



# Shareholder Newsletter

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**Thailand's Economic Growth is Projected to Accelerate during the Second Half of 2024, Attributable Partly to the Low Base of 2023 Amid Elevated Internal and External Downside Risks**



# Thailand's Economic Growth is Projected to Accelerate the Second Half of 2024, Attributable Partly to the Low Base of 2023 Amid Elevated Internal and External Downside Risks





## The world's leading economies show signs of slowing down; close attention must be paid to the US presidential election in late 2024

- The US economy grew better than expected in the second quarter of 2024, with an annualized QoQ growth of 2.8 percent. However, signs of a slowdown have emerged in the labor market and consumer spending with the personal savings rate also declining amid higher borrowing costs. As a result, positive views towards the overall US economic performance have begun to diminish. Meanwhile, the continuing decline in US inflation has led markets to anticipate that the US Federal Reserve (Fed) may lower interest rates for the first time in September 2024, with the possibility of three additional rate cuts by the end of the year, which would contribute to the weakening of the US dollar.



- The Eurozone economy is expected to continue recovering, but its overall growth for 2024 is projected to remain below 1 percent, pressured by the sluggish manufacturing sector, with the Manufacturing Purchasing Managers' Index (PMI) falling to 45.6 in August 2024. Additionally, declining business confidence has further weakened the Eurozone's economic recovery. As a result, the European Central Bank (ECB) may cut interest rates two more times this year.

- The Chinese economy grew at 4.7 percent YoY in the second quarter of 2024. However, its economic growth may reach 5.0 percent in 2024, supported by additional economic stimulus measures through monetary and fiscal policies. Additionally, the Third Plenum held in July 2024 placed emphasis on stimulating the economy through the supply side. While the People's Bank of China has cut interest rates earlier than expected, the reductions have been limited to only 0.1 - 0.2 percent. Given this, further interest rate cuts are anticipated for the remainder of 2024.

Additionally, there is uncertainty surrounding the US presidential election slated for November 2024. Regardless of whether the Republicans or Democrats win a majority in Congress, both parties have policies aimed at restricting trade with China. However, if Donald Trump is elected the US President, there is likely to be an increase in import tariffs, not only on Chinese-made products, but also those of other countries, as well.




## The Thai economy is expected to experience accelerated growth in the second half of 2024, supported by thriving tourism and exports amid external risks while close attention must be paid to government economic stimulus measures.

In the second quarter of 2024, the Thai economy grew by 2.3 percent YoY, and by 0.8 percent QoQ. The growth was supported by a wider trade surplus, thanks to stronger-than-expected export growth and favorable private consumption, albeit slower than that reported in the previous quarter. As a result, the Thai economy expanded by 1.9 percent YoY during the first half of 2024.

Meanwhile, public spending was lower than expected in the second quarter of 2024. Particularly, public investment continued to contract despite accelerated budgetary disbursements as compared to the previous quarter. Moreover, public consumption grew at a slower rate than previously anticipated, creating uncertainty about the economic outlook for the second half of the year. Additionally, private investment contracted at a steeper pace than expected, particularly in the construction and automotive sectors, as reflected in disappointing sales of commercial vehicles, including pickup trucks and freight trucks. Given this, the overall investment may grow slower than prior estimates in 2024.

The uncertainty regarding the direction of the Thai economy in the second half of 2024 depends on government economic measures and the 2025 budget. Additionally, the Thai economy may face external downside risks stemming from ongoing geopolitical issues in the Middle East, particularly the related impacts on international freight transportation that could in turn threaten exports during the high season. Moreover, Thailand's manufacturing sector will continue to face intense competition while the overall domestic purchasing power remains weak.

- If the scale of economic stimulus measures remains largely unchanged, compared to the digital wallet handout program, and if the 2025 fiscal budget bill is enacted by October 1, 2024, the Thai economy is expected to grow at 2.6 percent in 2024.
- However, if the government stimulus measures are delayed and no alternative measures are introduced in the fourth quarter of 2024, and if the enactment of the 2025 budget is delayed by more than one month, Thailand's economic outlook for 2024 will face increased downside risks, with a lower bound estimate of 2.2 percent. Thus far, the likelihood of this scenario remains low.

In summary, KResearch maintains its growth forecast for the Thai economy at 2.6 percent in 2024, based on the assumptions that the government will drive economic stimulus policies in the fourth quarter of 2024, and the 2025 budget bill will be enacted by October 1, 2024. Tourism and exports are expected to remain the key economic drivers in the latter half of the year.

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# MONTHLY STRATEGY

## From Setback to Comeback



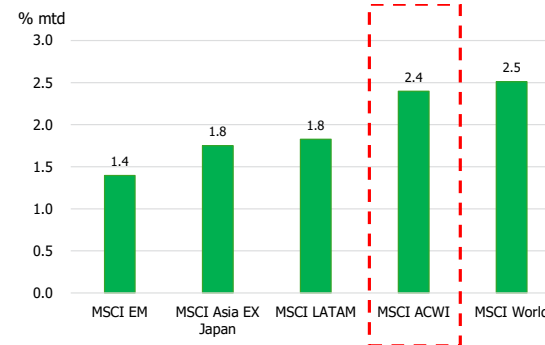




We expect the SET Index to maintain its upward trend, supported by an improving political and economic outlook, particularly with tailwinds from Fed rate cuts, government stimulus measures, and liquidity injections from TESG and VAYU. We roll over our SET target to mid-2025 at 1,440 based on our FY 2024 - 2025 blended EPS projection of Baht 94 pegged to a valuation of the average long-term PER discounted by 0.25SD, or 15.3x. Our monthly top picks are PR9, COM7, SYNEX, CPALL and MTC.

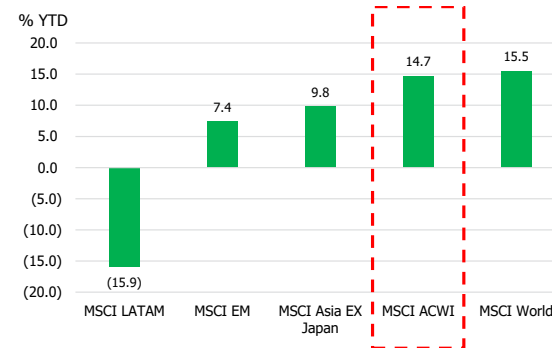
Global equity markets fluctuated in August amid fear of US recession and showed a more pronounced rotation from “Tech” to “Value Plays”.

Fig 1 Global equity markets fluctuated during the month, but still managed to register a solid gain of 2.4% in August...



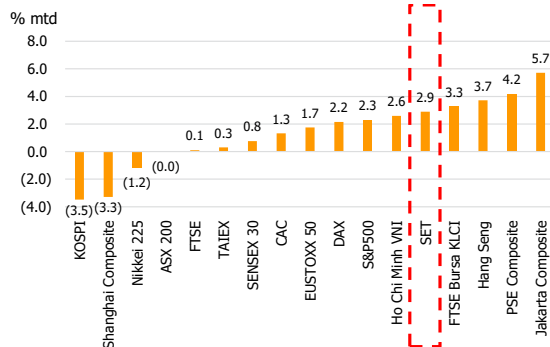
Source: KS Research, Bloomberg (as of the end of August 30, 2024)

Fig 2 ...and raised their return YTD to a strong 14.7%



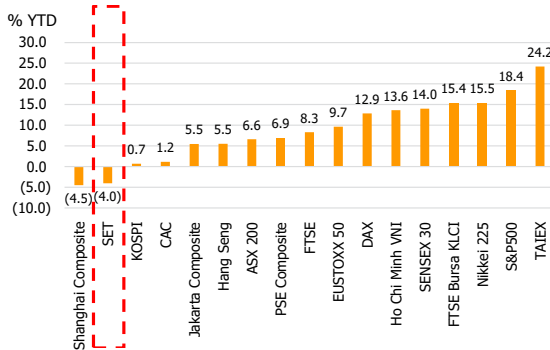
Source: KS Research, Bloomberg (as of the end of August 30, 2024)

