

## Malaysia

**HOLD** (no change)

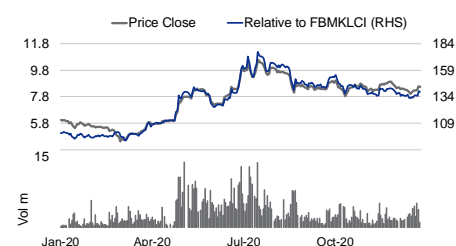
Consensus ratings\*: Buy 7 Hold 9 Sell 1

Current price:	RM8.54
Target price:	RM9.18
Previous target:	RM9.18
Up/downside:	7.5%
CGS-CIMB / Consensus:	-0.9%
Reuters:	BMYS.KL
Bloomberg:	BURSA MK
Market cap:	US\$1,711m
	RM6,909m
Average daily turnover:	US\$4.63m
	RM18.94m
Current shares o/s:	806.0m
Free float:	67.8%

\*Source: Bloomberg

**Key changes in this note**

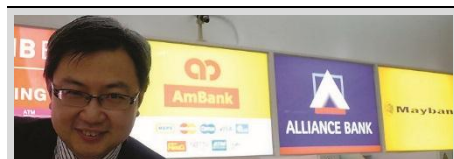
- FY20 net profit forecast raised by 2.5%.
- FY21 net profit forecast raised by 8.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.8	-3	40.9
Relative (%)	-1	-10.5	38.3

Major shareholders	% held
Capital Market Development Fund	18.6
Kumpulan Wang Persaraan	13.6
EPF	7.1

**Analyst(s)**

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# Bursa Malaysia

## Upping NP forecasts to reflect higher ADTV

- We estimate a triple-digit net profit growth (117.8% yoy) in Bursa's 4Q20 net profit, driven by a 143% jump in ADTV.
- We raise FY21F ADTV by 10% as we expect this to be supported by MCO and the renewed interest in banking stocks.
- Reiterate Hold as we believe that its strong earnings in 4Q20 and FY21 would have been priced in (CY22F P/E of 29.5x vs. 5-year average of 21.7x).

### Triple-digit net profit growth in 4Q20?

Bursa plans to release its 4Q20 financial results on 2 Feb 21. We estimate a net profit (NP) of RM99.3m in 4Q20 (please refer to page 2), which would be 18.5% lower than the RM121.9m in 3Q20. However, the yoy NP growth would still be strong at an estimated 117.8% in 4Q20. This would represent the second consecutive quarter of triple-digit NP growth following the 158.8% yoy surge in 3Q20. With this, we estimate that Bursa could post a NP of RM372.2m in FY20F, about 4.6% above our previous projected NP of RM355.7m due to higher-than-expected trading value in the equity market.

### ADTV surged by 143% yoy in 4Q20 due to higher retail interest

As expected, the average daily trading value (ADTV) for the equity market slid by 14.8% qoq to RM5bn in 4Q20, due to the end of the blanket loan moratorium (BLM) on 30 Sep 20. With the end of BLM, most borrowers would have to start repaying their loans in 4Q20 and this would reduce liquidity in the equity market. However, the yoy growth in ADTV remained strong at 143% in 4Q20 (ADTV of RM5bn in 4Q20 vs. RM2.05bn in 4Q19).

### Raising FY20-21F NP forecasts

We lift our projected FY20-21F net profit by 2-8% due to the 2-10% increase in our assumed ADTV for the equity market. However, we retain our target price of RM9.18, still based on 31.7x FY22F P/E, which is 2 s.d. above the 5-year historical average as we retain our FY22F net profit forecasts.

### Factors to support FY21F ADTV in equity market

These factors support our higher FY21F ADTV assumption (1) trading activities could increase during the movement control order (MCO) period (the ADTV jumped by 51.3% qoq in 2Q20, partly due to MCO), and (2) investors have showed renewed interest in banking stocks in 4Q20, which we think will be sustained in 2021F.

