

Recommendations for your Stocks & Shares ISA Portfolio

Our recommended ISA portfolio stocks are listed below. They have been selected for growth or yield (or both) or recovery and are regarded as long-term quality investments. They will be monitored on a regular basis and we will update when appropriate.

The criteria for the ISA stock section is firstly based on sound company fundamentals and secondly, a good technical analysis picture.

Within the context of fundamentals we have chosen companies that exhibit some or all of the following:

- possess and retain a solid market position globally and/or domestically;
- have a unique brand name, product or service;
- maintain or increase the opportunity for ongoing organic revenue growth with net margin improvements;
- have strong cash flow generation;
- a low debt burden;
- can sustain dividend increases.

Last, but not least, we have the belief that the management of the companies we have selected will continue to be innovative to drive and steer shareholder value through the present economic environment.

A few of the selected stocks are more growth orientated and may not pay a dividend or exhibit low yields currently.

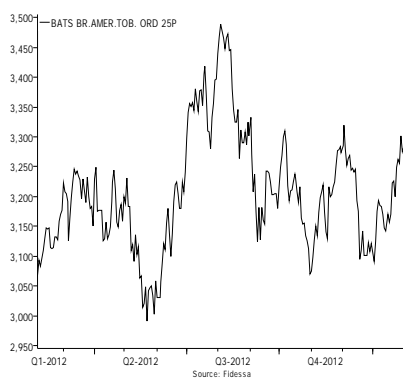
HB Markets' 15 Stock Picks for your ISA

British and American Tobacco

Key Data

Ticker:	BATS.L
Sector:	Tobacco
Market:	FTSE 100
Market Cap:	£60.3bn
Price:	3,297p
12 month High/Low:	3,488p/2,897p
Yield:	4.3%
P/E:	14.4x

Share price performance



The sector price performance did not excel in 2012. A number of factors were at play in the tobacco sector, despite positive revenue, earnings and dividend growth. Notwithstanding the robustness of the sector, there is concern over increased regulation and, in particular in Australia, with the introduction of generic packaging. Sustainability of profitability has been questioned. In the face of original attacks and major liability claims, particular in the USA many years ago, BAT has not only survived but grown and believe will not only continue to grow, but with exceptional cash flow will enable share-buy backs to continue. BAT enjoys strong brands*, strong management, ongoing cost savings and an enviable geographical spread, and in particular, its strong emerging markets presence.

**Include Dunhill, Kent, Lucky Strike and Pall Mall*

Preliminary announcement due 28 February 2013 (December Year End).

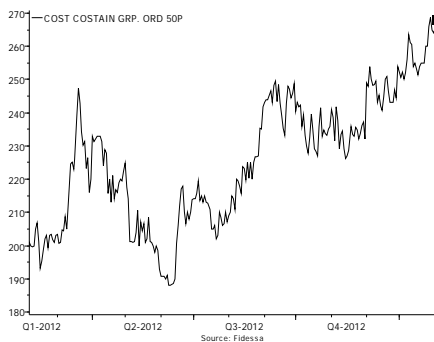
Costain

Key Data

Ticker:	COST.L
Sector:	Construction & Materials
Market:	FTSE Small Cap
Market Cap:	£175.6m
Price:	265p
12 month High/Low:	267.6p/188p
Yield:	4.3%
P/E:	9.8x

Share price performance

The principal activities of the group are Consultancy, Engineering, Construction and Operations and Maintenance. Its four business segments are Environment, Infrastructure, Energy & Process, and Land Development operations. Environment division comprises of the group's operations in the water, waste, education and retail sectors. Infrastructure division includes the Group's operations in the highways, rail and airports sectors. Energy & Process division includes the group's operations in nuclear power, hydrocarbons and chemicals sectors. Land Development division is responsible for the Alcaidesa land and marina development activity in Southern Spain, a 50% joint venture with a subsidiary of Santander Bank. The January 2013 trading update maintains full year guidance and with its partnership approach and its ability to offer complex solutions, it is well positioned in the UK infrastructure market. The cash position is said to have remained strong, order book flat at £2.4bn, plus £400m at preferred bidder stage. Secured £700m of work for current year, so good visibility and ahead of 2012.



