



GFM
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Singapore's Selected Single Stocks

SSF Strategies On Lion City's Blue Chips

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About Tariq Dennison TEP CFP^{CM}

- Hong Kong & US Adviser on the IBKR 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
- Lecturer at ESSEC Singapore
 - Fixed Income
 - Alternative Assets
- Focus on US-Asia corridor
- Author “Invest Outside the Box”



Outline of this presentation


1. Introduce the 10 Singapore Stocks w/ SSFs
2. Review key data sources
3. Demonstrate an SSF trade
4. Outline some key applications / strategies

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

Which 10 Stocks?

- The big banks: DBS, UOB, OCBC
- Consumer: ThaiBev, Wilmar, Genting
- Infrastructure: SingTel, ComfortDelGro
- Shipping: Keppel, Yangzijiang
- Notably absent so far: REITs, Health Care, ...

Source: SGX.com

Selection Criteria

Select Sector

Tot. Rev (\$M)



Mkt Cap (\$M)



P/E



Yield (%)



Min

Max

-12

1,952,482

Min

Max

0

1,670,273

Min

Max

0

2,354

Min

Max

0.00

227.00

[Show more filters](#)

723

stocks found out of
723 using 0 criteria[Reset criteria](#)[Download](#) [Customise](#)

| Trading Name | Tradin... | RIC | Mkt Cap (\$M) | Tot. Rev (\$M) | P/E | Yield (%) | Sector | GTI Score |
|---------------------------------|-----------|---------|----------------|----------------|--------|-----------|---------------------------|-----------|
| DBS | D05 | DBSM.SI | SGD 54,560.566 | SGD 15,592 | 8.63 | 5.78 | Banking & Investment ... | 125 |
| IHH | Q0F | IHHH.KL | MYR 47,835.848 | MYR 14,824.974 | 899.34 | 0.73 | Healthcare Services | - |
| Top Glove | BVA | TPGC.KL | MYR 47,157.445 | MYR 5,316.175 | 69.56 | 0.80 | Healthcare Services | - |
| Singtel | Z74 | STEL.SI | SGD 40,986.188 | SGD 16,542.301 | 38.21 | 4.88 | Telecommunications Se... | 129 |
| OCBC Bank | O39 | OCBC.SI | SGD 40,471.406 | SGD 12,097.662 | 8.31 | 5.77 | Banking & Investment ... | 115 |
| Lonza | O6Z | LONN.S | CHF 37,770.551 | CHF 5,920 | 49.64 | 0.54 | - | - |
| UOB | U11 | UOBH.SI | SGD 34,703.18 | SGD 12,556.828 | 8.13 | 5.33 | Banking & Investment ... | 111 |
| Prudential USD | K6S | PRU.L | GBP 32,049.852 | GBP 75,168.773 | 20.39 | 3.04 | Insurance | - |
| JMH USD | J36 | JARD.SI | USD 30,674.213 | USD 40,922 | 5.53 | 4.12 | Industrial Conglomerates | - |
| AliPictures HKD | S91 | ALIB.SI | HKD 28,967.777 | HKD 3,151.295 | - | - | Cyclical Consumer Serv... | - |
| Wilmar Intl | F34 | WLIL.SI | SGD 26,382.012 | SGD 59,423.828 | 14.78 | 3.03 | Food & Beverages | 91 |
| Shangri-La HKD | S07 | 0069.HK | HKD 24,130.584 | HKD 18,843.383 | 20.34 | 1.19 | Cyclical Consumer Serv... | - |
| JSH USD | J37 | JSH.SI | USD 23,385.297 | USD 32,665 | 5.47 | 1.68 | Industrial Conglomerates | - |
| ThaiBev | Y92 | TBEV.SI | SGD 16,953.104 | SGD 11,759.11 | 15.98 | 2.55 | Food & Beverages | 72 |
| CapitaLand | C31 | CATL.SI | SGD 15,461.312 | SGD 6,234.764 | 6.90 | 3.99 | Real Estate | 122 |
| Ascendas Reit | A17U | AEMN.SI | SGD 11,874.379 | SGD 924.115 | 20.43 | - | Real Estate | 88.4 |
| SIA | C6L | SIAL.SI | SGD 11,463.543 | SGD 15,975.9 | - | 1.46 | Transportation | 99 |

ThaiBev (Y92 / TBEV.SI)

