



PHILLIP RESEARCH SDN BHD

199001007125 (198695-X)

B-18-6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel No: 03-2783 0300

Morning Pole Position

| 22nd September 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,447.18	-13.92	-7.68
FBM Emas	10,330.09	-93.81	-8.65
FBM Syariah	10,389.89	-131.54	-15.28
FBM Small Cap	14,251.09	-43.43	-9.58
FBM ACE	4,778.12	-29.18	-25.57
F4G BM	837.77	-7.55	-4.83
F4G BMS	858.31	-11.63	-12.65

Funds Flows

Net Buy (MYR'm)

Local Institutions	172.0
Local Retails	21.6
Foreign	-193.6

Foreign

Dow Jones	30,183.78	-522.45	-16.94
S&P 500	3,789.93	-66	-20.48
Nasdaq	11,220.19	-204.86	-28.28
FTSE	7,237.64	44.98	-1.99
Hang Seng	18,444.62	-336.8	-21.17
Nikkei	27,313.13	-375.29	-5.14
Shanghai CI	3,117.18	-5.23	-14.36
Strait Times	3,261.79	-5.15	4.42

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.5535	-0.0045	9.33
GBP / MYR	5.1591	-0.0516	-8.38
JPY100 / MYR	3.1675	-0.0054	-12.47
EUR/MYR	4.5089	-0.0532	-4.35
SGD / MYR	3.2211	-0.0131	4.40
CNY / MYR	0.6459	-0.0040	-1.34
AUD / MYR	3.0354	-0.0223	0.29

Bond Yield Movements

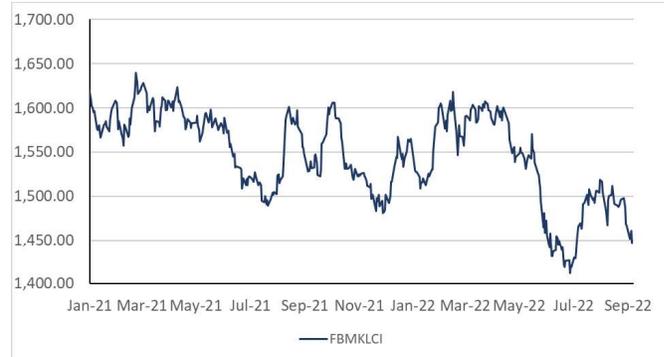
		Yield	Daily Change (bps)
MGS	3- year	3.53	8
	10- year	4.2	2
GII	3- year	3.58	2
	10- year	4.21	0
UST	2- year	4.02	6
	10- year	3.51	-6

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	3,887.00	150	4.01
Brent (1 st month)	90.00	-0.87	-0.96
Gold (spot)	1,673.84	10.73	0.65

Source: Treasury.gov, Bursa and BNM

FBMKLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	2,342
Value (MYR m)	1,658

Top 5 Value

	Last	Daily chg %	Value (MYR m)
TOPGLOV	0.645	-8.51	148.581
MAYBANK	8.730	0.34	111.954
PBBANK	4.400	-1.12	83.631
CIMB	5.450	-0.55	65.299
PMETAL	4.140	-6.33	50.570

Top 5 Gainers

	Last	Daily chg %	Value (MYR m)
XDL	0.020	33.33	0.007
PARKWD	0.180	33.33	0.002
DBHD	0.655	29.70	0.176
MTOUCHE	0.045	28.57	0.014
ZENTECH	0.025	25.00	0.007

Top 5 Losers

	Last	Daily chg %	Value (MYR m)
PHB	0.005	-50.00	0.024
BCMALL	0.015	-40.00	0.005
AT	0.010	-33.33	0.012
FOCUS	0.015	-25.00	0.007
AEM	0.015	-25.00	0.001

Top 5 DBT

	Value (MYR m)	Volume (m shares)	Price (MYR)
MRDIY	274.920	137.460	2.02
SAPNRG	2.250	50.000	0.04
GDEX	3.600	30.000	0.125
HLBANK	437.936	21.680	20.8
BJFOOD	17.800	20.000	0.93

