4 May 2020

CMB International Securities | Equity Research | Market Strategy

招銀国际 CMB INTERNATIONAL
招商银行全资附属机构 A Wholly Owned Subsidiary Of China Merchants Bank

May Monthly Strategy

A second wave of shocks

Here comes the traditionally weak season of “Sell in May”. This May, the circumstances set the stage for a pullback: 1) more gloomy economic data and corporate earnings to be released; 2) no proven effective drugs and vaccines against COVID-19 yet; 3) stock markets just enjoyed record gains in Apr; 4) valuations no longer distressed, and U.S. equities even look expensive. Wait for better entry points to accumulate growth sectors and policy-supportive industries.

- **No V-shaped economic rebound without virus immunity.** We should not expect global economy will easily stage a V-shaped rebound until effective drugs and vaccines have been developed, but vaccines are generally believed to take at least 12-18 months to develop, test and approve for public use.
- **Relaxing lockdown measures could be a double-edged sword.** Without effective drugs and vaccines, easing lockdown measures inevitably run the risks of a second wave of outbreak. Germany, which was among the first to relax measures, has seen its infections and deaths trend upwards last week. As more countries are relaxing measures in phases, investors will keep a close eye on any rebound in infections.
- **Economic data & corporate earnings worst to come.** Most western countries started imposing lockdown measures since mid-March, and thus Apr’s data to be released in the coming weeks would reveal a fuller, and uglier picture. S&P 500 Q1 earnings have been disappointing so far, and more earnings cut are possible. In terms of valuations, S&P 500 seems quite expensive based on both 2020E and 2021E earnings. HSI is much cheaper, but shouldn't be immune from potential global market pullbacks.
- **Risk aversion still high.** The VIX, USD and gold remain at elevated levels, despite a strong rally in stock markets. US 10-year Treasury yield is even lower than the level on 25 Mar when S&P 500 troughed. All these suggest investors of other asset classes are not as optimistic as stock investors.
- **US-China tension reignites.** U.S. President Donald Trump threatened to impose new tariffs on China. With Trump seeking re-election in Nov 2020, expect more uncertainties on US-China relations. As investors begin to discount such risks, that could cap the upside in stock market, or worse, lead to further cut in forecasts of economic growth, corporate earnings and equity valuations.
- **Strategy: Accumulate growth stocks on dip.** At this point, we continue to like capital goods sector. Oher than that, suggest waiting for better entry points (HSI at 22,000-22,800) to accumulate growth sectors and industries expected to have strong recovery supported by policies. That includes internet, healthcare, education, auto, sportswear, brokerage.

Daniel So, CFA
(852) 3900 0857
danielso@cmbi.com.hk

Market Data

Hang Seng Index	24,644
52-week High / Low	30,082/21,139
3-month avg. daily t/o	HK$119.9bn

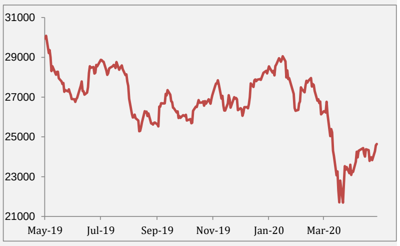
Source: Bloomberg

Indices Performance

	HSI	HSCEI
1-month	4.4%	4.6%
3-month	-6.3%	-1.9%
6-month	-8.4%	-4.7%

Source: Bloomberg

12-month HSI Performance



Source: Bloomberg

Related Reports

1. Strategy Report – Sell before May– 22 Apr 2020
2. Strategy Report – Gauging China's recovery and impact on HK stock market – 6 Apr 2020
3. Strategy Report – HK stock market more defensive than the U.S. – 18 Mar 2020
4. Strategy Report – Pandemic and opportunities in “bear market” – 16 Mar 2020
5. Strategy Report – Oil prices crash’s impact on economy and stocks – 10 Mar 2020

Contents

Apr's record gain set the stage for a weak May

MSCI World gained 10.8% in Apr

Global stock markets enjoyed one of the best Aprs, with the MSCI World +10.8%, S&P 500 +12.7% and Hang Seng Index +4.4%. That made one of the best monthly gains in the MSCI World since its inception in late 1980s, and the best monthly gain since 1987 and best Apr performance since 1938 in the S&P 500. These, of course, came following one of the steepest sell-offs triggered by the COVID-19 pandemic. Investors cheered on news reports that some drugs (most notably Gilead Sciences's remdesivir) were effective in curing COVID-19, and looked forward to economic rebound as lockdown measures are being relaxed.

