CIO'S NEWSLETTER

Written by: Daryl Liew April 2026

Broad-Based March Sell-Off

March proved to be a decisive reminder that **2026 remains a year of volatility, rotation, and regime adjustment.** After a period of sharp regional divergence earlier in the year, the US-Israel attack on Iran triggered a **broad-based equity sell off**, with **all major equity markets ending the month in negative territory.** The magnitude of declines, however, varied significantly by region, reinforcing the importance of **defensiveness, valuation discipline, and income resilience** as we enter the second quarter of the year.

Equities: Asia and Europe Leading the Declines

US equities experienced a meaningful broad-based drawdown in March – **S&P 500 -5.09%, Dow Jones -5.38%, NASDAQ -4.75% & Russell 2000 -5.17%.** Despite the correction, US equity valuations remain elevated, with the S&P 500 still trading above **20x forward earnings**, leaving markets increasingly sensitive to earnings disappointments and interest-rate surprises.

European equities underperformed the US. The **STOXX 600 declined -8.00%**, with losses particularly pronounced in core markets. **Germany's DAX** fell -10.30%, while **France's CAC 40 declined -8.90%** and **Switzerland's SMI dropped -8.83%.** The **UK FTSE 100 (-6.73%)** and **Italy's FTSE MIB (-6.14%)** were relatively more resilient but still firmly negative. While Europe continues to offer a valuation discount (15x forward PE) to the US, its sensitivity to global growth and energy costs remains a key near-term risk as geopolitical tensions persist.

Asia was the weakest region during the month. The **MSCI Asia ex-Japan index fell -13.46%**, driven by sharp declines across North Asia. **South Korea's KOSPI was the worst performer (-19.08%)**, while **Japan's Nikkei (-13.23%)** and **Taiwan (-10.42%)** also suffered steep losses. **China's CSI 300 declined -5.53%**, and **Hong Kong's Hang Seng fell -6.92%**, reflecting fragile confidence and policy uncertainty. In contrast, **Singapore equities again demonstrated defensive characteristics**, with the **STI down just -2.19%,** materially outperforming regional peers and reinforcing Singapore's role as a relative safe haven within Asia.

Commodities and Geopolitics: Energy Shock with Second-Order Effects

Geopolitical developments – particularly the Iran conflict and disruptions around the Strait of Hormuz – remain a dominant macro force heading into Q2. While shipping has begun to resume selectively, **insurance costs, rerouting, and supply-chain recovery are expected to take months**, keeping energy markets structurally tight.

Oil prices were highly volatile over the period. Brent crude rose sharply in March (+63.29%), ending the month at US$118, **reflecting supply disruptions and geopolitical risk premiums.** This pattern underscores a key Q2 theme: while oil prices may remain elevated, **short-term price** action will be **increasingly driven by headline risk**, rather than a clear supply-loss narrative. Energy exposure continues to function as **portfolio insurance** against binary geopolitical outcomes, even at stretched valuations.

Gold: Correction Within a Supportive Structural Backdrop

Gold declined -11.57% in March, following an exceptionally strong rally earlier in the year. Importantly, the Q2 outlook characterises this move as a **consolidation phase rather than a trend reversal**. Central banks continue to diversify reserves away from US Treasuries, and geopolitical fragmentation – particularly involving China – remains supportive of gold over the medium term. While gold has recently shown an unusual correlation with equity sell-offs, current levels are viewed as attractive for **gradual accumulation rather than aggressive positioning**, with diversification across hedging instruments remaining essential.

Rates, Inflation and Fixed Income: Higher for Longer Risks Re Emerging

Looking ahead, the Q2 outlook highlights rising **stagflation risk**. Oil price shocks are expected to feed through to headline inflation, constraining central banks' ability to cut rates. The yield on 10-year US Treasuries spiked up to 4.3% by end-March reflecting this risk. Markets are now repricing interest rate expectations for the year – in fact, the CME FedWatch target rate probability for the 29 April Fed Meeting swung to show a **15% chance of a rate hike in mid-March**, when it was previously showing a small probability for a rate hike prior to the conflict.

