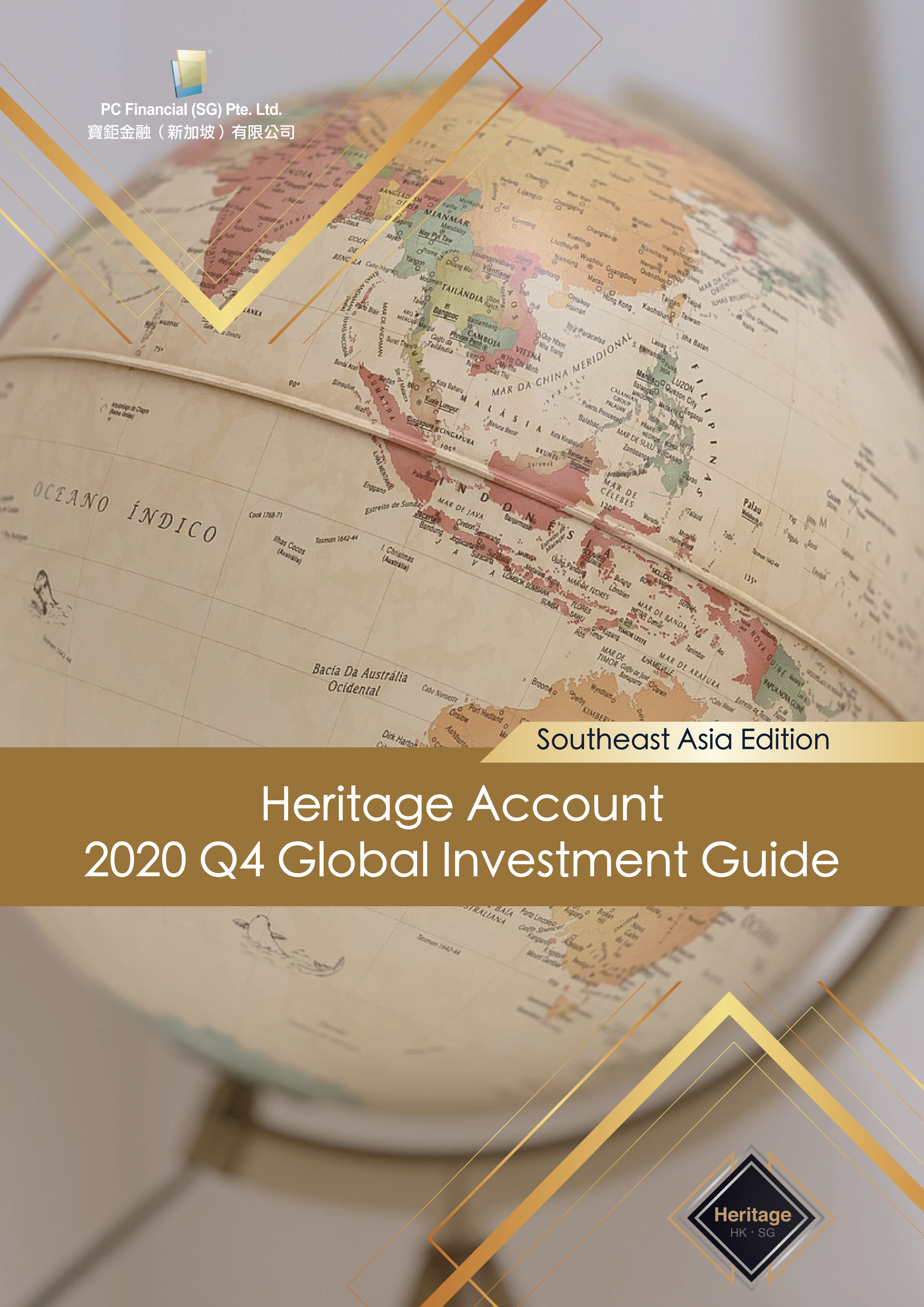
PC Financial (SG) Pte. Ltd.
寶鉅金融（新加坡）有限公司



Southeast Asia Edition

Heritage Account
2020 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

Despite the resurgence in coronavirus cases in June, global equities continued to rally in July and August, buoyed by ample liquidity in markets due to monetary and fiscal stimulus policies, improving economic data and crowded trades in technology stocks. Even U.S.-China tensions did not deter investors from buying into the booming stock market.

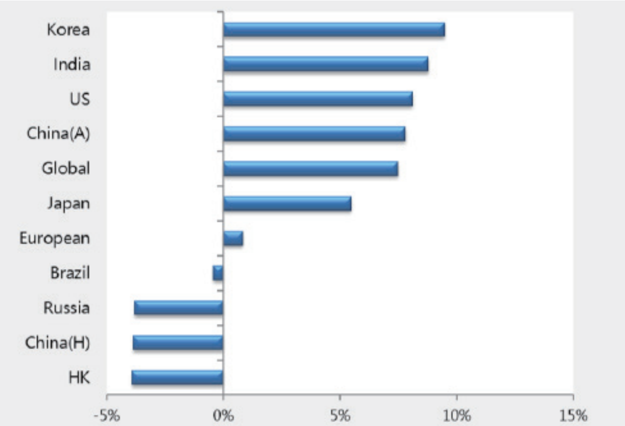
However, the party came to a sudden halt in September, as more investors started to question technology stocks' frothy valuations and in the absence of more fiscal stimulus, the sustainability of the global economic recovery and stock markets' rally. With less than two months to go, the impending U.S. presidential elections in November had investors thinking about the possibility of a contested election outcome, as U.S. President Trump has yet to commit to a peaceful handover should he loses the November election. As volatility is expected to rise in the fourth quarter, investors took profit in markets, sectors and assets that were crowned the winners in 2020 thus far.

We think the recent stock market correction is healthy, as equity valuations particularly in the U.S. ran ahead of fundamentals and had yet to fully price in downside risks including:
(1) unpredictable U.S. presidential elections;
(2) lack of fresh fiscal stimulus which may derail the nascent U.S. economic recovery; and
(3) slower-than-expected progress for a commercially available coronavirus vaccine.

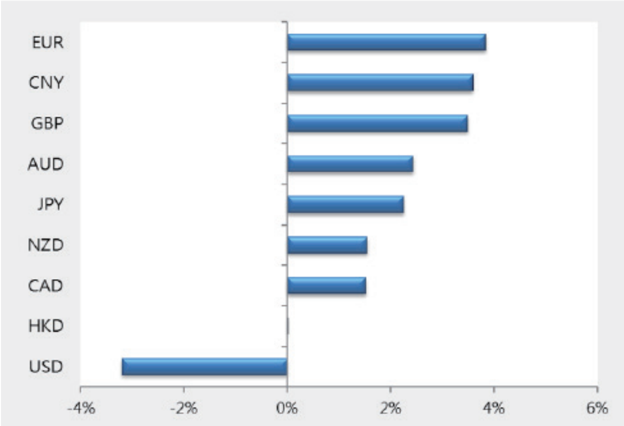
The correction is also a reminder that investors should always practice portfolio diversification and hedge against uncertainties. As your private professional wealth manager, we are committed to our mission to continuously create value for our customers. We aim to safeguard our clients' wealth by delivering 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.

Photo Source: https://www.forbes.com

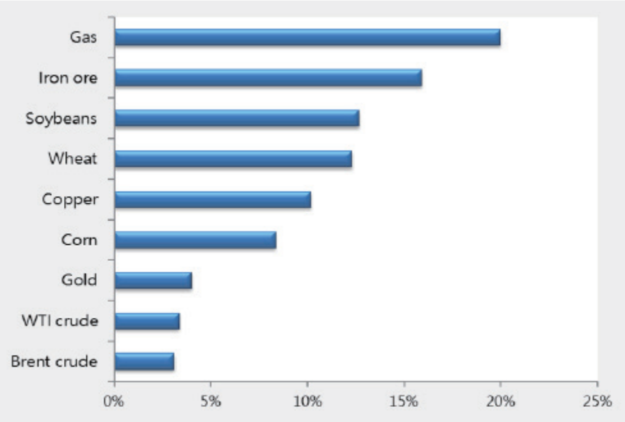
Markets' Performance in the Previous Quarter



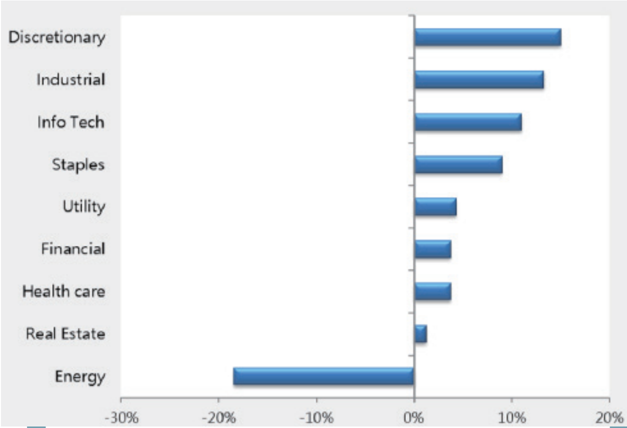
Global Equity Indexes



Major Currencies



Commodities



Sectors

Market Commentary on Previous Outperformers and Underperformers

Outperformers: U.S., South Korea, India

The third quarter was going strong for Wall Street despite September's losses. Unprecedented fiscal and monetary stimulus, hopes for a swift economic rebound, positive development in the coronavirus vaccine development progress, rise in M&As, and better-than-expected earnings drove the quarter's performance. Notably, the S&P 500 and Nasdaq Composite Index were on course for their best two-quarter winning streaks since 2009 and 2000 respectively. South Korea was second-best performing stock market amongst the G20 after the coronavirus outbreak was curbed. The sharp rebound was driven by the buying spree by retail investors who gobbled up local shares on speculative bets on quick recovery from the coronavirus impact. Foreign investors poured into Indian equities despite GDP contraction. For the bulls, there are still plenty of reasons remain optimistic on Indian equities.

