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CIO NEWSLETTER

Daryl Liew, CFA
Chief Investment Officer
Investment Solutions

THIS MONTH AT A GLANCE

- AI leadership strengthened
- Fed expectations turned more hawkish — rates remain higher for longer
- Asia tech led regional gains
- Singapore equities stayed resilient — STI +2.25% in August
- Gold was a standout performer — +9.67%
- Portfolio focus stays balanced — growth, income, quality and liquidity

01 | GROWTH HOLDS UP, BUT HIGHER RATES DEMAND DISCIPLINE

Global risk assets advanced in August despite persistent inflation concerns, elevated bond yields and continued geopolitical uncertainty. Economic activity remained resilient, while strong AI-related earnings supported technology shares. However, the Jackson Hole symposium reinforced the prospect of further monetary tightening, with markets materially increasing expectations of a September Federal Reserve rate hike following Chair Kevin Warsh's hawkish remarks. This combination of solid growth, above-target inflation and higher energy prices has reduced the likelihood of near-term monetary easing.

This tension was reflected across markets. Equities generally rose, but performance was highly uneven. Technology and selected Asian markets led, while China, Hong Kong and parts of Europe lagged. Gold rallied sharply, while government and investment-grade bonds delivered only modest returns as interest-rate expectations remained restrictive.

The investment environment remains constructive, but less forgiving. Strong earnings can support equity markets, yet elevated valuations and higher discount rates leave little room for disappointment. We continue to favour a barbell approach combining structural growth exposure with dividend-paying equities, high-quality income assets and adequate liquidity.

02 US EQUITIES: AI LEADERSHIP RETURNS

US equities rebounded strongly in August. The S&P 500 gained 2.62%, while the Nasdaq Composite rose 3.93%. The Dow Jones Industrial Average increased 1.34%, and the Russell 2000 added 0.86%. The outperformance of technology and growth stocks reflected continued investor enthusiasm for artificial intelligence, robust corporate earnings and confidence that economic growth remains resilient despite elevated interest rates.

Within the large-cap technology complex, performance was sharply differentiated. Nvidia surged 9.98%, Microsoft gained 9.16%, Tesla rose 18.23%, Meta advanced 2.81%, and Apple returned 2.57%. In contrast, Amazon declined -4.35% and Alphabet fell -4.71%. The divergence highlights a market that continues to reward companies with direct exposure to AI-related spending while becoming more selective toward businesses facing slower earnings momentum.

Nvidia's latest quarterly results further reinforced investor confidence in the AI investment cycle. The company reported revenue of US$96.2 billion, exceeding consensus expectations, while management also provided stronger-than-expected guidance and projected approximately 70% revenue growth through FY28. The results reinforced the view that AI-related capital expenditure remains in its early stages, supporting demand across the semiconductor, data centre and digital infrastructure ecosystem.

A key development during the month was the Jackson Hole symposium, where Federal Reserve Chair Kevin Warsh delivered a more hawkish message than markets had anticipated. While acknowledging some moderation in economic activity, he stressed that inflation remains above the Fed's 2% target and that financial conditions are not sufficiently restrictive to ensure a sustained return to price stability. Markets responded by repricing the policy outlook. The implied probability of a September rate hike rose from roughly 35% prior to Jackson Hole to approximately 60% afterwards, while Treasury yields moved higher across the curve. The US 10-year Treasury yield climbed towards 4.73% as investors increasingly priced in the possibility of further policy tightening.

The shift in expectations reflects an economy that continues to grow at a healthy pace despite higher borrowing costs. Manufacturing activity remained in expansionary territory, with the US ISM Manufacturing PMI at 54.6 in August. Labour market conditions also remained relatively stable, reinforcing concerns that inflationary pressures could prove more persistent than previously expected.

The key question is no longer whether the US economy can avoid recession. Instead, investors are increasingly focused on whether growth and inflation remain sufficiently firm to justify another rate increase at the September FOMC meeting. Should the Fed proceed, policy rates would remain restrictive for longer, raising the hurdle rate for equities and placing greater emphasis on earnings delivery rather than valuation expansion. Nevertheless, August demonstrated that markets remain willing to reward companies with strong structural growth drivers, particularly those benefiting from AI investment and digital infrastructure spending.

The S&P 500 ended the month trading at approximately 21.3x forward earnings, while the Nasdaq stood at nearly 28.2x. These elevated valuations do not preclude further gains, particularly if earnings continue to exceed expectations, but they leave markets increasingly sensitive to changes in interest-rate expectations and profitability trends.

03 EUROPE: POSITIVE BUT UNEVEN

European equities delivered mixed returns. The STOXX Europe 600 gained 0.29%, the German DAX rose 2.45%, the Italian FTSE MIB advanced 0.84%, and Spain's IBEX 35 added 0.97%. By contrast, the French CAC 40 declined -2.06%, the FTSE 100 fell -0.40%, and the Swiss Market Index eased -0.42%.

Europe continues to offer more reasonable valuations (forward PE of 15.7x) than the US, but the region faces a more difficult mix of modest trend growth, political uncertainty and sensitivity to energy prices. Economic data remain resilient, but growth expectations are still subdued compared with other major regions.

European equities can continue to benefit from their value and dividend characteristics, but we remain selective. Financials, industrial leaders and companies with strong global franchises remain preferable to highly leveraged domestic cyclicals.

04 ASIA: TECHNOLOGY MARKETS LEAD

Asian equities generally outperformed in August. The MSCI Asia Pacific ex-Japan Index gained 3.01%, supported by strong returns in Taiwan, South Korea, Japan and Indonesia. Taiwan was the region's strongest major market, with the TAIEX rising 6.98%. South Korea's KOSPI gained 3.40%, Japan's Nikkei 225 advanced 3.03%, and Indonesia's Jakarta Composite jumped 4.64%. Australia gained 1.10%, while Singapore's Straits Times Index rose 2.25%.

The outperformance of Taiwan and South Korea reflected the market's continued preference for economies and companies positioned within the AI and semiconductor supply chains. Strong demand for advanced chips, servers and data-centre infrastructure continues to support earnings across the region. A sharp reversal of leveraged bets within South Korean equities, specifically the memory makers, have put the market in a healthier position for a more sustainable rally.

