Conservative Promise. Really? Markets moved markets, really.

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2025/05
Date:	9 May 2025
Re:	Another Trump playbook. Black beats Green energy. Small beats Big pharma. Onshoring beats Offshoring. USD weakness. Returns Enhancer starred. Tighten Fed's balance sheet. Then, 0% IOER. Free banking, gold, commodities. Nothing to see in April, just USDJPY140. Portfolio performance.

Besides Stephen Miran's essay, the document that is authored by dozens, contributed by hundreds, and edited by a team at Heritage Foundation, ***Mandate for Leadership 2025: The Conservative Promise*** needs to be read because Mr. Trump has been implementing some of the contents; and, because there is a sub-title called "The 2025 Presidential Transition Project". Heritage is also responsible for the 1981 ***Mandate for Leadership*** essay of recommendations, 60% of which Ronald Reagan made policy in his first year in office.

Here's the link:
https://www.documentcloud.org/documents/24088042-project-2025s-mandate-for-leadership-the-conservative-promise/

So far, our investments are aligned to this 'mandate'. We have avoided green (energy), for years, in favour of black. We have avoided big (pharma), for now, in favour of small. We have avoided offshoring, since November, in favour of onshoring.

There are several investment opportunities according to the Project, but for now, we focus on avoiding the risks if certain further action is taken by the Administration or Mr. Trump.

We said to avoid the USD last month. This led to our Returns Enhancer (investing in fixed income UTs) outperforming with a +1.6% monthly return vs the World Bond's -2.0%. Over all the periods up to 36M, we have been outperforming World Bonds.

It wants to wind down the Fed's balance sheet. It objects to the Fed's intervention in longer-term government debt, mortgage-backed securities, and corporate and municipal debt. The wind-down can be "either by selling off the assets or by allowing them to mature without replacement". The short-term impact is likely to be higher yields especially for long-duration bonds. We must remember the repo market stress of September 2019. If the tightening takes place in a recession, then yields might not rise. To this end, we have sold all TLT in customer accounts with valid W8Ben, despite it allowing open market operations only to Treasuries. Its other objective is to keep rent affordable or more likely it is trying to achieve a lower OER (owner's equivalent of rent) in its inflation calculation. We believe that a lower house valuation helps.

It wants to stop paying interest on excess reserves so that banks will lend instead of collecting this risk-free interest from the Fed. The excess reserves are $3T. If it is implemented overnight, banks will buy short-term Treasuries or higher-yielding corporates. Fed Fund rate will tend to zero. The risk will be MMF and a weak USD. The last IORB cut to 0.1% was accompanied by QE, which is the inverse of what it wants. Probably QT will precede 0% IORB.

Beyond this, Project 2025 dwells on free banking and the uncertainties and risks involved in its implementation. So, we will keep an open mind that commodity-backed money will be a reality. This will keep our asset allocation not to reduce our current percentage in gold and commodities.

So, why did markets misbehave? Or, didn't they?

Weston Nakamura thinks markets themselves are moving markets. Yes, the same guy who chalks to the minute the 2020 market crash was due to Bernie Sanders, and not Covid. He seems to nail it again, to USDJPY. If that is that, then let's keep a lookout for 140 (just in case it repeats).

If one follows the money, it does make sense. Last August, the USDJPY's move from 160 to 140, it took the daylights out of N225 but only hurt Nasdaq by 9%. Perhaps the money went from N225 to Nasdaq after that, so this time the move from 152 to 140, the major damage is Nasdaq's 20% but N225 only fell 8%.

The Atlanta Fed's GDPNow last forecast number for 1Q is -2.7%. It is now reporting 2Q and the latest number released on 1 May is +1.1%, down from +2.4% a day earlier.

Global liquidity has risen for 16 consecutive weeks.

Forex (weak USD) continues to be in our favour.

Last month, we said that passive investing by pension funds will favour the markets (especially the US) if labour force-versus-retirement is a net positive. Well, the US Big Caps are at the same level as before Liberation Day. Nothing happened in April, right?

We have taken the April opportunity to “lock in” some high dividend yielding stocks mainly in Hong Kong and Singapore. While we wait for the last of our Hong Kong portfolio clients to close, we will continue to report the performance of Hong Kong stocks that we hold in most customized accounts (accounts > $250,000), in which we customize our portfolios to clients’ mandates of yield/growth or country preference.

