

# MOVE moves up a lot.

**To:** Our Valued Investors

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**From:** CIO

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**Letter:** Managed Account, M02/2024/11

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**Date:** 6 November 2024

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**Re:** MOVE!  
Fixed income lost.  
Global liquidity drops.  
GFM rebalancing.  
BoJ seems lost.  
Indonesia looks up.  
Strong USD. EM dips.  
AOM now 90% invested.  
Portfolios' 1M performance.  
Portfolios' YTD performance.  
YTD, best Customised +15.7%.

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What a move! The MOVE index hit a high of 135 in October; now, it is 136. This means there is a 2/3 chance of the interest rate in a year becoming between +136bps and -136bps from today's. This indicates bond market's uncertainty. The uncertainty probably was about the outcome of the US elections. Or, going forward any uncertainty may mean the loser protesting its outcome. Well, the girl also can protest.

MOVE partly explained the 4-weekly decline in global liquidity by affecting the haircut to collaterals. Global bonds in USD lost 1.9% in October. We shall see if there is going to be damage to stocks, but we bought some QQQ inverse ETF as hedge for customized portfolios with exposure to Nasdaq. Hedging is not available to our GGL portfolio. As election results favour Trump, the hedge is not working out.

While China irons out the details of its stimulus, we reduced Hong Kong and increased China exposures respectively in our Global Funds portfolio. Overall, there is net increase in China/HK. We think that either China increases its fiscal (boy wins) or trade war de-escalates (girl wins). Sensing the disruption in bonds, we also liquidated 15% of equities to deploy later into fixed income.

Meanwhile, Japan gets more uncertain, not with their election results, but more so with forex and rate hikes as the BoJ is saying a lot of things without saying anything. Core CPI is above 2% for 29/30 months, yet they are uncertain. So, we are only keeping the most undervalued. Their October performance in SGD was mixed.

Our entry into Indonesia stocks is now looking up. In customized portfolios with exposure to 7 holdings, our October performance was 5-2 (5 stocks winning, 2 losing).

USD strengthened by 2.7% against SGD in the month. This impacted our performance negatively (0.5%) in our Enhanced Yield portfolio, which has holdings in EM debt.

On rebuilding AOM: At end October, we are 90% invested. Country distribution is as follows: Hong Kong 31%, Singapore 24%, Indonesia 20%, about 5% each in Australia, Korea and Taiwan; 10% cash. We will talk about the individual holdings from next month's letter.

On our 1M performance (in SGD):

The top gainers are SMART US +10.9%, Thailand +6%, Hong Kong +3.9%, SMART 3 +2.9%, GGL +2.8%, SMART 2 +2.5%, Global Funds +2%. +/-1%: Singapore Growth, Singapore Yield, Returns Enhancer. Four portfolios have more than 1% loss. Biggest loser is Gold & Resource -3.5%.

On our YTD performance (in SGD):

The top gainers are **Malaysia +38%**, **SG Growth +20%**, **Hong Kong +20%**, GGL +17%, Gold & Resources +12%, Global Funds +12%, SMART 3 +12%. We still have 2 losing portfolios: AOM -27%, Thailand -7%.

Our top customized YTD accounts: +15.7% (2 accounts), and +15.2% (1 account). These 3 have exposure to US.

## **Portfolio management**

We still see positive liquidity outcomes that may feed into the risk markets. We remain value-conscious in stocks.

## Portfolios' Performance

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

S-REITs	4.0% (1M)	-1.5% (YTD)	6.4% (12M)
Singapore	4.1% (1M)	10.6% (YTD)	11.4% (12M)
US Big	0.4% (1M)	18.1% (YTD)	28.4% (12M)
US Tech	0.8% (1M)	16.6% (YTD)	30.4% (12M)
Hong Kong	16.1% (1M)	21.8% (YTD)	13.1% (12M)
Shanghai	16.8% (1M)	10.6% (YTD)	5.4% (12M)
Japan	-1.8% (1M)	8.7% (YTD)	16.8% (12M)
Korea	-3.3% (1M)	-7.6% (YTD)	3.9% (12M)
Taiwan	-0.9% (1M)	17.6% (YTD)	30.0% (12M)
Australia	2.7% (1M)	7.8% (YTD)	18.4% (12M)
Indonesia	-1.3% (1M)	2.1% (YTD)	4.2% (12M)
Malaysia	1.2% (1M)	20.8% (YTD)	22.4% (12M)
Thailand	9.6% (1M)	4.3% (YTD)	4.2% (12M)
Global Stock	0.2% (1M)	13.7% (YTD)	22.5% (12M)
Global Bond	-0.6% (1M)	-0.7% (YTD)	0.5% (12M)
Gold Miners	1.4% (1M)	25.7% (YTD)	42.0% (12M)
Materials	0.6% (1M)	10.0% (YTD)	16.8% (12M)
Energy	-5.6% (1M)	1.8% (YTD)	-9.3% (12M)

