



## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Registration No. 200001022382 (524989-M))

# The Observer

*Minority Shareholders Watch Group is now on LinkedIn. The presence at LinkedIn is to create a better social media presence and engage with our stakeholders more effectively. Do follow MSWG's LinkedIn account at <https://www.linkedin.com/company/mswg-malaysia/> and share your thoughts with us from time to time. Do also follow MSWG's Twitter account at @MSWGMalaysia.*

**10.02.2023**

### ❖ Exchange Traded Fund, another investment class for investors

Exchange Traded Fund, commonly known as ETF, is an investment class that has gained much popularity amongst retail and institutional investors for its low expense ratio, wide range of investment choices, diversification and low investment threshold.

ETFs are akin to unit trust funds except that they are traded on stock exchanges, while unit trusts are not traded on an exchange except for certain closed-end funds.

Presently, there are 19 ETFs listed on Bursa Malaysia. Their breakdown is as follows: Commodities ETF (1), Equity ETF (6), Equity ETF (Shariah Compliant) (5), Fixed Income ETF (1) and Leveraged & Inverse ETF (6).

ETFs are gaining popularity among investors due to the following reasons:

#### **(a) Cost-effectiveness**

Similar to share trading, buy and sell ETFs incur brokerage fee, clearing fee and stamp duty. However, it enjoys much lower management fees, usually less than 1% of the fund's NAV compared to unit trusts. There is also a sale charge of 2% (on average as of 2020). Therefore, ETFs can be economical to buy and maintain in the long run.

#### **(b) Diversified exposure**

ETFs hold a basket of securities with the objective of mimicking the performance of an index. The basket may comprise shares, bonds, futures, or commodities depending on the ETF's index.

The basket of asset classes offers broad diversification and averts the risk involved in owning stocks of a few companies.

#### **(c) Flexibility and liquidity**

Since ETFs are listed and quoted on stock exchanges, the buying and selling of ETFs can be done during trading hours like stocks. Therefore, investors could promptly enter and exit the market.

**(d) Transparency**

Investors can easily access the details of the underlying assets of ETFs. Such information is readily available at the ETF or stock exchange websites.

Nevertheless, investors must take note of a few considerations before investing in ETFs.

**(a) Operating expenses**

The costs incurred by fund managers in managing the ETFs are reflected in the fund's expenses ratio, which measures the percentage of an investor's investment that will be paid to the fund each year.

A higher operating expense ratio lowers an investor's total returns.

**(b) Trading volume of ETFs**

High trading volume of an ETF makes the ETF more liquid, and the bid-ask spread may be narrow, and liquid ETFs allow investors to exit easily. Low trading volumes make the ETF illiquid.

**(c) Tracking errors**

The performance of an ETF may deviate from the index's performance, resulting in a tracking error for the ETF. This means an ETF could cost more than the underlying assets, and an investor might pay a premium when buying that ETF.

**(d) Designed to track, not beat**

ETFs are designed to track indexes, sectors, commodities, or other assets. ETFs often will not outperform the underlying assets in the index. Investors looking to beat the market will have to consider other investment options.

**(e) ETF Promotor's expertise and experience**

The promotor's expertise in choosing and managing the underlying assets is also an important consideration.

To sum up, ETF simplifies investing for new and seasoned investors who need help picking individual securities or who do not have the time to monitor or pick individual securities. Investing in an ETF can diversify their exposure to different asset classes.

ETFs give investors an efficient way to diversify their portfolios without having to select individual stocks or bonds. However, investors should also understand that ETFs have risks before investing in an ETF. The single biggest risk is market risk, just as investing in shares. The performance of an ETF is generally directly affected by the performance of its component stocks and bonds. Investors still need to do their homework before investing in an ETF.

**Lee Chee Meng**  
**Manager, Corporate Monitoring**

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**MSWG AGM/EGM Weekly Watch 13 – 17 February 2023**

For this week, the following are the AGMs/EGMs of companies in the Minority Shareholders Watch Group's (MSWG) watch list.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

<b>Date &amp; Time</b>	<b>Company</b>	<b>Quick-take</b>
10.02.23 (Mon) 10.30 am	AHB Holdings Berhad (EGM)	AHB has proposed to acquire 4 parcels of land in Mukim Petaling, KL from Awan Jingga Sdn Bhd for RM9.2 million via a combination of cash and issuance of new shares. The company also proposed diversifying into property development activities and issuing up to 600 million 2% cumulative redeemable convertible preference shares (RCPS) in AHB at an issue price of RM0.10 per RCPS.
15.02.23 (Wed) 03.00 pm	Time dotCom Berhad (EGM)	The EGM is to seek shareholders' approval for the proposed strategic partnership for the AIMS data centre business via the partial divestment of shares in AIMS Data Centre Holding Sdn Bhd and AIMSData Centre (Thailand) Limited to DB Arrow Pte. Limited, a portfolio company managed by DigitalBridge Group, Inc.
16.02.23 (Thur) 10.00 am	Sasbadi Holdings Berhad (AGM)	The Group recorded a pre-tax profit of RM1.97 million in FYE2022 compared to a pre-tax loss of RM10.46 million in FYE2021, representing an improvement of RM12.43 million primarily due to the higher revenue achieved and lower provision of inventories write-down.
17.02.23 (Fri) 10.00 am	Revenue Group Berhad (EGM)	The EGM is to deliberate the resolutions of removing the Ng brothers - Ng Shih Chiow and Ng Shih Fang, as directors of the Company.  Shih Chiow and Shih Fang are the group's chief operating officer and chief technology officer of Revenue.
17.02.23 (Fri) 4.00 pm	Revenue Group Berhad (EGM)	Amid intense boardroom tussle in the Company, this EGM intends to seek shareholders' greenlight for 16 resolutions, comprising the removal and appointment of directors, cancellation of share buy-back exercise, revocation of directors' authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

<b>One of the points of interest to be raised:</b>	
<b>Company</b>	<b>Points/Issues to Be Raised</b>
Time dotCom Berhad (EGM)	AIMS intends to aggressively expand data centre business in existing and new markets in ASEAN region and beyond. As at 31 December 2021, its core subsidiary, AIMS Data Centre Sdn Bhd's cash and cash equivalents was at RM15.062m and on the other side of the balance sheet, the total loans and borrowings stood at RM96.513m. How does AIMS intend to fund the aggressive business expansion?
Sasbadi Holdings Berhad (AGM)	In the textbook publications space, the Group had also clinched two (2) Letters of Acceptance (Package 3 – Peninsula Malaysia and Package 5 – Peninsula Malaysia) from the MoE on 11 October 2022 to supply reprinted textbooks ("BCS") to schools under the MoE for the period from 2022 to 2024 with a total contract value of RM14.363 million (Page 13 of AR 2022).  Apart from the 2 Letters of Acceptance clinched, what other outstanding contracts for textbook publications does the Group have? What is the value and contract period?

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#### **DISCLOSURE OF INTERESTS**

•With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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