

India

Overweight (no change)

Highlighted Companies
Dr Reddy's Laboratories
ADD, TP Rs5,717, Rs5,357 close

Dr Reddy's has been increasing the pace of new launches in the US while building a healthy pipeline and leveraging its US portfolio to access new growth markets.

Cipla Ltd
ADD, TP Rs981, Rs843 close

Cipla's One-India Strategy combines trade, branded generics and consumer health, leading to strong synergies across its portfolio. We believe regulatory filings and low competitive launches should drive US revenue growth.

Alkem Laboratories Ltd
ADD, TP Rs3,484, Rs3,070 close

Alkem Labs has a well-established franchise in India formulations and is outperforming the domestic pharma market, maintaining leadership in the acute segment, and ramping up chronic therapies by leveraging its relationships in the pharma industry.

Summary Valuation Metrics

P/E (x)	Mar21-F	Mar22-F	Mar23-F
Dr Reddy's Laboratories	32.8	27.0	23.7
Cipla Ltd	26.4	24.1	19.4
Alkem Laboratories Ltd	24.5	22.0	18.8

P/BV (x)	Mar21-F	Mar22-F	Mar23-F
Dr Reddy's Laboratories	5.0	4.3	3.7
Cipla Ltd	4.1	3.8	3.4
Alkem Laboratories Ltd	5.0	4.3	3.7

Dividend Yield	Mar21-F	Mar22-F	Mar23-F
Dr Reddy's Laboratories	0.5%	0.5%	0.5%
Cipla Ltd	1.6%	1.8%	2.2%
Alkem Laboratories Ltd	1.0%	1.1%	1.3%

Analyst(s)

Rashmi SANCHETI

T (91) 22 4161 1549

E rashmi.sancheti@incredcapital.com

Pharmaceuticals

3QFY21F earnings preview

- We expect a strong recovery in the domestic business, while the US business would remain steady for our pharma coverage universe.
- Increase in promotional expenses and pick-up in field activity, along with lower export incentives may impact EBITDA margins qoq, in our view.
- We expect our pharma coverage universe to report sales/EBITDA/PAT growth of 9.8%/24.4%/36.7% yoy in 3QFY21F. We remain Overweight on the sector.

Expect domestic business to recover in 3QFY21F

The Indian Pharmaceutical Market (IPM) grew 6.4% in 3QFY21, according to the All India Origin Chemists & Distributors Pharma Softech Awacs Pvt. Ltd (AIOCD AWACS). We believe that a recovery in the domestic business across our pharma coverage universe will be led by a ramp-up in its COVID-19-related portfolio (Favipiravir and Remdesivir), pick up in the acute segment post Unlock and steady chronic portfolio. We expect 9.9% yoy growth in the domestic formulations business across our coverage universe.

US business to remain steady as price erosion stabilizes

We expect the US business across our coverage universe to grow by 10.7% yoy driven by the rising pace of ANDA approvals in the last few quarters, market share gains in base products and a stable pricing environment. A ramp-up in product Albuterol would benefit Cipla, while market share gains in its key products would benefit Dr Reddy's, Alembic and Alkem Laboratories.

Expect EBITDA growth to decline sequentially

We expect 24.4% yoy EBITDA growth, led by our pharma coverage universe's sustained cost optimisation measures and strong revenue growth across all segments. Even though operating costs have not yet returned to pre-COVID levels, promotional and marketing expenses are expected to increase sequentially. We expect a 7.6% qoq decline in EBITDA of our coverage universe with increase in promotional expenses, pick up in field force activity due to the easing of the lockdown and lower export incentives.

Expect strong 3Q performance by Dr Reddy's, Cipla, Alkem

We expect relatively strong 3Q performance by a) Dr Reddy's – with traction in newly launched products in the US business, b) Cipla – market share gain qoq in Albuterol in the US and ramp up in the COVID-19 portfolio in the India business, c) Alkem – uptick in the acute segment in the India business and continuous growth momentum in the US business.

We maintain our Overweight rating on the sector

We maintain our Overweight stance on the sector, given the stabilisation of the US market and recovery in domestic pharma market revenue growth which could generate better cash flows and healthy returns on capital employed (ROCE). Our top picks remain Dr Reddy's, Cipla, Alkem, Natco Pharma and Indoco Remedies. Key catalysts: Higher generics prices in the US and rupee depreciation. Key risks: Adverse currency movement and supply chain disruption due to COVID-19.