**Fig 3 North Asia hit hard from tech selloff, while South Asia outperformed**



Source: KS Research, Bloomberg (as of the end of August 30, 2024)

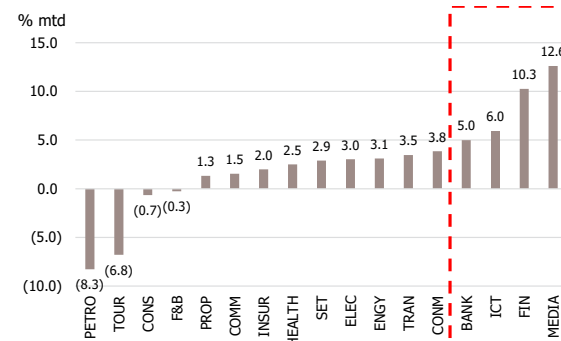
**Fig 4 SET recovered sharply in August but still underperformed the world with a decline of 4.0% YTD**



Source: KS Research, Bloomberg (as of the end of August 30, 2024)

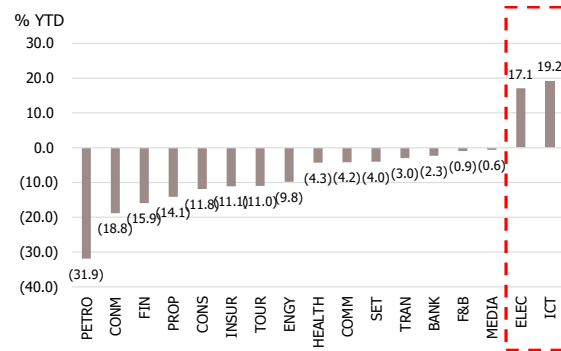
SET fluctuated on Thai political uncertainty and global tech selloffs, and Domestic Plays showed a strong recovery.

**Fig 5 Apart from ELEC, key domestic sectors outperformed in August**



Source: KS Research, Bloomberg (as of the end of August 30, 2024)

**Fig 6 ICT and ELEC sectors remain the leading sectors YTD**



Source: KS Research, Bloomberg (as of the end of August 30, 2024)

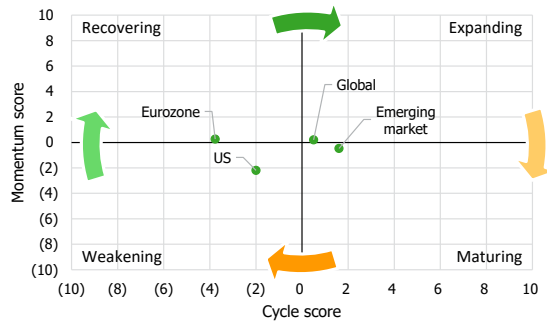
# Economic Snapshot

Global economy continued to expand, led by EMs, while DM momentum faded.

Global inflation continued to cool.

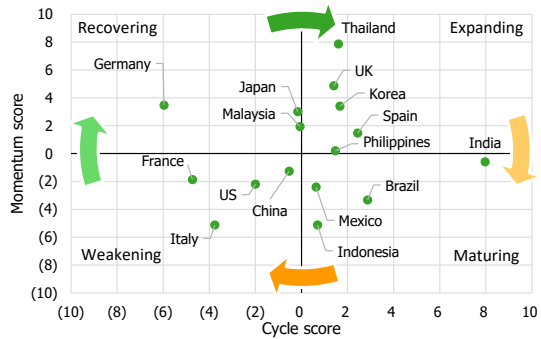
Global policy rates continued to decline.

Fig 7 Apart from ELEC, key domestic sectors outperformed in August



Source: KS Research, Bloomberg

Fig 8 Mfg. PMI rotation by country



Source: KS Research, Bloomberg

Fig 9 Global inflation continued to cool

CPI % YoY	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>Global</b>													
<b>North America</b>													
US	3.2	3.7	3.7	3.2	3.1	3.4	3.1	3.2	3.5	3.4	3.3	3.0	2.9
<b>Europe</b>													
Germany	6.2	6.1	4.5	3.8	3.2	3.7	2.9	2.5	2.2	2.2	2.4	2.2	2.3
UK	6.8	6.7	6.7	4.6	3.9	4.0	4.0	4.0	3.2	2.3	2.0	2.0	2.2
France	4.3	4.9	4.9	4.0	3.5	3.7	3.1	3.0	2.3	2.2	2.3	2.2	2.3
Italy	5.9	5.4	5.3	1.7	0.7	0.6	0.8	0.8	1.2	0.8	0.8	0.8	1.3
Spain	2.3	2.6	3.5	3.5	3.2	3.1	3.4	2.8	3.2	3.3	3.6	3.4	2.8
<b>Eurozone</b>	<b>5.3</b>	<b>5.2</b>	<b>4.3</b>	<b>2.9</b>	<b>2.4</b>	<b>2.9</b>	<b>2.8</b>	<b>2.6</b>	<b>2.4</b>	<b>2.4</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>
<b>Asia</b>													
Japan	3.3	3.2	3.0	3.3	2.8	2.6	2.2	2.8	2.7	2.5	2.8	2.8	2.8
China	-0.3	0.1	0.0	-0.2	-0.5	-0.3	-0.8	0.7	0.1	0.3	0.3	0.2	0.5
S.Korea	2.4	3.4	3.7	3.8	3.3	3.2	2.8	3.1	3.1	2.9	2.7	2.4	2.6
India	7.4	6.8	5.0	4.9	5.6	5.7	5.1	4.9	4.8	4.8	5.1	3.5	3.1
Indonesia	3.1	3.3	2.3	2.6	2.9	2.6	2.6	2.8	3.1	3.0	2.8	2.5	2.1
Philippines	4.7	5.3	6.1	4.9	4.1	3.9	2.8	3.4	3.7	3.8	3.9	3.7	4.4
Malaysia	2.0	2.0	1.9	1.8	1.5	1.5	1.5	1.5	1.8	1.8	2.0	2.0	2.0
Thailand	0.4	0.9	0.3	-0.3	-0.4	-0.8	-1.1	-0.8	-0.5	0.2	1.5	0.6	0.8
<b>LATAM</b>													
Brazil	4.0	4.6	5.2	4.8	4.7	4.6	4.5	4.5	3.9	3.7	3.9	4.2	4.5
Mexico	4.8	4.6	4.5	4.3	4.3	4.7	4.9	4.4	4.4	4.7	4.7	5.0	5.6

Source: KS Research, Bloomberg

Fig 10 Global policy rates continued to decline

Policy rate %	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>Global</b>	<b>6.03</b>	<b>6.06</b>	<b>6.04</b>	<b>6.00</b>	<b>5.96</b>	<b>5.89</b>	<b>5.86</b>	<b>5.76</b>	<b>5.68</b>	<b>5.65</b>	<b>5.57</b>	<b>5.50</b>	<b>5.45</b>
<b>North America</b>													
US - Fed	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
<b>Europe</b>													
Europe - ECB	4.00	4.25	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.25	4.25
UK - BOE	5.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
<b>Asia</b>													
Japan - BOJ	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	0.10	0.10	0.10	0.25
China - PBOC	3.55	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.45	3.35	3.35
S.Korea - BOK	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
India - RBI	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Indonesia - BI	5.75	5.75	5.75	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.25	6.25	6.25
Philippines - BPI	6.25	6.25	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Malaysia - BNM	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Thailand - BOT	2.00	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
<b>LATAM</b>													
Brazil	13.75	13.25	12.75	12.75	12.25	11.75	11.75	11.25	10.75	10.75	10.50	10.50	10.50
Mexico	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.00	11.00	11.00	11.00	11.00

Source: KS Research, BIS



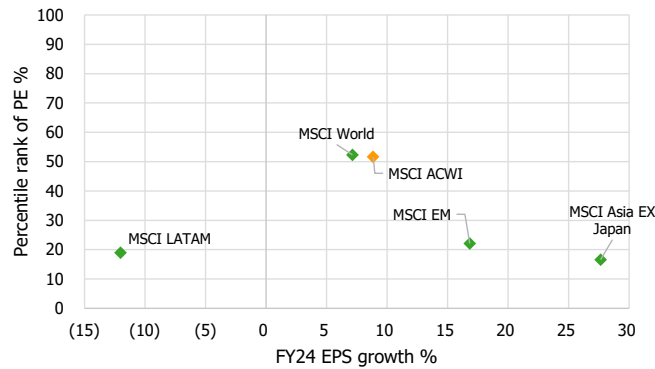


## Investment Strategy and Top Picks

Global equity markets are trading near L-T valuations with a moderate earnings growth outlook. Global equity markets have gained traction on an economic recovery, but the outlook has become more volatile. The macro landscape needs to remain positive to allow markets to live up to the hype.

