

Malaysia

REDUCE (no change)

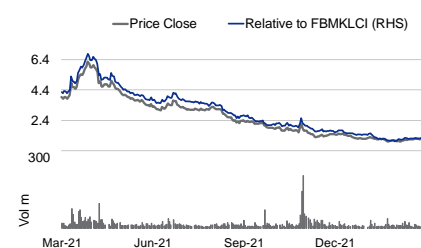
Consensus ratings*: Buy 0 Hold 4 Sell 7

Current price:	RM1.17
Target price:	RM0.98
Previous target:	RM0.98
Up/downside:	-16.2%
CGS-CIMB / Consensus:	0.1%
Reuters:	SUPM.KL
Bloomberg:	SUCB MK
Market cap:	US\$741.8m
	RM3,119m
Average daily turnover:	US\$3.49m
	RM14.64m
Current shares o/s:	2,721m
Free float:	62.5%

*Source: Bloomberg

Key changes in this note

No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.4	-21.5	-70.4
Relative (%)	13	-24.1	-68.8

Major shareholders	% held
Dato' Seri Thai Kim Sim, Stanley	20.7
Datin Seri Tan Bee Geok, Cheryl	15.3
Amanah Saham Nasional	1.5

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Supermax Corp

Maiden US plant underway!

- SUCB announced the construction of Phase 1 (4.8bn pcs p.a.) of its 315-acre US glove facility will begin in 2QCY22, with commercial output by 2QCY23.
- Despite its higher production cost (vs. SUCB's other plants), this plant allows SUCB to cater to US-based demand with minimal social compliance issues.
- Overall, we are slightly positive on this news assuming: i) strong execution, ii) no delays in construction, and iii) no cost overruns.

Aims to kick off construction of US plant in 2QCY22F

Supermax (SUCB) announced it is commencing construction of the first phase of its 315-acre glove plant in Brazoria County, Texas, United States by 4QFY6/22F (2QCY22F). It expects commercial production by 4QFY23F. The US plant will be constructed over four phases with total output capacity of 4.8bn pieces p.a. each (combined: 19.2bn pieces p.a., making up 36% of the new capacity to be added by end-FY24F). SUCB has yet to disclose details such as: i) commissioning date of each production line in Phase 1 as well as construction dates of Phases 2,3 and 4; ii) operating details such as tax benefits, worker count etc.; and iii) selling prices given the operating landscape in the US.

First phase out of four requires capex of RM1.5bn

For the first phase of its US plant, SUCB has earmarked total capex of US\$350m (RM1.5bn). In our view, this is inclusive of equipping the plant with cutting-edge capabilities via expanded use of artificial intelligence (AI) and robotic engineering (lower usage of workers, and better efficiencies). We estimate that SUCB will have no issues in funding the first phase of its US plant, given its net cash of as at end-2QFY6/22. We believe the subsequent phases will cost less per phase – we estimate RM500m-600m per phase.

Slight net positive from its plans to build a plant in the US

At this juncture, we are slightly positive on SUCB's upcoming US plant, assuming: i) strong execution, ii) no delays in construction works, and iii) no cost overruns. In addition to potential tax incentives, this plant will bring SUCB's glove supply nearer to its US-based clients, resulting in lower freight cost and faster delivery time. Also, this plant will not likely face the social compliance issues affecting current existing facilities in Malaysia. On top of higher construction costs (at least 100% more than a similar plant in Malaysia), production cost for a plant in the US would be higher due to higher waste management and labour costs. We estimate the US plant will likely be loss-making at the initial stages until certain economies of scale is achieved (all 12 lines commissioned, with >65% utilisation rate).

Reiterate Reduce

Overall, we make no changes to our FY22-24F EPS estimates pending further updates on this matter (tax incentives, progress updates and commissioning of new lines). Hence, we maintain our Reduce call on SUCB with an unchanged TP of RM0.98 (15.3x CY23F P/E, 10% discount to its 5-year mean to account for ESG-related issues). In our view, current valuations (8% premium to its 5-year mean) have yet to capture its weaker-than-expected earnings outlook (in FY22-24F) and ongoing ESG concerns (foreign labour aspect).

