CIO'S NEWSLETTER

Written by: Daryl Liew November 2025

October was generally another good month for risk-assets as most equity markets continued to climb higher while bonds had a mixed performance. The US Fed met expectations with another 25bps rate cut, bringing the Fed funds rate down to 3.75-4%. However, Fed Chair Powell's hawkish comments post meeting triggered an adjustment in the probability of a December rate cut – from over 90% chance of a rate cut to the current 67%. In lieu of the official nonfarm payrolls report because of the ongoing US government shutdown, the ADP report showed an encouraging uptick in October, with private sector employment rising 42,000 (vs 25,000 expected), bucking the declines in the previous two months. However, anecdotal reports still point to softening in the US labour market, as companies announced over 150,000 job cuts last month, the most for any October since 2003, due to the impact of AI and cost-cutting exercises. A weaker US labour market would increase the probability of a further rate cut in December.

The US 10-year treasury yield inched lower from 4.15% at the end of September to as low as 3.95% by mid-month before climbing back up to 4.1% by end-October following the Fed meeting and Powell's comments. We are keeping a close eye on this indicator as a spike higher in long term US rates could potentially derail the ongoing market rally.

In commodity markets – gold initially continued its impressive run and soared to a high of US$4,350 mid-month before suffering a sharp correction to close the month at around US$4,000, still registering a +3.7% gain for October. Oil, on the other hand eased back further with Brent falling to US$65. Meanwhile the US dollar index strengthened +2.1% in October, mainly due to a further depreciation in the JPY. The SGD by comparison eased back by a smaller 0.8% against the greenback.

Tech led equity rally

Global equity markets all mostly rallied in October. The S&P500 index ended the month up +2.3%, while the Nasdaq rallied +4.7%. Five of the Mag-7 names announced results in the last week of October – Alphabet (+15.7%), Amazon (+11.2%) & Apple (+6.2%) ended the month with gains on strong earnings, while Microsoft (flat) & Meta (-11.7%) were the laggards. By comparison the Russell 2000 index, continued to lag the large caps, rising just +1.8%. US equity valuations remain relatively high with the S&P500 index trading at a forward PE of 22x, while the Nasdaq trades at a higher multiple of 28.7x, both of which continue to be well above the 5-year average.

Across the Atlantic in Europe, the broad Eurostoxx 600 index ended the month +2.5% higher. The UK FTSE100 index (+3.9%) & the French CAC40 index (+2.9%) led the gainers, while the German DAX index was flat. Valuations remain reasonable with the Eurostoxx 600 index trading at a forward PE of 14.5x, as European equities continue to be the cheapest amongst the developed markets.

Over in Asia, tech heavy markets generally led the gainers – Kospi +19.9% (driven by Samsung's 28.4% rally) and Taiwan +9.3% (TSMC +15%) were amongst the best performers. Japan's Nikkei +16.6% also enjoyed a strong rally, buoyed by Sanae Takaichi's election as Prime Minister and weakness in the JPY. Chinese equity markets were the notable underperformers for October with the Hang Seng -3.5% and China H-shares -4.1%. Back home, the Singapore STI index continued to be a steady performer, climbing +3%. Overall, the MSCI Asia ex-Japan index was up +3.7% for September. Valuations for Asian equities are still reasonable with the index trading at a forward PE of 14.6x.

AI Bubble?

Much of the market chatter in the past few weeks has been over whether there is a bubble in AI. While hyperscalers continue to increase their capital expenditure – evidence suggests this is underpinned by a sharp increase in demand for AI. There is little evidence to suggest there is an oversupply in inference capacity. In the new world of AI, a key metric is tokens. Nvidia chief, Jensen Huang likens tokens to "atoms of intelligence", saying that just as industrial economies scaled by producing physical goods, the AI economy will scale by producing tokens – the fundamental unit of reasoning, creativity, and automation. In this regard, the cost per token and token throughput will be key measures to monitor, not just semiconductor chip shipments.

Evidence from various company announcements corroborate that AI demand is real. TSMC says it is seeing an exponential growth in token volumes. This is backed up by monthly token throughput data from Google – in April 2024, its token throughput was 9.7trn. This figure had since soared to 1,300trn by September 2025, driven by putting AI into the apps billions of people use by default – Search, Gmail, YouTube, and Workspace. On raw inference volume, Google is well ahead of competitors. Over at OpenAI, token throughput is smaller – OpenAI is processing around 262 trillion tokens per month from ChatGPT and API usage, but this figure still represents an increase of 3x since June. This sharp increase in inference demand is the reason why the hyperscalers have upgraded their capital expenditure forecasts, which will continue to drive corporate earnings in the upcoming quarters.

