14 July 2026

Market Strategy

A Stock Picker's Market

Stocks Covered	52
Rating (Buy/Neutral/Sell):	41 / 10 / 1
Last 12m Earnings Revision Trend:	Neutral

- **Singapore equities enter 3Q26 with a narrow market as** Financials have driven virtually all of MSCI Singapore's YTD return, leaving the rest of the index broadly flat. Our base case is that the Middle East will see a ceasefire that will hold, Brent settles at c.USD85/bbl, the Federal Funds Rate (FFR) stays unchanged, and Singapore 2026 GDP growth comes in at 4.0%. We advocate a selective stock-picking approach over passive index exposure, favouring sectors with durable earnings visibility and income resilience. Our themes are anchored on financials capital return, inflation and *El Nino* hedges, the artificial intelligence (AI) semiconductor supercycle, Singapore as a regional safe haven, and selective REIT positioning for rate relief.
- **Macroeconomic outlook.** We upgrade 2026 Singapore GDP to 4.0% (from 3.0%), 2026 Non-Oil Domestic Exports (NODX) growth at 7.5%, and industrial production (IP) at 7.0% with an upside bias. 2026 retail sales at 3.0% with a slowdown of 1.3% to 1.7% expected in 2H26 as CPI compresses real purchasing power. China GDP is downgraded to 4.3%, below consensus, reinforcing Singapore's relative safe-haven appeal. Favour durable earnings visibility over cyclicals priced for continued acceleration.
- **Inflation and rates.** Headline CPI is maintained at 2.5% and core at 2.0%, but 2H26 acceleration to c.4.0% is flagged as higher electricity tariffs, transport costs, and *El Nino*-driven food inflation feed through. The probability of a strong *El Nino* peaks at 88% in Nov 2026 to Jan 2027, adding independent upside risk to food prices over the next 12 to 18 months. Monetary Authority of Singapore (MAS) is expected to hold policy unchanged. Singapore Overnight Rate Average (SORA) eases from 1.08% to 1.00% by 4Q26. Our economics team expects no FFR change in 2026 (vs c.1.4 hikes priced by the market), with two cuts in 2027. The Singapore 10-year bond yield should decline to 1.90% by 2Q27.
- **Earnings.** Coverage universe (ex-REITs) EPS growth is 7.3% (2026F) and 6.9% (2027F). Sector leaders are industrials (+17.8%), manufacturing and technology (+16.1%), healthcare (+14.9%), and consumer (+12.0%). Financials swing to 7.1% growth from a 2025 decline. REIT DPU growth is 2.3% (2026F) and 2.5% (2027F). MSCI Singapore consensus profit growth stands at 11.0% (CY26) and 12.2% (CY27). The six-month aggregate revision of negative 2.4% has stabilised. As the three-month revision is flat, we believe the worst of the downgrade cycle is likely behind us.
- **Themes and picks.** Five themes and small-mid cap (SMID Cap): i) Financials for capital return, anchored by OCBC and DBS; ii) inflation and *El Nino* hedges through plantation, consumer defensives and Keppel Infrastructure Trust (KIT); iii) AI supercycle via industrial, and manufacturing and technology stocks; iv) Singapore safe haven through real estate deep value, defensive income (ComfortDelGro, KIT, Singtel), and wealth management (iFAST Corp); and v) REIT mosaic with industrial and office REITs Overweight. SMID Cap picks (CSE Global, Info-Tech Systems, Tai Sin Electric) trade at attractive valuations.

Company Name	Rating	Target	%Upside (Downside)	P/E (x) Dec-26F	P/BV (x) Dec-26F	ROAE (%) Dec-26F	Yield (%) Dec-26F
CICT	Buy	2.75	12.5	18.7	1.1	6.0	5.0
ComfortDelGro	Buy	1.45	8.2	15.2	1.1	7.3	5.3
DBS Group	Buy	75.70	7.5	17.8	2.8	16.0	4.6
First Resources	Buy	3.70	15.1	9.7	2.3	24.5	4.8
Frencken Group	Buy	3.57	29.4	25.3	2.3	9.5	1.0
OCBC	Buy	29.80	8.6	16.0	1.9	12.1	3.5
Singtel	Buy	5.40	22.7	24.1	2.6	13.5	4.5
ST Engineering	Buy	12.30	12.2	34.1	12.1	36.8	2.1
Tai Sin Electric	Buy	0.75	37.6	8.6	1.1	10.7	4.3
Thai Beverage	Buy	0.56	26.7	10.8	1.9	17.1	5.5
UMS Integration	Buy	3.37	31.3	37.2	4.9	12.5	0.9

Source: Company data, RHB

OVERWEIGHT	Consumer, Financials, CPO, Industrials Manufacturing and Technology, Real Estate REITs (Industrial, Office), Transport
NEUTRAL	Healthcare, REITs (Hospitality, Overseas, Retail), Telecommunications
UNDERWEIGHT	Rubber Gloves

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Sector preferred picks

Sector		Preferred picks
Consumer	OW	DFI, FEH, SSG, THBEV
Financials	OW	DBS, OCBC, IFAST
Food products	OW	FR
Healthcare	N	RFMD
Industrials	OW	MPM, NCL, STE
Mfg. & Tech.	OW	FRKN, UMSH, VMS
Real estate	OW	CIT, APAC, COLIWOO
REITs (Hospitality)	N	CDREIT
REITs (Industrial)	OW	AAREIT
REITs (Office)	OW	SUN
REITs (Overseas)	N	SERT
REITs (Retail)	N	CICT, SGREIT
SMID Cap		CSE, ITSL, TSE
Telecoms	N	ST
Transport	OW	CD

Source: RHB

Singapore Macroeconomic Backdrop

Figure 1: Singapore – key economic forecasts

	2025	2026F	2027F	1H26F	2H26F	1H27F	2H27F
Real GDP growth (% YoY)	5.0	4.0	3.3	6.2	2.0	3.2	3.4
Contribution to real GDP Growth (%)							
Private consumption	1.4	1.5	1.7	1.6	1.4	1.8	1.7
Government consumption	0.2	-0.8	0.6	-0.5	-1.0	0.5	0.6
Gross fixed capital formation	1.5	2.0	0.9	2.4	1.6	0.9	1.0
Net exports	1.3	2.2	0.8	2.8	1.6	0.7	0.8
CPI	0.9	2.5	1.8	1.7	3.3	1.8	1.8
Current account balance (% of GDP)	16.7	16.5	17.0	16.6	16.5	17.0	17.0
Fiscal balance (% of GDP)	1.9	-0.5	0.5	-0.5	-0.5	0.5	0.5

Source: Bloomberg & CEIC, RHB Global EMS

Strong growth momentum

Our economics team estimates full-year GDP growth at 4.0%, sitting at the top end of the Ministry of Trade & Industry's (MTI) official range of 2.0% to 4.0%. This is a meaningful upgrade from the 3.0% GDP growth projection published by our economics team in late May, and is driven by the extraordinary strength of the external sector.

The external sector is the primary engine. IP forecast is at 7.0% for the full year with an upside bias. Full-year NODX is projected at 7.5% with further upside potential. May NODX surged 38.4% YoY as electronics NODX soared 94.8% YoY. Electronic shipments to AI-producing destinations recorded triple-digit growth: Taiwan at 218.6%, South Korea at 175.5%, and the US at 303.0%. Global semiconductor sales reached USD298.5bn in 1Q26, up 25% from 4Q25, and are on track to surpass USD1trn for the full year. We believe Singapore's position remains deeply integrated into the global AI semiconductor supply chain.

Retail sales, while upgraded to 3.0% for the full year following April's upside surprise (5.4%YoY), are expected to decelerate materially to approximately 1.3% to 1.7% in 3Q26 and 4Q26. Department stores are projected to remain in persistent contraction throughout the forecast horizon. With full-year CPI projected at 2.5%, nominal retail growth of 3.0% implies broadly flat real retail sales for 2026.

Our economics team expects the GDP growth to gradually decelerate from 4.0% (2026) to 3.3% (2027) and to 2.5% (2028). This confirms that the current growth acceleration to be cyclical rather than structural, driven by the AI and electronics export boom that is expected to normalise. For equity investors, we believe this means that companies with durable, multi-year earnings visibility should be favoured over cyclicals priced for continued acceleration.

Inflation: The 2H26 inflection point

Headline CPI, which has averaged only 1.6% YTD (with May at 1.8% YoY), is expected to accelerate to c.4.0% in 2H26. The pass-through mechanism is well understood as higher regulated electricity tariffs take effect from Jul 2026, reflecting the preceding quarter's fuel costs; rising petrol and transport costs continue to feed through, and food inflation is being amplified by *El Nino*-related weather disruptions.

2026 headline CPI is projected at 2.5% and core CPI at 2.0%, both with upside risk. Under our economic team's tail risk scenario, a sustained surge in Brent crude to USD140 per bbl could push headline CPI to c.5.0% in 2026. The team's sensitivity analysis estimates that a 10% increase in Brent crude prices raises Singapore transport CPI by c.1.2ppts.

The *El Nino* dimension adds an independent upside risk to food inflation that could persist beyond 2H26. The *El Nino* index has risen sharply towards 1.0, placing us officially in "*El Nino* Advisory" territory. The probability of a strong *El Niño* peaks at 88% in Nov 2026 to Jan 2027. Singapore, importing over 90% of its food, is acutely exposed. In previous strong *El Nino* periods, palm oil yield declined 14% to 17% with a one-year lag, and CPO prices rose by a maximum of 29% in the 12 months after *El Nino* ended. This has a direct equity implication: What is an inflation risk at the macroeconomic level is a pricing power opportunity for plantation companies and essential goods retailers.

Beyond 2026, we expect CPI trajectory to moderate as headline CPI is forecast to decelerate to 1.8% (2027) and 1.7% (2028), suggesting the 2H26 inflation surge is expected to be transitory.

Monetary policy: The MAS hold and the SORA trajectory

Our economics team expects MAS to maintain its policy settings unchanged for the remainder of 2026. The benign YTD CPI readings and global trade uncertainty support a pause, though risks are tilted towards a further tightening later in the year if Middle East tensions sustain upward energy price pressure and the CPI acceleration exceeds forecasts.

The 3-month SORA is projected to ease gradually from 1.04% (2Q26) to 1.02% (3Q26) and 1.00% (4Q26). Four factors support this trajectory: Steady safe-haven demand for SGD assets, a firm SGD with the Singapore dollar nominal effective exchange rate (S$NEER) appreciating at c.1.0% pa, an unchanged FFR, and still-low loan-to-deposit ratios. The SORA uptick observed in June is assessed as temporary.

For equity investors, the SORA trajectory is the most important domestic rate variable. The easing from 1.08% to 1.00% is modest enough that bank NIMs should be defended in the near term, while REITs and leveraged corporates benefit from lower refinancing costs. The Singapore 10-year government bond yield is forecast to decline from 2.02% (2Q26 actual) to2.15% (3Q26), 2.07% (4Q26), 1.98% (1Q27), and 1.90% (2Q27), providing a declining discount rate environment that supports asset valuations across income-generating sectors.

The SGD as a regional safe haven

Our economic team's Path Finder report provides the strongest quantitative backing for Singapore's safe-haven status to date. The SGD is explicitly characterised as a "regional safe haven" currency, supported by pillars of external strength: A current account surplus of SGD41.1bn in 1Q26, and official reserves of SGD551.3bn as of Jun 2026. These are structural advantages that few other currencies in the region can match. The USD/SGD is forecast at 1.31 (3Q26), 1.29 (4Q26), 1.28 (1Q27), and 1.27 (2Q27), implying a continued SGD appreciation trajectory that provides a natural currency return for foreign investors.

We believe that the equity implication is straightforward: The SGD appreciation supports banks (through deposit and wealth inflows), domestic REITs (through lower imported inflation and foreign investor interest), and the broader equity market (through safe-haven capital reallocation). However, we do note that the same SGD strength creates a competitive headwind for tourism-dependent sectors (hospitality REITs, medical tourism) and for exporters whose costs are denominated in SGD.

Global Macroeconomic Drivers

Figure 2: RHB's real GDP growth forecasts (base case)

% YoY	2025	2026F	2027F	2028F
US	2.1%	2.0%	2.0%	2.0%
Eurozone	1.4%	0.5%	1.2%	1.2%
Japan	1.2%	0.6%	1.0%	1.1%
China	5.0%	4.3%	4.5%	4.4%
ASEAN				
Indonesia	5.1%	5.0%	5.1%	5.1%
Malaysia	5.2%	4.7%	4.9%	4.9%
Singapore	5.0%	4.0%	3.3%	2.5%
Thailand	2.4%	1.8%	2.2%	2.6%

Source: Bloomberg, RHB Global EMS

Figure 3: RHB's CPI inflation forecasts (base case)

% YoY	2025	2026F	2027F	2028F
US	2.7%	3.5%	2.5%	2.5%
Eurozone	2.2%	3.0%	2.0%	2.0%
Japan	3.2%	2.0%	2.0%	2.0%
China	0.1%	1.4%	1.0%	1.5%
ASEAN				
Indonesia	1.9%	2.8%	2.7%	2.6%
Malaysia	1.4%	2.1%	1.8%	1.9%
Singapore	0.9%	2.5%	1.8%	1.7%
Thailand	-0.1%	2.0%	1.5%	1.1%

Source: Bloomberg, RHB Global EMS

The US rate path

Our economic team's base case is that the FFR will remain at 3.50% to 3.75% throughout 2026, with two cumulative 25bps cuts expected in 2027 bringing the FFR to 3.00% to 3.25%, with no further change in 2028.

This view is different from the current consensus view, where the market is pricing c.1.4 hikes by the year end. Our economics team argues that rate hikes are an inappropriate tool against cost-push inflation, citing BIS research that demonstrates the limited efficacy of monetary tightening when inflationary pressures originate from supply-side shocks rather than demand overheating.

The UST 10-year yield is forecast at 4.50% (3Q26), declining to 4.40% (4Q26), 4.30%(1Q27), and 4.20% (2Q27). The DXY is forecast at 102.0 (3Q26), declining to 100.5 (4Q26), 99.0 (1Q27), and 98.0 (2Q27), with near-term support from firmer US Federal Reserve (US Fed)-hawkish repricing and residual risk-off positioning, but medium-term weakness as the rate cycle turns.

This divergence between our view (hold) and the market (c.1.4 hikes) is one of the most important asymmetric trades in the strategy. If we are correct, rate-sensitive assets (REITs, growth stocks) re-rate as hawkish expectations unwind. If the market is correct, banks benefit on NIM but broader equity risk appetite suffers.

