

Singlife Model Portfolios

Quarterly Investment Review – Q3 2023

Model Portfolios advised by abrdn Asia Limited (“abrdn Asia”)



Asset Manager's Reflections

Global equity markets ended the quarter lower. Investors mainly focused on the extent to which the world's major central banks would have to tighten monetary policy to combat still above-target inflation levels. While economic data has generally been more robust, the risk of a global recession remains. The MSCI AC World Index returned -2.40% in Singapore dollar (SGD) terms.

Over the third quarter, equities declined in the US where the small-cap Russell 2000 Index and tech-heavy NASDAQ Composite led the losses. Most major European markets also fell in local-currency terms as shrinking business activity in Germany dampened investor risk appetite. Elsewhere, Japanese equities rose in yen, while the currency depreciated over the quarter. Chinese equities ended lower, along with stocks in Taiwan and South Korea. With fresh stimulus measures announced by the Chinese authorities, the probability of the Chinese economy bottoming out has increased. More positively, Indian equities had a robust quarter as second-quarter GDP rose by 7.8% year on year and the central bank kept its benchmark rate at 6.5%.

Global government bonds fell in local-currency terms. Major central banks continued to raise interest rates to combat still-elevated inflation. Although price pressures have been easing in most major economies, core inflation has stayed stubbornly high. While 10-year government bond yields in the US, Germany and Japan all rose over the quarter, those on UK Gilts ended relatively flat due to slowing domestic growth and easing core inflation. Corporate bonds had a lacklustre quarter. Riskier high-yield corporate bonds slightly outperformed their investment-grade counterparts in the US as investors were attracted by the former's relatively high starting yields.

While headline inflation is coming down in the US, 'core-core' inflation remains above levels consistent with the Federal Reserve's target. Ultimately, we believe that the combination of rate hikes and stickier inflation will end in a recession. However, we continue to think that this is a price central banks are willing to pay to maintain credibility on their future inflation targets. While a US recession remains our central view, we have moderated our stance somewhat, with an increased probability of a softer landing. Of late, economic data has surprised to the upside, and we can now see the US and broader global consumer and services sectors remaining robust for the time being. These developments are likely to be supported by the ongoing willingness of consumers to draw down their excess savings. Additionally, we believe labour markets will continue to be strong, while the real term boost that households will soon get from lower headline inflation could remain supportive for the economy. In summary, we expect the US to potentially avoid a recession this year, but one should still happen sometime next year in 2024. As such, we are positioned in the portfolios with a moderate underweight.

Singlife Model Portfolios

Quarterly Investment Review – Q3 2023

Model Portfolios advised by abrdn Asia Limited (“abrdn Asia”)



Asia is projected to be the primary driver of global growth. Most central banks will likely continue to hike rates in the rest of 2023 but should reach terminal rates by year-end. This translates to yields peaking and providing support for US Treasuries. Stress on Treasuries due to the extension of duration by the US Department of the Treasury is expected to fade, allowing Treasuries and duration to outperform as US growth moderates. This development will take time to play out, as such the portfolios have exposure tilts towards shorter duration positions.

In Asia, the attractive valuation of Chinese equities is difficult to ignore. With increased focus on policy support by the Chinese authorities, there is an increased chance of the Chinese economy bottoming out. Earnings growth in India is expected to remain resilient due to robust economic fundamentals. We also anticipate the South Korean chip cycle to soon reach its bottom, benefitting the technology-heavy local market as yields moderate, as such, we expect the exposure to Asia across the portfolios to hold up.

The situation in Israel and the broader Middle East region remains in a state of flux, however the reaction to developments from global markets have been muted. In immediate response to the attack on Israel, safe-haven assets such as treasuries rallied and oil prices rebounded, but overall, the reaction has been mild. The S&P 500 index barely reacted. Meanwhile, the VIX index only slightly increased, and the USD strengthened slightly. Market pricing reflects a view that the consequences for the global economy should remain limited.

However, whether the effects will remain muted will depend on how this conflict unfolds in the next stage. While diplomatic efforts by the US and Saudi Arabia aim at containing an escalation of further violence in the region, recent comments from Iran and Hezbollah seem to suggest a higher risk of a second front in the war, driving oil prices and market risk higher, bonds to rally, and equities to sell off. As such, given the uncertainty of the potential impact the conflict may have on the global economy and markets, maintaining a moderate underweight to equities, while balancing it with higher allocations to short term bonds, allows the portfolios to have positions that will likely benefit as the impact from the conflict on markets unfolds.

