

CIO'S NEWSLETTER

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January 2026

After a volatile year, December was a lot calmer as investors appeared content to take profit on their winners. Even a third 25bps Fed rate cut at the December meeting failed to boost animal spirits, probably as there are signs of disagreement within the Fed on the pace and degree of further monetary policy easing in 2026. The median Fed dot plot is currently showing just one 25bps cut for 2026, while the market is pricing in two cuts. These uncertainties saw the US 10-year treasury yield move up from 4% at end-Nov to 4.17% by end-Dec. 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 US assets.

In commodity markets – gold rallied from US\$4,239 to as high as US\$4,500 before falling back to end the year at \$4,319, registering an impressive +65% gain for 2025. Meanwhile oil prices continued its downward trend with Brent falling -3.7% to US\$60. In currencies, the US dollar index eased off by -1.1% in December, ending the year -9.4% weaker. The SGD moved in line with the dollar index, appreciating by +0.9% against the greenback, capping a +5.9% gain vs the USD for 2025.

Equity rotation continues

Global equity markets had a mixed month. US indices mostly ended the month in the red, apart from the industrial-heavy Dow Jones index which eked out a small gain. The S&P500 was flat (-0.05%), while the Nasdaq & the Russell 2000 were down -0.5% and -0.7% respectively. For 2025, the indices delivered strong returns of 17.9%, 21.2% & 12.8% respectively, though USD weakness reduced overall returns for non-US investors. US equity valuations still remain relatively high with the S&P500 index trading at a forward PE of 22.3x, while the Nasdaq trades at a higher multiple of 28.2x, both of which continue to be well above the 5-year average.

Over in Europe, the broad Eurostoxx 600 index ended the month +2.7% higher, capping a strong year (+20.6%). The Swiss market was the outperformer, up +3.4% (+14% in 2025). Other major European bourses also ended in the green led the German DAX up +2.7% (23%) & UK FTSE100 +2.2% (+21%), while the French CAC40 0.3% (+10.4%) was a laggard. Valuations remain reasonable with the Eurostoxx 600 index trading at a forward PE of 15.5x. European equities continue to be the cheapest amongst the developed markets.

In Asia, the broad MSCI Asia ex-Japan index was up 2.7% in Dec (+26% in 2025) led by the Kospi +7.3% (Samsung +18%) and Taiwan +4.8% (TSMC +7.6%). China H-shares -2.4% and the Hang Seng -0.9% were notable underperformers while the Nikkei was flat. Back home, the Singapore STI index closed out the year with a +2.7% gain. Overall, the Kospi was the standout performer for 2025, surging +75%. The STI managed to maintain the positive momentum from its stellar 2024 performance, registering a strong gain of +22%. Valuations for Asian equities are still reasonable with the MSCI Asia ex-Japan index trading at a forward PE of 15x.

Venezuelan President Captured

In early 2026, US forces detained Venezuelan President Nicolás Maduro, who is currently being held in New York to face multiple charges related to drug trafficking and terrorism. US authorities have stated that the action was taken in connection with longstanding legal proceedings.

Beyond the legal developments, Venezuela has the largest proven oil reserves in the world, and President Trump says he would like to see US oil majors re-enter the country, a move that could increase global oil supply and potentially exert downward pressure on oil prices.

This however is easier said than done. Venezuela has suffered from decades of chronic underinvestment in its energy infrastructure, with reports suggesting it will take years of sizeable capital expenditures before the country's vast reserves can be tapped. The CEO of ExxonMobil has also said that Venezuela is "uninvestable" pointing out that the company has twice had its assets expropriated by the Venezuelan government in the past. ExxonMobil is only committing to sending a technical team to assess the situation in the country. This however has not stopped the market from bidding up energy services companies that could benefit should the Venezuelan energy market open up. The energy sector was one of the few underperforming sectors in 2025 with valuations of the sector at relatively low levels.

Latin America to Benefit?