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

Portfolio	-0.4% (1M)	8.1% (YTD)	15.8% (12M)
S-REITs	-5.5% (1M)	-6.9% (YTD)	8.3% (12M)
Singapore	-0.7% (1M)	9.8% (YTD)	16.0% (12M)

We bought Valuetronics. Most accounts are 95%-invested.

Dividends were received from Civmec. We attended Civmec's AGM. There were many happy shareholders. It is getting into the defence sector.

We are satisfied with the performance vs referenced indexes. The risk is when inflation resurfaces (MMT thinks so). This could be late 2025. Our high-yield REIT exposure is Daiwa and Sasseur. Sabana and KORE are being played from the angle of liquidation of properties.

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

Portfolio	-3.2% (1M)	-26.7% (YTD)	-25.7% (12M)
Hong Kong	-1.2% (1M)	19.7% (YTD)	15.7% (12M)
Singapore	-0.7% (1M)	9.8% (YTD)	16.0% (12M)
Indonesia	0.2% (1M)	2.4% (YTD)	10.1% (12M)
Australia	-3.6% (1M)	4.1% (YTD)	20.4% (12M)
Thailand	-0.3% (1M)	4.1% (YTD)	9.2% (12M)

AOM receded by 3.18% in Oct 2024. As part of the rebuilding of the service, we bought Indonesian stocks Astra Otoparts and Bukit Asam TBK, Singapore stocks China Aviation and Food Empire, Hong Kong stocks China NonFerrous, AAC Technologies, Yancoal Australia, JD.com and Fufeng Group. Of those positions, the top performers is Astra Otoparts which returned 8.4% while performance have been dragged down by Bukit Asam TBK returning -8.0%. We foresee volatility in the service due to upcoming US elections. The service is now sitting on about 10% cash and we are looking for opportunities to enter the market. As we are rebuilding the portfolio, we shall talk a bit more into our October holdings as well as our position at 29 Sep.

China did not move that fast. So, there were no quick disposals.

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

Portfolio	0.2% (1M)	20.1% (YTD)	26.9% (12M)
Singapore	-0.7% (1M)	9.8% (YTD)	16.0% (12M)

There was no change in holdings.

Dividends were received from Civmec. We attended Civmec's AGM. There were many happy shareholders. It is getting into the defence sector.

Proceeds from RE&S takeover were also received.

We are satisfied with the performance vs referenced indexes. We beat indexes substantially over YTD and 12M. We acknowledge that if the referenced indexes had not move, we would also not have moved.

We are invested in KORE not because it is a REIT, but because of the huge discount to NAV.

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

Portfolio	-1.7% (1M)	9.9% (YTD)	15.8% (12M)
Hong Kong	-1.2% (1M)	19.7% (YTD)	15.7% (12M)
Singapore	-0.7% (1M)	9.8% (YTD)	16.0% (12M)
Australia	-3.6% (1M)	4.1% (YTD)	20.4% (12M)

We sold China Blue as the market still dislikes the chemical sector. We will deploy proceeds into China/HK companies that are more current to fiscal benefits. We also bought Jardine C&C, based on its related company's guidance.

Dividends were received from Labrador, CNOOC, OOI and Astra Oto. The yield from dividends alone is expected to be 6% per annum.

We are satisfied with the performance vs referenced indexes. The catch-up by the Hong Kong referenced has narrowed our previous advantage.

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

Portfolio	-3.5% (1M)	12.5% (YTD)	11.9% (12M)
Gold Miners	3.9% (1M)	30.0% (YTD)	40.2% (12M)
Materials	-0.5% (1M)	9.1% (YTD)	19.0% (12M)
Energy	3.6% (1M)	5.4% (YTD)	-0.7% (12M)

There was no change in holdings.

Dividends were received from Baytex, Labrador, Fufeng and Osisko.

We remain very patient with very under-valued Canada-listed commodity stocks. Meanwhile, we stayed below referenced indexes.

