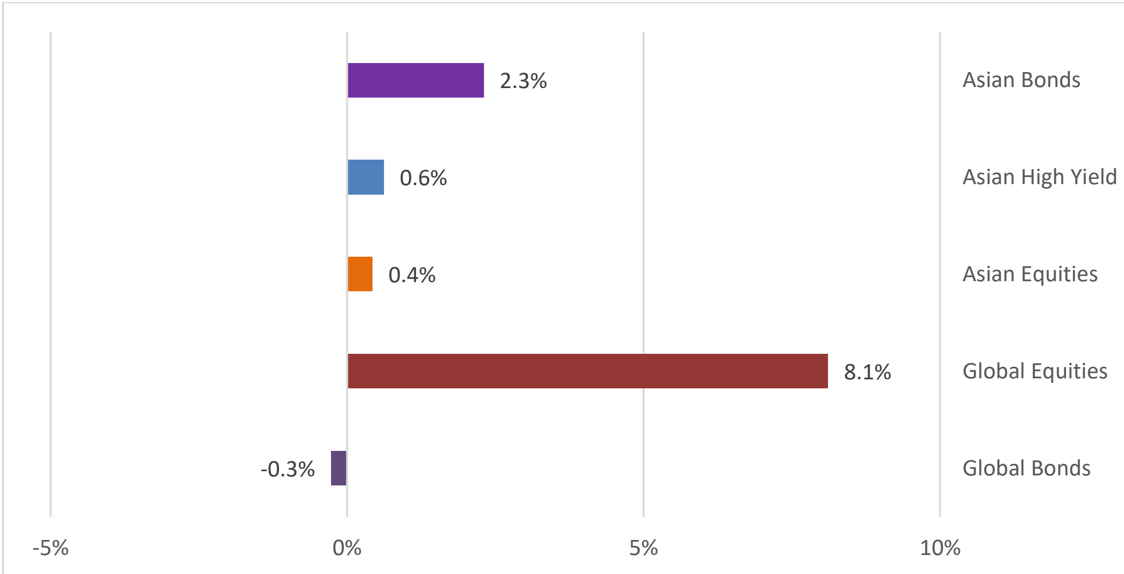
UOB Asset Management

UOBAM Invest Corporate

Q2 2023 Market developments

- Global equities rose in the second quarter of the year, as volatility, measured by the VIX Volatility Index, dropped to the lowest level since March 2020
- Global bonds fell slightly in Q2 2023 due to expectations of central banks holding interest rates higher for longer
- Asian equities continued to lag global equities as investors were increasingly concerned over China's economic growth prospects and geopolitical tension

Asset class performance (% in SGD terms) 31 March 2023– 30 June 2023



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

Equities continued to gain strength in Q2 2023 while global bonds fell slightly. Global equities rose in April 2023 as investors were encouraged by mostly resilient corporate earnings and moderating inflation expectations amid a decline in commodity prices. Despite the failure of a few US banks, markets remained confident in the stability of the banking sector. Global government bond yields were largely unchanged for the month despite major central banks, including the US Federal Reserve and the European Central Bank, being expected to raise interest rates as policymakers remain committed to curbing inflation. Global corporate bonds outperformed duration-equivalent government bonds as credit spreads tightened due to positive economic releases.

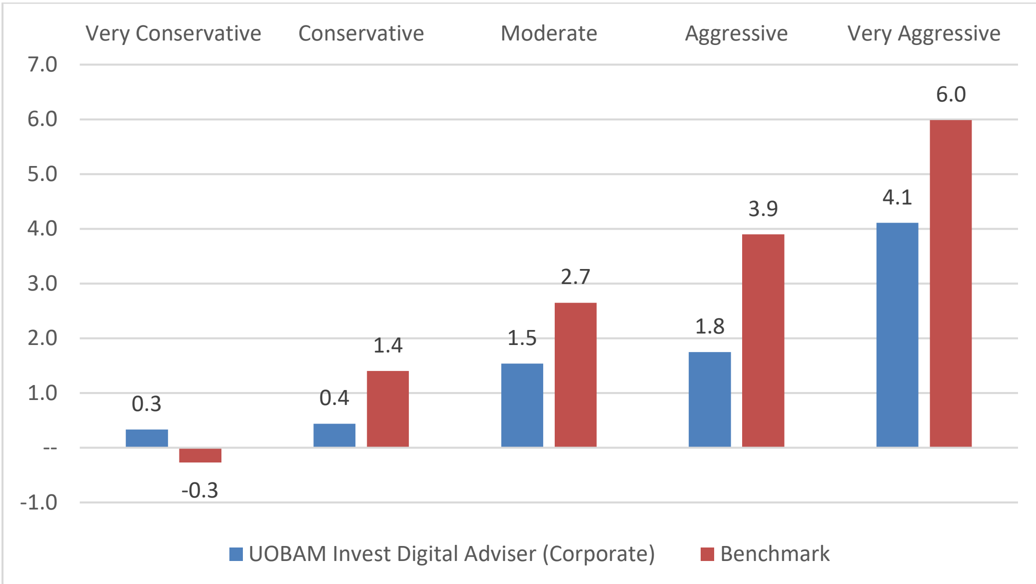
Global equities rose marginally in May 2023 amidst higher volatility, as investor sentiment was dampened by concerns about the looming US debt ceiling. Disappointing Chinese economic data sparked concerns about the durability of the country's post-COVID recovery, increasing pressure on policymakers to provide stimulus. For fixed income, most government bond yields rose, and credit spreads widened, fuelled by continued rate hikes by major central banks and mounting US recession fears.

