Risks now. Risks ahead.

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2025/02
Date:	9 February 2025
Re:	Sector concentration risk. Trade war risk. Refinancing interest rate risk. Onshore, AI-enabled med-techs. Getting out of water. Gold, silver developments. More of US returning to office. Volatility throughout 1Q. MOVE low. Coping with USD. Will Hong Kong last?

Apart from the risks (i.e. sector concentration, trade wars, rates) identified last month that are playing out but for different reasons, passive investing into the heavyweights keep major stock indexes up. The different reasons are: DeepSeek breaking the AI sector, markets disbelieving Trump's tariffs, and higher rates to attract refinancing.

Because our GGL portfolio consists of stocks in the top 25% by market cap, pension funds' passive investing helped cushion the sell-off in January due to rising rates and the Nvidia sell-off. GGL gained +4.1% in January vs the referenced +2.4%. Diversification also helped.

Outside of GGL, our US exposure did quite well in January. Airline stocks had a positive month. We are having some success in buying the onshoring or the AI-enabled med-techs. For accounts that did not submit W8Ben, we seek this exposure in DOCT ETF. DOCT gained 7% in January but gave back some in February. We like the on/offshoring play in med-techs because drug testing/approval processes take much longer to dismantle, so the onshore ones should be able to extend their advantage over the offshore ones.

Other aspects of trade war are still debated by the markets and the politicians (on, off, postponements, rates, retaliations).

However, our foray into water infrastructure (big data needs cooling) necessitated immediate rebalancing as the demand for water may dry up due to big data becoming less relevant. It seems instant gratification helps AI learn much faster, without having to crunch enormous data. In the Nvidia sell-off, we also reduced exposure to AI networks, locking in profits that are less (unfortunately) than what were accumulated at the end of December.

In the gold and silver markets, we have already increased our allocation to gold funds. This change may change our allocation (direct equities) in customized accounts in February. Gold Miners referenced index surged 14% in January. We are looking at London. Risk or opportunity.

Trump/Musk action in US of returning workers to office helped KORE's price. This helped performances of our Singapore portfolios. Other Trump action may open more opportunities.

So, "volatility" in our portfolios is likely to last throughout 1Q.

Meanwhile, MOVE has largely remained below 100. The fall in global liquidity appears to have ended as we just have 3 consecutive weekly increases in global liquidity, mainly contributed by China and the EU.

The USD index fluctuates between 107 and 110 since the start of the year. Emerging markets are coping.

Hong Kong has rallied since January 13. Will it last? Of the few Japan stocks that we have, Onamba surged almost 20% in early February.

Portfolios' Performance

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

S-REITs	0.0%	(1M)	0.0%	(YTD)	-7.5%	(12M)	-9.1%	(24M)	-7.5%	(36M)
Singapore	1.8%	(1M)	1.8%	(YTD)	22.3%	(12M)	7.0%	(24M)	5.9%	(36M)
US Big	2.0%	(1M)	2.0%	(YTD)	25.8%	(12M)	24.9%	(24M)	10.6%	(36M)
US Tech	1.6%	(1M)	1.6%	(YTD)	26.5%	(12M)	36.4%	(24M)	13.3%	(36M)
Hong Kong	-0.1%	(1M)	-0.1%	(YTD)	32.2%	(12M)	0.1%	(24M)	-4.8%	(36M)
Shanghai	-3.0%	(1M)	-3.0%	(YTD)	16.9%	(12M)	-3.8%	(24M)	-13.6%	(36M)
Japan	1.5%	(1M)	1.5%	(YTD)	5.1%	(12M)	7.1%	(24M)	-11.8%	(36M)
Korea	5.7%	(1M)	5.7%	(YTD)	-6.4%	(12M)	-10.7%	(24M)	-19.3%	(36M)
Taiwan	2.0%	(1M)	2.0%	(YTD)	28.6%	(12M)	19.0%	(24M)	-5.1%	(36M)
Australia	4.3%	(1M)	4.3%	(YTD)	6.8%	(12M)	-2.2%	(24M)	-4.8%	(36M)
Indonesia	-2.2%	(1M)	-2.2%	(YTD)	-3.5%	(12M)	-3.4%	(24M)	-9.4%	(36M)
Malaysia	-5.3%	(1M)	-5.3%	(YTD)	10.3%	(12M)	0.9%	(24M)	-5.1%	(36M)
Thailand	-3.7%	(1M)	-3.7%	(YTD)	3.1%	(12M)	-10.8%	(24M)	-8.3%	(36M)
Global Stock	2.4%	(1M)	2.4%	(YTD)	18.9%	(12M)	17.4%	(24M)	6.1%	(36M)
Global Bond	-0.3%	(1M)	-0.3%	(YTD)	0.6%	(12M)	2.8%	(24M)	-3.5%	(36M)
Gold Miners	14.2%	(1M)	14.2%	(YTD)	40.6%	(12M)	13.5%	(24M)	9.2%	(36M)
Materials	4.9%	(1M)	4.9%	(YTD)	9.2%	(12M)	5.6%	(24M)	2.1%	(36M)
Energy	1.3%	(1M)	1.3%	(YTD)	7.4%	(12M)	2.7%	(24M)	11.1%	(36M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	3.5%	(1M)	3.5%	(YTD)	12.5%	(12M)	5.2%	(24M)	0.7%	(36M)
S-REITs	0.0%	(1M)	0.0%	(YTD)	-7.5%	(12M)	-9.1%	(24M)	-7.5%	(36M)
Singapore	1.8%	(1M)	1.8%	(YTD)	22.3%	(12M)	7.0%	(24M)	5.9%	(36M)

