Singapore Industry Focus

Singapore Industrial S-REITs

Refer to important disclosures at the end of this report

DBS Group Research . Equity

25 Jun 2020

Making up lost ground

- Divergent valuation multiples too attractive to ignore for selected industrial mid-cap S-REITs
- DPU growth of mid-cap industrial S-REITs are expected to outperform the large caps in FY21
- Selected mid-cap REITs have potential pipeline assets that may more than double AUM, if acquired
- Top picks for mid-cap REITs are ALLT and SBREIT

Divergent valuation multiples amongst mid-cap and large-cap industrial S-REITs a time-limited opportunity. While investors have rightfully awarded the larger-cap industrial S-REITs (top 5) premium valuations for their strong lineage, acquisition pipelines and stock liquidity, most of their share prices are close to multi-year highs. Therefore, we see relative value amongst the mid-cap industrial S-REITs where investors are rewarded with ample valuation buffers at P/NAV multiple gap of 0.8x (vs. historical average of 0.3x) and yield pick-up of 2.9% (vs. historical average of 1.9%). Amongst the mid-cap industrial S-REITs, we like AIT, ALLT and SBREIT which are yielding 6.9%, 8.5% and 9.1% respectively; and, we believe have the capacity and availability to tap on their Sponsors for inorganic growth in the longer term. M&A between industrial S-REITs may also spark a compression in yields when it happens.

Portfolio metrics of mid-cap REITs are not worse off than their large-cap counterparts. While acknowledging that there are higher concentration risks given their smaller-sized portfolios, we however see fairly similar portfolio risk profiles as per the large caps, in terms of tenant industry exposures (37% in technology & biomedical healthcare) and even asset types. In fact, SBREIT stands out for its relatively larger exposure in the business park/hi-specification segments which support the value-added manufacturing sector while ALLT stands out for its quality ramp-up properties in Singapore. In addition, the mid-cap industrial S-REITs have lower SME tenant exposure (4%) as compared to the large-cap S-REITs (9%).

Growth rates to converge in 2022; new Sponsors offer acquisition pipelines. While DPU growth has lagged over the past few years, this is expected to converge in 2021-2022 to 3%, which is largely organic in nature. In fact, with a new Sponsor in LOGOS (for ALLT), we see selected S-REITs being able to compete with the big boys for quality assets and potentially double their AUMs. Their Sponsors' overseas exposure also gives the mid-cap REITs the opportunity to expand overseas and diversify their portfolios. Similar to the large-cap REITs, mid-cap REITs can balance their portfolio land lease tenures by diversifying into freehold properties overseas.

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STOCKS

	Price S$	Mkt Cap US$m	12-mth Target Price S$	Performance (%) 3 mth	Performance (%) 12 mth	Rating
ARA LOGOS Logistics Trust	0.57	441	0.70	39.5	(29.4)	BUY
Ascendas India Trust	1.35	1,111	1.85	17.4	(1.5)	BUY
Soilbuild Business Space Reit	0.40	363	0.50	29.0	(34.9)	BUY

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 24 Jun 2020

YTD share price performance of industrial S-REITs

Industrial REITs	YTD (FY20)	YTD (from FY20 High)	YTD (from FY20 Low)
AREIT	8.1%	1.9%	15.5%
MLT	14.4%	-2.9%	24.4%
FLT	-5.7%	-7.3%	32.2%
KDCREIT	21.2%	-1.9%	15.6%
AIT	-13.5%	-18.8%	11.7%
EREIT	-25.5%	-27.5%	23.4%
AAREIT	-12.6%	-14.4%	17.9%
ALLT	-21.0%	-19.3%	24.2%
ECWREIT	-6.7%	-3.5%	28.7%
SBREIT	-22.1%	-19.8%	28.6%
SSREIT	-20.7%	-21.5%	19.7%

Source: DBS Bank, Bloomberg Finance L.P.

