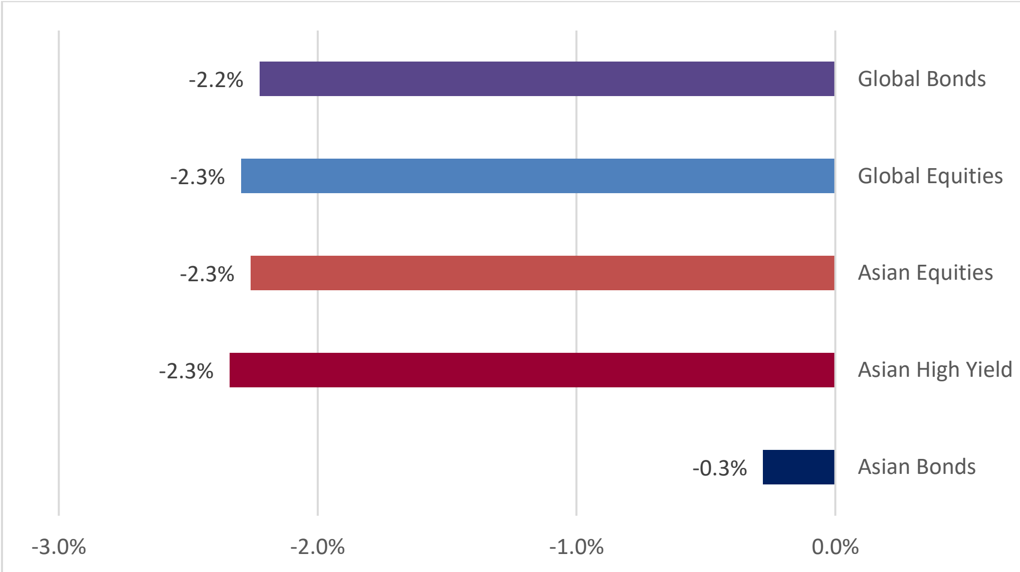
UOB Asset Management

UOBAM Invest Individual

Q3 2023 Market developments

- Global equities fell in the third quarter of the year, as volatility, measured by the CBOE Volatility Index (VIX Index), rose in August and September 2023.
- Global bonds also fell due to expectations of central banks holding interest rates higher for longer.
- Asian equities fell as investors remained concerned over China’s economic growth prospects.

Asset class performance (% in SGD terms) 30 June 2023– 30 September 2023



Source: UOBAM/Bloomberg. Performance as at 30 September 2023.

Indices used as follows:

Asian Bonds	J.P.Morgan Asia Credit (JACI) Investment Grade Index;
Asian High Yield	J.P.Morgan Asia Credit (JACI) Non-Investment Grade Index;
Asian Equities	MSCI AC Asia ex Japan Index;
Global Equities	MSCI All Country World Index (ACWI) on a Net Asset Value basis; and
Global Bonds	Bloomberg Global Aggregate Index.

Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes. The historical performance presented should not be used as a proxy for the future or likely performance.

Global equities gained strength in the earlier part of the quarter, encouraged by cooling inflation across most global economies which supported the view that major central banks may be approaching the end of their rate-hiking cycles. Investors were optimistic as economic data were strong and labour markets remained resilient. However, global equities started to trend downward in early August 2023 as market sentiments were dented by increasing energy prices and rising bond yields. Investors were anticipating that the US Federal Reserve (Fed) will keep interest rates higher for longer due to the strength of the economy, and this has put pressure on stock prices. Much of investors' enthusiasm driven by the Artificial Intelligence (A.I.) rally in the second quarter of this year has largely dissipated.

In Asia, China's underwhelming second-quarter Gross Domestic Product (GDP) growth highlighted the country's slowing economic momentum while China's real estate sector continues to be in shambles. Together, these factors have put pressure on Asia stocks as they fell through the quarter. The Chinese government unveiled a series of stimulus measures which briefly supported stock prices. However, these piecemeal measures failed to instil confidence in consumers and investors. Elsewhere in Asia, Taiwan and South Korea stocks were largely down as investors took profit from the A.I. rally, while Indian stocks edged up.

For fixed income, US government bond yields ended higher. The shorter-term U.S. 2 Year Treasury rate went above 5 per cent while the U.S. 10 Year Treasury rate climbed to the highest level since 2007 at above 4.5 per cent. Although inflation has been cooling, it is still above the Fed's 2 per cent target and the market is reassessing the nominal "neutral rate" due to inflation persistence. During September's Federal Open Market Committee (FOMC) meeting, the Fed has signalled it will raise rate one more time this year before it ends its hiking campaign. This has caused US government bonds to sell off further as investors fret over long period of higher rates.

UOBAM Invest
Digital Adviser (Individual)

Q3 2023 Highlights

Economies: What happened in 3Q23?

