CIO'S NEWSLETTER

Written by: Daryl Liew November 2025

It was a volatile November as risk-assets mostly sold off earlier in the month, before staging a recovery by month-end. Two reasons for the market volatility were growing concern over AI capital expenditure and the big swing in probability of a December Fed rate cut – this was mostly in the balance before favourable economic data releases and dovish comments from Fed officials decidedly moved the needle towards a cut.

The US 10-year treasury yield fluctuated within a narrow band throughout the month before ending the month at 4% down from 4.1% from end-Oct. We continue to keep a close eye on this indicator as a spike higher in long term US rates would indicate a loss of investor confidence.

In commodity markets – gold closed the month at US$4,239, registering a +5.9% gain for November, while oil price continued its downward trend with Brent falling -2.9% to US$63. In currencies, the US dollar index eased off by -0.3% in November, giving back part of the gains from the previous month. The SGD moved in line with the dollar index, appreciating by +0.3% against the greenback.

Equity sector rotation

Global equity markets had a choppy month, with most indices in the red for most of the month before recovering by month close. The S&P500 index was up marginally at +0.1%, while the Nasdaq was down -1.5%. Nvidia's latest quarterly earnings was closely watched by the market, and the stock ended the month down -12.6% despite strong results. By comparison the Russell 2000 index was a relative outperformer, up +0.9%. US equity valuations still remain relatively high with the S&P500 index trading at a forward PE of 22x, while the Nasdaq trades at a higher multiple of 27.8x, both of which continue to be well above the 5-year average.

Over in Europe, the broad Eurostoxx 600 index ended the month +0.8% higher. The Swiss market was the outperformer, up +4.9%. The UK FTSE100 index & the French CAC40 index were both flat for the month, while the German DAX index was down -0.5%. A notable development was the sharp correction in European defence names – Rheinmetall (-13%), BAE (-11.8%), Thales (-8.7%) on expectations of a Russia-Ukraine peace deal. Valuations remain reasonable with the Eurostoxx 600 index trading at a forward PE of 14.8x, as European equities continue to be the cheapest amongst the developed markets.

Over in Asia, tech heavy markets gave back part of the gains of previous months – Kospi -4.4% (Samsung -5.8%), Nikkei -4.1% and Taiwan -2.2% (TSMC -4%) were amongst the worst performers. Chinese equity markets held up a little better with the Hang Seng -0.2% and China H-shares -0.4%. Back home, the Singapore STI index was a notable bright spot, bucking the trend and climbing +2.2%. Overall, the MSCI Asia ex-Japan index was down -3% for November. Valuations for Asian equities are still reasonable with the index trading at a forward PE of 14.7x.

2026 Outlook – New Fed Chair & US Monetary Policy

Looking ahead into next year, we see several potential market moving events. The first is the identity of the next Fed chair. Recent reports suggest that economist Kevin Hassett, the current Director of the National Economic Council, is the leading candidate to replace Jay Powell, who steps down in May. Expectations are that the Fed could adopt a more dovish stance under Hassett and potentially cut rates at a faster pace, in line with President Trump’s wishes. Cutting rates is a top priority for Trump ahead of the US midterm elections which are scheduled for November 2026. The Republicans are feeling the pressure as recent special elections have seen the Democrats sweep Governor elections in Virginia and New Jersey, whilst narrowing the gap in Tennessee. Discontent over the state of the US economy and cost of living complaints are presenting an opportunity for the Democrats to retake the House of Representatives.

With little room for further fiscal stimulus, cutting interest rates appears to be the obvious policy action for Trump to ease the cost of living for the voting public. The big question is the market reaction to these potential rate cuts. The risk is if the Fed loses credibility with investors, leading to the dumping of US treasuries, hence pushing up US yields, and possibly triggering a risk-off move.

