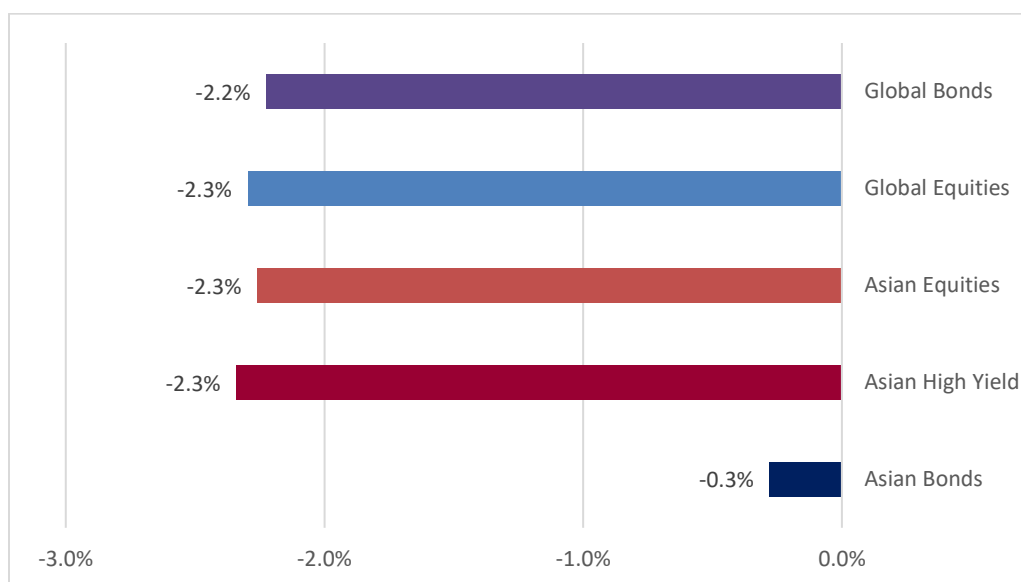




## Q3 2023 Market developments

- Global equities fell in the third quarter of the year, as volatility, measured by the CBOE Volatility Index (VIX Index), rose in August and September 2023.
- Global bonds also fell due to expectations of central banks holding interest rates higher for longer.
- Asian equities fell as investors remained concerned over China's economic growth prospects.

### Asset class performance (% in SGD terms) 30 June 2023– 30 September 2023



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

Global equities gained strength in the earlier part of the quarter, encouraged by cooling inflation across most global economies which supported the view that major central banks may be approaching the end of their rate-hiking cycles. Investors were optimistic as economic data were strong and labour markets remained resilient. However, global equities started to trend downward in early August 2023 as market sentiments were dented by increasing energy prices and rising bond yields. Investors were anticipating that the US Federal Reserve (Fed) will keep interest rates higher for longer due to the strength of the economy, and this has put pressure on stock prices. Much of investors' enthusiasm driven by the Artificial Intelligence (A.I.) rally in the second quarter of this year has largely dissipated.

In Asia, China's underwhelming second-quarter Gross Domestic Product (GDP) growth highlighted the country's slowing economic momentum while China's real estate sector continues to be in shambles. Together, these factors have put pressure on Asia stocks as they fell through the quarter. The Chinese government unveiled a series of stimulus measures which

briefly supported stock prices. However, these piecemeal measures failed to instil confidence in consumers and investors. Elsewhere in Asia, Taiwan and South Korea stocks were largely down as investors took profit from the A.I. rally, while Indian stocks edged up.

For fixed income, US government bond yields ended higher. The shorter-term U.S. 2 Year Treasury rate went above 5 per cent while the U.S. 10 Year Treasury rate climbed to the highest level since 2007 at above 4.5 per cent. Although inflation has been cooling, it is still above the Fed's 2 per cent target and the market is reassessing the nominal "neutral rate" due to inflation persistence. During September's Federal Open Market Committee (FOMC) meeting, the Fed has signalled it will raise rate one more time this year before it ends its hiking campaign. This has caused US government bonds to sell off further as investors fret over long period of higher rates.

