INDUSTRY MULTIPLES OF CHINA

Q3 2021

October 2021

Private and Confidential

DUFF&PHELPS

A **KROLL** BUSINESS

Contents

Foreword

Ricky Lee

Managing Director
Valuation Advisory Services

Dear Readers,

This report provides trading multiples for key industrial sectors in China as of September 30, 2021. China's GDP grew by 7.9% year on year from June 2020 to June 2021, according to China's National Bureau of Statistics, compared to a growth rate of 2.3% for the calendar year 2020.

China's ongoing recovery from the pandemic has driven the higher rate of growth but, like many economies across the world, it continues to face economic headwinds from the ongoing impact of COVID-19, strained international supply chains and geopolitical tensions. Domestic economic considerations also come into play.

As of September 30, 2021, the MSCI China Index had fallen by 17.4% since the beginning of the year to 9,168. Hong Kong's benchmark Hang Seng Index dropped by 10.5% in the same period, while the China Shanghai Composite Stock Market Index increased by 66 points or 1.9%.

The multiples in this report are based on the MSCI China Index, which captures large- and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings. With 700 constituents, the index covers about 85% of China equities in terms of market capitalization.

Our report provides a detailed overview of the P/B, P/E, EV/EBITDA and EV/Sales multiples of companies in the MSCI China Index covering nonfinancial industries and P/B, P/E, P/TBV and market cap/revenue multiples covering financial industries for which such data is available. We also provide a two-year comparison of multiples for most of the industries covered.

Looking at some of the developments in this year's data, the energy, materials and industrial sectors are all trending upward in most multiples. As economic growth jolted back to life after the initial shock of the pandemic, it triggered a surge in demand. As operations ramped up, demand rubbed up against limits and shortages of supply to drive up the prices of raw materials and energy.

These same dynamics exerted downward pressure on multiples for consumer discretionary and consumer staples as rising energy and material costs pushed up the price of transportation and containers. Capacity limits also caused bottlenecks for businesses in these sectors. Policy factors also play out in certain consumer discretionary sectors, such as private tutoring education, which was adversely impacted by regulatory risk.

Foreword

Lower trading multiples for real estate and financials are a consequence of Evergrande's current challenges and questions about its ability to meet its debt obligations. Evergrande is not alone; other property developers face similar situations. An overwhelming majority of real estate businesses covered by the MSCI China Index have a P/B ratio below one, indicating a lack of confidence about the returns that can be generated from existing assets.

Uncertainty in the real estate market is having a knock-on effect in the financial services sector. Falling multiples there reflect concerns that businesses in the sector may need to restructure debts. Lenders are also likely to be more cautious about financing for other sectors, which could act as a brake on growth.

On trading multiples for IT, we see a neutral outlook, with software and enterprise computing having been resilient through the pandemic. The fundamentals of the IT sector are still strong. The sector's profits maintained steady growth in H1 2021, rising 13.6% yearly to 499.9 billion yuan, with a compound increase of 7.3% in the last two years, according to the Ministry of Industry and Information Technology.* This momentum in the sector offset the concern of continued regulatory scrutiny.

Lower multiples for the communications sector come as a result of an antitrust drive to better shield customers from dominant technology/online platform businesses and ensure fair competition. In the long run, a tighter regulatory landscape could enable smaller rivals to compete more effectively.

We hope you find this report useful in providing a broad sense of the range of trading multiples for major industries in China. Readers should seek professional assistance and perform detailed valuation analysis before applying multiples on specific valuation subjects. Duff & Phelps, A Kroll Business, has both global resources and local expertise to assist clients in meeting their valuation needs, including but not limited to the following areas:

- Pre-IPO ESOP pricing or restructuring of China-based IPO candidates planning to go public in Hong Kong or the U.S.
- Fair-value measurement of equity investment in private companies in compliance with IFRS 9 and SFC's New Fund Manager Code of Conduct
- Indicators of potential impairment in the current fiscal year-end and whether further robust independent valuation analysis may be needed
- Corporate transactions of Hong Kong-listed companies in accordance with corporate governance best practices
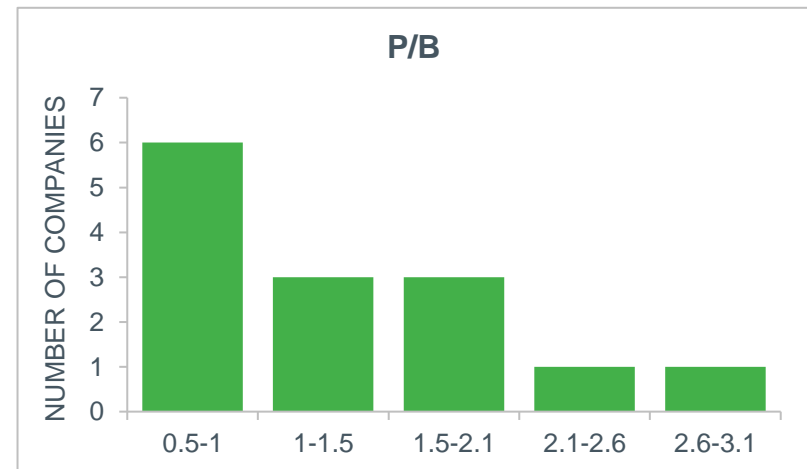
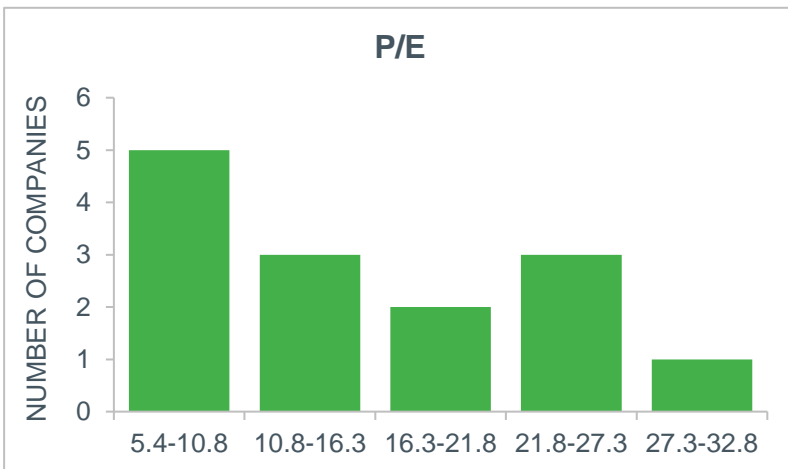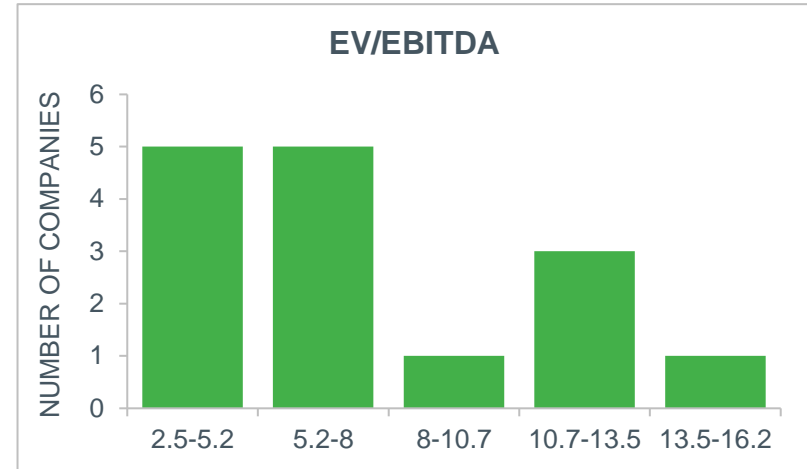 * https://global.chinadaily.com.cn/a/202107/23/WS60fa7feea310efa1bd663ffa.html
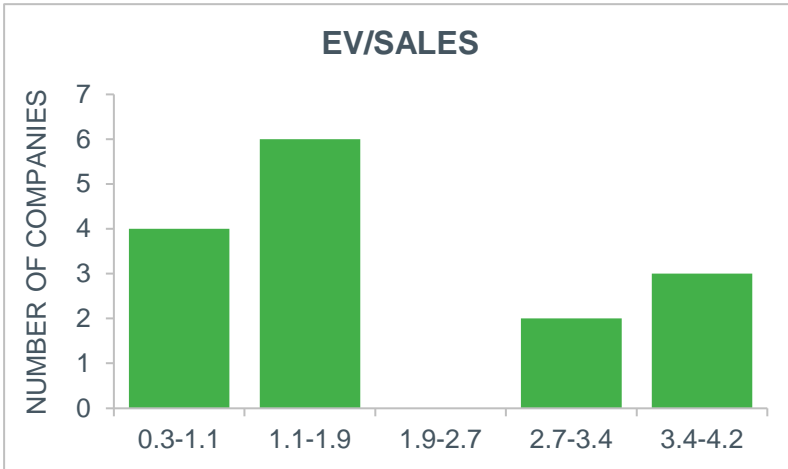
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Energy

Q3 2021

Energy
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	16	16	16	16
Number of Outliers	1	1	2	2
Negative Multiples or Multiple Errors				
High	4.2x	16.2x	32.8x	3.1x
Mean	**2.0x**	**7.9x**	**16.4x**	**1.4x**
Median	**1.6x**	**7.5x**	**14.2x**	**1.3x**
Low	0.3x	2.5x	5.4x	0.5x
Low Quartile	1.2x	4.6x	10.1x	0.8x
Upper Quartile	3.0x	11.2x	23.5x	1.9x

Energy – Continued
As of September 30, 2021

EV/SALES — NUMBER OF COMPANIES by range:
0.3-1.1: 4; 1.1-1.9: 6; 1.9-2.7: 0; 2.7-3.4: 2; 3.4-4.2: 3

EV/EBITDA — NUMBER OF COMPANIES by range:
2.5-5.2: 5; 5.2-8: 5; 8-10.7: 1; 10.7-13.5: 3; 13.5-16.2: 1

P/E — NUMBER OF COMPANIES by range:
5.4-10.8: 5; 10.8-16.3: 3; 16.3-21.8: 2; 21.8-27.3: 3; 27.3-32.8: 1

P/B — NUMBER OF COMPANIES by range:
0.5-1: 6; 1-1.5: 3; 1.5-2.1: 3; 2.1-2.6: 1; 2.6-3.1: 1

Energy – Continued
As of September 30, 2021

Median multiples (Note)

Note: 1. GICS® was used as the basis for industry definitions. An industry must have a minimum of 5 company participants to be considered for analysis. For all reported multiples in China, we have considered all companies in MSCI China Index as of Sep 30, 2021. The MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H shares, B shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. To avoid duplication, industry multiples for dual-listed companies are based on the shares listed in the Primary Exchange. Source: Index constituents were captured from MSCI's website: https://www.msci.com/china; financial Data was derived from Standard & Poor's Capital IQ database.

