April 2023

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2023/04
Date:	10 April 2023
Re:	Runs at big banks. Oil cut is bad for oil profits. CA – TL filters give shipping, coal, and oil companies. S-Reits. Portfolio management. Portfolio performance.

Suspicion about the banks' underperformance we had talked about in our previous letter was played out for all to see in the failure of SVB and Credit Suisse. We have selected 8 US regional banks, but will not buy yet as the problem has not been solved. Depositors' concern is not just about losing their deposits, but also the level of interest rates that they are getting. If big banks pay only 0.17% on deposits, these deposits will likely be moved to money market funds that pay much higher rates. Yes, future bank runs are likely to affect the big banks, too. How will it play out depends on the speed of depositors realizing that they are not getting a good deal. The speed at which SVB failed is because their depositors were corporate, and they moved almost together. Don't blame this on technology. If retail depositors now move, we can blame it on social media.

When this happens, the Fed will quickly lower rates.

The average of US Treasury 5Y and 10Y yields for 14-16 March was 3.638% (during bank run), last 3 days of March was 3.593%, and first 3 days of March was 4.1424%.

Additionally, in March and early April, scramble for T-bills as collateral appears to be taking place as during some days, these T-bills were bid at zero %.

Meanwhile, the US Treasury 10-year minus 5-year yield spread has reversed from the -0.29% (3/3/23) to -0.05% (4/4/23), after visiting the low of -0.36%. The steepening is a bad steepening by definition (pointing to a recession). However this spread ‘improvement’ may mean improving stock market performance of the Hang Seng, by correlation. USDHKD briefly traded to 7.852 on 15/3/23 needs watching.

Another event that stands out is the production oil cut. Crude oil prices reacted positively. This does not mean the oil companies will make more money because the supply cut is probably due to lower demand (coming recession?). Crude futures’ front two contracts are still in contango.

Sticking to our filter of current assets less total liabilities, we continue to find the gems in unloved sectors. Dividend yields above 20% are still available (not yet ex-) from the same filter. The beaten-down sectors are in shipping, and coal. We can discuss these only after we have bought.

We have to figure out if the same old logic can still be used to predict freight rates. Will a recession further lower freight rates? Or, has Covid-19 change fundamentals? Previously buying was organized, and done by limited central buyers of supermarkets, departmental stores, or even specialist stores. During the Covid-19 lockdowns, there emerged a buyer in each of us, who buy from Shopee, Lazada or Amazon. Has our buying “dis-organised” the supply chain? Many more trips, of lesser quantities per order.

S-Reits

iEdge S-Reit out-performed the STI on a monthly, YTD, and YoY basis.

Detractors are those in US office market, as funds default or as they try to re-negotiate terms with the banks.

Portfolio management

Until 2023 is no longer a ***Play-by-Ear*** year, we will tend to be interested in a certain country or commodity or sector by way of funds (UTs or ETFs) instead of direct equities. We consider transaction costs, and certainty of transaction as important. However, we will still substantially be in direct equities, guided by strong and improving balance sheet; and, available at a price that result in a low “breakeven” number of years.

Portfolios' Performance

Our reference indexes', and ETFs' performances:

iEdge S-Reit	+ 0.9% (1M)	+ 2.9% (YTD)	-14.0% (12M)
STI	- 0.1% (1M)	+ 0.2% (YTD)	- 4.9% (12M)
US 500	+ 3.5% (1M)	+ 7.0% (YTD)	- 9.3% (12M)
US Tech	+ 9.5% (1M)	+20.5% (YTD)	-11.2% (12M)
Hong Kong	+ 3.1% (1M)	+ 3.1% (YTD)	- 8.2% (12M)
Shanghai	- 0.2% (1M)	+ 5.9% (YTD)	+ 0.6% (12M)
Japan	+ 2.2% (1M)	+ 7.4% (YTD)	+ 0.0% (12M)
Australia	- 1.1% (1M)	+ 2.0% (YTD)	- 4.5% (12M)
Malaysia	- 2.2% (1M)	- 4.9% (YTD)	-10.4% (12M)
Thailand	+ 0.9% (1M)	- 3.1% (YTD)	- 4.7% (12M)
VG TW Stock	+ 2.5% (1M)	+ 6.8% (YTD)	- 9.1% (12M)
VG TW Bond	+ 2.4% (1M)	+ 2.9% (YTD)	- 6.9% (12M)
VE Gold Mn	+17.6% (1M)	+ 12.9% (YTD)	-15.6% (12M)
VE JGold Mn	+16.9% (1M)	+10.8% (YTD)	-15.7% (12M)
SPDR Mat	- 1.4% (1M)	+ 3.8% (YTD)	- 8.5% (12M)
VG Energy	- 2.0% (1M)	- 5.8% (YTD)	+ 6.7% (12M)

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

Irving Resources	+66%	Galway Metal	- 17%
Benchmark Metals	+34%		
Radisson	+32%		
Osisko Royalties	+21%		
Novo Resources	+16%		
Alibaba	+16%		

(1) Phillip Singapore Equity Yield

Dividends were received from many Reits holdings.

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

Portfolio	- 2.2% (1M)	+ 2.2% (YTD)	- 11.2% (12M)
iEdge S-Reit	+ 0.9% (1M)	+ 2.9% (YTD)	-14.0% (12M)
STI	- 0.1% (1M)	+ 0.2% (YTD)	- 4.9% (12M)

(2) Phillip Asian Opportunities Equity

Dividends were received from AREIT, and CLP Holdings.