In this environment, **short-duration fixed income remains favoured**, with attractive yields offering capital preservation and flexibility. **Mid-duration investment-grade bonds and inflation-linked securities** continue to play an important role in portfolios, while **long-dated government bonds remain vulnerable** to inflation surprises and curve steepening. Singapore-dollar-denominated income assets continue to stand out due to currency stability and fiscal strength.

Portfolio Implications: Q2 Positioning Framework

As we enter Q2, the convergence of a global equity drawdown, elevated geopolitical risk, and constrained policy flexibility reinforces a **cautious but selective portfolio posture.** Consistent with both recent market performance and our Q2 outlook, we continue to emphasise:

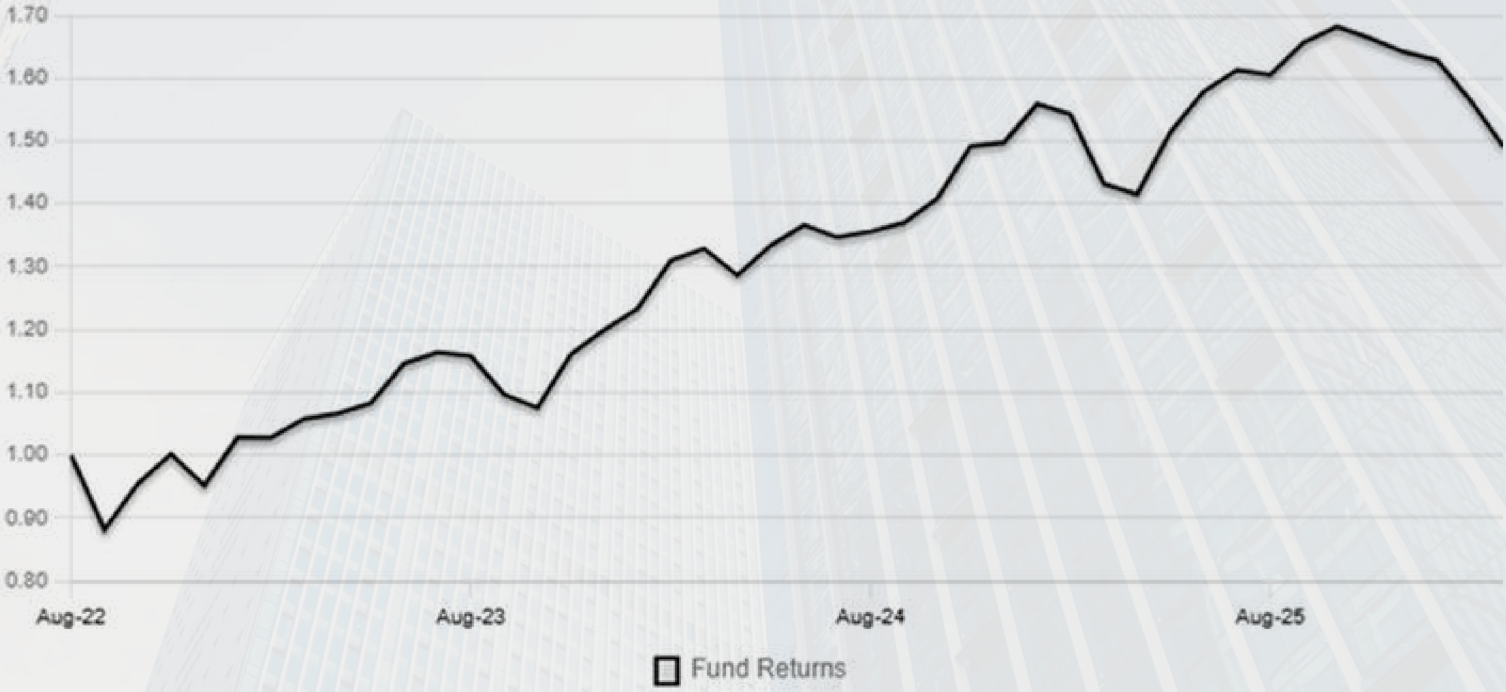
- Defensive and dividend-paying equities, particularly in Singapore, where balance-sheet quality and income resilience remain compelling
- Energy exposure as portfolio insurance, despite valuation risks
- Short-duration and high-quality fixed income as stabilising anchors
- Gold as a strategic hedge, complemented by other diversifiers rather than relied upon in isolation
- Higher cash levels, allowing flexibility to deploy selectively as volatility creates opportunity

While events in the Middle East will drive the short-term direction of asset markets, March’s broad-based sell-off reinforces that **volatility in 2026 is structural and not just a passing phase.** With geopolitical risk, inflation uncertainty, and valuation dispersion set to persist into Q2, we believe portfolios anchored in **income and balance-sheet strength** remain best positioned to navigate the period ahead.