China and Hong Kong remained notable laggards. The CSI 300 gained only 0.80%, while the Hang Seng Index declined -1.23%. India's Nifty 50 also fell -1.24% during the month. Chinese economic indicators remain mixed, highlighting the contrast between stronger export-oriented sectors and softer domestic demand.

We remain selective on China. Valuations are inexpensive, but a sustained re-rating will likely require clearer evidence of improving domestic demand, corporate earnings and consumer confidence. By contrast, Taiwan, South Korea and Japan continue to offer stronger earnings momentum, although their recent gains warrant greater valuation discipline. MXAPJ trades at a forward PE of 12.6x.

05 | SINGAPORE: EQUITIES CONTINUE TO SHINE

The Straits Times Index gained 2.25% in August, extending its year-to-date return to over 23%. The market continues to benefit from its concentration in the big three banks, telcos and other dividend-paying businesses with strong balance sheets. S-REITs, however, remained under pressure, declining -3.64% during the month and -8% year-to-date (price return). Higher long-term rates continue to weigh on the sector and reduce the relative attractiveness of their distribution yields.

The divergence between Singapore equities and S-REITs reinforces the importance of selectivity within the income universe. Dividend yield should not be viewed in isolation. Balance-sheet strength, refinancing requirements, earnings visibility and the ability to sustain distributions are increasingly important in a higher-for-longer rate environment.

We continue to favour high-quality Singapore dividend stocks. Their combination of recurring cash flows, resilient earnings and attractive shareholder distributions remains compelling amid elevated global valuations and persistent geopolitical uncertainty.

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06 FIXED INCOME: CARRY MATTERS MORE THAN DURATION

Fixed-income markets delivered modest returns in August. Singapore government bonds gained 0.16%, while Singapore corporate bonds declined -0.32% and SGD non-sovereign investment-grade bonds fell -0.31%. Credit performed better. Asia US-dollar high-yield bonds returned 1.07%, US high-yield bonds gained 0.97%, emerging-market sovereign bonds advanced 0.81%, and European high-yield bonds rose 0.49%. Convertible bonds returned 0.60%.

US Government bond yields remain elevated despite attempts to push rates down with a re-emergence of operation twist (buying long term treasuries, selling short term treasuries). The 2-year Treasury yield has risen to approximately 4.40%, the 5-year at 4.56%, the 10-year at 4.80%, and the 30-year at 5.28%. These yields provide attractive income opportunities, but they also increase the risk of capital losses should inflation remain stubbornly high or the Fed tighten further.

We continue to favour short-to intermediate-duration bonds, where investors can earn meaningful carry without assuming excessive duration risk.

07 COMMODITIES AND CURRENCIES: GOLD RESUMES ITS ADVANCE

Gold was one of the standout performers in August, rising 9.67% to approximately US$4,301 per ounce. Its strong performance reflected continued demand for portfolio diversification against inflation, geopolitics and policy uncertainty.

Brent crude oil gained 0.41% during the month to around US$95.76 per barrel. While the monthly increase was modest, oil prices remained volatile as markets continued to monitor supply risks and geopolitical developments in the Middle East. As things stand today, the US-Iran conflict is likely to persist for a longer time than originally envisaged, akin to the ongoing Russia-Ukraine war.

The US Dollar Index declined -0.49%, while the Singapore dollar appreciated approximately 0.94% against the US dollar. Bitcoin rose 25.37%, highlighting ongoing speculative appetite despite a more restrictive monetary backdrop.

08 | PORTFOLIO IMPLICATIONS: STAY INVESTED, STAY SELECTIVE

August demonstrated that equity markets can continue to perform even as interest rates remain elevated. However, the composition of returns is becoming increasingly concentrated. AI-related earnings remain a powerful driver of market performance, but valuations have become more demanding.

At the same time, the Jackson Hole meeting reminded investors that inflation remains the Federal Reserve's primary concern. If a September rate hike materialises, policy rates are likely to remain restrictive for longer than markets previously expected.

Our portfolio stance therefore remains centred on five priorities:

1. Maintain exposure to structural growth themes, particularly AI infrastructure, semiconductors and enabling technologies.
2. Emphasise high-quality dividend-paying equities, especially in Singapore.
3. Focus on fixed income for carry and stability rather than aggressive duration exposure.
4. Retain gold as a strategic portfolio diversifier.
5. Maintain sufficient liquidity to capitalise on periods of market volatility.

The global economy remains resilient, but markets are increasingly balancing strong earnings growth against higher discount rates. Future returns are likely to depend more on earnings delivery and income generation than on further valuation expansion. We therefore remain invested, but disciplined. Structural growth opportunities remain attractive, particularly across the AI ecosystem, but should be balanced with quality, income and liquidity. In the present environment, getting paid to wait remains just as important as participating in the upside.

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INVESMENT COMMENTARY

Portfolio Manager Perspectives

September 2026

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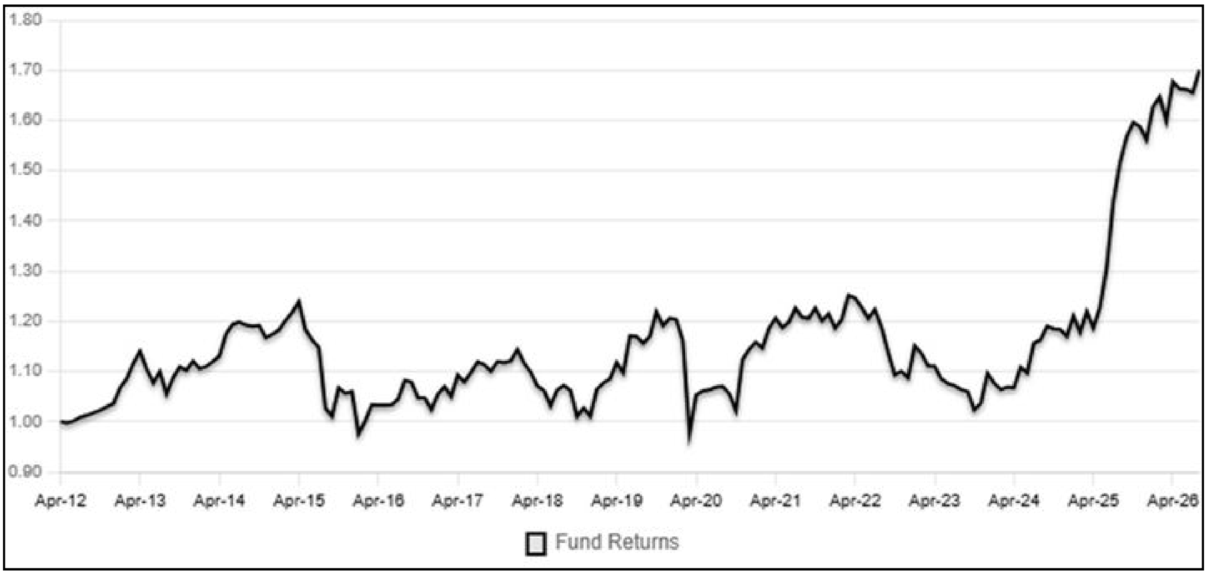
SERVICES

