



PC Financial (SG) Pte. Ltd.  
寶鉅金融（新加坡）有限公司



Southeast Asia Edition

# Heritage Account 2020 Q1 Global Investment Guide



Heritage  
HK · SG



Looking back to 2019, a year filled with troubles and uncertainties resulting from the trade war between US/China and Japan/South Korea as well as Brexit, global markets have undergone much difficulties as growth in major economies including United States, Europe and China slowed down. Global economic growth fell to its lowest level since the global financial crisis. Despite these unfavorable factors, the MSCI Global Index managed a total return of slightly over 20% in 2019, well above the historical average annual return.

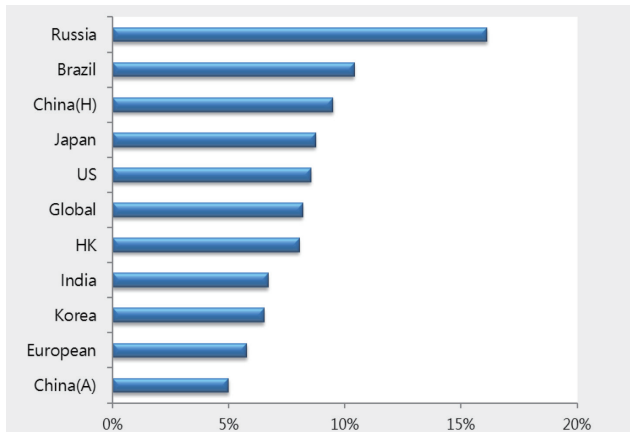
Not only has growth stocks and technology sector in the United States displayed strong performance by reporting gains of more than 30%, emerging markets have also performed well. Russian market recorded gains of 40% to 45% for the year in spite of sanctions imposed on its economy by the West. Greece reported similar gains as it ended its bailout years saw its undervalued market rebounded.

Going into 2020, tension from trade battle deadlocks and uncertainty of Brexit is showing signs of easing up, and market liquidity remain relatively loose. However, global investors are reminded to exercise caution in view of the upcoming US elections and prevailing protectionism.

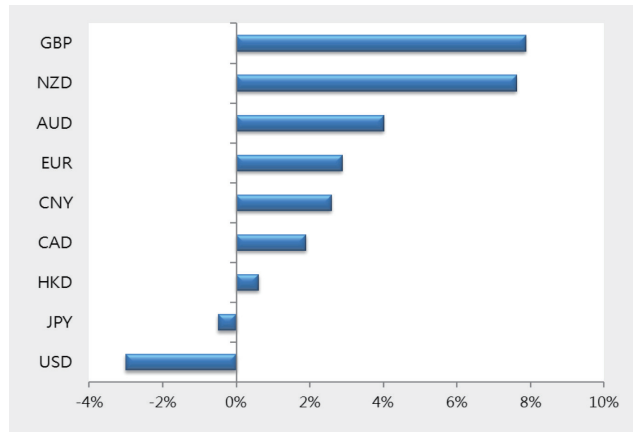
As your private professional wealth manager, we are committed to our mission to continuously create value for our customers. We aim to safeguard client's wealth by delivering sustainable and steady returns, and accomplish our core mission goals to our clients. Through care and diligence we construct asset allocation and implement our investment strategies, striving to help our customers navigate their way through the unpredictable financial markets.



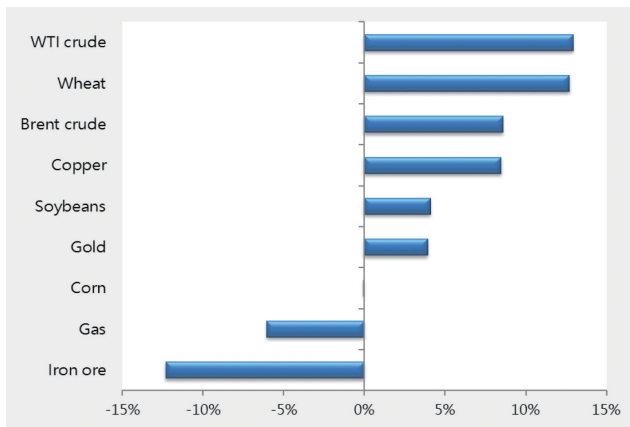
## Past Quarter Markets Performance Review



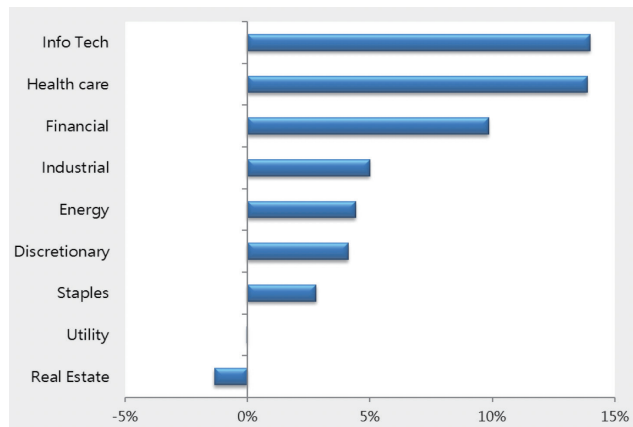
Global Equity Indexes



Major Currencies



Commodities



Sectors

## Market Comments for Previous Outperformers and Underperformers

### Outperformers: Russia, Crude Oil, GBP

Political and economic uncertainties receded as trade tensions between the US and China eased, crude oil inventories continued its decline, and UK's Conservative Party led by Prime Minister Boris Johnson won the House of Commons election. Investors risk appetite improved, with market consensus of a rebound in business sentiment and increased energy demand.

As oil price rose, Russian stock market benefited showing a strong bullish momentum, its index reporting a gain of more than 40% in 2019, second only to the Greek stock market. Declining demand for the US dollar, and outlook of an agreeable trade agreement between the UK and the EU provided stimulation to the pound appreciation. Most experts remain optimistic about sterling performance in 2020.

### Underperformers: USD, Iron Ore

The US Federal Reserve had cut interest rates three times in 2019, in July, September and October respectively. Along with optimism in the global trade situation before the end of the year, the US dollar index hit a record low of growing by only 0.6%, its lowest in the past six years and far less than the 4.4% increase in 2018.

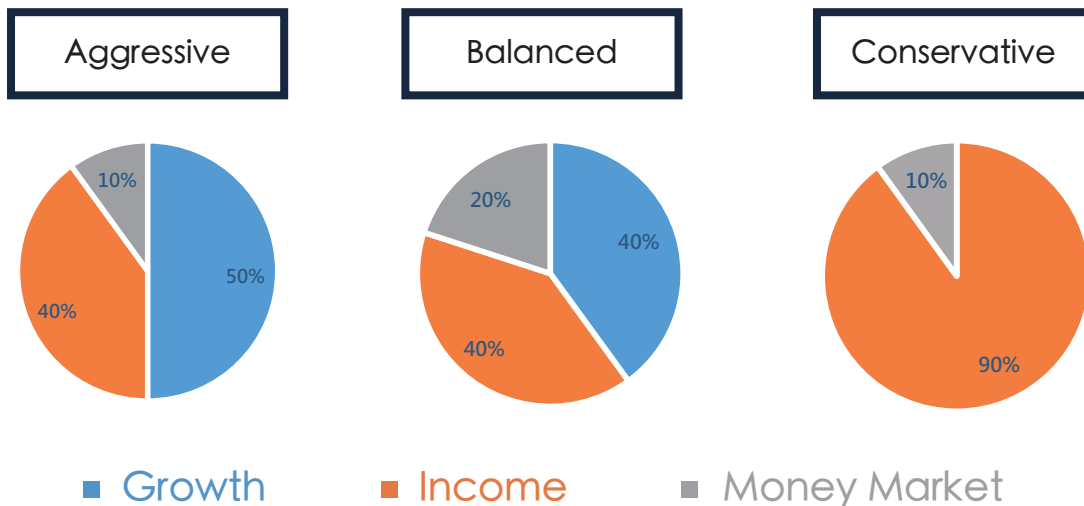
The global iron ore market has been volatile in 2019, as supply interruption in the first half of the year resulted in a strong rise in iron ore price, but was subsequently sold off due to a rebound in production. With the continued oversupply, iron ore prices are likely to remain weak in 2020.

## Quarterly Market Outlook

Investment Market	-2	-1	0	+1	+2	Key Points
<b>Stock Market</b>						
US						Corporate profits may come under pressure and hard to support the continued rise in stock prices.
European						Authorities are expected to continue their expansion policies to support valuation level.
Japan						ROE is at historical high, and the effect of structural reforms will benefit investors.
China						Valuation becoming more attractive as major risks continue to dissipate.
Emerging Market						Fundamentals continue to favor equities, but be mindful of risks.
Asia (ex Japan)						Search for higher dividend yield in view of low interest rate environment.
<b>Fixed Income</b>						
US/EU Bond Market						Return expected to be more subdued but remain an important component in asset allocation.
EM Debts						EM local debt is expected to benefit from potential recovery in EM currencies.
Real Estate						Lower interest rates should aid valuations across most sectors and may bolster capital market activity.
<b>Commodities</b>						
Energy						Little impact from OPEC reduced production, crude oil expected to range trade.
Basic Metal						Supply recovery may suppress price in the Q1.

☆ -2 = Strong Sell ; -1 = Underweight ; 0 = Neutral ; 1 = Overweight ; 2 = Strong Buy

## Portfolio Recommendations

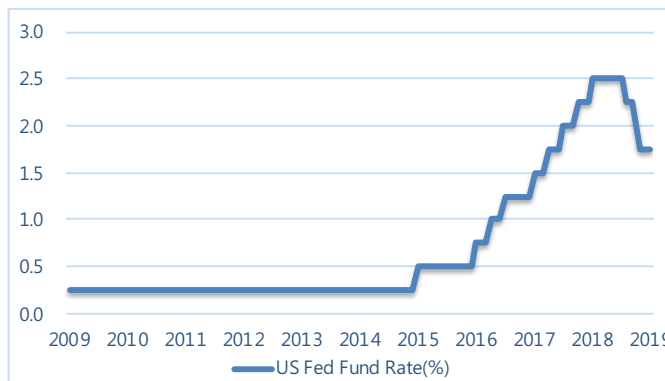


*US: Corporate profits may come under pressure and hard to support the continued rise in stock prices.*

★ The US central bank left the federal funds rate unchanged at 1.50 to 1.75 percent on its latest meeting, which took place on 10-11 December 2019. In the near term, the Federal Reserve is not expected to take further rate action, unless a material shift in outlook triggers such a move. Given the Fed's focus on avoiding a recession, the probability of additional cuts outweighs

hikes. US GDP is expected to slow to trend, with growth averaging 1.7 percent over the next two years. Manufacturing and business investment may continue to struggle amid trade uncertainty, but services activities and consumer spending is likely to remain healthy. We believe risk of recession is now considerably lower.

