

Technical Analysis: The Phillip 20

November Monthly Review



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Singapore | TECHNICAL ANALYSIS | UPDATE

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- New Entries: Breadtalk, Golden Agri-Res and Sinostar Pec
- Take Profit: Valuetronics and Haw Par
- Stop loss: BlackGoldNatural, Chasen and OUE
- Total return since May to November is +4.97% with a realised loss of -0.16% in October
- STI facing an immediate roadblock ahead at the 3457 resistance area where a near-term correction is likely to happen

"The Phillip 20" is a portfolio of our top technical picks of stocks on SGX.

The "Phillip 20 portfolio" performance

- November monthly return: 4.3%
- Total return since May: +4.9%

In November, the Straits Times Index (STI) made decent advancement as it gained +1.76%. The continuation of the bullish momentum confirmed the formation of the next higher high point within this uptrend that was started in January 2016.

STI Weekly Chart – Immediate roadblock ahead at 3457 resistance area



However, the STI might be facing some immediate roadblock ahead at the 3457 high. That resistance area was a pivotal point back in May 2013 and February 2015 where the STI experienced a correction of -11% and -2.9% respectively. Moreover, with the recent soaring bullish momentum, the Relative Strength Index (RSI) has once again entered into the overbought condition. The current reading of the weekly RSI is at 71 (overbought) signals a high possibility of a correction here at the 3457 pivotal resistance area.

Nonetheless, from a long-term perspective, the uptrend that was established in January 2016 remains intact as price continues to form a series of higher highs (HH) and higher lows (HL). Hence, if the correction does occur, we should see a higher low point being formed somewhere around the 20 week moving average and the 3354 resistance turned support area where the uptrend retakes control. The longer-term target for the bulls is the April 2015 high of 3549 points.

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Amidst the rising STI, mainly propped up by the bank stocks, the “Phillip 20 Portfolio” underperformed in November due to the fading of momentum within the momentum stocks. Most of the position in the “Phillip 20 Portfolio” went into correction mode in November thus resulting in a drawdown of -4.3% in the portfolio while the STI gained +1.76%. The fading of the momentum also adversely impacted the total return since May as of end of November where the total return of the “Phillip 20 Portfolio” fell from 9.66% in October to 4.97% in November.

The Phillip 20 Portfolio - Realised P&L for Nov 2017

Company Name	Ticker	L	Entry Date	Entry price	Exit date	Exit Price	P&L
VALUETRONICS	BN2	Long	14-Jul-17	0.825	2-Nov-17	1.005	21.82%
HAW PAR	H02	Long	18-Aug-17	10.930	14-Nov-17	11.98	9.61%
CHASEN	5NV	Long	9-Oct-17	0.093	24/12/2017	0.081	-12.90%
OUE	LJ3	Long	9-Oct-17	2.010	24/12/2017	1.895	-5.72%
BLACKGOLDNATURAL	41H	Long	6-Jul-17	0.137	24/12/2017	0.103	-24.82%

Winners

Both [Valuetronics](#) and [Haw Par](#) were closed out with a profit in November due to the bearish price action that was exhibited. [Valuetronics](#) was closed out at 1.005 with an equal-weighted gain of 1.1% while [Haw Par](#) was closed out at 11.98 with an equal-weighted gain of 0.48%.

Losers

Due to the weakening momentum [BlackGoldNatural](#), [Chasen](#) and [OUE](#) have triggered their stop losses resulting in equal weighted loss of 1.24%, 0.65% and 0.28% respectively.

New Entries

Three new trades were included in the portfolio, namely, [BreadTalk](#), [Golden Agri-Res](#) and [Sinostar Pec](#) in November.

Note: The following two positions are pending;

- [ComfortDelGro](#) pending entry price is at 2.13. Since the last update, price has continued to stay range bound between the 2.10 range high and 1.985 range low. If price breaks below the 1.955 low, this trade will be invalidated.
- [CityDev](#) pending entry price is at 12.56. The lack of bullish follow through after the last update took price back into a correction. If price breaks below the 11.78 low, this trade will be invalidated.

