



Stocking Stuffers

Some luxury goods companies for your Christmas stocking

That time of the year has come around again. You may be fantasising about your dream Christmas list – a handbag from Louis Vuitton, watch from Cartier, or trench coat from Burberry. But instead of lusting after these luxury goods, should you be thinking about owning a small part of the companies behind them instead?

Back in style

After a year of stagnation in CY16, the personal luxury goods market has bounced back with a fresh record high of €262 billion this year, with the overall luxury market – encompassing both goods and luxury experiences – growing by 5 percent to an estimated €1.2 trillion, according to the latest Bain & Company Luxury Study report¹.

Millennials and fashionable Chinese have powered growth in the sector:

- Around 85 percent of growth in the sector was fuelled by millennials – those born from the mid-1980s through to the 1990s, and generation Z – those born between the mid-1990s and 2000s.
- Fashion-savvy Chinese customers have skyrocketed sales in China by 15 percent to €20 billion. Buying abroad has also increased, with Chinese buyers alone making up 32 percent of the global luxury goods market in 2017.

Shoes, jewellery and bags ranked as the three fastest-growing categories this year, but apparel, beauty and watches still account for the bulk of the market.

Looking ahead

While the sector is polarised between winners experiencing growth, and losers challenged by sales declines, market conditions are evolving in a positive direction. Nearly two-thirds of brands experienced growth in 2017 – up from only 50 percent in 2016.

Positive growth is set to continue at approximately 4 to 5 percent annually over the coming three years, with the personal luxury goods market in particular estimated to reach €295-305 billion by 2020.

So which stocks should be on your Christmas list?

Investors can gain exposure to the personal luxury goods sector through the following 10 global luxury goods companies that are rated a Buy or a Neutral by the analyst.

¹ Bain & Company, 2017 'Bain & Company Luxury Study'

LVMH Moët Hennessy Louis Vuitton

LVMH Moët Hennessy Louis Vuitton is a luxury goods company. Its business activities are divided into various groups, including Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewellery, Selective Retailing and Other activities. The Company has approximately 70 brands and over 3,950 stores around the world. It produces still and sparkling wines from various wine-growing regions, as well as whiskey. The Fashion & Leather Goods business group includes brands such as Louis Vuitton, Fendi, Loewe, Marc Jacobs, Celine and Edun. The perfumes, make-up and skincare business offers a range of brands, including Christian Dior, Guerlain and Kenzo. The Watches & Jewellery sector operates in two segments: high-quality watchmaking, and jewellery and high jewellery. Its Selective Retailing companies operate in Europe, North America, Asia and the Middle East.

ASSOCIATED BRANDS



CÉLINE



FENDI
ROMA

TAGHeuer

BVLGARI

Kering

Kering designs, manufactures, and markets luxury, sports, and lifestyle goods. It has an ensemble of luxury houses in fashion, leather goods, jewellery and watches through Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Dodo, Girard-Perregaux, Pomellato, Qeelin and Ulysse Nardin brands. Kering is also developing the Sport & Lifestyle brands Puma, Volcom and Cobra. Kering operates globally and is headquartered in Paris, France.

ASSOCIATED BRANDS

GUCCI ALEXANDER
MQUEEN

BOTTEGA VENETA

BALENCIAGA SAINT LAURENT
PARIS

PVH Corp

PVH Corp. is an apparel company that operates through three segments: Calvin Klein, Tommy Hilfiger and Heritage Brands. The company's brand portfolio consists of various names including Calvin Klein, Tommy Hilfiger, Van Heusen, IZOD, ARROW, Warner's, Olga and Eagle, which are owned; and Speedo, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, Sean John, MICHAEL Michael Kors, Michael Kors Collection and Chaps, which are licensed; as well as various other licensed and private label brands. The Company designs and markets dress shirts, neckwear, sportswear, jeanswear, intimate apparel, swim products and handbags, footwear and other related products.

ASSOCIATED BRANDS

CALVIN KLEIN

TOMMY  HILFIGER

Moncler

Moncler is an Italian-based company engaged in the fashion industry. The company designs, produces and distributes clothing and accessories through the Moncler brand. Moncler manufactures collections for women, men and children. The company offers mainly sportswear, outerwear, knitwear and skiwear, including jackets, shoes, sweaters, trousers, bags, shirts, tops, gloves, hats and sunglasses, among others. Moncler trades its products through approximately 122 stores, as well as through the wholesale distribution channel. Moncler operates in approximately 66 countries, including Austria, France, Germany, Switzerland, Turkey, China, Hong Kong, Japan, Taiwan and the United States.

