

Singapore equities: Broader but not broad based

9 October 2026

Key Takeaways:

- Singapore equities have broadened beyond the STI, with selected technology, consumer and industrial names joining the rally. However, gains remain concentrated among companies with earnings upgrades, credible growth and sufficient liquidity.
- EQDP is working mainly through better liquidity and institutional participation. It has made more small and mid-cap companies investable, but stronger trading volumes have not automatically translated into better share-price performance.
- After substantial rerating, valuation discipline matters more. The better opportunities may be companies where earnings expectations are improving faster than prices, rather than those with the strongest recent returns.
- **Banks remain an important part of Singapore portfolios, but EQDP is not a rising tide that lifts all boats. Selectivity remains important, particularly where prices have outrun earnings or fundamentals are deteriorating.**

Singapore's Market: Be selective, Not Universal

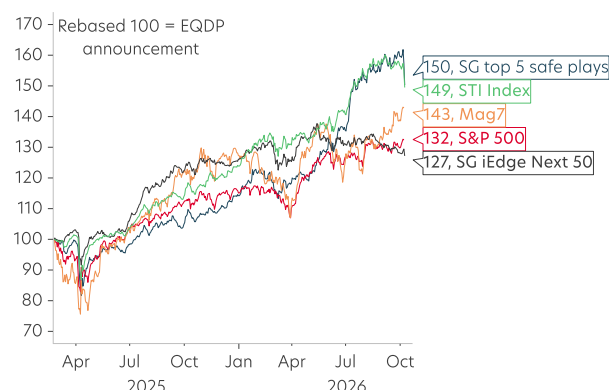
Singapore's equity market is no longer just a large-cap story. Banks still dominate the Straits Times Index (STI), but selected technology, consumer and industrial names have joined the rally beneath it.

The important word is 'selective'. This is not a rising tide lifting everything with an SGX ticker. The market is rewarding earnings upgrades, credible growth and sufficient liquidity, while largely ignoring deteriorating fundamentals.

That leads to a straightforward allocation conclusion. Banks remain an important foundation for Singapore portfolios, although the recent rerating leaves less room for disappointment. Outside the benchmark, investors should follow earnings rather than flows.

EQDP has helped by improving liquidity and attracting institutional attention. But it works best as an amplifier: it can magnify a credible earnings story, not invent one.

Figure 1: Singapore vs Mag7 vs S&P500



Source: Bloomberg, UOB Private Bank. Comparison starts 21 Feb 2025 (EQDP announcement date). 5 SG "safe plays": DBS, UOB, OCBC, CICT, CLAR (equal weight, total return net dividends).

The Benchmark Remains a Story about Banks

The STI Index returned 37.5% (including dividends) over the 12 months to 30 September 2026, closing at 5,676. It is on course for its strongest annual performance in at least a decade.

Much of that strength came from banks, which account for more than half the weight in the index. In fact, the three banks account for ~57% of the index earnings, compared to 7.6% for the next seven largest components. Banks benefited from resilient earnings, rising wealth-management income and generous capital returns. Singapore's role as a regional wealth centre has also made fee income a larger component of industry revenue.

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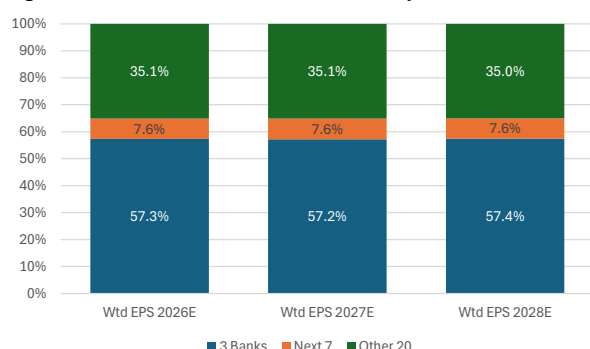
This is an important structural change. Financial institutions are becoming less dependent on traditional lending spreads and more reliant on recurring fees, asset gathering and regional wealth flows. That deserves a higher valuation than the old model of slow loan growth and steady dividends.

The catch is that investors have already noticed.

After a powerful two-year rerating, the sector is no longer priced for obscurity. Expectations for earnings resilience, wealth flows and capital distributions are now embedded in valuations. Further gains will require continued delivery, not simply more enthusiasm for Singapore as a financial centre.

There has been no meaningful deterioration in the broad financial sector thesis. The investor implication is that financials remain an important foundation for Singapore exposure, but the risk-reward has become less one-sided after the rally.

Figure 2: Banks contribute heavily to index EPS



Source: Bloomberg, UOB Private Bank. Data until 1 October 2026.

The Broader Market Is Stronger Than the SMID Index Suggests

The iEdge Singapore Next 50 (small/midcaps, SMID) materially lagged the STI over the same period. Before publication, both returns should be recalculated on the same SGD total-return basis, using identical start and end dates. At first glance, this suggests the rally has failed to broaden. But we think that conclusion is too simplistic.

