

UK Value Investor

For Defensive and Income-Focused Value Investors

Defending against a Greek default

It has probably not escaped your notice that we stand on the brink of Greece leaving the Eurozone, possibly followed by a default on some of its debts, a move to a new currency and who knows what else.

This crisis is likely to affect stock market investments in two ways:

- 1) It will cause traders, fearful investors and other “flighty” owners of shares to sell, which will in turn reduce share prices across the board.
- 2) It will have an impact, probably negative, on the performance of companies that generate profits in Greece or other closely related countries.

Many investors will be thinking about how they can change their asset allocation or the stocks they hold in order to minimise the risks that appear when a country defaults on its debts.

I’m sure there are some people who can move quickly enough, in the right direction, to profit from this sort of “fast money” strategy. However, I think most are not, and I include myself in that category.

Knowing what will happen before it actually happens is hard enough, but knowing which companies will be affected and to what extent, not to mention how Mr Market will react, is an entirely more difficult proposition.

Rather than trying to defend a portfolio against any specific crisis, I would rather have a portfolio that was reasonably well insulated against any crisis (perhaps just short of nuclear war or a global pandemic).

By diversifying across a wide range of companies that operate in many different industries and in many different parts of the world, it is possible to avoid being overexposed to calamitous events, like the ones facing Greece, at all times.

In a world in which the future is always uncertain, I think that is by far the most sensible approach for most investors.

“People who rely heavily on forecasts seem to think there’s only one possibility, meaning risk can be eliminated if they just figure out which one it is. The rest of us know many possibilities exist today, and it’s not knowable which one will occur.”

- Howard Marks, Chairman of Oaktree Capital

John Kingham, 3rd July 2015

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IMPORTANT NOTICE: UK Value Investor provides information, not advice. It is for investors who want to make their own investment decisions and are capable of doing so without advice. If you think you need advice then you should seek a professional advisor. Please see the important notes on the back page for further information.

FTSE 100 valuation and projection

Valuing the market: Stock market valuations change over time but they tend to stay within a range that is centred around their intrinsic value. Investors can take advantage of this tendency as it implies that markets are more likely to go up when valuations are far below intrinsic value and more likely to go down when far above.

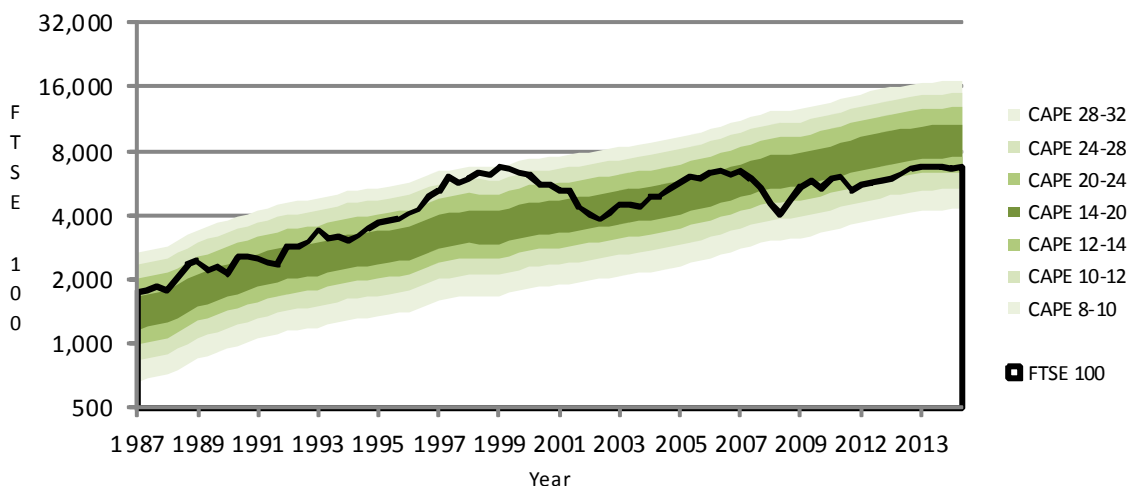
Range of CAPE values	Estimated probability of seeing this valuation	2015 FTSE 100 (currently at 6,521)	Description	2025 FTSE 100 (after 4%/yr earnings growth)
Above 32	5%	Above 17,000	Extremely Expensive	Above 25,200
28 - 32 (e.g. yr 2000)	5%	14,900 - 17,000	Very Expensive	22,000 - 25,200
24 - 28	10%	12,700 - 14,900	Expensive	18,900 - 22,000
20 - 24	10%	10,600 - 12,700	Slightly Expensive	15,700 - 18,900
14 - 20	25%	7,400 - 10,600	Normal	11,000 - 15,700
12 - 14	10%	6,400 - 7,400	Slightly Cheap	9,400 - 11,000
10 - 12	10%	5,300 - 6,400	Cheap	7,900 - 9,400
8 - 10 (e.g. yr 2009)	10%	4,200 - 5,300	Very Cheap	6,300 - 7,900
Below 8	5%	Below 4,200	Extremely Cheap	Below 6,300

The crisis in Greece has, unsurprisingly, driven equity markets down over the past month. Seeing the FTSE 100 above 7,000 has become a distant memory as the large-cap index slumped to 6,521, over 6% below where it started the month. This fall puts the index back below its old highs from 1999 and so we are now headed for a 16th year in which the large-cap market had failed to move decisively into new territory. This is yet more evidence, if any were needed, that the starting valuation of any investment is critically important. To long-time readers this will not be a new story.

The FTSE 100 has not done badly since 1999 because its constituent companies have done badly, because they haven't; earnings and dividends are up 80% and 65% respectively during that period. Instead, what has held the index back is a mix of extremely high valuations (and low yields) in 1999 and the stock market's tendency to eventually revert back to mean or average valuations.

Mean reversion exists because, in the long-run, the various factors that affect stock market valuations are almost all cyclical, whether it's interest rates, profit margins, dividend yields, CAPE ratios or investor sentiment. Most factors go through peaks and troughs, but in the end they revert back to levels which are historically "normal", due to a variety of negative feedback mechanisms. If the crisis in Greece pushes profits and valuation levels well below normal, it is a good bet that those cyclical and mean reversion tendencies will become a tailwind for the market in future, rather than the headwind they have been throughout much of the past 15 years.

FTSE 100 CAPE Long-Term Average "Fan Chart"



UKVI Portfolio review

Reviewing your portfolio: In order to keep a portfolio on track it's important to take time to review its performance against a relevant benchmark. There may also have been events during the month where action is required, such as new annual or interim reports which need reviewing, or dealing with corporate actions such as mergers, acquisitions or rights issues.

Last month's trade

On June 5th I sold all 700 Serco shares for 134.74 pence each. The net result, including all trading costs as well as the sale of nil paid rights from the company's recent rights issue, was a loss of just under 50%, consisting of a capital loss of 50.7% and dividend income of 0.9%. Hopefully performances as weak as this will be very few and far between, especially as the underlying investment strategy has been strengthened considerably since Serco was purchased in May 2014.

Performance review

Both the UKVI Portfolio and its FTSE All-Share investment trust benchmark fell this month, primarily because of the crisis in Greece. The portfolio's decline was the smaller of the two, down -2.7% compared to -4.5%, although whether that was due to luck or the portfolio's defensive characteristics I'm not sure.

The portfolio's total return from inception is now 55.3%, 16.3% ahead of the All-Share's, which puts it £8,100 ahead. The portfolio is also ahead over 1 and 3 years, although results over shorter periods are prone to being affected by luck, both good and bad. Despite having beaten the market in terms of capital gains over the past four years, the UKVI Portfolio still meets its other core goal which is to have a higher dividend yield than the All-Share. The historic yields are currently 3.7% and 3.2% respectively. In terms of risk, the portfolio is also on track with lower volatility and smaller drawdowns over the past 3 years than the All-Share.

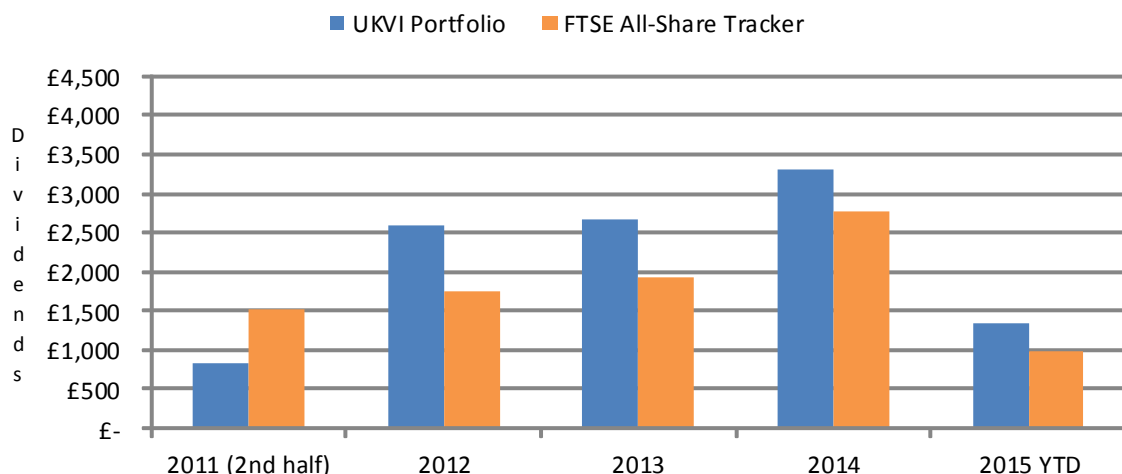
All in all I'm happy with the level of outperformance so far, although of course past success does not guarantee future success. However, with four years of history I think the evidence that this approach works is gradually mounting up.

Holdings review

The biggest winner of the last month has been the newest holding, Telecom Plus. After a positive set of annual results the shares shot upwards, gaining 21.6% this month. The other big winner was JD Sport (again). The shares were up 8.4%, bringing the total return from that investment to 175% (and it would have been a lot more were it not for my cautious rule of selling half the position every time it exceeds 6% of the portfolio, although that's a price I'm willing to pay in order to reduce risk).

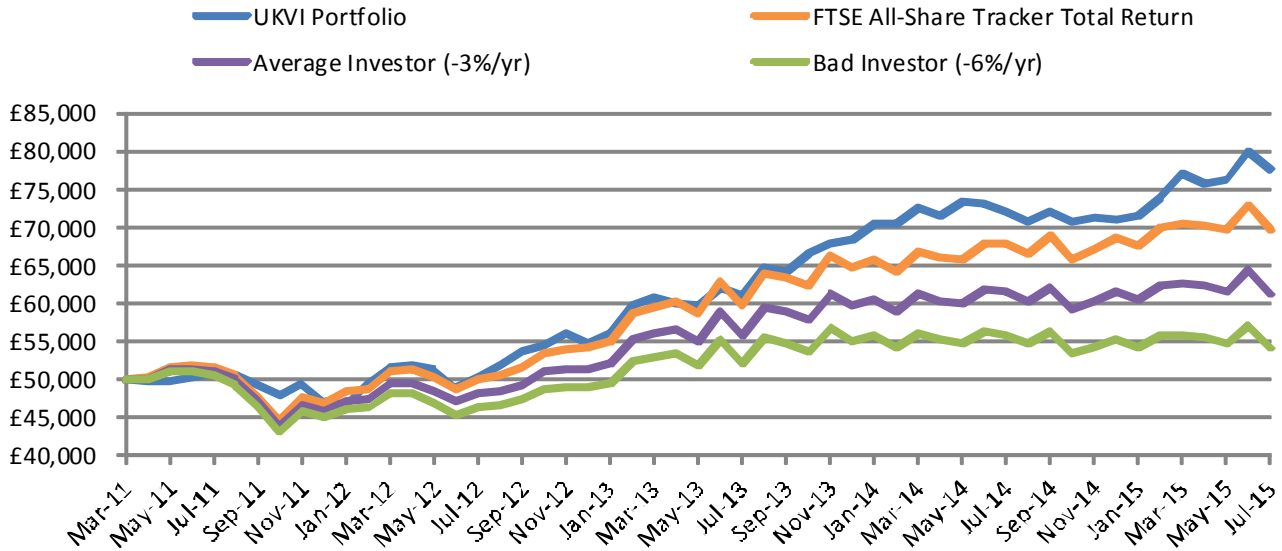
On the downside, BAE Systems fell by 12.4%, although for no obvious reason that I can see. ITE Group also had a poor month, down 10.5% after its half-year results showed a revenue decline of over 20% as a result of the Russia/Ukraine conflict, although the dividend was maintained.

Dividends Reinvested



UKVI Portfolio performance

This virtual 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.



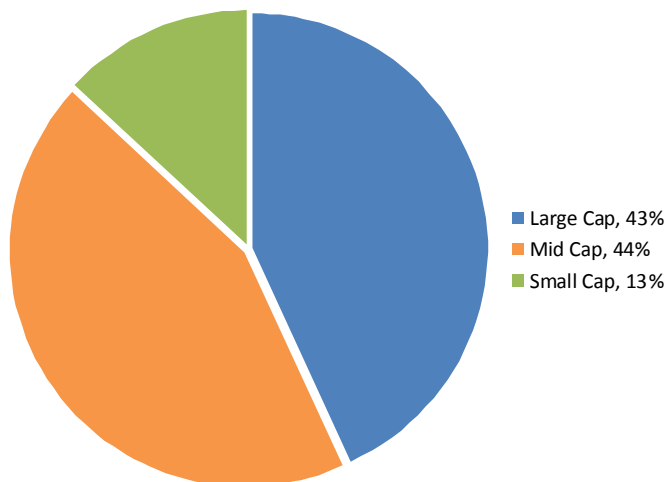
Note that the “average investor” and “bad investor” under-perform the market by 3% and 6% per year respectively due to overtrading, buying high and selling low. These figures are based on research cited by Barclays and the book, *Monkey with a Pin*.

Performance	Model Portfolio (A)	FTSE All-Share Tracker Trust (B)	Difference (A) - (B)
Total return over 1 year	7.8%	2.6%	5.2%
Total return over 3 years	54.6%	39.1%	15.4%
Total return from inception (March 2011)	55.3%	39.0%	16.3%
Annualised return from inception	10.7%	7.9%	2.8%
Annualised return over 5 years	10.7%	7% (fixed target)	3.7%
Current cash value	£77,635	£69,504	£8,131
Historic dividend yield	3.7%	3.2%	0.5%
Maximum decline over 5 years	8%	13.5%	-5.5%

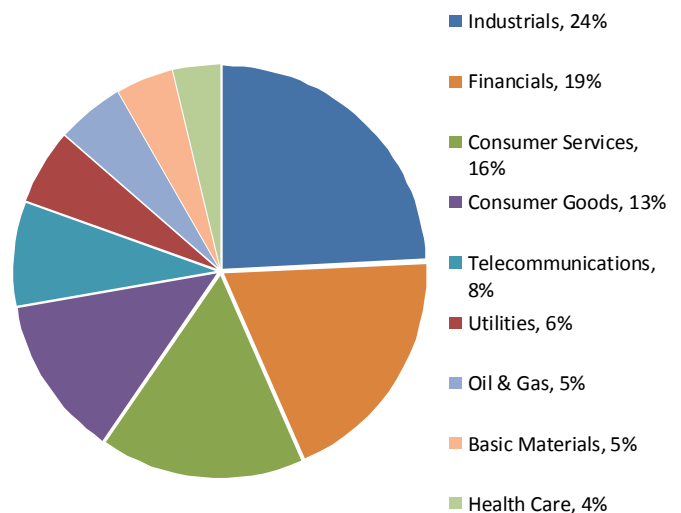
The portfolio should have at least half of its underlying revenues coming from international markets and at least half invested in defensive sector companies. If these limits are breached I will try to bring them back into line with the next buy or sell trade.