Underperformers: Hong Kong, China H Shares

Deleveraging by developers will reduce some bubbles in China's housing market, but will also negatively impact Chinese banks'asset quality and loan quality, as many developers are financed by bank loans. Four of China's biggest banks reported slumps of between 10% and 12% in profits for 1H20 compared with the same period last year. This worried investors and weighed on sentiment in both China and Hong Kong markets. In September, the drop in technology stocks affected the investment sentiment for such stocks in Hong Kong and China, which were further pressured by the Trump administration's hostile actions ahead of the U.S. presidential elections in November. The Hang Seng Index is valued at 12.4 times earnings, the lowest multiple among the world's major markets, according to Bloomberg data.

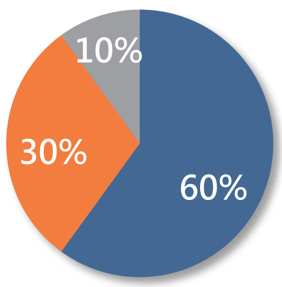
Quarterly Market Outlook

Investment Market	-2	-1	0	+1	+2	Key Points
Stock Market						
US		■				Volatility likely to pick up towards the end of the year amid U.S. presidential elections
Europe				■		Laggard play and relatively cheaper valuations boost European equities' attractiveness
Japan			■			Market outlook is dependent on policies introduced by the new government
China				■		Valuation is still relatively low. A bumpy ride is expected in the short term
North Asia		■				Expect to face selling pressure after 3Q outperformance
Southeast Asia				■		Value and yield investors lured to invest in the region, providing support in the near term
Other EM markets			■			Focus on the risk of excessive money supply and debt levels
Fixed Income						
US/EU Bond Market			■			Uncertain economic outlook, bond market performance will be divided
Govt. Debts				■		Market uncertainty will continue to push fund flows into government bond markets
Real Estate				■		Low interest rates and ample liquidity will still benefit the real estate market in the short term
Commodities						
Energy				■		Risk and opportunity coexist, the leading energy company is preferred
Basic Metal			■			Iron ore price is expected to show a weak consolidation pattern
Agriculture				■		Strong Chinese demand will continue to push up soybean prices

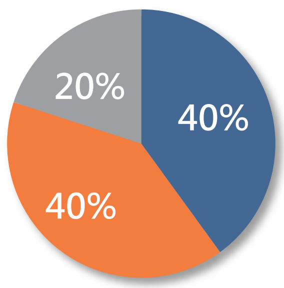
☆ -2 = Strong Sell；-1 = Underweight； 0 = Neutral； 1 = Overweight； 2 = Strong Buy

Portfolio Recommendations

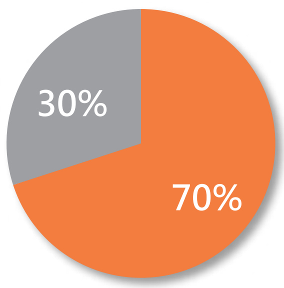
Aggressive



Balanced



Conservative

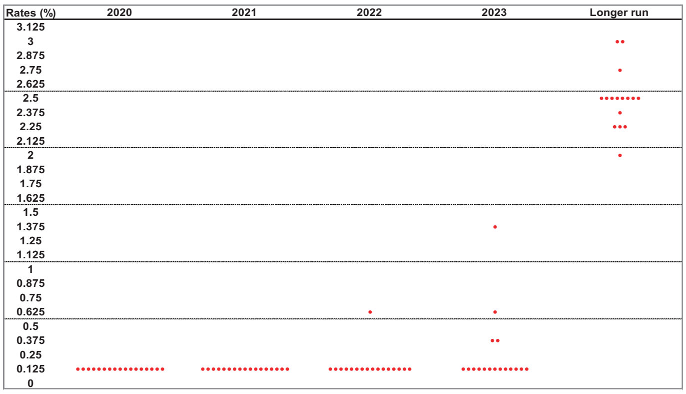


■ Growth ■ Income ■ Money Market

U.S.: Volatility likely to pick up towards the end of the year amid U.S. presidential elections

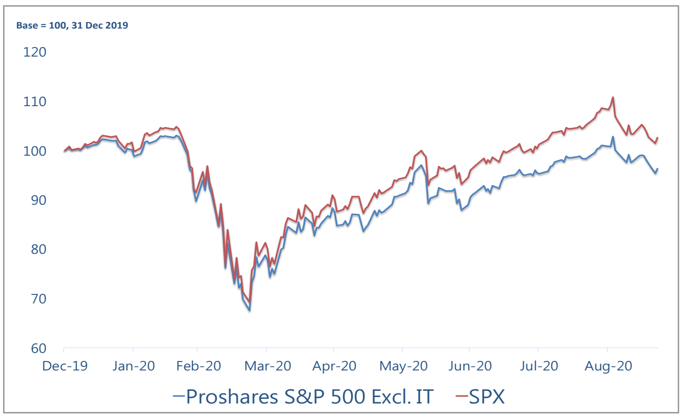
★ The U.S. economy continued to recover in 3Q20. PMI indexes for both manufacturing and services have entered into expansionary territory, while consumer confidence indicators including housing and retail data largely beat expectations. Still, economic recovery remains uneven and far from over. Unemployment rate remains at historical high. Against this backdrop, the Federal Reserve introduced the new monetary policy framework, known as "average inflation targeting", which would allow inflation to rise above 2% moderately for some time, without hiking interest rates. Fed officials also expected interest rates to stay near zero for the next three years.

U.S. Fed Funds Rate Dot Plot (%)



★ In spite of surging coronavirus cases, U.S. stocks continued to rise in 3Q20, as positive economic data, better-than-expected tech companies' earnings powered equities to a new high. Nonetheless, U.S. equities have been in correction mode since early September. We deem the correction as necessary and healthy, given that the strength of the U.S. equity bull market was largely powered by crowded trades in tech stocks, particularly FAANG stocks. We expect volatility to pick up in 4Q20, as the U.S. presidential elections draw near in November, U.S.-China tensions may worsen and a tight presidential race may result in election results' dispute. A more severe wave of coronavirus infections may also occur, as the northern hemisphere enters into the winter season.

YTD Cumulative Return Comparison Between S&P 500 and S&P 500 Excluding IT

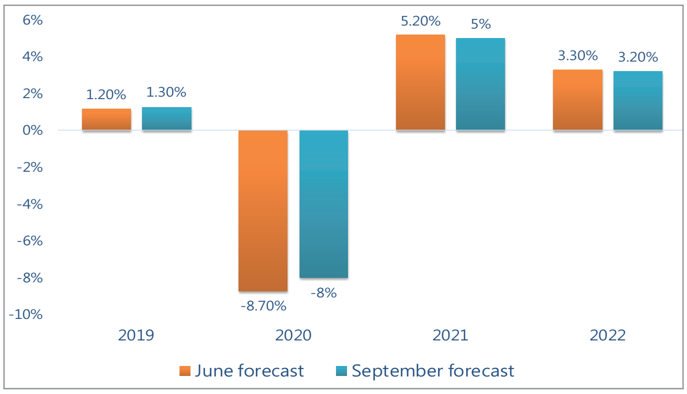


★ Data Sources：U.S. Fed Reserve, Bloomberg 2020/09/23

Europe: Laggard play and relatively cheaper valuations boost European equities' attractiveness

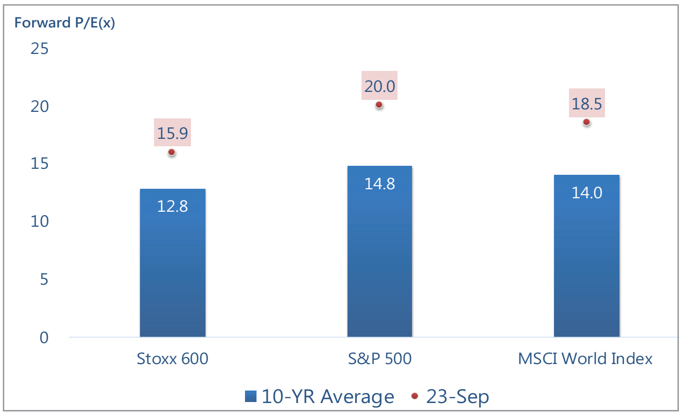
★ In contrast with the stalemate in the U.S. Congress over the next round of fiscal stimulus, EU leaders agreed on a € 750 billion European Recovery Fund in July, which would allow the European Commission to raise capital on the markets on behalf of countries and sectors impacted by the pandemic. Also, overall economic data rebounded from the troughs in April. PMI composite output rose to an average of 53.4 in July/August from an average of 31.3 in 2Q20. Hence, the ECB upgraded its outlook in September, and now expects the economy to shrink by 8.0% in 2020 (from June's projection of 8.7% decline) and a positive recovery to 5.0% and 3.2% in 2021 and 2022 respectively.

ECB's Forecast for Eurozone's GDP Growth



★ The Stoxx Europe 600 Index rose 0.21% in 3Q20, its gains were considerably moderate compared to S&P 500's 8.47% gains. In addition, valuations for European equities are still relatively more attractive than U.S. stocks. However, the majority of European companies generate revenues outside the bloc. As such, a strong Euro hurts the competitiveness of European exports. Still, the huge jump in U.S. equities and in some developed markets meant that investors are more likely to take profit in year-to-date outperformers should negative surprises arise such as worsening U.S.-China tensions. As such, we remain overweight on European equities.