No V-shaped rebound without immunity

There are still lots of uncertainties about any potential drugs. Even if some drugs are eventually clinically proved effective, which is certainly a significantly good news to stock markets, **we should not expect global economy will easily stage a V-shaped rebound without vaccines.**

There have been reports of some recovered patients who got infected by COVID-19 again, raising questions on immunity. The World Health Organization (WHO) stated on 24 Apr that *"there is currently no evidence that people who have recovered from COVID-19 and have antibodies are protected from a second infection."* Even with over 3.4mn people around the world already infected, there are doubts on whether "herd immunity" could be achieved. With the risks of contracting the coronavirus in people's mind, it seems impossible for economic activities to return to normal. Therefore, **the key may lie in successful development of vaccines, which are generally believed to take at least 12-18 months to develop, test and approve for public use.**

Figure 1: Plans of easing lockdown measures in key countries/regions

U.S.	At least 18 states no longer have or never had stay-at-home order. Many states have started allowing retail stores, restaurants, and malls to resume operations with capacity limits.
Germany	Started to lift lockdown measures from 10 Apr: smaller retail stores, larger car dealerships, bike shops & book shops were allowed to re-open.
Spain	Lockdown measures will ease in four phases. Starting from 4 May: Shops and food markets re-open with social distancing and reduced capacity; restaurants can offer take-away services; hotels to re-open without communal spaces, etc.
Italy	Lockdown measures will start easing from 4 May: parks, factories and building sites will reopen; people will be allowed to move around but not from region to region; restaurants re-open for takeaway only.
France	Lockdown measures will begin to ease on 11 May for "green zones" where the number of daily cases averaged over a week has remained low. The majority of elementary and pre-schools will re-open.
Hong Kong	Government employees will return to work on 4 May. Most museums, libraries and sports facilities will re-open from 6-11 May.
Japan	Will lay out its plans on 4 May for restarting activity. The 34 prefectures that aren't designated as "special alert" will see a partial easing of restriction once spread of the virus comes under better control.
Singapore	Businesses including selected manufacturers, home-based food producers, laundry and hairdressing services may resume operations from 12 May. Students sitting for national exams and those at some higher-education campuses will be allowed to return to school in small batches from 19 May.

Source: Various media reports

Relaxing lockdown measures could be a double-edged sword

As the global economy is suffering from the worst recession since at least the WWII, governments are eager to restart their economies by easing some lockdown measures (Fig. 1).

Without effective drugs and vaccines, easing lockdown measures inevitably run the risks of a second wave of outbreak. Germany, which was among the first to relax measures, has seen its infections and deaths trend upwards. Since 26 Apr, **Germany's rate of infection has steadily increased and number of confirmed infections have risen for five days in a row.** As more countries are relaxing measures in phases, investors will keep a close eye on any rebound in infections, and whether lockdown measures will be reinstated as a result.

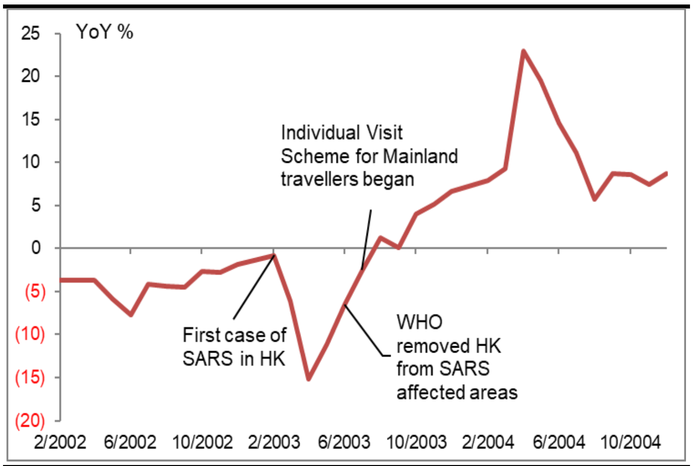
How strongly will economic activities rebound?

