Slower US growth. Bigger deficits in China & EU.

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2025/03
Date:	9 March 2025
Re:	Portfolio volatility in 1Q. GDPnow is negative 2.8%. Moving to IG bonds. Away from USD. Still into AI-enabled med-techs, AI. Scrambles, recently. US exposure costs us. GFM performs. China Tech not enough. EU, here we come. Volatility comes to SGX.

Volatility in our portfolios is likely to last throughout 1Q – was what we said last month. It appears that it is not just markets taking in too much 'bull' air that caused the 'hiccup' but data in the US has turned soft. January retail sales are worse than other Januarys. Service PMI helped pull Composite PMI down. Small business indicators have reversed course after rising into Mr. Trump's win. Conference Board surveys are all recently negative. Labour numbers are near the lows of the Covid period, whether you are looking at joining or quitting. The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2025 is -2.4 percent on March 6, up from -2.8 percent on March 3.

UST 10Y yields have gone from 4.8% to 4.2%. With widening credit spread, we have moved more into IGs from HYs in our fixed income allocation. This change is happening in our Yields Enhancer portfolio (investing only in fixed income unit trusts). And, if recent history is the judge, then profit-taking may take place when the Fed actually cuts i.e. bond yields start to rise upon cut, as happened in September 2024. If we like history to repeat, March may be a pause, then 50 bps cut in May. For our Global Funds portfolio, we are shifting equities to fixed income by around 25%. For customized portfolios with W8Ben, we are moving a few %age into TLT; and, PCQ to protect our US exposure. For those without, we buy fixed income UTs and prefer the underlying bonds to be outside US or hedged away from USD, fearing the relative slower growth in US will impact USD negatively. We also think a stronger JPY arising out of relatively stronger inflation will add to this impact on USD.

Yes, it is a big change. More like a scramble, tbh. Just like we scrambled out of data centres and data cooling last month. Yes, the Snake moves fast, like on desert sand. We intend to move in tandem.

Meanwhile earnings reporting is ending. In the interested US sectors, we remain steadfast in AI-enabled med-techs and AI agents, but trimming those with negative result/guidance, and adding to those with positive result/guidance. We will also reduce airlines on slower growth, missing the opportunity to lock in profits.

The above moves have already taken a toll on our portfolios, especially those with US exposure. GGL is down 1.1% in February, slightly worse than the referenced ETFs, but well ahead of the US indexes. The SMART series is also down because SMART123 has high US exposure.

However, our Global Funds portfolio is up 0.5%. It more than made up by being in Hong Kong/China and Singapore offsetting the losses in US. Our increased allocation into gold and silver markets in February also contributed but we are cutting the 15% back down to 10%, locking in 0.5% portfolio profit for a one-month stay, making way for increased fixed income allocation.

And, allocation to Europe. For as likely as Trump will abandon Ukraine and NATO, the EU will likely abandon fiscal rules and debt brakes to defend and rebuild the EU. China has already made up her mind. Although we are invested in China/Hong Kong, it now seems inadequate especially in Tech.

MOVE spiked to 109 in early March, rising from the low 80s. Meanwhile, global liquidity increased throughout February, although the level now is still below last September's high. Last months' positive contributions from China and EU have helped equity markets there.

Big moves on not so big reasons are affecting stocks in Singapore. Civmec lost 28% on rescheduled deliveries. YZJ Ship lost on US Section 301 investigation. Hock Lian Seng lost 17% (project completion timing difference) and Food Empire gained 16% (analysts' earlier fear of high coffee prices not justified) for lesser reasons.

Our major holdings had a missed February. Food Empire [+18%] did well while Civmec did badly [-28%]. Hardinata is the only positive performer from our Indonesia holdings. We believe the palm oil producers will do well in March. Another major holding is TLT, which is a recent acquisition. We will report on this next month.

