

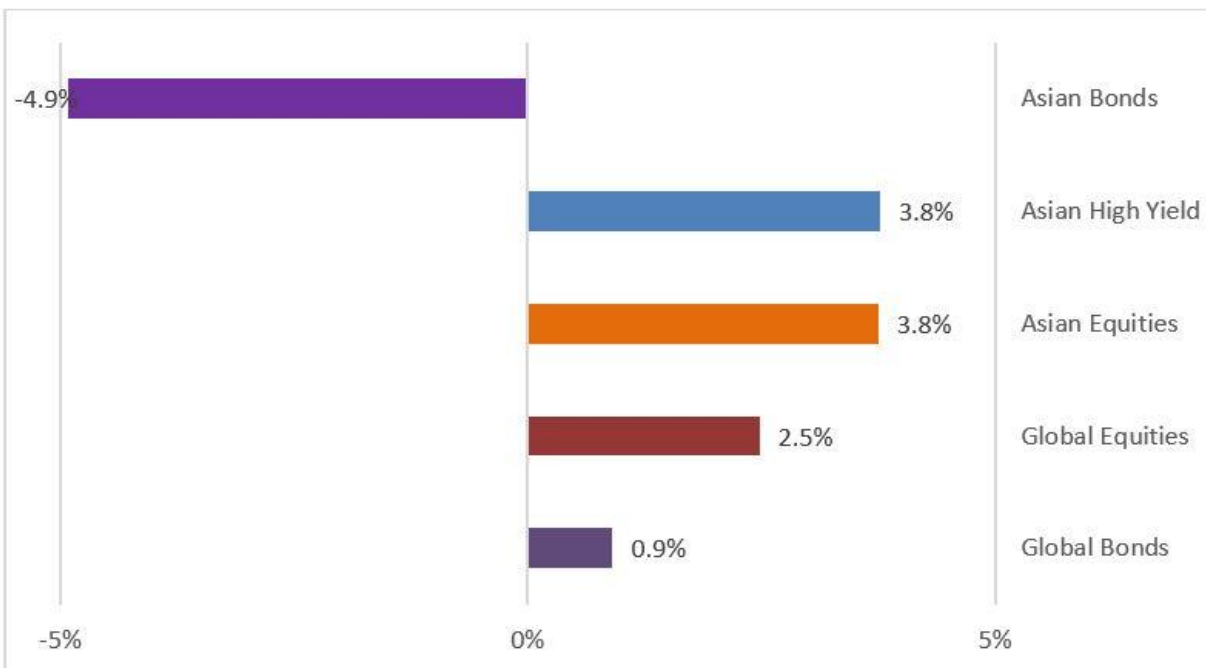


UOBAM Invest Q4 2022 Market Review

Q4 2022 Market developments

- Global equities rose after declining for three consecutive quarters
- Global bonds gained in Q4 due to expectations of central banks shifting away from sharp interest rate hikes
- Asian equities rebounded as China eased Covid restrictions

Asset class performance (% in SGD terms) 30 September – 31 December 2022



Source: UOBAM/Bloomberg. Performance as at 31 December 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 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.

After 3 consecutive quarters of losses, equities and bonds turned positive in Q4. Stocks rallied sharply and investor sentiment improved after softer-than-expected inflation in the US and Europe led to hopes that the US Federal Reserve (Fed) and the European Central Bank (ECB) would moderate their interest rate hikes. The Fed delivered a 50-basis-point rate hike in December, lower than the 75-basis-point in previous meetings. However, the Fed reinforced its commitment to bringing inflation down to its target level by keeping monetary policy restrictive through 2023, along with a higher terminal rate at 5.1% and a longer tightening cycle. Nonetheless, investors' optimism triggered significant declines in US Treasury yields and the US dollar.

Chinese stocks also surged as the government eased its pandemic measures, forging a pathway towards reopening. China also unveiled rescue packages for the real estate sector and temporarily eased restrictions on bank lending aimed at addressing the liquidity crisis faced by developers. The rest of the North Asian markets also strengthened in line with the global market. However, Asian investment grade bonds detracted due to currency effect, as the US dollar depreciated against the Singapore dollar by roughly 6% in the fourth quarter.

