

India
ADD (previously Hold)

Consensus ratings*: Buy 40 Hold 9 Sell 0

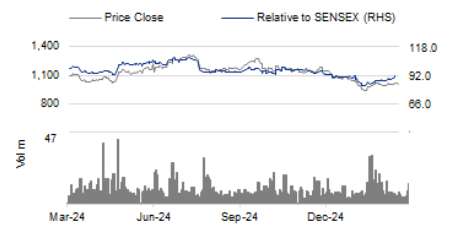
Current price:	Rs1,014
Target price: ▲	Rs1,285
Previous target:	Rs1,100
Up/downside:	26.7%
InCred Research / Consensus:	0.1%

Reuters:	AXBK.NS
Bloomberg:	AXSB IN
Market cap:	US\$36,117m Rs3,141,041m
Average daily turnover:	US\$118.8m Rs10330.9m
Current shares o/s:	1,212.5m
Free float:	91.8%

*Source: Bloomberg

Key changes in this note

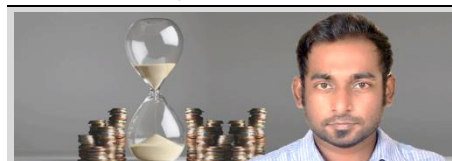
- ▶ We trim estimates for FY26F-27F to build in higher credit costs and lower margin.
- ▶ Upgrade the rating to BUY (from HOLD) with a higher TP of Rs1,285 (Rs1,100 earlier).



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.6)	(14.4)	(9.8)
Relative (%)	5.2	(5.1)	(9.4)

Major shareholders	% held
LIC	8.2
ICICI Pru AMC	5.6
HDFC AMC	5.1

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Axis Bank

Concerns priced in; upgrade to ADD

- Axis Bank will be a key beneficiary of improving system liquidity and the macro backdrop. The stock has the potential to outperform other large private banks.
- The valuation at 1.4x 1-year forward book is 1SD below the mean & implies a 10% volume growth over FY26F-27F. We have built in 14% volume growth.

Stock performance lagged large private peers over the past year

Over the past year, the stock has underperformed large private peers (Axis was down 8% vs. +11% for ICICI Bank and +17% for HDFC Bank). The stock performance lagged as the bank fell short of street's volume growth expectations, cost-ratio normalization is taking longer than expected and credit cost uptick from benign levels. During this period, the bank focused on driving profitable growth, which helped improve CET-1 to 14.6% as of 3QFY25 (13.7% as of 3QFY24), thereby avoiding capital raise. Stress build-up in unsecured loans also contributed to elevated credit costs, at 85-90 bp, higher than that of other large private banks (40-50bp). We believe this is partly because of a relatively conservative provisioning policy vs. peer private players. We build in credit costs of 75-80bp for FY26F/27F.

Valuation at a comfortable level and concerns largely priced in

Axis Bank stock trades at 1.4x one-year forward book i.e. 1SD below the mean level for ~14.5% RoE. The overhang is the street's skepticism on delivery of volume growth and asset quality outcomes. We believe the concerns are largely priced in at the current valuation and there is enough room to rerate, should the liquidity situation/macroeconomic backdrop structurally improve. The RBI's moves over the recent past indicate its pro-growth stance, such as postponing LCR guidelines (saved 10-11ppt LCR liquidity for banks), repo cut by 25bp, timely liquidity infusion and a reduction in risk weight by 25ppt on bank loans to NBFCs/microfinance institutions (easing pricing pressure and aiding volume growth).

We expect Core PPOP growth at 14% CAGR FY25F-27F

We expect the bank to increase deposits/loans by 14% YoY, thereby maintaining the LDR at 91% over the next few years. Margin will decline by ~10bp in FY26F (assuming 25 bps rate cut) and then improve by ~10bp in FY27F to 3.95% as the deposit base gets repriced. Net interest income growth should be at 13% CAGR over FY25F-27F. We expect core fee income to grow at 15% over FY26F-FY27F. The benefit of operating leverage in FY25F (6% YoY; given Citibank's biz cost in the base) is unlikely to recur and we build in a 14% opex growth over FY26F-27F. Overall, we expect core PPOP growth at a 14% FY25F-27F.

