Investing 3-5 years is …

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2024/12
Date:	4 December 2024
Re:	Investing for 3-5 years. MOVE! US stocks moved higher. Watch USDJPY. Credo delivers. China/HK, Indonesia lost. PEC's holding announcement. Portfolios' 1M performance. Portfolios' YTD performance. YTD, best Customised +28%.

Time to stay invested in a service for 3-5 years can have different meanings. As fund managers, we learned that this is sometimes too long a time for investors as we have many closures before the third year. To financial advisers, investing in funds instead of directly into equities makes more sense as they are familiar with funds' behaviour, and advising clients on portfolio performance would be second nature. To fund managers, 2 years will likely be enough time to buy stocks at a reasonably low price, and the third year will be the beginning of so-called harvesting time. To platforms providing fund managers, this time should be considered when hiring and evaluating managers. These should also use the 3-5 years' track-record to decide if services should be continued. To investors, if they could understand where the platforms, advisers and fund managers are coming from, it would result in a happy and rewarding journey.

Platforms that have services that select investment holdings - stocks, funds or bonds – on rule-based criteria like CATL i.e. Current Assets minus Total Liabilities minus minority minus market-cap, divided by one year's profit, which gives the number of years of profit to get the business for free. The smaller the number, the cheaper the stock is. Strangely, we find this method is beneficial in our stock selection in US.

We shall talk about other methods in future letters.

Let’s see where markets are now, given November.

The Wow! move in the MOVE index hit a high of 136 at the time of writing of last month’s letter, and has retreated to around 100. Vanguard World Bond has since rebounded. Its nearly 4% drop since September did not have re-balancing effects on US stocks. Asian markets were spooked by the threats of Mr. Trump and his tariffs. There was a little scare that RFK might damage the pharmaceutical sector, but the market quickly learned that Trump 1.0 had favoured faster FDA approvals. RFK is no Bernie Sanders that helped crash the US markets in 2020.

The euphoria for rate cuts peaked earlier in September, and market expectations now are more realistic as market notes MMT (Modern Monetary Theory)’s expectation of the return of inflation next year.

USD index climbed from 103 to 107, and stays at 106. Asian currencies between themselves remain stable. Now, the watch is on USDJPY, which has fallen from a recent high of 156 to the current 150, with the August Nikkei crash still fresh in most memories. Korea’s martial law did not help.

Our exposure to AI stocks has helped performance in our customized portfolios. Credo, which just reported last night, has gained 100% for most accounts. AI adoption drives Credo but the market likes its delivery of promises. Other AI gains are between +10% and +50%.

Our biotech exposure is roughly breakeven. Other sector entries have yet to perform. We will talk more on these in future letters, as we have not done our full deployment.

In Asia, the China market stalled while Hong Kong and Indonesia declined. All our 7 Indonesia stocks are losing, between Hartadinata at -16%, and LonSum at -2%. Things have gotten so cheap again in Hong Kong, that we bought a surgical robot maker at 12 P/E and 16% DY!

PEC, a Singapore stock that we have held for a very long time, made a holding announcement. It is now about +50%. There was some negative movement in YZJ Ship, which price dropped before its new orders announcement.

Fearing another Japan meltdown on forex, we have been reducing exposure to just a handful. One holding, Inui Log surged 50% in November.

Global Funds is now fully invested. Despite constant rebalancing, most portfolios are quite fully invested.

On our 1M performance (in SGD):

The top gainers are GGL +5.9%, SMART US +3.8%. Biggest loser is Blue Chip Equity Yield -3.5%. Others are between -2.2% and +0.8%.

On our YTD performance (in SGD):

The top gainers are Malaysia +40%, GGL +24%, Hong Kong +21%, Singapore Growth +20% are the notable winners. At the other end, AOM -28%.

Our portfolio managers have written on AOM and GGL (see below).

Our top customized YTD accounts: one at +28%, one at +22%, and 3 at around +17%.

