UOB PRIVATE BANK

Singapore's S$5 billion stock revival plan

25 February 2025

Overview

- Singapore has launched new measures to increase investor demand in Singapore equities.
- We see index stocks also benefiting despite these measures targeting small and mid cap stocks.
- On the demand side, a S$5 billion programme over five years hopes to boost low liquidity, declining listings and limited investor engagement.
- On the supply side, there will be tax exemptions for fund managers and tax rebates for new listings and listed companies.
- On the regulatory front, processes will be streamlined with final details by mid-2025.
- Risks that companies with weak fundamentals will list to take advantage of this scheme, but will eventually fizzle out, exacerbating the "quality listing" issue.

Singapore tries to boost its stock market (again)

The Monetary Authority of Singapore (MAS) has unveiled a comprehensive strategy to rejuvenate Singapore's equities market, addressing challenges such as low liquidity, declining listings, and limited investor engagement. Developed in collaboration with the Singapore Exchange (SGX) through the Equities Market Review Group, these initiatives aim to enhance market vibrancy, attract quality companies, and bolster investor confidence. The plan focuses on three core areas: boosting market liquidity, streamlining the listing process, and promoting research as well as investor participation. Implementation will roll out progressively, with further details expected by mid-2025.

On the demand side, the MAS is introducing the Equity Market Development Program (EQDP), backed by a S$5 billion investment over five years. Unlike past efforts centered on blue-chip stocks in the Straits Times Index (STI), the EQDP will target a diverse range of Singapore-listed companies, including mid- and small-cap firms. Additionally, tax incentives are being rolled out: a 20% tax rebate for companies listing on SGX and a 5% concessionary tax rate for fund managers investing heavily in Singapore equities. These measures aim to lower financial barriers and draw more capital into the market.

On the regulatory front, the listing process will be overhauled for efficiency. MAS will consolidate listing reviews under SGX Regulation (SGX RegCo), reducing complexity and time for initial public offerings (IPOs). A shift to a disclosure-based regime will prioritise transparency, making it easier for companies to go public. MAS is again expanding research coverage for pre-IPO firms and enhancing investor education as well as protection efforts so as to improve valuations, raise awareness, and attract investors.

Family offices to buy more Singapore equities

There will be an adjustment to the Global Investor Programme (GIP) to support more capital inflows into Singapore-listed equities. Currently, GIP applicants investing under the Family Office option have to establish a Single Family Office (SFO) with assets under management of at least S$200 million, of which at least S$50 million must be deployed into qualifying investment categories consisting of listed equities/REITS/business trusts, qualifying debt securities, Singapore-distributed funds and non-listed Singapore-based operating companies. Going forward, for new GIP Family Office applicants, the qualifying investment categories will be narrowed to equities listed on approved Singapore exchanges. We expect this to include index stocks that will in turn push up the index with marginal buying. Optically, a rising index would attract more investor attention.

Figure 1: Singapore ranks very low in liquidity

Exchange	2021 Avg	2022 Avg	2023 Avg	2024 Avg	2024 vs 2023
Shenzhen	85,891	73,583	66,825	78,442	17%
Shanghai	67,998	55,241	48,625	57,754	19%
Japan	29,137	25,571	27,611	33,619	22%
India	9,676	7,467	8,184	14,306	75%
Taiwan	12,706	7,287	7,781	11,041	42%
Hong Kong	16,834	11,590	9,339	9,921	6%
South Korea	12,933	6,664	6,929	7,398	7%
Thailand	2,292	1,716	1,270	1,108	-13%
Singapore	843	811	701	843	20%
Indonesia	889	939	647	740	14%
Vietnam	897	701	607	736	21%
Malaysia	836	467	471	715	52%
Philippines	174	127	102	101	-1%

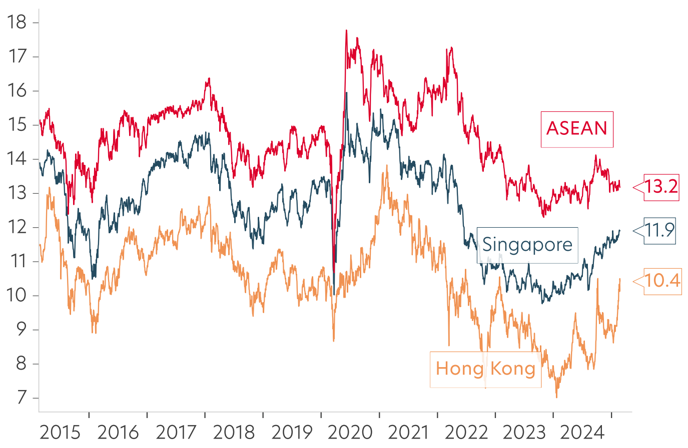
Source: Bloomberg, Nomura, UOB Private Bank. Trading values in US$ millions.

More measures upcoming by end-2025

More measures will be announced. These include:

1. Enhancing shareholder engagement and sharpen their focus on shareholder value
2. Raise liquidity by further reducing board lot sizes
3. Strengthening investor protection through enhancing investor recourse avenues
4. Improving post-trade custody efficiency
5. Developing cross-border partnerships

Figure 2: Singapore's P/E valuation in middle ground



Source: Bloomberg, UOB Private Bank.

