



19 October 2011

## India Equity Strategy

# Portfolio Musings: Time to look at banks

## Portfolio Musings: Continue to remain cautious

We continue to believe equity markets will stay cautious with no credible solution yet on the European situation. Domestically too, the window of likely policy action (relaxed FDI, fuel price and fertilizer subsidy reform) is now threatening to close for the medium term with Uttar Pradesh state elections drawing closer (unless prescheduled, expected in May 2012). However, while inflation remains elevated, we believe that policy rates may be approaching a peak with expectations of slowing global growth and increasing regulatory focus on exchange-traded commodities. Although valuations are beginning to look attractive for the Indian market, investors are now increasingly beginning to look at the outlook for FY13, where the jury, on economic growth and earnings growth, is still not in. However, the Indian hinterland - driven by rising prosperity in tier 2 and tier 3 towns, remains robust doing the heavy lifting for the Indian economy along with services.

## Raising O/W on banks, reiterating conviction Buys on tractors & 2-wheelers

Our banking analysts Manish Karwa and Manish Shukla believe that the banking sector is trading at trough valuations, despite conservative estimates on asset quality (a legitimate concern, which may already be priced in). Following the high conviction call from our banking team, we raise our overweight on banks to 179bps with SBI and HDFC Bank the top picks in our model portfolio. We continue with our high conviction O/W call on **2-wheelers and tractors** (M&M and Bajaj Auto) as we believe that continuing strength in India's hinterland (aided by strong monsoon) should drive robust demand for tractors and 2-wheelers. Our key U/Ws are: (a) **Utilities** - with power sector continuing to languish from coal-shortage, (b) **Metals** - we see further risk to global commodity prices from slowing global growth plus increased regulatory focus on exchange traded commodities.

## Key additions: SBI, cement, NHPC & Exide; Deletions: SunTV, Bharat Forge

New additions to our portfolio: **SBI** - a top pick with our banking analysts as SBI's NIM trajectory has been improving, while its strong liability franchise continues to help immobilize low-cost deposits. We also add 3 cement stocks (**Ultratech, ACC & Shree Cement**); our cement analyst foresees rising capacity utilization and narrowing price differentials between wholesale and retail prices benefitting key cement players. We introduce **NHPC** (regulatory focus for hydro power expected to turn favorable) and **Exide** (EBITDA margins to improve). Top Picks: **Asian Paints, Bharti, Bajaj Auto, Coal India, HDFC Bank, ITC, JSPL, L&T, M&M, SBI.**

## DB India Model Portfolio continues to outperform benchmark MSCI India

Our model portfolio has outperformed MSCI India by 102bps since 5<sup>th</sup> August 2011 (date of last change to the portfolio) driven chiefly by our O/W stance on 2 wheelers and tractors. Our Model portfolio has outperformed MSCI India by 384bps YTD and by 455bps YoY respectively.

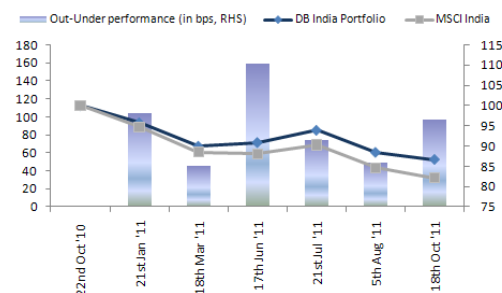
### Abhay Laijawala

Strategist  
(+91) 22 6658 4205  
abhay.laijawala@db.com

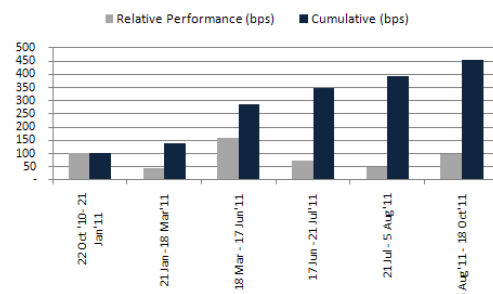
### Abhishek Saraf

Strategist  
(+91) 22 6658 4221  
abhishek.saraf@db.com

## DB Model Portfolio and MSCI India Performance



## DB India Model Portfolio vs. MSCI India



Deutsche Bank AG/Hong Kong

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MICA(P) 146/04/2011.

