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

Southeast Asia Edition

Heritage Account
2021 Q4 Global Investment Guide

Heritage
HK · SG

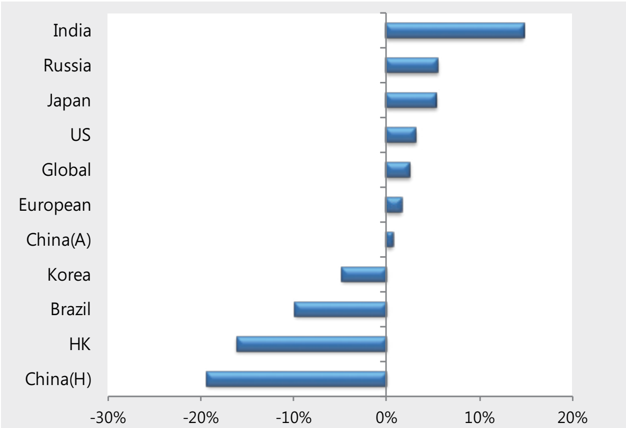

RIVER CRUISE
PC Financial (SG) Pte Ltd
寶鉅金融(新加坡)有限公司
PC iFAST Holding (SG) Pte Ltd
寶鉅奕豐控股(新加坡)有限公司

Economic prospects have diverged further across countries since the April 2021. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

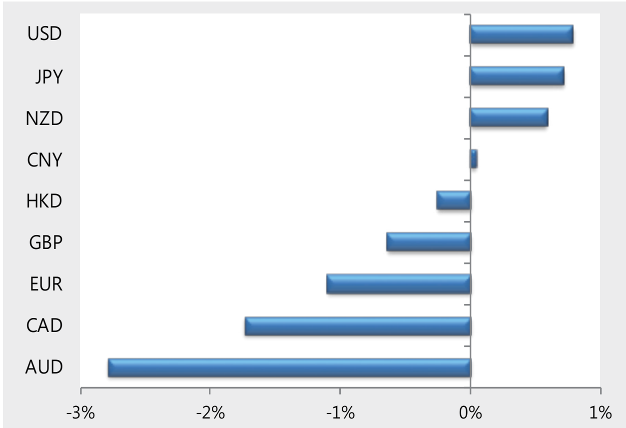
Recent price pressures for the most part reflect unusual pandemic-related developments and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic ranges in most countries in 2022 once these disturbances work their way through prices, though uncertainty remains high. Elevated inflation is also expected in some emerging market and developing economies, related in part to high food prices. Central banks should generally look through transitory inflation pressures and avoid tightening until there is more clarity on underlying price dynamics. Clear communication from central banks on the outlook for monetary policy will be key to shaping inflation expectations and safeguarding against premature tightening of financial conditions. There is, however, a risk that transitory pressures could become more persistent and central banks may need to take preemptive action.

The lockdown imposed during the corona crisis had very tangible implications for a large part of societies worldwide, reminding us of the fragility of our economic systems in the face of unfamiliar shocks. On the other hand, for those who are already invested, the crisis might have served as an opportunity to deepen market participation, as the field of investments matures and a greater variety of options becomes available. We all have to prepare ourselves well to welcome the occurring change. As your private professional wealth manager, we are committed to our mission to continuously create value for our customers. We aim to safeguard our clients' wealth by delivering sustainable and steady returns, and accomplish our core mission goals for our clients. We construct asset allocation and implement our investment strategies with care and diligence, striving to help our customers navigate their way through unpredictable financial markets.

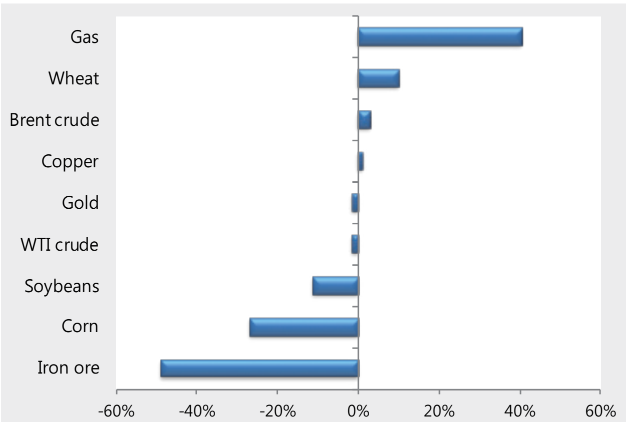
Markets' Performance in the Previous Quarter



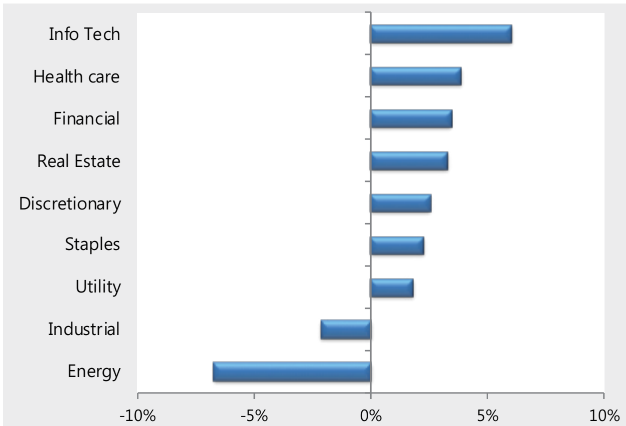
Global Equity Indexes



Major Currencies



Commodities



Sectors

Market Commentary on Previous Outperformers and Underperformers

Outperformers : India, Gas

Indian equities outperformed the global stock market in 3Q21, mainly due to the gradual recovery in the local economy and loose monetary policy. Thus, India attracted more capital inflows, boosting equities. More importantly, a lot of Indian unicorns raised capital through IPO this year which lifted investor sentiment. India's economy also rebounded with both manufacturing and services PMI gradually improved. India's exports posted the sixth consecutive monthly increase, driven by the rising demand of global imports due to the developed countries gradually recovering from the pandemic. The recovery of the global economy from the pandemic and continued increase in events due extreme weather have boosted gas prices. Furthermore, globally gas suppliers especially in Europe and the US faced the problem of low inventories, which led to persistent supply-side tightening. The wider demand-supply gap pushed natural gas prices higher and led to a significant increase in the midstream companies' costs. Some companies would rather choose to shut down their factories due to the expensive costs. Natural gas was the best performing market in 3Q21.

Underperformers :China, Iron ore

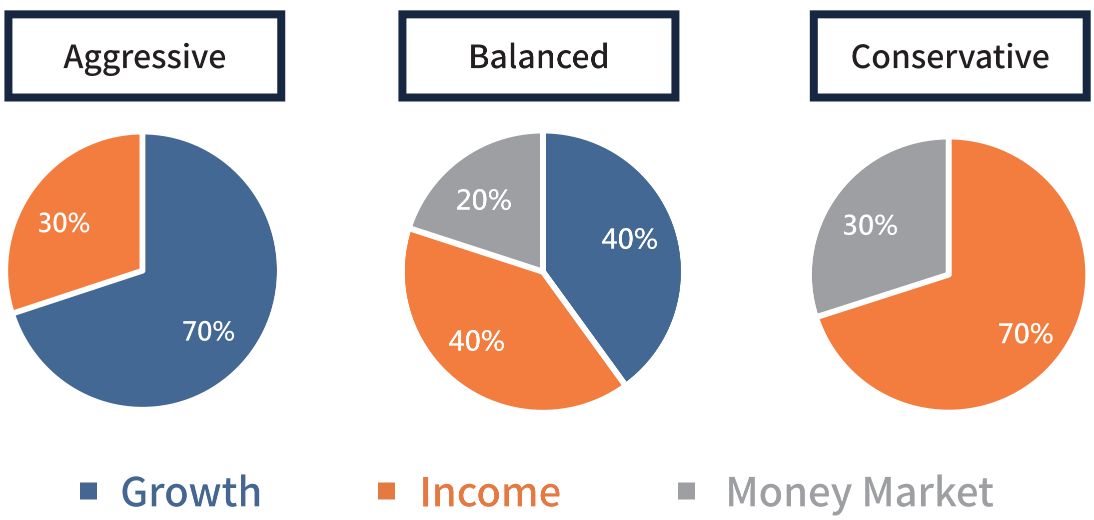
China's H-shares significantly underperformed global equities in 3Q21 due to the uncertainty over China's regulatory crackdown and Evergrande's debt crisis. Evergrande's debt crisis, China's regulatory crackdown as well as China's economic slowdown severely dampened investors' sentiment to invest in Chinese equities. We believe that these bearish events above will continue to drag down China's H-shares' performance in 4Q21.
The steel industry was affected by the China's curbs on production, and steel manufacturers are only allowed to produce one billion tons output in total this year. Thus, iron ore prices came under pressure. Also, Evergrande's debt crisis and the slowdown in Chinese property sectors may result in a slowdown in China's construction industry next year. Chinese steel mills were concerned over the decrease in demand for iron ore and therefore sold their iron ore. To sum up, iron ore was the worst performing market in 3Q21.