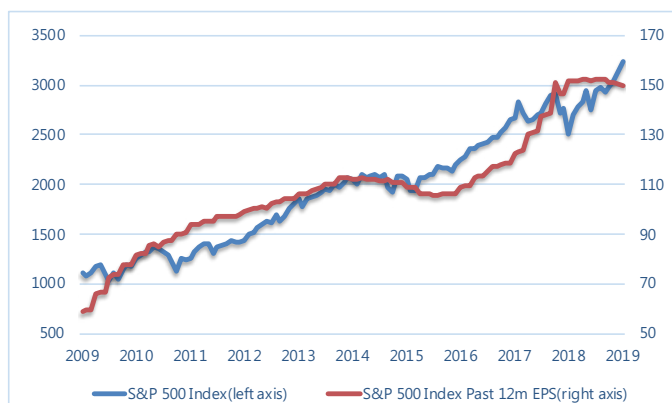
US Fed Fund Rate (%)



★ The macroeconomic environment, including looser monetary policy and lending conditions, supported price-earnings (P/E) expansion in 2019, but these effects are fading. The wide gap between stock market performance and corporate after-tax profits suggests the latter needs to accelerate to continue support market

valuation. S&P earnings per share is expected to grow 8 percent to \$177 by year-end, but this is partly predicated on a positive outcome to the US-China trade war, which remains uncertain. Due to the impact of the tariffs and rising labor costs, profit margins may come under pressure in 2020.

S&P500 Index and Corporates Earnings



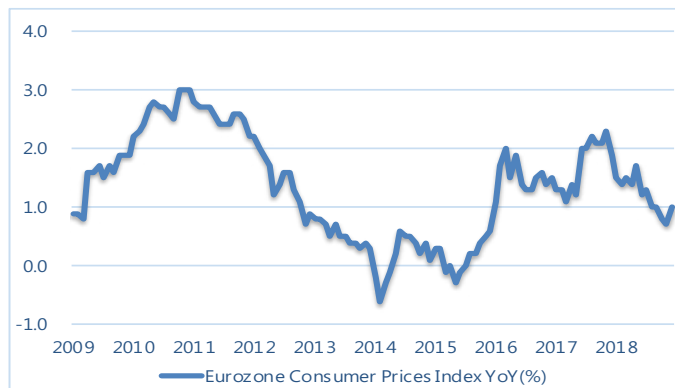
★ Data Source: Bloomberg 2019/12/31

*Europe: Authorities are expected to continue their expansion policies to support valuation level.*

★ Underlying inflationary pressures in the Eurozone remain subdued, and the European central bank is expected to continue to fall short of its 2% inflation target in 2020. One of the biggest challenges that the new ECB President Christine Lagarde will face is convincing investors that the

current Eurozone's monetary policy is still an effective and credible tool in supporting growth and inflation. ECB may adopt a wait-and-see approach to analyze the full impact of its September stimulus package and will keep policy largely unchanged for the first six months of 2020.

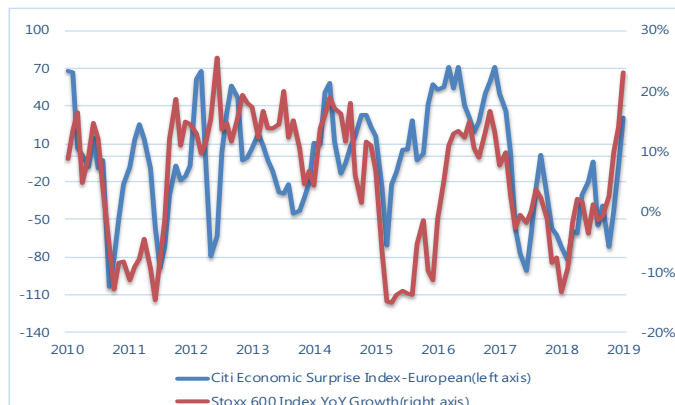
Eurozone Consumer Prices Index YoY (%)



★ As it is a challenge to use solely monetary policy to boost growth and inflation, the next question will be if fiscal authorities can provide an additional boost. We expect a moderate fiscal boost of about 0.3pp in the Eurozone, mostly due to Germany's current expansionary fiscal policy. With the Stoxx 600 Index now trading at a record high

after surging 24% in 2019, it is on track to be the third-best year for European equities in two decades, after strong runs in 1999 and 2009. Overall, economic data surprises have been on the rise and entered into positive territory in December 2019, but further improvement might be needed to support pricier valuation levels.

Citi Economic Surprise Index – Eurozone and Stoxx 600 Index



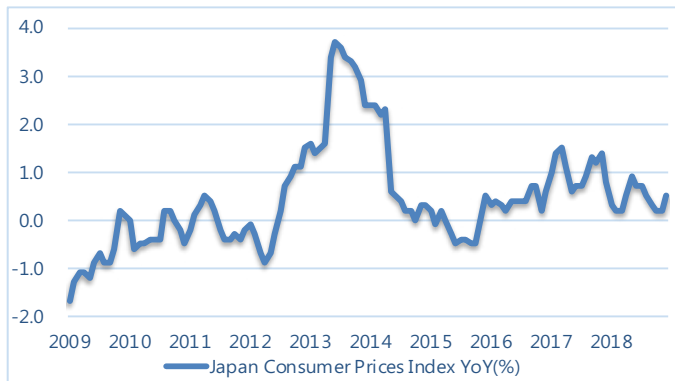
★ Data Source: Bloomberg 2019/12/31

*Japan: ROE is at historical high, and the effect of structural reforms will benefit investors.*

★ Although economic and financial factors have been supportive of BOJ's maintaining a stable monetary policy, potential global growth concerns and domestic risk factors may increase pressure to loosen policy in 2020. It's questionable whether further accommodative measures alone would be effective, given that inflation is still below 1%, in spite of BOJ's quantitative and

qualitative easing program being in place for more than five years. There is a growing clarity that monetary policy's effectiveness is reaching its limits. Public infrastructure spending has a higher economic growth multiplier effect, but such spending is less feasible in Japan as this will increase the already high levels of government debt.

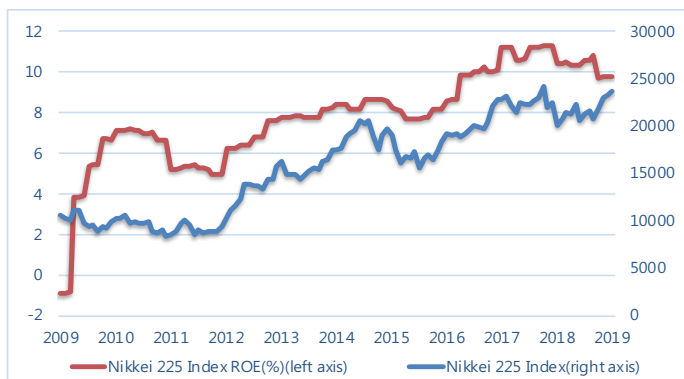
Japan Consumer Prices Index YoY (%)



★ Japanese equities are well positioned to grow, however, due to low valuations and recent progress seen in US-China trade deal negotiations. Other growth drivers include structural improvements, such as market and governance reforms put into place by the government under Prime Minister Shinzo Abe, and Japan's pension fund's increased domestic equity investments. With structural

reforms, companies have increased share buybacks to their highest levels since 2006, greatly benefiting shareholders. Nikkei 225 Index's Return on Equity is now nearing 10%. Between 1993 and 2012, ROE averaged around 4%. This dramatic increase reflects better governance and Government Pension Investment Fund's (GPIF) expectations of better returns.

Nikkei 225 Index Return on Equity (ROE%) and Stock Price Trend



★ Data Source: Bloomberg 2019/12/31

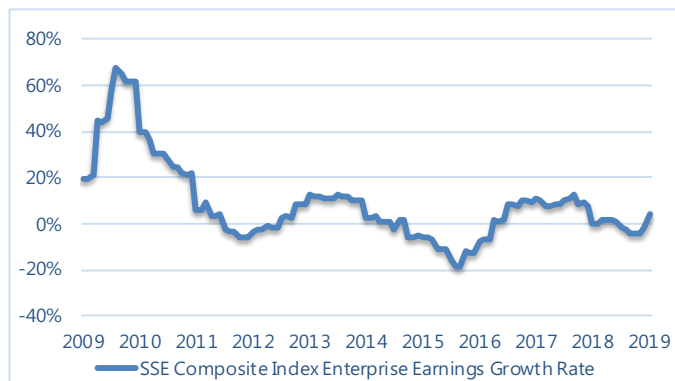


*China: Valuation is becoming more attractive as major risks continue to dissipate.*

★ Given that major breakthroughs in trade negotiations are unlikely to occur in a US election year, an extended truce that preserves the status quo in levies is the most likely outcome. The general consensus forecasts the lingering impact of the 2019 tariffs will lower GDP growth by

0.2 to 0.3 percentage points in 2020. On a positive note, the odds of a hard landing, or growth below 5%, is relatively low, due to expectations that policymakers will continue implementing targeted stimulus measures and global central banks to turn dovish.

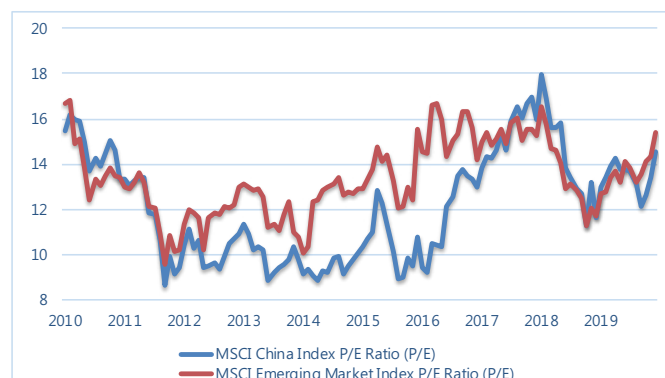
SSE Composite Index Enterprise Earnings Growth Rate



★ Chinese companies' negative earnings revisions in the last 18 months are close to bottoming. We expect a more stable, single digit increase in year-on-year growth in 2020. Also, China appears relatively attractive compared to other EM countries. China's market P/E is relatively lower than most top-10 EM countries and is deemed attractive when taking volatility into account. Chinese yuan breached the psychologically important

level of 7 to the dollar in August 2019. USD/CNY has since been trading in a range of 7.0-7.15. A thaw in the frosty trade relations between US and China would help to put a floor on the exchange rate. And PBoC could easily reintroduce the countercyclical factor into the yuan's daily reference rate to curb depreciation expectations. The risks of runaway devaluation and resultant capital flight are much lower now than before.