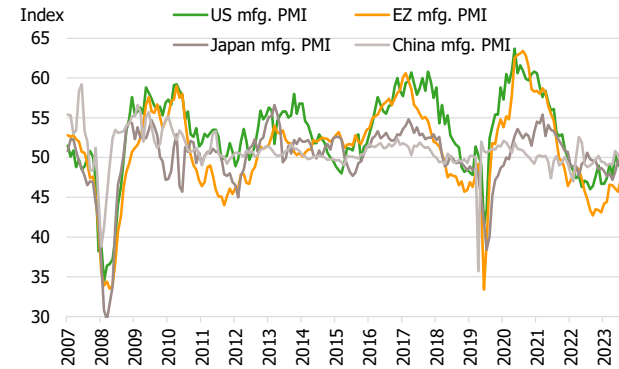


Fig 11 Global equity markets projected to post moderate growth in 2024



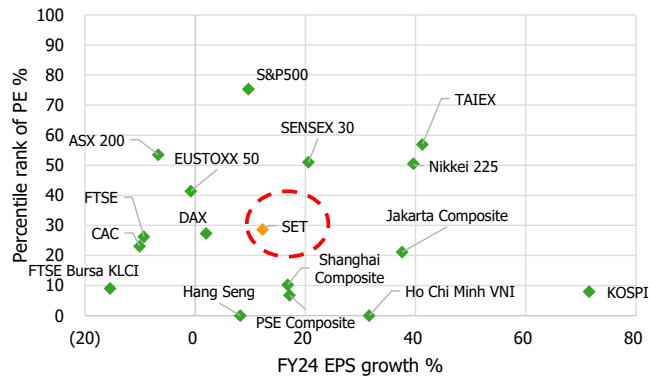
Source: KS Research, Bloomberg (as of the end of August 30, 2024)

Fig 13 Global economy could experience more volatility on recovery...



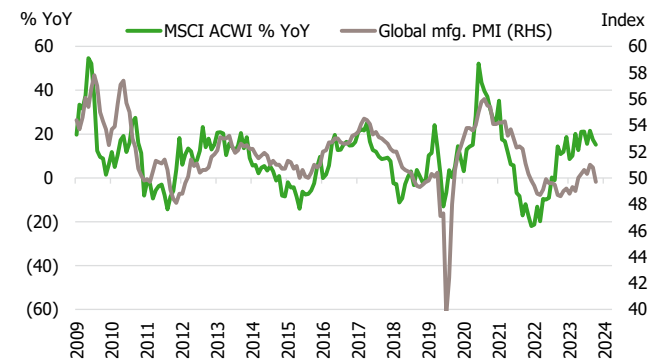
Source: KS Research, Bloomberg

Fig 12 Growth and valuations diverging between tech and value



Source: KS Research, Bloomberg (as of the end of August 30, 2024)

Fig 14 ...equity markets are already ahead of the curve



Source: KS Research, Bloomberg



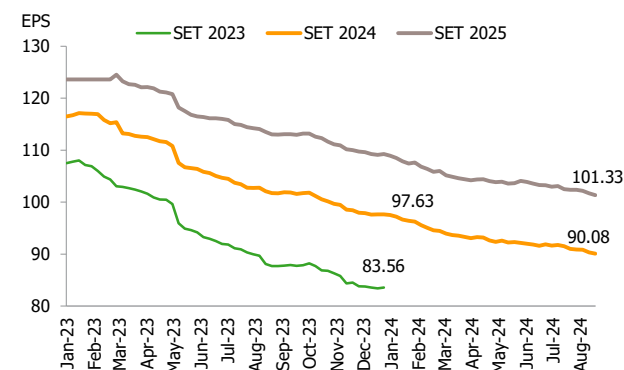


We expect the SET Index will continue rising on the back of an improving political and economic landscape.

- **Expect a modest earnings recovery in 2024:** We expect the Thai equity market will show an earnings growth recovery of around 5.9 percent in 2024 after slumping by 10.8 percent in 2023.
- **SET valuation looking more attractive:** The market's valuation looks more attractive after its sharp correction of 15 percent last year. It is currently trading at 14x mid-2025 EPS, which is below its long-term average 16x.
- **Key positive catalysts in September 2024:** The SET may gain traction in September 2024 from 1) Fed rate cut; 2) improving Thai political and economic outlooks; and 3) capital market and economic policy stimulus measures.

We roll over our SET target to mid-2025 at 1,440, based on our EPS forecast of Baht 94 at the long-term Avg PER discounted by 0.25 SD, or at 15.3x.

Fig 15 Market has cut FY24 market EPS forecast by 8% so far this year



Source: KS Research, Bloomberg (as of the end of August 30, 2024)

Fig 16 We roll over SET Index target to mid-2025 at 1,440 points

Assumption for PE approach	KS	Market
1H25F EPS (Index) ----- (1)	94.0	96.0
L-T Avg PE (x) - 0.25 SD ----- (2)	15.3	15.3
SET Index target ---- (3) = (1) x (2)	1,438	1,469

Assumption for earnings yield gap approach	KS	Market
10Y Thai Govt bond yield (%) ----- (4)	2.50	2.60
L-T Avg earnings yield gap - 0.25 SD (%) ---- (5)	4.00	4.00
Implied earnings yield (%) ----- (6) = (4) + (5)	6.50	6.60
SET implied PE (x) ----- (7) = 1 / (6)	15.4	15.2
1H25F EPS (Index) ----- (8)	94.0	96.0
SET Index target ----- (9) = (7) x (8)	1,446	1,455

SET Index target	1,440	1,460
Current SET Index	1,359	1,359
<b>Upside / Downside (%)</b>	<b>6.0</b>	<b>7.4</b>

Source: KS Research, Bloomberg (as of the end of August 30, 2024)

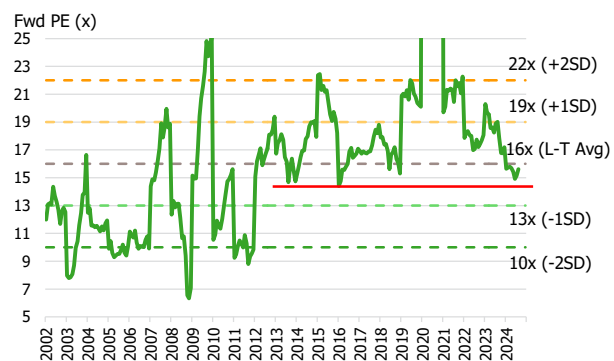
## Positive Factors:

### 1. Improving political & economic landscape

SET is not only trading below its long-term average valuation but near key support levels in 2014/ 2016/ 2018. Downside risk is limited when the SET Index trades below its long-term average valuation.

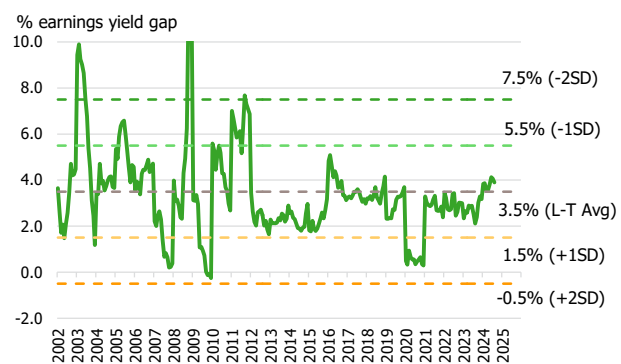
In September 2024, Fed is likely to cut key interest rate, and the new Thai Cabinet is expected to be set up. Thai economy bottomed out in 1H2024 and is expected show a more pronounced recovery in 2H2024. Thailand Focus event often attracts foreign fund flows into Thai equity market.