Financial Summary	Jun-20A	Jun-21A	Jun-22F	Jun-23F	Jun-24F
Revenue (RMm)	2,132	7,164	3,555	2,821	2,956
Operating EBITDA (RMm)	754	5,117	1,204	372	402
Net Profit (RMm)	525	3,817	743	167	182
Core EPS (RM)	0.20	1.45	0.27	0.06	0.07
Core EPS Growth	360%	634%	(81%)	(78%)	9%
FD Core P/E (x)	5.93	0.81	4.28	19.06	17.48
DPS (RM)	0.06	0.32	0.08	0.02	0.02
Dividend Yield	4.8%	27.2%	7.0%	1.6%	1.7%
EV/EBITDA (x)	2.88	(0.07)	(1.04)	(3.00)	(2.32)
P/FCFE (x)	3.04	1.02	3.26	NA	NA
Net Gearing	(55.6%)	(71.9%)	(77.9%)	(74.0%)	(69.1%)
P/BV (x)	2.08	0.67	0.58	0.57	0.56
ROE	40%	125%	15%	3%	3%
CGS-CIMB/Consensus EPS (x)			0.96	0.86	0.85

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Summary of Supermax's expansion plan (2018-2022)

	Annual capacity as at 31.12.2018	New expansion	Annual capacity as at 31.12.2020	New expansion	Annual capacity as at 31.12.2021	New expansion	Annual capacity as at 31.12.2022
	bn pcs (line)	bn pcs (line)	bn pcs (line)	bn pcs (line)	bn pcs (line)	bn pcs (line)	bn pcs (line)
Supermax Group	21.8 (174)*		26.2 (206)		36.4 (286)		48.4 (376)
Added capacity from:							
- New lines from Plant #12 (Lot 6061)		+4.4 (32)					
- New lines from Plant #13 (Lot 6062 & 6073)				+2.8 (22)		+1.0 (8)	
- New lines from Plant #14 (Lot 6062 & 6073)				+1.0 (8)		+2.8 (22)	
- New lines from Plant #15 (Lot 6062 & 6073)				+3.8 (30)			
- New lines from Plant #16 (Lot 6062)				+1.4 (10)		+4.1 (30)	
- New lines from Plant #17 (Lot 6060)				+1.4 (10)		+4.1 (30)	
Total capacity	21.8 (174)	+4.4 (32)	26.2 (206)	+10.3 (80)	36.4 (286)	+12.0 (90)	48.4 (376)

Note: Numbers are rounded to nearest digits.

* Excludes installed capacity of 1.973 billion pcs from 25 lines from Lahat Plant which was decommissioned in 2018.

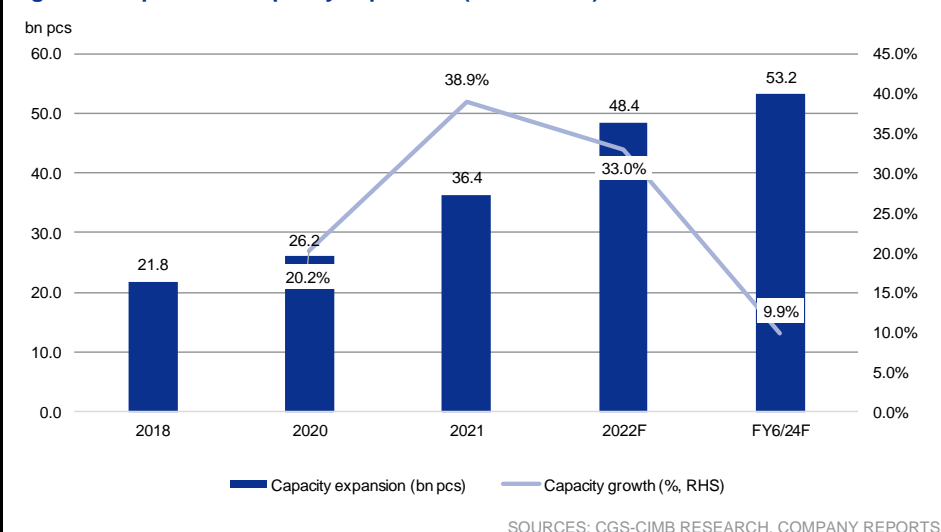
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

US plant to cater to demand from US customers ►

According to a report published on Mar 2022 by US-based Global Industry Analysts, the nitrile gloves market in the US will reach US\$12.8bn in 2022F, and will account for 33.5% of the global market. According to SUCB, the first phase of its US plant will cater to at least 10-15% of the annual medical nitrile glove demand in the US by the next 2-4 years. SUCB guides that construction of Phase 2 will commence soon after Phase 1 is completed, and the combined output of Phases 1-2 should meet 20-25% of the demand and consumption in the US within the next 4-6 years.

