

CIO'S NEWSLETTER

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Risk assets started the year on a positive note, as most markets rallied in Jan, despite a blip towards the end of the month. The announcement that Kevin Warsh will be nominated as the next Fed Chair triggered a correction due to his perceived hawkish stance. The market quickly warmed to the nomination though, as he is regarded as a more independent and credible candidate than Kevin Hassett. The median Fed dot plot is still showing just one 25 bps cut for 2026, while the market is pricing in two cuts. The US 10-year treasury yield has continued to range trade between 4.13% to 4.3% before closing the month at 4.24%. 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, precious metals continue to be well bid with gold surging from \$4,319 to \$5,400 before plunging to close Jan at US\$4,894, registering a still decent +13% gain for the month. Meanwhile oil prices finally broke out of their negative trend with Brent surging +16% to US\$70 a barrel. In currencies, the US dollar index continued on its downward trend, easing by -1.4% in Jan. The SGD moved in line with the dollar index, appreciating by +1.2% against the greenback.

Equity markets mostly up

Global equity markets mostly had a positive start to the year. US indices were all up – the S&P500 +1.4%, the Nasdaq +1% & the Russell 2000 +5.3%. The outperformance of the Russell suggests investors are rotating out of large cap names to small cap companies. US equity valuations still remain relatively high with the S&P500 index trading at a FY26 PE of 22.2x, while the Nasdaq trades at a higher multiple of 27.2x, both of which continue to be well above the 5-year average. Jan also saw a notable rotation amongst sectors with Energy +14.2%, Materials +8.6% & Consumer Staples +7.5% benefitting, while Financials -2.4% lagged.

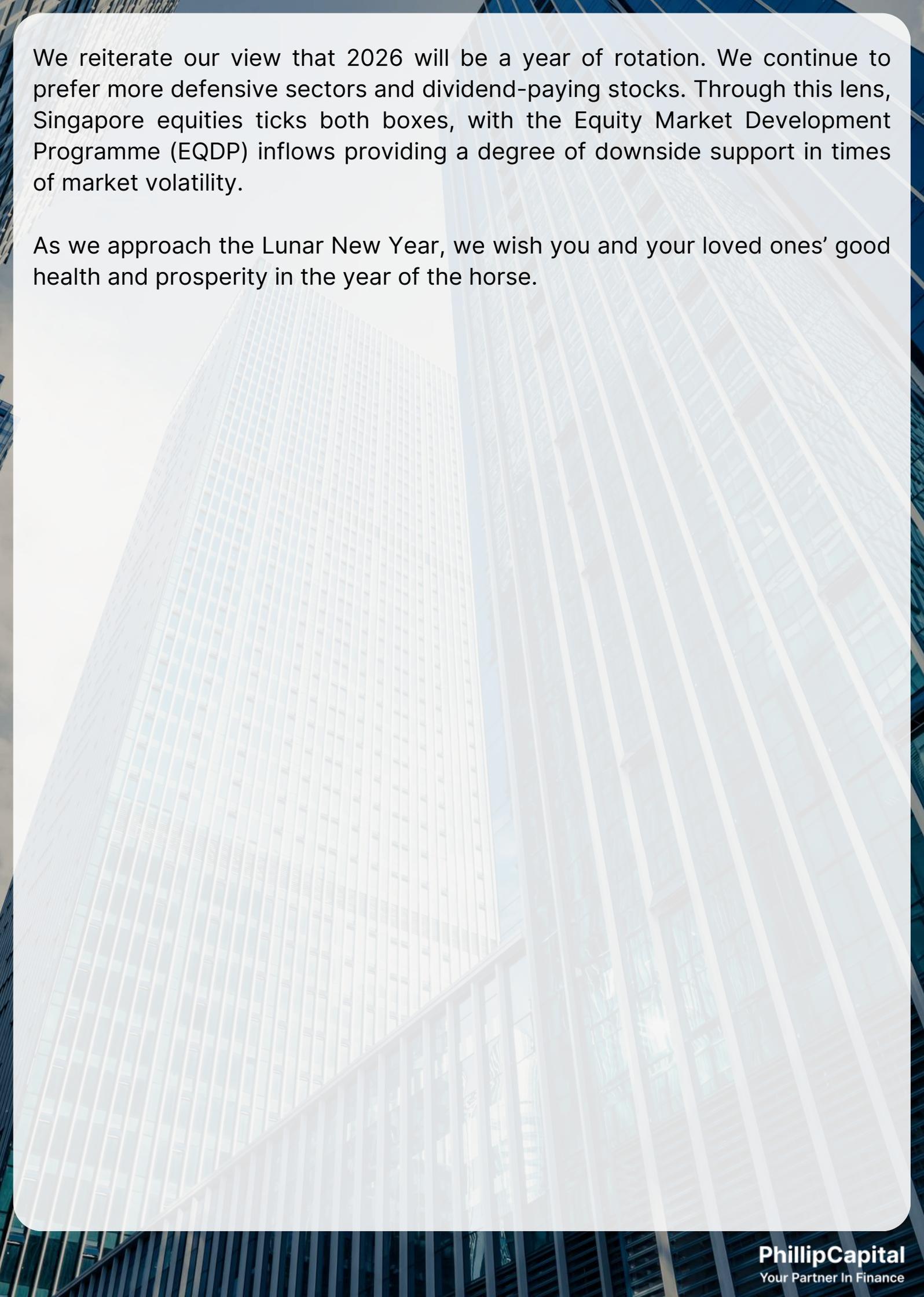
Over in Europe, the broad Eurostoxx 600 index ended the month +3.2% higher. There was however quite a large dispersion in the performance of individual European markets. The Spanish IBEX +3.3% and the UK FTSE100 +2.9% were amongst the best performers, while the Swiss SMI -0.6% and the French CAC40 -0.3% were the main laggards. The German DAX was somewhere in the middle, grinding out a +0.2% gain. Valuations remain reasonable with the Eurostoxx 600 index trading at a FY26 PE of 15.8x. European equities continue to be the cheapest amongst the developed markets. There was also dispersion amongst sectors with European Oil & Gas +8.4% and European Banks +4.7% outperforming, while the European Luxury index, which tracks the top 10 European luxury companies, corrected -10%.

