THE FifthPerson

DIVIDEND KINGS

TOP 7 DIVIDEND STOCKS IN SINGAPORE TO BOOST YOUR DIVIDEND PORTFOLIO

2022 EDITION

COPYRIGHT

DISCLAIMER

This is not a recommendation to purchase or sell any of the above mentioned securities. The information contained herein are the opinions and ideas of the authors and is strictly for educational purposes only. This information should not be construed as and does not constitute financial, investment or any form of advice. Any investment involves substantial risks, including complete loss of capital. Every investor has different strategies, risk tolerances and time frames. You are advised to perform your own independent research or to contact a licensed professional before making any investment decisions.

There are no warranties, expressed or implied, as to the accuracy, completeness, or results obtained from any information set forth herein. Fifth Person Pte. Ltd., its related and affiliate companies and/or their employees shall in no event be held liable to any party for any direct, indirect, punitive, special, incidental, or consequential damages arising directly or indirectly from the use of any of this material.

ABOUT THE FIFTH PERSON

The Fifth Person is an investment research and education company and we publish an online investment magazine at FifthPerson.com.

The Fifth Person is a two-time winner (2018, 2020) of the best independent investment website in the 'GoTo.com' category at the SGX Orb Awards organised by the Singapore Exchange (SGX). The award recognises the independent investment-related website or financial blog that most empowers investors to make educated decisions with their money.

OUR COLUMNIST

Victor Chng and Rusmin Ang are the co-founders of The Fifth Person.

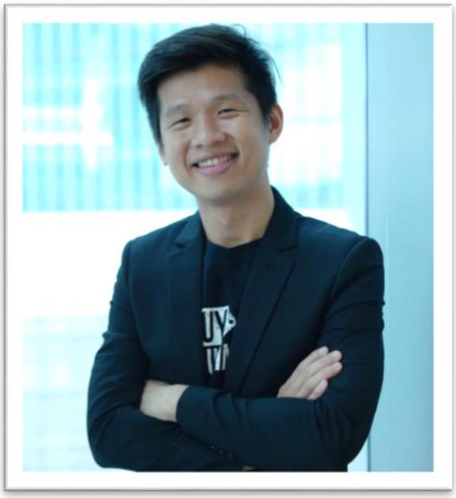
Their investment articles and commentary have been featured in the media including Channel NewsAsia, The Business Times, AsiaOne, Business Insider, NewsLoop, and on national radio on Money FM 89.3.

The Fifth Person was also featured on the CPF's lifetime retirement investment scheme video.

I'll let you find out more about us as we get to know each other better, so let's not waste any more time and let's get into the meat of this report.

Let's go!

Victor Chng



Rusmin Ang

THE DIVIDEND KINGS

Dividend investing is one of the easiest ways to add passive income to your life. It's essentially making money in your sleep. Investing in dividend-paying stocks is a way to add a regular source of income to your portfolio, which in the long term, seeks to replace your active income.

While there are plenty of companies that reward their shareholders with dividends, there's an elite list of companies, known as the 'Dividend Kings'.

These companies have a history of paying consistent dividends every year – even during an economic downturn. The best part about these companies is that they are also able to consistently increase their dividend per share and give you a 'pay raise'. In the long run, some income investors are able to bring home yield-on-cost of between 8% to 15% every year.

In this report, we discuss seven of the top Dividend Kings in Singapore and their outlook moving into 2022 and beyond.

DBS Group

Ticker: D05

Market Cap: $80.8 Billion

Payout Ratio: 49.2%

Dividend Growth (2011 – 2019): 10.34% CAGR

*We are discounting figures from 2020 because of COVID-19 and the recommended policy imposed by the Singapore government on the three local banks and their dividend distribution.

How can we not talk about DBS when it comes to dividend stocks? Valued at S$81 billion, DBS Bank is the largest company listed on the SGX. It is one of the top financial services groups in Asia with a presence in 18 markets worldwide.

Notes: DBS bank is one of the three bedrocks of the Singapore economy's backbone along with UOB and OCBC. One can even say that DBS is the 'national' bank of Singapore and will most likely 'not be allowed to fail'.

In addition, DBS's dividend has grown the fastest among the three banks, compounding at a CAGR of 10.34% over the last 10 years.

Mapletree Commercial Trust

Ticker: N2IU

Market Cap: $7.14 Billion

Payout Ratio: 90%

Dividend Growth (2012 – 2019): 8.18%

*We are discounting figures from 2020 because of Covid-19 since most malls are closed during the various phases of movement restrictions in Singapore.

Mapletree Commercial Trust (MCT) is a Singapore-focused REIT that invests in a diversified portfolio of income-producing real estate used primarily for office or retail. As at 31 March 2021, MCT's portfolio comprised five properties in Singapore namely Vivo City, MBC I, MBC II, mTower, Mapletree Anson and MLHF.

Notes: MCT's management is extremely capable and aligned with the shareholders. Their prudent capital management and financial flexibility enabled MCT to release S$28 million to unitholders which resulted in higher DPU amidst the pandemic.

MCT properties continue to appeal to reputable tenants. As Singapore moves into adopting a 'Living with COVID' strategy, full recovery will be dependent on Singapore's pandemic management and the gradual reopening of the economy.

