

Syfe

2023 Investor Trends

Insights, behaviours, and outlook



Foreword from our CEO

2022 has felt like a whirlwind for many investors who are still trying to grapple with the unprecedented tectonic shifts in markets - unrelenting inflation, global rate hikes, the war in Ukraine, and the unpredictable next steps of the world's largest reopening in China. Headlines this year proliferated with recession fears, sell-offs and layoffs, crypto crashes and collapses. It has also been one of the worst years for the 60/40 portfolio, with both stocks and bonds suffering huge losses for the first time since 1969.

While we know from numerous conversations with our clients that investors are anxious about their investments, they continue to take a long-term view of investing. In fact, 47% of Syfe investors remain confident about investing compared to 29% of non-Syfe investors.

Through this report, we are broadening our aperture and taking a focused look at how Singaporeans are investing. Combined with the data from over 100,000 customers on our platform in Singapore alone, we hope that these findings offer meaningful insights on how people are putting their money to work, and provide us a sense of shared hope for a brighter 2023.

Read on!

Dhruv Arora

Founder and CEO of Syfe



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Setting the Stage

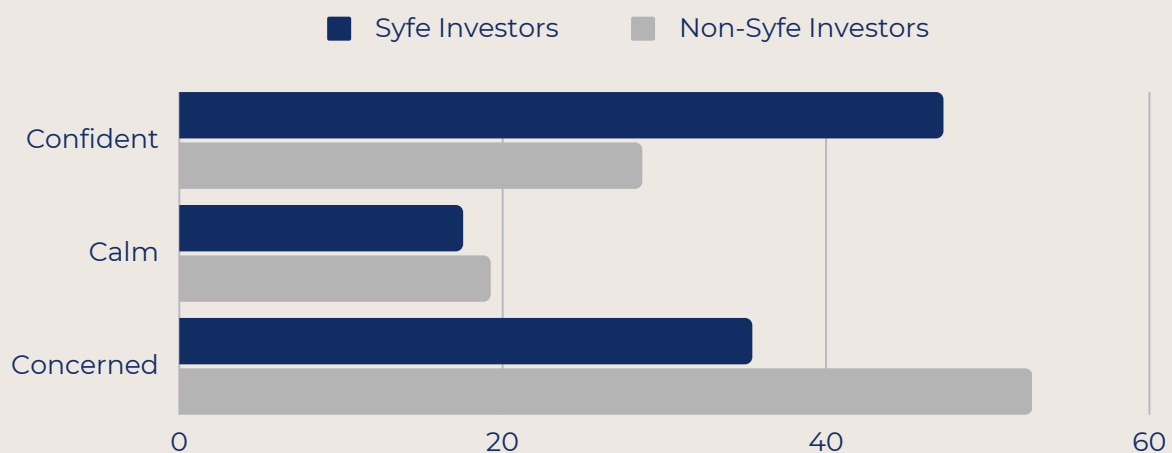
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How do investors feel about the current state of markets?

Despite current market conditions, [47% of Syfe investors remain confident about investing](#) compared to just 29% of non-Syfe clients. 53% of non-Syfe investors are concerned about the general market situation.

We believe that market downturns are part and parcel of investing, it is important to take a long-term view of investing and stay the course. The current environment has given opportunity for investors to define and revisit financial goals, and gear their portfolio towards meeting those goals.

Syfe investors remain confident to invest

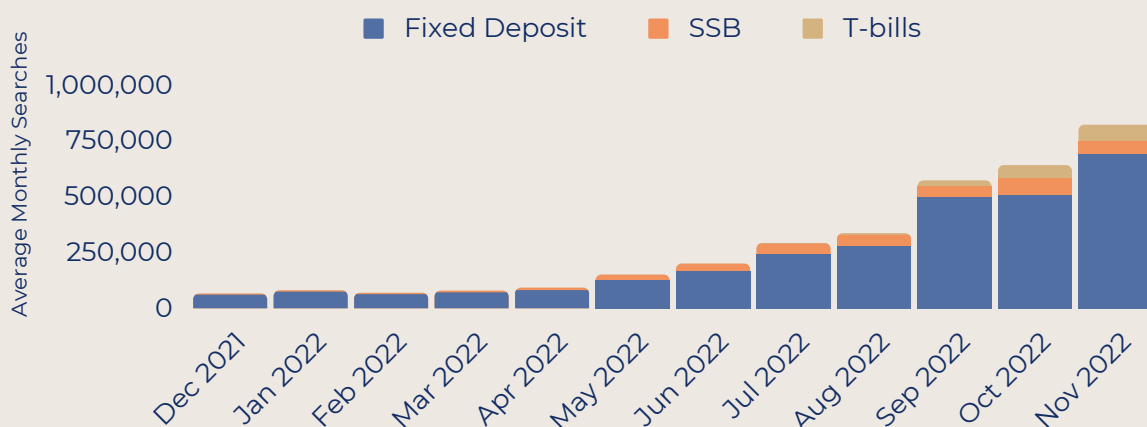


Source: Syfe Market Survey. October 2022

Surge on search for better returns

With core inflation in Singapore averaging at 5% in 2022, consumers are looking for better places to park their cash. [Interest for products with higher interest rates has risen as much as 12 times](#) in the last 12 months (as indicated by average number of monthly searches).

