CIMB

3Q2021 Macro Outlook & Advisory House View

Investing in a post-COVID world – prefer Equity over Fixed Income

CONTENTS

ASSET CLASSES		SHORT TERM OUTLOOK (3 - 6 MONTHS)		LONG TERM OUTLOOK (6 - 12 MONTHS)		Change of view (Previous → Current)
		UW	OW	UW	OW	
FIXED INCOME		●		●		We remain UNDERWEIGHT in the short term; NEUTRAL in the longer term. A hike in the Fed Funds Rate may not come before 2022; but as risk appetite increases, we think the Fed will start to talk about plans for tapering of asset purchases. As growth outlook is upbeat but global pandemic risks remain, we think investors in the next quarter will continue to pare down safe haven UST. UST yields shall continue to rise but in a more controlled fashion. In Malaysia we expect BNM to maintain OPR at 1.75% in 2021, before normalizing in May 2022 as the economy recovers. We forecast an end-2022 OPR of 2.50%. Our expectation is for 10y UST to rise gradually to 2.20% by 2Q2022; 10y MGS to rise gradually to 3.70% by 2Q2022.
EQUITIES	LOCAL	●		●		We remain NEUTRAL both short & longer term. We expect the impact from Full Movement Control Order (FMCO) to be offset by greater leniency in sectors allowed to operate and the support from the PEMERKASA+ & PEMULIH aid package. The ongoing rollout of the vaccination programs are expected to remain supportive of the market. Low interest rates are likely to keep retail interests in the market. Higher oil price bodes well as Malaysia is a net oil and gas exporter, the ringgit typically strengthens. Political uncertainty remains a concern. Our end-2021F KLCI target is 1709.
	REGIONAL		●		●	We remain OVERWEIGHT as Regional Equity can provide investors exposure to a region poised to bounce back in 2021, as well as strategic long term positioning as Asia evolves as the world's key growth driver. China equity valuations have improved; stock market leverage is under control, and the policy turn since last October is starting to be priced in. ASEAN is composed of more "value" sectors that are geared towards domestic recovery post COVID-19, it stands a chance to outperform when an effective vaccine is discovered and distributed to the mass. Rising commodity prices is a tailwind for Asian commodity exporters through rising terms of trade, stronger growth, and improvement in fiscal and current account balances. The risk is the peaking of China credit impulse, recovery does not play out and US-China tensions do not fade as expected.
	GLOBAL - U.S	●			●	We remain short term NEUTRAL, long term OVERWEIGHT. Strong US earnings delivery supported its outperformance. However, the growth differential between the US and rest of the world may start to narrow. We continue to see the tech sector offering exposure to structural growth trend, but elevated equity valuation could constrain further gains.

Note: UW = UNDERWEIGHT, OW = OVERWEIGHT, BLACK DOT = NEUTRAL.
NEUTRAL allocation equals to the Model Portfolios Allocation for respective risk profiles.

	GLOBAL - EUROPE		●	●	We remain NEUTRAL as Europe is a global Cycle and Value play (with high exposure to Financials & Industrials in its stock index). A style switch into Value is likely to help the region. Equity valuations is relatively attractive compared to the US, but still higher compared to Regional Equity.
	GLOBAL-JAPAN		●	●	We remain NEUTRAL as Japan equity is another traditional play on the global cycle, with positive correlation to bond yields. However, Yen weakness could weigh on investors' return.

ALTERNATIVE	GOLD	⇨	●	●	We upgrade to OVERWEIGHT in the short term, maintain NEUTRAL in the longer term. Gold demand is expected to improve as vaccination rates increase amid higher seasonal consumer demand (on jewellery) and concerns of higher inflation. It should remain supported given its appeal as a hedge against inflation, ongoing pandemic risks and potential risks resulting from large fiscal spending. CIMB forecast is in the range of USD1850 to USD1950 by 2Q2022. Key risks include faster than expected economic growth with manageable inflation rate, which resulted in higher “real interest rate” environment, hence, increasing the opportunity cost of holding the precious metal.
	OIL		●	●	⇦	We remain NEUTRAL in the short term; downgrade to UNDERWEIGHT in the longer term. Crude oil is supported by stronger demand from economic recovery. OPEC oil production increase will be gradual. Longer term wise, should supply from Iran (depending on nuclear sanction) or other oil producers ramp up, this could weigh on oil price. CIMB forecast for WTI is in the range of USD61 to USD68 by 2Q2022. Key risks includes rising COVID-19 cases resulted in stricter lockdown in major oil consuming countries, slower than expected roll-out of COVID-19 vaccines, smaller than expected fiscal stimulus and larger than expected OPEC+ productions.

Note: UW = UNDERWEIGHT, OW = OVERWEIGHT, BLACK DOT = NEUTRAL.
NEUTRAL allocation equals to the Model Portfolios Allocation for respective risk profiles.

Vaccination Rate Accelerates and Global Economic Recovery Continues

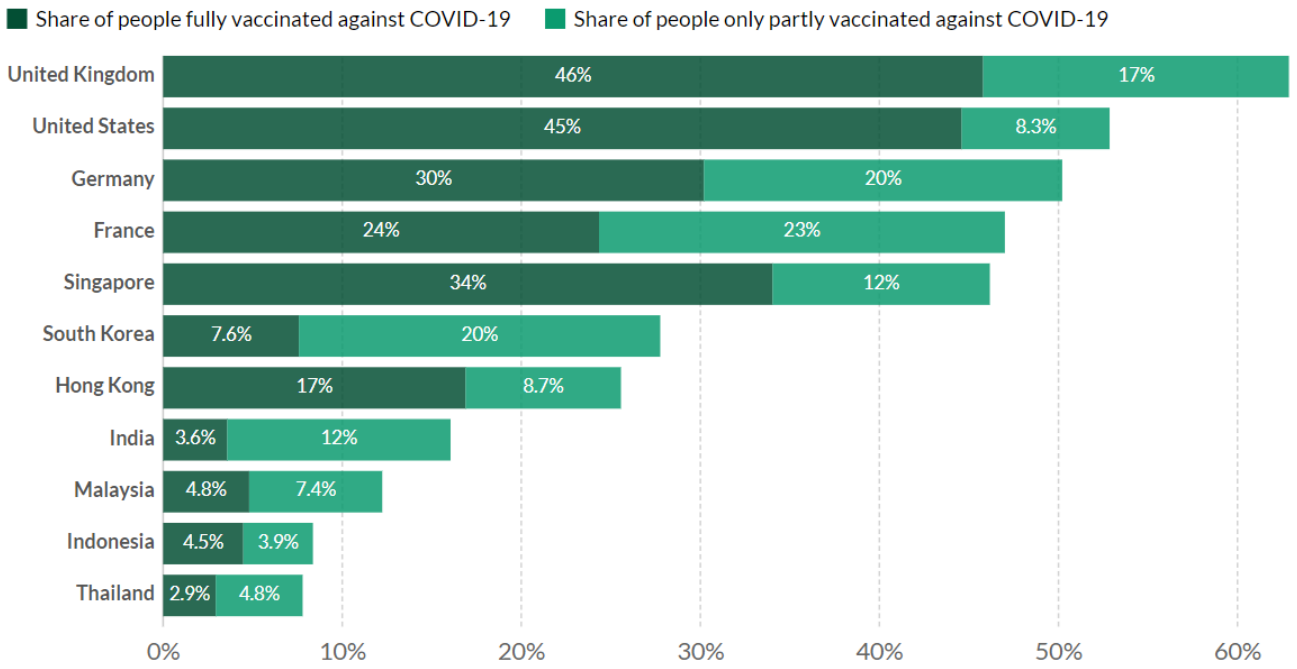
KEY POINTS:

- Global growth continues to expand thanks to faster vaccination rate
- Risk assets well supported

The global economic picture brightened due to ease of infection rate in the US and in developed economies (even though Asian economies are facing resurgence in COVID-19 infections now).

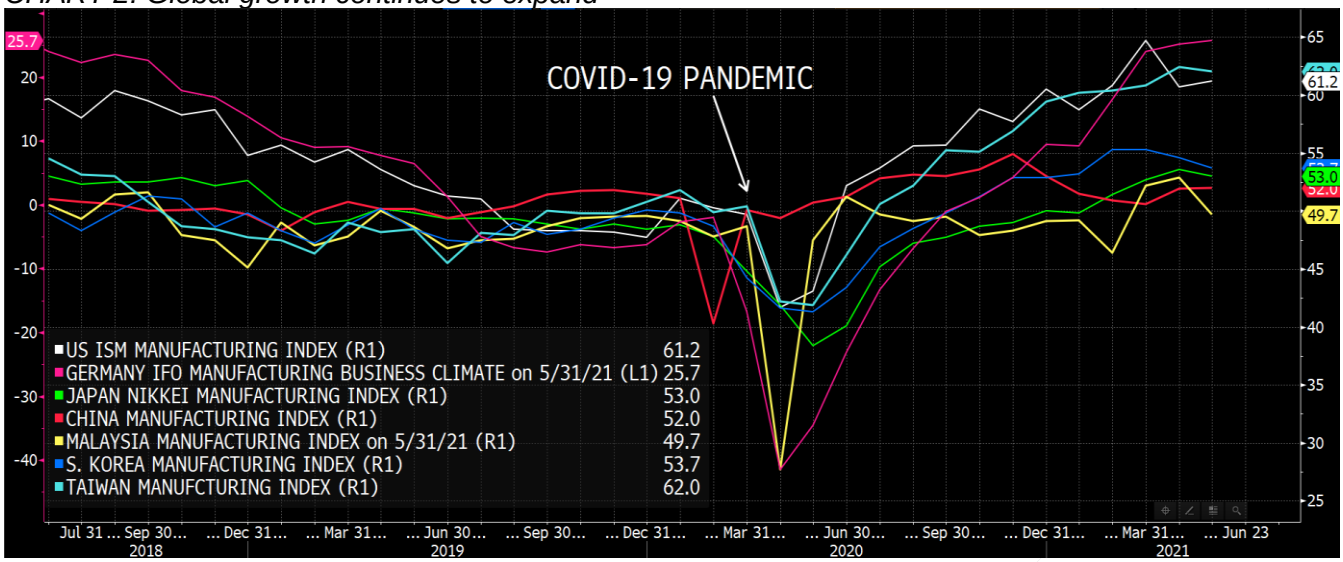
Year to date, equities continue to register strong returns, while government bonds lag. Within equity, "Value" sectors continue to outperform "Growth" sectors. "Value" sectors are sectors with stocks often categorized by their low price to earnings or price to book ratios, which in this case, represented by sectors such as Energy, Financial and Industrial, when they were bearing the brunt during the lockdowns caused by the pandemic. While "Growth" sectors could be represented by the beneficiaries of the lockdowns, such as Info. Tech, Consumer Discretionary and Communication Services.

