

## Market Strategy

### Looking For Outperformers Amidst Uncertainty

- Looking beyond the index for strong performance.** The Straits Times Index (STI) has delivered strong returns in 2024. While market valuations are not stretched, the STI could generate modest returns in 2025 as earnings growth moderates. We see opportunities for outperformance in specific stocks and sectors and advise investors to buy: i) Stocks that offer sustainable earnings growth or are undervalued; ii) Stocks offering sustainable high yields (except for the REITs sector); iii) counters that will help mitigate the increased volatility risk during the next few quarters; iv) small-cap stocks with earnings tailwinds; and v) gradually build positions in the REITs sector as interest rates are expected to eventually decline.
- Remain positive about growth and moderating interest rates.** We see three key trends materialising in 2025 – resilient global economic growth, slower global (ex-US) inflation, and lower global interest rates. We estimate US and China YoY GDP growth forecasts at 2.0% and 4.8% for 2025. Most of our ASEAN GDP growth forecasts are above the consensus estimate. We think the US Federal Funds Rate (FFR) may see one 25bps cut in 2024, with the balance of risks magnified towards no rate cut. We anticipate three FFR cuts in 2025, bringing the rate to 3.50-3.75% by the end of 2025. For Singapore, the rebound in externally orientated sectors, particularly manufacturing and exports, will drive economic growth. Growth in the modern services sector (eg financial services) is expected to increase as major central banks' gradual interest rate cuts boost economic activity. The labour market is forecasted to experience improved conditions for 2024-2026.
- Singapore market factors.** The timing and size of the US FFR decrease, as well as the prospects for global economic growth, will have a stronger influence on Singapore's equities market. This is because of the significant index weightage and earnings contributions by the banks to the STI. Despite expectations of flattish growth, we see banks offering investors a solid defensive option as downside risks should be limited, with four US FFR cuts already baked in. Also, dividend yields for banks still look attractive. Despite near-term volatility, REITs should have a better year in 2025 as the moderation in interest rates is coupled with resilient GDP growth. Donald Trump's imminent second presidency may inject short-term market volatilities. But we expect the manufacturing and technology (tech) sectors to see a return in investor interest as earnings growth momentum improves.
- Singapore market outlook.** We expect the STI's earnings growth to moderate in 2025. For our coverage universe, excluding the S-REIT sector, we forecast a 4.8% market cap-weighted YoY EPS growth in 2025. We expect the S-REIT sector's DPU growth to turn positive (+2.7% YoY) in 2025. At 11.6x, the STI's forward P/E is still reasonable and is at -1SD from its forward P/E. Applying a target P/E of 11.3x to 2026 EPS, we estimate the STI to hit 3,940 pts by the end of 2025.

Stocks Covered 44  
 Rating (Buy/Neutral/Sell): 33 / 11 / 0  
 Last 12m Earnings Revision Trend: Positive

**OVERWEIGHT** Consumer, Financials, Food products  
 Industrials, Mfg. & Tech., REIT (Industrial, Office, and Overseas), Transport

**NEUTRAL** Healthcare, Real estate  
 REITs (Hospitality, and Retail)  
 Telecom

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#### Sector preferred picks

Sector	Rating	Preferred picks
Consumer	OW	FEH, SSG, THBEV
Financials	OW	DBS, UOB
Food products	OW	BAL
Healthcare	N	-
Industrials	OW	STE
Mfg. & Tech.	OW	FRKN, VMS
Real estate	N	APAC, CIT
REITs (Hospitality)	N	-
REITs (Industrial)	OW	AAREIT, CLAR
REITs (Office)	OW	KREIT
REITs (Overseas)	OW	CERT, ELITE, KORE, PRIME
REITs (Retail)	N	CICT, SGREIT
SMID Cap		APAC, FRKN, CENT, RSTON
Telecom	N	ST
Transport	OW	CD

Source: RHB

Company Name	Rating	Target (SGD)	% Upside (Downside)	P/E (x) Dec-25F	P/B (x) Dec-25F	ROAE (%) Dec-25F	Yield (%) Dec-25F
AIMS APAC REIT	Buy	1.46	16.5	8.9	1.0	10.9	7.7
APAC Realty	Buy	0.42	7.1	10.9	0.8	7.8	6.9
CapitalLand Ascendas REIT	Buy	3.20	25.0	17.9	1.1	5.9	6.2
Capitaland Integrated Commercial Trust	Buy	2.30	19.2	15.9	0.9	5.7	5.8
ComfortDelGro	Buy	1.70	15.6	12.6	1.2	9.4	5.9
Frencken Group	Buy	1.71	44.7	10.2	1.1	10.9	2.6
Keppel REIT	Buy	1.05	23.6	13.2	0.6	4.9	6.8
Singtel	Buy	3.60	17.3	18.0	2.0	11.4	6.2
ST Engineering	Buy	5.20	16.0	17.2	4.8	29.1	3.5
United Overseas Bank	Buy	40.20	8.4	10.0	1.2	12.3	5.3
Venture Corp	BUY	15.37	18.6	13.2	1.3	9.8	5.8

Source: Company data, RHB

## Singapore: Market Outlook

### 2025: Will it be the “Year of Goldilocks”?

We see three key trends materialising in 2025:

- i. Resilient global economic growth;
- ii. Slower global (ex-US) inflation;
- iii. Lower global interest rates.

With global growth anticipated to stay resilient in the coming year, we maintain our asset allocation strategy for: sectors with an OVERWEIGHT (OW) rating, MARKET WEIGHT (MW) fixed income, and UNDERWEIGHT (UW) cash in 2025. Market doomsayers have focussed on expecting a further curtailment of global manufacturing and trade activities in 2025 – this is a view we do not subscribe to. Rather, we are encouraged by the resilient global economic growth momentum for most of 2024, which has proven to disprove recessionist views. Our proprietary leading indicators have clearly signalled a continuation of risk-taking behaviour at least into 1Q25, with market sentiment proxied by fund flows – suggesting that investors are re-visiting the option of making renewed inflows into the US.

We keep our US and China YoY GDP growth forecasts at 2.0% and 4.8% for 2025. Most of our ASEAN GDP growth forecasts are above the consensus estimate, coupled with a relatively tame inflation prognosis. We pencil Malaysia’s GDP growth at 5.0% YoY in 2025F, against a 5.1% YoY growth outlook for 2024. Other ASEAN economies will likely see further upside growth from the pace recorded in 2024, with Indonesia’s at +5.2% YoY and Thailand’s at +3.0% YoY, while Singapore’s GDP growth may decelerate to +3.0% YoY (vs the 2024 forecast of +3.4% YoY) on the back of a relatively stronger base year.

Extracted from RHB EMS’ 6 Dec 2024 report titled [Global Outlook 2025: Maintaining Our Goldilocks Outlook](#)

Figure 1: RHB’s real GDP growth forecasts (2023-2026F)

% YoY	2023	2024F	2025F	2026F
US	2.9	2.7	2.0	2.0
Western Europe	1.1	1.0	1.5	1.5
Japan	1.7	0.0	1.2	1.1
China	5.2	5.0	4.8	4.6
<b>ASEAN</b>				
Indonesia	5.1	5.0	5.2	5.1
Malaysia	3.7	5.1	5.0	4.9
Singapore	1.1	3.4	3.0	3.0
Thailand	1.9	2.6	3.0	3.0

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

Figure 2: RHB’s CPI inflation forecasts (2023-2026F)

% YoY	2023	2024F	2025F	2026F
US	4.1	2.9	2.5	2.5
Western Europe	5.7	2.4	2.2	2.1
Japan	3.3	2.4	2.0	2.0
China	0.2	0.5	2.0	2.0
<b>ASEAN</b>				
Indonesia	3.7	2.3	3.0	2.7
Malaysia	2.5	1.9	2.4	2.3
Singapore	4.8	2.6	2.3	2.5
Thailand	1.3	0.6	1.4	1.3

Source: Bloomberg, RHB EMS

### Resilient growth for Singapore in 2025

For Singapore, the rebound in externally-oriented sectors, particularly manufacturing and exports, will drive economic growth. We project Singapore’s GDP growth to remain robust, at 3.0% YoY in 2025 – which is the top end of the Ministry of Trade and Industry’s official range of 1-3%. The country’s recent 3Q24 GDP data has exceeded market expectations, with growth momentum accelerated in the same period. The resilient global macroeconomic backdrop should support Singapore’s growth, especially given the positive spill over effect stemming from the broadening upturn in the worldwide tech cycle. Growth in the modern services sector is expected to increase as major central banks’ gradual interest rate cuts boost activity, especially in financial services. The labour market is forecasted to experience improved conditions for 2024-2026, fuelled by a stronger economic outlook and growing momentum from external factors.

For 2025, we expect Singapore’s headline and core prices to rise by 2.3% YoY and 1.8% YoY, in line with the official range forecast of 1.5-2.5%. As a small, open economy that is heavily reliant on trade, Singapore will be impacted heavily by externally led factors. Upside risks could materialise, from geopolitical tensions and higher commodity prices, as well as domestic-led drivers such as sticky unit labour costs. Conversely, a downside bias may stem from the potential de-escalation of geopolitical tensions and higher US-led oil production, or an increase in supply, combined with other factors like lower global demand or slower economic growth (especially in large consumers like China), which could press down international oil prices. With a relatively tame inflation prognosis, we expect the Monetary Authority of Singapore to keep its current policy parameters unchanged, at least into 1H25.

Figure 3: Singapore – key economic forecasts

	2024E	2025F	2026F	1H25F	2H25F	1H26F	2H26F
Real GDP Growth (% YoY)	3.4	3.0	3.0	3.2	2.8	3.0	3.0
Contribution to real GDP Growth (%)							
Private Consumption	3.4	2.8	2.4	3.2	2.4	2.3	2.4
Government Consumption	1.6	0.3	0.3	0.4	0.2	0.3	0.2
Gross Fixed Capital Formation	1.0	1.9	1.0	2.0	1.8	0.9	1.0
Net Exports	-1.1	1.8	1.2	2.1	1.6	1.3	1.0
CPI	2.6	2.3	2.5	2.4	2.3	2.5	2.5
Current Account Balance (% of GDP)	18.0	17.2	18.0	17.0	17.3	20.0	16.0
Fiscal balance (% of GDP)	0.1	0.1	0.5	0.1	0.1	0.5	0.5

Source: Bloomberg, CEIC, RHB

### Trump 2.0: Increased near-term volatility, but this is not overly worrying

Our view is that despite the policy-related uncertainties and implications it may bring, Donald Trump's second presidency may inject merely short-term market volatilities, and should not impact the very resilient growth momentum already seen in the past two years. We are encouraged by the ongoing rally in global equity markets, evidenced by sustained global risk-taking behaviour QTD. We pen three reasons why we should not worry (too much) about Trump's move into the White House.

**First, short-term global economic volatility (should it materialise) will likely be insufficient to dent the remarkably resilient global economic growth trend.** Potential protectionist-led policies and their negative impact on China and ASEAN will likely be at the forefront of investors' concerns. However, it is too early to call for a sizeable downturn.

**Second, we think Trump's 2.0 outcome inherently supports the US growth prognosis into 2025.** Beyond tariff-related policies, US president-elect Donald Trump has repeatedly called for policies to help US businesses and consumerism. These policies include the extension of the expiring 2017 Tax Cuts and Jobs Act (TCJA), reducing state and local taxes (SALT), lowering corporate tax rates and exempting various types of income from personal tax. We view that Trump's "Make America Great Again" policies in supporting US economic growth may inject upside bias to our US GDP growth expectation of 2.0% in 2025.

**Third, empirical evidence shows that risk-taking quickly turns positive post-election.** Our analysis indicates that S&P behaviour post elections broadly pointed to uptrends, except for the 2008 US polls (ie the race between Barack Obama and John McCain to be president).

We take note of the fears that Trump's protectionist measures will impede trade growth and have a negative impact on the Singapore economy, given the country's reliance on global trade. However, we believe Singapore will continue to profit from trade diversification and the movement of supply chains by enterprises pursuing the China Plus One strategy. We expect this pattern to continue, even now that Trump will be returning to office next month. Furthermore, we observe a relatively strong link between Singapore and US interest rates. With the US Federal Funds Rate (FFR) expected to moderate, a corresponding decrease in Singapore interest rates should provide some resilience to the Singapore economy in the face of these macroeconomic challenges.

### Interest rate outlook and implication for Singapore market

**US interest rate outlook.** We think the FFR may see one 25bps cut at the US Federal Reserve's (US Fed) Federal Open Market Committee or FOMC meeting, with the balance of risks magnified towards not making a cut. Still, we anticipate three FFR cuts in 2025, bringing the rate to 3.50-3.75% by the end of 2025, and potentially another 50bps cut to conclude at 3.0-3.25% by end-2026.

**Outlook for banks.** We maintain that the timing and size of the US Fed's interest rate decreases, as well as the prospects for global economic growth, will have a stronger influence on Singapore's equities market. This is largely because of the significant index weightage and earnings contributions by the banks to the STI. Although the easing of the interest rate cycle should ideally be negative for banks – as we expect global and Singapore economic growth to remain positive – the impact of the easing cycle should be manageable for local banks. Although NIMs will be under pressure, this could be cushioned by a potential combination of a pick-up in loan growth, improved wealth management activities, and an easing in asset quality pressures. That said, forward earnings will likely be muted.

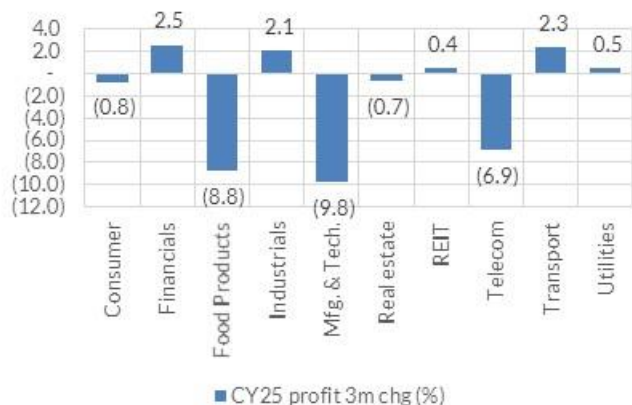
Nevertheless, banks continue to be an attractive dividend yield play, with forward dividend yields ranging between 5.3% and 5.6%. There is potential for further dividend upsides for Singapore banks that hold excess capital.

**Outlook for S-REITs.** In the past cycles, S-REITs have witnessed sharp rallies during turning points in interest rates. The S-REITs' performances have a high inverse correlation to risk-free rates, ie long-term treasury yields, with particularly high sensitivity at turning points of the cycle. This was clearly seen in 2012, 2016, and 4Q23 when the market saw interest rates easing, resulting in a 15-40% rebound in the sector. The REITs under our coverage have seen a market cap-weighted decline of 8.6% YTD. Looking ahead to 2025, we expect a better year for S-REITs compared to 2024, as interest rates have started to descend from their peaks coupled with steady economic growth. Nonetheless, we expect some volatility and short-term fluctuations in share prices during the course of the year, resulting from political and policy uncertainties.

**Moderation in Singapore's market earnings growth**

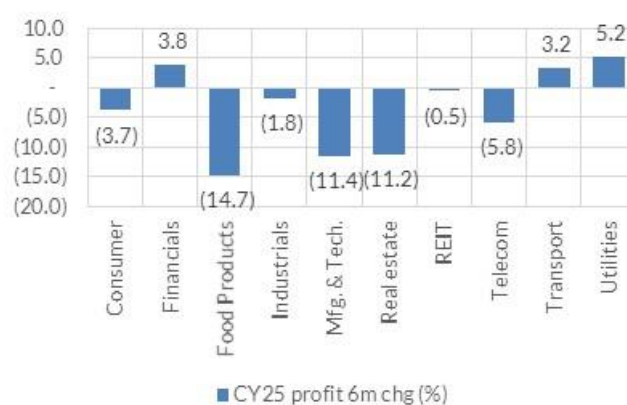
Thanks to stronger-than-expected economic growth and changing expectations around a more moderate decline in interest rates, the Street has upgraded earnings estimates for Singapore banks for 2025. In addition, for 2025 earnings estimates, in the last three months, we have seen positive earnings estimate changes for the industrial, transportation, and utilities sectors.