Portfolios' Performance

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

S-REITs	-3.5%	(1M)	-3.6%	(YTD)	-5.9%	(12M)	-9.0%	(24M)	-9.1%	(36M)
Singapore	1.0%	(1M)	2.9%	(YTD)	24.0%	(12M)	9.3%	(24M)	6.3%	(36M)
US Big	-1.8%	(1M)	0.2%	(YTD)	17.3%	(12M)	22.7%	(24M)	10.6%	(36M)
US Tech	-3.2%	(1M)	-1.7%	(YTD)	16.2%	(12M)	31.9%	(24M)	13.4%	(36M)
Hong Kong	13.2%	(1M)	13.2%	(YTD)	40.0%	(12M)	8.8%	(24M)	0.5%	(36M)
Shanghai	2.0%	(1M)	-1.8%	(YTD)	9.3%	(12M)	-3.8%	(24M)	-15.1%	(36M)
Japan	-3.6%	(1M)	-2.1%	(YTD)	-5.1%	(12M)	7.0%	(24M)	-12.0%	(36M)
Korea	-0.1%	(1M)	5.6%	(YTD)	-12.4%	(12M)	-6.8%	(24M)	-20.1%	(36M)
Taiwan	0.6%	(1M)	-1.1%	(YTD)	18.1%	(12M)	14.6%	(24M)	-6.3%	(36M)
Australia	-4.7%	(1M)	-0.5%	(YTD)	2.1%	(12M)	-1.4%	(24M)	-9.7%	(36M)
Indonesia	-14.0%	(1M)	-16.1%	(YTD)	-19.2%	(12M)	-12.3%	(24M)	-17.2%	(36M)
Malaysia	0.6%	(1M)	-4.8%	(YTD)	8.1%	(12M)	4.6%	(24M)	-7.3%	(36M)
Thailand	-10.3%	(1M)	-13.6%	(YTD)	-6.9%	(12M)	-10.8%	(24M)	-15.3%	(36M)
Global Stock	-0.8%	(1M)	1.6%	(YTD)	12.6%	(12M)	16.1%	(24M)	6.3%	(36M)
Global Bond	0.9%	(1M)	0.7%	(YTD)	2.3%	(12M)	1.7%	(24M)	-3.3%	(36M)
Gold Miners	1.6%	(1M)	16.1%	(YTD)	51.1%	(12M)	20.4%	(24M)	4.7%	(36M)
Materials	-0.4%	(1M)	4.4%	(YTD)	1.8%	(12M)	4.4%	(24M)	1.8%	(36M)
Energy	2.0%	(1M)	3.3%	(YTD)	5.9%	(12M)	4.4%	(24M)	8.6%	(36M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	-2.7%	(1M)	0.7%	(YTD)	10.7%	(12M)	1.8%	(24M)	-0.7%	(36M)
S-REITs	-3.5%	(1M)	-3.6%	(YTD)	-5.9%	(12M)	-9.0%	(24M)	-9.1%	(36M)
Singapore	1.0%	(1M)	2.9%	(YTD)	24.0%	(12M)	9.3%	(24M)	6.3%	(36M)

Delays in project awards and rescheduled deliveries caused the 28% drop in Civmec. The 22% drop in YZJ Ship is due to concerns about oversupply from 2027 onwards and the US's recent S301 investigation report. There was a 17% decline in Hock Lian Seng offset by 16% gain in Food Empire for lesser reasons.

Dividends were received from Sabana. We may still go more into UOB.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	-1.4%	(1M)	-4.0%	(YTD)	-28.3%	(12M)	-19.2%	(24M)	-14.6%	(36M)
Hong Kong	13.2%	(1M)	13.2%	(YTD)	40.0%	(12M)	8.8%	(24M)	0.5%	(36M)
Japan	-3.6%	(1M)	-2.1%	(YTD)	-5.1%	(12M)	7.0%	(24M)	-12.0%	(36M)
Korea	-0.1%	(1M)	5.6%	(YTD)	-12.4%	(12M)	-6.8%	(24M)	-20.1%	(36M)
Singapore	1.0%	(1M)	2.9%	(YTD)	24.0%	(12M)	9.3%	(24M)	6.3%	(36M)
Thailand	-10.3%	(1M)	-13.6%	(YTD)	-6.9%	(12M)	-10.8%	(24M)	-15.3%	(36M)

During February 2025, the Asian Opportunities Portfolio outperformed other Asian market achieving a monthly return of -1.36%, significantly outperforming the portfolio's benchmark regional markets such as Japan (-3.6%), Indonesia (-14.0%), and Thailand (-10.3%).

