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

Southeast Asia Edition

Heritage Account
2021 Q3 Global Investment Guide

Heritage
HK · SG


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PC iFAST Holding (SG) Pte Ltd
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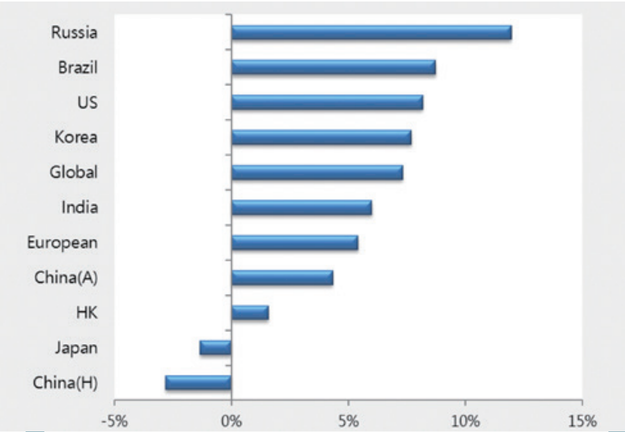
More than a year into the COVID-19 pandemic, over three billion doses of coronavirus vaccines have been administered in over 190 countries worldwide. However, while some countries have fully vaccinated a large amount of their population, many others have only just begun, or in some cases are still waiting for their first doses to arrive. Global inequalities in vaccine access cause markedly uneven recovery in the developing economies of East Asia and the Pacific (EAP), according to the World Bank's latest economic update.

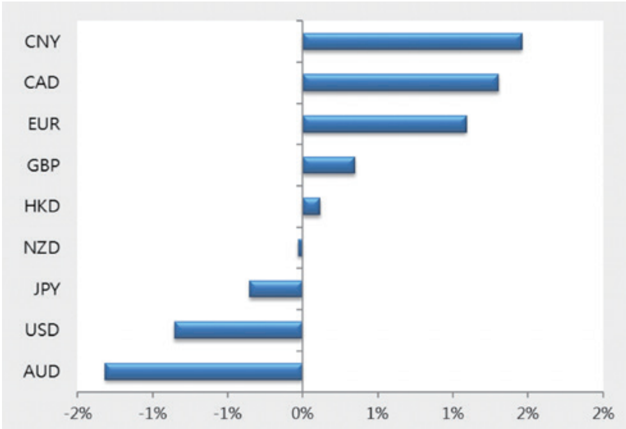
The chances for a swift, uniform rebound from the COVID-19 crisis have dimmed, and the world economy now faces sharply divergent growth prospects. Furthermore, with respect to business models and structures, change is inevitable, and we have certainly seen a significant amount of it in recent months following the outbreak and spread of COVID-19. As nations have declared states of emergency to safeguard the health and safety of their citizens, businesses and people around the globe have had to find new ways of working in order to minimize disruption to daily operations, and digital technologies are at the heart of it all. COVID-19 has forced us all to re-organize our daily lives around the restrictions and social distancing measures that have been put in place. Companies around the world are focused on navigating their way through these unchartered waters, from retailers who are now relying on e-commerce after closing their physical stores, to manufacturers who have had to significantly reduce factory activity and introduce remote working. This has proven to be much more difficult for organizations that do not have strong digital technologies and solutions in place. In response to these uneven developments and great changes, investors may also need new modes of thinking to identify investment opportunities and risks that are different from the past.

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.

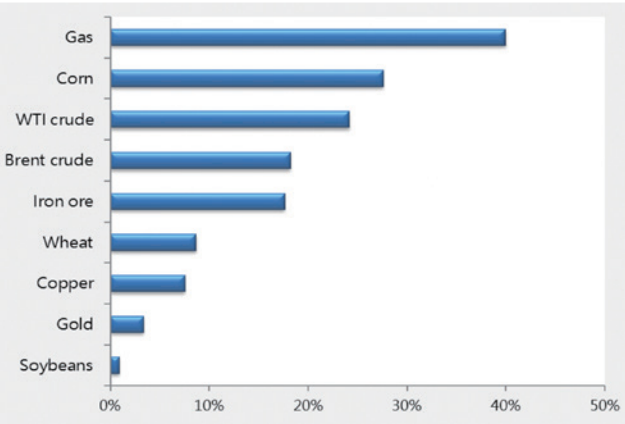
Markets' Performance in the Previous Quarter



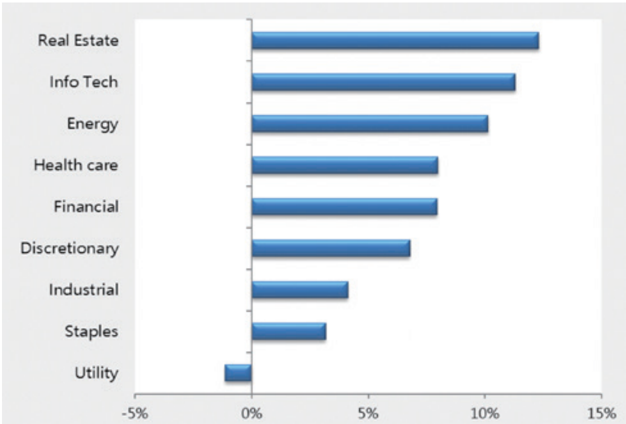
Global Equity Indexes



Major Currencies



Commodities



Sectors

Market Commentary on Previous Outperformers and Underperformers

Outperformers : Russia, US Housing

After being range-bound between 900 and 1,300 for about five years, Russia's dollar-denominated Russian Trading System (RTS) index has rallied over 20% this year and is once close to breaking through the 1,700 mark – a level it has not seen since March 2012. More recently, the oil & gas sector and metal & mining stocks have joined the party and have also started to rally strongly on the back of a sustained rally in oil, gas and major metal prices: the oil & gas sector is up 23% and metals & mining are up 22% respectively over the same period.

Low mortgage rates and demand for properties in the suburbs have fueled the U.S. housing market for more than a year, with a shortage of homes to buy helping to push prices higher. Many buyers are running into issues finding properties they can afford. Sales of previously owned homes in the U.S. fell for a fourth straight month in May. Still, home prices are expected to remain elevated. Builders cite high materials prices, supply shortages and a limited number of skilled workers as ongoing challenges as they race to complete new homes.

Underperformers : China, AUD

Chinese regulators have embarked on a wide-ranging crackdown on Chinese tech companies, with countermeasures ranging from anti-monopoly penalties to data-privacy investigations to new rules regarding overseas listings. High uncertainty and extreme fear seem to be taking over investors in Chinese stocks. China internet-focused exchange-traded fund KraneShares CSI China Internet ETF which is down a shocking 36.3% from its all-time highs set back in February.

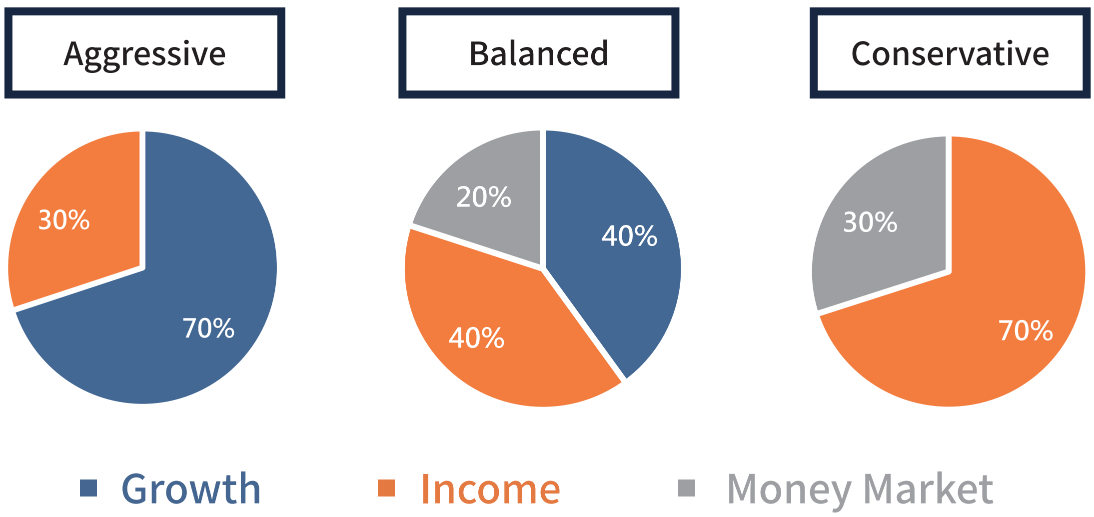
The Australian dollar fell to a seven-month low vs US dollar pressured by drop in global bond yields and RBA chief Lowe's rejection of market calls for early tightening. One of the main concerns is the highly transmissible Covid-19 Delta variant that is quickly spreading around the globe. The virus strain has led to several regional lockdowns throughout Australia, including its most populated city Sydney. While Australia has been successful in containing outbreaks, the country's vaccination efforts have fallen short compared to other modern economies.