Industry

Food & Beverages

Distillers & Wineries

This company reports in this currency: THB

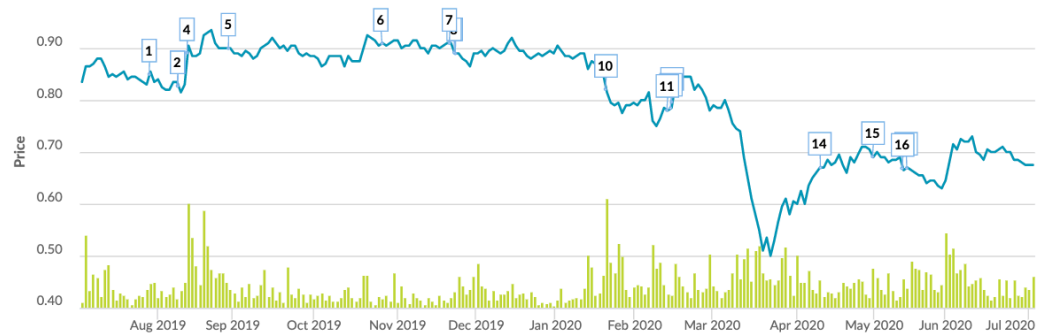
▲ 0.695

Print

+0.02 / 2.963%

As at 03 Jul 2020 05:16 PM

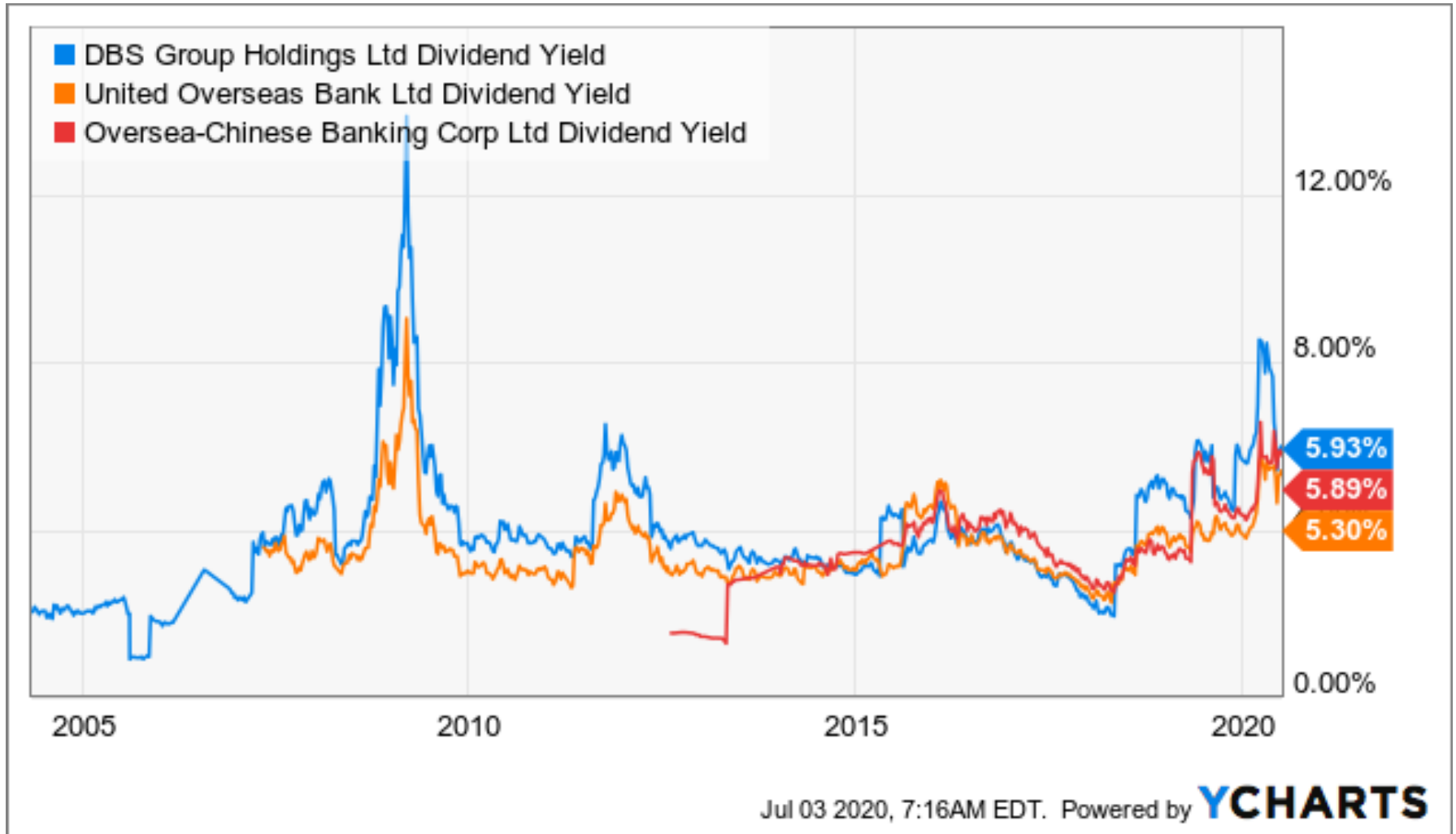
Prices & Chart

Day Week Month **1 Year** 5 Years

As at 03 Jul 2020 07:19 PM

Overview Valuation Financials Dividends **Ownership**

| Main Shareholders | Type | Holdings Date | Percent of shares held | Number of shares held | Change | Turnover rating |
|---|---------------------|---------------|------------------------|-----------------------|-------------|-----------------|
| Siriwana Co., Ltd. | Corporation | 11 Dec 2019 | 45.2627% | 11,368,060,000 | 0 | LOW |
| MM Group Ltd. | Corporation | 11 Dec 2019 | 20.6111% | 5,176,627,762 | 0 | LOW |
| Capital Research Global Investors | Investment Advisor | 20 Sep 2019 | 4.9489% | 1,242,961,700 | -77,864,900 | LOW |
| Tejapaibul (Vivat) | Individual Investor | 21 Oct 2019 | 0.8821% | 221,541,500 | 0 | LOW |
| Matthews International Capital Management, L.L.C. | Investment Advisor | 31 Mar 2020 | 0.6382% | 160,279,900 | -19,923,100 | LOW |



