Market Strategy

From Macro Resilience To Reform-Led Opportunities

Stocks Covered	46
Rating (Buy/Neutral/Sell):	31 / 15 / 0
Last 12m Earnings Revision Trend:	Neutral

- **Singapore equities hit 2026 on a firmer footing** on resilient external demand, a constructive macro backdrop, and nearing rate easing cycle. With US Federal Reserve (US Fed) cuts and dipping local rates improving funding conditions, yield strategies and REITs regain relevance, while earnings growth broadens across cyclical/defensive sectors. Ongoing market reforms should lift liquidity, participation, and mid-cap visibility. We like a selective strategy across reform gainers, valuation laggards, REIT accumulation, and defensive income plays.
- **We estimate 3% 2026 Singapore GDP growth** on resilient external demand and momentum across manufacturing- and trade-related sectors, including spillovers from the electronics upcycle and sustained technology (tech) demand. Inflation is set to edge higher, with both headline and core inflation firming to c.1.5% in 2026 as local demand stays resilient. We also see scope for further SGD strength on Monetary Authority of Singapore's (MAS) mild appreciation bias and a USD/SGD path that stays skewed lower.
- **We expect** two additional 2026 Federal Funds Rate (US FFR) cuts (50bps in total) that can anchor a measured Singapore Overnight Rate Average (SORA) dip and gradually improving funding conditions here. Global and local rate declines should still underpin yield strategies, with S-REITs gaining from easing funding costs, stronger interest coverage, and improved balance sheet flexibility, supporting more stable valuations and DPU growth recovery.
- **The equity market reform agenda** should support Singapore equities in 2026 by structurally improving liquidity and participation as the SGD5bn Equity Market Development Programme (EQDP) continues to be deployed, with scope for further turnover uplift, given only partial drawdowns so far. Reforms are also geared towards broadening investor gaze beyond large caps, improving the capital-raising backdrop for IPOs and placements, and lifting visibility for mid-caps via special indices. With the Value Unlock package, these initiatives should reinforce market resilience into 2026, alongside further EQDP fund manager appointments in 2Q26.
- **Strong 2026 growth before moderation in 2027.** For our coverage universe (ex-REITs), we forecast market cap weighted EPS growth of 7.1% and 5.8% in 2026 and 2027 vs an estimated 2% in 2025. For covered REITs (ex-US REITs), we project 4% and 3% market cap-weighted DPU growth in 2026 and 2027 (2025F: +1.9%). Relative to prior estimates, 2026 growth expectations for financials and plantations have been revised down. 2026F sector EPS growth is led by telecommunications (telecoms), transport, and industrials while financials rebound to growth in 2026F post a 2025F decline.
- **Investment themes:** i) EQDP beneficiaries identified via a systematic screen and bottom-up selection of quality SMID-cap stocks; ii) undervalued/underappreciated firms where growth, earnings recovery, or strategic catalysts are not fully reflected in valuations; iii) building exposure to REITs (they are supported by easing funding costs and DPU growth recovery); and iv) defensive high-dividend yield stocks outside the REIT universe, offering income stability and downside resilience.

OVERWEIGHT	Consumer, Industrials, Manufacturing & Technology, Real Estate, REIT (Industrial, Office, & Overseas), Transport
NEUTRAL	Financials, Food Products, Healthcare REITs (Hospitality, & Retail), Telecommunications

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Sector preferred picks

Sector	Rating	Preferred picks
Consumer	OW	DELFI, FEH, THBEV
Financials	N	DBS
Food products	N	FR
Healthcare	N	RFMD
Industrials	OW	STE
Mfg. & Tech.	OW	FRKN, UMSH, VMS
Real estate	OW	CIT
REITs (Hospitality)	N	-
REITs (Industrial)	OW	AAREIT, EREIT, CLAR
REITs (Office)	OW	SUN
REITs (Overseas)	OW	SERT, PRIME
REITs (Retail)	N	CICT, SGREIT
SMID Cap		AAREIT, CENT, CSE, FRKN, SERT
Telecoms	N	ST
Transport	OW	CD

Source: RHB

Company Name	Rating	Target (SGD)	% Upside (Downside)	P/E (x) Dec-26F	P/B (x) Dec-26F	ROAE (%) Dec-26F	Yield (%) Dec-26F
CapitaLand Ascendas REIT	Buy	3.20	16.0	15.0	1.2	8.1	5.8
Capitaland Integrated Commercial Trust	Buy	2.69	16.1	17.3	1.1	6.2	5.2
City Developments	Buy	8.50	11.5	20.5	0.7	3.6	2.0
ComfortDelGro	Buy	1.75	22.4	10.7	1.1	10.4	6.5
Raffles Medical	Buy	1.15	13.4	25.2	1.8	7.2	2.5
Singtel	Buy	5.20	14.3	23.0	2.8	12.6	4.4
ST Engineering	Buy	9.40	14.4	26.8	7.4	28.2	2.8
Thai Beverage	Buy	0.62	32.3	10.1	1.8	18.8	5.8

Source: Company data, RHB

Market Outlook

Diverging global growth paths amid shifting structural and policy dynamics

Global growth to accelerate. The global economy's GDP is slated to accelerate to 3.5-3.7% in 2026, up from an estimated 3.2-3.3% in 2025. This improvement reflects resilient consumption, steady investment flows, and investors' continued risk-on appetite, which are likely to remain defining themes. Yield-chasing behaviour will persist as markets adjust to a lower-for-longer interest rate environment, reinforcing demand for equities and alternative assets.

Maintain constructive on US growth. We maintain a constructive view of the US, albeit with caveats. US economic growth is forecast to rise modestly to 2% in 2026 from around 1.9% in 2025. While consumer spending and investment should remain supportive, inflation dynamics will be closely monitored, particularly as tariff-induced price pressures could emerge from a YoY perspective. Risks to the outlook include the potential formation of an artificial intelligence (AI)-driven asset bubble and supply chain strains linked to rare earth materials, which are critical to the US tech and defence industries. If these risks intensify, they could weigh on growth momentum.

Slowdown in China growth. We maintain our view that China's growth ought to slow to 4.5% in 2026 from an estimated 4.8% in 2025. We observe that the Chinese Government's latest 5-Year Plan (2026-2030) – its 15th – has shifted away from setting a GDP growth target but, rather, emphasises on "high-quality development" as the central theme. The absence of a rigid target, unlike other plans, suggests that officials are cognisant of: i) Increased global uncertainty and tariff outlook that could negatively impact China's growth and ii) the East Asian giant's stage of development that could suggest a growth rate of less than 5% over the same period.

We see three reasons why China is unlikely to sustain growth of 5% or more over the medium term. First, structural growth drivers are weakening. The working age population is shrinking and ageing is accelerating, constraining labour supply and productivity. The investment-led growth model has lost traction as returns from property and infrastructure diminish, while household consumption remains weak – at around 40% of GDP – amid high savings and job insecurity. Productivity growth is also slowing, and gains from innovation have yet to offset the drag from legacy sectors. Second, leverage remains a rising constraint. As of 1Q25, total non-financial debt across corporates, households, and the public sector reached 286.5% of GDP, exceeding many global peers. Debt-driven growth persists, with local governments reliant on borrowing, households carrying heavy property-related debt, and repeated rate cuts since 2022 encouraging further leverage. Third, falling property prices pose systemic risks. Real estate represents 60-70% of household assets, and price declines are eroding wealth and confidence, lifting precautionary savings, weakening consumption, and raising default and NPL risks for banks.

The light at the end of the tunnel, however, may be gleaned from China's plan to pivot to developing industries related to new energy, aerospace, advanced materials, and low-altitude economy, while nurturing future industries such as quantum technology, biomanufacturing, hydrogen energy, fusion energy, brain-computer interfaces, and 6G networks. However, Chinese policymakers will likely need to face the reality that the country's traditional high-growth engines – consumption and investment – may face further headwinds in the medium term.

We are cautious on Europe. While GDP growth in the euro area is expected to hover around 1.4-1.5% in 2026, broadly unchanged from 2025, this region remains challenged by a fragile macroeconomic backdrop. Resilient labour markets and accommodative monetary conditions offer some support, but weak consumer confidence and elevated savings continue to constrain household spending. Fiscal policy faces tight trade-offs, with governments seeking to support growth through green and digital investment while managing high debt, consolidation pressures, rising defence commitments, and uneven utilisation of EU recovery funds, limiting the scope for broad based stimulus.

Sectoral risks are intensifying amid global trade frictions and tariff uncertainty. Export-oriented industries such as manufacturing, automotive, and semiconductors remain exposed to potential US protectionism, while energy-intensive sectors face transition-related cost pressures. Tech and renewables are relatively more resilient, supported by decarbonisation targets and incentives. Growth divergence persists across the region, with Germany lagging and Spain outperforming, underscoring structural competitiveness gaps.

Looking into 2026, geopolitical tensions, proximity to the Russia-Ukraine conflict, rising bond yields, and delays in NextGenerationEU or NGEU projects add downside risks. Demographic headwinds further cap potential growth. While inflation is expected to stay near the European Central Bank target, stagflation risks may re-emerge if external shocks intensify, making policy balance increasingly critical.

Figure 1: RHB's real GDP growth forecasts

% YoY	2024	2025F	2026F	2027F
US	2.8	1.9	2.0	2.0
Western Europe	1.0	1.4	1.5	1.5
Japan	0.1	1.3	1.0	1.0
China	5.0	4.8	4.5	4.3
ASEAN				
Indonesia	5.0	5.0	5.0	5.1
Malaysia	5.1	4.7	4.7	4.9
Singapore	4.4	4.0	3.0	3.3
Thailand	2.5	1.8	2.0	2.5

Source: Bloomberg, RHB Economics and Market Strategy (RHB EMS)

Figure 2: RHB's CPI inflation forecasts

% YoY	2024	2025F	2026F	2027F
US	3.0	2.8	3.0	2.5
Western Europe	2.3	2.2	2.0	1.9
Japan	2.7	3.0	2.0	2.0
China	0.2	0.1	0.7	1.0
ASEAN				
Indonesia	2.3	2.0	2.5	2.7
Malaysia	1.8	1.5	1.8	1.9
Singapore	2.4	1.0	1.5	1.8
Thailand	0.4	(0.1)	0.6	1.0

Source: Bloomberg, RHB EMS

Singapore macro remains constructive

2026 GDP growth at 3%. We maintain our Singapore GDP growth forecast at 3% YoY in 2026, following an estimated 4% expansion in 2025. Growth momentum is expected to remain firm, underpinned by resilient external demand. Our earlier call for a stronger 2H25 is materialising, with our in-house auto-regression model indicating 3.6% YoY growth in 2H25, moderating from a stronger-than-expected 4.4% expansion in 1H25. We project GDP growth to edge up to 3.7% YoY in 1Q26 from an estimated 3% in 4Q25. Therefore, our 2026 forecast sits at the upper end of the official 1-3% range.

Our full-year 2026 growth outlook is anchored by improving trade conditions, expected global monetary easing, and solid growth momentum carried over from late 2025. Tariff-related risks are likely to ease, supported by recent exemptions under Annex 2 and the prospect of further measures, alongside moderating US-China tensions. We also expect cumulative policy rate cuts of 50bps by the US Fed in 2026, with other developed and emerging markets following. Domestically, growth momentum from 2H25 should extend into 1H26, supported by resilient consumption, investment activity, and policy support, providing a favourable base for sustained expansion.

Figure 3: Singapore – key economic forecasts

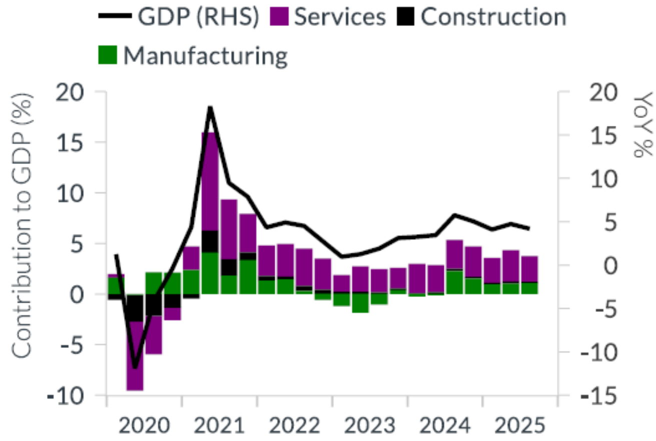
	2025E	2026F	2027F	1H26F	2H26F	1H27F	2H27F
Real GDP growth (% YoY)	4.0	3.0	3.3	3.1	3.0	3.2	3.4
Private consumption	1.4	1.6	1.7	1.8	1.4	1.8	1.7
Government consumption	-	0.4	0.6	0.2	0.5	0.5	0.6
Gross fixed capital formation	1.2	1.0	0.9	1.2	0.9	0.9	1.0
Net exports	1.5	0.4	0.8	0.3	0.6	0.7	0.8
CPI	1.0	1.5	1.8	1.8	1.5	1.8	1.8
Current account balance (% of GDP)	17.0	17.0	17.5	17.0	17.2	17.5	17.5
Fiscal balance (% of GDP)	(0.8)	0.2	(0.1)	0.3	0.1	(0.1)	(0.1)

Source: Bloomberg & CEIC, RHB EMS

Singapore's external demand is expected to remain resilient in 2026, supported by sustained momentum across manufacturing- and trade-related sectors. The outlook has improved on easing tariff risks and continued strength in both electronics and non-electronics industries, particularly in 2H25. Manufacturing should build on its recent upturn, driven by firm global demand for AI-related chips, servers, and broader tech products. Into 2026, activity is likely to be supported by rising exports, spillovers from the global electronics upcycle, and steady regional demand. External trade will remain a key growth pillar, reinforced by structural shifts towards deeper intra-Asian integration. The stronger-than-expected 3Q25 GDP outcome reinforces our view that growth momentum will carry into 4Q25 and 2026. Domestically, modern services should see firmer growth, with gradual global rate cuts lending support to financial services activity.

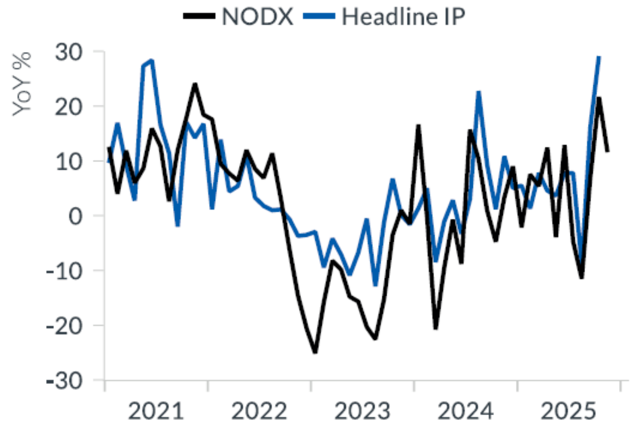
That said, we retain a measured stance on the trade outlook. Uncertainty around potential US pharmaceutical tariffs persist, with exporters awaiting greater clarity on exemptions amid ongoing US capacity expansion. Additional risks include a possible AI-driven market correction and renewed geopolitical tensions linked to rare earth supply chains in 2026. Nevertheless, Singapore's strong fundamentals – supported by regional integration and resilient domestic demand – should provide stability against external shocks. For 2026, we forecast full-year non-oil domestic exports or NODX growth of 3% and industrial production growth of 4%, consistent with our expectation of 3% GDP growth for the year.