**Figure 4: CY25 consensus SGD net profit estimate changes (%) in the last three months by sector, based on market constituents**



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

**Figure 5: CY25 consensus SGD net profit estimate changes (%) in the last six months by sector, based on market constituents**



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

**Figure 6: Sector SGD net profit growth based on market constituents**

Sector net growth	CY25 (%)	CY26 (%)
Consumer	11.0	5.0
Financials	(0.9)	2.5
Food Products	27.5	5.4
Industrials	17.1	12.7
Mfg. & Tech.	10.3	5.4
Real estate	25.5	11.7
REIT	12.8	4.3
Telecom	26.7	21.9
Transport	(6.1)	(8.3)
Utilities	5.6	4.7
<b>Total</b>	<b>6.2</b>	<b>5.5</b>

Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

**Figure 7: Sector SGD net profit contributions based on market constituents**

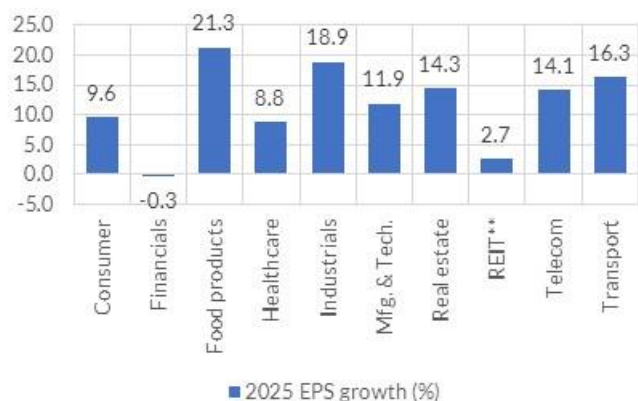
Sector contribution	CY24 (%)	CY25 (%)	CY26 (%)
Consumer	7.2	7.6	7.5
Financials	56.1	52.4	50.9
Food Products	3.6	4.3	4.3
Industrials	10.6	11.6	12.4
Mfg. & Tech.	0.5	0.6	0.6
Real estate	4.2	5.0	5.2
REIT	6.0	6.4	6.3
Telecom	5.3	6.4	7.4
Transport	4.3	3.8	3.3
Utilities	2.1	2.1	2.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

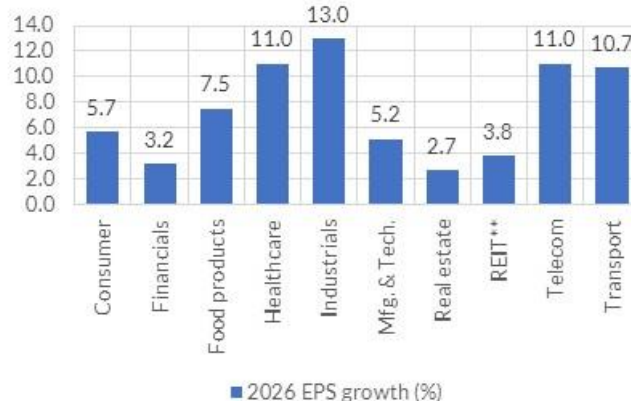
After stellar economic and corporate profit growth in 2023 as well as 2024, we expect to see moderate growth in Singapore corporate earnings in 2025, which will be in line with moderating economic growth. For our coverage universe, excluding the S-REIT sector, we forecast a 4.8% market cap-weighted YoY EPS growth in 2025. Market cap-weighted YoY EPS growth for 2026 – excluding the REIT sector – stands at 5.1%.

We maintain that bank earnings will be flattish in 2025 as NIM squeeze from fall in interest rates will be cushioned by improved loan growth momentum, healthy fees and normalisation of credit cost run rates. With the exception of the financial sector, we expect all sectors to deliver EPS growth in 2025. We expect the EPS growth for the financial sector to turn positive in 2026. We also forecast the S-REIT sector's DPU growth to turn positive in 2025 and register even stronger growth in 2026.

**Figure 8: 2025F market cap-weighted sector EPS growth for RHB's coverage universe**



**Figure 9: 2026F market cap-weighted sector EPS growth for RHB's coverage universe**



Note: Data as of 11 Dec 2024

Note 2: \*\*Data for the REITs sector represents DPS growth and excludes data for US REITs

Source: RHB

Note: Data as of 11 Dec 2024

Note 2: \*\*Data for the REITs sector represents DPS growth and excludes data for US REITs

Source: RHB

### Key global risks

Three black swan events may still present themselves: developed market (DM)-related protectionist policies that may curtail global trade and manufacturing activities, pockets of geopolitical tensions that may potentially escalate into collateral risks, and/or China's declining property prices and ballooning debt burden.

**DM-related risks.** We see three key areas of concern, in view of the rising public debt issues from potential tax cuts, US-centric inflation and negative implications to global trade and investment prognosis. We note that a lesser known but profoundly damaging legacy of Trump as the 47th US president will be the potential catalyst behind an incremental rise in its national debt. Separately, US-led trade tariffs against China and the rest of the world may inject adverse curtailment of global trade activities, with US-centric demand potentially declining due to higher price pressures.

**Black swan risks.** Economic sentiment may be weighed down on black swan risks in 2025. Should geopolitical tensions escalate further in 2025, we will advocate market players to be relatively more defensive into the new year due to the increased black swan risks that may weigh on risk assets, with investors advised to capitalise on further declines in global interest rates, which may be bond price-positive. At this juncture, we do not expect Trump's rhetoric to de-escalate global geopolitical tensions, and would rather wait to see how tensions can be effectively diminished.

**3. China-centric risks.** One China-related risk that has avoided analysts' watch so far is its ballooning debt issues. The truth is that China's debt ratio has approached that of DMs, with total non-financial debt levels at an alarming 289.8% of GDP as of 1Q24. Debt levels have risen in tandem with the declining property prices, which still see little sign of a bottom at this juncture. With China engaging deeper into a debt-driven growth structure, coupled with 2024's manoeuvre to cut interest rates (loan prime rate, reserve requirement ratios and medium-term lending facility rate), cheaper financing may mean further debt accumulation into 2025.

## Singapore: Investment Themes

### Theme 1: Stocks that have sustainable earnings growth or are undervalued

#### Long term sustainable earnings growth:

- i. **Centurion Corp.** We expect Centurion to deliver c.20% EPS growth pa in 2024-2025. This is a global owner and manager of worker and student accommodation. Investment thesis: i) Near-term bed rates are positive for Centurion as Singapore's worker dormitory beds supply remains tight; ii) it is expecting growth ahead (driven by better capacity, occupancy, and rental rates); and iii) it expects more dormitory project wins (with at least seven new purpose-built dormitories (totalling 47,000 beds) planned to be completed over the next five years).
- ii. **ComfortDelGro (CD).** We expect CD to deliver 16% YoY earnings growth in 2025, aided by: i) A continued improvement in UK public transport margins; ii) contributions from Australian bus tender wins; iii) contributions from the acquisition of A2B as well as Addison Lee; and iv) we also expect to see contributions from an improving China taxi business.
- iii. **Singtel.** We estimate Singtel's earnings to grow at 12% in FY25 and further 15% in FY26. We like Singtel's for its: i) Improving ROIC, which is projected to hit 10% in FY25F from 9.3% in FY24 and 8.3% in FY23; ii) planned cost savings of SGD200m annually into FY26F from the consolidation of the Singapore operations (consumer + enterprise) and cost efficiencies at Optus; iii) mid-term capital recycling target of SGD6bn, which will support variable realisation dividends (VRD) on top of core 70-90% DPRs; iv) improving market dynamics and re-pricing of tariffs in Australia, India and Thailand; and v) strong balance sheet with net debt/EBITDA at 1.6x and 90% fixed-rate debt
- iv. **ST Engineering (STE).** We like STE for its: i) Record-high orderbook that provides close to three years of revenue visibility; and ii) sustained DPS of at least 16 SG cents each year, which is paid quarterly. We expect STE to deliver 2023-2026F profit CAGR of 15%, which will be aided by: i) A recovery in earnings, driven by strong aviation maintenance, repair and operations (MRO) work, which will benefit the Commercial Aerospace (CA) segment; ii) contributions from TransCore and the restructuring of the Urban Solutions & Satellite Communications (USS) segment should boost growth; and iii) the gradual delivery of its orderbook should support the Defence & Public Security (DPS) segment's profitability

Outside of our coverage universe, we see similar opportunities in SATS (SATS SP, NR).

#### Undervalued or laggard plays:

- i. **City Developments (CIT).** CIT remains the largest residential property developer in Singapore, with a strong track record and brand premium. We expect CIT to deliver 12% YoY profit growth in 2025. The company will be a beneficiary of a surge in Singapore residential property volumes, as it has the largest residential landbank. We like its: i) Hospitality segment, which accounts for c.30% of its portfolio, and is poised for a continued recovery; ii) its high-quality commercial assets in Singapore and the UK; and iii) growth from the fund management segment. The stock is trading at a deep >60% discount to RNAV.

Figure 10: Singapore – valuation comparison (i) for stocks that have sustainable earnings growth or are undervalued

Company name	M Cap		TP	Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div Yield (%)		FCF Yield (%)		ROE (%)	
	(USDm)	Rating				1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Centurion Corp	604	Buy	1.06	10.1	Dec-24	9.6	8.0	0.9	0.8	3.1	3.1	0.8	14.9	16.8	10.2
City Developments	3,471	Buy	7.30	39.9	Dec-24	14.4	12.8	0.5	0.5	1.9	2.3	2.8	8.2	3.5	3.9
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	14.7	12.6	1.2	1.2	5.1	5.9	12.3	8.8	8.3	9.4
SingTel	37,721	Buy	3.60	17.3	Mar-25	20.0	17.4	2.1	2.0	5.9	6.4	7.8	9.4	10.5	11.7
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	20.5	17.2	5.3	4.8	3.5	3.5	4.5	6.9	26.7	29.1

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

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Figure 11: Singapore – valuation comparison (ii) and returns for stocks that have sustainable earnings growth or are undervalued

Company name	M Cap		TP	Upside/ downside (%)	1FY year	EPS Growth (%)		DPS Growth (%)		Net margin (%)		Net debt/Equity (x)		Returns (%)	
	(USDm)	Rating				1FY	2FY	1FY	1FY	1FY	2FY	1FY	2FY	1FY	2FY
Centurion Corp	604	Buy	1.06	10.1	Dec-24	21.8	20.0	100.0	0.0	33.9	36.4	0.5	0.4	6.6	138.3
City Developments	3,471	Buy	7.30	39.9	Dec-24	3.8	12.3	-16.7	20.0	7.9	9.3	1.0	1.0	0.4	-21.5
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	20.1	16.3	12.6	16.3	5.5	5.7	-0.3	-0.3	-1.3	5.0
SingTel	37,721	Buy	3.60	17.3	Mar-25	10.1	15.1	20.0	8.3	17.1	19.0	0.4	0.4	-4.1	24.3
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	11.0	19.7	-0.8	0.0	6.1	6.8	2.2	1.8	-4.7	15.2

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

## Theme 2: Stocks offering high dividend yields (ex S-REITs)

The Singapore market continues to provide the region's highest forward dividend yield of 5.2% (as of 11 Dec), coupled with a relatively stable currency. As the market cap-weighted sector yield for S-REITs under our coverage is 6.2%, 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 5.3%; 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.

We see Singapore banks offering investors a solid defensive option to tide through this. While earnings prospects ahead may not excite, downside risks should be limited, with four US FFR cuts already baked in. Also, dividend yields still look attractive, with room for yields to compress as rates fall and this is further supplemented by potential capital management initiatives, now that the banks have better clarity on excess capital available.

Figure 12: Singapore – valuation comparison (i) for non-REIT yield plays

Company name	M Cap		TP	Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div yield (%)		FCF yield (%)		ROE (%)	
	(USDm)	Rating				1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
APAC Realty	104	Buy	0.42	7.1	Dec-24	16.1	10.9	0.9	0.8	4.7	6.9	8.5	12.1	5.4	7.8
Bumitama Agri	1,155	Buy	0.95	5.6	Dec-24	9.2	8.3	1.3	1.2	5.6	6.1	4.2	10.7	14.4	14.9
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	14.7	12.6	1.2	1.2	5.1	5.9	12.3	8.8	8.3	9.4
CSE Global	244	Buy	0.58	24.3	Dec-24	10.3	10.3	1.5	1.4	5.9	5.9	3.1	9.3	10.0	14.2
DBS Group	92,373	Buy	44.70	2.3	Dec-24	11.2	11.6	1.8	1.7	5.1	5.6	na	na	17.1	15.5
OCBC	55,698	Neutral	16.80	1.0	Dec-24	9.9	9.9	1.3	1.2	5.4	5.4	na	na	13.5	12.6
SingTel	37,721	Buy	3.60	17.3	Mar-25	20.0	17.4	2.1	2.0	5.9	6.4	7.8	9.4	10.5	11.7
StarHub	1,547	Neutral	1.18	-2.5	Dec-24	13.1	10.8	3.4	3.2	5.7	7.4	35.6	37.7	27.1	30.9
UOB	46,162	Buy	40.20	8.4	Dec-24	10.3	10.0	1.3	1.2	4.8	5.3	na	na	12.3	12.3
Venture Corp	2,789	Buy	15.37	18.6	Dec-24	14.9	13.2	1.3	1.3	5.8	5.8	8.3	4.2	8.9	9.8

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

Figure 13: Singapore – valuation comparison (ii) and returns for non-REIT yield plays

Company name	M Cap		TP	Upside/ downside (%)	1FY year	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/equity (x)		Returns (%)	
	(USDm)	Rating				1FY	2FY	1FY	1FY	1FY	2FY	1FY	2FY	1FY	2FY
APAC Realty	104	Buy	0.42	7.1	Dec-24	-26.9	48.0	-27.3	48.0	1.5	2.1	0.0	0.0	1.3	-22.8
Bumitama Agri	1,155	Buy	0.95	5.6	Dec-24	-17.6	10.8	-23.2	9.2	10.9	11.7	0.2	0.1	6.5	47.9
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	20.1	16.3	12.6	16.3	5.5	5.7	-0.3	-0.3	-1.3	5.0
CSE Global	244	Buy	0.58	24.3	Dec-24	24.1	0.4	-12.4	0.0	3.5	3.5	0.5	0.4	5.7	8.1
DBS Group	92,373	Buy	44.70	2.3	Dec-24	7.2	-3.0	27.7	10.8	na	na	na	na	2.2	43.8
OCBC	55,698	Neutral	16.80	1.0	Dec-24	7.4	-0.5	8.5	0.0	na	na	na	na	1.9	27.9
SingTel	37,721	Buy	3.60	17.3	Mar-25	10.1	15.1	20.0	8.3	17.1	19.0	0.4	0.4	-4.1	24.3
StarHub	1,547	Neutral	1.18	-2.5	Dec-24	6.5	21.7	3.5	28.6	6.5	7.5	1.0	0.8	0.8	9.0
UOB	46,162	Buy	40.20	8.4	Dec-24	-0.5	3.2	5.5	9.0	na	na	na	na	1.2	30.4
Venture Corp	2,789	Buy	15.37	18.6	Dec-24	-6.2	12.7	-0.2	0.0	9.0	9.0	-0.4	-0.4	0.5	-4.8

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

### Theme 3: Decline in interest rates; continue building exposure in S-REITs

For 2024, the financial results of large-cap, Singapore-centric S-REITs have been broadly in line with expectations as they have managed to weather the current interest rate upcycle better due to their size and diversified portfolios. However, the impact has been uneven and more challenging for small to mid-cap S-REITs, (especially those with overseas focus) due to a multitude of factors such as cap rate expansion, higher financing costs and challenging market conditions. The share price performance of S-REITs in 2024 was disappointing, compared to our initial expectations of a stronger rally in 2H24 from the commencement of rate cuts. Instead, the outlook on rate cuts remained volatile throughout the year, resulting in a rollercoaster year for S-REITs.

Looking ahead to 2025, we believe the worst is likely over for S-REITs, with the outlook for interest rates peaking across most of the markets (except possibly Japan), and an expected gradual decline in rates in 2025. RHB Economics has forecasted global economic growth to remain strong in 2025, creating a “Goldilocks scenario” that is favourable for S-REITs. However, we do expect some volatility during the course of the year from uncertainties arising from Trump’s tariffs and policies.

The industrial sector remains our preferred space due to its defensive nature of cash flows and healthy demand. It is followed by the office sector (Singapore), which we believe is undervalued, due to continued investors’ concerns over work-from-home trends

**Sub-sector ratings:** OVERWEIGHT on industrial, office and overseas. NEUTRAL on hospitality and retail.

**Top Picks:** AIMS APAC REIT, CapitaLand Ascendas REIT, CapitaLand Integrated Commercial Trust, and Keppel REIT.

Figure 14: Singapore – valuation comparison (i) for preferred REITs across sub-sectors

Company name	M Cap		TP	Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div Yield (%)		FCF Yield (%)		ROE (%)	
	(USDm)	Rating				1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
AIMS APAC REIT	757	Buy	1.46	16.5	Mar-25	9.1	8.8	1.0	1.0	7.6	7.7	5.1	9.1	10.5	11.0
CapitaLand Ascendas	8,379	Buy	3.20	25.0	Dec-24	24.8	17.9	1.1	1.1	6.0	6.2	9.1	8.3	4.2	5.9
CICT	10,485	Buy	2.30	19.2	Dec-24	16.4	15.9	0.9	0.9	5.6	5.8	9.0	7.9	5.5	5.7
Cromwell REIT	951	Buy	1.90	17.9	Dec-24	12.1	10.0	0.8	0.8	8.8	8.5	1.6	7.4	6.3	7.6
Elite UK REIT	221	Buy	0.35	18.6	Dec-24	8.6	6.1	0.8	0.7	9.7	10.2	12.4	17.0	8.7	11.5
Keppel Pacific Oak	240	Buy	0.29	24.3	Dec-24	5.0	na	0.3	0.3	25.2	10.9	14.9	15.6	5.7	-8.6
Keppel REIT	2,432	Buy	1.05	23.6	Dec-24	13.7	13.2	0.6	0.6	6.7	6.8	na	3.8	4.7	4.9
Prime US REIT	235	Buy	0.23	25.2	Dec-24	26.6	4.7	0.3	0.3	1.7	1.6	11.0	20.2	1.2	6.7
Starhill Global REIT	844	Buy	0.57	15.4	Jun-25	11.0	9.9	0.7	0.7	7.6	7.7	10.7	9.5	6.2	6.9

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

Figure 15: Singapore – valuation comparison (ii) and returns for preferred REITs across sub-sectors

Company name	M Cap		TP	Upside/ downside (%)	1FY year	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/Equity (x)		Returns (%)	
	(USDm)	Rating				1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
AIMS APAC REIT	757	Buy	1.46	16.5	Mar-25	72.7	3.6	2.9	1.2	61.8	63.0	0.7	0.7	-2.3	-3.8
CapitaLand Ascendas	8,379	Buy	3.20	25.0	Dec-24	91.6	38.6	0.8	3.1	29.8	41.3	0.7	0.7	-1.9	-15.5
CICT	10,485	Buy	2.30	19.2	Dec-24	-10.4	3.5	1.1	2.6	52.5	55.1	0.7	0.7	-2.0	-6.3
Cromwell REIT	951	Buy	1.90	17.9	Dec-24	na	21.1	-9.9	-2.9	35.2	41.6	0.8	0.8	-1.8	13.4
Elite UK REIT	221	Buy	0.35	18.6	Dec-24	na	41.2	-7.4	5.6	51.7	73.5	0.8	0.7	-1.7	5.4
Keppel Pacific Oak	240	Buy	0.29	24.3	Dec-24	-41.0	-239.7	-8.6	-56.9	32.8	-44.9	0.6	0.8	4.5	-38.7
Keppel REIT	2,432	Buy	1.05	23.6	Dec-24	12.5	4.0	-2.0	2.3	93.5	92.3	0.5	0.5	-2.3	-8.6
Prime US REIT	235	Buy	0.23	25.2	Dec-24	na	465.2	-88.7	-5.4	6.1	33.5	0.8	0.8	14.6	-17.4
Starhill Global REIT	844	Buy	0.57	15.4	Jun-25	44.7	11.7	2.7	1.5	52.2	56.6	0.6	0.6	0.0	-5.7

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

#### Theme 4: Cover for increased macroeconomic risks from Trump's presidency

We take note of the fears that Trump's protectionist measures will impede trade growth and have a negative impact on Singapore's economy, given the country's reliance on global trade. Our view is that, despite the policy-related uncertainties and implications it may bring, Trump's presidency may inject merely short-term market volatilities, and would not dent the very resilient growth momentum already seen in the past two years.

