



As of 31 December 2024, UOBAM Megatrends portfolio returned 2.7% for the fourth quarter of 2024.

Portfolio returns (% in SGD terms) and ETF weight (%)
30 September 2024 – 31 December 2024

	Return (%)	Weight (%)
Changing Demographics		
iShares Global Healthcare ETF	-6.1	14.6
Global X Millennial Consumer ETF	14.3	4.7
Invesco Biotechnology & Genome ETF	1.3	6.2
Total	-	25.5
Environmental		
Vaneck Low Carbon Energy ETF	-5.5	2.9
First Trust Water ETF	-0.6	15.4
First Trust Nasdaq Clean Edge Smart GRID Infrastructure Index	0.1	16.2

Total	-	34.5
Digital Economy		
First Trust Nasdaq Cybersecurity ETF	14.0	13.0
Global X Artificial Intelligence and Technology ETF	10.6	9.7
First Trust Indxx Innovative Transaction & Process ETF	3.9	15.4
Total	-	38.1
Overall Portfolio Returns		
3 months (30 September 2024 – 31 December 2024)	2.7	-
1 year (31 December 2023 – 31 December 2024)	12.4	-

Source: Factset/Bloomberg/UOBAM. Portfolio holding period returns and Exchange Traded Fund (ETF) average weights are for the period 30 September 2024 to 31 December 2024, cash remains at approximately 2.0%.

The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. 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. Returns are calculated on a single pricing basis.

BREAKDOWN BY THEME

1) Changing Demographics

Performance

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Market Development

US equities rose in the fourth quarter as post-election optimism ignited investors' animal spirits. Equities performance was driven by expectations of fiscal stimulus and regulatory easing following Trump's election win. The consumer discretionary and information technology sectors were among the best returning sectors during the quarter as they were seen as beneficiaries of Trump's election victory. This benefitted the Global X Millennial Consumer ETF which holds large-cap technology and consumer discretionary names such as Netflix and Spotify.

On the other hand, the healthcare sector fell in the fourth quarter after the presidential election. The nomination of prominent anti-vaccine activist Robert F. Kennedy Jr's to key healthcare position has created concerns of policy changes that would negatively impact healthcare companies. In addition, after a strong first half of 2024, share price of major weight-loss drugmaker Novo Nordisk fell as its latest drug trial disappointed. Likewise, rival drugmaker Eli Lilly's share price also fell as sales underwhelmed.

Outlook

The outlook of the healthcare sector remains positive. Biopharma remains a rich environment for innovation such as next-generation metabolic medicines and antibody drug conjugates for cancer treatment. Small/mid-cap biopharma companies remain well positioned as sources of innovation and potential solutions to pipeline gaps for larger companies, and the subsector may benefit from moderating inflation and lower interest rates. For the consumer discretionary sector, the resilient US economic growth and moderating inflation has helped to ease the worries of the man in the street. Consumer confidence remains high amid optimism over the labour market and expectations for lower inflation, which has helped to support consumer spendings.

2) Environmental

	Return (%)	Weight (%)
Vaneck Low Carbon Energy ETF	-5.5	2.9
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Market Development

The clean energy sector fell in the fourth quarter after Trump's election win as the market expects less policy support for clean energy. Trump, who is a climate sceptic, wants to increase oil and gas production in the US and roll back the Inflation Reduction Act (IRA) that supports clean energy by reducing the cost of building renewable energy infrastructure. Clean energy projects have been halted and stocks of clean energy companies fell. NextEra, America's largest clean energy company, fell by close to 10 percent since the election. These made the environment theme the worst performing theme in the fourth quarter.

Outlook

However, not all is doom and gloom as clean energy still have powerful corporate backers, including Elon Musk, that depend on existing federal subsidies for electric vehicles and charging infrastructures. State policies create tailwinds for renewables even in the absence of federal incentives. Moreover, the IRA is unlikely to be repealed as a large amount of IRA funding has gone to Republican-led states which will make it hard for Trump to roll back the bill. At the global level, demand for renewable energy is surging and investments in clean energy remain well below the levels required to meet long-term sustainability goals. Governments and enterprises are increasingly stepping up to bridge this gap, channeling significant funding into the development of new energy sources and initiatives to reduce carbon footprints. Moreover, with AI serving as both a significant consumer and enabler of clean energy solutions, it is set to accelerate and drive the global energy transition, unlocking new possibilities for a sustainable future.

3) Digital Economy

Performance

	Return (%)	Weight (%)
First Trust Nasdaq Cybersecurity ETF	14.0	13.0
Global X Artificial Intelligence and Technology ETF	10.6	9.7
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Total	-	38.1

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Market Development

The digital theme performed well in Q4, buoyed by post-election optimism and expectations of regulatory easing following Trump's election win, as well as positive earnings releases. Tesla rose over 50% in Q4, reflecting investor's optimism that Trump's policy would benefit the company. Broadcom gained 24% in a day due to better-than-expected earnings and positive forward guidance of large demand from the boom in generative AI infrastructure. These helped the Global X Artificial Intelligence and Technology ETF and First Trust Nasdaq Cybersecurity ETF to gain over 10% during the quarter.

Outlook

We continue to witness robust structural growth in the digital economy, driven by transformative technologies like AI, blockchain, and cybersecurity. Innovations in AI are reshaping our daily lives, powering applications ranging from advanced smartphone features to autonomous vehicles, and revolutionising healthcare with breakthroughs in disease detection and drug discovery. As digital transformation gains momentum across industries, the rise of cybersecurity threats remains a critical concern. Companies are significantly ramping up investments in cybersecurity, with AI and automation taking centre stage in bolstering defences and mitigating risks. The digital economy is brimming with potential, and we believe we are at an inflection point where these technologies will not only create groundbreaking products but also redefine industries globally. The journey to unlock their full capabilities is just beginning, and the opportunities ahead are immense.

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