Date: 25 December 2021

Stock picks

The Star (25 December 2021)

THE Malaysian stock market has had a rocky performance so far this year.

Weighed by domestic political concerns and Covid-19 woes, Bursa Malaysia has turned out to be one of the worst-performing bourses in Asia year to date, with the benchmark FBM KLCI having lost about 7% since the start of 2021.

The local equity markets could see a more challenging year in 2022, with the US Federal Reserve scaling back its easy monetary policy while increasing interest rates as inflation continues to surge.

While many analysts are forecasting a better equity-market performance for Malaysia in 2022, investors should expect volatility to remain high. Being agile and selective in stock picks are keys to driving returns.

Three fund managers share with StarBizWeek their top three stock picks for 2022, and the rationale for their selection.

UOB Asset Management (Malaysia) chief executive officer Lim Suet Ling:

> **Dufu Technoloy Corp Bhd**, the company is one of the world's leading manufacturers of hard-disk drive (HDD) disk spacers. Dufu's growth is underpinned by enterprise HDD demand especially from cloud and data centres.

According to IDC, the compounded annual growth rate of global HDD industry petabyte shipments is forecast to be 18.5% from 2020 to 2025.

> **Innature Bhd**, the company is an established retailer in cosmetic and personal care carrying The Body Shop and Natura brands with presence in Malaysia, Vietnam and Cambodia.

Going into 2022, we see Innature benefitting from the reopening of the economy after some disruption from the Covid-19 pandemic in 2021.

The company's exposure to markets such as Vietnam and Cambodia offer high growth potential over the medium to long term.

> **Carimin Petroleum Bhd**, the company is an oil and gas service provider, specialising in construction, hook-up, commissioning and topside major maintenance; and manpower and marine services.

This includes the deployment of marine vessels such as work barges, accommodation vessels, crew boats and anchor handling tug supply vessels.

Given the recovery in crude oil prices, we see improving prospects for the company.

Carimin has a strong balance sheet with net cash and investments equivalent to more than 80% of its market capitalisation.

Affin Hwang Asset Management senior portfolio manager David Loh:

> **AMMB Holdings Bhd**, we see the bank as a play on higher rate cycle. Its asset quality is expected to improve significantly following the full reopening of the country's economy.

After an 18-months hiatus, Ambank is set to resume paying regular dividends supported by solid underlying operations.

Tactically, it has only rebounded modestly from its low in March 2020 and therefore should have limited downside from current levels.

Trading at a steep discount to its book value, Ambank is an attractive takeover target for larger banking groups.

> **IHH Healthcare Bhd**, the company is a leading private healthcare group, with a presence across 10 countries.

It is a long-term play on a rising ageing population trend and greater adoption of medical insurance.

Going forward, IHH earnings is expected to be fuelled by pent-up demand for elective surgeries and medical tourism which were both heavily affected by Covid-19.

After a long gestation period, its Hong Kong and India assets have seen significant turnaround, giving the diversified group its next leg of growth.

> **My EG Services Bhd (MyEG)**, the company is a dominant e-government services provider that is perfectly hedged against Covid-19.

Notwithstanding pandemic disruptions, MyEG is set to deliver record profits in 2021, driven by a healthcare division which offers Covid-19 testing and private quarantine services.

As the pandemic situation improves, its core concession business for foreign workers and Road Transport Department-related services will regain centre stage and become its primary contributors.

On top of that, the recently launched Vaccinated Travel Lane business has massive growth potential by offering comprehensive solutions to inbound travellers.

Kenanga Investors Bhd executive director and CEO Ismitz Matthew De Alwis:

> **Ancom Bhd**, the company is a manufacturer of agricultural chemicals.

We like its position as the sole producer of weed control active ingredients in the region, leaving it well-poised to benefit from strong demand trends plus its own efforts in expanding its active ingredient product portfolio.

The management's corporate restructuring efforts is also improving efficiency, including the impending full consolidation of its industrial chemicals unit Nylex (M) Bhd.