CHART 1: Selected countries share of people vaccinated as of 19 June 2021



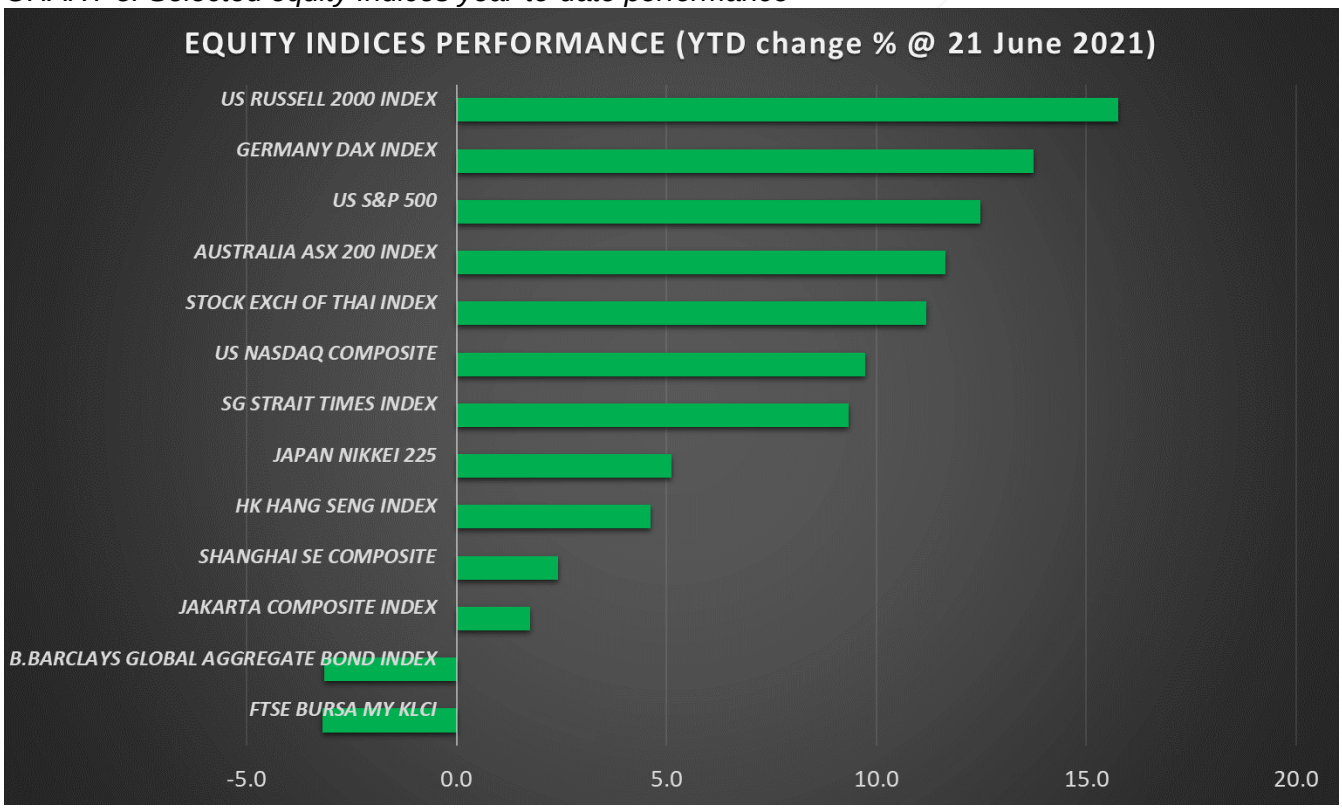
Source: ourworldindata.org – June 2021

CHART 2: Global growth continues to expand



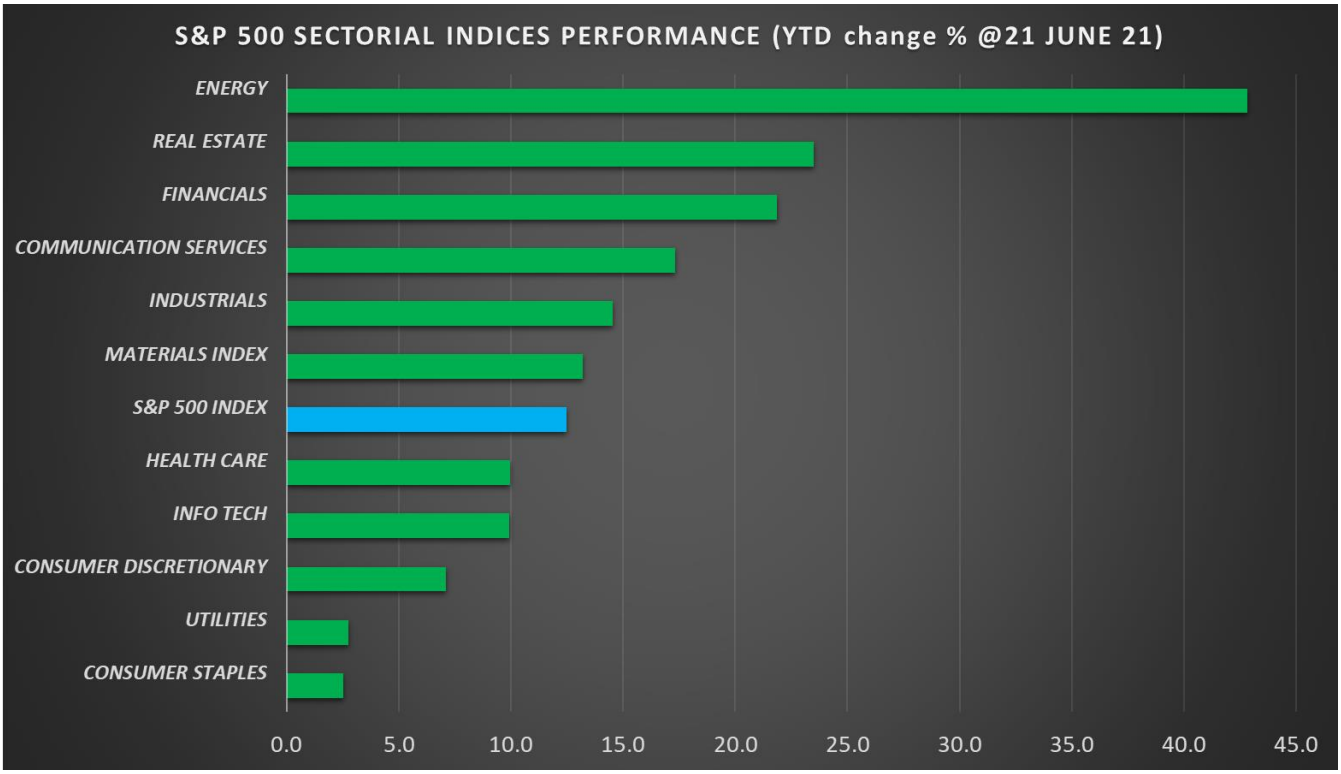
Source: Bloomberg - May 2021

CHART 3: Selected equity Indices year-to-date performance



Source: Bloomberg - June 2021

CHART 4: Performance of the S&P500 Subsectors Index



Source: Bloomberg - 21 June 2021

Inflation, the awakening "beast" and the US Federal Reserve

KEY POINTS:

- US Fed expects high inflation to be transitory
- A hike in the Fed Funds Rate may not come before 2022

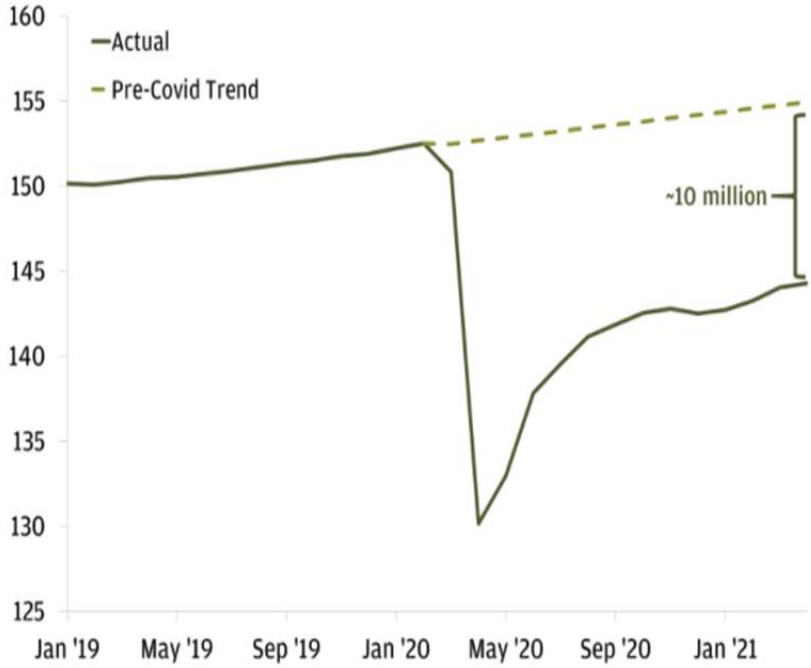
On 16 June 2021, the Fed left rate unchanged at near zero, while continue to increase the holding of US government bond by at least USD80bil and the agency mortgage-backed securities by at least USD40 bil per month, until substantial progress toward the Committee's maximum employment and price stability goals.

The US Fed expected the current higher inflation to be transitory and increased its US inflation forecast to 3.4% this year (from 2.4% previously), and expected it to decelerate to 2.1% and 2.2% over 2022 and 2023. The US Fed chief Jerome Powell also commented that the "job gains should pick up in coming months as vaccinations rise". However, what the investors feel slightly uncomfortable is, the Fed's quarterly projections showed 13 of the 18 fed officials favoured at least 1 rate hike by end of 2023, though still some years away, but it is earlier than what the market expected.

The change of tone from the Fed has pivoted investors to focus on whether the inflation data would continue to spike higher, triggering market speculation if the Fed would later bring forward the tightening measures earlier than 2023. By referring to the US labour statistics, there is still plenty of slack in the job market, who probably lost their jobs during the pandemic last year while still receiving the extended unemployment benefits which ends in Sept 2021 (refer CHART 5).

The US Fed is expected to keep its policy rate low and unchanged till early 2023 as well as maintaining its pace of bond purchase, nonetheless, the future release of inflation data and the Fed meeting especially on "tapering" its bond purchase activities will be closely watched and indeed, would likely create higher volatility in the capital market.

CHART 5: US Payrolls (millions of workers) – Still plenty of slack in the US labor market



Source: BLS, Haver Analytics – Apr 2021

Is increasing inflationary pressure good or bad to the stock market, historically speaking?

Well, it depends. When economic growth picks up, it's always good to follow by demand pull inflation, and the businesses could pass the higher cost of doing business (such as wage, cost of material etc) to the consumer. That could be even better if the business could increase the profit margin with higher sales growth. However, if inflation expectation turns to a runaway inflation, that could potentially trigger the US central bank to resort to some drastic measures.

We probably need to recall back the two high inflation periods occurred some four decades ago – first in the early 1970's and another in the early 1980s.

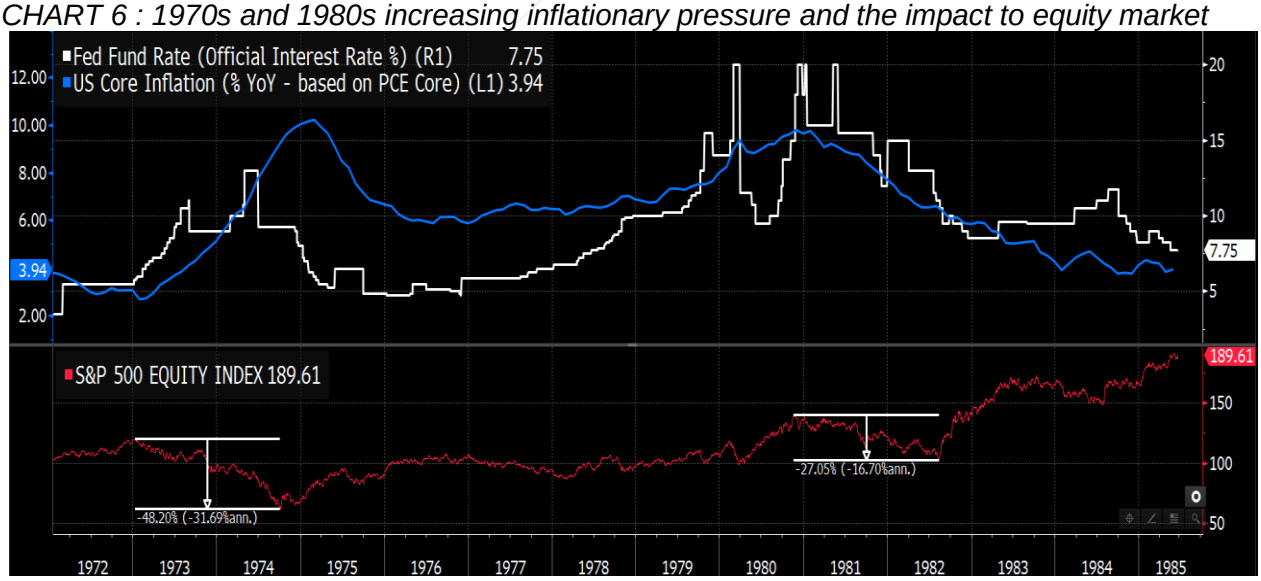
The first episode was partly caused by the collapse of the Bretton Wood system (USD no longer pegged to Gold) and also in 1973, the Saudi-Arabia-led oil embargo to the US and other countries who supported Israel military, therefore, causing oil price to spike near 300%, headline inflation was above 10%, while the then Federal Reserve Chairman, Arthur Burns hiked the fed fund rate from 5.5% in end 1972 to the high of 13% in mid-1974. Higher unemployment and tighter monetary policies to contain high inflation triggered the recession period till Mar 1975. The S&P500 declined by 48% towards second half of 1974, before recovering strongly by +62% towards year 1976.

While in the late 1970s / early 80s, the ex-fed chief Paul Volcker was appointed to break the inflationary cycle, which was caused by the energy crisis from the Iranian Revolution in 1979, by raising the fed fund rate to the high of 20% (refer to CHART 6). That had resulted in the recessionary period from the start of 1980s to the end of 1983. The S&P500 sustained huge volatility and declined about 27% from early 1981 to mid-1982, before recovering by +68% towards the end of 1983.

Both of the above episodes involved high inflation, partly due to high oil price and tightening monetary policies from the Fed, which later led to soring borrowing cost (e.g. increasing US government bond yields), and triggered recession as well as stock market corrections.

On 22 June, Federal Reserve Chairman Jerome Powell said it's highly unlikely that inflation will rise to levels seen in the 1970s but acknowledged significant uncertainty as the economy reopens.