- **HK after 2003 SARS outbreak**

During the SARS outbreak in 2003, Hong Kong's retail sector was among the hardest hit, with retail sales slumped to a 15.2% YoY decrease in Apr 2003. Retail sales started to record YoY growth since Sep in the same year, three months after the WHO removed HK from the list of SARS-affected areas (Fig. 2).

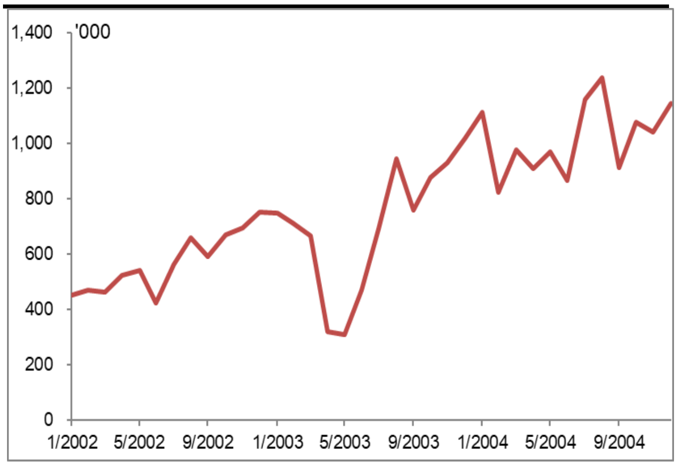
However, one important driving force behind the recovery was the launch of the Individual Visit Scheme on 28 Jul 2003, allowing travellers from Mainland China to visit Hong Kong & Macau on an individual basis. Between Jul-Sep, ten Mainland cities was made eligible for the scheme. The increase in Mainland visitors to Hong Kong has been significant since then (Fig. 3).

Figure 2: HK retail sales YoY in 2002-2004



Source: Bloomberg, CMBIS

Figure 3: Mainland visitors to HK in 2002-2004

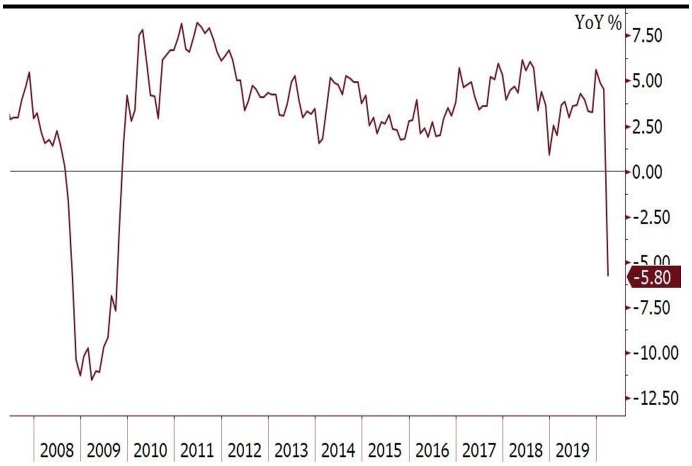


Source: Bloomberg, CMBIS

- **U.S. after 2008 Great Recession**

Take the U.S. in 2008-2009 as another reference. In Sep 2008, the month when Lehman Brothers collapsed, U.S. retail sales YoY dropped into negative territory. It took more than a year (in Nov 2009) for retail sales to return to YoY growth, on exceptionally low base (Fig. 4). In terms of value, retail sales only returned to pre-crisis level after two-and-a-half years in Feb 2011 (Fig. 5). Elevated unemployment rate (above 9% throughout Apr 2009 - Sep 2011) probably weighted on retail sales even when the financial crisis was over.

Figure 4: U.S. retail sales YoY



Source: Bloomberg, CMBIS

Figure 5: U.S. retail sales value in 2007-2011

Source: Bloomberg, CMBIS

This time around, when the COVID-19 pandemic is eventually under control, the rebound in global retail sales and overall economy may be weaker than HK's post-2003, as SARS was a regional epidemic but COVID-19 is a global pandemic, and the boost from Mainland Chinese's spending power as in 2003 was very unlikely this time.

The pending recovery will probably be weaker than the U.S.'s post-2008 too, as many more jobs are lost in the U.S. than in 2008 (30.3mn vs 8.7mn), and consumer behaviours have changed (online spending has become more prevalent).