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Valuation spreads between large-cap and mid-cap industrial REITs are too wide to ignore

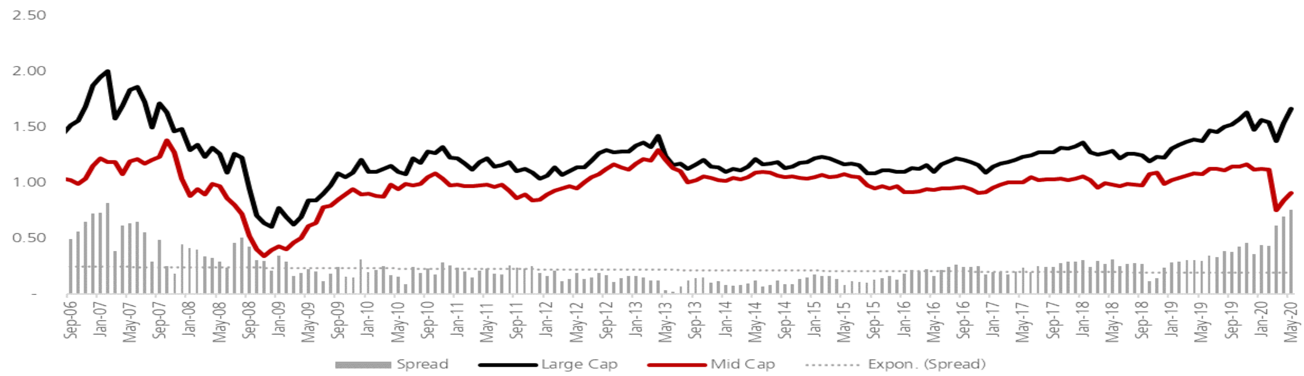
Divergent price-to-book (P/NAV) performance of large-cap and mid-cap industrial REITs. The five largest market cap industrial REITs have collectively been trading at a premium to their book values in the past, except for the Global Financial Crisis years of FY08-09 when average price-to-book fell to as low as 0.6x. Since the correction in March 2020 caused by the COVID-19 outbreak, prices of large-cap Industrial S-REITs have rebounded beyond their book values and are now trading at c.1.7x, or +1.5 standard deviation (SD) since FY06.

On the other hand, mid-cap REITs (AIT, EREIT, AAREIT, ALLT, ECWREIT, SBREIT, SSREIT) have historically been trading close to their book values, averaging 1.0x since FY06. Similarly, the average price-to-book ratio for mid-cap REITs hit the lowest (0.3x) in FY08-09. During the recent COVID-19 pandemic, mid-cap REITs traded at a discount to book value of 0.8x, the second sharpest decline in their history. Currently, mid-cap REITs are trading at 0.9x, a slight discount to book value or -0.5 SD.

Correspondingly, the price-to-book multiple gap between the large-cap and mid-cap REITs stand at c.0.8x. This is significantly higher than the historical average of 0.3x and is the second-widest gap between them since FY06.

