

# Liquidity hiccups

**To:** Our Valued Investors

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**From:** CIO

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**Letter:** Managed Account,  
M02/2023/08

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**Date:** 8 August 2023

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**Re:** S-Reits' promo done.  
Bonds shaking.  
Hope to see more Chinese.  
Hang Seng, Brasil, Oil.  
**We beat US Big Caps.**  
**We beat bonds.**  
US Value vs Growth.  
Portfolio management.  
Portfolio performance.

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The S-Reits' promoters had their go, and there was a 1.7% gain in July to show. At Keppel Pacific Oak, there was better occupancy at 2 buildings, unchanged at 4, and worse in 6 buildings of between -1.0% and 2.5% with a seventh dropping 6.1%. All measured in %age points. It is negative, but far from a disaster if we read only the headlines of US-CRE. So, we hold for a better price.

MOVE recorded its 9<sup>th</sup> highest peak YTD in July. The spike in early August is lower than July's despite having the Fitch downgrade on US debt, and the BoJ YCC change. Vanguard Total World Bond fund dropped 2.1% in S\$ terms in July. It is now another 1% lower from the July close. Our Returns Enhancer portfolio is 42% in PMMF. Our August 1 date with bonds seemed to have arrived one month earlier, but it did not do damage to S-Reits.

A check at the hotels show the Chinese tourists are arriving.

Wilfred's reverse head-and-shoulders on the Hang Seng appears to be playing out. We bite slowly in japan to see the effects of their new YCC. Probably, it is to tell the markets not to short the JGBs. We shall see.

Meanwhile, crude oil (contango is gone) and Brasil appear to have overcome some technical resistance. We are in. Is there a re-awakening in palm oil?

Our outperformers:

The Global Growth Leaders [see **number (15)** below in portfolio performance] , which picked companies using the Rule of 40 of company performances, stood out by comfortably beating the US Big Caps over the 1-month, YTD, T12M. The holdings are a mix of growth and value.

The Returns Enhancer portfolio [see **number (7)** below in portfolio performance] beat most bond funds over the 1-month, YTD, T12M. But we still underperformed PMMF.

The contrarian method adopted by target-date funds (TDFs) that may see Value outperform Growth in the US for the rest of the year might have done its re-balancing on July 19. We need to confirm.

Meanwhile, BoJ's YCC and the US debt downgrade remains thorns in the global liquidity's rise.

### **Portfolio management**

We see positive liquidity outcomes (China joining?) that may feed into the markets (equities and bonds). We remain value-conscious in stocks. And, our bond exposure will be for capital gain instead of income.

## Portfolios' Performance

Our reference country/sector performances (in S\$):

S-Reits	+ 1.7% (1M)	+ 0.3% (YTD)	-13.3% (12M)
Singapore	+ 5.2% (1M)	+ 3.8% (YTD)	+ 5.0% (12M)
US Big	+ 1.4% (1M)	+18.6% (YTD)	+ 7.2% (12M)
US Tech	+ 2.1% (1M)	+42.8% (YTD)	+17.4% (12M)
Hong Kong	+ 4.9% (1M)	+ 0.8% (YTD)	- 3.2% (12M)
Shanghai	+ 3.8% (1M)	+ 3.3% (YTD)	- 6.6% (12M)
Japan	- 0.3% (1M)	+16.2% (YTD)	+ 7.5% (12M)
Australia	+ 2.0% (1M)	+ 2.9% (YTD)	- 1.2% (12M)
India	+ 0.8% (1M)	+ 9.1% (YTD)	+ 7.5% (12M)
Malaysia	+ 6.8% (1M)	- 5.9% (YTD)	- 7.0% (12M)
Thailand	+ 6.5% (1M)	- 3.6% (YTD)	+ 3.3% (12M)
Global Stock	+ 2.0% (1M)	+15.8% (YTD)	+ 6.3% (12M)
Global Bond	- 2.1% (1M)	+ 0.8% (YTD)	- 8.7% (12M)
Gold Miners	+ 2.6% (1M)	+ 8.7% (YTD)	+15.6% (12M)
Materials	+ 1.7% (1M)	+ 9.4% (YTD)	+ 5.8% (12M)
Energy	+ 6.5% (1M)	+ 1.8% (YTD)	+11.8% (12M)

### (1) Phillip Singapore Equity Yield (in S\$)

Dividends were received from AIMS.

Currently we have 11 holdings, and 49% in MMF. We sold AIMS and Keppel Reit.

Portfolio	- 1.2% (1M)	- 3.0% (YTD)	- 12.4% (12M)
S-Reits	+ 1.7% (1M)	+ 0.3% (YTD)	-13.3% (12M)
Singapore	+ 5.2% (1M)	+ 3.8% (YTD)	+ 5.0% (12M)

### (2) Phillip Asian Opportunities Equity (in S\$)

Dividends were received from 2 companies.

Currently, we have 20 holdings: 37% in Singapore, 36% in China/HK, 11% in Australia/Japan/Korea; and, 16% in MMF. We bought Li Ning, CSOP HIS Tech, HK Tracker Fund and added Wuxi Biologics.