Asia was the star performer in Jan as the broad MSCI Asia ex-Japan index rallied +8% led by the Kospi +24% (SK Hynix +39%; Samsung +34%) and Taiwan +10.7% (TSMC +15%). The Hang Seng +6.9% & China H-shares +4.5% also delivered strong returns along with the Nikkei +5.9%. Closer to home, the Singapore STI index continued the strong momentum with a +5.6% gain. Indonesia's JCI index was a notable laggard -3.7% due to the risk that MSCI could downgrade the country to frontier status because of a lack of transparency in shareholder ownership. Valuations for Asian equities are still reasonable with the MSCI Asia ex-Japan index trading at a FY26 PE of 14.1x.

Global Software Companies De-Rated

The emergence of AI is continuing to create much uncertainty in the markets to identify the winners and the losers. It is clear that the market is currently regarding all software companies as AI losers on concerns that the advancement in AI will result in both enterprises and consumers cutting their software for service subscriptions. As a result, the iShares Software ETF (IGV) has plunged -30% over the past three months, significantly underperforming the broader index.

While current sentiment appears extremely negative for the sub-sector, we believe these concerns may be overblown as AI will not be able to fully displace B2B software solutions for enterprise due to intellectual property issues and the ongoing instances of AI hallucination. In fact, many of these software companies are incorporating AI to enhance their product offerings and are still expected to beat on their earnings estimates. Only time will tell, but we believe the current selloff in software presents a good entry point for value investors with a longer time horizon.



We reiterate our view that 2026 will be a year of rotation. We continue to prefer more defensive sectors and dividend-paying stocks. Through this lens, Singapore equities ticks both boxes, with the Equity Market Development Programme (EQDP) inflows providing a degree of downside support in times of market volatility.

As we approach the Lunar New Year, we wish you and your loved ones' good health and prosperity in the year of the horse.