Fig 17 SET Index is trading at PER 14x, below its L-T Avg 16x



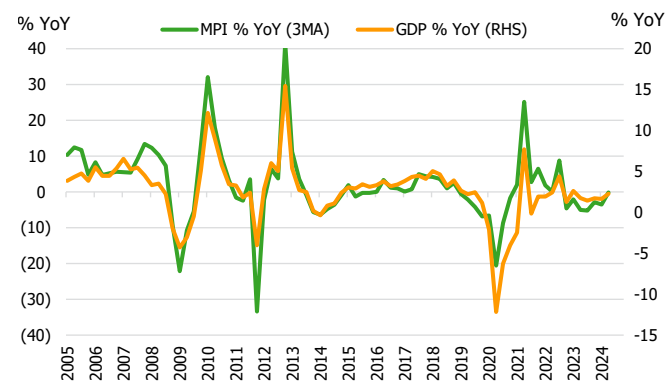
Source: KS Research, Bloomberg (as of the end of August 30, 2024)

Fig 18 Valuation is also slightly discounted on earnings yield gap approach



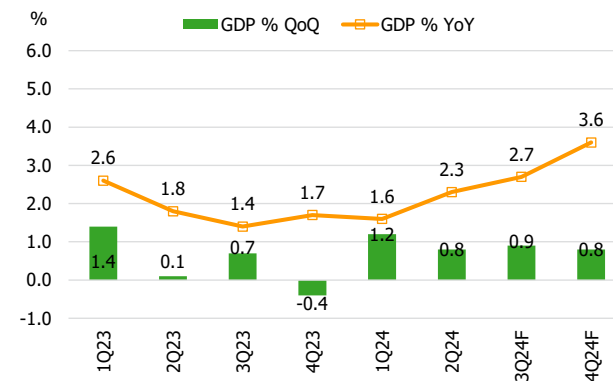
Source: KS Research, Bloomberg (as of the end of August 30, 2024)

Fig 19 Thai economy already bottomed out in 1H2024...



Source: KS Research, Bloomberg, OIE

Fig 20 ...and it is expected to show a more pronounced recovery in 2H2024

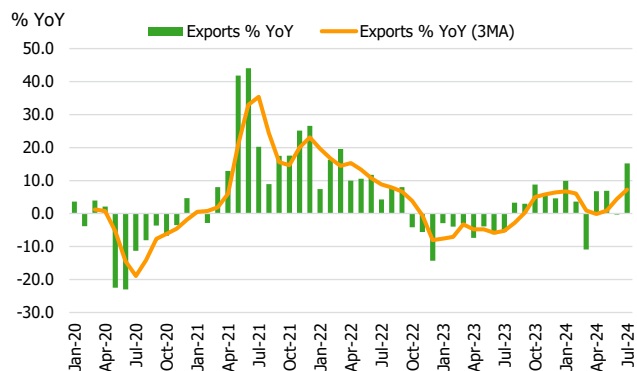


Source: KS Research, Bloomberg, OIE



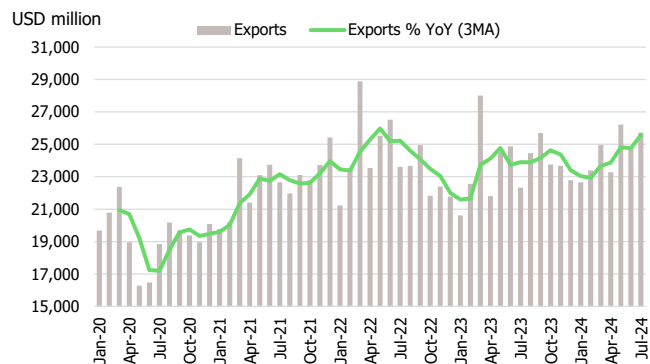


**Fig 21 Exports rose 3.8% in 7M2024 and looks to be improving in 2H2024**



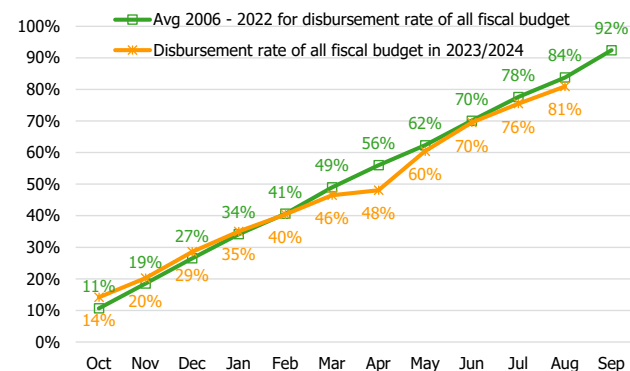
Source: KS Research, Bloomberg, MOC

**Fig 22 Thai exports gained traction from global recovery and pent-up demand from new electronic devices and policy uncertainty from the US election**



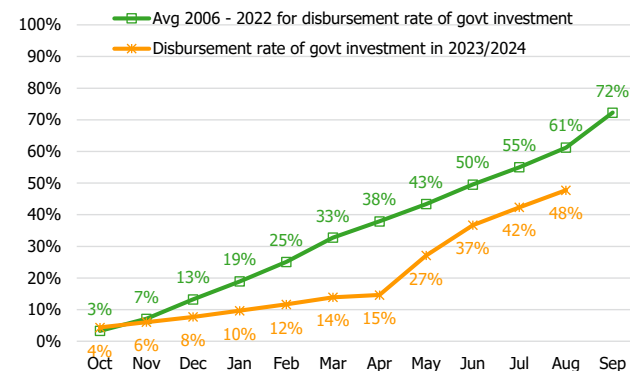
Source: KS Research, Bloomberg, MOC

**Fig 23 Disbursement rate on fiscal spending is improving...**



Source: KS Research, Bloomberg, CGD (Disbursement rate as of August 23, 2024)

**Fig 24 ...especially for public investment after budget approval in April**



Source: KS Research, Bloomberg, CGD (Disbursement rate as of August 23, 2024)

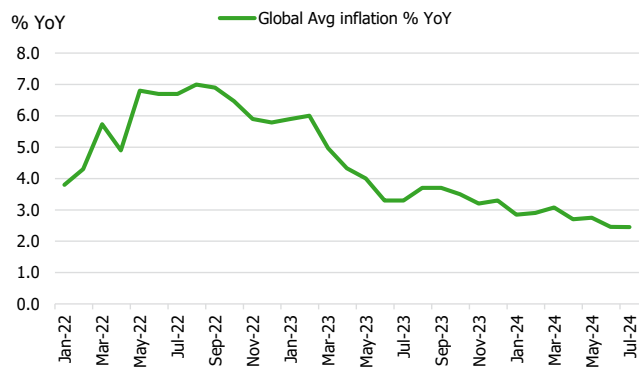


## 2. First Fed rate cut

The tide is turning for global monetary policy, and the shift is expected be more pronounced in 2H2024. Further weakness in the job market would warrant a more pronounced decline in inflation. The SET Index could get a boost from the Fed's easing monetary policy.

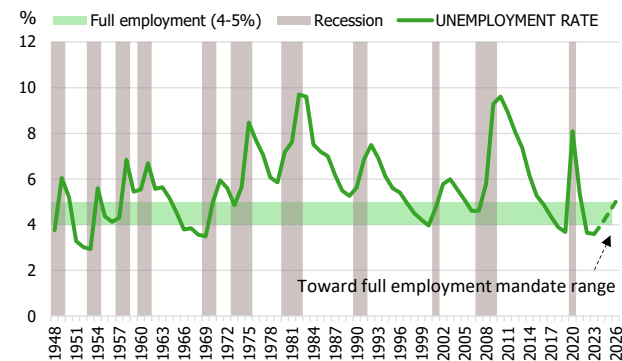


Fig 25 Global inflation is slowing...



