

Industry observers launch non-profit entity to encourage better performance among SGX listcos

Corporate Monitor aims to publish regular research reports offering 'actionable intelligence' for stakeholders

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A GROUP of industry observers have set up a non-profit organisation to encourage better performance of companies listed on the Singapore Exchange (SGX) through research and engagement.

Called Corporate Monitor, the group aims to publish regular research reports offering "actionable intelligence" for stakeholders such as investors and board members.

"At our core, we believe in detailed analyses of companies through the lenses of strategy, governance and management," Corporate Monitor said on its website, which was officially launched last Thursday (May 30).

The founding directors of Corporate Monitor are former KPMG partner Tan Yee Peng, corporate governance academic Professor Mak Yuen Teen, and Rohan Kamis, managing partner of accountancy firm Rohan Mah and Partners and a former Member of Parliament.

The other founding members of the group are private equity professional Lim Meng Ann and corporate lawyer Yap Wai Ming.

The team currently has one full-time employee: senior analyst Irwin Luo.

Speaking to *The Business Times* on Friday, the team shared that they came together to form Corporate Monitor earlier this year after realising that they had a similar vision to improve corporate governance in the local public market.

For instance, Lim had approached Tan several months ago about setting up a charity that could serve the investing community while Prof Mak had supervised a student project involving the set-up of a research advisory firm of local companies. The project had been sponsored by Sias,

sored by Rohan's firm.

"There was clearly a meeting of minds," said Tan of the team's first meeting.

Objective and deep research

The non-profit will publish regular reports providing objective and comprehensive research into "fairly large" SGX-listed companies.

Prof Mak from National University of Singapore said that Corporate Monitor will analyse companies that have not received much coverage by other analysts or have issues that need to be highlighted to investors. It will provide ad-hoc reports on major corporate transactions.

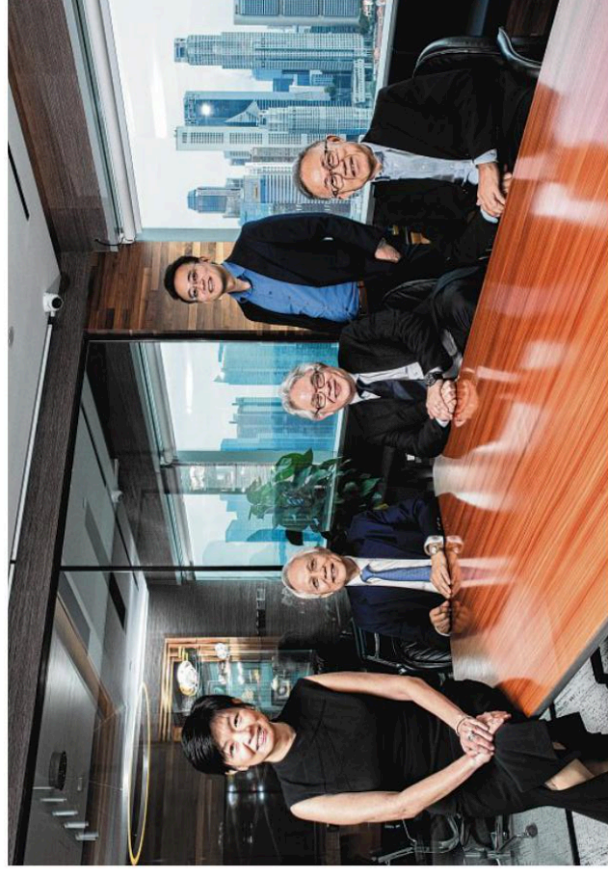
On how its reports will differ from existing analyst coverage by brokerages in Singapore, Tan said that Corporate Monitor's reports will provide deeper insights compared to other analyst reports which can sometimes be limited in scope.

"We want to do deep analysis into (companies') strategies, their financial performance, their corporate finance and corporate governance," said Tan.

Corporate Monitor will send its analyst to a company's annual general meetings (AGMs) to ask questions that are approved by the non-profit organisation's board. Doing so will ensure that Corporate Monitor is able to question companies on pertinent matters such as shareholder value.

The group plans to buy a nominal number of shares in the companies it covers to engage them as shareholders rather than as a proxy, once it has set up a central depository account.

Sending a representative to AGMs will also set the non-profit apart from other organisations such as the Securities Investors Association (Singapore), or Sias,



The founding members of Corporate Monitor are (seated from left) Tan Yee Peng, Rohan Kamis, Prof Mak Yuen Teen and Yap Wai Ming. The team has one senior analyst, Irwin Luo (standing). PHOTO: WEE TECK HAN, BT

which typically sends in queries to the companies and may have their questions ignored, said Yap.

Prof Mak stressed that Corporate Monitor was not set up "to take anybody's lunch".

"We just feel there's a need for a different kind of organisation which does a different kind of research," he said. "This will hopefully help to contribute to the ecosystem and overall standard of governance and management of companies."

In response to queries from BT, David Gerald, the president of Sias, said that any monitoring of corporate actions is "a worthy cause" and useful for shareholders.

"It is good to monitor corporate companies on their performance, and it had made acquisitions that

business strategy and governance, and it'll be helpful to all shareholders," he said.

He added that shareholders, too, must read companies' annual reports and look at the questions raised and answers given, rather than leaving it to others to question companies.

First report: ComfortDelGro

The first report published by Corporate Monitor analyses transport operator ComfortDelGro's (CDG) performance, strategy and governance.

Prof Mak said the team had decided to write their first report on CDG as the company's share price did not appear to be doing too well,

and it had made acquisitions that

get into adjacent businesses, noting that operating margins for public transport in developed economies are typically in the low single digits.

The report called on CDG to reconsider the approach of bidding for overseas public contracts "at razor-thin margins" without benefiting local shareholders.

Next steps

The team did not disclose the names of other companies it plans to publish research on, but shared that the next report will likely be released around July this year.

However, the frequency of its reports will be constrained by the size of Corporate Monitor's current team, said Rohan, who described the team as a "shoe-string outfit without a shoe".

To this end, the team is looking to hire a chief executive officer and a "small number" of analysts. These could be retirees with relevant expertise such as in investment or accounting and are looking to give back to the community.

In terms of funding, the team said that founding member Lim had donated a "generous amount" that will keep the non-profit running comfortably for three years.

It hopes to raise funds from like-minded individuals, corporates and government entities once it is officially registered as a charity. However, donations above a certain amount will require the approval of Corporate Monitor's board so as not to influence the non-profit's independence, said Tan.

Prof Mak said he hoped company boards who read Corporate Monitor's reports will find value and seek to improve themselves.

He said: "If there's a bit more engagement, a bit more push, hopefully things will improve."