Quarterly Market Outlook

Investment Market	-2	-1	0	+1	+2	Key Points
Stock Market						
US				■		There's still room for upside for 4Q21
Europe				■		Accommodative monetary policy is expected to provide support for the stock market.
Japan				■		Loose monetary policy will continue to provide support to Japanese equities
China		■				Evergrande's debt crisis brings uncertainty to Chinese equities
North Asia			■			Semiconductor demand to boost South Korea and Taiwan markets.
Southeast Asia		■				New Covid-19 wave brings selling pressure on the market.
Other EM markets			■			strong USD + low vaccination rate pose downside risks for EM equities
Fixed Income						
Investment Grade Bonds			■			Select bonds with better fundamentals and with short duration.
Asian Bonds		■				Prefer bonds with resilience fundamentals and short duration
Real Estate		■				Cautious on China real estate sector
Commodities						
Energy			■			Expect moderate increase in 4Q21
Basic Metal			■			China's policies will affect prices for basic metal
Agriculture				■		Expect high wheat prices due to tight supply

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

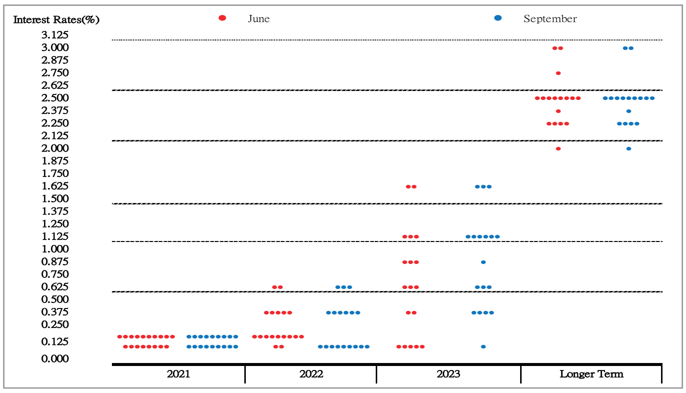
Portfolio Recommendations



US：There's still room for upside for 4Q21

★ Investors' enthusiasm for US equities remain unabated in 3Q21. Dow Jones, the S&P 500 and Nasdaq delivered strong performances and set record highs repeatedly. This is mainly due to the Fed Chairman Powell's dovish stance delivered during his speech at Jackson Hole. Also, he pointed out that it is still a long way to go before full employment is seen in the US economy, and the Fed is unlikely to hike rates in 2021. Subsequently, non-farm payroll data fell short of expectations, which alleviated investors' concerns about the Fed's possible move to accelerate the pace of tapering, thus propelled US stocks to reach record highs.

US Fed Reserve latest Dot Plot



★ We prefer investing in developed markets (DM) over emerging markets (EM). Within the DM space, we believe US equities can continue the outperformance in 4Q21. On one hand, EM faced the challenges of repeated Covid-19 outbreaks, low vaccination rates and particularly for China, regulatory uncertainty. These negative factors will dampen investors' confidence in EM. Whilst for the US, relatively higher vaccination rates and accommodative monetary policy will aid economic recovery and boost market sentiment. On the other hand, with the expiration of unemployment benefits in September, we expect a greater number of active job seekers to enter the labour market which will alleviate the problem of insufficient production capacity and supply chain shortages, thus improving corporate earnings. At the same time, the continuation of a low interest rate monetary policy will provide support for US equities in 4Q21. Although the Fed will start to taper asset purchases in the final quarter, we think the market has already digested the impact and any negative impact is expected to be limited. We prefer financials, consumer discretionary and tech stocks with strong fundamentals.

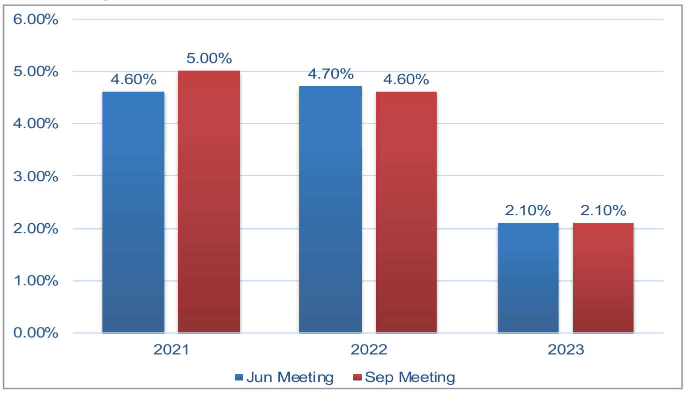
S&P 500 year-to-date performance

★ Data Source：Bloomberg, 2021/09/24

Europe： Accommodative monetary policy is expected to provide support for the stock market

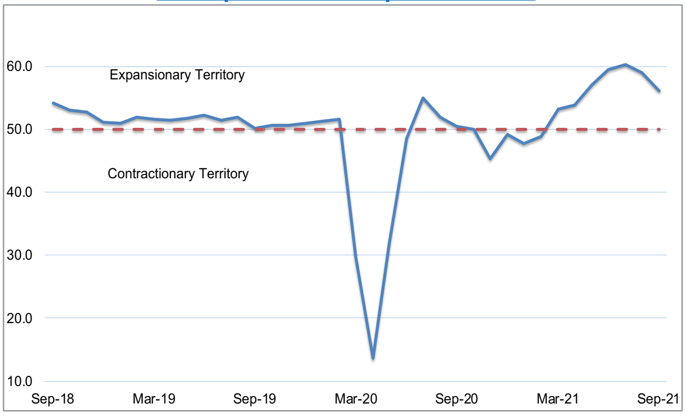
★ In its latest monetary policy review published in July, the ECB set a "symmetric" inflation target of 2% over the medium term and stated that the medium term outlook for inflation is still below the ECB's target. However, at the September policy meeting, the ECB will slow the pace of its Pandemic Emergency Purchase Programme (PEPP) in 4Q21. At the same time, the ECB raised GDP and inflation forecast for the eurozone for this year and the next couple of years. While the decision to moderate the pace of PEPP and a brighter near-term economic outlook may seem at odds with the dovish tone struck in July, we think the central bank is trying to strike a delicate balance between providing adequate support for a recovering EU economy and managing the impact of higher inflation in the near term. Overall, the ECB's dovish stance will help to provide support to European equities for 4Q21.

Changes in ECB's forecast for the Eurozone



★ Apart from European equities benefiting from the fiscal and monetary support provided by local governments and ECB, European equities will likely see several positive catalysts materializing in the upcoming months. First, the satisfactory pace of vaccination rate in various EU nations will help to boost the recovery of EU economy. Second, the IHS Markit PMI data signalled an expansion in conditions across the Eurozone manufacturing and services sector in September. Although the headline PMI posted 56.1 in September, down from August's reading of 59.0, but this is the seven straight monthly expansion for the manufacturing and services sector. Lastly, EU finance ministers adopted the national recovery plans of 12 member states in July, paving the way for the first disbursements of EU recovery funds to boost the recovery of EU economy. We believe European equities will still be considered noteworthy for investment in the medium to long term.

Europe IHS Composite PMI

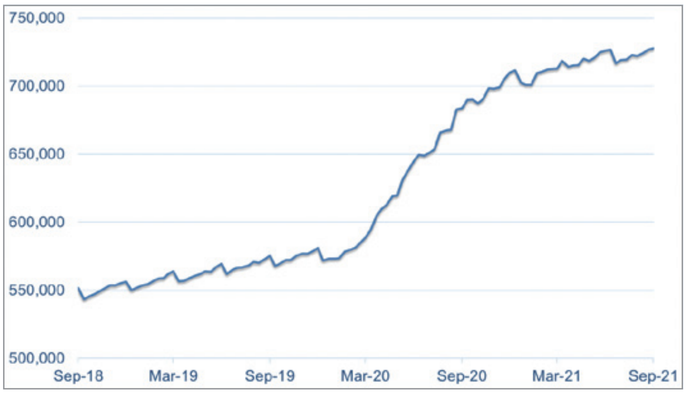


★ Data Source：ECB, Bloomberg, 2021/09/24

Japan：Loose monetary policy will continue to provide support to Japanese equities

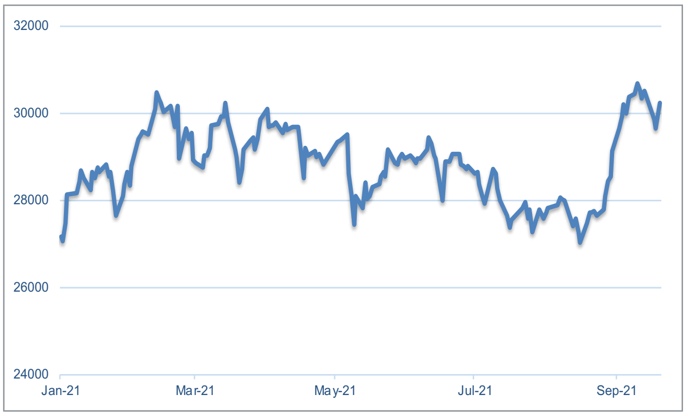
★ Japan's economy gradually improved. Real GDP rose 0.5% QoQ in 2Q21, better than the initial reading of 0.3% growth as well as market consensus. Also, retail sales increased 2.4% YoY in July and posted the fifth consecutive monthly increase, reflecting the gradual recovery in the consumer sector. Nevertheless, the Delta variant caused a sharp increase in Covid-19 cases at the end of July. The Japanese government immediately implemented a state of emergency in many prefectures, which will significantly drag down August retail sales and economic recovery. BOJ recently announced that it maintained benchmark interest rate and the 10-year Treasury bond yield at 0.1% and close to zero. Therefore, the market expected that BOJ will maintain large-scale stimulus measures to support Japan's economic recovery.

BOJ Balance(Billion)



★ Japan's Prime Minister Yoshihide Suga recently announced his resignation and market sentiment was subsequently lifted. The Nikkei 225 index rose to its highest level in 30 years as the market believed his successor will introduce more fiscal stimulus and take better control of the current outbreak. We believe support for Japanese equities will continue in the near term due to BOJ's loose monetary policy and the central bank is the largest shareholder of Japan's equities. In addition, Japan's vaccination rate has accelerated since July. The current vaccination rate is approximately 55.3% and the gradual increase in vaccination rate will help the Japan's economy to recover gradually. In terms of valuation, Nikkei 225 Index's TTM P/E is currently below 10-year historical average. We are positive on Japanese equities based on the above-mentioned catalysts.