CHART 6 : 1970s and 1980s increasing inflationary pressure and the impact to equity market



Source: Bloomberg – June 2021; Wikipedia - "1973 – 1975 recession", "Chief of the Federal Reserve", Office of the Historian "Oil Embargo 1973 – 1974"; Forbes - "Volker's Bear: The Bear Market of 1982" – 11 Oct 2017; WSJ – June 2021.

PREFER EQUITY OVER FIXED INCOME

KEY POINTS:

- Global economies are gearing towards “normalcy”
- Central banks, especially US Fed, though has shown eagerness to debate on bond tapering, will remain accommodative. Rate hike expected in 2H2023.
- Government spending plans (on infrastructure and green technology) and consumer excess savings should continue to support economic growth.
- Corporate earnings growth expectation remains high.
- Overall equity valuation, especially in the US, is relatively high.
- Prefer Equity over Fixed Income as equity earnings yield is more attractive to bond yield
- Although “Growth” sector stocks commanded relatively higher earnings multiples, however, over the longer term, these sectors did show superiority in generating better revenue growth, margin and cash flow generation
- Net fund flow does not show excessive flow into Equity asset class, relatively to Bond and Money Market.
- Key headwinds – rising bond yield, new COVID variants, higher inflation pressure, continue US-China tension and high equity valuation. However, these could also give long-term investors opportunity to accumulate equity at better level.

CIMB 3rd Quarter 2021 Asset Class Preference

Within asset classes, we continue to maintain our OVERWEIGHT in Equity over Fixed Income, underpinned by the post pandemic recovery supported by huge fiscal stimulus spending (eg, direct financial payment, infrastructure spending, green transition spending etc), central banks accommodative monetary policy, pent-up demand from consumers with huge excess savings, supportive corporate earnings growth and still moderate investor positioning in equity asset class (vs Bond and Money Market). Therefore, causing lesser room for downside in the bond yields (%) (Bond yields goes down, bond price goes up, vice versa).

Potential headwinds into the rest of 2021

While the longer term economic outlook remains favorable, in the near term, investors would put more focus on the increasing inflation numbers in the rest of the year. Hence, the heating up of the US central bank tightening talks could potentially increase risk asset volatility in the 2nd half in 2021 or perhaps, into early 2022 (Fed bond tapering timeline uncertainty).

That could be compounded by proposed higher corporate tax by US President Joe Biden to fund its multi-years fiscal expansionary plans. However, whether it will be approved by the US Congress remains uncertain. Meanwhile, the increasing tension between the US-China, or perhaps, the US-led G7 and China, resurgence of COVID-19 cases as in Asian countries could also contribute to higher volatility, which have been relatively calm year to date.

CHART 7: Volatility index has been trending lower since the peak of COVID-19 pandemic crisis

Source: Bloomberg - June 2021

Herd immunity within reach

As of writing, more than 45% of the American population have been fully vaccinated. With the current vaccination rate of around 1.13 mil doses per day, it would take another 5 months from now to cover 75% of the US population, which means the economy would likely return to normalcy by end of 2021. For the European Union, it takes another 3 months to cover 75% of population. The UK will take another 2 months. While China's latest vaccination rate is running at staggering 19.49 mil doses per day on average, which means it should take another 2 months to cover 75% of population.

TABLE 1: The path to herd Immunity around the world

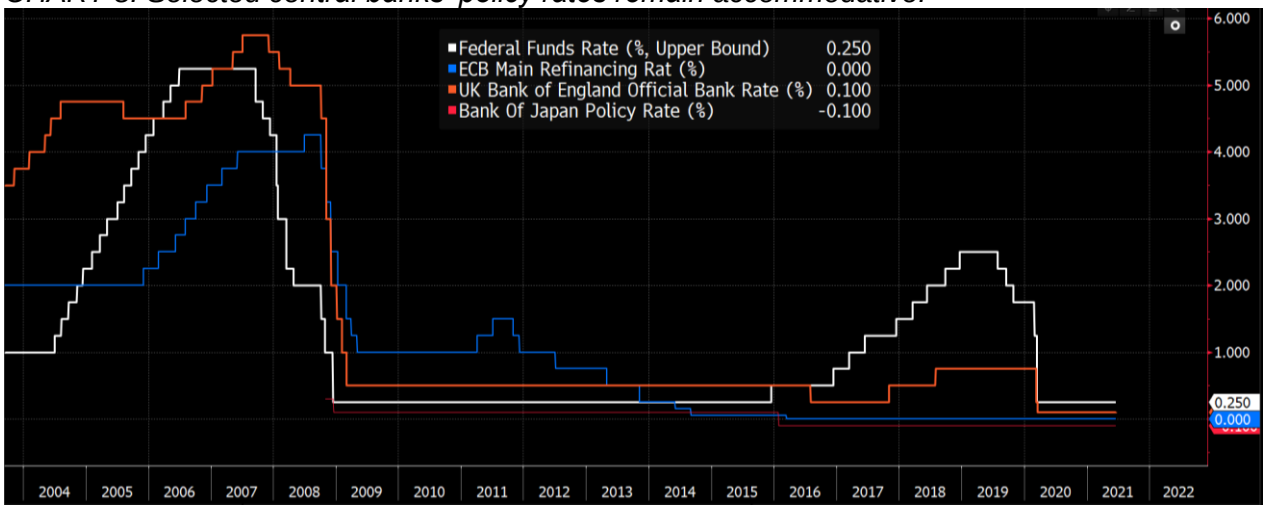
Countries	Average Doses Administered Daily	Months (from June 2021) to cover 75% population at current rate
U.S	1,132,945	5
U.K	415,067	2
E.U	3,854,128	3
China	19,493,286	2
South Korea	555,294	3
Taiwan	100,753	11
Hong Kong	43,097	6
Malaysia	189,329	7
Thailand	212,990	15
Indonesia	517,712	23
India	3,046,225	19
Singapore	42,760	3

Source: Bloomberg Covid-19 Tracker – 21 June 2021

Central banks remain accommodative

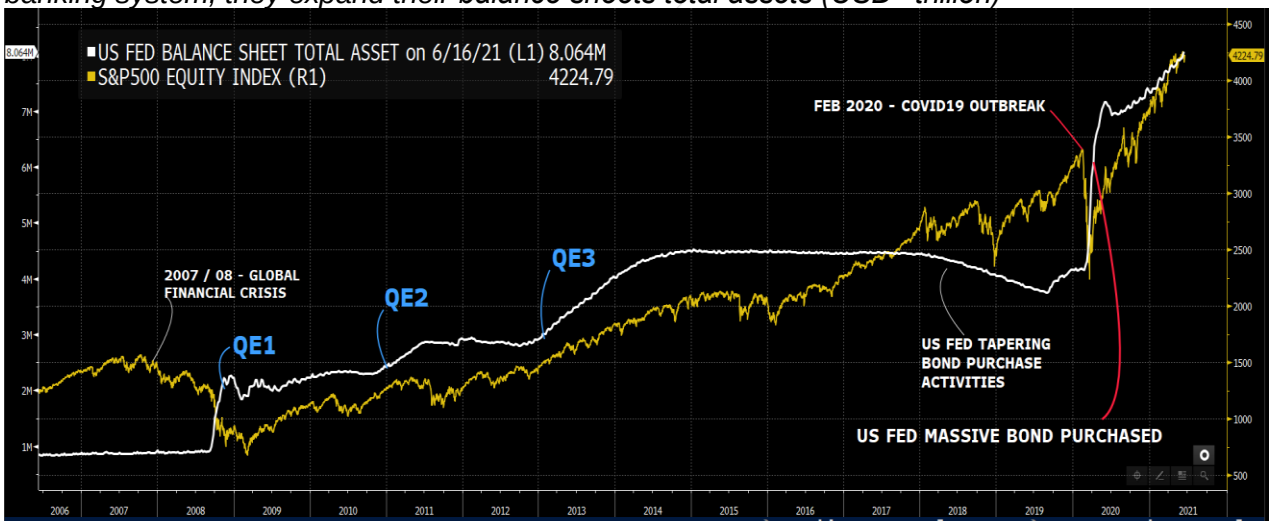
Though the recent tweak in the US Fed to slightly more "hawkish" tone, indicating that the interest rate environment (eg, US government bond yield) should trend higher, nonetheless, the US Fed would still continue its USD120 bil monthly bond purchase program to ensure that there's ample liquidity before "substantial progress" is made towards maximum employment and also price stability goal. Therefore, these accommodative stances would continue to provide support to risky assets.

CHART 8: Selected central banks' policy rates remain accommodative.



Source: Bloomberg - June 2021

CHART 9: When central banks increased their bond purchase program and inject liquidity to the banking system, they expand their balance sheets total assets (USD ' trillion)



Source: Bloomberg - June 2021

Government Fiscal Spending Plans Continue

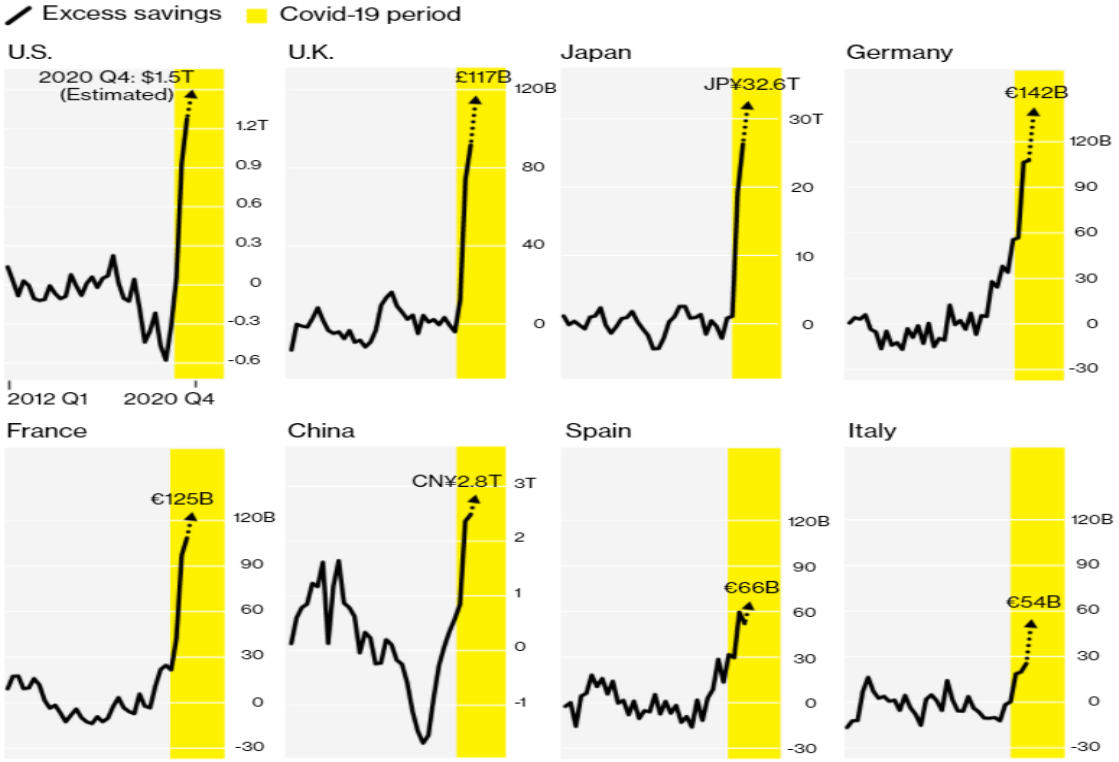
On 11 Mar 2021, President's Biden USD1.9 tril American Rescue Plan (ARP) was approved by the US Congress, providing the USD1,400 checks to eligible American. The bill also includes health-insurance subsidies, child-care tax credits, extension of supplemental unemployment benefits into September, and the USD360 bil for state and local government.

On 31 Mar 2021, President Biden has also proposed the American Job Plan (AJP) worth USD2.3 tril, covering 8-years of investment in building better transportation infrastructure, research & development, manufacturing and elderly care. In addition, the president has also proposed the American Families Plan of USD1.8 tril, spanning across 10 years, covering universal pre-school, extension of childcare credit, free community college, medical leave etc. Though the Republican would likely counter the offer with smaller packages, should the above spending plan been approved, this could further help to sustain the economic growth.