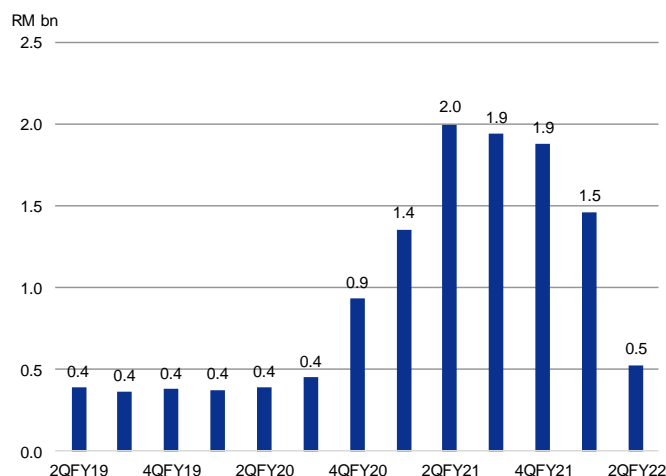
Total production capacity to reach 53.2bn pieces p.a. by end-FY24F ►

In addition to its US glove manufacturing facility, SUCB is in the midst of constructing five other new glove plants (Plants 13,14,15,16 and 17) in Malaysia. We understand that three out of the five plants (Plants 13, 14 and 16) are on track for commercial production by end-FY6/23F, while the remaining two (Plants 15 and 17) will see a delay of 9-12 months due to construction delays as well as lack of foreign labour.

Figure 2: Supermax's capacity expansion (2018-2024F)


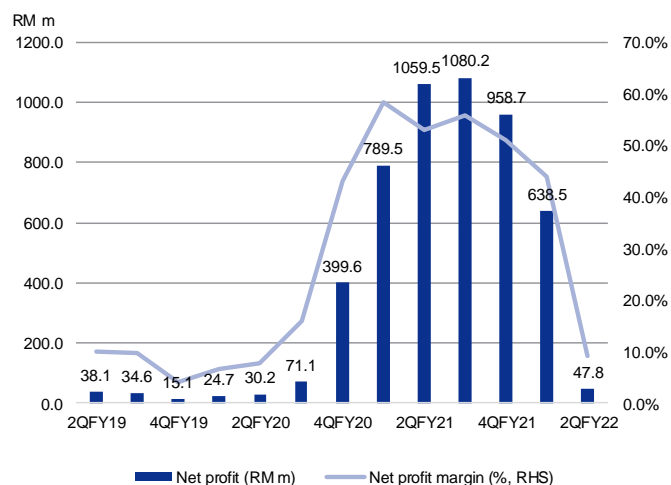
Including the upcoming capacity from the first phase of its new US glove facility, SUCB's total annual production capacity will grow to 53.2bn pieces by end-FY6/24F, up 9.9% from 48.4bn pieces as at end-2022F.

Figure 3: Revenue trend (2QFY19-2QFY22)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Net profit and margin trend (2QFY19-2QFY22)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Updates on its social compliance issues ➤

In Feb 2022, SUCB announced it recently rolled out a new and comprehensive foreign worker management policy to strengthen its human resources management and migrant worker policies and practices. To date, SUCB has paid out a total of RM25.7m in remediation covering past recruitment fees, ex-gratia and other related costs to its workers. As part of this new policy implementation, SUCB has expanded the remediation scope to include former direct-hire and contract workers who have left the group before 1 Oct 2019. These new initiatives and revised eligibility criteria for remediation have been agreed upon and adopted by SUCB after it considered the views and advice of a reputable international consulting firm as well as feedback from its ongoing engagement and dialogue with Mr Andy Hall, a migrant worker rights specialist.