UK Revenue	50%	International Revenue	50%
Cyclical Sector Stocks	56%	Defensive Sector Stocks	44%

Size Allocation



Industry Allocation



Latest interim results

11th May - ITE Group, Media (cyclical), Small-Cap (£0.5bn)

“We are one of the world’s leading organisers of international trade exhibitions and conferences and specialise in organising events in growing and developing markets. [...] with many market leading events and well known brands in key industry sectors.” (www.ite-exhibitions.com)

Half-year revenue **down 21.1%**

Interim dividend **unchanged**

Quotes from the interim results

ITE has delivered a good performance over the first six months, which reflects both the resilience of the Group’s business and the difficult trading conditions and currency volatility it has experienced in Russia. Over the last six months, the Group has made significant progress in developing its business outside Russia and strengthening its portfolio of market leading events in its industry sectors.

The transport and logistics portfolio has been enhanced by the additions of Eurasia Rail and the Breakbulk portfolio. Eurasia Rail is the leading railway infrastructure show in Turkey [...] Breakbulk is a global series of leading exhibitions, serving the transport and logistics market for moving large scale project equipment. In March the Group acquired a 50.1% stake in Africa Oil Week (“AOW”). AOW, an annual Oil and Gas “Confex”, is the longest-running and most prominent event held in Africa for the continent’s fast-growing oil, gas and energy industry. This establishes a first-time presence for ITE in Africa.

Russia has now stabilised with like-for-like volume sales down by circa 20% from their prior year comparatives. Management has taken appropriate steps to maintain the gross profit margin on events by reducing costs proportionately. The Group’s businesses in Asia and in Turkey have performed ahead of expectations and the rest of the Group is performing broadly in line with expectations. Through its strategy of building its business both organically and through acquisition, the Group has successfully diversified its revenue and profit streams, broadening its geographical exposure and reducing its historic reliance on a single market. The Group will continue to expand in accordance with its strategy of building market leading positions in higher growth markets.

23rd June - Chemring Group, Aerospace & Defence (defensive), Small-Cap (£0.4bn)

“Chemring is a market leading manufacturing business supplying high technology electronics and energetic sub-systems for aerospace, space and defence applications in over 60 countries around the world.” (www.chemring.co.uk)

Half-year revenue **down 22.6%**

Interim dividend **unchanged**

Quotes from the interim results

The significant reduction in first-half profitability is disappointing and reflects ongoing contract delays, primarily in relation to Middle East customers. However, in light of key contracts secured since the period end, a number of material opportunities expected to be finalised in the coming months and with the resolution of certain operational issues, Chemring’s full year performance will be very heavily weighted towards the second half. Having carefully scrutinised the status of the order pipeline and subject to receipt of key orders in the coming months, the Group’s expectations for the full year remain unchanged.

Notwithstanding the short-term delays in order intake, the Group has made important strategic progress during the period, refocusing its operations towards longer-term opportunities, including the F-35 Joint Strike Fighter, counter-IED, and chemical and biological detection programmes for the US Department of Defense (“US DoD”). Significant progress has been made in addressing the Group’s structure, with greater focus on Chemring’s core capability areas, a clearer emphasis on collaboration within segments, and a research and development investment programme that is better aligned to customer requirements.

The US remains the dominant player in defence spending. Recent declines in US DoD budgets have reflected austerity measures and the ongoing drawdown of operations in Afghanistan, though these reductions appear to be partially reversing. In NATO, defence spending remains constrained. The Middle East defence market remains robust, with growth in spending continuing to be fuelled by regional tensions and the threat from Islamic State. The Group continues to pursue growth opportunities, particularly in non-NATO and commercial markets.

Latest annual results

23rd June - Telecom plus, Fixed Line Telecoms (defensive), Mid-Cap (£0.7bn)

“Trading as the Utility Warehouse, Telecom Plus PLC provides a range of essential utility services to households and small to medium-sized businesses, giving customers the convenience of a single monthly bill, great value, and award-winning customer service.” (www.utilitywarehouse.co.uk)

Revenue Up 11%	10 Year average earnings Up 25%	Dividend per share Up 14%
Debt Ratio 2.4 (defensive max 5)	Pension Ratio 0.0 (max 10)	Does it still pass the buy tests? Yes

Quotes from the annual results

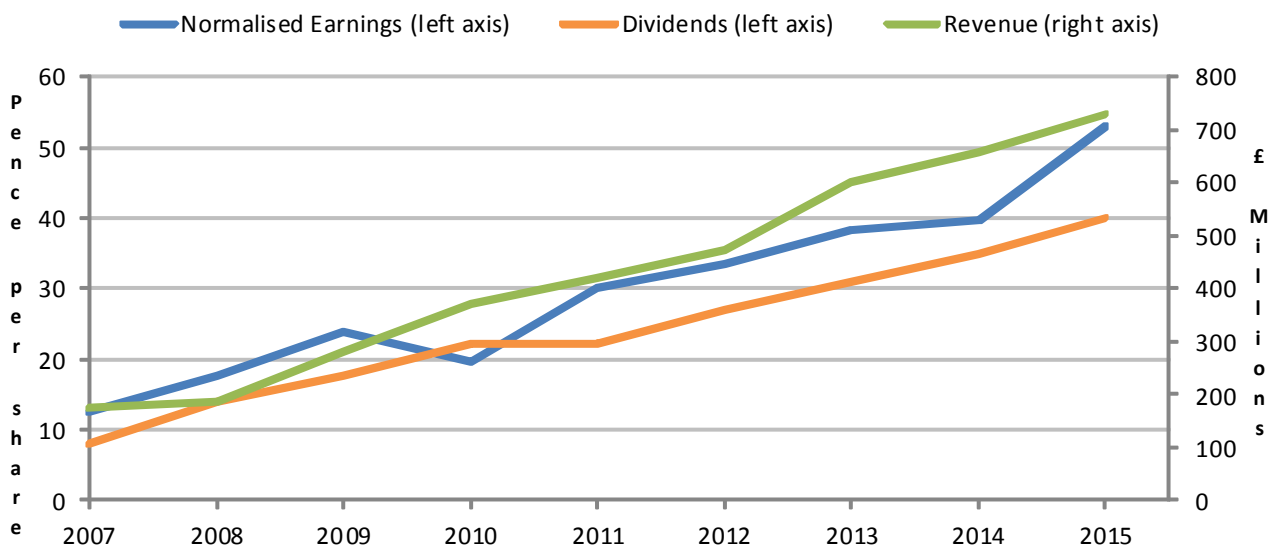
I am delighted to report another successful year for the Company with revenues, profits, earnings and dividends all reaching record levels.

This has been achieved in the face of the most competitive trading conditions we have yet seen, where a sustained fall in wholesale energy prices over the last 18 months and aggressive promotional activity by a number of new entrants into the energy market (who are not carrying the burden of energy hedged at historically higher prices), has combined to create a record gap between the introductory fixed price deals available to those who switch, and the standard variable tariffs paid by the vast majority of domestic consumers; this has been exacerbated by an industry-wide tendency (excluding ourselves) to use the higher margins earned on legacy customers to help fund such introductory deals.

Against this background, the continued strong organic growth we have delivered in both service numbers and the size of our membership base over the last year is a clear and positive endorsement of our unique business model. We remain on track to achieve our medium term target of one million households, although it is now apparent that our path towards this destination will not be in a straight line; growth will be higher during periods when market conditions are favourable, and slower when (as currently) the competitive environment is more challenging.

Our focus remains on building our membership base to 1 million Members and beyond over the medium term; this would represent a UK market share of less than 4%, and seems eminently achievable in due course given our track record of consistent organic growth, our unique fully integrated multi-utility service proposition, and clearly differentiated proven route to market.

The high quality of our membership base gives us good visibility over future revenues and margins on the various services we provide, and we re-iterate our previous guidance that adjusted pre-tax profits for the current year will be between £54m and £58m. In the absence of unforeseen circumstances, we intend to increase the dividend by 15% to 46p per share.



Buying: AstraZeneca PLC (AZN)

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 too fast, or if a company falls into a long-term decline, it may be time to sell and replace it with something that appears to offer better value for money.

Price on 1st July 2015	Index	Sector
4,019p	FTSE 100	Pharmaceuticals & Biotechnology
FTSE Market Cap	Revenue	Latest Normalised Post-tax Profit
£50.8 billion	£16.8 billion	£1.5 billion

"We are a global, science-led biopharmaceutical business. We are one of only a handful of companies to span the entire life-cycle of a medicine from research and development to manufacturing and supply, and the global commercialisation of primary care and specialty care medicines." (www.astrazeneca.com)

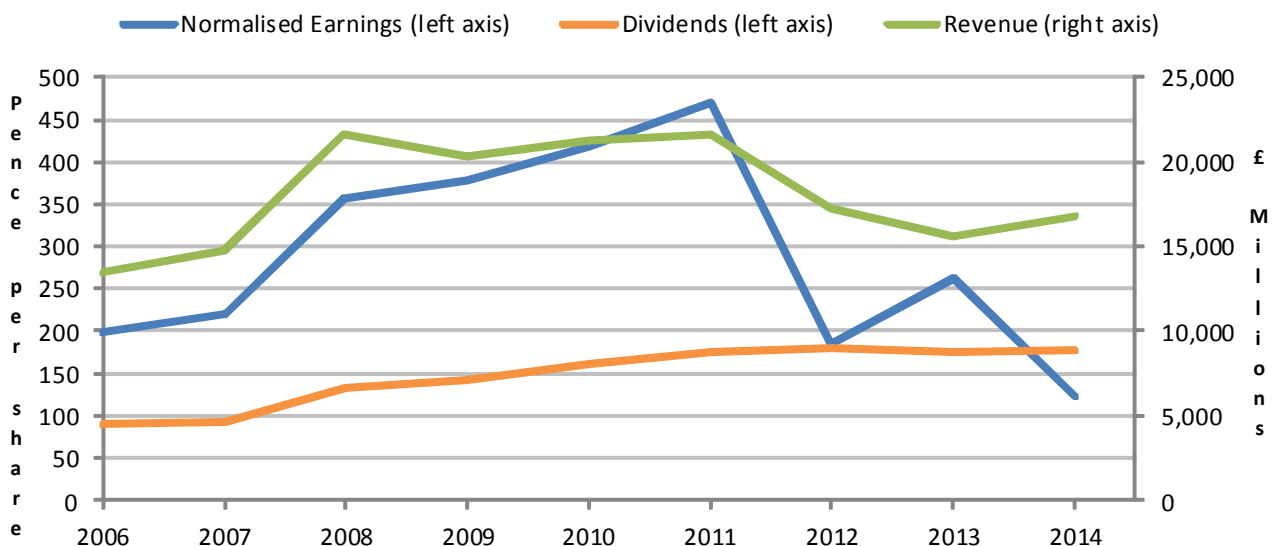
Overview

AstraZeneca is the world's 8th largest pharmaceutical company by revenue, employs almost 60,000 people worldwide and has its products used by millions of patients in over 100 countries across the globe. The company started life in 1999 with the merger of Astra AB and Zeneca Group. Astra was a Swedish company formed in 1913 to largely replace the traditional production of pharmaceuticals by individual pharmacists with industrial-scale mass production. Zeneca was spun off from ICI in 1993 and consisted of that conglomerate's pharmaceutical and agrochemical operations.

Today, AstraZeneca operates across the entire life-cycle from research to manufacture, supply and sales. Its key focus is on cardiovascular and metabolic diseases, oncology (tumors) and respiration, inflammation and autoimmunity. Profits are made through patented drugs, which allows high profit margins by restricting competition. These large profits make it economically rational to invest in the necessary (and frequently unsuccessful) research and development. However, patents don't last forever and AstraZeneca is currently going through a "patent cliff". Around 50% of its revenues will lose their patent protection in the next few years and those patents must be replaced, otherwise dividend cuts are inevitable.

10-Yr Growth Rate	Dividend Yield	10-Yr Median Net ROCE	Valuation (PE10)
1.4% (min = 2%)	4.4%	22.5% (min = 7%)	13.9 (max = 30)
10-Yr Growth Quality	Debt Ratio	Pension Ratio	Rank
75% (min = 50%)	1.8 (defensive max = 5)	3.4 (max = 10)	19 (out of 233)

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 the addition of this company leave the proportion of UK revenues in the portfolio at less than 50%?

YES AstraZeneca generates just 17% of its revenues from the UK, so if it was added to the portfolio it would reduce the overall exposure to the UK. Specifically, adding AstraZeneca with a 4% position size would leave UK revenues from the portfolio at 48.7%, comfortably below the 50% maximum.

2. Will the addition of this company leave the proportion of cyclical sector companies in the portfolio at less than 50%?

NO Currently the portfolio is overexposed to cyclical companies. As AstraZeneca operates in the defensive Pharmaceuticals & Biotechnology sector it would reduce the portfolio's reliance on cyclical stocks. Adding AstraZeneca to the portfolio with a 4% position size would leave the cyclical sector weighting at 53.4%, still slightly above the 50% maximum.

3. Are there less than three companies in the portfolio from the same sector as this company?

YES The only other Pharmaceuticals & Biotechnology stock in the portfolio is GlaxoSmithKline.

Avoiding (or trying to avoid) value traps

Good management

1. Does the company have a clear and consistent goal and strategy and is it focused on implementing that strategy successfully?

YES The company's goal is to "push the boundaries of science to deliver life-changing medicines" and that, in essence, has been the goal of AstraZeneca as well as its parent companies before their merger. Its long-term strategy for achieving that goal is "to span the entire life-cycle of a medicine from research and development to manufacturing and supply" as well as focusing on "the global commercialisation of primary care and specialty care medicines."

A new medium-term strategy was reviewed in 2012 and finalised in 2013 after the previous CEO and Chairman resigned amid falling revenues and profits. A lack of new medicines to replace previous "blockbuster" products, whose patents were in the process of expiring around the world, was the major cause. The new and current strategy is to achieve scientific leadership, return AstraZeneca to growth and to make it a great place to work.

Achieving scientific leadership means focusing on therapy areas which are already key strengths (Cardio-Metabolism, Oncology, Respiratory/Inflammation) and investing heavily in the company's product pipeline, whether through internal R&D or partnerships and acquisitions.

Returning AstraZeneca to growth means focusing on five growth "platforms": Cardiovascular/Brilinta (Brilinta is a potential new "blockbuster" medicine used to lower the chances of a second heart attack); Diabetes; Emerging Markets (especially China); Respiratory; Japan.

And finally, making AstraZeneca a great place to work is important because its R&D efforts depend on having the very best scientists and medical engineers in the business.

This is a relatively new strategy which the company does appear to be strongly focused on, largely because it's going through a difficult period and needs to turn things around over the next few years. Both capex and acquisitions have increased significantly since 2013 as major investments have been made in order to return the company to growth by the latter part of this decade.

2. Does the company have an obvious core business upon which its goal, strategy and long-term future are heavily focused?

YES The company has been a “pure play” biopharmaceutical company, working on both the science and commercialisation sides of that industry, for many years.

Adequate financial control

3. Do the company’s KPIs focus on a range of relevant indicators beyond revenue and EPS growth, such as profitability, leverage, liquidity and investment?