Valuation is attractive relative to other large private banks

We expect the bank to deliver an average RoE of ~14% during FY26-27F, from 16-18% over the past few years. This will be mainly driven by a lower margin (given the shallow rate-cut cycle) and elevated credit costs (~75-80bp over FY26F-27F). We assign a core price-to-book multiple of 1.6x on FY27F basis sustainable RoE of 14.5%. Our higher target price of Rs1,285 (Rs1,100 earlier) implies around 27% upside. Upgrade our rating to ADD (from HOLD). Key downside risks: Lower-than-expected volume growth, tight liquidity environment for longer, and higher credit costs.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income (Rsm)	429,457	498,346	542,895	596,361	692,459
Total Non-Interest Income (Rsm)	165,009	225,019	252,101	271,470	310,540
Operating Revenue (Rsm)	594,466	723,364	794,996	867,831	1,002,999
Total Provision Charges (Rsm)	(28,848)	(40,631)	(83,242)	(90,751)	(97,087)
Net Profit (Rsm)	220,695	248,614	259,492	264,812	318,448
Core EPS (Rs)	35.86	40.27	41.92	42.78	51.44
Core EPS Growth	69%	12%	4%	2%	20%
FD Core P/E (x)	28.29	25.19	24.20	23.71	19.72
DPS (Rs)	1.00	1.00	3.00	3.00	3.00
Dividend Yield	0.10%	0.10%	0.30%	0.30%	0.30%
BVPS (Rs)	203.8	244.7	289.1	330.4	380.4
P/BV (x)	4.98	4.15	3.51	3.07	2.67
ROE	18.3%	18.0%	15.7%	13.8%	14.5%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: DuPont analysis of Axis Bank

Dupont (as % of Avg. Assets)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
Net Interest Income	3.2%	2.9%	2.9%	2.9%	3.1%	3.1%	3.4%	3.6%	3.5%	3.5%	3.6%
Core Fee	1.4%	1.4%	1.4%	1.3%	1.1%	1.2%	1.3%	1.4%	1.5%	1.5%	1.5%
Core Revenue	4.6%	4.3%	4.3%	4.2%	4.2%	4.3%	4.7%	5.0%	5.0%	5.0%	5.1%
Opex	2.1%	2.2%	2.1%	2.0%	1.9%	2.2%	2.2%	2.5%	2.4%	2.5%	2.5%
--Staff Expense	0.7%	0.7%	0.6%	0.6%	0.6%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%
--Other Opex	1.5%	1.5%	1.5%	1.4%	1.3%	1.5%	1.5%	1.7%	1.6%	1.7%	1.7%
Core PPOp	2.4%	2.1%	2.1%	2.2%	2.3%	2.1%	2.5%	2.5%	2.6%	2.5%	2.6%
Credit Cost (Provisions less Invest.)	2.1%	2.4%	1.6%	2.1%	1.5%	0.9%	0.4%	0.5%	0.8%	0.6%	0.6%
Recovery from w/off	0.0%	0.0%	-0.3%	-0.2%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.1%	-0.1%
Net Credit Cost	2.0%	2.4%	1.3%	2.0%	1.4%	0.6%	0.2%	0.3%	0.5%	0.5%	0.5%
Operating Profit	0.4%	-0.3%	0.8%	0.2%	0.9%	1.4%	2.3%	2.2%	2.0%	2.0%	2.1%
Other Income/expense	0.6%	0.3%	0.1%	0.3%	0.1%	0.2%	0.0%	0.2%	0.2%	0.1%	0.1%
--Net Treasury gains	0.5%	0.2%	0.1%	0.2%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%
----Capital Gains	0.6%	0.2%	0.1%	0.2%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%
----Provision for Investment	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
--Other Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Profit before Tax (before exceptionals)	1.0%	0.0%	0.9%	0.6%	0.9%	1.6%	2.4%	2.4%	2.2%	2.1%	2.2%
Exceptionals/Minority/Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.0%	0.0%	0.0%	0.0%	0.0%
PBT	1.0%	0.0%	0.9%	0.6%	0.9%	1.6%	1.4%	2.4%	2.2%	2.1%	2.2%
Tax	0.3%	0.0%	0.3%	0.4%	0.2%	0.4%	0.6%	0.6%	0.5%	0.5%	0.6%
RoA	0.6%	0.0%	0.6%	0.2%	0.7%	1.2%	0.8%	1.8%	1.7%	1.6%	1.6%
Leverage (x)	10	11	11	11	10	10	10	10	9	9	9
RoE	6.8%	0.5%	7.2%	2.1%	7.1%	12.0%	8.0%	18.0%	15.7%	13.8%	14.4%

