Slow Bull

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2023/05
Date:	8 May 2023
Re:	Slow markets in April. No liquidity crunch. Like Japan. Start to like China. Steepener trade. Like Hong Kong. Like technology. Portfolio management. Portfolio performance.

Despite bank runs, US commercial real estate woes, weakening economics, and war tensions – the USD has not strengthened. Stock markets hardly moved in April, except for India (+3.6%), Japan (+2.9%), and Thailand (-5.3%). YTD, Singapore, Hong Kong and Australia have given back the gains. YTD, good performers (>10%) are US technology, Japan, and gold miners. YTD, positive performers (>7%) are US or Global big caps, and China. Can we interpret this as little fear of a liquidity crunch? YTD, VIX's high is lower than highs in 2022. YTD, MOVE hit an all-time high of 180 (since inception) on March 15, and has moved lower to 130.

Consensus is recession (lay-offs, wage freezes, oil joining the weak materials), weakening inflation, and the Fed pausing. There are some bets against Treasuries. Yet, equities do not sing the same tune. Is passive investing of US pension money the reason? Or, is there improving liquidity in the global financing system (expanding collateral multiple)? Will liquidity overwhelm a negative market on recession? Doesn't liquidity reward technology and gold? After 2022, we have learned to expect the unexpected - like a bull stock market in a recession.

We will be buying some Japan stocks because of its cheapness, and the Exchange advocating companies adopt capital improvement plans. Our search in Japan revealed numerous companies with P/B < 1. There were also companies with cash less than market cap.

Chinese tourists have only started to come out, or moved freely in China. This should be beneficial to some Chinese companies that have implemented growth plans to make use of the explosive profits they made in 2022. We think the reopening theme may have delayed gratification. Yes, we continue with our interest in China.

The US Treasury 10-year minus 5-year yield spread is now positive! For 4 May, 5 May … our yield-steepener ETF should benefit.

USDHKD is now 7.848, after some HKMA buying last week. They should have given away free air-tickets to Hong Kong, like in February. That was more effective of a forex 'control'. We stay interested in Hong Kong, for a cheaper version of China stocks.

We will be buying technology, another beneficiary of liquidity. However, we are still struggling to accept high valuations. Habits die hard. We look to Japan, China, and Hong Kong for the value buys.

We are disappointed with social media's role in moving money out of bank deposits into MMF in April. We will postpone our purchase from the selected 8 US regional banks (none is mentioned in any negative media report) for another month to accommodate a slower social media.

Last month, we thought weaker demand of oil was the reason for OPEC's supply cut. It turned out to be so, as crude crashed 10% over 3 days last week. Crude futures' is no longer in contango. But natural gas futures is still so.

Both S-Reits (-0.4%) and Singapore (+0.4%) hardly changed in April. The Fed meeting was therefore a non-event, even though US Treasury 10-year yield lost 0.038% over April.

Higher ABSD introduced from April 27 brought down share prices of property developers/agents. We are not sure if there will be more demand-dampening measures, but we see (as alternatives) a few Singapore stocks with improving fundamentals – e.g. corporate action at Keppel that may see it being valued more positively, Yangzijiang Shipbuilding's upping its order- win target to US$3 B, and First Resources' ideal upstream assets' age.

Portfolio management

The eventful 2023, so far, is supported by uneventful price changes. We see positive liquidity outcomes that may feed into the markets (equities and bonds). Being value-conscious, we will still be overweight value stocks. Our bond exposure will be for capital gain instead of income.

Portfolios' Performance

Our reference country/sector performances:

S-Reit	- 0.4% (1M)	+ 2.5% (YTD)	-12.9% (12M)
Singapore	+ 0.4% (1M)	+ 0.6% (YTD)	- 2.6% (12M)
US Big	+ 1.5% (1M)	+ 8.6% (YTD)	+ 0.9% (12M)
US Tech	+ 0.5% (1M)	+21.1% (YTD)	+ 3.0% (12M)
Hong Kong	- 2.5% (1M)	+ 0.6% (YTD)	- 5.7% (12M)
Shanghai	+ 1.5% (1M)	+ 7.6% (YTD)	+11.7% (12M)
Japan	+ 2.9% (1M)	+10.6% (YTD)	+ 7.5% (12M)
Australia	- 0.4% (1M)	+ 1.6% (YTD)	+ 0.2% (12M)
India	+ 3.6% (1M)	+ 0.4% (YTD)	+ 6.2% (12M)
Malaysia	- 0.5% (1M)	- 5.3% (YTD)	-11.5% (12M)
Thailand	- 5.3% (1M)	- 8.2% (YTD)	- 6.2% (12M)
Global Stock	+ 1.4% (1M)	+ 8.4% (YTD)	+ 0.3% (12M)
Global Bond	+ 0.2% (1M)	+ 3.1% (YTD)	- 3.2% (12M)
Gold Miners	+ 3.8% (1M)	+17.2% (YTD)	- 4.0% (12M)
Materials	- 0.1% (1M)	+ 3.7% (YTD)	- 5.3% (12M)
Energy	+ 2.4% (1M)	- 3.6% (YTD)	+11.1% (12M)

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

FYI Resources	+42%	Benchmark	-19%
Polymetal	+23%	Kodiak	-21%
Novo Res	- 17%	Carabao	-25%
Alibaba	-18%	Almaden	-37%

(1) Phillip Singapore Equity Yield

Dividends were received from Civmec.

Currently we have 17 holdings, and 11% in MMF. We bought First Resources.