# Portfolio positioning

## Sector positioning

**Figure 1: Key over weight, under weight and neutral sectors**

Overweight	Neutral	Underweight
Autos	Cement	Healthcare
Banks/Financials	Consumer Staples	IT Services
Energy	Industrials	Metals
Telecom	Media	Utilities

Source: Deutsche Bank

Figure 2: DB India Model Portfolio

		Last Price	% Up	Mcap				P/E (x)		EPS Growth (%)		P/BV (x)		ROE (%)	
Company	Reco	INR	side	USD Mn	MSCI wt.	DB wt.	O/U wt.	FY12e	FY13e	FY12e	FY13e	FY12e	FY13e	FY12e	FY13e
<b>CONSUMER DISCRETIONARY</b>					<b>6.16</b>	<b>8.52</b>	<b>236 bps</b>								
<i>Automobiles &amp; Components</i>					<i>5.33</i>	<i>6.80</i>	<i>147 bps</i>								
Bajaj Auto	Buy	1,622	11%	9,563	1.21	2.41	120 bps	16.1	14.2	12.5	12.9	7.5	5.9	52.3	46.2
Exide Ind	Buy	135	11%	2,341		0.20	20 bps	17.6	14.6	7.9	21.0	3.6	3.0	21.9	22.6
Mahindra & Mahindra	Buy	801	12%	10,007	2.11	3.41	130 bps	17.4	14.2	10.6	22.2	4.0	3.4	25.2	25.7
Maruti	Hold	1,059	9%	6,227	0.63	0.78	15 bps	12.5	11.2	6.4	11.3	1.9	1.6	16.0	15.5
<i>Consumer Durables &amp; Apparel</i>					<i>0.40</i>	<i>1.05</i>	<i>65 bps</i>								
Titan	Buy	220	25%	3,975	0.40	1.05	65 bps	30.5	24.3	46.2	25.8	13.8	10.0	52.2	47.7
<i>Hotels, Restaurants &amp; Leisure</i>					<i>0.00</i>	<i>0.00</i>	<i>0 bps</i>								
<i>Media</i>					<i>0.42</i>	<i>0.67</i>	<i>25 bps</i>								
Zee Entertainment	Buy	112	43%	2,233	0.42	0.67	25 bps	16.7	14.3	12.4	16.5	2.3	2.1	14.3	15.1
<i>Retailing</i>					<i>0.00</i>	<i>0.00</i>	<i>0 bps</i>								
<b>CONSUMER STAPLES</b>					<b>7.35</b>	<b>7.73</b>	<b>38 bps</b>								
<i>Food Beverage &amp; Tobacco</i>					<i>4.54</i>	<i>5.77</i>	<i>123 bps</i>								
ITC	Buy	204	8%	32,249	3.92	5.12	120 bps	24.4	22.2	30.6	9.8	8.0	6.7	36.5	32.8
Nestle	Hold	4,130	8%	8,104		0.65	65 bps	37.3	29.7	32.1	25.5	31.8	22.6	101.8	88.8
<i>Household &amp; Personal Products</i>					<i>2.81</i>	<i>1.96</i>	<i>-85 bps</i>								
Hindustan Unilever (HUL)	Hold	331	-6%	14,586	2.46	1.96	-50 bps	27.5	23.4	20.5	17.3	20.7	17.7	81.0	81.3
<b>ENERGY</b>					<b>12.85</b>	<b>14.30</b>	<b>145 bps</b>								
<i>Consumable Fuels</i>					<i>1.42</i>	<i>2.22</i>	<i>80 bps</i>								
Coal India	Buy	327	38%	42,075	1.42	2.22	80 bps	14.1	11.8	32.4	19.8	4.7	3.7	37.5	34.8
<i>Oil &amp; Gas</i>					<i>11.43</i>	<i>12.08</i>	<i>65 bps</i>								
Oil & Natural Gas Corp (ONGC)	Buy	270	35%	47,048	1.79	2.34	55 bps	8.4	7.7	21.6	8.0	1.7	1.5	22.0	20.8
Petronet LNG	Buy	165	20%	2,525		0.55	55 bps	12.5	11.6	50.9	7.6	3.4	2.8	30.8	26.6
Reliance Industries	Buy	815	30%	54,346	9.17	9.19	2 bps	11.6	10.2	27.2	13.4	1.7	1.5	15.5	15.4
<b>FINANCIALS</b>					<b>28.01</b>	<b>28.81</b>	<b>80 bps</b>								
<i>Banks</i>					<i>16.35</i>	<i>18.14</i>	<i>179 bps</i>								
Axis Bank	Buy	1,089	31%	9,124	2.12	2.61	50 bps	11.1	9.1	20.7	21.0	2.1	1.8	20.1	20.9
HDFC Bank	Buy	474	20%	22,522	6.15	6.95	80 bps	22.8	17.8	32.2	28.1	0.7	0.6	19.1	20.9
ICICI Bank	Hold	876	27%	20,534	6.07	6.47	40 bps	16.3	13.3	20.5	22.6	1.7	1.6	11.0	12.3
Sate Bank of India (SBI)	Hold	1,855	38%	23,980	1.01	1.91	90 bps	7.5	5.9	45.5	27.6	1.2	1.1	17.6	19.1
Yes Bank	Buy	279	36%	1,994		0.20	20 bps	10.1	8.1	33.0	24.3	2.1	1.8	23.3	23.8
<i>Diversified Financials</i>					<i>3.42</i>	<i>1.47</i>	<i>-195 bps</i>								
Power Finance Corp	Buy	142	114%	3,833		0.20	20 bps	5.2	4.3	20.1	21.4	1.0	0.8	20.0	21.0
Rural Electrification Corp (REC)	Buy	171	64%	3,439	0.44	0.63	20 bps	6.1	5.2	10.8	18.0	1.2	1.0	21.0	21.6
Shriram Transport Finance	Buy	598	41%	2,750	0.64	0.64	0 bps	8.9	7.8	19.7	14.4	2.2	1.8	26.9	24.9
<i>Thriffs and Mortgage Finance</i>					<i>6.80</i>	<i>6.70</i>	<i>-10 bps</i>								
Housing Development Finance Corp (HDFC)	Buy	671	20%	20,083	6.24	6.70	46 bps	24.0	20.0	18.6	20.0	5.0	4.3	22.6	23.7
<i>Real Estate</i>					<i>1.43</i>	<i>2.50</i>	<i>107 bps</i>								
DLF	Buy	228	14%	7,871	0.80	1.80	100 bps	25.4	16.5	0.7	54.2	1.4	1.3	5.8	8.4
Sobha Developers	Buy	229	46%	457		0.70	70 bps	12.5	9.0	-2.4	39.2	1.1	1.0	9.2	11.8

