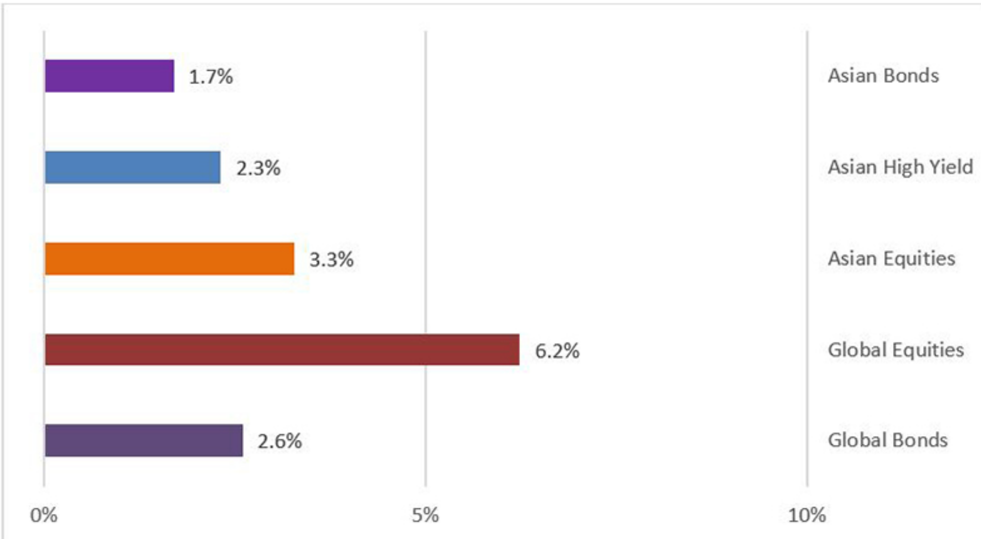
UOB Asset Management

UOBAM Invest Corporate

Q1 2023 Market developments

- Despite the volatility, global equities rose in the first quarter of the year
- Global bonds gained in Q1 due to expectations of central banks shifting away from sharp interest rate hikes
- After a strong Q4 in 2022, Asian equities lagged global equities in the first quarter of 2023

Asset class performance (% in SGD terms) 31 December 2022 – 31 March 2023



Source: UOBAM/Bloomberg. Performance as at 31 March 2023.

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

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.

Equities and bonds continued to gain strength in Q1. Global equities and bonds rose in January as investors were encouraged by strong labour reports, moderating inflation, and resilient economic growth amid a decline in energy prices. Inflation in the US and eurozone eased, increasing hopes that central banks can end their hiking cycles soon. Chinese equities continued to surge amidst the rapid unwinding of the country's zero-COVID restrictions and pro-growth policy measures.

