



# The New Paradigm for Capital Market

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**28 August 2019**

# The new paradigm for fundraising



## Past

1



Local companies

2



Large

3



- Stock
- Property fund
- REITs
- IFF

4



THB

## Future



Local + Regional + Global companies



Large + SMEs + Startups



- Stock
  - Property fund
  - REITs
  - IFF
- + Digital assets



THB + Foreign currencies

# The new paradigm for investing



**Past**



**Local retail**



**Local Institution**



**Foreign**

**Future**

- **Channel: Online dominated**
- **Product: Cross-border & retirement**
- **Approach: Life-style based wealth management**

**Opportunity to invest in**

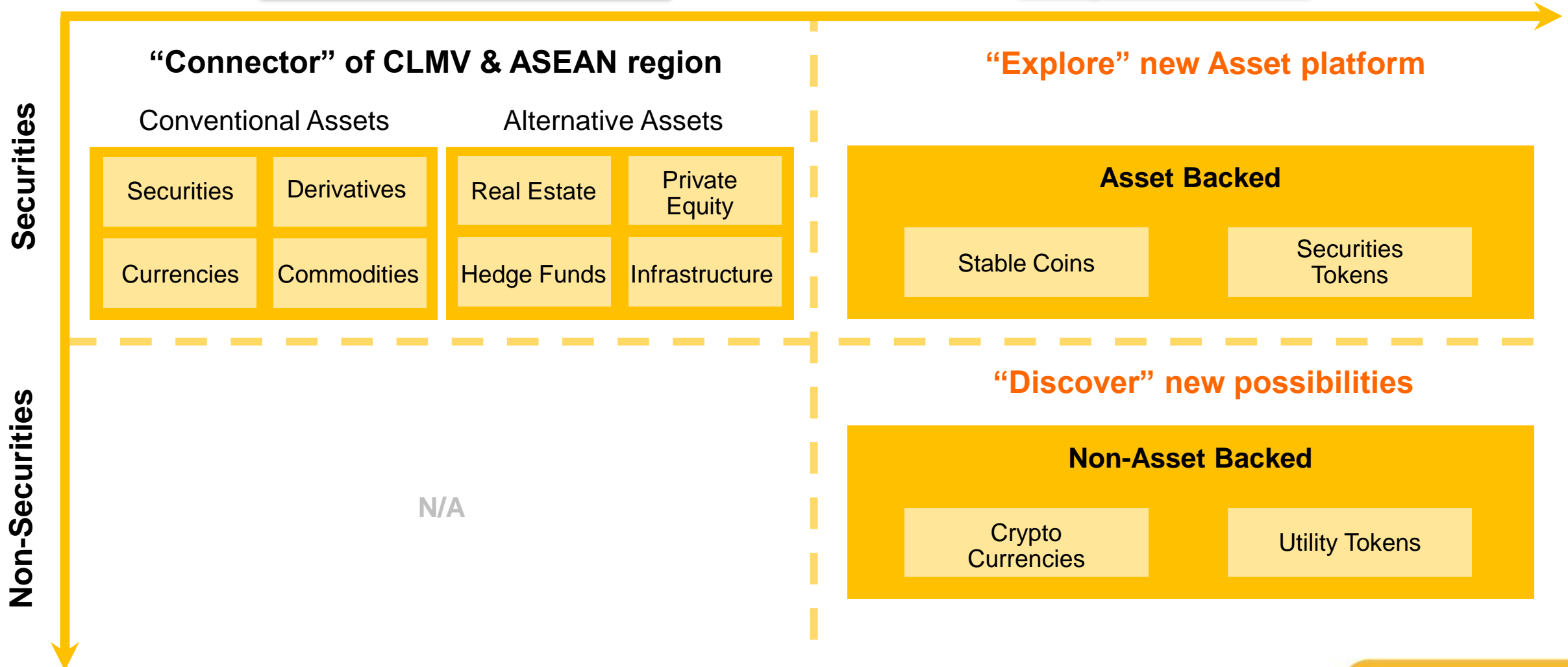
- **Thematic & sustainability indices**
- **Smart beta & factor-based investing**
  