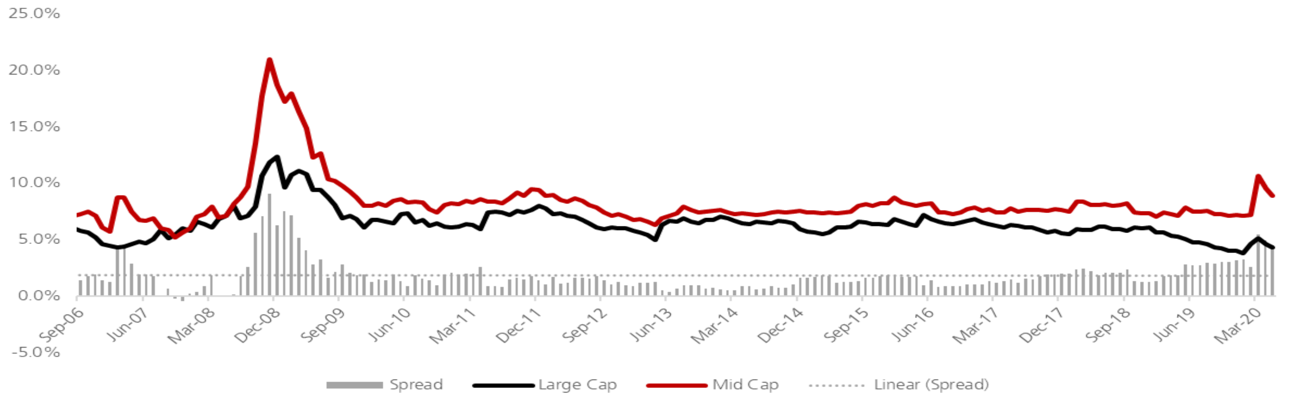
Large-cap dividend yields have been compressed. As a result of the higher share prices, large-cap REITs have historically been trading at a 6.4% yield, while mid-cap REITs trade 1.9ppts higher at 8.3%. However, the share price rally focusing on the larger S-REITs has brought average headline yields to 4.7%, the differential between the mid-cap S-REITs has now widened to 2.9%, which we find attractive.

Second largest price-to-book spread between large-cap and mid-cap REITs since FY06



Source: Bloomberg Finance L.P., Company, DBS Bank

Recent spike in dividend yields of mid-cap REITs mainly due to share price correction



Source: Bloomberg Finance L.P., Company, DBS Bank

Peer Comparison Table

Industrial REITs	Price S$	Rec	12-mth Target Price S$	Mkt Cap S$m	DPU (FY19/20)	DPU FY20/21	DPU FY21/22	Yield (FY19/20)	Yield (FY20/21)	Yield (FY21/22)	P/NAV
AREIT	3.21	BUY	3.45	11,597	16.0	16.1	16.4	5.0%	5.0%	5.1%	1.5
MLT	1.99	BUY	2.05	7,563	8.1	8.2	8.4	4.1%	4.1%	4.2%	1.6
FLT	1.15	BUY	1.40	3,920	7.3	7.4	7.8	6.3%	6.5%	6.7%	1.1
KDCREIT	2.52	BUY	2.55	4,115	7.6	8.3	9.3	3.0%	3.3%	3.7%	2.2
AIT	1.34	BUY	1.85	1,532	6.4	9.4	10.4	4.8%	7.0%	7.7%	1.2
EREIT	0.40	BUY	0.43	1,377	4.0	2.8	3.2	10.2%	7.2%	8.1%	0.9
AAREIT	1.25	BUY	1.40	864	9.5	9.5	9.6	7.6%	7.6%	7.7%	0.9
ALLT	0.57	BUY	0.70	612	6.0	4.8	4.8	10.7%	8.5%	8.6%	1.0
ECWREIT	0.70	BUY	0.80	557	6.0	5.7	6.3	8.7%	8.2%	9.1%	0.8
SBREIT	0.41	BUY	0.50	512	4.2	3.7	3.8	10.4%	9.1%	9.3%	0.7
SSREIT	0.37	HOLD	0.48	384	2.9	2.7	2.9	8.0%	7.3%	7.9%	0.6

Source: Bloomberg Finance L.P., Company, DBS Bank

Mid-cap REITs are trading at -0.5 SD to their historical average P/NAV

Industrial REITs	P/NAV	Mean	+1 SD	- 0.5 SD	-1 SD	-2 SD	Trough
AREIT	1.49	1.24	1.36	1.24	1.12	1.00	1.03
MLT	1.58	1.14	1.27	1.14	1.01	0.88	0.91
FLT	1.13	1.19	1.30	1.19	1.08	0.97	1.01
KDCREIT	2.21	1.40	1.64	1.40	1.16	0.92	1.09
AIT	1.24	1.30	1.46	1.30	1.14	0.98	0.91
EREIT	0.92	0.97	1.13	0.97	0.81	0.65	0.75
AAREIT	0.93	0.95	1.07	0.95	0.83	0.71	0.66
ALLT	0.96	1.13	1.22	1.13	1.04	0.95	0.96
ECWREIT	0.82	0.83	0.88	0.80	0.77	0.71	0.62
SBREIT	0.69	0.96	1.03	0.96	0.89	0.82	0.83
SSREIT	0.64	0.84	0.84	0.77	0.71	0.57	0.50

