

ECM Libra Financial Group

ECML MK / ECMA.KL

NOT RATED

➤ **Market Cap**
US\$84.46m
RM271.9m

➤ **Avg Daily Turnover**
US\$0.04m
RM0.14m

➤ **Free Float**
55.2%
268.2 m shares

Current	RM1.01
Target	N/A
Prev. Target	N/A
Up/Downside	N/A

CIMB Analyst(s)



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Company Visit Expert Opinion
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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-0.8	-7.3	15.1
Absolute	0	-3.8	22.4
Major shareholders			% held
Tan Sri Dato' Azman Hashim			27.4
Clear Goal			11.2
Amcorp Group			6.2

Starting afresh

Asset management (AM) is ECM Libra's core business following the disposal of its investment banking business in 2012. The earnings driver will be its push for aggressive expansion of assets under management (AUM).

We see value in the stock as it is trading at only 0.7x P/BV despite its bright earnings prospects. Applying a P/BV range of 0.8-1x to its end-Apr 14 BV, we estimate that the stock could fetch a value of RM1.24-1.55, translating into potential upside of 23-54%.

Core businesses

Having sold its investment banking (IB) business to K&N Kenanga in 2012, ECM Libra is focusing on three core businesses (1) AM, (2) structured lending, and (3) corporate advisory. Another source of revenue is investment income from its own investments though this will tend to be more volatile.

Earnings drivers

The key earnings catalyst will come from its AM business as it aims to expand aggressively its AUM, which is estimated to total RM2bn-3bn now. This will be partly driven by its plans to form its own agency force and strengthen its internal sales team.

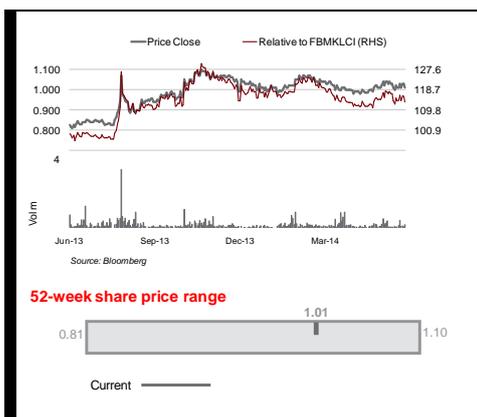
Also, there is room for it to mobilise some of its securities investments for structured loans to earn a better spread. The constant consistent profitability from the company will also expand its capacity to lend.

PN17 status lifted

ECM Libra was classified as a PN17 company after it sold its core business in 2012. This affected its business growth as it created a negative perception of its financial standing. However, the PN17 status was uplifted on 29 May 14.

To be taken private?

Although the major shareholders do not have any immediate plans to take the company private, we do not discount this possibility as the company (1) is trading below its book value, and (2) is profitable. Assuming that it is taken private at 0.8x BV, we would be looking at an offer price of RM1.24 per share, translating into potential upside of 23%.



Financial Summary

FY ended Jan (RM m)	2010	2011	2012	2013	2014
Net interest income	26.1	29.5	1.1	1.8	4.4
Non-interest income	92.9	156.3	14.4	16.6	24.6
Total income	119.0	185.8	15.5	18.4	29.0
Operating expenses	(70.4)	(90.0)	(13.8)	(15.6)	(17.0)
Net profit	40.8	65.2	1.2	10.4	12.3
Core EPS	0.05	0.08	0.00	0.01	0.02
Core EPS growth (%)	700.0%	59.8%	-98.2%	767.8%	78.9%
FD core P/E (x)	20.6	12.9	699	80.6	45.0
DPS	0.02	0.02	0.02	0.02	0.00
Dividend yield (%)	2.0%	2.2%	1.8%	2.4%	0.0%
BVPS	1.16	1.19	1.23	1.10	1.42
P/BV (x)	0.87	0.85	0.82	0.92	0.71
ROE (%)	4.3%	6.7%	0.1%	1.1%	1.9%

SOURCE: CIMB, COMPANY REPORTS

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IMPORTANT DISCLOSURES, INCLUDING ANY REQUIRED RESEARCH CERTIFICATIONS, ARE PROVIDED AT THE END OF THIS REPORT.

1. BACKGROUND

1.1 History – in and out of investment banking ▶

The company started out as a boutique financial services group in Aug 2002, with 10 professionals. ECM Libra was listed on Bursa Malaysia's Main Board (now called Main Market) in Mar 2004. In Jun 2006, the merger of ECM Libra and Avenue Capital Resources created an enlarged entity known as ECM Libra Financial Group. It became ECM Libra Investment Bank in Feb 2008, with 600 staff throughout Malaysia and shareholders' funds of RM1bn.

After growing the investment banking (IB) business over almost 10 years, the company decided to dispose of this entity. On 15 Jun 2012, it entered into a conditional share purchase agreement with Kenanga Investment Bank (KIB) and K&N Kenanga Holdings for the sale of its entire equity interest in ECM Libra Investment Bank to KIB for RM875.1m.

Subsequently, it undertook a capital repayment of RM442.6m cash, 120m K&N Kenanga Holdings shares and RM47.8m K&N redeemable non-convertible unsecured loan stocks via a reduction of the par value of its existing shares.