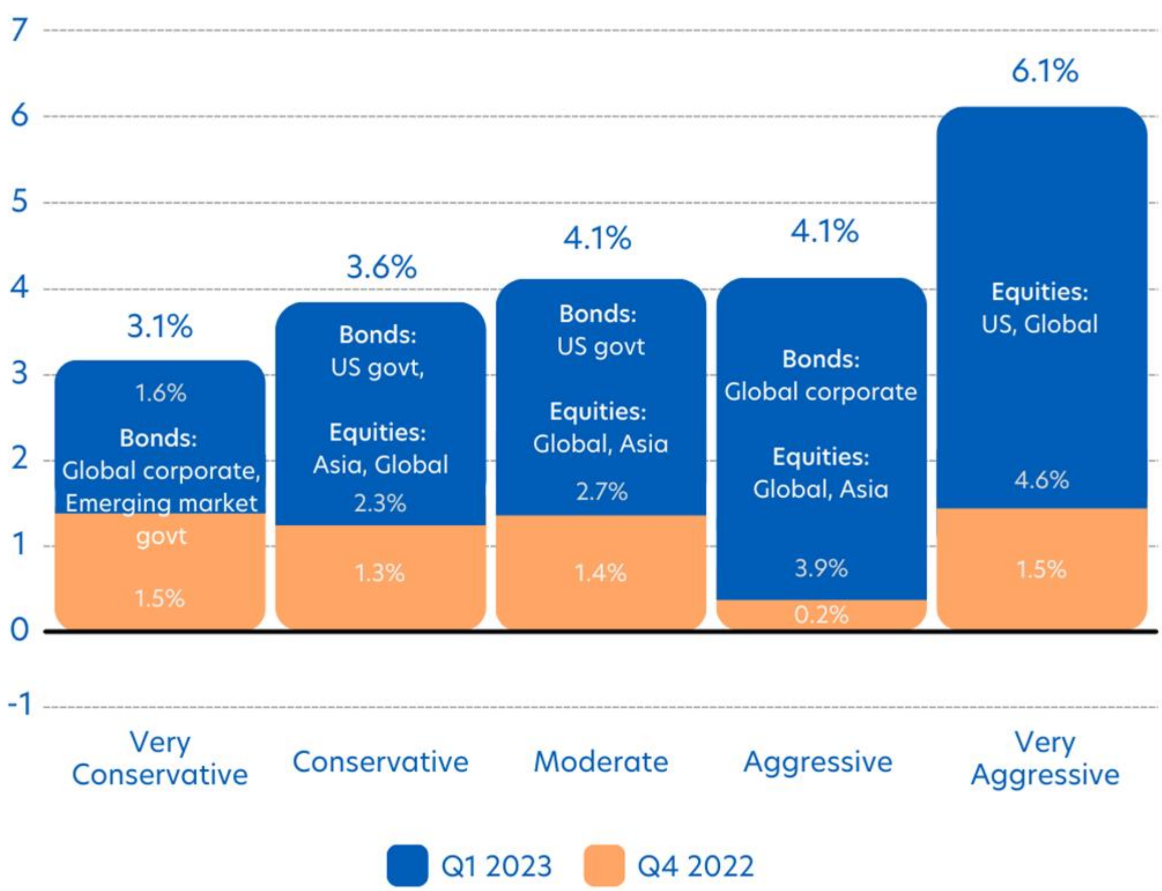
However, these turned in February as the resilient economic growth and higher than expected core inflation in the US and Europe led markets to reassess their expectations for peak interest rates. Most global central banks continued to issue hawkish statements on the need to tighten monetary policy further to temper inflation. Chinese equities also gave back its gains over renewed concerns of worsening US-China relationship due to the downing of alleged Chinese spy balloon over US airspace.

Markets fell further in March due to concerns over the collapse of several banks in the US, followed by the Swiss government-orchestrated acquisition of Credit Suisse by UBS due to a loss of investors' confidence in the former. However, after the intervention of global central banks to stabilise the markets, including a USD$164.8 billion backstop from the Federal Reserve (Fed), stocks and bonds clawed back their losses to end the quarter in positive territory.

UOBAM Invest Digital Adviser (Corporate) Performance

First Quarter 2023

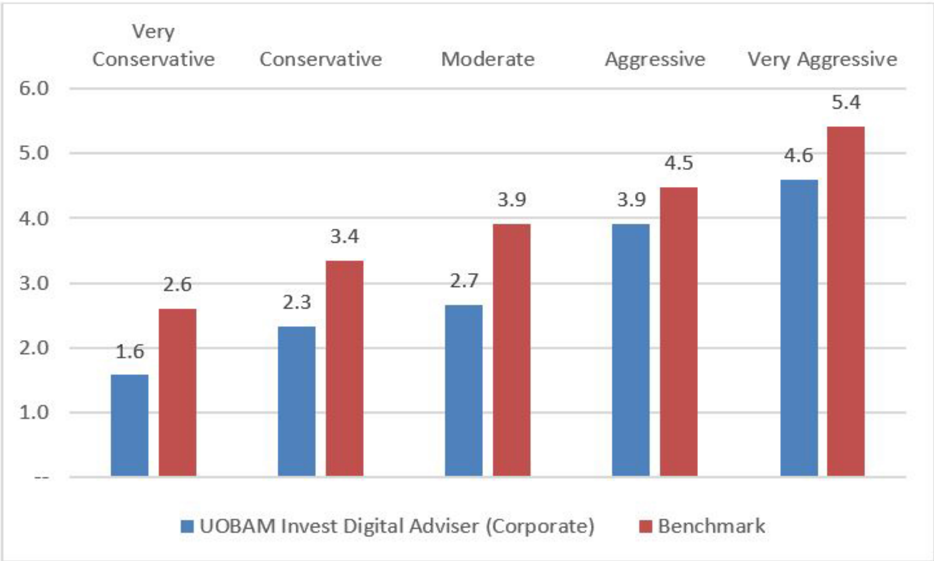
Portfolio returns (%) 30 Sep 2022 - 31 Mar 2023
+
Top contributors to performance