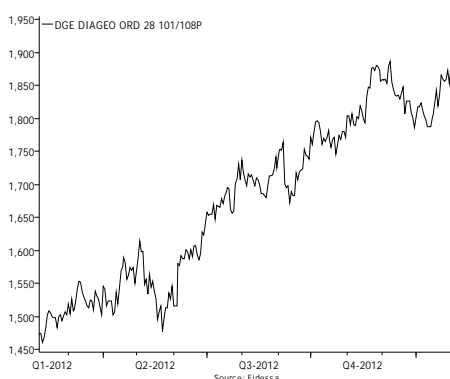
*Preliminary announcement due 6 March 2013
(December Year End)*

Diageo

Key Data

Ticker:	DGE.L
Sector:	Beverages
Market:	FTSE 100
Market Cap:	£47.2bn
Price:	1,880p
12 month High/Low:	1,906/1,461p
Yield:	2.7%
P/E:	16.6x

Share price performance



The Company is engaged in the premium drinks business with a collection of beverage alcohol brands across spirits, wines and beer categories. These brands include Johnnie Walker, Crown Royal, J&B, Buchanan's, and Bushmills whiskies, Smirnoff, Círoc and Ketel One vodkas, Baileys, Captain Morgan, Tanqueray and Guinness. It also owns the distribution rights for the Jose Cuervo tequila brands in North America and many other markets. Its products are sold in more than 180 markets around the world. Its operations include producing, distilling, brewing, bottling, packaging, distributing, developing and marketing a range of brands. It manages its business through four regions: North America, Europe, International, and Asia Pacific. Diageo released its interim results for the six months to 31st December 2012 on 31st January 2013. The results were largely in line with consensus estimates. Sales by region show continuing success in Latin America and the Caribbean, with sales up 18% and EBIT up 23%. North American sales were plus 5% and EBIT plus 9%. The results reflect the global strength of the major brands, with leadership in the US spirits market coupled with an increasing presence in the fastest growing markets of the world. Dividend was increased 9%.

*Preliminary announcement due 23 August 2013
(June Year End)*

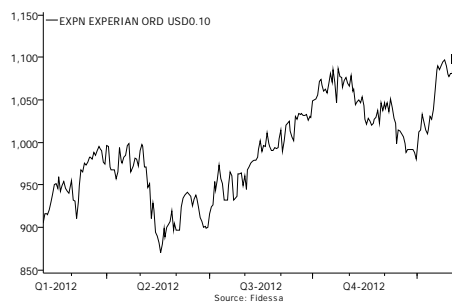
Experian

Key Data

Ticker:	EXP.N.L
Sector:	Support Services
Market:	FTSE 100
Market Cap:	£11.1bn
Price:	1,098p
12 month High/Low:	1,110/870p
Yield:	2.1%
P/E:	18.5x

Experian PLC provides data and analytical tools to organisations in North America, Latin America, UK and Ireland, EMEA and Asia Pacific. It also helps individuals to manage their credit relationships and protect against identity theft. The four business segments of the company are: Credit Services - it provides information to organisations to help them manage the risks associated with lending money; Decision Analytics - provide organisations with predictive tools and sophisticated software to help

Share price performance



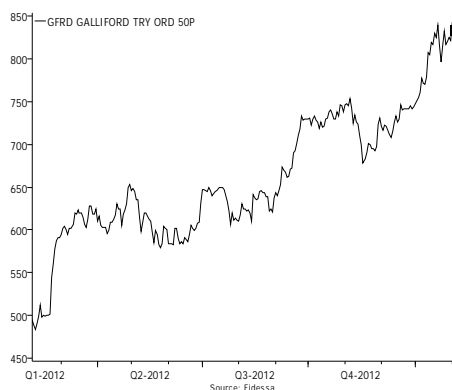
them manage and automate huge volumes of day to day decisions; Marketing Services - it helps organisations understand their customers more completely, communicate with them on an individual level and measure the impact of marketing campaigns; and Interactive - it helps individuals to understand and manage their personal credit files online and to protect their personal identity. The company's Q3 trading update on 16th January 2013 indicated organic revenue growth of 7% adding that for the full year it expects organic growth to be high single digit, with Q4 similar to Q3. *Preliminary announcement due 10 May 2013 (March Year End)*