United Overseas Bank (UOB)

Ticker: U11

Market Cap: $45.18 Billion

Payout Ratio: 42.4%

Dividend Growth (2011 – 2019): 10.15% CAGR* (with special dividends)

*We are discounting figures from 2020 because of COVID-19 and the recommended policy imposed by the Singapore government on the three local banks and their dividend distribution.

As of 31 December 2021, UOB has total assets of S$432 billion, making it the third largest bank in Southeast Asia.

United Overseas Bank (UOB) has a global network of over 500 branches and offices in 19 countries and territories in Asia-Pacific, Europe, and North America.

Notes: UOB has delivered steady growth in earnings and dividends over the years, except for 2020 due to COVID-19. However, early shoots of recovery can be seen in 2021 and could carry into 2022 and beyond, as the pandemic eases and economies around the world recover.

Income investors love UOB because they are the only bank to pay special dividends.

Oversea-Chinese Banking Corporation (OCBC)

Ticker: O39

Market Cap: $53.73 Billion

Payout Ratio: 46.9%

Dividend Growth (2011 – 2019): 7.37% CAGR

*We are discounting figures from 2020 because of COVID-19 and the recommended policy imposed by the Singapore government on the three local banks and their dividend distribution.

Oversea-Chinese Banking Corporation (OCBC) is the second largest financial institution in Southeast Asia with a market capitalization of over S$55.7 billion.

Over the years, OCBC has grown its international footprint and now comprises more than 570 branches and representative offices in 18 countries and regions.

Note: Just like the other two banks, OCBC has delivered steady growth in earnings and dividends over the years.

2020 was a difficult year because of the pandemic yet OCBC remained resilient and was named the ‘Best Managed Bank’ during COVID-19 by The Asian Banker.

Should Singapore start opening its borders to the world in 2022 and 2023, we will see a spike in recovery – especially when interest rates are set to increase from 2023 onwards.

Parkway Life REIT

Ticker: C2PU

Market Cap: $2.73 Billion

Payout Ratio: 90%

Dividend Growth (2011 – 2020): 4.11%

*We are including figures from 2020 because of Covid-19 / Circuit Breakers doesn't Parkway Life.

Parkway Life REIT (PLife REIT) is one of Asia's largest listed healthcare REITs and owns healthcare properties located in Singapore, Japan, and Malaysia.

As of 31 December 2020, the REIT owns a portfolio of 54 healthcare and aged care properties valued at approximately S$2.02 billion.

Notes: The most stable REIT among all healthcare REITs in Singapore, PLife REIT has an occupancy rate of 100% for its portfolio with a weighted average lease expiry (WALE) of 5.74 years. Ninety-five percent of the portfolio has downside protection which adds to PLife REIT's income stability in the immediate future.

In addition, strong demand for healthcare is expected to grow in Singapore and Japan. The proportion of the population aged 65 or older in Japan makes up approximately 29% of the total population and is estimated to reach 35% by 2040.

Singapore is also facing increasing life expectancy and low fertility rates, and its resident population aged 65 or older rose to 15.2% in 2020. The life expectancy of Singaporeans also increased over the last decade to approximately 84 years old.

Singapore Exchange (SGX)

Ticker: S68

Market Cap: $10.22 Billion

Payout Ratio: 79.2%

Dividend Growth (2011 – 2020): 1.71%

SGX is one of Singapore's most beloved blue-chip stocks and with a virtual monopoly on Singapore securities and derivatives trading.

The dividend stocks in this report are all listed on the SGX, and Singapore imposes no withholding tax to income investors who own shares of local stocks.

Notes: SGX is a recession-proof company. In fact, they tend to do even better during an economic crisis when trading volumes are at their highest. In other words, it is likely the only company that won't cut its dividends during a market crash.

That said, however, SGX does face long-term challenges when it comes to sparking interest in Singapore's stock market due to the country's relatively subdued entrepreneurial scene and small domestic market.

Over the last two years, the company's pivot towards derivatives and being a multi-asset exchange has been successful thus far, and will be a main driver of growth for the SGX in the near to midterm.

Capitaland Integrated Commercial Trust (CICT)

Ticker: C38U

Market Cap: $13.8 Billion

Payout Ratio: 90%

Dividend Growth (2011 – 2019): 3.07%

*We are discounting figures from 2020 because of Covid-19 since most malls are closed during the various phases of movement restrictions in Singapore.

CapitaLand Integrated Commercial Trust (CICT) owns and invests in assets primarily used for retail and office purposes. CICT's current portfolio comprises 22 properties in Singapore and two in Frankfurt, Germany.

CICT embarked on a new chapter following the recent merger of CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT) which took place via a trust scheme of arrangement on 21 October 2020.

Notes: Despite a tough 2020, CICT has delivered a total return of 16.51% over the last three years. It outperformed the STI, FTSE ST REIT, and FTSE ST Real Estate indexes in 2020.

With the recent merger, CICT has positioned itself as a proxy for Singapore real estate, enabling the REIT to leverage real estate trends and opportunities in retail, office, and integrated developments locally.

How well the REIT can build upon its current position to harness synergies across its properties as well as events leading to the recovery of the Singapore economy — such as employees returning to the workplace and cross-border travel resuming — will play a large factor in CICT's performance moving ahead.