Economic data & corporate earnings worst to come

Economic data going from bad to worse

Over the past six weeks, initial jobless claims in the U.S. totalled 30.3mn, wiping out all the 22.4mn jobs created since the 2008 Great Recession, and outnumbered the 8.7mn jobs lost during the Great Recession.

But the worst is yet to come in terms of economic data. Most western countries started imposing lockdown measures since mid-March, and thus March's economic data should have reflected only part of the impact from the virus and lockdown measures. **Apr's data to be released in the coming weeks would reveal a fuller, and uglier picture.**

Figure 6: Upcoming important economic data

Date	Country / Region	Data	Forecast	Previous
5 May	HK	Retail sales value YoY (Mar)	-47%	-44%
6 May	Eurozone	Retail sales YoY (Mar)	-6.4%	3.0%
7 May	China	Exports YoY (Apr)	-9.5%	-6.6%
8 May	U.S.	Nonfarm Payrolls (Apr)	-21.3mn	-701k
8 May	U.S.	Unemployment Rate (Apr)	16.0%	4.4%
15 May	China	Industrial production YoY (Apr)	2.1%	-1.1%
15 May	China	Retail sales YoY (Apr)	-5.9%	-15.8%
15 May	China	FAI ex-rural YTD YoY (Apr)	-8.8%	-16.1%
15 May	U.S.	Retail sales MoM (Apr)	-10.0%	-8.7%
15 May	U.S.	Industrial production MoM (Apr)	-10.8%	-5.4%
19 May	HK	Unemployment Rate (Apr)	/	4.2%
21 May	U.S.	Markit Manufacturing PMI (May)	/	36.1
21 May	Japan	Exports YoY (Apr)	/	-11.7%
22 May	Eurozone	Markit Manufacturing PMI (May)	/	33.6
28 May	U.S.	Durable goods orders MoM (Apr)	/	-14.4%
29 May	Japan	Retail sales YoY (Apr)	/	-4.6%
31 May	China	Official Manufacturing PMI (May)	/	50.8

Source: Bloomberg, CMBIS; Date is HK time

Corporate earnings disappointing with murky outlook

■ **One-fifth of S&P 500 companies suspended guidance**

According to Factset, as of 1 May, 55% of the companies in the S&P 500 have reported results for 1Q20. In terms of earnings, the percentage of companies reporting actual EPS above estimates (65%) is below the five-year average (73%). In aggregate, companies are reporting earnings that are 2.5% above the estimates, which is also below the five-year average (4.9%). The blended earnings decline for Q1 is -13.7% YoY. Analysts predict a YoY decline in earnings in 2Q (-36.7%), 3Q (-20.1%), and 4Q (-9.4%) of 2020. That implies **earnings slump would be worse in 2Q & 3Q**.

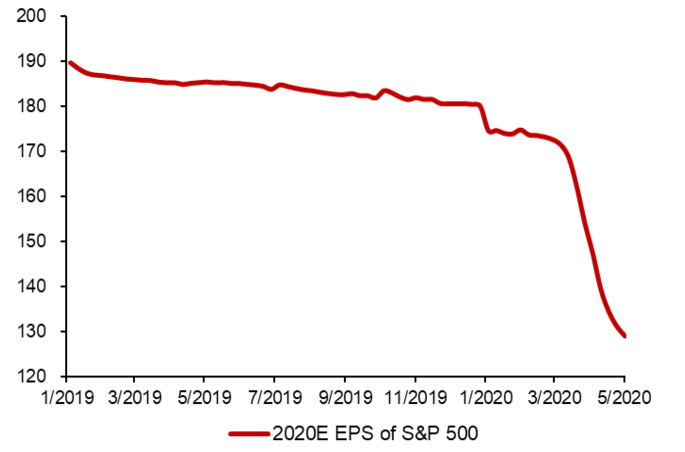
Investors may be disappointed if they are looking for guidance from corporates. **Earnings outlook may have never been murkier before.** About one-fifth of S&P 500 companies, including Apple (AAPL US), have suspended their profit forecasts as the coronavirus fuels unprecedented uncertainty.

