

January '23

To: Our Valued Investors

From: CIO

Letter: Managed Account,
M01/2023/01

Date: 26 January 2023

Re: On balance of data.
Inflation, deflation, inflation.
\$300 or negative oil price.
De-Dollarisation.
U-turning the U-turn, or war.
De-Globalisation.
Nothing is Japan's YCC.
Gold or silver.
Industrial metals.
Portfolio management.
Portfolio performance.

Recession

Regardless of what data the Fed looks at, it seems like recession for the US is a near certainty. Inverted yield curves, oil futures contango, declining imports, weakening PMI, and company layoffs. Despite this, the Fed still looks adamant on not cutting rates in 2023 as the labor market remains tight, and inflation remains far above their 2% target.

US stocks however, are absorbing the selling pressure as seller exhaustion kicks in and passive investors continue buying. Bonds seem to be the go-to asset class this year, with yield spreads looking the most attractive in years.

Inflation

Our current inflation situation is more like when the world came out from World War II [July 1946 – October 1948] - disrupted supply and pent-up demand (similar to Covid-19), and elimination of price controls. What could repeat, as the second inflation wave in 2023 or 2024, is a lockdown of some sort (war, Covid-related) or another error from the Fed (e.g. fiscal stimulus if a coming recession proved to be severe rather than mild).

Oil

Under-investment in oil tells us that new highs in price are likely. However, some countries' reversal on their ban on coal, rethinking nuclear, or even the undoing of European disruptions and recession expectations, could derail this.

China

Weak sentiments regarding China's economy are starting to wane as China surprised the world with its U-turn on its zero-Covid policy. There is now more breathing room for real estate developer financing, and even an approval for AliPay's capital plans. Some attributed these moves to President Xi losing political strength but that seems unlikely, following the Hu Jing Tao sideshow during the recently concluded National Congress.

Deglobalisation

The theme of deglobalisation is expected to continue in 2023. While this may be a drag on China, the reconfiguring of supply chains will provide opportunities for other countries too, like Mexico, Vietnam, Canada and India.

Portfolios' Performance

Our reference indexes', and ETFs' performances in 2022:

iEdge S-Reit index	- 1.2% (Dec)	-16.4% (YTD)
Straits Times index	- 1.2% (Dec)	+ 4.1% (YTD)
US 500 index	- 5.9% (Dec)	-19.4% (YTD)
Nas100 index	- 9.1% (Dec)	-33.0% (YTD)
Hang Seng index	+6.4% (Dec)	-15.5% (YTD)
Shanghai index	- 2.0% (Dec)	-15.1% (YTD)
VG Total World Stock	- 5.1% (Dec)	-19.8% (YTD)
VG Total World Bond	- 2.2% (Dec)	-14.5% (YTD)
VanEck Gold Miners	- 1.3% (Dec)	-10.5% (YTD)
VanEck Junior Gold Miners	- 0.2% (Dec)	-15.0% (YTD)
SPDR Materials	- 6.1% (Dec)	-14.3% (YTD)
VG Energy	- 3.4% (Dec)	+56.3% (YTD)

Our holdings that gained/suffered more than 10% in December are:

Medtecs	+41%	BYD	-12%
Americas Silver	+18%	Prime US	-17%
Maverix Metals	+18%	Galway	-17%
Kodiak Copper	+15%	Keppel Oak	-18%
Hongkong Land	+15%	ManuLife US	-23%
Shenzhou Int'l	+15%		
Base Resources	+13%		

Our Portfolios – how we did

Your portfolio may not have the same numbers indicated, due to holding round lots. All performance numbers are net of all fees and transaction costs.

(1) Phillip Singapore Equity Yield

We received dividends from Mapletree PanAsia in December.

Currently we have 16 holdings ~ 83%, and 17% in MMF.

Singapore Equity Yield	- 1.2% (Dec)	-10.5% (YTD)
Straits Times index	-1.2% (Dec)	+ 4.1% (YTD)
iEdge S-Reit index	-1.2% (Dec)	-16.4% (YTD)

We bought AIMS APAC Reit, First Reit, Sabana Reit, Civmec, and Keppel Oak.

(2) Phillip Asian Opportunities Equity

No dividend was received in December.

Currently, we have 6 holdings: 40% in Singapore, and 60% in MMF.

