India

Overweight *(no change)*

Highlighted Companies

Oil & Natural Gas

ADD, TP Rs190, Rs147 close

We reiterate our Add rating and SOP-based TP of Rs190. Despite a poor production performance, the stock is a key beneficiary of higher oil/gas prices.

GAIL India

ADD, TP Rs180, Rs139 close

We value GAIL at Rs180, 1.3x Sep23F P/BV, 12.3% ROE in FY24F. We see potential for positive earnings surprise as global oil/gas prices have been trending above our estimates.

Indian Oil Corp

ADD, TP Rs160, Rs126 close

We reiterate our Add rating with a TP of Rs160, implying 1.1x Sep FY23F P/BV and 14.8% ROE in FY24F. Over 8% dividend yield is the key rerating catalyst.

Summary Valuation Metrics

P/E (x)	Mar22-F	Mar23-F	Mar24-F
Oil & Natural Gas	4.99	5.22	5.76
GAIL India	6.88	7.79	7.84
Indian Oil Corp	5.07	6.08	5.57
P/BV (x)	**Mar22-F**	**Mar23-F**	**Mar24-F**
Oil & Natural Gas	0.75	0.68	0.63
GAIL India	1.06	0.99	0.94
Indian Oil Corp	0.92	0.86	0.79
Dividend Yield	**Mar22-F**	**Mar23-F**	**Mar24-F**
Oil & Natural Gas	6.13%	6.82%	6.82%
GAIL India	5.42%	4.69%	4.69%
Indian Oil Corp	9.51%	7.93%	8.72%

Analyst(s)

Avadhoot SABNIS
T (91) 22 4161 1542
E avadhoot.sabnis@incredcapital.com

Oil & Gas - Overall

Risk reward still the best in E&P

- Despite recent news on the release of crude reserves, we believe there remains significant upside to our oil/gas price forecasts.
- Recent weakening of refining margins is in line with our expectations, though the petchem margin decline, if sustained, will be a negative surprise.
- Retain sector Overweight. Our top picks in order of preference are ONGC (TP Rs190), GAIL (TP Rs180) and IOC (TP Rs160).

Upstream likely to provide earnings upside

We forecast Brent oil at US$70/65/60 per barrel over FY22F/23F/24F and domestic gas price at US$5.5/5 per mmbtu over FY23F/24F and continue to believe there could be significant upside to these estimates. Recent government moves to release oil reserves are more a political statement by oil consuming nations and, by themselves, will not materially impact global pricing, in our view. From the Indian perspective, the biggest risk (even for exploration and production [E&P] companies like ONGC/OIL) is a sharp run up in global prices which could lead to an unpredictable response from the government (like change in tax structure). Brent settling in the US$70-80/bbl range would be the best outcome in our view. Rather than oil, the next stock price trigger for ONGC/OIL, in our view, is the near doubling of domestic gas price from 1 Apr 2022 (i.e. no change to current gas pricing formula). In our view, higher global gas prices will also result in GAIL being able to report above-average profitability in trading (as was evident in 2QFY22 results).

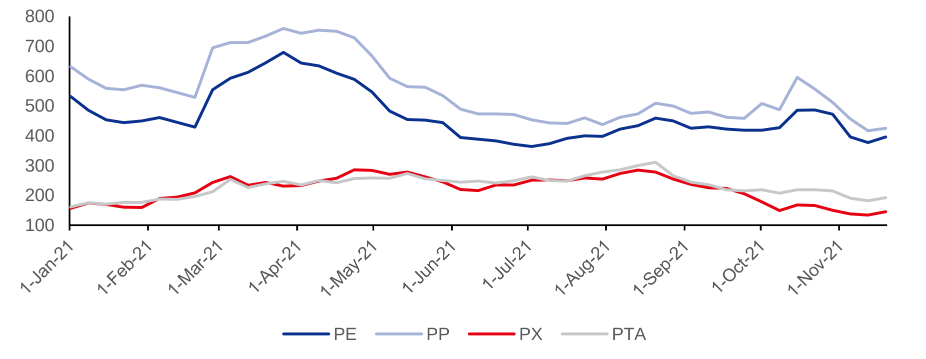
In downstream, petchem margin trends are a concern

Gross refining margins (GRMs) moderated this month relative to the sharp upturn seen in Oct 2021, but this has been in line with our expectations. We expect Singapore GRM to settle at around US$4/bbl in FY23F/24F which would be a big improvement over US$2.1/bbl in the last four quarters, but lower than the US$6-7/bbl over CY11-18. Note that this headline margin does not take into account the negative impact of higher energy costs and no tangible improvement in crude differentials (latter very critical for complex refiners). Similar to GRMs, we believe that petchem margins over FY23F/24F will settle at lower levels relative to the average over CY14-18. However, margins in key products (polymers, aromatics) have weakened more than we expected in recent weeks.

ONGC, GAIL and IOC are top picks

Improvement in Indian/global oil/gas demand in the last few quarters with resultant higher prices for oil/gas and rise in GRMs has benefited the Indian oil/gas sector. For oil marketing companies (OMCs), a full recovery in Indian oil demand to over pre-Covid levels is critical (not yet evident). From a structural perspective, the biggest positive has been the government response. Despite the global price rise, there is no subsidy on any oil product and the sharp cut in auto fuel taxes will aid in sustaining high auto fuel marketing margins (MMs). Sector valuations remain attractive and we view high dividend yields as key catalysts.