Portfolio performance

- As of 31 March 2023, the UOBAM Invest portfolio returns for the first quarter, 2022 ranged between 1.6 percent and 4.6 percent

Portfolio returns (% in SGD terms) 31 December 2022 – 31 March 2023



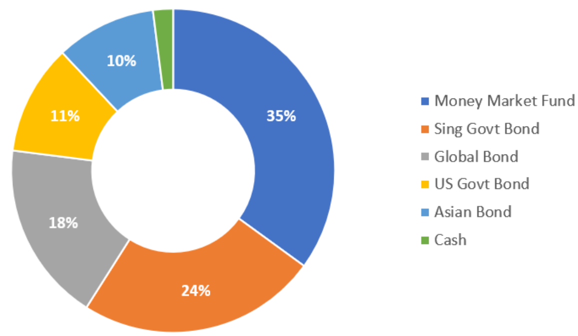
Source: Factset / UOBAM. Portfolio returns as at 31 March 2023.

Benchmark composition:
Very Conservative: 100% Global Bonds,
Conservative: 20% Global Equities + 80% Global Bonds,
Moderate: 35% Global Equities + 65% Global Bonds,
Aggressive: 50% Global Equities + 50% Global Bonds,
Very aggressive: 75% Global Equities + 25% Global Bonds.

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	Portfolio Return (%)	Benchmark Return (%)
3 months	1.6	2.6
6 months	3.1	3.5
1 year	-7.1	-4.4
Since Inception (18 Dec 2019)	-4.5	-1.7



Source: UOBAM as of 31 March 2023. Benchmark composition: 100% Global Bonds

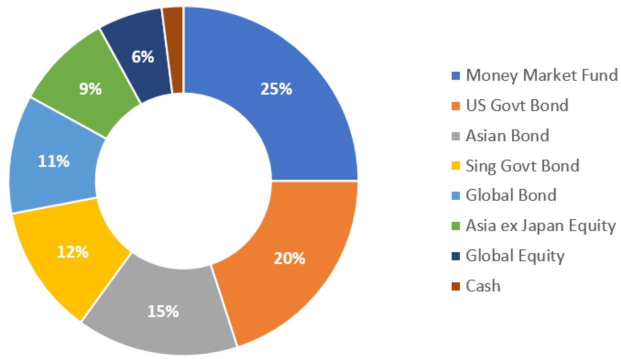
Since inception returns are annualised | The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the portfolio or UOBAM. Returns are calculated on a single pricing basis.

Over the past three months, this portfolio gained 1.6%. All asset classes had positive performance. The largest contributors were global corporate bonds and emerging market government bonds.

Over the one-year period, the portfolio saw a 7.1% drawdown mainly due to the weak emerging market government bonds performance relative to global bonds. Allocation to Singapore Government bonds fund helped to mitigate some of the losses.

2. Conservative portfolio

Period	Portfolio Return (%)	Benchmark Return (%)
3 months	2.3	3.4
6 months	3.6	4.6
1 year	-6.1	-5.3
Since Inception (18 Dec 2019)	-0.9	0.0



Source: UOBAM as of 31 March 2023. Benchmark composition: 20% Global Equities + 80% Global Bonds

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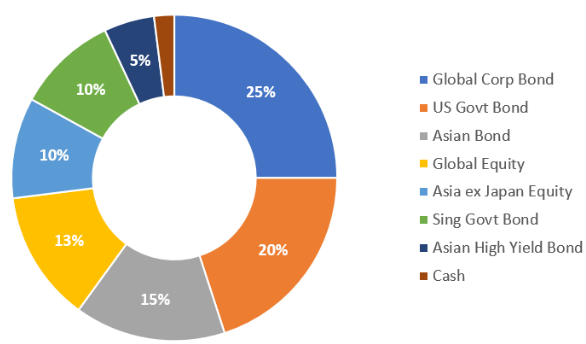
Over the past three months, this portfolio gained 2.3%. All asset classes had positive performance. The largest contributors were Asia equities, US government bonds and global equities.

Over the one-year period, the portfolio was down about 6.1%. The largest detractor includes emerging market government bonds while allocation to Singapore government bonds and money market fund helped to mitigate losses.