- **More activities from program trading**

# The alternative ecosystem



## Traditional model

## Digital model



# Towards the New Capital Market Paradigm



**Fundraising**



**Improve accessibility  
and capability**

**Investing**



**New products and services with  
stakeholder-focus**

**Ecosystem**



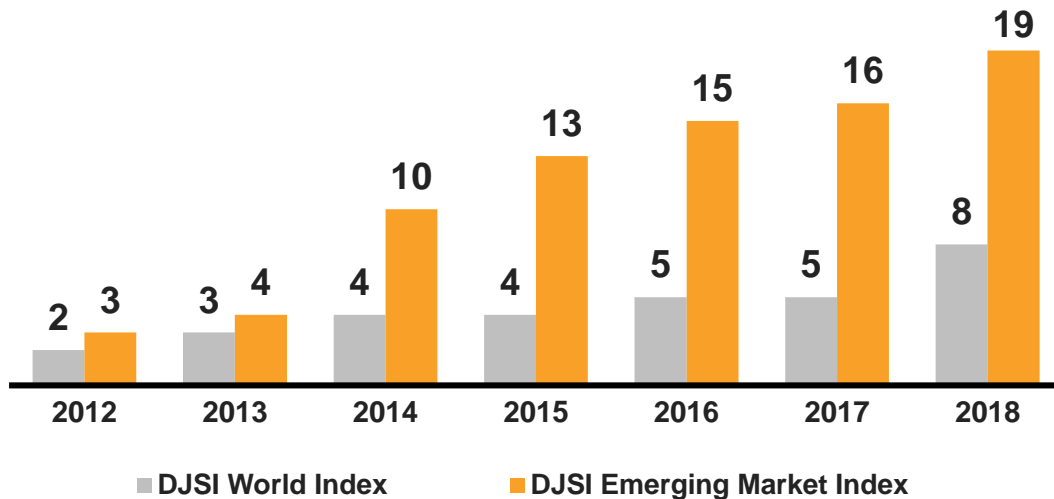
**Connect to CLMV-ASEAN  
Explore digital assets**

# Thai Capital Market Landscape



Thai listed companies continue to perform strongly on sustainability.

## Number of Thai listed companies in DJSI Index



■ DJSI World Index      ■ DJSI Emerging Market Index

**DJSI World:** CPALL, CPN, KBANK, PTI, PTTEP, PTTGC, SCB\*, SCC

**DJSI Emerging Markets:** AOT, BANPU, BTS\*, CPALL, CPF, CPN, HMPRO, IRPC, IVL, KBANK, MINT, PTT, PTTEP, PTTGC, SCB\*, SCC, TOP, TRUE, TU

\*new members in 2018

2018 DJSI member

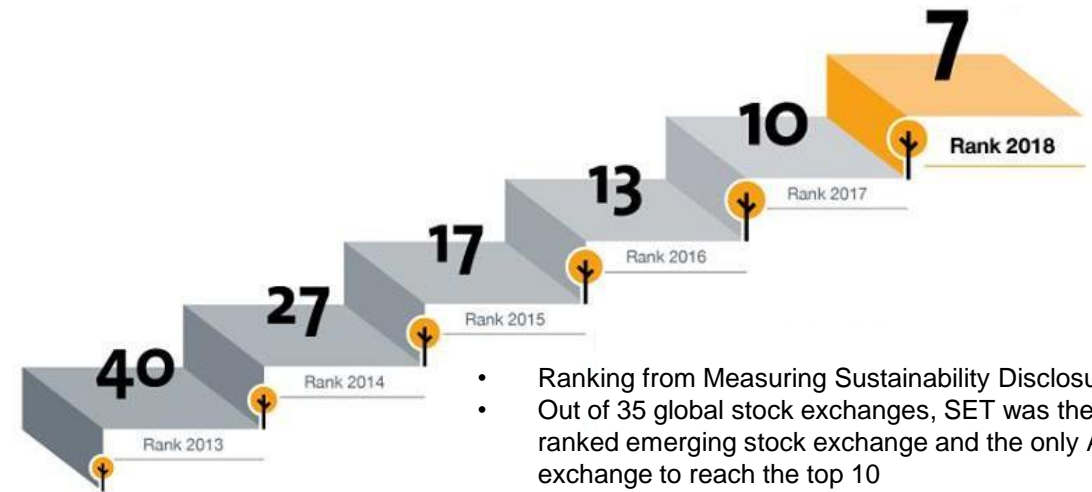
19 Listed Companies

Source : DJSI  
Note: DJSI Emerging Market Index has been calculated since 2013.

