19 November 2020

Market Strategy – Regional

ASEAN Re-Opens For Business

- **Recovery.** ASEAN economies should see a robust rebound in growth in 2021. We expect domestic consumption plays – a common 2021 theme across the region – to lead the recovery. Continuing government support, normalised business activity resumption, and an enduring low interest rate environment should support private consumption improvements in 1H21, while the availability of COVID-19 vaccines should cement the recovery in 2H21. Banks, infrastructure, land transport operators, and selective food & beverage (F&B) and retail names are preferred plays, while aviation, real estate, and tourism & hospitality will only start witnessing an earnings recovery towards end-2021, in our view.
- **Biden euphoria for emerging markets (EM).** With an incoming Democrat US President, Joe Biden, a less US-centric growth outlook has spurred interest in EM. A less caustic US-China trade relationship can only be positive for global growth. A split US Congress could impede the new president's ability to implement policy changes, with monetary policy measures remaining prominent to prolong the USD's structural weakness. This will be positive for EM.
- **More domestic stimulus.** We have seen various fiscal stimulus packages being implemented in 2020, to cushion the impact of COVID-19 on economies. In terms of total stimulus packages introduced in South-East Asia, Malaysia has spent the most, at 20.2% of GDP. This was closely followed by Singapore (19.9%), then Thailand (14.2%) and Indonesia (5.1%) – less than what European countries spent, but higher than that of the North Asian states.
- **Portfolio flows – are foreigners coming back?** Foreign portfolio funds have predictably exited ASEAN equity markets in droves this year, as the pandemic hit, fleeing back to the relative safety of the developed markets. US politics, coupled with positive vaccine news, could spur portfolio shifts back into ASEAN equities, with Indonesia, Thailand, and Singapore likely taking the lion's share of inflows. Malaysia's relative outperformance this year means it may not be the first port of call for foreign portfolio funds.
- **ASEAN works from home.** The lockdowns implemented in many parts of the world have increasingly focused on the concepts of social distancing and promoting working from home. The ensuing limited consumer mobility and longer-than-usual stay-home period have led to higher consumption of home-delivered packaged F&B or fast-moving consumer goods (FMCG) products and home entertainment services. We also highlight that grocery stores and retailers of essential goods located in close proximity to residential areas have also enjoyed elevated sales during this period. Businesses and individuals have had to improvise and adjust to adapt to this unprecedented pandemic. From our survey for 2021, given the overly-cautious stance of the Singapore Government in keeping COVID-19 infection rates in check, the adoption of the work-from-home (WFH) trend will be relatively more in Singapore vs Thailand, Indonesia, and Malaysia.

Company Name	Rating	Target Price	% Upside (Downside)	P/E (x) Dec-21F	P/B (x) Dec-21F	Yield (%) Dec-21F
Bank Mandiri	BUY	IDR7,100	14.5	11.5	1.4	2.9
CapitaLand	BUY	SGD3.75	29.8	12.0	0.6	4.2
Gamuda	BUY	MYR3.99	7.5	15.0	1.0	3.2
Global Power Synergy	BUY	THB79.00	17.9	23.4	1.7	2.0
Malayan Banking	BUY	MYR9.40	15.5	13.7	1.0	5.3
Mitra Adiperkasa	BUY	IDR900	17.6	14.6	1.9	1.5
Pakuwon Jati Tbk	BUY	IDR520	7.9	8.8	1.2	1.2
Serba Dinamik	BUY	MYR2.55	52.8	8.1	1.3	3.7
Siam Cement	BUY	THB420.00	17.3	10.7	1.2	4.1
Suntec Real Estate Investment Trust	BUY	SGD1.79	19.3	17.9	0.7	6.2
TISCO Financial	BUY	THB84.80	10.1	9.3	1.4	5.4
Venture Corp	BUY	SGD22.60	17.9	16.1	2.0	3.9

Source: Company data, RHB

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Key Regional Takeaways

Playing the recovery story

Economic recovery in 2021, although uneven, is a base case scenario. Our economics team believes the global economy could be entering a new growth cycle, which may last another 7-10 years, as we move into 2021. China is likely to take the lead in the global economic recovery in this new growth cycle post COVID-19. This is due to a better containment of the pandemic in the country, resulting in businesses and consumers becoming increasingly confident on spending. In addition, China has been promoting domestic consumption as a key economic growth engine since the last global recession. The "inward-looking" efforts have yielded positive results, and we believe Chinese consumers are likely to lead the country's growth for this cycle.

Real GDP in the ASEAN-5 countries – Indonesia, Malaysia, the Philippines, Singapore, and Thailand – should bounce back to record a growth of 6.3% in 2021, from an estimated decline of 4.1% in 2020. The recovery is likely to be lifted by a turnaround in global demand for ASEAN-5 exports and YoY higher private consumption, aided by local stimulus measures.

However, economic recovery is likely to take place at two speeds – countries where the COVID-19 spread has been well-contained (such as China) should recover faster. Moreover, recovery should gather pace in 2H21, as COVID-19 vaccines are more broadly deployed.

Recovery in domestic consumption should be visible first. We note that domestic consumption recovery is a common theme across ASEAN. Ongoing government support – in the form of social protection programmes, especially towards the early part of next year – should see a gradual return of normalised business activities, as countries manage to better contain the pandemic. This is coupled with low interest rates, which should translate to higher private consumption across ASEAN. While consumption during 1H21 will likely remain below potential, a broad-based COVID-19 vaccine could lift sentiment and normalise consumption patterns in the latter part of the year**.**

According to our economics team, in Indonesia, household consumption growth is set to gradually build up in 2021. In Malaysia, private consumption is set to record strong growth in 2021. This marks a rebound from a contraction in 2020 – aided by a low base effect and better economic sentiment, as the public expects restrictive measures to end.

In Singapore, private consumption growth is expected to rebound as we move into 2021, as confidence to spend returns. In Thailand, we expect private consumption growth to pick up from 2Q21 onwards, and return to growth in 2021. In all economies, the private consumption growth momentum is likely to continue for the rest of 2021 – since a gradual decline in unemployment and low interest rates will spur consumption, in our view.

Risks to such a scenario would come from: i) A renewed COVID-19 surge and stringent lockdowns, and ii) a continued failure to extend fiscal stimulus measures that could diminish the recovery slope – or, in the extreme, turn it negative. Across the region, we see banks, infrastructure players, land transport operators, selective F&B and retail players, and domestic meetings, incentives, conferencing, & exhibition or meetings, incentives, conferences and exhibitions (MICE) operators as the likely plays on domestic consumption recovery.

Recovery in global cyclicals that are vaccine-dependent to take time. We believe a recovery in global cyclicals could take a prolonged period of a year or more – as either all countries in the world have to get the virus under control, or an effective treatment/vaccine is developed and widely deployed. A timeline for the creation of a safe, effective vaccine – one that provides immunity for a significant time and can be rolled out quickly – is full of uncertainty. While our house view is that a COVID-19 vaccine will be available by 2H21, large-scale immunisation is expected to take few years. Moreover, a lot can still go wrong, and fears of another economic collapse cannot be ruled out.

In our base case, global cyclicals or sectors that are directly vaccine-dependent, like aviation and related stocks, real estate, tourism-related (eg hospitality), entertainment, and healthcare – as well as industrials and commodity-related industries, will only start seeing earnings recovery towards the end of 2021, in our view.

Figure 1: Regional plays on the domestic economic recovery theme

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Bank Mandiri	20,498	Buy	7100.00	13.6	31/12/2020	15.9	11.6	1.6	1.4	4.2	2.8	9.4	12.8
Mitra Adiperkasa	900	Buy	900.00	19.2	31/12/2020	27.4	13.2	2.1	1.9	0.7	1.6	6.6	13.8
Pakuwon Jati	1,645	Buy	520.00	14.0	31/12/2020	9.3	7.2	1.3	1.2	4.2	1.3	12.7	14.8
Gamuda	2,265	Buy	3.99	8.1	31/7/2021	15.2	14.6	1.0	1.0	3.3	3.3	6.9	7.0
Malayan Banking	22,223	Buy	9.40	18.5	31/12/2020	15.3	13.3	1.0	1.0	4.9	5.4	6.9	7.5
Padini Holdings	391	Buy	2.85	21.3	30/6/2021	10.9	9.2	1.8	1.7	4.3	5.1	17.6	19.0
ComfortDelGro	2,542	Buy	1.70	10.4	31/12/2020	51.3	16.0	1.3	1.3	1.6	5.0	2.5	8.1
Suntec REIT	3,147	Buy	1.79	20.9	31/12/2020	70.7	17.6	0.7	0.7	5.0	6.2	1.0	4.1
Thai Beverage	12,869	Buy	0.72	7.5	30/9/2020	17.1	16.2	3.0	2.7	3.0	3.2	18.2	17.4
Central Pattana	7,691	Buy	58.00	12.6	31/12/2020	34.2	22.1	3.0	2.7	1.2	1.8	12.2	12.8
CP ALL	18,574	Buy	77.00	23.7	31/12/2020	31.0	25.4	6.4	5.6	1.6	2.0	21.9	23.5
TISCO Financial Group	2,039	Buy	84.80	13.1	31/12/2020	9.8	9.0	1.4	1.3	5.1	5.5	15.1	15.2

Note: Prices are as at 13 Nov 2020
Source: Bloomberg, RHB

Figure 2: Regional plays on economic recovery in cyclical sectors, with reliance on external sectors

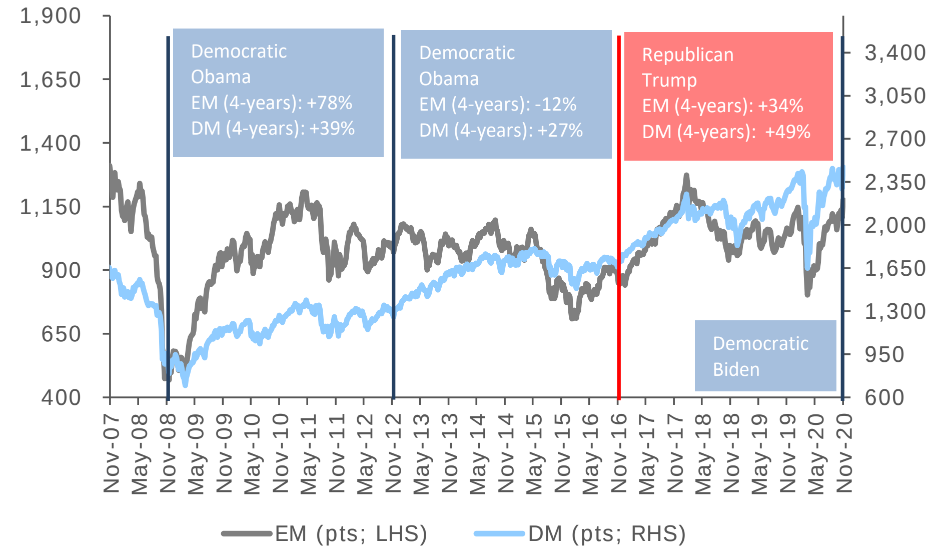
Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Puradelta Lestari	868	Buy	280.00	10.2	31/12/2020	11.5	11.4	1.6	1.6	10.9	9.4	16.1	14.9
Malaysia Airports Holdings	2,249	Neutral	5.00	-3.5	31/12/2020	na	39.1	1.0	1.0	-0.7	1.1	-1.4	2.5
Press Metal Aluminium	6,218	Buy	7.10	14.0	31/12/2020	57.0	26.3	6.4	5.6	0.7	1.6	11.6	22.7
Sime Darby	4,014	Buy	2.75	13.0	30/6/2021	14.9	14.1	1.1	1.0	3.3	3.7	7.3	7.4
CapitaLand	11,147	Buy	3.75	32.0	31/12/2020	19.6	14.8	0.6	0.6	2.8	4.2	2.5	5.2
CDL Hospitality	1,089	Buy	1.25	6.8	31/12/2020	na	21.5	0.8	0.8	3.4	6.0	-3.7	3.9
DBS	45,719	Buy	25.20	5.5	31/12/2020	12.6	10.6	1.0	1.0	3.1	3.8	8.8	9.5
Bangkok Dusit Medical Services	11,407	Buy	23.00	7.5	31/12/2020	53.0	41.0	4.3	4.1	1.1	1.5	8.1	10.2
Siam Cement	14,210	Buy	420.00	16.3	31/12/2020	12.2	10.8	1.3	1.2	3.6	4.0	11.0	11.6
Thai Union Group	2,340	Buy	17.50	15.1	31/12/2020	11.5	11.0	1.3	1.2	4.2	4.5	11.3	11.5

Note: Prices are as at 13 Nov 2020
Source: Bloomberg, RHB

What does the US election outcome mean for ASEAN?

EM are beneficiaries of a Biden victory, the MSCI South East Asia (ASEAN) rallied 12% in the past week. With Biden set to be inaugurated as the US president by Jan 2021, emerging and global markets seem to favour him winning against Donald Trump. The MSCI ASEAN has rallied 12% to 689 pts from 614 pts in the past one week – faster than the MSCI EM Index, which also rose by c.6% in the same period during the US election.