Top Performers

Alibaba Group Holding Limited [+44.31%] reported better-than-expected fiscal third-quarter earnings, with adjusted earnings per share of 21.39 yuan on revenues of 280.38 billion yuan, marking a 7.6% year-over-year growth. Itannounced plans to invest over $52 billion in artificial intelligence (AI) and cloud computing over the next three years, signaling a strong commitment to technological advancement. It collaborated with Apple to introduce AI features for iPhones in China, enhancing its technological ecosystem.

Medlive Technology [+37.7%] sees continued growth in its user base, leading to increased engagement and platform utilization. It also enhanced service offerings, including online medical education and consultation services, attracting more healthcare professionals.

Ping An Healthcare and Technology [+31.68%] reported rising demand for online healthcare services amid public health awareness boosted platform usage. It is integrating advanced AI technologies to improve service efficiency and user experience.

Top Detractors

Yangzijiang Shipbuilding [-19.87%] reported concerns about oversupply from 2027 onwards and the US's recent S301 investigation report.

Xin Point Holdings [-7.64%] reported automotive sector slowdown and ongoing supply chain issues affecting production schedules and profitability.

Nissan Tokyo Sales [-6.96%] reported stagnant domestic auto sales in Japan that impacted revenue and increased competition from other automakers and alternative mobility solutions affecting market share.

These performance metrics reflect the dynamic nature of the market and underscore the importance of continuous monitoring and strategic adjustments within your portfolio.

February 2025 presented a mixed landscape for the Asian Opportunities Portfolio, with significant gains in technology and healthcare sectors juxtaposed against challenges in the industrial and automotive sectors. The robust performance of companies like Alibaba, Medlive Technology, and Ping An Healthcare highlights the potential of strategic investments in innovation-driven industries. Conversely, the underperformance of Yangzijiang Shipbuilding, Xin Point Holdings, and Nissan Tokyo Sales underscores the need for vigilance in sectors susceptible to macroeconomic fluctuations. Continual assessment and agile management remain pivotal in navigating such a dynamic investment environment.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	-3.8%	(1M)	-1.6%	(YTD)	19.2%	(12M)	5.9%	(24M)	2.2%	(36M)
Singapore	1.0%	(1M)	2.9%	(YTD)	24.0%	(12M)	9.3%	(24M)	6.3%	(36M)

As in Singapore Equity Yield, we lost similarly in YZJ Ship and Civmec. Thakral gained 18% on its 4 cents minimum dividend policy. We sold Ley Choon to realise a 58% profit on cost.

February's poor performance affected the previously better 12M and 24M performance.

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

Portfolio	-4.0%	(1M)	-5.4%	(YTD)	-0.1%	(12M)	0.6%	(24M)	-1.4%	(36M)
Hong Kong	13.2%	(1M)	13.2%	(YTD)	40.0%	(12M)	8.8%	(24M)	0.5%	(36M)
Singapore	1.0%	(1M)	2.9%	(YTD)	24.0%	(12M)	9.3%	(24M)	6.3%	(36M)
Indonesia	-14.0%	(1M)	-16.1%	(YTD)	-19.2%	(12M)	-12.3%	(24M)	-17.2%	(36M)
Australia	-4.7%	(1M)	-0.5%	(YTD)	2.1%	(12M)	-1.4%	(24M)	-9.7%	(36M)

5 of the 6 Hong Kong stocks gained in February. Our Indonesia stocks in total lost another 9% (referenced lost 14%). Our Singapore stocks in total lost 10% (YZJ Ship is the major loser).

No dividend was received. We added First Resources.

Over 12M, we regret we could not participate more aggressively in Hong Kong due to country limit. China fiscal deficit and debt measures are conditions that now justify a tactical exchange over-allocation.

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

Portfolio	-2.5%	(1M)	0.4%	(YTD)	16.6%	(12M)	2.9%	(24M)	-3.8%	(36M)
Gold Miners	1.6%	(1M)	16.1%	(YTD)	51.1%	(12M)	20.4%	(24M)	4.7%	(36M)
Materials	-0.4%	(1M)	4.4%	(YTD)	1.8%	(12M)	4.4%	(24M)	1.8%	(36M)
Energy	2.0%	(1M)	3.3%	(YTD)	5.9%	(12M)	4.4%	(24M)	8.6%	(36M)

Apart from the 25% loss in Galway, others contributed little losses.

No dividends were received.

