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Crazy Rich Stocks

Profiting in Singapore's Equity Market

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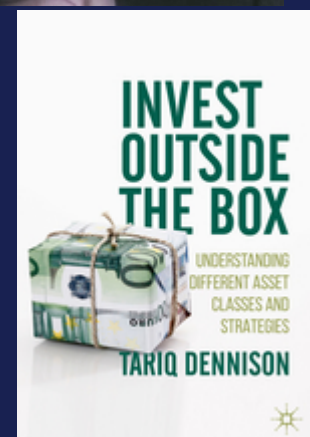
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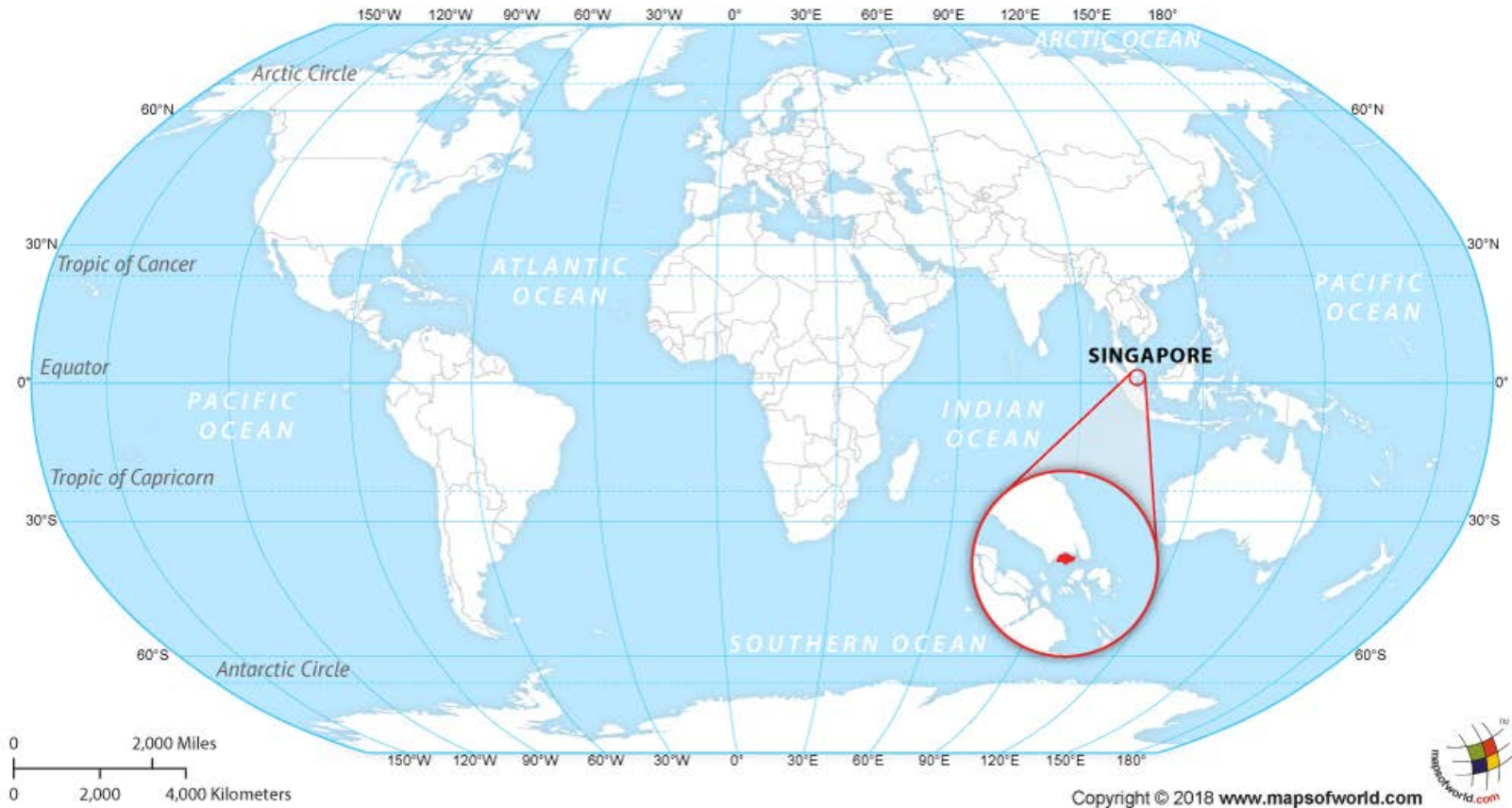
About Tariq Dennison, CFP^{CM}

- I manage accounts on the Interactive Brokers platform
 - US Advisor: GFM Asset Management LLC
 - HK Advisor: GFM Group Limited
- In the market since 1998
 - Commerzbank (NY, London, Frankfurt)
 - Bear Stearns (NY)
 - J.P. Morgan (NY)
 - Canadian Imperial Bank of Commerce
 - Societe Generale (HK)
- Masters in Financial Engineering
 - University of California at Berkeley
- Visiting Faculty at ESSEC Singapore
- Focus on US-Asia corridor
- CERTIFIED FINANCIAL PLANNER^{CM} professional
- Author “Invest Outside the Box”



What and where is Singapore?

