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SG Weekly (03/11 - 09/11/22) - How low can you go? (Part 2)

Dear Client,

Our SG Weekly is written with you in mind. As we pen our thoughts, we hope to hear from you too. From feedback on our notes to any questions on the market/companies, we will endeavour to deliver the most comprehensive answers in subsequent instalments of our SG Weekly. Please write to us at research@saccapital.com.sg. Looking forward to hearing from you. Thank you.

Matt Chan
Equities Research

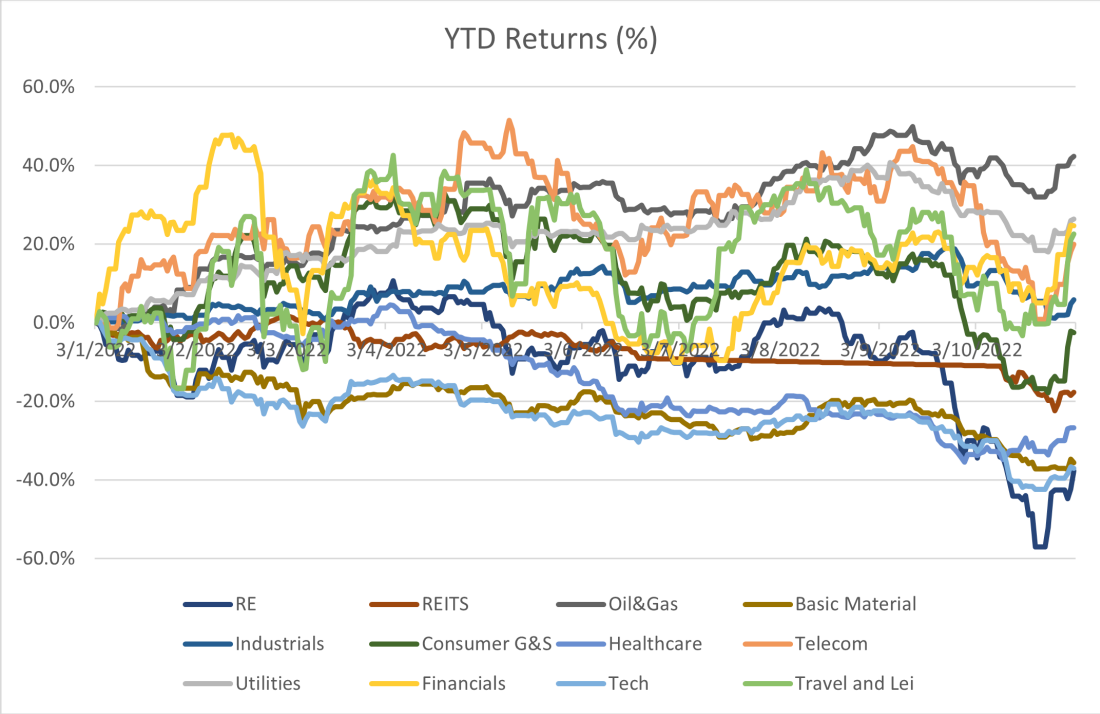
How Low Can You Go? (Part 2)

Before we launch into the numbers stuff, someone asked whether the Chubby Checker's number 1 hit was really ONLY in my dad's playlist. Ok, I admit... It's also in mine. And yes, I'm close to that era.

Now, back to the serious stuff. To recap on our Chubby Checker valuation metrics, Singapore scored favourably. On a pre-Covid 3-year, 5-year and 10-year period, the Singapore market is trading at an average of 33% discount on a PB basis and a 64 bps premium in its dividend yield. (Pre-Covid 3-year is 2017-2019, pre-Covid 5-year is 2015-2019, pre-Covid 10-year is 2010-2019).

Let's zoom down to sectors and stocks that performed negatively YTD.

