



Shareholder Newsletter

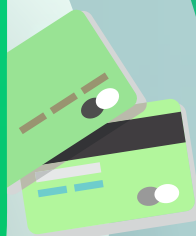
16th ISSUE 1, 1st Quarter of 2024



*Happy
New
Year!*
2024



KASIKORN RESEARCH CENTER
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Thai Economy Projected to Remain on the Recovery Path in 1Q2024, Supported by Tourism and Exports Amid the Increased Risk Surrounding the Global Economy





The US and Eurozone economies will likely slow down at a faster rate because of their tighter financial conditions. Monetary policy easing may begin to be seen in 2024 while the Chinese economy will continue to face both internal and external challenges.

- **The US economy** continued to grow at a robust pace during 3Q2023 although it is projected to slow down in 4Q2023 amid more stringent lending criteria there in line with tighter monetary policy, and the “higher for longer” stance of the US Federal Reserve (Fed) towards its policy rate. However, the US inflation rate and key US economic figures, particularly nonfarm payrolls and home sales, have begun to decline. Meanwhile, **the Eurozone economy** remained sluggish due to the shrinkage of its 3Q2023 economy. The Eurozone Manufacturing Purchasing Managers’ Index (PMI) has contracted since July 2022. Meanwhile, its policy rate, which is at a record high of 4.0 percent continues to pressure financial conditions of its consumers and entrepreneurs.

It is expected that the US and Eurozone economies overall will record favorable growth in 2023. However, they may experience the increased impacts of their policy rate hikes during 2024. The US will likely begin to grow at a slower pace in 2024 while the Eurozone economy will continue to grow, but because of the low base of 2023. As inflation rates in both the US and Eurozone are set to decline steadily in 2024, it is expected that their central banks will begin to ease their monetary policies during 2024 as they may put more weight on the economic risk amid the potential economic slowdown. Regarding the energy outlook for 2024, it is expected that energy prices will decline on average because of the weak global demand, especially in China. Additionally, higher oil supplies from the US may add pressure to future energy prices although the OPEC+ continues to cut their oil production.

- **China’s economic recovery has remained fragile** despite additional stimulus measures implemented by the government. There seems to be no end in sight to the property crisis in China while hefty local government debt continues to undermine consumer confidence. Concurrently, external demand remains uncertain although there are recovery signs seen in China’s export sector after its shipments in November 2023 began to pick up for the first time in seven months despite the anemic global economy and persistent geopolitical issues. It is expected that China’s export sector will continue to be pressured by several risks stemming from its economy. **As a result, the Chinese economy in 2024 may perform less favorably than the official target set for 2023 at approximately 5.0 percent.**



The Thai economy is projected to be supported by the steady recovery in tourism and exports in 2024, but close attention must be paid to the government's economic stimulus measures.

In 3Q2023, the Thai economy grew less than expected at 1.5 percent YoY, pressured primarily by steady decline in the export sector and public consumption in line with dwindling spending related to COVID-19, and the delay in preparing the 2024 budget. **Given this, KResearch has downwardly revised its growth forecast for the Thai economy in 2023 to 2.5 percent YoY, against the previous estimate of 3.0 percent. However, it is expected that the Thai economy in 1Q2024 will rebound in line with tourism and exports**, while the government will continue to freeze most energy prices, including cooking gas (LPG), until at least the end of 1Q2024. Nevertheless, the fuel adjustment tariff rate, known as Ft, may increase from the current round (September-December 2023). Such energy subsidies may help ease the rising costs in the household and business sectors somewhat. Meanwhile, the delayed preparation of the 2024 budget may hurt public consumption and investment, thus pressuring the Thai economic recovery during 1Q2024.

In 2024, KResearch views that the Thai economy may perform better than that in 2023 as tourism will continue to be a key economic driver despite its slower growth momentum. KResearch expects that the number of international tourist arrivals in Thailand will reach roughly 30.6 million, an increase from the 27.6 million projected for 2023. Thai exports may recover at a meagre pace to a positive territory, thanks partly to the low base of 2023. KResearch projects that 2024 exports will expand approximately 2.0 percent, an increase over the contraction of 1.3 percent projected for 2023. Thailand's outward trade may recover under the risks to the global economy, particularly China, and uncertainties surrounding erratic weather conditions, plus ongoing geopolitical issues. Internal factors, including the government's economic stimulus measures, which are expected to be implemented in 2024, will primarily help shore up domestic consumption amid the rising cost of living and hefty household debt that have dampened consumer purchasing power. Close attention must be paid to the clarity of various stimulus measures of the government going forward.

In summary, it is expected that the Thai economy will continue to bounce back in 1Q2024, supported by higher growth in tourism and exports. However, the delay in preparing the 2024 budget will continue to pressure the Thai economy during this quarter. For 2024, KResearch projects that the Thai economy will grow 3.1 percent YoY.

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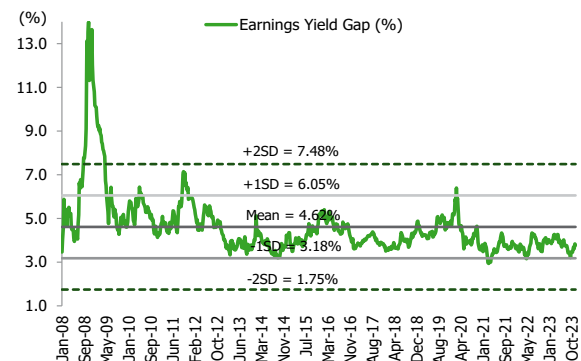
MONTHLY STRATEGY

High Hopes, Low Expectations in 2024



We are cautiously optimistic regarding Thai equities in 2024. A cyclical bottom will occur when we see an improvement in market earnings. Our 2024 SET Index target of 1,470 is derived from an EYG based on a 2024 EPS of Baht 97, Thai 10-yr yield of 2.70 percent, and EYG of 3.90 percent (-0.5SD). Our monthly top picks are BCH, GPSC, ADVANC, TIDLOR, CPALL, GLOBAL, MAJOR, ITC, CPN, AMATA, CK, and TOP.

Fig 1 Earnings Yield Gap vs. Thai 10Y Bond Yield



Source: Bloomberg and KS Research

Fig 2 SET Index Target Based on Earnings Yield Gap Model

	As at 17 Nov 23		As at 17 Nov 23		
	Earnings Yield Gap (%)	10-yr bond yield (%)	Earnings yield (%)	12M FWD Market EPS (Bt/Sh)	Implied SET Index
-SD 1.000	3.18%	2.70%	5.88%	97.00	1,649.18
-SD 0.875	3.36%	2.70%	6.06%	97.00	1,600.39
-SD 0.750	3.54%	2.70%	6.24%	97.00	1,554.41
-SD 0.625	3.72%	2.70%	6.42%	97.00	1,510.99
-SD 0.500	3.90%	2.70%	6.60%	97.00	1,469.94
-SD 0.375	4.08%	2.70%	6.78%	97.00	1,431.05
-SD 0.250	4.26%	2.70%	6.96%	97.00	1,394.17
-SD 0.125	4.44%	2.70%	7.14%	97.00	1,359.15
Mean	4.62%	2.70%	7.32%	97.00	1,325.84

• Based on an Earnings Yield Gap of 4.62% (mean) to 3.18% (-1 SD), the implied SET Index target should be 1,325-1,650. We believe this band is appropriate to explain the SET Index movement in the past three years after COVID-19.

