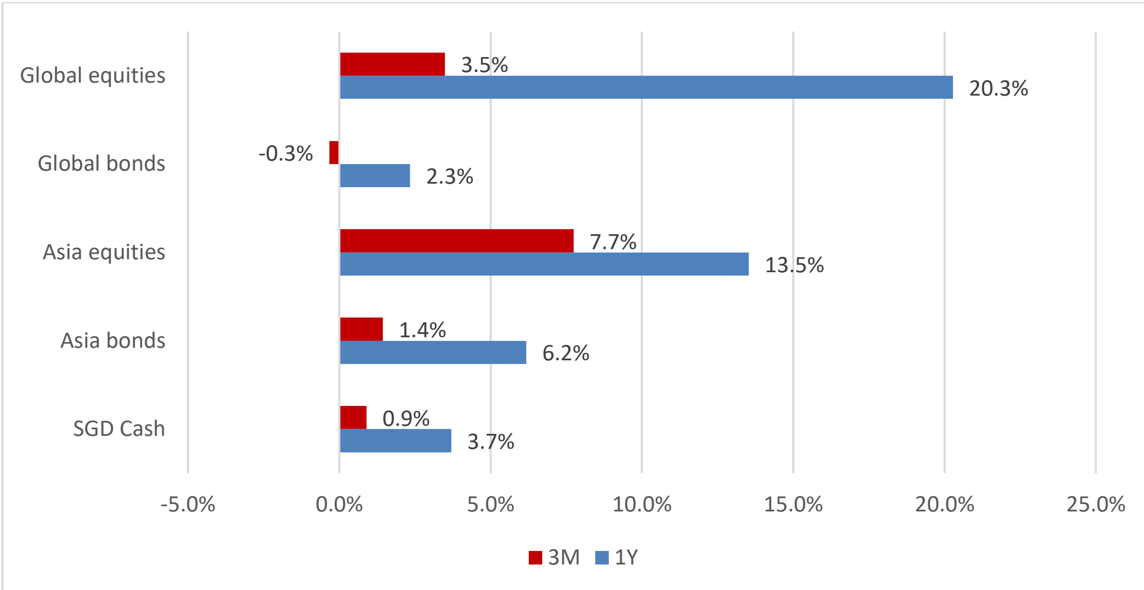
UOBAM Invest Corporate

Q2 2024 Market developments

- Global equities rose in the second quarter of the year with the Magnificent 7 stocks helping to drive global equities to record high.
- However, global bonds experienced a slight dip as US treasury yield increased over the quarter.
- Asian equities rebounded and outperformed global equities as Chinese authorities rolled out more property easing measures and investor sentiments improved.

Asset class performance (% in SGD terms)



Source: UOBAM/Bloomberg. Performance as at 30 June 2024.

Indices used as follows:

Global Equities	MSCI All Country World Index (ACWI);
Global Bonds	Bloomberg Global Aggregate Index;
Asian Equities	MSCI AC Asia ex Japan Index; and
Asian Bonds	J.P.Morgan Asia Credit (JACI) Investment Grade Index on a Net Asset Value basis;
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 in the second quarter of 2024, with several equity indices reaching record highs. The performance was driven mainly by the Magnificent 7 stocks, especially Nvidia, Apple and Amazon. Corporate earnings remained resilient, with Q1 earnings beating analysts' expectations. The soft-landing narrative gained traction as continued disinflation was accompanied by some signs of gradual economic slowdown. May 2024 core consumer price index (CPI) came in at 3.4%, the lowest year-on-year increase since August 2021, while May 2024 core personal consumption expenditures (PCE) was up 2.6%, the lowest annual gain since March 2021. US jobs growth remained strong as the nonfarm payrolls continued to beat expectations.

Asia equities had a strong quarter, outperforming global equities, as investor sentiments improved. The Chinese authorities unveiled a series of property easing measures to support the property market, including cutting minimum mortgage rates and downpayments, as well as providing 300 billion yuan to financial institutions to lend local state-owned enterprises (SOEs) to buy unsold apartments that have already been built. Elsewhere in Asia, the Taiwanese market rose as semiconductor related stocks soared, with chipmaker Taiwan Semiconductor Manufacturing Company gaining close to 30% on artificial intelligence (AI)-related exuberance.