Figure 4: Robust performance in manufacturing to further spur Singapore's GDP growth into 2026



Source: RHB EMS

Figure 5: NODX and IP to continue expanding in 2026 amid steady demand

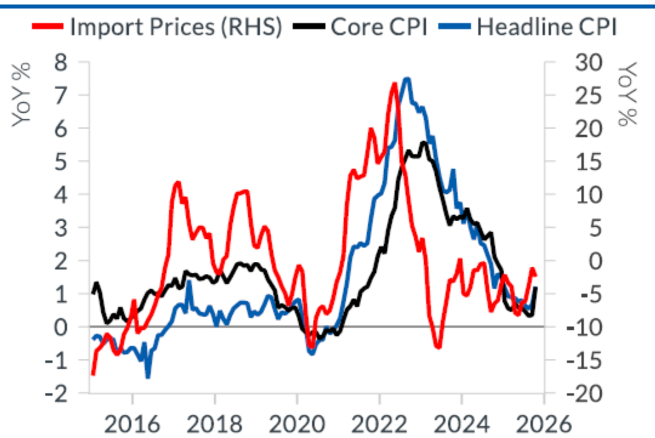


Source: RHB EMS

Inflation to edge higher. Both headline and core inflation are expected to firm to around 1.5% YoY in 2026, from more subdued increases of 1% and 0.7% in 2025. While inflation in 2025 has been softer than initially expected, this does not signal a sustained easing in price pressures. Instead, we anticipate inflation to pick up into the new year and continue rising through 1H26, supported by resilient domestic demand and stable external conditions.

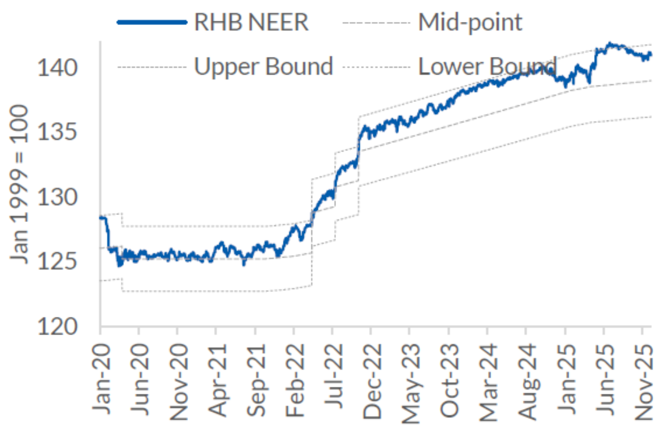
Looking into 2026, upside risks to inflation remain, underpinned by a constructive growth outlook and favourable base effects from 2025. Demand driven pressures are likely to be the primary contributor, with Singapore's strong YTD economic performance reinforcing our expectation of resilient growth through 4Q25 and into 2026. Private consumption is projected to expand to around 5.7% in 1H26, suggesting the recent inflation uptick remains closely linked to firm domestic momentum.

Figure 6: Headline and core prices to gradually rise into 2026



Source: RHB EMS

Figure 7: RHB S$NEER suggests there is further room for SGD to gain against the USD



Source: RHB EMS

Scope for further SGD strength. MAS' policy framework continues to anchor a mild appreciation bias for the SGD, and our SGD nominal effective exchange rate (S$NEER) model indicates that the path of least resistance for USD/SGD remains lower. With USD/SGD around 1.2948, the RHB S$NEER Index sits about 1.43% above the policy midpoint, placing the currency on the stronger side of the band rather than undervalued. Under the prevailing policy configuration – assumed at an effective 0.5% appreciation slope with a ±2% band – there remains scope for further SGD strength should external conditions stay supportive.

A move towards the upper bound would be consistent with USD/SGD easing towards the mid-1.20s, with 1.2659 serving as a reasonable internal reference. This framework continues to limit the risk of sustained SGD weakness and suggests that USD/SGD rallies are likely to be shallow in the absence of a material macro shock.

We maintain a constructive currency outlook that favours a gradual, orderly decline in USD/SGD rather than a sharp adjustment. Singapore's macro fundamentals remain supportive, with growth expected to stay at the upper end of the official range and inflation pressures firming but contained, leaving the current MAS stance appropriate through at least 1H26. This policy continuity, combined with strong external balances and prudent fiscal positioning, underpins confidence in the currency. While external risks remain, Singapore's track record of relative resilience argues for continued outperformance. Overall, the balance of factors points to a controlled medium-term appreciation in the SGD, with USD/SGD trending lower in a measured fashion.

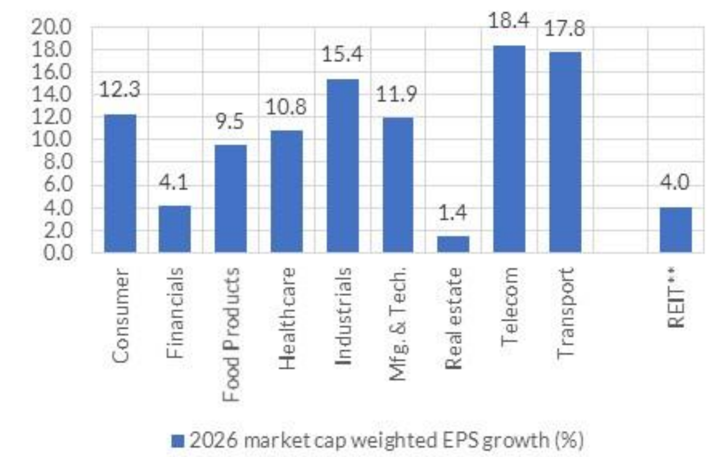
Measured US Fed easing to anchor a gradual decline in SORA. We expect two additional US FFR cuts in 2026, totalling 50bps. Our baseline view is that the US Federal Open Market Committee (FOMC) will retain a broadly dovish bias into 2026, although policy communication is likely to become more nuanced as US Fed Chair Jerome Powell's term concludes in May 2026. RHB Economics & Market Strategy's (RHB EMS) proprietary Taylor Rule model helps explain the degree of dissent observed at recent meetings, as forward-looking inputs do not support a Dec 2025 cut and point to only one cut in 2026. This stands in contrast to market pricing for a faster easing cycle and is broadly aligned with the US Fed's latest dot plot, which remains relatively conservative. As a result, we expect policy divergence and debate around the appropriate pace of easing to persist into 2026, particularly as the FOMC balances inflation expectations against evolving real activity indicators.

From a Singapore rates perspective, a gradual and measured US Fed easing cycle is likely to translate into a downward bias for SORA in 2026, though the pace should remain orderly rather than abrupt. As US policy rates ease, global funding conditions should become more accommodative, exerting downward pressure on domestic money market rates, especially given Singapore's open capital account and exchange rate centred monetary framework. However, with MAS expected to maintain its current policy stance amid firm domestic growth and gradually rising inflation, declines in SORA are likely to be moderate rather than aggressive.

Strong earnings growth in 2026 before moderating in 2027

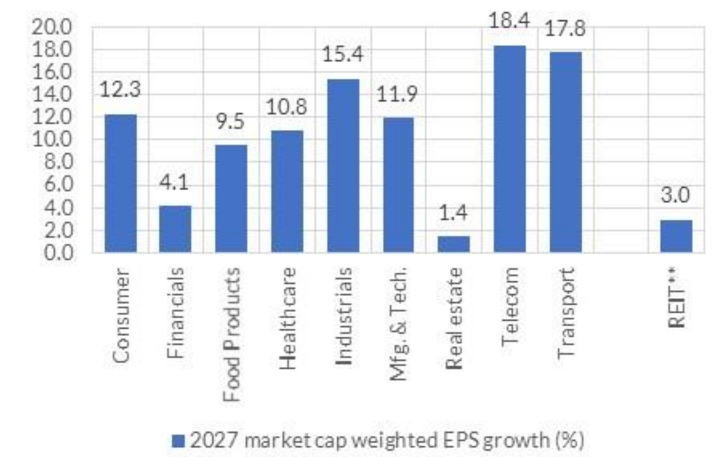
For our coverage universe – excluding the S-REIT sector – we forecast market cap-weighted EPS growth of 7.1% in 2026 and 5.8% in 2027, accelerating from an estimated 2% growth in 2025. For REITs under our coverage, excluding US REITs, we project market cap-weighted DPU growth of 4% in 2026 and 3% in 2027, improving from an estimated 1.9% growth in 2025. Relative to our previous estimates, we have revised down 2026 growth expectations for the financials and food products (plantations) sectors – reflecting a more cautious earnings outlook for these sectors.

Figure 8: 2026F sector EPS growth for RHB's coverage universe



Note: Data as of 17 Dec 2025
Note 2: Data for the REITs sector represents DPS growth and excludes data for US REITs
Source: RHB

Figure 9: 2027F sector EPS growth for RHB's coverage universe



Note: Data as of 17 Dec 2025
Note 2: Data for the REITs sector represents DPS growth and excludes data for US REITs
Source: RHB

Figure 10: MSCI Singapore profit growth by sector

Sector growth	CY25(%)	CY26(%)	CY27(%)
Financials	(7.2)	5.1	5.7
Food Products	10.0	11.6	8.3
Industrials	9.7	16.6	13.0
Technology	104.3	48.1	41.1
Real estate	33.1	14.5	12.1
REIT	(0.5)	6.6	4.1
Telecoms	12.6	18.2	15.9
Transport	(65.8)	(0.6)	5.7
Utilities	(1.1)	6.2	4.9
Total	**(3.6)**	**10.6**	**10.8**

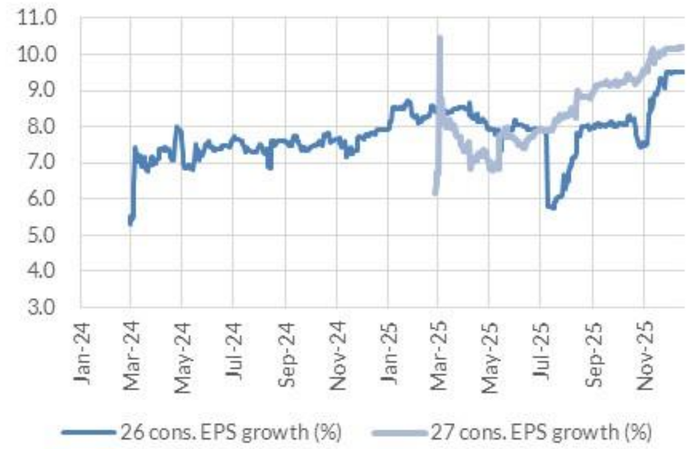
Note: Data as of 17 Dec 2025
Source: MSCI, Bloomberg

Figure 11: MSCI Singapore profit contribution by sector

Sector contribution	CY25 (%)	CY26 (%)	CY27 (%)
Financials	62.0	59.0	56.2
Food Products	4.4	4.5	4.4
Industrials	8.2	8.6	8.8
Technology	7.5	10.0	12.8
Real estate	1.7	1.7	1.7
REIT	3.9	3.8	3.5
Telecoms	7.1	7.6	8.0
Transport	2.6	2.3	2.2
Utilities	2.6	2.5	2.4
Total	**100.0**	**100.0**	**100.0**

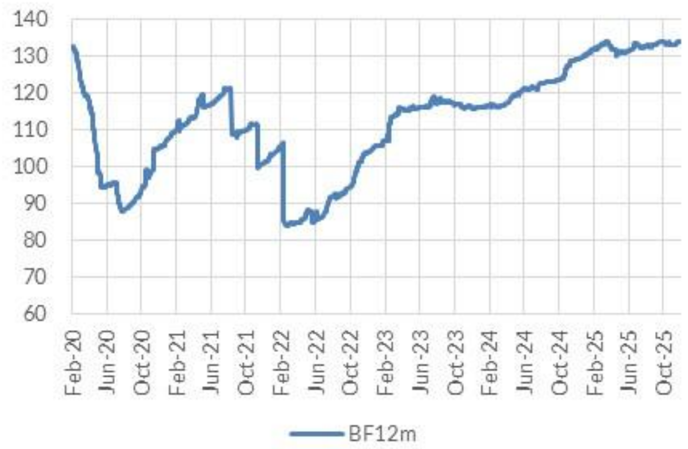
Note: Data as of 17 Dec 2025
Source: MSCI, Bloomberg

Figure 12: MSCI Singapore 2026 and 2027 EPS growth



Note: Data as of 17 Dec 2025
Source: MSCI, Bloomberg

Figure 13: MSCI Singapore blended forward EPS

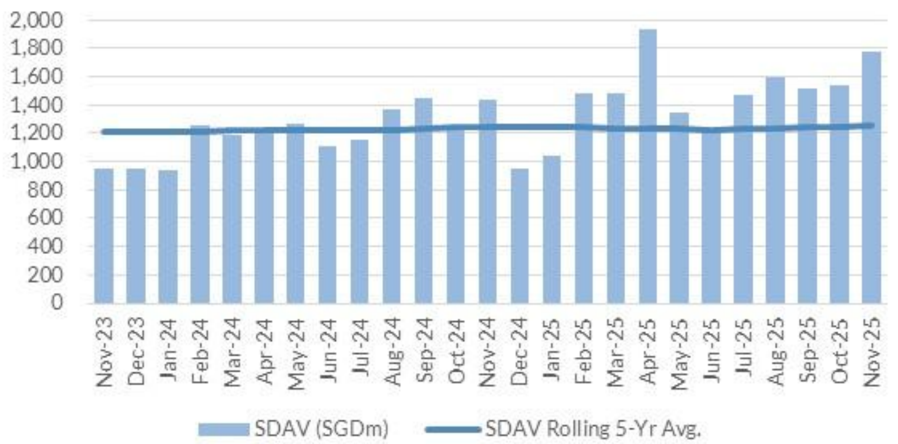


Note: Data as of 17 Dec 2025
Source: MSCI, Bloomberg

Singapore equity market reform measures to continue

Singapore's equity market reform agenda is gaining traction, with policy support beginning to translate into improved market activity. The centrepiece is the SGD5bn EQDP announced in Feb 2025, which is aimed at broadening investor participation beyond large capitalisation stocks by allocating capital to Singapore-based asset managers with strong domestic equity focus. Equity trading liquidity has improved meaningfully since mid-2025, with securities daily average volume (SDAV) remaining above earlier year levels even before the bulk of EQDP funds were fully deployed. As of Nov 2025, around SGD3.95bn had been allocated to nine fund managers, although channel checks suggest only partial drawdowns to date. This points to further scope for liquidity and turnover uplift as deployment continues into 2026.

Figure 14: With exception of Jun 2025, the monthly SDAV for SGX since Feb 2025 has been trending higher than the 5-year rolling average, indicating growing investor interest



Source: SGX, RHB

Primary and secondary market activity has also shown signs of revival. SGX listings picked up in 2025, with stronger retail participation and significantly higher subscription rates vs the 2022-2024 period, reflecting renewed investor engagement. Given the broad mandates of EQDP fund managers, upcoming IPOs and secondary placements are likely to attract incremental institutional attention. Beyond EQDP, MAS has rolled out a comprehensive set of complementary measures, including enhancements to the Global Investor Programme, funding to strengthen the equity research ecosystem, the Value Unlock package, initiatives to attract quality listings, and the launch of the iEdge Singapore Next 50 indices to raise visibility of mid-cap names.

