

CIO'S NEWSLETTER

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Rotation, Regional Dispersion and Geopolitical Risk

February reinforced a theme that has been building since the start of the year: **2026 is shaping up to be a year of rotation**. Market performance during the month was characterised by sharp regional dispersion, with US equities under pressure while Europe and Asia delivered strong positive returns. At the same time, rising geopolitical risks in the Middle East have added a new layer of uncertainty, primarily through their implications for energy prices and inflation.

Equities: US Lagged, While Europe and Asia Outperformed

US equities had a difficult month. The **S&P 500 declined -1.40%**, while the **Nasdaq Composite fell -3.92%**, reflecting renewed pressure on higher-multiple growth stocks. The **Dow Jones Industrial Average was relatively resilient (-0.87%)**, and the **Russell 2000 slipped only -0.30%**, suggesting that investors continued to rotate within equities rather than exit risk entirely. The S&P500 index trades at a forward PE of 21.7x, while the Nasdaq trades at 25.7x, both still relatively elevated.

By contrast, **European equities delivered broad-based gains**. The **STOXX 600 rose +2.68%**, materially outperforming US benchmarks. At the country level, performance was positive across all major European markets tracked: **Germany (DAX) +1.96%**; **France (CAC 40) +4.88%**; **Switzerland (SMI) +4.51%**; **Italy (FTSE MIB) +2.62%**; **Spain (IBEX 35) +1.36%**; **UK (FTSE 100) +5.50%**. This pattern highlights Europe's continued appeal in an environment where investors are gravitating toward **value, dividends, and lower valuation multiples** (Stoxx600 trades at a forward PE of 15.5x).

Asia was the strongest-performing region in February. The **MSCI AC Asia Pacific ex-Japan surged +8.65%**, led by outsized gains in North Asia. **South Korea's KOSPI jumped +26.15%**, while **Taiwan rose +11.99%** and **Japan gained +11.77%**. **China's CSI 300 advanced +2.27%**, while **Hong Kong's Hang Seng edged lower (-0.54%)**. Closer to home, the **Singapore STI gained +2.10%**, continuing to demonstrate defensive characteristics amid global volatility. The MSCI Asia ex-Japan index trades at a forward PE of 13.5x, while the STI trades at a forward PE of 14.9x.

Commodities, FX and Fixed Income

In commodities, **gold continued its recent strong run, rising +13.25% in February**, as investors sought portfolio hedges. The **US Dollar Index was broadly flat (-0.02%)**, indicating that safe-haven flows into the dollar were limited despite increased global uncertainty. The SGD exhibited its safe-haven status, appreciating by +0.5% against the greenback.

In rates markets, **the US 10-year Treasury yield declined from approximately 4.24% at the start of February to around 3.94% by month-end**, reflecting a combination of increased risk aversion, safe-haven demand, and growing signs that growth momentum is moderating despite elevated inflation risks. Overall, fixed income delivered modest but positive returns across most segments, particularly in SGD-denominated assets. These outcomes underscore the continued role of high-quality income assets in stabilising portfolios.

Middle East Conflict: Why Oil Has Risen, But Not Spiked

The escalation of conflict in the Middle East with the US & Israel invasion of Iran, has revived concerns around energy security and inflation. A large portion of the previously identified worst-case scenario has already materialised: shipping through the Strait of Hormuz has stalled, key energy infrastructure across the Gulf has been attacked, and production shutdowns are beginning to emerge. Despite this, oil prices have risen only around 30% since the conflict began, with **Brent crude trading near US\$84 per barrel**, elevated, but still well below historic crisis peaks.

The restraint in oil prices reflects the oil industry's increased ability to manage disruption, developed through the Covid-19 pandemic and the 2022 Ukraine war. Markets are currently pricing **operational disruption**, but not yet a **sustained structural loss of supply**. Should the Strait of Hormuz remain blocked for an extended period, storage constraints would likely force deeper production shutdowns, pushing oil prices decisively above US\$100 per barrel. Meanwhile, global supply chains also run the risk of disruption with the longer time now required to ship goods by sea.

