

HK, SE Asia – at last.

To: Our Valued Investors

From: CIO

Letter: Managed Account, M02/2024/05

Date: 7 May 2024

Re: Forex, tax slowing stocks.
MOVE came back up, but will likely stall.
Hong Kong 1M +9.5%.
Malaysia YTD +21%.
Base Res +133% in one day!
Blue Chip Yield 6M+ve.
Yen hits AOM.
US portfolios negative.
Customised (no US) +3.3%.
Fixed income UT did not 8+ve.

Forex might have caused global stocks to fall in April. SGD lost 1.2% against the greenback. SGD gained 3% vs JPY, but lost to AUD, INR, CNY by half to one percent. In SGD terms, N225 lost 4.9%, Nasdaq lost 4.7%, S&P500 lost 4%, S-Reits lost 3.7%, and Global stocks lost 3.3%; while, STI gained 2.1%, and Hang Seng gained 4.9%.

OCBC gained 5.6%, and UOB gained 3.7%; while DBS gained almost 2% after its ex-bonus price. Will UOB be the out-performer in May? Narrowing P/B difference.

Liquidity watchers and MMT proponents believe the tax paying month of April contributed to risk assets' losses.

Move moved from below 90 to spike above 120 before settling at 100.

On rates, Powell said, "It's likely to take longer for us to gain confidence that we are on a sustainable path down to 2 percent inflation." Perhaps, there will not be enough time to do cuts in this election year. Then, MOVE will stall, and we get back onto some fixed income until the next inflation data surprises to the upside. Our 7-month winning streak in the fixed-income UT portfolio stopped with a 0.38% loss in April.

Our best performing portfolio is the Hong Kong Focused. In SGD, it gained 9.5% vs the referenced 4.9%. China Non-Ferrous Mining is now 71% above cost (March, +55%). Sciclone Pharma (on takeover) is now +61%, from +42%. Fufeng's gain extended from +18% to +35%. Orient Overseas recovered from -13% to +8%. Shougang Fushan moved from +4% to +17%.

We think Hong Kong is in recovery mode, as our 12-month's advantage over the referenced performance of 25% (+17% vs -8%) contrasts with YTD's advantage of only 5% (+12% vs +7%).

Our Malaysia portfolio continued to gain another 3.5%, bringing its YTD performance to +21%.

Gold & Resources continued to recover from its doldrums, gaining another 3.8%, after the +9.4% a month earlier. Our Base Resources received a takeover offer, and it jumped 133% in one day.

Following the example set by the fixed-income UT portfolio, our Blue-Chip Equity Yield and Global Funds portfolios did 6 consecutive positive months.

Asian Opportunities had a hard April, as the Yen and N225 tumbled. We lost 6.2%. However, USDJPY has come down from 158 to 153, due to intervention by the Ministry of Finance. Companies that benefit from a weaker Yen should help in our portfolio's performance.

Now, on to our portfolios with US exposure.

Global Growth Leaders did -3.2% (better than US Tech, but worse than US Big, and Global Stock). SMART US lost 8.5% in April, but yesterday, its Carvana surged 38.8%. This is our fourth double (second, YTD).

Other portfolios, which have part US exposure: Global Funds did +0.6%, and SMART 123 did -0.5% to -0.9%.

SMART (besides US exposure), also suffered slightly in fixed income, but gained as we transitioned from Brasil to India.

Our Thailand portfolio continued to lose another 2.2%, making YTD -8.2%, and last 12M -18.3%

Global liquidity took a knock in April. And, we took a few knocks in April. We should see a "seasonal" rebound in June from both US and China.

Our best performing Customised portfolio did +3.3% (3% US exposure), and our worst Customised portfolio did -3.7% (full US exposure). Those, in between, performed due to Hong Kong and Singapore, as well as cheap Japan stocks.

