

Stronger liquidity

To: Our Valued Investors

From: CIO

Letter: Managed Account, M02/2023/12

Date: 7 December 2023

Re: Yields easing.
MOVE down, then ...
Global liquidity up.
USD index lower, now moving up.
US stocks helping most portfolios.
SMART US +15% (1M).
Global Growth Leaders still ahead.
Most portfolios better than referenced.
SMART123 portfolios underperformed.
Also, G&R, GFM, Thai, Malaysia.

The 5 good days yield-easing extended over November month, resulting in a 7% monthly gain for S-Reits. Ignoring markets' usually-wrong Fed Fund rate forecasts, we will enjoy this 'breather' run for as long as it lasts. Meanwhile we assess 3 US-listed and 1 SG-listed Reits for entry.

MOVE behaved well throughout November, but 5, 6 Dec it exceeded the November-high. Perhaps, it is reflecting the negative interest-rate swap spread's move further south? At 125, MOVE is still below several months' highs this year.

Meanwhile, global liquidity continues to improve.

USD index went to a recent low of under-103 at end of November, but has moved higher in December to 104.

Overall, we are rebalancing to slightly riskier assets.

The most impressive of rebounds in November was recorded by our SMART US Equities, a data-driven robo portfolio. It rebounded with a 15% monthly gain, after losing 9% in October. Draftkings had a 35% monthly gain, in SGD!

Having outgunned the references, our Returns Enhancer portfolio (investing only in Fixed Income UTs) only +0.7% (1M) while the referenced ETF gained 3.7%. We are still ahead, YTD and 12M. We are now 15% cash/MMF vs 45% last month.

Our star performing - Global Growth Leaders (investing according to the Rule of 40) – is undergoing rebalancing, with 10 new stocks added, and 8 stocks removed. If you invest now, you are getting into the rebalanced portfolio, freshly, so to speak. We are behind referenced on 1M (+8% vs +9%), but comfortably ahead YTD (+22% vs +15%) and 12M (+16% vs +9%).

Our Hong Kong portfolio regained the outperformance vs referenced index in all timeframes. 1M: +2.5% vs -0.4%; YTD: +2.6% vs -13.8%, 12M: +3% vs -8.4%.

Our Singapore portfolios are better than STI in all timeframes. Against S-Reits, we are worse in 1M, but better in YTD, 12M.

Asian Opportunities performed better than referenced Singapore and Hong Kong indexes, but worse than Japan and Australia. Positive foreign inflow into Japan stocks have continued for 9 consecutive weeks.

Our Global Funds portfolio, with higher exposure to the US now, starts to give encouraging results. But across the 3 timeframes, we are still below referenced.

All our SMART 123 portfolios underperformed the reference indexes in all timeframes. We bemoaned the relative under-allocation to US. Our exposure to energy and natural resources did not give us performance due to volatility in commodity prices, and inflation affecting underlying stocks (costs up, margins down).

Our underperforming Thailand, Malaysia, Gold & Resources 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 reference country/sector performances (in SGD terms):

S-Reits	+ 6.7% (1M)	- 8.0% (YTD)	- 9.1% (12M)
Singapore	+ 0.2% (1M)	- 5.5% (YTD)	- 6.6% (12M)
US Big	+ 8.9% (1M)	+19.0% (YTD)	+12.0% (12M)
US Tech	+10.7% (1M)	+45.8% (YTD)	+32.6% (12M)
Hong Kong	- 0.4% (1M)	-13.8% (YTD)	- 8.4% (12M)
Shanghai	+ 0.4% (1M)	- 1.9% (YTD)	- 3.9% (12M)
Japan	+ 8.5% (1M)	+28.3% (YTD)	+19.7% (12M)
Australia	+ 4.5% (1M)	+ 0.7% (YTD)	- 2.7% (12M)
India	+ 5.5% (1M)	+11.2% (YTD)	+ 7.3% (12M)
Malaysia	+ 0.7% (1M)	- 2.9% (YTD)	- 2.4% (12M)
Thailand	- 0.1% (1M)	-17.3% (YTD)	-15.6% (12M)
Global Stock	+ 9.0% (1M)	+14.4% (YTD)	+ 8.5% (12M)
Global Bond	+ 3.7% (1M)	+ 1.5% (YTD)	- 0.8% (12M)
Gold Miners	+11.8% (1M)	+ 9.3% (YTD)	+ 7.8% (12M)
Materials	+ 8.3% (1M)	+ 6.1% (YTD)	- 0.4% (12M)
Energy	- 1.2% (1M)	- 2.3% (YTD)	- 7.1% (12M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	+ 1.3% (1M)	- 4.7% (YTD)	- 5.8% (12M)
S-Reits	+ 6.7% (1M)	- 8.0% (YTD)	- 9.1% (12M)
Singapore	+ 0.2% (1M)	- 5.5% (YTD)	- 6.6% (12M)