Singaporeans seek higher, more stable returns

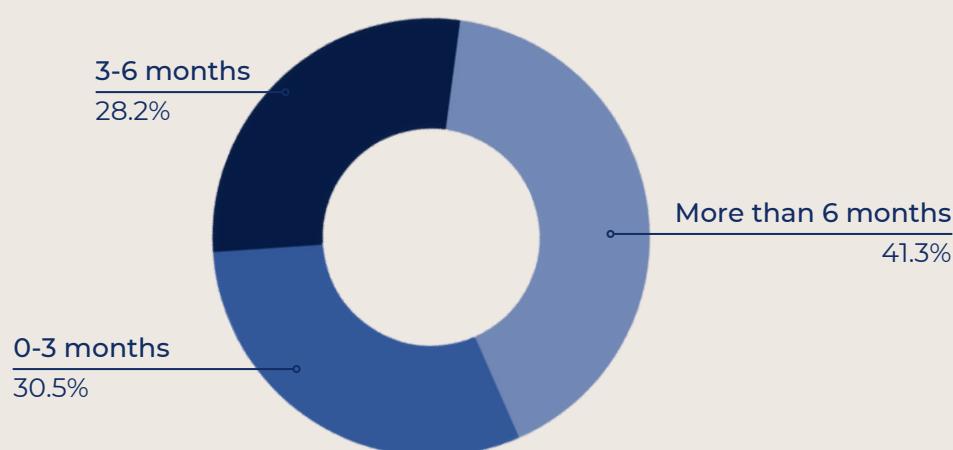


Source: Google Search

Cash Overload

The 4 in 10 of investors surveyed have more than 6 months of monthly income saved in cash, much higher than the recommended amount of emergency savings of 3-6 months of living expenses. As rising costs and recession fears kicked in at the beginning of 2022, investors faced the dilemma between having cash as a safe haven and earning a negative real rate of return or investing in inflation hedges.

Months of salary saved in cash

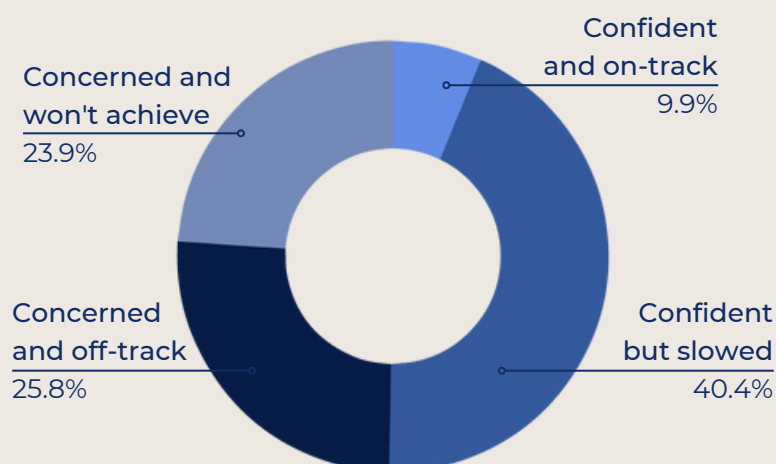


Source: Syfe Market Survey. October 2022

Most believe their financial goals will be delayed

When it comes to confidence in meeting their financial goals, half are confident, while the other half are concerned. 65% believe that their plans will be delayed, and 24% believe they will not be able to achieve their investment objectives.