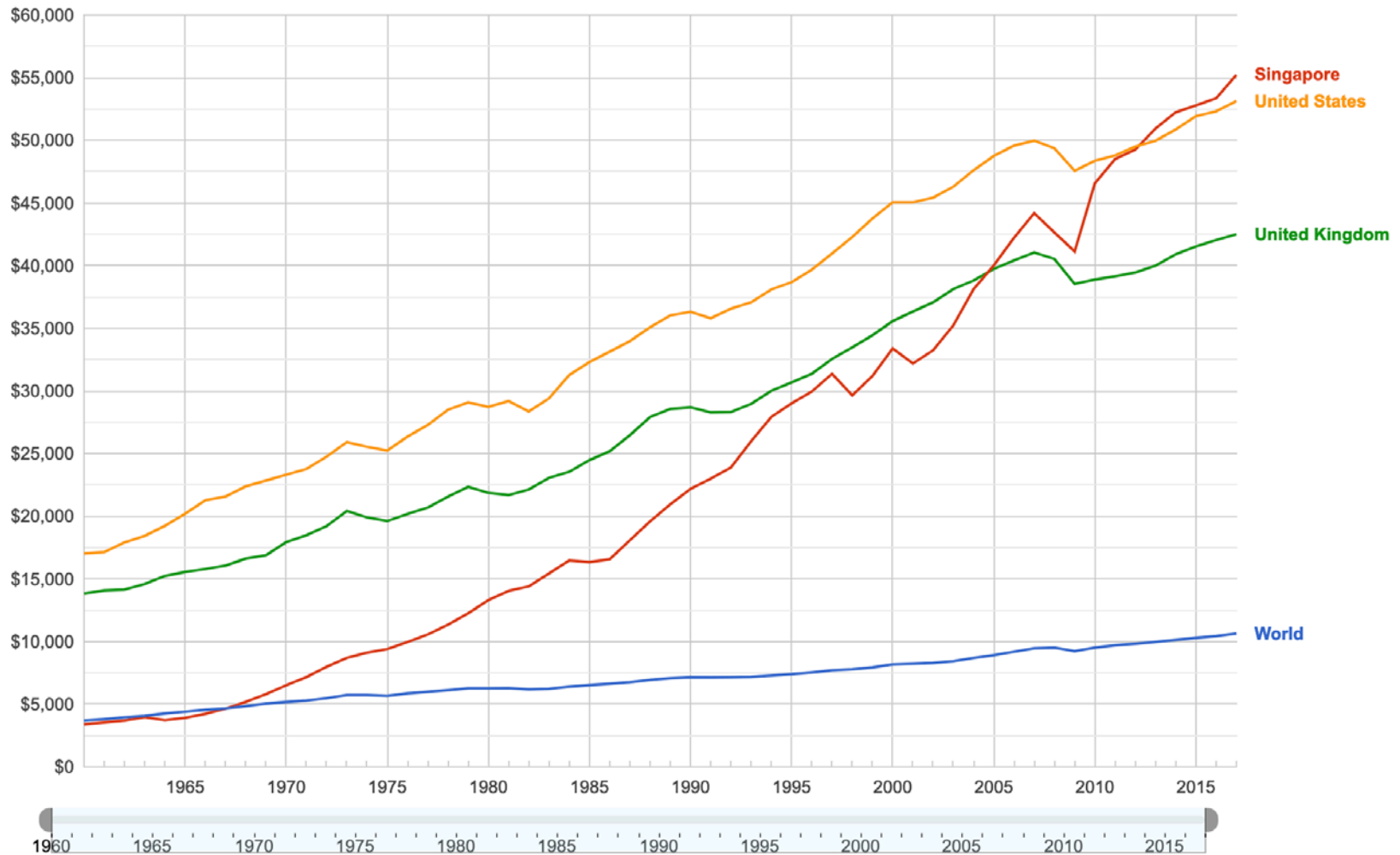
SINGAPORE LOCATION MAP



Source: <https://www.mapsofworld.com/singapore/singapore-location-map.html>

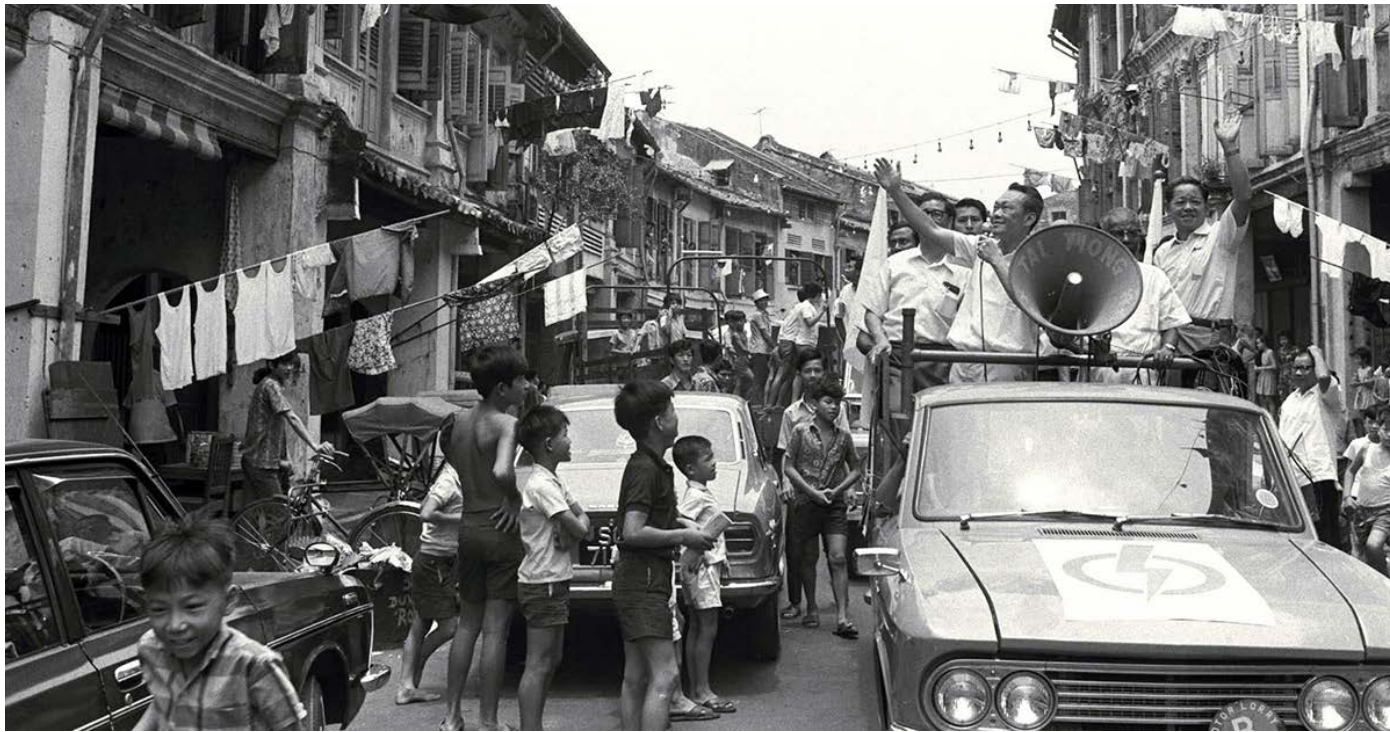
What makes Singapore so financially fascinating?

GDP per capita (constant 2000 US\$) ?



Data from [World Bank](#) Last updated: Jul 6, 2018

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Singapore 1965, Source: WSJ

RE-PO... THE STRAITS TIMES... National Newspapers... 12 CENTS... KDN 133-1363... TUESDAY, AUGUST 16, 1965

PAGE ONE LEADER
Now look to the future
 Tengku pledges support for admission to Commonwealth and United Nations

What it means—at a glance

- ALL Singapore citizens vote to be Malayan citizens.
- ALL civil servants, including police and armed forces, who become citizens of the Malayan Commonwealth are Malayan Government employees.
- ALL civil servants who do not become citizens of the Malayan Commonwealth are Malayan Government employees.
- ALL civil servants who do not become citizens of the Malayan Commonwealth are Malayan Government employees.