Nikkei 225 Index YTD performance



★ Data Source： Bloomberg, 2021/9/24

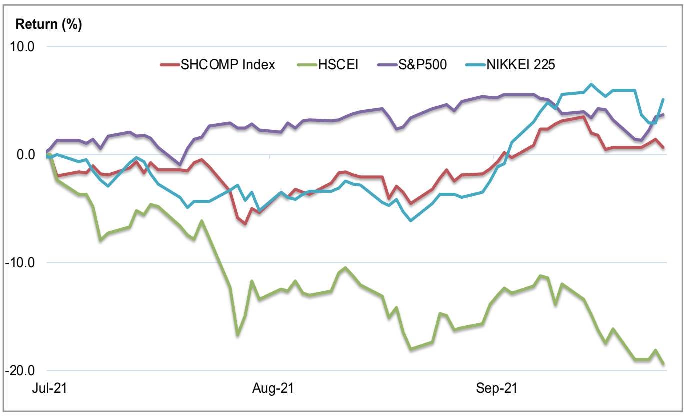
China：Evergrande's debt crisis brings uncertainty to Chinese equities

★ The PBOC provided further support to China's economy by lowering by 0.5% of its reserve ratio in July due to persistently high commodity prices, which increased SMEs' cost pressure. However, August retail sales were mainly dragged down by the Covid-19 outbreak in some cities. China's retail sales rose 2.5% in August YoY from 8.5% in July, implying growth in the consumer sector has weakened. In terms of industrial production, due to the shortage of important raw materials and weak demand, China's industrial production rose only 1.1% YoY in August from 5.3% in July, the lowest level since August 2020. These economic data signifies that China's economic growth is currently slowing down and we foresee the PBOC may adopt a looser monetary policy in 4Q21 in order to support the economy.

China's retail sales growth recently significantly slowed down

★ In addition, Evergrande's debt crisis and China's regulatory crackdown in various sectors severely dampened investors' sentiment. Thus, Chinese equities underperformed global equities in 3Q21. The market has yet to gain sufficient clarity on the abovementioned events. Hence, we believe Chinese equities will likely underperform other major equity markets in 4Q21. For investors keen to stay invested in Chinese equities for the long run, we advise investors to avoid sectors or companies facing China's regulatory risks, and invest in sectors strongly supported by the Chinese government and are high growth industries, especially those sectors related to renewable energy.

Shanghai Composite Index underperformed major equity indexes

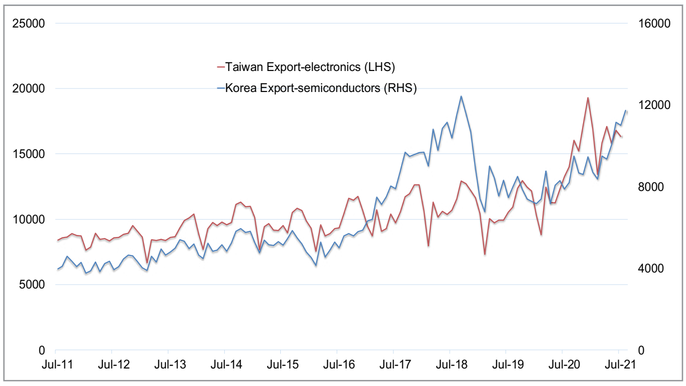


★ Data Source： Bloomberg, 2021/9/24

North Asia：Semiconductor demand to boost South Korea and Taiwan markets.

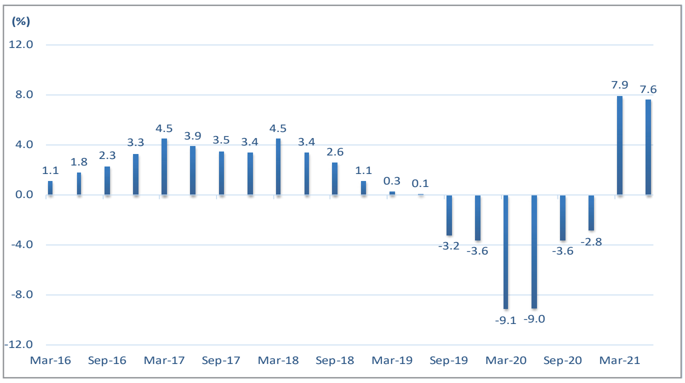
★ Taiwan central bank recently raised its estimate for 2021 GDP growth from 5.08% forecast in June to 5.75%, thanks to strong exports. For South Korea, the BOK hiked rates by 25 basis points to 0.75% for the first time in nearly three years, the first major Asian economy to raise interest rates during the pandemic era. According to BOK governor, future rate hikes are possible as financial risks, such as rising housing prices and household debt pose a bigger threat to the economy than the latest virus outbreak. Also, the BOK kept its growth forecast for the year at 4%, expecting consumption to improve along with rising vaccinations, while exports and investment remained strong. With the increase of global demand for technology goods and electric parts, both Taiwan and South Korea are well positioned to benefit, thanks to their leading roles in global semiconductor industry.

South Korea and Taiwan's electronics export (Millions, In USD)



★ HK equities recently faced selling pressure as investors fear the potential default by property company Evergrande could trigger a negative spillover effect on other property developers, banks, and insurance companies. This is on top of a slew of new regulations introduced by the Chinese government which had increased market volatility. Given limited visibility on when potentially new regulations will be introduced, we are cautious on sectors including tech and fintech related, education and property, but we remain positive on the new energy sector which will benefit from supportive government policy. On the other hand, the HK economy has improved in terms of exports, retail sales, and unemployment rate. We think how HK equities will perform in the near-term will be dependent on how the Chinese government respond to Evergrande's debt crisis and potentially the introduction new regulatory actions on existing targeted and other sectors.

Hong Kong's YoY GDP Growth (%)

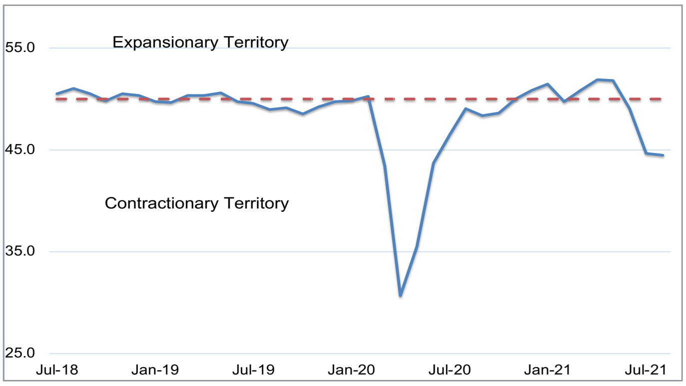


★ Data Source：Bloomberg, 2021/09/24

Southeast Asia： New Covid-19 wave brings selling pressure on the market.

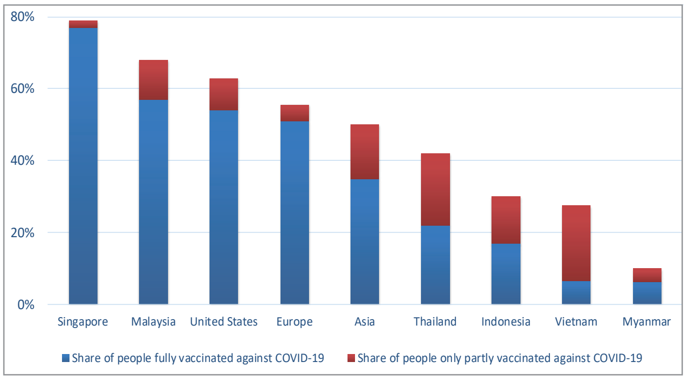
★ Newly-released IHS Markit PMI data signaled further deterioration in conditions across the ASEAN manufacturing sector in August. Headline PMI was 44.5 in August, down slightly from July's reading of 44.6, the third straight month of decline. For the first time since May 2020, each of the seven constituent nations recorded deteriorations in conditions in August. Many ASEAN countries have continued to be hammered by worsening Covid-19 outbreaks, driven by the Delta variant. Despite efforts to ramp-up vaccinations, relatively low vaccination rates in ASEAN countries (except Singapore and Malaysia) have left the region still highly vulnerable to Covid-19 outbreaks.

ASEAN Manufacturing PMI



★ Given the still severe Covid-19 situation, international travel restrictions are still expected to remain a major impediment to the recovery in the ASEAN tourism and the travel industry in 4Q21. In addition, domestic economic activities also disrupted by restrictive lockdown measures across many ASEAN countries. We think that the key to the ASEAN economic recovery is based on achieving much higher vaccination rates and consequent easing of the intensity of the current Covid situation made worse by the Delta variant. On the other hand, we expect ASEAN central banks to hold their policy rate at record lows to support economic recovery in contrast with the Fed's relatively hawkish stance. A firm USD will put additional pressure on ASEAN equities. Therefore, we maintain the "underweight" rating in ASEAN equities.

% of population vaccinated in ASEAN



★ Data Source：Bloomberg, 2021/09/24

Other Emerging Markets：strong USD + low vaccination rate pose downside risks for EM equities

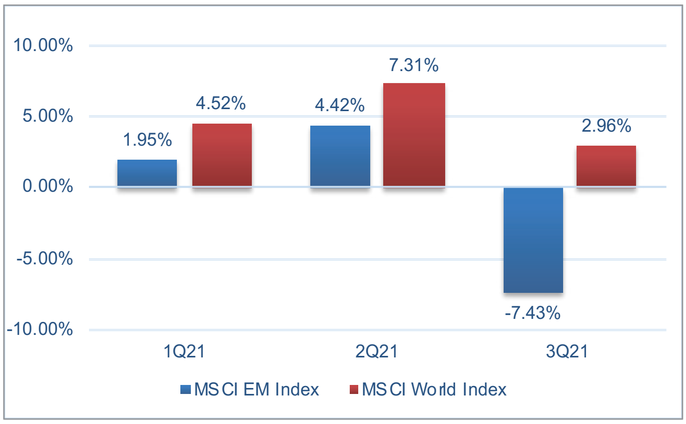
★ EM underperformed DM in 3Q21 due to USD strength and the severity of pandemic situation in EM. The Fed stated during September FOMC meeting that it will soon slow down the pace of asset purchases if the economy continues to recover. More importantly, according to the Fed's dot plot, the timeline with regards to interest rate hikes may be sooner than expected. Nine FOMC members expects at least one rate hike in 2022, up from seven members in June. We believe this will provide support for the USD and EM equities will face selling pressure. Meanwhile, some EM central banks raised interest rates in Q321 again in order to tackle inflation and reduce capital outflows. Russia, Brazil and Hungary raised their interest rates to 6.75%, 6.25% and 4.65% respectively, while Turkey and India kept interest rates unchanged.

