PUBLIC

standard chartered

Investment Strategy I 19 December 2022

Outlook 2023

Playing it SAFE

2023 global macroeconomic backdrop is likely to be challenging given the heightened risk of a slowdown. However, India's superior growth-inflation dynamics compared to its peers, can support Indian assets against external shocks and global market volatility.

We are a more balanced in our asset class outlook given the challenging macro backdrop by being selective in taking risk, while keeping a greater margin of safety. In our view, a balanced portfolio, with a mixture of bonds and equities offers an attractive income opportunity.

We believe it will be prudent to be SAFE: (i) **S**ecure your yield via relative yield opportunities (ii) **A**llocate to long-term value within equities (iii) **F**ortify portfolios against surprises via defensive assets and (iv) **E**xpand beyond the traditional via alternate strategies.

+

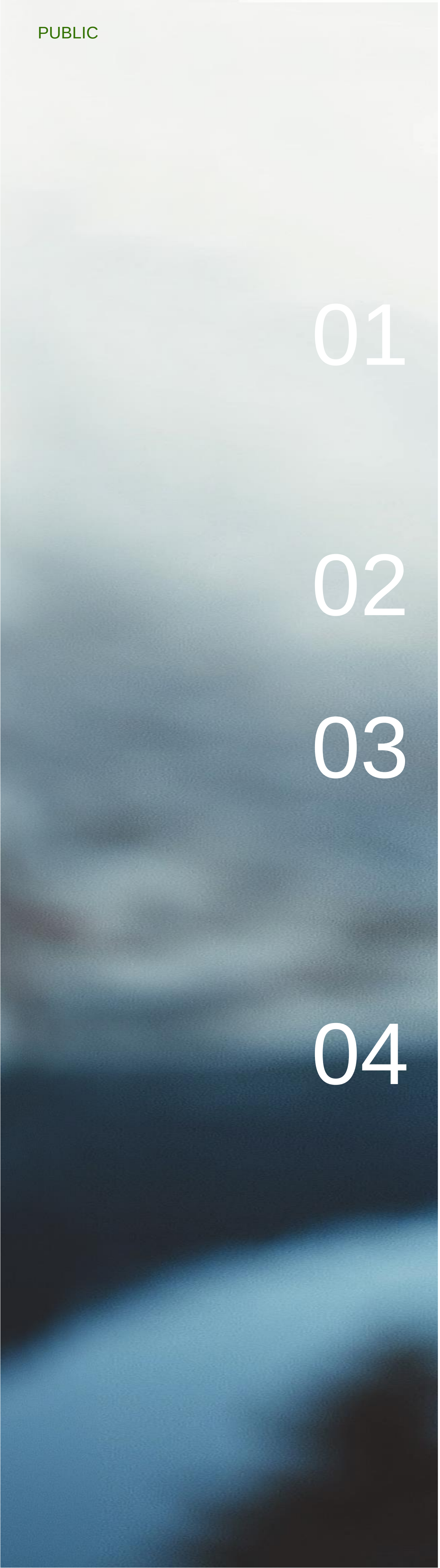
What is the macroeconomic outlook for 2023?

Key asset class views for 2023

Key themes and sector strategy for 2023

Important disclosures can be found in the Disclosures Appendix.

PUBLIC



Contents

Investment strategy and key themes

Implications for investors
(12-month view)

- We have a diversified asset class preference.
- *In equities:* prefer large-cap equities, domestic cyclicals
- *In bonds:* prefer short-maturity bonds.
- Gold a portfolio hedge.

Sector overweights

- *Financials*
- *Industrials*
- *Consumer Staples*

Key Themes

- *Secure your yield*
- *Allocate to long-term value*
- *Fortify against further surprises*
- *Expand beyond the traditional*

Playing it SAFE

- 2023 global macroeconomic backdrop is likely to be challenging given the heightened risk of a slowdown. However, India's superior growth-inflation dynamics compared to its peers, can support Indian assets against external shocks and global market volatility.
- We are a more balanced in our asset class outlook given the challenging macro backdrop by being selective in taking risk, while keeping a greater margin of safety. In our view, a balanced portfolio, with a mixture of bonds and equities offers an attractive income opportunity.
- We believe it will be prudent to be SAFE: (i) **S**ecure your yield via relative yield opportunities (ii) **A**llocate to long-term value within equities (iii) **F**ortify portfolios against surprises via defensive assets and (iv) **E**xpand beyond the traditional via alternative strategies.

A SAFE approach to navigate 2023

2023 global macroeconomic backdrop is likely to be challenging given the heightened risk of a slowdown as lagged effects of monetary policy tightening leads to a weaker demand scenario and lower corporate earnings performance. However, as the monetary policy rate cycle peaks amid receding inflationary pressures in the second half of the year, risk sentiment could improve with the growth outlook stabilizing.

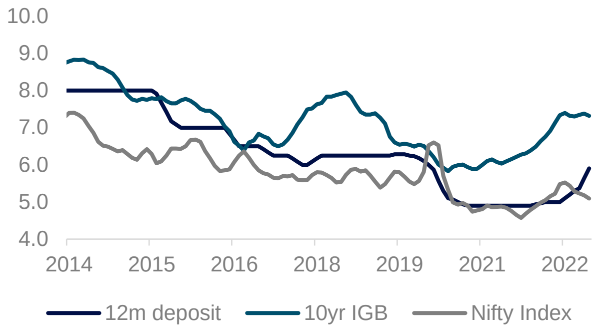
In our assessment, India's growth-inflation dynamics is stable and better than its peers. The post-pandemic economic recovery cycle remains strong amid supportive government policies and a pick-up in investments. Further, the likely broadening of the recovery to the rural economy and service sectors is a strong tailwind. Inflation is likely to trend lower on easing food and commodity prices, fading pent-up demand pressures and lagged impact of monetary policy tightening.

In our view, the RBI is likely hike policy rates by another 25-50bps in H1 2023 with further policy actions contingent of external developments.

Against this backdrop, we see a **SAFE** strategy as the more attractive way to navigate 2023: **S**ecure your yield, **A**llocate to long-term value, **F**ortify against further surprises and **E**xpand beyond the traditional.

Fig. 1 Increase in deposit rates and bond yields has improved its risk/reward relative to equities

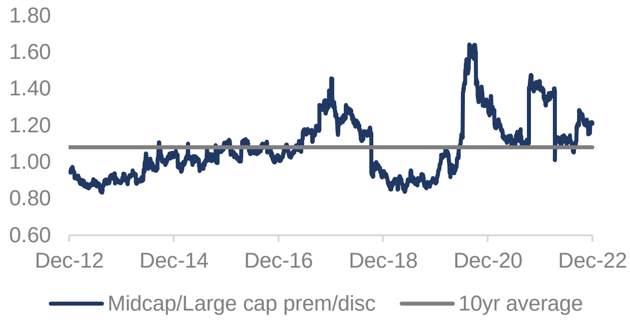
Yields –10yr Indian Government Bonds and Nifty Index (equity earnings yield)



Source: Bloomberg, Standard Chartered, Data as of 16 December 2022

Fig. 2 Midcap equities trade at significant valuation premium to large caps

Midcap/Large cap 12 month forward P/E ratio



Source: Bloomberg, Standard Chartered. Data as of 16 December 2022

Secure your yield

We are a more balanced in our asset class outlook as a challenging macro backdrop raises the downside risk for equities given elevated absolute and relative valuations. In our view, a balanced portfolio, with a mixture of bonds and equities offers an attractive income opportunity.

We see increasing value in bonds and cash, especially relative to equities. Indian government bond yields have risen significantly over the past 12 months and are likely to peak out in the coming months to range closer to 7.5%-7.75% (now 7.28%) as central banks move closer to the end of the rate tightening cycle. This presents both a short-term tactical opportunity, as well as the prospect for making healthy medium-term returns.

Within bonds, government and high-quality corporate bonds are attractive as they have seen a significant widening of spreads. Further, we are overweight short-maturity bonds as (i) a flattening yield curve has improved the yield carry for them and (ii) given their lower sensitivity to rising interest rates. Lastly, a diversified bond allocation is still key to manage interest rate risks with allocation to selective bond strategies.

Within equities, we are overweight large-cap equities as they have a greater margin of safety, both on valuations and earnings compared to mid-cap and small-cap equities and perform better during tightening financial conditions.

Allocate to long-term value

While large-cap equities and short-term bond yields is likely to provide an immediate income opportunity for investors, we believe this should be balanced by exposure to structural themes which have a longer runway for growth. We see attractive value in financials, domestic cyclicals and the investment-led themes.