1.2 Sources of income ▶

Following the disposal of its investment banking business, the group's revenue is primarily generated from three sources:

- asset management, mainly through Libra Invest
- structured lending
- corporate advisory.

Another source of income is the returns from its own investments (from its capital) but this tends to be more volatile.

1.3 Core businesses ▶

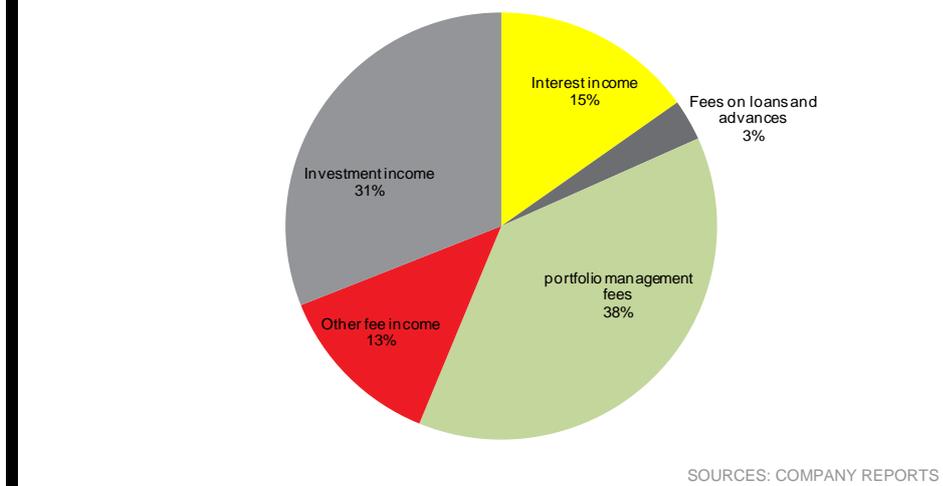
The company is managing equity, fixed income and cash funds. It has a total of 17 funds (see Appendix) for retail clients. It also manages funds for other institutions (third-party funds) and individuals (based on private mandates). Its funds are distributed through institutional unit trust advisor (IUTA) (see Appendix) but it plans to set up its own agency force.

Another source of revenue is interest income from its loans to its corporate clients. We understand that these loans are lucrative with lending rates of more than 6.5%. The funding is solely from its own capital as it does not have a deposit-taking licence. These loans are mainly secured against listed shares. According to management, credit risk is low due to stringent lending practices.

In structured lending, it has a total loan base of RM44.3m (end-Apr 14). This is mainly marketed through a group of relationship managers as well as through its relationships with corporate clients.

As shown in the following chart, portfolio management was the biggest revenue generator in FY14, at 38% of group revenue, followed by investment income (31%), which could be volatile in nature. Interest income from its lending business made up 15% of FY14 revenue and 13% came from other fee income, which is believed to be partly generated from the corporate advisory business.

Figure 1: ECM Libra Financial Group - breakdown of FY1/14 operating revenue



1.4 More stable and stickier income stream ▶

We are positive on the group's move to sell its investment banking (IB) business and focus on asset management and structured lending. The IB segment is proving to be competitive and it is difficult for smaller IB players like ECM Libra to compete with bank-backed ones. Furthermore, IB revenue tends to be more volatile, depending on market conditions and costs are sticky and high.

Revenue from AM is more stable, as it is fixed at a percentage of net asset value (NAV). It is recurring and will increase with the expansion of the fund size.

2. OUTLOOK

2.1 Pushing for AUM growth ▶

During our recent meeting, ECM Libra's management voiced its intention to push for growth of the AUM of its AM business. We estimate that the company has a total AUM of RM2bn-3bn. An article in The Star Online quoted on 23 Mar 13 that the AUM of the company was RM2.5bn. Although management did not disclose its growth rate target for AUM, we believe that it could achieve 25-30% growth p.a. in the next 1-2 years given its small base.

The company is in the midst of setting up its own agency force, which will help it achieve AUM growth. Apart from having more sales personnel for its funds, having its own agents will help the company to tailor the marketing plans for specific funds, instead of relying on third-party IUTAs, which also sell other companies' funds.

2.2 High operating leverage ▶

Generally, the AM company has high operating leverage as most of its operating costs are fixed in nature. If Libra Invest can grow its AUM and ultimately asset management fees by 25-30% p.a. in the next 1-2 years, the earnings contributions will expand at an even faster pace. Although the AM company will need to expand its fund management team when the fund size increases, the rise in expenditure should be slower than the revenue growth even in the longer term.

2.3 No more PN17 hiccups ▶

ECM Libra was classified as a PN17 company after it sold its IB business which had contributed the bulk of its revenue. Management said that this affected business growth as it gave its clients a negative perception of its financial standing. However, the PN17 status of the company was lifted on 29 May 14

and the company expects to see better traction in business growth in the coming quarters.

2.4 Mobilising funds for higher returns ▶

Another major earnings contributor for ECM Libra is its lending business, which fetches good returns of more than 6-7% in lending rate. Currently, this business is still small with a total loan size of only RM44.3m at end-Apr 14, solely funded by equity capital. With cash and short-term funds of RM42.2m, it has adequate liquidity to increase the loan base. Also, it can mobilise some of the funds from its securities investments totalling RM302.8m at end-Apr 14, which earn lower interest of around 3%. Such a move would improve the yields on its assets and ultimately its net earnings in the longer term.