Source: Bloomberg Finance L.P., Company, DBS Bank

Financial Metrics are broadly similar

Positives in the larger-cap S-REITs are priced in; mid-cap S-REITs offer good value. The difference in trading performance between the large-cap industrial S-REITs ("large-cap S-REITs") and mid-cap industrial S-REITs ("mid-cap S-REITs") could be attributed to several factors including trading liquidity, portfolio diversification and diversified funding sources.

With a market capitalisation of at least S$3bn, large-cap S-REITs have a significantly higher market free float than the mid-cap S-REITs. Moreover, the large-cap REITs are constituents of the various MSCI and EPRA NAREIT indices which help increase trading liquidity. Large-cap REITs also have a more geographically diversified portfolio, with an average of more than 42% of their portfolio contributed by overseas assets in Asia Pacific, Europe and the US.

Excluding AIT and ECWREIT, mid-cap REITs only have an average of 22% of their portfolio diversified overseas. As seen in the chart below (*DPU growth chart on page 5*), the global economic contraction in FY08-09 affected the earnings and DPU growth of all REITs regardless of their market cap. However, events that are more country-specific such as the 2-month Circuit Breaker measures in Singapore will have a larger impact on the earnings of mid-cap REITs as their portfolios are more concentrated in Singapore.

Strong access to funding is not only limited to large-cap S-REITs. While the large-cap S-REITs have access to a larger number of borrowers to diversify their funding sources and enjoy lower funding costs at an average all-in borrowing rate of 2.6% as compared to the significantly higher borrowing rate of 3.7% for the mid-cap REITs (excluding AIT and ECWREIT). However, we do note that the refinancing spread has been compressing over time selectively, especially with the entry of ESR as sponsor of ESR-REIT (formerly Cambridge Industrial Trust), credit spreads have also compressed over time with new banking relationships being established. If potential acquisitions or M&A materialise, we believe that credit spreads will further compress as the mid-cap S-REITs bulk up and diversify their earnings base.

Mid-cap REITs have higher gearing levels on average. While investor perception is that financial metrics for the mid-cap S-REITs are weaker, this is not true given that on a weighted average basis, gearing levels of mid-cap S-REITs are only 0.2ppts higher than that of the large-cap REITs (35.8% vs. 35.6%). The higher gearing ratios only apply to EREIT and ALLT at 41.7% and 40.8% respectively. However, other balance sheet metrics are similar with ICR ratios in excess of 2.5x.

There are concerns about some mid-cap S-REITs having a higher need to recapitalise their balance sheets, but we see this risk being mitigated by the higher MAS gearing limit of 50%. With the increase in gearing limit to 50%, all S-REITs have a larger debt headroom and would not breach the new limit even if portfolio valuations decline by up to 15%.

As highlighted in our previous report (The Next Big Test for S-REITs), we estimate that portfolio valuations of industrial REITs should not decline by more than 5%. At this level, the gearing levels of EREIT and ALLT would inch up to 44% and 42% respectively, giving them ample buffer to the revised leverage limit. Among the mid-cap REITs, AIT, AAREIT and SSREIT have the lowest gearing currently.