Market Pulse



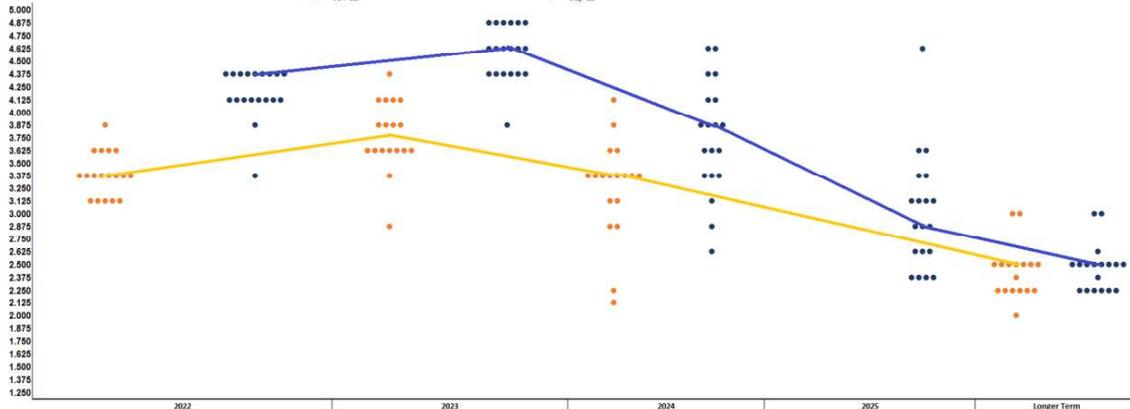
Source: Chart created using tradingview.com's tools, PRSB

The KLCI ended in red, closing lower at 1,447.18 pts with -13.92 pts (-0.95%) as it was dragged by 22 losers vs 6 gainers, while the remaining 2 were unchanged for the day. The worst performer of the day was Top Glove and Press Metal, shredding 8.51% and 6.33%, respectively. The broad market shared the same weak sentiment as losers outpaced gainers by 529 to 296, while the remaining 440 are unchanged. We believe investors are taking more cautious positioning ahead of the Fed's decision

The Fed delivered a 75bps rate hike as expected but a more aggressive hike ahead rattled investors' sentiment again. In short, it is not overly surprising to see the market pull back after pricing in a hawkish Fed going into the meeting and then seeing the knee-jerk selling on the dots plot.

The new dot plot implies a 4.625% terminal rate in 2023 followed by gradual rate cuts towards 3.875% in 2024, ending 2025 at 2.875% (Exhibit 1). However, the median 2022 dot was higher than expected at 4.375%, suggesting policymakers anticipate another 75bp hike in November followed by 50bp in December amid increased urgency to bring inflation under control (Exhibit 2). Currently, there is around a 60% probability of another 75bps (previously 50bps) rate hike in November and 50bps (previously 25bps) in December.

Exhibit 1: Fed Dot Plot (Sep vs Jun)



Source: FOMC, compiled by PRSB

Exhibit 2: Fed Monetary Path

FOMC	Rate Hike (%)	FF Upper Limit	QT (USD b)
4/5/2022	+0.50	1.00	
15/6/2022	+0.75	1.75	47.5
27/7/2022	+0.75	2.50	47.5
	Jackson Hole Economic Symposium		47.5
21/9/2022	+0.75	3.25	95
	No FOMC		95
2/11/2022	+0.75	4.00	95
	8/11 Mid-term Election		95
14/12/2022	+0.50	4.50	95
1/2/2023	+0.25	4.75	95

Source: Fed, compiled by PRSB

In short, Powell’s speech outlined two important points the Fed is currently focusing on during the normalization process:

- 1) he and his colleagues were determined to bring inflation down to the Fed’s 2% goal. They “will keep at it until the job is done.” Powell told the press “We have got to get inflation behind us. I wish there were a painless way to do that. There isn’t.”
- 2) “Higher interest rates, slower growth and a softening labour market are all painful for the public that we serve. But they’re not as painful as failing to restore price stability and having to come back and do it down the road again,” he said.

This resonates his speech during the Jackson Hole Symposium as we have previously outlined in our Daily Morning Pole Position dated 29th August 2022.