Rising costs and uncertainty are impacting financial goals



Source: Syfe Market Survey. October 2022

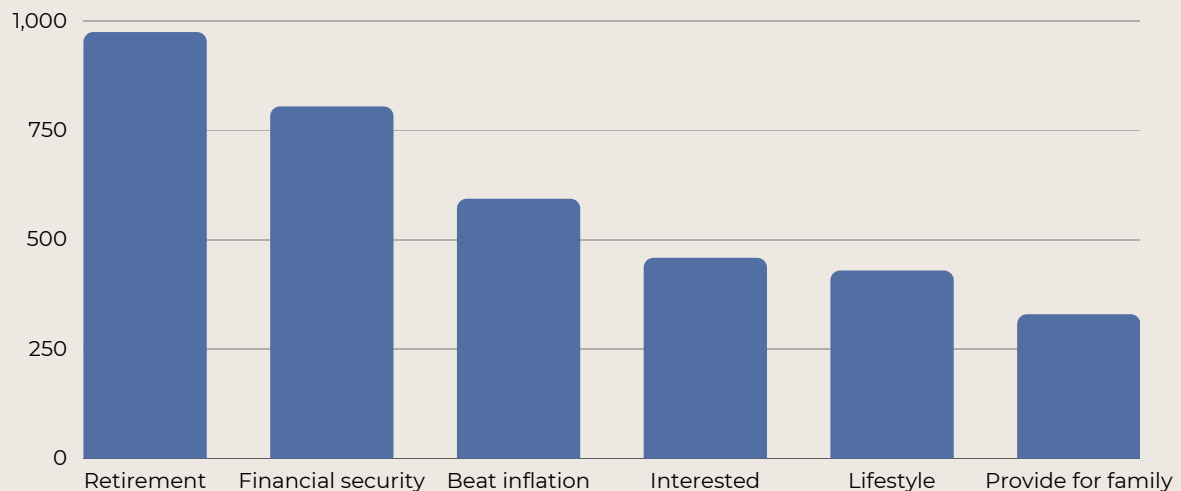
Getting to Success

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Retirement and financial security are top priorities

Retirement and financial security continue to be the top reasons why people invest. Inflation concerns weigh heavily on investor minds and has now become one of the top reasons why people invest and grow their money.

Top Reasons Why People Invest



Source: Syfe Market Survey. October 2022



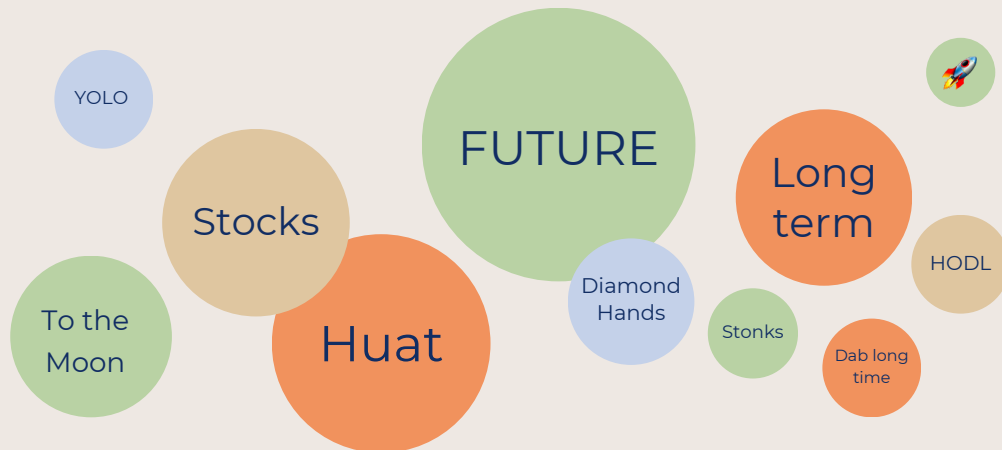
To become more confident at managing your money, setting goals for your investments and aligning it with your needs is one of the most important ways to optimally manage your portfolio.

Using multiple Syfe portfolios for different financial goals

In this section, we dive deep into our user base and study the key investing goals that our customers are working toward. In addition, we have created word clouds to showcase the fun names coined personally by our investors. *(Those with greater frequency are highlighted through larger sizes and heavier font weights.)*

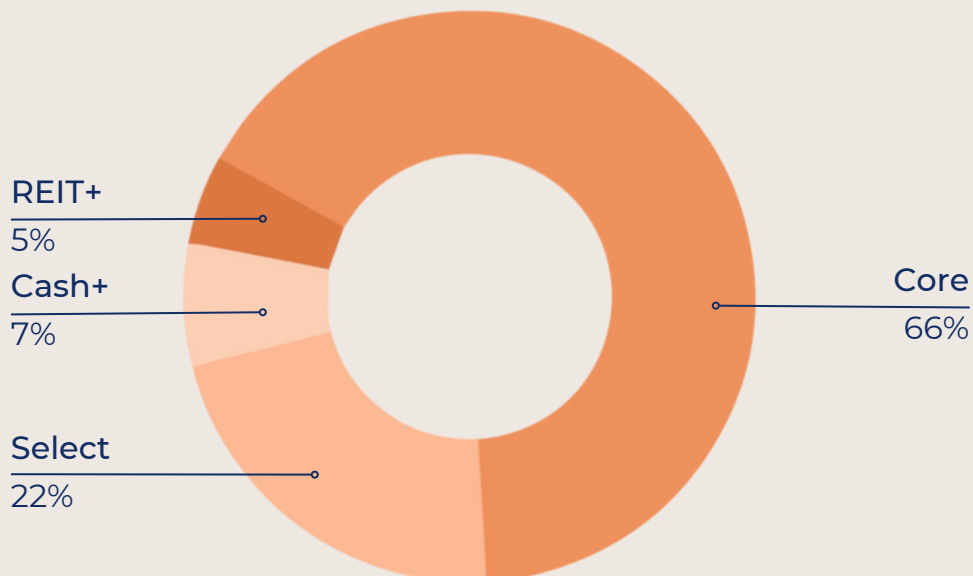
From our observations, we see that most investors are utilising the portfolios for the right goals, but can do more to tap into different portfolios to achieve a multitude of goals across different time horizons. Read on to find out more!

