

IN CASE YOU MISSED IT...

NOVEMBER HIGHLIGHTS

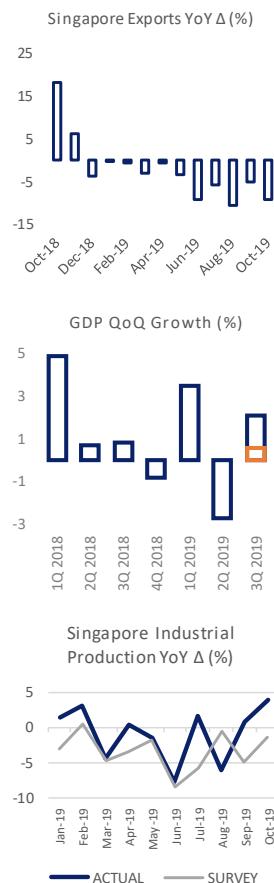
SINGAPORE:

We are increasingly positive on recent efforts to improve **environmental sustainability**. Although there has been no official statement, Temasek Holdings is said to be teaming up with Swedish private equity group EQT to launch a new renewable energy platform for India, in an effort to ramp up its push into renewables. Temasek also wishes to halve their portfolio's greenhouse emissions by 2030.

This comes just as Mapletree Logistics Trust takes on a first-of-its-kind sustainability-linked loan. Under the facility, MLT will report its progress on an annual basis, and will be eligible for a discount on the interest rate charged on the loan if it meets its renewable energy generation target.

Think retail's slowing? Not just yet. November saw the largest sale of the year on Singles' Day. According to The Straits Times, Lazada and Shopee both saw three times the orders by 1am than they did last year, and five times for Qoo10.

KEY ECONOMIC DATA



SINGAPORE:

Singapore's export performance seems to be mirroring its Korean counterparts. YoY change for Singapore exports have been negative for the last 11 months since December last year, a key insight into our slowing economy.

However, the final GDP numbers for 3Q19 have come out stronger than expected, at 2.1% up QoQ (previously forecasted at 0.6% as shown). This is a shining star for us that could potentially signal that the economy is slowly regaining its footing and recovering, despite all the recent negativity and whirls of uncertainty.

This is supported by October's improvement in the YoY figures for Singapore Industrial Production. Actual production has greatly exceeded expectations (survey numbers) in the last two months – pointing to a potential recovery in sight for the economy.

GLOBAL:

Sharing is caring, but *WeThink* there could be a limit, as SoftBank was left dancing alone to the tune of a **US\$4.6 bn+++ write-down** on its books over WeWork. The string of IPO busts this year from sharing business models have left a sour taste in investors' mouths, which has hampered investor confidence in upcoming IPOs and certain growth stocks. We highlight a few other companies that caught our eye on page **3 and 4** below, with our reasons for their share price momentum (or the lack thereof).

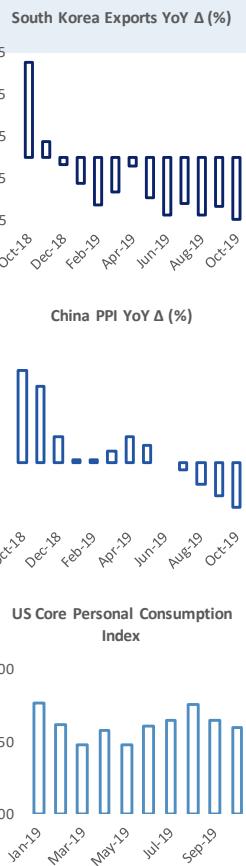
In China, **Singles' Day sales** has once again broken records with Alibaba's sales soaring to over S\$52 billion (note to self: this was in ONE DAY...). The world's largest shopping event has now become an annual ritual for Asia's giant, and for many other retailers jumping on the prosperous bandwagon. Speaking of Alibaba's outperformance, the Chinese tech titan's IPO on Tuesday kicked off with a 6.6% intraday pop, on the Hong Kong Stock Exchange – as the biggest IPO of 2019.