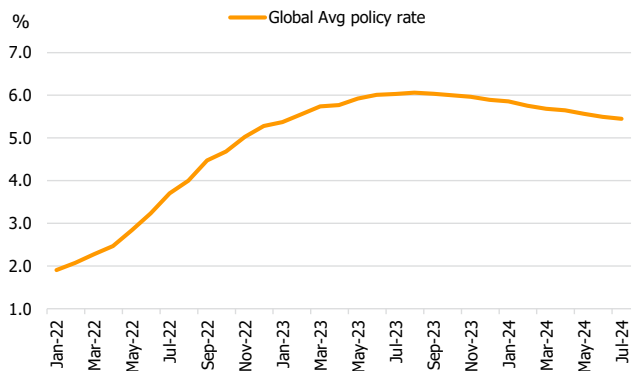
Source: KS Research, BIS, Bloomberg

Fig 27 The US job market is deteriorating...



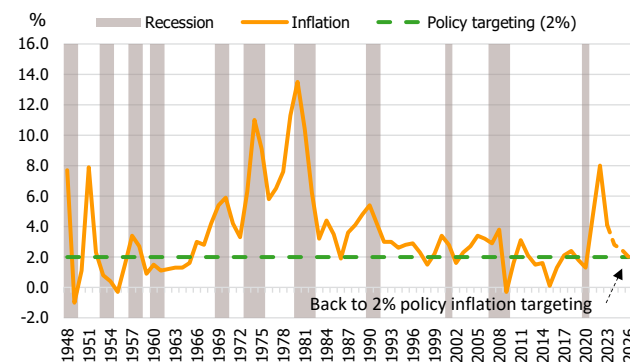
Source: KS Research, Bloomberg, Fed St. Louis

Fig 26 ...and global policy rates have started to come down



Source: KS Research, BIS, Bloomberg

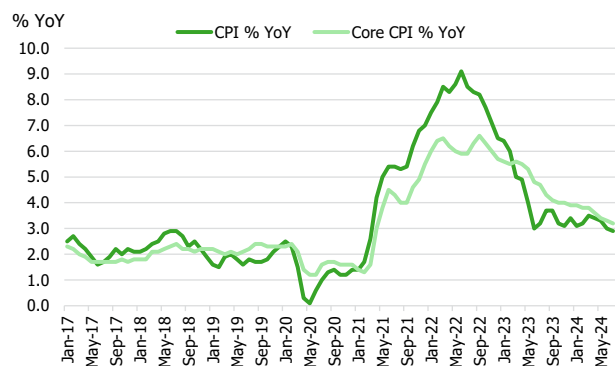
Fig 28 ...and it is dragging inflation to fall at a more pronounced pace



Source: KS Research, Bloomberg, Fed St. Louis

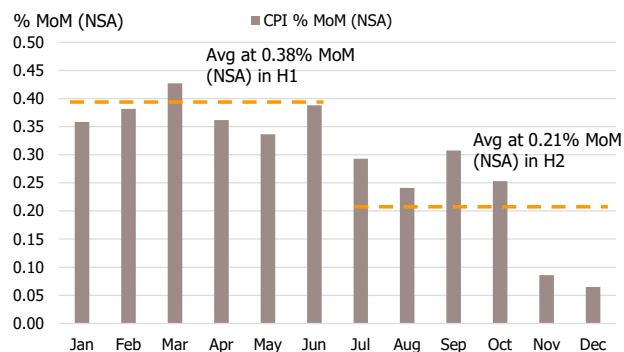


**Fig 29 US inflation returns to cooling pathway**



Source: KS Research, Bloomberg, Fed St. Louis

**Fig 30 We could see a substantial change in US inflation in 2H2024**



Source: KS Research, Bloomberg, Fed St. Louis

**Fig 31 A Fed rate cut should be positive to SET Index given no imminent recession**

Start	End	Duration (month)	Fed fund rate		Total cuts (bps)	Accumulated return of the SET Index				
			Start	End		after Fed first rate cut for 5 days	after Fed first rate cut for 20 days	after Fed first rate cut for 40 days	after Fed first rate cut for 60 days	During whole Fed rate cut cycle
Jun-89	Sep-92	40	9.75	3.00	675	1.0	7.3	20.8	35.1	35.1
Jul-95	Jan-96	7	6.00	5.25	75	1.8	-3.7	-7.7	-9.8	-1.4
Sep-98	Nov-98	2	5.50	4.75	75	-3.6	29.3	46.0	39.2	34.7
Jan-01	Jun-03	30	6.50	1.00	550	10.8	23.6	13.7	8.5	68.6
Sep-07	Dec-08	15	5.25	0.25	500	-2.8	-5.3	-4.4	-1.7	-44.5
Jul-19	Mar-20	8	2.50	0.25	225	-2.1	-5.2	-4.1	-6.4	-38.7
Simple avg		17	5.92	2.42	350	0.8	7.7	8.8	8.4	9.0
Median		11	5.75	2.00	363	-0.5	1.8	2.5	3.4	16.6
Simple avg ex recession		24	7.25	2.92	433	2.7	20.1	23.0	22.8	23.5
Median ex recession		30	6.50	3.00	550	1.0	23.6	13.7	20.8	34.9

Note: Thai recession period in red

Source: KS Research, Bloomberg

### 3. Capital market & economic stimulus

SET is scheduled to implement three additional regulatory measures to boost investor confidence.

- **Auction Matching Method** will be required for all investors trading securities that the SET has designated for trading surveillance at Level 2 and above, in addition to the existing measures for securities with abnormal trading patterns.
- **Dynamic Price Band** for individual securities of  $\pm 10$  percent from the latest execution price will be imposed. This measure will complement the existing daily ceiling and floor price limits of  $\pm 30$  percent from the previous day's closing price, providing an additional mechanism to mitigate securities price fluctuation.
- **Minimum Resting Time** before an order can be amended or cancelled is set at 250 milliseconds. This measure aims to curb excessively frequent order updates and cancellations that could potentially mislead the market about high demand for particular securities.

TESG is expected to boost SET by 40 - 80 points in late 2024.

Govt plans to revive VAYU to boost Thai equity market.

- The government together with the SET and SEC announced a revival of the Vayupak Fund, which is a state-backed mutual fund in Thailand that was initiated by the government of Thaksin Shinawatra in 2003. It was designed to stabilize the Thai stock market during times of an economic downturn and to offer a secure investment option to the public.



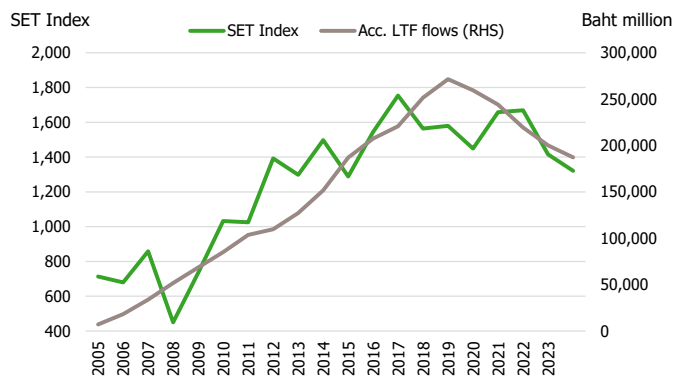
- The fund was a closed-end fund when it was first launched with an original fund size of Baht 100 billion for a total investment of 10 billion units each valued at Baht 10. The fund has a 10-year term and offers a capital protection with a yield guarantee on its investment of 3 percent for public investors. However, it was renewed as an opened-ended fund after maturity with an expansion to Baht 500 billion. We expect the government will raise Baht 100 - 150 billion from the public from the new Vayupak Fund.

- We estimate a positive impact of 10 percent on the SET based on a similar scenario when the SET increased by 15.3 percent in 2014 following an extra capital injection in December 2013 after the 10-year maturity of the original Vayupak Fund.

The cash handout of Baht 10,000 is expected to be distributed through welfare cards, focusing on vulnerable groups.

