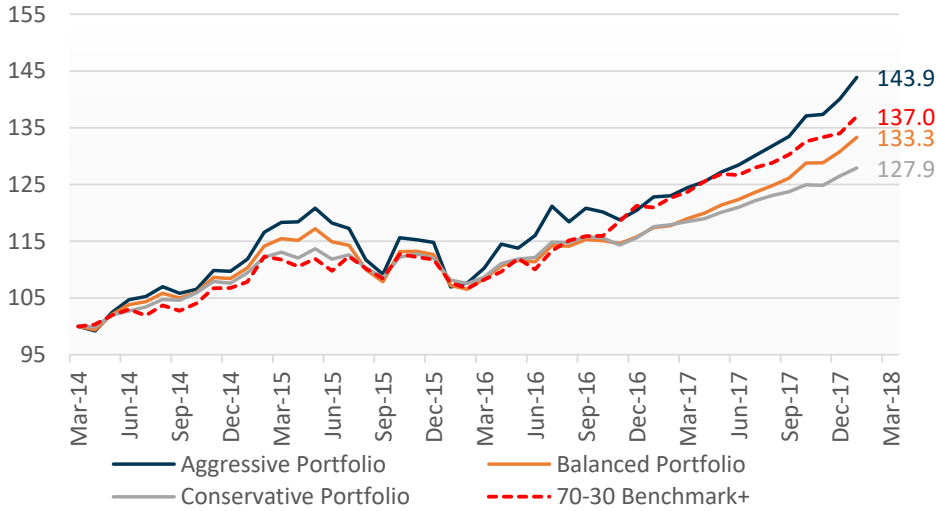


Unit Trust Model Portfolio



PERFORMANCE ANALYTICS FOR JANUARY 2018

PERFORMANCE CHART (Index=100 as at end of March 2014)



+70-30 Benchmark is 70% MSCI AC World Index, 30% Bloomberg Barclays Global Aggregate

| Performance (%) | 1 mth | 3 mth | YTD | 1 yr | 3 yr (A) | Since Inception |
|------------------|-------|-------|-----|------|----------|-----------------|
| Aggressive | 2.7 | 4.9 | 2.7 | 17.1 | 8.8 | 43.9 |
| Balanced | 2.0 | 3.6 | 2.0 | 13.6 | 6.5 | 33.3 |
| Conservative | 1.1 | 2.3 | 1.1 | 8.8 | 5.3 | 27.9 |
| 70-30 Benchmark+ | 2.2 | 3.3 | 2.2 | 13.3 | 8.3 | 37.0 |

8 February 2018

| | |
|---------------------------------|---|
| Inception Date: | March 2014 |
| Investment Instrument: | Unit Trust |
| Base Currency: | SGD |
| Recommended initial Investment: | SGD 30,000 |
| Recommended Investment Horizon: | 5 to 7 years |
| Fees: | Underlying fund management fee & sale charges or WRAP fee |

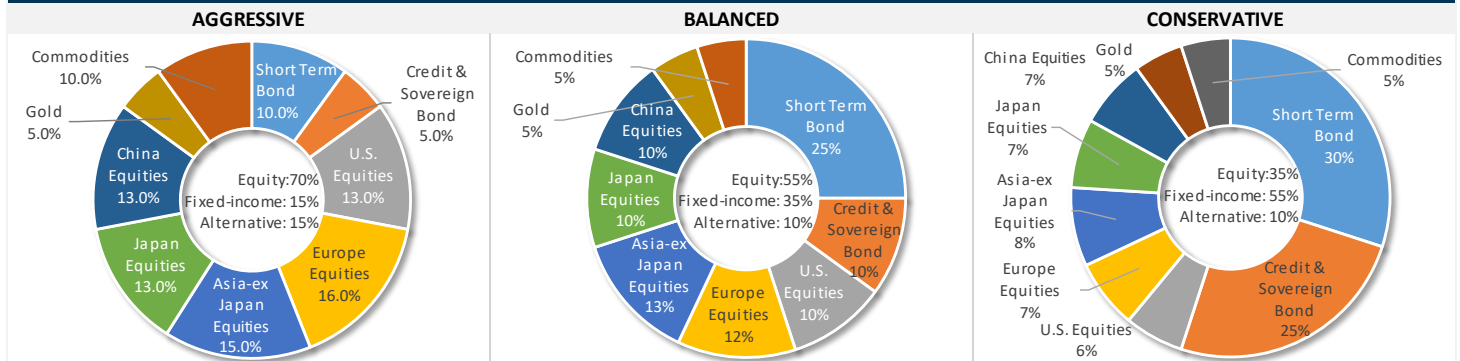
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RISK MATRICES (Since Inception)

| Sharpe Ratio* | Volatility | Max Drawdown |
|---------------|------------|--------------|
| 0.71 | 10.5 | -11.5% |
| 0.67 | 7.9 | -9.1% |
| 0.59 | 6.9 | -5.4% |
| 0.61 | 9.9 | -5.3% |

*Risk free at 2.5%

TARGETED ALLOCATION



| Asset Class | Selected Funds | 1-month Performance (%) |
|-------------------------|---|-------------------------|
| Short Term Bond | UOB United SGD | -0.1 |
| Credit & Sovereign Bond | Natixis Loomis Sayles Multi Sector Income | 1.0 |
| U.S. Equities | Fidelity America | 2.5 |
| Europe Equities | Templeton European | 3.8 |
| Japan Equities | Lion Global Japan Growth (hedged) | 1.2 |
| Asia ex Japan Equities | First State Dividend Advantage | 4.0 |
| China Equities | First State Regional China | 6.6 |
| Gold | UOB - United Gold & General SGD | -1.2 |
| Commodities | JPMorgan - Global Natural Resources SGD | 2.8 |