We see long-term value in financials with bank credit growth accelerating strongly after years of dormancy. In our view, the sector is still in the early stages of recovery post Covid with a strong intent to lend suggesting much-improved balance sheets. We see greater confidence in earnings delivery of financials driven by lower credit costs, improvement in asset quality ratios and better credit-offtake. The risk-reward remains favourable for the sector, with ahead of market earnings growth and cheaper valuations relative to market.

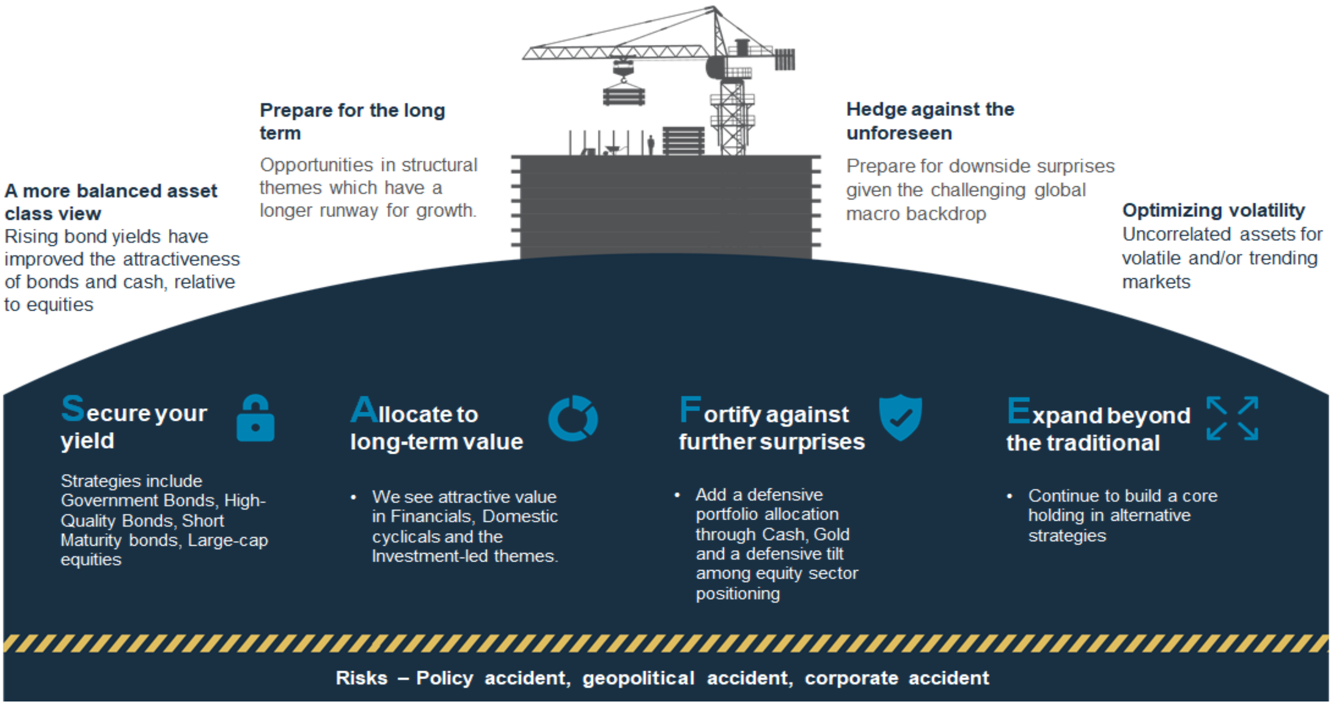
In our view, domestic cyclicals are likely to outperform global cyclicals, given stronger domestic macro fundamentals, superior earnings expectations, and better valuations. Further, domestic sectors are likely to see greater resilience on a relatively lower impact of global growth slowdown.

Finally, we believe multiple structural drivers remains in place for a sustained revival in the domestic investment cycle. The drivers include: (i) strong traction in capital intensive sectors, (ii) structural reforms and supportive government policy, (iii) strong corporate sector balance sheet, (iv) improving credit cycle and (v) large project announcements amid improving capacity utilization. We believe the leadership is likely to be driven by:

1) Manufacturing: India's manufacturing sector is likely to be a beneficiary of the gradual shift in global supply-chain amid supportive policy actions. Long-term reforms like corporate tax cuts, import duty changes and production linked incentives (PLI) scheme are likely to boost ecosystem for manufacturing, improving its efficiency and competitiveness.

2) Infrastructure: Governments increased focus on key infra sectors (like road, rail, water and urban infra) through increased budgetary allocations and the National Infrastructure Pipeline spend of c.INR 102 trillion across key sectors by FY25 is a strong tailwind for the sector.

Fig. 3 **Our 2023 Outlook**



Source: Standard Chartered

Fortify against further surprises

While attractive bond yields and long-term value offer room for optimism in 2023, we believe investors should be prepared for downside surprises given the challenging global macro backdrop. Further, Indian markets have significantly outperformed its peers, indicating a very low margin of safety.

Thus, in our view maintaining a defensive portfolio allocation through cash, gold and adding a defensive tilt among equity sector positioning is a prudent approach to ride out any unexpected jump in volatility. We believe maintaining a neutral allocation to cash and gold is prudent.

First, cash yields (currently at 4-year high) have continued to rise alongside RBI's policy rate hikes, providing a hedge, not only, against rising interest rates but also serving as dry powder for any tactical opportunity that may arise due to intermittent market volatility.

Second, gold plays an important role in diversified investment allocations with history suggesting that gold's low correlation with other asset classes could act as a portfolio hedge during periods of longer-lasting inflation and higher market volatility.

Within equity sectors, we are overweight consumer staples. In our view, the sector provides a defensive tilt given lesser vulnerability of the sector to external shocks. Further, the sector's earnings growth and, more importantly, EPS revisions has stayed stable compared to other sectors.

Expand beyond the traditional

We believe the unusual rise in stock-bond correlations in 2022 is unlikely to last into 2023. Nevertheless, the experience means having exposures to relatively uncorrelated assets, or less volatile substitutes for traditional asset classes, is a prudent allocation. Liquid alternatives and market neutral strategies are potential routes to such allocation. Long/short strategies that offer lower target exposure to risky assets (for eg. net equity exposure of 0% to 50%), tend to be relatively less volatile 'substitutes' for equities, with variants of these strategies likely to do well during periods of increased volatility and slowing growth. These strategies fit well into our preference for a diversified asset allocation and a relatively balanced view on performance across asset classes.

What could go wrong?

We would watch how the following risks evolve over 2023:

1) The biggest risk, in our view, is a sharper downturn in global growth and its negative implications on India's economic growth and external balance.

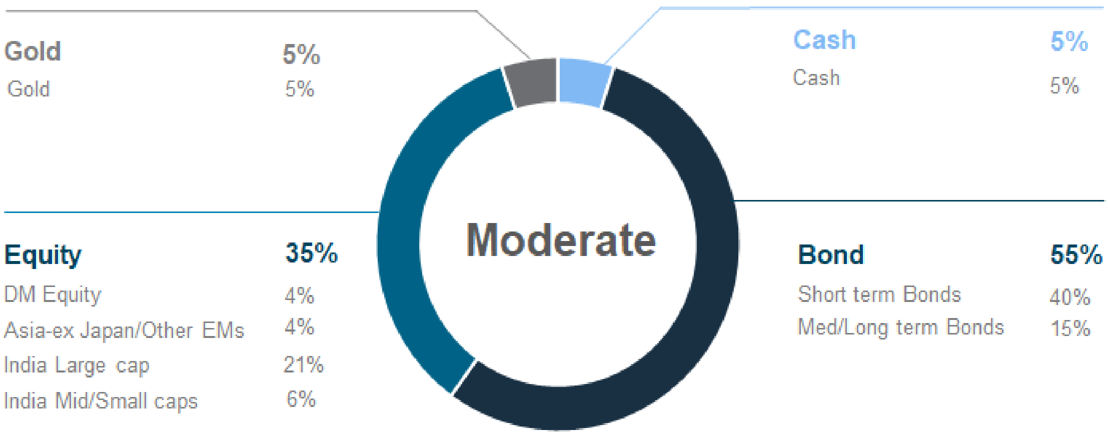
2) Though, inflation risks are more balanced now, a persistent rise in inflation could turn macro conditions unfavourable for risk assets.

3) An over-tightening policy error by central banks could drive volatility significantly higher for risk assets with another leg up in bond yields.

4) Geo-political tensions are likely to stay elevated in 2023, driving intermittent bouts of volatility.