Quarterly Market Outlook

Investment Market	-2	-1	0	+1	+2	Key Points
Stock Market						
US			■			Fed's switch to hawkish tone resulted in uncertainty, cyclical and tech stocks expected to outperform.
Europe				■		Accommodative monetary policy is expected to provide support for the stock market.
Japan				■		Downside risks continued to be supported by BOJ's ETF buying efforts.
China		■				Cautiously optimistic and be selective.
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			■			Divergent performance to continue within EM space.
Fixed Income						
US/EU Bond Market			■			Select bonds with better fundamentals and with short duration.
Govt. Debts		■				Rate hikes are negative for bond prices, especially those with longer duration.
Real Estate		■				Concerns about monetary policy tightening may depress demand.
Commodities						
Energy			■			Oil price to trade comfortably above US$75 driven by rebound in crude oil demand.
Basic Metal				■		Copper prices should benefit from further global economic recovery.
Agriculture				■		CPO prices should rebound on improved demand appetite.

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

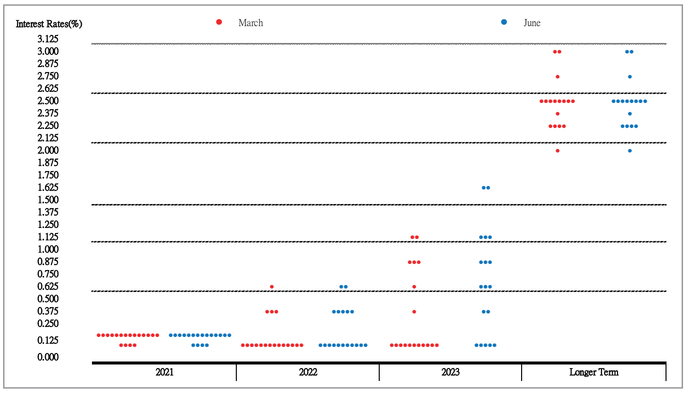
Portfolio Recommendations



US：The Fed's switch to hawkish tone resulted in uncertainty, cyclical and tech stocks expected to outperform.

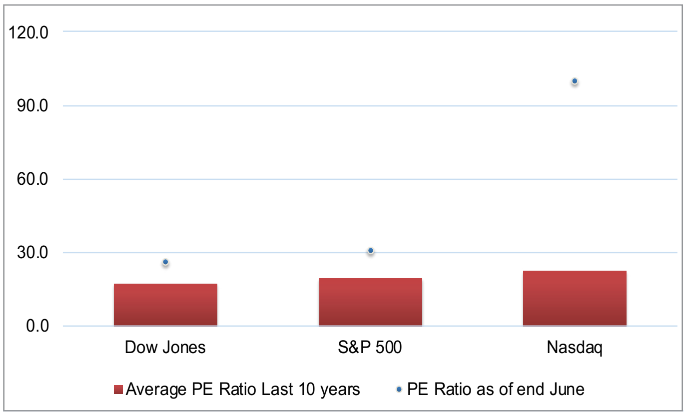
★ The FOMC meeting in June decided to leave the policy unchanged, a move that is widely expected. However, after the June meeting has concluded, the FOMC once again raised economic growth and inflation target. According to the Fed's latest projection, US GDP will grow 7.0% in 2021, 0.5% higher than the previous forecast given in the March meeting at 6.5%. The US economic growth is projected to grow 3.3% and 2.4% in 2022 and 2023 respectively, slightly higher than the projection given in the March meeting. In addition, the latest projection by Fed is also significantly higher than the long run economic growth rate 1.8%. In other words, the Fed is optimistic with regards to US future economic growth.

US Fed Reserve Latest Dot Plot



★ On the other hand, the latest inflation forecast was raised from 2.2% in March to 3% in June after the FOMC meeting, although the Fed stated the high inflation forecast expected to be transitory only. Meanwhile, the dot plot indicates rate hikes will likely come as early as 2023 and the Fed may raise the interest rate twice by 2023. In other words, the Fed is planning on how to tighten monetary policy in future. Though the Fed turned more hawkish, and the possible QE reduction has led to uncertainties to the market, cyclical stocks however are expected to outperform the market due to inflation expectation. What is more, the relatively high valuation of US stocks will influence investors' risk appetite. After a bout of correction in the previous quarter, leading stocks in the technology and medical sectors are likely to benefit from lower valuations and thus outperform the market in 2H21. Whereas infrastructure stocks' valuations have already priced in positive news and a sell-off may happen in the second half of this year.

US Indexes - PE Ratio as of 30/6/2021 and Last 10 years

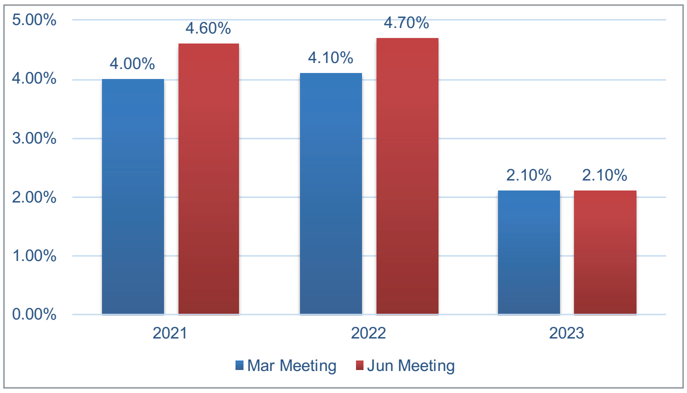


★ Data Source：Bloomberg, 2021/06/30

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

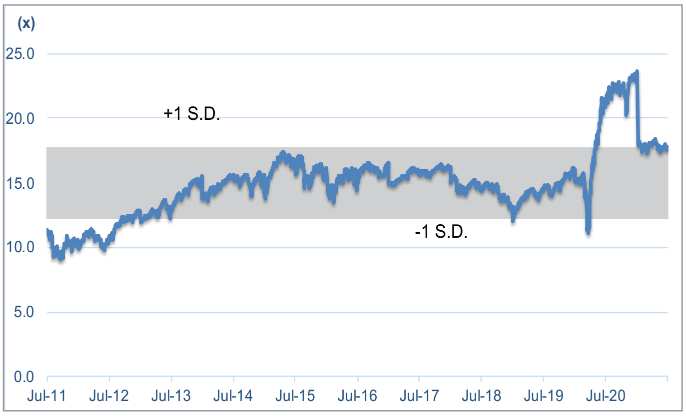
★ In comparison with the hawkish attitude adopted by the Fed, the ECB is way more dovish. The ECB left interest rates unchanged and kept its benchmark refinancing rate at 0% in June. Also, the ECB will continue its implementation of emergency purchase program in response to the pandemic, while pointing out that the ECB has no plans to phase out the current programme before March 2022. Furthermore, ECB not only raised its economic growth rate from 4.0% in 2021 and 4.1% in 2022, to 4.6% and 4.7% respectively, but it also adjusted its inflation forecast higher to 1.9% in 2021 and 1.5% in 2022. Nevertheless, the resoluteness of ECB's dovish stance will likely to provide support to Europe equities.

Changes in ECB's Forecast for the Eurozone



★ Apart from Europe equities benefiting from the expansionary monetary policy adopted by ECB, Europe equities will likely see several positive catalysts materializing in the upcoming months. Firstly, the pace of vaccination rate in various EU nations is satisfactory, which will boost the recovery in the travel sector and other sectors as well as the EU economy. Meanwhile, the payouts from the EU recovery fund will commence in the third quarter. These factors are expected to help speed up the recovery of the EU economy. In addition, the current valuation of Europe equities is relatively undervalued, corporate earnings growth and the EU's economic recovery will help to raise valuations in future. Unless the EU experiences another round of Covid-19 outbreaks, we believe Europe equities will still be considered noteworthy for investment in the medium to long term.

Stoxx 600 Index Forward PE Ratio for the Last 10 Years

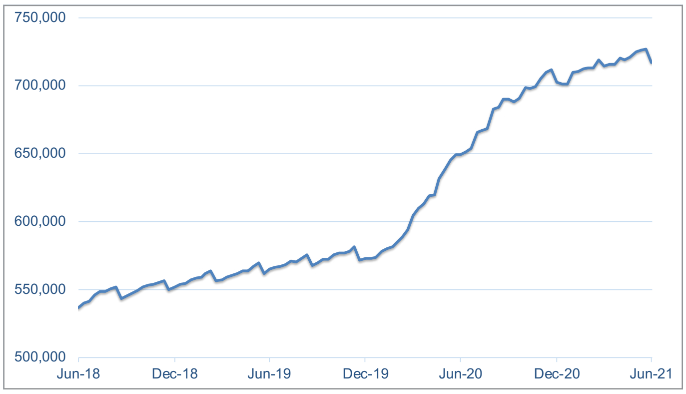


★ Data Source：Bloomberg, 2021/06/30

Japan：Downside risks continued to be supported by BOJ's ETF buying efforts.

★ Japan's economy shrunk less than expected in the first quarter of this year, as a result of increase in private inventory, stronger readings on business spending, housing investment and public expenditure. 1Q21 GDP was revised upwards to 3.9% contraction on a QoQ and annualised basis, better than the preliminary estimate of a 5.1% decline. In addition, inflation inched into positive territory for the first time in 14 months due to higher fuel prices. However, April's retail sales fell sharply by 4.5% MoM, a sign that domestic demand remains weak as the country continues to battle the pandemic. Also, Bank of Japan (BOJ) expects inflation to stay below 2% target at the foreseeable future, keeping in place the accommodative monetary policy, unlike other major central banks who are concerned about inflationary fears.