2.5 Focusing on organic growth ▶

Management said that there are no immediate plans for M&As but it is open to any value-creating deals in the financial services sector. However, it is unlikely to consider buying any regulated businesses, like those related to investment banking and insurance.

3. RISKS

3.1 A small player ▶

Libra Invest is one of the smaller fund management companies in the country. It lacks the scale and the network of bank-backed fund management outfits like Public Mutual and AmInvest. In addition, it has just started building its agency force and it is small relative to its larger competitors.

3.2 Liberalisation of unit trust industry ▶

On 9 Jun 14, Prime Minister Datuk Seri Najib Razak announced that effective immediately, foreign corporations are allowed to own 100% of local unit trust management companies. In addition, foreign-owned unit trust companies will be allowed to enter Malaysia. This will attract more foreign players to Malaysia's unit trust industry and stir up competition.

3.3 Downturn in equity market ▶

The income of the AM company is generated from (1) the annual management fee, which is fixed at a percentage of the net asset value (NAV) of AUM and (2) fees for selling new funds. These fees will be affected by any downturn in the equity market as (1) NAV of the funds could shrink and (2) there will be a lack of demand for new funds.

3.4 Credit risks ▶

The structured loans carry credit risks but are fully secured against listed securities. To mitigate this risk, management said that the company only takes the shares of blue chip companies or companies with strong fundamentals as collateral of the loans. However, credit losses may be incurred if the borrowers default and there is a major downturn in the capital markets.

3.5 Exit by major shareholders ▶

The two major shareholders of the company are Tan Sri Dato' Azman Hashim with a 27.4% stake and Lim Kian Onn with 20.9%. Given their wealth of experience in the financial services industry, we believe that these two shareholders are instrumental in helping the company to set its strategic direction and secure some deals based on their relationships with the clients. Hence, any departure of these shareholders would pose a risk to the group's prospects.

4. FINANCIALS

4.1 18.3% jump in FY14 net profit ▶

ECM Libra posted an 18.3% jump in its FY1/14 net profit to RM12.3m. This was driven by a 57.6% surge in operating revenue to RM29m. At the topline, interest income shot up 144.4% while non-interest income rose 57.3%, lifted by a 94.7% increase in other fee income. Portfolio management fee slipped 6.8%, which, in our view, reflected the negative impact of ECM Libra's PN17 status.

Operating expenses rose by 9% in FY14. Contributions from an associate company fell by 79.8% due to the sale of its stake in the associate. The company booked a RM4m gain on disposal of shares in the associate but this was partly offset by RM3m impairment losses for securities investments.

Figure 2: ECM Libra – Profit and loss statement for FY1/14

	Note	2014 RM'000	Group 2013 RM'000 Restated
Continuing operations			
Revenue	2(r)	28,006	16,774
Interest income	22	4,404	1,766
Non-interest income	23	23,602	15,008
Other non-operating income	24	988	1,628
Net income		28,994	18,402
Operating expenses	25	(16,980)	(15,646)
Operating profit/(loss)		12,014	2,756
Share of profit of an associated company		1,658	8,403
Gain on disposal of shares in an associated company and discontinuation of equity method	12	3,994	-
(Allowance for)/writeback of impairment on securities	27	(3,019)	-
Writeback of/(allowance for) impairment on loans, advances and financing	28	140	(140)
Profit/(loss) before tax		14,787	11,019
Income tax expense	29	(2,500)	(657)
Profit/(loss) from continuing operations		12,287	10,362
Discontinued operations			
Profit from discontinued operations, net of tax	30	-	16,298
(Loss)/gain on disposal of subsidiary	30	-	(68,652)
(Loss)/profit from discontinued operations		-	(52,354)
Profit/(loss) for the year		12,287	(41,992)

SOURCES: COMPANY REPORTS

4.2 Weak 1QFY1/15 ▶

ECM's 1QFY1/15 net profit plunged by 45.8% yoy to RM2.6m, dragged down by a 35.4% yoy slump in operating revenue to RM6.4m. At the topline, non-interest income plummeted by 47% yoy to RM4.4m, attributable to a plunge in net gains from securities from RM4.6m a year ago to only RM1m in 1QFY15. Portfolio management fees fell by 7.7% yoy, partly due to the negative impact of its PN17 status. Operating costs also slid by 16.7% yoy in 1QFY15.