In summary, our best 3 performing portfolios in April are:
+4.1% SMART US Equity
+3.3% Gold & Resources
+1.6% Returns Enhancer

Our worst 3 performing portfolios in April are:
-5.8% Asian Opportunities
-4.3% Singapore Growth
-3.5% Thailand

Portfolios’ Performance

Reference country/sector performances (in SGD terms):

S-REITs	-2.6%	(1M)	-1.0%	(YTD)	-0.9%	(12M)	-7.6%	(24M)	-9.6%	(36M)
Singapore	-3.4%	(1M)	1.2%	(YTD)	16.4%	(12M)	8.1%	(24M)	4.6%	(36M)
US Big	-3.5%	(1M)	-9.9%	(YTD)	6.1%	(12M)	14.5%	(24M)	8.4%	(36M)
US Tech	-1.3%	(1M)	-11.4%	(YTD)	7.7%	(12M)	20.6%	(24M)	12.5%	(36M)
Hong Kong	-6.7%	(1M)	6.1%	(YTD)	21.1%	(12M)	4.9%	(24M)	0.1%	(36M)
Shanghai	-4.7%	(1M)	-6.3%	(YTD)	0.9%	(12M)	-4.7%	(24M)	-3.1%	(36M)
Japan	3.3%	(1M)	-3.1%	(YTD)	-0.6%	(12M)	7.7%	(24M)	5.1%	(36M)
Korea	3.6%	(1M)	5.8%	(YTD)	-12.0%	(12M)	-3.6%	(24M)	-7.7%	(36M)
Taiwan	-1.3%	(1M)	-13.8%	(YTD)	-3.2%	(12M)	10.7%	(24M)	2.3%	(36M)
Australia	3.3%	(1M)	-1.4%	(YTD)	0.7%	(12M)	2.6%	(24M)	-1.9%	(36M)
Indonesia	10.1%	(1M)	-12.3%	(YTD)	-12.6%	(12M)	-8.2%	(24M)	-7.4%	(36M)
Malaysia	1.0%	(1M)	-6.8%	(YTD)	3.8%	(12M)	4.5%	(24M)	-2.6%	(36M)
Thailand	2.3%	(1M)	-14.9%	(YTD)	-5.9%	(12M)	-11.5%	(24M)	-11.2%	(36M)
Global Stock	-2.2%	(1M)	-5.3%	(YTD)	4.9%	(12M)	10.8%	(24M)	5.8%	(36M)
Global Bond	-2.0%	(1M)	-2.9%	(YTD)	-1.3%	(12M)	-0.5%	(24M)	-2.7%	(36M)
Gold Miners	3.8%	(1M)	40.0%	(YTD)	43.4%	(12M)	20.1%	(24M)	10.5%	(36M)
Materials	-5.2%	(1M)	-4.8%	(YTD)	-9.9%	(12M)	1.0%	(24M)	-2.2%	(36M)
Energy	-16.5%	(1M)	-12.3%	(YTD)	-18.7%	(12M)	-2.7%	(24M)	-0.2%	(36M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	-2.7%	(1M)	1.4%	(YTD)	11.2%	(12M)	3.4%	(24M)	-1.6%	(36M)
S-REITs	-2.6%	(1M)	-1.0%	(YTD)	-0.9%	(12M)	-7.6%	(24M)	-9.6%	(36M)
Singapore	-3.4%	(1M)	1.2%	(YTD)	16.4%	(12M)	8.1%	(24M)	4.6%	(36M)
50-50	-3.0%	(1M)	0.1%	(YTD)	7.7%	(12M)	0.2%	(24M)	-2.5%	(36M)

If one compares performance to referenced indexes of 50% Singapore and 50% S-Reits, we are better over the above periods up to 3 years.

Dividends were received from Civmec. We sold Jardine C&C because we now target a higher dividend yield of 7-10%.