Our tactical asset allocation

Indian tactical allocation for a moderate risk profile



Our tactical asset allocation views (12m) INR

Summary	View	Detail
INR Cash	◆	**+ Safety, attractive yields || - Risk of missing higher yields elsewhere**
Bonds	◆	
Short-term bonds	▲	**+ Attractive yield, low sensitivity to rising rates || - Still hawkish RBI, inflation**
Mid- to long- term bonds	◆	**+ High absolute yields || - Worsening government bond demand-supply balance, sensitive to rising yields**
Equities	◆	
DM Equities	◆	**+ Strong labour market || - Faster Fed tightening, rising cost pressures**
Asia ex-Japan/ Other EM	▲	**+ Earnings rebound, China policy support || - COVID-19 risk, weak Chinese demand**
India – Large cap	▲	**+ Robust growth, strong earnings, resilient domestic inflows || - weaker exports amid slow global growth, a sharp rise in bond yields**
India – Mid/Small Cap	◆	**+ Improving macro fundamentals || - Weak earnings, expensive relative valuations**
INR Gold	◆	**+ Portfolio hedge || - Higher bond yields, stronger USD**

Source: Standard Chartered India Investment Committee. || **Green:** upgrade from prior view | **Red:** downgrade from prior view

Legend: ▲ Overweight | ▼ Underweight | ◆ Neutral

Macro overview at a glance

Key themes

Going into 2023, we expect India's economic growth to track closer to its long-term trend and stay higher relative to peers. A likely pick-up in rural economy, supportive government policies, sustained revival in services and a pick-up in private capex are tailwinds for growth. In our view, CPI inflation is likely to trend lower compared to 2022 and stay below the RBI's upper bound target of 6% on easing commodity prices, fading pent-up demand pressures and lagged impact of monetary policy tightening.

In our assessment, fiscal policy is likely to be the key driver for growth in 2023, as financial conditions remain tight. The past measures undertaken by government including (i) greater public capex spend, (ii) passing long-standing reforms related to taxation and labour and (iii) providing incentives to boost manufacturing and infrastructure, is likely to boost India's medium-term growth outlook. We expect the RBI to hike policy rates by another 25-50bps in H1 2023, with further policy actions contingent of external developments. Tighter monetary conditions' is likely to keep interest rates and bond yields elevated in H1 2023.

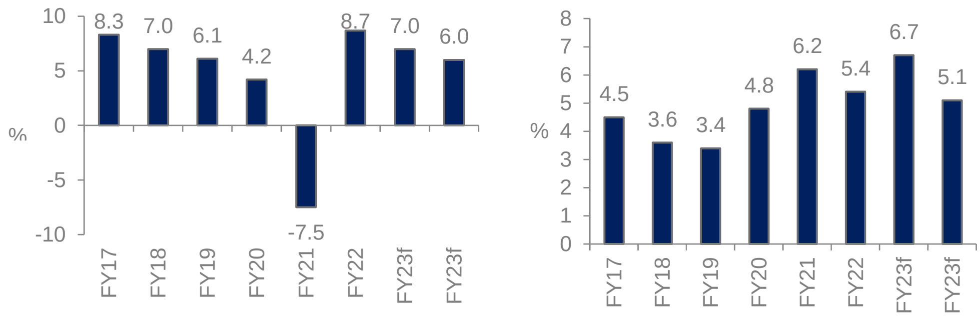
Key risks to our macro outlook are: 1) Global growth slowdown, 2) Persistent high inflation, 3) Overtightening by the RBI and 4) Escalating geo-political tensions.

Key chart

India is expected to grow at 6% in FY24, faster than its peers. Inflation is expected to track below the RBI's upper-bound target of 6%.

Fig. 4 India's growth-inflation dynamics stronger than peers

GDP Growth (Y/Y) and CPI Inflation (Year average) – Bloomberg consensus estimate *



Source: Bloomberg, Standard Chartered

Macro views at a glance

Factors	View	Comments
Economic growth	◑	**Economic activity stays robust in FY23,** with India's GDP growth averaging 9.9% in H2 FY23 compared to a growth of 8.7% in FY22. High-frequency indicators remains strong amid a broad-based growth recovery, driven by a pickup in services and consumption sector demand.
CPI Inflation	◐	**India's CPI inflation has averaged 6.8% in 2022 YTD (until November 2022) compared to 5.1% in 2021.** Sharp rise in commodities and food prices and strong services sector demand has kept inflation elevated in 2022. Core-inflation has also trended higher, averaging 6.3% in 2022 YTD compared to 5.9% in 2021.
Fiscal deficit	◓	**The government prioritized growth over fiscal consolidation.** FY23 fiscal deficit is estimated at 6.4% of GDP. April-October 2022, fiscal deficit is at 46% of budgeted estimates, trending lower than previous years. GST collections for November 2022 stood at INR 1.46trn.
External	◓	**India's trade deficit has averaged USD 23.8bn YTD 2022 (till November 2022) compared to an average of USD 14.9bn in 2021.** India's current account recorded a deficit of USD 23.9bn (2.8% of GDP) in Q1 FY23, driven by a sharp expansion in merchandise trade deficit (USD 68.6bn vs 54.5bn in Q4 FY22).
Monetary Policy	◓	**The RBI has raised key policy rates by 225 bps in 2022.** The repo-rate was hiked by 50 bps to 6.25% in December policy meeting. The RBI reiterated its continued focus on 'withdrawal of accommodation' to contain inflation, while supporting growth. Further, the RBI kept its average inflation forecast for FY23 unchanged at 6.7% and lowered its real FY23 GDP growth forecast by 20 bps to 6.8% y/y.

Source: Bloomberg, Standard Chartered India Investment Committee

Legend: ○ Not supportive ◐ Somewhat supportive ◓ Balanced ◑ Supportive ● Very supportive

Bonds at a glance

Key themes

We maintain our neutral stance on bonds, as attractive absolute and real yields are counterbalanced by lower yield premiums, weak fiscal dynamics and worsening government bond demand-supply balance. Rising interest rates remains a headwind for bonds. Within bonds, we are overweight short-maturity bonds given their lower sensitivity to rising interest rates.

In our assessment, government bonds and high quality (AAA) corporate bonds are attractive offering higher carry and better risk-reward given the likelihood of tight financial conditions persisting in 2023. In addition, Indian bonds' real yields (net of inflation) are higher compared to their Emerging Market (EM) peers. Yield premiums (spread between 10-year IGB yield and the repo rate) has moderated from its recent peak and is trading below average.

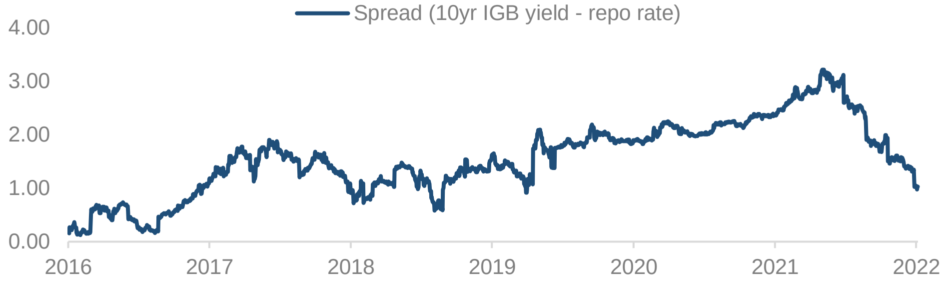
However, three factors for bonds remain unfavourable: 1) Fiscal deficit is likely to remain high over the medium-term, 2) Worsening government bond supply balance given high supply of government bonds amid a lack of support from the RBI and muted demand by institutional investors especially foreign investors, 3) High inflation and policy rate hikes by the RBI and the US Fed are likely to exert upward pressure on bond yields.

Key chart

Yield premiums are below long-term average

Fig. 5 **Yield premiums are trading below average**

Spread between 10-year Indian Government bond (IGB) and repo rate (%)



Source: Bloomberg, Standard Chartered. Data as of 16 December 2022.