BRC Asia, Hock Lian Seng and KORE are the main contributors to the monthly +3.5% gain.

We sold Daiwa Reit as there is no sign of any corporate action, and the JPY is not strengthening. Proceeds will likely go into banks on yield curve steepening.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	-2.7%	(1M)	-2.7%	(YTD)	-27.3%	(12M)	-19.3%	(24M)	-14.2%	(36M)
Hong Kong	-0.1%	(1M)	-0.1%	(YTD)	32.2%	(12M)	0.1%	(24M)	-4.8%	(36M)
Singapore	1.8%	(1M)	1.8%	(YTD)	22.3%	(12M)	7.0%	(24M)	5.9%	(36M)
Korea	5.7%	(1M)	5.7%	(YTD)	-6.4%	(12M)	-10.7%	(24M)	-19.3%	(36M)
Indonesia	-2.2%	(1M)	-2.2%	(YTD)	-3.5%	(12M)	-3.4%	(24M)	-9.4%	(36M)
Thailand	-3.7%	(1M)	-3.7%	(YTD)	3.1%	(12M)	-10.8%	(24M)	-8.3%	(36M)

Asia Pacific markets were mixed in January 2025. China’s recovery gained traction with government support but remained subdued. North Asia saw strength in semiconductors, while Southeast Asia faced export challenges. Australia benefited from strong commodity demand. Key drivers included China’s reopening and ongoing geopolitical tensions. Investors focused on resilient sectors like tech and resources amid cautious sentiment.

As part of our commitment to delivering comprehensive updates, we analyze and share the performance of key holdings in our portfolio. This period, we observed both notable gains and declines among our holdings, reflecting the dynamic nature of the markets.

Top Gainers: **Launch Tech-H** (+6.33%) emerged as a top performer, supported by its strong market position in automotive technology. Strategic tailwinds in the sector and better-than-expected financial results contributed to its solid performance. **TK Group** (+4.61%) demonstrated resilience through operational efficiencies and favorable industry demand, aligning well with our investment thesis. **Sinomedia Holdings** (+21.43%) capitalized on improved advertising demand, underscoring the strength of its market positioning.

Top Losers: **China Shineway** (-13.56%) faced pressure from market concerns and weaker-than-expected earnings. This has prompted our team to closely reassess the position and its outlook. **Sihuan Pharmaceutical** (-10.61%) was impacted by challenges related to regulatory delays and competitive pressures in its key markets. **Medlive Tech** (-12.59%) was affected by short-term volatility in the digital healthcare space. Despite this, its long-term growth potential remains intact.

Overall, China's industrial, technology, and media sectors provided resilience, while regulatory risks and macroeconomic concerns weighed on healthcare and manufacturing stocks. Moving forward, we will continue to monitor sectoral trends and policy shifts to navigate the evolving investment landscape effectively.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	2.2%	(1M)	2.2%	(YTD)	25.8%	(12M)	7.7%	(24M)	3.8%	(36M)
Singapore	1.8%	(1M)	1.8%	(YTD)	22.3%	(12M)	7.0%	(24M)	5.9%	(36M)

KORE is the major contributor to the monthly +2.2% gain.

We beat the index over 1M, 12M, 24M but lags 36M. We are working on this.

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

Portfolio	-1.5%	(1M)	-1.5%	(YTD)	5.4%	(12M)	1.1%	(24M)	-0.1%	(36M)
Hong Kong	-0.1%	(1M)	-0.1%	(YTD)	32.2%	(12M)	0.1%	(24M)	-4.8%	(36M)
Singapore	1.8%	(1M)	1.8%	(YTD)	22.3%	(12M)	7.0%	(24M)	5.9%	(36M)
Indonesia	-2.2%	(1M)	-2.2%	(YTD)	-3.5%	(12M)	-3.4%	(24M)	-9.4%	(36M)
Australia	4.3%	(1M)	4.3%	(YTD)	6.8%	(12M)	-2.2%	(24M)	-4.8%	(36M)

Dividends were received from Labrador IOR. We sold Daiwa Reit as there is no sign of any corporate action, and the JPY is not strengthening. Proceeds will likely go into banks on yield curve steepening.