Figure 1: 3QFY21 estimates for our coverage universe

Rs m	Revenue	YoY %	QoQ %	EBITDA	YoY %	QoQ %	PAT	YoY %	QoQ %
Dr. Reddy's Laboratories	49,058	11.9	0.2	12,313	20.9	0.8	7,171	70.6	-13.7
Cipla	49,860	14.1	-1.0	11,169	47.3	-5.1	6,198	76.6	-6.9
Torrent Pharmaceuticals	20,646	5.0	2.4	6,194	14.7	-2.5	2,947	17.4	-4.9
Cadila Healthcare	37,637	3.9	-1.8	7,904	17.6	-10.0	4,417	23.2	-8.4
Alkem Laboratories	23,738	8.8	0.5	5,483	21.0	-8.7	4,190	9.7	-11.2
Ipca Laboratories	13,659	12.6	0.4	3,415	25.6	-0.5	2,476	26.2	-2.1
Alembic Pharmaceuticals	14,069	16.4	-3.4	3,939	21.2	-11.2	2,871	22.6	-13.9
Natco Pharma	4,967	3.0	-38.1	1,599	24.3	-42.1	1,212	16.0	-40.1
Ajanta Pharma	6,809	4.6	-4.9	2,043	9.8	-25.5	1,295	20.2	-23.9
Indoco Remedies	3,322	14.8	1.2	522	49.6	-14.1	222	143.5	-13.5

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 3QFY21F earnings preview of our coverage universe

