Stock Picks – our BUYs
Phillip Absolute 10 Model Portfolio

<table>
<thead>
<tr>
<th>Company</th>
<th>1M</th>
<th>3M</th>
<th>YTD</th>
<th>Rating</th>
<th>Target Px (S$)</th>
<th>Share Px (S$)</th>
<th>Upside</th>
<th>Mkt Cap (US$m)</th>
<th>Dvd. Yield</th>
<th>Yield</th>
</tr>
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<tbody>
<tr>
<td><strong>Yield</strong></td>
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</tr>
<tr>
<td>Asian PayTV</td>
<td>-4.6%</td>
<td>-2.4%</td>
<td>-26.6%</td>
<td>Buy</td>
<td>0.15</td>
<td>0.124</td>
<td>21%</td>
<td>164</td>
<td>8.1%</td>
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</tr>
<tr>
<td>Manulife US REIT (New)</td>
<td>-0.7%</td>
<td>-2.0%</td>
<td>-26.0%</td>
<td>Buy</td>
<td>0.90</td>
<td>0.74</td>
<td>22%</td>
<td>1,171</td>
<td>8.6%</td>
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<tr>
<td>NetLink</td>
<td>0.5%</td>
<td>0.5%</td>
<td>3.2%</td>
<td>Accumulate</td>
<td>1.03</td>
<td>0.98</td>
<td>6%</td>
<td>2,776</td>
<td>5.3%</td>
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<tr>
<td><strong>Dividend Growth</strong></td>
<td></td>
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<tr>
<td>Frasers Centrepoint Tr.</td>
<td>-5.2%</td>
<td>3.5%</td>
<td>-14.9%</td>
<td>Accumulate</td>
<td>2.79</td>
<td>2.39</td>
<td>17%</td>
<td>1,958</td>
<td>5.1%</td>
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<tr>
<td><strong>SGX (New)</strong></td>
<td>6.3%</td>
<td>9.7%</td>
<td>3.3%</td>
<td>Buy</td>
<td>9.45</td>
<td>9.15</td>
<td>3%</td>
<td>7,160</td>
<td>6.2%</td>
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<tr>
<td><strong>Growth</strong></td>
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<tr>
<td>PropNex</td>
<td>2.6%</td>
<td>9.2%</td>
<td>15.5%</td>
<td>Buy</td>
<td>0.70</td>
<td>0.60</td>
<td>18%</td>
<td>161</td>
<td>5.9%</td>
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<tr>
<td>Thai Beverage</td>
<td>-1.6%</td>
<td>-10.4%</td>
<td>-32.0%</td>
<td>Buy</td>
<td>0.82</td>
<td>0.61</td>
<td>36%</td>
<td>11,101</td>
<td>3.4%</td>
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<td><strong>Re-rating Plays</strong></td>
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<tr>
<td>CapitaLand</td>
<td>-2.2%</td>
<td>-7.2%</td>
<td>-27.7%</td>
<td>Buy</td>
<td>3.94</td>
<td>2.71</td>
<td>45%</td>
<td>10,281</td>
<td>4.4%</td>
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<tr>
<td>ComfortDelgro (New)</td>
<td>-4.7%</td>
<td>-2.8%</td>
<td>-40.8%</td>
<td>Accumulate</td>
<td>1.65</td>
<td>1.41</td>
<td>17%</td>
<td>2,232</td>
<td>2.0%</td>
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<tr>
<td>Yoma</td>
<td>-1.7%</td>
<td>-9.5%</td>
<td>-18.6%</td>
<td>Buy</td>
<td>0.46</td>
<td>0.29</td>
<td>61%</td>
<td>466</td>
<td>0.0%</td>
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<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
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<td>25%</td>
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# Removed – Ascott REIT, DBS, Venture Corp.

Source: Bloomberg, PSR, Performance is for illustration only and excludes brokerage, dividends and monthly rebalancing cost.

… we outperformed but it does not pay the bills

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Asian PayTV: Optionality on 5G

• Monopoly cable TV provider in four counties

• Cable TV subscribers decline offset by rise in broadband subscribers

• 2 reason to be positive
  a. Sustainable dividends: $50mn FCF vs S$18mn dividend
  b. Optionality of high margin 5G back-haul service for mobile operators

• Rating: BUY; Target price S$0.15; Distribution yield: 8.1%

Source: Company, PSR
Manulife US REIT: Portfolio bulwarked against s/term uncertainty

1. Defensive portfolio attributes
   ✓ Low expiries due to long WALE of 5.7yrs
   ✓ Rent escalation of 2% p.a.
   ✓ Occupancy of 96.5%

2. Office-using sectors remain resilient
   ✓ Comparatively lower unemployment rate
   ✓ Loan delinquencies low at 2.2%

3. Continued relevance of office space
   ✓ Physical interaction viewed as the most effective mode for mentoring, collaboration, innovation and corporate culture

- Rating: BUY; TP: US$0.90. FY20e dividend yield: 8.7%
Netlink NBN Trust: Slow and stable

- Monopoly fibre provider that cannot be replaced and regulatory protected return (pretax IRR 7%)
- Recurrent S$13.80 per month from 1.428mn households = ~S$236mn
- Impact from Covid-19 is minimal
- Household formation and capex will ensure growth
- Stable dividend yield 5.3%
- Rating: ACCUMULATE; TP: S$1.03