While AI is not in a bubble, cautious positioning warranted

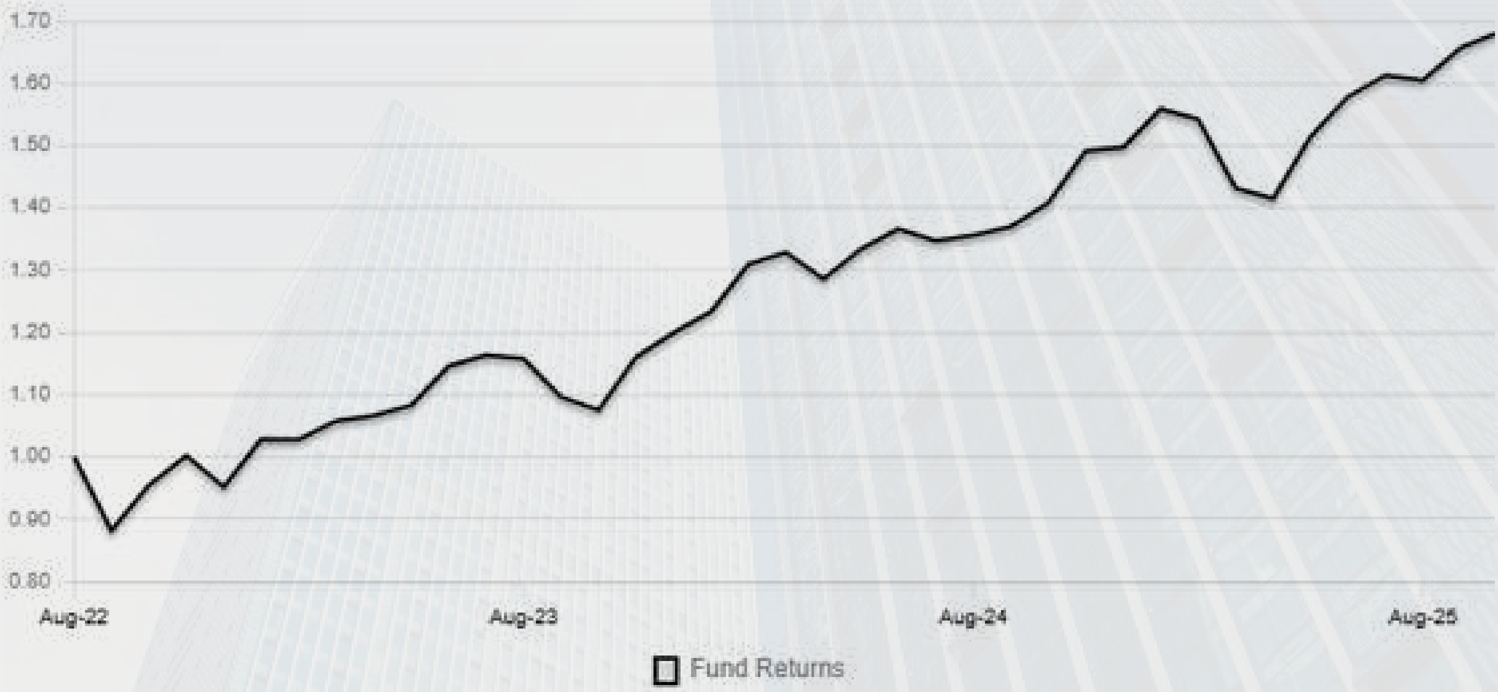
As we close into year-end, investor sentiment is turning a little more cautious. While we have laid out the case that AI demand is real and will drive corporate capital expenditures for years to come, valuations, particularly amongst the Mag-7 are relatively lofty. Concentration risk is high with the Mag-7 and AI contributing much of the gains this year. We strongly believe in the transformative benefits of AI and think there is a good chance of a broadening out of the market rally as companies gradually start to embrace AI and increasingly adopt it in their workplaces.