Stoxx 600 VS Developed Markets' Forward P/E

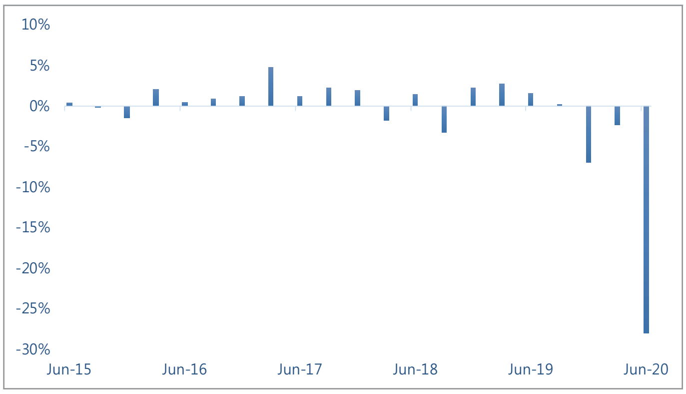


★ Data Source: Bloomberg 2020/09/23

Japan: Market outlook is dependent on policies introduced by the new government

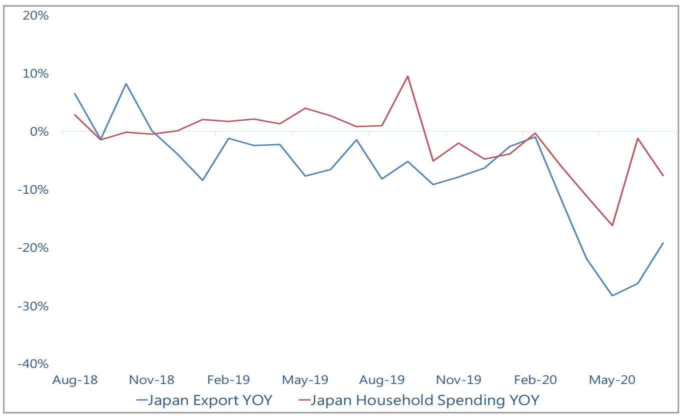
★ Shinzo Abe resigned as Prime Minister (PM) due to health issues. As a result, former Chief Cabinet Secretary Yoshihide Suga was voted as the president of the Liberal Democratic Party and will serve as the new PM until September 2021. Suga stated that "Abenomics" will remain, as well as loose monetary policy and low interest rate environment for policy continuity, which eased investors' concerns. However, 2Q20 real GDP shrunk 28.1% YoY, the largest decline since WWII. Also, Japan is facing resurgence of coronavirus cases and clouded global economic outlook. These challenges cannot be overcome by simply maintaining "Abenomics". In the future, the Suga government will need to introduce more substantial policies within a short office term to stimulate economic recovery.

Japan GDP Growth



★ In addition to the sharp decline in GDP, Japan's exports and household consumption expenditures continued to fall, and recovery in international visitor arrivals is difficult in the short term due to the pandemic. On the other hand, the strong JPY has a negative impact on exports and corporate profits. Thus, the Japanese economy faces great challenges. Although Japanese companies benefited from the market and corporate governance reforms carried out under the former PM's administration, plus Warren Buffett's recent investments in Japanese equities may provide support for positive sentiment, but taken into consideration in terms of profitability and valuations, plus a strong JPY, should Suga's government is unable to introduce major economic recovery plans, upside for Japanese equities will be limited.

Japan Export and Household Spending



★ Data Source：Bloomberg, 2020/09/25

China: Valuation is still relatively low. A bumpy ride is expected in the short term

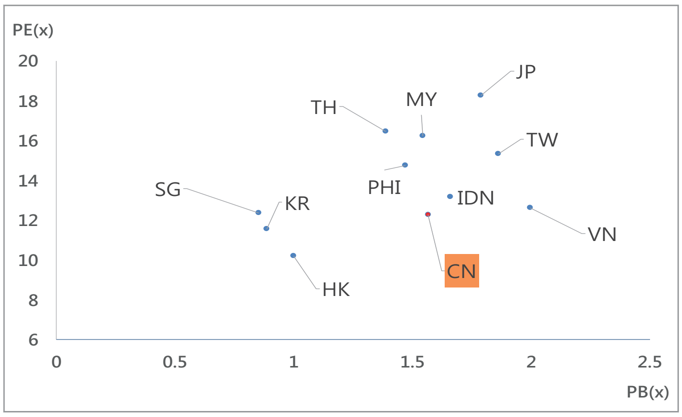
★ Although globally coronavirus outbreaks continued to recur, domestically the situation is essentially under control, and economic activities have gradually normalized. Both high-frequency market data and economic figures showed that China's economy is recovering steadily (green indicates improvement), and OECD expects China to be the only economy that can achieve positive growth this year. On the other hand, China is changing the focus of economic development. Since the middle of this year, the state media has repeatedly mentioned "internal circulation" (domestic economy). In the future, the focus will be shifted to more on the huge domestic market, away from the old export-oriented economic model, to gradually rely on domestic demand driven by 1.4 billion Chinese citizens' consumption upgrade.

Chinese Economic Data

	2020/03	2020/04	2020/05	2020/06	2020/07	2020/08
Caixin China Manufacturing PMI	50.1	49.4	50.7	51.2	52.8	53.1
China PPI YoY	-1.5	-3.1	-3.7	-3.0	-2.4	-2.0
China Value Added of Industry	-1.1	3.9	4.4	4.8	4.8	5.6
China Imports & Exports Trade	20.1	45.2	63.0	46.4	62.3	58.9
China Retail Sales Value YoY	-15.8	-7.5	-2.8	-1.8	-1.1	0.5
China Export Trade USD YoY	-6.6	3.4	-3.2	0.5	7.2	9.5
China Import Trade USD YoY	-1.1	-14.2	-16.6	2.7	-1.4	-2.1
Caixin China Composite PMI Out	46.7	47.6	54.5	55.7	54.5	55.1
Caixin China Services PMI Busi	43.0	44.4	55.0	58.4	54.1	54.0

★ Although Chinese economy is recovering, the pandemic remained severe in Europe and in the U.S.. Some European countries recently re-implemented lockdown measures, once again casted a shadow on the global economic growth outlook. Global demand will also be under pressure. In addition, as U.S. presidential elections approaches, there is a high possibility that U.S.-China tensions will worsen. Chinese equities' valuations is still relatively cheap among emerging markets, but U.S-China relations will cap upside in Chinese equities in the near term. We expect Chinese equities will continue to fluctuate rangebound in the coming quarter.

Shanghai Composite Index (SHCOMP) Forward P/E and Return VS Asian Peers

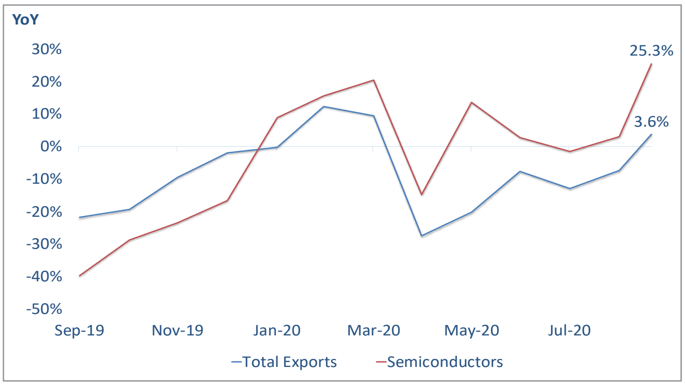


★ Data Sources：Bloomberg, 2020/09/25

North Asia: Expect to face selling pressure after 3Q outperformance

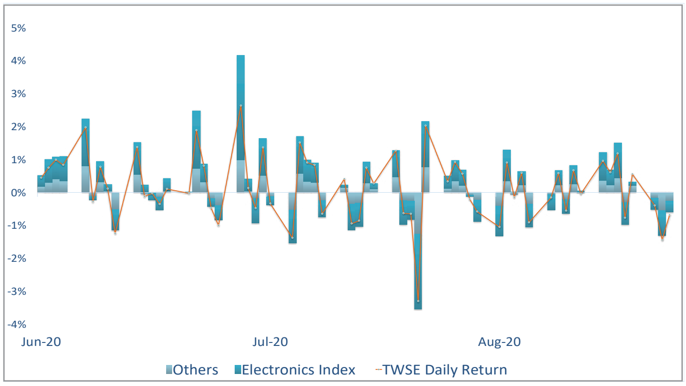
★ As proxy for global trade and demand for electronics, South Korea and Taiwan's economies continued to recover in 3Q20, as globally, countries eased lockdown measures but maintained high demand for electronics as work-from-home arrangements were mostly still in place. Taiwanese exports in August jumped 8.3% year-on-year, partly aided by demand for electronics (19.1% increase). Semiconductor exports for the first 20 days in South Korea in September surged 25.3% year-on-year, and thus boosted exports growth (3.6%), the first positive reading since March this year. Hong Kong underperformed its North Asian neighbors due to stringent social distancing measures reimposed to deal with a renewed coronavirus outbreak. It also exports comparatively less electronics.

South Korea's Exports for the First 20 days Each Month



★ TAIEX and KOSPI rose 7.70% and 10.41% respectively in 3Q20, due to surging stock prices of Asian technology companies. TSMC, which makes up about 30% of weighted TAIEX, soared 38.34%. Similarly, Korean listed tech companies comprise about 30% of KOSPI, and as a sector (represented by the Korea Stock Exchange Electrical and Electronic Equipment Index) rose 10.37%. As Asian tech companies may get caught in the crossfire between the U.S. and China in the run-up to the U.S. presidential elections in November, we expect gains in South Korean and Taiwanese equities to face selling pressure in the near term. Hong Kong equities are likely to continue to underperform due to the lack of positive catalysts.