Bond views at a glance

Factors	Views	Comments
Real Yields	◑	**India's inflation-adjusted yield is higher compared to other Emerging Markets.** The 10-year IGB real yield at 1.3% is better than the average real yield of -0.8% for other major EMs.
Supply dynamics	◐	**Record high bond sales amid an expansionary fiscal policy is a key risk**. The government pegged its net borrowing for FY23 at about INR 11.6trn. Improvement in institutional investors' participation especially by foreign investors and OMOs by the RBI will be key to address supply concerns.
Monetary policy	◐	**Market expectations of rate hikes by the RBI remains elevated**. 1-year Overnight Indexed Swap (OIS) spread suggests market participants expect the RBI to raise policy rates by 50bps over the next 12 months.
Liquidity	◓	**The RBI's focus remains on withdrawal of loose policy and excess liquidity.** In FY23, the RBI has drained INR 33.4trn of system liquidity via variable rate reverse-repo (VRRR) auctions so far, after absorbing INR 155trn of liquidity in FY22.
Demand dynamics	◐	**Demand dynamics remain weak** given lower participation of institutional investors. CY 2022, foreign investor flows into bond markets remain negative. Demand outlook from banks remain weak amid a pick-up in credit off-take and excess SLR holdings.
Yield premiums	◓	**Yield premiums trade below average.** The spread between 10-year IGB and repo rate is at 103bps vs. 5yr avg. of 176bps. The surge in high-quality (AAA) bond yields has normalized inexpensive valuations of high-yield bonds relative to them, with yield premiums between AA/A and AAA at 70/264bps (vs 5 yr avg of 56/189 bps respectively).

Source: Bloomberg, Standard Chartered India Investment Committee

Legend: ○ Not supportive ◐ Somewhat supportive ◓ Balanced ◑ Supportive ● Very supportive

Equity at a glance

Key themes

We enter 2023 with a neutral stance on Indian equities. Stretched valuation premiums, both absolute and relative to peers is counterbalanced by robust domestic growth and resilient earnings growth expectations. Within equities, we are overweight large-cap equities given relatively better macro fundamentals and a greater margin of safety in terms of earnings and valuation compared to mid-cap and small-cap equities. We are overweight domestic sectors given a weak global macroeconomic backdrop and greater earnings resilience.

In our view, Indian equities continue to be supported by strong positive drivers. 1) Stable domestic growth is likely to support corporate revenue and profitability. 2) Earnings outlook remains robust as earnings growth expectations outpace its major peers. 3) The recent equity pullback and strong earnings delivery has created some valuation buffer. 4) Stable inflows from domestic investors amid inflows into systematic investment plans is a key support for the market.

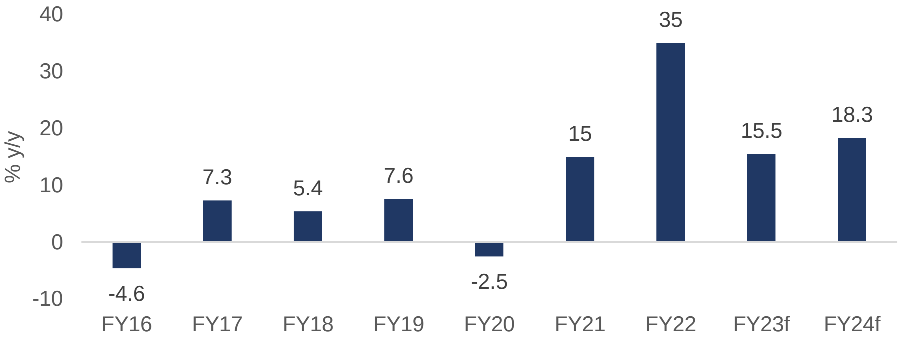
Risks to our positive equity view are: 1) Global growth slowdown and probable downgrades of earnings expectations, 2) Above-average equity valuations, both absolute and relative to peers, 3) Elevated bond yields and 4) Foreign investor selling amid slowing domestic investor flows

Key chart

Bloomberg Consensus expectation is for Nifty earnings to rise by 15% and 18% in FY23 and FY24.

Fig. 6 **Indian equities earnings growth expectations remain robust**

Consensus estimates for Indian equities (Nifty index) earnings per share growth



Source: Bloomberg, Standard Chartered

Equity views at a glance

Factors	Views	Comments
Economic environment	◑	**Growth-inflation dynamics are supportive of equities**. Growth focused fiscal policy, and a broadening economic recovery is likely to support corporate profitability. Weak rural demand amid lower income growth and rising inflationary pressures due to elevated commodity prices are key risks.
Earnings growth	◑	**Earnings growth expectations remain robust.** Bloomberg consensus earnings growth expectations for the Nifty Index for FY23 and FY24 stands at 15% and 18% respectively. Earnings revision has turned positive over the past month.
Valuations	◐	**Valuations have moderated but trade rich compared to historical averages**. Nifty 12-month forward P/E trades at 19.2x, below its peak of 23x, but higher than its long-term average of 17.1x. Price to book value ratio (P/B) at 3.3x and Market cap to GDP ratio at ~102%, are significantly above long-term averages. Mid-cap equities trade at a 21% premium to large-cap equities, higher than its 10-year average premium of 8%.
Flows	◓	**Foreign investors have resumed buying since July but remain large sellers in 2022.** YTD 2022, foreign investors have sold USD 16.8bn worth of equities compared to USD 3.8bn inflows in CY 2021. **Domestic institutional investors remain buyers in 2022**. YTD 2022, domestic institutional investor inflows are at USD 34bn compared to USD 12.6bn inflows in CY 2021.

Source: Bloomberg, Standard Chartered India Investment Committee

Legend: ○ Not supportive ◐ Somewhat supportive ◓ Balanced ◑ Supportive ● Very supportive

Equity sector views

Preference for Domestic focused sectors

We are overweight domestic focused sectors on strong domestic growth momentum and lower linkages to global growth. Further, relative earnings and valuations are more favourable for domestic focused sectors.

Financials – Overweight

Financials is a key overweight sector. Economic growth recovery has driven a broad-based uptick in credit growth. In addition, healthy corporate balance sheets, improvement in net interest margins and higher loan disbursal volumes are likely to support the sector's profitability in 2023. Earnings expectations remain robust, with ahead of market EPS growth of 47% and 20% for FY23 and FY24. Higher interest rates are an additional tailwind for the sector supporting yields and spreads. The sector is trading at a 12-month forward P/E of 20.8x, lower than market valuations of 25.1x for MSCI India.

Industrials – Overweight

Industrials remains an overweight sector. The sector benefits from a multi-year investment-led economic growth cycle, with earnings growth (FY23/FY24 EPS at 33%/34% y/y) among the strongest across sectors. The government's continued focus on capital expenditure coupled with providing incentives to boost manufacturing and infrastructure spending is a strong structural driver for the sector. Further, strong order book, recent moderation in commodity prices and nascent signs of a revival in private capex, are additional tailwinds for the sector.

Consumer Staples – Overweight

Consumer Staples is an overweight sector. The sector benefits from a broadening recovery in economic growth and improving household income. Further, strong urban demand, easing supply chain constraints and sharp moderation in key raw material prices are likely to support volumes and margins for the sector. Though, the sector trades at a valuation premium to its history and overall market (12-month forward P/E of 52x compared to 34x long-term average); stable earnings revision, domestic focus and defensive nature of the sector is likely to offer stability given rising risks from global macroeconomic concerns.

Fig. 7 **Our sector views**

India
Financials
Industrials
Consumer Staples
Information Technology
Consumer Discretionary
Healthcare ▲
Utilities
Energy
Materials

Legend: Overweight | Neutral | Underweight

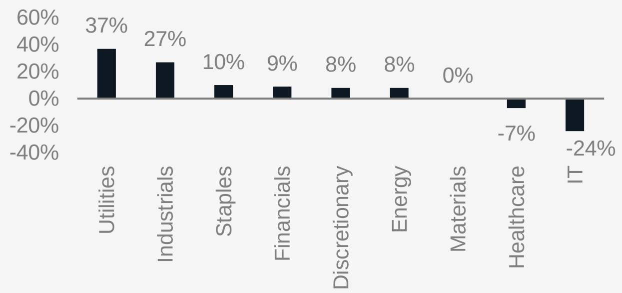
▲ Upgrade from last quarter | ▼ Downgrade from last quarter

Fig. 8 **Sector Valuations and Earnings growth**

	12-mth Fwd P/E (x)		EPS Growth (Y/Y)	
MSCI Sector	**Current**	**15yr Avg**	**FY23**	**FY24**
India	25.1	18.7	8.0%	22.0%
Discretionary	40.7	20.8	71%	66%
Staples	52.3	33.8	12%	16%
Energy	17.8	14.1	10%	15%
Financials	20.8	19.1	47%	20%
Healthcare	29.7	24.1	6%	24%
Industrials	42.9	25.0	33%	34%
IT	25.5	20.1	7%	15%
Materials	18.8	14.6	-31%	15%
Utilities	19.0	13.4	-21%	8%

Source: MSCI, Bloomberg, Standard Chartered

Fig. 9 **Cyclical sectors outperformed in 2022**



Source: MSCI, Bloomberg, Standard Chartered. 2022 YTD period from 31 December 2021 to 16 December 2022

Global Equity – at a glance

Key themes

We enter 2023 underweight Equities given our central scenario for a recession in the US and Europe. Central bank tightening and weakening consumption patterns are likely to pose downside risks to earnings estimates on a 12m horizon.