The FOMC’s median terminal rate now matches our forecast of 4.625%, but the Committee continues to expect stronger growth and higher inflation relative to our outlook. In addition to participants being reluctant to forecast a recession, participants may believe there is a longer lag between monetary policy action and economic activity. In addition, they may view the current level of nominal neutral policy rates as at or above 3%, or that the sensitivity of the economy to higher rates is lower than we assume. However, incoming data suggest economic activity continues to decelerate relatively rapidly across housing, industrial activity, and consumer spending.

Economic forecasts revised considerably to weaker near-term growth (0.2% in 2022 and 1.2% in 2023) with a 4.4% peak unemployment rate in 2023-24 (Exhibit 3). Again, during the press conference, Powell said “there isn’t” a “painless way” to bring inflation lower and continued to prioritize price stability, reinforcing our view of a recession in 1Q 2023.

Exhibit 3: US Economic Outlook

		2022	2023	2024	2025
GDP	Sep 2022	0.2	1.2	1.7	1.8
	Jun 2022	1.7	1.7	1.9	
Unemployment Rate	Sep 2022	3.8	4.4	4.4	4.3
	Jun 2022	3.7	3.9	4.1	
PCE	Sep 2022	5.4	2.8	2.3	2.0
	Jun 2022	5.2	2.6	2.2	
Core PCE	Sep 2022	4.5	3.1	2.3	2.1
	Jun 2022	4.3	2.7	2.3	

Source: FOMC, compiled by PRSB

While we currently maintain our view on Malaysia's GDP (Exhibit 4) and year-end KLCI at 1,541, we will review our scenario post Budget 2023, which is scheduled to be announced on 7th October. For today, since KLCI has a positive correlation against S&P500, we anticipate the Index to decline today as it has broken the 0.382 Fibonacci support, indicating a weak momentum. Technically, the KLCI may test the immediate support at 1,436.92 pts and may fall lower to 1,420.00 pts. We set the resistance level at 1,468.34 pts. Our picks in Exhibit 5.

Exhibit 4: Malaysia Economic Outlook

	2020	2021	2022F	2023F
Real GDP	-5.5	3.1	6.3	5.0
Consumer prices	-1.2	2.5	3.0	2.1
Fiscal Balance (% of GDP)	-6.2	-6.5	-6.2	-6.0
Overnight policy rate (%)	1.75	1.75	2.50	2.50
Exchange rate (USD/MYR)	4.01	4.18	4.50	4.32

Source: BNM, PRSB, compiled by PRSB

Exhibit 5: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.93	2.45	26.94
Guan Chong	GUAN MK	Outperform	2.30	2.78	20.87
Technical					
Genting Malaysia	GENM MK	Outperform	2.91	3.21	10.31
Telekom	T MK	Outperform	5.88	6.28	6.80
QL Resources	QLG MK	Outperform	4.99	5.77	15.63
CB Industrial Product Holding	CB MK	Buy	1.31	1.76	34.35
Opcom Holdings	OHB MK	Buy	0.840	1.24	47.62
KSL Holdings	KSL MK	Buy	0.795	0.96	20.75
Gamuda	GAM MK	Outperform	3.95	4.30	8.86
Chin Well Holdings	CWH MK	Outperform	1.69	2.00	18.34
Supercomnet Technologies	SCT MK	Outperform	1.61	1.73	7.45

Kelington Group	KGRB MK	Buy	1.41	1.71	21.28
Pentamaster Corporation	PENT MK	Buy	4.16	5.26	26.44
AME Elite Consortium	AME MK	Buy	1.45	2.03	40.00
Formosa Prosonic Industries	FOR MK	Buy	3.08	3.92	27.27
IJM Corp Bhd	IJM MK	Outperform	1.69	2.06	21.89
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.745	1.20	61.07
Dialog Group	DLG MK	Buy	2.16	2.95	36.57
FM Global Logistics Holdings	FMH MK	Buy	0.580	0.82	41.38
Solarvest Holdings	SOLAR MK	Buy	0.75	1.12	49.33
Hibiscus Petroleum	HIBI MK	Buy	0.96	1.32	38.22
OSK Holdings	OSK MK	Buy	0.89	1.12	26.55
Malakoff Corporation	MLK MK	Buy	0.67	0.86	28.36
UWC	UWC MK	Buy	4.06	5.03	23.89
Dayang Enterprise	DEHB MK	Buy	1.17	1.44	23.08
Deleum	DLUM MK	Outperform	0.77	0.84	9.80
CTOS Digital	CTOS MK	Buy	1.40	1.78	27.14
Ancom Nylex	ANC MK	Buy	0.98	1.24	26.53
BP Plastics Holdings	BPP MK	Buy	1.49	1.80	20.81
ETF					
MyETF Dow Jones U.S. Titans 50	METFUS50 MK	Buy	USD 1.82	USD 1.93	6.18
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.82	0.92	12.71
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.65	1.80	9.07
Principal FTSE China 50 ETF	CIMBC25 MK	Buy	1.26	1.39	10.60
TradePlus HSCEI Daily (2x) Leveraged Tracker	HSCEI2XL MK	Strong Buy	0.59	0.85	43.22
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Buy	1.71	1.86	8.77