BOJ Balance (Billion)



★ The BOJ's accommodative monetary policy includes purchasing ETFs (a policy that has been in place since December 2010) and the BOJ is now the largest holder of Japan equities. The BOJ has been looking to pullback purchases of ETFs, and had refrained from doing so for the entire month of May. The BOJ also stopped buying ETFs that tracked the Nikkei 225 Index. However, when volatility kicked in after the Fed unexpectedly turned hawkish in June, the BOJ bought 70.1 billion yen worth of ETFs after TOPIX declined 2.5% on 21 June morning trading session. We expect in the near term, investors will be gauging the timing as well as the speed of the Fed's tapering of asset purchases, and volatility in Asian markets will likely to happen in 3Q21. We expect the BOJ to step in when needed to provide downside support to equity markets.

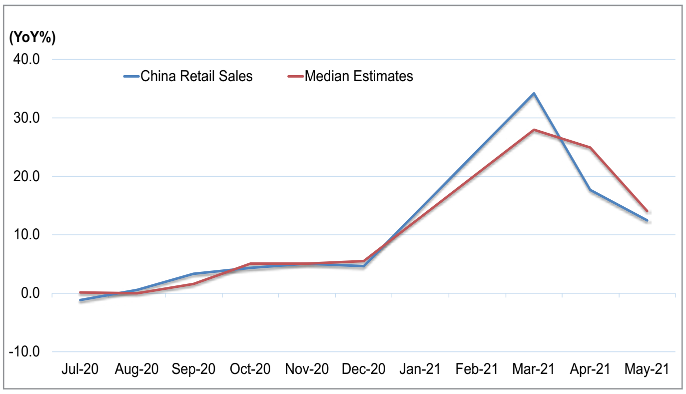
Nikkei 225 Index YTD Performance

★ Data Source：Bloomberg, 2021/06/30

China：Cautiously optimistic and be selective.

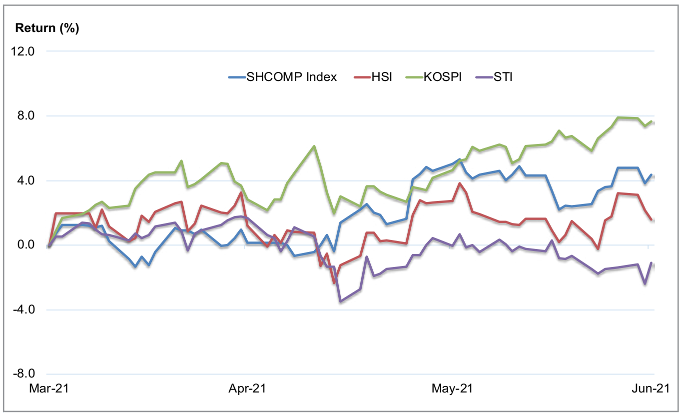
★ China's economic recovery year-to-date has been swift, but the closely watched economic data that is indicative of domestic economy recovery – retail sales – were below market expectations for two consecutive months. Retail sales rose 12.4% YoY in May, slower than April's 17.7% increase. In addition, industrial production growth eased further in May to 8.8% YoY from 9.8% in April. On a two-year average basis (which strips the impact of the pandemic), retail sales rose 4.5% while industrial production rose 6.6%. The data suggests that the pace of economic recovery is likely to have slowed down and consumption recovery remains fragile. In addition, investors were also concerned about tighter liquidity, as the Chinese government is worried about heightened financial risks in the markets as a result of last year's accommodative monetary policy, and looks to normalize monetary policy this year.

China's Retail Sales Underperformed Expectations in May 2021



★ An additional concern would be the strength of the Chinese yuan. USDCNY in 2Q21 once reached 6.3685, at a level last seen in May 2018. A strong CNY and normalizing of US as well as Europe monetary policy increases the risk of a stock market correction as well as yuan depreciation. Despite feeling the pressure from the unexpected change in tone from a more dovish stance to a more hawkish outlook by the US Fed Reserve, the Shanghai Composite Index rose 4.34% in 2Q21, outperforming many Asian equity markets. Still, we expect the Shanghai Composite Index to record subdued performance in 3Q21, as investors adjust to a world which central banks start to normalize monetary policy. We advocate selective investments in Chinese chipmakers, while staying cautious on Chinese Big Tech and consumer discretionary companies.

Shanghai Composite Index Outperformed Some of the Major Asian Indexes

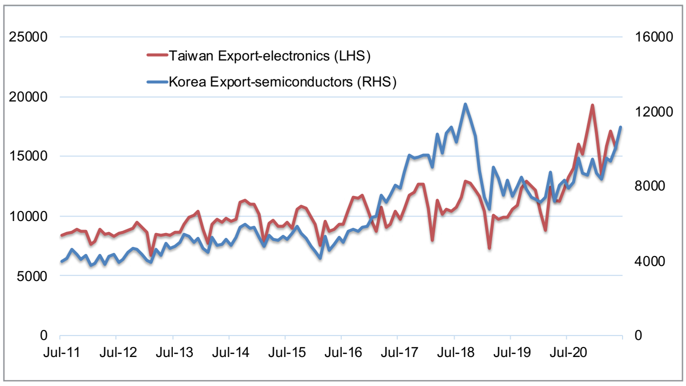


★ Data Source：Bloomberg, 2021/06/30

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

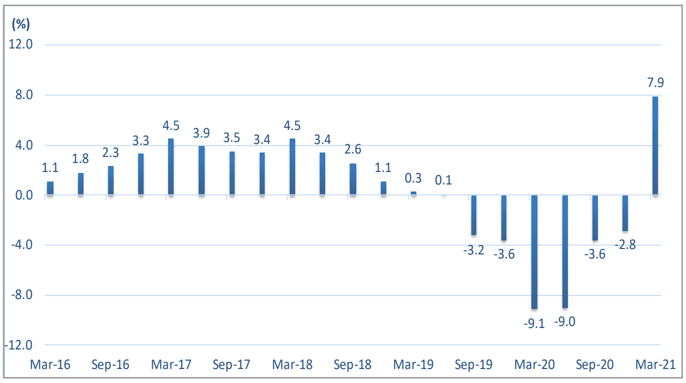
★ Global demand for semiconductors is still increasing. In view of the global economic recovery and the increase in investments in science and technology, Taiwan and South Korea, the top two markets with highest semiconductor production capacity in the world (accounted for 21.6% and 19.7% of the world's semiconductor production capacity respectively), is expected to continue to benefit. In fact, Bank of Taiwan revised its annual economic growth forecast again in June, from 4.53% in March to 5.08%. Bank of Korea also revised its economic growth forecast from 3% to 4%. We believe semiconductor exports will continue to be the biggest growth driver for these two areas this year. Thus, technology stocks listed in South Korea and Taiwan are expected to continue their momentum and continue to outperform other markets in the coming quarter.

South Korea and Taiwan's Electronics Export (Millions, In USD)



★ In North Asia, Hong Kong does not have the excellent economic growth conditions for semiconductor exports like South Korea and Taiwan. Under the backdrop of a global economic recovery, the Hong Kong market was clearly lagging behind major markets in the first half of the year. Therefore, the relatively cheap Hong Kong equities are expected to benefit from theme of restoration in valuations in the second half of the year, especially for technology stocks went through significant valuation adjustments in the first half of the year will receive market attention again. On the other hand, the overall economic environment of Hong Kong has improved in terms of exports, retail sales, and unemployment rate, while the Covid-19 outbreak is under control as well. With the support of Mainland China's economic growth, we expect Hong Kong equities will also have the potential to record in the coming quarter.

Hong Kong's YoY GDP Growth (%)

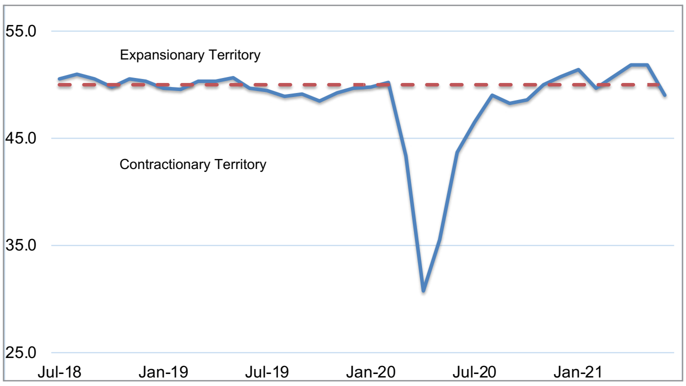


★ Data Source：Bloomberg, 2021/06/30

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

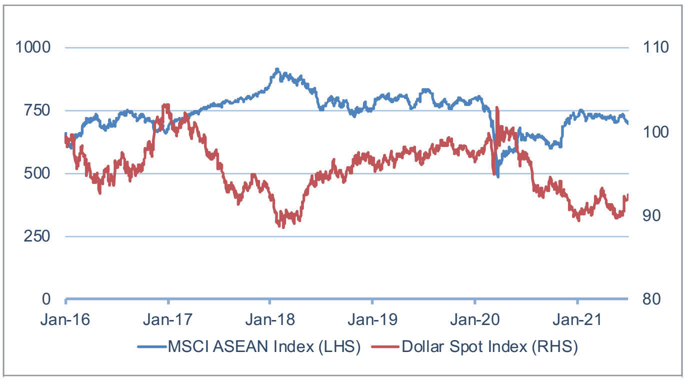
★ The biggest investment highlight of ASEAN countries this year has always been the recovery of their exports and manufacturing. However, according to the data released by IHS Markit, ASEAN Manufacturing PMI fell back to 49 in June from 51.8 in May, and it fell into the contractionary territory once more after being above the 50 (the level that separates expansionary from contractionary territory) for three consecutive months. Amongst the seven ASEAN countries, only Indonesia and the Philippines have PMIs above 50, while the remaining five countries (Singapore, Malaysia, Myanmar, Vietnam, and Thailand) fell into contractionary territory again. The decline in figures not only reflects the decline in external demand, but also reflects that the emergence of Delta variant has once again affected the market's previous optimistic outlook on the manufacturing sector.