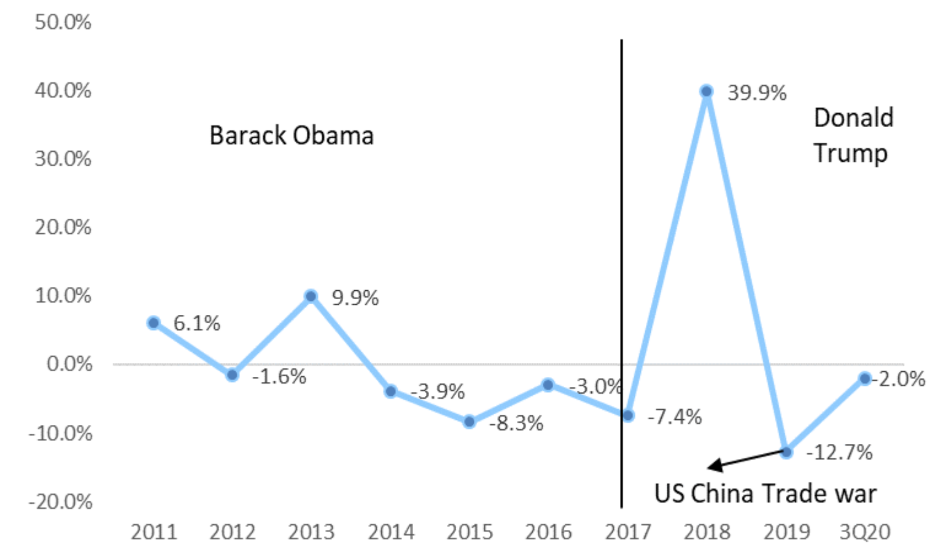
Figure 3: MSCI EM and Developed Markets (DM) trends



Source: Bloomberg (MSCI), RHB

- The EM Index reacted more positively when Barack Obama was appointed as the US president for his first term
- MSCI EM FY21F EPS P/E at 14x, DM at 19.1x

Figure 4: Dow Jones Index EPS growth – nominal GDP growth in the US



Source: Bloomberg, RHB

- Trump's tax cut initiative has supported superior DJI growth, even to EM. This pulled fund flows back to the US
- In contrast, a Biden policy to raise tax rates could lower earnings growth, making EM earnings growth prospects more attractive

A Biden victory will be positive for EM. Along with the news on vaccines, a likely Biden victory has helped to drive global markets in recent weeks. Although the US-China trade relationship will likely remain frosty, we expect Biden to take a multi-lateral approach when dealing with China.

What will happen if Biden raises taxes? While stiffer tax rates in the US will be nominally negative for the markets, we think that wholesale policy changes are unlikely, because of a split US Congress. Biden's policy platform includes higher taxes that are intended to raise funding to improve healthcare and expand free college programmes. The likely inability of the Biden administration to secure a significant fiscal stimulus programme would mean the continued prominence of low interest rates in the US' monetary policy. This, in turn, highlights the persistent structural weakness of the greenback. All these imply that investors will begin to relook at EM in the year ahead. EM is trading at 14x FY21F P/E – a significant discount to DM's 19x FY21 P/E and the S&P 500 Index's 20x P/E.

Stimulus measures everywhere

Economic stimulus package. The resurgence of COVID-19 infections in most parts of the world is likely to dampen both business and consumer sentiment. We believe this will weigh on the economic recovery for most of 1H21, and governments need to step up support for their respective economies. We have seen various fiscal stimulus packages being implemented in 2020, to cushion the impact of the pandemic on multiple economies. Below is a breakdown of the stimulus packages introduced by different countries.

Figure 5: Recent government packages

Country	Fiscal spending (1)		Lending schemes (2)		Total (1+2)	
	Value	% GDP	Value	% GDP	Value	% GDP
US	~USD2.4trn	~12.0%	~USD4trn	~20.0%	~USD6.4trn	~32.0%
Eurozone	~EUR815bn	~6.3%	EUR540bn	~4.5%	~EUR1,355bn	~10.8%
Germany	EUR286bn	8.9%	EUR820bn	25.3%	EUR1,106bn	34.2%
France	EUR228bn	9.8%	EUR315bn	13.4%	EUR543bn	23.2%
Italy	EUR105bn	6.2%	EUR750bn	43.5%	EUR855bn	49.7%
Spain	EUR38.3bn	3.2%	EUR182bn	15.4%	EUR220.3bn	18.6%
UK	GBP153.2bn	7.0%	GBP330bn	15.0%	GBP483.2bn	22.0%
Japan	JPY106.1trn	19.6%	JPY62trn	11.5%	JPY234.2trn	31.1%
Australia	AUD164bn	8.4%	AUD125bn	6.4%	AUD289bn	14.8%
China	CNY3.5trn	3.5%	CNY5.6trn	5.6%	CNY9.1trn	9.1%
Hong Kong	HKD279.3bn	9.7%	HKD32.2bn	1.1%	HKD311.5bn	10.8%
South Korea	KRW86.8trn	4.5%	KRW106.5trn	5.5%	KRW193.3trn	10.0%
Taiwan	TWD350bn	1.9%	TWD700bn	3.7%	TWD1.05trn	5.6%
Malaysia	MYR135.6bn	9.0%	MYR169.6bn	11.2%	MYR305.2bn	20.2%
Indonesia	IDR677.2trn	4.2%	IDR150.0trn	0.9%	IDR827.2trn	5.1%
Singapore	SGD80.7bn	15.9%	SGD20.2bn	4.0%	SGD100.9bn	19.9%
Thailand	THB1.9trn	11.2%	THB500bn	3.0%	THB2.4trn	14.2%

Note: Data as of 28 Sep 2020
Source: Bank of Thailand

Indonesia. Several administrative and operational issues pose hurdles to faster stimulus spending. Disbursements have been slow, due to red tape and verification processes. This, however, has been the primary focus of the Indonesian Government over the last few months, which saw disbursements increase rapidly – yet, hurdles remain. The second issue: The quantum of support given. So far, stimulus measures have only accounted for 5% of GDP, which is inadequate to support a population that is largely reliant on the informal sector.

Malaysia. While support has been extensive at the beginning of the COVID-19 pandemic, subsequent additional support has been selective. However, the recent expansionary 2021 budget proposal has focused on offering continued support for: i) The low-income segment, ii) businesses, and iii) initiating high multiplier projects to boost the economy. Additionally, support from the external sector has been positive, with trade-oriented industries such as gloves, electronics, and palm oil doing well.

Singapore. Despite Singapore's extensive fiscal support to boost domestic demand, its recovery to pre-COVID-19 GDP levels remains dependent on global economic growth. The main risk rests on uncertain global demand, which affects outward-oriented sectors such as tourism and aviation. Moreover, retail sales – still in a decline (September: -10.8% YoY) – are largely dependent on international visitors, which plunged 99.4% YoY in September as a result of movement restrictions imposed between nations.

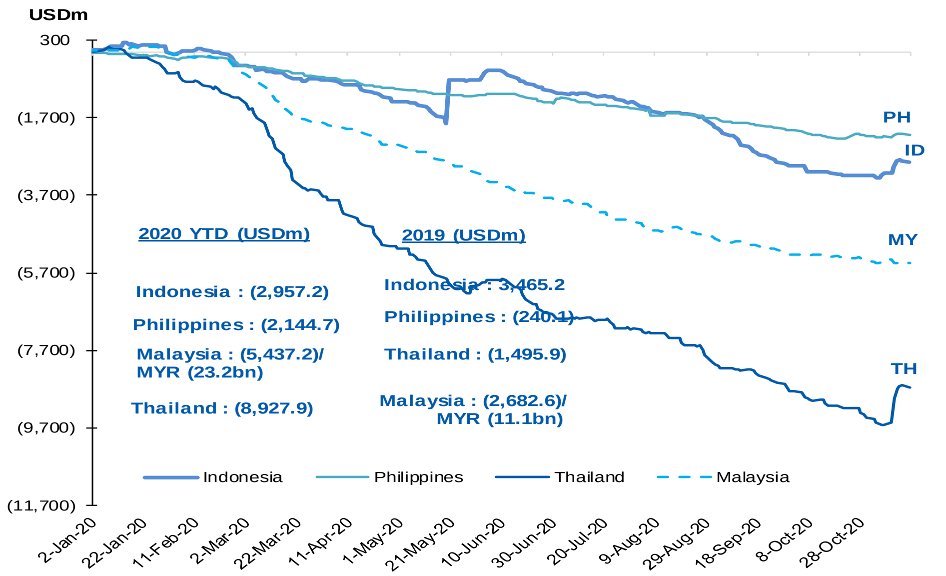
Most employment support measures are expected to taper off by Mar 2021, yet the trajectory for the virus and the possible deployment of a vaccine in 1H20 remains uncertain. Therefore, government efforts in providing reskilling and training opportunities for the unemployed may be outweighed by an uncertain business sentiment – both domestically and globally. This is likely to continue hampering businesses' hiring sentiment, which – in our view – will contribute more to an already-soft labour market. The overall unemployment rate remained at a high in September (3.6%), despite the reopening of the domestic economy. The Singaporean Government may need to continue providing support measures, as the country enters 2021.

Thailand. We anticipate that one of the key risks would be the slow disbursement of the Thai Government's fiscal stimulus packages, as seen this year. While Thailand has launched a stimulus package worth THB2.4trn, or about 14.2% of GDP, its government has been slow in deploying cash to support the economy. Less than a third of the THB1.9trn stimulus announced for spending has been utilised, according to official figures as at September. Some of the reasons for the delay: i) Difficulties in identifying the right projects, ii) bureaucratic hurdles for a cash transfer programme, and iii) the reluctance of lenders to give new loans for small & medium enterprises (SMEs).

However, we expect the Thai Government to be more effective in deploying such stimulus packages, as the void in last year's Cabinet has been filled. Bureaucratic hurdles for its cash transfer programme have been overcome too, as seen by the improvement in the deployment to low-income groups. We also expect to see more loan approvals by lenders for SMEs, as encouraged by Bank of Thailand, as well as improved sentiment in 2H21.

Foreign portfolio flows: Are foreign funds headed back to ASEAN anytime soon?

Figure 6: ASEAN 2020 YTD cumulative foreign net equity flows



Source: Bursa Malaysia, RHB

Foreign portfolio funds have predictably exited the ASEAN equity markets in droves this year, as COVID-19 hit the world. While the pandemic has left few countries and markets untouched, foreign portfolio funds likely retreated back to the perceived relative safety of DM. In addition, Malaysia, Thailand, and Indonesia have all seen some escalation of their respective political risks, which is usually a significant red flag for foreign portfolio investors.

In Malaysia, the unscheduled change in government in late February was the catalyst for persistent foreign selling, which reached MYR23.2bn YTD. In Thailand, the ongoing political upheaval – coupled with the pandemic – has dealt the economy a massive blow, considering the significance of the tourism and hospitality sectors to the kingdom. Accordingly, YTD portfolio outflows from Thailand have dwarfed that of other ASEAN markets.

Relative to regional peers, Singapore has probably offered the most comfort to foreign investors, in terms of political and economic policy continuity. Although lacking data on foreign flows, investors are likely to have stayed away from Singaporean equities, as there are few tech names listed. Meanwhile, the cyclical banks, telecommunications, and industrial stocks that form a large portion of the index have not been favoured by investors. Outside of S-REITs, there were limited defensive sectors available to investors.

The YTD sell-off by foreigners on the Indonesian money market has been relatively more modest than that of Thailand and Malaysia. While we have seen some protests against the new omnibus law, such demonstrations were relatively muted. At the same time, President Joko Widodo (Jokowi) is still viewed as enjoying a strong political position, with a commanding majority in Parliament. However, within the ASEAN markets under our coverage, Indonesia has been the hardest hit by COVID-19 – given its geographical expanse and porous borders.

With political developments in the US likely bringing in a less abrasive Biden administration, US-China trade is likely to remain fraught with tension, although international relations should be less volatile. This should result in a more conducive business environment. The US election results were closer than expected, and the anticipated Democratic "Blue Wave" did not materialise. A likely split in the US Congress could impede the new president's ability to implement policy changes and introduce significant fiscal stimulus measures.

We believe monetary measures will remain prominent, which will mean continued structural weaknesses for the USD. We also view the recent better-than-expected vaccine news as a boon for EM, which have underperformed DM this year. Accordingly, we can expect to see gradual portfolio shifts back to EM in 2021.

Given this macroeconomic scenario, we expect the immediate beneficiaries to be the markets in Singapore and Indonesia. The former should be attractive, given the prominence of large cyclical sectors like banks and property. The latter, on the other hand, will attract foreign funds on the back of its long-term growth potential from significant infrastructure needs, a large domestic market, and upside potential for the IDR.

Malaysia's low-beta status means Bursa Malaysia has outperformed its peers this year. Accordingly, the country may not be the first port of call for portfolio funds flowing back into the region.

The recent vaccine news and shift in investor psychology to pivot towards value sectors, cyclical stocks, and recovery plays should benefit ASEAN markets in general. Although tourism & hospitality is likely to be amongst the last sectors to recover, foreign investor interest in Thailand is expected to be strong, given the massive YTD equity sell-offs.

Life after lockdowns: The next wave of WFH

The lockdowns implemented in many parts of the world have increasingly focused on the concepts of social distancing and promoting the WFH alternative. Limited consumer mobility and longer-than-usual stay-home periods have led to higher consumption of home-delivered packaged F&B or FMCG products, as well as home entertainment services. Additionally, we highlight that grocery stores and retailers of essential goods located in close proximity to residential areas have also enjoyed higher sales during this period.

Businesses and individuals have had to improvise and adjust to adapt to this unprecedented pandemic. Based on our survey – conducted via telephone interviews with large corporations that are industry leaders in their respective countries – the WFH concept will continue to be adopted.

Indonesia. National and Jakarta daily COVID-19 cases have increased, due to the holiday season in end-October. However, the number of infected cases did soften in November. We believe the lack of hygiene discipline, especially in the mid- to low-income segment, could result in daily cases remaining high – at least until there is mass distribution of a vaccine.

Indonesia did implement large-scale social restrictions (PSBB), where execution varied across areas, mostly in larger cities. Most Tier-2 or -3 cities have gone back to a "new normal", with the majority of employees resuming work in their offices. In our survey with the market leaders, the bulk of the respondents – especially those in service sectors like telecommunications, finance, and insurance – are still implementing WFH policies. Meanwhile, the majority of employees in the plantation, auto, and consumer staples industries have mostly gone back to their offices and/or manufacturing plants.

Malaysia. The resurgence of local COVID-19 transmissions has led to localised lockdowns in recent months. While schools have been shuttered, inter-district movements are now restricted, and white collar workers have been encouraged to WFH, lessons have been learnt from the much more draconian original Movement Control Order (MCO) enforced in March. The MCO crippled the economy and caused a significant spike in unemployment.

Juggling the lives vs livelihoods equation, the ongoing Conditional MCO allows most businesses to operate as normal – allowing the core functioning parts of the economy to continue. The enforced WFH arrangements – for a large part of the workforce – means a bigger focus towards home improvement, given the extended period of time that people are at home. Online shopping has surged during this period, as has retail interest in the stock market. The demand for courier services has also grown exponentially.