■ **More earnings cut ahead?**

Analysts have slashed 2020E earnings forecasts of S&P 500 by 25.3% since the beginning of Mar (Fig. 7), and 2021E forecasts by 15.1%. With Q1 results disappointing compared to five-year average, there could be further downside in estimates.

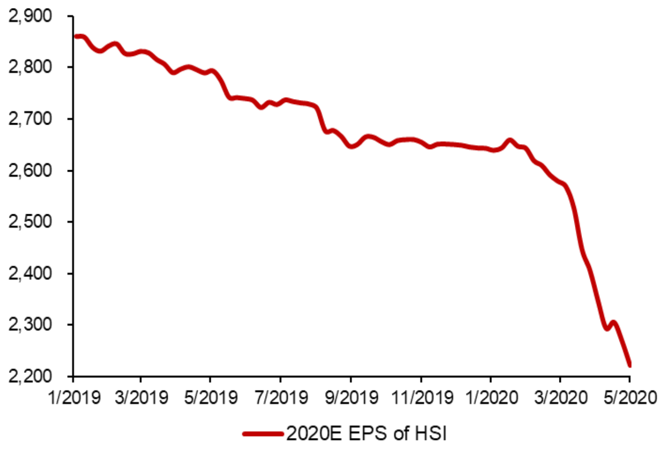
In Hong Kong, the **2020E earnings forecasts of the Hang Seng Index have been cut by 16.4%** (Fig. 8), and 2021E forecasts by 11.7%, since the outbreak of coronavirus in Jan.

Figure 7: 2020E EPS of the S&P 500



Source: Bloomberg, CMBIS

Figure 8: 2020E EPS of the Hang Seng Index



Source: Bloomberg, CMBIS

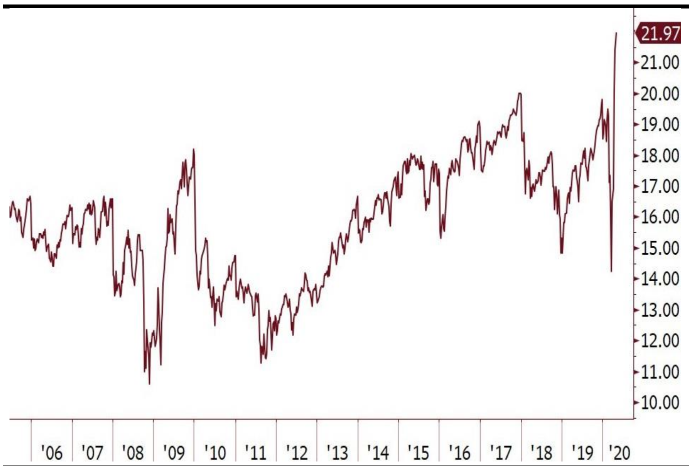
- **Valuations seem stretched**

After a 29% rebound in the S&P 500 Index coupled with earnings cut, the S&P 500 is trading at 22.0x 2020E P/E (Fig. 9), the highest in almost two decades. 2021E P/E is 17.3x, not too far from the recent peak (18.2x in 2017) for next-annual forward P/E.

To put that into perspectives, S&P 500's EPS are forecasted to be -12.4% YoY in 2020, and +27.2% YoY in 2021, which imply next year's earnings will be much higher than pre-pandemic level. That sounds quite optimistic given the huge uncertainties, and if 2021E earnings are cut further, **S&P 500 would seem quite expensive based on both 2020E and 2021E earnings**.

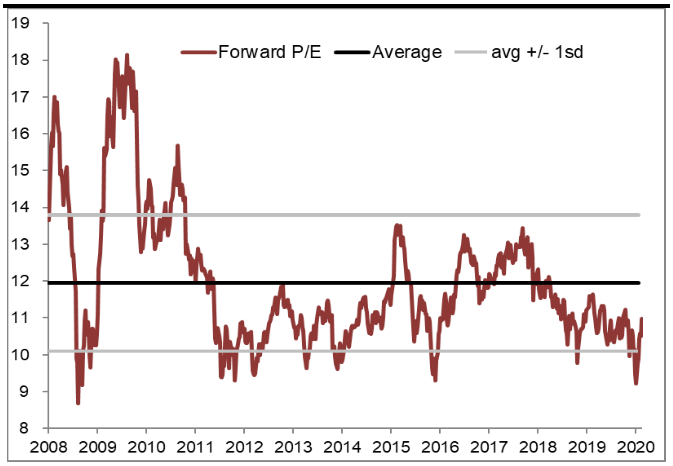
Hong Kong stock market looks much cheaper than the U.S., with HSI's 2020E P/E at 11.0x (Fig. 10). That said, **lower valuations alone won't make Hong Kong stocks immune from potential global market pullbacks**, because the HSI is heavily tilted towards financial sector (~50%), which have low growth prospect in low-interest rate environment but potential risks from corporate bankruptcies (e.g. in energy, airline and tourism sectors.)