Food Empire, which hit ATH, was one of only 2 gainers in April. Monthly losses were well distributed, with the palm oil players losing most.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	-5.8%	(1M)	-6.7%	(YTD)	-30.7%	(12M)	-21.0%	(24M)	-15.7%	(36M)
Hong Kong	-6.7%	(1M)	6.1%	(YTD)	21.1%	(12M)	4.9%	(24M)	0.1%	(36M)
Japan	3.3%	(1M)	-3.1%	(YTD)	-0.6%	(12M)	7.7%	(24M)	5.1%	(36M)
Singapore	-3.4%	(1M)	1.2%	(YTD)	16.4%	(12M)	8.1%	(24M)	4.6%	(36M)
China	-4.7%	(1M)	-6.3%	(YTD)	0.9%	(12M)	-4.7%	(24M)	-3.1%	(36M)
Thailand	2.3%	(1M)	-14.9%	(YTD)	-5.9%	(12M)	-11.5%	(24M)	-11.2%	(36M)
Korea	3.6%	(1M)	5.8%	(YTD)	-12.0%	(12M)	-3.6%	(24M)	-7.7%	(36M)

AOM ended April down by 5.8% overall dragged by the uncertainties over the Trump Tariffs.

We have effected rebalancing as of end of April 2025 and have taken profits from Daphne International Holdings 49.62%, Launch Tech 42.01% and Sinomedia Holdings 34.1%. We also took loss from Xin Point Holdings -33.35%, Poongsan Corporation -17.7% and Exedy Corporation -12.23%. We decided to hold YZJ as it still presents value.

As a recap of the current methodology, we are scoring the stocks based on Value, Growth, Dividends, Resilience and Momentum. In this rebalancing, we have filtered it further to only look at large cap stocks (>USD 5 billion) with a score of 3 for value and 4 for the rest of the metrics. We then dug further to look at the current price to decide whether it is at least fairly priced to further shortlist it.

Given the current uncertainties, we are overweight in sectors such as Financials, Utilities and Consumer Staples. This should put us in a good position while waiting for Trump’s negotiation and pause while positioning for our next quarterly rebalancing.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	-4.3%	(1M)	-4.1%	(YTD)	13.1%	(12M)	5.9%	(24M)	0.5%	(36M)
Singapore	-3.4%	(1M)	1.2%	(YTD)	16.4%	(12M)	8.1%	(24M)	4.6%	(36M)

Growth got more bashed, with small growth even more. For the above periods up to 3 years, we underperformed the referenced index.

Dividends were received from Civmec.

We added First Resources from the dividend and growth angle. We sold China Aviation because of its high USD cash. Food Empire was the outperformer (market is finally recognizing its growth) and Grand Banks (market is not happy with its US marina property purchase?) was the underperformer, besides the palm oil players.

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

Portfolio	-1.0%	(1M)	-3.0%	(YTD)	-2.2%	(12M)	2.3%	(24M)	-1.8%	(36M)
Hong Kong	-6.7%	(1M)	6.1%	(YTD)	21.1%	(12M)	4.9%	(24M)	0.1%	(36M)
Singapore	-3.4%	(1M)	1.2%	(YTD)	16.4%	(12M)	8.1%	(24M)	4.6%	(36M)
Indonesia	10.1%	(1M)	-12.3%	(YTD)	-12.6%	(12M)	-8.2%	(24M)	-7.4%	(36M)
Australia	3.3%	(1M)	-1.4%	(YTD)	0.7%	(12M)	2.6%	(24M)	-1.9%	(36M)

We sold Jardine C&C because we now target a higher dividend yield of 7-10%.

No dividends were received in April.

Indonesian stocks outperformed, gaining 9%. Others lost.

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

Portfolio	3.3%	(1M)	7.1%	(YTD)	9.7%	(12M)	5.4%	(24M)	-1.8%	(36M)
Gold Miners	3.8%	(1M)	40.0%	(YTD)	43.4%	(12M)	20.1%	(24M)	10.5%	(36M)
Materials	-5.2%	(1M)	-4.8%	(YTD)	-9.9%	(12M)	1.0%	(24M)	-2.2%	(36M)
Energy	-16.5%	(1M)	-12.3%	(YTD)	-18.7%	(12M)	-2.7%	(24M)	-0.2%	(36M)

We are behind referenced indexes in gold miners but ahead in materials and energy. The gold royalty stocks had a good April. The Hong Kong (Shandong Gold) and Europe (Siemens Energy) ones also did well.

Dividends were received from Osisko. We sold CAO due to its high USD cash balance.

(6) Phillip Global Funds (in SGD)

Portfolio	-2.9%	(1M)	-0.6%	(YTD)	3.2%	(12M)	5.0%	(24M)	2.7%	(36M)
Global 70/30	-2.2%	(1M)	-4.6%	(YTD)	3.1%	(12M)	7.4%	(24M)	2.4%	(36M)

Our overweight in Vietnam took a hit from the tariff's repercussion. Others, except for East Europe, Africa and Middle East, also lost. Even the value plays in US and EU turned negative. US Small Caps also lost substantially.