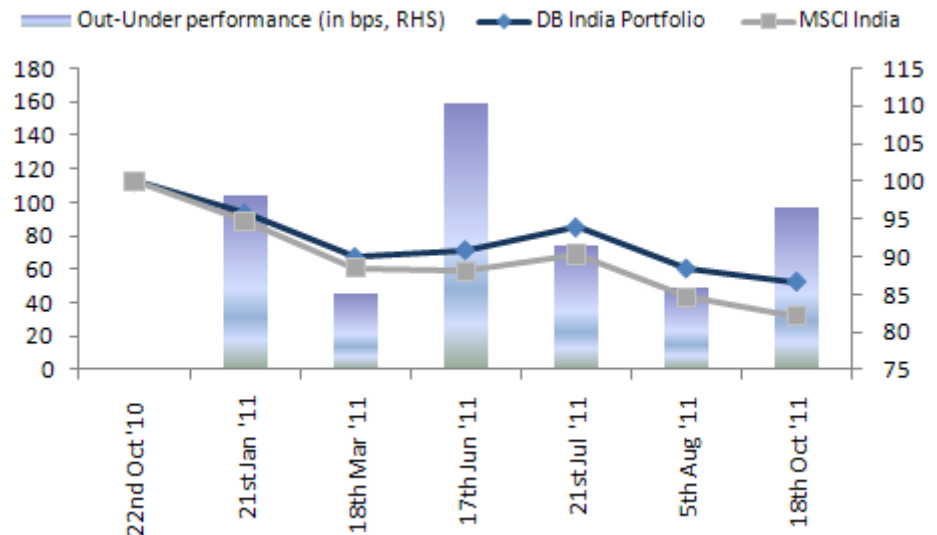
Figure 3: DB India Model Portfolio

		Last Price	% Up	Mcap				P/E (x)		EPS Growth (%)		P/BV (x)		ROE (%)	
Company	Reco	INR	side	USD Mn	MSCI wt.	DB wt.	O/U wt.	FY12e	FY13e	FY12e	FY13e	FY12e	FY13e	FY12e	FY13e
<b>HEALTH CARE</b>					<b>4.68</b>	<b>3.13</b>	<b>-155 bps</b>								
Aurobindo Pharma	Buy	124	78%	733		0.65	65 bps	6.1	4.7	15.1	27.9	1.4	1.1	23.7	25.4
Cipla	Hold	286	-4%	4,674	0.81	0.81	0 bps	21.9	19.0	9.0	15.2	3.1	2.8	15.0	15.6
Lupin	Hold	462	-3%	4,216	0.58	0.42	-16 bps	21.1	19.2	11.8	9.5	5.0	4.1	26.2	23.5
Sun Pharma	Hold	473	-2%	9,920	1.25	1.25	0 bps	22.8	21.2	20.2	7.2	4.8	4.2	22.9	21.0
<b>INDUSTRIALS</b>					<b>9.36</b>	<b>8.98</b>	<b>-38 bps</b>								
<i>Construction &amp; Engineering</i>					<i>2.40</i>	<i>4.10</i>	<i>170 bps</i>								
IRB Infra	Buy	169	14%	1,142		0.50	50 bps	10.8	12.1	15.2	-10.7	1.9	1.7	19.6	15.0
Larsen & Toubro	Buy	1,352	37%	16,811	2.40	3.60	120 bps	18.9	16.9	6.4	12.0	2.8	2.5	16.3	15.6
<i>Electrical Equipment</i>					<i>1.85</i>	<i>1.98</i>	<i>13 bps</i>								
Bharat Heavy Electricals (BHEL)	Buy	323	23%	16,080	1.63	1.98	35 bps	12.4	13.4	9.6	-7.4	3.1	2.6	28.3	20.9
<i>Industrial Conglomerates</i>					<i>2.23</i>	<i>0.00</i>	<i>-223 bps</i>								
<i>Machinery</i>					<i>2.35</i>	<i>2.90</i>	<i>55 bps</i>								
Tata Motors	Buy	181	-3%	10,915	2.35	2.90	55 bps	7.1	7.3	-8.6	-1.7	2.2	1.8	36.1	28.1
<i>Transportation Infrastructure</i>					<i>0.53</i>	<i>0.00</i>	<i>-53 bps</i>								
<b>IT Services</b>					<b>16.60</b>	<b>15.80</b>	<b>-80 bps</b>								
Infosys	Buy	2,710	9%	31,650	10.01	10.56	55 bps	19.8	17.3	16.0	14.3	5.2	4.6	27.5	28.0
Tata Consultancy	Buy	1,039	20%	41,425	4.19	4.94	75 bps	21.3	18.8	19.8	13.2	7.8	6.8	38.7	38.7