## Ranking World's Top Stock Exchanges on Sustainability Disclosure



SET won United Nation Sustainable Stock Exchange (UN SSE) **Market Transparency Award**, the top ranked emerging market exchange



- Ranking from Measuring Sustainability Disclosure Report
- Out of 35 global stock exchanges, SET was the top-ranked emerging stock exchange and the only Asian exchange to reach the top 10

Source: Measuring Sustainability Disclosure report by Corporate Knights  
Note : The evaluation takes into consideration seven quantitative indicators of corporate ESG performance:  
1) greenhouse gas emissions, 2) energy use, 3) water use, 4) waste, 5) occupational safety, 6) employee turnover, and 7) temporary staff.

# Current Investment Themes – Well Being



SET launches SET Well-Being Index to reflect the performance of highly competitive stocks in well-being related sectors which is the strength of Thailand

## 7 Sectors in SETWB index

- Tourism & Leisure
- Health Care Services
- Transportation & Logistics
- Food & Beverage
- Commerce
- Agricultural
- Fashion

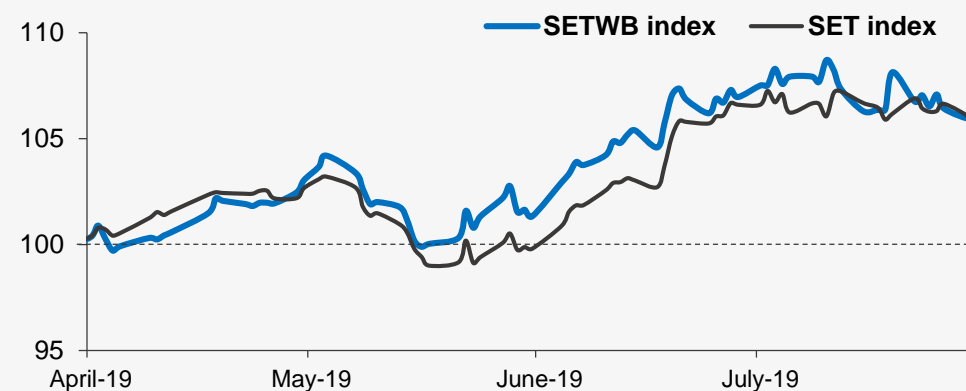


## The SET Well-Being Index (SETWB)

**30** securities from **7** sectors  
with high competitiveness

### SETWB vs SET: total return index performance





(data as end of July 2019)



# Current Investment Themes – Well Being



## Positioning the Thai capital market as the “Market of Well-being”

Company	GICs sector	Market capitalization (billion USD)	Ranked in global sector	Business hi-light
 AOT	Airport service	33.4	1 <sup>st</sup> (from 67firms)	Operates 6 international airports in Thailand and serves 140 million passengers a year
 BDMS Bangkok Dusit Medical Services	Health care facilities	12.8	5 <sup>th</sup> (from 244firms)	30% of customers from abroad
 CPN	Real estate operating	10.7	10 <sup>th</sup> (from 644 firms)	Thailand largest retail developer with 30 shopping centers in Thailand and 1 developing project abroad
 MINOR INTERNATIONAL	Hotel & resort	6.0	14 <sup>th</sup> (from 628firms)	Operates hotels in 26 countries and restaurant presence in 20 countries

Note: Global Industrial classification standard (GICs)

