

Save&Invest

# All three portfolios continue to post positive returns

**Lorna Tan**  
Invest Editor

The three simulated investment portfolios tracked under the Save & Invest Portfolio Series achieved positive returns for the month of April.

Introduced by The Sunday Times in January last year, the series features communications manager Shona Chee, 26, entrepreneur Getty Goh, 38, who is married with two children, and retiree Wang Moo Kee, 62. The Portfolio Series does not involve actual money, as it is intended for the purposes of illustration and education only.

To keep them simple, accessible and easy to monitor, all three portfolios are limited to instruments listed on the Singapore Exchange (SGX) and Singapore Savings Bonds, which can be bought via ATMs.

There are similarities between the holdings, but the allocations differ depending on individual risk-return objectives and preferences.

Each portfolio has a benchmark that best reflects its mix. For example, Mr Goh's portfolio is heavier on blue-chip shares, while bonds reflect Mr Wang's more conservative stance. The simulated portfolios are constructed by CFA Society Singapore (CFAS) for an ideal investment horizon of five to 10 years.

**PORTFOLIO PERFORMANCE**

Ms Chee's portfolio was up 0.57 per cent for the month ending April 30, against 0.88 per cent for the benchmark. Mr Goh's portfolio saw returns of 0.68 per cent, against 1.05 per cent for the benchmark, while Mr Wang's portfolio was up 0.39 per cent, trailing the 0.83 per cent achieved by the benchmark.

The relative underperformance of all three portfolios was again due to security selection in the Singapore stock allocation. While Venture (+6.4 per cent) had a strong month, Singtel (-4.7 per cent), SGX (-3.3 per cent) and First Resources (-3.4 per cent) all suffered corrections, dragging down returns.

The real estate investment trust (Reit) selections of A-Reit and Keppel DC Reit generally kept pace with the S-Reit index.

The global exchange traded funds (ETFs) allocation outperformed the MSCI World benchmark, driven by a nice rally in the Euro Stoxx 50 ETF, following the results of the first round of the French elections.

And the bond selection delivered a positive return, keeping pace with the ABF Singapore Bond ETF, though it strangely trailed the iBoxx ABF Singapore bond index.

The CFAS panel said the chosen benchmarks available do not mirror the simulated portfolios exactly. The benchmarks are theoretical constructs and are not readily investible.

For example, most of the non-Singapore exposure in the portfolios has been obtained through ETFs, for which the chosen benchmark is an All Country Total Return ETF. This ETF includes Europe, but the portfolios have not been invested in Europe consistently. The benchmark does not include gold, but the portfolios have maintained a position in the metal for a long time.

There were no adjustments to the portfolios last month.

**MARKET OUTLOOK**

The CFAS panel said global valuations continue to look stretched as investors hunt for relative bargains.

For Asia specifically, all markets ended higher last month except for Thailand and China (both A and H shares), which ended in the red.

Export data in Asia has been in the limelight, but doubts linger over the sustainability of the recovery. For example, Malaysia, the only net oil exporter in the region, has seen its currency strengthen against the US dollar because of the rally in commodities. Brent crude prices are at US\$52 per barrel and made gains of 1.4 per cent last month. But if the exports of economies such as Malaysia are driven more by price than volume growth, then the rally could be short-lived, said the panel.

It added: "One way to get around this uncertainty when rethinking asset allocation in Asia-centric portfolios is to take positions in markets which are less driven by exports (for example India) and, for such markets, adopt a "buy on dips" approach in the current environment or buy where there is clear earnings visibility to justify valuation premiums."

Investors will also be eyeing China; its equity markets fell nearly

5 per cent since its mid-April peak. Government officials will continue to be cautious and tighten leverage to avoid routs seen in summer 2015.

Geopolitical events continue to be a source of uncertainty for financial markets – the standoff between the United States and North Korea will continue to take centre stage.

Meanwhile, the historic Turkish referendum where 51.4 per cent voted in favour of constitutional reform giving the president greater powers has raised concerns over the country's relationship with the European Union, and there is already talk over suspending talks concerning its membership into the bloc.

