THE SMART INVESTOR

7 SINGAPORE BLUE-CHIP STOCKS

THAT CAN PAY YOU FOR LIFE

A DECADE OF CONSISTENT DIVIDENDS

CONTENTS

INTRODUCTION

With the Straits Times Index (SGX: ^STI) reaching a 17-year high, Singapore's stock market is offering a valuable option for investors looking for both growth and resilience.

While traditional safe-haven investments like Singapore Treasury Bills and Savings Bonds yield around 2.7% to 2.8%, inflation is expected to hover between 2.5% and 3.5% this year.

In other words, investing in treasury bills and savings bonds isn't enough to combat rising inflation.

As investors, we don't just want to match inflation, we want to grow our wealth.

Investing in the stock market may feel daunting, but here's the reality: with calculated steps, you can tap into assets that deliver returns capable of outpacing inflation. Blue-chip stocks, in particular, can be a good place to start.

These companies bring together competitive strength, financial resilience, and consistent dividend payouts—qualities that suit both newcomers and seasoned investors alike.

When you invest in blue-chip stocks, you're setting up a robust, dividend-driven income stream that adds valuable stability to your portfolio.

The key?

Focus on blue-chip companies with an impressive dividend history, those that have sustained their payouts for at least a decade. This dividend track record isn't just a symbol of reliability—it's a solid indicator of steady cash flow and enduring strength.

Ready to make your first move or strengthen your portfolio with confidence?

You're in the right place.

In this report, we'll explore seven standout Singapore blue-chip stocks with stellar track records.

DBS Group (SGX: D05)

DBS is a familiar name for most Singaporeans, being the country's largest bank by market capitalisation.

The lender has a strong history of paying out consistent dividends over the past decade.

In recent years, the elevated interest rate environment boosted the bank's coffers, leading to rising profits.

Along with a better performance, the bank's share price hit new highs in November 2024.

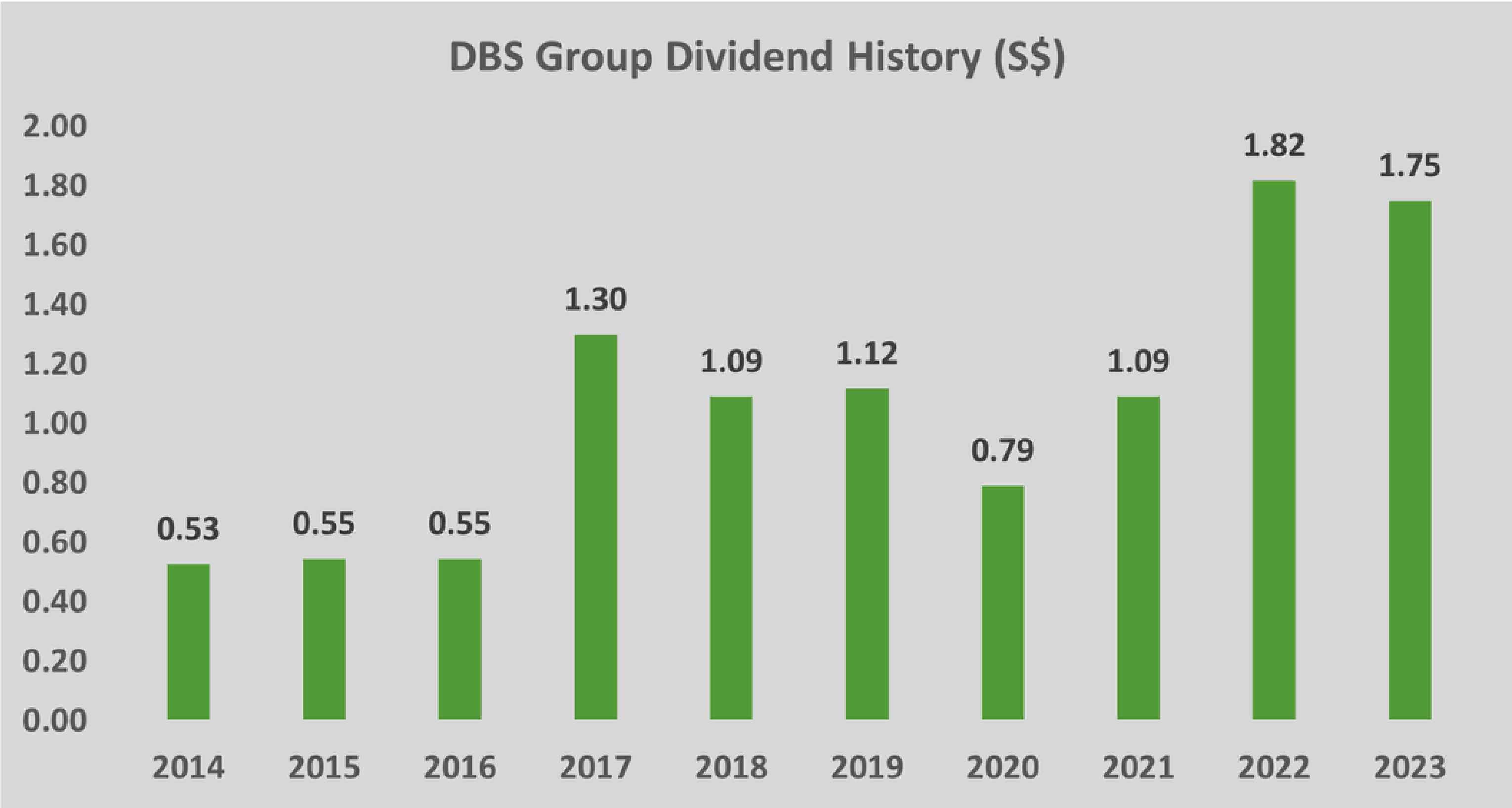
In the third quarter of 2024 (3Q 2024), the bank also announced the establishment of a S$3 billion share buyback programme where shares repurchased will be cancelled.