3. Moderate portfolio

Period	Portfolio Return (%)	Benchmark Return (%)
3 months	2.7	3.9
6 months	4.1	5.5
1 year	-7.9	-6.0
Since Inception (18 Dec 2019)	-1.4	1.1



Source: UOBAM as of 31 March 2023. Benchmark composition: 35% Global Equities + 65% Global Bonds

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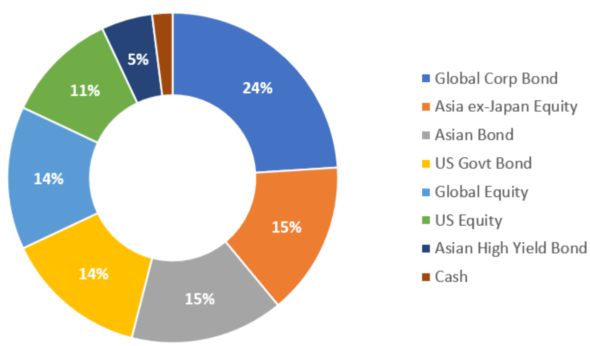
Over the past three months, this portfolio gained 2.7%. All asset classes had positive performance. The largest contributors were Asia and global equities, as well as US government bonds.

Over the one-year period, the portfolio was down about 7.9%. The largest detractor includes US equities and government bonds while allocation to global equities helped to mitigate losses.

4. Aggressive portfolio

Period	Portfolio Return (%)	Benchmark Return (%)
3 months	3.9	4.5
6 months	4.1	6.3
1 year	-9.0	-6.6
Since Inception (18 Dec 2019)	-0.5	2.3



Source: UOBAM as of 31 March 2023. Benchmark composition: 50% Global Equities + 50% Global Bonds

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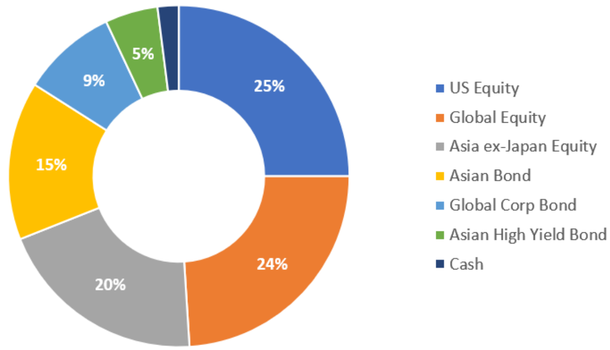
Over the past three months, this portfolio was up 3.9%. All asset classes had positive performance. The largest contributors were Asia and global equities, as well as global corporate bonds.

Over the one-year period, the portfolio was down about 9.0%. The largest detractor includes US equities while allocation to global equities helped to mitigate losses.

5. Very Aggressive portfolio

Period	Portfolio Return (%)	Benchmark Return (%)
3 months	4.6	5.4
6 months	6.1	7.7
1 year	-11.6	-7.8
Since Inception (18 Dec 2019)	0.5	4.0



Source: UOBAM as of 31 March 2023. Benchmark composition: 75% Global Equities + 25% Global Bonds

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Over the past three months, this portfolio gained 4.6%. All asset classes had positive performance. The largest contributors were US equities and global equities.

Over the one-year period, the portfolio was down about 11.6%. The largest detractor includes US equities and Asia equities.

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 that 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, interest rates and growth concerns continue to be key factors affecting markets. Although there is a significant degree of uncertainty, our base case is for inflationary pressures to moderate with global economic growth slowing to levels consistent with a shallow recession or “soft landing”.

Against this backdrop, interest rates would peak, but concerns over economic growth would likely weigh on equity performance. We are likely to see tighter financial conditions, exacerbated by the recent Silicon Valley Bank and Signature Bank failures, which would further slowdown the economy. That being said, while earnings could deteriorate in a soft landing scenario, investors can be very quick to look past the downturn and equity markets can recover quickly. By the end of the year, we do expect equities to do well after a choppy first half of 2023, as markets look past the economic slowdown toward a brighter 2024.

Over in Asia, we expect more upside to the equity market in 2023, as Asian equity valuations are more attractive compared to developed markets and Asian economies have enough structural growth to withstand the higher interest rate environment.

Even though we had a positive quarter, the market has been volatile with global equities almost losing all its gains for the year before clawing it back in the last week of the quarter. With such a volatile market, dollar cost averaging becomes even more important. 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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