Figure 3: ECM Libra – Profit and loss statement for 1QFY15 ended Apr 14

	<u>Note</u>	Current quarter ended 30-Apr-14 RM'000	Corresponding quarter ended 30-Apr-13 RM'000 Restated
Revenue		6,028	9,311
Interest income	19	1,593	1,015
Non-interest income	20	4,435	8,296
Other non-operating income	21	340	572
Net income		6,368	9,883
Operating expenses	22	(3,452)	(4,186)
Operating profit		2,916	5,697
Share of profit of an associated company			
Writeback of impairment on securities	23	-	43
Gain on disposal of shares in associate company and discontinuation of equity method	24	-	-
Profit before tax		2,916	5,740
Income tax expense	33	(358)	(978)
Profit for the period		2,558	4,762
Other comprehensive income:			
Net gain on available-for-sale financial assets		32,467	5,928
Other currency translation differences		(28)	(34)
Income tax relating to components of other comprehensive income		(345)	200
Other comprehensive income for the period, net of tax		32,094	6,094
Total comprehensive income for the period		34,652	10,856
Earnings per share ("EPS"):		Sen	Sen
- basic	39	0.95	1.09
- diluted	39	0.89	1.09

SOURCES: CIMB, COMPANY REPORTS

4.3 Better earnings traction ahead ▶

As the PN17 status of ECM Libra was lifted on 29 May 14, we expect the revenue from the AM division to gain momentum in 3-4QFY15, helped by its push to increase the AUM, partly by establishing its own agency force.

Interest income is likely to continue rising rapidly with the expansion of the loan base from only RM44.3m at end-Apr 14. Investment income will still be volatile but its impact on the company's overall revenue and earnings will lessen going forward as it plans to build up the more sustainable AM income.

Operating costs are also set to increase to keep up with business growth but the rise in operating costs should be slower than the pace for revenue. This is because most of the operating costs in the AM business are fixed in nature. So, the "jaws" will be widening with the expectation of strong growth at the topline, translating into an even faster expansion at the bottomline.

4.4 Weak ROEs expected to expand ▶

ROE was only 1.9% in FY14, which could be attributable to (1) the lack of economies of scale for its AM business, (2) the parking of most of its assets (80.3% as at end-Apr 14) in lower-yielding financial assets and cash, and (3) zero gearing.

We expect its ROE to improve gradually, thanks to (1) AUM growth for the AM unit, which will spur the earnings contribution from this division, and (2) mobilisation of funds from cash and securities investments to structured loans to earn higher returns.

4.5 Clean and strong balance sheet ▶

ECM Libra is debt-free and has RM42.2m cash (end-Apr 14). For now, the company does not intend to gear up and will fund its lending business solely with internal funds.

Figure 4: ECM Libra – Assets and Liabilities as at end-Jan 14

	Note	Group 2014 RM'000	2013 RM'000 Restated
ASSETS			
Cash and short-term funds	3	30,579	76,421
Securities held-for-trading	4	22,392	24,921
Securities available-for-sale	5	198,711	694,748
Securities held-to-maturity	6	47,750	47,750
Derivative financial assets	7	2,969	1,203
Loans, advances and financing	8	44,291	4,102
Trade receivables	9	2,659	7,849
Other assets	10	4,519	3,853
Investment in subsidiary companies	11	-	-
Investment in associated companies	12	7,200	35,579
Amount owing by subsidiary companies	13	-	-
Property, plant and equipment	15	25,126	26,371
Intangible assets	16	-	-
Total assets		386,196	922,797
LIABILITIES AND EQUITY			
Liabilities			
Trade payables	17	1,615	7,207
Other liabilities	18	3,934	6,015
Provision for taxation		245	58
Amount owing to subsidiary companies	13	-	-
Deferred tax liabilities	14	300	582
Total liabilities		6,094	13,862

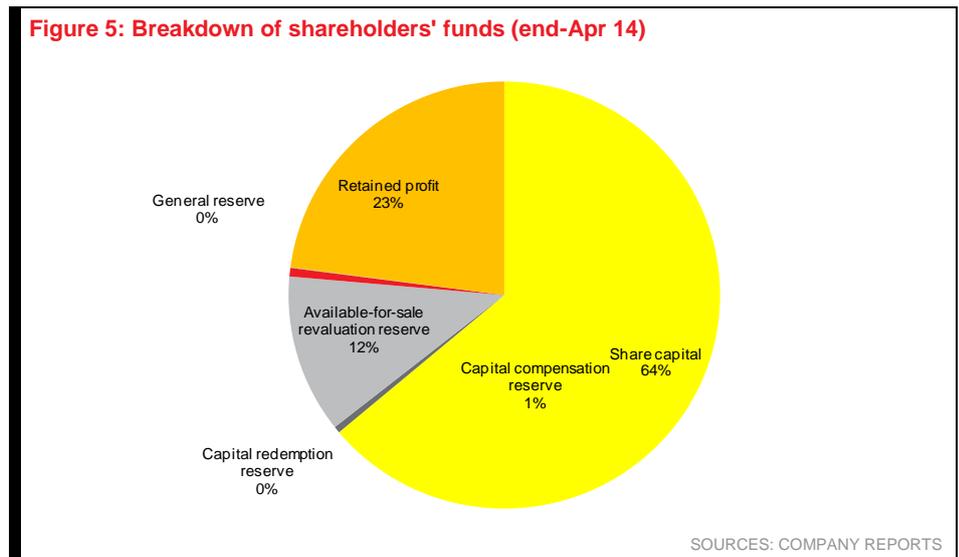
SOURCES: COMPANY REPORTS

5. VALUATION

5.1 Undervalued financial stock ►

ECM Libra is undervalued as it is trading at a P/BV of only 0.65x. Its P/NTA is also at 0.65x as it does not have any goodwill. We attribute the low P/BV to its former PN17 status as most funds will not invest in companies with this classification. In our view, the discount is undeserved as the PN17 status has been lifted and the company is profitable with a potential acceleration in earnings growth and expansion of ROE.