NO While the company's KPIs do include a range of factors outside of revenues and EPS, they don't focus on the factors I want to see management focusing on. Instead there are metrics for cash flow, the number of products at various phases of the development cycle, revenues from each of the five growth platforms and employee satisfaction surveys.

Whilst those are all useful factors to track, I would like to see a focus on profitability, leverage and so on. While those things are likely to be tracked within the business, I would prefer to see them as top level KPIs.

Low costs

4. Scale: Is the company in the leading group in terms of market share within its chosen markets?

YES AstraZeneca is currently the world's 8th largest pharmaceutical company by revenue.

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

YES AstraZeneca has always been in the pharmaceuticals business as were its parent companies before their merger in 1999.

Caution with big projects

6. Is the company free of “bold” projects which, if they failed, could push it into a major crisis?

YES Although I have answered “yes”, it could easily have been a “no”. While the company doesn’t have a single large project which could cause major problems were it to fail, it does have the important company-wide “project” of replacing old “blockbuster” products that have expiring patents and returning to a path of sustainable growth (more on that later). If that turnaround “project” were to fail then the company would need to downsize significantly, which would include downsizing the dividend.

7. Is the company free of the need for large capital expenditures (i.e. was total capex less than total EPS over the past 10 years?)

YES Although AstraZeneca does have to spend large amounts developing and commercialising new products, these are typically accounted for as revenue expenses rather than capital expenses (i.e. the cost of R&D typically ends up as an expense on the income statement rather than as an asset on the balance sheet).

In recent years capex has increased as the company tries to turn itself around, but even then capex is not high. In the last decade, post-tax profits have averaged £4bn, while capex has averaged £1.5bn or 36% of profits (anything below 50% is “low” by my definition).

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

YES Revenue is primarily driven by the purchase of relatively small volumes of its products by thousands of individual physicians around the world.

Caution with acquisitions and mergers

9. Has the company avoided mergers or large acquisitions in the last few years (i.e. cost more than a year's profit)?

NO In general, AstraZeneca is not a particularly acquisitive company. However, it has on a couple of occasions spent more on acquisitions in a single year than it earned in profits.

In 2007 the company acquired MedImmune, a leading biotechnology and biologics (protein-based drug) company, for a cash payment of almost £8bn, which was more than 200% of 2007 post-tax profits. It is difficult to tell how successful this acquisition has been, but it has not been obviously disruptive, and biologics now make up about half of AstraZeneca's drug pipeline.

In 2014 the company again had a year of large acquisitions, spending almost £2.5bn in cash. For that the company acquired total ownership of its diabetes alliance with Bristol-Myers Squibb and total ownership of Almirall's respiratory franchise.

I am comfortable with these occasional large acquisitions because they are neither stupendously large (a deliberately fuzzy definition) nor particularly frequent.

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

YES Each major acquisitions was closely related to the company's core biopharmaceutical business.

Ability to adapt to changing market demand

11. Does the company operate in defensive markets?

YES AstraZeneca operates in the Pharmaceuticals & Biotechnology sector which is a defensive sector. However, while AstraZeneca does sell into defensive markets, it is not entirely immune to the economic cycle. For example, austerity in many countries has led to stronger price control policies for medical drugs.

12. Does the company operate in markets where the pattern of demand (whether cyclical or defensive) is expected to stay the same?

YES I don't see any strong evidence for a change in the pattern of demand for medical drugs and other biopharmaceutical treatments.

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

YES As the latest annual report says, "The pharmaceutical industry is expected to enjoy long-term growth due to favourable demographic trends and significant unmet medical need."

Globally, the number of people is increasing (from 7bn today to 9bn by 2050) and the number of people who need and can afford advanced treatments (either directly or indirectly through private or national health insurance) is increasing even faster (by 2018, 30% of the world's population is expected to be over 65).

Of course, most of this growth is expected in emerging markets, which is why emerging markets are one of AstraZeneca's five growth platforms.

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 This is the key issue for AstraZeneca. As a biopharmaceutical company it generates profit by selling products at a high price relative to production costs (i.e. with a high profit margin) which is possible because those products are protected from competition by patents. However, patents do not last forever. *Crestor*, which generates around 20% of the company's revenues, has patents which will expire between 2015 and 2023. *Nexium* and *Symbicort*, which are responsible for about 15% of total revenue each, have patents which will expire in the next three years.

That's 50% of total revenue which will be producing far lower profit margins than before, because those products will have to compete against generic competition primarily on price.

To maintain its current size (and dividend) AstraZeneca simply must increase sales of its other products and produce new products with new patents as quickly as possible. That is the challenge the company has been battling with these last few years, and will continue to do so for the rest of this decade.

I do not know whether the company can outgrow the "patent cliff" (I doubt that anybody does), but a plan is in place, AstraZeneca is focusing heavily on its five growth platforms, and management appear confident that sustainable longer-term growth is an achievable objective (although of course they would think that).

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

YES AstraZeneca's products are differentiated by their patents, which effectively give them a monopoly over their specific solution to a medical problem. With little or no competition, profit margins are abnormally high, although of course pricing pressures remain in order to maximise the volume/margin trade-off, and from government policies aimed at reducing the cost of medical treatments.

Indifferent to commodity prices

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

YES Although commodities are used as inputs to the companies products, their price movements do not have a significant impact on AstraZeneca's profits.

Sound financial policy

17. Does the company have a target rate of return on investment (ROCE or similar) of more than 10%?

NO I could not see a target or expected rate of profitability in the annual reports. However, profitability is not a major concern, assuming sufficient new profitable patents can be generated to replace expiring ones. Gross profitability and operating profitability are typically high at around 80% and 30% respectively. 10-year median net ROCE is also high at 22.5%, although it has been lower in recent years due to the fall in profits.

18. Is the company's use of leverage conservative enough given the potential for its earnings to decline?

YES The Debt Ratio is only 1.8 and I don't think that's an excessive amount of debt, even if AstraZeneca fails to replace all of its currently expiring patents.

19. Are the chances of this company being a value trap acceptably low (and if so, why are the shares cheap at the moment)?

YES Whether AstraZeneca turns out to be a value trap or not depends on whether it is able to overcome the "patent cliff". As I've already mentioned, whether that's possible or not is uncertain, although the consensus seems to be that success is quite likely and that the company can return to growth after a few years. Having reviewed the company and its plans for the next few years, I think the odds of AstraZeneca becoming a value trap are acceptably low, although of course that does not guarantee its success.

In terms of why the shares appear to be cheap, the answer is the same. Investors are rightly worried about the patent cliff and AstraZeneca's ability to replace profits generated from products whose patents are soon to expire. Some investors are put off by obvious risks, while others see it as a chance to buy a good company at an attractive price.

Uncovering competitive advantages

1. Does the company have any intangible asset advantages (e.g. brand names that command pricing power; patents; regulatory barriers)?

YES AstraZeneca's patents are a form of intangible asset that create barriers to entry for competitors.

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 A physician could easily switch their patients onto a competitor’s product if it was better or cheaper.

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

NO AstraZeneca’s products do not become better as more people use them (at least not significantly; there is some benefit as more use of a product allows further research into side effects and other features).

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

NO Although the company seems to work hard to have efficient operations, it is not primarily a low cost producer and it does not appear to have any durable advantages on the cost side.

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

YES I do not expect AstraZeneca to have an easy time of it over the next few years. The patent cliff is a serious problem which has already led to the resignation of the previous CEO and Chairman in 2012. However, the company has a plan and the new CEO and his board seem to be willing to do what is necessary to fill the hole left by expiring patents. Of course there are never any guarantees of success, but for me the company seems more likely than not to get through the patent cliff without having to downsize or cut its dividend significantly.

I will be buying shares in AstraZeneca for the UKVI Portfolio and my personal portfolio a few days after this issue is published and will be giving it a position size of approximately 4% in the UKVI Portfolio in order to soak up excess cash. As usual I expect this investment to last something in the region of one to ten years, although exactly how long it lasts will depend on how the company and the share price perform.

Higher ranked stocks that were not bought	Reason for not buying
Chesnara PLC	Operates in the cyclical Life Insurance sector and the portfolio already holds too many cyclical stocks
Amec Foster Wheeler PLC	Debt Ratio too high
Fenner PLC	Operates in the cyclical Industrial Engineering sector and the portfolio already holds too many cyclical stocks
Sky PLC	Operates in the cyclical Media sector and the portfolio already holds too many cyclical stocks
Beazley PLC	Operates in the Non-Life Insurance sector and the portfolio already holds three companies in that sector
Rotork PLC	Operates in the cyclical Industrial Engineering sector and the portfolio already holds too many cyclical stocks
PayPoint PLC	Operates in the cyclical Support Services sector and the portfolio already holds too many cyclical stocks

“In investing, as in life, there are very few sure things. Values can evaporate, estimates can be wrong, circumstances can change and ‘sure things’ can fail. However, there are two concepts we can hold to with confidence:

- Rule number one: most things will prove to be cyclical.***
- Rule number two: some of the greatest opportunities for gain and loss come when other people forget rule number one.”***

- The Most Important Thing, by Howard Marks

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 financial advisor. See the important notes on the last page.

Questions and Answers

Readers ask questions on a range of topics every month. Here are the most interesting and/or frequent:

Q: Which pension figure do you use to calculate the Pension Ratio

A: The Pension Ratio is the ratio between total defined benefit pension obligations (both funded and unfunded) and 5-year average post-tax profits. Only defined benefit pension plans are looked at because there are no significant risks associated with defined contribution plans.

With a defined contribution plan, the company pays a certain percentage of wages into the plan and that's that. The final retirement pot for each retiree depends on how the pension fund's assets perform and the company has no obligation to ensure that a retiree's retirement income reaches a certain level. All of the risks are essentially shouldered by the retiree. With a defined benefit plan, the company does have a legal obligation to ensure that retirees receive a retirement income which is (typically) a pre-defined percentage of their final salary. In this case if the pension contributions have been insufficient, or if the pension fund's investment returns have been lower than expected, the company must top up the fund so that the correct level of income can be paid. In this case the risks are shouldered by the company.

I use total obligations in the ratio because that value will be proportional, more or less, to the size of any potential pension fund deficit (where the fund's assets are not enough to cover its liabilities) and also to the risk of having to reduce that deficit with cash payments. I include unfunded obligations in the ratio as well as funded obligations, where unfunded obligations are paid out of current earnings while funded obligations are paid from a pension investment fund. You can find the relevant figures in the notes to the financial accounts.

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 in case you want to follow a similar policy:

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
- Travel & Leisure

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	ROCE	Debt Ratio	Earnings Power
1	Admiral Group PLC	ADM	FTSE 100	Nonlife Insurance	£13.87	13.5	7.1%	19.0	13.3%	92%	54%	0.0	£249
2	Petrofac Ltd	PFC	FTSE 250	Oil Equipment, Services & Distribution	£9.26	17.1	4.6%	13.6	22.3%	83%	29%	3.5	£316
3	BHP Billiton PLC	BLT	FTSE 100	Mining	£12.49	8.1	5.9%	7.9	12.1%	71%	18%	2.0	£10,326
4	ITE Group PLC	ITE	Small Cap	Media	£1.71	10.8	4.3%	14.9	9.3%	83%	29%	1.3	£32
5	Chesnara PLC	CSN	Small Cap	Life Insurance	£3.25	14.7	5.7%	13.8	7.0%	83%	15%	N/K	£29
6	IG Group Holdings PLC	IGG	FTSE 250	Financial Services	£7.47	18.5	3.8%	27.0	18.9%	96%	26%	0.0	£132
7	Amec Foster Wheeler PLC	AMFW	FTSE 250	Oil Equipment, Services & Distribution	£8.18	13.0	5.3%	15.7	15.0%	83%	12%	6.1	£216
8	Centrica PLC	CNA	FTSE 100	Gas, Water & Multiutilities	£2.64	47.7	5.1%	11.1	7.0%	79%	12%	4.7	£1,475
9	British American Tobacco PLC	BATS	FTSE 100	Tobacco	£34.15	17.4	4.3%	20.7	9.7%	88%	17%	3.2	£3,838
10	Amlin PLC	AML	FTSE 250	Nonlife Insurance	£4.76	10.3	5.7%	10.5	6.4%	71%	17%	1.5	£178
11	Telecom plus PLC	TEP	FTSE 250	Fixed Line Telecommunications	£9.90	24.6	4.0%	34.9	17.5%	92%	36%	2.4	£29
12	Fenner PLC	FENR	Small Cap	Industrial Engineering	£2.07	7.5	5.8%	10.3	10.9%	79%	8%	4.6	£47
13	Sky PLC	SKY	FTSE 100	Media	£10.37	16.6	3.1%	26.4	11.2%	96%	22%	2.7	£985
14	Mitie Group PLC	MTO	FTSE 250	Support Services	£3.15	14.2	3.7%	17.0	8.9%	92%	12%	3.6	£78
15	Beazley PLC	BEZ	FTSE 250	Nonlife Insurance	£2.96	11.0	3.1%	13.4	6.7%	79%	18%	N/K	£125
16	Rotork PLC	ROR	FTSE 250	Industrial Engineering	£2.33	19.6	2.2%	29.0	14.3%	100%	30%	0.2	£88
17	PayPoint PLC	PAY	FTSE 250	Support Services	£9.91	17.3	3.9%	25.0	8.1%	88%	34%	0.0	£31
18	Standard Chartered PLC	STAN	FTSE 100	Banks	£10.19	10.7	5.4%	9.6	7.1%	71%	12%	N/A	£2,845
19	AstraZeneca PLC	AZN	FTSE 100	Pharmaceuticals & Biotechnology	£40.19	32.6	4.4%	13.9	1.4%	75%	23%	1.8	£3,928
20	Morrison (Wm) Supermarkets PLC	MRW	FTSE 100	Food & Drug Retailers	£1.81	19.2	7.5%	10.5	7.3%	79%	7%	5.4	£468
21	Vedanta Resources PLC	VED	FTSE 250	Mining	£5.20	0.4	7.8%	2.3	15.8%	67%	2%	45.7	£222
22	Aggreko PLC	AGK	FTSE 250	Support Services	£14.39	17.8	1.9%	21.3	17.7%	88%	16%	2.2	£238
23	Reckitt Benckiser Group PLC	RB.	FTSE 100	Household Goods & Home Construction	£54.88	23.8	2.5%	28.4	11.1%	88%	21%	1.5	£1,689
24	Jardine Lloyd Thompson Group PLC	JLT	FTSE 250	Nonlife Insurance	£10.44	17.9	2.8%	25.2	10.1%	88%	16%	N/K	£114
25	Imperial Tobacco Group PLC	IMT	FTSE 100	Tobacco	£30.67	6.2	4.2%	16.8	13.8%	75%	10%	5.3	£1,858
26	De La Rue PLC	DLAR	Small Cap	Support Services	£5.25	11.5	4.8%	10.3	1.7%	50%	46%	2.9	£48
27	Cobham PLC	COB	FTSE 250	Aerospace & Defense	£2.63	28.7	4.0%	17.8	9.7%	79%	13%	7.7	£188
28	GlaxoSmithKline PLC	GSK	FTSE 100	Pharmaceuticals & Biotechnology	£13.23	18.7	6.0%	14.4	1.6%	71%	18%	4.6	£4,051
29	Vodafone Group PLC	VOD	FTSE 100	Mobile Telecommunications	£2.30	10.4	4.9%	12.6	4.0%	92%	7%	2.0	£9,979
30	Weir Group PLC	WEIR	FTSE 100	Industrial Engineering	£16.97	13.2	2.6%	18.3	18.2%	83%	11%	3.7	£280
31	Computacenter PLC	CCC	FTSE 250	Software & Computer Services	£7.76	16.6	2.4%	22.5	10.4%	92%	13%	0.2	£60
32	Menzies (John) PLC	MNZS	Small Cap	Support Services	£4.90	14.3	3.3%	11.0	4.5%	71%	13%	4.6	£32
33	Victrex PLC	VCT	FTSE 250	Chemicals	£19.30	20.1	2.3%	30.7	13.0%	92%	23%	0.0	£70
34	Stagecoach Group PLC	SGC	FTSE 250	Travel & Leisure	£4.04	16.7	2.6%	19.3	8.1%	92%	14%	4.9	£145
35	IMI PLC	IMI	FTSE 250	Industrial Engineering	£11.25	15.7	3.3%	19.7	6.0%	83%	17%	1.2	£210
36	Dialight PLC	DIA	Small Cap	Electronic & Electrical Equipment	£5.11	14.0	2.9%	22.8	17.0%	83%	12%	0.7	£10
37	Goodwin PLC	GDWN	Small Cap	Industrial Engineering	£25.25	9.7	1.7%	21.0	13.8%	83%	18%	0.9	£11
38	Domino's Pizza UK & IRL PLC	DOM	FTSE 250	Travel & Leisure	£7.77	30.1	2.3%	47.0	19.4%	100%	39%	0.6	£35
39	Ashley (Laura) Holdings PLC	ALY	Small Cap	General Retailers	£0.31	12.8	6.5%	18.9	7.7%	58%	20%	0.0	£16
40	Brown (N) Group PLC	BWNG	FTSE 250	General Retailers	£3.42	13.4	4.2%	14.0	6.2%	75%	11%	3.8	£76
41	Prudential PLC	PRU	FTSE 100	Life Insurance	£15.32	17.0	2.4%	26.6	11.5%	83%	18%	N/K	£1,807
42	Hiscox Ltd	HSX	FTSE 250	Nonlife Insurance	£8.39	12.2	2.7%	16.1	9.1%	75%	15%	N/K	£167
43	Mears Group PLC	MER	Small Cap	Support Services	£4.21	17.2	2.4%	21.2	12.2%	92%	11%	2.9	£21
44	SSE PLC	SSE	FTSE 100	Electricity	£15.36	14.4	5.8%	16.1	5.3%	83%	8%	5.2	£1,179
45	JD Sports Fashion PLC	JD.	FTSE 250	General Retailers	£7.07	17.6	1.0%	27.5	16.4%	88%	24%	0.6	£63
46	Antofagasta PLC	ANTO	FTSE 100	Mining	£6.89	15.1	2.0%	10.4	14.6%	58%	13%	2.2	£694
47	Intertek Group PLC	ITRK	FTSE 100	Support Services	£24.50	19.5	2.0%	28.0	16.8%	92%	14%	4.1	£182
48	Burberry Group PLC	BRBY	FTSE 100	Personal Goods	£15.71	20.5	2.2%	30.0	16.5%	83%	26%	0.2	£304
49	Ladbroke's PLC	LAD	FTSE 250	Travel & Leisure	£1.30	10.7	6.8%	5.5	-4.9%	50%	21%	2.5	£190
50	Legal & General Group PLC	LGEN	FTSE 100	Life Insurance	£2.49	13.8	4.5%	20.8	11.1%	67%	17%	N/K	£894
51	Compass Group PLC	CPG	FTSE 100	Travel & Leisure	£10.53	21.9	2.5%	33.0	13.7%	96%	13%	3.6	£775
52	Sainsbury (J) PLC	SBRY	FTSE 100	Food & Drug Retailers	£2.65	10.5	5.0%	11.0	6.4%	75%	5%	5.2	£533
53	Restaurant Group (The) PLC	RTN	FTSE 250	Travel & Leisure	£6.96	23.3	2.2%	32.9	10.0%	100%	19%	0.9	£50
54	Diageo PLC	DGE	FTSE 100	Beverages	£18.41	15.7	2.8%	24.5	7.9%	88%	14%	4.3	£2,273
55	Atkins (W S) PLC	ATK	FTSE 250	Support Services	£15.16	15.6	2.4%	18.7	5.2%	79%	19%	1.3	£87
56	Homeserve PLC	HSV	FTSE 250	Support Services	£4.30	26.3	2.7%	22.0	6.3%	79%	18%	1.9	£73
57	Ultra Electronics Holdings PLC	ULE	FTSE 250	Aerospace & Defense	£17.72	37.5	2.5%	23.1	11.7%	71%	18%	2.7	£64
58	Spirax-Sarco Engineering PLC	SPX	FTSE 250	Industrial Engineering	£33.93	24.4	2.0%	31.5	10.0%	96%	17%	0.9	£96
59	Tullett Prebon PLC	TLPR	FTSE 250	Financial Services	£3.67	9.6	4.6%	8.7	2.7%	54%	14%	2.4	£92
60	Aberdeen Asset Management PLC	ADN	FTSE 100	Financial Services	£4.04	15.9	4.5%	28.3	19.0%	83%	9%	0.0	£241
61	Chemring Group PLC	CHG	Small Cap	Aerospace & Defense	£2.20	44.5	1.9%	8.5	3.9%	67%	10%	3.2	£49
62	Royal Dutch Shell PLC	RDSB	FTSE 100	Oil & Gas Producers	£18.07	9.7	6.6%	8.3	3.0%	63%	9%	2.1	£14,029
63	Aveva Group PLC	AVV	FTSE 250	Software & Computer Services	£18.08	26.9	1.7%	29.9	13.9%	83%	21%	0.0	£44
64	Braemar Shipping Services PLC	BMS	Small Cap	Industrial Transportation	£4.73	20.0	5.5%	12.0	0.3%	58%	15%	1.2	£8
65	Rio Tinto PLC	RIO	FTSE 100	Mining	£26.14	10.0	5.2%	7.6	7.0%	54%	11%	2.2	£7,462
66	UK Mail Group PLC	UKM	Small Cap	Industrial Transportation	£5.23	17.0	4.2%	22.8	5.4%	67%	18%	0.7	£14
67	William Hill PLC	WMH	FTSE 250	Travel & Leisure	£4.03	15.7	3.0%	16.7	1.4%	88%	10%	3.9	£183
68	BAE Systems PLC	BA.	FTSE 100	Aerospace & Defense	£4.51	15.3	4.5%	13.5	2.8%	75%	9%	2.9	£1,152
69	RM PLC	RM.	Small Cap	Software & Computer Services	£1.53	9.5	2.6%	9.2	-3.6%	58%	19%	0.0	£13
70	BG Group PLC	BG.	FTSE 100	Oil & Gas Producers	£10.60	7.7	1.7%	12.0	8.0%	79%	12%	3.3	£3,457
71	Tesco PLC	TSCO	FTSE 100	Food & Drug Retailers	£2.13	19.4	0.5%	8.1	1.8%	67%	8%	5.6	£2,270
72	Croda International PLC	CRDA	FTSE 250	Chemicals	£27.52	21.9	2.4%	33.2	17.8%	83%	17%	1.4	£162
73	Hill & Smith Holdings PLC	HILS	Small Cap	Industrial Engineering	£6.78	15.8	2.7%	20.1	7.4%	88%	10%	3.5	£29
74	Wood Group (John) PLC	WG.	FTSE 250	Oil Equipment, Services & Distribution	£6.45	12.8	2.7%	9.4	11.6%	71%	9%	2.3	£142
75	Drax Group PLC	DRX	FTSE 250	Electricity	£3.48	10.9	3.4%	5.4	-5.7%	50%	14%	1.7	£187
76	RPS Group PLC	RPS	Small Cap	Support Services	£2.25	13.7	3.8%	15.6	7.2%	83%	8%	3.1	£30
77	NCC Group PLC	NCC	Small Cap	Software & Computer Services	£2.16	22.6	1.6%	42.9	22.4%	100%	15%	2.5	£14
78	Next PLC	NXT	FTSE 100	General Retailers	£74.50	18.1	2.0%	30.4	10.9%	83%	42%	1.7	£501
79	Cranwick PLC	CWK	FTSE 250	Food Producers	£15.96	18.9	2.1%	23.5	8.7%	88%	11%	0.6	£38
80	Rolls-Royce Group PLC	RR.	FTSE 100	Aerospace & Defense	£8.70	13.3	2.7%	18.0	9.0%	83%	9%	3.2	£1,008
81	Premier Farnell PLC	PFL	FTSE 250	Support Services	£1.73	12.2	6.0%	12.2	2.6%	42%	13%	5.3	£57

