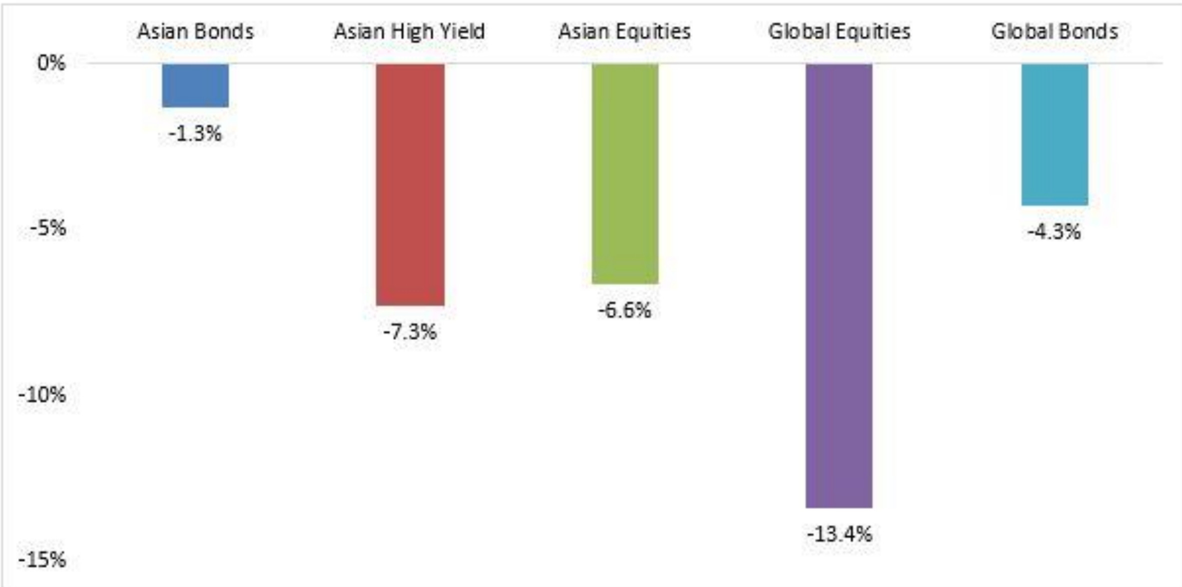
UOB Asset Management UOBAM Invest Individual

Q2 2022 Market developments

It was a difficult second quarter for all asset classes. Global equities declined the most, triggered by investor concerns about the economic toll of persistently high inflation, coupled with fast-rising interest rates and geopolitical instability.

Asset class performance (% in SGD terms) 31 March – 30 June 2022



Source: UOBAM/Bloomberg. Performance as at 30 June 2022. 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 Credit 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.

UOBAM Invest
Digital Adviser Retail performance

2nd Quarter 2022

Inflation in the US has been higher than expected. This has resulted to central banks all over the world adopting tough policy measures, risking economic growth.

As such, global bond returns fell by over 4% in the 2nd quarter of 2022.

While inflationary pressures were more subdued in Asia, equities and bonds were still sold down.

However, the Asian markets had overall better performance than developed market peers.