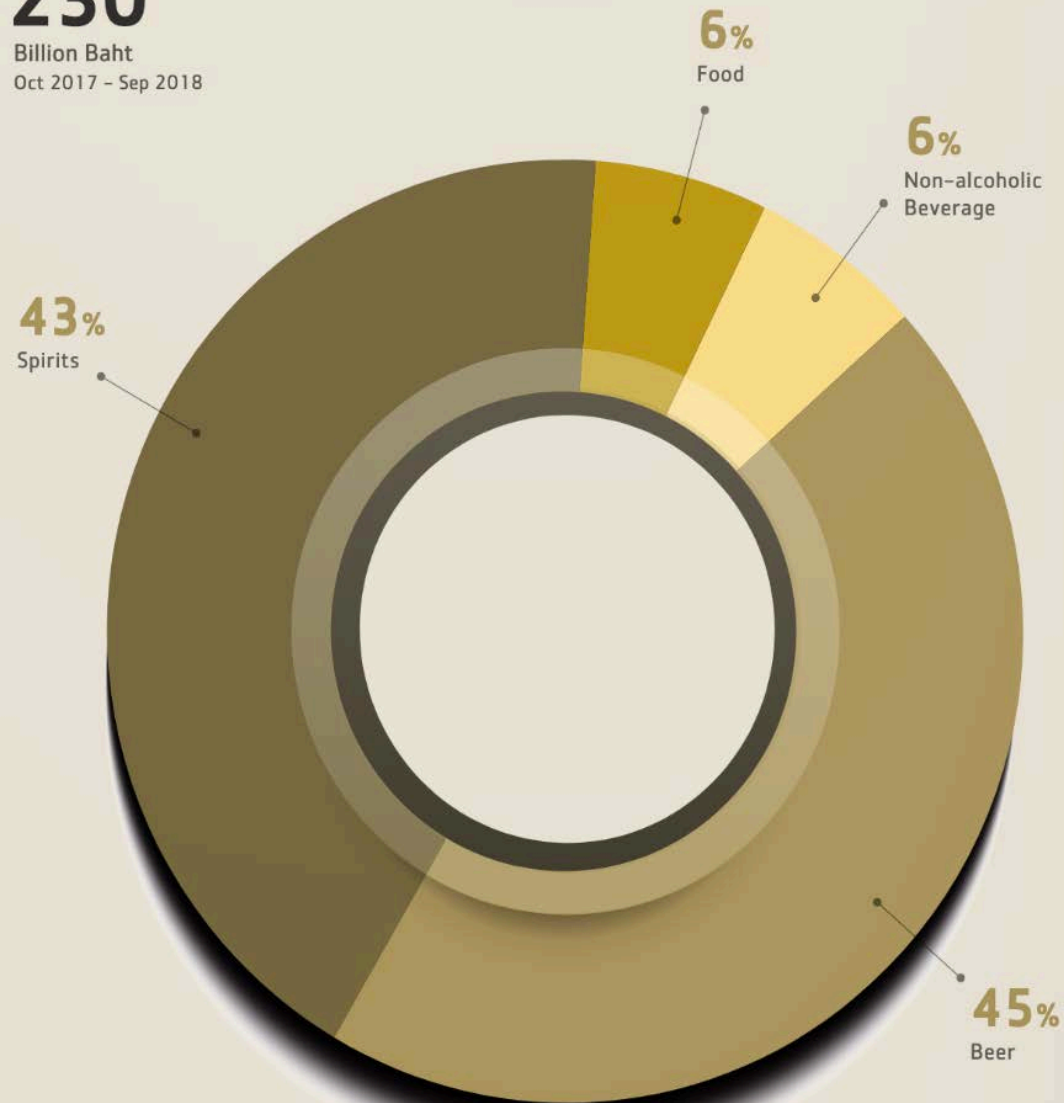
2019 Sales Revenue Breakdown

267

Billion Baht
Oct 2018 - Sep 2019

230

Billion Baht
Oct 2017 - Sep 2018



Source: ThaiBev Annual Report & Website

US\$1.29 b

NET PROFIT



US\$1.26 b

CORE NET PROFIT



US\$42.64 b

REVENUE



US\$3.02 b

EBITDA



US\$47.05 b

TOTAL ASSETS



20.4 US CENTS

EARNINGS PER SHARE



US\$2.64

NET ASSET PER SHARE



S\$0.125

DIVIDEND PER SHARE



Tropical Oils



Oilseeds &
Grains



Sugar



Fertiliser

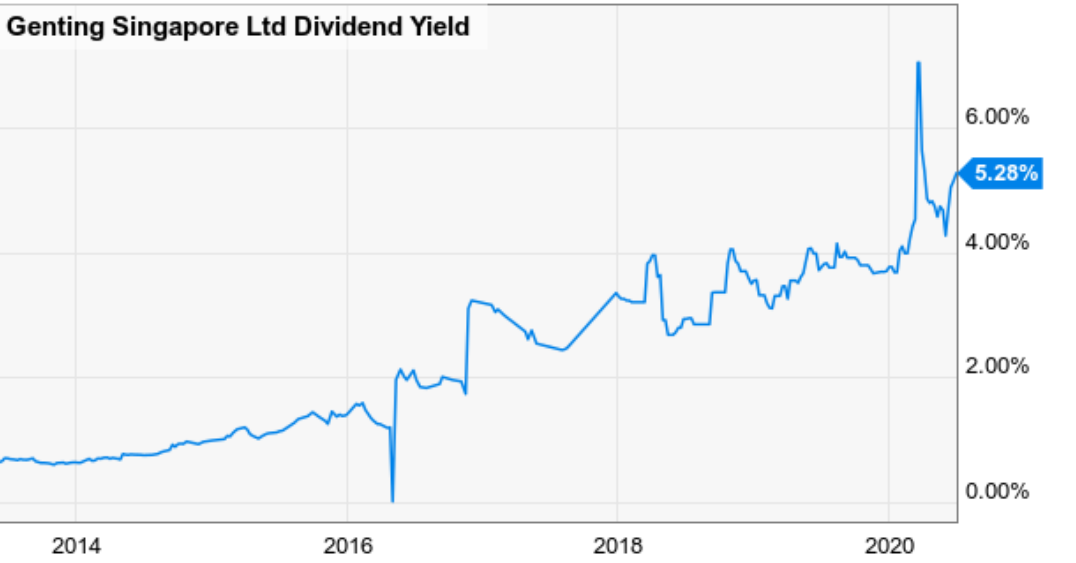


Shipping



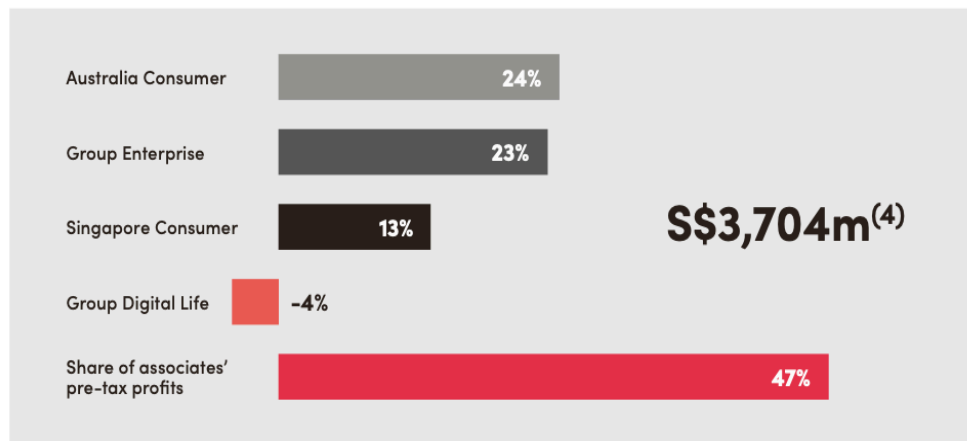
Research &
Development

Source: Genting Singapore Annual Report



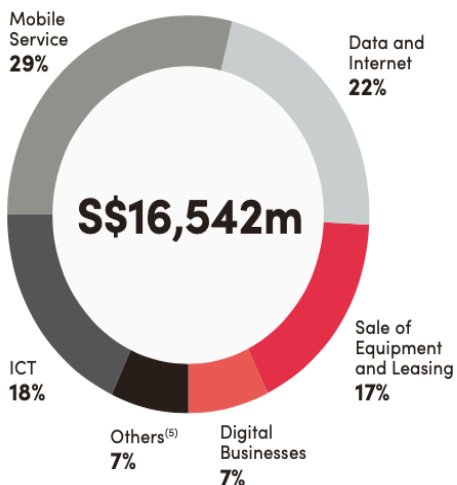
EBIT AND SHARE OF ASSOCIATES' PRE-TAX PROFITS

Contribution by Business



OPERATING REVENUE

Contribution by Product and Service



Notes:
⁽⁴⁾ Includes costs of S\$152 million from International Group and Corporate.
⁽⁵⁾ Includes mainly Fixed Voice and Pay Television.

SHAREHOLDER PAYOUT

Dividend Per Share (S¢)



For the financial year ended 31 March 2020, the Board has recommended a final ordinary dividend of 5.45 Singapore cents a share. Together with the interim dividend of 6.8 Singapore cents, the total ordinary dividend for the year is 12.25 Singapore cents, compared to 17.5 Singapore cents last year.

The reduction in dividend payout is prudent to conserve financial headroom to cope with uncertainties in the current COVID-19 operating environment and the capacity to invest in 5G.

THAILAND



23.3% of ordinary shares⁽¹⁾
41.2m mobile customers



21.0% of ordinary shares, an investor in telcos, media and technology

PHILIPPINES



47.0% of ordinary shares⁽²⁾
89.3m mobile customers

INDONESIA



35.0% effective interest
162.6m mobile customers

SINGAPORE



4.3m mobile customers
0.6m broadband customers



INDIA | SOUTH ASIA | AFRICA



33.3% effective interest

Mobile Customers:
283.7m in India
2.9m in South Asia
110.6m in Africa

AUSTRALIA OPTUS

10.4m mobile customers
1.1m broadband customers

Over **700m** mobile customers in **21** countries

52 enterprise offices in **18** countries globally

More than **65%** of underlying net profit from operations outside of Singapore

Notes:
⁽¹⁾ Based on direct equity interest only.
⁽²⁾ Singtel has 21.5% interest in Globe's voting shares.
 All figures at 31 March 2020 unless otherwise stated.



