

# Singapore Stock Picks

## PROPERTY/REIT



### Ascott Residence Trust: Potentially faster recovery than peers

Rating: Buy | TP: S\$1.17



- Stability from diversification of lease type and geography
- 74% of assets in countries with large domestic markets could lead to faster recovery
- Maintains high occupancy (>95%) throughout cycles
- Value to be realised from asset recycling
- Sufficient dry power and liquidity reserves

### CapitaLand Limited: Growing recurring revenue

Rating: Buy | TP: S\$4.38

- Earning stability from diversified portfolio
- Quality recurrent income from
  - Fund management fees from REITs and private funds
  - Management and franchising fees from lodging platform
  - Rental income from investment property
- Demerger to pivot CLIM to be asset light and growth-focused
- Unlocking value by recycling funds from mature, non-core assets to new economy assets

### Frasers Centrepoint Trust: Boon from increased weekday catchment

Rating: Buy | TP: S\$2.93

- Suburban malls resilient through cycles due to recurring, necessity-driven spending
- Increase in catchment size to lift tenant sales
- Demand for space at suburban malls likely to remain strong due to captive population

### PropNex: Resilient attractive model

Rating: Buy | TP: S\$1.00

- Property transactions resilient despite a recession
- Market share of around 53% in private and HDB home sales
- 33% ROE business model with S\$105mn net cash balance sheet
- Private resale will be key volume driver with stable HDB and private new home sales

### Manulife US REIT: Riding a long WALE

Rating: Buy | TP: US\$0.84

- Defensive portfolio attributes
- Subleasing outperforming market
- Resilience of office-using tenants and high collection rate of 99% in FY20
- US faces less impact from WFH adoption

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## TELECOMMUNICATIONS



### Asian PayTV: Stable cash-flow and 5G

Rating: Buy | TP: S\$0.15

- Monopoly cable TV provider in four counties in Taiwan
- Growth of broadband along with stable growth of subscribers
- Sustainable dividends and optionality of high margin 5G back-haul service are reasons to be positive

## CONSUMER STAPLES



### Thai Beverage

Rating: Accumulate | TP: S\$0.86

- Valuations attractive, at 14x PE
- 90% share of Thailand's spirits market

## HEALTH CARE



### Q&M Dental

Rating: Buy | TP: S\$0.73

- Organic growth from new dental clinic 22% CAGR 2021e/2022e
- Earnings from COVID-19 PCR lab tests and kit sales are expected to be a material contributor in 2021



## CONGLOMERATE

### Keppel Corp: All eyes on sale of Keppel O&M and Keppel Logistics

Rating: Buy | TP: S\$6.12

- Potential positive re-rating of Keppel Corp from the sale of their O&M unit (valued at about ~S\$2.9bn) and Logistics unit
- Transitions Keppel away from the rig building business into an asset-light business with a respectable 15% target ROE for the Group



## TRANSPORT

### ComfortDelgro: Our transport recovery proxy

Rating: Buy | TP: S\$1.83

- FCF in FY20 jumped from S\$377mn to S\$513mn
- New rail financing framework and DTL will reduce ridership risk
- Australia/UK profitability will recover
- Taxi and bus market share of 60%; attractive rental model
- Grab still a formidable competitor with rising fleet share

Source: Phillip Securities Research

To view Singapore Outlook 2Q2021 webinar, please visit



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