Tech Mahindra	Buy	573	92%	1,484		0.30	30 bps	7.7	6.1	46.4	26.4	1.7	1.5	23.7	26.1
<b>MATERIALS</b>					<b>9.71</b>	<b>9.89</b>	<b>18 bps</b>								
<i>Chemicals</i>					<i>1.04</i>	<i>2.29</i>	<i>125 bps</i>								
Asian Paints	Hold	3,122	4%	6,092	0.77	1.77	100 bps	28.5	24.0	25.7	18.9	10.8	8.5	42.5	39.8
United Phosphorus	Buy	139	44%	1,308	0.27	0.52	25 bps	7.9	7.0	45.2	12.8	1.4	1.3	19.9	19.7
<i>Construction Materials</i>					<i>1.96</i>	<i>2.20</i>	<i>24 bps</i>								
ACC	Buy	1,103	7%	4,219	0.50	1.00	50 bps	18.4	14.6	2.2	25.5	3.0	2.7	16.9	19.2
Shree Cement	Buy	1,855	20%	1,315		0.25	25 bps	30.6	12.6	-1.0	143.8	3.0	2.5	10.1	21.4
Ultratech Cement	Hold	1,130	3%	6,304	0.66	0.95	29 bps	16.8	12.9	31.1	29.7	2.5	2.1	16.0	17.8
<i>Metals &amp; Mining</i>					<i>6.71</i>	<i>5.40</i>	<i>-131 bps</i>								
Hindustan zinc	Buy	118	22%	10,143		0.35	35 bps	8.5	7.5	22.4	13.3	1.8	1.5	23.8	21.9
JSW Steel	Buy	571	47%	2,594	0.44	0.79	35 bps	7.7	5.8	-0.6	32.5	0.8	0.7	10.4	12.6
Jindal Steel & Power	Buy	510	57%	9,691	1.64	2.39	75 bps	10.9	8.3	20.4	31.1	2.7	2.1	27.9	28.3
Tata Steel	Buy	425	46%	8,301	1.12	1.87	75 bps	7.0	5.1	-8.6	37.9	1.5	1.2	25.7	18.3
<b>Telecom</b>					<b>0.33</b>	<b>1.10</b>	<b>77 bps</b>								
Bharti	Buy	372	24%	28,763		1.10	110 bps	14.5	9.9	62.4	45.7	2.5	2.0	18.8	22.3
<b>UTILITIES</b>					<b>4.95</b>	<b>1.74</b>	<b>-321 bps</b>								
<i>Electric Utilities</i>					<i>0.84</i>	<i>0.00</i>	<i>-84 bps</i>								
<i>Gas Utilities</i>					<i>1.35</i>	<i>0.30</i>	<i>-105 bps</i>								
Indraprastha Gas	Hold	398	13%	1,136		0.30	30 bps	16.7	15.6	31.9	7.3	4.6	3.8	30.4	26.7
<i>IPP</i>					<i>2.76</i>	<i>1.44</i>	<i>-132 bps</i>								
NTPC	Hold	170	12%	28,453	0.84	1.04	20 bps	14.2	12.5	7.8	13.3	1.9	1.7	14.0	14.6
NHPC	Buy	29	25%	5,808		0.40	40 bps	13.4	11.7	17.6	14.9	1.0	1.0	8.6	8.5

