

# US Trading Note Monthly Update

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# Monthly Performance

## Open Positions

Name	Trade Position	Entry	Price at 29/06/17	Last Done	Target Price	Stop Loss	Performance At 29/06/17
GNC Holdings Inc	Open	8.47	8.32	8.32	14.00	7.62	-1.77%
Synchrony Financial	Open	29.50	29.55	29.55	35.00	26.5	0.17%
GameStop Corporation	Open	21.84	21.61	21.61	26.50	19.95	-1.05%

## Closed Positions

Name	Trade Position	Entry	Target Price	Take Profit Price	Stop Loss	Performance
Alibaba Group Holdings Ltd	Closed(29/03/17)	94.91	109.00	109.00	85.9	14.85%
Facebook Inc	Closed(03/02/17)	124.9	140.00	130.98	113.45	12.09%
Medtronic plc	Closed(02/05/17)	75.09	84.28	84.28	69.25	12.24%
NVIDIA Corporation	Closed(17/05/17)	124.9	127.50	130.98	95.07	20.03%
Advanced Micro Devices	Closed(23/06/17)	12.5	14.50	14.50	11.00	16.00%
Aflac Inc	Closed(09/06/17)	71.44	77.00	77.00	66.4	7.78%

## Index Performance

Name	Price at 29/06/17	YTD Performance
S&P500 INDEX	2,419.70	7.86%
DOW JONES INDEX	21,287.03	7.56%
NASDAQ INDEX	6,144.35	13.46%

# Trading Note

## Synchrony Financial.

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# Synchrony Financial

(TP: US\$35.00, Stop Loss: US\$26.50, Last close: US\$ 29.55)



Retail Card	Payment Solutions	CareCredit
 <p>Private label credit cards, Dual Cards™, general purpose co-branded credit cards and small and medium-sized business credit products</p>	 <p>Promotional financing for major consumer purchases, offering private label credit cards &amp; installment loans</p>	 <p>Promotional financing to consumers for health and personal care procedures, products, and services</p>

# Recent Price

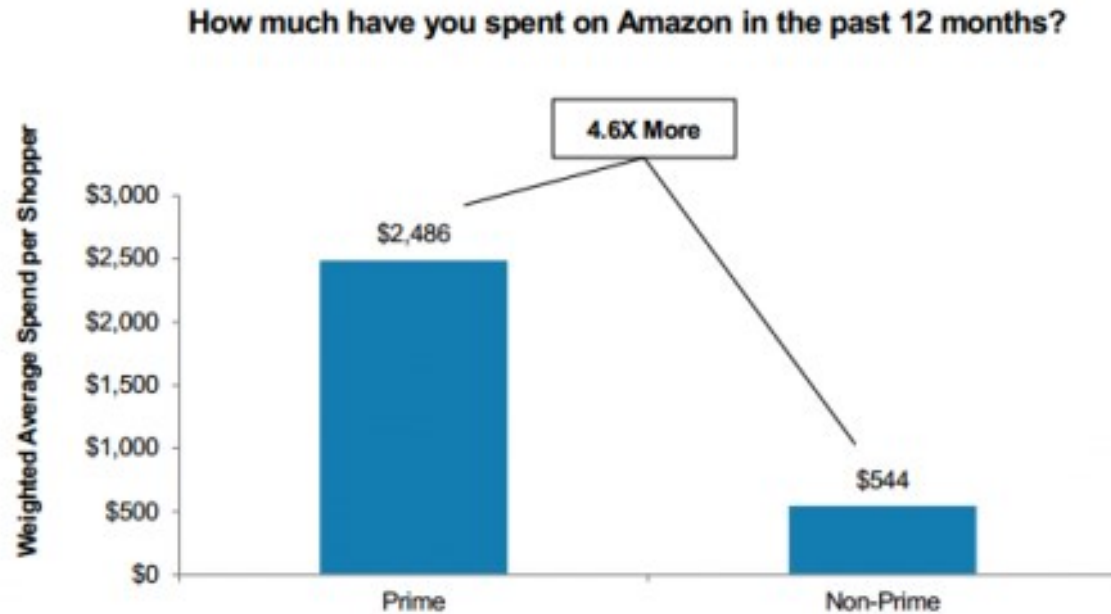


## • Recent Price Action

- Shares tumbled close to 20% after latest earnings
- Performed below analyst expectations: EPS of 0.61 vs 0.74
- Recovered about half of its pre earnings fall

# Private Label Credit Card

- **Largest Private Label Credit Card provider**
  - Over 40% market share, up from 34% in 2011
  - Private label credit cards account for 40% of all cards issued in 2016
  - Partner with brands such as Amazon, Cathay Pacific and Walmart
  - Consumer trends toward more online spending benefits SYF