Galliford Try

Key Data

Ticker:	GFRD.L
Sector:	Construction & Builders
Market:	FTSE 250
Market Cap:	£682m
Price:	822p
12 month High/Low:	843/483p
Yield:	4.8%
P/E:	10x

Share price performance



Galliford Try PLC is a house builder and affordable housing developer across the South and East of England and a provider of construction services throughout the UK. Its main segments are House building, Construction and PPP investments. In early January 2013 the company said that its profit for the half year to 31 December 2012 is anticipated to be above Board expectations. In house building they reported a 4% increase in total sales reserved, contracted and completed and 83% of 10,000 plot land bank now secured at current market values. On the construction side, 99% of projected revenue for the current financial year is secured and 62% for next year to 30 June 2014. Total Construction order book stands at £1.6bn, and split 40% regulated sector, 42% in public sector and 18% in private. *Interim announcement due 20 February 2013 (June Year End)*

Great Portland Estates

Key Data

Ticker:	GPOR.L
Sector:	Real Estate Investment Trusts
Market:	FTSE 250
Market Cap:	£1.67bn
Price:	486p
12 month High/Low:	502/345.6p
Yield:	1.82%
NAV:	430p

The Company is focused exclusively in commercial real estate in central London, with over 80% in the West End. Great Portland Estates concentrate on ownership of assets in popular, central locations and look for properties that have angles to exploit. This high-end portfolio provides opportunities for growth in rents, as is demonstrated in the 2012 rental growth: The average rent is relatively low at £36 per sq ft. but in the year to September 2012 the company's rental growth was 8%, nearly twice the Central London

Share price performance



Office Index of 4.1%*. In addition, the company has a pipeline of development and refurbishment opportunities. Great Portland Estates has a track record of managing the property cycle, is conservative with gearing and, by focusing on their specialism, can maximize that experience and knowledge. In November the Company raised £140.6m in a placing, at 450p, to fund acquisitions of central London properties which require active asset management to unlock the value. The company has already identified 3 such properties valued at £110m in total and a further 3 are being analysed.

*CBRE

*Preliminary announcement due 23 May 2013
(March Year End)*

Greene King

Key Data

Ticker:	GNK.L
Sector:	Travel & Leisure
Market:	FTSE 250
Market Cap:	£1.38bn
Price:	690p
12 month High/Low:	696p/474.3p
Yield:	4.2%
P/E:	11.4x

Share price performance



A fully integrated brewer/pub operator, with over 1400 tenanted and leased pubs and 900 managed retail pubs. Growth is important but size is not, although the objective is to grow to 1100 retail pubs with a smaller, higher quality tenanted estate - with due emphasis on the calibre of the Licensee. The retail growth will come from acquisitions, new builds and reverse transfers (from the tenanted estate) as well as increasing the exposure to the eating out market. Retail pubs include Hungry Horse, Eating Inn and Old English Inns and Loch Fynne Restaurants. In addition to those 'Destination' venues, the company operates a Greene King branded 'Local Pubs' division. The brewery in Bury St Edmunds produces three of the country's best-known cask ales: Greene King IPA, Old Speckled Hen and Abbot Ale. In Scotland, the Belhaven brewery in Dunbar produces some of the country's favourite beers, including Belhaven Best, Scotland's no. 1 ale brand. With a forecast yield of 4.2% making the shares attractive. Has continued its good run into 2013 but is not expensive.