Goal 1: General investing

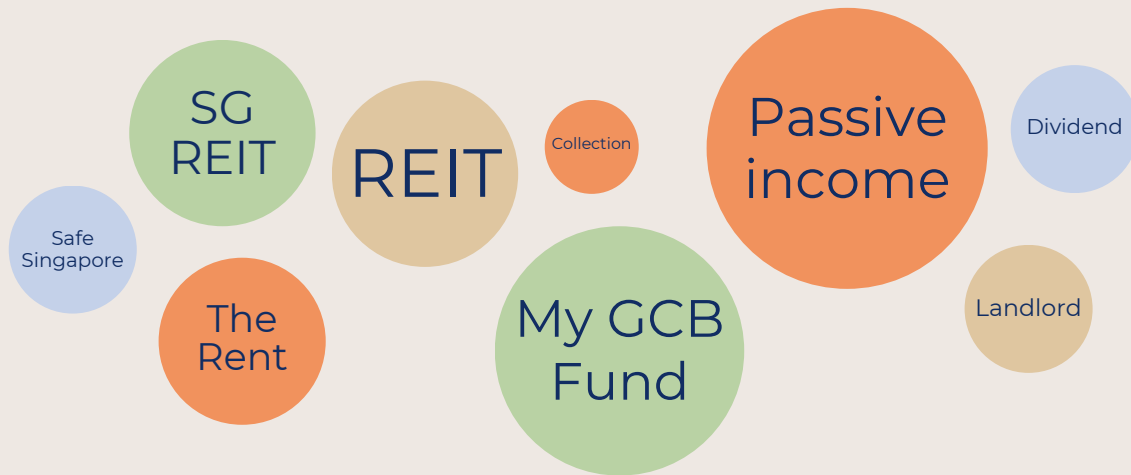


Our Observations & Take

- Currently, 90% of investors who put their money in Syfe's Core portfolios are using Equity100 to capture their long-term returns. Investors with a long-term horizon should consider adopting a core-satellite approach where the majority of funds are allocated to a Core portfolio that is instantly diversified, and take satellite positions to gain exposure to specific opportunities to align to their personalised interests and convictions.
- 7% of our investors use Cash+ to meet their general investing goals. Generally, having a longer-term investment horizon, investors may consider deploying their money into Core portfolios for a better long-term upside.
- Interestingly, some portfolio names are coined after popular slang and memes such as "To the Moon, Stonks, Huat". As Benjamin Franklin said "An investment in knowledge pays the best interest". We won't overthink our investors' intent, but highly encourage investors to take the guesswork out of investing by making decisions based on research, data and information, rather than relying on luck and fortuity.

