise efficiency and cost competitiveness; 3) Make cost of temporary power plants competitive with permanent power plants.

This strategy was expected to run through to 2017, but in 2014 a new CEO arrived and announced the inevitable *"new CEO strategy review"*.

The resulting new strategy is to focus the business on: 1) Customer – Focusing on global and national key accounts, more complex projects and adjacent markets; 2) Technology – Focusing on reducing the cost of power and being competitive with permanent power plants; 3) Efficiency – Optimising the business for cost effectiveness and taking advantage of scale.

However, despite this change to the details, the company's core strategy of being the global market leader in temporary power and temperature control remains the same.

2. Does the company have an obvious core business that the strategy is focused on?

YES Aggreko is a highly focused business, concentrating almost exclusively on power generators and temperature control units. The company is split roughly 50/50 into two business units:

Rental Solutions - Renting shipping container-sized power generators and temperature control units to customers in developed markets

Power Solutions - Supplying power, mostly to utilities in emerging markets, via temporary power stations made up of multiple power generators. This business also includes the rental business for emerging market customers.

Adequate financial control

3. Do the Key Performance Indicators (KPIs) focus on factors beyond revenue and EPS growth such as profitability, leverage, liquidity and investment?

YES The five KPIs mostly cover non-financial aspects of the company's performance including safety, staff turnover and customer loyalty. On the financial side the KPIs are earnings per share and return on capital employed (ROCE). Although the KPIs do not cover many financial factors, they do cover profitability via ROCE, which is perhaps the most important one.

Low costs

4. Scale: Is the company in the leading group in terms of market share?

YES Aggreko is the dominant global player in both its rental and power supply businesses. There are no global competitors in the rental market, where Aggreko has a 25% market share, and there is only one (smaller) global competitor in the temporary power supply market, where Aggreko has a 40% market share in temporary utility power and 25% market share in temporary industrial power.

5. Experience: Has the company had the same core business for many years?

YES Aggreko has been involved in the rental side of its business for over 40 years and the power supply business has also been in place for several decades.

Caution with big projects

6. Is the company free of "bold" projects which could push it into a major crisis?

YES There do not appear to be any "bet the company" projects underway at the moment.

7. Is the company free of the need for large capital expenditures (capex)?

NO Before it can generate revenues, Aggreko has to manufacture a power generator or buy a temperature control unit. This means it has to spend heavily on capital assets first, before they can generate revenues and profits over many years. During periods of rapid growth, such as the last ten years, the company has to spend even more on capex to increase the size of its rental fleet. Over the last ten years Aggreko spent a total of £2.3bn on capex whilst generating £1.6bn in normalised post-tax profits. The ratio of capex to profits is above 100% so I would define Aggreko as a high capex company.

8. Are revenues generated by the sale of a large number of small-ticket items rather than major one-off contracts?

NO About half of Aggreko's revenues are generated from thousands of small, short-term rental contracts. The other half comes from larger, longer-term power supply contracts, which can be quite significant in size relative to the company's total revenues. The answer to this question is therefore both yes and no; however, to err on the side of caution I have chosen no as my answer.

Caution with acquisitions and mergers

9. Has the company avoided mergers or large acquisitions in the last few years?

NO Aggreko spent just 16% of its profits over the last ten years on acquisitions, so it is not a particularly acquisitive company. However, it did make a large acquisition (spent more than that year's profits) in 2006, spending approximately £100m when post-tax profits were just £50m. The acquired company was GE Energy Rentals, a multi-national supplier of power and temperature control equipment and services and one of Aggreko's largest competitors. The acquisition does not appear to have had any materially negative impacts.

10. Has the company avoided large acquisitions that have little to do with its core business?

YES The only acquisition defined as large was GE Energy Rentals, which is very closely related to Aggreko's core business.

Ability to adapt to changing market demand

11. Does the company operate in defensive markets?

NO Aggreko is listed in the cyclical Support Services sector. In terms of its actual business, on the rental side an economic slowdown could lead to a reduction in many activities which need temporary power generators, such as construction projects or oil and gas exploration and extraction. On the power supply side, Aggreko often fills the gap between the maximum power generating capacity of state-owned power plants and a country's peak power usage. If economic activity declines, the state's power plants may be able to supply all of their country's power without needing to buy power from Aggreko.

On that basis I would say Aggreko is correctly defined as cyclical, but also that it is widely diversified across industries and geographies, which may help to insulate it from economic cycles to some extent.

12. Does the company operate in markets where the pattern of demand (whether cyclical or defensive) is unlikely to be disrupted in the short or medium-term?

YES I could not find any obvious reason why the medium-term pattern of demand would change significantly for either the rental business or the power supply business.

13. Does the company operate in markets where demand is expected to grow?

YES The company expects the rental market to grow at about twice the rate of GDP growth over the medium-term, and even faster in emerging markets. As for the power supply business, which generates around 90% of its revenues from providing temporary power to national utilities, the global shortfall of utility power generation is now expected to grow by around 6% a year to 2020. 6% a year is therefore a reasonable estimate of growth in the temporary utility power supply market over the same period.

Competitive product, service and price

14. Does the company generate most of its profits from products or contracts that do not need to be replaced in the next 10 years?

NO While the rental business does not have major contracts or products that need to be completely replaced or redesigned within the next ten years, the power supply business does. That business depends on large contracts which typically last for just a few years or less, at which point they are either renewed or cancelled. Each power supply contract can generate a meaningful portion of the company's total revenues.

15. Does the company sell differentiated products that do not compete purely on price?

NO In the rental business there are thousands of companies across the globe that rent out power generators and temperature control equipment. With my very limited knowledge it looks as if the equipment they provide is fairly similar and as long as availability, reliability and support are adequate I would expect price to be a primary concern. In the power supply business, Aggreko will typically have much more capability and expertise at putting together large and complex power plants than its smaller local competitors. In some ways that is a differentiating factor, but where a local or regional competitor is able to bid for a large and complex project, I don't think Aggreko's offer would differ substantially other than on price.

Indifferent to commodity prices

16. Is the company relatively immune to commodity price movements?

NO The impact of commodity price movements on Aggreko is mixed. For example, a significant portion of its North American business comes from companies operating in the oil and gas industry, and falling oil prices will lead to less demand for power as various projects and activities become uneconomical. In contrast, its

power supply business may benefit from falling diesel prices as it makes diesel power generators more attractive relative to other sources. Overall I think the impact of declining commodity prices is likely to be negative, but the company's diverse industrial and geographic footprint may insulate it to some extent.

Sound financial policy

17. Does the company have a target rate of return on investment of more than 10%?

YES The company has a target (pre-interest and tax) ROCE of 18-21% in the rental business and 25-30% in the power supply business, and a company-wide goal of 20% or more. In recent years ROCE has declined from 32% in 2010 to 19% in 2014.

18. Is the company's use of leverage is conservative enough given the preceding answers?

YES Aggreko is dependent on large projects and does require heavy investment in capital assets, both of which are risk factors that can be exacerbated by large debts and interest payments. However, even with those risk factors I think a debt ratio of 2.2 is quite low and therefore acceptable.

19. Are the chances of this company becoming a value trap acceptably low (and if so, why are the shares attractively priced)?

YES Aggreko is facing difficult conditions as a result of a slowdown in emerging market economies and the collapse of commodity prices and the subsequent effect on commodity-related activities. It appears that, at least for a while, the company's exceptional double digit growth rates of the last ten years and more has come to an end. As a result the share price has declined by about 60% from its peak in 2012.

However, I think these issues are likely to be temporary rather than permanent. The emerging market slowdown is not expected to last forever, and commodity prices are expected to recover, eventually. But the timing of any improvements in Aggreko's markets is impossible to forecast with any accuracy; the company may be in the doldrums for several years and few investors have the patience to wait that long.

I also don't think it's likely that profits will collapse to the point where the dividend will be cut. Even if it is, I would be surprised if it was more than a short-term capital allocation decision (i.e. if it was better to use the cash to support operations rather than pay it out to shareholders). The balance sheet appears to be strong and so a rights issue, other than for productive capital investment purposes, seems unlikely.

As is the case with most companies, Aggreko's management team is not sitting around watching events unfold. They are working to adapt the company to its current situation by focusing on areas which can sustain the company today and drive growth in the future. As a result, and accepting that the future is unknowable, I do not think Aggreko is an obvious value trap.

Uncovering competitive advantages

1. Does the company have any intangible asset advantages (brand names, patents, regulatory barriers)?

NO I do not think that Aggreko has any of these advantages.

2. Does the company gain an advantage from "switching costs", i.e. the effort required for customers to switch to another supplier (e.g. bank accounts or computer software)?

NO Once a customer's contract ends, then can switch to one of Aggreko's competitors (either for equipment rental or power supply) very easily.

3. Do the company's products or services have a "network effect", i.e. become better as more people use them (e.g. Facebook, eBay)?

NO Aggreko's services do not improve as more customers use them.

4. Does the company have any durable cost advantages (e.g. unique location, unique low cost source of raw materials, greater scale)?

YES Aggreko has a significant scale advantage over its local and regional competitors. It is the only global player in the rental market and has only one global competitor in the temporary power supply market.

This gives the company various advantages over smaller competitors, from the accumulation of greater levels of experience that can be used to improve the whole business, to the more obvious advantage of economies of scale.

The company's scale also allows it to cost effectively design and manufacture its own fleet of power generators. This provides multiple advantages including efficient utilisation of the entire global fleet, retention of profits that would otherwise go to third-party manufacturers, and the ability to design and build power generators in a way that best fits the company's and its customers' requirements.

Scale advantages can be difficult to overcome if they are large enough, as the smaller competitors find it hard to compete, and therefore hard to gain market share, against the significantly more efficient larger competitor. Aggreko may well have that sort of advantages, especially in the rental market where it is the only global player and has a dominant market share.

Making the trade - Are you happy to own these shares for at least 5 years?

YES Aggreko looks to me like a good company going through what appears to be a difficult but temporary and survivable period. I do not think it's likely that the current situation will permanently impair Aggreko's value, and on that basis I think it is attractively valued at its current price. I will be investing approximately 4% of the model portfolio into Aggreko a few days after this issue is published, and a similar percentage from my personal portfolio.

Higher ranked stocks that were not selected	Reason for not selecting
Amec Foster Wheeler	Debt ratio too high

"The strategy for the [Power Solutions] business is straightforward, and remains as it has been for the last ten years: grow as fast as we prudently can, to secure for ourselves the operating efficiencies and competitive advantages which come from being the largest global operator. So far, we have been successful in executing this strategy and our [Power Solutions] business is now many times larger than its next largest competitor."

Aggreko 2013 Annual Report

IMPORTANT NOTICE: This analysis is for information only. It is an example of how one investor applies a checklist approach to analysing a company and it should not be construed as investment advice and should not be relied upon in isolation before investing. You should always perform your own analysis and factual verification before making investment decisions. If you need advice you should seek a regulated financial advisor. See the important notes on the last page.

Readers' Q & A

Interesting and/or helpful questions from readers

Q: SSE are losing customers at a fast rate. I wondered if it would affect your opinion of them as an investment?

A: I agree that retail customer numbers are dropping, but I wouldn't call the decline rapid. Also, this is not necessarily a trend that will last forever. Companies are dynamic entities and SSE is likely to be working hard to fix this, largely by streamlining its supply business in order to be more price competitive in what is effectively a commodity business.

Retail also only accounts for about 25% of the company, so it's not even a particularly significant part. Most of SSE's profits come from energy transmission in Scotland where it's a bit like National Grid in England and Wales. The transmission business is twice as big as the retail supply business.

Personally I am more concerned (but not exactly losing sleep) over the company's high levels of debt.

I would also say that the shares are priced for a dividend cut, so we'll have to see on that one, but I hate the idea of selling on negative sentiment. The market is often wrong and I would rather just wait for the facts to appear and not try to second-guess the future. The company may cut its dividend, but then again it may not. And even if it does I wouldn't sell immediately as a dividend cut can be exactly what is required to improve a company's fortunes in the medium-term.