This move could help boost its earnings per share and could lead to higher dividend payouts.

What's more, DBS is also the only bank among the Big 3 Banks to pay a quarterly dividend.

What does its track record look like?

On the next page is a chart showing the lender's dividend history.



Source: DBS dividends website

DBS's dividend has mostly risen over the past 10 years.

The only exception is during the COVID-19 pandemic where dividends fell to S$0.79 in 2020.

To be sure, it's not due to weakness in the business.

Back then, the MAS called on the banks to limit their dividend payments to a maximum of 60% of the previous year as a precaution.

Dividend growth resumed growth once this mandate was lifted.

Notably, DBS increased its dividend payments from 2021 to 2023, culminating in a 1-for-10 bonus issue back in the fourth quarter of 2023.

To top it off, DBS increased its 4Q 2023 quarterly dividend to S$0.54, up from S$0.48 in the previous quarter.

More importantly, the lender has maintained its absolute S$0.54 per share dividend even after its shares went ex-bonus.

Note: The chart above has adjusted the prior years' dividends to account for the bonus issue.

At the time of writing, DBS is on track for an annualised dividend of S$2.16 per share for 2024, which will be higher than the previous year's S$1.75.

At a share price of S$39.09, this payout represents a forward dividend yield of 5.5%.

There could be more to come.

DBS's net interest income for 2025 should stay around 2024 levels and CEO Piyush Gupta sees potential upside to the bank's income under the Trump administration in the US.

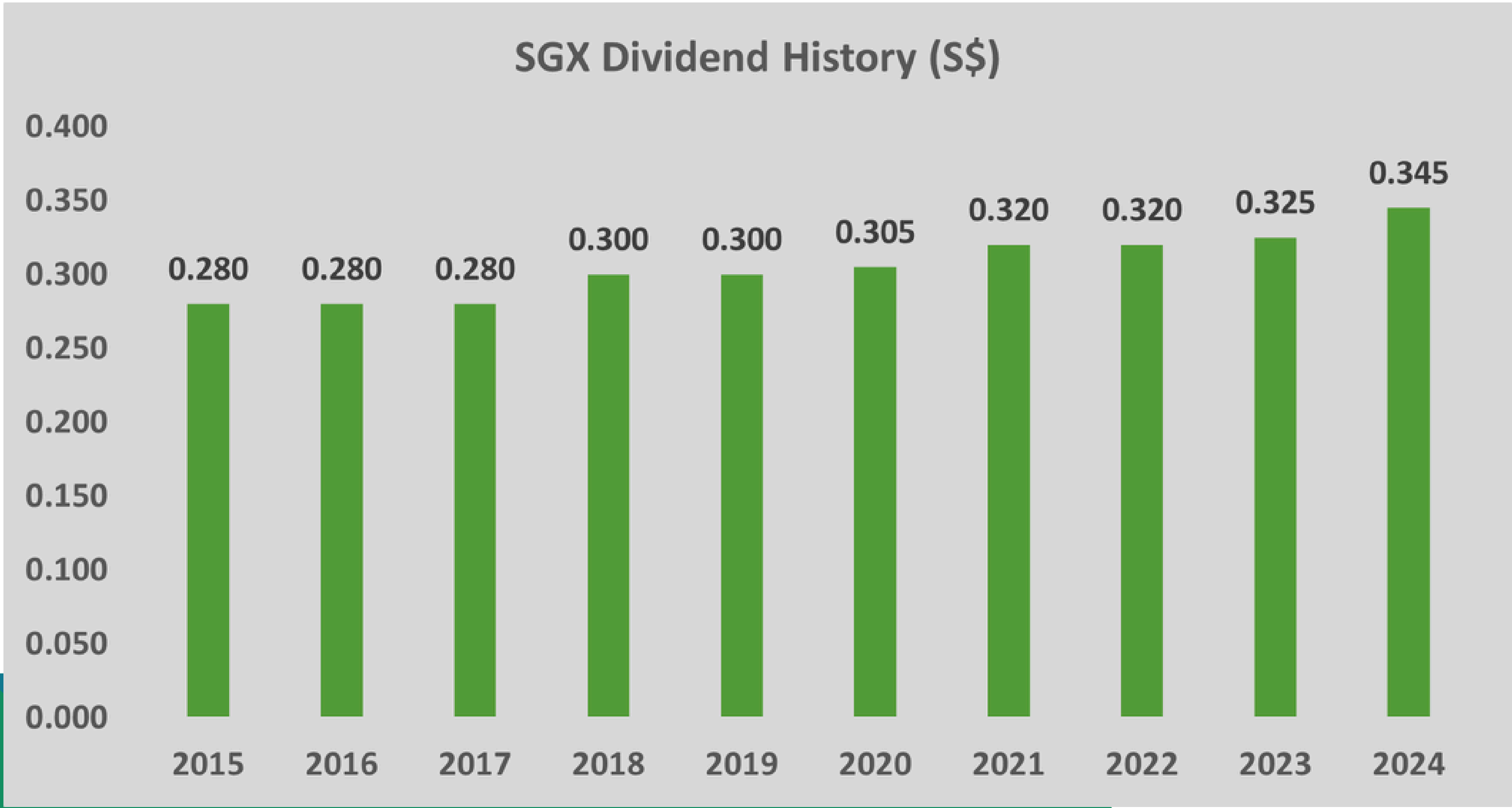
With the new president's policies being inflationary, there is a chance that interest rates may not come down as quickly as expected, thus allowing DBS to maintain its net interest margin.