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	ROCE	Debt Ratio	Earnings Power
82	Capita PLC	CPI	FTSE 100	Support Services	£12.38	30.6	2.4%	35.0	11.5%	92%	13%	7.8	£263
83	Senior PLC	SNR	FTSE 250	Aerospace & Defense	£2.87	15.8	2.0%	20.1	13.3%	79%	12%	1.4	£83
84	Britvic PLC	BVIC	FTSE 250	Beverages	£7.18	17.0	2.9%	24.1	9.2%	79%	12%	6.7	£85
85	Carillion PLC	CLLN	FTSE 250	Support Services	£3.42	13.4	5.2%	11.7	5.0%	71%	7%	4.5	£145
86	Tullow Oil PLC	TLW	FTSE 250	Oil & Gas Producers	£3.40	3.7	1.2%	9.5	13.6%	54%	9%	4.3	£506
87	BP PLC	BP.	FTSE 100	Oil & Gas Producers	£4.20	8.1	5.9%	8.8	-0.5%	63%	10%	4.7	£7,290
88	Barr (A G) PLC	BAG	FTSE 250	Beverages	£6.15	21.5	2.0%	33.7	9.2%	96%	16%	0.6	£27
89	Ted Baker PLC	TED	FTSE 250	Personal Goods	£29.16	34.9	1.4%	60.9	13.5%	92%	25%	1.0	£25
90	Smiths Group PLC	SMIN	FTSE 100	General Industrials	£11.29	14.0	3.6%	15.5	5.5%	67%	11%	2.9	£343
91	Brammer PLC	BRAM	Small Cap	Support Services	£3.09	16.6	3.5%	18.9	9.5%	79%	8%	4.4	£22
92	HSBC Holdings PLC	HSBA	FTSE 100	Banks	£5.70	12.7	5.6%	11.5	-1.4%	71%	9%	N/A	£9,371
93	Diploma PLC	DPLM	FTSE 250	Support Services	£8.08	25.2	2.1%	41.0	15.6%	92%	14%	0.0	£29
94	Connect Group PLC	CNCT	Small Cap	Support Services	£1.42	7.8	6.2%	9.4	4.7%	71%	-115%	3.4	£33
95	Babcock International Group PLC	BAB	FTSE 100	Support Services	£10.80	21.2	2.2%	29.5	13.6%	88%	10%	8.4	£187
96	RSA Insurance Group PLC	RSA	FTSE 100	Nonlife Insurance	£3.97	-19.6	0.5%	8.0	-8.1%	42%	13%	1.1	£218
97	KCOM Group PLC	KCOM	Small Cap	Fixed Line Telecommunications	£0.94	10.2	5.7%	14.5	6.1%	50%	13%	29.7	£37
98	Electrocomponents PLC	ECM	FTSE 250	Support Services	£2.12	12.6	5.5%	13.7	1.0%	54%	12%	2.3	£75
99	Vitec Group (The) PLC	VTC	Small Cap	Industrial Engineering	£6.39	9.3	3.8%	12.9	5.1%	63%	11%	3.3	£25
100	RPC Group PLC	RPC	FTSE 250	General Industrials	£6.67	14.3	2.4%	23.5	13.6%	83%	9%	7.0	£73
101	Smith & Nephew PLC	SN.	FTSE 100	Health Care Equipment & Services	£10.74	22.7	1.8%	27.8	10.5%	83%	16%	2.7	£401
102	Tate & Lyle PLC	TATE	FTSE 250	Food Producers	£5.20	14.0	5.4%	11.4	2.3%	63%	9%	3.2	£240
103	Spectris PLC	SXS	FTSE 250	Electronic & Electrical Equipment	£21.10	18.3	2.2%	25.7	11.0%	79%	13%	1.3	£122
104	Standard Life PLC	SL	FTSE 100	Life Insurance	£4.44	19.7	3.9%	23.2	5.2%	75%	11%	N/K	£475
105	WPP Group PLC	WPP	FTSE 100	Media	£14.26	18.6	2.7%	23.4	13.0%	88%	7%	4.7	£1,017
106	Fidessa Group PLC	FDSA	FTSE 250	Software & Computer Services	£22.75	30.6	1.7%	37.2	12.3%	83%	17%	0.0	£29
107	Unilever PLC	ULVR	FTSE 100	Personal Goods	£27.30	24.4	3.3%	23.4	5.0%	71%	15%	2.7	£3,584
108	S & U PLC	SUS	Small Cap	Financial Services	£22.50	14.6	2.9%	28.7	10.1%	83%	10%	4.6	£12
109	Playtech PLC	PTEC	FTSE 250	Travel & Leisure	£8.19	22.0	2.5%	35.4	19.1%	71%	16%	2.4	£81
110	Intermediate Capital Group PLC	ICP	FTSE 250	Financial Services	£5.49	10.8	4.0%	12.5	-1.6%	63%	12%	12.7	£164
111	Micro Focus International PLC	MCRO	FTSE 250	Software & Computer Services	£13.61	27.8	1.4%	45.3	23.3%	75%	44%	2.4	£73
112	PZ Cussons PLC	PZC	FTSE 250	Personal Goods	£3.62	17.1	2.1%	25.4	9.8%	83%	10%	1.6	£76
113	Fisher (James) & Sons PLC	FSJ	FTSE 250	Industrial Transportation	£13.54	15.6	1.6%	28.7	13.0%	100%	8%	36.9	£30
114	National Grid PLC	NG.	FTSE 100	Gas, Water & Multiutilities	£8.17	14.4	5.2%	14.7	3.7%	75%	5%	12.4	£2,086
115	Devro PLC	DVO	Small Cap	Food Producers	£3.03	25.6	2.9%	22.0	11.0%	67%	11%	2.7	£30
116	Halma PLC	HLMA	FTSE 250	Electronic & Electrical Equipment	£7.62	28.2	1.6%	39.5	9.5%	96%	14%	1.6	£90
117	Headlam Group PLC	HEAD	Small Cap	Household Goods & Home Construction	£4.62	16.2	3.8%	16.7	-2.5%	75%	11%	1.1	£21
118	Bunzl PLC	BNZL	FTSE 100	Support Services	£17.38	24.3	2.0%	32.7	8.8%	100%	11%	4.8	£204
119	Kier Group PLC	KIE	FTSE 250	Construction & Materials	£14.23	20.4	4.0%	17.9	2.0%	63%	14%	7.3	£44
120	Morgan Advanced Materials PLC	MGAM	FTSE 250	Electronic & Electrical Equipment	£3.26	13.9	3.3%	15.3	4.8%	71%	10%	4.2	£64
121	Bloomsbury Publishing PLC	BMY	Small Cap	Media	£1.65	12.4	3.7%	16.0	2.8%	79%	7%	0.3	£8
122	Man Group PLC	EMG	FTSE 250	Financial Services	£1.57	11.0	4.0%	8.0	-14.0%	50%	10%	0.5	£197
123	Morgan Sindall PLC	MGNS	Small Cap	Construction & Materials	£8.25	21.1	3.3%	11.7	-5.5%	46%	14%	1.5	£24
124	WH Smith PLC	SMWH	FTSE 250	General Retailers	£15.28	19.7	2.3%	31.6	10.8%	71%	34%	0.1	£81
125	Close Brothers Group PLC	CBG	FTSE 250	Financial Services	£15.28	15.3	3.2%	22.0	3.0%	67%	14%	67.2	£100
126	St James's Place PLC	STJ	FTSE 100	Life Insurance	£9.06	25.2	2.6%	46.1	16.0%	83%	15%	N/K	£123
127	Hikma Pharmaceuticals PLC	HIK	FTSE 100	Pharmaceuticals & Biotechnology	£19.33	20.4	0.7%	50.1	21.7%	88%	12%	3.4	£106
128	Inmarsat PLC	ISAT	FTSE 100	Mobile Telecommunications	£9.15	20.7	3.3%	26.4	10.3%	71%	10%	6.9	£196
129	UBM PLC	UBM	FTSE 250	Media	£5.34	10.7	4.3%	14.3	0.3%	58%	12%	5.5	£113
130	Greggs PLC	GRG	FTSE 250	Food & Drug Retailers	£11.83	25.1	1.9%	33.5	5.5%	83%	18%	0.0	£39
131	Rathbone Brothers PLC	RAT	FTSE 250	Financial Services	£21.47	19.9	2.4%	30.3	3.7%	79%	16%	41.5	£34
132	Whitbread PLC	WTB	FTSE 100	Travel & Leisure	£49.46	23.9	1.7%	40.1	13.8%	100%	10%	2.0	£290
133	Pennon Group PLC	PNN	FTSE 250	Gas, Water & Multiutilities	£8.10	21.0	3.9%	22.7	5.7%	83%	4%	20.0	£140
134	Marks & Spencer Group PLC	MKS	FTSE 100	General Retailers	£5.36	15.6	3.4%	15.1	-0.8%	67%	11%	3.7	£548
135	Sage Group (The) PLC	SGE	FTSE 100	Software & Computer Services	£5.13	24.0	2.4%	30.0	7.2%	83%	11%	2.5	£237
136	Johnson Matthey PLC	JMAT	FTSE 100	Chemicals	£30.38	17.4	2.2%	24.8	8.8%	75%	11%	3.5	£307
137	Eurooney Institutional Investor PLC	ERM	FTSE 250	Media	£12.17	20.7	1.9%	28.3	5.5%	75%	17%	0.7	£65
138	Carr's Group PLC	CARR	Small Cap	Food Producers	£1.64	13.4	2.1%	20.3	7.8%	79%	9%	4.9	£8
139	SThree PLC	STHR	Small Cap	Support Services	£3.74	24.0	3.7%	24.7	0.9%	58%	24%	1.4	£17
140	Serco Group PLC	SRP	FTSE 250	Support Services	£1.18	-1.0	2.1%	18.2	-4.9%	75%	8%	-7.9	£-11
141	Hogg Robinson Group PLC	HRG	Small Cap	Support Services	£0.61	9.7	3.8%	10.0	1.1%	63%	7%	4.1	£23
142	Greene King PLC	GNK	FTSE 250	Travel & Leisure	£8.44	13.5	3.4%	15.9	4.2%	79%	4%	14.4	£115
143	Paragon Group of Companies (The) PLC	PAG	FTSE 250	Financial Services	£4.14	11.8	2.2%	6.7	-11.5%	63%	13%	102.8	£95
144	Huntsworth PLC	HNT	Small Cap	Media	£0.48	9.2	2.1%	7.1	0.8%	46%	6%	2.7	£16
145	Elementis PLC	ELM	FTSE 250	Chemicals	£2.57	11.1	2.1%	23.8	10.8%	71%	11%	0.1	£68
146	Clarkson PLC	CKN	FTSE 250	Industrial Transportation	£27.37	21.0	2.2%	23.5	1.3%	79%	13%	0.0	£22
147	Kingfisher PLC	KGF	FTSE 100	General Retailers	£3.47	13.6	2.9%	17.0	6.8%	67%	8%	0.5	£616
148	Provident Financial PLC	PGF	FTSE 250	Financial Services	£29.27	22.8	3.3%	33.8	10.7%	75%	9%	9.6	£155
149	Renishaw PLC	RSW	FTSE 250	Electronic & Electrical Equipment	£22.91	28.6	1.8%	40.7	11.7%	75%	17%	0.0	£56
150	Hunting PLC	HTG	FTSE 250	Oil Equipment, Services & Distribution	£6.10	11.0	3.2%	17.7	7.2%	71%	6%	2.4	£59
151	ICAP PLC	IAP	FTSE 250	Financial Services	£5.30	23.5	4.2%	18.6	2.5%	54%	11%	2.8	£196
152	Melrose Industries PLC	MRO	FTSE 250	Industrial Engineering	£2.47	23.4	3.3%	32.5	14.0%	79%	4%	5.2	£109
153	Keller Group PLC	KLR	FTSE 250	Construction & Materials	£10.23	14.4	2.5%	14.7	1.6%	75%	8%	5.2	£36
154	Go-Ahead Group (The) PLC	GOG	FTSE 250	Travel & Leisure	£26.34	18.7	3.2%	18.3	2.3%	58%	12%	5.9	£55
155	Aviva PLC	AV.	FTSE 100	Life Insurance	£4.93	9.9	3.7%	11.4	-6.4%	46%	10%	N/K	£1,042
156	Marston's PLC	MARS	FTSE 250	Travel & Leisure	£1.61	7.4	4.2%	10.3	-0.7%	67%	3%	16.1	£85
157	Hays PLC	HAS	FTSE 250	Support Services	£1.63	26.5	1.6%	22.6	-3.8%	58%	22%	1.5	£72
158	FTSE 100				6,521	14.4	3.7%	13.6	1.0%	54%	10%		
159	Meggitt PLC	MGGT	FTSE 100	Aerospace & Defense	£4.66	19.0	3.0%	20.5	9.3%	71%	6%	3.3	£208
160	Brewin Dolphin Holdings PLC	BRW	FTSE 250	Financial Services	£2.92	18.3	3.4%	26.4	3.3%	63%	14%	0.0	£29
161	Interserve PLC	IRV	FTSE 250	Support Services	£6.61	26.1	3.5%	22.8	2.2%	75%	8%	10.1	£35
162	ARM Holdings PLC	ARM	FTSE 100	Technology Hardware & Equipment	£10.37	57.4	0.7%	136.3	22.3%	88%	9%	0.0	£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	ROCE	Debt Ratio	Earnings Power
163	BBA Aviation PLC	BBA	FTSE 250	Industrial Transportation	£3.02	12.9	3.4%	17.6	4.6%	67%	7%	5.7	£90
164	Bodycote PLC	BOY	FTSE 250	Industrial Engineering	£6.74	15.9	2.1%	23.7	6.4%	75%	10%	0.0	£65
165	InterContinental Hotels Group PLC	IHG	FTSE 100	Travel & Leisure	£25.66	29.0	1.9%	31.4	6.0%	71%	19%	4.8	£227
166	Darty PLC	DRTY	Small Cap	General Retailers	£0.71	27.6	3.6%	8.7	-21.5%	33%	7%	6.8	£31
167	Infarma PLC	INF	FTSE 250	Media	£5.47	18.7	3.5%	22.8	6.2%	71%	6%	5.6	£165
168	Investec PLC	INVP	FTSE 250	Financial Services	£5.72	17.7	3.5%	14.4	-0.4%	58%	9%	130.8	£320
169	Home Retail Group PLC	HOME	FTSE 250	General Retailers	£1.69	11.9	2.2%	8.2	-11.5%	42%	6%	0.0	£120
170	Xaar PLC	XAR	Small Cap	Electronic & Electrical Equipment	£4.65	18.1	1.9%	32.0	20.9%	63%	14%	0.0	£16
171	SABMiller PLC	SAB	FTSE 100	Beverages	£33.04	23.3	2.3%	30.9	9.6%	83%	7%	4.1	£2,067
172	Charles Taylor PLC	CTR	Small Cap	Support Services	£2.20	13.0	4.3%	12.3	-2.1%	58%	6%	6.8	£6
173	Fuller Smith & Turner PLC	FSTA	Small Cap	Travel & Leisure	£10.81	21.8	1.5%	29.9	8.4%	100%	6%	6.5	£26
174	Communis PLC	CMS	Small Cap	Support Services	£0.47	10.5	4.3%	8.2	-4.5%	58%	4%	8.3	£7
175	Experian PLC	EXPN	FTSE 100	Support Services	£11.59	22.4	2.3%	32.0	9.0%	71%	12%	570%	£390
176	St Ives PLC	SIV	Small Cap	Support Services	£1.80	16.7	4.0%	13.4	-8.0%	54%	7%	3.7	£15
177	Essentra PLC	ESNT	FTSE 250	Support Services	£9.93	27.5	1.8%	43.6	11.4%	79%	11%	1.8	£64
178	Anglo-Eastern Plantations PLC	AEP	Small Cap	Food Producers	£6.20	12.4	0.5%	8.9	4.9%	58%	11%	0.6	£35
179	4imprint Group PLC	FOUR	Small Cap	Media	£10.72	25.0	1.9%	46.7	5.8%	83%	13%	0.0	£7
180	Balfour Beatty PLC	BBY	FTSE 250	Construction & Materials	£2.42	-5.4	2.3%	14.0	-8.7%	54%	8%	15.9	£60
181	Pearson PLC	PSON	FTSE 100	Media	£12.05	25.0	4.2%	23.1	3.7%	71%	5%	4.9	£453
182	Berendsen PLC	BRNS	FTSE 250	Support Services	£10.19	20.3	2.9%	27.6	5.6%	79%	6%	6.7	£70
183	Chime Communications PLC	CHW	Small Cap	Media	£2.60	24.6	3.2%	18.9	-1.4%	71%	9%	9.5	£8
184	Anglo Pacific Group PLC	APF	Small Cap	Mining	£0.87	-5.3	9.7%	10.2	-9.9%	42%	4%	0.0	£5
185	Old Mutual PLC	OML	FTSE 100	Life Insurance	£2.02	14.1	4.3%	16.9	0.8%	58%	8%	N/K	£617
186	Michael Page International PLC	MPI	FTSE 250	Support Services	£5.45	29.2	2.0%	30.9	0.5%	67%	26%	0.0	£47
187	Associated British Foods PLC	ABF	FTSE 100	Food Producers	£28.71	29.3	1.2%	42.3	10.0%	96%	7%	1.5	£646
188	Ricardo PLC	RCDO	Small Cap	Support Services	£8.62	22.8	1.8%	30.0	4.8%	71%	14%	0.0	£16
189	Dignity PLC	DTY	FTSE 250	General Retailers	£21.43	16.2	0.9%	36.5	10.3%	88%	8%	14.9	£41
190	Randgold Resources Ltd	RRS	FTSE 100	Mining	£42.85	26.6	0.9%	34.5	30.5%	79%	7%	0.0	£177
191	Severn Trent PLC	SVT	FTSE 100	Gas, Water & Multiutilities	£20.81	35.7	4.1%	23.0	3.0%	71%	3%	23.6	£209
192	Dairy Crest Group PLC	DCG	FTSE 250	Food Producers	£5.32	15.1	4.1%	14.2	-2.6%	54%	7%	5.5	£48
193	Carclo PLC	CAR	Small Cap	Chemicals	£1.48	9.7	1.9%	16.9	2.8%	75%	6%	6.3	£5
194	BT Group PLC	BT.A	FTSE 100	Fixed Line Telecommunications	£4.50	15.6	2.8%	22.8	0.9%	67%	10%	5.3	£1,846
195	Reed Elsevier PLC	REL	FTSE 100	Media	£10.35	22.9	2.5%	27.8	5.2%	67%	10%	4.9	£409
196	Ashtead Group PLC	AHT	FTSE 100	Support Services	£10.99	18.4	1.4%	53.1	19.9%	88%	4%	10.8	£106
197	Speedy Hire PLC	SDY	Small Cap	Support Services	£0.71	6.4	1.0%	10.5	-15.8%	67%	4%	6.5	£16