Figure 3: SG iEdge Next 50 sector composition

Sector	Weight (%)	Constituents	YTD Total Return (%)
Real Estate	37.6	19	-6
Cons Staples	16.9	6	38
Industrials	11.7	7	23
Technology	11.5	5	169
Financials	7.1	4	-4
Comm Svc	6.2	2	6
Materials	5.4	2	35
Health Care	1.8	2	-1
Cons Disc	1.3	2	3
Energy	0.6	1	5

Source: Bloomberg, UOB Private Bank. Data until 1 October 2026.

The index carries substantial exposure to real estate investment trusts and mature, income-oriented businesses. These areas have faced rate sensitivity, refinancing concerns and uneven earnings. They have also competed against financials offering stronger earnings momentum and attractive income.

Figure 4: 20 midcap (SGD1-5bn mkt cap) examples

Company	Mkt Cap (SGDbn)	Since EQDP (%)	YTD (%)	Analyst coverage
AEM Holdings	3.13	573	455	8
UMS Integration	2.41	233	154	9
Bumitama Agri	3.61	191	95	9
Sheng Siong Group	4.86	108	58	10
Venture Corp	4.66	42	22	11
Keppel Infrastructure Trust	3.10	29	18	6
Suntec REIT	3.94	28	10	16
Centurion Accommodation REIT	1.80	24	7	6
NetLink NBN Trust	3.70	21	7	9
Lendlease Global Comm REIT	1.81	19	-7	7
Keppel REIT	4.23	15	-12	17
Frasers Logistics & Comm REIT	3.35	12	-3	13
Parkway Life REIT	2.62	12	1	9
Frasers Centrepoint Trust	4.26	9	-6	17
Raffles Medical Group	1.52	6	-14	7
iFAST Corp	2.58	6	-4	8
ComfortDelGro	2.73	5	-6	9
CapitaLand Ascott Trust	3.18	4	-5	11
StarHub	1.92	0	4	10
ESR-REIT	1.68	-4	-19	6
Singapore Banks for reference				
DBS Group Holdings	220.78	84	43	23
Oversea-Chinese Banking Corp	143.14	99	67	21
United Overseas Bank	71.62	26	28	22

Source: Bloomberg, UOB Private Bank. Data until 1 October 2026.

The weakness of the overall index hides substantial gains underneath it. **Fig 4** examines the 20 largest eligible SGX-listed companies by free-float market

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capitalisation as of 30 September 2026. Each company had a market capitalisation between SGD1bn and SGD5bn and coverage by at least three analysts on that date. Eleven generated positive SGD total returns through 30 September 2026.

Several technology and consumer companies more than doubled. Technology produced the strongest returns in the sample, but results were highly skewed by one exceptional performer. Consumer staples averaged 150%, supported by earnings recovery and commodity tailwinds.

This changes the diagnosis. Singapore does not lack mid-cap winners. It lacks broad and evenly distributed participation.

The market has been rewarding a specific combination: a previously under-owned company, an identifiable earnings catalyst and sufficient liquidity for institutional investors to build a position. A low valuation alone has not been enough.

EQDP: More Than Hype, Less Than a Miracle

The Equity Market Development Programme was announced in February 2025 with an initial commitment of SGD5bn. The programme has been expanded to SGD6.5bn. MAS had allocated SGD5.4bn across 14 managers by 29 September 2026, leaving SGD1.1bn unallocated. The amount already invested in Singapore-listed equities has not been publicly disclosed.

Our analysis shows a clear improvement in liquidity since EQDP was announced. The pattern is consistent with the programme contributing to broader institutional participation, although EQDP's effect cannot be isolated from stronger market conditions, company-specific catalysts and other policy measures.

A separate SGD20m Grant for Equity Market Singapore (GEMS) market-making grant will support liquidity provision in an initial group of around 80 small- and mid-cap stocks through 31 December 2028.

This initiative may affect spreads and price discovery more directly than asset-manager allocations, so future assessments should separate its effects from EQDP.

Fig 5 showed average daily volume increased after the EQDP announcement in 17 of the 19 companies analysed. The gains were not trivial. Several recorded increases exceeding 50%, while the largest increase was more than 200%.

Market-wide securities daily average value exceeded SGD2bn year to date, compared with a longer-term average of around SGD1.2bn. The number of stocks recording more than SGD1m of daily trading value also increased to around 115 companies.