Global bonds ended the quarter slightly lower as US government bond yields rose. Investors dialed back the number of expected rate cuts from six at the beginning of the year to two as of the end of the quarter as the economy and labour market remained strong. The shorter-term U.S. 2 Year Treasury yield rose from 4.6% to 4.8% while the U.S. 10 Year Treasury yield rose from 4.2% to 4.5% in response. Although inflation is moving in the right direction, the US Federal Reserve (Fed) has indicated in its June meeting that inflation is not coming down fast enough and reiterated that it was not in a hurry to cut rates. The Fed has indicated that it expects to cut rates only once in 2024 as it focuses on the overall progress of inflation.

In contrast, Asian bonds rose in the second quarter as monetary policies remain accommodative and Asian economies remain resilient. Asian corporates continue to show strong credit fundamentals leading to a tightening of credit spread. Inflation is mostly under control, which would allow Asian central banks to cut rates sooner than the Fed. The high all-in yields above 5% makes Asian bonds attractive from an income carry perspective.

UOBAM Invest
Digital Adviser (Corporate)

Q2 2024 Highlights

Portfolio returns (%)

Portfolios	3M	1Y
Very Conservative	0.8%	2.8%
Conservative	1.3%	4.2%
Moderate	1.7%	6.7%
Aggressive	2.0%	8.0%
Very Aggressive	3.1%	13.3%
Global Market Indices		
SGD Cash	0.9%	3.7%
Global Bonds	-0.3%	2.3%
Asia Bonds	1.4%	6.2%
Global Equities	3.5%	20.3%
Asia Equities	7.7%	13.5%

Performance as at 30 June 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 2Q24?

- US rate cut expectations weakened amid fears that inflation had resurged
- Forecasts of a hard landing in 2024 continue to diminish
- China outlook improved after new government measures to ease the property market

How did the markets perform?

- Global equities rose to record highs, driven by the Magnificent 7 stocks
- Global bonds dipped slightly as US government bond yields rose
- Asia equities outperformed global equities as investor sentiment improved

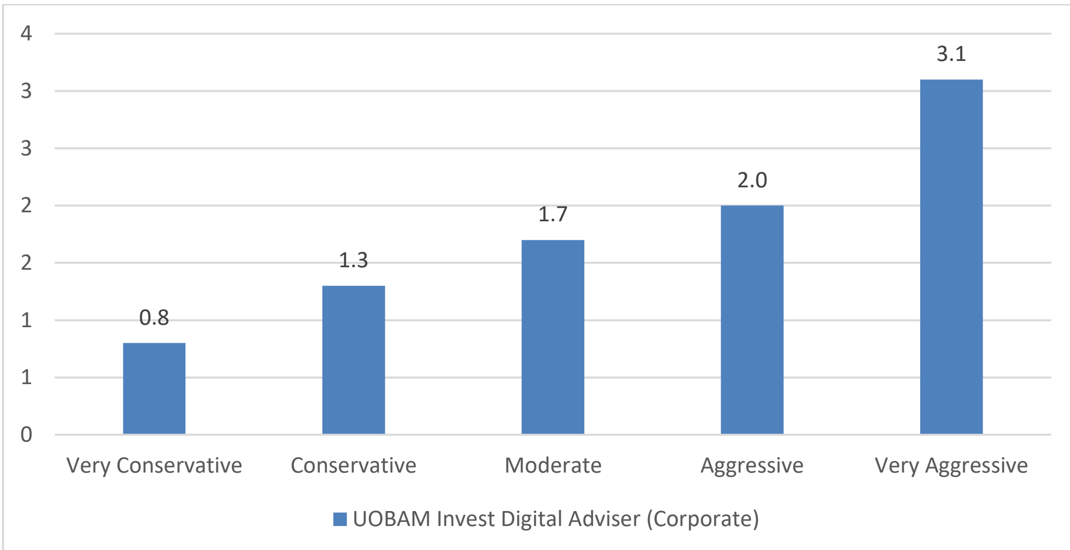
Looking ahead

- We are still positive on corporate bonds and equities
- We remain optimistic that the US Fed will cut interest rates this year
- Bonds will continue to see strong demand as a source of income
- We recommend investors to continue to participate in the global market upturn

