Liquidity recovering

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2023/11
Date:	8 November 2023
Re:	S-Reits' opportunity used, as yields eased. MOVE and USD retreated. Fixed income to target capital gain. Global Growth Leaders star 1M YTD 12M! HK lost. Singapore lost less. Small-caps in Singapore perform. Yields, energy bring down GFM/Resources. Asia is down or flat. All SMART portfolios underperformed.

There were opportunities in S-Reits, as mentioned last month. AIMS APAC traded between 131 and 118, which we used to exit.

There were 5 good days in November for yield stocks, as they rebounded strongly on the Fed's rate pause. Will there be more? We do not know.

Generally, global liquidity is improving since last October, but slowly. If a liquidity cycle lasts about 5-6 years, then we should be at the early stage of rebound. MOVE has retreated from 142 to 122. So, we have been buying. USD Index hit 107, and now is at 105.5.

In the most difficult asset class of the last 2 years – fixed income – we try for capital gain instead of income. The few opportunities can come in the form of MTBA, which starts trading now. In our Returns Enhancer portfolio (investing only in Fixed Income UTs), we have now 6 holdings, and 45% MMF. Short duration (Neuberger bottom-up approach), floating rates, convertibles, and mortgage income. We beat the reference index in all time frames (1M, YTD, 12M).

Another star performer is the Global Growth Leaders (investing according to the Rule of 40), also beat reference index in all time frames. Our Rep at Tai Seng branch pointed out that it even outperformed the Morningstar Moat ETF. He has convinced some AUM into this strategy but on a customized basis i.e. with 4x entries based on swing traders' timing (minimum S$250,000).

Last month's outperformer - Hong Kong portfolio – lost 4.2%. It still outperforms YTD, but lags in 1Y. Locked in half CGN Mining at 61% gains.

Singapore portfolios lost less than reference index due to lower banks' weight. Also, the smaller companies have continued to perform.

Other portfolio losses were due to exposure to yields and energy.

Asian Opportunities performed to par, with Singapore outperforming, and China, Japan underperforming.

There have been 5 consecutive weeks of positive foreign inflow into Japan stocks, but 1M reference index was down. Our holdings have a mixed performance, with the near-double sliding further but still +54%).

All our SMART 123 portfolios underperformed the reference indexes 1M due mainly to volatility in energy. This was mitigated by us cancelling the fixed income signals for most part. Only the 12M metric is positive for SMART 1 and 2. The losses of a few stocks in SMART US have recovered substantially in 5 days in November.

Our underperforming Thailand and Malaysia portfolios are due to their make-up of non-index stocks. These will usually catch up and outperform at a later part of the recovering cycle.

Portfolio management

We still see positive liquidity outcomes that may feed into the risk markets. We remain value-conscious in stocks. And, our bond exposure will be for capital gain instead of income.

Portfolios' Performance

Our <u>reference</u> country/sector performances (in SGD terms):

S-Reits	- 7.2% (1M)	-13.8% (YTD)	-10.6% (12M)
Singapore	- 4.7% (1M)	- 5.6% (YTD)	- 0.8% (12M)
US Big	- 1.9% (1M)	+11.5% (YTD)	+ 5.0% (12M)
US Tech	- 1.8% (1M)	+34.0% (YTD)	+23.0% (12M)
Hong Kong	- 2.9% (1M)	-12.5% (YTD)	+17.5% (12M)
Shanghai	- 1.5% (1M)	- 1.3% (YTD)	+ 3.8% (12M)
Japan	- 2.1% (1M)	+19.1% (YTD)	+ 12.8% (12M)
Australia	- 2.8% (1M)	- 2.7% (YTD)	- 0.2% (12M)
India	- 1.8% (1M)	+ 6.4% (YTD)	+ 6.9% (12M)
Malaysia	+ 2.2% (1M)	- 2.6% (YTD)	- 0.3% (12M)
Thailand	- 5.1% (1M)	-16.2% (YTD)	-13.1% (12M)
Global Stock	- 2.7% (1M)	+ 7.2% (YTD)	+ 4.5% (12M)
Global Bond	- 0.8% (1M)	+ 0.1% (YTD)	- 4.7% (12M)
Gold Miners	+ 4.3% (1M)	- 0.0% (YTD)	+12.6% (12M)
Materials	- 2.9% (1M)	+ 0.2% (YTD)	- 0.6% (12M)
Energy	- 5.1% (1M)	+ 1.1% (YTD)	- 8.1% (12M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	- 3.5% (1M)	- 5.9% (YTD)	- 6.4% (12M)
S-Reits	- 7.2% (1M)	-13.8% (YTD)	-10.6% (12M)
Singapore	- 4.7% (1M)	- 5.6% (YTD)	- 0.8% (12M)