We apply a 12M FWD Market EPS of Bt97, or a 3% discount to our 2024 market-cap-weighted EPS of Bt99.61 based on our conservative approach. Note that market EPS was usually revised down by 7% from the beginning to end of each year.

Source: Bloomberg and KS Research

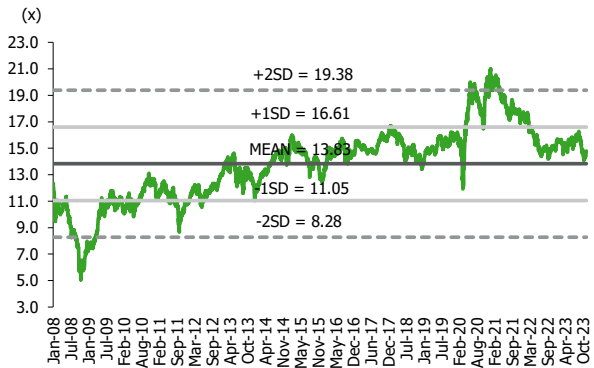


Positive Factors

1. Better score for the Thai equities market

The SET Index faces challenges in the near term owing to a weak earnings outlook, rising bond yield, and conflict in the Middle East in 2023. However, the 2024 outlook is much better on growth and valuation criteria.

Fig 3 SET's FWD PER



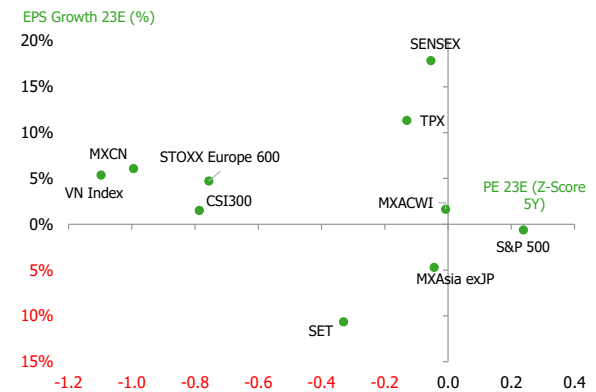
Source: Bloomberg and KS Research

Fig 4 SET EPS

PER / EPS		2022A	2023E	2024E	2025E
		94	84	98	110
-1SD	11.05	1,039	928	1,083	1,216
-0.5SD	12.44	1,169	1,045	1,219	1,369
Mean	13.83	1,300	1,162	1,355	1,521
+0.5SD	15.22	1,431	1,278	1,491	1,674
+1SD	16.61	1,561	1,395	1,628	1,827

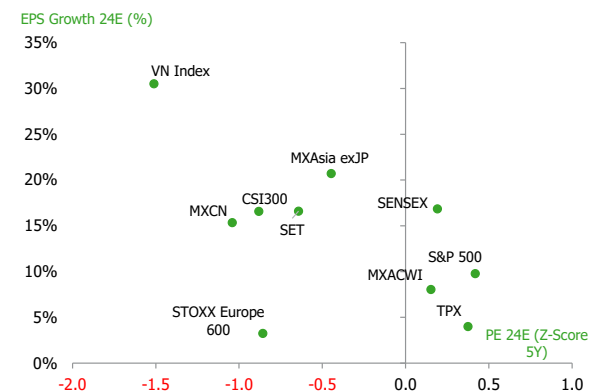
Source: Bloomberg and KS Research

Fig 5 2023 EPS Growth vs. 12M FWD PE



Source: Bloomberg and KS Research (as of November 22, 2023)

Fig 6 2024 EPS Growth vs. 2024 FWD PE



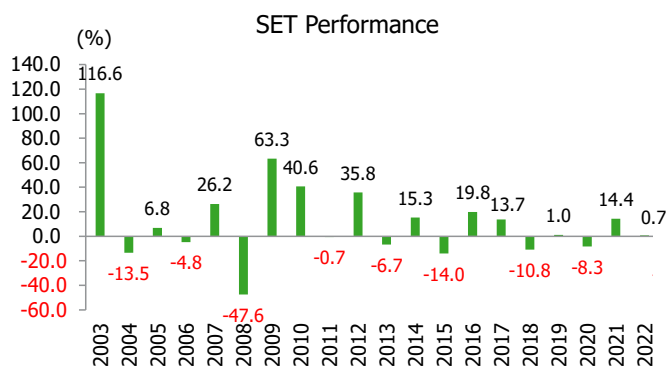
Source: Bloomberg and KS Research (as of November 22, 2023)



2. Thai equities track record

The SET Index has always had positive returns after a year with a negative return over the past 20 years.

Fig 7 SET Performance



Source: Bloomberg and KS Research

3. Thai government stimulus will be in full swing in 2024

The Thai government's stimulus measures include energy price cut, subsidies/debt relief for farmers, tourist visa exemption scheme, digital wallet, e-Refund, tax reduction for investors in the TSEG, subsidies to promote EVs, measures to curb household debt, and possible stimulus measures for residential properties.

Fig 8 Thai Government Stimulus Packages

Policy type	The Srettha Government's policies	Expected budget spent (Bt mn)	Period
Consumption	Lower oil price by cutting excise tax on diesel	15,000	3 months since Sep 13, 2023
	Lower oil price by cutting excise tax on gasoline	2,700	7 Nov 2023 - 31 Jan 2024
	Lower oil price by leveraging through oil fund	17,134	10 Sep - 19 Nov 2023
	Lower LPG price by leveraging through oil fund	937	10 Sep - 19 Nov 2023
	Lower electricity price to Bt3.99/unit from Bt4.45/unit with an expense on EGAT and PTT	31,428	Sep - Dec 2023
	Debt relief for farmers (700,000 farmers join this program)	12,096	Oct 2023 - Sep 2024
	Subsidies for farmers	111,794	2023/24
	Tourist visas waiver for China, Kazakhstan, Taiwan, Russia, and India (c.4.5m tourists)	8,960	5 - 6 months
	Bangkok Skytrain Bt20 throughout the line (Red and Purple lines)	270	16 Oct 2023 - 30 Nov 2024
	Elderly welfare	541	
	Child care (2.25mn newborn babies)	998.4	
Child care (lunch and milk for children)	2,310		
Loan for labors returning from Israel back to Thailand	1,200		
Total Consumption		205,369	
Investments	Double-track rail route from Khon Kaen to Nong Khai	29,748	
	Additional subsidies to promote Evs 3.0 vs. the previous budget of Bt3bn	1,963	4Q23
	Subsidies to promote Evs 3.5	3,000	2024
	Education subsidies	397	
Total Investments		35,108	
Future projects	Digital wallet	500,000	2024
	e-Refund and other measures to stimulate new investments	100,000	2024
	Maintain Jan-April 2023 electricity price at Bt3.99/unit vs. proposed rates of Bt4.68-5.95 /unit	41,400	Jan - April 2024
Total Future projects		641,400	

Source: KS Research

4. Upside/downside from government measures

We see a net positive impact from the Pheu Thai Party's economic policies. Any earnings downside from a minimum wage hike could be offset by other stimulus measures.