Singapore. Barring those that were deemed as essential services during the Circuit Breaker, most people were expected to WFH. For most sectors, a limit was placed on the number of employees that could work from the office, so as to ensure the adherence to safe distancing norms.

However, with the gradual relaxation of measures and easing of restrictions, more people have been allowed to return to the work place. Based on Apple Maps Mobility Trends and Google's COVID-19 Community Mobility Reports, visits to the workplace and public transit – buses and trains – have tripled from the lows registered during the Circuit Breaker. Based on the latest data, visits to workplace are c.20-30% below pre-COVID-19 levels.

While WFH remains the default option where possible telecommuting may become the norm, in our view, most businesses are expected to see about 90-100% of the workforce returning to the work place under the new normal, once we have recovered from the pandemic. Nevertheless, the new normal is expected to lead to some structural changes to the industry, especially in real estate- and consumption-driven sectors. There is a likelihood of people looking to move into larger houses and purchasing more home improvement and technology products, which will make it relatively easier for them to continue working from their homes.

Thailand. Over 10 months into this public health crisis – with a month-long lockdown during April-May – Thailand has had zero domestic infections. The number of confirmed cases in the kingdom has increased to 3,804 and the country is ranked at a safe 147th in the world. This may be the reason that the shift of working from the office to the home was less adopted across the industries, especially for the manufacturing and service sectors.

That said, we believe the WFH concept will stay in place for the telecommunications, oil & gas, and petrochemicals sectors. Consumer staples counters are CP ALL (CPALL TB, BUY, TP: THB77.00) and Home Product Center (HMPRO TB, SELL, TP: THB12.60). Our food sector picks include Thai Union (TU TB, BUY, TP: THB17.50) and Charoen Pokphand Foods (CPF, BUY, TP: THB38.00).

Figure 7: Survey data on leading industry corporations towards work from office trends

Industry (WFO)	Current situation: Work from Office				Possible trends: Work from Office			
	Indonesia	Malaysia	Singapore	Thailand	Indonesia	Malaysia	Singapore	Thailand
Agriculture/plantation	100%	100%	na	100%	100%	100%	na	100%
Automotive	50-60%	90%	na	100%	100%	100%	na	100%
Banks	50%	20%	50%	100%	100%	100%	80-90%	100%
Construction materials	50%	100%	na	60%	100%	100%	na	100%
Contractor	50%	100%	50-75%	100%	100%	100%	100%	100%
Consumer staples	75%	90%	95-100%	99%	100%	100%	95-100%	95%
Consumer discretionary	25-50%	90%	na	98%	100%	100%	na	95%
Electronics	50%	100%	80%	90%	100%	100%	80-90%	90%
F&B	50%	100%	95-100%	95%	100%	100%	95-100%	95%
Financials	50%	20%	50%	100%	100%	100%	80-90%	100%
Healthcare	30-50%	100%	100%	100%	100%	100%	100%	100%
Insurance	75%	20%	na	100%	100%	100%	na	100%
Oil & gas	50%	100%	50-75%	80%	100%	100%	100%	80%
Petrochemicals	na	100%	na	70%	na	100%	na	70%
Packaging	na	100%	na	60%	na	100%	na	100%
Property development	50%	100%	50%	100%	100%	100%	100%	100%
Property retail, REITs	na	100%	50%	100%	na	100%	100%	100%
Utilities	50%	100%	na	95%	100%	100%	na	95%
Telecommunication	5-10%	100%	50%	50%	na	100%	80-90%	30%
Transportation	na	100%	na	na	na	100%	na	na
Road & rail	35-50%	100%	80-90%	100%	100%	100%	100%	100%
Sea marine	na	100%	na	100%	100%	100%	na	100%
Airline & airport	50%	100%	50-75%	100%	100%	100%	100%	100%
Tourism – hotels	50-100%	20%	80-90%	99%	100%	100%	90-100%	95%

Note: Interviews were done with leading industry corporations
Source: RHB

Key Risks

Prolonged COVID-19 pandemic

The uncontained spread of COVID-19 and the persistent prevalence of the virus in highly-populated areas have caused extended lockdowns in many countries – which significantly dragged on business activity. The absence of a cure and the subsequent implementation of physical distancing guidelines in the new normal have led to a sharp decline in private consumption, with major repercussions for corporate earnings and financial markets.

A resurgence of widespread COVID-19 infections before the availability of an effective and proven vaccine would cause further major economic disruptions, should it be serious enough to trigger further rounds of lockdowns – especially as the colder winter months imminent in the northern hemisphere. This could delay the expected recovery in domestic consumption for most ASEAN countries.

An effective COVID-19 vaccine that can be mass-produced in sufficient quantities coming into the market earlier than expected would be a rerating catalyst. A delay in the availability of a vaccine could stymie the global macroeconomic recovery.

A potential US constitutional crisis could lead to elevated volatility

Although poll returns indicate that Biden has convincingly secured enough electoral college votes to win the US presidency, President Trump has been unwilling to accept the outcome and is pursuing multiple court cases for recounts and alleging fraud. A scenario where the election results are subjected to a long drawn-out legal battle – or Trump's refusal to vacate office – could trigger an unprecedented constitutional crisis that may negatively impact the money markets.

Domestic political and policy risks

Unresolved domestic political issues in Thailand and Malaysia will remain an underlying risk for those markets. In Malaysia, the Perikatan Nasional (PN) government's thin parliamentary majority means we cannot rule out a snap election that would be a significant negative for the country, given the significant COVID-19 transmission risks and the distraction of such an exercise.

In Thailand, street protests have eased while reform proposals are making their way through the House of Representatives – which should tone down political tensions. Nonetheless, we believe political risks will remain an impediment for the market. Political conditions in Indonesia have been more stable after the passing of the controversial omnibus law – helped by the current government's strong position in Parliament with six ex-military ministers under President Jokowi's second-term Cabinet, ie one of the highest numbers in Indonesia's history. The biggest foreseeable risk is an escalation of social unrest.

Oil price volatility

Lower crude oil prices should be a net negative for Malaysia – as it is the only net oil & gas exporter in ASEAN. This is given the fiscal contributions from petroleum income taxes, royalties, and Petronas' dividends. Reduced oil revenues should be negative for the country's current account position and the MYR. A low oil price environment would result in Petronas undertaking a more cautious stance on the development of domestic oil & gas resources, with a reduced capex budget that would dampen the local industry.

Higher oil prices, however, will lead to increased domestic fuel prices. This may affect consumption growth and inflation. In an extreme situation, this would also have negative implications for global growth.

Sovereign rating risks

A prolonged period of low oil prices and recent stimulus packages initiated by the Malaysian Government to alleviate the impact of the pandemic would impact its ability to contain the fiscal deficit and limit indebtedness. We cannot rule out the possibility of the international rating agencies having to re-assess Malaysia's sovereign rating status, should government finances worsen further.

Most of the rating agencies have recently maintained Thailand's rating at BBB+, with a stable outlook due to a rise in FX reserves that has bolstered external buffers and offered further room to support fiscal and monetary measures. Rating agencies have maintained Indonesia's sovereign rating at BBB with a stable outlook, with the exception of Standard & Poor's, which downgraded the outlook to Negative. High expectation of strong foreign direct investments (FDIs) in the coming years – thanks to the new omnibus law – should provide strong support for the rating to be stable, or even improved, going forward.

A sovereign ratings downgrade could raise bond yields, lift funding costs, and accelerate the outflow of capital from the debt market, which could pressure a country's currency.

Outflow of foreign capital

The increased weightage of China A-shares on international index benchmarks could limit the importance and attractiveness of ASEAN financial markets to international portfolio investors. ASEAN markets could remain vulnerable to further outflows of foreign capital on prevailing domestic risks and changes in the external environment. Reduced foreign demand could lead to higher yields and funding costs for ASEAN governments.

US-China trade war

A further worsening of the US-China trade relationship could have profound consequences for global trade and growth. Until there is better clarity on global growth, business sentiment could remain bearish – with businesses delaying their investment plans.

Devaluation of the CNY

A deliberate devaluation of the CNY, while unlikely, cannot be ruled out. This would be immediately negative for commodity prices, as well as EM currencies. China's reduced purchasing power could hurt ASEAN exports and trigger a competitive devaluation.

Indonesia Strategy

Still OVERWEIGHT on the JCI, with a mid-2021F target of 5,800pts

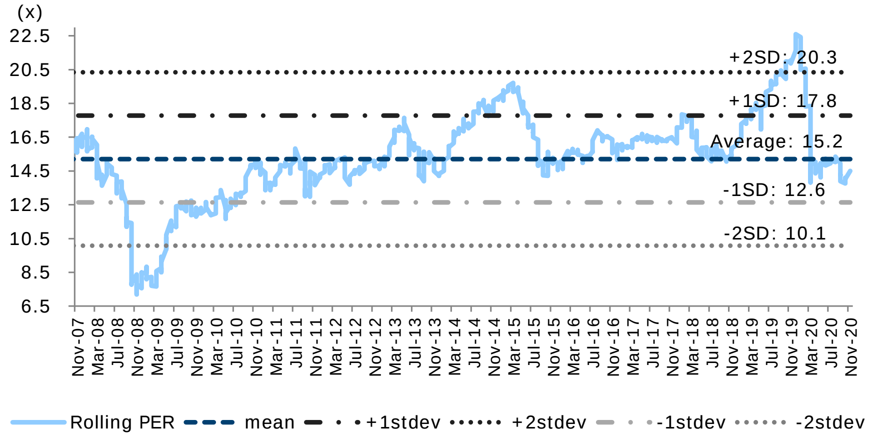
Approximately 75% of stocks under our coverage have announced their 3Q20 results. Nine out of 16 sectors (most of them cyclical) booked lower-than-estimated earnings – as enhanced lockdown restrictions were reinforced for 17 days in 3Q20. However, positive sentiment on the local market post-US presidential election should continue in the short term.

Riding the wave of foreign inflows to JCI

Indonesia's equity market has benefited from significant foreign inflows for the past week after the US presidential election. Large bond inflows have strengthened the IDR against the USD by more than 5%, thereby increasing investors' comfort over having IDR investment exposure. 10-year bond yields slid well below 7%. Earning estimate upgrades in the banking sector post 3Q20 results – with less concern over credit quality – should help to support the recent rally, fundamentally, in the sector.

Meanwhile, there are concerns over the rise in global COVID-19 infections, as well as in Indonesia, which could dampen the positive sentiment. The JCI is trading at 14.3x FY21F P/E – the same level as EM, but much lower than DM's 19x P/E and S&P 500's 20x P/E.

Figure 8: JCI's 13-year average P/E band (12M forward-rolling)



Source: Company data, RHB

- As the JCI is almost trading at a 12-year mean P/E, we expect it to trend sideways until end-2020, as surging new COVID-19 cases may continue to delay the economy's restart. The passing of the omnibus law should create positive sentiment on the JCI

Large foreign outflows in the past four years

The Top-20 list below shows the largest foreign outflows since early 2017, based on ownership data reported to the Indonesia Central Securities Depository (KSEI). The large foreign outflow and weak share price performance during the same period may see a strong reverse trend for stocks like Astra International (ASII IJ, BUY, TP: IDR6,000), Telekomunikasi Indonesia (see Figure 10 for details), and United Tractors (UNTR IJ, BUY, TP: IDR25,000). This has become one of our stock-screening processes for the Top-10 Picks, taking into account the outlook for their fundamentals.

Figure 9: Top-20 largest foreign outflows since 2017

Stock:	Foreign outflows since 2017 (IDRbn)	4-year share price performance (%)	YTD (%)	3-month (%)	1-month (%)	2-week (%)	FY21F P/E	FY21F P/BV
Astra International	(12,003)	-22%	-13%	27%	27%	11%	13.5	1.4
Telekomunikasi Indonesia	(10,644)	-23%	-23%	11%	11%	16%	12.5	2.6
Bank Negara Indonesia	(8,147)	4%	-32%	13%	13%	13%	8.2	0.8
Bank Mandiri	(6,839)	14%	-20%	9%	9%	7%	11.3	1.4
Bank Rakyat Indonesia	(5,819)	65%	-10%	20%	20%	18%	15.6	2.2
United Tractors	(5,493)	-8%	-2%	-6%	-6%	0%	8.2	1.2
Indah Kiat Pulp & Paper*	(4,682)	830%	20%	7%	7%	1%	10.9	0.8
Unilever Indonesia	(3,661)	-5%	-7%	-2%	-2%	0%	36.8	47.4
Sinar Mas Multiartha*	(3,380)	80%	0%	-10%	-10%	-7%	N/A	N/A
Chandra Asri Petrochemical*	(2,786)	124%	-19%	7%	7%	5%	150.0	5.7
Gudang Garam	(2,560)	-35%	-22%	-7%	-7%	1%	7.6	1.4
Bank Tabungan Negara	(2,151)	-10%	-25%	20%	20%	14%	10.4	0.9
Kalbe Farma	(2,078)	-3%	-8%	-6%	-6%	-3%	22.0	3.6
Tower Bersama Infrastructure*	(1,980)	22%	12%	2%	2%	-8%	24.1	4.8
Semen Indonesia	(1,754)	28%	-6%	21%	21%	18%	26.9	1.9
Perusahaan Gas Negara*	(1,704)	-50%	-46%	14%	14%	9%	15.3	0.8
Barito Pacific*	(1,668)	497%	-37%	9%	9%	6%	3.3	1.8
Jasa Marga	(1,508)	-8%	-20%	9%	9%	17%	17.7	1.2
Elang Mahkota Teknologi*	(1,366)	3%	66%	34%	34%	16%	N/A	N/A
Hanjaya Mandala Sampoerna	(1,357)	-62%	-32%	-8%	-8%	1%	11.9	4.7

*Note: *Non-rated stocks; valuation data based on consensus*
Source: RHB, Indonesia Central Securities Depository (KSEI)

Our balanced portfolio focuses on large cap and a few bottom-up cyclical names

The newest additions are Bank Mandiri (BMRI), Pakuwon Jati (PWON), and Mitra Adiperkasa (MAPI) – with solid fundamentals. Our Top 10 picks include three names in the banking sector, two retail counters, and two property stocks, and the remainder are from the telco, cement and media industries.