SINGAPORE EQUITY YIELD COMMENTARY

Daryl Liew, CFA
Chief Investment Officer
Investment Solutions

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



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	8.9	2.7	2.2	3.2	12.2	16.9	7.1	4.6	3.8

Singapore equities remained firm in August, with the STI gaining 2.3% for the month and 3.4% on a total return basis, extending its strong year to date performance. Domestic economic backdrop stands strong as MTI upgrades Singapore's 2026 GDP growth forecast to 4.5%–5.5%, from 2.0%–4.0%, following a 6.1% growth in the first half of the year (MTI, 2026).

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Performance within the yield portfolio remained stock-specific. Companies backed by strong cash generation and improving earnings were rewarded, particularly within the plantation and engineering segments. Conversely, holdings facing cost pressures from a rising interest rate environment or mark to market investment losses remained under pressure, reinforcing the importance of earnings and distribution sustainability within the yield universe.

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PERFORMANCE DRIVERS

Top Contributors

Bumitama Agri

+37.5%

Shares rallied following a strong 1H26 performance, with net profit rising 44% YoY to IDR1.83 trillion and EBITDA increasing 37%. Higher plantation productivity and volumes drove CPO production 11% higher, while the company declared an interim dividend of $0.041, 13% above the prior year.

Civmec

+6.5%

Supported by solid FY26 results, with revenue rising 11.4% to A$903.0 million and NPAT increasing 22.5% to A$52.1 million. Its order book stood at A$1.4 billion at end July, while the company declared a A$0.035 final dividend.

Top Detractors

Hock Lian Seng Holdings

-5.0%

Sentiment remained weak after 1H26 results showed a S$54.0 million net loss, compared with an S$8.7 million profit a year earlier, driven by onerous contract provisions and higher costs on its two major civil-engineering projects. However, the team believes that turnaround would be possible if they are able to stabilise their current backlog and secure new profitable projects.

Thakral Corporation

-3.5%

Shares softened after the company recorded a S$6.4 million attributable loss, largely reflecting an unrealised fair value loss on its GemLife investment. This outweighed otherwise stronger operating performance in its Lifestyle business, the company maintained an interim dividend of S$0.02.

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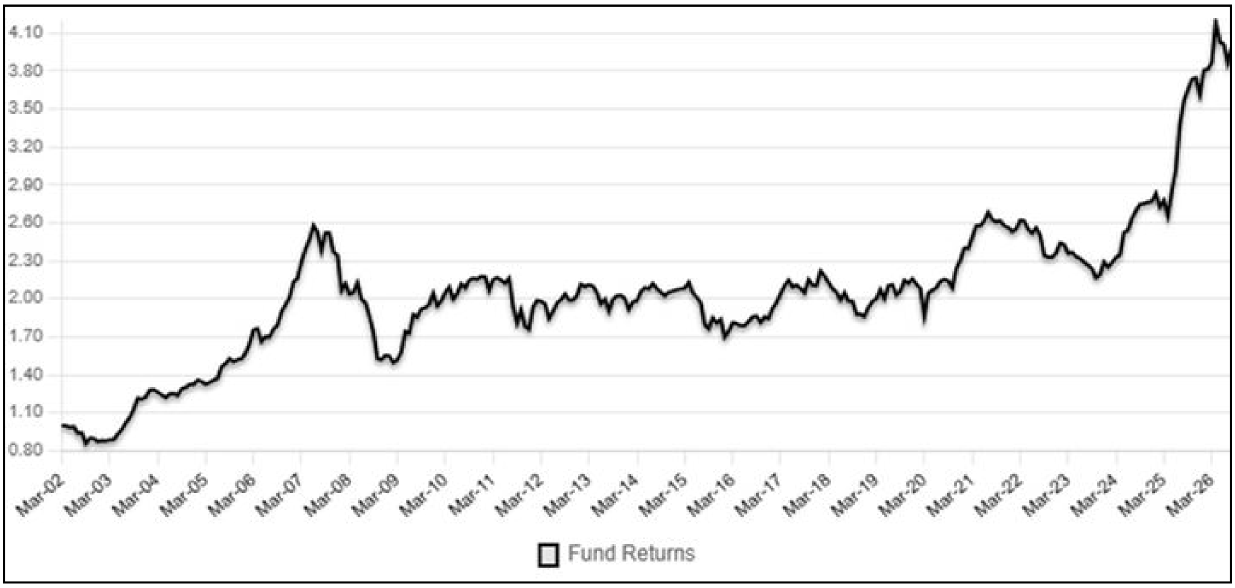
SINGAPORE GROWTH EQUITY COMMENTARY

Daryl Liew, CFA
Chief Investment Officer
Investment Solutions

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



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	10.1	3.0	-1.2	4.4	11.8	20.6	8.7	7.9	5.8

The improved domestic growth outlook provided a supportive framework for Singapore equities, although performance within industries remained highly differentiated. Singapore's non-oil domestic exports (NODX) jumped 24.2% YoY in July 2026, with a continuous growth of over 20% YoY in the last 4 months and an eleventh straight month of expansion. The numbers were mainly driven by electronics exports related to AI demand. Conversely, non-electronic exports dropped 2.3% in July, following a 2.8% fall in June, due to lower shipments of pharmaceuticals, petrochemicals, and food solutions.