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

Portfolio	+ 1.4% (1M)	+ 1.4% (YTD)	- 3.6% (12M)
STI	- 0.1% (1M)	+ 0.2% (YTD)	- 4.9% (12M)
Hong Kong	+ 3.1% (1M)	+ 3.1% (YTD)	- 8.2% (12M)
Shanghai	- 0.2% (1M)	+ 5.9% (YTD)	+ 0.6% (12M)
Japan	+ 2.2% (1M)	+ 7.4% (YTD)	+ 0.0% (12M)
Australia	- 1.1% (1M)	+ 2.0% (YTD)	- 4.5% (12M)

(3) Phillip Managed Singapore Equity

Dividends were received from several Reits and Karin Tech.

Currently we have 17 holdings, and 12% in MMF.

Portfolio	- 2.8% (1M)	- 0.0% (YTD)	- 9.9% (12M)
iEdge S-Reit	+ 0.9% (1M)	+ 2.9% (YTD)	-14.0% (12M)
STI	- 0.1% (1M)	+ 0.2% (YTD)	- 4.9% (12M)

(4) Phillip Blue Chip Equity Yield

Dividends were received from the Reits.

We sold China Feihe.

Currently we have 12 holdings, and 24% in MMF. 29% is not in Singapore.

Portfolio	- 1.1% (1M)	- 2.2% (YTD)	- 9.4% (12M)
STI	- 0.1% (1M)	+ 0.2% (YTD)	- 4.9% (12M)
Hong Kong	+ 3.1% (1M)	+ 3.1% (YTD)	- 8.2% (12M)

(5) Phillip Managed Gold & Resources Equity

We received dividends from Base Resources and Triple Flag.

Currently, we have 19 holdings: 29% in Precious Metals, 21% in Industrial Materials; 9% in Energy; 41% in MMF.

Portfolio	+ 2.4% (1M)	+ 1.7% (YTD)	-18.5% (12M)

VE Gold Mn	+17.6% (1M)	+12.9% (YTD)	- 15.6% (12M)
VE JGold Mn	+16.9% (1M)	+10.8% (YTD)	-15.7% (12M)
SPDR Mat	- 1.4% (1M)	+ 3.8% (YTD)	- 8.5% (12M)
VG Energy	- 2.0% (1M)	- 5.8% (YTD)	+ 6.7% (12M)

(6) Phillip Global Funds

Dividends were received from the Reit holdings.

Our portfolio has 12 holdings, and 23% in MMF. We have 28% fixed income, 23% in S-Reits, and equites in Gold, Vietnam, China, Malaysia and Thailand make up 26%.

Portfolio	- 0.9% (1M)	+ 0.4% (YTD)	- 6.8% (12M)
VG TW 70/30	+ 2.5% (1M)	+ 5.6% (YTD)	- 8.4% (12M)

(7) Phillip Returns Enhancer (Bond UTs only)

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

Our portfolio has 5 holdings, and 29% in MMF. We have 41% in investment grade, 15% in high yield, and 15% in 3-7 year duration (steepener).

Portfolio	+ 0.3% (1M)	+ 0.4% (YTD)	- 0.6% (12M)
VG TW Bond	+ 2.4% (1M)	+ 2.9% (YTD)	- 6.9% (12M)

(8) Phillip SMART 1 Portfolio – Income

Portfolio	- 1.3% (1M)	+ 0.8% (YTD)	- 7.2% (12M)
VG TW 40/60	+ 2.4% (1M)	+ 4.5% (YTD)	- 7.8% (12M)

(9) Phillip SMART2 Portfolio – Income & Growth

Portfolio	- 1.2% (1M)	+ 0.3% (YTD)	-14.6% (12M)
VG TW 60/40	+ 2.5% (1M)	+ 5.2% (YTD)	- 8.2% (12M)

(10) Phillip SMART3 Portfolio – Growth

Portfolio	- 1.5% (1M)	- 0.1% (YTD)	-15.4% (12M)
VG TW 70/30	+ 2.5% (1M)	+ 5.6% (YTD)	- 8.4% (12M)

(11) Phillip SMART US Equities Portfolio

We are into our seventh month.

Portfolio	- 3.6% (1M)	- 7.6% (YTD)	-15.7% (7M)
US 500	+ 3.5% (1M)	+ 7.0% (YTD)	+ 3.9% (7M)

(12) Phillip Hong Kong Focused Equity

Portfolio	+ 0.0% (1M)	+ 0.8% (YTD)	- 0.2% (12M)
Hong Kong	+ 3.1% (1M)	+ 3.1% (YTD)	- 8.2% (12M)

(13) Phillip Malaysia Focused Equity

Portfolio	- 0.9% (1M)	- 3.7% (YTD)	-15.5% (12M)
Malaysia	- 2.2% (1M)	- 4.9% (YTD)	-10.4% (12M)

(14) Phillip Thailand Focused Equity

Portfolio	- 2.6% (1M)	- 9.8% (YTD)	-17.8% (12M)
Thailand	+ 0.9% (1M)	- 3.1% (YTD)	- 4.7% (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. Our portfolios will start to benefit more when rates fall.

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www.phillip.com.sg/managedaccounts | +65 6531 1555 |
MAenquiries@phillip.com.sg