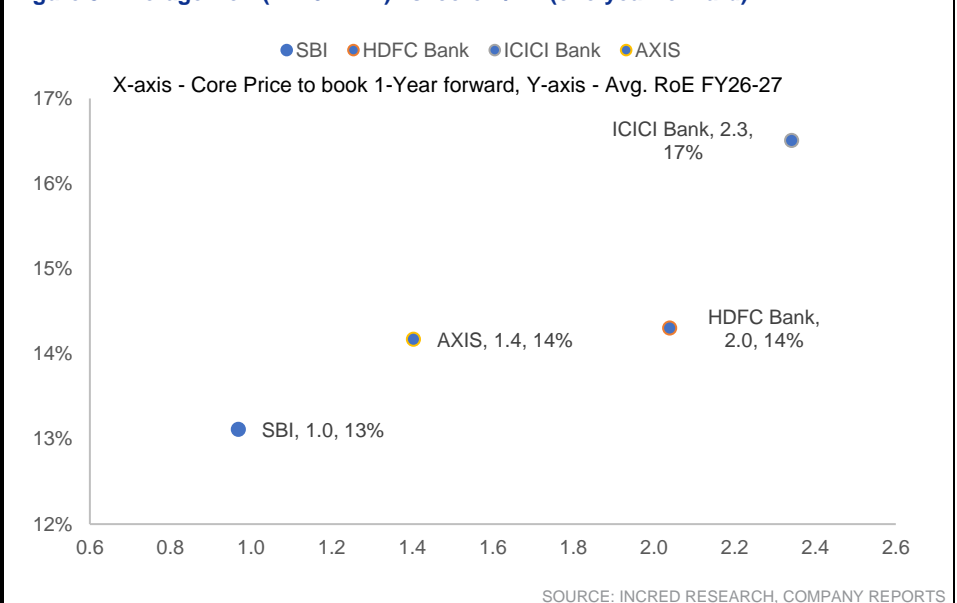
SOURCES: INCRED RESEARCH

Figure 2: Loan growth sensitivity to target price

Loan Growth-F26/F27	10%	11%	12%	13%	14%
Core Book Value - F27	729	733	737	740	742
RoA-F26	1.5%	1.5%	1.5%	1.5%	1.5%
RoE-F26	13.4%	13.6%	13.7%	13.9%	13.9%
RoA-F27	1.6%	1.6%	1.6%	1.6%	1.6%
RoE-F27	13.5%	13.9%	14.2%	14.6%	14.8%
Avg. F26-F27 RoE	13.5%	13.7%	14.0%	14.2%	14.3%
CoE	12.8%	12.8%	12.8%	12.8%	12.8%
Growth	10.0%	10.0%	10.0%	10.0%	10.0%
Target Multiple (x)	1.3	1.4	1.4	1.5	1.6
Subs Value	72	72	72	72	72
Target Price	996	1,067	1,139	1,212	1,245
Current upside / downside (%)	-2%	5%	12%	20%	23%