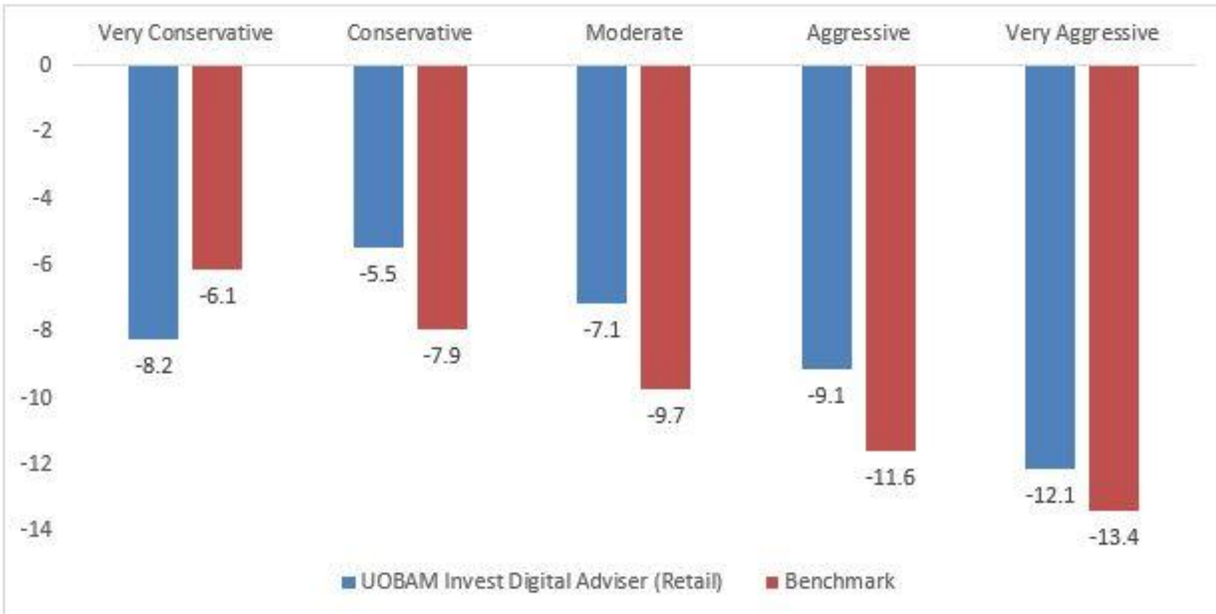
In response to the global market situation, **China has made great effort** in soothing investor nerves.

- Easing of COVID-19 Restrictions
- Loosening Monetary Policy
- Promoting Credit Growth to Boost Liquidity
- Easing Tech Crackdown

All these measures have **helped to lift Asian stock markets.**

As of 30 June 2022, UOBAM Invest portfolios performed better than the market with the exception of the Very Conservative portfolio. Portfolio returns ranged between -12.1 to -5.5 percent, compared to benchmark returns of -13.4 to -6.1 percent.

Q2 Portfolio returns (% in SGD terms) 31 March – 30 June 2022



Source: Factset/Bloomberg/UOBAM. Portfolio returns as at 30 June 2022. Benchmark composition: Very Conservative: 20% MSCI ACWI + 80% Bloomberg Global Aggregate Credit Index, Conservative: 40% MSCI ACWI + 60% Bloomberg Global Aggregate Credit Index, Moderate: 60% MSCI ACWI + 40% Bloomberg Global Aggregate Credit Index, Aggressive: 80% MSCI ACWI + 20% Bloomberg Global Aggregate Credit Index, Very aggressive: 100% MSCI ACWI on a Net Asset Value basis. 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.

- The *Very Conservative* portfolio posted -8.2 percent returns for the quarter mainly due to the drag from emerging market bonds. US equities also weighed on performance.
- The *Conservative* and *Moderate* portfolios had no emerging market bond exposure and therefore were able to perform better, although the allocation to US equities and REITs weighed on performance.
- The *Aggressive* and *Very Aggressive* portfolios had a sizeable allocation to US equities and REITs that detracted from performance. However, their allocation to Asian equities helped to offset some of the losses.

Portfolio returns over one-year and per annum since inception

Portfolio	1 Year	Benchmark – 1 Year	Since Inception (26 July 2020) per annum	Benchmark since inception per annum
Very Conservative	-15.4%	-9.7%	-6.3%	-2.6%
Conservative	-8.5%	-10.4%	-0.6%	-0.1%
Moderate	-9.3%	-11.2%	1.1%	2.3%
Aggressive	-9.5%	-11.9%	3.5%	4.7%
Very Aggressive	-16.2%	-12.6%	3.7%	7.0%