Key financial metrics

Industrial REITs	Current gearing	Gearing @ 5% decline	FY20 ICR ratios	ICR Ratio @ 25% dip in EBIT	ICR Ratio @ 50% dip in EBIT
AREIT	35.1%	36.9%	5.8	4.4	2.9
MLT	39.3%	41.4%	5.2	3.9	2.6
FLT	35.5%	37.4%	8.3	6.2	4.1
KDCREIT	32.2%	33.9%	15.9	11.9	7.9
AIT	28.0%	29.5%	6.0	4.5	3.0
EREIT	41.7%	43.9%	2.9	2.2	1.5
AAREIT	35.2%	37.1%	5.4	4.1	2.7
ALLT	40.8%	42.2%	3.6	2.7	1.8
ECWREIT	38.7%	40.7%	4.3	3.2	2.1
SBREIT	38.5%	40.5%	3.4	2.5	1.7
SSREIT	31.5%	33.2%	3.8	2.9	1.9

Source: Bloomberg Finance L.P., Company, DBS Bank

Growth to converge in 2021-2022

DPU growth of mid-cap REITs expected to outperform in FY21, converge in FY22. Despite some structural and fundamental differences between the large-cap and mid-cap REITs as mentioned in the previous pages, we expect the latter to post strong DPU growth rates in FY21. This is mainly due to a rebound from the sharp decline in the earnings of mid-cap REITs in FY20. Based on our estimates for FY21-22, DPU of mid-cap REITs are expected to grow by 6% and 3% respectively, outperforming the large caps.

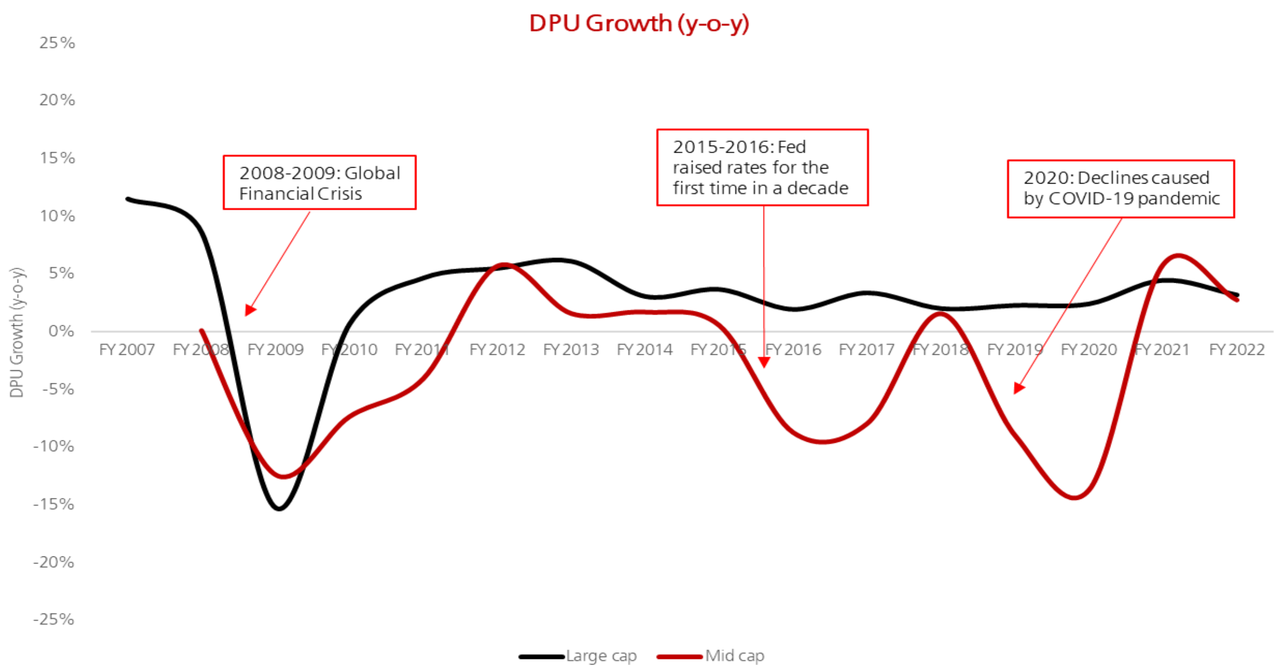
DPU of mid-cap REITs are expected to decline in FY20 mainly due to the retention of income for rental rebates and deferrals, as well as the lack of geographical diversification. However, the mid-cap REITs have gradually increased their overseas portfolio over the years. ALLT and SBREIT have the most geographically diversified portfolio among the mid-cap REITs. Approximately 27% and 17% of ALLT's and SBREIT's portfolios are in Australia.