- Economic data globally was strong and labour markets remained resilient
- Energy prices started to rise at the end of the quarter, as did bond yields
- China's economy continued to show signs of slowing while its real estate woes continued

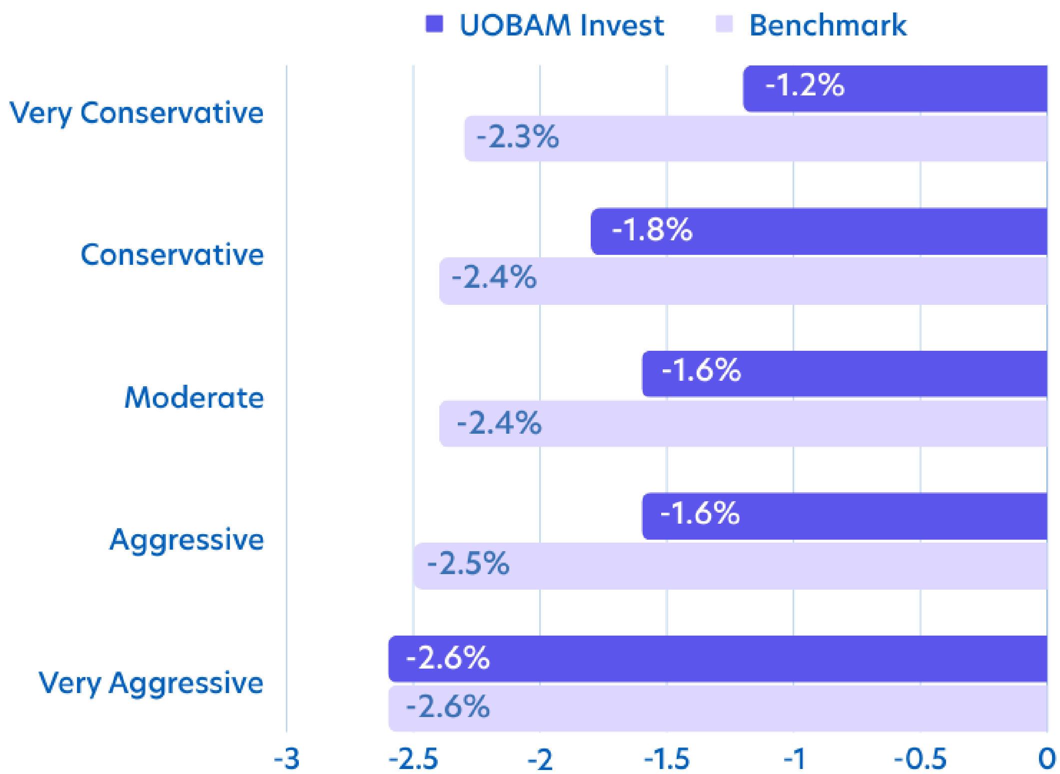
Markets: What happened in 3Q23?

- Global equities corrected during the quarter by -2.3%
- Global bond prices also fell by -2.2%
- Asian equities fell by -2.3%, driven by weakness in the China market

Looking ahead

- We think equity markets will stay volatile amid concerns higher interest rates for longer
- We are cautious on China as growth remains muted
- Higher quality bonds remain attractive and acts as an important portfolio stabiliser

Portfolio returns (%) 31 Jun 2023 - 30 Sep 2023



The portfolios either outperformed or were in line with their benchmarks in Q3 2023.