Source: Bloomberg as of July 31, 2019, The Stock Exchange of Thailand

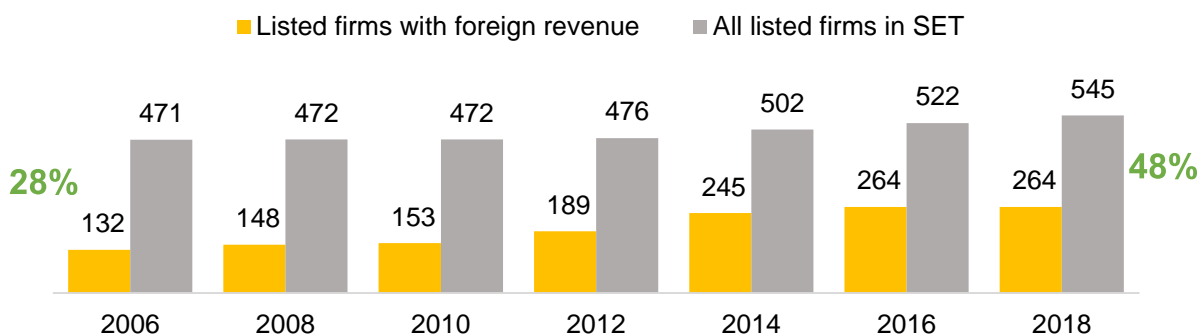


# Current Investment Themes – International Exposure



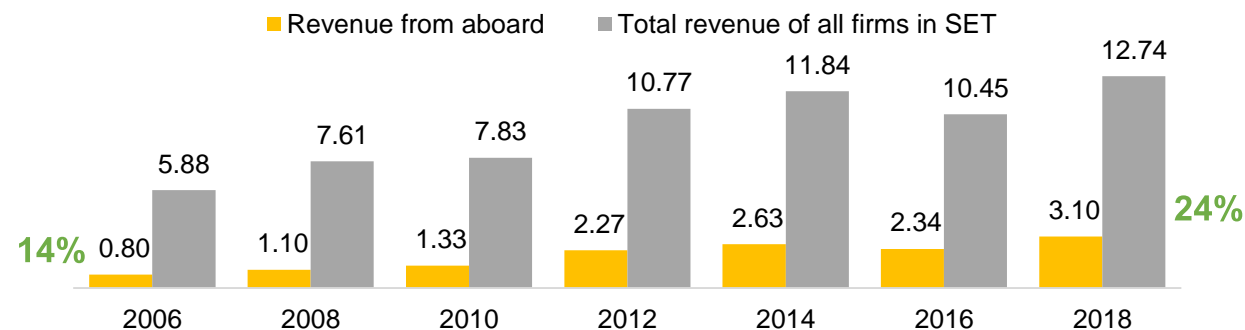
Thai listed companies have expanded abroad and grabbed extra growth opportunities.

