

## Overcoming obstacles, Achieving growth

- Anticipate 4Q24E to achieve a record high revenue over THB1b
- Expanding 40 branches in 2025E
- Initiated with a BUY and TP of THB55

### A bright star in the commerce sector's storm

In the current challenging stock market environment, where fear and uncertainty dominate investor sentiment, the commerce sector has not been spared. Even MOSHI, widely regarded as one of the top performers in the commerce sector, share price decline by 20% YTD. However, such a downturn may present a compelling investment opportunity. Historically, periods of crisis and market pessimism have often proven to be the best times to identify undervalued assets with strong fundamentals. MOSHI, with its robust operational performance, strategic growth initiatives, and market leadership, stands out as a potential gem poised for recovery and long-term growth.

### Winning hearts through localization and agility

MOSHI has solidified its position as Thailand's leading lifestyle product retailer, surpassing former market leaders like Daiso and standing strong against global competitors like Miniso and KKV. With over 40 years of expertise, MOSHI's success is driven by localization understanding, cost-efficient operations, and operational agility. Its product offerings, strategic collaborations, and innovative approach to capturing trends have set it apart in a competitive landscape. These strengths not only ensure MOSHI's market leadership but also position it for sustainable growth amidst intensifying competition.

### Holiday highs: Turning festive cheer into growth

MOSHI's 4Q24E performance reflects a remarkable turnaround, with QTD SSSG blending at around 20%. Oct to Nov-24 led the recovery, achieving over 26% SSSG, driven by operational improvements and the successful launch of new licensing products, such as Snoopy and products collaboration with NCT Dream in Oct-24. However, the first two weeks of December registered a SSSG of 8%, attributed to a typical high base of the peak festive shopping period.

### Building the base: Strategic scaling before international takeoff

For 2025E, MOSHI is targeting revenue growth of 15-20% and has revised its initial expansion plan of 20 new stores to 40, capitalizing on untapped domestic opportunities. The company's focus will center on hypermarket locations, such as Lotus's and Big C, as well as standalone stores. While hypermarkets and standalone formats typically attract lower foot traffic than malls, their considerably lower rental costs present an attractive trade-off.

### Initiated with a BUY and TP of THB55

We recommend a BUY for MOSHI with a TP of THB55, 2025E P/E of 27x, which aligns with its historical average. This valuation reflects MOSHI's exceptional management quality, its ability to adapt swiftly to market changes, and its consistent edge over competitors.

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ESG Rating : A

CG Rating : ▲▲▲▲▲

## BUY

Target Price 12M (THB)	55.00
VS. BB Consensus TP (%)	-8.0%
Share Price (THB)	42.75
Upside/Downside	+28.7%

### Share Data

Market Cap (THB m)	14,107.50
Par (THB)	1.00
Free Float (%)	25.00
Issued shares (m shares)	330

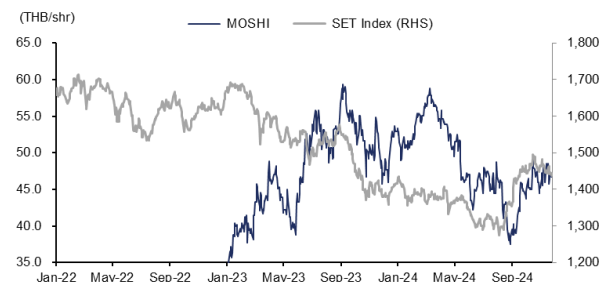
### Financial forecast

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,543	3,123	4,009	4,759
Net profit	402	516	661	800
Core net profit	402	516	661	800
vs Consensus (%)	-	5.8	12.2	15.8
Net profit growth (%)	58.6	28.6	28.0	21.0
Core net profit growth (%)	58.6	28.6	28.0	21.0
EPS (THB)	1.22	1.56	2.00	2.42
Core EPS (THB)	1.22	1.56	2.00	2.42
Chg in core EPS (%)	-	6.43	15.13	18.28
DPS (THB)	0.60	0.63	0.80	0.97
P/E (x)	43.97	27.32	21.34	17.63
P/BV (x)	7.48	8.91	6.13	5.12
ROE (%)	22.35	24.12	26.15	26.47
Dividend yield (%)	0.27	1.12	1.46	1.87

