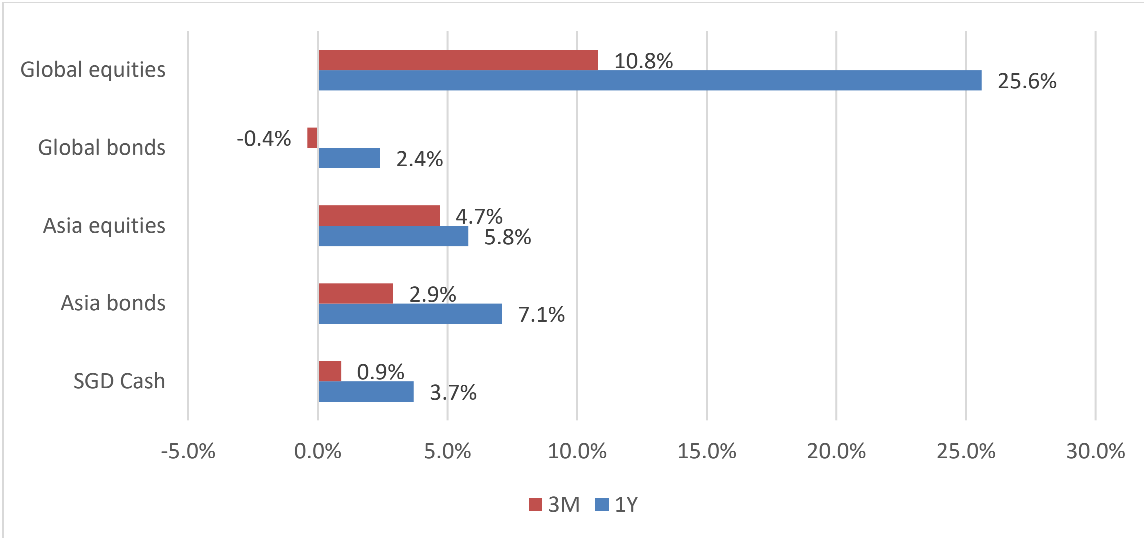
UOB Asset Management

UOBAM Invest Individual

Q1 2024 Market developments

- Global equities rose in the first quarter of the year due to optimism over the economy and interest rate cuts, which was further boosted by investor exuberance over artificial intelligence (AI) in 2024.
- However, global bonds experienced a slight dip as US treasury yield increased over the quarter.
- Asian equities rose but to a lesser extent compared to global equities as the Chinese market continues to be volatile.
- Asian high yield bonds also rose, benefitting from improving credit quality and decreasing exposure to China's challenging real estate industry.

Asset class performance (% in SGD terms)



Source: UOBAM/Bloomberg. Performance as at 31 March 2024.

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); and
Global Bonds	Bloomberg Global Aggregate Index on a Net Asset Value basis; and
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.

Global equities rose significantly in the first quarter of 2024, with several equity indices reaching record high. AI optimism has helped to drive stocks higher, with semiconductor names such as Nvidia rising more than 80% in the first quarter. Stock market was also boosted by optimism over rate cuts potentially starting in June 2024 despite slightly higher than expected inflation numbers in the first quarter. Recession fears continue to recede as the global economy – and especially the US' remaining strong and the labour market continues to be tight with subdued unemployment rate.

Asia equities continue to lag its global counterpart. Chinese equities continue to be volatile, dropping close to 10% in January 2024 as investors grew pessimistic on the outlook of China, before rebounding as a series of measures were rolled out – such as restrictions on short selling and state-controlled entities aggressively buying back stocks. Elsewhere in Asia, Taiwanese market rose as technology stocks rallied, with chipmaker Taiwan Semiconductor Manufacturing Company soaring over 30% on AI-related exuberance.