Changes in TAIEX Mainly Driven by Tech Stocks

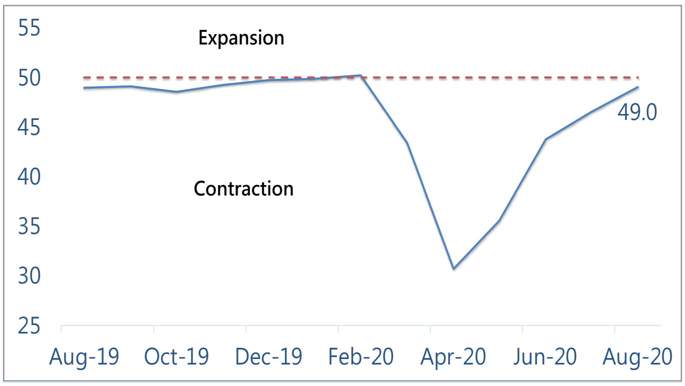


★ Data Source: Bloomberg, 2020/09/23

Southeast Asia: Value and yield investors lured to invest in the region, providing support in the near term

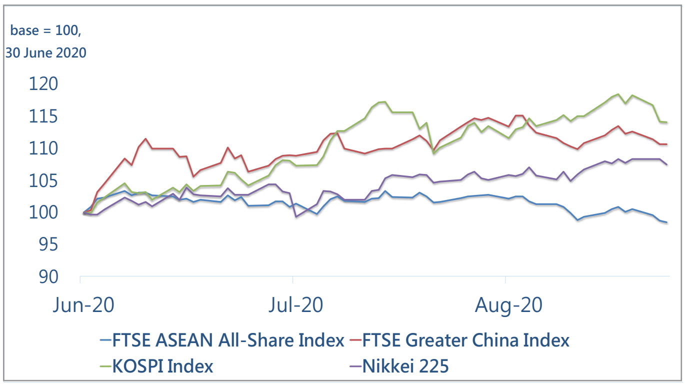
★ The ASEAN economy struggled to recover in the third quarter, given the weak external demand and mixed results in the fight against the pandemic. Vietnam reported a new outbreak in August, while Jakarta reimposed lockdown measures in September. Although the region's manufacturing sector has been recovering for five straight months, the Markit ASEAN Manufacturing PMI remained in contractionary territory in August (49.0). Although concerns about economic outlook remained, ASEAN central banks unanimously opted to pause interest rate cuts in September, monetary policies are deemed sufficiently accommodative for the time being.

ASEAN PMI Data



★ Despite being a beneficiary of a weak USD, Southeast Asian equities underperformed North Asia stocks. The FSTE ASEAN All-Share Index fell 2.71% in the 3Q. Outperformer Ho Chi Minh Stock Index rose 9.71%. Vietnam is a beneficiary of the supply chain reconfiguration during the U.S.-China trade war and the current booming demand for electronics. Thus, we expect Vietnam stocks to continue the relative outperformance in the near term. For other ASEAN stocks, we expect concerns over a potential wave of coronavirus infections in the fourth quarter and U.S.-China tensions to weigh on sentiment. Still, attractive valuations and a weak USD are likely lure value and yield investors to the region, providing support to the downside.

ASEAN Indexes VS North Asia 3Q20 Performance

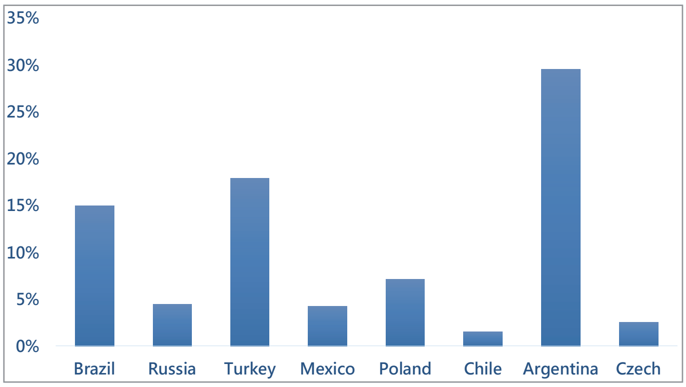


★ Data Source: Bloomberg, 2020/09/23

Other Emerging Markets: Focus on the risk of excessive money supply and debt levels

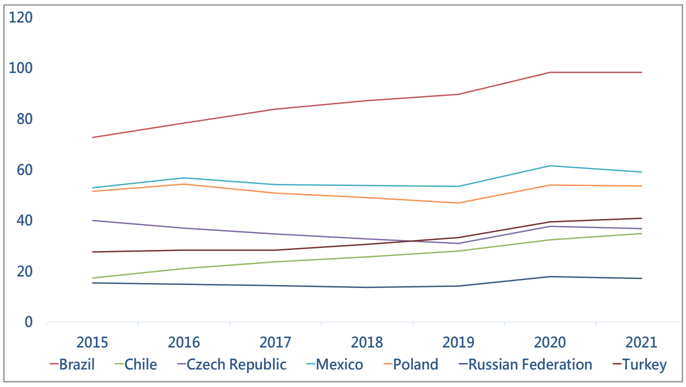
★ As the U.S. Fed expanded its balance sheet, USD depreciated, funds continued to flow into emerging markets (EMs) in the past three months and pushed up asset prices. The MSCI Emerging Market Index rose 8.73% in 3Q20. In addition to the continuous injection of funds into EMs by developed markets (DMs), EMs also introduced various economic stimulus policies to support their economies. The EMs have recorded varying degrees of increase in money supply in the last six months since the outbreak. Argentina, Turkey, and Brazil increased their M2 money supply by 29.5%, 17.88% and 14.95% respectively since the outbreak.

EM Market M2 Growth



★ EMs debt levels are also rising. Among the countries, South American nations such as Brazil has highest debt level. As the pandemic is still severe, much uncertainties regarding future economic recovery remained in place. Excessive money supply will inevitably put pressure on future inflation, which in turn will affect the value of the currency. High debt level will also limit the country's room for further fiscal stimulus policies. Some emerging EMs even plan to monetize fiscal debt. If economic recovery and outbreak control do not meet expectations, this would further damage the already fragile emerging economies fundamentals. Investors need to remain alert on these risks in investing in EMs.

EM Market Debt to GDP(%)

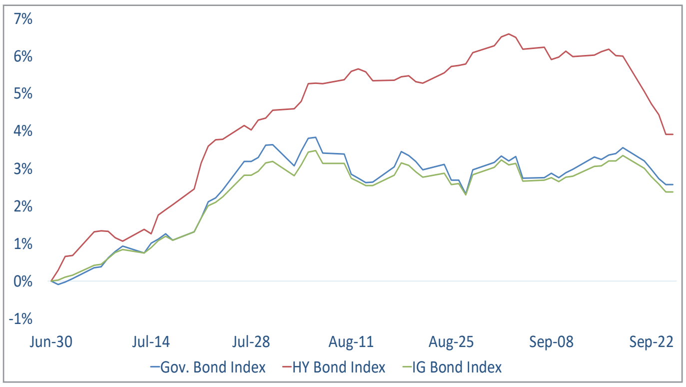


★ Data Source: IMF, Bloomberg, 2020/09/25

Bond Markets: Uncertain economic outlook, bond market performance will be divided

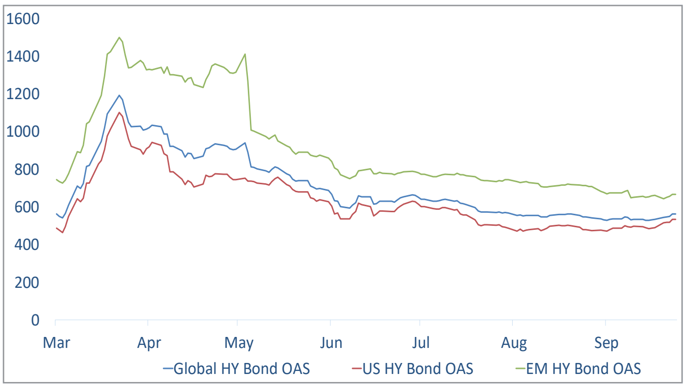
★ Globally, central banks maintained low interest rates and quantitative easing policies. The global bond market continued to rise steadily in 3Q20. High-yield bonds outperformed investment grade and government bonds. The Fed Reserve announced a new monetary policy framework, which implied that the U.S. will maintain extremely low interest rates for a much longer time. Although potential returns in government bonds in DMs are unattractive, but as much uncertainties remained in the world, such as the yet-to-be under controlled pandemic, worsening of U.S.-China geopolitical tensions, uncertain global economic growth prospects, and U.S. presidential elections etc., we believe market uncertainty will continue to push fund flows seeking safe haven assets into government bond markets.

Bond Performance In Last 3 Months



★ The Fed Reserve has formulated relevant measures to support the high-yield bond markets. Coupled with ample market liquidity and positive economic data, high-yield bond spreads continued to narrow. On the other hand, statistics showed that the U.S.-issued high-yield bonds' default rates have nearly tripled compared to a year ago, reaching a level of 5.8%, which is also much higher than the normal level of 3% in the past. We expect that the default rate will continue to rise in the future, especially in the aviation sector and the cruise ships industry. Investors need to carefully pick investment choices.