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(6.95)	(3.33)	(7.45)	(18.69)
Market	(4.13)	0.86	(12.85)	(17.82)
12M High/Low (THB)	59.75 / 36.50			



### Major Shareholders (%) as of 3 May 2024

MISS MONTHANA ASAVAMETHA	14.20
MR. SA-NGA BOONSONGKOR	9.60
MR. SOMCHAI BOONSONGKORH	9.60

### Company Profile

The Company operates a retail business that responds to the daily lifestyle of each group of consumers ("Lifestyle Products") under the company's brand "Moshi Moshi".

Source: SETSMART, SET

## Overcoming obstacles, Achieving growth

MOSHI has established itself as the premier lifestyle product retailer in Thailand, effectively overtaking the market dominance once held by Daiso. With a strong foundation rooted in over 40 years of experience as a B2C supplier of stationery and gift products, MOSHI demonstrates an unparalleled understanding of Thai consumer behavior and market dynamics. Despite intensifying competition from global players such as Miniso—the largest lifestyle retailer worldwide—and newer entrants like KKV, MOSHI has retained its leadership position. This success can be attributed to three strategic advantages: deep market expertise, cost efficiency coupled with a supply chain, and operational agility.

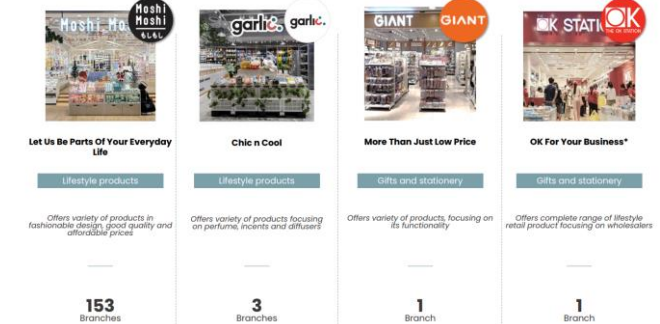
- 1. Deep Market Expertise:** MOSHI’s specialization in the Thai market enables it to deliver tailored product offerings that resonate with local tastes and preferences. This market-centric approach is reflected in its in-store elements, including optimized lighting, strategic product placements, and locally relevant merchandise. Such attention to detail creates a unique shopping experience that distinguishes MOSHI from international competitors.
- 2. Cost Efficiency and Strong Supply Chain:** Leveraging its long-standing experience as a supplier, MOSHI benefits from cost advantages comparable to global leaders like Miniso. Its well-established connections in China further strengthen its supply chain, ensuring quality, and affordable products.
- 3. Operational Agility:** MOSHI’s fast and flexible operations empower it to respond rapidly to consumer trends. Recent initiatives, such as collaborations with Thai artists and K-POP artists, highlight the company’s innovative approach to staying relevant in a competitive market. By continuously refreshing its product lineup and leveraging pop culture trends, MOSHI not only attracts younger demographics but also retains customer loyalty. This flexibility positions MOSHI to effectively counter challenges posed by both established competitors and new entrants like KKV.

### Exhibit 1: Business Overview



Sources: MOSHI

### Exhibit 2: Stores under MOSHI



Sources: MOSHI

Over 80% of MOSHI’s revenue is derived from its "Moshi Moshi" retail stores, with 17% generated from its four wholesale stores and the remaining contribution from e-commerce. For lifestyle retailers, e-commerce remains a minor revenue driver as consumer demand is predominantly fueled by impulse purchases made in physical stores. This underscores the importance of a strong on-site retail presence for MOSHI’s continued success.