To mitigate the increased volatility risk during the next few quarters, investors can consider including some defensive companies with strong domestic exposure in their portfolio. Our top choices in this circumstance are Raffles Medical, Sheng Siong, ST Engineering, and United Overseas Bank (UOB).

We believe Singapore will continue to profit from trade diversification and the movement of supply chains by enterprises pursuing the China Plus One strategy. We expect this pattern to continue, even when Trump returns to the White House. We see UOB, which now has a strong ASEAN presence following the Citi acquisition, as the key beneficiary of this trend.

**Figure 16: Singapore - valuation comparison (i) for preferred exposure to cover for policy-related uncertainties**

Company name	M Cap		TP	Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div Yield (%)		FCF Yield (%)		ROE (%)	
	(USDm)	Rating				1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Raffles Medical	1,196	Neutral	0.90	4.0	Dec-24	25.9	23.7	1.6	1.5	2.7	2.0	na	4.8	6.4	6.6
Sheng Siong	1,824	Buy	2.00	22.6	Dec-24	17.1	16.4	4.5	4.1	3.9	4.0	3.7	6.5	27.6	26.3
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	20.5	17.2	5.3	4.8	3.5	3.5	4.5	6.9	26.7	29.1
UOB	46,162	Buy	40.20	8.4	Dec-24	10.3	10.0	1.3	1.2	4.8	5.3	na	na	12.3	12.3

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

**Figure 17: Singapore - valuation comparison (ii) and returns for preferred exposure to cover for policy-related uncertainties**

Company name	M Cap		TP	Upside/ downside (%)	1FY year	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/Equity (x)		Returns (%)	
	(USDm)	Rating				1FY	2FY	1FY	1FY	1FY	2FY	1FY	2FY	1FY	2FY
Raffles Medical	1,196	Neutral	0.90	4.0	Dec-24	-15.2	9.4	-37.0	-24.6	8.7	8.9	-0.2	-0.2	-0.6	-19.9
Sheng Siong	1,824	Buy	2.00	22.6	Dec-24	6.4	4.4	0.8	3.2	10.0	10.3	-0.6	-0.6	-0.6	1.9
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	11.0	19.7	-0.8	0.0	6.1	6.8	2.2	1.8	-4.7	15.2
UOB	46,162	Buy	40.20	8.4	Dec-24	-0.5	3.2	5.5	9.0	na	na	na	na	1.2	30.4

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

#### Theme 5: Bottom-up opportunities in the small-cap space

Within our coverage universe, in the sub-USD1bn to almost-USD1bn market cap range, we prefer exposure to APAC Realty (APAC), Centurion Corp (Centurion), Frencken, and Riverstone. All four stocks have earnings tailwinds either this year or next year.

**APAC: One of Singapore's well-known real estate agencies.** Investment thesis: APAC's share price has severely underperformed YTD amid a significant slowdown in primary transaction volume, which is a key earnings driver. Singapore's property market has been gradually cooling off, with weakness starting to emerge in the form of lacklustre land bids, delayed new launches, and sliding transaction volumes. Prices, on the other hand, have remained largely resilient due to strong household balance sheets and growing household income. We expect this trend to continue for the rest of the year, with some recovery in buying sentiment anticipated in early 2025, based on potential rate cuts and a stronger economic recovery. This should drive APAC's earnings turnaround. Based on a similar investment thesis, outside of our coverage universe, we see similar opportunities for PropNex (PROP SP, NR; for more details, please refer to [PropNex: A Stellar 2025 Awaits](#)).

**Centurion: A global owner and manager of worker and student accommodation facilities.** Investment thesis: i) Near-term bed rates are positive for Centurion as Singapore's worker dormitory beds supply remains tight; ii) it is expecting growth ahead (driven by better capacity, occupancy, and rental rates); and iii) it expects more dormitory project wins (with at least seven new purpose-built dormitories (totalling 47,000 beds) planned to be completed over the next five years).

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**Frencken: Offers comprehensive original designs, original equipment, and diversified integrated manufacturing solutions for world-class multinational companies in the automotive, healthcare, industrial, life sciences, and semiconductor industries.** Investment thesis: i) Key semiconductor outlook remains positive as it continues to support its key customer in Europe, as well as customers that have moved production to Asia; ii) Frencken is opening a larger facility in the US to support semiconductor customers in 1Q25; iii) Near-term growth should also stem from customers' Europe and Asia capacity expansion in programmes and new products; and iv) potential for a re-rating on the start of a new semiconductor cycle.

**Riverstone: A nitrile glove manufacturer specialising in cleanroom and healthcare gloves, fingercoats, face masks, and packaging bags.** Investment thesis: i) It is a prime beneficiary of the recovery of global semiconductor sales which, in turn, should drive its cleanroom glove sales; ii) industry tailwinds arising from the US imposing import tariffs on China gloves present a trade diversion opportunity for Malaysian glove manufacturers; iii) shift towards high-specialty higher-margin healthcare gloves alongside inventory destocking approaching tail-end should propel the healthcare glove division; and iv) it is the sole rubber glove manufacturer still posting double-digit core profit margins while continuing consistent dividend payouts (FY25 yield: 5%).

**Figure 18: Singapore – valuation comparison (i) for preferred small-cap exposure**

Company name	M Cap			Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div Yield (%)		FCF Yield (%)		ROE (%)	
	(USDm)	Rating	TP			1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
APAC Realty	104	Buy	0.42	7.1	Dec-24	16.1	10.9	0.9	0.8	4.7	6.9	8.5	12.1	5.4	7.8
Centurion Corp	604	Buy	1.06	10.1	Dec-24	9.6	8.0	0.9	0.8	3.1	3.1	0.8	14.9	16.8	10.2
Frencken Group	375	Buy	1.71	44.7	Dec-24	11.6	10.2	1.2	1.1	1.9	2.6	12.8	7.8	10.4	10.9
Riverstone	1,158	Buy	1.07	2.3	Dec-24	17.5	16.2	3.0	2.8	4.6	4.9	5.1	5.2	17.2	17.9

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

**Figure 19: Singapore – valuation comparison (ii) and returns for preferred small-cap exposure**

Company name	M Cap			Upside/ downside (%)	1FY year	EPS Growth (%)		DPS Growth (%)		Net margin (%)		Net debt/equity (x)		Returns (%)	
	(USDm)	Rating	TP			1FY	2FY	1FY	1FY	1FY	2FY	1FY	2FY	1FY	2FY
APAC Realty	104	Buy	0.42	7.1	Dec-24	-26.9	48.0	-27.3	48.0	1.5	2.1	0.0	0.0	1.3	-22.8
Centurion Corp	604	Buy	1.06	10.1	Dec-24	21.8	20.0	100.0	0.0	33.9	36.4	0.5	0.4	6.6	138.3
Frencken Group	375	Buy	1.71	44.7	Dec-24	34.3	13.3	-37.4	34.4	5.7	5.8	-0.2	-0.3	-0.8	-12.6
Riverstone	1,158	Buy	1.07	2.3	Dec-24	33.5	8.3	-43.4	8.3	25.9	24.8	-0.5	-0.5	18.0	48.9

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

## Singapore: Price Returns; 2025 ROE & Yield

Figure 20: Top YTD returns for stocks under RHB's coverage



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 21: Top 2H24 returns for stocks under RHB's coverage



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 22: Worst YTD returns for stocks under RHB's coverage



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 23: Worst 2H24 returns for stocks under RHB's coverage



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 24: Top 15 CY25 yield stocks under RHB's coverage



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 25: Top 15 CY25 ROE stocks under RHB's coverage



Note: Data as of 11 Dec 2024  
Source: RHB

## Sector Outlook, Rating, And Preferred Picks

Figure 26: Sector outlooks, ratings, and preferred picks (i)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Consumer	O/W	We have an OVERWEIGHT rating on the consumer sector, as we expect the resilient economic growth across ASEAN to translate into stronger domestic consumption in each of the countries' markets in 2025. We expect our consumer stock coverage, which has stocks that are dominant in their respective markets, to benefit from this more positive consumer sentiment across ASEAN. Earnings growth of the stocks we cover largely hinges on improved consumer demand and stronger volume sales. Drivers of earnings growth include the launch of new products and product variants to drive growth for midstream branded food manufacturers and outlet expansion for downstream retailers.	Slower-than-expected pick-up in consumer demand, and rising input and operational costs.	Food Empire, Sheng Siong, Thai Beverage
Financial Services (Banks)	O/W	We have upgraded our sector call to OVERWEIGHT from Neutral, following the upgrade in recommendation for UOB to a BUY from Neutral. We think market volatility may persist following the 2024 US presidential election and shifting expectations on the US FFR path, among other factors. We think the Singapore banks we cover (SG Banks) offer investors a solid defensive option to tide through this. Although earnings growth prospects ahead may not be exciting, conversely, downside risks should be limited with four US FFR cuts already baked in. Also, dividend yields still look attractive, with room for yields to compress as rates fall – further supplemented by potential capital management initiatives now that the banks have better clarity on excess capital available. With Basel III reforms having gone live and SG Banks reporting fully phased-in CET-1 ratios of >15%, ie above the comfortable BAU operating level of about 13.5-14%, we believe capital returns will be one of the key thesis for SG Banks next year. With further details on SG Banks' capital management plans set to be shared in the 4Q24 reporting quarter, we believe this will continue to keep investors interested in the sector, and a near-term catalyst in sight.  The broad outlook for 2025 from banks was not surprising – NIM squeeze cushioned by improved loan growth momentum, healthy fees, and normalisation of credit cost run rates. We estimate FY25F sector PATMI to stay flat in 2025 (albeit from a higher base) due to NIM pressure, a moderation in non-II growth, and impact from the global minimum tax rate.	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.	UOB, DBS
Food Products (CPO)	O/W	We believe the price of CPO is unlikely to decline to <MYR4,000/tonne in the near future, as geopolitical risks remain very much in play – which would also keep crude oil prices elevated and speculative forces active. For 2025, we believe the culmination of the low output and stock levels in Indonesia at end-2024, increasing biodiesel mandates in Indonesia in 2025, and tightening supplies of sunflower seed and rapeseed in 2025 will lead to a more apparent deficit in global oils and fats in 2025. This will, in turn, lead to stronger prices for vegetable oil prices in 2025, as the stock/usage ratio for the 17 oils & fats falls to a 15-year low of 12.4% in 2025 (vs historical average of 13.6%). As such, we upgraded the sector to OVERWEIGHT and raised our CPO price per tonne assumptions for 2024 to MYR4,100 (from MYR3,900), for 2025 to MYR4,300 (from MYR3,800), and for 2026 to MYR4,100 (from MYR3,800). Overall, we expect prices to stay higher in 1H25, trading at MYR4,400-4,800/tonne before moderating in 2H25 to MYR4,000-4,400/tonne during the seasonal peak.	Weather and geopolitical risks.	Bumitama Agri
Healthcare	N	Singapore private healthcare service providers are coming off a high earnings base from the COVID-19 years. While pandemic-related earnings are on the decline, there should be some improvement in elective treatments, normalisation of the general treatment and care demand, as well as an increased number of bed deployments for transitional care facilities. Singapore's ageing population will continue to support the long-term demand for healthcare services. However, cost inflation and loss of medical tourism to countries like Malaysia and Thailand remain concerns. Public hospitals have a greater market share in Singapore, and the Government is swiftly adding more healthcare service capacity. This has limited organic growth opportunities for private healthcare players to ambulatory care centres, and likely increases collaboration with the public healthcare system. Private healthcare players have also been forced to expand beyond Singapore to support growth, eg Raffles Medical Group's new hospitals in China, and Thomson Medical Group's and Raffles Medical Group's recent acquisitions in Vietnam. However, this brings in greater execution risks.	Tight labour availability, high-cost inflation, loss of medical tourism to Malaysia and Thailand, and strong SGD relative to ASEAN currencies.	N/A
Manufacturing & Technology	O/W	OVERWEIGHT on the sector, as we anticipate the tech recovery moving into 2025. We now see improving customer orders as customer destocking and inventory levels in the supply chain taper and improve. The sector was facing higher inventory levels in the supply chain, which is normalising, and orders are expected to recover going forward. We are now expecting a recovery in customer demand and a production ramp-up going into 2025, where stocks in both semiconductor and tech manufacturing should benefit from the pick-up.	Later-than-expected pick-up in customer demand would derail our view on the sector.	Frencken, Venture Corp

Source: Company data, RHB

Figure 27: Sector outlooks, ratings, and preferred picks (ii)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Real estate	N	<p>Interest in the Singapore residential sector has shown a marked improvement in 4Q24, with sales at new launches in November far exceeding our and market expectations. This comes on the back of the commencement of interest rate cuts, resulting in a decline in pricing fixed-rate loan offerings, coupled with a strong economy and pent-up demand from a lack of new launches during the first three quarters of the year. It has to be noted that, despite a marked pick-up in interest, demand still remains selective and price-sensitive. Mass and mid-tier segments are expected to perform strongly compared to the high-end segment, which is still reeling from a lack of foreign and investment demand.</p> <p>Moving into 2025, the pick-up in interest should uplift developers' confidence in the market and accelerate some of the launches, with &gt; 12,000 units ready to be launched in the pipeline. The healthy interest in new launches will likely spill over into the secondary market, as there still remains a significant price differential in the resale market over new launches.</p> <p>Overall, we expect a 30-50% increase in primary transaction volumes in 2025, with 9,000-10,000 units. For the resale segment, we expect transaction volumes to increase 10-15% in 2025. Residential property prices are expected to increase 1-4% in line with economic growth. Real estate agencies will be the primary beneficiaries from the surge in transactions and are likely to outperform in 2025. Key catalysts for residential developers will be a sharper decline in interest rates and more divestments.</p>	Implementation of additional cooling measures and slowdown in the economy.	APAC Realty, City Developments
S-REITs (Hospitality)	N	<p>Visitor arrivals (YTD-10M24) are up 23% YoY to 13.9m and are currently at c.88% of pre-pandemic (10M19) levels. Visitor arrivals growth slightly eased in 2H. In addition, we note that, while visitor arrivals have rebounded strongly, total visitor days (10M24) are up only 12% YoY, indicating a slight average length of stay of 3.5 days (from 3.8 days). This could be attributed to a strong SGD and a slight easing in spending power post initial reopening surge after COVID-19. In addition, while China visitor numbers have surged again this year to reclaim the top spot, with 2.3m arrivals YTD (20% of the total), ie closer to pre-COVID-19 numbers, our interactions with industry players reveal that there is a change in the visitor profile mix – their spending habits are now more restrained vs the pre-pandemic period.</p> <p>For 2025, with the absence of some of the large-scale events held this year, we believe visitor arrivals are expected to grow YoY but at a more modest 2-5% or between 16.5-17m, which is still below 2019 levels of 19.1m. Hotel revenue per available room (RevPAR) is expected to be more flattish, in the -1% to 3% range for next year.</p>	Economic slowdown and deceleration of post COVID-19 pent-up demand.	N/A
S-REITs (Industrial)	O/W	<p>Singapore's manufacturing PMI has been growing for the past 14 months. The PMI growth has been well supported by the lynchpin electronics sector, which has been expanding since the start of the year. Mirroring this in the industrial sector, demand broadly remains in expansion mode across segments, barring some pockets of weakness. 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.</p> <p>Industrial sector occupancy and rents have been on an uptrend over the last two years. For 2025 we expect the occupancy to be maintained at the high 80s despite slightly higher incoming supply and industrial rents to increase by 1-3%. With sharp rent growth seen in 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 has been seeing some weakness of late has been the Singapore business park space, which has been impacted by higher supply, work-from-home trends, shifting of demand to lower-cost locations, and rationalisation of the technology sector demand. This has impacted business park occupancy, particularly at micro-markets such as Changi Business Park in Singapore's eastern part, 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 repurposing for some of these spaces, considering the evolving market conditions.</p> <p>Overall, we continue to see the industrial sector as a defensive play, offering earnings stability and stable asset value. Among the sub-sectors, we like the 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.</p>	Potential negative impact from an increase in tariffs and rerouting of the supply chain. Slowdown in economic growth	AIMS APAC REIT, CapitaLand Ascendas REIT