Fig 9 Upside/Downside from Government Measures

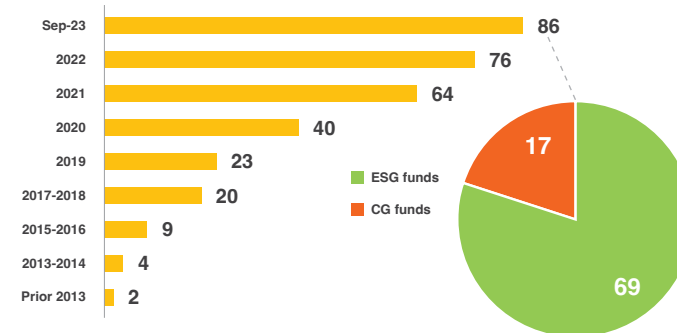
KS sector	2024E net profit (Bt mn)	Minimum wage up Bt10 or +2.8%	Electricity rate drop to Bt3.99 from Bt4.49/unit (-11%)	Diesel price drop to Bt32.58/litre from Bt33.25/litre (-8%)	GDP growth +1%	Total Impact	2024E net profit (Bt mn) post sensitivity
Financials							
Banking	201,512	0.0%	0.3%	0.0%	6.2%	6.5%	214,603
Finance	31,012	0.0%	0.4%	0.1%	5.7%	6.3%	32,966
Asset Management	2,718	0.0%	0.3%	0.0%	5.3%	5.5%	2,868
Insurance	4,292	0.0%	0.4%	0.0%	2.8%	3.3%	4,432
Non-financials							
Agribusiness & Food	35,797	-1.1%	2.6%	0.5%	0.4%	2.4%	36,655
Chemical	832	0.0%	0.0%	0.0%	0.6%	0.6%	837
Commerce	67,978	-0.7%	6.3%	1.3%	3.5%	10.7%	75,221
Commercial	15,658	-0.1%	1.6%	0.1%	2.7%	4.3%	16,333
Construction Materials	36,025	-0.1%	8.2%	0.3%	1.0%	9.4%	39,418
Contractor	3,719	-1.7%	0.0%	0.4%	0.0%	-1.4%	3,668
Electronics	29,846	-0.5%	3.1%	0.0%	0.0%	2.6%	30,623
Energy	223,492	-0.1%	0.1%	-0.1%	0.2%	0.0%	223,498
Healthcare	28,491	-0.3%	1.1%	0.0%	1.3%	2.2%	29,106
Infrastructure Fund	21,599	0.0%	0.0%	0.0%	0.4%	0.4%	21,684
ICT	49,074	-0.4%	5.8%	1.4%	2.4%	9.2%	53,570
Industrial Estate	4,698	-0.3%	-1.2%	0.3%	1.4%	0.3%	4,713
Media	1,589	-0.8%	1.6%	0.0%	1.2%	2.0%	1,622
Packaging	8,221	-0.8%	3.9%	0.2%	1.8%	5.2%	8,644
Personal Products & Pharmaceuticals	606	-4.2%	12.1%	0.0%	0.0%	7.9%	653
Petrochemical	16,724	0.0%	0.0%	0.0%	0.0%	0.0%	16,724
REITs - Industrials	6,436	0.0%	0.0%	0.0%	1.0%	1.0%	6,500
REITs - Office	1,770	0.0%	0.1%	0.0%	0.7%	0.8%	1,794
REITs - Other	1,931	0.0%	0.0%	0.0%	0.7%	0.7%	1,944
REITs - Retail	5,310	0.0%	0.0%	0.0%	1.7%	1.8%	5,403
Residential	40,605	-0.5%	0.1%	0.4%	2.0%	2.1%	41,441
Tourism	14,921	-0.7%	2.8%	0.0%	0.9%	3.0%	15,366
Transportation	36,767	-0.1%	0.7%	-0.3%	2.9%	3.1%	37,903
Utilities	70,076	-0.4%	-5.3%	0.0%	0.0%	-5.8%	66,030
Small-Mid Cap	6,284	-0.5%	5.1%	0.9%	3.0%	8.5%	6,818
TOTAL	967,991	-0.3%	1.2%	0.2%	2.3%	3.4%	1,001,027

Source: KS Research

5. Thailand ESG Fund

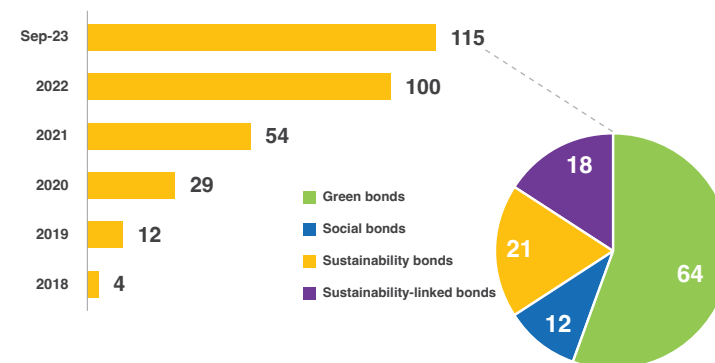
The establishment of the Thailand ESG Fund (TESG) is expected by early December, and investors will be able to deduct their investment from personal income for the 2023 tax year by Baht 100,000.

Fig 10 86 ESG and CG Funds in Thailand with NAV of Baht 86 billion as of September 2023



Source: KS Research, SET, thaipublica.org

Fig 11 ESG and CG Bonds in Thailand with NAV of Baht 653 billion as of September 2023



Source: KS Research, SET, thaipublica.org

6. Market expects a Fed pivot in 2Q2024

Market expects no further Fed interest rate hikes this year and a Fed pivot in 2Q2024 supported by weaker growth and moderating inflation. We believe the Fed will pivot when it breaks something.

Fig 12 CME Fedwatch Tool – Meeting Probabilities

CME FEDWATCH TOOL - MEETING PROBABILITIES										
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
12/13/2023			0.0%	0.0%	0.0%	0.0%	0.0%	95.0%	5.0%	0.0%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.0%	6.9%	0.1%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	27.9%	67.2%	4.8%	0.1%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	12.6%	45.7%	39.0%	2.7%	0.0%
6/12/2024	0.0%	0.0%	0.0%	0.0%	6.9%	30.8%	42.0%	19.0%	1.2%	0.0%
7/31/2024	0.0%	0.0%	0.0%	3.9%	20.5%	37.2%	28.9%	8.9%	0.5%	0.0%
9/18/2024	0.0%	0.0%	2.5%	14.4%	31.0%	32.0%	16.3%	3.6%	0.2%	0.0%
11/7/2024	0.0%	1.4%	9.1%	23.7%	31.5%	23.2%	9.2%	1.7%	0.1%	0.0%
12/18/2024	0.0%	6.9%	19.5%	29.3%	25.6%	13.3%	3.9%	0.6%	0.0%	0.0%

Source: CME (November 21, 2023)

7. Weaker growth outlook

US manufacturing PMI has been underwater since 4Q2022 due to a slowdown caused by consumers switching spending from goods to services, inventory destocking, high inflation, and tightening credit conditions.