As of 3Q24, MOSHI operates a total of 158 stores and is on track to reach 164 stores by the end of the year. This expansion represents a significant growth trajectory, with the number of stores increasing by over 30 during 2024—a 25% improvement. Such aggressive expansion highlights the company’s commitment to scaling its operations and capturing greater market share. The rapid increase in store count is supported by MOSHI’s strong supply chain and cost-efficient operations, enabling it to meet growing consumer demand effectively.

### Challenging Macroeconomic Conditions in 2024

In 2024, MOSHI faced similar challenges to other commerce companies due to Thailand’s subdued economic environment. High household debt and cautious consumer spending dampened retail performance, putting pressure on growth. The impact was particularly evident in 2Q24 when MOSHI also experienced a supply chain disruption caused by a production shortfall in its Chinese suppliers. This led to a temporary shortage of high-margin products, contributing to an 8.5% decline in SSSG.

To address these challenges, MOSHI took proactive steps to revitalize its product portfolio, diversified suppliers to improve operational efficiency. New product lines, such as blind boxes, home diffusers, and hair and body accessories, were introduced to align with the preferences of its core teenage demographic (Exhibit 3&4). In addition, MOSHI focused on enhancing in-store visual merchandising (Exhibit 5&6), forming strategic product collaborations, and exploring new customer engagement channels, such as Sanrio’s exhibition at Central World, to rejuvenate interest and drive foot traffic. These efforts highlight the company’s agility and commitment to adapting to shifting consumer demands

Exhibit 3: 2024’s new pet category



Sources: MOSHI

Exhibit 4: Blind box line up



Sources: Punpro

Although some initiatives, like the Sanrio-themed exhibition, fell short of expectations, MOSHI’s overall operational improvements yielded tangible results. The company turned its negative SSSG around, achieving a positive 5.7% growth in 3Q24. Looking ahead, MOSHI anticipates SSSG to improve significantly, targeting 15-20% SSSG in 4Q24, which is traditionally its strongest quarter due to festive-season demand. This recovery reflects MOSHI’s resilience and effective management strategies in navigating macroeconomic headwinds and operational challenges.

Exhibit 5: Improved shelf for high GP products



Sources: MOSHI

Exhibit 6: Improved shelf for high GP products



Sources: MOSHI

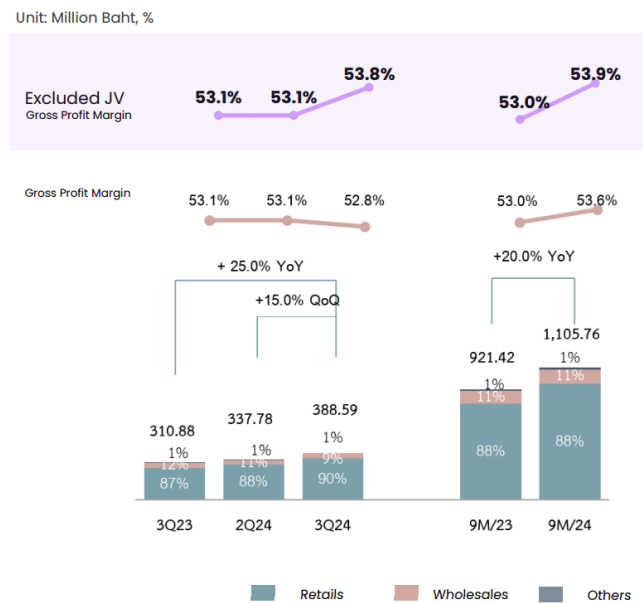
### How MOSHI turns “Recovery” into “Result” in 4Q24E

MOSHI's 4Q24E performance reflects a remarkable turnaround, with QTD SSSG blending at around 20%. Oct to Nov-24 led the recovery, achieving over 26% SSSG, driven by operational improvements and the successful launch of new licensing products, such as Snoopy and products collaboration with NCT Dream in Oct-24. However, the first two weeks of December registered a SSSG of 8%, attributed to a typical high base of the peak festive shopping period.