Asian Opportunities	+1.1% (Dec)	-2.9% (YTD)
Straits Times index	-1.2% (Dec)	+ 4.1% (YTD)
Hang Seng index	+6.4% (Dec)	-15.5% (YTD)
Shanghai index	- 2.0% (Dec)	-15.1% (YTD)

(3) Phillip Managed Singapore Equity

We received dividends from NikkoAM SG IG Bond ETF, and Civmec in December.

Currently, we have 16 holdings ~ 84%, and 16% in MMF.

Singapore Growth	+1.4% (Dec)	-7.9% (YTD)
Straits Times index	-1.2% (Dec)	+ 4.1% (YTD)
iEdge S-Reit index	-1.2% (Dec)	-16.4% (YTD)

We bought NikkoAM SG IG Bond ETF. We added more of First Reit.

This has the best since-inception record of +4.2% (annualized). Inception is April 2002. STI, over the same period, returned just under 3% (annualized).

(4) Phillip Blue Chip Equity Yield

No dividend was received in December.

Currently, we have 8 holdings: 47% in Singapore, 3% in China/HK; and, 50% in MMF.

Blue Chip Equity Yield	+1.3% (Dec)	-.3% (YTD)
Straits Times index	-1.2% (Dec)	+ 4.1% (YTD)
Hang Seng index	+6.4% (Dec)	-15.5% (YTD)
Shanghai index	- 2.0% (Dec)	-15.1% (YTD)

(5) Phillip Managed Gold & Resources Equity

We received dividends from Labrador IOR, TLT and Maverix in December.

Currently, we have 19 holdings: 20% in Precious Metals, 17% in Industrial Materials; 4% in US Treasuries; 9% in Energy; and, 50% in MMF.

Gold & Resources	+ 1.3% (Dec)	-12.5% (YTD)
VanEck Gold Miners	- 1.3% (Dec)	-10.5% (YTD)

VanEck Junior Gold Miners	- 0.2% (Dec)	-15.0% (YTD)
SPDR Materials	- 6.1% (Dec)	-14.3% (YTD)
VG Energy	- 3.4% (Dec)	+56.3% (YTD)

We bought CGN Mining in December.

(6) Phillip Global Funds

We received dividends from PineBridge APAC IG Bond UT and JPM Global Corporate Bond UT in December.

We have 15 holdings. We are 36% in fixed income UTs, 23% in S-Reits, 15% in Vietnam/Thailand/Korea UTs, 7% in a gold mining UT, and 19% in MMF.

Global Funds	-0.7% (Dec)	-3.4% (YTD)
VG Total World 70/30	-4.2% (Dec)	-18.2% (YTD)

We bought Legg Mason Global Bond UT. We sold TLT.

(7) Phillip Returns Enhancer (Bond UTs only)

We received dividends from PineBridge APAC IG Bond UT and JPM Global Corporate Bond UT in December.

We added our seventh holding - Legg Mason Global Bond UT in December. We also bought more of PineBridge APAC IG and Threadneedle Emerging Market Debt. We still have 16% in MMF.

Returns Enhancer	- 0.9% (Dec)	- 1.8% (YTD)
VG Total World Bond	- 2.2% (Dec)	-14.5% (YTD)

(8) Phillip SMART Portfolio – Income

SMART 1	-1.6% (Dec)	-3.9% (YTD)
VG Total World 40/60	-3.4% (Dec)	-16.6% (YTD)

(9) Phillip SMART Portfolio – Income & Growth

SMART 2	-1.6% (Dec)	-10.6% (YTD)
VG Total World 60/40	-3.9% (Dec)	-17.7% (YTD)

(10) Phillip SMART Portfolio – Growth

SMART 3	-1.5% (Dec)	-10.2% (YTD)
VG Total World 70/30	-4.2% (Dec)	-18.2% (YTD)

(11) Phillip SMART US Equities Portfolio

We are into our fourth month.

SMART US	-11.2% (Dec)	-18.6% (YTD)
US 500 index	- 5.9% (Dec)	-19.4% (YTD)

Customised Portfolios

Please contact your rep or portfolio managers if you need a review. If you don't, our BDs may contact you to ask if you will need a quarterly review.

If your portfolio has more than 20% MMF, please do not be alarmed. We are aiming to enter at low prices very soon.

Thank you

We are grateful for your trust, and continuing support. In these markets, we are also grateful for your patience in not rushing us to be fully invested. Our portfolios appear well-positioned, based on risks mentioned above.

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