YTD performance:
Real Estate: -38%
REITs: -18%
Basic Materials: -36%
Healthcare: -27%
Tech: -37%



Source: Bloomberg / SAC Capital

Current PB (x) vs average of pre-Covid 3, 5, 10-year periods:

Real Estate: -14%

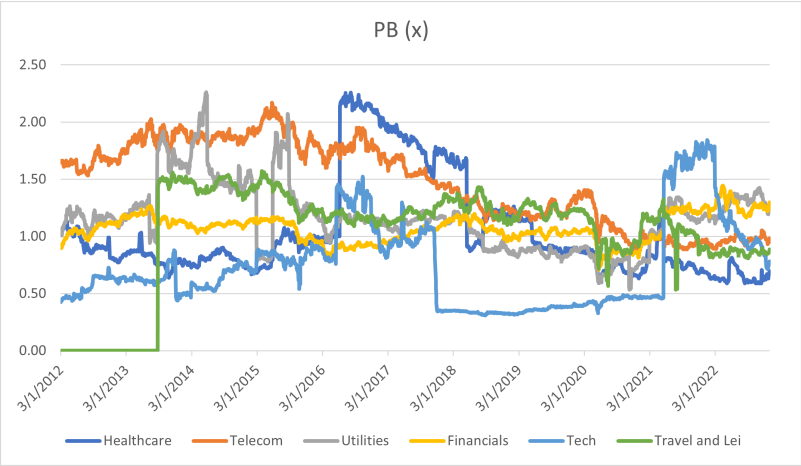
REITs: -27%

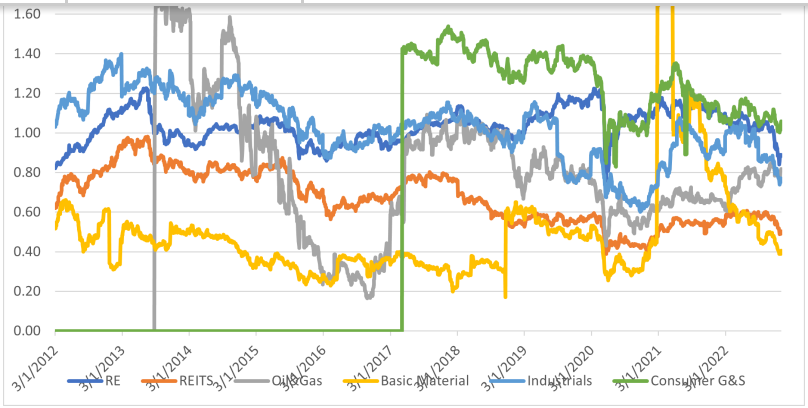
Basic Materials: -5%

Healthcare: -46%

Tech: +31%

Despite the 37% fall in the Tech sub-sector, it is still trading at a 31% premium to its pre-Covid levels. Goes to show the stratospheric levels it reached during the Covid years.





Source: Bloomberg / SAC Capital

Current Dividend Yield (%) vs average of pre-Covid 3, 5, 10-year periods:

Real Estate: 20 bps higher

REITs: 160 bps higher

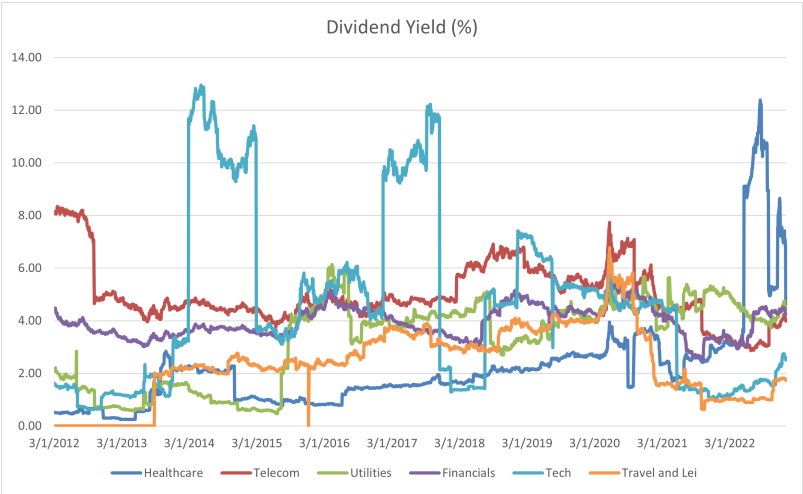
Basic Materials: 100 bps higher

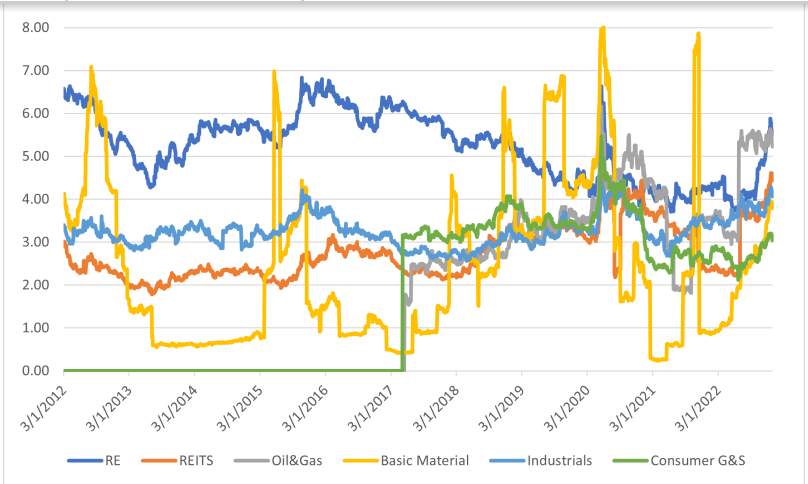
Healthcare: 260 bps higher

Tech: 300 bps lower

Healthcare recorded a 260 bps increase in yield; a reflection of how much stock prices have been punished as the Covid crisis dissipated.

The 300 bps yield compression of the Tech sector tells the story consistent with our PB comparison. On a relative basis, not cheap.





Source: Bloomberg / SAC Capital

So Tech is expensive on a relative basis versus pre-Covid periods. That leaves us with Basic Materials, Healthcare, Real Estate and REITs. Below we screen the top 5 names (highlighted in yellow)) in each undervalued sector based on PB and dividend yield. Based on our metrics, these are names you might want to put on your watchlist. Caveat: the list is based on broad market valuation; it does not take into account ESG/management/operational issues.

Basic Material	PB (x)
ENNGRO	0.40
LHT	0.62
CHINA SUNSINE CHEMICAL HLDGS	0.62
JIU TIAN CHEMICAL	0.74
ENVIRO-HUB	0.92
MEGACHEM	1.12
BRC ASIA LTD	1.25
CNMC GOLDMINE	1.37
NANOFILM TECHNOLOGIES INTERN	2.19

Basic Material	Dividend Yield (%)
JIU TIAN CHEMICAL	10.88
BRC ASIA LTD	9.64
ENNGRO	6.19
CHINA SUNSINE CHEMICAL HLDGS	5.81
LHT	4.51
CNMC GOLDMINE	4.37
MEGACHEM	4.00
NANOFILM TECHNOLOGIES INTERN	1.49

Healthcare	PB (x)
UG HEALTHCARE	0.54
CORDLIFE	0.61
HEALTHWAY MED	0.88
TOP GLOVE CORP BHD	0.99
SINGAPORE MEDICAL	1.11
RIVERSTONE HOLDINGS LTD	1.44
HYPHENS PHARMA	1.50
RAFFLES MEDICAL GROUP LTD	2.70
Q & M DENTAL GROUP SINGAPORE	3.45
THOMSON MEDICAL	3.88
LIVINGSTONE	6.57

Healthcare	Dividend Yield (%)
RIVERSTONE HOLDINGS LTD	26.55
CORDLIFE	2.81
Q & M DENTAL GROUP SINGAPORE	2.32
SINGAPORE MEDICAL	2.31
HYPHENS PHARMA	2.16
UG HEALTHCARE	2.05
RAFFLES MEDICAL GROUP LTD	2.03
TOP GLOVE CORP BHD	1.52
THOMSON MEDICAL	1.47
LIVINGSTONE	1.17
HEALTHWAY MED	0.00

Real Estate	PB (x)
YANLORD LAND GROUP LTD	0.26
HONGKONG LAND HOLDINGS LTD	0.28
OUE	0.28
TUAN SING HOLDINGS LTD	0.30
HONG FOK	0.31
HO BEE LAND	0.40
STRAITS TRADING	0.40
SINGAPORE LAND	0.40
GUOCOLAND	0.41
LOW KENG HUAT	0.48
UOL GROUP LTD	0.52
OXLEY HOLDINGS LTD	0.61
CHIP ENG SENG CORP LTD	0.73
BUKIT SEMBAWANG ESTATES	0.75
CITY DEVELOPMENTS LTD	0.79
CAPITALAND INDIA TRUST	0.95
CAPITALAND INVESTMENT LTD/SI	1.14

Real Estate	Dividend Yield (%)
YANLORD LAND GROUP LTD	7.68
CAPITALAND INDIA TRUST	5.93
HONGKONG LAND HOLDINGS LTD	5.30
LOW KENG HUAT	4.88
CAPITALAND INVESTMENT LTD/SI	4.40
HO BEE LAND	4.26
GUOCOLAND	3.82
STRAITS TRADING	3.79
BUKIT SEMBAWANG ESTATES	3.72
CHIP ENG SENG CORP LTD	2.78
CITY DEVELOPMENTS LTD	2.72
UOL GROUP LTD	2.35
TUAN SING HOLDINGS LTD	2.30
OXLEY HOLDINGS LTD	1.71
OUE	1.60
SINGAPORE LAND	1.58
HONG FOK	1.05