Although the retention of income in anticipation of rental rebates and deferrals is a drag to earnings in FY20, mid-cap REITs are expected to post a strong rebound in FY21. EREIT, ALLT and AAREIT have made the most significant income retentions (as a percentage of projected FY20 distribution income) of 7%, 5% and 4% respectively. However, in the absence of income retention, the mid-cap REITs are expected to post an average DPU growth of 6% in FY21.

Mid-cap REITs have also demonstrated their capital management abilities in coping with tightening credit markets. Amidst the increasing borrowing margins, mid-cap REITs have not been impacted as most have refinanced their debt obligations early before margins started to rise. With more funding sources and access to alternative debt instruments, some mid-cap REITs could in fact lower their cost of debt. For example, EREIT recently redeemed S$160m of MTNs in April and May. At the cost of 4.10% and 3.95%, the replacement of these MTNs with term loans are expected to lower EREIT's all-in borrowing costs from 3.8% to 3.7%.

Dividend differential between large-cap and mid-cap REITs are unusually high. Currently, the average dividend yield differential between the large-cap and mid-cap REITs is 2.9%, significantly higher than the historical average of 1.9%. This implies that share prices of mid-cap REITs have an average upside of c.18% before dividend yields compress and differentials normalise at 1.9%.

DPU growth of mid-cap REITs expected to outperform that of large-cap REITs



Source: Company, DBS Bank

Sponsors of Industrial S-REITs

Sponsor pipeline as a major source of growth for large-cap REITs. Large-cap S-REITs have been able to grow their portfolios at a much faster rate than the mid-cap S-REITs as the former have their Sponsors' assets to tap. Large-cap REITs have access to highly sought-after assets as well as sizeable portfolios of overseas assets to make their entry into a new jurisdiction meaningful and efficient.

With the likes of CapitaLand Limited, Mapletree Investments, Frasers Property and Keppel Corporation as Sponsors of the large-cap REITs offering a major source of acquisitions for their S-REITs, we do see emerging opportunities for selected mid-cap S-REITs to tap.

Selected mid-cap S-REITs have opportunities to double their existing portfolios. Since ESR replaced Cambridge Industrial Trust's Sponsor in FY17, EREIT has had access to an enlarged pipeline of more than S$4bn of logistics assets throughout China, Singapore, Japan and Australia. While the S-REIT has yet to tap its Sponsor's pipeline of properties, the availability is not recognised by investors for now.

ALLT – new pipelines to tap. Most recently, the partnership between ARA and LOGOS has paved the way for an enlarged pipeline for ALLT. LOGOS currently has an AUM worth up to S$9.4bn, and its logistics assets in Singapore, Australia and China would complement ALLT's portfolio. We estimate that the value of the pipeline can make ALLT a force to be reckoned with over time.

SBREIT – attractive assets in Singapore. We are attracted by the Sponsor's development of two pipeline assets (Solaris@ Tai Seng, and Solaris@Kallang) from Soilbuild Group which when acquired, will significantly improve the portfolio quality in the longer term.

Overall, we believe that the enhanced pipeline will lead to the re-rating of these mid-cap REITs once they begin to deliver sizeable acquisitions from their Sponsors.

