

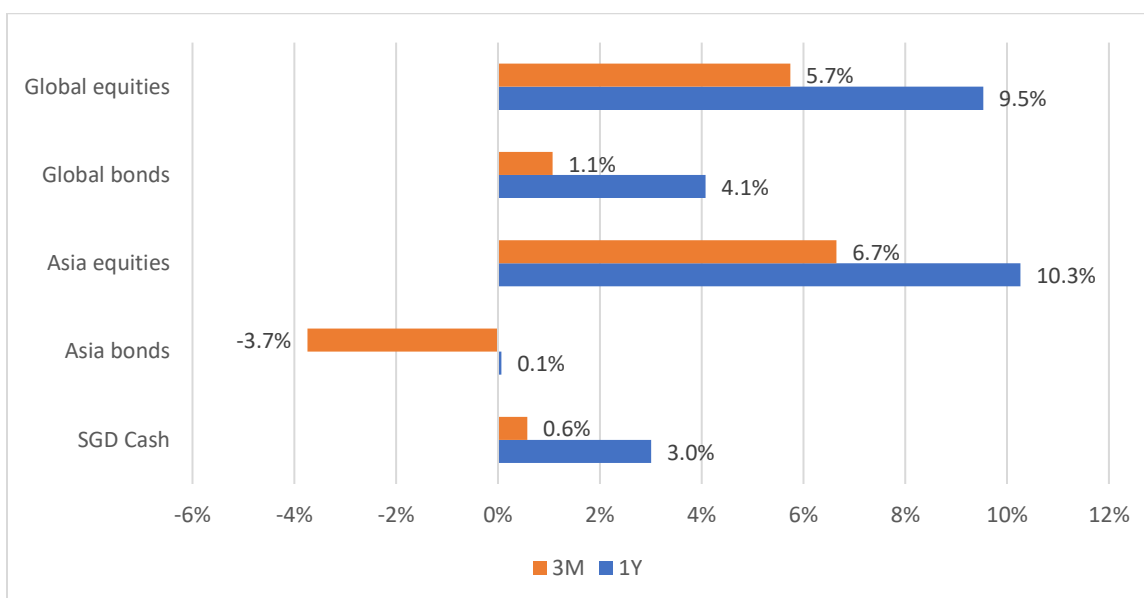


UOBAM Invest Q2 2025 Market Review

Q2 2025 Market Developments

- Global equities initially declined in the second quarter of 2025 amid renewed trade tensions but rebounded on optimism around trade deals and potential rate cuts.
- Global bonds remained largely stable amid macroeconomic uncertainty. However, policy flip-flops and fiscal deficit concerns reversed the “US exceptionalism” narrative and weakened the US dollar.
- Asian equities were mixed. Technology-heavy markets outperformed, while export-dependent economies faced tariff pressure.

Asset class performance (% in SGD terms)



Source: FactSet/Bloomberg. Performance as at 30 June 2025.

Indices used as follows:

Global Equities	MSCI All Country World Index (ACWI);
Global Bonds	Bloomberg Global Aggregate Index;
Asian Equities	MSCI AC Asia ex Japan Index; and
Asian Bonds	J.P.Morgan Asia Credit (JACI) Investment Grade Index on a Net Asset Value basis;
SGD Cash	3M Singapore Overnight Rate Average (SORA)

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.

US equities finished higher in Q2 after posting their worst performance in almost three years in Q1. Risk sentiment was buoyed by several key developments, notably trade policy easing after President Trump paused reciprocal tariffs announced in early April and reassured markets by deciding not to fire Fed Chairman Powell. Strong S&P 500 earnings, driven by tariff relief, improved artificial intelligence (AI) monetisation and resilient consumer spending, added to the optimism. A solid labour market supported consumer spending and reinforced the strength of hard economic data over softer sentiment indicators. Cooler than expected core consumer price index (CPI) prints also helped. However, trade policy remained a source of uncertainty, contributing to the unwinding of US exceptionalism and weakening the dollar.