Figure 1: Trends of petchem margins over naphtha (US$/t)



SOURCES: INCRED RESEARCH, BLOOMBERG

Risk reward still the best in E&P

Upstream likely to provide earnings surprise

Strategic reserve release unlikely to impact oil price

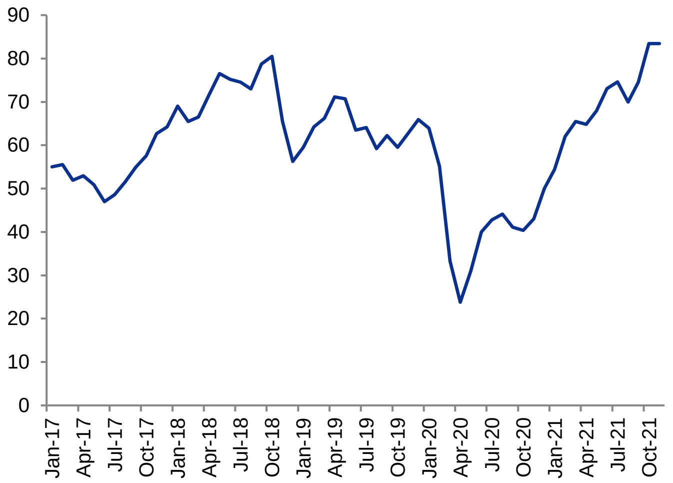
India has announced that it will release 5m bbls of crude oil from its strategic petroleum reserves (SPR) in a concerted global effort to bring down global crude oil prices. This release will happen in parallel and in consultation with other major global energy consumers including the US, China, Japan and South Korea. We expect the US to take the lead releasing 50m bbls from its SPR.

We forecast Brent oil at US$70/65/60 per barrel over FY22F/23F/24F and continue to believe that there could be significant upside to these estimates. In our view, the government's moves to release oil from SPR are more a political statement by the oil-consuming nations signaling their displeasure over the level of oil prices and, by themselves, this release will not materially impact global oil pricing. In fact, the OPEC+ group is in the process of increasing its production by 0.4m b/d (which the consuming countries believe is inadequate) and could hence decide to lower or eliminate this supply increase to counter the SPR release.

As explained in our note, Brent/gas forecasts higher for longer, dated 14 Oct 2021, the biggest cause for the shortfall in global oil supply is the lack of private sector investment, in our view. Following clear guidance from investors, global oil companies (especially in US shale) have opted to use the free cash from higher oil/gas prices to return cash to shareholders rather than invest to raise production. Consequently, the normal supply response to higher prices has not materialised and control over prices has largely moved to the OPEC+ group, in our view.

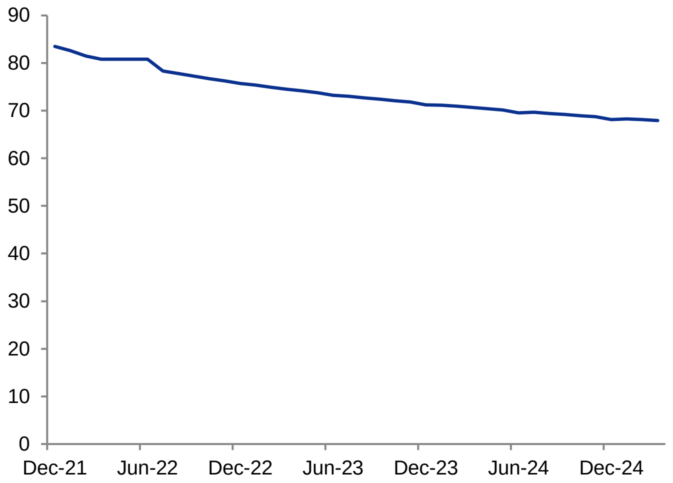
Going by the futures curve, we see high possibility of global oil prices averaging well above our forecasts, thereby benefiting the two crude oil producers – ONGC and OIL. From the perspective of these two players, the biggest risk is a sharp run up in global prices to say US$100/bbl or higher. Such a development could lead to an unpredictable response from the government (like change in tax structure). Brent settling in the US$70-80/bbl range (which the country has already been used to) would be the best outcome for ONGC/OIL, in our view.

Figure 2: Brent spot price (US$/bbl)



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 3: Brent futures curve as of 23 Nov 2021 (US$/bbl)



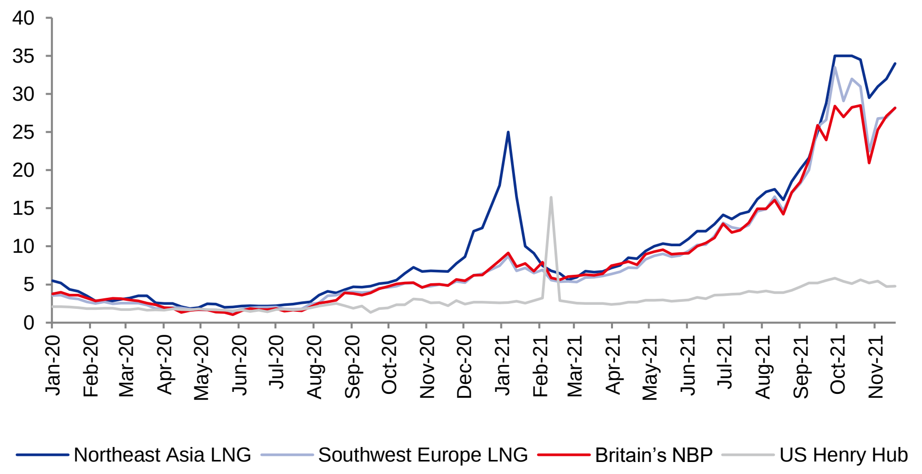
SOURCES: INCRED RESEARCH, BLOOMBERG

GAIL to benefit from surge in global gas prices ➤

The rise in global gas prices has been even sharper than oil, initially driven by supply constraints in Europe and exacerbated by low inventory levels maintained by its largest gas supplier – Gazprom. Asian and European spot gas prices have shot up to over US$30/mmbtu, with oil slopes averaging close to 40% recently. This has pulled up Henry Hub (HH) prices as well to over US$5/mmbtu as large liquefaction plants built in the US now allow the supply of US gas to global markets. Even the futures curve for most markets indicates that while prices will moderate from current highs (with the onset of spring next year), they will remain elevated in the medium term (relative to historical levels).