Mid-cap REITs have an enhanced pipeline from their Sponsors

REIT	Sponsor	Pipeline	Potential growth in AUM
AREIT	CapitaLand Limited	S$1.6bn of assets in Singapore; c.89% - business parks, c.7% - data centres	< 20%
MLT	Mapletree Investment Pte Ltd	More than 4.7m sqm of logistics properties that are newly completed or under development; China, Vietnam, Malaysia and Australia	< 20%
FLT	Frasers Property	ROFR to acquire more than S$5bn of logistics, business parks and commercial properties in Australia, UK, Europe, Singapore, etc.	> 100%
KDCREIT	Keppel Telecommunications & Transportation	Sponsor and related entities hold assets Australia, Europe and Malaysia	> 50%
AIT	CapitaLand Limited	S$600m of assets in India; mostly business parks	> 20%
EREIT	ESR Cayman Limited	More than S$4bn of assets held on Sponsor's balance sheet; logistics and industrial properties in China, Singapore, Japan and Australia	> 100%
AAREIT	AIMS Financial Group	-	-
ALLT	ARA and LOGOS	6m sqm of logistics properties owned and under development by LOGOS, with a completed AUM of S$9.4bn; mainly in Singapore, Australia and China	> 100%
ECWREIT	Forchn Holdings Group Co. Ltd.	Warehouses and logistics facilities that are managed by the Cainiao Network and Ruyicang	-
SBREIT	Soilbuild Group	Two Solaris-branded high-spec business space projects with a combined GFA of c.7.5m sqft	> 50%
SSREIT	ESR Cayman Limited	More than S$4bn of assets held on Sponsor's balance sheet; logistics and industrial properties in China, Japan and Australia	> 100%

Source: Company, DBS Bank

Similar portfolio metrics across the industrial S-REITs

Mid-cap REITs' exposure to SME tenants are contained. Industrial landlords in Singapore are required to provide SME tenants who have been severely affected by the COVID-19 pandemic a one-month rental waiver. Fortunately, most mid-cap REITs have taken the prudent stance of retaining some income in 1Q20 in anticipation of these rental waivers and rebates. Despite this, there are still concerns on whether the income retained is sufficient.

Overall, the mid-cap REITs' exposures to SME tenants in Singapore are between 30-40%, higher than the large-cap REIT's average exposure of 20-30%. However, the mid-cap REITs had been more proactive in retaining income in the previous quarter and we believe that most have sufficient buffers in place.

Assuming that mid-cap REITs have to provide a one-month rental waiver for all SME tenants, this would account for c.3% of their annual revenue. Based on our estimates, mid-cap REITs would be able to cover most of the one-month rental waiver with the income retained so far, and any further income retention in 2Q20 should be lower than in the previous quarter. As such, we do not expect any significant downside risk to our revised estimates for the mid-cap REITs.

Provisions have been made for rental waivers

S- REITs	Portfolio exposure to SME	SME's contribution to monthly revenues	Income retained (S$'m)	Retained income as a % of full-year revenues
AREIT	15%	1%	-	-
MLT	12%	1%	-	-
FLT	-	-	-	-
KDCREIT	-	-	-	-
AIT	-	-	-	-
EREIT	35%	3%	7.0	3%
AAREIT	40%	3%	2.9	2%
ALLT	38%	3%	2.5	2%
ECWREIT	-	-	0.5	-
SBREIT	30%	3%	0.8	1%
SSREIT	-	-	-	-

Source: Companies, DBS Bank

Tenant industry diversifications are similar; mid-cap S-REITs have greater weightage in the bio-med and consumer sectors. The COVID-19 pandemic has brought forth some structural changes in the economy and led to acceleration of certain trends. The widespread outbreak has made the biomedical and healthcare sector more crucial than before. The continued drive to digitalise the economy will drive the technology and infocomm sector, and the rise of e-commerce would benefit the logistics and distribution sector. We believe that the consumer goods sector will continue to be a mainstay and remain relatively stable, and so will the government sector and non-profit organisations.

However, the depressed oil prices and projected economic slowdown will pose a challenge for those in the oil and gas, commodity and marine sectors. Lockdowns of nations to curb the spread of COVID-19 have weighed negatively on international travel and tourism, and put pressure on the aerospace sector.

We compared the exposure of industrial REITs to tenants in the various sectors and noticed that the exposure among the large-cap and mid-cap REITs are actually very similar. The proportions of their exposures to the fast-growing sectors and declining sectors are on par.