Figure 9: 2020E P/E of the S&P 500



Source: Bloomberg, CMBIS

Figure 10: 2020E P/E of the Hang Seng Index



Source: Bloomberg, CMBIS

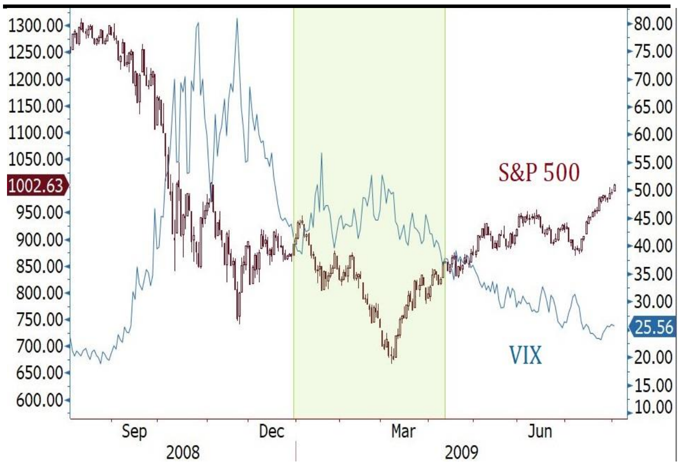
Risk aversion still high

The CBOE Volatility Index (VIX), often referred to as the "fear index", is still at elevated levels (37) despite a 29% rebound in the S&P 500 (Fig. 11). Last time like this, in early-2009, S&P 500 fell again to form a "second leg" (shaded area in Fig. 12). **Before the VIX drops to below 30, investor sentiment would remain shaky, and it would be too early to say the market has bottomed out.**

Figure 11: S&P 500 and VIX in 2020

Source: Bloomberg, CMBIS

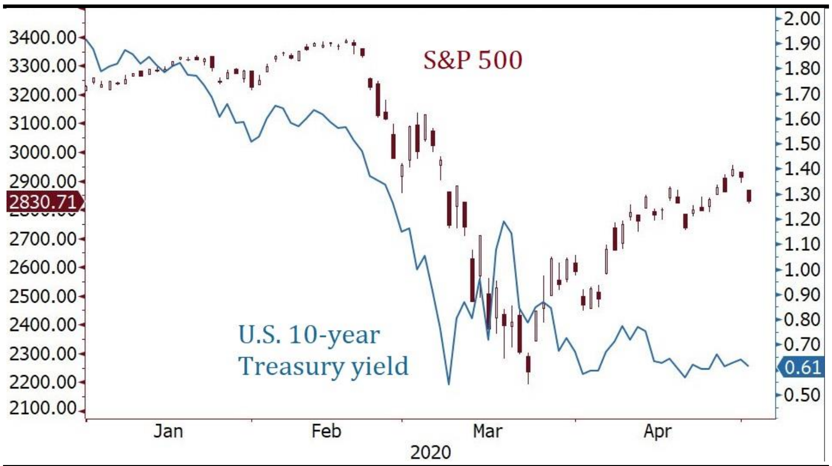
Figure 12: S&P 500 and VIX in 2008-2009



Source: Bloomberg, CMBIS

The "smart money" in the bond market remains there. Throughout Apr, as the stock markets rebounded, the 10-year US Treasury yield hovered around 0.6%, and is even lower than the level on 25 Mar when S&P 500 troughed.