Global bonds ended the quarter slightly lower as US government bond yields rose. Investors dialled back the number of rate cuts from six at the beginning of the year to three at the end of the quarter. The shorter-term U.S. 2 Year Treasury yield rose from 4.2% to 4.6% while the U.S. 10 Year Treasury yield rose from 3.9% to 4.2% as inflation remained slightly higher than expected, and the economy and labour market remained strong. Despite these, the US Federal Reserve (Fed) has indicated that it still expects to cut rate three times in 2024 as it focuses on the overall progress of inflation.

In contrast, Asian high yield bonds rose strongly in the first quarter. Investors favoured high yield bonds as income is at the highest as it had been in years. Asian corporates continue to show strong credit fundamentals and tightening credit spread. Default rate has decelerated dramatically after peaking in 2021 and 2022 due to well-publicised defaults by Chinese property developers. Inflation is also mostly under control, which would possibly allow Asian central banks to cut rates sooner than the Fed, thus easing financing pressure on high yield issuers.

UOBAM Invest
Digital Adviser (Individuals)

Q1 2024 Highlights

Portfolio returns (%)

Portfolios	3M	1Y
Very Conservative	2.8%	6.1%
Conservative	3.6%	7.5%
Moderate	4.8%	11.1%
Aggressive	6.4%	15.1%
Very Aggressive	9.9%	23.4%
Global Market Indices		
SGD Cash	0.9%	3.7%
Global Bonds	-0.4%	2.4%
Asia Bonds	2.9%	7.1%
Global Equities	10.8%	25.6%
Asia Equities	4.7%	5.8%

Performance as at 31 March 2024. Indices used: SGD cash - 3M Singapore Overnight Rate Average (SORA), Global bonds - Bloomberg Global Aggregate Index on a Net Asset Value basis, Asia bonds - J.P. Morgan Asia Credit (JACI) Investment Grade Index, Global equities - MSCI All Country World Index, Asia equities - MSCI AC Asia ex Japan Index

What happened in 1Q24?

- Global economies, especially the US, remained positive
- Recession fears continued to recede on the back of good retail and employment data
- China outlook improved slightly after new government measures

How did the markets perform?

- Global equities rose to record highs, driven by AI optimism
- Global bonds dipped slightly as markets prepared for interest rate cuts
- In Asia, Chinese equities remained volatile while the Taiwan market continued to rally

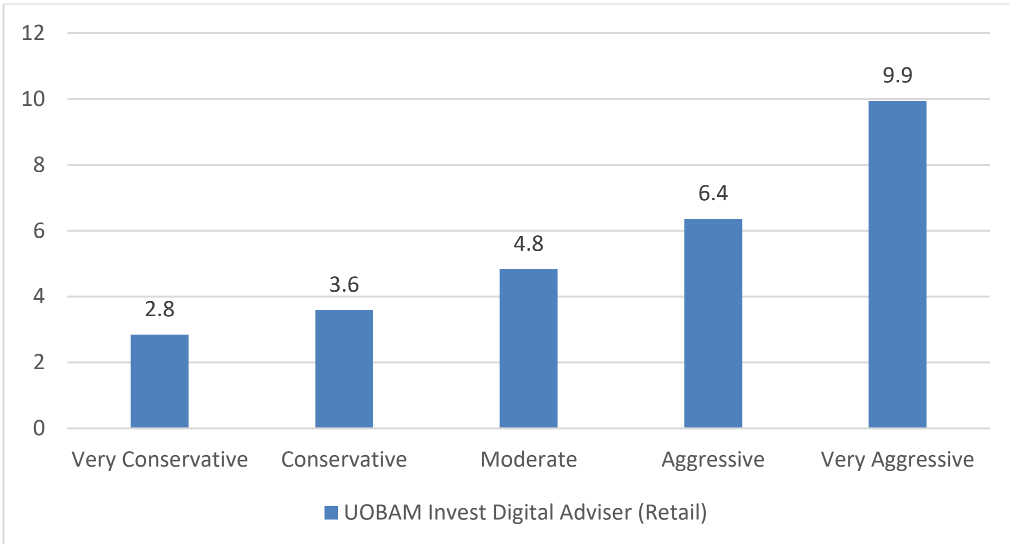
Looking ahead

- We are positive on both corporate bonds and equities
- Equities are set to broaden beyond tech stocks, while the tech boom could last for years
- Bonds still in demand as a source of income
- We recommend investors to stay invested for the long term

Portfolio performance

- As of 31 March 2024, UOBAM Invest portfolio returns for the first quarter, ranged between 2.8 percent to 9.9 percent. The portfolios underperformed the benchmarks due to its higher fixed income exposure in a quarter where equities outperformed bonds.