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	-3.7%	(1M)	-10.6%	(YTD)	-2.5%	(12M)	-5.9%	(24M)
Singapore	5.1%	(1M)	15.4%	(YTD)	21.7%	(12M)	6.6%	(24M)
US Big	7.2%	(1M)	27.9%	(YTD)	32.2%	(12M)	20.8%	(24M)
US Tech	6.7%	(1M)	25.8%	(YTD)	31.4%	(12M)	31.1%	(24M)
Hong Kong	-3.0%	(1M)	15.8%	(YTD)	14.5%	(12M)	1.6%	(24M)
Shanghai	1.0%	(1M)	11.3%	(YTD)	8.4%	(12M)	0.6%	(24M)
Japan	0.8%	(1M)	9.7%	(YTD)	13.2%	(12M)	12.1%	(24M)
Korea	-4.0%	(1M)	-14.0%	(YTD)	-9.8%	(12M)	-4.5%	(24M)
Taiwan	-2.5%	(1M)	19.6%	(YTD)	24.0%	(12M)	18.9%	(24M)
Australia	3.9%	(1M)	8.2%	(YTD)	17.8%	(12M)	4.8%	(24M)
Indonesia	-5.6%	(1M)	-3.5%	(YTD)	-1.4%	(12M)	-1.2%	(24M)
Malaysia	-0.9%	(1M)	14.4%	(YTD)	14.9%	(12M)	2.5%	(24M)
Thailand	-2.7%	(1M)	1.3%	(YTD)	6.5%	(12M)	-6.2%	(24M)
Global Stock	5.6%	(1M)	20.0%	(YTD)	23.8%	(12M)	15.0%	(24M)
Global Bond	2.6%	(1M)	2.6%	(YTD)	3.0%	(12M)	0.2%	(24M)
Gold Miners	-5.2%	(1M)	22.9%	(YTD)	20.4%	(12M)	13.0%	(24M)
Materials	3.0%	(1M)	12.2%	(YTD)	15.2%	(12M)	6.2%	(24M)
Energy	10.0%	(1M)	15.8%	(YTD)	13.4%	(12M)	1.7%	(24M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	-0.1%	(1M)	8.0%	(YTD)	14.1%	(12M)	3.7%	(24M)
S-REITs	-3.7%	(1M)	-10.6%	(YTD)	-2.5%	(12M)	-5.9%	(24M)
Singapore	5.1%	(1M)	15.4%	(YTD)	21.7%	(12M)	6.6%	(24M)

We bought YZJ Ship, Haw Par and KORE to get it 100% invested. We sold Mapletree NAC Reit.

Dividends were received from BRC, Karin Tech, and SIA Engineering.

We are satisfied with the performance vs referenced indexes. The risk is when inflation resurfaces (MMT thinks so). This could be late 2025. We restrict our high-yield REIT exposure to only 2: Daiwa and Sasseur. Sabana and KORE are being played from the angle of liquidation of properties. We are working at the 12M and 24M numbers.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	-2.0%	(1M)	-28.2%	(YTD)	-27.7%	(12M)	-16.9%	(24M)
Hong Kong	-3.0%	(1M)	15.8%	(YTD)	14.5%	(12M)	1.6%	(24M)
Singapore	5.1%	(1M)	15.4%	(YTD)	21.7%	(12M)	6.6%	(24M)
Indonesia	-5.6%	(1M)	-3.5%	(YTD)	-1.4%	(12M)	-1.2%	(24M)
Australia	3.9%	(1M)	8.2%	(YTD)	17.8%	(12M)	4.8%	(24M)
Korea	-4.0%	(1M)	-14.0%	(YTD)	-9.8%	(12M)	-4.5%	(24M)