Number of listed companies with foreign revenue



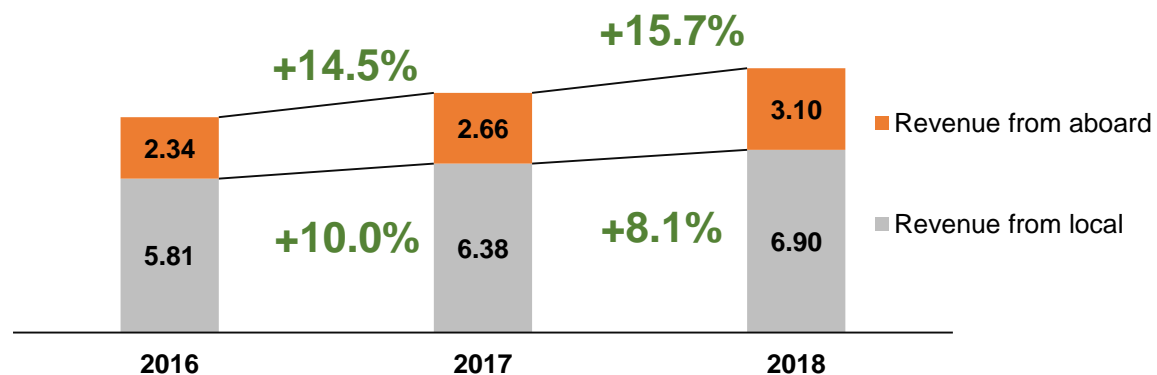
Listed companies' revenue from abroad

Unit: Trillion Baht



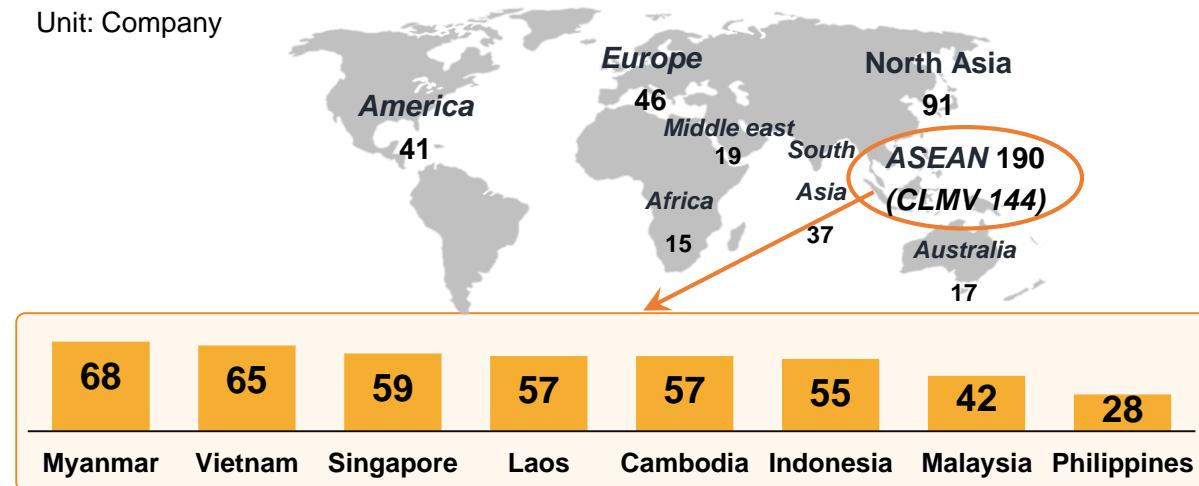
Revenue growth from abroad

Unit: Trillion Baht



Number of listed companies investing abroad

Unit: Company



(Data of 249 companies which continually reported revenue from trade and investment abroad during 2016 - 2018)

Note: One company may invest in more than one country/region.

# Current Investment Themes – International Exposure



SET launches CLMV Exposure index which will enable investors to benefit from CLMV economies.

## SET CLMV Exposure Index

### Selection criteria

- ✓ Stocks selected from Thai-listed companies, generating  $\geq 10\%$  of annual revenues from CLMV countries or  $\geq$  THB 100 million annually (~USD 3.1 million).
- ✓ The market cap of selected stocks must be  $\geq$  THB 5 billion (~USD 1.5 million) with at least 20% of free-float.
- ✓ Monthly traded status, indicated by the turnover ratio,  $\geq 0.5\%$  of total listed shares.