### Retain Hold

We retain our Hold call as its strong NP in 4Q20 and FY21 appear priced in to us as reflected by the high valuations. Its CY22F P/E of 29.5x is close to 2 s.d. above its 5-year average of 21.7x. Furthermore, we expect its net profit to contract by 27.6% in FY22F as we project the ADTV for the equity market to normalise from RM4bn in FY21F to RM2.5bn in FY22F (vs. 3-year average of RM2.3bn in FY17-19).

### Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (RMm)	523.3	480.1	735.3	695.1	597.5
Operating EBITDA (RMm)	330.7	277.1	503.3	449.7	337.9
Net Profit (RMm)	224.0	185.9	364.5	323.6	234.4
Core EPS (RM)	0.28	0.23	0.45	0.40	0.29
Core EPS Growth	0.3%	(15.6%)	92.4%	(11.4%)	(27.6%)
FD Core P/E (x)	30.70	36.38	18.91	21.34	29.46
DPS (RM)	0.34	0.21	0.41	0.36	0.26
Dividend Yield	3.93%	2.44%	4.75%	4.22%	3.06%
EV/EBITDA (x)	15.60	18.43	10.24	11.57	15.52
P/FCFE (x)	34.12	35.24	18.00	18.88	25.57
Net Gearing	(195%)	(234%)	(216%)	(202%)	(189%)
P/BV (x)	7.87	9.05	8.58	8.17	7.88
ROE	26.0%	23.1%	46.6%	39.2%	27.2%
% Change In Core EPS Estimates			2.47%	8.42%	0.01%
CGS-CIMB/Consensus EPS (x)			1.03	1.15	0.88

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Upping NP forecasts to reflect higher ADTV

**Figure 1: Earnings revision**

RM m	2019A	2020F			2021F			2022F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Market velocity	27.0%	59.0%	60.8%	1.8%	50.0%	53.0%	3.0%	34.3%	31.2%	-3.1%
Equity market ADTV	2,057.0	4,090.4	4,215.1	3.1%	3,570.4	3,968.3	11.1%	2,522.8	2,523.0	0.0%
Equity income	198.3	401.5	413.0	2.9%	319.0	352.1	10.4%	232.0	232.0	0.0%
Net profit	185.9	355.7	364.5	2.5%	298.5	323.6	8.4%	234.4	234.4	0.0%

SOURCES: CGS-CIMB, COMPANY REPORTS

### Assumptions for the 4Q20 net profit ►

We estimate net profit to rise 117.8% to RM99.3m in 4Q20. However, this is an 18.5% qoq decrease from the RM121.9m recorded in 3Q20, which was a record high quarterly net profit for Bursa.

Our estimated net profit of RM99.3m in 4Q20 is based on the following assumptions:

- A 143% yoy rise in equity income, in line with the estimated growth in the 4Q20 average daily trading value for the equity market.
- 12.7% yoy rise in derivative income, in line with the estimated growth in the 4Q20 average daily contracts for the derivative market.
- No growth for other income.
- A 30% yoy increase in operating costs, close to the growth rate in 3Q20.
- A tax rate of 25%.

**Figure 2: 4Q20F results preview – assumptions to estimate 4Q20 net profit**

(RM m)	4QFY19	Estimated 4QFY20	4QFY20 yoy % change	Assumptions for 4QFY20
Equity income	59.2	143.9	143.0%	Applying the growth rate of 143% for equity market's ADTV in 4Q20.
Derivative income	20.6	23.2	12.7%	Applying the growth rate of 12.7% for derivative market's ADC in 3Q20.
Other income	49.5	49.5	0.0%	No change.
<b>Total revenue</b>	<b>129.3</b>	<b>216.6</b>	<b>67.5%</b>	
Operating costs	(60.5)	(78.7)	30.0%	30% yoy growth, close to the growth rate in 3Q20.
EBITDA	68.8	137.9	100.5%	
<i>EBITDA margin (%)</i>	53.2	63.7		
Depn & amort.	(5.4)	(5.4)	0.0%	No change.
EBIT	63.4	132.5	109.0%	
Interest expense	(0.1)	(0.1)	0.0%	No change.
Pretax profit	63.3	132.4	109.2%	
Tax	(17.7)	(33.1)	87.0%	Tax rate of 25%
Tax rate (%)	28.0	25.0		
Minority interests	0.0	0.0		
<b>Net profit</b>	<b>45.6</b>	<b>99.3</b>	<b>117.8%</b>	