ASEAN Manufacturing PMI



★ In fact, as the Covid-19 situation in ASEAN remains uncertain, this resulted in foreign fund outflows. According to statistics, a total of US$2.7 billion flowed out of the stock markets in Thailand, Malaysia and the Philippines from April to June, the largest outflow since the third quarter of 2020. Moreover, the vaccination progress within ASEAN countries is different. Within ASEAN, less than 10% of the population in countries such as Indonesia, the Philippines and Thailand have been vaccinated. Therefore, the low vaccination rate and the highly infectious Delta variant have greatly weakened investors' confidence. On the other hand, the loose monetary policies of ASEAN countries stood in contrast with the Fed's relative hawkish stance. It is expected that a firm USD will further put pressure on ASEAN equities. Therefore, we maintain the "underweight" rating in ASEAN equities.

MSCI ASEAN Index vs Dollar Spot Index



★ Data Source：Bloomberg, 2021/06/30

Other Emerging Markets：Divergent performance to continue within EM space.

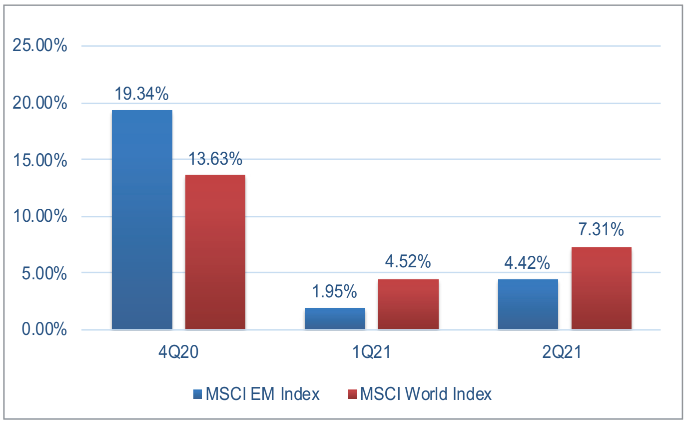
★ Emerging markets generally underperformed developed markets in 2Q21, in part due to the resurgence of Covid-19 infections particularly in Brazil and in India. In addition, the hawkish attitude adopted by the Fed in the June's policy meeting also raised concerns for a stronger USD in the near future, thus adding selling pressure on EM equities. The MSCI EM Index underperformed the MSCI World Index for two consecutive quarters in a row. Going forward, we see the importance of policy room for EM central banks to raise interest rates in order to combat inflationary pressures, providing support to their domestic currencies and minimizing potential capital outflows. Brazil for instance raised key interest rates by 75 basis points to a neutral policy level, while Turkey kept interest rates on hold and may even ease monetary policy in 2H21. Thus, we continue to expect divergent performance within the EM space.

EM Major Central Banks Interest Rate Policy Decisions in June

Country	Prior	Actual	Hike Rates?
Russia	5.00%	5.50%	Yes
Turkey	19.00%	19.00%	No
Brazil	3.50%	4.25%	Yes
Hungary	0.60%	0.90%	Yes
India	4.00%	4.00%	No

★ Another factor we think will drive the recovery in EM equities would be the speed of vaccination and whether EM countries are able to bring domestic outbreaks under control. As of time of writing, while most DM countries have seen improvement in the Covid-19 domestic situation, countries such as India is facing the threat of a third wave of infections, while Brazil and other South America countries seen their biggest outbreaks yet in June this year. Hence, we believe the consumer sector in EM will likely underperform the consumer sector in DM, but resilient commodity prices (likely to hold up given overall global economic recovery this year) will benefit EM industrials and export-driven sectors.

MSCI EM Index Underperformed MSCI World Index

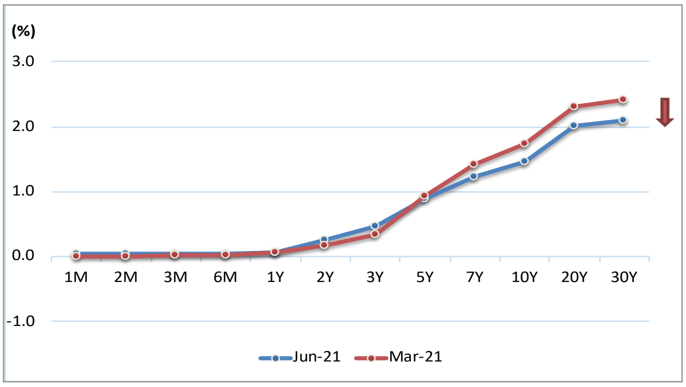


★ Data Sources： Bloomberg, 2021/6/30

Bond Markets：Underweight bonds and prefer those with short duration, stronger fundamentals.

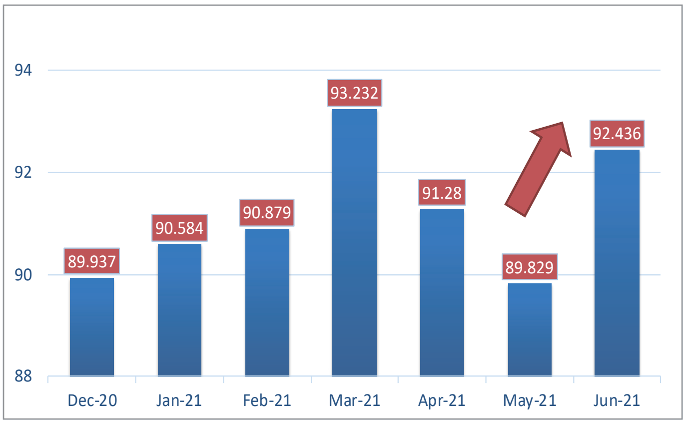
★ Investment grade bonds continued rebounded in 2Q21 as US Treasury yields continued to fall from its peak on March 31. US Treasury yields fell for three straight months, with the US 10 Year Treasury yield as of end June at 1.4680%, near the levels last seen pre-pandemic. However, given the Fed's unexpected change to a more hawkish tone with regards to rate hike, the US Treasury curve (measured by the gap between the 2-year and 10-year yields) started to flatten, indicating that the market is pricing in the possibility of Fed's raising rates as soon as next year. Rate hikes are negative for bond prices, and the longer the duration, the greater the drop in bond prices as interest rate rises. However, other factors such as unemployment rate will weigh heavily on the Fed's decision with regards to the timing of rate hikes, so we can expect volatility in the bond markets in the near term as investors monitor employment data closely.

US Treasury Yield Curve Flattened since Mar 2021



★ The timing of rate hikes will affect the trajectory of the USD, and in turn affect the demand for the USD. The Street's view on the USD remained divided, with some expecting the strengthening of the USD towards year-end while some believed any upside is temporary, given the USD is overvalued in terms of the REER. We think should US employment data continues to improve in 3Q21, and the "transitory" nature of inflation continues to be debated, we do not rule out potential further upside in the USD. This is negative for EM bonds. Within the bond space, we prefer selective investments in bonds with resilient fundamentals and short duration, as well as issuers whose domestic currencies will remain resilient in spite of the strength in the USD.

Dollar Spot Index Strengthened in June as a result of Hawkish Fed



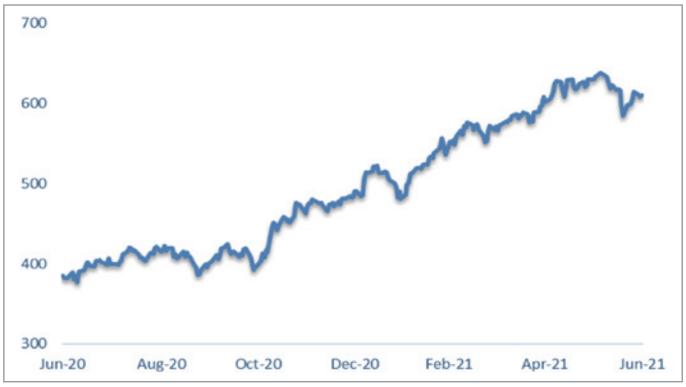
★ Data Sources： Bloomberg, 2021/6/30

Industry Trends and Outlook

Banking - Timing of rate hikes is key

★ US banks comfortably passed the annual stress test and many announced dividend increases and share buyback plans. In addition, we expect US banks to face lower credit provision costs in 2H21 as the economy continued to improve. However, the S&P 500 Financials Index already recorded 24.5% gains in 1H21, the second best performing sector after the energy sector. It implies that much of the positive catalysts have already been factored into the price. Going forward, investors will be closely monitoring for economic indicators that would when the Fed is likely to hike rates. We remain positive on the financials sector as fundamentals continued to improve. However, in terms of price upside, a key catalyst would be the timing of the rate hikes.