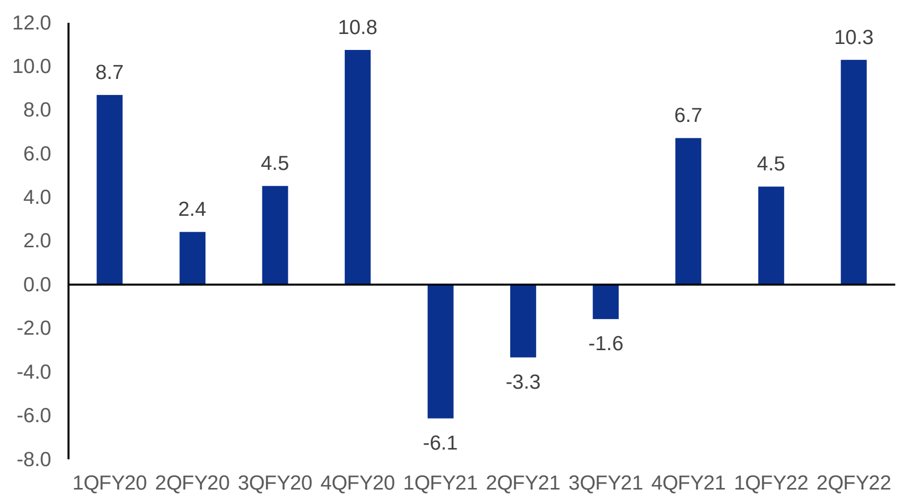
We believe this offers GAIL an opportunity to make some exceptional gains on its US LNG volumes, which are priced on HH but can be sold in Europe/Asia markets based on prices prevailing there. This is already evident in 2QFY22 results as GAIL reported a large trading gain of Rs10bn.

Figure 4: Trend in global gas prices (US$/mmbtu)



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 5: GAIL's trading profits (Rs bn)

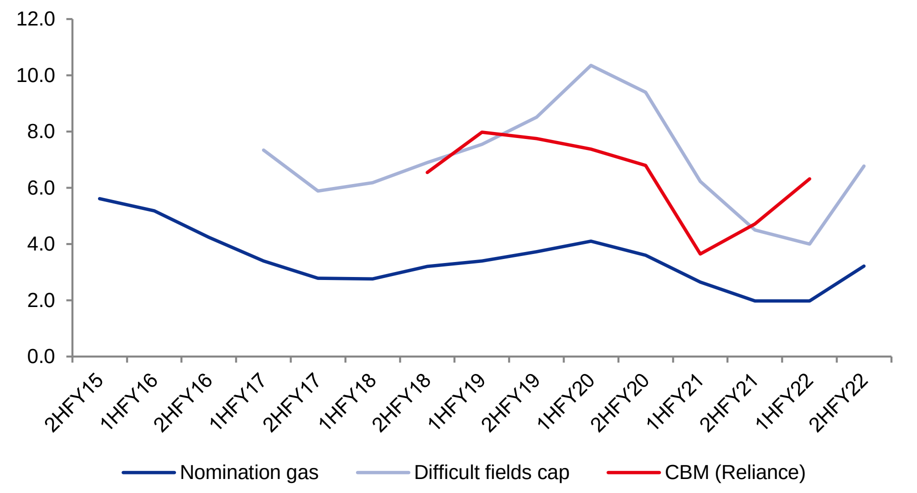


SOURCES: INCRED RESEARCH, COMPANY REPORTS

Next change in domestic gas price key trigger for ONGC/OIL ›

The gas pricing policy announced by the Indian government (GOI) in Oct 2014 linked the domestic gas price (currently applicable to production from all nominated fields, bulk of ONGC/OIL production) to a basket of four global gas prices – Henry Hub (HH), the UK National Balancing Point (NBP), and Russian and Canadian gas prices. LNG prices were not part of the basket, thus ensuring that the formula resulted in a relatively lower gas price. Further, domestic prices are fixed for six months and determined with a considerable lag. For example, the current domestic price of US$3.2/mmbtu (net calorific value basis) applicable for 2HFY22 is based on the average of the global basket between Jul 2020 and Jun 2021. This price rose by 60% compared to the price of US$2/mmbtu prevalent in 1HFY22 (which reflected global gas pricing in CY20).

Figure 6: Pricing for domestic gas in India



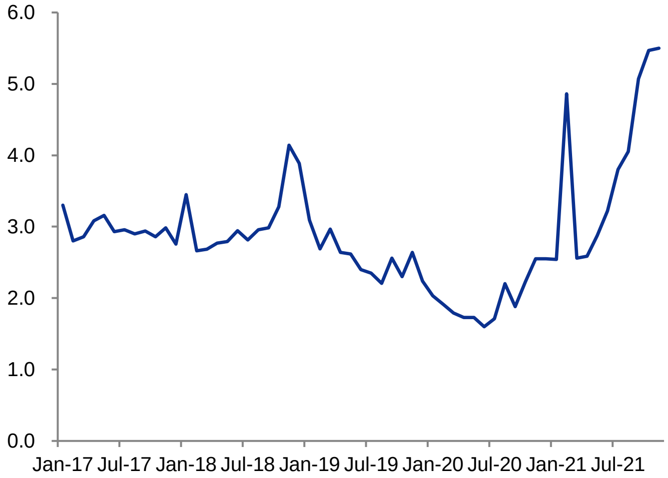
SOURCES: INCRED RESEARCH, COMPANY REPORTS, PETROLEUM PLANNING & ANALYSIS CELL

As stated above, global gas prices have been breaking all historical records Further, two of the four benchmarks (HH and NBP) have a futures market and these indicate that prices will settle long term at levels which will be significantly above recent historical levels.