Source: Deutsche Bank; Bloomberg Finance L.P.

## DB India model portfolio (significantly oriented to domestic consumption plays) has outperformed MSCI India over past one year

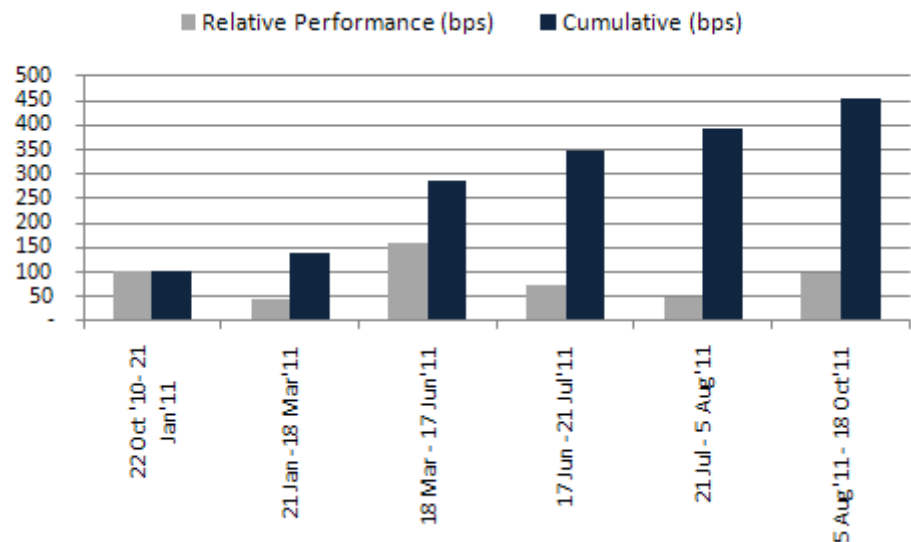
**Figure 4: Performance of DB India Model Portfolio & MSCI India**