SOURCES: INCRED RESEARCH

Figure 3: Average RoE (FY26F-27F) vs. core P/BV (one-year forward)



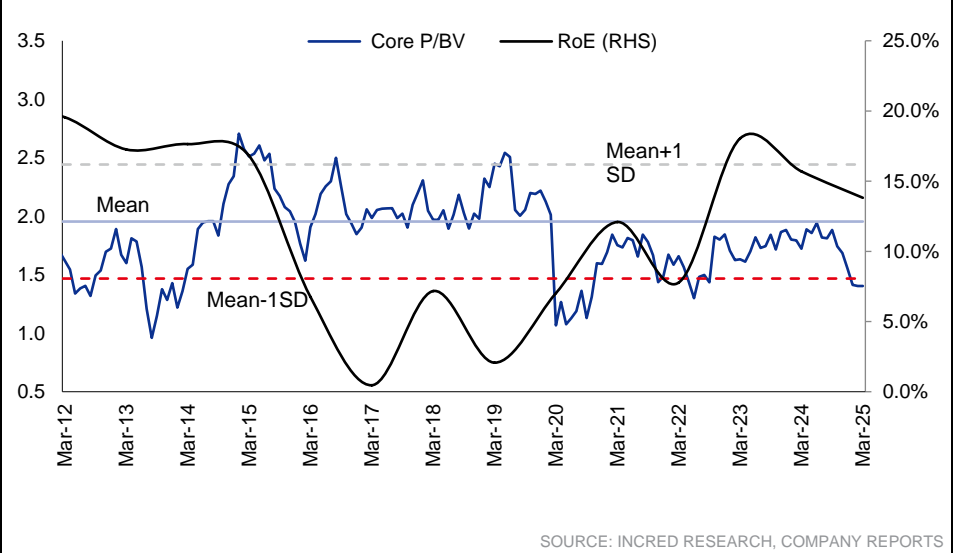
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: InCred estimates vs. Bloomberg consensus estimates

Rs Bn	F24	InCred Estimates			Bloomberg Estimates			Change		
		F25	F26	F27	F25	F26	F27	F25	F26	F27
Net Interest Income	498	543	596	692	546	596	670	-1%	0%	3%
--Growth YoY		9%	10%	16%	10%	9%	13%			
Non Interest Income	225	252	271	311	253	284	322	0%	-4%	-4%
--Growth YoY		12%	8%	14%	12%	12%	13%			
Total Income	723	795	868	1,003	799	880	993	-1%	-1%	1%
--Growth YoY		10%	9%	16%	10%	10%	13%			
Opex	352	373	423	480	389	425	471	-4%	0%	2%
--Growth YoY		6%	13%	14%	10%	9%	11%			
PPOP	371	422	445	523	422	465	531	0%	-4%	-1%
--Growth YoY		14%	5%	18%	14%	10%	14%			
Provision	41	83	91	97	84	90	101	0%	0%	-4%
--as % of avg. loans										
PBT	331	339	354	426	338	375	430	0%	-6%	-1%
Tax	82	80	89	107	81	94	108	2%	6%	1%
PAT	249	259	265	318	261	282	321	0%	-6%	-1%
--Growth YoY		4%	2%	20%	5%	8%	14%			
Advances	9,651	10,616	12,102	13,796	10,589	11,879	13,447	0%	2%	3%
--Growth YoY		10%	14%	14%	10%	12%	13%			
Deposits	10,686	11,648	13,279	15,138	11,595	13,075	14,887	0%	2%	2%
--Growth YoY		9%	14%	14%	9%	13%	14%			

SOURCES: INCRED RESEARCH

Figure 5: Axis Bank's core P/BV (one-year forward) vs. RoE



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Our revised earnings estimates

