Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52218.6	(0.0)	(0.8)	1.0	8.6
S&P 500	7499.0	(0.1)	(1.0)	0.4	9.5
FTSE 100	10717.0	1.2	1.9	2.7	7.9
AS30	9004.9	0.3	(0.3)	(0.3)	(0.2)
CSI 300	4717.2	(0.5)	(1.5)	(6.8)	1.9
FSSTI	5595.4	1.2	0.6	7.5	20.4
HSCEI	8251.1	(1.3)	0.8	4.2	(7.4)
HSI	24892.7	(1.0)	0.9	4.7	(2.9)
JCI	6334.5	(0.1)	4.8	3.6	(26.7)
KLCI	1711.4	(0.5)	(0.1)	0.6	1.9
KOSPI	6797.7	0.7	(6.7)	(25.4)	61.3
Nikkei 225	66115.6	(0.2)	(3.8)	(8.6)	31.3
SET	1639.3	(0.8)	0.6	4.1	30.1
TWSE	44825.8	1.3	(1.8)	(6.1)	54.8
BDI	2715.0	1.7	(7.3)	1.2	44.6
CPO (RM/mt)	4497.0	0.0	(0.0)	(1.7)	14.3
Brent Crude (US$/bbl)	94.1	3.4	10.7	20.8	54.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK)	Hong Kong	31 Jul	31 Jul
Virtual Meeting with i-Tail Corporation Public Company Limited (ITC TB)	Thailand	05 Aug	05 Aug

Corporate and Macro Calendar

Economic Indicator/Event	Date
1-Year T-Bill Auction	23 Jul
Core Inflation Rate YoY JUN	23 Jul
Inflation Rate MoM JUN	23 Jul
Inflation Rate YoY JUN	23 Jul

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Top Stories

Strategy | Singapore SMID Cap Top Picks Page 2

Our SMID-cap retail webinar on 16 Jul 26 saw interest from over 180 retail investors. The Q&A session primarily focused on buying opportunities following the recent broad-based weakness in the Singapore SMID-cap market, alongside outlooks for individual stocks and sectors. We reiterated our conviction in selective SMID-cap names, highlighting BKM, OTEK, FEH and RSTON as our top picks.

Market Spotlight

Page 4

- US stocks were lower on Wednesday, with all indices falling as the communication services, consumer discretionary and healthcare sectors fell with more decliners than advancers on both the NYSE and NASDAQ.

- The FSSTI rose 68.70 points to 5,595.42, supported by strength in Singtel, Seatrium and DBS, with mid-cap indices rising while small-cap indices falling with a broad market advance on a S$2.38b turnover.

Technical Analysis

Delfi | DELFI SP Page 5

Trading Buy Range: S$0.880-0.885

DBS Group Holdings | DBS SP Page 5

Trading Buy Range: S$73.20-73.21

Strategy – SMID Cap Outlook

SMID Cap Retail Webinar Takeaway: Focusing On Opportunities

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Highlights

- **Held on 16 Jul 26, our SMID Cap retail webinar garnered interest from over 180 retail investors.**
- **Key questions focused on buy opportunities amidst the recent broad-based weakness in the Singapore SMID-cap market and several large cap names.**
- **We highlighted BKM, OTEK, FEH & RSTON as our top SMID Cap picks.**