Figure 4: RHB's USD/Asia currency forecasts (base case)

	2Q26A	3Q26F	4Q26F	1Q27F	2Q27F
G10 FX					
DXY	101.2	102.0	100.5	99.0	98.0
EUR/USD	1.14	1.13	1.15	1.17	1.18
USD/JPY	162.6	162.9	161.2	160.5	160.1
GBP/USD	1.33	1.31	1.33	1.35	1.36
AUD/USD	0.69	0.68	0.69	0.70	0.71
NZD/USD	0.57	0.56	0.57	0.58	0.60
AXJ FX					
USD/CNH	6.79	6.82	6.78	6.74	6.70
USD/IDR	17,882	18,130	18,221	18,312	18,342
USD/MYR	4.08	4.11	4.05	4.01	3.98
USD/SGD	1.29	1.31	1.29	1.28	1.27
USD/THB	33.22	33.81	33.25	32.69	32.54

Source: Bloomberg, RHB

Figure 5: RHB's 10-year government bond yield forecasts (base case)

	3Q26F	4Q26F	1Q27F	2Q27F
United States	4.50	4.40	4.30	4.20
Malaysia	3.65	3.61	3.57	3.53
Singapore	2.15	2.07	1.98	1.90
Indonesia	7.20	7.25	7.30	7.35
Thailand	2.08	2.00	1.93	1.85

Source: Bloomberg, RHB Global EMS

China: Weaker than consensus expects

Our economics team has revised 2026 China GDP growth to 4.3% for 2026, down from 4.5% in their earlier assessment, and below both consensus (4.6%) and the official target. The outlook extends to 4.5% (2027) and 4.4% (2028), suggesting no meaningful cyclical recovery.

MSCI China has entered bear market territory, down c.20% from its Oct 2025 peak. High-frequency data remains very weak: Retail sales and fixed asset investment (FAI) contracted further in May, with FAI led lower by private investors while state-owned activity turned neutral. Central Huijin reportedly sold c.USD68bn in technology and chip ETFs, an effort to drain speculative excess that has further dampened sentiment. Both domestic and foreign investors are reducing equity exposure.

For Singapore, China's weakness operates through multiple channels. Wholesale trade, tourism, cross-border banking, and wealth management are all exposed to China's demand trajectory. Raffles Medical's (RFMD SP, BUY, TP: SGD1.30) China hospital turnaround thesis is directly contingent on patient volumes and willingness to pay by the affluent Chinese. However, the same weakness creates a positive offset: Capital seeking Asia exposure without direct China risk is flowing towards Singapore as the preferred alternative, reinforcing the safe-haven thesis.

Geopolitical risk

Our economic team's in-house framework assigns probabilities to three scenarios. The base case (60%) is a perpetual ceasefire, with Brent at approximately USD85 per bbl, the FFR unchanged, and a constructive equity backdrop. The worst case (30%) is a full escalation, with Brent above USD140, one to two FFR hikes, and a "cash is king" posture. The best case (10%) is comprehensive peace treaties, with Brent at USD70 to USD80, one FFR cut, and a full risk-on rotation.

The US-Iran MoU was signed on 18 Jun, but our economics team notes that only 5 of the 14 points will be implemented immediately, while the remaining critical issues (Iran's nuclear programme, economic aid, Hormuz tolls) are deferred to the final agreement scheduled for 17 Aug 2026. Our economic team sees "a high probability of a stand-off in the final deal, with the ceasefire extended into the latter part of this year." Hormuz traffic is gradually normalising, and Brent has eased meaningfully below the base case assumption of USD85 per bbl and closer to the best case pricing.

Figure 6: Three scenarios – perpetual ceasefire at 60% probability, but the risk of re-escalation (30%) is still sizeable

	Macro Conditions	US	China	ASEAN	Global Inflation	FX	Policy Path/Rates	Asset Impact	Probability
S1: Base Case: Perpetual Ceasefire	US-IS-IR ceasefire. Hormuz strait open. Oil averages US$85/bbl in 2H26.	US GDP at 2.0%, inflation moves higher but trends towards 2.0% in 2027-2028	China slows to 4.0 - 4.5%, policy manoeuvres to more rate cuts to support growth	Investors cautiously optimistic. Malaysia key winner as net energy exporter	ASEAN inflation moves higher towards the long-term average, but price pressures stay manageable. US core PCE ends 2026 at <3.5%	DXY ends 2026 at around 100, with traders swiftly pricing out FFR hikes. MYR ends the year at around 4.0 per USD	FFR pat in 2026, balance of risk for one hike. BI hike once, BOT pat, MY OPR and SG S$NEER unchanged	OW fixed income, OW US equities, MW Asia equities, MW cash	60%
S2: Worst Case: Sea of Red	Conflict restarts in 3Q26. Oil prices above US$140/bbl, amid escalating damage to energy infrastructure	US GDP growth to slow to ~1% in 2026, balance of risks tilted towards a technical recession	China slows to around 4.0%, external industries suffer, but domestic conditions will support	Broad-based growth headwinds across ASEAN. Investment and hiring activities suffer. Singapore & Thailand key losers	Stagflation risks materialised. ASEAN sees a spike in inflation due to reliance on Hormuz. US core PCE moves to >4.0%	DXY to move towards 115 on safe haven and rate hike bets. MYR moves decisively towards 4.5 per USD	US FFR hike once, balance of risk for two hikes. BNM, BOT & BI to hike. S$NEER to see tightening bias	Cash is king. OW cash, UW equities, UW fixed income	30%
S3: Best Case: Forever Peace	US-IS-IR sign peace treaties, establish agreement on key issues. Oil moves decisively lower to US$70 - 80/bbl	US GDP accelerates > 2.0%, inflation momentum declines sharply.	China slows marginally to 4.5%, policy manoeuvres to tackling asset prices and debt	Malaysia and Singapore strongly benefits from AI Boom, Thailand supported by services & hospitality	Prior knock-on effects from higher energy prices dissipate. ASEAN inflation trend back to pre-tension levels. US core inflation ends 2026 <3.0%	DXY moves below 95. Dollar carry erodes as traders reprice back FFR cuts. MYR moves below 4.0 per USD, ends at around 3.85.	FFR cut once. BNM, BOT, BI to hold. SGD S$NEER unchanged	OW equities, MW fixed income, UW cash	10%

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

Under the worst-case scenario, the implications for Singapore are severe but quantifiable: GDP could slow to 1.0% to 1.5%, headline CPI could reach c.5.0%, and Singapore 10-year bond yields could spike to 2.80% in 3Q26 before moderating. MAS would likely tighten further, and the equity market would face a synchronised de-rating across rate-sensitive sectors.

Under the base case, a comprehensive peace deal would trigger a risk-on rotation into ASEAN equities, compress energy costs, ease inflationary pressures, and potentially bring forward the FFR cut cycle.

AI rally fatigue

Our economics team escalates the AI risk warning beyond the earlier characterisation of a tail risk to an active concern. Their latest Path Finder report explicitly states that "global growth and investors' confidence have been solely supported by the ongoing AI boom" and warns that "the recent sell-down in AI-related stocks" is "a worrying phenomenon that may derail our optimistic view should it persist into 2H26."

Five conditions for a "bubble burst" have been identified in the report: i) Disappointment in realised ROI from AI investments, ii) elevated energy costs compressing AI infrastructure margins, iii) equity valuations reflecting nominal (inflationary) rather than real growth, iv) tighter monetary policy raising discount rates, and v) a stagflation environment triggering a synchronised global sell-off.

Should an AI bubble materialise, the Path Finder report warns it could "magnify the downside bias in global growth and investor sentiment, akin to a dot-com-like recession, and potentially trigger a 10 to 20% decline in global equity valuations." For Singapore, this would directly impact semiconductor and electronics exports, industrial production, and external demand, given the economy's role as a high-value node in global electronics supply chains. Our OVERWEIGHT call on the manufacturing and technology and industrials sectors need to be assessed in the context of this tail risk.

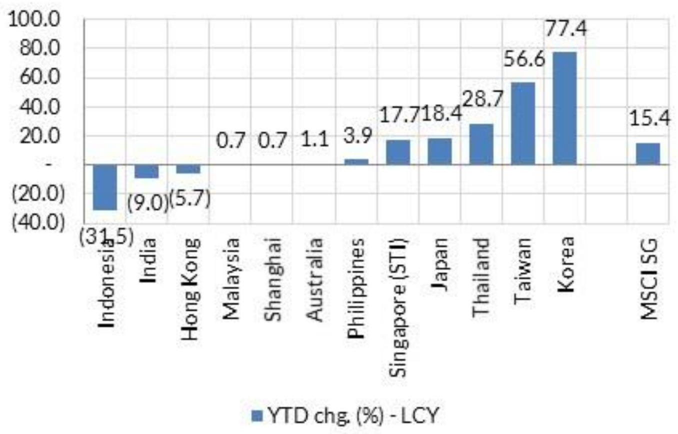
Market Outlook & Earnings Growth

Regional context: Mid-pack in a divergent Asia

MSCI Singapore returned +15.4% YTD and +8.3% in 2Q26, a solid absolute performance that places Singapore in the middle of a highly divergent Asian landscape. The region is being shaped by the AI semiconductor cycle, which has driven extraordinary returns at the technology-heavy end of the spectrum: Korea surged 77.4% and Taiwan gained 56.6%, both powered by semiconductor and AI hardware demand. Thailand rallied 28.7% on stronger exports and AI investment. Japan advanced 18.4%. At the other end, Indonesia fell 31.5% amid persistent economic weakness and deferred MSCI classification concerns, India declined 9.0%, and Hong Kong dropped 5.7% as China's bear market continued to weigh on sentiment.

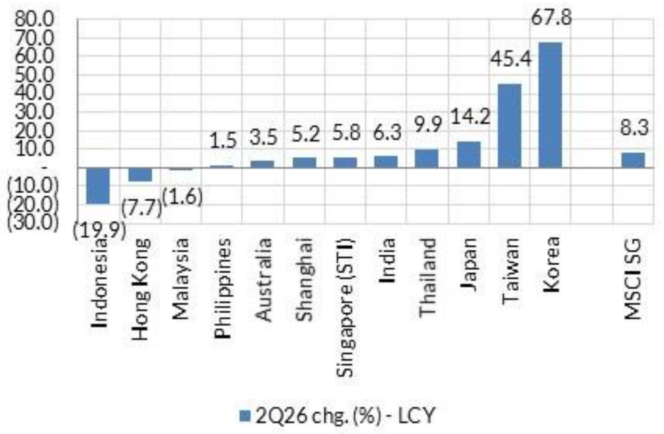
Singapore is outperforming the troubled markets (Indonesia, India, Hong Kong) and most of South-East Asia, but lagging the technology-driven North Asian markets and the regional benchmarks. For institutional investors, this underperformance relative to the regional indices underscores that Singapore's appeal rests on income, stability, and safe-haven characteristics rather than high-beta growth. The opportunity lies in closing the performance gap through stock selection in domestically-driven and structurally-advantaged sectors.

Figure 7: Regional market performance YTD (in local currency)



Source: Bloomberg

Figure 8: Regional market performance 2Q26 (in local currency)



Source: Bloomberg

Market performance: Financials still dominant, but breadth improving

Financials remain the dominant force in MSCI Singapore, carrying the largest weight and delivering +30.4% YTD. Given the sector's over 50% weight in the index, on an ex-financials basis, the implied return was approximately negative 1% clearly implying that the market rally remains disproportionately concentrated in a single sector. Four of nine MSCI Singapore sectors delivered positive YTD returns. Financials led at+30.4%, followed by food products at +25.0%, transport at +20.5%, and industrials at +19.3%. REITs declined 3.0%, telecommunications fell 3.3%, utilities dropped 5.6%, real estate fell 6.3%., and technology fell 14.5%.

The 2Q26 picture reveals significant momentum shifts. Technology was the strongest reversal, recovering +13.3% in 2Q26 after a sharp 1Q decline, tentatively suggesting a bottoming process in the internet platform names. REITs gained +2.4% in 2Q26 after declining in 1Q, probably offering early evidence of the rate-relief rotation. Transport continued to accelerate (+16.4% in 2Q26). On the other side, Food Products reversed from a strong 1Q to negative 6.2% in 2Q26 on profit-taking, Industrials pulled back 5.7% after a strong start, telecommunications continued to weaken (negative 10.7%), and real estate declined further (negative 8.5%).

Figure 9: MSCI Singapore sector YTD performance based on member constituents

Source: Bloomberg

Figure 10: MSCI Singapore sector 2Q26 performance based on member constituents

Source: Bloomberg

MSCI Singapore earnings: Growth intact, revisions stabilising

MSCI Singapore consensus net profit growth stands at 11.0% for CY26 and 12.2% for CY27, broadly validating the strong macroeconomic backdrop. Industrials lead with 37.7% CY26 profit growth. Food products (+23.7%), telecoms (+17.9%), technology (+10.2%),and financials (+6.8%) round out the positive growth sectors. Real estate shows the most extreme growth figure at +330.9%, reflecting a recovery from a deeply depressed base that should normalise at +13.7% in CY27. Transport is expected to contract 9.4% in CY26 before recovering to +6.3% in CY27. Looking into CY27, the acceleration story is in technology (+42.5%), utilities (+24.1%), telecommunications (+23.8%), and industrials (+14.4%), while financials growth moderates to +6.6% and food products eases to +8.0%.

Figure 11: MSCI Singapore sector profit growth

Sector growth	CY26 (%)	CY27(%)
Financials	6.8	6.6
Food Products	23.7	8.0
Industrials	37.7	14.4
Technology	10.6	42.5
Real Estate	330.9	13.7
REIT	1.3	5.2
Telecommunications	17.9	23.8
Transport	(9.4)	6.3
Utilities	(10.2)	24.1
Total	**11.0**	**12.2**

Source: Bloomberg

Revision trajectory: The worst may be behind us

The most important development for the earnings outlook is the stabilisation in revision momentum. Over the past six months, aggregate CY26 profit estimates have been revised down by 2.4%. However, the three-month revision data, which provides a more current reading of analyst sentiment, shows the aggregate has essentially stabilised at -0.1%, a negligible decline. This suggests the bulk of the consensus downgrade cycle occurred in the first quarter, and the revision trajectory is now inflecting towards stability.

The six-month and three-month data tell different stories at the sector level, and the divergence between them is where we believe the actionable ideas are.

Financials have shifted from -0.1% (6-month) to +0.8% (3-month), confirming that bank earnings estimates have turned the corner. REITs have moved from +3.4% (6-month) to +2.1% (3-month), maintaining positive momentum. Food products has gone from +8.0% (6-month) to +1.0%(3-month), easing but still positive. Technology's six-month revision of -14.6% has turned to +2.6% over the last three months, suggesting that the worst of the Grab (GRAB US, NR) and Sea (SE US, NR) downgrades are behind us and estimates may be finding a floor. This is consistent with the +13.3% price recovery in the technology stocks within MSCI Singapore during 2Q26.

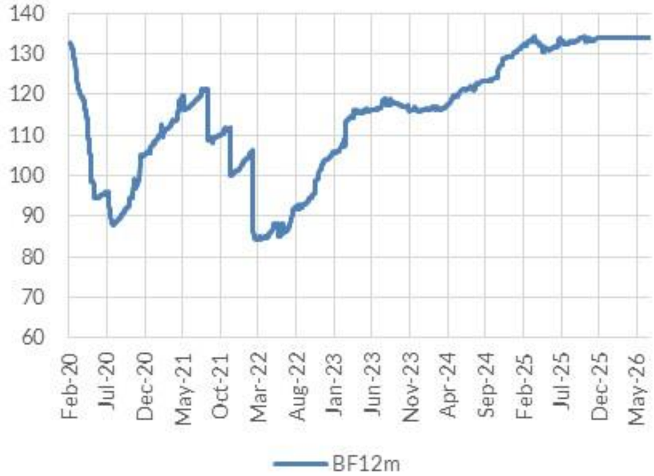
The six-month telecommunications revision of -15.6% has improved only marginally to -10.0% over three months, indicating that the Singtel earnings downgrades are continuing and have not yet stabilised. This is the single sector where the revision trajectory remains decisively negative in the most recent data. For Industrials the six-month revision of +4.4% has turned to -0.9% over three months, suggesting the initial wave of upgrades may have run its course even as absolute growth remains the strongest across all sectors.