Y/e Mar (Rs bn)	FY25F			FY26F			FY27F		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net interest income	544	543	-0.3%	610	596	-2.2%	707	692	-2.0%
Non Interest Income	249	252	1.2%	285	271	-4.9%	330	311	-6.0%
PPOP	419	422	0.7%	477	445	-6.7%	557	523	-6.2%
PAT	256	259	1.3%	288	265	-8.1%	349	318	-8.8%
EPS (Rs)	82.9	83.9	1.3%	93.2	85.6	-8.2%	112.9	102.9	-8.9%
BV (Rs)	563.1	578.3	2.7%	650.0	660.9	1.7%	755.2	760.7	0.7%
Net Advances	10,662.2	10,615.8	-0.4%	12,068.0	12,102.0	0.3%	13,869.5	13,796.2	-0.5%
Deposits	11,496.3	11,648.2	1.3%	13,206.5	13,278.9	0.5%	15,246.9	15,138.0	-0.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

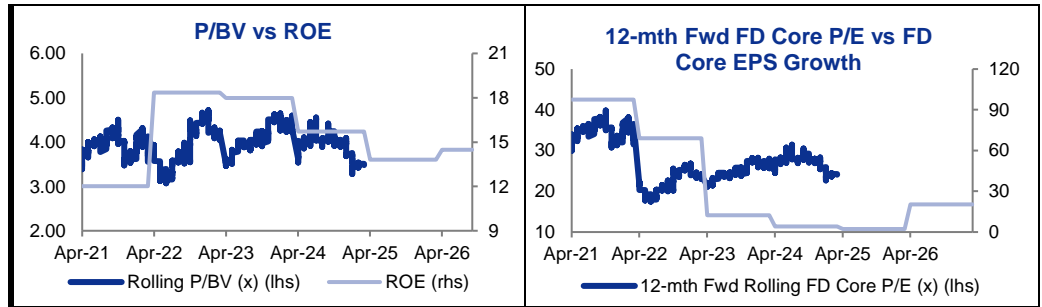
Figure 7: Financial summary

Axis Bank

Profit and Loss Statement					Per Share Data and Valuations				
Rs Mln (Year end March)	FY24	FY25E	FY26E	FY27E	Rs (Year end March)	FY24	FY25E	FY26E	FY27E
Interest Income	1,093,087	1,232,119	1,377,310	1,563,248	Reported EPS	80.7	83.9	85.6	102.9
Interest Expense	594,742	689,225	780,950	870,789	Book Value	489.4	578.3	660.9	760.7
Net Interest Income	498,346	542,895	596,361	692,459	Book Value (Core)	479.9	568.9	651.4	751.3
--Core Fee Income	202,580	226,496	260,470	299,540	Core PPOP/Share	113.0	128.2	140.1	165.4
--Capital Gains	17,300	20,100	6,000	6,000	DPS	1.0	3.0	3.0	3.0
--Miscellaneous Inc.	5,139	5,505	5,000	5,000	Valuations				
Total Non Interest Income	225,019	252,101	271,470	310,540	PE (Headline)	12.6	12.1	11.9	9.9
Total Operating Income	723,364	794,995	867,831	1,002,999	PE (Core)	11.7	11.2	11.0	9.2
--Employee Exp	109,331	124,471	140,030	157,534	Price to Book (Headline)	2.1	1.8	1.5	1.3
--Other Expenses	242,802	248,266	283,023	322,646	Price to Book (Core)	2.0	1.7	1.4	1.2
Total Operating Expenses	352,133	372,737	423,053	480,180	Price to Core PPOP (Headline)	9.0	7.9	7.2	6.1
Operating Profit	371,232	422,258	444,777	522,819	Price to Core PPOP (Core)	8.3	7.4	1.4	1.3
--Prov. For Investment Dep.	0	0	0	0	Dividend Yield	0.1%	0.3%	0.3%	0.3%
--Loan Loss Provisions	36,790	85,127	101,800	103,157	Ratio Analysis				
Total provisions	40,631	83,242	90,751	97,087	Rs Mln (Year end March)	FY24	FY25E	FY26E	FY27E