*Preliminary announcement due 27 June 2013
(April Year End)*

Money Supermarket

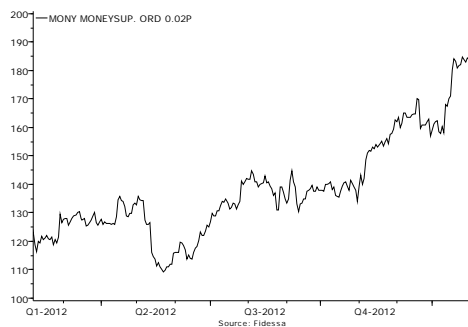
Key Data

Ticker:	MONEY.L
Sector:	Media
Market:	FTSE 250
Market Cap:	£1.02bn
Price:	190p
12 month High/Low:	190p/109p
Yield:	2.5%

Money Supermarket provides price comparison services primarily in the United Kingdom. The company offers online services to compare products in money, insurance, and home services verticals through MoneySupermarket.com; and travel vertical through TravelSupermarket.com. The company also offers customers the ability to search for and compare airport parking, car hire, flights, hotels, and package holidays in the travel vertical; and broadband,

P/E: 17x

Share price performance



mobile telephones, vouchers, shopping, and utilities in the home services vertical. On 9 January 2013 the Company issued a Trading Statement saying the Board expects full year adjusted revenues to increase around 15% to £204.5m and adjusted EBITDA to be around £66.0m, an increase of approximately 26%. As at 31 December 2012 the Group had cash balances of £17.7m and no debt. Following the statement consensus estimates were edged up by 5% at the pre-tax level.

Preliminary announcement due 28 February 2013 (December Year End)

Oxford Instruments

Key Data

Ticker:	OXIG.L
Sector:	Electronics and Electrical Equip.
Market:	FTSE 250
Market Cap:	£987m
Price:	1,736p
12 month High/Low:	1,752p/1,023p
Yield:	0.7%
P/E:	23x

Share price performance



Oxford Instruments PLC is engaged in the research, development, manufacture and sale of high technology tools and systems. Its three segments are Nanotechnology Tools, Industrial Products and Service. The Nanotechnology Tools segment contains a group of businesses supplying similar products, characterised by a high degree of customisation and high unit prices. These are the group's highest technology products serving research customers in both the public and private sectors. The Industrial Products segment contains a group of businesses supplying high technology products and components manufactured in medium volume for industrial customers. The Service segment contains the group's service businesses as well as service revenues from the service activities from other parts of the group. The group has operations in UK, USA, Japan, China, Germany, Rest of Europe, Rest of Asia and Rest of World. At the interim stage the revenue, pretax profit and earnings per share were all up over 20%, with £37m net cash (2011, £11.9m). The company continues to invest in R&D underpinning organic growth and they are seeing an increase in global demand for nanotechnology tools.

Preliminary announcement due 12 June 2013 (March Year End)

Prudential

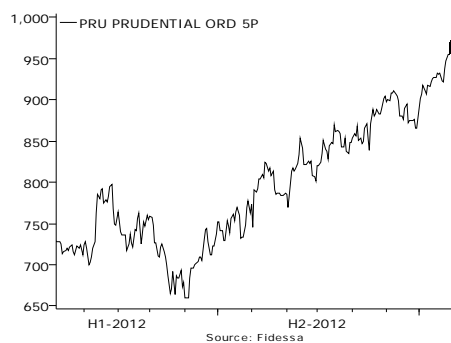
Key Data

Ticker:	PRU.L
Sector:	Life Insurance
Market:	FTSE 100
Market Cap:	£23.9bn
Price:	934p
12 month High/Low:	973p/660p
Yield:	2.9%

The principal activity of the company is the provision of financial services to individuals and businesses in Asia, the US and UK. It offers a wide range of retail financial products and services and asset management services throughout these territories. The retail financial products and services principally include life insurance, pensions and annuities as well as collective investment schemes. The group's two operating segments are Insurance operations and Asset

P/E: 13.2x

Share price performance



management. Insurance operations principally comprise of products that contain both significant and insignificant elements of insurance risk. Asset management comprises both internal and third-party asset management services, inclusive of portfolio and mutual fund management, where the group acts as an advisor, and broker-dealer activities. The company has an under-appreciated US business in Jackson National, with a well regarded management team, and a growing asset management business with Funds under management in excess of \$102bn, an area often forgotten what with the media focus on Asia to the fore, which is delivering.