Dividends were received from Karin, KIT, DBS, BRC. Compared to reference indexes we are better except in the 1M, losing to S-Reits.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	+ 0.8% (1M)	- 5.5% (YTD)	- 4.5% (12M)
Singapore	+ 0.2% (1M)	- 5.5% (YTD)	- 6.6% (12M)
Hong Kong	- 0.4% (1M)	-13.8% (YTD)	- 8.4% (12M)
Japan	+ 8.5% (1M)	+28.3% (YTD)	+19.7% (12M)
Australia	+ 4.5% (1M)	+ 0.7% (YTD)	- 2.7% (12M)

Dividend was received from Hynix. Its share price gained 15%. We are better than referenced in Singapore and Hong Kong but worse than Japan and Australia.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio + 1.1% (1M) - 7.1% (YTD) - 5.8% (12M)

Singapore + 0.2% (1M) - 5.5% (YTD) - 6.6% (12M)

Dividends were received from Karin, KIT, DBS, BRC, Grand Banks, PEC, RE&S. Portfolio is better 1M and 12M and worse YTD.

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

Portfolio + 0.6% (1M) - 6.5% (YTD) - 5.3% (12M)

S-Reits + 6.7% (1M) - 8.0% (YTD) - 9.1% (12M)

Singapore + 0.2% (1M) - 5.5% (YTD) - 6.6% (12M)

Hong Kong - 0.4% (1M) -13.8% (YTD) - 8.4% (12M)

Dividends were received from KIT, DBS. Relative to referenced, we are mixed.

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

Portfolio - 0.2% (1M) - 6.5% (YTD) - 5.3% (12M)

Gold Miners +11.8% (1M) + 9.3% (YTD) + 7.8% (12M)

Materials + 8.3% (1M) + 6.1% (YTD) - 0.4% (12M)

Energy - 1.2% (1M) - 2.3% (YTD) - 7.1% (12M)

Dividends were received from PEC. We are worse mostly.

(6) Phillip Global Funds (in SGD)

Portfolio + 4.1% (1M) - 0.9% (YTD) - 1.6% (12M)

Global 70/30 + 7.4% (1M) + 10.5% (YTD) + 5.7% (12M)

With higher exposure to the US now, this starts to give encouraging results. But across the 3 timeframes, we are still below referenced.

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

Portfolio + 0.7% (1M) + 2.1% (YTD) + 1.1% (12M)

Global Bond + 3.7% (1M) + 1.5% (YTD) - 0.8% (12M)

We are worse Month, but better YTD and 12M.

We bought JPM Global Convertibles, Maybank Asian, and Franklin Floating Rate.

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

Portfolio + 1.3% (1M) + 0.8% (YTD) - 0.8% (12M)

Global 40/60 + 5.8% (1M) + 6.6% (YTD) + 2.9% (12M)

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

Portfolio + 1.0% (1M) - 0.6% (YTD) - 2.2% (12M)

Global 60/40 + 6.9% (1M) + 9.2% (YTD) + 4.8% (12M)

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

Portfolio + 0.6% (1M) - 1.6% (YTD) - 3.1% (12M)

Global 70/30 + 7.4% (1M) +10.5% (YTD) + 5.7% (12M)

SMART123 lagged reference indexes due to few signals for the performing US markets.

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

Portfolio +15.0% (1M) - 0.8% (YTD) -11.9% (12M)

US Big + 8.9% (1M) +19.0% (YTD) +12.0% (12M)

This rebounded with a 15% monthly gain, after losing 9% in October. Draftkings had a 35% monthly gain, in SGD!

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

Portfolio + 2.5% (1M) + 2.6% (YTD) + 3.0% (12M)

Hong Kong - 0.4% (1M) -13.8% (YTD) - 8.4% (12M)

Dividends were received from Shougang Fushan. We are better than referenced index 1M, YTD, 12M.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio - 0.0% (1M) -13.4% (YTD) -15.8 (12M)

Malaysia + 0.7% (1M) - 2.9% (YTD) - 2.4% (12M)

Dividends were received from Oriental Holdings.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio - 1.6% (1M) -24.5% (YTD) -24.4% (12M)

Thailand - 0.1% (1M) -17.3% (YTD) -15.6% (12M)

Sugar and oil stocks lost in the month due to commodity prices. Carabao gained substantially.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio + 7.9% (1M) +21.9% (YTD) +15.8% (12M)

Global Stock + 9.0% (1M) +14.4% (YTD) + 8.5% (12M)

This undergoing rebalancing, with 10 new stocks added, and 8 stocks removed. If you invest now, you are getting into the rebalanced portfolio, freshly, so to speak. We are behind referenced on 1M (+8% vs +9%), but comfortably ahead YTD (+22% vs +15%) and 12M (+16% vs +9%).

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. Our US rebalancing triggered additional cash holding as the process started end of month. The beaten-down STI opened buy opportunities. We will soon be fully invested.

Thank you

We are grateful for your trust, and continuing support.