



Quarterly Investment Strategy
Fourth Quarter 2016

GLOBAL GROWTH ANXIETY

ASSET ALLOCATION

*Remain Neutral on Equities,
Fixed Income raised to Overweight,
Commodities raised to Neutral,
Cash reduced to Underweight*

FIXED INCOME

*Remain Underweight
Developed Markets,
Remain Neutral
Emerging Markets*

EQUITY

*Developed Markets reduced to
Neutral,
Emerging Markets raised to
Neutral*

COMMODITIES

*Overweight on Energy and Gold,
Underweight on Bulk Commodities,
Based Metals raised to Neutral,
Remain Neutral on Agriculture*

As one of the thought leaders in asset management, UOBAM regularly produces topical investment research articles and publications to help our clients stay on top of financial market developments.

Webcast – Asset Allocation Strategy for Q4 2016

In our quarterly webcast, Mr Tony Raza, Head of Multi Asset Strategy Unit, will share our asset allocation strategy, as well as discuss key issues driving developments in global markets.

View the webcast on the homepage of our website at uobam.com.sg.

INVESTMENT STRATEGY SUMMARY

CLEAR FAIRWAYS BUT HEAVY ROUGH ON BOTH SIDES

Global markets have rattled unpredictably for over a year. In both January 2016 and in August 2015, equities sold off heavily on modest signs of economic weakness, then surged in the aftermath of the Brexit event as investors grew confident that saw risk assets rallying globally.

A golfing analogy can be applied to the investment outlook as we think about the road ahead in the coming quarters. The road ahead looks like a clear a straight fairway with confidence that global markets can remain on that fairway. However the penalty for missing the fairway is severe with a deep rough on the left and a water hazard on the right.

We see most of our market indicators providing a reasonable strong “score” for the global outlook over coming quarters. This scorecard would look at market momentum, economic indicators, economic surprises, valuations, earnings revisions, fund flows and volatility indicators. A systematic review of these indicators would point to a mostly healthy outlook or a nice a straight “fairway”. The concerns are that as the global expansion continues past the average length of the expansionary cycle, the risk of ending this expansion without seeing a normalization of inflation and interest rates increases.

If this happens then the world will have appeared to have entered secular stagnation implying a scenario similar to Japan’s lost decade. On the other hand, there is the potential of inflation finally gaining traction as US employment slack eases after years of money printing from the Federal Reserve (Fed). Stagflation fears will creep in if inflation surprises on the up side without improvements in growth. Neither secular stagnation nor stagflation are viewed by investors to be friendly investment climates.

Our base case of the outlook of the coming quarters is still fairly bullish. We have good confidence that the global markets should remain on the fairway over the coming quarter. However with secular stagnation as the rough on the left and stagflation as the water on the right, some degree of caution is warranted.

Thus, we are fairly neutrally positioned across asset classes. We are neutral on equities, and neutral on commodities. We are slightly underweight on cash and slightly overweight on fixed income.



John Doyle

*Chief Investment Officer
Equities & Multi-Assets*



Chong Jiun Yeh

*Chief Investment Officer
Fixed Income & Structured Investments*

CONTENTS

- 4** Global Asset Allocation Summary
- 5** Global Investment Strategy
- 11** Equity Strategy
- 16** Fixed Income Strategy
- 21** Commodities Strategy
- 23** Appendix

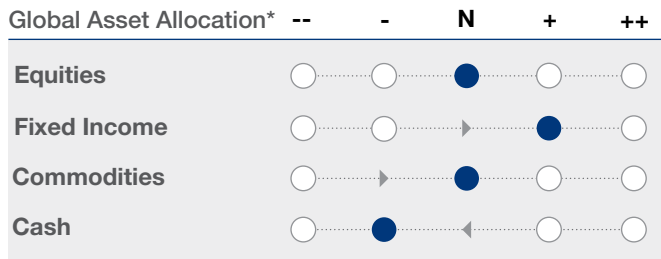
GLOBAL ASSET ALLOCATION SUMMARY

We have a neutral positioning across major asset classes for the fourth quarter of 2016.

For the fourth quarter of 2016 we are positioning our funds with a recommendation to our clients for a balanced and neutral positioning across major asset classes.

While asset class performance and volatility have stabilised post Brexit, most regions are still facing weak economic growth and lagging corporate earnings. However despite the tepid conditions, we suspect risk assets will continue to be volatile even as we do not see signs of an imminent recession. Until we see more evidence of sustained growth and that earnings growth resumes, investors should not be overly bearish about asset class return expectations.

We are therefore positioned with neutral weightings in equities and commodities and only a slight overweight position in fixed income which comes from keeping cash positions low.



Notes:
*Three to six months horizon
The weights are relative to the respective benchmark(s).
'- -' denotes maximum underweight, '- ' slight underweight, 'N' neutral, '+' slight overweight, '+ +' maximum overweight; arrows show change from last quarter.

Equities – Neutral

Global equities have recovered from weakness in the first quarter. While US markets have rallied to unprecedented highs, the fundamentals including corporate earnings growth remains weak and we are staying neutral until we see clearer evidence of global growth.

Fixed Income – Slight Overweight

A slow growth environment combined with low inflation levels continues to support fixed income market performance. While global interest rates and yields are low, fixed income market offer steady returns. As inflation signs in the US are slowly starting to return to normalised levels, the pace is likely to be very gradual and unlikely to be mirrored by much of the world. We thus expect fixed income markets to continue providing steady returns. We maintain a slight overweight position.

Commodities – Neutral

Many of the oversupply issues in commodities such as energy and industrial metals have eased. Global demand for commodities is positive growing at modest rates. We expect the outlook for commodities to be more stable this quarter after the volatility over the past few quarters.

Cash – Underweight

We expect financial conditions to improve, and equity valuations and credit spreads to offer better returns than cash. We are underweight on cash.

GLOBAL INVESTMENT STRATEGY

GLOBAL GROWTH ANXIETY

Global markets in most asset classes have stabilised in 2016 after a rocky start to the year. Equities, fixed income and commodities saw positive returns through most of the first three quarters of the year.

The high volatility in the aftermath of the Brexit vote at the end of June was soon replaced with rallies. We were initially concerned that the Brexit vote would lead to a prolonged period of political uncertainty and engender a contagion effect on business potentially for a long period of time. Potentially, trade and investment would take a hit owing to changes to agreements and regulations, at least till the conditions are set in stone.

With growth in the UK averaging just barely over 1 per cent, even a modest decline in business investment could easily tip the UK into recession. The UK is the fifth largest economy in the world so any recessionary effects could spillover to Europe and further dent global growth.

Fortunately for the UK and the rest of the world, the succession of new Prime Minister Theresa May injected political stability. The actual triggering of Article 50 to exit the Eurozone is also delayed. Though economic data in the UK took a beating, data in the Eurozone went relatively unscathed. For now, at least in the near term, acute economic concerns from Brexit have abated. Global equity markets were assuaged evidenced by the lower volatility.

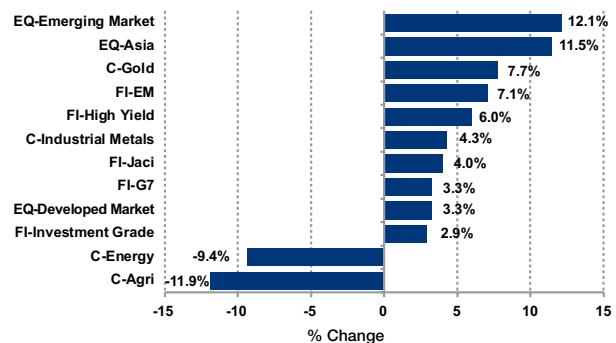
We had been fairly sanguine on global markets through most of the year but turned cautious after the Brexit vote. Our view was that it would involve significant changes to policies with near term business activity and planning likely be suppressed as policymakers iron out issues from the exit. However,

political differences were resolved quickly and the actual exit process was extended over a longer timeframe than originally conceived. Though our cautious outlook was prudent over the period of transition, these later eased after the event turned out to have a shorter effect on markets than expected.

Global market indicators

Our strategy view on the outlook for global markets is based on both a scorecard rating of key market indicators and a macroeconomic assessment of the global environment. We find at the end of the third quarter that the scorecard of market indicators scored fairly highly and generally point toward a “risk on” environment. Factors including momentum, economic indicators, economic surprises, valuations, volatility and fund flows, all point to a fairly healthy outlook for global markets.

Global markets performance trends (3mth return USD)



Source: UOBAM, Bloomberg, 26 Aug 2016

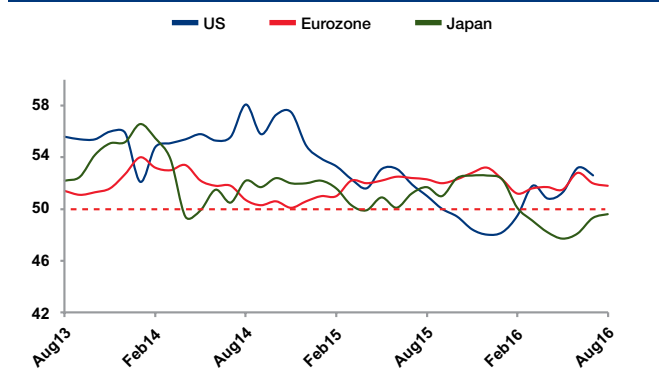
The year-to-date (YTD) performance of gold has been the strongest performer, along healthy returns across both “safe” and “risk assets”. The horizons also turned brighter for emerging market equities and fixed income that outperformed in 2016 after slumping underperformance for several years.

Economic indicators are broadly supportive of global growth and support the consensus outlook for sustained growth at a moderate rate. The Purchasing Managers’ Index (PMI) numbers across the world are largely stable and mostly above the 50 level, indicating expansion. Economic surprise indices have generally been trending up across the world albeit partly due to low expectations

While many market investors expressed concern that valuations of both equities and fixed income markets are problematic, our view is that both are in line with what we see for valuations in the second half of a cycle and tend to persist until the end of the cycle (which we think the end of the cycle is likely a couple of years away).

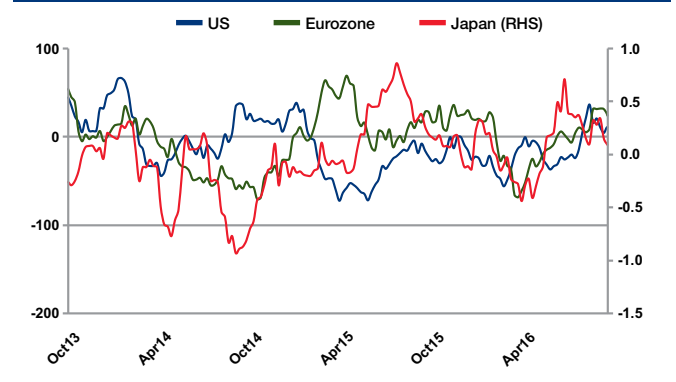
While many market investors have expressed concerns that valuations of both equities and fixed income markets are problematic, our view is that both are still in line with valuations in the second half of a cycle and tend to persist until the end of the cycle. Global equities are not anywhere near elevated levels that would trigger a cause for alarm, though they are trading at valuations modestly above average. Equity earning yields are actually very attractive when compared to alternative yields that can be obtained from low risk assets such as government bonds. Credit yields have pushed to low levels and appear expensive, but this is geared heavily toward low yielding government bonds. Credit spreads are now tighter than average but are in line with spreads seen in the second half of the past 2 cycles. These spreads are usually maintained until the next recession.

