

# March 2023

**To:** Our Valued Investors

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**From:** CIO

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**Letter:** Managed Account,  
M02/2023/03

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**Date:** 6 March 2023

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**Re:** U-Turn.  
Anhui Conch Cement.  
Grinding success.  
Underperforming banks.  
S-Reits.  
Portfolio management.  
Portfolio performance.

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## Macro Outlook

The Fed is now signaling higher for longer interest rates. China is targeting 5% GDP growth vs 5.24% average forecast. The US 10-year to 2-year Treasury yield curve is more inverted than ever. The USD is starting to strengthen again. After a good run since Q4 last year, it is time to take some money off the table.

## Hunt for Quality Pays Off

One of our recent bottom-up picks, Civmec, starts to bear fruit. The Australia based engineering company has been grinding its track record since its IPO in 2014 and reporting strong numbers in 1H23. With a strong order book of \$1.2B and doubling its interim dividend to A\$0.02, share price has jumped from the \$0.50-0.60 region to \$0.73.

## Bargain Hunting Continues

We are now keeping our eyes on sectors that benefit from last year's decline in energy prices, and quality banks if the sell down continues.

## Conclusion

Until we get a clear trending market, we will tend to use funds (Unit Trusts or ETFs) for exposure into compelling countries or sectors to reduce turnover costs. In the meantime, we will still be bargain hunting in direct equities, guided by strong and improving balance sheet, and

attractive valuations. Though a negative month, most of our portfolios managed to outperform their respective benchmarks.

### Portfolios' Performance

Our reference indexes', and ETFs' performances in 2022:

iEdge S-Reit	- 4.7% (1M)	+ 2.0% (YTD)	-11.6% (12M)
STI	- 3.1% (1M)	+ 0.3% (YTD)	+ 0.6% (12M)
US 500	- 2.6% (1M)	+ 3.4% (YTD)	- 8.3% (12M)
Nas100	- 0.5% (1M)	+10.1% (YTD)	-13.0% (12M)
HK50	- 9.4% (1M)	+ 0.0% (YTD)	- 12.9% (12M)
SCI	+ 0.7% (1M)	+ 6.2% (YTD)	- 5.3% (12M)
JP225	+ 0.4% (1M)	+ 5.1% (YTD)	+ 3.5% (12M)
AU200	- 2.9% (1M)	+ 3.1% (YTD)	+ 2.3% (12M)
KLCI	- 2.1% (1M)	- 2.8% (YTD)	- 8.9% (12M)
SET50	- 2.8% (1M)	- 3.9% (YTD)	- 5.0% (12M)
VG TW Stock	- 3.2% (1M)	+ 4.2% (YTD)	-17.9% (12M)
VG TW Bond	- 2.34% (1M)	+ 0.4% (YTD)	-11.5% (12M)
VE Gold Mnr	-14.1% (1M)	- 4.0% (YTD)	-20.0% (12M)
VE JGold Mnr	-13.2% (1M)	- 5.2% (YTD)	-21.7% (12M)
SPDR Mat'l	- 3.3% (1M)	+ 5.3% (YTD)	- 1.9% (12M)
VG Energy	- 6.6% (1M)	- 3.9% (YTD)	+19.0% (12M)

Our holdings that gained/suffered more than 15% in February are:

Galway Metal	+118%	Medtecs	- 20%
Yenher	+18%	Am Silver	- 20%
Irving Res	- 16%	SKP	- 21%
Benchmark	- 17%	Prime US	- 23%
Keppel Pac Oak	- 17%	Buriram Sugar	- 21%
Samchem	- 19%	FYI Res	- 61%

### Our Portfolios – how we did

Your portfolio may not have the same numbers indicated, due to holding round lots. All performance numbers are net of all fees and transaction costs.

### (1) Phillip Singapore Equity Yield

Dividends came from AIMS APAC, Cap AREIT, First Reit, Keppel Pac Oak, ManuLife, Mapletree PAC, and Suntec.

We sold ManuLife.

Currently we have 16 holdings, and 16% in MMF.

Portfolio	- 1.3% (1M)	+ 4.4% (YTD)	- 5.6% (12M)
iEdge S-Reit	- 4.7% (1M)	+ 2.0% (YTD)	-11.6% (12M)
STI	- 3.1% (1M)	+ 0.3% (YTD)	+ 0.6% (12M)

### **(2) Phillip Asian Opportunities Equity**

Dividend came from Capland AREIT, Gree Elec, and CDLH.

We bought iShares FTSE CN.

Currently, we have 17 holdings: 40% in Singapore, 17% in China/HK, 9% in Australia/Japan/Korea; and, 34% in MMF.

Portfolio	- 1.7% (1M)	- 0.0% (YTD)	- 4.6% (12M)
STI	- 3.1% (1M)	+ 0.3% (YTD)	+ 0.6% (12M)
HK50	- 9.4% (1M)	+ 0.0% (YTD)	- 12.9% (12M)
SCI	+ 0.7% (1M)	+ 6.2% (YTD)	- 5.3% (12M)
JP225	+ 0.4% (1M)	+ 5.1% (YTD)	+ 3.5% (12M)
AU200	- 2.9% (1M)	+ 3.1% (YTD)	+ 2.3% (12M)

### **(3) Phillip Managed Singapore Equity**

Dividends came from AIMS APAC, ESR Logos, First Reit, Karin Tech, and Keppel Pac Oak.