EM major central banks interest rate policy decisions in September

Country	Prior	Actual	Hike Rates?
Russia	5.50%	6.75%	Yes
Turkey	19.00%	18.00%	No
Brazil	4.25%	6.25%	Yes
Hungary	0.90%	1.65%	Yes
India	4.00%	4.00%	No

★ Although Covid-19 infections in EM is now trending downwards, the vaccination rate in EM is still relatively lower than the vaccination rate in DM. This is especially so for India and Russia, which the vaccination rates are only about 15.3% and 39.0% respectively. Since the Delta variant is more contagious, we think that low vaccination rates will pose a huge risk to the EM economies. Thus, we are pessimistic about other EM in 4Q21 relative to other markets. As the global economy is widely expected to recover from the pandemic in 2021, this will continue to provide support for countries whose economies are highly dependent on commodity exports. We believe if investors wish to invest in EM, the industrial sector will have better opportunities than other sectors.

MSCI EM Index underperformed MSCI World Index

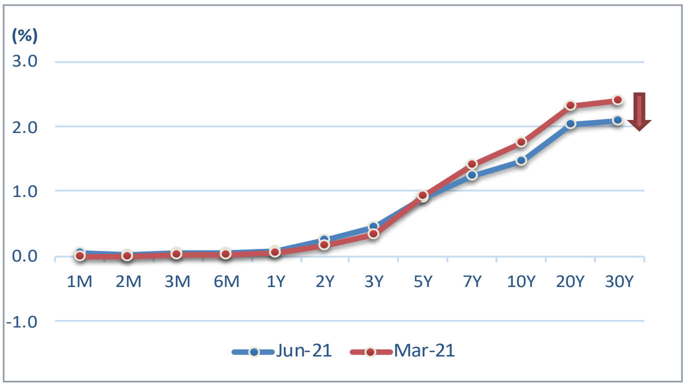


★ Data Sources： Bloomberg, 2021/9/24

Bond Markets：Investors should invest in bonds with short duration, stay selective.

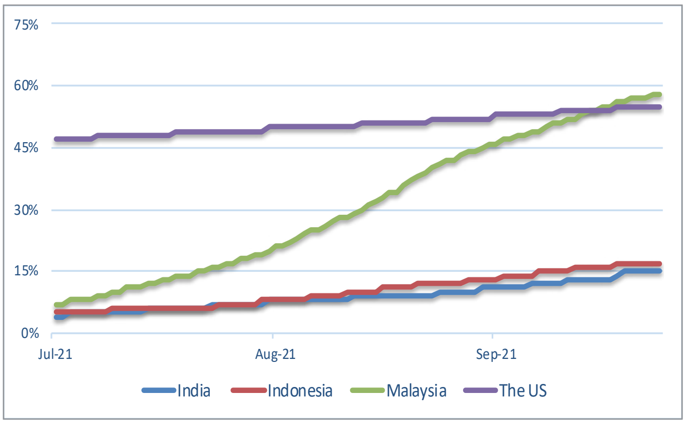
★ US 10-year Treasury yield fluctuated around 1.3% since the beginning of August. Investment grade bonds fell in August, while global high yield bonds rose for the fifth consecutive month. At the September FOMC meeting, the Fed stated that it will soon slow down the pace of assets purchases if the US economy continues to recover. More importantly, nine out of 18 FOMC members expect at least one rate hike in 2022, up from seven members in June's meeting. Also, the US Treasury yield curve flattened further since June. In other words, investors expects the Fed will raise interest rates soon. US interest rate hike is negative for bonds, particularly the bonds with longer durations. The longer the bond duration, the steeper the price fall as interest rates rise. Meanwhile, the Fed's interest rate hike will boost USD.

US Treasury Yield Curve flattened since Mar 2021



★ Given that some parts of Asia still faced severe Covid-19 outbreaks and their vaccination rates are relatively lower than developed countries, we believe that this is likely result in some Asian currencies to weaken against the USD in the near term. Nevertheless, as Asia still offers attractive interest rate differentials and drives mass vaccination campaigns, this factors will continue to encourage investors to invest in Asian bonds. We recommend investors to include shorter-duration bonds in their fixed-income investment portfolios, in order to hedge the investors' portfolio against current market volatility and a rise in US long-term interest rates. However, investors should stay selective and take into consideration sector and country exposure, as China property sector's debt crisis remains unclear at the moment.

Asia vs US for vaccination rates

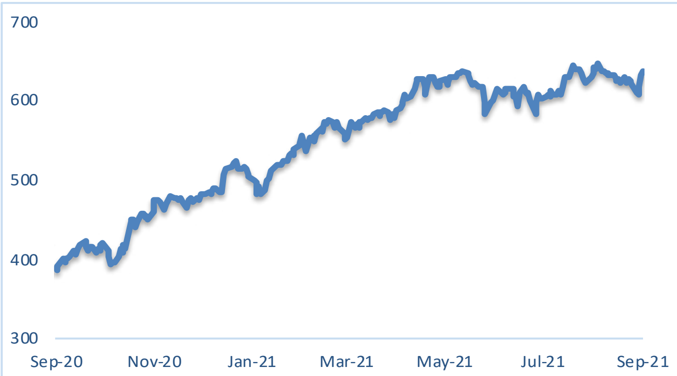


★ Data Sources： Bloomberg, 2021/9/24

Banking - Fundamentals and policies continue to improve

★ Bank stocks re-distributed dividends, delivered strong earnings performance, and the implementation of the stock buyback plans propelled the S&P 500 Financial Index to continue trending upwards, the sixth consecutive quarter of increase (rose 3.67% as of September 23). We remain positive on the financial sector outlook. In addition to benefiting from the economic recovery, banks' lending activities are expected to become more active. The improvement in prosperity will also help improve the banking industry's credit quality and reduce provisioning costs. At the same time, the Fed in the September meeting stated that the pace of interest rate hikes in the may be further accelerated. We expect that the interest rate hike atmosphere will benefit the performance of the banking industry.

S&P 500 Financials Index



Consumer Discretionary - Continue to benefit from recovery cycle

★ The consumer discretionary sector also rose for the sixth consecutive quarter, benefitting from economic recovery. As of Sept 23, the S&P consumer discretionary index rose 2.60% QoQ. On the same day, both the unemployment rate and initial jobless claims recorded a decline, reflecting an improving job market. At the same time, personal consumption expenditure in July has risen for five consecutive months. With the support of consumption momentum, we expect the consumer discretionary sector to continue to benefit from the economic recovery environment. In addition to stocks with long-term growth trends such as EVs and e-commerce, the vaccination schedule is expected to continue to support the recovery of industries that are more affected by the pandemic, such as entertainment and hotels. However, when investing in related industries, investors should pay attention to the Delta variant outbreak which may negatively impact the sector. At the same time, it is also necessary to pay attention to the consumption pressure brought by inflation to individual companies.

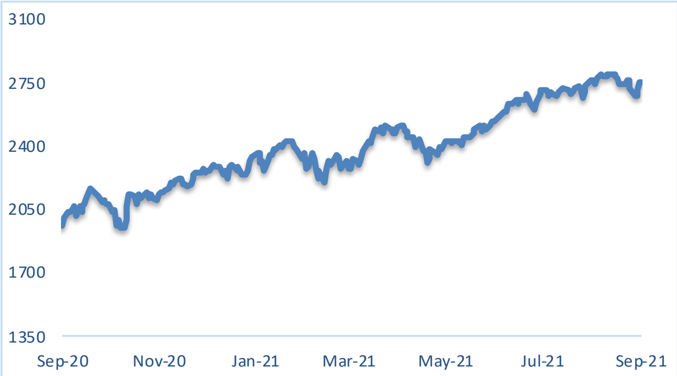
S&P 500 Consumer Discretionary Index

★ Data Source：Bloomberg, 2021/09/24

Technology - Focus on large companies

★ Although tech stocks in 3Q21 underperformed 2Q21's 11.30% gains, tech stocks still recorded a gain of 6.06% (as of Sept 23), outperforming cyclical industries. Looking ahead to the fourth quarter, we believe that the increase in consumer spending will benefit electronics-related tech companies. Also, industries that benefit from long-term structural growth prospects, such as 5G, AI and new technology applications, will have more investment value. At the same time, large technology companies with strong fundamentals, good balance sheets and profitability are more likely to outperform. Of course, tech stocks' rich valuations is still the biggest focus of investors, so the impact of potential interest rate hikes on technology stocks is still an issue to be aware of.

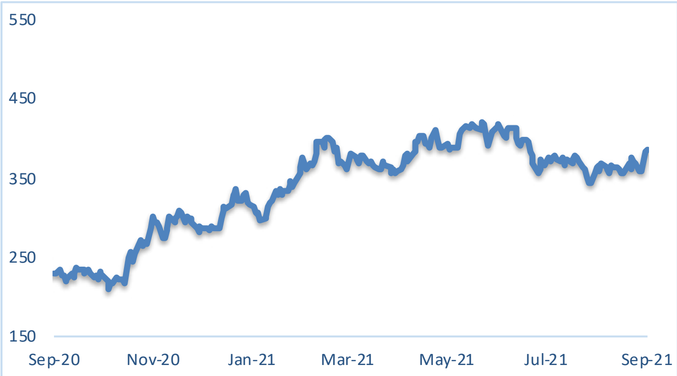
S&P 500 Info Technology Sector Index



Energy - To maintain moderate growth

★ Energy stocks lost momentum n fell in 3Q21, QoQ. As of September 23, the S&P energy index fell 5.90%. In addition to the overdone increase in previous quarters, the market's uncertainty about the outlook for oil demand also dragged down the performance of energy stocks. Hurricane Ida in the Gulf of Mexico led to the closure of a large number of energy production capacity, which has become a short-term catalyst for rising natural gas and oil prices. However, looking forward to 4Q21, OPEC+ will increase its production capacity on a monthly basis, coupled with the impact of uncertainties caused by the pandemic, we do not think that energy stocks can regain the strength of the first half in the coming quarter. However, taking into account the seasonal demand and the continued low level of natural gas and oil inventories, in conjunction with the market's adjustments to expectations of tightening monetary policy, we believe energy stocks may maintain a moderate increase in 4Q21.

