

# No more 9 rate cuts.

**To:** Our Valued Investors

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**From:** CIO

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**Letter:** Managed Account, M02/2024/02

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**Date:** 5 February 2024

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**Re:** Fewer rate cuts expected.  
More global liquidity.  
USD index creeping higher.  
MOVE is still high.  
Taking profits and losses.  
2 stocks sold >+100% profit.

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**E**xuberance in the Fed-watched markets at December end of so many rate cuts (9?) has fizzled out. S-Reits gave back more than half of its 9% December gain. Global bonds in SGD, which gained only 0.4% in December, gained 1.1% in January. Probably, because these are just a risk asset as far as passive funds see it, ignoring basics.

Global liquidity has powered to a new high after the previous low in September. Even the worst performer China has narrowed the gap between investing in risky assets and safe assets since 2024 started. China's central bank liquidity has surged due to RRR and rate cut, and as we approach CNY.

USD index, from the 101 level in December, moved to 102 in 1H-Jan, and then to 103 in 2H-Jan. Let's watch this.

As for MOVE, we spent most of January below 115 after nearing 130 in December. And, it has seldom been below 110 since 2022. Before that, it had seldom come above 70. We remain cautious on fixed income, and will go for capital gain instead of income.

Our rebalancing to riskier assets has reached desired levels. At the same time, we have started locking in profits or at least exited some positions in the yield-sensitive markets at prices better than in November.

We sold KORE, \$0.325 and Prime-US, \$0.185 – taking losses for portfolios that rely less on yield. Dividend yields

now should still exceed 15%. We made a sad exit for non-yield portfolios from Hongkong Land; and, to a less-sad extent from YZJ Financial, First Reit and SBS. KIT went out at about break-even.

We reduced Japan UTs from 12% to 2% (GFM) for about 8% profit. We sold SK Electronics and CGN Mining for more than 100% profit. There were profit-taking in Sumitomo Forestry and CT Engineering.

We are most happy for holders of Food Empire, as it reached \$1.30, from our cost of \$1.06-\$1.16. Food Empire has made its mark in instant iced coffee in Vietnam.

We are not commenting on other movements that have not yet concluded. Our AOM portfolio is most busy recently.

In terms of absolute performance, there were few positives in January (6): GGL, Malaysia, Blue Chip Equity Yield, Global Funds, Gold & Resources, and Returns Enhancer. AOM lost most (-4.3%).

In terms of relative performance, Hong Kong shines again with a -1.9% loss, vs -9.2% loss in the referenced index.

### **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	- 4.7% (1M)	-10.7% (12M)
Singapore	- 2.7% (1M)	- 6.3% (12M)
US Big	+ 3.1% (1M)	+20.9% (12M)
US Tech	+ 3.4% (1M)	+43.7% (12M)
Hong Kong	- 7.7% (1M)	-26.9% (12M)
Shanghai	- 5.9% (1M)	-18.5% (12M)
Japan	+ 5.8% (1M)	+22.0% (12M)
Australia	- 0.9% (1M)	- 2.6% (12M)
India	+ 1.6% (1M)	+23.4% (12M)
Malaysia	+ 2.4% (1M)	- 7.1% (12M)
Thailand	- 6.6% (1M)	-24.6% (12M)
Global Stock	+ 1.6% (1M)	+12.9% (12M)
Global Bond	+ 1.1% (1M)	+ 2.0% (12M)
Gold Miners	- 8.3% (1M)	-10.7% (12M)
Materials	- 2.3% (1M)	- 0.8% (12M)
Energy	+ 0.8% (1M)	- 4.8% (12M)

### **(1) Phillip Singapore Equity Yield (in SGD)**

Portfolio	- 1.8% (1M)	- 6.4% (12M)
S-Reits	- 4.7% (1M)	-10.7% (12M)
Singapore	- 2.7% (1M)	- 6.3% (12M)

We sold Prime-US, Hongkong Land, KIT. We bought Geo Energy.