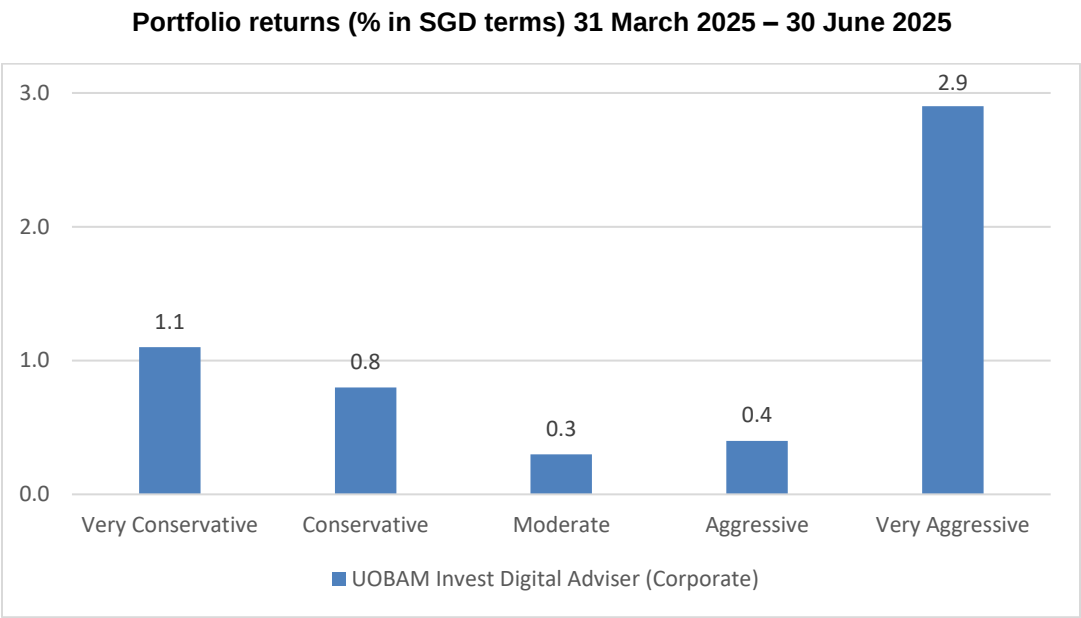
Asian equities rose despite a volatile second quarter, driven by strong performances in technology-heavy markets. President Trump's global tariff program initially shook markets in April, but a 90-day negotiation window helped spur a market recovery. South Korea's Kospi surged 35 percent following the election of a market-friendly president, while Taiwan and Japan also posted impressive gains. Central banks across the region adopted dovish stances, implementing rate cuts to support growth. The Israel-Iran conflict briefly spiked oil prices, impacting oil-importing nations like India. China showed resilience despite slowing exports and contracting manufacturing, while Southeast Asian markets underperformed due to limited tech exposure and trade concerns, with Thailand and Vietnam lagging.

The global bond market stabilised amid ongoing macroeconomic uncertainty and shifting policy signals. Short term U.S. Treasury yields declined on rate cut expectations. Longer term yields peaked after Moody's downgraded the US Government's long-term issuer and senior unsecured ratings to Aa1, and subsequently declined as investors sought safety following softer economic data and geopolitical tensions. The US 2-Year Treasury yield fell from 3.9 percent to 3.7 percent, while the US 10-Year Treasury yield was flat at 4.2 percent.

Central banks maintained accommodative stances, supporting bond prices despite lingering inflation concerns. Strong corporate fundamentals and demand for yield bolstered credit markets, especially in securitised and mortgage-backed securities. Overall, income became a key driver of returns, with investors favouring intermediate maturities and high-grade credit to hedge against policy and growth risks.

PORTFOLIO PERFORMANCE

- As of 30 June 2025, UOBAM Invest portfolio returns for the second quarter ranged between 0.3 percent and 2.9 percent.

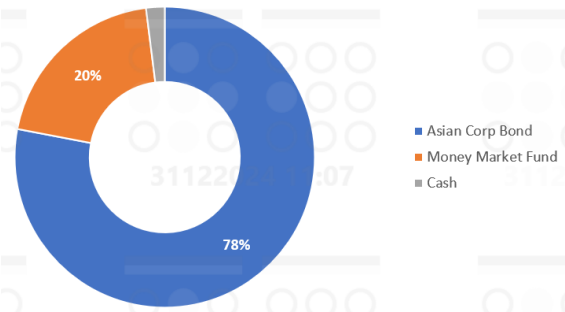


Source: Factset / UOBAM. Portfolio returns are for the period from 31 March 2025 to 30 June 2025.

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 (%)
3 months	1.1
6 months	2.1
1 year	4.2



Source: UOBAM as of 30 June 2025

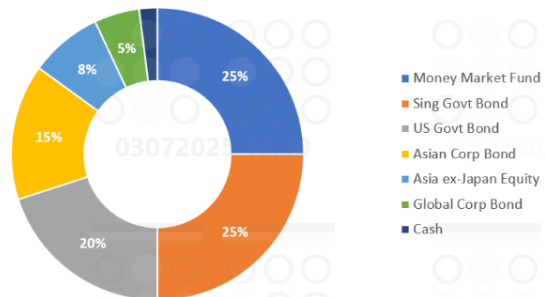
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For the three-month period ending 30 June 2025, this portfolio was up 1.1%. Asia investment grade bonds contributed to the bulk of the returns.

Over the one-year period, the portfolio gained 4.2%. The largest contributor was Asia investment grade bonds while US government bonds detracted slightly.

2. Conservative portfolio

Period	Portfolio Return (%)
3 months	0.8
6 months	1.8
1 year	4.6



Source: UOBAM as of 30 June 2025

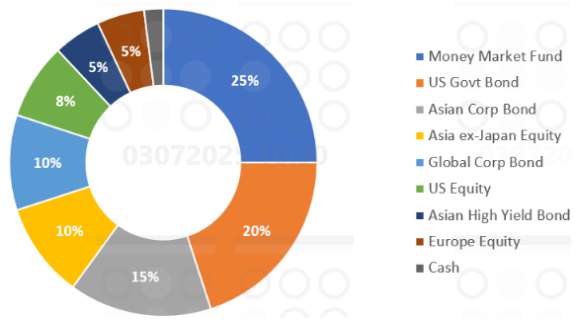
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For the three-month period ending 30 June 2025, this portfolio was up 0.8%. The largest contributor was Singapore government bonds while the largest detractor was US government bonds.