Figure 5: Breakdown of shareholders' funds (end-Apr 14)



Note: The above excludes a negative item of RM5m for foreign currency translation reserve.

5.2 Minimal downside risks ▶

Some stocks are trading below BV due to concerns that the BVs will be depleted by operating or impairment losses. But we see minimal risk of this for ECM Libra as (1) its AM business is turning in stable earnings, (2) its loans are secured against listed shares of blue-chip companies or companies with strong financial standing, and (3) it is debt-free and there are no debt servicing obligations.

5.3 Potential to be taken private ▶

Based on our understanding, the major shareholders currently do not have plans to take the company private. But we see this as a possibility given that:

- The stock is only trading at 0.65x BV.
- The company is profitable, with an expected rise in ROE.
- The two major shareholders only need to fork out RM160.6m to buy out the minority shareholders, assuming that the takeover price is set at RM1.24 (P/BV of 0.8x).

An offer price of RM1.24 would provide good share price upside of 23%.

5.4 Valuation range of RM1.24-1.55 ▶

Assuming a P/BV of 0.8-1x (BV/share of RM1.55 at end-Apr 14), ECM Libra could trade at RM1.24-1.55, translating into potential upside of 23-54%. We believe that the stock price should converge with its BV/share, especially since the earnings momentum is expected to pick up and ROE is set to expand. Even if we factor in a 20% discount to its BV/share given its weak ROE, the stock would still offer attractive upside of 23%.

6. APPENDIX

6.1 Funds managed by Libra Invest ▶

Libra Invest is managing 17 funds as follows:

1. Libra EquityExtra Fund
 - Investing primarily in equities and equity-related securities, with a medium-to-long term investment horizon

- Investment objectives – maximising capital returns over a medium-to-long term by investing in an actively-managed, diversified portfolio of equities and equity-related securities
- Investment strategy – investing principally in medium-to-long term equity-related securities in Malaysia
- Launch date – 10 Sep 1999
- Approved fund size – 500m units
- Entry fee – up to 5% of the net asset value (NAV) per unit
- Management fee – 1.65% p.a. of the fund's NAV
- Trustee fee – 0.1% p.a. of NAV, subject to minimum of RM35,000 p.a.
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – minimum 70% equities and equity-related securities and between 0% and 98% liquid assets

2. Libra DividendExtra Fund

- Investing principally in high dividend yield stocks, with a medium to long term investment horizon
- Investment objectives – to achieve stable returns via income and capital appreciation over the medium to long-term by investing principally in high dividend yielding stocks
- Investment strategy – invested principally in high dividend stocks. Dividend Extra is a Malaysian-focused fund but it may invest up to 30% of its NAV offshore.
- Launch date – 18 Mar 05
- Approved fund size – 500m units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.5% p.a. of the fund's NAV
- Trustee fee – 0.07% p.a. of the NAV (excluding foreign custodian fee and charges)
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – minimum 70% for equities and equity-related securities and minimum 2% for liquid assets

3. Libra Tactical Extra Fund

- Investing in quoted equities of companies primarily with large market capitalisation, bonds and other money market instruments according to market outlook and economic conditions.
- Investment objectives – aiming to provide investors with medium to long-term capital appreciation by investing principally in liquid equities with large market capitalisation, and fixed-income instruments with flexible asset allocation.
- Investment strategy – investing primarily in a portfolio of equities comprising large-cap companies in search of returns against the backdrop of bullish market. During uncertain market condition, it shall adopt a relatively defensive approach and have more fixed-income exposure to provide capital preservation or to invest

tactically. Its performance is primarily based on absolute returns over the medium and long-term investment horizon.

- Launch date – 18 Mar 05
- Approved fund size – 500m units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.5% p.a. of the fund's NAV
- Trustee fee – 0.07% p.a. of the NAV (excluding foreign custodian free and charges)
- Minimum initial investment – RM5,000
- Asset allocation – minimum 70% for quoted equities and equity-related securities, 30% fixed income securities and minimum 5% liquid asset.

4. Libra Consumer and Leisure Asia Fund

- Open-ended regional unit trust fund, which seeks to offer investors a wider investment universe of quality growth stocks by investing primarily in those that offer exposure to the consumer and leisure sector in Asia. The fund will be a proxy for the growth prospects of the sector which is expected to be a major beneficiary of rising disposal income in the region.
- Investment objectives – to provide capital appreciation over the medium to long term by investing in a diversified portfolio comprising stocks of companies in Asia which are considered to have strong growth prospects and are able to benefit from the rising wealth effect of the region's middle-class population.
- Investment strategy – the fund has two concurrent strategies. On the macro level, the fund will look for upcoming trends or emerging areas of growth in the Asian consumer and leisure sectors. These could arise, for example, from new developments in other global markets or from new direct investments. On a micro level, the fund will seek undervalued consumer and leisure-related companies that have yet to be re-rated to their intrinsic values. These companies should have a strong business franchise, be professionally managed and have proven business strategies.
- Launch date – 18 Jul 2007
- Approved fund size – 250m units
- Management fee – up to 5% of the fund's NAV
- Trustee fee – 0.08% p.a. of the NAV, subject to RM18,000 p.a. (excluding foreign custodian fees and charges)
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for a regular investor and RM1,000 for a non-regular investor
- Asset allocation – generally at least 70% in equities, maintaining a minimum 50% in non-Malaysian equities; minimum 2% in liquid assets