Figure 15: List of policy measures supporting the equity market in 2025

Month	Measures	Details
Feb	First set of measures by the Equities Market Review Group	SGD5bn EQDP; Adjustments to Global Investor Programme with new Single Family Offices (SFOs) to invest >SGD50m in SG equities
May	Streamlining of IPO listing process	Shift to disclosure-based regime
Jul	First set of EQDP fund managers (FM) and improved GEM Scheme	SGD1.1bn allocated to three FMs. Increase in GEMS research funding
Sep	Launch of the iEdge Singapore Next 50 Index	Tracking next 50 largest stocks outside the STI
Nov	Second set of EQDP FMs	SGD2.85bn allocated to six FMs
Nov	Improvements to market structure	Reduction in board lot size
Nov	SGX and Nasdaq = Dual listing	SGD2bn market cap requirement, attempt to mirror listing requirements
Nov	Value Unlock package	SGD30m to improve corporate strategy, investor relations
2Q26	Next set of EQDP FMs	

Source: Bloomberg, RHB

Looking ahead, continued reform momentum should underpin the resilience and competitiveness of Singapore equities into 2026. Market strength will depend on sustained EQDP deployment alongside potential third-party capital crowd-ins, as well as ongoing inflows linked to new single-family offices or SFOs establishing a presence in Singapore. While these measures are not a short-term catalyst for valuation re-rating on their own, they provide a more supportive structural backdrop for liquidity, capital raising, and investor participation. MAS has signalled that market development efforts are ongoing, with a further round of EQDP fund manager appointments expected in 2026 – reinforcing confidence that equity market reforms will remain a policy priority. We expect the next round of EQDP fund manager appointments could come in 2Q26.

Declining rates should continue to support yield plays (eg REITs)

Declining global and domestic interest rate conditions are set to provide a supportive backdrop for yield plays in 2026, with S-REITs among the key beneficiaries. A lower rate environment should translate into easing funding costs, improved interest coverage, and greater balance sheet flexibility – helping to stabilise asset valuations and support a recovery in DPU growth across the sector. For REITs under our coverage (excluding US REITs), we are already projecting market capitalisation weighted DPU growth of 4.0% in 2026F and 3.0% in 2027F, improving from an estimated 1.9% growth in 2025.

Beyond rates, sector fundamentals remain underpinned by Singapore's resilient domestic economy and ample SGD liquidity. S-REIT valuations continue to look attractive, trading close to book value while offering relatively high and stable distribution yields in a market where alternative income options remain limited. A stable SGD and Singapore's safe haven status continue to draw capital from both domestic and offshore investors seeking defensiveness and income visibility, reinforcing S-REITs appeal within diversified portfolios.

Policy initiatives add a further layer of support. The SGD5bn EQDP allows investments into S-REITs, including small- and mid-cap names, potentially improving liquidity and broadening the investor base. The introduction of the iEdge Singapore Next 50 Indices, which include a meaningful representation of S-REITs, should also enhance visibility and trading interest for mid-tier counters. In addition, Singapore's relatively lower tariff exposure and stable operating environment may indirectly support property demand as firms reassess regional footprints. We maintain a constructive sector stance on S-REITs, with a preference for industrial REITs given stronger income resilience. This is followed by office assets where valuations appear more compelling after recent corrections. With financing conditions improving, selected S-REITs are also better positioned to revisit inorganic growth opportunities after a prolonged hiatus, supported by lower cost of capital, improved debt headroom, and targeted portfolio optimisation efforts undertaken during the higher rate period.

Figure 16: Singapore – valuation comparison (i) for REITs under our coverage

Company name	M cap (USDm)	Rating	TP	Upside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	EPSG (%) 1FY	EPSG (%) 2FY	Div. yield (%) 1FY	Div. yield (%) 2FY	DPSG (%) 1FY	DPSG (%) 2FY
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	9.1	9.3	147.7	-2.1	6.7	6.9	3.5	3.2
CDL Hospitality	816	Neutral	0.88	5.7	Dec-25	84.1	52.1	-3.8	61.5	5.5	6.2	-14.1	12.5
CapitaLand International Commercial Trust (CICT)	13,668	Buy	2.69	16.1	Dec-25	17.2	17.3	0.9	-0.7	4.9	5.2	4.5	5.6
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	Dec-25	15.9	15.0	3.4	6.2	5.5	5.8	-0.3	4.5
Elite UK REIT	290	Buy	0.40	11.1	Dec-25	9.2	7.7	3.4	19.7	8.5	8.9	6.2	3.9
ESR REIT	1,692	Buy	3.20	17.6	Dec-25	41.0	12.0	na	242.9	8.2	8.4	5.1	2.3
Frasers Centrepoint	3,591	Buy	2.70	18.2	Sep-26	17.0	17.5	26.4	-2.8	5.5	5.7	2.2	2.0
IREIT Global	297	Buy	0.35	21.1	Dec-25	9.4	5.9	212.7	59.0	7.2	6.6	-29.0	-7.5
Keppel Infrastructure Trust	2,237	Buy	0.55	14.7	Dec-25	47.5	44.6	-4.7	6.3	8.3	8.3	6.5	0.5
Keppel Pacific Oak US REIT	240	Neutral	0.23	0.0	Dec-25	5.0	na	-41.0	-239.7	25.2	10.9	-8.6	-56.9
Keppel REIT	3,029	Neutral	1.05	7.8	Dec-25	17.2	15.9	65.1	7.9	5.5	5.7	-3.1	2.4
Manulife US REIT	131	Neutral	0.07	-9.9	Dec-25	na	3.1	na	na	na	2.5	na	na
Prime US REIT	282	Buy	0.25	27.6	Dec-25	na	7.3	-155.0	na	2.8	6.8	86.5	146.4
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	11.0	10.8	149.2	2.4	8.3	8.5	-6.4	2.8
Starhill Global REIT	1,030	Buy	0.60	4.7	Jun-26	11.5	11.6	0.7	-0.7	6.5	6.5	0.3	0.3
Suntec REIT	3,192	Buy	1.60	14.4	Dec-25	14.8	13.0	104.4	13.2	4.7	4.9	6.7	4.0

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 17: Singapore – valuation comparison (ii) and returns for REITs under our coverage

	M cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	1.2	1.2	13.1	12.7	0.7	0.7	5.7	18.4
CDL Hospitality	816	Neutral	0.88	5.7	Dec-25	0.6	0.6	0.7	1.1	0.8	0.8	0.6	-3.5
CICT	13,668	Buy	2.69	16.1	Dec-25	1.0	1.1	6.2	6.2	0.6	0.6	-0.4	20.2
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	Dec-25	1.2	1.2	7.4	8.1	0.6	0.6	-1.4	7.4
Elite UK REIT	290	Buy	0.40	11.1	Dec-25	0.9	0.9	9.0	10.7	0.7	0.7	2.9	22.0
ESR REIT	1,692	Buy	3.20	17.6	Dec-25	1.0	1.0	1.6	7.3	1.0	1.0	-1.1	6.7
Frasers Centrepoint	3,591	Buy	2.70	18.2	Sep-26	1.0	1.0	5.9	5.8	0.5	0.5	0.9	8.1
IREIT Global	297	Buy	0.35	21.1	Dec-25	0.5	0.4	5.0	7.8	0.6	0.7	-1.7	0.0
Keppel Infrastructure Trust	2,237	Buy	0.55	14.7	Dec-25	4.0	5.2	7.4	10.1	3.7	4.9	1.1	5.6
Keppel Pacific Oak US REIT	240	Neutral	0.23	0.0	Dec-25	0.3	0.3	5.7	-8.6	0.6	0.8	-2.1	12.2
Keppel REIT	3,029	Neutral	1.05	7.8	Dec-25	0.8	0.8	4.5	4.9	0.5	0.5	-8.0	12.1
Manulife US REIT	131	Neutral	0.07	-9.9	Dec-25	0.4	0.3	-11.9	10.8	1.3	1.1	-1.3	-16.9
Prime US REIT	282	Buy	0.25	27.6	Dec-25	0.4	0.4	-0.7	5.2	0.8	0.8	-1.0	14.6
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	0.8	0.8	7.1	7.2	0.8	0.8	4.6	1.3
Starhill Global REIT	1,030	Buy	0.60	4.7	Jun-26	0.8	0.8	6.9	6.7	0.6	0.5	-1.7	15.0
Suntec REIT	3,192	Buy	1.60	14.4	Dec-25	0.7	0.7	4.6	5.2	0.6	0.6	0.7	19.7

Note: Prices are as at 17 Dec 2025
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Singapore Investment Strategy

Theme 1: EQDP screen and our bottom-up small-cap picks

Policy-driven liquidity support under the EQDP is becoming an increasingly important structural tailwind for Singapore small- and mid-cap equities. Initial allocations under the programme have been deployed across selected asset managers with mandates spanning secondary market purchases, IPO participation, and capital raising activity. The launch of new Singapore-focused funds under the scheme signals a clear intent to broaden investor participation beyond index heavyweights and channel incremental flows into quality SMID names. With further manager appointments expected in 2Q26, and existing fund managers yet to deploy the allocated funds, the breadth and persistence of EQDP-related inflows should improve liquidity depth and valuation discovery across a wider segment of the market.

Complementing EQDP, the introduction of the SGX iEdge Singapore Next 50 indices enhances visibility for companies just below the largest benchmark constituents. These indices are designed to support both active and passive investment strategies and could catalyse additional institutional interest, particularly if exchange-traded products are developed around them. Together, these initiatives should help narrow valuation dispersion between large caps and the broader market, while encouraging more consistent fund flows into fundamentally sound mid-tier names.

To capitalise on these structural tailwinds, we have refreshed our screen for high-quality SMID-cap names using the following criteria: i) Exclusion of STI constituents, ii) market capitalisation between SGD300m and SGD3bn, iii) minimum free float of 20%, iv) average daily trading volume (ADTV) of at least USD0.5m over the past 20 sessions, and v) positive trading momentum, defined as the 20-day ADTV exceeding the 3-month average.

The updated results are presented in the table below. For comparison, we have also included stocks that meet the first four quantitative filters but currently exhibit weaker trading momentum, where the 20-day ADTV has fallen below the 3-month average.

Figure 18: Singapore – our updated EQDP screen (sorted by 20-day ADTV exceeding 3-month average)

BBG ticker	Name	M Cap (USDm)	Free float (%)	ADTV USDm (5d)	ADTV USDm (20d)	ADTV USDm (3m)	5D over 20D	20D over 3M
8YZ SP Equity	Yangzijiang Maritime Development	2,285	82.8	5.1	7.7	na	(32.9)	na
CAREIT SP Equity	Centurion Accommodation REIT	1,891	55.9	1.3	3.6	na	(62.8)	na
GALV SP Equity	Gallant Venture	470	23.4	0.6	0.7	0.2	(11.4)	218.7
LKH SP Equity	Low Keng Huat Singapore	543	28.0	0.7	1.2	0.5	(44.1)	119.1
BS SP Equity	Bukit Sembawang Estates	1,235	57.6	0.5	0.8	0.4	(40.5)	114.7
HFC SP Equity	Hong Fok Corp	684	40.9	0.6	1.0	0.5	(34.9)	91.1
MPM SP Equity	Marco Polo Marine	594	56.7	6.0	5.3	3.0	14.0	73.9
SPWG SP Equity	Sunpower Group	459	47.5	0.7	0.8	0.6	(11.5)	38.6
NCL SP Equity	Nam Cheong	334	67.6	1.2	2.2	1.6	(44.1)	34.4
RFMD SP Equity	Raffles Medical Group	1,859	43.6	1.7	1.6	1.3	4.0	29.3
DELFI SP Equity	Delfi	489	47.6	0.5	0.6	0.5	(20.4)	27.4
LREIT SP Equity	Lendlease Global Commercial REIT	1,806	79.0	5.2	8.3	7.0	(37.8)	19.4
CLINT SP Equity	CapitaLand India Trust	1,681	94.4	1.8	2.3	2.0	(19.1)	13.6
HPHT SP Equity	Hutchison Port Holdings Trust	2,363	72.3	0.8	0.9	0.9	(12.1)	0.7
NTTDCR SP Equity	NTT DC REIT	1,324	74.9	3.5	4.5	4.5	(21.5)	0.2
PROP SP Equity	Propnex	1,384	21.7	1.2	2.1	2.2	(44.0)	(5.6)
CSE SP Equity	CSE Global	666	81.8	5.5	4.9	5.2	12.5	(5.9)
SGREIT SP Equity	Starhill Global REIT	1,342	62.1	0.7	0.6	0.6	25.3	(12.8)
CDREIT SP Equity	CDL Hospitality Trusts	1,055	69.0	0.8	0.7	0.8	7.6	(13.0)
AAREIT SP Equity	AIMS APAC REIT	1,210	69.9	1.7	1.8	2.1	(4.7)	(14.0)
HLA SP Equity	Hong Leong Asia	1,661	23.3	1.6	2.3	2.7	(31.3)	(15.6)
KIT SP Equity	Keppel Infrastructure Trust	2,860	81.8	1.5	1.8	2.3	(20.7)	(19.2)
STH SP Equity	StarHub	1,963	33.6	0.9	0.7	0.9	31.8	(20.4)
UOBK SP Equity	UOB-Kay Hian Holdings	2,455	44.5	1.0	0.8	1.0	23.5	(25.1)
PREIT SP Equity	Parkway Life REIT	2,616	66.9	2.0	2.5	3.3	(18.1)	(26.0)
CSSC SP Equity	China Sunsine Chemical Holdings	725	41.1	0.6	0.8	1.1	(26.6)	(28.7)
DCREIT SP Equity	Digital Core REIT Management	842	67.6	1.6	1.2	1.7	33.8	(29.5)
IFAST SP Equity	iFAST Corp	2,830	67.4	5.2	5.7	8.2	(9.8)	(30.1)
WHUR SP Equity	Wee Hur Holdings	662	46.1	1.0	1.5	2.2	(34.6)	(32.6)
EREIT SP Equity	ESR-REIT	2,170	100.0	1.0	1.5	2.3	(31.4)	(34.4)
FEH SP Equity	Food Empire Holdings	1,292	41.4	1.5	1.6	2.7	(7.5)	(41.1)
CLCT SP Equity	CapitaLand China Trust	1,349	58.9	0.6	0.7	1.2	(13.2)	(41.9)
FRKN SP Equity	Frencken Group	577	74.8	2.6	2.7	4.7	(4.1)	(43.5)

CENT SP Equity	Centurion Corp	1,076	26.2	1.0	1.1	2.0	(10.0)	(44.4)
UMSH SP Equity	UMS Integration	981	85.8	3.3	2.9	5.5	11.8	(46.6)
NANO SP Equity	Nanofilm Technologies International	378	47.9	0.9	0.7	1.3	35.5	(46.9)
CNMC SP Equity	CNMC Goldmine Holdings	442	66.1	5.6	3.6	6.9	55.5	(48.0)
SPOST SP Equity	Singapore Post	912	100.0	1.2	1.1	2.3	4.9	(51.9)
CAO SP Equity	China Aviation Oil Singapore Corp	1,282	28.5	0.9	0.7	1.4	30.5	(52.3)
YZJFH SP Equity	Yangzijiang Financial Holding	1,462	88.6	5.6	4.8	10.2	15.0	(52.8)
RSTON SP Equity	Riverstone Holdings	1,267	39.4	1.2	1.1	2.4	5.7	(54.0)
YLLG SP Equity	Yanlord Land Group	1,333	32.2	0.6	0.7	1.5	(7.7)	(56.5)
AEM SP Equity	AEM Holdings	506	80.5	2.9	2.4	6.2	21.1	(62.1)
GERL SP Equity	Geo Energy Resources	609	47.8	0.6	0.8	2.9	(26.3)	(72.0)

Note: Prices are as at 17 Dec 2025
Note 2: Blue highlights are stocks with positive trading momentum, defined as the 20-day ADTV exceeding the 3-month average.
Source: Bloomberg, RHB

From the above list of screened stocks that meet the first four quantitative criteria, the following names fall under RHB's coverage: Marco Polo Marine, Raffles Medical Group, Delfi, CSE Global, Starhill Global REIT, CDL Hospitality Trusts, AIMS APAC REIT, Keppel Infrastructure Trust, StarHub, ESR-REIT, Food Empire Holdings, Frencken Group, Centurion Corp, UMS Integration, and Riverstone Holdings.