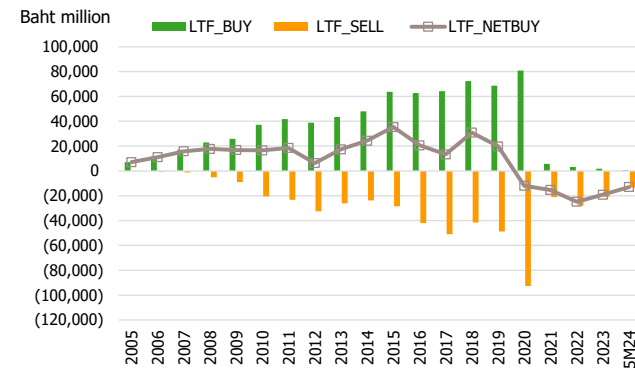
- Allowance for purchasing goods: Baht 300 per person per month for goods.
- Discount on cooking gas: Baht 80 per person for every three months.
- Transportation allowance: Baht 750 per person per month for public transportation.
- Additional disability allowance: Baht 200 per month for those with a disability card.
- Payment report: Welfare payments for June 2024 totaled Baht 4,532.05 million.
- Benefit conditions: Some benefits require identity verification by a specific date.
- Payment method: The additional disability allowance is transferred to bank accounts linked to PromptPay.

**Fig 32** MOF has revises terms and conditions of TEGS fund to boost Thai equity market



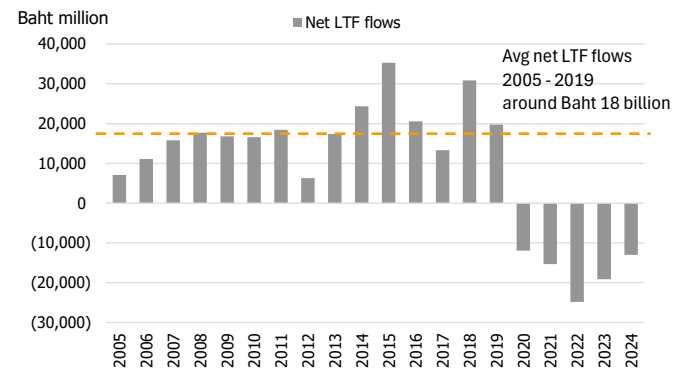
Source: KS Research, Bloomberg, SEC, SET

**Fig 33** Funds have experienced outflows since LTF was replaced by SSF in 2020



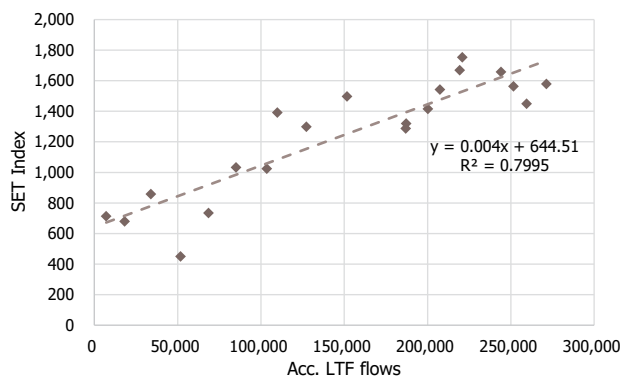
Source: KS Research, Bloomberg, SEC, SET

**Fig 34** LTFs registered Avg net flows of around Baht 18 billion in 2005 - 2019



Source: KS Research, Bloomberg, SEC, SET

Fig 35 Every Baht 10 billion net LTF inflow could boost SET Index by 40 points



Source: KS Research, Bloomberg, SEC, SET

Fig 36 Conditions and investment universe of tax-deductible funds

	LTF (duration 5 years: 2004-2015)	LTF (duration 7 years: 2016-2019)	RMF	SSF (duration 10 years: 2020-2024)
Tax benefit	maximum 15% of personal income or maximum value of Baht 500,000	maximum 15% of personal income or maximum value of Baht 500,000	maximum 30% of personal income or maximum value of Baht 500,000	maximum 30% of personal income or maximum value of Baht 200,000
Requirement	5 years	7 years	Hold until 55-year-old, and invest at least every other year until reaching 5 years	10 years
Violation and punishment	<ul style="list-style-type: none"> <li>-A tax beneficiary is forced to return tax benefit with charge of 1.5% interest per month</li> <li>-Realized profit from LTF will be taxed in personal income</li> <li>-If holding period is less than 1 year, 1.5% of fund fees will be applied</li> </ul>	<ul style="list-style-type: none"> <li>-A tax beneficiary is forced to return tax benefit with charge of 1.5% interest per month</li> <li>-Realized profit from LTF will be taxed in personal income</li> <li>-If holding period is less than 1 year, 1.5% of fund fees will be applied</li> </ul>	<ul style="list-style-type: none"> <li>-A tax beneficiary is forced to return tax benefit with charge of 1.5% interest per month</li> <li>-Realized profit from LTF will be taxed in personal income</li> <li>-If holding period is less than 1 year, 1.5% of fund fees will be applied</li> </ul>	<ul style="list-style-type: none"> <li>-A tax beneficiary is forced to return tax benefit with charge of 1.5% interest per month</li> <li>-Realized profit from LTF will be taxed in personal income</li> <li>-If holding period is less than 1 year, 1.5% of fund fees will be applied</li> </ul>
Investment	Investment focusing in Thai equity at least 65%		Investment allowed in all securities around the world	

Source: KS Research

Key Risks:

1. Sahn's rule is now triggered, providing an early warning sign of a US economic recession.
2. A recent sharp depreciation in USD implies no room for disappointment from the FOMC in September.
3. Global equity markets have gained traction on an economic recovery, but the outlook has become more volatile.
4. The macro landscape needs to remain positive to keep the market in line with the hype.
5. Slow government disbursement remains a key challenge for the Thai economy.

## Sectors and Top Picks

Our investment portfolio in September 2024 comprises PR9, COM7, SYNEX, CPALL and MTC. We have a positive view of the SET in September 2024, and we recommend three investment themes: medical tourism (PR9), a new replenishment cycle for consumer electronics (COM7 and SYNEX), and improving consumer purchasing power from policy stimulus (CPALL and MTC).

Fig 37 Top Picks

Stock	Rating	Price (Baht) Aug 30, 2024	Target price (Baht)	Upside (%)	P/E (x)		P/BV (x)		EV/EBITDA (x)		Net profit grth (%)		Div. yield (%)		ROE (%)	
					2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
COM7	OP	24.50	25.10	2.4	19.5	17.6	6.3	5.4	12.7	11.5	5.3	10.9	3.0	3.3	34.5	32.8
CPALL	OP	60.50	79.20	30.9	24.0	22.4	4.4	4.0	11.9	11.0	25.0	7.2	1.7	2.1	18.7	18.1
MTC	OP	43.75	52.00	18.9	16.1	13.0	2.5	2.1	18.9	17.3	17.4	23.6	0.6	0.8	16.7	17.6
PR9	OP	18.80	21.60	14.9	24.3	22.8	2.7	2.5	11.8	10.9	9.1	6.6	1.7	1.8	11.2	11.1
SYNEX	OP	14.50	16.56	14.2	19.1	14.1	2.8	2.6	20.0	15.7	25.5	35.7	3.1	4.6	15.3	19.5

Source: KS Research

## Analyst Certification

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## Investment Ratings

**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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KS acts as market maker and issuer of Derivative Warrants (“DWs”) on the underlying stocks listed below. Investors should carefully read the details of the DWs in the prospectus before making any investment decisions.