High Yield Bond Spread (OAS/bps)



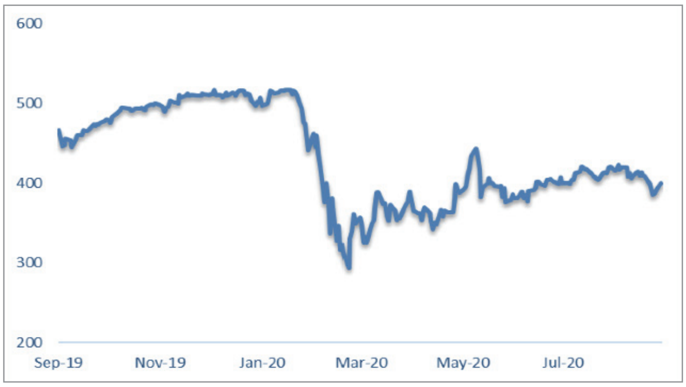
★ Data Source：Bloomberg, 2020/09/25

Industry Trends and Outlook

Banking - To face multiple uncertainties

★ The S&P 500 Financials Sector Index was almost flat in 3Q20. The Fed Reserve kept interest rates unchanged at the latest policy meeting, and is expected to maintain low interest rates for a long time. Low interest rates will limit the profit growth of bank stocks. On the other hand, globally a number of banks were recently been involved in a US$2 trillion money laundering scandal. The Fed Reserve is also conducting stress tests on the banking industry, extending restrictions on bank dividends and stock repurchase until the end of 2020, and it may extend further such measures. The banking industry is facing multiple negative factors, which will likely drag the performance of financial stocks in the coming quarter.

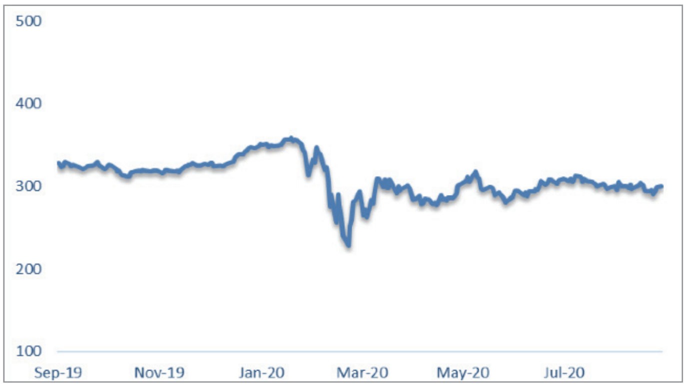
S&P 500 Financials Index



Utilities - Low interest rates to benefit stocks with stable dividend payments

★ The S&P 500 Utilities Index was almost flat in 3Q20. The Fed Reserve's updated monetary policy framework will allow inflation to temporarily exceed its target, and it is expected to maintain low interest rates for a period of time. Since the utilities stocks are more affected by changes in interest rates than fundamentals, given the backdrop of extremely low market interest rates, utilities stocks with stable dividend payments appear to be more attractive. On the other hand, the global pandemic showed no signs of easing, and prospects for a full economic recovery remained uncertain. Therefore, we expect fund flows to favour this sector, under the backdrop of low interest rates and high uncertainty.

S&P 500 Utilities Index

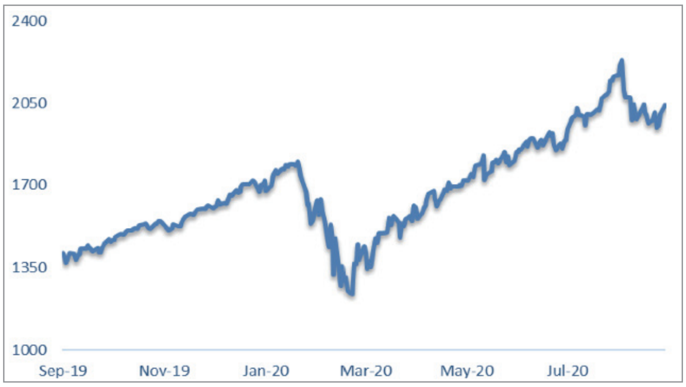


★ Data Source: Bloomberg, 2020/09/28

Technology - Frothy valuations

★ The S&P 500 Information Technology Index rose 11.65% in 3Q20. Although the index lagged behind materials and industrials sectors, but still recorded the highest year-to-date gains. Funds continued to flow into the technology sector and resulted in frothy valuations. Although the loose monetary policy and ample liquidity support higher valuations, but valuations need to be backed by corporate profits and cash flow in the long run. In addition, the U.S. presidential elections may bring tax reform and regulatory risks to the technology sector, dependent on the election results. Therefore, our view of the technology sector in 4Q has turned cautiously optimistic.

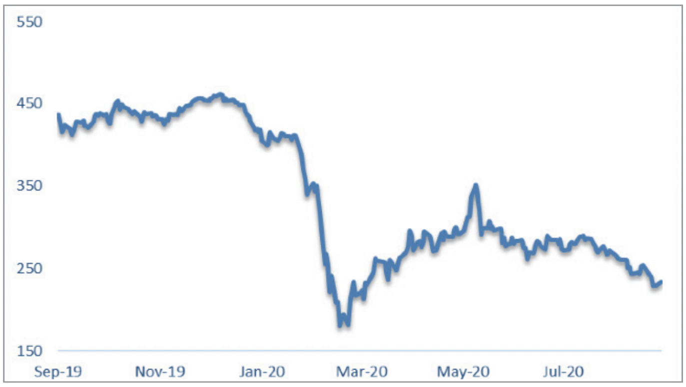
S&P 500 Info Technology Sector Index



Energy - Risks and opportunities coexist

★ The S&P 500 Energy Index continued to fall 20.86% in 3Q20, and more than 50% year-to-date correction. In last six months, oil prices fluctuated around US$40/bbl, but the number of active rigs in the U.S. had gradually declined from March onwards, and remained at a 5-year low. In addition, the latest IEA monthly report lowered the forecast of global oil demand this year. This shows that the energy industry has not yet rebounded from its trough. Although oil prices recovered and remained rangebound, not all energy companies have benefited from this. We expect future M&A and bankruptcies will continue to come. However, considering the energy sector has declined for some time and low valuations, we believe that risks and opportunities coexist. We expect that the performance of energy companies will further diverge in the future, and funds will flow into large energy companies.

S&P 500 Energy Sector Index



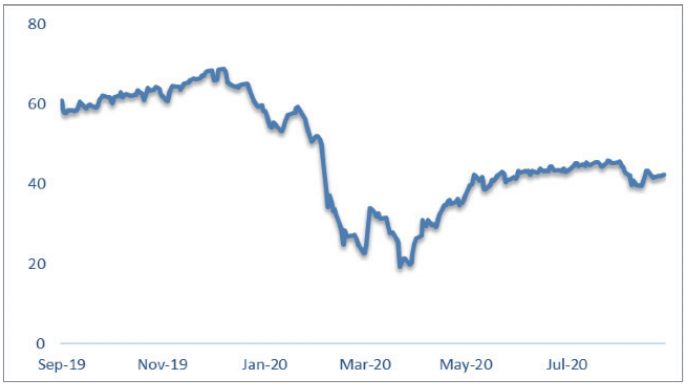
★ Data Source：Bloomberg, 2020/09/28

Commodity Trends and Outlook

Crude Oil - Expect rangebound trading

★ The pandemic caused global economic and social activities to halt, and suppressed crude oil demand. On the other hand, OPEC+ implemented production cuts to stabilize market supply. WTI oil prices remained in the range of US$37-43/bbl in 3Q. As the pandemic has not been brought under control, progress in vaccine R&D has not been as expected, we expect oil demand to remain under pressure before the pandemic is under control and the global economy full recovers. Oil producers will continue to take steps to limit output to stabilize oil prices. Therefore, we expect that crude oil prices will continue to fluctuate within the current range in the fourth quarter.

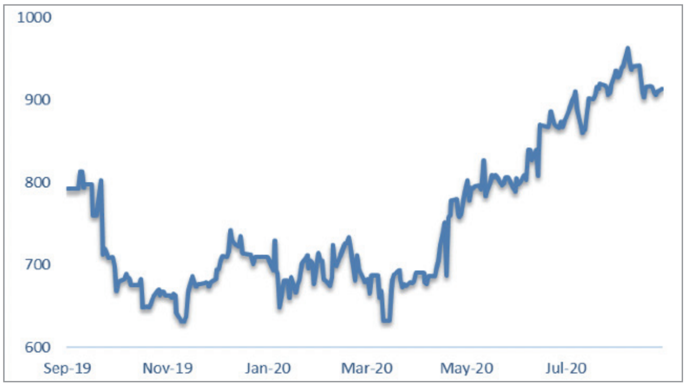
WTI Crude Futures



Iron Ore - Supply and demand structure changes, prices will show weak consolidation

★ Iron ore prices continued to rise in 3Q20, and it rose 21.81% in the third quarter and 38.20% year-to-date. With the gradual recovery of supply, iron ore prices have been consolidating at a high level since August, and showed signs of correction in September. Global supply has rebounded, and China iron ore port inventory has also started to rise since mid-June to a nearly three-month high. With regards to demand, the Chinese downstream blast furnace operating rate has reached a high level, and is likely difficult to see improvement in 4Q20. Therefore, we expect iron ore prices to show a weak consolidation pattern in the fourth quarter.

Iron Ore Futures

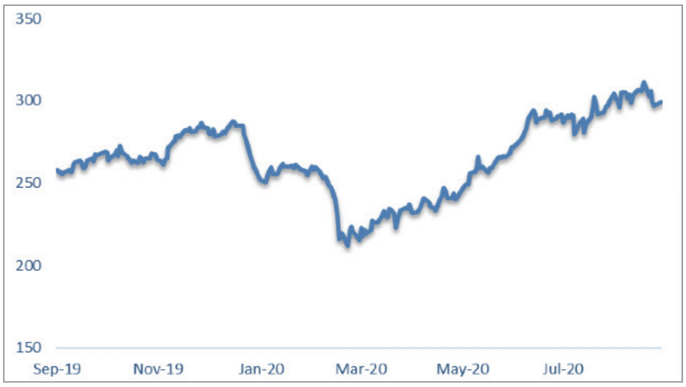


★ Data Source：Bloomberg, 2020/09/28

Copper Prices - Chinese market demand can push copper prices up

★ Copper prices rose steadily from July to September, and it rose 8.42% in 3Q20. Copper prices and economic activities are correlated. Increased economic activities drive up demand and prices will also increase. Although the pandemic has yet to be brought under control, recent economic data showed that economies are gradually recovering, helping to stimulate demand, especially in China. On the other hand, the market expects that the global copper mine output will be reduced by 400,000 tons this year, and Fed Reserve will maintain the current monetary policy unchanged for a period of time, which will lead to a weak USD. Therefore, we expect copper prices to continue to rise steadily in the fourth quarter.