Source: Company data, RHB

Figure 28: Sector outlooks, ratings, and preferred picks (iii)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
S-REITs (Office)	O/W	<p>Singapore's office sector remains a major outlier across global markets, with healthy overall central business district (CBD) occupancy levels (c.95%) and continued rent growth. This is as the country witnessed a much stronger return to physical offices at c.80%, well above many other developed markets (such as the US and Australia), which are still in the 50-70% range.</p> <p>Based on CBRE data, Grade-A CBD office vacancy spiked higher to 7.8% from 3.6%, but this was mainly due to the completion of IOI Central Boulevard Towers - excluding which, vacancy remains relatively tight at 3-4%. We expect overall vacancy rate to ease to c.5% by the end of the year.</p> <p>Office demand continues to be supported by corporate relocations and specific sectors such as finance, energy, and insurance, as well as co-working spaces. Demand, though, is more bite-sized at spaces of 5,000-20,000 sq ft rather than for large-sized ones. While there has been some downsizing and consolidation, this has been mitigated by similar expansion demand from growing sectors, ie energy, law firms, and family offices. In addition, the redevelopment of many of the older office buildings into more modern, high-quality, integrated spaces has resulted in displacement demand for existing high-quality Grade A office buildings. On the supply front, 2025 will see a respite, with no new core CBD supply next year while there is only c. 0.6m of new supply expected from Keppel South Central.</p> <p>Rents for Grade- A CBD space was flat during 3Q but has grown by 15% over the last twelve quarters. For 2025, we expect the office rental growth to moderate to flattish-to-a-slightly-positive 0-2%. Despite softening market rent growth, rental reversions for Singapore office REITs are expected to remain positive in mid-single digits as market rental rates remain well above renewal rental rates. Overall, we remain positive in our long-term outlook for the demand for Singapore office space, with economic growth expected to pick up in 2H24.</p>	Sharp slowdown in economy, and unanticipated major downsizing or tenant exits.	Keppel REIT
REITs (Overseas)	O/W	<p>A key highlight of 2Q-3Q results has been the successful refinancing of maturing or upcoming debt undertaken by US office REITs, which so far have been a key overhang and major concern among investors. The refinancing has raised investor confidence of a sector revival and potential bottoming of the US office market. Positive updates were seen in the office leasing front, with an increase in leasing activities, as well as a strong pipeline of potential tenant discussions that, if they come to fruition, could further lift sentiment for the sector. However, the recent US election outcome and clean sweep by the Republican Party have, on the other hand, increased the odds of lingering high inflation and lowered the market expectations of rate cuts next year. The change in interest rate outlook is expected to impact distributions and valuations, with US office REITs likely to continue to post slight negative year-end valuations while distributable income is likely to remain largely suspended for 2025, and gradually expected to resume in 2026. We expect volatility in the share prices of US office REITs in the near term, but with refinancing secured and leasing momentum improving, we remain positive on its long-term recovery.</p> <p>On the other hand, the commencement of rate cuts by the European Central Bank and Bank of England and a more benign inflation outlook have brightened the prospects of European- and UK-centric REITs. Market conditions remain relatively more favourable in terms of demand for the industrial sector and high-quality Grade A offices. We also observed a bottoming out in 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 for 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 Singaporean peers.</p>	Faltering potential inflation. economy and resurgence of	Cromwell European REIT, Elite UK REIT, Keppel Pacific Oak US REIT, Prime US REIT

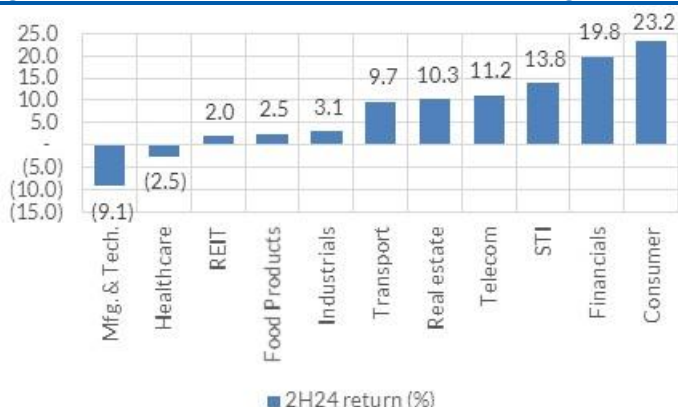
Source: Company data, RHB

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

Sector	Rating	Sector outlook	Sector risks	Preferred picks
S-REITs (Retail)	N	<p>Retail sales growth has been easing off since March, with September retail sales (excluding motor vehicles) slipping 1.4% YoY and 0.2% MoM. On a seasonally adjusted basis, retail sales were up 0.4% MoM, reversing from August's revised 0.8% increase. RHB Economics, however, expect retail sales growth to improve in 4Q24 and 1Q25, underpinned by: i) A resilient global backdrop that might support tourist arrivals into ASEAN countries; ii) upcoming festive periods and year-end holidays; and iii) a healthy labour market expected in the medium term.</p> <p>Downtown and Orchard Road mall sales growth have 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 has 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.</p> <p>We expect overall retail sector rent growth to moderate to +1% to +3%, translating into positive mid-single-digit rental reversions for the majority of retail S-REITs.</p>	Unexpected slowdown in consumer demand and a faltering economy.	CapitaLand Integrated Commercial Trust, Starhill Global REIT
Telecoms	N	<p>An industry consolidation remains a key sector narrative on the back of keen competition in the market for SIM-only plans from mobile virtual network operators (MVNOs) and the subdued industry mobile revenue outlook. The potential declining interest rate environment may see renewed interest in telcos, with the average sector dividend yields of 5-6% being amongst the highest in the region. On the back of extended topline pressure, we see continued focus on cost and profitability by the telcos, with service differentiation and customer experience as key thrusts. The telcos are also expected to incur additional spectrum costs in 2025 in the form of the 700 MHz band, with Singtel being the first to roll out 5G services on the band in 1Q25, followed by StarHub and M1. We see Singtel's ST28 strategy driving the next leg up in earnings for the group with stronger contributions from new growth engines, ie NCS and Nxera (data centre entity), with potential for stronger dividend payouts from more capital recycling efforts (mid-term target of SGD6bn). While transformation costs are expected to taper off for StarHub in FY25, the magnitude and timing of benefits as well as earnings uplift from its multi-year investments remain uncertain, which may still cap stock sentiment. We continue to see appetite for strategic acquisitions by the telcos to strengthen their capabilities and to widen their footprint, specifically in the enterprise space.</p>	Competition and weaker-than-expected earnings and margins.	Singtel
Transport & Industrials	O/W	<p>For 2025, we reiterate our positive view on ComfortDelGro, as its strong earnings growth remains supported by the continued improvement in UK public transport margins, contributions from Australian bus tender wins, and the acquisition of A2B as well as Addison Lee. For 2025, we expect its taxi/private hire vehicle business segment to also see contributions from an improving China taxi business.</p> <p>Our expectation of strong profit growth in 2024-2026 is supported by Commercial Aerospace (CA), STE's second-largest business segment by revenue. Growth in the CA segment will be aided by continued strong demand for aviation MRO work. To meet this demand, STE is ramping up its hangar capacity. Although at a slower pace, STE should continue to see the deliveries of its passenger-to-freighter (PTF) aircraft translating into an improvement in margins. Although we have built in expectations of a gradual margin recovery for the Urban Solutions &amp; Satcom (USS) business segment, in terms of EBIT CAGR, USS should see the fastest growth in 2023-2026F, aided by a turnaround in the Satcom business. Sustained delivery of defence contracts should support growth for the Defence &amp; Public Security (DFS) business segment.</p>	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 30: 2H24 sector returns based on RHB's coverage universe



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 31: 2H24 sector returns based on index



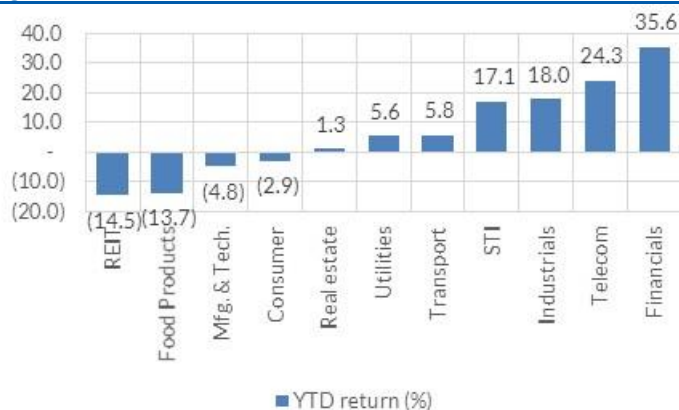
Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 32: YTD sector returns based on RHB's coverage universe



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 33: YTD sector returns based on index



Note: Data as of 11 Dec 2024  
Source: Bloomberg, RHB

Figure 34: Summary of our sector weightings

Overweight	Neutral
Consumer	Healthcare
Financials	Real estate
Food products	REITs (Hospitality)
Industrials	REITs (Retail)
Mfg. & Tech.	Telecom
REIT	
REITs (Industrial)	
REITs (Office)	
REITs (Overseas)	
Transport	

Source: RHB

Figure 35: Summary of preferred stocks across sectors

Sector	Preferred picks
Consumer	FEH, SSG, THBEV
Financials	DBS, UOB
Food products	BAL
Healthcare	-
Industrials	STE
Mfg. & Tech.	FRKN, VMS
Real estate	APAC, CIT
REITs (Hospitality)	-
REITs (Industrial)	AAREIT, CLAR
REITs (Office)	KREIT
REITs (Overseas)	CERT, ELITE, KORE, PRIME
REITs (Retail)	CICT, SGREIT
SMID Cap	APAC, FRKN, CENT, RSTON
Telecom	ST
Transport	CD

Source: RHB

Figure 36: Sector valuation comparison (i)

Sector name	Rating	P/E (x)		P/BV (x)		Dividend yield (%)		FCF yield (%)		ROE (%)	
		2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Consumer	OW	12.5	11.9	2.5	2.3	4.6	4.8	11.5	11.8	20.4	19.7
Financials	OW	11.2	10.8	1.7	1.6	5.4	5.7	4.9	4.7	14.6	14.2
Food products	OW	9.7	9.0	0.7	0.7	3.9	4.1	4.0	6.8	9.5	9.6
Healthcare	N	20.0	17.9	2.2	2.1	3.5	3.7	5.0	5.7	12.2	12.8
Industrials	OW	16.7	14.9	4.5	4.0	3.6	3.6	7.1	7.5	28.2	28.4
Mfg. & Tech.	OW	12.7	12.1	1.3	1.2	5.4	5.5	5.0	7.1	10.2	10.4
Real estate	N	12.1	11.8	0.5	0.5	2.5	3.0	9.3	25.5	4.9	4.9
REIT	OW	16.3	15.6	0.9	0.9	6.2	6.7	8.0	8.4	5.7	5.9
Telecom	N	17.7	15.9	2.1	2.0	6.3	6.5	10.2	10.8	12.2	13.0

Note: Prices are as at 11 Dec 2024

Note 2: Market cap weighted-averages for stocks under RHB's coverage. EPS and DPS growth for REITs excludes the data for US REITs

Source: Bloomberg, RHB

Figure 37: Sector valuation comparison (ii) and returns

Sector name	Rating	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/equity (x)		Returns (%)	
		2025	2026	2025	2026	2025	2026	2025	2026	1M	YTD
Consumer	OW	9.6	5.7	6.8	5.6	7.8	7.8	0.5	0.5	7.4	5.1
Financials	OW	-0.3	3.2	7.1	5.8	45.8	46.1	-0.4	-0.5	2.2	35.6
Food products	OW	21.3	7.5	19.2	4.4	4.4	4.5	0.9	0.8	-0.4	-5.5
Healthcare	N	8.8	11.0	-8.4	6.8	16.7	17.1	-0.4	-0.4	8.6	14.0
Industrials	OW	18.9	13.0	-0.4	0.3	7.1	7.3	1.7	1.4	-4.3	14.3
Mfg. & Tech.	OW	11.9	5.2	3.8	1.5	8.2	8.2	-0.3	-0.3	0.7	-4.7
Real estate	N	14.3	2.7	17.8	21.9	13.0	12.9	0.9	0.8	1.3	1.6
REIT	OW	15.2	4.3	2.7	3.8	52.7	53.7	0.6	0.6	-0.9	-8.6
Telecom	N	14.1	11.0	11.3	3.9	18.1	19.4	0.4	0.4	-3.9	23.7

Note: Prices are as at 11 Dec 2024

Note 2: Market cap weighted-averages for stocks under RHB's coverage. EPS and DPS growth for REITs excludes the data for US REITs

Source: Bloomberg, RHB

## Preferred Stocks

### Preferred large- and mid-cap stocks

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

Company name	Mkt cap			Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div yield (%)		FCF yield (%)		ROE (%)	
	(USDm)	Rating	TP			1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
CapitaLand Ascendas	8,379	Buy	3.20	25.0	Dec-24	24.8	17.9	1.1	1.1	6.0	6.2	9.1	8.3	4.2	5.9
CICT	10,485	Buy	2.30	19.2	Dec-24	16.4	15.9	0.9	0.9	5.6	5.8	9.0	7.9	5.5	5.7
City Developments	3,471	Buy	7.30	39.9	Dec-24	14.4	12.8	0.5	0.5	1.9	2.3	2.8	8.2	3.5	3.9
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	14.7	12.6	1.2	1.2	5.1	5.9	12.3	8.8	8.3	9.4
Keppel REIT	2,432	Buy	1.05	23.6	Dec-24	13.7	13.2	0.6	0.6	6.7	6.8	na	3.8	4.7	4.9
SingTel	37,721	Buy	3.60	17.3	Mar-25	20.0	17.4	2.1	2.0	5.9	6.4	7.8	9.4	10.5	11.7
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	20.5	17.2	5.3	4.8	3.5	3.5	4.5	6.9	26.7	29.1
UOB	46,162	Buy	40.20	8.4	Dec-24	10.3	10.0	1.3	1.2	4.8	5.3	na	na	12.3	12.3
Venture Corp	2,789	Buy	15.37	18.6	Dec-24	14.9	13.2	1.3	1.3	5.8	5.8	8.3	4.2	8.9	9.8

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

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

Company name	Mkt cap			Upside/ downside (%)	1FY year	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/equity (x)		Returns (%)	
	(USDm)	Rating	TP			1FY	2FY	1FY	1FY	1FY	2FY	1FY	2FY	1FY	2FY
CapitaLand Ascendas	8,379	Buy	3.20	25.0	Dec-24	91.6	38.6	0.8	3.1	29.8	41.3	0.7	0.7	-1.9	-15.5
CICT	10,485	Buy	2.30	19.2	Dec-24	-10.4	3.5	1.1	2.6	52.5	55.1	0.7	0.7	-2.0	-6.3
City Developments	3,471	Buy	7.30	39.9	Dec-24	3.8	12.3	-16.7	20.0	7.9	9.3	1.0	1.0	0.4	-21.5
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	20.1	16.3	12.6	16.3	5.5	5.7	-0.3	-0.3	-1.3	5.0
Keppel REIT	2,432	Buy	1.05	23.6	Dec-24	12.5	4.0	-2.0	2.3	93.5	92.3	0.5	0.5	-2.3	-8.6
SingTel	37,721	Buy	3.60	17.3	Mar-25	10.1	15.1	20.0	8.3	17.1	19.0	0.4	0.4	-4.1	24.3
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	11.0	19.7	-0.8	0.0	6.1	6.8	2.2	1.8	-4.7	15.2
UOB	46,162	Buy	40.20	8.4	Dec-24	-0.5	3.2	5.5	9.0	na	na	na	na	1.2	30.4
Venture Corp	2,789	Buy	15.37	18.6	Dec-24	-6.2	12.7	-0.2	0.0	9.0	9.0	-0.4	-0.4	0.5	-4.8

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

### Preferred small-cap stocks

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

Company name	Mkt cap			Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Div yield (%)		FCF yield (%)		ROE (%)	
	(USDm)	Rating	TP			1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
APAC Realty	104	Buy	0.42	7.1	Dec-24	16.1	10.9	0.9	0.8	4.7	6.9	8.5	12.1	5.4	7.8
Centurion Corp	604	Buy	1.06	10.1	Dec-24	9.6	8.0	0.9	0.8	3.1	3.1	0.8	14.9	16.8	10.2
Frencken Group	375	Buy	1.71	44.7	Dec-24	11.6	10.2	1.2	1.1	1.9	2.6	12.8	7.8	10.4	10.9
Riverstone	1,158	Buy	1.07	2.3	Dec-24	17.5	16.2	3.0	2.8	4.6	4.9	5.1	5.2	17.2	17.9