GLOBAL:

South Korea exports are down YoY for a consecutive 11 months as of October 2019. South Korean exports have broadly been a key insight into demand as one of Asia's main exporters (especially of technology), and so this really isn't a great sign for our global economy.

The China Producer Price Index (PPI) has also been down YoY for the fourth consecutive month now, due to slowing output growth and falling raw material prices. This further adds to signs that China's domestic slowdown is an increasing drag on the world economy. (The China PPI measures the change in the price of goods sold by manufacturers, and is a leading indicator of consumer price inflation.)

Over in the US as well, the Core Personal Consumption Expenditure Price Index (Core PCE Index) has been consistently missing the US Fed's 2% target for the year. (The core index makes it easier to see the underlying inflation trend by excluding two categories – food and energy – where prices tend to swing up and down more dramatically and more often.)



WHAT WE'VE BEEN UP TO

BBG Ticker	Company Name	Industry	Currency	Last Traded	Target Price	Potential Upside (ex.div)
IFS SP	IFS CAPITAL LTD	Financials	SGD	0.23	0.30	30.4%
CSSC SP	CHINA SUNSINE CHEMICAL HLDGS	Materials	SGD	0.51	0.60	17.6%
CSE SP	CSE GLOBAL LTD	Information Technology	SGD	0.53	0.61	16.2%
EAGLEHT SP	EAGLE HOSPITALITY TRUST	Real Estate	USD	0.53	0.61	16.2%
ARAUS SP	ARA US HOSPITALITY TRUST	Real Estate	USD	0.86	0.99	15.8%
ECWREIT SP	EC WORLD REIT	Real Estate	SGD	0.75	0.84	12.8%
CD SP	COMFORTDELGRO CORP LTD	Industrials	SGD	2.35	2.61	11.1%
JFOOD SP	JAPAN FOODS HOLDING LTD	Consumer Discretionary	SGD	0.43	0.46	7.0%
MUST SP	MANULIFE US REAL ESTATE INV	Real Estate	USD	0.97	1.03	6.7%
FRKN SP	FRENCKEN GROUP LTD	Industrials	SGD	0.89	0.93	4.5%
AGT SP	ACCORDIA GOLF TRUST	Consumer Discretionary	SGD	0.70	0.67	-4.3%

Prices retrieved as of market close on 29 November 2019

IFS CAPITAL

We maintain our **OUTPERFORM** recommendation on IFS, driven by strong, stable growth in its lending business. We assign a target price of \$0.30 to IFS, based on 0.6x FY20F BVPS. For Joel's full report, click [here](#).

CHINA SUNSINE CHEMICAL LTD

We maintain our **OUTPERFORM** recommendation but lower our target price from S\$1.40 to S\$1.20, based on our updated DCF model. The soft ASP is expected to extend in the near term, and profit margins will continue to narrow due to the weak market outlook. However, we believe that Sunsine's new capacity should be able to partially offset the decline of ASP in FY20F. For Guangzhi's full report, click [here](#).

CSE GLOBAL

CSE is currently trading at 13/9/8x 2019/20/21F EPS, which is attractive in our view given its healthy balance sheet, asset light model and stable recurring free cash flows. We thus maintain our **OUTPERFORM** recommendation with a TP of S\$0.61, and believe that average EPS growth of around 16% p.a. over the next 3 years is achievable on the back of improving industry dynamics. Management has guided that it will maintain the 2.75 SG cents dividend in FY19 - implying an above industry yield of 5.2%. For Joel's report, click [here](#).

EAGLE HOSPITALITY TRUST

We maintain our **OUTPERFORM** rating with lower TP of US\$0.61. While management has clarified and reassured us with regards to many of the issues that have been raised over the past few weeks, we have been unable to fully rule out the risks related to the Sponsor and The Queen Mary ship. Our DPU forecasts remain status quo, at US 6.6cts for FY20F, representing a yield of 12.3%. For Amirah's full report, click [here](#).

ARA US HOSPITALITY TRUST

We maintain our **OUTPERFORM** recommendation with an increased TP of US\$0.99. While 3Q results have missed forecasts, we expect disruptions to be temporary. We maintained a cost of equity of 9.08%, while DPU forecast post-acquisition for FY20F increased to US 7.73cts. Our forecasts remain a strong c.24% upside (inclusive of FY20F dividend yield of c.9%) to the current unit price of US\$0.86. For Amirah's full report, click [here](#).