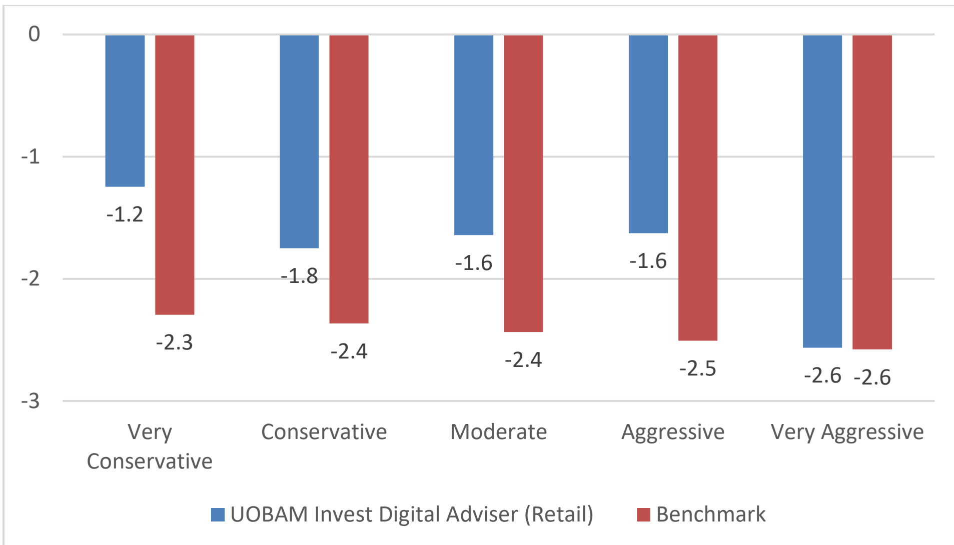
UOB Asset Management

RESTRICTED

Portfolio performance

- As of 30 September 2023, UOBAM Invest portfolio returns for the second quarter, ranged between -1.2 percent to -2.6 percent. The portfolios outperformed the benchmarks due to its higher fixed income exposure as a means of risk mitigation in a more volatile environment.

Portfolio returns (% in SGD terms) 30 June 2023 – 30 September 2023



Source: Factset / UOBAM. Portfolio returns as at 30 September 2023.

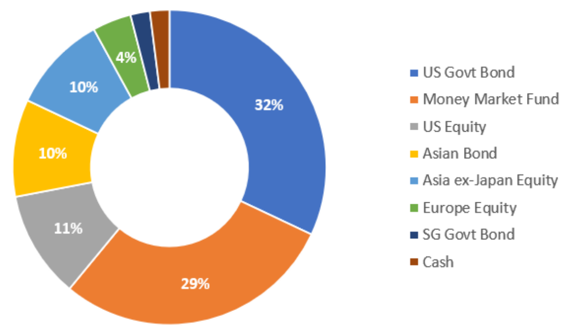
Benchmark composition:

Very Conservative:	20% Global Equities + 80% Global Bonds,
Conservative:	40% Global Equities + 60% Global Bonds,
Moderate:	60% Global Equities + 40% Global Bonds,
Aggressive:	80% Global Equities + 20% Global Bonds,
Very aggressive:	100% Global Equities.

Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Portfolio returns on the scheme is calculated on a single pricing basis.

1. Very Conservative portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.2	-2.3
6 months	0.6	-0.9
Year to date	3.9	2.4
1 year	3.9	3.7
Since Inception (26 July 2020)	-3.5	-1.7



Source: UOBAM as of 30 September 2023. Benchmark composition: 20% Global Equities + 80% Global Bonds

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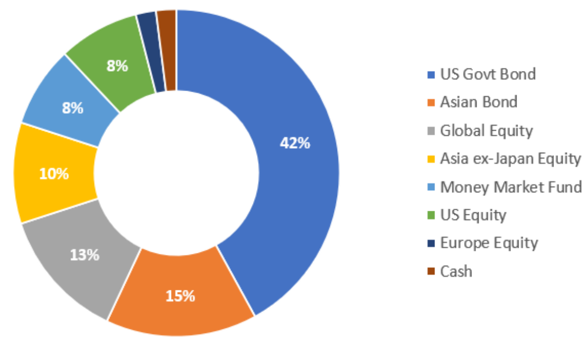
For the three-month period ending 30 September 2023, this portfolio was down 1.2%. All asset classes had negative performance other than Asian investment grade corporate bonds and money market fund. The short duration funds helped in a rising rate environment. The largest detractor was US government bonds while the largest contributor was money market fund.

Over the one-year period, the portfolio gained 3.9%. The largest contributor was Europe equities while the largest detractor was US government bonds.

2. Conservative portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.8	-2.4
6 months	0.6	0.6
Year to date	4.2	4.8
1 year	3.6	6.4
Since Inception (26 July 2020)	-0.6	0.6



Source: UOBAM as of 30 September 2023. Benchmark composition: 40% Global Equities + 60% Global Bonds

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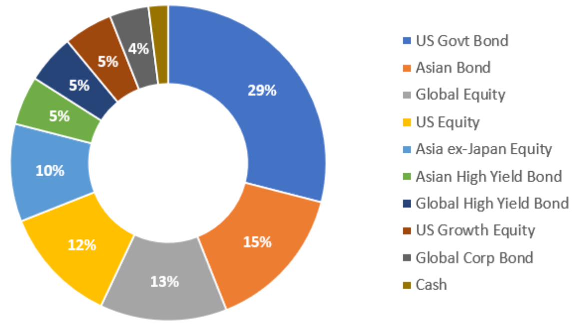
For the three-month period ending 30 September 2023, this portfolio was down 1.8%. All asset classes had negative performance other than Asian investment grade corporate bonds and money market fund. The short duration funds helped in a rising rate environment. The largest detractor was US government bonds while the largest contributor was Asian investment grade corporate bonds.

Over the one-year period, the portfolio gained 3.6%. The largest contributor was global equities while allocation to US government bonds detracted.

