Damage. N225=nVIDIA.
Strong US economy.

To:	Our Valued Investors
From:	CIO
Letter:	Managed Account, M02/2024/09
Date:	9 September 2024
Re:	AOM damage and NISA. Rebuilding AOM. Strengthening JPY, for now. Other strengthening currencies. MOVE 100-120. Global liquidity new highs. Waiting for US to join the party. US strong consumer, wages, profits. Portfolios' 1M performance. Portfolios' YTD performance. YTD, best Customised +13.0%.

Damage done to our Asia Opportunities portfolio in August was huge. We lost 20%, as cut-loss procedures took place. We were looking at starting over with 80% instead of less. Let's see how wrong/right we can be, over a month or two. Sales proceeds were settled in JPY. If JPY strengthens, we can recover some of the loss.

The lesson learned is to avoid some of eMAXIS Slim World Country's holdings (NISA's top investment) in JPY strengthening situations that trigger NISA selloffs. Sector diversification or strong fundamentals (e.g. results beating consensus) can mean nothing if holders or algos sell. Nvidia, a favorite among NISA investors, has a locked-step price chart with N225.

Meanwhile, we have started rebuilding with 5% each in SingTel and NetLink Trust. We are also looking at adding stocks from Indonesia, Malaysia, China/HK and Thailand. We will add Japan if another sell-off presents lower prices.

Last month, I mentioned of a narrowing spread between US and Japan interest rates due to their respective monetary policies. It is just that, and nothing more. The effect may last for a short while, so please don't read this as anything more.

Besides JPY strengthening (due to unwinding), there was also CHR strengthening. Elsewhere, currencies of countries coming out of elections are strengthening against those that are going into elections. Example IDR vs SGD.

The MOVE index spent August between 100 and 120. Let's see if it spikes on the N225's last Friday's 5% dive. Our Returns Enhancer (investing in fixed income UTs) has been 100% cash since 1 August.

Global liquidity hit a record high at July end, followed by 3 consecutive higher highs in 3 weeks in August. China is the contributor. US has stalled. But we expect the US to contribute again in 4Q due to approved budgets.

On the US economic front, unemployment dropped in August, accompanied by 3.8% wage growth. Jobless claims and continuing claims continue to decline. Weekly retail sales are up, accompanied by positive debit card transactions. S&P 500 companies' forward profit margins are at all-time highs. HR companies are rebounding. Non-farm payrolls are negative.

Are the markets pricing in recession, or pricing in another unwinding of short-JPY trades? Or, is it just seasonal selling due to mutual funds' tax planning, or more bond offerings?

We are net buyers after the early August Japan sell-off. With a little bit more of short-QQQ in place, for those portfolios exposed to tech.

On our 1M performance (in SGD):

The top gainers are B2B-Reit portfolios +6.8%, +6.8%, +4.6%; Thailand +5.1%, Singapore Growth +2.3%. The top losers are AOM -20.5%, SMART US -10.4%, Blue-Chip Equity Yield -2.4%.

On our YTD performance (in SGD):

The top gainers are Malaysia +37.9%, Singapore Growth +17.6%, GGL +13.1%. The top losers are AOM -25.5%, Thailand -11.2%, and SMART US -7.9%.

Our top YTD customized account: +13.0%.

Portfolio management

We still see positive liquidity outcomes that may feed into the risk markets. We remain value-conscious in stocks.

Portfolios' Performance

Our reference country/sector performances (in SGD terms):

S-REITs	4.6%	(1M)	-5.3%	(YTD)	-1.2%	(12M)
Singapore	-0.4%	(1M)	6.3%	(YTD)	6.5%	(12M)
US Big	0.1%	(1M)	17.4%	(YTD)	22.0%	(12M)
US Tech	-1.1%	(1M)	15.3%	(YTD)	23.0%	(12M)
Hong Kong	1.7%	(1M)	4.7%	(YTD)	-5.0%	(12M)
Shanghai	-3.8%	(1M)	-5.5%	(YTD)	-10.1%	(12M)
Japan	-0.8%	(1M)	10.8%	(YTD)	14.6%	(12M)
Korea	-3.4%	(1M)	-4.3%	(YTD)	0.2%	(12M)
Taiwan	0.6%	(1M)	18.5%	(YTD)	30.1%	(12M)
Australia	1.1%	(1M)	4.9%	(YTD)	11.6%	(12M)
India	-1.8%	(1M)	13.9%	(YTD)	25.9%	(12M)
Malaysia	6.5%	(1M)	20.0%	(YTD)	18.1%	(12M)
Thailand	5.1%	(1M)	-5.0%	(YTD)	-13.6%	(12M)
Global Stock	0.1%	(1M)	13.2%	(YTD)	17.0%	(12M)
Global Bond	-1.4%	(1M)	-0.1%	(YTD)	-0.4%	(12M)
Gold Miners	-0.4%	(1M)	23.5%	(YTD)	28.7%	(12M)
Materials	0.1%	(1M)	9.2%	(YTD)	10.4%	(12M)
Energy	-4.7%	(1M)	7.6%	(YTD)	-1.0%	(12M)