Consumers' wealth condition has improved while path to herd immunity (normalcy) would broaden the economic recovery

Since the April 2020, governments across the globe have pumped in about USD2.9 tril of excess savings into consumers' accounts. For the U.S. alone, on top of the USD900bil relief bill passed in December 2020, and the more than USD2.5tril aid authorized during Ex-president Trump, that excess saving will boost from USD1.5tril to USD2.1 tril. That will help to speed up money injection into the economy, as those in the lowest bracket household would spend more of their budget on basic household needs, including health care, food and clothing. Therefore, providing pent-up demand from consumer and giving a boost to the economic growth, which was severely impacted by the pandemic. For example, the google search frequency on the word "booking" has increased sharply in recent months (refer to CHART 11)

CHART 10: Consumer in the world's largest economies amassed more than USD2.9tril in extra savings

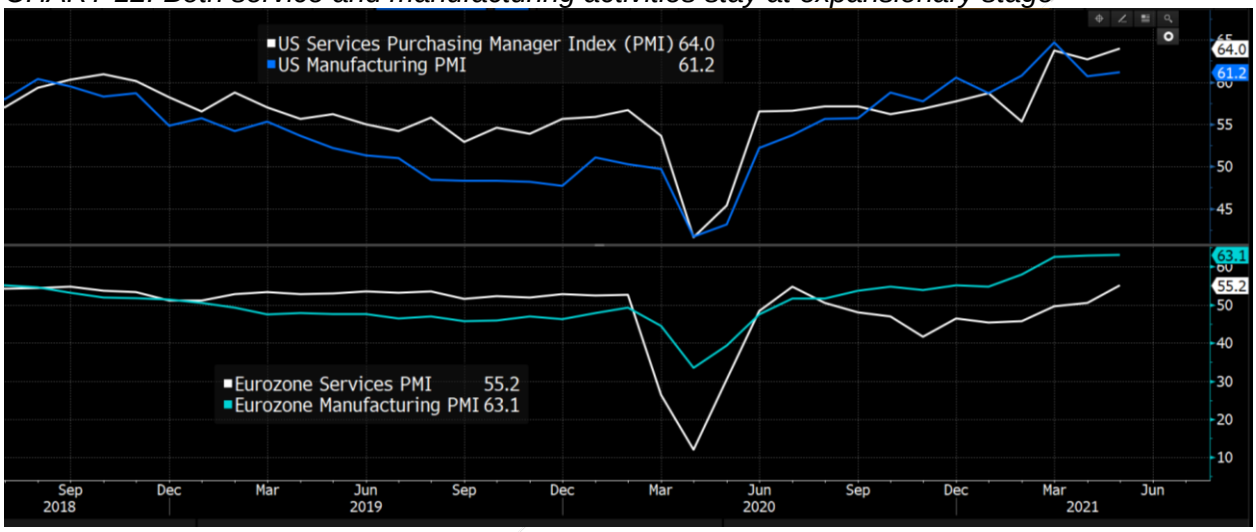


Source: Bloomberg - June 2021

CHART 11: Searches for "Booking" in worldwide on Google.com as of June 2021

Source: Google Trends – June 2021

CHART 12: Both service and manufacturing activities stay at expansionary stage



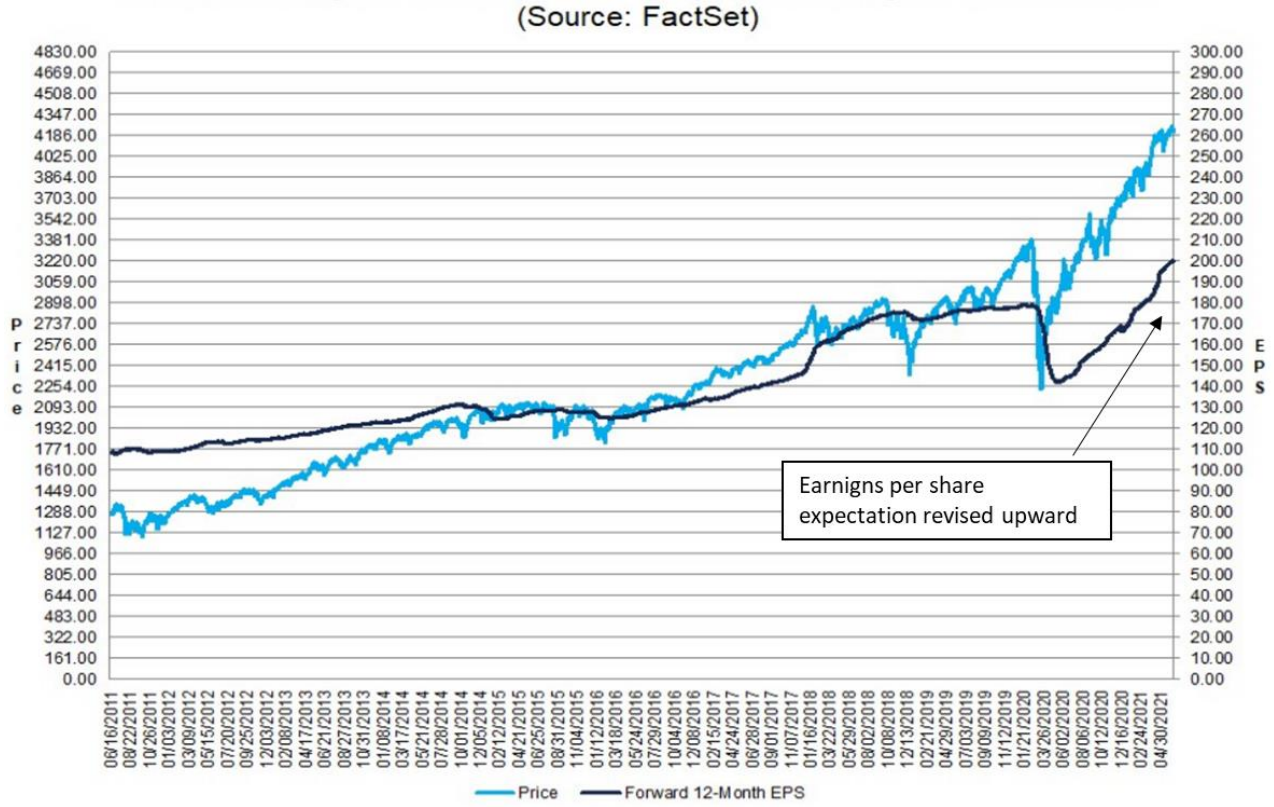
Source: Bloomberg - June 2021

Corporate earnings momentum continues to surprise on the upside

The 2nd quarter 2021 earnings season will get underway during the second week of July 2021. Based on FactSet, there were 103 companies within the US S&P500 have issued earnings per share (EPS) guidance. Of these 103 companies, 66 (or 64%) have issued positive EPS guidance.

The overall S&P500 is expected to report earnings growth of 61.9% yoy (1Q2021 earnings growth was +52.2%). All 11 sectors are projected to report earnings growth year on year, led by Energy, Industrials (e.g. airline, machinery, electrical equipment), Consumer Discretionary (e.g. hotels, restaurant & leisure), Financial and Materials (e.g. metals & mining, chemicals, container & packaging).

CHART 13: S&P 500 Equity Index vs corporate forward earnings per share



Source: FactSet - June 2021

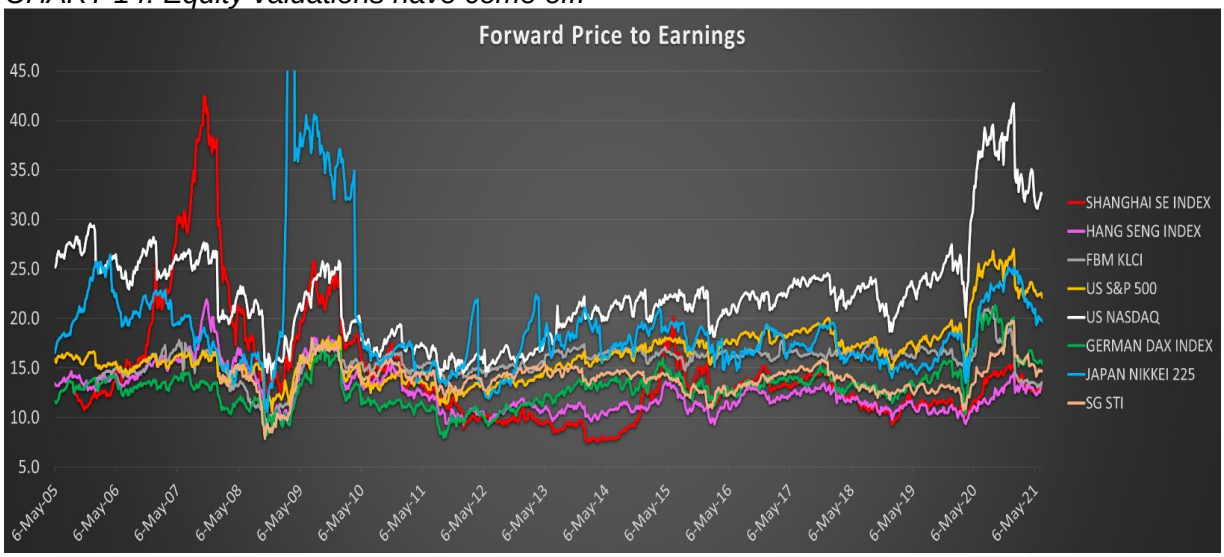
Equity valuation has come off to less demanding level and still relatively attractive when compared to Bond yield

With the unprecedented ultra-accommodative central banks monetary policies and government stimulus packages being deployed since the pandemic in 1st quarter last year, that partly justify the higher valuation of the stocks. So, in term of yield between overall bond yield and equity earning yield, which one is relatively more attractive?

Comparing between the company earnings yield (Earnings per share divided by share price) and the US Government bond yield, despite the recent spike in bond yield, equity asset class is still relatively more attractive (refer to CHART 15).

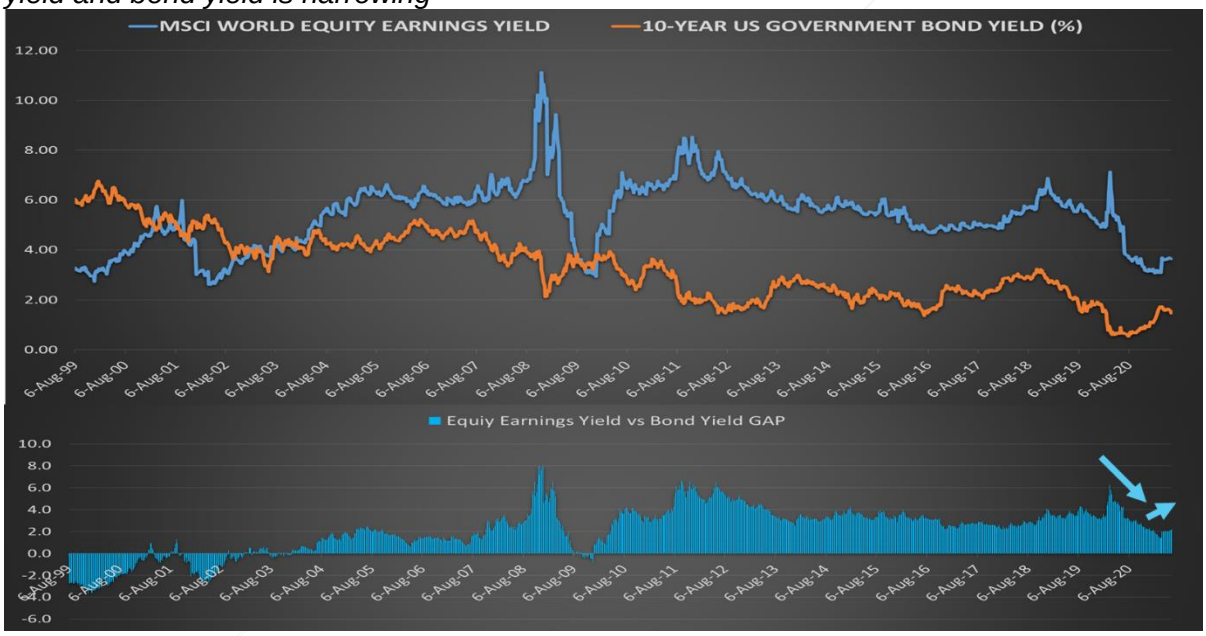
In addition to that, historically speaking, when equity market peaked during times when the bond yields were at much higher levels, that could cause higher equity volatility when investment fund flow switch from equity to bond (refer TABLE 2). In terms of the overall net fund flow into equity, the EPFR data does not show that the net fund flow into Equity was excessively high (refer to CHART 16).

CHART 14: Equity valuations have come off.



Source: Bloomberg - June 2021, Note: Forward PE based on current price divided by next 12 month consensus EPS.