UOBAM Invest Digital Adviser Corporate Market Highlights

4th Quarter 2022

Overview

Global equities and bonds turned positive in Q4 2022 as inflation showed signs of peaking.



Asian shares rebounded as China relaxed its zero COVID-19 policy.

Central Banks' Actions



Central banks worldwide continued to raise interest rates in Q4 2022 to combat inflation.

The US Federal Reserve ("Fed") raised rates by 0.50% in December, lower than the 0.75% hike in previous meetings.



US Treasury yields dropped and bond prices rose on hopes of a less hawkish Fed.

Asia spotlight



Chinese stocks rallied as the government began lifting COVID-19 restrictions in December.



China also unveiled support measures to boost liquidity in its cash-strapped property sector.



Asian equity markets strengthened in line with the global market while US-denominated Asian investment grade bonds were pressured due to the weaker US dollar.

Looking ahead

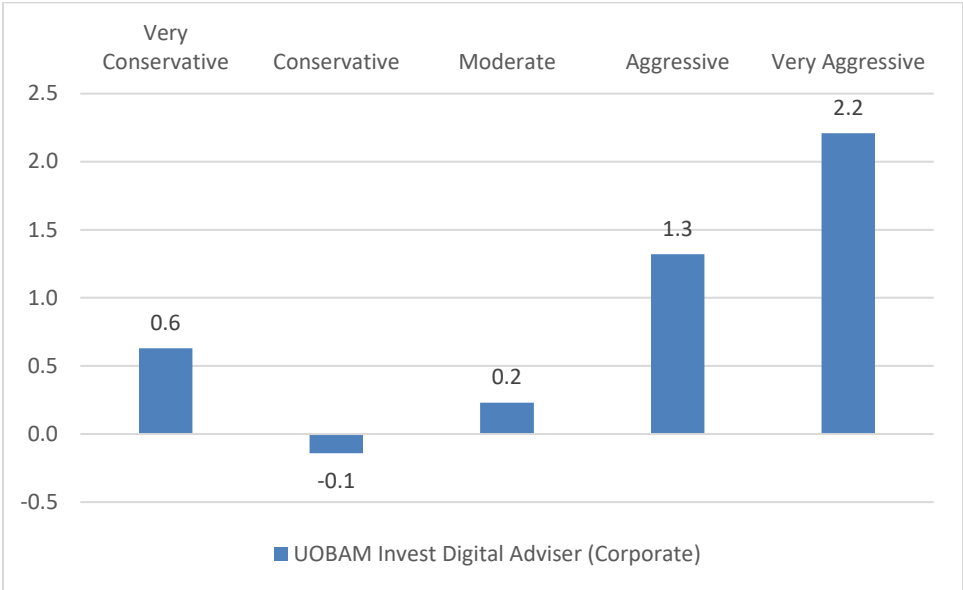


- We believe a global economic slowdown and period of below-trend growth is likely, but employment should remain somewhat resilient.
- The worst is most likely over for fixed income, but equities could have a wider range of outcomes.
- We recommend investors to stay invested for the long term.

Portfolio performance

- As of 31 December 2022, the UOBAM Invest portfolio returns for the fourth quarter, 2022 ranged between -0.1 percent and 2.2 percent

Portfolio returns (% in SGD terms) 30 September – 31 December 2022

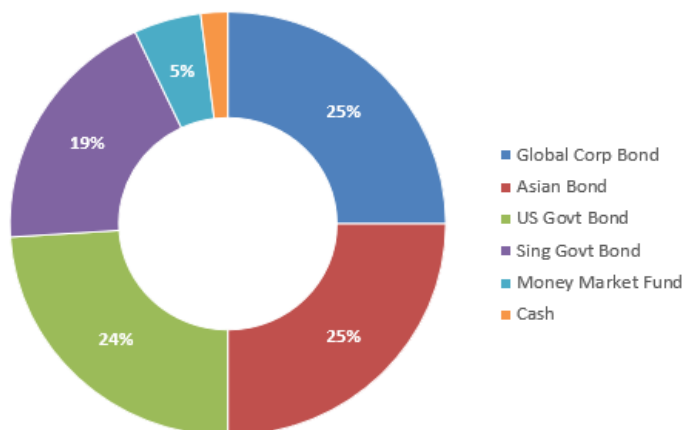


Source: Factset /UOBAM. Portfolio returns as at 31 December 2022.