Big caps should ride the wave of strong positive sentiment on the back of the large foreign fund inflow, while all the smaller-cap picks are cyclical – the main beneficiaries of a vaccine distribution story that will revive the economy.

Figure 10: RHB Indonesia's Top 10 picks

	Name	Ticker	Rating	Price (IDR)	TP (IDR)	Upside/ downside (%)	Market cap (USDbn)	2021F EPS Growth (%)	2021F P/E (x)	2021F P/BV (x)	2021F PEG (x)	2021F Yield (%)	2021F ROE (%)
1	Bank Central Asia	BBCA IJ	BUY	31,950	34,000	6.4	55.8	22.1	25.9	3.7	1.2	0.8	15.2
2	Telkom Indonesia	TLKM IJ	BUY	2,990	4,000	33.8	21.0	15.9	12.3	2.6	0.8	5.3	21.8
3	Bank Mandiri	BMRI IJ	BUY	6,250	7,100	13.6	20.6	53.4	11.4	1.4	0.2	2.6	12.8
4	Bank Negara Indonesia	BBNI IJ	BUY	5,650	5,600	(0.9)	7.5	30.0	8.6	0.8	0.3	1.8	9.5
5	Indocement	INTP IJ	BUY	14,400	14,000	(2.8)	3.8	17.8	24.5	2.1	1.4	3.3	8.8
6	Pakuwon Jati	PWON IJ	BUY	456	520	14.0	1.6	30.9	8.4	1.0	0.3	1.4	12.9
7	Media Nusantara Citra	MNCN IJ	BUY	875	1,640	87.4	0.9	30.7	5.1	0.9	0.2	2.9	16.6
8	Mitra Adiperkasa	MAPI IJ	BUY	755	900	19.2	0.9	469.7	26.4	1.5	0.1	1.6	5.9
9	Puradelta Lestari	DMAS IJ	BUY	254	280	10.2	0.9	1.2	10.5	1.6	8.6	9.4	14.9
10	Erajaya	ERAA IJ	BUY	1,795	2,000	11.4	0.4	110.2	7.7	1.0	0.1	1.5	13.6

Note: Based on closing price 13 Nov 20
Source: Company data, RHB

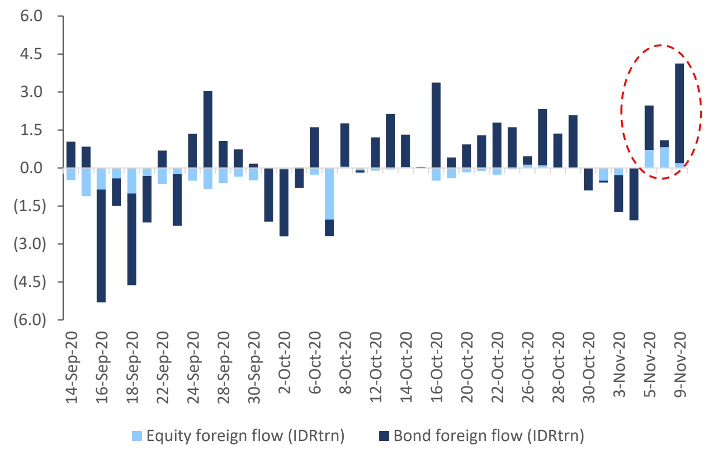
Key catalysts for our Top 3 picks:

i. **Bank Mandiri (BMRI IJ, BUY, TP: IDR7,100)**. 9M20 results were strong, outperforming our and Street FY20 estimates – at 84% and 82% of full-year estimates – due to lower-than-expected provisions. Provision coverage remains one of the highest among peers, at 205%. Along with the recovery of the economy, loan growth should pick up, while transaction volume should normalise as well, driving up fee income. Its valuation remains undemanding at 1.3x FY21F P/BV.

ii. **Pakuwon Jati (PWON IJ, BUY, TP: IDR520)**. As traffic in retail malls gradually pick up with the easing of PSBB restrictions, PWON should be able to lower discounts on rental rates to 0-30%, from 50% currently. This should significantly impact topline, as 40% of revenue comes from retail malls. Hotel occupancy rates should have already bottomed, with single-digit numbers. In the event of an effective vaccine being distributed, retail traffic, hotel occupancy and (to an extent) marketing sales should pick up.

iii. **Mitra Adiperkasa (MAPI IJ, BUY, TP: IDR900)**. The reopening of business activities post lifting of stricter PSBB measures in Jakarta should benefit MAPI, given that 50-60% of revenue is derived from Jakarta. The company should enjoy a stronger 4Q20 due to end-of-season promotions and year-end festivities. We think MAPI's more resilient target market (mid-to-upper segment) should have higher potential to seize this momentum. Additionally, increasing health awareness should benefit its active products business. Approaching the year-end holidays, we also note the recovery in outdoor activities, which should provide better potential for its active products.

Figure 11: Bond & equity daily foreign flows (2-month period)

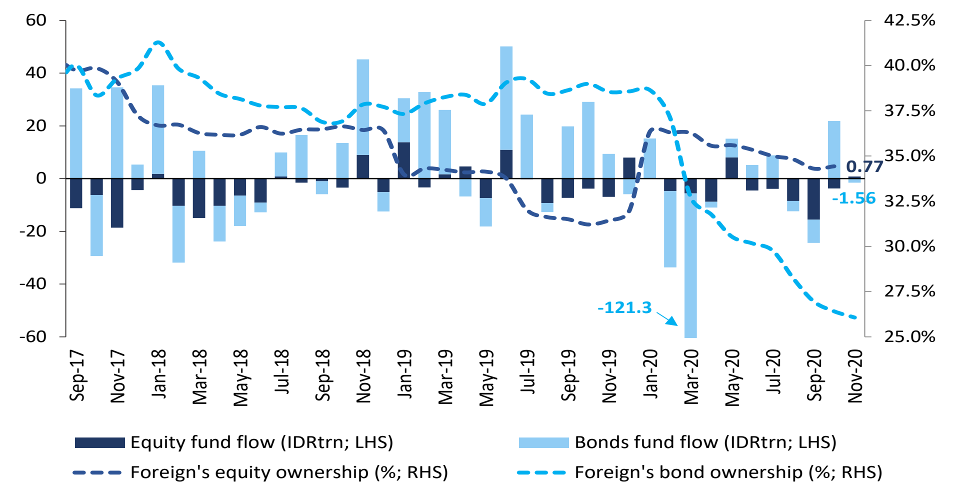


Source: Bloomberg, RHB

Figure 12: USD/IDR trend

Source: Bloomberg, RHB

Figure 13: JCI's equity and bond foreign flows

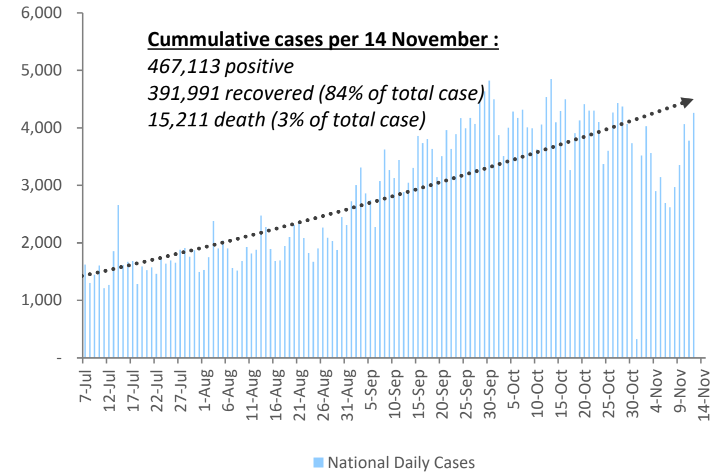


Source: Bloomberg, KSEI, RHB

COVID-19 daily cases ticked up after holiday season

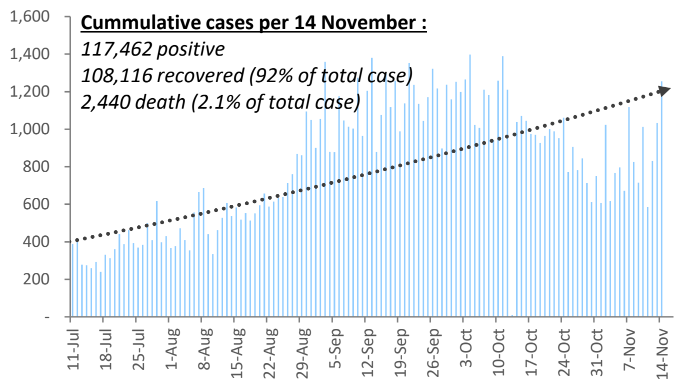
National and Jakarta daily cases have increased due to the holiday season at end-October, and softened in early November. We believe the lack of hygiene discipline, especially in the mid- to low-income segment, could result in daily cases remaining high until the mass distribution of a vaccine happens – which is likely in 2Q21. Key primary beneficiaries would be retailers (MAPI), mall/toll operators – PWON and Jasa Marga (JSMR IJ, BUY, TP: IDR5,250) – and taxi operators, ie Blue Bird (BIRD IJ, BUY, TP: IDR1,600), on potential rising economic activity, with most of these companies' revenue concentrated in the Jakarta area.

Figure 14: National COVID-19 daily cases



Source: Satuan Tugas Penanganan COVID-19, RHB

Figure 15: COVID-19 daily cases in Jakarta



Source: Satuan Tugas Penanganan COVID-19, RHB

Malaysia Strategy

At the dawn of a new growth cycle

For much of the preceding three months, the markets have been treading water. Investors have been reluctant to look much beyond the very short term, with the attention fixed on near-term risks. Sentiment was exacerbated by a resurgence in COVID-19 infections in Europe, the US, Malaysia, and Indonesia.

In recent weeks, however, global investor sentiment has been boosted by the better-than-expected efficacy rate for the COVID-19 vaccine being developed by Pfizer and other pharmaceutical companies, with the possibility that commercial availability could begin before end-2020. This has spurred investor optimism, cementing expectations that a gradually improving macroeconomic environment (RHB's base-case scenario) is becoming a reality.

The outcome of the US presidential election that will likely see a Biden administration – coupled with a Republican-controlled Senate – implies that the incoming president will not find it easy to implement his policy initiatives. Accordingly, further fiscal stimulus could be more limited than previously anticipated, with monetary policy support to retain prominence. This means that interest rates could remain lower for longer, with global liquidity conditions remaining robust, helping to extend the structural weakness of the USD.

With all these combined, we expect that global portfolio funds would begin to shift back to EM in the coming months.

Domestic political risks look manageable for now

While the 2021 Budget was by no means perfect, it also contained few controversial proposals. As expected, it was an expansionary budget focused on supporting businesses and the B40 segment to alleviate the impact of the pandemic, and we see minimal risk of significant parliamentary opposition. Both sides appear to be in agreement that a snap election in the middle of a raging pandemic is ill-advised. Accordingly, we are optimistic that the budget can be tweaked to satisfy stakeholders, to ensure that it receives parliamentary assent.

Is the glove play finally over?

After a spectacular run up for the glove sector over the course of the past six months, with the two FBM KLCI component stocks Top Glove (TOPG MK, BUY, TP: MYR9.50) and Hartalega (HART MK, BUY, TP: MYR23.50) contributing 150 pts to the index YTD, news of a vaccine that is more efficacious than expected have triggered a sell-off in the glove sector. However, detailed data for the Pfizer-BioNTech SE vaccine has yet to pass scrutiny, and many details remain unknown – including the duration of the protection, if it prevents infection, and effectiveness for older people. The estimated efficacy rate could also change, as more data is analysed. The time required to scale up production of the vaccine and the logistical issues to inoculate everyone means that the pandemic will likely continue to rage on, despite the best efforts taken to flatten the curve. Perversely, good news on a vaccine could lull the public into a false sense of security, as people conclude that since a solution is at hand, they no longer need to comply with the stringent containment measures.

As news on the pandemic and vaccine developments continues to ebb and flow, we expect there will be trading opportunities on glove stocks. We note that Street estimates on glove ASPs remain significantly below that of spot prices. The longer this continues, it suggests that glovemakers' financial results will likely continue beating expectations.

We remain constructive on 2021

Although we can expect to see further market volatility, as we are by no means totally out of the woods, the balanced portfolio – comprising trading, defensive and cyclical components – that we have been advocating continues to be valid. Nonetheless, it is appropriate to begin increasing the proportion of cyclical stocks, as conditions supporting further green shoots of recovery continue to emerge. We believe we will see a more pronounced shift toward value stocks, given that valuations for growth stocks are already at elevated levels.

Given significant levels of side-lined cash, we reiterate that market corrections will likely be shallow, as investors seek to reposition at lower levels. Conversely, the propensity for investors to take profit on sharp market rallies will remain elevated.

The extended WFH arrangements will likely extend well into 2021 for many sectors. This, and the prevailing low interest rate environment, will help to sustain retail interest. As such, these factors will continue to give the market a trading flavour focusing on small-mid caps and momentum stocks.