Portfolio returns (% in SGD terms) 31 December 2023 – 31 March 2024

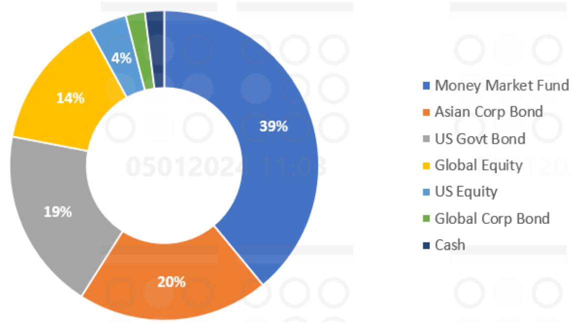


Source: Factset / UOBAM. Portfolio returns as at 31 March 2024.

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 31 March 2024)	Portfolio Return (%)
3 months	2.8
6 months	5.4
1 year	6.1
Since Inception (26 July 2020), per annum	-1.6



Source: UOBAM as of 31 March 2024

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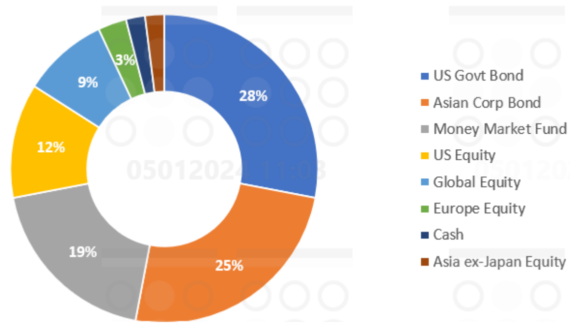
For the three-month period ending 31 March 2024, this portfolio was up 2.8%. All asset classes had positive performance. The smallest contributor was the global investment grade bonds while the largest contributor was global equities.

Over the one-year period, the portfolio gained 6.1%. Asia equities detracted while the largest contributor was global equities.

2. Conservative portfolio

Period (as at 31 March 2024)	Portfolio Return (%)
3 months	3.6
6 months	6.8
1 year	7.5
Since Inception (26 July 2020), per annum	1.3



Source: UOBAM as of 31 March 2024

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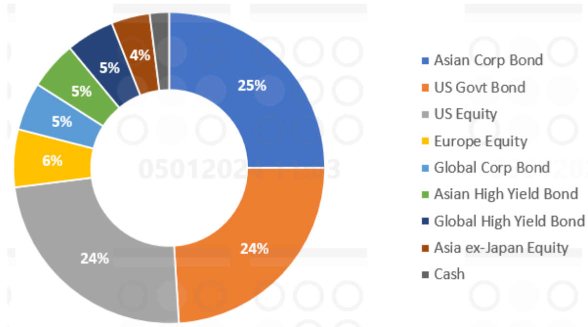
For the three-month period ending 31 March 2024, this portfolio was up 3.6%. All asset classes had positive performance. The smallest contributor was from Asia equities while the largest contributor was from US equities.

Over the one-year period, the portfolio gained 7.5%. Asia equities detracted while the largest contributor was US equities.