**35** Thai listed firms selected into 2019 SET THSI Index

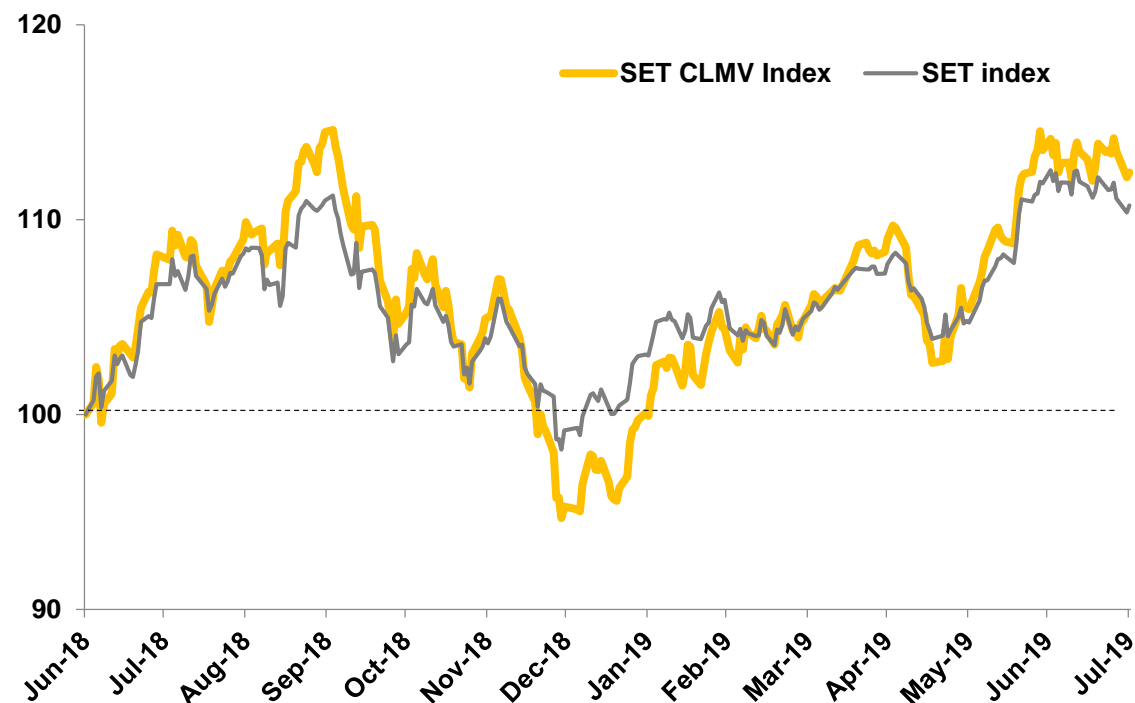
**27%** of Market Cap on SET & mai

**2.6%** dividend yields



## SETCLMV vs SET: total return index performance

(data as end of July 2019)



To deepen sustainability practice into smaller Thai listed companies

## SETTHSI Index

(Thailand Sustainability Investment)

### Selection criteria



Stock selected from the THSI list and not limited to the number of the stocks from the list.

- Being DJ sustainability list (DJSI)
- Survey based (3 dimensions of ESG ratings by SET)



The market cap of selected stocks must be  $\geq$  THB 5 billion (~USD 1.5 million) with at least 20% of free-float.



Monthly traded status, indicated by the turnover ratio,  $\geq$  0.5% of total listed shares.

**53**

Thai listed firms selected into 2019 SET THSI Index

**56%**

of Market Cap on SET & mai

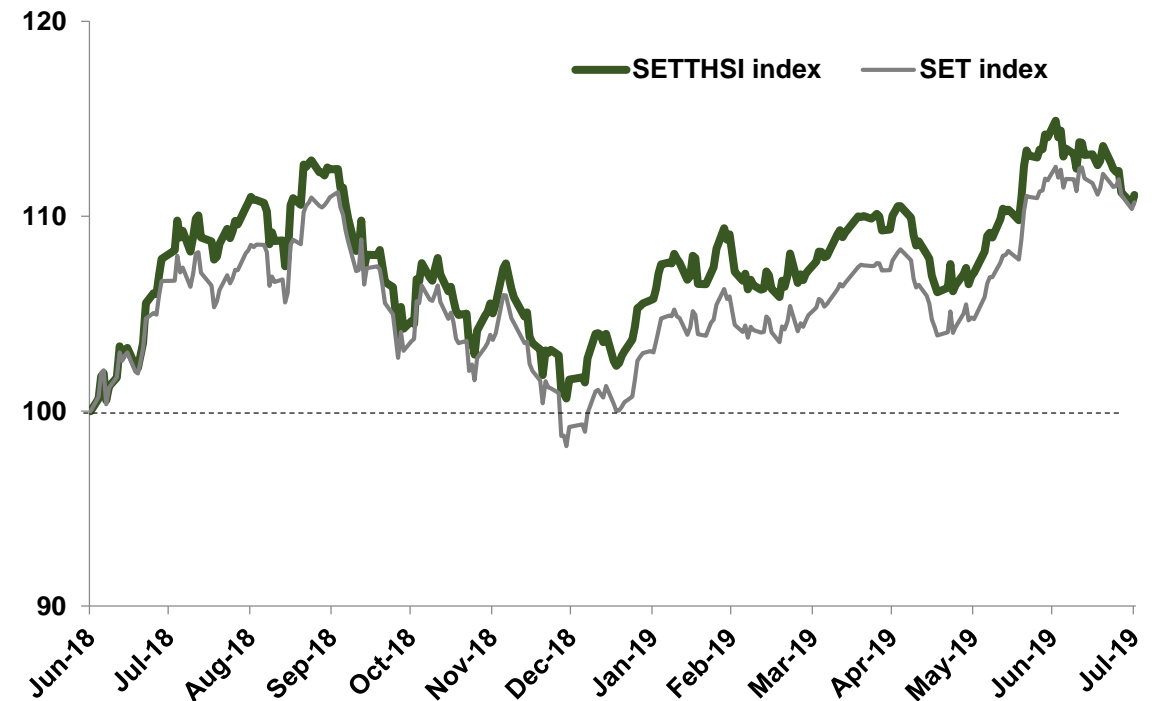
**3.1%**

dividend yields



## SETTHSI vs SET: total return index performance

(data as end of July 2019)