In commodity equities, our gold miners gained 18% (maximum 15% weighting), offsetting the 10% loss in world energy (5.4% weighting).

Our higher weightage in fixed income in April provided some relief.

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

Portfolio	1.6%	(1M)	1.5%	(YTD)	2.6%	(12M)	3.1%	(24M)	2.4%	(36M)
Global Bond	-2.0%	(1M)	-2.9%	(YTD)	-1.3%	(12M)	-0.5%	(24M)	-2.7%	(36M)

We outperformed the referenced index in all the above periods. Our avoidance of USD debt is the performance attributor.

Our flexibility to use MMF helped with long-term performance.

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

Portfolio	-1.5%	(1M)	-2.8%	(YTD)	3.1%	(12M)	2.9%	(24M)	1.3%	(36M)
Global 40/60	-2.1%	(1M)	-3.8%	(YTD)	1.2%	(12M)	4.0%	(24M)	0.7%	(36M)

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

Portfolio	-1.7%	(1M)	-3.5%	(YTD)	4.5%	(12M)	3.5%	(24M)	-0.5%	(36M)
Global 60/40	-2.1%	(1M)	-4.3%	(YTD)	2.4%	(12M)	6.3%	(24M)	2.4%	(36M)

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

Portfolio	-1.7%	(1M)	-3.8%	(YTD)	5.0%	(12M)	3.5%	(24M)	-0.6%	(36M)
Global 70/30	-2.2%	(1M)	-4.6%	(YTD)	3.1%	(12M)	7.4%	(24M)	3.3%	(36M)

We are now outperforming the referenced indexes in 1M, YTD and 12M after switching from 6-day to 2-month rebalancing. Our outperformance in SMART1 over 36M is due to keeping the fixed income portion in MMF for the greater part of 2022.

SMART 123 posted negative results in April, driven primarily by weak equity performance in Taiwan and Hong Kong amid heightened trade tensions. US and US Tech saw a sharp early-month selloff following higher-than-expected reciprocal tariffs announced by President Trump. However, markets rebounded later in the month as Trump's tone softened. Gold mining stocks continued to perform well, supported by strong investor demand for safe-haven assets amid persistent uncertainty. In fixed income, US investment-grade bonds were flat, while global investment-grade bonds saw modest outperformance. Investment-grade bonds remain attractive, offering compelling yields underpinned by solid credit fundamentals.

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

Portfolio	4.1%	(1M)	-5.8%	(YTD)	-2.8%	(12M)	7.0%	(24M)	N/A	(36M)
US Big	-3.5%	(1M)	-9.9%	(YTD)	6.1%	(12M)	14.5%	(24M)	N/A	(36M)

In April 2025, SMART US delivered a 4.1% return by selectively allocating to four industries in communication services, consumer discretionary, financial and industrials. The focused strategy outperformed broader markets, which faced heightened volatility after Trump's early April tariff escalation. The announcement triggered widespread selloffs and cautious investor sentiment. Despite the challenging environment, the portfolio's sector-specific resilience provided a buffer against market declines. By month-end, targeted exposure proved effective in navigating macroeconomic uncertainty and geopolitical instability. This reinforces the value of strategic, concentrated sector selection over broad diversification, especially in turbulent conditions. SMART US's approach highlights how disciplined allocation to resilient sectors can generate positive outcomes even amid market-wide disruptions.

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

Portfolio	-2.6%	(1M)	0.3%	(YTD)	12.8%	(12M)	14.9%	(24M)	10.5%	(36M)
Hong Kong	-6.7%	(1M)	6.1%	(YTD)	21.1%	(12M)	4.9%	(24M)	0.1%	(36M)

We sold WeiLong Delicious with a 119% profit. We sold Zai Lab because of its substantial USD cash holding. We averaged down on Jacobios' cost.

Shandong Gold was the biggest gainer +23% (due to gold). Xinpoint was the biggest loser at -14% (due to tariffs, Mexico).

Dividends were received from Kinetic. Most Hong Kong companies pay dividends in June.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	-2.4%	(1M)	-15.4%	(YTD)	-3.5%	(12M)	3.6%	(24M)	-2.8%	(36M)
Malaysia	1.0%	(1M)	-6.8%	(YTD)	3.8%	(12M)	4.5%	(24M)	-2.6%	(36M)

We took losses on FPI and Yenher (keeping the free Yenher warrants) due to their respective high cash holdings in USD.