2. Any outliers in the industry have been excluded from above analysis. Outliers' selection criteria: 1) negative multiples; 2) multiples at 200 or above; 3) the highest multiple of individual industry is above 100 and different from the 2nd highest by more than 60%; 4) multiples that exceed two standard deviations over the median.

3. EV = Enterprise Value = Market value of equity plus book value of debt plus book value of preferred stock and minority interest less book value of cash and short-term investments, Sales = Revenue for latest 12 months, EBITDA = Lease-adjusted Earnings before interest, taxes, depreciation and amortization for latest 12 months, P/E = Market Capitalization / Net Income to Common Excluding Extraordinary Items, P/B = Market Capitalization / Book value of common equity. Financial information of companies reflects the latest available information based on company filings as of Sep 30, 2021.

4. Outliers are not excluded for median multiple trend analysis.

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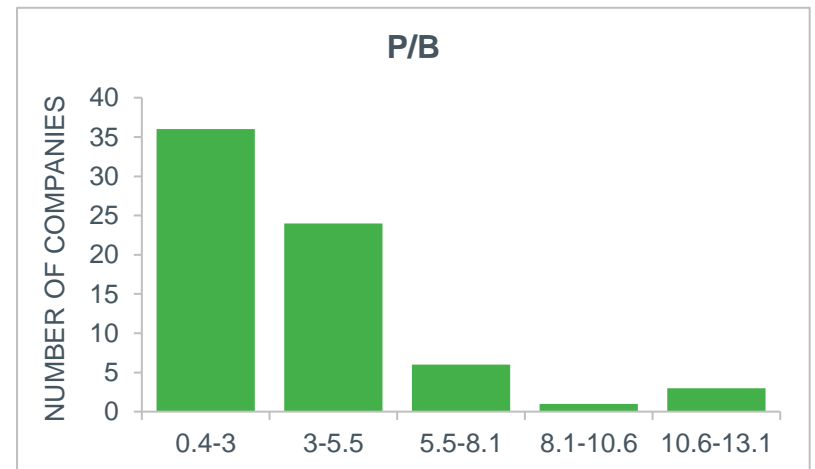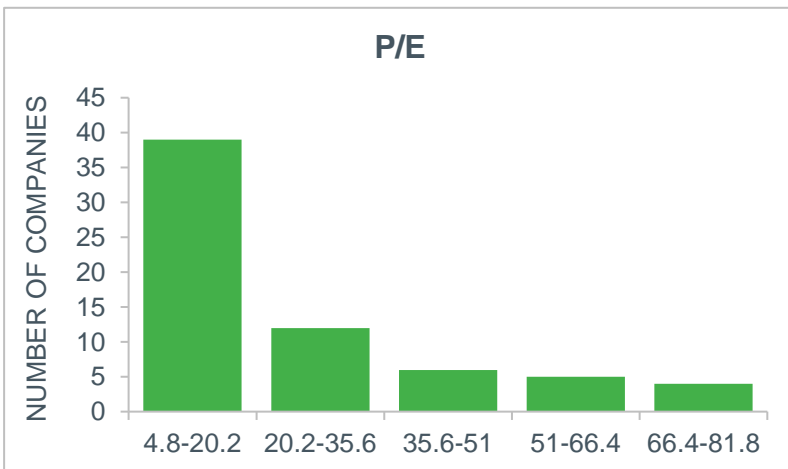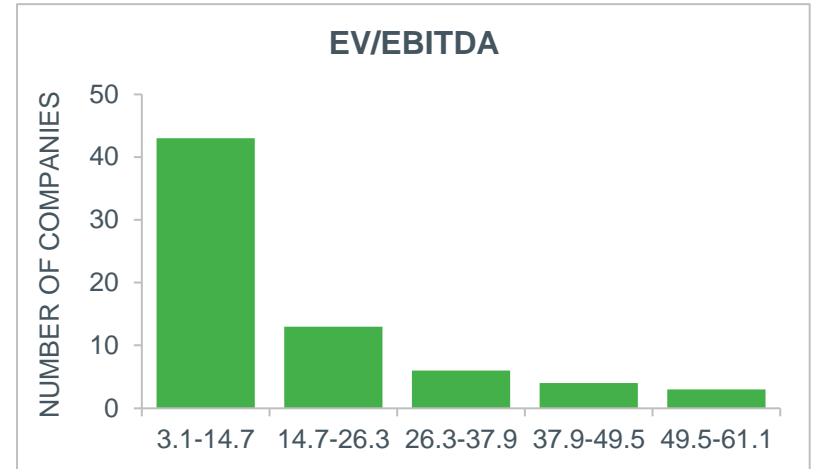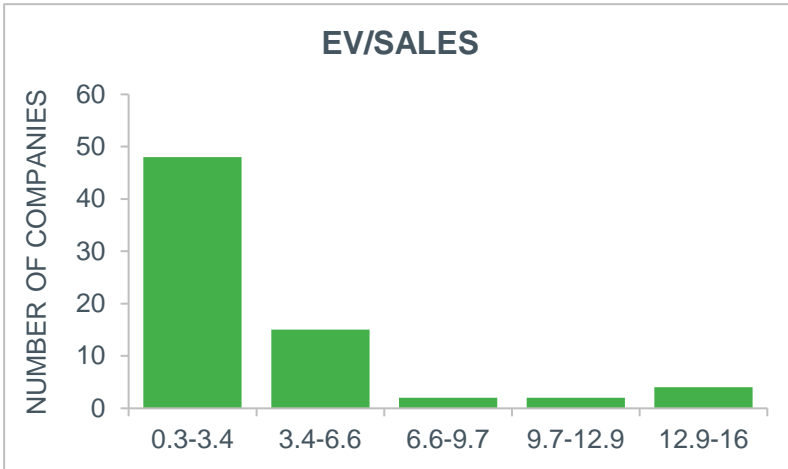
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Materials

Q3 2021

Materials
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	76	76	76	76
Number of Outliers	4	6	10	5
Negative Multiples or Multiple Errors				
High	16.0x	61.1x	81.8x	13.1x
Mean	**3.6x**	**16.9x**	**24.7x**	**3.5x**
Median	**2.4x**	**11.8x**	**17.7x**	**2.8x**
Low	0.3x	3.1x	4.8x	0.4x
Low Quartile	1.1x	7.7x	9.7x	1.5x
Upper Quartile	4.0x	21.2x	32.4x	4.3x

Materials – Continued
As of September 30, 2021

EV/SALES

EV/EBITDA

P/E

P/B

Materials – Continued
As of September 30, 2021

Median multiples (Note)

Note: 1. GICS® was used as the basis for industry definitions. An industry must have a minimum of 5 company participants to be considered for analysis. For all reported multiples in China, we have considered all companies in MSCI China Index as of Sep 30, 2021. The MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H shares, B shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. To avoid duplication, industry multiples for dual-listed companies are based on the shares listed in the Primary Exchange. Source: Index constituents were captured from MSCI's website: https://www.msci.com/china; financial Data was derived from Standard & Poor's Capital IQ database.

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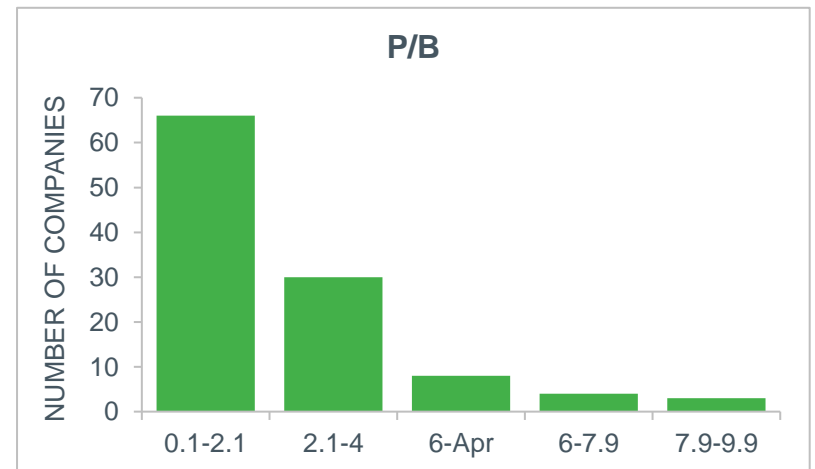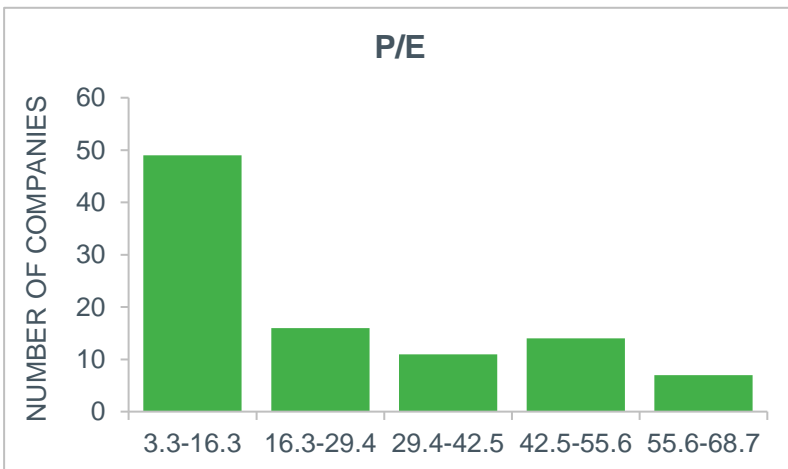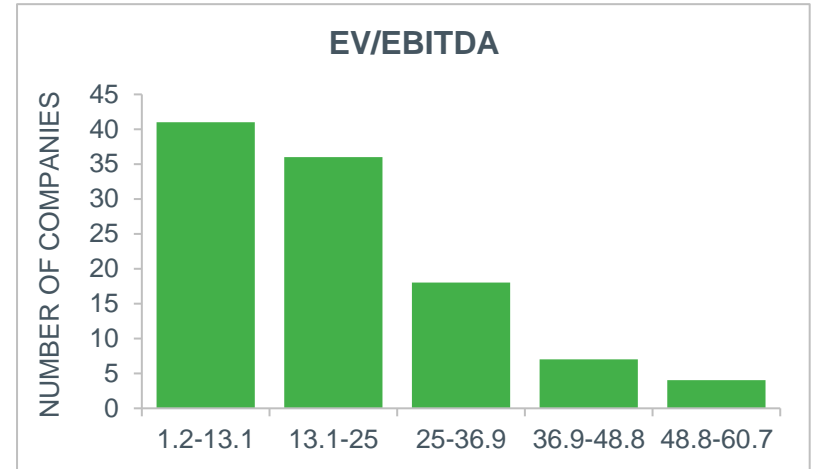
03