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Ongoing Global tensions and supply chain disruptions created pockets of opportunities. Within the Growth portfolio, plantation and industrial related holdings were among the strongest performers, supported by robust earnings and favourable operating conditions. In contrast, selected technology and semiconductor-related names remained under pressure as weaker near-term profitability and continued consolidation following earlier rallies weighed on sentiment.

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PERFORMANCE DRIVERS

Top Contributors

First Resources

+37.3%

Shares surged following strong 1H26 results. Revenue increased 44.5% YoY to US$973.6 million, while underlying net profit rose 42.2% to US$216.2 million, driven by higher production volumes and improved palm-oil extraction process margins. The company also raised its interim dividend to S$0.08.

Sinostar PEC Holdings

+16.1%

Shares advanced after 1H26 net profit jumped 184.7% YoY to RMB164.6 million, despite broadly stable revenue. The improvement was driven by a sharp recovery in the gas-separation business, with gross margin expanding to approximately 9.1% from 3.0% a year earlier. However, the team still remains cautious due to the ongoing regulatory and shareholding issues.

Top Detractors

InnoTek

-13.7%

Shares weakened after 1H26 attributable net profit fell 64.2% YoY to S$145,000, while revenue declined 3%. Profitability was also affected by foreign-exchange losses and ongoing investments as the group expands into areas such as AI infrastructure, liquid cooling and robotics.

Sunright

-13.0%

Shares continued to detract following the substantial rally earlier in the year. Trading remained volatile and relatively thin during August, with the counter ending the month well below its earlier 2026 highs despite continued investor interest surrounding semiconductor and AI-related demand.

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ASIAN OPPORTUNITIES COMMENTARY

Wong Kwek Yong, CFA
Co-Chief Investment Officer
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COMPOSITE PERFORMANCE (%) as of 31 August 2026[1,2]

	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	-9.7	1.1	-5.4	-9.8	-8.8	-14.6	-10.8	-6.1	-0.7

Market Review

Asian markets delivered mixed but generally constructive returns during August as investors assessed regional economic growth prospects, corporate earnings developments and the outlook for monetary policy. Technology-related sectors remained a key driver of market performance, while fixed income markets continued to provide stability amid a moderately uncertain macroeconomic backdrop.

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Portfolio Performance

The portfolio generated a monthly return of 1.1% in August 2026. Performance was driven primarily by North Asian equity holdings, with gains from Korea-, Taiwan- and Japan-related exposures outweighing weakness among selected China and technology positions.

Portfolio Activity

Portfolio activity was relatively limited during August. No material purchases or disposals were undertaken, and portfolio performance was driven largely by underlying market movements and security selection. Dividend receipts were retained within cash and money market holdings.

Outlook

The portfolio remains positioned across a diversified range of Asian equity opportunities, complemented by fixed income holdings and money market instruments. Core allocations to Korea, Taiwan, Japan and China continue to provide exposure to long-term structural growth themes, while bond and liquidity holdings contribute diversification and income generation.

Looking ahead, markets are likely to remain influenced by economic data releases, corporate earnings trends and shifts in investor sentiment. The portfolio continues to emphasise quality businesses, regional diversification and disciplined risk management while maintaining exposure to long-term growth opportunities across Asia.

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PERFORMANCE DRIVERS

Top Contributors

Hanwha Ocean

+7.9%

Taiwan ETF

+6.7%

Samsung Electronics

+3.5%

These gains reflected continued strength in selected North Asian technology, industrial and export-oriented exposures.

Top Detractors

UBTECH Robotics

-2.9%

iFAST

-2.3%

NAURA Technology

-1.4%

While these holdings detracted from performance, the impact was more than offset by stronger gains elsewhere in the portfolio.

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GLOBAL GROWTH LEADER COMMENTARY

Kenneth Gan Kim Yu
Investment Analyst
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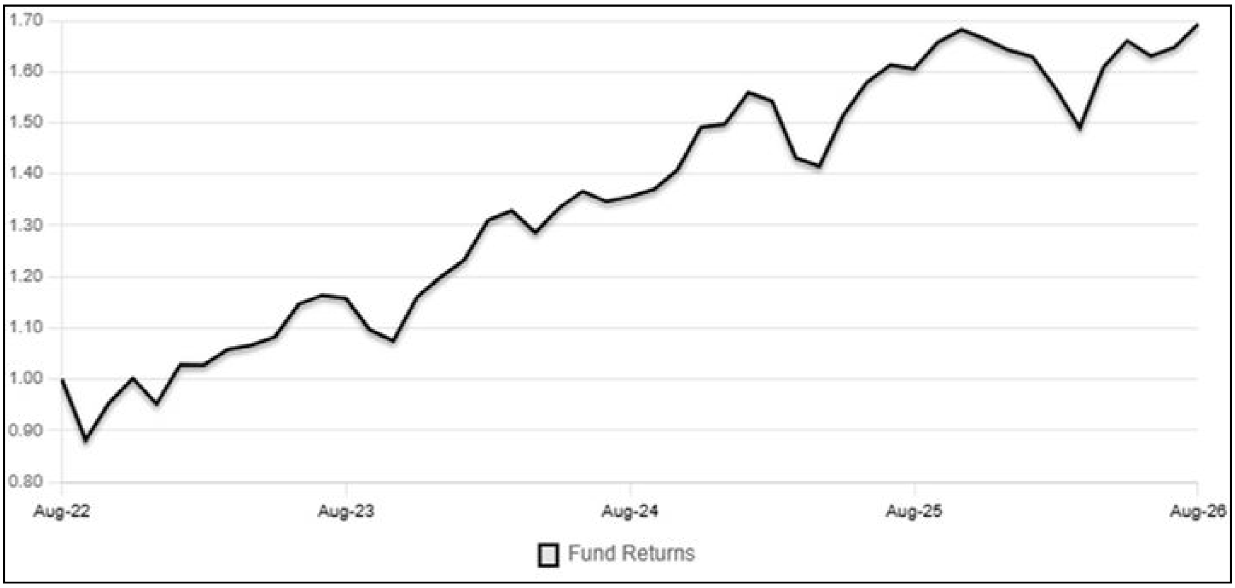
COMPOSITE PERFORMANCE (%) as of 31 August 2026[1,2]



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	3.1	2.8	2.0	8.2	5.5	13.5	14.1

Market Review

Global equities generated positive returns in August despite a more challenging macroeconomic backdrop. Interest rate expectations moved higher during the month as investors reassessed the trajectory of US monetary policy. The US 10-year Treasury yield rose 63bps to 4.78%, reflecting concerns that inflation may remain elevated for longer than previously anticipated.

