

Headline	Could F&N and KLCCPSG become FBM KLCI's component		
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# Could F&N and KLCCPSG become FBM KLCI's component stocks?

*F&N was ranked 30th with a market cap of RM12.4b, while KLCCPSG was placed 28th with RM14.1b*

by NG MIN SHEN

THE local stock market was reeling last month with the main index falling almost 5% compared to the start of the year, with about 260 points erased from the one-year high and billions in market capitalisation evaporated.

Companies which form the FTSE Bursa Malaysia KLCI (FBM KLCI) saw billions of their market value disappearing and some of the counters now are on the cliff edge from falling out of the index.

FTSE Russell is due to release its semi-annual review of the FTSE Bursa Malaysia Index Series next month, including possible changes to the components of the FBM KLCI.

The FBM KLCI comprises 30 largest companies by market capitalisation on Bursa Malaysia.

It is widely used by investors as the primary benchmark for the Malaysian market, including derivatives via FBM KLCI Futures and FBM KLCI Options.

These indices are also tracked by a number of index-linked financial products, such as exchange-traded funds.

Bloomberg data on Tuesday showed that Fraser & Neave Holdings Bhd (F&N) and KLCCP Stapled Group (KLCCPSG) — both of which are not FBM KLCI components stocks — are



KLCCPSG fell out of the FBM KLCI after FTSE Russell's last review in December last year

already among the 30 largest stocks based on market capitalisation.

F&N was ranked 30th with a market cap of RM12.42 billion. KLCCPSG, which prides itself as the owner of the world's tallest twin towers, was placed 28th with a market value of RM14.08 billion.

Banks and telecommunications companies continue to dominate the elite list with Malayan Banking Bhd leading the pack at RM99.01 billion in market value. Public Bank Bhd was in the second spot (RM87.19 billion), while CIMB Group Holdings Bhd was fifth (RM50.19 billion) and Hong

Leong Bank Bhd ranked eighth (RM39.64 billion).

Maxis Bhd was in the seventh spot with RM41.51 billion, Axiata Group Bhd and Digi.Com Bhd rounded off the list in ninth and 10th place at RM39.04 billion and RM35.53 billion respectively.

Petronas Chemicals Group Bhd was the third-largest company with a market cap of RM70.48 billion, followed by Tenaga Nasional Bhd with RM67.11 billion. IHH Healthcare Bhd came in sixth with RM47.98 billion.

A few companies are living on the border line including Malaysia Air-

ports Holdings Bhd and Top Glove Corp Bhd.

Telekom Malaysia Bhd and KLCCPSG fell out of the FBM KLCI after FTSE Russell's last review in December last year. They were replaced by Top Glove and AMMB Holdings Bhd.

The reserve list comprises five highest ranking non-constituents of the index by market cap, which are Westports Holdings Bhd, YTL Corp Bhd, F&N, QL Resources Bhd and Lotte Chemical Titan Holding Bhd.

The semi-annual review of the local key gauge will come in just two

months' time after FTSE Russell in April said it might detach Malaysia from its World Government Bond Index due to concerns surrounding market accessibility.

The announcement was made not long after Norway said its sovereign wealth fund, the world's largest, will sell its emerging-market bonds, including Malaysian securities.

The resulting pressure on the local currency saw the 10-year yield on Malaysian Government Bonds jump to a two-year high, while Morgan Stanley said up to US\$8 billion (RM33.28 billion) worth of foreign funds could exit the domestic fixed-income market.

The FBM KLCI is among the world's worst-performing stock gauges year-to-date, having fallen almost 5% yesterday.

Analysts said investors are still cautious following the change of government last year, which has resulted in uncertainty over government policies as seen in the deferment and now, the revival of certain mega infrastructure projects.

Political uncertainty is also a dampening factor, given that current Prime Minister Tun Dr Mahathir Mohamad had promised prior to the 14th General Election that he would hand over the leadership role to PKR president and former Deputy Prime Minister Datuk Seri Anwar Ibrahim after two years.

The worsening US-China trade war in the last 10 days has made equities markets poorer, erasing trillions of US dollar.

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