MSCI China and Emerging Markets P/E Ratio (P/E)



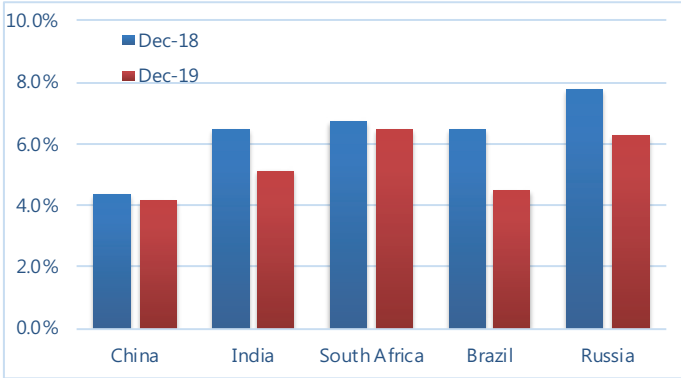
★ Data Source: Bloomberg 2019/12/31

*Emerging Market: Fundamentals continue to favor equities, but be mindful of risks.*

★ International Monetary Fund forecasts emerging markets' growth rate to accelerate in 2020 and remain more than double than developed markets'. Improving fiscal, economic and monetary policies as well as a renewed focus on structural reforms in many emerging markets have been gaining traction. Moreover, across most emerging markets,

fiscal and monetary policies have turned expansionary to counter slowing consumer demand. Central banks in emerging markets generally turned more dovish in 2019. We expect this trend to continue at least in the first half of 2020, as policymakers have greater flexibility in stimulating economic activities.

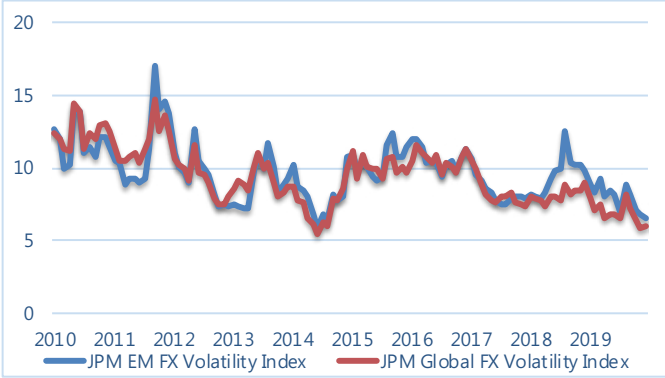
EM Central Bank Policy Rates



★ On the other hand, US-China's relationship remains uncertain and Chinese economic growth remains soft. The confluence of slowing global growth and persistent geopolitical uncertainty creates a fragile backdrop for markets in 2020 and beyond. Although improving growth, easing policy as well as still favorable valuations and earnings expectations have led to a modest upgrade

in emerging market equities for the coming year, the likelihood of a large drawdown for equities and other risky assets remains elevated. Pricy valuations in some markets, late-cycle risks, and persistent geopolitical uncertainty are likely to keep global financial market volatility elevated in the coming quarters.

JP Morgan EM / Global FX Volatility Index



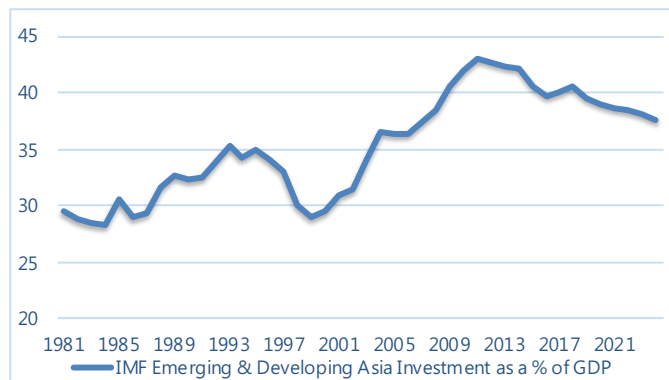
★ Data Source: Bloomberg 2019/12/31

*Asia(ex Japan) : Low interest rates encourage investors to hunt for higher dividend yield.*

★ The region's economic and financial integration with global markets has been a critical factor for its economic success. However, it can also be a source of vulnerability at the current juncture. Further tariff increases and broader protectionist threats could adversely impact the region. IMF's report finds that Asia's investment-to-

GDP ratio could be 1.5 to 2 percent lower in two years, if uncertainty in trade policies were to spike and remain at peak levels. Another related risk is faster-than-expected slowdown in China. A further escalation of trade tensions could weaken external demand and depress Chinese confidence and investment.

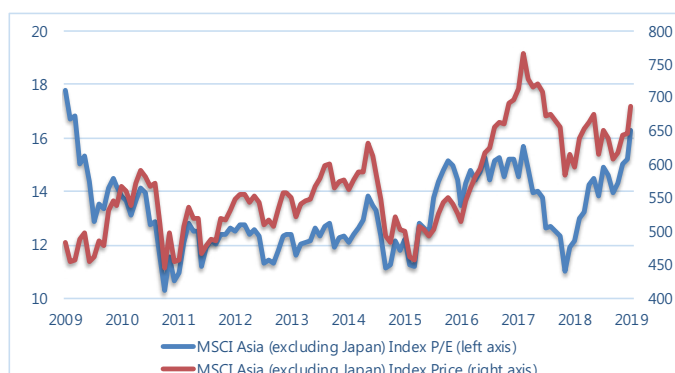
IMF Emerging & Developing Asia Investment as a % of GDP



★ Inflation is likely to remain depressed and interest rates persistently low due to subdued growth and continuous disruption. Against this backdrop, equity dividend yields offer attractive returns that are well above the risk-free rates most Asian markets currently offer. Asian markets offer good earnings growth at lower valuations

relative to many developed markets as investors weigh in capital movement and how a change in market leadership will affect their portfolios in 2020. As developed markets outside the US struggle to boost growth, Asia's modest valuations put investors in a good position for reasonable returns from Asia this year.

MSCI Asia (excluding Japan) Index P/E & Stock Price



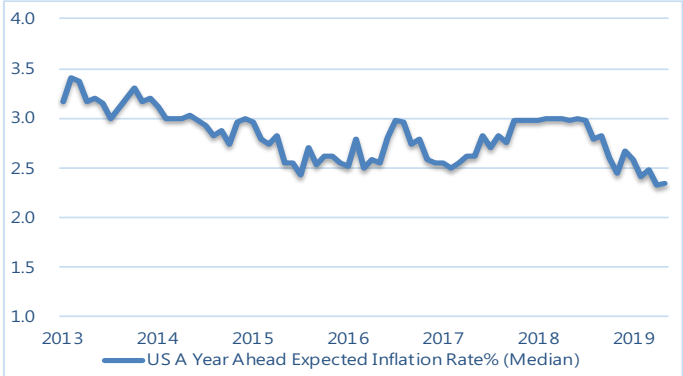
★ Data Source: Bloomberg 2019/12/31

*US/EU bond market: Return expected to be more subdued but remain an important component in asset allocation.*

★ Global fixed income markets rallied in 2019, with most central banks revising downwards their assessment of long-term neutral policy rates. As 2020 growth slows in an uncertain macroeconomic environment, central banks are expected to remain proactive. Inflation expectation is the key to higher yields on medium term notes and long-term bonds. Despite a tight labor market,

rising wages and healthy consumer spending, inflation expectation remains stubbornly low. The implied inflation rate embedded in Treasury markets and survey-based measures such as the University of Michigan Consumer Sentiment Index point to a continued low inflation environment anticipated by investors and consumers.

US A Year Ahead Expected Inflation Rate% (Median)



★ Within the US aggregate bond market, investors are still expected to be fairly compensated for assuming credit risk, with US investment-grade bonds broadly outperforming US Treasury bonds by about one percentage point on an annualized basis. More importantly, while future returns for fixed income look low, there's little

reason to believe their fundamental role in a portfolio has changed, as high-quality bonds still expected to play a key role in risk reduction and stability. In 2020, we expect returns to be more subdued. From current levels, yields are likely to move modestly higher, while there isn't much room for credit spreads to fall further.

Bloomberg Barclays USD Liquid Investment Grade Bond Credit Spread (bps)



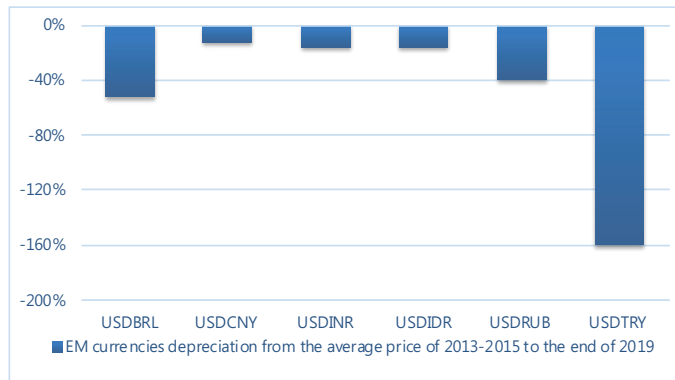
★ Data Source: Bloomberg 2019/12/31

*EM Debts: EM local debt is expected to benefit from potential recovery in EM currencies.*

★ While global economic growth remains sluggish, overall EM growth is still about twice as high as developed markets. EM domestic debt is expected to benefit from a potential recovery in EM currencies in 2020. Recent US dollar strength, escalation in US-China trade war, as well as declining global growth and trade have been broadly negative for EM currencies. In most cases, EM currencies have weakened to

their all time lows, levels seen during the balance of payments crises of 2013-15. We are now seeing tentative evidence of a cyclical upturn, together with more favourable global liquidity conditions especially given the increase in money supply in the US. This turnaround would likely create the conditions for a strong recovery in EM currencies.

EM currencies depreciation from the average price of 2013-2015 to the end of 2019



★ In China, the credit impulse has improved in recent months. While this improvement is not as convincing compared to 2009, 2012 and 2016, monetary and credit conditions in China will be less of a drag in the next few months. The worst may be over for domestic economic activity. In local

currency terms, countries with higher real interest rates seem most likely to continue to outperform. Indonesia, Russia, and Mexico offer investors higher rates with a greater potential for price appreciation as other local opportunities fade.

Bloomberg Economics China Credit Impulse 12 Months Change%



★ Data Source: Bloomberg 2019/12/31

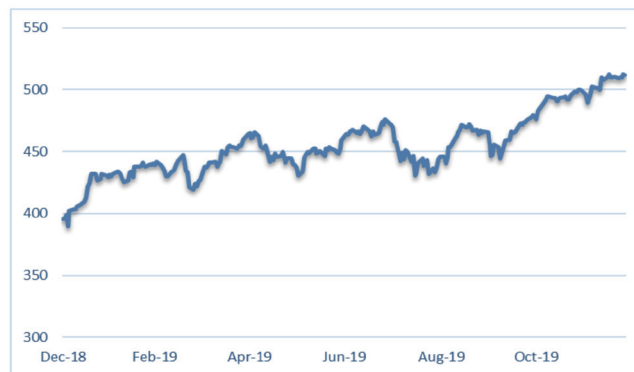
## Industry Trends and Outlook

### Banking - Rate cut paused, benefits banking sector

★ The S&P financial index had risen more than 29% in 2019 and 9.85% in Q4 alone. The index hit a new high, 13 years later since GFC. Although the Fed has cut rates three times in 2019, a recent meeting pointed out that the US economy has maintained moderate growth and the job market remained strong. Interest rate cuts are not expected in the near term. Banking

stocks' earnings growth potential is limited in a low interest rate environment, but modest economic growth and first-phase trade deal between China and the US are positives for the market. Financial stock prices still have room to run in the coming quarter, but the magnitude and volatility will be affected by changes in the political environment.