With the recovery in SSSG and the addition of 33 new stores during 2024, MOSHI is poised to deliver outstanding results in 4Q24E. We estimate revenue for the quarter to surpass THB1b, supported by a GPM of 54% (exclude JV were 55%). This marks an improvement from 3Q24's GPM of 52.8% (excluding JV were 53.8%) and aligns closely with 4Q23's 54.3% GPM. These improvements are expected to translate into a net profit of THB204m for the quarter, underscoring MOSHI's strategic focus on high GP product launches during its most critical quarter of the year.

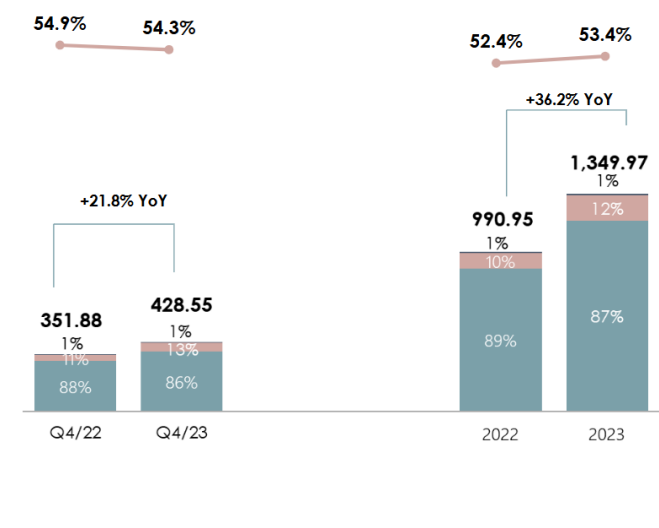
Despite facing challenges, such as the 2Q24 supply shortage that initially raised investor concerns, MOSHI has demonstrated strong recovery efforts and is poised to surpass its 2024E targets of 15-20% growth. However, we anticipate MOSHI to exceed this range, with an estimated revenue of THB3.1b (+22.8% y-y). The GPM is forecasted at 53.7% (including exhibition JV), slightly improving from 2023's 53.4%, and a net profit of THB516m (+28.6% y-y). This outlook underscores MOSHI's effective management strategies and its position as a leader in the Thai lifestyle retail market.

**Exhibit 7: 3Q23 – 3Q24 GPM**



Sources: MOSHI

**Exhibit 8: 2022-2023 GPM**



Sources: MOSHI

**Exhibit 9: MOSHI's 2025 strategic direction**



**LEADING LIFESTYLE RETAIL IN THAILAND  
WITH FOOTPRINTS IN SEA**

**Projected Revenue Growth 15-20%**



Store Footprint Expansion	New Store Format Pilot	Enhanced Customer Experience	New Product Lines & IP Selection	International Footprint
<p>Strong presence in Thailand's premier retail destinations, while strategically expanding our footprint to serve diverse customer segments across key locations</p> <p>40 Store expansion target</p>	<p>Pilot larger-format standalone stores in strategic locations to serve customer demands</p>	<p>Enhance in-store customer journey through improved service and shopping experience</p>	<p>Expanding product selection with new lines and IP merchandise to offer more customer choices</p>	<p>Presence in other countries in Southeast Asia</p>

Sources: MOSHI

**Redefining MOSHI's retail in 2025**

For 2025E, MOSHI is targeting revenue growth of 15-20% and has significantly revised its initial expansion plan of 20 new stores to 40, capitalizing on untapped domestic opportunities. The company's focus will center on hypermarket locations, such as Lotus's and Big C, as well as standalone stores. While hypermarkets and standalone formats typically attract lower foot traffic than malls, their considerably lower rental costs present an attractive trade-off.