Profit Before Tax	330,601	339,016	354,026	425,732	Spread Analysis				
Provision for Tax	81,986	79,525	89,215	107,284	Average yield on assets	8.2%	8.4%	8.5%	8.5%
Net Profit	248,614	259,491	264,812	318,448	Cost of earning assets	4.5%	4.7%	4.8%	4.7%
					Net Interest Margin (Reported)	4.1%	4.0%	3.9%	4.0%
Balance Sheet Data					Growth Ratios				
Rs Mln (Year end March)	FY24	FY25E	FY26E	FY27E	Net Interest Income	16%	9%	10%	16%
Shareholders' equity	1,510,616	1,789,912	2,045,439	2,354,601	Non Interest Income	36%	12%	8%	14%
Deposits	10,686,414	11,648,191	13,278,938	15,137,989	Operating expenses	30%	6%	13%	14%
Borrowings	1,720,528	1,600,091	1,728,098	1,900,908	Core PPOP	10%	14%	9%	18%
Other Liabilities & Prov.	854,529	964,019	1,061,503	1,169,775	Net Profit	160%	4%	2%	20%
Total Liabilities	14,772,086	16,002,213	18,113,977	20,563,273	EPS	159%	4%	2%	20%
Cash & Balances with RBI	860,775	662,414	750,352	851,945	Deposits	13%	9%	14%	14%
Balances with Banks	283,769	331,207	375,176	425,972	Advances	14%	10%	14%	14%
Investments	3,315,273	3,634,858	4,017,940	4,493,728	Total Assets	12%	8%	13%	14%
Advances	9,650,684	10,615,752	12,101,957	13,796,232	Profitability Ratios				
Fixed Assets	56,846	62,530	68,783	75,662	Return On Equity	18.0%	15.7%	13.9%	14.5%
Other Assets	604,740	695,451	799,769	919,734	Return on Assets	1.8%	1.7%	1.6%	1.7%
Total Assets	14,772,086	16,002,213	18,113,977	20,563,273	Efficiency Ratios				
Earning Assets	14,110,500	15,244,231	17,245,425	19,567,877	Cost Income Ratio	48.7%	46.9%	48.7%	47.9%
Average Interest Earning Assets	13,257,893	14,677,366	16,244,828	18,406,651	Expenses/Avg Assets	2.6%	2.5%	2.5%	2.5%
Average Loans	9,051,856	10,133,218	11,358,855	12,949,095	Capital Ratios				
Avg Equity / Avg Assets (%)	9.9%	10.7%	11.2%	11.4%	CET 1 Ratio	13.7%	14.4%	14.7%	15.0%
Asset Quality	FY24	FY25E	FY26E	FY27E	Tier 1 Ratio	14.2%	14.8%	15.0%	15.3%
Credit costs	45	82	80	75	Tier 2 Ratio	2.4%	1.5%	1.4%	1.3%
Gross NPL	151,250	165,980	228,480	311,230	Capital Adequacy Ratio	16.6%	16.3%	16.4%	16.6%
Net NPL	32,475	31,891	32,592	57,185					
Reserve Coverage	118,775	134,089	195,888	254,045					
Gross NPL Ratio	1.5%	1.5%	1.9%	2.2%					
Net NPL Ratio	0.3%	0.3%	0.3%	0.4%					