We are overweight Asia ex-Japan, with China's economic recovery likely to support an improved earnings growth profile. Meanwhile, potential deceleration in Fed rate hikes and a weaker USD are expected to support fund flows into Emerging Markets in 2023. Within Asia ex-Japan, we are overweight China equities given easing mobility restrictions and favourable fiscal and monetary policies. However, we have an equal preference for onshore vs. offshore equities as we believe the regulatory risks for the internet sector and ADR delisting risks are fading. We are neutral Indian equities given the trade-off between relatively strong earnings vs. high valuations. Within Indian equities, we prefer large cap over small and mid-cap.

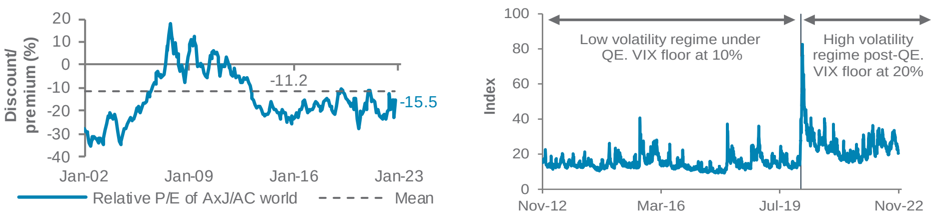
We hold a neutral stance on US equities and remain cautious due to relatively expensive valuations and the risk of further earnings downgrades. Elsewhere, we are neutral UK equities, amid heightened recession worries, and underweight Japan equities as we expect a stronger JPY to hurt corporate earnings. We are neutral Euro area equities and believe bad news is increasingly priced in, and earnings are showing resilience.

Key chart

Valuation and earnings growth support Asia ex-Japan; elevated volatility hurting the risk-reward for equities

Fig. 10 **Asia ex-Japan cheap vs global equities; volatility is likely to be elevated vs pre-pandemic levels**

Relative 12m forward P/E of MSCI Asia ex-Japan vs. MSCI AC World; VIX index



Source: MSCI, FactSet, Standard Chartered

Preference order	The bullish case	The bearish case
Asia ex-Japan equities ▽ ◇ ▲	+ China's fiscal and monetary stimulus + Relaxing mobility restrictions in China + High projected EPS growth in 2023	– Chinese ADR delisting risk – Unexpected regulatory reforms in China – Supply chain disruption hurting production
Within AxJ	India equities ◆ South Korea equities ◆	China equities* ▲
US equities ▽ ◆ △	+ Recession risk largely priced in + Potential Fed pivot + Healthy labour market conditions	– Fed's potential overtightening – Weakening consumption and diminishing wealth-effect – Strong USD hinders earnings
Euro Area equities ▽ ◆ △	+ Resilient margins + Extreme valuation discount + Gas reserves for the winter	– Heightened recession risk – Geopolitical risks from Russia-Ukraine war – Still elevated energy costs
UK equities ▽ ◆ △	+ Weaker GBP to support foreign revenue + High dividend yields and valuation discount + Heavily weighted towards Value equities	– Record inflation levels – Tightening monetary conditions – Geopolitical risks from Russia-Ukraine war
Japan equities ▼ ◇ △	+ Japan and China reopening to support earnings growth + Attractive valuations	– Strengthening JPY to hurt company earnings – Consumption momentum remains weak – Prolonged supply chain issues – Risk of BoJ policy tightening if inflation rises

Source: Standard Chartered Global Investment Committee

Legend: ▲ Overweight | ▼ Underweight | ◆ Neutral

*We are Neutral on China onshore vs offshore equities.

FX & Commodities – at a glance

Key themes

We expect the INR to be range-bound over a 12-month time horizon. Above-trend and ahead of peers' economic growth, improving real yields, lower commodity prices, light foreign investor positioning in equity and bonds amid a bearish USD outlook are key factors supportive of the INR. However, deteriorating external accounts amid falling exports growth, receding FX reserves, lower policy rate differential with the US are likely to exert downward pressures on the INR.

On a 6–12-month horizon, we turn bearish on the USD, expecting the greenback to decline c.4-5%. However, the path is unlikely to be smooth, with the USD likely to initially strengthen over the next 1-3 months for three key reasons: (i) While the Fed has slowed the pace of rate hikes at its December 2022 meeting, it has said it intends to hike rates further, at least in H1 23. As a result, the USD will continue to be supported by one of the highest real interest rates among major currencies; (ii) the risk of a colder-than-expected winter in Europe and the ongoing Russia-Ukraine conflict is likely to keep the EUR depressed over the next 1-3 months to the benefit of the USD; and (iii) safe-haven demand, given the global growth slowdown risks.

Gold shines again. We are neutral on gold vs other major asset classes as we view it as a portfolio ballast with a 12-month forecast of USD 1,890. We expect gold to rise over the next 12 months as the Fed rate-hiking cycle pauses and the focus shifts to rate cuts amid rising recession risks. Gold has been a superior hedge in the past recessions, and it arguably retains its safe-haven properties during times of crisis. A weaker USD and central bank and physical demand are other key drivers behind our constructive view. On a three-month horizon, though, the precious metal is expected to initially remain under pressure as inflation slows ahead of nominal interest rates, keeping real (net of inflation) yields supported in Q1 23.

Oil prices are likely to stabilise. Over a 12-month horizon, we expect WTI oil to remain around USD 75/bbl as weaker oil demand from a slowing global economy is balanced by tighter-than-usual supply and upside demand risk from rising Chinese mobility. We expect OPEC+ to intervene to keep oil well-supported at its breakeven price – estimated to be c.USD 70/bbl – should global demand weaken. Over the next three months, though, prices are likely to initially rise. The EU embargo on Russian oil, Russia's yet-unknown response and low global oil inventories combined with low producer elasticity add risks to supply. A mobility-led growth rebound in China could also front-load a rebound in its energy demand.

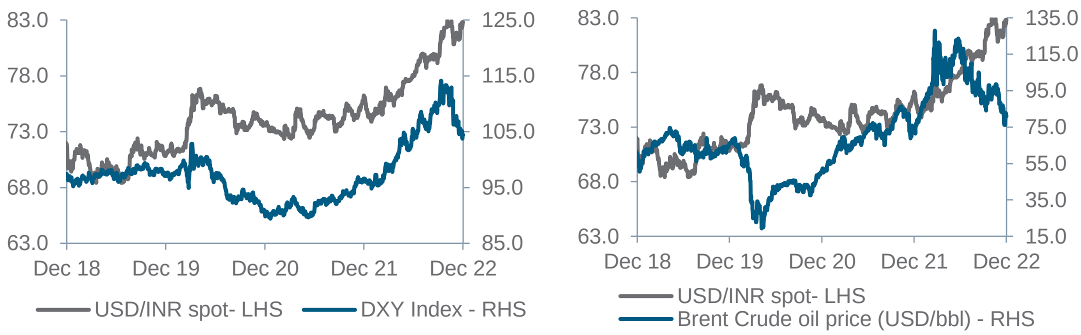
Key chart

Rising real yield and weaker USD off-set weakness in external accounts and lower interest rates differential.

Fig. 11 Decline in real commodity prices and USD weakness to balance weakness in external accounts and interest rate differentials

LHS chart: USD/INR Spot -LHS and DXY Index – RHS

RHS chart: USD/INR Spot -LHS and Brent Crude oil price (USD/bbl) – RHS



Source: Bloomberg, Standard Chartered, Data as of 16 December 2022

Asset allocation summary

Tactical Asset Allocation - (12m). All figures are in percentages.