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Core PCE inflation remained above 3%, reinforcing expectations that policy rates could stay restrictive. While manufactured goods inflation continued to ease, services inflation remained notably persistent. Labour market data was also volatile, though recent swings should be interpreted cautiously given seasonal distortions associated with the conclusion of the World Cup period.

Against this backdrop, the US dollar weakened approximately 0.86% against the Singapore dollar. In SGD terms, the S&P 500 returned 1.67% while the Nasdaq gained 2.97%.

Portfolio Performance

GGL returned 2.77% in SGD terms during August, outperforming the broader S&P500 benchmark and benefiting from stock-specific gains across several core holdings.

Portfolio performance was driven primarily by strong contributions from the gold, software and healthcare segments of the portfolio. These gains more than offset weakness among selected technology and utility-related holdings as investors became increasingly sensitive to capital expenditure requirements and earnings growth expectations in a higher-rate environment.

Portfolio Activity

During the month, the portfolio exited its position in Vistra and redeployed capital into NextEra Energy.

The decision reflected concerns that Vistra's revenue growth trajectory has moderated more sharply than expected, particularly when compared with industry peers that continue to deliver double-digit growth rates. While NextEra Energy carries higher leverage, the company offers nearly 200 basis points of additional EBITDA margin, providing a potentially stronger buffer against cyclical weakness in energy markets and enhancing the portfolio's exposure to a higher-quality utility franchise.

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Outlook

The investment environment remains shaped by the tension between resilient economic activity and persistent inflationary pressures. While easing goods inflation is a constructive development, services inflation continues to prove sticky, contributing to higher interest rate expectations and upward pressure on long-term bond yields.

Higher yields may continue to create periods of volatility, particularly for long-duration growth assets. Nevertheless, the portfolio remains focused on businesses with durable competitive advantages, strong profitability and favourable long-term earnings drivers. Recent portfolio activity reflects an ongoing emphasis on improving portfolio quality while maintaining exposure to secular growth opportunities across technology, healthcare and infrastructure-related sectors.

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PERFORMANCE DRIVERS

Top Contributors

Barrick Mining

+21.3%

Barrick Mining was the portfolio's strongest contributor during the month. The share price benefited from appreciation in spot gold prices, supported in part by the weakening US dollar. The combination of higher realised gold prices and improving sentiment toward precious metals producers drove strong relative performance.

Adobe

+15.8%

Adobe continued its positive momentum as investor confidence improved across the software sector. Strong earnings results from software-as-a-service peers, including Salesforce and RELX, reinforced the view that artificial intelligence initiatives are supporting incremental revenue opportunities through product upselling rather than cannibalising existing businesses. This helped alleviate concerns surrounding competitive pressures and strengthened sentiment toward established software franchises.

Top Detractors

Vistra

-8.16%

Vistra detracted from performance after providing relatively subdued guidance and reporting slower electricity generation growth. The weaker operating outlook contrasted with stronger growth trends reported by several industry peers and ultimately contributed to the decision to exit the position.

Alphabet

-6.8%

Alphabet declined as investor sentiment weakened around the scale of ongoing AI investment requirements. The company disclosed approximately US$811 billion of committed future AI-related investments, increasing concerns over capital intensity and the potential impact on near-term returns despite the strategic rationale of those expenditures.

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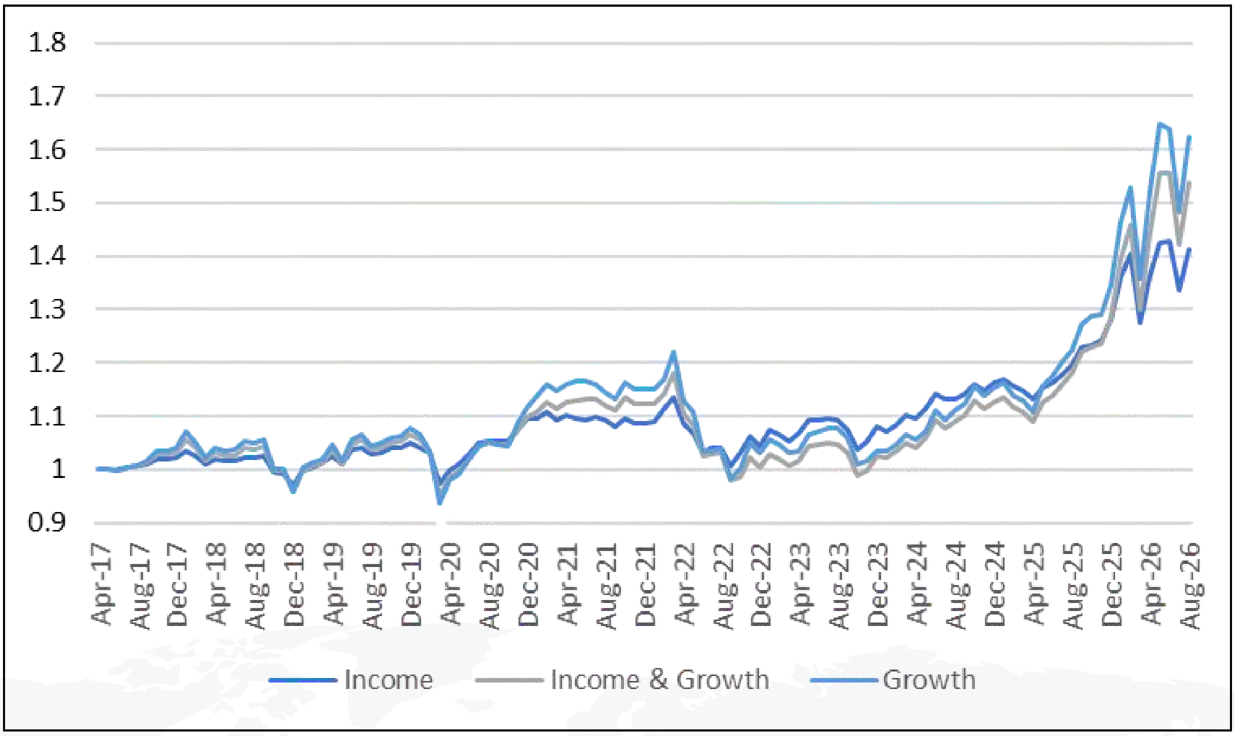
SMART PORTFOLIO (UNIT TRUST)