Global PMI trends



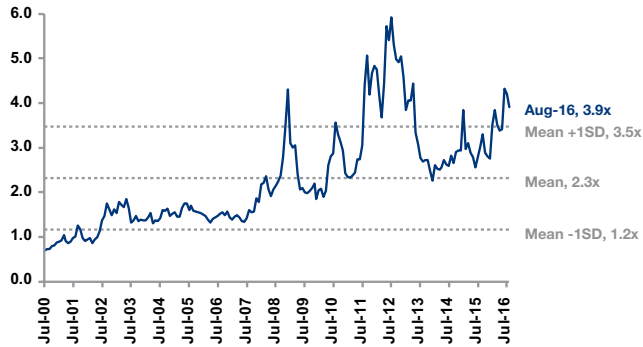
Source: UOBAM, Bloomberg 26 Aug 2016

Economic Surprise Indices



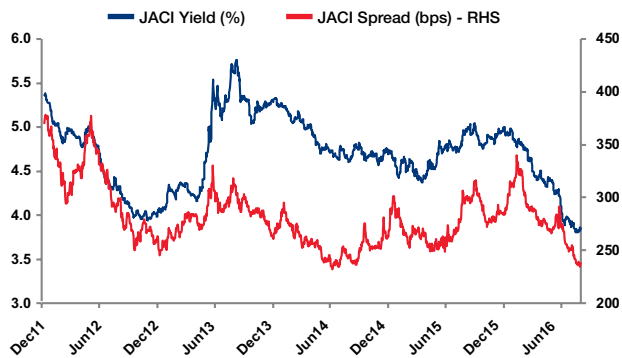
Source: UOBAM, Bloomberg 26 Aug 2016

Global Equity Yield Ratio



Source: UOBAM, Bloomberg 26 Aug 2016

Asian Credit Spreads



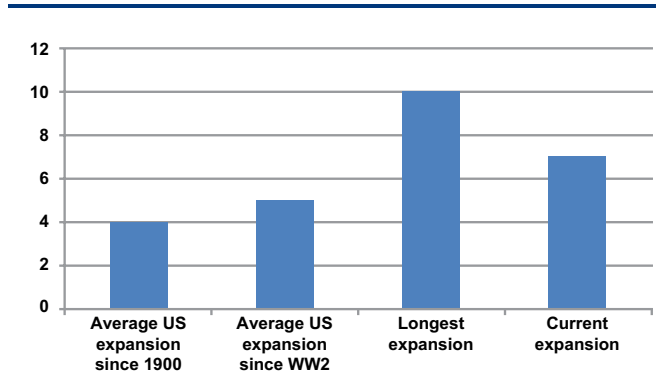
Source: UOBAM, Bloomberg 26 Aug 2016

The Deep rough on the left and right

Despite our fairly bullish global market assessment, we maintain an overall cautious outlook and are neutral on asset class strategy. Our concern stems from the stage of where current environment fits into the investment cycle given that the environment has not normalised yet.

While we think the current economic cycle can be sustained for a couple of more years, it is becoming increasingly important for inflation numbers and interest rates to scale up or normalise. Firstly, when considering the duration of global economic expansion we regularly point to where the current cycle stacks up against historical levels. The longest expansion to date spanned 10 years while data indicates that the world is seven years into the current expansion as it began in 2009. This means we are two years above the average expansionary cycle of five years.

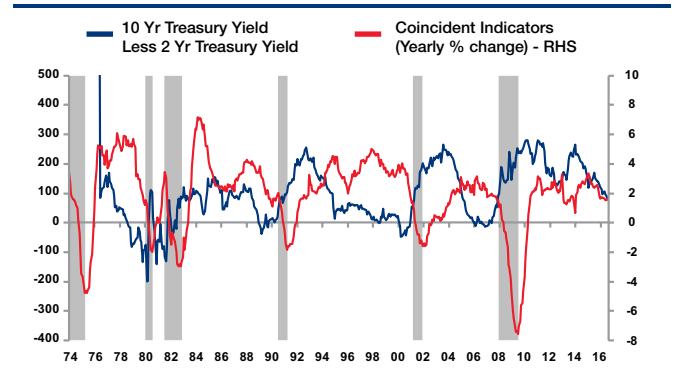
Average Expansion Cycles



Source: UOBAM, Bloomberg 26 Aug 2016

We maintain several models to try to assess the risks of standing at the end of an expansion cycle. Our view is that all the key usual models that one would use points to low risks of a new recession in the next six to 12 months. The leading indicators, coincident indicators and yield curve indicators are not showing the trends we saw in prior recessions. In the lead up to the previous recession we have seen the leading indicators and the yield curve all declining significantly in the year before the recession. We also analysed probability models as published by various regional reserve banks in the US banks and similarly these indicate a low probability of a recession.

Recession Risk Indicators not pointing to a new recession



Source: UOBAM, Bloomberg 26 Aug 2016

The cycle has now exceeded the duration of average cycles even as near term signs of an end to the cycle remain elusive. The speed which the global economy goes through an expansion cycle is largely dictated by the pace of inflation. Inflation around the world has been very low especially in the developed economies where inflation is bordering on deflation.

Inflation is low around the world

REAL CPI	ACTUAL							FORECASTS		
	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018
World	2.7	3.7	5.1	4.1	3.7	3.2	2.8	2.9	3.2	3.2
United States	-0.4	1.6	3.2	2.1	1.5	1.6	0.1	1.3	2.2	2.2
Eurozone	0.3	1.6	2.7	2.5	1.4	0.4	0.0	0.3	1.3	1.6
Japan	-1.3	-0.7	-0.3	0.0	0.4	2.7	0.8	-0.1	0.7	1.3
UK	2.2	3.3	4.5	2.8	2.6	1.5	0.0	0.7	2.2	2.1
China	-0.7	3.3	5.4	2.7	2.6	2.0	1.4	2.0	2.0	2.2
India	10.8	12.1	8.9	9.3	10.9	6.4	5.9	4.9	5.3	5.0
Brazil	4.9	5.0	6.6	5.4	6.2	6.3	9.0	8.6	5.6	4.6
Russia	11.7	6.9	8.5	5.1	6.8	7.8	15.6	7.3	5.5	5.2

Figures in brackets are as of 30 June 2016.

*India GDP from 2013 is based on the Fiscal Year ended March.

Source: UOBAM, Bloomberg, 26 Aug 2016

The reasons for the low inflation around the world are complicated. Traditionally, most economists accepted the fundamental conclusion from Milton Friedman that inflation is “always and everywhere a monetary phenomenon”. Central banks around the world have been trying to expand money supply through quantitative easing (QE) programs, to limited real effects on the economy.

The trends of low inflation are now mirroring Japan during their “lost decade”. A shifting demographic towards a declining population and an aging society, are appearing alongside low inflation and deflation.

Our base case expectation is with continued US economic expansion, and full employment, inflation will finally start to gradually normalise. This will enable the Fed to gradually normalise interest rates. We think a slow and steady normalization process will not be problematic for either fixed income or equity markets, and asset classes will deliver expected returns over the coming year. The expansion phase will end at some point in the next few years with a fair degree of normalisation progress. But as in our golf analogy, although that “fairway” of our base case looks fairly clear, there are deep and rough waters if we miss the fairway.

There is a danger of inflation rates failing to gain traction globally in the face of QE programs full employment in the US and recoveries in energy prices. If inflation remains low and the cycle ends without progress in normalizing inflation and interest rates then inflation could turn into deflation at the next downturn. Global economists will be more likely to conclude that the economic theory of secular stagnation (or more simply the Japanification of the world) has taken root. If so, then the investment implications are worrisome. The experience of Japan in the past two decades showed equities did not provide lasting performance over the whole period. Fixed income markets provided low returns but were steady and positive in real terms (e.g. 1-2 per cent credit yields plus 2 per cent deflation implied reasonable real returns of close to 4 per cent). Learning from Japan’s experience would mean favouring bonds over equities.

Historically inflation sets in when the US economy hits full employment, with rising energy prices and supportive monetary policy. Thus it would not be completely surprising if US core Personal Consumption Expenditure (PCE) inflation jumped to 2 per cent or higher in the coming months. There is a risk that inflation may finally surprise on the upside as previous QE programs may help fuel rapid inflation growth at some stage. Once inflation gains traction it could find momentum from all the money printing accrued from the previous years.

However outside of the US, global growth remains tepid. The problem is when inflation meets low growth, which will raise risks of stagflation. Periods of stagflation are historically terrible periods for global investment markets as both returns in the equities and fixed income markets were negative, leaving few places for cover. And thus we think missing the fairway on the other side could be even more dangerous.

Assessment and outlook

Our assessment of the global markets outlook for the fourth quarter of 2016 remains bullish and slightly cautious at the same time. We think the classic indicators of global market outlook look healthy and look positive for both equities and fixed income. The global investment environment could be argued to be fairly similar to a “goldilocks” environment where growth is not too hot to trigger problematic inflation nor too cold to trigger deflation.

We think that is a likely base case and thus are largely neutrally weighted between asset classes. We think fixed income markets should be able to deliver credit yields close to three per cent and equity returns should be close to their expected returns of five to seven per cent. With volatility in equity returns and risks of low inflation exceeding high inflation, we remain balanced between those two asset

classes. We would assay we are on a fairly “bullish” neutral outlook where we simply expect the asset classes to deliver what they should.

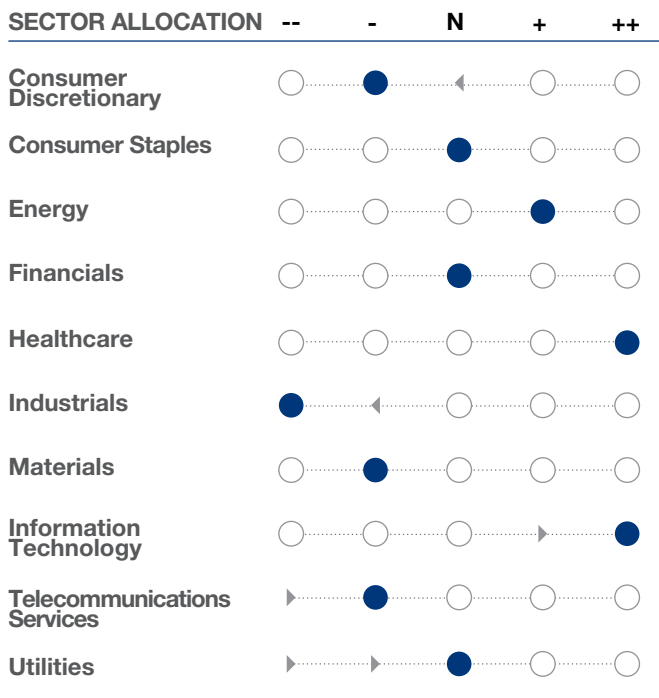
Our caution also comes from that fact that we are concerned about stagnation catching on as we are at the tail end of the recovery cycle without certainty of inflation and interest rates normalising.

Also there are looming risks that positive inflation surprises could be unsettling to markets and could trigger anxieties over stagflation. A situation of stagflation or secular stagnation, indicating negligible growth would have negative consequences to investment performance.

We think the real risks will take longer to play out over the next year or two, but as we enter the fourth quarter of 2016 we would note that we would need to keep them as issues to monitor. Hence we conclude with a global asset class positioning of neutral weightings toward equities, a slightly overweight positioning in fixed income, neutral on commodities, and underweight on cash.

EQUITY STRATEGY

GLOBAL EQUITY

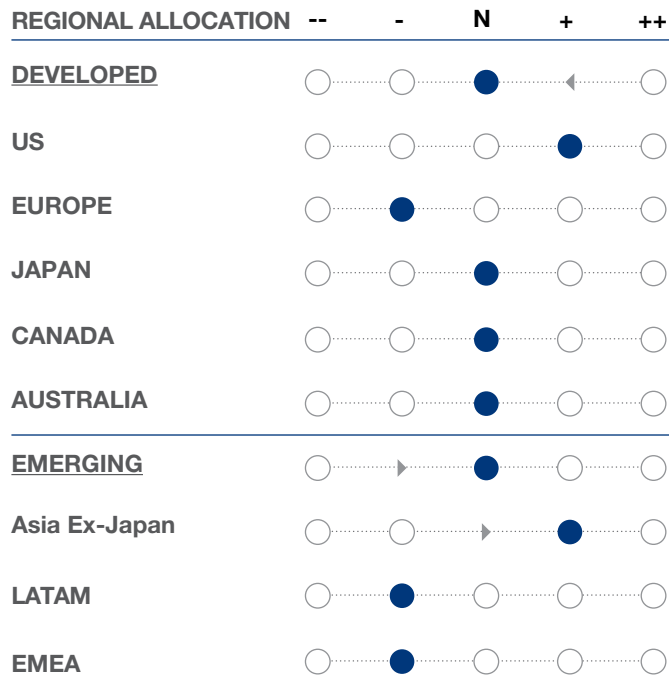


Notes:
The weights are relative to the benchmark – MSCI AC World Index.
‘- -’ denotes maximum underweight, ‘-’ slight underweight, ‘N’ neutral, ‘+’ slight overweight, ‘+ +’ maximum overweight; arrows show change from last quarter.