> **Greatech Technology Bhd**, the company is primarily a manufacturer of automated equipment with a wide product range from single automated equipment to production line systems.

Greatech has a sizeable orderbook and expects significant replenishment from both solar and electric vehicle, or EV, segments.

It is also working on the next growth area which is the automated equipment related to medical and semiconductor segments. All in, Greatech has a clear technology roadmap that can provide the group with a long-term structural growth trend.

> **Kelington Group Bhd**, the company is involved in ultra-high purity delivery systems, process engineering and general contracting.

The company also commenced production of liquid carbon dioxide (LCO2) in the fourth quarter of 2019.

We like Kelington as it is riding on the robust fab capacity expansion from the tight semiconductor supply chain. We also like it for its all-time high orderbook as well as the relatively new LCO2 business which can provide a more stable income stream compared its existing core business.

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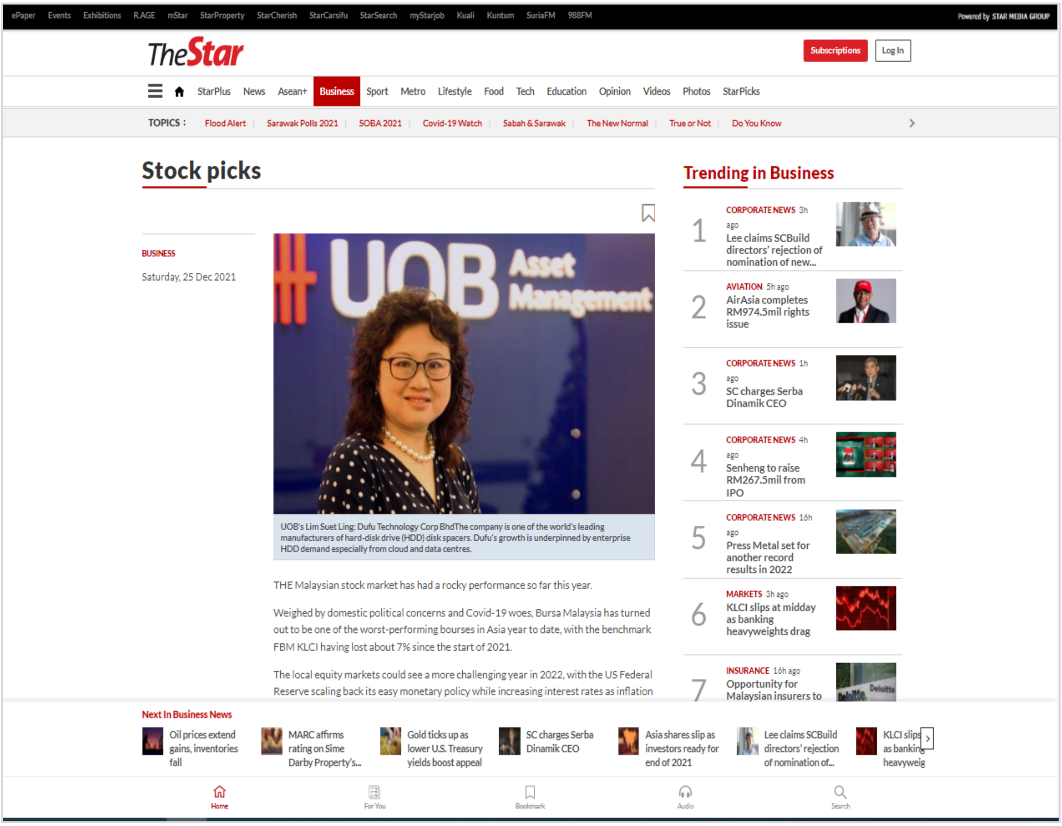
Source:

[The Star Online](#) *(25 Dec 2021)*



Stock picks

BUSINESS

Saturday, 25 Dec 2021

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