Low Jing Ting
Investment Analyst
Investment Solutions

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



	1M	3M	6M	YTD	1Y	3Y	5Y
Income	5.6%	-0.9%	0.6%	10.0%	17.9%	8.9%	5.3%
Income & Growth	8.2%	-1.3%	5.4%	19.6%	30.2%	13.6%	6.5%
Growth	9.5%	-1.4%	6.2%	20.5%	32.5%	14.7%	7.2%

SMART Income, Income & Growth, and Growth rebounded strongly in August, returning +5.6%, +8.2% and +9.5% respectively, recovering a meaningful portion of July’s losses and lifting year-to-date returns to +10.0%, +19.6% and +20.5%.

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Our Taiwan equity allocation was the standout contributor, gaining +20.15%, as confidence returned to the AI and semiconductor complex. Strong earnings and investment activity across the AI supply chain helped reassure investors that underlying demand remained intact. Taiwan also raised its 2026 GDP growth forecast to 11.05%, which is their highest projected annual growth in 39 years. Global sentiment across semiconductor stocks remained positive after Nvidia posted stronger than expected results and their 70% expected revenue growth projection.

Concurrently, the South Korea allocation gained +7.37%, signaling a recovery from the sell-offs in the past few months. Similar to Taiwan in relation to the AI and semiconductor industry, the underlying fundamentals of the memory cycle remained robust, supported by continued demand for high-bandwidth memory and AI infrastructure. South Korean exports subsequently rose 68.7% year-on-year in August, with semiconductor exports surging 209% to a record US$46.65 billion, reinforcing the strength of the AI-driven memory cycle.

US equities returned +1.68%, supported by resilient corporate earnings and renewed enthusiasm around AI, although gains were moderated by rising inflation and interest-rate concerns. All three major US indices nevertheless ended August higher, with the Nasdaq leading as AI-related stocks recovered. However, Federal Reserve Chair Kevin Warsh's hawkish Jackson Hole remarks and renewed US-Iran tensions pushed rate-hike expectations higher toward month-end, limiting broader risk appetite. Our Latin America allocation declined -2.81%, which could be due to capital shifting into AI technology stocks and political volatility, representing the main equity detractor during the month.

Fixed income provided more modest returns as rising global yields limited bond performance. Asia High Yield gained +0.81%, while Emerging Market Government Bonds returned +0.10%. The Singapore Dollar Income Bond allocation declined -0.16%, reflecting continued pressure on duration as markets reassessed the outlook for global interest rates. Persistent inflation, elevated energy prices and fiscal concerns continued to place upward pressure on sovereign yields.

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August's recovery reinforces our view that the sharp semiconductor correction in July was driven more by a reassessment of positioning and valuations than a deterioration in the underlying AI investment cycle. With semiconductor demand and Asian technology exports remaining strong, the portfolios continue to maintain exposure to the structural AI growth theme. At the same time, elevated interest rates, geopolitical risks and continued volatility in technology valuations warrant maintaining diversification through fixed income and across regional equity markets.

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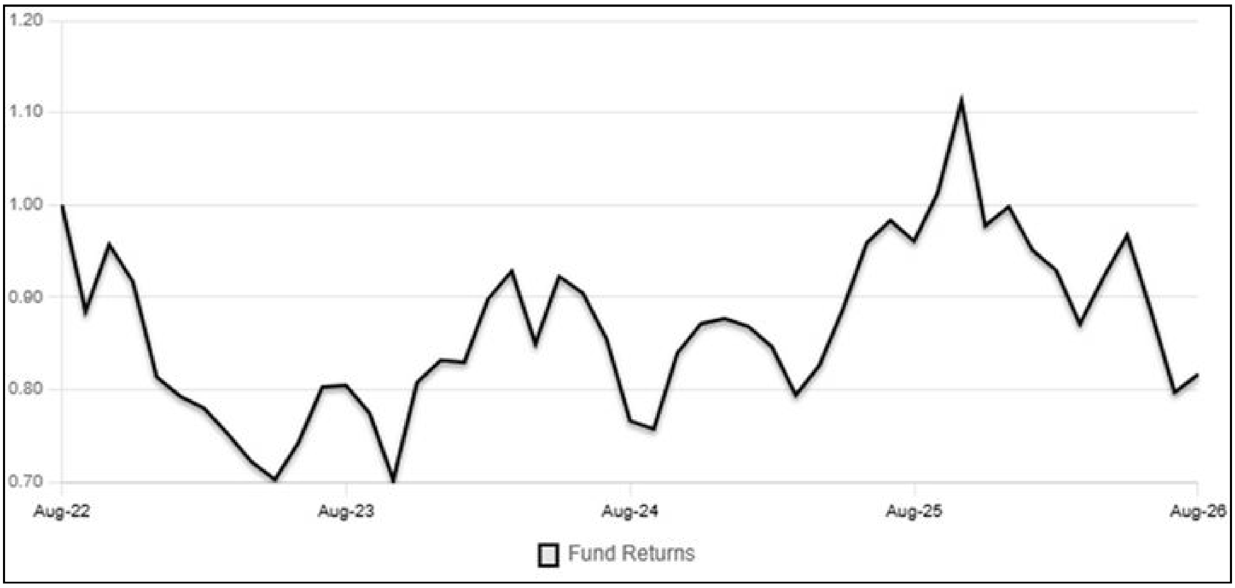
SMART PORTFOLIO (US)

Kenneth Gan Kim Yu
Investment Analyst
Investment Solutions

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



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	-18.2	2.4	-15.6	-12.1	-15.0	0.5	-5.0

Market Review

In August, US equities reversed their declines in July, with the S&P 500 gaining 2.62% and the Nasdaq Composite rising 3.93%, supported by strong earnings momentum and sustained investment in artificial intelligence infrastructure. Market leadership was driven by a rebound in memory-related semiconductor names such as Micron and Sandisk, reflecting continued strength in hyperscaler demand for AI compute and storage, with Google, Meta, and Amazon raising capital expenditure guidance to support rising memory costs, expanding AI workloads, and data centre investments.