Figure 16: Earnings outlook and valuations

	FBM KLCI				RHB BASKET				RHB BASKET (EX-FBM KLCI)			
COMPOSITE INDEX @ 1,589.69 13 Nov 2020	**2019**	**2020F**	**2021F**	**2022F**	**2019**	**2020F**	**2021F**	**2022F**	**2019**	**2020F**	**2021F**	**2022F**
Revenue growth (%)	(1.1)	(5.7)	17.2	4.5	0.9	(6.1)	15.9	4.2	3.8	(6.6)	14.1	3.8
EBITDA growth (%)	2.8	(4.9)	24.3	3.5	4.3	(4.1)	24.9	4.0	8.2	(2.1)	26.4	5.1
Normalised earnings growth (%)	(9.8)	(22.6)	54.7	6.5	(7.1)	(18.9)	54.1	7.1	0.3	(9.7)	52.7	8.6
Normalised EPS (sen)	34.8	26.9	41.5	44.1	19.4	15.6	24.0	25.9	9.1	8.2	12.5	13.6
Normalised EPS growth (%)	**(10.5)**	**(22.8)**	**54.2**	**6.3**	**(8.1)**	**(19.4)**	**53.7**	**7.6**	**(0.8)**	**(10.4)**	**52.4**	**9.6**
Prospective P/E (x)	**19.3**	**25.0**	**16.2**	**15.2**	**19.1**	**23.7**	**15.4**	**14.4**	**18.7**	**20.8**	**13.7**	**12.6**
Normalised EPS (sen) ex-rubber gloves	37.3	26.2	35.0	39.7	20.1	14.7	19.7	22.4	9.2	7.5	10.1	11.3
Normalised EPS Growth (%) ex-rubber gloves	(10.7)	(29.9)	33.7	13.5	(8.3)	(27.0)	34.1	13.7	(1.1)	(19.1)	35.0	12.8
Prospective P/E (x) ex-rubber gloves	17.2	24.6	18.3	16.1	17.1	23.3	17.4	15.4	16.7	20.7	15.3	13.7
P/BV (x)	1.8	1.7	1.6	1.6	1.5	1.5	1.4	1.4	1.2	1.1	1.1	1.1
Dividend yield (%)	3.8	2.8	3.6	3.8	3.6	2.7	3.6	3.8	3.1	2.4	3.5	3.8
ROE (%)	9.1	6.9	10.1	10.3	8.1	6.4	9.4	9.6	6.2	5.5	8.0	8.4

Note: Excludes FBM KLCI stocks not under RHB Research's coverage, ie HLFG, RHB Bank, PPB and Hap Seng Consolidated
Source: Bloomberg, RHB

Figure 17: RHB basket – sector weightings and valuations

Sectors	**Mkt cap**	**Weight**	**EPS growth (%)**			**P/E (x)**			**Recommendation**
	MYRbn	**%**	**FY20F**	**FY21F**	**FY22F**	**FY20F**	**FY21F**	**FY22F**	
Banking	250.3	19.1	(32.7)	26.3	14.5	14.9	11.7	10.2	Overweight
Rubber products	159.6	12.2	372.8	212.2	(13.7)	26.4	8.5	9.8	Overweight
Gaming	34.2	2.6	(125.4)	364.4	36.6	n.m	12.3	9.0	Overweight
Property-REITs	35.7	2.7	(24.7)	16.7	5.6	24.0	20.5	19.4	Overweight
Construction	26.4	2.0	(28.5)	52.4	10.7	17.5	11.5	11.3	Overweight
Basic Materials	29.3	2.2	(2.9)	288.0	13.3	89.3	23.0	20.3	Overweight
Auto	29.4	2.3	(26.9)	42.1	8.6	19.4	13.7	12.6	Overweight
Oil & Gas	141.9	10.9	(10.1)	29.0	19.6	26.5	20.5	17.2	Neutral
Telecommunications	128.9	9.9	(8.2)	1.8	5.7	26.5	26.0	24.6	Neutral
Utilities	111.1	8.5	(8.7)	6.6	7.5	15.9	14.9	13.9	Neutral
Plantation	110.4	8.4	46.4	39.5	3.5	42.2	30.2	29.2	Neutral
Consumer	90.7	6.9	(19.2)	34.8	11.3	34.4	25.5	23.0	Neutral
Transport	31.1	2.4	(30.2)	97.8	12.9	46.7	23.6	20.9	Neutral
Property	29.1	2.2	(21.8)	15.8	17.2	11.9	10.2	8.8	Neutral
Non-bank financials	16.6	1.3	(1.4)	9.1	8.2	14.1	12.9	11.9	Neutral
Technology	24.5	1.9	10.7	34.7	12.8	41.2	30.5	27.0	Neutral
Healthcare	54.1	4.1	(37.7)	56.6	17.9	72.2	46.1	39.1	Neutral
Media	4.4	0.3	(33.4)	(6.3)	25.0	9.2	9.8	7.9	Neutral
RHB BASKET	**1307.8**	**100.0**	**(19.4)**	**53.7**	**7.6**	**23.7**	**15.4**	**14.4**	

Source: RHB

Figure 18: Small-mid caps: Top Picks

	FYE	Price	TP	*Shariah* compliant	Mkt cap	EPS (sen)		EPS Growth (%)		3-year EPS CAGR (%)	P/E (x)		P/BV (x)	P/CF (x)	DY (%)
		(MYR/s)	(MYR/s)		(MYRm)	20F	21F	20F	21F		20F	21F	21F	21F	21F
		13 Nov 2020													
M'sian Pacific Industries	Jun	23.50	20.00	YES	4,674	78.4	87.0	13.3	10.9	12.6	30.0	27.0	3.3	36.2	1.4
DRB-HICOM	Dec	2.02	2.40	YES	3,905	(1.5)	12.0	(108.5)	915.2	21.3	n.m.	16.9	0.5	2.7	0.5
Guan Chong	Dec	3.03	4.30	YES	3,132	22.1	24.9	1.7	12.6	9.7	13.7	12.2	2.3	13.0	1.9
Magnum	Dec	2.13	2.60	NO	3,061	10.5	17.8	(38.8)	70.7	1.0	20.4	11.9	1.2	9.0	7.5
SunCon	Dec	1.80	2.09	YES	2,321	5.4	11.6	(40.2)	116.4	0.7	33.5	15.5	3.2	23.7	3.2
Rubberex	Dec	2.23	3.00	YES	1,784	16.6	30.7	1119.9	84.2	208.5	13.4	7.3	4.4	8.2	6.2
Padini	Jun	2.35	2.85	YES	1,546	11.4	21.5	(53.1)	88.3	(7.4)	20.5	10.9	1.8	9.3	4.3
Kerjaya Prospek	Dec	0.94	1.31	YES	1,157	8.4	11.3	(26.0)	35.1	0.4	11.2	8.3	0.9	9.9	3.8
Solarvest^	Mar	1.30	1.55	YES	508	4.8	7.8	3.0	63.0	36.3	27.3	16.7	3.9	20.6	0.0
Kum. Powernet	Jun	4.40	4.13	YES	498	11.3	27.5	2532.5	143.1	(289.9)	38.9	16.0	3.8	20.7	1.3
Mynews	Oct	0.58	1.05	NO	396	(1.0)	3.3	(126.4)	419.9	(5.1)	n.m	17.5	1.3	22.0	0.0
Poh Huat	Oct	1.93	2.37*	Yes	511	16.8	19.6	(28.2)	16.8	1.3	11.5	9.8	1.2	8.1	3.1

Note: ^FY20-21 valuations refer to those of FY21-22
Source: RHB

Figure 19: Defensive stocks

		Price	TP	Mkt cap	EPS (sen)		EPS growth (%)		3-year EPS CAGR (%)	P/E (x)		P/BV (x)	P/CF (x)	DY (%)
		(MYR/s)	(MYR/s)	(MYRm)	20F	21F	20F	21F	FY18-FY21F	20F	21F	21F	21F	21F
	Rec	13 Nov 2020												
Axis REIT	Buy	2.13	2.30	3,072	8.7	9.2	(0.3)	6.5	0.1	24.6	23.1	1.5	9.6	4.3
Freight Mgmt	Buy	0.69	0.75	191	4.3	6.7	(11.4)	56.3	0.9	15.9	10.2	0.6	6.9	5.1
Guan Chong	Buy	3.03	4.30	3,132	22.1	24.9	1.7	12.6	9.7	13.7	12.2	2.3	13.0	1.9
Magnum	Buy	2.13	2.60	3,061	10.5	17.8	(38.8)	70.7	1.0	20.4	11.9	1.2	9.0	7.5
Power Root^	Buy	2.21	2.71	929	10.2	12.6	(9.4)	23.8	19.8	21.7	17.5	4.3	18.1	5.9
Ranhill Utilities	Buy	0.83	1.23	888	5.9	4.9	(28.4)	(16.7)	1.2	14.0	16.8	1.4	3.0	4.2
RCE Capital^	Neutral	2.67	2.35	8,777	4.6	6.7	(20.9)	44.6	(1.4)	57.5	39.8	6.6	29.4	1.8
Taliworks	Buy	0.80	0.98	1,613	2.9	3.0	30.4	0.8	21.2	27.3	27.1	1.8	13.3	8.3
Time dotCom	Neutral	13.36	13.00	8,073	55.9	62.7	(4.7)	12.1	9.4	23.9	21.3	2.5	7.4	2.3

Note: ^FY20-21 valuations refer to those of FY21-22
Source: RHB

Figure 20: High-dividend yield stocks

	Price (MYR/s) 13 Nov 2020	DY (%) FY21F	EPS Growth (%) FY21F	P/E (x) FY21F	P/BV (x) FY21F	ROE (x) FY21F
Gabungan AQRS	0.60	8.3	76.5	4.2	0.5	12.4
Taliworks Corporation	0.80	8.3	0.8	27.1	1.8	6.5
Bermaz Auto^	1.26	7.7	16.8	8.5	2.6	32.7
British American Tobacco	11.14	7.6	(1.0)	13.0	8.0	61.8
MRCB-Quill REIT	0.88	7.6	(5.3)	13.0	0.7	5.5
Magnum	2.13	7.5	70.7	11.9	1.2	10.2
Top Glove	7.78	7.4	489.8	6.7	6.5	128.5
UEM Edgenta	1.96	7.1	59.0	10.6	1.0	9.5
Al-Salam REIT	0.52	7.0	5.0	14.2	0.5	3.3
B-Toto^	2.07	6.8	58.8	14.1	3.7	26.8
Genting Malaysia	2.43	6.5	253.8	12.7	0.8	6.6
MBM Resources	3.14	6.4	15.8	7.1	0.6	9.2
Rubberex	2.23	6.2	84.2	7.3	4.4	72.6
Matrix Concepts^	1.65	6.1	(11.0)	6.8	0.7	11.3
Pintaras Jaya	2.50	6.0	66.6	7.9	1.1	15.2
Power Root	2.21	5.9	23.8	17.5	4.3	24.2
Genting	3.79	5.8	304.5	11.7	0.4	3.7
YTL Power	0.71	5.5	15.2	14.6	0.5	3.3

Note: ^FY20-21 valuations refer to those of FY21-22
Source: RHB

Figure 21: Longer term cyclical stocks

	Rec	Price (MYR/s) 13 Nov 2(	TP (MYR/s)	Mkt cap (MYRm)	EPS (sen) 20F	EPS (sen) 21F	EPS Growth (%) 20F	EPS Growth (%) 21F	3-yr EPS CAGR (%) FY18-FY21F	P/E (x) 20F	P/E (x) 21F	P/BV (x) 21F	P/CF (x) 21F	DY (%) 21F
DRB-HICOM	Buy	2.02	2.40	3,905	(1.5)	12.0	(108.5)	915.2	21.3	n.m.	16.9	0.5	2.7	0.5
Genting M'sia	Buy	2.43	2.59	13,737	(12.4)	19.1	(156.5)	253.8	(19.9)	n.m.	12.7	0.8	3.7	6.5
Inari Amertron	Neutral	2.67	2.35	8,777	4.6	6.7	(20.9)	44.6	(1.4)	57.5	39.8	6.6	29.4	1.8
M'sia Airports Holdings	Neutral	5.18	5.00	8,595	(7.9)	13.2	(124.6)	266.5	(20.3)	n.m.	39.1	1.0	4.8	1.1
Maybank	Buy	7.93	9.40	89,144	51.9	59.5	(29.4)	14.8	(7.1)	15.3	13.3	1.0	n.a.	5.4
Padini	Buy	2.35	2.85	1,546	11.4	21.5	(53.1)	88.3	(7.4)	20.5	10.9	1.8	9.3	4.3
Press Metal	Buy	6.23	7.10	25,157	10.9	23.6	(5.3)	116.4	18.0	57.0	26.3	5.6	22.1	1.6
Serba Dinamik	Buy	1.60	2.55	5,390	17.8	20.6	(18.6)	15.5	(10.1)	9.0	7.8	1.3	11.0	3.9
Sime Darby Property	Buy	0.60	0.88	4,046	1.1	3.3	(78.6)	199.3	(11.2)	53.6	17.9	0.4	26.0	3.0
Sarawak Oil Palm	Buy	4.05	4.45	2,312	25.4	27.8	36.1	9.3	28.7	15.9	14.6	1.0	8.3	1.7
SunCon	Buy	1.80	2.09	2,321	5.4	11.6	(40.2)	116.4	0.7	33.5	15.5	3.2	23.7	3.2
Syarikat Takaful	Buy	4.56	6.00	3,787	42.0	43.6	(4.3)	3.7	6.9	10.9	10.5	2.4	n.a	4.5

Note: ^FY20-21 valuations refer to those of FY21-22
Source: RHB

Singapore Strategy

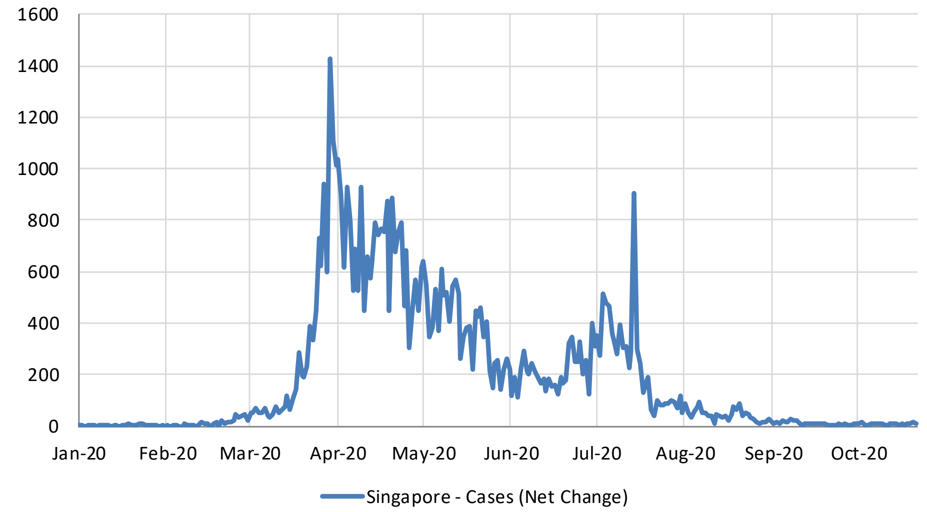
Stick to a resilient investment portfolio during uncertain times

Stay invested in defensive names, while gradually building positions on the domestic recovery theme. We note that optimism of an economic recovery is rising amidst Singapore's strong control over the spread of COVID-19 infections – leading to the Singaporean Government announcing plans to gradually ease into Phase 3, positive non-oil domestic exports (NODX) data, and the revival of business activities from the lows recorded during the Circuit Breaker.