Figure 19: Singapore – valuation comparison (i) for preferred EDQP and SMID-cap exposure

	M Cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	**(USDm)**	**Rating**	**TP**	**(%)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	9.1	9.3	147.7	-2.1	6.7	6.9	3.5	3.2
CDL Hospitality	816	Neutral	0.88	5.7	Dec-25	84.1	52.1	-3.8	61.5	5.5	6.2	-14.1	12.5
Centurion Corp	846	Buy	1.86	43.0	Dec-25	9.9	13.9	12.5	-28.6	3.1	3.1	33.3	0.0
CSE Global	524	Buy	1.22	30.2	Dec-25	20.0	15.0	-9.5	33.1	2.3	3.0	-9.5	28.4
Delfi	383	Buy	0.94	16.5	Dec-25	12.3	11.0	-8.2	11.8	3.1	3.9	-21.3	23.0
ESR REIT	1,692	Buy	3.20	17.6	Dec-25	41.0	12.0	na	242.9	8.2	8.4	5.1	2.3
Food Empire	1,017	Buy	2.95	23.1	Dec-25	17.8	15.0	8.5	19.0	3.6	4.1	46.5	14.1
Frencken Group	456	Buy	1.66	20.0	Dec-25	14.5	13.3	9.5	8.9	1.9	2.1	14.5	9.5
Keppel Infrastructure Trust	2,237	Buy	0.55	14.7	Dec-25	47.5	44.6	-4.7	6.3	8.3	8.3	6.5	0.5
Marco Polo Marine	462	Buy	0.14	-12.6	Sep-26	14.4	13.5	46.7	6.8	1.4	1.5	46.9	6.8
Raffles Medical	1,439	Buy	1.15	13.4	Dec-25	28.7	25.2	12.6	13.9	2.4	2.5	4.1	5.3
Riverstone	981	Neutral	0.93	9.0	Dec-25	19.4	18.3	-28.0	6.1	3.7	3.9	-59.0	6.1
Starhill Global REIT	1,030	Buy	0.60	4.7	Jun-26	11.5	11.6	0.7	-0.7	6.5	6.5	0.3	0.3
StarHub	1,506	Neutral	1.19	5.3	Dec-25	17.0	14.1	-18.0	20.7	5.8	6.2	4.8	7.7
UMS Integration	759	Buy	1.86	34.8	Dec-25	21.3	18.2	10.4	17.2	2.2	2.2	-6.3	0.0

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 20: Singapore – valuation comparison (ii) and returns for preferred EDQP and SMID-cap exposure

	M cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	**(USDm)**	**Rating**	**TP**	**(%)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1M**	**YTD**
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	1.2	1.2	13.1	12.7	0.7	0.7	5.7	18.4
CDL Hospitality	816	Neutral	0.88	5.7	Dec-25	0.6	0.6	0.7	1.1	0.8	0.8	0.6	-3.5
Centurion Corp	846	Buy	1.86	43.0	Dec-25	0.9	0.9	9.2	6.3	0.0	0.0	-5.8	35.4
CSE Global	524	Buy	1.22	30.2	Dec-25	2.7	2.1	13.2	15.6	0.2	0.0	-2.1	125.3
Delfi	383	Buy	0.94	16.5	Dec-25	1.4	1.3	11.4	12.1	-0.1	-0.1	-0.6	3.8
ESR REIT	1,692	Buy	3.20	17.6	Dec-25	1.0	1.0	1.6	7.3	1.0	1.0	-1.1	6.7
Food Empire	1,017	Buy	2.95	23.1	Dec-25	3.0	2.8	11.3	19.5	-0.3	-0.2	-8.4	142.4
Frencken Group	456	Buy	1.66	20.0	Dec-25	1.3	1.2	9.1	9.2	-0.2	-0.3	-9.2	22.1
Keppel Infrastructure Trust	2,237	Buy	0.55	14.7	Dec-25	4.0	5.2	7.4	10.1	3.7	4.9	1.1	5.6
Marco Polo Marine	462	Buy	0.14	-12.6	Sep-26	2.2	1.9	16.1	15.1	-0.1	-0.2	45.9	194.4
Raffles Medical	1,439	Buy	1.15	13.4	Dec-25	1.8	1.8	6.5	7.2	-0.2	-0.3	2.5	18.8
Riverstone	981	Neutral	0.93	9.0	Dec-25	2.5	2.4	12.9	13.2	-0.5	-0.5	1.8	-21.6
Starhill Global REIT	1,030	Buy	0.60	4.7	Jun-26	0.8	0.8	6.9	6.7	0.6	0.5	-1.7	15.0
StarHub	1,506	Neutral	1.19	5.3	Dec-25	3.2	3.1	18.8	22.4	1.2	1.1	-0.9	-6.6
UMS Integration	759	Buy	1.86	34.8	Dec-25	2.2	2.1	10.4	11.7	-0.2	-0.2	-2.1	34.0

Note: Prices are as at 17 Dec 2025
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Our preferred small-cap picks. We have refreshed our SMID-cap screen to identify high-quality small-cap names best positioned to benefit from renewed investor interest and structural fund inflows.

Figure 21: Singapore – valuation comparison (i) for preferred small-cap exposure

	M Cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	9.1	9.3	147.7	-2.1	6.7	6.9	3.5	3.2
Centurion Corp	846	Buy	1.86	43.0	Dec-25	9.9	13.9	12.5	-28.6	3.1	3.1	33.3	0.0
CSE Global	524	Buy	1.22	30.2	Dec-25	20.0	15.0	-9.5	33.1	2.3	3.0	-9.5	28.4
Frencken Group	456	Buy	1.66	20.0	Dec-25	14.5	13.3	9.5	8.9	1.9	2.1	14.5	9.5
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	11.0	10.8	149.2	2.4	8.3	8.5	-6.4	2.8

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 22: Singapore – valuation comparison (ii) and returns for preferred small-cap exposure

	M cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	1.2	1.2	13.1	12.7	0.7	0.7	5.7	18.4
Centurion Corp	846	Buy	1.86	43.0	Dec-25	0.9	0.9	9.2	6.3	0.0	0.0	-5.8	35.4
CSE Global	524	Buy	1.22	30.2	Dec-25	2.7	2.1	13.2	15.6	0.2	0.0	-2.1	125.3
Frencken Group	456	Buy	1.66	20.0	Dec-25	1.3	1.2	9.1	9.2	-0.2	-0.3	-9.2	22.1
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	0.8	0.8	7.1	7.2	0.8	0.8	4.6	1.3

Note: Prices are as at 17 Dec 2025
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 2: Undervalued or underappreciated stocks

The undervalued or underappreciated stocks theme focuses on companies where share prices do not fully reflect underlying earnings resilience, recovery potential, or balance sheet strength. These names are typically weighed down by near-term execution issues, sector specific concerns, or broader macroeconomic headwinds, rather than structural deterioration. As market liquidity improves and investor risk appetite broadens into 2026, we see scope for valuation gaps to narrow, particularly for stocks with visible catalysts.

Within our coverage universe, ComfortDelGro stands out as a clear valuation disconnect. Despite delivering resilient earnings, a credible growth outlook, and an above market dividend yield, the stock continues to trade at depressed valuation multiples. We view this as inconsistent with its improving operational momentum, suggesting scope for re-rating as earnings visibility improves.

Raffles Medical Group is another underappreciated name, where investor sentiment remains cautious due to concerns around its China operations. We see upside potential should China hospitals progress towards EBITDA breakeven, alongside optionality from balance sheet optimisation and higher dividend payouts in the absence of near-term large-scale acquisitions.

Thai Beverage also features within this theme, offering above market yield and recovery-driven earnings upside as economic conditions in Thailand and Vietnam gradually improve.

Figure 23: Singapore – valuation comparison (i) for stocks that are undervalued or underappreciated

	M Cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
ComfortDelGro	2,398	Buy	1.75	22.4	Dec-25	12.6	10.7	16.9	17.8	6.0	6.5	9.6	9.9
Raffles Medical	1,439	Buy	1.15	13.4	Dec-25	28.7	25.2	12.6	13.9	2.4	2.5	4.1	5.3
Thai Beverage	9,045	Buy	0.62	32.3	Sep-26	10.2	9.6	9.7	6.5	5.7	6.0	3.6	6.5

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 24: Singapore – valuation comparison (ii) and returns for stocks that are undervalued or underappreciated

	M Cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	**(USDm)**	**Rating**	**TP**	**(%)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1M**	**YTD**
ComfortDelGro	2,398	Buy	1.75	22.4	Dec-25	1.1	1.1	9.2	10.4	0.2	0.1	-2.7	-3.4
Raffles Medical	1,439	Buy	1.15	13.4	Dec-25	1.8	1.8	6.5	7.2	-0.2	-0.3	2.5	18.8
Thai Beverage	9,045	Buy	0.62	32.3	Sep-26	1.9	1.7	18.9	18.5	1.1	1.0	-2.1	-14.7

Note: Prices are as at 17 Dec 2025
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 3: Building exposure in S-REITs

Declining interest rates are set to support a recovery in yield plays in 2026, with S-REITs benefitting from lower funding costs, improved balance sheet flexibility, and a rebound in DPU growth. Attractive valuations near book value, stable yields, and Singapore's safe haven status continue to underpin investor demand amid limited income alternatives. Policy support through the Equity Market Development Programme and enhanced market visibility should further improve liquidity, reinforcing a constructive sector outlook.

We prefer industrial>office>retail>overseas>hospitality, with CapitaLand Ascendas REIT (CLAR), CapitaLand Integrated Commercial Trust (CICT), Frasers Centrepoint Trust (FCT), Suntec REIT (SUN), and AIMS APAC REIT (AAREIT) as our Top Picks.

Figure 25: Singapore – valuation comparison (i) for preferred REITs across subsectors

	M Cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	**(USDm)**	**Rating**	**TP**	**(%)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	9.1	9.3	147.7	-2.1	6.7	6.9	3.5	3.2
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	Dec-25	15.9	15.0	3.4	6.2	5.5	5.8	-0.3	4.5
CICT	13,668	Buy	2.69	16.1	Dec-25	17.2	17.3	0.9	-0.7	4.9	5.2	4.5	5.6
ESR REIT	1,692	Buy	3.20	17.6	Dec-25	41.0	12.0	na	242.9	8.2	8.4	5.1	2.3
Frasers Centrepoint	3,591	Buy	2.70	18.2	Sep-26	17.0	17.5	26.4	-2.8	5.5	5.7	2.2	2.0
Prime US REIT	282	Buy	0.25	27.6	Dec-25	na	7.3	-155.0	na	2.8	6.8	86.5	146.4
Starhill Global REIT	1,030	Buy	0.60	4.7	Jun-26	11.5	11.6	0.7	-0.7	6.5	6.5	0.3	0.3
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	11.0	10.8	149.2	2.4	8.3	8.5	-6.4	2.8
Suntec REIT	3,192	Buy	1.60	14.4	Dec-25	14.8	13.0	104.4	13.2	4.7	4.9	6.7	4.0

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 26: Singapore – valuation comparison (ii) and returns for preferred REITs across subsectors

	M Cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	**(USDm)**	**Rating**	**TP**	**(%)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1M**	**YTD**
AIMS APAC REIT	936	Buy	1.52	2.6	Mar-26	1.2	1.2	13.1	12.7	0.7	0.7	5.7	18.4
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	Dec-25	1.2	1.2	7.4	8.1	0.6	0.6	-1.4	7.4
CICT	13,668	Buy	2.69	16.1	Dec-25	1.0	1.1	6.2	6.2	0.6	0.6	-0.4	20.2
ESR REIT	1,692	Buy	3.20	17.6	Dec-25	1.0	1.0	1.6	7.3	1.0	1.0	-1.1	6.7
Frasers Centrepoint	3,591	Buy	2.70	18.2	Sep-26	1.0	1.0	5.9	5.8	0.5	0.5	0.9	8.1
Prime US REIT	282	Buy	0.25	27.6	Dec-25	0.4	0.4	-0.7	5.2	0.8	0.8	-1.0	14.6
Starhill Global REIT	1,030	Buy	0.60	4.7	Jun-26	0.8	0.8	6.9	6.7	0.6	0.5	-1.7	15.0
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	0.8	0.8	7.1	7.2	0.8	0.8	4.6	1.3
Suntec REIT	3,192	Buy	1.60	14.4	Dec-25	0.7	0.7	4.6	5.2	0.6	0.6	0.7	19.7

Note: Prices are as at 17 Dec 2025
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 4: Stocks offering defensive high dividend yield (ex S-REITs)

The Singapore market provides forward dividend yield of 4.1% (as of 17 Dec), coupled with a relatively stable currency. As the market cap-weighted sector yield for S-REITs under our coverage is 5.7% for 2026F, we screened our coverage universe to hunt for high-yield options outside of REITs, based on the following criteria: i) The stock has a dividend yield of at least 5%, ii) RHB's stock rating is a BUY or – at worst – NEUTRAL, and iii) the company is expected to see a rise in earnings and/or dividends.