(1) Phillip Singapore Equity Yield (in SGD)

Portfolio	0.6%	(1M)	6.1%	(YTD)	9.3%	(12M)
S-REITs	4.6%	(1M)	-5.3%	(YTD)	-1.2%	(12M)
Singapore	-0.4%	(1M)	6.3%	(YTD)	6.5%	(12M)

We sold OCBC and UOB. Dividends were received from 4 companies. On balance, we are doing better than the referenced indexes.

(2) Phillip Asian Opportunities Equity (in SGD)

Portfolio	-20.5%	(1M)	-25.5%	(YTD)	-28.1%	(12M)
Japan	-0.8%	(1M)	10.8%	(YTD)	14.6%	(12M)
Korea	-3.4%	(1M)	-4.3%	(YTD)	0.2%	(12M)

We sold 2 Japan stocks before meltdown day: Hitachi at a profit and Fuji Film at a small loss. The other Japan stocks were sold as cut-loss was triggered. Hynix, the Korean semi-con stock was sold later at a 90% profit.

The thought behind the huge monthly loss of 20.5% was that we would rather be left with 79.5% than less. 35,000 at crash time was still higher than the previous resistance level of 33,500 (another 4.3% lower) or the 2023 breakout level of 30,500 (another 12.8% lower).

We noticed that there is a locked-step price chart between Nvidia and N225. The lesson learned is to avoid some of eMAXIS Slim World Country's holdings (NISA's top investment) in JPY strengthening situations that trigger NISA selloffs. Sector diversification or strong fundamentals (e.g. results beating consensus) can mean nothing if holders or algos sell.

Meanwhile, we have started rebuilding with 5% each in SingTel and NetLink Trust. We are also looking at adding stocks from Indonesia, Malaysia, China/HK and Thailand. We will add Japan if another sell-off presents lower prices.

We are confident some targets can provide handsome returns between now and year end. We are likely to lock in a coal producer at 10% dividend yield, based on company guidance, and previous payout behavior. There is a retailer that will double the number of sports stores yoy - this will likely contribute substantially to the bottom line. A paper supplier is guided to reach a volume that is 10% lower than its ATH and doubling its current run rate. Valuation seems to be stuck at its prior period's low volume. A department store chain that relies also on consignment suppliers is also being targeted for its strong balance sheet that can enable high dividend payouts. The above are from an undervalued Indonesia market. In Malaysia, we find an interesting linen supplier, a rubber wood manufacturer, an auto supplier, and a market expansion service provider. In Thailand, we found a carbon black maker.

(3) Phillip Managed Singapore Equity (in SGD)

Portfolio	2.3%	(1M)	17.6%	(YTD)	18.8%	(12M)
Singapore	-0.4%	(1M)	6.3%	(YTD)	6.5%	(12M)

We locked in double-digit %age profits in UOB and OCBC. We bought CAO, Baker Tech, Nordic and added more of Mewah. Dividends were received from 3 companies.

We outperformed 1M, YTD and 12M.

(4) Phillip Blue Chip Equity Yield (in SGD)

Portfolio	-2.4%	(1M)	4.7%	(YTD)	5.0%	(12M)
Hong Kong	1.7%	(1M)	4.7%	(YTD)	-5.0%	(12M)
Singapore	-0.4%	(1M)	6.3%	(YTD)	6.5%	(12M)
Australia	1.1%	(1M)	4.9%	(YTD)	11.6%	(12M)

We locked in double-digit %age profits in UOB and OCBC. We received dividends from SingTel.

Our HK holdings accounted for the negative monthly performance.

(5) Phillip Managed Gold & Resources Equity (in SGD)

Portfolio	0.7%	(1M)	5.5%	(YTD)	2.6%	(12M)
Gold Miners	-0.4%	(1M)	23.5%	(YTD)	28.7%	(12M)
Materials	0.1%	(1M)	9.2%	(YTD)	10.4%	(12M)
Energy	-4.7%	(1M)	7.6%	(YTD)	-1.0%	(12M)

We bought Mewah and CAO. Dividends were received from Mewah.

We remain very patient with very under-valued Canada-listed commodity stocks.

(6) Phillip Global Funds (in SGD)

Portfolio	0.3%	(1M)	6.6%	(YTD)	9.9%	(12M)
Global 70/30	-0.3%	(1M)	9.2%	(YTD)	11.8%	(12M)

We sold our Japan UTs after the rebound. These were about 10% lower than the July closings. We added Taiwan. Gains and losses on the holdings were small.

