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Value in S'pore market waiting to be unlocked: Azure Capital CEO

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Despite general perceptions that the Singapore market is "boring" and "lacks liquidity", there is a lot of value waiting to be unlocked, said Azure Capital chief executive Terence Wong yesterday.

Mr Wong said in a media briefing yesterday: "The Singapore market's price-to-book is 1.1 times versus the average of 1.4 times. Dividend yield is about 4 per cent for blue chips and up to 6 to 8 per cent for some small caps.

"There are listed companies with lots of cash that are trading on the cheap here. The problem is there is little liquidity in the market. Still, there is a lot of value here, where 8 per cent of listed companies are trading below five times price to earnings and 25 per cent are at a 50 per cent discount to book."

Mr Wong noted that over 40 per cent of listed firms are in net cash position, with 13 per cent having more than half their market cap in cash.

Where others see "value traps", he sees opportunity, launching a "special situations fund" late last month. The Azure All Star fund, made up of accredited investors, has targeted assets under management of \$100 million within a year of inception. The funds will be used to invest in listed companies in Singapore, Hong Kong, and Asean, including those facing privatisation or turnarounds, over the next six to 12 months.

"There are also many unloved stocks, some of which may come to life with new analyst coverage," Mr Wong said. Betting on the possible lifting of property cooling measures, Mr Wong said the fund is also looking at building positions in property companies, many of which are trading at 40 to 50 per cent discount to net asset value.

He also "kicks the tyres" to assess the soundness of companies in a turnaround. "The companies we look at are fundamentally sound, so that even if the expected 'special' events don't take place, the stock prices will be protected," he said.