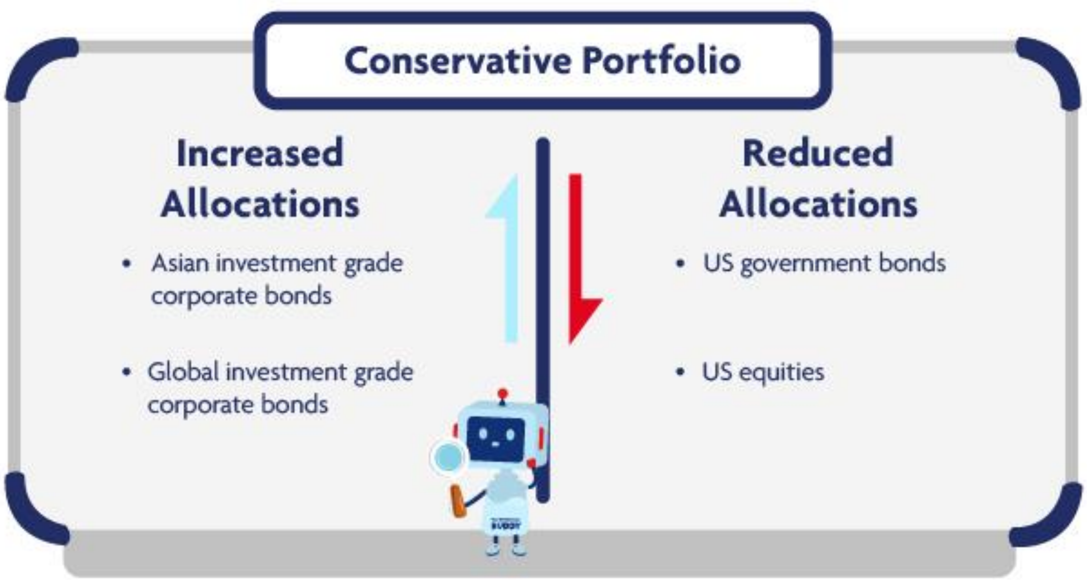
Source: Factset/Bloomberg/UOBAM. Portfolio returns as at 30 June 2022. Since Inception returns are annualised. Benchmark composition: Very Conservative: Bloomberg Global Aggregate, Conservative: 20% MSCI ACWI + 80% Bloomberg Global Aggregate, Moderate: 35% MSCI ACWI + 65% Bloomberg Global Aggregate, Aggressive: 50% MSCI ACWI + 50% Bloomberg Global Aggregate, Very aggressive: 75% MSCI ACWI Performance + 25% Bloomberg Global Aggregate on a Net Asset Value basis. Past performance is not necessarily indicative of future or likely performance.

- The *Very Conservative* portfolio underperformed over the 1-year period due mainly to its weak emerging market bond performance relative to global bonds.
- The *Very Aggressive* portfolio underperformed over the 1-year period due mainly to the weak performance of emerging market bonds and Asian equities relative to global bonds.

Portfolio adjustments

We have increased our long term expected returns for most asset classes as valuations have become more attractive. On the other hand, volatility has also increased in this turbulent market environment.

As a result, some changes have been made to the portfolios:



Moderate Portfolio

Increased Allocations

- Asian investment grade corporate bonds
- Global investment grade corporate bonds

Reduced Allocations

- US government bonds
- US equities

Aggressive Portfolio

Increased Allocations

- Asian investment grade corporate bonds
- Global investment grade corporate bonds
- Global equities

Reduced Allocations

- US government bonds
- US equities
- US REITs

Given the current uncertain investment environment, we are also tactically adjusting our portfolio constraints. The Asia exposures are capped at 20 to 40 percent depending on the portfolio, while US Growth Stocks exposure is capped at 5 to 10 percent.

Looking ahead

We are staying cautious in this very uncertain investment environment. While we do not anticipate a sharp contraction in economic activities, nor a significant rise in unemployment, we do expect the growth rate to slow.

- On the other hand, we are now positive on Asian equities and bonds as the outlook for the region has improved. We think the start of a rebound in China offers opportunities from oversold positions.
- Despite the performance of the markets in the first half of 2022, investment opportunities are forming and long term expected returns are improving rapidly.
- We also expect the US dollar to be supported by stronger economic growth, rising yields and relatively tighter monetary policy compared to other regions.
- We recommend investors to remain invested for the long term and take advantage of the market turbulence by dollar cost averaging.

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 UOBAMInvest@UOBGroup.com.

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