Risks: "Chicken and egg" situation

Singapore's capital markets have been on a slow but sure decline due to the lack of quality new listings. The three Singapore banks, the largest telco and the largest REIT take up >55% weight of the index and are likely to keep driving the index. The lack of liquidity has affected valuations, as evident with home grown large tech companies choosing to list in other geographies instead. This liquidity/valuation conundrum is not easily broken.

Conclusion: Stick with larger caps

We are encouraged that MAS is trying to reinvigorate its capital markets. This is not the first time that it is trying and we hope that it succeeds. However, we think that the lack of quality and unique listings is a key issue for Singapore. Until we get such companies listed in the exchange, investors are likely to still gravitate towards the banks, telcos and large cap REITs for their attractive dividend yield.

Disclaimer

General
This document contains material based on publicly-available information. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this document, United Overseas Bank Limited ("**UOB**") makes no representation or warranty as to, neither has it independently verified, the accuracy or completeness of such information (including any valuations mentioned). UOB neither represents nor warrants that this document is sufficient, complete or appropriate for any particular purpose. Any opinions or predictions reflect the writer's views as at the date of this document and may be subject to change without notice.

The information contained in this document, including any data, projections and underlying assumptions, are based on certain assumptions, management forecasts and analysis of known information and reflects prevailing conditions as of the date of publication, all of which are subject to change at any time without notice. Past performance figures are not indicative of future results.

Not an offer or solicitation to any particular person
This document should not be regarded as an offer or solicitation to any particular person to transact in any product mentioned. Before deciding to invest in any product mentioned, please seek advice from your financial, legal, tax or other appropriate advisers on the suitability of the product for you, taking into account your specific investment objectives, financial situation or particular needs (to which this document has no regard). If you do not wish to seek such advice, please consider carefully whether any product mentioned is suitable for you.

Risks
An investment in any product mentioned in this document may carry different risks of varying degrees, including credit, market, liquidity, legal, cross-jurisdictional, foreign exchange and other risks (including the risks of electronic trading and trading in leveraged products). Nothing in this publication constitutes personalised accounting, legal, regulatory, tax, financial or other advice that regards the personal circumstances of a particular recipient. Please speak to your financial, legal or other appropriate adviser to understand the risks involved and whether it is appropriate for you to assume such risks before investing in any product.

Any description of investment products is qualified in its entirety by the terms and conditions of the investment product and if applicable, the prospectus or constituting document of the investment product.

Valuation
Product valuations in this document are only indicative and do not represent the terms on which new products may be entered into, or existing products may be liquidated or unwound, which could be less favourable than the valuations indicated herein. These valuations may vary significantly from those available from other sources as different parties may use different assumptions, risks and methods.

No liability
To the fullest extent permitted under applicable laws and regulations, UOB and its affiliates shall not be liable for any loss or damage howsoever arising as a result of any person acting or refraining from acting in reliance on any information, opinion, prediction or valuation contained herein.

UOB and its affiliates involved in the issuance of this document may have an interest in the products mentioned in this document including but not limited to, marketing, dealing, holding, acting as market-makers, performing financial or advisory services, acting as a manager or co-manager of a public offering, of persons mentioned in this document. UOB and its affiliates may also have alliances, contractual agreements, or broking, investment banking or any other relationships for the provision of financial services, with any product provider mentioned in this document. UOB and its affiliates may have issued other reports, publications or documents expressing views which are different from those stated in this document and all views expressed in all reports, publications and documents are subject to change without notice.

Others
Unless you are notified otherwise by UOB, UOB deals as a principal in any transaction which UOB has been instructed to effect, other than transactions relating to securities traded on an exchange, unit trusts and funds on your behalf where UOB acts as your agent.

Singapore. This document and its contents are intended for Accredited Investors (as defined in Section 4A of the Singapore Securities and Futures Act (Chapter 289)).

Hong Kong. This document and its contents are intended for "professional investors" (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and its subsidiarity legislation) ("Professional Investors"). Shares or debentures in a company may not be offered or sold in Hong Kong, by means of any document, other than (i) to Professional Investors; or (ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)(the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO. Unless permitted to do so under the laws of Hong Kong, no person may issue or have in his/her possession for the purpose of issue, or will issue, or have in his/her possession for the purposes of issue, any advertisement, invitation or document relating to the securities, structured products or interests in collective investment schemes whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong, other than with respect to the securities, structured products or interests in collective investment schemes that are or are intended to be disposed of only to persons outside Hong Kong, or only to Professional Investors.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document may only be distributed in countries where its distribution is legally permitted. This document is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such publications are prohibited This document may contain proprietary information of UOB (or its product providers) and may not be reproduced or disseminated in whole or in part without UOB's prior consent.

If there is any inconsistency, or any difference in meaning between the English version and any translation of this document, the English version shall apply and prevail.

United Overseas Bank Limited. Co. Reg. No. 193500026Z
United Overseas Bank Limited is a licensed bank in Hong Kong and is a registered institution in respect of Types 1 (Dealing in Securities) and 4 (Advising on Securities) regulated activities under the SFO.

Right By You