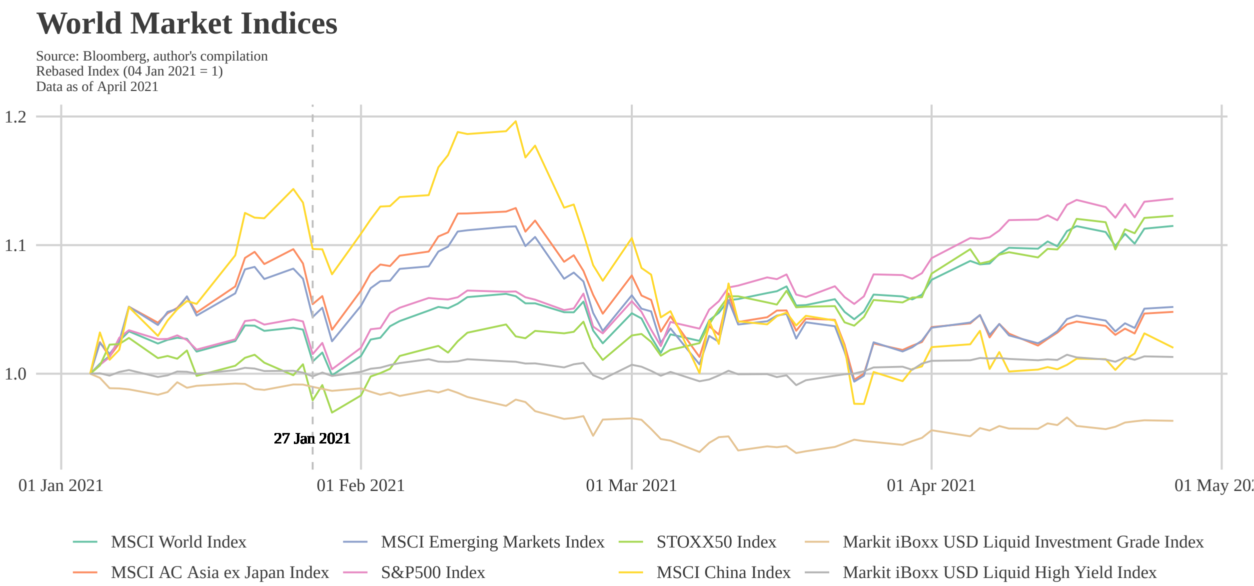
PromiseLand's Quarterly Market Outlook 2Q2021

Wealth Management Department

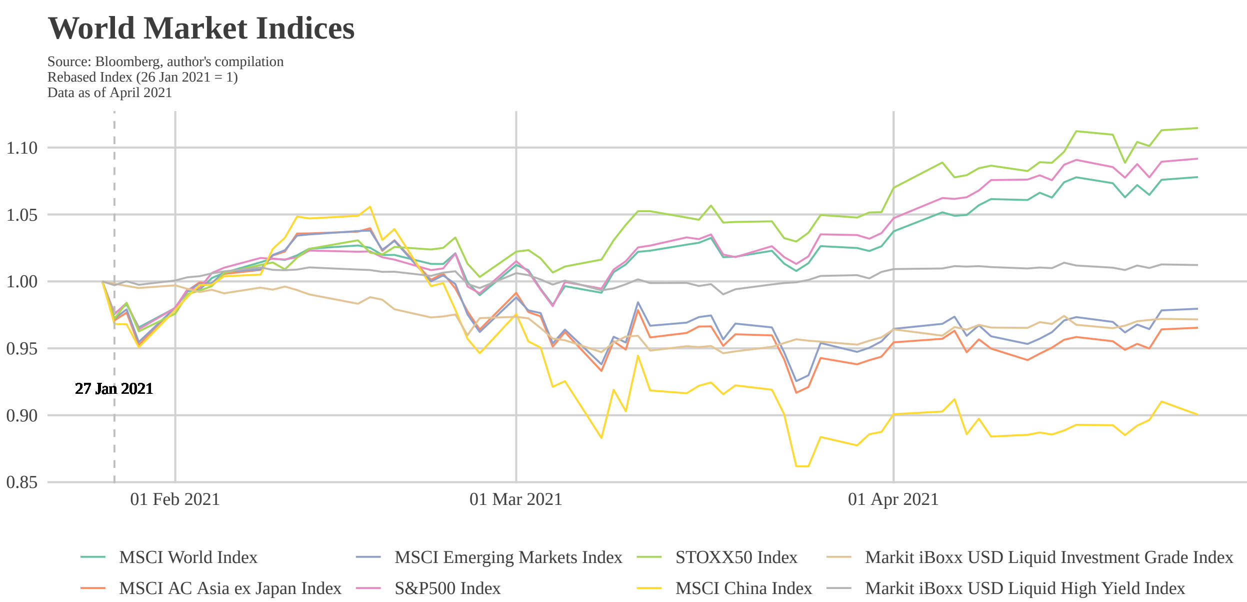
27 April 2021

Contents

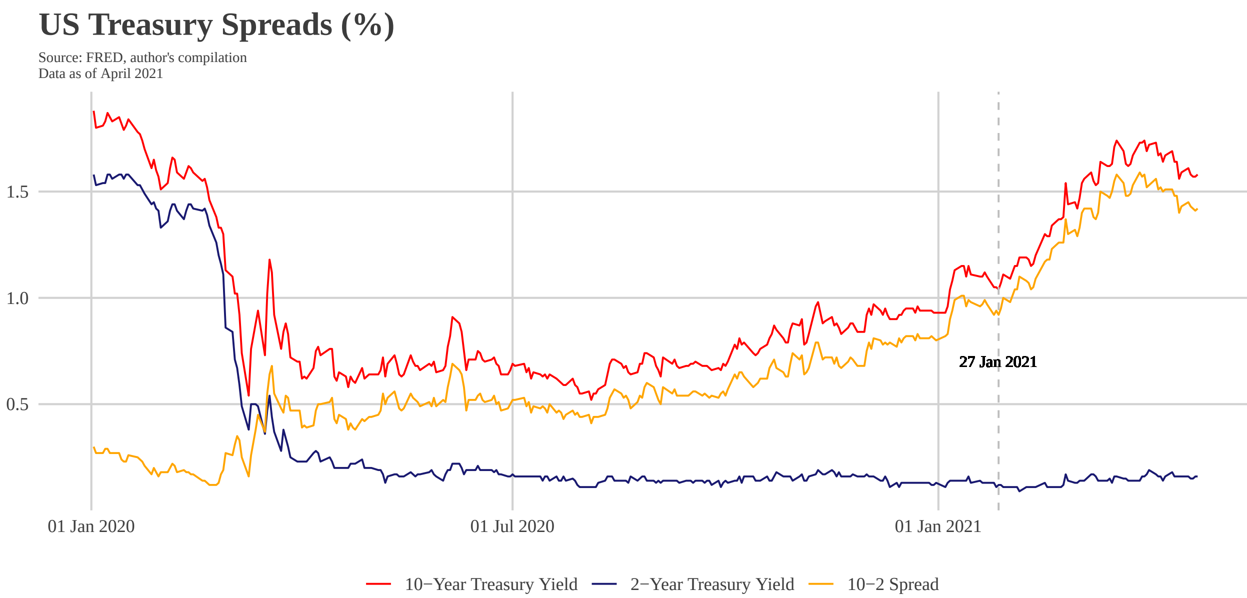
1 Quarterly Market Review



For the beginning periods of 2021, equity markets appeared to ride on its prior momentum, being bolstered by a flush of liquidity from retail investors, and the apparent unattractiveness of fixed income instruments due to low interest rates globally. Buying pressure outweighted selling pressure across major market indices, which in turned drove equity index prices upwards. With a relative dearth of fixed income fund flows, performances of High Quality and High Yield Bonds have been largely stable.



It is inevitable for the effects of unprecedented stimulus packages to one day be reflected fully into equity market indices. Equity markets started to become convoluted when market participants began to gradually digest the notion of a recovering economy, a commencement of an expansionary phase, and future inflation expectations. Concurrently, many countries have rolled out their COVID-19 vaccination efforts.



The USA 10 Year Treasury Yield began its gradual ascent in late January, as investors seek to be compensated for long-term expectations of inflation risk, and general increases in price levels. The 10-2 spread has also been on a constant uptrend. Such expected inflation and long term interest rate expectations does not bid well for fixed income instruments as the general value of its income streams would decline. This ultimately triggered a sell-off in bond markets, pushing bond prices down. Furthermore, with rising rates, longer-duration equities would decline in value, as investors have to seek greater compensation for bearing equity market risk in the form of discounted valuations. Such contagion effects gradually spread towards global equity markets. Combined with market participants taking profits on their already lofty positions, equity market indices began to slide. China has also indicated that it plans to unwind its stimulus packages, and adopt a more balanced stance towards its policies, as opposed to an expansionary one.

Currently, equity markets worldwide appear to be displaying whipsawing patterns, as market participants are both capitalizing on temporary drawdowns and taking profits. High Quality bonds suffered the most cumulative year-to-date decline from the sell off.