Singapore is out

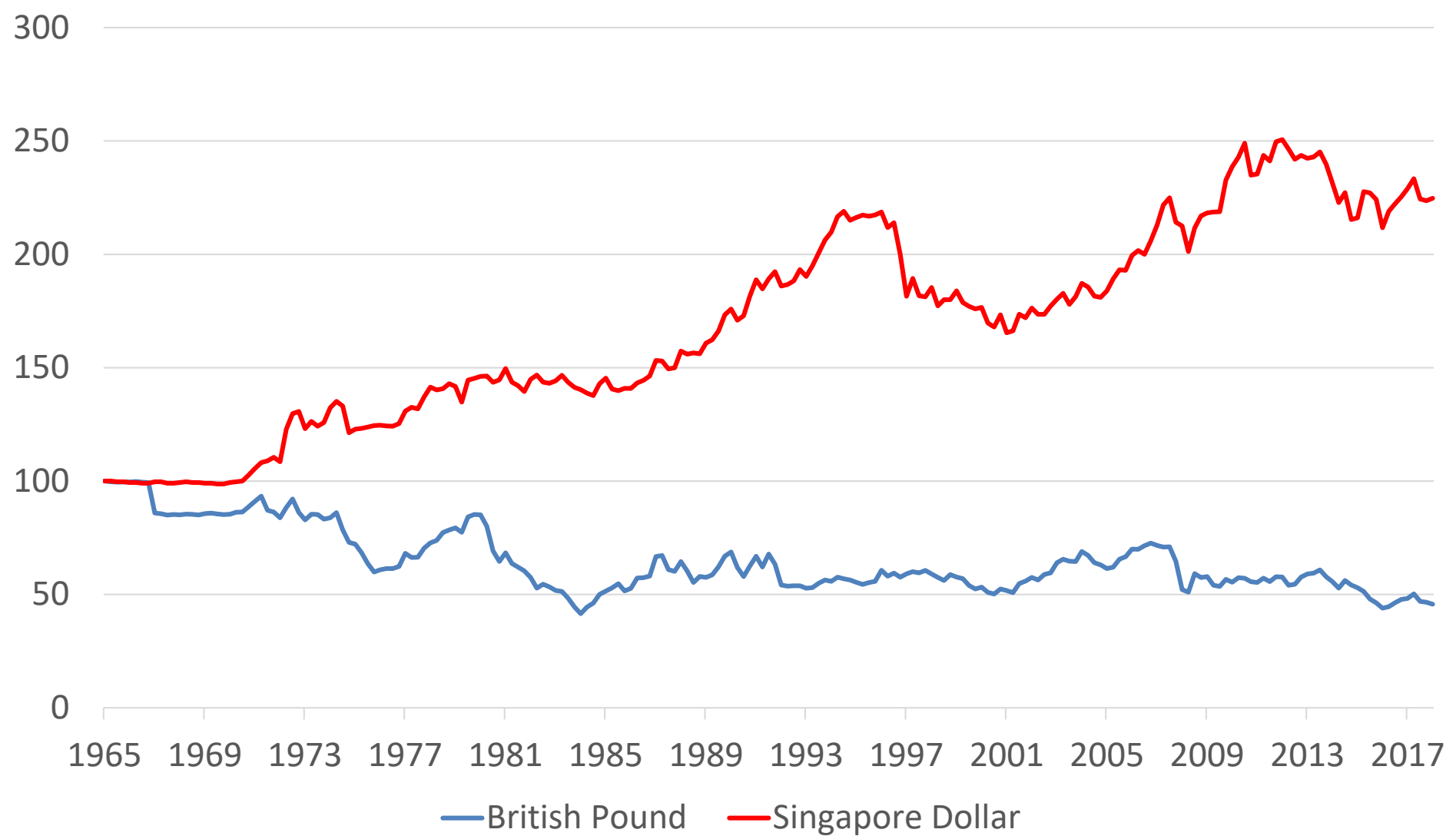
By FELIX ABISHEGANADEN: Kuala Lumpur, Monday

SINGAPORE today separated from Malaysia, following an amendment to the Constitution approved unanimously by both Houses of Parliament under a certificate of urgency.