Figure 27: Singapore – valuation comparison (i) for non-REIT yield plays

	M Cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Bumitama Agri	1,826	Neutral	1.45	6.6	Dec-25	11.4	10.3	25.1	10.8	5.3	5.8	17.9	8.7
ComfortDelGro	2,398	Buy	1.75	22.4	Dec-25	12.6	10.7	16.9	17.8	6.0	6.5	9.6	9.9
DBS Group	121,332	Buy	59.00	6.8	Dec-25	13.9	14.0	-1.5	-0.3	5.5	5.9	37.7	5.9
First Resources	2,482	Buy	2.55	23.1	Dec-25	7.9	7.6	41.0	4.2	4.9	5.1	36.5	4.2
StarHub	1,506	Neutral	1.19	5.3	Dec-25	17.0	14.1	-18.0	20.7	5.8	6.2	4.8	7.7
Thai Beverage	9,045	Buy	0.62	32.3	Sep-26	10.2	9.6	9.7	6.5	5.7	6.0	3.6	6.5

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 28: Singapore – valuation comparison (ii) and returns for non-REIT yield plays

	M Cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
Bumitama Agri	1,826	Neutral	1.45	6.6	Dec-25	2.0	1.9	18.1	18.7	0.1	0.0	-5.6	55.4
ComfortDelGro	2,398	Buy	1.75	22.4	Dec-25	1.1	1.1	9.2	10.4	0.2	0.1	-2.7	-3.4
DBS Group	121,332	Buy	59.00	6.8	Dec-25	2.2	2.1	16.0	15.4	na	na	2.3	26.3
First Resources	2,482	Buy	2.55	23.1	Dec-25	1.6	1.5	22.0	20.6	0.0	-0.1	-5.0	38.9
StarHub	1,506	Neutral	1.19	5.3	Dec-25	3.2	3.1	18.8	22.4	1.2	1.1	-0.9	-6.6
Thai Beverage	9,045	Buy	0.62	32.3	Sep-26	1.9	1.7	18.9	18.5	1.1	1.0	-2.1	-14.7

Note: Prices are as at 17 Dec 2025
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Sector Outlook, Rating, And Preferred Picks

Figure 29: Sector outlooks, ratings, and preferred picks (i)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Consumer	O/W	We have an OVERWEIGHT call on the consumer sector for its defensive qualities. The midstream segment saw revenue that was generally in line for its latest results, with brand investment seen across companies. Food Empire (FEH) outperformed in earnings, while Thai Beverage (THBEV) missed expectations. We are positive on FEH for its continued growth, led by higher manufacturing capacity coming onstream, while we remain positive on THBEV on its demand recovery and attractive valuation below its long-term mean P/E.	Slower-than-expected pick-up in consumer demand, and rising input and operational costs.	Food Empire Delfi Thai Beverage
Financial Services (Banks)	NEUTRAL	We stay NEUTRAL on the banking sector. We expect sector 2026F PATMI growth to rebound to +4% YoY from -6% YoY in 2025F, although this rebound is underpinned by UOB's earnings recovery (2026F PATMI: +18% YoY) as its credit cost normalises after having accelerated the build-up in performing loan coverage in 2025. For peers DBS and OCBC, we are projecting 2026F PATMI to stay relatively flat. During the recent 3Q25 results briefings, Singapore banks' 2026 guidance suggest a modest operating backdrop ahead, amid low- to mid-single digit loans growth, coupled with some NIM pressure due to further US FFR cuts expected. That said, we note optimism on non-II, especially with the wealth management business amid continued strong liquidity inflows and a low interest rate environment. On asset quality, the banks remain watchful but have not observed any systemic signs of asset quality issues. With bottomline growth expected to be muted, we expect dividends to underpin shareholders returns. Among the banks, we favour DBS as its commitments to its ordinary DPS step-up and capital return DPS gives the stock a 110-140bps dividend yield gap over peers. UOB has retained its 50% ordinary dividend payout but said there are no plans for any further excess capital returns. As for OCBC, it will also complete its capital return dividends in 2025. Investors will need to wait for its 4Q25 briefing to learn if management will lift the ordinary payout and/or unveil another capital return dividend package.	The downside risks are weaker-than-expected macroeconomic conditions (which could lead to softer-than-expected loan growth and asset quality deterioration), lower-than-expected NIMs from sharper policy rate cuts, and weaker-than-expected non-II. Upside risks would mainly be on the operating income side of the equation.	DBS
Food Products (CPO)	NEUTRAL	While we expect CPO prices to remain volatile in 2026F given the ever-changing geopolitical situation, we believe prices are likely to average slightly lower YoY in 2026F vs 2025F. We make no changes to our CPO price assumptions of MYR4,350/tonne for 2025 and MYR4,250/tonne for 2026F. Four main factors to look out for in 2026: i) POSITIVE: *La Nina*? The US Climate Prediction Centre has issued a "*La Niña* Advisory", with a 67% chance that *La Niña* conditions could sustain over the next three months, although we note this probability reduces to 53% in Dec 2025-Feb 2026. Should this occur and affect crop planting and development in South America, it would have an impact on overall soybean output in 2026F. ii) POSITIVE: B50 in Indonesia – implemented on schedule? A full-year implementation of B50 would translate to 17-18m (+4m YoY) of CPO to be utilised for 2026F. Our base case assumption is that B50 would be implemented in 2H25, utilising 2m tonnes of additional PO. iii) NEGATIVE: China-US agreement on soybeans and how it pans out. Should China not keep to its promise, and should US soy exports to the rest of the world slow down due to the loss of price competitiveness with South American soybeans, it could translate to US soybean stocks remaining at extremely high levels going into 2026F. Oil World forecasts end-Aug 2026 global soybean stock/usage ratio of 29.8% in 2026F – a multi-year high. This could then exert pressure on soybean and soybean oil (SBO) prices, which would again make CPO prices less competitive. iv) NEGATIVE: US biofuel policy implementation delay? On pressure from US refiners, the EPA is weighing a plan to delay implementation of the US biofuel mandate increase in order to postpone the withdrawal of fiscal incentives for foreign feedstock/biodiesel until 2027 or 2028. Should this delay take place, the US SBO balance would be less tight than initially expected, translating to lower SBO prices and therefore affecting the competitiveness of CPO negatively. Overall, we expect 2026F to be a more balanced year fundamentally. Our base case assumptions are: No weather extremities, B50 to be implemented from 2H26F resulting in 2m tonnes of additional consumption of PO for biodiesel in Indonesia, slow ramp up of US soybean imports from China, and no delay in US biofuel policy.	Weather and geopolitical risks.	First Resources

Source: Company data, RHB

Figure 30: Sector outlooks, ratings, and preferred picks (ii)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Healthcare	NEUTRAL	The Singapore healthcare sector's fundamentals remain supported by an ageing population and resilient outpatient demand, although earnings growth has normalised following pandemic highs. Public hospital capacity expansion continues to cap pricing power and domestic inpatient growth for private providers. Recent Integrated Shield Plan rider reforms may raise out-of-pocket costs for less critical procedures, potentially shifting marginal demand towards public hospitals or ambulatory care. Competitive regional medical tourism dynamics and persistent cost inflation, particularly labour, remain key headwinds. As such, sector performance will increasingly depend on productivity gains, upgrading of case mix, and disciplined overseas execution rather than domestic price-driven growth. We remain constructive on RFMD, supported by stable Singapore volumes and a strong balance sheet. The key catalyst is China, where losses at its hospitals are narrowing and EBITDA breakeven is targeted for 2026 following cost rationalisation. Capital management is a positive, with an accelerated share buyback programme and an at least 50% dividend payout ratio. While cost pressures and overseas execution risks persist, RFMD offers earnings defensiveness with medium-term upside from its China turnaround.	Tight labour availability, high-cost inflation, loss of medical tourism to Malaysia and Thailand, and the strong SGD relative to ASEAN currencies.	Raffles Medical
Manufacturing and Technology	O/W	Keep OVERWEIGHT on the sector. Growth will be driven by semiconductor recovery, customer order ramp-up, and new product introduction. We view the lowering of US tariff rates for Malaysia from 25% to 19% as positive, as the sector has significant manufacturing and export presence in Malaysia. VMS' valuation remains attractive, trading at 17-18x forward P/E (below peers) and an attractive dividend yield of c.5%. Growth will be driven by differentiated solutions that promote customer stickiness going forward. Although orders FRKN's key customer orders may slow, we are positive over the longer term as it remains a strong beneficiary of the semiconductor sector's growth. Other segments such as medical, industrial automation, and automotive segments should support growth. FRKN trades at a discount to peers. UMSH is a long-term beneficiary of the semiconductor sector's growth. Growth over the short to medium term should be driven by an increase in semiconductor equipment spending, ramp-up in new customer orders, and margin expansion. The stock is valued at a PEG of <1x, with FY24-27F earnings CAGR at 20%.	A later-than-expected pick-up in customer demand would derail our view on the sector.	Frencken, Venture Corp UMS Integration
Real estate	O/W	After a strong run in 2025, during which residential sales (excluding ECs) have already crossed c.10,500 units, we expect 2026 to continue to maintain the momentum, albeit at a slightly moderate pace of 8,500-9,500 units. This comes on the back of the sharp decline in domestic interest rates, resulting in the pricing of fixed-rate loan offerings falling below 2%, coupled with expectation of healthy GDP growth and a strong labour market. On the supply side, the attractive new launch pipeline from the sites sold under the government land sales programme is expected to continue to draw buyers' interest in new launches. For the resale segment, we expect transaction volumes to ease by 0% to -5% YoY from 2025 levels as more buyers turn to new launches and due to widening pricing expectations among sellers and buyers. Residential property prices are expected to increase 1-3% in 2026 after an expected 3% increase for 2025, driven by factors mentioned above. The recent light-touch incremental policy tightening measures have had limited impact on buying demand, which is primarily driven by local buyers with Singaporeans and permanent residents (PR) accounting for c.98% of overall demand. Property developers who are trading at 40-60% discounts to RNAV despite the recent run-up will continue to be the main beneficiaries, with the RNAV trading discount likely to narrow to 25-40% on the back of strong sales momentum as well as policy measures to stimulate and unlock value for SGX companies. While real estate agencies will also be key beneficiaries of the surge in transactions, share prices have run-up and current valuations are slightly rich. We recommend a buy-on-dip strategy for real estate agencies.	Imposition of stringent cooling measures such as a further increase in the Additional Buyers Stamp Duty and a cut in the Loan To Value are key risks as this could dampen buying demand. An unexpected sharp slowdown in the economy or a resurgence of inflation are also potential risks to the sector's performance.	City Developments
Rubber gloves	U/W	Overall, we maintain our UNDERWEIGHT call on the rubber products sector due to: i) Persistent pricing competition in non-US markets, ii) a sluggish demand outlook, iii) glovemakers' inability to raise ASPs, and iv) the effect of a weakening USD. Against this backdrop, we still prefer glovemakers with a sizable proportion of diversified products within their portfolio (ie customised gloves and cleanroom segment exposure), which typically commands higher ASP and margins. Despite this, we highlight that short-term trading opportunities may arise on improving risk-reward perspective given the perceivably low sector valuation of 0.9x FY26F P/BV (-1.5SD from its 3-year mean).	Upside risks: Stronger USD, increase in glove ASPs, faster-than-expected capacity expansions, and lower-than-expected raw material prices.	na

Source: Company data, RHB

Figure 31: Sector outlooks, ratings, and preferred picks (iii)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
S-REITs (Hospitality)	NEUTRAL	Visitor arrivals (YTD-10M25) are up by a marginal 2.5% YoY to 14.3m and are c.10% below pre-pandemic 2019 levels. The growth in visitor arrivals has been on a slightly easing trend since late last year. This could be attributed to a strong SGD, lack of large-scale events (compared to last year), and a slight easing in spending power in 1H. Additionally, corporate business travel has taken a slight hit on the back of economic uncertainty from tariff policies. However, with global economic conditions settling in, we think the outlook for 2026 is brighter, and this could be further augmented by the return of key biennial events such as the Singapore Air Show next year and major concerts, which could further provide demand impetus. Other key demand drivers include the Disney Cruise Line, which is set to sail from Mar 2026 onwards. It also has to be noted that visitor arrivals are still 10% below pre-pandemic levels – providing room for recovery in the coming years. We expect visitor arrivals for 2025 to grow YoY but at a more modest 2-5% or between 16.5-17m. Our estimates are below the Singapore Tourism Board's official estimate of 17-18.5m for the year. Hotel supply is also expected to moderate to c.2% next year with the bulk of increase in supply now behind us. Overall, we expect 2026 to be a slightly better year for hoteliers with revenue per available room (RevPAR) expected to see a 3-5% growth after a slight RevPAR decline in 2025. We expect the average room rates to increase 3-5% next year while occupancy is likely to be more flattish at mid to high 80% levels.	Economic slowdown and continued SGD appreciation, making it less competitive than neighbouring destinations	na
S-REITs (Industrial)	O/W	Singapore's manufacturing PMI has been back in expansionary territory in Sep/Oct after a short few months of contraction, indicating that the initial pessimism on the US tariffs are wearing off. Prior to Mar 2025, Singapore's PMI was on an expansion trend for 20 months. The PMI growth has been well supported by the lynchpin electronics sector, which has been driving optimism for industrial REITs. Mirroring this, in the industrial sector, demand broadly remains in expansion mode across segments, barring some pockets of weakness. At this juncture we believe markets have well-adjusted to new tariff regime and do not expect any further material weakness to industrial sector growth and demand barring any further changes in tariff policies. Singapore, currently being in the region's lowest tariff tier of 10%, will likely be a slight net beneficiary in the region in our view which could result in more regional companies setting up HQ or regional offices here. Broadly, most of the industrial S-REITs continue to post stronger operational metrics, with a firm outlook for most of the sector. The logistics segment in Singapore and overseas (except China) continues to be the bright spot, with healthy rental rate growth and continued demand for high-specification logistics facilities. Industrial sector occupancy and rents have been on an uptrend over the last two years. For 2026, we expect the occupancy to be maintained at the high 80s despite slightly higher incoming supply, and with industrial rents to increase by 1-3%. With sharp rent growth seen over the last few years from an upward market shift, REIT managers are guiding for more moderation in rent growth ahead, with the gap between overall passing and market rents narrowing. Multi-user factories and high-tech industrial spaces have also been performing strongly amid a favourable demand-supply situation. The only sector that is seeing some weakness of late is the Singapore business park space, which has been impacted by higher supply, work-from-home trends, a shift in demand to lower-cost locations, and rationalisation of technology sector demand. This has impacted business park occupancy, particularly at micro-markets, ie Changi Business Park in Singapore's eastern region and Jurong in the west, where overall occupancy rates have been stubbornly low – in the 50-80% range. Recent discussions with REIT managers, however, point to some stabilisation and improvement in demand in these regions. Additionally, the authorities are now seen as more open to changes of use and the repurposing of some of these spaces, considering the evolving market conditions. Overall, we continue to see the industrial sector as a relatively defensive play, offering earnings stability and stable asset value. Among the sub-sectors, we still like logistics, data centres, and flatted factories, which continue to benefit from the shift in market dynamics brought about by supply chain shifts and Singapore's smart nation initiatives.	Sharp slowdown in trade volumes and economic growth. Rising cost pressures for businesses, making Singapore less competitive in the region and globally.	AIMS APAC REIT, ESR-REIT, CapitaLand Ascendas REIT

Source: Company data, RHB

Figure 32: Sector outlooks, ratings, and preferred picks (iv)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
S-REITs (Office)	O/W	Singapore's office sector continues to be one of the key outliers among global developed markets with resilient CBD office occupancy (c.95%) over the last three years and continued steady rent increase. This is on the back of healthy economic growth, the growing allure of Singapore as an offshore wealth hub resulting in more finance and finance-related companies setting up base here, and more stringent return-to-office policies. In addition, core-CBD office supply has been benign and remains muted until 2027. With Singapore's GDP recently being revised slightly higher, we believe the outlook for high-quality office demand will remain relatively resilient. This, coupled with very limited core CBD office supply over the next three years post the recent completion of Keppel South Central, should help mitigate any potential demand weakness from the tariff impact. Based on Colliers data, core CBD Premium and Grade A rents grew by 0.2% QoQ in 3Q25, reaching SGD11.73 per sq ft. Rents were driven by continued momentum in rental growth among premium buildings. However net absorption contracted to -55k sq ft from around 464k sq ft in the previous quarter. CBD office vacancy rates remain tight at 5.6% as at end 3Q25 and Colliers expects it to end 2025 at 5.3%. Fitted spaces are gaining traction as occupiers seek to reduce capex. Knight Frank noted that large-space office movement has been limited, with activity mainly among smaller-space users. While the majority of office occupiers stayed put at existing premises, there was a wave of corporate relocations in 2Q, driven by flight-to-quality moves. This resulted in some reshuffling of office space in several buildings in both the CBD and fringe areas. For 2026, we expect overall office vacancy to remain tight at c.5% factoring in improving economic conditions. Grade-A office rents are expected to rise by 1% to 4% and rental reversions for office landlords are expected to remain positive in mid-to-high single digits.	Sharp slowdown in economy and unanticipated major downsizing or tenant exits.	Suntec REIT
REITs (Overseas)	O/W	The softening of inflation data in the Eurozone has increased the prospects of more aggressive rate cuts by the European Central Bank and Bank of England. In addition, many European countries – in particular Germany – have introduced huge fiscal stimulus spending on sectors, ie infrastructure and defence, to restart the economy and growth, which is positive for real estate demand. While the implementation of US President Donald Trump's tariff policies is likely to slow down growth, it could also accelerate intra-regional trade and cooperation within Europe, resulting in higher demand for sectors like logistics. We also observed a bottoming out of asset values, with stable-to-slight positive increases in valuations seen for most of such assets. With more rate cuts on the cards and an improving economic outlook, this could spark a revival of some of the overseas S-REITs that have been more severely and directly impacted by the effects of higher interest rates when compared to their Singapore peers. The outlook for US office REITs has brightened with office demand starting to pick up on the back of better return-to-office and flight-to-quality trends. Tariff impact on the economy so far has been muted. While financing market conditions have slightly improved, it remains challenging. Capital market and transaction activities in the US commercial market have been making a comeback, indicating that a potential bottom is in sight. A total of three cuts in the interest rate of 25bps each in 2025 are positive for the sector. Overall, we see potential for US office REITs' trading discounts to NAV to narrow further if the US economy continues to perform strongly.	Faltering economy, Spill over of Russia-Ukraine war and potential resurgence of inflation.	Stoneweg European REIT, Prime US REIT