Indeed, President Trump appears to have shifted focus away from the East (China) and back to closer to home. He has already hinted that Venezuela could just be the first domino to fall, with Greenland, Columbia and Cuba also potential targets. Interestingly, Latin American stocks have mostly rallied following Maduro's capture. Brazil's Ibovespa index surged +34% in 2025, but still trades on a FY26 PE of just 9.4x. There is potential for the region to re-rate to a higher multiple should the failed states manage to turn themselves around. A weaker USD and a possible rotation into energy and material companies would be further tailwinds for the commodity-rich region. For context, Latin American stocks are currently just around 1% of the Global Equity Index. Much uncertainty remains, but I would expect this weightage to significantly increase by the end of 2026.

PERFORMANCE UPDATES

Global Growth Leaders (GGL)

9.6% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 December 2025^{1,2}



	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	9.6	-1.3	-0.9	4.0	9.6	19.9	16.0

Important Note on Performance Reporting:

Global Growth Leaders ("GGL") portfolio returns are calculated in SGD terms. Index returns referenced for the S&P 500 and Nasdaq Composite are stated in USD terms, unless otherwise specified.

December closed on a subdued note, capping a volatile 2025 in which the S&P 500 nevertheless delivered its third consecutive year of double-digit gains. Both the S&P 500 (-0.05%, **USD**) and the Nasdaq Composite (-0.53%, **USD**) were largely flat, while Global Growth Leaders (-1.30%, **SGD**) declined marginally as light trading volumes were observed going into the last two weeks of the year.

Similar to the prior year, the traditional Santa rally failed to fully materialise as equities limped into the year-end. Markets digested the Fed's December 25bps rate cut, resulting in a decline in the greenback. FOMC minutes indicated a more divided policy outlook and reinforced uncertainty around monetary policy direction in 2026. Sentiment was also shaped by residual effects from the prolonged US government shutdown, uneven economic data releases, and continued debate overstretched equity valuations and bubble concerns especially in the companies involved in AI – leaving investors cautious despite a strong full-year performance.

Top Performers:

- **TSMC (+9.9%)** – Shares rose after US announced approval for Nvidia to resume sales of certain AI chips to China. Additionally, AI-related capex commitments from hyperscalers and improving 2026 wafer demand visibility resulted in a sentiment rebound.
- **Adobe (+8.4%)** – Management reaffirmed confidence in AI monetisation via Firefly, GenAI, and Creative Cloud integrations, while maintaining margin discipline. Management highlighted accelerating enterprise adoption and stable subscription growth.
- **Goldman Sachs (+8.4%)** – Advanced as lower than expected inflation and the Fed's December rate cut lifted expectations for a recovery in capital markets and deal activity.

Top Detractors:

- **Netflix (-14.1%)** – The announcement of a deal to acquire Warner Bros resulted in a sell off due to deal risk: leverage/financing, potential DOJ involvement, Paramount competition concerns.
- **Broadcom (-10.4%)** – Shares fell after earnings despite strong AI demand, due to management's lower gross margins guidance; investors were also focused on customer concentration and AI valuation concerns.
- **Vistra (-7.1%)** – Weakness was tied to AI-power trade volatility, with the broader AI data-center names also selling off mid-month on sentiment swings about future AI compute/power intensity.

Asian Opportunities Equity (AOM)

0.1% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 December 2025^{1,2}



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	0.1	-0.3	-3.3	6.0	0.1	-12.1	-10.3	-5.3	-0.2

Performance Overview

The AOM portfolio ended December 2025 in a consolidation phase, with a monthly return of -0.34% and a year-to-date return of +0.07%. Throughout the year, the portfolio navigated persistent volatility and sector rotations across Asia Pacific equities. Strategic activity focused on de-risking and capital preservation, with a significant rotation out of Technology and Energy sectors earlier in the quarter. Proceeds were redeployed into money market instruments, resulting in a defensive Cash & Equivalents weighting of approximately 27.3% as of month-end.

Portfolio Positioning and Performance Drivers

Country allocation remains diversified, with the largest exposures in Singapore (33.2%), Hong Kong (26.0%), Korea (11.4%), Taiwan (10.8%), and Japan (5.4%). Sector allocation is balanced, with notable weights in Consumer Cyclicals, Healthcare, Technology, and Real Estate.