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In the GPU space, NVIDIA's quarterly revenue of US$96.2 billion, representing growth of more than 100% year-on-year, further underscored the strength of AI-related spending.

Despite robust equity market performance, fixed income markets faced renewed pressure. The US Treasury yield curve continued to reprice higher as investors assessed the implications of persistent economic resilience, elevated fiscal spending, and sustained AI-driven capital investment. The US 10-year Treasury yield rose to approximately 4.8% as at 2 September 2026, representing an increase of more than 60 basis points year-to-date. Higher long-term interest rates created pockets of volatility across rate-sensitive sectors, with the Dow Jones Bank Index down 0.59% and the S&P500 Consumer Staples Index down 0.79% in USD terms.

Portfolio Performance

Against this backdrop, the SMART US Portfolio delivered a +2.37% return in SGD terms during August. Portfolio performance benefited from strong stock selection within healthcare and precious metals, partially offset by weakness in selected AI infrastructure holdings that were impacted by sector-specific valuation concerns and higher financing costs.

The month illustrated the portfolio's diversified exposure across several structural investment themes. While AI-related holdings remained important long-term beneficiaries of rising digital infrastructure demand, investor attention increasingly broadened beyond technology into healthcare innovation and commodity-linked businesses that could benefit from evolving macroeconomic conditions.

Portfolio Activity

The portfolio maintained its exposure to long-term secular growth themes, including artificial intelligence infrastructure, digital assets, healthcare innovation and strategic commodities. During the month, positioning remained largely focused on balancing opportunities arising from accelerating AI investment with holdings that could benefit from a higher inflation and higher interest-rate environment.

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Outlook

Looking ahead, the investment environment remains shaped by two competing forces. On one hand, accelerating AI adoption continues to drive significant demand for semiconductors, data centres and digital infrastructure, creating substantial opportunities for companies exposed to the theme. The continued willingness of hyperscalers to increase capital expenditure budgets suggests that underlying demand remains robust and supports the long-term investment case for selected AI beneficiaries.

On the other hand, higher long-term interest rates and elevated Treasury yields could continue to create periodic volatility, particularly among companies requiring significant capital investment or external financing. The portfolio remains focused on businesses with strong competitive positioning, identifiable growth catalysts and exposure to structural themes that can compound value over the medium to long term. While market leadership may continue to rotate across sectors, the portfolio's diversified exposure to healthcare innovation, AI infrastructure and strategic commodities positions it to participate in a broad range of investment opportunities.

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PERFORMANCE DRIVERS

Top Contributors

Moderna

+153.6%

Moderna was the portfolio's strongest contributor following the announcement of positive Phase III clinical trial results for its personalised melanoma vaccine developed in combination with Merck's Keytruda. The study met key survival endpoints, representing a significant milestone not only for the company but also for the broader application of mRNA technology in oncology. Investors responded positively to the results as they materially improved confidence in Moderna's ability to diversify beyond its COVID-era vaccine franchise and unlock future value across its oncology pipeline. The announcement triggered a significant re-rating of the stock, with analysts revising expectations for the company's long-term growth potential.

Hecla Mining

+39.4%

Hecla Mining also delivered strong gains as silver prices rallied sharply during August. Precious metals benefited from increased investor demand amid concerns over fiscal sustainability and rising long-term bond yields. Silver prices rose approximately 15.44% during the month, with mining companies significantly outperforming the underlying commodity due to their operational leverage to higher metal prices. As the largest US-listed primary silver producer, Hecla was a key beneficiary of improved market sentiment toward the sector, contributing meaningfully to portfolio returns.

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PERFORMANCE DRIVERS

Top Detractors

Cipher Digital

-31.2%

Cipher Digital was the largest detractor during the month despite continuing to execute on its strategy of transforming from a bitcoin miner into a diversified AI and high-performance computing infrastructure operator. While management reported progress across several data-centre developments and highlighted a growing contracted revenue base, investor sentiment weakened following second-quarter results that came in below expectations. Concerns around earnings visibility, ongoing capital requirements and execution risks associated with large-scale infrastructure projects weighed on the shares, outweighing the company's long-term growth opportunities.

Applied Digital

-8.0%

Applied Digital also underperformed amid broader weakness across AI data-centre operators. The sector experienced a valuation-driven correction following negative sentiment triggered by impairment charges reported elsewhere in the industry, leading investors to reassess execution and financing risks across capital-intensive AI infrastructure businesses. While Applied Digital continued to benefit from strong long-term demand fundamentals and substantial contracted lease revenue, sector-wide concerns regarding capital expenditure requirements and funding needs resulted in near-term share price pressure.