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

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

Company name	Mkt cap			Upside/ downside (%)	1FY year	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/equity (x)		Returns (%)	
	(USDm)	Rating	TP			1FY	2FY	1FY	1FY	1FY	2FY	1FY	2FY	1M	YTD
APAC Realty	104	Buy	0.42	7.1	Dec-24	-26.9	48.0	-27.3	48.0	1.5	2.1	0.0	0.0	1.3	-22.8
Centurion Corp	604	Buy	1.06	10.1	Dec-24	21.8	20.0	100.0	0.0	33.9	36.4	0.5	0.4	6.6	138.3
Frencken Group	375	Buy	1.71	44.7	Dec-24	34.3	13.3	-37.4	34.4	5.7	5.8	-0.2	-0.3	-0.8	-12.6
Riverstone	1,158	Buy	1.07	2.3	Dec-24	33.5	8.3	-43.4	8.3	25.9	24.8	-0.5	-0.5	18.0	48.9

Note: Prices are as at 11 Dec 2024

Source: Bloomberg, RHB

## Investment theses for our preferred picks

Figure 42: Investment theses for our stock picks (i)

Stock	Investment thesis	Investment risks
AIMS APAC REIT (AAREIT SP)	<ul style="list-style-type: none"> <li>High-quality industrial REIT portfolio with predominantly Singapore logistics assets.</li> <li>Earnings recovery will be driven by strong double-digit rent growth (more than c.20%) for the logistics portfolio, coupled with steady occupancy increases.</li> <li>There is good potential to enhance portfolio value from asset enhancements.</li> <li>Medium-term M&amp;A candidate.</li> </ul>	<ul style="list-style-type: none"> <li>Persistent inflationary pressures and delays in interest rate cuts.</li> <li>Unanticipated shift in supply chain from rising geopolitical tensions.</li> </ul>
APAC Realty (APAC SP)	<ul style="list-style-type: none"> <li>Second largest real estate agency in Singapore and direct proxy to a surge in residential transactions in new launches and spillover effects in secondary market transactions</li> <li>Overseas segments likely to turn profitable from 2025 onwards.</li> <li>Net cash position and offering attractive dividend yields of &gt;6%.</li> </ul>	<ul style="list-style-type: none"> <li>Imposition of unexpected cooling measures.</li> <li>Slowdown in Singapore's economy.</li> </ul>
Bumitama Agri (BAL SP)	<ul style="list-style-type: none"> <li>Pure planter that is more sensitive to the current CPO price uptrend.</li> <li>Sells 100% domestically so would actually benefit from the current IDR appreciation as revenue is in IDR while some costs like fertiliser are in USD terms.</li> <li>Inexpensive valuations and stronger-than-peer dividend yields.</li> </ul>	<ul style="list-style-type: none"> <li>Weather</li> <li>Geopolitical risks</li> <li>Policy risks</li> </ul>
CapitaLand Ascendas REIT (CLAR SP)	<ul style="list-style-type: none"> <li>The largest industrial REIT with diversified exposure to business parks, logistics, and hi-tech industrial spaces.</li> <li>Organic growth from asset redevelopment, higher occupancy rates, and rental improvement.</li> <li>Backed by a strong and experienced sponsor.</li> </ul>	<ul style="list-style-type: none"> <li>Persistent inflationary pressures and delays in interest rate cuts.</li> <li>Prolonged weakness in the business parks space in Singapore.</li> </ul>
CapitaLand International Commercial Trust (CICT SP)	<ul style="list-style-type: none"> <li>The largest listed S-REIT with a high-quality portfolio of mostly Singapore office and retail assets.</li> <li>Proxy for an anticipated economic recovery in Singapore in 2024, with the catalyst being possible divestments of smaller assets.</li> <li>Healthy positive rent reversions are expected for its Singapore office and retail assets.</li> <li>A strong and capable sponsor with good-quality pipeline assets.</li> </ul>	<ul style="list-style-type: none"> <li>Persistent inflation resulting in consumer demand cutbacks and weaker margins for retailers, resulting in weaker demand.</li> <li>Delays in interest rate cuts.</li> </ul>
Centurion Corp (CENT SP)	<ul style="list-style-type: none"> <li>Near-term bed rates are positive for Centurion, as Singapore's purpose-built workers accommodation bed supply remains tight.</li> <li>Expect growth ahead, driven by better capacity, occupancy, and rental rates.</li> <li>Expect more dormitory project wins, with at least seven new purpose-built dormitories, totalling 47,000 beds, that are planned to be completed over the next five years.</li> <li>It currently trades at its historical P/E mean of 8x.</li> </ul>	<ul style="list-style-type: none"> <li>Poor occupancy of purpose-built student accommodation assets and bed rates.</li> </ul>
City Developments (CIT SP)	<ul style="list-style-type: none"> <li>Beneficiary of a surge in Singapore residential property transaction volumes, as it has the largest residential landbank.</li> <li>The hospitality segment, which accounts for c.30% of its portfolio, is poised for a continued recovery.</li> <li>High-quality commercial assets in Singapore and the UK, and growth from the fund management segment.</li> <li>Trading at a deep &gt;60% discount to RNAV.</li> </ul>	<ul style="list-style-type: none"> <li>Further unexpected policy measures targeting the real estate sector.</li> <li>Delays in interest rate cuts.</li> </ul>
ComfortDelGro (CD SP)	<ul style="list-style-type: none"> <li>16% earnings growth in 2025.</li> <li>Continued improvement in UK public transport margins.</li> <li>Contributions from Australian bus tender wins.</li> <li>Contributions from the acquisition of A2B as well as Addison Lee.</li> <li>Also expect to see contributions from an improving China taxi business.</li> </ul>	<ul style="list-style-type: none"> <li>Lower-than-expected contributions from acquisitions.</li> <li>Weaker than estimated margins for overseas businesses.</li> </ul>
Cromwell European REIT (CERT SP)	<ul style="list-style-type: none"> <li>A pan-European REIT with a good mix of logistics and office assets.</li> <li>A strong and capable management team with proven leasing capabilities and an under-rented portfolio of assets.</li> <li>Value-added strategies include asset redevelopments and recycling assets to produce higher yields.</li> <li>Valuation is attractive, with a double-digit yield that has priced in most of the Eurozone risks.</li> </ul>	<ul style="list-style-type: none"> <li>Escalations in the Russia-Ukraine war and the Eurozone economy entering a recession.</li> <li>Delays in interest rate cuts.</li> </ul>

Source: Company data, RHB

Figure 43: Investment theses for our stock picks (ii)

Stock	Investment thesis	Investment risks
DBS (DBS SP)	<ul style="list-style-type: none"> <li>Amid a volatile market, we believe there is room in investors' portfolios for defensive stocks, ie stocks with low earnings risk but offer attractive dividend yields and prospects for capital returns.</li> <li>DBS has committed to increase DPS by 24 cents pa and management expects to sustain this commitment over the next 2-3 years. This translates to a FY24-26F DPS CAGR of 10% vs flat EPS, while dividend yields appear attractive, at 5.8% in FY25F.</li> <li>The above commitment excludes further initiatives to return excess capital to shareholders. It has announced a SGD3bn share buyback programme (not factored in our EPS forecasts) and even then, management guided that there would still be excess capital north of another SGD3bn that can be utilised.</li> <li>YTD earnings have surprised positively, thanks to non-II while asset quality has been benign. For 2025, management guided for flat pretax profit but PATMI could see dip due to the global minimum tax rate. For now, our FY25F projections are in line with guidance.</li> </ul>	<ul style="list-style-type: none"> <li>Adverse changes to dividend policy, which could be due to regulatory or macroeconomic conditions, and/or changes in leadership.</li> <li>Weaker-than-expected income with NIM and non-II as potential culprits.</li> <li>Sharper-than-expected deterioration in asset quality.</li> </ul>
Elite UK REIT (ELITE SP)	<ul style="list-style-type: none"> <li>A UK social infrastructure-focused portfolio of assets, with the UK government as the key tenant and no major lease expiries until Apr 2028.</li> <li>Stable cashflow from AA-rated UK government tenants.</li> <li>Potential repositioning of its assets into data centres and student accommodation.</li> <li>Attractive valuation with c.9% yields.</li> </ul>	<ul style="list-style-type: none"> <li>Non-renewal of majority of government leases upon expiry in 2028.</li> <li>Limited liquidity and small portfolio size, offering limited growth potential.</li> </ul>
Food Empire (FEH SP)	<ul style="list-style-type: none"> <li>Growth driven by key markets in Russia, Ukraine, Kazakhstan, the Commonwealth of Independent States (CIS), and ASEAN.</li> <li>Growth will be driven by more production facilities which will boost sales volume.</li> <li>Currently trades below its historical 8x P/E mean at close to -1SD.</li> </ul>	<ul style="list-style-type: none"> <li>Disruption in operations due to the Russia-Ukraine conflict.</li> <li>Higher coffee input prices.</li> <li>Negative effects of the RUB and CIS' currencies.</li> </ul>
Frencken Group (FRKN SP)	<ul style="list-style-type: none"> <li>Key semiconductor outlook remains positive, as it continues to support its key customer in Europe, as well as customers that have moved production to Asia.</li> <li>It is opening a larger facility in the US to support semiconductor customers in 1Q25.</li> <li>Near-term growth should also stem from customers' Europe and Asia capacity expansion in programmes and new products.</li> <li>Potential to re-rate on the start of a new semiconductor cycle.</li> </ul>	<ul style="list-style-type: none"> <li>Later-than-expected demand recovery.</li> </ul>
Keppel Pacific Oak US REIT (KORE SP)	<ul style="list-style-type: none"> <li>Diverse US office portfolio and good assets in attractive sub-markets with well-spread lease expiries and minimal tenant concentration risks.</li> <li>Proven operational track record and active asset management initiatives to navigate a highly complex US office landscape.</li> <li>Trading at distressed valuation of &gt;75% discount to book value.</li> </ul>	<ul style="list-style-type: none"> <li>Delays in interest rate cuts.</li> <li>Continued decline in structural demand with further reduction in office spaces by large tech companies.</li> </ul>
Keppel REIT (KREIT SP)	<ul style="list-style-type: none"> <li>High-quality Grade-A office assets in Singapore, Australia, and South Korea.</li> <li>Positive rental reversion is set to continue, with low expiring rents and high occupancy levels to be maintained.</li> <li>Yield uplift from asset recycling initiatives.</li> <li>Trading at 30% below book value with c.6% yield.</li> </ul>	<ul style="list-style-type: none"> <li>Unexpected sharp cutbacks in office demand from slowdown in economy.</li> <li>Delays in interest rate cuts.</li> </ul>
Prime US REIT (PRIME SP)	<ul style="list-style-type: none"> <li>Latest divestment and successful refinancing of portfolio loans have lent confidence to the long-term outlook of the REIT.</li> <li>Improving leasing discussions and return-to-office trend in the US.</li> <li>Valuations are expected to stabilise and likely improve with more rate cuts on the cards.</li> <li>Trading at distressed valuations of &gt;60% discount to book value.</li> </ul>	<ul style="list-style-type: none"> <li>US economy faltering.</li> <li>Potential resurgence in inflation.</li> <li>Continued structural decline in demand with further reduction in office spaces by large tech companies.</li> </ul>
Riverstone (RSTON SP)	<ul style="list-style-type: none"> <li>Prime beneficiary of the recovery of global semiconductor sales, which in turn should drive its cleanroom glove sales.</li> <li>Industry tailwinds arising from the US imposing import tariffs on China glovemakers present a trade diversion opportunity for Malaysia glove manufacturers.</li> <li>Shift towards high-specialty higher-margin healthcare gloves alongside inventory destocking approaching the tail-end should propel the healthcare glove division.</li> <li>The sole rubber glove manufacturer still posting double-digit core profit margins while continuing its consistent dividend payouts (FY25 yield: 5%).</li> </ul>	<ul style="list-style-type: none"> <li>Weakening of the USD against the MYR.</li> <li>Weaker-than-expected sales volumes.</li> <li>Inability to pass on higher costs to customers.</li> </ul>

Source: Company data, RHB

Figure 44: Investment theses for our stock picks (iii)

Stock	Investment thesis	Investment risks
Sheng Siong (SSG SP)	<ul style="list-style-type: none"> <li>Defensive play for stable earnings and dividend yield.</li> <li>Growth supported by improving consumption and government support measures for Singaporeans to counter inflation.</li> <li>Positive store expansion outlook with more Housing &amp; Development Board supply available for bidding in the pipeline.</li> <li>Generates strong cash flow, has a net cash balance sheet with a dividend yield of c.4%.</li> </ul>	<ul style="list-style-type: none"> <li>Slower-than-expected store openings, lower sales demand and per sq ft traction, and the inability to maintain GPM at current levels.</li> </ul>
Singtel (ST SP)	<ul style="list-style-type: none"> <li>Improving ROIC which is projected to hit 10% in FY25F from 9.3% in FY24 and 8.3% in FY23.</li> <li>Planned cost savings of SGD200m annually into FY26F from the consolidation of the Singapore operations (consumer + enterprise) and cost efficiencies at Optus.</li> <li>Mid-term capital recycling target of SGD6bn will support variable realisation dividends (VRD) on top of core 70-90% DPR.</li> <li>Improving market dynamics and re-pricing of tariffs in Australia, India and Thailand.</li> <li>Strong balance sheet with net debt/EBITDA at 1.6x and a 90% fixed rate debt.</li> </ul>	<ul style="list-style-type: none"> <li>Competition across mobile markets.</li> <li>Weaker-than-expected earnings.</li> <li>SGD strength.</li> </ul>
ST Engineering (STE SP)	<ul style="list-style-type: none"> <li>2023-2026F profit CAGR of 15%.</li> <li>Record-high orderbook that provides close to three years of revenue visibility.</li> <li>Sustained DPS of at least 16 SG cents each year, which is paid quarterly.</li> <li>Recovery in earnings driven by strong aviation MRO work, which will benefit the Commercial Aerospace segment.</li> <li>Contributions from TransCore and the restructuring of the Urban Solutions &amp; Satellite Communications (USS) segment should boost growth.</li> <li>The gradual delivery of its orderbook should support the Defence &amp; Public Security (DPS) segment's profitability.</li> </ul>	<ul style="list-style-type: none"> <li>Slower recovery in global aviation traffic and demand as well as weak margins for the CA segment.</li> <li>Weaker-than-estimated contribution from the USS segment.</li> </ul>
Starhill Global REIT (SGREIT SP)	<ul style="list-style-type: none"> <li>Strong recovery from Singapore Orchard Road retail assets backed by the return of tourists.</li> <li>A favourable outcome from the Toshin Development master lease renewal removes uncertainty and further strengthens the income profile.</li> <li>Healthy financial position with modest gearing and a high debt hedge (79%).</li> </ul>	<ul style="list-style-type: none"> <li>Persistent inflation resulting in consumer demand cutbacks and weaker margins for retailers, resulting in weaker demand.</li> <li>Delays in interest rate cuts.</li> </ul>
Thai Beverage (THBEV SP)	<ul style="list-style-type: none"> <li>Strong market leadership in Thailand and Vietnam.</li> <li>Beneficiary of Thailand's economic recovery, improving consumer confidence, and the return of tourists to Vietnam.</li> <li>Growth, driven by better sales volumes, will be aided by more marketing and promotional spending as consumption recovers.</li> <li>Valuation is undemanding at -2SD from its historical forward mean P/E.</li> </ul>	<ul style="list-style-type: none"> <li>Later-than-expected demand recovery in Thailand and Vietnam.</li> </ul>
UOB (UOB SP)	<ul style="list-style-type: none"> <li>We see four factors underpinning its outperformance and further valuation rerating ahead: i) A defensive, ASEAN-centric portfolio; ii) multi-year investments in platforms and synergies from the Citi acquisition are gaining traction and bearing fruit; iii) superior FY25 earnings growth prospects vs the sector; and iv) more aggressive capital returns, thanks to an improved capital position.</li> <li>A key positive surprise in UOB's 3Q24 results was the uplift in its fully-phased in CET-1 ratio under Basel III reforms, which places UOB on par with peers. UOB estimates excess capital of SGD2-2.5bn and is exploring available options to return this to shareholders.</li> <li>We project FY25F PATMI to rise by 6% YoY – superior to the flat earnings for the sector. This is expected to be underpinned by double digit fee growth (in line with guidance) and a step-down in Citi integration costs. The rise in PATMI and higher dividend payout assumed supports our +9% DPS growth for FY25F.</li> </ul>	<ul style="list-style-type: none"> <li>Weaker-than-expected income with NIM and non-II as potential culprits.</li> <li>Sharper-than-expected deterioration in asset quality, which could be due to, among others, continued issues with the Citi portfolio.</li> <li>Slower than anticipated progress on merger synergies from the Citi portfolio.</li> </ul>
Venture Corp (VMSSP)	<ul style="list-style-type: none"> <li>We expect customer orders to build up into FY25F as customer destocking continues.</li> <li>We like VMS for its strong net cash balance sheet, positioning for an FY25F earnings recovery, consistent DPS payout, attractive dividend yields, and valuation below historical mean.</li> <li>Growth is driven by customer order ramp-up post destocking, new customers, new product introductions, leveraging on design capability, strong supply chain, and a focus on high-value solutions.</li> <li>The stock trades at 13x FY25F P/E, below its historical mean of 16x.</li> </ul>	<ul style="list-style-type: none"> <li>Weaker or later-than expected recovery in customer orders and demand.</li> </ul>

Source: Company data, RHB

## STI Target: 3,940pts For End-2025

### Reasonable valuation with good dividend yield

The STI has outperformed many other Asia-Pacific markets over the last two years, due primarily to the robust performance of the financial sector – particularly banks – which have benefited from strong economic development and a high interest rate environment. As of 11 Dec, the STI has delivered 17% returns in SGD terms. The rise was largely concentrated in the second half of 2024, and Singapore was the third best performer in Asia ex-Japan in 2024, trailing only Taiwan and Hong Kong. The underlying driver of these strong gains was higher-than-expected earnings in 2024, particularly in industries such as financials and industrials. In addition to banks, enterprises such as Yangzijiang Shipbuilding, ST Engineering, Singtel, and SATS generated strong returns.