While AI is not in a bubble, rotation is on the cards

The second major issue to address for 2026 is whether the AI trade can still continue its stellar run. Recent signs suggest rising investor concern over the level of capital expenditure that is being poured into the buildout of AI infrastructure. History has shown that this run rate is not sustainable and that there will come a point when there will be an oversupply of datacentres. With valuations of the Mag-7 companies relatively lofty, and as they increasingly start competing against each other, one strategy would be to rotate out of the AI pick-and-shovel trade into seeking out companies that will benefit from AI, as AI adoption becomes more widespread. This rotation could also be to companies outside of the US. China for instance, as DeepSeek has proven, is a credible competitor to the US' technological leadership. US sanctions preventing China from getting access to the most advanced tech hardware is spurring Chinese innovation. China's IPO market has been extremely active this year, and 2026 could be equally interesting with some large IPOs in the pipeline such as Yangtze Memory & ChangXin Memory.

Defensive Positioning for 2026

With the potential risks highlighted above, a more defensive positioning is preferred for 2026. This entails gravitating towards lower beta sectors such as consumer staples, healthcare and utilities, and preferring higher dividend-paying stocks. For non-USD based investors, gradually reducing US positions would also be advised as the USD could come under further pressure in 2026. For Singapore-based investors, S-Reits would be a good option as yields (at around 6%) are attractive in the current low-interest rate environment, while valuations remain reasonable.

As 2025 comes to a close, we wish you and your loved ones happy holidays and a healthy and prosperous year ahead.

PERFORMANCE UPDATES

Global Growth Leaders (GGL) 11.5% (1Y)

COMPOSITE PERFORMANCE (%) as of 30 November 2025[1,2]

	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	11.1	-1.1	3.6	9.9	11.5	18.4	16.9

After a strong rally through the first ten months of the year, equity markets paused in November. The end of the US government shutdown failed to lift sentiment, as investors remained cautious amid an unclear data backdrop, concerns over growth, and uncertainty around December's rate cut. The S&P 500 (+0.1%) was largely flat and the Nasdaq Composite (-1.5%) declined as technology came in as the worst performing sector this month. Global Growth Leaders (-1.1%) underperformed the S&P500 but outperformed the Nasdaq Composite.

Q3 earnings season concluded with 81% of S&P500 companies exceeding consensus estimates, confirming the strong earnings trend from the previous quarter. Tech-related earnings were impressive, and AI bellwether Nvidia once again posted exceptional results. Despite so, the markets were concerned about stretched valuations and increasingly optimistic profit expectations across the broader AI ecosystem, marring performance for the month.

Global Growth Leaders (GGL) 11.5% (1Y)

Top Performers:

- **Alphabet (+11.8%)** – The company’s latest TPU performance narrowed the gap with, or in some benchmarks, surpassed Nvidia’s flagship GPUs. Meta were reportedly in discussions to buy TPUs from Google.
- **Philip Morris (+8.2%)** – Benefited from a flight to quality as investors rotated into defensive consumer-staples amid market volatility.
- **Naura Technology (+6.8%)** – Rallied on China’s aggressive push in semiconductor and AI self-sufficiency, with investors viewing Naura as a strategic beneficiary of localisation.

Top Detractors:

- **Nvidia (-11.1%)** – Declined due to concerns that its GPU dominance was eroding, due to talks between Meta and Google; coupled with a broader tech correction due to AI valuation concerns.
- **RELX (-10.7%)** – Declined due to debt concerns and competitive threats. Despite this drop, analysts remain optimistic about the company's position to capitalise on long-term AI prospects, citing strong fundamentals.
- **United Rentals (-7.6%)** – Despite beating revenue expectations and issuing positive guidance, the share price declined after results showed lower than expected gross and EBITDA margins.

Market returns paused after several strong months. Despite solid fundamentals, growth-oriented segments underperformed while previously overlooked defensive sectors gained traction. Going forward, we remain cautiously optimistic and committed to a diversified approach across regions and sectors, to enhance returns and mitigate concentration risk should AI sentiment moderate.

Asian Opportunities Equity (AOM) -0.1% (1Y)

COMPOSITE PERFORMANCE (%) as of 30 November 2025[1,2]

	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	0.4	-2.9	1.3	6.6	-0.1	-11.7	-9.8	-5.2	-0.2

Performance Overview

For the month of November 2025, the AOM portfolio recorded a decline of -2.87%. Despite the consolidation this month, the portfolio remains positive for the year with a Year-to-Date (YTD) return of +0.41%.

Asian Opportunities Equity (AOM) -0.1% (1Y)

Portfolio Activity & Strategy

November was a highly active month characterised by a strategic shift to de-risk the portfolio and raise cash levels.