Source: Company, PSR
1. 53.6% of tenants operating in essential services trades
2. Projected 67.7% jump in HDB units surrounding three largest malls
3. Beneficiary of URA Master Plan (Woodlands and Punggol)
4. Attained unitholder approval for acquisition of remaining 63.1% stake in AsiaRetail Fund, **boosting suburban NLA by 80%**
5. Digitalisation efforts to build tenant and customer stickiness – 800K members on the Fraser Experience loyalty programme

- **Rating:** ACCUMULATE; **TP:** S$2.79 FY20e dividend yield: 4.6%
SGX: Plans to grow set in stone

Strong trading volumes underpins stability
- CY20 saw trading volumes up 40%
- 1Q21 SDAV up 16%, DDAV positive (equity derivatives up 8% YoY in September)

Growth with acquisitions and licensing agreement
- Earnings expected to grow 10% on BidFX and Scientific Beta acquisition
- FTSE licensing agreement to replace MSCI contracts

Dividend stable and growing
- Quarterly dividend increased to 8.0 cents per quarter, up from 7.5 cents, representing yield of 3.5%

Rating: ACCUMULATE; TP: S$9.45

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<tr>
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<th>SDAV (YoY)</th>
<th>DDAV (YoY)</th>
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<tbody>
<tr>
<td>Jul-20</td>
<td>1,213 (+15%)</td>
<td>1.05 (+27%)</td>
</tr>
<tr>
<td>Aug-20</td>
<td>1,407 (+18%)</td>
<td>1.05 (-15%)</td>
</tr>
<tr>
<td>Sep-20</td>
<td>1,088 (+16%)</td>
<td>N.A.</td>
</tr>
<tr>
<td>1Q21</td>
<td>1,236</td>
<td>N.A.</td>
</tr>
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Source: Bloomberg, Company, PSR

FY20 Revenue Breakdown

<table>
<thead>
<tr>
<th>Category</th>
<th>% Revenue</th>
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<tbody>
<tr>
<td>Equities</td>
<td>12%</td>
</tr>
<tr>
<td>FICC</td>
<td>16%</td>
</tr>
<tr>
<td>DCI</td>
<td>72%</td>
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</table>
PropNex: Demand surprisingly resilient

- Dominant with around 50% market share in resale and new home sales
- Volumes this year down ~6% (new homes +1%, resale -12%) and 3Q20 down 1%
- 2H20 results will fell Covid-19 impact
- Attractive model and metrics: ROE 25% on fixed assets of S$4mn
- 1H20 dividend increased by 20%; Sustainable yield of 6.8% (S$15mn p.a. vs S$99mn cash)
- Rating: BUY; TP: S$0.60

Source: URA Reals, PSR
Thai Beverage: Buy the dominance

- 3-week alcohol ban in Thailand: April -51% YoY; Jun/July +17%/13% YoY

- Sabeco problematic in medium term due to decree 100 to driving penalties + Covid-19 + high interest expenses

- Valuations attractive at 14x PE on vs 18x historical

- Government stimulus of cash handouts and salary subsidies

- Protest confined to young and not organised enough

- **Rating:** BUY; **TP:** S$0.82

Source: CEIC, PSR
CapitaLand: Experience & diversification as sword and shield

1. Diversified real estate portfolio to mitigate economic cycles

2. Quality recurrent income: 68.7% of 1H20 EBIT (1H19: 90.2%) from investment properties and fee income

3. Healthy recovery in Residential development sales in China selling – maintained pre-COVID prices

4. Quick to pivot:
   ✓ Digitalisation of Retail business
   ✓ Office and business park workspace offering able to capture changing office trends (right-sizing, Core+Flex)

- Rating: **BUY**; TP: **S$3.82**, FY20e dividend yield: **4.5%**

Source: Company, PSR
ComfortDelgro: Recovering and taking share

- Immediate beneficiary of lockdown easing and stock already down 40%
- Grabbing market share to 60% and private hire competition falling
- Less rental relief and new revenue opportunity for taxi driver
- New rail contracting model
- Taxi fleet for industry contracting

**Rating:** ACCUMULATE; **TP:** S$1.65

Source: LTA, PSR
Yoma Strategic Holdings – Structural growth at a cheap price

- Large property land bank equivalent to 10-15 years of sale.
  - Star City, Pun Hlaing Estate, Yoma Central
- Financial services poised for stellar growth on the back of a 5x YoY revenue leap in Wave Money.
- F&B growth underpinned by at least 60% growth in KFC stores over the next three years (45 → 75)
- Current valuations depressed in view of structural growth prospects.

Rating: BUY; TP: S$0.46
### RESEARCH EQUITY TEAM

<table>
<thead>
<tr>
<th>Head of Research</th>
<th>REITs</th>
<th>Property</th>
<th>Small Mid-Cap</th>
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<tbody>
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<td>Natalie Ong</td>
<td><a href="mailto:natalieongpf@phillip.com.sg">natalieongpf@phillip.com.sg</a></td>
<td>Tan Jie Hui</td>
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<tr>
<th>Banking &amp; Finance</th>
<th>Healthcare</th>
<th>Technical Analyst</th>
<th>Research Admin</th>
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<tr>
<td>Tay Wee Kuang</td>
<td></td>
<td>Chua Wei Ren</td>
<td>Siti Nursyazwina</td>
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<table>
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<tr>
<th>Consumer</th>
<th>Industrial</th>
<th>US Equity</th>
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<tr>
<td>Terence Chua</td>
<td></td>
<td>Yeap Jun Rong</td>
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2. Interact with others - share your knowledge and opinions about a topic.