Source: Company data, InCred Research
E=InCred Research Estimates

BY THE NUMBERS



Profit & Loss

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income	429,457	498,346	542,895	596,361	692,459
Total Non-Interest Income	165,009	225,019	252,101	271,470	310,540
Operating Revenue	594,466	723,364	794,996	867,831	1,002,999
Total Non-Interest Expenses	(271,662)	(352,133)	(372,737)	(423,053)	(480,180)
Pre-provision Operating Profit	322,804	371,232	422,258	444,777	522,819
Total Provision Charges	(28,848)	(40,631)	(83,242)	(90,751)	(97,087)
Operating Profit After Provisions	293,957	330,601	339,016	354,026	425,732
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	293,957	330,601	339,016	354,026	425,732
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	293,957	330,601	339,016	354,026	425,732
Exceptional Items					
Pre-tax Profit	293,957	330,601	339,016	354,026	425,732
Taxation	(73,262)	(81,986)	(79,525)	(89,215)	(107,284)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	220,695	248,614	259,492	264,812	318,448
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	220,695	248,614	259,492	264,812	318,448
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits	87.8%	89.8%	90.7%	91.1%	91.1%
Avg Liquid Assets/Avg Assets	93.7%	94.9%	95.4%	95.2%	95.2%
Avg Liquid Assets/Avg IEAs	110.3%	109.1%	107.9%	107.0%	107.0%
Net Cust Loans/Assets					
Net Cust Loans/Broad Deposits					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
Provision Charge/Avg Cust Loans	0.37%	0.45%	0.82%	0.80%	0.75%
Provision Charge/Avg Assets	0.23%	0.29%	0.54%	0.53%	0.50%
Total Write Offs/Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Gross Loans	8,453,028	9,650,684	10,615,752	12,101,957	13,796,232
Liquid Assets & Invst. (Current)	2,888,148	3,315,273	3,634,858	4,017,940	4,493,729
Other Int. Earning Assets					
Total Gross Int. Earning Assets	11,341,177	12,965,956	14,250,610	16,119,897	18,289,960
Total Provisions/Loan Loss Reserve					
Total Net Interest Earning Assets	11,341,177	12,965,956	14,250,610	16,119,897	18,289,960
Intangible Assets					
Other Non-Interest Earning Assets	720,632	604,740	695,451	799,769	919,734
Total Non-Interest Earning Assets	767,971	661,586	757,981	868,552	995,396
Cash And Marketable Securities	1,064,108	1,144,544	993,621	1,125,528	1,277,917
Long-term Investments					
Total Assets	13,173,255	14,772,086	16,002,213	18,113,978	20,563,272
Customer Interest-Bearing Liabilities	9,469,452	10,686,414	11,648,191	13,278,938	15,137,989
Bank Deposits					
Interest Bearing Liabilities: Others					
Total Interest-Bearing Liabilities	11,096,652	12,406,941	13,248,282	15,007,036	17,038,896
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	822,436	854,529	964,019	1,061,503	1,169,776
Total Liabilities	11,919,089	13,261,470	14,212,300	16,068,539	18,208,672
Shareholders Equity	1,254,167	1,510,616	1,789,913	2,045,439	2,354,601
Minority Interests					
Total Equity	1,254,167	1,510,616	1,789,913	2,045,439	2,354,601

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Income Growth	29.6%	16.0%	8.9%	9.8%	16.1%
Operating Profit Growth	30.5%	15.0%	13.7%	5.3%	17.5%
Pretax Profit Growth	69%	12%	3%	4%	20%
Net Interest To Total Income	72.2%	68.9%	68.3%	68.7%	69.0%
Cost Of Funds	4.02%	5.06%	5.37%	5.53%	5.43%
Return On Interest Earning Assets	8.0%	9.0%	9.1%	9.1%	9.1%
Net Interest Spread	4.02%	3.93%	3.68%	3.54%	3.65%
Net Interest Margin (Avg Deposits)	4.86%	4.94%	4.86%	4.78%	4.87%
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	9%	11%	20%	20%	19%
Interest Return On Average Assets	3.45%	3.57%	3.53%	3.50%	3.58%
Effective Tax Rate	24.9%	24.8%	23.5%	25.2%	25.2%
Net Dividend Payout Ratio	1.4%	1.2%	3.6%	3.5%	2.9%
Return On Average Assets	1.77%	1.78%	1.69%	1.55%	1.65%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.

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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.