Industrials

Q3 2021

Industrials
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	127	127	127	127
Number of Outliers	10	20	30	16
Negative Multiples or Multiple Errors				
High	11.2x	60.7x	68.7x	9.9x
Mean	**3.5x**	**19.3x**	**23.2x**	**2.3x**
Median	**2.6x**	**17.0x**	**15.5x**	**1.5x**
Low	0.0x	1.2x	3.3x	0.1x
Low Quartile	0.8x	8.2x	7.7x	0.9x
Upper Quartile	5.4x	26.2x	40.6x	3.4x

Industrials – Continued
As of September 30, 2021

EV/SALES

NUMBER OF COMPANIES

| 0-2.2 | 2.2-4.5 | 4.5-6.7 | 6.7-8.9 | 8.9-11.2 |

EV/EBITDA

NUMBER OF COMPANIES

| 1.2-13.1 | 13.1-25 | 25-36.9 | 36.9-48.8 | 48.8-60.7 |

P/E

NUMBER OF COMPANIES

| 3.3-16.3 | 16.3-29.4 | 29.4-42.5 | 42.5-55.6 | 55.6-68.7 |

P/B

NUMBER OF COMPANIES

| 0.1-2.1 | 2.1-4 | 6-Apr | 6-7.9 | 7.9-9.9 |

Industrials – Continued
As of September 30, 2021

Median multiples (Note)

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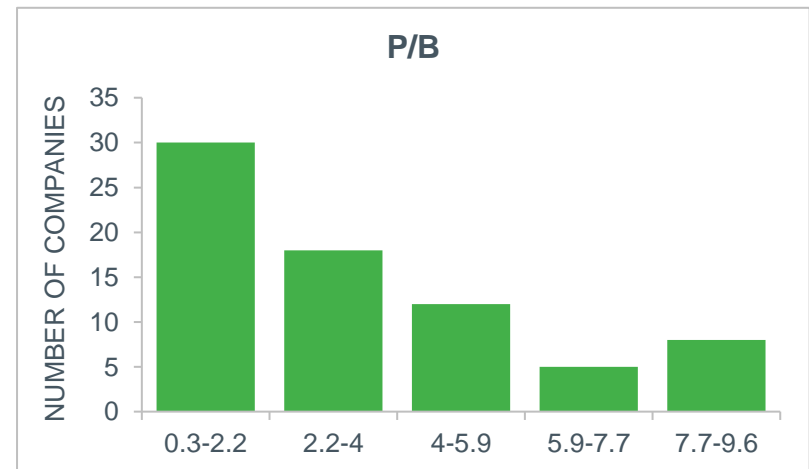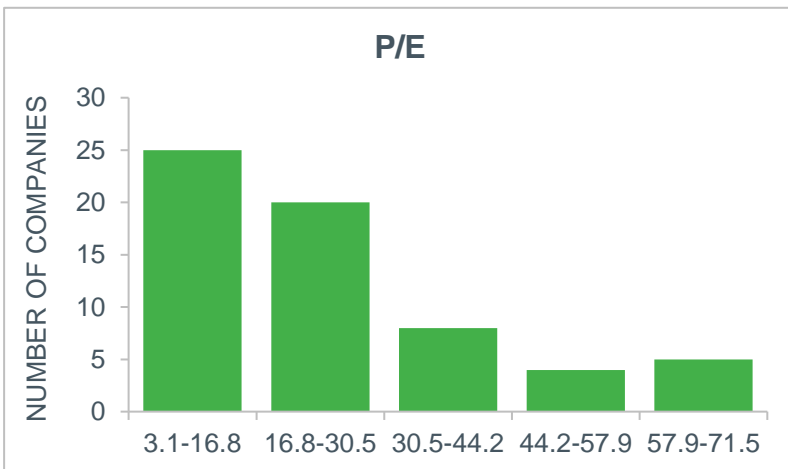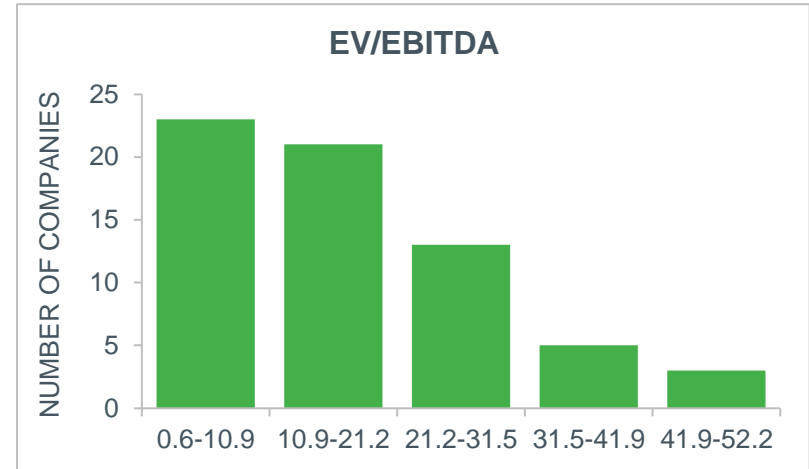
Consumer Discretionary

Q3 2021

Consumer Discretionary
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	82	82	82	82
Number of Outliers	6	17	19	9
Negative Multiples or Multiple Errors				
High	9.8x	52.2x	71.5x	9.6x
Mean	**3.1x**	**17.7x**	**24.9x**	**3.4x**
Median	**2.1x**	**14.5x**	**18.6x**	**2.6x**
Low	0.1x	0.6x	3.1x	0.3x
Low Quartile	0.9x	8.8x	11.1x	1.4x
Upper Quartile	4.4x	25.6x	31.7x	4.8x

Consumer Discretionary – Continued
As of September 30, 2021

EV/SALES

NUMBER OF COMPANIES

0.1-2	4-Feb	4-5.9	5.9-7.8	7.8-9.8
37	17	8	5	9

EV/EBITDA

NUMBER OF COMPANIES

0.6-10.9	10.9-21.2	21.2-31.5	31.5-41.9	41.9-52.2
23	21	13	5	3

P/E

NUMBER OF COMPANIES

3.1-16.8	16.8-30.5	30.5-44.2	44.2-57.9	57.9-71.5
25	20	8	4	5

P/B

NUMBER OF COMPANIES

0.3-2.2	2.2-4	4-5.9	5.9-7.7	7.7-9.6
30	18	12	5	8

Consumer Discretionary – Continued
As of September 30, 2021

Median multiples (Note)

Chart axes: P/B & EV/SALES (left, 0 – 5.0); EV/EBITDA & P/E (right, 0 – 35.0)