Portfolio performance

- As of 30 June 2024, the UOBAM Invest portfolio returns for the second quarter, 2024 ranged between 0.8 percent and 3.1 percent.

Portfolio returns (% in SGD terms) 31 March 2024 – 30 June 2024

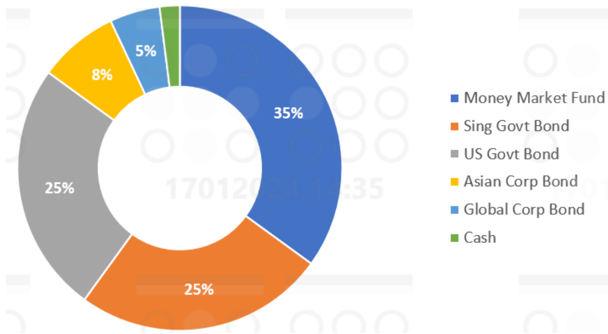


Source: Factset / UOBAM. Portfolio returns as 30 June 2024.

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	Portfolio Return (%)
3 months	0.8
6 months	1.3
1 year	2.8
Since Inception (18 Dec 2019), per annum	-2.9



Source: UOBAM as of 30 June 2024

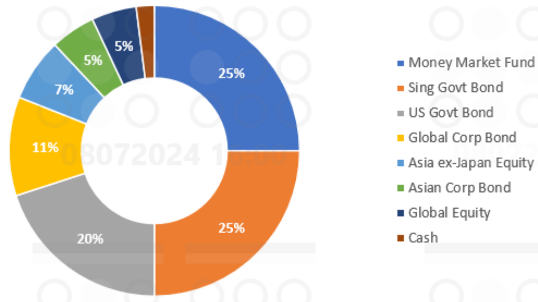
The information about asset allocation provided herein are subject to change at the discretion of UOBAM without prior notice. Past performance of the portfolio or UOBAM and any past performance, prediction, projection or forecast on the economy or markets are not necessarily indicative of the future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

For the three-month period ending 30 June 2024, this portfolio was up 0.8%. All asset classes had positive performance except Singapore government bonds. The smallest contributor was global investment grade bonds while the largest contributor was money market funds.

Over the one-year period, the portfolio gained 2.8%. The smallest contributor was global investment grade bonds while the largest contributor was money market funds.

2. Conservative portfolio

Period	Portfolio Return (%)
3 months	1.3
6 months	2.6
1 year	4.2
Since Inception (18 Dec 2019), per annum	-0.3



Source: UOBAM as of 30 June 2024

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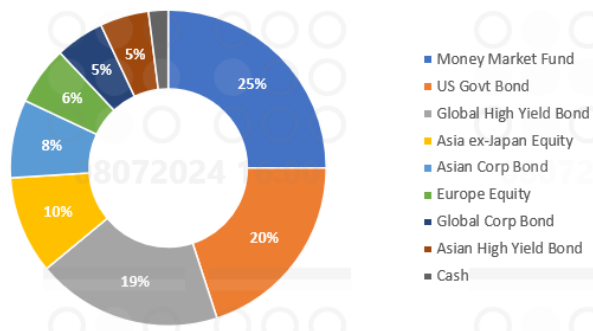
For the three-month period ending 30 June 2024, this portfolio was up 1.3%. All asset classes had positive performance except Singapore government bonds. The smallest contributor was Asia investment grade bonds while the largest contributor was Asia equities.

Over the one-year period, the portfolio gained 4.2%. The smallest contributor was global investment grade bonds while the largest contributor was global equities.