Dividend was received from Hongkong Land. Compared to reference indexes we are better off for Month; slightly worse than Singapore but much better than S-Reits for YTD; and, worse than Singapore but better than S-Reits for 12M. Losses were more substantial in Hongkong Land, CSE Global, KORE, Prime US, UOB and YZJ Financial (sell-off on CEO resignation but has recovered in November); KORE and Prime US also recovered substantially in last 3 days.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	- 3.0% (1M)	- 6.3% (YTD)	- 3.6% (12M)
Singapore	- 4.7% (1M)	- 5.6% (YTD)	- 0.8% (12M)
Hong Kong	- 2.9% (1M)	-12.5% (YTD)	+17.5% (12M)
Shanghai	- 1.5% (1M)	- 1.3% (YTD)	+ 3.8% (12M)
Japan	- 2.1% (1M)	+19.1% (YTD)	+ 12.8% (12M)
Australia	- 2.8% (1M)	- 2.7% (YTD)	- 0.2% (12M)

Li Ning lost 27%. Most other losses ranged 5%-11%. Wuxi Biologics gained 6.5%. SK Hynix and Sony also gained.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	- 3.0% (1M)	- 8.2% (YTD)	- 7.0% (12M)
Singapore	- 4.7% (1M)	- 5.6% (YTD)	- 0.8% (12M)

Dividend was received from Hongkong Land. Portfolio is better (Month) and worse (YTD, 12M) than the reference index mainly due to less weightage in banks, and we have several performing small caps like Civmec, CSE, Food Empire, and Ley Choon. We have our share of losses of which IX, KORE, Valuemax, YZJ Financial are the more substantial ones. KORE and Financial have recovered substantially in November. We initiated Seatrium.

(4) Phillip Blue Chip Equity Yield (in SGD)

Portfolio	- 5.1% (1M)	- 7.1% (YTD)	- 4.5% (12M)
S-Reits	- 7.2% (1M)	-13.8% (YTD)	-10.6% (12M)
Singapore	- 4.7% (1M)	- 5.6% (YTD)	- 0.8% (12M)
Hong Kong	- 2.9% (1M)	-12.5% (YTD)	+17.5% (12M)

Losses were larger in UOB, the 2 YZJs (sell-off on Financial's CEO but have recovered in November), and several others of 5% each. Of the 3 periods, we are better than reference indexes of S-Reits and Hong Kong, but worse off in Singapore.

(5) Phillip Managed Gold & Resources Equity (in SGD)

Portfolio	- 5.8% (1M)	- 6.4% (YTD)	- 2.8% (12M)
Gold Miners	+ 4.3% (1M)	- 0.0% (YTD)	+12.6% (12M)
Materials	- 2.9% (1M)	+ 0.2% (YTD)	- 0.6% (12M)
Energy	- 5.1% (1M)	+ 1.1% (YTD)	- 8.1% (12M)

Dividends were received from Baytex (first-ever) and Labrador. We bought Journey, and added to Labrador. Losses were substantial in precious metals explorers. Gains came from Sugar. About 23% MMF will likely be invested in high dividend stocks.

(6) Phillip Global Funds (in SGD)

Portfolio	- 2.4% (1M)	- 4.8% (YTD)	- 4.6% (12M)
Global 70/30	- 2.1% (1M)	+ 5.1% (YTD)	+ 1.7% (12M)

Losses were across the board except for Franklin Gold. We bought Nikko Singapore, Natixis US Value, AB Mortgage, Pimco Real Return, and added to Eastspring Japan. We lagged the reference indexes (YTD, 12M) on our earlier US absence. The 10%-15% MMF will likely be deployed now.