As per the current gas pricing formula, the next price change due from 1 Apr 2022 (applicable for Apr-Sep 2022) will depend on gas prices for the four benchmarks prevailing in CY21. Given the recent trend in prices for these benchmarks, a near doubling of domestic gas price to US$5-6/mmbtu looks inevitable if the current formula pricing is followed. While this kind of jump in gas price would be sharp, it would take the domestic gas price merely back to where it started in 2HFY15 when the current gas pricing formula became operational.

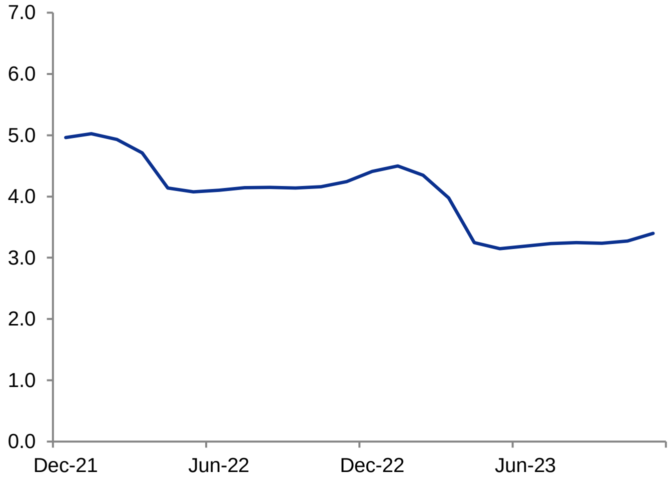
Given the extent of the projected jump in gas price, we believe that investors are still unsure about whether the formula-based pricing will be strictly adhered to, i.e., the real jump in ONGC/OIL stock prices will happen once this certainty emerges. We have observed that even with the last 60% gas price increase (effective from 1 Oct 2021), the resultant upmove in ONGC/OIL stock prices came only closer to this date once it was apparent that the gas price increase was certain to be implemented.

Figure 7: HH spot price (US$/mmbtu)



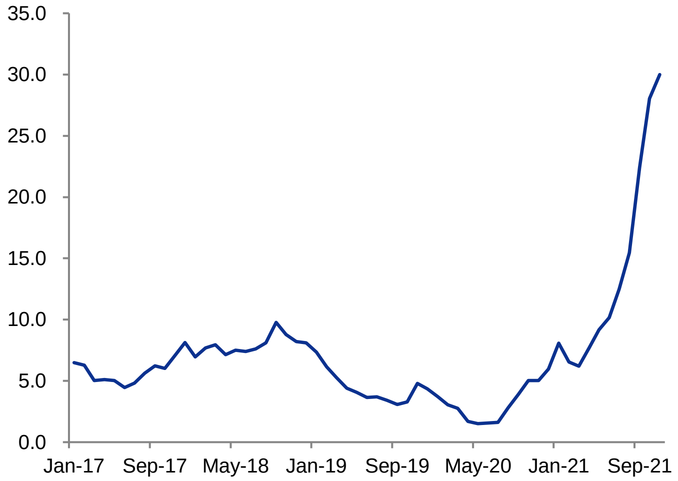
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 8: HH futures curve as of 23 Nov 2021 (US$/mmbtu)



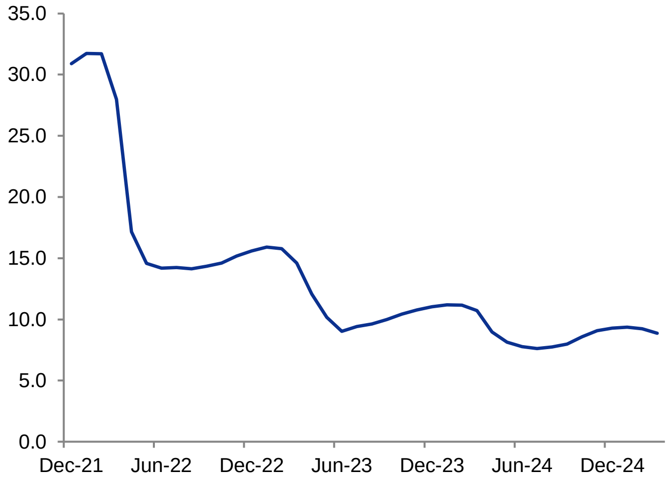
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 9: NBP gas spot price (US$/mmbtu)



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 10: NBP futures curve as of 23 Nov 2021 (US$/mmbtu)



SOURCES: INCRED RESEARCH, BLOOMBERG

In downstream, petchem margin trends are a concern

Correction in GRMs was expected ➤

Singapore GRMs averaged just US$2.1/bbl over the last four quarters compared to the highs of US$6-7/bbl over CY11-18. The OMCs reported high GRMs in 1Q and 2QFY22, but this was due to high inventory gains (no longer reported separately). This is apparent while comparing IOC's reported GRM with its current price GRM. The latter is calculated based on daily crude and product pricing and hence has no inventory gain/loss element and is directly comparable to Singapore GRMs.

Relative to the last four quarters, we have been optimistic of recovery in GRMs to around US$4/bbl, but not higher (as global refining demand supply balance is still unfavourable). So, when margins went up sharply in Oct 2021, our view was that they would come off from these high levels, albeit settle at levels which would be higher than the past four quarters. Product crack spreads have come off sharply this month and while this is negative, it is in line with our expectations.

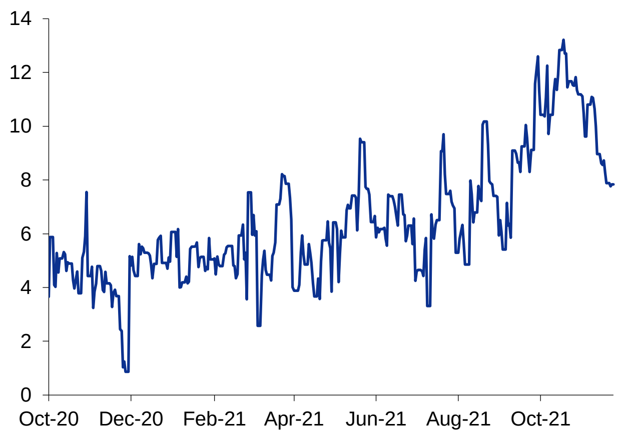
Note that this headline margin does not take into account the negative impact of higher energy costs and no tangible improvement in crude differentials (latter very critical for complex refiners).