Although it may be too generic to access each REIT's earning risks according to tenant industry as there will be winners and losers in every sector, we believe that this gives us a very good sense of their tenant diversification. Among them, a large-cap industrial REIT and MLT have the highest exposures to the commodity, marine and aerospace industries, accounting for c.21% and c.10% of their tenants respectively.

Breakdown of Industrial S-REITs by tenant industry subsectors

Industrial REITs	Technology, Infocomm	Biomedical, Healthcare	Consumer goods	Logistics, Distribution	Government, NPO	Oil & Gas, Commodities, Marine, Aerospace	Others
Large-cap average	34%	5%	21%	15%	4%	9%	26%
AREIT	25%	13%	4%	18%	6%	3%	30%
MLT	16%	3%	40%	-	-	10%	31%
FLT	7%	2%	30%	26%	6%	4%	25%
KDCREIT	92%	-	-	-	-	-	8%
Mid-cap average	32%	5%	16%	18%	12%	4%	30%
AIT	67%	3%	6%	7%	-	1%	16%
EREIT	24%	4%	2%	28%	-	3%	39%
AAREIT	19%	15%	20%	28%	-	-	18%
ALLT	4%	1%	54%	-	-	2%	40%
ECWREIT	49%	-	-	36%	-	-	16%
SBREIT	21%	1%	4%	2%	12%	7%	53%
SSREIT	36%	9%	9%	8%	-	9%	30%

Source: Companies, DBS Bank

Mid-cap REITs hold on to some of the very highly sought-after assets. Again, as a very generic classification, we looked at the various asset types that each industrial REIT holds. Given the limited new supply and structural changes, we believe that business parks and high-tech buildings (including data centres) will continue to see healthy take-up rates and rental growth. Due to the limited existing stock in the market, these assets are usually tightly held by landlords and their capital values are also expected to remain strong. Modern logistics and ramp-up facilities are gradually replacing the less-efficient industrial facilities served by cargo lifts, and this is another asset class that should outperform the older generic warehouses.

Overall, mid-cap REITs' portfolio of these newer and more resilient asset types are relatively similar to that of large caps. Business parks, high-tech buildings, and modern logistics facilities make up c.85% of the mid-cap REITs' portfolio, marginally lower than the 88% for the large-cap REITs. Interestingly, SBREIT has the highest proportion of its portfolio in the form of business parks, at 46%.

Remaining land lease tenure increases as REITs diversify overseas. The majority of industrial properties in Singapore sit on a 30-year land lease, while those in Australia, Europe and the US are typically on freehold land. Overseas assets account for approximately 43% of large-cap REITs' portfolio, while only accounting for 9% of mid-cap REITs' portfolio. As such, it comes as no surprise that the remaining portfolio land tenures for the mid-cap REITs average 56 years as compared to the large-cap REITs' 63 years.

Mid-cap REITs have a large proportion of exposure to business parks

Industrial REITs	SG	Overseas*	Land Lease Tenure	Business parks	High-Tech and Data centres	Logistics and Ramp-up	Others
Large cap	**57%**	**43%**	**63**	**19%**	**29%**	**40%**	**12%**
AREIT	72%	28%	60	42%	17%	25%	16%
MLT	37%	63%	57	-	-	100%	-
FLT	22%	79%	92	20%	-	59%	22%
KDCREIT	55%	45%	72	-	100%	-	-
Mid cap	**58%**	**42%**	**55**	**38%**	**11%**	**37%**	**14%**
AIT	0%	100%	99	95%	-	5%	-
EREIT	100%	0%	32	29%	16%	23%	33%
AAREIT	90%	10%	37	17%	10%	47%	27%
ALLT	73%	27%	54	-	-	100%	-
ECWREIT	0%	100%	37	-	-	100%	-
SBREIT	83%	17%	51	46%	22%	10%	22%
SSREIT	100%	0%	31	-	54%	37%	9%

**Freehold properties are assumed 99 years.*

Source: Companies, DBS Bank

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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