OPERATING PROFIT BY BUSINESS SEGMENT

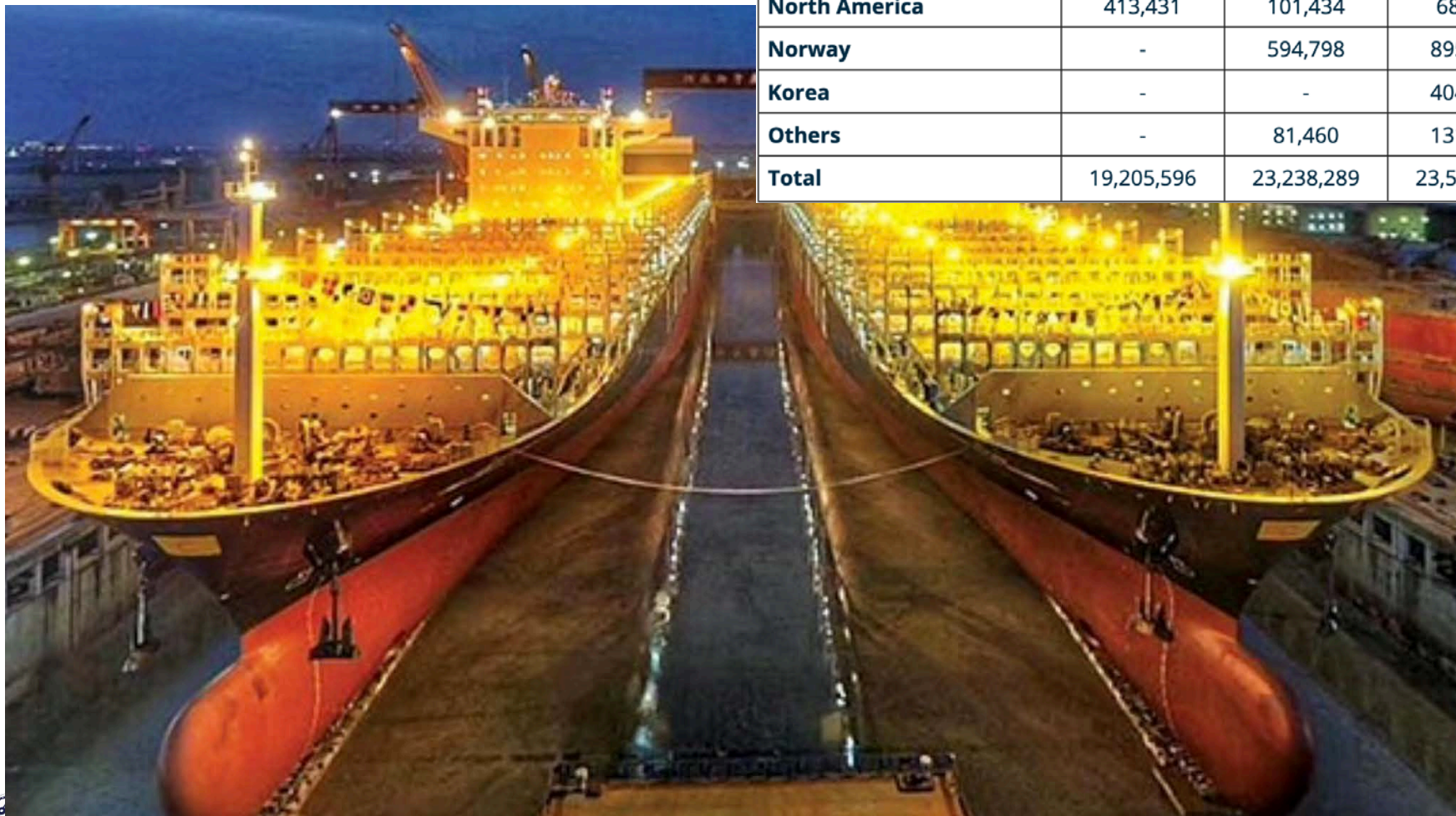
| | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | S\$'mil | % | S\$'mil | % | S\$'mil | % | S\$'mil | % | S\$'mil | % |
| Public transport services | 177.7 | 39.4 | 178.3 | 38.6 | 180.1 | 44.0 | 216.5 | 49.3 | 224.3 | 53.9 |
| Taxi | 163.9 | 36.4 | 167.5 | 36.2 | 134.0 | 32.7 | 129.4 | 29.5 | 104.2 | 25.1 |
| Automotive engineering services | 41.2 | 9.1 | 50.7 | 11.0 | 33.9 | 8.3 | 25.3 | 5.8 | 27.8 | 6.7 |
| Inspection and testing services | 37.7 | 8.4 | 34.8 | 7.5 | 32.6 | 8.0 | 39.8 | 9.1 | 30.6 | 7.4 |
| Driving centre | 8.5 | 1.9 | 10.6 | 2.3 | 9.8 | 2.4 | 11.8 | 2.7 | 14.6 | 3.5 |
| Car rental and leasing | 9.2 | 2.0 | 8.1 | 1.8 | 6.9 | 1.7 | 4.9 | 1.1 | 4.3 | 1.0 |
| Bus station | 12.5 | 2.8 | 12.2 | 2.6 | 11.9 | 2.9 | 11.1 | 2.5 | 10.0 | 2.4 |
| Group | 450.7 | 100.0 | 462.2 | 100.0 | 409.2 | 100.0 | 438.8 | 100.0 | 415.8 | 100.0 |