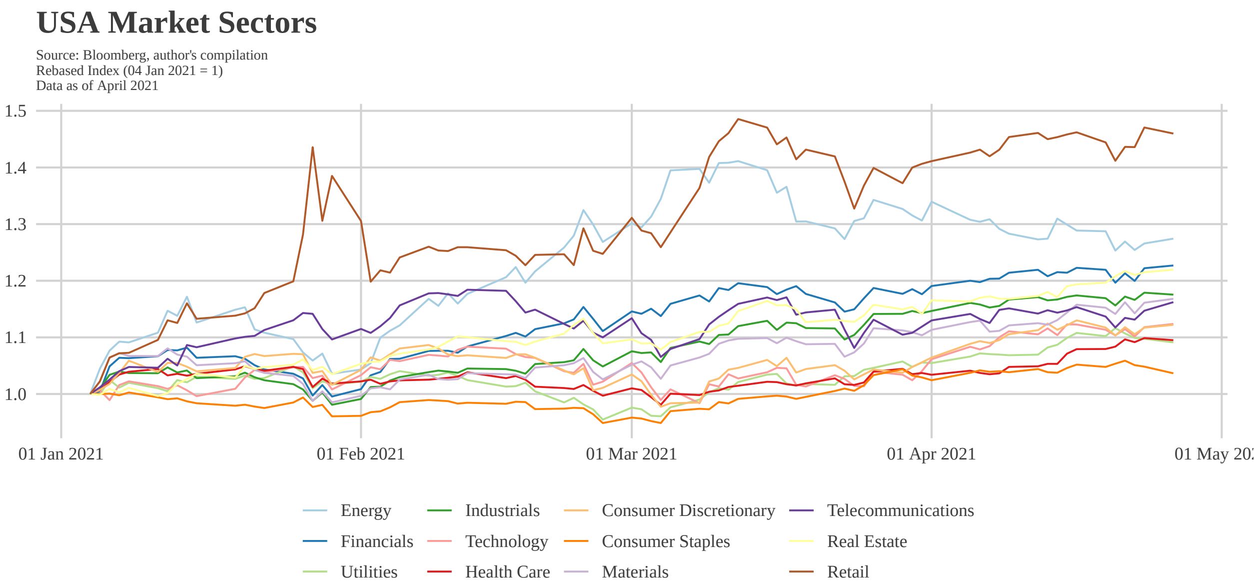
Below are the cumulative year-to-date performances of the indices.

Table 1: Cumulative Index Returns (%)

Index	Return
MSCI World Index	11.493
MSCI AC Asia ex Japan Index	4.810
MSCI Emerging Markets Index	5.192
S&P500 Index	13.609
STOXX50 Index	12.280
MSCI China Index	2.019
Markit iBoxx USD Liquid Investment Grade Index	-3.664
Markit iBoxx USD Liquid High Yield Index	1.303

2 Market Outlook

2.1 USA



Retail, Energy, and the Financials sectors have led the charge year-to-date for the US market. Such trends can be attributed to the effects of the additional USD $1.9T stimulus, significant progress of the COVID-19 vaccine rollout, the recovering economy, and elevated levels of pent up demand.

2.1.1 Expectations

With regards to Retail, consumers have been factoring in the assumption that the economy is well on track to normalcy. Once the COVID-19 vaccine rollout has reached a critical phase, whereby a significantly safe number of the US population has been vaccinated, it is only a matter of time for markets to revert to the pre-pandemic status quo. With the self-assurance that markets should be doing well in the future, consumers are now less likely to defer their consumption and save, and are more likely to increase their current consumption and spending.

With regards to Energy, it is only natural for commodities like oil, gas, and consumable fuels to trend up when an economy is recovering, as manufacturers and suppliers prepare to ramp up their business activities. Furthermore, as energy prices tend to correlate positively with inflation, market participants are expected to increase their allocations towards Energy, as a hedge against inflation.

With regards to Financials, treasury yields in general have been creeping up, and yields are currently approaching pre-pandemic levels, as the US ushers in a new expansionary phase. This is also normal and inevitable. Inflation brings about a general increase in price levels. As a response, long-dated yields have risen accordingly to reflect risk premiums of expected inflation and uncertainty about actual inflation.

As expected, sectors that tend to underperform during phases of rising asset inflation include Consumer Staples and Utilities.

The following tables exhibit the attribution of risks of each sector into its specific (inherent) risk and its systematic risk (market wide), when compared to the S&P500 market benchmark. It also shows the percentage contribution of specific risk and market risk to the total risk of each sector.

Year-to-date, Technology and Consumer Discretionary have been the most sensitive to broad market movements. With regards to total risk, Retail, Technology and Energy have been the most volatile. The main risk driver for Technology is mainly systematic, whereas the main risk driver for Energy is specific risk. The high systematic risk contribution of Technology to its total risk is descriptive of the recent volatility spikes in both the broad market and the Technology sector. The high specific risk contribution of Energy to its total risk further suggests that drivers of its risk and return has to do with expectations that production activity would be ramped up significantly in anticipation of increasing market optimism.

Table 2: Year-to-date Risk Decomposition of USA Market Sectors (Annualized)

Sector	Specific Risk	Systematic Risk	Total Risk	Beta	Specific Risk Contribution	Systematic Risk Contribution
S&P500	0.0000	0.1462	0.1462	1.0000	0.0000	1.0000
Energy	0.3023	0.1166	0.3240	0.7975	0.8705	0.1295
Financials	0.1619	0.1205	0.2018	0.8242	0.6437	0.3566
Utilities	0.1476	0.0666	0.1619	0.4555	0.8311	0.1692
Industrial	0.1159	0.1170	0.1647	0.8003	0.4952	0.5046
Technology	0.1071	0.2058	0.2320	1.4077	0.2131	0.7869
Health Care	0.0842	0.0988	0.1298	0.6758	0.4208	0.5794
Consumer Discretionary	0.1031	0.1893	0.2156	1.2948	0.2287	0.7709
Consumer Staples	0.0947	0.0701	0.1178	0.4795	0.6463	0.3541
Materials	0.1421	0.1409	0.2001	0.9637	0.5043	0.4958
Telecommunications	0.1836	0.1427	0.2325	0.9761	0.6236	0.3767
Real Estate	0.1269	0.0799	0.1499	0.5465	0.7167	0.2841
Retail	0.4709	-0.0221	0.4714	-0.1512	0.9979	0.0022

Table 3: Three Year Risk Decomposition of USA Market Sectors

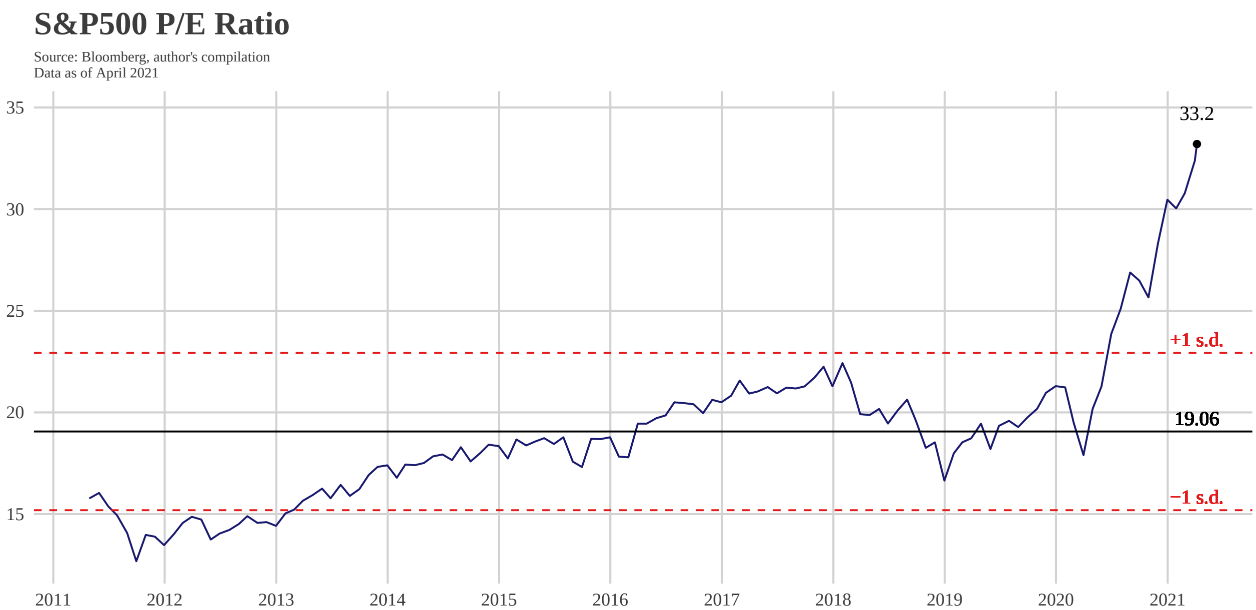
Sector	Specific Risk	Systematic Risk	Total Risk	Beta	Specific Risk Contribution	Systematic Risk Contribution
S&P500	0.0000	0.2262	0.2262	1.0000	0.0000	1.0000
Energy	0.2695	0.2944	0.3991	1.3015	0.4560	0.5441
Financials	0.1429	0.2622	0.2986	1.1592	0.2290	0.7711
Utilities	0.1803	0.1717	0.2490	0.7591	0.5243	0.4755
Industrial	0.1137	0.2425	0.2678	1.0721	0.1803	0.8200
Technology	0.0985	0.2709	0.2883	1.1976	0.1167	0.8829
Health Care	0.0951	0.1894	0.2120	0.8373	0.2012	0.7982
Consumer Discretionary	0.0827	0.2273	0.2419	1.0049	0.1169	0.8829
Consumer Staples	0.1097	0.1532	0.1884	0.6773	0.3390	0.6612
Materials	0.1236	0.2327	0.2635	1.0287	0.2200	0.7799
Telecommunications	0.1296	0.2159	0.2518	0.9545	0.2649	0.7352
Real Estate	0.1861	0.2231	0.2905	0.9863	0.4104	0.5898
Retail	0.2253	0.2244	0.3179	0.9920	0.5023	0.4983

Year-to-date annualized and three-year risk adjusted returns are shown in the table below. Year-to-date, Retail, Real Estate, Energy, and Financials are the best performers when adjusted for risk. The heightened market volatility for Technology does unto it a disservice, in terms of risk-adjusted returns so far.