Singlife Model Portfolios

Quarterly Investment Review – Q3 2023

Model Portfolios advised by abrdn Asia



Singlife Model Portfolios' Allocation (as of 30 September 2023)

Funds	Singlife Conservative	Singlife Balanced	Singlife Dynamic
Fixed Income			
Neuberger Berman Strategic Income Fund SGD-H	35%	24%	11%
United SGD Fund	44%	25%	8%
BlackRock Global Funds - US Dollar High Yield Bond Fund SGD-H	2%	2%	2%
United Asian High Yield Bond Fund SGD-H	1%	1%	1%
Equities			
United Global Growth Fund	1%	2%	5%
Allianz Best Styles Global Equity SGD-H	1%	5%	7%
Nikko AM Shenton Global Opportunities Fund	6%	13%	20%
Fidelity Funds - World Fund	4%	11%	15%
Eastspring Investments - Global Low Volatility Equity Fund	2%	6%	13%
JPMorgan Funds - Asia Pacific Equity Fund	2%	6%	10%
abrdn All China Sustainable Equity Fund	2%	5%	8%

Source: abrdn Asia. The portfolios allocation may change from time to time, at the discretion of the Asset Manager. Figures may not always sum up to 100% due to rounding. This information should not be considered a recommendation to purchase or sell any security or an indication of future performance.

Singlife Model Portfolios

Quarterly Investment Review – Q3 2023

Model Portfolios advised by abrtn Asia



Important Information

With effect from 1 January 2022, Aviva Ltd and Singapore Life Pte. Ltd. (Singlife) came together to create a leading financial services company in Singapore. The combined company will be known as Singapore Life Ltd.

The Singlife Model Portfolios are advised by abrtn Asia Limited (“abrtn Asia”), which is licensed to conduct Fund Management and Dealing in Capital Markets Products regulated activities. abrtn Asia is registered with the Accounting and Corporate Regulatory Authority in Singapore (Reg. No. 199105448E) and its business activities are regulated by the Monetary Authority of Singapore.

This document is for information only and does not constitute an offer or solicitation to buy or sell any of the investments mentioned. Neither Singlife nor any officer or employee of Singlife accepts any liability whatsoever for any loss arising from any use of this publication or its contents. This document is confidential and constitutes proprietary information and may not be used other than by the intended recipient. This document may not be reproduced, distributed or published without prior written permission from Singlife. If you have received this document by mistake, please delete or destroy it, and notify the sender immediately.

The views expressed are opinions of abrtn Asia as of the date of this document and are subject to change based on market and other conditions. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase or sell securities, and the information provided regarding such individual securities is not intended to be used to form any basis upon which an investment decision is to be made. Nothing in this document constitutes accounting, legal, regulatory, tax or other advice. Portfolio allocations, holdings and characteristics are subject to change at any time. Any statistics have been obtained from sources abrtn Asia believed to be reliable but the accuracy and completeness of the information cannot be guaranteed. All investments involve risks, including possible loss of principal. Past performance is not necessarily indicative of future performance. The information contained in this document, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available as at the date of this document and reflects prevailing conditions and abrtn Asia’s views as of the date of this document, all of which are accordingly subject to change at any time without notice and abrtn Asia is under no obligation to notify you of any of these changes.

Recipients should be aware that many of the investment products which may be described in this document involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such investment products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any investment product should not be considered to be a disclosure of all risks or a complete discussion of such risks. This document was prepared without regard to the specific investment objectives, financial situation or needs of any investor. You should seek advice from a qualified financial advisor before relying on the information, analyses and opinions for any investment decisions. In the event that investors choose not to seek advice from a financial adviser, investors should consider whether the product is suitable for them.

Unless otherwise stated, performance results do not reflect the deduction of policy charges. It should be noted that performance results will be reduced by policy charges. Investment into the model portfolios are not bank deposits or other obligations, or guaranteed or insured by Singlife or any of their affiliates, or by any local governmental or insurance agency, and are subject to investment risks, including the possible loss of the principal amount invested. Investors should be aware of the risk of exchange rate fluctuations that may cause a loss of principal.

This document is only for the purpose of distribution in Singapore. The information and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, availability or use would be contrary to the applicable law or regulation or which would subject Singlife to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This advertisement has not been reviewed by the Monetary Authority of Singapore.