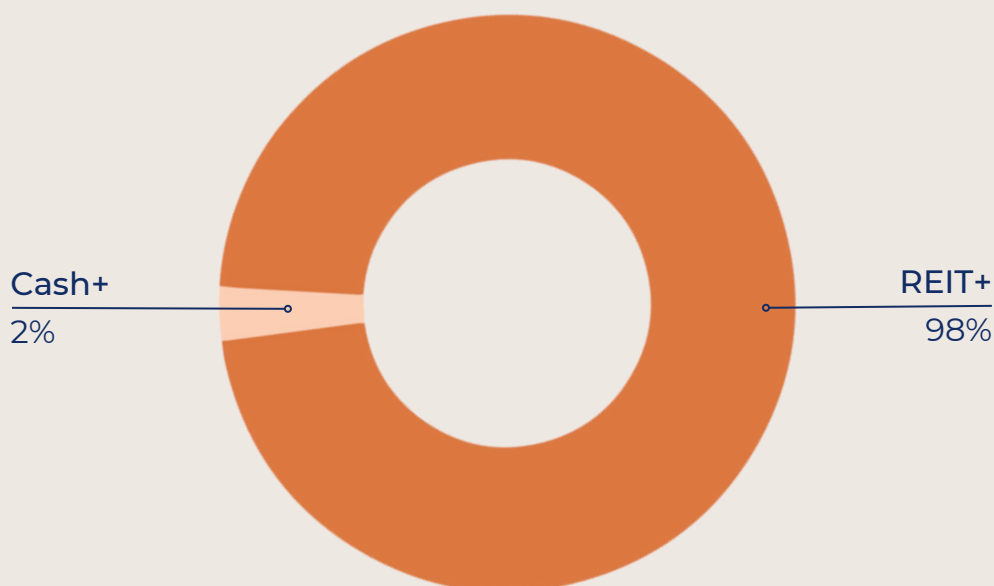


Goal 2: Passive income

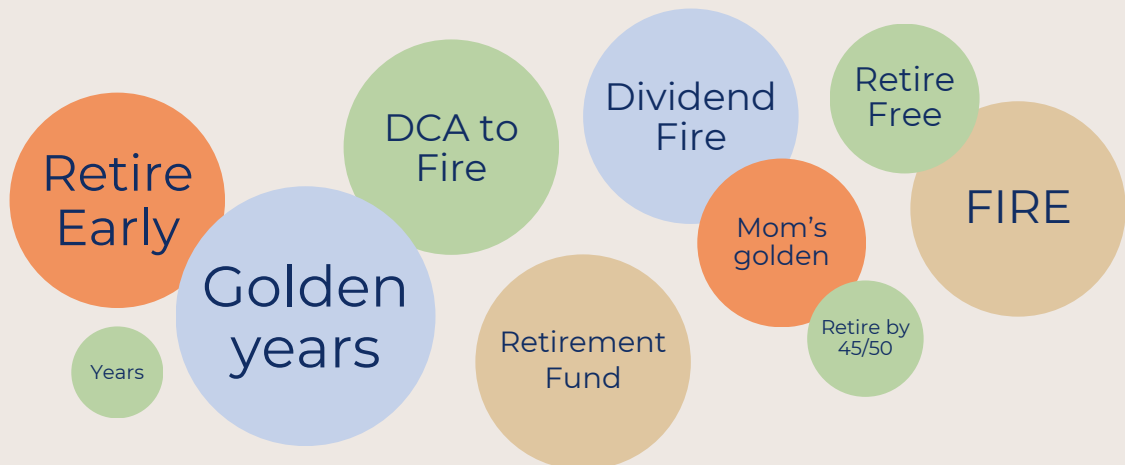


Our Observations & Take

- REIT+ remains one of Syfe's most popular portfolios for investors to further diversify investments to include real estate, and to earn dividend income.
- Despite underperforming in Q3 vs forecasted earnings, S-REIT yields continue to beat inflation, making it a suitable asset class as an inflation hedge.
- S-REITs as an asset class do offer a more competitive yield (6.1% dividend yield in 2022) than a cash management product such as Cash+, so if you're looking to build a passive income stream from your capital, you may want to consider reallocating in order to optimise for income.