S&P 500 Financial Index

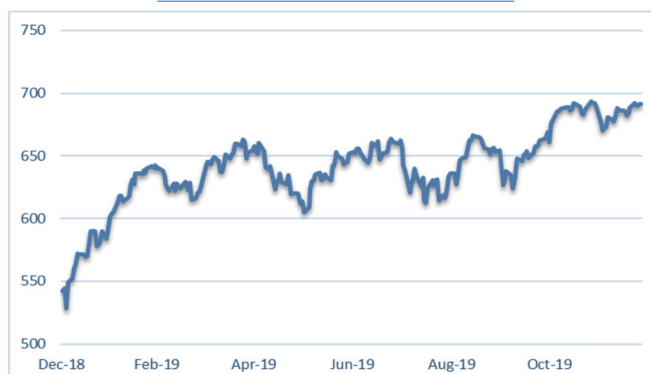


### Manufacturing - Weak momentum indicator shows manufacturing is under pressure

★ The US-China trade war lasted for more than one year. Although its impact on capital markets has gradually faded, China, US and the global economy have been affected to a certain degree. Although US economy overall still maintained moderate growth, November

US manufacturing indices underscored the sector's weakness. For example, the industrial production index saw three consecutive months of contraction, while the ISM manufacturing PMI index has fallen for four consecutive months. These indicate that the sector is still under pressure.

S&P 500 Industrial Index



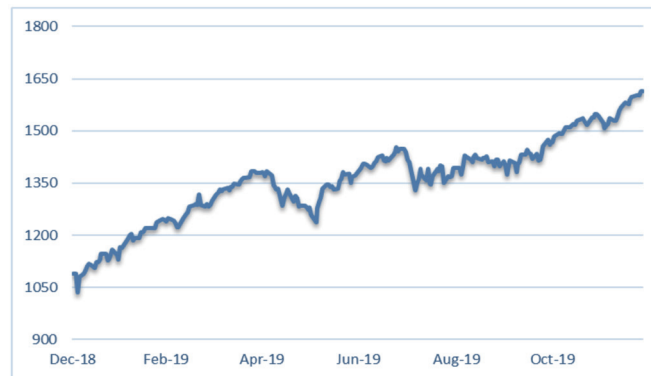
★ Data Source: Bloomberg 2019/12/31

### Technology - Remain cautiously optimistic

★ Technology sector is one of the key booster for US stock performance. The Technology index gained 48% in 2019 and 13.99% in Q4 alone. A persistent low interest rate and high liquidity environment is conducive to capital expenditure. Also, the advancement of 5G technology is expected to bring large-scale equipment

replacement and increase demand for data usage, benefitting technology stocks. Market is likely to continue favor Technology stocks and prices still have some upside in the upcoming quarter. Valuations and political environment changes will have impact on the medium and long-term outlook.

S&P 500 Information Technology Index

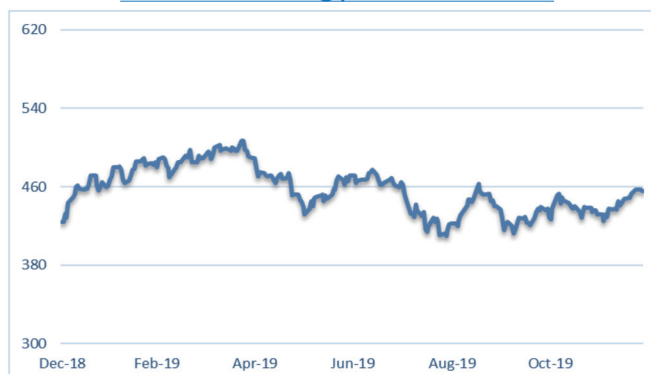


### Energy - Cheap valuation, with considerable upside

★ The S&P Energy Index rose 4.42% in 4Q2019 and 7.6% for the whole year, underperforming other sub-indices. Overall, energy sector valuation is cheap, with both P/E ratio and P/B ratio significantly lower than its five-year average. More importantly, the market expects energy

sector's earnings growth to reach to 23% in 2020, higher than other sectors. News reports claim that well-known investors such as Warren Buffett started investing in US energy industry in 2019. The energy sector may be a major investment theme in the coming year.

S&P 500 Energy Sector Index



★ Data Source: Bloomberg 2019/12/31

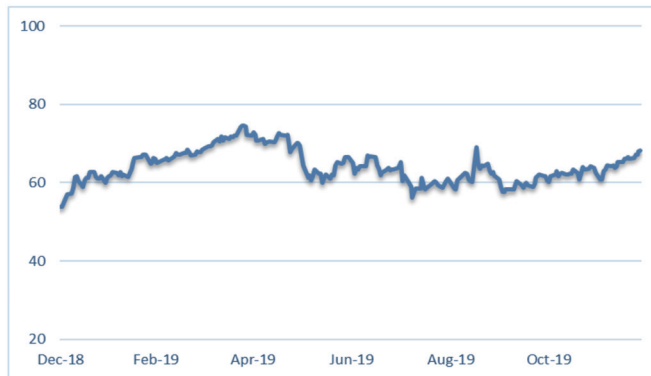
## Commodity Trends and Outlook

### Crude Oil - Little impact from OPEC reduced production, crude oil expected to range trade

★ OPEC+ reached consensus to deepen production cuts this year, the main driver of crude oil prices' upward trend. Oil prices rose more than 8.58% in 4Q2019. However, US data shows the active drilling numbers are higher than expected. 2020 crude

oil production is expected to rise further to 13.18 mb/d. In summary, the actual decline in oil supply is limited, offsetting the effect of production cuts. As there are no foreseeable strong factors, crude prices will remain range bound around USD60/bbl.

Brent Crude Futures

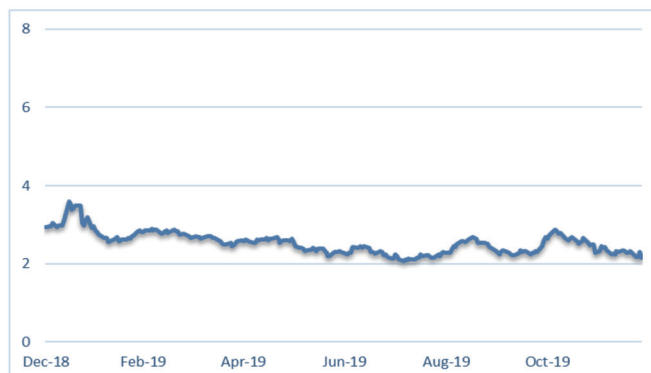


### Natural Gas - Colder weather, higher LGN price

★ Due to US experiencing a warmer winter in 2019, coupled with higher production and swelling stockpiles, LNG prices fell more than 6% in the fourth quarter. According to EIA, the natural gas market is still in oversupply, putting pressure on spot prices. However, given positive factors

driving demand for US natural gas: US is expecting a cold front; the recent strong US natural gas export data; the conclusion of US-China "Phase One" trade deals: we believe demand for natural gas may see a rebound in first quarter of 2020, leading to a bottoming out of natural gas prices.

Natural Gas Futures



★ Data Source: Bloomberg 2019/12/31

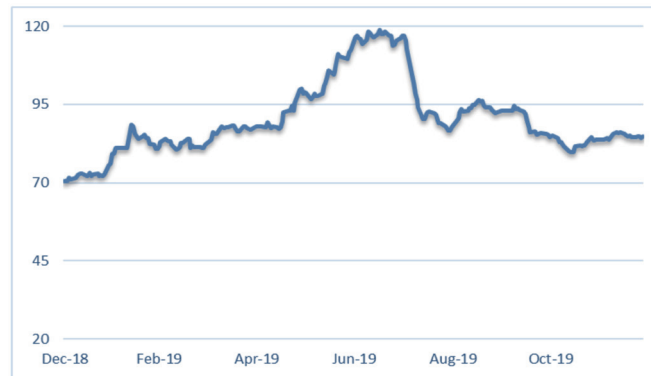


### Iron Ore - Supply recovery may suppress price in the Q1

★ Due to the rebound in iron ore supply and slowing demand, iron ore prices fell by almost 7.5% in 4Q2019. Recently, Vale, a major iron ore supplier, lowered its iron ore supply in the first quarter this year, resulting in a slight uptick in iron ore prices. However,

due to overall increase in iron ore supply coupled with weak demand, the Australian Western Pacific Bank expects average iron ore price in 2020 to be USD65/MT, a near 30% downside from current level of USD85/MT.

#### Iron Ore Futures

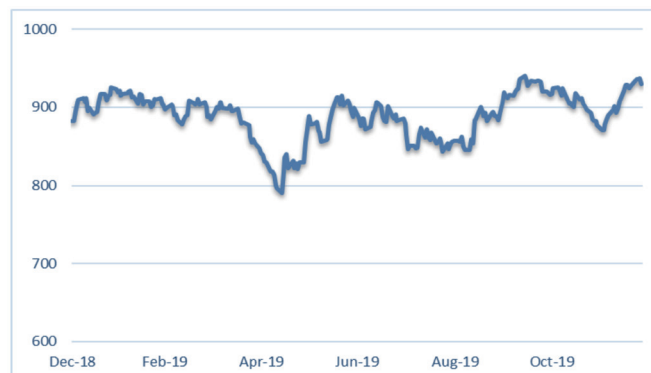


### Agriculture – Trade deal encourages soybean price

★ After US and China reached an agreement on "Phase One", soybean prices rose slightly by 4% in 4Q 2019. US soybean exports to China have fallen by more than half compared to 2018, due to US-China trade tensions, putting pressure on soybean prices. The US-China "Phase One" trade deal includes more than USD40 billion in agricultural products, purchased annually

from the United States. A consulting firm estimates that this will include approximately USD18.7 billion or 45 million tons of soybeans, more than the estimated 3,300 tons of US soybean exports in 2017. China is expected to gradually start purchasing soybeans from the US, which will likely result a steady rise in soybean prices.

#### Soybeans Futures



★ Data Source: Bloomberg 2019/12/31

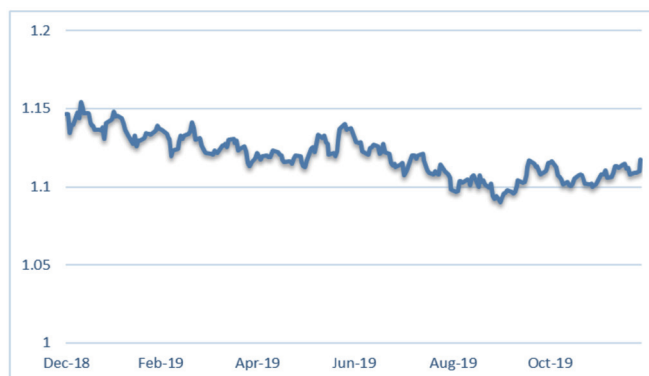
## Currency Trends and Outlook

### EUR/USD : Resistance : 1.14 / Support : 1.05

★ Although the Euro has not performed well in 2019, it has been relatively strong since November. The recent weaker US dollar and expectations of an orderly Brexit has pushed the Euro up. The higher-than-expected Eurozone consumer confidence in November and improving US-China trade situation has also helped the Eurozone economy to recover. The leader

of the German Democratic Party indicated the possibility to implement moderate fiscal policies, which will also help the uptrend of the Euro. As the Eurozone economy gradually recovers and the uncertainty over Brexit diminishes, the EUR/USD is expected to challenge the 1.14 mark in this quarter.