Company	3QFY21F	3QFY20	yoy %	2QFY21	qoq %	Comments
Dr Reddy's Laboratories						
Revenue (Rsm)	49,058	43,838	11.9	48,967	0.2	We expect India business to grow 19% yoy on back on Wockhardt portfolio integration US business to remain steady w with traction in new launches (gKuvan, gCiprodex) partially offset by base price erosion. We expect EBITDA margin to expand benefitting from cost optimisation measures.
EBITDA (Rsm)	12,313	10,188	20.9	12,215	0.8	
EBITDA margin %	25.1	23.2	186bps	24.9	15bps	
PAT (Rsm)	7,171	4,203	70.6	8,310	-13.7	
Cipla Ltd						
Revenue (Rsm)	49,860	43,710	14.1	50,383	-1.0	We expect India business to grow 12% yoy benefitting from COVID-19 related portfolio and traction in both acute and chronic portfolio. US business is likely to grow 4% qoq to US\$147m mainly driven by market share gain in product albuterol. We expect EBITDA margin to expand benefitting from cost optimisation measures. How ever, increase in field activity and marketing expenses coupled w ith low er export incentives w ould result in EBITDA margin contraction qoq.
EBITDA (Rsm)	11,169	7,583	47.3	11,766	-5.1	
EBITDA margin %	22.4	17.3	505bps	23.4	-95bps	
PAT (Rsm)	6,198	3,509	76.6	6,654	-6.9	
Torrent Pharmaceuticals						
Revenue (Rsm)	20,646	19,660	5.0	20,170	2.4	We expect recovery in India business w ith grow th of 8% yoy led by mainly chronic portfolio. US business to remain flattish qoq in absence of new launches in stable pricing environment. We expect EBITDA margin to contract qoq on back of gradual uptick in promotional and field expenses.
EBITDA (Rsm)	6,194	5,400	14.7	6,350	-2.5	
EBITDA margin %	30.0	27.5	253bps	31.5	-148bps	
PAT (Rsm)	2,947	2,510	17.4	3,100	-4.9	
Cadila Healthcare						
Revenue (Rsm)	37,637	36,228	3.9	38,326	-1.8	US business to grow 1% qoq on account of weak flu season and no big launches partially offset by traction in mesalamine franchise and share gain in new ly lunched products. We expect India business to show 8% grow th yoy on account of uptick in domestic demand and COVID-19 related portfolio. We expect EBITDA margin to expand benefitting from cost optimisation measures. How ever, increase in field activity and marketing expenses coupled w ith low er export incentives w ould result in EBITDA margin contraction qoq.
EBITDA (Rsm)	7,904	6,719	17.6	8,786	-10.0	
EBITDA margin %	21.0	18.5	245bps	22.9	-192bps	
PAT (Rsm)	4,417	3,586	23.2	4,824	-8.4	
Alkem Laboratories						
Revenue (Rsm)	23,738	21,818	8.8	23,628	0.5	We expect India business to grow 9% yoy on account of recovery in acute segment. US business is expected to grow 3% qoq w ith market share gain in its key products in stable pricing environment. We expect EBITDA margin to contract qoq on back of gradual uptick in promotional and field expenses.
EBITDA (Rsm)	5,483	4,533	21.0	6,005	-8.7	
EBITDA margin %	23.1	20.8	232bps	25.4	-231bps	
PAT (Rsm)	4,190	3,820	9.7	4,721	-11.2	
Ipsca Laboratories						
Revenue (Rsm)	13,659	12,129	12.6	13,611	0.4	We expect domestic business to grow 10% yoy led by recovery in cardiac and pain segment. Export formulations to grow 14% yoy led by traction in both in generic and branded generic segment coupled w ith strong API sales momentum. We expect EBITDA margin to expand yoy driven by improved product mix and strong export sales.
EBITDA (Rsm)	3,415	2,719	25.6	3,431	-0.5	
EBITDA margin %	25.0	22.4	258bps	25.2	-21bps	
PAT (Rsm)	2,476	1,961	26.2	2,528	-2.1	
Alembic Pharma						
Revenue (Rsm)	14,069	12,091	16.4	14,571	-3.4	We expect India business to grow 8% yoy w ith continuous momentum in chronic portfolio and recovery in acute segment. US is expected to grow 14% yoy in stable pricing environment. We expect EBITDA margin to contract qoq on back of gradual uptick in promotional and field expenses.
EBITDA (Rsm)	3,939	3,251	21.2	4,434	-11.2	
EBITDA margin %	28.0	26.9	112bps	30.4	-243bps	
PAT (Rsm)	2,871	2,342	22.6	3,334	-13.9	
Natco Pharma						
Revenue (Rsm)	4,967	4,822	3.0	8,022	-38.1	We expect India business sales to remain weak yoy due to slow dow n in chemotherapy sales w hile exports to benefit from seasonal sales of generic Tamiflu. We expect EBITDA margin to contract qoq as 2QFY21 includes one-time product settlement income.
EBITDA (Rsm)	1,599	1,287	24.3	2,764	-42.1	
EBITDA margin %	32.2	26.7	551bps	34.5	-226bps	
PAT (Rsm)	1,212	1,045	16.0	2,024	-40.1	
Ajanta Pharma						
Revenue (Rsm)	6,809	6,512	4.6	7,159	-4.9	We expect domestic business to recover and show grow th of 12% yoy led by recovery in Derma portfolio. How ever, branded business of Asia and Africa to show low er grow th on account of major supplies in 1HFY21. We expect EBITDA margin to contract qoq on back of gradual uptick in promotional and field expenses.
EBITDA (Rsm)	2,043	1,860	9.8	2,743	-25.5	
EBITDA margin %	30.0	28.6	144bps	38.3	-831bps	
PAT (Rsm)	1,295	1,078	20.2	1,702	-23.9	
Indoco Remedies						
Revenue (Rsm)	3,322	2,893	14.8	3,282	1.2	We expect strong grow th of 65% yoy in regulated markets on low base w hile domestic business to remain muted during the quarter on back of low er acute segment sales. We expect EBITDA margin to contract qoq on back of gradual uptick in promotional and field expenses.
EBITDA (Rsm)	522	349	49.6	607	-14.1	
EBITDA margin %	15.7	12.0	365bps	18.5	-279bps	
PAT (Rsm)	222	91	143.5	256	-13.5	

