

RHB Top 30 Malaysia Small Cap Jewels Launched

(Ninth edition covers more sectors and fresh ideas)

Kuala Lumpur, 6 August 2013 – RHB Investment Bank Berhad (RHBIB), which emerged as Malaysia's largest investment bank upon the merger of OSK Investment Bank and RHBIB, today unveiled the ninth edition of the well sought-after *Top Malaysia Small Cap Companies 30 Jewels 2013* book.

The book, which represents the Top Picks of RHB's research house, RHB Research Institute, highlights the 30 Bursa Malaysia-listed small cap companies that the house deems the best performing and/or have the greatest potential to excel.

The RHB Top Malaysia Small Cap Companies 30 Jewels is one of four publications published by RHB Investment Bank's research teams in Malaysia, Singapore, Thailand and Indonesia. The four books make up a Small Cap Compendium that is undoubtedly the largest market-leading repository of small cap stock ideas in the Asean region, highlighting a total of 115 companies most likely to provide investors with excellent returns.



(left) Mr. Jeffrey Tan, Head of Regional Telecommunications, RHB Research Institute and (right) Mr. Sam Chin, Regional Head, RHB Research Institute presenting the books

RHB Research Institute Head of Research, Alexander Chia, said the research house - covering about 155 stocks – can lay claim to having one of the broadest investment research universes among investment banks in Malaysia.

The RHB Top Malaysia Small Cap Companies 30 Jewels, he said, is an essential handbook for investors, especially given the out-performance of the FTSE Bursa Malaysia Small Cap Index (FBM SCI) vis-a-vis the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

"Between 24 April 2012 and 12 July 2013, the FBM KLCI advanced 12.9%, but this performance was over-shadowed by the FBM SCI, which posted a 21.7% gain over the same period. Furthermore, while 87% of our selected stocks have market caps below RM1.5 billion, the combined market cap of all 30 stocks in this year's edition is a healthy RM27.1 billion," Chia added.

Chia said the RHB Top Malaysia Small Cap Companies 30 Jewels endeavours to provide a good mix across the market spectrum. "Hence, our selected stocks provide a broad representation of 13 sectors vs 12 last year. Other than spread and size considerations, the key screening variables include management credibility, industry fundamentals, earnings growth potential and track record. However, none of the banking stocks – being mostly large corporations - are represented in this edition," he added.



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The largest stock in the RHB Top Malaysia Small Cap Companies 30 Jewels is Media Prima Bhd, which has a market cap of RM2.9 billion, while the smallest is Brahim's Holdings Bhd, with a RM204 million market cap. The book also has a good representation of the oil & gas (O&G), construction, consumer, property and building materials sectors, which together account for two-thirds of the stocks featured in the book.

"Our 2013 edition also unearths 11 new jewels, namely Brahim's Holdings Bhd, Deleum Bhd, Hua Yang Bhd, Instacom Group Bhd, Integrex Bhd, Malton Bhd, Protasco Bhd, Scientex Bhd, TDM Bhd, Uzma Bhd and Wellcall Holdings Bhd," Chia said.

"The rest of the companies, while familiar to those who follow our research, are still 'jewels' as they are still endowed with strong growth potential and solid fundamentals. The average financial year ending 31 December 2013 (FY13) price-earnings ratio (P/E) of our 2013 small cap stocks is 11.7 times, with a two-year net profit compounded annual growth rate of 13.0%," he explained.

With the wealth of talent within its research team, together with the experience gleaned over the years in compiling the various editions of the book, RHB Research Institute's track record in uncovering hidden gems within Bursa Malaysia has been nothing short of exemplary.

"Our 2012 picks posted decent a performance, with 18 recording an average gain of 81.1% and outperforming the FBM KLCI's 12.9% jump, while 16 more posted an average gain of 89.0%, beating the FBM SCI's 21.7% growth recorded between the launch of the 2012 edition and the price close for the 2013 book," Chia said.

"The top performer was Perdana Petroleum Bhd, which gained 219.3% during the period. The worst performing was Adventa Bhd (down 57.9%), although there were extenuating circumstances in this case as the company had sold its glove business for RM320.9m and completed a capital repayment of MYR1.70 per share in January. Adding back the capital distribution would have implied a 55% adjusted gain by Adventa," he added.

Chia said Adventa's case put the spotlight on the potential risk facing investors looking to diversify their investment portfolio by scouring the Main and ACE markets for potential diamonds in the rough.

"All said, we wish to caution investors on the risks associated with investing in small cap stocks, which typically possess higher betas and greater potential for share price volatility. Nonetheless, we are confident that the stocks profiled in this book will not disappoint investors, in keeping with our tradition of uncovering jewels that do not lose their shine," he added.

Issued on behalf of RHB Investment Bank Berhad by the Group Corporate Communications Division. For more information, please call Lois Kam at 03-9280 5089 or email at lois.kam@rhbgroup.com

About the RHB Banking Group

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into seven Strategic Business Groups ("SBGs"): Retail Banking, Corporate & Investment Banking, Business Banking, Islamic Banking, Global Financial Banking, Group Treasury and Group Transaction Banking. These businesses are offered through its main subsidiaries - RHB Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad, while its asset management and unit trust businesses are undertaken by RHB Investment Management Sdn. Bhd. and OSK-UOB Investment Management Berhad. The Group's regional presence now spans eight countries including Brunei, Cambodia, Indonesia, Hong Kong, Malaysia, Singapore, Thailand and Vietnam. It is RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and to be recognised as a Leading Multinational Financial Services Group.