Table 4: USA Market Sectors Performance Measures (Annualized)

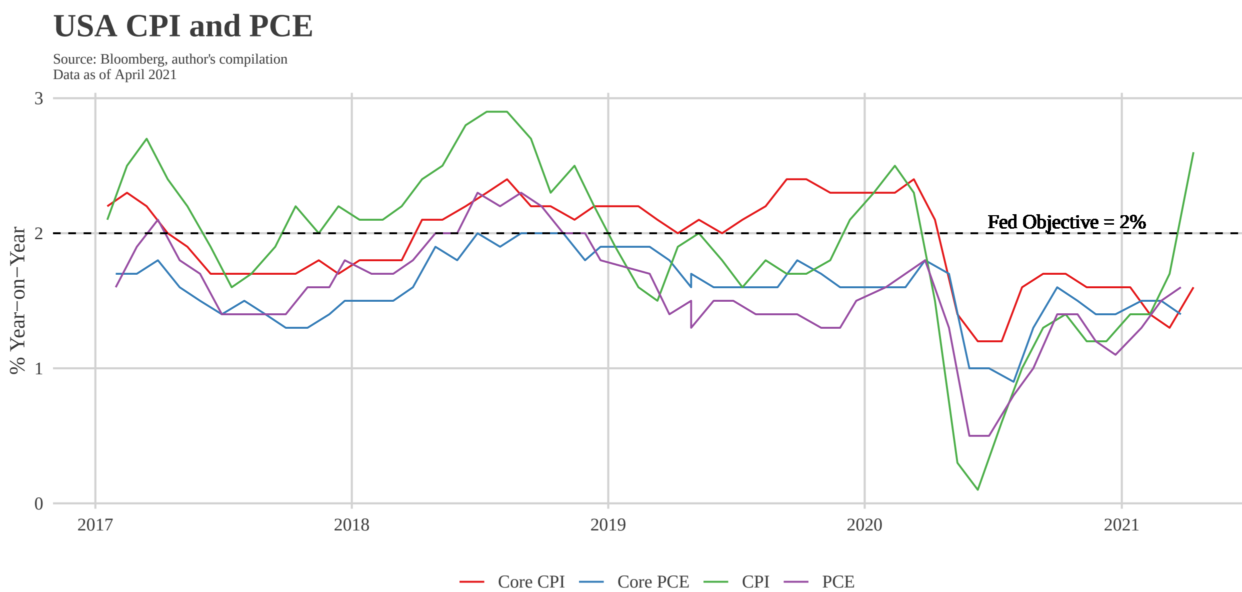
	Year-to-date		Three Year	
Sector	Sharpe	Treynor	Sharpe	Treynor
S&P500	3.180	117.14	0.554	31.58
Energy	3.205	329.90	-0.446	-34.49
Financials	4.270	264.61	0.120	7.82
Utilities	1.725	155.22	0.249	20.56
Industrial	3.829	199.20	0.260	16.37
Technology	1.682	69.95	0.795	48.25
Health Care	2.317	112.48	0.503	32.08
Consumer Discretionary	1.802	75.71	0.611	37.10
Consumer Staples	0.755	46.93	0.483	33.85
Materials	2.935	154.05	0.333	21.50
Telecommunications	2.364	142.45	0.249	16.54
Real Estate	5.609	389.60	0.066	4.89
Retail	4.223	-3345.60	0.601	48.60

With regards to USA equity valuations, Price-to-Earnings ratios are at ten year highs. While equities may appear to be overvalued at this moment (and especially for the Technology sector), we believe that corporate earnings should catch up to bring relative valuations down, in light of favourable economic data. The latest high frequency economic data show improvement across many measures. Personal income and spending will get a sizable boost from the latest round of the stimulus cheques in March. Vaccinations, which began on 14 December 2020, have reached 219 million doses so far. At the current rate, it will take an estimated 3 months to cover 75% of the population with a two-dose vaccine.



Echoing the pattern from January, the rise in February consumer prices was again mainly driven by energy inflation as the core continued to decelerate. Goods prices are more sensitive to external factors, such as commodity prices and exchange rates. For this reason, we view core service price trends as being more accurately reflective of underlying economic conditions - and there is little evidence that the disinflationary tide is turning as of late.

Slack economic conditions, as embodied in elevated unemployment and low industrial capacity utilization rates, are poised to exert downward pressure on inflation for the foreseeable future. We do not expect another round of fiscal stimulus to materially change the inflation outlook or overheat the economy, although one must be prepared for the notion of unexpected inflation and inflation uncertainties.

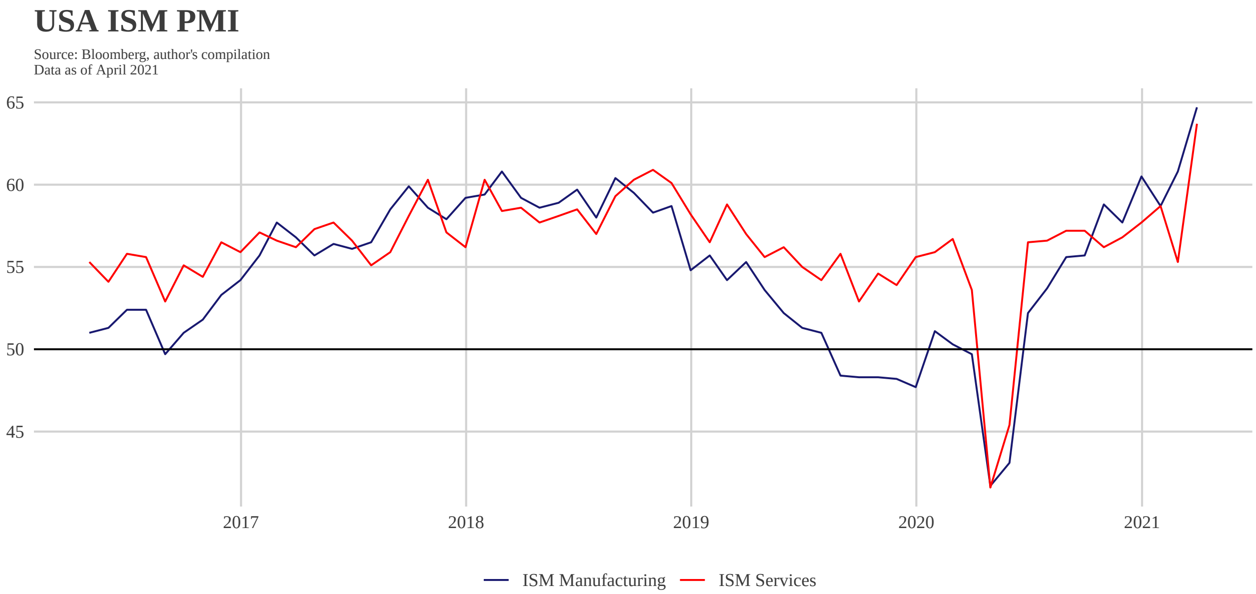


Monetary policy makers remain firmly committed to the policy glide path they instituted in 2020 for both interest rates and asset purchases. The Fed is also unlikely to signal QE tapering until the pandemic no longer poses considerable risk to the outlook.

We generally have a positive stance on Financials, Energy, and Technology. We believe that Technology is here to stay in the long run, as Technology continues to be integrated in the lives of people in the form of greater digitalization.

Latest US ISM Manufacturing and Services figures are also back to pre-pandemic levels. Such figures tend to signal significant manufacturer and consumer optimism, which would serve the Energy sector well, as demand for factors of production increases.

Rising yields tend to serve banks' net interest margins well. This should provide investors with a hedge against unexpected rate increases. Furthermore, with the expectation of a rebounding economy, it is likely for commercial loaning activities to drift back towards pre-pandemic levels.