# Current Investment Themes - Infrastructure



## Infrastructure development funds offer high yield.

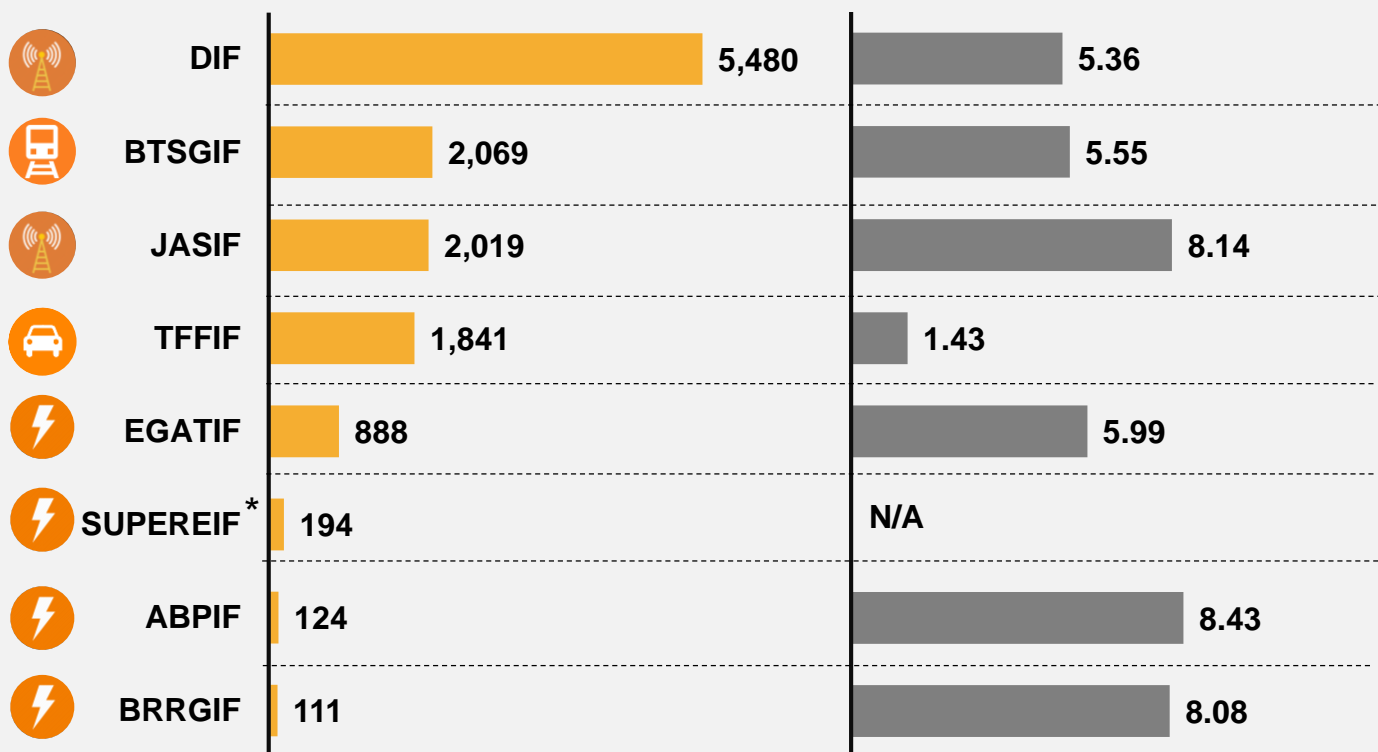
**8** Infrastructure funds listed in SET **7%** Dividend yields, higher than market average (3%)

### Infrastructure market capitalization

(Unit: million USD; data as of July 31, 2019)

### 12 Months trailing dividend yield

(Unit: Percent; data as of July 31, 2019)



Noted: SUPEREIF listed in SET on August 21, 2019  
Source: The Stock Exchange of Thailand