Singapore Exchange Limited (SGX: S68)

Singapore Exchange Limited, or SGX, is Singapore's sole stock exchange operator.

The group enjoys a natural monopoly as the only bourse operator in the country and also operates a platform for the buying and selling of a wide variety of securities such as equities, bonds, and derivatives.

SGX has a solid track record of dividend payments stretching more than 20 years, and you can see its track record in full display for the past decade in the chart below.



Source: SGX's Dividends Page

Note: SGX has a 30 June fiscal year-end.

From the above, you can see that the bourse operator has been steadily increasing its annual dividend from S$0.28 in fiscal 2015 (FY2015) to S$0.345 in FY2024.

Notably, SGX's dividend continued increasing throughout the pandemic, rising from S$0.32 in FY2020 to S$0.345 in FY2024.

SGX paid a quarterly dividend of S$0.09 per share in 4Q FY2024, implying that its annualised dividend will be S$0.36 for FY2025.

Based on SGX's share price of S$11.41, the stock exchange operator offers a forward dividend yield of 3.2%.

The robust results can be attributed to the success of SGX's multi-asset strategy which offers investors a wide slate of securities to invest in and manage their portfolios.

The company's foreign exchange (FX) franchise has also grown by leaps and bounds over the years. For context, its over-the-counter (OTC) FX average daily volume (ADV) has shot up from US$59 billion back in FY2021 to US$111 billion in FY2024.

Elsewhere, commodities volume on SGX more than doubled over the same period with SGX's iron ore and freight contracts seeing healthy volume increases.

In October 2024, SGX also improved access to Hong Kong stocks through the introduction of Hong Kong Singapore Depository Receipts (SDRs).

These SDRs offer an efficient and fuss-free method for investors to gain exposure to five Hong Kong blue-chip stocks such as Tencent (SGX: HTCD) and the Bank of China (SGX: HBND) at lower lot sizes.

In the medium term, management aims to grow group revenue by between 6% to 8% per annum. The company is also targeting a mid-single-digit percentage growth for its dividends per share.

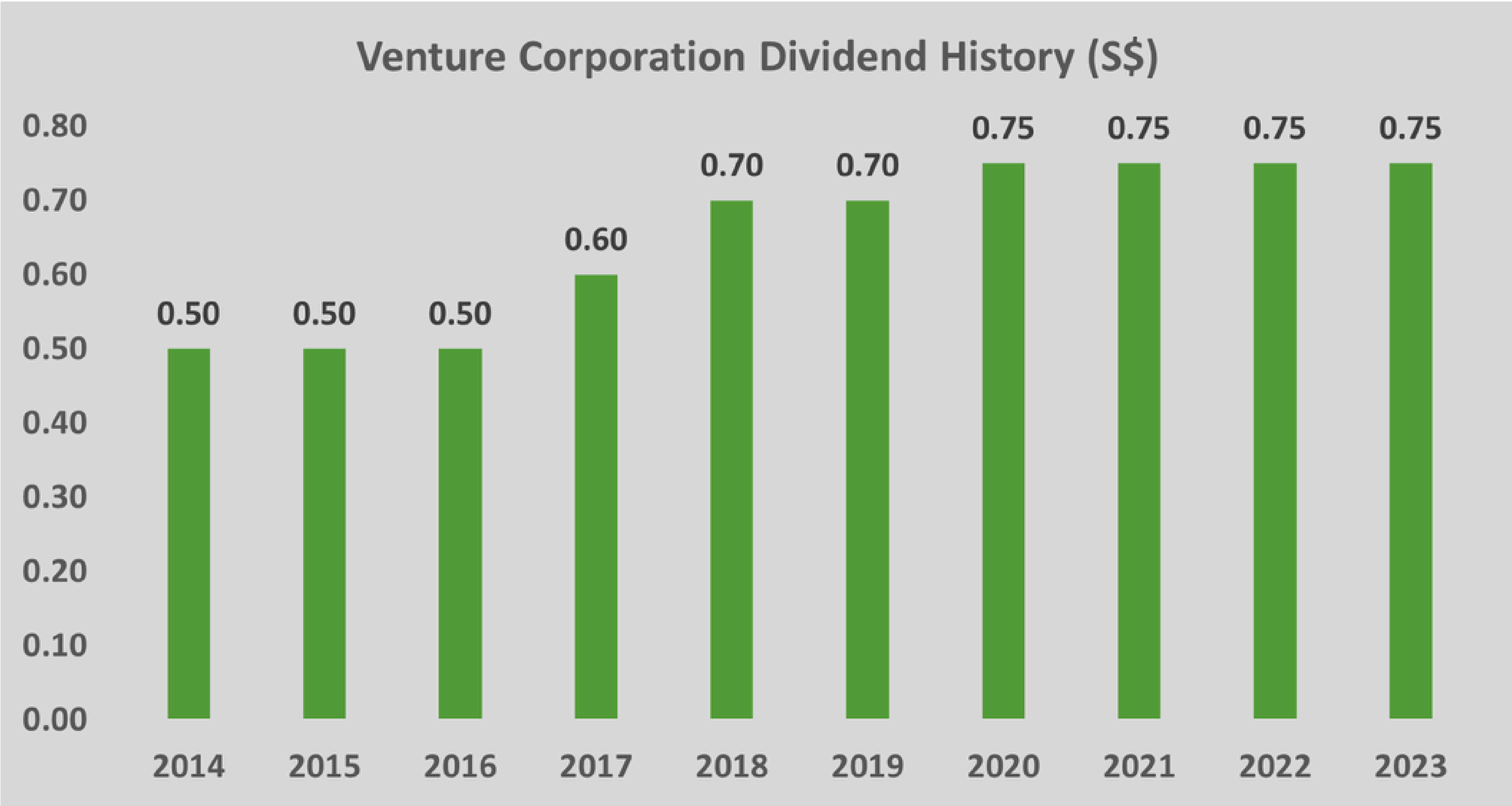
Venture Corporation (SGX: V03)