Figure 13: U.S. Treasury yield lower than in March

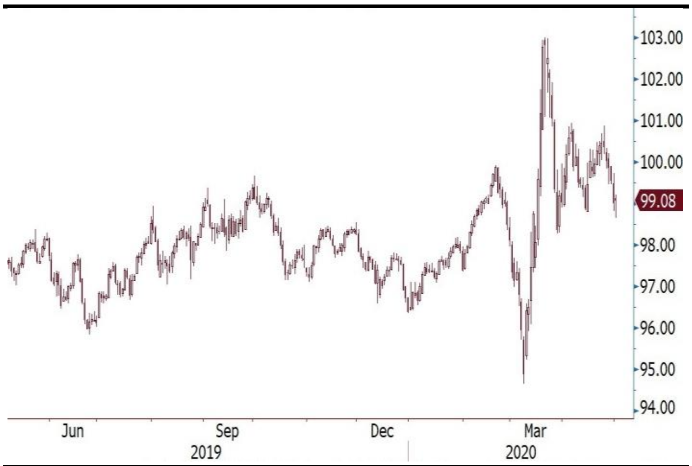


Source: Bloomberg, CMBIS

Other safe-haven assets such as USD and gold remain at elevated levels too (Fig. 14 & 15).

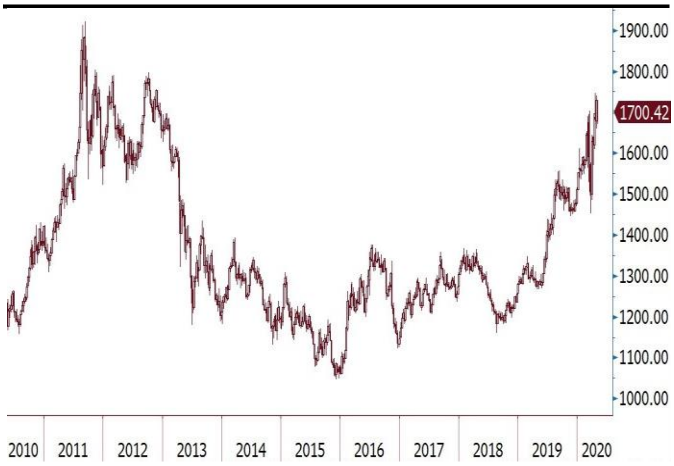
All these suggest investors of other asset classes are not as optimistic as stock investors.

Figure 14: Dollar Index (DXY) at around 100



Source: Bloomberg, CMBIS

Figure 15: Gold price at 7-year high



Source: Bloomberg, CMBIS

Political tension reignites

Soon after the U.S. and China signed the phase one trade deal in Jan 2020, the coronavirus outbroke. Since then, COVID-19 has replaced trade war as politicians' and investors' main concern. But recently there have been controversies over the responsibility for the pandemic. **U.S. President Donald Trump on 30 Apr threatened to impose new tariffs on China.** In addition, Bloomberg reported that Trump is exploring blocking a government retirement fund from investing in Chinese equities considered a national security risk.

With Trump seeking re-election in Nov 2020, expect more uncertainties on US-China relations. **When the pandemic is under control, more tariffs and tension between the world's two biggest economies would surely dampen economic recovery.** As investors begin to discount such risks, that could cap the upside in stock market, or worse, lead to further cut in forecasts of economic growth, corporate earnings and equity valuations.

Technical analysis

S&P 500 may fall again to form a "second leg"

In just six weeks, the S&P 500 rebounded by as much as 34.7%, reaching the 61.8% Fibonacci retracement target (Fig. 16). Historically, after a steep sell-off, S&P 500 usually fall again to form a "second leg", and the technical rebound from the "first leg" seldom went beyond the 61.8% retracement level. In short, this round of rebound may have run its course. Besides, its MACD may form a bearish crossover soon to confirm the index turning weak.

Figure 16: S&P 500's rebound may have ended

Source: Bloomberg, CMBIS

HSI formed bearish "rising wedge"

Since bottoming out on 19 Mar, the HSI has formed a bearish pattern "rising wedge", with volume decreasing which is a typical feature of this pattern. The support line of the first rising wedge has already been broken. A second rising wedge has been formed, and its support line may be broken as soon as 4 May as the HSI is expected to follow the U.S. market's weakness on 1 May. **Expect the HSI to fall to 22,000-22,800 to form its "second leg".**

Figure 17: HSI formed bearish "rising wedge"

Source: Bloomberg, CMBIS

Strategy – Accumulate growth stocks on dip

Wait for better entry point: HSI at 22,000-22,800

We have entered the traditionally weak season for stock markets. “Sell in May and go away” is a well-known adage. Hong Kong market’s version is “五穷六绝七翻身” (May is poor, June is bleak, July will turn around).