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

Portfolio	2.0% (1M)	12.1% (YTD)	20.2% (12M)
Global 70/30	0.5% (1M)	9.6% (YTD)	18.5% (12M)

We replaced JPM Technology with Fidelity Global Technology, as its holdings are more of interconnects than chips in the AI segment. We reduced Allianz Hong Kong and added JPM China, with net increase in China/HK. We added a bit more of Blackrock Energy. We halved our exposure in Malaysia. We sold some GLD ETF, and look to deploy the

proceeds into fixed income that is suffering from unwinding of aggressive rate-cut bets and the US elections.

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

Portfolio	-0.5% (1M)	2.3% (YTD)	4.4% (12M)
Global Bond	0.7% (1M)	0.0% (YTD)	1.7% (12M)

The strengthening of USD has put a dampener into EM debt. EM debt makes up 30% of our portfolio.

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

Portfolio	1.7% (1M)	7.4% (YTD)	11.7% (12M)
Global 40/60	0.6% (1M)	5.5% (YTD)	11.3% (12M)

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

Portfolio	2.5% (1M)	10.2% (YTD)	14.2% (12M)
Global 60/40	0.6% (1M)	8.3% (YTD)	16.1% (12M)

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

Portfolio	2.9% (1M)	11.7% (YTD)	14.5% (12M)
Global 70/30	0.5% (1M)	9.6% (YTD)	18.5% (12M)

SMART 123 delivered positive returns in October, primarily driven by strong gains in equities, especially in the Taiwanese market and the US technology sector. These gains were supported by strong corporate earnings and robust demand within the technology sector. Meanwhile, US equities and gold recorded modest returns. In contrast, fixed income assets underperformed due to the rising US Treasury yields, which increased borrowing costs and made high-yield bonds less appealing to investors.

Our catch-up with the referenced indexes gains momentum, as we are now ahead in 1M and YTD. Only SMART 1 is ahead in all 3 time periods.

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

Portfolio	10.9% (1M)	0.9% (YTD)	19.6% (12M)
US Big	1.6% (1M)	19.6% (YTD)	32.3% (12M)

We sold Palantir at about 33% profit. However it was Trump Media that contributed substantially to the monthly gain.

We were 50-60% invested in October, as we re-examined the model's effectiveness in handling volatile events.

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

Portfolio	3.9% (1M)	19.8% (YTD)	29.9% (12M)
Hong Kong	-1.2% (1M)	19.7% (YTD)	15.7% (12M)

We took a 40% profit for a one-month holding of uranium CGN Mining. We are replacing Shougang Fushan with another coal company (probably in November) during Shougang's rights. We bought Xinxin Mining.

Dividends were received from OOI and Fufeng.

Our outperforming the referenced index goes from 7%age to 18%age points at 12M, as the referenced index reacted to its own over-reaction to The Stimulus!

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

Portfolio	-3.0% (1M)	38.3% (YTD)	40.3% (12M)
Malaysia	-5.6% (1M)	15.2% (YTD)	16.5% (12M)

We cut loss on Dialog to make way for a buy in November.

Dividends were received from Magni-Tech and Yenher.

Our Malaysia portfolio outperformed in 1M, YTD and 12M.

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

Portfolio	6.0% (1M)	-6.7% (YTD)	-4.9% (12M)
Thailand	-0.3% (1M)	4.1% (YTD)	9.2% (12M)

We received the proceeds from the Lanna offer, but have not re-invested.

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

Portfolio	2.8% (1M)	17.4% (YTD)	31.0% (12M)
Global Stock	0.5% (1M)	13.8% (YTD)	25.7% (12M)

Our GGL portfolio was +2.8%, in SGD terms, for the month of October. The USD gained +2.7% vs SGD for the first time in 4 months. Blackstone (BX +10.1%) was the largest gainer for October after its 3Q24 earnings topped consensus expectations by 9% on higher investment activity, and had its strongest fund appreciation in 3 years. 2 of the top 5 gainers for the month were semiconductor stocks (TSMC +9.7%, NVDA +9.3%), boosted by TSMC's strong 3Q24 results. The biggest laggard was semiconductor equipment manufacturer ASML Holding N.V. (ASML -19.1%) after it issued 3Q24 bookings which were only half of consensus expectations. For October, the referenced global index was up 0.5%.

### **(16) Customised Portfolios**

Our 3 top-performing YTD customized portfolios have exposure in US.

#### **Others**

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. Indonesia is being added to those wanting yield.

#### **Thank you**

We are grateful for your trust, and continuing support.