Venture Corporation started as an electronic service provider back in 1989 and has morphed into a leading provider of technology products, services, and solutions today.

Currently, the group supplies components to key sectors such as life sciences, genomics, healthcare, luxury lifestyle, network and communications, and computing.

As a business, Venture is subject to the cyclical nature of the semiconductor industry which causes its revenue and profits to fluctuate sharply as the cycle waxes and wanes.

However, the group's dividend payments have remained consistent despite this volatility, as evidenced on the next page.



Source: Venture Corporation's Annual Reports

Venture started off paying S$0.50 per share in dividends back in 2014 and steadily increased this to S$0.60 in 2017, S$0.70 in 2018, and then to S$0.75 in 2020.

More importantly, the technology products supplier managed to keep its annual dividend constant throughout the pandemic, a sign of its resilience. This consistency alludes to the group's financial strength and demonstrates the breadth of its customer base which allowed it to mitigate the worst of the slump.

For the first half of 2024 (1H 2024), Venture also kept its interim dividend constant year on year at S$0.25, putting the group on track for a similar dividend level (i.e. S$0.75) for 2024.

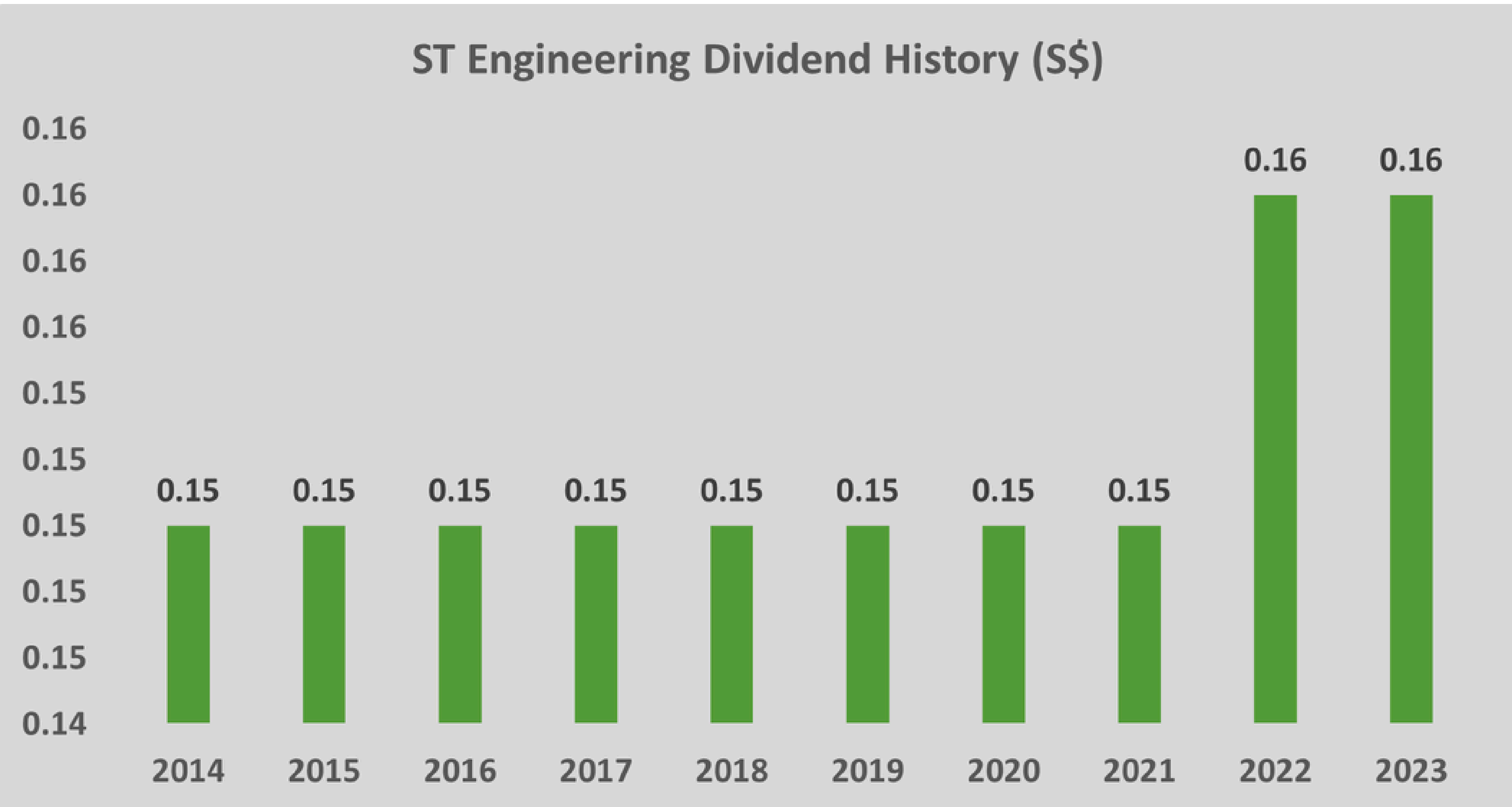
The company is pursing multiple initiatives to grow its topline. The group is onboarding new customers, introducing new products and supporting its customers who face geopolitical risks. Elsewhere, Venture continues to expand its capabilities in different technology domains to garner more customers.

