

Singapore turns 58: How impactful is the Little Red Dot?

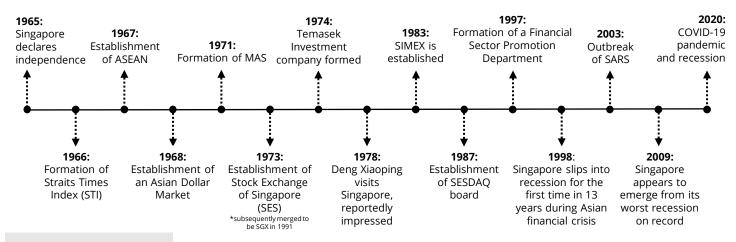
EQUITY STRATEGY TEAM 1 AUGUST 2023

TRADING MATTERS SERIES: NEWS FOCUS

The summary and impact of a major news event

58 Years of transformation

The remarkable transformation of Singapore into a first-world country could be largely attributed to its clear political stance on economic development. Since its independence in 1965, the Singapore Straits Times Index (STI) did face volatile market conditions, but each time it has managed to rebound from price trenches. Some notable tough times such as the Asian Crisis, the Financial Crisis, and the Covid Pandemic. Today, Singapore continues to display resilience and attractive to businesses. As Singapore forges ahead in securing its position in the realms of business and finance, the STI has maintained a steady range between the 3100 to 3400 price level on a year-to-date basis.



Assets of Singapore

Wealth Management Hub Singapore is home to approximately 700 family offices due to its stable political and regulatory environment.² It is worth noting that an impressive 59% of family offices in Asia have chosen Singapore as their base, capitalising on the advantageous tax exemptions.³ These family offices boost the assets under management in Singapore and cemented a position as a global hub for wealth management. In 2021, the total assets under management in Singapore experienced a remarkable 16% increase, surpassed the global growth rate of 12%.⁴ As a result, this vibrant influx of family offices adds a dynamic touch to the local financial services ecosystem.

Banking Hub Singapore is crowned as the top financial centre in Asia and has established itself as a pivotal player in the realm of banking.⁵ The banking landscape in the little red dot boasts an impressive tally of 132 banks.⁶ Despite a string of bank failures in the US and Europe, the banking system in Singapore remains sound and resilient. Singapore banks are well capitalized with strong growth in the global asset management, registering \$\$5.4 trillion in assets under management as of 2021. ⁷ The 3 local banks remain a commendable credit rating, maintaining an indicative dividend yield above 4.0% and has proven profit growth, based on historical track records.

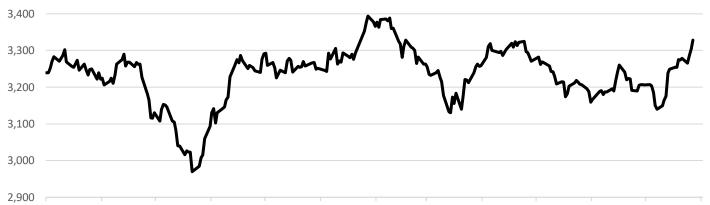
REIT Hub

The equity market in Singapore stands out for its defensive nature⁸, particularly given the presence of around 42 Singapore REIT (S-Reit) and property trusts with a total market capitalisation of \$\$98 billion.⁹ As the global markets experience slowing growth and deteriorating liquidity, the S-Reit sector remains an attractive choice for yield-focus investors due to an average yield of 8.1%.⁹ Recent data has shown that retail investors accumulated net retail inflows of \$\$390 million during the first half of 2023.⁹ Singapore proudly possesses the largest REIT market in Asia excluding Japan, positioning itself as an increasingly prominent global hub for REIT investments.⁹



Below are the index stocks based on market cap more than S\$1B

Price Chart



Aug 2022 Sep 2022 Oct 2022 Nov 2022 Dec 2022 Jan 2023 Feb 2023 Mar 2023 Apr 2023 May 2023 Jun 2023 Jul 2023 Aug 202 Source: Bloomberg