Source: Company data, RHB

Figure 33: Sector outlooks, ratings, and preferred picks (v)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
S-REITs (Retail)	NEUTRAL	Singapore retail sales growth has been on a moderating trend since 1Q24 but the outlook for retail sales has become slightly more optimistic since 2Q25 with the RHB Economics team expecting Singapore's retail sales growth to continue improving towards the year's end and expanding by 2% YoY in 2026. Retail sales rose 4.5% YoY in October, accelerating from a revised 2.7% YoY gain in September. Excluding motor vehicles, retail sales expanded by 3.7% YoY, from a 1.8% YoY growth in the previous month. Singapore's retail sales have grown 2.4% YTD, with positive YoY growth observed consistently since Mar 2025. We expect retail sales growth to remain firm into 1Q26, supported by: i) Festive periods and the 2025 year-end holidays, and ii) a positive economic outlook for Singapore, underpinned by healthy domestic and external conditions. For 2026, retail sales are expected to expand by 2% YoY. A potential risk to the team's constructive view is a domestic slowdown in 2026, as easing yet uncertain global trade tensions continue to dampen external demand. Weaker household spending and softer tourism-related activity could emerge amid rising uncertainty. A moderating labour market, led by slower hiring in trade-related sectors, may further weigh on overall economic momentum. Downtown and Orchard Road mall sales growth has started to ease due to last year's high-base effect and slightly lower visitor spending. Suburban malls, on the other hand, have remained largely resilient — tracking the growth of the broader market. Key challenges for the sector remain higher operational costs for tenants as a result of manpower constraints and elevated inflation, which have had an uneven impact across various retailers. This has led to higher tenant turnover, in our view. We expect the focus for retail landlords to remain on maintaining high occupancy rates, curating their mall tenant mix, and attracting high-quality tenants while being slightly flexible in terms of rent. We expect overall retail sector rent growth to rise to 1% to +4% in 2026, translating to positive mid-single-digit rental reversions for the majority of retail S-REITs.	A sharp slowdown in consumer demand and a faltering economy.	CICT, Starhill Global REIT
Telecoms	NEUTRAL	We see developments on market consolidation decorating industry news flows for the larger part of 2026 with the regulatory decision forthcoming on the Simba- M1 merger. Expectations of market price repairs remain varied, although we do not expect a material shift in market dynamics in the near to medium term, as the mobile network operators (MNO) look to defend/shore up their market share, at the expense of mobile virtual network operators (MVNOs). Broadly, the optimisation of cost remains a key lever for telecoms companies or telcos with more innovative digital solutions introduced and synergies extracted from network virtualisation and the cloudification of IT systems. Singtel remains our preferred sector exposure, on its stronger earnings outlook (stronger ex-Singapore growth), ROIC improvement and sustained shareholder value creation from mid-term capital recycling initiatives. Aside from the committed value realisation dividends (VRD) of 3-6 cents per share, the execution of the value realisation shares buyback (VRSB) programme (up to SGD2bn) offers EPS and DPS upsides in the longer-term.	Competition, weaker-than-expected earnings and lower-than-expected dividends	Singtel
Transport & Industrials	O/W	ComfortDelGro remains an attractive defensive yield play with clear earnings visibility into 2026. We expect mid-teens earnings growth to be driven by sustained margin expansion in UK public transport, improved contract economics, and full-year contributions from recent acquisitions and new rail and bus contracts. The Singapore taxi and private hire segment is stabilising, while overseas operations continue to offset near-term softness in domestic public transport. With more than half of new public transport tenders and over 90% of renewals secured, earnings risk is contained. An above-market FY26 dividend yield underpinned by a strong balance sheet reinforces its appeal. ST Engineering remains a high-quality defensive growth compounder supported by a record orderbook and diversified earnings streams. Profit growth is underpinned by strong momentum in Commercial Aerospace from engine and component MRO demand, resilient Defence and Public Security orders amid elevated global defence spending, and a visible recovery in Urban Solutions and Satcom from the second half of 2025. With 9M25 order wins already surpassing the 2024 full-year achievement, revenue visibility is high. Capital recycling and balance sheet strengthening provide scope for further rerating.	Marked slowdown in global economic growth, and slower-than-expected revival in Singapore and Asian tourism and aviation demand.	ComfortDelGro, ST Engineering

Source: Company data, RHB

Figure 34: Summary of our sector weightings

OVERWEIGHT	NEUTRAL
Consumer	Financials
Industrials	Food products
Mfg. & Tech.	Healthcare
Real estate	REITs (Hospitality)
REITs (Industrial)	REITs (Retail)
REITs (Office)	Telecom
REITs (Overseas)	

Source: RHB

Figure 35: Summary of preferred stocks across sectors

Sector	Preferred picks
Consumer	DELFI, FEH, THBEV
Financials	DBS
Food products	FR
Healthcare	RFMD
Industrials	STE
Mfg. & Tech.	FRKN, UMSH, VMS
Real estate	CIT
REITs (Hospitality)	-
REITs (Industrial)	AAREIT, EREIT, CLAR
REITs (Office)	SUN
REITs (Overseas)	SERT, PRIME
REITs (Retail)	CICT, SGREIT
SMID Cap	AAREIT, CENT, CSE, FRKN, SERT
Telecom	ST
Transport	CD

Source: RHB

Figure 36: Sector valuation comparison (i)

		P/E (x)			EPSG (%)			Div. Yld (%)			DPSG (%)		
Sector name	Rating	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
Consumer	OW	16.7	14.7	14.0	7.3	12.3	6.0	4.1	4.6	4.9	4.0	17.3	5.9
Financials	N	13.7	13.2	12.6	-4.6	4.1	4.5	5.2	5.2	5.3	17.1	-0.7	2.7
Food Products	N	10.9	9.9	9.8	14.6	9.5	0.6	3.4	3.6	3.6	-9.5	6.9	1.4
Healthcare	N	24.9	22.4	19.4	-3.9	10.8	15.0	2.9	3.1	3.4	-21.5	5.6	8.1
Industrials	OW	30.0	26.1	23.7	18.6	15.4	10.4	2.1	2.8	2.5	6.5	34.4	-12.2
Mfg. & Tech.	OW	18.3	16.3	14.6	0.3	11.9	12.3	4.3	4.1	4.3	4.1	-0.5	6.1
Real estate	OW	19.9	19.3	14.4	55.2	1.4	33.5	2.3	2.3	2.7	49.8	-0.2	18.2
REIT	OW	20.3	17.4	16.9	21.1	17.2	3.6	5.6	5.9	6.1	2.5	5.0	5.6
Telecoms	N	27.0	22.8	20.5	12.6	18.4	11.4	4.2	4.4	4.4	13.9	5.3	0.4
Transport	OW	12.6	10.7	9.1	16.9	17.8	18.1	6.0	6.5	7.2	9.6	9.9	9.6

Note: Prices are as at 17 Dec 2025
Note 2: Market cap weighted-averages for stocks under RHB's coverage. REITs excludes the data for US REITs
Source: Bloomberg, RHB

Figure 37: Sector valuation comparison (ii) and returns

		P/BV (x)			ROE (%)			ND/E (x)			Returns			
Sector name	Rating	2025	2026	2027	2025	2026	2027	2025	2026	2027	1M	3M	6M	YTD
Consumer	OW	4.3	3.9	3.5	19.2	25.5	24.5	0.2	0.1	0.1	0.8	8.6	21.2	30.2
Financials	N	2.1	2.0	1.9	14.5	14.4	14.4	-0.4	-0.4	-0.5	2.9	8.0	18.4	18.4
Food Products	N	0.9	0.9	0.8	10.9	10.9	10.2	0.9	0.8	0.8	-6.6	6.3	13.6	8.5
Healthcare	N	2.1	2.0	1.9	9.1	9.6	10.6	-0.3	-0.4	-0.4	2.2	3.3	12.3	2.5
Industrials	OW	7.6	7.1	6.3	36.9	27.5	27.7	1.3	1.1	0.8	-4.0	1.6	9.3	77.1
Mfg. & Tech.	OW	1.7	1.6	1.5	9.2	10.0	10.7	-0.3	-0.4	-0.4	-2.1	7.7	30.6	28.5
Real estate	OW	0.8	0.8	0.7	4.5	4.2	5.3	0.8	0.9	0.8	2.3	6.8	39.4	48.2
REIT	OW	1.1	1.2	1.3	5.9	6.8	7.3	0.8	0.9	1.0	-0.7	-0.3	9.1	12.8
Telecom	N	3.0	2.8	2.7	11.2	12.8	13.7	0.4	0.4	0.4	-6.6	4.5	15.4	46.4
Transport	OW	1.1	1.1	1.0	9.2	10.4	11.8	0.2	0.1	0.0	-2.7	-4.7	0.7	-3.4

Note: Prices are as at 17 Dec 2025
Note 2: Market cap weighted-averages for stocks under RHB's coverage. REITs excludes the data for US REITs
Source: Bloomberg, RHB

Preferred Stocks

Preferred large-cap stocks

Figure 38: Singapore – valuation comparison (i) for preferred large-cap picks

	M cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	Dec-25	15.9	15.0	3.4	6.2	5.5	5.8	-0.3	4.5
CICT	13,668	Buy	2.69	16.1	Dec-25	17.2	17.3	0.9	-0.7	4.9	5.2	4.5	5.6
City Developments	5,270	Buy	8.50	11.5	Dec-25	21.8	20.5	57.1	6.4	2.0	2.0	50.0	0.0
Frasers Centrepoint	3,591	Buy	2.70	18.2	Sep-26	17.0	17.5	26.4	-2.8	5.5	5.7	2.2	2.0
Singtel	58,067	Buy	5.20	14.3	Mar-26	26.3	22.1	15.6	19.1	4.3	4.4	14.7	2.6
ST Engineering	19,826	Buy	9.40	14.4	Dec-25	30.8	26.8	18.4	14.9	2.1	2.8	5.3	35.3
Suntec REIT	3,192	Buy	1.60	14.4	Dec-25	14.8	13.0	104.4	13.2	4.7	4.9	6.7	4.0
Thai Beverage	9,045	Buy	0.62	32.3	Sep-26	10.2	9.6	9.7	6.5	5.7	6.0	3.6	6.5
Venture Corp	3,300	Buy	16.66	12.4	Dec-25	17.9	16.6	-1.7	7.8	5.4	5.1	7.2	-6.7

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 39: Singapore – valuation comparison (ii) and returns for preferred large-cap picks

	M cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	Dec-25	1.2	1.2	7.4	8.1	0.6	0.6	-1.4	7.4
CICT	13,668	Buy	2.69	16.1	Dec-25	1.0	1.1	6.2	6.2	0.6	0.6	-0.4	20.2
City Developments	5,270	Buy	8.50	11.5	Dec-25	0.7	0.7	3.4	3.6	1.0	1.0	4.2	49.1
Frasers Centrepoint	3,591	Buy	2.70	18.2	Sep-26	1.0	1.0	5.9	5.8	0.5	0.5	0.9	8.1
Singtel	58,067	Buy	5.20	14.3	Mar-26	2.9	2.8	11.3	13.0	0.4	0.4	-6.8	47.7
ST Engineering	19,826	Buy	9.40	14.4	Dec-25	7.9	7.4	37.9	28.2	1.4	1.2	-5.3	76.4
Suntec REIT	3,192	Buy	1.60	14.4	Dec-25	0.7	0.7	4.6	5.2	0.6	0.6	0.7	19.7
Thai Beverage	9,045	Buy	0.62	32.3	Sep-26	1.9	1.7	18.9	18.5	1.1	1.0	-2.1	-14.7
Venture Corp	3,300	Buy	16.66	12.4	Dec-25	1.5	1.4	8.3	8.8	-0.5	-0.5	-1.1	12.7

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Preferred small- and mid-cap stocks

Figure 40: Singapore – valuation comparison (i) for preferred small- and mid-cap picks

	M cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Centurion Corp	846	Buy	1.86	43.0	Dec-25	9.9	13.9	12.5	-28.6	3.1	3.1	33.3	0.0
ComfortDelGro	2,398	Buy	1.75	22.4	Dec-25	12.6	10.7	16.9	17.8	6.0	6.5	9.6	9.9
CSE Global	524	Buy	1.22	30.2	Dec-25	20.0	15.0	-9.5	33.1	2.3	3.0	-9.5	28.4
Raffles Medical	1,439	Buy	1.15	13.4	Dec-25	28.7	25.2	12.6	13.9	2.4	2.5	4.1	5.3
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	11.0	10.8	149.2	2.4	8.3	8.5	-6.4	2.8
UMS Integration	759	Buy	1.86	34.8	Dec-25	21.3	18.2	10.4	17.2	2.2	2.2	-6.3	0.0

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 41: Singapore – valuation comparison (ii) and returns for preferred small- and mid-cap picks

	M cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
Centurion Corp	846	Buy	1.86	43.0	Dec-25	0.9	0.9	9.2	6.3	0.0	0.0	-5.8	35.4
ComfortDelGro	2,398	Buy	1.75	22.4	Dec-25	1.1	1.1	9.2	10.4	0.2	0.1	-2.7	-3.4
CSE Global	524	Buy	1.22	30.2	Dec-25	2.7	2.1	13.2	15.6	0.2	0.0	-2.1	125.3
Raffles Medical	1,439	Buy	1.15	13.4	Dec-25	1.8	1.8	6.5	7.2	-0.2	-0.3	2.5	18.8
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	Dec-25	0.8	0.8	7.1	7.2	0.8	0.8	4.6	1.3
UMS Integration	759	Buy	1.86	34.8	Dec-25	2.2	2.1	10.4	11.7	-0.2	-0.2	-2.1	34.0

Note: Prices are as at 17 Dec 2025
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Investment theses for our preferred picks

Figure 42: Investment theses for our sector BUY ideas (i)