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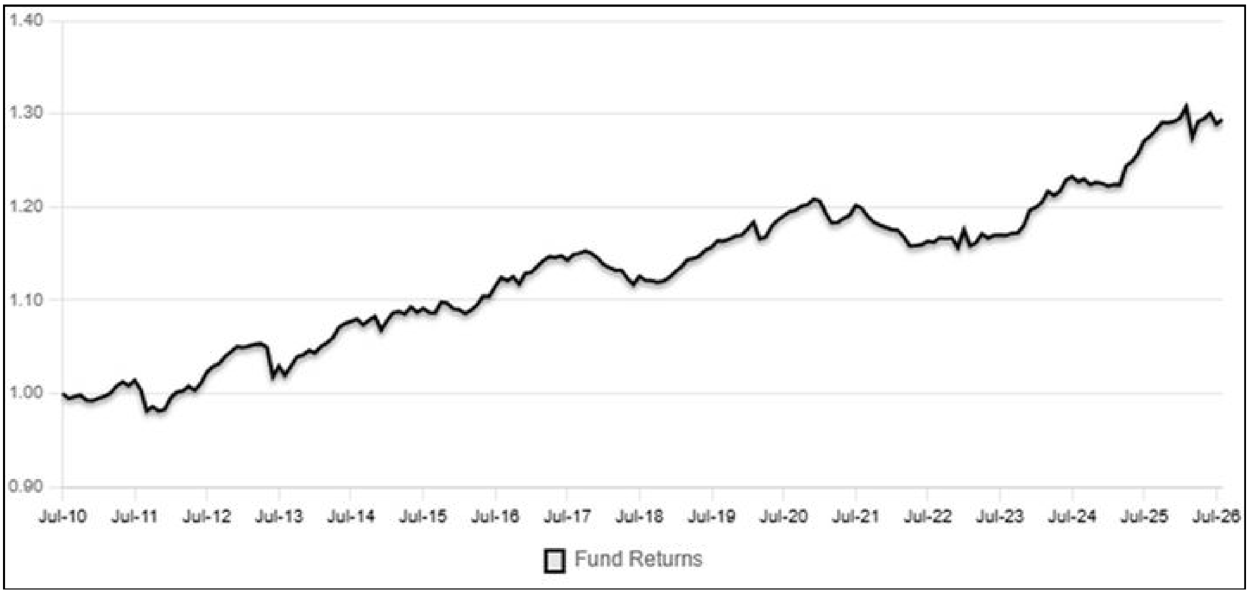
PHILLIP RETURNS ENHANCER

Dexter Tan
Portfolio Manager
Investment Solutions

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



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	**0.2**	**0.4**	**-0.1**	**-1.0**	**1.4**	**3.4**	**1.5**	**1.4**	**1.6**

In August, bond investors navigated a backdrop of inflation concerns, shifting central bank rate expectations, and divergent currency performance. US-dollar denominated (USD) bonds delivered positive returns while Singapore-dollar (SGD) bonds ended the month in negative territory, weighed down by higher rates and inflationary concerns. The Singapore government bond yield curve bear-steepened during the month, with yields moving modestly higher across the curve. The 10-year Singapore Government Security (SGS) yield rose 2 basis points (bps) to 2.353%, while the 5-year SGS yield increased 13 bps to 2.046%.

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At the Jackson Hole Economic Symposium, Federal Reserve Chairman Kevin Warsh struck a hawkish tone, reiterating that inflation remained above the Fed's 2% target and emphasising that restoring price stability remains the central bank's objective. Chairman Warsh stated that policymakers must be confident that inflation is returning towards target "at sufficient speed", warning that otherwise "we have work to do". Following the speech, the futures market revised expectations for monetary policy, leading to an increased implied probability of an additional policy rate hike before the end of the year.

In foreign exchange markets, the US dollar weakened against several Asian currencies as investors reassessed the outlook for domestic interest rates. The Singapore dollar appreciated against the Greenback following the central bank's policy meeting at the end of July. Meanwhile, the Chinese renminbi weakened against the Singapore dollar during the month, as economic data continued to reflect softness in domestic demand. China's July industrial production and retail sales figures fell short of market expectations, reinforcing concerns over the pace of the country's economic recovery. The People's Bank of China maintained its accommodative policy stance, leaving both the one-year and five-year Loan Prime Rates unchanged at 3.00% and 3.50%, respectively.

During the month, the portfolio returned 0.4% as it benefited from its allocations to Asian and emerging market local currency bond funds, which contributed positively to performance. In contrast, exposures to US dollar-denominated and Chinese renminbi bond funds detracted from returns amid unfavourable currency movements.

We continue to view fixed income as an attractive asset class for long-term investors. The rise in bond yields has improved valuations across many segments of the market, allowing investors to lock in more compelling levels of income than from a few years ago. Importantly, higher starting yields have historically been a decent predictor of future bond returns, providing a reasonable basis for long-term performance. As opportunities continue to emerge across the fixed income sectors, we believe today's environment offers attractive entry points for investors seeking both income and diversification within their portfolios.

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SGD ALL-WEATHER

Dexter Tan
Portfolio Manager
Investment Solutions

The Singapore government bond yield curve bear-steepened during the month, with yields moving modestly higher across the curve. The 10-year Singapore Government Security (SGS) yield rose 2 basis points (bps) to 2.353%, while the 5-year SGS yield increased 13 bps to 2.046%. Short-term SGD rates also edged higher, with the 3-month and 6-month SORA advancing 3 bps to 1.181% and 1.122% respectively.

In Singapore, the Ministry of Trade and Industry (MTI) and the Monetary Authority of Singapore (MAS) announced that inflation increased to 2.2% year-on-year in July, up from 1.9% in June. The acceleration was primarily driven by higher electricity, food and gas prices. Adverse weather conditions affected agricultural output, while disruptions to global energy supplies contributed to elevated oil prices. Looking ahead, authorities noted that inflationary pressures could linger if capital expenditure in the technology sector generates stronger-than-expected spillover effects across the global economy. On the other hand, tighter financial conditions and lower fixed investment activity could temper economic growth and ease inflationary pressures.

At the Jackson Hole Economic Symposium, Federal Reserve Chairman Kevin Warsh struck a hawkish tone, reiterating that inflation remained above the Fed's 2% target and emphasising that restoring price stability remains the central bank's objective. Chairman Warsh stated that policymakers must be confident that inflation is returning towards target "at sufficient speed", warning that otherwise "we have work to do". Following the speech, the futures market revised expectations for monetary policy, leading to an increased implied probability of an additional policy rate hike before the end of the year.

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During August, we initiated a position in the convertible bond sector, reflecting our view that that convertible bonds are an attractive source of long-term returns. Nevertheless, the portfolio generated a negative return over the month amid a rare confluence of headwinds, including the Fed Chairman's hawkish remarks, escalating geopolitical tensions between the United States and Iran, and profit-taking in AI-related technology equities.

While market volatility may persist in the near term, we continue to view fixed income as an attractive asset class for long-term investors. The rise in bond yields has improved valuations across many segments of the market, allowing investors to lock in more compelling levels of income than from a few years ago. Importantly, higher starting yields have historically been a decent predictor of future bond returns, providing a reasonable basis for long-term performance. As opportunities continue to emerge across the fixed income sectors, we believe today's environment offers attractive entry points for investors seeking both income and diversification within their portfolios.

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Notes:

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