

Calm.

To: Our Valued Investors

From: CIO

Letter: Managed Account, M02/2024/03

Date: 6 March 2024

Re: Over-act on non-cuts.
MOVE, USD ok.
Global liquidity ok.
China is best performer.
AOM drastically changes.
HK beat referenced 25%.
CALM zone.
GGL beat all except SMART.
US weakens.
Japan strengthens.
China is not un-investable.
More upside for risk assets.

Markets seemed to be slow to price in fewer rate cuts in January. S-Reits lost another 5.1% in February, which brings it to even lower than when it started to rise from November end. S-Reits now might have over-acted to non-cuts.

MOVE is now below 110, a level that it seldom visited since 2022. USD has gone to the lower end of 104, after threatening 105 on 13 Feb. Global liquidity has continued to rise, although at a slower pace in the last 4 weeks.

February's biggest gainer in SGD is China, at +8.4%, beating the much-praised Japan at +6.3%. Materials +6.9% par with Hong Kong +6.9% are next best to China. GDX, a gold miners ETF surged +10% in 3 days, since 28 Feb.

In a BofA global fund survey, Short-China strategy was the second most popular trade after Long Magnificent Seven. Second most crowded, but we are still not sure if it had ended. So, we have shifted the focus of our **Asia Opportunities portfolio** to substantially Japan towards end of February. The first day of March produced a 1.7%

portfolio gain on a one-day basis. We eagerly await the full March monthly result.

Our **Hong Kong-focused** portfolio, which got thrashed the last time the Hang Seng rebounded, gained 5% vs the referenced 6.9%. In 12M, it gained 8.2% vs the referenced minus 16.5% (maintaining the 25% advantage). Our portfolio does not contain any index component stock.

The way markets moved recently may be spelling the start of the CALM stage of the 4 investment zones, described by Michael Howell of *Capital Wars* fame. The 4 zones: Rebound, Calm, Speculation, and Turbulence. Typically, the sectors that benefit in the Calm zone are equities, commodities, cyclicals, technology, financials, energy. The non-underlined ones have already moved in the previous Rebound zone.

In the US in SGD, our **Global Growth Leaders** (29 US, 1 EU stocks) did +6.2% in February, beating the US reference +5.5%. However, it lost to our AI-assisted portfolio, **SMART US**, which did +8.3%.

Back to economic fundamentals.

The Atlanta Fed's GDPNow for 1Q2024 has decreased to 2.1% on March 1, down from 3.0% on February 29. Also, for 1Q, personal consumption expenditures growth and real gross private domestic investment growth have decreased from 3.0 percent and 3.0 percent, respectively, to 2.2 percent and 1.1 percent.

In Japan, things are looking great. TANKAN survey for services is at its highest since the early 1992. Manufacturing is also pointing up. Consumer credit continues to expand, from its low in 2012. Similarly, from 2012, house prices have been rising. Machinery capex yoy% is either at its peak, or nearby, depending on what you are reading.

Even in China, there are positives but are not reported. A SGX-listed company reported a 100% increase in aquarium revenue 1H23/2H22, as well as a 62% increase 2H23/1H23. There is no CNY in 2H23.

Michael Howell measures global liquidity cycle to be 5-6 years, so we still got some way to go to the top.

Portfolio management

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

Portfolios' Performance

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

S-Reits	- 5.1% (1M)	- 9.6% (YTD)	-11.9% (12M)
Singapore	- 0.4% (1M)	- 3.0% (YTD)	- 3.7% (12M)
US Big	+ 5.5% (1M)	+ 8.8% (YTD)	+28.2% (12M)
US Tech	+ 5.6% (1M)	+ 9.2% (YTD)	+49.6% (12M)
Hong Kong	+ 6.9% (1M)	- 1.4% (YTD)	-16.5% (12M)
Shanghai	+ 8.4% (1M)	+ 2.0% (YTD)	-11.8% (12M)
Japan	+ 6.3% (1M)	+12.7% (YTD)	+32.4% (12M)
Australia	- 0.4% (1M)	- 1.4% (YTD)	+ 2.3% (12M)
India	+ 1.6% (1M)	+ 3.3% (YTD)	+26.4% (12M)
Malaysia	+ 2.7% (1M)	+ 5.2% (YTD)	+ 0.6% (12M)
Thailand	- 0.1% (1M)	- 6.7% (YTD)	-17.7% (12M)
Global Stock	+ 4.8% (1M)	+ 6.4% (YTD)	+19.5% (12M)
Global Bond	- 0.8% (1M)	+ 0.3% (YTD)	+ 0.9% (12M)
Gold Miners	- 5.3% (1M)	-13.1% (YTD)	- 4.4% (12M)
Materials	+ 6.9% (1M)	+ 4.3% (YTD)	+ 6.8% (12M)
Energy	+ 3.6% (1M)	+ 4.3% (YTD)	+ 2.8% (12M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	- 1.2% (1M)	- 2.9% (YTD)	- 6.4% (12M)
S-Reits	- 5.1% (1M)	- 9.6% (YTD)	-11.9% (12M)
Singapore	- 0.4% (1M)	- 3.0% (YTD)	- 3.7% (12M)

We added CSE Global and Geo Energy.