#### EUR/USD

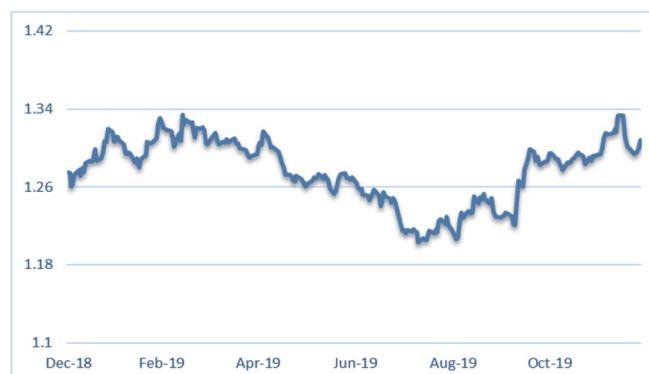


### GBP/USD : Resistance : 1.34 / Support : 1.20

★ Brexit is still far from being a done deal and should continue to play a key role in influencing the sterling's movement over the coming quarters. Apart from Brexit uncertainty, investors will also take a closer look at UK economic fundamentals. Recent economic indicators have suggested that the UK economy is slowing down. Thus, the

fundamental drivers for the pound remains negative, heavily impacting the GBP/USD outlook. UK/EU trade talks will only start after the UK officially leaves the EU on January 31. The negotiations' pace and tone will set the direction for the Pound in the first quarter.

#### GBP/USD



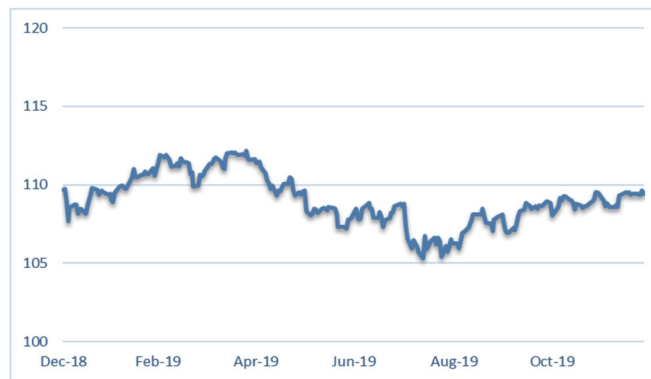
★ Data Source: Bloomberg 2019/12/31

**USD/JPY : Resistance : 112 / Support : 105**

★ USD/JPY's trading band in 2019 is the narrowest since the 1980s and we expect this trend to continue in 2020. First, a narrowing US-Japan inflation differential suggests a fundamentally tighter path for USD/JPY. Second, the Yen is used less frequently as a short-term funding currency, implying lower potential for either sharp JPY weakness, or rapid JPY

appreciation going forward. Prime Minister Shinzo Abe introduced a fiscal stimulus package to boost the economy. Although unemployment remains low, global headwinds may weigh on the world's third-largest economy. The move may ease the pressure from the Bank of Japan to add more stimulus, to encourage JPY appreciation within a tight range.

USD/JPY

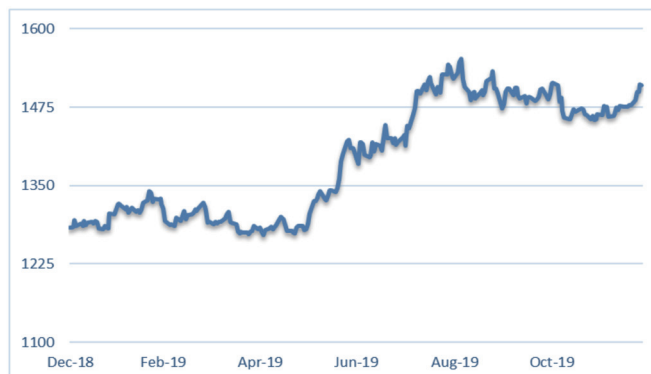


**XAU/USD : Resistance : 1600 / Support : 1450**

★ Gold ended 2019 with double-digit gains and is likely to maintain its upward trajectory in 2020. The Fed reduced borrowing costs by 25 basis points in last July – the first rate cut since 2008 – and announced quarter-point reductions in September and October. Throughout the year, trade-related headlines kept whipsawing between trade-friendly

concessions and trade-negative rhetoric. This resulted in greater uncertainty and market volatility, which boded well for gold. We believe in the longer-term, ample central bank liquidity will continue to drive gold prices higher. However, gold is no longer cheap at current price levels. We prefer investors to buy on dips.

XAU/USD



★ Data Source: Bloomberg 2019/12/31

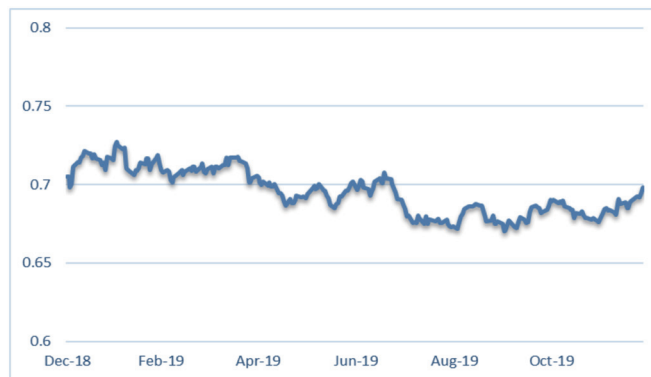
## Currency Trends and Outlook

### AUD/USD : Resistance : 0.72 / Support : 0.65

★ The US-China trade war took its toll on the Australian economy, hence the AUD/USD fell to a decade low of 0.6670 in October 2019. Although concerns over US-China trade war faded and a lower likelihood of a disorderly Brexit improved market-wide risk appetite, AUD/USD still traded in a

choppy trading range after finding support at decade lows. However, concerns over the Australia's less-than-ideal employment situation became the main reason for the RBA to cut rates to a record low of 0.75%. More rate cuts are likely to happen in 2020, implying AUD/USD has yet to hit bottom.

AUD/USD

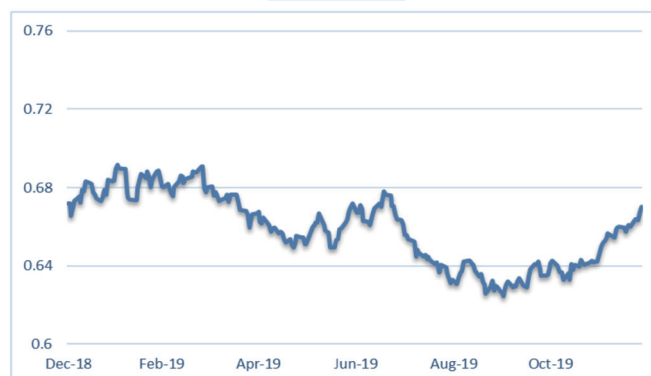


### NZD/USD : Resistance : 0.70 / Support : 0.60

★ New Zealand's third quarter 2019 GDP increased by 0.7% quarter-on-quarter and 2.3% year-on-year, beating expectations. This good set of economic data has driven NZD/USD appreciation. In addition, the Reserve Bank of New Zealand (RBNZ) turned hawkish and suspended rate cuts in November 2019, which may lend support

NZD/USD in the short term. However, the market believes that RBNZ will sooner or later cut interest rate to 0.75%. The trade war will not be resolved before the US election in 2020, which will further weigh on the economy. RBNZ is expected to take action on a surging NZD.

NZD/USD



★ Data Source: Bloomberg 2019/12/31

**USD/CNY : Resistance : 7.20 / Support : 6.70**

★ The signing of the US-China "Phase One" deal may be carried out at the ministerial level, but President Trump unexpectedly said that the first phase of the US-China agreement will be signed with Chinese President Xi Jinping. This highlights how important both parties view this trade negotiation. Also, this helps to lay the groundwork for a positive start to a

second round of talks. This led Renminbi' s appreciation. RMB is expected to trend upwards, albeit in a more volatile manner. If tensions between China and US continue to ease, international funds will continue to flow into China. Thus, China's capital account is expected to continue to maintain a surplus, which will support the RMB exchange rate.

USD/CNY

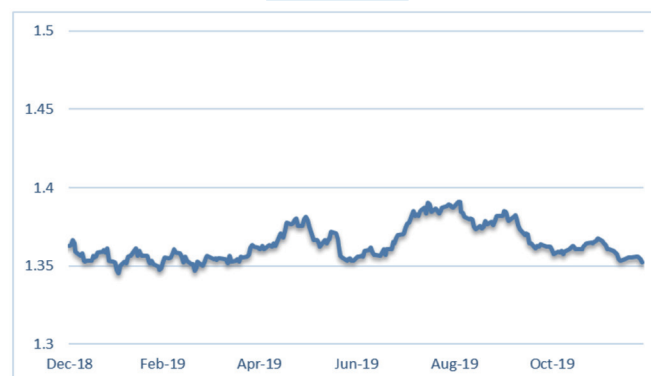


**USD/SGD : Resistance : 1.40 / Support : 1.35**

★ The Monetary Authority of Singapore (MAS) in its semi-annual Macroeconomic Review stated that the central bank expects the Singapore's economic activity to remain tepid in the next 18 months, due to factors such as poor global economic growth and uncertainty stemming from US-China trade dispute. Still, broader economy has

not seen a spillover effect from the weak electronics sector. Nonetheless, MAS remains conservative on the somber near-term outlook for the electronics sector. The central bank forecasts 2020 GDP growth to be in the range of 0% to 1%. SGD will likely significantly fluctuate between 1.35-1.40.