Defensive and Cyclical sectors

The Model Portfolio aims to be at least 50% invested in defensive FTSE Sectors as defined in the Capita Dividend Monitor. The definitions are repeated here:

Defensive Sectors

- Aerospace & Defense
- Beverages
- Electricity
- Fixed Line Telecommunications
- Food & Drug Retailers
- Food Producers
- Gas, Water & Multiutilities
- Health Care Equipment & Services
- Mobile Telecommunications
- Non-life Insurance
- Personal Goods
- Pharmaceuticals & Biotechnology
- Tobacco

Cyclical Sectors

- Automobiles & Parts
- Banks
- Chemicals
- Construction & Materials
- Electronic & Electrical Equipment
- Financial Services
- Forestry & Paper
- General Industrials
- General Retailers
- Household Goods & Home Construction
- Industrial Engineering
- Industrial Metals & Mining
- Industrial Transportation
- Leisure Goods
- Life Insurance
- Media
- Mining
- Oil & Gas Producers
- Oil Equipment, Services & Distribution
- Real Estate Investment & Services
- Software & Computer Services
- Support Services
- Technology Hardware & Equipment

Stock Screen - Sorted by Rank

Colour coding rules and column descriptions can be found in the appendices

Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	Net Prof.	Debt Ratio	Earnings Power
1	Petrofac Ltd	PFC	FTSE 250	Oil Equipment, Services & Distribution	£7.96	14.7	5.3%	11.7	22.3%	83%	29%	3.5	£316
2	Amec Foster Wheeler PLC	AMFW	FTSE 250	Oil Equipment, Services & Distribution	£4.29	6.8	10.1%	8.2	15.0%	83%	12%	6.1	£216
3	Admiral Group PLC	ADM	FTSE 100	Nonlife Insurance	£16.59	16.1	5.9%	22.7	13.3%	92%	54%	0.0	£249
4	Aggreko PLC	AGK	FTSE 250	Support Services	£9.14	11.3	3.0%	13.5	17.7%	88%	16%	2.2	£238
5	Weir Group PLC	WEIR	FTSE 250	Industrial Engineering	£10.00	7.8	4.4%	10.8	18.2%	83%	11%	3.7	£280
6	Rotork PLC	ROR	FTSE 250	Industrial Engineering	£1.83	15.4	2.7%	22.8	14.3%	100%	30%	0.2	£88
7	Chesnara PLC	CSN	Small Cap	Life Insurance	£3.35	15.2	5.5%	14.2	7.0%	83%	15%	N/K	£29
8	Centrica PLC	CNA	FTSE 100	Gas, Water & Multiutilities	£2.18	39.4	6.2%	9.2	7.0%	79%	12%	4.7	£1,475
9	Ashmore Group PLC	ASHM	FTSE 250	Financial Services	£2.56	13.2	6.5%	12.0	6.2%	71%	35%	0.0	£171
10	Aberdeen Asset Management PLC	ADN	FTSE 100	Financial Services	£2.89	12.2	6.7%	17.9	21.2%	75%	13%	0.0	£274
11	Standard Chartered PLC	STAN	FTSE 100	Banks	£5.64	6.2	9.3%	5.6	7.2%	71%	12%	N/A	£2,845
12	BHP Billiton PLC	BLT	FTSE 100	Mining	£7.60	6.5	10.8%	4.8	6.0%	63%	17%	2.0	£9,788
13	IG Group Holdings PLC	IGG	FTSE 250	Financial Services	£8.02	22.3	3.5%	26.3	13.5%	88%	26%	0.0	£137
14	Morrison (Wm) Supermarkets PLC	MRW	FTSE 250	Food & Drug Retailers	£1.48	10.2	9.2%	7.6	9.4%	79%	7%	4.5	£559
15	UK Mail Group PLC	UKM	Small Cap	Industrial Transportation	£2.50	8.1	8.7%	10.9	5.4%	67%	18%	0.7	£14
16	Victrex PLC	VCT	FTSE 250	Chemicals	£18.04	18.4	2.6%	26.0	14.8%	92%	22%	0.0	£74
17	Stagecoach Group PLC	SGC	FTSE 250	Travel & Leisure	£2.96	11.7	3.5%	14.0	8.1%	92%	14%	5.4	£145
18	Burberry Group PLC	BRBY	FTSE 100	Personal Goods	£11.95	15.6	2.9%	22.8	16.5%	83%	26%	0.2	£304
19	ITE Group PLC	ITE	Small Cap	Media	£1.58	13.8	4.7%	13.1	6.3%	71%	27%	2.1	£34
20	PayPoint PLC	PAY	FTSE 250	Support Services	£9.22	16.1	4.2%	23.3	8.1%	88%	34%	0.0	£31
21	Telecom plus PLC	TEP	FTSE 250	Fixed Line Telecommunications	£10.71	26.6	3.7%	38.2	17.4%	88%	36%	2.6	£26
22	Sky PLC	SKY	FTSE 100	Media	£11.12	24.4	2.9%	27.5	11.1%	92%	21%	7.7	£1,026
23	British American Tobacco PLC	BATS	FTSE 100	Tobacco	£37.71	19.3	3.9%	22.9	9.7%	88%	17%	3.2	£3,838
24	Mitie Group PLC	MTO	FTSE 250	Support Services	£3.11	14.0	3.8%	16.8	8.9%	92%	12%	3.6	£78
25	Vedanta Resources PLC	VED	FTSE 250	Mining	£2.75	0.2	14.7%	1.2	15.8%	67%	3%	13.0	£863
26	Antofagasta PLC	ANTO	FTSE 100	Mining	£4.69	10.3	2.9%	7.1	14.6%	58%	13%	2.2	£694
27	Dunelm Group PLC	DNLM	FTSE 250	General Retailers	£9.43	19.9	2.3%	31.2	18.1%	100%	35%	1.1	£80
28	IMI PLC	IMI	FTSE 250	Industrial Engineering	£8.61	12.0	4.4%	15.1	6.0%	83%	17%	1.2	£210
29	Brammer PLC	BRAM	Small Cap	Support Services	£1.82	9.7	5.9%	11.1	9.5%	79%	8%	4.4	£22
30	Dialight PLC	DIA	Small Cap	Electronic & Electrical Equipment	£4.50	12.3	3.3%	20.1	17.0%	83%	12%	0.7	£10
31	De La Rue PLC	DLAR	Small Cap	Support Services	£4.43	9.7	5.6%	8.7	1.7%	50%	46%	2.9	£48
32	Tullow Oil PLC	TLW	FTSE 250	Oil & Gas Producers	£1.66	1.8	2.4%	4.7	13.6%	54%	9%	4.3	£506
33	Ashley (Laura) Holdings PLC	ALY	Small Cap	General Retailers	£0.27	11.1	7.4%	16.5	7.7%	58%	20%	0.0	£16
34	Jardine Lloyd Thompson Group PLC	JLT	FTSE 250	Nonlife Insurance	£9.25	15.9	3.1%	22.4	8.5%	79%	32%	N/K	£114
35	Goodwin PLC	GDWN	Small Cap	Industrial Engineering	£18.40	8.6	2.3%	13.2	11.4%	71%	18%	1.4	£12
36	Rolls-Royce Group PLC	RR.	FTSE 100	Aerospace & Defense	£5.75	8.8	4.0%	11.9	9.0%	83%	9%	3.2	£1,008
37	City of London Investment Group PLC	CLIG	Small Cap	Financial Services	£3.24	12.5	7.4%	13.0	5.0%	46%	46%	0.0	£7
38	Menzies (John) PLC	MNZS	Small Cap	Support Services	£4.15	12.1	3.9%	9.3	4.5%	71%	13%	4.6	£32
39	Fenner PLC	FENR	Small Cap	Industrial Engineering	£1.43	11.3	8.4%	7.1	8.4%	67%	8%	5.0	£47
40	Halfords Group PLC	HFD	FTSE 250	General Retailers	£3.35	10.2	4.9%	10.2	1.5%	71%	15%	1.3	£67
41	Amlin PLC	AML	FTSE 250	Nonlife Insurance	£6.64	14.4	4.1%	14.6	6.4%	71%	17%	1.5	£178
42	Diploma PLC	DPLM	FTSE 250	Support Services	£7.61	19.5	2.4%	32.7	16.4%	92%	17%	0.6	£36
43	Brown (N) Group PLC	BWNG	FTSE 250	General Retailers	£3.09	12.1	4.6%	12.7	6.2%	75%	11%	3.8	£76
44	Vodafone Group PLC	VOD	FTSE 100	Mobile Telecommunications	£2.21	10.0	5.1%	12.1	3.9%	92%	7%	2.0	£9,979
45	Domino's Pizza UK & IRL PLC	DOM	FTSE 250	Travel & Leisure	£10.52	40.8	1.7%	63.7	19.4%	100%	39%	0.6	£35
46	Cobham PLC	COB	FTSE 250	Aerospace & Defense	£2.83	30.9	3.8%	19.1	9.7%	79%	13%	7.7	£188
47	Reckitt Benckiser Group PLC	RB.	FTSE 100	Household Goods & Home Construction	£62.81	27.3	2.2%	32.5	11.1%	88%	21%	1.5	£1,689
48	Prudential PLC	PRU	FTSE 100	Life Insurance	£15.31	17.0	2.4%	26.5	11.5%	83%	18%	N/K	£1,807
49	Hansard Global PLC	HSD	Small Cap	Life Insurance	£1.13	10.0	7.7%	9.6	-6.2%	58%	32%	N/K	£13
50	Renishaw PLC	RSW	FTSE 250	Electronic & Electrical Equipment	£18.80	11.2	2.5%	26.8	18.2%	79%	17%	0.0	£75
51	Restaurant Group (The) PLC	RTN	FTSE 250	Travel & Leisure	£6.86	22.9	2.2%	32.4	10.0%	100%	19%	0.9	£50
52	Aveva Group PLC	AVV	FTSE 250	Software & Computer Services	£16.18	24.1	1.9%	26.7	13.9%	83%	21%	0.0	£44
53	GlaxoSmithKline PLC	GSK	FTSE 100	Pharmaceuticals & Biotechnology	£13.73	19.4	5.8%	15.0	1.6%	71%	18%	4.6	£4,051
54	Ladbrokes PLC	LAD	FTSE 250	Travel & Leisure	£1.20	9.9	7.4%	5.1	-4.6%	50%	21%	2.5	£190
55	Senior PLC	SNR	FTSE 250	Aerospace & Defense	£2.30	12.7	2.4%	16.1	13.2%	79%	12%	1.4	£83
56	Homeserve PLC	HSV	FTSE 250	Support Services	£4.14	23.5	3.0%	19.7	6.3%	79%	18%	1.9	£73
57	Compass Group PLC	CPG	FTSE 100	Travel & Leisure	£11.75	21.6	2.5%	32.1	11.9%	96%	13%	3.6	£822
58	Spirax-Sarco Engineering PLC	SPX	FTSE 250	Industrial Engineering	£32.83	23.6	2.0%	30.5	10.0%	96%	17%	0.9	£96
59	Beazley PLC	BEZ	FTSE 250	Nonlife Insurance	£3.91	14.6	2.4%	17.8	6.7%	79%	18%	1.3	£125
60	Computacenter PLC	CCC	FTSE 250	Software & Computer Services	£8.52	18.2	2.2%	24.7	10.4%	92%	13%	0.2	£60
61	Barr (A G) PLC	BAG	FTSE 250	Beverages	£5.33	18.6	2.3%	29.2	9.2%	96%	16%	0.6	£27
62	Premier Farnell PLC	PFL	Small Cap	Support Services	£0.98	6.9	10.6%	6.9	2.6%	42%	13%	5.3	£57
63	AstraZeneca PLC	AZN	FTSE 100	Pharmaceuticals & Biotechnology	£46.17	37.4	3.9%	15.9	1.4%	75%	23%	1.8	£3,928
64	Sainsbury (J) PLC	SBRY	FTSE 100	Food & Drug Retailers	£2.59	10.2	5.1%	10.8	6.4%	75%	5%	5.2	£533
65	Diageo PLC	DGE	FTSE 100	Beverages	£18.57	19.1	3.0%	23.3	7.3%	88%	13%	4.3	£2,380
66	SSE PLC	SSE	FTSE 100	Electricity	£15.28	14.3	5.8%	16.1	5.3%	83%	8%	5.2	£1,179
67	Intertek Group PLC	ITRK	FTSE 100	Support Services	£27.77	22.1	1.8%	31.8	16.8%	92%	14%	4.1	£182
68	Hunting PLC	HTG	Small Cap	Oil Equipment, Services & Distribution	£3.06	5.5	6.4%	8.9	7.2%	71%	6%	2.4	£59
69	Rio Tinto PLC	RIO	FTSE 100	Mining	£19.80	7.5	6.8%	5.8	7.0%	54%	11%	2.2	£7,462
70	Next PLC	NXT	FTSE 100	General Retailers	£72.90	17.7	2.1%	29.8	10.9%	83%	42%	1.7	£501
71	Hiscox Ltd	HSX	FTSE 250	Nonlife Insurance	£10.54	15.3	2.3%	20.2	9.3%	79%	15%	N/K	£167
72	Euromoney Institutional Investor PLC	ERM	FTSE 250	Media	£9.95	10.7	2.4%	20.5	8.3%	75%	17%	0.0	£76
73	Legal & General Group PLC	LGEN	FTSE 100	Life Insurance	£2.68	14.8	4.2%	22.4	11.1%	67%	17%	N/K	£894
74	Mears Group PLC	MER	Small Cap	Support Services	£4.68	19.1	2.1%	23.6	12.2%	92%	11%	2.9	£21
75	Tesco PLC	TSCO	FTSE 100	Food & Drug Retailers	£1.50	13.3	0.8%	5.6	2.1%	67%	8%	5.4	£2,334
76	Chemring Group PLC	CHG	Small Cap	Aerospace & Defense	£1.89	38.3	2.2%	7.3	3.9%	67%	10%	3.2	£49
77	Spectris PLC	SXS	FTSE 250	Electronic & Electrical Equipment	£18.02	15.6	2.6%	22.0	11.0%	79%	13%	1.3	£122
78	Royal Dutch Shell PLC	RDSB	FTSE 100	Oil & Gas Producers	£15.43	8.3	7.7%	7.1	3.0%	63%	9%	2.1	£14,029
79	Fidessa Group PLC	FDSA	FTSE 250	Software & Computer Services	£20.03	26.9	1.9%	32.7	12.3%	83%	17%	0.0	£29
80	Micro Focus International PLC	MCRO	FTSE 250	Software & Computer Services	£15.95	22.0	1.9%	42.8	20.9%	79%	44%	12.8	£83
81	Wood Group (John) PLC	WG.	FTSE 250	Oil Equipment, Services & Distribution	£6.13	12.2	2.8%	9.0	11.6%	71%	9%	2.3	£142