Portfolio Implications: Reinforcing Defensives, Dividends & Singapore Assets

From an investment standpoint, the recent events reinforce — rather than alter — our existing portfolio stance. Elevated geopolitical risk primarily feeds through to markets via **energy prices and inflation expectations**, increasing the possibility of higher-for-longer interest rates. In such an environment, **long-duration growth assets could be vulnerable**, while companies with stable cash flows and pricing power tend to be more resilient.

This backdrop continues to favour **dividend-paying equities**, where income provides a tangible component of total returns and helps cushion portfolios during periods of volatility. It also reinforces our preference for **Singapore assets**, which combine defensive sector exposure, attractive dividend yields, and strong balance-sheet quality. SGD-denominated income assets remain an important stabilising anchor as global bond markets grapple with inflation uncertainty.

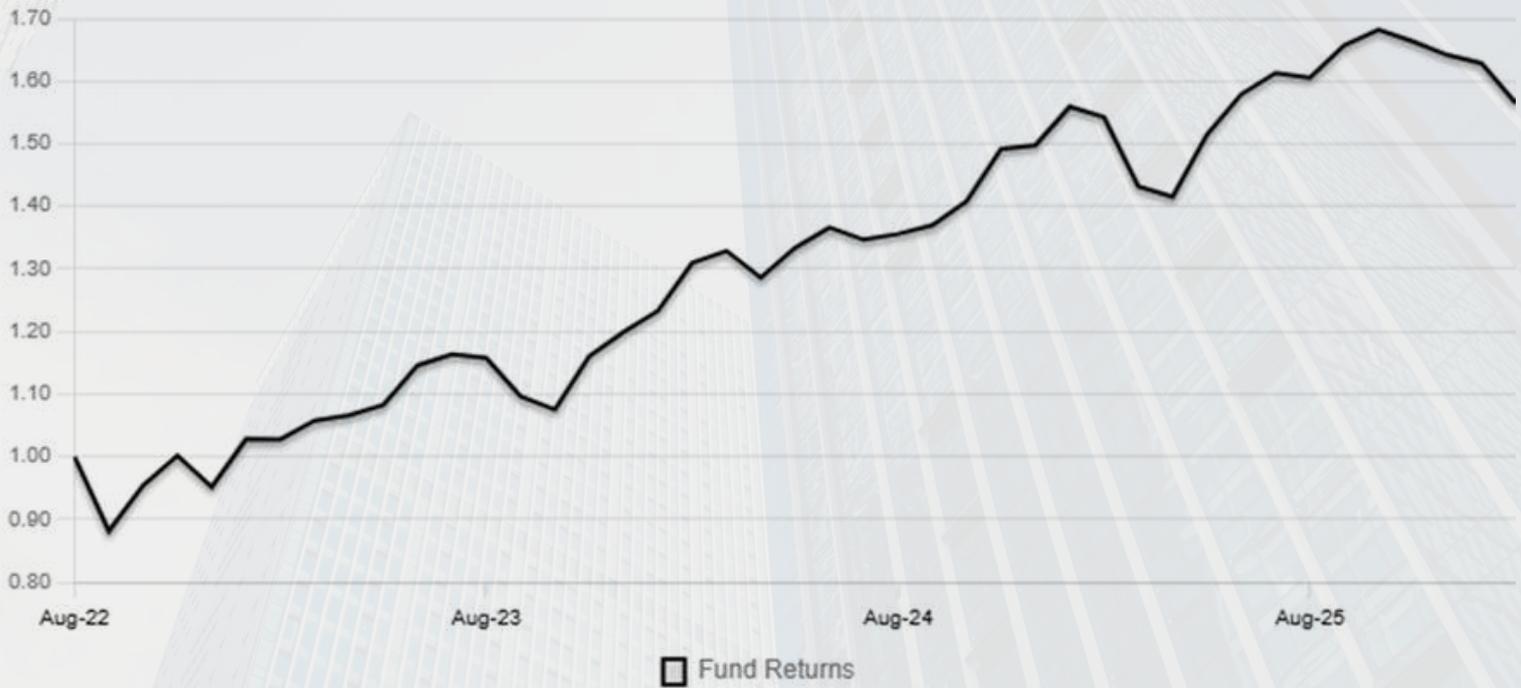
In summary, February's market outcomes — across equities, commodities and fixed income — underscore the importance of **discipline, diversification and income-focused positioning**. Staying anchored to defensives, dividends and high-quality Singapore assets remains, in our view, the most prudent way to navigate an increasingly uncertain global environment.