(6) Phillip Global Funds (in SGD)

Portfolio	0.5%	(1M)	2.5%	(YTD)	9.9%	(12M)	6.3%	(24M)	2.8%	(36M)
Global 70/30	-0.3%	(1M)	1.3%	(YTD)	9.5%	(12M)	11.8%	(24M)	2.5%	(36M)

Our portfolio is up 0.5%. It more than made up by being in Hong Kong/China and Singapore offsetting the losses in US. Our increased allocation into gold and silver markets in February also contributed but we are cutting the 15% back down to 10%, locking in 0.5% portfolio profit for a one-month stay, making way for increased fixed income allocation.

We are still underperforming the referenced only in 24M.

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

Portfolio	0.2%	(1M)	-0.1%	(YTD)	1.6%	(12M)	2.8%	(24M)	1.3%	(36M)
Global Bond	0.9%	(1M)	0.7%	(YTD)	2.3%	(12M)	1.7%	(24M)	-3.3%	(36M)

We under-performed the referenced index due to overweighting MMF as UST 10Y yield fell from 4.5% to 4.2%.

Generally, we are outperforming the referenced over 24M and 36M.

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

Portfolio	-1.0%	(1M)	-0.4%	(YTD)	6.8%	(12M)	4.2%	(24M)	1.3%	(36M)
Global 40/60	0.2%	(1M)	1.0%	(YTD)	6.4%	(12M)	7.5%	(24M)	0.5%	(36M)

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

Portfolio	-1.7%	(1M)	-1.1%	(YTD)	7.7%	(12M)	4.6%	(24M)	-0.7%	(36M)
Global 60/40	-0.1%	(1M)	1.2%	(YTD)	8.5%	(12M)	10.3%	(24M)	2.5%	(36M)

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

Portfolio	-2.0%	(1M)	-1.3%	(YTD)	8.7%	(12M)	4.2%	(24M)	-0.9%	(36M)
Global 70/30	-0.3%	(1M)	1.3%	(YTD)	9.5%	(12M)	11.8%	(24M)	3.4%	(36M)

SMART 123 posted negative results in February, primarily driven by weak equity performance. The biggest losses came from US and US Tech, as concerns over tariffs weighed heavily on investor sentiment. US consumer confidence saw a sharp decline due to mounting fears of an impending trade war. Taiwan underperformed as well, with its export-driven economy facing pressure from escalating trade tensions. Semiconductor giants like TSMC experienced stock price declines amid concerns over reduced orders and weakening global demand. In contrast, gold delivered positive returns, benefiting from its safe-haven appeal during times of economic uncertainty. Fixed income remained relatively flat for the month. High-yield bond spreads stayed low, supported by strong corporate earnings. However, investor caution persisted due to inflationary pressures and geopolitical risks.

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

Portfolio	-2.6%	(1M)	-3.5%	(YTD)	-5.8%	(12M)	4.2%	(24M)	N/A	(36M)
US Big	-1.8%	(1M)	0.2%	(YTD)	17.3%	(12M)	22.7%	(24M)	N/A	(36M)

We are slightly above 40% invested in another volatile month. We are out of HashiCorp realizing +1%. Others fluctuated. January gain in Rocket Lab has turned into a 30% loss. This was offset by a gain in AST SpaceMobile +34%.

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

Portfolio	2.7%	(1M)	-2.7%	(YTD)	19.4%	(12M)	13.6%	(24M)	8.8%	(36M)
Hong Kong	13.2%	(1M)	13.2%	(YTD)	40.0%	(12M)	8.8%	(24M)	0.5%	(36M)

The market moved as fast as a snake on sand. It appears that tech is acceptable to run up the market. So, we bought and sold Netease and Zengame (games), Shanghai Junshi (biotech) and China Blue (chemical) to wait for our entry into tech. Our hesitation made us fall a further 10 %age points with the referenced index.

No dividends were received.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	-6.3%	(1M)	-10.8%	(YTD)	17.7%	(12M)	5.5%	(24M)	-1.9%	(36M)
Malaysia	0.6%	(1M)	-4.8%	(YTD)	8.1%	(12M)	4.6%	(24M)	-7.3%	(36M)

We sold DKSH to make way for an old favourite.

No dividends were received.