Stock Screen - Sorted by Rank

Colour coding rules and column descriptions can be found in the appendices

Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	Net Prof.	Debt Ratio	Earnings Power
82	BG Group PLC	BG.	FTSE 100	Oil & Gas Producers	£9.85	7.2	1.8%	11.2	8.0%	79%	12%	3.3	£3,457
83	Drax Group PLC	DRX	FTSE 250	Electricity	£2.44	7.6	4.9%	3.8	-5.7%	50%	14%	1.7	£187
84	Croda International PLC	CRDA	FTSE 250	Chemicals	£30.42	24.3	2.2%	36.7	17.8%	83%	17%	1.4	£162
85	Ultra Electronics Holdings PLC	ULE	FTSE 250	Aerospace & Defense	£19.76	41.8	2.2%	25.7	11.7%	71%	18%	2.7	£64
86	JD Sports Fashion PLC	JD.	FTSE 250	General Retailers	£10.41	25.9	0.7%	40.4	16.4%	88%	24%	0.6	£63
87	Braemar Shipping Services PLC	BMS	Small Cap	Industrial Transportation	£4.46	18.9	5.8%	11.3	0.3%	58%	15%	1.2	£8
88	Ted Baker PLC	TED	FTSE 250	Personal Goods	£29.88	35.8	1.3%	62.4	13.5%	92%	25%	1.0	£25
89	Atkins (W S) PLC	ATK	FTSE 250	Support Services	£16.26	16.7	2.2%	20.1	5.2%	79%	19%	1.3	£87
90	Babcock International Group PLC	BAB	FTSE 100	Support Services	£10.16	19.9	2.3%	27.8	13.6%	88%	10%	8.4	£187
91	Capita PLC	CPI	FTSE 100	Support Services	£12.08	29.9	2.4%	34.2	11.5%	92%	13%	7.8	£263
92	Tullett Prebon PLC	TLPR	FTSE 250	Financial Services	£3.72	9.7	4.5%	8.8	2.7%	54%	14%	2.4	£92
93	Carillion PLC	CLLN	FTSE 250	Support Services	£3.03	11.9	5.9%	10.4	5.0%	71%	7%	4.5	£145
94	Smiths Group PLC	SMIN	FTSE 100	General Industrials	£9.40	11.0	4.4%	12.1	4.0%	67%	11%	3.8	£348
95	NCC Group PLC	NCC	FTSE 250	Software & Computer Services	£3.00	37.5	1.3%	53.7	19.5%	96%	14%	4.4	£15
96	BP PLC	BP.	FTSE 100	Oil & Gas Producers	£3.54	6.9	7.0%	7.4	-0.5%	63%	10%	4.7	£7,290
97	Playtech PLC	PTEC	FTSE 250	Travel & Leisure	£8.32	22.3	2.5%	36.0	19.1%	71%	16%	2.4	£81
98	Morgan Advanced Materials PLC	MGAM	FTSE 250	Electronic & Electrical Equipment	£2.47	10.5	4.4%	11.6	4.8%	71%	10%	4.2	£64
99	Standard Life PLC	SL.	FTSE 100	Life Insurance	£3.90	17.3	4.5%	20.4	5.2%	75%	11%	N/K	£475
100	William Hill PLC	WMH	FTSE 250	Travel & Leisure	£3.96	15.4	3.1%	16.4	1.4%	88%	10%	3.9	£183
101	Fisher (James) & Sons PLC	FSJ	Small Cap	Industrial Transportation	£11.68	13.4	1.9%	24.7	13.0%	100%	8%	2.7	£30
102	Britvic PLC	BVIC	FTSE 250	Beverages	£7.28	16.1	2.2%	22.3	7.8%	75%	12%	6.3	£91
103	RPS Group PLC	RPS	Small Cap	Support Services	£2.37	14.5	3.6%	16.5	7.2%	83%	8%	3.1	£30
104	RM PLC	RM.	Small Cap	Software & Computer Services	£1.65	10.2	2.4%	9.9	-3.6%	58%	19%	0.0	£13
105	WH Smith PLC	SMWH	FTSE 250	General Retailers	£17.69	20.3	2.2%	31.8	9.0%	75%	39%	0.2	£87
106	Vitec Group (The) PLC	VTC	Small Cap	Industrial Engineering	£6.03	8.8	4.0%	12.2	5.1%	63%	11%	3.3	£25
107	Imperial Tobacco Group PLC	IMT	FTSE 100	Tobacco	£35.87	16.3	3.9%	22.7	9.8%	71%	10%	7.4	£1,922
108	HSBC Holdings PLC	HSBA	FTSE 100	Banks	£5.36	11.9	5.9%	10.8	-1.4%	71%	9%	N/A	£9,371
109	KCOM Group PLC	KCOM	Small Cap	Fixed Line Telecommunications	£1.15	12.4	4.7%	17.7	6.1%	50%	19%	2.8	£39
110	Johnson Matthey PLC	JMAT	FTSE 100	Chemicals	£26.57	15.2	2.6%	21.7	8.8%	75%	11%	3.5	£307
111	Hill & Smith Holdings PLC	HILS	Small Cap	Industrial Engineering	£7.57	17.7	2.4%	22.5	7.4%	88%	10%	3.5	£29
112	Smith & Nephew PLC	SN.	FTSE 100	Health Care Equipment & Services	£12.08	25.5	1.6%	31.3	10.5%	83%	16%	2.7	£401
113	Devro PLC	DVO	Small Cap	Food Producers	£2.90	24.5	3.0%	21.0	11.0%	67%	11%	2.7	£30
114	RSA Insurance Group PLC	RSA	FTSE 100	Nonlife Insurance	£4.26	-21.1	0.5%	8.6	-8.1%	42%	13%	N/K	£218
115	BAE Systems PLC	BA.	FTSE 100	Aerospace & Defense	£5.00	16.9	4.1%	14.9	2.8%	75%	9%	2.9	£1,152
116	St James's Place PLC	STJ	FTSE 100	Life Insurance	£10.08	28.1	2.3%	51.3	16.0%	83%	15%	N/K	£123
117	PZ Cussons PLC	PZC	FTSE 250	Personal Goods	£2.85	16.5	2.8%	19.9	6.6%	75%	10%	3.0	£71
118	Hikma Pharmaceuticals PLC	HIK	FTSE 100	Pharmaceuticals & Biotechnology	£23.01	24.3	0.6%	59.6	21.7%	88%	12%	3.4	£106
119	Halma PLC	HLMA	FTSE 250	Electronic & Electrical Equipment	£8.65	32.0	1.4%	44.8	9.5%	96%	14%	1.6	£90
120	S & U PLC	SUS	Small Cap	Financial Services	£24.58	15.9	2.7%	31.3	10.1%	83%	10%	4.6	£12
121	Whitbread PLC	WTB	FTSE 100	Travel & Leisure	£44.01	21.2	1.9%	35.7	13.8%	100%	10%	2.0	£290
122	Cranswick PLC	CWK	FTSE 250	Food Producers	£19.18	22.8	1.8%	28.2	8.7%	88%	11%	0.6	£38
123	Morgan Sindall PLC	MGNS	Small Cap	Construction & Materials	£7.40	18.9	3.6%	10.5	-5.5%	46%	14%	1.5	£24
124	Interserve PLC	IRV	FTSE 250	Support Services	£5.20	14.1	4.4%	16.3	3.9%	75%	8%	8.4	£42
125	SThree PLC	STHR	Small Cap	Support Services	£3.26	20.9	4.3%	21.5	0.9%	58%	24%	1.4	£17
126	Elementis PLC	ELM	FTSE 250	Chemicals	£2.29	9.9	2.3%	21.2	10.8%	71%	11%	0.1	£68
127	Tate & Lyle PLC	TATE	FTSE 250	Food Producers	£5.99	16.3	4.7%	13.2	2.0%	63%	10%	3.4	£227
128	Serco Group PLC	SRP	FTSE 250	Support Services	£0.94	-0.8	2.7%	14.5	-4.9%	75%	8%	-77.9	-£11
129	Intermediate Capital Group PLC	ICP	FTSE 250	Financial Services	£6.27	10.6	4.1%	12.2	-1.6%	63%	12%	12.7	£164
130	Meggitt PLC	MGGT	FTSE 250	Aerospace & Defense	£3.75	15.3	3.7%	16.5	9.3%	71%	6%	3.3	£208
131	WPP Group PLC	WPP	FTSE 100	Media	£15.63	20.3	2.4%	25.6	13.0%	88%	7%	4.7	£1,017
132	Electrocomponents PLC	ECM	FTSE 250	Support Services	£2.38	14.2	4.9%	15.4	1.0%	54%	12%	2.3	£75
133	Connect Group PLC	CNCT	Small Cap	Support Services	£1.68	9.7	5.5%	10.4	4.3%	71%	-46%	4.5	£36
134	Marks & Spencer Group PLC	MKS	FTSE 100	General Retailers	£4.52	13.1	4.0%	12.8	-0.8%	67%	11%	3.7	£548
135	Clarkson PLC	CKN	FTSE 250	Industrial Transportation	£22.51	17.3	2.7%	19.4	1.3%	79%	13%	0.0	£22
136	Pearson PLC	PSON	FTSE 100	Media	£7.36	15.3	6.9%	14.1	3.7%	71%	5%	4.9	£453
137	Unilever PLC	ULVR	FTSE 100	Personal Goods	£29.26	26.1	3.1%	25.1	5.0%	71%	15%	2.7	£3,584
138	Bunzl PLC	BNZL	FTSE 100	Support Services	£18.85	26.3	1.9%	35.5	8.8%	100%	11%	4.8	£204
139	RPC Group PLC	RPC	FTSE 250	General Industrials	£8.33	17.9	1.9%	29.4	13.6%	83%	9%	7.0	£73
140	Bodycote PLC	BOY	FTSE 250	Industrial Engineering	£5.68	13.4	2.5%	20.0	6.4%	75%	10%	0.0	£65
141	Kier Group PLC	KIE	FTSE 250	Construction & Materials	£13.91	17.7	4.3%	18.4	2.8%	58%	13%	9.7	£45
142	Keller Group PLC	KLR	FTSE 250	Construction & Materials	£8.34	11.8	3.0%	12.0	1.6%	75%	8%	5.2	£36
143	Man Group PLC	EMG	FTSE 250	Financial Services	£1.75	12.3	3.6%	8.9	-14.0%	50%	10%	0.5	£197
144	Rathbone Brothers PLC	RAT	FTSE 250	Financial Services	£22.00	20.4	2.4%	31.1	3.7%	79%	16%	41.5	£34
145	Bloomsbury Publishing PLC	BMV	Small Cap	Media	£1.50	11.3	4.1%	14.6	2.8%	75%	7%	0.3	£8
146	Huntsworth PLC	HNT	Small Cap	Media	£0.40	7.7	4.4%	6.0	1.4%	46%	6%	2.7	£16
147	Sage Group (The) PLC	SGE	FTSE 100	Software & Computer Services	£6.03	25.2	2.2%	32.7	5.5%	83%	13%	2.5	£246
148	UBM PLC	UBM	FTSE 250	Media	£5.26	10.6	4.3%	14.1	0.3%	58%	12%	5.5	£113
149	Kingfisher PLC	KGF	FTSE 100	General Retailers	£3.30	12.9	3.0%	16.2	6.8%	67%	8%	0.5	£616
150	Headlam Group PLC	HEAD	Small Cap	Household Goods & Home Construction	£5.01	17.6	3.5%	18.1	-2.5%	75%	11%	1.1	£21
151	Xaar PLC	XAR	Small Cap	Electronic & Electrical Equipment	£4.20	16.3	2.1%	28.9	20.9%	63%	14%	0.0	£16
152	Tribal Group PLC	TRB	Small Cap	Software & Computer Services	£0.24	2.3	7.5%	2.3	-6.4%	54%	6%	2.1	£10
153	National Grid PLC	NG.	FTSE 100	Gas, Water & Multiutilities	£9.38	16.5	4.6%	16.8	3.7%	75%	5%	12.4	£2,086
154	ARM Holdings PLC	ARM	FTSE 100	Technology Hardware & Equipment	£10.39	57.5	0.7%	136.6	22.3%	88%	9%	0.0	£155
155	Greggs PLC	GRG	FTSE 250	Food & Drug Retailers	£13.14	27.9	1.7%	37.3	5.5%	83%	18%	0.0	£39
156	Essentra PLC	ESNT	FTSE 250	Support Services	£8.28	22.9	2.2%	36.4	11.4%	79%	11%	1.8	£64
157	Galliford Try PLC	GFRD	FTSE 250	Household Goods & Home Construction	£15.25	13.0	4.5%	22.3	8.5%	71%	8%	3.0	£61
158	ICAP PLC	IAP	FTSE 250	Financial Services	£5.09	22.6	4.3%	17.8	2.5%	54%	11%	2.8	£196
159	Paragon Group of Companies (The) PLC	PAG	FTSE 250	Financial Services	£3.54	10.2	3.1%	7.4	-3.1%	63%	12%	100.7	£97
160	BBA Aviation PLC	BBA	FTSE 250	Industrial Transportation	£1.89	11.3	3.9%	15.4	4.6%	67%	7%	5.7	£90
161	Hays PLC	HAS	FTSE 250	Support Services	£1.46	19.8	1.9%	20.7	-3.9%	58%	22%	1.2	£84
162	Provident Financial PLC	PFG	FTSE 100	Financial Services	£33.67	26.2	2.9%	38.9	10.7%	75%	9%	9.6	£155