### **(2) Phillip Asian Opportunities Equity (in SGD)**

Portfolio	- 4.3% (1M)	-10.5% (12M)
Singapore	- 2.7% (1M)	- 6.3% (12M)
Hong Kong	- 7.7% (1M)	-26.9% (12M)
Japan	+ 5.8% (1M)	+22.0% (12M)
Australia	- 0.9% (1M)	- 2.6% (12M)

Dividends were received from Alibaba and FTSE China ETF. We sold UOL and Hongkong Land.

### **(3) Phillip Managed Singapore Equity (in SGD)**

Portfolio	- 1.8% (1M)	- 7.7% (12M)
Singapore	- 2.7% (1M)	- 6.3% (12M)

We bought Geo Energy. We added to Food Empire, and Ley Choon. We sold KIT. Profit potential appears to be happening to Food Empire.

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

Portfolio	+ 1.0% (1M)	- 3.0% (12M)
Singapore	- 2.7% (1M)	- 6.3% (12M)
Hong Kong	- 7.7% (1M)	-26.9% (12M)
Australia	- 0.9% (1M)	- 2.6% (12M)

We sold KIT and Capitaland Invest.

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

Portfolio	+ 0.4% (1M)	- 9.7% (12M)
Gold Miners	- 8.3% (1M)	-10.7% (12M)
Materials	- 2.3% (1M)	- 0.8% (12M)
Energy	+ 0.8% (1M)	- 4.8% (12M)

Dividends were received from Baytex, Zijin, and Labrador. We bought Fufeng.

### **(6) Phillip Global Funds (in SGD)**

Portfolio + 0.3% (1M) - 1.8% (12M)

Global 70/30 + 1.4% (1M) + 9.6% (12M)

We sold KIT, and the last of our fixed income in Pimco Real Return. We reduced Japan. We bought UK, Malaysia, and Energy. We rounded up a bit on Hong Kong. We switched from Natixis US Growth to JPM US Technology.

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

Portfolio + 0.2% (1M) + 2.0% (12M)

Global Bond + 1.1% (1M) + 2.0% (12M)

We sold Schroeder Singapore Fixed Income, and AB Mortgage Income. We bought Pimco Real Return, Neuberger EU High Yield, and United Asian High Yield.

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

Portfolio - 0.8% (1M) - 0.2% (12M)

Global 40/60 + 1.3% (1M) + 6.3% (12M)

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

Portfolio - 0.2% (1M) - 0.6% (12M)

Global 60/40 + 1.4% (1M) + 8.5% (12M)

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

Portfolio - 0.2% (1M) - 2.1% (12M)

Global 70/30 + 1.4% (1M) + 9.6% (12M)

SMART123 lagged reference indexes due to few signals for the performing US markets; and, negative results when exposed to Gold and Energy. Adjustments have been made.

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

Portfolio - 0.3% (1M) + 4.7% (12M)

US Big + 3.1% (1M) +20.9% (12M)

Adjustments similar to SMART123 relating to Gold and Energy have been made.

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

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

Hong Kong - 9.2% (1M) -29.1% (12M)

We sold the balance of CGN Mining for 100% gain, and added to Hwa Hong. We continue to hugely out-perform the referenced index.

### **(13) Phillip Malaysia Focused Equity (in SGD)**

Portfolio + 2.0% (1M) -14.3% (12M)

Malaysia + 2.4% (1M) - 7.1% (12M)

Half of the losses is due to forex. Dividends were received from Magni-Tech, SOP, VSTECS, SamChem, INSAS, and TA Ann. There was a surge in the price of INSAS, as the market starts to recognize its under-valuation.

### **(14) Phillip Thailand Focused Equity (in SGD)**

Portfolio - 3.8% (1M) -24.6% (12M)

Thailand - 6.6% (1M) -24.6% (12M)

### **(15) Phillip Global Growth Leaders (in SGD)**

Portfolio + 2.8% (1M) +19.9% (12M)

Global Stock + 1.6% (1M) +12.9% (12M)

The portfolio continues to beat referenced index 1M, 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.