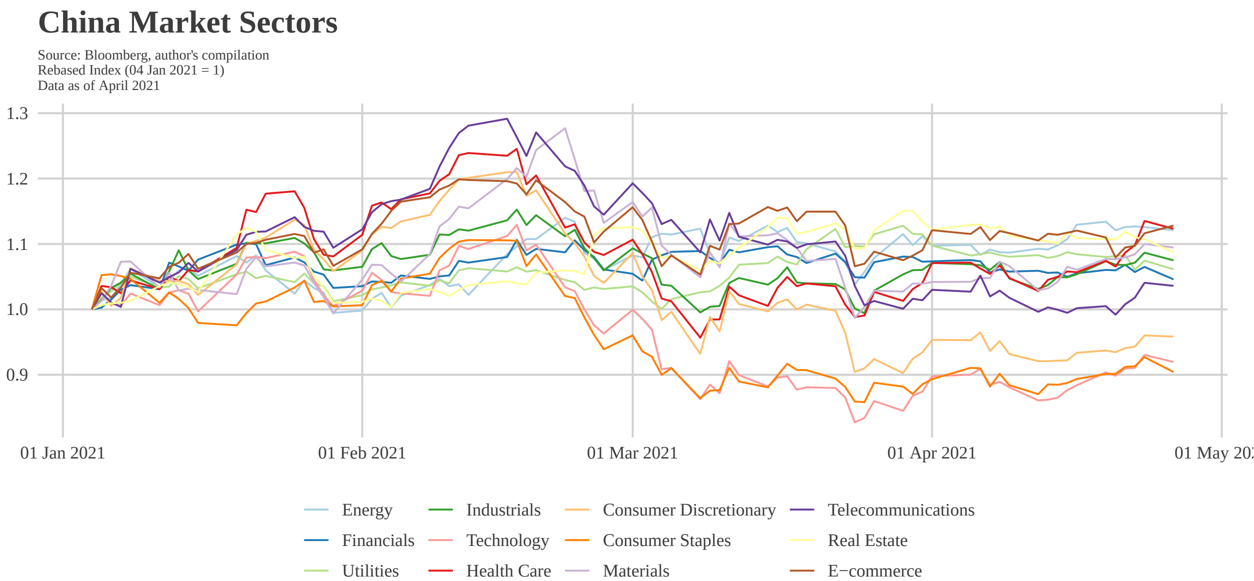


2.1.2 Risks

Inflation could unexpectedly rocket towards unhealthy levels in the latter half of the year. Equity markets have factored in the assumption that rates will be at near-zero levels until 2023. The Fed could have no choice but to raise rates earlier than expected. As equity prices are inversely related to rates, we could see a correction in the equity market. There is already a precedent to this scenario: the 2013 Taper Tantrum. Markets may not be so fortunate this time, as it is probable that the Fed's hands would be tied, and they may not reverse the decision. With a potential scenario of the economy becoming unexpectedly overheated, yields could undergo a faster than expected rise. Also, investors are internalizing the impact on profit growth due to higher taxes, as per Biden's presidential campaign proposal.

Given that such unprecedented stimulus packages have already been implemented, it will be interesting to see how the Fed will engineer its way out of this, as there has been no precedent to such situations.

2.2 China



Across the board, upwards momentum for China has been on a waning trend, and the trend appears to have stabilized for now. It is likely that contagion effects in the form of rising yields in the US sparked systematic fears in equity markets in China, which triggered a sell-off. Fiscal support will be rolled back more gradually than previously anticipated, in recognition of potential weaknesses in the private sector. The central bank is likely to keep its main levers of monetary policy steady for now.

2.2.1 Expectations

Similar to USA, the high systematic risk contribution of Technology to its total risk is descriptive of the recent volatility spikes in both the broad market and the Technology sector. The high specific risk contribution of Energy to its total risk further suggests that drivers of its risk and return has to do with expectations that production activity would be ramped up significantly in anticipation of increasing market optimism.

Year-to-date, it is highly unusual for Consumer Staples to be so systematically linked to the broad market index, with it being one of the worst performers year-to-date. This may be due to a combination of disinterest in this particular sector, which tends not to do well during inflationary phases, and seemingly increasing tensions between China and USA with regards to trade, which sparked a sell-off.

Table 5: Year-to-date Risk Decomposition of China Market Sectors (Annualized)

Sector	Specific Risk	Systematic Risk	Total Risk	Beta	Specific Risk Contribution	Systematic Risk Contribution
CSI300	0.0000	0.2527	0.2527	1.0000	0.0000	1.0000
Energy	0.2775	0.0692	0.2860	0.2738	0.9414	0.0585
Financials	0.1650	0.0998	0.1928	0.3949	0.7324	0.2679
Utilities	0.1662	0.0482	0.1731	0.1907	0.9219	0.0775
Industrial	0.1747	0.2063	0.2703	0.8164	0.4177	0.5825
Technology	0.2182	0.3014	0.3721	1.1927	0.3439	0.6561
Health Care	0.2306	0.2765	0.3600	1.0942	0.4103	0.5899
Consumer Discretionary	0.2640	0.2842	0.3879	1.1247	0.4632	0.5368
Consumer Staples	0.1781	0.2696	0.3231	1.0669	0.3038	0.6963
Materials	0.2723	0.2575	0.3748	1.0190	0.5278	0.4720
Telecommunications	0.2475	0.2184	0.3300	0.8643	0.5625	0.4380
Real Estate	0.2550	0.0508	0.2600	0.2010	0.9619	0.0382
E-commerce	0.2269	0.1754	0.2867	0.6941	0.6263	0.3743

Table 6: Two Year Risk Decomposition of China Market Sectors (Annualized)

Sector	Specific Risk	Systematic Risk	Total Risk	Beta	Specific Risk Contribution	Systematic Risk Contribution
CSI300	0.0000	0.2767	0.2767	1.0000	0.0000	1.0000
Energy	0.2422	0.1807	0.3021	0.6531	0.6428	0.3578
Financials	0.1561	0.2259	0.2746	0.8164	0.3232	0.6768
Utilities	0.1524	0.1206	0.1943	0.4359	0.6152	0.3853
Industrial	0.1675	0.1984	0.2596	0.7170	0.4163	0.5841
Technology	0.2169	0.3099	0.3783	1.1200	0.3287	0.6711
Health Care	0.2073	0.2271	0.3075	0.8207	0.4545	0.5454
Consumer Discretionary	0.2047	0.2503	0.3233	0.9046	0.4009	0.5994
Consumer Staples	0.1587	0.2318	0.2809	0.8377	0.3192	0.6810
Materials	0.2043	0.2105	0.2934	0.7608	0.4849	0.5147
Telecommunications	0.2013	0.1927	0.2786	0.6964	0.5221	0.4784
Real Estate	0.2320	0.2048	0.3094	0.7402	0.5623	0.4381
E-commerce	0.2239	0.1923	0.2951	0.6950	0.5757	0.4246

Table 7: China Market Sectors Performance Measures (Annualized)

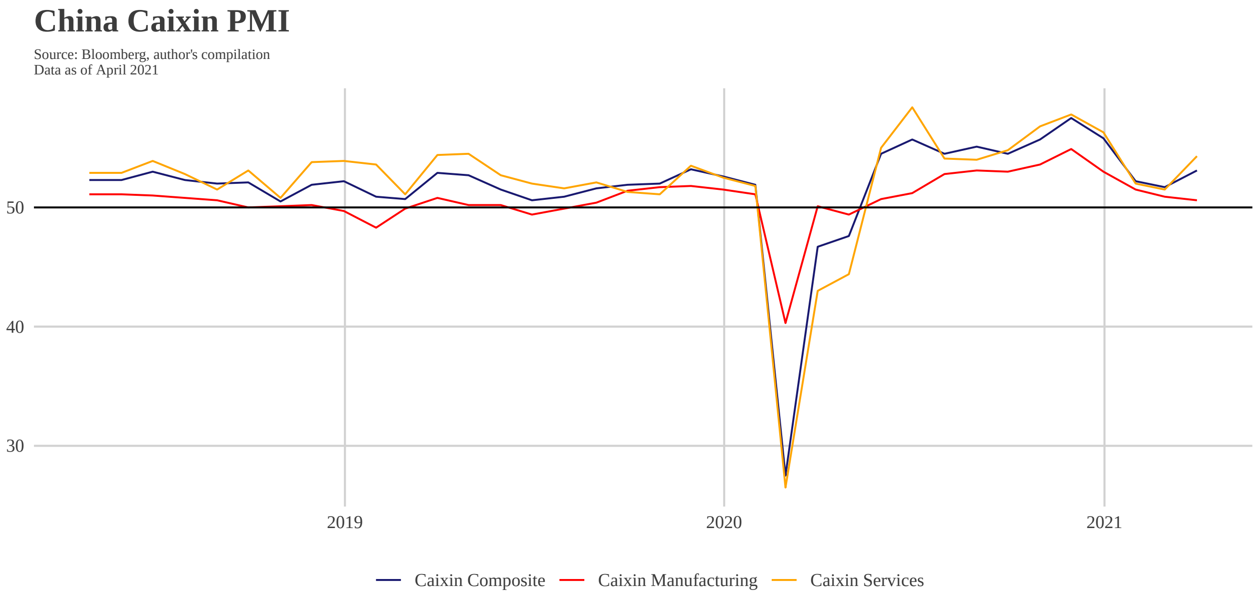
	Year-to-date		Two Year	
Sector	Sharpe	Treynor	Sharpe	Treynor
CSI300	-0.634	-40.37	0.381	26.58
Energy	1.254	331.99	-0.487	-56.85
Financials	0.563	69.62	-0.285	-24.14
Utilities	0.963	221.43	0.086	9.66
Industrial	0.707	59.16	0.119	10.86
Technology	-0.827	-65.14	0.523	44.55
Health Care	0.935	77.75	0.745	70.36
Consumer Discretionary	-0.547	-47.66	0.994	89.52
Consumer Staples	-1.032	-78.95	0.815	68.86
Materials	0.593	55.11	0.586	56.95
Telecommunications	0.113	10.89	-0.131	-13.18
Real Estate	0.923	303.13	-0.254	-26.79
E-commerce	1.349	141.08	0.991	106.11

We believe that China has great opportunities for growth. In the most recent Five-Year Plan, there are allusions towards a greater focus on the domestic economy and industrial value chains. By doing so, China hopes to become more self reliant for sustenance and economic growth.