Fig 13 Manufacturing PMI

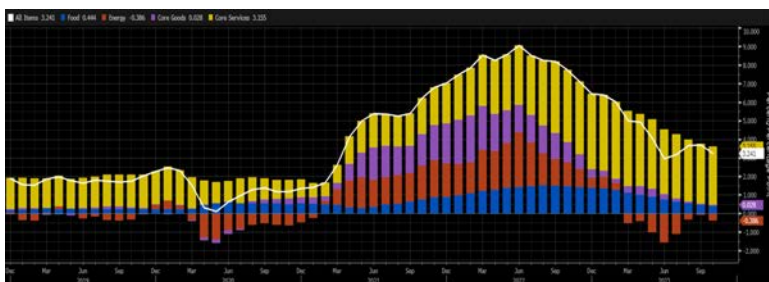
Region / Country		Manufacturing PMI									
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
World		49.1	49.9	49.6	49.6	49.5	48.7	48.6	49.0	49.2	48.8
America	Brazil	47.5	49.2	47.0	44.3	47.1	46.6	47.8	50.1	49.0	48.6
	Canada	51.0	52.4	48.6	50.2	49.0	48.8	49.6	48.0	47.5	48.6
	United States	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6	49.0	46.7
Europe	Eurozone	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	43.4	43.1
	France	50.5	47.4	47.3	45.6	45.7	46.0	45.1	46.0	44.2	42.8
	Germany	47.3	46.3	44.7	44.5	43.2	40.6	38.8	39.1	39.6	40.8
	Italy	50.4	52.0	51.1	46.8	45.9	43.8	44.5	45.4	46.8	44.9
	Russia	52.6	53.6	53.2	52.6	53.5	52.6	52.1	52.7	54.5	53.8
	United Kingdom	47.0	49.3	47.9	47.8	47.1	46.5	45.3	43.0	44.3	44.8
Asia	China	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5
	India	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5
	Indonesia	51.3	51.2	51.9	52.7	50.3	52.5	53.3	53.9	52.3	51.5
	Japan	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7
	Malaysia	46.5	48.4	48.8	48.8	47.8	47.7	47.8	47.8	46.8	46.8
	Philippines	53.5	52.7	52.5	51.4	52.2	50.9	51.9	49.7	50.6	52.4
	Singapore	49.8	50.0	49.9	49.7	49.5	49.7	49.8	49.9	50.1	50.2
	South Korea	48.5	48.5	47.6	48.1	48.4	47.8	49.4	48.9	49.9	49.8
	Taiwan	44.3	49.0	48.6	47.1	44.3	44.8	44.1	44.3	46.4	47.6
	Thailand	54.5	54.8	53.1	60.4	58.2	53.2	50.7	48.9	47.8	47.5
	Vietnam	47.4	51.2	47.7	46.7	45.3	46.2	48.7	50.5	49.7	49.6
Oceania	Australia	49.8	50.1	48.7	48.1	48.0	48.6	49.6	49.4	48.2	48.0
	New Zealand	51.0	51.5	48.1	48.7	48.7	47.4	46.6	45.9	45.3	42.5

Source: LSEG

8. Moderating US inflation

Bloomberg consensus expects US inflation to fall to 3.4 percent by end-2023 and below 3 percent by 2Q2024.

Fig 14 Moderating US Inflation (1)



Source: Bloomberg (as of November 22, 2023)

Fig 15 Moderating US Inflation (2)

Indicator	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q4 25
CPI (YoY%)	7.1	5.8	4.0	3.5	3.4	3.1	2.9	2.6	2.4	2.3
PCE Price Index (YoY%)	5.9	5.0	3.9	3.4	3.2	2.8	2.7	2.6	2.3	2.3
Core PCE (YoY%)	5.1	4.8	4.6	3.9	3.5	3.0	2.7	2.6	2.5	2.3

Source: Bloomberg (as of November 22, 2023)

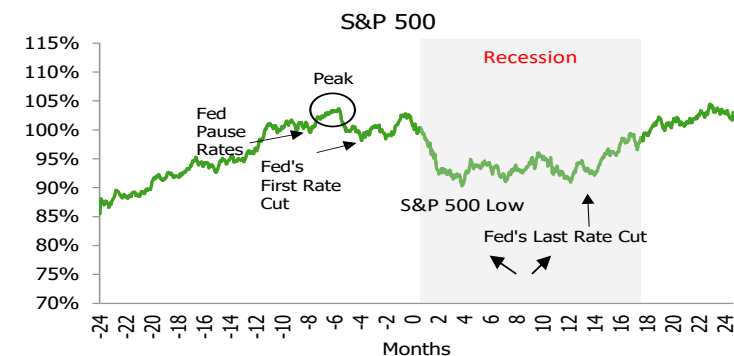


9. Stocks often rallied after rate pauses and fell after cuts

Based on historical data, the average time between an S&P 500 peak and the onset of a recession is 6 1/2 months, according to Rosenberg. It takes an average of 12.5 months for the S&P 500 to go from peak to trough, which usually happens before a recession ends. As a result, investors should stay neutral on a Fed pause and buy the last cut.

The probability of a hard landing vs. a soft landing was 80 : 20 in the past 15 rate hike cycles. Fixed income is preferred to equities in such an event.

Fig 16 S&P 500



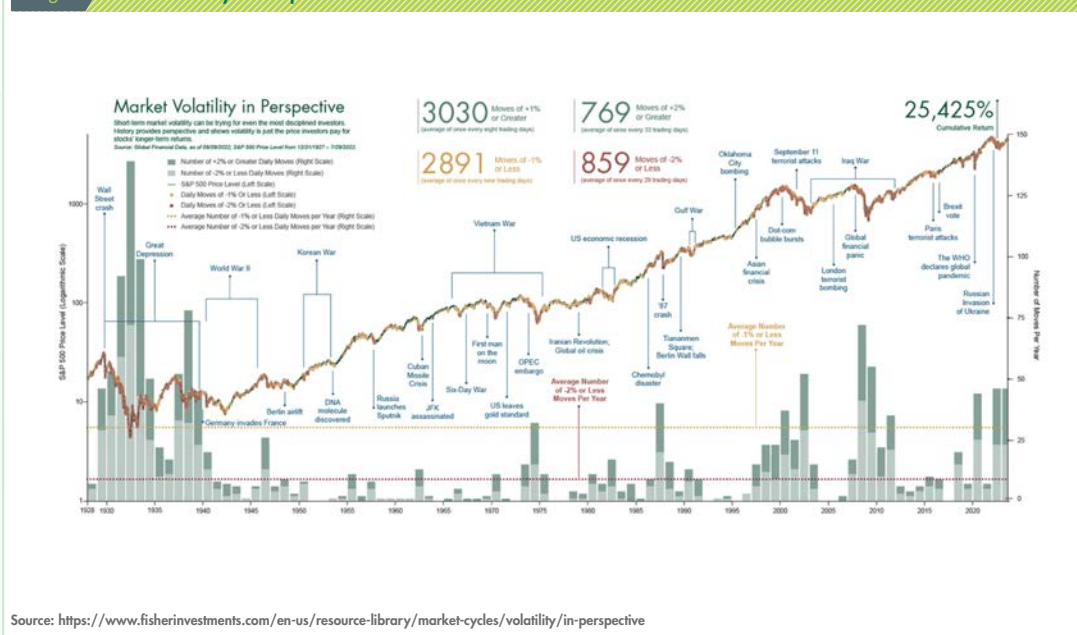
Source: NBER, Rosenberg Research, Bloomberg, and KS Research



10. Market Volatility in Perspective

Market volatility increased significantly in the past two years after the Fed started tightening its monetary policy.