Figure 12: MSCI Singapore sector estimate changes

	CY26 profit 6m chg (%)	CY26 profit 3m chg (%)
Financials	0.2	0.8
Food Products	8.0	1.0
Industrials	4.4	(0.9)
Technology	(14.6)	2.6
Real estate	(11.6)	0.4
REIT	3.4	2.1
Telecom	(15.6)	(10.0)
Transport	(1.8)	-
Utilities	(16.8)	0.6
Total	**(2.4)**	**(0.1)**

Source: Bloomberg

Figure 13: MSCI Singapore 12 month blended forward consensus EPS estimates



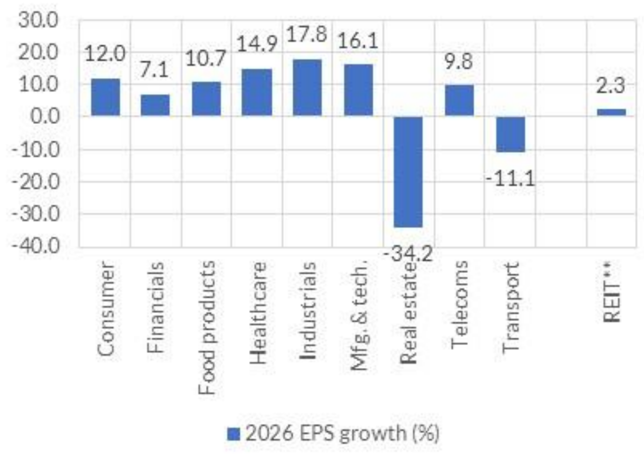
Source: Bloomberg

RHB coverage universe: Where our earnings visibility sits

For our coverage universe (ex-REITs), we forecast market-cap-weighted EPS growth of7.3% in 2026 and 6.9% in 2027. The sector leaders by our estimates for 2026F are: Industrials (+17.8%), manufacturing and technology (+16.1%), healthcare (+14.9%), and consumer (+12.0%). food products is expected to deliver +10.7%, telecommunications +9.8%, and financials (including SGX and iFast) +7.1%. Real Estate earnings are depressed (-34.2%) due to Centurion Corp (CENT SP, BUY, TP: SGD1.91)'s divestment timing, though a sharp recovery to +21.0% is projected for 2027. Transport contracts 11.1% in 2026F due to ComfortDelGro (CD SP, BUY, TP: SGD1.45)'s weak 1Q26 earnings likely sustaining into 2Q26 before recovering +10.0% in 2027F.

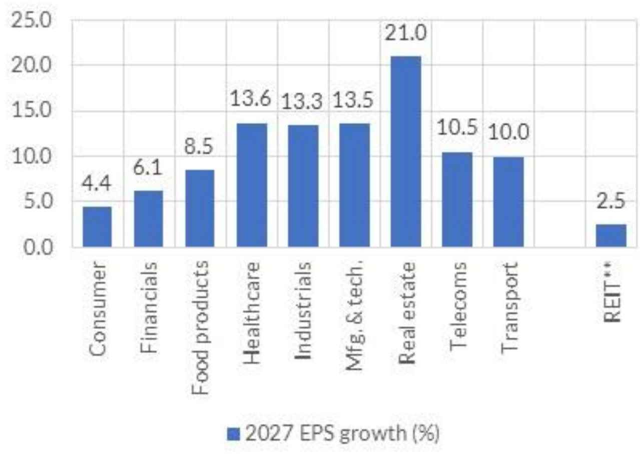
For REITs under our coverage (ex-US REITs), we project market-cap-weighted DPU growth of 2.3% in 2026 and 2.5% in 2027, a stable but modest trajectory that reinforces the case for selectivity within the sector.

Figure 14: 2026F sector EPS growth for RHB's coverage universe



Note: Data as of 10 Jul 2026
Note 2: Data for the REITs sector represents DPS growth and excludes data for US REITs
Source: RHB

Figure 15: 2027F sector EPS growth for RHB's coverage universe



Note: Data as of 10 Jul 2026
Note 2: Data for the REITs sector represents DPS growth and excludes data for US REITs
Source: RHB

The 2027F picture reveals a convergence in growth rates: Industrials at +13.3%, manufacturing and technology at +13.5%, and healthcare at +13.6% cluster together, while consumer decelerates sharply to +4.4% (consistent with the macroeconomic team's retail sales slowdown projection) and financials moderate to +6.1%. Real estate's recovery to +21.0% and transport's swing to +10.0% provide the strongest earnings inflection stories for 2027, but both require patience.

Singapore equity market reform measures continue to deliver

The structural reform agenda is the most reliable tailwind in the market for 2026 and is largely independent of the macro path. Key developments are:

i. Equity Market Development Programme (EQDP) deployment continues, with around SGD3.95bn allocated to nine fund managers and only partial drawdowns. The next round of fund manager appointments is expected in 2H26;

ii. SDAV remains above the 5-year rolling average every month bar one since Feb 2025 with improved liquidity backdrop for SMID-cap rerating;

iii. The iEdge Singapore Next 50 Index is gaining traction with passive product issuers, broadening coverage beyond STI constituents;

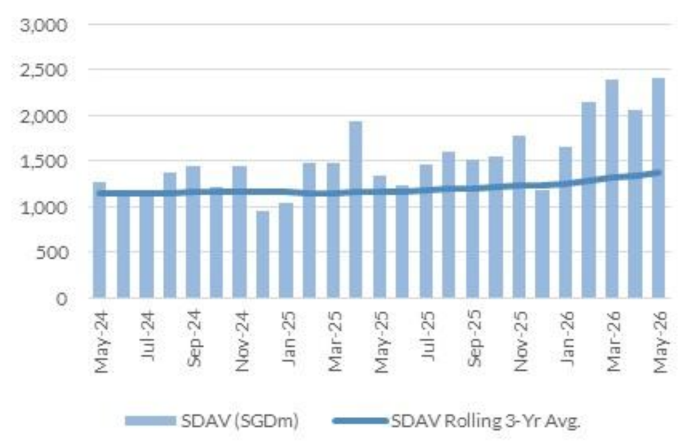
iv. The SGD30m Value Unlock package is supporting corporate strategy reviews, investor relations enhancements, and investor engagement initiatives.

Figure 16: List of policy measures supporting the equity market in 2025

Month	Measures	Details
Feb	First set of measures by the Equities Market Review Group	SGD5bn EQDP; adjustments to Global Investor Programme with new Single Family Offices (SFOs) to invest >SGD50m in SG equities
May	Streamlining of IPO listing process	Shift to disclosure-based regime
Jul	First set of EQDP FMs and improved GEM scheme	SGD1.1bn allocated to three FMs. Increase in Grant for Equity Market Singapore (GEMS) research funding
Sep	Launch of the iEdge Singapore Next 50 Index	Tracking next 50 largest stocks outside the STI
Nov	Second set of EQDP FMs	SGD2.85bn allocated to six FMs
Nov	Improvements to market structure	Reduction in board lot size
Nov	SGX and Nasdaq = Dual listing	SGD2bn market cap requirement, attempt to mirror listing requirements
Nov	Value Unlock package	SGD30m to improve corporate strategy, investor relations
2H26	Next set of EQDP FMs	

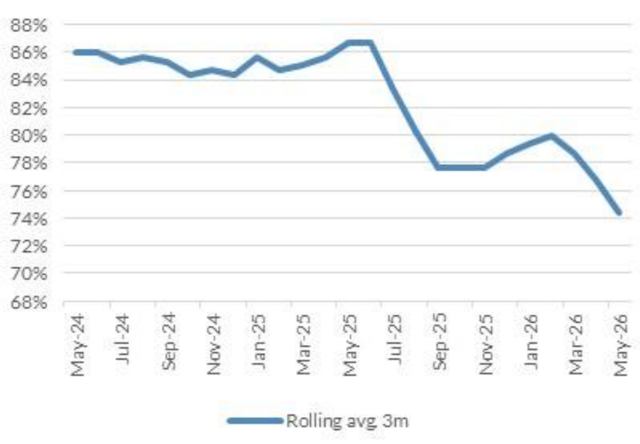
Source: Bloomberg, RHB

Figure 17: SDAV* is on a rise



Note: SDAV = securities daily value traded on the exchange
Source: Singapore Exchange (SGX)

Figure 18: SDAV is moving past the STI stocks



Source: SGX

Singapore Investment Strategy

Theme 1: Financials: Earnings resilience, capital return, and rate optionality

We stay OVERWEIGHT on banks given the easing of geopolitical tensions, export growth from the technology upcycle, and sustained loan demand support business and consumer confidence, with fee generation from wealth management, loans, and cards. Market swap pricing suggests the current FFR would hold steady with bias for a potential hike later in the year, which could be positive for NIMs. During 1Q26 reporting, Singapore banks retained 2026 guidance with a slight positive tilt from DBS (DBS SP, BUY, TP: SGD75.70). FY26F sector PATMI is projected to grow 6% YoY on a 3% rise in sector PIOP and normalisation of credit cost at United Overseas Bank (UOB SP, NEUTRAL, TP: SGD41.30), with FY26F-28F sector PATMI raised approximately 2% pa on higher non-II.

The capital return story is tangible. DBS has reaffirmed the SGD0.24 step-up in annual DPS for 2026 and committed to continue 15 SG cents per quarter capital return DPS in 2026 and 2027. OCBC Bank (OCBC SP, BUY, TP: SGD29.80) has approximately SGD780m of unutilised buyback capacity to be deployed or returned as special dividends in FY26. UOB targets doubling its wealth income by 2030.

iFAST Corp (IFAST SP, BUY, TP: SGD12.20) adds a structural growth dimension to the financial sector, benefitting from the Asia-Pacific wealth management market that is expected to grow to USD41.8trn by 2031(CAGR of 7.2%). Its digital banking arm should see deposit growth with a 3-year CAGR of 23%, and earnings visibility is supported by the ePension segment (eMPF and Occupational Retirement Scheme Ordinance (ORSO) contributions).

Macro risks: Our economic team's base case is FFR hold, which means the sector team's NIM upside optionality from a hike does not materialise under our central scenario. SORA easing from 1.08% to 1.00% implies mild NIM compression. While have an OVERWEIGHT call on the banks, we recommend investors to view banks primarily as an income and capital return allocation, with potential upside from the rate debate.

Figure 19: Singapore – valuation comparison (i) for preferred financial stocks

Company name	Mkt cap (USDm)	Rating	TP	Upside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	EPSG (%) 1FY	EPSG (%) 2FY	Div. yield (%) 1FY	Div. yield (%) 2FY	DPSG (%) 1FY	DPSG (%) 2FY
DBS Group	155,201	Buy	75.70	7.5	Dec-26	17.8	16.8	2.5	5.9	4.6	4.6	5.9	0.0
iFast Corp	2,154	Buy	12.20	34.5	Dec-26	20.3	17.3	21.9	17.4	1.2	1.4	26.8	18.0
OCBC	95,403	Buy	29.80	8.6	Dec-26	16.0	15.5	3.3	3.5	3.5	3.2	-2.6	-8.3

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 20: Singapore – valuation comparison (ii) and returns for preferred financial stocks

Company name	Mkt cap (USDm)	Rating	TP	Upside (%)	1FY year	P/BV (x) 1FY	P/BV (x) 2FY	ROE (%) 1FY	ROE (%) 2FY	ND/E (x) 1FY	ND/E (x) 2FY	Returns 1M	Returns YTD
DBS Group	155,201	Buy	75.70	7.5	Dec-26	2.8	2.7	16.0	16.4	na	na	13.9	25.0
iFast Corp	2,154	Buy	12.20	34.5	Dec-26	5.6	4.5	30.7	28.9	-1.5	-1.5	5.3	-4.7
OCBC	95,403	Buy	29.80	8.6	Dec-26	1.9	1.8	12.1	11.8	na	na	18.1	38.8

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 2: Inflation, food security, and the *El Nino* premium

We are seeing two forces converge. One is that the headline CPI is accelerating to c.4.0% in 2H26 on the back of a delayed effect from higher energy prices in 2Q26. Second is that the *El Nino* system is building towards a potentially strong event (88% probability peaking Nov 2026 to Jan 2027), threatening palm oil yields and food prices. Our CPO analyst provides granular evidence. CPO prices have held steady at MYR4,400 to 4,600 per tonne despite a 38% fall in crude oil from peak, unlike the Russia-Ukraine stabilisation when CPO fell 59%. Global vegetable oil stock-to-usage ratios are expected to fall below historical levels in 2026F, supported by biofuel mandates (Indonesia's B50). In previous strong *El Nino* periods, yield declined 14% to 17% with a one-year lag, and CPO prices rose up to 29% in the 12 months after *El Nino* ended. The analyst maintains CPO price assumptions of MYR4,400 for 2026 and MYR4,300 for 2027 but highlights upside risk.

Our consumer sector analyst rates sector OVERWEIGHT due to its defensive qualities, especially for grocery retail delivering on earnings and dividends (c.3% to 4% yields), Food Empire (FEH SP, BUY, TP: SGD3.87) tracking in line with continued growth from higher manufacturing capacity, and Thai Beverage (THBEV SP, BUY, TP: SGD0.56) benefitting from demand recovery at an attractive valuation (-1.5SD from its long-term mean P/E).

Figure 21: Singapore – valuation comparison (i) for preferred inflation hedge stocks

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
DFI Retail Group	5,009	Buy	5.03	36.1	Dec-26	17.6	16.3	8.5	8.1	4.0	4.3	5.2	8.1
First Resources	3,850	Buy	3.70	15.1	Dec-26	9.7	9.6	64.7	1.5	4.8	4.8	34.1	1.5
Food Empire	1,296	Buy	3.87	53.1	Dec-26	13.3	12.2	43.2	8.4	3.6	3.9	3.1	8.4
Golden Agri-Resources	2,702	Buy	0.36	31.3	Dec-26	6.2	6.2	5.7	1.2	2.5	2.5	-6.2	1.2
Keppel Infrastructure Trust	2,428	Buy	0.58	12.6	Dec-26	30.1	28.4	11.8	6.3	7.7	7.8	0.5	1.5
Sheng Siong	3,832	Buy	3.59	9.1	Dec-26	26.7	25.1	24.3	6.2	2.6	2.8	23.3	6.2
Thai Beverage	8,663	Buy	0.56	26.7	Sep-26	10.8	10.8	5.7	-0.5	5.4	5.7	0.0	6.3

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 22: Singapore – valuation comparison (ii) and returns for preferred inflation hedge stocks

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
DFI Retail Group	5,009	Buy	5.03	36.1	Dec-26	13.4	10.4	87.4	72.0	1.2	0.6	-3.1	-6.3
First Resources	3,850	Buy	3.70	15.1	Dec-26	2.3	2.1	24.5	22.6	0.3	0.2	18.0	53.6
Food Empire	1,296	Buy	3.87	53.1	Dec-26	2.7	2.5	20.6	20.7	-0.3	-0.4	8.6	26.5
Golden Agri-Resources	2,702	Buy	0.36	31.3	Dec-26	0.5	0.4	21.5	20.1	0.1	0.1	1.9	-3.5
Keppel Infrastructure Trust	2,428	Buy	0.58	12.6	Dec-26	4.7	5.9	14.2	18.5	4.1	5.3	0.0	5.1
Sheng Siong	3,832	Buy	3.59	9.1	Dec-26	7.5	6.8	29.6	28.3	-0.8	-0.6	5.1	25.1
Thai Beverage	8,663	Buy	0.56	26.7	Sep-26	1.9	1.8	17.2	17.1	1.1	1.0	4.7	-3.3

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 3: The AI supercycle

The AI capital expenditure cycle is the single most powerful driver for the Singapore economy's external growth with electronics NODX at +94.8% YoY, global semiconductor sales on track to surpass USD1trn in 2026, manufacturing PMI at 51.3 in June (11th consecutive month of expansion), and new order PMI at 51.7 (13th consecutive month of expansion). We expect full-year IP growth at 7.0% with an upside bias. The REIT analyst's view on industrial REITs confirms demand is in an expansion mode across segments. Our manufacturing and technology analyst remains OVERWEIGHT on the sector and expects 2H26 performance to be sequentially better as customer orders accelerate.