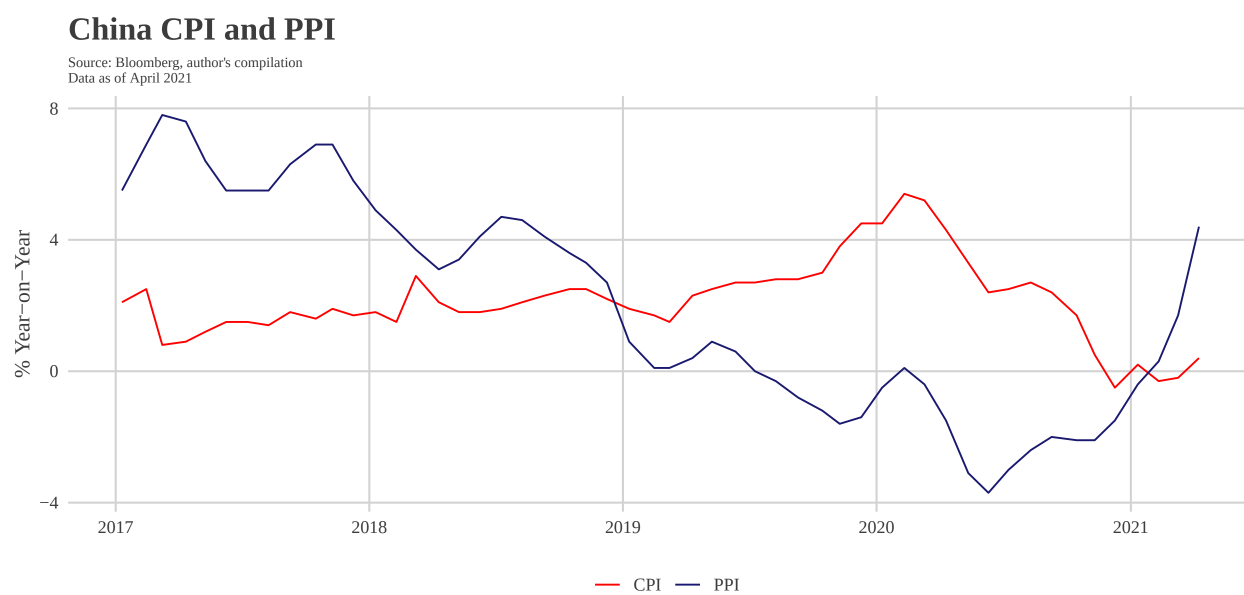
CSI300 Price-to-Earnings ratios are well out of their one standard deviation bands for sustained periods. The slight dip is attributed to the most recent market correction across the board. Similar to USA, we believe that corporate earnings should pick up pace, given the long-term vision of the Five-Year Plan.

China currently still holds a competitive advantage when it comes to labor costs and technical qualifications. Holding technical qualifications constant, China has a slightly cheaper labour cost, compared to most developed countries, due to its large population and job competitiveness. With prudent yet supportive policies from the Chinese government, China is expected to do well across the board. Certain sectors, such as Technology and Manufacturing are more intricately linked to the realizations and goals of the Five-Year Plan and are thus poised to outperform other sectors. In particular, China is committed to to enhancing its research and development capabilities, and the enhancement of high-end technology and the renewable energy sectors.

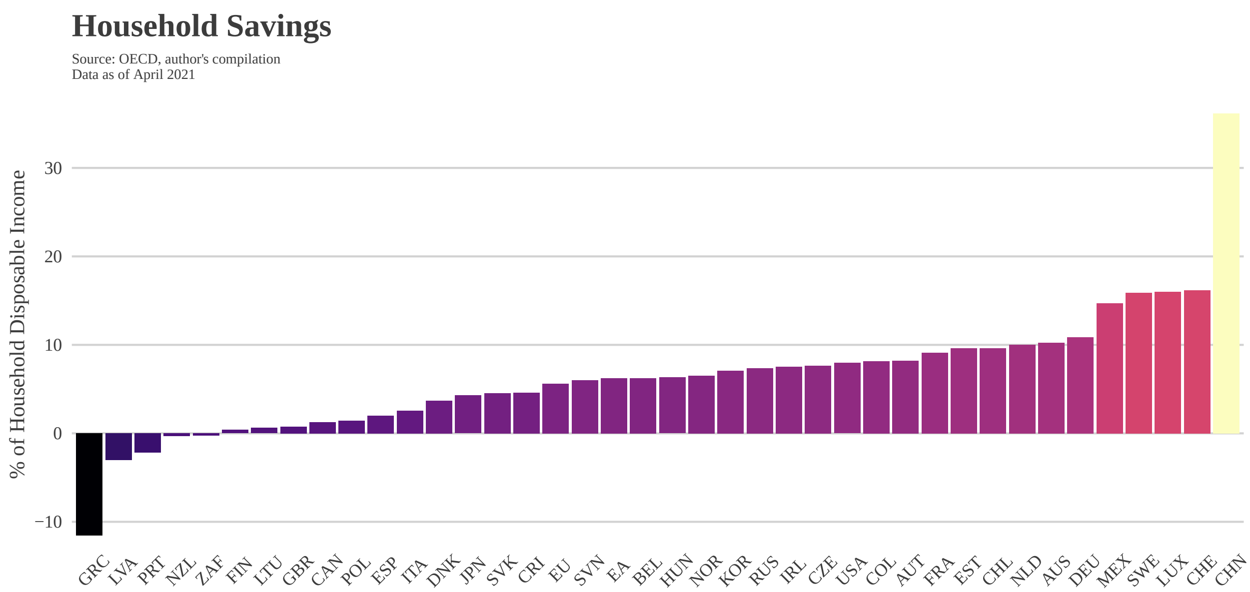
Overall, there is optimism for China across the board, with Caixin Composite PMI, Caixin Manufacturing PMI, and Caixin Services PMI figures of above 50, which generally indicate an expansion in business activities. The improvement in services is particularly heartening - it's rare for this gauge to rise in the wake of the holiday period. The strength points to a comeback in consumption.



China's inflation strengthened in February, with consumer price declines slowing and producer price gains accelerating - conditions broadly conducive to a steady stance by the central bank. Producer price inflation looks set to pick up further on a low base, assuming commodity prices remain buoyant. This would support increases in profits for industrial enterprises - a positive for the economy.



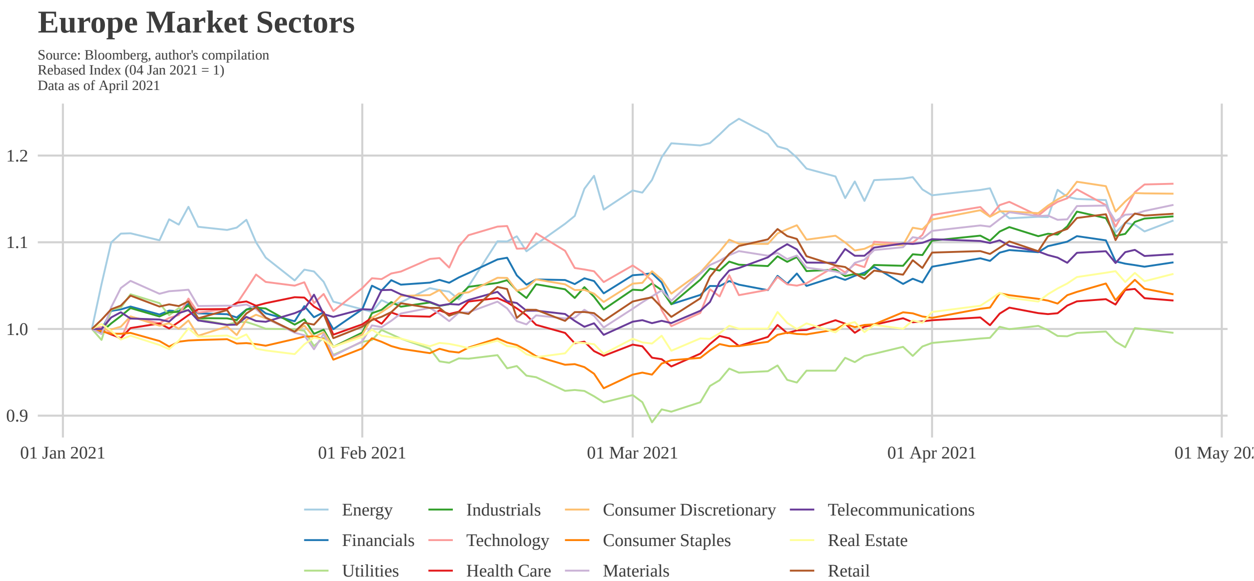
Out of all the OECD countries, China has the most household savings, as a percentage of their disposable income, with a figure of 36.1%. Compared to other countries, China is also miles ahead. As the economy rebounds and consumer expectations about the economy improve, we believe that such high levels of savings would then translate to high levels of (domestic) consumption, which further augurs well for the domestic economy.



2.2.2 Risks

There appears to be brewing signs of tension between China and the new Biden administration. There were sharp exchanges between Chinese President Xi Jinping and US President Biden during their most recent meeting in Alaska, which could signal firm stances on both sides with regards to bilateral terms of trade. The objective of China to become more self-reliant does not mean diminish the importance of export income. One should be cognizant of this potential threat, which could jeopardize trading activity and income for China.