- **Sector Rotation:** The portfolio executed a significant exit from the Technology and Energy sectors. Notable disposals included Nvidia Corp (Thai NVDR), Taiwan Semiconductor Manufacturing Co (TSMC), RS Technologies (Japan), and PTT Exploration & Production (Thailand).
- **Cash Position:** Following these sales, proceeds were redeployed into the Phillip Money Market Fund, bringing the total Cash & Equivalents weighting to approximately 27.3% of the portfolio. This increased liquidity provides a defensive buffer and dry powder for future opportunities.

Top Holdings (Post-Rebalancing)

Following the November transactions, the portfolio's equity exposure is now concentrated in high-conviction names across North Asia:

- **Nifco Inc (Japan)**: ~7.0% weight. An industrial fastener manufacturer which remains a top performer with a strong double-digit unrealized gain (+15.8%).
- **Total Soft Bank (Korea)**: ~5.3% weight. A specialized software provider for port logistics.
- **Samsung Electronics (Korea)**: ~5.1% weight. A core technology holding that has been retained despite the broader tech sell-off.
- **Peptidream Inc (Japan)**: ~5.2% weight. A biopharmaceutical company focused on peptide discovery.
- **Anta Sports (Hong Kong)**: ~5.5% weight. A leading consumer discretionary play in China.

Asian Opportunities Equity (AOM) -0.1% (1Y)

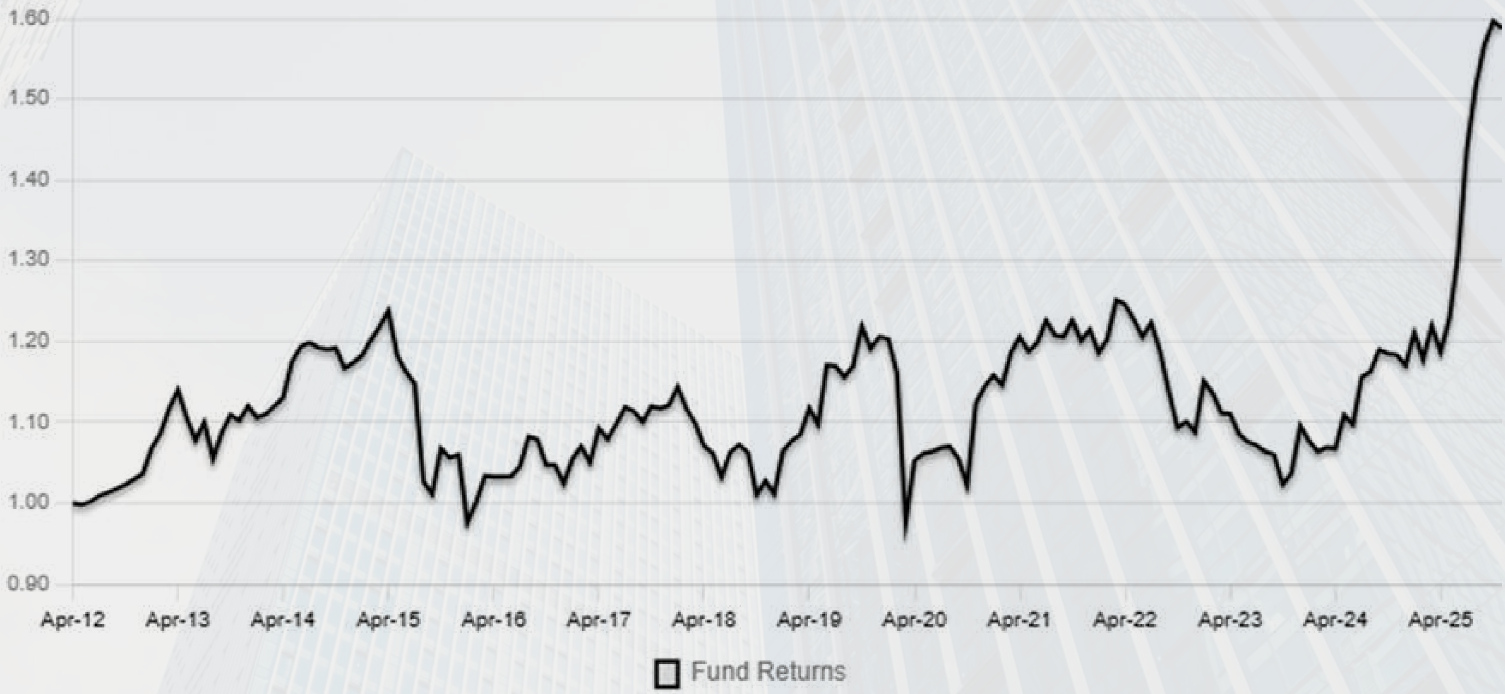
Contributors & Detractors (Inferred)