Over 12M, we regret we could not participate more aggressively in Hong Kong.

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

Portfolio	2.9%	(1M)	2.9%	(YTD)	15.2%	(12M)	2.0%	(24M)	-1.9%	(36M)
Gold Miners	14.2%	(1M)	14.2%	(YTD)	40.6%	(12M)	13.5%	(24M)	9.2%	(36M)
Materials	4.9%	(1M)	4.9%	(YTD)	9.2%	(12M)	5.6%	(24M)	2.1%	(36M)
Energy	1.3%	(1M)	1.3%	(YTD)	7.4%	(12M)	2.7%	(24M)	11.1%	(36M)

Dividends were received from Labrador IOR, Osisko and Baytex. We bought Siemens Energy.

The monthly gain of +2.9% was attributed to small gains across most of the portfolio.

Canada-listed commodity stocks remain very under-valued. Probably, that is why there were no losses in the first few days of February despite the US-Canada trade tariffs.

(6) Phillip Global Funds (in SGD)

Portfolio	1.9%	(1M)	1.9%	(YTD)	11.3%	(12M)	4.5%	(24M)	3.5%	(36M)
Global 70/30	1.6%	(1M)	1.6%	(YTD)	13.4%	(12M)	13.0%	(24M)	2.3%	(36M)

We bought LionGlobal Korea, added to Franklin Gold and Nikko-AM Singapore, and sold Neuberger SD HY, United Asia HY Hedged and Blackrock USD HY.

The tactical switch out of most fixed income helped beat referenced for January. The big turnaround of Franklin Gold from -7.7% to +5.6% and gains from all 3 UK ETFs on Biotech/Digital Payments/Water and Fidelity Global Tech were offset by losses in most Asian funds.

We are still underperforming referenced in 12M and 24M due to our Asian weightage. Our 36M performance was helped by being lowly weighted in fixed income on rising rates then.

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

Portfolio	-0.2%	(1M)	-0.2%	(YTD)	1.9%	(12M)	2.0%	(24M)	0.9%	(36M)
Global Bond	-0.3%	(1M)	-0.3%	(YTD)	0.6%	(12M)	2.8%	(24M)	-3.5%	(36M)

We outperformed the referenced index due mainly to 26% being in USD MMF and newly bought PIMCO Cap Securities. Gains were more than offset in January by losses in Local Currency funds, Convertibles and United Asian HY Hedged, which we cut. Franklin Floating Rate gains will be captured in distributions.

Generally, we are outperforming the referenced.

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

Portfolio	0.6%	(1M)	0.6%	(YTD)	9.2%	(12M)	4.4%	(24M)	2.4%	(36M)
Global 40/60	0.8%	(1M)	0.8%	(YTD)	7.9%	(12M)	8.6%	(24M)	0.4%	(36M)

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

Portfolio	0.6%	(1M)	0.6%	(YTD)	11.1%	(12M)	5.1%	(24M)	0.4%	(36M)
Global 60/40	1.3%	(1M)	1.3%	(YTD)	11.5%	(12M)	11.6%	(24M)	2.3%	(36M)

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

Portfolio	0.7%	(1M)	0.7%	(YTD)	12.4%	(12M)	4.9%	(24M)	0.3%	(36M)
Global 70/30	1.6%	(1M)	1.6%	(YTD)	13.4%	(12M)	13.0%	(24M)	3.2%	(36M)

SMART 123 delivered positive results in January, driven by a mixed performance across equities and fixed income. In equities, Singapore maintained strong momentum, supported by a cautious yet stable 2025 outlook from MAS. Taiwan remained nearly flat, reflecting mixed sector performances and concerns over US trade policies. In the US, large-cap stocks outperformed, while the tech sector lagged as investors rotated into other industries. This shift was driven in part by the introduction of a cost-effective AI model by China's DeepSeek, which spurred a reassessment of valuations in leading US tech firms. In fixed income, the US 10-year Treasury yield declined, providing support for bond markets. US high-yield bonds posted gains, while Asian high-yield bonds struggled, and global high-yield bonds remained largely flat.

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

Portfolio	-1.0%	(1M)	-1.0%	(YTD)	4.7%	(12M)	4.7%	(24M)	N/A	(36M)
US Big	2.0%	(1M)	2.0%	(YTD)	25.8%	(12M)	24.9%	(24M)	N/A	(36M)

We are still about 42% invested in a volatile January, with the portfolio remaining unchanged from December. The 1% loss was due to losses in 3 stocks but was offset by the gain in Rocket Lab.