Figure 11: Reported GRMs vs Singapore GRMs and product cracks (US$/bbl)

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Singapore Cracking GRM	-0.94	0.08	1.22	1.80	2.00	3.70
Spreads over Dubai crude						
Diesel	6.32	5.62	4.48	5.42	6.13	7.29
Jet Fuel	0.65	0.67	3.12	3.17	3.50	3.89
Naphtha	-3.80	0.54	-0.20	1.14	-0.58	2.17
Furnace Oil	-3.97	-5.42	-4.19	-8.07	-10.85	-9.98
Gasoline	-3.18	1.23	1.25	4.17	7.68	9.50
LPG	-1.87	-12.43	-9.90	-13.46	-19.26	-19.14
Crude differentials						
Arab Light - Heavy Differential	0.46	0.30	-0.17	0.52	1.10	1.53
Brent-Dubai differential	-0.06	0.20	0.59	1.22	2.26	1.65
Brent-Maya differential	7.05	3.56	3.81	4.26	5.74	6.76
Reported GRMs						
IOC	-1.98	8.62	2.19	10.59	6.58	6.55
HPCL	0.04	5.11	1.87	8.11	3.31	2.44
BPCL	0.39	5.80	2.47	6.64	4.12	6.04
IOC CP GRM	4.27	-0.97	1.27	2.50	2.24	4.82

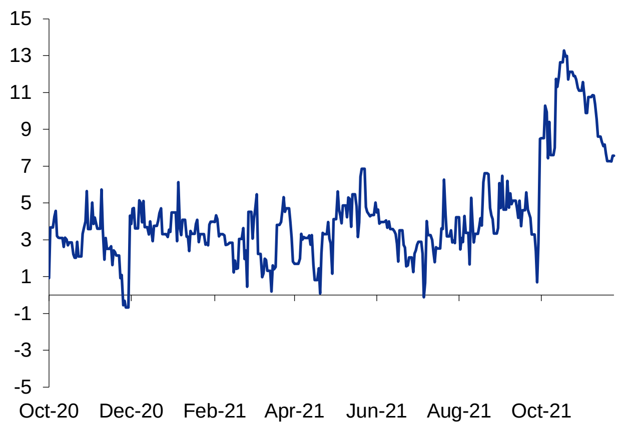
SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 12: Diesel-Dubai (US$/bbl)



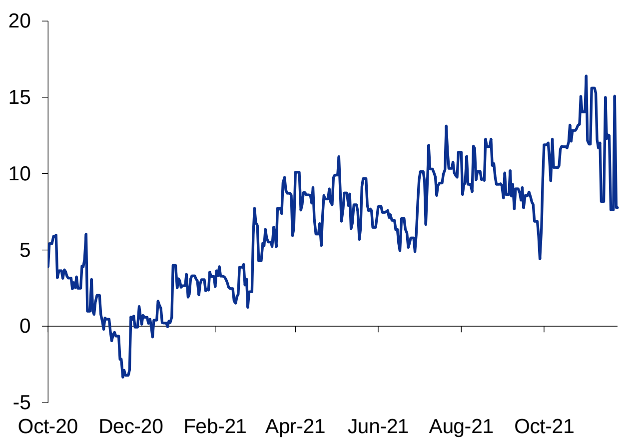
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 13: Jet fuel-Dubai (US$/bbl)



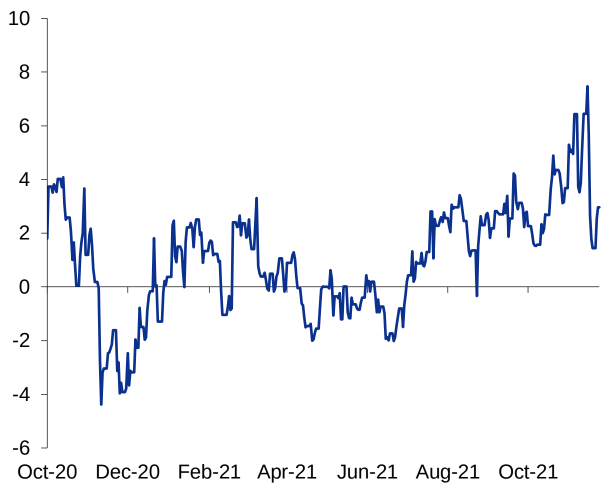
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 14: Gasoline-Dubai (US$/bbl)



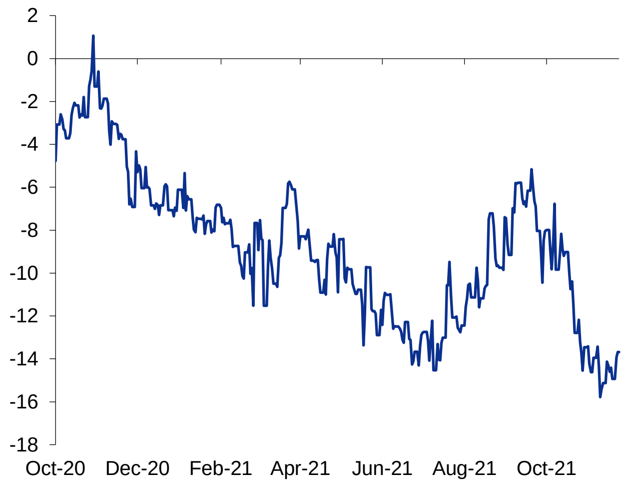
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 15: Naphtha-Dubai (US$/bbl)