5. Libra Resource Equity Fund

- With reference to a Supplemental Master Prospectus dated 16 Oct 13, changes were made to the fund's name, objective, description, asset allocation and performance benchmark. An open-ended global unit trust fund which invests at least 70% of its net asset value in equities and equity-related securities of companies that are involved in the exploration for and the development, production and marketing

resources products such as energy, minerals, agriculture and related industries globally which are listed on the stock exchanges of countries listed in the MSCI AC World Index.

- Investment objectives – the fund seeks to achieve capital growth over a medium to long term period by investing primarily in equities and equity-related securities, traded globally. The fund may also invest in fixed-income securities, structured products, and money market instruments.
- Investment strategy – the fund generally invests at least 70% of its NAV in countries that will benefit from the global economic growth through investments in companies engaged in the exploration for and the development, production and marketing resources products. The fund aims to achieve its investment objective through a diversified portfolio of equities and equity-related and fixed-income securities in any sector within those countries as listed in the MSCI AC World Index.
- Launch date – 18 Mar 11
- Approved fund size – 250m units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.75% p.a. of the fund's NAV
- Trustee fee – 0.08% p.a. of the NAV, subject to a minimum of RM18,000 p.a. (excluding foreign custodian fees and charges)
- Minimum initial investment – RM5,000
- RM200 for regular investor and RM1,000 for non-regular investor

6. Libra Amanah Saham Wanita (ASNITA) Fund

- Investing primarily in quoted Shariah compliant equities and equity-related securities with long-term (more than 5 years) investment horizon.
- Investment objectives – to offer relatively good and safe capital growth over the long-term period by investing principally in an actively managed, diversified portfolio of Shariah-compliant equities and equity-related securities.
- Investment strategy – emphasising on appropriate asset allocations in different market conditions to enhance risk-adjusted returns.
- Launch date – 4 May 98
- Approved fund size – 450m units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.5% p.a. of the fund's NAV
- Trustee fee – 0.1% p.a. of the NAV, subject to a minimum of RM50,000 p.a.
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – minimum 70% for quoted Shariah-compliant equities and equity-related securities; minimum 2% for Shariah-based liquid assets

7. Libra Bond Extra Fund

- Investing primarily in high-yielding, long-term fixed income securities

- Investment objectives – to provide investors with aggressive long-term capital growth through investment in high yielding fixed-income securities with a relatively high level of market and financial risks.
- Investment strategy – investing principally in long-term bonds and fixed-income securities. The key performance is entirely based on consistent absolute returns over the long-term investment horizon.
- Launch date – 8 Oct 02
- Approved fund size – 1.5bn units
- Entry fee – up to 1% of the NAV per unit
- Management fee – 1 % p.a. of the fund's NAV
- Trustee fee – 0.07% p.a. of the NAV, subject to a minimum of RM18,000 p.a.
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – minimum 70% for fixed income instruments, minimum 2% for liquid assets

8. Libra Money Extra Fund

- Investing primarily in very short-term, highly liquid, near cash, money market instruments and partially in fixed-income securities.
- Investment objectives – to maintain a high degree of liquidity while providing current income through a direct investment portfolio investing in short-term, high-quality ringgit denominated money market instruments.
- Investment strategy – to provide a return comparable to that of ringgit short-term money market deposits and which will at the same time, preserve principal value and maintain a high degree of liquidity.
- Launch date – 8 Oct 02
- Approved fund size – 1bn units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 0.5% p.a. of the fund's NAV
- Trustee fee – 0.07% p.a. of the NAV, subject to a minimum of RM18,000 p.a.
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – 70% in cash, deposits and other liquid assets; up to 30% in money market instruments, fixed deposits, bonds and commercial paper; minimum 2% in liquid assets

9. Libra ASNITA Bond Fund

- Investing primarily in sukuk with a short to medium term investment horizon
- Investment objectives – aiming to provide capital preservation with regular income over the short-to-medium term period by investing in Islamic money market instruments and other Shariah-approved fixed income securities.

- Investment strategy – the fund adopts an investment strategy which will provide returns comparable to that of short-term Islamic money market deposits, and at the same time preserving principal value and maintaining a high degree of liquidity.
- Launch date – 18 Mar 05
- Approved fund size – 500m units
- Entry fee – up to 5% of the NAV per unit. For standalone basis, it is up to 1% of the NAV per unit
- Management fee – 1.15% p.a. of the fund's NAV
- Trustee fee – 0.07% p.a. of NAV
- Minimum initial investment RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – minimum 70% in sukuk; minimum 2% in cash, Shariah-based deposits and other Shariah-based liquid assets