Fig 17 Market Volatility in Perspective



11. Downside to 2024 earnings forecasts

We observed that market earnings and GDP revisions moved in the same direction. Excluding a COVID-19 outlier year in 2020, GDP and market EPS were revised down by -1.04 percent and -7.26 percent, respectively, from the beginning to the end of each year since 2013. These numbers are aligned with our thesis of "High hope, low expectation in 2024."

Key earnings downsides in 2024 may be a global slowdown, China's economic weakness, weak consumption, a slow recovery of Chinese tourists, and the government's failure to pass its key policies.

Fig 18 Seasonality of GDP Forecasts vs. EPS Forecasts

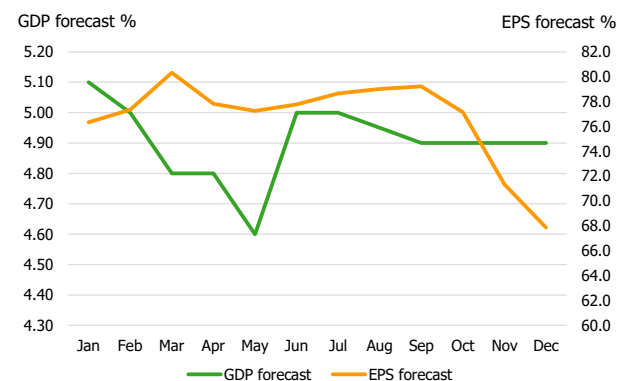


Fig 19 Seasonal Adjustment of GDP and EPS Revisions

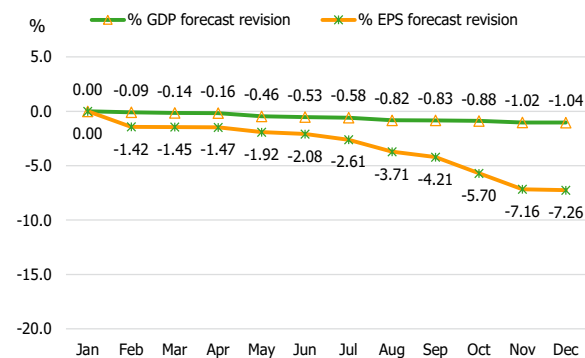
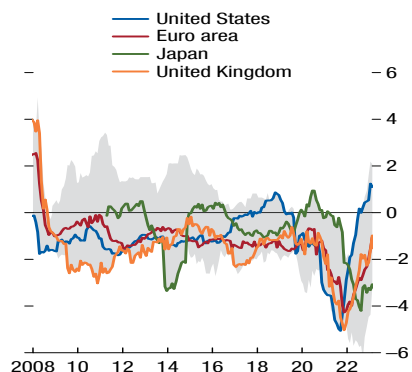
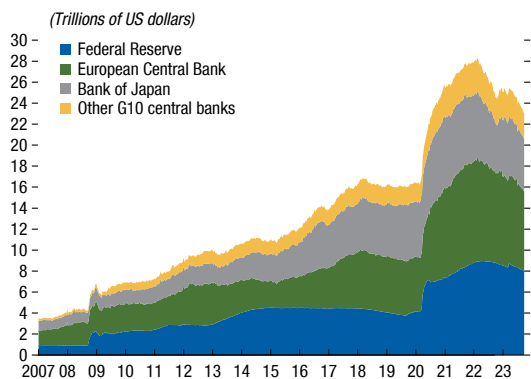


Fig 21 Ex-Post Real Rates of G10 Currencies



Source: IMF

Fig 22 G10 Central Bank Balance Sheet Sizes

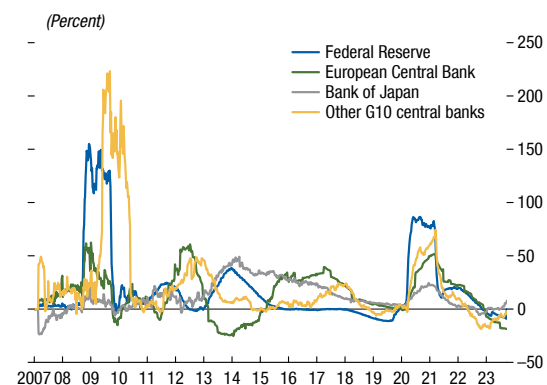


Source: IMF

13. A tightening credit market

- The financial market has tightened following higher interest rates and QT by global central banks.
 - The Fed's QT, reducing its balance sheet by as much as US\$ 95 billion a month (starting in June 2022), reduced its balance sheet by US\$ 1.1 trillion to US\$ 7.8 trillion. Of this, total holdings of treasury bills and bonds fell by US\$ 970 billion to US\$ 4.80 trillion from US\$ 5.77 trillion.
 - The ECB in July ended reinvestments under its asset purchase program. This move combined with repayments of TLTRO loans shrank the central bank's balance sheet by € 91 billion to € 7.2 trillion (about 57 percent of euro area GDP).
 - The BOJ is expected to exit its yield curve control strategy in 1H2024 and raise interest rates in 2H2024. This could trigger high market volatility in 2024.

Fig 23 Change in Central Bank Balance Sheets (YoY)



Source: IMF

Fig 24 Government's 2024 Proposed Budget

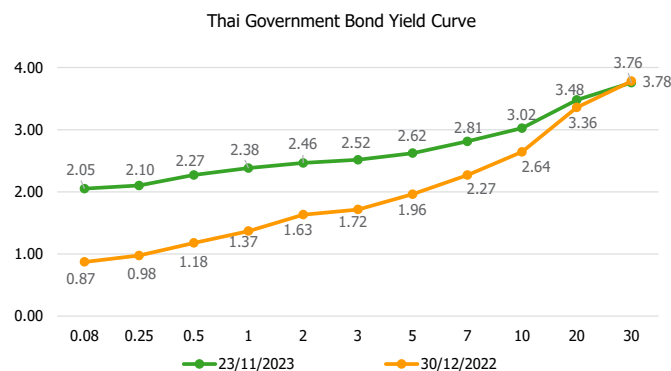
Government's budget (Bt bn)	2023E	2024E	2025E	2026E	2027E
Revenue	2,490	2,787	2,899	2,985	3,074
Expense	3,185	3,480	3,591	3,706	3,825
Fiscal balance	-695	-693	-692	-721	-751
% of fiscal balance to GDP	-3.83%	-3.63%	-3.43%	-3.40%	-3.36%
Public debt to GDP	61.7%	64.0%	64.7%	64.9%	64.8%