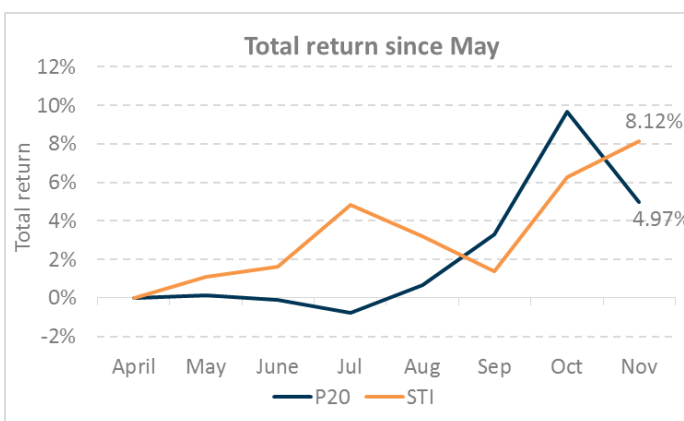
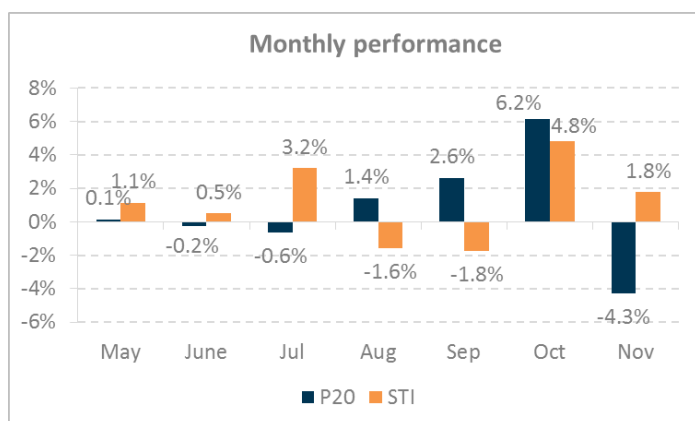
The Phillip 20 Portfolio - November new entries as of 4 December 17

Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
BREADTALK	5DA	Long	2-Nov-17	1.645	1.470	1.570	-4.56%
GOLDEN AGRI-RES	E5H	Long	9-Nov-17	0.400	0.350	0.375	-6.25%
SINOSTAR PEC	C9Q	Long	28-Nov-17	0.194	0.149	0.205	5.67%

Watchlist

After a major reshuffling of the portfolio, there are currently 17 stocks within the “Phillip 20 Portfolio.” The following is the revised watch list that we are closely monitoring:

- China SunSine
- Sunningdale Tech
- Falcon Energy
- Jiutian Chemical
- GSH
- Hotung Inv
- Lian Beng
- Wing Tai
- Valuetronics
- Asian Pay TV
- UOL
- Avi-Tech
- SingHoldings
- HG Metal
- Yongnam
- Allied Tech
- Frasers Cpt
- Chip Eng Seng
- CityDev
- InnoTek
- Food Empire
- China Aviation
- OCBC
- Frasers L&I Tr
- Micro-Mechanics
- Hi-P
- YZJ Shipbldg SGD
- AEM
- Genting Sing
- Memtech Intl
- Wheelock Prop
- Venture
- Banyan Tree
- Serial System
- Sunright
- Oxley
- Cityneon
- Centurion
- SATS
- SBS Transit
- Starhub
- Hong Fok
- Ho Bee Land
- Olam
- DBS
- UOB



The Phillip 20 Portfolio - Our top technical picks as of 4 December 17

Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
BREADTALK	SDA	Long	2-Nov-17	1.645	1.470	1.570	-4.56%
COGENT	KJ9	Long	22-Mar-17	0.780	0.725	1.010	29.49%
ELLIPSIZ	BIX	Long	3-Aug-17	0.645	0.575	0.810	25.58%
FRENCKEN	E28	Long	20-Jul-17	0.525	0.445	0.530	0.95%
F & N	F99	Long	24-Mar-17	2.220	2.220	2.540	14.41%
GOLDEN AGRI-RES	E5H	Long	26-Oct-17	0.400	0.350	0.375	-6.25%
GOLDEN ENERGY	AUE	Long	2-Aug-17	0.425	0.360	0.385	-9.41%
HANWELL	DM0	Long	13-Sep-17	0.345	0.295	0.305	-11.59%
JUMBO	42R	Long	22-Sep-17	0.575	0.525	0.570	-0.87%
MIYOSHI	M03	Long	23-Aug-17	0.074	0.062	0.072	-2.70%
PANUNITED	P52	Long	22-Aug-17	0.550	0.500	0.545	-0.91%
RIVERSTONE	AP4	Long	12-Jul-17	1.065	0.995	1.030	-3.29%
SINOSTAR PEC	C9Q	Long	28-Nov-17	0.194	0.149	0.205	5.67%
SPH	T39	Long	25-Sep-17	2.750	2.530	2.780	1.09%
SINGAPORE O&G	1D8	Long	14-Sep-17	0.490	0.420	0.455	-7.14%
THAIBEV	Y92	Long	14-Mar-17	0.955	0.825	0.955	0.00%
UMS*	558	Long	29-Sep-17	0.788	0.705	0.985	25.00%

*UMS entry price and stop loss have been adjusted for bonus share issue

Source: Bloomberg, PSR

Note: The “Phillip 20 Portfolio” is an actively managed portfolio that utilises technical analysis for selecting stocks. We have capped the amount of stocks to 20 for the portfolio, and each trade is equally weighted at 5% of the initial capital.

Inception date is the start of May 2017 with an initial capital of \$100,000.

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