Stock Screen - Sorted by Rank

Colour coding rules and column descriptions can be found in the appendices

Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	Net Prof.	Debt Ratio	Earnings Power
163	Brewin Dolphin Holdings PLC	BRW	FTSE 250	Financial Services	£3.10	17.0	3.9%	26.0	5.5%	58%	13%	0.0	£31
164	Ricardo PLC	RCD0	Small Cap	Support Services	£9.05	21.2	1.8%	28.8	5.4%	75%	14%	2.5	£18
165	Inmarsat PLC	ISAT	FTSE 100	Mobile Telecommunications	£11.37	25.8	2.7%	32.8	10.2%	71%	10%	6.9	£196
166	Darty PLC	DRTY	Small Cap	General Retailers	£1.03	24.2	2.5%	11.0	-15.1%	38%	10%	5.6	£40
167	Pennon Group PLC	PNN	FTSE 250	Gas, Water & Multiutilities	£8.61	23.0	3.7%	24.2	5.6%	83%	4%	20.5	£145
168	Home Retail Group PLC	HOME	FTSE 250	General Retailers	£1.00	7.0	3.8%	4.8	-11.5%	42%	6%	0.0	£120
169	Speedy Hire PLC	SDY	Small Cap	Support Services	£0.42	3.8	1.7%	6.2	-15.8%	67%	4%	6.5	£16
170	Go-Ahead Group (The) PLC	GOG	FTSE 250	Travel & Leisure	£26.69	15.3	3.4%	17.7	1.0%	58%	12%	5.6	£60
171	InterContinental Hotels Group PLC	IHG	FTSE 100	Travel & Leisure	£26.58	30.1	1.8%	32.5	6.0%	71%	19%	4.8	£227
172	FTSE 100				6,274	17.3	4.0%	13.5	2.1%	42%	10%		
173	New Melrose Industries PLC	MRO	FTSE 250	Industrial Engineering	£2.91	27.6	2.8%	38.3	14.0%	79%	4%	5.2	£109
174	Carr's Group PLC	CARR	Small Cap	Food Producers	£1.54	12.0	2.4%	19.9	5.7%	71%	9%	4.1	£10
175	Hogg Robinson Group PLC	HRG	Small Cap	Support Services	£0.71	11.3	3.3%	11.7	1.1%	63%	7%	4.1	£23
176	Aviva PLC	AV.	FTSE 100	Life Insurance	£5.16	10.4	3.5%	11.9	-6.4%	46%	10%	N/K	£1,042
177	Randgold Resources Ltd	RRS	FTSE 100	Mining	£41.43	25.7	1.0%	33.4	30.5%	79%	7%	0.0	£177
178	Michael Page International PLC	MPI	FTSE 250	Support Services	£4.84	25.9	2.3%	27.4	0.5%	67%	26%	0.0	£47
179	Communis PLC	CMS	Small Cap	Support Services	£0.41	9.1	4.9%	7.1	-4.5%	58%	4%	8.3	£7
180	Carlo PLC	CAR	Small Cap	Chemicals	£1.27	8.3	2.2%	14.5	2.8%	75%	7%	6.2	£6
181	Oxford Instruments PLC	OXIG	Small Cap	Electronic & Electrical Equipment	£7.67	74.0	1.7%	30.4	22.7%	67%	7%	6.9	£21
182	Experian PLC	EXPN	FTSE 100	Support Services	£12.01	23.2	2.1%	33.2	8.9%	71%	12%	5.7	£390
183	Old Mutual PLC	OML	FTSE 100	Life Insurance	£1.79	12.5	4.9%	15.0	0.8%	58%	8%	N/K	£617
184	Anglo-Eastern Plantations PLC	AEP	Small Cap	Food Producers	£5.31	10.6	0.6%	7.6	4.9%	58%	11%	0.6	£35
185	4imprint Group PLC	FOUR	Small Cap	Media	£12.70	29.6	1.6%	55.4	5.8%	83%	13%	0.0	£7
186	Ashtead Group PLC	AHT	FTSE 100	Support Services	£11.19	20.5	1.4%	55.7	19.6%	88%	5%	12.1	£140
187	Fuller Smith & Turner PLC	FSTA	Small Cap	Travel & Leisure	£12.00	23.9	1.4%	32.7	8.7%	96%	6%	6.7	£25
188	Robert Walters PLC	RWA	Small Cap	Support Services	£3.60	25.1	1.7%	29.5	1.8%	75%	14%	2.8	£8
189	Dignity PLC	DTY	FTSE 250	General Retailers	£25.55	19.3	0.8%	43.5	10.3%	88%	8%	14.9	£41
190	Berendsen PLC	BRSN	FTSE 250	Support Services	£10.79	21.5	2.8%	29.2	5.6%	79%	6%	6.7	£70
191	Associated British Foods PLC	ABF	FTSE 100	Food Producers	£33.42	32.8	1.0%	45.1	9.6%	92%	7%	1.3	£703
192	Millennium & Copthorne Hotels PLC	MLC	FTSE 250	Travel & Leisure	£4.63	13.3	2.9%	11.6	6.1%	54%	4%	6.0	£152
193	Informa PLC	INF	FTSE 250	Media	£6.13	21.0	3.1%	25.6	6.2%	71%	6%	5.6	£165
194	Marston's PLC	MARS	FTSE 250	Travel & Leisure	£1.66	13.2	2.7%	11.2	-1.9%	58%	3%	17.2	£84
195	SABMiller PLC	SAB	FTSE 100	Beverages	£40.69	28.7	1.8%	38.0	9.5%	83%	7%	4.1	£2,067
196	Lavendon Group PLC	LVD	Small Cap	Support Services	£1.48	10.5	3.1%	8.0	-6.2%	67%	5%	5.8	£19
197	Greene King PLC	GNK	FTSE 250	Travel & Leisure	£9.30	15.3	3.2%	16.8	3.8%	71%	4%	12.8	£124
198	DCC PLC	DCC	FTSE 100	Support Services	£56.60	30.8	1.5%	41.8	11.1%	79%	8%	10.8	£136
199	Schroders PLC	SDR	FTSE 100	Financial Services	£29.76	19.0	2.6%	31.0	10.9%	75%	5%	N/K	£343
200	Barclays PLC	BARC	FTSE 100	Banks	£2.19	133.5	3.0%	10.3	-23.0%	54%	4%	N/A	£1,925
201	Charles Taylor PLC	CTR	Small Cap	Support Services	£2.60	15.4	3.6%	14.6	-2.1%	58%	6%	6.8	£6
202	DS Smith PLC	SMDS	FTSE 250	General Industrials	£3.97	19.6	2.9%	33.2	10.9%	71%	6%	6.3	£126
203	Low & Bonar PLC	LWB	Small Cap	Construction & Materials	£0.66	15.2	4.1%	13.3	-0.4%	54%	4%	7.1	£16
204	Genus PLC	GNS	FTSE 250	Pharmaceuticals & Biotechnology	£15.54	20.6	1.3%	37.0	8.7%	92%	5%	2.8	£34
205	Investec PLC	INVP	FTSE 250	Financial Services	£4.79	14.1	4.2%	12.0	-2.2%	58%	2%	120.7	£324
206	Balfour Beatty PLC	BBY	FTSE 250	Construction & Materials	£2.70	-6.0	2.1%	15.6	-8.7%	50%	8%	15.9	£60
207	BT Group PLC	BT.A	FTSE 100	Fixed Line Telecommunications	£4.72	16.3	2.6%	23.9	0.9%	67%	10%	5.3	£1,846
208	Bellway PLC	BWY	FTSE 250	Household Goods & Home Construction	£28.36	12.6	2.7%	34.0	13.4%	71%	7%	0.6	£141
209	Porvair PLC	PRV	Small Cap	Industrial Engineering	£2.91	20.0	1.1%	36.9	9.3%	88%	5%	0.6	£4
210	RELX PLC	REL	FTSE 100	Media	£11.97	27.0	2.2%	32.7	5.1%	63%	12%	3.1	£937
211	Severn Trent PLC	SVT	FTSE 100	Gas, Water & Multiutilities	£21.77	37.4	3.9%	24.0	3.0%	71%	3%	23.6	£209
212	Vp PLC	VP.	Small Cap	Support Services	£7.50	19.1	2.2%	31.5	5.2%	79%	7%	6.5	£11
213	Close Brothers Group PLC	CBG	FTSE 250	Financial Services	£13.37	11.5	4.0%	18.1	3.7%	58%	2%	57.4	£120
214	British Polythene Industries PLC	BPI	Small Cap	General Industrials	£6.93	12.3	2.3%	16.7	0.8%	58%	7%	2.0	£12
215	Centaur Media PLC	CAU	Small Cap	Media	£0.71	417.6	4.2%	17.2	-7.4%	67%	4%	4.4	£4
216	Rexam PLC	REX	FTSE 250	General Industrials	£6.05	15.5	2.9%	19.7	1.0%	63%	6%	5.2	£274
217	Regus PLC	RGU	FTSE 250	Support Services	£3.33	46.8	1.2%	46.0	8.2%	79%	9%	3.9	£54
218	United Utilities Group PLC	UU.	FTSE 100	Gas, Water & Multiutilities	£9.35	21.8	4.0%	19.0	-2.2%	63%	3%	20.3	£327
219	Laird PLC	LRD	FTSE 250	Technology Hardware & Equipment	£3.55	17.5	3.5%	26.6	0.5%	75%	5%	6.7	£34
220	G4S PLC	GFS	FTSE 250	Support Services	£2.26	34.0	4.1%	22.4	0.3%	67%	5%	17.9	£119
221	Shanks Group PLC	SKS	Small Cap	Support Services	£0.96	28.7	3.6%	14.4	-1.4%	50%	3%	19.2	£23
222	Henderson Group PLC	HGG	FTSE 250	Financial Services	£3.10	-129.7	2.9%	42.9	4.1%	67%	10%	2.2	£69
223	St Ives PLC	SIV	Small Cap	Support Services	£2.24	30.0	2.5%	17.6	-6.2%	50%	7%	5.8	£14
224	Dairy Crest Group PLC	DCG	FTSE 250	Food Producers	£6.80	19.3	3.2%	18.2	-2.6%	54%	7%	5.5	£48
225	Dechra Pharmaceuticals PLC	DPH	FTSE 250	Pharmaceuticals & Biotechnology	£10.93	47.4	1.5%	60.4	3.6%	83%	8%	2.1	£16
226	Acal PLC	ACL	Small Cap	Support Services	£2.78	21.1	2.7%	29.3	3.1%	50%	5%	7.0	£7
227	Zotefoams PLC	ZTF	Small Cap	Chemicals	£3.33	30.4	1.6%	37.3	5.1%	67%	9%	0.5	£4
228	London Stock Exchange Group PLC	LSE	FTSE 100	Financial Services	£27.44	33.0	0.8%	43.8	6.5%	67%	8%	7.7	£207
229	CRH PLC	CRH	FTSE 100	Construction & Materials	£19.71	26.2	2.5%	21.3	-4.1%	58%	4%	9.6	£479
230	QinetiQ Group PLC	QQ.	FTSE 250	Aerospace & Defense	£2.71	14.5	2.0%	22.4	0.7%	63%	6%	0.0	£80
231	Greencore Group PLC	GNC	FTSE 250	Food Producers	£3.54	24.0	1.1%	31.5	4.6%	54%	7%	4.8	£58
232	Boot (Henry) PLC	BHY	Small Cap	Construction & Materials	£2.24	14.3	2.5%	33.1	1.0%	63%	4%	3.6	£11
233	UDG Healthcare PLC	UDG	FTSE 250	Health Care Equipment & Services	£5.96	32.4	1.4%	35.3	0.3%	71%	7%	7.7	£42
234	Consort Medical PLC	CSRT	Small Cap	Health Care Equipment & Services	£11.55	29.1	1.6%	30.4	-0.7%	42%	9%	11.4	£13
235	Marshalls PLC	MSLH	FTSE 250	Construction & Materials	£3.25	28.8	1.8%	34.3	-7.4%	46%	5%	3.9	£13