Amidst expectations of this recovery being sustained in 2021, the Street is now forecasting strong profit growth for the STI Index in 2021. However, the global COVID-19 situation remains fluid, with a resurgence of cases in Europe and the US leading to some European countries as well as some cities/states in the US imposing renewed lockdowns. As investors wait for clear signs of direction on where economic recovery is headed, we advocate building a resilient investment portfolio for challenging times. We recommend that investors stick with REITs and defensive stocks, while selectively adding exposure to cyclical recovery names with higher dependence on domestic consumption recovery.

Signs of optimism for Singapore. The COVID-19 infection rate in Singapore continues to decline, allowing the Singaporean Government to relax more restrictions and support more businesses to return to normalcy. It has announced plans to gradually ease into Phase 3, which will become the country's new normal until the pandemic is brought under control globally, or until a vaccine is available and widely deployed across the world. The Multi-Ministry Taskforce is piloting the use of pre-event COVID-19 testing to enable the opening up of larger-scale and higher-risk activities.

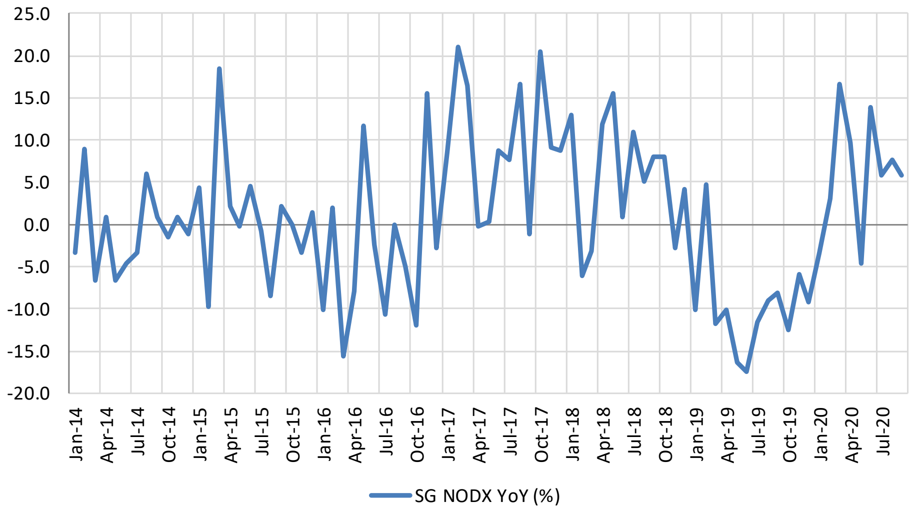
Figure 22: Singapore COVID-19 cases (net change)



Source: Bloomberg

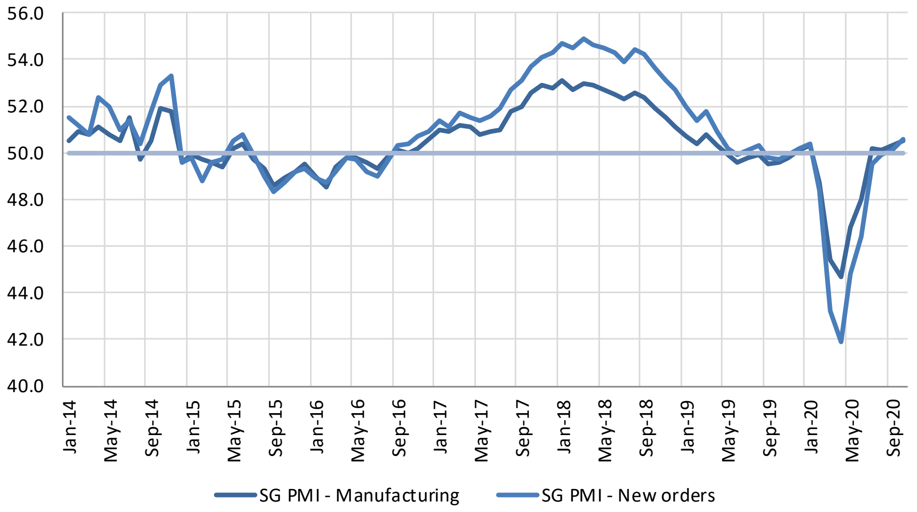
On the external front, the NODX continues to perform well on strong demand for electronics and pharmaceutical products. Manufacturing Purchasing Managers' Indices (PMIs) continue to indicate a sequential expansion in output. While travel bubbles are being set up by the Singapore Government, a full return to normalcy in travel- and tourism-related sectors is at least a year away.

Figure 23: Singapore NODX YoY (%)



Source: Bloomberg

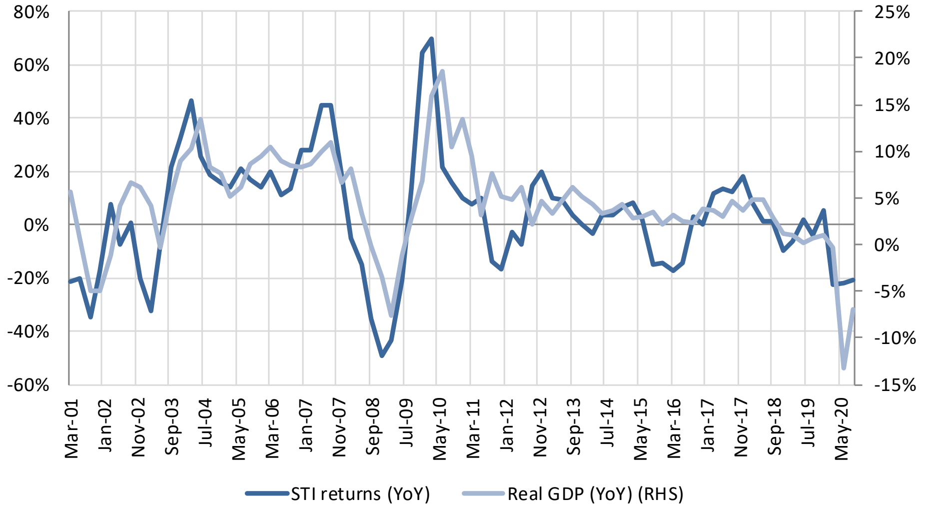
Figure 24: Singapore Manufacturing PMI and PMI for new orders



Source: Bloomberg

With Singapore's worst GDP contraction now behind it, expectations of an improvement in GDP over next 12 months should be positive for the equity market. This is because, historically, the STI Index's returns have been closely correlated with Singapore's GDP growth. Amidst expectations of an economic recovery, the Street is also holding on to its expectations of strong EPS growth for the STI Index in 2021.

Figure 25: STI returns tend to move ahead of the country's GDP growth



Source: Bloomberg

Figure 26: Net profit by sector for STI Index components

	Total net profit (SGD)			YoY growth (%)	
	2019	2020	2021	2020	2021
Capital Goods	8,988	3,975	5,852	-56%	47%
Commodities	1,764	1,793	1,912	2%	7%
Consumer	3,336	1,710	2,751	-49%	61%
Financials	15,879	11,285	13,486	-29%	20%
Mfg. & Tech.	363	303	362	-17%	19%
Property	3,436	2,553	3,493	-26%	37%
REIT - Industrial	1,031	1,011	1,089	-2%	8%
REIT - Office	434	278	299	-36%	7%
REIT - Retail	553	335	293	-39%	-13%
Telecom & media	1,694	1,806	2,556	7%	42%
Transport	465	-2,130	-837	-558%	na
Total	**37,943**	**22,919**	**31,255**	**-40%**	**36%**

Source: Bloomberg

We recommend that investors gradually build positions in domestic consumption recovery stories, where private consumption is expected to sustain its path of improvement from now until early 2021. Our domestic consumption recovery picks are China Aviation Oil, ComfortDelGro, Dairy Farm, Suntec REIT, Thai Beverage, and Venture Corp.

Figure 27: Singapore – domestic recovery plays

Company name	Mkt cap (USDm)	Rating	TP	Upside/ down. (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
China Aviation Oil	651	BUY	1.15	15.6	31/12/2020	12.1	9.3	0.7	0.7	4.7	2.8	6.2	7.7
ComfortDelGro	2,542	BUY	1.70	10.4	31/12/2020	51.3	16.0	1.3	1.3	1.6	5.0	2.5	8.1
Dairy Farm	6,182	BUY	4.47	-6.0	31/12/2020	25.1	22.0	5.4	4.9	2.7	3.2	21.3	23.4
Suntec REIT	3,151	BUY	1.79	20.9	31/12/2020	70.7	17.6	0.7	0.7	5.0	6.2	1.0	4.1
Thai Beverage	12,887	BUY	0.72	7.5	30/9/2020	17.1	16.2	3.0	2.7	3.0	3.2	18.2	17.4
Venture Corp	4,126	BUY	22.60	18.9	31/12/2020	17.9	16.0	2.1	2.0	3.9	3.9	12.0	12.9

Note: Prices are as at 13 Nov 2020
Source: Bloomberg, RHB

The availability of a successful and safe COVID-19 vaccine by 2H21, and large-scale immunisation will start being reflected in the earnings growth of vaccine-dependent sectors. We see CapitaLand, CDL Hospitality REIT, City Developments, and DBS as the long-term cyclical recovery plays.

Figure 28: Singapore's global cyclical recovery plays

	Mkt cap		TP	Upside/	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)	
Company name	(USDm)	Rating		down. (%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
CapitaLand	11,147	BUY	3.75	32.0	31/12/2020	19.6	14.8	0.6	0.6	2.8	4.2	2.5	5.2
CDL Hospitality	1,089	BUY	1.25	6.8	31/12/2020	na	21.5	0.8	0.8	3.4	6.0	-3.7	3.9
City Developments	4,984	BUY	9.50	31.1	31/12/2020	40.1	14.0	0.6	0.6	0.7	2.5	1.6	4.6
DBS	45,712	BUY	25.20	5.5	31/12/2020	12.6	10.6	1.0	1.0	3.1	3.8	8.8	9.5

Note: Prices are as at 13 Nov 2020
Source: Bloomberg, RHB

Downside risks to Singapore's and global economic recovery necessitates the selection of defensive stocks. We note that the global COVID-19 situation remains fluid, with a resurgence of cases in Europe and the US. Some European countries are already in lockdown and hospitalisation rates are rising in the US. An inability to control COVID-19 infections in countries that are Singapore's key trade partners, or countries that account for the highest number of tourist inflows, could derail the expectations of an economic recovery that are currently in place. In addition, there are external risks from the continued deterioration of US-China ties.

On the domestic front, the government support that has helped businesses and Singaporeans get through the tough Circuit Breaker measures – unless required again – is expected to gradually taper off and end by Mar 2021. Moreover, the current unemployment rate of 2.9%, which has already exceeded the historical average, is expected to continue rising. This could keep business and consumer confidence low, and dampen the expected recovery in domestic economic activity.

To cover for such risks, we recommend that investors stay invested in REITs and defensive stocks offering better earnings and dividend visibility. Ascendas REIT, Manulife US REIT, Sheng Siong, Singtel, and ST Engineering are our key defensive and/or high-yield picks.

Figure 29: Singapore – high-yield and defensive names

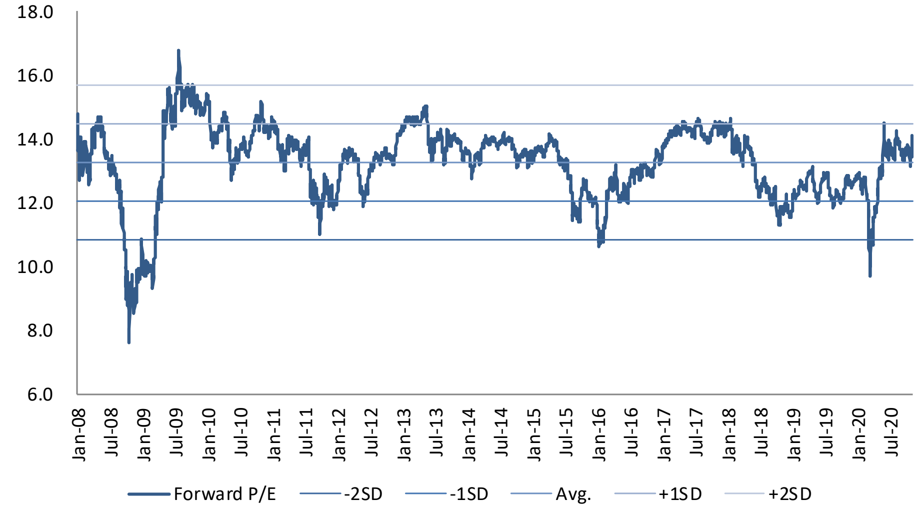
	M. cap		TP	Upside/	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)	
Company name	(USDm)	Rating		down (%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Ascendas REIT	8,197	NEUTRAL	3.00	-1.3	31/12/2020	19.1	17.7	1.4	1.4	5.4	5.5	7.4	8.0
Manulife US REIT	1,163	BUY	0.90	20.0	31/12/2020	47.8	13.2	1.0	1.0	8.1	8.3	2.0	7.6
Sheng Siong	1,763	BUY	1.87	17.0	31/12/2020	19.1	22.8	6.8	6.3	3.7	3.1	31.2	25.7
Singtel	28,001	BUY	3.10	34.8	31/3/2021	19.2	17.3	1.4	1.3	4.6	5.0	7.1	7.8
ST Engineering	8,742	BUY	3.90	4.3	31/12/2020	23.1	20.6	5.2	5.0	4.0	4.1	22.6	24.7

Note: Prices are as at 13 Nov 2020
Source: Bloomberg, RHB

STI remains the cheapest ASEAN market with the highest yield in Asia. Given that the current almost-zero interest rate environment is expected to persist beyond 2021, rising global liquidity should bring investors to high-yield markets.