10. Libra Versatile Extra Fund

- Investing in a mixture of quoted securities, bonds, and other money market instruments and other financial derivatives
- Investment objectives – to provide investors medium to long-term capital appreciation through its investments in specified asset classes by adopting a relatively balanced approach towards equities and fixed-income exposures. The fund aims to achieve capital growth with lower short-term volatility compared to pure equity fund.
- Investment strategy – invested principally in a balanced portfolio consisting of equities, equity-related securities and fixed-income securities. Its aims to achieve consistent absolute returns over the medium to long-term investment horizon. Versatile EXTRA is a Malaysia-focused fund but it may invest up to 30% of its NAV offshore.
- Launch date – 28 Oct 02
- Approved fund size – 200m units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.5% p.a. of the fund's NAV
- Trustee fee – 0.07% p.a. of the NAV, subject to a minimum of RM18,000 p.a.
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and Rm1,000 for non-regular investor
- Asset allocation – 40-60% in quoted equities and equity-related securities, 40-60% in fixed income securities and liquid assets and minimum 2% in liquid assets.

11. Libra Syariah Extra Fund

- Investing in a mixture of quoted Shariah-compliant equities, sukuk and other Islamic money market instruments and other Islamic financial derivatives.
- Investment objectives – to provide investors with medium to long-term capital appreciation through investments in specified asset classes by adopting a relatively balanced approach towards equities and fixed-income exposure based on the Shariah principles. The fund

aims to achieve capital growth with lower short-term volatility compared to pure equity fund

- Investment strategy – The fund aims to register consistent absolute returns, over the medium to long-term investment horizon.
- Launch date – 2 Jan 03
- Approved fund size – 250m units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.5% p.a. of the fund's NAV
- Trustee fee – 0.06% p.a. of NAV
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – 40-60% in quoted Shariah-compliant equities and equity-related securities, 40-60% in sukuk and Shariah-based liquid assets and minimum 2% in Shariah-based liquid assets

12. Libra Liquidity Fund

- Investment objectives - Seeking to preserve capital and maintain high degree of liquidity while providing steady income with minimal risk of investing primarily in short-term deposits.
- Investment strategy – the fund invests up to 100% of its NAV in Ringgit-denominated short-term deposits with licensed financial institutions.
- Launch date – 18 Feb 09
- Approved fund size – 1.35bn units
- Entry fee – nil
- Management fee – up to 0.3% p.a. of the fund's NAV
- Trustee fee – 0.08% p.a. of the NAV, subject to a minimum of RM18,000 p.a. (excluding foreign custodian free and charges)
- Minimum initial investment RM100,000
- Minimum additional investment – RM50,000 for non-regular investor.
- Short-term deposits – up to 100% in short-term deposits.

13. Libra Dana Safa Fund

- Investment objectives – the fund seeks to provide investors with a regular income stream and aims to maintain a high degree of liquidity through a direct investment portfolio investing primarily in short-term, high-quality ringgit denominated Islamic money market instruments and partially in sukuk.
- Investment strategy – the fund aims to generate regular income with a rate of return comparable to those from one-month Shariah-based deposits with licensed financial institutions by investing in Islamic money market instruments and partially in sukuk.
- Launch date – 1 Dec 09
- Approved fund size – 500m units
- Entry fee – Nil
- Management fee – up to 0.5% p.a. of the fund's NAV

- Trustee fee – 0.05% p.a. of the fund's NAV
- Minimum initial investment – RM500,000 or such other limit at the management company's discretion
- Minimum additional investment – RM100,000 or such other limit at the management company's discretion
- Asset allocation – up to 98% in Islamic money market instruments and sukuk; minimum 2% in cash and shariah-based deposits

14. Libra Income Extra Fund

- It is an open-ended unit trust fund, investing in fixed-income securities (including money-market instruments) and equities
- Investment objectives – the fund aims to provide investors with income and capital appreciation over a medium to long-term investment horizon by investing in a balanced portfolio of fixed-income instruments and equities.
- Investment strategy – the fund invests primarily in income-generating securities from both fixed-income and equity asset classes. The fund will be “anchored” by a relatively stable portfolio of fixed-income securities which would be held for their regular income yield. Concurrently, the fund will also invest in equities that offer high dividend yields. Growth will be the secondary objective of the fund, which the manager expects to derive from the gradual capital appreciation of the high-dividend yielding stocks, as well as from selected fundamentally undervalued stocks.
- Launch date – 16 Aug 11
- Approved fund size – 2bn units
- Entry fee – up to 5% of the NAV per unit
- Management fee – 1.15% p.a. of the fund's NAV
- Trustee fee – 0.08% p.a. of the NAV, subject to a minimum of RM30,000 p.a.
- Minimum initial investment – RM5,000
- Minimum additional investment – RM200 for regular investor and RM1,000 for non-regular investor
- Asset allocation – 40-60% in equities; minimum 2% in liquid assets

15. Libra Shariah Liquidity Fund

16. Libra Opportunity Bond Fund

- The fund is an actively managed open-ended wholesale fund with a focus on investing in bonds in the Asia Pacific region but not limited to investments within the region. The fund will also have the flexibility to invest globally to capitalise on opportunities depending on market outlook and economic conditions
- The fund may invest globally, including but not limited to Malaysia, Thailand, Singapore, Indonesia, the Philippines, Hong Kong, China, South Korea, Japan, Australia and New Zealand.
- The fund has no geographical limits on where its investments may be made. This flexibility allows the fund managers to formulate an optimal asset allocation in terms of risk and reward to capitalise on opportunities to meet the fund's objectives.
- Investment objectives – the fund seeks to maximise total investment returns from income and capital appreciation through an actively managed investment policy in order to capitalise on investment opportunities in global bond and fixed income markets.