Analysis

- Our SMID Cap retail webinar on 16 Jul 26 garnered interest from over 180 retail investors. We highlighted four key SMID cap picks for Jul 26, namely **BKM, OTEK, FEH & RSTON.**
- **BKM:** We like Beng Kuang Marine (BKM) for its improving earnings visibility, driven by growing FPSO exposure and its highly recurring, asset-light business model. Strong 1H26 contract wins brought orderbook to S$70.7m as at end-Jun 26, providing solid revenue visibility. Full consolidation of ASOM should also further enhance earnings. The stock trades at an attractive 9x 2027F PE vs peers at around 15x. Our target price is **S$0.75**, pegged to 14x 2027F PE.
- **OTEK**: We like Oiltek (OTEK) for its strong earnings outlook, supported by the RM1.4b Heads of Agreement (HOA), its healthy net cash position, and favourable industry tailwinds. Growing demand for sustainable aviation fuel (SAF) and the global fats and oils market should continue to drive project wins and earnings growth. Following the recent pullback, we see scope for valuation re-rating. Our target price is S$2.78, pegged to 28x 2027F PE.
- **FEH**: We like Food Empire (FEH) for its consistent double-digit earnings growth, strong pricing power and expanding production footprint. Two upcoming production facilities should support the next phase of capacity expansion and long-term growth, while continued dividends and share buybacks programme enhances shareholder returns. Following its recent correction, the stock trades at an undemanding 18x 2026F PE vs peers at around 24x. Our target price is **S$3.49**, pegged to 25x 2026F PE.
- **RSTON:** We like Riverstone (RSTON) for its resilient cash generation, strong balance sheet and attractive dividend yield. Its debt-free, net cash position and ongoing shift towards higher-value gloves support sustainable earnings growth, while the stock continues to trade at a slight discount to peers. Our target price is **S$1.10**, pegged to 19x 2027F PE.
- Overall, we continue to favour our SMID-cap picks (BKM, OTEK, FEH and RSTON) for their strong fundamentals and differentiated growth drivers. Despite the recent SMID-cap pullback, we view the weakness as a good buying opportunity and expect these companies to benefit from the ongoing SMID-cap upcycle, with further support from continued EQDP fund deployment and potential sector re-rating.

Top SMID Cap Picks

Company	Rec	Target Price (S$)	Share Price (S$)	% Upside
Beng Kuang	BUY	0.75	0.53	41.5
Oiltek	BUY	2.78	1.62	71.6
Food Empire	BUY	3.49	2.40	45.4
Riverstone	BUY	1.10	0.85	29.4

Source: Bloomberg, UOB Kay Hian

Valuation Metrics Of UOBKH Top SMID Cap Picks (Jul 26)

Company	Ticker	Rec	Price 22 Jul 26 (S$)	Target Price (S$)	Upside to TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (S$m)	Price/ NAV ps (x)
SMID cap picks													
Beng Kuang	BKM SP	BUY	0.53	0.75	41.5	12/25	20.3	17.7	10.0	1.1	29.3	159.0	4.2
Oiltek	OTEK SP	BUY	1.62	2.78	71.6	12/25	71.2	62.7	16.7	0.6	32.9	695.0	21.9
Food Empire	FEH SP	BUY	2.40	3.49	45.4	12/25	33.4	16.7	15.1	4.2	19.3	1,587.7	2.8
Riverstone	RSTON SP	BUY	0.85	1.10	29.4	12/25	19.9	22.0	20.0	4.5	12.6	1,259.8	2.7

Source: Bloomberg, UOB Kay Hian

Q&A Summary

- **Investor interest:** Overall, retail investors were primarily focused on whether the recent broad-based weakness in the Singapore SMID-cap market presents an attractive buying opportunity. Discussions centred on identifying oversold names with resilient earnings visibility, strong orderbooks, healthy balance sheets and sustainable dividend yields, while also seeking views on sectors likely to benefit from structural growth drivers and the further deployment of EQDP funds.
- **Our comments:** We highlighted that the recent weakness in SMID-cap stocks has been largely sentiment-driven, reflecting sector rotation, market timing and broader market risk-off sentiment rather than weaker fundamentals. We reiterated our preference for fundamentally strong companies with visible earnings catalysts, robust balance sheets and attractive valuations, while turning more cautious on pricey AI-related names. Continued EQDP fund deployment, capital returns and earnings delivery should further support liquidity and sector re-rating.