Source: Bursa, Bloomberg, PRSB, price as of 21st September 2022

Malaysian news highlights

- **Malaysia will not escape global slowdown in 2023, says Zafrul.**
Malaysia will not be spared from the expected global economic slowdown in 2023, as all three of the world's major economic drivers — Europe, China and the US — are expected to grow at a slower rate next year compared with this year. As such, the country must be prepared to do what needs to be done to mitigate the anticipated impact from the economic slowdowns in the world over, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz. (Source: [TheEdgeMarkets](#))
- **Financial sector plays key role in ensuring green agenda's inclusivity, says Zafrul.**
The financial sector has a critical role to play in assisting the Government to ensure that Malaysia's transition to the green agenda remains inclusive and is void of any undesired consequences, according to Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz. "The financial and investment ecosystem also has a key responsibility to help the Government address certain structural issues and generate balanced growth opportunities across all sizes of businesses, and all segments of society. (Source: [TheEdgeMarkets](#))

Global news highlights

- **Powell Signals More Pain to Come With Fed Sending Rates Higher.**
Federal Reserve Chair Jerome Powell vowed officials would crush inflation after they raised interest rates by 75 basis points for a third straight time and signaled even more aggressive hikes ahead than investors had expected. "We have got to get inflation behind us. I wish there were a painless way to do that. There isn't," Powell told a press conference in Washington on Wednesday after officials lifted the target for the benchmark federal funds rate to a range of 3% to 3.25%. (Source: [Bloomberg](#))
- **Most Treasury Yields Fall After Fed Raises Rates and Projections.**
"It's not overly surprising to see the market pull back after pricing in a hawkish Fed going into the meeting and then seeing the knee-jerk selling on the dots," said Kevin Flanagan, head of fixed-income strategy at Wisdom Tree, referring to policymakers' forecasts. "The big story is not the Fed getting north of 4%, it's about them staying there for a while." (Source: [Bloomberg](#))
- **Factories' Supply Pressures Linger as US Economy Downshifts.**
Warning signs are flashing in some corners of corporate America that US economic activity from factory floors to e-commerce is downshifting as supply-chain pressures and high input costs persist. Take Amazon.com's cargo airline, where operations are growing at the slowest pace since the start of the pandemic, the latest sign that the e-commerce giant is adjusting to slackening consumer demand. (Source: [Bloomberg](#))
- **UK unveils £40 billion winter energy bill bailout for businesses.**
The British government unveiled a multibillion-pound bailout to help companies with their energy bills this winter amid soaring prices that threaten to put many out of business. Under the estimated £40 billion (US\$45 billion) plan, announced Wednesday in a statement, the government will cap the wholesale energy prices that feed into gas and power contracts for businesses for six months. Thereafter, a review will determine whether ongoing support is needed for specific sectors. (Source: [TheEdgeMarkets](#))
- **India's palm oil imports to jump on rising demand, lower prices.**
India's palm oil imports in 2022/23 could jump 9% from a year earlier on a rise in domestic consumption and as competitive prices allow the tropical oil to regain its share in the world's biggest market, a Reuters survey showed on Wednesday. The higher buying could help top producer Indonesia in bringing down ballooning inventories and support benchmark Malaysian palm oil prices, which have nearly halved from record highs earlier this year. (Source: [TheEdgeMarkets](#))

