

RHB's top picks

TalkMed Group

Market capitalisation: S\$1.06 billion

Trailing price-to-earnings (PE) ratio: 28.4

What it does: TalkMed provides oncology (cancer prevention, diagnosis and treatment) services in S'pore through Parkway Cancer Centre. It has 13 doctors at 9 clinics in places like Gleneagles and Mount Elizabeth.

Investment thesis: Experienced team; Marketing boost from agreement with Parkway Hospital Singapore; Improving liquidity from bonus issue; Mergers and acquisitions (M&A) gains.

Key risks: CEO Ang Peng Tiam contributes over half of revenue; Non-renewal of agreement with Parkway; Outcome of appeal and cross-appeal on misconduct conviction of Dr Ang.

Accordia Golf Trust

Market capitalisation: S\$797 million

Price-to-book (PB) ratio: 0.78

What it does: Accordia is a business trust that owns 89 golf courses in Japan mainly concentrated near Tokyo, Osaka and Nagoya.

Investment thesis: Dividend yield of 9% and resilient cashflows; Low gearing; Increasing golf plays per player due to more retirees despite shrinking golfer population; Inorganic growth from sponsor Accordia Golf, the largest golf operator in Japan.

Key risks: Bad weather; Japanese yen depreciation

Moya Holdings Asia

Market capitalisation: S\$202 million

Ex-cash trailing PE: 46.8

What it does: Moya owns three build-operate-transfer (BOT) water treatment projects in three regions in Indonesia: the Bekasi regency and Tangerang city near Jakarta, and Makassar city in Sulawesi. The first two are operational.

Investment thesis: Turnaround play; Huge industry growth prospects as Indonesia lacks clean water access; Controlling shareholder Salim Group injected a significant amount of cash to grow the company.

Key risks: Political risk potentially affecting M&A

ISOTeam

Market capitalisation: S\$110 million

Trailing PE: 14.9

What it does: ISOTeam paints HDB flats and also performs other estate upgrading and refurbishment works.

Investment thesis: Estate upgrading is a defensive business needed every five to six years and highly welcome by residents; Market getting bigger every year with more flats added; Strong order book and overseas expansion into Indonesia and Myanmar.

Key risks: Rise in labour costs; Change in HDB regulations around maintenance.

Avi-Tech Electronics

Market capitalisation: S\$70 million

Trailing PE: 11.7

What it does: Avi-Tech provides burn-in services to semiconductor manufacturers who outsource the reliability testing of their components. It also makes the boards used for the burn-in process, along with other board-related and engineering services.

Investment thesis: Demand for semiconductors in vehicles is rising fast with technological disruption; Track record with major customers over the last 20 to 30 years; S\$31m war chest for M&A.

Key risks: M&A execution

RHB's 25 Jewels

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|----------------------------------|------------------------------|
| ■ Accordia Golf Trust | ■ Hotung Investment Holdings |
| ■ Amara Holdings | ■ ISOTeam |
| ■ Avi-Tech Electronics | ■ Manulife US Reit |
| ■ BreadTalk Group | ■ Moya Holdings Asia Limited |
| ■ Bund Center Investment | ■ Oxley Holdings |
| ■ China Aviation Oil (Singapore) | ■ Pan-United Corporation |
| ■ Courts Asia | ■ QAF Ltd |
| ■ CWG International | ■ Roxy-Pacific Holdings |
| ■ First Sponsor Group | ■ Singapore Medical Group |
| ■ Food Empire Holdings | ■ Silverlake Axis |
| ■ Fu Yu Corporation | ■ Starhill Global Reit |
| ■ Global Invacom | ■ TalkMed Group |
| | ■ Viva Industrial Trust |