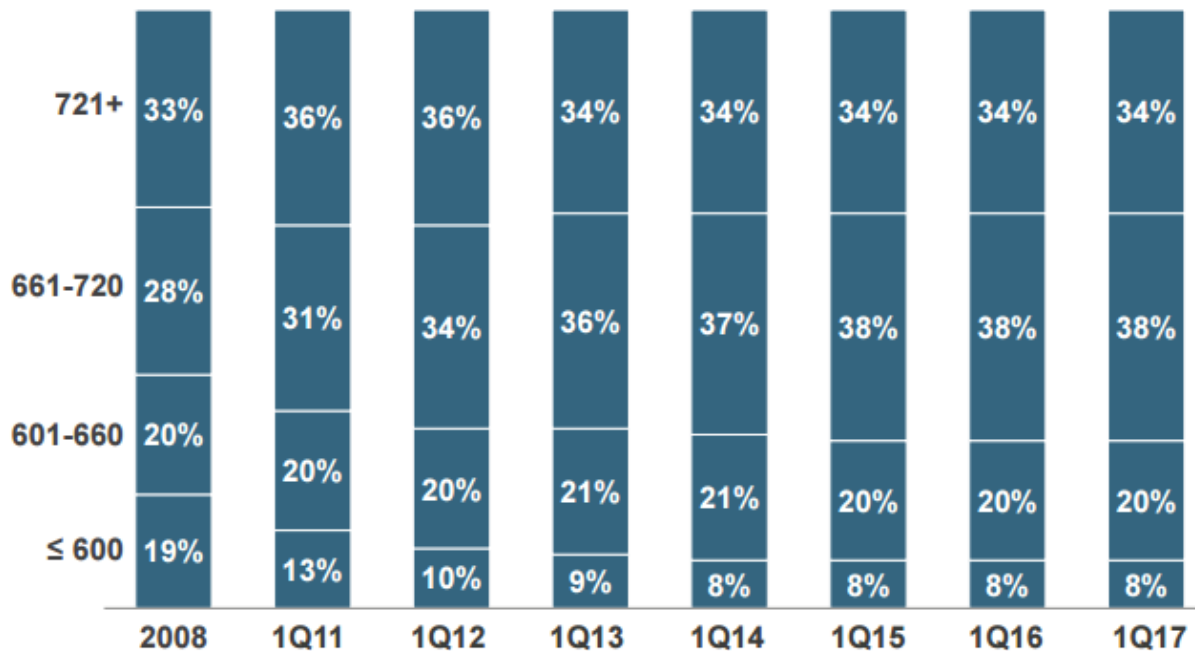


Source: Morgan Stanley

# Stronger Asset Portfolio

- **Improving FICO scores of customer base**

- FICO is a type of credit score use in the US
- Scores above 650 indicate very good credit history
- Scores below 620 indicate poor credit worthiness
- Since 2008, SYF has managed to improve the customer mix



Source: Company

# Well Capitalized

## • SYF well capitalized vs Basel III requirements

- Basel III is a regulatory accord designed to improve regulation and risk management in banks
- Banks are required to maintain proper leverage ratios and meet certain min Capital requirements
- SYF is well above the min requirements to be considered well capitalized

<i>At March 31, 2017 (\$ in millions)</i>	Actual		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio <sup>(a)</sup>	Amount	Ratio
Total risk-based capital	\$ 10,043	17.3%	\$ 5,816	10.0%
Tier 1 risk-based capital	\$ 9,276	15.9%	\$ 4,653	8.0%
Tier 1 leverage	\$ 9,276	13.1%	\$ 3,534	5.0%
Common equity Tier I capital	\$ 9,276	15.9%	\$ 3,780	6.5%

<i>At December 31, 2016 (\$ in millions)</i>	Actual		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio <sup>(a)</sup>	Amount	Ratio
Total risk-based capital	\$ 10,101	16.7%	\$ 6,031	10.0%
Tier 1 risk-based capital	\$ 9,312	15.4%	\$ 4,825	8.0%
Tier 1 leverage	\$ 9,312	13.2%	\$ 3,520	5.0%
Common equity Tier I capital	\$ 9,312	15.4%	\$ 3,920	6.5%