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	0.6
6 months	-2.8
1 year	-15.1
Since Inception (18 Dec 2019)	-5.6



Source: UOBAM as of 31 December 2022

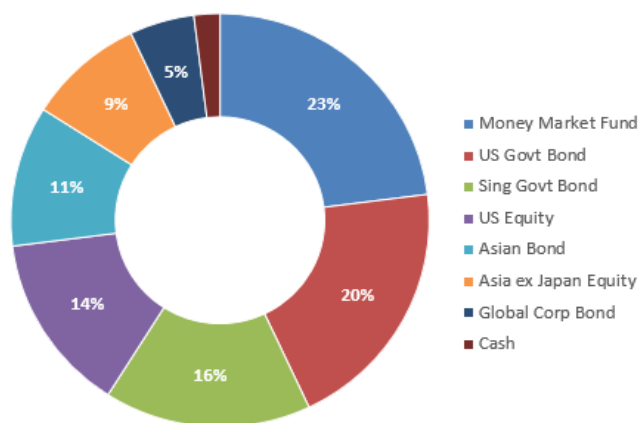
Since inception returns are annualised | The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are 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 recorded a positive performance supported by Singapore and emerging market government bonds. However, performance was weighed down by the exposure to Global Corporate Bonds which were down 3.6% due to the weakening US dollar.

Over the one-year period, this portfolio declined by almost 15%, dragged down by mainly due to weak developed market and emerging market government bond performances.

2. Conservative portfolio

Period	Portfolio Return (%)
3 months	-0.1
6 months	-3.6
1 year	-13.7
Since Inception (18 Dec 2019)	-2.2



Source: UOBAM as of 31 December 2022

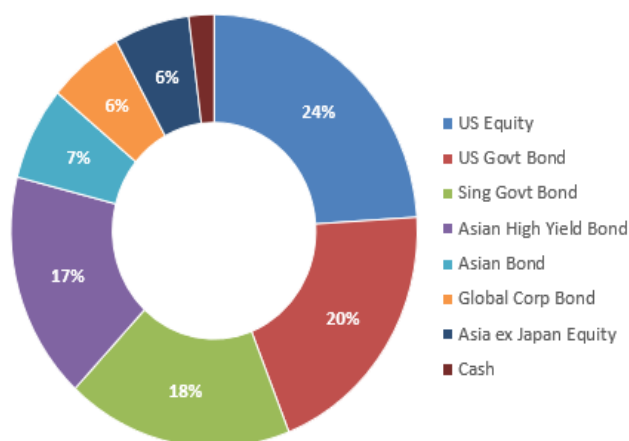
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Over the past three months, this portfolio was almost flat. It was weighed down by US government bonds which were down about 6% due to the weakening of the US dollar but was offset by positive contributions from Singapore government bonds, emerging market government bonds and Asian equities.

Over the one-year period, the portfolio fell close to 14% in line with most broad asset classes. Allocation to the Singapore dollar money market instruments and Singapore government bonds helped mitigate some of the losses.

3. Moderate portfolio

Period	Portfolio Return (%)
3 months	0.2
6 months	-3.3
1 year	-16.3
Since Inception (18 Dec 2019)	-2.8



Source: UOBAM as of 31 December 2022

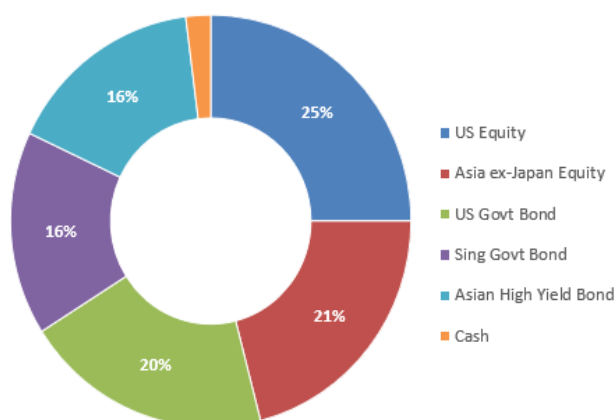
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Over the past three months, this portfolio rose slightly helped by the allocation to Asian equities and Asian high yield bonds. However, the allocation to US government bonds and global corporate bonds hurt returns.