Portfolio	- 0.1% (1M)	+ 2.1% (YTD)	- 10.9% (12M)
S-Reit	- 0.4% (1M)	+ 2.5% (YTD)	-12.9% (12M)
Singapore	+ 0.4% (1M)	+ 0.6% (YTD)	- 2.6% (12M)

(2) Phillip Asian Opportunities Equity

Dividends were received from HSBC.

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

Portfolio	+ 0.2% (1M)	+ 1.5% (YTD)	- 4.0% (12M)

Singapore	+ 0.4% (1M)	+ 0.6% (YTD)	- 2.6% (12M)
Hong Kong	- 2.5% (1M)	+ 0.6% (YTD)	- 5.7% (12M)
Shanghai	+ 1.5% (1M)	+ 7.6% (YTD)	+11.7% (12M)
Japan	+ 2.9% (1M)	+10.6% (YTD)	+ 7.5% (12M)
Australia	- 0.4% (1M)	+ 1.6% (YTD)	+ 0.2% (12M)

(3) Phillip Managed Singapore Equity

Dividends were received from Civmec, and ESR Logos.

Currently we have 18 holdings, and 6% in MMF.

Portfolio	+ 0.3% (1M)	+ 0.3% (YTD)	- 9.4% (12M)

S-Reit	- 0.4% (1M)	+ 2.5% (YTD)	-12.9% (12M)
Singapore	+ 0.4% (1M)	+ 0.6% (YTD)	- 2.6% (12M)

(4) Phillip Blue Chip Equity Yield

Currently we have 12 holdings, and 21% in MMF. 29% is not in Singapore. We bought YZJ Shipping and First Resources. We sold CDL and UOL.

Portfolio	+ 0.3% (1M)	- 1.9% (YTD)	- 9.6% (12M)

Singapore	+ 0.4% (1M)	+ 0.6% (YTD)	- 2.6% (12M)
S-Reit	- 0.4% (1M)	+ 2.5% (YTD)	-12.9% (12M)
Hong Kong	- 2.5% (1M)	+ 0.6% (YTD)	- 5.7% (12M)

(5) Phillip Managed Gold & Resources Equity

Dividends were received from Labrador IOR.

Currently, we have 21 holdings: 31% in Precious Metals, 21% in Industrial Materials; 9% in Energy; 40% in MMF.

Portfolio	- 0.7% (1M)	+ 1.0% (YTD)	-14.8% (12M)

Gold Miners	+ 3.8% (1M)	+17.2% (YTD)	- 4.0% (12M)

Materials	- 0.1% (1M)	+ 3.7% (YTD)	- 5.3% (12M)
Energy	+ 2.4% (1M)	- 3.6% (YTD)	+11.1% (12M)

(6) Phillip Global Funds

Dividends were received from the PineBridge AP IG.

Our portfolio has 12 holdings, and 25% in MMF. We bought Japan Small-Cap, and sold Threadneedle EM. We have 17% fixed income, 23% in S-Reits, and equites in Gold, Vietnam, China, Malaysia and Japan make up 34%.

Portfolio	+ 0.5% (1M)	+ 0.8% (YTD)	- 1.7% (12M)
Global 70/30	+ 1.0% (1M)	+ 6.8% (YTD)	– 0.8% (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 bought PineBridge Singapore, and sold Threadneedle EM. We have 56% in investment grade, and 15% in 3-7 year.

Portfolio	+ 0.9% (1M)	+ 1.3% (YTD)	+ 1.1% (12M)
Global Bond	+ 0.2% (1M)	+ 3.1% (YTD)	- 3.2% (12M)

(8) Phillip SMART 1 Portfolio – Income

Portfolio	+ 1.1% (1M)	+ 2.3% (YTD)	- 2.1% (12M)
Global 40/60	+ 0.7% (1M)	+ 5.2% (YTD)	- 1.8% (12M)

(9) Phillip SMART2 Portfolio – Income & Growth

Portfolio	+ 0.8% (1M)	+ 1.1% (YTD)	- 8.0% (12M)
Global 60/40	+ 0.9% (1M)	+ 6.3% (YTD)	- 1.1% (12M)

(10) Phillip SMART3 Portfolio – Growth

Portfolio	+ 0.4% (1M)	+ 0.3% (YTD)	- 8.3% (12M)
Global 70/30	+ 1.0% (1M)	+ 6.8% (YTD)	- 0.8% (12M)

(11) Phillip SMART US Equities Portfolio

We are into our eighth month.

Portfolio	- 4.0% (1M)	- 11.3% (YTD)	-27.8% (8M)
US Big	+ 1.5% (1M)	+ 8.6% (YTD)	+ 8.4% (8M)

(12) Phillip Hong Kong Focused Equity

Portfolio	+ 0.8% (1M)	+ 4.2% (YTD)	+ 2.3% (12M)
Hong Kong	- 2.5% (1M)	+ 0.6% (YTD)	- 5.7% (12M)

(13) Phillip Malaysia Focused Equity

Portfolio	- 0.8% (1M)	- 4.5% (YTD)	-14.4% (12M)
Malaysia	- 0.5% (1M)	- 5.3% (YTD)	-11.5% (12M)

(14) Phillip Thailand Focused Equity

Portfolio	- 2.7% (1M)	- 12.2% (YTD)	-19.5% (12M)
Thailand	- 5.3% (1M)	- 8.2% (YTD)	- 6.2% (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 30% MMF, please do not be alarmed. We are aiming to enter at low prices **now**.

Thank you

We are grateful for your trust, and continuing support. Our portfolios will start to benefit more when rates fall.