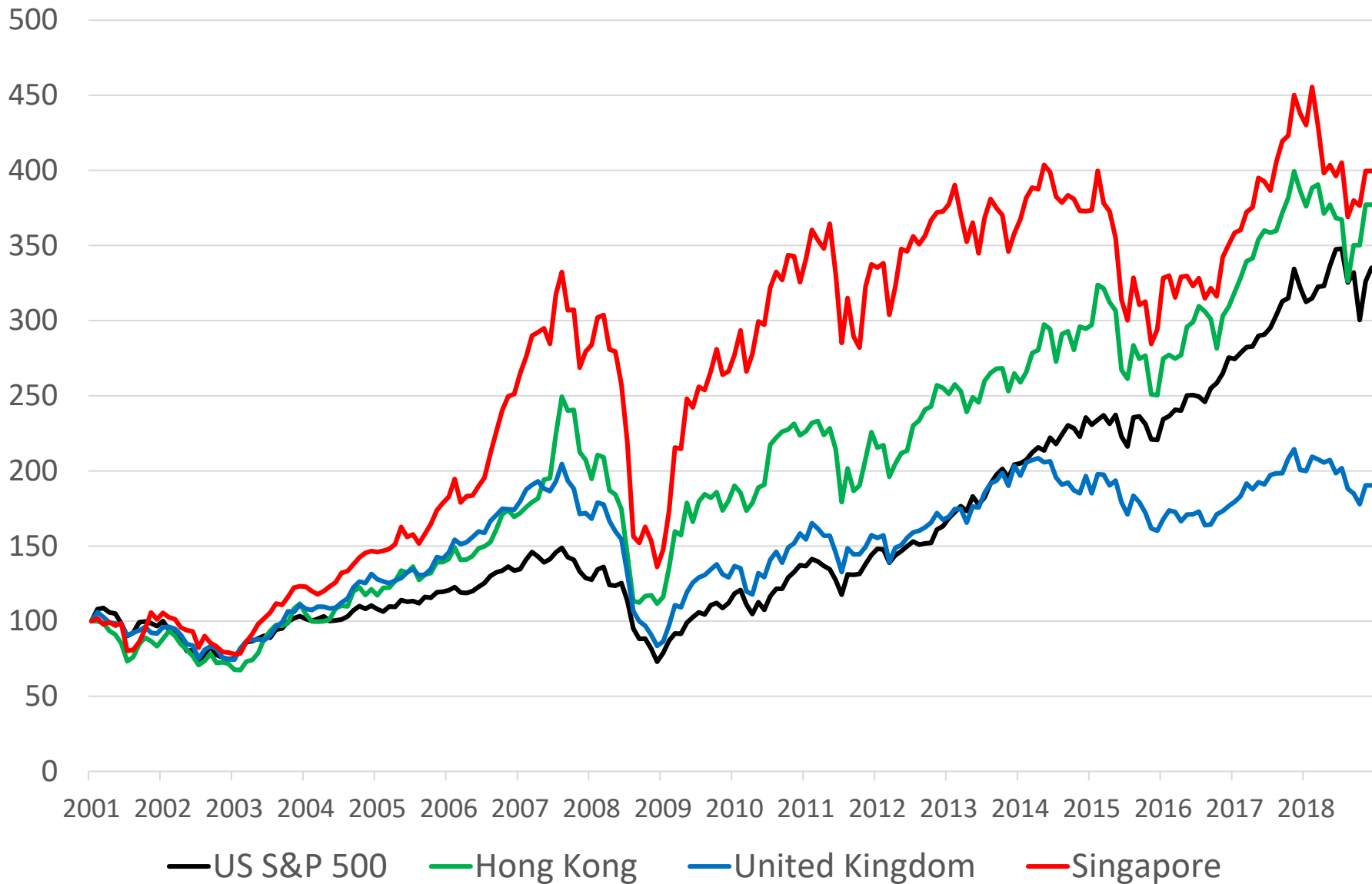
INSIDE
 PAGE 10: Tengku's speech to Parliament on Friday.
 PAGE 11: The vote on Parliament.
 PAGE 12: The vote on Parliament.
 PAGE 13: The vote on Parliament.