# UOBAM Invest Digital Adviser (Corporate)

## Q3 2023 Highlights

### Economies: What happened in 3Q23?



- Economic data globally was strong and labour markets remained resilient
- Energy prices started to rise at the end of the quarter, as did bond yields
- China's economy continued to show signs of slowing while its real estate woes continued



### Markets: What happened in 3Q23?

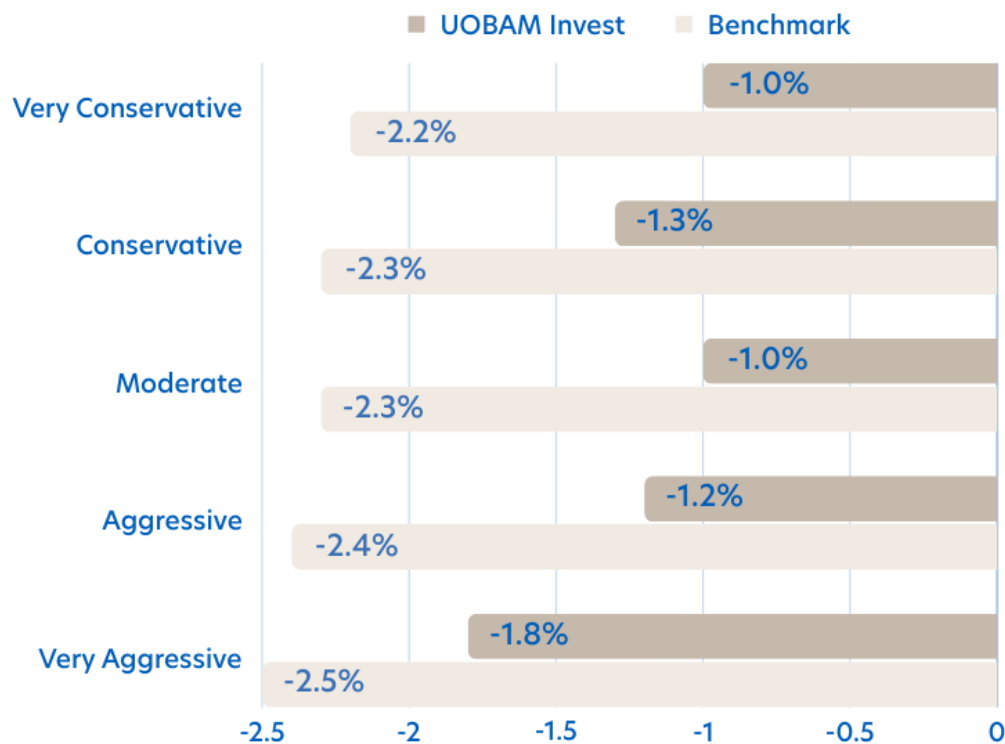
- Global equities corrected during the quarter by -2.3%
- Global bond prices also fell by -2.2%
- Asian equities fell by -2.3%, driven by weakness in the China market

## Looking ahead



- We think equity markets will stay volatile amid concerns higher interest rates for longer
- We are cautious on China as growth remains muted
- Higher quality bonds remain attractive and acts as an important portfolio stabiliser

### Portfolio returns (%) 31 Jun 2023 - 30 Sep 2023

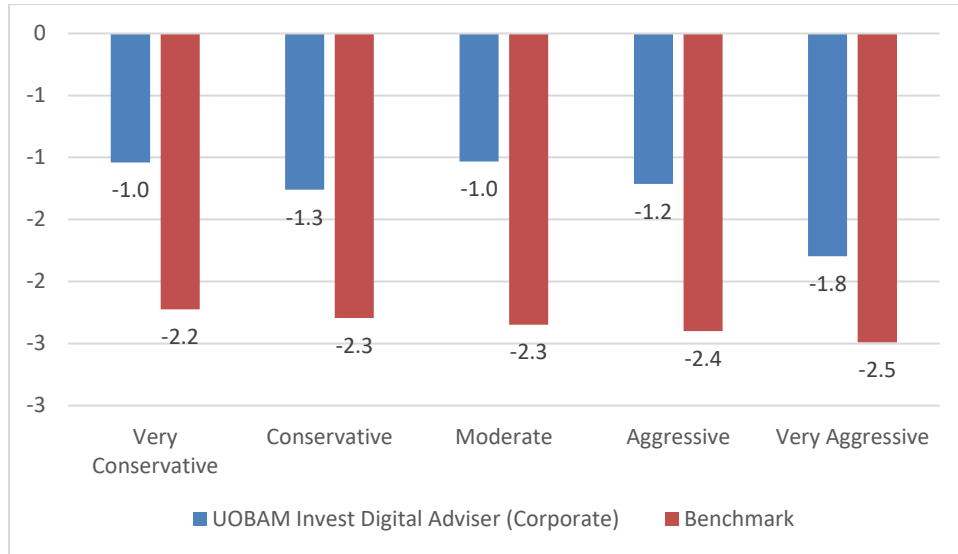


All portfolios outperformed their benchmarks in Q3 2023.