Source: Deutsche Bank, Bloomberg Finance L.P.; DB India Model portfolio is benchmarked to MSCI India; Last priced as of 18<sup>th</sup> October 2011 close

Past performance is not indicative of future returns

**Figure 5: Relative performance of DB India Model Portfolio vs. MSCI India**



Source: Deutsche Bank, Bloomberg Finance L.P.; DB India Model portfolio is benchmarked to MSCI India; Last priced as of 18<sup>th</sup> October 2011 close

Over the latest period i.e. 5<sup>th</sup> Aug to 18<sup>th</sup> Oct 2011, 15 stocks advanced while 31 stocks declined. In terms of relative performance, 19 stocks outperformed MSCI India, while 27 stocks underperformed

In the latest changes to portfolio, we have added 6 stocks (i.e. SBI, ACC, Ultratech, Shree Cement, Exide and NHPC), while removed 4 stocks (i.e. Bharat Forge, Sun TV, Reliance Communication and Bank of Baroda).

Past performance is no guarantee to future returns; More information is available on request

# Appendix 1

## Important Disclosures

Additional information available upon request

**For disclosures pertaining to recommendations or estimates made on a security mentioned in this report, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr>.**

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Abhay Laijawala/Abhishek Saraf

### Equity rating key

**Buy:** Based on a current 12-month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

**Sell:** Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

**Hold:** We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

#### Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.

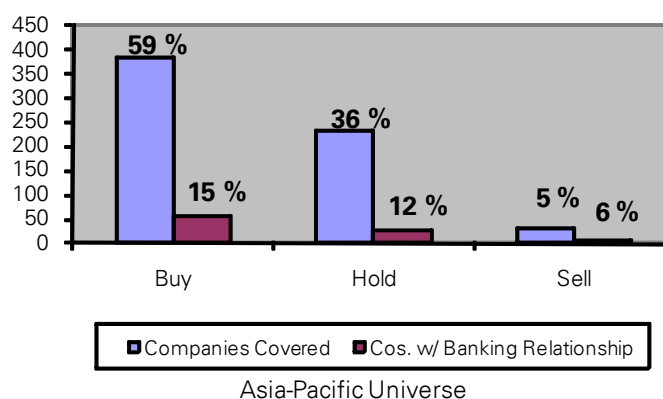
2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

### Equity rating dispersion and banking relationships



## Regulatory Disclosures

### 1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

### 2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at <http://gm.db.com>.

### 3. Country-Specific Disclosures

**Australia and New Zealand:** This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act respectively.

**Brazil:** The views expressed above accurately reflect personal views of the authors about the subject company(ies) and its(their) securities, including in relation to Deutsche Bank. The compensation of the equity research analyst(s) is indirectly affected by revenues deriving from the business and financial transactions of Deutsche Bank.

**EU countries:** Disclosures relating to our obligations under MiFiD can be found at <http://www.globalmarkets.db.com/riskdisclosures>.

**Japan:** Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association, The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless "Japan" is specifically designated in the name of the entity.

**Russia:** This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

## Deutsche Bank AG/Hong Kong

### Asia-Pacific locations

#### Deutsche Bank AG

Deutsche Bank Place  
Level 16  
Corner of Hunter & Phillip Streets  
Sydney, NSW 2000  
Australia  
Tel: (61) 2 8258 1234

#### Deutsche Bank AG

Filiale Hongkong  
International Commerce Centre,  
1 Austin Road West, Kowloon,  
Hong Kong  
tel: (852) 2203 8888

#### Deutsche Equities India Pte Ltd

3rd Floor, Kodak House  
222, Dr D.N. Road  
Fort, Mumbai 400 001  
SEBI Nos: INB231196834  
INB011196830, INF231196834  
Tel: (91) 22 6658 4600

#### Deutsche Securities Inc.

2-11-1 Nagatacho  
Sanno Park Tower  
Chiyoda-ku, Tokyo 100-6171  
Japan  
Tel: (81) 3 5156 6770

#### Deutsche Bank (Malaysia) Berhad

Level 18-20  
Menara IMC  
8 Jalan Sultan Ismail  
Kuala Lumpur 50250  
Malaysia  
Tel: (60) 3 2053 6760