Dividends were received from Samchem, Yenher and FPI.

Portfolio losses were spread out and single digit over all the counters.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio	-3.5%	(1M)	-12.1%	(YTD)	-10.6%	(12M)	-14.5%	(24M)	-16.2%	(36M)
Thailand	2.3%	(1M)	-14.9%	(YTD)	-5.9%	(12M)	-11.5%	(24M)	-11.2%	(36M)

There were teen-losses in Birla Carbon and Northeast Rubber. Apart from YTD, we are behind in performance vs the referenced index.

Dividends were received from PTT E&P.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio	-1.1%	(1M)	-5.5%	(YTD)	10.1%	(12M)	15.2%	(24M)	N/A	(36M)
Global Stock	-2.2%	(1M)	-5.3%	(YTD)	4.9%	(12M)	10.8%	(24M)	N/A	(36M)

April was marked by heightened volatility driven by geopolitical risks, notably Trump's "Liberation Day" tariff announcement, which triggered the worst U.S. market sell-off since 2020. GGL (-1.1%) underperformed the S&P 500 (-0.8%) and Nasdaq (+0.85%) in nominal terms but outperformed both on an SGD-adjusted basis (S&P 500: -3.3%, Nasdaq: -1.7%). Sentiment reversed mid-month after Trump granted a 90-day tariff negotiation window and softened his stance on China. This coincided with a largely positive earnings season, led by tech giants. GGL's pre-emptive U.S. underweight cushioned losses from USD depreciation amid anticipated rate cuts and declining confidence in Trump's leadership.

Top Gainers:

Netflix +21.9% surged to an ATH above $1,100, driven by robust Q1 earnings. The company reported a 12.5% year-over-year revenue increase and a 25% rise in earnings. Strong subscriber growth and optimism around its ad-supported tier, which management expects to double in revenue this year, further boosted investor confidence.

Broadcom +14.2% rebounded sharply in April, recovering from losses earlier in the year. The stock benefited from renewed investor interest in AI-related infrastructure, as analysts highlighted Broadcom's strong market positioning. Positive analyst coverage and expectations of robust growth in AI-related revenues contributed to the stock's rise.

Philip Morris +7.7% continued to reach new ATHs following its Q1 earnings report, which showed a 24.6% increase in diluted EPS and a 12.7% rise in adjusted EPS. The company's smoke-free product line Zyn demonstrated strong performance and growth, leading to raised full-year EPS guidance and increased investor optimism.

Top Decliners:

LVMH -15.2% declined after reporting a 3% drop in Q1 sales, missing analyst expectations. The downturn was attributed to decreased demand in the U.S. for beauty products and cognac, as well as continued challenges in the Chinese market. Additionally, concerns over succession planning added to investor unease.

T-Mobile US -10.0% fell following its Q1 earnings report, which revealed slower-than-expected growth in post-paid phone subscribers and a slight increase in churn rate. CEO Mike Sievert's warning about potential price hikes due to new tariffs further dampened investor sentiment.

Blackstone -7.8% declined amid concerns over its Q1 earnings report, which showed an 11% drop in revenue compared to the previous year. Analysts also downgraded the stock, citing potential challenges in the private equity market and uncertainties surrounding future earnings growth.

We expect continued market volatility to persist in the near-term, driven by US economic uncertainty and continued geopolitical tensions. In light of recessionary fears, we will look to capitalize on opportunities in other markets, sectors, and industries to maintain a defensive stance in our allocation going forward. As the markets react to Trump’s policies, we remain vigilant in monitoring macroeconomic developments and will look to adjust our tactical positioning accordingly.

(16) Customised Portfolios (including MHB, GHY, GIG, VSL)

Most accounts lost money in April, between -0.1% and -2.5%. The 3 accounts with heavier losses (between -2.2% and -2.5%) were due to liquidating Indonesia counters, and due to rationalization. The GGL-focused portfolios were next at -2.0%, affected by re-balancing. Those with more yield exposure (Asia) also suffered more at above -1.3%. Those seeing out the early crash in US did better at below -1.0%.

10% of customized accounts were positive in April.

As mentioned earlier, we took this April opportunity to “lock-in” the high dividend-yielding stocks.

Thank you

We are grateful for your trust, and continuing support.