X-axis categories: - Q8, - Q7, - Q6, - Q5, - Q4, - Q3, - Q2, - Q1, 9/30/2021

Legend: EV/Sales, P/B, EV/EBITDA, P/E

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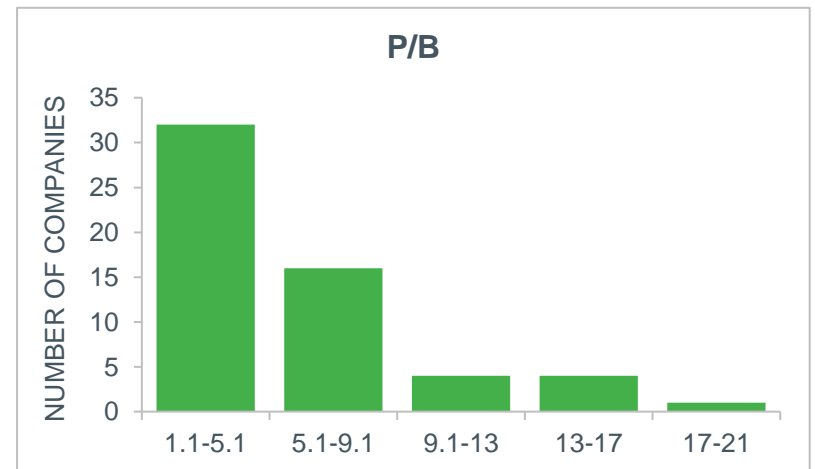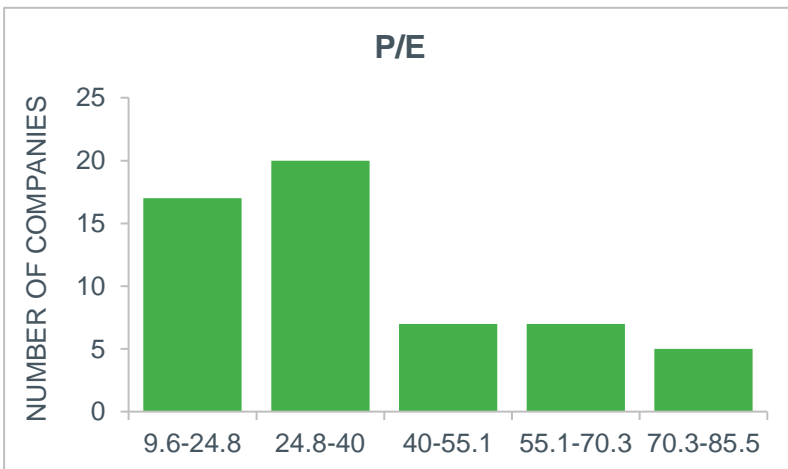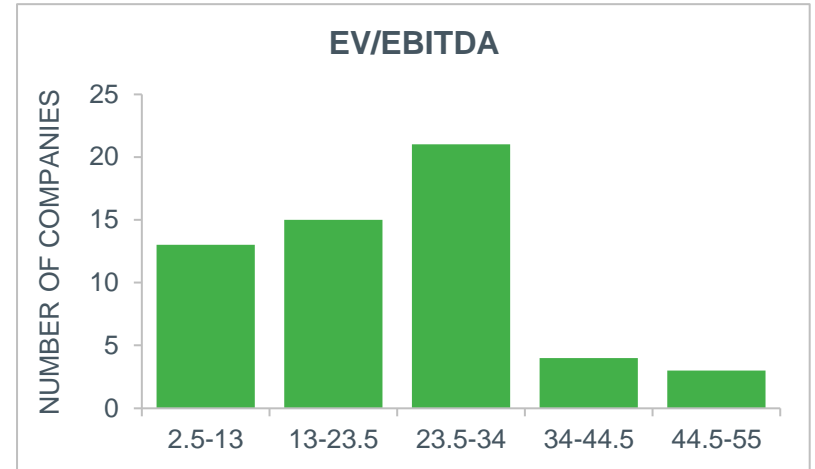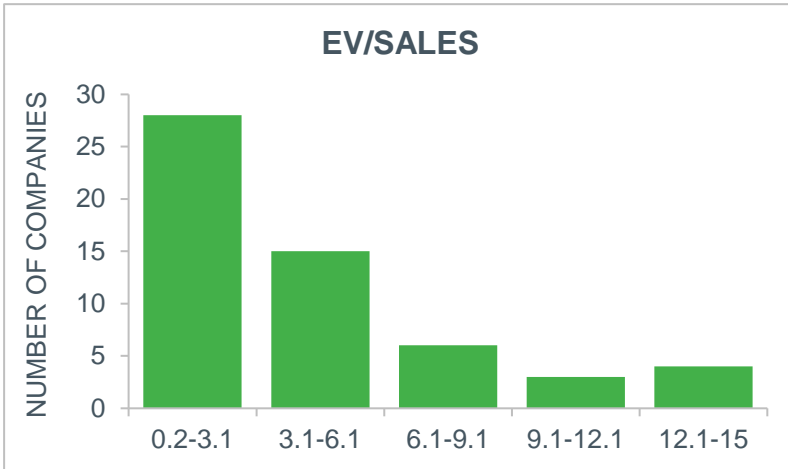
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Consumer Staples

Q3 2021

Consumer Staples
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	62	62	62	62
Number of Outliers	6	6	6	5
Negative Multiples or Multiple Errors				
High	15.0x	55.0x	85.4x	21.0x
Mean	**4.4x**	**22.6x**	**36.4x**	**5.8x**
Median	**3.1x**	**23.4x**	**31.6x**	**4.7x**
Low	0.2x	2.5x	9.6x	1.1x
Low Quartile	1.8x	13.8x	20.3x	3.2x
Upper Quartile	6.0x	27.5x	46.5x	6.9x

Consumer Staples – Continued

As of September 30, 2021

EV/SALES

NUMBER OF COMPANIES

| 0.2-3.1 | 3.1-6.1 | 6.1-9.1 | 9.1-12.1 | 12.1-15 |

EV/EBITDA

NUMBER OF COMPANIES

| 2.5-13 | 13-23.5 | 23.5-34 | 34-44.5 | 44.5-55 |

P/E

NUMBER OF COMPANIES

| 9.6-24.8 | 24.8-40 | 40-55.1 | 55.1-70.3 | 70.3-85.5 |

P/B

NUMBER OF COMPANIES

| 1.1-5.1 | 5.1-9.1 | 9.1-13 | 13-17 | 17-21 |

Consumer Staples – Continued
As of September 30, 2021

Median multiples (Note)

Note: 1. GICS® was used as the basis for industry definitions. An industry must have a minimum of 5 company participants to be considered for analysis. For all reported multiples in China, we have considered all companies in MSCI China Index as of Sep 30, 2021. The MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H shares, B shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. To avoid duplication, industry multiples for dual-listed companies are based on the shares listed in the Primary Exchange. Source: Index constituents were captured from MSCI's website: https://www.msci.com/china; financial Data was derived from Standard & Poor's Capital IQ database.

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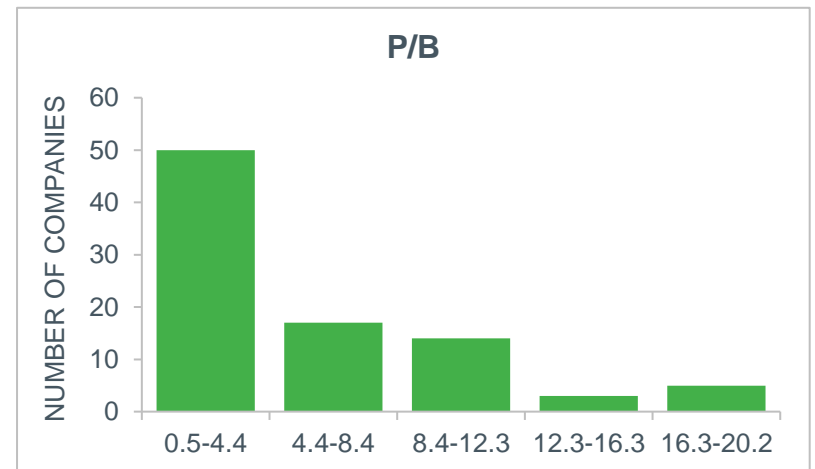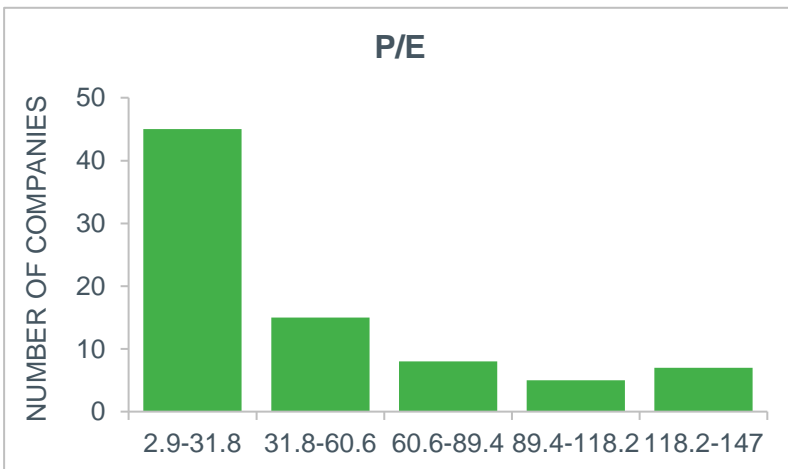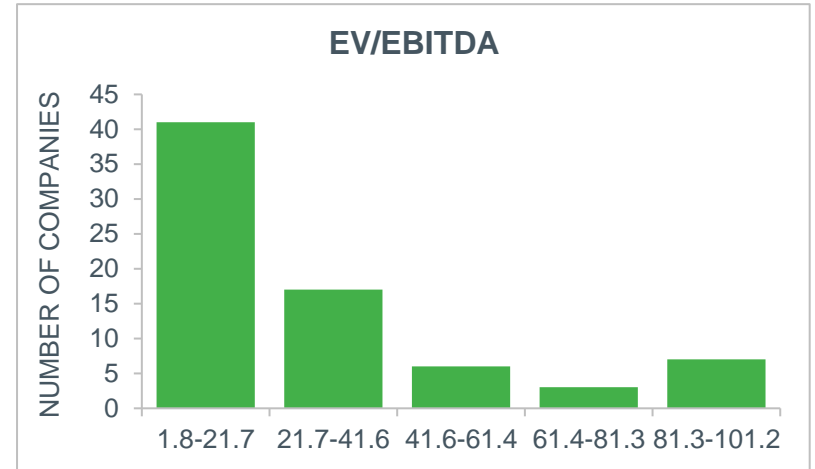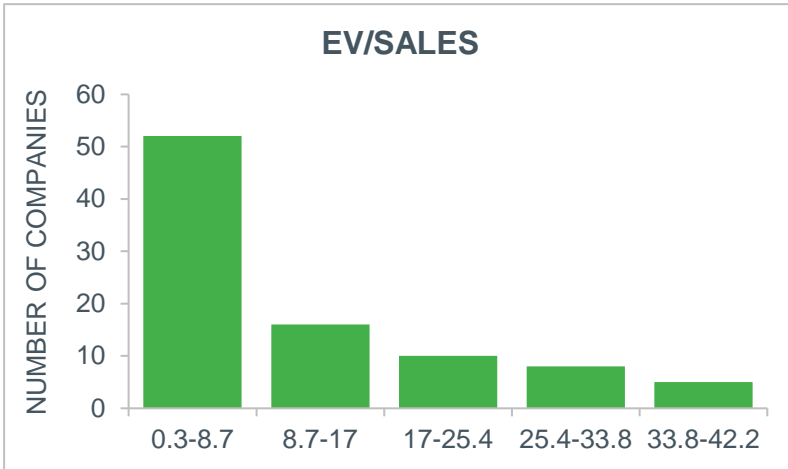
06