Stock Screen - Sorted by Name

Colour coding rules and column descriptions can be found in the appendices

Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	Net Prof.	Debt Ratio	Earnings Power
185	4imprint Group PLC	FOUR	Small Cap	Media	£12.70	29.6	1.6%	55.4	5.8%	83%	13%	0.0	£7
10	Aberdeen Asset Management PLC	ADN	FTSE 100	Financial Services	£2.89	12.2	6.7%	17.9	21.2%	75%	13%	0.0	£274
226	Acal PLC	ACL	Small Cap	Support Services	£2.78	21.1	2.7%	29.3	3.1%	50%	5%	7.0	£7
3	Admiral Group PLC	ADM	FTSE 100	Nonlife Insurance	£16.59	16.1	5.9%	22.7	13.3%	92%	54%	0.0	£249
4	Aggreko PLC	AGK	FTSE 250	Support Services	£9.14	11.3	3.0%	13.5	17.7%	88%	16%	2.2	£238
2	Amec Foster Wheeler PLC	AMFW	FTSE 250	Oil Equipment, Services & Distribution	£4.29	6.8	10.1%	8.2	15.0%	83%	12%	6.1	£216
41	Amlin PLC	AML	FTSE 250	Nonlife Insurance	£6.64	14.4	4.1%	14.6	6.4%	71%	17%	1.5	£178
184	Anglo-Eastern Plantations PLC	AEP	Small Cap	Food Producers	£5.31	10.6	0.6%	7.6	4.9%	58%	11%	0.6	£35
26	Antofagasta PLC	ANTO	FTSE 100	Mining	£4.69	10.3	2.9%	7.1	14.6%	58%	13%	2.2	£694
154	ARM Holdings PLC	ARM	FTSE 100	Technology Hardware & Equipment	£10.39	57.5	0.7%	136.6	22.3%	88%	9%	0.0	£155
33	Ashley (Laura) Holdings PLC	ALY	Small Cap	General Retailers	£0.27	11.1	7.4%	16.5	7.7%	58%	20%	0.0	£16
9	Ashmore Group PLC	ASHM	FTSE 250	Financial Services	£2.56	13.2	6.5%	12.0	6.2%	71%	35%	0.0	£171
186	Ashtead Group PLC	AHT	FTSE 100	Support Services	£11.19	20.5	1.4%	55.7	19.6%	88%	5%	12.1	£140
191	Associated British Foods PLC	ABF	FTSE 100	Food Producers	£33.42	32.8	1.0%	45.1	9.6%	92%	7%	1.3	£703
63	AstraZeneca PLC	AZN	FTSE 100	Pharmaceuticals & Biotechnology	£46.17	37.4	3.9%	15.9	1.4%	75%	23%	1.8	£3,928
89	Atkins (W S) PLC	ATK	FTSE 250	Support Services	£16.26	16.7	2.2%	20.1	5.2%	79%	19%	1.3	£87
52	Aveva Group PLC	AVV	FTSE 250	Software & Computer Services	£16.18	24.1	1.9%	26.7	13.9%	83%	21%	0.0	£44
176	Aviva PLC	AV.	FTSE 100	Life Insurance	£5.16	10.4	3.5%	11.9	-6.4%	46%	10%	N/K	£1,042
90	Babcock International Group PLC	BAB	FTSE 100	Support Services	£10.16	19.9	2.3%	27.8	13.6%	88%	10%	8.4	£187
115	BAE Systems PLC	BA.	FTSE 100	Aerospace & Defense	£5.00	16.9	4.1%	14.9	2.8%	75%	9%	2.9	£1,152
206	Balfour Beatty PLC	BBY	FTSE 250	Construction & Materials	£2.70	-6.0	2.1%	15.6	-8.7%	50%	8%	15.9	£60
200	Barclays PLC	BARC	FTSE 100	Banks	£2.19	133.5	3.0%	10.3	-23.0%	54%	4%	N/A	£1,925
61	Barr (A G) PLC	BAG	FTSE 250	Beverages	£5.33	18.6	2.3%	29.2	9.2%	96%	16%	0.6	£27
160	BBA Aviation PLC	BBA	FTSE 250	Industrial Transportation	£1.89	11.3	3.9%	15.4	4.6%	67%	7%	5.7	£90
59	Beazley PLC	BEZ	FTSE 250	Nonlife Insurance	£3.91	14.6	2.4%	17.8	6.7%	79%	18%	1.3	£125
208	Bellway PLC	BWY	FTSE 250	Household Goods & Home Construction	£28.36	12.6	2.7%	34.0	13.4%	71%	7%	0.6	£141
190	Berendsen PLC	BRSN	FTSE 250	Support Services	£10.79	21.5	2.8%	29.2	5.6%	79%	6%	6.7	£70
82	BG Group PLC	BG.	FTSE 100	Oil & Gas Producers	£9.85	7.2	1.8%	11.2	8.0%	79%	12%	3.3	£3,457
12	BHP Billiton PLC	BLT	FTSE 100	Mining	£7.60	6.5	10.8%	4.8	6.0%	63%	17%	2.0	£9,788
145	Bloomsbury Publishing PLC	BMY	Small Cap	Media	£1.50	11.3	4.1%	14.6	2.8%	75%	7%	0.3	£8
140	Bodycote PLC	BOY	FTSE 250	Industrial Engineering	£5.68	13.4	2.5%	20.0	6.4%	75%	10%	0.0	£65
232	Boot (Henry) PLC	BHY	Small Cap	Construction & Materials	£2.24	14.3	2.5%	33.1	1.0%	63%	4%	3.6	£11
96	BP PLC	BP.	FTSE 100	Oil & Gas Producers	£3.54	6.9	7.0%	7.4	-0.5%	63%	10%	4.7	£7,290
87	Braemar Shipping Services PLC	BMS	Small Cap	Industrial Transportation	£4.46	18.9	5.8%	11.3	0.3%	58%	15%	1.2	£8
29	Brammer PLC	BRAM	Small Cap	Support Services	£1.82	9.7	5.9%	11.1	9.5%	79%	8%	4.4	£22
163	Brewin Dolphin Holdings PLC	BRW	FTSE 250	Financial Services	£3.10	17.0	3.9%	26.0	5.5%	58%	13%	0.0	£31
23	British American Tobacco PLC	BATS	FTSE 100	Tobacco	£37.71	19.3	3.9%	22.9	9.7%	88%	17%	3.2	£3,838
214	British Polythene Industries PLC	BPI	Small Cap	General Industrials	£6.93	12.3	2.3%	16.7	0.8%	58%	7%	2.0	£12
102	Britvic PLC	BVIC	FTSE 250	Beverages	£7.28	16.1	2.2%	22.3	7.8%	75%	12%	6.3	£91
43	Brown (N) Group PLC	BWNG	FTSE 250	General Retailers	£3.09	12.1	4.6%	12.7	6.2%	75%	11%	3.8	£76
207	BT Group PLC	BT.A	FTSE 100	Fixed Line Telecommunications	£4.72	16.3	2.6%	23.9	0.9%	67%	10%	5.3	£1,846
138	Bunzl PLC	BNZL	FTSE 100	Support Services	£18.85	26.3	1.9%	35.5	8.8%	100%	11%	4.8	£204
18	Burberry Group PLC	BRBY	FTSE 100	Personal Goods	£11.95	15.6	2.9%	22.8	16.5%	83%	26%	0.2	£304
91	Capita PLC	CPI	FTSE 100	Support Services	£12.08	29.9	2.4%	34.2	11.5%	92%	13%	7.8	£263
180	Carclo PLC	CAR	Small Cap	Chemicals	£1.27	8.3	2.2%	14.5	2.8%	75%	7%	6.2	£6
93	Carillion PLC	CLLN	FTSE 250	Support Services	£3.03	11.9	5.9%	10.4	5.0%	71%	7%	4.5	£145
174	Carr's Group PLC	CARR	Small Cap	Food Producers	£1.54	12.0	2.4%	19.9	5.7%	71%	9%	4.1	£10
215	Centaur Media PLC	CAU	Small Cap	Media	£0.71	417.6	4.2%	17.2	-7.4%	67%	4%	4.4	£4
8	Centrica PLC	CNA	FTSE 100	Gas, Water & Multiutilities	£2.18	39.4	6.2%	9.2	7.0%	79%	12%	4.7	£1,475
201	Charles Taylor PLC	CTR	Small Cap	Support Services	£2.60	15.4	3.6%	14.6	-2.1%	58%	6%	6.8	£6
76	Chemring Group PLC	CHG	Small Cap	Aerospace & Defense	£1.89	38.3	2.2%	7.3	3.9%	67%	10%	3.2	£49
7	Chesnara PLC	CSN	Small Cap	Life Insurance	£3.35	15.2	5.5%	14.2	7.0%	83%	15%	N/K	£29
37	City of London Investment Group PLC	CLIG	Small Cap	Financial Services	£3.24	12.5	7.4%	13.0	5.0%	46%	46%	0.0	£7
135	Clarkson PLC	CKN	FTSE 250	Industrial Transportation	£22.51	17.3	2.7%	19.4	1.3%	79%	13%	0.0	£22
213	Close Brothers Group PLC	CBG	FTSE 250	Financial Services	£13.37	11.5	4.0%	18.1	3.7%	58%	2%	57.4	£120
46	Cobham PLC	COB	FTSE 250	Aerospace & Defense	£2.83	30.9	3.8%	19.1	9.7%	79%	13%	7.7	£188
179	Communisys PLC	CMS	Small Cap	Support Services	£0.41	9.1	4.9%	7.1	-4.5%	58%	4%	8.3	£7
57	Compass Group PLC	CPG	FTSE 100	Travel & Leisure	£11.75	21.6	2.5%	32.1	11.9%	96%	13%	3.6	£822
60	Computacenter PLC	CCC	FTSE 250	Software & Computer Services	£8.52	18.2	2.2%	24.7	10.4%	92%	13%	0.2	£60
133	Connect Group PLC	CNCT	Small Cap	Support Services	£1.68	9.7	5.5%	10.4	4.3%	71%	-46%	4.5	£36
234	Consort Medical PLC	CSRT	Small Cap	Health Care Equipment & Services	£11.55	29.1	1.6%	30.4	-0.7%	42%	9%	11.4	£13
122	Cranswick PLC	CWK	FTSE 250	Food Producers	£19.18	22.8	1.8%	28.2	8.7%	88%	11%	0.6	£38
229	CRH PLC	CRH	FTSE 100	Construction & Materials	£19.71	26.2	2.5%	21.3	-4.1%	58%	4%	9.6	£479
84	Croda International PLC	CRDA	FTSE 250	Chemicals	£30.42	24.3	2.2%	36.7	17.8%	83%	17%	1.4	£162
224	Dairy Crest Group PLC	DCG	FTSE 250	Food Producers	£6.80	19.3	3.2%	18.2	-2.6%	54%	7%	5.5	£48
166	Darty PLC	DRTY	Small Cap	General Retailers	£1.03	24.2	2.5%	11.0	-15.1%	38%	10%	5.6	£40
198	DCC PLC	DCC	FTSE 100	Support Services	£56.60	30.8	1.5%	41.8	11.1%	79%	8%	10.8	£136
31	De La Rue PLC	DLAR	Small Cap	Support Services	£4.43	9.7	5.6%	8.7	1.7%	50%	46%	2.9	£48
225	Dechra Pharmaceuticals PLC	DPH	FTSE 250	Pharmaceuticals & Biotechnology	£10.93	47.4	1.5%	60.4	3.6%	83%	8%	2.1	£16
113	Devro PLC	DVO	Small Cap	Food Producers	£2.90	24.5	3.0%	21.0	11.0%	67%	11%	2.7	£30
65	Diageo PLC	DGE	FTSE 100	Beverages	£18.57	19.1	3.0%	23.3	7.3%	88%	13%	4.3	£2,380
30	Dialight PLC	DIA	Small Cap	Electronic & Electrical Equipment	£4.50	12.3	3.3%	20.1	17.0%	83%	12%	0.7	£10
189	Dignity PLC	DTY	FTSE 250	General Retailers	£25.55	19.3	0.8%	43.5	10.3%	88%	8%	14.9	£41
42	Diploma PLC	DPLM	FTSE 250	Support Services	£7.61	19.5	2.4%	32.7	16.4%	92%	17%	0.6	£36
45	Domino's Pizza UK & IRL PLC	DOM	FTSE 250	Travel & Leisure	£10.52	40.8	1.7%	63.7	19.4%	100%	39%	0.6	£35
83	Drax Group PLC	DRX	FTSE 250	Electricity	£2.44	7.6	4.9%	3.8	-5.7%	50%	14%	1.7	£187
202	DS Smith PLC	SMDS	FTSE 250	General Industrials	£3.97	19.6	2.9%	33.2	10.9%	71%	6%	6.3	£126
7	Dunelm Group PLC	DNLM	FTSE 250	General Retailers	£9.43	19.9	2.3%	31.2	18.1%	100%	35%	1.1	£80
132	Electrocomponents PLC	ECM	FTSE 250	Support Services	£2.38	14.2	4.9%	15.4	1.0%	54%	12%	2.3	£75
126	Elementis PLC	ELM	FTSE 250	Chemicals	£2.29	9.9	2.3%	21.2	10.8%	71%	11%	0.1	£68
156	Essentra PLC	ESNT	FTSE 250	Support Services	£8.28	22.9	2.2%	36.4	11.4%	79%	11%	1.8	£64