Figure 23: Singapore – valuation comparison (i) for preferred AI supercycle theme stocks

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
AIMS APAC REIT	1,046	Buy	1.70	3.7	Mar-27	12.3	12.8	-17.3	-3.7	6.4	6.7	4.3	5.7
Frencken Group	918	Buy	3.57	29.4	Dec-26	25.3	23.2	19.1	9.1	1.0	1.2	5.4	19.0
ST Engineering	26,484	Buy	12.30	12.2	Dec-26	34.1	30.2	17.6	13.2	2.1	1.8	34.0	-13.0
Tai Sin Electric	195	Buy	0.75	37.6	Jun-26	8.8	8.5	33.2	3.2	4.3	4.3	0.0	0.0
UMS Integration	1,768	Buy	3.37	31.3	Dec-26	37.2	29.9	11.1	24.7	0.9	1.1	-20.0	20.0
Venture Corp	3,770	Buy	21.81	28.7	Dec-26	19.0	17.6	13.8	8.0	4.4	4.4	-5.8	0.0

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 24: Singapore – valuation comparison (ii) and returns for preferred AI supercycle theme stocks

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
AIMS APAC REIT	1,046	Buy	1.70	3.7	Mar-27	1.3	1.3	10.4	10.0	0.6	0.6	3.1	9.3
Frencken Group	918	Buy	3.57	29.4	Dec-26	2.3	2.2	9.5	9.6	-0.3	-0.4	-2.1	100.0
ST Engineering	26,484	Buy	12.30	12.2	Dec-26	12.1	10.2	36.8	36.4	1.5	1.1	3.8	30.2
Tai Sin Electric	195	Buy	0.75	37.6	Jun-26	1.1	1.0	6.3	14.7	0.3	0.3	3.8	-8.4
UMS Integration	1,768	Buy	3.37	31.3	Dec-26	4.9	4.4	12.5	15.7	-0.2	-0.2	5.8	126.2
Venture Corp	3,770	Buy	21.81	28.7	Dec-26	1.7	1.7	9.1	9.7	-0.5	-0.4	-3.1	11.9

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 4: Singapore as a regional safe haven

Our economics team has provided the strongest quantitative backing for this thesis. The SGD is characterised as a "regional safe haven" currency with a current account surplus of SGD41.1bn in 1Q26, and official reserves of SGD551.3bn as of Jun 2026. China's GDP growth downgrade to 4.3% reinforces the capital reallocation dynamic. USD/SGD is expected to decline from 1.31 to1.27 by 2Q27, providing a natural currency return. Our real estate analyst sees Singapore residential sales remaining resilient, with recent launches achieving c.90% take-up. Private residential prices expected to rise 2-4% in 2026. Developers trade at 40-60% discounts to RNAV, expected to narrow to 25-40%. ComfortDelGro is the contrarian domestic income expression of this theme, offering defensive yield with mid-teens earnings growth into 2027 and 2028, protected by indexed fare pass-through mechanisms and a strong balance sheet.

SGD as a double-edged sword. While SGD strength supports the safe haven thesis at the macroeconomic level, it would be a headwind for medical tourism and hospitality REITs as it would divert tourists to cheaper regional destinations. The strategy should overweight domestic earners and underweight externally-exposed names where SGD appreciation is a margin headwind.

Figure 25: Singapore – valuation comparison (i) for preferred safe haven stocks

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
APAC Realty	212	Buy	0.71	30.3	Dec-26	12.1	12.3	-14.2	-1.2	6.6	6.5	-14.0	-1.2
Centurion Corp	1,016	Buy	1.91	22.2	Dec-26	15.5	14.0	-22.5	10.8	2.6	2.9	0.0	12.5
City Developments	5,502	Buy	11.20	40.9	Dec-26	18.8	15.2	-39.1	23.6	3.8	3.8	7.1	0.0
Coliwoo Holdings	179	Buy	0.82	70.8	Sep-26	9.9	7.8	27.0	26.9	4.0	5.1	-1.9	26.9
ComfortDelGro	2,248	Buy	1.45	8.2	Dec-26	15.2	13.8	-11.1	10.0	5.3	5.3	-16.9	-0.3
Keppel Infrastructure Trust	2,428	Buy	0.58	12.6	Dec-26	30.1	28.4	11.8	6.3	7.7	7.8	0.5	1.5
Singtel	55,686	Buy	5.40	22.7	Mar-27	23.5	21.5	11.6	9.2	4.6	4.9	9.7	5.9

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 26: Singapore – valuation comparison (ii) and returns for preferred safe haven stocks

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
APAC Realty	212	Buy	0.71	30.3	Dec-26	1.4	1.4	11.6	11.2	-0.1	-0.1	0.0	-6.0
Centurion Corp	1,016	Buy	1.91	22.2	Dec-26	1.0	1.0	6.7	7.1	0.2	0.1	10.6	24.8
City Developments	5,502	Buy	11.20	40.9	Dec-26	0.7	0.7	3.9	4.7	1.2	1.1	-3.9	-0.6
Coliwoo Holdings	179	Buy	0.82	70.8	Sep-26	1.0	0.9	12.8	12.0	0.5	0.5	-1.0	-13.5
ComfortDelGro	2,248	Buy	1.45	8.2	Dec-26	1.1	1.1	7.3	7.9	0.3	0.2	4.7	-9.5
Keppel Infrastructure Trust	2,428	Buy	0.58	12.6	Dec-26	4.7	5.9	14.2	18.5	4.1	5.3	0.0	5.1
Singtel	55,686	Buy	5.40	22.7	Mar-27	2.6	2.5	11.1	11.7	0.3	0.4	3.0	-3.3

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 5: The REIT mosaic

REITs are the only sector with negative price returns and positive earnings revisions. While our view is turning structurally positive on the outlook, the uncertainty around rate outlook means that our analyst expects substantial sub-sector dispersion.

Industrial REITs (Overweight): The Purchasing Managers' Index (PMI) expansion, NODX strength, and AI-driven demand are corroborated by both the macroeconomic team and the sector analyst. Moderate supply growth and positive operational metrics make this the most defensible REIT sub-sector. We prefer logistics, data centres, and flatted factories.

Office REITs (Overweight): Prime CBD occupancy at 97%, rents rising 1.7% in 1H26, limited core CBD supply post-Keppel South Central. Grade-A rents expected to rise 1% to 4% with mid-to-high single-digit rental reversions. Singapore's safe haven business hub status supports longer-term multinational occupier interest.

Retail REITs (Neutral): Community Development Council (CDC) vouchers support demand. Limited supply (0.33m sqf pa vs 0.53m 5-year average) provides a floor. We expect rent growth of 1-3% with positive mid-single digit rental reversions.

Hospitality REITs (Neutral): YTD visitor arrivals till May are largely unchanged YoY. Revenue per available room (RevPAR) growth is revised to 1-3% (from 3-5%). Limited supply growth (CAGR 1.7% of 2026-2028) provides a medium-term buffer, but the SGD strengthening trajectory (to 1.27 by 2Q27) could further divert price-sensitive tourists.

Overseas REITs (Neutral): Rate hikes in markets such as Australia present headwinds. However, if the macroeconomic team's FFR hold view proves correct, overseas REITs trading below book value could re-rate faster than currently expected. Potential upgrade catalyst if hawkish expectations unwind.

The declining Singapore 10-year bond yield trajectory (from 2.02% to 1.90% by 2Q27) and SORA easing (to 1.00% by 4Q26) provide a structural tailwind across the sector. The divergence between our FFR view (hold) and the market (approximately 1.4 hikes) creates the asymmetric opportunity.

Figure 27: Singapore – valuation comparison (i) for preferred REIT stocks

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
AIMS APAC REIT	1,046	Buy	1.70	3.7	Mar-27	12.3	12.8	-17.3	-3.7	6.4	6.7	4.3	5.7
CapitaLand Ascendas REIT	9,751	Buy	3.00	19.0	Dec-26	15.0	13.5	-15.0	10.9	6.0	6.1	0.4	1.8
CapitaLand Integrated Commercial Trust	15,035	Buy	2.75	12.5	Dec-26	18.7	17.7	1.1	6.0	5.0	5.1	4.9	3.3
CDL Hospitality Trusts	769	Buy	0.97	25.0	Dec-26	4.4	3.9	212.6	14.1	7.2	7.3	31.7	1.0
ESR-REIT	1,452	Buy	3.05	31.5	Dec-26	11.4	10.7	335.7	6.4	9.4	9.6	-1.0	2.2
Frasers Centrepoint Trust	3,552	Buy	2.69	19.6	Sep-26	17.2	17.7	25.6	-2.9	5.5	5.6	2.3	1.8
Starhill Global REIT	980	Buy	0.66	21.7	Jun-26	10.9	10.9	0.7	0.3	6.8	7.0	0.3	2.4
Stoneweg Europe Stapled Trust	996	Buy	1.95	24.2	Dec-26	10.9	10.4	40.0	4.7	8.7	8.8	2.2	1.7

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 28: Singapore – valuation comparison (ii) and returns for preferred REIT stocks

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
AIMS APAC REIT	1,046	Buy	1.70	3.7	Mar-27	1.3	1.3	10.4	10.0	0.6	0.6	3.1	9.3
CapitaLand Ascendas REIT	9,751	Buy	3.00	19.0	Dec-26	1.1	1.1	6.9	7.4	0.6	0.6	0.8	-10.8
CapitaLand Integrated Commercial Trust	15,035	Buy	2.75	12.5	Dec-26	1.1	1.1	6.0	6.4	0.6	0.6	4.7	2.1
CDL Hospitality Trusts	769	Buy	0.97	25.0	Dec-26	0.5	0.5	12.6	13.6	0.6	0.6	0.0	-7.2
ESR-REIT	1,452	Buy	3.05	31.5	Dec-26	0.9	0.9	6.6	7.2	0.9	0.9	-2.1	-14.4
Frasers Centrepoint Trust	3,552	Buy	2.69	19.6	Sep-26	1.0	1.0	5.8	5.6	0.5	0.5	-0.4	-3.4
Starhill Global REIT	980	Buy	0.66	21.7	Jun-26	0.7	0.7	6.9	6.8	0.6	0.5	0.0	-8.4
Stoneweg Europe Stapled Trust	996	Buy	1.95	24.2	Dec-26	0.8	0.8	7.2	7.6	0.9	0.9	0.6	-3.7

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Theme 6: SMID cap picks: Data centre enablers and deep value

Three SMID-cap names outside the core sector frameworks merit independent attention for their structural positioning in the data centre and AI infrastructure buildout, combined with compelling valuations.

CSE Global (CSE SP, BUY, TP: SGD1.94): Growth underpinned by USD1.5bn in Amazon orders over five years and a robust SGD716m orderbook skewed towards electrification (c.70%), with further upside from US communications acquisitions. Trades at PEG below 1. **Risks:** Project cost overruns and poor tender management.

Info-Tech Systems (ISTL SP, BUY, TP: SGD1.40): Asset-light, multi-jurisdiction payroll and enterprise solutions provider with a significant entry barrier from local compliance capabilities, delivering 12% FY25-28F earnings CAGR on customer penetration and scale. Trades at 8x forward P/E and PEG below 1. **Risks:** Government grant dependence and SME-specific vulnerabilities.

Tai Sin Electric (TSEL SP, BUY, TP: SGD0.75): Established cable supplier to more than 70% of Singapore's data centres and key infrastructure projects (MRT, Tuas Megaport, Changi Airport), with 16% FY25-28F earnings CAGR from construction and data centre deployment. Trades at approximately 9x FY27F P/E with approximately 4% yield and PEG below 1. **Risks:** Copper price volatility and construction cyclicality.