Top 3 Contributors:

- **Tencent SDR (Singapore): +20.76%**
- **Samsung Electronics (Korea): +16.74%**
- **UBTECH Robotics (Hong Kong): +8.57%**

Top 3 Detractors:

- **Hiyes International (Taiwan): -13.21%**
- **Anta Sports (Hong Kong): -8.64%**
- **Total Soft Bank (Korea): -6.29%**

Risk Management and Outlook

The portfolio's defensive tilt, with elevated cash and money market holdings, reflects a cautious stance amid ongoing macro uncertainty. The manager remains focused on capital preservation, tactical rebalancing, and selective exposure to resilient growth themes in Asia. The rotation out of high-beta sectors and into liquidity instruments has helped buffer against downside risk.

Asia Outlook

Asia Pacific markets are expected to remain volatile but offer selective opportunities in technology, healthcare, and consumer sectors. The region's fundamentals are supported by ongoing digitalisation, demographic tailwinds, and policy stimulus, though risks from global rate cycles and geopolitical tensions persist. The portfolio will continue to favour quality companies with strong balance sheets and sustainable growth drivers, while maintaining flexibility to respond to market developments.

Singapore Equity Yield

33.4% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 December 2025^{1,2}



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	33.4	-1.7	-0.4	19.5	33.4	12.8	6.4	3.9	3.3

Singapore's economy remained resilient, with full year 2025 GDP growth expectations revised higher to around 4.1%, supported by broad based strength across manufacturing, finance and trade. Inflation stayed moderate, allowing MAS to keep monetary policy unchanged, with attention turning to potential NEER adjustments in 2026.

The portfolio delivered a 33.44% return in 2025, marking its best performing year since inception and materially outperforming the FTSE ST All-Share Index. Within the portfolio, REITs delivered mixed outcomes, supported by stable underlying cash flows but moderated by higher-for-longer rate expectations and cautious sentiment towards yield assets. Technology manufacturing and distribution saw mixed performance amid inventory adjustments and cautious end market demand, while consumer finance and retail services reflected stable domestic conditions.

Top Contributor:

- **Nordic Group (+11.3%)** – The group reported better than expected results, following the announcement of several contract wins, reinforcing order book visibility and near term earnings confidence.
- **Stoneweg EU Trust (+6.5%)** – The trust divested a non-core Italian office asset at about 32% premium to valuation, also completed a refinancing. These actions incrementally de-risk the balance sheet and improve earnings quality.

Top Detractor:

- **KepPacOak REIT (-2.1%)** – Secured loans to address upcoming refinancing need, leading to enhance liquidity and extend debt maturity.
- **Karin Tech (-1.9%)** – The company AGM confirmed a final dividend and renewal of the share buyback mandate.

Singapore Equity Growth

30.5% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 December 2025^{1,2}



	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	30.5	-3.5	-1.0	19.5	30.5	15.2	9.4	7.0	5.6

Singapore economic conditions remained resilient in December, supported by stable domestic demand, improving manufacturing activity and continued strength in financial related services. Inflationary pressures stayed contained, allowing MAS to maintain a steady policy stance, with attention focused on external growth risks and currency stability heading into 2026. From a capital markets perspective, recent regulatory initiatives aimed at facilitating dual listings with major international exchange (Nasdaq) are viewed as structurally supportive. SGX-Nasdaq bridge provides broader global market access has the potential to enhance investor participation, deepen liquidity and improve price discovery for Singapore companies. Over time, increased international visibility may support incremental capital inflows and strengthen Singapore's position as a regional and global financial hub.

The portfolio delivered a 30.45% return in 2025, materially outperforming both its 2024 performance of 20.86% and the FTSE ST All-Share Index, which rose 21.85% over the same period.

Within the portfolio, hospitality and leisure exposure benefited from resilient travel demand and continued recovery in regional tourism flows. The agriculture and plantation segment was broadly stable, supported by steady commodity prices and disciplined cost management, while downstream food and consumer staples consolidated following earlier strength. Engineering, construction and industrial services exposure remained attractive, with the market focusing on order visibility, execution progress and margin normalisation.