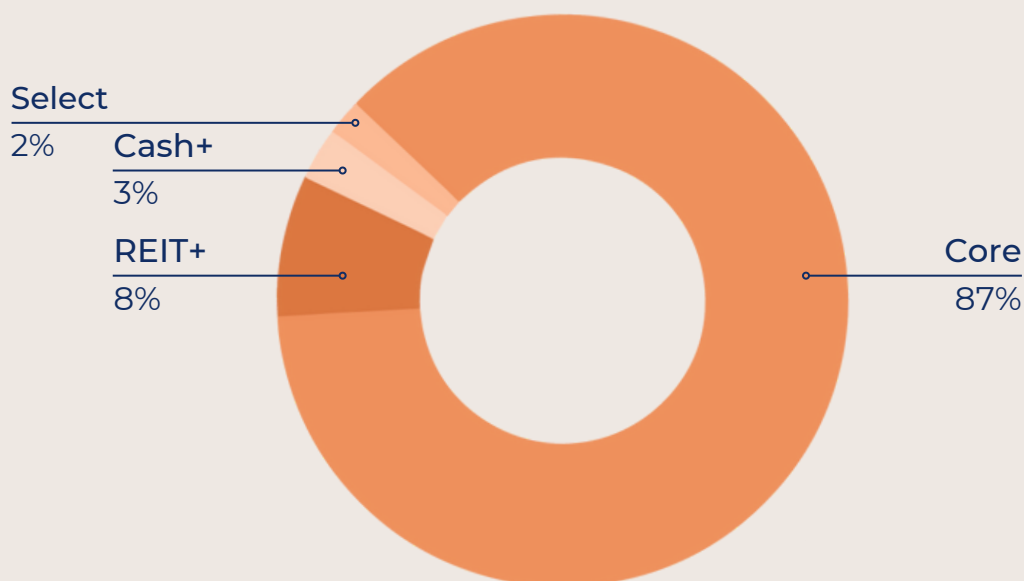


Goal 3: Retirement

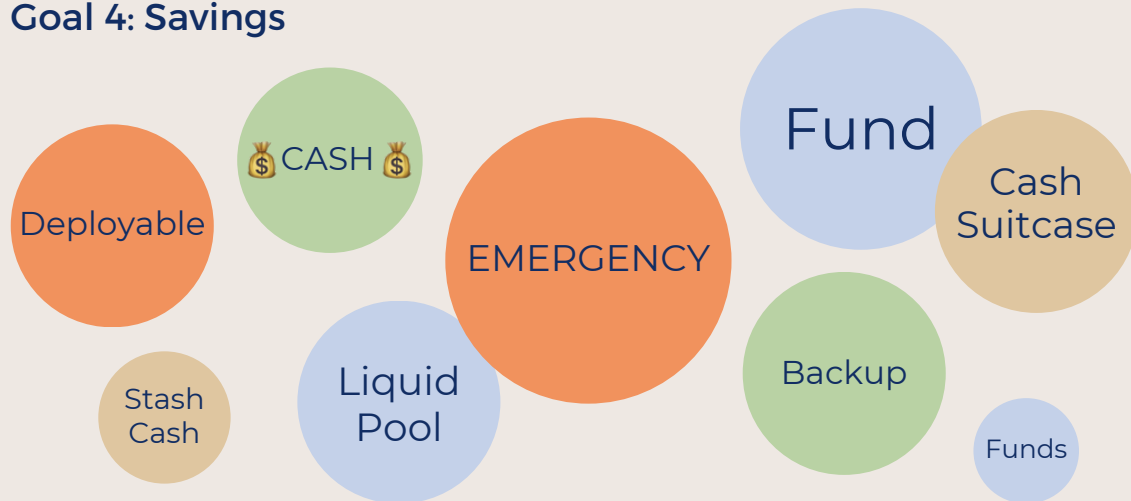


Our Observations & Take

- Retirement is a key theme for many investors at Syfe with many concerned about investing well to live well in their golden years.
- 40% of those investing in Core portfolios for retirement are putting their money into Syfe's Equity100 portfolio, lower than those aiming for long-term investment (under the general investing section). Most investors choose a more balanced portfolio for this objective, understandably so as people look to safer portfolios to feel more secure about retirement.
- REIT+ (8%) is an interesting choice for investors to use as a passive income generator for retirement. In Singapore, many continue to think of real estate investment property as a vehicle to generate income during golden years.

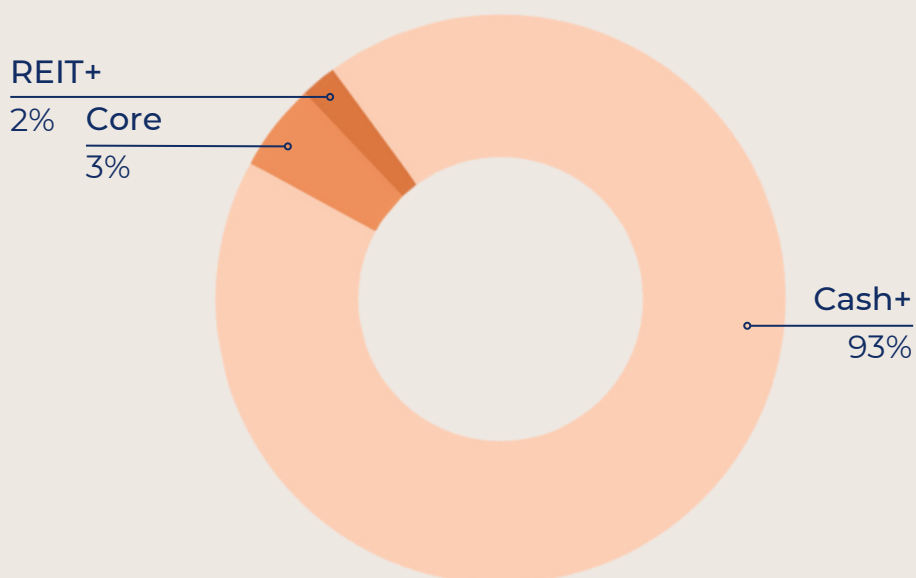


Goal 4: Savings



Our Observations & Take

- Syfe's Cash+ is a cash management product designed to give investors better returns on their cash while maintaining flexibility and liquidity compared to other short-term investments.
- There is nothing wrong with putting one's savings into Core investments. However, if you're saving this cash for a rainy day (shorter time horizon), Core portfolios might not be the most suitable option for this goal as it targets longer-term returns and may be impacted by short-term volatility.
- As most of our investors have done (93% in Cash+), we encourage investors to use portfolios with stable and steady returns, no lock-ins or withdrawal fees to achieve maximum flexibility for your cash. This way, your cash savings stay agile for when you need it.



Want to know how to better manage your goals and portfolios? Our advisory team is here to help!

2022 Syfe Investor Behaviours

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What are investors investing in and how are they currently doing it?

Over the past year, Syfe extended its offering beyond fully-managed portfolios to include more flexible, customisable solutions to cater to each individual investors' personal needs and preferences.