Figure 5: Example of average daily traded values

Company	Pre-EQDP (m shares)	Post-EQDP (m shares)	ADV Change (%)
Bumitama Agri	0.58	2.0	243%
Lendlease Global Commercial REIT	4.63	11.8	155%
IFAST	0.61	1.4	131%
UMS Integration	4.22	8.5	101%
Sheng Siong Group	1.57	3.0	89%
ComfortDelGro	5.90	10.6	79%
Keppel REIT	7.60	12.6	65%
StarHub	0.93	1.5	62%
Frasers Centrepoint Trust	3.52	5.3	51%
AEM Holdings	2.99	4.5	50%
Keppel Infrastructure Trust	6.42	8.9	38%
NETLINK Trust	4.20	5.5	30%
Parkway Life REIT	0.82	1.0	27%
Raffles Medical Group	1.80	2.1	16%
Venture Corp	0.68	0.8	15%
CapitaLand Ascott Trust	6.25	6.6	5%
ESR REIT	1.13	1.2	3%
Frasers Logistics & Commercial	14.14	13.0	-8%
Suntec REIT	9.02	7.8	-14%
Centurion Accommodation REIT	N/A	5.4	N/A

Source: Bloomberg, UOB Private Bank. Data until 1 October 2026.
Note: Centurion Accommodation REIT listed after EQDP launch but meets SGD1-5bn market cap screen.

That matters because liquidity is not cosmetic. It determines whether institutional investors can build positions without moving prices violently. Better liquidity can attract more research, reduce the cost of capital and encourage companies to use the equity market more actively.

Institutional flows also appear to have broadened. Small and mid-cap companies have attracted several

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consecutive months of net buying, while appointed managers participated as anchor investors in new listings.

On those measures, EQDP is doing what a market-development programme should do. It is bringing more institutional attention to parts of the market that were previously easy to ignore.

However, the programme has not suspended the laws of investing. Companies with worsening earnings have generally continued to struggle. Some saw higher trading volumes without meaningful share-price gains. Others rerated despite earnings downgrades, leaving them vulnerable once programme-related flows slow.

We therefore see the EQDP working best as an amplifier. It can magnify a credible earnings story, but it cannot invent one.

The Valuation Problem Has Arrived

The strongest mid-cap performers are no longer obviously cheap.

Forward price-to-earnings multiples expanded in 15 of the 19 companies (market cap SGD1-5bn) we sampled (**Fig 6**). Several expanded by more than 10 multiple turns, indicating that share-price gains were driven partly by rerating rather than earnings revisions alone.

Some of that rerating was justified. The strongest performers also received substantial earnings upgrades. Certain technology companies benefited from the current semiconductor upcycle, while consumer businesses enjoyed improving demand or favourable commodity conditions.

Figure 6: Example of changes in valuation

Company	Fwd P/E Feb'25	Fwd P/E Oct'26	Δ P/E	P/B Feb'25	P/B Oct'26	Δ P/B
Keppel Infrastructure Trust	17.6x	48.0x	+30.4x	1.61x	2.05x	+0.44x
StarHub	11.9x	26.5x	+14.5x	5.22x	3.81x	-1.41x
AEM Holdings	14.7x	29.0x	+14.3x	1.00x	6.02x	+5.02x
UMS Integration	15.2x	29.3x	+14.1x	1.86x	5.44x	+3.58x
NETLINK Trust	31.5x	43.0x	+11.5x	1.37x	1.65x	+0.28x
Sheng Siong Group	16.4x	27.2x	+10.8x	4.87x	7.89x	+3.02x
Bumitama Agri	7.7x	13.2x	+5.5x	1.35x	3.19x	+1.84x
Venture Corp	13.6x	17.7x	+4.1x	1.29x	1.70x	+0.41x
Keppel REIT	18.0x	21.5x	+3.5x	0.63x	0.68x	+0.05x
Raffles Medical Group	20.8x	23.1x	+2.3x	1.53x	1.49x	-0.04x
Lendlease Global Commercial	15.1x	17.5x	+2.4x	0.56x	0.71x	+0.15x
CapitaLand Ascott Trust	17.2x	19.0x	+1.7x	0.76x	0.72x	-0.04x
Comfort Delgro	12.4x	14.2x	+1.8x	1.12x	1.05x	-0.07x
Suntec REIT	18.8x	19.5x	+0.8x	0.56x	0.66x	+0.10x
Frasers Logistics & Commercial	16.2x	16.3x	+0.2x	0.76x	0.78x	+0.02x
ESR REIT	12.7x	11.1x	-1.6x	0.89x	0.83x	-0.06x
Parkway Life REIT	23.2x	21.4x	-1.8x	1.58x	1.56x	-0.02x
IFAST	21.7x	19.6x	-2.1x	7.64x	5.78x	-1.86x
Frasers Centrepoint Trust	18.1x	15.8x	-2.2x	0.90x	0.89x	-0.01x

Source: Bloomberg, UOB Private Bank. Data until 1 October 2026.

However, share prices can often rise much faster than earnings.