198	DCC PLC	DCC	FTSE 250	Support Services	£50.00	27.2	1.7%	37.0	11.1%	79%	8%	10.8	£136
199	Rexam PLC	REX	FTSE 250	General Industrials	£5.52	14.2	3.2%	18.0	1.0%	63%	6%	5.2	£274
200	Barclays PLC	BARC	FTSE 100	Banks	£2.61	159.1	2.5%	12.3	-23.0%	54%	4%	N/A	£1,925
201	Low & Bonar PLC	LWB	Small Cap	Construction & Materials	£0.70	16.1	3.9%	14.1	-0.3%	54%	4%	7.1	£16
202	Robert Walters PLC	RWA	Small Cap	Support Services	£4.05	28.3	1.5%	33.2	1.8%	75%	14%	2.8	£8
203	Genus PLC	GNS	FTSE 250	Pharmaceuticals & Biotechnology	£14.27	27.9	1.2%	40.6	10.1%	92%	5%	3.5	£25
204	Lavendon Group PLC	LVD	Small Cap	Support Services	£1.99	14.1	2.3%	10.7	-6.2%	67%	5%	5.8	£19
205	Laird PLC	LRD	FTSE 250	Technology Hardware & Equipment	£3.68	18.1	3.4%	27.6	0.5%	79%	5%	6.7	£34
206	United Utilities Group PLC	UU.	FTSE 100	Gas, Water & Multiutilities	£8.92	20.8	4.2%	18.2	-2.2%	63%	3%	20.3	£327
207	British Polythene Industries PLC	BPI	Small Cap	General Industrials	£6.72	11.9	2.4%	16.2	0.8%	58%	7%	2.0	£12
208	Millennium & Copthorne Hotels PLC	MLC	FTSE 250	Travel & Leisure	£5.74	16.5	2.4%	14.4	6.1%	54%	4%	6.0	£152
209	Centaur Media PLC	CAU	Small Cap	Media	£0.76	447.1	3.9%	18.4	-7.4%	67%	4%	4.4	£4
210	Henderson Group PLC	HGG	FTSE 250	Financial Services	£2.61	-109.2	3.4%	36.1	4.1%	67%	10%	2.2	£69
211	DS Smith PLC	SMDS	FTSE 250	General Industrials	£3.86	19.7	3.0%	33.6	10.5%	71%	5%	9.0	£102
212	Vp PLC	VP.	Small Cap	Support Services	£7.80	19.9	2.1%	32.8	5.2%	79%	7%	6.5	£11
213	Regus PLC	RGU	FTSE 250	Support Services	£2.61	36.7	1.5%	36.1	8.2%	79%	9%	3.9	£54
214	Schroders PLC	SDR	FTSE 100	Financial Services	£31.76	20.3	2.5%	33.1	10.9%	75%	5%	49.0	£343
215	Oxford Instruments PLC	OXIG	Small Cap	Electronic & Electrical Equipment	£9.70	94.9	1.3%	38.5	22.6%	67%	7%	6.4	£25
216	Porvair PLC	PRV	Small Cap	Industrial Engineering	£3.10	21.3	1.0%	39.3	9.3%	88%	5%	0.6	£4
217	Shanks Group PLC	SKS	Small Cap	Support Services	£1.02	30.5	3.4%	15.3	-1.4%	50%	3%	19.2	£23
218	Galliford Try PLC	GFRD	FTSE 250	Household Goods & Home Construction	£17.37	19.7	3.1%	27.6	4.1%	71%	8%	3.4	£43
219	Dechra Pharmaceuticals PLC	DPH	FTSE 250	Pharmaceuticals & Biotechnology	£9.83	40.6	1.6%	57.9	2.9%	88%	9%	2.2	£15
220	UDG Healthcare PLC	UDG	FTSE 250	Health Care Equipment & Services	£4.89	23.1	1.6%	28.6	5.9%	71%	7%	6.9	£44
221	G4S PLC	GFS	FTSE 100	Support Services	£2.69	40.5	3.4%	26.6	0.3%	67%	5%	17.9	£119
222	QinetiQ Group PLC	QQ.	FTSE 250	Aerospace & Defense	£2.24	12.0	2.4%	18.5	0.7%	63%	6%	0.0	£80
223	CRH PLC	CRH	FTSE 100	Construction & Materials	£17.86	23.8	2.8%	19.3	-4.1%	58%	4%	9.6	£479
224	Tribal Group PLC	TRB	Small Cap	Support Services	£1.58	15.4	1.1%	15.3	-6.4%	54%	6%	2.1	£10
225	Zotefoams PLC	ZTF	Small Cap	Chemicals	£3.39	31.0	1.6%	38.0	5.1%	67%	9%	0.5	£4
226	Consort Medical PLC	CSRT	Small Cap	Health Care Equipment & Services	£9.10	60.1	2.0%	25.7	-1.9%	38%	9%	0.0	£11
227	London Stock Exchange Group PLC	LSE	FTSE 100	Financial Services	£23.70	28.5	0.9%	37.8	6.5%	67%	8%	7.7	£207
228	Greencore Group PLC	GNC	FTSE 250	Food Producers	£3.14	16.9	1.7%	28.8	1.3%	63%	6%	4.5	£51
229	Acal PLC	ACL	Small Cap	Support Services	£3.11	23.5	2.4%	35.7	2.0%	50%	5%	3.1	£5
230	Anite PLC	AIE	Small Cap	Software & Computer Services	£1.27	43.1	1.4%	34.4	4.4%	46%	11%	1.0	£11
231	Boot (Henry) PLC	BHY	Small Cap	Construction & Materials	£2.30	14.7	2.4%	34.0	1.0%	63%	4%	3.6	£11
232	Bellway PLC	BWY	FTSE 250	Household Goods & Home Construction	£23.72	15.2	2.2%	32.3	-0.1%	71%	7%	0.3	£93
233	Marshalls PLC	MSLH	Small Cap	Construction & Materials	£3.12	27.6	1.9%	32.9	-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	ROCE	Debt Ratio	Earnings Power
179	4imprint Group PLC	FOUR	Small Cap	Media	£10.72	25.0	1.9%	46.7	5.8%	83%	13%	0.0	£7
60	Aberdeen Asset Management PLC	ADN	FTSE 100	Financial Services	£4.04	15.9	4.5%	28.3	19.0%	83%	9%	0.0	£241
229	Acal PLC	ACL	Small Cap	Support Services	£3.11	23.5	2.4%	35.7	2.0%	50%	5%	3.1	£5
1	Admiral Group PLC	ADM	FTSE 100	Nonlife Insurance	£13.87	13.5	7.1%	19.0	13.3%	92%	54%	0.0	£249
22	Aggreko PLC	AGK	FTSE 250	Support Services	£14.39	17.8	1.9%	21.3	17.7%	88%	16%	2.2	£238
7	Amec Foster Wheeler PLC	AMFW	FTSE 250	Oil Equipment, Services & Distribution	£8.18	13.0	5.3%	15.7	15.0%	83%	12%	6.1	£216
10	Amlin PLC	AML	FTSE 250	Nonlife Insurance	£4.76	10.3	5.7%	10.5	6.4%	71%	17%	1.5	£178
184	Anglo Pacific Group PLC	APF	Small Cap	Mining	£0.87	-5.3	9.7%	10.2	-9.9%	42%	4%	0.0	£5
178	Anglo-Eastern Plantations PLC	AEP	Small Cap	Food Producers	£6.20	12.4	0.5%	8.9	4.9%	58%	11%	0.6	£35
230	Anite PLC	AIE	Small Cap	Software & Computer Services	£1.27	43.1	1.4%	34.4	4.4%	46%	11%	1.0	£11
46	Antofagasta PLC	ANTO	FTSE 100	Mining	£6.89	15.1	2.0%	10.4	14.6%	58%	13%	2.2	£694
162	ARM Holdings PLC	ARM	FTSE 100	Technology Hardware & Equipment	£10.37	57.4	0.7%	136.3	22.3%	88%	9%	0.0	£155
39	Ashley (Laura) Holdings PLC	ALY	Small Cap	General Retailers	£0.31	12.8	6.5%	18.9	7.7%	58%	20%	0.0	£16
196	Ashtead Group PLC	AHT	FTSE 100	Support Services	£10.99	18.4	1.4%	53.1	19.9%	88%	4%	10.8	£106
187	Associated British Foods PLC	ABF	FTSE 100	Food Producers	£28.71	29.3	1.2%	42.3	10.0%	96%	7%	1.5	£646
19	AstraZeneca PLC	AZN	FTSE 100	Pharmaceuticals & Biotechnology	£40.19	32.6	4.4%	13.9	1.4%	75%	23%	1.8	£3,928
55	Atkins (W S) PLC	ATK	FTSE 250	Support Services	£15.16	15.6	2.4%	18.7	5.2%	79%	19%	1.3	£87
63	Aveva Group PLC	AVV	FTSE 250	Software & Computer Services	£18.08	26.9	1.7%	29.9	13.9%	83%	21%	0.0	£44
155	Aviva PLC	AV.	FTSE 100	Life Insurance	£4.93	9.9	3.7%	11.4	-6.4%	46%	10%	N/K	£1,042
95	Babcock International Group PLC	BAB	FTSE 100	Support Services	£10.80	21.2	2.2%	29.5	13.6%	88%	10%	8.4	£187
68	BAE Systems PLC	BA.	FTSE 100	Aerospace & Defense	£4.51	15.3	4.5%	13.5	2.8%	75%	9%	2.9	£1,152
180	Balfour Beatty PLC	BBY	FTSE 250	Construction & Materials	£2.42	-5.4	2.3%	14.0	-8.7%	54%	8%	15.9	£60
200	Barclays PLC	BARC	FTSE 100	Banks	£2.61	159.1	2.5%	12.3	-23.0%	54%	4%	N/A	£1,925
88	Barr (A G) PLC	BAG	FTSE 250	Beverages	£6.15	21.5	2.0%	33.7	9.2%	96%	16%	0.6	£27
164	BBA Aviation PLC	BBA	FTSE 250	Industrial Transportation	£3.02	12.9	3.4%	17.6	4.6%	67%	7%	5.7	£90
15	Beazley PLC	BEZ	FTSE 250	Nonlife Insurance	£2.96	11.0	3.1%	13.4	6.7%	79%	18%	N/K	£125
232	Bellway PLC	BWY	FTSE 250	Household Goods & Home Construction	£23.72	15.2	2.2%	32.3	-0.1%	71%	7%	0.3	£93
182	Berendsen PLC	BRSN	FTSE 250	Support Services	£10.19	20.3	2.9%	27.6	5.6%	79%	6%	6.7	£70
70	BG Group PLC	BG.	FTSE 100	Oil & Gas Producers	£10.60	7.7	1.7%	12.0	8.0%	79%	12%	3.3	£3,457
3	BHP Billiton PLC	BLT	FTSE 100	Mining	£12.49	8.1	5.9%	7.9	12.1%	71%	18%	2.0	£10,326
121	Bloomsbury Publishing PLC	BMY	Small Cap	Media	£1.65	12.4	3.7%	16.0	2.8%	79%	7%	0.3	£8
164	Bodycote PLC	BOY	FTSE 250	Industrial Engineering	£6.74	15.9	2.1%	23.7	6.4%	75%	10%	0.0	£65
231	Boot (Henry) PLC	BHY	Small Cap	Construction & Materials	£2.30	14.7	2.4%	34.0	1.0%	63%	4%	3.6	£11
87	BP PLC	BP.	FTSE 100	Oil & Gas Producers	£4.20	8.1	5.9%	8.8	-0.5%	63%	10%	4.7	£7,290
64	Braemar Shipping Services PLC	BMS	Small Cap	Industrial Transportation	£4.73	20.0	5.5%	12.0	0.3%	58%	15%	1.2	£8
91	Brammer PLC	BRAM	Small Cap	Support Services	£3.09	16.6	3.5%	18.9	9.5%	79%	8%	4.4	£22
160	Brewin Dolphin Holdings PLC	BRW	FTSE 250	Financial Services	£2.92	18.3	3.4%	26.4	3.3%	63%	14%	0.0	£29
9	British American Tobacco PLC	BATS	FTSE 100	Tobacco	£34.15	17.4	4.3%	20.7	9.7%	88%	17%	3.2	£3,838
207	British Polythene Industries PLC	BPI	Small Cap	General Industrials	£6.72	11.9	2.4%	16.2	0.8%	58%	7%	2.0	£12
84	Britvic PLC	BVIC	FTSE 250	Beverages	£7.18	17.0	2.9%	24.1	9.2%	79%	12%	6.7	£85
40	Brown (N) Group PLC	BWNG	FTSE 250	General Retailers	£3.42	13.4	4.2%	14.0	6.2%	75%	11%	3.8	£76
194	BT Group PLC	BT.A	FTSE 100	Fixed Line Telecommunications	£4.50	15.6	2.8%	22.8	0.9%	67%	10%	5.3	£1,846
118	Bunzl PLC	BNZL	FTSE 100	Support Services	£17.38	24.3	2.0%	32.7	8.8%	100%	11%	4.8	£204
48	Burberry Group PLC	BRBY	FTSE 100	Personal Goods	£15.71	20.5	2.2%	30.0	16.5%	83%	26%	0.2	£304
82	Capita PLC	CPI	FTSE 100	Support Services	£12.38	30.6	2.4%	35.0	11.5%	92%	13%	7.8	£263
193	Carclo PLC	CAR	Small Cap	Chemicals	£1.48	9.7	1.9%	16.9	2.8%	75%	6%	6.3	£5
85	Carillion PLC	CLLN	FTSE 250	Support Services	£3.42	13.4	5.2%	11.7	5.0%	71%	7%	4.5	£145
138	Carr's Group PLC	CARR	Small Cap	Food Producers	£1.64	13.4	2.1%	20.3	7.8%	79%	9%	4.9	£8
209	Centaur Media PLC	CAU	Small Cap	Media	£0.76	447.1	3.9%	18.4	-7.4%	67%	4%	4.4	£4
8	Centrica PLC	CNA	FTSE 100	Gas, Water & Multiutilities	£2.64	47.7	5.1%	11.1	7.0%	79%	12%	4.7	£1,475
172	Charles Taylor PLC	CTR	Small Cap	Support Services	£2.20	13.0	4.3%	12.3	-2.1%	58%	6%	6.8	£6
61	Chemring Group PLC	CHG	Small Cap	Aerospace & Defense	£2.20	44.5	1.9%	8.5	3.9%	67%	10%	3.2	£49
5	Chesnara PLC	CSN	Small Cap	Life Insurance	£3.25	14.7	5.7%	13.8	7.0%	83%	15%	N/K	£29
183	Chime Communications PLC	CHW	Small Cap	Media	£2.60	24.6	3.2%	18.9	-1.4%	71%	9%	9.5	£8
146	Clarkson PLC	CKN	FTSE 250	Industrial Transportation	£27.37	21.0	2.2%	23.5	1.3%	79%	13%	0.0	£22
125	Close Brothers Group PLC	CBG	FTSE 250	Financial Services	£15.28	15.3	3.2%	22.0	3.0%	67%	14%	67.2	£100
27	Cobham PLC	COB	FTSE 250	Aerospace & Defense	£2.63	28.7	4.0%	17.8	9.7%	79%	13%	7.7	£188
174	Communis PLC	CMS	Small Cap	Support Services	£0.47	10.5	4.3%	8.2	-4.5%	58%	4%	8.3	£7
51	Compass Group PLC	CPG	FTSE 100	Travel & Leisure	£10.53	21.9	2.5%	33.0	13.7%	96%	13%	3.6	£775
31	Computacenter PLC	CCC	FTSE 250	Software & Computer Services	£7.76	16.6	2.4%	22.5	10.4%	92%	13%	0.2	£60
94	Connect Group PLC	CNCT	Small Cap	Support Services	£1.42	7.8	6.2%	9.4	4.7%	71%	-115%	3.4	£33
226	Consort Medical PLC	CSRT	Small Cap	Health Care Equipment & Services	£9.10	60.1	2.0%	25.7	-1.9%	38%	9%	0.0	£11
79	Cranswick PLC	CKW	FTSE 250	Food Producers	£15.96	18.9	2.1%	23.5	8.7%	88%	11%	0.6	£38
223	CRH PLC	CRH	FTSE 100	Construction & Materials	£17.86	23.8	2.8%	19.3	-4.1%	58%	4%	9.6	£479
72	Croda International PLC	CRDA	FTSE 250	Chemicals	£27.52	21.9	2.4%	33.2	17.8%	83%	17%	1.4	£162
192	Dairy Crest Group PLC	DCG	FTSE 250	Food Producers	£5.32	15.1	4.1%	14.2	-2.6%	54%	7%	5.5	£48
166	Darty PLC	DRTY	Small Cap	General Retailers	£0.71	27.6	3.6%	8.7	-21.5%	33%	7%	6.8	£31
198	DCC PLC	DCC	FTSE 250	Support Services	£50.00	27.2	1.7%	37.0	11.1%	79%	8%	10.8	£136
26	De La Rue PLC	DLAR	Small Cap	Support Services	£5.25	11.5	4.8%	10.3	1.7%	50%	46%	2.9	£48
219	Dechra Pharmaceuticals PLC	DPH	FTSE 250	Pharmaceuticals & Biotechnology	£9.83	40.6	1.6%	57.9	2.9%	88%	9%	2.2	£15
115	Devro PLC	DVO	Small Cap	Food Producers	£3.03	25.6	2.9%	22.0	11.0%	67%	11%	2.7	£30
54	Diageo PLC	DGE	FTSE 100	Beverages	£18.41	15.7	2.8%	24.5	7.9%	88%	14%	4.3	£2,273
36	Dialight PLC	DIA	Small Cap	Electronic & Electrical Equipment	£5.11	14.0	2.9%	22.8	17.0%	83%	12%	0.7	£10
189	Dignity PLC	DTY	FTSE 250	General Retailers	£21.43	16.2	0.9%	36.5	10.3%	88%	8%	14.9	£41
93	Diploma PLC	DPML	FTSE 250	Support Services	£8.08	25.2	2.1%	41.0	15.6%	92%	14%	0.0	£29
38	Domino's Pizza UK & IRL PLC	DOM	FTSE 250	Travel & Leisure	£7.77	30.1	2.3%	47.0	19.4%	100%	39%	0.6	£35
75	Drax Group PLC	DRX	FTSE 250	Electricity	£3.48	10.9	3.4%	5.4	-5.7%	50%	14%	1.7	£187
211	DS Smith PLC	SMDS	FTSE 250	General Industrials	£3.86	19.7	3.0%	33.6	10.5%	71%	5%	9.0	£102
98	Electrocomponents PLC	ECM	FTSE 250	Support Services	£2.12	12.6	5.5%	13.7	1.0%	54%	12%	2.3	£75
145	Elementis PLC	ELM	FTSE 250	Chemicals	£2.57	11.1	2.1%	23.8	10.8%	71%	11%	0.1	£68
177	Essentra PLC	ESNT	FTSE 250	Support Services	£9.93	27.5	1.8%	43.6	11.4%	79%	11%	1.8	£64