This May, the circumstances set the stage for a pullback or another sell-off: 1) more gloomy economic data and corporate earnings to be released; 2) no proven effective drugs and vaccines against COVID-19 yet; 3) stock markets have just enjoyed record gains in Apr; 4) valuations are no longer at distressed levels, and U.S. equities even look expensive.

In Hong Kong stock market, we suggest waiting for better entry points (HSI at 22,000-22,800) to accumulate growth sectors and industries expected to have strong recovery supported by policies.

At this point, we continue to like Capital Goods sector, due to 1) benefit from infrastructure policy; 2) machinery sales rebounded strongly MoM in Mar and Apr; 3) infrastructure contractors recorded decent growth in new contracts and improvement in cash flows, which bode well for machinery demand. We like SANY Heavy (600031 CH), Jiangsu Hengli (601100 CH), Sinotruk (3808 HK) and Zoomlion (1157 HK / 000157 CH).

Buy on dip:
Internet / Healthcare / Education / Auto / Sportswear / Brokerage

China was the first to impose stringent lockdown measure to control the COVID-19 outbreak, and also the first to see its outbreak reach the peak. **External risks remain elevated, and thus sectors with meaningful overseas exposures should be avoided at this stage** (e.g. export, trading, industrial, handset industries).

Comparatively, **domestic consumption-driven sectors are more resilient, and are more likely to benefit from policy support.** A key event for HK/China markets will be the annual meeting of National People's Congress (NPC) which starts on 22 May. The NPC meeting has usually been convened in early Mar to decide on important state affairs. This year’s meeting is postponed due to the COVID-19 outbreak. Support domestic consumption is expected to be one of the key agenda.

Our China economist believes *“**consumption stimulus is likely to be broad-based, embracing almost all categories of goods and services and is likely to expand across the nation**. Special attention has been paid to big-ticket items, such as cars, household appliances and the most pandemic-stricken industries, such as catering, travel and cultural, sports & recreation activities.”*

Make no mistake, we are not expecting V-shaped rebound in domestic consumption. Our China economist pointed out *“consumption recovery will be shallower than investment primarily because economic downturns weigh on income growth of households”*. We therefore suggest buying-on-dip but not chasing the rally.

Fig. 18 lists some stocks which we suggest buying-on-dips.

Figure 18: Sectors and stocks to buy on dip

Sector	Company	Ticker
Internet	Tencent	700 HK
	Alibaba	9988 HK
	Meituan	3690 HK
	Tongcheng-Elong	780 HK
Healthcare	CSPC Pharma	1093 HK
	Jinxin Fertility	1951 HK
Education	Hope Education	1765 HK
	Wisdom Education	6068 HK
Sportswear	Anta Sports	2020 HK
	Li Ning	2331 HK
Auto	GAC Group	2238 HK
	Geely Auto	175 HK
Brokerage	CITIC Securities	6030 HK
	CICC	3908 HK

Source: CMBIS

Risks

Positives:

1. Progress in developing antivirus drugs and vaccines.
2. More countries ease lockdown and social-distancing measures without rebound in infections.
3. More monetary easing and fiscal stimuli.

Negatives:

1. Rebound in infections in key countries, leading to extension or restoration of lockdown measures.
2. Slump in oil prices leads to energy companies' default, and thereby surge in banks' NPLs.
3. Prolonged economic standstill due to COVID-19 lead to bankruptcies in those hardest hit industries such as airlines, tourism and retailers.
4. Heightened tensions between China and US, and possibly other countries
5. More dividend cuts/suspension and share placements (especially in sectors such as internet and healthcare which have outperformed during the pandemic), as companies may prefer to have more cash on hand in view of the uncertainties.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIS Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIS
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

This report is intended for distribution in the United States to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this research report by its acceptance hereof represents and agrees that it shall not distribute or provide this research report to any other person.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.