



# ATLANTIC CAPITAL MARKETS



## Stocks for your ISA

01872 229 000

[www.atlanticmarkets.co.uk](http://www.atlanticmarkets.co.uk)

With the recent rout in the global markets it has thrown some high-quality stocks into short term disarray and in turn presenting some heavily discounted prices that have not been seen for some time. Whilst prices are in a constant state of flux due to news flows from coronavirus outbreak those that look for the long-term gains should not be afraid to buy stock at current levels. The entry level may not be pinpoint, but the yield and headroom certainly are appealing. Remember its better to be approximately right than exactly wrong! And whilst the market backdrop is ever changing these stocks should certainly be on the watch list.

## Rio Tinto RIO

**Average Target price:-** 3998p

**Average broker view:-** HOLD

Rio Tinto is an Anglo-Australian multinational and one of the world's largest metals and mining corporations. The company was founded in 1873, when a multinational consortium of investors purchased a mine complex on the Rio Tinto, in Huelva, Spain from the Spanish government. Since then, the company has developed and grown through mergers and acquisitions. Rio's focus is mineral extraction however operations do expand into the refining of certain minerals, particularly bauxite and iron ore. The company has operations on six continents but is mainly concentrated in Australia and Canada. Rio Tinto is a dual-listed company traded on both the London Stock Exchange, and the Australian Securities Exchange Additionally, American Depositary Shares of Rio Tinto's British branch are traded on the New York Stock Exchange giving it listings on a total of 3 major stock exchanges.

## Operations and Commodities

Rio's main commodities are aluminium, copper, diamonds, gold, iron ore, and uranium as well as industrial minerals borates, titanium dioxide and salt.

Overall, there's 47,000 people who work in around 35 countries across six continents including Australia and North America, and have significant businesses in Asia, Europe, Africa and South America.

## Key Fundamentals

Key Fundamentals	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Revenue (\$ m)	34829	33781	40030	40522	43165
Pre-Tax (\$ m)	-1087	6022	12477	17654	10818
EPS	-47.50¢	256.90¢	490.40¢	793.20¢	491.40¢
PE	n/a	15.12	10.54	6.02	12.1
PEG	n/a	n/a	0.12	0.1	-0.32
EPS Growth	n/a	n/a	91.41%	61.75%	-38.05%
Dividend Cover	-0.33	1.91	2.31	3.51	1
Dividend Yield	4.89%	3.46%	4.11%	4.74%	8.29%





## Aviva AV.

**Average Target price:-** 503p

**Average broker view:-** NEUTRAL

Aviva plc provides life insurance, general insurance, health insurance and asset management to 33 million customers. UK exposure is huge, serving on average one in four of all households. Aviva's asset management business - Aviva Investors, provides asset management services to both Aviva and external clients, and currently manages over £340 billion in assets. Aviva can trace its history back to the establishment of the Hand in Hand Fire & Life Insurance Society in London in 1696 but the business we know today was created by a merger of two British insurance firms, Norwich Union and CGU plc. The Aviva name was adopted in July 2002.

## Recent Trading

Over the last couple of years caution around Brexit and a weaker currency has dampened investor appetite towards UK financials and Aviva is no exception. This coupled up with the structural changes going on in the background has left the share price flagging. For those that can see beyond the near term will find an attractive P/E ratio, appealing yield and upside potential. Aviva is well diversified internationally, operating in Canada and Asia as well as across Europe. Despite its diversification the UK and Europe are by far their largest markets accounting for over 60% of operating profits.

## Key Fundamentals

Key Fundamentals	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
Revenue (£ m)	43497	23728	55292	49653	17799
Pre-Tax (£ m)	2663	1172	1833	2374	1652
EPS	50.40p	22.60p	15.30p	53.00p	38.20p
PE	10.01	22.83	31.79	9.45	9.83
PEG	-0.44	-0.41	-0.98	0.04	-0.35
EPS Growth	-22.82%	-55.16%	-32.49%	247.35%	-27.92%
Dividend Cover	3.95	1.61	0.66	1.93	1.27
Dividend Yield	2.53%	2.72%	4.79%	5.47%	7.99%



# Lloyds Banking Group LLOY

**Average Target price:-** 66.2p

**Average broker view:-** STRONG BUY

Lloyds is one of the most followed stocks in the FTSE being the most domestically focused bank in the UK, they are also a good proxy for the state of the view on the UK economy and banking. They are followed right across the board, whether you're an income or a growth investor, long term investor or short-term trader. Lloyds have received a lot of praise recent years, mainly due to a return to boring comfortable banking – current accounts, mortgages, personal and business loans, life insurance...sound dull? Thank goodness.

Just when the shares were starting to recover after the Brexit clarity and the PPI deadline finally coming to pass, they have been hit with the recent market drops. Whilst there is still the inevitable mop up of claims from PPI Lloyds can now look forward to seeing it come to an end and moving forward.

## Key Fundamentals

Key Fundamentals	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Revenue (£ m)	30889	48313	40713	26430	50387
Pre-Tax (£ m)	979	3888	5275	5960	4393
EPS	0.80p	2.40p	4.40p	5.50p	3.50p
PE	91.34	26.05	15.36	9.43	17.86
PEG	-1.73	0.13	0.18	0.38	-0.49
EPS Growth	-52.94%	199.18%	83.84%	25.00%	-36.36%
Dividend Cover	0.29	0.79	1.44	1.71	1.04
Dividend Yield	3.76%	4.88%	4.51%	6.19%	5.39%



## Imperial Brands IMB

**Average Target price:-** 2300p

**Average broker view:-** STRONG BUY

Imperial Brands plc is a British multinational tobacco company headquartered in Bristol. It is the world's fourth-largest international cigarette company measured by market share after Philip Morris International, British American Tobacco, and Japan Tobacco, and is also the world's largest producer of fine-cut tobacco, and tobacco papers.