Healthcare

Q3 2021

Health Care
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	96	96	96	96
Number of Outliers	5	21	16	7
Negative Multiples or Multiple Errors				
High	42.2x	101.2x	147.0x	20.2x
Mean	**10.9x**	**30.6x**	**43.9x**	**5.6x**
Median	**5.8x**	**18.2x**	**28.6x**	**4.0x**
Low	0.3x	1.8x	2.9x	0.5x
Low Quartile	2.8x	12.0x	17.3x	2.2x
Upper Quartile	16.3x	38.9x	59.7x	8.0x

Health Care – Continued

As of September 30, 2021

EV/SALES — NUMBER OF COMPANIES by range (0.3-8.7, 8.7-17, 17-25.4, 25.4-33.8, 33.8-42.2)

EV/EBITDA — NUMBER OF COMPANIES by range (1.8-21.7, 21.7-41.6, 41.6-61.4, 61.4-81.3, 81.3-101.2)

P/E — NUMBER OF COMPANIES by range (2.9-31.8, 31.8-60.6, 60.6-89.4, 89.4-118.2, 118.2-147)

P/B — NUMBER OF COMPANIES by range (0.5-4.4, 4.4-8.4, 8.4-12.3, 12.3-16.3, 16.3-20.2)

Health Care – Continued
As of September 30, 2021

Median multiples (Note)

Legend: EV/Sales · P/B · EV/EBITDA · P/E

Note: 1. GICS® was used as the basis for industry definitions. An industry must have a minimum of 5 company participants to be considered for analysis. For all reported multiples in China, we have considered all companies in MSCI China Index as of Sep 30, 2021. The MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H shares, B shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. To avoid duplication, industry multiples for dual-listed companies are based on the shares listed in the Primary Exchange. Source: Index constituents were captured from MSCI's website: https://www.msci.com/china; financial Data was derived from Standard & Poor's Capital IQ database.

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3. EV = Enterprise Value = Market value of equity plus book value of debt plus book value of preferred stock and minority interest less book value of cash and short-term investments, Sales = Revenue for latest 12 months, EBITDA = Lease-adjusted Earnings before interest, taxes, depreciation and amortization for latest 12 months, P/E = Market Capitalization / Net Income to Common Excluding Extraordinary Items, P/B = Market Capitalization / Book value of common equity. Financial information of companies reflects the latest available information based on company filings as of Sep 30, 2021.

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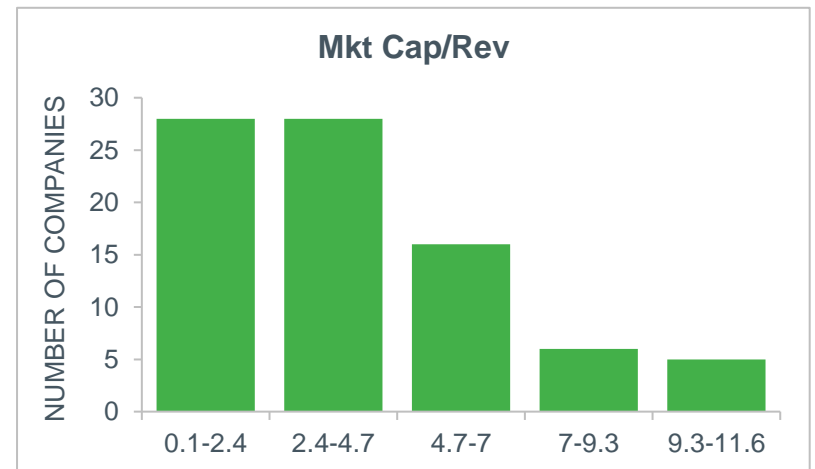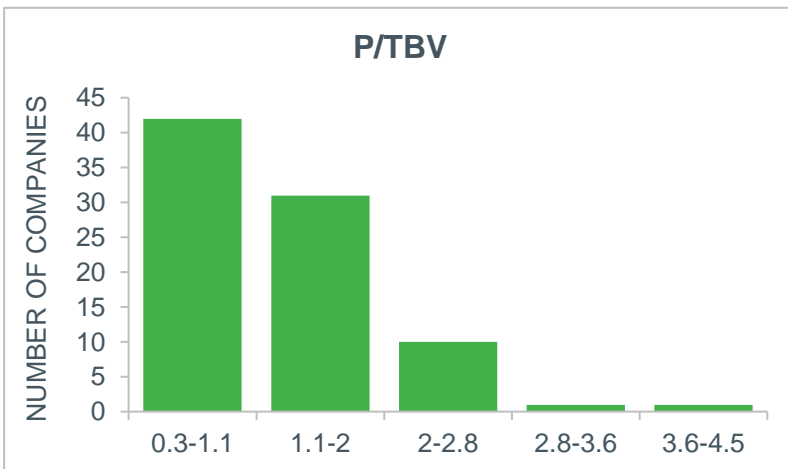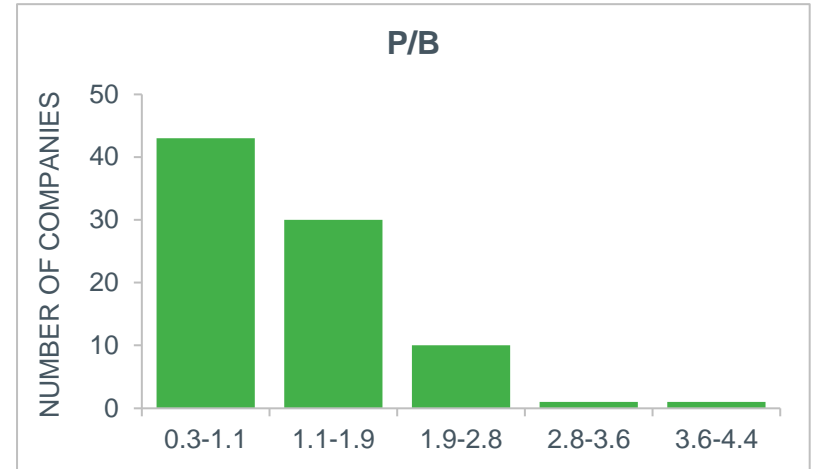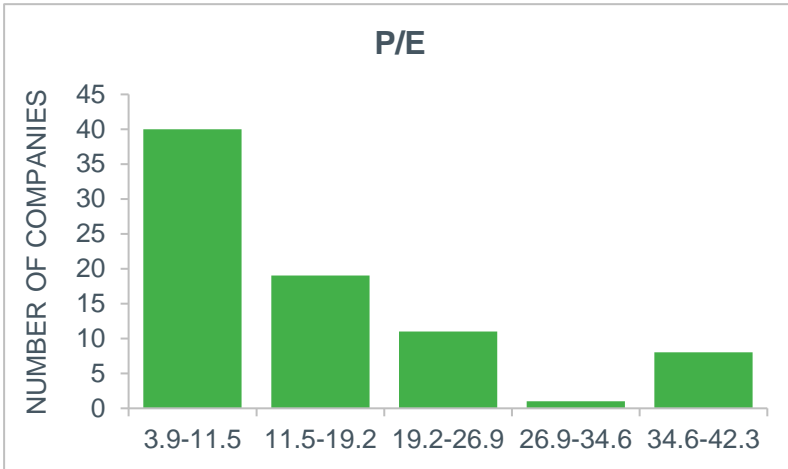
07

Financials

Q3 2021

Financials
As of September 30, 2021

	P/E	P/B	P/TBV	Mkt Cap/Revenue
Number of Observations	88	88	88	88
Number of Outliers	9	3	3	5
Negative Multiples or Multiple Errors				
High	42.3x	4.4x	4.5x	11.6x
Mean	**14.2x**	**1.2x**	**1.2x**	**3.8x**
Median	**11.5x**	**1.1x**	**1.2x**	**3.5x**
Low	3.9x	0.3x	0.3x	0.1x
Low Quartile	5.4x	0.6x	0.6x	1.9x
Upper Quartile	19.7x	1.5x	1.5x	5.3x

Financials – Continued
As of September 30, 2021

P/E — NUMBER OF COMPANIES by range:
- 3.9-11.5: 40
- 11.5-19.2: 19
- 19.2-26.9: 11
- 26.9-34.6: 1
- 34.6-42.3: 8

P/B — NUMBER OF COMPANIES by range:
- 0.3-1.1: 43
- 1.1-1.9: 30
- 1.9-2.8: 10
- 2.8-3.6: 1
- 3.6-4.4: 1

P/TBV — NUMBER OF COMPANIES by range:
- 0.3-1.1: 42
- 1.1-2: 31
- 2-2.8: 10
- 2.8-3.6: 1
- 3.6-4.5: 1

Mkt Cap/Rev — NUMBER OF COMPANIES by range:
- 0.1-2.4: 28
- 2.4-4.7: 28
- 4.7-7: 16
- 7-9.3: 6
- 9.3-11.6: 5

Financials – Continued
As of September 30, 2021

Median multiples (Note)

Legend: P/E — Mkt Cap/Rev — P/B — P/TBV

Note: 1. GICS® was used as the basis for industry definitions. An industry must have a minimum of 5 company participants to be considered for analysis. For all reported multiples in China, we have considered all companies in MSCI China Index as of Sep 30, 2021. The MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H shares, B shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. To avoid duplication, industry multiples for dual-listed companies are based on the shares listed in the Primary Exchange. Source: Index constituents were captured from MSCI's website: https://www.msci.com/china; financial Data was derived from Standard & Poor's Capital IQ database.