Details are as below:

- SUCB has engaged an international consulting firm to continue to assess and advise on the payout to all its current and former workers as well as to track and locate former workers who have returned to their home countries.
- In the effort to ensure that all entitled former workers receive their remediation payments, notices will be published in the newspapers of the countries where its foreign workers originated from, and outreach activities will be conducted over a six-month period of Feb-Jul 2022 to reach out to as many former workers as possible.
- SUCB has set up a sinking fund to ensure that it remediates these former workers and all other eligible workers according to the revised eligibility criteria for remediation. The sinking fund shall be reviewed accordingly when it depletes, and shall be governed by an advisory committee consisting of SUCB, consultants and independent migrant worker rights specialist Andy Hall.
- The company has also implemented a one-off RM5,000 ex-gratia payment each to all its workers and shall add a further element of interest on the amount of past recruitment-related fees and costs paid by workers. We gather that the payments to its current active workers were completed on 7 Feb 2022.



- Former workers will also be receiving the same payout starting Feb 2022 until Jul 2022; this includes former direct hire and contract workers who have left the company before 1 Oct 2019, the day where SUCB implemented its Zero Cost Recruitment Policy.
- As at end-Feb 2022, SUCB has paid out a total of RM25.67m in remediation covering past recruitment fees, ex-gratia and other related costs to its workers. Nonetheless, the company did not disclose the potential impact of this matter on its earnings.
- SUCB is continuously making efforts to elevate its human resource practices to be more aligned with International Labour Organization (ILO) standards. However, the company has not disclosed any information on the hiring of external assessors for its labour policy.
- It has implemented a Zero Cost Recruitment Policy and adopted an equal pay and benefit structure for its foreign workers here in Malaysia in Feb 2022.
- The company has also proactively raised its minimum wage to RM1,400/monthly for workers across all categories in Jan 2022.

We view these efforts positively as they should help SUCB to convince the US Customs and Border Patrol (CBP) to lift its Withhold Release Order (WRO) place on the group's Malaysian subsidiaries due to forced labour issues. Note that the US CBP placed a WRO on SUCB's subsidiaries on 20 Oct 2021. We estimate that up to 20% of SUCB's sales in 1HFY22 were to the US market.

Upside risks and de-rating catalysts ►

Potential de-rating catalysts: sharp decline in sales volume or ASPs.

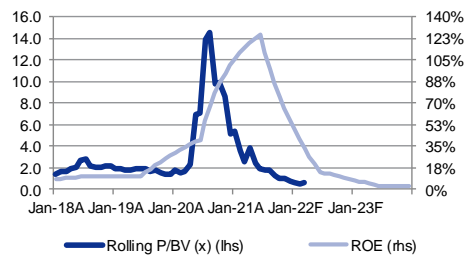
Upside risks to our Reduce call: slower-than-expected decline in ASPs and surge in global glove demand and lifting of the US CBP's WRO in the next six months.

ESG in a nutshell	
	
Refinitiv ESG Scores	
	
<p>SUCB's sustainability focus revolves around three key areas: economic, environmental and social. The company's materially assessment process is guided by Bursa Malaysia's sustainability reporting guide and toolkits. At this juncture, the company does not have an ESG sustainability committee that reviews policies on this front.</p>	
Keep your eye on	Implications
<p>SUCB has announced the details of its remediation programme for its foreign workers such as improvements in benefits, facilities and living conditions for its workers. In addition, SUCB has in Jan 2022 proactively raised its minimum wage to RM1,400/month, to be applied across all workers (the current minimum wage set under the Malaysian employment law is RM1,200/month). However, in Mar 2022, the Prime Minister of Malaysia announced that the minimum wage in Malaysia will be raised to RM1,500/month effective 1 May 2022.</p>	<p>We understand that the company has commenced remediation to ex-workers within scope since Sep 2021 and expects to complete this process by Mar 2022. We deem this as positive in promoting the awareness of workers' rights among the company's management and supervisors. On the other hand, we are negative on the impact of the raise in minimum wage (higher labour costs) towards the company performance starting in 1 May 2022 as we have no visibility on the company's cost breakdown information and thus unable to do proper analysis.</p>
ESG highlights	Implications
<p>The US Customs and Border Patrol (US CBP) has imposed a withhold release order (WRO) on all products made by SUCB, as the former's investigations (in Oct 2021) indicated the existence of forced labour in SUCB's operations. Currently, SUCB is still in the process of updating the US CBP of enhancements made under its new policies. Meanwhile, the Canadian government has terminated its sourcing contract with SUCB due to allegations of forced labour.</p>	<p>We view these developments negatively as SUCB is unable to sell its products to the US and Canada due to the forced labour allegations.</p>
Trends	Implications
<p>The company does not reveal the specifics of its ESG-related activities, especially on the environmental and social fronts.</p>	<p>We view this negatively as we have no visibility on the company's efforts on ESG-related matters. Hence, we are unable to gauge if the company has made any improvements in this area.</p>