PERFORMANCE UPDATES

Global Growth Leaders (GGL)

4.5% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 January 2026^{1,2}



	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	-0.8	-0.8	-3.2	1.0	4.5	16.6	15.3

Jan opened with cautious optimism in US markets but ultimately produced mixed outcomes amid the Q4 earnings season and significant political developments. In SGD terms, the S&P 500 (0.0%), Nasdaq (-0.2%), and GGL (-0.8%) ended the month largely flat. While the Nasdaq recorded modest gains earlier in the period, it later faced meaningful pressure from an ongoing sell-off in SaaS names, driven by concerns over AI-led disruption. In contrast, the index found support from strong performance in semiconductor foundries and memory chipmakers, as global memory supply shortages intensified. For SGD-based investors, US market gains were largely offset by USD/SGD depreciation (-1.2%), reflecting "sell America" sentiment amid Trump's geopolitical tensions with Europe over Greenland and a more dovish Federal Reserve. The dollar recovered slightly toward month-end following Trump's nomination of Kevin Warsh as Fed Chair, a move markets interpreted as supportive of growth, lower rates, and the preservation of Fed independence.

Top Performers:

- **NVO (+16.8%):** – Strong reception to the launch of oral Wegovy, with over 18,000 prescriptions in its first week as the first daily oral GLP-1 for weight loss.
- **TSMC (+14.5%):** – Delivered standout earnings and raised 2026 revenue growth guidance to 30%, supported by sustained AI demand and memory chip shortages.
- **PM (+11.9%):** – Benefited from continued momentum in smoke-free products, FDA support for ZYN nicotine pouches, and defensive positioning amid volatility.

Top Detractors:

- **ADBE (-16.2%):** – Fell to levels last seen in 2022 as intensifying AI competition raised concerns over its competitive moat.
- **RELX (-14.6%):** – Declined despite solid fundamentals, caught in the broader SaaS sector sell-off.
- **MSFT (-11.0%):** – Sold off sharply late in the month following earnings that showed a modest slowdown in Azure growth and a sharp increase in AI-related capex.

We continue to maintain a cautiously optimistic outlook, while acknowledging that heightened geopolitical volatility, evolving trade dynamics, and elevated equity valuations call for discipline. In this environment, prudence remains of paramount importance as we seek undervalued opportunities, adapt to shifting themes, and diversify across regions and sectors to enhance long-term returns while managing downside risks.

Asian Opportunities Equity (AOM)

4.8% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 January 2026^{1,2}



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	2.0	2.0	-1.3	4.4	4.8	-12.0	-10.2	-4.1	-0.1

The AOM portfolio ended Jan 2026 with a monthly return of +2.07%, reflecting a constructive start to the year despite persistent macro uncertainty across the region. This is supported by broad-based recovery in selected technology, robotics, and digital-infrastructure names.

Market sentiment improved through Jan as investors positioned for potential global rate cuts later in the year, while earnings visibility in Asian technology and semiconductor segments strengthened. However, weakness in pockets of Hong Kong and Taiwan consumer and biotech names offset part of the gains.

Portfolio Positioning and Performance Drivers

Equity Country Allocation – Descending Order

(Excludes ABF PAIF and all fixed-income ETFs)

- Hong Kong – ~38%
- Singapore – ~13%
- Taiwan – ~11%
- Korea – ~10%
- Japan – ~5%
- China – ~4%
- Indonesia – ~4%

The portfolio remains diversified across Asia Pacific equity markets, with the largest exposure to Hong Kong, reflecting allocations to technology infrastructure, robotics, and selective consumer franchises.

Top Contributors:

- **Samsung Electronics (Korea):** – Semiconductor sector optimism and improving ASP expectations contributed to strong gains+16.74%
- **UBTECH Robotics (Hong Kong):** – AI-automation momentum remained robust, and the stock continued its positive re-rating trend.
- **GDS Holdings (Hong Kong):** – Data-centre operators saw renewed demand visibility, driving a recovery in valuations.