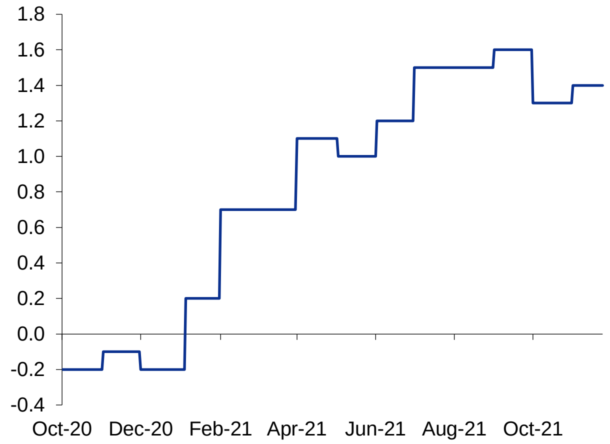
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 16: Furnace oil-Dubai (US$/bbl)



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 17: Arab Light-Arab Heavy (US$/bbl)



SOURCES: INCRED RESEARCH, BLOOMBERG

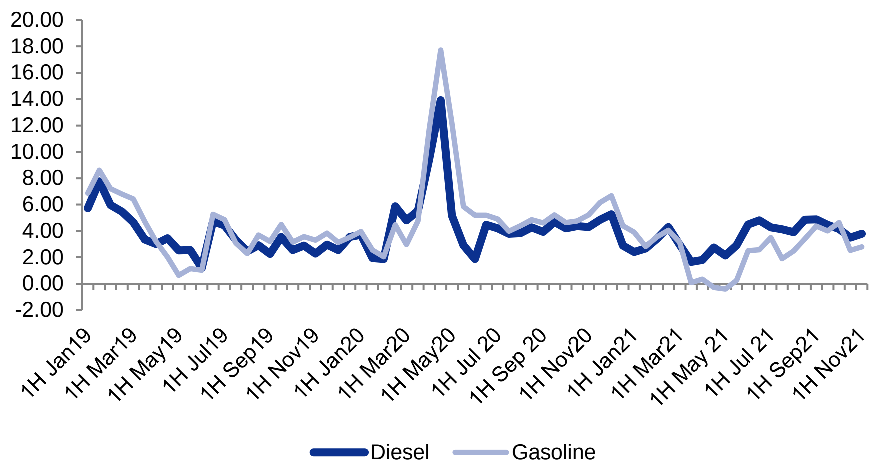
Excise duty cut big positive for MMs

The OMCs have managed to keep auto fuel MMs elevated (relative to historical levels of FY16-18) despite absolute prices for auto fuels touching new highs, due to rise in global prices. Their ability to keep MMs elevated was viewed with concern given that some major Indian state elections were due early next year. In this context, GOI's move to implement a very sharp cut in excise duty on auto fuels (Rs10/l for diesel and Rs5/l for gasoline) from 4 Nov 2021 was a very positive development on two counts.

Firstly, it immediately brought down the retail prices of both fuels to the extent of the duty cut (actual drop has been higher as many states have simultaneously cut the state VAT). This would make it easier for the OMCs to pass on any further rise in global oil prices (since retail prices would remain lower than earlier highs).

Secondly, there was no public announcement on the OMCs having to cut their MMs. In Oct 2018, GOI announced an excise cut in auto fuels, linking it to a cut in margins of the OMCs (which prompted a very sharp fall in OMC stock prices). This time it was clear that the excise cut would in no way interfere with the market-driven auto fuel pricing mechanism.

Figure 18: Auto fuel marketing margin (Rs/l)



SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

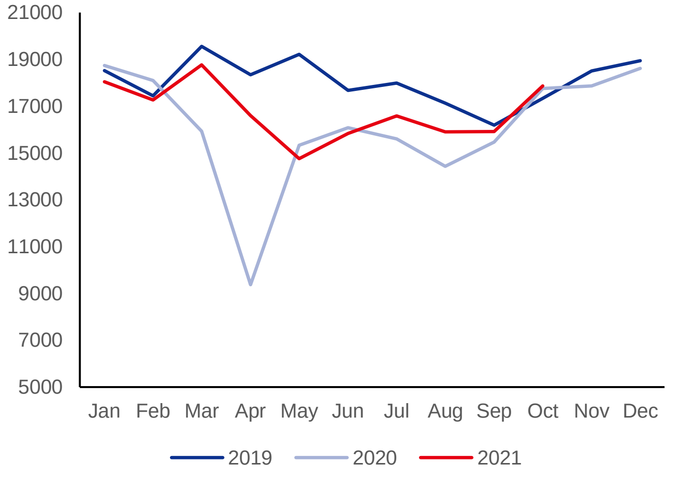
India oil demand yet to recover fully

Our positive outlook for the oil marketing business assumes that Indian oil demand will recover quickly to pre-Covid levels and expand from there. This would lead to not only higher sales volume for the OMCs, but also allow them to operate their refining capacities at full utilisation.

Indian oil demand is critically linked to recovery in the overall Indian economy. After many months, Oct 2021 data showed that oil demand was back to pre-Covid levels (Oct 2019, since Oct 2020 was impacted by Covid). While diesel and overall Indian oil demand was marginally above pre-Covid levels, gasoline was 8% higher. Jet fuel demand, while recovering every month, was still 30% below pre-Covid levels.

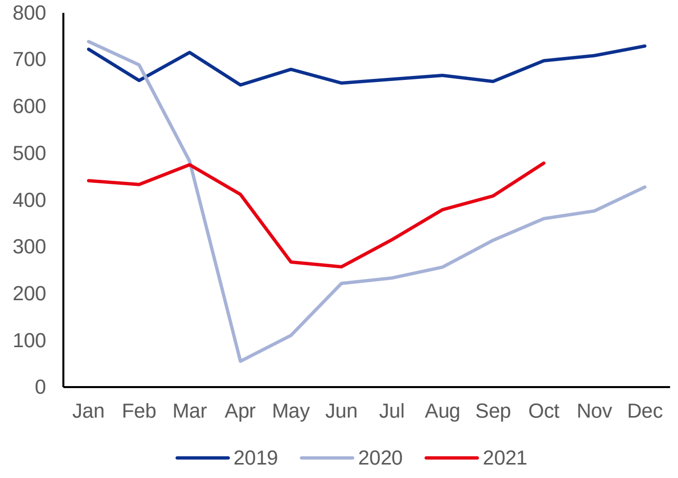
We expect significant improvement in subsequent months. However, news reports suggest that demand was below pre-Covid levels during 1H Nov 2021.