PERFORMANCE UPDATES

Global Growth Leaders (GGL)

1.5% (1Y)

COMPOSITE PERFORMANCE (%) as of 28 February 2026^{1,2}



	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	-4.7	-3.9	-5.9	-2.5	1.5	15.0	13.6

February extended January's risk-off tone as intensifying AI disruption fears triggered a deeper pullback in growth equities. In SGD terms, the S&P 500 (-1.45%), Nasdaq Composite (-3.91%), and Global Growth Leaders (-4.67%) posted negative returns, reflecting a broad de-rating of technology stocks amid elevated valuations and rising geopolitical uncertainty. The defining theme was an accelerating sell-off in SaaS companies, as investors reassessed the resilience of traditional subscription models in an AI-driven environment. Growing confidence in increasingly capable AI agents raised concerns that workflows once dependent on complex software stacks could be replicated or displaced. Sentiment weakened further after Nvidia's earnings, with the AI-related stocks declining despite Nvidia's strong results. While inflation data continued to signal easing price pressures, this offered limited support as valuation concerns dominated.

Macroeconomic uncertainty also weighed on markets. A US federal court ruling that certain tariffs were illegal briefly lifted sentiment, but this was reversed when Trump announced another round of sweeping tariffs on a wide range of imports. Late in the month, geopolitical risks escalated sharply following US military strikes on Iran, raising concerns over regional conflict, energy markets, and global stability heading into March.

Top Performers:

- **NFLX (+16.3%):** – Shares surged after Warner Bros accepted a revised bid from Paramount, terminating Netflix’s acquisition agreement; Netflix is set to receive a US\$2.8bn breakup fee.
- **SAF (+11.7%):** – Benefited from ongoing and escalating geopolitical tensions.
- **TSMC (+11.3%):** – Continued to gain on tight global memory supply and sustained AI semiconductor demand, reinforcing expectations for strong chip orders into 2026.

Top Detractors:

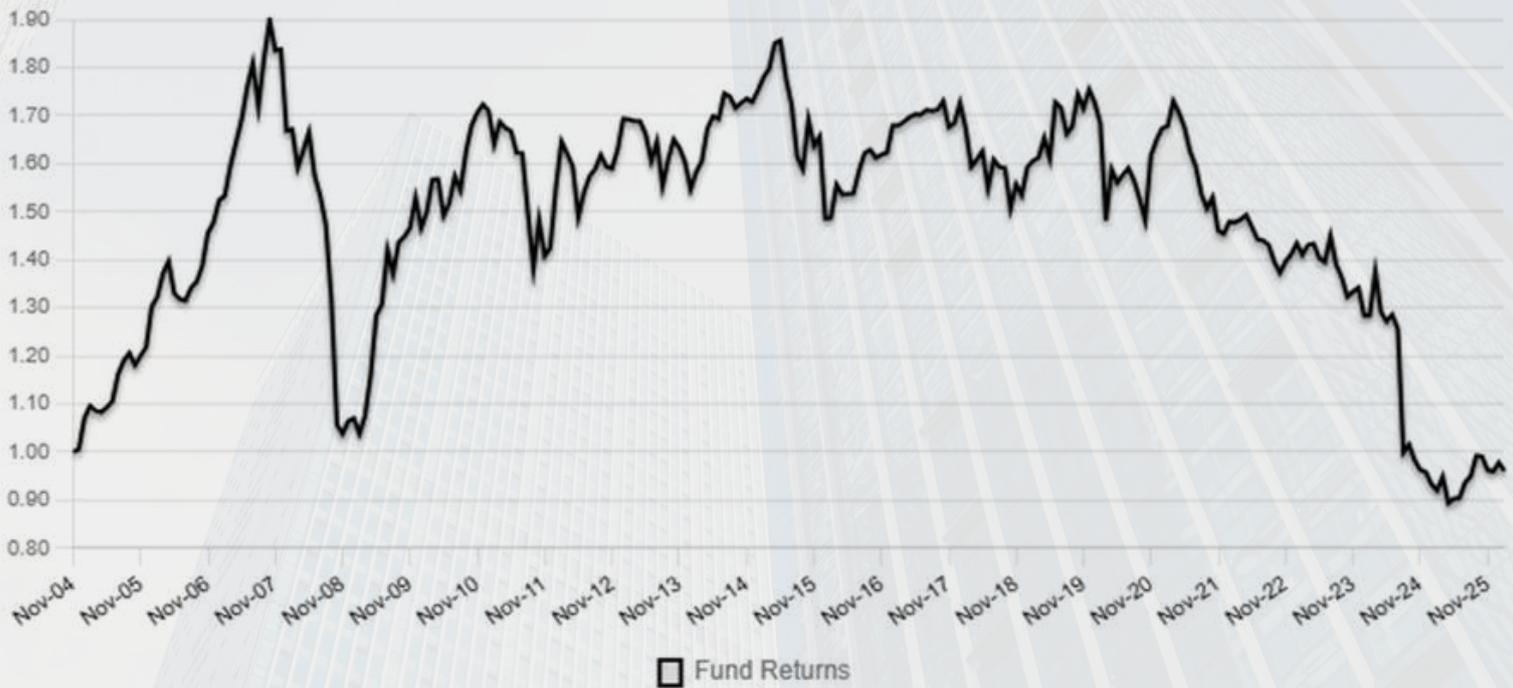
- **NVO (-36.5%)** – Plunged after CagriSema trial results disappointed, with efficacy falling short of Eli Lilly’s tirzepatide-based next-generation GLP-1 treatments.
- **BX (-19.0%)** – Fell despite strong earnings as investor sentiment toward private markets deteriorated, amplified by industry concerns highlighted by peers such as Blue Owl.
- **Tencent (-15.2%)** – Declined after US blacklisting due to links with China’s military.

We remain cautiously optimistic but expect volatility to persist. In this environment, prudence, diversification, and tactical positioning remain essential to managing downside risks while capturing longer-term opportunities.

Asian Opportunities Equity (AOM)

4.4% (1Y)

COMPOSITE PERFORMANCE (%) as of 28 February 2026^{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	-1.8	-0.2	1.1	4.4	-12.0	-10.5	-4.3	-0.2

The AOM portfolio recorded a -1.78% return in February 2026, as Asia Pacific equity markets reversed part of January's gains amid renewed volatility. Risk sentiment weakened during the month as expectations for near-term global rate cuts were pushed back, while China-related equities and smaller-capitalisation names remained under pressure.

Portfolio performance was weighed down by continued weakness in consumer and selected healthcare holdings, partially offset by resilience in semiconductor and AI-related exposures. Active portfolio adjustments focused on reducing exposure to persistent underperformers and reallocating capital selectively.

The portfolio remains diversified across Asia Pacific equities, with Hong Kong continuing to anchor exposure through technology infrastructure, robotics, and selective consumer names. Singapore exposure is fully equity-based, while allocations to Taiwan and Korea provide targeted exposure to technology, healthcare, and industrial themes.

Top Contributors (Performance Through February 2026):

- **Samsung Electronics (Korea), +54.7%:** – Supported by improving semiconductor fundamentals and stronger earnings visibility.
- **GDS Holdings (Hong Kong), +27.4%:** – Benefited from a rebound in data-centre names as demand outlook improved.
- **UBTECH Robotics (Hong Kong), +14.3%** – Continued to perform on sustained interest in AI-driven automation.