## Eastern Economic Corridor (EEC)

### Potential for new Infrastructure fund (IFF)

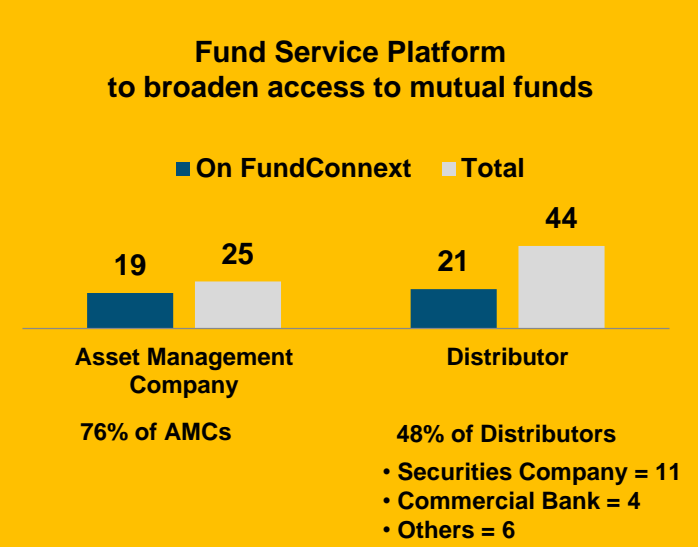
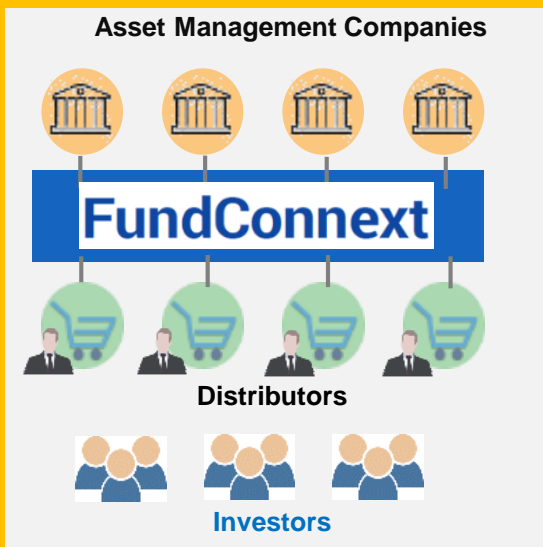
Project	Project Value (Mil. Baht)	Project Completion
U-Tapao Airport and Airport City	290,000	2023
High Speed Rail Connecting the Airports	185,524	2023
Laem Chabang Port – Phase 3	84,360	2023
Map Ta Phut Industrial Port – Phase 3	55,400	2025
U-Tapao Aircraft Maintenance	10,588	2022

Source: Eastern Economic Corridor (EEC) Office

# SET: Growth through Partnerships & Innovative Platforms

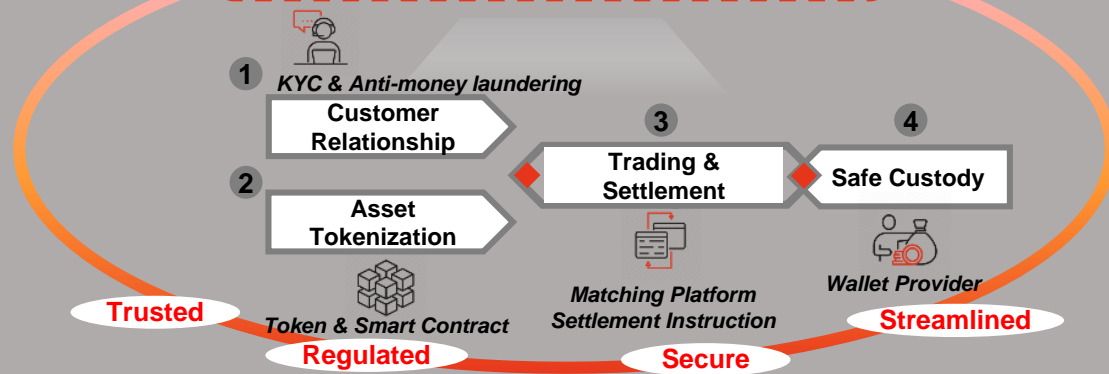


Enhancing infrastructure and creating business opportunity for long term growth



- Intra-bank Go-Live on February 2018 (12 Banks, 30 Brokers)
- Interbank tentative Go-Live on July 2019 (12 Banks, 31 Brokers)

## Digital Asset Platform



**Integrated Virtual Pitching Platform for Startups**

<https://www.live-mkt.com>



[www.set.or.th](http://www.set.or.th)