MOSHI plans to introduce a "large-store" concept, featuring locations exceeding 300 sqm—larger than its current average store size of 210 sqm. This strategic initiative aims to enhance the customer experience by offering a wider product assortment and a more spacious, engaging shopping environment. By increasing the variety and visibility of its lifestyle products, MOSHI seeks to boost customer satisfaction and encourage longer in-store visits. The competitor like KKV in Bangkok also has attracted strong foot traffic with a store size over 500 sqm, suggests that this format has significant potential. MOSHI's large-store concept aligns with its strategy to innovate and adapt to evolving consumer preferences while capturing additional market share in high-growth areas.

**Next Frontier: Will MOSHI's local success shine in Southeast Asia?**

In addition to domestic growth, MOSHI is preparing to expand its footprint internationally, with a strategic focus on Southeast Asia as its first step. Since its IPO, the company has conducted extensive market research to understand overseas consumer behavior and analyze competitor strategies. This meticulous approach demonstrates MOSHI's intent to replicate its domestic success in new markets by leveraging its proven business model and localized product offerings. The company's efforts are bolstered by its commitment to understanding cultural nuances and customer preferences in target markets, a key factor in competing with established global players.

To mitigate risks and ensure smoother operations, MOSHI plans to enter new markets through joint ventures or partnerships with local players who have established networks and expertise. This collaborative approach will allow MOSHI to navigate local regulations and customer dynamics effectively. Currently, the company is negotiating details for its international expansion and anticipates that operations may commence in 2H25E if no significant delays occur. By combining local expertise with its innovative and cost-efficient business model, MOSHI aims to establish itself as a competitive player in the Southeast Asian lifestyle retail market

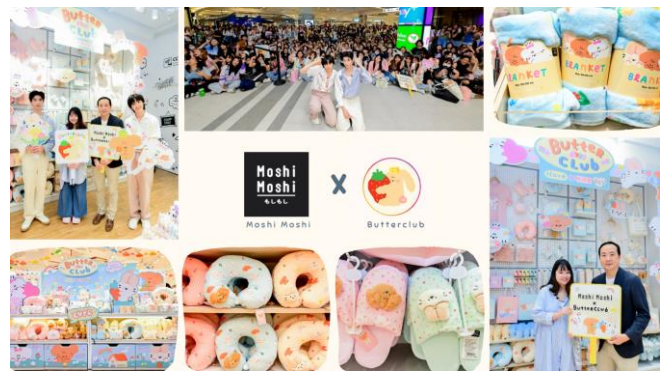
MOSHI plans to expand its product portfolio by launching new product lines tailored to local trends and consumer demands. Notably, we expect MOSHI to introduce its own blind box toys, leveraging its designers or strategic collaborations to create exclusive, trend-driven collectibles. These products will be distributed through MOSHI’s extensive store network, further enhancing foot traffic and driving impulse purchases.

**Exhibit 10: Moshi x NCT TEN&CANELE collaboration**



Sources: MOSHI

**Exhibit 11: Moshi x Butterclub collaboration**



Sources: MOSHI

### Finding “Opportunity” in “Adversity”

In the current challenging stock market environment, where fear and uncertainty dominate investor sentiment, the commerce sector has not been spared. Even MOSHI, widely regarded as one of the top performers in the commerce sector, has seen its stock decline by 20% YTD. However, such a downturn may present a compelling investment opportunity. Historically, periods of crisis and market pessimism have often proven to be the best times to identify undervalued assets with strong fundamentals. MOSHI, with its robust operational performance, strategic growth initiatives, and market leadership, stands out as a potential gem poised for recovery and long-term growth.