EC WORLD REIT

We initiate coverage on EC World REIT with an **OUTPERFORM** recommendation. EC World REIT is the only specialized and e-commerce logistics S-REIT that provides investment access into China's booming e-commerce industry. Our target price of SGD\$0.84 represents a total upside of 23.4%, inclusive of FY20F dividend yield of 9.1%. ECW currently trades at a FY19F/FY20F P/B ratio of 0.9x, a 25% discount to the average of its peers at 1.2x. For Amirah's initiation report, click [here](#).

COMFORTDELGRO CORPORATION

We upgrade to **OUTPERFORM** as risk-to-reward dynamics have now become favourable after the recent share price weakness. Our S\$2.61 price target is pegged to 19x 2020F EPS, which is 1 Standard Deviation above the 10-year mean. The group's balance sheet remains in a strong position to take on more EPS-accretive acquisitions, while offering investors a sustainable 4.6% FY19-21F dividend yield. For Joel's full report, click [here](#).

JAPAN FOODS

We maintain our **NEUTRAL** recommendation on JFOOD, with a TP of S\$0.46, due to a lack of near-term upside catalysts. Despite the challenging short-term outlook, JFOOD's business model remains resilient and adaptable in the face of higher costs. The group maintains a sizeable cash balance of S\$22mn (29% of its current market cap), supported by strong free cash flows averaging S\$1m per quarter. For Joel's full report, click [here](#).

MANULIFE US REIT

We maintain our **OUTPERFORM** recommendation with a TP of US\$1.03. DPU will likely remain flattish alongside an enlarged units base at 6.3/6.4 US cts for FY20/FY21 (previously 6.3/6.3 US cts). While fundamentals remain stable, we anticipate higher trading liquidity and institutional interest following the benchmark inclusion towards year end. For Geraldine's full report, click [here](#).

FRENCKEN GROUP LIMITED

Frencken's share price gained 28% since our update report on 7 November, hitting our 12M target price of S\$0.93 in intraday trading on Friday, 15 November.

While we believe in Frencken's long-term fundamentals, we see short-term weakness in its Industrial Automation and Analytical segments. We downgrade to **NEUTRAL** as further upside may be limited at its current price. Our fair value of S\$0.93 is based on 10x FY20F earnings. Meanwhile, dividend yield has compressed to less than 3.0%. For Joel's full report, click [here](#).

ACCORDIA GOLF TRUST

We maintain our **OUTPERFORM** recommendation. Despite the 16% gain in AGT's unit price since our last report in August, AGT still offers an attractive 8% dividend yield and trades at a 20% discount to its 76 Sing cents NAV. More importantly, we expect interest in golf and in AGT to increase as Japan prepares to host the Summer Olympics in 2020. For Joel's full report, click [here](#).