Despite the market's strong positive returns, the STI's P/E is still reasonable. We believe that profit growth, rather than P/E expansion, drove the majority of the STI's climb in 2024. The STI's P/E ratio remains favourable at 11.6x 12-month forward earnings, which is consistent with its -1SD deviation from its historical average since Jan 2008 (Figure 45), implying that further upside is possible without the valuations getting stretched. In comparison to regional competitors, STI's dividend yield is still the highest (Figure 49), and the market remains cheap on a forward P/E basis when compared with Asia ex-Japan's forward P/E (Figure 50).

Figure 45: STI's forward consensus P/E



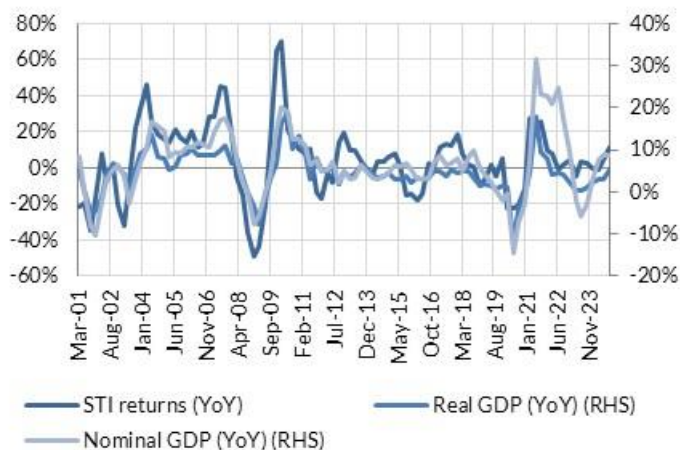
Note: As at 11 Dec 2024  
Source: Bloomberg

Figure 46: STI's forward consensus P/BV



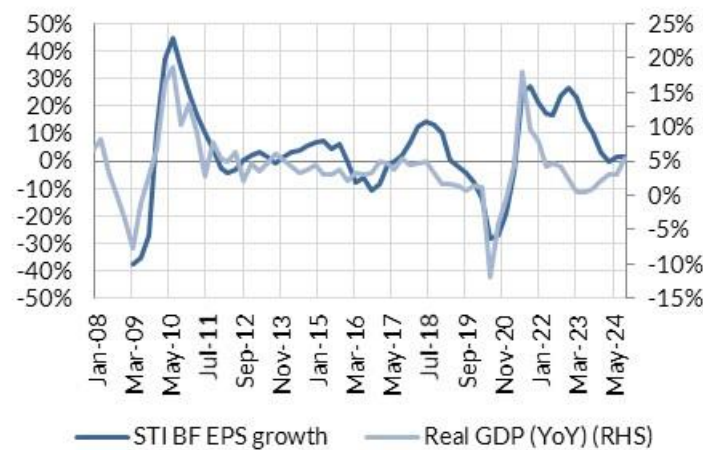
Note: As at 11 Dec 2024  
Source: Bloomberg

Figure 47: There is a positive correlation between the STI's returns and GDP growth expectations



Note: Updated till Sep 2024  
Source: Bloomberg, RHB

Figure 48: Amidst rapidly changing expectations on interest rate outlook, the forecast EPS growth has lagged the economic growth



Note: Updated till Sep 2024  
Source: Bloomberg, RHB

Historically, returns on the STI have had a positive correlation with forecasts for Singapore's GDP growth (Figure 47). The index gained by 17% in 2024, and has reached a 17-year high. Singapore's annualised GDP growth has seen a sustained QoQ improvement since 2Q23, and the same is being reflected in its equity markets. With expectations of resilient economic growth in 2025, while the STI should continue to move higher, the returns are likely to be modest compared to the returns delivered in 2024, as the economic growth rate is expected to moderate down and there are increased global macroeconomic risks. Nevertheless, we believe there remains potential for selective outperformances in specific sectors and stocks where structural growth drivers remain intact.

Using a top-down approach and a target P/E of 11.3x applied to 2026 EPS, we expect the STI to hit 3,940pts by the end of 2025. The target P/E has been below -1SD from its forward P/E mean since Jan 2008. This, we believe, is fair – given the moderating index earnings growth into 2025 and 2026. Our top-down EPS growth projections for 2025 and 2026 are 4.5% each. Our target P/E, which is at c.15% below its historical average, reflects the growing risks associated with an uncertain macroeconomic outlook, in our opinion.

Figure 49: The STI is the top-yielding market in Asia

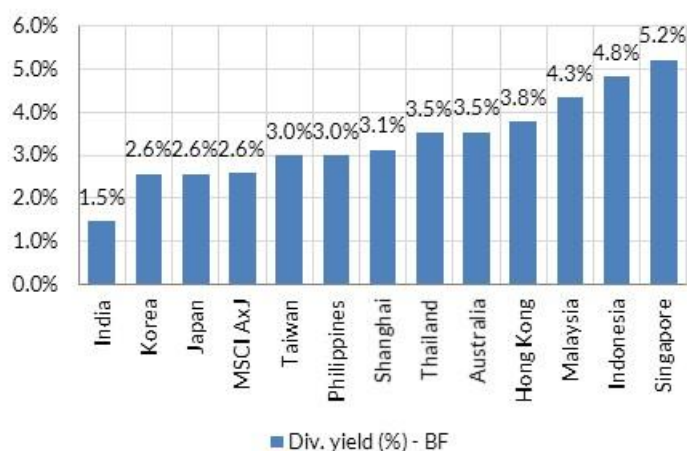


Figure 50: Despite stellar performance in 2024, the STI's forward P/E still trades at a discount vs Asia ex-Japan's forward P/E



Note: As at 11 Dec 2024  
Source: Bloomberg

Note: As at 11 Dec 2024  
Source: Bloomberg

Figure 51: Valuation comparison for regional indices

	P/E (x)		Dividend yield (%)		P/BV (x)		ROE (%)	
	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
<b>Developed Asia</b>								
Australia	20.2	18.3	3.5	3.5	2.1	2.0	9.7	10.6
Hong Kong	9.6	9.1	3.8	3.8	1.1	1.0	11.2	10.8
Japan	15.0	14.8	2.4	2.6	1.4	1.3	9.0	8.8
South Korea	10.0	8.1	2.4	2.6	0.9	0.8	9.0	10.0
<b>Singapore</b>	<b>12.1</b>	<b>11.6</b>	<b>5.0</b>	<b>5.2</b>	<b>1.3</b>	<b>1.2</b>	<b>10.6</b>	<b>10.7</b>
Taiwan	18.5	16.2	2.7	3.0	2.8	2.6	15.0	15.7
<b>Emerging Asia</b>								
India	23.2	20.4	1.4	1.5	3.5	3.1	15.0	15.0
Indonesia	12.6	12.0	4.8	4.8	0.3	0.3	2.5	2.5
Malaysia	14.9	13.7	4.2	4.3	1.4	1.3	9.3	9.7
Philippines	11.3	10.2	2.8	3.0	1.4	1.3	12.7	12.9
Shanghai	13.7	12.4	2.9	3.1	1.3	1.2	10.1	10.2
Thailand	16.4	14.6	3.3	3.5	1.4	1.4	8.4	9.3
<b>MSCI Asia Pacific ex-Japan</b>	<b>15.2</b>	<b>13.5</b>	<b>2.6</b>	<b>2.8</b>	<b>1.7</b>	<b>1.6</b>	<b>11.0</b>	<b>11.2</b>

Note: As at 11 Dec 2024  
Source: Bloomberg

## Singapore: Macroeconomic Outlook

### Resilient economic growth in 2025 but we are staying cautious

Extracted from [6 Dec 2024](#) report published by RHB EMS

Singapore's economy to grow by 3.0% YoY in 2025, following the 3.4% YoY expansion in 2024. We expect growth momentum to stay resilient in the new year. Our view for Singapore's economy to remain robust in 2H24 is materialising nicely, whereas our in-house auto-regression model suggests robust growth of 3.9% YoY for 2H24. We project the economy to expand at 3.8% in 1Q25, rebounding from an expected print of 2.2% in 4Q24. As a testament to our positive view of Singapore's economy, our GDP growth forecast of 3.0% in 2025 is at the top end of the official forecasted range of 1-3%.

Figure 52: Singapore – key economic forecasts

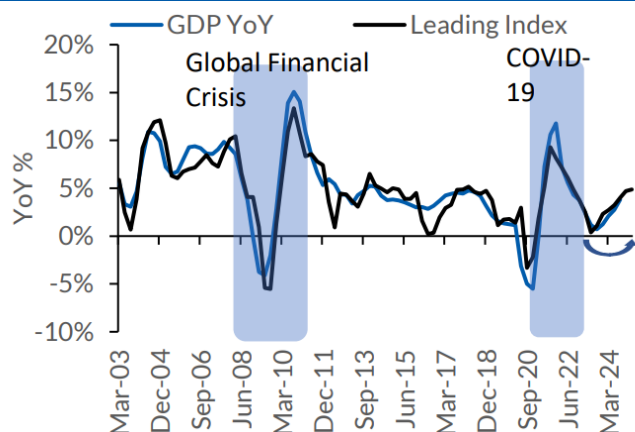
	2024E	2025F	2026F	1H25F	2H25F	1H26F	2H26F
Real GDP Growth (% YoY)	3.4	3.0	3.0	3.2	2.8	3.0	3.0
Contribution to real GDP Growth (%)							
Private Consumption	3.4	2.8	2.4	3.2	2.4	2.3	2.4
Government Consumption	1.6	0.3	0.3	0.4	0.2	0.3	0.2
Gross Fixed Capital Formation	1.0	1.9	1.0	2.0	1.8	0.9	1.0
Net Exports	-1.1	1.8	1.2	2.1	1.6	1.3	1.0
CPI	2.6	2.3	2.5	2.4	2.3	2.5	2.5
Current Account Balance (% of GDP)	18.0	17.2	18.0	17.0	17.3	20.0	16.0
Fiscal balance (% of GDP)	0.1	0.1	0.5	0.1	0.1	0.5	0.5

Source: Bloomberg, CEIC, RHB

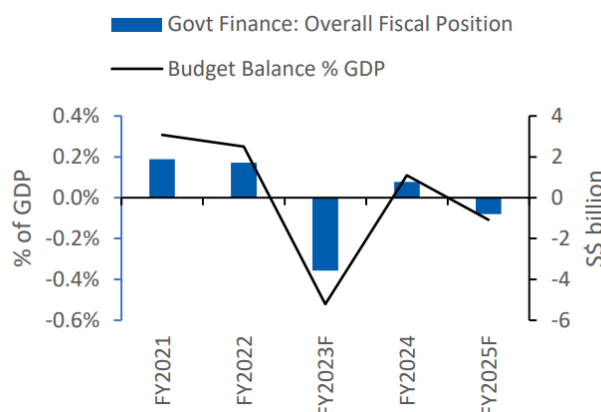
Singapore's economy remains inherently tied to global trade demand, whereby our Goldilocks expectations into next year will help support the city state's externally-led activities such as exports and manufacturing. We maintain a medium-term optimistic outlook, driven by robust manufacturing and services-producing activities in Singapore. We expect Singapore to chart a resilient GDP growth, from a sanguine global trade and investment outlook. As a key player in the worldwide semiconductor supply chain, Singapore is poised to benefit from a positive outlook for the worldwide tech cycle and the gradual decline in global interest rates. Growth in the modern services cluster should also strengthen, as the gradual interest rate cuts by the major central banks support activity in financial services, in particular. At the same time, the travel-related sector is expected to maintain above-average growth, driven by the continued recovery in international travel. Besides, the gradual improvement in Singapore's labour conditions, as reflected in 3Q24 data, highlights support for consumer and business confidence, which is expected to contribute to higher wages and disposable income in 2025. The economic activity is seeing a strong external-driven recovery this year, likely to be sustained by resilient external demand in the coming quarters.

Figure 53: RHB Singapore's GDP-LEI indicates that the growth momentum will remain resilient

Figure 54: Singapore has room to run a deficit in FY2025, equivalent to 0.1% of GDP



Source: Macrobond, RHB



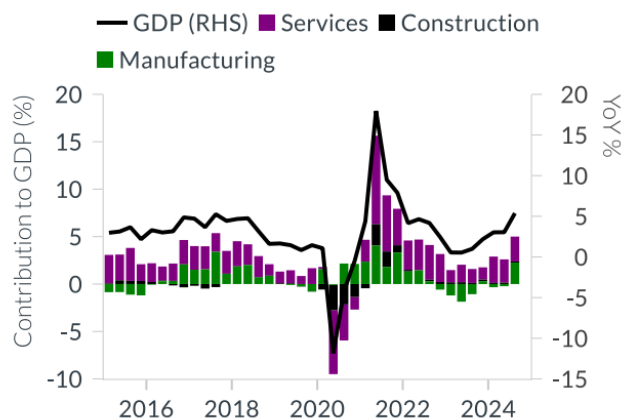
Source: Macrobond, RHB

Despite our optimism about Singapore's economy, we are cautious about its manufacturing and export performance, due to global geopolitical uncertainties and DM-centric protectionist policies that may curtail worldwide growth and trade activities next year. We are cautious on Singapore's trade trajectory in 2025, amid Trump's potential protectionist policy in the months ahead.

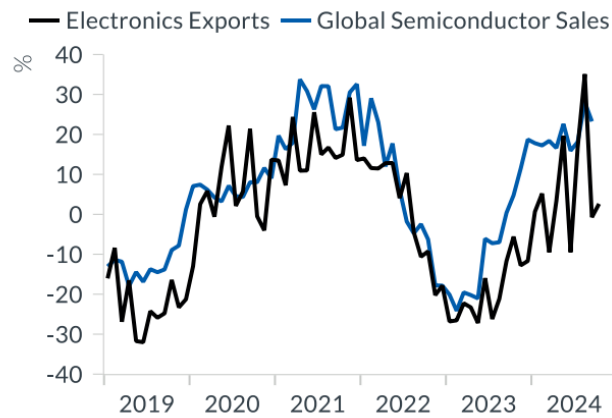
As a small, open economy that is heavily reliant on trade, Singapore will be impacted by potential US-led protectionist policies under the Donald Trump-led administration, but likely from a second-order perspective. Notwithstanding, given Singapore's role as a major trading hub and its deep economic ties in ASEAN, any slowdown in external demand, particularly from the US, could have a ripple effect on the region. Growth in both the US and China is expected to decelerate, which could dampen export receipts. Given these dynamics, households may reduce their discretionary spending. Overall, we project non-oil domestic exports (NODX) and industrial production (IP) full-year growth at 2.0% and 3.0% YoY, which implies that these will support our expectation of the city state's economy to expand by 3.0% YoY in 2025.

**Figure 55: Further recovery in services and manufacturing should spur Singapore's GDP growth into next year**

**Figure 56: The recent slowdown in electronics exports is likely seasonal, as global sales remain healthy**



Source: Macrobond, RHB

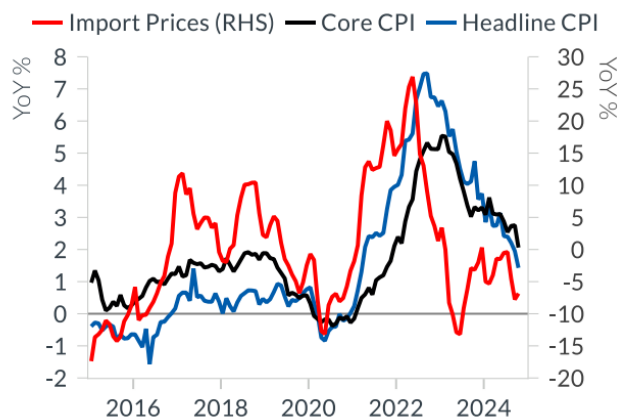


Source: Macrobond, RHB

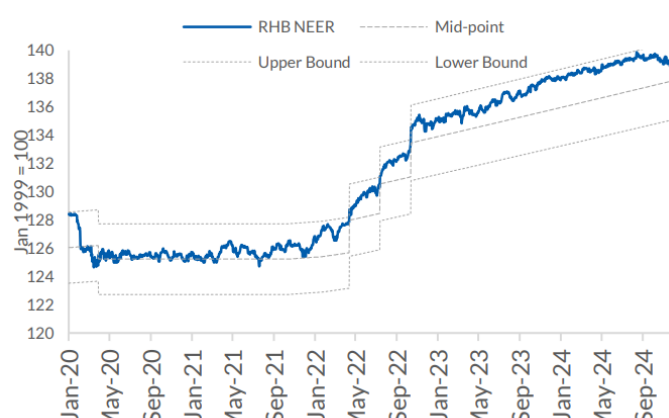
We expect headline and core prices to rise by 2.3% and 1.8% YoY, in line with the official range forecast of 1.5–2.5% YoY in 2025. RHB's in-house autoregression (AR) indicates that the headline and core prices might average 2.4% YoY and 2.1% YoY in 1H25. Looking into 2025, we think the inflation risk may see further downside bias. The downside risk may arise from: i) A potential de-escalation of geopolitical tensions, ii) increased US-led oil production, or iii) a rise in supply, coupled with factors such as weaker global demand or slower economic growth, particularly in major consumers like China, which could put downward pressure on international oil prices. Meanwhile, upside risks could stem from: i) Geopolitical tensions and higher commodity prices and ii) domestic-led drivers such as sticky unit labour costs.