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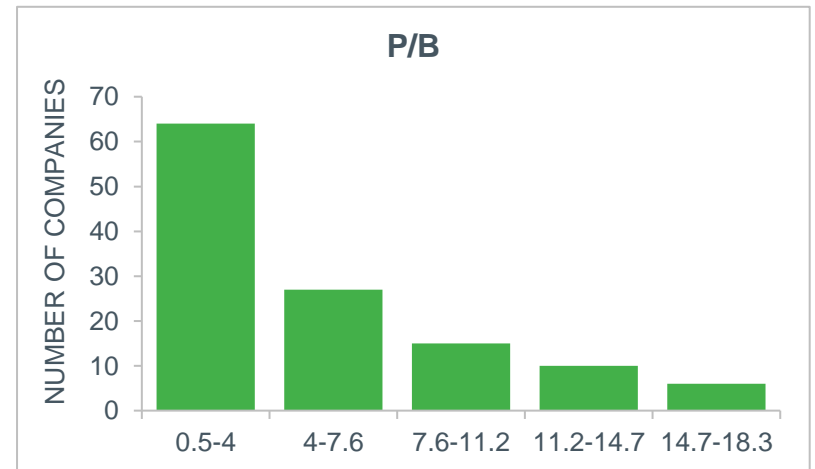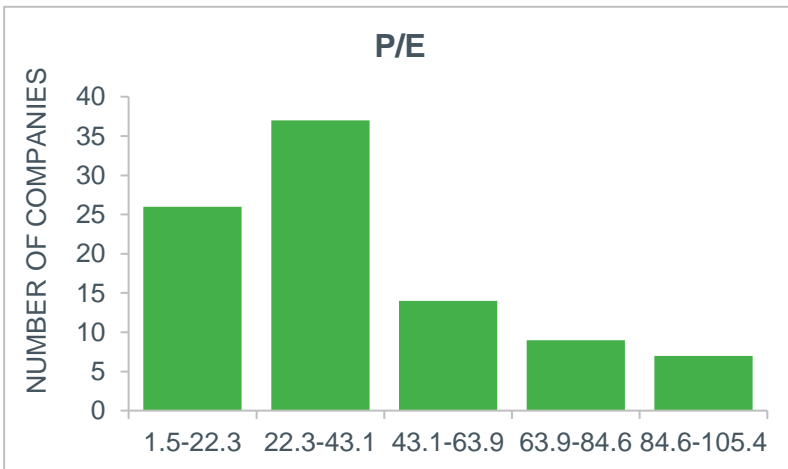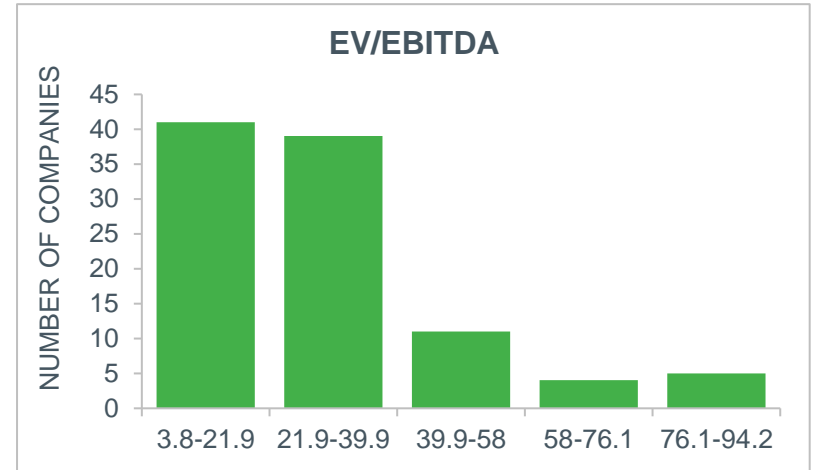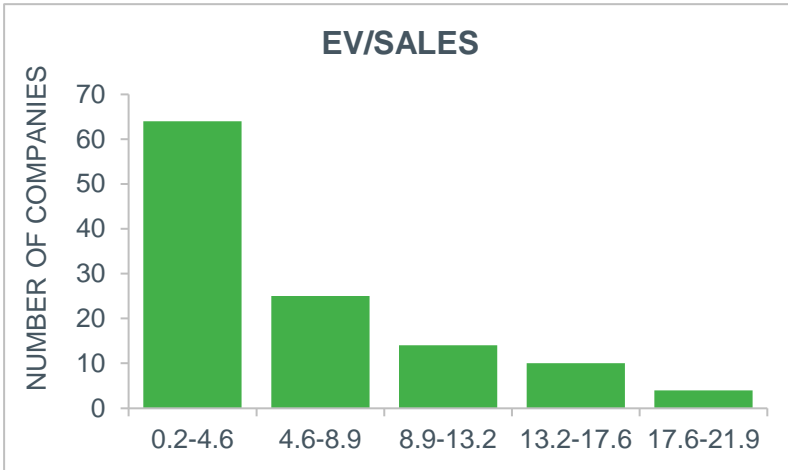
08

Information Technology

Q3 2021

Information Technology
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	127	127	127	127
Number of Outliers	9	27	34	5
Negative Multiples or Multiple Errors				
High	21.9x	94.2x	105.4x	18.3x
Mean	**5.9x**	**28.9x**	**39.3x**	**5.5x**
Median	**3.8x**	**25.3x**	**33.3x**	**3.8x**
Low	0.2x	3.8x	1.5x	0.5x
Low Quartile	2.0x	14.4x	22.0x	2.4x
Upper Quartile	8.7x	36.6x	49.0x	7.7x

Information Technology – Continued
As of September 30, 2021

EV/SALES

EV/EBITDA

P/E

P/B

Information Technology – Continued
As of September 30, 2021

Median multiples (Note)

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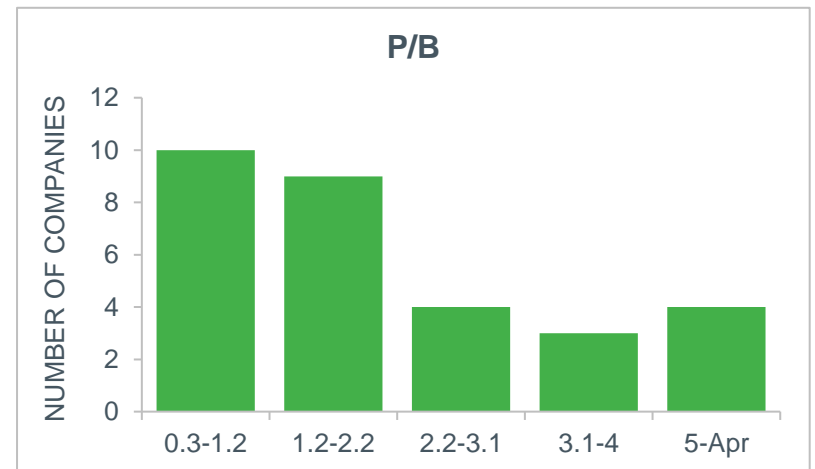
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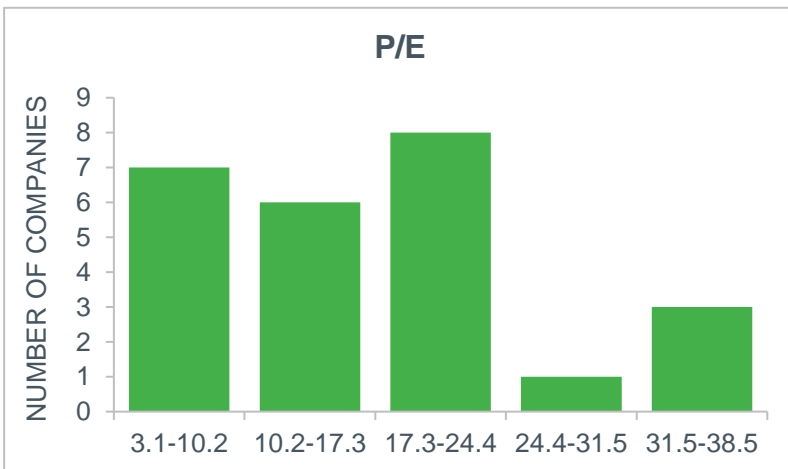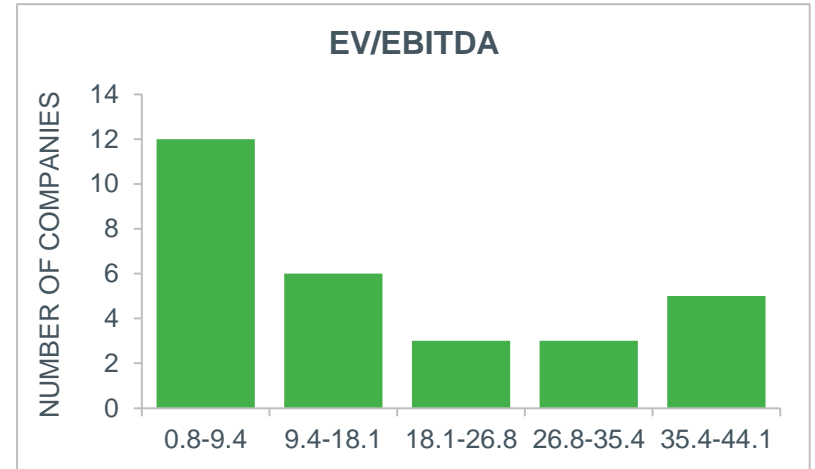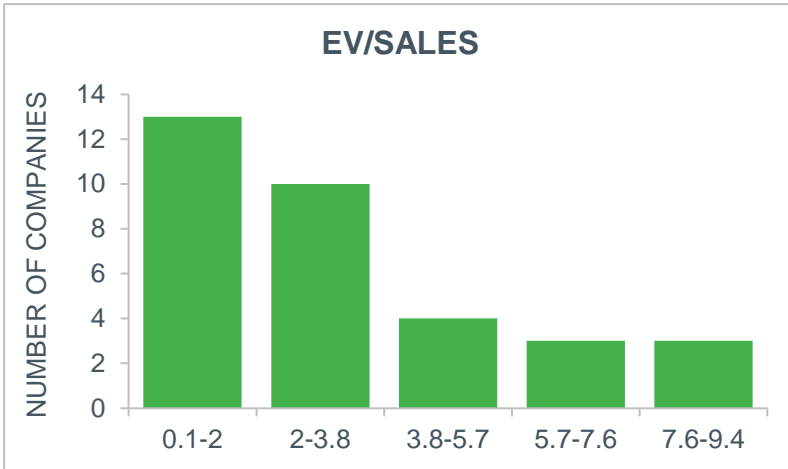
Communication Services