- India seeks to separate lenders to ease clean energy financing.**
 India may unwind a four-year-old decision to combine two state-run lenders, as it seeks to sidestep local rules that restrict them from funding power projects in one of the world's fastest-growing energy markets. The government is discussing a plan for state-run Power Finance Corp to sell its controlling stake in REC Ltd to transmission utility Power Grid Corp, Raj Kumar Singh, the nation's power minister, said in an interview in New Delhi. Power Finance and REC will enjoy their different exposure limits as separate companies, potentially resulting in greater project funding, he said. (Source: [TheEdgeMarkets](#))
- Singapore airport working with airlines to avoid travel chaos as demand returns.**
 Singapore's Changi Airport has avoided long lines and baggage handling problems that have plagued rivals in Europe, North America and Australia through tight coordination of capacity increases with airlines and suppliers, an executive said. The airport reached 56% of its 2019 passenger numbers in August and the government has forecast the number of flights will reach 80% of pre-pandemic levels by the end of the year. (Source: [TheEdgeMarkets](#))

Corporate news

- VS Industry issues RM500 mil Sukuk Wakalah.**
 VS Industry Bhd's wholly-owned subsidiary VS Capital Management Sdn Bhd (VSCM) has issued an Islamic Medium-Term Notes (Sukuk Wakalah) of RM500 million in nominal value. In a filing with Bursa Malaysia on Wednesday (Sept 21), it said the Sukuk Wakalah is based on the Shariah principle of Wakalah Bi Al-Istithmar. "Proceeds from the sukuk issuance will be utilised for working capital requirements, capital expenditure, general corporate purposes, as well as refinancing of existing borrowings or financings of the group," said VS Industry. (Source: [TheEdgeMarkets](#))
- RAM Ratings upgrades RHB banking group to AA1.**
 RAM Rating Services Bhd (RAM Ratings) has upgraded the long-term financial institution ratings of RHB Bank Bhd and its subsidiaries RHB Islamic Bank Bhd and RHB Investment Bank Bhd from AA2 to AA1 with a stable outlook. RHB's group managing director and chief executive officer Mohd Rashid Mohamad said the recent upgrade follows the upward revision of the group's positive rating last year, and reflects the group's continued business resilience, strong fundamentals and robust business strategies. "Our financial performance remained resilient for the first half of 2022. (Source: [TheEdgeMarkets](#))
- Maybank says to run pilot climate stress test.**
 Malayan Banking Bhd (Maybank) said it plans to run a pilot climate stress test in 2022 to better understand how its business strategy and performance will be affected by climate change. "We have explored a number of ESG (environmental, social and governance)/climate stress testing tools to support our scenario analysis capabilities and plan to run a pilot climate stress test in 2022 to better understand how our business strategy and performance will be affected by climate change," Maybank said in its latest corporate presentation. (Source: [TheEdgeMarkets](#))

DISCLAIMER

Legal and Regulatory Notices (Electronic Communications)
© 2018 PRSB.

Important disclosures

This research report is strictly confidential and has been prepared for information purposes only by Phillip Research Sdn Bhd ("PRSB"), a subsidiary of Phillip Capital Holdings Sdn Bhd ("PCH") and is meant for circulation to its clients and clients of other subsidiaries companies of PCH particularly Phillip Mutual Berhad ("PMB"), Phillip Capital Management Sdn Bhd ("PCM"), Phillip Wealth Planners Sdn Bhd ("PWP") and Phillip Capital Sdn Bhd ("PCSB") (collectively refer to as Phillip Group other licensed intermediaries ("PGOLI")) only or such other persons as may be deemed eligible to receive such research report, information or opinion contained herein. Neither the publication/communication nor any portion hereof may be reprinted, distributed, sold, resold, redistributed, copied, reproduced, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of PRSB.

The policy of PRSB is to only publish research that is impartial, independent, clear, fair, and not misleading. Analysts never receive compensation from companies they cover. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure is for your information only and does not constitute any recommendation, representation or warranty. Absence of a disclosable position should not be taken as endorsement on the validity or quality of the research report or recommendation.

