

Going up, zig-zag.

To: Our Valued Investors

From: CIO

Letter: Managed Account, M02/2024/01

Date: 8 January 2024

Re: Anomalies in global liquidity.
Hardship withdrawals in passive.
Curve steepening overdone.
USD index lower.
Prefer equities over bonds.
HK portfolio beat reference by 24%.
All portfolios (but one) 1M positive.
Adding initial investments.

Although global liquidity continues to improve, we have to watch shorter term anomalies. In the US: Treasury issues in 1Q will only be \$230B, \$60B monthly QT is still on, and RRP continues to reduce.

Since we believe passive investing of US pension money drives risk assets, the high hardship withdrawals of 401K will be a place to watch in the coming months.

Sentiment surveys show that a much higher than average %age of US investors is 2024 bullish – this may not be good news for value investors. Meanwhile, markets like China, Singapore, Hong Kong and Thailand offer good value.

Market reaction to rate cuts might have been over-done. We will see how this plays out, but will likely favour fixed income funds that are less bullish than the market.

USD index went to a recent low of below-101 at end of December, and is now (2024) at average December levels. Let's see if emerging markets start to move up.

Overall, we are still rebalancing to riskier assets, with only 13% in fixed income in our Global Funds portfolio.

Most impressive of performance in December came from our Hong Kong Focused and our Singapore Equity Yield

portfolios with respectively one-month +5.8% and +5.7%. Zengame Technology in Hong Kong +33%, even after game crackdown in China. S-Reits and banks contributed in Singapore: KORE +50%, Prime US +95%, banks +4%.

What is really positive is the Hong Kong reference index also lost 15.5% YTD/12M, while our Hong Kong Focused portfolio gained 8.5%! A notable holding is CGN Mining, which doubled from cost.

There are 2 other doubles in our other portfolio holdings: US-listed Jakks Pacific, and Japan-listed SK Electronics.

All other portfolios (except Gold & Resources) also gained in December of between 4+% and +0.7%.

In most customized portfolios, we have exposure (initial) in Hong Kong, US, Japan and smaller-cap Singapore stocks. We will be increasing to full allocation in January.

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	+ 9.0% (1M)	+ 0.3% (12M)
Singapore	+ 5.4% (1M)	- 0.3% (12M)
US Big	+ 3.2% (1M)	+22.8% (12M)
US Tech	+ 4.2% (1M)	+52.4% (12M)
Hong Kong	- 1.3% (1M)	-15.5% (12M)
Shanghai	- 2.6% (1M)	- 8.3% (12M)
Japan	+ 3.5% (1M)	+19.0% (12M)
Australia	+ 8.8% (1M)	+ 6.2% (12M)
India	+ 7.0% (1M)	+17.8% (12M)
Malaysia	+ 0.5% (1M)	- 8.7% (12M)
Thailand	+ 3.9% (1M)	-16.1% (12M)
Global Stock	+ 3.1% (1M)	+17.9% (12M)
Global Bond	+ 0.4% (1M)	+ 1.8% (12M)
Gold Miners	- 2.3% (1M)	+ 6.8% (12M)
Materials	+ 2.5% (1M)	+ 8.7% (12M)
Energy	- 2.3% (1M)	- 4.7% (12M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	+ 5.7% (1M)	+ 0.8% (12M)
S-Reits	+ 9.0% (1M)	+ 0.3% (12M)
Singapore	+ 5.4% (1M)	- 0.3% (12M)

Dividends were received from Civmec, First Reit, Mapletree PAC. We bought SIA Engineering. We are on par with reference indexes.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	+ 0.6% (1M)	- 4.9% (12M)
Singapore	+ 5.4% (1M)	- 0.3% (12M)
Hong Kong	- 1.3% (1M)	-15.5% (12M)
Japan	+ 3.5% (1M)	+19.0% (12M)
Australia	+ 8.8% (1M)	+ 6.2% (12M)

Dividend was received from Sony, Macquarie, FLCT, HK Tracker Fund, HSBC, and CLP. Our under-performance reflects our exposure to Hong Kong.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	+ 4.5% (1M)	- 2.9% (12M)
Singapore	+ 5.4% (1M)	- 0.3% (12M)

Dividends were received from Civmec. Portfolio has more exposure to smaller caps, which performance initially tends to lag index components due to market needing time to digest their potential.