We have a positive outlook on global equities in the longer term, underpinned by continued growth in the advanced economies, modest earnings growth outlook and strong corporate profitability.

Given the years of underinvestment following the Global Financial Crisis, we believe that technology companies should benefit from rising corporate expenditure on technology hardware, software and business solutions. Hence, we are overweight on the information technology sector. We are also overweight on the healthcare sector given its strong cash generation and dividend yield. The sector continues to benefit from recent merger and acquisition activities and strong earnings growth momentum. We also have an overweight position in energy as we believe that the demand-supply fundamentals in the sector have improved considerably in recent months amid attractive valuations.

Our strategy continues to be underweight on materials given the sub-par growth of the global economy. We have also adopted a more cautious stance on the telecommunications sector which could be impacted adversely by expectations of the US Fed tightening policies in the coming quarters. However, we have neutralised the utilities sector but deployed risk capital into Asia ex-Japan where central banks are cutting rates as a result of lower inflationary pressure to stimulate growth.



Notes:
The weights are relative to the benchmark – MSCI AC World Index.
‘- -’ denotes maximum underweight, ‘-’ slight underweight, ‘N’ neutral, ‘+’ slight overweight, ‘+ +’ maximum overweight; arrows show change from last quarter.

Across regions, we have neutralised our regional exposure in Developed Markets (DM) and Emerging Markets (EM). This is due to global earnings revision which turned positive recently and strong positive capital flows into EM amidst expectations of the US dollar stabilising around the current levels which would be positive for EM. Within DM, we remain overweight on the US which we expect earnings growth to pick up again with improving economic conditions. Our view is that the dollar strength which was previously a headwind to overseas corporate profits will stabilise at current levels which should help earnings growth. Meanwhile, the tightening labour force will result in higher wage inflation but the higher disposable income along with lower gasoline prices will support the retail

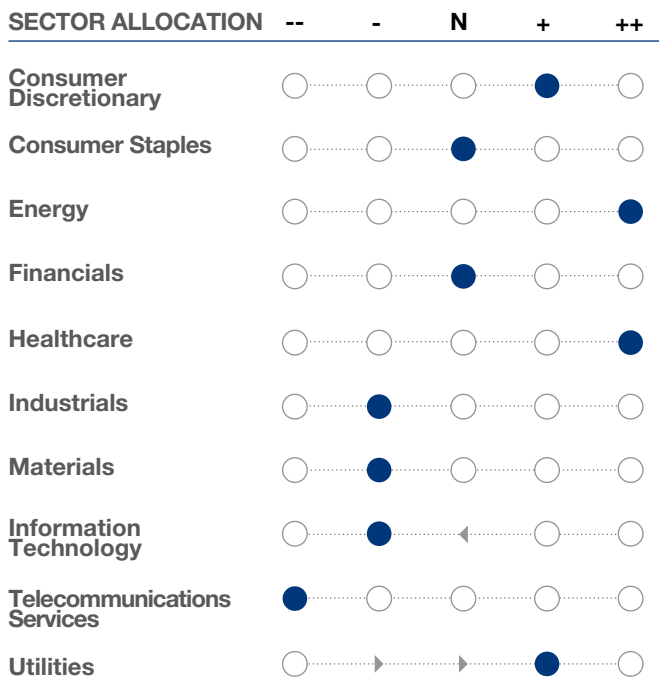
sector, which remains a larger part of the economy. We retain the view that the economy remains on a strong recovery trajectory, and the US remains attractive for selective value plays.

We hold an underweight position in Europe despite the potential for further economic recovery. A weaker euro has helped to lift confidence and boost economic activity. The region also has significant operating leverage to an upturn in economic activity with profit margins currently at trough levels.

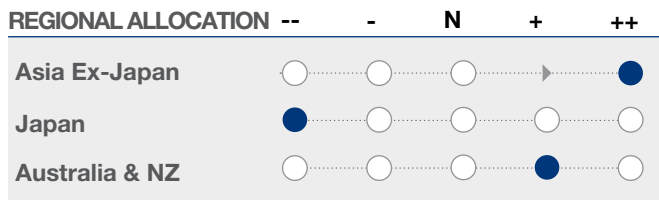
Concerns in Japan continue to linger. Economic data remains mixed but we believe that the Bank of Japan (BoJ) will remain accommodative, which would help to support the market. Despite disappointments on policy and the anaemic economic backdrop, there are some positive developments in corporate governance and corporate performance. Hence we retain our neutral position in Japan.

We upgraded EM to a neutral weight but remain selective in our stock picks and country exposure. Challenges are expected to persist due to domestic imbalances and the build-up of excess credit in the period following the Global Financial Crisis. The slowdown in China continues to weigh heavily on the demand and prices of resources. The abrupt shift in the resources sector has dampened investments and growth in much of the developing world. We believe that the EM still presents good multi-year opportunities from a structural and macro standpoint however facing challenges from a cyclical standpoint. Growth is falling short of expectations and corporate earnings could face further downward pressures unless productivity levels can continue to rise. There are interesting bottom-up opportunities and stock selection is increasingly critical.

ASIA PACIFIC EQUITY



Notes:
The weights are relative to the benchmark – MSCI Asia Pacific Index.
‘- -’ denotes maximum underweight, ‘-’ slight underweight, ‘N’ neutral, ‘+’ slight overweight, ‘+ +’ maximum overweight; arrows show change from last quarter.



Notes:
The weights are relative to the benchmark – MSCI Asia Pacific Index.
‘- -’ denotes maximum underweight, ‘-’ slight underweight, ‘N’ neutral, ‘+’ slight overweight, ‘+ +’ maximum overweight; arrows show change from last quarter.

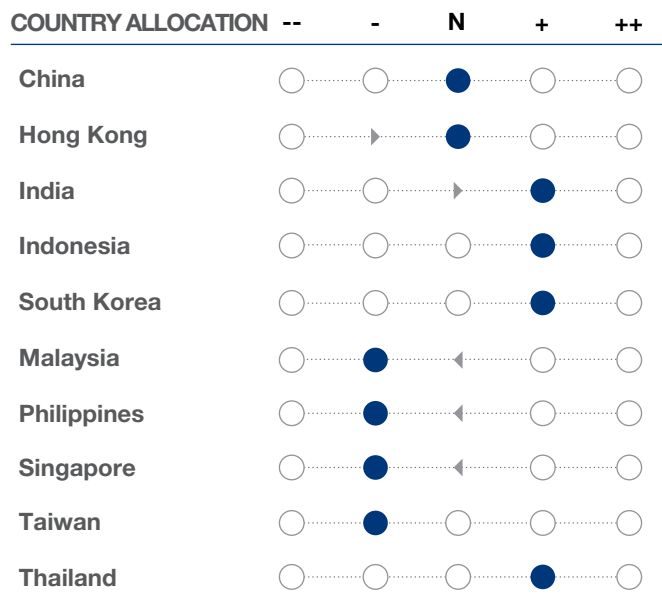
Our strategy is currently overweight on the energy, healthcare and consumer discretionary sectors. We have increased our weights in the energy sector recently given the strong demand response resulting from low oil prices and improving demand-supply balance globally. We are also overweight on the healthcare sector given its strong cash generation and dividend yield. We remain positive on the longer-term trend for the consumer sector as it provides exposure to the continued strong growth of domestic demand. We have reduced our position in the technology sector to underweight on the back of rich valuations and slowing growth outlook. However, we remain positive on the sector on the longer term trend.

The strategy is underweight on the materials sector due to concerns on China, which is experiencing slower growth. The country is also currently in the midst of implementing reforms.

Across regions, the current positioning of the Asia Pacific strategy is to be overweight on Asia ex-Japan, Australia and New Zealand. The position is funded from an underweight position in Japan. This is a result of bottom-up securities selection and does not necessarily reflect a view on the respective regions.

For example, the overweight position in Asia ex-Japan is due mainly to the relative attractiveness of Indonesia and India financials against the rest of the region. Similarly, the underweight position in Japan reflects our concern on the operating prospects of Japanese financial and material companies.

ASIA EX-JAPAN EQUITY



Notes:
The weights are relative to the benchmark – MSCI Asia ex-Japan Index.
'--' denotes maximum underweight, '-' slight underweight, 'N' neutral, '+' slight overweight, '++' maximum overweight; arrows show change from last quarter.

Growth in Asia is expected to be slower this year led by China while domestic-oriented economies including India, Indonesia, Philippines and Thailand should see stronger growth. Corporate earnings for the last quarter were mostly in line, but earnings continue to be revised downwards. Fund flows into Asia in the first half of 2016 have been strong, accelerating post-Brexit as the region remains more resilient to uncertainties in UK and Europe.

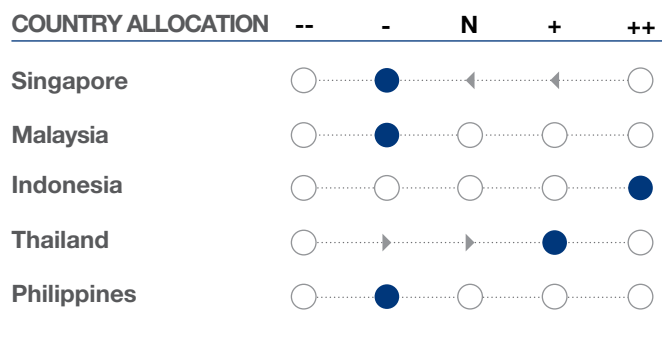
Global growth concerns have delayed US interest rate hikes. While the US Federal Reserve Bank is expected to raise rates by the end of the year, rates are expected to remain lower for longer, which are positive for Asian markets. Within the region, central banks are expected to keep monetary policy accommodative as inflation and growth remain below the target range.

Asian markets have rebounded post-Brexit with valuations still looking attractive, below the mean level on a price-to-book basis. Notwithstanding short-term challenges, Asia's favourable demographic trends and rising incomes underpin the long-term fundamental growth potential of the region, making it an attractive investment destination. There is also the potential for more fiscal measures to support growth.

In China, there have been early signs of improved credit discipline and corporate deleveraging as the focus turns to reform. Economic restructuring will result in short-term slowdown but is an important step towards building medium-term resilience of the Chinese economy. We are neutral on China within our Asia strategy and favour technology and telecoms sectors which are witnessing stronger growth.

We also raise Hong Kong to neutral as property prices and visitor arrivals are stabilising. In Korea and Taiwan, we are focused on bottom-up investment opportunities in the technology sector which see improvement in earnings driven by new products and technologies. In ASEAN, we remain optimistic on Indonesia as lower interest rates and improvement in confidence should flow through to spending and investment, in particular with the passing of the tax amnesty bill. The key risks are a disorderly capital outflow, currency volatility and worse-than-expected slowdown in China.

ASEAN EQUITY



Notes:
The weights are relative to the benchmark – MSCI South East Asia Index.
‘--’ denotes maximum underweight, ‘-’ slight underweight, ‘N’ neutral, ‘+’ slight overweight, ‘++’ maximum overweight; arrows show change from last quarter.

In ASEAN, domestic demand continues to be the primary driver for growth. The strong market performance in Thailand, the Philippines and Indonesia was supported by the positive economic outlook for the region, progress in policy reforms and expectations for increased public spending. Foreign capital inflows into these markets have also remained strong after the vote on Brexit.

Further, while stock valuations are above historical averages, the earnings outlook for 2017 has become more positive, especially in Indonesia and Thailand where we are overweight.