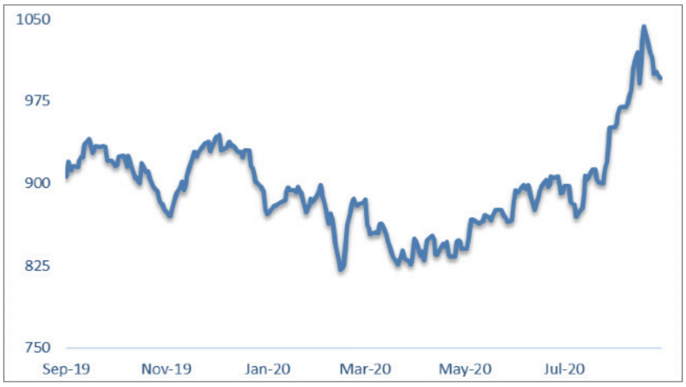
Copper Futures



Agriculture - China's strong demand will continue to drive up soybean prices

★ Soybean prices continued their upward trend in 3Q20, and rose 15.75% from July to September. China's imports are the main driving force behind the rise in soybean prices. In addition to the continued implementation of the U.S.-China Phase One agreement signed at the end of last year, China's recent food security issues have also pushed up the import demand for agricultural products. From January to August this year, China's total soybean imports reached 64,738,700 tons, an increase of 14.96% YoY. The market predicts that China's overall soybean imports will reach a record 96-98 million tons this year. As China further increases its purchase of soybeans, we expect soybean prices to rise steadily in the coming quarter.

Soybean Futures



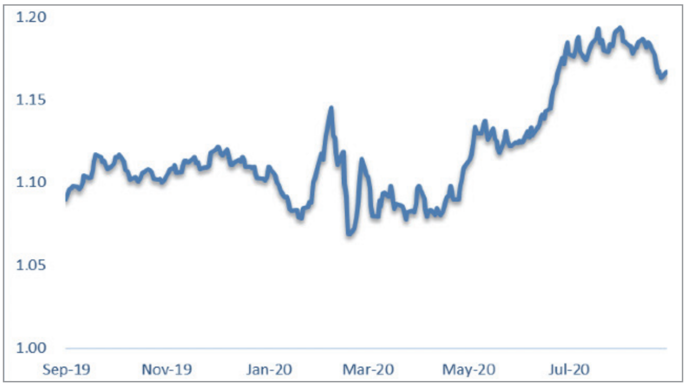
★ Data Source: Bloomberg, 2020/09/28

Currency Trends and Outlook

EUR/USD：Resistance：1.19 / Support：1.12

★ EUR/USD hit a high of 1.1936 at end August, post announcement of the U.S. Fed Reserve's new monetary policy framework, which likely to result in a weak USD. However, since then EUR/USD fell 1.83% to 1.1721, on the back of the ECB's comments on their concerns over a strong Euro, which may impede the ECB's effort to hit 2% inflation target, and global risk-off sentiment in September, which favoured the USD. The bullish momentum has now faded, as EUR/USD is now below the 50 DMA of 1.1797 and we see risks skewed to the downside. A firmer USD is likely to be on the cards in the fourth quarter, due to increase in volatility as U.S. presidential elections approaches. Support at 1.1178, last seen in June, when the U.S. saw a strong resurgence in coronavirus cases.

EUR/USD



GBP/USD：Resistance：1.34 / Support：1.24

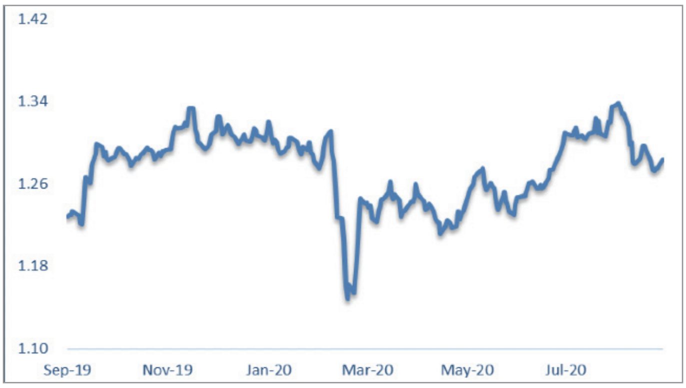
★ Sterling pound rose against the USD in the first two months for 3Q20, on the back of improving economic data and weak USD. After the pair strengthened to a high of 1.3384 on Sep 1, GBP/USD tumbled 3.5% to 1.2920 and remained below the 50 DMA of 1.3028. We think GBP/USD unlikely to test the resistance level in the near term, due to :

(1) expected firmer USD as volatility will likely increase in 4Q20;

(2) Brexit overhang will likely persist until an agreement is reached. The transition period will end on 31 Dec 2020 and the deadline for extension has now passed;

(3) Bank of England in its September meeting minutes stated that it will "begin structured engagement on the operational considerations" with regards to negative interest rates

GBP/USD

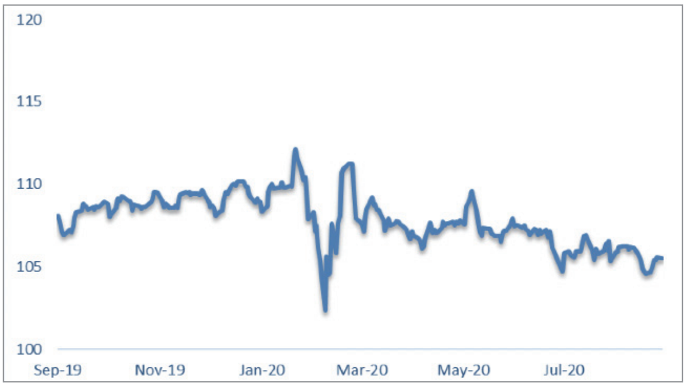


★ Source: Bloomberg, 2020/09/30

USD/JPY：Resistance：108 / Support：105

★ Due to increased volatility and risk-off sentiment, the Bloomberg Dollar Spot Index rose 1.39% in September. However, USD/JPY in the same period fell 0.41%, demonstrating the resiliency of JPY. 4Q20 will be the battle of the safe haven currencies, as investors may favour the yen over holding dollars due to U.S.-China tensions and the uncertainty over the impending U.S. presidential elections in November. Also, Japan's new Prime Minister Yoshihide Suga is likely to continue his predecessor Shinzo Abe's Abenomics during his tenure, which will last through the remainder of Abe's term as LDP leader until September 2021. Bank of Japan has left monetary policy unchanged in September and had slightly upgraded its view on the Japanese economy. These factors support a resilient JPY against a firm USD. USD/JPY is well supported at 105.

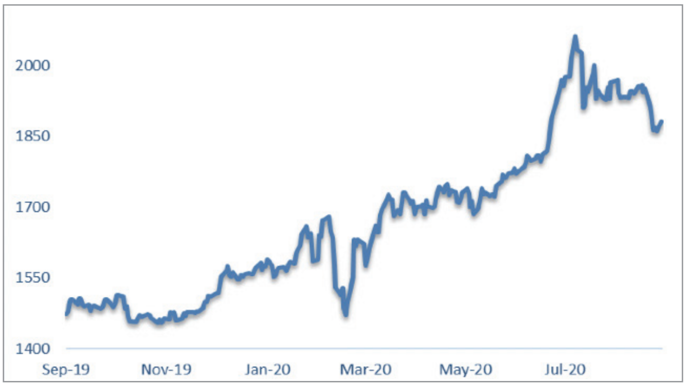
USD/JPY



XAU/USD：Resistance：2,063 / Support：1,851

★ Gold prices fell below 50 DMA of US$1,940.99 and US$1,900 on 23 September, on Fed officials' remarks that the new monetary framework guidance does not preclude tightening measures before inflation averages 2% for a period of time and the need for more stimulus. A firmer USD due to increased volatility in equity markets added to the selling pressure. Still, we continue to see upside for gold, primarily due to upcoming U.S. presidential elections. A contested result may push gold prices past the last high of US$2,063 closing price on 6 August. Fed Chair's concerns on the sustainability of U.S. economic recovery and absence of new fiscal stimulus measures will likely still weigh on sentiment. Next support level at 100 DMA US$1,851.

XAU/USD



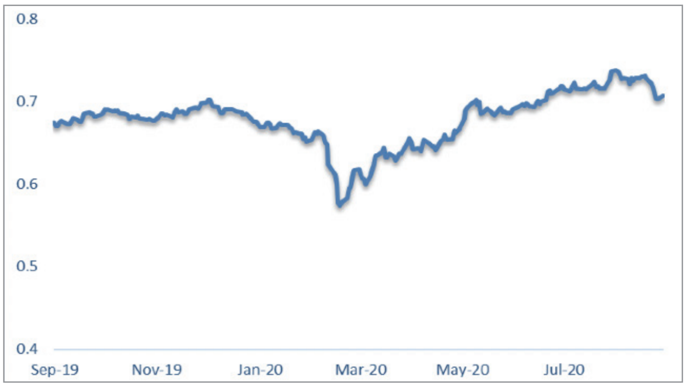
★ Source: Bloomberg, 2020/09/30

Currency Trends and Outlook

AUD/USD：Resistance：0.74 / Support：0.69

★ After AUD/USD reached a high of 0.7376 end August due to weak USD, risk aversion rose, the USD strengthened and the pair lost 2.9% in September to 0.7162. Investors were spooked when a prominent economist forecasted the RBA to slash interest rates to 10 bps at the October 6 policy meeting. Despite the RBA maintained interest rates unchanged at the September policy meeting and did not explicitly signaled a policy action, Deputy Governor of RBA later hinted the possibility of further policy easing, and added that a lower AUD/USD would benefit the Australian economy, although forex intervention may not be an effective tool since the AUD is "aligned with fundamentals". A firm USD due to increased volatility in 4Q20 may further pressure AUD/USD to trade near 0.6903, the last three-month low reached on June 30.