2.3 Europe

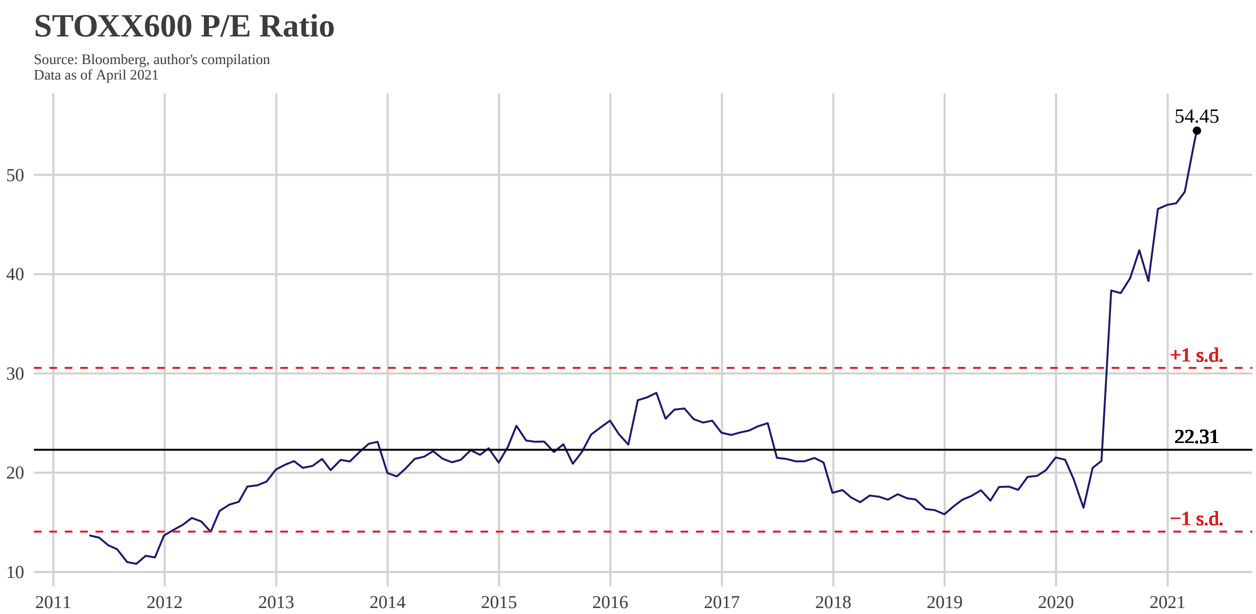


Energy has led the charge for Europe. This is mainly attributable to the general expectation of a recovering global economy, and in line with global energy firms. Laggards include Utilities, Health Care, and Consumer Staples. Just like USA and China, with expectations of asset inflation, these sectors tend to not do well.

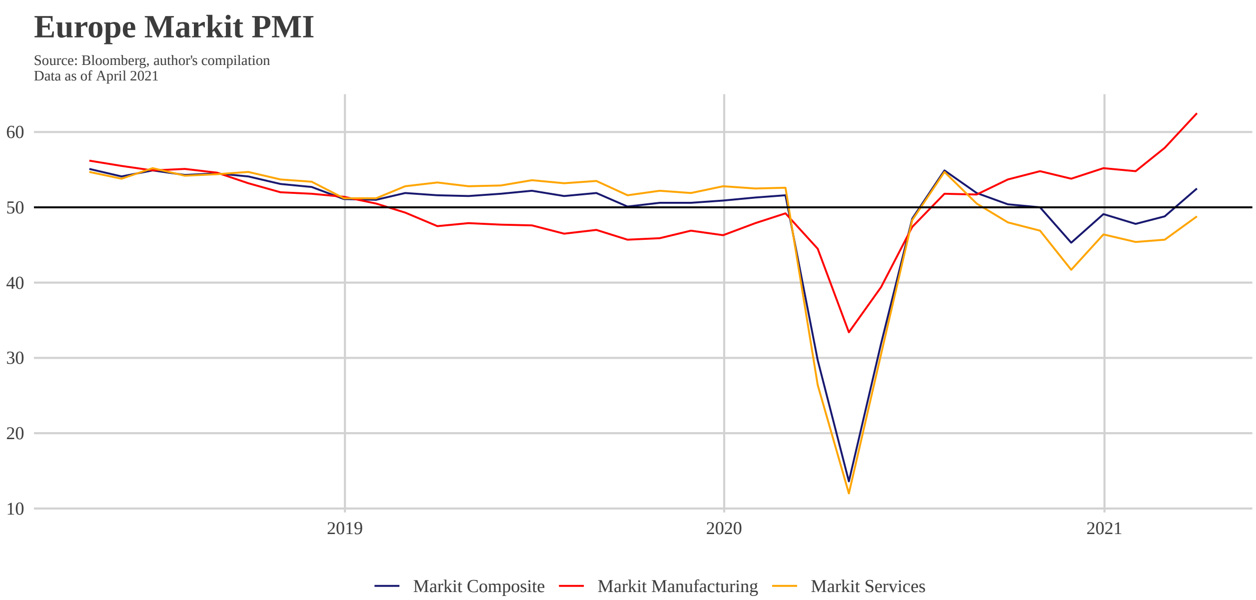
Unlike USA and China, interest-rate sensitive Real Estate has been lagging. With the ongoing commitment from the ECB to prop up the economy in the form of extremely low interest rates, and the high unlikelihood that the ECB will raise rates, we do not think that this sector will perform well for the short to medium term. That being said, it is worth keeping this sector in mind for future periods, once the Eurozone is on firm track towards recovery.

2.3.1 Expectations

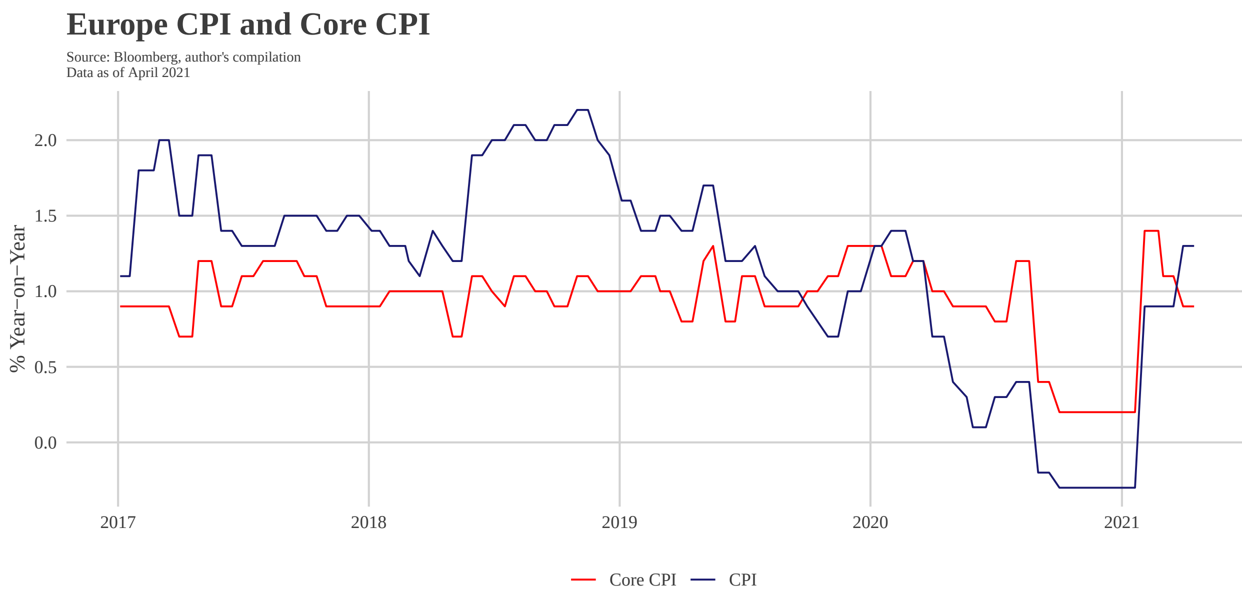
Vis-a-vis USA and China, Europe has been the worst performer. The STOXX600 Price-to-Earnings ratio is well above the one standard deviation bands and at all time highs, similar to China and USA. However, despite being bullish on USA and China, we remain slightly bearish on Europe. Recent AstraZeneca vaccine concerns has weighed in onto consumer sentiment, and more countries are contemplating implementing lockdown measures again. While Europe is still on track towards recovery, it may take a longer time for its economy to recover, relative to USA and China. Rock-bottom interest rates should be here to stay for the medium term to aid economic recovery.



Across Europe, the latest Composite PMI has just breached the 50 mark, with a latest figure of 52.5, which signals mild optimism. While the Services sector has recovered from its recent slump, it is still below 50, with a figure of 48.8, which tends to indicate mild pessimism. Most significantly, the Manufacturing PMI has been on a strong uptrend since late 2020, while the Composite and Services PMI has declined for the last quarter of 2020. This tends to indicate an expansion in the Manufacturing segment, and it signals greater relative optimism in the Manufacturing sector. Furthermore, as the COVID-19 vaccine rollout progresses in Europe, it is only a matter of time before air travel restrictions are relaxed. Given the relatively currently depressed Energy base, we believe that Energy would perform well as travel demand ramps up, and as consumers increase their spending. Accordingly, we anticipate that the Manufacturing and Energy sector to perform relatively better.