Ticker	Name	Market Cap	Price (SGD)	YTD Returns (%)	Analysts Consensus 12M Target Price	Upside from Analyst Consensus	Dividend Yield
DBS SP	DBS GROUP HOLDINGS LTD	86.63B	33.59	0.55%	36.40	-8.36%	4.64%
OCBC SP	OVERSEA-CHI BANK CORP	58.16B	12.94	6.24%	13.91	-7.53%	5.26%
UOB SP	UNITED OVERSEAS BANK	48.72B	29.10	-5.21%	31.53	-8.34%	5.50%
ST SP	SINGAPORE TELECOMM	43.75B	2.65	3.11%	3.12	-17.76%	3.74%
WIL SP	WILMAR INTERNATIONAL	23.66B	3.79	-9.11%	4.75	-25.35%	4.49%
SIA SP	SINGAPORE AIRLINES LTD	22.46B	7.55	36.53%	6.65	11.88%	3.71%
CLI SP	CAPITALAND INVESTMENT	17.47B	3.41	-6.30%	4.21	-23.43%	3.52%
THBEV SP	THAI BEVERAGE PCL	14.82B	0.59	-13.87%	0.80	-35.17%	4.01%
JM SP	JARDINE MATHESON HLDGS	14.26B	49.20	-3.34%	63.50	-29.07%	4.37%
CICT SP	CAPITALAND INTEG COME	13.50B	2.03	-0.49%	2.28	-12.09%	5.22%
JCNC SP	JARDINE CYCLE & CARRIA	13.35B	33.77	18.08%	35.47	-5.02%	4.48%
CLAR SP	CAPITALAND ASCENDAS	12.47B	2.84	3.65%	3.14	-10.73%	5.35%
KEP SP	KEPPEL CORP	12.34B	7.00	47.98%	7.65	-9.25%	4.71%
GENS SP	GENTING SINGAPORE	11.23B	0.93	-2.62%	1.13	-21.55%	3.23%
STE SP	ST ENGINEERING	11.50B	3.69	10.15%	4.00	-8.51%	4.34%
SGX SP	SINGAPORE EXCHANGE	10.31B	9.65	7.82%	10.05	-4.16%	3.32%
SCI SP	SEMBCORP INDUSTRIES	9.82B	5.50	64.25%	6.22	-13.14%	1.45%
STM SP	SEATRIUM	9.89B	0.15	5.07%	0.17	-17.24%	N/A
MPACT SP	MAPLETREE PAN ASIA TR	8.81B	1.68	0.60%	1.91	-13.56%	1.34%
MLT SP	MAPLETREE LOGISTICS TR	8.45B	1.71	7.55%	1.81	-5.60%	4.73%
HKL SP	HONGKONG LAND HOLDINGS	7.93B	3.58	-22.17%	4.41	-23.18%	6.15%
EMI SP	EMPERADOR INC	8.03B	0.51	0.00%	0.48	4.99%	1.37%
MINT SP	MAPLETREE INDUSTRIAL TR	6.54B	2.31	4.05%	2.54	-10.01%	5.38%
CIT SP	CITY DEVELOPMENTS LTD	6.53B	7.20	-11.50%	8.41	-16.81%	1.11%
YZJSGD SP	YANGZIJIANG SHIPBUILDING	5.97B	1.51	11.03%	1.65	-9.58%	3.31%
UOL SP	UOL GROUP LTD	5.77B	6.83	2.08%	8.03	-17.64%	2.20%
FLT SP	FRASERS LOG & COMM	4.84B	1.30	12.07%	1.44	-11.03%	5.97%
VMS SP	VENTURE CORP LTD	4.28B	14.72	-13.72%	17.30	-17.50%	5.10%
SATS SP	SATS LTD	4.08B	2.74	2.02%	3.09	-12.76%	N/A
DFI SP	DFI RETAIL GROUP HLDG	3.65B	2.70	-7.85%	3.58	-32.47%	1.11%



Singapore REITsBelow are the Real Estate Investment Trusts listed in Singapore based on market cap more than S\$1B

