

## SMU team wins NUS-SGX stock-pitch competition

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### Singapore

A TEAM of four Singapore Management University (SMU) finance undergraduates has won a nationwide stock-pitching competition organised by the NUS (National University of Singapore) Investment Society.

The team, Prime Capital – comprising second-year students Toh Yi An, Ian Chua, Ernest Ong and Darren Cheng – took home a S\$1,500 cash prize sponsored by Singapore Exchange (SGX). The finals were held a fortnight ago.

The stock-pitch competition, which was in its third run, is

designed to give tertiary students a taste of the equities research industry. Students demonstrate their stock research and presentation skills to a panel of industry professionals.

Judges included Andy Sim, DBS Equity Research senior vice-president; June Zhu, Goldman Sachs executive director of global investment research; Lee Hon Sing, senior finance lecturer at NUS Business School; Lynn Gaspar, head of retail investors and intermediaries, SGX; and education consultant Th'ng Beng Hooi, an SGX Academy trainer.

In the competition, participants had just five days to submit an investment report with a "buy", "hold" or "sell" recommendation on a single stock over a one-year investment horizon.

Out of a record 81 teams from Nanyang Technological University, NUS, Singapore Institute of Management, SMU and Temasek Polytech-

nic that took part, eight teams were selected based on the quality of their reports.

The eight were then given 48 hours to prepare their pitch. Teams were judged based on the quality of the analyses, presentation delivery and responses during the question-and-answer session.

SMU's Prime Capital had, in a polished report and presentation on March 9, argued that logistics facilities operator Global Logistic Properties (GLP) was a "buy" with a target price of S\$2.37.

"The stock remains undervalued at a 0.8 time price-to-book," Prime Capital said, noting that the market is underestimating GLP's ability to ride the e-commerce boom in its key market, China.

It noted that although there are concerns of tightening land supply in China, GLP has an "unmatched development pipeline and land reserves". The team's target price was derived from estimating the total

value of GLP's completed and uncompleted properties, along with its fund management component and listed entities.

The first runner-up – an SMU team of four accountancy, finance and information system undergraduates – called for a "sell" on private cord blood bank Cordlife with a target price of S\$1.01.

The price was derived from a discounted cash-flow approach with a terminal growth rate of 2.1 per cent and a cost of capital of around 7 per cent.

The team, Lionstar Capital, argued that management's view on growth was too optimistic and the company was too highly geared. It cited, among other things, competition from public cord blood banks, high penetration rates in developed markets and limitations on cord blood use.

Meanwhile, an NUS team won the second runner-up prize with its "buy" call on Singapore Airlines (SIA) and a target price of S\$13.82.

SIA stands to benefit from the liberalisation of air travel in the region if the Asean Open Skies agreement gets ratified, said the team, which called itself Tiga Dua Dua.

Although there will be increased competition, increased air traffic around the region as a result of the agreement can benefit SIA due to its branding, operational excellence and safety record, Tiga Dua Dua said. Low fuel costs and integration from its Tiger Airways takeover will also help.

SGX's Ms Gaspar said the judges were impressed by the breadth of the analysis, extensive use of valuation techniques and compelling stock pitch presentations by the finalists, many of whom have already started investing.

"We hope this competition will inspire them to consider the stock market both for their careers in future, and in their personal investments," she said.

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