Singapore Technologies Engineering (SGX: S63)

Singapore Technologies Engineering, or STE, is an engineering, defence, and technology firm serving customers in more than 100 countries.

The group's customers span the aerospace, smart city, defence, and public security sectors.

STE is one of the most consistent dividend payers in the blue-chip space, as demonstrated in the chart below.



Source: ST Engineering's Annual Reports

The engineering group has kept its annual dividend constant at S$0.15 per share from 2014 to 2021.

During the pandemic, STE managed to raise its annual dividend to S$0.16 in 2022, broken up into quarterly payments of S$0.04 each

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For 1H 2024, a total dividend of S$0.08 was paid out, putting STE on track to maintain a S$0.16 total dividend for 2024.

At the time of writing, the group had an outstanding order book of S$27.9 billion as of 30 June 2024. This order book was higher than the S$27.4 billion reported at the end of 2023 and S$19.3 billion at the end of 2021.

Translation: there could be better days ahead.

STE's order book has steadily headed higher over the years through acquisitions and organic growth.

The group acquired TransCore in 2022 for US$2.68 billion, helping it obtain a suite of high-performance, RFID-based rail products that can be used in passenger and wayside rail applications.

STE also purchased nacelle-maker MRAS in 2019 for US$360 million, enabling the group to move up the value chain by becoming an aerospace original equipment manufacturer.

CEO Vincent Chong has ambitious plans for STE as the group recently refreshed its five-year targets for 2022 to 2026. The engineering giant is aiming to deliver over S$11 billion in revenue by 2026. Should revenue and earnings grow, there is a high chance that STE can increase its dividends beyond the S$0.16 that it is paying out right now.

Singtel (SGX: Z74)

Singtel is Singapore's largest telecommunication company.

The group provides a portfolio of services ranging from mobile, broadband, 5G, infotainment, and technology services to consumers and businesses. In recent times, the telco has undergone a strategic reset which has seen the business reinvigorate its core services by squeezing out cost synergies.

In addition, Singtel also embarked on a capital recycling initiative to unlock value and reallocate capital to higher-yielding investments.

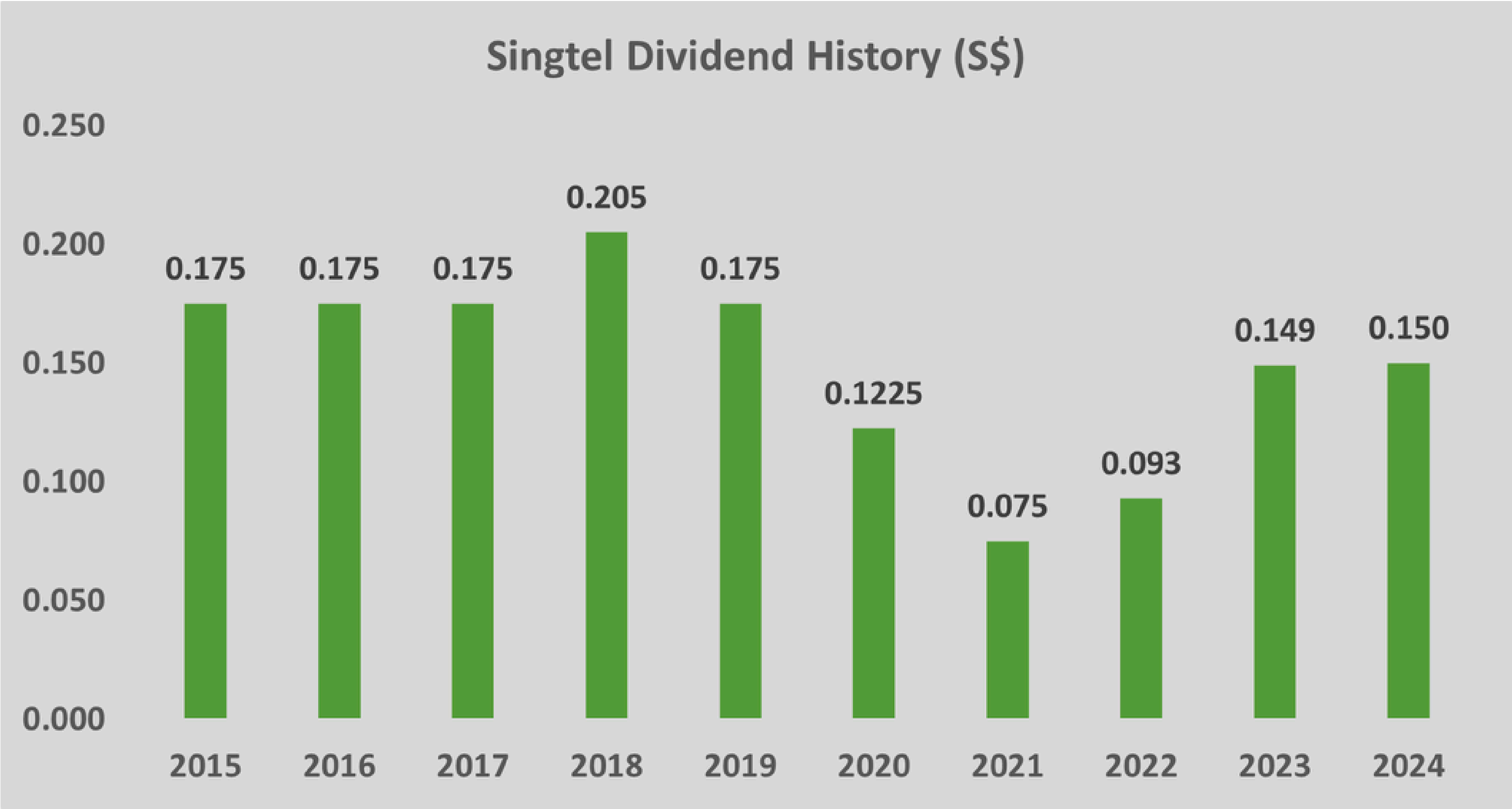
Thus far, the telco has recycled up to S$8 billion of assets. The recycled capital has also been reinvested into new initiatives such as Nxera to grow its data centre presence.