Estimation from the government's projection

Public debt (Bt bn)	11,255	12,089	12,898	13,652	14,363
Implied Nominal GDP	18,169	19,078	20,146	21,234	22,381
Implied Nominal GDP growth	4.8%	5.0%	5.6%	5.4%	5.4%

Source: Bloomberg, PDMO, ThaiBMA

Fig 25 Thai Government Bond Yield Curve

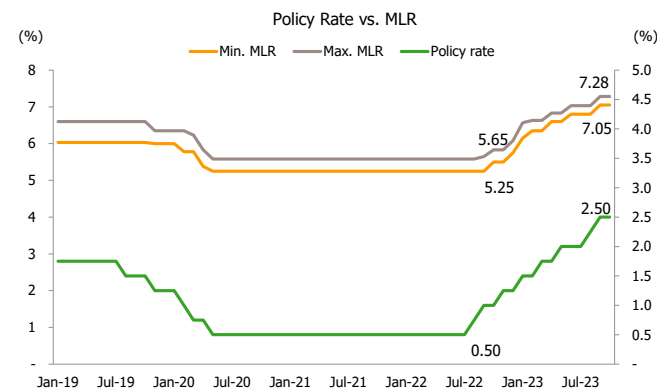


Source: Bloomberg, PDMO, ThaiBMA

14. Tightening credit market means higher corporate borrowing costs

- The government plans to raise the budget deficit and issue a bill in Parliament to obtain Baht 500 billion to fund its Digital Wallet scheme, which would lead to a tightening of the domestic bond market. The Public Debt Management Office (PDMO) will issue Baht 1.2 5 trillion worth of bonds, which is 15 percent higher YoY, to finance the deficit. Note that this does not include the Baht 500 billion bill pending Parliament's approval.
- An increased supply of bonds caused the Thai 5-year and 10-year government bond yield to rise by 66 bps and 38 bps to 2.62 percent and 3.02 percent, respectively, in October 2022. This was lower than the 2.87 percent and 3.24 percent at the end of October 2023 due to expectations of a Fed pivot in mid-2024 following weak US economic data.
- The MLR of Thai commercial banks jumped 125 bps YTD and 175 bps to 7.28 percent since the Bank of Thailand (BOT) started raising its policy rate in August 2022 from 0.50 percent to the current level of 2.50 percent.

Fig 26 Policy Rate vs. MLR

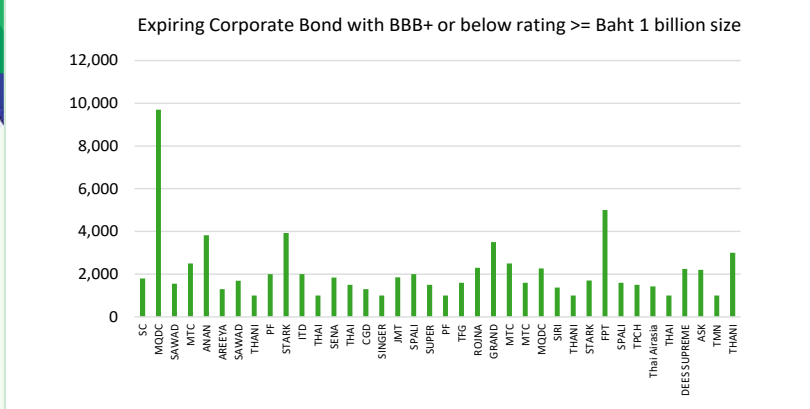


Source: Bloomberg, BOT, KS Research



15. Tightening credit market could increase risk of rollovers in 1H2024

Fig 27 Expiring Coreporate Bond with BBB+ or Below Rating

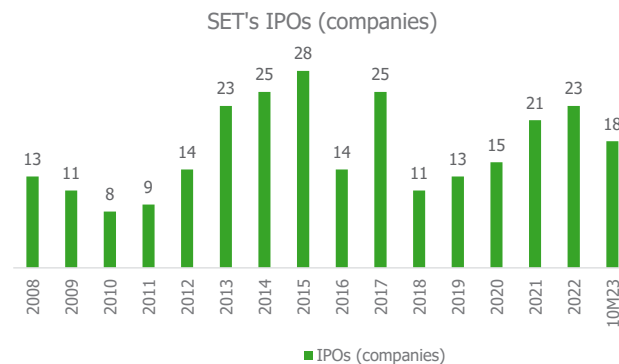


Source: ThaiBMA, KS Research

16. Tightening credit market could delay IPO plans

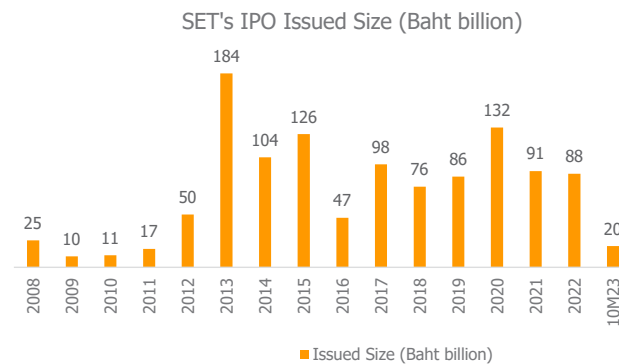
- Weak domestic equities market sentiment has derailed IPO deals this year. The value of SET IPOs fell more than 70 percent YoY to Baht 20 billion in 10M2023.

Fig 28 SET's IPOs (companies)



Source: SET and SETSMART

Fig 29 SET's IPO Issued Size (Baht billion)



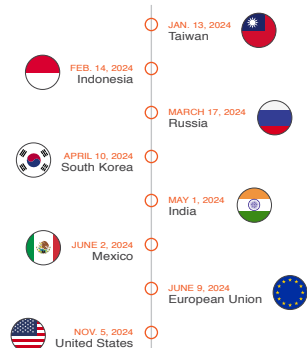
Source: SET and SETSMART

17. Event Risk

• Event risk could trigger an unsatisfactory outcome, i.e., global elections, US government shutdown, US-China, Russia-Ukraine and Middle East conflicts.

Fig 30 Elections around the World in 2024

Elections around the World in 2024



Source: AXIOS, Trading Economics, www.matteoaciovello.com

Sectors and Top Picks

We remove TCAP, AP, GULF, HANA, BA, ILM, AOT, and ERW from our top picks and replace them with TIDLOR, CPALL, MAJOR, CPN, CK, GPSC, ITC, and TOP. Our five investment themes are:

- Domestic plays (TIDLOR, CPALL, GLOBAL, MAJOR, CPN, CK). These will be key beneficiaries of the government's aim to boost consumption and investment.
- Defensive plays (BCH, GPSC, ADVANC). Expect defensive plays to outperform during an economic downturn.
- A turnaround play (ITC) on an expected better 2024 earnings outlook.
- Value play (TOP) on its cheap valuation and potential improvement in ROE led by an improving GRM, strong petrochemicals, and completion of the CFP project.
- Regional relocation play (AMATA). It should benefit from a shake-up of regional supply chains.