- Launch date – 30 Apr 14
- Entry fee – up to 3% of the NAV per unit
- Management fee – up to 1.5% p.a. of the fund's NAV
- Asset allocation – minimum 70% in local and / or foreign bonds; 0-30% in other fixed income instruments, including money market instruments; and 0-30% in collective investment schemes

17. Portfolio mandates

(Source: Libra Invest website)

6.2 Institutional Unit Trust Adviser ▶

The following is the list of Institutional Unit Trust Advisers (IUTA):-

1. Affin Bank
2. Al Rajhi Banking & Investment Corporation (Malaysia)
3. Alliance Bank
4. Amanah Saham Nasional
5. AmBank
6. AmInvestment Bank
7. AmInvestment Services
8. Apex Investment Services
9. Areca Capital
10. Bank Islam Malaysia
11. Bank Kerjasama Rakyat Malaysia
12. Bank Muamalat Malaysia
13. Bank Simpanan Nasional
14. CIMB Bank
15. CIMB Investment Bank
16. CIMB Islamic Bank
17. CIMB Principal Asset Management
18. Citibank
19. Kenanga Investors
20. Hong Leong Bank
21. Hong Leong Islamic Bank
22. HSBC Bank (Malaysia)
23. HSBC Amanah Malaysia
24. iFAST Capital
25. Kenanga Investment Bank
26. Kuwait Finance House
27. Malacca Securities
28. Malayan Banking
29. MAAKL Mutual
30. Manulife Asset Management Services
31. Maybank Islamic

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32. OCBC Al-Amin
 33. OCBC Bank (Malaysia)
 34. Philip Mutual
 35. PMB Investment
 36. Public Bank
 37. RHB Bank
 38. RHB Investment Bank
 39. RHB Investment Management
 40. Standard Chartered Bank (Malaysia)
 41. Standard Chartered Saadiq
 42. TA Investment Management
 43. United Overseas Bank

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Score Range:	90 – 100	80 – 89	70 – 79	Below 70 or	No Survey Result
Description:		Excellent	Very Good	Good	N/A

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CIMB Recommendation Framework #1

Stock Ratings	Definition
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock.

Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

CIMB Stock Recommendation Framework #2 *

Outperform	The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.
Neutral	The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.
Underperform	The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.
Trading Buy	The stock's total return is expected to exceed a relevant benchmark's total return by 3% or more over the next 3 months.
Trading Sell	The stock's total return is expected to be below a relevant benchmark's total return by 3% or more over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.
CIMB Research Pte Ltd (Co. Reg. No. 198701620M)

CIMB Stock Recommendation Framework #3 **

Outperform	Expected positive total returns of 10% or more over the next 12 months.
Neutral	Expected total returns of between -10% and +10% over the next 12 months.
Underperform	Expected negative total returns of 10% or more over the next 12 months.
Trading Buy	Expected positive total returns of 10% or more over the next 3 months.
Trading Sell	Expected negative total returns of 10% or more over the next 3 months.

** This framework only applies to stocks listed on the Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2013.

AAV – Good, ADVANC – Excellent, AMATA – Very Good, ANAN – Good, AOT – Excellent, AP – Very Good, BANPU – Excellent, BAY – Excellent, BBL – Excellent, BCH – Good, BCP – Excellent, BEC – Very Good, BGH – not available, BJC – Very Good, BH – Very Good, BIGC – Very Good, BTS – Excellent, CCET – Very Good, CENTEL – Very Good, CK – Excellent, CPALL – Very Good, CPF – Excellent, CPN – Excellent, DELTA – Very Good, DTAC – Excellent, EGCO – Excellent, GLOBAL – Good, GLOW – Very Good, GRAMMY – Excellent, HANA – Excellent, HEMRAJ – Excellent, HMPRO – Very Good, INTUCH – Excellent, ITD – Very Good, IVL – Excellent, JAS – Very Good, KAMART – not available, KBANK – Excellent, KKP – Excellent, KTB – Excellent, LH – Very Good, LPN – Excellent, MAJOR – Very Good, MAKRO – Very Good, MCOT – Excellent, MEGA – not available, MINT – Excellent, PS – Excellent, PSL – Excellent, PTT – Excellent, PTTGC – Excellent, PTTEP – Excellent, QH – Excellent, RATCH – Excellent, ROBINS – Excellent, RS – Excellent, SAMART – Excellent, SC – Excellent, SCB – Excellent, SCC – Excellent, SCCC – Very Good, SIRI – Very Good, SPALI – Excellent, STA – Good, STEC – Very Good, TCAP – Excellent, THAI – Excellent, THCOM – Excellent, TICON – Very Good, TISCO – Excellent, TMB – Excellent, TOP – Excellent, TRUE – Excellent, TTW – Excellent, TUF – Very Good, VGI – Excellent, WORK – Good.