Nxera is a sustainable data centre platform serving the digitalisation and cloud adoption trend in the region.

Because of this asset recycling, Singtel can now pay out a new value realisation dividend (VRD) of between S$0.03 to S$0.06 annually. This dividend, which will be embedded into its revised dividend policy, is in addition to its core dividend derived from 70% to 90% of its underlying net profit.

How has its dividend fared since its strategic reset in FY2021?

Singtel's dividend has been on an uptrend as shown on the next page.



Source: Singtel's Annual Reports

After hitting a 10-year low of S$0.075 in FY2021, Singtel's annual dividend rose to S$0.093 in FY2022 and then to S$0.149 in FY2023 (note: this fiscal year includes a S$0.05 special dividend).

FY2024 saw the payment of the telco's first VRD of S$0.038 and investors can look forward to more of such payments in future fiscal years.

In addition, Singtel has also been generous with special dividends over the years. It paid out a S$0.10 special dividend in FY2011, S$0.03 in FY2018 and S$0.05 in FY2023.

In FY2024, the telco introduced ST28, a new growth plan designed to enhance customer experiences and deliver more value to shareholders.

This bold plan has two key pillars – lifting its business performance, and employing smart capital management.

Some initiatives include reaping more synergies from the integration of its consumer and enterprise businesses of Singtel Singapore and Optus, as well as expanding its operational data centre capacity from the current 62 MW to over 155 MW.

Product offerings will be simplified and Singtel will be looking to tap on the artificial intelligence (AI) wave to build third-generation, AI-ready data centres in Singapore, Indonesia, and Thailand.

Meanwhile, Singtel has also earmarked an additional ~S$6 billion of assets for recycling, where these proceeds will be allocated to growth opportunities and possible debt repayment.

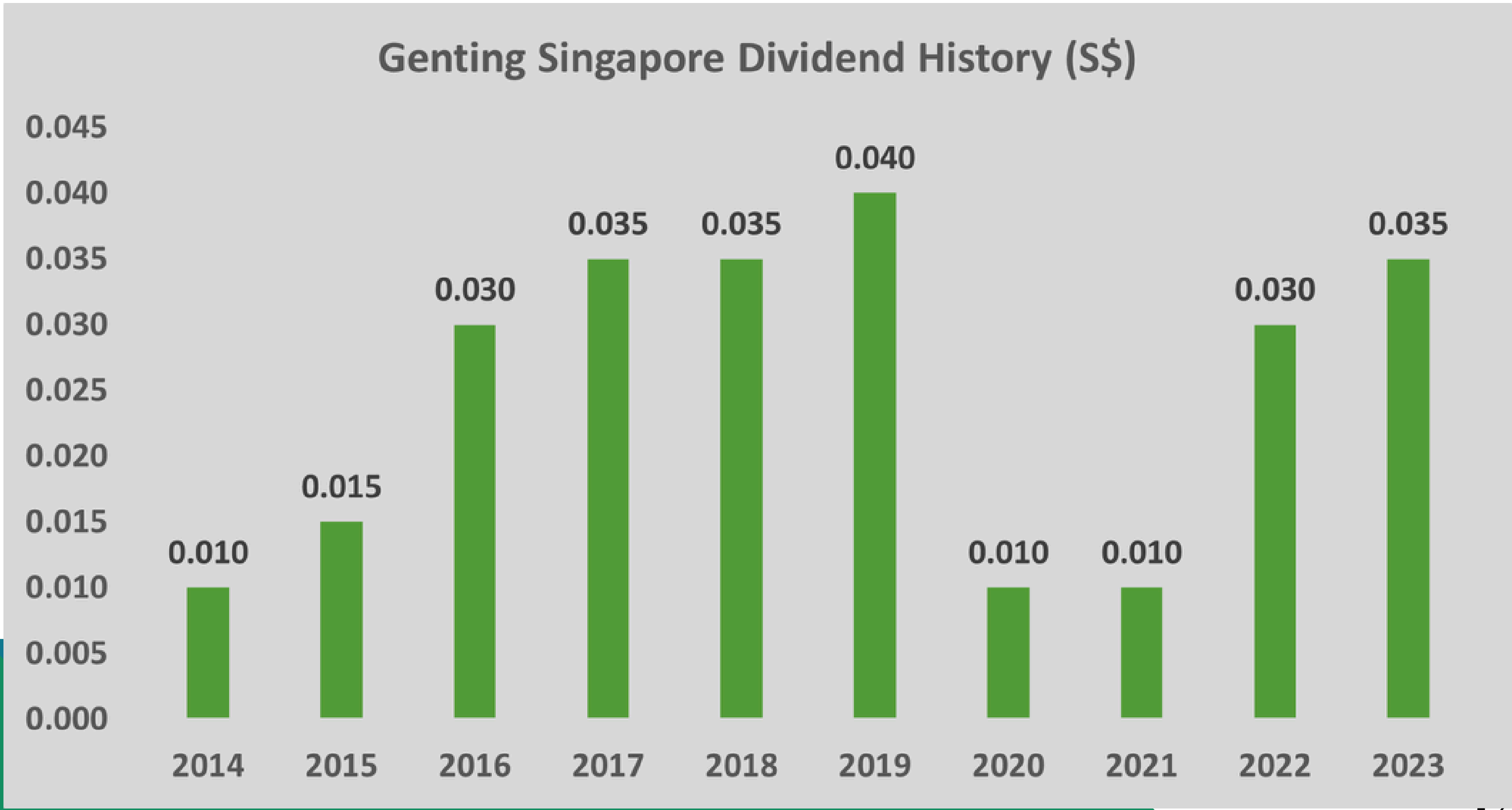
Genting Singapore (SGX: G13)