S&P 500 Energy Sector Index



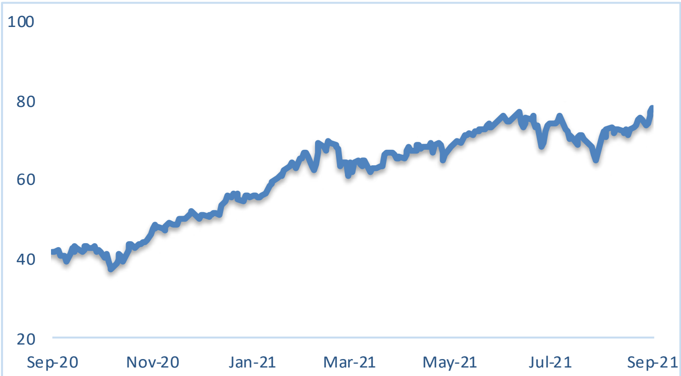
★ Data Source：Bloomberg, 2021/09/24

Commodity Trends and Outlook

Crude Oil - Prices will maintain moderate increase

★ The market was worried in August that the Fed might reduce its bond purchases and had doubts about the prospects for crude oil demand. As a result Brent crude oil once fell to a low of US$65/bbl, last seen in May. As the oil supply was affected by the Gulf of Mexico hurricane, this leads to a rebound and Brent crude oil rose slightly by 1.61% as of Sept 23. Looking ahead, in addition to the hurricane-induced production suspension, as winter is the traditional peak season for crude oil consumption, coupled with the US lifting travel restrictions and the market has slowly digested the news of the Fed tapering, oil prices are still expected to trend upwards. However, it should be noted that OPEC+ will gradually increase oil production during the year. The pandemic factor may also drag down the progress of the economic recovery and may affect the performance of the crude oil demand side. Therefore, oil prices are expected to rise moderately in 4Q21, and resistance is expected to be at the level of US$80/bbl.

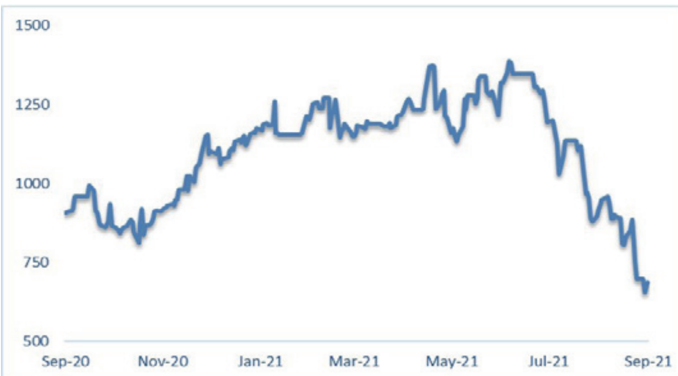
Brent Crude Futures (US$ / bbl)



Iron Ore - Limited production impact continues to linger at a low level

★ Iron ore prices failed to maintain 2Q21's strength, and dropped significantly by more than 50% from its peak in 3Q21. This was mainly due to restrictions on steel production in China to control carbon emissions and economic recovery that did not fully meet market expectations. Looking ahead, iron ore prices will continue to be affected by production restrictions. In addition to the slowdown in seasonal demand in 4Q21, the suspension of production by steel mills in Tangshan City due to restrictions will cause oversupply of iron ore. On the other hand, since China will hold the Winter Olympics early next year, we expect air pollution problem in the north will continue to be of concern for the Chinese government. The Chinese government may implement more stringent production restrictions in 4Q21. With full cooperation, the price of iron ore is expected to hover at a low level of RMB 650/ton.

Iron Ore Futures (CNY$ / MT)



★ Data Source：Bloomberg, 2021/09/24

Copper Price - Affected by domestic housing debt crisis in the short term

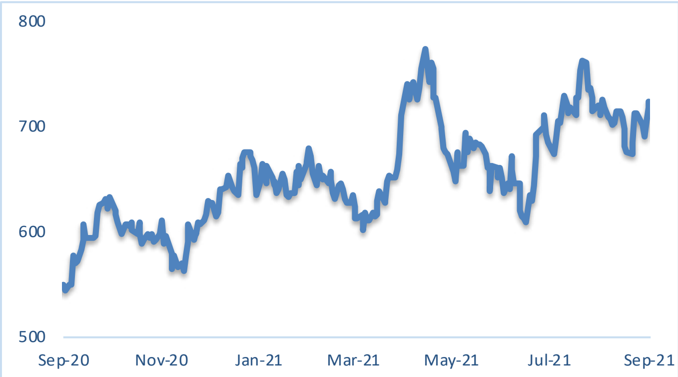
★ DXY rose and China's industrial production data was below market expectations. The LME copper price once fell below US$9,000/ton. As of Sep 23, copper price fell by more than 9% QoQ, the first decline after five quarters. Proper control of the outbreak in China has prevented the Delta variant from having a major impact. At the same time, the current global copper monthly supply and demand gap is still as high as 2,000 tons. Both will become the main reasons for the rise of copper prices in 4Q21. However, there is a potential debt crisis in China's real estate market. If companies fail to deal with it properly, the development of China's real estate market will be greatly affected, and the demand for copper will be affected and copper prices will face adjustment. Therefore, although the fundamentals of copper prices are stable, China corporate debt crisis will become a major factor affecting copper prices. It is expected that US$8,800/ton is the support level for copper prices.

Copper Futures (US$ / lb)

Agriculture - Supply and demand are tightening, wheat prices fluctuate and rise

★ Compared with other agricultural products, wheat prices performed strongly in 3Q21. In response to the tight supply and demand, the price of wheat exceeded US$750/bushel in August and once approached the high of the year. In recent months, many major wheat producing countries such as Russia, the US and Canada have been affected by extreme weather. The loss of wheat harvest has reduced global production. In fact, many countries have reduced their prediction of total wheat production in September, reflecting that tight wheat supply during the year. At the same time, although China is one of the major wheat producing countries, China still needs to rely on imported wheat to meet domestic demand, and this year's wheat imports are still increasing, which is expected to further drive the demand for wheat. With the supply side tightening and the epidemic situation continuing, we expect wheat prices to maintain their volatile upward trend in the coming quarter.

Wheat Futures (US$ / bushel)



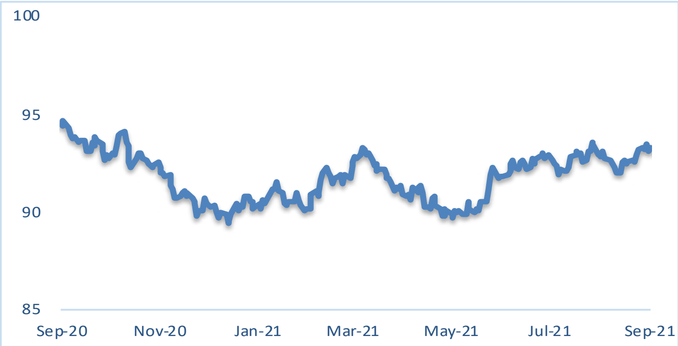
★ Data Source：Bloomberg, 2021/09/24

Currency Trends and Outlook

Dollar Index：Resistance：93.5680 / Support：91.8640

★ DXY traded rangebound in 3Q21 as investors continue to digest major economic data to determine the Fed's monetary policy direction. USD tested new highs in mid August due to concerns over the worsening pandemic plus the size of the Fed's potential tapering of asset purchases. Subsequently, poorer-than-expected Composite PMI and the Fed's dovish stance during the Jackson Hole conference resulted in USD correction. However, strong US August retail sales caused the dollar to rebound at end 3Q21. As the economy continues to recover in 4Q21 and the Fed looks set to start tapering asset purchases, we expect USD to rise in the upcoming quarter. However, DXY's rise is likely capped as the Fed stated that the goal of full employment has not been attained and not expected to hike rates by end 2021, plus the market would have digested the impact of the impending Fed' s action. Support at 93.5680 (Aug 19 high) and resistance level at 91.8640 (low on 29 Jul).

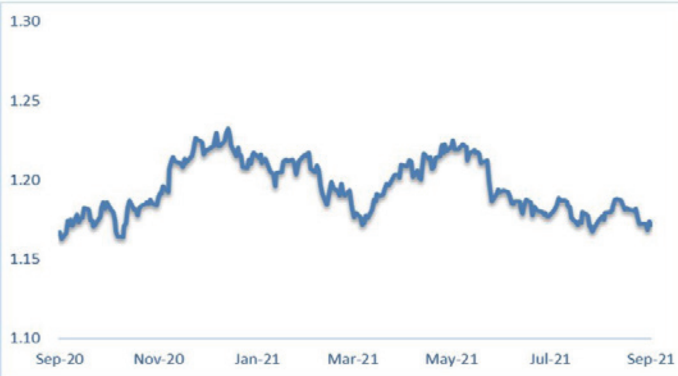
Dollar Index



EUR/USD：Resistance：1.2126 / Support：1.1675

★ EUR fluctuated against USD in 3Q21, but the market was worried that the spread of the Delta variant would drag on global economic recovery. This resulted in increase in risk aversion and EUR once fell to a low of 1.1675 against the greenback. The Fed dovish stance subsequently support EUR's rebound. We think the spread of the Delta variant may slow euro zone's economic recovery in 4Q21. Coupled with the ECB's upward adjustment of inflation target to 2% in the medium term, we expect the ECB to maintain a loose monetary policy, thereby putting pressure on EUR. On the other hand, as the Fed starts to taper asset purchases in the upcoming quarter, the divergence between the euro zone and the US's monetary policies continues to widen, we expect EUR to face considerable resistance. Also, Germany's uncertain political situation is a cause for concern. EURUSD to fluctuate between resistance level of 1.2126 (high on Jun 15) and support at 1.1675 (low on Aug 19).