#### In association with Deutsche Regis Partners, Inc.

Level 23, Tower One  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines  
Tel: (63) 2 894 6600

#### Deutsche Securities Korea Co.

17th Floor, YoungPoong Bldg.,  
33 SeoRin-Dong,  
Chongro-Ku, Seoul (110-752)  
Republic of Korea  
Tel: (82) 2 316 8888

#### Deutsche Bank AG Singapore

One Raffles Quay  
South Tower  
Singapore 048583  
Tel: (65) 6423 8001

#### Deutsche Securities Asia Ltd

Taiwan Branch  
Level 6  
296 Jen-Ai Road, Sec 4  
Taipei 106  
Taiwan  
Tel: (886) 2 2192 2888

#### In association with TISCO Securities Co., Ltd

TISCO Tower  
48/8 North Sathorn Road  
Bangkok 10500  
Thailand  
Tel: (66) 2 633 6470

#### In association with PT Deutsche Verdhana Indonesia

Deutsche Bank Building,  
6th Floor, Jl. Imam Bonjol No.80,  
Central Jakarta,  
Indonesia  
Tel: (62 21) 318 9541

### International locations

#### Deutsche Bank Securities Inc.

60 Wall Street  
New York, NY 10005  
United States of America  
Tel: (1) 212 250 2500

#### Deutsche Bank AG London

1 Great Winchester Street  
London EC2N 2EQ  
United Kingdom  
Tel: (44) 20 7545 8000

#### Deutsche Bank AG

Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Germany  
Tel: (49) 69 910 00

#### Deutsche Bank AG

Deutsche Bank Place  
Level 16  
Corner of Hunter & Phillip Streets  
Sydney, NSW 2000  
Australia  
Tel: (61) 2 8258 1234

#### Deutsche Bank AG

Filiale Hongkong  
International Commerce Centre,  
1 Austin Road West, Kowloon,  
Hong Kong  
Tel: (852) 2203 8888

#### Deutsche Securities Inc.

2-11-1 Nagatacho  
Sanno Park Tower  
Chiyoda-ku, Tokyo 100-6171  
Japan  
Tel: (81) 3 5156 6770

## Global Disclaimer

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Deutsche Bank makes no representation as to the accuracy or completeness of such information.

Deutsche Bank may engage in securities transactions, on a proprietary basis or otherwise, in a manner **inconsistent** with the view taken in this research report. In addition, others within Deutsche Bank, including strategists and sales staff, may take a view that is **inconsistent** with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgement.

As a result of Deutsche Bank's March 2010 acquisition of BHF-Bank AG, a security may be covered by more than one analyst within the Deutsche Bank group. Each of these analysts may use differing methodologies to value the security; as a result, the recommendations may differ and the price targets and estimates of each may vary widely.

In August 2009, Deutsche Bank instituted a new policy whereby analysts may choose not to set or maintain a target price of certain issuers under coverage with a Hold rating. In particular, this will typically occur for 'Hold' rated stocks having a market cap smaller than most other companies in its sector or region. We believe that such policy will allow us to make best use of our resources. Please visit our website at <http://gm.db.com> to determine the target price of any stock.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Stock transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Deutsche Bank may with respect to securities covered by this report, sell to or buy from customers on a principal basis, and consider this report in deciding to trade on a proprietary basis.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. In the U.S. this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of the NYSE, the NASD, NFA and SIPC. In Germany this report is approved and/or communicated by Deutsche Bank AG Frankfurt authorized by the BaFin. In the United Kingdom this report is approved and/or communicated by Deutsche Bank AG London, a member of the London Stock Exchange and regulated by the Financial Services Authority for the conduct of investment business in the UK and authorized by the BaFin. This report is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. This report is distributed in Singapore by Deutsche Bank AG, Singapore Branch, and recipients in Singapore of this report are to contact Deutsche Bank AG, Singapore Branch in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), Deutsche Bank AG, Singapore Branch accepts legal responsibility to such person for the contents of this report. In Japan this report is approved and/or distributed by Deutsche Securities Inc. The information contained in this report does not constitute the provision of investment advice. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10). Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.