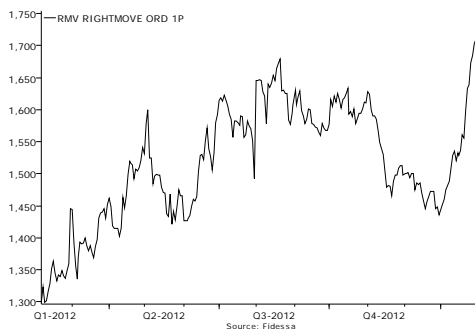
*Preliminary announcement due 13 March 2013
(December Year End)*

Rightmove

Key Data

Ticker:	RMV.L
Sector:	Media
Market:	FTSE 250
Market Cap:	£1.755bn
Price:	1,700p
12 month High/Low:	1,710p/1,299p
Yield:	1.53%
P/E:	26x

Share price performance



Rightmove operates in the UK residential property industry connecting people to properties. Its principal business is the operation of its website, [rightmove.co.uk](#) and is the UK's largest residential property portal where estate agents, rental agents and new home developers pay Rightmove fees for the right to display details of properties for sale or rent on the website, [rightmove.com](#). The company has always had a very attractive competitive profile, with barriers to entry, pricing power, high market share, and long-term structural growth. Since 2009 revenues have grown 50% to £97m (Year to Dec 2011), earnings up 26%. At the interim stage to 30 June 2012 earnings were up 30%. In 2011 the company purchased 4.4m shares at an average price of £11.00 and in the first half of 2012 bought £2.1m at an average price of £14.10. There were fears that the merger of Zoopla and Digital Property Group would impinge on Rightmove's leading position, but following a more than reassuring interim Management statement in November, the shares have rallied strongly.

*Preliminary announcement due 22 February 2013
(December Year End)*

Smiths Group

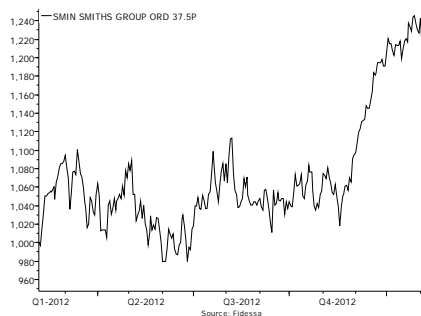
Key Data

Ticker:	SMIN.L
Sector:	General Industrials
Market:	FTSE 100
Market Cap:	£4.8bn
Price:	1,222p
12 month High/Low:	1,246p/979.5p
Yield:	3.8%

Smiths is a global technology company specialising in the practical application of advanced technologies. The company delivers products and services for the threat and contraband detection, medical devices, energy, communications and the engineered components market globally. In the year to 31 July 2012, the company had largely completed a 4-year Group-wide restructuring, with costs of \$55m, saving £70m. At Smiths Detection, restructuring continues with a further £20m costs savings

P/E: 11.5x

Share price performance



over 2013/2014. With cash generation a key priority and investment in growth initiatives continuing in 2012/13, the company has grown revenue in tough market conditions, despite increasing investment in new products in emerging markets to drive future growth. Whilst the Pensions deficit increased, cash contributions totaled £115m. In the current year it could amount to £90m, over and above normal contributions. Net debt rose to £791m, free cash flow was £217m, and dividends amounted to £144m, acquisitions (net) were £120m. Whilst much has been achieved the next two years could see payback for all the investment of the last few years.

Interim announcement 14 March 2013

(July Year End)

Sports Direct

Key Data

Ticker:	SPD.L
Sector:	Retailers (General)
Market:	FTSE 250
Market Cap:	£2.5bn
Price:	418p
12 month High/Low:	418p/254p
Yield:	2.5%
P/E:	15x

Share price performance



Sports Direct International PLC is engaged in retailing of sports and leisure clothing, footwear and equipment. The company has a wholesale distribution and sale of sports and leisure clothing, footwear and equipment under its group owned or licensed brands and licensing of group brands. Its two business segments are Retail and Brands. The Retail business comprises the retail network of stores and the Brands business comprises the identification, acquisition, development and trading of a portfolio of internationally recognised sports and leisure brands. In December 2012, the company reported its interim figures, with group revenue ahead at 22% and underlying EBITDA ahead at 17.2%. Reported EPS were up 28.1%, with the London 2012 Olympics playing a significant part in the Group's strong results. The Groups Q3 results will be announced on 21st February.