Summary			**View vs. SAA**	**Conservative**	**Moderate**	**Moderately Aggressive**	**Aggressive**	**Very Aggressive**
Cash			◆	25.0	5.0	5.0	5.0	0.0
Fixed Income			◆	55.0	55.0	40.0	25.0	15.0
Equity			◆	15.0	35.0	50.0	65.0	80.0
Commodities			◆	5.0	5.0	5.0	5.0	5.0
Level 1	**Level 2**	**Level 3**						
Cash & Cash Equivalents			◆	25.0	5.0	5.0	5.0	0
Fixed Income	Short-term Bonds		▲	44.4	40.3	31.4	19.2	11.4
Fixed Income	Mid/Long-term Bonds		◆	10.6	14.7	8.6	5.8	3.6
Equity	DM Equity		◆	2.3	4.5	6.8	9.0	11.3
Equity	Asia Ex-Japan / Other EM Equity		▲	2.0	4.0	5.9	7.9	9.9
Equity	Indian Equities ▲	Large-cap equities	▲	8.5	21.1	29.6	38.1	46.6
Equity	Indian Equities ▲	Mid/small-cap equities	◆	2.2	5.5	7.7	10.0	12.2
Commodities (INR Gold)			◆	5.0	5.0	5.0	5.0	5.0
				100.0	**100.0**	**100.0**	**100.0**	**100.0**

Source: Standard Chartered

Legend: ▲ Overweight | ▼ Underweight | ◆ Neutral

All INR converted exposure. For illustrative purposes only. Please refer to the disclosure appendix at the end of the document

2022 in review

2022 has been a challenging year as a correlated fall across major asset class for most of the year, left investors with few places to hide.

Asset allocation views

We publish tactical asset allocation models for India, where we trim allocations to asset classes which we expect to underperform in the coming 12 months and add allocations to those we expect to outperform. Here, we report the performance of our baseline tactical asset allocation: the India moderate allocation – based off a strategic 5% weight to cash, 55% to bonds, 35% to equities and 5% gold.

Our tactical moderate asset allocation model has delivered notional returns of 2.3% since we published our 2022 Outlook (until 16 December 2022), trailing the strategic asset allocation by 0.8%. We started tracking performance of our moderate allocation since 2016, and this has been the weakest performance we have seen thus far. The underperformance of our TAA model was driven through our: 1) underweight position on cash in the first half and 2) neutral weight to gold. Cash was the best performing asset class in H1 as elevated bond yields impacted bonds performance, while equities witnessed a sharp sell-off. Gold performed well in Q1 of 2022 amid a risk-off environment before consolidating.

Our equity allocation helped our performance, with positive contributions from 1) Indian market's relative outperformance to major peers in 2022 and 2) Our relative preference for large cap equities, within Indian equities.

Bond markets had another challenging year, resulting in the second straight year of low returns. Within bonds, 1) our preference for corporate bonds, and 2) short maturity bonds, did well.

Key calls performance

Outside of our regular asset allocation views, we had many thematic and sector calls, which did well.

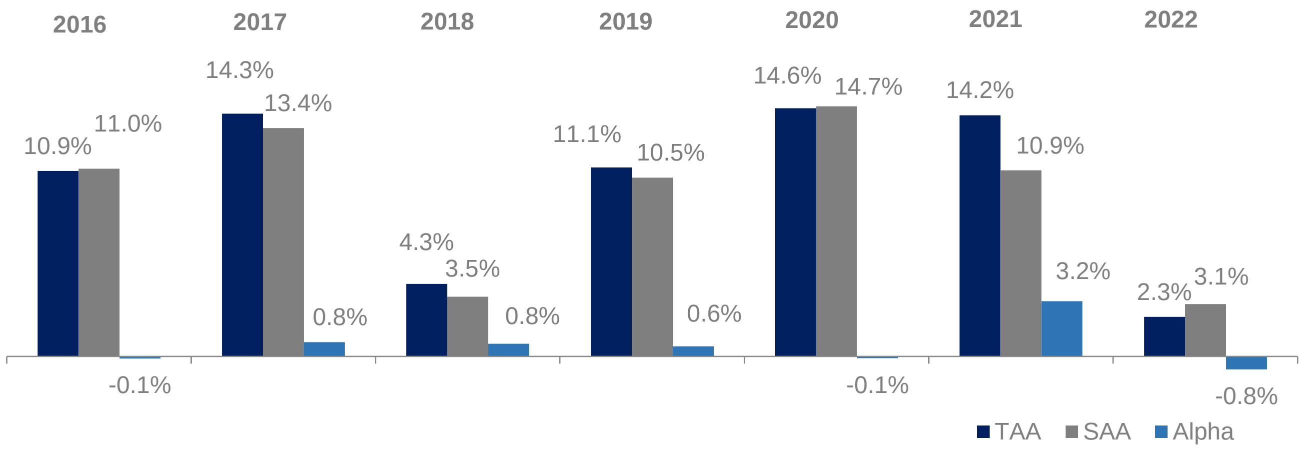
Our key bond theme of high yield bonds to outperform high quality bonds, delivered positive relative returns.

Our main equity theme, Value equities to outperform Indian equities, delivered negative relative returns. Our other equity thematic calls - 1) Broadening Value rotation (preference for Financials and PSUs) and 2) India's Investment revival (preference for Manufacturing and Infrastructure) - delivered strong absolute and relative performance.

Our equity sector calls, preference for Financials, Industrials and Discretionary delivered strong absolute and relative performance while our preference for Staples (since Oct'22) delivered negative relative returns.

Our India-focused TAA* delivered weak relative performance in 2022

Annual performance of our Tactical Asset Allocation* (TAA) relative to the Strategic Asset Allocation* (SAA) baseline model



Source: Crisil, NSE, Bloomberg, Standard Chartered

*SAA is our India-focused moderate strategic asset allocation. The SAA is made up of 5% INR cash, 55% INR bonds, 35% equities and 5% INR Gold.

TAA is our India-focused moderate tactical asset allocation which tilts the SAA allocation according to the Standard Chartered Bank's India Investment Committee's views.

**SAA and TAA performance is measured from the publication of our Outlook 2022 report on 17 December 2021 to 16 December 2022

Closed calls summary

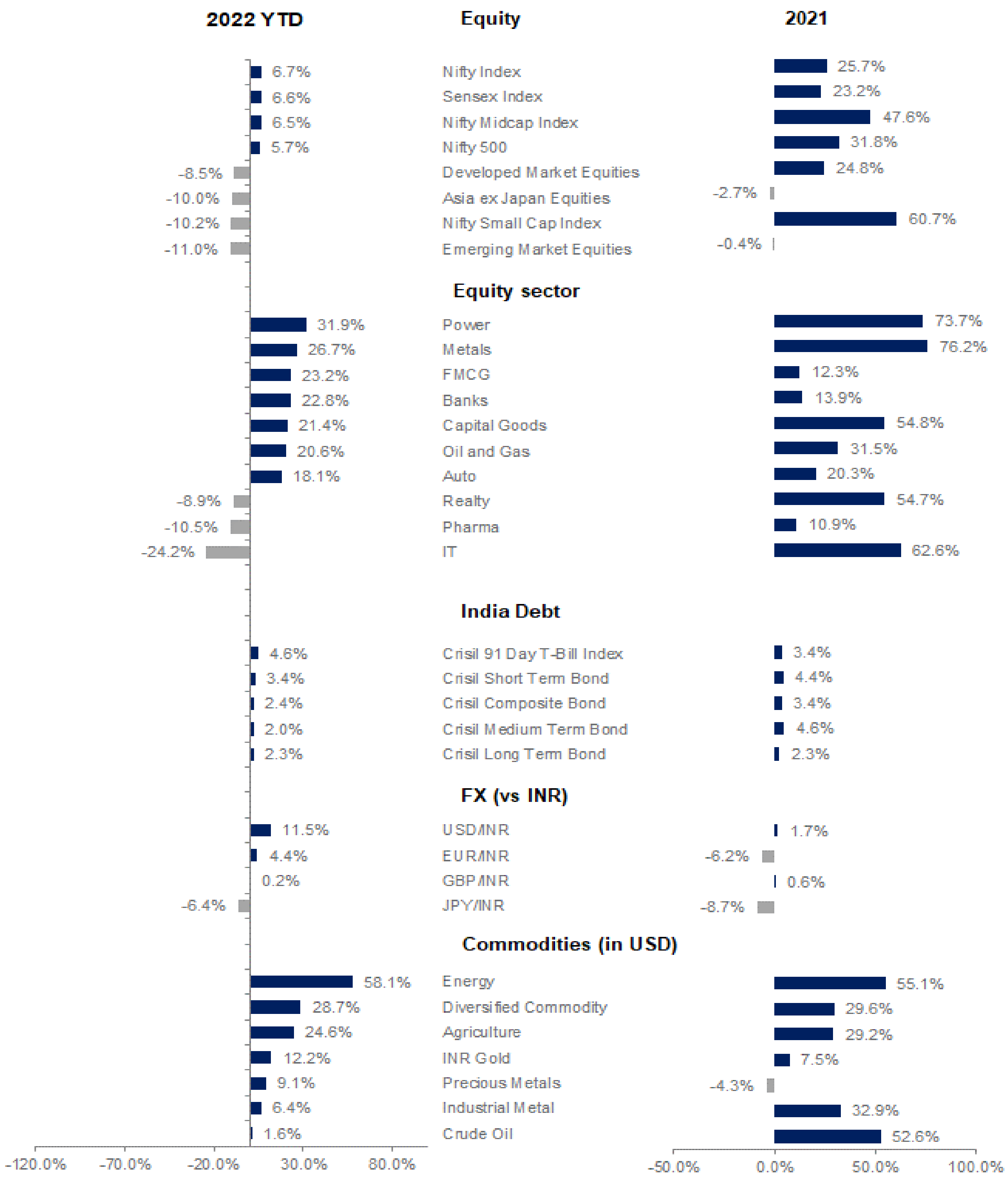
	Closed calls	Open date	Close date	Absolute	Relative
Asset classes	Indian equities to outperform other Level 1 asset classes	17-Dec-21	7-Oct-22		✗
Bonds	Indian corporate bonds to outperform Indian government bonds	17-Dec-21	7-Jul-22		✓
	Indian high yield bonds to outperform high quality bonds	17-Dec-21	7-Jul-22		✓
	Indian short-maturity bonds to outperform mid- and long- maturity bonds	17-Dec-21	16-Dec-22		✓
Equities	Indian large-cap equities to outperform mid-cap and small-cap equities	17-Dec-21	16-Dec-22		✓
	India Value equities to outperform Indian equities	17-Dec-21	16-Dec-22		✗
Equity Sectors	India Financial Sector to outperform Indian Equities	17-Dec-21	16-Dec-22		✓
	India Industrial Sector to outperform Indian Equities	17-Dec-21	16-Dec-22		✓
	India Consumer Discretionary Sector to outperform Indian Equities	17-Dec-21	7-Oct-22		✓
	India Consumer Staple Sector to outperform Indian Equities	7-Oct-22	16-Dec-22		✗
Thematic	Indian PSEs to outperform Indian equities	17-Dec-21	7-Oct-22		✓
	Indian Investment sectors to outperform Indian equities	17-Dec-21	16-Dec-22		✓