Over the one-year period, the portfolio gained 4.6%. The largest contributor was Singapore government bonds while US government bonds detracted.

3. Moderate portfolio

Period	Portfolio Return (%)
3 months	0.3
6 months	1.3
1 year	4.6



Source: UOBAM as of 30 June 2025

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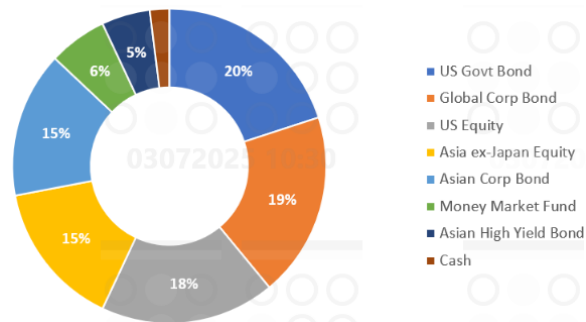
For the three-month period ending 30 June 2025, the portfolio was up 0.3%. The largest contributor was Asia equities while the largest detractor was US government bonds.

Over the one-year period, the portfolio gained 4.6%. The largest contributor was Asia equities while US government bonds detracted.

4. Aggressive portfolio

Period	Portfolio Return (%)
3 months	0.4
6 months	1.0
1 year	4.9

Source: UOBAM as of 30 June 2025



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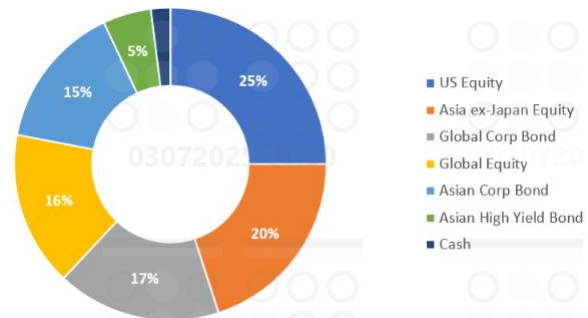
For the three-month period ending 30 June 2025, this portfolio was up 0.4%. The largest contributor was US equities while the largest detractor was US government bonds.

Over the one-year period, the portfolio gained 4.9%. The largest contributor was Asia equities while the largest detractor was US government bonds.

5. Very Aggressive portfolio

Period	Portfolio Return (%)
3 months	2.9
6 months	1.7
1 year	6.7

Source: UOBAM as of 30 June 2025



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For the three-month period ending 30 June 2025, the portfolio was down 2.9%. The largest contributor was US equities while the largest detractor was global investment grade bonds.

Over the one-year period, the portfolio gained 6.7%. The largest contributor was Asia equities while the largest detractor was global investment grade bonds.

LOOKING AHEAD

- We see three equally probable macro scenarios: 1) recession, 2) sustained growth, and 3) slower growth with higher inflation.
- Our base case assumes the trade war will de-escalate as more “deals” are done, but the risk of re-escalation remains significant.
- We expect the US dollar to remain structurally weak, though it may stabilise for this year.

Despite rising global uncertainty, markets have not significantly discounted asset prices, reflecting the influence of liquidity, sentiment, and technical factors. Typically, higher uncertainty lowers equity valuations and raises bond yields to compensate for risk. However, Q2 saw strong “buy the dip” behaviour, especially among retail investors. This creates a risk asymmetry as buyers bear the downside risk without a valuation buffer, which could lead to sharper losses if negative scenarios unfold.

We therefore prefer a neutral and diversified asset allocation strategy that reflects equal probabilities across three macroeconomic scenarios: recession, sustained growth, and slower growth with inflation. A balanced portfolio offers resilience across these outcomes.

While the US has led recent growth, Europe and China are showing signs of recovery in 2025, aided by interest rate cuts, fiscal stimulus, and easing trade tensions. Asia is also benefiting from China’s rebound and strong domestic consumption. Rising risks such as US policy instability, high fiscal deficits, and a concentrated US equity market, alongside geopolitical tensions and global trade conflicts, warrant a strategic overweight to Europe and Asia.

US Treasury yields have been volatile and may remain so until a major reset, such as a recession. With two rate cuts anticipated, both short and long-term bonds appear fairly valued, prompting a cautious approach to active positioning. We remain neutral on credit and duration, reflecting confidence in developed market resilience despite recession and stagflation risks. Most central banks continue to adopt accommodative policies to counter disinflationary pressures from tariffs. Elevated long-end yields may persist due to loose fiscal policies, contributing to bond market volatility.

Our portfolios are positioned to offer resilience across all three scenarios. In a recession, safe-haven assets like US Treasuries can cushion equity declines and benefit from rate cuts. In an expansion, equities are expected to perform well. In a slower growth with higher inflation scenario, diversification across asset classes remains key to preserving capital and achieving modest gains. We are continuously monitoring market conditions and stand ready to adjust our strategies as needed.

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