Fig 1: Advancer/Decliner & % members above 200D MA

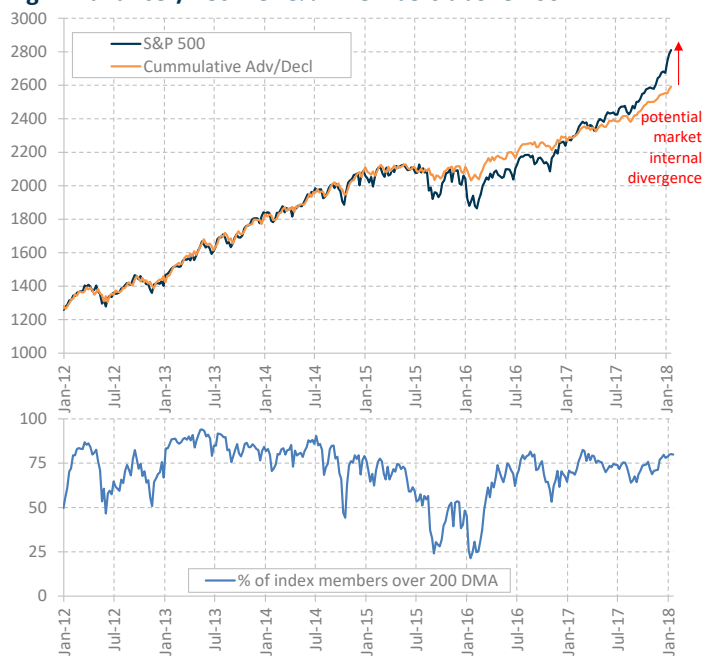
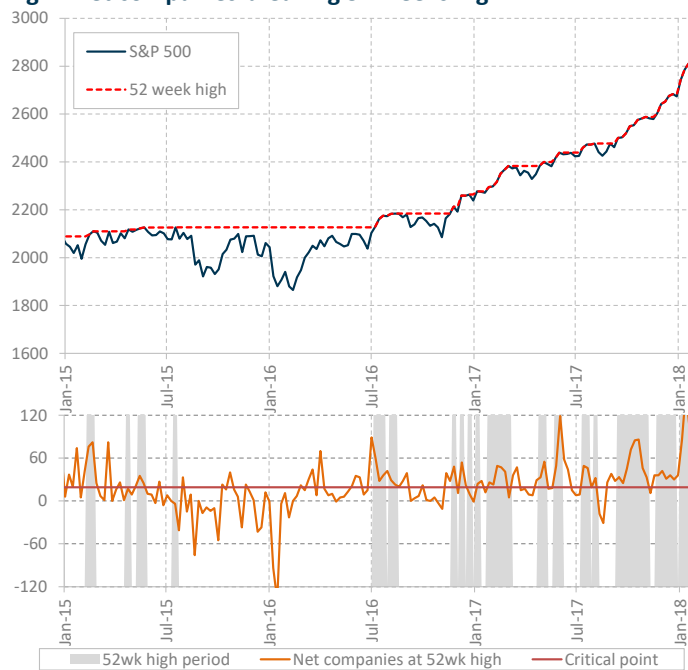


Fig 2: Net companies breaking 52 weeks high



Valuation is not a metric to time the market

The US equity market is heading for one of its longest bull run ever, and the valuation of the market are reaching crazy levels. Depending on which valuation metric you rely on, some of these metrics may have already surpassed the high of Dot com mania in 2000.

There is a rightful need to be concerned about the overvaluation of US equity market. However, valuation has never been a good market-timing indicator. Looking back to year 2000, Market valuations remained stretched for a prolong period of time before the market corrected.

In our view, the “swing” factor between an advancing overvalued market and a market correcting from its overvaluation is purely **psychological**. It is the risk preference of investors swinging from speculating to risk aversion, typically triggered by cyclically factors, which lead investors to feeling fearful from optimistic.

Look for deterioration and divergence in market internals

We have found that the most reliable and observable measure of those psychological preferences is the uniformity or divergence of market internals across a broad range of individual stocks.

Fig 1 look at the accumulative weekly net advancer/decliner of the S&P 500. A healthy advancing market should have a net number of companies advancing than declining. This shows that the S&P 500 is not only advancing based on a few large-capped stocks but the broader market is advancing too. Current divergence seems to be implying a sign of slow-down from the broader market.

The lower graph of **Fig 1**, shows the percentage of companies in S&P 500 index which is above their 200-day moving average. We expect to see a healthy advancing market to have at least 75% of the index to be above their 200-day moving average. Note that, during the period from May 2015 to July 2016, the percentage deteriorated below 75% and the index could not break new high.

Fig 2 shows the net amount of companies making new 52-week high versus companies making 52-week low. When S&P 500 makes a new 52-week high, we should observe at least 18 net companies making 52-weeks high. As at end of 26 Jan 2018, we observed 125 net companies making 52-week high with the index itself making a new 52-week high, indicating a uniformity in market internals.

To conclude, we view the valuation of US equity market to be at an extreme, and investing in S&P 500 today will probably yield a negative return in the coming years.

However, only one out of the three market internals have indicated some level of divergence. Any further deterioration or divergence within these three markets internals will imply weakness in the current market advancement. Until such time, we will not go hard negative on US equities.

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