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT

| | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | S\$'mil | % | S\$'mil | % | S\$'mil | % | S\$'mil | % | S\$'mil | % |
| Singapore | 245.1 | 54.4 | 275.1 | 59.5 | 243.9 | 59.6 | 282.7 | 64.4 | 275.8 | 66.3 |
| United Kingdom / Ireland | 92.2 | 20.5 | 80.7 | 17.5 | 60.7 | 14.8 | 53.0 | 12.1 | 41.2 | 9.9 |
| Australia | 62.9 | 13.9 | 57.3 | 12.4 | 60.1 | 14.7 | 64.1 | 14.6 | 78.0 | 18.7 |
| China | 48.6 | 10.8 | 47.4 | 10.2 | 44.0 | 10.8 | 39.5 | 9.0 | 20.6 | 5.0 |
| Vietnam | 1.3 | 0.3 | 1.2 | 0.3 | - | - | (0.9) | (0.2) | (0.2) | - |
| Malaysia | 0.6 | 0.1 | 0.5 | 0.1 | 0.5 | 0.1 | 0.4 | 0.1 | 0.4 | 0.1 |
| Group | 450.7 | 100.0 | 462.2 | 100.0 | 409.2 | 100.0 | 438.8 | 100.0 | 415.8 | 100.0 |



Yangzijiang Shipbuilding (Holdings) Ltd.
 扬子江船业(控股)有限公司



Revenue by countries

| (RMB'000) | 2017 | 2018 | 2019 |
|---------------------------------|------------|------------|------------|
| PRC&Taiwan | 3,327,219 | 14,128,345 | 13,340,227 |
| Germany | 1,362,512 | 94,079 | 523,960 |
| Greece | - | 2,326,528 | 2,242,247 |
| Other European Countries | 2,860,310 | 2,330,443 | 4,757,562 |
| Other Asian countries | 11,242,124 | 3,581,192 | 1,232,848 |
| North America | 413,431 | 101,434 | 68,396 |
| Norway | - | 594,798 | 895,860 |
| Korea | - | - | 404,811 |
| Others | - | 81,460 | 131,264 |
| Total | 19,205,596 | 23,238,289 | 23,597,175 |

WE DEVELOP, OPERATE AND MANAGE A SPECTRUM OF SOLUTIONS TO MEET THE NEEDS OF SUSTAINABLE URBANISATION.

ENERGY

We support the safe and efficient harvesting of energy sources to power the world's needs.

Gas and Electricity Retail

- 1 Smart rigs
- 2 Offshore wind farm solutions
- 3 Floating production systems
- 4 FLNG vessels and LNG carriers
- 5 Floating power plants and FSRUs
- 6 LNG bunkering
- 7 Power plants
- 8 District cooling and heating plants

CONNECTIVITY

We connect people and businesses with information, goods and services in an increasingly digital economy.

Communications Solutions

- 9 Floating data centre parks
- 10 Data centres
- 11 Urban logistics

ENVIRONMENT

We green cities with solutions for waste and water & wastewater treatment.

- 12 Waste-to-energy plants
- 13 Integrated waste management plants
- 14 Wastewater treatment plants
- 15 Desalination plants

MARINE

We serve the marine industry with an array of vessel solutions and services.

- 16 Specialised vessels

URBAN LIVING

We shape skylines and lives through vibrant urban developments and smart cities.

- 17 Quality homes
- 18 Green office buildings
- 19 Smart townships

ASSET MANAGEMENT

We create enduring value with quality investment products and platforms.

- Private funds, REITs and Business Trust



>> For more information, please refer to our Operating & Financial Review on page 44.

Pulling up the SSF contracts on IB TWS



... and comparing vs cash equity prices & volumes

| | LAST | VLM | CHANGE | |
|-------------------------|----------|-------|--------|-------|
| D05 SGX ∞ Jul29'20 @SGX | ♦ 21.960 | 73 | +0.440 | 2.04% |
| O39 SGX ∞ Jul29'20 @SGX | ♦ 9.330 | 14 | +0.150 | 1.63% |
| U11 SGX ∞ Jul29'20 @SGX | ♦ 21.025 | 11 | +0.210 | 1.01% |
| D05 SGX | ♦ 21.97 | 3.96M | +0.40 | 1.85% |
| O39 SGX | ♦ 9.33 | 4.08M | +0.13 | 1.41% |
| U11 SGX | ♦ 21.17 | 2.14M | +0.32 | 1.53% |