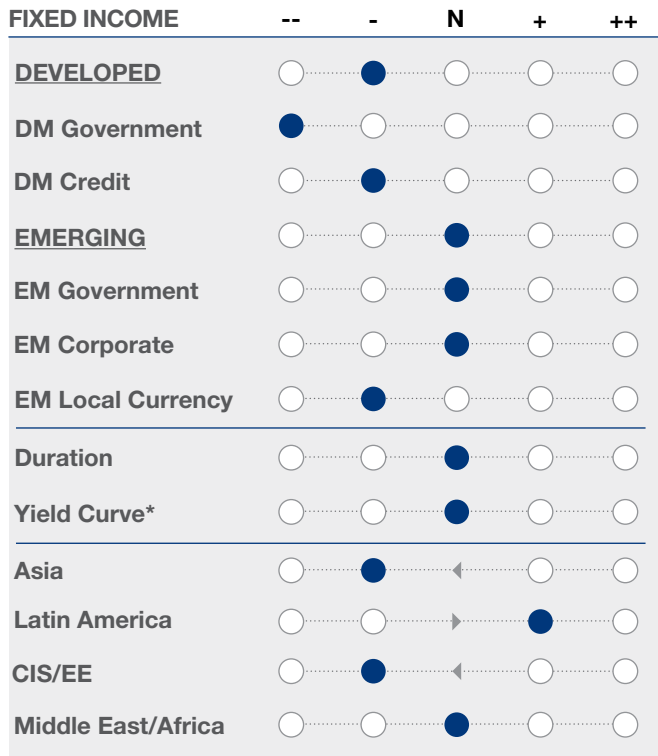
We believe that the Indonesian economy is at an inflection point, and lower interest rates should start to translate into increased spending and investment. The passing of the tax amnesty bill is expected to help reduce the country’s fiscal deficit, expand the tax base and boost overall consumer confidence. The appointment of Sri Mulyani Indrawati as the new Finance Minister is also a sign of President Joko Widodo’s resolve to push for economic reform.

In Thailand, economic momentum and confidence improved as the vote to accept the new constitution in August paves the way for a national election in late 2017. We expect Gross Domestic Product (GDP) and corporate earnings to accelerate in 2017, led by improvements in public spending, private investment and consumer confidence.

The strategy tactically trims Singapore position to underweight as challenges in the oil and gas sector weighs on the outlook for the financial sector. We are underweight on the Philippines, where we focus now on the President Duterte’s ability to drive economic reform according to his stated priorities. We remain underweight on Malaysia overall due to lack of positive catalysts, but reduce the underweight position as we view that the slowdown in GDP growth has been priced in. Public spending could increase as elections draw closer.

FIXED INCOME STRATEGY

GLOBAL FIXED INCOME



Notes:
The weights are relative to the appropriate benchmark(s).
'- -' denotes maximum underweight, '- ' slight underweight, 'N' neutral, '+ ' slight overweight, '+ +' maximum overweight; arrows show change from last quarter.
**'+ ' denotes Steeper and '- ' denotes Flattener.

In the developed regions, we remain underweight on government debt. We are generally positive on investment grade (IG) corporate credits for carry while keeping duration neutral compared with the benchmark. We remain cautious on high yield credits. We also remain defensive and selective in our credit selection. For the Emerging Markets (EM), we remain on neutral weighting. We prefer USD-denominated EM sovereign and quasi sovereign over corporate credits. We are neutral in Middle East and Africa, slightly overweight on Latin America, slightly underweight on Asia and Commonwealth of Independent States and Central and Eastern Europe (CIS/EE). We remain neutral on EM local currencies.

DEVELOPED MARKETS

Review

Global capital markets have managed to shrug off woes from United Kingdom's referendum to leave the European Union (Brexit). As a matter of fact, bond markets showed impressive resilience to the Brexit shock. Subsequently, the Bank of England (BOE) downgraded the country's economic growth forecast and upped the inflation forecast for 2017. The BOE announced a package of measures to provide additional support to UK growth, including a 25 basis point cut to the Bank rate to 0.25 per cent, and a new Term Funding Scheme to reinforce the pass-through of the cut to Bank rate. There is also an asset purchase program for UK government bonds amounting to GBP 60 billion over 6 months as well as sterling corporate bonds amounting to GBP 10 billion over 18 months, which sent Gilt yields plunging. For other G7 government bonds, where the central banks are expected in the coming months to stay on hold or raise rate, bond yields have moved higher since the second quarter of the year.

Outlook and Strategy

The Fed has kept capital markets glued to the timing of the next rate hike since December 2015. Over the last eight months, the probability of a hike in December 2016 has increased to around a 60 per cent chance from 0 per cent at the time of writing. Though numbers for US GDP in the second quarter disappointed, other indicators point to an economy robust enough to accommodate another rate hike. The labour market is continuing to improve with core PCE price index stable at approximately 1.6 per cent while forward looking indicators such as the Institute for Supply Management (ISM) indices are still in the expansionary territory. At the Jackson Hole Symposium in August, Fed Chair Janet Yellen commented that based on the continued solid performance of the labour market and outlook for economic activity and inflation, she believes that the case for an increase in the federal funds rate has strengthened in recent months. The next Fed fund rate hike by December this year is looking increasingly probable and has added strength to the US Dollar which lost steam since the turn of the year.

The European Central Bank (ECB) has reasons to focus on the implementation of the impactful measures released so far. The ECB has reiterated that the full benefits of the monetary policy measures can only materialise with structural reforms substantially stepped up to reduce structural unemployment

to boost potential growth in the Euro area.

It also highlighted the need for consistent implementation of the rules of the Stability and Growth Pact, with a fiscal stance to be used where appropriate. The ECB can probably take comfort that the Eurozone PMI has outperformed its US counterpart since the start of this year.

As for the UK, the measures taken by the BOE should put the economy in a better position to weather through the long road in negotiating new relationship with the European Union. We expect the announcement on fiscal stimulus to provide further support to the economy. As the gilt yield curve has flattened significantly, we see the risk that new fiscal measures will steepen the yield curve.

The BOJ will conduct a comprehensive assessment of the developments in economic activity and prices under the Quantitative and Qualitative Easing (QQE) programme with negative interest rates. We expect BOJ to take the September meeting to justify the effectiveness of the current policy framework and introduce some flexibility in its purchase programme. However, we recognise that the strength of the Yen is partly a result of low energy prices on the current account balance, while effectiveness of monetary policy itself is waning.

Canada's GDP contracted in the second quarter in part by Alberta wildfires that affected the oil output. As oil production resumes and rebuilding begins, growth should pick up in the third quarter. The Bank of Canada is likely to maintain the policy rate at 0.50 per cent.

The Reserve Bank of Australia (RBA) left a neutral tone after the last 25 bps cut, and is also more comfortable that the risk associated with rising housing leverage and rapid gains in housing prices had diminished. There is scope for RBA to cut rates but it remains dependent on the next inflation report and how resource demand holds up.

We have a neutral duration call for the government bonds of United States, Italy, United Kingdom and Australia. The duration bias is slight short for those of Germany, France, Japan and Canada.

EMERGING MARKETS

Review

Emerging markets (EM) performed strongly over the last quarter (end May to end Aug), with spreads tightening by 60 basis points (bps) over the period. For the time being it appears that the worst for EM is behind us.

Outlook and Strategy

Low interest rates in developed markets – negative in the case of Europe and Japan and near or at historical lows in other countries – are driving investors to other asset classes in search of yield. EM assets saw record inflows over the past few months, forcing yields lower and spreads tighter. In our view, as long as yields in DM remain low (around current levels), EM assets will continue to look attractive.

We have also seen expectations of EM fundamentals stabilise or even improve. At the end of last year, growth data and current account data continuously disappointed forecasters and market participants, causing EM bonds to trade weaker.

Since the beginning of 2016, a turnaround with better growth data, stabilised current accounts and stronger currencies in the EM supported the case for investing in EM bonds. The picture which has emerged is one where the worst for EM may be over, at least in the nearer future.

However, we do note that headwinds remain. This includes a sizeable refinancing calendar for next year, risk of further economic slowdown in China and rising non-performing loans (NPLs) at a number of EM banks. None of these issues has been closer to resolution. Yet for now, these risks are certainly not at the forefront of investors' minds. We believe that markets had time to digest many of the risks which had caused a sell-off from December through mid-February this year. While EM bonds were a bargain earlier in the year, EM bonds are now closer to full valuations with some room for appreciation. Given the low interest rate environment in developed markets, the short term trade remains to stay with a slight overweight on Latin American bonds in the EM.

ASIA

Review

Asian hard currency bonds registered positive year-to-date returns in 2016, of 8.9 per cent in USD terms, of which the first two months of the third quarter (3Q16) contributed 2.2 per cent. Similar to the previous quarter, recent superior performance was due to credit spreads tightening while the US treasury gave up some of its earlier gains. Overall, risk sentiment remained on a positive tone driving stronger demand for Asian credit bonds.

Post the “history in making – Brexit”, risk sentiment surprisingly did not take a huge plunge down for long. Instead, appetite for risk rebounded quickly within the first two weeks post Brexit. As more developed economies fell into the negative interest rate zone, investors’ quickened in their race for yield. Alongside the slightly better than expected macroeconomic data, investors took a bigger step and started moving down the risk curve. These drove massive fund inflows into EM including Asian bonds during recent months. For the first two months of 3Q16, the ten-year US treasury yield rose to 1.58 per cent from 1.47 per cent while the JP Morgan Asia credit composite spread tightened by about 35 bps to 237 bps.

Outlook and Strategy

There appears to be limited signs of any rapid recovery on the fundamental front as global demand remains soft. The catalysts for any rebound in corporate earnings remains unforeseeable in the near term while leverage remains high for many especially the non-investment grade issuers. Although headlines of negative outlook revisions and defaults are likely to remain as China continues its reforms in industries facing excess capacity, the probability of any major Chinese credit blowout remains very low. Hence, there seems to be no change in overall fundamental and the global central banks are still faced with putting up tough balancing acts.

On the valuation front, Asian credit spreads had tightened drastically since the beginning of July 2016. The average Asian credit spread currently stands much tighter than the selloff levels in August 2015. As at end August 2016, the average Asian credit spread stood at about 237 bps which is about 50 bps narrower than its five-year historical average of 287 bps. On a longer historical basis, current spreads are at just 23 bps wide from its 2010’s low. In addition to the historical tight spread, the rally in underlying US treasuries had also led the overall average Asian credit yield to 3.85 per cent a 10 years historical record low. This is also 1.65 per cent lower than its 10-year historical average of 5.5 per cent. At current levels, the room for further rally looks rather limited unless favourable technical drivers continue to persist.

Moving ahead, we are inclined to turn slightly negative in our positioning due mainly to the stretched valuations. Nonetheless, we remain convinced in gathering defensive carry by staying invested in quality high yielding names as the chase for yield in a negative interest rate environment persist. In such an environment, consistent focus on credit differentiation is even more important.

SINGAPORE

Review

The Singapore economy grew 2.1 per cent year-over-year (yoy) in the second quarter of 2016, little changed from the previous quarter and slightly lower than the advance estimate of 2.2 per cent. The manufacturing sector expanded by 1.1 per cent, construction moderated (3.3 per cent), after a decline in private sector construction. The service sector slowed to 1.4 per cent, largely attributed to slowing finance, insurance and business services. Headline inflation came in at -0.7 per cent in July. Inflation has been negative since late 2014, as a result of lower accommodation and private road transport costs. Core inflation eased slightly to 1.0 per cent in July, due to a decrease in the overall prices of retail items. The Singapore Dollar (SGD) ended the month of August 2016 at 1.3624, 1.7 per cent weaker compared to end-July of 1.3397, this was 0.38 per cent above the mid-point of the Singapore Dollar Nominal Effective Exchange Rate (NEER) policy band.

The highlight in the SGD corporate bond space for the quarter is Swiber, a SGX-listed marine engineering company, which defaulted on a coupon payment in early August. The news placed downward pressure on high yield issuance volume during the month. Market participants took time to digest the implosion of Swiber, with concerns surrounding the credit quality of other high yield issuers in the Offshore & Marine sector.