The other major macro issue that warrants close monitoring is the December Fed meeting. Another 25bps rate cut will likely only happen if economic data and / or the stock market starts to meaningfully deteriorate. Risk assets could suffer a pullback should the Fed decide to stand pat. As such, market volatility could well pick up ahead of the Dec 10th meeting. As the 2026 outlook remains uncertain and 2025 thus far being another good year for equity markets, it probably is prudent to start de-risking portfolios by starting to rotate to more defensive sectors. For Singapore-based investors, S-Reits and higher dividend paying stocks would be a good option.

PERFORMANCE UPDATES

Global Growth Leaders (GGL) 19.4% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 October 2025[1,2]



	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	12.3	1.5	4.3	18.8	19.4	20.8	17.8

In October 2025, the S&P 500 (+**2.3%**) and Nasdaq (+**4.7%**) extended their longest monthly winning streak in four years. GGL (+**1.5%**) trailed slightly but remained ahead year-to-date (+**12.3%** vs. S&P +**10.6%** in SGD). The month began with a US federal government shutdown that furloughed government employees, while softer labour data and lower-than-expected September CPI supported the Fed's decision to cut rates by 25 bps. However, Fed Chair Powell cautioned that further easing was "not a foregone conclusion." Equities dipped mid-month amid renewed US-China trade tensions over rare-earth export controls but recovered to fresh highs as tensions eased and Q3 corporate results broadly beat expectations. The "Mag 7" delivered another strong earnings season, and AI-related capital spending remained robust. Nvidia notably became the world's first company to surpass a $5 trillion market capitalization, underscoring sustained investor enthusiasm for the AI and semiconductor themes.

Top Performers:

- **Intuitive Surgical (+19.5%)** – Beat Q3 expectations, revenues up ~23% YoY and raised full-year guidance, driven by strong adoption of its surgical systems.
- **Alphabet (+15.7%)** – Strong Q3 growth, continued traction in AI platforms and capex, coupled with AI euphoria boosted share prices.
- **TSMC (+14.9%)** – Continued big tech capex in AI infrastructure and favourable Q3 earnings increased gains.

Top Detractors:

- **Charter Communications (-15.0%)** – Declined amid weak subscriber trends, operational challenges, and news of layoffs.
- **Blackstone (-14.2%)** – Despite solid AUM growth in Q3, investor sentiment impacted by macro headwinds and high-profile credit-linked bankruptcy fears.
- **T-Mobile (-12.3%)** – Although Q3 customer metrics were strong, concerns persisted around valuation, potential network capex increases and slowing core growth.

Despite lowered risks of a US recession, we remain vigilant – in light of a volatile macroeconomic backdrop and rising equity market valuations. As such, we maintain a cautiously optimistic stance and will position the portfolio to capture long-term opportunities across markets, while remaining agile in adjusting allocations as conditions evolve.

Asian Opportunities Equity (AOM) 0.8% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 October 2025[1,2]

	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	3.4	-0.1	5.8	10.8	0.8	-10.3	-7.7	-5.2	0.0

The portfolio posted a small loss of 0.13% in October. This result was driven by two main factors. First, the portfolio's key detractors were concentrated in China (**Anta Sports**) and the energy sector (**Golden Energy Mines**), which erased the strong gains from our holding in **Taiwan Semiconductor (2330 TT)**.

Second, a key strategic decision — **selling our position in ASML (ASML01) on October 8th** — meant the portfolio missed out on the month's primary driver: a powerful, AI-fueled semiconductor rally that saw the Taiwanese and Korean markets surge.

We were active during the month, redeploying capital from the ASML and **BYD (BYD-SR)** sales into new themes:

- We added to our **Wuxi Biologics (2269 HK)** position, increasing our exposure to the Chinese biotech rebound.
- We initiated a position in **Samsung Electronics (005930 KS)** on October 30th to regain exposure to the semiconductor and memory-chip recovery, though this was too late to contribute to October's performance.
- We diversified into non-tech sectors, initiating new positions in **CGN Power (1816 HK)**, **Wee Hur (WEEHUR)**, and **Digital Core REIT (DCREIT)**.