- **Contributors: Nifco Inc** continues to be a resilient anchor for the portfolio, showing strong relative strength. **PharmaEngine Inc (Taiwan)** also helped offset volatility with a positive holding period return (+3.8%).
- **Detractors:** Exposure to the Hong Kong/China market weighed on performance, with **Anta Sports** (-6.0% unrealized) and **Wuxi Biologics** (-21.9% unrealized) dragging on returns. Additionally, legacy holdings like **Sound Global** continue to impact the portfolio's bottom line.

The AOM portfolio has shifted to a more defensive stance in November 2025, locking in capital from volatile tech names and increasing cash reserves to over 27%. The strategy is now anchored by specific value opportunities in Japan (Nifco) and Korea (Total Soft Bank, Samsung), waiting for clearer market signals to redeploy liquidity.

Singapore Equity Yield **34.2% (1Y)**

COMPOSITE PERFORMANCE (%) as of 30 November 2025[1,2]



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	35.7	-0.5	4.8	29.3	34.2	13.0	7.2	4.2	3.5

November delivered decisive valuation relief for global yield assets. This pivot drove US Treasury yields lower, creating a tailwind for yield-sensitive sectors worldwide. In the Singapore market, the continued prospect of lower rates is particularly beneficial for the investment environment, as it directly reduces financing costs for highly leveraged, income focused holdings (REITs for instance), and enhances the appeal of stable domestic cyclicals. This dynamic supports the sustainability of Distribution per Unit (DPU).

Singapore Equity Yield 34.2% (1Y)

Top Contributor:

- **Keppel Pacific Oak US REIT (+4.3%) -** Falling US Treasury yields improved valuation sentiment, while the REIT successfully refinanced all loans due in 2025 and secured lender commitments to early refinance 59% of loans maturing in 2026.

Top Detractor:

- **Hock Lian Seng (-5.6%) -** Despite strong year-to-date gains of +23.5%, the pull back likely reflects profit taking as investors rotated out of domestic construction names that had enjoyed a robust run up earlier in the year.
- **BRC Asia (-6.9%) –** The steel reinforcement supplier remains fundamentally strong, with FY2025 revenue up, supported by a robust order book and major project wins such as Changi Airport Terminal 5. The recent pull back likely reflects cyclical pressures and investor caution that the pace of new construction contract awards may moderate slightly.

The favourable macro views is prompting a rotation into quality, income producing assets, a trend we expect to persist.

Singapore Equity Growth 35.6% (1Y)

COMPOSITE PERFORMANCE (%) as of 30 November 2025[1,2]

	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	35.2	0.3	5.2	31.2	35.6	17.1	10.8	7.6	5.7

November proved challenging for Singapore growth equities, contrasting sharply with the positive rally in global and Singapore blue-chip stocks. While market sentiment was buoyed by expectations of imminent US rate cuts, our small and mid-cap growth universe came under pressure from an earnings revision downgrade cycle in select sectors. Our portfolio's higher exposure to mid and small-cap industrials and commodities, which lagged the blue-chip-led rally, resulted in performance that mirrored the broader small-cap growth segment. The portfolio delivered a return of approximately **+0.34%**, underperforming the STI's **+2.2% gain**, which was driven by blue-chip stocks.

Sector rotation was evident: consumer discretionary outperformed, while the FTSE ST Industrials Index, where several of our holdings reside, saw profit taking after a strong prior run. We remain broadly aligned with market actions, having also taken steps to partially lock in profits ahead of the move.