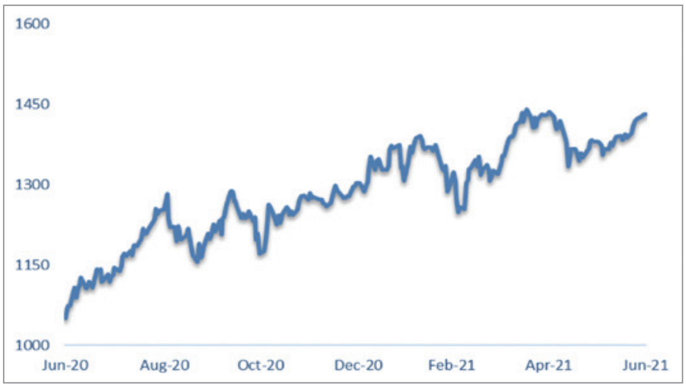
S&P 500 Financials Index



Consumer Discretionary - Benefit from improving economy

★ The US jobs market continued to improve as the country eases Covid-19 restriction due to rapid decline in infection rates and continuous progress made in driving vaccination rates. According to June's ADP report, US companies added more jobs in June than expected, which suggest robust labour demand. Initial jobless claims also continued to trend downwards, from 729,000 claims for the week ended March 26 to 364,000 claims for the week ended June 26. However, growth in personal spending stagnated in May as consumer prices increased. Going forward, we expect the consumer discretionary sector to continue to improve, as the economic recovery continues. Headwinds include inflationary pressures that may dent the American consumer's ability to spend, as well as faster-than-expect spread in the delta variant in the US which may result in some reimposition of social distancing measures.

S&P 500 Industrial Index

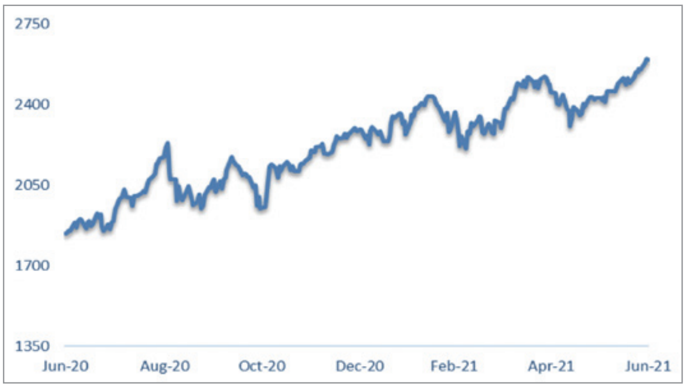


★ Data Source：Bloomberg, 2021/06/30

Technology - Stay selective

★ Technology stocks delivered a better performance (+11.30%) in 2Q21 compared to 1Q21 (1.74%) but continued to lagged behind the cyclical sectors. Going forward, as the market will continue to monitor and evaluate the timing of rate hikes, we expect investors continue to be selective on what they invest in, as growth stocks such as technology stocks remained pricey in terms of valuations. We advocate investors to stay selective in their stock picks. We are optimistic about consumer electronics' related investments, as the improving economy and consumer spending appetite should benefit consumer electronics. Longer-term investment plays include investing in chipmakers, cloud infrastructure and cybersecurity companies.

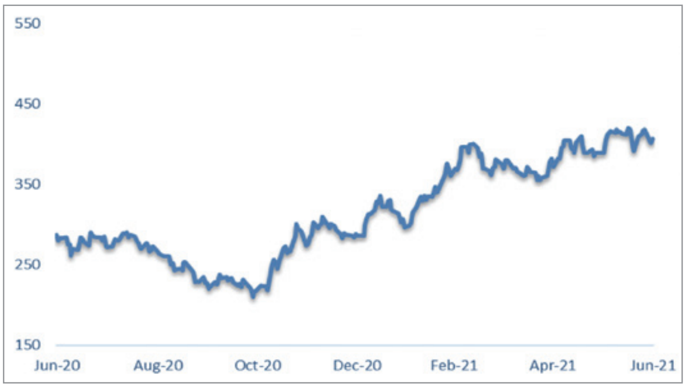
S&P 500 Info Technology Sector Index



Energy - Upside to continue in 3Q21

★ The S&P 500 Energy Index rallied 42.4% in 1H21, the top performing sector as investors bet on recovering crude oil demand coupled with continued disciplined OPEC oil production cuts. The higher energy prices for this year will benefit US energy players and should help to alleviate concerns on cash flow as well as high levels of debt. According to news reports, major oil and gas companies are transiting away from fossil fuels, announcing net zero plans and downsizing their traditional business. The cash raised from disposing of these assets should help the oil and gas companies to improve balance sheet. We believe given the current oil prices and the supply-demand in the crude oil market, investors' interest in the energy sector should continue in 3Q21 too.

S&P 500 Energy Sector Index



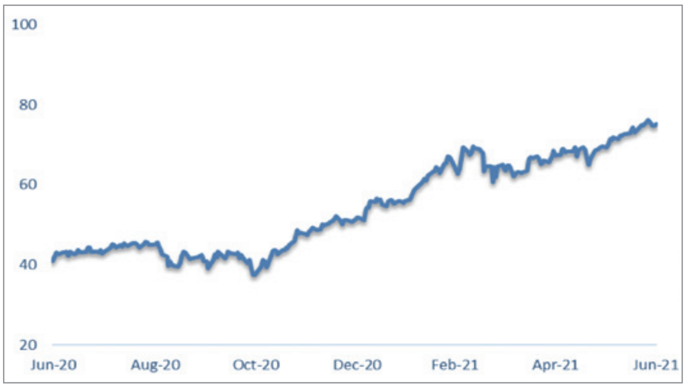
★ Data Source：Bloomberg, 2021/06/30

Commodity Trends and Outlook

Crude Oil - Oil price to trade comfortably above US$75 driven by rebound in crude oil demand

★ Brent crude rose 18.24% in 2Q21, driven by OPEC+ disciplined production cuts and as multiple countries eased social distancing restrictions with higher vaccination rates, driving crude oil demand up. US crude inventories fell by 6.7 million barrels to 452.3 million barrels for the week June 21 – June 25, the sixth consecutive week of decline. OPEC+ will be meeting to discuss on production cuts and their decision would affect how the oil prices will move given the much brighter outlook for crude oil demand in 2H21. We expect OPEC+ will be cautious about increasing production, given the highly uncertain nature of the pandemic. We expect crude oil prices to trade around US$75/bbl in 3Q21, possibly approaching US$80/bbl by the end of 3Q21.

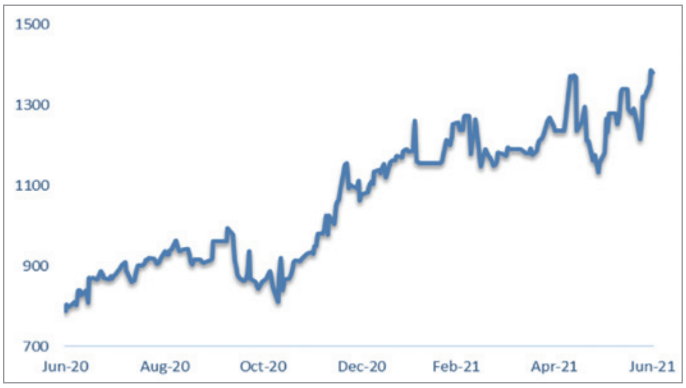
Brent Crude Futures (US$ / bbl)



Iron Ore - Prices likely to remain resilient in 3Q21

★ Iron ore rose 17.63% in 2Q21, on the back of the combination of continued recovering global economy as well as China's reining in of the steel industry due to pollution concerns. Within the quarter however, iron ore prices once dropped to RMB1,133.50/MT as a result of the Chinese government attempt to rein in commodity prices to combat inflationary pressures. However, economic data released in June suggested that growth in the Chinese economy has slowed down, which somewhat eased investors' fears of a tightening monetary policy, which in turn will rein in consumption. Given that the city of Tangshan, China's top steel-making hub, will start to implement a 30% cut in output from July 2 to December 31 to combat pollution, we expect iron ore prices to remain alleviated in 3Q21 due to the tight supply-demand market.

Iron Ore Futures (CNY$ / MT)



★ Data Source：Bloomberg, 2021/06/30

Copper Price - Copper prices should continue to rise

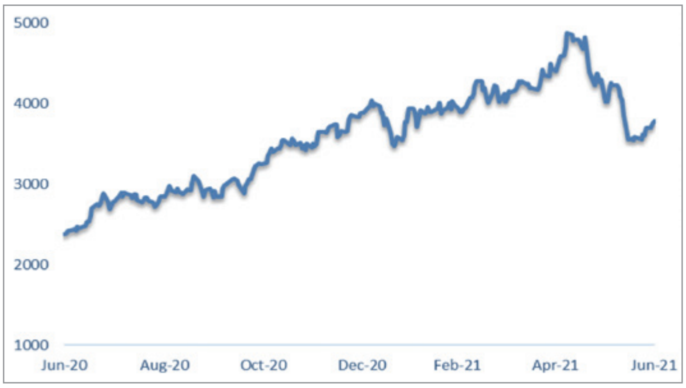
★ After recording double digit gains for four quarters, the LME Copper prices rose just 6.70% in 2Q21, partly as a result of China's attempt to cool commodity prices to rein in raw-material costs and to manage inflationary concerns. Measures rolled out by China to tame prices include releasing stake stockpiles and trading curbs, which resulted in copper prices falling from May's peak of US$10,460/ton to end June's US$9,374.50/ton, a drop of 10.38%. Going forward, the question is whether the current price decline / stability can be maintained. While China is the biggest copper consumer in the world, other factors such as the recovering global economy and increasing demand for renewable energy, we think copper prices are likely to continue to rise in 3Q21, although the jump in prices is unlikely to be as sharp as previously seen in 4Q20 and 1Q21.