EUR/USD

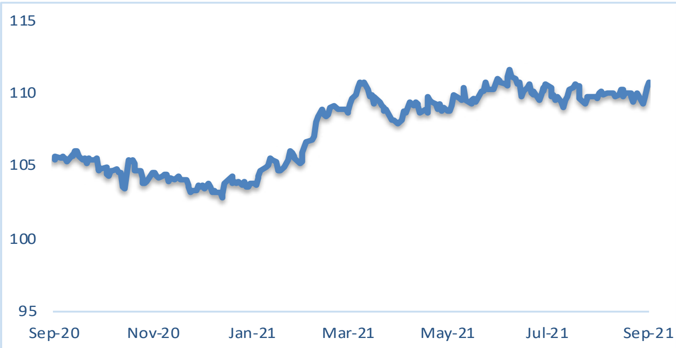


★ Source：Bloomberg, 2021/09/24

USD/JPY：Resistance：111.20 / Support：105.08

★ JPY continued 2Q21's underperformance into 3Q21, as the Japanese government expanded the areas under the state of emergency, which in turn will slow the pace of economic recovery. Also, the BOJ continued to maintain accommodative monetary policy, hence JPY was under selling pressure in 3Q21. BOJ announced the decision to maintain current interest rates in July and emphasized that the central bank does not rule out further downside risks to economic recovery. BOJ also stated the central bank will not hesitate to ease monetary policy further if needed. In view of Japan's low inflation, we believe BOJ will continue current loose monetary policy in 4Q21. At the same time, due to recent political uncertainty plus impending Fed's tapering of asset purchases in 4Q21, we expect JPY to continue to be under pressure. Resistance at 111.20 (2020's high) and support at 105.08 (low on Feb 22).

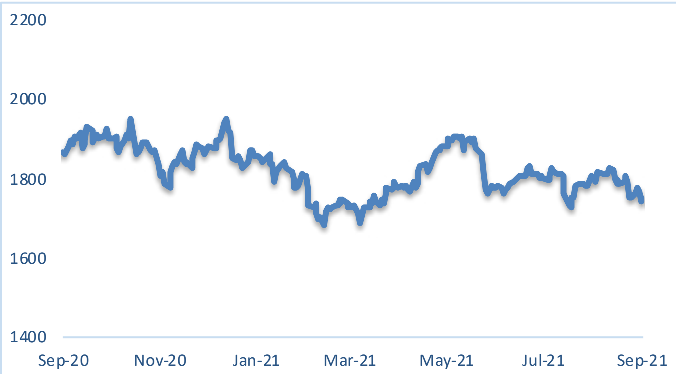
USD/JPY



XAU/USD：Resistance：1908.38 / Support：1685.20

★ Gold fluctuated in 3Q21, as investors search for clues in central banks' annual meetings on the timing of asset purchase tapering. Strong July US employment data raised market fears that the Fed will accelerate the reduction of asset purchases. Subsequently, Fed Chair's dovish remarks during the Jackson Hole conference eased market concerns and gold rebounded. Looking ahead, as August CPI was below expectations, suggesting US inflation may have peaked, thereby supporting the Fed's view that high inflation is temporary. Hence, we expect the demand for gold as inflation hedge will fall in the coming quarter. Also, the Fed's impending reduction in asset purchases is negative for gold prices. We expect gold to fluctuate between the resistance level of US$1908.38/oz (high on Jun 2) and the support level of US$1685.20/oz (low on Mar 30).

XAU/USD



★ Source：Bloomberg, 2021/09/24

Currency Trends and Outlook

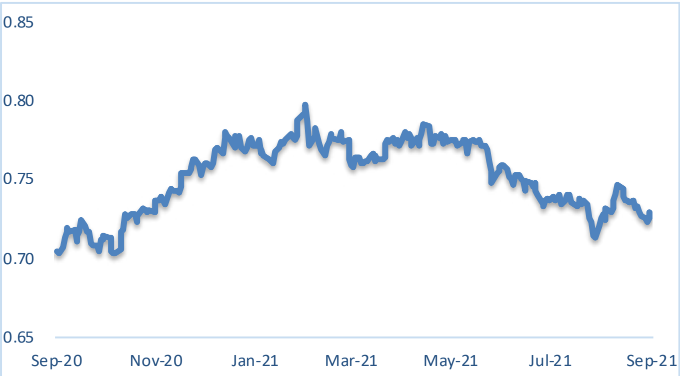
AUD/USD：Resistance：0.7968 / Support：0.7028

★ AUD was weak in 3Q21 due to the fall in copper and iron ore prices. AUDUSD at one point fell to one-year low of 0.7132 in August. AUD subsequently rebounded due to the Fed's dovish comments, which resulted in a weakened USD. We believe the AUD will still face multiple challenges in 4Q21, mainly due to:

(1) the RBA stated in the September policy meeting that it will still buy A$4 billion worth of Australian bonds every week, and will continue to do so until Feb 2022. Therefore, the RBA's loose monetary policy will cap AUD's upside.

(2) With Sydney and Melbourne's lockdown due to Covid-19 outbreak, Australia's economic growth may slow down. At the same time, violent protests against vaccination will undermine investor confidence and put pressure on AUD. Unless the RBA turns hawkish, otherwise we expect the AUD to fluctuate between resistance level of 0.7968 (High on Feb 24) and support level of 0.7028 (low on Oct 30, 2020).

AUD/USD



NZD/USD：Resistance：0.7299 / Support：0.6835

★ NZD traded rangebound in 3Q21. The RBNZ announced in its August meeting the maintenance of 0.25% interest rate policy and unexpectedly did not hike rates. NZDUSD fell to a year low of 0.6835. NZD subsequently rebounded against the USD, supported by the Fed's dovish stance. As we enter into 4Q21, we believe China's economic slowdown and correction in commodity prices will drag NZD's performance to a certain degree. However, the gradual relaxation of social distancing measures and rapid roll-out of vaccination will be positive for NZD. At the same time, New Zealand's GDP in 2Q21 rose 2.8% QoQ, far exceeded the 0.7% forecasted by RBNZ. Thus, the market expectations for October rate hike will help support the NZD. Unless the RBNZ turns dovish, NZD is expected to fluctuate between the resistance level of 0.7299 (high on Feb 19) and support level of 0.6835 (low on Aug 20).

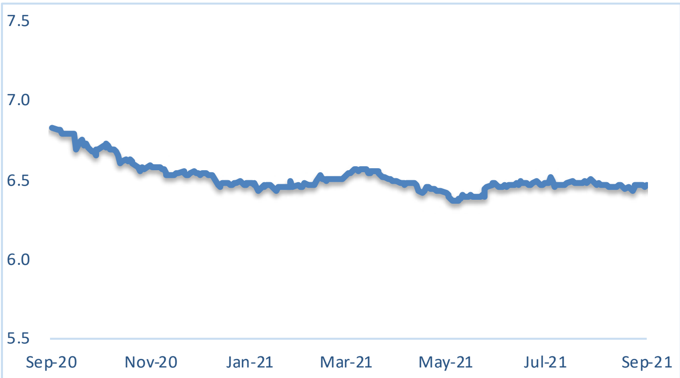
NZD/USD

★ Source：Bloomberg, 2021/09/24

USD/CNY：Resistance：6.5793 / Support：6.3570

★ CNY recorded a positive performance in 3Q21, driven by the continued China's economic recovery and the policy of opening up. The expectation that US-China tensions may ease has boosted market sentiment and propelled the yuan to break the 6.43 level during the quarter. However, CNY fell as the market became concerned about Evergrande debt troubles. As we enter into 4Q21, we expect CNY to fluctuate and to face selling pressure to a certain extent. This is due to the market's increasing concerns over the slowdown in China's economic growth, Evergrande's debt crisis as well as regulatory crackdown, these factors will pressurize the yuan in the coming quarter. At the same time, the launch of the Southbound Bond Connect on September 24 may result in capital outflows and further add selling pressure on CNY. We expect USDCNY to fluctuate between the resistance level of 6.5793 (high on Mar 30) and 6.3570 (low on May 31).

USD/CNY



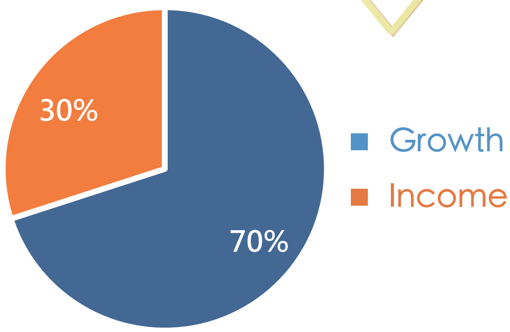
GBP/USD：Resistance：1.4248 / Support：1.3224

★ The pound, which is highly sensitive to risk sentiment, traded rangebound in 3Q21 due to the rebound in Covid-19 infections and key economic data. GBP fell sharply a few times in 3Q21 due to concerns over the Delta variant, while high inflation reported in August plus improved employment data pushed the pound to rebound. At the same time, the BOE turned hawkish, which supported GBP. As we look ahead, the widespread vaccination and gradual decline in new Covid-19 cases will be positive for GBP, and the market's expectations for monetary policy tightening in 2022 will also provide support for the pound. However, the Fed' s tapering of asset purchases in the coming quarter will add selling pressure on the pound. We expect GBPUSD to fluctuate between the resistance level of 1.4248 (high on Jun 1) and the support level of 1.3224 (low on Dec 11, 2020).