OVERSEA-CHINESE BANKING CORP

| Financial Instrument | Bid | Ask | Last |
|-------------------------|-----|-----|-------|
| O39 SGX ∞ Jul29'20 @SGX | | | 9.330 |

Order Description

SELL 1

Order Type LMT Routing SGX Time in Force DAY Allocation
 Limit Price 9.500 Clearing IB

Messages

| Amount | | Margin Impact (in USD) | | | |
|-------------------|---------------|------------------------|---------|-------------|---------|
| | | Current | Change | Post-trade* | |
| Amount | 19,000 SGD | Equity with Loan | 131,971 | -2 | 131,969 |
| Commission (est.) | 2.85 SGD | Initial Margin | 51,342 | 3,352 | 54,695 |
| Total | 18,997.15 SGD | Maintenance Margin | 42,519 | 2,682 | 45,201 |
| | | Position | 0 | -1 | -1 |

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

Don't display this message again.

Override and Transmit

Cancel



DBS GROUP HOLDINGS LTD

| Financial Instrument | Bid | Ask | Last |
|-------------------------|-----|-----|--------|
| D05 SGX ∞ Jul29'20 @SGX | | | 21.960 |

Order Description

SELL 1

Order Type LMT Routing SGX Time in Force DAY Allocation
 Limit Price 22.000 Clearing IB

Messages

Amount

Amount 11,000 SGD
 Commission (est.) 1.65 SGD
 Total 10,998.35 SGD

Margin Impact (in USD)

| | Current | Change | Post-trade* |
|--------------------|---------|--------|-------------|
| Equity with Loan | 131,971 | -1 | 131,970 |
| Initial Margin | 51,341 | 1,974 | 53,315 |
| Maintenance Margin | 42,518 | 1,579 | 44,097 |
| Position | 0 | -1 | -1 |

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

Don't display this message again.

Override and Transmit

Cancel



Why SSFs?

1. Arbitrage opportunities for liquidity providers
2. Short without borrowing
3. Leverage with efficient margin / eff borrow rate
4. Avoid physically holding shares (futures are cash settled)

Trade #1: SSF Arb v Cash

- Good project for algo / API / automated trader
- Trigger trade on more liquid asset (e.g. buy D05) on execution of less liquid asset (SSF sold)
- Requires capital
- Easier for long cash / short futures than trades that require borrow

Risks

- Anything goes wrong with your algo
- Requires constant monitoring of spread, and quick execution on more liquid asset
- Trading costs pose an extra hurdle

IBKR API Software

Our API solution supports a number of languages, including Java, .NET (C#), C++, Python, ActiveX or DDE. We also let you use a demo account to back-test your setup and test trade ideas before going live.

- **Java** – Our most popular API technology;
- **C++** (POSIX-compliant);
- **Python**;
- **.NET (C#)** - You can use the C# library with any .NET supported language;
- **C++** (MFC);
- **ActiveX** – Integrate our ActiveX control into other programs such as Excel and Matlab;
- **DDE** – Use our Excel sample application to get you started, or any DDE-aware program.



Use the following table to see which API technology best fits your needs.

| ACCESS TECHNOLOGY | PERFORMANCE | PLATFORM | HAS SAMPLE APPLICATION |
|------------------------|--|----------------------|--------------------------------|
| Java | Very robust and reliable; high performance. | Platform-independent | Yes |
| C++ (POSIX-compliant) | Very robust and reliable; high performance. | Platform-independent | Yes (limited functionality) |
| Python | Very robust and reliable; high performance. | Platform-independent | Yes |
| .NET (C#) | Very robust and reliable; high performance. | Windows only | Yes |
| C++ (MFC) ¹ | Very robust and reliable; high performance. | Windows only | Yes |
| ActiveX ² | Somewhat robust and reliable (ActiveX can lose events); fairly high performance. | Windows only | Yes |
| DDE | Limited; uses obsolete technologies; lower performance. | Windows only | Yes (limited functionality) |

Trade #2: SSG (SIMSCI) vs Top 3 Banks' SSFs

- SSG contract size ~\$31k, so likely 3-5x SSG vs 1 ea Bank SSF
- Simple way to create a “Singapore ex-Banks” tracker
- Check net margin requirement (ask SGX or IB about portfolio/net margining)

Risks

- Being wrong on the spread
→ Margin call
- SSF roll cost vs time horizon
- Some mismatch may be unhedgeable until SSFs launch & get liquid on all SIMSCI components



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