Stock Screen - Sorted by Name

Colour coding rules and column descriptions can be found in the appendices

Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	Net Prof.	Debt Ratio	Earnings Power
72	Euromoney Institutional Investor PLC	ERM	FTSE 250	Media	£9.95	10.7	2.4%	20.5	8.3%	75%	17%	0.0	£76
182	Experian PLC	EXPN	FTSE 100	Support Services	£12.01	23.2	2.1%	33.2	8.9%	71%	12%	5.7	£390
39	Fenner PLC	FENR	Small Cap	Industrial Engineering	£1.43	11.3	8.4%	7.1	8.4%	67%	8%	5.0	£47
79	Fidessa Group PLC	FDSA	FTSE 250	Software & Computer Services	£20.03	26.9	1.9%	32.7	12.3%	83%	17%	0.0	£29
101	Fisher (James) & Sons PLC	FSJ	Small Cap	Industrial Transportation	£11.68	13.4	1.9%	24.7	13.0%	100%	8%	2.7	£30
172	FTSE 100				6,274	17.3	4.0%	13.5	2.1%	42%	10%		
187	Fuller Smith & Turner PLC	FSTA	Small Cap	Travel & Leisure	£12.00	23.9	1.4%	32.7	8.7%	96%	6%	6.7	£25
220	G4S PLC	GFS	FTSE 250	Support Services	£2.26	34.0	4.1%	22.4	0.3%	67%	5%	17.9	£119
157	Galliford Try PLC	GFRD	FTSE 250	Household Goods & Home Construction	£15.25	13.0	4.5%	22.3	8.5%	71%	8%	3.0	£61
204	Genus PLC	GNS	FTSE 250	Pharmaceuticals & Biotechnology	£15.54	20.6	1.3%	37.0	8.7%	92%	5%	2.8	£34
53	GlaxoSmithKline PLC	GSK	FTSE 100	Pharmaceuticals & Biotechnology	£13.73	19.4	5.8%	15.0	1.6%	71%	18%	4.6	£4,051
170	Go-Ahead Group (The) PLC	GOG	FTSE 250	Travel & Leisure	£26.69	15.3	3.4%	17.7	1.0%	58%	12%	5.6	£60
35	Goodwin PLC	GDWN	Small Cap	Industrial Engineering	£18.40	8.6	2.3%	13.2	11.4%	71%	18%	1.4	£12
231	Greencore Group PLC	GNC	FTSE 250	Food Producers	£3.54	24.0	1.1%	31.5	4.6%	54%	7%	4.8	£58
197	Greene King PLC	GNK	FTSE 250	Travel & Leisure	£9.30	15.3	3.2%	16.8	3.8%	71%	4%	12.8	£124
155	Greggs PLC	GRG	FTSE 250	Food & Drug Retailers	£13.14	27.9	1.7%	37.3	5.5%	83%	18%	0.0	£39
40	Halfords Group PLC	HFD	FTSE 250	General Retailers	£3.35	10.2	4.9%	10.2	1.5%	71%	15%	1.3	£67
119	Halma PLC	HLMA	FTSE 250	Electronic & Electrical Equipment	£8.65	32.0	1.4%	44.8	9.5%	96%	14%	1.6	£90
49	Hansard Global PLC	HSD	Small Cap	Life Insurance	£1.13	10.0	7.7%	9.6	-6.2%	58%	32%	N/K	£13
161	Hays PLC	HAS	FTSE 250	Support Services	£1.46	19.8	1.9%	20.7	-3.9%	58%	22%	1.2	£84
150	Headlam Group PLC	HEAD	Small Cap	Household Goods & Home Construction	£5.01	17.6	3.5%	18.1	-2.5%	75%	11%	1.1	£21
222	Henderson Group PLC	HGG	FTSE 250	Financial Services	£3.10	-129.7	2.9%	42.9	4.1%	67%	10%	2.2	£69
118	Hikma Pharmaceuticals PLC	HIK	FTSE 100	Pharmaceuticals & Biotechnology	£23.01	24.3	0.6%	59.6	21.7%	88%	12%	3.4	£106
111	Hill & Smith Holdings PLC	HILS	Small Cap	Industrial Engineering	£7.57	17.7	2.4%	22.5	7.4%	88%	10%	3.5	£29
71	Hiscox Ltd	HSX	FTSE 250	Nonlife Insurance	£10.54	15.3	2.3%	20.2	9.3%	79%	15%	N/K	£167
175	Hogg Robinson Group PLC	HRG	Small Cap	Support Services	£0.71	11.3	3.3%	11.7	1.1%	63%	7%	4.1	£23
168	Home Retail Group PLC	HOME	FTSE 250	General Retailers	£1.00	7.0	3.8%	4.8	-11.5%	42%	6%	0.0	£120
56	Homeserve PLC	HSV	FTSE 250	Support Services	£4.14	23.5	3.0%	19.7	6.3%	79%	18%	1.9	£73
108	HSBC Holdings PLC	HSBA	FTSE 100	Banks	£5.36	11.9	5.9%	10.8	-1.4%	71%	9%	N/A	£9,371
68	Hunting PLC	HTG	Small Cap	Oil Equipment, Services & Distribution	£3.06	5.5	6.4%	8.9	7.2%	71%	6%	2.4	£59
146	Huntsworth PLC	HNT	Small Cap	Media	£0.40	7.7	4.4%	6.0	1.4%	46%	6%	2.7	£16
158	ICAP PLC	IAP	FTSE 250	Financial Services	£5.09	22.6	4.3%	17.8	2.5%	54%	11%	2.8	£196
13	IG Group Holdings PLC	IGG	FTSE 250	Financial Services	£8.02	22.3	3.5%	26.3	13.5%	88%	26%	0.0	£137
28	IMI PLC	IMI	FTSE 250	Industrial Engineering	£8.61	12.0	4.4%	15.1	6.0%	83%	17%	1.2	£210
107	Imperial Tobacco Group PLC	IMT	FTSE 100	Tobacco	£35.87	16.3	3.9%	22.7	9.8%	71%	10%	7.4	£1,922
193	Infirma PLC	INF	FTSE 250	Media	£6.13	21.0	3.1%	25.6	6.2%	71%	6%	5.6	£165
165	Inmarsat PLC	ISAT	FTSE 100	Mobile Telecommunications	£11.37	25.8	2.7%	32.8	10.2%	71%	10%	6.9	£196
171	InterContinental Hotels Group PLC	IHG	FTSE 100	Travel & Leisure	£26.58	30.1	1.8%	32.5	6.0%	71%	19%	4.8	£227
129	Intermediate Capital Group PLC	ICP	FTSE 250	Financial Services	£6.27	10.6	4.1%	12.2	-1.6%	63%	12%	12.7	£164
124	Interserve PLC	IRV	FTSE 250	Support Services	£5.20	14.1	4.4%	16.3	3.9%	75%	8%	8.4	£42
67	Intertek Group PLC	ITRK	FTSE 100	Support Services	£27.77	22.1	1.8%	31.8	16.8%	92%	14%	4.1	£182
205	Investec PLC	INVP	FTSE 250	Financial Services	£4.79	14.1	4.2%	12.0	-2.2%	58%	2%	120.7	£324
19	ITE Group PLC	ITE	Small Cap	Media	£1.58	13.8	4.7%	13.1	6.3%	71%	27%	2.1	£34
34	Jardine Lloyd Thompson Group PLC	JLT	FTSE 250	Nonlife Insurance	£9.25	15.9	3.1%	22.4	8.5%	79%	32%	N/K	£114
86	JD Sports Fashion PLC	JD.	FTSE 250	General Retailers	£10.41	25.9	0.7%	40.4	16.4%	88%	24%	0.6	£63
110	Johnson Matthey PLC	JMAT	FTSE 100	Chemicals	£26.57	15.2	2.6%	21.7	8.8%	75%	11%	3.5	£307
109	KCOM Group PLC	KCOM	Small Cap	Fixed Line Telecommunications	£1.15	12.4	4.7%	17.7	6.1%	50%	19%	2.8	£39
142	Keller Group PLC	KLR	FTSE 250	Construction & Materials	£8.34	11.8	3.0%	12.0	1.6%	75%	8%	5.2	£36
141	Kier Group PLC	KIE	FTSE 250	Construction & Materials	£13.91	17.7	4.3%	18.4	2.8%	58%	13%	9.7	£45
149	Kingfisher PLC	KGF	FTSE 100	General Retailers	£3.30	12.9	3.0%	16.2	6.8%	67%	8%	0.5	£616
54	Ladbros PLC	LAD	FTSE 250	Travel & Leisure	£1.20	9.9	7.4%	5.1	-4.6%	50%	21%	2.5	£190
219	Laird PLC	LRD	FTSE 250	Technology Hardware & Equipment	£3.55	17.5	3.5%	26.6	0.5%	75%	5%	6.7	£34
196	Lavendon Group PLC	LVD	Small Cap	Support Services	£1.48	10.5	3.1%	8.0	-6.2%	67%	5%	5.8	£19
73	Legal & General Group PLC	LGEN	FTSE 100	Life Insurance	£2.68	14.8	4.2%	22.4	11.1%	67%	17%	N/K	£894
228	London Stock Exchange Group PLC	LSE	FTSE 100	Financial Services	£27.44	33.0	0.8%	43.8	6.5%	67%	8%	7.7	£207
203	Low & Bonar PLC	LWB	Small Cap	Construction & Materials	£0.66	15.2	4.1%	13.3	-0.4%	54%	4%	7.1	£16
143	Man Group PLC	EMG	FTSE 250	Financial Services	£1.75	12.3	3.6%	8.9	-14.0%	50%	10%	0.5	£197
134	Marks & Spencer Group PLC	MKS	FTSE 100	General Retailers	£4.52	13.1	4.0%	12.8	-0.8%	67%	11%	3.7	£548
235	Marshalls PLC	MSLH	FTSE 250	Construction & Materials	£3.25	28.8	1.8%	34.3	-7.4%	46%	5%	3.9	£13
194	Marston's PLC	MARS	FTSE 250	Travel & Leisure	£1.66	13.2	2.7%	11.2	-1.9%	58%	3%	17.2	£84
74	Mears Group PLC	MER	Small Cap	Support Services	£4.68	19.1	2.1%	23.6	12.2%	92%	11%	2.9	£21
130	Meggitt PLC	MGGT	FTSE 250	Aerospace & Defense	£3.75	15.3	3.7%	16.5	9.3%	71%	6%	3.3	£208
38	Menzies (John) PLC	MNZS	Small Cap	Support Services	£4.15	12.1	3.9%	9.3	4.5%	71%	13%	4.6	£32
178	Michael Page International PLC	MPI	FTSE 250	Support Services	£4.84	25.9	2.3%	27.4	0.5%	67%	26%	0.0	£47
80	Micro Focus International PLC	MCRO	FTSE 250	Software & Computer Services	£15.95	22.0	1.9%	42.8	20.9%	79%	44%	12.8	£83
192	Millennium & Copthorne Hotels PLC	MLC	FTSE 250	Travel & Leisure	£4.63	13.3	2.9%	11.6	6.1%	54%	4%	6.0	£152
24	Mitie Group PLC	MTO	FTSE 250	Support Services	£3.11	14.0	3.8%	16.8	8.9%	92%	12%	3.6	£78
98	Morgan Advanced Materials PLC	MGAM	FTSE 250	Electronic & Electrical Equipment	£2.47	10.5	4.4%	11.6	4.8%	71%	10%	4.2	£64
123	Morgan Sindall PLC	MGNS	Small Cap	Construction & Materials	£7.40	18.9	3.6%	10.5	-5.5%	46%	14%	1.5	£24
14	Morrison (Wm) Supermarkets PLC	MRW	FTSE 250	Food & Drug Retailers	£1.48	10.2	9.2%	7.6	9.4%	79%	7%	4.5	£559
153	National Grid PLC	NG.	FTSE 100	Gas, Water & Multiutilities	£9.38	16.5	4.6%	16.8	3.7%	75%	5%	12.4	£2,086
95	NCC Group PLC	NCC	FTSE 250	Software & Computer Services	£3.00	37.5	1.3%	53.7	19.5%	96%	14%	4.4	£15
173	New Melrose Industries PLC	MRO	FTSE 250	Industrial Engineering	£2.91	27.6	2.8%	38.3	14.0%	79%	4%	5.2	£109
70	Next PLC	NXT	FTSE 100	General Retailers	£72.90	17.7	2.1%	29.8	10.9%	83%	42%	1.7	£501
183	Old Mutual PLC	OML	FTSE 100	Life Insurance	£1.79	12.5	4.9%	15.0	0.8%	58%	8%	N/K	£617
181	Oxford Instruments PLC	OXIG	Small Cap	Electronic & Electrical Equipment	£7.67	74.0	1.7%	30.4	22.7%	67%	7%	6.9	£21
159	Paragon Group of Companies (The) PLC	PAG	FTSE 250	Financial Services	£3.54	10.2	3.1%	7.4	-3.1%	63%	12%	100.7	£97
20	PayPoint PLC	PAY	FTSE 250	Support Services	£9.22	16.1	4.2%	23.3	8.1%	88%	34%	0.0	£31
136	Pearson PLC	PSON	FTSE 100	Media	£7.36	15.3	6.9%	14.1	3.7%	71%	5%	4.9	£453
167	Pennon Group PLC	PNN	FTSE 250	Gas, Water & Multiutilities	£8.61	23.0	3.7%	24.2	5.6%	83%	4%	20.5	£145
1	Petrofac Ltd	PFC	FTSE 250	Oil Equipment, Services & Distribution	£7.96	14.7	5.3%	11.7	22.3%	83%	29%	3.5	£316

