

Singapore National Day: How attractive is the Little Red Dot?

EQUITY STRATEGY TEAM

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TRADING MATTERS SERIES:
NEWS FOCUS

The summary and impact of a major news event

Assets under management

Amidst global economic challenges, Singapore stands out as one of the strongest economies in the world. In 2023, Singapore's financial sector showcased impressive performance, with a remarkable 10% growth in assets under management (AUM), reaching S\$5.41 trillion by 31 Dec 2023.¹ The corporate debt market also experienced significant growth, with new issuances surging by 21% to S\$230 billion.¹ Furthermore, insurance sector and private markets have consistently displayed robust growth over the years.¹

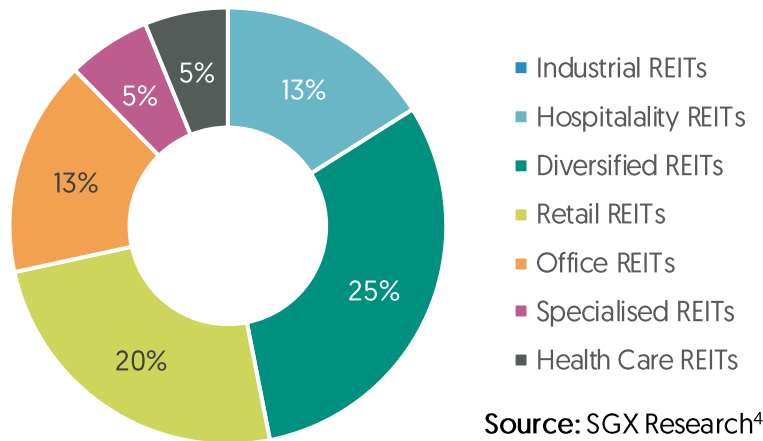
Singapore plays a vital role as a gateway for global asset managers and investors to access the growth opportunities in the region, with 77% of AUM sourced from outside Singapore, and 89% of total AUM invested outside the country.¹ With access to global capital and low levels of risk, businesses can confidently anticipate the growth potential of their investments.¹

Real Estate Investment Trusts

The recent increase in yields of 10-year US Treasury and Singapore government bonds has put pressure on the share prices of Singapore Real Estate Investment Trusts (S-REITs).² However, there has been some relief as yields have retraced from their year-to-date peaks due to soft US labour market data² and June's US CPI print.³

The performance of the S-REITs sector is expected to be heavily influenced by economic data, which in turn affects treasury yields. Despite these challenges, S-REITs and property trusts continue to outperform other asset classes, boasting an average yield of 8.1% based on a 12-month average distribution yield.⁴ With the market anticipating two rate cuts by the US Federal Reserve in 2024 and a forecast of 4.0% and 3.75% for the 10-year US Treasury yield over a 6-month and 12-month period respectively, the pullback in S-REITs' share prices may present attractive buying opportunities for high-quality investments.³

The REITs & Property Trusts offer wide diversity across property sub-segments



Source: SGX Research⁴

Looking beyond

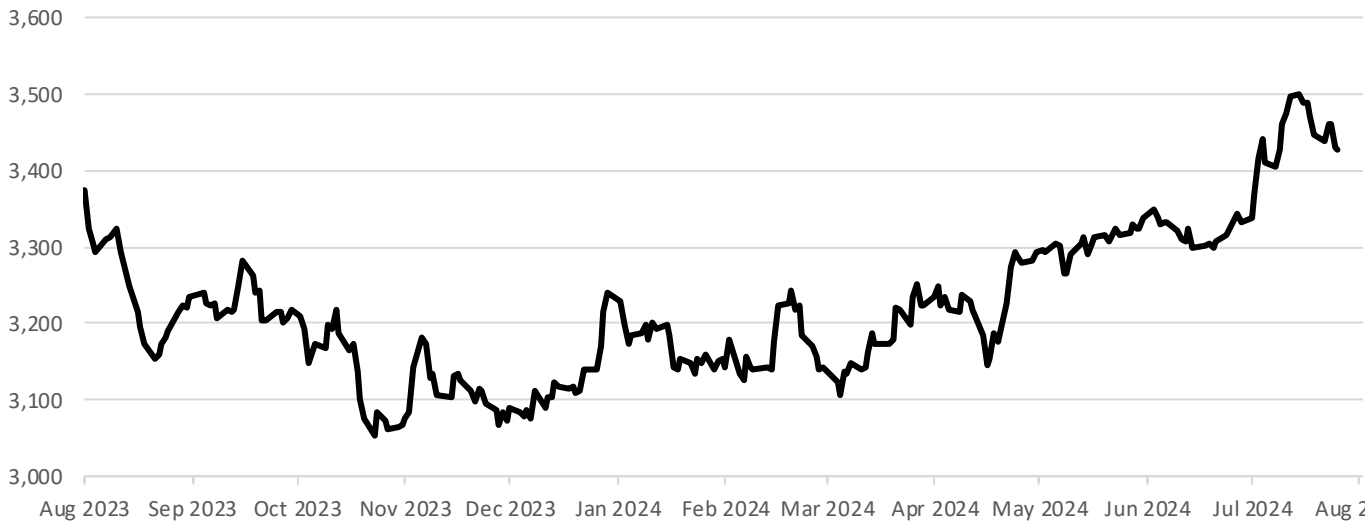
Valuations remain inexpensive, making Singapore an appealing market.³ The ease of doing business, particularly in terms of the regulatory framework for contract enforcement and dispute resolution, adds to its attractiveness.³ In contrast to increasing geopolitical risks in other parts of the world, Singapore offers comparatively greater stability.³ As a result, companies seeking to diversify their operations and minimize risks are drawn to Singapore.

