

OSK expects 50 Jewels to shine

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OSK Research Sdn Bhd, a unit of OSK Investment Bank Bhd, expects companies that made it to its top 50 Malaysian small-cap list, dubbed "50 Jewels", to register between 5 per cent and 15 per cent growth in earnings this year, driven by their strong fundamentals, as well as a recovery in the economy.

The research house also expects companies in the Top 10 list, which are made up of the 10 best small-cap companies from the 50 Jewels, to post between 8 per cent and 15

per cent earnings growth.

This year, 19 new companies have made it to the 50 Jewels list, including Notion Vtec, Zhulian, Sunway Group, EP Manufacturing, Glomac, AEON Credit and Southern Steel.

"In this edition, we continue to feature 50 of Bursa Malaysia's top small-cap companies, but unlike the previous editions, we have raised the market capitalisation threshold to RM1.5 billion from RM1 billion.

"This is to maintain coverage depth and breadth and to ensure that the better small-cap compan-

OSK'S TOP 10 SMALL-CAP PICK FOR 2010

TARGET PRICE

Alam Maritim	RM2.99
CI Holdings	RM2.40
Faber Group	RM2.75
Freight Management	RM0.95
Glomac	RM1.66
Hai-O Enterprise	RM5.04
KPJ Healthcare	RM3.92
Leader Universal	RM1.13
Lion Industries	RM2.51
Naim Holdings	RM4.21

ies are represented," said OSK Research head Chris Eng in a media briefing in Kuala Lumpur yesterday.

Companies which made it to the 50 Jewels list in 2009 have performed commendably, with 32 of them having posted absolute returns of 50 to 375 per cent, outperforming the benchmark index.

Its top-10 picks for 2009 also posted absolute share price returns of 52 to 347 per cent. Mudajaya, its top construction pick for 2009, rallied 347 per cent.

Meanwhile, the research house expects the local stock market to

continue to be volatile over the next three months, mainly due to one of the following factors — global bull factor, global bear factor, local bull factor and local bear factor.

"We expect things to stabilise sometime in the third quarter, and then the company's fundamentals and economic fundamentals will drive the market," explained Eng.

In its recent research report, OSK Research targeted the benchmark FTSE Bursa Malaysia KLCI Composite Index to hit 1,465 points by year-end. It also placed a fair value of 1,580 points on the index in 2011.