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RHB INVESTMENT BANK LAUNCHES TOP 20 MALAYSIA SMALL CAP COMPANIES JEWEL BOOK, 16th EDITION

Kuala Lumpur – RHB Investment Bank Berhad (“RHBIB”) today unveiled the 16th edition of the *RHB Top 20 Malaysia Small Cap Companies Jewels 2020* (“RHB Top 20”) book, featuring 20 names for investors to consider during this challenging period in the wake of the COVID-19 pandemic. The RHB Top 20 forms part of the larger *RHB Regional Small Cap Compendium* that annually lists stock investment ideas from RHBIB’s research teams in Malaysia, Indonesia, Singapore and Thailand.

Companies in this year’s book have market cap of below RM2bn, from ten different industry segments with the biggest representation coming from the technology & industrial products and services sectors. The screening process took into consideration the companies’ spread and size, managements’ credibility, industry fundamentals, earnings growth potential, industry track record and its level of corporate governance.

In view of the COVID-19 pandemic, the book launch event was hosted virtually to ensure the health and safety of investors, employees and all those involved. The launch attracted the participation of close to 200 fund managers and buy-side analysts from insurance companies, private asset management companies, unit trust companies, GLICs, and pension funds from Malaysia and the South East Asia Region.

In his opening address, Robert Huray, CEO of RHB Investment Bank Berhad highlighted that RHB’s selection last year, *RHB Top 20 Malaysia Small Cap Companies Jewels 2019*, had collectively outperformed the FBM KLCI and the FBM Small Cap Index with a holding period return of 20% since the book’s launch last May.

“Against the backdrop of heightened uncertainties, alpha hunting remains a daunting task for most investors given the fact that FBM KLCI has rallied vigorously, narrowing its year-to-date losses to 13% which ultimately raises the question of further upside potential for big liquid stocks,” said Robert.

“In contrast to large caps, the small mid cap space had offered investors a remarkable 27% gain vs -4.4% for FBMKLCI in 2019, although still off from its peak by a much wider margin, down 23% year-to-date. With the fate of many bigger companies tied to waning external demand, low commodity prices and dwindling capacity to spend locally, chances of finding winners in the new norm post COVID-19 will be higher for smaller and nimbler companies that can better capitalize on emerging opportunities,” added Robert.

During his address, RHB Investment Bank, Head of Regional Equity Research, Alexander Chia, said “Despite the elevated risk environment as the result of COVID-19, we are beginning to see value in the market in a longer-term perspective. We believe the launch of *RHB Top 20 Malaysia Small Cap Companies Jewels 2020* is well-timed as we are seeing strong demand for alpha rich small-mid caps stocks that are resilient and can survive the on-going turmoil.”

In this year’s book, the largest stock by market cap – at RM1.7bn – is Mi Technovation Berhad, while the smallest is Advancecon Holdings Berhad at RM122m. Of the 20 jewels listed in RHB Top 20 Malaysia Small Cap Companies Jewels 2020, 65% have market caps of less than RM500m. The trailing median P/E and ROE of this year’s Jewels are 12.6x and 11.7% respectively.

The business landscape in Malaysia includes a vibrant and entrepreneurial SME segment with various high growth companies, as well as various listed companies with market capitalization of below RM1 billion offering investors opportunities to select profitable small cap winners.

The RHB Top 20 Malaysia Small Cap Companies Jewels 2020, as with the other books in this series over the past 15 years, has a strong track record of unearthing hidden gems. Representatives from six companies namely Kumpulan Powernet Berhad, Omesti Berhad, Solarvest Holdings Berhad, SCGM Berhad, Gabungan AQRS Berhad, Radiant Globaltech Berhad was present at the launch to share their success stories with participants.

Issued on behalf of RHB Bank Berhad by Group Corporate Communications Division. For more information, media can contact Cairil Irwan at 012-333 5007/ cairil@rhbgroup.com or Cynthia Blemin at 012-249 4071/ cynthia.blemin@rhbgroup.com. For enquiries in regards to banking, products and services please contact our Customer Care Centre at 603-9206 8118.

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