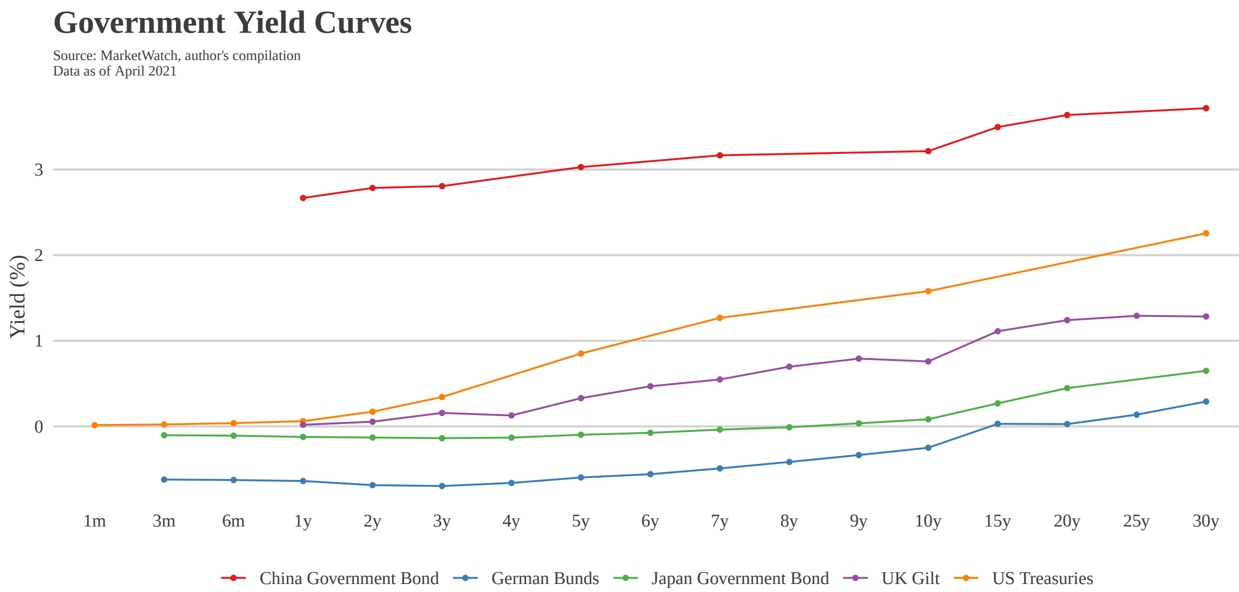
Inflation in the euro-area has been climbing recently, largely reflecting a number of technical and one-off factors. These include in particular the approaching reversal of Germany's VAT rate cut as well as the impact of energy price base effects and rising fuel costs this year. Looking ahead, upward pressure on consumer goods prices and a likely recovery in prices for travel-related services should push up inflation quite markedly in 2021. However, as slack in the economy weighs on prices and wages, we expect the increase to be temporary.



2.3.2 Risks

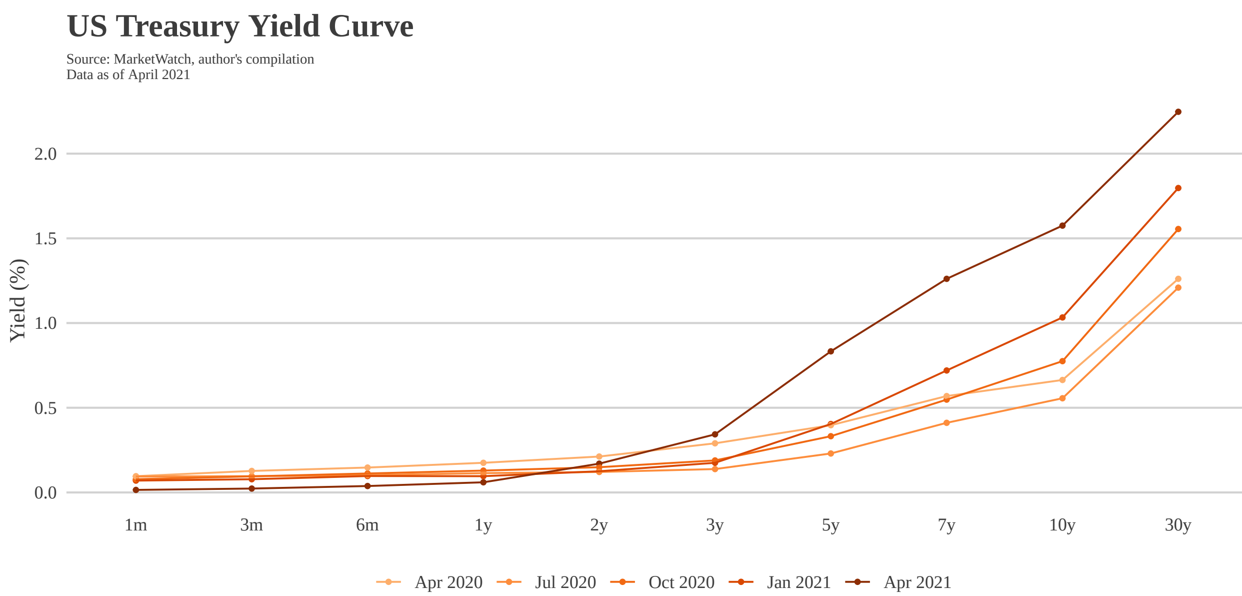
While the Manufacturing sector is slated for a solid recovery, hiccups in the vaccination rollout process and surging COVID-19 cases could start to reverse such optimism. The Services sector could be dealt with another harsh blow again, and it could contract even further. Diligent monitoring of the pandemic situation is key to assessing the economic trajectory of Europe for the short and medium term. Slow progress on vaccine deployment means the biggest monthly gain in the region's GDP would not come until May, and that's assuming that a lot goes right. With supportive policy and pent up consumer demand, a swift recovery should be possible once restrictions are eased.

2.4 Credit Markets



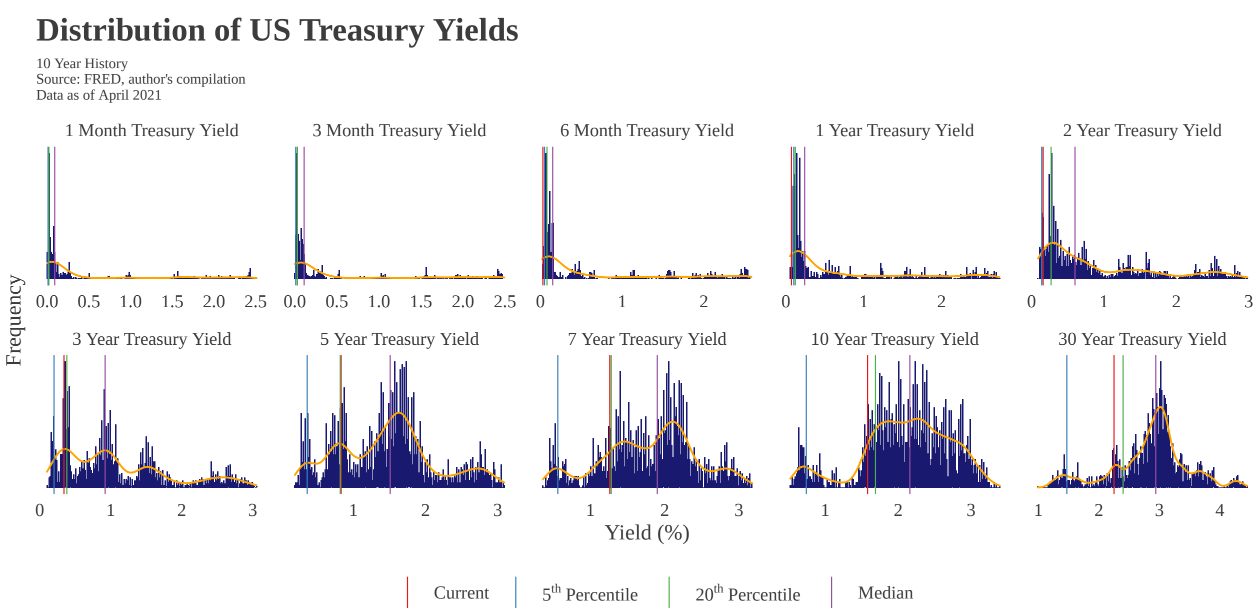
Global government bond yields are still generally persistently low across the board, with the probable exception of China. As mentioned earlier, China has started to adopt more balanced and prudent monetary policies, as its economy prepares to move into the next post-pandemic phase. Compared to other major economies, China currently has higher yields for all maturities, which could signal impending tightening of monetary policies.

For US Treasuries, the yield curve has steepened significantly over a one-year time period, whereby shorter-dated maturities have declined, and longer-dated maturities have increased. As the US prepares to shift its monetary policy stance from an emergency to a supportive one, we believe that there is a greater likelihood of upward pressure for yields, rather than downward pressure. This is bolstered by the impact of stimulus packages translating into inflation concerns, and the possibility of further stimulus packages and government expenditures. Slightly rising yields in a recovery is good as it helps to modulate the markets from overheating.

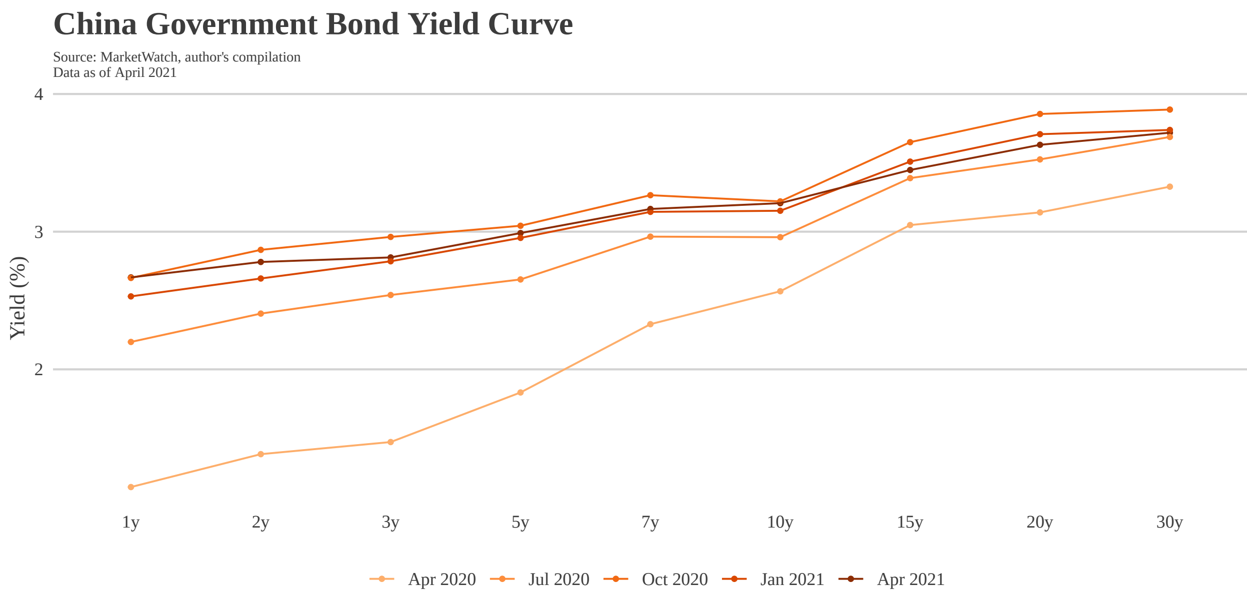


Both short-dated and long-dated yields have already drifted away from their lower bounds. As yields are still considered low by historical standards, there is more room for yields to maneuver upwards, rather than downwards, which translates to considerable duration risk for fixed income instruments when such yields creep up, and when the yield curve steepens or shift upwards. In light of this, we generally do not find US bonds to be very attractive, as this means that investors have to bear relatively high duration risk with low yields.