AOM finished November, down 2.02%, slowing the loss in October and the turnaround in September. Leading the loss is China Non-Ferrous, a copper mining firm we entered in early October that has trended down since. We are still optimistic in its prospect given low PE ration of less than 8 and a healthy EV-to-EBITDA margin of less than 3. With the buzz on AI, resource companies like China Non-Ferrous are overlooked but form an essential part of the eco-system and we are waiting for its price to "pop". We went into Samsung Electronics in early November trying to buy on the dip and the price is still consolidating. We are optimistic that it will recover and rebound, grounded by its consecutive EPS beats in 2024. Revenue and earnings continue to grow at high double digits Q-to-Q. Our biggest gainer since the reconstruction when the new PM took over in Oct 2024 is AAC Technologies which is up close to 20%. It develops solutions for smart devices and shows healthy forward PE of 16+ and EV-to-EBIYDA < 2.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	0.4%	(1M)	20.5%	(YTD)	25.9%	(12M)	8.9%	(24M)
Singapore	5.1%	(1M)	15.4%	(YTD)	21.7%	(12M)	6.6%	(24M)

We unfortunately sold BRC Asia before the result, missing as much as 20 cents of profit. We bought UOB, Bumitama and YZJ Ship. And, a bit of KORE to be 100% invested.

Dividends were received from Grand Banks, PEC, Karin Tech and BRC Asia.

We are happy with the performance vs referenced indexes. We beat indexes over YTD, 12M and 24M. We acknowledge that if the referenced indexes had not moved, we would also not have moved.

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

Portfolio	-3.5%	(1M)	6.0%	(YTD)	11.1%	(12M)	2.5%	(24M)
Hong Kong	-3.0%	(1M)	15.8%	(YTD)	14.5%	(12M)	1.6%	(24M)
Singapore	5.1%	(1M)	15.4%	(YTD)	21.7%	(12M)	6.6%	(24M)
Indonesia	-5.6%	(1M)	-3.5%	(YTD)	-1.4%	(12M)	-1.2%	(24M)
Australia	3.9%	(1M)	8.2%	(YTD)	17.8%	(12M)	4.8%	(24M)

We sold Shougang Fusan (did not like its rights offering as good deals may be forthcoming from government incentives, why don’t wait?), and Haw Par as it did not declare a special dividend at the last reporting. We bought Fufeng, YZJ Ship and UOB.

Dividends were received from Shougang Fushan.

We suffered like Hong Kong and Indonesia in 1M. We are trying hard at other time measurements and acknowledge high interest rates have ruled out S-Reits as a viable sector.

We are not happy with the performance vs referenced indexes. The under-valued stocks in Hong Kong are getting us excited about the next re-balancing, as we may be able to delete cyclicals and add growth at a cheap dividend-included price.

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

Portfolio	-1.9%	(1M)	10.3%	(YTD)	10.1%	(12M)	2.1%	(24M)
Gold Miners	-5.2%	(1M)	22.9%	(YTD)	20.4%	(12M)	13.0%	(24M)
Materials	3.0%	(1M)	12.2%	(YTD)	15.2%	(12M)	6.2%	(24M)
Energy	10.0%	(1M)	15.8%	(YTD)	13.4%	(12M)	1.7%	(24M)

There was no change in holdings.

Dividends were received from PEC. PEC also contributes positively to portfolio upon its holding announcement, and is now 40% above cost.

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	-2.2%	(1M)	9.7%	(YTD)	13.0%	(12M)	5.5%	(24M)
Global 70/30	4.7%	(1M)	14.7%	(YTD)	17.6%	(12M)	10.6%	(24M)

We sold Gold ETF and reduced Gold Miners. We sold Taiwan, and switched some from Hong Kong to China, as any government incentives that follow would logically benefit Chinese vs Hong Kong firms.

After the bond bashing from mid-September, we placed 20% in fixed income, anticipating a bond recovery cycle to commence.

We underperformed referenced indexes, due to our Asian weightage. We believe our additions to global tech and global biotech will help performance from here.

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

Portfolio	0.2%	(1M)	2.5%	(YTD)	3.9%	(12M)	2.5%	(24M)
Global Bond	2.6%	(1M)	2.6%	(YTD)	3.0%	(12M)	0.2%	(24M)

The continued strength of USD is favouring the referenced indexes over us.