Portfolio	+ 3.9% (1M)	+ 2.7% (YTD)	+ 0.7% (12M)
Singapore	+ 5.2% (1M)	+ 3.8% (YTD)	+ 5.0% (12M)
Hong Kong	+ 4.9% (1M)	+ 0.8% (YTD)	- 3.2% (12M)
Shanghai	+ 3.8% (1M)	+ 3.3% (YTD)	- 6.6% (12M)
Japan	- 0.3% (1M)	+16.2% (YTD)	+ 7.5% (12M)
Australia	+ 2.0% (1M)	+ 2.9% (YTD)	- 1.2% (12M)

### **(3) Phillip Managed Singapore Equity (in S\$)**

Dividends were received from AIMS.

Currently we have 17 holdings, and 17% in MMF. We sold ESR Logos and AIMS, and added Ley Choon, Grand Banks, and Valuemax.

Portfolio	- 1.2% (1M)	- 3.0% (YTD)	- 10.6% (12M)
S-Reits	+ 1.7% (1M)	+ 0.3% (YTD)	- 13.3% (12M)
Singapore	+ 5.2% (1M)	+ 3.8% (YTD)	+ 5.0% (12M)

### **(4) Phillip Blue Chip Equity Yield (in S\$)**

Dividends were received from 2 companies.

Currently we have 10 holdings, and 34% in MMF. 23% is not in Singapore. We sold Keppel Reit.

Portfolio	+ 0.8% (1M)	- 2.9% (YTD)	- 7.5% (12M)
S-Reits	+ 1.7% (1M)	+ 0.3% (YTD)	- 13.3% (12M)
Singapore	+ 5.2% (1M)	+ 3.8% (YTD)	+ 5.0% (12M)
Hong Kong	+ 4.9% (1M)	+ 0.8% (YTD)	- 3.2% (12M)

### **(5) Phillip Managed Gold & Resources Equity (in S\$)**

Dividends were received from 3 companies.

Currently, we have 23 holdings: 25% in Precious Metals, 22% in Industrial Materials; 12% in Energy; 8% in Sugar; and, 33% in MMF.

Portfolio	+ 3.1% (1M)	- 4.3% (YTD)	- 7.5% (12M)
Gold Miners	+ 2.6% (1M)	+ 8.7% (YTD)	+ 15.6% (12M)
Materials	+ 1.7% (1M)	+ 9.4% (YTD)	+ 5.8% (12M)
Energy	+ 6.5% (1M)	+ 1.8% (YTD)	+ 11.8% (12M)

### **(6) Phillip Global Funds (in S\$)**

Dividends were received from 2 bond funds, and from AIMS.

Our portfolio has 3 Reits, 7 funds, and 26% in MMF. We sold Keppel Reit, Vietnam and 3 bond funds. We bought Hong Kong, Japan, and Brasil.

Portfolio + 0.9% (1M) + 0.7% (YTD) - 1.8% (12M)

Global 70/30 + 0.8% (1M) +11.3% (YTD) + 1.8% (12M)

### **(7) Phillip Returns Enhancer - Bond UTs (in S\$)**

Dividends came from 2 funds.

Our portfolio has 5 holdings, and 42% in MMF. We have 58% in HY. We sold IG and bought HY.

Portfolio + 0.1% (1M) + 1.2% (YTD) + 0.6% (12M)

Global Bond - 2.1% (1M) + 0.8% (YTD) - 8.7% (12M)

### **(8) Phillip SMART 1 Portfolio – Income**

Portfolio + 0.2% (1M) + 4.9% (YTD) + 4.8% (12M)

Global 40/60 - 0.5% (1M) + 6.8% (YTD) - 2.7% (12M)

### **(9) Phillip SMART2 Portfolio – Income & Growth**

Portfolio + 0.2% (1M) + 4.5% (YTD) + 2.0% (12M)

Global 60/40 +5.2% (1M) + 9.3% (YTD) +0.7% (12M)

### **(10) Phillip SMART3 Portfolio – Growth (in S\$)**

Portfolio + 0.5% (1M) + 4.3% (YTD) + 3.9% (12M)

Global 70/30 + 0.8% (1M) +11.3% (YTD) + 1.8% (12M)

**(11) Phillip SMART US Equities Portfolio (in S\$)**

We are into our eleventh month.

Portfolio	+ 8.1% (1M)	- 1.4% (YTD)	-19.7% (11M)
US Big	+ 1.4% (1M)	+18.6% (YTD)	+ 7.2% (12M)

**(12) Phillip Hong Kong Focused Equity (in S\$)**

Portfolio	+ 4.9% (1M)	+ 2.3% (YTD)	+ 0.6% (12M)
Hong Kong	+ 4.9% (1M)	+ 0.8% (YTD)	- 3.2% (12M)

**(13) Phillip Malaysia Focused Equity (in S\$)**

Portfolio	+ 3.9% (1M)	- 6.9% (YTD)	-13.3% (12M)
Malaysia	+ 6.8% (1M)	- 5.9% (YTD)	- 7.0% (12M)

**(14) Phillip Thailand Focused Equity (in S\$)**

Portfolio	+ 4.8% (1M)	- 15.5% (YTD)	- 15.3% (12M)
Thailand	+ 6.5% (1M)	- 3.6% (YTD)	+ 3.3% (12M)

**(15) Phillip Global Growth Leaders (in S\$)**

We are into our eleventh month.

Portfolio	+ 1.6% (1M)	+ 22.3 (YTD)	+16.4% (11M)
US Big	+ 1.4% (1M)	+18.6% (YTD)	+ 7.2% (12M)

### **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 30% MMF, please do not be alarmed. The re-balancing is taking more time, this time due to some liquidity hiccup arising from US debt downgrade, and BoJ's YCC change.

### **Thank you**

We are grateful for your trust, and continuing support.