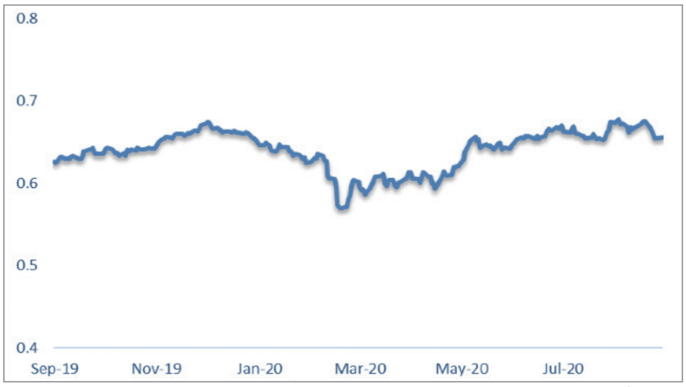
AUD/USD



NZD/USD：Resistance：0.68 / Support：0.65

★ The Kiwi strengthened against the USD in 3Q20, due to a weakened USD, the strength of the rebound in the Chinese economy, and strengthened commodity prices. However, after the pair reached a one-year high of 0.6772 on September 2, NZD tumbled against a strengthened USD and heightened risk aversion. The RBNZ at the September policy meeting maintained the record low of 0.25% cash rate, and left the door opened for negative interest rates policy to be implemented. NZD/USD is now trading below 50 DMA of 0.6638 and the next support level is at the 100 DMA of 0.6520. We expect the trading pair to turn bearish due to an expected strengthened USD in 4Q20. A weaker NZD would also boost revenue for the export-oriented country.

NZD/USD

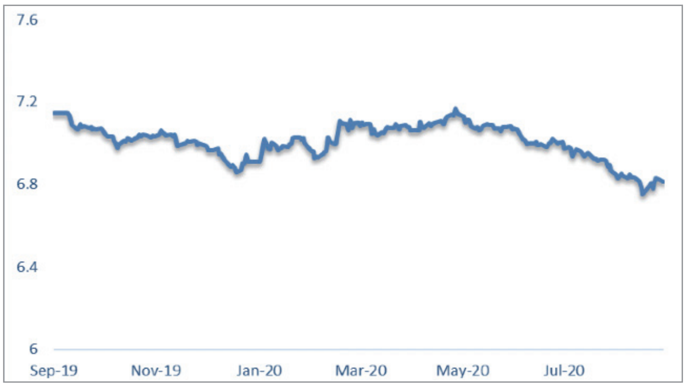


★ Source：Bloomberg, 2020/09/30

USD/CNY：Resistance：6.89 / Support：6.75

★ CNY strengthened against the USD in 3Q, due to the sharp rebound in the Chinese economy, weakened USD and widening interest rate differentials. Although risk aversion rose in Sept, USD/CNY fell 0.84% to 6.7908, still at a more than one-year high. We expect CNY to remain resilient against a firm USD, as the PBOC is unlikely to slash interest rates due to the continued improvement in the Chinese economy. Currently, USD/CNY bounced off September low of 6.7548 to end at 6.7908. A stronger-than-expected USD in 4Q20 as a result of a contested U.S. presidential elections may send the pair beyond 6.8876 (50 DMA). Also, the PBOC has set the daily reference rate for the currency pair weaker-than-expected on September 22 and 23, sending signals to the market that the central bank may want to manage the strength in the CNY rally.

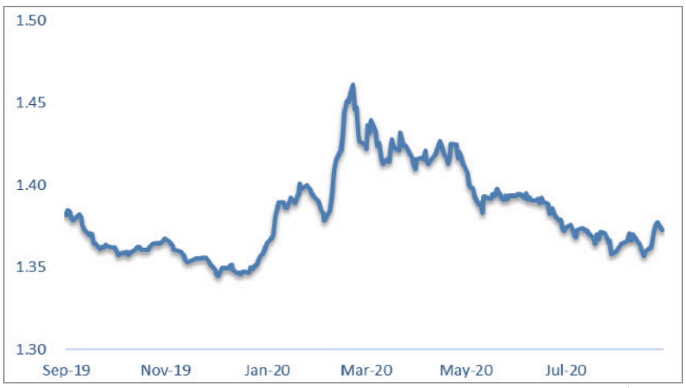
USD/CNY



USD/SGD：Resistance：1.38 / Support：1.36

★ Improving economic data such as stronger-than-expected NODX figures for June to August, and improving inflation which rose 0.6% month-on-month, meant that the central bank is likely to leave monetary policy unchanged at the October's meeting. USD/SGD fell 2.02% in 3Q to 1.3654, on the back of weak USD and improving global economic conditions. However, expected volatility in 4Q20 may push USD/SGD to test resistance levels at 1.3691/1.3841 (50/100 DMA). However, as SGD is an Asian safe haven currency, even if SGD weakens against the USD, we expect the currency to outperform regional peers in the near term. Support at 1.357 (September low).

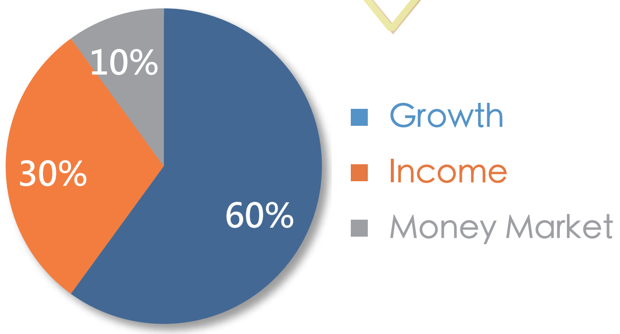
USD/SGD



★ Source：Bloomberg, 2020/09/30

Heritage HK · SG

Aggressive Portfolio



Growth

Mutual Fund

Investment Asset	CUR	Investment mandate	Market	ISIN
JP Morgan ASEAN Fund	USD	Invests in equity securities from one or more of the countries comprising the ASEAN.	ASEAN	LU0441851309
Fidelity Funds - United Kingdom Fund	GBP	Invests in UK company shares	UK	LU0048621717
Franklin Templeton Investment Funds - Franklin Gold and Precious Metals Fund	USD	Invests in the securities of companies around the w orld that mine, process or deal in gold and other precious metals.	Global	LU0496367417

Exchange Traded Fund

Investment Asset	CUR	Investment mandate	Market	Ticker
iShares Silver Trust	USD	Seeks to reflect generally the performance of the price of silver.	Silver	SLV US
iShares MSCI Japan ETF	USD	Tracks MSCI Japan Index	Japan	EWJ US

Corporate Stock

Investment Asset	CUR	Company Description	Exchange	Ticker
Singapore Exchange Limited	SGD	An investment holding company located in Singapore and provides different services related to securities.	SGX	S68.SI
Tencent Holdings Ltd	HKD	E-commerce play. Provides Internet and mobile value-added services, online advertising and e-commerce transactions.	HKSE	700 HK
NVIDIA Corp	USD	World's leading provider of 3D graphics processors and related softw are.	NASDAQ	NVDA US

Income

Corporate Bond

Investment Asset	CUR	Investment Description	Coupon	ISIN
Softbank Group Corp	USD	YTM: 6.069% / Maturity Date: Perpetual	6.875%	XS1642686676
ABJA Investment Co.	USD	YTM: 5.880% / Maturity Date: 2028.01.24	5.450%	XS1753595328
<Note> Indicative YTM for reference only. Actual YTM is based on the quoted price at point of transaction.				

Mutual Fund

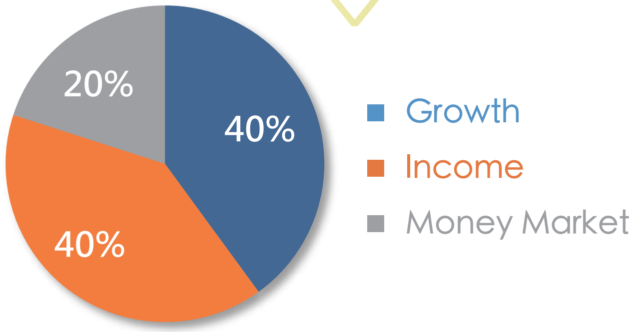
Investment Asset	CUR	Investment Mandate	Market	ISIN
AB FCP I - Global High Yield Portfolio	USD	Invests in a portfolio of high yield, non-investment grade, debt securities of issuers located throughout the w orld.	Global	LU0081336892
Allianz Income and Grow th	USD	Invests in a combination of common stocks and other equity securities, debt securities and convertible securities.	Global	LU0689472784

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

Balanced Portfolio



Growth

Mutual Fund				
Investment Asset	CUR	Investment Mandate	Market	ISIN
First State China Growth I Acc Fund	USD	Invests companies whose revenues derived from Greater China.	Greater China	IE0008368742
BlackRock Global Funds - World Gold Fund	USD	Invests globally in the equity securities of companies whose predominant economic activity is gold-mining.	Global	LU0055631609

Exchange Traded Fund				
Investment Asset	CUR	Investment Mandate	Market	Ticker
Vanguard FTSE Europe Index	USD	Tracks the FTSE Developed Europe All Cap Index.	Europe	VGK US
iShares MSCI All Country Asia ex Japan ETF	USD	Tracks the MSCI All Country Asia ex Japan Index	Asia	AAXJ US

Corporate Stock				
Investment Asset	CUR	Company Description	Exchange	Ticker
Apple Inc.	USD	World's leading technology company	NASDAQ	AAPL US
Mcdonald's Corp.	USD	Franchises and operates fast-food restaurants in the global restaurant industry.	NYSE	MCD US

Income

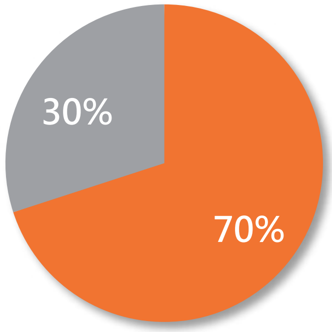
Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
ANZ Banking Group	USD	YTM: 5.604% / Maturity Date: Perpetual	6.750%	USQ08328AA64
Yanlord Land HK Co. Ltd	USD	YTM: 5.094% / Maturity Date: 2023.04.23	6.750%	XS1809258210
<Note> Indicative YTM for reference only. Actual YTM is based on the quoted price at point of transaction.				