Outlook and Strategy

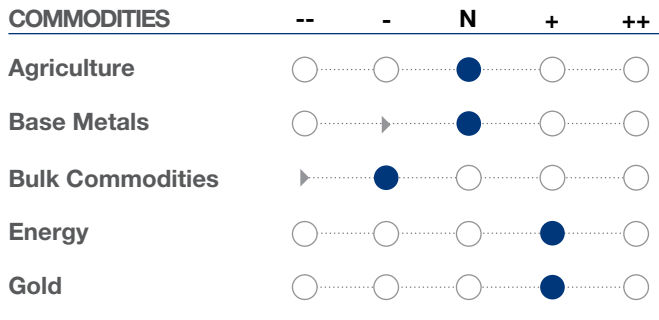
The Ministry of Trade and Industry maintained the 2016 The Ministry of Trade and Industry (MTI) narrowed the 2016 growth forecast for the Singapore economy at one to two per cent, on the back of weaker global growth outlook and full materialization of downside risks. Downside risks include uncertainties from a post Brexit UK and EU, restructuring in the Chinese economy and a slowdown in the Singapore service sector. The Monetary Authority of Singapore (MAS) views that headline inflation has likely troughed in the second quarter and is expected to rise in the coming months. For the full year, headline inflation is forecasted to come in at minus one to zero per cent. MAS expects core inflation to pick up gradually over the course of the year and is likely to average around one per cent. However, the pace of increase in core inflation will be restrained by the weak external price outlook, subdued economic growth prospects, and reduction in labour market tightness.

On the currency front, the current strength in SGD is inconsistent with the economic fundamentals such as sluggish growth and modest inflation. We therefore expect the SGD to eventually retrace towards the mid-point and stay in the lower half of the SGD NEER policy band. However, short-term trend for SGD will still be dominated by USD-specific market technical. We expect the SGD to trade within a range from 1.36 to 1.38 in Q4.

We expect the low interest rate environment to stay for longer, and rates are likely to remain range bound, on the back of outcome of uncertainties around the US presidential election and loose monetary policies from central banks. We maintain neutral on duration.

We expect the primary market activity to pick up in September post earnings season and issuers to continue tapping the market while interest rates are favourable. Investors are likely to remain credit selective with preference for issuers with established market position, stable cash flows and good access to capital markets. Divergence between high grade and high yield issuers will be distinct in secondary trading despite investors' on-going search for yield.

COMMODITIES STRATEGY



Notes:
The weights are relative to the appropriate benchmark(s).
'--' denotes maximum underweight, '-' slight underweight, 'N' neutral, '+' slight overweight, '++' maximum overweight; arrows show change from last quarter.

Overview

We return to a neutral weight on the overall commodities sector, from our slight underweight positioning in the prior quarter. There continues to be a rebalancing of supply-demand fundamentals within many commodity classes, benefiting more from a continued supply curtails than modest demand growth. With little signs of commodity producers increasing capital expenditure budgets, it appears that overall commodity prices will remain supportive over the coming quarters. US economic data remains mixed, suggesting a cautious approach to the timing and pace of future US interest rate increases and a relatively stable outlook for the USD. This is positive for commodity prices, which in recent years have been negatively correlated to the USD.

Agriculture

We remain at a neutral weight on agriculture commodities. Grain prices took a sharp dip following the August 2016 World Agricultural Supply and Demand Estimates (WASDE), which forecasted record US corn and soybean yields. However, grain prices are now relatively depressed, with net short positioning in the futures markets, suggesting that prices are now more likely to strengthen than weaken if harvest yields fail to meet expectations. There continues to be little weather-related disruptions, with the Australian Bureau of Meteorology now reporting that any La Nina weather event is likely to come in 2017, rather than this year. Although fertiliser prices remain at depressed levels, this has prompted mergers and acquisitions (M&A) activity as producers look for cost synergies in order to boost operating margins.

Base Metals

We move to a neutral position in base metals. There is mounting evidence of supply-side issues in zinc following last year's closure of the Century mine in Australia. Inventories are now also declining for nickel, with the new Philippine government moving to close down illegal mines. Beyond that, lead and tin are two other base metals that could potentially see supply-side price rallies. While copper and aluminium remain well-supplied at the current time, continued capital expenditure reductions and generally positive industrial production data point to tightness in these markets in the medium term. Base metals should also benefit from China's expected shift towards a more consumer-based economy, and from fiscal stimulus programs that target improved infrastructure.

Bulk Commodities

We upgrade to a slightly underweight position in bulk commodities. The potential mine output from iron ore, thermal coal and coking coal mines is well above existing demand, and should have a negative impact on prices. However, the Chinese government has been actively enforcing lower production targets with domestic output – for example, by reducing operating days at domestic coal mines from 330 days to 276 days. Similar cuts are also being made to domestic iron ore and steel production. These actions have seen a rebound in bulk commodity prices in recent months, given that China is the main price setter in seaborne markets. Chinese officials are now expressing concern about higher bulk prices, suggesting that prices may now weaken as Chinese domestic supply is allowed back into the market.

Energy

We maintain our slight overweight position in energy. Industry data indicates continued demand growth from markets outside of the Organisation of the Petroleum Exporting Countries (OECD) and supply reductions from US onshore production and producers outside of the Organisation for Economic Co-operation and Development (OPEC). Saudi Arabia, Iran and other OPEC producers were unable to agree on supply reduction

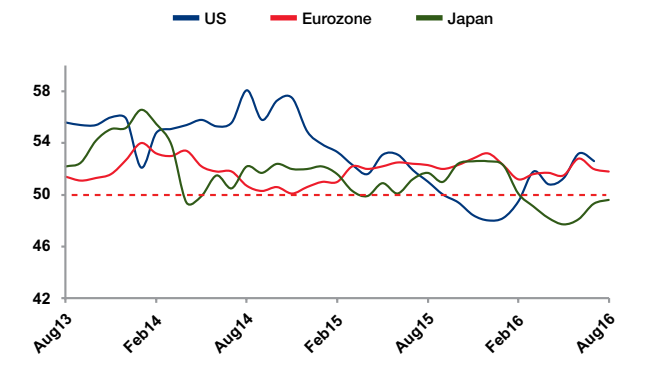
earlier this year, but due to meet again in September 2016. There are indications that Saudi Arabia may now be targeting a US\$60/barrel oil price in order to improve the financial outlook for state-owned companies ahead of targeted bond and equity capital raises. Near-term US inventory data may disappoint due to seasonal refinery maintenance, but non-US inventory data continues to fall. In the event that the geopolitical environment worsens, any supply disruption in the Middle East would produce a sharp upward movement in crude oil prices.

Gold

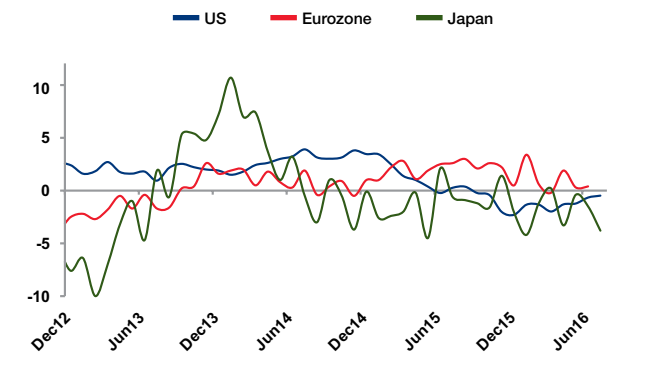
We continue to be overweight on gold due to ongoing variability in US economic data. Although the US Federal Reserve has been slightly more hawkish in its comments, we expect a 25 basis point increase in policy rates at the most by December 2016. This means that real US interest rates will remain at low levels, or even moving into negative territory following Japan and the European Union. Low real rates are positive for gold, since it negates the argument that gold does not pay interest. Aggregate gold exchange-traded fund (ETF) holdings continue to increase, and central banks remain the aggregate net buyers. We continue to believe that political uncertainty ahead of the US presidential election in November 2016 will be supportive of gold prices.

APPENDIX ECONOMIC INDICATORS DEVELOPED ECONOMIES

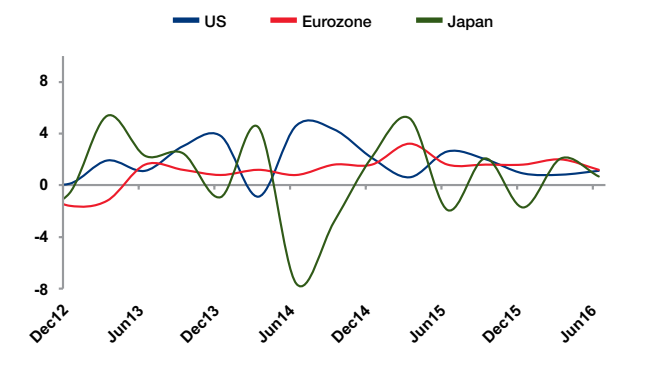
Purchasing Managers' Index



Industrial Production Growth (YoY%)

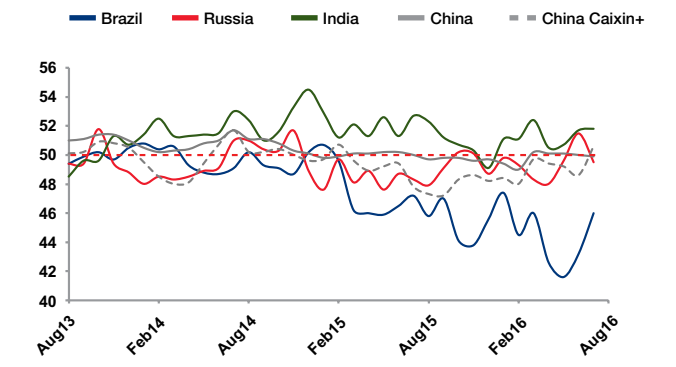


Real GDP growth (QoQ%, saar)*

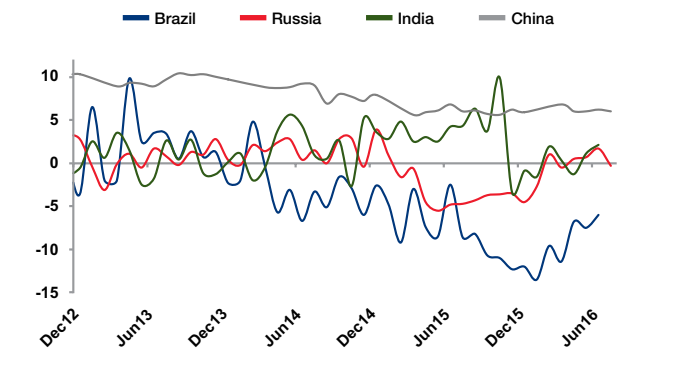


EMERGING ECONOMIES

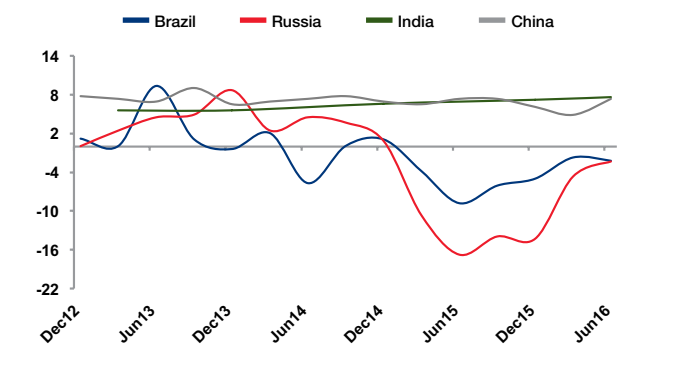
Purchasing Managers' Index



Industrial Production Growth (YoY%)



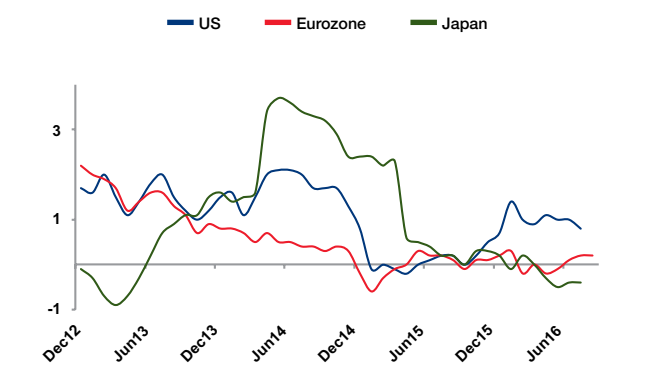
Real GDP growth (QoQ%, saar)*



* For some economies, annualised GDP data are estimates by UOBAM. For India, data are in year-on-year percentages (YoY%).
+ China Caixin PMI was previously known as HSBC PMI (effective July 2015).
Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