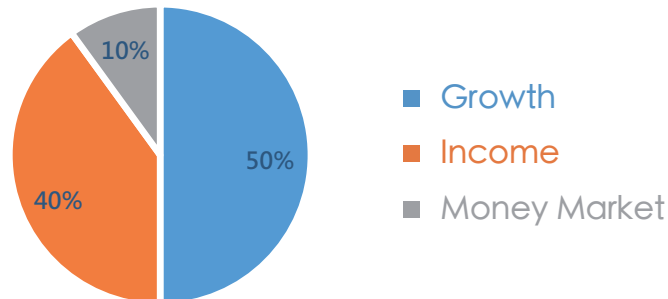
USD/SGD



★ Data Source: Bloomberg 2019/12/31

## Aggressive Portfolio

## Growth



### Mutual Fund

Investment Asset	CUR	Investment Type	Market	ISIN
Fidelity China Focus Fund	USD	Invests mainly in China listed companies	China	LU0173614495
JPMorgan Funds - Brazil Equity	SGD	Invests mainly in companies that headquarter or operate in Brazil	Brazil	LU0532187761
JPMorgan Funds - Japan Equity	SGD	Invests mainly in Japan listed companies	Japan	LU0235639324
Fidelity United Kingdom Fund	GBP	Invests mainly in UK listed companies	UK	LU0048621717
JPMorgan Funds - US Small Cap Growth	USD	Invests mainly in US small cap companies	US	LU0053671581
Franklin Technology Fund	USD	Participates in high growth areas like e-commerce and artificial intelligence	Global	LU0109392836

### Exchange Trade Fund

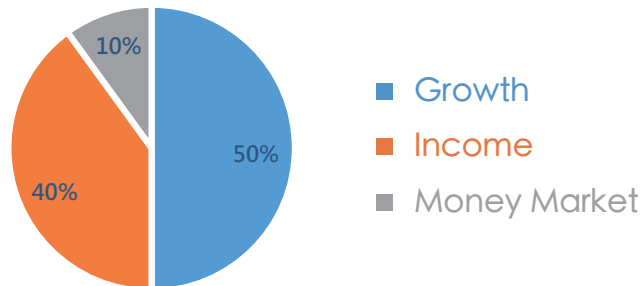
Investment Asset	CUR	Investment Type	Market	ISIN
VanEck Vectors Gold Miners ETF	USD	Invests in companies engaged in exploring for, mining and processing of gold and precious metals	Global	GDX
SPDR S&P EM SmallCap ETF	USD	Small cap companies in emerging markets	EM	EWX
iShares MSCI India ETF	USD	Invests in component companies of the MSCI India Investable Market Index	India	INDY

### Corporate Stock

Investment Asset	CUR	Investment Type	Market	ISIN
VISA	USD	The world's biggest card issuers	NYSE	US92826C8394
MengNiu	HKD	The first Groupon dairy products in China	HKSE	KYG210961051
Sembcorp Industries Limited	SGD	A leading energy, marine and urban development group	SEX	SCIL

## Aggressive Portfolio

## Income



### Corporate Bond

Investment Asset	CUR	Investment Type	Coupon	ISIN
ROYAL BK SCOTLND GRP PLC	USD	YTM:8.544% / Maturity Date: Perpetual	8.625%	US780097BB64
MWD MTN Ltd	HKD	YTM:3.51% / Maturity Date : 2029.03.27	4.00%	AM9400988

<Note> The YTM shown here is for reference only, the actual rate is based on the quoted price at the point of transaction

### Exchange Traded Fund

Investment Asset	CUR	Investment Type	Market	ISIN
SPDR Barclays Capital High Yield Bnd ETF	USD	Tracks the Bloomberg Barclays High Yield Very Liquid Index	US	JNK
Invesco Senior Loan ETF	USD	Interest income and spreads from leveraged loans	Global	BKLN
SPDR S&P Global Dividend ETF	USD	Track S&P Global Dividend Aristocrats Index	US	WDIV
Horizons Hang Seng High Dividend Yield ETF	HKD	Tracks the Hang Seng High Dividend NTR Index	Hong Kong	3110.HK

### Mutual Fund

Investment Asset	CUR	Investment Type	Market	ISIN
AB FCP I - Global High Yield Portfolio	USD	Invests in major currency denominated high yield debt securities worldwide	Global	LU0102830865
Fidelity Global Dividend Fund A	USD	Invest globally in high yielding listed securities	Global	LU0731783048
JPM Global Income Fund	EUR	Invest globally in portfolio of income generating securities	Global	LU0726765562
Manulife Preferred Securities Income Fund	USD	Invests in USD denominated preferred equity and debt	US	LU1813986715
Templeton Global Bond Fund A	USD	Invests in Government and related entities bond	Global	LU0252652382
Fidelity Greater China Multi Asset Growth & Income Fund	USD	Invests in Greater China equity and fixed income	China	LU1366333505
Neuberger Berman Emerging Market Debt Hard Currency	USD	Invests in Emerging Markets hard currency government debt	EM	IE00B986J944

## Aggressive Portfolio

## Money Market

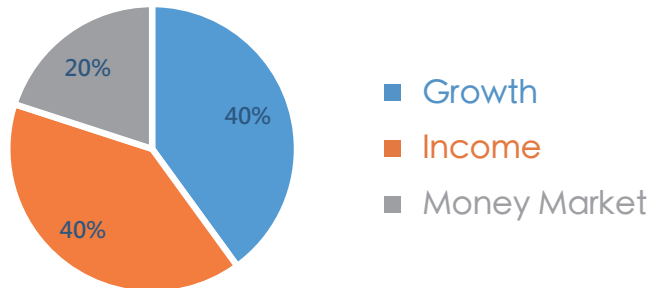
### Dual Currency Deposit

Base Currency	Counter Currency	Investment Type	Annualised Yield	Code
USD	XAU	Tenor: 2Week / Strike Price: 1500.00 / Offer Price :1545.00	5.00%	USD-XAU
AUD	USD	Tenor: 2Week / Strike Price: 0.6750 / Offer Price :0.6955	5.00%	AUD-USD

<Note> The offer price, strike price and annualized rates of return shown here are indicative only, actual quotes will be provided at the point of transaction

## Balanced Portfolio

## Growth



### Mutual Fund

Investment Asset	CUR	Investment Type	Market	ISIN
Franklin Gold and Precious Metals	USD	Invests in companies engaged in exploring for, mining and processing of gold and precious metals	Global	LU0496367417
Aberdeen Standard Pacific Equity	USD	Invests in the Asia Pacific region for capital growth	Asiapac	SG9999001903
Legg Mason ClearBridge - US Large Cap Growth Fund	USD	Invests mainly in US listed companies	US	IEO0B19Z9505
First State Global Infrastructure Fund	USD	Invests in infrastructure company, including telecommunication, transportation	Global	SG9999005300
JPMorgan Japan Equities Fund	SGD	Invests in Japanese companies	Japan	LU1042832177
BlackRock World Technology Fund	USD	Invests in technology stocks	Global	LU0056508442

### Exchange Traded Fund

Investment Asset	CUR	Investment Type	Market	ISIN
VanEck Vectors Gold Miners ETF	USD	Invests in companies engaged in exploring for, mining and processing of gold and precious metals	Global	GDX
Invesco QQQ Trust	USD	Tracking US Technology Stocks	US	QQQ
iShares MSCI China ETF	USD	Invests in med-large stock in China	China	MCHI

### Equity Linked Note

Investment Asset	CUR	Investment Type	Annualised Yield	Code
Geely	HKD	Tenor: 1Month / Strick Price: 95% / Offer Price : 98.61%	16.60%	175 HK
Boeing Co	USD	Tenor: 1Month / Strick Price: 95% / Offer Price : 98.14%	21.32%	BA UN

<Note> The offer price, strike price and annualized rates of return shown here are indicative only, actual quotes will be provided at the point of transaction

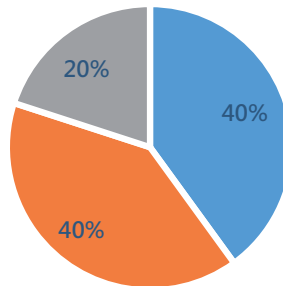
### Corporate Stock

Investment Asset	CUR	Investment Type	Exchange	Code
Microsoft	USD	One of the Largest Software company in the world	NASDAQ	MSFT
China Mobile	HKD	One of China's three major telecom operators	HKSE	941.HK
Dairy Farm International Holdings Ltd	SGD	A major pan-Asian retailer involved in the processing and wholesaling of food and personal hygiene products	SEX	DAIR



## Balanced Portfolio

## Income



- Growth
- Income
- Money Market

### Corporate Bond

Investment Asset	CUR	Investment Type	Coupon	ISIN
Societe Generale	USD	YTM: 7.545 % / Maturity: Perpetual	7.375%	USF43628C734
DIAMOND 1 FUN/DIAMOND 2	USD	YTM: 5.864% / Maturity: 2036.07.15	8.100%	USU2526DAE95
HKCGAS Finance Ltd	HKD	YTM: 3.17 % / Maturity: 2039.09.23	4.720%	EH9725296

<Note> The YTM shown here is for reference only, the actual rate is based on the quoted price at the point of transaction

### Exchange Trade Fund

Investment Asset	CUR	Investment Type	Market	Code
Franklin LibertyQ Global Dividend	USD	Tracking high dividend stocks globally	Global	FLQD
SPDR Barclays Capital High Yield Bnd ETF	USD	Tracks the Bloomberg Barclays High Yield Very Liquid Index	US	JNK
Mirae Asset Horizons Hang Seng High Dividend Yield ETF	HKD	Tracking Hang Seng High Dividend Yield Index	HK	3110.HK
Vanguard Dividend Appreciation	USD	Tracking NASDAQ US Dividend Achievers Select Index	US	VIG

### Mutual Fund

Investment Asset	CUR	Investment Type	Market	ISIN
Allianz Income & Growth Fund	USD	Invests in US & Canadian equity and Corporate debt	North America	LU0689472784
PIMCO GIS Global High Yield Fund	USD	Invests in high yield fixed income securities denominated in major currencies	Global	IE00B193ML14
AB FCP I - Global High Yield Portfolio	USD	Invests in major currency denominated high yield debt securities worldwide	Global	LU0102830865
Eastspring Asian Local Bond Fund	SGD	Invests in Asia ex Japan Bonds	Asia	LU0588547272
Fidelity Global Dividend Fund A	USD	Invest globally in high yielding listed securities	Global	LU0731783048

## Balanced Portfolio

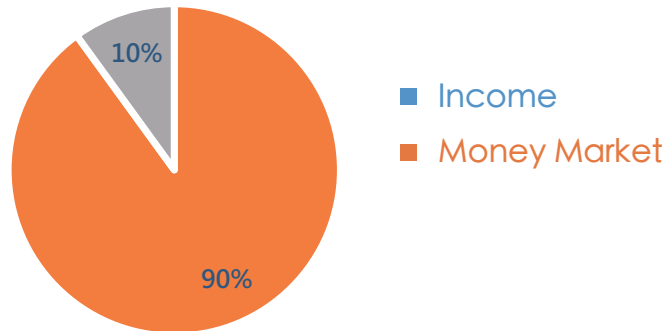
## Money Market

### Dual Currency Deposit

Base Currency	Counter Currency	Investment Type	Annualised Yield	Code
USD	JPY	Tenor: 2Week / Strike Price: 109.05 / Offer Price : 108.00	5.00%	USD-JPY
GBP	USD	Tenor: 2Week / Strike Price: 1.3350 / Offer Price : 1.3100	5.00%	SGD-USD

<Note> The offer price, strike price and annualized rates of return shown here are indicative only, actual quotes will be provided at the point of transaction