This is creating a new phase for the mid-cap thesis. In early 2025, the opportunity was to buy neglected companies before institutional capital arrived. By late 2026, the challenge is to distinguish genuine earnings compounding from stocks simply enjoying a larger audience.

Figure 7: Example of changes in analyst coverage

Company	Analysts Feb'25	Analysts Oct'26	↑ or ↓	EPS Revision (%)
Frasers Centrepoint Trust	8	10	2	3%
Frasers Logistics & Commercial	9	10	1	-5%
Suntec REIT	8	9	1	4%
Sheng Siong Group	5	8	3	7%
Keppel REIT	9	8	-1	-18%
Comfort Delgro	6	7	1	-29%
Raffles Medical Group	7	7	0	-19%
IFAST	3	4	1	7%
UMS Integration	2	4	2	41%
Centurion Accommodation REIT	N/A	4	N/A	N/A
AEM Holdings	4	4	0	123%
Parkway Life REIT	4	4	0	-4%
Venture Corp	7	4	-3	-8%
NETLINK Trust	2	3	1	-23%
Bumitama Agri	2	2	0	69%
ESR REIT	2	2	0	-19%
Lendlease Global Commercial	3	2	-1	29%
CapitaLand Ascott Trust	6	2	-4	-25%
Keppel Infrastructure Trust	1	1	0	-62%
Starhub	3	1	-2	-78%

Source: Bloomberg, UOB Private Bank. Data until 1 October 2026.

Note: Centurion Accommodation REIT listed after EQDP launch but meets SGD1-5bn market cap screen.

The best opportunities may no longer be the companies with the strongest recent returns. They

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may be those where earnings expectations have improved but valuations and prices have not fully responded.

Sector Implications

Technology has been the clearest beneficiary. Semiconductor-linked companies combined meaningful earnings upgrades with greater liquidity and renewed institutional interest. The sector would remain attractive where order visibility supports current expectations. After several dramatic re-ratings, any future disappointing guidance would be punished quickly.

Consumer staples also performed strongly, helped by earnings recovery and company-specific catalysts. Returns have sometimes outpaced earnings, making valuation discipline increasingly important. A defensive label is of little comfort if the price already assumes years of flawless execution.

Real estate has shown only a modest benefit. The sector averaged a positive return after the EQDP announcement, but performance varied widely. Interest rates, refinancing costs, asset quality and distribution growth remain more important than programme eligibility. There has been no decisive sector-wide turnaround. The implication is to avoid treating real estate as a blanket recovery trade.

Industrials, healthcare and communications have been more mixed. Where earnings deteriorated, increased market liquidity provided little more than a temporary floor. There is no meaningful broad sector catalyst yet. Investors should remain selective.

Conclusion

The Singapore equity thesis has broadened beyond the benchmark, but it has not become indiscriminate. Large-cap financials remain the market's foundation, supported by wealth-management growth, capital strength and recurring income. However, valuations now demand greater earnings discipline.

We see selective opportunities in small and mid-cap (SMID) companies with positive earnings revisions, improving liquidity and reasonable valuations. However, investors should expect higher volatility.

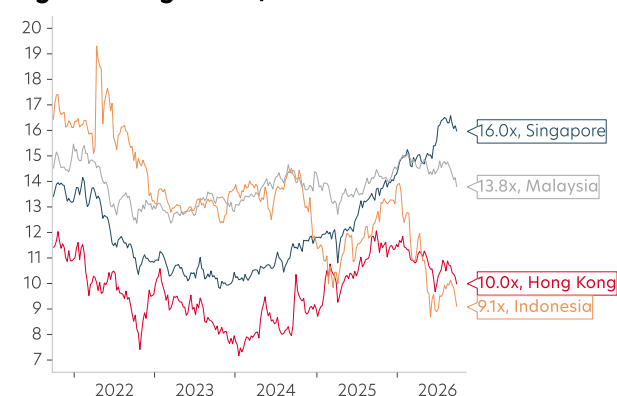
EQDP deserves more credit than the weak Next 50 index suggests. It has improved liquidity, attracted institutional capital and supported re-ratings in selected sectors. However, the gains have been concentrated where earnings have genuinely improved.

The remaining SGD1.1bn of programme capital could provide a liquidity tailwind through 2027. That is supportive, but not a blank cheque. The key risk is mistaking flow-driven multiple expansion for lasting value creation.

The allocation conclusion is straightforward. Maintain broad exposure to benchmark-heavy sectors, particularly banks, but expect more modest returns after the strong rerating since early 2025. Investors can selectively look beyond the STI where earnings are improving faster than valuations. Avoid companies whose share prices have risen despite weaker profit expectations.

EQDP is beginning to achieve its objective. It has made Singapore's second line investable again, but it has not made every second-line company worth investing in.

Figure 8: Regional P/E valuations



Source: Bloomberg, UOB Private Bank.

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