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

Portfolio	+ 4.8% (1M)	- 2.1% (12M)
S-Reits	+ 9.0% (1M)	+ 0.3% (12M)
Singapore	+ 5.4% (1M)	- 0.3% (12M)
Hong Kong	- 1.3% (1M)	-15.5% (12M)

Relative to referenced, we underperformed due to higher exposure to underperformed UOB, and Hong Kong.

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

Portfolio	- 0.3% (1M)	- 6.8% (12M)
Gold Miners	- 2.3% (1M)	+ 6.8% (12M)
Materials	+ 2.5% (1M)	+ 8.7% (12M)
Energy	- 2.3% (1M)	- 4.7% (12M)

Dividends were received from Triple Flag. Portfolio has more exposure to explorers; which performance initially tends to lag index components due to market needing time to digest their potential.

(6) Phillip Global Funds (in SGD)

Portfolio	+ 3.0% (1M)	+ 2.1% (12M)
Global 70/30	+ 2.3% (1M)	+13.1% (12M)

We sold Brasil, and Mortgage Income; and, bought US Value, US Tech, and Aberdeen Singapore. With higher exposure to the US now, this has started to give encouraging results. We still need to catch up.

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

Portfolio	+ 1.4% (1M)	+ 3.5% (12M)
Global Bond	+ 0.4% (1M)	+ 1.8% (12M)

We are better in December, and 12M due to holding high MMF. We bought Schroeder Fixed Income.

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

Portfolio	+ 2.6% (1M)	+ 3.4% (12M)
Global 40/60	+ 1.5% (1M)	+ 8.2% (12M)

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

Portfolio	+ 2.6% (1M)	+ 1.9% (12M)
Global 60/40	+ 2.0% (1M)	+11.5% (12M)

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

Portfolio + 1.9% (1M) + 0.3% (12M)

Global 70/30 + 2.3% (1M) + 13.1% (12M)

SMART123 lagged reference indexes due to few signals for the performing US markets; and, negative results when exposed to Gold and Energy. We are making some adjustments in these areas.

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

Portfolio + 3.0% (1M) + 2.2% (12M)

US Big + 3.2% (1M) +22.8% (12M)

Rebalancing was done in December. We are combing future Energy selections to avoid being wrong like in SMART 123.

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

Portfolio + 5.8% (1M) + 8.5% (12M)

Hong Kong - 1.3% (1M) -15.5% (12M)

We bought Zengame Tech and Justin Allen. We continue to hugely out-perform the referenced index.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio + 1.5% (1M) -12.3 (12M)

Malaysia + 0.5% (1M) - 8.7% (12M)

Half of the losses is due to forex. Portfolio has more exposure to smaller caps, which performance initially tends to lag index components due to market needing time to digest their potential.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio + 3.7% (1M) -21.7% (12M)

Thailand + 3.9% (1M) -16.1% (12M)

Dividends were received from Thai Nakarin Hospital.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio + 3.4% (1M) +26.0% (12M)

Global Stock + 3.1% (1M) +17.9% (12M)

The rebalanced portfolio beat referenced index 1M and 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.

We will soon be fully invested, as initial investments will be topped up to full allocation.

Some clients want some percentage allocated to mirror our outperforming Global Growth Leaders. More aggressive clients experienced higher losses but helped by 2-3 holdings that doubled. Most portfolios are seeing growth in November and December. Because most clients want yield, our exposure tend to be in Singapore, Hong Kong and Japan.

Thank you

We are grateful for your trust, and continuing support.