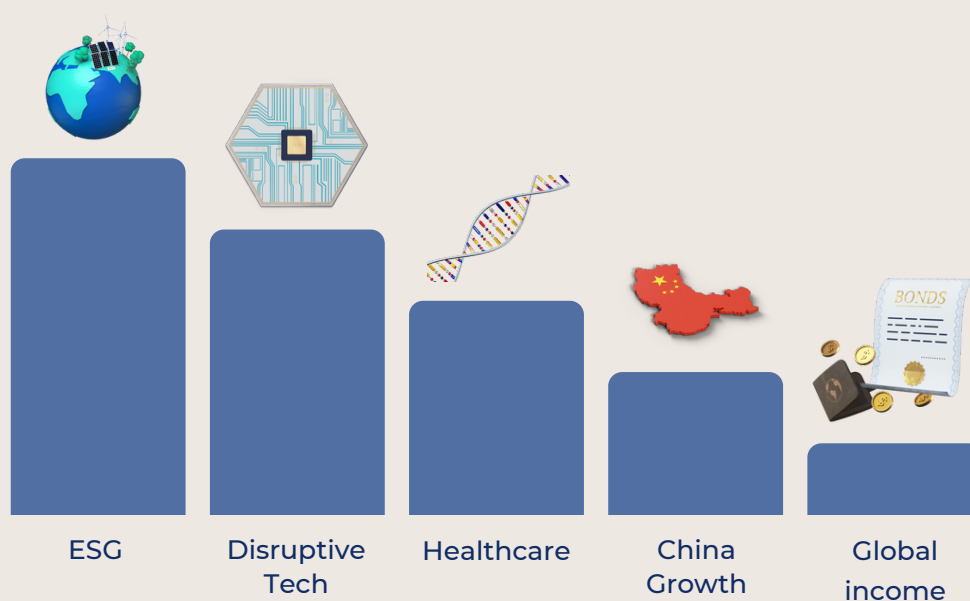
Thematic and Custom Portfolios

Syfe launched our suite of thematic and custom portfolios back in September 2021. In 2022, we've seen an increased uptake of investors adopting more custom portfolios for added diversification and exposure to specific sectors. In 2022, the share of Custom portfolios versus Thematic portfolios increased by nearly 30% year on year.

An average custom portfolio has 4.2 ETFs in it. Despite a difficult year, the most popular ETFs are those with exposure to semiconductor, lithium and battery industries. ETFs which track the US stock market also continues to be highly sought after.

When it comes to Thematic portfolios, ESG remains the most popular, edging out other themes with number of portfolios doubling our next most popular theme of disruptive technology. This shows the significant appetite and growth for sustainability related investments.

Themes Ranked



When it comes to frequency of their investments, share of recurring deposit transactions is up almost three times from 2021, demonstrating that more investors are dollar-cost-averaging in this highly volatile climate.

Trade

With our brokerage platform Syfe Trade launching earlier in 2022, investors now have a holistic suite of financial tools to diversify their investments and grow their money.

Technology stocks continue to dominate the popularity ranks for US trades despite their underperformance and volatility throughout the year. Interestingly, we've observed that investors have also leaned closer to home with Grab making the top 5 list.

SGX stocks was introduced onto our platform in Q4 2022, and Syfe investors have mainly focused more on blue chip companies across different sectors.



Most Popular Stocks

Rank	US Stocks	SG Stocks
1	Tesla	Sheng Shiong
2	Apple	Singapore Airlines
3	Amazon	Capitaland Integrated Commercial Trust
4	Alphabet	Singtel
5	Grab	Sembcorp

Wealth vs Trade Behaviours

We've observed several notable insights on how our investors are maintaining their focus on staying invested for the longer-term on Wealth while adopted shorter-term portfolio strategies to adapt to current market conditions on Trade. What's consistent across both platforms is that low cost index ETFs top both charts in terms of popularity.

Most Popular ETFs*

Rank	Wealth (Custom)	Trade
1	QQQ	VOO
2	CSPX	SPY
3	SMH	QQQ
4	LIT	SQQQ
5	VOO	TQQQ

*On Custom, the popularity is sorted by the number of times the ETF is included in an active Custom portfolio. While for trade, the number is represented by the number of buy and sell trade transactions.

The Invesco QQQs ("cubes") is a popular ETF that tracks the Nasdaq 100 Index which is also popular on Trade.

The Nasdaq-100 Index is composed mainly of technology companies and excludes most financial stocks.

On our brokerage platform, we've observed that investors gravitate towards optimising shorter term gains with current market volatility, with TQQQ and SQQQ making it to the top 5 traded ETFs. TQQQ is one of the largest leveraged ETFs that also tracks the Nasdaq100 and captures 3x the returns of the Nasdaq100. Inversely, the SQQQ captures (-3x) of the daily performance of the Nasdaq100, in the opposite, short selling direction.

CSPX and SPY both track the same S&P 500 index, and ranks 2nd in popularity across Wealth and Trade.

A key reason which explains CSPX's popularity within a custom portfolio set-up is its lower expense ratio (due to lower dividend holding tax and no estate tax) and dividend reinvestment feature, which favours long-term investing.

SPY continues to be a popular choice among frequent traders because of its higher average trading volume compared to CSPX.



2023 The Road Ahead

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Outlook

As we move into 2023, investor hopes have been bolstered for the year with latest inflation numbers coming in below expectations for two consecutive months, signalling that the end to the rate hike cycle may not be far off.