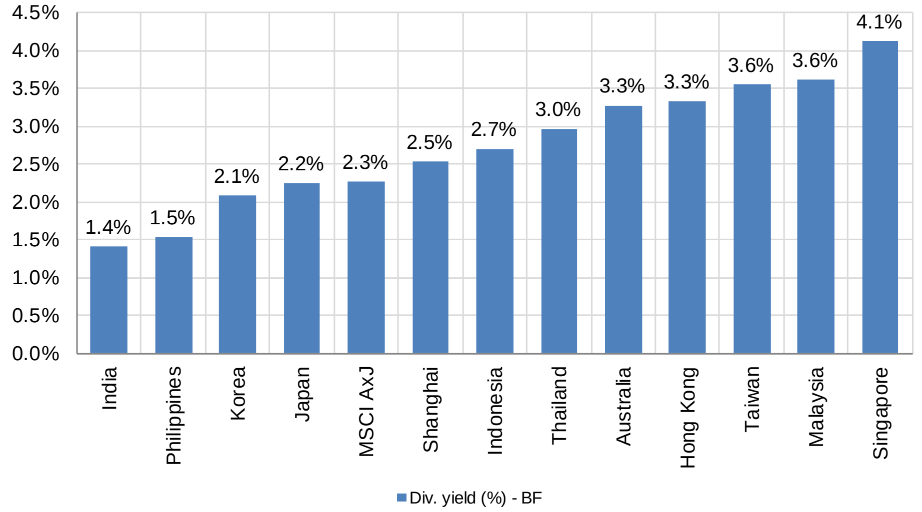
The STI's 14.1x 1-year forward P/E sits above its historical average. Much of the P/E increase this year has come from the sharp downgrades to 2020 earnings estimates. With expectations of a rebound in GDP growth and investors finally building up confidence in sustained earnings growth for 2021, we believe there is potential for the P/E to increase further.

Figure 30: STI's forward P/E based on Street estimates



Source: Bloomberg

Figure 31: STI offers the highest dividend yield in Asia



Source: Bloomberg

Figure 32: Comparison of regional indices

	P/E		Dividend yield		P/BV		ROE	
	1FY	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
Developed Asia								
Australia	21.5	18.8	3.1	3.6	2.0	2.0	9.5	10.1
Hong Kong	13.4	11.3	2.8	3.4	1.1	1.0	9.7	9.7
Japan	22.4	15.7	2.1	2.3	1.2	1.2	5.3	6.6
South Korea	18.0	12.4	1.7	1.9	1.0	1.0	5.2	11.3
Singapore	**18.4**	**13.3**	**3.6**	**4.2**	**0.9**	**0.9**	**6.1**	**8.1**
Taiwan	18.8	16.1	3.1	3.5	2.1	2.0	14.4	14.8
Emerging Asia								
India	26.5	19.1	1.3	1.5	3.0	2.7	11.1	13.9
Indonesia	20.4	14.1	2.2	2.1	1.9	1.8	11.5	14.2
Malaysia	18.4	16.7	3.3	3.5	1.5	1.5	8.1	8.4
Philippines	25.4	18.3	1.6	1.5	1.7	1.6	6.3	8.9
Shanghai	14.9	12.8	2.1	2.4	1.5	1.4	9.5	9.5
Thailand	24.9	17.2	2.4	2.9	1.5	1.5	4.6	7.0
MSCI Asia Pacific ex-Japan	**19.0**	**15.4**	**2.2**	**2.5**	**1.8**	**1.6**	**10.1**	**10.2**

Source: Bloomberg

Thailand Strategy

Bottom-up approach, selective plays

Thailand is in transition towards normalcy after successful COVID-19 containment measures over the past 11 months, and has now started opening its borders to tourists. Economic contraction hit a bottom in 2Q20, with positive signs of recovery, mainly from an unprecedented injection of fiscal stimulus measures, with room for expansion in the future. Domestic consumption and government spending will be the growth driver in 2021.

Meanwhile, we see the SET Index becoming overheated, after surging strongly by 12% or 139 points within six days during the second week of November. This was solely sentiment-driven on two factors: i) the US election and Biden becoming the country's President-Elect (+6%), and ii) news that the first "milestone" COVID-19 vaccine is able prevent more than 90% of people from being infected (+6%). As a result, the SET's P/E reached its highest level in the past 15-years, at 27x, or a prospective P/E of 23x in 2021 – compared to 16.5 P/E (15-year average) – which creates greater downside risks in share prices. We focus on the bottom-up approach, by applying a selective buy-and-sell strategy, with the earnings outlook justified by valuations.

Impact of a Biden administration on Thailand

A Biden win – looking at the broader picture – will help bring stability, and ease some of the geopolitical and trade tensions that have ratcheted up under President Trump. The latter's actions impacted Thailand's economy, and the SET's earnings growth has suffered contractions for three consecutive years in 2017-2019, as well as unprecedented levels of foreign outflows in the Thai equity market.

While Biden is likely to maintain a tough stance to contain China's rise, we expect to see a more pragmatic approach. The key difference: A Biden administration is seen as being more predictable and comprehensive. As he was a strong advocate of the Trans-Pacific Partnership (TPP), we expect to see more multilateral engagements between the US and ASEAN member states, including Thailand.

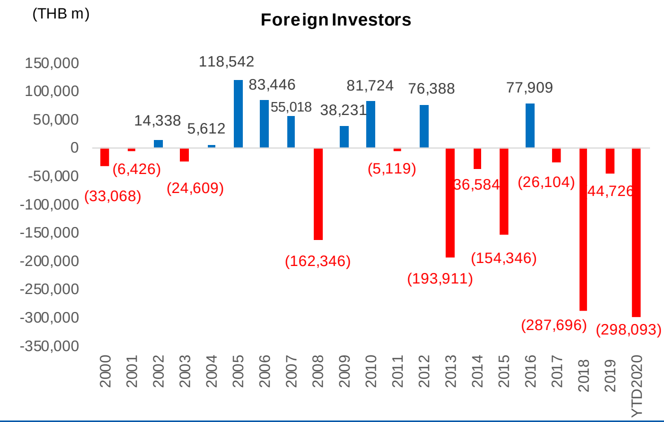
The US is currently the kingdom's single-largest trading partner (14.7% to total exports), so this should have a positive impact on the country in terms of trade. Export-related (electronics, food, electrical appliances, and petrochemicals) and private investment (industrial estates, construction, and infrastructure) sectors will positively fit into this context, in our view

Fund flows after the US presidential election

During 2001-2008, when George W Bush (Republican Party) was the US President for eight years, foreign investors were engaged in an accumulated net buy of THB84bn (USD2.7bn) in the Thai equities market. Later, between 2009 and 2016, when Barack Obama (Democratic Party) was the US president, foreign investors were involved in a net selling of THB116bn (USD3.7bn). With Trump (2017-2020) of the Republican Party, net selling increased significantly to THB657bn (USD21.2bn).

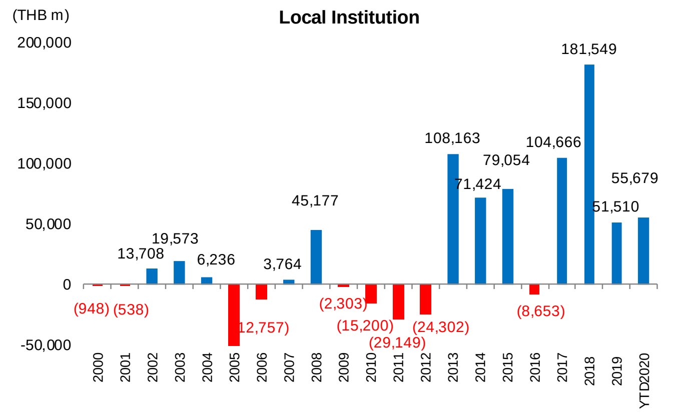
With Biden set to become the next US president, we may expect a reverse of fund flows into the Thai equity market in 2021. Big- to mid-cap sectors such as banks, oil & gas, consumers, telco, and utilities will be beneficiaries of this, in our view.

Figure 33: Foreign fund outflows



Source: SET Smart, RHB

Figure 34: Local institutions are net buyers



Source: SET Smart, RHB

Politics may dampen investment sentiment

Although street protests still take place from time to time, demonstrations are peaceful and the number of participants has decreased. Some of the calls for reforms – such as constitutional amendments – are now being resolved in the House of Representatives.

To lower political tensions, we expect to see possible charter amendments to involve the section relating to the Senate's power to elect the prime minister. Political tensions may have toned down, but continue to pressure investor sentiment. The charter amendment process should take around 12-18 months – depending on the sections to be amended, as well as the periods of referendum.

After the completion of charter amendments, the prime minister may call for the Parliament to be dissolved, and later, a general election. This implies that this government will remain stable and continue to govern for close to a 4-year term.

What to buy and sell?

BUY: Consumer staples will begin to recover in 2H21. We expect to see demand growth driven organically, as well as by the Thai Government's economic stimulus initiatives. Our top BUY calls are CP ALL (CPALL TB, BUY, TP: THB77.00), Central Pattana, Osotspa (OSP TB, BUY, TP: THB49.00), Berli Jucker (BJC TB, BUY, TP: THB45.00). TISCO Financial Group is a mid-sized bank that offers a high dividend yield of c.5%, while Siam Cement has a high dividend yield of 5%. Recovery play for external and solid food demand: Thai Union Group and Charoen Pokphand Foods.

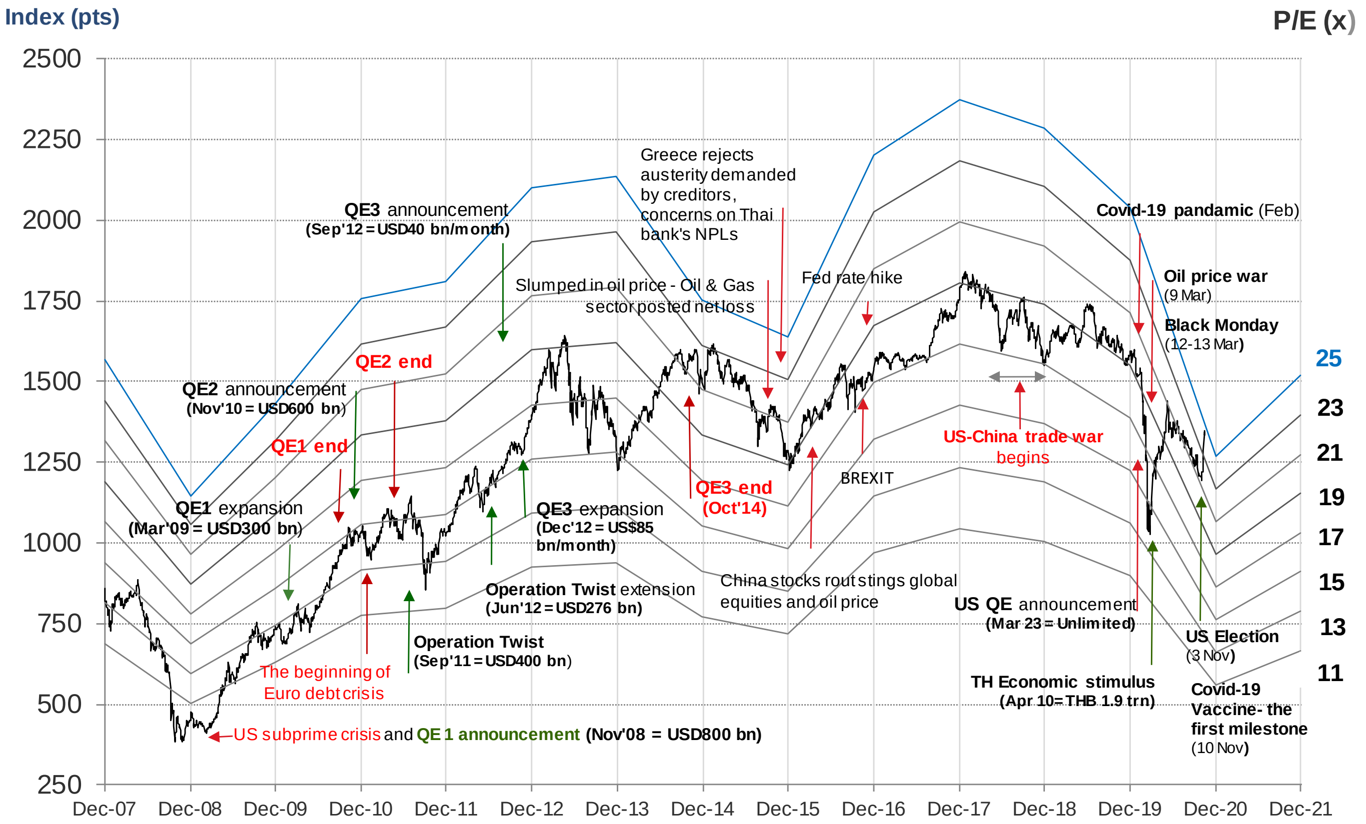
Defensive plays: Global Power Synergy and Advanced Info Service (ADVANC TB, BUY, TP: THB220), as their shares prices are trading at relatively deep discounts.

SELL: Hotel-related companies should remain in the red, at least until 2Q21 – The Erawan Group (ERW TB, SELL, TP: THB2.50), Central Plaza Hotel (CENTEL TB, SELL, TP: THB18.50), Minor International (MINT TB, TRADING BUY, TP: THB27.00), and Airports of Thailand (AOT TB, SELL, TP: THB41.00).

In addition, we do not favour solely export-oriented sectors, especially electronics, eg Delta Electronics Thailand (DELTA TB, NA), KCE Electronics (KCE TB, NA), and Hana Microelectronics (HANA TB, NA) as investors have high expectations of strong demand from new technologies to boost earnings (for companies engaged in assembling or manufacturing electric vehicles, automated systems, medical, and cloud computing).

In the consumer discretionary space, we have SELL calls on Home Product Center and Siam Global House (GLOBAL TB, TAKE PROFIT, TP: THB17.50) due to excessive expectations that the WFH phenomena could continue to be a growth driver during the post-COVID-19 phase, and demanding multiples of >30x P/E compared to the consumer staple sector average of 20x P/E.