## Conservative Portfolio Income



### Corporate Bond

Investment Asset	CUR	Investment Type	Coupon	ISIN
STANDARD CHARTERED PLC	USD	YTM:3.007% / Maturity: 2022.01.05	5.700%	XS0736418962
CLOVERIE PLC ZURICH	USD	YTM:5.784% / Maturity: 2046.06.24	5.625%	XS1385999492
IFC Development Corp TRS	HKD	YTM:2.41% / Maturity: 2020.03.26	3.40%	EK1243899

<Note> The YTM shown here is for reference only, the actual rate is based on the quoted price at the point of transaction

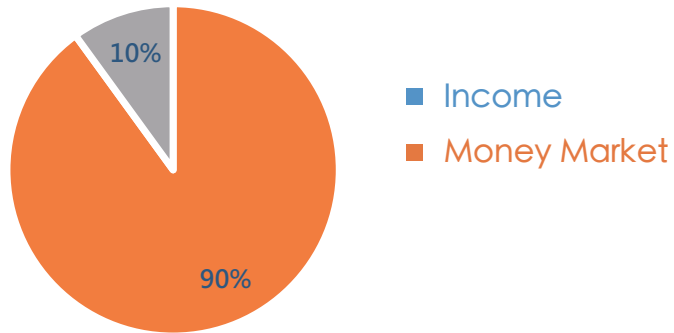
### Exchange Trade Fund

Investment Asset	CUR	Investment Type	Market	Code
iShares 3-7 Treasury Bond ETF	USD	Tracks an index of US Treasury bonds with maturity between 3-7 years	US	IEI
iShares TIPS bonds ETF	USD	Tracks Bloomberg Barclays Capital US Treasury Inflation Protected Notes Index	US	TIP
VelocityShares ST LIBOR ETN	USD	Tracks Janus Velocity Short LIBOR Index	Global	DLBR

### Mutual Fund

Investment Asset	CUR	Investment Type	Market	ISIN
Allianz Income & Growth Fund	USD	Invests in US & Canadian equity and Corporate debt	North America	LU0689472784
BlackRock Asia Tiger Bond Fund	USD	Invests in Asian region government and corporate bonds	Asia	LU0764618053
Allianz Oriental Income	USD	Invests in Asia Pacific equities and bond markets	AsiaPac	LU0348783233
Templeton Global Bond Fund	USD	Investments in government or related institution bonds worldwide	Global	LU0252652382

**Conservative Portfolio** Money Market



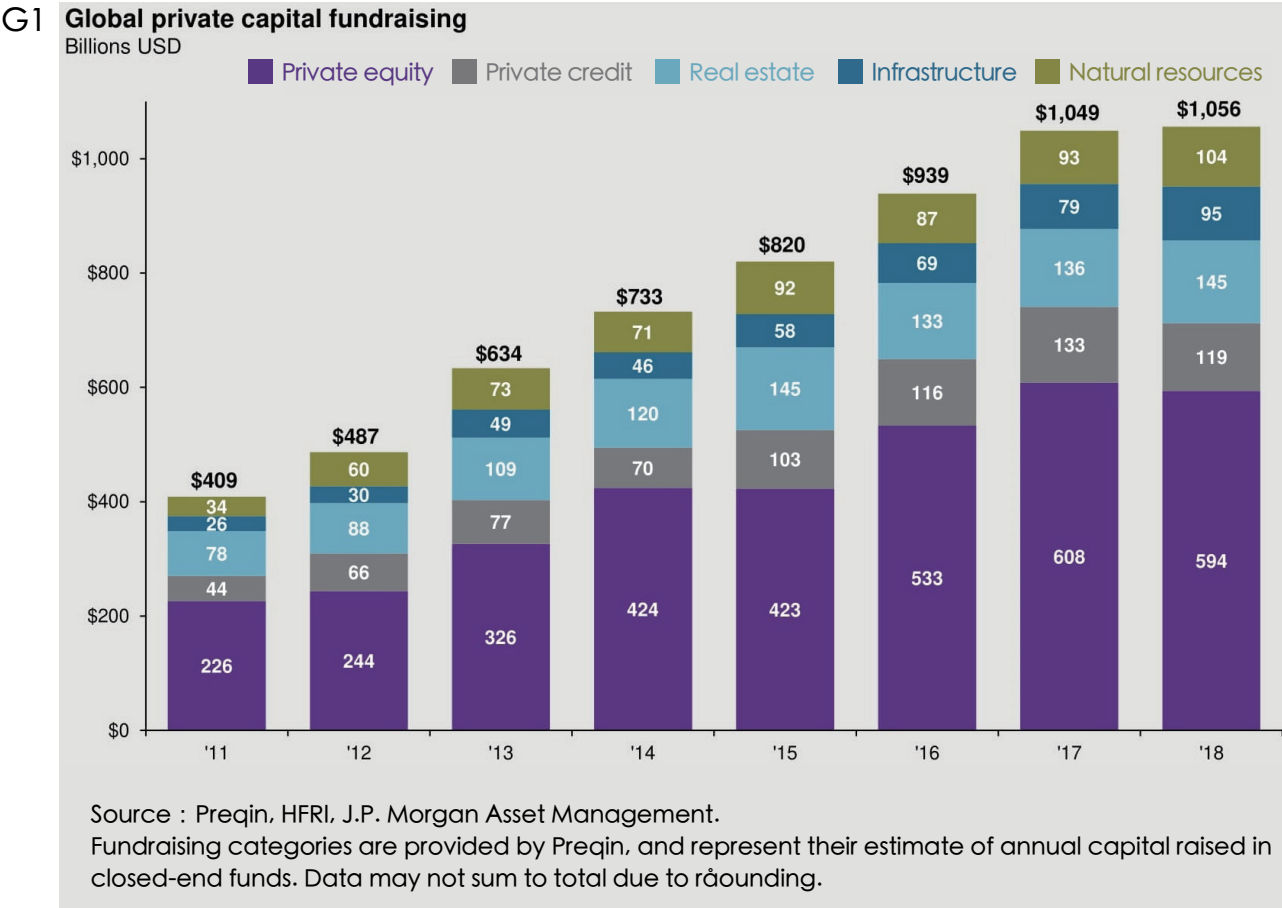
Mutual Fund				
Investment Asset	CUR	Investment Type	Market	ISIN
Fullerton SGD Cash Fund	SGD	The fund invests in short term liquid assets denominated in SGD	SG	SG9999005961
BNP Paribas USD Money Market Class	USD	Invests in USD deposits or money market instruments with < 1 year maturity	Global	LU0012186622



## Quarterly Discussion Theme – Alternative Investment

### Introduction to alternative investments

- ★ Alternative investments have become more mainstream and popular in recent years, but most investors still carry some misunderstandings about alternative assets. In short, alternative asset investment is defined as investment products other than stocks, bonds, and futures. The scope of alternative investment is very broad, including private equity, real estate, private credit and international factoring. Precious wines and artworks may also be considered as alternative investment options.
- ★ Low correlation to traditional investment assets and macro environment is one of the key characteristics of alternative investments. In cases of significant market fluctuations, there is less impact on the value of alternative investments than traditional instruments. Investors can typically reduce portfolio risks, enhance portfolio returns or even create regular income stream by adding alternative investments in to their portfolios.
- ★ As investment choices of alternative assets increase, so is the size of capital raised. JPMorgan report shows that alternative investment fund raising some major alternative investment assets rose rapidly from approximately US\$409 billion in 2011 to US\$1,056 billion in 2018, with CGAR around 14.5%. The main reason for the growing popularity of alternative investments can be attributed to the fact that alternative assets can effectively enhance portfolio returns and reduce portfolio risks.



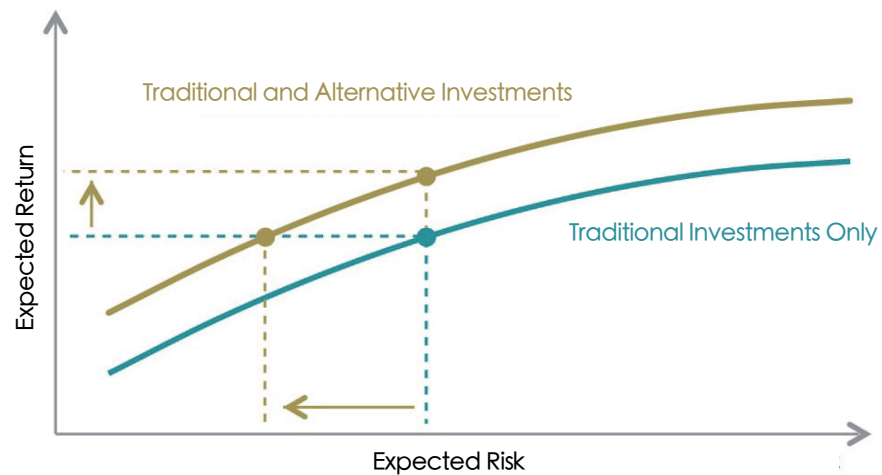
Source : JPMorgan, Guide to Alternatives

## Quarterly Discussion Theme – Alternative Investment

- ★ The essence of investment is making a choice between uncertain risks and returns.
- ★ According to the Modern Portfolio Theory proposed by Nobel laureate in Economics, Harry Markowitz, the theory rides on means-variance analysis and a portfolio efficient frontier model to summarize how rational investors use diversification to optimize their portfolios performance (i.e. increase returns on the same level of risk or reduce risks on the same level of return).
- ★ According to Baird Private Wealth Management, better risk-return characteristic is found in a simulated portfolio by adding alternative assets to traditional portfolios. The inclusion of alternative investments can shift the efficient frontier up and to the left, so that risk is lowered for a given level of return, or return is higher for a given level of risk (G2 light green line).

G2

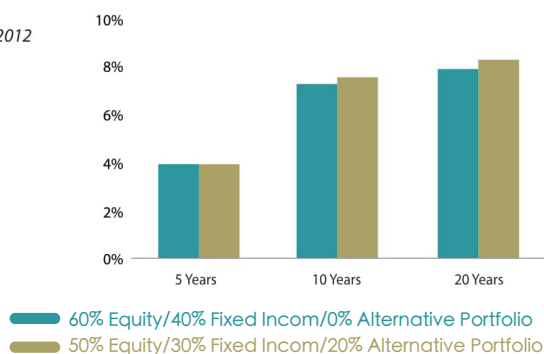
Markowitz Efficient Frontier



- ★ Baird further utilizes market data including S&P 500 index, bond index, and alternative assets to conduct more testing. Results show that a portfolio with alternative investments can deliver better performance than a portfolio of traditional investments. (G3 light green bar), with corresponding decline in portfolio risks (G4 light green bar) namely enhancing risk-adjusted return.