Q3 2021

Communication Services
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	34	34	34	34
Number of Outliers	1	5	9	4
Negative Multiples or Multiple Errors				
High	9.4x	44.1x	38.5x	5.0x
Mean	**3.4x**	**16.4x**	**16.7x**	**2.1x**
Median	**2.9x**	**14.1x**	**15.4x**	**1.8x**
Low	0.1x	0.8x	3.1x	0.3x
Low Quartile	0.9x	3.3x	8.6x	1.0x
Upper Quartile	4.6x	27.8x	20.1x	3.1x

Communication Services – Continued

As of September 30, 2021

EV/SALES

NUMBER OF COMPANIES

Range	Companies
0.1-2	13
2-3.8	10
3.8-5.7	4
5.7-7.6	3
7.6-9.4	3

EV/EBITDA

NUMBER OF COMPANIES

Range	Companies
0.8-9.4	12
9.4-18.1	6
18.1-26.8	3
26.8-35.4	3
35.4-44.1	5

P/E

NUMBER OF COMPANIES

Range	Companies
3.1-10.2	7
10.2-17.3	6
17.3-24.4	8
24.4-31.5	1
31.5-38.5	3

P/B

NUMBER OF COMPANIES

Range	Companies
0.3-1.2	10
1.2-2.2	9
2.2-3.1	4
3.1-4	3
5-Apr	4

Communication Services – Continued
As of September 30, 2021

Median multiples (Note)

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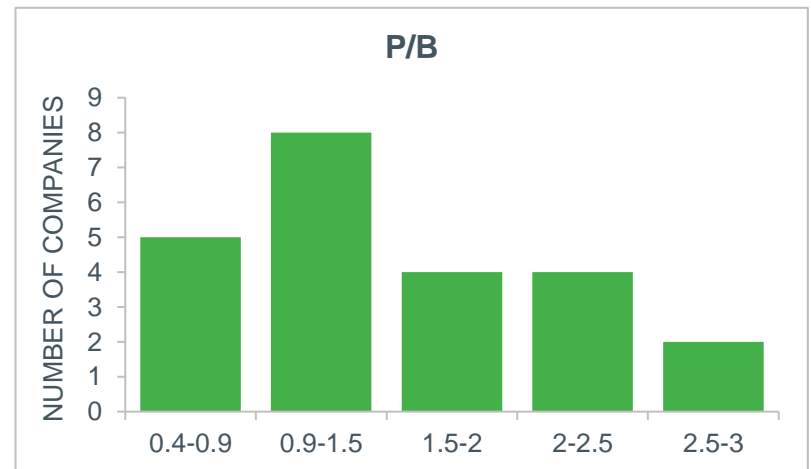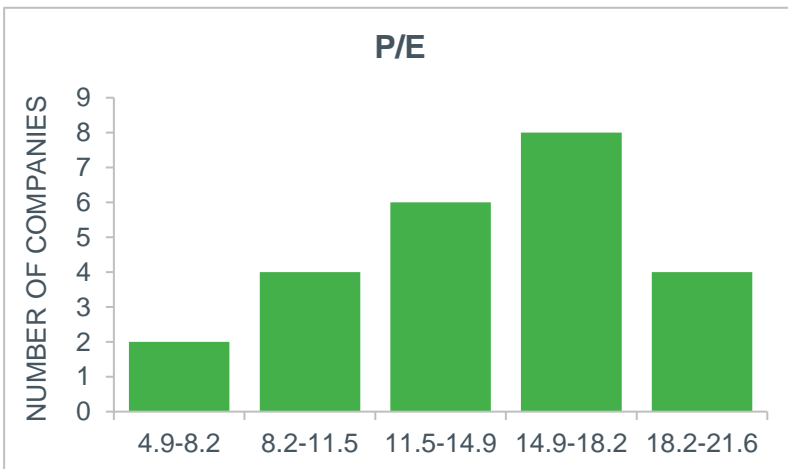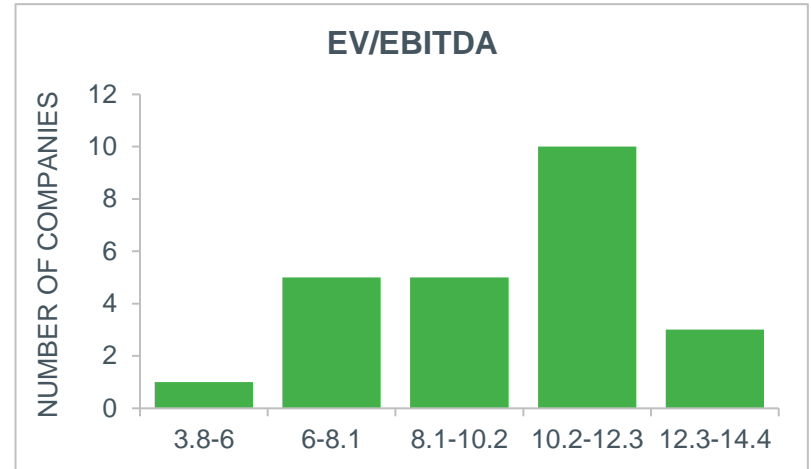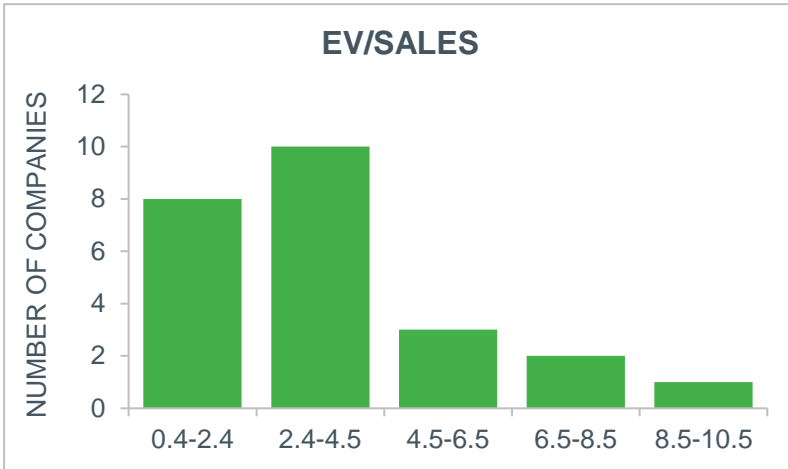
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Utilities

Q3 2021

Utilities

As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	25	25	25	25
Number of Outliers	1	1	1	2
Negative Multiples or Multiple Errors				
High	10.5x	14.4x	21.6x	3.0x
Mean	**3.5x**	**10.1x**	**14.2x**	**1.5x**
Median	**3.3x**	**10.8x**	**14.3x**	**1.3x**
Low	0.4x	3.8x	4.9x	0.4x
Low Quartile	1.6x	8.7x	11.7x	1.0x
Upper Quartile	4.6x	11.6x	17.1x	2.0x

Utilities – Continued
As of September 30, 2021

EV/SALES

NUMBER OF COMPANIES

| 0.4-2.4 | 2.4-4.5 | 4.5-6.5 | 6.5-8.5 | 8.5-10.5 |

EV/EBITDA

NUMBER OF COMPANIES

| 3.8-6 | 6-8.1 | 8.1-10.2 | 10.2-12.3 | 12.3-14.4 |

P/E

NUMBER OF COMPANIES

| 4.9-8.2 | 8.2-11.5 | 11.5-14.9 | 14.9-18.2 | 18.2-21.6 |

P/B

NUMBER OF COMPANIES

| 0.4-0.9 | 0.9-1.5 | 1.5-2 | 2-2.5 | 2.5-3 |

Utilities – Continued
As of September 30, 2021

Median multiples (Note)

Legend: EV/Sales — P/B — EV/EBITDA — P/E

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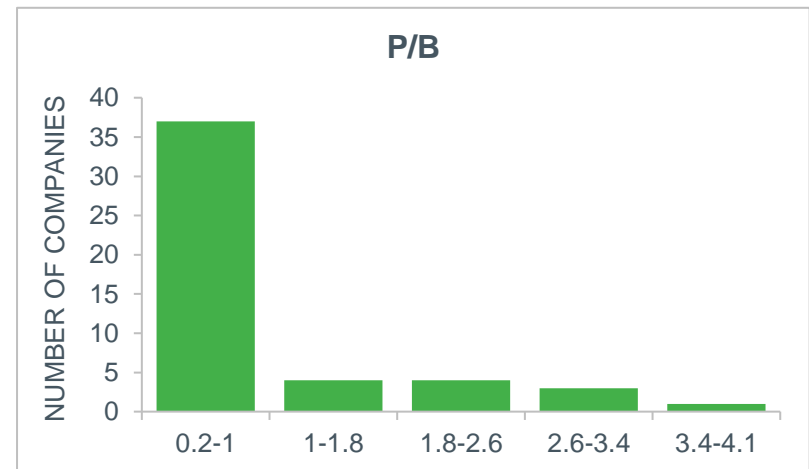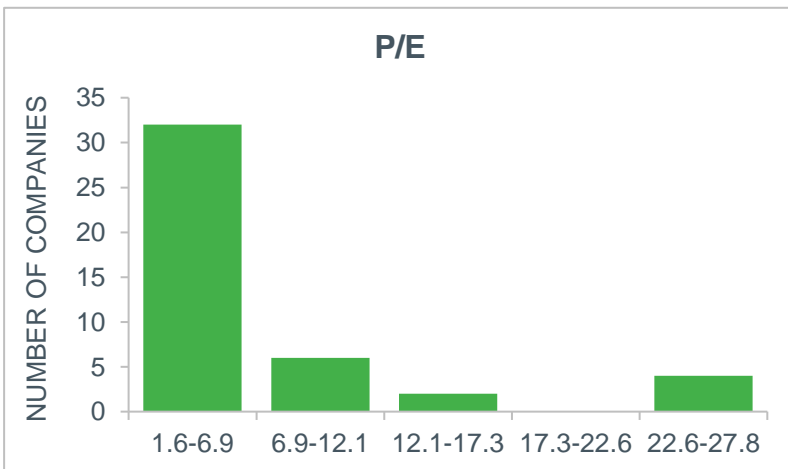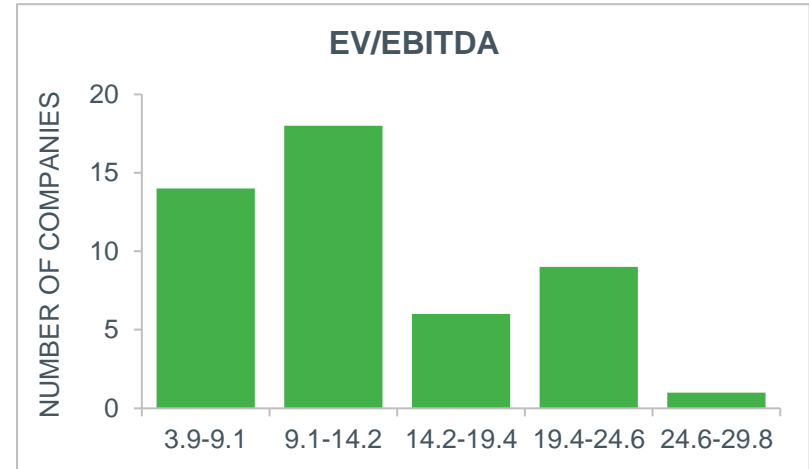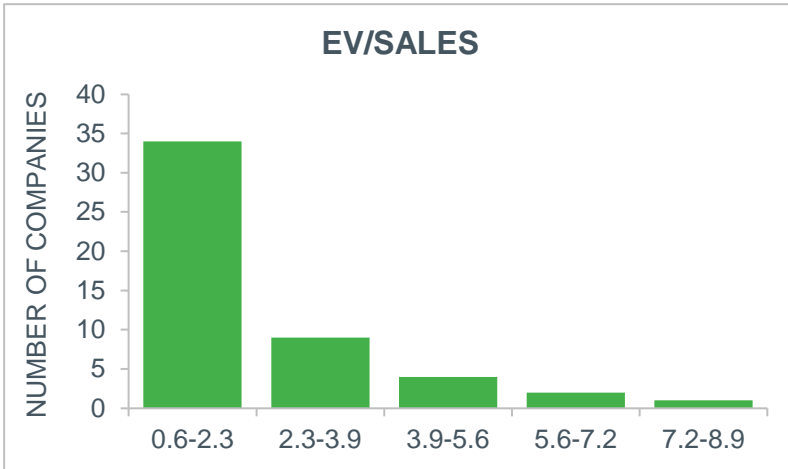
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Real Estate