Figure 19: India's monthly oil demand ('000t)



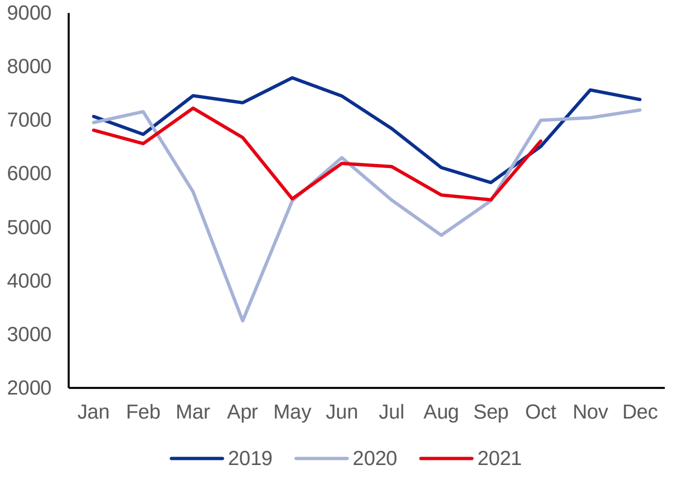
SOURCES: INCRED RESEARCH, PETROLEUM PLANNING & ANALYSIS CELL

Figure 20: India's monthly jet fuel demand ('000t)



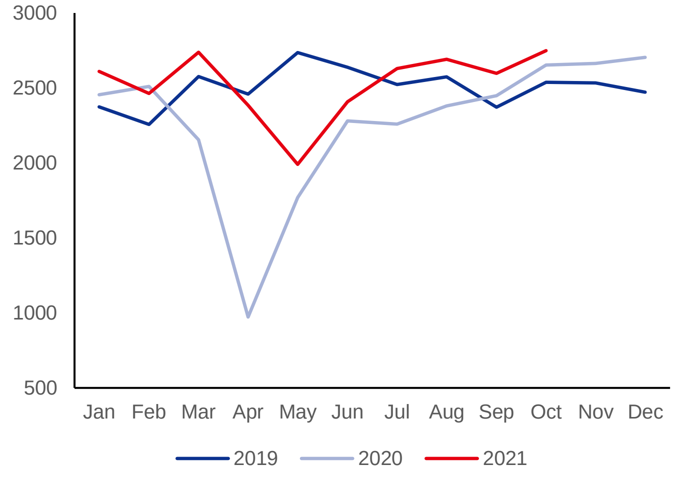
SOURCES: INCRED RESEARCH, PETROLEUM PLANNING & ANALYSIS CELL

Figure 21: India's monthly diesel demand ('000t)



SOURCES: INCRED RESEARCH, PETROLEUM PLANNING & ANALYSIS CELL

Figure 22: India's monthly gasoline demand ('000t)



SOURCES: INCRED RESEARCH, PETROLEUM PLANNING & ANALYSIS CELL

Petchem margins have drifted lower than our expectations

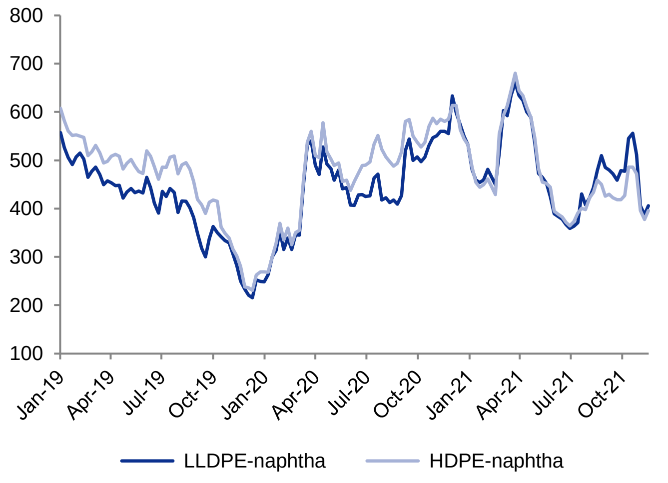
Similar to GRMs, we believe that petchem margins over FY23F/24F will settle at lower levels relative to the average over CY14-18, as there continues to be significant global capacity additions mainly in China. But margins have been taking a roller coaster ride in the last year or two.

For polymers like polyethylene (PE) and polypropylene (PP), margins initially dropped sharply at the end of CY19 (i.e. pre-Covid) due to the onset of new capacity in the US. They recovered sharply only to fall again post the onset of Covid by mid-2020. They then recovered unexpectedly in 2HCY20 due to higher demand (for Covid-related items) and supply bottlenecks. Once the supply bottlenecks eased, margins again dropped in early CY21.

The onset of the winter storm Uri in the US in mid-Feb 2021 resulted in a sharp upward move which lasted for a few months and margins then corrected in line with our expectations. We have been expecting PE and PP margins to settle at around US$450/t and US$480/t respectively, but they dropped below these levels in Nov 2021. In paraxylene (PX), the margin drop has been particularly severe, going below US$150/t this month against our expectation that it would settle around US$200/t.