Over the one-year period, the fund declined by around 16% due to the allocation to US and global government bonds and US equities.

4. Aggressive portfolio

Period	Portfolio Return (%)
3 months	1.3
6 months	-3.4
1 year	-16.5
Since Inception (18 Dec 2019)	-1.4



Source: UOBAM as of 31 December 2022

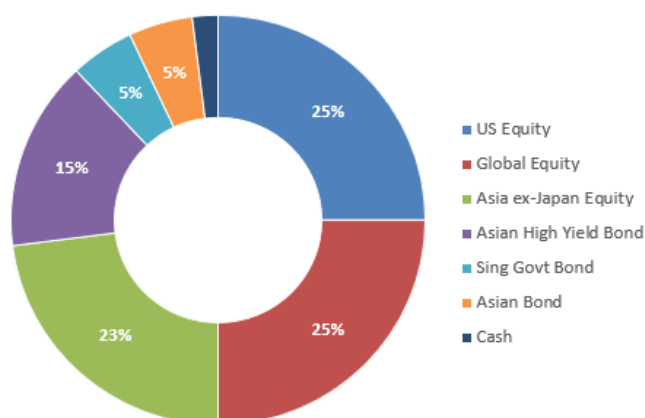
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Over the past three months, this portfolio rose 1.3%, as allocation to Asian equities and Asian high yield bonds contributed to performance. However, this was partially offset by the allocation to global corporate bonds, which was a drag to the portfolio.

Over the one-year period, the portfolio fell about 17%, led by the sell-off in US and Asian equities. Offsetting this negative performance was the allocation to emerging market government bonds.

5. Very Aggressive portfolio

Period	Portfolio Return (%)
3 months	2.2
6 months	-3.4
1 year	-21.0
Since Inception (18 Dec 2019)	-0.6



Source: UOBAM as of 31 December 2022

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 was up 2.2% led by the allocation to Asian equities and emerging market government bonds. This positive performance was partially offset by the allocation to US equities.

Over the one-year period, the fund was down 21% mainly due to the allocation to equities, which sold-off sharply in 2022 amidst rising interest rates and growth concerns.

Looking ahead

- We believe an economic slowdown and a period of below trend growth is very likely
- We see a bigger range of outcomes for equities depending on how severe the economic slowdown in 2023 would be
- The worst is most likely over for fixed income, and we expect little downside from bonds, especially for high quality Government bonds

Looking forward into 2023, we believe that core inflation will persist, but overall inflationary pressure appears to be moderating. As such, we expect US Federal fund rate to peak at 4.75% to 5% by the middle of 2023 and stay there for some time. The higher peak rate has increased the risk of a global recession, but economic trajectories remain difficult to forecast. We are mostly convinced that there will be a slowdown and below trend growth, but are less convinced that it will result in significant unemployment.

Such period of below trend growth would mean a lacklustre environment for equities, and we may see corrections along the way. However, if there are improvements in inflation and we see signs of economy is avoiding a sharp recession, equities could recover earlier than expected. As such, we see a bigger range of outcomes for equities.

For fixed income, the worst is most likely over as inflation is likely past its peak and the Fed is approaching its terminal rate. Therefore, we see little downside to bonds, especially high-quality government bonds.

Over in Asia, we see more upside in the coming year. Asian equities and fixed income valuations are more attractive compared to developed markets, and Asian economies have enough structural growth to withstand 4% to 5% interest rates. Although Asian equities and fixed income had a decent run up in the last 2 months of the year, we are still structurally favourable on Asian equities and fixed income.

As we have seen in the market recovery in Q4, the run up could come rapidly. As such, 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 UOBAMInvest@UOBGroup.com.

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