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

Portfolio	-5.2%	(1M)	-5.2%	(YTD)	22.0%	(12M)	10.6%	(24M)	6.5%	(36M)
Hong Kong	-0.1%	(1M)	-0.1%	(YTD)	32.2%	(12M)	0.1%	(24M)	-4.8%	(36M)

We did an overhaul of the portfolio as the referenced index made up ground on us and beat us over 12M. We still outperformed over 24M and 36M.

These are the realized profit/loss on the counters sold in January:

Consun Pharma	+54%
Precision Tsugami	+40%
Crystal Int'l	+38%
AAC Tech	+31%
Rizhao Jurong	+3%
Oriental Overseas	+1%
Singamas Container	-10%

With the proceeds and balance cash, we bought Shanghai Junshi, China Blue, Zengame, Kinetic Development, China Gold, Netease and Golden Throat.

Dividends were received from Precision Tsugami.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	-4.8%	(1M)	-4.8%	(YTD)	29.1%	(12M)	5.2%	(24M)	-0.1%	(36M)
Malaysia	-5.3%	(1M)	-5.3%	(YTD)	10.3%	(12M)	0.9%	(24M)	-5.1%	(36M)

Dividends were received from Sarawak Palm Oil and Vstecs. There was no change in holdings. Compared to December, there were losses in all except 2 holdings. The worst was YTL moving from +31.9% to -5.8%.

Malaysia portfolio materially outperformed referenced index in 12M, 24M and 36M.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio	-3.5%	(1M)	-3.5%	(YTD)	-6.5%	(12M)	-16.0%	(24M)	-13.6%	(36M)
Thailand	-3.7%	(1M)	-3.7%	(YTD)	3.1%	(12M)	-10.8%	(24M)	-8.3%	(36M)

There was no dividend received and no change in holdings.

We are still underperforming referenced indexes in all time frames.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio	4.1%	(1M)	4.1%	(YTD)	26.4%	(12M)	23.1%	(24M)	N/A	(36M)
Global Stock	2.4%	(1M)	2.4%	(YTD)	18.9%	(12M)	17.4%	(24M)	N/A	(36M)

The **Global Growth Leaders** portfolio continues to display strength and resilience to outperform the broader market indexes, achieving +4.12% compared to the referenced gains of +2.4%. Volatility was observed at the end of January, where DeepSeek-induced fears caused fear in markets, especially evident in AI-related stocks.

Top Performers: **Meta** (+17.71%) reported robust Q4 2024 results, with sales surging 21% YoY due to 6% increase in ad volumes and 14% rise in ad pricing, and operating leverage saw an impressive 50% increase due to better operating leverage. **KKR** (+12.95%) has continued to show robust performances in the previous earnings reports, with its investments being successful, coupled with bullish sentiment in the financial sector. **Goldman Sachs** (+11.84%) exceeded expectations and reported a record-breaking year in stock trading, with Q4 2024 profits more than doubling and robust growth in investment banking, AUM expansion and principal investments.

Key Detractors: **Nvidia** (-10.59%) declined sharply after China's DeepSeek claimed to have only spent USD 6 million to create an open-sourced model that could rival ChatGPT, leading to fears that Nvidia would not make as much as money going forward. **Broadcom** (-4.56%) declined with the rest of the other stocks in the AI space. **Microsoft** (-1.53%) made a relatively strong start to the year but was impacted by DeepSeek-induced fears. While the company surpassed estimates in its latest earnings report, an observed slowdown in Azure and weak current-quarter guidance saw the stock decline further.

Overall, stocks in the financials space continued to show strength – due to a soft landing, an increasingly favourable interest-rate environment, and Trump's de-regulatory measures, which are also poised to foster higher levels of M&A activity. Meanwhile, DeepSeek has continued to weigh down on AI-related stocks. Moving forward, we remain cautiously optimistic and will continue to monitor economic data, policy shifts, and sectoral trends to navigate the volatility of current markets effectively.

(16) Customised Portfolios

January performance is not great, but mainly positive. The better performing includes those with US=GGL +4.2%, US with Gold or Bitcoin +2.2%, GGL & Asia +1.8%. Non-US +0.5%. Those focusing on yield are near 0%. Those who transferred shares in (and which are not fully disposed of) are still negative.

Due to Nvidia sell-off, losses were made on exiting the water play or prematurely selling off most of the AI networks to lock in profits. These were offset by gains in airlines. Digital payments are mostly flat.

Thank you

We are grateful for your trust, and continuing support.