GENTING SINGAPORE

Genting Singapore is the owner and operator of the popular integrated resort (IR) at Resorts World Sentosa (RWS).

The IR spans 49 hectares and boasts a casino, one of the world's largest aquariums (S.E.A. Aquarium), a Universal Studios Singapore (USS) theme park, and six hotels with more than 1,600 hotel rooms. In addition, the IR also has a plethora of dining, retail, and entertainment options catering to both locals and tourists.

Genting Singapore's dividend track record can be seen in the chart below.



Source: Genting Singapore's Annual Reports

The IR operator was steadily increasing its annual dividend from 2014 to 2019 before it was hit by the COVID-19 pandemic.

Despite a brutal pandemic, the tourist-dependent business managed to pay an annual dividend of S$0.01 per share for 2020 and 2021.

Once borders reopened and tourists resumed travel, the pent-up demand for holidays enabled Genting Singapore to triple its dividend in 2022 and raise it further in 2023.

There are signs that the dividend could be raised for 2025.

In 1H 2024, an interim dividend of S$0.02 was declared and paid, a step up from the S$0.015 interim dividend paid out last year.

As visitor numbers head higher and reach pre-pandemic levels, Genting Singapore is in a good position to restore its dividend to 2019 levels.

The IR operator continues to refresh and rejuvenate existing offerings.

During the second half of 2024, RWS will rolling out four global intellectual property partnerships. Popular brands include Mega Minions from Illumination's Despicable Me 4 at USS and Genshin Impact at S.E.A. Aquarium.

RWS is also getting a makeover termed "RWS 2.0". The new Singapore Oceanarium and the development of the Central Lifestyle Corridor are proceeding well and are on track for a soft opening in early 2025. Also coming up is an all-suite hotel that will replace Hard Rock Hotel.

Elsewhere, a new Waterfront development by the company will include two new luxury hotels with 700 rooms which are expected to begin construction in November 2024.

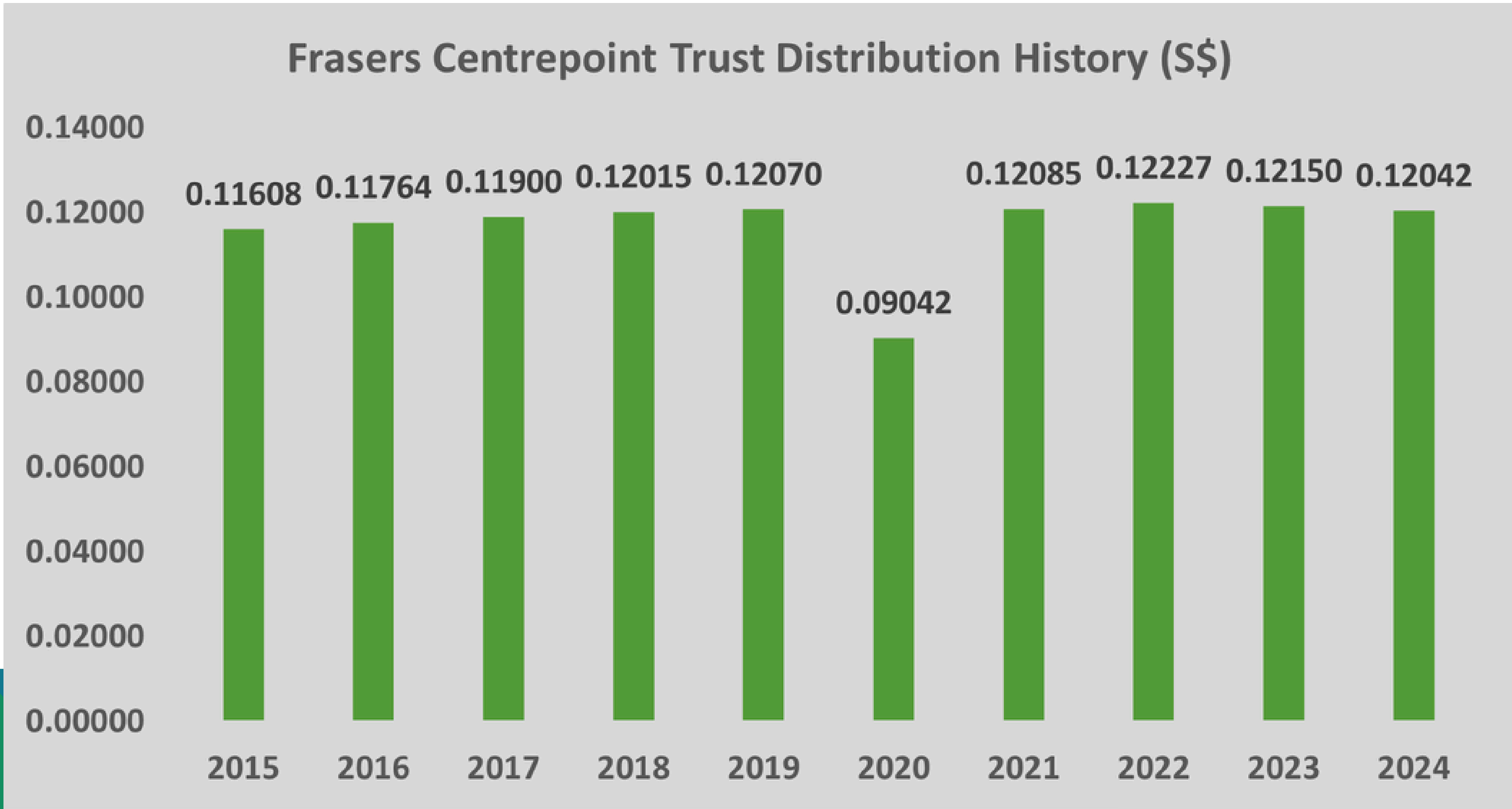
With exciting new attractions and new luxury accommodations set to open in 2025, RWS 2.0 promises to draw in more crowds and lift Genting Singapore's revenue and profits higher.