Imperial Brands produces over 320 billion cigarettes per year, has 51 factories worldwide, and its products are sold in over 160 countries and brands include Davidoff, West, Gauloises Blondes, Montecristo, Golden Virginia, Drum, and Rizla (the world's best-selling rolling paper).

The whole sector has come under fire in recent years and a lot of investors will be cautious about the stock on ethical grounds but the reality is people do still smoke, and the move into vaping is also helping offset declines in smoking in the western markets. When you also consider that product price increases have helped to also offset declining volumes.

The sector does carry regulatory risks and the FDA are seldom going to offer much in the way of positive announcements for the industry, but if you have the patience and a long term view and have no concerns about buying a tobacco stock it does make for an appealing opportunity.

## Key Fundamentals

Key Fundamentals	30-Sep-14	30-Sep-15	30-Sep-16	30-Sep-17	30-Sep-18
Revenue (£ m)	26625	25289	27634	30247	30524
Pre-Tax (£ m)	1520	1756	907	1861	1823
EPS	148.50p	177.40p	66.10p	147.60p	143.60p
PE	n/a	n/a	60.11	21.57	18.6
PEG	n/a	n/a	-0.96	0.17	-6.86
EPS Growth	54.37%	19.46%	-62.84%	123.91%	-2.71%
Dividend Cover	1.16	1.26	0.43	0.86	0.76
Dividend Yield	n/a	n/a	3.91%	5.36%	7.03%



## Persimmon PSN

**Average Target price:-** 3108p

**Average broker view:-** STRONG BUY

Persimmon is headquartered in York, England. The company is named after a horse which won the 1896 Derby and St. Leger for the Prince of Wales. Persimmon was founded by Duncan Davidson in 1972. After leaving George Wimpey, Davidson restarted development again in the Yorkshire area. Persimmon began to expand regionally with the formation of an Anglian division in 1976 followed by operations in the Midlands and the south-west. In 2001, Persimmon acquired Beazer Homes UK, for £612m, taking output to over 12,000 a year.

At the end of 2019 the results of an independent review into Persimmon's build quality were released, which revealed a "systemic nationwide problem" on safety-critical build issues such as the installation of cavity firestops on timber-frame homes. They have taken strong steps to rectify this and the knock-on effect of this was seen in the recent figures. The measure taken did weigh on the 2019 numbers but should help bolster sales for the year ahead.

Momentum in the sector has recently taken hold after the elections and if we see confirmation of an increase in new house builds from the government this could also open the share price to further gains. The high dividend yield and low PE ratio makes for an appealing buy for investors.

## Key Fundamentals

Key Fundamentals	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
Revenue (£ m)	2573.9	2901.7	3136.8	3422.3	3737.6
Pre-Tax (£ m)	467	629.5	774.8	966.1	1090.8
EPS	121.80p	170.30p	203.00p	255.00p	283.30p
PE	12.96	11.9	8.75	10.74	6.81
PEG	0.3	0.3	0.46	0.41	0.61
EPS Growth	43.80%	39.82%	18.88%	25.96%	11.10%
Dividend Cover	1.28	1.55	1.5	1.09	1.21
Dividend Yield	6.02%	5.43%	7.60%	8.58%	12.18%



## Royal Dutch Shell B RDSB

**Average Target price:-** 2726p

**Average broker view:-** STRONG BUY

Royal Dutch Shell PLC or as its more commonly known “Shell”, is an Anglo-Dutch oil and gas company headquartered in the Netherlands and incorporated in the UK. They are also one of the worlds supermajors and the third-largest company in the world measured by 2018 revenues and the largest based in Europe.

Shell is vertically integrated and is active in every area of the oil and gas industry, including exploration and production, refining, transport, distribution and marketing, petrochemicals, power generation and trading. It also has renewable energy activities, including biofuels, wind, energy-kite systems and hydrogen. Shell has operations in over 70 countries, produces around 3.7 Mn barrels of oil equivalent per day and has 44,000 service stations worldwide.

The share price and the sector has suffered badly with the recent drop in oil prices. The entire sector has been under siege and out of favour due to depressed oil prices and environmental concerns. But this is a firm who have maintained a strong yield and are far more resilient to negative moves in the price of oil than peers such as BP.

## Key Fundamentals

Key Fundamentals	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Revenue (\$ m)	272156	240033	311870	396556	352106
Pre-Tax (\$ m)	2047	5606	18130	35621	25485
EPS	31.00¢	58.00¢	158.00¢	282.00¢	197.00¢
PE	73.67	49.92	21.09	10.62	15.01
PEG	-0.85	0.58	0.12	0.14	-0.5
EPS Growth	-86.86%	86.59%	173.16%	78.48%	-30.14%
Dividend Cover	0.16	0.31	0.84	1.5	1.05
Dividend Yield	8.23%	6.49%	5.64%	6.28%	6.36%



---

## About Atlantic Capital Markets

We are a multi-Asset brokers offering clients the ability to buy the shares either in a traditional fashion with standard shares or taking advantage of leverage and purchase via a CFD.

[Call us on 01872 229 000.](tel:01872229000)

---

### Disclaimer

We have provided this information for your general guidance only and it should not be considered as investment advice. Atlantic Capital Markets will not be liable for any loss or damage caused by a reader's reliance on information provided by us. We make no claims or representations as to the accuracy or completeness of any material contained in our guides. Atlantic Capital Markets is Authorised and Regulated by the Financial Conduct Authority (No 764562).