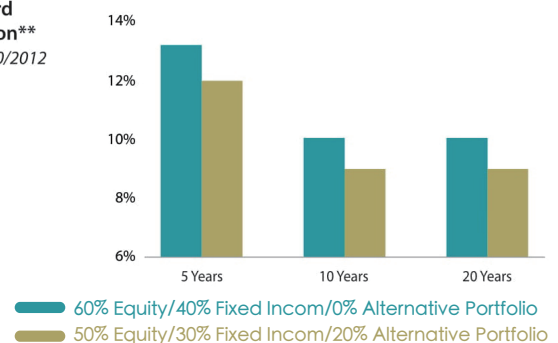
G3

Return\*  
as of 9/30/2012



G4

Standard  
Deviation\*\*  
as of 9/30/2012

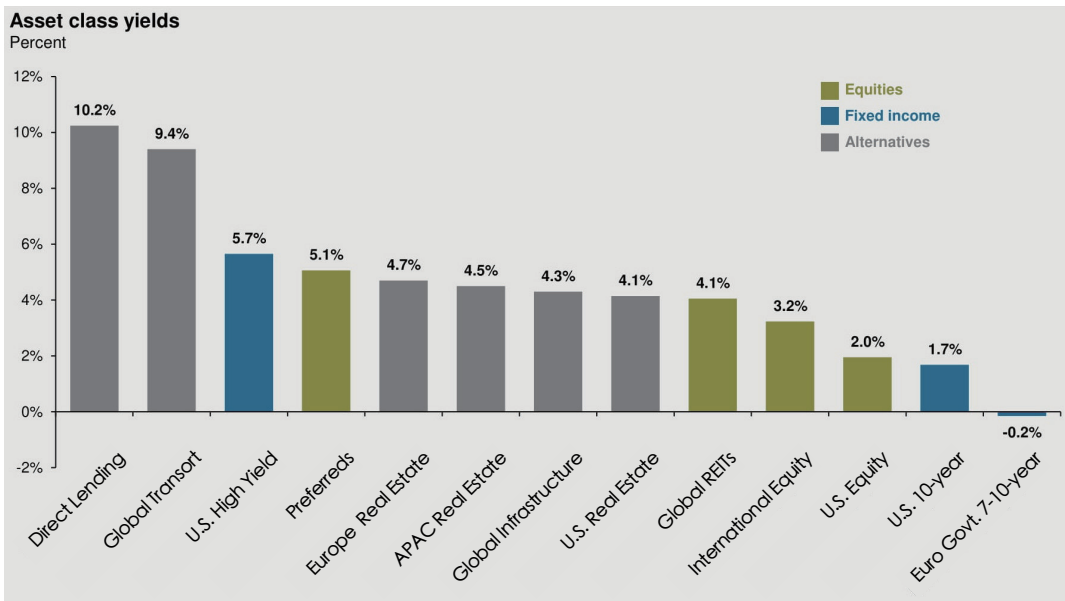


Source : Baird, the role of alternative investment in a diversified investment portfolio

## Quarterly Discussion Theme – Alternative Investment

- ★ Alternative asset investment as "return enhancer"
- ★ JPMorgan report shows returns from some major alternative investment assets outperformed that of traditional assets like equities and fixed income. G5 shows annualized return of direct lending reaching 10.2%, which is much higher than the 6.4% return on US high-yield bonds and the 2.4% return on global equity that most investors are familiar with.

G5



- ★ Alternative asset investment as "risk diversifier"
- ★ JPMorgan report also shows some major alternative assets having very low correlations to traditional assets like equities and bonds, some of the alternative asset even shows a negative correlations to traditional assets. G6 shows correlation coefficients between US Real Estate to stock and bond assets are 0.1 and -0.1, respectively, i.e. almost no correlation between the returns on US real estate assets and the stock market or bond market.

G6

Public and private market correlations  
10-years, quarterly returns

2009 - 2019	Global Bonds	Global Equities	U.S. Core RE	Europe Core RE	APAC Core RE	Global Core Infra	Direct Lending	Venture Capital	Private Equity	Equity Long/Short	Relative Value	Macro
Financial assets	1.0											
Global real estate	0.3	1.0										
Other real assets	-0.3	-0.5	1.0									
Private markets	-0.4	-0.3	0.6	1.0								
Hedge funds	-0.3	-0.4	0.8	0.7	1.0							
	-0.2	-0.3	0.4	0.1	0.2	1.0						
	0.1	0.5	-0.1	-0.3	-0.3	0.1	1.0					
	-0.2	0.2	0.2	0.4	0.1	0.1	0.2	1.0				
	0.2	0.8	-0.3	-0.1	-0.2	-0.1	0.6	0.5	1.0			
	0.2	1.0	-0.4	-0.3	-0.4	-0.3	0.6	0.3	0.9	1.0		
	0.3	0.9	-0.6	-0.5	-0.6	-0.3	0.7	0.1	0.7	0.9	1.0	
	0.3	0.5	-0.2	0.0	-0.2	-0.3	0.2	0.2	0.3	0.5	0.4	1.0

Sourc : JPMorgan, Guide to Alternatives

## Quarterly Discussion Theme – Alternative Investment

- ★ Over the past year, the performance of traditional investment portfolios was largely affected by the fluctuating market sentiment, this rapidly changing market condition has caused investor dilemma choosing between Risk On and Risk Off.
- ★ Since the global financial crisis in 2008, major central banks have implemented negative / low interest rate policies to stimulate the economy. Traditional bond yields continued its downtrend, with negative interest rate bond assets piled up to as much as \$17 trillion. This low bond yield environment has made it difficult for investors seeking stable returns and diversification.
- ★ In addition, macroeconomic factors such as the US-China trade war and concerns of slowing global economic growth have continued to cause market fluctuations, US stocks also faces high valuations and low growth after a 10-year bull run. Recent statistics have found that many large European family offices and asset management companies are gradually increasing the asset allocation to alternative assets to 20%-25%. This is, more than 10% higher than the average allocation over the past few years.
- ★ In the era of global uncertainties and low interest rate returns, alternative assets prove itself a useful tool to improve the overall portfolio returns while lowering risks at the same time.



*PC Financial (SG) Pte. Ltd. diversified investment tools*

## Securities

### Broad range of stocks from different markets

HK Stocks, China A-shares, US Stocks, Singapore stocks

### A stable & reliable platform allowing you to trade anytime, anywhere

Online trading platform, mobile trading platform

### We help you track markets and gain insight to global markets

Daily focused stocks, daily market updates, global market focus and weekly market updates

### Check your account status at any time

Monthly statement, customized investment solutions

### Reasonable fees

Enjoy premium service at a reasonable price

## Structured Products

### Equity Linked Note (ELN)

Structured investment product linked to equity. Performance of the product depends on the stock price of the underlying equities

### Capital Guaranteed Structured Note (SN)

With a diverse range of underlying investment including equity, indexes, interest rates, commodities or a portfolio, an investor can get back 100% of invested principal upon maturity. The outperformance of the note at maturity depends on the performance of the underlying investment.

### Dual Currency Investment (DCI)

Also known as Premium Currency Deposit (PCD), this is a structured investment that combines a foreign currency deposit with a foreign exchange option.

## Bonds

### Wide variety of bonds

Wide range of bonds issued by different countries, government, financial institutions and other large corporates

### Various settlement methods to suit your needs

Various currencies, rates and maturities available

### Excellent Custodian Service

Collection of bond interest, exercise of rights, redemption at maturity and trading on secondary markets

## PC Series Fund

### Funds with flexible features to help you achieve your investment goals

#### Available fund types:

- Equity Fund
- Hedge Fund
- Bond Fund
- Real Estate Fund
- Mortgage Fund



## PC Financial (SG) Pte. Ltd. diversified investment tools

### Mutual Funds

We provide access to more than 60 asset managers with more than 1,000 funds under management. Asset managers on our platforms are well known and focused in Asia, Europe, and the US and include

such diverse areas as technology, fixed income, and alternative investments like hedge funds. We can tailor-make a suitable fund portfolio for you based on your investment objectives.

#### Reputable Fund Houses

01	AllianceBernstein Hong Kong Limited	22	Wells Fargo Asset Management	43	Nikko Asset Management Hong Kong Limited
02	Aberdeen Standard Investments	23	Fullgoal Asset Management	44	Merian Global Investors (Asia Pacific) Limited
03	Alquity Investment Management Limited	24	GF International Investment Management Limited	45	PIMCO Asia Limited
04	Allianz Global Investors Asia Pacific Limited	25	Guotai Junan Assets (Asia) Limited	46	PineBridge Investments Asia Limited
05	Amundi Asset Management	26	Hai Tong Asset management (HK) Limited	47	Ping An Of China Asset Management (Hong Kong) Company Limited
06	BNP Paribas Asset Management Asia Limited	27	Harvest Global Investments Limited	48	Principal Investment & Retirement Services Limited
07	BOCI-Prudential Asset Management Limited	28	Janus Henderson Investors	49	Principal Global Investors (Asia) Limited
08	Baring Asset Management (Asia) Limited	29	Income Partners Asset Management (Hong Kong) Limited	50	China Yinsheng Group Limited
09	BlackRock Asset Management North Asia Limited	30	Invesco Asset Management Asia Limited	51	SG Asset Management (Hong Kong) Limited
10	CCB International (Holdings) Ltd	31	JP Morgan Asset Management	52	Robeco Group
11	CIFM Asset Management (Hong Kong) Limited	32	Jupiter Asset Management (Hong Kong) Limited	53	Rongtong Fund Management
12	CITIC Securities International Company Limited	33	Legg Mason Asset Management Hong Kong Limited	54	Everbright Sun Hung Kai Company Limited
13	China Southern Asset Management Co., Ltd.	34	Lyxor Asset Management	55	Schroder Investment Management (Hong Kong) Limited
14	China Universal Asset Management (Hong Kong) Company Limited	35	MFS Investment Management Company (Lux) S.à r.l.	56	Superfund Investment Group
15	China Asset Management (Hong Kong) Limited	36	Macquarie Funds Group	57	TA Investment Management Berhad
16	Deutsche Asset Management (Hong Kong) Limited	37	Man Investments Australia Limited	58	Threadneedle Portfolio Services Hong Kong Limited
17	E Fund Management (HK) Co., Limited	38	Man Investments (Hong Kong) Limited	59	VL Asset Management Limited
18	Eastspring Investments (Hong Kong) Limited	39	Manulife Asset Management (Hong Kong) Limited	60	Vanguard Investments Hong Kong Limited
19	FIL Investment Management (Hong Kong) Limited	40	Mirae Asset Global Investments (HK) Limited	61	Zeal Asset Management Limited
20	First State Investments (Hong Kong) Limited	41	Natixis Investment Managers Hong Kong Limited	62	H2O Asset Management
21	Franklin Templeton Investments (Asia) Limited	42	Neuberger Berman Asia Limited		

For more information, please contact our Relationship Managers



Much More Than Private Bank

---

[www.pcsfg.com/heritage](http://www.pcsfg.com/heritage)

DISCLAIMER: The information, materials and contents herein are not made with regard to the specific investment objectives, financial situation and the particular needs of any particular person who may receive them. Such information, materials and contents are provided for general information only and you should seek professional advice at all time and obtain independent verification of the information, materials and contents contained herein before making any decision based on any such information, materials or contents. This advertisement has not been reviewed by the Monetary Authority of Singapore. The information is current as at the date of publication but is subject to change without notice. If you have any questions, please contact your Relationship Manager.