SGD/USD vs GBP/USD, 1965-2019

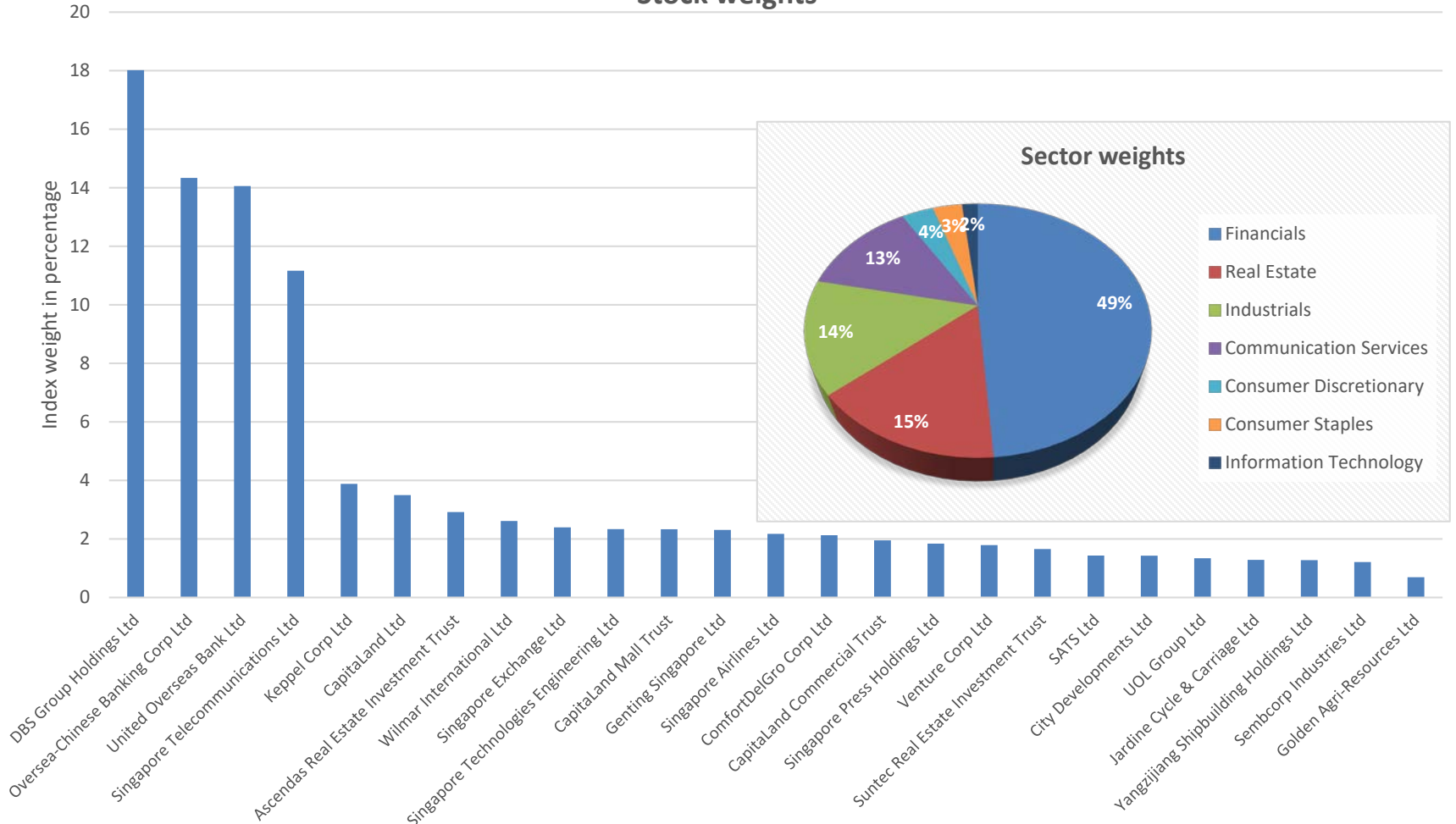


US S&P 500 vs MSCI Hong Kong, UK, and Singapore



MSCI Singapore Free Index

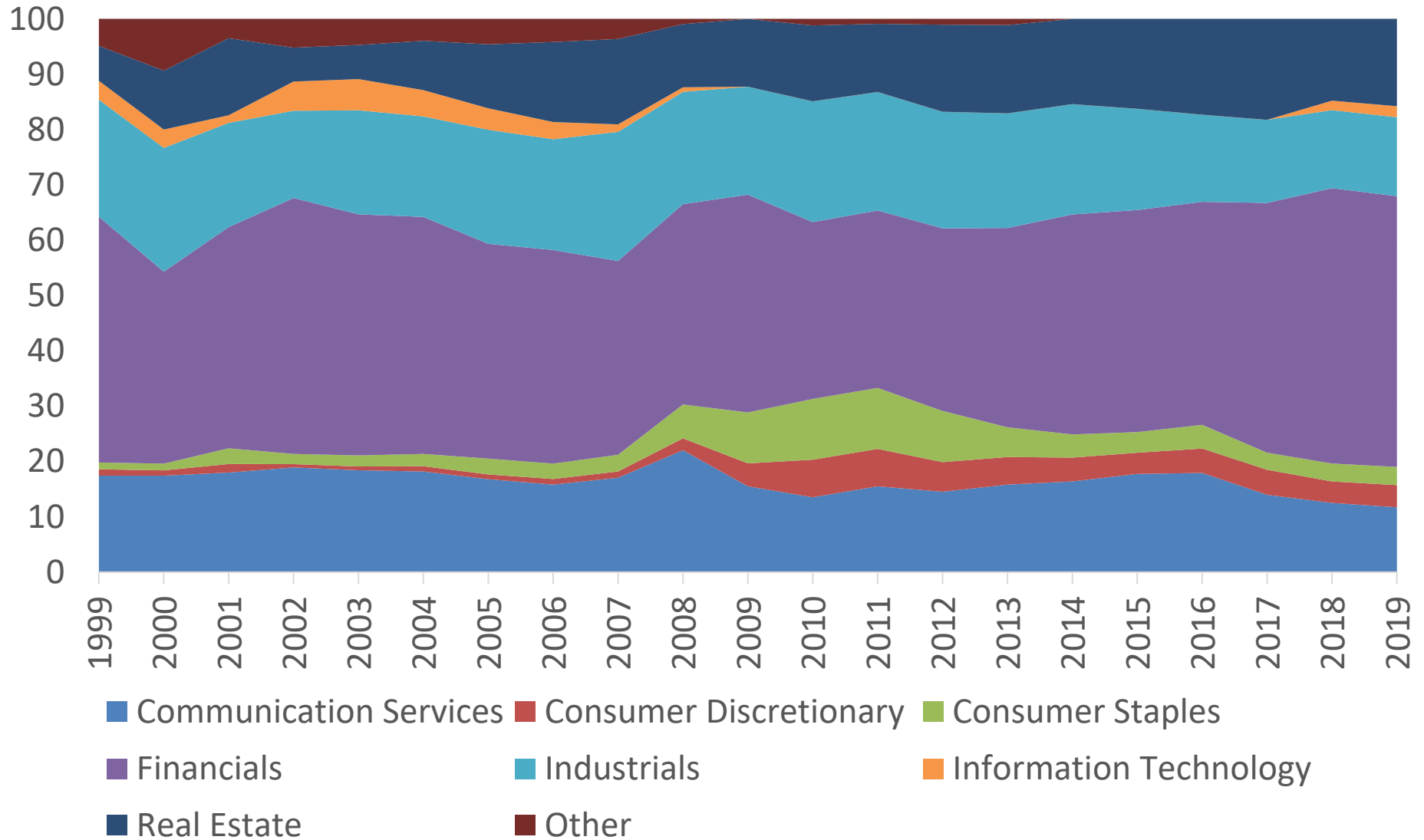
Stock weights



25 Stocks, 85% of Singapore's Market Cap. Top 3 are all banks

Source: Bloomberg

MSCI Singapore Sector Stability




Source: SGX, Bloomberg

Nandini Vijayaraghavan & Umesh Desai

THE SINGAPORE BLUE CHIPS

The Rewards & Risks of Investing in
Singapore's Largest Corporates



 World Scientific

Some Historical Reading:

- MNCs
- GLCs
- PLCs

Stock info on SGX.com

Singapore Exchange Limited [SG] | <https://www2.sgx.com/securities/stock-screener>

