Global Equity

Equities	1 Mth	3 Mth	6 Mth	YTD	1 Yr	3 Yrs
MSCI AC World	1.5	2.5	-4.5	-3.2	-3.6	28.8
MSCI World	1.6	2.0	-4.6	-3.6	-2.1	33.5
MSCI Emerging Markets	0.5	7.4	-4.0	0.9	-16.3	-4.2
MSCI USA	0.4	1.3	-3.8	-3.6	2.0	49.5
MSCI Canada	6.8	14.7	4.0	12.3	-8.7	8.3
MSCI Europe	2.5	1.0	-7.8	-5.0	-8.4	18.3
MSCI Japan	3.4	-0.4	-7.7	-7.7	-5.5	17.4
MSCI Australia	2.7	8.6	5.3	-0.3	-6.7	-4.2
MSCI AC Asia Ex-Japan	-1.0	3.2	-6.7	-4.2	-17.0	7.5
MSCI Latin America	5.9	25.2	11.4	20.0	-11.1	-27.7
MSCI EMEA	3.8	15.7	-1.8	11.4	-13.5	-11.0

Returns in percentage and in Singapore dollars. Source: Bloomberg, data as at 29 April 2016.

The MSCI AC World Index was higher in April with the developed markets (DM) outperforming emerging markets (EM). Within DM, Canada and Japan markets outperformed while the US market underperformed. For the EM, Eastern Europe, the Middle East, Africa (EMEA) and Latin America (LATAM) region continued its strong performance since the start of the year while Asia ex-Japan underperformed despite better than expected economic data.

The materials and energy sectors were the best-performing sectors as risk appetite returned with investors turning positive on the manufacturing cycle. Yield sectors such as healthcare also outperformed with investors seeking yield in an environment of negative interest rates. Meanwhile, defensive sectors such as telecommunications and consumer staples lagged the broader market on the back of risk-on trades while the technology sector underperformed as earnings came in lower than market expectations.

The US market underperformed the broader market on the back of weaker than expected economic data. The Purchasing Mangers' Index (PMI) remained in expansionary territory with a reading of 50.8 in April 2016, albeit softer than the previous month at 51.8. Retail sales also came in below expectations in April 2016 while labour and housing markets continued to improve although at a slower pace.

Europe outperformed the global index on the back of better than expected economic data. The Eurozone manufacturing PMI ticked up to 51.7 from 51.6 while the German IFO business confidence index ticked down marginally to 106.6 from 106.7. Meanwhile, the Eurozone consumer price index (CPI) declined marginally to -0.2% in the month.

The Japan Index outperformed the other regions despite the yen remaining strong on the back of dollar weakness. The Japanese market had benefited earlier from a weaker yen and relatively favourable earnings revisions and we are now starting to see negative earnings revisions as a result of a stronger yen. However, economic data remains soft with both retail sales and industrial production tracking below expectations.

Emerging markets performance was strong in the month with Asia ex-Japan underperforming LATAM and EMEA. Within Asia ex-Japan, performances across various regions were mixed. The top performers were Hong Kong followed by Thailand, while Taiwan gave up most of its gains since the start of the year as capital flows reversed on the back of weak corporate earnings in technology globally.

Global Equity

Outlook and Strategy

In terms of equity asset allocation, we continue to be overweight on DM. Among the DMs, we retain our overweight position in the US as the stronger US dollar, which was a headwind to corporate earnings, abated on a year-on-year (yoy) basis. Valuations have also become more attractive given the recent market correction. Last but not least, our positive market outlook in the longer term continues to be underpinned by better labour market trends and resilient corporate earnings. We retain our neutral position in Europe as the region should benefit from a weaker currency and steady improvement in domestic economic conditions. European corporate earnings have been resilient although we are starting to see some slowdown in economic momentum. We are mindful and continue to monitor geopolitical risks associated with refugee influx, as well as the rise of anti-establishment political parties across the region. We retain our neutral position in Japan. While there are some notable improvements in corporate performance, the macroeconomic outlook is mixed, and valuations are less supportive than before. Overall, we believe the market should be supported by favourable monetary conditions.

Within the emerging world, we are neutral on Asia ex-Japan, but remain underweight on EMEA and LATAM. Asia ex-Japan equities continue to offer good investment opportunities driven by the rise of the region's consumer class, and valuations are broadly supportive. However, the aggregate market performance may continue to be challenged due to slower economic growth, tighter liquidity conditions and potential headwinds if corporate margins and earnings are revised lower. Growth prospects across the globe remain uneven and fundamental sector/country and stock selection will remain crucial.

The impending rate tightening by the US Federal Reserve in the coming quarters could trigger fiscal and monetary adjustments globally. This could adversely impact corporate earnings, capital flows and EM growth in future. Stock selection will be paramount in driving investment performance during this period of adjustment which would reinforce the need for an active approach to portfolio management. We continue to allocate capital to high-quality and sustainable growth companies that are reasonably priced. Our focus is on companies with strong competitive advantages, healthy cash flow and proven track record.

All statistics quoted in the write-up are sourced from Bloomberg as at 29 April 2016 unless otherwise stated.

Contact Details

SINGAPORE
UOB Asset Management Ltd

Address 80 Raffles Place UOB Plaza 2 Level 3 Singapore 048624
Tel 1800 222 2228 (Local) • (65) 6222 2228 (International)
Fax (65) 6532 3868
Email uobam@uobgroup.com
Website uobam.com.sg

MALAYSIA
UOB Asset Management (Malaysia) Berhad

Address Level 22, Vista Tower, The Intermark
No. 348 Jalan Tun Razak, 50400 Kuala Lumpur
Tel (03) 2732 1181
Fax (03) 2732 1100
Website uobam.com.my

THAILAND
UOB Asset Management (Thailand) Co., Ltd

Address 23A, 25 Floor, Asia Centre Building, 173/27-30, 32-33
South Sathon Road, Thungmahamek, Sathon, Bangkok 10120, Thailand
Tel (66) 2786 2000
Fax (66) 2786 2377
Website uobam.co.th

BRUNEI
UOB Asset Management (B) Sdn Bhd

Address FF03 to FF05, The Centrepoint Hotel, Gadong,
Bandar Seri Begawan BE 3519, Brunei Darussalam
Tel (673) 2424806
Fax (673) 2424805

TAIWAN
UOB Investment Advisor (Taiwan) Ltd I UOB Asset Management (Taiwan) Ltd

Address Union Enterprise Plaza, 16th Floor, 109 Minsheng East Road, Section 3,
Taipei 10544
Tel (886)(2) 2719 7005
Fax (886)(2) 2545 6591

JAPAN
UOB Asset Management (Japan) Ltd

Address 13F Sanno Park Tower, 2-11-1 Nagatacho, Chiyoda-ku,
Tokyo 100-6113 Japan
Tel (813) 3500-5981
Fax (813) 3500-5985

Important Notice & Disclaimers

UOB Asset Management Ltd Co. Reg. No. 198600120Z