As Singapore continues to solidify its position in the realms of business and finance, the Straits Times Index (STI) has maintained a steady range between the 3100 to 3500 price level on a year-to-date basis, reflecting stability and resilience in the market.



Straits Times Index

Below are the **index stocks** with **market cap of more than SGD 1B**



Source: Bloomberg, extracted on 28 Jul 2024

Top 30 index stocks based on Market Capitalisation

Ticker	Name	Market Cap	Price [SGD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [SGD]	Potential returns from Analyst Consensus	Dividend Yield
DBS SP	DBS GROUP HOLDINGS LTD	103.07B	36.24	07/08/2024	39.75	9.68%	5.25%
OCBC SP	OVERSEA-CHINESE BANKING	66.39B	14.77	02/08/2024	15.48	4.83%	5.55%
UOB SP	UNITED OVERSEAS BANK LTD	53.88B	32.20	01/08/2024	34.12	5.96%	5.28%
ST SP	SINGAPORE TELECOM	50.20B	3.04	08/11/2024	3.44	13.00%	4.31%
SIA SP	SINGAPORE AIRLINES LTD	20.75B	6.97	31/07/2024	6.87	-1.50%	6.89%
WIL SP	WILMAR INTERNATIONAL LTD	19.35B	3.10	13/08/2024	3.71	19.79%	5.48%
CICT SP	CAPITALAND INTEGR COMM	13.81B	2.05	13/08/2024	2.23	8.66%	5.17%
STE SP	SINGAPORE TECH ENGINEER	13.72B	4.40	14/08/2024	4.77	8.45%	3.64%
CLI SP	CAPITALAND INVESTMENT	13.54B	2.71	14/08/2024	3.55	30.86%	4.43%
THBEV SP	THAI BEVERAGE PCL	12.56B	0.50	22/11/2024	0.64	28.50%	4.51%
KEP SP	KEPPEL LTD	11.88B	6.58	01/08/2024	8.44	28.22%	5.17%
CLAR SP	CAPITALAND ASCENDAS REIT	11.70B	2.66	30/07/2024	3.16	18.98%	5.59%
JM SP	JARDINE MATHESON HLDGS	10.57B	36.35	01/08/2024	47.73	31.32%	6.19%
SGX SP	SINGAPORE EXCHANGE LTD	10.34B	9.68	08/08/2024	10.29	6.28%	3.51%
YZJSGD SP	YANGZUIJIANG SHIPBUILDING	10.27B	2.60	14/08/2024	2.63	1.35%	2.50%
GENS SP	GENTING SINGAPORE LTD	10.20B	0.85	14/08/2024	1.17	38.91%	4.14%
JCNC SP	JARDINE CYCLE & CARRIAGE	10.05B	25.44	01/08/2024	25.38	-0.26%	6.28%
SCISP	SEMBCORP INDUSTRIES LTD	8.28B	4.64	06/08/2024	6.82	46.93%	2.80%
HKL SP	HONGKONG LAND HOLDING	7.42B	3.36	01/08/2024	3.65	8.71%	6.55%
MPACT SP	MAPLETREE PAN ASIA COM TR	6.73B	1.28	30/07/2024	1.52	18.68%	7.16%
MLT SP	MAPLETREE LOGISTICS TRUST	6.52B	1.30	24/10/2024	1.56	20.17%	6.23%
MINT SP	MAPLETREE INDUSTRIAL TR	6.44B	2.27	25/10/2024	2.46	8.33%	5.47%
STM SP	SEATRUM LTD	5.11B	1.50	02/08/2024	2.71	80.88%	N/A
CIT SP	CITY DEVELOPMENTS LTD	4.77B	5.34	14/08/2024	7.15	33.96%	1.50%
SATS SP	SATS LTD	4.69B	3.14	08/11/2024	3.47	10.47%	0.48%
UOL SP	UOL GROUP LTD	4.49B	5.31	13/08/2024	7.71	45.20%	2.82%
VMS SP	VENTURE CORP LTD	4.33B	14.91	06/08/2024	15.09	1.18%	5.03%
FCT SP	FRASERS CENTREPOINT TRUST	3.98B	2.20	25/10/2024	2.46	11.64%	5.55%
FLT SP	FRASERS LOGISTICS & COMM	3.70B	0.99	06/11/2024	1.23	24.87%	7.88%
DFI SP	DFI RETAIL GROUP HOLDINGS	2.42B	1.79	01/08/2024	2.57	43.30%	4.47%

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