Fig 31 US Credit Rating Could Be Downgraded If Government Shuts Down

Agency	Rating	Outlook	Date
Moody's	Aaa	negative	Nov 10, 2023
DBRS	AAA	stable	Jul 28, 2023
DBRS	AAA	negative watch	May 25, 2023
DBRS	AAA	stable	Apr 22, 2014
DBRS	AAA	under review	Oct 29, 2013
Moody's	Aaa	stable	Jul 18, 2023
S&P	AA+	stable	Jul 10, 2023

Source: AXIOS, Trading Economics, www.matteoaciovello.com

Fig 32 Sectors and Top Picks

Stock	Rating	Price (Bt) 24-Nov-23	Target price (Bt)	Upside (%)	P/E (x)		P/BV (x)		EV/EBITDA (x)		Net profit grth (%)		Div. yield (%)		ROE (%)	
					2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
ADVANC	OP	217.00	248.93	14.7	23.2	21.1	7.4	7.1	9.2	8.1	7.1	9.5	3.8	4.1	32.2	34.2
AMATA	OP	25.50	28.50	11.8	16.3	11.5	1.6	1.5	15.6	9.6	-22.9	41.3	1.9	2.7	9.6	13.2
BCH	OP	21.30	23.50	10.3	37.4	30.8	4.2	3.9	18.4	15.2	-53.3	21.5	1.4	1.7	11.2	12.7
CK	OP	21.80	27.94	28.2	24.3	20.8	1.4	1.4	37.2	33.1	37.6	16.9	1.6	1.9	5.7	6.7
CPALL	OP	55.00	78.00	41.8	30.2	23.3	4.4	4.0	13.1	11.5	27.0	28.7	1.4	1.7	15.1	17.4
CPN	OP	67.25	79.00	17.5	20.8	19.3	3.3	2.9	15.4	14.3	34.9	7.9	1.9	1.9	15.7	15.2
GLOBAL	OP	17.40	17.60	1.1	30.7	26.8	3.7	3.5	19.6	17.6	-18.6	14.5	1.6	1.8	12.2	12.9
GPSC	OP	44.00	53.00	20.5	35.2	28.6	1.2	1.2	14.7	15.4	295.4	23.2	3.5	3.5	3.4	4.2
ITC	OP	20.60	23.10	12.1	29.0	22.1	2.4	2.3	17.3	13.1	-51.5	30.8	1.7	2.3	8.4	10.4
MAJOR	OP	15.70	19.10	21.7	16.6	16.4	1.9	1.9	5.8	5.7	234.9	1.7	6.0	6.1	11.7	11.7
TIDLOR	OP	22.50	31.40	39.6	16.8	12.7	2.2	1.9	0.0	0.0	3.6	32.1	1.2	1.6	14.0	16.3
TOP	OP	51.25	55.50	8.3	7.6	8.8	0.7	0.7	5.7	6.6	-53.8	-13.6	3.9	3.9	9.5	7.9

Source: KS Research

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Outperform: Expected total return of 10 percent or more within a 12-month period.

Neutral: Expected total return between -10 percent and 10 percent within a 12-month period.

Underperform: Expected total return of -10 percent or worse within a 12-month period.

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The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. KS does not confirm nor certify the accuracy of such survey result.

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DWs Underlying: AAV, ADVANC, AMATA, AOT, AP, AWC, BAM, BANPU, BBL, BCH, BCP, BDMS, BEM, BGRIM, BH, BLA, BTS, CBG, CENTEL, CHG, CK, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, EA, EGCO, ESSO, FORTH, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JMART, JMT, KCE, KEX, KKP, KTB, KTC, LH, MEGA, MINT, MTC, OR, OSP, PLANB, PSL, PTG, PTT, PTTEP, PTTGC, RATCH, RCL, SAWAD, SCB, SCC, SCGP, SET50, SINGER, SIRI, SJWD, SPALI, SPRC, STA, STGT, TCAP, THG, TIDLOR, TIPH, TISCO, TOP, TQM, TRUE, TTB, TU, VGI, WHA.

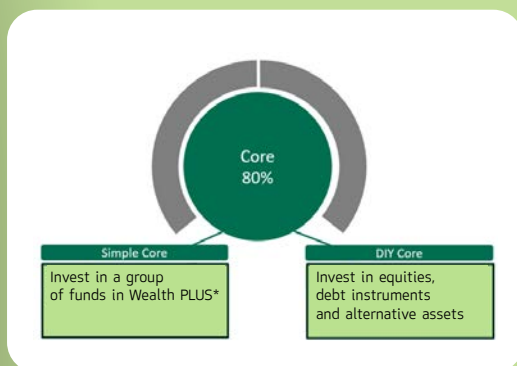
Product Strategy Department
KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Core-Satellite Portfolio a Strategy that Works in any Economic Circumstance

Core-Satellite is a flexible portfolio strategy that aligns with long-term investment goals while also seeking short-term returns. The **Core-Satellite** portfolio not only helps to generate consistent returns over the long term but also to reduce portfolio volatility through risk diversification.

The Core Portfolio, which makes up about 80 percent of the portfolio, focuses on a long-term investment goal and diversification across various assets, including stocks, bonds, and alternative assets.

KAsset presents two options for core portfolio arrangement:

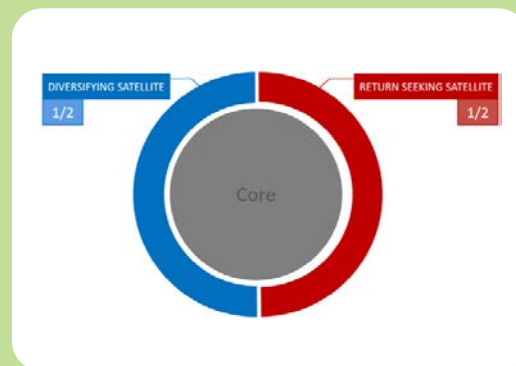


1. **Simple Core Portfolio** helps simplify port arrangement, focusing on Wealth PLUS asset allocation. Investors can subscribe funds in K PLUS or K-My Funds.

Simple Core is a good choice for investors who don't have time to keep up with market trends or manage their portfolio.

2. **DIY Core Portfolio** is designed for investors who have time to manage their portfolio, and seek flexibility in decision-making. The portfolio is divided into three asset classes: equities, bonds and alternative assets.

The Satellite Portfolio, making up around 20 percent of the portfolio, focuses on short- to medium-term investment goals and can include a variety of asset classes. KAsset recommends the following methods for selecting funds for this portfolio.



1. **Return seeking:** This strategy focuses on keeping up with market trends to generate short-term returns. We recommend investing in two funds, each with a 5 percent allocation, such as K-GTECH and K-VIETNAM.

2. **Diversifying:** This strategy helps reduce risk by investing in funds with low correlation to the core portfolio. We recommend investing in two funds, each with a 5 percent allocation, such as K-GHEALTH and K-HIT.



Example of Simple and DIY Core-Satellite Portfolio and share of funds recommended by KAsset (December 2023)



Tips for portfolio arrangement

- Rebalance your portfolio to maintain the target asset allocation every quarter
- Invest regularly
- Maintain investment discipline by following a DCA strategy, or make sure that you are not overexposed to any single fund.

These are simple steps that will allow you to receive consistent returns with manageable risk.