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312 companies found

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Company Name	Code	P/E	Div. Yld. in %	P/BV	Consensus	GTI Score	GTI Chg. Rank	Mkt. Cap. in S\$ mm	Tot. Rev. in S\$ mm	Industry
DBS Group Holdings Ltd	D05	11.34	4.77%	1.308	Buy	124	1	64,315	12,473	Banks
Singapore Telecommunications Limited	Z74	16.415	5.78%	1.71	Buy	129	-	49,455.7	17,555.1	Diversified Telecommunication Services
Oversea-Chinese Banking Corporation Limited	O39	10.48	3.86%	1.123	Buy	108	-	47,271.9	9,413	Banks
United Overseas Bank Limited	U11	10.647	3.96%	1.117	Buy	109	3	41,952.8	8,724	Banks
Jardine Strategic Holdings Limited	J37	11.606	0.91%	0.669	Buy	-	-	28,441.1	46,448	Industrial Conglomerates
Jardine Matheson Holdings Limited	J36	13.902	2.67%	0.91						
Hongkong Land Holdings Limited	H78	7.081	2.98%	0.449						
Wilmar International Limited	F34	13.443	3.17%	0.958						
Thai Beverage Public Company Limited	Y92	21.217	2.02%	3.792						
CapitaLand Limited	C31	8.67	3.49%	0.756						

[Overview](#) [Valuation](#) [Financials](#) [Dividends](#) [Ownership](#)

Main Shareholders	Number of shares held	Percent of shares held
Temasek Holdings (Private) Limited	8,535,889,914	52.3%
Central Provident Fund Board	842,949,906	5.16%
Franklin Resources, Inc.	388,226,033	2.38%
BlackRock, Inc.	273,330,021	1.67%
The Vanguard Group, Inc.	210,821,565	1.29%

Source: SGX.com

MSCI Singapore P/E and P/B, 1999 - 2019



Source: SGX, Bloomberg

Highest Yielding MSCI Single Country Benchmarks

<u>Index</u>	<u>Div Yield</u>	<u>P/E</u>	<u>Sales Growth</u>
MSCI-Australia	5.52%	15.6	1.4
MSCI China Small-Cap	5.45%	9.2	1.5
MSCI Nigeria	5.27%	6.3	10.0
MSCI UAE	5.27%	11.1	-1.4
MSCI Pakistan	5.20%	8.9	10.2
MSCI Sweden	4.83%	13.6	4.3
MSCI Qatar	4.65%	13.2	4.1
MSCI United Kingdom	4.49%	14.5	0.9
MSCI Brazil Small-Cap	4.33%	16.3	3.9
MSCI Norway	4.27%	14.5	9.0
MSCI Portugal	4.27%	15.1	-1.2
MSCI Russia	4.21%	5.9	12.5
MSCI Italy	4.19%	11.8	-1.3
MSCI Singapore	3.96%	13.4	3.5
MSCI Malaysia	3.70%	17.0	1.8