ASSOCIATED BRANDS



Inter Parfums

Inter Parfums operates in the fragrance business. The company manufactures, markets and distributes an array of fragrance and fragrance related products. It operates through two segments: European based operations and United States based operations. The European operations segment produces and distributes its fragrance products under license agreements with brand owners. It has a portfolio of prestige brands, which include Balmain, Boucheron, Coach, Jimmy Choo, Karl Lagerfeld, Lanvin, Paul Smith, S.T. Dupont, Repetto, Rochas, and Van Cleef & Arpels. Its prestige brand fragrance products are also marketed through its United States operations. These fragrance products are sold under various names, which include Abercrombie & Fitch, Agent Provocateur, Anna Sui, bebe, Dunhill, French Connection, Oscar de la Renta and Shanghai Tang. The Company sells its products to department stores, perfumeries, specialty stores, and domestic and international wholesalers and distributors.

ASSOCIATED BRANDS (FRAGRANCE ONLY)

JIMMY CHOO



Paul Smith

Oscar de la Renta®

Compagnie Financiere Richemont

Compagnie Financiere Richemont (Richemont) is a Switzerland-based jewellery company. The company's segments include Jewellery Maisons and Specialist Watchmakers. The Jewellery Maisons segment includes businesses, which are engaged in the design, manufacture and distribution of jewellery products. The businesses include Cartier, Van Cleef & Arpels and Giampiero Bodino. Its Specialist Watchmakers segment includes businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The businesses in the Watchmakers segment include Piaget, A. Lange & Sohne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier and Roger Dubuis. The company's other operating segments include Montblanc, Alfred Dunhill, Lancel, Chloe, Purdey, Shanghai Tang, and Peter Millar.

ASSOCIATED BRANDS

Cartier

Van Cleef & Arpels

**MONT
BLANC**

PIAGET


JAEGER-LECOULTRE

Estee Lauder Companies

The Estee Lauder Companies manufactures and markets skin care, makeup, fragrance and hair care products. The company's products are sold in over 150 countries and territories under brand names, including Estee Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, Tommy Hilfiger, MAC, Kiton, La Mer, Bobbi Brown, Donna Karan New York, DKNY, Aveda, Jo Malone London, Bumble and bumble, Michael Kors, Darphin, Tom Ford, Smashbox, Ermenegildo Zegna, AERIN, Tory Burch, RODIN olio lusso, Le Labo, Editions de Parfums Frederic Malle, GLAMGLOW, By Kilian, BECCA and Too Faced. Its skin care products include moisturizers, serums, cleansers, toners, body care, exfoliators, acne and oil correctors, facial masks, cleansing devices and sun care products.

ASSOCIATED BRANDS

ESTEE LAUDER

MAC CLINIQUE

JO MALONE LONDON BOBBI BROWN

Prada

Prada is an Italian-based company engaged in the fashion industry. The company, along with its subsidiaries, is engaged in the design, production and distribution of leather goods, handbags, clothing, eyewear, fragrances, footwear and accessories. Prada manufactures jackets, trousers, skirts, dresses, sweaters, blouses, as well as perfumes and watches, among others. The company trades its products through several brands, such as Prada, Miu Miu, Church's and The Car Shoe. Prada operates in approximately 70 countries through directly operated stores, franchise operated stores, a network of selected multi-brand stores and department stores.

ASSOCIATED BRANDS

PRADA
MIU MIU



Salvatore Ferragamo

Salvatore Ferragamo is an Italian-based company engaged in the fashion industry. The company creates, manufactures, and sells footwear, leather goods, clothing and accessories for men and women. The company's products also include fragrances and eyewear under the Salvatore Ferragamo brand and the on license Ungaro brand. The company's products are distributed mainly through network brand stores, managed both directly and by third parties, as well as department stores and multibrand specialty stores. The company's activities also include the licensing of the Ferragamo brand, rental services, property management and a technical consultancy with the Zegna Group. Salvatore Ferragamo operates in Europe, North America, Japan, Asia-Pacific and Central and South America.

ASSOCIATED BRANDS

Salvatore Ferragamo

Tiffany & Co.

Tiffany & Co. is a holding company that operates through its subsidiary companies. The company's principal subsidiary, Tiffany and Company (Tiffany), is a jeweller and specialty retailer. Through its subsidiaries, the company designs and manufactures products and operates TIFFANY & CO. retail stores around the world, and it also sells its products through Internet, catalog, business-to-business and wholesale operations. The company also sells timepieces, leather goods, sterling silverware, china, crystal, stationery, fragrances and accessories. It operates nearly 100 Tiffany stores in the US, ~30 in Canada and Latin America, over 70 in the Asia-Pacific region (including 30 in China), ~50 stores in Japan, ~40 stores in Europe and several stores in Russia and the UAE.

ASSOCIATED BRANDS

TIFFANY & CO.

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