Stock Screen - Sorted by Name

Colour coding rules and column descriptions can be found in the appendices

Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	Net Prof.	Debt Ratio	Earnings Power
97	Playtech PLC	PTEC	FTSE 250	Travel & Leisure	£8.32	22.3	2.5%	36.0	19.1%	71%	16%	2.4	£81
209	Porvair PLC	PRV	Small Cap	Industrial Engineering	£2.91	20.0	1.1%	36.9	9.3%	88%	5%	0.6	£4
62	Premier Farnell PLC	PFL	Small Cap	Support Services	£0.98	6.9	10.6%	6.9	2.6%	42%	13%	5.3	£57
162	Provident Financial PLC	PFG	FTSE 100	Financial Services	£33.67	26.2	2.9%	38.9	10.7%	75%	9%	9.6	£155
48	Prudential PLC	PRU	FTSE 100	Life Insurance	£15.31	17.0	2.4%	26.5	11.5%	83%	18%	N/K	£1,807
117	PZ Cussons PLC	PZC	FTSE 250	Personal Goods	£2.85	16.5	2.8%	19.9	6.6%	75%	10%	3.0	£71
230	QinetiQ Group PLC	QQ.	FTSE 250	Aerospace & Defense	£2.71	14.5	2.0%	22.4	0.7%	63%	6%	0.0	£80
177	Randgold Resources Ltd	RRS	FTSE 100	Mining	£41.43	25.7	1.0%	33.4	30.5%	79%	7%	0.0	£177
144	Rathbone Brothers PLC	RAT	FTSE 250	Financial Services	£22.00	20.4	2.4%	31.1	3.7%	79%	16%	41.5	£34
47	Reckitt Benckiser Group PLC	RB.	FTSE 100	Household Goods & Home Construction	£62.81	27.3	2.2%	32.5	11.1%	88%	21%	1.5	£1,689
217	Regus PLC	RGU	FTSE 250	Support Services	£3.33	46.8	1.2%	46.0	8.2%	79%	9%	3.9	£54
210	RELX PLC	REL	FTSE 100	Media	£11.97	27.0	2.2%	32.7	5.1%	63%	12%	3.1	£937
50	Renishaw PLC	RSW	FTSE 250	Electronic & Electrical Equipment	£18.80	11.2	2.5%	26.8	18.2%	79%	17%	0.0	£75
51	Restaurant Group (The) PLC	RTN	FTSE 250	Travel & Leisure	£6.86	22.9	2.2%	32.4	10.0%	100%	19%	0.9	£50
216	Rexam PLC	REX	FTSE 250	General Industrials	£6.05	15.5	2.9%	19.7	1.0%	63%	6%	5.2	£274
164	Ricardo PLC	RCDO	Small Cap	Support Services	£9.05	21.2	1.8%	28.8	5.4%	75%	14%	2.5	£18
69	Rio Tinto PLC	RIO	FTSE 100	Mining	£19.80	7.5	6.8%	5.8	7.0%	54%	11%	2.2	£7,462
104	RM PLC	RM.	Small Cap	Software & Computer Services	£1.65	10.2	2.4%	9.9	-3.6%	58%	19%	0.0	£13
188	Robert Walters PLC	RWA	Small Cap	Support Services	£3.60	25.1	1.7%	29.5	1.8%	75%	14%	2.8	£8
36	Rolls-Royce Group PLC	RR.	FTSE 100	Aerospace & Defense	£5.75	8.8	4.0%	11.9	9.0%	83%	9%	3.2	£1,008
6	Rotork PLC	ROR	FTSE 250	Industrial Engineering	£1.83	15.4	2.7%	22.8	14.3%	100%	30%	0.2	£88
78	Royal Dutch Shell PLC	RDSB	FTSE 100	Oil & Gas Producers	£15.43	8.3	7.7%	7.1	3.0%	63%	9%	2.1	£14,029
139	RPC Group PLC	RPC	FTSE 250	General Industrials	£8.33	17.9	1.9%	29.4	13.6%	83%	9%	7.0	£73
103	RPS Group PLC	RPS	Small Cap	Support Services	£2.37	14.5	3.6%	16.5	7.2%	83%	8%	3.1	£30
114	RSA Insurance Group PLC	RSA	FTSE 100	Nonlife Insurance	£4.26	-21.1	0.5%	8.6	-8.1%	42%	13%	N/K	£218
120	S & U PLC	SUS	Small Cap	Financial Services	£24.58	15.9	2.7%	31.3	10.1%	83%	10%	4.6	£12
195	SABMiller PLC	SAB	FTSE 100	Beverages	£40.69	28.7	1.8%	38.0	9.5%	83%	7%	4.1	£2,067
147	Sage Group (The) PLC	SGE	FTSE 100	Software & Computer Services	£6.03	25.2	2.2%	32.7	5.5%	83%	13%	2.5	£246
64	Sainsbury (J) PLC	SBRY	FTSE 100	Food & Drug Retailers	£2.59	10.2	5.1%	10.8	6.4%	75%	5%	5.2	£533
199	Schroders PLC	SDR	FTSE 100	Financial Services	£29.76	19.0	2.6%	31.0	10.9%	75%	5%	N/K	£343
55	Senior PLC	SNR	FTSE 250	Aerospace & Defense	£2.30	12.7	2.4%	16.1	13.2%	79%	12%	1.4	£83
128	Serco Group PLC	SRP	FTSE 250	Support Services	£0.94	-0.8	2.7%	14.5	-4.9%	75%	8%	-77.9	-£11
211	Severn Trent PLC	SVT	FTSE 100	Gas, Water & Multiutilities	£21.77	37.4	3.9%	24.0	3.0%	71%	3%	23.6	£209
221	Shanks Group PLC	SKS	Small Cap	Support Services	£0.96	28.7	3.6%	14.4	-1.4%	50%	3%	19.2	£23
22	Sky PLC	SKY	FTSE 100	Media	£11.12	24.4	2.9%	27.5	11.1%	92%	21%	7.7	£1,026
112	Smith & Nephew PLC	SN.	FTSE 100	Health Care Equipment & Services	£12.08	25.5	1.6%	31.3	10.5%	83%	16%	2.7	£401
94	Smiths Group PLC	SMIN	FTSE 100	General Industrials	£9.40	11.0	4.4%	12.1	4.0%	67%	11%	3.8	£348
77	Spectris PLC	SXS	FTSE 250	Electronic & Electrical Equipment	£18.02	15.6	2.6%	22.0	11.0%	79%	13%	1.3	£122
169	Speedy Hire PLC	SDY	Small Cap	Support Services	£0.42	3.8	1.7%	6.2	-15.8%	67%	4%	6.5	£16
58	Spirax-Sarco Engineering PLC	SPX	FTSE 250	Industrial Engineering	£32.83	23.6	2.0%	30.5	10.0%	96%	17%	0.9	£96
66	SSE PLC	SSE	FTSE 100	Electricity	£15.28	14.3	5.8%	16.1	5.3%	83%	8%	5.2	£1,179
223	St Ives PLC	SIV	Small Cap	Support Services	£2.24	30.0	2.5%	17.6	-6.2%	50%	7%	5.8	£14
116	St James's Place PLC	STJ	FTSE 100	Life Insurance	£10.08	28.1	2.3%	51.3	16.0%	83%	15%	N/K	£123
17	Stagecoach Group PLC	SGC	FTSE 250	Travel & Leisure	£2.96	11.7	3.5%	14.0	8.1%	92%	14%	5.4	£145
11	Standard Chartered PLC	STAN	FTSE 100	Banks	£5.64	6.2	9.3%	5.6	7.2%	71%	12%	N/A	£2,845
99	Standard Life PLC	SL.	FTSE 100	Life Insurance	£3.90	17.3	4.5%	20.4	5.2%	75%	11%	N/K	£475
125	SThree PLC	STHR	Small Cap	Support Services	£3.26	20.9	4.3%	21.5	0.9%	58%	24%	1.4	£17
127	Tate & Lyle PLC	TATE	FTSE 250	Food Producers	£5.99	16.3	4.7%	13.2	2.0%	63%	10%	3.4	£227
88	Ted Baker PLC	TED	FTSE 250	Personal Goods	£29.88	35.8	1.3%	62.4	13.5%	92%	25%	1.0	£25
21	Telecom plus PLC	TEP	FTSE 250	Fixed Line Telecommunications	£10.71	26.6	3.7%	38.2	17.4%	88%	36%	2.6	£26
75	Tesco PLC	TSCO	FTSE 100	Food & Drug Retailers	£1.50	13.3	0.8%	5.6	2.1%	67%	8%	5.4	£2,334
152	Tribal Group PLC	TRB	Small Cap	Software & Computer Services	£0.24	2.3	7.5%	2.3	-6.4%	54%	6%	2.1	£10
92	Tullett Prebon PLC	TLPR	FTSE 250	Financial Services	£3.72	9.7	4.5%	8.8	2.7%	54%	14%	2.4	£92
32	Tullow Oil PLC	TLW	FTSE 250	Oil & Gas Producers	£1.66	1.8	2.4%	4.7	13.6%	54%	9%	4.3	£506
148	UBM PLC	UBM	FTSE 250	Media	£5.26	10.6	4.3%	14.1	0.3%	58%	12%	5.5	£113
233	UDG Healthcare PLC	UDG	FTSE 250	Health Care Equipment & Services	£5.96	32.4	1.4%	35.3	0.3%	71%	7%	7.7	£42
15	UK Mail Group PLC	UKM	Small Cap	Industrial Transportation	£2.50	8.1	8.7%	10.9	5.4%	67%	18%	0.7	£14
85	Ultra Electronics Holdings PLC	ULE	FTSE 250	Aerospace & Defense	£19.76	41.8	2.2%	25.7	11.7%	71%	18%	2.7	£64
137	Unilever PLC	ULVR	FTSE 100	Personal Goods	£29.26	26.1	3.1%	25.1	5.0%	71%	15%	2.7	£3,584
218	United Utilities Group PLC	UU.	FTSE 100	Gas, Water & Multiutilities	£9.35	21.8	4.0%	19.0	-2.2%	63%	3%	20.3	£327
25	Vedanta Resources PLC	VED	FTSE 250	Mining	£2.75	0.2	14.7%	1.2	15.8%	67%	3%	13.0	£863
16	Victrex PLC	VCT	FTSE 250	Chemicals	£18.04	18.4	2.6%	26.0	14.8%	92%	22%	0.0	£74
106	Vitec Group (The) PLC	VTC	Small Cap	Industrial Engineering	£6.03	8.8	4.0%	12.2	5.1%	63%	11%	3.3	£25
44	Vodafone Group PLC	VOD	FTSE 100	Mobile Telecommunications	£2.21	10.0	5.1%	12.1	3.9%	92%	7%	2.0	£9,979
212	Vp PLC	VP.	Small Cap	Support Services	£7.50	19.1	2.2%	31.5	5.2%	79%	7%	6.5	£11
5	Weir Group PLC	WEIR	FTSE 250	Industrial Engineering	£10.00	7.8	4.4%	10.8	18.2%	83%	11%	3.7	£280
105	WH Smith PLC	SMWH	FTSE 250	General Retailers	£17.69	20.3	2.2%	31.8	9.0%	75%	39%	0.2	£87
121	Whitbread PLC	WTB	FTSE 100	Travel & Leisure	£44.01	21.2	1.9%	35.7	13.8%	100%	10%	2.0	£290
100	William Hill PLC	WMH	FTSE 250	Travel & Leisure	£3.96	15.4	3.1%	16.4	1.4%	88%	10%	3.9	£183
81	Wood Group (John) PLC	WG.	FTSE 250	Oil Equipment, Services & Distribution	£6.13	12.2	2.8%	9.0	11.6%	71%	9%	2.3	£142
131	WPP Group PLC	WPP	FTSE 100	Media	£15.63	20.3	2.4%	25.6	13.0%	88%	7%	4.7	£1,017
151	Xaar PLC	XAR	Small Cap	Electronic & Electrical Equipment	£4.20	16.3	2.1%	28.9	20.9%	63%	14%	0.0	£16
227	Zotefoams PLC	ZTF	Small Cap	Chemicals	£3.33	30.4	1.6%	37.3	5.1%	67%	9%	0.5	£4