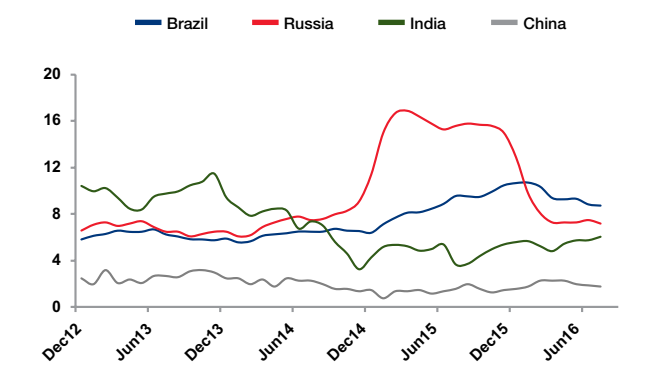
DEVELOPED ECONOMIES

Inflation - CPI (YoY%)



EMERGING ECONOMIES

Inflation - CPI (YoY%)



Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

Central Banks Interest Rates

Country	Interest Rate	Current Rate (%pa)	Latest Meeting	Change at Latest Mtg (bp)	Last Change	Next Meeting
		1-Sep-16				
United States	Fed Funds Target Rate US	0.500	27 Jul 2016	-	16 Dec 15 (+25bp)	22 Sep 2016
Eurozone	Refinance Rate	0.000	21 Jul 2016	-	10 Mar 16 (-5bp)	8 Sep 2016
Japan	BOJ Overnight Call Rate	-0.046	-	-	29 Aug 16 (-0.2bp)	-
United Kingdom	UK Official Bank Rate	0.250	31 Aug 2016	-	4 Aug 16 (-25bp)	15 Sep 2016
Brazil	Brazil Selic Target Rate	14.250	31 Aug 2016	-	29 Jul 15 (+50bp)	19 Oct 2016
Russia	Bank of Russia Key Rate	10.500	31 Aug 2016	-	14 Jun 16 (-50bp)	-
India	Repurchase Rate	6.500	20 Aug 2016	-	6 Apr 16 (-25bp)	-
China	1 Year Benchmark Lending	4.350	31 Aug 2016	-	26 Oct 15 (-25bp)	-
South Africa	South Africa Repo Avg Rate	7.000	31 Aug 2016	-	17 Mar 16 (+25bp)	22 Sep 2016

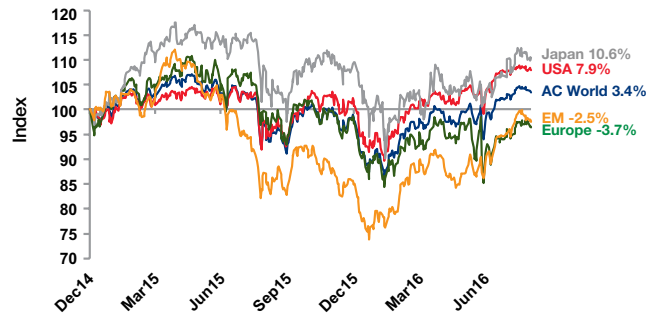
Source: Bloomberg, updated as of 1 September 2016

MARKET PERFORMANCE

DEVELOPED MARKETS

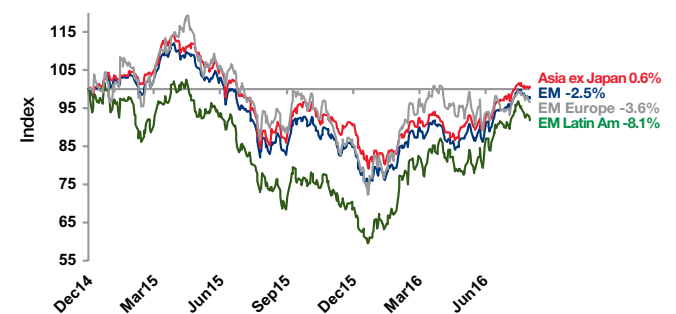
Equity Indices

(Rebased 100 on 31 December 2014)



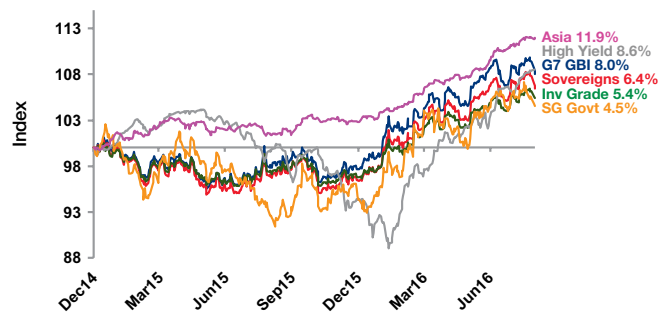
Equity Indices

(Rebased 100 on 31 December 2014)



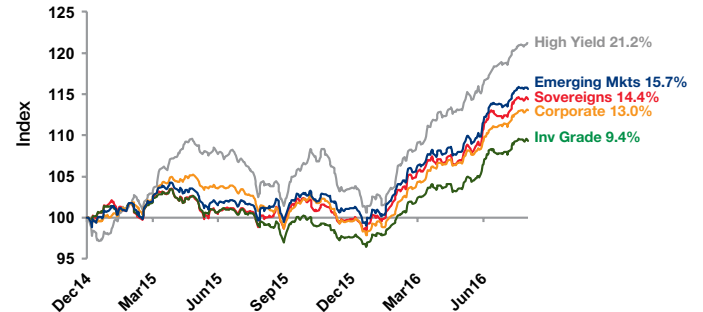
Fixed Income Indices

(Rebased 100 on 31 December 2014)



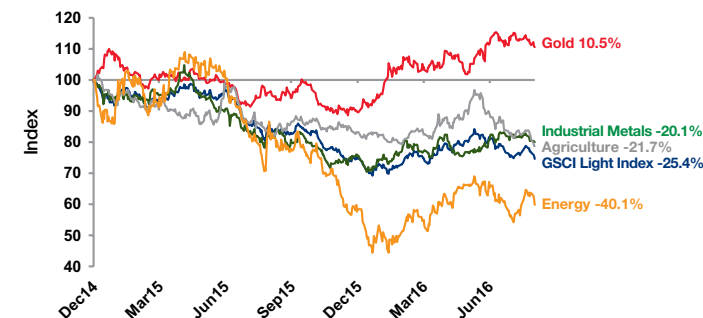
Fixed Income Indices

(Rebased 100 on 31 December 2014)



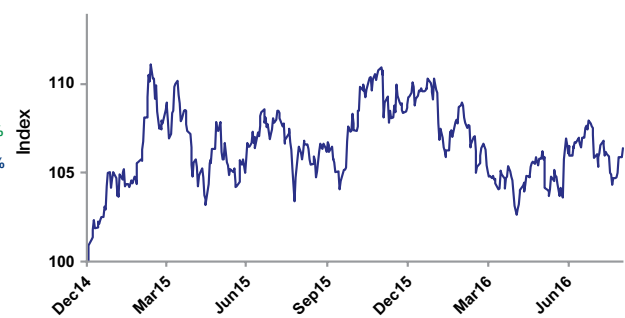
Commodity Indices

(Rebased 100 on 31 December 2014)



Dollar Index Spot

(Rebased 100 on 31 December 2014)

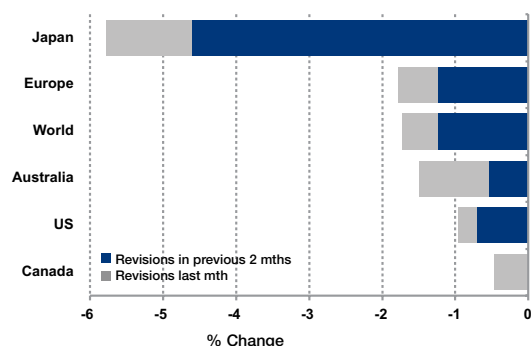


Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

EQUITY MARKET INDICATORS

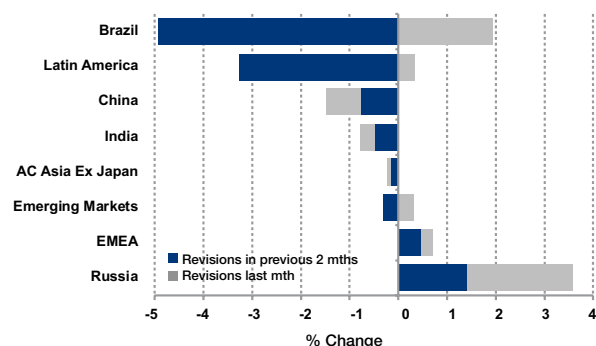
DEVELOPED MARKETS

Earnings Revision by Regions for FY2

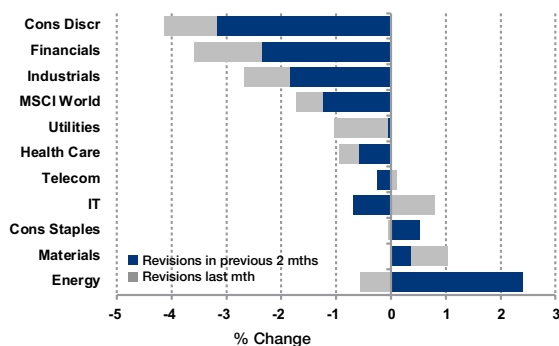


EMERGING MARKETS

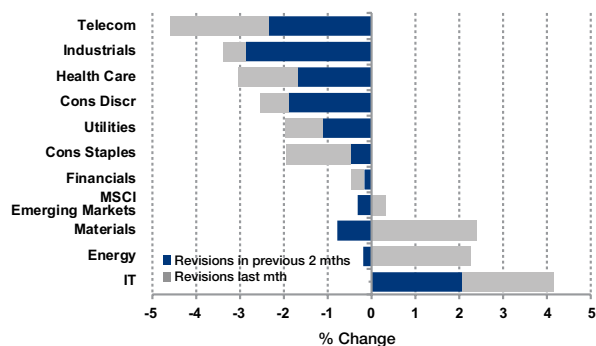
Earnings Revision by Regions for FY2



Earnings Revision by Sectors for FY2



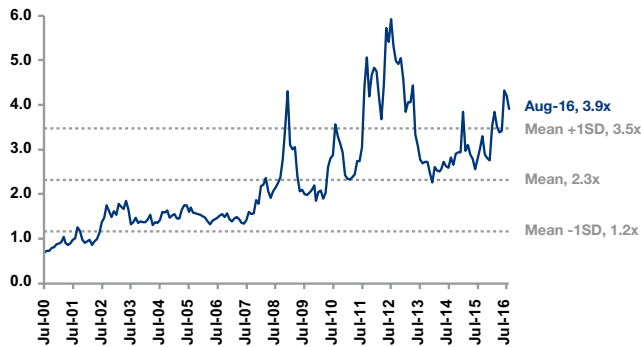
Earnings Revision by Sectors for FY2



Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

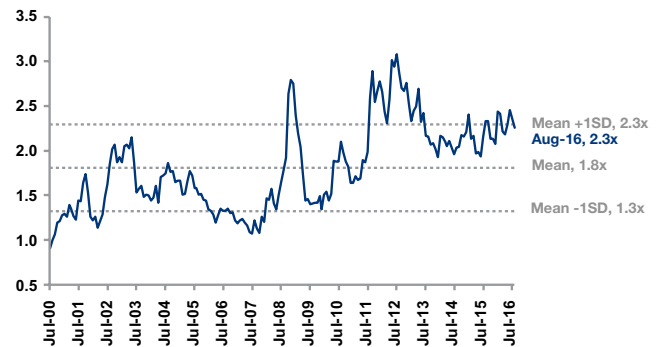
VALUATION

Developed Markets Earnings Yield Ratio*

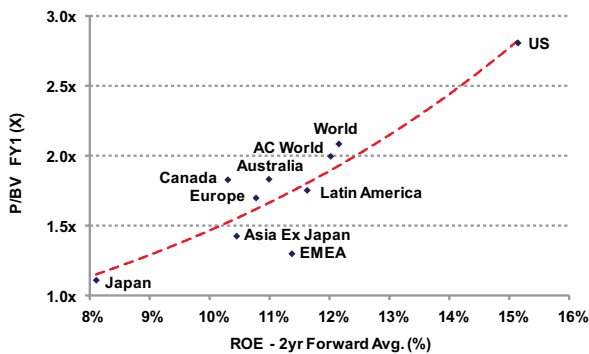


*Mean and SD are based on data from 1999.