Top Contributor:

- **Wee Hur (+5.7%)** – the company executed several corporate actions reflecting ongoing portfolio and capital structure optimisation, and including a disposal of a property interest.
- **ValueMax (+5.3%)** – the group's consumer finance and retail services exposure included the allotment and issuance of new shares following warrant exercises, modestly increasing issued capital and potentially enhancing trading liquidity.

Top Detractor:

- **Bumitama Agri (-9.4%)** – share price declined driven by a combination of profit taking and broader weakness across the plantation sector. Overall market sentiment towards plantation stocks was mixed, influenced by commodity price volatility and positioning effects, with fundamentals remaining intact.

Overall, the macro and policy backdrop remains constructive, with measured optimism tempered by global uncertainties.

Phillip SMART Portfolio

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	10.3%	4.4%	10.3%	7.1%	3.2%
SMART Portfolio Income & Growth	14.0%	5.4%	14.0%	8.6%	3.2%
SMART Portfolio Growth	16.8%	5.9%	16.8%	9.3%	3.8%
SMART Portfolio US Equity	13.8%	-1.5%	13.8%	7.0%	NA

Phillip SMART ROBO

SMART Portfolio delivered strong gains of between 3.2% to 4.5% in December despite a challenging global backdrop marked by uncertain monetary policy and persistent geopolitical risks. Performance was driven primarily by strength in our existing gold exposure and the newly added South Korea allocation, which more than offset softer returns across other equities and fixed income markets. Gold extended its rally from the previous month, supported by sustained risk-off sentiment amid ongoing geopolitical risks, trade disruptions from tariffs, expectations of future Federal Reserve rate cuts, a weaker U.S. dollar, and continued central banks purchases worldwide. US equities ended the month flat, as market repriced to just one additional rate cut in 2026 following signs of unusual internal disagreement among policymakers during the December 10 Fed meeting. Hong Kong equities ended the month on a negative note, pressured by concerns over AI-related stocks, softer China macroeconomic data, and profit-taking following earlier gains.

Phillip SMART Portfolio

In fixed income, performance was muted. Returns from Emerging Market Government bonds and global high-yield bonds allocations were subdued as investor risk appetite softened, although credit fundamentals remain stable with low default rates. Global investment grade bonds edged lower due to renewed "hawkish" signals from the U.S. Federal Reserve and persistent inflation concerns, which caused bond yields to rise and prices to fall.

Phillip SMART US Equities Portfolio (in SGD)

December market conditions were characterised by thin year end liquidity and year end window dressing, alongside evolving expectations for monetary policy in 2026. Within the portfolio, exposure to quantum computing, and AI themed technologies experienced increased dispersion as the market weighed long term structural demand against near term capital discipline and commercial execution considerations. The space systems and advanced mobility segment continued to demonstrate progress in commercial and contract development.

Next generation power technologies delivered mixed performance, reflecting supportive policy frameworks offset by financing and project timing factors. Overall, the portfolio remains positioned towards long term structural growth themes, with disciplined diversification across cyclical and defensive sectors.

Phillip SMART Portfolio

Top Contributor:

- **Rocket Lab Corp (\$RKLB, +65.5%)** - The company announced a prime contract from the U.S. Space Development Agency to design and manufacture 18 satellites, its largest single contract to date, improving multi-year revenue visibility.
- **D-wave Quantum (\$QBTS, +15.4%)** – Share price recovered from the decline seen in the prior month. Management reiterated ongoing roadmap progress toward advanced multi-chip quantum systems, and recent filings continued to reference partnerships and integration efforts with external platforms, including NVIDIA's NVQLink ecosystem.

Top Detractor:

- **NuScale Power (\$SMR, -29.2%)** – New agreement reinforces technology commercialisation pathways, while larger authorised capital could support project financing and broaden investor access. Nevertheless, the capital dilution remain key monitoring points.
- **Rigetti Computing (\$RGTI, -13.4%)** - Quantum computing has moved from speculative R&D toward commercial pathways in 2025. Rigetti is frequently benchmarked against peers such as D-Wave and IonQ. McKinsey's 2025 Quantum Technology Monitor estimates the combined quantum computing, communication and sensing market could reach c.\$97bn by 2035, with sustained growth supported by accelerating adoption, investment and technological progress.

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.