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Free investment tool available over the Internet

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THE investing public in Malaysia now have an investment tool to base their trading decisions rather than buy and sell on rumours. And it comes free over the Internet.

It is the KLSE-RIS, or KLSE-RIIAM Information System, a comprehensive and consolidated Malaysian securities information system, the first of its kind offered by a stock exchange anywhere in the world.

Kuala Lumpur Stock Exchange (KLSE) senior manager-training Wan Fauzi Mahmood, who is also a director of the Research Institute of Investment Analysts Malaysia (RIIAM), said:

"This is a world class information system and we are offering it free because we want to give something back to the investing public. This is not only for Malaysians, but also for the world."

The website: <http://www.klse-ris.com.my>.

KLSE-RIS will be launched tonight by Prime Minister Datuk Seri Dr Mahathir Mohamad in conjunction with the official opening of the new KLSE building in Kuala Lumpur.

The KLSE and RIIAM are planning nation-wide training sessions on how to make effective use of KLSE-RIS, beginning with staff of the member companies. Participants pay only a nominal RM50 fee. The training sessions can be extended to the general public later.

RIIAM, an affiliate company of the the KLSE, initiated the development of KLSE-RIS early this year and commissioned Applied Information Management Services Sdn Bhd (AIMS), the operator of Malaysia Online, to develop and maintain the system.

The development of KLSE-RIS, at a cost of RM2 million, was borne by the KLSE, whose member companies will provide RM700,000 a year for operating costs. The system is maintained by AIMS.

The service is part of the KLSE's ongoing effort to keep the investing community and all interested parties informed of the securities and derivatives market.

Besides responding to the Government's call for the industry to educate and help the investing public, the introduction of KLSE-RIS is also consistent with the objective of RIIAM to promote and enhance research activities in the industry.

"Having seen the impact of the Internet on the way one works and lives, we concluded that Net technology could be utilised the reach our basic objective of promoting and enhancing research activities in the securities industry," Wan Fauzi said.

"By providing KLSE-RIS free, we further ensure that corporate and financial information is not confined to the privileged few but also to the masses. KLSE-RIS is a long-term move to further educate the investing public.

"In addition, being on the Net has the far reaching impact of globality. Web visitors all over the world would be given first hand information in a professional and timely manner."

KLSE-RIS is made up of three modules with specific areas of coverage: KLSE-RIS Trader, KLSE-RIS Pricing Package and KLSE-RIS Securities Analysis Package.

KLSE-RIS Trader contains a database on listed companies that has, among other things, information on balance sheet, profit and loss, financial highlights, ratios, board of directors, shareholders, dividend,

announcements and subsidiary companies.

The information goes as far back as 1990 and includes powerful search capabilities. This section also displays a 5-minute interval snapshot on KLSE stocks during trading hours as well as historical charts.

KLSE-RIS Pricing Package provides information on warrants (pricing modules), futures, options and convertible bonds.

A useful display here is that on positive alphas, a ranking of undervalued stocks - read good buys - based on their alpha values. Alpha values provide a comparison between the stock's realised return and its normal return.

The Securities Analysis Package provides risk return analysis (alpha, beta, relative PE, performance evaluation), strategies and techniques for securities lending and borrowing and fix income securities.

KLSE derivatives consultant Dr Malick Sy said many of the investment tools are new to market players in the country though they have been in use in the US and Europe for some time.

Such tools, he said, can help the investor by giving him a basis on which to make a decision. "Is the counter a good buy or sell? Is the price a fair price?"

Where before there was nothing to base the price of, say, warrants on, there is now a means to determine theoretical values.

Elsewhere, investors can get an indication if the market price is over- or under-priced based on the Cost of Carry model, which is a function of the Malaysian Treasury Bill rates, the KLSE Composite Index (KLCI) average dividend yield and the duration of the KLCI futures contract.

KLSE-RIS also has sections pertaining to Kuala Lumpur Inter Bank Offered Rates futures, bond futures, currency futures, equity futures, index options, OTC (over the counter) options, equity options, options on futures and convertible bonds.

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