Article by Investment Strategy Team

Data as of December 2023

Disclaimer:
Investments contain risk. Investors should study products' features, conditions for risks and returns before making a decision to invest.

KASIKORNBANK

has been selected
as a member of
renowned DJSI for 2023,
in both the DJSI World
and Emerging Markets Indices,
for the eighth year running



Due to KBank's commitment to advancing our business on ESG principles, we have formulated a strategy that prioritizes systematic work with performance-based measurement while developing our operations in accordance with international principles and standards. The Bank aims to become an ESG leader among banks in Southeast Asia, helping our customers and Thai businesses to achieve a shared goal as we move towards a sustainable economic system. These endeavors have continually benefited our ESG performance in a concrete manner. In 2023, KBank has been selected for inclusion in the internationally recognized Dow Jones Sustainability Indices (DJSI) 2023, both in the DJSI World and DJSI Emerging Markets Indices. This is the eighth consecutive year (2016 - 2023) that KBank has been included in the DJSI, making it the first Thai bank to do so.



The DJSI provides benchmarks for sustainable business practices, in terms of the environmental, social, governance and economic dimensions. In 2023, KBank is one of 27 banks to be selected as members of the DJSI World Index and one of 16 banks in the DJSI Emerging Markets Index, given its notable operations based on ESG principles, as follows:

In terms of environment, following the announcement of its Net Zero Commitment in 2021, KBank has continually acted in the environmental space in a bid to achieve net zero in its own operations (Scope 1 and 2) by 2030. In 2023, a total of 175 internal combustion engine (ICE) cars in its fleet were replaced by electric vehicles, with the aim of gradually replacing the entire ICE fleet before 2030. KBank has installed solar panels at its main buildings and branch offices, with the aim of completing such installations at 278 branches overall within the next two years. In addition, KBank aims to reach the “zero-waste-to-landfill” goal for its four main buildings within this year. Meanwhile, the net zero goal in our financed portfolio (Scope 3) is in alignment with Thailand’s aspirations. Additionally, KBank aims to provide sustainable financing (loan) and investment worth Baht 100 - 200 billion by 2030. Between 2022 and 2023, KBank has already extended approximately Baht 53 billion in sustainable financing, including green loans for customers in Thailand and the AEC+3 region, as well as energy-saving loans, and sustainable investment.



In the social realm, KBank focuses on human rights, along with the promotion of financial inclusion and literacy. Aside from diversity management in the workplace, KBank also attaches importance to fair treatment of employees and customer relationship management by leveraging technological advancements through collaboration with numerous partners. These endeavors have been undertaken concurrently with the provision of financial and cyber literacy. Moreover, KBank has expanded the accessibility of banking services for Thais while offering non-monetary support and promoting financial well-being among the underprivileged. KBank has also implemented the AFTERKLASS project to meet the younger generation’s need for enhanced financial, professional, and educational skills.

Governance and Economic Dimension: KBank’s operations focus on business ethics. This is evidenced by its standardized performance in information security management along with the development of a cyber hygiene culture, and prioritization of material issues for business operations and possible impacts on stakeholders within the business value chain. Additionally, ESG risk assessment is undertaken for 100 percent of the Bank’s potential project financing and commercial credit for medium and larger enterprises.

As KBank serves as an upstream player in the economic system, the company is determined to operate its business based on the principles of a Bank of Sustainability to deliver long-term returns to all stakeholders. Recognizing that sustainability operations require collaborative efforts, KBank is ready to act as an intermediary connecting major sectors within the ecosystem to drive development undertakings in the environmental, social, governance and economic aspects and thus create positive impacts at large. This will support customers and the general public in the transition to a net zero economy, while elevating the quality of life and society. These endeavors are achieved through efficient work processes under international standards to mitigate risks and create new opportunities, fostering long-term sustainability for the country’s economy and society.



KBank opens Beijing branch – expands services for customers in Thailand, ASEAN and China

KASIKORNBANK (CHINA) CO., LTD.(KBank China) has opened a new branch in Beijing – its fifth branch in China – to strengthen its regional service capabilities and to capitalize on the mainland’s flourishing economic opportunities, in line with its strategy to be a regional bank of choice. Focusing on businesses engaging in trade and investment between Thailand and China, the Bank aims to extend its reach to other ASEAN countries in order to connect regional economies. The Bank is also ready to leverage its digital technology to deliver services and offer digital banking platforms through a vast service network in key strategic areas.



KBank wins “Future Enterprise of the Year” award

KASIKORNBANK (KBank) received the “Future Enterprise of the Year” award from International Data Corporation (IDC), in recognition of KBank’s status as an innovative organization of the future in Thailand for 2023. This award reaffirms the Bank’s outstanding digital banking leadership with its strategy of customer centricity, focusing on continual development and upgrading of digital technology capabilities.

KBank joins COP28 to support the global community in addressing climate change

KASIKORNBANK (KBank) participated in the 28th United Nations Climate Change Conference (COP28) and engaged in a panel discussion there on the topic of “Driving Higher Education for Global Action – Exploring opportunities for collaboration between banks and educational institutions in driving climate action” together with speakers from Chulalongkorn University and experts from the world’s leading universities.





KBank wins five honors at SET Awards 2023

KASIKORNBANK (KBank) received the “Best Sustainability” award; KSecurities garnered two “Deal of the Year” awards; and KAsset won the “Outstanding Asset Management Company” and “Outstanding Asset Management Company – ESG” awards. Additionally, KBank received a “AAA” rating in the SET ESG Ratings, in recognition of its business operations based on the principles of a Bank of Sustainability. All were presented at the SET Awards 2023 organized by The Stock Exchange of Thailand (SET) and Money & Banking Magazine.



KPB recommends investment with ALPHA Fund – a ready-made fund with proactive portfolio management in response to market conditions, a single-fund solution in line with return objectives

KBank Private Banking (KPB), seeing persistent volatility in the capital market, recently introduced the ALPHA Fund aimed at generating returns regardless of market circumstances, offering high net worth investors an opportunity for wealth accumulation. The fund invests in varied traditional and alternative assets both at home and abroad, with proactive portfolio adjustment to suit market conditions, and effective risk diversification. Its focus is on reducing portfolio volatility under an appropriate risk appetite, thus increasing the opportunity to generate consistent long-term returns.

Orbix Tech unveils Quarix chain as an infrastructure for pioneering next-generation innovations

KASIKORNBANK (KBank), in collaboration with Orbix Technology and Innovation (Orbix Tech), the Bank of Thailand, and Accenture Southeast Asia, has launched Orbix Tech’s first-ever service, Quarix chain, intended to serve as an infrastructure for pioneering next-generation innovations and spurring the practical use of blockchain in all sectors. Quarix chain has three outstanding features: 1) REAL MONEY designed to support transactions in both Thai Baht and foreign currencies on blockchain technology; 2) REAL ASSETS which helps convert real assets into digital tokens to increase efficiency and utilization options, while maintaining legal protection and compliance with relevant regulatory requirements; and 3) REAL IDENTITY which integrates a real-world user authentication system with blockchain-based identity verification to provide security against fraud and illegal transactions, while ensuring data privacy protection.





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