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	- 3.7% (1M)	-11.9% (YTD)	-13.8% (12M)
Singapore	+ 2.1% (1M)	+ 1.6% (YTD)	+ 0.7% (12M)
US Big	- 2.8% (1M)	+ 9.0% (YTD)	+23.1% (12M)
US Tech	- 3.5% (1M)	+ 7.1% (YTD)	+34.0% (12M)
Hong Kong	+ 6.1% (1M)	+ 7.4% (YTD)	- 8.1% (12M)
China	+ 3.0% (1M)	+ 5.7% (YTD)	- 9.0% (12M)
Japan	- 7.8% (1M)	+ 6.6% (YTD)	+19.9% (12M)
Australia	- 2.3% (1M)	- 0.7% (YTD)	+ 4.9% (12M)
India	+ 1.2% (1M)	+ 6.7% (YTD)	+25.0% (12M)
Malaysia	+ 2.4% (1M)	+ 7.5% (YTD)	+ 6.2% (12M)
Thailand	- 1.8% (1M)	- 9.1% (YTD)	-17.0% (12M)
Global Stock	- 2.1% (1M)	+ 7.0% (YTD)	+16.4% (12M)
Global Bond	- 0.2% (1M)	+ 0.4% (YTD)	- 0.6% (12M)
Gold Miners	+ 4.6% (1M)	+10.3% (YTD)	+ 1.0% (12M)
Materials	- 3.2% (1M)	+ 7.0% (YTD)	+12.4% (12M)
Energy	- 0.5% (1M)	+14.6% (YTD)	+13.8% (12M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	- 0.1% (1M)	- 2.6% (YTD)	- 3.8% (12M)
S-Reits	- 3.7% (1M)	-11.9% (YTD)	-13.8% (12M)
Singapore	+ 2.1% (1M)	+ 1.6% (YTD)	+ 0.7% (12M)

We sold Geo Energy on trading weakness despite positive news. We sold part of DBS for the bonus issue that is calculated on round-down basis, as well as for its price multiple vis-à-vis UOB/OCBC. We bought Banyan Tree and Mewah, on availability at a reasonable price.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	- 6.2% (1M)	- 3.8% (YTD)	- 9.9% (12M)
Singapore	+ 2.1% (1M)	+ 1.6% (YTD)	+ 0.7% (12M)
Japan	- 7.8% (1M)	+ 6.6% (YTD)	+19.9% (12M)
Hong Kong	+ 6.1% (1M)	+ 7.4% (YTD)	- 8.1% (12M)

We sold Konami, and added Mitsubishi Corp.

JPY deteriorated against SGD from 112 to 117.5; together with a weekly (24/4) JPY 500B withdrawal by foreigners from the Japan stock markets. After official intervention by its Ministry of Finance, it is below 114. We are confident that some of our holdings would benefit from the weaker JPY.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	+ 1.0% (1M)	+ 2.5% (YTD)	- 0.8% (12M)
Singapore	+ 2.1% (1M)	+ 1.6% (YTD)	+ 0.7% (12M)

With the STI still below its 1 August 2023, we have looked outside of index components. The path to gains may take longer but we are confident our picks: Mewah, Banyan, and Thakral will be recognized by the market like it did Food Empire, Civmec, and BRC Asia. We will likely focus on OCBC and UOB as they trail DBS substantially on P/B.

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

Portfolio	+ 3.5% (1M)	+ 7.2% (YTD)	+ 7.1% (12M)
Singapore	+ 2.1% (1M)	+ 1.6% (YTD)	+ 0.7% (12M)
Hong Kong	+ 6.1% (1M)	+ 7.4% (YTD)	- 8.1% (12M)
Australia	- 2.3% (1M)	- 0.7% (YTD)	+ 4.9% (12M)

We reduced our SG banks, as prices run up. China Non-Ferrous notched more gain from +51% to +67%. Overseas Oriental recovered from \$93.5 to \$114.3. So far, Asia ex-Japan has not been negatively hit. We plan to use our 40% cash holdings to some high yielders that include the commodity sector, and outside of Asia. Since inception in 2014, we have a new achievement: the first run of six consecutive positive months.

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

Portfolio	+ 3.8% (1M)	+ 9.7% (YTD)	+ 1.2% (12M)
Gold Miners	+ 4.6% (1M)	+10.3% (YTD)	+ 1.0% (12M)
Materials	- 3.2% (1M)	+ 7.0% (YTD)	+12.4% (12M)
Energy	- 0.5% (1M)	+14.6% (YTD)	+13.8% (12M)

We added to Thesis Gold. We got a takeover bid for Base Resources, which recorded a 133% jump in one day.