No dividend was received.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	- 0.0% (1M)	- 4.4% (YTD)	- 9.0% (12M)
Singapore	- 0.4% (1M)	- 3.0% (YTD)	- 3.7% (12M)
Hong Kong	+ 6.9% (1M)	- 1.4% (YTD)	-16.5% (12M)
Japan	+ 6.3% (1M)	+12.7% (YTD)	+32.4% (12M)
Australia	- 0.4% (1M)	- 1.4% (YTD)	+ 2.3% (12M)

We sold Wuxi Biologics, Li Ning, Gree Electric, Alibaba, China Tower, HSBC, China Tower, CLP, City Dev, Sony Genting, Frasers Log, Capland-AREit, and HK/China index funds. We bought Fuji Electric, Konami, Hitachi, Mitsubishi Heavy, Fujifilm, Ebara, Toyota Tsusho, NEC and Japan index funds.

No dividend was received.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	+ 1.5% (1M)	- 0.3% (YTD)	- 5.9% (12M)
Singapore	- 0.4% (1M)	- 3.0% (YTD)	- 3.7% (12M)

We added CSE Global and Geo Energy. We sold Wilmar.

No dividend was received.

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

Portfolio	+ 1.3% (1M)	+ 2.4% (YTD)	+ 1.3% (12M)
Singapore	- 0.4% (1M)	- 3.0% (YTD)	- 3.7% (12M)
Hong Kong	+ 6.9% (1M)	- 1.4% (YTD)	-16.5% (12M)
Australia	- 0.4% (1M)	- 1.4% (YTD)	+ 2.3% (12M)

In our investment guideline, we have removed the 70% Singapore restriction. This is to accommodate current Tokyo-listed companies' move to share buybacks and higher dividend payouts to increase shareholder returns. Also, 10% of higher dividend yielding Hong Kong listed companies are aplenty.

No dividend was received.

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

Portfolio	- 3.7% (1M)	- 3.3% (YTD)	- 9.3% (12M)
Gold Miners	- 5.3% (1M)	-13.1% (YTD)	- 4.4% (12M)
Materials	+ 6.9% (1M)	+ 4.3% (YTD)	+ 6.8% (12M)
Energy	+ 3.6% (1M)	+ 4.3% (YTD)	+ 2.8% (12M)

We bought Osisko Gold Royalties, and sold Zijin Mining.

No dividend was received.

(6) Phillip Global Funds (in SGD)

Portfolio + 1.8% (1M) + 2.1% (YTD) + 2.9% (12M)

Global 70/30 + 3.2% (1M) + 4.6% (YTD) +13.9%(12M)

We took profit on Japan at the start of the month, but went back in around the middle, as there is no correction.

We reduced Singapore by selling Aberdeen.

We maxed US Value and US Technology to 15% each.

We sold Gold.

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

Portfolio + 0.5% (1M) + 0.7% (YTD) + 4.1% (12M)

Global Bond - 0.8% (1M) + 0.3% (YTD) + 0.9% (12M)

We added to Neuberger EU High Yield, and sold Pimco Global.

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

Portfolio + 1.3% (1M) + 0.4% (YTD) + 1.7% (12M)

Global 40/60 + 1.5% (1M) + 2.8% (YTD) + 8.3% (12M)

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

Portfolio + 1.4% (1M) + 1.1% (YTD) + 1.5% (12M)

Global 60/40 + 2.6% (1M) + 4.0% (YTD) +12.0% (12M)

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

Portfolio + 1.3% (1M) + 1.1% (YTD) - 0.0% (12M)

Global 70/30 + 3.2% (1M) + 4.6% (YTD) +13.9% (12M)

SMART123 lagged reference indexes due to few signals for the performing US markets. We now rebalance in 2 months.

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

Portfolio + 8.3% (1M) + 7.9% (YTD) +15.2% (12M)

US Big + 5.5% (1M) + 8.8% (YTD) +28.2% (12M)

The big gainers in February's performance are Carvana and DraftKings.

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

Portfolio + 5.0% (1M) + 3.0% (YTD) + 8.2% (12M)

Hong Kong + 6.9% (1M) - 1.4% (YTD) -16.5% (12M)

We are still leading the referenced by almost 25%.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio + 2.7% (1M) + 4.7% (YTD) - 5.4% (12M)

Malaysia + 2.7% (1M) + 5.2% (YTD) + 0.6% (12M)

We sold Dagang.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio - 1.3% (1M) - 5.1% (YTD) -19.8% (12M)

Thailand - 0.1% (1M) - 6.7% (YTD) -17.7% (12M)

The hospitals and metal drums are stable. PTT Exploration & Production has been stable since early December.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio + 6.2% (1M) + 9.2% (YTD) +27.4% (12M)

Global Stock + 4.8% (1M) + 6.4% (YTD) +19.5% (12M)

The portfolio continues to beat referenced index 1M, YTD 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.

Some clients want some percentage allocated to mirror our outperforming Global Growth Leaders. 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.