Preliminary announcement due 19 July 2013

(April Year End)

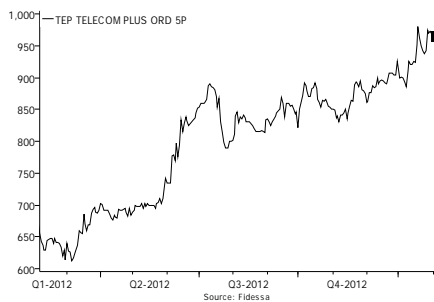
Telecom Plus

Key Data

Ticker:	TEP.L
Sector:	Fixed Line Telco
Market:	FTSE 250
Market Cap:	£687m
Price:	973p
12 month High/Low:	985p/612p
Yield:	3.7%
P/E:	23x

Telecom Plus PLC, which owns and operates the Utility Warehouse brand, is the UK's only fully integrated provider of a wide range of competitively priced utility services, spanning both the communications and energy markets. Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities, and exceptional levels of customer service. The company does not advertise, relying instead on 'word of mouth'

Share price performance



recommendation by existing satisfied customers in order to grow their market share. The Company provides over 400,000 homes and small businesses throughout the UK with Home Phone, Mobiles, Broadband, Gas and Electricity. Revenues have grown since 2004 from £80m to £480m in the year to March 2012 and consensus forecasts are looking for a further 20% plus growth to March 2013. Profits have risen from over £11m in 2007 to over £30m in 2012, with earnings per share forecast to grow 20% in 2013.

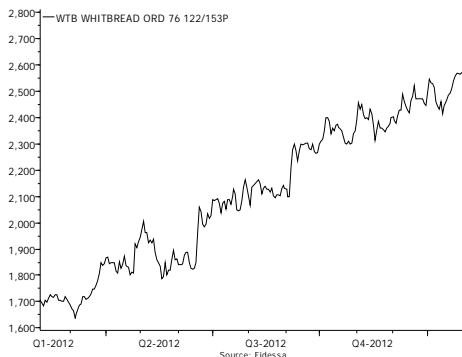
*Preliminary announcement due 20 May 2013
(March Year End)*

Whitbread

Key Data

Ticker:	WTB.L
Sector:	FTSE 100
Market:	Travel & Leisure
Market Cap:	£4.52bn
Price:	2,641.5p
12 month High/Low:	2,643/1,637p
Yield:	2.4%
P/E:	16.4x

Share price performance



The quality play in the sector. Owing leading brands, including Premier Inn, Beefeater Grill, Brewers Fayre and Costa Coffee. The strong brands deliver strong like-for-like performance. Costa is the outstanding growth contributor (25% rev growth at Interims to 30 August 2012) but Hotels & Restaurants delivered excellent growth (10% revenue growth at same interims). The room pipeline in the hotels segment is 11,000. With 49,000 rooms at Interim stage, the hotel division is on target for 65,000 rooms by 2016. The branded restaurants compliment the Premier Inn offering. Costa Coffee is an international growth story across Europe, the Middle East, and China, at 201 stores (21 cities, added 37 stores) has much potential. Buy, despite the share price performance. A well managed business and still a growth story across all the brands and geography. Management succession has been seamless.

*Preliminary announcement due 26 April June 2013
(March Year End)*

Analyst

Harry Stevenson and Ken D'Mello

(t) +44 (0) 207 382 8384

(e) harry.stevenson@hbmarkets.com

Note: All data is correct as at Wednesday 13th February 2013

Sources: Regulatory News Service, Fidessa, Hemscott, Company Websites, Bloomberg

Recommendations

During the three months to end-January 2013, the number of stocks on which HB Markets has published recommendations was 172, and the recommendations were as follows: Buy - 64; Speculative Buy - 85; Hold - 20; Sell - 3.

Full definitions of the recommendations used by HB Markets in its publications and their respective meanings can be found on our website [here](#).

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