### Initiated with a BUY and TP of THB55

We recommend a BUY for MOSHI with a TP of THB55, 2025E P/E of 27x, which aligns with its historical average. This valuation reflects MOSHI’s exceptional management quality, its ability to adapt swiftly to market changes, and its consistent edge over competitors. The premium P/E is justified by the company’s proven operational resilience and strategic growth initiatives. Our forecast does not yet incorporate the potential upside from MOSHI’s planned international expansion, as details remain under negotiation. However, if the company successfully execute its overseas strategy, this could provide significant additional growth opportunities, further enhancing MOSHI’s investment appeal.

Balance sheet (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
<b>Current assets</b>					
Cash & ST investment	806	1,185	1,523	2,003	2,542
Account receivable	0	0	0	0	0
Inventories	404	422	515	666	790
Others	11	17	18	20	22
<b>Non-current assets</b>					
Net fixed assets	706	717	738	771	820
Others	874	1,302	1,302	1,302	1,302
<b>Total Assets</b>	<b>2,801</b>	<b>3,643</b>	<b>4,097</b>	<b>4,763</b>	<b>5,475</b>
<b>Current liabilities</b>					
Account payable	222	283	346	447	530
ST borrowing	0	0	0	0	0
Others	306	318	390	501	595
<b>Long-term liabilities</b>					
Long-term debts	610	997	997	997	997
Others	54	63	63	63	63
<b>Total liabilities</b>	<b>1,191</b>	<b>1,661</b>	<b>1,796</b>	<b>2,008</b>	<b>2,185</b>
Paid-up capital	300	330	330	330	330
Retained earnings	132	474	792	1,247	1,782
Others	1,178	1,178	1,178	1,178	1,178
Minority interest	0	0	0	0	0
<b>Shareholders' equity</b>	<b>1,610</b>	<b>1,982</b>	<b>2,300</b>	<b>2,755</b>	<b>3,290</b>

Key ratios					
Year ending Dec	2022	2023	2024E	2025E	2026E
<b>Growth (%YoY)</b>					
Sales	50.0	34.1	22.8	28.4	18.7
Operating profit	79.2	60.2	27.0	26.1	19.8
EBITDA	225.4	35.6	19.4	19.7	15.9
Net profit	274.9	58.6	28.6	28.0	21.0
Core net profit	92.9	58.6	28.6	28.0	21.0
EPS	92.9	58.6	28.6	28.0	21.0
Core EPS	92.9	58.6	28.6	28.0	21.0
<b>Profitability (%)</b>					
Gross margin	22.5	25.6	26.0	25.5	25.6
Operation margin	18.1	21.6	22.3	21.9	22.1
EBITDA margin	32.8	33.1	32.2	30.1	29.3
Net margin	13.4	15.8	16.5	16.5	16.8
ROE	19.7	22.4	24.1	26.2	26.5
ROA	10.6	12.5	13.3	14.9	15.6
<b>Stability</b>					
Interest bearing debt/equity (x)	0.4	0.5	0.4	0.4	0.3
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	12.8	10.3	9.4	11.7	14.1
Interest & ST debt coverage (x)	12.8	10.3	9.4	11.7	14.1
Cash flow interest coverage (x)	0.3	0.3	0.3	0.3	0.3
Current ratio (x)	2.3	2.7	2.8	2.8	3.0
Quick ratio (x)	1.5	2.0	2.1	2.1	2.3
Net debt (THB m)	(196)	(188)	(525)	(1,006)	(1,544)
<b>Activity</b>					
Asset turnover (X)	0.6	0.7	0.7	0.8	0.9
Days receivables	0.0	0.0	0.0	0.0	0.0
Days inventory	100.4	81.4	81.4	81.4	81.4
Days payable	55.1	54.6	54.6	54.6	54.6
Cash cycle days	45.3	26.8	26.8	26.8	26.8