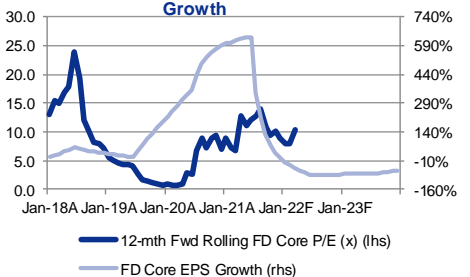
SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(RMm)	Jun-20A	Jun-21A	Jun-22F	Jun-23F	Jun-24F
Total Net Revenues	2,132	7,164	3,555	2,821	2,956
Gross Profit	1,111	5,589	1,581	777	823
Operating EBITDA	754	5,117	1,204	372	402
Depreciation And Amortisation	(62)	(69)	(86)	(100)	(113)
Operating EBIT	693	5,048	1,118	272	289
Financial Income/(Expense)	(16)	(0)	3	3	2
Pretax Income/(Loss) from Assoc.	18	35	10	(15)	(20)
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	695	5,082	1,131	260	271
Exceptional Items	(15)	(62)	0	0	0
Pre-tax Profit	680	5,020	1,131	260	271
Taxation	(145)	(1,090)	(328)	(78)	(81)
Exceptional Income - post-tax					
Profit After Tax	535	3,930	803	182	190
Minority Interests	(10)	(113)	(60)	(15)	(8)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	525	3,817	743	167	182
Recurring Net Profit	537	3,941	743	167	182
Fully Diluted Recurring Net Profit	537	3,941	743	167	182

Cash Flow

(RMm)	Jun-20A	Jun-21A	Jun-22F	Jun-23F	Jun-24F
EBITDA	754	5,117	1,204	372	402
Cash Flow from Inv. & Assoc.					
Change In Working Capital	655	(609)	530	103	23
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0	0	0	0	0
Other Operating Cashflow	(27)	(37)	26	0	(5)
Net Interest (Paid)/Received	(17)	(8)	(6)	(6)	(6)
Tax Paid	(62)	(837)	(328)	(78)	(81)
Cashflow From Operations	1,304	3,625	1,426	392	332
Capex	(186)	(448)	(450)	(450)	(450)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(186)	(448)	(450)	(450)	(450)
Debt Raised/(repaid)	(72)	(70)	0	0	0
Proceeds From Issue Of Shares					
Shares Repurchased	(164)	0	0	0	0
Dividends Paid	0	(444)	(223)	(50)	(55)
Preferred Dividends					
Other Financing Cashflow	(16)	(0)	(6)	(6)	(6)
Cash Flow From Financing	(252)	(514)	(229)	(57)	(61)
Total Cash Generated	865	2,662	746	(115)	(179)
Free Cashflow To Equity	1,046	3,107	976	(58)	(118)
Free Cashflow To Firm	1,135	3,185	982	(52)	(111)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Jun-20A	Jun-21A	Jun-22F	Jun-23F	Jun-24F
Total Cash And Equivalents	1,186	3,776	4,522	4,408	4,229
Total Debtors	388	765	401	327	340
Inventories	253	519	650	673	702
Total Other Current Assets	86	595	595	595	595
Total Current Assets	1,914	5,655	6,168	6,002	5,866
Fixed Assets	1,082	1,442	1,805	2,155	2,493
Total Investments	168	178	178	178	178
Intangible Assets	29	0	0	0	0
Total Other Non-Current Assets	30	120	112	112	112
Total Non-current Assets	1,309	1,739	2,095	2,445	2,782
Short-term Debt	224	196	196	196	196
Current Portion of Long-Term Debt					
Total Creditors	1,133	1,176	1,473	1,525	1,592
Other Current Liabilities	150	998	998	998	998
Total Current Liabilities	1,507	2,370	2,667	2,719	2,785
Total Long-term Debt	100	61	61	61	61
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2	3	0	0	0
Total Non-current Liabilities	102	64	61	61	61
Total Provisions	64	66	66	66	66
Total Liabilities	1,673	2,500	2,795	2,847	2,913
Shareholders' Equity	1,529	4,759	5,465	5,582	5,710
Minority Interests	21	136	11	26	34
Total Equity	1,551	4,894	5,477	5,608	5,743