Stock Screen - Sorted by Name

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Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	ROCE	Debt Ratio	Earnings Power
137	Euromoney Institutional Investor PLC	ERM	FTSE 250	Media	£12.17	20.7	1.9%	28.3	5.5%	75%	17%	0.7	£65
175	Experian PLC	EXPN	FTSE 100	Support Services	£11.59	22.4	2.3%	32.0	9.0%	71%	12%	570%	£390
12	Fenner PLC	FENR	Small Cap	Industrial Engineering	£2.07	7.5	5.8%	10.3	10.9%	79%	8%	4.6	£47
106	Fidessa Group PLC	FDSA	FTSE 250	Software & Computer Services	£22.75	30.6	1.7%	37.2	12.3%	83%	17%	0.0	£29
113	Fisher (James) & Sons PLC	FSJ	FTSE 250	Industrial Transportation	£13.54	15.6	1.6%	28.7	13.0%	100%	8%	36.9	£30
158	FTSE 100				6,521	14.4	3.7%	13.6	1.0%	54%	10%		
173	Fuller Smith & Turner PLC	FSTA	Small Cap	Travel & Leisure	£10.81	21.8	1.5%	29.9	8.4%	100%	6%	6.5	£26
221	G4S PLC	GFS	FTSE 100	Support Services	£2.69	40.5	3.4%	26.6	0.3%	67%	5%	17.9	£119
218	Galliford Try PLC	GFRD	FTSE 250	Household Goods & Home Construction	£17.37	19.7	3.1%	27.6	4.1%	71%	8%	3.4	£43
203	Genus PLC	GNS	FTSE 250	Pharmaceuticals & Biotechnology	£14.27	27.9	1.2%	40.6	10.1%	92%	5%	3.5	£25
28	GlaxoSmithKline PLC	GSK	FTSE 100	Pharmaceuticals & Biotechnology	£13.23	18.7	6.0%	14.4	1.6%	71%	18%	4.6	£4,051
154	Go-Ahead Group (The) PLC	GOG	FTSE 250	Travel & Leisure	£26.34	18.7	3.2%	18.3	2.3%	58%	12%	5.9	£55
37	Goodwin PLC	GDWN	Small Cap	Industrial Engineering	£25.25	9.7	1.7%	21.0	13.8%	83%	18%	0.9	£11
228	Greencore Group PLC	GNC	FTSE 250	Food Producers	£3.14	16.9	1.7%	28.8	1.3%	63%	6%	4.5	£51
142	Greene King PLC	GNK	FTSE 250	Travel & Leisure	£8.44	13.5	3.4%	15.9	4.2%	79%	4%	14.4	£115
130	Greggs PLC	GRG	FTSE 250	Food & Drug Retailers	£11.83	25.1	1.9%	33.5	5.5%	83%	18%	0.0	£39
116	Halma PLC	HLMA	FTSE 250	Electronic & Electrical Equipment	£7.62	28.2	1.6%	39.5	9.5%	96%	14%	1.6	£90
157	Hays PLC	HAS	FTSE 250	Support Services	£1.63	26.5	1.6%	22.6	-3.8%	58%	22%	1.5	£72
117	Headlam Group PLC	HEAD	Small Cap	Household Goods & Home Construction	£4.62	16.2	3.8%	16.7	-2.5%	75%	11%	1.1	£21
210	Henderson Group PLC	HGG	FTSE 250	Financial Services	£2.61	-109.2	3.4%	36.1	4.1%	67%	10%	2.2	£69
127	Hikma Pharmaceuticals PLC	HIK	FTSE 100	Pharmaceuticals & Biotechnology	£19.33	20.4	0.7%	50.1	21.7%	88%	12%	3.4	£106
73	Hill & Smith Holdings PLC	HILS	Small Cap	Industrial Engineering	£6.78	15.8	2.7%	20.1	7.4%	88%	10%	3.5	£29
42	Hiscox Ltd	HSX	FTSE 250	Nonlife Insurance	£8.39	12.2	2.7%	16.1	9.1%	75%	15%	N/K	£167
141	Hogg Robinson Group PLC	HRG	Small Cap	Support Services	£0.61	9.7	3.8%	10.0	1.1%	63%	7%	4.1	£23
169	Home Retail Group PLC	HOME	FTSE 250	General Retailers	£1.69	11.9	2.2%	8.2	-11.5%	42%	6%	0.0	£120
56	Homeserve PLC	HSV	FTSE 250	Support Services	£4.30	26.3	2.7%	22.0	6.3%	79%	18%	1.9	£73
92	HSBC Holdings PLC	HSBA	FTSE 100	Banks	£5.70	12.7	5.6%	11.5	-1.4%	71%	9%	N/A	£9,371
150	Hunting PLC	HTG	FTSE 250	Oil Equipment, Services & Distribution	£6.10	11.0	3.2%	17.7	7.2%	71%	6%	2.4	£59
144	Huntsworth PLC	HNT	Small Cap	Media	£0.48	9.2	2.1%	7.1	0.8%	46%	6%	2.7	£16
151	ICAP PLC	IAP	FTSE 250	Financial Services	£5.30	23.5	4.2%	18.6	2.5%	54%	11%	2.8	£196
6	IG Group Holdings PLC	IGG	FTSE 250	Financial Services	£7.47	18.5	3.8%	27.0	18.9%	96%	26%	0.0	£132
35	IMI PLC	IMI	FTSE 250	Industrial Engineering	£11.25	15.7	3.3%	19.7	6.0%	83%	17%	1.2	£210
25	Imperial Tobacco Group PLC	IMT	FTSE 100	Tobacco	£30.67	6.2	4.2%	16.8	13.8%	75%	10%	5.3	£1,858
167	Informa PLC	INF	FTSE 250	Media	£5.47	18.7	3.5%	22.8	6.2%	71%	6%	5.6	£165
128	Inmarsat PLC	ISAT	FTSE 100	Mobile Telecommunications	£9.15	20.7	3.3%	26.4	10.3%	71%	10%	6.9	£196
165	Intercontinental Hotels Group PLC	IHG	FTSE 100	Travel & Leisure	£25.66	29.0	1.9%	31.4	6.0%	71%	19%	4.8	£227
110	Intermediate Capital Group PLC	ICP	FTSE 250	Financial Services	£5.49	10.8	4.0%	12.5	-1.6%	63%	12%	12.7	£164
161	Interserve PLC	IRV	FTSE 250	Support Services	£6.61	26.1	3.5%	22.8	2.2%	75%	8%	10.1	£35
47	Intertek Group PLC	ITRK	FTSE 100	Support Services	£24.50	19.5	2.0%	28.0	16.8%	92%	14%	4.1	£182
168	Investec PLC	INVP	FTSE 250	Financial Services	£5.72	17.7	3.5%	14.4	-0.4%	58%	9%	130.8	£320
4	ITE Group PLC	ITE	Small Cap	Media	£1.71	10.8	4.3%	14.9	9.3%	83%	29%	1.3	£32
24	Jardine Lloyd Thompson Group PLC	JLT	FTSE 250	Nonlife Insurance	£10.44	17.9	2.8%	25.2	10.1%	88%	16%	N/K	£114
45	JD Sports Fashion PLC	JD.	FTSE 250	General Retailers	£7.07	17.6	1.0%	27.5	16.4%	88%	24%	0.6	£63
136	Johnson Matthey PLC	JMAT	FTSE 100	Chemicals	£30.38	17.4	2.2%	24.8	8.8%	75%	11%	3.5	£307
97	KCOM Group PLC	KCOM	Small Cap	Fixed Line Telecommunications	£0.94	10.2	5.7%	14.5	6.1%	50%	13%	29.7	£37
153	Keller Group PLC	KLR	FTSE 250	Construction & Materials	£10.23	14.4	2.5%	14.7	1.6%	75%	8%	5.2	£36
119	Kier Group PLC	KIE	FTSE 250	Construction & Materials	£14.23	20.4	4.0%	17.9	2.0%	63%	14%	7.3	£44
147	Kingfisher PLC	KGF	FTSE 100	General Retailers	£3.47	13.6	2.9%	17.0	6.8%	67%	8%	0.5	£616
49	Ladbroke PLC	LAD	FTSE 250	Travel & Leisure	£1.30	10.7	6.8%	5.5	-4.9%	50%	21%	2.5	£190
205	Laird PLC	LRD	FTSE 250	Technology Hardware & Equipment	£3.68	18.1	3.4%	27.6	0.5%	79%	5%	6.7	£34
204	Lavendon Group PLC	LVD	Small Cap	Support Services	£1.99	14.1	2.3%	10.7	-6.2%	67%	5%	5.8	£19
50	Legal & General Group PLC	LGEN	FTSE 100	Life Insurance	£2.49	13.8	4.5%	20.8	11.1%	67%	17%	N/K	£894
227	London Stock Exchange Group PLC	LSE	FTSE 100	Financial Services	£23.70	28.5	0.9%	37.8	6.5%	67%	8%	7.7	£207
201	Low & Bonar PLC	LWB	Small Cap	Construction & Materials	£0.70	16.1	3.9%	14.1	-0.3%	54%	4%	7.1	£16
122	Man Group PLC	EMG	FTSE 250	Financial Services	£1.57	11.0	4.0%	8.0	-14.0%	50%	10%	0.5	£197
134	Marks & Spencer Group PLC	MKS	FTSE 100	General Retailers	£5.36	15.6	3.4%	15.1	-0.8%	67%	11%	3.7	£548
233	Marshalls PLC	MSLH	Small Cap	Construction & Materials	£3.12	27.6	1.9%	32.9	-7.4%	46%	5%	3.9	£13
156	Marston's PLC	MARS	FTSE 250	Travel & Leisure	£1.61	7.4	4.2%	10.3	-0.7%	67%	3%	16.1	£85
43	Mears Group PLC	MER	Small Cap	Support Services	£4.21	17.2	2.4%	21.2	12.2%	92%	11%	2.9	£21
159	Meggitt PLC	MGGT	FTSE 100	Aerospace & Defense	£4.66	19.0	3.0%	20.5	9.3%	71%	6%	3.3	£208
152	Melrose Industries PLC	MRO	FTSE 250	Industrial Engineering	£2.47	23.4	3.3%	32.5	14.0%	79%	4%	5.2	£109
32	Menzies (John) PLC	MNZS	Small Cap	Support Services	£4.90	14.3	3.3%	11.0	4.5%	71%	13%	4.6	£32
186	Michael Page International PLC	MPI	FTSE 250	Support Services	£5.45	29.2	2.0%	30.9	0.5%	67%	26%	0.0	£47
111	Micro Focus International PLC	MCRO	FTSE 250	Software & Computer Services	£13.61	27.8	1.4%	45.3	23.3%	75%	44%	2.4	£73
208	Millennium & Copthorne Hotels PLC	MLC	FTSE 250	Travel & Leisure	£5.74	16.5	2.4%	14.4	6.1%	54%	4%	6.0	£152
14	Mitie Group PLC	MTO	FTSE 250	Support Services	£3.15	14.2	3.7%	17.0	8.9%	92%	12%	3.6	£78
120	Morgan Advanced Materials PLC	MGAM	FTSE 250	Electronic & Electrical Equipment	£3.26	13.9	3.3%	15.3	4.8%	71%	10%	4.2	£64
123	Morgan Sindall PLC	MGNS	Small Cap	Construction & Materials	£8.25	21.1	3.3%	11.7	-5.5%	46%	14%	1.5	£24
20	Morrison (Wm) Supermarkets PLC	MRW	FTSE 100	Food & Drug Retailers	£1.81	19.2	7.5%	10.5	7.3%	79%	7%	5.4	£468
14	National Grid PLC	NG.	FTSE 100	Gas, Water & Multiutilities	£8.17	14.4	5.2%	14.7	3.7%	75%	5%	12.4	£2,086
77	NCC Group PLC	NCC	Small Cap	Software & Computer Services	£2.16	22.6	1.6%	42.9	22.4%	100%	15%	2.5	£14
78	Next PLC	NXT	FTSE 100	General Retailers	£74.50	18.1	2.0%	30.4	10.9%	83%	42%	1.7	£501
185	Old Mutual PLC	OML	FTSE 100	Life Insurance	£2.02	14.1	4.3%	16.9	0.8%	58%	8%	N/K	£617
215	Oxford Instruments PLC	OXIG	Small Cap	Electronic & Electrical Equipment	£9.70	94.9	1.3%	38.5	22.6%	67%	7%	6.4	£25
143	Paragon Group of Companies (The) PLC	PAG	FTSE 250	Financial Services	£4.14	11.8	2.2%	6.7	-11.5%	63%	13%	102.8	£95
17	PayPoint PLC	PAY	FTSE 250	Support Services	£9.91	17.3	3.9%	25.0	8.1%	88%	34%	0.0	£31
181	Pearson PLC	PSON	FTSE 100	Media	£12.05	25.0	4.2%	23.1	3.7%	71%	5%	4.9	£453
133	Pennon Group PLC	PNN	FTSE 250	Gas, Water & Multiutilities	£8.10	21.0	3.9%	22.7	5.7%	83%	4%	20.0	£140
2	Petrofac Ltd	PFC	FTSE 250	Oil Equipment, Services & Distribution	£9.26	17.1	4.6%	13.6	22.3%	83%	29%	3.5	£316
109	Playtech PLC	PTEC	FTSE 250	Travel & Leisure	£8.19	22.0	2.5%	35.4	19.1%	71%	16%	2.4	£81
216	Porvair PLC	PRV	Small Cap	Industrial Engineering	£3.10	21.3	1.0%	39.3	9.3%	88%	5%	0.6	£4