Source: Bloomberg, Standard Chartered. Performance measured from 17 December 2021 (release date of our 2022 Outlook) to 16 December 2022 or when the view was closed.

Legend: ✓– Correct call; ✗ – Missed call; n/a – Not Applicable.

Past performance is not an indication of future performance. There is no assurance, representation or prediction given as to any results or returns that would actually be achieved in a transaction based on any historical data.

Market performance summary*



Source: MSCI, NSE, S&P BSE, Crisil, Bloomberg, Standard Chartered
*2022 YTD period from 31 December 2021 to 16 December 2022. 2021 period from 31 December 2020 to 31 December 2021.

Disclosures

This document is confidential and may also be privileged. If you are not the intended recipient, please destroy all copies and notify the sender immediately. This document is being distributed for general information only and is subject to the relevant disclaimers available at our Standard Chartered website under Regulatory disclosures. It is not and does not constitute research material, independent research, an offer, recommendation or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments. This document is for general evaluation only. It does not take into account the specific investment objectives, financial situation or particular needs of any particular person or class of persons and it has not been prepared for any particular person or class of persons. You should not rely on any contents of this document in making any investment decisions. Before making any investment, you should carefully read the relevant offering documents and seek independent legal, tax and regulatory advice. In particular, we recommend you to seek advice regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before you make a commitment to purchase the investment product. Opinions, projections and estimates are solely those of SCB at the date of this document and subject to change without notice. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. Any forecast contained herein as to likely future movements in rates or prices or likely future events or occurrences constitutes an opinion only and is not indicative of actual future movements in rates or prices or actual future events or occurrences (as the case may be). This document must not be forwarded or otherwise made available to any other person without the express written consent of the Standard Chartered Group (as defined below). Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered PLC, the ultimate parent company of Standard Chartered Bank, together with its subsidiaries and affiliates (including each branch or representative office), form the Standard Chartered Group. Standard Chartered Private Bank is the private banking division of Standard Chartered. Private banking activities may be carried out internationally by different legal entities and affiliates within the Standard Chartered Group (each an “SC Group Entity”) according to local regulatory requirements. Not all products and services are provided by all branches, subsidiaries and affiliates within the Standard Chartered Group. Some of the SC Group Entities only act as representatives of Standard Chartered Private Bank and may not be able to offer products and services or offer advice to clients. ESG data has been provided by Morningstar and Sustainalytics. Refer to the Morningstar website under Sustainable Investing and the Sustainalytics website under ESG Risk Ratings for more information. The information is as at the date of publication based on data provided and may be subject to change.

Copyright © 2022, Accounting Research & Analytics, LLC d/b/a CFRA (and its affiliates, as applicable). Reproduction of content provided by CFRA in any form is prohibited except with the prior written permission of CFRA. CFRA content is not investment advice and a reference to or observation concerning a security or investment provided in the CFRA SERVICES is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. The CFRA content contains opinions of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this analysis, CFRA, ITS THIRD-PARTY SUPPLIERS, AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content provided by CFRA (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA, and such content shall not be used for any unlawful or unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees or agents do not guarantee the accuracy, completeness, timeliness or availability of such content. In no event shall CFRA, its affiliates, or their third-party suppliers be liable for any direct, indirect, special, or consequential damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with a subscriber’s, subscriber’s customer’s, or other’s use of CFRA’s content.

Market Abuse Regulation (MAR) Disclaimer

Banking activities may be carried out internationally by different branches, subsidiaries and affiliates within the Standard Chartered Group according to local regulatory requirements. Opinions may contain outright “buy”, “sell”, “hold” or other opinions. The time horizon of this opinion is dependent on prevailing market conditions and there is no planned frequency for updates to the opinion. This opinion is not independent of Standard Chartered Group's trading strategies or positions. Standard Chartered Group and/or its affiliates or its respective officers, directors, employee benefit programmes or employees, including persons involved in the preparation or issuance of this document may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities or financial instruments referred to in this document or have material interest in any such securities or related investments. Therefore, it is possible, and you should assume, that Standard Chartered Group has a material interest in one or more of the financial instruments mentioned herein. Please refer to our Standard Chartered website under Regulatory disclosures for more detailed disclosures, including past opinions/ recommendations in the last 12 months and conflict of interests, as well as disclaimers. A covering strategist may have a financial interest in the debt or equity securities of this company/issuer. This document must not be forwarded or otherwise made available to any other person without the express written consent of Standard Chartered Group.