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

Portfolio	-0.9%	(1M)	6.4%	(YTD)	9.2%	(12M)	4.1%	(24M)
Global 40/60	3.8%	(1M)	9.5%	(YTD)	11.4%	(12M)	6.1%	(24M)

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

Portfolio	-1.4%	(1M)	8.7%	(YTD)	11.5%	(12M)	4.4%	(24M)
Global 60/40	4.4%	(1M)	13.0%	(YTD)	15.5%	(12M)	9.1%	(24M)

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

Portfolio	-1.6%	(1M)	9.9%	(YTD)	12.0%	(12M)	4.2%	(24M)
Global 70/30	4.7%	(1M)	14.7%	(YTD)	17.6%	(12M)	10.6%	(24M)

SMART 123 reported negative performance in November, driven by challenges in both equities and fixed income. US and US tech continued to perform well, following optimism after the presidential election, but these gains were offset by losses in Taiwan and gold. The Taiwanese market was weighed down by large-cap stocks as the US Philadelphia Semiconductor Index declined and concerns mounted over potential US tariff increases. Gold prices fell amid a stronger US dollar. In fixed income, high-yield bonds underperformed due to heightened economic uncertainty and a flight to quality driven by increased market volatility.

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

Portfolio	3.8%	(1M)	4.7%	(YTD)	7.9%	(12M)	-2.5%	(24M)
US Big	7.2%	(1M)	27.9%	(YTD)	32.2%	(12M)	20.8%	(24M)

The buys/sells in November were a mixed bag.

We are getting more signals from the space, crypto and tech sectors. We are 40-50% invested. We believe the current strategy of splitting our entries should be beneficial to performance, given the enormous volatility of the current batch of stocks selected.

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

Portfolio	0.7%	(1M)	20.6%	(YTD)	27.6%	(12M)	14.6%	(24M)
Hong Kong	-3.0%	(1M)	15.8%	(YTD)	14.5%	(12M)	1.6%	(24M)

There is no change in portfolio. But there should be an exciting entry in December.

Dividends were received from Shougang Fushan and Tiande Chemicals.

Our outperforming the referenced index goes by 13%age points are at both 12M and 24M.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	0.9%	(1M)	39.5%	(YTD)	41.6%	(12M)	9.2%	(24M)
Malaysia	-0.9%	(1M)	14.4%	(YTD)	14.9%	(12M)	2.5%	(24M)

We sold Poh Kong (take profit), SK Resources (cut loss), and APM (better opportunities). We bought DKSH, SOP and added to FPI; and, again bought VSTECS.

Dividends were received from Samchem and Oriental.

Malaysia portfolio materially outperformed referenced indexes in 12M and 24M.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio	0.9%	(1M)	-5.9%	(YTD)	-2.5%	(12M)	-14.2%	(24M)
Thailand	-2.7%	(1M)	1.3%	(YTD)	6.5%	(12M)	-6.2%	(24M)

We bought more of Regional Containers.

We are still underperforming referenced indexes in all time frames.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio	5.9%	(1M)	24.4%	(YTD)	28.5%	(12M)	22.0%	(24M)
Global Stock	5.6%	(1M)	20.0%	(YTD)	23.8%	(12M)	15.0%	(24M)

The GGL portfolio delivered a strong performance in November, gaining 5.9%, outperforming both the S&P 500 and Nasdaq indices. The portfolio's holdings achieved an average gain of 5.02%. Top-performing stocks included Charles Comm +21%, Netflix +17%, Charles Schwab +16% and Amazon +12%. On the downside, notable underperformers were Abbvie -10% and Thermo fisher -3%. Most companies in the GGL portfolio reported positive quarterly financial results, with Amazon's Q3 earnings exceeding estimates by an impressive 25%. The broader U.S. market also advanced during the month, supported by optimism surrounding AI developments and early momentum in Donald Trump's reelection campaign. Looking ahead, we remain optimistic about the GGL portfolio. Its constituents, as industry leaders, are well-positioned to benefit from continued technological advancements and economic growth.

(16) Customised Portfolios

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

The top account gained 8.9% in November just from its bitcoin holdings. There were huge contributions from Credo and Semtech. Overall, the portfolio gained 10.2% in 1M. The detractors are the Asian holdings. YTD, it gained 28%.

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.