IPOs IN RETROSPECT

BBG Ticker	Company Name	Industry	IPO Date	Currency	IPO Share Price	Last Traded	Gain/Loss since IPO	BBG Valuation Multiple	BBG TTM Multiple	BBG NTM Multiple	Average Analyst Target Price	Potential Up/downside
6862 HK	HAIDILAO INTERNATIONAL HOLDING LTD	Consumer Discretionary	26/9/2018	HKD	17.8	32.90	+84.8% Price/Earnings	79.7	41.9	37.25	+13.2%	
DELL US	DELL TECHNOLOGIES -C	Information Technology	28/12/2018	USD	46	50.32	+9.4% Price/Earnings	43.3	7.4	62.82	+24.8%	
LEVI US	LEVI STRAUSS & CO- CLASS A	Consumer Discretionary	21/3/2019	USD	17	16.98	-0.1% Price/Earnings	-	14.6	23.13	+36.2%	
LYFT US	LYFT INC-A	Industrials	29/3/2019	USD	72	49.37	-31.4% EV/Sales	3.7	2.8	67.82	+37.4%	
PINS US	PINTEREST INC- CLASS A	Communication Services	18/4/2019	USD	19	19.81	+4.3% EV/Sales	9.3	6.9	27.08	+36.7%	
ZM US	ZOOM VIDEO COMMUNICATIONS- Information Technology	Information Technology	18/4/2019	USD	36	74.08	+105.8% EV/Sales	42.2	27.9	86.80	+17.2%	
BYND US	BEYOND MEAT INC	Consumer Staples	2/5/2019	USD	25	81.66	+226.6% EV/Sales	20.5	11.1	104.45	+27.9%	
UBER US	UBER TECHNOLOGIES INC	Industrials	10/5/2019	USD	45	29.49	-34.5% EV/Sales	3.5	2.9	44.73	+51.7%	
PTON US	PELOTON INTERACTIVE INC-A	Consumer Discretionary	26/9/2019	USD	29	32.16	+10.9% EV/Sales	7.8	5.1	31.79	-1.2%	
1876 HK	BUDWEISER BREWING CO APAC LT	Consumer Staples	30/9/2019	HKD	27	27.90	+3.3% Price/Earnings	-	36.8	34.14	+22.4%	
9988 HK	ALIBABA GROUP HOLDING LTD	Consumer Discretionary	26/11/2019	HKD	176	198.40	+12.7% Price/Earnings	-	23.1	232.50	+17.2%	

Prices retrieved as of market close on 29 November 2019

TTM = Trailing Twelve Months. NTM = Next Twelve Months.

HAI DI LAO

Who? Hotpot restaurant chain that is rapidly expanding across the world.

What/Why? Hai Di Lao has redefined service standards in the F&B industry, and has rightly won over the hearts, minds and bellies of its customers, us included. Valuation levels are currently hotter than their hotpots though, indicating that this great company may not be a great buy.

DELL TECHNOLOGIES

Who? Third largest PC vendor behind HP and Lenovo. Currently pivoting into IT services and enterprise solutions through other arms such as Dell EMC and VMWare.

What/Why? After going private through a leveraged buyout in 2013, Dell has re-emerged on 28 December 2018, and begun trading at US\$46 a share. Despite missing the industry shift towards portable electronic devices such as tablet computers and smartphones, the company's shift towards enterprise solutions has been promising. However, its high debt load remains a forefront concern.

LEVIS STRAUSS & CO

Who? American clothing company known worldwide for their Levi's brand of denim wear.

What/Why? Levi's, like Dell, had a brief fling with the public markets in 1971 before privatisation in 1985. They continue to hold strong American brand equity, but face challenges from the athleisure business. Comfort is key in everyday wear, and the company is confident that their stretchy jeans will woo women back to the good old denim days, but flat share price performance indicate investor hesitance in their strategy. We can't imagine beer yoga in jeans though, so perhaps investors might be right...?

LYFT/UBER

Who? Ride-hailing companies that aim to disrupt the transport industry

What/Why? Investors have started to scrutinize over the lack of earnings from ride-hailing/ride-sharing companies. It does not help that these companies continue to face more regulatory challenges; Uber losing their London license on 25 November 2019 is the latest case in point.

PINTEREST

Who? Social media platform that is styled as a “catalogue of ideas” that inspires users to “go out and do that thing” – as explained by CEO Ben Silbermann.

What/Why? Pinterest commands strong mindshare amongst social media platforms as the place to go for “ideas and inspiration”. These inspired minds are increasingly being converted into happy buyers. They face competition from other social media platforms that also attempt to monetize their audience through getting them to make direct purchases off platform ads, instead of just ad-watching.

ZOOM VIDEO COMMUNICATIONS

Who? Software company that provides remote conferencing services with cloud computing technology.

What/Why? Zoom is one of the few tech unicorns this year that actually performed well, through winning market share against other work communication software services. Remote working, while still a fabled dream for many desk-bound employees in less tech-savvy companies, are a key driver for cloud computing services such as Zoom. A double digit Next Twelve Months (NTM) EV/Sales ratio spells trouble though; investors could easily *zoom* out if growth targets are not met.