Furthermore, unless one can justify such low yields with a consistent USD appreciation (which does not appear to be the case currently), it may not be ideal for investors to be overly exposed to US fixed income. While we expect the Federal Reserve to tread very carefully by committing to keep rates appropriately low, investors should be aware of the one-sided duration risk, whereby bond prices are skewed to the downside.



Yields for China have already drifted higher from pandemic levels, and the yield curve has relatively stabilized within a range, compared to the US. A combination of higher yields and lesser downside duration risk signals relative attractiveness for China Bonds. In light of this, we generally have a more favourable stance towards China credit.



PromiseLand advocates that investors be mindful of the following three 'I's when investing.

Inertia – Clients must overcome inertia and take actual steps to start an investment portfolio or to enhance an existing investment portfolio. Clients can seek the help of Financial Adviser Representatives from PromiseLand to kick-start their journey, or to enhance their investment portfolios.

Inefficiency – Clients must beware of inefficiency lurking within their investment portfolio. If the addition of an investment instrument is unable to reduce the investment risk of the portfolio or to increase the mean return of the portfolio, then that particular investment instrument is inefficient. If a particular investment idea/portfolio is unable to justify the investment risks associated with it or if it is unable to derive higher returns than its opportunity cost, that investment idea/portfolio is inefficient. Clients can speak with Financial Adviser Representatives from PromiseLand to find out how PromiseLand's Portfolio Allocation Model (PPAM) can be an efficient and effective investment tool for them.

Incongruity – Clients must ensure their investment portfolios remain congruent to their risk profiles and aligned with the existing economic climate to reap maximum rewards. Clients can seek the help of Financial Adviser Representatives from PromiseLand to give them unbiased and professional advice with regards to Investment or Insurance Planning to ensure congruency.

Please contact your friendly PromiseLand Financial Adviser Representative to find out more about the PPAM. If you do not already have a dedicated PromiseLand Financial Adviser Representative serving your financial needs, please contact PromiseLand at +65 6505 4100 or email us at enquiries@promiseland.com.sg and we will arrange for a PromiseLand Financial Adviser Representative to attend to your unique investment needs.

3 Allocation Model

3.1 Strategic Asset Allocation (SAA)

There are ten existing SAA models, with five each for Cash and CPF-OA/SRS to suit different risk appetite of our clients.

Table 8: Strategic Asset Allocation for Cash (%)

Region	Conservative	Moderately Conservative	Balanced	Moderately Aggressive	Aggressive
USA	20	26	32	38	43
Europe	7	9	10	12	14
Asia Ex. Japan	8	10	13	15	18
High Quality Bonds	36	28	20	13	8
High Yield Bond	24	22	20	17	12
Yield Enhancer	5	5	5	5	5

Table 9: Strategic Asset Allocation for CPFOA/SRS (%)

Region	Conservative	Moderately Conservative	Balanced	Moderately Aggressive	Aggressive
USA	20	26	32	38	43
Europe	7	9	10	12	14
Asia Ex. Japan	8	10	13	15	18
High Quality Bonds	36	28	20	13	8
High Yield Bond	24	22	20	17	12
Yield Enhancer	5	5	5	5	5

A Yield Enhancer Fund is a fund that seeks to take advantage of short-term pricing inefficiencies in the market in order to generate a higher expected return.

In the event that the selected fund is **not available** on a certain platform, PromiseLand reserves the right to replace the Fund with any other similar fund.

3.2 Tactical Asset Allocation (TAA)

Table 10: Asset Class Views

	Short Term	Long Term
Equities	Overweight	Overweight
Fixed Income	Underweight	Underweight
Cash	Underweight	Underweight

Table 11: Equity Views

	Short Term	Long Term
USA	Overweight	Overweight
China	Overweight	Overweight
Europe	Underweight	Underweight
Asia Ex.Japan	Overweight	Overweight

Table 12: Fixed Income Views

	Short Term	Long Term
Developed Markets Government Bonds	Underweight	Underweight
Developed Markets Corporate Bonds	Neutral	Neutral
Emerging Markets Government Bonds	Overweight	Overweight
Investment Grade	Underweight	Underweight
High Yield	Overweight	Overweight

Table 13: Sector Views

	Short Term	Long Term
Energy	Overweight	Neutral
Financials	Overweight	Overweight
Utilities	Underweight	Underweight
Industrials	Underweight	Underweight
Technology	Overweight	Overweight
Health Care	Underweight	Underweight
Consumer Discretionary	Overweight	Overweight
Consumer Staples	Underweight	Underweight
Materials	Underweight	Underweight
Telecommunications	Neutral	Neutral
Real Estate	Neutral	Neutral
Retail	Overweight	Overweight

3.3 Past Performances

The tables below show the past performances (in SGD) of the model portfolios, for the various risk levels and fund sources.

Table 14: Past Performances for Cash (%)

Risk Level	3 Months	6 Months	Year to Date	1 Year	Since Inception (pa)
Conservative	-2.16	7.77	1.30	28.67	10.05
Moderately Conservative	-2.21	9.41	1.89	34.52	11.14
Moderately Aggressive	-2.25	12.57	2.91	46.85	13.62
Aggressive	-2.33	14.08	3.33	53.05	14.70

Table 15: Past Performances for CPFOA (%)

Risk Level	3 Months	6 Months	Year to Date	1 Year	Since Inception (pa)
Conservative	-0.04	4.38	0.57	17.80	6.29
Moderately Conservative	0.42	5.81	1.39	21.67	7.26
Moderately Aggressive	1.25	8.50	2.85	29.37	8.81
Aggressive	1.68	9.93	3.63	33.16	10.42

Table 16: Past Performances for SRS (%)

Risk Level	3 Months	6 Months	Year to Date	1 Year	Since Inception (pa)
Conservative	-0.02	4.24	0.58	17.71	5.75
Moderately Conservative	1.25	6.70	2.40	22.77	6.90
Moderately Aggressive	1.42	8.50	2.85	29.51	8.15
Aggressive	1.68	9.93	3.63	33.54	9.07

4 Appendix

4.1 Fund Selection (Cash)

Table 17: Percentage Allocations for Cash (%)

Region	Fund Name	ISIN
USA	Franklin - Technology A H1 Acc SGD	LU1803068979
Europe	Threadneedle - (Lux) Pan European ESG Equities ASH SGD	LU0640478417
Asia Ex. Japan*	UOB - United China A-Shares Innovation A Acc SGD	SGXZ49509284
High Quality Bonds	NB China Bond AM Unhedged Dis SGD	IE00BHXGRN56
High Yield Bonds	BlackRock GF Asian High Yield Bond A2 Acc USD	LU1564328067
Yield Enhancer	Nikko AM ARK Disruptive Innovation B SGD	LU1861559042

Table 18: Percentage Allocations for Cash (%)

Region	Conservative	Moderately Conservative	Balanced	Moderately Aggressive	Aggressive
USA	20	26	32	38	43
Europe	3	5	6	8	10
Asia Ex. Japan	8	10	13	15	18
High Quality Bonds	38	30	22	15	10
High Yield Bonds	25	23	21	18	13
Yield Enhancer	6	6	6	6	6

* Please note that for Navigator clients, the fund will be **Allianz China A Shares AT USD (LU1997245177)**.

4.2 Fund Selection (CPFOA/SRS)

Table 19: Percentage Allocations for CPFOA/SRS (%)

Region	Fund Name	ISIN
USA	PineBridge US Large Cap Research Enhanced A5	IE00BWXC8680
Europe	Eastspring Pan European	SG9999002786
Asia Ex. Japan	Fidelity Sustainable Asia Equity SR Acc SGD	LU1235261630
Bonds	Manulife Asia Pacific Investment Grade Bond A	SG9999011134
Yield Enhancer	FSSA - Dividend Advantage A Q SGD Dist	SG9999002083

Table 20: Percentage Allocations for CPFOA/SRS (%)

Region	Conservative	Moderately Conservative	Balanced	Moderately Aggressive	Aggressive
USA	20	26	32	38	43
Europe	3	5	6	8	10
Asia Ex. Japan	8	10	13	15	18
Bonds	63	53	43	33	23
Yield Enhancer	6	6	6	6	6