Source: Fidelity, Blackrock, Mirae

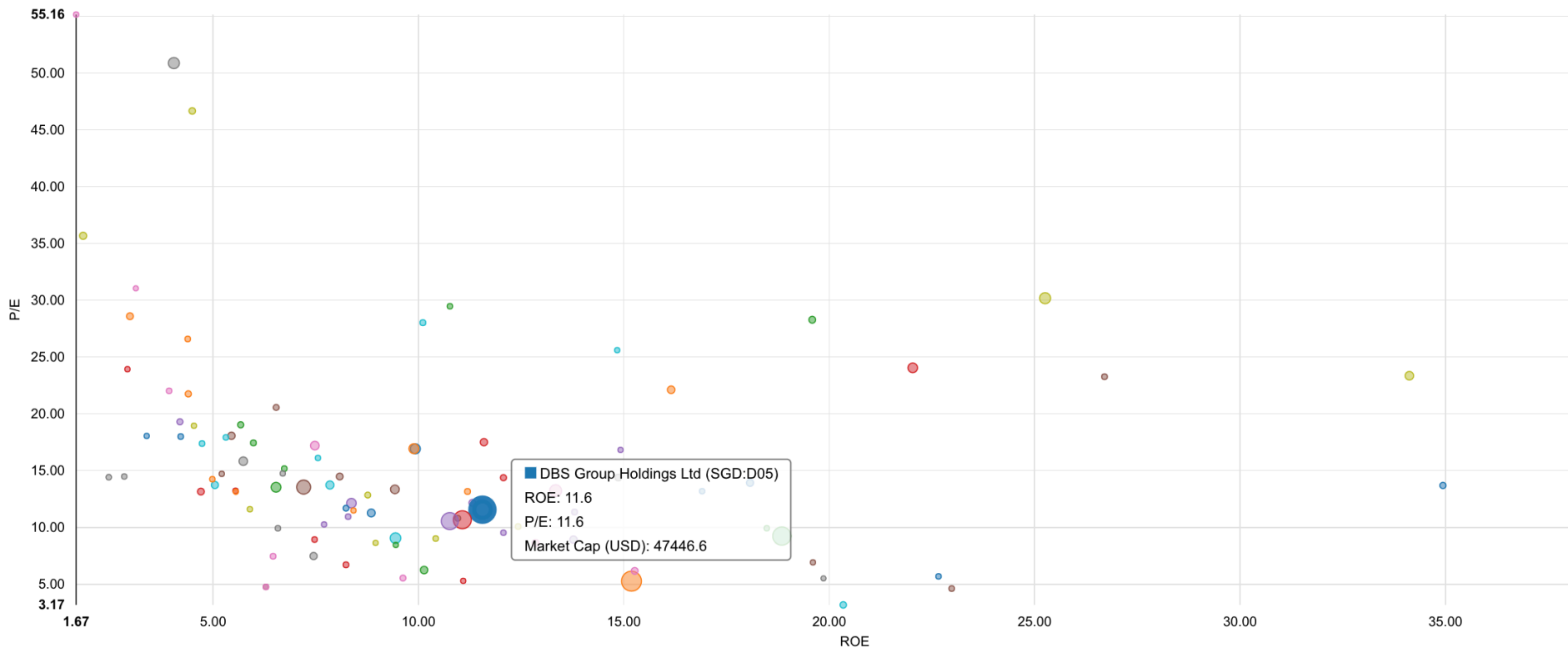
Scatterplot of SGX-listed Companies

To use this visualization:

1. Select which financial variables to plot on the X axis, Y axis, and bubble size.
2. Zoom in by trimming extreme values or by slicing to the half of companies above or below that axis's median value.
3. Click on the reset buttons to zoom out of one or all axes.
4. Click on a bubble to go to a company details page.

X-axis: Y-axis: Bubble size:

This chart found 100 companies that have data in all three selected axes. Other axes may have more or less data. Please see our [disclaimer](#).



Source: Interactive Brokers, OneWorth.net

ETF vs. Futures on Singapore market

	MSCI Singapore Free Index Futures	iShares MSCI Singapore ETF
Denomination	SGD	USD
Trading Hours	Singapore Time: 8.30 am – 5.15 pm (T session) 5.45 pm – 4.45 am following day (T+1 session)	Singapore time: 9:30 pm – 4:00 am
Contract Size	S\$100 x SGX MSCI Singapore Free Index Futures Price ≈ S\$35,500 as of 27 Jan 2019	1 share ≈ US\$23.5
Average Daily Volume	38,000 in Feb 2019 (US\$1.0 billion notional)	US\$15.5 million turnover as of Mar 2019
Average Open interest	US\$3.9 billion Open Interest notional	US\$543 million Net Assets
Settlement	Cash settled	N.A
Available to US client	Yes	Yes
Margins	Initial Margin: S\$1320 Maintenance Margin: S\$1200 (as of Mar 2019)	Fully funded
Correlation with underlying cash	97.5% (weekly) for past two years	87.5% (weekly) for past two years

Source: iShares and SGX

Order Confirmation

ISHARES MSCI SINGAPORE ETF

Financial Instrument	Bid	Ask	Last
EWS	22.75	24.85	c23.49

Order Description

BUY 1,000

Order Type LMT Routing SMART Time in Force DAY Allocation UXXXXXXXX

Limit Price 22.33 Clearing IB

Amount		Margin Impact (in USD)			
Amount		Current	Change	Post-trade*	
Amount	22,330 USD	Equity with Loan	71,662	0	71,662
Commission (est.)	1.30 ... 6.70 USD	Initial Margin	13,110	3,857	16,967
Total	n/a	Maintenance Margin	11,602	3,506	15,108
		Position	0	1,000	1,000

*This is a current projection and is subject to change.

Don't display this message again.

Transmit Cancel

Order Confirmation

MSCI Singapore Free Index

Financial Instrument	Bid	Ask	Last
SSG ∞ Mar28'19 @SGX	◆ 361.35	361.45 ◆	◆ 361.40

Order Description

SELL 1

Order Type LMT Routing SGX Time in Force DAY Allocation UXXXXXXXX

Limit Price 388.80 Clearing IB

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Amount		Margin Impact (in USD)			
Amount		Current	Change	Post-trade*	
Amount	38,880 SGD	Equity with Loan	72,181	-3	72,179
Commission (est.)	3.45 SGD	Initial Margin	13,626	1,668	15,294
Total	38,876.55 SGD	Maintenance Margin	12,092	1,334	13,427
		Position	0	-1	-1

*This is a current projection and is subject to change.

Don't display this message again.

Source: Interactive Brokers

Trade 1:

Long Singapore Single
Stocks, Short SSG Futures

Drivers

- Relative value of small cap or non-banks vs index
- Beta hedge of SG sector allocation (e.g. healthcare, S-REITs)

Risks

- Continued outperformance of large caps
- Single Stock Risk of longs
- Dividend carry

Trade 2: Long Buy and Roll

- Dividend yield priced into futures roll
- Compare to “accumulating share” ETFs
- Must roll quarterly
- Margin maintenance, though limited SGD exposure



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