Figure 29: Singapore – valuation comparison (i) for preferred SMID Cap stocks

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
CSE Global	684	Buy	1.94	60.2	Dec-26	17.7	14.5	37.1	22.1	2.8	3.5	31.7	22.1
Info-Tech Systems	179	Buy	1.40	56.6	Dec-26	8.4	7.7	17.8	10.0	4.6	5.1	17.4	10.0
Tai Sin Electric	195	Buy	0.75	37.6	Jun-26	8.8	8.5	33.2	3.2	4.3	4.3	0.0	0.0

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

Figure 30: Singapore – valuation comparison (ii) and returns for preferred SMID cap stocks

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
CSE Global	684	Buy	1.94	60.2	Dec-26	2.9	2.6	17.1	18.7	0.5	0.4	-9.7	22.8
Info-Tech Systems	179	Buy	1.40	56.6	Dec-26	3.5	2.9	46.9	41.4	-1.7	-1.6	-0.6	14.7
Tai Sin Electric	195	Buy	0.75	37.6	Jun-26	1.1	1.0	6.3	14.7	0.3	0.3	3.8	-8.4

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Sector Outlook, Rating, And Preferred Picks

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

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Consumer	O/W	We have an OVERWEIGHT call on the consumer sector for its defensive qualities. We expect the grocery retail segment to continue delivering on earnings and dividends due to its defensive nature and earnings resilience. Earnings growth should still be supported by new stores, more robust retail sales, and corporate restructuring. The sub-sector yields an attractive 3-4% in dividends. The midstream segment saw results tracking in line for Food Empire (FEH) and Thai Beverage (THBEV). We are positive on FEH for its continued growth led by higher manufacturing capacity coming on-stream while staying positive on THBEV on its demand recovery and attractive valuation at -1.5SD of its long term mean P/E.	Slower-than-expected pick-up in consumer demand, and rising input and operational costs.	DFI Retail, Food Empire, Sheng Siong, Thai Beverage
Financial services (banks)	O/W	We stay OVERWEIGHT on the banking sector. During the 1Q26 results briefings, SG Banks generally retained their 2026 guidance, albeit with a slight positive tilt noted from DBS on the back of better hedging opportunities in 1Q26 and expectations on US policy rate trends. Direct exposures to the Middle East appear minimal but second- and third-order effects are more difficult to gauge and uncertain. The recent banking statistics (May 2026) point to an acceleration in loans growth, as well as loans growth outpacing that of deposits. Meanwhile, current market swap pricing continues to suggest that the current US FFR would hold steady with bias for a potential hike, which could be positive for NIMs, if the hike pans out. These should bode well for banks' NII in the coming quarters. Near-term though, banks' YoY NII growth is likely to remain in negative territory amid lower NIM, but NIM pressure is likely to continue moderating. As for non-II, we understand that the wealth momentum has been healthy amid continued deployment of funds by customers, and this should continue to underpin overall non-II and operating income growth. As for asset quality, this is expected to be stable and coupled with provision buffers in place, we expect banks to meet their credit cost guidance. During the May reporting quarter, we raised FY26F-28F sector PATMI by c.2% pa on higher non-II. We project FY26F sector PATMI growth of 6% YoY on the back of a 3% rise in sector PIOP and normalisation of credit cost at UOB. OCBC and DBS are Top Picks as we prefer stocks with strong wealth franchises, sound asset quality metrics and healthy dividend yields.	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.	OCBC Bank DBS
Food products (CPO)	O/W	Spot CPO prices have risen by c.19% in the past few months, to current levels of MYR4,500-4,600 per tonne – due to the Middle East conflict and the subsequent 38% rise in crude oil prices. However, since the news about the peace treaty, crude oil prices have fallen 38% from its peak but CPO prices have held relatively steady (+0.7% in the same period) – from strong fundamental support. This is unlike what happened when the Russia-Ukraine conflict stabilised in 2022-2023, as CPO prices fell 59% from peak during that period. With this fall in crude oil prices, the palm oil-gasoil (POGO) spread (PO more expensive than gas oil) has now widened back to -USD35.2 per bbl (from +USD43 per bbl at the beginning of the Middle East conflict). Despite this, even at the current POGO spread, we estimate that there will still be enough money in the Indonesian biodiesel fund to subsidise B50 at current export tax and levy rates – with some surplus. With the increased biofuel mandates in place, we expect overall supplies of vegetable oils to remain tight globally with stock/usage ratios of the 17 oils & fats, the eight vegetable oils and palm oil expected to fall to below-historical levels in 2026F. This indicates that CPO prices would be more resilient than crude oil prices even in a "forever peace" scenario. We are now officially in "*El Nino* Advisory" territory with the strength of the *El Nino* not confirmed yet, but more than half of the forecasters are expecting it to be a strong to very strong *El Nino* event. In terms of strength, the probability of a strong *El Nino* peaks at 88% in Nov 2026-Jan 2027. Should a strong *El Nino* occur, palm oil output would be affected negatively (ranging from 2-20%), and this impact can last for as long as two years, depending on the severity. In previous strong *El Nino* periods, the decline in yield was 17% in 1998-1999 and 14% in 2016-2017 ie a one-year lagged impact. During previous *El Nino* years, CPO prices rose by a maximum of 21% during an *El Nino* period, but rose by a maximum of 29% 12-months after *El Nino* ended. *[continued…]*	Weather and geopolitical risks.	First Resources

Source: Company data, RHB

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

Sector	Rating	Sector outlook	Sector risks	Preferred picks
		[continued…] Maintain OVERWEIGHT with unchanged CPO price assumptions of MYR4,400 per tonne for 2026 and MYR4,300 per tonne for 2027 for now, but highlight the upside risk to 2027 CPO price assumptions, pending the confirmation of the strength of *El Nino*.		
Healthcare	N	Singapore healthcare sector's fundamentals remain supported by population ageing and resilient outpatient demand, although earnings growth has normalised following COVID-19 pandemic highs. Public hospital capacity expansion continues to cap pricing power and domestic inpatient growth for private providers. Recent Integrated Shield Plan rider reforms may raise out of pocket costs for less critical procedures, potentially shifting marginal demand towards public hospitals or ambulatory care. We also see cost competitively run private hospitals like Raffles Hospital to be the beneficiaries. Competitive regional medical tourism dynamics and persistent cost inflation, particularly labour, remain key headwinds. As such, sector performance will increasingly depend on productivity gains, case mix upgrading and disciplined overseas execution rather than domestic price driven growth. We remain constructive on Raffles Medical, supported by stable Singapore volumes and a strong balance sheet. The key catalyst is China, where losses at its hospitals are narrowing and EBITDA breakeven for one of its two large hospital is targeted for the end of 2026. Capital management is a positive, with an accelerated share buyback programme and a dividend payout ratio of at least 50% supporting returns. While cost pressures and overseas execution risks persist, RFMD offers earnings defensiveness with medium term upside from its China turnaround.	Tight labour availability, high-cost inflation, loss of medical tourism to Malaysia and Thailand, and the strong SGD relative to ASEAN currencies.	Raffles Medical
Manufacturing and technology	O/W	Keep OVERWEIGHT on the sector, on recovery and accelerating growth outlook. Growth for the sector will be driven by semiconductor recovery, customer order ramp up, and new product introduction. We expect 2H26 to perform sequentially better as customer orders accelerate. Venture Corp's valuation remains attractive, trading at c.18x forward P/E, below peers and an attractive dividend yield of c.4%. Frencken Group and UMS Integration are both expected to see order acceleration and customer order ramp up going forward, as customer restock and roll out new programmes.	Later-than-expected pick-up in customer demand would derail our view on the sector.	Frencken Group, UMS Integration, Venture Corp
Real estate	O/W	We expect Singapore residential sales to remain resilient in the face of the ongoing Middle East conflict barring a prolonged economic downturn or sharp hike in interest rates. This as we believe the buying demand is expected to remain unfazed amid still a very low interest rates, with the 3-month SORA – the key benchmark rate – continuing to remain supported by influx of liquidity into Singapore. This is evident from the new launch of River Modern, Pinery Residences, which saw a strong c.90% take up on launch day. We expect the Private Residential Price Index to rise 2-4% in 2026 (1H: 1.4%), following a 3.4% increase last year. The price moderation, in our view, will be driven by increased supply and developers aim on maximising sales volumes thereby reducing inventory risks over higher pricing. Buying demand remains price sensitive and project-centric, with attractive locations near mass rapid transit or MRT networks and other amenities being key factors. Overall, new home sales volumes are likely to be slightly lower by 10-20% YoY, ie 9,000 -10,000 units. The modest decline expectations are mainly due to high base effects from a stellar 2025 performance where an estimated 10,951 units (+67% YoY) were sold – excluding executive condominiums or ECs. 2025's robust transaction activity was driven by a sharp decline in interest rates and healthy labour market, which resulted in a release of pent-up demand. Resale volumes are expected to be flattish. Residential rental market is expected to see a 3-5% growth in 2026 from below average new home completions. Property developers, despite the recent run-up are trading 40-60% discount to RNAV, will continue to be the main beneficiaries, with RNAV trading discount likely to narrow to 25-40% on strong sales momentum as well as policy measures to stimulate and value unlock SGX companies. Recent share price moderation for real estate agencies counters, coupled with a steady increase in land supply provides attractive re-entry level.	Sharp slowdown in the economy or a persistent rise in global inflation spilling into Singapore. Imposition of stringent cooling measures such as further increase in Additional Buyers Stamp Duty and a cut in loan-to-value is a key risk as this could dampen buying demand.	City Developments, APAC Realty, and Coliwoo Holdings

Source: Company data, RHB

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

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Rubber gloves	U/W	While several glove producers incorporated a safety premium into ASP hikes in 2Q26 to cushion against raw material volatility, which temporarily support margin expansion, we view this as transitory. These increases were largely cost-push rather than demand-driven. As raw material prices normalise, pricing power is likely to shift back to buyers, given the industry's persistent oversupply and aggressive pricing by China producers. Combined with a potential slowdown in demand, we believe the industry's ability to sustain the elevated margin levels expected in 2Q26 remains uncertain. Overall, we maintain our UNDERWEIGHT stance on the sector. The sector valuation has retreated to 0.89x 12-month forward P/BV (-1.2SD from the 3-year average), from the peak of 1.09x (-0.65SD) as the premium (related to the Middle East war) fades. Nevertheless, the industry continues to suffer from a lack of pricing power, driven by persistent oversupply and intensifying global competition. With the downside risk to earnings becoming more pronounced in 2H26 amid an expected sharp decline in ASPs, we continue to favour players with exposure to higher-value cleanroom glove segments, where pricing negotiations occur less frequently and premium pricing tends to be stickier.	Upside risks: Stronger USD, increase in glove ASPs, faster-than-expected capacity expansions, and lower-than-expected raw material prices.	Riverstone
S-REITs (hospitality)	N	Visitor arrivals to Singapore are starting to see an impact from the Middle East conflict with April-May arrivals down 7% YoY, after rising 3% during 1Q. The slowdown in our view is due to a combination of demand slowdown as a result of higher airfares and strong SGD limiting and diverting potential tourists to other cheaper cost destinations in the region. The uncertainty from the Middle East conflict has dented the outlook on what was meant to be a better year for visitor demand on the back of more events, concerts and business events. Hotel RevPAR (May) similarly declined 5% YoY after a positive start to the year and for YTD-5M26 it is still slightly up 1.5% YoY. We revise lower our 2026 RevPAR growth estimates to 1-3% (from 3-5% previously) to factor in uncertainty from the Middle East conflict. On the positive side, hotel supply is limited till 2027. After a surge in hotel supply over the last two years, where a total of c.4% of inventory was added, competition in the hotel space is set to decline, with a modest CAGR (2026F-2028F) supply growth of 1.7% pa. However, a worsening Middle East conflict presents material downside risks to our demand growth assumptions. Hence, we are keeping a NEUTRAL outlook on the sector.	Persistent higher oil prices and restart of Middle East conflict. Economic slowdown and continued SGD appreciation, making it less competitive than neighbouring destinations	CDL Hospitality Trusts
S-REITs (industrial)	O/W	Singapore's manufacturing PMI data continues on expansion mode with June PMI edging higher by 0.3pts to 51.3. This marks the 11th consecutive month of expansion and highest reading since Nov 2018, supported by AI-related demand. Key lynchpin electronics sector, which grew by 0.3pts in June to 52.2, marking the 13th consecutive month of expansion. This data, which measures industrial activity among various segments, is a healthy precursor to industrial demand outlook. RHB economists forecast full-year NODX growth at 7.5% with further potential upside risks in 2026. This as YTD-May NODX rose 18.1% amid robust growth in the electronics sector. The electronics sector should continue to benefit from the global technology upcycle and strong AI-driven demand, reinforcing export growth and manufacturing activity. We also see potential upside from sustained AI-led manufacturing strength and possible easing in geopolitical tensions, including a US-Iran peace deal, which could further support trade performance. Mirroring this in the industrial sector, demand broadly remains in expansion mode across segments, barring some pockets of weakness. At this juncture we believe markets have well-adjusted to the changing tariffs regime and do not expect any further material weakness to industrial sector growth, barring any further drastic changes in tariff policies. In line with the higher demand, most of the industrial S-REITs continue to post stronger operational metrics and maintained positive outlook for most of the sector. Moderate supply outlook. As at end Dec 2025, around 1m sqm of new industrial space is expected to be completed in 2026 (similar to 2025), with a further 1.6m sqm of space expected to come onstream in 2027. In comparison, the average annual supply and demand of industrial space were around 0.8m sqm and 0.6m sqm over the past three years. About 53% of the supply is single-user factory space, typically developed by industrialists for their own use. Warehouse constitutes another 29% of the supply. Meanwhile, multiple-user factory space and business park space make up another 16% and 2% of supply. Overall, we continue to see the industrial sector as a relatively defensive play, offering earnings stability and stable asset value. Among the sub-sectors, we still like logistics, data centres, and flatted factories, which continue to benefit from the shift in market dynamics brought about by supply chain shifts and Singapore's smart nation initiatives.	Sharp slowdown in trade volumes and economic growth. Rising cost pressures for businesses, making Singapore less competitive in the region and globally.	AIMS APAC REIT

Source: Company data, RHB

Figure 34: Sector outlooks, ratings, and preferred picks (iv)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
S-REITs (office)	O/W	Singapore's office sector continues its outperformance with rents in prime grade office space in Raffles Place/Marina Bay (2Q) increasing 1% QoQ and 1.7% for 1H, according to Knight Frank. Occupancy levels at prime CBD similarly tightened 0.3ppt to 97%, while overall CBD occupancy increased 0.6ppt to 95.3%. This is driven by limited supply growth, continued flight to quality, healthy office demand on back of economic growth, and Singapore's growing wealth hub status and stronger return-to-office mandates. Knight Frank added that although global instability compelled office users to tread cautiously, the same uncertainty also bolstered Singapore's position as a safe haven business hub, supporting longer term interest from multinational occupiers seeking a stable regional base. Few of the key trends observed in the market include fitted spaces gaining traction as occupiers seek to reduce capex. Knight Frank noted that large-space office movement has been limited, with activity mainly limited to smaller-space users. While the majority of office occupiers stayed put at existing premises, there was a wave of corporate relocations in 2Q, driven by flight-to-quality moves. This resulted in some reshuffling of office space in several buildings in both the central business district (CBD) and fringe areas. With Singapore's GDP growth forecasted to remain resilient at 4%, we expect office demand to remain positive and grow in tandem. This, coupled with very limited core CBD office supply over the next three years post the recent completion of Keppel South Central should help mitigate any potential demand weakness from the tariff impact. For 2026, we expect overall office vacancies to remain tight at the current c.5%, factoring in improving economic conditions. Grade-A office rents are expected to rise by 1-4% and rental reversions for office landlords are expected to remain positive in the mid-to-high single digits.	Sharp slowdown in economy and unanticipated major downsizing or tenant exits.	Suntec REIT
S-REITs (overseas)	N	The escalating Middle East conflict has increased significant resurgence of inflation risks to S-REITs key overseas markets such as Europe, Australia, Japan, the UK, and the US. This has resulted in investor expectations shifting from rate cuts to potential rate hikes. Australia, for example, has already increased rates thrice this year by c.25bps each. This presents potential downside to finance costs as well as valuations. On the other hand, real estate market fundamentals remain positive across most of the markets and sector with positive demand-supply dynamics, mitigating some of the downside risks. Valuation metrics of most of the overseas S-REITs are also cheap, with many trading well below book value – indicating the risks are somewhat priced in. Overall, we maintain a NEUTRAL view and prefer selective S-REITs with improved balance sheet metrics and earnings potential.	Faltering economy, spillover effects from the Middle East and Russia-Ukraine wars and potential resurgence of inflation.	Stoneweg Europe Stapled REIT,
S-REITs (retail)	N	RHB economists expect a stable retail climate into 2026 and have raised full-year retail sales to expand by 3% (from 2% previously) with recent data surprising on the upside. Key factors driving retail sales are i) healthy 2026 GDP growth of 4%, ii) stable labour demand and wage growth and iii) additional government support measures via CDC vouchers. Key risks to watch out for include weaker household spending and softer tourism-related activities, which could emerge amid rising uncertainty. A moderating labour market, led by slower hiring in trade-related sectors, may further weigh on overall economic momentum. Based on CBRE data, retail supply pipeline stands at 1m sqf from 2026 to 2028, spread evenly across years. This translates to about 0.33m sqf of retail space pa vs completions for the past five years (2021-2025) averaged at 0.53m sqf of retail space per year. The limited retail supply pipeline is poised to support growth in the overall retail market. Overall, we expect overall retail sector rent growth to rise 1-3% in 2026, translating to positive mid-single-digit rental reversions for the majority of retail S-REITs. The demand growth will be mostly led by government stimulus measures in terms of CDC vouchers and anticipated higher tourist spend. Key challenges for the sector remain higher operational costs for tenants because of manpower constraints and an uneven sales impact across various retailers.	A sharp slowdown in consumer demand and faltering economy.	CapitaLand Integrated Commercial Trust, Starhill Global REIT

