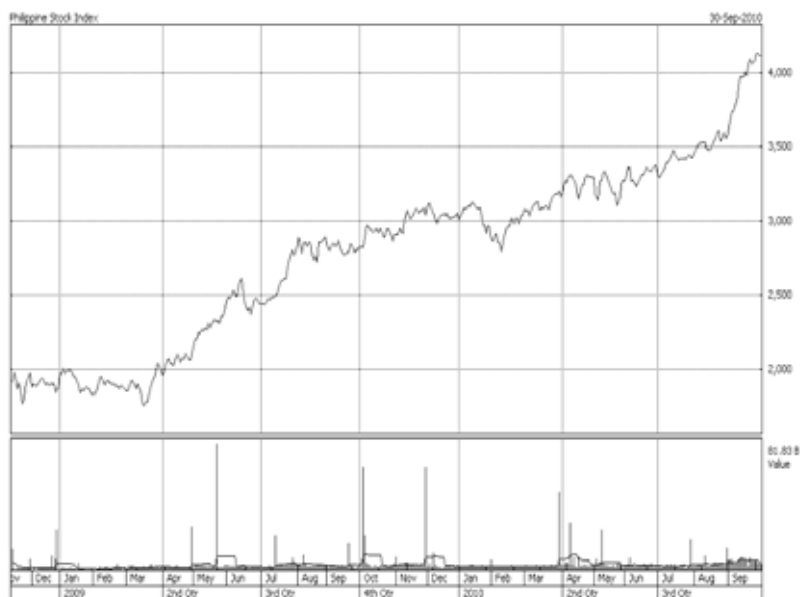


WHAT'S INSIDE

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Despite the fact that the market is near its all time high, we believe that there are still stocks that offer significant upsides. We picked the stocks based on their fundamentals and reached price targets using EPS, market PE, and historical PE. We also tried to look for stocks that have undeservedly lagged behind the market. All prices are as of September 30, 2010 and all EPS figures are for 2010. We did not focus on any specific sector and chose what we believe are the stocks that offer the most value in the shortest amount of time.

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Stock Picks

MWC

Price: 18.98
Target: 23.73
Upside: 25.03%
EPS: 1.99

- New connections in Laguna through its subsidiary, AAA Water Corporation's 70% ownership in Laguna AAA
- Potential higher billed volume on new connections
- Higher profitability. First half gross margin improved to 57% from 48% on the same period last year.

AP

Price: 20.90
Target: 28.23
Upside: 35.06%
EPS: 2.99

- Aggressive expansion and interest in bidding for more government-owned plants.
- Increasing investments in hydropower.
- Sustained strength in generation business and operation of newly acquired assets as its drivers.
- Rehabilitation of Ambuklao and other plants will be over and operational by 2011.
- Expected electricity prices in WESM will be advantageous to AP.

TEL

Price: 2,616
Target: 3,101
Upside: 18.57%
EPS: 232.49

- Stock had been quiet for most of the year but is ready to make a move.
- Earnings on track to beat last year's.
- Revenues augmented by non-mobile services especially by broadband
- Below market PE, historical PE, and offers attractive dividend rate
- We expect TEL to lead the market during the next run up

AGI

Price: 9.00
Target: 14.71
Upside: 63.43%
EPS: 0.80

- Real estate sales will still be its biggest revenue contributor.
- Surge in office space demand from BPO sector to drive its revenues from rental income.
- Its new subsidiary (Travelers International Hotel Group) is expected to contribute significantly in the company's revenues.

MEG

Price: 2.22
Target: 3.05
Upside: 37.20%
EPS: 0.17

- Growing demand from BPOs for office space to drive rental income.
 - First half revenues from Rental income went up to 21% from 15%.
-

Stock Picks**FGEN**

Price: 13.24
Target: 19.70
Upside: 48.76%
EPS: 1.35

- Secured a \$142M worth of loan to refinance its maturing debts and for capital requirements.
- Improving financial contribution of its subsidiaries (EDC and FG Hydro).
- Better WESM prices will be advantageous to its Hydro business.

EI

Price: 4.25
Target: 5.00
Upside: 18.6%
EPS: 0.65

- Awarded with three new construction projects for the second half.
- Domestic backlog as of first half with net selling price of Php6.42B. Subsidiaries' backlog is worth Php412.42M.
- Overseas backlog as of first half amounts to Php12.54B, all in the Kingdom of Saudi Arabia.

EDC

Price: 6.09
Target: 7.76
Upside: 24.47%
EPS: 0.53

- Strong interest in EDC by foreign funds
- Full earnings this year after the last few years have been hit by non-recurring items
- Acquired and recently paid for 150 MW BacMan plant in Bicol
- Expects to start wind power project this year

GLO

Price: 890
Target: 1,100
Upside: 23.5%
EPS: 83.76

- First half woes have been priced in
- Seen to react better to price pressure from competition
- Should benefit once TEL starts to move
- Offers highest dividend rate among all stocks

RCB

Price: 27.50
Target: 40.48
Upside: 47.18%
EPS: 4.07

- Despite recent run up, still the most undervalued bank stock
 - Sustained growth during the past years
 - Looks to raise additional capital via share sale
 - Robust first half growth on quality earnings, not trading gains
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