Top Detractors:

- **Anta Sports (Hong Kong), -14.0%** – Pressured by ongoing weakness in China consumer sentiment.
- **Hiyes International (Taiwan), -18.5%** – Underperformed amid persistent risk-off sentiment toward small-cap equities.
- **PeptiDream (Japan), -9.0%** – Weighed down by biotech sector volatility and lack of near-term catalysts.

February Transactions and Activity

During February, the portfolio undertook targeted rebalancing:

- Trimmed Samsung Electronics following strong outperformance
- Exited Hiyes International, PeptiDream, and Solusi Sinergi
- Added BYD Co. Ltd and Alibaba Group at more attractive valuations
- Continued routine liquidity management and expense accruals

Trading activity remained disciplined and aligned with risk-management objectives.

Risk Management and Outlook

Market conditions remain challenging, with uncertainty around global monetary policy, uneven recovery in China, and elevated geopolitical risks. The portfolio continues to focus on quality companies with strong fundamentals, structural growth themes in technology and automation, and active risk management.

While near-term volatility may persist, the medium-term outlook for Asia Pacific equities remains constructive, supported by attractive valuations and long-term structural tailwinds.

Singapore Equity Yield

39.8% (1Y)

COMPOSITE PERFORMANCE (%) as of 28 February 2026^{1,2}



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	5.5	1.2	3.7	8.7	39.8	13.2	7.5	5.1	3.7

The portfolio maintained its upward momentum in February, delivering a +1.24% return. We saw remarkable resilience across our core sectors, particularly in services, finance, and construction. Looking ahead, with core inflation ticking up and the market increasingly pricing in a potential MAS monetary tightening move this April, the portfolio remains strategically positioned to continue capturing dependable, high quality yield stocks.

Top Contributor:

- **First Resources (+10.7%):** – The palm oil producer reported a 56.5% surge in underlying net profit to US\$358.2 million, driven by elevated crude palm oil (CPO) prices and a nearly 30% jump in production volumes.
- **Civmec (+8.7%):** – The primary catalyst driving the stock higher was the announcement of a record breaking A\$1.35 billion order book. This provides the company with exceptional earnings visibility for the coming years.

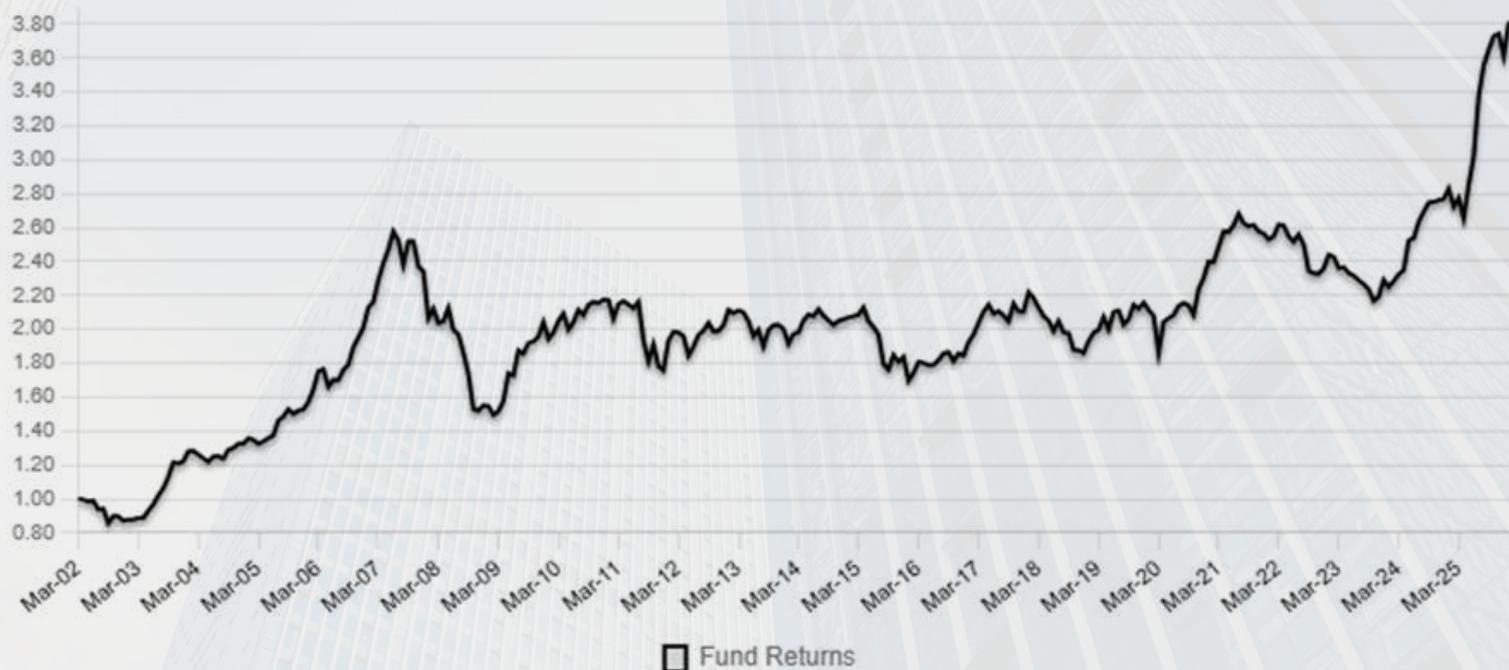
Top Detractor:

- **KORE US Reit (-11.3%)** – The stock remains bearish as the broader US office commercial real estate sector continues to navigate a structural downturn, elevated US borrowing costs and persistently soft leasing demand.
- **Mewah Intl (-6.0%)** – The stock had a reversal from the +15.5% in previous month. Sentiment was still supported by a strong balance sheet and positive in its top line revenue growth.

Singapore Equity Growth

39.9% (1Y)

COMPOSITE PERFORMANCE (%) as of 28 February 2026^{1,2}



	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	5.5	0.2	1.9	7.2	39.9	16.2	9.7	8.1	5.8

The Ministry of Trade and Industry's upward revision of the 2026 GDP growth forecast to 2% - 4%. A late February MAS Survey of economists pushed the consensus even higher, predicting 3.6% growth for the year, driven largely by intense global demand for AI related electronics and semiconductor chips, provided substantial tailwinds for our growth oriented holdings. Meanwhile, we carefully monitor global trade dynamics for any potential disruptions from looming US tariffs and geopolitical tension at the Strait of Hormuz.

Building on the strong momentum established in the opening month of the year, the Singapore growth portfolio delivered a 0.22% in February, benefited from the strengthening macroeconomic fundamentals in February.

Top Contributor:

- **Food Empire (+20.4%):** – The company reached US\$576.9 million, a 21.1% year-over-year increase and the first time the Group surpassed the half billion USD mark.
- **BRC Asia (+10.3%):** – The company sales order book reached a record S\$2.2 billion. This represented a significant 47% year-over-year increase, providing strong earnings visibility for the next two to five years.

Top Detractor:

- **Innotek Limited (-13.5%)** – The shares had a sell off following disappointing FY2025 earnings report. Full year net profit plunged over 65% to S\$2.0 million, while gross profit margins compressed significantly. The company was battered by lower sales in its core automotive, office automation, and TV/Display segments, exacerbated by the impact of global trade tariffs.
- **Wee Hur (-10.7%)** – Despite reporting late in the month that it had swung back to profitability for the second half of the year and posted a 27% increase in full year net profit.