**Figure 57: Singapore's inflation is declining fast; global factors may cap inflation pressures**

**Figure 58: Stronger S\$NEER should help SGD to stay resilient given Singapore's monetary policy**



Source: Macrobond, RHB



Source: Macrobond, RHB

These estimates for Singapore's growth indicate that the Monetary Authority of Singapore (MAS) will keep its current policy parameters unchanged, at least into 1H25. We do not expect adjustments to the band's midpoint unless there is a significant economic shock, such as a recession. We view the current S\$NEER policy parameters as appropriate for maintaining Singapore's price pressures. In its latest review, the MAS stated that the disinflation trend is "well entrenched," although it warned of potential upside price risks.

The central bank expects core inflation to end the year at approximately 2.0%, and to average near the midpoint of its 1.5-2.5% forecasted range in 2025, ie there is little impetus for the monetary policy to move anytime soon. The MAS, which relies on the exchange rate rather than interest rates to manage inflation, will reassess its policy settings in January next year.

**Singapore's fiscal balance is expected to remain at a surplus of 0.1% of GDP in 2025 from a 0.1% surplus in 2024.** As per the balanced budget approach, Singapore will see FY25 as the end of its 5-year current term of government (FY21-25). For the first four years, Singapore has clocked a fiscal surplus of SGD803.44m, implying that there is room to run a deficit of an identical amount (estimated at 0.1% deficit of GDP) in the final year of its term. That said, we think a surplus may still be achieved, given the long-standing official initiatives to strengthen the social compact and ensure economic growth amid global and domestic challenges while addressing immediate concerns like the high cost of living. Additionally, spending to enhance Singapore's competitiveness in attracting high-value investments will support medium-term growth.

**Singapore's account surplus is projected to be 17.2% in 2025, from an estimated 18.0% in 2024.** Our above-consensus forecast for GDP to expand at 3.0% in 2025 underpinned the lower surplus ratio. The CA balance will remain healthy, especially considering our assumptions for the Goldilocks scenario to persist into next year. However, a potential risk to our outlook may stem from a further slowdown in global trade flows, injecting a more profound and sustained downturn in Singapore's trade dynamics in 2025, notwithstanding a fairly strong trade base in 2024 year-to-date.

### USD/SGD: SGD to remain supported, resilient economic fundamentals

**We anticipate the SGD to appreciate to around 1.330 per USD by the end of 2Q25, with the S\$NEER projected to be at a +1.5% appreciation gradient.** Our optimistic view on the SGD is primarily based on our expectations that MAS will maintain its current policy parameters, at least until 1H25. We view the current S\$NEER policy parameters as appropriate for maintaining Singapore's price pressures. In its latest review last October, the MAS stated that the disinflation trend is "well entrenched," although it warned of potential upside price risks.

**As an economy that is heavily reliant on imports, Singapore is vulnerable to imported inflation.** Imported costs are expected to remain stable next year, supported by the unwinding of oil production cuts and favourable weather for food supply. Overall, headline inflation is expected to be around 2.5% in 2024 and between 1.5% and 2.5% in 2025, indicating limited pressure for a change in the monetary policy in the near future. The MAS, which uses the exchange rate rather than interest rates to control inflation, will review its policy stance at the end of January.

**Domestic and external factors will influence SGD's movement in 2025.** In the near term (4Q24-1Q25), the SGD is expected to face fluctuations due to cautious market sentiment surrounding potential US policy changes under Trump 2.0, ie the pace of the FFR alongside evolving geopolitical tensions. Despite recent market volatility, the underlying drivers of SGD remain strong, on the back of a positive economic outlook next year. Thus, we pencil SGD to strengthen at 1.30 per USD towards the end of next year.

**Our USD/SGD leading model includes seven independent variables with p-values below 0.05 and an R-squared of 0.86.** Key factors influencing the SGD include Singapore's industrial production, labour market, money supply, and foreign direct investment (FDI) differentials between the US and Singapore, which show a positive correlation with the USD/SGD exchange rate. While these findings are integral to our view on the SGD, it is important to consider that Singapore's vulnerability to global trade disruptions poses a risk to a strong SGD in the event of unexpected negative global growth shocks in 2025.

- i. **1Q25: 1.340.** SGD may flat-line against the USD, with volatility likely to rise due to uncertainties and cautious market sentiment regarding US foreign policies and trade tariffs, particularly around Trump's trade policies. This could lead to higher demand for the USD as a safe haven.
- ii. **2Q25: 1.330.** USD/SGD rate to consolidate as the short-term USD rally subsides. The pace of FFR will influence the medium-term weakness of the DXY cuts in 2025, whereby we anticipate three rate cuts next year (one per quarter starting from 2Q25). MAS is likely to maintain its current policy parameters with the FFR rate being reduced.
- iii. **2H25: 1.300.** We expect the USD/SGD rate to trend lower as FFR is cut into year-end, which could narrow US-SG rate differentials. It suggests that SGD's potential rally would be supported by optimistic global economic expectations, indicating a favourable

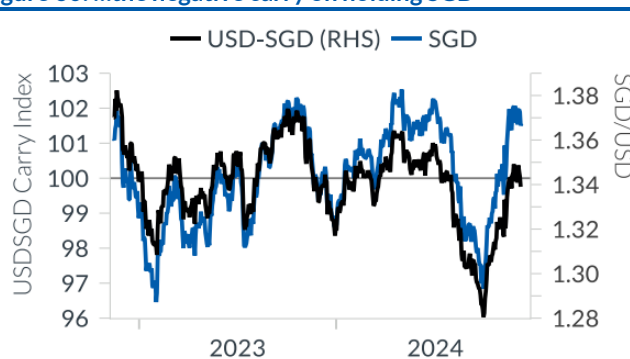
environment for the currency to strengthen against the USD. Depending on MAS' monetary policy, a 1.5% appreciation policy gradient will help strengthen SGD towards our forecast as well.

- iv. **2026: 1.260.** We expect the SGD to exhibit lower range-trading behaviour in 2026 as the interest rate differentials between the US and Singapore decrease. Singapore's economic fundamentals are expected to revert to long-term trends in 2026.

Figure 59: SGD will trade up in 2025 on the back of...

Dependent Variable:	USD - SGD			
	Coeff	Std Err	t Stat	P-value
Intercept	2.31	0.14	16.16	0.00
US-SG FDI Differentials (x100K) (t-3)	0.03	0.00	2.37	0.02
Industrial Production Index (x1K) (t-2)	-3.43	0.00	-3.01	0.00
Total Employment (x1K) (t-2)	-0.34	0.00	-6.37	0.00
M2 Money Supply (x100K) (t-4)	-0.14	0.00	-3.68	0.00
Foreign Reserves (x100K) (t-4)	0.12	0.00	3.98	0.00
Non-Performing Loans: Overall (t-4)	0.03	0.01	3.09	0.00
Bank Loans (x100K) (t-4)	0.07	0.00	9.22	0.00
R-Square	0.86			

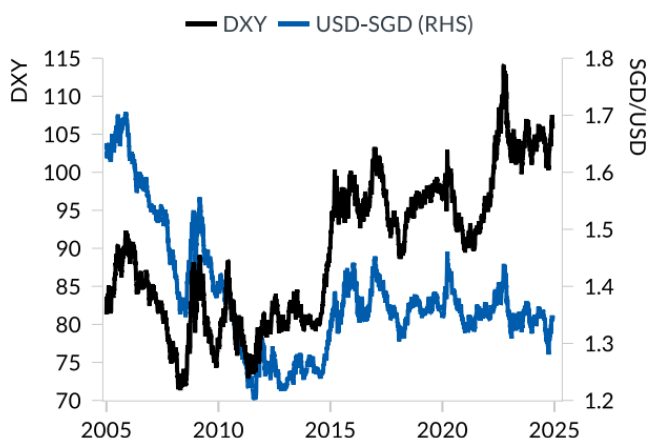
Figure 60: ...the negative carry on holding SGD



Notes: (t-n) represent the n lags of the variables respectively, (xNK) represents a magnification of coefficients. Source: RHB

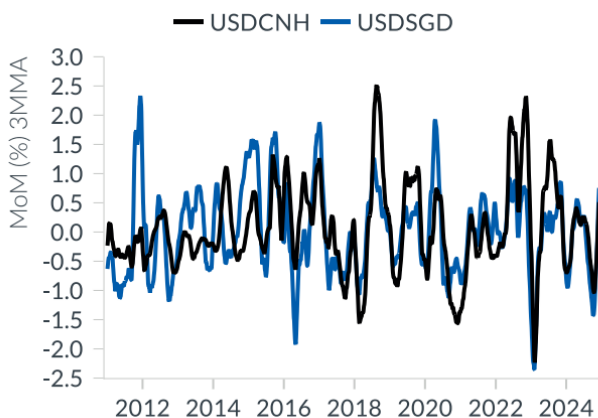
Source: Macrobond, RHB

Figure 61: USD/SGD will continue to trade with limited correlation with the USD and will be relatively more...



Source: Macrobond, RHB

Figure 62: ...impacted by the momentum of USD/CNH in 2024



Source: Macrobond, RHB

### Singapore Government Securities (SGS) bonds outlook

In 2025, we expect total local currency return of 3.5% for Singapore (current index YTW of 2.72%). Singapore government securities (SGS) recorded YTD returns of 3.16% up to 4 December 2024. We expect the yield curve to bull-steepen given the continued US FFR cut of 75bps in 2025. We see 10YR SGS at 2.15% at end 2024. Longer-end looks well priced relative to historical levels, as such we are duration agnostic. Our observation suggests yield volatility is less volatile than US Treasuries, offering better risk-adjusted returns.

Figure 63: Singapore Government Securities (SGS) forecasts

	SGS 2YR	SGS 5YR	SGS 10YR	SGS 15YR	SGS 20YR	SGS 30YR
31-Dec-23	3.26	2.68	2.71	2.77	2.76	2.70
End-24F	2.40	2.40	2.42	2.50	2.55	2.60
End-25F	2.05	2.10	2.15	2.23	2.28	2.45
End-26F	1.95	2.00	2.05	2.13	2.18	2.35

Source: RHB

## Summary Of Global Economic Forecasts

Figure 64: RHB's real GDP growth forecasts

% YoY	2023	2024F	2025F	2026F
US	2.9	2.7	2.0	2.0
Western Europe	1.1	1.0	1.5	1.5
Japan	1.7	0.0	1.2	1.1
China	5.2	5.0	4.8	4.6
<b>ASEAN</b>				
Indonesia	5.1	5.0	5.2	5.1
Malaysia	3.7	5.1	5.0	4.9
Singapore	1.1	3.4	3.0	3.0
Thailand	1.9	2.6	3.0	3.0

Source: Bloomberg, RHB EMS

Figure 65: RHB's CPI inflation forecasts

% YoY	2023	2024F	2025F	2026F
US	4.1	2.9	2.5	2.5
Western Europe	5.7	2.4	2.2	2.1
Japan	3.3	2.4	2.0	2.0
China	0.2	0.5	2.0	2.0
<b>ASEAN</b>				
Indonesia	3.7	2.3	3.0	2.7
Malaysia	2.5	1.9	2.4	2.3
Singapore	4.8	2.6	2.3	2.5
Thailand	1.3	0.6	1.4	1.3

Source: Bloomberg, RHB EMS

Figure 66: RHB's USD/Asia currency forecasts

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	2H26
<b>G10</b>							
DXY	106.0	105.0	104.0	103.0	102.5	101.5	100.0
EUR	1.047	1.055	1.066	1.075	1.081	1.091	1.107
JPY	150.4	148.6	147.4	145.8	145.2	143.7	141.6
GBP	1.275	1.292	1.314	1.330	1.341	1.356	1.380
AUD	0.645	0.652	0.659	0.665	0.669	0.676	0.686
NZD	0.586	0.592	0.597	0.603	0.606	0.612	0.621
<b>AXJ</b>							
CNH	7.282	7.200	7.126	7.052	7.015	6.944	6.839
IDR	15,887	15,705	15,550	15,387	15,309	15,154	14,925
MYR	4.416	4.344	4.290	4.239	4.212	4.167	4.100
SGD	1.344	1.328	1.314	1.300	1.293	1.280	1.260
THB	34.18	33.57	33.13	32.69	32.48	32.10	31.57
VND	25,437	25,207	24,991	24,754	24,646	24,408	24,054

Source: Bloomberg, RHB EMS

Figure 67: RHB's 10 year government bond yield forecasts

	1Q25	2Q25	2H25	2026
US	4.10	4.00	3.90	3.50-3.85
Malaysia	3.75	3.75	3.70	3.67-3.78
Singapore	2.35	2.29	2.15	1.90-2.05
Indonesia	6.60	6.40	6.03	5.59-6.00
Thailand	2.41	2.19	1.96	1.87-1.97

Source: Bloomberg, RHB EMS

## Valuation Of Stocks Under RHB's Coverage

Figure 68: RHB's coverage universe (by sector) (i)