Frasers Centrepoint Trust (SGX: J69U)

Frasers Centrepoint Trust, or FCT, is a retail REIT with a portfolio of nine retail malls and an office building.

These malls are located in the heartlands and include familiar names such as Causeway Point, Tampines 1, and NEX. In total, the retail portfolio has around 2.7 million square feet of net lettable area with an assets value of around S$7.1 billion. FCT's malls are located within the heartlands and enjoy high levels of footfall with people shopping for food and groceries.

The REIT has been a solid payer of distributions over the years as can be seen below.



Source: FCT's Annual Reports

Distribution per unit (DPU) was steadily rising up till FY2019 (note: the REIT has a 30 September fiscal year end) when DPU hovered around S$0.1207.

With the onset of the pandemic, the DPU was slashed drastically to just S$0.09042 as malls became ghost towns.

What's impressive is FCT's rapid recovery in FY2021 when DPU jumped to S$0.12085, higher than pre-pandemic levels.

Since then, DPU has hovered around the S$0.12 level as it was affected by the divestment of Changi City Point (in October 2023) and higher finance costs due to higher interest rates.

The REIT's Tampines 1 Mall also contributed less rental income as it was going through an extensive asset enhancement initiative (AEI).

FCT's manager made an interesting move back in March 2019 to acquire a 17.1% stake in PGIM Real Estate AsiaRetail Fund. The fund owns and manages six retail malls – Tiong Bahru Plaza, White Sands, Liang Court, Hougang Mall, Century Square, and Tampines 1, along with an office building Central Plaza.

Subsequently, FCT increased its stake to 36.9% in June 2020 and ended up acquiring the remaining 63.1% stake in September 2020.

In one fell swoop, the manager added diversity to FCT's portfolio and helped to buffer its DPU when the pandemic swept in.

FCT carried out an AEI on Tampines 1 Mall which concluded in August 2024. The AEI created more than 9,000 square feet of net lettable area (NLA) with a return on investment (ROI) exceeding 8%.

Speaking of AEI, the REIT has announced a new initiative for Hougang Mall, which will commence in phases from 2Q 2025. The AEI will involve the increase in net lettable area from the current 16,000 square feet to 27,000 square feet and is expected to be completed by 3Q 2026.

FCT is targeting an ROI of around 7% from higher rents post-AEI.

GET SMART: THERE'S MORE TO CONSIDER

The seven stocks above all have one thing in common.

They have paid out consistent dividends for the past decade.

However, investors need to take other considerations into account when picking dividend-paying stocks.

Valuation

Track record may be one thing, but valuation is another factor.

Investors need to assess each company's valuation to determine if its shares are cheap, or expensive.

Valuation has a part to play in determining your overall long-term returns.

Future Outlook

Another consideration is the stock's future outlook.

Look for catalysts or sustainable trends that the business can latch onto to grow its revenue and profits.

If it can do so, then the business looks set to do well in the future.

Sustainability

Another factor investors need to take into account is the sustainability of the company's dividends.

A high dividend is a nice thing to have, but if the dividend is not sustainable, then you may be looking at lower or even negative returns in the years to come.

Beyond what we have discussed, there are still other consideration factors like the business outlook, industry outlook, and so much more.

From assessing valuation and future growth potential to evaluating dividend sustainability, each step adds a layer of complexity. For individual investors, this level of homework can be daunting.

That's where *The Smart Dividend Portfolio* comes in.

We've done the heavy lifting for you, compiling our research, and presenting to you our portfolio of 26 top Singapore dividend-paying stocks, each selected through a comprehensive, holistic analysis.

We show you how we invest, so you can learn how to build your own portfolio of dividend-paying stocks.

Ready to explore a smarter way to invest? Find out how *The Smart Dividend Portfolio* can help you reach your financial goals.

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