PERFORMANCE UPDATES

Global Growth Leaders (GGL) 4.1% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 March 2026[1,2]



	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	-9.2	-4.8	-9.2	-10.1	4.1	12.1	11.8

In March, S&P500 (-5.09%), Nasdaq (-4.75%) & GGL (-4.75%) all declined as a result of the escalation in the Middle East conflict. As a result, USD strengthened and risk assets sold off as investors shifted from sector rotation to outright de-risking. Potential disruptions to energy supply through the Strait of Hormuz saw Brent crude prices surge over the month to record the largest monthly gain since 1970s, triggering a sharp repricing of inflation (and interest rate) expectations and tightening global financial conditions.

Global Growth Leaders (GGL) 4.1% (1Y)

While our rebalancing allocations were finalised at the beginning of March, we strategically held off on full deployment to navigate this macroeconomic uncertainty. As part of this shift, we have fully exited positions in Nextera Energy, T-Mobile and Novo-Nordisk. The removal of Nextera Energy and T-Mobile reflects a move away from names that would be negatively impacted by "higher-for-longer" interest rate environment and slowing growth prospects. Additionally, we cut losses on Novo-Nordisk due to disappointing CagriSema efficacy results. Conversely, we have initiated positions in Barrick Gold, Vertex Pharmaceuticals, and iShares Latin America 40 ETF (ILF), while maintaining a ~9% cash cushion. Barrick serves as a critical hedge against geopolitical instability and inflationary pressure, benefiting directly from the flight to safety in gold. Vertex provides defensive growth, as its dominant position in cystic fibrosis treatments offers earnings stability that is largely decoupled from the macro cycle. Meanwhile, ILF provides exposure to resource-rich markets that stand to benefit from the current commodities supply chain disruption.

Top Performers:

- **ILF (+7.8%):** – Due to surging commodity and energy prices, LatAm, a net exporter of resources, was deemed as a natural hedge against the Middle East commodity supply shocks.
- **Blackstone (+3.4%):** – Superior liquidity management allowed the company to tide through large redemption requests in its private credit fund, reaffirming its status as a private market titan.
- **Netflix (+1.9%):** – Investors believed that Netflix held a “defensive” service and would continue to see resilience despite inflationary pressures. At the same time, Netflix raised subscription prices.

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.

Global Growth Leaders (GGL) 4.1% (1Y)

Top Detractors:

- **Safran (-18.3%):** – The spike in Brent crude heightened fears of a slowdown in the European's import-reliant industrials sector and increased operating costs in the aerospace industry in particular.
- **Taiwan Semiconductor (-12.0%):** – Despite continued and robust demand for chips, investors de-risked across the board, starting with the growth-oriented names.
- **Netflix (+1.9%): –** Investors believed that Netflix held a "defensive" service and would continue to see resilience despite inflationary pressures. At the same time, Netflix raised subscription prices.

Looking forward, Q1 2026 corporate earnings are expected to report robust revenue and earnings growth. However, we expect that asset prices remain exposed to external shocks. As such, we look to maintain a higher allocation to cash, enabling swift deployment when valuations become favourable and/or market conditions become more predictable, while still maintaining a globally diversified approach.

Asian Opportunities Equity (AOM) -6.6% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 March 2026[1,2]

	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	-7.6	-7.8	-7.6	-10.7	-6.6	-14.8	-12.5	-5.5	-0.6

Portfolio Performance

AOM recorded a monthly return of -7.8% for March 2026. The year-to-date (YTD) return is -7.6%.

Portfolio Adjustments

During the reporting period, the portfolio executed a strategic reallocation by fully divesting its holdings in BYD CO. LTD. Capital from this liquidation was deployed to initiate three new positions: Daiichi Sankyo in Japan, Hanwha Ocean Co in South Korea, and iFAST in Singapore.