Source: Company data, RHB

Figure 35: Sector outlooks, ratings, and preferred picks (v)

Sector	Rating	Sector outlook	Sector risks	Preferred picks
Telecoms	N	The lapse of the M1-Simba merger transaction effectively pushes out market repair with mobile competition likely to remain tight in the medium term. Industry consolidation remains a structural thesis for the sector, notwithstanding. We see StarHub as a strong contender in any consolidation, armed with a strong balance sheet. In addition to being a designated critical information infrastructure provider, its Antina JV with M1 is a sweetener for a merger deal with the latter. Singtel remains our preferred pick given its stronger ex-Singapore earnings outlook, robust growth from new engines (Optus, NCS, Digital Infraco), ROIC accretion, and sustained shareholder value creation from mid-term capital recycling initiatives. The potential listing of its infrastructure assets is a re-rating catalyst.	Competition, weaker-than-expected earnings, and lower-than-expected dividends	Singtel
Transport & industrials	O/W	ComfortDelGro remains an attractive defensive yield play with clear earnings recovery story into 2H26 and early 2027. We expect mid-teens earnings growth to be driven by sustained margin expansion in UK public transport, improved contract economics, and full-year contributions from recent acquisitions and new rail and bus contracts. The Singapore taxi and private hire segment remains competitive, while overseas operations continue to offset near-term softness in domestic public transport. With more than half of new public transport tenders and over 90% of renewals secured, earnings risk is contained. An above market FY26 dividend yield underpinned by a strong balance sheet reinforces its appeal. ST Engineering remains a high-quality defensive growth compounder supported by a record orderbook and diversified earnings streams. Profit growth is underpinned by strong momentum in commercial aerospace division from engine and component MRO demand, resilient defence and public security division orders amid elevated global defence spending, and a visible recovery in urban solutions and satcom division. Capital recycling and balance sheet strengthening provide scope for further rerating.	Marked slowdown in global economic growth, and slower-than-expected revival in Singapore and Asian tourism and aviation demand.	ComfortDelGro, ST Engineering

Source: Company data, RHB

Figure 36: Summary of our sector weightings

Overweight	Neutral	Underweight
Consumer	Healthcare	Rubber Gloves
Financials	REITs (Hospitality)	
Food products	REITs (Overseas)	
Industrials	REITs (Retail)	
Mfg. & Tech.	Telecoms	
Real estate		
REITs (Industrial)		
REITs (Office)		
Transport		

Source: RHB

Figure 37: Summary of preferred stocks across sectors

Sector	Preferred picks
Consumer	DFI, FEH, SSG, THBEV
Financials	DBS, OCBC, IFAST
Food products	FR
Healthcare	RFMD
Industrials	MPM, NCL, STE
Mfg. & Tech.	FRKN, UMSH, VMS
Real estate	CIT, APAC, COLIWOO
REITs (Hospitality)	CDREIT
REITs (Industrial)	AAREIT
REITs (Office)	SUN
REITs (Overseas)	SERT
REITs (Retail)	CICT, SGREIT
SMID Cap	CSE, ITSL, TSE
Telecoms	ST
Transport	CD

Source: RHB

Top Picks

Preferred large-cap stocks

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

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
CapitaLand Integrated Commercial Trust	15,035	Buy	2.75	12.5	Dec-26	18.7	17.7	1.1	6.0	5.0	5.1	4.9	3.3
Centurion Corp	1,016	Buy	1.91	22.2	Dec-26	15.5	14.0	-22.5	10.8	2.6	2.9	0.0	12.5
ComfortDelGro	2,248	Buy	1.45	8.2	Dec-26	15.2	13.8	-11.1	10.0	5.3	5.3	-16.9	-0.3
First Resources	3,850	Buy	3.70	15.1	Dec-26	9.7	9.6	64.7	1.5	4.8	4.8	34.1	1.5
Golden Agri-Resources	2,702	Buy	0.36	31.3	Dec-26	6.2	6.2	5.7	1.2	2.5	2.5	-6.2	1.2
OCBC	95,403	Buy	29.80	8.6	Dec-26	16.0	15.5	3.3	3.5	3.5	3.2	-2.6	-8.3
Singtel	55,686	Buy	5.40	22.7	Mar-27	23.5	21.5	11.6	9.2	4.6	4.9	9.7	5.9
ST Engineering	26,484	Buy	12.30	12.2	Dec-26	34.1	30.2	17.6	13.2	2.1	1.8	34.0	-13.0
Thai Beverage	8,663	Buy	0.56	26.7	Sep-26	10.8	10.8	5.7	-0.5	5.4	5.7	0.0	6.3
UMS Integration	1,768	Buy	3.37	31.3	Dec-26	37.2	29.9	11.1	24.7	0.9	1.1	-20.0	20.0

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

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

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
CapitaLand Integrated Commercial Trust	15,035	Buy	2.75	12.5	Dec-26	1.1	1.1	6.0	6.4	0.6	0.6	4.7	2.1
Centurion Corp	1,016	Buy	1.91	22.2	Dec-26	1.0	1.0	6.7	7.1	0.2	0.1	10.6	24.8
ComfortDelGro	2,248	Buy	1.45	8.2	Dec-26	1.1	1.1	7.3	7.9	0.3	0.2	4.7	-9.5
First Resources	3,850	Buy	3.70	15.1	Dec-26	2.3	2.1	24.5	22.6	0.3	0.2	18.0	53.6
Golden Agri-Resources	2,702	Buy	0.36	31.3	Dec-26	0.5	0.4	21.5	20.1	0.1	0.1	1.9	-3.5
OCBC	95,403	Buy	29.80	8.6	Dec-26	1.9	1.8	12.1	11.8	na	na	18.1	38.8
Singtel	55,686	Buy	5.40	22.7	Mar-27	2.6	2.5	11.1	11.7	0.3	0.4	3.0	-3.3
ST Engineering	26,484	Buy	12.30	12.2	Dec-26	12.1	10.2	36.8	36.4	1.5	1.1	3.8	30.2
Thai Beverage	8,663	Buy	0.56	26.7	Sep-26	1.9	1.8	17.2	17.1	1.1	1.0	4.7	-3.3
UMS Integration	1,768	Buy	3.37	31.3	Dec-26	4.9	4.4	12.5	15.7	-0.2	-0.2	5.8	126.2

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Preferred small- and mid-cap stocks

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

	Mkt cap			Upside	1FY	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Coliwoo Holdings	179	Buy	0.82	70.8	Sep-26	9.9	7.8	27.0	26.9	4.0	5.1	-1.9	26.9
CSE Global	684	Buy	1.94	60.2	Dec-26	17.7	14.5	37.1	22.1	2.8	3.5	31.7	22.1
Frencken Group	918	Buy	3.57	29.4	Dec-26	25.3	23.2	19.1	9.1	1.0	1.2	5.4	19.0
Info-Tech Systems	179	Buy	1.40	56.6	Dec-26	8.4	7.7	17.8	10.0	4.6	5.1	17.4	10.0
Tai Sin Electric	195	Buy	0.75	37.6	Jun-26	8.8	8.5	33.2	3.2	4.3	4.3	0.0	0.0

Note: Prices are as at 10 Jul 2026
Note 2: EPSG = EPS growth, DPSG = DPS growth
Source: Bloomberg, RHB

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

	Mkt cap			Upside	1FY	P/BV (x)		ROE (%)		ND/E (x)		Returns	
Company name	(USDm)	Rating	TP	(%)	year	1FY	2FY	1FY	2FY	1FY	2FY	1M	YTD
Coliwoo Holdings	179	Buy	0.82	70.8	Sep-26	1.0	0.9	12.8	12.0	0.5	0.5	-1.0	-13.5
CSE Global	684	Buy	1.94	60.2	Dec-26	2.9	2.6	17.1	18.7	0.5	0.4	-9.7	22.8
Frencken Group	918	Buy	3.57	29.4	Dec-26	2.3	2.2	9.5	9.6	-0.3	-0.4	-2.1	100.0
Info-Tech Systems	179	Buy	1.40	56.6	Dec-26	3.5	2.9	46.9	41.4	-1.7	-1.6	-0.6	14.7
Tai Sin Electric	195	Buy	0.75	37.6	Jun-26	1.1	1.0	6.3	14.7	0.3	0.3	3.8	-8.4

Note: Prices are as at 10 Jul 2026
Note 2: ND/E = net debt/equity
Source: Bloomberg, RHB

Investment Theses For Our Preferred Picks

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

Stock	Investment thesis	Investment risks
Consumer		
DFI Retail Group (DFI SP)	• Remain positive on DFI Retail Group as earnings recovery expectations are on track • We continue to like DFI for its clear growth plans towards FY28's target profit of USD310-350m • Dividend yield is decent due to parent company Jardine Matheson Holdings' (JM SP, NR) practice of uplifting dividends back to the group level • Trades attractively at c.16x FY27F P/E with a yield of c.5%	• Slower-than-expected recovery in consumer spending • Higher-than-expected costs
Food Empire (FEH SP)	• Growth driven by key markets in Russia, Ukraine, Kazakhstan, the Commonwealth of Independent States (CIS), and ASEAN • More production facilities which will boost sales volumes • Malaysia's snack production has expanded in 1H25, FEH's Kazakhstan factory is already operational, indicate Vietnam factory as "freeze-dried soluble coffee manufacturing facility", and new India production is set to open by FY28	• Disruption in operations due to the Russia-Ukraine conflict • Higher coffee input prices • Negative effects of the RUB and CIS' currencies
Sheng Siong (SSG SP)	• Defensive play for stable earnings and dividend yield • Growth supported by improving consumption and government support measures for Singaporeans to counter inflation • Positive store expansion outlook with FY25's new stores secured exceeding our initial assumptions • Generates strong cash flow, has a net cash balance sheet with a yield of c.3-4%	• Slower-than-expected store openings • Lower sales demand and per sq ft traction • The inability to maintain GPM at current levels
Thai Beverage (THBEV SP)	• Strong market leadership in Thailand and Vietnam • Beneficiary of Thailand's economic recovery, improving consumer confidence, and the return of tourists to Vietnam • Growth, driven by better sales volumes, will be aided by more marketing and promotional spending as consumption recovers • Valuation is undemanding at -1.5SD from its historical forward mean P/E	• Later-than-expected demand recovery in Thailand and Vietnam
Banks / Financials		
DBS (DBS SP)	• During the May briefing, DBS fine-tuned its 2026 outlook with a positive tilt, as it omitted its earlier guidance for 2026F PATMI to be slightly below 2025 levels • Hedging opportunities and stronger-than-expected deposit growth should be positive for NII, while there could an upside to non-II if market sentiment stays strong • On asset quality, its SGD2.4bn GP overlays look sufficient to cover potential losses in unexpected scenarios. It is watchful over the India and Indonesia situation, but last year's derisking for SME and unsecured consumer looks timely and the real estate space in Hong Kong seems to be recovering • DBS has reaffirmed that the SGD0.24 step-up in annual DPS will be in place for 2026, which provides investors with strong dividend visibility. It is also committed to continue with the 15 SG cents/quarter capital return DPS in 2026 and 2027	• Adverse changes to dividend policy, which could be due to regulatory or macroeconomic conditions • Weaker-than-expected income with NIM and non-II as potential culprits • Sharper-than-expected deterioration in asset quality
OCBC Bank (OCBC SP)	• YoY quarterly earnings growth continue to outpace that of peers, thanks to robust non-II growth and strong underlying insurance performance • The above was achieved despite the group having bulked up on liquidity and adding provision overlays due to macroeconomic uncertainties arising from the Middle East conflict. These may be released ahead if conditions pan out better than expected, which should be supportive of earnings down the road • On capital returns, OCBC has yet to utilise c.SGD780m of the planned share buyback portion. If it is unable to fully utilise this amount for share buybacks, it plans to return the capital to shareholders via special dividends. Either way, OCBC intends to complete the return in FY26	• Weaker-than-expected income with NIM and non-II as potential culprits • Sharper-than-expected deterioration in asset quality
iFAST Corp (IFAST SP)	• Beneficiary of Asia-Pacific's wealth management market, as the market is expected to grow to USD41.8trn by 2031 from USD29.6trn in 2026 (CAGR of 7.2%) • iFAST's digital banking arm will continue to see deposit growth over the forecast horizon, and we estimate a 3-year CAGR of 23%, supported by new customers and increased contributions from existing depositors • Earnings visibility and higher assets under administration (AUA) contributions from the ePension segment, supported by both eMPF contract and Occupational Retirement Scheme Ordinance (ORSO) contributions	• Earnings dependence on AUA • Regulatory risks • Exposure to FX currencies
Food Products		
First Resources (FR SP)	• Inexpensive valuation • Organic growth driven by new landbank acquisitions (full year impact of acquisition of Austindo Nusantara Jaya (ANJT IJ, NR) which adds 25% to its current landbank will come through in FY26) • Expansion of downstream assets to benefit from the B50 biodiesel mandate	• Weather • Geopolitical risks • Policy risks