Top Contributors:

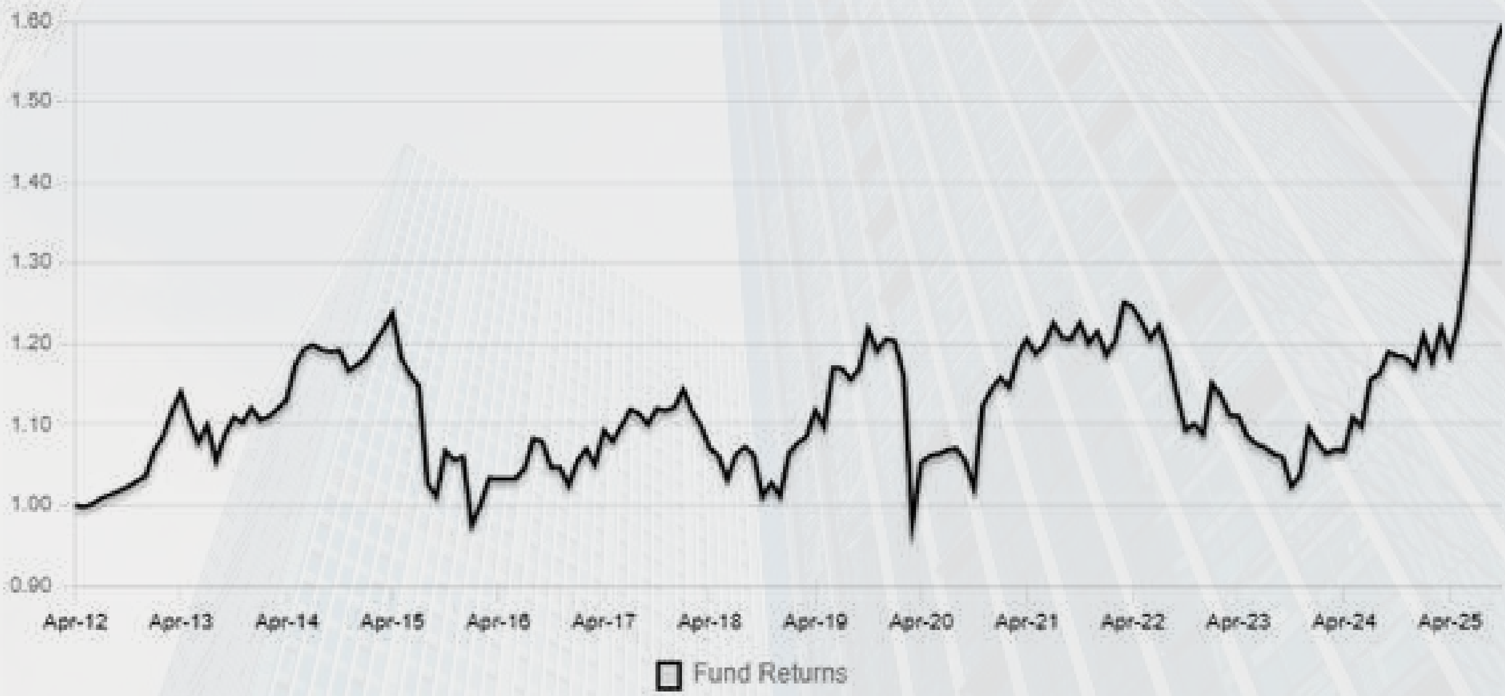
- **Taiwan Semiconductor (2330 TT)** – Was the portfolio's key positive driver, rallying over 13% as the AI frenzy continued.
- **Wuxi Biologics (2269 HK)** – Our purchase early in the month contributed positively as the stock rebounded.

Top Detractors:

- **Golden Energy Mines (GEMS IJ)** – This energy holding gave back prior gains as the sector cooled, making it a key detractor.
- **Anta Sports (2020 HK)** – Weakness in the Chinese consumer market weighed on performance, with our position in Anta detracting.

Singapore Equity Yield 34.7% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 October 2025[1,2]



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	36.3	1.8	10.9	34.5	34.7	13.4	9.3	4.1	3.5

Our Singapore Equity Yield portfolio targets resilient sectors such as real estate investment trusts, agribusiness, and industrial services, known for their strong cash flow generation and consistent dividend payouts. Recent market developments include expansions in industrial property portfolios and robust commodity demand supporting agribusiness fundamentals. These factors underpin the portfolio's ability to provide stable income alongside moderate capital growth. With a year-to-date return of **36.3%**, the portfolio demonstrates the effectiveness of focusing on dependable dividend stocks as a core investment strategy aimed at delivering sustainable income and preserving capital over time.

Top Contributor:

- **First Resources (+16.6%)** – positive forecast of core earnings growth of about 27% year-on-year for 2025, citing its acquisition, production volume upside, and steady upstream margins.