Mutual Fund				
Investment Asset	CUR	Investment Mandate	Market	Ticker
BlackRock Global Funds Global Multi-Asset Income Fund	USD	Invests globally in the full spectrum of permitted investments including equities, equity-related securities, fixed income transferable securities.	Global	LU0784385840
JPMorgan Funds - Emerging Markets Local Currency Debt Fund	USD	Investing in emerging market local currency debt securities, using derivatives where appropriate.	EM	LU0356473412

Money Market

Mutual Fund				
Investment Asset	CUR	Investment Type	Market	ISIN
Fidelity US Dollar Cash Fund	USD	Principally in USD denominated debt securities.	United States	LU0064963852

Conservative Portfolio



Income

Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
AIA Group Ltd.	USD	YTM: 2.867% / Maturity Date: 2044.03.11	4.875%	US00131M2B87
CCCI Treasure Ltd.	USD	YTM: 4.887% / Maturity Date: Perpetual	3.650%	XS2102905168
<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
Fidelity Funds - Global Multi-Asset Income Fund	USD	Invests globally in investment grade, high yield and emerging market bonds, as well as to shares of companies.	Global	LU0905234141
Franklin Templeton Investment Funds - Templeton Global Total Return Fund	USD	Invests principally in a portfolio of fixed and/or floating rate debt obligations issued by government or government-related entities.	Global	LU0170475312
Eastspring Investments - Asian Local Bond Fund	USD	Invests in a diversified portfolio consisting primarily of fixed income/debt securities issued by Asian entities or their subsidiaries.	Asia	LU0315179829
PIMCO Funds - Global Investors Series plc-Income Fund	USD	Invests in a broad range of fixed income securities that seek to produce an attractive level of income while maintaining a relatively low risk profile.	Global	IE00B7KFL990

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 in principally in USD denominated debt securities.	United States	LU0064963852

Quarterly Discussion Theme

The U.S. Presidential Election

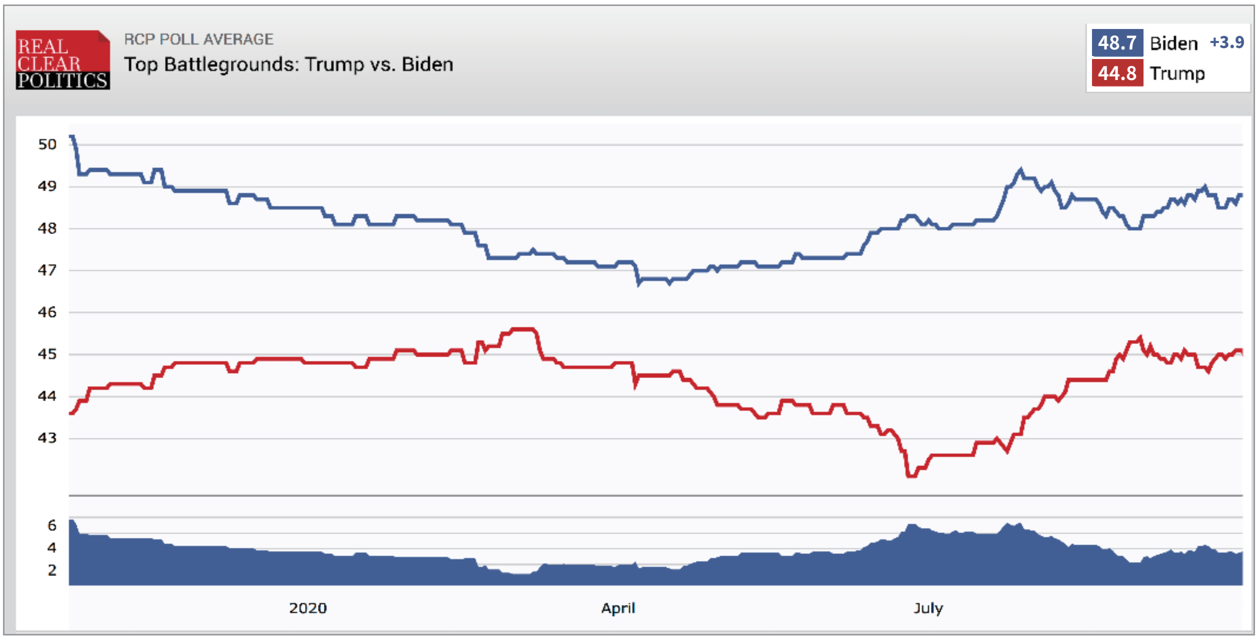
Investors will continue to focus on issues such as U.S.-China relations, as well as vaccine research and development. The upcoming U.S. presidential election on November 3 will be another major factor affecting markets. We expect markets to fluctuate greatly before and after the election, and election results will also have a material impact on the future trajectory of asset prices.

Recent Developments in the Upcoming Elections

The U.S. general elections follow the Electoral College system, rather than a direct one-person-one-vote election system. Hence, even if the candidate won the popularity vote, the candidate may not be elected. The Electoral College system refers to an indirect election whereby electors elected by each state vote on behalf of the state, and the number of electors in each state is equal to the number of federal members, and the electoral votes of each state roughly reflect the state's population size. There are a total of 538 electoral votes in the United States, of which California has the most electoral votes, with 55; some states with relatively sparse populations can have as few as three electors. Candidates need to win more than half (270) of the electoral votes to be elected president. With the exception of Maine and Nebraska, the remaining 48 states and Washington, D.C. have adopted the "winner-take-all" principle, that is, candidates who get more votes will get all the electoral votes of the state. For example, if a candidate wins 50.1% of the votes in California, then he will get all 55 electoral votes in the state. Maine and Nebraska will allocate electoral votes based on the proportion of votes each candidate receives in the state.

According to RealClearPolitics data, current polls showed that the Democratic presidential candidate Joe Biden is temporarily ahead of Donald Trump. As of September 23, Biden's approval rating is ahead by 3.9%, but his lead has narrowed compared to July's data. In addition, website statistics show that Biden is expected to receive 222 electoral votes, while Republican candidate Trump has only 125 votes, and the remaining 191 votes are still highly contested.

Fig : The U.S. presidential candidates' approval ratings



Source: https://www.realclearpolitics.com/elections/trump-vs-biden-top-battleground-states/

Quarterly Discussion Theme

Scenario Analysis of Election Results

Although the current election situation is in a stalemate, excluding the possibility of a freak election result, the following four scenarios may occur as results in this upcoming presidential election.

Scenario 1: Red Wave
Donald Trump re-elected as president, and the Republicans continued to control the Senate. In this scenario, it is least likely to see potential policy changes and most likely the continued maintenance of the current situation, with little impact on financial markets.

Scenario 2: Blue Wave
Joe Biden wins the presidential election and the Democrats take control of the Senate. In this scenario, it is most likely to see potential policy changes, such as the overturning of Trump's policies on taxation and immigration during his tenure. Financial markets will be negatively impacted in the short term. In the medium and long term, we still need to focus on policies introduced by the new administration.

Scenario 3: Biden Wins the Election and the Republicans Continue to Control the Senate
In this scenario, the election result may lead to a political impasse, making it difficult to pass important bills, such as the recent contentious debate in the Senate over the new fiscal stimulus plan. Due to the change of leadership in the White House, the Republicans will lack motivation to pass the bill. Financial markets will be negatively impacted.

Scenario 4: Trump Gets Re-elected and the Democrats Gain Control of the Senate
In this scenario, this election result may lead to a political impasse, and while some existing policies will continue, but passing important bills in future will face greater resistance and will take a longer time.

Investment Strategies

Although the current Democratic candidate Biden is still leading in polls, the current situation is similar to the eve of the 2016 U.S. presidential election. However, this election is held against a vastly different backdrop, coloured by the major economic impact caused by the Covid-19 pandemic and protests held in various U.S. states. As the election approaches, President Trump can use his existing advantages as the current president to formulate campaign strategies, such as formulating various domestic and foreign policies to attract voters. This is also the main reason for the recent rebound in the approval ratings for Trump. Therefore, the outcome of the presidential election is still difficult to predict accurately. Investors should diversify their investment portfolio risks as much as possible. In addition to allocating to traditional equity and debt assets, investors may also consider adding alternative assets that have low correlation with markets, in order to reduce investment risks and increase potential returns.

Another concern investors may have is the possible change in U.S.-China relations after the presidential election. Although the two candidates have different opinions regarding various policies, both are hawks with regards to China. Therefore, even if the election is over, U.S.-China relations will not revert to a warmer past. We must prepare for the prospect of a long-term and the severity of U.S.-China trade frictions and tensions.

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 plaform, 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

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

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	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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