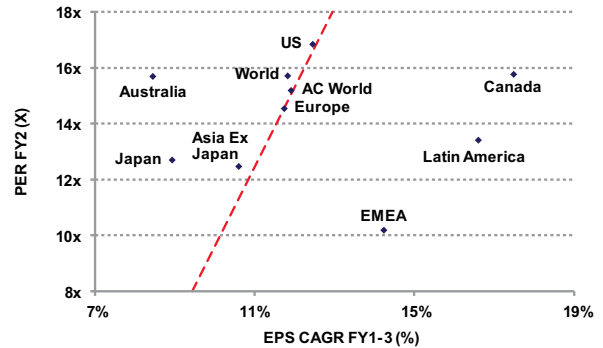
Emerging Markets Earnings Yield Ratio*



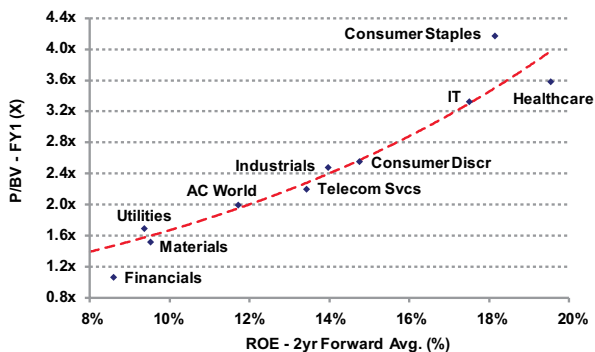
P/BV vs ROE by Region



P/E vs Growth by Region

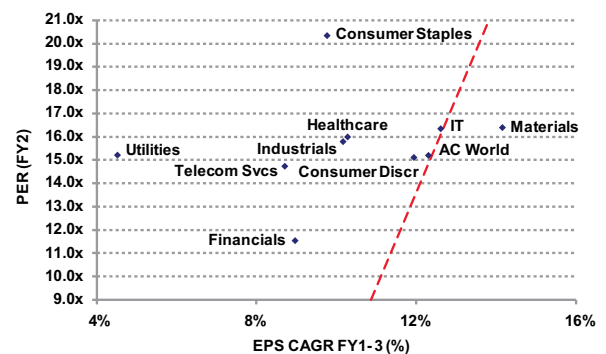


P/BV vs ROE by Sector^



^Energy sector is not shown in the chart.

P/E vs Growth by Sector^



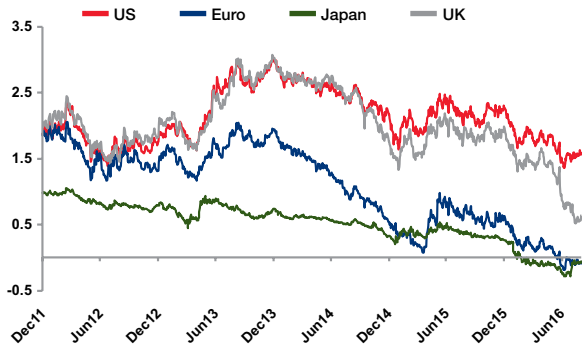
^Energy sector is not shown in the chart.

Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

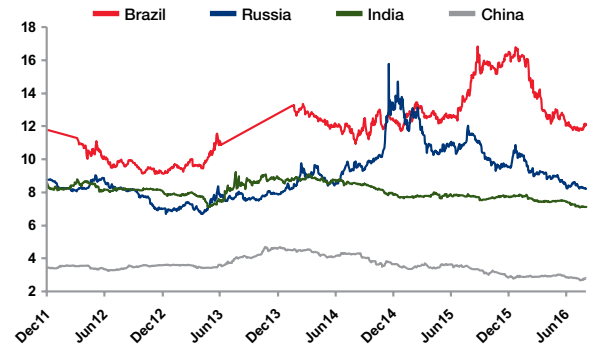
FIXED INCOME MARKET INDICATORS

SOVEREIGN

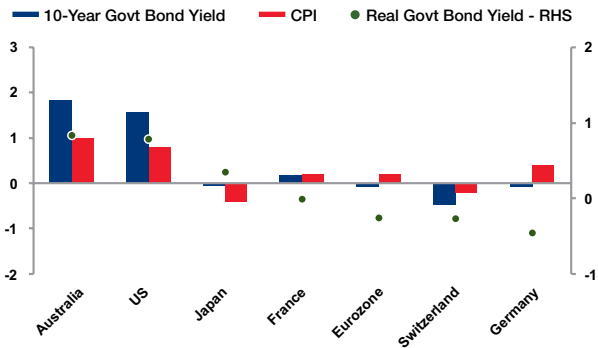
Developed Markets 10-Year Government Yield (%)



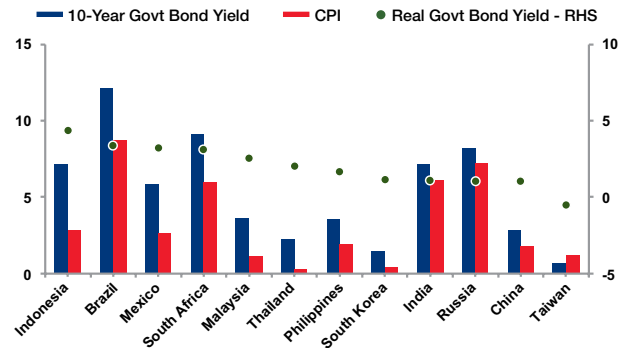
Emerging Markets 10-Year Government Yield (%)



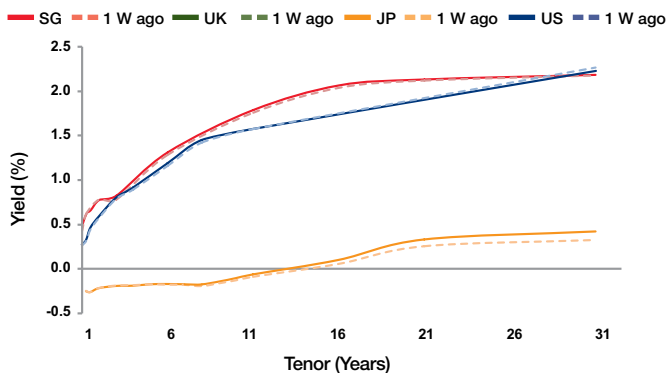
Developed Markets Real Government Yield (%)



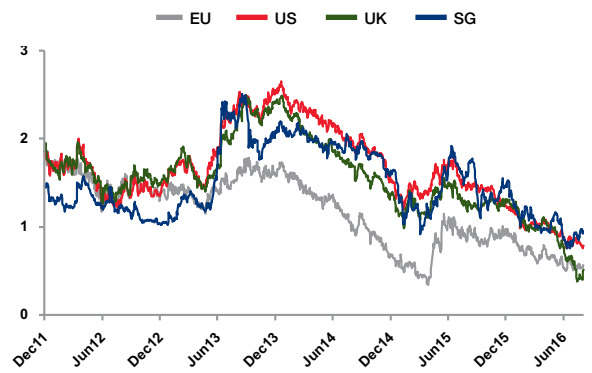
Emerging Markets Real Government Yield (%)



Nominal Yield Curve (%)



Yield Curve Steepness (10Y - 2Y) (%)

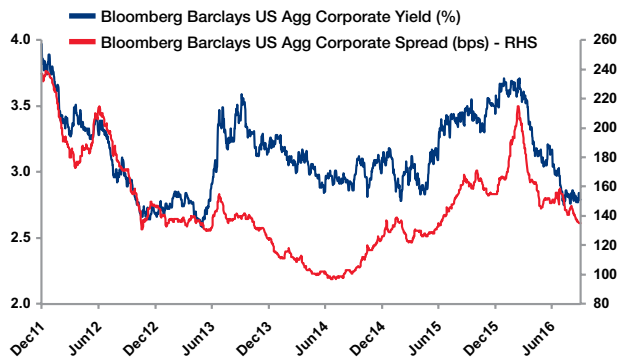


Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

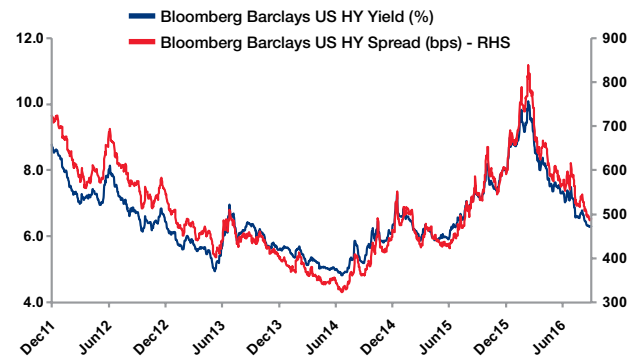
FIXED INCOME MARKET INDICATORS

CREDITS

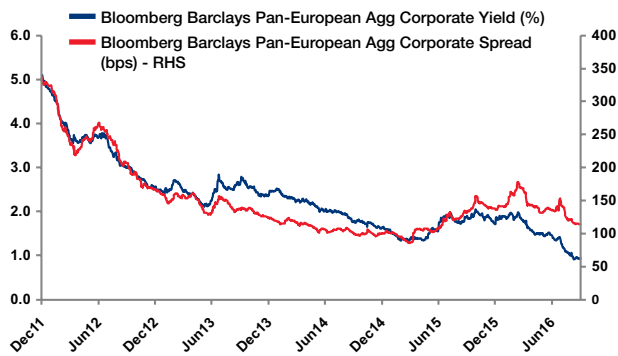
US Markets (USD) Yield and Credit Spread



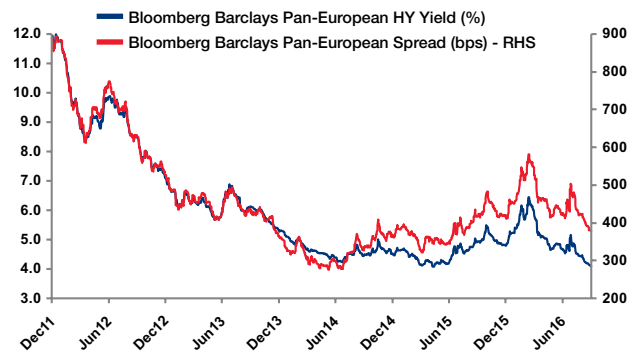
US Markets (USD) HY Yield and Credit Spread



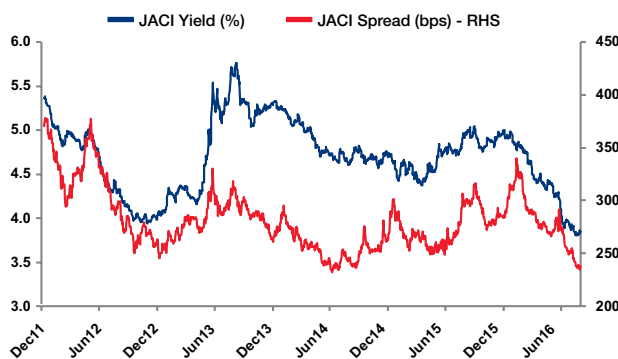
Pan-European Markets (USD) Yield and Credit Spread