Q3 2021

Real Estate
As of September 30, 2021

	EV/Sales	EV/EBITDA	P/E	P/B
Number of Observations	54	54	54	54
Number of Outliers	4	6	9	5
Negative Multiples or Multiple Errors				
High	8.9x	29.8x	27.8x	4.1x
Mean	**2.4x**	**13.0x**	**7.5x**	**1.0x**
Median	**1.8x**	**12.0x**	**4.4x**	**0.6x**
Low	0.6x	3.9x	1.6x	0.2x
Low Quartile	1.4x	8.2x	3.1x	0.5x
Upper Quartile	2.6x	16.0x	8.7x	0.9x

Real Estate – Continued
As of September 30, 2021

EV/SALES

NUMBER OF COMPANIES

0.6-2.3	2.3-3.9	3.9-5.6	5.6-7.2	7.2-8.9
34	9	4	2	1

EV/EBITDA

NUMBER OF COMPANIES

3.9-9.1	9.1-14.2	14.2-19.4	19.4-24.6	24.6-29.8
14	18	6	9	1

P/E

NUMBER OF COMPANIES

1.6-6.9	6.9-12.1	12.1-17.3	17.3-22.6	22.6-27.8
32	6	2		4

P/B

NUMBER OF COMPANIES

0.2-1	1-1.8	1.8-2.6	2.6-3.4	3.4-4.1
37	4	4	3	1

Real Estate – Continued
As of September 30, 2021

Median multiples (Note)

Legend: EV/Sales, P/B, EV/EBITDA, P/E

X-axis: - Q8, - Q7, - Q6, - Q5, - Q4, - Q3, - Q2, - Q1, 9/30/2021

Left axis (P/B & EV/SALES): - , 2.0, 4.0

Right axis (EV/EBITDA & P/E): - , 2.0, 4.0, 6.0, 8.0, 10.0, 12.0, 14.0, 16.0, 18.0

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Industry Definitions

The industry classification for the companies represented in this report is based on the 2017 Global Industry Classification Standard®(GICS®). Below represents a brief description of sub-industries which are forming part of a particular industry based on the 2017 GICS® guidelines:

Consumer Discretionary

Auto Parts and Equipment	Companies that manufacture parts and accessories for automobiles and motorcycles including tires and rubber
Automobile Manufacturers	Companies that produce mainly passenger automobiles and light trucks. Also includes companies produce motorcycles, scooters or three-wheelers.
Media	Owners and operators of television or radio broadcasting systems, including programming including radio and television, broadcasting, radio networks, and radio stations. Providers of cable or satellite television and satellite radio services. Includes cable networks and program distribution. Also, publishers of newspapers, magazines and books in print or electronic formats. Companies into advertising, marketing or public relations services.
Apparel	Manufacturers of apparel, accessories and luxury goods. Includes companies primarily producing designer handbags, wallets, luggage, jewelry and watches and manufacturers of textile and related products
Household Appliances	Manufacturers of electric household appliances and related products. Includes manufacturers of durable household products, power and hand tools, including garden improvement tools but excludes TVs and other audio and video products.

Financials

Banks	Commercial diverse with a national footprint whose revenues are derived primarily from conventional banking operations, have significant business activity in retail banking and small and medium corporate lending, and provide a diverse range of financial services. This also includes regional banks that tend to operate in limited geographic regions and excludes investment banks
Consumer Finance	Providers of consumer finance services, including personal credit, credit cards, lease financing, travel-related money services and pawn shops.
Diversified Financial Services	Financial exchanges for securities, commodities, derivatives and other financial instruments, and providers of financial decision support tools and products including ratings agencies. Providers of a diverse range of financial services and/or with some interest in a wide range of financial services including banking, insurance and capital markets, but with no dominant business line.
Capital Markets	Financial institutions primarily engaged in diversified capital markets activities, including a significant presence in at least two of the following area: large/major corporate lending, investment banking, brokerage and asset management. Includes financial exchanges for securities, commodities, derivatives and other financial instruments,

Global Industry Classification Standard® (GICS®) was developed by S&P Dow Jones Indices, an independent international financial data and investment services company and a leading provider of global equity indices, and MSCI, a premier independent provider of global indices and benchmark-related products and services.

Industry Definitions – Continued

Healthcare	
Healthcare Facilities and Services	Owners and operators of health care facilities, including hospitals, nursing homes, rehabilitation and retirement centers and animal hospitals. Providers of patient health care services not classified elsewhere. Includes dialysis centers, lab testing services, and pharmacy management services. Also includes companies providing business support services to health care providers, such as clerical support services, collection agency services, staffing services and outsourced sales and marketing services.
Pharmaceuticals and Biotechnology	Companies engaged in the research, development or production of pharmaceuticals. Includes veterinary drugs. Companies primarily engaged in the research, development, manufacturing and/or marketing of products based on genetic analysis and genetic engineering. Includes companies specializing in protein-based therapeutics to treat human diseases.

Materials	
Chemicals	Companies that primarily produce industrial chemicals and basic chemicals. Including but not limited to plastics, synthetic fibers, films, commodity-based paints and pigments, explosives and petrochemicals. Producers of fertilizers, pesticides, potash or other agriculture-related chemicals including industrial gases and other diversified range of chemical products.
Construction Material	Manufacturers of construction materials including sand, clay, gypsum, lime, aggregates, cement, concrete and bricks.
Metals and Mining	Producers of aluminum and related products, including companies that mine or process bauxite and companies that recycle aluminum to produce finished or semi-finished products. Companies engaged in copper ore mining, production of iron and steel and related products, including metallurgical (coking) coal mining used for steel production and having other diversified mining operations but excluding gold, silver and other precious metals.

Utilities	
Electric and Gas Utilities	Companies that produce or distribute electricity including both nuclear and non-nuclear facilities. Also, includes companies whose main charter is to distribute and transmit natural and manufactured gas.
Independent Power and Renewable Electricity Producers	Companies that operate as Independent Power Producers (IPPs), Gas and Power Marketing and Trading Specialists and/or Integrated Energy Merchants. Companies that engage in generation and distribution of electricity using renewable sources, including, but not limited to, companies that produce electricity using biomass, geothermal energy, solar energy, hydropower, and wind power.

Industry Definitions – Continued

All Other Industries	
Energy	Companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy. Companies engaged in the exploration and production of oil and gas. Companies engaged in the refining and marketing of oil, gas and/or refined products
Household and Personal Products	Producers of packaged foods including dairy products, fruit juices, meats, poultry, fish and pet foods. Producers of non-durable household products, including detergents, soaps, diapers and other tissue and household paper products. Manufacturers of personal and beauty care products, including cosmetics and perfumes.
Industrial Machinery	Manufacturers of industrial machinery and industrial components. Includes companies that manufacture presses, machine tools, compressors, pollution control equipment, elevators, escalators, insulators, pumps, roller bearings and other metal fabrications.
Construction and Engineering	Companies engaged in primarily non-residential construction. Includes civil engineering companies and large-scale contractors.
Internet Services and Infrastructure	Companies providing services and infrastructure for the internet industry including data centers and cloud networking and storage infrastructure. Also includes companies providing web hosting services. Excludes companies classified in the Software Industry.
Application Software	Companies engaged in developing and producing software designed for specialized applications for the business or consumer market. Includes enterprise and technical software, as well as cloud-based software. Excludes companies classified in the Interactive Home Entertainment Sub-Industry. Also excludes companies producing systems or database management software classified in the Systems Software Sub-Industry.
Real Estate	Companies that develop real estate and sell the properties after development and also engaged in diverse spectrum of real estate activities including real estate development and sales, real estate management or real estate services, but with no dominant business line.

For more information, please contact one of our professionals below.

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