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REIT	PB (x)
DASIN RETAIL TRUST	0.22
LIPPO MALLS INDONESIA RETAIL	0.35
MANULIFE US REAL ESTATE INV	0.50
ARA US HOSPITALITY TRUST	0.52
EC WORLD REIT	0.53
OUE COMMERCIAL REAL ESTATE I	0.55
PRIME US REIT	0.56
BHG RETAIL REIT	0.57
CROMWELL REIT EUR	0.61
STARHILL GLOBAL REIT	0.62
SUNTEC REIT	0.62
IREIT GLOBAL	0.62
AIMS APAC REIT	0.63
UNITED HAMPSHIRE US REIT	0.64
KEPPEL REIT	0.64
KEPPEL PACIFIC OAK US REIT	0.65
CAPITALAND CHINA TRUST	0.66
FRASERS HOSPITALITY TRUST	0.69
FAR EAST HOSPITALITY TRUST	0.71
LENDLEASE GLOBAL COMMERCIAL	0.71
SASSEUR REAL ESTATE INVESTME	0.73
FIRST REAL ESTATE INVT TRUST	0.75
SABANA INDUSTRIAL REAL ESTAT	0.77
ELITE COMMERCIAL REIT	0.78
CAPITALAND ASCOTT TRUST	0.83
SPH REIT	0.84
FRASERS CENTREPOINT TRUST	0.84
FRASERS LOGISTICS & COMMERCI	0.86
MAPLETREE PAN ASIA COM TRUST	0.88
CAPITALAND INTEGRATED COMMER	0.90
CDL HOSPITALITY TRUSTS	0.92
ESR-LOGOS REIT	0.96
MAPLETREE LOGISTICS TRUST	1.04
MAPLETREE INDUSTRIAL TRUST	1.08
KEPPEL DC REIT	1.31
KEPPEL INFRASTRUCTURE TRUST	1.56
PARKWAYLIFE REAL ESTATE	1.71

REIT	Dividend Yield (%)
MANULIFE US REAL ESTATE INV	14.53
PRIME US REIT	14.33
EC WORLD REIT	13.41
LIPPO MALLS INDONESIA RETAIL	11.61
CROMWELL REIT EUR	11.15
KEPPEL PACIFIC OAK US REIT	11.13
ELITE COMMERCIAL REIT	11.05
FIRST REAL ESTATE INVT TRUST	10.31
SASSEUR REAL ESTATE INVESTME	9.92
UNITED HAMPSHIRE US REIT	8.59
IREIT GLOBAL	8.43
ESR-LOGOS REIT	8.27
DASIN RETAIL TRUST	8.15
SABANA INDUSTRIAL REAL ESTAT	7.80
OUE COMMERCIAL REAL ESTATE I	7.78
AIMS APAC REIT	7.78
STARHILL GLOBAL REIT	7.45
KEPPEL INFRASTRUCTURE TRUST	7.30
FRASERS LOGISTICS & COMMERCI	6.90
KEPPEL REIT	6.69
CAPITALAND CHINA TRUST	6.48
SPH REIT	6.46
MAPLETREE PAN ASIA COM TRUST	6.34
FRASERS CENTREPOINT TRUST	6.10
SUNTEC REIT	5.82
KEPPEL DC REIT	5.54
MAPLETREE INDUSTRIAL TRUST	5.51
DAIWA HOUSE LOGISTICS TRUST	5.42
MAPLETREE LOGISTICS TRUST	5.26
FAR EAST HOSPITALITY TRUST	5.07
CAPITALAND INTEGRATED COMMER	4.96
ARA US HOSPITALITY TRUST	4.82
CAPITALAND ASCOTT TRUST	4.50
CDL HOSPITALITY TRUSTS	4.25
DIGITAL CORE REIT MANAGEMENT	4.02
BHG RETAIL REIT	3.62
LENDLEASE GLOBAL COMMERCIAL	3.55
PARKWAYLIFE REAL ESTATE	3.49
FRASERS HOSPITALITY TRUST	3.35

Matt Chan
(65) 6232 3236
mchan@saccapital.com.sg

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