CHART 15: Equity still offers better earnings yield, although the difference between equity earnings yield and bond yield is narrowing



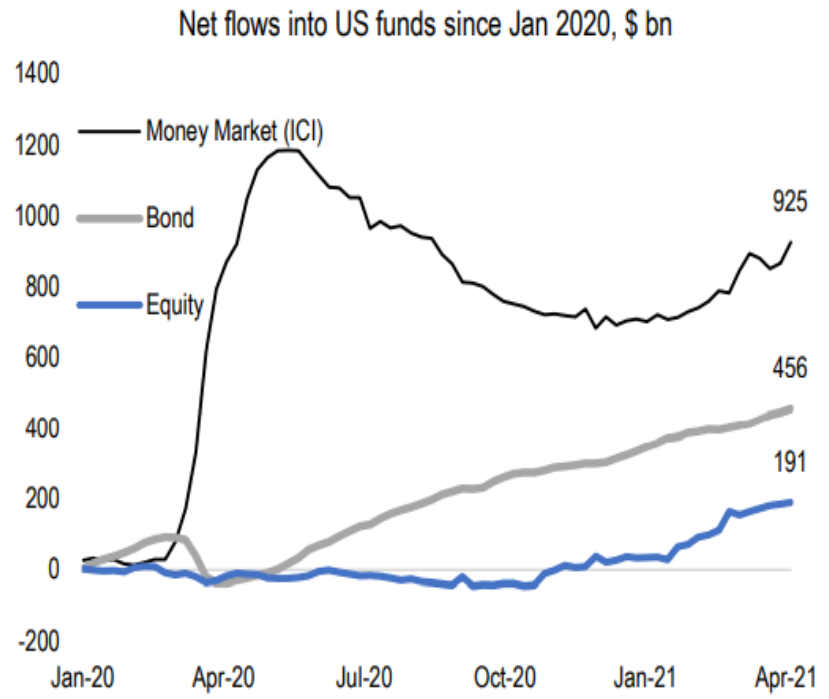
Source: Bloomberg – June 2021

TABLE 2: Equity earning yield vs bond yield

Stock Index	MARKET PEAK DATE	STOCK DIVIDEND YIELD	10-YEAR US GOVERNMENT BOND YIELD
KOSPI	April 3, 1989	1.43%	**15.80%**
TOPIX	January 2, 1990	0.43%	**5.60%**
TAIEX	February 9, 1990	0.57%	**8.53%**
HANG SENG	January 4, 1994	1.97%	**5.98%**
BANGKOK SET	January 4, 1994	1.31%	**10.75%**
NASDAQ	March 9, 2000	0.16%	**6.35%**
MSCI AC WORLD	**June 11, 2021**	**1.71%**	**1.45%**

Source: Bloomberg - June 2021

CHART 16: Net fund flow into Equity not excessive



Source: EPFR - Apr 2021, Credit Suisse Research - 7 May 2021

Growth sectors still deserve investors' attention

Just to recap, "Growth" sectors could be represented by, for example the Tech Sector, Internet Retail within Discretionary, Interactive Media & Services, Interactive Home Entertainment, Communication Services, which were mostly benefited more from the COVID-19 lockdown. While "Value" sectors are sectors with stocks often categorized by their low price to earnings or price to book ratios, which in this

case, could be represented by sectors such as Energy, Financial and Industrial, when they were bearing the brunt during the pandemic lockdown.

Year to date, we have seen the rotational play between “Value” and “Growth”. With the current rapid vaccination rate, while investors are focusing into the “Value” sectors, one should not ignore the Tech-related sectors especially when government in the countries like US and China have been ramping up support in these areas.

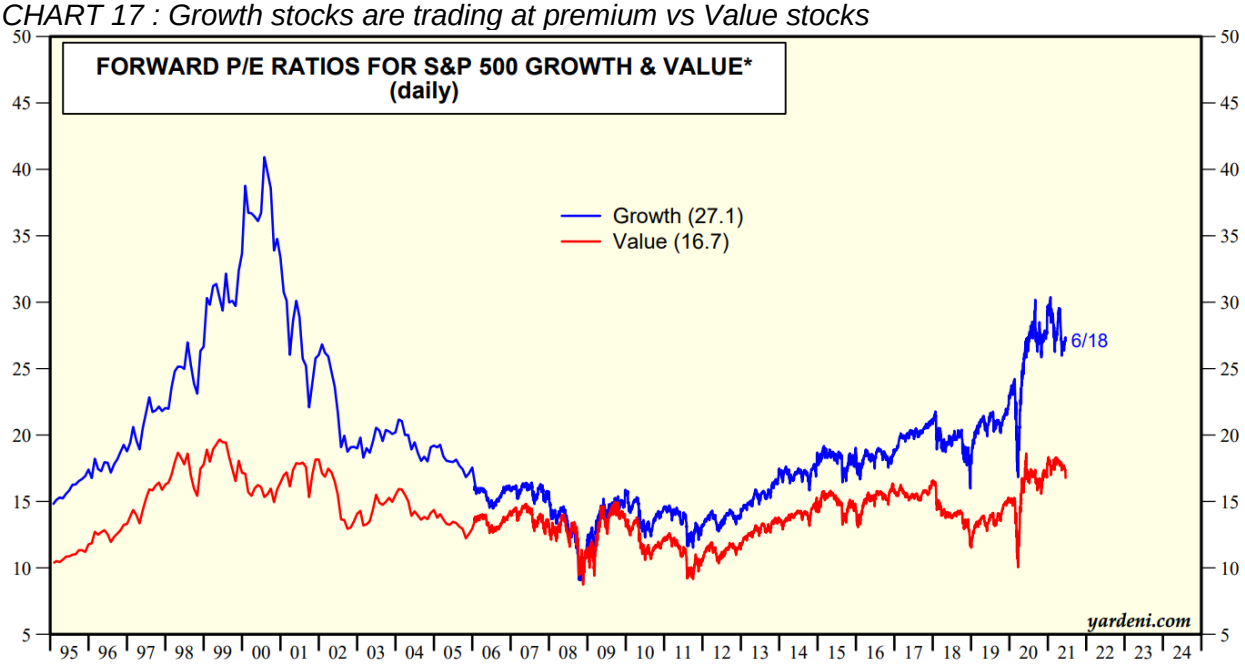
Competition between U.S and China

The U.S. Senate has approved USD250 bil bill to boost tech research in order to strengthen the US technology and research - to compete against Chinese technology. In addition, this bill could also help domestic semiconductor manufacturer to expand production to address the global chip shortage, which is used in household appliance, industrial electronics, electric vehicles etc. The US Senator Chuck Schumer said, “the nations that harness technologies like artificial intelligence and quantum computing and “innovations yet unseen” will shape the world in their image”.

During the recent China National People’s Congress (NPC) ended on 11 Mar, China reiterated its commitment to reduce dependence on US key technology. As also mentioned in the previous quarterly publication, the government will further direct resources to focus on semiconductors, artificial intelligence, quantum computing, neuroscience, and biotech. Public and private sector spending on research and development of new products are projected to rise to $580 billion a year by 2025 -- more than what U.S. spent in 2018. While China would still need to rely on foreign technology, the aggressive moves such as tax exemption and incentives could help to encourage future growth in the China semiconductor or IT-related industries (refer to TABLE 3).

Although “Growth” sector stocks commanded relatively higher earnings multiples (higher valuation in term of forward Price to Earnings ratio), however, over the longer term, these sectors did show superiority in generating better revenue growth, margin and cash flow generation (refer to CHART 18).

CHART 17 : Growth stocks are trading at premium vs Value stocks



Source: Yardeni, Refinitiv - June 2021

TABLE 3: China incentivizes domestic corporate in chip industry

Carrots, not sticks

Aggressive incentive schemes encourage growth in China's chip industry.

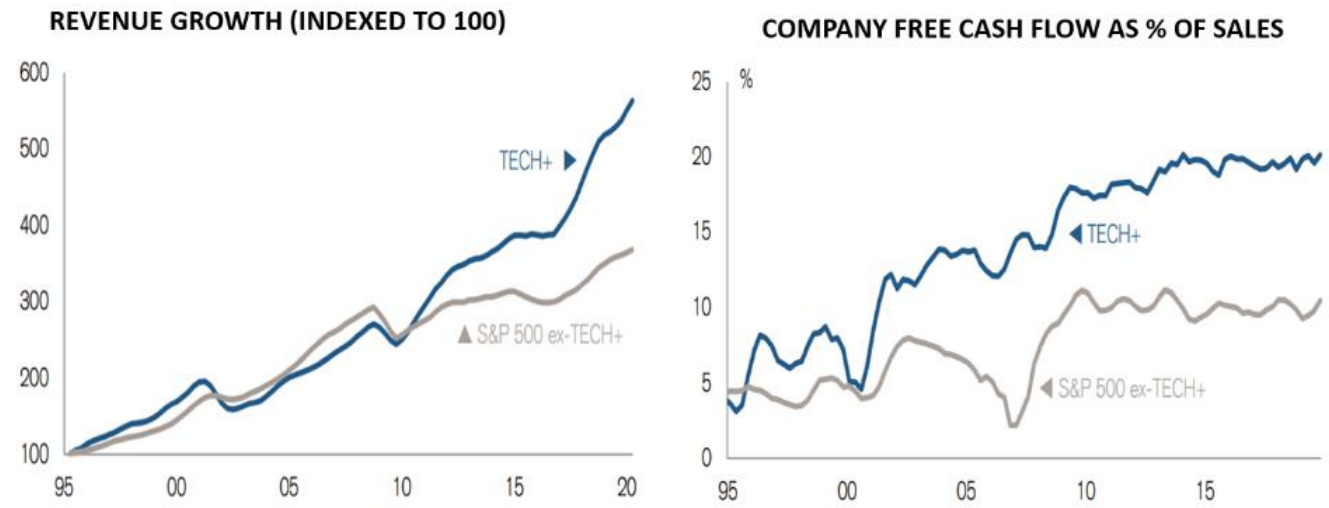
Category	Key measures
Chip manufacturing	• Exempt from up to 10 years of corporate income tax *(For chipmakers operating for more than 15 years, working on 28-nm chips or smaller)* • Zero import tax for materials and consumable spare parts used in chip production equipment, and construction materials for clean rooms
Chip design	• Exempt from corporate income tax for two years after turning profitable
Chip-design tools	• Exempt from corporate income tax for two years after turning profitable
Education	• Government has elevated the study of semiconductors and related engineering to a "first-class" degree • Now more than 25 national-model microelectronics colleges across the country, from only nine in 2015 • Tax incentives offered to semiconductor companies collaborating with those colleges and channeling industry people to teach there, growing China's talent pool

Chip production process	Chinese players	Foreign incumbents
Design tools *(Electronic design automation tools, or EDA)* Software tools for chip designers to map out their ideas into blueprints	Empyrean, Xpeedic, X-Epic, Shanghai Hejian Industrial Software, Advanced Manufacturing EDA	Synopsys *(U.S.)*, Cadence Design Systems *(U.S.)*, Siemens EDA *(Germany)*, Ansys *(U.S.)*
Design *(Including IP, blueprints)* Use EDA tools to design integrated circuits	Huawei's HiSilicon Technologies*, Will Semiconductor, UNISOC, Goodix	Apple's chip design arm, Nvidia *(U.S.)*, Qualcomm *(U.S.)*, MediaTek *(Taiwan)*, Arm *(U.K.)*
Manufacturing Produce chips based on chip designers' blueprints	SMIC*, Hua Hong, Yangtze Memory Technologies, ChangXin Memory Technologies, and more	TSMC *(Taiwan)*, Intel *(U.S.)*, Globalfoundries *(U.S.)*, Samsung *(South Korea)*, SK Hynix *(South Korea)*, Micron *(U.S.)*, Kioxia *(Japan)*, and more
Packaging and testing Final assembly and testing functionality	JCET, Tongfu Microelectronics, Tianshui Huatian Technology	ASE Tech Holding *(Taiwan)*, Amkor *(U.S.)*

*Added to U.S. Entity List

Source : Nikkei Asia, Bernstein Research, Government Announcement – 5 May 2021

CHART 18: Tech+ sector revenue growth, margin and cash flow generation has led the broad market over longer term



Source: S&P Global.com, Factset, Credit Suisse – 18 Nov 2020
Note: Tech + is the Tech Sector, Internet Retail within Discretionary, Interactive Media & Services, Interactive Home Entertainment, Communication Services

LOCAL EQUITY

We maintain NEUTRAL for both short and longer term

KEY POINTS:

- Our end-2021F KLCI target is 1709.
- We expect the impact from Full Movement Control Order (FMCO) to be offset by greater leniency in sectors allowed to operate and the support from the PEMERKASA+ & PEMULIH aid package.
- The ongoing rollout of the vaccination programs are expected to remain supportive of the market.
- Low interest rates are likely to keep retail interests in the market.
- Higher oil price bodes well as Malaysia is a net oil and gas exporter, the ringgit typically strengthens.
- Political uncertainty remains a concern

Target timeline for recovery from Covid-19

On 15 Jun, the Prime Minister announced Malaysia's National Recovery Plan, comprising four phases of an exit strategy from the Covid-19 pandemic. Each phase will have three main threshold indicators that need to be met for progression to the next phase. These are: 1) community Covid-19 infection rates, based on daily cases of infection; 2) capacity of the public health system, based on bed utilisation rates in intensive care unit (ICU) wards; and 3) level of protected population, based on the percentage of population having received two doses of their Covid-19 vaccine injections.