Stock	Investment thesis	Investment risks
Consumer		
Delfi (DELFI SP)	• Strong market leadership in Indonesia • Beneficiary of growing chocolate consumption in Indonesia • Growth driven by higher sales to customers regionally and elevated margins from lower cocoa prices • Long-term takeover target given its strong distribution network and market share in Indonesia	• Lower-than-expected chocolate consumption in Indonesia, an increase in raw material prices
Food Empire (FEH SP)	• Growth driven by key markets in Russia, Ukraine, Kazakhstan, the Commonwealth of Independent States or CIS, and ASEAN • More production facilities, which will boost sales volumes • Malaysia's snack production has expanded in 1H25, new Kazakhstan factory to open in FY25, and new freeze-dried soluble coffee facility in Vietnam and nascent India production to open by FY28	• Disruption in operations due to the Russia-Ukraine conflict • Higher coffee input prices • Negative effects of the RUB and CIS currencies
Thai Beverage (THBEV SP)	• Strong market leadership in Thailand and Vietnam • Beneficiary of Thailand's economic recovery, improving consumer confidence, and the return of tourist visitors to Vietnam • Growth, driven by better sales volumes, will be aided by more marketing and promotional spending as consumption recovers • Valuation is undemanding at -2SD from its historical forward mean P/E	• Later-than-expected demand recovery in Thailand and Vietnam
Banks/Financials		
DBS (DBS SP)	• YTD earnings have held up relatively more resilient than peers, thanks to balance sheet growth and hedges put in place • Looking ahead to 2026, DBS has guided for PATMI to be slightly below 2025 levels. It remains optimistic on non-II, especially its wealth business, and thinks this can cushion the impact of lingering NIM pressures from lower US FFR and SORA. It has also guided for a normalised specific provision charge of 17-20bps • DBS has reaffirmed that the SGD0.24 step-up in annual DPS will be in place for 2026, which provides investors with strong dividend visibility. It is also committed to continue with the 15 SG cents per quarter capital return DPS in 2026 and 2027. Collectively, this gives DBS a 110-140bps dividend yield gap over peers	• Adverse changes to dividend policy, which could be due to regulatory or macroeconomic conditions • Weaker-than-expected income with NIM and non-II as potential culprits • Sharper-than-expected deterioration in asset quality
Food Products		
First Resources (FR SP)	• Inexpensive valuations • Organic growth driven by new landbank acquisitions (recent acquisition of Austindo Nusantara Jaya (ANJT IJ, NR) would add 25% to its current landbank) • Expansion of downstream assets to benefit from the B40 biodiesel mandate	• Weather • Geopolitical risks • Policy risks
Healthcare		
Raffles Medical (RFMD SP)	• Double-digit earnings growth during 2025F-2027F • Healthcare revenue expected to exceed pre-pandemic levels • Hospital revenue to be boosted by China • Improvement in margins as its China operations move towards EBITDA breakeven • Valuation is at a discount to regional peers	• Higher operating costs leading to margin pressure • Delays in China hospital achieving EBITDA breakeven • Elevated losses in the insurance business

Source: Company data, RHB

Figure 43: Investment theses for our sector BUY ideas (ii)

Stock	Investment thesis	Investment risks
Industrials		
ST Engineering (STE SP)	• Our 2029 forecasts are more conservative than STE's guidance of an 8.6% revenue CAGR and up to a 13.6% profit CAGR for 2024-2029F • Record-high orderbook that provides close to three years of revenue visibility • Expect quarterly dividends to continue rising during the forecast period • Growth in earnings driven by strong aviation MRO work, which will benefit the Commercial Aerospace (CA) segment. Contributions from TransCore and the restructuring of the Urban Solutions & Satcom (USS) segment should boost growth • Upside risks to our estimates include stronger international defence performance amid rising global budgets, and successful aviation asset management transition to a fund model. Additional upside may come from potential M&A	• Slower recovery in global aviation traffic and demand as well as weak margins for the CA segment • Weaker-than-estimated contribution from the USS segment
Manufacturing & Tech.		
CSE Global (CSE SP)	• Growth to be driven by the electrification and communications segments, as well as by M&A • Robust orderbook of SGD467m, from the electrification, automation, and communication segments • USD1.5bn of orders from Amazon in the next five years will fuel revenue growth going forward • Growth is expected to be supported by both acquisitions and growing orderbook organically with higher-return projects • Expect acquisitions to continue especially in the communications business in the US	• Cost overruns in existing projects • Poor management of tenders and inability to anticipate project cost increases
Frencken Group (FRKN SP)	• The semiconductor business' outlook remains positive, with longer-term growth supported by new business opportunities from improved and larger manufacturing facilities in Singapore and the US • Exposure to US market is minimal at only 10% • Growth over the immediate term will be led by medical, industrial automotive, and automotive segments • Positive on FRKN's long-term growth as its key customer is a strong beneficiary of the semiconductor sector's growth	• Later-than-expected demand recovery
UMS Integration (UMSH SP)	• UMSH is a long-term beneficiary of the semiconductor sector's growth • Growth over the short to medium term should be driven by an increase in semiconductor equipment spending, ramp-up in new customer orders, and margin expansion • The stock is valued at a PEG of <1x, with FY24-27F earnings growth CAGR at 20%	• Later-than-expected demand recovery • Slow progress of a new customer order ramp-ups • Geopolitical supply chain shifts
Venture Corp (VMS SP)	• We like VMS for its strong net cash balance sheet, consistent DPS payout, cash-generative business model, and attractive dividend yield • We see the lowering of US tariff rates for Malaysia from 25% to 19% as positive for the firm • Growth is driven by customer order ramp-ups, new product introductions, leveraging on design capability, strong supply chain, and a focus on high-value solutions in markets outside of the US • The stock trades at 17-18x forward P/E, below peers, with dividend yield at c.5%	• Weaker- or later-than-expected recovery in customer orders and demand
Real Estate		
Centurion Corp (CENT SP)	• Successful listing of Centurion Accommodation REIT (CAREIT SP, NR) has unlocked further value for CENT's shareholders. Stock price now includes CAREIT priced at market value • CENT to focus more on higher-return property development projects and acquisitions with the cash received from CAREIT's spin-off • We believe CENT could venture its acquisitions and property development projects into new markets including the Middle East • Growth also rests on its remaining properties' performance, driven by capacity expansion, and better bed and occupancy rates	• Poor occupancy of purpose-built student accommodation assets and bed rates
City Developments (CIT SP)	• Strong momentum in Singapore residential sales and healthy unbilled sales revenue from launched projects. • Active focus on divestments with c.SGD2bn in divestments made YTD to ease gearing pressure • Lower interest costs anticipated with easing of SGD interest rates • Trading at attractive >50% discount to RNAV	• Stringent residential cooling measures derailing sales momentum in Singapore • Failure to lower debt levels and ease gearing pressure • FX risks and resurgence of corporate governance issues

Source: Company data, RHB

Figure 44: Investment theses for our sector BUY ideas (iii)

REITs		
Stock	**Investment thesis**	**Investment risks**
AIMS APAC REIT (AAREIT SP)	• High-quality industrial REIT portfolio with predominantly Singapore logistics assets and Australian assets on long leases • Earnings recovery will be driven by strong double-digit rent growth (>c.20%) for the logistics portfolio, coupled with steady occupancy increases • There is good potential to enhance portfolio value from asset enhancements • Attractive c.7% yield	• AUD FX risk • Persistent inflationary pressures and delays in interest rate cuts • Unanticipated shifts in supply chain from rising geopolitical tensions
CICT (CICT SP)	• The largest listed S-REIT proxy to the domestic market with a high-quality portfolio of mostly Singapore office and retail assets • Beneficiary of improving domestic fund flows and falling SORA interest rates • Healthy positive rent reversions are expected for its Singapore office and retail assets • A strong and capable sponsor with good quality pipeline assets	• Sharp slowdown in Singapore economy • Persistent inflation resulting in consumer demand cutbacks and weaker margins for retailers, resulting in weaker demand
CapitaLand Ascendas REIT (CLAR SP)	• The largest industrial REIT with diversified exposure to business parks, logistics, and hi-tech industrial spaces • Growing exposure to in-demand data centre and logistics segment • Organic growth from asset redevelopment, higher occupancy rates, and rental improvement • Backed by a strong and experienced sponsor	• Persistent inflationary pressures and delays in interest rate cuts • Prolonged weakness in Singapore's business parks space
ESR REIT (EREIT SP)	• A growing mid-cap industrial REIT with a focus on logistics assets in Singapore, Australia, and Japan. • Active divestments over the last few years and redeploying capital into longer-lease assets and asset enhancements • Trading at discount to book value and offering attractive yields.	• Shorter land leases on c.15% of its assets resulting in valuation losses • Increase in industrial land supply in Singapore • Negative impact from US President Donald Trump's tariff policies
Frasers Centrepoint (FCT SP)	• A pure play on the resilient Singapore suburban retail sector with the largest overall market share • Malls are well located with dominant positioning and in areas with a good catchment of population • Experienced management and strong sponsor	• Inflationary cost pressures on retail tenants and shoppers • Rising threat from omni-channel strategies by retailers and food delivery platforms
IREIT Global (IREIT SP)	• Signing of major office lease at Berlin campus redevelopment and monetisation of partial stake • Office leasing momentum showing signs of recovery across markets • Trading at c.50% discount to book value and DPU recovery expected from FY27	• Failure or delay in signing key office leases at Berlin campus redevelopment • Key markets Germany, France, and Spain slipping into recession • Increase in gearing levels
Stoneweg European Stapled Trust (SERT SP)	• A pan-European REIT with a good mix of logistics and prime office assets • A strong and capable management team with proven leasing capabilities and an under-rented portfolio of assets • Value-added strategies include data centre development fund, asset redevelopment and recycling assets to produce higher yields • Beneficiary of expected sharp interest rate cuts by the European Central Bank	• Eurozone economy entering into a recession • Resurgence of inflation pressures in euro area • Escalations in the Russia-Ukraine war and its effects spilling over into the region
Starhill Global REIT (SGREIT SP)	• Recovery across Singapore's Orchard Road retail assets post pandemic, with limited new supply and higher visitor arrivals • A balanced mix of master leases and an actively managed portfolio • Prudent on capital management, keeping gearing below 40% and refraining from acquisitions, and a high debt hedge (79%) • Attractive valuations of c.0.8x P/BV and c.6% yield	• Sharp decline in tourist spend and a cutback in discretionary spending • Rising SGD and FX impact from overseas income
Suntec REIT (SUN SP)	• High-quality Grade-A office assets in Singapore, Australia, and the UK • Positive rental reversion is set to continue for both office and retail portfolio, with low expiring rents and high occupancy levels to be maintained • Key beneficiary of falling SORA and upside from tax savings in the UK • Trading at >30% discount to book value	• FX risks and a resurgence in interest rates • Unexpected sharp cutbacks in office demand from a slowdown in the economy

Source: Company data, RHB

Figure 45: Investment theses for our sector BUY ideas (iv)

Telecom		
Singtel (ST SP)	• Decent core earnings CAGR of 14% for FY26-28F, supported by robust EBIT growth at Optus, NCS, and Digital Infraco, and stronger associate contributions (Airtel) • Achieved >60% of mid-term capital recycling target of SGD9bn (1HFY26 (Mar)) • Strong capital management funnel of over SGD10bn from the potential divestment of Airtel shares alone • Market consolidation in Singapore would ease competitive pressures and contribute to price reparation in the medium to longer term • Cost-out programme tracking in line with another SGD200m in indirect cost savings targeted for FY26F, primarily at Optus • Strong balance sheet with net debt/EBITDA of 1.3x	• Competition across mobile markets • Weaker-than-expected earnings and dividends • SGD strength
Transport		
ComfortDelGro (CD SP)	• Mid-teen earnings CAGR during 2024-2027 • Above-market yield of over 6% • Continued improvement in UK public transport margins • Contributions from Australian bus tender wins • Contributions from the acquisition of A2B as well as Addison Lee • Expect to see contributions from an improving China taxi business	• Lower-than-expected contributions from acquisitions • Weaker-than-estimated margins for overseas businesses

Source: Company data, RHB

Valuation Of Stocks Under RHB's Coverage

Figure 46: RHB's coverage universe (by sector) (i)