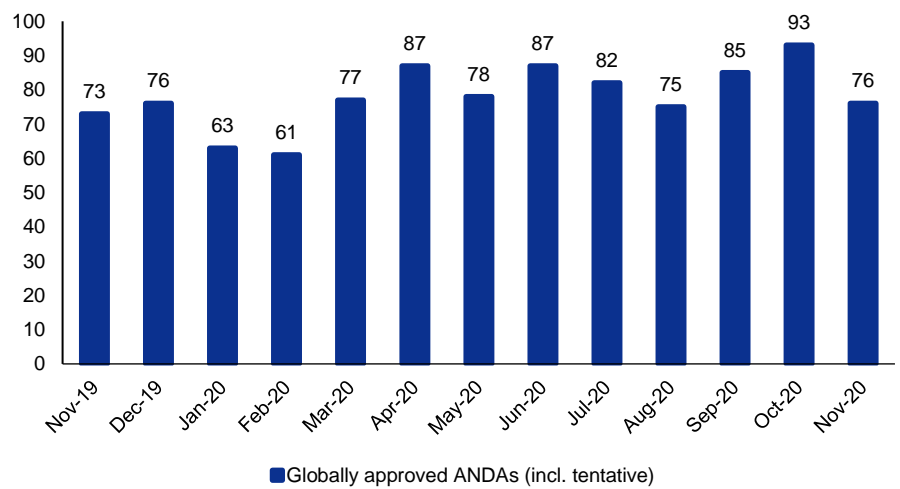
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: ANDA approvals received by our coverage universe in 3QFY21

Company	Molecule	Brand	Innovator	Type of approval	Approval date
Dr Reddy's Laboratories	Empagliflozin	Jardiance	Boehringer	Tentative	17/12/2020
	Linagliptin and Metformin	Jentadueto	Boehringer	Tentative	17/10/2020
Cadila Healthcare	Ursodiol	Actigall	AbbVie	Final	17/10/2020
	Tofacitinib Extended-Release Tablets	Xeljanz XR	Pfizer	Tentative	19/10/2020
	Solifenacin Succinate	Vesicare	Astellas	Final	20/10/2020
	Dapagliflozin	Farxiga	Astrazeneca AB	Tentative	29/10/2020
	Linagliptin	Tradjenta	Boehringer	Tentative	29/10/2020
Alembic Pharma	Amantadine	Symmetrel	Endo Pharmaceuticals Inc	Final	16/10/2020
	Fenofibrate	Tricor	AbbVie	Final	21/10/2020
	Tavorole	Topical solution	Anacor	Final	22/10/2020
	Timolol	Timoptic-XE	Bausch Health US LLC	Final	26/10/2020
	Palbociclib	Lbrance	Pfizer	Tentative	9/11/2020
	Testosterone	AndroGel	AbbVie	Tentative	25/11/2020
	Asenapine	Saphris	Allergan	Final	11/12/2020

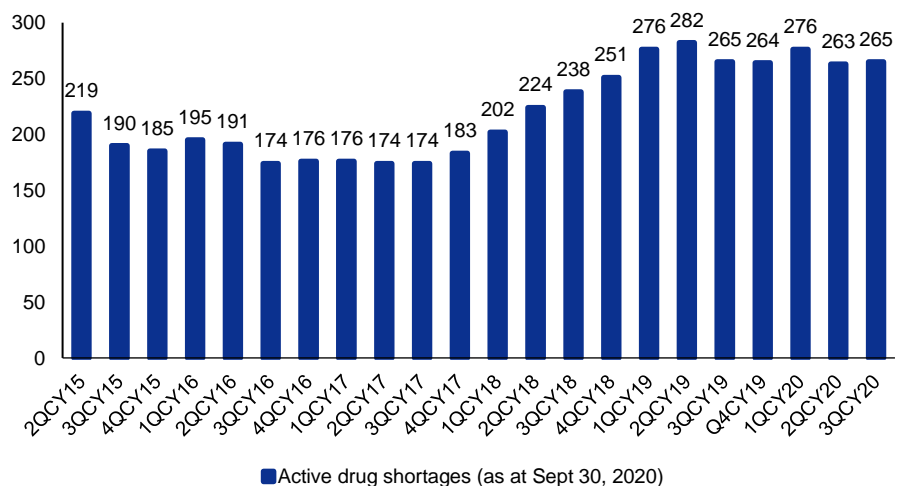
SOURCES: EIP RESEARCH, BOMBAY STOCK EXCHANGE

Figure 4: Rate of ANDA approvals picking up (nos)



SOURCES: EIP RESEARCH, US FOOD AND DRUG ADMINISTRATION (USFDA)