Country/Market Specific Disclosures

Botswana: This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited which is a financial institution licensed under the Section 6 of the Banking Act CAP 46.04 and is listed in the Botswana Stock Exchange. **Brunei Darussalam:** This document is being distributed in Brunei Darussalam by, and is attributable to, Standard Chartered Bank (Brunei Branch) | Registration Number RFC/61 and Standard Chartered Securities (B) Sdn Bhd | Registration Number RC20001003. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18 and Standard Chartered Securities (B) Sdn Bhd, which is a limited liability company registered with the Registry of Companies with Registration Number RC20001003 and licensed by Brunei Darussalam Central Bank as a Capital Markets Service License Holder with License Number AMBD/R/CMU/S3-CL and authorised to conduct Islamic investment business through an Islamic window. **China Mainland:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by China Banking and Insurance Regulatory Commission (CBIRC), State Administration of Foreign Exchange (SAFE), and People's Bank of China (PBOC). **Hong Kong:** In Hong Kong, this document, except for any portion advising on or facilitating any decision on futures contracts trading, is distributed by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), a subsidiary of Standard Chartered PLC. SCBHK has its registered address at 32/F, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong and is regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission ("SFC") to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Cap. 571) ("SFO") (CE No. AJI614). The contents of this document have not been reviewed by any regulatory authority in Hong Kong and you are advised to exercise caution in relation to any offer set out herein. If you are in doubt about any of the contents of this document, you should obtain independent professional advice. Any product named herein may not be offered or sold in Hong Kong by means of any document at any time other than to "professional investors" as defined in the SFO and any rules made under that ordinance. In addition, this document may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and any interests may not be disposed of, to any person unless such person is outside Hong Kong or is a "professional investor" as defined in the SFO and any rules made under that ordinance, or as otherwise may be permitted by that ordinance. In Hong Kong, Standard Chartered Private Bank is the private banking division of Standard Chartered Bank (Hong Kong) Limited, a subsidiary of Standard Chartered PLC. **Ghana:** Standard Chartered Bank Ghana Limited accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please send an email to feedback . ghana @ sc . com. Please do not reply to this email. Call our Priority Banking on 0302610750 for any questions or service queries. You are advised not to send any confidential and/or important information to the Bank via e-mail, as the Bank makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. The Bank shall not be responsible for any loss or damage suffered by you arising from your decision to use e-mail to communicate with the Bank. **India:** This document is being distributed in India by Standard Chartered Bank in its capacity as a distributor of mutual funds and referrer of any other third party financial products. Standard Chartered Bank does not offer any 'Investment Advice' as defined in the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 or otherwise. Services/products related securities business offered by Standard Charted Bank are not intended for any person, who is a resident of any jurisdiction, the laws of which imposes prohibition on soliciting the securities business in that jurisdiction without going through the registration requirements and/or prohibit the use of any information contained in this document. **Indonesia:** This document is being distributed in Indonesia by Standard Chartered Bank, Indonesia branch, which is a financial institution licensed, registered and supervised by Otoritas Jasa Keuangan (Financial Service Authority). **Jersey:** In Jersey, Standard Chartered Private Bank is the Registered Business Name of the Jersey Branch of Standard Chartered Bank. The Jersey Branch of Standard Chartered Bank is regulated by the Jersey Financial Services Commission. Copies of the latest audited accounts of Standard Chartered Bank are available from its principal place of business in Jersey: PO Box 80, 15 Castle Street, St Helier, Jersey JE4 8PT. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter in 1853 Reference Number ZC 18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Jersey Branch of Standard Chartered Bank is also an authorised financial services provider under license number 44946 issued by the Financial Sector Conduct Authority of the Republic of South Africa. Jersey is not part of the United Kingdom and all business transacted with Standard Chartered Bank, Jersey Branch and other SC Group Entity outside of the United Kingdom, are not subject to some or any of the investor protection and compensation schemes available under United Kingdom law. **Kenya:** This document is being distributed in Kenya by, and is attributable to Standard Chartered Bank Kenya Limited. Investment Products and Services are distributed by Standard Chartered Investment Services Limited, a wholly owned subsidiary of Standard Chartered Bank Kenya Limited (Standard Chartered Bank/the Bank) that is licensed by the Capital Markets Authority as a Fund Manager. Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya. **Malaysia:** This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad. Recipients in Malaysia should contact Standard Chartered Bank Malaysia Berhad in relation to any matters arising from, or in connection with, this document. **Nigeria:** This document is being distributed in Nigeria by Standard Chartered Bank Nigeria Limited ("the Bank"), a bank duly licensed and regulated by the Central Bank of Nigeria. The Bank accepts no liability for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please send an email to clientcare . ng @ sc . com requesting to be removed from our mailing list. Please do not reply to this email. Call our Priority Banking on 01-2772514 for any questions or service queries. The Bank shall not be responsible for any loss or damage arising from your decision to send confidential and/or important information to the Bank via e-mail, as the Bank makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. **Pakistan:** This document is being distributed in Pakistan by, and attributable to Standard Chartered Bank (Pakistan) Limited having its registered office at PO Box 5556, I.I Chundrigar Road Karachi, which is a banking company registered with State Bank of Pakistan under Banking Companies Ordinance 1962 and is also having licensed issued by Securities & Exchange Commission of Pakistan for Security Advisors. Standard Chartered Bank (Pakistan) Limited acts as a distributor of mutual funds and referrer of other third-party financial products. **Singapore:** This document is being distributed in Singapore by, and is attributable to, Standard Chartered Bank (Singapore) Limited (Registration No. 201224747C/ GST Group Registration No. MR-8500053-0, "SCBSL"). Recipients in Singapore should contact SCBSL in relation to any matters arising from, or in connection with, this document. SCBSL is an indirect wholly owned subsidiary of Standard Chartered Bank and is licensed to conduct banking business in Singapore under the Singapore Banking Act, 1970. Standard Chartered Private Bank is the private banking division of SCBSL. IN RELATION TO ANY SECURITY OR SECURITIES-BASED DERIVATIVES CONTRACT REFERRED TO IN THIS DOCUMENT, THIS DOCUMENT, TOGETHER WITH THE ISSUER DOCUMENTATION, SHALL BE DEEMED AN INFORMATION MEMORANDUM (AS DEFINED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT, 2001 ("SFA")). THIS DOCUMENT IS INTENDED FOR DISTRIBUTION TO ACCREDITED INVESTORS, AS DEFINED IN SECTION 4A(1)(a) OF THE SFA, OR ON THE BASIS THAT THE SECURITY OR SECURITIES-BASED DERIVATIVES CONTRACT MAY ONLY BE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION. Further, in relation to any security or securities-based derivatives contract, neither this document nor the Issuer Documentation has been registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons other than a relevant person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA, or pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In relation to any collective investment schemes referred to in this document, this document is for general information purposes only and is not an offering document or prospectus (as defined in the SFA). This document is not, nor is it intended to be (i) an offer or solicitation of an offer to buy or sell any capital markets product; or (ii) an advertisement of an offer or intended offer of any capital markets product. **Deposit Insurance Scheme:** Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S$75,000 in aggregate per depositor per Scheme member by law. Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured. This advertisement has not been reviewed by the Monetary Authority of Singapore. **Taiwan:** Standard Chartered Bank ("SCB") or Standard Chartered Bank (Taiwan) Limited ("SCB (Taiwan)") may be involved in the financial instruments contained herein or other related financial instruments. The author of this document may have discussed the information contained herein with other employees or agents of SCB or SCB (Taiwan). The author and the above-mentioned employees of SCB or SCB (Taiwan) may have taken related actions in respect of the information involved (including communication with customers of SCB or SCB (Taiwan) as to the information contained herein). The opinions contained in this document may change, or differ from the opinions of employees of SCB or SCB (Taiwan). SCB and SCB (Taiwan) will not provide any notice of any changes to or differences between the above-mentioned opinions. This document may cover companies with which SCB or SCB (Taiwan) seeks to do business at times and issuers of financial instruments. Therefore, investors should understand that the information contained herein may serve as specific purposes as a result of conflict of interests of SCB or SCB (Taiwan). SCB, SCB (Taiwan), the employees (including those who have discussions with the author) or customers of SCB or SCB (Taiwan) may have an interest in the products, related financial instruments or related derivative financial products contained herein; invest in those products at various prices and on different market conditions; have different or conflicting interests in those products. The potential impacts include market makers' related activities, such as dealing, investment, acting as agents, or performing financial or consulting services in relation to any of the products referred to in this document. **UAE:** DIFC - Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18.The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered Bank, Dubai International Financial Centre having its offices at Dubai International Financial Centre, Building 1, Gate Precinct, P.O. Box 999, Dubai, UAE is a branch of Standard Chartered Bank and is regulated by the Dubai Financial Services Authority ("DFSA"). This document is intended for use only by Professional Clients and is not directed at Retail Clients as defined by the DFSA Rulebook. In the DIFC we are authorised to provide financial services only to clients who qualify as Professional Clients and Market Counterparties and not to Retail Clients. As a Professional Client you will not be given the higher retail client protection and compensation rights and if you use your right to be classified as a Retail Client we will be unable to provide financial services and products to you as we do not hold the required license to undertake such activities. For Islamic transactions, we are acting under the supervision of our Shariah Supervisory Committee. Relevant information on our Shariah Supervisory Committee is currently available on the Standard Chartered Bank website in the Islamic banking section For residents of the UAE – Standard Chartered Bank UAE does not provide financial analysis or consultation services in or into the UAE within the meaning of UAE Securities and Commodities Authority Decision No. 48/r of 2008 concerning financial consultation and financial analysis**. Uganda:** Our Investment products and services are distributed by Standard Chartered Bank Uganda Limited, which is licensed by the Capital Markets Authority as an investment adviser. **United Kingdom:** Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered Bank (trading as Standard Chartered Private Bank) is an authorised financial services provider (license number 45747) in terms of the South African Financial Advisory and Intermediary Services Act, 2002. **Vietnam:** This document is being distributed in Vietnam by, and is attributable to, Standard Chartered Bank (Vietnam) Limited which is mainly regulated by State Bank of Vietnam (SBV). Recipients in Vietnam should contact Standard Chartered Bank (Vietnam) Limited for any queries regarding any content of this document. **Zambia:** This document is distributed by Standard Chartered Bank Zambia Plc, a company incorporated in Zambia and registered as a commercial bank and licensed by the Bank of Zambia under the Banking and Financial Services Act Chapter 387 of the Laws of Zambia.