Stock Screen - Sorted by Name

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Rank	Name	EPIC	Index	Sector	Share Price	PE Ratio	Dividend Yield	PE10	Growth Rate	Growth Quality	ROCE	Debt Ratio	Earnings Power
81	Premier Farnell PLC	PFL	FTSE 250	Support Services	£1.73	12.2	6.0%	12.2	2.6%	42%	13%	5.3	£57
148	Provident Financial PLC	PFG	FTSE 250	Financial Services	£29.27	22.8	3.3%	33.8	10.7%	75%	9%	9.6	£155
41	Prudential PLC	PRU	FTSE 100	Life Insurance	£15.32	17.0	2.4%	26.6	11.5%	83%	18%	N/K	£1,807
112	PZ Cussons PLC	PZC	FTSE 250	Personal Goods	£3.62	17.1	2.1%	25.4	9.8%	83%	10%	1.6	£76
222	QinetiQ Group PLC	QQ.	FTSE 250	Aerospace & Defense	£2.24	12.0	2.4%	18.5	0.7%	63%	6%	0.0	£80
190	Randgold Resources Ltd	RRS	FTSE 100	Mining	£42.85	26.6	0.9%	34.5	30.5%	79%	7%	0.0	£177
131	Rathbone Brothers PLC	RAT	FTSE 250	Financial Services	£21.47	19.9	2.4%	30.3	3.7%	79%	16%	41.5	£34
23	Reckitt Benckiser Group PLC	RB.	FTSE 100	Household Goods & Home Construction	£54.88	23.8	2.5%	28.4	11.1%	88%	21%	1.5	£1,689
195	Reed Elsevier PLC	REL	FTSE 100	Media	£10.35	22.9	2.5%	27.8	5.2%	67%	10%	4.9	£409
213	Regus PLC	RGU	FTSE 250	Support Services	£2.61	36.7	1.5%	36.1	8.2%	79%	9%	3.9	£54
149	Renishaw PLC	RSW	FTSE 250	Electronic & Electrical Equipment	£22.91	28.6	1.8%	40.7	11.7%	75%	17%	0.0	£56
53	Restaurant Group (The) PLC	RTN	FTSE 250	Travel & Leisure	£6.96	23.3	2.2%	32.9	10.0%	100%	19%	0.9	£50
199	Rexam PLC	REX	FTSE 250	General Industrials	£5.52	14.2	3.2%	18.0	1.0%	63%	6%	5.2	£274
188	Ricardo PLC	RCDO	Small Cap	Support Services	£8.62	22.8	1.8%	30.0	4.8%	71%	14%	0.0	£16
65	Rio Tinto PLC	RIO	FTSE 100	Mining	£26.14	10.0	5.2%	7.6	7.0%	54%	11%	2.2	£7,462
69	RM PLC	RM.	Small Cap	Software & Computer Services	£1.53	9.5	2.6%	9.2	-3.6%	58%	19%	0.0	£13
202	Robert Walters PLC	RWA	Small Cap	Support Services	£4.05	28.3	1.5%	33.2	1.8%	75%	14%	2.8	£8
80	Rolls-Royce Group PLC	RR.	FTSE 100	Aerospace & Defense	£8.70	13.3	2.7%	18.0	9.0%	83%	9%	3.2	£1,008
16	Rotork PLC	ROR	FTSE 250	Industrial Engineering	£2.33	19.6	2.2%	29.0	14.3%	100%	30%	0.2	£88
62	Royal Dutch Shell PLC	RDSB	FTSE 100	Oil & Gas Producers	£18.07	9.7	6.6%	8.3	3.0%	63%	9%	2.1	£14,029
100	RPC Group PLC	RPC	FTSE 250	General Industrials	£6.67	14.3	2.4%	23.5	13.6%	83%	9%	7.0	£73
76	RPS Group PLC	RPS	Small Cap	Support Services	£2.25	13.7	3.8%	15.6	7.2%	83%	8%	3.1	£30
96	RSA Insurance Group PLC	RSA	FTSE 100	Nonlife Insurance	£3.97	-19.6	0.5%	8.0	-8.1%	42%	13%	1.1	£218
108	S & U PLC	SUS	Small Cap	Financial Services	£22.50	14.6	2.9%	28.7	10.1%	83%	10%	4.6	£12
171	SABMiller PLC	SAB	FTSE 100	Beverages	£33.04	23.3	2.3%	30.9	9.6%	83%	7%	4.1	£2,067
135	Sage Group (The) PLC	SGE	FTSE 100	Software & Computer Services	£5.13	24.0	2.4%	30.0	7.2%	83%	11%	2.5	£237
52	Sainsbury (J) PLC	SBRY	FTSE 100	Food & Drug Retailers	£2.65	10.5	5.0%	11.0	6.4%	75%	5%	5.2	£533
214	Schroders PLC	SDR	FTSE 100	Financial Services	£31.76	20.3	2.5%	33.1	10.9%	75%	5%	49.0	£343
83	Senior PLC	SNR	FTSE 250	Aerospace & Defense	£2.87	15.8	2.0%	20.1	13.3%	79%	12%	1.4	£83
140	Serco Group PLC	SRP	FTSE 250	Support Services	£1.18	-1.0	2.1%	18.2	-4.9%	75%	8%	-77.9	-£11
191	Severn Trent PLC	SVT	FTSE 100	Gas, Water & Multiutilities	£20.81	35.7	4.1%	23.0	3.0%	71%	3%	23.6	£209
217	Shanks Group PLC	SKS	Small Cap	Support Services	£1.02	30.5	3.4%	15.3	-1.4%	50%	3%	19.2	£23
13	Sky PLC	SKY	FTSE 100	Media	£10.37	16.6	3.1%	26.4	11.2%	96%	22%	2.7	£985
101	Smith & Nephew PLC	SN.	FTSE 100	Health Care Equipment & Services	£10.74	22.7	1.8%	27.8	10.5%	83%	16%	2.7	£401
90	Smiths Group PLC	SMIN	FTSE 100	General Industrials	£11.29	14.0	3.6%	15.5	5.5%	67%	11%	2.9	£343
103	Spectris PLC	SXS	FTSE 250	Electronic & Electrical Equipment	£21.10	18.3	2.2%	25.7	11.0%	79%	13%	1.3	£122
197	Speedy Hire PLC	SDY	Small Cap	Support Services	£0.71	6.4	1.0%	10.5	-15.8%	67%	4%	6.5	£16
58	Spirax-Sarco Engineering PLC	SPX	FTSE 250	Industrial Engineering	£33.93	24.4	2.0%	31.5	10.0%	96%	17%	0.9	£96
44	SSE PLC	SSE	FTSE 100	Electricity	£15.36	14.4	5.8%	16.1	5.3%	83%	8%	5.2	£1,179
176	St Ives PLC	SIV	Small Cap	Support Services	£1.80	16.7	4.0%	13.4	-8.0%	54%	7%	3.7	£15
126	St James's Place PLC	STJ	FTSE 100	Life Insurance	£9.06	25.2	2.6%	46.1	16.0%	83%	15%	N/K	£123
34	Stagecoach Group PLC	SGC	FTSE 250	Travel & Leisure	£4.04	16.7	2.6%	19.3	8.1%	92%	14%	4.9	£145
18	Standard Chartered PLC	STAN	FTSE 100	Banks	£10.19	10.7	5.4%	9.6	7.1%	71%	12%	N/A	£2,845
104	Standard Life PLC	SL.	FTSE 100	Life Insurance	£4.44	19.7	3.9%	23.2	5.2%	75%	11%	N/K	£475
139	SThree PLC	STHR	Small Cap	Support Services	£3.74	24.0	3.7%	24.7	0.9%	58%	24%	1.4	£17
102	Tate & Lyle PLC	TATE	FTSE 250	Food Producers	£5.20	14.0	5.4%	11.4	2.3%	63%	9%	3.2	£240
89	Ted Baker PLC	TED	FTSE 250	Personal Goods	£29.16	34.9	1.4%	60.9	13.5%	92%	25%	1.0	£25
11	Telecom plus PLC	TEP	FTSE 250	Fixed Line Telecommunications	£9.90	24.6	4.0%	34.9	17.5%	92%	36%	2.4	£29
71	Tesco PLC	TSCO	FTSE 100	Food & Drug Retailers	£2.13	19.4	0.5%	8.1	1.8%	67%	8%	5.6	£2,270
224	Tribal Group PLC	TRB	Small Cap	Support Services	£1.58	15.4	1.1%	15.3	-6.4%	54%	6%	2.1	£10
59	Tullett Prebon PLC	TLPR	FTSE 250	Financial Services	£3.67	9.6	4.6%	8.7	2.7%	54%	14%	2.4	£92
86	Tullow Oil PLC	TLW	FTSE 250	Oil & Gas Producers	£3.40	3.7	1.2%	9.5	13.6%	54%	9%	4.3	£506
129	UBM PLC	UBM	FTSE 250	Media	£5.34	10.7	4.3%	14.3	0.3%	58%	12%	5.5	£113
220	UDG Healthcare PLC	UDG	FTSE 250	Health Care Equipment & Services	£4.89	23.1	1.6%	28.6	5.9%	71%	7%	6.9	£44
66	UK Mail Group PLC	UKM	Small Cap	Industrial Transportation	£5.23	17.0	4.2%	22.8	5.4%	67%	18%	0.7	£14
57	Ultra Electronics Holdings PLC	ULE	FTSE 250	Aerospace & Defense	£17.72	37.5	2.5%	23.1	11.7%	71%	18%	2.7	£64
107	Unilever PLC	ULVR	FTSE 100	Personal Goods	£27.30	24.4	3.3%	23.4	5.0%	71%	15%	2.7	£3,584
206	United Utilities Group PLC	UU.	FTSE 100	Gas, Water & Multiutilities	£8.92	20.8	4.2%	18.2	-2.2%	63%	3%	20.3	£327
21	Vedanta Resources PLC	VED	FTSE 250	Mining	£5.20	0.4	7.8%	2.3	15.8%	67%	2%	45.7	£222
33	Victrex PLC	VCT	FTSE 250	Chemicals	£19.30	20.1	2.3%	30.7	13.0%	92%	23%	0.0	£70
99	Vitec Group (The) PLC	VTC	Small Cap	Industrial Engineering	£6.39	9.3	3.8%	12.9	5.1%	63%	11%	3.3	£25
29	Vodafone Group PLC	VOD	FTSE 100	Mobile Telecommunications	£2.30	10.4	4.9%	12.6	4.0%	92%	7%	2.0	£9,979
212	Vp PLC	VP.	Small Cap	Support Services	£7.80	19.9	2.1%	32.8	5.2%	79%	7%	6.5	£11
30	Weir Group PLC	WEIR	FTSE 100	Industrial Engineering	£16.97	13.2	2.6%	18.3	18.2%	83%	11%	3.7	£280
124	WH Smith PLC	SMWH	FTSE 250	General Retailers	£15.28	19.7	2.3%	31.6	10.8%	71%	34%	0.1	£81
132	Whitbread PLC	WTB	FTSE 100	Travel & Leisure	£49.46	23.9	1.7%	40.1	13.8%	100%	10%	2.0	£290
67	William Hill PLC	WMH	FTSE 250	Travel & Leisure	£4.03	15.7	3.0%	16.7	1.4%	88%	10%	3.9	£183
74	Wood Group (John) PLC	WG.	FTSE 250	Oil Equipment, Services & Distribution	£6.45	12.8	2.7%	9.4	11.6%	71%	9%	2.3	£142
105	WPP Group PLC	WPP	FTSE 100	Media	£14.26	18.6	2.7%	23.4	13.0%	88%	7%	4.7	£1,017
170	Xaar PLC	XAR	Small Cap	Electronic & Electrical Equipment	£4.65	18.1	1.9%	32.0	20.9%	63%	14%	0.0	£16
225	Zotefoams PLC	ZTF	Small Cap	Chemicals	£3.39	31.0	1.6%	38.0	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, ROCE), 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%)

ROCE: The company's median "net" Return on Capital Employed over the last decade. (MINIMUM 7%). Calculated as:
Adjusted profit after tax / (fixed assets + working capital), for non-financial companies

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

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 adjusted profit after tax. Used in the Debt Ratio and Pension Liability Ratio when reviewing companies for the model portfolio.

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 = 10%)

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, ROCE 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, ROCE) 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)

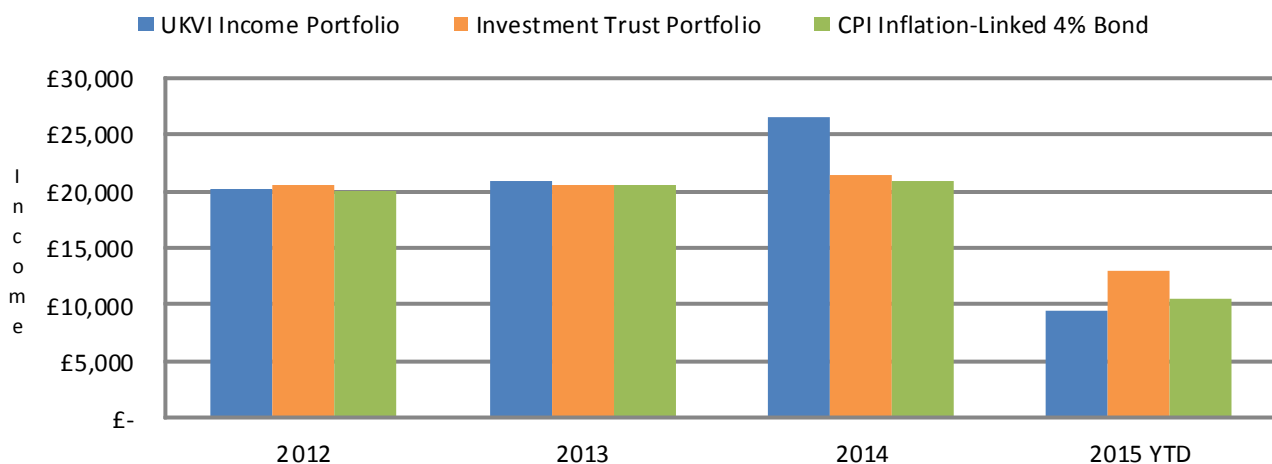
- **Rank:**

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

Appendix 3: UKVI income portfolio

This portfolio holds exactly the same shares as the main UKVI 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 UKVI Income Portfolio is benchmarked against an Investment Trust Portfolio and a 4% Inflation-Linked Bond.

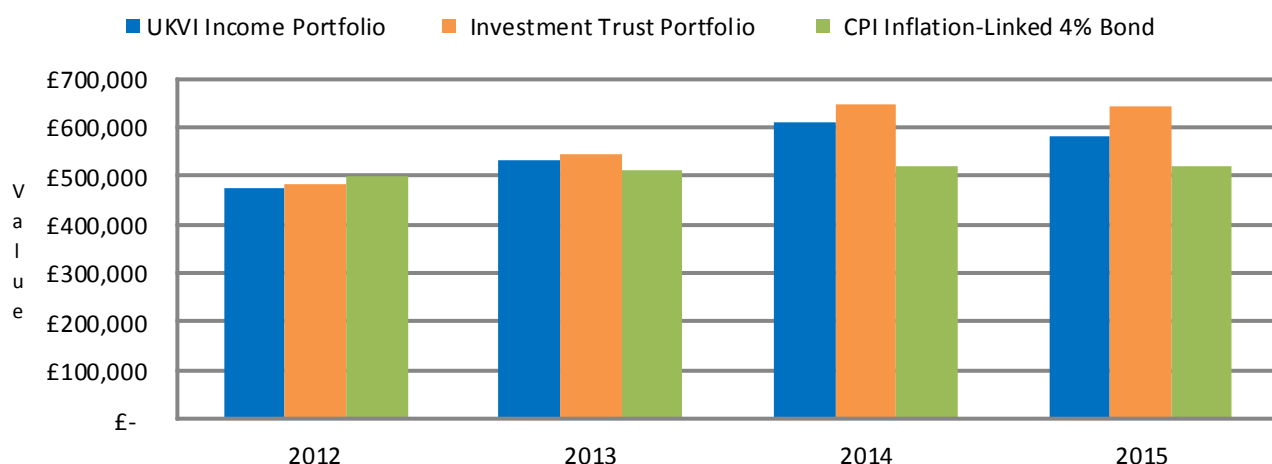
Dividend Income Withdrawn



The income in 2014 is exceptionally large for the UKVI Income Portfolio because of a huge one-off special dividend from Vodafone after the company sold its stake in Verizon.

Annual Dividend Income Withdrawn	UKVI 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 Year to date	£9,428	£12,877	£10,423
Cumulative income	£77,046	£75,385	£71,724

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 UKVI 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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