3. Moderate portfolio

Period	Portfolio Return (%)
3 months	1.7
6 months	4.9
1 year	6.7
Since Inception (18 Dec 2019), per annum	0.1



Source: UOBAM as of 30 June 2024

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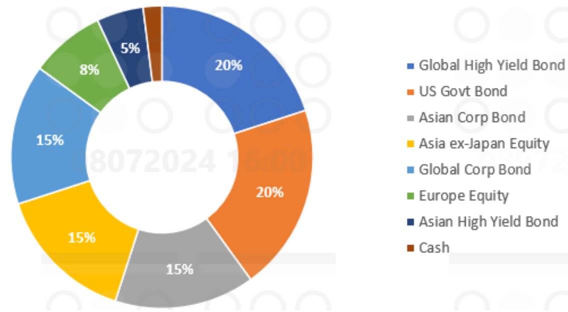
For the three-month period ending 30 June 2024, the portfolio was up 1.7%. All asset classes had positive performance. The smallest contributor was the global investment grade bonds while the largest contributor was Asia equities.

Over the one-year period, the portfolio gained 6.7%. Global equities detracted while the largest contributor was US equities.

4. Aggressive portfolio

Period	Portfolio Return (%)
3 months	2.0
6 months	5.7
1 year	8.0
Since Inception (18 Dec 2019), per annum	1.4



Source: UOBAM as of 30 June 2024

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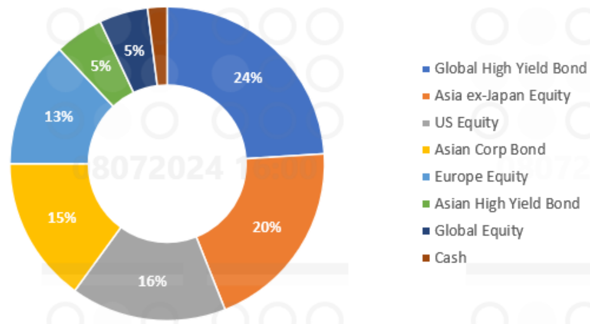
For the three-month period ending 30 June 2024, this portfolio was up 2.0%. All asset classes had positive performance. The smallest contributor was the US government bonds while the largest contributor was Asia equities.

Over the one-year period, the portfolio gained 8.0%. Global equities detracted while the largest contributor was global high yield bonds.

5. Very Aggressive portfolio

Period	Portfolio Return (%)
3 months	3.1
6 months	9.9
1 year	13.3
Since Inception (18 Dec 2019), per annum	4.0



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For the three-month period ending 30 June 2024, the portfolio was up 3.1%. All asset classes had positive performance. The smallest contributor was the global equities while the largest contributor was Asia equities.

Over the one-year period, the portfolio gained 13.3%. Europe equities was the smallest contributor while the largest contributor was US equities.

Looking ahead

- We maintain overweight in growth assets
- Soft patch in economic data has made growth outlook more muddled, but we still expect stable expansion over the next year
- Inflation improvements have slowed but we see moderate gains in the fight against inflation that will eventually allow for some rate cuts

Going forward, we remain optimistic as we see inflation continuing to moderate and expectations for the gradual economic slowdown scenario to play out. However, there are some concerns about the health of the consumer given weaker retail sales reports and the challenges companies face in an uncertain macro environment. There are also headwinds for markets in the form of bumpy disinflation which might further push back of rate cuts, expensive valuations, and narrow market breadth. Although the equity market rally has been intense, we do not foresee a recession on the horizon that will significantly undermine the rally and expect better market breadth than 2023. This presents an opportunity to seek out what has not appreciated as much, such as the Asia ex-Japan market where we see improving earnings growth and valuations are still attractive.

For fixed income, bond yields are higher than they have been in 15 years. The risks of interest rate hikes have faded and fixed income investments will continue to offer good interest income while providing protection by 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.

Markets look to be well supported as investors continue to buy on dips. Many investors have been content with fixed deposit rates, but investments have beaten cash rates in 2023 and are doing so again in 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 through 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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