



## Trading Ideas Update: 06/03/2014

**MACROVIEW:** We are still bullish on the market and Europe outperforming the U.S. in particular. This week's European PMIs confirmed expansion at an increasing rate. Our macro view remains unchanged from our year ahead piece (see <http://monacoalpha.com/ideas/update-2014-ideas/>).

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| <b>COMMERZBANK</b>   | <b>Return: 30.8% / Relative return: 25.8%</b> |
| We still firmly believe in CBK. Since inception on November 21 it has returned 31% absolute return (26% versus the SXXP). We see no reason for profit taking and believe this can easily return a further ~30% this year. The German economy is strengthening further with PMIs continuing to trend upwards since 2012 It is relatively hated still, with only 22% of analysts rating it a buy and is one of the cheapest European Banks out there on Price/NAV basis. <a href="http://monacoalpha.com/ideas/update-commerzbank/">http://monacoalpha.com/ideas/update-commerzbank/</a>   |   |
| <b>TESCO</b>   | <b>Return: 3.5% / Relative return: 7.0%</b>   |
| The BRC-Neilson shop price food inflation shows that UK food prices have continued to trend downwards for the past 12 months, falling more aggressively in past couple month. We believe pressure on pricing will outweigh the improving economic backdrop in the UK. Tesco is heavily leveraged into UK food retailing space and we see it coming under increasing pressure. Their strategy is currently flawed as they continue to try to be the jack of all areas and the master of none. Stay short, we are aiming for 300p. <a href="http://monacoalpha.com/ideas/update-uk-supermarkets-2/">http://monacoalpha.com/ideas/update-uk-supermarkets-2/</a> |   |
| <b>ARM HOLDINGS</b>  | <b>Return: 0.4% / Relative return: -0.8%</b>  |
| Following our update on Feb 24 we still strongly believe in this stock. We are currently flat since inception but feel this is a great long term play and is well leverage towards the "Internet of Everything". <a href="http://monacoalpha.com/ideas/update-arm-holdings/">http://monacoalpha.com/ideas/update-arm-holdings/</a>   |   |
| <b>PEUGEOT</b>   | <b>Return: 9.1% / Relative return: 7.9%</b>   |
| The stock has returned 9.0% absolute return since we published the idea on Feb 18. We believe in Peugeot's recovery and the company is turning a new page under Carlos Tavares. <a href="http://monacoalpha.com/ideas/update-peugeot/">http://monacoalpha.com/ideas/update-peugeot/</a>  |   |
| <b>BAE</b>   | <b>Return: 1.1% / Relative return: -2.5%</b>  |
| We have returned 1% on BAE after we doubled up on Feb 20. We feel bad news is priced into the stock and defence spending will improve in 2014. We believe this is a good year for defence and BAE is our weapon of choice. <a href="http://monacoalpha.com/ideas/update2-bae/">http://monacoalpha.com/ideas/update2-bae/</a>   |   |
| <b>SANOFI</b>  | <b>Return: 0.0% / Relative return: -0.6%</b>  |
| Only published on Mar 4. Sanofi is our preferred pharmaceutical play on underperformance and its leverage towards rising global diabetes, in particularly in emerging markets. <a href="http://monacoalpha.com/ideas/sanofi/">http://monacoalpha.com/ideas/sanofi/</a>   |   |
| <b>SCHNEIDER ELECTRIC</b>  | <b>Return: 2.5% / Relative return: 1.3%</b>   |
| Results on Feb 20 were all supportive of our buy case and the company has expressed optimism going into 2014. We believe the stock will benefit from an improvement in European construction and better demand in US & China. <a href="http://monacoalpha.com/ideas/update-schneider-electric-2/">http://monacoalpha.com/ideas/update-schneider-electric-2/</a>  |   |
| <b>SKY DEUTSCHLAND</b>   | <b>Return: 7.4% / Relative return: 0.9%</b>   |
| The stock has returned 7.2% absolute return (1.2%) since inception on Feb 5 and we see no reason for this to turnaround. We still believe quality content and leverage into the undersubscribed German market (15-20% German households signed up to pay TV vs 55% UK/87% in US) will shine through and the Fox bid is still in place. We had a bullish signal on Mar 3 with the 50D moving average crossing the 100D from below. Stick with it. <a href="http://monacoalpha.com/ideas/sky-deutschland/">http://monacoalpha.com/ideas/sky-deutschland/</a>   |   |
| <b>TELE2</b>   | <b>Return: 12.7% / Relative return: 8.6%</b>  |
| There has been positive noises coming from the company of late with reports yesterday it is considering selling its Norwegian assets. This name is all about the break up story. We are confident that the bid/break up is coming this year and thus stick with this name. We are +11.6% absolute (8.6% rel) in under a month. <a href="http://monacoalpha.com/ideas/tele2/">http://monacoalpha.com/ideas/tele2/</a>   |   |
| <b>LSL PROPERTY SERVICES</b>   | <b>Return: 12.7% / Relative return: 8.6%</b>  |
| This is all about the non-London market flying. Even though the name doesn't suggest this they are a non-London agent. Big upcoming catalysts are the numbers on March 6th and the Zoopla IPO which are currently not in the numbers. <a href="http://monacoalpha.com/ideas/lsl/">http://monacoalpha.com/ideas/lsl/</a>  |   |
| <b>EDENRED</b>   | <b>Return: 3.3% / Relative return: 7.6%</b>   |
| The street overly bullish on this stock. They are expensive on many metrics and the divergence between the current stock price and EPS leading indicator is excessive. There is no margin for error with EM concerns and FX issues. <a href="http://monacoalpha.com/ideas/edenred/">http://monacoalpha.com/ideas/edenred/</a>  |   |
| <b>ATOS</b>  | <b>Return: 12.4% / Relative return: 7.4%</b>  |
| Our Atos play has worked well so far this year and we continue to believe it is one for 2014. It still looks cheap compared to its peers and we will await the IPO in 2014 as major catalyst to drive the stock further. <a href="http://monacoalpha.com/ideas/atos/">http://monacoalpha.com/ideas/atos/</a>   |   |

\*Relative return is calculated versus the SXXP Index