To maintain the independence and integrity of PRSB's research, PGOLI activities such as fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and research business lines are distinct from one another. This means that PRSB is not part of and does not report to any of PGOLI. Accordingly, PGOLI does not supervise nor control the activities of PRSB's research analysts. PRSB's research analysts report to the Head of Research, who in turn report to PRSB's senior management.

PRSB and PGOLI have in place internal controls designed to manage conflicts of interest that may arise as a result of PGOLI engaging in fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and PRSB activities. Some examples of these controls include: the use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with PRSB and PGOLI's Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among PRSB's research personnel, fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, and financial planning, PGOLI's financial product issuers and PRSB's research analysts do not compromise the integrity and independence of PRSB's research.

Neither analysts nor their household members/associates/may have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities up to the date of the publication of this research report.

Unless specified otherwise, PRSB did not receive investment banking/non-investment banking income from, and did not manage/co-manage a public offering for, the listed company during the past 12 months, and it does not expect to receive investment banking compensation from the listed company within the coming three months. Unless mentioned otherwise, PRSB does not own a material disclosable position, and does not make a market, in the securities.

We hereby certify that the views expressed in this research report accurately reflect our views about the securities and/or the issuers and that no part of our compensation were or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. We hereby confirm that our analyst(s) has/have not been placed under any undue influence, intervention or pressure by any person(s) in compiling this research report. This report is prepared without any intention to raise, lower or maintaining the price of the securities covered or to induce the recipient to buy or sell the securities covered. In addition, our analyst(s) included herein attest that he/she/they was/were not in possession of any material, non-public price sensitive information regarding the subject company at the time of publication of the report. Save from the disclosure below (if any), we are not aware of any material conflict of interest.

Key to PRSB investment ratings:

Equity:

BUY: Total stock return (including dividends) expected to exceed 20% annually;

O-PF: Total expected return below 20% annually but exceeding market return;

U-PF: Total expected return positive but below market return;

SELL: Total return expected to be negative.

For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

ETFs (Criteria applies to rating assignments from 16th December 2019):

STRONG BUY: Total return (including dividends) expected to exceed 20% annually;

BUY: Total expected return below 20% but exceed 5% or then 1-year rate, whichever is higher;

SELL: Total return of not more than 5% or then 1-year rate, whichever is higher.

The ratings are based on the forecast total return (including dividends) over the next 12 months.

Funds:

The rating a mathematical scoring system that include risks (standard deviation, Sharpe Ratio) and returns (1-year, 3-year, 5-year and consistency)BUY: Total return (including income distribution) is positive and above peers' average while risk factors are low;

O-PF: Total return is positive and above peers' average but has higher risk factors; SELL: Total return is negative.

For a history of the recommendations and price targets for companies mentioned in this report, as well as company specific disclosures, please write to: Phillip Research Sdn Bhd, B-18-6, Block B Level 18, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.

The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject PRSB and/or its associate companies to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of PRSB at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person (include but not limited to Financial Planners and Marketing Representative or a non-analyst), such views and opinions may not correspond to the published view of PRSB. This is not a solicitation or any offer to buy or sell. This publication/communication is for information purposes only and does not constitute any recommendation, representation, warranty or guarantee of performance. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. PRSB, and PGOLI do not accept any responsibility and cannot be held liable for any person's use of, or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, PRSB accepts no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

Subject to any applicable laws and regulations at any given time, PRSB, PGOLI and their respective affiliates or companies or individuals connected with PRSB may have used the information contained herein before publication and may have positions in, may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, investors should be aware that PRSB, PGOLI and/or their respective affiliates or companies or such individuals may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation. Disclosures therein include the position of PRSB and PGOLI only. Unless specified otherwise, PRSB did not receive any compensation or other benefits from the subject company covered in this publication/communication.

The analysts/contributors to this publication/communication may be employed by any relevant PGOLI entity, which is different from the entity that distributes the publication/communication in the respective jurisdictions.

PRSB, PGOLI and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. PGOLI may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

Investors should not consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. PRSB produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. PRSB and PGOLI publishes research product in a number of different ways including the posting of product on the PGOLI portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this report is not intended for “use” as a “benchmark”.

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. ‘Stop loss’ levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, Reuters or PGOLI prices or yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the ‘1933 Act’), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via PhillipCapital Group entity in your home jurisdiction.