Key Ratios

	Jun-20A	Jun-21A	Jun-22F	Jun-23F	Jun-24F
Revenue Growth	39%	236%	(50%)	(21%)	5%
Operating EBITDA Growth	228%	578%	(76%)	(69%)	8%
Operating EBITDA Margin	35.4%	71.4%	33.9%	13.2%	13.6%
Net Cash Per Share (RM)	0.32	1.29	1.57	1.53	1.46
BVPS (RM)	0.56	1.75	2.01	2.05	2.10
Gross Interest Cover	40.6	622.2	173.7	42.3	44.8
Effective Tax Rate	21.4%	21.7%	29.0%	30.0%	30.0%
Net Dividend Payout Ratio	22.1%	17.4%	20.8%	20.4%	20.7%
Accounts Receivables Days	42.15	27.11	55.54	41.63	36.10
Inventory Days	78.2	89.4	108.0	118.1	118.0
Accounts Payables Days	233.6	266.8	244.5	267.3	267.1
ROIC (%)	59%	862%	88%	25%	22%
ROCE (%)	40%	141%	20%	5%	5%
Return On Average Assets	28.1%	95.7%	14.4%	3.1%	3.1%

Key Drivers

	Jun-20A	Jun-21A	Jun-22F	Jun-23F	Jun-24F
MYR/USD	4.3	4.2	4.2	4.2	4.2
ASP (USD/000)	35.2	75.0	37.4	26.1	25.8
Average annual utilisation	0.9	0.8	0.6	0.6	0.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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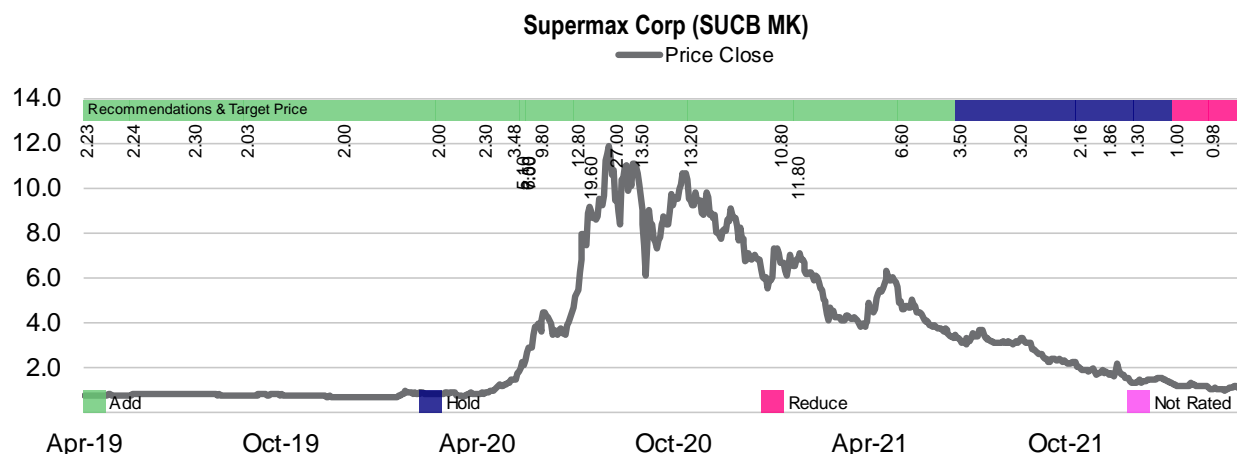
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619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