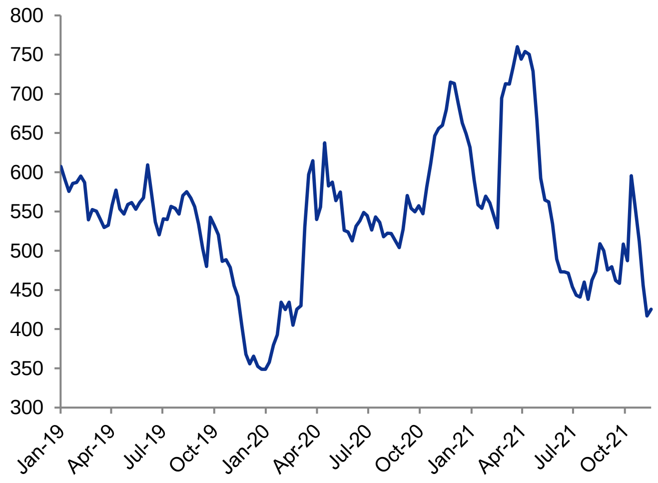
So while margins remain volatile and could still recover, the drop seen in Nov 2021, if sustained, would be a negative surprise relative to our expectations.

Figure 23: PE-naphtha margin (US$t)



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 24: PP-naphtha margin (US$t)

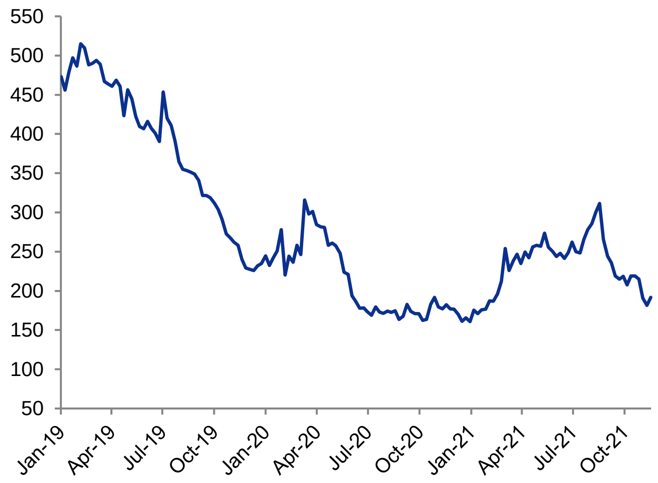


SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 25: PX-naphtha margin (US$/t)

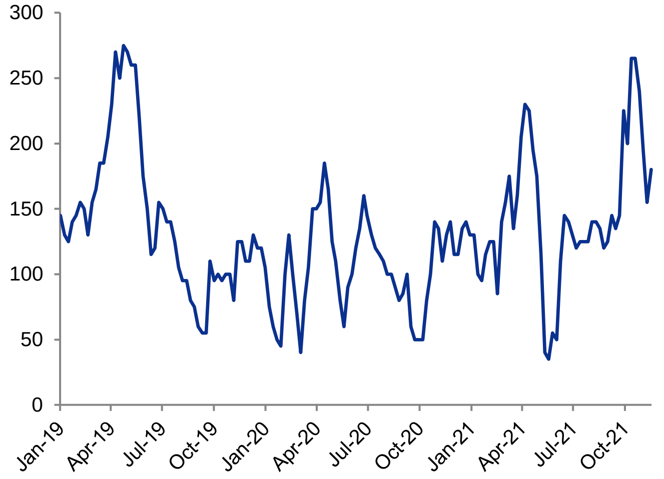
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 26: PTA-naphtha margin (US4/t)



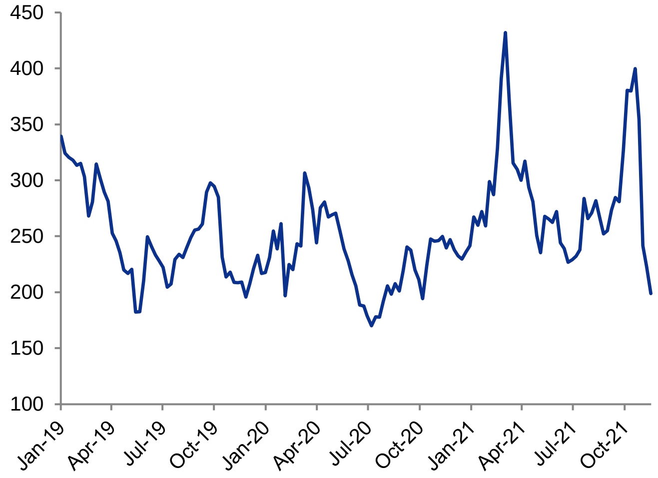
SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 27: PP-propylene margin (US$/t)



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 28: MEG-naphtha margin (US$/t)



SOURCES: INCRED RESEARCH, BLOOMBERG

ONGC, GAIL and IOC are our top picks

Improvement in Indian/global oil/gas demand in the last few quarters with resultant higher prices for oil/gas and rise in GRMs has benefited the Indian oil/gas sector. For oil marketing companies, a full recovery in Indian oil demand to over pre-Covid levels is critical (not yet evident). From a structural perspective, the biggest positive has been the government response. Despite the global price rise, there is no subsidy on any oil product and the sharp cut in auto fuel taxes will aid in sustaining high auto fuel marketing margins. Sector valuations remain attractive and we view high dividend yields as key catalysts.

We have higher confidence on global oil/gas prices sustaining at higher levels and hence ONGC remains our top pick (ONGC IN, TP Rs190) followed by GAIL (GAIL IN, TP Rs180) which will benefit from gas trading profits. IOC (IOCL IN, TP Rs160) is our pick among the OMCs based on our assumption of full recovery in Indian oil demand.

Reliance Industries (RIL IN, Reduce, Rs2,350, TP Rs1,540) reported an EBITDA of Rs127bn in 1QFY22 and Rs120bn in 2QFY22 for its O2C business (refining and petchem combined). Thus, the 1HFY22 figure of Rs250bn compares to our full-year estimate of Rs599bn, implying an increase to Rs349bn in 2HFY22. This increase now looks optimistic unless the downward trend in refining and petchem margins seen this month reverse sharply.

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)
- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

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.