Figure 5: Rise in oral drug shortages (nos)



SOURCES: EIP RESEARCH, ASHP.ORG

Figure 6: US formulation revenue of our pharma coverage universe expected to grow by 10.7% in 3QFY21F

Rs m	3QFY21F	3QFY20	yoy %	2QFY21	qoq %
Dr. Reddy's Laboratories	18,944	15,999	18.4	18,328	3.4
Cipla	10,878	9,460	15.0	10,490	3.7
Torrent Pharmaceuticals	3,552	3,810	-6.8	3,270	8.6
Cadila Healthcare	17,316	16,753	3.4	17,090	1.3
Alkem Laboratories	6,438	5,837	10.3	7,790	-17.4
Alembic Pharmaceuticals	5,846	5,150	13.5	5,820	0.4
Ajanta Pharma	1,650	1,590	3.8	1,540	7.1
Indoco Remedies	420	161	160.9	434	-3.2

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 7: Domestic formulation revenue of our pharma coverage universe expected to grow by 9.9% in 3QFY21F

Rs m	3QFY21F	3QFY20	yoy %	2QFY21	qoq %
Dr. Reddy's Laboratories	9,087	7,636	19.0	9,123	-0.4
Cipla	19,902	17,770	12.0	20,900	-4.8
Torrent Pharmaceuticals	9,407	8,710	8.0	9,630	-2.3
Cadila Healthcare	9,922	9,103	9.0	10,870	-8.7
Alkem Laboratories	15,521	14,239	9.0	15,574	-0.3
Ipca Laboratories	5,342	4,856	10.0	5,355	-0.2
Alembic Pharmaceuticals	3,974	3,680	8.0	4,150	-4.2
Natco Pharma	1,218	1,523	-20.0	1,083	12.5
Ajanta Pharma	2,184	1,950	12.0	2,020	8.1
Indoco Remedies	1,748	1,784	-2.0	1,747	0.1

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Sector comparison

Company Name	Bloomberg Ticker	Closing Price (Rs)	Target Price (Rs)	Rating	Mkt Cap (US\$ bn)	Revenue CAGR FY20-22F	EPS CAGR FY20-22F	P/E (x)		EV/EBITDA (x)		ROE	
								FY21F	FY22F	FY21F	FY22F	FY21F	FY22F
Dr. Reddy's Laboratories	DRRD IN	5,357	5,717	Add	12.0	12.9%	30.1%	32.8	27.0	19.0	15.9	21.8%	22.9%
Cipla	CIPLA IN	843	981	Add	9.4	9.5%	35.0%	26.4	24.1	15.1	14.0	22.3%	22.2%
Torrent Pharmaceuticals	TRP IN	2,836	2,730	Hold	6.7	9.1%	18.4%	38.7	33.4	20.0	18.2	29.9%	29.9%
Cadila Healthcare	CDH IN	490	526	Add	6.6	6.9%	35.3%	25.7	23.3	16.5	14.8	22.4%	21.5%
Alkem Laboratories	ALKEM IN	3,070	3,484	Add	5.0	12.2%	21.6%	24.5	22.0	18.4	16.5	26.0%	24.2%
Ipca Laboratories	IPCA IN	2,115	2,570	Add	3.6	18.5%	43.7%	23.2	21.4	16.8	15.1	33.7%	28.9%
Alembic Pharmaceuticals	ALPM IN	1,096	1,062	Hold	2.9	17.4%	5.1%	17.7	21.7	13.3	14.4	35.2%	22.1%
Natco Pharma	NTCPH IN	955	1,235	Add	2.3	34.9%	55.4%	31.0	15.6	23.7	12.0	18.3%	31.3%
Ajanta Pharma	AJP IN	1,822	1,795	Add	2.1	9.0%	14.4%	31.3	25.4	19.5	16.2	25.3%	26.1%
Indoco Remedies	INDR IN	316	320	Add	0.4	18.5%	146.4%	31.3	18.8	14.9	10.5	16.4%	22.8%
Coverage universe average								28.3	23.3	17.7	14.8	25.1%	25.2%

 SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS
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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

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, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **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, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **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, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – 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** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **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 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 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 November 30, 2018) 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 2018" 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)

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.