

EVALUATE NEWSLETTER

OCTOBER 2015

Welcome to Evaluate's Newsletter for October 2015. This free quarterly newsletter talks about the recent instability in global financial markets, its impact on the emerging markets and mid-cap stocks, need for independent stock research, and our most recent reports on two industry leading companies in dynamic growth markets, Rajesh Exports and Clear Media.

1. *Volatility In Global Markets: Emerging Countries Facing The Brunt*

Recently, there have been several unsettled days for the global stock markets. The FTSE Eurofirst 300, a pan-European share index, suffered its biggest one-day drop since late 2008, losing 5.4% on 24th August 2015. For Shanghai's Composite Index, on the same day, 8.5% slump was the biggest since February 2007. The US and European markets plunged and then partially recovered, though are still significantly down. But the Emerging and Asian markets are facing the brunt of this slowdown

and have continued on their downward trajectories.

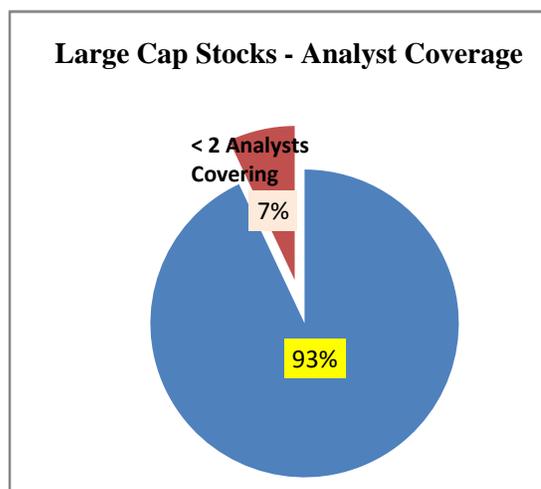
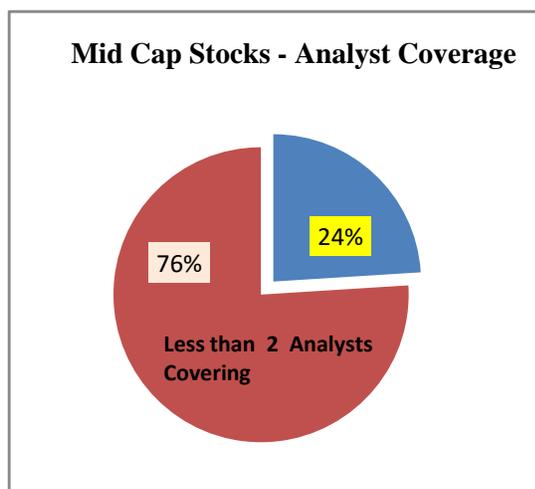
In the three month period from June - August 2015, the World Index was down by -7.5% as compared with the Emerging Market's Index which plunged by -18.5% and the Asia (Ex-Japan) Index which had fallen by -19.7%. (Source: Bloomberg)

2. *Negative Effect On Mid-cap Stocks:*

As a result of this volatility, large-cap stocks, often considered as "safe havens", are increasingly bought and mid-cap stocks are indiscriminately sold out. The most overlooked reason for not investing in mid-cap stocks is that they have very less analyst coverage on them as compared to large-cap stocks. Being a mid-cap stock, brokers are not able to generate desired

brokerage commissions from the stock's trading which discourages them to spend their resources covering the stock.

Statistically, 76% of all mid-cap stocks have less than two analysts covering them as compared to only 7% of large-cap stocks having less coverage globally. (Source: Bloomberg)



3. Need For Independent Research:

Research plays a vital role for small and mid cap companies, particularly in new industries whose characteristics and future potential may not be well understood by all investors. Our independent research on mid-cap companies fills in the information gap between a company and

the investor community by communicating the core investment thesis plus major events and catalysts related to a company's stock.

4. Our Recent Coverage On The World's Largest Manufacturer Of Gold Jewelry & A Hong Kong Based Leading Outdoor Media Company:

One of the companies that Evaluate is covering, Rajesh Exports, is the world's largest manufacturer of gold jewelry. They have recently acquired a Swiss-based gold refinery Valcambi, which is the largest refiner of gold in the world. In the present scenario, India being the largest consumer of gold in 2015, this acquisition by Rajesh Exports is more noteworthy. The combined company will have 40% global market share in gold refining. We believe this is a significant event not only for India but for the entire world's gold industry as a whole.

The world's total consumption of gold is 4,000 tons per annum, and Rajesh Exports after having acquired Valcambi, has a gold refining capacity of nearly 1,600 tons per annum which establishes its promising position in the global gold market.

Another company which Evaluate Research is covering, Clear Media, is a Hong Kong based outdoor media company. It is the largest bus shelter advertising operator with a market share of 60% to more than 90% in top-tier cities and a meaningful presence in other fast growing cities across China. Out of total 55,000 bus shelter display panels across China, Clear Media alone enjoys nationwide network coverage through its

44,000 bus shelter display panels located in 27 cities.

Clear Media has an excellent track record of consistent dividend payments over time. In fact, dividends have steadily grown over the years. Thus, in the past three years, the company has paid special dividends of HK\$1.88, representing 24% of the current stock price, and total dividends of HK\$2.33, representing 29% of the current stock price.

Evaluate Research is the only stock research firm which has research coverage on Rajesh Exports and Clear Media. Our detailed Initiation Reports on Rajesh Exports as well as Clear Media are freely accessible to all on our website.

We believe our research coverage is a high value service and significant to companies and investors alike.

Evaluate Research provides institutional quality research on midcap equities on a global basis, thus helping connect investors with public companies and adding value to everyone.