GBP/USD

★ Source：Bloomberg, 2021/09/24

Aggressive Portfolio



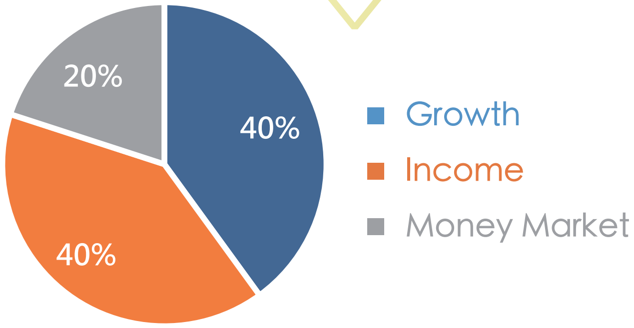
Growth

Mutual Fund				
Investment Asset	CUR	Investment mandate	Market	ISIN
First Sentier Global Listed Infrastructure Fund Class I	USD	Invests in global listed Infrastructure and Infrastructure-related stocks or other securities.	Global	IE00B29SXL02
Fidelity Funds - American Growth Fund	USD	Invests in companies having their head office or exercising a predominant part of their activity in the US.	USA	LU0077335932
Franklin Templeton Investment Funds - Franklin Biotechnology Discovery Fund	USD	Invests in equity securities of biotechnology companies and discovery research firms mainly located in the US.	USA	LU0109394709
Franklin Templeton Investment Funds - Franklin Gold and Precious Metals Fund	USD	Invests in securities issued by gold and precious metals operation companies.	Global	LU0496367417
Corporate Stock / Equity Linked Note (ELN)				
Investment Asset	CUR	Company Description	Exchange	Ticker
Singapore Exchange Limited	SGD	An investment holding company in Singapore and provides different services related to securities and derivatives trading.	SGX	S68.SI
MRT Corporation	HKD	A majority government-owned Hong Kong company which runs Hong Kong's rapid transit system.	HKSE	0066.HK
Netflix Inc.	USD	A streaming service that offers a wide variety of award-winning TV shows, movies, anime, documentaries.	NASDAQ	NFLX.US

Income

Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
PineBridge Investments LP	USD	YTM: 7.378% / Maturity Date: 2024.09.12	6.000%	XS2049814184
Bank of East Asia Ltd	USD	YTM: 7.046% / Maturity Date: Perpetual	5.825%	XS2222027364
<Note> Indicative YTM for reference only. Actual YTM is based on the quoted price at point of transaction.				
Mutual Fund				
Investment Asset	CUR	Investment Mandate	Market	Ticker
Fidelity Funds - Global Multi Asset Income Fund	USD	Invest in global investment grade bonds, global high yield bonds, emerging market bonds and global equities.	Global	LU0905234141
BlackRock Global Funds - Global Multi-Asset Income Fund	USD	Invests globally in permitted investments including equities, equity-related securities, fixed income transferable securities.	Global	LU0784385840

Balanced Portfolio



Growth

Mutual Fund				
Investment Asset	CUR	Investment Mandate	Market	ISIN
BlackRock Global Funds - World Financials Fund	USD	Invests in the equity securities of companies whose predominant economic activity is financial services.	Global	LU1668664300
JPMorgan Funds - Japan Equity Fund	USD	Invests in Japanese companies.	Japan	LU0129465034
Franklin Templeton Investment Funds Franklin Technology Fund	USD	Invests in equities expected to benefit from the development, advancement and use of technology.	Global	LU0109392836
Exchange Traded Fund				
Investment Asset	CUR	Investment Mandate	Market	Ticker
Consumer Staples Select Sector SPDR Fund	USD	Tracks Consumer Staples Select Sector Index.	USA	XLP US
Vanguard FTSE Developed Markets ETF	USD	Tracks FTSE Developed All Cap ex US Index.	Global	VEA US

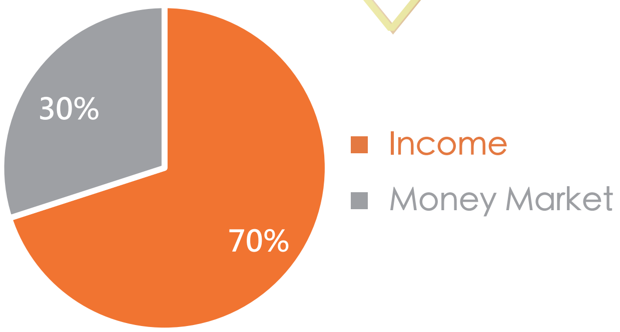
Income

Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
China Water Affairs Group Limited	USD	YTM: 4.783% / Maturity Date: 2026.05.18	4.850%	XS2320779213
Credit Suisse Group AG	USD	YTM: 6.383% / Maturity Date: Perpetual	6.375%	USH3698DCP71
Wynn Macau Ltd.	USD	YTM: 7.006% / Maturity Date: 2027.10.01	5.500%	USG98149AD29
<Note> Indicative YTM for reference only. Actual YTM is based on the quoted price at point of transaction.				
Exchange Traded Fund				
Investment Asset	CUR	Investment Mandate	Market	ISIN
iShares JP Morgan USD Emerging Markets Bond ETF	USD	Tracks J.P. Morgan EMBI Global Core Index.	EM	EMB US
iShares iBoxx $ High Yield Corporate Bond ETF	USD	Tracks Markit iBoxx USD Liquid High Yield Index.	USA	HYG US

Money Market

Mutual Fund				
Investment Asset	CUR	Investment Type	Market	ISIN
CSOP RMB Money Market ETF	CNY	Invests primarily in RMB denominated and settled fixed-rate bonds.	China	3122.HK

Conservative Portfolio



Income

Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
CITIC Telecom International Finance Ltd	USD	YTM: 3.723% / Maturity Date: 2025.03.05	6.100%	XS0893206747
Citigroup Inc	USD	YTM: 2.275% / Maturity Date: 2028.07.25	4.125%	US172967KU42
<Note> Indicative YTM for reference only. Actual YTM is based on the quoted price at point of transaction				

Mutual Fund				
Investment Asset	CUR	Investment Mandate	Market	ISIN
Franklin Templeton Investment Funds - Templeton Global Bond Fund	USD	Invests principally in fixed and/or floating rate debt securities issued by government worldwide.	Global	LU0252652382
AB FCP I - Global High Yield Portfolio	USD	Invests in a portfolio of high yield, non-investment grade, debt securities of issuers located throughout the world.	Global	LU0102830865
JPMorgan Funds - Emerging Markets Debt Fund A	USD	Invests primarily in sovereign debt securities from emerging market issuers.	EM	LU0471471150
Fidelity Funds - Asian Bond Fund	USD	Invests in US Dollar denominated investment grade corporate bonds of Asian domiciled issuers.	Asia	LU0605512432

Exchange Traded Fund				
Investment Asset	CUR	Investment Mandate	Market	ISIN
iShares MBS ETF	USD	Tracks Barclays Capital U.S. MBS Index.	USA	MBB US
iShares ESG Aware USD Corporate Bond ETF	USD	Tracks Bloomberg Barclays MSCI US Corporate ESG Focus Index.	USA	SUSC US
SPDR Portfolio Short Term Corporate Bond ETF	USD	Tracks Bloomberg Barclays U.S. 1-3 Year Corporate Bond Index.	USA	SPSB US
iShares TIPS Bond ETF	USD	Tracks Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L).	USA	TIP US

Money Market

Mutual Fund				
Investment Asset	CUR	Investment Type	Market	ISIN
Fullerton SGD Cash Fund	SGD	Invests in short-term liquid assets denominated in SGD.	Singapore	SG9999005961
Fidelity US Dollar Cash Fund	USD	Invests principally in USD denominated debt securities.	USA	LU0064963852

Quarterly Discussion Theme

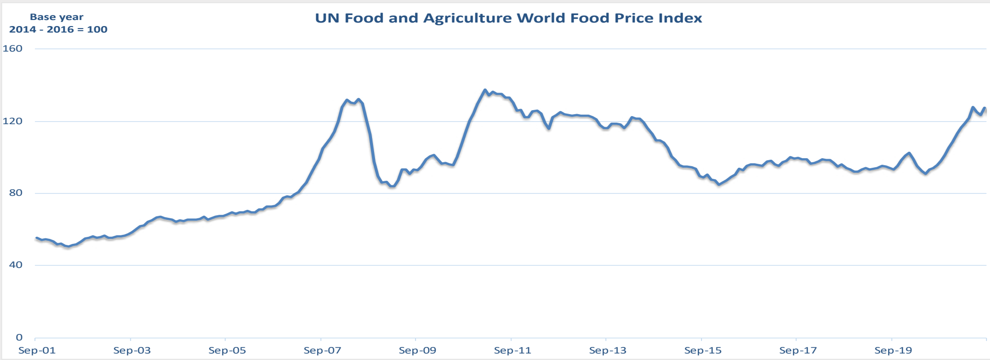
Food inflation

Inflation.

The economic data that is on everyone's radar as it is one of the key factors central banks take into consideration when calibrating monetary policy. Sometimes, the release of this economic data can move markets. For example, US equities opened on a positive note after the latest US CPI data reflected that the jump in consumer prices moderated in August with a MoM increase of 0.3%, the smallest advance in seven months. Also, US Fed Chair Jerome Powell in his speech delivered at Jackson Hole reiterated the Fed's belief that "the inflation effects of these increases to be transitory". However, one data point stands out: inflation at the wholesale level has climbed 8.3% MoM, the biggest annual gain since the Labour Department started to calculate the number in 2010. The increase in prices are passed on to consumers: meat, poultry, fish and eggs are up 5.9% year-on-year, and up 15.7% from prices in August 2019, before the pandemic hits.

For this current Quarterly Discussion Theme, we focus on food inflation, a sub-category of inflation that may not be factored into monetary policy decision-making processes (for example, the Fed focus on the core PCE price index, which excludes food and energy) but sharp increases in the cost of food can be acutely felt by the man on the street. The latest UN Food and Agriculture World Food Price Index showed that food prices have risen close to a 10-year high. This, combined with the economic hardship caused by the pandemic, climate crisis as well as conflict, has resulted in a six-fold rise in the number of people dying from hunger in the past year.