Singapore Equity Growth 35.6% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 October 2025[1,2]

	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	34.6	2.2	10.4	40.5	35.6	17.0	12.3	7.3	5.7

The Singapore growth portfolio remains focused on key sectors such as technology, manufacturing, and real estate, which continue to offer strong growth prospects amid the evolving market landscape. Recent market conditions have supported steady gains across these industries, reflecting Singapore's resilient economy and diversified investment opportunities. This strategic sector focus underpins the portfolio's aim to deliver sustainable long term returns by balancing capital appreciation with income generation.

In most recent update in October, MAS is holding its policy steady by keeping the monetary policy band unchanged, following two previous policy easings in January and April. Despite this, we have observed some softening of the SGD relative to other regional currencies. The portfolio's disciplined approach, combined with these macroeconomic factors, has contributed to a year-to-date gain of **34.6%.**

Singapore Equity Growth 35.6% (1Y)

Top Contributor:

- **Bumitama Agri. (+27.6%)** – share price is reacting to the earning per shares, the compound growth of EPS is about 25% per year in last 3 to 5 years.

Top Detractor:

- **Food Empire (-4.8%)** – The company experienced a short-term price correction following eight consecutive months of share price appreciation.

Phillip SMART Portfolio

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	6.1%	4.8%	6.4%	6.1%	3.2%
SMART Portfolio Income & Growth	9.1%	6.0%	9.0%	7.6%	3.3%
SMART Portfolio Growth	11.6%	7.0%	11.3%	8.8%	4.3%
SMART Portfolio US Equity	26.9%	13.2%	32.5%	5.1%	NA

Phillip SMART 123

SMART 123 posted mixed results in October, as outperformance in US and Taiwan equities were offset by underperformance in Hong Kong and gold equities. US equities benefited from strong Q3 corporate earnings and market expectations of a Federal Reserve's 25-basis point rate cut, which boosted investor confidence despite lingering inflation concerns and softening labour outlook. Taiwan continued to outperform on consistent semiconductor demand and optimism surrounding AI-related exports. Whereas, Hong Kong equities declined amid profit-taking after recent rallies and renewed uncertainty over weakened exports and manufacturing data. Gold and precious metals weakened as the US dollar strengthened and geopolitical and trade concerns eased, prompting investors to lock in profits.

In fixed income, performance was muted. Asian high yield bonds were stable as default rates remained low but risk appetite softened following a strong third quarter. Global high yield bonds declined marginally amid wider spreads and a lower demand for risker debt. Singapore bonds remained unchanged due to a stable domestic demand and interest rate environment.

Phillip SMART Portfolio

Phillip SMART US Equities Portfolio (in SGD)

In October, the portfolio achieved a robust return of 9.8%, making it one of the best months since the mandate was launched. This impressive performance was driven by favourable market conditions, despite some volatility, with several holdings contributing significantly to the upward trend. Our continued focus remains on the AI theme for the month of October, which continues to present compelling growth opportunities. Although the US Federal Reserve's recent rate cut approach has had limited impact, it has proved to be ultimately beneficial for growth stocks within the portfolio.

As we move into November, we are conducting a rebalancing cycle. During this period, our investors may observe gradual adjustments to the portfolio's positions, reflecting strategic realignments in response to the evolving market environment. We warmly welcome new investors to join us on this journey; it is worth noting that the portfolio has delivered a year-to-date gain of 26.9%, demonstrating our disciplined and forward-looking approach to investment management.

Top Contributor:

- **Bloom Energy Corp (+59.8%) -** announcement of a $5 billion strategic partnership in October boosted the share price, delivering a strong monthly gain, positioning the company for continued advancement in its clean energy solutions.

References

Notes:

1.Source: Phillip Securities Pte Ltd. The Composite Performance is denominated in SGD. Composite Performance returns (the "Composite Returns") for periods more than 1 year are annualised. The Composite Returns represent past performance and is not indicative of future or current performance which may be higher or lower. The Composite Returns are based on unaudited results of the composite which comprises client accounts with invested portfolios that have been aligned with the investment mandate of this managed account service and include reinvestment of dividends and income and, is net of all fees except performance fees (if any) which are included only at year end. Individual portfolios returns may vary from the Composite Returns. There may be client accounts with portfolios that have not been aligned with this investment mandate and are not included in the computation of the Composite Returns.

2.The Account is not benchmarked to any market index.