# Portfolio performance

- As of 30 September 2023, the UOBAM Invest portfolio returns for the third quarter, 2023 ranged between -1.0 percent and -1.8 percent.

**Portfolio returns (% in SGD terms) 30 June 2023 – 30 September 2023**



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

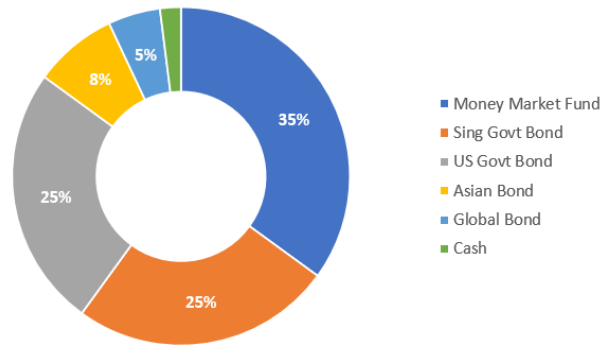
Benchmark composition:

- 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 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.0	-2.2
6 months	-0.7	-2.5
Year to date	0.7	0.0
1 year	1.4	1.0
Since Inception (18 Dec 2019)	-4.3	-2.1



Source: UOBAM as of 30 September 2023. Benchmark composition: 100% Global Bonds

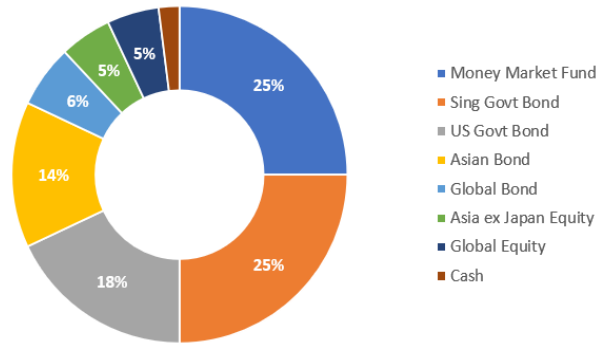
Since inception returns are annualised | The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are 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 September 2023, this portfolio returned -1.0%. All asset classes had negative performance other than Asian investment grade corporate bonds and money market fund. The short duration funds helped in a rising rate environment. The largest detractor was US government bonds while the largest contributor was money market fund.

Over the one-year period, the portfolio gained 1.4%. The largest contributor was Asian investment grade bonds while the largest detractor was US government bonds.

## 2. Conservative portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.3	-2.3
6 months	-0.8	-0.9
Year to date	1.4	2.4
1 year	1.3	3.7
Since Inception (18 Dec 2019)	-1.4	-0.3



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

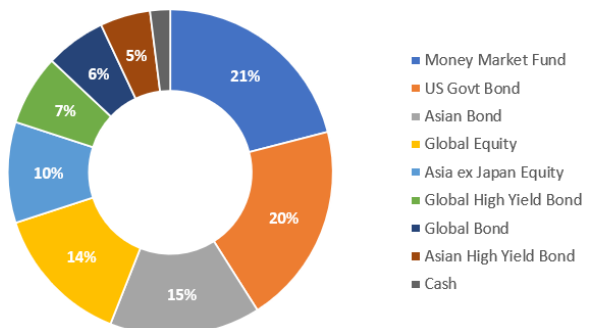
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For the three-month period ending 30 September 2023, this portfolio returned -1.3%. All asset classes had negative performance other than Asian investment grade corporate bonds and money market fund. The short duration funds helped in a rising rate environment. The largest detractor was Singapore government bonds while the largest contributor was money market fund.

Over the one-year period, the portfolio gained 1.3%. The largest contributor was Asian investment grade bonds while the largest detractor was US government bonds.