Copper Futures (US$ / lb)

Agriculture - CPO prices should rebound on improved demand appetite

★ Crude palm oil (CPO) fell 6.87% in 2Q21 after three straight quarterly gains as the Covid-19 situation in India (world's biggest buyer of CPO) was worrisome and the lockdown measures in India spurred concerns about weak CPO demand. CPO fell from the peak of RM$4,883/MT in May to RM$3,549/MT in mid-June but eventually recovered to close at RM$3,782/MT end June as the Covid-19 situation improved in India. However, based on Bloomberg median estimates, CPO inventories probably rose 5.1% in June from May, the highest since September, implying that stockpiles have rebounded 30% after bottoming at the end of last year. However, India has recently cut import duty on palm oil and removed the restriction of refined palm oil imports till end 2021 so as to tame inflationary pressures, which is positive for palm oil demand. We think going forward, CPO prices will continue to trend upwards in 3Q21.

Crude Palm Oil Futures (RM$ / MT)



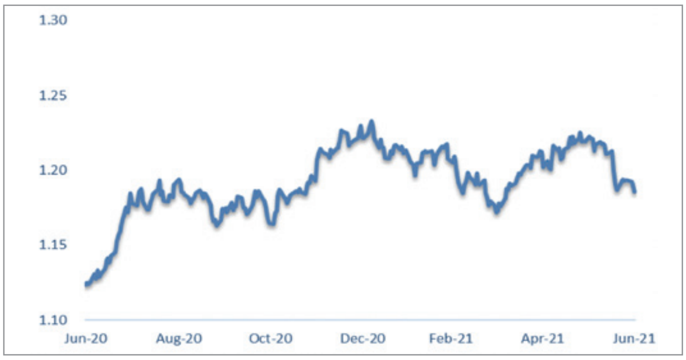
★ Data Source：Bloomberg, 2021/06/30

Currency Trends and Outlook

EUR/USD：Resistance：1.2266 / Support：1.1704

★ EUR continued to strengthen against the USD in April and May this year. In response to strong economic and corporate data, coupled with the satisfactory progress in rolling out the Covid-19 vaccination programme in the EU, these factors supported the EUR's trajectory. However, in June, EUR weakened and fell below the daily moving averages. Besides the unexpected hawkish turn of the Fed and the acceleration of the pace of interest rate hikes, what is more critical is that the ECB still adopted a rather dovish attitude towards economic outlook. Therefore, even if there are strong economic growth or inflation data in the euro zone in short term, the ECB will not tighten their monetary policy in response. Therefore, we believe EUR's appreciation in the coming quarter is limited, with resistance at 1.2266 (last high on May 25) and support at 1.1704 (last low on Mar 31).

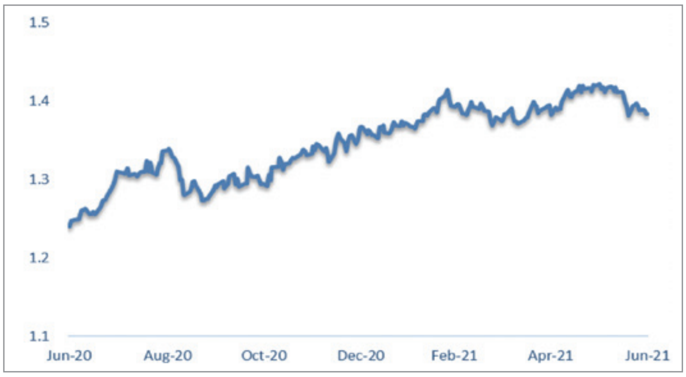
EUR/USD



GBP/USD：Resistance：1.4248 / Support：1.3524

★ GBP's strong performance against the USD in 2Q21 was mainly due to the UK's positive economic data and the lifting of lockdown measures, as well as the slowing down of asset purchases by the BOE. However, the market's hawkish expectations for the BOE were not met at the June interest rate policy meeting. The BOE once again released a relatively dovish stance and stated that it will continue to maintain the benchmark interest rate unchanged until the economic outlook is clear. Also, investors are worried about the trade dispute between the UK and Northern Ireland. At the same time, we believe the current strength in GBP will not be maintained in 3Q21, as the pair is affected by news such as the implication of the Fed possibly raising interest rates earlier than expected. The pair will trade between resistance at 1.4248 (last high on Jun 1) and support at 1.3487 (250DMA).

GBP/USD

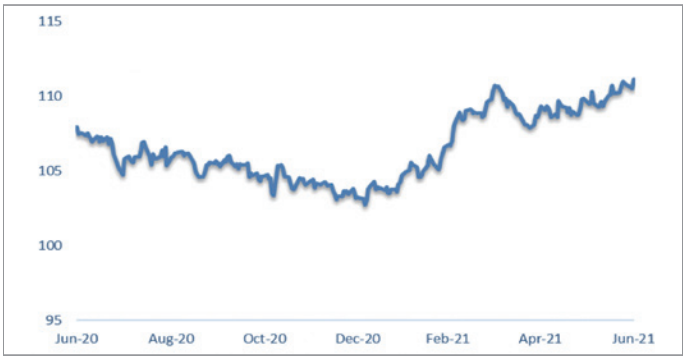


★ Source：Bloomberg, 2021/06/30

USD/JPY：Resistance：112.20 / Support：106.46

★ JPY weakened in 1Q21 and continued to depreciate in 2Q21 as well, mainly because the global bullish sentiment in 2Q21 reduced the market's demand for safe-haven currencies, and the state of emergency implemented by Japan in 2Q21 also hindered Japan's economic recovery. Both factors resulted in the yen's depreciation in 2Q21. At BOJ's policy meeting in June this year, BOJ announced that the current monetary policy would remain unchanged, and with Japan's current low inflationary pressures, we expect the BOJ's accommodative monetary policy will continue in the short term. At the same time, the Covid-19 outbreak in Japan is still serious and the implementation of emergency measures will affect Japan's economic recovery. With the Fed's relatively hawkish attitude, we expect JPY will continue to face selling pressure, with resistance level for USDJPY to be at 111.20 (2020's high) and support at 106.46 (250MA).

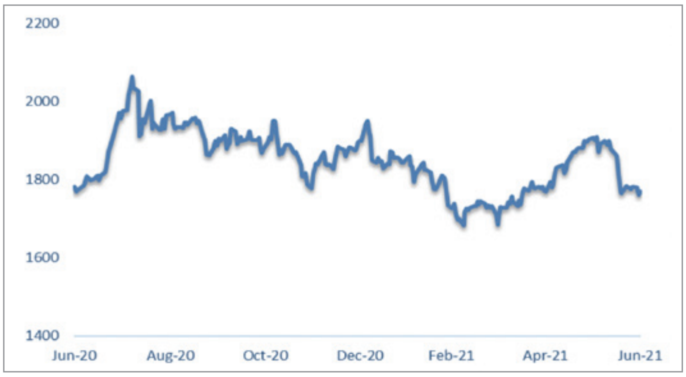
USD/JPY



XAU/USD：Resistance：1908.38 / Support：1683.54

★ Spot gold returned to the US$1,900/oz level in June this year, driven by the increase in global central banks' gold reserves and inflationary pressures. However, post-Fed's June interest rate policy meeting, although the Fed did not take any action on interest rates, the accelerated pace of interest rate hikes and the potential reduction in the Fed's balance sheet during the year may have put pressure on the spot gold, which also fell after the policy meeting. Looking ahead, although gold can be used as a hedge to against inflationary pressures, and the emergence of a new virus variant has also allowed gold to be utilized as a hedging tool again, under the influence of the global economic recovery and the Fed's relative hawkish stance, we expect the price of spot gold will continue to be tested in the coming quarter. We expect gold to trade between the resistance level at 1908.38 (last high on Jun 2) and the support level at 1683.54 (last low on Mar 8).

XAU/USD



★ Source：Bloomberg, 2021/06/30

Currency Trends and Outlook

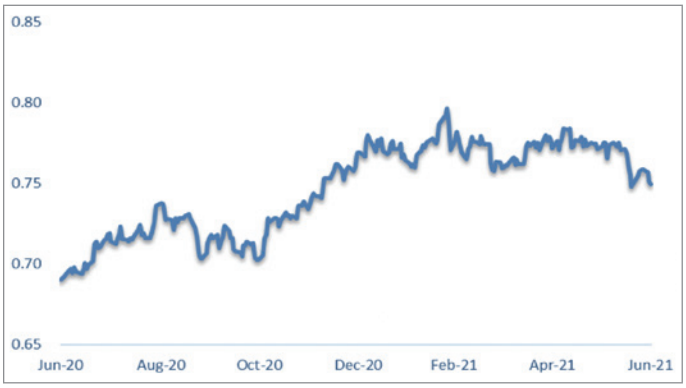
AUD/USD：Resistance：0.7876 / Support：0.7373

★ The AUD recorded strong gains at the beginning of the year due global economic recovery and rising commodity prices. It once rose to a high of 0.8007 against the greenback in February. However, in 2Q21, the market focused on the Fed's attitude and the AUD fluctuated within a narrow range. Looking ahead to the coming quarter, we are not significantly optimistic on the direction of the AUD. This is due to:

1) RBA has stated that the Australian central bank will not raise interest rates unless the inflation rate maintained at 2-3%, and the RBA believes that this is unlikely to be the case before 2024, reflecting the RBA's dovish attitude.
2) The outbreak of Delta variant in Australia resulted lockdown in multiple cities, which hindered the progress of Australia's economic recovery.