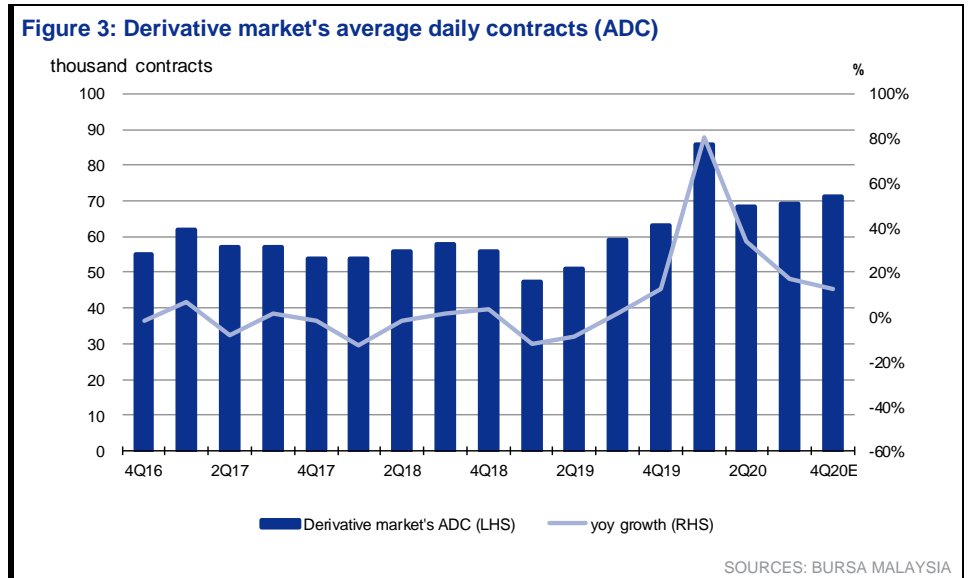
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### More active trading activities in derivative market in 4Q20 ►

Based on the Bursa website, we gather that the average daily contracts (ADC) in derivative market rose 12.7% yoy and 2.9% qoq to c.71k contracts in 4Q20. The yoy increase mainly came from three types of contracts, i.e. KLCI futures (+25% yoy in 4Q20), KLCI options (+25.8% yoy) and CPO futures (+14.9% yoy). We think that the increase in the number of contracts for KLCI futures and options was due to the higher volatility in the stock market in 4Q20. Hence, more investors would have to hedge their positions in the stock market.

With this, we think that Bursa's derivative income could expand by c.10% yoy in 4Q20.