Company name	M Cap (USDm)	Rating	TP	Upside/downside (%)	1FY year	P/E (x)		P/BV (x)		Div. Yield (%)		FCF Yield (%)		ROE (%)	
						1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
DFI Retail Group	3,191	Buy	2.61	10.5	Dec-24	15.7	13.4	3.3	2.9	4.2	4.4	21.7	23.8	11.4	23.1
Delfi Ltd	364	Buy	1.33	66.8	Dec-24	7.6	7.3	1.3	1.2	4.9	5.1	10.8	10.7	17.2	16.6
Food Empire	390	Buy	1.23	23.4	Dec-24	7.6	7.4	1.2	1.1	3.7	3.8	11.3	7.3	16.7	16.0
Japan Foods	39	Neutral	0.26	-13.3	Mar-25	26.3	15.1	1.7	1.6	1.7	1.9	7.2	11.5	6.5	10.7
Kimly	300	Buy	0.38	16.6	Sep-24	10.4	9.6	2.0	1.9	5.8	6.2	11.3	12.4	20.7	20.1
Sheng Siong	1,824	Buy	2.00	22.6	Dec-24	17.1	16.4	4.5	4.1	3.9	4.0	3.7	6.5	27.6	26.3
Thai Beverage	10,755	Buy	0.71	23.0	Sep-25	12.2	11.6	2.2	2.1	4.7	4.9	8.7	9.2	19.1	18.3
<b>Consumer</b>	<b>16,863</b>					<b>13.2</b>	<b>12.3</b>	<b>2.6</b>	<b>2.4</b>	<b>4.5</b>	<b>4.7</b>	<b>10.8</b>	<b>11.7</b>	<b>18.5</b>	<b>20.0</b>
DBS Group	92,373	Buy	44.70	2.3	Dec-24	11.2	11.6	1.8	1.7	5.1	5.6	na	na	17.1	15.5
OCBC	55,698	Neutral	16.80	1.0	Dec-24	9.9	9.9	1.3	1.2	5.4	5.4	na	na	13.5	12.6
Singapore Exchange	9,884	Neutral	12.80	3.2	Jun-25	21.1	20.4	6.0	5.4	2.9	3.0	5.3	4.6	30.1	27.9
UOB	46,162	Buy	40.20	8.4	Dec-24	10.3	10.0	1.3	1.2	4.8	5.3	na	na	12.3	12.3
<b>Financials</b>	<b>204,116</b>					<b>11.1</b>	<b>11.2</b>	<b>1.8</b>	<b>1.7</b>	<b>5.0</b>	<b>5.4</b>	<b>5.3</b>	<b>4.6</b>	<b>15.6</b>	<b>14.6</b>
Bumitama Agri	1,155	Buy	0.95	5.6	Dec-24	9.2	8.3	1.3	1.2	5.6	6.1	4.2	10.7	14.4	14.9
First Resources	1,764	Neutral	1.65	7.9	Dec-24	8.9	8.7	1.3	1.2	4.2	4.3	na	0.8	14.8	14.1
Golden Agri	2,643	Neutral	0.29	3.6	Dec-24	10.5	8.5	0.5	0.5	1.4	1.7	4.9	13.6	19.6	19.9
Wilmar	14,313	Neutral	3.10	0.6	Dec-24	12.5	10.1	0.7	0.7	3.4	4.1	na	2.1	5.5	6.6
<b>Food Products</b>	<b>19,876</b>					<b>11.7</b>	<b>9.7</b>	<b>0.8</b>	<b>0.7</b>	<b>3.3</b>	<b>3.9</b>	<b>4.7</b>	<b>4.0</b>	<b>8.7</b>	<b>9.5</b>
Raffles Medical	1,196	Neutral	0.90	4.0	Dec-24	25.9	23.7	1.6	1.5	2.7	2.0	na	4.8	6.4	6.6
Riverstone	1,158	Buy	1.07	2.3	Dec-24	17.5	16.2	3.0	2.8	4.6	4.9	5.1	5.2	17.2	17.9
<b>Healthcare</b>	<b>2,355</b>					<b>21.8</b>	<b>20.0</b>	<b>2.3</b>	<b>2.2</b>	<b>3.6</b>	<b>3.5</b>	<b>5.1</b>	<b>5.0</b>	<b>11.7</b>	<b>12.2</b>
HRnet Group	503	Buy	0.84	21.0	Dec-24	11.6	11.0	1.7	1.6	5.8	5.2	7.9	9.3	15.1	15.0
ISOTeam	31	Buy	0.07	23.0	Jun-25	4.9	4.6	0.8	0.7	4.1	4.3	6.5	22.4	18.2	16.6
Marco Polo Marine	151	Buy	0.08	49.1	Sep-24	8.6	7.5	1.1	1.0	1.9	1.9	3.1	14.4	13.3	13.6
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	20.5	17.2	5.3	4.8	3.5	3.5	4.5	6.9	26.7	29.1
<b>Industrials</b>	<b>11,072</b>					<b>19.9</b>	<b>16.7</b>	<b>5.1</b>	<b>4.5</b>	<b>3.6</b>	<b>3.6</b>	<b>4.7</b>	<b>7.2</b>	<b>25.9</b>	<b>28.2</b>
CSE Global	244	Buy	0.58	24.3	Dec-24	10.3	10.3	1.5	1.4	5.9	5.9	3.1	9.3	10.0	14.2
Frencken Group	375	Buy	1.71	44.7	Dec-24	11.6	10.2	1.2	1.1	1.9	2.6	12.8	7.8	10.4	10.9
Venture Corp	2,789	Buy	15.37	18.6	Dec-24	14.9	13.2	1.3	1.3	5.8	5.8	8.3	4.2	8.9	9.8
<b>Mfg. &amp; Tech.</b>	<b>3,409</b>					<b>14.2</b>	<b>12.7</b>	<b>1.3</b>	<b>1.3</b>	<b>5.4</b>	<b>5.4</b>	<b>8.5</b>	<b>5.0</b>	<b>9.1</b>	<b>10.2</b>
APAC Realty	104	Buy	0.42	7.1	Dec-24	16.1	10.9	0.9	0.8	4.7	6.9	8.5	12.1	5.4	7.8
Centurion Corp	604	Buy	1.06	10.1	Dec-24	9.6	8.0	0.9	0.8	3.1	3.1	0.8	14.9	16.8	10.2
City Developments	3,471	Buy	7.30	39.9	Dec-24	14.4	12.8	0.5	0.5	1.9	2.3	2.8	8.2	3.5	3.9
<b>Real estate</b>	<b>4,180</b>					<b>13.8</b>	<b>12.1</b>	<b>0.6</b>	<b>0.5</b>	<b>2.2</b>	<b>2.5</b>	<b>2.6</b>	<b>9.3</b>	<b>5.5</b>	<b>4.9</b>
AIMS APAC REIT	757	Buy	1.46	16.5	Mar-25	9.1	8.8	1.0	1.0	7.6	7.7	5.1	9.1	10.5	11.0
CapitaLand Ascendas REIT	8,379	Buy	3.20	25.0	Dec-24	24.8	17.9	1.1	1.1	6.0	6.2	9.1	8.3	4.2	5.9
CDL Hospitality	809	Neutral	1.00	15.6	Dec-24	28.0	48.7	0.6	0.6	6.5	6.8	9.1	9.4	2.1	1.2
CICT	10,485	Buy	2.30	19.2	Dec-24	16.4	15.9	0.9	0.9	5.6	5.8	9.0	7.9	5.5	5.7
Cromwell REIT	951	Buy	1.90	17.9	Dec-24	12.1	10.0	0.8	0.8	8.8	8.5	1.6	7.4	6.3	7.6
Elite UK REIT	221	Buy	0.35	18.6	Dec-24	8.6	6.1	0.8	0.7	9.7	10.2	12.4	17.0	8.7	11.5
Fraser's Centrepoint	2,868	Neutral	2.35	10.8	Sep-25	16.3	16.0	0.9	0.9	5.7	5.8	4.9	5.2	5.7	5.7
IREIT Global	280	Buy	0.40	42.3	Dec-24	14.4	6.4	0.5	0.5	11.1	10.5	7.6	9.9	3.4	7.7
Keppel Pacific Oak	240	Buy	0.29	24.3	Dec-24	5.0	na	0.3	0.3	25.2	10.9	14.9	15.6	5.7	-8.6
Keppel REIT	2,432	Buy	1.05	23.6	Dec-24	13.7	13.2	0.6	0.6	6.7	6.8	na	3.8	4.7	4.9
Manulife US REIT	181	Neutral	0.12	12.8	Dec-24	na	3.1	0.3	0.3	na	na	41.6	80.1	-0.9	9.6
Prime US REIT	235	Buy	0.23	25.2	Dec-24	26.6	4.7	0.3	0.3	1.7	1.6	11.0	20.2	1.2	6.7
Starhill Global REIT	844	Buy	0.57	15.4	Jun-25	11.0	9.9	0.7	0.7	7.6	7.7	10.7	9.5	6.2	6.9
Suntec REIT	2,610	Buy	1.35	12.7	Dec-24	18.1	17.4	0.6	0.6	5.2	5.5	7.5	6.6	3.2	3.3
<b>REIT</b>	<b>31,294</b>					<b>18.4</b>	<b>16.4</b>	<b>0.9</b>	<b>0.9</b>	<b>6.2</b>	<b>6.2</b>	<b>8.5</b>	<b>8.1</b>	<b>4.9</b>	<b>5.6</b>
SingTel	37,721	Buy	3.60	17.3	Mar-25	20.0	17.4	2.1	2.0	5.9	6.4	7.8	9.4	10.5	11.7
StarHub	1,547	Neutral	1.18	-2.5	Dec-24	13.1	10.8	3.4	3.2	5.7	7.4	35.6	37.7	27.1	30.9
<b>Telecom</b>	<b>39,269</b>					<b>19.7</b>	<b>17.1</b>	<b>2.1</b>	<b>2.1</b>	<b>5.9</b>	<b>6.4</b>	<b>8.9</b>	<b>10.6</b>	<b>11.1</b>	<b>12.5</b>
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	14.7	12.6	1.2	1.2	5.1	5.9	12.3	8.8	8.3	9.4
<b>Transport</b>	<b>2,370</b>					<b>14.7</b>	<b>12.6</b>	<b>1.2</b>	<b>1.2</b>	<b>5.1</b>	<b>5.9</b>	<b>12.3</b>	<b>8.8</b>	<b>8.3</b>	<b>9.4</b>

Note: Prices are as at 11 Dec 2024

Source: Company data, RHB

16 December 2024

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Figure 69: RHB's coverage universe (by sector) (ii)

Company name	M Cap		TP	Upside/ downside (%)	1FY year	EPS growth (%)		DPS growth (%)		Net margin (%)		Net debt/Equity (x)		Returns (%)	
	(USDm)	Rating				1FY	2FY	1FY	2FY	1FY	1FY	2FY	1FY	1M	YTD
DFI Retail Group	3,191	Buy	2.61	10.5	Dec-24	30.7	17.4	25.0	5.0	2.3	2.7	0.0	-0.1	0.9	-1.7
Delfi Ltd	364	Buy	1.33	66.8	Dec-24	3.2	4.7	-9.6	4.7	8.7	8.4	-0.1	-0.2	-7.0	-28.6
Food Empire	390	Buy	1.23	23.4	Dec-24	-9.3	2.3	-49.8	2.3	11.2	10.7	-0.3	-0.3	-1.5	-11.9
Japan Foods	39	Neutral	0.26	-13.3	Mar-25	na	74.2	-61.6	14.0	2.2	3.5	-0.4	-0.5	0.0	-9.1
Kimly Ltd	300	Buy	0.38	16.6	Sep-24	13.2	7.6	12.1	7.4	11.7	11.8	-0.3	-0.4	1.6	1.6
Sheng Siong	1,824	Buy	2.00	22.6	Dec-24	6.4	4.4	0.8	3.2	10.0	10.3	-0.6	-0.6	-0.6	1.9
Thai Beverage	10,755	Buy	0.71	23.0	Sep-25	9.8	4.7	9.8	4.7	8.6	8.8	1.0	0.9	11.7	9.5
<b>Consumer</b>	<b>16,863</b>					<b>12.9</b>	<b>7.2</b>	<b>9.8</b>	<b>4.6</b>	<b>7.6</b>	<b>7.8</b>	<b>0.6</b>	<b>0.5</b>	<b>7.4</b>	<b>5.1</b>
DBS Group	92,373	Buy	44.70	2.3	Dec-24	7.2	-3.0	27.7	10.8	na	na	na	na	2.2	43.8
OCBC	55,698	Neutral	16.80	1.0	Dec-24	7.4	-0.5	8.5	0.0	na	na	na	na	1.9	27.9
Singapore Exchange	9,884	Neutral	12.80	3.2	Jun-25	17.9	3.5	2.9	5.6	45.8	45.8	-0.4	-0.5	8.5	26.1
UOB	46,162	Buy	40.20	8.4	Dec-24	-0.5	3.2	5.5	9.0	na	na	na	na	1.2	30.4
<b>Financials</b>	<b>204,116</b>					<b>6.0</b>	<b>-0.6</b>	<b>16.2</b>	<b>7.2</b>	<b>45.8</b>	<b>45.8</b>	<b>-0.4</b>	<b>-0.5</b>	<b>2.2</b>	<b>35.6</b>
Bumitama Agri	1,155	Buy	0.95	5.6	Dec-24	-17.6	10.8	-23.2	9.2	10.9	11.7	0.2	0.1	6.5	47.9
First Resources	1,764	Neutral	1.65	7.9	Dec-24	21.6	2.4	35.7	2.4	22.2	22.2	0.1	0.2	-3.2	7.0
Golden Agri	2,643	Neutral	0.29	3.6	Dec-24	-11.2	22.7	-12.2	22.7	2.4	2.9	0.3	0.2	-1.8	7.7
Wilmar	14,313	Neutral	3.10	0.6	Dec-24	-14.4	24.2	-17.6	21.4	1.6	1.9	1.2	1.2	-0.3	-13.7
<b>Food Products</b>	<b>19,876</b>					<b>-11.0</b>	<b>21.3</b>	<b>-12.5</b>	<b>19.2</b>	<b>4.1</b>	<b>4.4</b>	<b>0.9</b>	<b>0.9</b>	<b>-0.4</b>	<b>-5.5</b>
Raffles Medical	1,196	Neutral	0.90	4.0	Dec-24	-15.2	9.4	-37.0	-24.6	8.7	8.9	-0.2	-0.2	-0.6	-19.9
Riverstone	1,158	Buy	1.07	2.3	Dec-24	33.5	8.3	-43.4	8.3	25.9	24.8	-0.5	-0.5	18.0	48.9
<b>Healthcare</b>	<b>2,355</b>					<b>8.7</b>	<b>8.8</b>	<b>-40.2</b>	<b>-8.4</b>	<b>17.2</b>	<b>16.7</b>	<b>-0.3</b>	<b>-0.4</b>	<b>8.6</b>	<b>14.0</b>
HRnet Group	503	Buy	0.84	21.0	Dec-24	4.8	5.4	7.0	-11.4	9.9	9.9	-0.7	-0.7	1.5	-3.5
ISOTeam	31	Buy	0.07	23.0	Jun-25	4.8	5.1	202.6	5.1	6.2	6.3	0.4	0.3	0.0	37.2
Marco Polo Marine	151	Buy	0.08	49.1	Sep-24	9.3	14.9	0.0	0.0	17.0	17.9	-0.3	-0.4	0.0	5.9
ST Engineering	10,387	Buy	5.20	16.0	Dec-24	11.0	19.7	-0.8	0.0	6.1	6.8	2.2	1.8	-4.7	15.2
<b>Industrials</b>	<b>11,072</b>					<b>10.7</b>	<b>18.9</b>	<b>0.1</b>	<b>-0.5</b>	<b>6.4</b>	<b>7.1</b>	<b>2.0</b>	<b>1.7</b>	<b>-4.3</b>	<b>14.3</b>
CSE Global	244	Buy	0.58	24.3	Dec-24	24.1	0.4	-12.4	0.0	3.5	3.5	0.5	0.4	5.7	8.1
Frencken Group	375	Buy	1.71	44.7	Dec-24	34.3	13.3	-37.4	34.4	5.7	5.8	-0.2	-0.3	-0.8	-12.6
Venture Corp	2,789	Buy	15.37	18.6	Dec-24	-6.2	12.7	-0.2	0.0	9.0	9.0	-0.4	-0.4	0.5	-4.8
<b>Mfg. &amp; Tech.</b>	<b>3,409</b>					<b>0.4</b>	<b>11.9</b>	<b>-5.2</b>	<b>3.8</b>	<b>8.2</b>	<b>8.2</b>	<b>-0.3</b>	<b>-0.3</b>	<b>0.7</b>	<b>-4.7</b>
APAC Realty	104	Buy	0.42	7.1	Dec-24	-26.9	48.0	-27.3	48.0	1.5	2.1	0.0	0.0	1.3	-22.8
Centurion Corp	604	Buy	1.06	10.1	Dec-24	21.8	20.0	100.0	0.0	33.9	36.4	0.5	0.4	6.6	138.3
City Developments	3,471	Buy	7.30	39.9	Dec-24	3.8	12.3	-16.7	20.0	7.9	9.3	1.0	1.0	0.4	-21.5
<b>Real estate</b>	<b>4,180</b>					<b>5.6</b>	<b>14.3</b>	<b>-0.1</b>	<b>17.8</b>	<b>11.5</b>	<b>13.0</b>	<b>0.9</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>
AIMS APAC REIT	757	Buy	1.46	16.5	Mar-25	72.7	3.6	2.9	1.2	61.8	63.0	0.7	0.7	-2.3	-3.8
CapitaLand Ascendas REIT	8,379	Buy	3.20	25.0	Dec-24	91.6	38.6	0.8	3.1	29.8	41.3	0.7	0.7	-1.9	-15.5
CDL Hospitality	809	Neutral	1.00	15.6	Dec-24	-69.2	-42.4	-1.4	4.5	14.7	8.1	0.7	0.7	-1.7	-22.1
CICT	10,485	Buy	2.30	19.2	Dec-24	-10.4	3.5	1.1	2.6	52.5	55.1	0.7	0.7	-2.0	-6.3
Cromwell REIT	951	Buy	1.90	17.9	Dec-24	na	21.1	-9.9	-2.9	35.2	41.6	0.8	0.8	-1.8	13.4
Elite UK REIT	221	Buy	0.35	18.6	Dec-24	na	41.2	-7.4	5.6	51.7	73.5	0.8	0.7	-1.7	5.4
Frasers Centrepoint	2,868	Neutral	2.35	10.8	Sep-25	10.1	2.1	3.0	2.0	66.6	68.0	0.5	0.5	0.5	-6.2
IREIT Global	280	Buy	0.40	42.3	Dec-24	na	125.5	9.1	-5.8	22.3	66.9	0.5	0.6	-3.4	-30.9
Keppel Pacific Oak	240	Buy	0.29	24.3	Dec-24	-41.0	-239.7	-8.6	-56.9	32.8	-44.9	0.6	0.8	4.5	-38.7
Keppel REIT	2,432	Buy	1.05	23.6	Dec-24	12.5	4.0	-2.0	2.3	93.5	92.3	0.5	0.5	-2.3	-8.6
Manulife US REIT	181	Neutral	0.12	12.8	Dec-24	na	na	na	na	-3.0	38.7	1.2	1.0	14.6	27.5
Prime US REIT	235	Buy	0.23	25.2	Dec-24	na	465.2	-88.7	-5.4	6.1	33.5	0.8	0.8	14.6	-17.4
Starhill Global REIT	844	Buy	0.57	15.4	Jun-25	44.7	11.7	2.7	1.5	52.2	56.6	0.6	0.6	0.0	-5.7
Suntec REIT	2,610	Buy	1.35	12.7	Dec-24	-2.0	4.0	-12.2	4.4	41.3	42.7	0.6	0.6	5.3	-2.4
<b>REIT</b>	<b>31,294</b>					<b>25.1</b>	<b>15.4</b>	<b>-1.2</b>	<b>2.1</b>	<b>47.6</b>	<b>52.3</b>	<b>0.6</b>	<b>0.6</b>	<b>-0.9</b>	<b>-8.6</b>
SingTel	37,721	Buy	3.60	17.3	Mar-25	10.1	15.1	20.0	8.3	17.1	19.0	0.4	0.4	-4.1	24.3
StarHub	1,547	Neutral	1.18	-2.5	Dec-24	6.5	21.7	3.5	28.6	6.5	7.5	1.0	0.8	0.8	9.0
<b>Telecom</b>	<b>39,269</b>					<b>10.0</b>	<b>15.4</b>	<b>19.3</b>	<b>9.1</b>	<b>16.7</b>	<b>18.6</b>	<b>0.4</b>	<b>0.4</b>	<b>-3.9</b>	<b>23.7</b>
ComfortDelGro	2,370	Buy	1.70	15.6	Dec-24	20.1	16.3	12.6	16.3	5.5	5.7	-0.3	-0.3	-1.3	5.0
<b>Transport</b>	<b>2,370</b>					<b>20.1</b>	<b>16.3</b>	<b>12.6</b>	<b>16.3</b>	<b>5.5</b>	<b>5.7</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-1.3</b>	<b>5.0</b>

Note: Prices are as at 11 Dec 2024

Source: Company data, RHB

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