3. Moderate portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.6	-2.4
6 months	1.9	2.2
Year to date	5.9	7.2
1 year	6.9	9.2
Since Inception (26 July 2020)	1.4	2.8



Source: UOBAM as of 30 September 2023. Benchmark composition: 60% Global Equities + 40% Global Bonds

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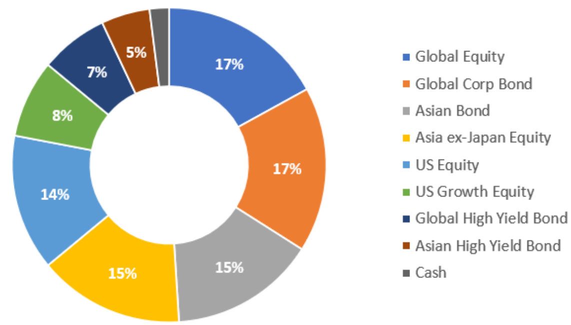
For the three-month period ending 30 September 2023, this portfolio was down 1.6%. US government bonds detracted the most while allocations to Asian investment grade corporate bonds helped to reduce some of the losses.

Over the one-year period, the portfolio gained 6.9%. The largest contributor was global equities while allocation to US government bonds detracted.

4. Aggressive portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.6	-2.5
6 months	3.0	3.7
Year to date	8.1	9.6
1 year	10.6	12.0
Since Inception (26 July 2020)	3.8	5.0



Source: UOBAM as of 30 September 2023. Benchmark composition: 80% Global Equities + 20% Global Bonds

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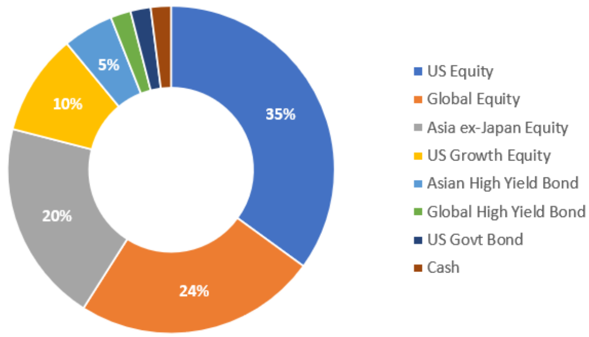
For the three-month period ending 30 September 2023, this portfolio was down 1.6%. Asian equities detracted the most while allocations to Asian investment grade corporate bonds helped to reduce some of the losses.

Over the one-year period, the portfolio gained 10.6%. The largest contributor was global equities while allocation to global investment grade corporate bonds detracted.

5. Very Aggressive portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-2.6	-2.6
6 months	4.6	5.3
Year to date	10.6	12.0
1 year	11.6	14.9
Since Inception (26 July 2020)	4.1	7.2



Source: UOBAM as of 30 September 2023. Benchmark composition: 100% Global Equities

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For the three-month period ending 30 September 2023, this portfolio was down 2.6%. US equities detracted the most while allocations to Asian high yield bonds helped to reduce some of the losses.

Over the one-year period, the portfolio gained 11.6%. The largest contributor was US equities while allocation to US government bonds detracted.

Looking ahead

- We think inflation will slowly improve by the end of the year, and we think the higher interest rates will lead to a downturn and technical recession will be shallow in nature
- We think this justifies a cautious but not overly bearish investment positioning
- We think we are near the end of interest rate hikes and expect to see the peak Fed Funds rate at about 5.0% to 5.25% by the middle of 2023

Inflation and growth concerns remain key drivers of market performance. We believe that inflationary pressures would continue to improve gradually, whilst the high interest rate environment could dampen economic growth in the longer term. Over recent months, key fundamental indicators of economic growth, inflation, and interest rates have trended in favourable directions, and we see the likelihood of a soft landing increasing.

However, periods of market volatility may be triggered by concerns over tightening liquidity conditions, banking system stresses and continued geopolitical concerns. Despite the market volatility and possible earnings deterioration even in a soft landing scenario, investors can be very quick to look past the downturn and equity markets can recover quickly as they have done in June.

Over in Asia, we have turned more cautious despite more attractive equity valuations than developed markets, as economic growth has not been as robust as expected.

For the bond market, the moderation in inflation data suggests that inflation has passed its peak and the Fed is approaching its terminal rate. Higher quality bonds appear attractive and there is the opportunity to lock-in attractive yields after the sell-off in the investment grade segment in 2022.

Even though we had a positive quarter, market has been volatile and share price can rally suddenly as seen in June 2023. With such volatility, we recommend investors to build their wealth by remaining invested for the long term and dollar cost average, instead of trying to time the market.

We encourage you to take this opportunity to review your investment objective and portfolio.

Should you require any assistance, please do not hesitate to contact us at UOBAMSupport@uobgroup.com.

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