Global equities made substantial gains in June 2023. Investor optimism was driven by moderating inflation in US, as well as the resolution of the US debt ceiling. Mega-cap technology names such as Apple, Microsoft and Nvidia performed well due to growing appetite for growth stocks. Artificial Intelligence (AI) related stocks soared after Nvidia predicted strong demand for its chips. Asian equities also rose as investors were hopeful for stimulus measures from the Chinese government. However, they fell towards the later part of the month as the stimulus fell short on expectations. Global bonds fell slightly during the month as global central banks signalled further interest rate hikes. Inflation also remained sticky in certain regions such as the UK.

Portfolio performance

- As at 30 June 2023, the UOBAM Invest portfolio returns for the second quarter, 2023 ranged between 0.3 per cent and 4.1 per cent

Portfolio returns (% in SGD terms) 31 March 2023– 30 June 2023



Source: Factset / UOBAM. Portfolio returns as 30 June 2023.

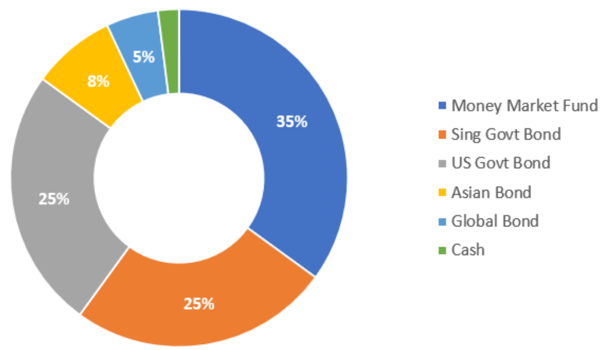
Benchmark composition:

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 (as at 30 June 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	0.3	-0.3
6 months	1.8	2.3
1 year	-1.1	-0.4
Since Inception (18 Dec 2019)	-4.3	-1.6



Source: UOBAM as at 30 June 2023. Benchmark composition: 100% Global Bonds

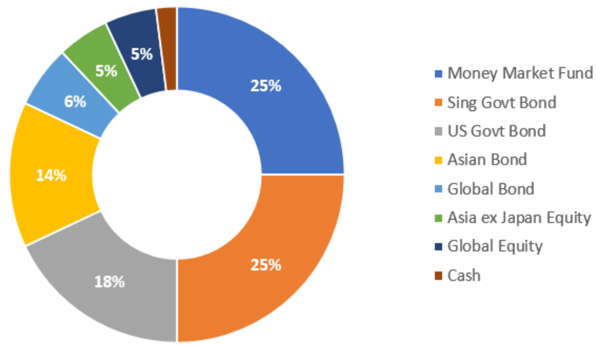
Since inception returns are annualised | The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are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

For the three-month period ending 30 June 2023, this portfolio gained 0.3%. All asset classes, except for emerging market government bonds, had positive performance. The largest contributors were from money market funds and Singapore government bonds.

Over the one-year period, the portfolio experienced a 1.1% loss mainly due to the weak performance of global ex-US government bonds and US investment grade bonds . Allocation to money market funds and Singapore government bonds helped to mitigate some of the losses.