Figure 1: Global food prices have spiked up particularly during the pandemic



Source: Bloomberg, Food and Agriculture Organisation of the United Nations. Data as of 24 September 2021

Why has food prices risen so rapidly?

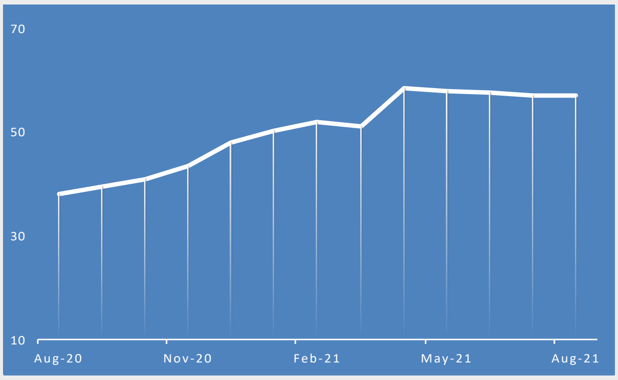
An IMF blog published on June 24, 2021 on soaring consumer food prices suggested a few reasons that have contributed to the sharp increase in food prices:

1. A combination of supply and demand shock induced a spike in consumer food prices

Food supply chain disruption caused by lockdowns, a shift from food services (such as dining out) towards retail grocery as well as consumer stockpiling of food essentials pushed up the cost of food in many countries. The blog also pointed out producer prices which includes food and energy has recently soared but it takes at least 6 - 12 months before consumer prices reflected in producer prices.

While some countries have moved towards a greater degree of economic reopening as vaccination rates picked up, the current dominant variant strain, the highly infectious Delta variant, has made the recovery path towards normalization of economic activities full of unpredictability and uncertainty. This has kept food prices elevated.

Figure 2: Bloomberg Agriculture Subindex – comprised of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat.



Source: Bloomberg. Data as of 24 September 2021

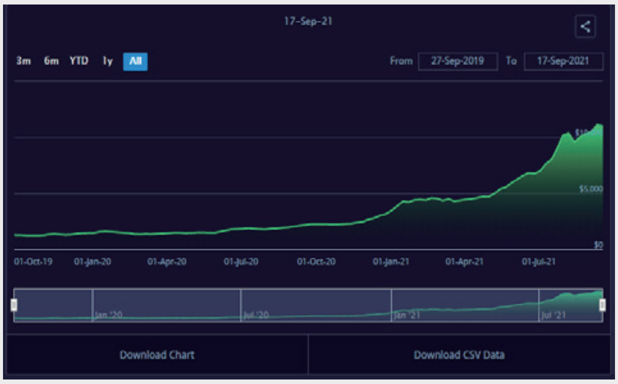
Food Inflation

2. Soaring transportation costs resulted in higher food distribution costs

The Freightos Baltic Index (FBX): Global Container Freight Index, which provides the market rates for 40'containers (FEUs), showed that the weekly freight rates has increased fivefold within a one-year period (till as of 21 September 2021). Those rates are more than 14 times higher than during the same period in 2019. Higher shipping costs are a result of a combination of factors, including soaring demand bolstered by a global economic recovery, saturated ports, too few ships, dockworkers and truckers.

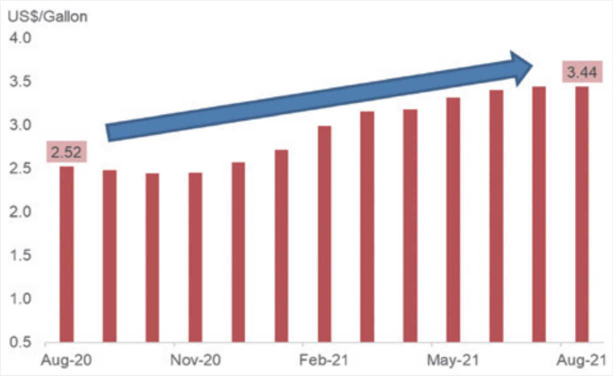
On top of skyrocketing shipping costs, higher oil prices (as a result of the recovering oil demand and managed oil supply) and truck driver shortages has pushed up the cost of road transport services. The average price of US gasoline for example, has risen more than 36% for the past one year. The combination of higher shipping costs and soaring road transport will eventually result in higher food inflation.

Figure 3: Global freight costs have increased five times over a one-year period



Source: Freightos Baltic Index. Data as of 24 September 2021

Figure 4: US gasoline prices have risen more than 36% for the past year



Source: Bloomberg. Data as of 24 September 2021

Impact of higher food prices

The IMF believes that consumer food price inflation will continue to rise for the remainder of 2021 and 2022. International food prices are expected to increase by about 25% YoY in 2021, which would likely result in an increase in consumer food price inflation of about 3.2 percentage points and 1.75 percentage points on average in 2021 and 2022. Higher freight rates might also result in an additional 1 percentage point to the 2021 global consumer food inflation. Supporting the IMF's outlook for food prices include the US Department of Agriculture, which believe the price of food consumed at home is expected to rise between 2.5 - 3.5% while food consumed outside of home will likely increase 3.4 - 4.5% in 2021. The trend will also likely to continue in 2022 with the price of food consumed at home to climb an additional 1.5 - 2.5%.

From an investment perspective, it is important to scrutinize the impact of higher food prices on food-related industries, such as retail groceries (2020 outperformers), food manufacturers and distributors, as well as F&B operators. Besides higher food prices, companies in the food sector also have to contend with rising distribution costs (for packaged food distributors), wage pressures as a result of labour shortages and possibly volume pressures should economies continue on an uneven recovery path, dampening consumer demand. Input costs for the food sector are likely to remain elevated in the near term, and the questions investors should ask include:

I) The profit margin compression companies in the food sector could potentially face in the next few quarters,
II) Whether companies in the food sector command pricing power, so as to able to pass through as much as possible, the increase in input costs to consumers.
III) Can these companies come up with a combination of product and price strategy to reduce the pressure on profit margins, maintain or even increase market share.
IV) In terms of consumer demand, can the current recovery in consumer spending be maintained and whether consumer disposable income will be able to increase to the point such that the man-on-the-street like you and me wouldn't really bat an eyelid when we purchase a more expensive carton of milk or pay more for a restaurant meal.

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

Diversified stocks and ETFs investment recommendation
Professional team execute rigorous stocks and ETFs selection and offer recommendation according to updated market outlook

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

Structured Note (SN)
With a diverse range of underlying investment including equity, indexes, interest rates, commodities or a portfolio, an investor can receive agreed interest income or earn capital gain at agreed participation rate at 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 Investment (PCI), this is a structured investment that combines a foreign currency investment 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

Bonds Portfolio Recommendation
Advise fixed income asset allocation and help clients to construct bond portfolio fitting in with their risk-reward profile

PC Series Fund

* For professional investor only

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	BlackRock (Singapore) Limited	20	Fidelity International - UCITS II ICAV	39	Natixis Investment Managers (Natixis IF Luxembourg)
02	Aberdeen Asset Management Plc	21	First State Investments (Hong Kong) Ltd	40	Natixis Investment Managers (Ostrum AM and H2O Funds)
03	Aberdeen Standard Investments (Asia) Limited	22	First State Investments (Singapore)	41	Neuberger Berman - Retail Funds
04	AllianceBernstein (Singapore) Ltd. ("ABSL")	23	Franklin Templeton Investments	42	Nikko Asset Management Asia Limited
05	Allianz Global Investors Singapore Ltd	24	Fullerton Fund Management Company Ltd	43	Nikko Asset Management Luxembourg S.A.
06	Amundi Luxembourg S.A.	25	Fullerton Fund Management Company Ltd - Fullerton Lux Funds	44	NN Investment Partners
07	Amundi Singapore Limited	26	HSBC Global Asset Management (Singapore) Limited	45	Philip Capital Management
08	APS Asset Management Pte Ltd	27	J.P. Morgan Asset Management	46	Philip Capital Management - Philip Select Fund
09	Aviva Investors Asia Pte Ltd	28	Janus Henderson Investors - Capital Funds SICAV	47	PIMCO Funds: Global Investors Series plc
10	BNP Paribas Asset Management - BNPP Funds & Paribas A	29	Janus Henderson Investors - Horizon Fund SICAV	48	PineBridge Investments Ireland Limited
11	BNY Mellon Investment Management Singapore Pte. Limited - MGF	30	Janus Henderson Investors (Singapore) Limited	49	PineBridge Investments Singapore Limited
12	Columbia Threadneedle Investments (Lux)	31	Legg Mason Asset Management Singapore Pte Ltd	50	Principal Asset Management (S) Pte Ltd
13	Columbia Threadneedle Investments (OEIC)	32	Legg Mason Asset Management Singapore Pte Ltd (Recognized)	51	RHB Asset Management Pte Ltd - China-ASEAN Fund
14	Deutsche Noor Islamic Funds plc	33	Lion Global Investors Limited	52	RHB Asset Management Pte Ltd - Retail Funds
15	DWS Investments S.A.	34	Lion Global Investors Limited - LGlobal Funds	53	Schroder Investment Management
16	DWS Investments Singapore Limited	35	Manulife Global Fund	54	UBS Asset Management (Singapore) Ltd
17	Eastspring Investments (Singapore) Limited	36	Manulife Investment Management (Singapore) Pte. Ltd.	55	UOB Asset Management
18	Fidelity International	37	Maybank Asset Management Singapore Pte Ltd	56	UTI International (Singapore) Pte Ltd
19	Fidelity International - S$ Share Class	38	Natixis Investment Managers (Natixis IF Dublin)	57	Wells Fargo Funds Management LLC

For more information, please contact our Relationship Managers


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


寶鉅證券金融集團
PC Securities Financial Group
PC International (HK) Limited
PC Securities Limited


寶鉅證券金融集團
PC Securities Financial Group


PCSFG
PC Securities Financial Group

Much More Than Private Bank

www.pcsfg.com/heritage