Unless the RBA turns hawkish, we expect the AUD to trade between the resistance level of 0.7876 (23.6% retracement from YTD peak) and support at 0.7400 (low on Dec 7, 2020).

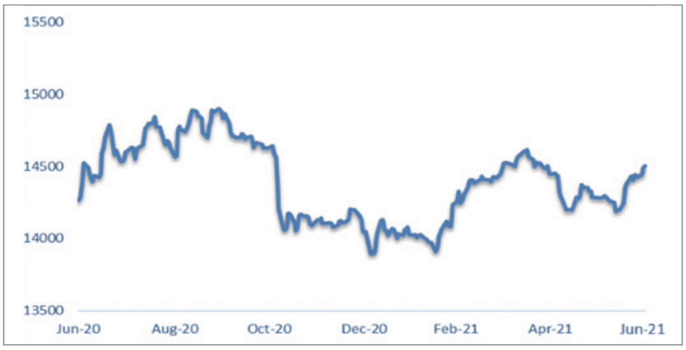
AUD/USD



USD/IDR：Resistance：14,900 / Support：13,895

★ The IDR once strengthened to a low of 13,895 against the dollar at the beginning of the year, but had since repeatedly weakened in 2Q21, reaching a high of 14,600 against the dollar in April. The IDR has to now deal with the relatively hawkish stance adopted by the Fed. Taking into consideration that most of the debt issued by the Indonesian government is denominated in USD, coupled with the recent rebound in Indonesia's Covid-19 cases, these two factors will negatively impact on Indonesia's overall economic recovery, adding pressure on the IDR. Although Bank Indonesia may continue to adopt tight monetary policies such as keeping interest rates unchanged to counter currency weaknesses, overall the IDR will be dealing with multiple negative factors in 3Q21. We expect the IDR to trade between the resistance level of 14,900 (peak on Sep 28, 2020) and support at 13,878 (last low on Jan 6).

USD/IDR

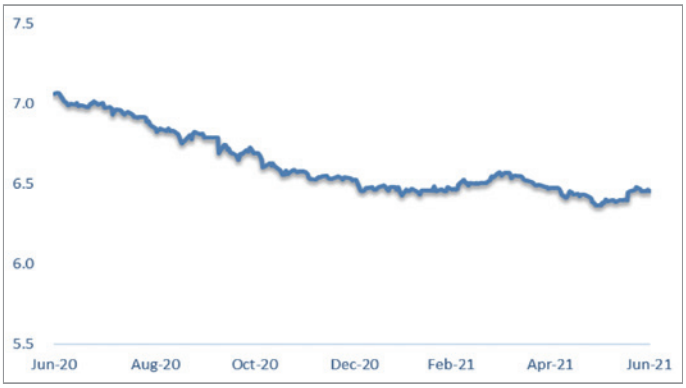


★ Source：Bloomberg, 2021/06/30

USD/CNY：Resistance：6.5793 / Support：6.3570

★ The stable policy outlook as well as the economic recovery created a stable environment for CNY appreciation. CNY hit a nearly three-year high in May, fully reflecting the market's bullish sentiment towards CNY. However, the PBOC later pointed out that the CNY's direction has decoupled from economic reality. The PBOC also pointed out that the direction of CNY will depend on market demand and supply as well as changes in the international financial market. The bi-directional volatility will become the norm, indicating that the possibility of unilateral appreciation of CNY will diminish. On the other hand, as we enter into the third quarter, Chinese companies listed in Hong Kong will distribute a total of US$53 billion in dividends. We expect that the pressure on foreign exchange purchases will put pressure on CNY, and factors such as the Fed's earlier-than-expected interest rate hike will also drive the USD upwards. The upward momentum of CNY appreciation will slow down in the near future, the resistance and support level will be at 6.5793 (high on Mar 30) and 6.3570 (low on May 31) respectively.

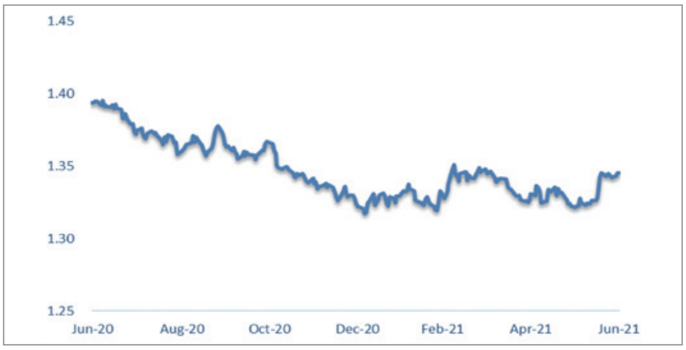
USD/CNY



USD/SGD：Resistance：1.3660 / Support：1.3157

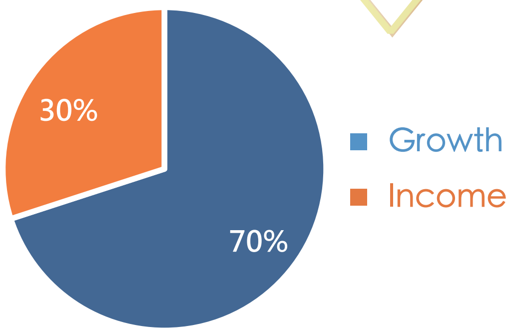
★ MAS announced in April that it will continue to maintain the appreciation of the NEER of the SGD within policy range, and the level at which it is centered as well as the width of the policy band remains unchanged. The news has narrowed the overall appreciation of SGD, and in 2Q21, SGD has also entered a period of consolidation. Although MAS has noticed that the labour market has gradually improved recently, the smooth progress of the mass vaccination programme and better-than-expected economic data brought pressure on consumer prices. Nevertheless, the SGD is currently in the upper half of the policy range, and CPI is still within the expected range. MAS can continue to maintain a wait-and-see attitude with regards to accommodative monetary policy. Therefore, the chance of SGD strengthening in the short term is relatively low. USDSGD is expected to trade between resistance level at 1.3660 (38.2% retracement from one year peak) and support level at 1.3157 (low on Jan 16).

USD/SGD



★ Source：Bloomberg, 2021/06/30

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
FSSA China Growth Fund Class I	USD	Invests in securities issued by companies with either assets in, or revenues derived from China.	Asia	IE0008368742
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

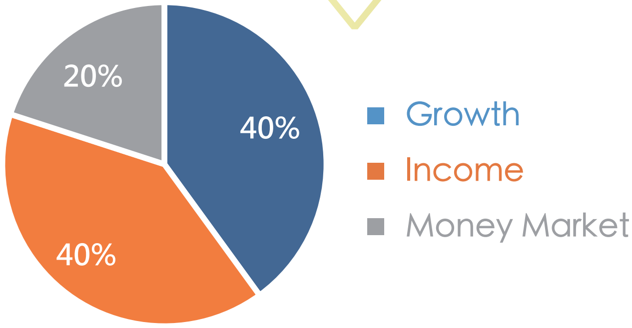
Corporate Stock / Equity Linked Note (ELN)				
Investment Asset	CUR	Company Description	Exchange	Ticker
SIA Engineering Company	SGD	A subsidiary of the Singapore Airlines Group, specialising in aircraft maintenance, repair and overhaul (MRO) services.	SGX	S51.SI
BYD Company Limited	HKD	A Chinese high-tech company devoted to electronics, automobiles, new energy and rail transit.	HKSE	1211.HK
Amazon.com, Inc	USD	An multinational tech company which focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence.	NASDAQ	AMZN.US

Income

Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
ESR Cayman Ltd.	SGD	YTM: 7.622% / Maturity Date: Perpetual	5.650%	SGXF85669657
GCL New Energy Holdings Ltd	USD	YTM: 9.984% / Maturity Date: 2024.01.30	10.000%	XS2350477308
<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 - Emerging Market Equity Fund	USD	Invests in companies from emerging markets around the world.	EM	LU0053685615
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
VanEck Vectors Semiconductor ETF	USD	Tracks MVIS US Listed Semi- conductor 25 Index.	USA	SMH US
Vanguard FTSE Developed Markets ETF	USD	Tracks FTSE Developed All Cap ex US Index.	Global	VEA US