Asian Opportunities Equity (AOM) -6.6% (1Y)

Top 3 Contributors

- **Hanwha Ocean Co:** +3.35%
- **iFAST:** +2.04%
- **AMV SGD IG CP BD:** -0.99%

Top 3 Detractors

- **Anycolor Inc:** -21.01%
- **Wee Hur:** -18.75%
- **Alibaba Grp Hldg:** -17.07%

Market Outlook

The portfolio's year-to-date contraction of 5.11% reflects severe macroeconomic headwinds driven by geopolitical instability. The 2026 Iran war and the subsequent closure of the Strait of Hormuz disrupted 20% of global oil supplies and stranded significant liquefied natural gas (LNG) volumes. This energy shock disproportionately impacted Asian economies, as China, Japan, and South Korea typically absorb 75% of oil and 59% of LNG exports originating from the region. Consequently, Brent Crude surged past $120 per barrel, compressing industrial margins and stoking inflation concerns.

Despite the initial shock, Asian equities began a modest rebound in early April 2026. This recovery aligns with reports indicating that the US, Iran, and regional mediators are discussing terms for a potential 45-day ceasefire. Moving forward, the portfolio will maintain its geographic diversification across Japan, South Korea, and Singapore to navigate ongoing volatility and mitigate concentrated geopolitical risks.

Singapore Equity Yield 31.2% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 March 2026[1,2]

	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	2.4	-2.9	2.4	2.1	31.2	12.9	6.2	4.5	3.4

According to the March MAS survey, nearly half of the respondents anticipate that MAS will tighten monetary policy by increasing the slope of the SGD NEER policy band to combat sticky inflation. Singapore's economic resilience continues to strengthen, on the back of a semiconductor and manufacturing upcycle. For our portfolio, this macro backdrop creates a compelling setup - the combination of robust economic growth and recent Budget 2026 provides a direct tailwind for our holdings in local SMEs

Singapore Equity Yield 31.2% (1Y)

The portfolio recorded a return of -2.89% in March, dragged down by the SREIT allocation, however, this represents significant capital preservation compared to the -7.1% decline of the STI. Ultimately, the portfolio concluded the first quarter with a total return of +2.43%. We continue to utilise this domestic strength as a safe harbour to buffer against ongoing external risks, including global trade tariffs and heightened geopolitical volatility

Top Contributor:

- **First Resources (+10.7%):** –Our structural overweight in the palm oil and agribusiness space paid off. Repricing of these assets reflecting their robust operational metrics and resilient crude palm oil prices.
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Top Detractor:

- **Banyan Tree (-10.7%) -** Revenue per Available Room (RevPAR) fell by 10% in Thailand in the second half of the year; The strength of the SGD against regional currencies, such as the Thai Baht and Chinese Yuan, is eroding the repatriated value of overseas earnings.
- **Stoneweg EU Trust (-9.8%) –** Decline more than the broader SREIT index due to geopolitical risks potentially impacting commercial activity in Europe.

Singapore Equity Growth 39.3% (1Y)

COMPOSITE PERFORMANCE (%) as of 31 March2026[1,2]

	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	7.0	1.4	7.0	5.9	39.3	17.9	9.2	7.9	5.8

While global markets experienced severe volatility driven by the Middle East conflict, domestically, the MAS remains highly vigilant against sticky core inflation, maintaining a robust SGD NEER policy. Capital flows have become increasingly selective, rotating into defensive and structural growth sectors, specifically agribusiness commodities and semiconductor manufacturing. These sectors continue to shield Singapore's export economy from broader trades uncertainties.

The Singapore Growth Portfolio delivered a return of +1.35% in March, outperforming the STI which saw a decline of -7.1%. The portfolio achieved a strong performance of 6.96% to conclude the first quarter of the year.

We divested our position in Food Empire in March, realising a 200% profit.

Singapore Equity Growth 39.3% (1Y)

Top Contributor:

- **Sunright (+46.8%):** – benefited from the localised risk-on capital flows into semiconductor sector.
- **Bumitama Agri (+39.4%):** – Our structural overweight in the palm oil and agribusiness space paid off. Repricing of these assets reflecting their robust operational metrics and resilient crude palm oil prices.