TABLE 4 : National Recovery Plan

	Phase 1	Phase 2	Phase 3	Phase 4
Target month	Jun	Jul-Aug	Sep-Oct	Nov-Dec
What's allowed	**Total MCO** Only essential services permitted to operate	Economic sectors allowed to operate at 80% capacity Expansion of Positive list - Cement manufacturing - Retail: electronics and computers Social sector and interstate travel prohibited	Economic sectors allowed to operate at 80% capacity, capacity limits may be lifted depending on vaccination All economic sectors allowed to operated, expect high-risk sectors and activities in Negative list (pubs, spas, beauty salons, conventions) Gradual reopening of the social sector, including education and certain sports Parliament to sit Interstate travel prohibited	All economic sectors allowed to operate More social activities permitted Interstate travel permitted Domestic tourism reopened
Indicators for phase transition		• < 4,000 daily Covid-19 cases • Moderate ICU bed occupancy rate • 10% of population fully vaccinated	• < 2,000 daily Covid-19 cases • Sufficient ICU beds available • 40% of population fully vaccinated	• <500 daily Covid-19 cases • Sufficient ICU beds available • 60% population fully vaccinated
Projected timeline for phase transition		Early-Jul	End-Aug	End-Oct

Source: CGS-CIMB – June 2021

Investors could shift towards recovery stocks in Jul/Aug

The Phase 3 reopening plan target of early-Sep, and the estimated RM1bn/day economic losses due to FMCO, are in line with our expectations. Hence, we keep our 4.4% GDP growth forecast for 2021F. The government revealed that it will have a supply of 16m more doses of Covid-19 vaccines by end-Jul. When added to the current vaccine supply in the country of around 7.6m doses, this means it will have

at least 23.6m doses of vaccines, sufficient to vaccinate 11.8m people (or 45% of the target population of 26m) to achieve herd immunity. If these targets are successfully met, we expect investors to shift their portfolios in favour of recovery stocks in the period leading to Phase 3 of the recovery and Budget 2022. Post recovery, Malaysia could potentially hold elections in Sarawak (due in Sep 2021) and GE15, if the current political impasse is not resolved.

End-2021F KLCI target is 1,709 points

We recently raised our end-2021F KLCI target from 1,699 pts to 1,709 pts (based on 15.1x P/E), still based on a 1 s.d. discount to historical average P/E to reflect potential earnings risks in 2H21F due to political instability. If Malaysia makes good progress in vaccinating 70% of its targeted population by end-2021 to achieve herd immunity, this could re-rate the market, which currently trades at 2 s.d. below historical mean.

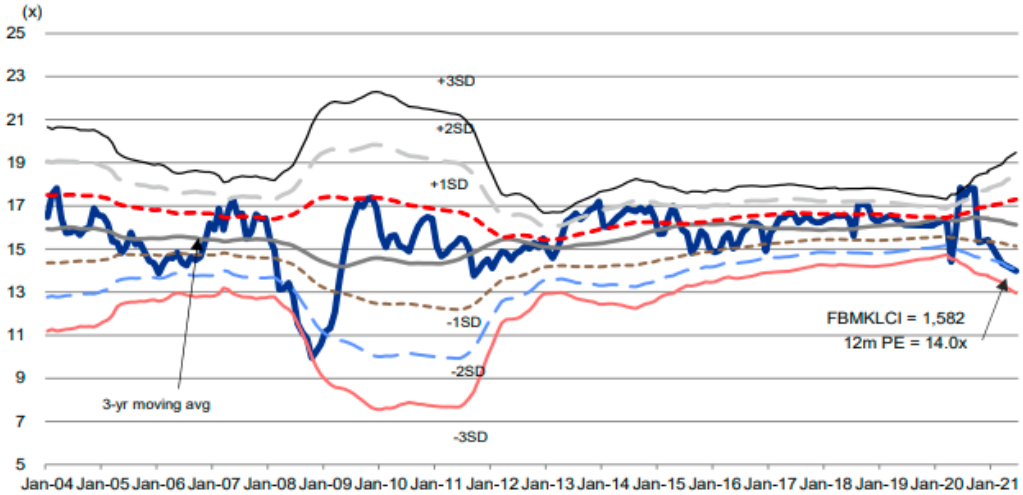
CHART 19 : Cumulative stimulus packages of RM530bn since 2020

Date	Economic stimulus package	Total	Direct fiscal injection	(1) Wage subsidies	(2) BPN/BPR/Special income assistance	(3) Prihatin Special Grant (GKP)
		RM bn	RM bn	RM bn	RM bn	RM bn
27-Mar-20	PRIHATIN	250.0	25.0	5.9	10.0	-
6-Apr-20	PRIHATIN SME+	10.0	10.0	7.8	-	2.1
5-Jun-20	PENJANA	35.0	10.0	5.3	-	-
23-Sep-20	KITA PRIHATIN	10.0	10.0	2.4	7.0	0.7
18-Jan-21	PERMAI*	15.0	2.0	1.0	BPR expedited	0.8
17-Mar-21	PEMERKASA	20.0	11.0	0.7	1.2	1.2
31-May-21	PEMERKASA PLUS	40.0	5.0	1.5	2.1	0.5
28-Jun-21	PEMULIH	150.0	10.0	3.8	5.1	1.0
	Total	**530.0**	**83.0**	**28.4**	**25.4**	**6.3**
	% of 2020 Nominal GDP	**37.5%**	**5.9%**	**2.0%**	**1.8%**	**0.4%**

**Direct fiscal injection is CGS-CIMB estimate*

Source: CGS-CIMB – June 2021

CHART 20 : FBMKLCI's 12M forward core P/E and standard deviation



Source: CGS-CIMB – June 2021

ALTERNATIVE – GOLD

Short term OVERWEIGHT, long term NEUTRAL

KEY POINTS:

- Vaccination rate has accelerated the normalization of the global economic growth.
- Headline inflation came in higher than expected due to pent-up consumer demand, supply constraints, continue government stimulus spending and accommodative central bank monetary policies
- US Fed, while maintain its official rate at near zero and also committed to its USD120 bil per month bond purchase program, has signalled willingness to tighten, possibly pushing the rate hike in year 2023, earlier than what market expected.
- Historically speaking, Gold could potentially act as "safe haven" during Equity market sell down (refer TABLE 5)
- CIMB expects gold price to be supported by end of 2021 before tapering off to USD1850 in 1H2022 on elevated inflation and accommodative Fed.

The on-going COVID-19 vaccination and continue government fiscal stimulus have expedited economic growth across the globe. Pent-up consumer demand as well as supply constraint, have resulted in higher commodity prices from soft commodities to energy, industrial metals and rare earths.

As mentioned in our 2Q2021 quarterly outlook report, this would cause a lower real yield, which is the difference between US Government bond yield and the US core inflation rate. As gold price is inversely correlated with real yield, it (gold price) has increased by 13% from the low of USD1683 on 8 March 2021 to the high of USD1908 on 2 June 2021.

Nonetheless, during the US Federal Reserve (Fed) meeting on 16 June2021, while still maintaining the fed fund rate unchanged at 0.25% and committed to its USD120 bil per month pace of bond purchase program, Fed Chairman Jerome Powell said the fed officials would begin a discussion about scaling back bond purchased and also, 13 out of the 18 officials favored at least one rate hike by end 2023, which is earlier than what the market expected. In addition the fed has increased its inflation forecast in 2021 to 3.4% (from 2.4%), 2.1% in 2022 (from 2.0%) and 2.2% in 2023 (from 2.1%).

The above news has caused the 10-year US government bond yield to spike more than 10 basis points to 1.57% on 16 June 2021 (1 basis point equal to 0.01%), therefore, this has impacted gold price negatively.

Having said that, CIMB forecasts gold price to average at the range between USD1850 to USD1900 by end of 2021 before taper off to USD1850 in 1H2022 as inflationary pressure would remain elevated, partly due central bank still loosening stance by maintaining its bond purchase program, continue normalization of the economy due to the accelerated vaccination rate, and also the potential proposed USD2.3 tril American Job Plan by US President Biden which could involve huge amount of infrastructure investment.

Source: Bloomberg – 17 June 2021, CIMB Treasury & Market Research – 9 June 2021. CGS – CIMB – 1 June 2021

CHART 21: Inflation kicks in higher than expected

Source: Bloomberg - June 2021

CHART 22: Gold price move in reverse relation with "Real Yield"

Source: Bloomberg - June 2021

TABLE 5: Historically speaking, Gold could potentially act as safe haven during market sell off

Dates of S&P500 Biggest Declines	S&P500 % Change	GOLD % Change
21 Sept 1976 - 6 Mar 1978	-19.40%	59.79%
28 Nov 1980 - 12 Aug 1982	-27.11%	-46.18%
25 Aug 1987 - 4 Dec 1987	-33.51%	8.35%
16 Jul 1990 - 11 Oct 1990	-19.92%	6.81%
17 Jul 1998 - 31 Aug 1998	-19.34%	-6.43%
27 Mar 2000 - 9 Oct 2002	-49.03%	14.18%
9 Oct 2007 - 9 Mar 2009	-56.78%	25.00%
10 May 2011 - 3 Oct 2011	-19.01%	9.37%
20 July 2015 - 11 Feb 2016	-14.06%	13.70%
2 Oct 2018 - 24 Dec 2018	-19.58%	5.48%
19 Feb 2020 - 23 Mar 2020	-33.92%	-3.63%

Source: Bloomberg - June 2021

ALTERNATIVE – CRUDE OIL

Maintain NEUTRAL both short and longer term

KEY POINTS:

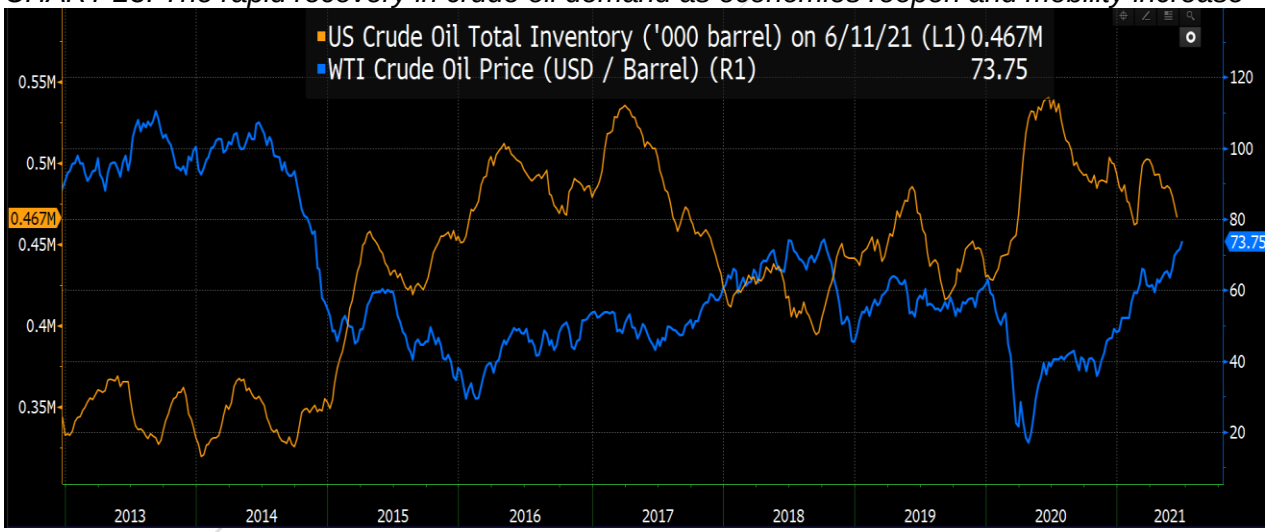
- Oil price continues to improve as economies reopen and OPEC+ continues effort to keep production on a tight rein, hence keeping global oil inventories continue to be drawn down.
- However, the current elevated crude oil price could attract higher oil production. Should Iran sanction be lifted, it could bring more supply to market, though its fate remains uncertain.

The continue acceleration of vaccination rate globally would mean higher mobility, both on the highways and in the sky. Hence, giving upward support to crude oil demand.

In addition, the OPEC+ has coordinated to keep oil supply on a tight rein. Saudi Arabia will continue to unwind one million barrels a day in voluntary cut it announced earlier this year. OPEC is unlikely to commit to much greater supply, given uncertainty on Iran supply as it attempts to renegotiate relief on sanction related to its nuclear proliferation policies. Talks remain uncertain and any supply increase from Iran will be months away.