Source: Company data, RHB

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

Stock	Investment thesis	Investment risks
Food Products		
Golden Agri (GGR SP)	• Inexpensive valuation • Highly sensitive to CPO price movements, where every MYR100/tonne impacts earnings by 8-10% pa • Expansion of downstream assets like kernel crushing, specialty oleochemical and specialty fats to improve downstream margins, while biodiesel capacity will benefit from the B50 mandate	• Weather • Geopolitical risks • Policy risks
Healthcare		
Raffles Medical (RFMD SP)	• Double-digit earnings growth during 2025F-2027F • Healthcare revenue expected to exceed pre-pandemic levels • Hospital revenue to be boosted by China • Improvement in margins as its China operations move towards EBITDA breakeven • Valuation is at a discount to regional peers	• Higher operating costs leading to margin pressure • Delays in China hospital achieving EBITDA breakeven • Elevated losses in the insurance business
Industrials		
Marco Polo Marine (MPM SP)	• Well-positioned in the construction ramp-up of offshore wind farms regionally • Early mover in the building of commissioning service operation vessels (CSOV), which are currently in a shortage for offshore wind farm construction projects • Growth is expected to be driven by a new dry dock and four new vessels including its commissioning service operation vessel (CSOV) in FY26	• Unfavourable charter rates, and fleet utilisation
Nam Cheong (NCL SP)	• The group maintains a young fleet of 36 vessels with more than 60% of them deployed on long term charter, hence providing earnings visibility. The remaining vessels on spot charters allow the group to capture any upside during periods of rising charter rates • Interest in newbuilds may be recovering, evidenced by recent sale of vessels within the industry and four shipbuilding contracts secured by Nam Cheong. This could revive Nam Cheong's shipbuilding segment, with a capacity of up to 12 vessels per year • In the near term, growth will be supported by improving vessel utilisation, fleet expansion and contribution from the shipbuilding segment • The counter is significantly undervalued, trading at 6x forward FY27F P/E, lower than its OSV peers	• Failure to renew existing long-term contracts and secure any new contracts • The group is heavily exposed to oil and gas sector and, hence, a sector downturn would adversely impact the group's financials • Shipbuilding and capital expenditure risks
ST Engineering (STE SP)	• Our 2029 forecasts are now in line than STE's guidance of an 8.6% revenue CAGR and up to a 13.6% profit CAGR for 2024-2029F • Record-high orderbook that provides close to three years of revenue visibility • Expect quarterly dividends to continue rising during the forecast period • Growth in earnings driven by strong aviation MRO work. Contributions from defence contracts and the restructuring of urban solutions & satcom (USS) segment should boost growth • Upside risks to our estimates include stronger international defence performance amid rising global budgets, and successful aviation asset management transition to a fund model. Additional upside may come from potential M&A	• Slower recovery in global aviation traffic and demand as well as weak margins for the commercial aerospace or CA segment • Weaker-than-estimated contribution from the USS segment
Tai Sin Electric (TSE SP)	• Beneficiary of mega construction projects including MRT lines, Tuas Megaport, Changi Airport etc. as an established cable manufacturer and supplier in Singapore • Riding on the growth of data centre investments, having supplied cables to more than 70% of Singapore's data centres • Forecast 16% FY25-28F earnings CAGR growth led by better cable and wire segment on strong construction demand and electrical material distribution segment due to more data centre deployment in Singapore and Malaysia • Trades at PEG of <1 and c.9x FY27F P/E, below its closest peer and c.4% yield	• Copper price volatility • Cyclicality of construction sector • FX risk
Manufacturing & Technology		
CSE Global (CSE SP)	• Growth to be driven by USD1.5bn orders from Amazon over the next five years • Robust orderbook of SGD716m comprising c.70% from the electrification segment, followed by automation (15%) and communications (16%) • Growth supplemented by both acquisitions and growing the orderbook organically with higher-return projects • Expect acquisitions to continue especially in the communications business in the US • Trades at PEG of <1	• Cost overrun in existing projects • Poor management of tenders and inability to anticipate project cost increases
Frencken Group (FRKN SP)	• The semiconductor business' outlook remains positive, with longer-term growth supported by new business opportunities from improved and larger manufacturing facilities in Singapore and the US • Growth over the immediate term will be led by a semiconductor sector recovery • Revenue guidance for semiconductor, medical and automotive segments to remain stable in 2H25 from 1H25, followed by lower sales for analytical life sciences, and higher sales outlook for its industrial automation segment	• Later-than-expected demand recovery

Source: Company data, RHB

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

Stock	Investment thesis	Investment risks
Manufacturing & Tech.		
Info-Tech Systems (ITSL SP)	• We like ISTL for its for its asset-light enterprise solutions with a growing user base in the SME sector across various countries • Ability to build and maintain a locally compliant, integrated payroll engine across Singapore, Malaysia, Hong Kong, and India), a significant entry barrier • Strong growth from these countries at 8% CAGR from 2025-2028 to USD4.65bn • 12% earnings CAGR growth from FY25-28F driven by customer penetration and operating profit uplift from economies of scale • Trades at compelling valuation of 8x forward P/E and PEG of <1	• Dependence on government grants for market penetration • SME-specific vulnerabilities • Intense competition due to low barriers of entry
UMS Integration (UMSH SP)	• UMS Integration is a long-term beneficiary of AI-led semiconductor sector's growth • Growth over the short to medium term should be driven by an increase in semiconductor equipment spending, ramp-up in new customer orders, and margin expansion • New customer orders ramping up well, and is targeted to reach SGD300m per year in the next 5-8 years • FY25-28F earnings growth projected at c.30% on customer ramp up	• Later-than-expected demand recovery • Slow progress of a new customer order ramp-up • Geopolitical supply chain shifts
Venture Corp (VMS SP)	• We like VMS for its strong net cash balance sheet, consistent DPS payout, cash generative business model and attractive dividend yield • We see the lowering of US tariff rates for Malaysia from 25% to 19% as positive for the firm • Growth is driven by customer order ramp-up, new product introductions, leveraging on design capability, strong supply chain, and a focus on high-value solutions in markets outside of the US • The stock trades at 18x forward P/E, below peers, and dividend yield at c.4-5%	• Weaker- or later-than-expected recovery in customer orders and demand
Real Estate		
APAC Realty (APAC SP)	• Second largest real estate agency in Singapore and proxy to healthy new residential home sales • Increase in residential land supply points to steady market growth over the next three years • Net cash position with strong free cash flow generating business and offering attractive c.7% dividend yield based on 80% earnings payout	• Regulatory and policy risks • Loss of market share and margin reduction from rising competition.
Centurion Corp (CENT SP)	• Largest purpose-built workers' accommodation provider in Singapore with upside to rental rates, as demand currently outstrips supply • Near-term bed rates continue to be positive for CENT, as Singapore's purpose-built workers accommodation bed supply remains tight • Core earnings growth to be driven by better capacity, occupancy, and rental rates • Expect continued deployment of cash into more accommodation	• Poor occupancy of purpose-built student accommodation assets and bed rates
City Developments (CIT SP)	• Strong momentum in Singapore residential sales and healthy unbilled sales revenue from launched projects • Undertaking strategic review with a positive outcome expected to lighten balance sheet and improve ROE • Active focus on divestments (c.SGD2bn last year) and a number of planned divestment strategies have been put in place • Trading at attractive >50% discount to RNAV	• Sharp economic slowdown resulting in delay in ongoing value-unlocking moves • Stringent residential cooling measures derailing sales momentum in Singapore • Failure to lower debt levels and ease gearing pressure • FX risks and resurgence of corporate governance issues
Coliwoo Holdings (COLIWOO SP)	• Market leading co-living operator in Singapore • Positive market fundamentals with strong demand growth visibility • Family-led founder with good track record in space optimisation segment • Expecting strong net profit CAGR (3-year) of c.30%	• Ability to secure new sites and extend leases on existing assets • Rising competitive pressures • Risk of government policy interventions • Singapore economy slipping into recession
REITs		
AIMS APAC REIT (AAREIT SP)	• High-quality industrial REIT portfolio with predominantly Singapore logistics assets and Australian assets on long leases • Earnings recovery will be driven by strong double-digit rent growth (more than c.20%) for the logistics portfolio, coupled with steady occupancy increases • Good asset enhancement potential with data centre optionality in the Australian market • Attractive c.7% yield	• AUD FX risk • Persistent inflationary pressures and delays in interest rate cuts • Unanticipated shifts in supply chain from rising geopolitical tensions
CapitaLand International Commercial Trust (CICT SP)	• The largest listed S-REIT proxy to the domestic market with a high-quality portfolio of mostly Singapore office and retail assets • Beneficiary of improving domestic fund flows and falling SORA interest rates • Healthy positive rent reversions are expected for its Singapore office and retail assets • A strong and capable sponsor with good quality pipeline assets	• Sharp slowdown in Singapore economy • Persistent inflation resulting in consumer demand cutbacks and weaker margins for retailers, resulting in weaker demand

Source: Company data, RHB

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

Stock	Investment thesis	Investment risks
REITs		
CapitaLand Ascendas REIT (CLAR SP)	• The largest industrial REIT with diversified exposure to business parks, logistics, and hi-tech industrial spaces • Growing exposure to in-demand data centre and logistics segment • Organic growth from asset redevelopment, higher occupancy rates, and rental improvement • Backed by a strong and experienced sponsor	• Persistent inflationary pressures and delays in interest rate cuts • Prolonged weakness in Singapore's business parks space
ESR REIT (EREIT SP)	• A growing mid-cap industrial REIT with a focus on logistics assets in Singapore, Australia, and Japan • Active divestments over the last few years and redeploying capital into longer-lease assets and asset enhancements • Trading at discount to book value and offering attractive yield	• Shorter land leases on c.10% of its assets resulting in valuation losses • Increase in industrial land supply in Singapore • Negative impact from Trump's tariff policies
Frasers Centrepoint (FCT SP)	• A pure play on the resilient Singapore suburban retail sector with the largest overall market share • Malls are well located with dominant positioning and in areas with a good catchment of population • Experienced management and strong sponsor	• Inflationary cost pressures on retail tenants and shoppers • Rising threat from omni-channel strategies by retailers, and food delivery platforms
Stoneweg European Stapled Trust (SERT SP)	• A pan-European REIT with a good mix of logistics and prime office assets • A strong and capable management team with proven leasing capabilities and an under-rented portfolio of assets • Value-added strategies include data centre development fund, asset redevelopment and recycling assets to produce higher yields • Offering an attractive c.9% dividend yield	• Eurozone economy entering into a recession • Resurgence of inflation pressures in Europe markets • Escalations in the Russia-Ukraine war and its effects spilling over into the region
Starhill Global REIT (SGREIT SP)	• Recovery across Singapore's Orchard Road retail assets post pandemic, with limited new supply and higher visitor arrivals • A balanced mix of master leases and an actively managed portfolio • Prudent on capital management, keeping gearing below 40% and refraining from acquisitions, and a high debt hedge (79%) • Attractive valuations of c.0.8x P/BV and c.6% yield	• Sharp decline in tourist spend and a cutback in discretionary spending • Rising SGD and FX impact from overseas income
Suntec REIT (SUN SP)	• Undertaking strategic review of the portfolio which could result in portfolio value unlock via strategic divestments/acquisitions • High-quality Grade-A office assets in Singapore, Australia, and the UK • Positive rental reversion is set to continue for both office and retail portfolio, with low expiring rents and high occupancy levels to be maintained • Key beneficiary of falling SORA due to its high gearing and modest hedging position	• FX risks and a resurgence in interest rates • Unexpected sharp cutbacks in office demand from a slowdown in the economy
Telecommunications		
Singtel (ST SP)	• Double-digit core earnings CAGR for FY26F-28F, supported by robust EBIT growth at Optus, NCS, Digital Infraco and stronger associate contributions • More than 60% of mid-term capital recycling target of SGD9bn achieved, providing dividend certainty until 2030 • Share buyback programme (SGD2bn allocated into FY28) will help drive longer-term shareholder value accretion • Value unlocking from the potential IPO of the data centre business in the longer-term • Industry consolidation contributing to market repair in the medium to longer term • Strong balance sheet with net debt/EBITDA of 1.3x	• Competition across mobile markets • Weaker-than-expected earnings and dividends • SGD strength
Transport		
ComfortDelGro (CD SP)	• We view the post-1Q26 share price weakness as a compelling entry point • Public transport earnings are protected by indexed fare pass-through mechanism • Addison Lee disruptions should be temporary • Strong operating cash flow underpins financial resilience • A strong balance sheet gives it the flexibility for capex, growth, and M&A • Its ~5% yield also provides downside support	• Lower-than-expected contributions from acquisitions • Weaker-than-estimated margins for overseas businesses

Source: Company data, RHB

Risks

CPI acceleration exceeds forecasts. Brent re-escalation to USD140 (30% probability) could push CPI to approximately 5.0%. *El Nino* adds an independent food price risk over 12 to 18 months. Under the worst case, Singapore GDP slows to 1.0-1.5% and Singapore's 10-year yields spike to 2.80%.

China deterioration. Our economics team has downgraded 2026 China GDP growth to 4.3% which is already below consensus. Further weakening impacts wholesale trade, tourism, banking, and Raffles Medical's China turnaround.

AI bubble correction. Our economics team believes that the stocks in the AI value chain are experiencing exuberance and remain at risk to correction. Our Manufacturing and Technology sector call does not address this risk. Investors should size AI-exposed positions with this tail risk factored in.

Aggregate earnings revision trend. The negative 3.1% CY26 revision is a warning that strong macroeconomic data is not fully translating into earnings upgrades. If financials' flat revisions turn negative, the index would lose its sole performance engine.

US-Iran deal failure. Final agreement on 17 Aug 2026. Our economics team sees high probability of a stand-off. Failure pushes Brent above USD100 and triggers the inflation cascade.