3. Moderate portfolio

Period (as at 31 March 2024)	Portfolio Return (%)
3 months	4.8
6 months	8.9
1 year	11.1
Since Inception (26 July 2020), per annum	3.6



Source: UOBAM as of 31 March 2024

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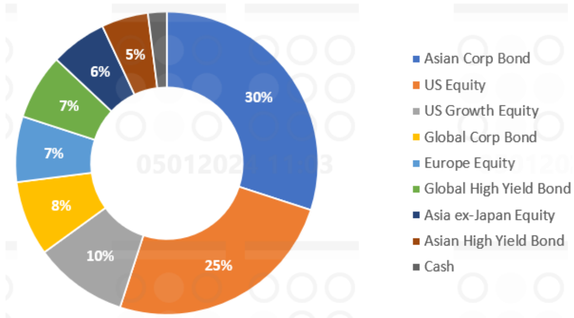
For the three-month period ending 31 March 2024, this portfolio was up 4.8%. All asset classes had positive performance. The smallest contributor was the global investment grade bonds while the largest contributor was US equities.

Over the one-year period, the portfolio gained 11.1%. Asia equities detracted while the largest contributor was US equities.

4. Aggressive portfolio

Period (as at 31 March 2024)	Portfolio Return (%)
3 months	6.4
6 months	11.6
1 year	15.1
Since Inception (26 July 2020), per annum	6.4



Source: UOBAM as of 31 March 2024

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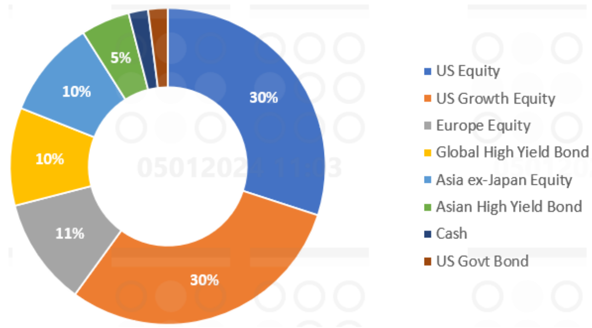
For the three-month period ending 31 March 2024, this portfolio was up 6.4%. All asset classes had positive performance. The smallest contributor was the global investment grade bonds while the largest contributor was US equities.

Over the one-year period, the portfolio gained 15.1%. Asia equities detracted while the largest contributor was US equities.

5. Very Aggressive portfolio

Period (as at 31 March 2024)	Portfolio Return (%)
3 months	9.9
6 months	17.8
1 year	23.4
Since Inception (26 July 2020), per annum	8.3



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For the three-month period ending 31 March 2024, this portfolio was up 9.9%. All asset classes had positive performance. Allocation to high yield bonds detracted as it underperformed global equities. The largest contributor was from US growth equities.

Over the one-year period, the portfolio gained 23.4%. Asia equities detracted while the largest contributor was US equities.

Looking ahead

- The hard part is over and 2024 could see a 1990s-like expansion
- Current trends in confidence, manufacturing and real wages could lift economic growth more than expected
- Abundant cash on the sidelines implies it is too soon to think that the market momentum is over

Investors are starting to feel like the hard part is over as inflation is coming under control and recession risks have faded. Consumer confidence made a significant jump and markets rallied steadily. Economic conditions and interest rates are looking the most normal we have seen since the Global Financial Crisis in 2008 and AI and technology themes are the most exciting we have experienced since the 1990s. Although the equity market rally has been fierce, we do not see a recession on the horizon that will significantly undermine the rally. Furthermore, we expect better market breadth than in 2023. This presents an opportunity to seek out what has not rallied as much, such as the Asia ex Japan market where valuations are better and we see improving earnings growth.

For fixed income, bond yields are higher than they have been in 15 years. The near-term risks of interest rate hikes have faded and fixed income investments will continue to offer good yield carry and protection, acting as an important portfolio stabiliser amid the fluid macro environment. Without recession risk in the near term, we see opportunities to pick up additional credit spreads via both investment grade and high yield bonds.

With US$6 trillion of cash parked in money markets after the recession fears of last year, we think there will be many investors looking to buy on dips. This should help protect the market against any significant corrections. Many investors have been content with fixed deposit rates but investments have beaten cash rates in 2023 and are doing so again in 1Q 2024. It is an attractive time to invest and stay invested. As always, we recommend investors to build their wealth by staying vested in their portfolio for the long term and dollar cost average.

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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