

Think Singapore equities don't make a difference?





They can diversify portfolios better than you think.

After several years of strong US equity market performance, investors who own US equities may now find that the US now represents a much larger share of their portfolios. However, a portfolio that is heavily tilted towards a single market may not deliver the most attractive balance of risk and return.



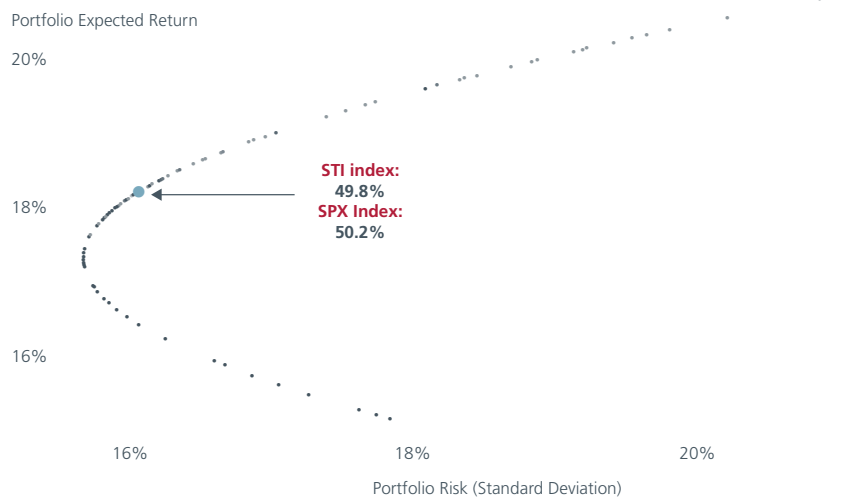
Tell me more

To assess the diversification benefits of Singapore equities, we analysed 5-years' worth of historical data for US and Singapore equities. We plotted every possible portfolio combination on a chart showing risk (on the horizontal axis) and return (on the vertical axis). This produces the efficient frontier - the curve that represents portfolios delivering the highest expected return for a given level of risk. Anything

below this curve is considered inefficient - investors could either earn more return for the same risk or take less risk for the same return.

Our analysis shows that a portfolio that is made up of about 50% of US equities and 50% of Singapore equities appears to deliver the most return for the risk taken.

Efficient frontier



Source: Eastspring Investments (Singapore) Limited, Morningstar. As at 31 October 2025. Returns computed in SGD and on a bid-bid basis with net income reinvested, if any, annualised. Past performance information presented is not indicative of future performance.



★ What it means for you

Naturally, the optimal mix would change as we add more asset classes and markets, but the point is that diversified portfolios are more efficient than concentrated ones, and **Singapore equities can play a meaningful role both as a risk diversifier and source of returns.**

9.5%

5-yr total returns p.a.¹
Singapore equities

~45%

Cheaper than US²
12-month forward P/E

4.5%

Dividend yield³
vs. 1.1% for US

Singapore equities have delivered total returns of 9.5% p.a. over the last 5 years¹ and valuations remain attractive at 15.5x 12-month forward price to earnings, almost a 45% discount to US equities². The outlook for the Singapore equity market looks promising as the

various measures that are being rolled out under the government's Equity Market Development Programme are expected to improve both the demand and supply dynamics within Singapore equities.

Singapore equities also offer a high dividend yield of 4.5%, compared to 1.1% for the US³. These dividends can help to dampen market volatility, especially during risk-off periods. In addition, while US indices are increasingly driven by a narrow set of mega-cap tech names, Singapore's index leadership is distributed across multiple defensive sectors, reducing single-theme risk. Singapore's lower exposure to options turnover and volatility-targeting strategies compared to the US also implies that Singapore's equity market has less derivatives-driven feedback loops which can amplify short-term market swings.

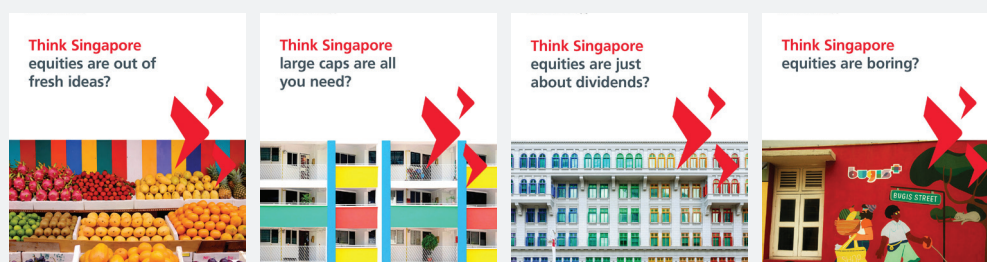
💡 Tip

The diversification benefit from Singapore equities is better captured through a **diversified basket of stocks** rather than a small number of individual stocks. The latter approach potentially exposes investors to more company-specific risks such as management decisions, regulatory changes, or sector-specific issues.

On the other hand, a diversified basket of Singapore equities spreads exposure across multiple sectors, allowing investors to tap into the various growth drivers underpinning the Singapore economy.

Source: ¹MSCI. In USD terms. As of 30 April 2026. ²MSCI. As of 30 April 2026. ³Bloomberg. 12-month trailing dividend yield for S&P500 Index and FTSE Straits Times All Share Index. As of 12 May 2026.

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