Valuation Of Stocks Under RHB's Coverage

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

	Mkt cap			Upside/	P/E (x)		EPSG (%)		Div. yield (%)		DPSG (%)	
Company name	**(USDm)**	**Rating**	**TP**	**downside (%)**	**2026F**	**2027F**	**2026F**	**2027F**	**2026F**	**2027F**	**2026F**	**2027F**
Delfi	426	Buy	1.21	34.3	12.1	10.1	8.5	19.0	3.5	4.2	16.9	19.0
DFI Retail Group	5,009	Buy	5.03	36.1	17.6	16.3	8.5	8.1	4.0	4.3	5.2	8.1
Food Empire	1,296	Buy	3.87	53.1	13.3	12.2	43.2	8.4	3.6	3.9	3.1	8.4
Japan Foods	14	Neutral	0.26	157.4	4.0	na	43.8	na	8.8	na	60.7	na
Sheng Siong	3,832	Buy	3.59	9.1	26.7	25.7	24.3	4.0	2.6	2.8	23.3	6.2
Thai Beverage	8,663	Buy	0.56	26.7	10.8	10.6	4.1	1.2	5.5	5.8	1.6	6.3
Consumer	**19,240**				**15.9**	**15.2**	**12.0**	**4.4**	**4.4**	**4.7**	**7.3**	**7.2**
DBS Group	155,201	Buy	75.70	7.5	17.8	16.8	2.5	5.9	4.6	4.6	5.9	0.0
OCBC	95,403	Buy	29.80	8.6	16.0	15.5	3.3	3.5	3.5	3.2	-2.6	-8.3
iFast Corp	2,154	Buy	12.20	34.5	20.3	17.3	21.9	17.4	1.2	1.4	26.8	18.0
Singapore Exchange	20,066	Neutral	22.20	-8.4	31.9	28.1	20.0	13.5	2.2	2.7	27.5	20.9
UOB	56,743	Neutral	41.30	-6.9	13.0	12.1	20.8	8.2	3.8	4.2	-6.7	8.5
Financials	**329,568**				**17.4**	**16.3**	**7.1**	**6.1**	**4.0**	**4.0**	**2.7**	**0.5**
Bumitama Agri	2,270	Neutral	1.70	0.6	11.5	12.9	25.6	-10.4	6.0	5.3	19.1	-10.9
First Resources	3,850	Buy	3.70	15.1	9.7	9.6	11.1	1.5	4.8	4.8	34.1	1.5
Golden Agri-Resources	2,702	Buy	0.36	31.3	6.2	6.2	5.7	1.2	2.5	2.5	-6.2	1.2
Wilmar International	18,619	Neutral	3.55	-7.8	13.1	11.6	9.5	13.3	2.9	3.1	2.9	8.0
Food Products	**27,440**				**11.8**	**10.9**	**10.7**	**8.5**	**3.4**	**3.5**	**7.7**	**4.9**
Raffles Medical	1,347	Buy	1.30	37.6	24.6	21.7	13.1	13.6	3.0	2.9	19.0	-4.3
Riverstone Holdings	982	Neutral	0.97	13.5	16.4	14.5	17.3	13.6	7.9	8.9	6.7	11.9
Healthcare	**2,329**				**21.2**	**18.6**	**14.9**	**13.6**	**5.1**	**5.4**	**13.8**	**2.5**
Hrnetgroup	565	Buy	0.91	23.4	12.8	11.2	14.3	14.7	5.7	5.7	2.7	0.0
ISOTeam	45	Neutral	0.09	19.6	6.5	5.3	61.4	23.9	4.6	5.7	76.1	23.9
Marco Polo Marine	400	Buy	0.21	57.8	12.5	10.5	29.7	19.5	1.6	1.9	29.0	19.9
Nam Cheong	345	Buy	2.05	84.7	7.1	6.1	9.6	15.1	na	na	na	na
ST Engineering	26,484	Buy	12.30	12.2	34.1	30.2	17.6	13.2	2.1	1.8	34.0	-13.0
Tai Sin Electric	195	Buy	0.75	37.6	8.6	8.0	15.9	8.5	4.3	4.3	0.0	-0.1
Industrials	**28,034**				**32.8**	**29.0**	**17.6**	**13.3**	**2.2**	**1.9**	**33.1**	**-12.2**
CSE Global	684	Buy	1.94	60.2	17.7	14.5	37.1	22.1	2.8	3.5	31.7	22.1
Frencken Group	918	Buy	3.57	29.4	25.3	23.2	19.1	9.1	1.0	1.2	5.4	19.0
Info-Tech Systems	179	Buy	1.40	56.6	8.4	7.7	17.8	10.0	4.6	5.1	17.4	10.0
UMS Integration	1,768	Buy	3.37	31.3	37.2	29.9	11.1	24.7	0.9	1.1	-20.0	20.0
Venture Corp	3,770	Buy	21.81	28.7	19.0	17.6	13.8	8.0	4.4	4.4	-5.8	0.0
Manufacturing & Technology	**7,319**				**23.8**	**20.7**	**16.1**	**13.5**	**3.0**	**3.1**	**-3.8**	**9.5**
APAC Realty	212	Buy	0.71	30.3	12.1	12.3	-14.2	-1.2	6.6	6.5	-14.0	-1.2
Centurion Corp	1,016	Buy	1.91	22.2	15.5	14.0	-22.5	10.8	2.6	2.9	0.0	12.5
City Developments	5,502	Buy	11.20	40.9	18.8	15.2	-39.1	23.6	3.8	3.8	7.1	0.0
Coliwoo Holdings	179	Buy	0.82	70.8	9.3	7.6	27.0	22.8	4.3	5.3	5.2	22.8
Real Estate	**6,909**				**17.9**	**14.8**	**-34.2**	**21.0**	**3.7**	**3.8**	**5.4**	**2.4**
AIMS APAC REIT	1,046	Buy	1.70	3.7	11.7	12.7	1.8	-7.8	6.3	6.6	4.4	5.2
CapitaLand Ascendas REIT	9,751	Buy	3.00	19.0	15.0	13.5	-15.0	10.9	6.0	6.1	0.4	1.8
CapitaLand Integrated Commercial Trust	15,035	Buy	2.75	12.5	18.7	17.7	1.1	6.0	5.0	5.1	4.9	3.3
CDL Hospitality Trusts	769	Buy	0.97	25.0	6.7	6.3	56.1	6.7	6.5	6.9	5.3	7.1
ESR-REIT	1,452	Buy	3.05	31.5	11.4	10.7	335.7	6.4	9.4	9.6	-1.0	2.2
Frasers Centrepoint Trust	3,552	Buy	2.69	19.6	17.3	17.3	17.1	0.3	5.6	5.7	2.1	2.0
IREIT Global	214	Neutral	0.27	31.7	4.9	7.4	na	-33.4	6.4	9.2	-18.0	42.8
Keppel Infrastructure Trust	2,428	Buy	0.58	12.6	30.1	28.4	11.8	6.3	7.7	7.8	0.5	1.5
KORE US REIT	186	Buy	0.30	68.5	4.6	3.9	na	18.7	4.5	9.5	221.3	111.0
Keppel REIT	3,386	Neutral	0.99	12.4	14.8	16.3	-55.2	-9.2	5.7	5.7	-5.4	-0.6
Manulife US REIT	92	Neutral	0.06	15.4	7.4	5.2	na	41.1	na	na	na	na
Prime US REIT	229	Buy	0.28	76.1	6.3	4.0	69.7	59.3	8.4	10.5	120.1	24.8
Starhill Global REIT	980	Buy	0.66	21.7	10.9	10.8	0.5	1.0	6.9	7.0	1.4	2.2
Stoneweg Europe Stapled Trust	996	Buy	1.95	24.2	10.9	10.4	40.0	4.7	8.7	8.8	2.2	1.7
Suntec REIT	3,392	Buy	1.72	15.9	13.0	14.6	85.7	-11.0	5.1	5.1	7.1	0.9
REITs	**43,509**				**16.5**	**15.9**	**15.2**	**3.9**	**5.8**	**6.0**	**3.8**	**3.1**
Singtel	55,686	Buy	5.40	22.7	24.1	22.0	11.8	9.5	4.5	4.8	9.5	6.6
StarHub	1,378	Sell	0.87	-15.5	54.8	36.6	-67.7	49.6	5.8	5.8	0.0	0.0
Telecoms	**57,064**				**24.9**	**22.4**	**9.8**	**10.5**	**4.5**	**4.8**	**9.3**	**6.4**
ComfortDelGro	2,248	Buy	1.45	8.2	15.2	13.8	-11.1	10.0	5.3	5.3	-16.9	-0.3
Transport	**2,248**				**15.2**	**13.8**	**-11.1**	**10.0**	**5.3**	**5.3**	**-16.9**	**-0.3**

Note: Prices are as at 10 Jul 2026
Source: Company data, RHB

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

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	P/BV (x)		ROE (%)		ND/E (x)		Returns		
					2026F	2027F	2026F	2027F	2026F	2027F	3M	6M	YTD
Delfi	426	Buy	1.21	34.3	1.5	1.4	12.4	13.9	-0.2	-0.3	-21.1	14.6	11.8
DFI Retail Group	5,009	Buy	5.03	36.1	13.4	10.4	87.4	72.0	1.2	0.6	-13.8	-7.3	-6.3
Food Empire	1,296	Buy	3.87	53.1	2.7	2.5	20.6	20.7	-0.3	-0.4	-4.8	20.9	26.5
Japan Foods	14	Neutral	0.26	157.4	0.5	na	13.0	na	-0.5	na	-14.4	-39.5	-39.5
Sheng Siong	3,832	Buy	3.59	9.1	7.5	6.8	29.6	28.3	-0.8	-0.6	6.5	23.7	25.1
Thai Beverage	8,663	Buy	0.56	26.7	1.9	1.7	17.1	17.0	1.1	1.0	3.5	-3.3	-3.3
Consumer	**19,240**				**6.0**	**5.1**	**38.1**	**33.8**	**0.6**	**0.5**	**-1.5**	**3.1**	**3.9**
DBS Group	155,201	Buy	75.70	7.5	2.8	2.7	16.0	16.4	na	na	22.8	22.3	25.0
OCBC	95,403	Buy	29.80	8.6	1.9	1.8	12.1	11.8	na	na	22.1	38.5	38.8
iFast Corp	2,154	Buy	12.20	34.5	5.6	4.5	30.7	28.9	-1.5	-1.5	-3.4	-4.7	-4.7
Singapore Exchange	20,066	Neutral	22.20	-8.4	10.3	9.5	33.6	35.1	-0.6	-0.7	14.9	38.4	42.9
UOB	56,743	Neutral	41.30	-6.9	1.4	1.3	10.7	10.9	na	na	18.7	23.2	26.6
Financials	**329,568**				**2.8**	**2.6**	**15.1**	**15.4**	**-0.7**	**-0.8**	**21.3**	**28.0**	**30.2**
Bumitama Agri	2,270	Neutral	1.70	0.6	2.5	2.4	22.9	19.2	0.0	-0.1	-12.4	30.0	25.2
First Resources	3,850	Buy	3.70	15.1	2.3	2.1	24.5	22.6	0.3	0.2	13.0	54.3	53.6
Golden Agri-Resources	2,702	Buy	0.36	31.3	0.5	0.4	21.5	20.1	0.1	0.1	-11.3	-5.2	-3.5
Wilmar International	18,619	Neutral	3.55	-7.8	0.8	0.7	6.1	6.4	1.0	1.1	-0.5	23.8	25.0
Food Products	**27,440**				**1.1**	**1.0**	**11.6**	**11.1**	**0.7**	**0.7**	**-0.7**	**25.7**	**26.2**
Raffles Medical	1,347	Buy	1.30	37.6	1.7	1.6	6.9	7.6	-0.2	-0.3	-7.4	-6.4	-7.4
Riverstone Holdings	982	Neutral	0.97	13.5	2.9	3.0	16.9	20.3	-0.4	-0.3	8.9	-2.3	-1.7
Healthcare	**2,329**				**2.2**	**2.2**	**11.1**	**13.0**	**-0.3**	**-0.3**	**-0.5**	**-4.7**	**-5.0**
Hrnetgroup	565	Buy	0.91	23.4	1.7	1.6	13.9	15.2	-0.8	-0.8	-1.3	-1.3	-2.0
ISOTeam	45	Neutral	0.09	19.6	0.9	0.8	14.8	15.8	0.3	0.3	-7.6	-8.8	-11.0
Marco Polo Marine	400	Buy	0.21	57.8	1.7	1.5	14.5	15.2	-0.1	-0.3	-17.0	-15.4	-21.4
Nam Cheong	345	Buy	2.05	84.7	1.4	1.1	29.7	20.2	0.1	0.0	-26.5	4.7	18.1
ST Engineering	26,484	Buy	12.30	12.2	12.1	10.2	36.8	36.4	1.5	1.1	-3.9	22.2	30.2
Tai Sin Electric	195	Buy	0.75	37.6	1.1	1.0	10.7	14.8	0.3	0.3	-3.5	-7.6	-8.4
Industrials	**28,034**				**11.5**	**9.7**	**35.8**	**35.3**	**1.4**	**1.0**	**-4.4**	**20.7**	**28.3**
CSE Global	684	Buy	1.94	60.2	2.9	2.6	17.1	18.7	0.5	0.4	-4.0	16.3	22.8
Frencken Group	918	Buy	3.57	29.4	2.3	2.2	9.5	9.6	-0.3	-0.4	16.0	93.0	100.0
Info-Tech Systems	179	Buy	1.40	56.6	3.5	2.9	46.9	41.4	-1.7	-1.6	-11.4	11.9	14.7
UMS Integration	1,768	Buy	3.37	31.3	4.9	4.4	12.5	15.7	-0.2	-0.2	51.2	114.2	126.2
Venture Corp	3,770	Buy	21.81	28.7	1.7	1.7	9.1	9.7	-0.5	-0.4	6.2	7.6	11.9
Manufacturing & Technology	**7,319**				**2.7**	**2.5**	**11.7**	**12.7**	**-0.3**	**-0.3**	**16.9**	**45.0**	**51.7**
APAC Realty	212	Buy	0.71	30.3	1.4	1.4	11.6	11.2	-0.1	-0.1	-10.7	-14.8	-6.0
Centurion Corp	1,016	Buy	1.91	22.2	1.0	1.0	6.7	7.1	0.2	0.1	0.2	23.0	24.8
City Developments	5,502	Buy	11.20	40.9	0.7	0.7	3.9	4.7	1.2	1.1	-5.6	-10.4	-0.6
Coliwoo Holdings	179	Buy	0.82	70.8	1.0	0.9	12.6	12.1	0.5	0.5	-4.0	-15.0	-13.5
Real Estate	**6,909**				**0.8**	**0.8**	**4.8**	**5.5**	**1.0**	**0.9**	**-4.8**	**-5.7**	**2.6**
AIMS APAC REIT	1,046	Buy	1.70	3.7	1.3	1.3	11.0	10.1	0.6	0.6	11.6	7.9	9.3
CapitaLand Ascendas REIT	9,751	Buy	3.00	19.0	1.1	1.1	6.9	7.4	0.6	0.6	-0.8	-11.5	-10.8
CapitaLand Integrated Commercial Trust	15,035	Buy	2.75	12.5	1.1	1.1	6.0	6.4	0.6	0.6	3.8	1.2	2.1
CDL Hospitality Trusts	769	Buy	0.97	25.0	0.6	0.6	8.3	8.9	0.7	0.7	-6.6	-7.7	-7.2
ESR-REIT	1,452	Buy	3.05	31.5	0.9	0.9	6.6	7.2	0.9	0.9	-2.1	-17.4	-14.4
Frasers Centrepoint Trust	3,552	Buy	2.69	19.6	1.0	1.0	5.8	5.8	0.5	0.5	0.4	-0.4	-3.4
IREIT Global	214	Neutral	0.27	31.7	0.4	0.4	8.2	5.3	0.7	0.8	-18.0	-30.5	-29.3
Keppel Infrastructure Trust	2,428	Buy	0.58	12.6	4.7	5.9	14.2	18.5	4.1	5.3	-3.7	2.0	5.1
KORE US REIT	186	Buy	0.30	68.5	0.2	0.2	5.6	6.4	0.7	0.7	-6.3	-22.6	-24.3
Keppel REIT	3,386	Neutral	0.99	12.4	0.8	0.9	5.7	5.3	0.7	0.7	-3.3	-10.7	-9.7
Manulife US REIT	92	Neutral	0.06	15.4	0.3	0.3	3.6	4.9	1.2	1.1	-10.3	-28.8	-26.8
Prime US REIT	229	Buy	0.28	76.1	0.3	0.3	4.7	7.3	0.8	0.8	-10.7	-22.4	-19.3
Starhill Global REIT	980	Buy	0.66	21.7	0.7	0.7	6.8	6.8	0.5	0.5	-2.7	-8.4	-8.4
Stoneweg Europe Stapled Trust	996	Buy	1.95	24.2	0.8	0.8	7.2	7.6	0.9	0.9	4.7	-8.2	-3.7
Suntec REIT	3,392	Buy	1.72	15.9	0.7	0.7	5.6	4.9	0.6	0.6	-2.6	5.0	2.8
REITs	**43,509**				**1.2**	**1.3**	**6.8**	**7.2**	**0.8**	**0.9**	**0.5**	**-3.8**	**-3.3**
Singtel	55,686	Buy	5.40	22.7	2.6	2.5	13.5	11.5	0.3	0.3	-9.8	-1.3	-3.3
StarHub	1,378	Sell	0.87	-15.5	4.1	4.8	7.0	12.1	1.8	2.5	-1.0	-9.6	-8.0
Telecoms	**57,064**				**2.6**	**2.6**	**13.3**	**11.6**	**0.3**	**0.4**	**-9.6**	**-1.5**	**-3.4**
ComfortDelGro	2,248	Buy	1.45	8.2	1.1	1.1	7.3	7.9	0.3	0.2	-8.2	-8.2	-9.5
Transport	**2,248**				**1.1**	**1.1**	**7.3**	**7.9**	**0.3**	**0.2**	**-8.2**	**-8.2**	**-9.5**

Note: Prices are as at 10 Jul 2026
Source: Company data, RHB

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