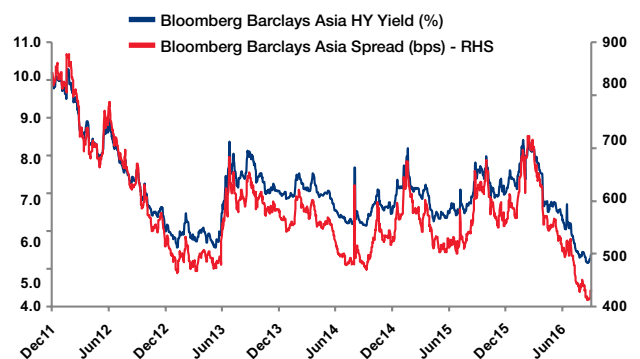
Pan-European Markets (EUR) HY Corporate Yield and Credit Spread



Asia Markets (USD) Yield and Credit Spread



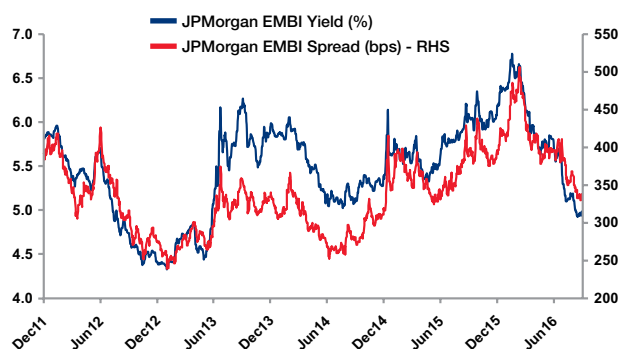
Asia Markets (USD) HY Yield and Credit Spread



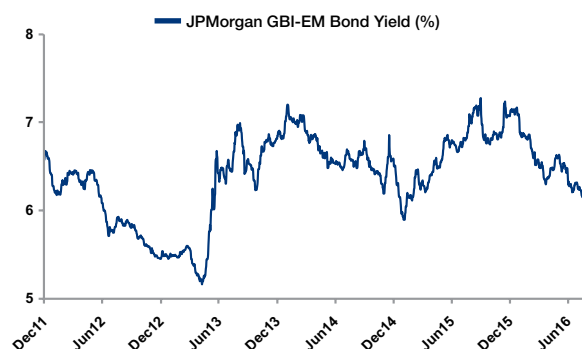
Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

CREDITS

Emerging Markets (USD) Yield and Credit Spread

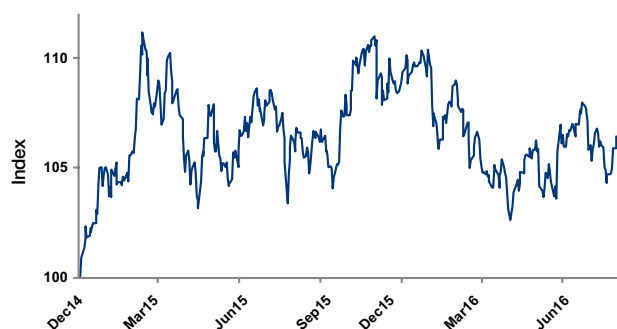


Emerging Markets (Local Currency) Bond Yield

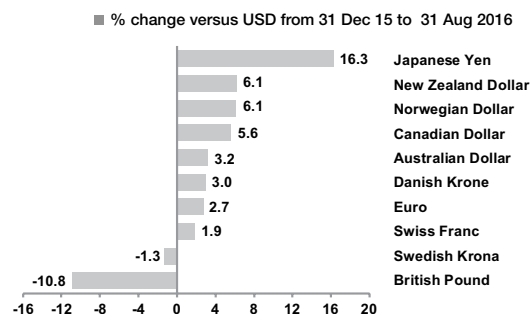


CURRENCIES

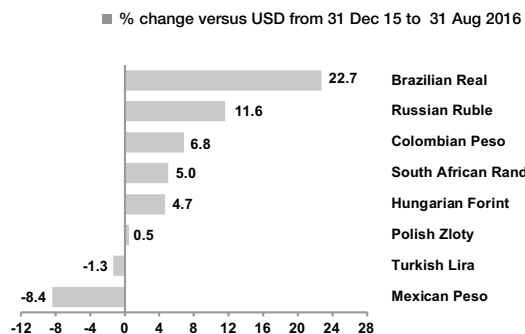
Dollar Index Spot (Rebased 100 on 31 December 2014)



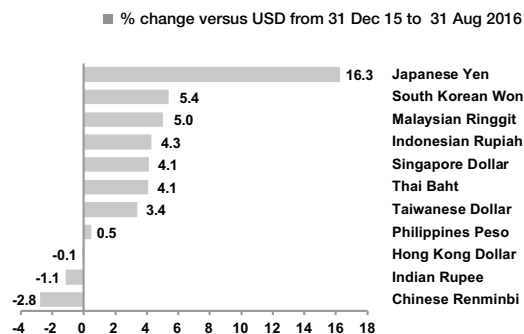
G-10 FX against US Dollar



Emerging Markets FX against US Dollar



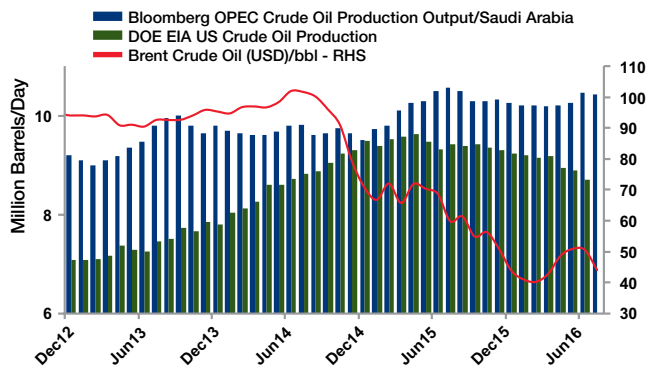
Asia FX against US Dollar



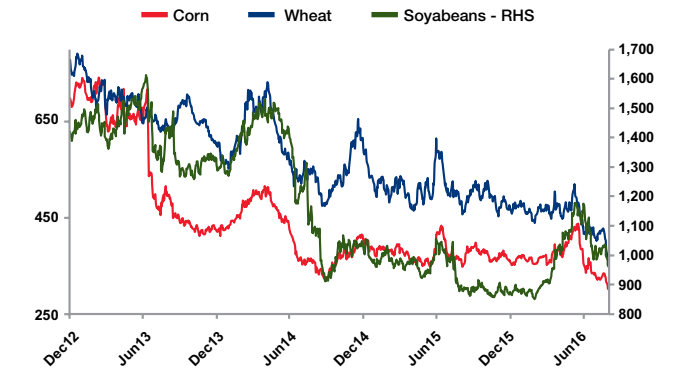
Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

COMMODITY MARKET INDICATORS

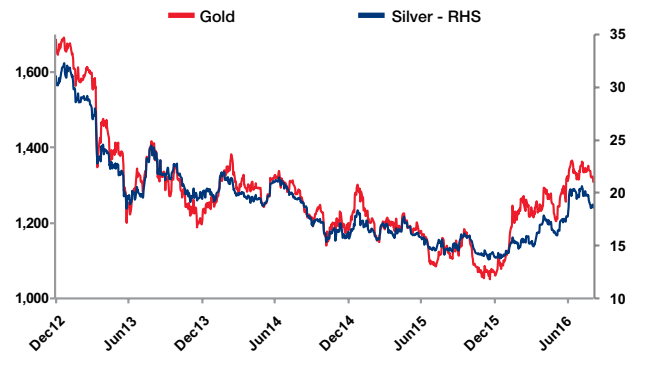
Brent Crude Oil Price and Production



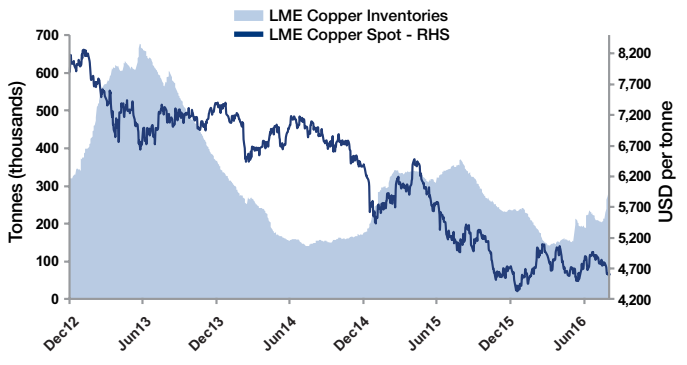
Agriculture Price (USD)



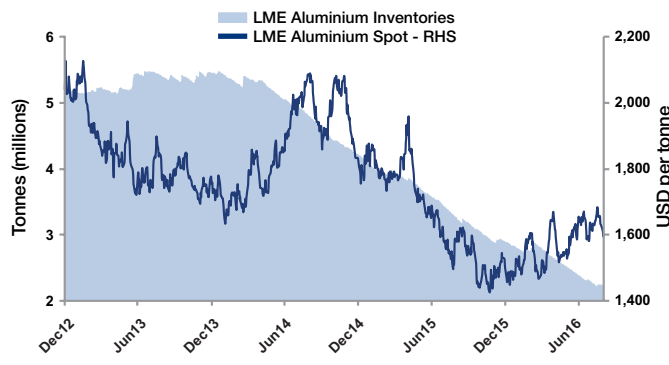
Precious Metal Price (USD)



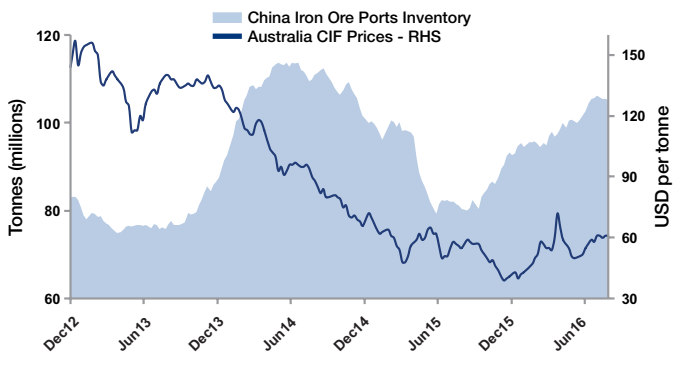
Copper Price (USD)



Aluminum Price (USD)



Iron Ore Price (USD)



Note: All data are sourced from Bloomberg, Datastream and UOBAM unless otherwise stated, as at 1 September 2016.

Contact Details

SINGAPORE

UOB Asset Management Ltd

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

MALAYSIA

UOB Asset Management (Malaysia) Berhad

Address Level 22, Vista Tower, The Intermark
No. 348 Jalan Tun Razak, 50400 Kuala Lumpur
Tel (60) (03) 2732 1181
Fax (60) (03) 2164 8188
Website uobam.com.my

THAILAND

UOB Asset Management (Thailand) Co., Ltd

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

BRUNEI

UOB Asset Management (B) Sdn Bhd

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

TAIWAN

UOB Asset Management (Taiwan) Co., Ltd

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

JAPAN

UOB Asset Management (Japan) Ltd

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

Important Notice & Disclaimer

This publication shall not be copied or disseminated, or relied upon by any person for whatever purpose. The information herein is given on a general basis without obligation and is strictly for information only. This publication is not an offer, solicitation, recommendation or advice to buy or sell any investment product, including any collective investment schemes or shares of companies mentioned within. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, UOB Asset Management Ltd (“UOBAM”) and its employees shall not be held liable for any error, inaccuracy and/or omission, howsoever caused, or for any decision or action taken based on views expressed or information in this publication. The information contained in this publication, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available and reflects prevailing conditions and our views as of the date of this publication, all of which are subject to change at any time without notice. Please note that the graphs, charts, formulae or other devices set out or referred to in this document cannot, in and of itself, be used to determine and will not assist any person in deciding which investment product to buy or sell, or when to buy or sell an investment product. UOBAM does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any error, inaccuracy or omission. Any opinion, projection and other forward-looking statement regarding future events or performance of, including but not limited to, countries, markets or companies is not necessarily indicative of, and may differ from actual events or results. Nothing in this publication constitutes accounting, legal, regulatory, tax or other advice. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. **You may wish to seek advice from a professional or an independent financial adviser about the issues discussed herein or before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider carefully whether the investment or insurance product in question is suitable for you.**

In the event of any discrepancy between the English and Mandarin versions of this publication, the English version shall prevail. The contents in this report were updated as at August 2016.

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