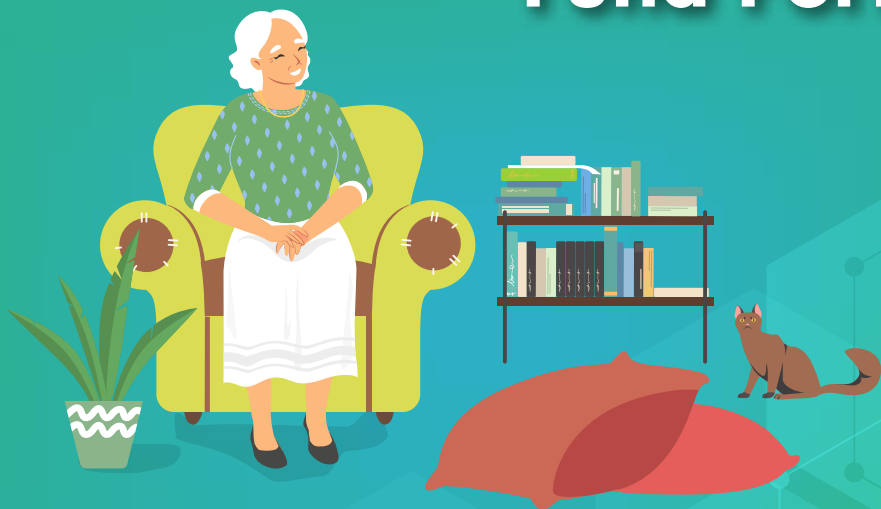
DWs Underlying: AAV, ADVANC, AMATA, AOT, AP, AWC, BAM, BANPU, BBL, BCH, BCP, BDMS, BEM, BGRIM, BH, BLA, BTS, CBG, CENTEL, CHG, CK, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, EA, EGCO, ESSO, FORTH, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JMART, JMT, KCE, KEX, KKP, KTB, KTC, LH, MEGA, 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

# Enjoy Double Benefits: Save for Retirement and Reduce Your Tax Burden with a Tax-saving Fund Portfolio



Most people dream of a happy and comfortable retirement, with sufficient funds to maintain a quality of life equal to or close to their pre-retirement years throughout their golden age. This makes careful financial planning an essential task.

Moreover, life expectancy in Thailand has increased significantly, compared to 50 years ago. Back then, life expectancy was less than 60 years. Today, advancements in health care innovations have helped to extend the average lifespan of Thai people to approximately 78 years – an increase of nearly 20 years. This means we're likely to have more retirement-age years without work income.

Even though retirement might feel far off for young adults, starting to plan and invest early can harness the “power of compound interest” and give your money more time to grow.

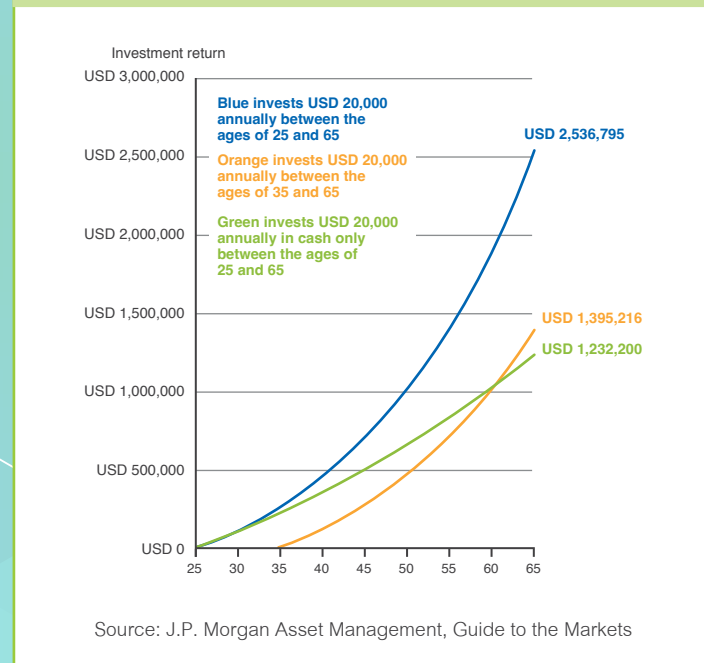
As illustrated in the figure below, if we invest USD 20,000 annually from the age of 25 to 65, with a 5 percent annual return, we would accumulate USD 2,536,795 by the age of 65 (blue line). However, if we were to start investing at the age of 35, our savings at age 65 would be significantly less compared to starting at 25 (orange line).



While starting to save early is essential, investing is equally important in achieving retirement goals. Even if you start saving at the age of 25, but save in cash alone without investing (indicated by the green line), your savings by age 65 will be significantly less compared to investing with an annual return of 5 percent. In fact, your savings could be halved.

Therefore, it's best to start planning for retirement and investing at a young age. By investing to generate returns within an acceptable risk level, you can ensure financial security in your later years.

Accumulation of investment at 5% growth per year





Let's start planning for a tax-saving fund portfolio:

**1. Set retirement goals:** These goals should account for various factors such as target retirement age and the lifestyle you envision – whether you plan for international travel, what healthcare benefits you may have, or if you anticipate reducing your expenses post-retirement. Based on these factors, you can determine your monthly spending needs, which will vary for each individual.

**2. Assess your own risk tolerance:** Risk tolerance varies from person to person and is not determined solely by age. Younger individuals may have lower risk appetite due to factors such as financial status, personal constraints, and investment timeframe.

**3. Understand your retirement investment options:** You can choose to invest in a variety of assets, ranging from stocks, to bonds, real estate, and more. SSFs, RMFs, and Thai ESGs are also attractive investment vehicles.

For those seeking to save long-term while benefiting from tax deductions, it's essential to understand the conditions of these funds to ensure that they can reap the benefits and have savings for retirement. SSFs and RMFs offer a wide range of investment strategies, and allow investors to switch units of investment strategies, and allow investors to switch units between SSFs or between RMFs, providing flexibility to adjust their portfolio based on their risk tolerance. This is especially helpful as you age or if your risk tolerance changes over time.

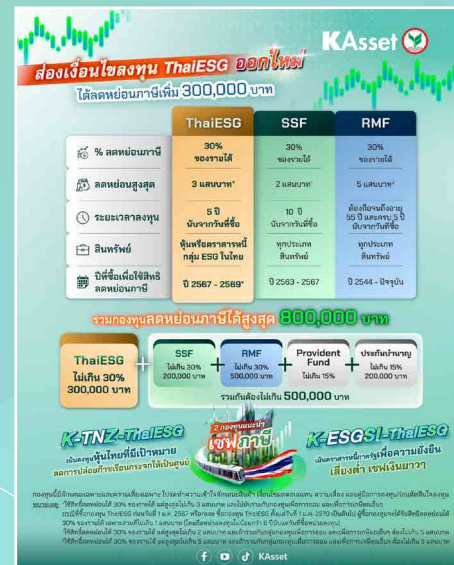
**4. Diversify your portfolio:** No single asset can consistently deliver good returns at all times, as performance varies with different factors over time. Concentrated investments can expose investors to greater risk of losses. To efficiently cope with uncertainties, risk diversification can help reduce portfolio volatility. One strategy to consider is the “Core & Satellite” approach, which is both simple and flexible. This method allows you to aim for short- to medium-term gains by allocating around 80 percent of your portfolio to the “Core” and the remaining 20 percent to “Satellite” investments.

For the “Core” portion earmarked for long-term investment, investors can choose funds that invest in multiple asset classes. You can also use a dollar-cost averaging (DCA) strategy by

investing monthly to average out costs and maintain investment discipline. Recommended funds from the WealthPLUS Series, based on your risk tolerance, include K-WPBAL-RMF (moderate risk), K-WPSPEED-RMF\* (moderately high risk), K-WPULTI-RMF (high risk), or another option, K-GINCOME-SSF (moderately high risk).

For the “Satellite” portion, focus should be on funds potentially providing attractive returns in the short to medium term, such as country-specific or sector-specific funds. For the third quarter of 2024, we recommend K-GSELECT-RMF, K-VIETNAM RMF/SSF, K-INDIA RMF, K-PROPI-RMF, K-FI-RMF, and K-FIXEDPLUS-SSF.

In summary, SSFs, RMFs, and Thai ESGs are excellent options for disciplined long-term investment. These investment vehicles not only allow you to enjoy a fulfilling retirement but also offer attractive tax benefits, giving you a double advantage. Planning for a financially secure retirement isn't just something we “dream of,” but “an essential life goal”. It brings the idea of a “happy retirement” within reach, making it more than just a distant dream.



Disclaimer: Investors should study products' features, conditions and associated risks before making an investment decision. Please review fund policy and risk at [www.kasikornasset.com](http://www.kasikornasset.com).