Phillip SMART Portfolio (ROBO)

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	9.3%	12.8%	21.1%	9.6%	4.8%
SMART Portfolio Income & Growth	13.4%	18.1%	30.7%	12.7%	5.3%
SMART Portfolio Growth	13.4%	18.5%	34.3%	13.5%	5.6%
SMART Portfolio US Equity	-6.9%	-5.0%	9.8%	7.3%	NA

Phillip SMART Portfolio (Unit Trusts)

SMART Portfolio (Unit Trusts) continued its positive momentum in February, delivering gains of between 3% and 4%. Performance was largely supported by strong returns from gold-related exposures and South Korean equities, which helped offset softer performance across other equity and fixed income markets. Gold mining equities were the standout performer, rising nearly 20% as bullion prices remained elevated following January's surge. The sector benefited from intensifying geopolitical tensions between the United States and Iran, sustained investor demand for safe-haven assets, and improving margin expectations as gold prices stayed near record levels despite volatility in the U.S. dollar and interest rate outlook.

U.S. equities ended the month slightly lower amid persistent volatility in technology stocks and continued reassessment of the massive AI-related capital expenditure plans by the "Magnificent Seven" firms. Investors also remained cautious as markets reassessed the pace of rate cuts amid persistent inflation concerns and the prospect of a more hawkish Federal Reserve under incoming Chair Kevin Warsh.

Phillip SMART Portfolio

In contrast, South Korean equities extended their rally and reached record highs, supported by strong global demand for semiconductors and high-bandwidth memory used in AI data centres, alongside government reforms aimed at improving the attractiveness of the Korean equity market. Latin American equities posted modest gains, benefiting from continued strength in commodity prices and global capital inflows into the resource-linked markets.

Fixed income markets were broadly flat. Emerging Market government bonds were largely unchanged as higher U.S. Treasury yields and a late month U.S. dollar rebound offset improving macroeconomic conditions. Global high-yield bonds edged slightly lower amid tight spreads and selective risk aversion in lower-quality credit, while concerns over potential Liability Management Exercises (LMEs) continued to weigh on parts of the leveraged credit market. Global investment grade bonds performed modestly better, supported by resilient corporate balance sheets and continued flight to high-quality yield amid tech-driven equity volatility and geopolitical tensions.

Phillip SMART US Equities Portfolio (in SGD)

US equity markets navigated a highly volatile macroeconomic environment throughout February, severely exacerbated by sudden geopolitical shocks, ultimately closing the month -2.29%. The previously accepted narrative of a stable US economy was already being tested by an unexpected contraction in the labour market, but the outbreak of conflict in the Persian Gulf involving Iran sent immediate shockwaves through energy markets. Before the conflict began, WTI crude was trading around \$67 per barrel, just within a single week (by end of first week in March), prices spiked 37% to roughly \$92. Oil analysts are actively warning of continued extreme price volatility, particularly for refined products like jet fuel, diesel, and gasoline, which could surge even higher if the blockade at the Strait of Hormuz persists. This rapid escalation in energy costs has aggressively reignited inflation fears, creating a significant headwind for broader equity markets and severely complicating the US Fed's balancing act between a cooling labour market and sticky inflation.

Phillip SMART Portfolio

Top Contributor:

- **Coeur Mining (\$CDE, +32.8%):** - Share price jumped sharply mid last month following an impressive update on its mineral reserves. The company confirmed it is sitting on at least 4.4 million ounces of proven and probable gold. Coupled with a record fourth quarter earnings report, the stock rallied heavily as rising underlying gold prices amplified the value of its massive in-ground assets.
- **TeraWulf Inc (\$WULF, +21.3%):** - The market heavily rewarded the company's ongoing pivot away from traditional crypto mining toward a Google-backed High Performance Computing (HPC) and AI infrastructure model via [Fluidstack]. The share price hit a fresh 52 weeks high following bullish initiations by market analysts.

Top Detractor:

- **Applied Digital (\$APLD, -19.5%)** - The stock experienced sell off after public filings revealed that Nvidia had completely liquidated its 7.7 million share stake in the company.
- **Sofi Technologies (\$SOFI, -22.1%)** - Despite reporting strong fourth quarter earnings with record revenue and GAAP profitability, the stock pulled back to its lowest levels since last year, focusing on the company's rising expenses and are reassessing fintech multiples in the face of persistent macroeconomic uncertainty.

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.