2. Conservative portfolio

Period (as at 30 June 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	0.4	1.4
6 months	2.7	4.8
1 year	-1.0	2.3
Since Inception (18 Dec 2019)	-1.1	0.4



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

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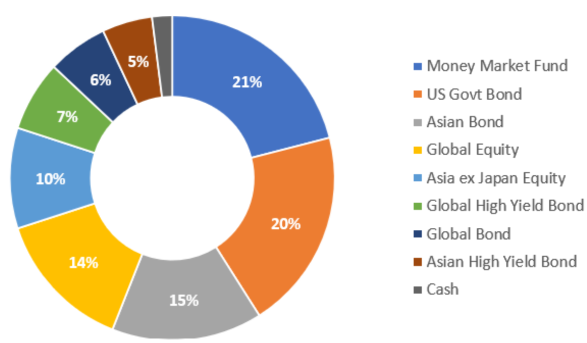
For the three-month period ending 30 June 2023, this portfolio gained 0.4%. Global equities and money market fund were the largest contributors to performance, offsetting some of the weakness from Asian equities and emerging market government bonds.

Over the one-year period, the portfolio was down about 1.0%. The largest detractor includes government bonds while the allocation to global equities and money market funds helped to offset some of these losses.

3. Moderate portfolio

Period (as at 30 June 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	1.5	2.7
6 months	3.8	6.7
1 year	0.4	4.3
Since Inception (18 Dec 2019)	-1.4	1.8



Source: UOBAM as at 30 June 2023. Benchmark composition: 35% Global Equities + 65% Global Bonds

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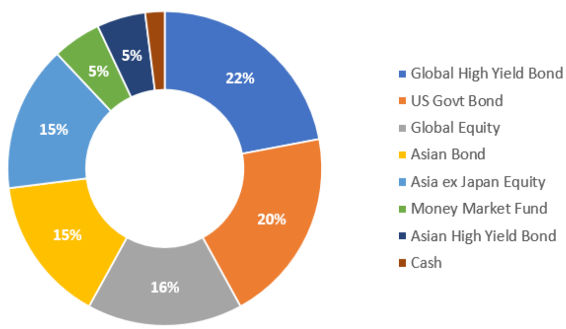
For the three-month period ending 30 June 2023, this portfolio gained 1.5%. All asset classes contributed positively to performance except for the allocation to emerging market government bonds and Asian equities. The largest contributors were from global equities and high yield bonds.

Over the one-year period, the portfolio rose by 0.4%. Allocation to global equities contributed to the portfolio's gains, which were offset by detractors from US equities and government bonds.

4. Aggressive portfolio

Period (as at 30 June 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	1.8	3.9
6 months	4.5	8.6
1 year	0.9	6.4
Since Inception (18 Dec 2019)	0.1	3..2



Source: UOBAM as at 30 June 2023. Benchmark composition: 50% Global Equities + 50% Global Bonds

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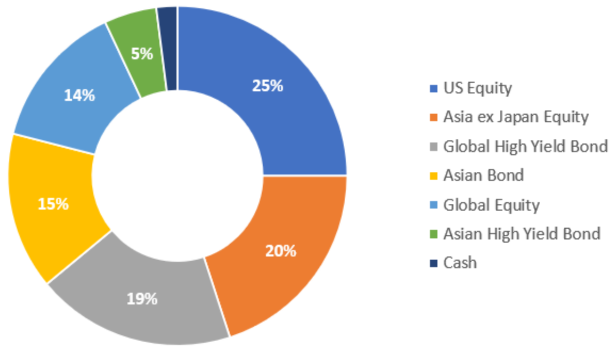
For the three-month period ending 30 June 2023, this portfolio was up 1.8%. All asset classes had positive performance, except for emerging market government bonds and Asian equities. The largest contributors were from global equities and high yield bonds.

Over the one-year period, the portfolio was up about 0.9%. The largest contributors were global equities, emerging market government bonds and high yield bonds, which helped to offset weaknesses from allocations to global ex-US government bonds and Asian equities.

5. Very Aggressive portfolio

Period (as at 30 June 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	4.1	6.0
6 months	8.0	11.8
1 year	4.4	9.8
Since Inception (18 Dec 2019)	1.7	5.5



Source: UOBAM as at 30 June 2023. Benchmark composition: 75% Global Equities + 25% Global Bonds

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For the three-month period ending 30 June 2023, this portfolio gained 4.1%. All asset classes had positive performance, except for emerging market government bonds and Asian equities. The largest contributors were from US and global equities.

Over the one-year period, the portfolio was up about 4.4%. The largest contributors were from US and global equities, which offsett the detractions from Asian equities and global ex-US government bonds.

Looking ahead

- We think inflation will improve by the end of the year, increasing the likelihood of a soft landing
- We remain cautious but not overly bearish
- Inflation has likely passed its peak and the Fed is approaching its terminal rate

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, investor 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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