Ticker	Name	Market Cap	Price (SGD)	YTD Returns	Analysts Consensus 12M Target Price	Upside from Analyst Consensus	Dividend Yield
CICT SP	CAPITALAND INTEGRATED COMMER	13.50B	2.03	-0.49%	2.28	-12.09%	5.22%
CLAR SP	CAPITALAND ASCENDAS REIT	12.47B	2.84	3.65%	3.14	-10.73%	5.35%
MPACT SP	MAPLETREE PAN ASIA COM TRUST	8.81B	1.68	0.60%	1.91	-13.56%	1.34%
MLT SP	MAPLETREE LOGISTICS TRUST	8.45B	1.71	7.55%	1.81	-5.60%	4.73%
MINT SP	MAPLETREE INDUSTRIAL TRUST	6.54B	2.31	4.05%	2.54	-10.01%	5.38%
FLT SP	FRASERS LOGISTICS & COMMERCI	4.84B	1.30	12.07%	1.44	-11.03%	5.97%
KDCREIT SP	KEPPEL DC REIT	3.91B	2.27	28.25%	2.22	2.03%	4.34%
SUN SP	SUNTEC REIT	3.76B	1.30	-5.80%	1.31	-0.89%	6.29%
FCT SP	FRASERS CENTREPOINT TRUST	3.74B	2.19	4.29%	2.38	-8.45%	5.56%
KREIT SP	KEPPEL REIT	3.44B	0.92	0.55%	1.02	-11.87%	6.34%
PGNREIT SP	PARAGON REIT	2.66B	0.94	4.44%	1.04	-10.28%	7.32%
EREIT SP	ESR-LOGOS REIT	2.65B	0.35	-6.59%	0.38	-10.10%	8.48%
PREIT SP	PARKWAYLIFE REAL ESTATE	2.32B	3.84	2.13%	4.46	-16.15%	3.80%
CLCT SP	CAPITALAND CHINA TRUST	1.76B	1.04	-7.14%	1.26	-21.15%	6.52%
OUECT SP	OUE COMMERCIAL REAL ESTATE I	1.70B	0.31	-7.46%	0.36	-16.13%	6.77%
LREIT SP	LENDLEASE GLOBAL COMMERCIAL	1.58B	0.68	-3.55%	0.84	-23.53%	7.74%
SGREIT SP	STARHILL GLOBAL REIT	1.16B	0.52	-4.63%	0.58	-11.84%	7.07%
AAREIT SP	AIMS APAC REIT	1.00B	1.24	0.17%	1.50	-21.10%	1.65%

REFERENCES

- 1. Reporter, "Singapore is most attractive market for doing business: report", *Singapore Business Review*, 24 May 2023
- 2. Tang See Kit, "More ultra-wealthy families setting up offices in Singapore, and they're not just coming from Asia", CNA, 12 Jan 2023
- 3. Tan Nai Lun, "Singapore home to more than half of Asia's family offices: report", The Business Times, 30 Jun 2023
- 4. Yantoultra Ngui, "Singapore's asset management sector surges to record as funds expand", Reuters, 21 Oct 2022
- 5. Alex Millson and Bloomberg, "Singapore just took Hong Kong's place as Asia's top financial center—and as the new partner to London and New York", *Fortune*, 23 Sep 2022
- 6. Statista, "Number of banks in Singapore from 2014 to 2023, by type", Statista, 02 Jun 2023
- 7. MAS, "Singapore Asset Management Survey 2021", Monetary Authority of Singapore, 31 Dec 2021
- 8. Emerald Yau, "Singapore: a safe haven for straitened times?", FTSE Russell, 22 Aug 2022
- 9. SGX Research, "SREITs & Property Trusts Chartbook July 2023", SGX, 12 Jul 2023
- 10. SGX Research, "REIT Watch Retail investors net bought \$\$390M of S-REITs in 1H2023", SGX, 10 Jul 2023

DISCLAIMER

The information provided herein is a compilation or summary of materials and data based from external sources available to OCBC Securities Private Limited ("OSPL"), and does not represent OSPL's view on the matters mentioned. Whilst we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents.

Trading in capital markets products and borrowing to finance the trading transactions (including, but not limited to leveraged trading or gearing) can be very risky, and you may lose all or more than the amount invested or deposited. Where necessary, please seek advice from an independent financial adviser regarding the suitability of any trade or capital markets product taking into account your investment objectives, financial situation or particular needs before making a commitment to trade or purchase the capital markets product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the capital markets product is suitable for you. You should consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser. You should also read the relevant prospectus and/or profile statement (a copy of which may be obtained from the relevant fund manager or any of its approved distributors), prior to any trading or investment decision. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund. In relation to collective investment schemes, the value of the units and the income accruing therefrom, if any, may rise or fall. For funds that are listed on an approved exchange, investors cannot redeem their units of those funds with the manager, or may only redeem units with the manager under certain specified conditions. The listing of the units of those funds on any approved exchange does not guarantee a liquid market for the units.

No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by OSPL and it should not be relied upon as such. OSPL does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. OSPL shall not be responsible for any loss or damage howsoever arising, directly or indirectly, as a result of any person acting on any information provided herein.

The information provided herein is intended for general circulation/discussion purposes only and may not be published or circulated in whole or in part without our written consent. All trademarks, registered trademarks, product names and company names or logos mentioned herein are the property of their respective owners, and you agree that you will not do anything to infringe or prejudice those rights. Reference to any products, services, processes or other information, does not constitute or imply endorsement, sponsorship or recommendation thereof by OSPL.