(7) Phillip Returns Enhancer - Bond UTs (in SGD)

Portfolio	-0.5%	(1M)	2.5%	(YTD)	4.9%	(12M)
Global Bond	-1.4%	(1M)	-0.1%	(YTD)	-0.4%	(12M)

On 1 August, we exited all funds, to avoid any negative impact arising from window dressing. We are still in MMF.

(8) Phillip SMART 1 Portfolio – Income (in SGD)

Portfolio	0.2%	(1M)	4.9%	(YTD)	3.6%	(12M)
Global 40/60	-0.8%	(1M)	5.2%	(YTD)	6.6%	(12M)

(9) Phillip SMART2 Portfolio – Income & Growth (in S$)

Portfolio	1.2%	(1M)	6.5%	(YTD)	4.0%	(12M)
Global 60/40	-0.5%	(1M)	7.9%	(YTD)	10.0%	(12M)

(10) Phillip SMART3 Portfolio – Growth (in SGD)

Portfolio	1.6%	(1M)	7.1%	(YTD)	3.0%	(12M)
Global 70/30	-0.3%	(1M)	9.2%	(YTD)	11.8%	(12M)

SMART 123 posted positive returns in August. In response to market uncertainty, we adjusted our portfolio by increasing exposure to Taiwan, maintaining our position in India, and reducing exposure to the US. These strategic moves improved diversification, with gains outweighing losses for the month. Our robo also allocated a small portion to gold, which added positively to overall performance.

We did not invest in fixed income because historical trends indicate a tendency for fixed income prices to decline in August. We managed to avoid the losses in Asia High Yield market, but this was also offset by gains in US and Global High Yield markets.

(11) Phillip SMART US Equities Portfolio (in SGD)

Portfolio	-10.4%	(1M)	-7.9%	(YTD)	-4.8%	(12M)
US Big	0.1%	(1M)	17.4%	(YTD)	22.0%	(12M)

Quarterly rebalancing happened in August. 4 of the 5 new stocks are losing. We have not bought the other 5 holdings.

Losses were taken on 9 out of the 10 old holdings during rebalancing, when compared to July closing prices. Only US Steel came out positive.

(12) Phillip Hong Kong Focused Equity (in SGD)

Portfolio	-2.0%	(1M)	5.6%	(YTD)	18.6%	(12M)
Hong Kong	1.7%	(1M)	4.7%	(YTD)	-5.0%	(12M)

Our outperforming the referenced narrowed to 18%age points from 28%age points at 12M. Losses were minimal for individual holdings, but in total adding up to a 2.0% loss. Dividends were received from 2 companies.

(13) Phillip Malaysia Focused Equity (in SGD)

Portfolio	-1.5%	(1M)	37.9%	(YTD)	34.8%	(12M)
Malaysia	6.5%	(1M)	20.0%	(YTD)	18.1%	(12M)

Our Malaysia portfolio continued to outperform in YTD and 12M. VSTECS was the major loser, almost 20% lower than July end. Dividend was received from Samchem.

(14) Phillip Thailand Focused Equity (in SGD)

Portfolio	5.1%	(1M)	-11.2%	(YTD)	-20.7%	(12M)
Thailand	5.1%	(1M)	-5.0%	(YTD)	-13.6%	(12M)

There was a tender offer for Lanna Resources, which resulted in a 24% run-up in price. All sugar stocks are slightly better. Nonthavej Hospital also gained. Dividend was received from PTT Explorer & Producer.

(15) Phillip Global Growth Leaders (in SGD)

Portfolio	0.7%	(1M)	13.1%	(YTD)	17.1%	(12M)
Global Stock	0.1%	(1M)	13.2%	(YTD)	17.0%	(12M)

Our GGL portfolio was flat for the month +0.7%, in SGD terms. The USD fell 2.2% vs SGD. We continue to be affected by weakness in Big Tech (GOOG -4.6%, AMZN -4.5%, MSFT -0.1%, NVDA +2.0%) – all underperforming the overall market. The top gainer for the month was Starbucks Corp (SBUX +22.0%) as it surged after replacing its CEO. Charter Communications Inc (CHTR -8.5%) was the biggest laggard after seeing a technical pullback following a +22% rally post-earnings. We concluded our 3Q24 rebalancing by removing big Pharma companies PFE and MRK.

(16) Customised Portfolios

Performance was different this month as a US-centric portfolio outperformed the Asia-centric ones. The US-centric locked in profits on some holdings before the US market correction. It topped with a +13.0% YTD. Earlier outperformers lost in Japan, although these recovered in early September.

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.

Because most clients want yield, our exposure tend to be in Singapore, Hong Kong, and Japan. Indonesia appears to be added to those wanting yield.

Thank you

We are grateful for your trust, and continuing support.