Top Detractors:

- **Anta Sports (Hong Kong):** – Consumer-sector weakness in China weighed on sentiment, resulting in further downside.
- **Hiyes International (Taiwan):** – Small-cap weakness persisted amid lack of catalysts and risk-off behaviour in Taiwan.
- **PeptiDream (Japan):** – Biotech sector volatility and delayed partnership updates pressured the stock.

Jan Transactions and Activity

- Added exposure to UBTECH Robotics, expressing conviction in AI-hardware adoption.
- Initiated Solusi Sinergi (Indonesia), enhancing ASEAN digital-infrastructure representation.
- Trimmed TENCHKSDR10TO1 through two partial sales, locking in earlier gains.

Risk Management and Outlook

The portfolio retains a balanced stance amid ongoing cross-currents:

- Global rate-cut expectations remain a key driver of risk appetite.
- China's recovery trajectory continues to be uneven, especially in consumer-related sectors.
- Technology-supply-chain realignment and geopolitics remain sources of volatility.
- FX movements across Asia continue to influence sector-level performance.

Despite these conditions, we remain focused on:

- Preserving capital through diversified country and sector exposure
- Selective accumulation of high-quality growth names with improving earnings visibility
- Maintaining flexibility through modest cash and liquidity instruments
- Prioritising structural themes such as digitalisation, automation, and AI infrastructure

The medium-term outlook for Asia Pacific markets remains constructive, supported by attractive valuations and resilient structural tailwinds.

Singapore Equity Yield

34.4% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 January 2026^{1,2}



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	4.2	4.2	1.9	13.1	34.4	12.2	7.0	5.2	3.6

MAS has provided further clarity in its January policy review, electing to maintain the prevailing appreciation path of the S\$NEER. Simultaneously Singapore MTI upgrades the GDP growth forecasts for 2026 to the 2.0% to 4.0% range, reflects our central bank confident in Singapore's underlying growth projection to remain robust. Market confidence has also been further bolstered by the MAS's Equity Market Development Programme (EQDP). By fuelling the investment capital specifically targeting into the mid and small-cap segments, the EQDP is actively enhancing market vibrancy. We anticipate further more fund houses to be appointed during the first half of the year, with successful managers set to reveal fund names and strategies later this year.

The Yield portfolio delivered a 4.19% return in January, with notable capital appreciation across the industrial and consumer sectors. The market has begun to reward companies with defensive yield profiles that also stand to benefit from the initiatives encouraged by the MAS's EQDP. The REITs and financial services provided a stable foundation, and we observe significant strength in our construction related and agricultural commodity holdings as they leveraged the regional demand and favourable pricing cycles.

Top Contributor:

- **ValueMax (+18.2%):** – Shares shot up over 12% in a single day (Jan 26) as gold prices crossed the historic US\$5000 mark, significantly re-rating the value of the group's extensive gold inventories.
- **Mewah Intl (+15.5%):** - Sentiment was supported by a strong balance sheet and the operational ramp-up of its newest refinery facilities.

Singapore Equity Growth

34.4% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 Jan 2026^{1,2}



	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	5.3	5.3	2.0	12.6	34.4	16.0	9.6	8.4	5.8

Singapore market commenced the new year with remarkable energy, as the STI surged to historical all time high, surpassing the 4,900 level by late Jan. This rally was underpinned by resilient domestic macroeconomic data and a broadly optimistic global sentiment surrounding the ongoing AI investment themes. Furthermore, we are closely monitoring the upcoming Budget 2026 announcement on Feb 12, which is expected to outline critical fiscal measures for economic resilience and SME support, likely serving as the next major catalyst for domestic equities.

The portfolio delivered a 5.3% return in Jan, was largely driven by an exceptional run in the industrial and real estate sectors, which benefited from a surge in institutional interest following major infrastructure and development milestones. We observed a notable "flight to quality" within our construction, engineering and specialised property holdings, as the market pivoted toward companies with record high order books and track records in large scale domestic and regional projects.