BEYOND MEAT

Who? Alternative meat producers that produce plant-based patties and other meat substitutes

What/Why? The US\$200 share price “bubble” may have popped, but alternative meat continues to dominate American headlines, as more and more restaurants adopt some form of partnership with alternative meat producers. Headwinds include competitors such as Impossible Foods, unmanageable production costs that leads to premium prices (\$\$15+ a burger at your local café...), and the lobbyists from the meat industry. But if Arnold Schwarzenegger is recommending you to go meatless at least once a week, we think there could be some weight behind this stock, which can potentially be a lifestyle changer. (*P.S. We also recommend watching the Game Changers documentary, which is recently available on Netflix, and provides an interesting take on the benefits of plant-based diets!*)

PELOTON INTERACTIVE

Who? Popular exercise equipment company, mainly selling fitness bikes, treadmills, and a fitness app to complement their equipment.

What/Why? Peloton has been a favourite target for finance/investor meme makers, for good reason. Peloton’s IPO prospectus claims of being a technology, media, software, product, experience, fitness, design, retail, apparel and logistics company that is “selling happiness”. Additionally, Peloton CEO John Foley claims that sales rose even after they raised the price of their bikes. While fitness trends can have strong lasting potential (think CrossFit) and financials are healthy, we think there could be better opportunities to benefit from human tendencies of conspicuous consumption.

BUDWEISER BREWING APAC

Who? Largest beer company in APAC region, 1 of the 4 major breweries (Interbrew, Anheuser-Busch, SABMiller, Budweiser) under brewery giant Anheuser-Busch InBev (AB InBev).

What/Why? The 3rd largest IPO this year (after Alibaba and Uber), which was likely also affected by the lack of investor confidence, as IPO price was initially to be in the 40 – 47 HKD range. While 3Q19 results were weak, the beer industry remains a solid defensive investment, as there are always happy reasons (holiday season) and sad reasons (slowing economy) to grab a pint.

ALIBABA

Who? Just the biggest e-Commerce player in Asia. They are also investing heavily into logistics through Cainiao, financial payment services through Ant Financial, and other tech subsidiaries.

What/Why? Chinese investors embraced the homecoming of their internet giant with a 6.6% share price spike on the first trading day. The biggest IPO of this year was seen as symbolic, giving investors respite amidst the unrest that is happening on the streets of Hong Kong. The US\$11 billion proceeds are expected to flow into subsidiaries such as online travel agency Fliggy, food delivery service Ele.me, and video streaming site Youku. Singles’ Day 2019 clocking in at a 26% year-on-year Gross Merchandise Volume (GMV) increase has also signalled to the world that economic slow-down has not necessarily dampened consumer spending.

DECEMBER OUTLOOK

KEY DATES FOR DECEMBER

Day	Date	Event
Tuesday	December 3 rd	Reserve Bank of Australia, Interest Rate Decision
Wednesday	December 11 th	Federal Reserve, FOMC Press Conference
Thursday	December 12 th	UK, Parliamentary Elections
Thursday	December 12 th	European Central Bank, Monetary Policy Statement & Press Conference
Sunday	December 15 th	Another potential wave of US tariffs on Chinese imports
Wednesday	December 20 th	Potential US government shutdown, again
Monday	December 25 th	Wishing all a Merry Christmas!

OUTLOOK

December remains a crucial yet uncertain month as we hold our breaths in anticipation for a trade deal between the US and China, which could potentially give some relief to the global economy. There are, however, growing worries that a Chinese crackdown on Hong Kong's anti-government protests could further complicate efforts to end the prolonged trade war. While China's willingness to tighten IP controls on 25 November was a good sign, negotiations have now become more complicated after US President Trump signed the Hong Kong democracy bill on 28 November that supported the protestors.

While we await interest rate decisions across a few of our major global economies, we are also keeping an eye on the UK Parliamentary Elections that could make or break Brexit plans. Opinion polls so far show PM Boris Johnson and the Conservative Party in the lead, with a 13-point gap over Labour, after the former vowed to 'forge a new Britain' as he launched the party's [election manifesto](#). However, there is still ample time for public opinion to shift - just as it did away from Theresa May in 2017.