Details of Q&As are as follows:

Topic	Investor concerns vs our comments
Market & SMID-cap sell-off	Investor concerns: Investors asked whether the recent weakness in Singapore SMID-cap stocks presents a buying opportunity and what is driving the correction. Our comments: We believe the sell-off is largely sentiment-driven, reflecting sector rotation and geopolitical uncertainties rather than weaker fundamentals. We continue to see selective buying opportunities in quality SMID-cap names.
Stock-specific opportunities	Investor concerns: Investors asked whether recent pullbacks in names such as China Aviation Oil, Huationg, Riverstone, Valuetronics, OTEK and Venture offer attractive entry points. Our comments: We remain positive on companies with strong fundamentals, earnings growth, attractive valuations and solid balance sheets, while avoiding names lacking clear catalysts.
Earnings visibility & order books	Investor concerns: Investors sought updates on earnings outlooks, order books and project pipelines for stocks including OTEK, BKM, Huationg, SATS and YangZiJiang Shipbuilding. Our comments: We continue to favour companies with strong orderbooks, recurring revenue and structural growth drivers that support earnings visibility.
Dividends & capital returns	Investor concerns: Investors questioned dividend sustainability and capital management, particularly for Riverstone, OTEK and Valuetronics. Our comments: We highlighted these names as companies with strong cash generation, net cash balance sheets and attractive shareholder return policies.
Sector Outlook	Investor concerns: Investors sought our preferred sectors amid current market conditions, including construction, offshore & marine, aviation, banks, REITs and property. Our comments: We remain constructive on construction, offshore & marine, aviation and banks, while maintaining a more neutral stance on REITs.
Technology & AI	Investor concerns: Investors asked about the correction in AI and semiconductor-related stocks and whether valuations have become attractive. Our comments: We remain cautious on AI-related names given rich valuations, preferring companies with stronger earnings visibility and more attractive valuations.
EQDP & market liquidity	Investor concerns: Investors asked about the pace of EQDP fund deployment and its impact on the Singapore market. Our comments: We estimate around only 20% of allocated funds have been deployed, with further phased out disbursements expected to support SMID-cap liquidity and valuations.

MARKET SPOTLIGHT

Market News

US stocks were lower on Wednesday, as the communication services, consumer discretionary and health care sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.01% while the S&P 500 Index was down 0.14%, and the NASDAQ Composite Index slid 0.57%. Falling stocks outnumbered advancing ones on the NYSE by 1,549 to 1,204 and 84 ended unchanged; on the Nasdaq Stock Exchange, 3,149 declined and 1,737 advanced, while 177 ended unchanged.

During the last trading session, the FSSTI Index rose 68.70pt to 5,595.42. Among the top active stocks were Singtel (+0.5%), Seatrium (+2.5%), DBS (+2.3%), SIA (-1.8%) and Riverstone (-1.2%). The FTSE ST Mid Cap Index rose 0.5%, while the FTSE ST Small Cap Index fell 0.2%. The broader market had 290 gainers and 279 losers with a total trading value of S$2.38b.

Delfi (DELFI SP)

Trading buy range: S$0.880-0.885
Last price: S$0.885
Target price: S$0.995
Protective stop: S$0.835

The price rebounded following a successful retest from its previous low support floor. The MACD displays a potential bullish divergence signal that hints at a potential structural shift from the broader downtrend. This skews toward a sustained upward bounce, with risk tightly anchored to the recent structural swing low.

The potential upside target is S$0.995. Stop-loss could be placed at S$0.835.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$1.68.

DBS Group Holdings (DBS SP)

Trading buy range: S$73.20-73.21
Last price: S$73.66
Target price: S$79.45
Protective stop: S$71.10

The price further penetrated the prior peak through a strong bullish candle to confirm expanding upward momentum. The MACD remains solidly in bullish territory to signal healthy, unexhausted buyer dominance. Based on historical continuation probabilities, maintaining clear separation above the recent low at S$71.37 significantly shifts the odds toward a continued rally.

The potential upside target is S$79.45. Stop-loss could be placed at S$71.10.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$65.20.

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