Appendix 1: Metrics, maximums and minimums

Financial metrics on the stock screen

Rank: The company's rank on the screen, with 1 being the highest rank. The rank is calculated by sorting all of the companies on the screen by each key factor (Growth, Quality, PE10, PD10, Profitability), creating a rank for each factor and then adding those individual ranks together.

PE: The price to earnings ratio. This is included just for information and doesn't form part of the ranking calculation.

Yield: The historic dividend yield. This is included for information only and doesn't form part of the ranking calculation. Instead, each company's rank is based on PD10, the ratio between the current share price and the average dividend paid over the past 10 years.

PE10: The ratio between the current share price and the company's average adjusted earnings per share over the past 10 years. This is used in the rank calculation. (MAXIMUM = 30)

Growth: The company's Growth Rate. This is used in the rank calculation. It is the average growth of revenues, earnings and dividends where growth in each is measured as the annualised growth of a 3-year rolling average over the past 7 years. (MINIMUM = 2%)

Quality: The company's Growth Quality. This is used in the rank calculation. It is the percentage of times that a profit has been made, and that revenues, earnings and dividends have increased, measured over the past decade. (MINIMUM 50%)

Net Prof.: The company's 10-year median net (post-tax) profitability. (MINIMUM 7%). Calculated as:

ROCE (for non-financial companies): Adjusted profit after tax / (fixed assets + working capital)

ROE (for banks and insurance companies): Adjusted profit after tax / shareholder's equity

Debt: Debt Ratio – The ratio between a company's total borrowings (total interest bearing debt) and its Current Earnings Power (CEP). Provides a rough guide to a company's ability to carry its debts in good times and bad. This is "N/A" (not applicable) for banks (where I use a series of ratios defined by banking regulators: Common Equity Tier 1 Ratio for leverage and the Liquidity Coverage Ratio and Net Stable Funding Ratio for liquidity). For insurance companies the Debt Ratio is "N/K" (not known) as I do not have data on borrowings for insurance companies. (MAXIMUM = 4 for cyclical sector companies, 5 for defensive sector companies)

Earnings Power: Current Earnings Power (£m). Calculated as 5-year average normalised profit after tax. Used in the Debt Ratio and Pension Ratio.

Financial metrics used to analyse companies but which are not on the stock screen

Pension Ratio: The ratio between the company's defined benefit pension obligations and its Earnings Power. (MAXIMUM = 10)

Sum of Debt and Pension Ratio: (MAXIMUM = 10)

FCF/Div: 10-yr total free cash flow to 10-year total dividend ratio. Preferred value is above 1, but this is not a hard rule.

Capex/earnings: 10-yr total capital expenditure to 10-yr total adjusted earnings (post-tax profit) ratio. No hard rule but below 0.5 is defined as LOW, 0.5 to 1 is MEDIUM, above 1 is HIGH.

Acquisition Ratio: The ratio between cash spent on acquisitions and earnings. (MAXIMUM 10-YR AVG = 1)

Insurance company metrics

Premium to Surplus Ratio: A measure of how cautious an insurance company's underwriting business is. Calculated as the ratio between Net Written Premium and Tangible Net Asset Value. (MAXIMUM 5-YR AVG = 2)

Combined Ratio: Shows whether or not an insurance company is making a profit on its underwriting business. Calculated as the sum of Loss Ratio and Expense Ratio. (MAXIMUM 5-YR AVG = 95%)

Bank metrics

Common Equity Tier 1 Ratio (CET1): A measure of bank leverage. Calculated as the percentage of "high quality" capital relative to risk-adjusted assets. (MINIMUM 5-YR AVG = 12%)

Appendix 2: Strategy overview and stock screen colour-coding

Portfolio management

Deliberate diversification - To reduce the risks that come with each individual company it is generally considered a good idea to hold a widely diversified portfolio. The Model Portfolio is diversified in terms of the number of companies (with a target of 30 equally weighted holdings), the industrial spread of those companies (no more than 2 or 3 from the same Sector) and their geographic spread (no more than 50% of portfolio revenue to be generated in the UK).

Continuous portfolio improvement - A portfolio is a dynamic entity much like a garden. If left unmanaged (as with a pure buy-and-hold portfolio) there is a risk that over time it will drift away from its original goal. For example, a high yield portfolio may become an average yield portfolio if the share prices of all the holdings increase faster than the dividends.

To avoid this the portfolio is actively managed so that it always contains a majority of high quality companies with attractively valued shares. Each month a company is either added to or removed from the portfolio based on its Stock Screen rank and various other factors.

Monthly buy and sell decisions

Buy decisions - The first step in each buy decision is to look through the Stock Screen for the highest ranked stock which is not already in the portfolio and which meets all the initial criteria (e.g. Debt Ratio under 5, Profitability above 7%).

The second step is to enter the company's financial results from the past decade into the investment analysis spreadsheet (available on the website) so that some additional quantitative checks can be carried out (such as calculating the Pension Ratio, Free Cash Flow to Dividend Ratio or Premium to Surplus Ratio).

If all the financial results look okay then the next step is to review the operational history of the company over the past decade. This involves reading the opening sections of each annual report, as well as more recent interim and quarterly results, in order to build up a picture of what the company does and what problems it has faced or is facing. This analysis is used to answer the YES/NO questions in the investment worksheet (available on the website), which are then used in combination with the financial results to make a final buy or no-buy decision.

Sell decisions - Sell decisions are based primarily on a company's stock screen rank, with the lowest ranked companies most likely to be sold. However, there is a degree of subjectivity involved and it isn't a purely mechanical process. For example, companies which are surrounded by a reasonable amount of good news are more likely to be sold than those which are still unloved, or which are still in the middle of a turnaround strategy.

Stock screen colour coding

- **Ranking Factors (PE10, Growth, Quality, Net Prof.) and Yield:**

- Green** = Better than FTSE 100
- Light Red** = Worse than FTSE 100
- Dark Red** = Above maximum or below minimum

- **Debt Ratio:**

- Green** = Below 4 (acceptable for all companies)
- Light Red** = Between 4 and 5 (only acceptable for defensive sector companies)
- Dark Red** = Above 5 (too high for all companies)

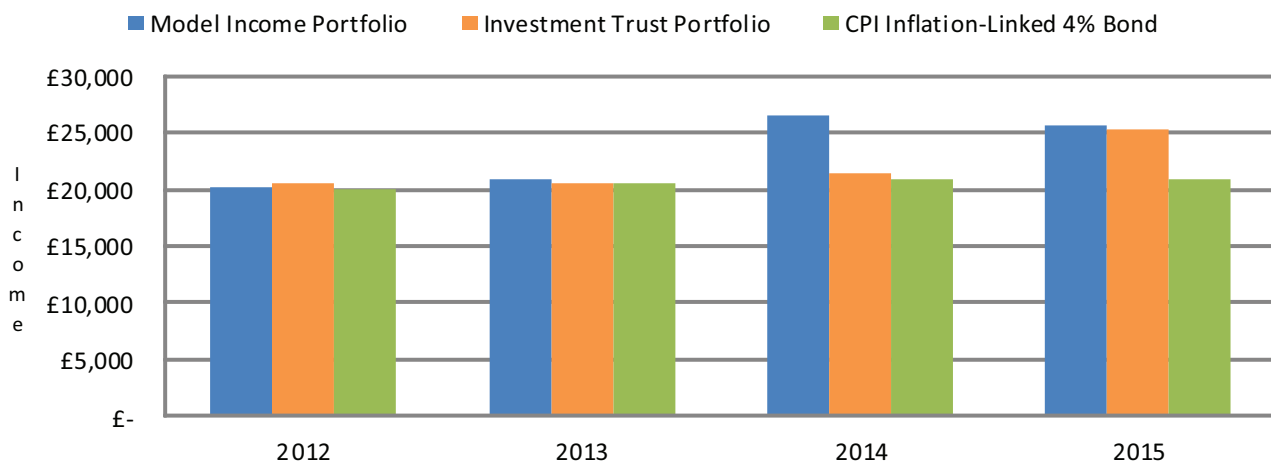
- **Rank:**

- Green** = Above average rank; **Amber** = Average rank; **Dark Red** = Below average rank

Appendix 3: Model Income Portfolio

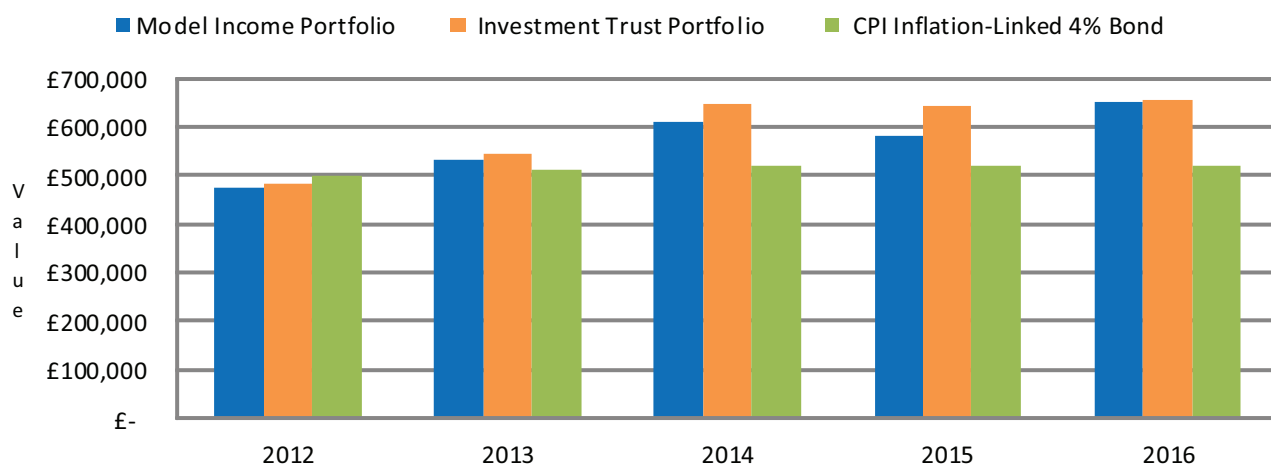
This portfolio holds the same shares as Model Portfolio and represents the portfolio of an investor who is in the income drawdown phase. It started with £500,000 in March 2011 and pays out all dividends as income. The goal of the portfolio is to show that equities in the drawdown phase can produce inflation-beating dividend and capital growth over the medium to long-term. The Model Income Portfolio is benchmarked against an Investment Trust Portfolio and a 4% Inflation-Linked Bond.

Dividends Withdrawn



Annual Dividend Income Withdrawn	Model Income Portfolio	Investment Trust Portfolio	4% Inflation-Linked Bond
2012	£20,250	£20,525	£20,000
2013	£20,856	£20,575	£20,504
2014	£26,512	£21,408	£20,797
2015	£25,665	£25,215	£20,846
Cumulative income	£93,283	£87,723	£82,146

Capital value as at 1st January



This chart of capital value is included to show how capital growth should approximately track dividend growth over the years. The 4% Inflation-Linked Bond has a capital value which increases in line with CPI inflation from £500k on 01/01/12. The Model Income Portfolio and the Investment Trust Portfolio should both produce capital gains which at least match the Inflation-Linked Bond over the long-term.

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