Income

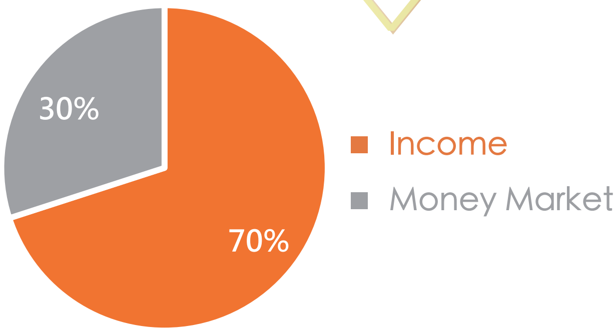
Corporate Bond				
Investment Asset	CUR	Investment Description	Coupon	ISIN
Olam International Limited	SGD	YTM: 7.504% / Maturity Date: Perpetual	5.375%	SGXF39597590
China Aoyuan Group Limited	USD	YTM: 8.670% / Maturity Date: 2024.06.21	7.950%	XS2351242461
Li & Fung Ltd.	USD	YTM: 7.004% / Maturity Date: Perpetual	5.250%	XS1389118453
<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
AIA Group Limited	USD	YTM: 3.365% / Maturity Date: Perpetual	2.700%	XS2328261263
Bank of East Asia Ltd.	USD	YTM: 4.186% / Maturity Date: 2030.05.29	4.000%	XS2168040744
<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 Preferred and Income Securities ETF	USD	Tracks ICE Exchange-Listed Preferred & Hybrid Securities Transition Index.	USA	PFF 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

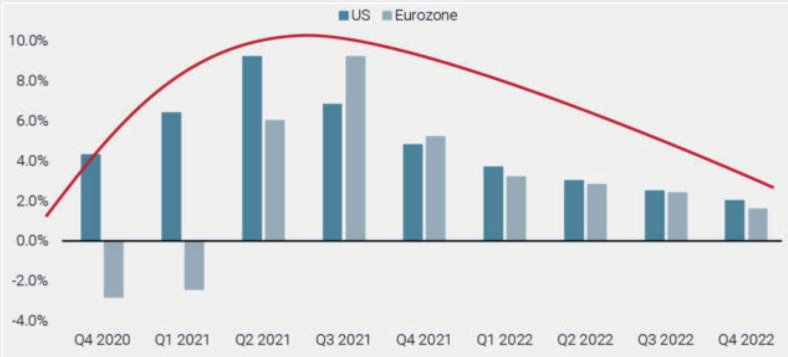
Money Market

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

Growth and Inflation: Have we hit the peak?

Regarding the global economic cycle, the consensus outlook is very clear: GDP growth will have peaked in Q2 2021. The current view shared by most economists and central bankers is that the peak of ISM, payroll and retail sales data, as well as of China's credit impulse and M2, is now behind us. The expectations are now for a gradual return to potential growth, which will be reached during the course of next year. Figure 1 illustrates this expected path through the quarterly consensus forecasts for the US and Eurozone economies.

Figure 1: Consensus Forecasts for US and Eurozone GDP



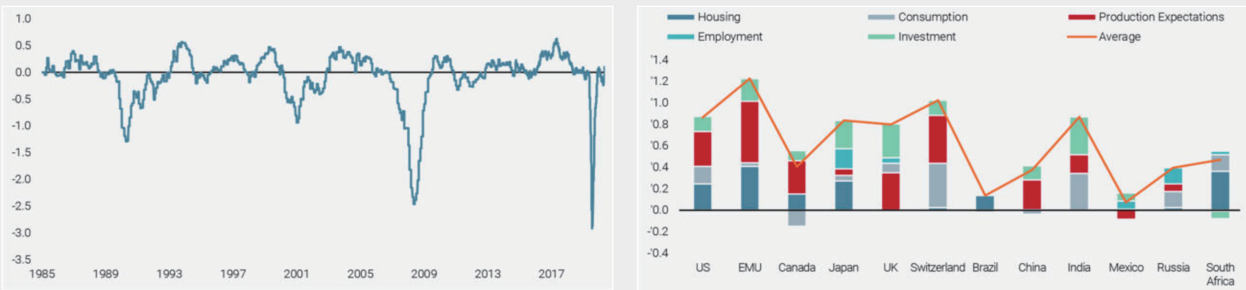
In this context, the rise in inflation observed since the beginning of the year, which is the result of a combination of rising commodity prices and a lack of significant investment in many sectors constraining supply and limiting the efficiency of the supply chain, is therefore expected to be temporary.

Different angle some other institutions takes

Investment management firm Unigestion's proprietary Global Growth Nowcaster indicator, which track the business cycle and inflation risk in real time via the aggregation of several hundred macroeconomic, financial and media data series, suggest a different perspective. The indicator highlight the exceptional nature of the current situation via two key findings:

1. The Global Growth Nowcaster is at its highest level since 1985 (Figure 2).
2. The very balanced distribution of contributors, both in terms of sectoral components and geographical areas (Figure 3).

Figures 2 & 3: Global Growth Nowcaster and its Breakdown by Country and Component



Historical analysis shows that this level of growth typically lasts longer than what current pricing indicates. Through studying from the dynamics of the indicator, analysing the average growth rate after it reaches a high level and its stability in terms of how long growth remains at this high rate. Investors may have only seen one part of the economic recovery. This is the growth coming from the rebound in industrial and manufacturing activity that has been enabled by the resumption in global trade. Because of the social distancing measures still in place in many parts of the world, the "Consumption" component, particularly that of services, has not yet regained its pre-crisis momentum or its contribution to growth. However, the consumption of services is a major creator of jobs. In the coming months, we believe that demand for services will benefit from:

1. Reopening/vaccination, which will allow people to move more freely
2. The exceptional level of savings, which will support a strong increase in consumption by households as well as by companies via investment.

Quarterly Discussion Theme

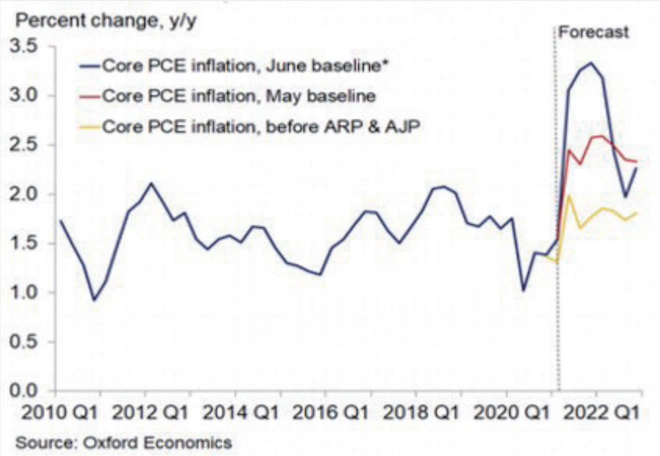
Growth and Inflation: Have we hit the peak?

Base case shows warmer inflation into 2022

Based on the research institution Oxford Economics' bottom-up analysis of inflation dynamics envisages a gradual rotation of goods inflation toward services inflation, reflecting evolving spending patterns. But the rotation won't be smooth - given the ongoing supply bottlenecks, the coming quarters are likely to bring an uncomfortable mix of elevated goods and services inflation.

Some other comments, including Former Treasury Secretary Summers fear that inflation is the most important risk for the US economy, warning of spiraling inflation as expectations become unmoored, businesses retain pricing power, and workers gain stronger bargaining power. They argue these factors will lead to a strong inflation-wage push-push cycle.

Figures 4: An upward revision to inflation forecast



Oxford Economics' view is that inflation will cool in the coming quarters, but will remain higher than it's been over the past decade. They see headline CPI inflation averaging 2.4% in 2022 compared with 1.8% during 2010-2019, while core PCE inflation will average 2.5% compared with 1.6% during 2010-2019.

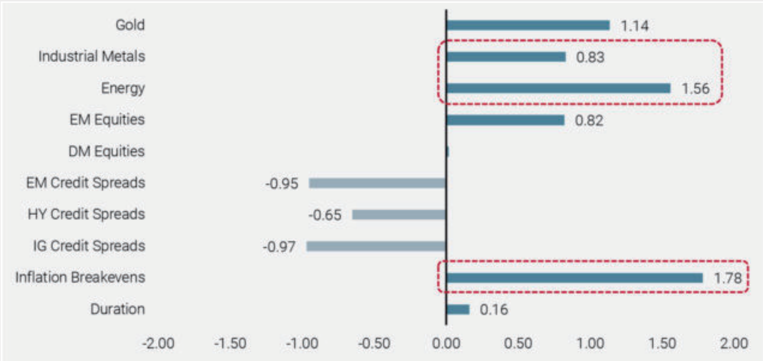
Supporting Cyclical and Real Assets

In a context of higher inflation and higher growth, we favour cyclical commodities that exhibit attractive valuations relative to history thanks to the current backwardation of the forward curve (Figure 5). Moreover, as we expect a broader and stronger expansion than consensus led by capex linked to both infrastructure investment and climate transition, real assets should outperform income and defensive assets.

Against such a backdrop of higher-than-forecast inflation, investors should favour businesses with pricing power that can improve their margins if input prices increase. Consequently, with the first phase of reflation-triggered rotation across and within assets through a sensitivity to higher bond yield analysis, we think that the expansion will likely lead to more discrimination based on the difference between "price maker" and "price taker".

In this context, we continue to favour assets that combine high cyclical sensitivity and moderate valuations. Within equity indices, European, Japanese and emerging equities are favoured, as well as cyclical commodities and inflation breakevens, which historically provide a good hedge against persistently high inflation. Conversely, we maintain a negative view on sovereign bonds and defensive currencies such as the CHF, EUR and SEK.

Figure 5: Historical Valuation Indicators



Source : Oxford Economics , Unigestion

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

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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PC iFAST Holding (SG) Pte Ltd
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