## 3. Moderate portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.0	-2.3
6 months	0.5	0.2
Year to date	2.7	4.2
1 year	2.9	5.7





Since Inception (18 Dec 2019)	-1.5	1.1
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Source: UOBAM as of 30 September 2023. Benchmark composition: 35% Global Equities + 65% Global Bonds

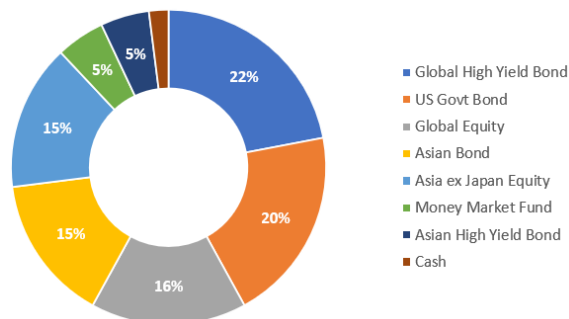
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For the three-month period ending 30 September 2023, this portfolio returned -1.0%. All asset classes had negative performance other than Asian investment grade corporate bonds, global high yield corporate bonds and money market fund. The largest detractor was US government bonds while the largest contributor was money market fund.

Over the one-year period, the portfolio gained 2.9%. The largest contributor was global equities while the largest detractor was US government bonds.

#### 4. Aggressive portfolio

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.2	-2.4
6 months	0.5	1.4
Year to date	3.2	6.0
1 year	4.6	7.8
Since Inception (18 Dec 2019)	-0.3	2.4



Source: UOBAM as of 30 September 2023. Benchmark composition: 50% Global Equities + 50% Global Bonds

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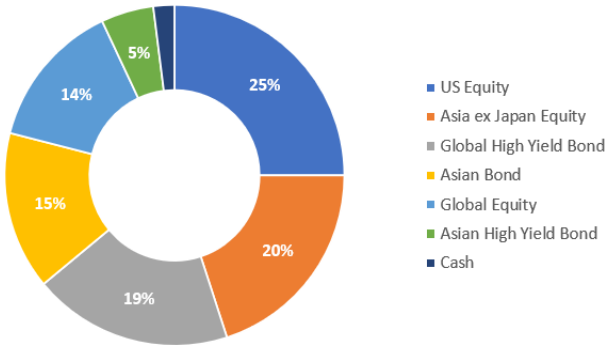
For the three-month period ending 30 September 2023, this portfolio returned -1.2%. All asset classes had negative performance other than Asian investment grade corporate bonds, global

high yield corporate bonds and money market fund. The largest detractor was US government bonds while the largest contributor was Asian investment grade corporate bonds.

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

**5. Very Aggressive portfolio**

Period (as at 30 September 2023)	Portfolio Return (%)	Benchmark Return (%)
3 months	-1.8	-2.5
6 months	2.2	3.4
Year to date	6.1	9.0
1 year	8.4	11.3
Since Inception (18 Dec 2019)	1.1	4.4



Source: UOBAM as of 30 September 2023. Benchmark composition: 75% Global Equities + 25% 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 September 2023, this portfolio returned -1.8%. US equities detracted the most while allocation to Asian investment grade corporate bonds helped to reduce some of the losses.

Over the one-year period, the portfolio gained 8.4%. The largest contributors were global and US equities.

## Looking ahead

- Markets are likely to stay volatile with monetary policy remaining in focus
- We remain cautious but not overly bearish
- Higher quality bonds remain attractive and act as an important portfolio stabiliser

Markets are likely to stay volatile with monetary policy remaining in focus as the Fed remains steadfast in their commitment to reduce the elevated inflationary pressures via their stance to maintain higher rates for longer. While the market was on a bullish trend during the first half of this year due to the resilient US economy and firm labour market, uptick or persistence in inflation, as well as weakness in economic data could lead to a correction.

We remain cautious on European equities as growth in the Eurozone is weak. Being more dependent on external demand, it may be hurt by the weaker growth in China. Over in Asia, we expect Chinese equities to remain volatile in the near term as any policy support from its government may be tempered by muted growth momentum and continued weakness in its property market.

For the bond market, although inflation has moderated and passed its peak, interest rates are likely to remain volatile in the near term and likely will remain higher for longer with rate cuts continued to be pushed back. Nonetheless we are likely to be reaching the tail end of the hiking cycle. Higher quality bonds remain attractive and act as an important portfolio stabiliser.

Despite the slightly negative quarter, markets are still positive year to date. However, the journey has not been smooth with volatility rising recently. 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](mailto:UOBAMSupport@uobgroup.com).

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