High & Falling Inflation

Global headline inflation peaked at 7.7% in October and has since slowed with the latest inflation hitting 7.1% in November, lower than the 7.3% expected by analysts. November was the smallest 12-month increase since December 2021, when inflation was 7.0%.

The Fed Policy

The FED continues to assess trends and raised the target range for its policy rate to 4.25% to 4.50%, the highest since late 2007. The central bank is expected to keep a tight leash on policy rates as inflation trends moderate - raising the probability of recession higher in the immediate new year.

Leading Indicators

Leading indicators such as the labour market, on the other hand, continue to remain strong with unemployment rates below 4%.

Recession Forecast

While the consensus views on the odds of recession in the next 12 months have increased to 65% post the latest FED meeting minutes, analysts at Goldman Sachs have forecasted much lower odds at 35% with hopes of a softer landing. Overall, even though the probability of a recession, hopefully mild, has increased, the broader economy is still in flux and we are in better control than before.



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What this means for your investment strategy

As we look forward to the new year, we've identified some trends that individual investors could take on and adapt their investment strategies from




Return of the 60-40 portfolios

Falling markets have brought about a silver lining. Government bond yields and credit spreads have increased sharply while equity valuation multiples are now at or below average levels seen over the long periods.

The combination of rising bond yields and falling equity valuations means that expected returns for multi-asset portfolios have moved considerably higher.

The global 60/40 portfolio has a current nominal expected annual return of 7.2% vs 3.3% in July 2021 and a real expected annual return of 4.4% vs 1.2% over the next five years.


Therefore, investors looking to achieve a particular nominal level of returns may do so with lesser allocation to risky assets.

The background of the top half of the page is a deep blue gradient. It features several large, semi-transparent circles of varying shades of blue, some of which overlap. In the upper left corner, there is a cluster of smaller, more defined blue spheres or bubbles, some of which are slightly out of focus, creating a sense of depth. The overall aesthetic is clean, modern, and professional.

Consider additional diversification into other asset classes

While the traditional 60/40 stock-bond portfolios have been the foundation of investing for decades, a continued inflationary environment still poses a challenge.

Expanding asset allocations to other asset classes including commodities, REITs, and international and emerging-market equities, in addition to bonds, can help to diversify further, reduce volatility and increase expected returns.



China - the return of the bull?

Investor sentiment on China also turned bullish in the last two months. MCHI ETF which tracks MSCI China Index rose by over 32% and KWEB ETF that tracks the overseas China Internet Index jumped by a staggering 48% in November 2022.

With the MSCI World Index clocking only 7% gains during the same period, this was one of the largest out performances of MSCI China against MSCI World since 2000.

The rally has been sparked by hopes for a faster exit from the "zero-Covid" policy as well as the government's recent positive Covid and property market measures.

This is truly a turn on the corner given the strong underperformance of Chinese equities YTD which was led by local lockdowns that weighed on the recovery in the property sector despite continued policy easing.



Keep Calm. Stay Invested.

There have been multiple bear markets (>20% decline in the stock market) in the 150+ year history of the US stock market, averaging once every 3.5 years. But, in each case, the market eventually recovered and went on to new heights.

Despite the downturns, some of which were quite long and severe, \$1 invested at the end of 1870 grew to \$20,514 in real terms in 2022. This is a real annual rate of return of 6.8%. More recently, if you had invested in the S&P 500 from the market peak of 1 Jan 2008 till the end of 2022 (going through the great financial crash in 2008, covid crisis in 2020 and the bear market run in 2022), your nominal returns would still be 254.01%, at an annualised rate of 8.79%.

While we certainly don't have a crystal ball into the future, history tells us that building wealth successfully is not about being able to predict the dawn of a 'lost decade' or time the lows, but the ability to be patient. Stock markets have been very generous to investors who can get through such periods of decline and invest for the long run.

Methodology

Data Collection

The findings in this report were based on proprietary data collected from investors on the Syfe platform across Wealth and Trade.

The Syfe Market Survey was conducted in October of 2022, to measure investor behaviours and attitudes towards investing. This research was done with 1009 people in Singapore, in collaboration with a research agency.

Commentary

Our commentaries are written and led by a team of licensed investment professionals with over 100 combined years of experience.

About Syfe

Syfe is a digital investment platform with a mission to empower people to build their wealth for a better future.

Through Syfe's revolutionary wealth management experience, people can grow their money to its fullest potential and manage wealth in one destination. We offer leading institutional methodologies and partner with global asset managers to achieve the best outcomes for one's money. Our innovative investment tools, strategies and access to the latest insights, support users in acting for their financial future now.

Across our markets in Singapore, Australia and Hong Kong, Syfe's team comprises the brightest talent from leading technology and financial institutions. Currently, over 100,000 investors in Singapore trust Syfe to manage their money.



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