Top Detractor:

- **Wee Hur (-18.9%)** – The shares had a sell off due to profit taking in March, despite of the buy rating issued by three local research houses.
- **KORE US Reit (-17.7%)** – Tech giant Meta is dropping out of its top 10 tenant list. A new third party US asset manager is yet to be confirmed.

Phillip SMART Portfolio (ROBO)

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	-0.6%	-0.6%	11.2%	6.6%	3.1%
SMART Portfolio Income & Growth	1.0%	1.0%	17.4%	8.8%	3.1%
SMART Portfolio Growth	0.8%	0.8%	20.4%	9.6%	3.4%
SMART Portfolio US Equity	-12.7%	-12.7%	9.7%	5.0%	NA

Phillip SMART Portfolio (Unit Trusts)

SMART Portfolio (Unit Trusts) saw a pullback of between 9% and 11% in March as global markets shifted into a sharp "risk-off" posture. This reversal follows a strong start to the year, with performance primarily weighed down by significant corrections in South Korea and Gold Mining equities after both reached record highs in February. U.S. equities ended the month ~5% lower. Sentiment was dominated by the escalation of the Iran-US conflict beginning in late February, which affected shipping in the Strait of Hormuz and pushed oil prices above US$100 per barrel. Rising inflationary concerns caused markets to reprice interest rate expectations, with futures now suggesting a 77% chance of no rate cuts for the remainder of the year. This shift triggered a broad sell-off in rate-sensitive growth names and the wider tech sector. In South Korea, the portfolio's allocation saw a steep decline of ~21%. As a major energy importer (sourcing 70% of its oil from the Middle East), the country was disproportionately impacted by rising energy costs.

Phillip SMART Portfolio

The tech-heavy KOSPI index faced further pressure as fears of a global "AI super-cycle" sell-down led to aggressive profit-taking by international investors, alongside a depreciating Won and broad de-leveraging. Gold mining equities retraced ~19%, marking a sharp pivot from February's gains. The sector suffered a "flash crash" mid-month following hawkish signals from the Federal Reserve; rising yields increased the opportunity cost of holding non-yielding assets, leading to capitulation-style selling. Similarly, Latin American equities fell ~4%, though they outperformed the broader emerging markets index as their status as net commodity exporters provided a structural buffer against the oil shock.

Fixed income performance was relatively resilient but trended lower as global sovereign yields climbed. Global investment grade bonds and Emerging Market government bonds saw marginal declines. The US 10-year Treasury yield rose to 4.3%, reflecting the market's adjustment to a more restrictive Fed outlook. Global high-yield bonds also declined as geopolitical uncertainty and tightening financial conditions led to a widening of credit spreads. Despite the heightened volatility, the SMART strategy remains anchored in its diversified framework. We are utilising these corrections to rebalance into value-oriented segments while closely monitoring the geopolitical landscape for signs of stabilisation.

Phillip SMART US Equities Portfolio (in SGD)

Throughout March, price action has become violently erratic; markets often surge in a single session only to surrender those exact gains the following day. In such an environment, attempting to capture a directional trend is challenging, as the market currently lacks sustained momentum. This choppy landscape actively punishes reactive, speculative trading and validates our core strategy of not chasing the short term momentum, anchoring our capital instead in structural cash flows, deep value, and absolute balance sheet resilience until the macroeconomic dust settles. The portfolio recorded a decline of -6.25% in March.

The US portfolio faced broad based headwinds in March with all holdings experiencing a temporary pullback. This synchronised move reflects the wider market volatility rather than a shift in individual company fundamentals.

Phillip SMART Portfolio

Top Detractor:

- **Coeur Mining ($CDE, -30.9%) –** Hecla Mining ($HL, -25.2%) – The macro pivot toward potential Fed rate hikes triggered a spike in real yields and a surging US Dollar, driving a sharp technical breakdown in spot gold and silver prices. The sell down events surrendered the gains in the previous month.
- **D-wave Quantum ($QBTS, -23.2%) –** Markets are temporarily abandoning these "future focused" companies as they don't want to wait for the payoff. We view this decline as a mechanical reaction to interest rates, not a failure of its fundamental and underlying technology.

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.