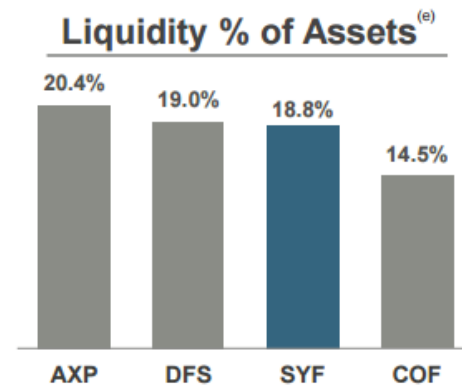
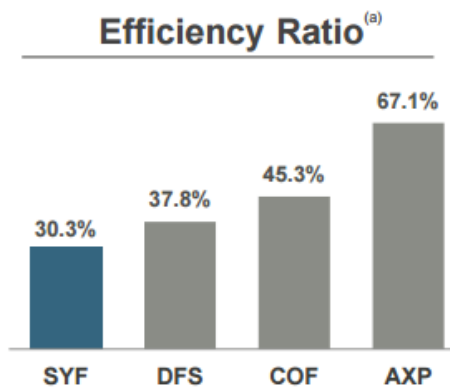
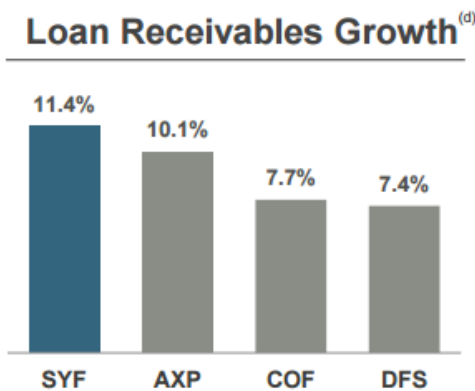
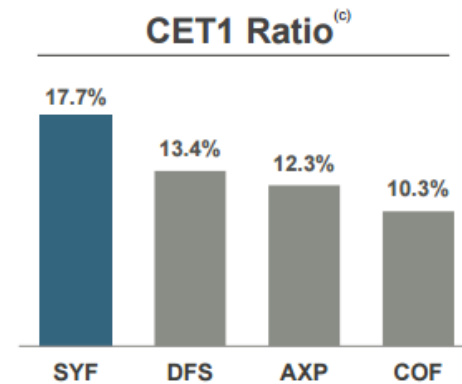
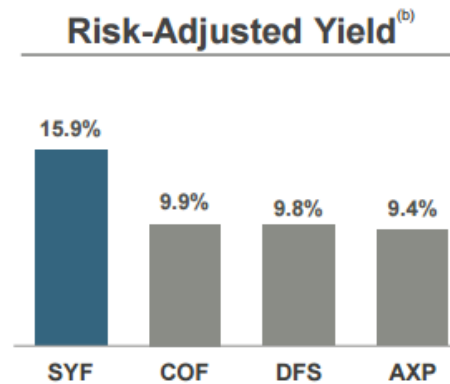
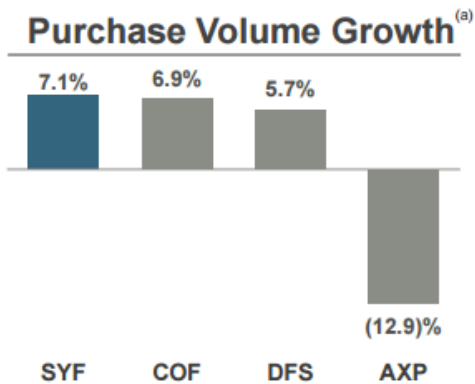
Source: Company



# Peer Comparison

- SYF outperformed its peers in key areas**

- SYF remains undervalued compared to its peers in terms of PER valuation
  - PER: 11.27 vs 15.15 (AXP), 12.38 (COF) & 10.53 (DFS)



Source: Company

- **Trading Action**

- Entry Price: USD 29.50
- Stop loss: USD 26.50
- Target Price: USD 35.00

- **Summary**

- Dominant Private label credit card provider
- Improving asset quality & well capitalized
- Undervalued vs Peers

Counter	Sector	Ticker	Currency	Last Price	Time Horizon	Entry	Stop Loss	Target	Bloomberg Consensus T/P
Synchrony Financial	Financial	SYF	USD	29.55	3-6 Month	29.50	26.50	35.00	35.65

# Singapore strategy : July 2017

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- Maintain Neutral : STI Target 3270
- Macro backdrop
  - Weak inflation data pushed UST yields lower
  - Macron majority removed political risk and fiscal union dream
  - Softer US data and politics pressure USD
  - Breakdown in oil price raise credit risk
- BUY sustainable yield : Asian PayTV and Mapletree Industrial
- Overweight property sector : Supply at 10 year lows while demand is up 50% YTD
  - Top picks : CapitaLand, Chip Eng Seng, Sinarmas Land, Wheelock Properties

Source: CEIC, PSR

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