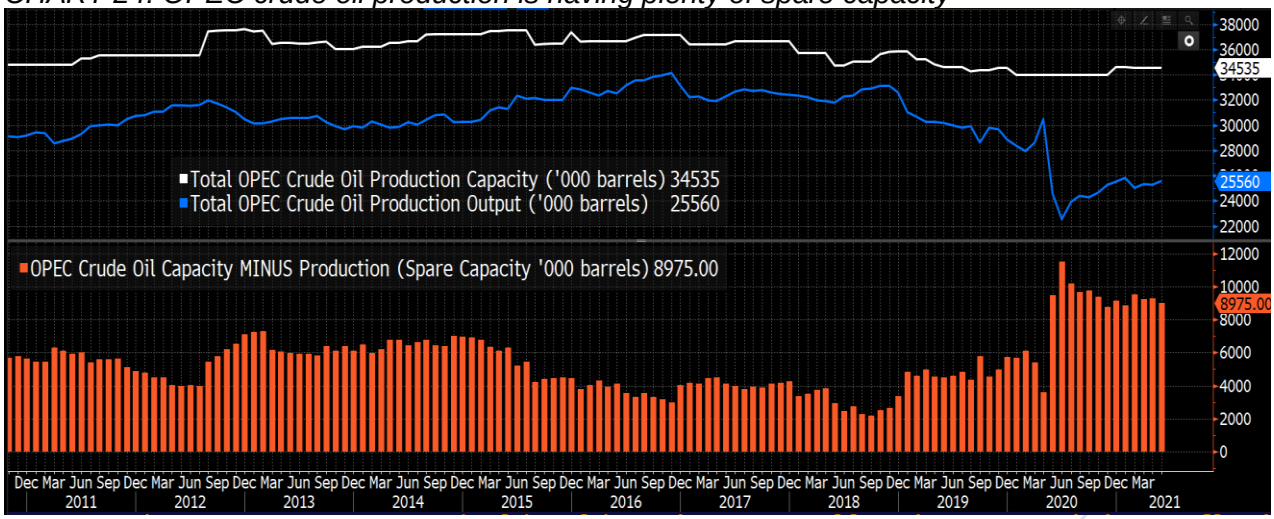
Elevated crude oil price would put spotlight on the coming OPEC+ meetings as with the current spare capacity to restart production from the cartel, that could potentially put pressure to deliver a roadmap for crude oil supply to the market in 2H2021. CIMB forecast WTI crude oil to stay at USD68 towards the end of 2021, before tapering lower to USD61 in 1H2022.

CHART 23: The rapid recovery in crude oil demand as economies reopen and mobility increase



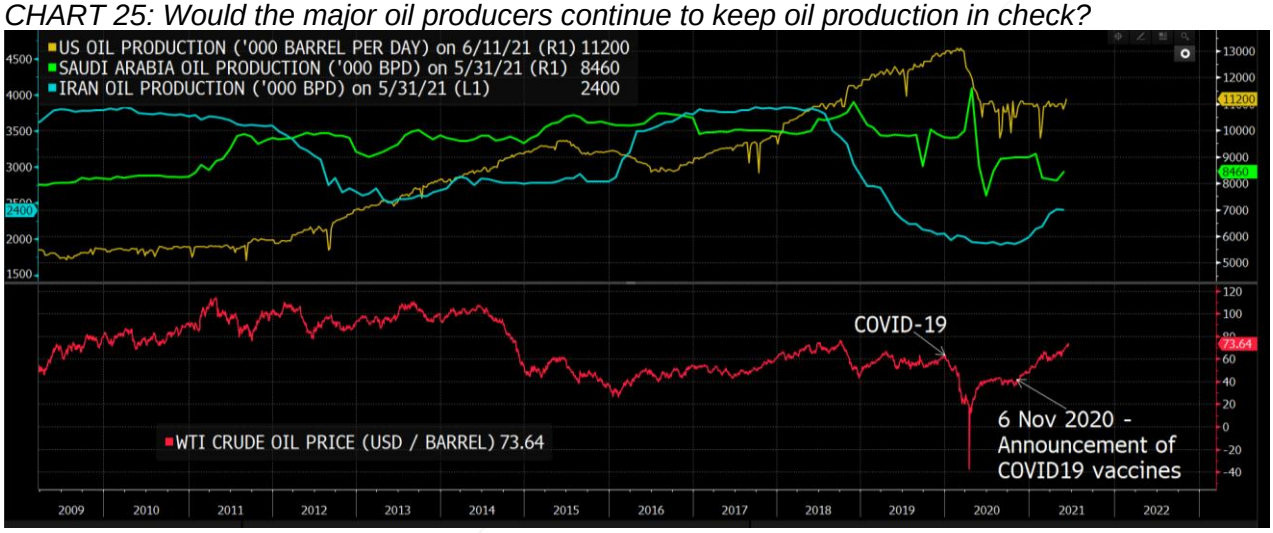
Source: Bloomberg - June 2021

CHART 24: OPEC crude oil production is having plenty of spare capacity



Source: Bloomberg - June 2021

CHART 25: Would the major oil producers continue to keep oil production in check?



Source: Bloomberg data – June 2021, CIMB Treasury & Market Research – 9 June 2021

GREEN TRANSITION

KEY POINTS:

- ESG will continue to gain global investor attention

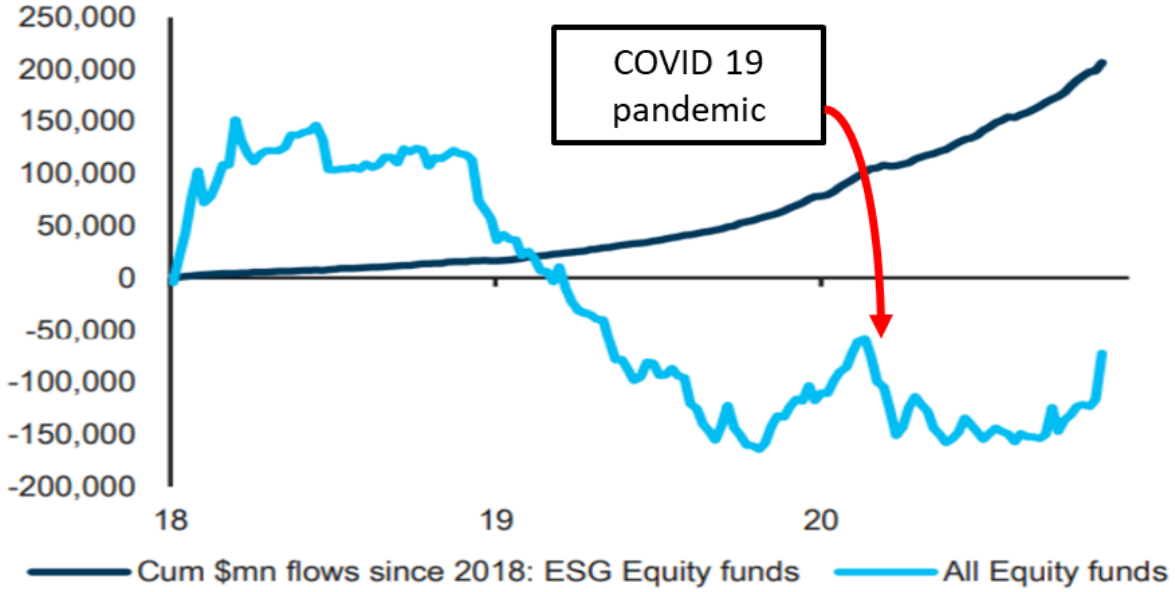
Based on Bloomberg New Energy Finance, approved funding from national and subnational governments to spur a green economic recovery has reached $966 billion as of 15 Mar 2021.
In the U.S, President Joe Biden pledged for a clean energy revolution through recommitting the US to the Paris agreement on climate change, proposing US electricity production carbon-free by 2035 and the country to achieve net zero emission by 2050 by spending USD2 trillion on upgrading 4 million buildings to improve energy efficiency, upgrading public transport by investing in electric vehicle manufacturing and charging points.

The European Commission raised its greenhouse gas emission reduction target from at least 40% by 2030 to at least 55% based on 1990 levels. The ultimate objective of making Europe a carbon-neutral continent by 2050 remains unchanged. The Green Deal includes a € 1tn investment plan over ten years (2020-30).

In China, President Xi has also announced commitment to achieve carbon neutrality by 2060. There are 3 clusters: power (essentially focused on solar and wind), mobility (the electrical vehicles ecosystem) and environmental industries (including carbon capture and storage, waste management and engineering firms active in boosting energy efficiency).

Therefore, Environmental, Social and Governance (ESG) related funds are likely to continue attracting investors' attention moving forward.

CHART 26: ESG fund flow since 2018



Source: EPFR, Barclays. bbc.com - 10 Nov 2020, CGTN – 24 Sept 2020; Soc Gen – 23 Nov 2020; Politico.eu – 20 Oct 2020, BNEF – 15 Mar 2021

INVESTMENT STRATEGY: PORTFOLIO DIVERSIFICATION

KEY POINTS:

Benefits of portfolio diversification:

- Minimizing the risk of loss
- Provides return stability
- Peace of mind

During periods of high volatility, investors are encouraged to stay invested through Investment Portfolio diversification that commensurate with investors' risk profiles. Why?

Investment portfolio diversification helps:
1) Minimizing the risk of loss - A diversified portfolio could help to reduce potential huge losses at times of uncertainty. If one asset class perform poorly during the investment periods, other asset classes may perform better. The chart / table shows the annualized return and maximum drawdown (from the highest to the lowest points) of the respective investment approach in single asset class as compared to a Balanced investment portfolio.
2) Provides Returns Stability - investment does not always perform as expected, a diversified investment portfolio avoids relying upon one source of asset class for return.
3) Peace of Mind - investors tend to "time" the market and get emotional during high volatility periods. A diversified investment portfolio helps to reduce the time spent to study the market and going through emotional stress, yet, achieving a realistic investment return over a longer period.

In conclusion, a well-diversified investment portfolio could help to reduce the return volatility and helps investors to achieve a more stable expected return over a long run.
The following chart and table shows if investors invested in single asset class as compared to a diversified investment portfolio – let's take a "Balanced" risk profile model portfolio that consists of 46% in Bond, 52% in equity and 2% in alternative asset classes.

CHART 27 : Historical portfolio return

	Cumulative Return Since Inception (%)	Annualized Return since inception (p.a %)	Maximum Drawdown During 2007 to 2009 (%)
100% in Equity Asset	+333.6%	+6.4%	-57.1%
100% in Bond Asset	+185.4%	+4.5%	-25.6%
100% in Commodity Asset	-37.7%	-2.0%	-56.7%
BALANCED Model Portfolio	+258.0%	+5.6%	-39.2%

Source: Bloomberg Data - Indexes and Portfolio Returns are re-based at 100 since Aug 1996.

Note:
1. Equity value based on MSCI World Equity Index, Global Bond value based on Barclays Global Aggregate Bond Total Return Index and Commodity based on Bloomberg Commodity Index
2. Investment Portfolio composition based on CIMB Wealth Management Balanced Risk Profile Model Portfolio (46% Bond, 2% Alternative, 52% Equity).
3. Maximum drawdown measures the highest level to the lowest level between 2007 and 2009 period.

Source: Bloomberg – Mar 2020
Past performance is not an indication of future return.

	Outlook	Technical
US Dollar ⬌	*Fed to set the tone - Better global growth expectation from economies reopening followed by vaccine announcements along with US post-election uncertainties drove much of the Dollar's weakness. In the same manner, better domestic growth expectations over Fed policy shifts prodded it higher. Considering the brighter economic outlook with pandemic concerns subsiding, supported by government spending and consumer demand, we can expect the Fed to shift is policy lever and induce Dollar gains. The move higher, however, will be tempered by ongoing global growth expectations which will favor risk assets. The combination of factors will see the Dollar moving both ways while maintaining an overall positive bias resulting in our forecasts being higher than consensus.*	*The Dollar had recently turned lower after an initial shift away from the prevailing downside trend. Turning back before revisiting recent cycle low provides respite against further declines but moving averages recently crossing bodes ill for the Dollar and can indicate a further move lower if prices move down to break below 89.20. The turn higher given the momentum will be shallow and finding firm resistance at 23.6%. Technicals point towards a rangebound market whose extended direction depend on its move beyond key support and resistance levels.*
EURUSD ⬌	*Cedes to Dollar direction - EUR has largely benefitted from an improvement in global risk sentiments, following economies reopening from initial strict lockdowns coupled with vaccine announcements. This is despite the ECB increasing its policy accommodation amidst repeated resurgence of infections leading to various lockdown measures amidst slow vaccination rates. A shift in external environment such as a decline in global growth expectations or the Fed adjusting its bond purchases can lead to EUR declines. On balance, without further boost to global growth expectations, EUR gains look exhausted and sees EUR moving lower resulting in our forecasts being below consensus.*	*EUR long positions have fallen back down from 5-year high since September last year. Positions however remain elevated and underlined EUR gains as it continues to trade around its recent cycle highs. EUR also has seen increased technical trading of late given the trendless environment. The combination of technical trading and large long-positions can cause sharp downward shifts in prices with breaks through support prompting the shedding of excessive long positions. EUR has recently broken above its downward sloping channel, but momentum has faded of late and can result in EUR moving back down target the channel top. A move back into the channel is not unlikely and can be a repeat of EUR moving back into the same channel after its recent break below it. Moving averages are crossing and EUR may move lower and resume its downward trend shifting from the upside trend since early 2020. Moving within the channel will see EUR trending to target 1.1750 with a break below it, resulting in it targeting the 38.2% retracement at 1.3180.*
USDJPY ⬌	*External factors dominant - Both the Dollar and US yields have been a major influence on USDJPY. Improving risk*	*USDJPY has turned higher this year shifting from its overall downside trends with a sharp acceleration higher to test*