Figure 35: The SET is trading at a new 15-year high



Source: RHB

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months
Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral: Share price may fall within the range of +/- 10% over the next 12 months
Take Profit: Target price has been attained. Look to accumulate at lower levels
Sell: Share price may fall by more than 10% over the next 12 months
Not Rated: Stock is not within regular research coverage

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COMAN	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF	EGCO
GBX	GC	GCAP	GEL	GFPT	GGC	GOLD	GPSC	GRAMMY	GUNKUL	HANA	HARN	HMPRO	ICC	ICHI
III	ILINK	INTUCH	IRPC	IVL	JKN	JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS
LH	LHFG	LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO	MTC	NCH
NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PJW	PLANB	PLANET
PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH
QTC	RATCH	ROBINS	RS	S	S&J	SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCN
SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI	SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA
STEC	SVI	SYNTEC	TASCO	TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH	TTA	TTCL	TTW	TU
TVD	TVO	U	UAC	UV	VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER		

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25	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH	APCO	APCS	AQUA	ARIP
ASAP	ASIAN	ASIMAR	ASK	ASN	ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM
BFIT	BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL	CGH	CHG	CHOTI
CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD	CSC	CSP	DCC	DCON	DDD	DOD	EASON
ECL	EE	EPG	ERW	ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW	GULF	HPT	HTC	HYDRO	ICN	IFS	INET	INSURE	IRC	IRPC
IT	ITD	ITEL	J	JAS	JCK	JCKH	JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL
KWC	KWM	L&E	LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX	MEGA
METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY	NEX	NINE	NOBLE	NOK	NTV
NWR	OCC	OGC	ORI	OSP	PATO	PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN
PRINC	PSTC	PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO	SAPPE	SAWAD
SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE	SKR	SKY	SMIT	SMK	SMPC	SMT
SNP	SONIC	SPA	SPC	SPCG	SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN
SUSCO	SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC	TEAM	TEAMG	TFG
TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS	TM	TMC	TMD	TMI	TMT	TNITY	TNL
TNP	TNR	TOG	TPA	TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT	WIK	XO	YUASA	ZEN
ZMICO														

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BGT	BH	BIG	BLAND	BM	BR	BROCK	BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO
CITY	CMAN	CMC	CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC	EPCO
ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT	HITCH	HUMAN	IHL	INGRS	INOX
JTS	JUBILE	KASET	KCM	KKC	KWG	KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META
MGT	MJD	MM	MVP	NC	NDR	NEW	NNCL	NPK	NUSA	OCEAN	PAF	PF	PICO	PIMO
PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCL	RJH	ROJNA	RPC	RPH	SF	SGF	SGP
SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER
TNH	TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO	WIN	WORK	WP
WPH	ZIGA													

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80 - 89		ดีมาก	Very Good
70 - 79		ดี	Good
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50 - 59		ผ่าน	Pass
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ผลสำรวจการกำกับดูแลกิจการบริษัทจดทะเบียนที่แสดงไว้นี้ เป็นผลที่ได้จากการสำรวจและประเมินข้อมูลที่บริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย และตลาดหลักทรัพย์ เอ็ม เอ ไอ (“บริษัทจดทะเบียน”) เปิดเผยต่อสาธารณะและเป็นข้อมูลที่ผู้ลงทุนทั่วไปสามารถเข้าถึงได้ ผลสำรวจดังกล่าวจึงเป็นการนำเสนอข้อมูลในมุมมองของบุคคลภายนอกต่อมาตรฐานการกำกับดูแลกิจการของบริษัทจดทะเบียน โดยไม่ได้เป็นการประเมินผลการปฏิบัติงานหรือการดำเนินกิจการของบริษัทจดทะเบียนอีกทั้งมิได้ใช้ข้อมูลภายในของบริษัทจดทะเบียนในการประเมิน ดังนั้นผลสำรวจที่แสดงนี้จึงไม่ได้เป็นการรับรองถึงผลการปฏิบัติงานหรือการดำเนินการของบริษัทจดทะเบียนและไม่ถือเป็นการให้คำแนะนำในการลงทุนในหลักทรัพย์ของบริษัทจดทะเบียนหรือคำแนะนำใดๆ ผู้ใช้ข้อมูลจึงควรใช้วิจารณญาณของตนเองในการวิเคราะห์และตัดสินใจในการใช้ข้อมูลใดๆที่เกี่ยวกับบริษัทจดทะเบียนที่แสดงในผลสำรวจนี้

ทั้งนี้บริษัทหลักทรัพย์ อาร์เอชบี (ประเทศไทย) จำกัด (มหาชน) มิได้ยืนยันหรือรับรองถึงความครบถ้วนและถูกต้องของผลสำรวจดังกล่าวแต่อย่างใด

ข้อมูล Anti-Corruption Progress Indicator 2560

ประกาศเจตนารมณ์ CAC

A	ASK	CHG	FC	GREEN	JUTHA	MATCH	NINE	PIMO	RWI	SPPT	TFI	TU	VNT
AI	AU	CHOTI	FER	GSTEL	KASET	MATI	NMG	PK	SANKO	SPRC	THE	TVD	WAVE
AIE	BCH	CHOW	FPI	GUNKUL	KBS	MBAX	NNCL	PL	SAUCE	SR	TICON	TVO	WHA
AIRA	BJC	CIG	FSMART	HARN	KCAR	MC	NTV	PLANB	SC	SRICHA	TIP	TVT	WICE
AJ	BJCHI	COL	GEL	IFS	KTECH	MFEC	NUSA	POST	SCCC	SST	TKN	TWPC	WIIK
ALUCON	BLAND	COM7	GFPT	ILINK	KWC	MIDA	NWR	PRINC	SCN	STA	TLUXE	U	TRUE
AMATAV	BR	CPALL	GGC	INET	KYE	MILL	OGC	PRO	SEAOIL	SUPER	TMILL	UPA	
AOT	BROCK	CPF	GIFT	IRC	L&E	ML	PACE	PSTC	SE-ED	SUSCO	TMT	UREKA	
APCO	BRR	CPR	GJS	J	LEE	MTLS	PAF	PYLON	SENA	SWC	TNP	UWC	
AQUA	CEN	CSC	GLOBAL	JMART	LIT	NBC	PAP	QTC	SIRI	SYMC	TPA	VGI	
ARROW	CGH	EKH	GOLD	JMT	LVT	NCL	PATO	ROH	SMART	TAKUNI	TSE	VIBHA	
ASIA	CHEWA	EPCO	GPSC	JUBILE	MAKRO	NEP	PCSGH	ROJNA	SPACK	TBSP	TTI	VIH	

ได้รับการรับรอง CAC

ADVANC	BKI	CPN	FE	INTUCH	LANNA	MSC	PLAT	PTT	SAT	SNP	TCMC	TMD	UOBKH
AKP	BLA	CSL	FNS	IRPC	LHBANK	MTI	PM	PTTEP	SCB	SORKON	TFG	TNITY	WACOAL
AMANAH	BROOK	DCC	FSS	IVL	LHK	NKI	PPP	PTTGC	SCC	SPC	TGCI	TNL	
AP	BTS	DEMCO	GBX	K	LPN	NSI	PPS	Q-CON	SCG	SPI	THANI	TOG	
ASP	BWG	DIMET	GCAP	KBANK	MBK	OCC	PRANDA	QH	SGP	SSF	THCOM	TOP	
AYUD	CENTEL	DRT	GLOW	KCE	MBKET	OCEAN	PREB	QLT	SINGER	SSI	THRE	TPCORP	
BAFS	CFRESH	DTAC	HANA	KGI	MCOT	PB	PRG	RATCH	SIS	SSSC	THREL	TRU	
BANPU	CIMBT	DTC	HMPRO	KKP	MFC	PDI	PSH	RML	SITHAI	SVI	TIPCO	TSC	
BAY	CM	EASTW	HTC	KSL	MINT	PE	PSL	ROBINS	SMIT	SYNTEC	TISCO	TSTH	
BBL	CNS	ECL	ICC	KTB	MONO	PG	PT	S & J	SMPC	TAE	TKT	TTCL	
BCP	CPI	EGCO	IFEC	KTC	MOONG	PHOL	PTG	SABINA	SNC	TCAP	TMB	TVI	

N/A

2S	ARIP	BSM	CSS	FMT	INOX	LTX	NPK	RCL	SFP	SUC	TITLE	TSR	VPO
AAV	AS	BTC	CTW	FN	INSURE	M	NPP	RICH	SGF	SUN	TIW	TSTE	VTE
ABICO	ASAP	BTNC	CWT	FOCUS	IRCP	MACO	NVD	RICHY	SHANG	SUTHA	TK	TTA	WG
ACAP	ASEFA	BTW	D	FORTH	IT	MAJOR	NYT	RJH	SIAM	SVH	TKS	TTL	WHAUP
ACC	ASIAN	BUI	DCON	FTE	ITD	MALEE	OHTL	ROCK	SIMAT	SVOA	TM	TTTM	WIN
ADAM	ASIMAR	CBG	DCORP	FVC	ITEL	MANRIN	OISHI	RP	SKE	SYNEX	TMC	TTW	WINNER
ADB	ASN	CCET	DDD	GC	JAS	MAX	ORI	RPC	SKN	T	TMI	TUCC	WORK
AEC	ATP30	CCP	DELTA	GENCO	JCT	M-CHAI	OTO	RPH	SKR	TACC	TMW	TWP	WORLD
AEONTS	AUCT	CGD	DIGI	GL	JKN	MCS	PAE	RS	SKY	TAPAC	TNDT	TWZ	WP
AF	BA	CHARAN	DNA	GLAND	JSP	MDX	PDG	RSP	SLP	TASCO	TNH	TYCN	WPH
AFC	BAT-3K	CHO	DTCI	GPI	JTS	MEGA	PERM	S	SMK	TC	TNPC	UAC	WR
AGE	BCPG	CHUO	EA	GRAMMY	JWD	METCO	PF	S11	SMM	TCB	TNR	UBIS	XO
AH	BDMS	CI	EARTH	GRAND	KAMART	MGT	PICO	SAFARI	SMT	TCC	TOA	UEC	YCI
AHC	BEAUTY	CITY	EASON	GTB	KC	MJD	PJW	SALEE	SOLAR	TCCC	TOPP	UKEM	YNP
AIT	BEC	CK	ECF	GULF	KCM	MK	PLANET	SAM	SPA	TCJ	TPAC	UMI	YUASA
AJA	BEM	CKP	EE	GYT	KDH	MM	PLE	SAMART	SPALI	TCOAT	TPBI	UMS	ZIGA
AKR	BFIT	CMO	EFORL	HFT	KIAT	MODERN	PMTA	SAMCO	SPCG	TEAM	TPCH	UNIQ	ZMICO
ALLA	BGRIM	CMR	EIC	HOTPOT	KKC	MPG	POLAR	SAMTEL	SPG	TFD	TPIPL	UP	
ALT	BGT	CNT	EMC	HPT	KOOL	MPIC	POMPUI	SAPPE	SPORT	TFMAMA	TPIPP	UPF	
AMA	BH	COLOR	EPG	HTECH	KTIS	NC	PORT	SAWAD	SPVI	TGPRO	TPOLY	UPOIC	
AMARIN	BIG	COMAN	ERW	HUMAN	KWG	NCH	PPM	SAWANG	SQ	TH	TPP	UT	
AMATA	BIZ	CPH	ESSO	HYDRO	LALIN	NDR	PRAKIT	SCI	SSC	THAI	TR	UTP	
AMC	BKD	CPL	ESTAR	ICHI	LDC	NETBAY	PRECHA	SCP	SSP	THANA	TRC	UV	
ANAN	BLISS	CPT	ETE	ICN	LH	NEW	PRIN	SDC	STANLY	THG	TRITN	UVAN	
APCS	BM	CRANE	EVER	IEC	LOXLEY	NEWS	PRM	SE	STAR	THIP	TRT	VARO	
APEX	BOL	CRD	F&D	IHL	LPH	NFC	PTL	SEAFCO	STEC	THL	TRUBB	VCOM	
APURE	BPP	CSP	FANCY	III	LRH	NOBLE	RAM	SELIC	STHAI	THMUI	TSF	VI	
AQ	BSBM	CSR	FLOYD	INGRS	LST	NOK	RCI	SF	STPI	TIC	TSI	VNG	

Source: Thai Institute of Directors

ข้อมูลบริษัทที่เข้าร่วมโครงการแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านทุจริต (Thai CAC) ของสมาคมส่งเสริมสถาบันกรรมการบริษัทไทย (ข้อมูล ณ วันที่ 17 ต.ค.)

- ได้ประกาศเจตนารมณ์เข้าร่วม CAC
- ได้รับการรับรอง CAC

การเปิดเผยการประเมินดัชนีชี้วัดความคืบหน้าการป้องกันการมีส่วนเกี่ยวข้องกับการทุจริตคอร์รัปชัน (Anti-Corruption Progress Indicators) ของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยที่จัดทำโดยสถาบันที่เกี่ยวข้องซึ่งมีการเปิดเผยโดยสำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์นี้เป็นการดำเนินการตามนโยบายและตามแผนพัฒนาความยั่งยืนสำหรับบริษัทจดทะเบียนโดยผลการประเมินดังกล่าว สถาบันที่เกี่ยวข้องอาศัยข้อมูลที่ได้รับจากบริษัทจดทะเบียนตามที่บริษัทจดทะเบียนได้ระบุในแบบแสดงข้อมูลเพื่อการประเมิน Anti-Corruption ซึ่งอ้างอิงข้อมูลมาจากแบบแสดงรายงานข้อมูลประจำปี แบบ (56-1) รายงานประจำปีแบบ (56-2) หรือในเอกสารหรือรายงานอื่นที่เกี่ยวข้องซึ่งเป็นบุคคลภายนอก โดยมิได้เป็นการประเมินการปฏิบัติของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยและมิได้ใช้ข้อมูลภายในเพื่อการประเมิน เนื่องจากผลการประเมินดังกล่าวเป็นเพียงผลการประเมิน ณ วันที่ ปรากฏในผลการประเมินเท่านั้น ดังนั้นผลการประเมินจึงอาจเปลี่ยนแปลงได้ภายหลังวันดังกล่าว หรือรับรองความถูกต้องครบถ้วนของผลประเมินดังกล่าวแต่อย่างใด