(6) Phillip Global Funds (in SGD)

Portfolio	+ 0.6% (1M)	+ 5.5% (YTD)	+ 6.8% (12M)
Global 70/30	- 1.5% (1M)	+ 5.0% (YTD)	+11.3%(12M)

We (damaged-control) sold our US holdings on 23/4/2024. Our Japan holding via Eastspring hedged Japan actually gained 1.6% in April, when the referenced Japan index lost 4.9% in SGD. There were smaller gains in United hedged Japan, and Nikko-Asset hedged Japan. Alliance HK was +6.8%. Franklin Gold Miners was +7.5%. Nikko Singapore +3%, and Threadneedle +0.5%, and Korea -4% were the smaller movers. Portfolio did 6 positive consecutive months.

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

Portfolio	- 0.4% (1M)	+ 1.3% (YTD)	+ 3.5% (12M)
Global Bond	- 0.2% (1M)	+ 0.4% (YTD)	- 0.6% (12M)

We lost the winning streak with a 0.4% monthly loss. A stronger USD contributed to us underperforming the referenced. But we are still ahead YTD, and 12M.

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

Portfolio	- 0.5% (1M)	+ 1.6% (YTD)	+ 2.6% (12M)
Global 40/60	- 1.0% (1M)	+ 3.1% (YTD)	+ 6.2% (12M)

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

Portfolio - 0.9% (1M) + 1.7% (YTD) + 2.5% (12M)
Global 60/40 - 1.3% (1M) + 4.4% (YTD) +9.6% (12M)

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

Portfolio - 0.8% (1M) + 2.0% (YTD) + 2.0% (12M)
Global 70/30 - 1.5% (1M) + 5.0% (YTD) +11.3%(12M)

SMART123 experienced negative returns in April, mainly due to exposure to underperforming US markets. However, our losses were lower compared to reference indices due to the smaller allocation in these markets. In equities, we transitioned from Brazil to the Indian market, which delivered positive returns. In fixed income, rising yields hampered performance, with the exception of Asian high-yield bonds, which achieved slightly positive returns.

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

Portfolio - 8.5% (1M) + 2.1% (YTD) +17.7% (12M)
US Big - 2.8% (1M) + 9.0% (YTD) +23.1% (12M)

Performance was mixed, with gains and losses shared by holdings. In early May, Carvana surged 38% in a day.

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

Portfolio + 9.5% (1M) +12.4% (YTD) +17.0% (12M)
Hong Kong + 6.1% (1M) + 7.4% (YTD) - 8.1% (12M)

We continue to outdo the referenced by 25% (12M). It seems like Hong Kong has finally woken from its slumber, so we should see our outperformance narrow in the coming months. The top performers are China Non-Ferrous Mining +71% above cost (from March, +55%), Sciclone Pharma (on takeover) +61% from +42%. Fufeng +35% from +18%, Shougang Fushan +17% from +4%, and Overseas Oriental +8% from -13%.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	+ 3.5% (1M)	+21.1% (YTD)	+11.3% (12M)
Malaysia	+ 2.4% (1M)	+ 7.5% (YTD)	+ 6.2% (12M)

Malaysia, like Hong Kong, also appears to have woken from its slumber. We are holding on to our double, VSTECS. We have started adding to a few customized portfolios.

Phillip Thailand Focused Equity (in SGD)

Portfolio	- 2.2% (1M)	- 8.3% (YTD)	-18.2% (12M)
Thailand	- 1.8% (1M)	- 9.1% (YTD)	-17.0% (12M)

Sugar prices are not helping. Our 2 hospitals are stable. Coal and shipping are still down. But, Malaysia, Hong Kong, Singapore are doing well already.

(14) Phillip Global Growth Leaders (in SGD)

Portfolio	- 3.2% (1M)	+ 7.2% (YTD)	+20.6% (12M)
Global Stock	- 2.1% (1M)	+ 7.0% (YTD)	+16.4% (12M)

The portfolio lost to referenced index 1M (2M running, yes keeping tab), but beat it YTD and 12M. The “newcomers” continue to improve. Things are a bit volatile in earnings-reporting season.

Customised Portfolios

Because of customer-bias and our expertise bias, our heavier S E Asia exposure is bearing fruit. Top performer is a +3.3% monthly performance.

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.

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.