The uncertainty seemed to have caused a divergence of Asian and Western sentiment in this last week of November. While American markets remained largely up from the absence of trading on Thanksgiving, Asian and European markets parred down initial gains from the week, with most Asian markets ending in the red on Friday. Truly befitting of a "Black Friday".

Major Indices Performance:

No	Name	Price	P/E (TTM)	P/E (NTM)	Price / Book	Dividend yield (%)	1 Wk % Chg	1 Mth % Chg	YTD % Chg	% Chg since 25 Nov 19
USA										
1	S&P 500 Index	3,153.63	21.0	17.47	3.5	1.87	+1.39	+3.76	+25.80	+1.39
2	Dow Jones Industrial Average	28,164.00	19.4	16.25	4.2	2.28	+1.03	+3.96	+20.73	+1.03
3	NASDAQ 100 Stock Index	8,444.71	26.3	20.49	6.3	1.03	+2.09	+4.12	+33.41	+2.09
Europe										
4	EURO STOXX Index	399.97	19.7	14.35	1.7	3.21	+0.68	+2.41	+21.76	+0.67
5	Deutsche Boerse AG German Stock Index DAX	13,229.04	24.5	13.81	1.7	2.94	+0.49	+2.24	+25.29	+0.47
6	CAC 40 Index (France)	5,915.81	21.2	14.50	1.7	3.21	+1.038	+3.06	+25.05	+0.38
7	FTSE 100 Index (UK)	7,406.20	17.9	12.82	1.7	4.65	+1.08	+1.37	+10.08	+1.07
8	Swiss Market Index	10,507.04	24.5	16.16	2.7	3.15	+1.33	+2.43	+24.65	+1.32
Asia										
9	Nikkei 225 (Japan)	23,293.91	18.5	16.57	1.78	1.93	+0.78	+1.39	+16.38	+0.78
10	Hong Kong Hang Seng Index	26,346.49	11.2	9.93	1.2	3.94	-0.93	-1.64	-1.94	-0.93
11	Shanghai Stock Exchange Composite Index	2,871.98	13.7	10.47	1.4	2.64	-0.46	-2.78	+15.16	-0.46
12	Shenzhen Component Index	9,582.16	22.6	15.11	2.4	1.52	-0.46	-1.68	+32.35	-0.46
13	Taiwan Stock Exchange Weighted Index	11,489.57	18.7	15.66	1.7	3.72	-0.67	-1.37	+18.12	-0.67
14	Korea Stock Exchange KOSPI Index	2,087.96	16.3	11.15	0.8	2.20	-0.67	-0.23	+2.30	-0.67
SEA + Australia										
15	Straits Times Index STI	3,193.92	12.1	12.43	1.1	4.15	-0.98	-0.10	+4.08	-0.98
16	FTSE Bursa Malaysia Top 100 Index	10,909.30	21.4	15.29	1.5	3.77	-2.06	-0.92	+4.67	-2.06
17	Stock Exchange of Thailand SET 50 Index	1,070.23	18.5	15.66	2.0	2.85	-0.68	-0.35	+2.42	-0.68
18	Jakarta Stock Exchange Composite Index	6,011.83	18.8	13.92	2.0	2.29	-1.45	-4.29	+2.95	-1.45
19	Philippines Stock Exchange PSEi Index	7,738.96	16.8	15.13	1.9	1.67	-1.09	-3.16	+3.66	-1.09
20	Vietnam Ho Chi Minh Stock Index / VN30-Index	887.47	12.9	10.69	2.1	2.11	-0.54	-3.95	+3.80	-0.54
21	ASX 200 (Australia)	6,846.00	20.2	17.31	2.2	4.08	+2.03	+1.49	+21.25	+2.03

Data retrieved as of 29 November 2019

Our house view is that risk-reward ratios are not looking favourable going into the last month of 2019. We are beginning to see signs of a potential and impending reversal should the confluence of risks materialise. While equity markets have rallied against the backdrop of a slowing global economy, ahead of the "Phase 1" deal between the US and China as well as loose monetary policies, the confluence of risks in December can cause sentiments to quickly reverse and cause a significant selloff. To learn more about some tactical calls we have for next month, read [here](#) for Joel's latest trading strategy report.

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	Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
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