Top Contributor:

- **Civmec (+21.1%):** – Shares reached new highs following the award of over S\$360 million in major contracts from BHP and Fortescue (Australia), significantly boosting earnings visibility through FY2027.
- **Wee Hur (+19.5%):** – Markets responded positively to the group's pivot toward recurring income assets, including the strategic acquisition and rebranding of hospitality assets.

Phillip SMART Portfolio

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	6.0%	10.3%	16.2%	8.2%	4.4%
SMART Portfolio Income & Growth	8.4%	13.3%	22.8%	10.7%	4.7%
SMART Portfolio Growth	8.8%	13.9%	26.2%	11.6%	5.2%
SMART Portfolio US Equity	-4.7%	-14.5%	9.5%	6.3%	NA

Phillip SMART ROBO

SMART Portfolio began the year with strong gains of between 6.0% and 8.4% in Jan despite a challenging global backdrop of renewed geopolitical tensions and heightened AI-related market disruptions. Performance was driven mainly by strength in our gold and South Korea allocations, which helped offset weaker returns across other equity and fixed income markets. Gold rallied sharply to an all-time high in late Jan on elevated geopolitical risks, aggressive speculative flows, and expectations of future Federal Reserve rate cuts, before correcting sharply towards month-end amid profit-taking and a stronger US dollar following the nomination of Kevin Warsh as the next Fed Chair, reinforcing a more hawkish policy outlook.

US equities saw a volatile but flat month, pressured by rising concerns over AI-related capital expenditure, changes in Fed leadership, rotation away from AI, SaaS and select tech names. In contrast, Hong Kong equities ended higher, supported by renewed AI optimism following breakthroughs in DeepSeek's capabilities and record inflows from mainland investors, despite escalating China-Japan geopolitical tensions. South Korean equities continued their strong rally, benefiting from the ongoing "memory supercycle" driven by robust demand for high-bandwidth memory and advanced semiconductors.

Phillip SMART Portfolio

Fixed income performance remained subdued. Emerging Market government bonds and global high-yield allocations struggled amid rising long-term yields, tight spreads, and increasing Liability Management Exercise (LME) risks. Global investment grade bonds performed slightly better, supported by resilient corporate balance sheets, historically low default rates, and strong corporate issuance to fund AI-related capital expenditure.

Phillip SMART US Equities Portfolio (in SGD)

The US equity markets commenced 2026 with a Goldilocks momentum, as the S&P 500 and Nasdaq 100 scaled historic heights. At the January FOMC meeting, the US Fed maintained its cautious stance, holding interest rates steady as it monitors a sticky core inflation. However, the market landscape shifted violently on the final trading day of the month following the nomination of Kevin Warsh as the next Fed Chair. This announcement triggered a liquidation cascade in precious metals and a sharp strengthening of the US Dollar, leading to a one day 11% drop in gold and a 36% crash in silver.

Our SMART US equity portfolio experienced a dramatic "tale of two halves" this month. While the portfolio was performing exceptionally well with a +3.25% return as of the January 23 trading session, it was heavily impacted by the unprecedented volatility in the month's final 48 hours. The portfolio ultimately swung to a -4.74% return for the month, primarily due to the retracement in the metals & mining and fintech sectors. The sharp reversal in silver and gold prices directly hit our precious metals miners, while a earnings pressured our high-beta super computing holdings. Tactically, we are utilising this correction to stress test our AI themes exposure, ensuring that our core thesis remains intact despite the month end deleveraging.

Phillip SMART Portfolio

Top Contributor:

- **Applied Digital (\$APLD, +38.2%):** - Reported a massive revenue surge and secured billion dollars worth of financing deal for its AI data centres, achieving its first adjusted quarterly profit.
- **Hecla Mining (\$HL, +17.4%):** - Rewarded its status as north America's premier silver producer with a strong balance sheet.

Top Detractor:

- **Rigetti Computing (\$RGTI, -18%):** - the company delayed the launch of its super computing system to the end of Q1 this year; the stock was caught in the broader risk-off liquidation.
- **Sofi Technologies (\$SOFI, -13.4%):** - Position suffered from the rotation out of mid-cap fintech and the volatility surrounding future Fed leadership.

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.