Company name	M Cap (USDm)	Rating	Target price	Upside/ down. (%)	P/E (x) 2026	P/E (x) 2027	EPSG (%) 2026	EPSG (%) 2027	Div. yield (%) 2026	Div. yield (%) 2027	DPSG (%) 2026	DPSG (%) 2027
DFI Retail Group	5,388	Buy	4.25	6.9	19.3	18.2	12.4	5.8	3.6	3.8	37.8	5.8
Delfi	383	Buy	0.94	16.5	11.0	9.1	11.8	20.8	3.9	4.7	23.0	20.8
Food Empire	1,017	Buy	2.95	23.1	15.0	14.2	19.0	5.8	4.1	4.3	14.1	4.5
Japan Foods	23	Neutral	0.26	55.7	6.5	na	43.8	na	5.3	na	60.7	na
Sheng Siong	2,979	Buy	2.72	6.2	21.2	20.7	19.9	2.4	3.3	3.4	19.9	2.4
Thai Beverage	9,045	Buy	0.62	32.3	10.1	9.4	8.9	6.7	5.8	6.1	4.3	6.7
Consumer	**18,835**				**14.7**	**14.0**	**12.3**	**6.0**	**4.6**	**4.9**	**17.3**	**5.9**
DBS	121,332	Buy	59.00	6.8	14.0	13.4	-0.3	4.1	5.9	5.9	5.9	0.0
OCBC Bank (OCBC)	67,564	Neutral	18.70	-3.8	11.6	11.3	1.4	2.3	4.5	4.6	-11.7	2.9
Singapore Exchange	13,849	Neutral	17.90	7.1	24.1	22.2	12.5	8.8	3.0	3.4	20.2	12.3
United Overseas Bank (UOB)	44,326	Neutral	36.10	4.2	10.2	9.5	17.5	7.2	4.9	5.3	-8.3	7.0
Financials	**247,070**				**13.2**	**12.6**	**4.1**	**4.5**	**5.2**	**5.3**	**-0.7**	**2.7**
Bumitama Agri	1,826	Neutral	1.45	6.6	10.3	11.5	10.8	-10.2	5.8	5.3	8.7	-8.4
First Resources	2,482	Buy	2.55	23.1	7.6	7.8	4.2	-2.8	5.1	5.0	4.2	-2.8
Golden Agri	2,798	Neutral	0.29	1.8	7.9	7.9	-5.8	-1.0	2.0	2.0	-5.8	-1.0
Wilmar International (Wilmar)	14,642	Neutral	3.00	-1.0	10.6	10.3	13.2	2.8	3.4	3.5	9.5	3.8
Food Products	**21,747**				**9.9**	**9.8**	**9.5**	**0.6**	**3.6**	**3.6**	**6.9**	**1.4**
Raffles Medical	1,439	Buy	1.15	13.4	25.2	21.6	13.9	16.6	2.5	2.6	5.3	5.0
Riverstone	981	Neutral	0.93	9.0	18.3	16.2	6.1	12.6	3.9	4.4	6.1	12.6
Healthcare	**2,420**				**22.4**	**19.4**	**10.8**	**15.0**	**3.1**	**3.4**	**5.6**	**8.1**
HRnetGroup	557	Buy	0.85	16.0	12.7	11.0	15.0	14.9	5.6	5.6	0.0	0.0
ISOTeam	45	Neutral	0.08	5.2	6.6	5.4	61.4	23.9	4.5	5.6	76.1	23.9
Marco Polo Marine	462	Buy	0.14	-12.6	14.2	13.2	33.5	7.1	1.4	1.5	33.7	7.1
ST Engineering	19,826	Buy	9.40	14.4	26.8	24.3	14.9	10.3	2.8	2.4	35.3	-13.0
Industrials	**20,891**				**26.1**	**23.7**	**15.4**	**10.4**	**2.8**	**2.5**	**34.4**	**-12.2**
CSE Global	524	Buy	1.22	30.2	15.0	12.3	33.1	21.6	3.0	3.6	28.4	21.7
Frencken Group	456	Buy	1.66	20.0	13.3	12.2	8.9	9.4	2.1	2.3	9.5	8.9
UMS Integration	759	Buy	1.86	34.8	18.2	14.1	17.2	28.5	2.2	2.6	0.0	20.0
Venture Corp	3,300	Buy	16.66	12.4	16.6	15.4	7.8	7.5	5.1	5.1	-6.7	0.0
Mfg. & Tech.	**5,039**				**16.3**	**14.6**	**11.9**	**12.3**	**4.1**	**4.3**	**-0.5**	**6.1**
APAC Realty	220	Neutral	0.80	41.6	10.4	10.1	-1.6	2.4	7.3	7.1	-6.7	-2.9
Centurion Corp	846	Buy	1.86	43.0	13.9	12.1	-28.6	14.6	3.1	3.5	0.0	12.5
City Developments	5,270	Buy	8.50	11.5	20.5	14.9	6.4	37.8	2.0	2.4	0.0	20.0
Real estate	**6,336**				**19.3**	**14.4**	**1.4**	**33.5**	**2.3**	**2.7**	**-0.2**	**18.2**
AIMS APAC REIT	936	Buy	1.52	2.6	9.2	9.1	15.4	0.9	6.8	7.0	3.3	2.6
CDL Hospitality	816	Neutral	0.88	5.7	52.1	44.8	61.5	16.2	6.2	6.4	12.5	4.7
CICT	13,668	Buy	2.69	16.1	17.3	16.7	-0.7	3.5	5.2	5.4	5.6	3.0
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	15.0	13.4	6.2	11.7	5.8	6.0	4.5	3.9
Elite UK REIT	290	Buy	0.40	11.1	7.7	10.1	19.7	-23.6	8.9	9.4	3.9	6.0
ESR REIT	1,692	Buy	3.20	17.6	12.0	11.4	242.9	5.1	8.4	8.4	2.3	0.4
Frasers Centrepoint	3,591	Buy	2.70	18.2	17.2	17.2	17.7	-0.1	5.6	5.7	2.1	1.8
IREIT Global	297	Buy	0.35	21.1	5.9	9.1	59.0	-34.6	6.6	8.8	-7.5	32.4
Keppel Infrastructure Trust	2,237	Buy	0.55	14.7	44.6	44.3	6.3	0.8	8.3	8.4	0.5	0.5
Keppel Pacific Oak US REIT	240	Neutral	0.23	0.0	4.0	3.6	93.1	9.7	3.3	7.5	na	127.9
Keppel REIT	3,029	Neutral	1.05	7.8	15.9	16.5	7.9	-3.3	5.7	5.7	2.4	1.2
Manulife US REIT	131	Neutral	0.07	-9.9	3.1	2.5	na	23.0	2.5	16.0	na	537.0
Prime US REIT	282	Buy	0.25	27.6	7.3	4.7	na	53.8	6.8	9.7	146.4	41.2
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	10.8	10.1	2.4	6.1	8.5	8.8	2.8	3.1
Starhill Global REIT	1,030	Buy	0.60	4.7	11.6	11.5	0.0	0.5	6.5	6.5	0.3	1.2
Suntec REIT	3,192	Buy	1.60	14.4	13.0	14.6	13.2	-10.7	4.9	5.0	4.0	2.7
REIT	**42,330**				**17.4**	**16.9**	**17.2**	**3.6**	**5.9**	**6.1**	**5.0**	**5.6**
Singtel	58,067	Buy	5.20	14.3	23.0	20.7	18.3	11.3	4.4	4.4	5.3	0.4
StarHub	1,506	Neutral	1.19	5.3	14.1	12.2	20.7	15.9	6.2	6.2	7.7	0.0
Telecom	**59,573**				**22.8**	**20.5**	**18.4**	**11.4**	**4.4**	**4.4**	**5.3**	**0.4**
ComfortDelGro	2,398	Buy	1.75	22.4	10.7	9.1	17.8	18.1	6.5	7.2	9.9	9.6
Transport	**2,398**				**10.7**	**9.1**	**17.8**	**18.1**	**6.5**	**7.2**	**9.9**	**9.6**

Note: Prices are as at 17 Dec 2025
Source: Company data, RHB

Figure 47: RHB's coverage universe (by sector) (ii)

Company name	M Cap (USDm)	Rating	Target price	Upside/ down. (%)	P/BV (x) 2026	P/BV (x) 2027	ROE (%) 2026	ROE (%) 2027	ND/E (x) 2026	ND/E (x) 2027	Returns 3M	Returns 6M	Returns YTD
DFI Retail Group	5,388	Buy	4.25	6.9	6.8	6.0	37.0	35.0	-0.9	-0.9	19.9	48.0	72.3
Delfi	383	Buy	0.94	16.5	1.3	1.2	12.1	13.7	-0.1	-0.1	5.9	8.7	3.8
Food Empire	1,017	Buy	2.95	23.1	2.8	2.7	19.5	19.6	-0.2	-0.2	-7.3	32.6	142.4
Japan Foods	23	Neutral	0.26	55.7	0.8	na	13.0	na	-0.5	na	-6.7	-18.5	-48.6
Sheng Siong	2,979	Buy	2.72	6.2	5.8	5.4	29.0	26.9	-0.8	-0.7	20.2	35.4	56.1
Thai Beverage	9,045	Buy	0.62	32.3	1.8	1.7	18.8	18.4	1.1	0.9	0.0	0.0	-14.7
Consumer	**18,835**				**3.9**	**3.5**	**25.5**	**24.5**	**0.1**	**0.1**	**8.6**	**21.2**	**30.2**
DBS	121,332	Buy	59.00	6.8	2.1	2.1	15.4	15.5	na	na	7.3	24.2	26.3
OCBC	67,564	Neutral	18.70	-3.8	1.3	1.3	11.7	11.3	na	na	16.7	20.8	16.5
Singapore Exchange	13,849	Neutral	17.90	7.1	7.1	6.6	29.4	29.6	-0.4	-0.5	-1.4	17.8	31.2
UOB	44,326	Neutral	36.10	4.2	1.1	1.0	10.9	11.0	na	na	-0.5	-0.8	-4.6
Financials	**247,070**				**2.0**	**1.9**	**14.4**	**14.4**	**-0.4**	**-0.5**	**8.0**	**18.4**	**18.4**
Bumitama Agri	1,826	Neutral	1.45	6.6	1.9	1.7	18.7	15.6	0.0	-0.1	20.4	76.6	55.4
First Resources	2,482	Buy	2.55	23.1	1.5	1.4	20.6	18.2	-0.1	-0.2	24.0	42.8	38.9
Golden Agri	2,798	Neutral	0.29	1.8	0.5	0.5	19.9	18.7	0.2	0.1	-5.0	14.0	7.5
Wilmar	14,642	Neutral	3.00	-1.0	0.7	0.7	6.6	6.6	1.2	1.2	3.8	0.7	-2.3
Food Products	**21,747**				**0.9**	**0.8**	**10.9**	**10.2**	**0.8**	**0.8**	**6.3**	**13.6**	**8.5**
Raffles Medical	1,439	Buy	1.15	13.4	1.8	1.7	7.2	8.1	-0.3	-0.3	0.0	3.1	18.8
Riverstone	981	Neutral	0.93	9.0	2.4	2.3	13.2	14.3	-0.5	-0.5	8.2	25.7	-21.6
Healthcare	**2,420**				**2.0**	**1.9**	**9.6**	**10.6**	**-0.4**	**-0.4**	**3.3**	**12.3**	**2.5**
HRnetGroup	557	Buy	0.85	16.0	1.8	1.7	14.3	15.6	-0.9	-0.9	2.1	9.7	8.1
ISOTeam	45	Neutral	0.08	5.2	0.9	0.8	14.8	15.8	0.3	0.3	-16.9	0.0	25.4
Marco Polo Marine	462	Buy	0.14	-12.6	2.1	1.9	15.9	14.9	-0.1	-0.2	112.0	261.4	194.4
ST Engineering	19,826	Buy	9.40	14.4	7.4	6.6	28.2	28.3	1.2	0.9	-1.0	3.4	76.4
Industrials	**20,891**				**7.1**	**6.3**	**27.5**	**27.7**	**1.1**	**0.8**	**1.6**	**9.3**	**77.1**
CSE Global	524	Buy	1.22	30.2	2.1	1.9	15.6	16.0	0.0	-0.1	28.1	85.1	125.3
Frencken Group	456	Buy	1.66	20.0	1.2	1.1	9.2	9.4	-0.3	-0.3	-2.1	17.9	22.1
UMS Integration	759	Buy	1.86	34.8	2.1	1.9	11.7	13.9	-0.2	-0.3	0.7	12.2	34.0
Venture Corp	3,300	Buy	16.66	12.4	1.4	1.4	8.8	9.3	-0.5	-0.4	7.5	28.0	12.7
Mfg. & Tech.	**5,039**				**1.6**	**1.5**	**10.0**	**10.7**	**-0.4**	**-0.4**	**7.7**	**30.6**	**28.5**
APAC Realty	220	Neutral	0.80	41.6	1.2	1.2	11.5	11.5	-0.1	-0.1	-22.1	44.1	76.0
Centurion Corp	846	Buy	1.86	43.0	0.9	0.8	6.3	6.9	0.0	0.0	-24.0	-16.7	35.4
City Developments	5,270	Buy	8.50	11.5	0.7	0.7	3.6	4.8	1.0	1.0	12.9	48.2	49.1
Real estate	**6,336**				**0.8**	**0.7**	**4.2**	**5.3**	**0.9**	**0.8**	**6.8**	**39.4**	**48.2**
AIMS APAC REIT	936	Buy	1.52	2.6	1.2	1.2	12.8	12.8	0.7	0.7	8.0	12.1	18.4
CDL Hospitality	816	Neutral	0.88	5.7	0.6	0.6	1.1	1.3	0.8	0.8	1.8	7.1	-3.5
CICT	13,668	Buy	2.69	16.1	1.1	1.1	6.2	6.4	0.6	0.6	0.4	6.9	20.2
CapitaLand Ascendas REIT	9,853	Buy	3.20	16.0	1.2	1.2	8.1	8.9	0.6	0.6	-1.8	4.5	7.4
Elite UK REIT	290	Buy	0.40	11.1	0.9	0.9	10.7	7.9	0.7	0.7	4.3	10.8	22.0
ESR REIT	1,692	Buy	3.20	17.6	1.0	1.0	7.3	7.7	1.0	1.1	-4.2	13.8	6.7
Frasers Centrepoint	3,591	Buy	2.70	18.2	1.0	1.0	5.9	5.9	0.5	0.5	-3.4	3.2	8.1
IREIT Global	297	Buy	0.35	21.1	0.4	0.4	7.8	4.9	0.7	0.8	-1.7	-3.4	0.0
Keppel Infrastructure Trust	2,237	Buy	0.55	14.7	5.2	7.7	10.1	14.0	4.9	7.2	3.3	20.3	5.6
Keppel Pacific Oak US REIT	240	Neutral	0.23	0.0	0.3	0.3	7.8	8.0	0.7	0.7	-9.8	22.3	12.2
Keppel REIT	3,029	Neutral	1.05	7.8	0.8	0.8	4.9	4.7	0.5	0.5	-3.5	11.4	12.1
Manulife US REIT	131	Neutral	0.07	-9.9	0.3	0.3	10.8	12.2	1.1	1.1	-14.0	21.3	-16.9
Prime US REIT	282	Buy	0.25	27.6	0.4	0.4	5.2	7.8	0.8	0.8	-14.8	36.1	14.6
Stoneweg European Stapled Trust	1,045	Buy	1.90	18.6	0.8	0.8	7.2	7.6	0.8	0.9	3.9	3.9	1.3
Starhill Global REIT	1,030	Buy	0.60	4.7	0.8	0.8	6.8	6.7	0.5	0.5	0.0	12.7	15.0
Suntec REIT	3,192	Buy	1.60	14.4	0.7	0.7	5.2	4.6	0.6	0.6	5.3	23.9	19.7
REIT	**42,330**				**1.2**	**1.3**	**6.8**	**7.3**	**0.9**	**1.0**	**-0.3**	**9.1**	**12.8**
Singtel	58,067	Buy	5.20	14.3	2.8	2.7	12.6	13.4	0.4	0.4	4.6	15.8	47.7
StarHub	1,506	Neutral	1.19	5.3	3.1	2.9	22.4	24.8	1.1	0.8	-0.9	-0.9	-6.6
Telecom	**59,573**				**2.8**	**2.7**	**12.8**	**13.7**	**0.4**	**0.4**	**4.5**	**15.4**	**46.4**
ComfortDelGro	2,398	Buy	1.75	22.4	1.1	1.0	10.4	11.8	0.1	0.0	-4.7	0.7	-3.4
Transport	**2,398**				**1.1**	**1.0**	**10.4**	**11.8**	**0.1**	**0.0**	**-4.7**	**0.7**	**-3.4**

Note: Prices are as at 17 Dec 2025
Source: Company data, RHB

Summary Of Global Economic Forecasts

Figure 48: RHB's real GDP growth forecasts

% YoY	2024	2025F	2026F	2027F
US	2.8	1.9	2.0	2.0
Western Europe	1.0	1.4	1.5	1.5
Japan	0.1	1.3	1.0	1.0
China	5.0	4.8	4.5	4.3
ASEAN				
Indonesia	5.0	5.0	5.0	5.1
Malaysia	5.1	4.7	4.7	4.9
Singapore	4.4	4.0	3.0	3.3
Thailand	2.5	1.8	2.0	2.5

Source: Bloomberg, RHB EMS

Figure 49: RHB's CPI inflation forecasts

% YoY	2024	2025F	2026F	2027F
US	3.0	2.8	3.0	2.5
Western Europe	2.3	2.2	2.0	1.9
Japan	2.7	3.0	2.0	2.0
China	0.2	0.1	0.7	1.0
ASEAN				
Indonesia	2.3	2.0	2.5	2.7
Malaysia	1.8	1.5	1.8	1.9
Singapore	2.4	1.0	1.5	1.8
Thailand	0.4	(0.1)	0.6	1.0

Source: Bloomberg, RHB EMS

Figure 50: RHB's USD/Asia currency forecasts

	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F
G10					
DXY	98.50	98.10	97.80	97.40	97.00
EUR	1.170	1.175	1.180	1.185	1.189
JPY	160.00	158.00	155.50	154.60	152.10
GBP	1.337	1.344	1.350	1.355	1.360
AUD	0.668	0.671	0.674	0.677	0.680
NZD	0.588	0.589	0.592	0.595	0.597
AXJ					
CNH	7.060	7.042	7.027	7.012	7.000
IDR	16,670	16,650	16,644	16,637	16,631
MYR	4.100	4.088	4.024	4.014	4.004
SGD	1.290	1.284	1.277	1.268	1.266
THB	31.90	31.73	31.68	31.62	31.57

Source: Bloomberg, RHB EMS

Figure 51: RHB's 10-year government bond yield forecasts

	1H25	2H25F	1H26F	2H26F
US	4.23	3.92	3.87	3.75
Malaysia	3.49	3.45	3.43	3.39
Singapore	2.20	2.12	2.04	1.79
Indonesia	6.62	6.25	5.96	5.95
Thailand	1.62	1.55	1.38	1.35

Source: Bloomberg, RHB EMS

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Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

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