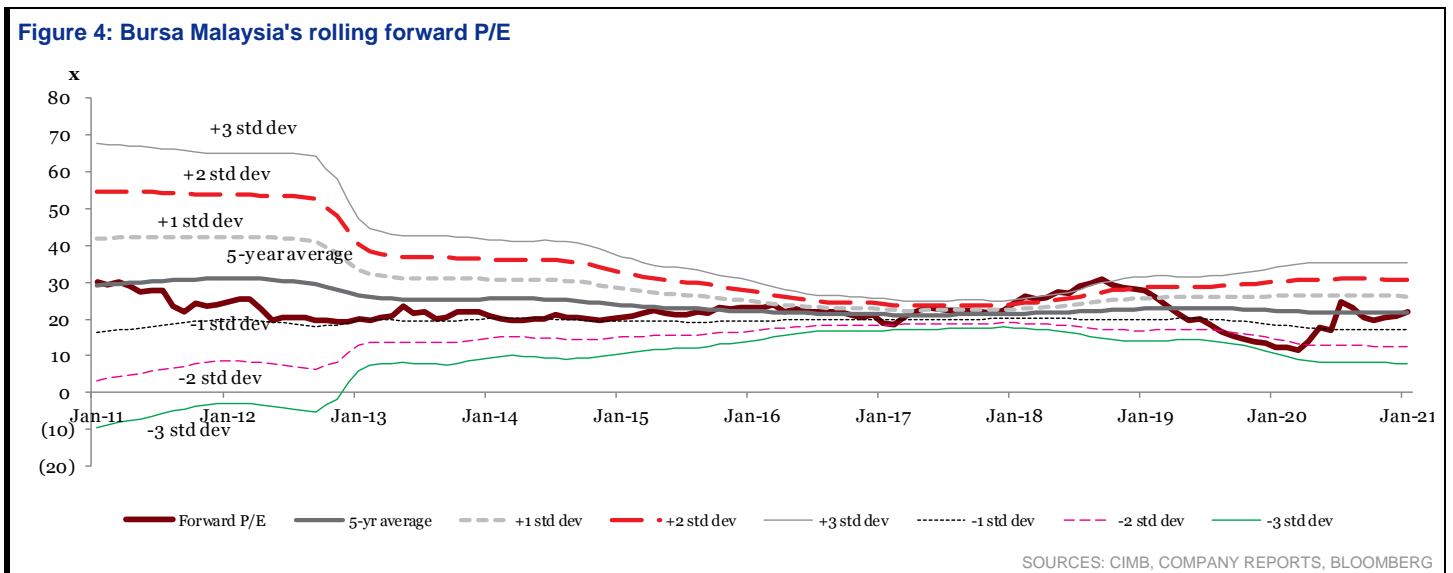
**Figure 3: Derivative market's average daily contracts (ADC)**



### High P/E valuation ➤

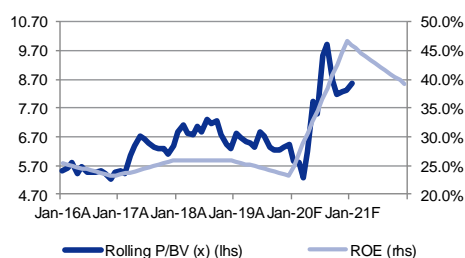
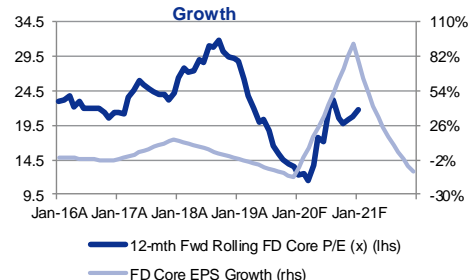
We regard Bursa's valuation to be rich as its FY22F P/E of 29.5x, is close to two standard deviations above its 5-year historical average of 21.7x. The high valuation is the key reason for our Hold call for the stock.

**Figure 4: Bursa Malaysia's rolling forward P/E**



### Potential upside/downside risks ➤

The upside/downside risks to our call are improvement/deterioration in trading volume/value growth in the equity and derivatives markets.

**BY THE NUMBERS**
**P/BV vs ROE**

**12-mth Fwd FD Core P/E vs FD Core EPS Growth**

**Profit & Loss**

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>550.0</b>	<b>502.5</b>	<b>759.3</b>	<b>720.8</b>	<b>624.9</b>
<b>Gross Profit</b>	<b>550.0</b>	<b>502.5</b>	<b>759.3</b>	<b>720.8</b>	<b>624.9</b>
<b>Operating EBITDA</b>	<b>330.7</b>	<b>277.1</b>	<b>503.3</b>	<b>449.7</b>	<b>337.9</b>
Depreciation And Amortisation	(22.0)	(20.8)	(22.0)	(23.5)	(29.0)
<b>Operating EBIT</b>	<b>308.7</b>	<b>256.3</b>	<b>481.3</b>	<b>426.3</b>	<b>308.9</b>
Financial Income/(Expense)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>308.2</b>	<b>255.8</b>	<b>480.8</b>	<b>425.8</b>	<b>308.4</b>
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>308.2</b>	<b>255.8</b>	<b>480.8</b>	<b>425.8</b>	<b>308.4</b>
Taxation	(77.6)	(66.2)	(116.3)	(102.2)	(74.0)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>230.6</b>	<b>189.6</b>	<b>364.5</b>	<b>323.6</b>	<b>234.4</b>
Minority Interests	(6.6)	(3.7)	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>224.0</b>	<b>185.9</b>	<b>364.5</b>	<b>323.6</b>	<b>234.4</b>
Recurring Net Profit	224.0	189.2	364.5	323.6	234.4
<b>Fully Diluted Recurring Net Profit</b>	<b>224.0</b>	<b>189.2</b>	<b>364.5</b>	<b>323.6</b>	<b>234.4</b>