Profit & loss (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
<b>Revenue</b>					
Revenue	1,896	2,543	3,123	4,009	4,759
Cost of goods sold	(1,468)	(1,891)	(2,311)	(2,987)	(3,541)
<b>Gross profit</b>	<b>427</b>	<b>652</b>	<b>812</b>	<b>1,022</b>	<b>1,218</b>
Operating expenses	(85)	(104)	(116)	(144)	(167)
<b>Operating profit</b>	<b>342</b>	<b>548</b>	<b>696</b>	<b>878</b>	<b>1,052</b>
<b>EBIT</b>	<b>342</b>	<b>548</b>	<b>696</b>	<b>878</b>	<b>1,052</b>
Depreciation	(279)	(294)	(310)	(327)	(344)
<b>EBITDA</b>	<b>621</b>	<b>843</b>	<b>1,006</b>	<b>1,205</b>	<b>1,396</b>
<b>Non-operating income</b>					
Other incomes	6	15	23	23	23
Other non-op income	0	0	0	0	0
<b>Non-operating expense</b>					
Interest expense	(27)	(53)	(74)	(75)	(75)
Other non-op expense	0	0	0	0	0
<b>Equity income/(loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pre-tax Profit</b>	<b>322</b>	<b>510</b>	<b>646</b>	<b>826</b>	<b>1,000</b>
Extraordinary items					
Current taxation	(69)	(108)	(129)	(165)	(200)
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>253</b>	<b>402</b>	<b>516</b>	<b>661</b>	<b>800</b>
<b>Core net profit</b>	<b>253</b>	<b>402</b>	<b>516</b>	<b>661</b>	<b>800</b>
<b>EPS (THB)</b>	<b>0.77</b>	<b>1.22</b>	<b>1.56</b>	<b>2.00</b>	<b>2.42</b>
<b>Core EPS (THB)</b>	<b>0.77</b>	<b>1.22</b>	<b>1.56</b>	<b>2.00</b>	<b>2.42</b>

Cash flow (THB m)					
Year ending Dec	2022	2023	2024E	2025E	2026E
<b>Operating cash flow</b>					
Operating cash flow	404	509	578	685	765
Net profit	253	402	516	661	800
Depre. & amortization	279	294	310	327	344
Change in working capital	19	52	40	59	52
Others	(148)	(239)	(289)	(362)	(431)
<b>Investment cash flow</b>	<b>(1,106)</b>	<b>(1,002)</b>	<b>(42)</b>	<b>2</b>	<b>38</b>
Net CAPEX	(234)	(305)	(305)	(305)	(305)
Change in LT investment	(640)	162	536	687	803
Change in other assets	(232)	(859)	(273)	(381)	(460)
<b>Free cash flow</b>	<b>(702)</b>	<b>(493)</b>	<b>536</b>	<b>687</b>	<b>803</b>
<b>Financing cash flow</b>	<b>1,220</b>	<b>(168)</b>	<b>(198)</b>	<b>(207)</b>	<b>(264)</b>
Change in share capital	1,253	30	0	0	0
Net change in debt	0	0	0	0	0
Dividend paid	(33)	(198)	(198)	(207)	(264)
Others	0	0	0	0	0
<b>Net cash flow</b>	<b>518</b>	<b>(661)</b>	<b>338</b>	<b>480</b>	<b>539</b>

Per share (THB)					
EPS	0.77	1.22	1.56	2.00	2.42
Core EPS	0.77	1.22	1.56	2.00	2.42
CFPS	1.61	2.11	2.50	2.99	3.47
BVPS	4.88	6.01	6.97	8.35	9.97
Sales/share	5.75	7.71	9.46	12.15	14.42
EBITDA/share	1.88	2.55	3.05	3.65	4.23
DPS	0.10	0.60	0.63	0.80	0.97
<b>Valuation</b>					
P/E (x)	47.6	44.0	27.3	21.3	17.6
P/BV (x)	11.07	7.48	8.91	6.13	5.12
Dividend yield (%)	0.00	0.27	1.12	1.46	1.87
Dividend payout ratio (%)	13.03	49.31	40.00	40.00	40.00

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### Analyst Certification

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

- BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral:** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight:** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.