Save&Invest

Helping to build the customised investment portfolios in the new Save and Invest Portfolio series are (from left) Mr Phoon Chiong Tuck, Mr Jack Wang, Mr Praveen Jagwani and Mr Simon Ng. ST PHOTO: NEO XIAOBIN

Experts on CFAS advisory panel

JACK WANG, PARTNER AT LEXICO CAPITAL

At Lexico, Mr Wang is responsible for portfolio allocation and equities investment in listed companies.

A former Citibanker for the Greater China region, he started his career with PricewaterhouseCoopers and is a board member of CFA Society Singapore.

He graduated with honours from accountancy at Nanyang Technological University.

PHOON CHIONG TUCK, HEAD OF FIXED INCOME AT LION GLOBAL INVESTORS

Mr Phoon heads the fixed income investment team at Lion Global Investors and is also involved in portfolio management.

He was previously with GIC, DBS Asset Management, Prudential Portfolio Managers Asia (now Eastspring Investments) and Deutsche Asset Management.

Mr Phoon holds a master's degree in applied finance from Macquarie University in Sydney and a Bachelor of Social Sciences with first class honours from the National University of Singapore (NUS). He is also an IBF Fellow.

PRAVEEN JAGWANI, CHIEF EXECUTIVE OFFICER OF UTI INTERNATIONAL, SINGAPORE

Mr Jagwani helms UTI International Singapore, which is part of India's leading fund manager UTI.

He has worked at Merrill Lynch, Standard Chartered Bank and ANZ Bank.

Mr Jagwani holds a bachelor's degree in computer science, a master's in operations research and a Master of Business Administration (MBA).

SIMON NG, SHANDA GROUP

Mr Ng heads the multi-asset investment team at Shanda Group, a family office turned investment company with US$8 billion (S$11.5 billion) in assets under management.

He has worked at AXA Rosenberg Investment Management and The Fuji Bank.

Mr Ng obtained his Bachelor of Business Administration from NUS and his MBA from the University of Chicago Booth School of Business.

Panellists' rationale for stocks selection

Tomorrow, these shares will be "bought" for Ms Chee's simulated portfolio:

COMFORTDELGRO

There has been a reduction in bus and train fares by up to 1.9 per cent from the end of last year for a one-year period to reflect lower energy costs.

The fare cut will have a negative impact on ComfortDelGro's near-term growth, at least this year, mainly through its approximately 75 per cent exposure in SBS Transit and as the operator of the Downtown Line.

But the fare cut will have marginal impact on ComfortDelGro due to its diversified revenue generated across multiple geographical locations.

The target price is $2.99. We like the company for its stability and diversified revenue stream.

OCBC

Traditionally, banks and financial firm stocks rise in tandem with increased interest rates.

This is because higher rates allow financial institutions to earn from the interest spread, which is their core business.

Local banks DBS, OCBC and UOB are all fundamentally strong stocks that stand to gain from the rate hikes.

OCBC looks the best of the three with its higher liquidity and excellent contribution from Great Eastern and Bank of Singapore.

Fee and commission income was $408 million for the third quarter of last year, with wealth management, loan and trade fees being the largest contributors.

Net trading income, primarily treasury-related income from customer flows, increased to $196 million from $113 million in the same period a year earlier.

RAFFLES MEDICAL

There is a positive long-term growth outlook for Raffles Medical on the back of its new Singapore projects – Holland Village Medical Centre and the new hospital extension which is expected to be operational next year.

It is believed that the group has the potential to transform into a strong regional competitor, given that it is in the process of finalising two hospital investments in China.

Raffles Medical also announced it had acquired a 55 per cent stake in International SOS (MC Holdings) through a joint venture for US$24.5 million (S$35.3 million). There are 10 clinics in this joint venture – six in China, three in Vietnam and one in Cambodia.

Sales growth for the third quarter of last year came in lower at 7.4 per cent year-on-year while it expanded 8 per cent in the first six months ended June 2015.

Raffles Medical offset the tapering in international patient volume from Indonesia by expanding services as well as focusing on higher revenue intensive procedures.

We expect revenue growth in the fourth quarter to improve to 12 per cent year-on-year on new capacity/services.

SATS

Flight service provider Singapore Airport Terminal Services (Sats) offers value and it continues to remain Asia's leading provider of gateway services and food solutions. Its latest quarterly results showed that net profit was 26.8 per cent higher year-on-year, while earnings per share rose 28.6 per cent, attributed to favourable operating expenditure and growth in revenue from the gateway services segment.

It maintains strong free-cash flow and distributes more than 3.5 per cent annual dividends.

Long-term growth prospect remains favourable in the aviation and food services in Asia.

Sats has raised productivity by adopting new technologies and driving economies of scale. It is also growing into adjacent businesses and geographies, for example, in its latest offer to buy a 49 per cent equity stake in Brahim's Airline Catering Holdings.

SINGAPORE EXCHANGE

The company reported a 3 per cent quarter-on-quarter increase in net income and a 28 per cent surge year-on-year in its latest results. Derivatives such as Nikkei 225 and iron ore contracts were strong, although securities revenue rose marginally amid a decline in average clearing fees.

SGX offers a value proposition with steady dividends and stable revenues with low balance sheet risks. The good mix of major contracts such as Nikkei, Nifty and FTSE A50 should continue to contribute to the stability of the top line.

In addition, the company is positioned structurally well to benefit from the development of the Asian capital market.

SINGAPORE TELECOMMUNICATIONS (SINGTEL)

Singtel reported group revenue of $4.18 billion, down about 3 per cent year on year, and an underlying net profit of $974 million, down 0.5 per cent, in the three months to Sept 30 last year.

The main cause of the decline was due to forex and not business operations. Core operations were stable, with growth in mobile data services and higher revenue from digital services.

With the potential entry of a fourth operator in Singapore, Singtel is more resilient compared with its two peers in defending market share.

Singtel introduced "SIM Only" plans in September last year. Enterprise revenue rose 3 per cent year on year, supported by higher infocomm technologies and Internet revenue.

Sats has raised productivity by adopting new technologies and driving economies of scale. It is also growing into adjacent businesses and geographies.