Malaysia portfolio materially outperformed referenced index in 12M, 24M and 36M. But we are losing 6%age points in 2025.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio	-3.5%	(1M)	-6.8%	(YTD)	-8.5%	(12M)	-14.3%	(24M)	-15.3%	(36M)
Thailand	-10.3%	(1M)	-13.6%	(YTD)	-6.9%	(12M)	-10.8%	(24M)	-15.3%	(36M)

There was no dividend received and no change in holdings.

We are still underperforming referenced indexes in all time frames except the 36M due to the collapse of the bigger caps in the index, which helped our catch-up. Similarly, our bigger losers are the bigger caps.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio	-1.1%	(1M)	3.0%	(YTD)	17.8%	(12M)	22.5%	(24M)	N/A	(36M)
Global Stock	-0.8%	(1M)	1.6%	(YTD)	12.6%	(12M)	16.1%	(24M)	N/A	(36M)

In a month of heightened volatility, the Global Growth Leaders portfolio once again displayed resilience in a volatile February to outperform the broader market indices, despite a negative performance of -1.06% -- relative to the S&P500 and Nasdaq's losses of -1.42% and -3.97% respectively. Despite being on the back-foot of a strong earnings season, market positivity was quickly overshadowed by concerns over escalating geopolitical tensions in the areas of trade and national security, as well as mixed economic data. As such, investors remained cautious amid ongoing uncertainty.

Top Performers

Philip Morris [+19.26%] reported revenues and EPS figures that were better than analysts' estimates, with robust growth in smoke-free products. Management projected positive forward guidance that exceeded analysts' expectations and boosted investor confidence. Additionally, demand for consistent dividend-paying stocks increased as investors shifted to consumer staples in light of market uncertainty.

T-Mobile [+15.76%] reported revenues, EPS, and subscriber addition figures that exceeded analysts' expectations. Management projected optimistic guidance on the continued subscriber growth and the earnings outlook going forward, due to high adoption rates for 5G plans and strategic partnerships with large companies like SpaceX. Additionally, the demand for more defensive communication-service stocks increased with ongoing market uncertainty.

Uber [+13.70%] reported solid revenue growth and operational improvements for Q4 2024. Despite concerns over lower-than-expected operating income and a conservative guidance for 2025, renowned hedge fund manager Bill Ackman's substantial stake in Uber saw investor sentiment and confidence in the company's future prospects improve. Analysts anticipate that Uber's robust earnings will continue, as it continues to expand collaborative efforts, such as integrating its ride-hailing platform with autonomous vehicles like Google's Waymo.

Key Detractors

KKR [-18.84%], despite reporting higher-than-expected profits and positive reported figures in Q4 2024 due to a resurgence in deal-making activity, the company saw a decline in stock prices due to earnings challenges and complications in its Italian telecom investment, FiberCop. This was further exacerbated by Trump's tariffs and inflationary concerns, resulting in a decline.

Alphabet [-16.24%] reported figures that reflected continued robust growth and key financial statement figures that surpassed analysts' estimates. However, investors have become increasingly concerned about its aggressive expenditures that have mainly been allocated towards AI infrastructure, raising doubt if increased capital expenditures are translating to increased earnings. Additionally, the company faces regulatory challenges regarding antitrust matters.

Taiwan Semiconductor [-13.75%] reported a decline in the broader AI and semiconductor industry, as President Trump looks to impose tariffs on semiconductor imports from Taiwan of up to 100%, aiming to encourage domestic manufacturing. Investors expect that the increased costs for companies like TSM will heavily impact on the bottom-line. Additionally, Trump has urged Congress to repeal the $52 billion CHIPS and Science Act, which provides subsidies for US semiconductor manufacturing – contributing to negative investor sentiment.

As highlighted in last month's commentary, heightened market volatility was anticipated for 2025. For the aforementioned reasons above, we will look to adopt a more defensive position to mitigate downside risks whilst actively identifying opportunistic entry points in fundamentally strong companies trading at attractive valuations. As the markets enter corrective territory, we remain vigilant in monitoring macroeconomic developments and will look to adjust our strategic positioning accordingly.

(16) Customised Portfolios

February performance is poor.

Apart from USD denominated accounts, the mode losers are at -3.2%, the median losers are at -3.1% and 5% are gainers at +0.7%. The losers are heavily weighted in US. The winners and small losers are the yield seekers.

Thank you

We are grateful for your trust, and continuing support.