Singapore Equity Growth 35.6% (1Y)

Top Contributor:

- **First Resources (+5.6%) –** the stock rallied following the release of Q3 2025 results, which reported a surge in net profit alongside strong quarterly revenue. Positive sentiment was further supported by the potential expansion of Indonesia's biodiesel mandate, reinforcing a constructive outlook for the stock.
- **Food Empire (+8.43%)** - Strong Q3 2025 results were released, with quarterly revenue rising 28.3% year-on-year, driven by robust growth and continued success in diversifying into high growth regions such as Vietnam. A private placement completed in late September attracted strong institutional interest and reinforced valuation, underpinning a positive re-rating.

Top Detractor:

- **Sinostar Pec (-12.6%) -** The petrochemical manufacturer experienced price decline due to negative sentiment surrounding slower than expected industrial demand in China and persistent volatility in petrochemical input/output prices.

Looking ahead, we maintain our current risk stance, focusing on quality of earnings as we enter a potentially slower global growth period.

Phillip SMART Portfolio

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	**6.90%**	**3.90%**	**8.20%**	**5.40%**	**3.00%**
SMART Portfolio Income & Growth	**9.50%**	**4.60%**	**11.00%**	**6.50%**	**2.80%**
SMART Portfolio Growth	**11.90%**	**5.30%**	**13.40%**	**7.10%**	**3.50%**
SMART Portfolio US Equity	**11.50%**	**1.80%**	**12.20%**	**2.20%**	**NA**

Phillip SMART 123

SMART 123 delivered marginally positive returns in November, even as global markets braced a downturn driven by uncertainty surrounding monetary policy and renewed geopolitical risks. Outperformance in our gold allocation helped temper weaker performance across equities and fixed income. Gold rebounded sharply after last month's consolidation, supported by a risk-off shift among investors amid growing concerns over stretched AI valuations and rising doubts over the likelihood of a December Fed rate cut prior to the release of key economic data last month. US equities were largely flat, as strong Q3 corporate earnings were overshadowed by weakness in tech sector. Taiwan market similarly came under pressure amid heightened fears of an AI bubble. Hong Kong equities also declined on softer China economic indicators and the broader global tech sell-off.

In fixed income, performance was slightly negative. Asian and global high-yield bonds edged lower as risk appetite softened, although credit fundamentals remain stable with low default rates. Singapore government bonds also edged lower in tandem with the rising global rate volatility.

Phillip SMART Portfolio

Phillip SMART US Equities Portfolio (in SGD)

The US portfolio experienced a choppy month in November, shaped by shifting Fed rate expectations and a sustained boom in technology and thematic sectors. Performance was notably volatile, many thematic stocks extended their price declines from mid-October, only to stage a rebound in the final week of November, primarily fueled by renewed institutional interest and strong price action in the digital assets segment.

Top Contributor:

- **Applied Digital ($APLD, +26.57%)** - The rally was driven by strong momentum following announcements on its AI cloud services build out and the energising of its first 100MW AI data centre at the Polaris Forge campus. These milestones highlighting its role as a key infrastructure pure play for generative AI, leading beneficiary of surging demand for high performance computing capacity.

- **Rigetti Computing ($RGTI, +1%)** – We entered at a favourable price, supported by renewed optimism following its analyst day and Q3 update. The management outlined a clear roadmap for scaling quantum systems and demonstrated improved chip performance, achieving gate fidelities of up to 99.5%.

Top Detractor:

- D-wave Quantum ($QBTS, -38.8%) - The weakness followed its Q3 update, where concerns were raised about the commercial viability and competitive edge of its annealing architecture compared to gate-based and trapped-ion approaches adopted by its quantum peers. These technology specific reservations led to a modest valuation de-rating and muted investor sentiment toward the stock.

- **NuScale Power ($SMR, -55.4%)** - The company faced a setback, primarily due to the cancellation of its flagship project caused by insufficient subscription levels and escalating costs. Nevertheless, the US Department of Energy has recently awarded $800 million to funding for other early small modular reactors projects in Tennessee and Michigan, signalling strong US government backing for advanced nuclear technologies.

The macro backdrop characterised by easing inflation and lower treasury yields, continues to support our high conviction positioning, aimed at securing first-mover advantage in these volatile, early commercialisation markets.

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.