(7) Phillip Returns Enhancer - Bond UTs (in SGD)

Portfolio	+ 0.1% (1M)	+ 1.4% (YTD)	+ 0.5% (12M)
Global Bond	- 0.8% (1M)	+ 0.1% (YTD)	- 4.7% (12M)

Outperformed the reference due to high MMF. Bought AB Mortgage, Pimco Real Return, Maybank Asian, Franklin Floating Rate, and added to Neuberger Short Duration. The 45-55% MMF will be deployed as yields have paused.

(8) Phillip SMART 1 Portfolio – Income (in SGD)

Portfolio	- 3.3% (1M)	- 0.6% (YTD)	+ 0.6% (12M)
Global 40/60	- 1.6% (1M)	+ 3.0% (YTD)	- 1.0% (12M)

(9) Phillip SMART2 Portfolio – Income & Growth (in S$)

Portfolio	- 4.1% (1M)	- 1.6% (YTD)	+ 0.1% (12M)
Global 60/40	- 1.9% (1M)	+ 4.4% (YTD)	+ 0.8% (12M)

(10) Phillip SMART3 Portfolio – Growth (in SGD)

Portfolio	- 4.5% (1M)	- 2.2% (YTD)	+ 0.9% (12M)
Global 70/30	- 2.1% (1M)	+ 5.1% (YTD)	+ 1.7% (12M)

SMART123 were mainly troubled by volatility in Energy sector. Elevated bond yields (UST 10Y hit 5% at one point, highest in 16 years). We did not follow the fixed income signals for part of October. Earlier periods, SMART123 lagged reference indexes due to few signals for the performing US Tech.

(11) Phillip SMART US Equities Portfolio (in SGD)

Portfolio	- 9.3% (1M)	- 13.7% (YTD)	-26.7% (12M)
US Big	- 1.9% (1M)	+11.5% (YTD)	+ 5.0% (12M)

Carvana, the subject of a short by hedge funds, lost 30% in Month. Quantumscape lost 20% and Carnival Corp lost 14%. US big caps, which mainly reported fairly good results escaped with just 2% loss. In a few November days, the losses were mostly reversed: 3 gained more than 20%, 4 gained 6% to 12%. In the earlier months, energy stocks suffered due to volatility across rebalancing periods.

(12) Phillip Hong Kong Focused Equity (in SGD)

Portfolio	- 4.2% (1M)	+ 0.1% (YTD)	+ 0.1% (12M)
Hong Kong	- 2.9% (1M)	- 12.5% (YTD)	+ 17.5% (12M)

Dividends were received from Fufeng and Tiande. Sold half of CGN for 61% profit, and all of BYD for 16% profit. Falls in CGN, Consun, Fufeng accounted for most of month's loss. YTD is way ahead of reference. 12M, most of portfolio did not jump like reference's components did. Will likely deploy all the 15% cash this month.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	- 2.3% (1M)	- 7.1% (YTD)	-11.2% (12M)
Malaysia	+ 2.2% (1M)	- 2.6% (YTD)	- 0.3% (12M)

SK Resources lost 21% in the Month. Other losses across the portfolio are small. Being small- and medium-cap, these did not move with the reference index, with Yenher being the exception.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio	- 3.7% (1M)	-28.6% (YTD)	-25.8% (12M)
Thailand	- 5.1% (1M)	-16.2% (YTD)	-13.1% (12M)

In the Month, the 3 Sugar stocks gained. Carabao and JKN each lost almost 20%. XPG lost 25%. The 2 Hospitals were mixed. And, losses in Shipping were small.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio	- 1.9% (1M)	+13.0% (YTD)	+12.8% (12M)
Global Stock	- 2.7% (1M)	+ 7.2% (YTD)	+ 4.5% (12M)

Portfolio continues to outperform reference on all time frames. Our Rep at Tai Seng tells me that it also outperforms the Morningstar Wide MOAT ETF.

The biggest gainer was Lockheed Martin +11.2% as investors piled in on Middle East war. The biggest loser was Tesla, -19.7% 3Q23 China deliveries disappointed, coupled with extended worries over margin pressures.

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 15% MMF, please do not be alarmed. The re-balancing is taking more time due to bond volatility in May through to October. We will soon be fully invested.

Thank you

We are grateful for your trust, and continuing support.