**Cash Flow**

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>330.7</b>	<b>277.1</b>	<b>503.3</b>	<b>449.7</b>	<b>337.9</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(14.6)	(1.7)	20.0	35.0	32.8
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(22.5)	(21.3)	(22.5)	(24.0)	(29.5)
Other Operating Cashflow	(79.3)	(67.5)	(112.0)	(96.5)	(69.0)
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0	0.0
Tax Paid					
<b>Cashflow From Operations</b>	<b>214.3</b>	<b>186.6</b>	<b>388.9</b>	<b>364.3</b>	<b>272.1</b>
Capex	(13.0)	(20.4)	(20.4)	(20.4)	(20.4)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	5.1	184.3	94.7	139.5	117.1
Other Investing Cashflow	(4.9)	(155.2)	(80.1)	(117.6)	(98.8)
<b>Cash Flow From Investing</b>	<b>(12.8)</b>	<b>8.7</b>	<b>(5.7)</b>	<b>1.5</b>	<b>(2.1)</b>
Debt Raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(277.1)	(177.8)	(328.1)	(291.2)	(211.0)
Preferred Dividends					
Other Financing Cashflow	(4.7)	0.0	113.8	(117.0)	(99.9)
<b>Cash Flow From Financing</b>	<b>(281.8)</b>	<b>(177.8)</b>	<b>(214.2)</b>	<b>(408.2)</b>	<b>(310.9)</b>
Total Cash Generated	(80.3)	17.5	168.9	(42.4)	(40.9)
<b>Free Cashflow To Equity</b>	<b>201.5</b>	<b>195.3</b>	<b>383.1</b>	<b>365.7</b>	<b>270.0</b>
<b>Free Cashflow To Firm</b>	<b>201.5</b>	<b>195.3</b>	<b>383.1</b>	<b>365.7</b>	<b>270.0</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	1,729	1,777	1,740	1,703	1,659
Total Debtors	60	67	74	81	89
Inventories	0	0	0	0	0
Total Other Current Assets	35	10	11	12	13
<b>Total Current Assets</b>	<b>1,824</b>	<b>1,854</b>	<b>1,825</b>	<b>1,796</b>	<b>1,762</b>
Fixed Assets	171	167	170	174	177
Total Investments	338	198	202	206	210
Intangible Assets	43	43	43	43	43
Total Other Non-Current Assets	58	59	62	65	69
<b>Total Non-current Assets</b>	<b>611</b>	<b>467</b>	<b>477</b>	<b>488</b>	<b>499</b>
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	1,376	1,396	1,326	1,260	1,197
Other Current Liabilities	141	135	142	149	156
<b>Total Current Liabilities</b>	<b>1,517</b>	<b>1,531</b>	<b>1,468</b>	<b>1,409</b>	<b>1,353</b>
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	30	30	30	31	31
<b>Total Non-current Liabilities</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,547</b>	<b>1,560</b>	<b>1,498</b>	<b>1,439</b>	<b>1,384</b>
Shareholders' Equity	875	761	805	845	877
Minority Interests	12	0	0	0	0
<b>Total Equity</b>	<b>887</b>	<b>761</b>	<b>805</b>	<b>845</b>	<b>877</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	0.2%	(8.3%)	53.2%	(5.5%)	(14.1%)
Operating EBITDA Growth	0.2%	(16.2%)	81.6%	(10.6%)	(24.9%)
Operating EBITDA Margin	63.2%	57.7%	68.4%	64.7%	56.6%
Net Cash Per Share (RM)	2.14	2.20	2.15	2.11	2.05
BVPS (RM)	1.09	0.94	1.00	1.05	1.08
Gross Interest Cover	617.4	512.6	962.7	852.5	617.8
Effective Tax Rate	25.2%	25.9%	24.2%	24.0%	24.0%
Net Dividend Payout Ratio	121%	90%	90%	90%	90%
Accounts Receivables Days	44.57	48.43	35.12	40.75	52.16
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	(32.3%)	(22.3%)	(40.6%)	(38.5%)	(29.9%)
ROCE (%)	35.3%	31.1%	61.5%	51.7%	35.9%
Return On Average Assets	9.9%	8.0%	15.8%	14.1%	10.3%

### Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Equity market cap (RM bn)	1,945.1	1,828.4	1,663.9	1,797.0	1,940.7
Equity market velocity (%)	30.0%	27.0%	60.8%	53.0%	31.2%
Equity ADTV (RM m)	2,431.4	2,057.0	4,215.1	3,968.3	2,523.0
Total revenue growth (%)	0.2%	-8.3%	53.2%	-5.5%	-14.1%
Change in overheads (%)	-3.6%	2.0%	12.9%	6.0%	7.3%
Dividend payout ratio (%)	120.9%	90.2%	90.0%	90.0%	90.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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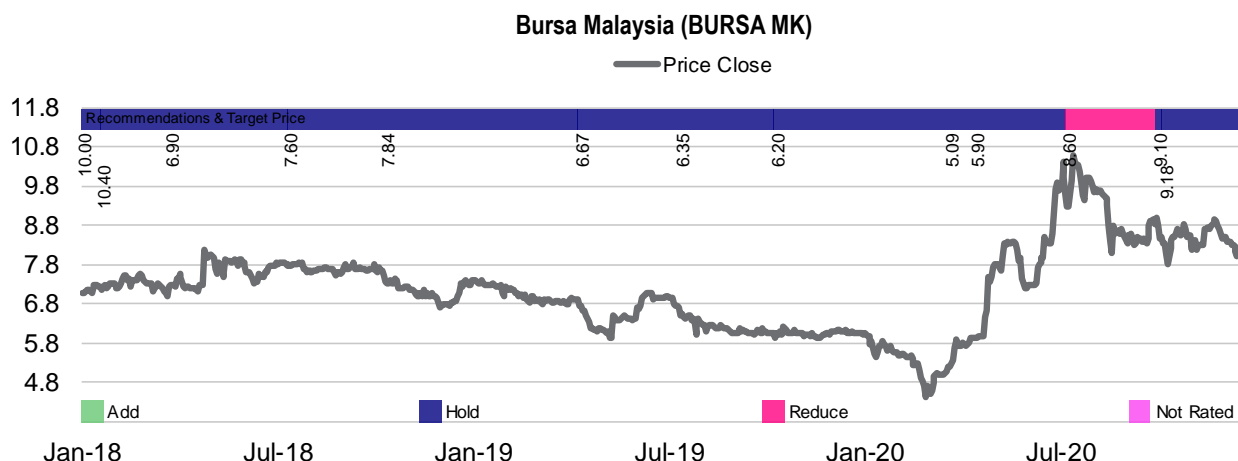
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Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020**

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **AU** – Good, n/a, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BEM** – Excellent, n/a, **BGRIM** – Very Good, Certified, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Certified, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Certified, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DOHOME** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, Declared, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, Declared, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **JKN** – Excellent, Declared, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – not available, n/a, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, Declared, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – not available, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **PTTOR** – not available, n/a, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **RBF** – not available, n/a, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAK** – not available, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – not available, n/a, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **SSP** - Good, Declared, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **THCOM** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2020 from Thai Institute of Directors Association (IOD)

2 AGM Level 2019 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2019" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

xx

**Recommendation Framework****Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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