And there is the snap election on June 8 in Britain. Whether or not this will mean a smoother and more gradual Brexit process, sterling certainly gained in April against the US dollar, the panel added.

lornatan@sph.com.sg

**Portfolio performance**

Portfolio	Investment as at Jan 31, 2017 (\$)	Current portfolio value (\$)	Net total return (%)	Benchmark return (%)	Dividends and coupons (\$)	Realised P/L (\$)	Unrealised P/L (\$)
Ms Shona Chee	63,732	64,908.97	1.85	3.89	202.55	-378.69	3,798.46
Mr Getty Goh	222,193	229,501.72	3.29	4.57	515.13	-262.68	19,725.45
Mr Wang Moo Kee	437,248	445,391.52	1.86	3.48	1,642.17	-3,031.62	19,647.17

	Ms Shona Chee	Mr Getty Goh	Mr Wang Moo Kee
Initial investment amount	\$60,000	\$200,000	\$400,000
Portfolio value	\$64,908.97	\$229,501.72	\$445,391.52
<b>Asset class</b>	<b>Security (Weightage)</b>	<b>Security (Weightage)</b>	<b>Security (Weightage)</b>
Cash	<b>1.0%</b>	<b>0.1%</b>	<b>0.1%</b>
Domestic equities	<b>29.8%</b> - DBS - First Resources - OCBC - Singapore Exchange - Singtel - Venture Corp	<b>37.2%</b> - DBS - First Resources - OCBC - Singapore Exchange - Singtel - Venture Corp	<b>29.5%</b> - DBS - First Resources - OCBC - Singapore Exchange - Singtel - Venture Corp
Global ETFs	<b>25.6%</b> - DBX AC ASIA EX Japan 1C - DBX EURO STOXX 50 - DBX MSCI USA 1C - ISHARES MSCI India Index ETF - SPDR Gold shares	<b>44.9%</b> - DBX FTSE China 50 1C - DBX AC Asia ex-Japan 1C - DBX EURO STOXX 50 - DBX MSCI Japan 1C - DBX MSCI USA 1C - ISHARES MSCI India Index ETF - SPDR Gold shares	<b>19.6%</b> - DBX EURO STOXX 50 - DBX MSCI USA 1C - ISHARES MSCI India Index ETF - SPDR Gold shares
Reits	<b>10.1%</b> - A-Reit - Keppel DC Reit	<b>9.1%</b> - A-Reit - Keppel DC Reit	<b>4.9%</b> - A-Reit - Keppel DC Reit
Bonds	<b>33.4%</b> - CMT 3.08% Feb 21 - FCL 3.65% May 22 - ISHARES JPM USD Asia Bond - Singapore Savings Bonds	<b>8.6%</b> - CMT 3.08% Feb 21 - ISHARES JPM USD Asia Bond - Singapore Savings Bonds	<b>45.9%</b> - ABF Singapore Bond Index Fund - CMT 3.08% Feb 21 - DBS 4.7% Perp (call Nov 20) - FCL 3.65% May 22 - ISHARES JPM USD Asia Bond - OCBC 5.1% Perp (call Sept 18) - Singapore Savings Bonds

NOTES:  
• Portfolio start date was Jan 18, 2016.

• New fiscal year begins on Jan 31, 2017.

• Portfolio performance as at April 28, 2017.

• As the Portfolio Series is intended for illustrative and educational purposes only, it will not involve actual money, investments or solicitation of funds for actual fund management by CFAS or the advisory panel.

• You are advised to seek independent financial or other professional advice for your own investments.

• CFAS and the advisory panel may provide information and recommendations on investments which they have an interest in.

• All views or recommendations made by the advisory panel are to be attributed to CFAS.

• Figures may not add up to 100% due to rounding off.

• To access past articles and portfolio reports, click on the Save & Invest Portfolio Series banner at [www.sgx.com/academy](http://www.sgx.com/academy)

Source: CFAS  
SUNDAY TIMES GRAPHICS

Source: Sunday Times © Singapore Press Holdings Limited. Permission required for reproduction