Currently we have 17 holdings, and 13% in MMF.

Portfolio	- 2.2% (1M)	+ 7.7% (YTD)	- 12.9% (12M)
iEdge S-Reit	- 4.7% (1M)	+ 2.0% (YTD)	-11.6% (12M)
STI	- 3.1% (1M)	+ 0.3% (YTD)	+ 0.6% (12M)

This has the best since-inception record of +4.3% (annualized). Inception is April 2002.

### **(4) Phillip Blue Chip Equity Yield**

Dividends came from Capland AREIT, and CDLH.

We bought Anhui Conch Cement, and Pax Global.

Currently we have 13 holdings, and 21% in MMF. 47% is in Singapore.

Portfolio	- 3.0% (1M)	- 1.1% (YTD)	- 5.4% (12M)
STI	- 3.1% (1M)	+ 0.3% (YTD)	+ 0.6% (12M)
HK50	- 9.4% (1M)	+ 0.0% (YTD)	- 12.9% (12M)

#### **(5) Phillip Managed Gold & Resources Equity**

We received dividends from TLT.

We bought China Nonferrous Mining, and Zijin Mining; and, sold TLT.

Currently, we have 19 holdings: 27% in Precious Metals, 22% in Industrial Materials; 9% in Energy; 42% in MMF.

Portfolio	- 4.1% (1M)	+ 1.0% (YTD)	- 15.8% (12M)
VE Gold Mnr	-14.1% (1M)	- 4.0% (YTD)	-20.0% (12M)
VE JGold Mnr	-13.2% (1M)	- 5.2% (YTD)	-21.7% (12M)
SPDR Mat'l	- 3.3% (1M)	+ 5.3% (YTD)	- 1.9% (12M)
VG Energy	- 6.6% (1M)	- 3.9% (YTD)	+19.0% (12M)

#### **(6) Phillip Global Funds**

Dividends came from PineBridge APAC IG Bond, AIMS APAC, Capland AREIT, First Reit, and Keppel Pac Oak.

We sold JPM Corporate, and bought Aberdeen Malaysia UT.

Our portfolio has 14 holdings, and 9% in MMF. We have 28% fixed income, 24% in S-Reits, and equities in Gold, Vietnam, China, Malaysia and Thailand make up 39%.

Portfolio	- 2.9% (1M)	+ 1.3% (YTD)	- 3.9% (12M)
VG TW 70/30	- 2.9% (1M)	+ 3.1% (YTD)	-16.0% (12M)

#### **(7) Phillip Returns Enhancer (Bond UTs only)**

Dividends came from PineBridge APAC IG Bond, and JPM Corporate.

Our portfolio has 7 holdings, and 1% in MMF. We have 40% in investment grade, 30% in high yield, 15% in 3-7 year duration (steepener), and 13% in Pimco Real Return (TIPS).

Portfolio       - 1.5% (1M)    + 0.0% (YTD) - 1.4% (12M)

VG TW 70/30 - 2.9% (1M)    + 3.1% (YTD) -16.0% (12M)

#### **(8) Phillip SMART 1 Portfolio – Income**

Portfolio       - 0.7% (1M)    + 2.0% (YTD) - 4.3% (12M)

VG TW 40/60 - 2.7% (1M)    + 1.9% (YTD) -14.1% (12M)

#### **(9) Phillip SMART2 Portfolio – Income & Growth**

Portfolio       - 0.7% (1M)    + 1.6% (YTD) - 10.5% (12M)

VG TW 60/40 - 2.8% (1M)    + 2.7% (YTD) -15.3% (12M)

#### **(10) Phillip SMART3 Portfolio – Growth**

Portfolio       - 0.8% (1M)    + 1.4% (YTD) - 10.4% (12M)

VG TW 70/30 - 2.9% (1M)    + 3.1% (YTD) -16.0% (12M)

#### **(11) Phillip SMART US Equities Portfolio**

We are into our sixth month.

Portfolio       - 1.6% (1M)    - 4.2% (YTD) - 11.7% (6M)

US 500         - 2.6% (1M)    + 3.4% (YTD) + 3.0% (6M)

#### **(12) Phillip Hong Kong Focused Equity**

Portfolio       - 2.7% (1M)    + 3.3% (YTD) - 0.2% (12M)

HK50            - 9.4% (1M)    + 0.0% (YTD) - 12.9% (12M)

**(13)    Phillip Malaysia Focused Equity**

Portfolio       - 7.0% (1M)    - 7.4% (YTD) - 15.1% (12M)

KLCI            - 2.1% (1M)    - 2.8% (YTD) - 8.9% (12M)

**(14)    Phillip Thailand Focused Equity**

Portfolio       - 7.3% (1M)    - 2.9% (YTD) - 17.1% (12M)

SET50          - 2.8% (1M)    - 3.9% (YTD) - 5.0% (12M)

**Customised Portfolios**

Please contact your rep or portfolio managers if you need a review. If you don't, our BDs may contact you to ask if you will need a quarterly review.

If your portfolio has more than 20% MMF, please do not be alarmed. We are aiming to enter at low prices very soon.

**Thank you**

We are grateful for your trust, and continuing support. In these markets, we are also grateful for your patience in not rushing us to be fully invested. Our portfolios appear well-positioned, based on risks mentioned above.

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