

# Portfolios shine despite market weakness

**O**UR portfolios fared relatively well, given that the Straits Times Index has now seen its third consecutive week of retreat and the UOB Sesdaq Index its second.



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The STI lost 2.1 per cent last week, while the UOB Sesdaq Index was down 1.5 per cent.

Despite the overall weak market, four out of our five portfolios advanced. The one-month top gainers portfolio was the biggest riser last week, putting on 8.7 per cent. Its good performance was courtesy of Easyknit, simply because there was a closing bid price for the stock on Friday. Other gainers in the portfolio included PSL, Semitech, Informatics and OKP.

On Thursday, Informatics, a provider of educational services in information technology and business management, announced it had opened a new campus at Science Centre Road which can accommodate up to 15,000 students. It also signed agreements with Linguaphone Group; South Korea's Chang Shin College; and the International Brand Federation, a research centre under Beijing University.

The portfolio made up of stocks with the lowest price-earnings ratio was the second biggest gainer, adding 5.1 per cent to its value. The major contributors to its rise in value were ASA Group and GMG Global.

The lowest price-to-book portfolio also managed to stem the losses it had suffered in the two previous weeks by posting a gain of 2.9 per cent. The reversal of the market some three weeks ago had hit the lowest price-to-book portfolio the hardest. Between Oct 7 and 21, it lost 15.9 per cent of its value, or \$65,750. Last week, gains in ASA Group and GMG Global helped lift the portfolio.

Meanwhile, Lum Chang Holdings' share price was adjusted down after it distributed shares in LC Development to its shareholders. Each investor received 1.8 LC Development shares for every Lum Chang share held. The combined value of our holdings of Lum Chang and LC Development rose 5.9 per cent compared with a week ago.

As for the analysts upgrades portfolio, it edged up 0.4 per cent. The only portfolio which lost ground was the one-year top losers portfolio. It shed 3.3 per cent, dragged down by losses in Esmart, Netelusion and Ecowise.

Despite the rather sharp correction in the last three weeks, some analysts maintained that some fundamental trends were intact. "One such area is the oil and gas sector, as the current strong order books will ensure that yards' facilities are likely to stay well-deployed for the next two to three years," said OCBC Investment Research in a recent report.

Apart from the oil and gas sector, it continued to favour some of the defensive stocks, which had also

corrected in line with the broader market. These include Singapore Press Holdings, ST Engineering and AsiaPharm, it added.

As for our portfolios, the purpose is to provide real-time tracking of the various trading strategies, namely, buying the stocks recently upgraded by analysts, buying the one-year top losers, the one-month top winners, stocks with the lowest price-earnings ratio and those with the lowest PTB ratio.

The process is mechanical, and no qualitative judgement is exercised. So stocks that appear in the portfolios are not necessarily good buys. But as the results of the portfolios show, and as found in numerous other empirical studies, low PTB ratio has again turned out to be the best predictor of future price performance.

## One-month top winners

	COST (\$)	OCT 28 BID PRICE (\$)	VALUE (\$)
Baker Tech*	0.17	0.080	1,360
China Ent Sports	0.055	0.010	550
China Merchant Prop*	1.9	0.000	-
CK Tang	0.405	0.485	5,335
Compact Metal	0.045	0.020	2,140
DMX	1.21	0.625	2,500
Easycall	0.125	0.000	-
Easyknit	0.056025	0.041	10,168
Ei nets*	0.02	0.010	1,520
Ezra	1.02	1.330	6,650
Falmac	0.16	0.025	600
FDS	0.15	0.080	2,560
Fischer Tech*	0.47	0.305	1,830
Global Voice*	0.15	0.180	3,600
Green World	0.3	0.335	5,025
Heeton	0.305	0.210	2,520
Informatics	0.408	0.090	990
JK Technology	0.17	0.070	1,540
Kingwan*	0.13	0.065	1,495
L&M	0.015	0.005	1,665
LHT Holdings	0.075	0.030	1,920
Manhattan Res	0.425	0.235	1,880
Mediastream*	0.02	0.000	-
NTI	0.145	0.035	980
NW Tech	0.27	0.375	5,250
OKP	0.16	0.105	2,415
Powermatic	0.115	0.060	2,520
Progen	0.17	0.050	1,100
PSL*	0.11	0.030	2,280
Rotary Engineering	0.5	0.410	3,280
Semitech	0.145	0.060	1,560
Tasty Food	0.085	0.045	1,980
Wee Poh	0.015	0.005	1,260
Value of equities			78,473
Cash			14,962
Portfolio value on Oct 28			93,435
Change from week ago			8.7%
Change from capital of \$150,000			-37.7%

## Lowest forward PE

	COST (\$)	OCT 28 BID PRICE (\$)	VALUE (\$)
Agva*	0.120	0.045	1,440
ASA Group	0.270	0.125	5,125
ChinaTranscom	0.170	0.075	4,950
CIH*	2.900	2.150	6,450
Creative Master	0.235	0.085	2,465
Eastern Asia Tech*	0.487	0.075	1,683
Flextech	0.151	0.235	7,520
Gates Electronics*	0.130	0.070	2,100
GMG Global*	0.053	0.042	9,324
Greatronic*	0.070	0.005	-
Heeton	0.303	0.210	2,730
King's SafetyWear*	0.250	0.140	6,440
L-Jacoberg	0.790	0.130	2,340
Metro*	0.465	0.575	13,890
New Lakeside*	0.210	0.045	2,520
Noble Group	0.930	1.540	10,780
NOL*	1.830	3.000	24,000
Ossia	0.195	0.160	5,600
Sim Lian*	0.290	0.340	12,920
Stamford Tyres	0.518	0.460	4,140
Stratech	0.150	0.075	3,450
Swing Media*	0.195	0.080	1,600
Tsit Wing	0.310	0.330	1,650
TT International*	0.240	0.140	2,240
United Food*	0.386	0.195	9,360
Wah Shing*	0.165	0.105	2,415
Value of equities			147,342
Cash			3,236
Portfolio value on Oct 28			150,478
Change from week ago			5.1%
Change from capital of \$150,000			0.3%

## Analysts' upgrades with consensus outperform ratings

	COST (\$)	OCT 28 BID PRICE (\$)	VALUE (\$)
Amtek	1.26	1.140	19,380
Asia Power Corp	0.165	0.125	16,875
CHT*	0.725	0.490	12,250
DBS	15.5	15.200	15,200
Innovalue	0.625	0.520	8,320
Keppel Land*	1.62	3.700	29,600
MMI	0.315	0.530	37,630
OCBC	6.4	6.200	12,400
SembKimtrans	0.163	0.460	29,440
SGX*	1.69	2.610	28,710
STE*	2.35	2.520	17,640
Want Want*	1.47515	1.619	19,428
Value of equities			246,873
Cash			5,901
Portfolio value on Oct 28			252,774
Change from week ago			0.4%
Change from capital of \$150,000			68.5%

Notes: \*Stocks which met criteria as at Jan 1, 2005.