\* IPO September 17 - 23, 2024

Article by  
 Tanita Tumrasvin, Investment Strategist  
 Data as of August 23, 2024





**KBTG Organizes  
KBTG Tectopia  
a Major Tech Event Featuring  
Cutting-edge Innovations  
and Global AI Leaders,  
Establishing Thailand  
as the Destination for  
Frontier Technologies**





**KASIKORN Business-Technology Group (KBTG) recently organized KBTG Techtopia for the second consecutive year. A thought-provoking and skill-awakening tech conference, KBTG Techtopia brought together over 70 speakers from around the world and more than 2,500 attendees, establishing itself as a leading platform for tech enthusiasts and Thailand as the destination for frontier technologies of Southeast Asia.**

Mr. Ruangroj Poonpol, Group Chairman of KASIKORN Business-Technology Group, stated, “following our success from last year, we opted for KBTG Techtopia at a much larger scale, moving the venue from our headquarters to central Bangkok. On July 18, 2024, we transformed the entire fifth floor of Samyan Mitrtown into a space where attendees could immerse themselves in emerging technologies and meaningful conversations. Although our primary focus is still AI, we chose to dive deeper beneath the trends, addressing more pressing matters as discussed on the global stage like risk management, national strategy, and AI ethics. Most importantly, we would like to demonstrate that AI will not reduce or replace human’s role. On the contrary, human’s significance will only increase moving forward, serving as the conductor to the orchestra. Always bring AI on the table but keep humans in the room.”

With this year’s theme being “A Blast From the Future”, not only were the topics curated to showcase new possibilities that near-future technologies can unlock, both to positive and negative effects, KBTG also invited Thai policy makers and representatives from global institutions to share their action plans and paint the visions of tomorrow together. One of the key speakers is Dr. Andrew Ng, the Managing General Partner of AI Fund, founder of DeepLearning. AI, co-founder of Coursera, and named by Time magazine as one of the most influential people in AI.





In his keynote, Dr. Andrew Ng explained how AI is rapidly evolving into general-purpose technology, likening it to electricity. With new opportunities come risks, though he argued that the risks of AI lie in the application, not the technology itself. He further pointed out the areas in which AI could be applied in Thailand, namely tourism, healthcare, and agriculture. Dr. Andrew Ng's appearance on the stage of KBTG Techtopia came after the strategic partnership announcement between AI Fund and KXVC, KBTG's venture capital arm, with the aim to build new AI startups and strengthen connections between their robust ecosystems. During his visit, KBTG and Dr. Andrew Ng have formed two additional partnerships to drive AI education in Thailand:

- KBTG, DeepLearning.ai and the Artificial Intelligence Association of Thailand (AIAT) to create KBTG.AI Kampus program for developing Thai AI talents
- KBTG, AI Fund, and Equitable Education Fund (EEF) to explore AI technology solutions to help improve Thailand's youth education system.

What differentiated this year's conference is the variety of topics. Not limiting the subjects to AI, KBTG Techtopia touched on other emerging techs, from machine learning, blockchain, Web3, quantum computing, cyber security, ESG and many more, through the eyes of industry experts like Microsoft, AWS, Google Cloud, IBM, and Cisco. Additionally, we worked with The Secret Sauce, one of Thailand's most popular podcast shows, to produce a half-day session featuring remarkable innovations and business cases by Thais, illuminating the actual potential Thailand holds. In total, the conference offered three conference stages, six workshops, as well as the innovation product exhibition zone with selections of state-of-the-art technology and cutting-edge solutions by KBTG and partners, including KASIKORN VISION INFORMATION TECHNOLOGY or K-Tech, KBTG's China-based office who flew from Shenzhen to take part in this event.

Aligning with KBTG's mission to promote AI literacy and support AI growth, all proceeds from ticket sales after deduction of expenses are allocated to the Artificial Intelligence Association of Thailand (AIAT) to support the development of OpenThaiGPT – a project aimed at enhancing the efficiency of the Thai large language model (Thai LLM) and improving its usability. Having sold out the on-ground tickets within the early bird period, KBTG has raised a total of Baht 681,000. This amount will be further contributed by the sales of rerun tickets.

Mr. Ruangroj said in closing, "KBTG Techtopia is a monumental step that KBTG took to drive and elevate technological advancement in Southeast Asia, as well as promoting Thailand as the destination for frontier technologies. Having brought prominent figures such as Ng to inspire thousands of people in Thailand, KBTG Techtopia has proven itself as the place to be for all tech enthusiasts. Next year is going to be even more amazing and we could not wait to take everyone on an exploration once more."





### KBank Private Banking and Lombard Odier host seminar “Relocating Portfolio to Embrace Rate Cuts”

KBank Private Banking, in collaboration with Lombard Odier, a world-class private banking partner from Switzerland, organized a seminar titled “Relocating Portfolio to Embrace Rate Cuts”. The seminar highlighted a global economic analysis and outlook for the second half of 2024, predicting that the global economy may descend towards a “soft landing” and is unlikely to enter a recession. The seminar also recommended investments for long-term returns under the principle of risk-based asset allocation across major global assets through K-ALLROADS Series funds, as well as investment diversification in stocks, bonds, and alternative assets to accumulate long-term wealth.



### TGO joins hands with KBank to analyze Thailand’s growing carbon market, highlighting the need for education, financial support, and international standards

The Thailand Greenhouse Gas Management Organization (Public Organization) (TGO) and the Thailand Carbon Neutral Network (TCNN), in collaboration with KBank and KASIKORN RESEARCH CENTER, issued an update on Thailand’s voluntary carbon market and future market trends through research titled “The 2024 Thailand’s Voluntary Carbon Market”. The research findings indicate that new market players require knowledge about carbon credits and the development of carbon credits to meet international standards, while SMEs require both knowledge and funding. The research data will be proposed for consideration and formulation of policies aimed at promoting and driving the development of Thailand’s voluntary carbon market.

### KBank partners with Sansiri to develop three new projects, jointly creating a sustainable society

KBank has formed a business partnership with Sansiri Public Company Limited, a leading real estate developer in Thailand, offering a financial facility of Baht 5 billion for the company’s development of three new residential projects in prime locations both in Bangkok and other provinces, namely Charoen Nakhon, Pattaya, and Pathum Thani. This collaboration marks a collective effort in developing residential communities that prioritize design, quality, service, and sustainability, fostering sustainable growth and reinforcing the strong partnership between Sansiri and KBank.





## KBank partners with MTS Gold (Mae Thong Suk) to launch a gold trading platform on K PLUS

KBank, in collaboration with the MTS Gold Group (Mae Thong Suk), has launched an online gold trading platform that offers real-time transactions based on global market prices in US Dollars. Currency exchanges can be made through the “Currency Wallet” (foreign currency wallet) on K PLUS. The minimum purchase starts at just USD 10, or approximately Baht 350. Users can buy both 99.99% and 96.5% purity gold. This platform allows convenient and secure gold trading via K PLUS, with no collateral required and no fees for any transactions.



## KBank wins two awards at the Money & Banking Awards 2024

KBank received an award for K PLUS, recognized as the most popular financial application among Money Expo visitors in 2024. This is based on the first-ever survey of opinions from applicants and users of financial and investment services at Money Expo 2024 Bangkok and seven regional Money Expo events. Additionally, KASIKORN ASSET MANAGEMENT CO., LTD. garnered the “Best Mutual Fund Award in the Mixed Fund category, for its K-Lifestyle 2500 (K-2500)”. The awards were presented at the Money & Banking Awards 2024, organized by Money & Banking Magazine at the Hyatt Regency Bangkok.

## KBank Private Banking Academy continues its program, now in Class 6, preparing clients’ descendants to navigate all transitions sustainably

KBank has launched the KBank Private Banking Academy Next Generation 2024, Class 6 (KPBA06). This program under the theme “RETHINK WEALTH MANAGEMENT, RETHINK SUSTAINABILITY” is designed for descendants of the Bank’s high net worth individual customers to navigate the challenges and transitions in their new roles within the family and in an ever-changing world. Focus is also on investments for wealth growth, wealth transfer across generations, and sustainability principles.





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