	sentiment from economies reopening and vaccine announcement would usually pull the Yen bid, but USDJPY fell regardless as the Dollar weakened. Recently, USDJPY had turned higher despite Dollar's weakness as yields stabilized from their April decline and risk sentiments remained supported by the Fed maintaining its easy policy amidst a rise in domestic COVID-19 infections. A shift in Fed policy in the second half can send the Dollar back up and growth expectation remaining supported to keep upside pressure on yields will induce further Yen weakness. Accordingly, our USDJPY forecasts are above consensus.	*the red resistance line at 110.80 before pulling back. The overall trend remains towards the upside within episodes of prices moving both ways providing quick dip buying opportunities. For prices to extend higher it will have to break above the red line which can push prices to as high as 115.00 but not before meeting with firm resistance at 102.50. A turn lower is also plausible if prices shift meaningfully below 109.00 which can send the pair down briefly to 108.00 before turning higher. A more sustained move lower will involve a move below both the 108.00 and 107.00 handle before finding support at 106.90. The balance of trend indicators remains biased higher making the upside target more plausible.*
GBPUSD	*Its only good news - GBP has been the bright spot in the currency space rising both against the Dollar and on the crosses due to the receding of Brexit risks at the turn of the year. This is also followed by domestic growth expectations boosted by a successful vaccination drive resulting in the economy reopening. The BOE has also begun to reduce policy accommodation and hinted at rate increases next year underlining GBP's strength. While the Fed shifting its stance can induce some weakness as the Dollar turns back up, better domestic economic outcomes will continue to keep it supported on the crosses. Dollar strength being the primary artefact of GBP weakness leads our forecasts to be lower than consensus.*	*GBP remains within its upside channel with little indication of it departing from the prevailing trend. A break above the red resistance line can send GBP to as high as 1.4500/1.4600 while turn lower from here will find support at the channel bottom or 1.4000. A break below the channel can result in GBP targeting 1.3500 but looks technically unlikely at the current juncture given the positive momentum within the channel. A near-term move lower with a failure to move beyond the red resistance line at 1.4240 can see prices visiting the channel bottom before turning up. On balance upside looks to be limited with firm resistance around the 100% retracement and will depend on prices sustaining with the channel to extend the year long trend.*
AUDUSD	*Has run its course - Better risk sentiments and rising global growth expectations from the initial exit from strict lockdowns followed by vaccine announcements have led to AUD gaining sharply throughout 2020. Further gains in 2021 were driven by commodity prices accelerating higher again on growth expectations turning higher. However, as speculation over the Fed rose and China clamped down on excessive commodity gains, AUD has lagged. Without further significant growth impetus and growing tensions with China, along with the Fed*	*AUD has continuously tested the channel bottom and has moved below the channel recently. Should prices extend firmly lower, AUD will move towards the head and shoulders formation target at 0.7350. To note also, the channel break has a target of 0.7150, just above the 61.8% retracement. This target will be reinforced on a move below the 76.4% retracement at 0.7500. Technically, AUD is looking negative while upside momentum is weak. Any move higher is a good opportunity to shed AUD*

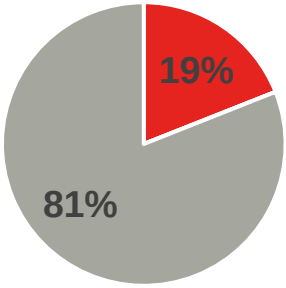
	likely shifting its policy levers in the second half of the year, AUD gains looks to have run its course and will lead to declines leaving our forecasts below consensus.	*positions with a more decisive shift in momentum occurring on a move below the 0.7700 handle which has held despite multiple tests.*
USDMYR	*Domestic factors to battle external pressures - Ringgit has benefitted significantly from global growth expectations rising from reopenings and vaccine announcements. USDMYR's move lower largely tracked the Dollar and as such, periods of gains coincided with the Dollar moving higher on better growth expectations stateside and Fed policy speculation. Of late, it has broken with the Dollar as domestic growth expectations took a hit from virus mitigation measures which can induce near-term gains if infections come under control and vaccinations prove to be successful. Dollar moving higher on the Fed likely shifting its policy in the second half of the year leading to Dollar gains, will again induce upside pressure leading to our forecasts being above consensus.*	*Ringgit is moving along an upside channel with support at the channel bottom. A firm break below the channel will result in the pair targeting 4.0300 which is also a firm support. Barring this, the pair looks set to continue trading within the channel with an upside bias. Breaking above 4.1510 and the 38.2% retracement at 4.1680 will send USDMYR up towards the 50% retracement or 4.2200. USDMYR direction as such will depend on the integrity of the trend channel.*
USDSGD	*Externally led - USDSGD has been on a steady downward trend with Singapore benefitting from (i) a boost to growth expectations from economies reopening; (ii) vaccine announcement leading to expectations of an end to the pandemic; (iii) growth accelerating supported by fiscal and monetary policies. Periods of weakness coincided with Dollar strength on the back of better growth outcomes in the US and speculation over Fed policy. Going forward, growth expectations will remain supported but currency gains look to have largely reflected this unless there is a further boost to growth expectations. Reopening the economy will provide a temporary boost but with the Fed poised to act next half, the resultant Dollar gains can pull USDSGD higher leading our forecasts to be higher than consensus.*	*USDSGD has been moving down persistently and is not trading at levels below previous prevailing levels and would need downside momentum to increase to see it extending lower. The turn down after recent move up has not caused a shift in the upside momentum considering the troughs have been higher than the previous ones. Considering this and recent price trends, we can expect a turn higher to target the red-resistance line at 1.3450 over the intermediate term given that the support at 1.3200 holds. An extension beyond the resistance will depend on prices closing firmly above the 23.6% retracement at 1.3510 which can result in USDSGD targeting 1.3720.*

For currency forecast, please refer to page 32.

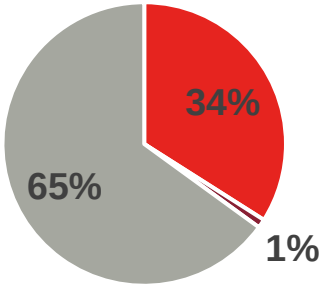
Source: CIMB Treasury & Markets Research – June 2021

2H2021 MODEL PORTFOLIO

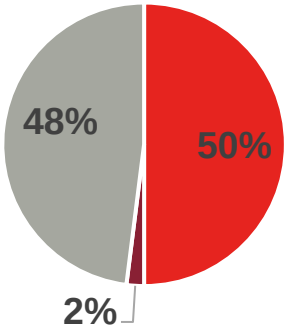
Defensive



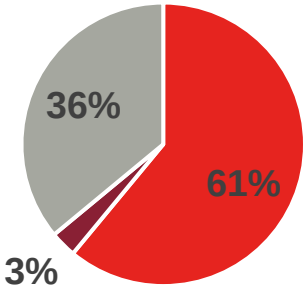
Conservative



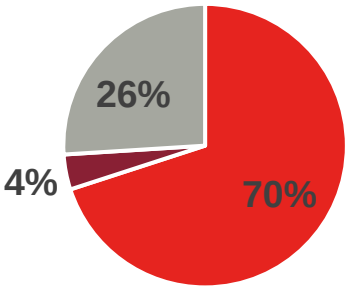
Balanced



Growth



Aggressive



ASSET CLASSES:

- Equity
- Fixed Income & Money Market
- Alternative

Source: CIMB Consumer Products, Wealth & Preferred - Investment. Note: Equity includes Local Equity, Regional Equity & Global Equity. Alternative includes Gold & Crude Oil.

Growth Outlook

	2020A	2021F	2022F
US	-3.5	7.7	4.5
Eurozone	-6.7	4.2	4.8
Japan	-4.7	2.2	3.0
China	2.3	8.9	5.5
Malaysia	-5.0	4.4	n/a
Indonesia	-2.0	4.5	n/a
Singapore	-5.7	5.3	n/a
Thailand	-6.9	1.6	n/a

Inflation Outlook

	2020A	2021F	2022F
US	1.2	3.0	2.4
Eurozone	0.3	1.8	1.4
Japan	0.0	-0.2	0.2
China	2.5	1.4	2.4
Malaysia	-1.1	3.1	n/a
Indonesia	2.0	2.0	n/a
Singapore	-0.5	1.4	n/a
Thailand	-0.9	1.6	n/a

Policy Rates

	2020A	2021F	2022F
US	0.25	0.25	0.25
Eurozone	0.00	0.00	0.00
Japan	-0.03	-0.06	-0.07
China^	2.95	2.95	2.99
Malaysia	1.75	1.75	2.50
Indonesia	3.75	3.50	4.00
Singapore	n/a	n/a	n/a
Thailand	0.50	0.50	0.50

Currency Outlook

	3Q2021	4Q2021	1Q2022	2Q2022
DXY	92.50	95.00	93.50	95.00
GBPUSD	1.38	1.36	1.36	1.35
EURUSD	1.16	1.14	1.16	1.17
USDJPY	111	114	110	112
USDCNH	6.45	6.50	6.60	6.70
USDMYR	4.20	4.15	4.10	4.05
USDIDR	14200	14300	14500	14600
USDSGD	1.34	1.35	1.36	1.35
USDTHB	31.60	32.00	31.80	32.20
AUDUSD	0.76	0.75	0.74	0.75

Stock Indices

	End-2021
Malaysia KLCI	1709
Singapore FSSTI	3488
Thailand SET	1690

Commodities Outlook

	3Q2021	4Q2021	1Q2022	2Q2022
Brent	70.00	72.00	67.00	65.00
WTI	66.00	68.00	63.00	61.00
Gold	1850	1900	1950	1850
CPO	3400	3200	3000	3000

Source: CGS-CIMB Research, CIMB Treasury & Markets Research, CIMB Group Economic & Market Analysis – June 2021.
^PBoC 7-Day Interbank Repo Rate

CIMB BANK BERHAD DISCLAIMER

The contents in this document are reasonably believed to be correct at the time of issue and are subject to change.

CIMB Bank Berhad ("CIMB") makes no express or implied representation, recommendation or warranty as to the accuracy, desirability, reliability, or completeness of any information and opinion relating to any matter contained in this document.

The information in this document is subject to change and correct at the time of issue. Neither does this document purport to contain all the information that a prospective investor may require. Because it is not possible for CIMB to have regard to the specific investment objectives, financial situation and particular needs of each person who reads this document, the information contained in it may not be appropriate for all persons.

CIMB is not acting as advisor or agent to any person whom this document is directed. You, the recipient of this document must consult your own professional financial, legal, accounting, taxation and all other advisers and make your own independent assessment of the contents of this document. Under no circumstances should you treat or rely on any of the contents of this document as advice in relation to any of your financial, legal, accounting, taxation, technical, investment or any other matters.

CIMB , CIMB's subsidiaries , CIMB's holding company , the holding company and subsidiaries of CIMB's holding company and all companies which are in any way or howsoever related , associated or affiliated with CIMB and or CIMB's holding company (the "CIMB Group") or any one or more of them may act as a principal or agent in any transaction contemplated by this document, or any other transaction connected with any such transaction, and may as a result earn brokerage, commission or other income .

Nothing in this document is intended to be, or should be construed as an invitation, offer or recommendation to you to buy or sell, or subscribe for any, of the subject securities, related investments or other financial instruments thereof. In the ordinary course of our businesses, any member of the CIMB Group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the account of its customers, in debt or equity securities or senior loans of any company that may be involved in this transaction.

By accepting and relying on this document, the recipient hereof represents and warrants that he is entitled to receive this document subject strictly however to the restrictions and limitations set forth below and the recipient agrees to be bound by these restrictions and limitations contained herein. Any failure to comply with any of these restrictions and limitations may constitute a violation of law. This document is being supplied strictly on the basis that it will remain confidential. No part of this document may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (iii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB and or CIMB Group.

Neither the CIMB Group nor any of their officers, agents, directors, employees or representatives ("the CIMB Group and Staff") shall be held responsible or liable in respect of any omission, statement, opinion, information or matter (express or implied) relating to or arising out of, contained in or derived from this document, except liability under statute that cannot be excluded. Not in derogation of the generality of the foregoing or any other provisions herein no claims or demands or actions shall be made or taken by the recipient or any person in relation to this document and any matters herein against any companies within the CIMB Group whether such companies are carrying on business or incorporated within or outside the jurisdictions in which this document is distributed.