INVESTOR TRENDS AND OUTLOOK 2024

INSIGHTS, BEHAVIOURS, AND OUTLOOK

FOREWORD FROM OUR CEO

DHRUV ARORA

FOUNDER AND CEO OF SYFE

Reflecting on 2023, we witnessed a whirlwind of a year few could have predicted. We saw soaring bond yields reaching a 15-year peak, the rise of generative AI, and a surprisingly robust US economy amidst fastest rate hikes. Contrary to the initial pessimism prevalent at the year's start, the majority of asset classes concluded 2023 on a positive note.

This year also marked a transformative phase for Syfe. We adapted to the environment and launched innovative products to what customers wanted most in a rising rate environment. Income+ portfolios (in SG & HK) and Cash+ Guaranteed (in SG) have both been extremely well received by our clientele.

Through the year, we also spent a lot of time understanding our customers. Through surveys, focus groups and one-on-one sessions, it became evident that there continues to be notable gaps between the investors' goals and actions. The strong desire for wealth-building through investments is often tempered by caution, leading many to prefer holding cash in saving accounts and allocating only a small portion of their monthly salary to investments, or even relatively safe, better yield offerings. While maintaining liquidity is important, addressing this risk aversion is essential for effective wealth accumulation. We advocate for disciplined investment strategies and consider increased equity and higher yield offering allocation as a means to outpace inflation and achieve better long-term returns compared to leaving cash in saving accounts.

As we transition into 2024, we are positioned at a critical juncture in monetary policy. Major central banks are shifting gears from rate hikes to cuts. With interest rates poised to stabilise, the investment landscape is brimming with new opportunities. This year is anticipated to herald a transition from cash to a more diversified investment portfolio, including income offerings such as bonds and S-REITs as well as quality and defensive equity sectors.

In closing, I seize this opportunity to express our heartfelt gratitude for your trust in Syfe. As a team, we remain devoted to assisting you to realise your financial goals in the coming year and beyond.

SUMMARY

INVESTOR TRENDS

INSIGHTS FROM SYFE

We observed that Singaporean investors lean towards low-risk and fairly liquid financial products, a trend from 2022 that continued through 2023.

Interestingly, while most investors claim wealth growth as their top financial aim, they prefer holding onto cash and investing just a small part of their salary. There's a noticeable disconnect between what they aspire to achieve financially and the steps they're taking to get there.

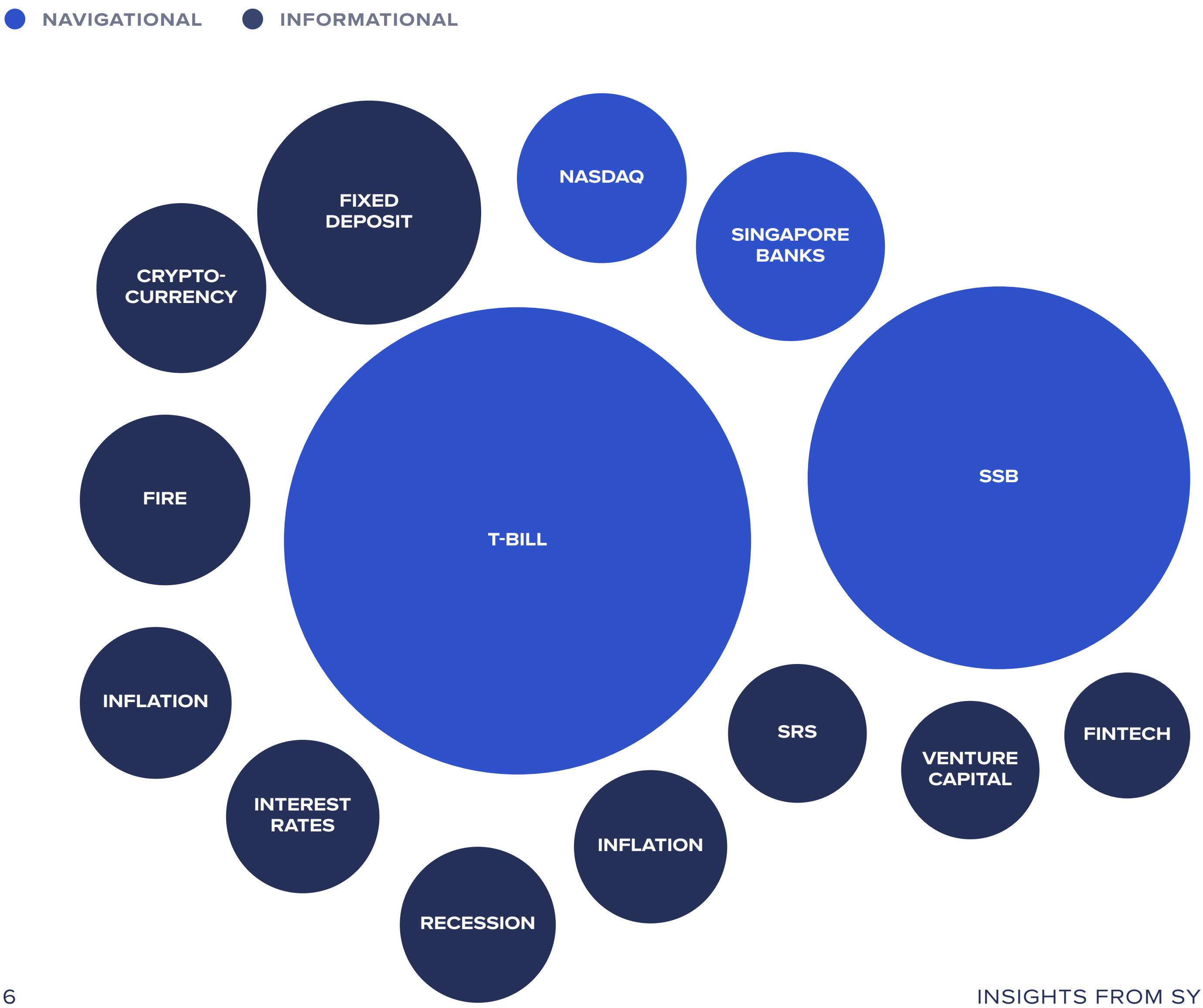
SINGAPORE INVESTORS SHOW STRONG INTEREST IN CASH MANAGEMENT TOOLS

OUR OBSERVATION

Analysing the top-searched financial terms in Singapore, we see a distinct preference for cash management tools. Instruments like Singapore Treasury Bills (T-bills), Singapore Savings Bonds (SSBs), and Fixed Deposits (FDs) top the list in 2023. With rising interest rates, these options have offered decent returns this year. Many investors may be looking to "lock in a good rate." This also seems to mirror a broader trend among Singapore investors towards low-risk, stable investment choices.

TOP INVESTMENT-RELATED SEARCH TERMS IN SINGAPORE FOR 2023

Source: Syfe Research, Semrush, based on average monthly search over past 12 months, as of 1 December 2023



INVESTORS APPEAR TO BE UNDERINVESTED

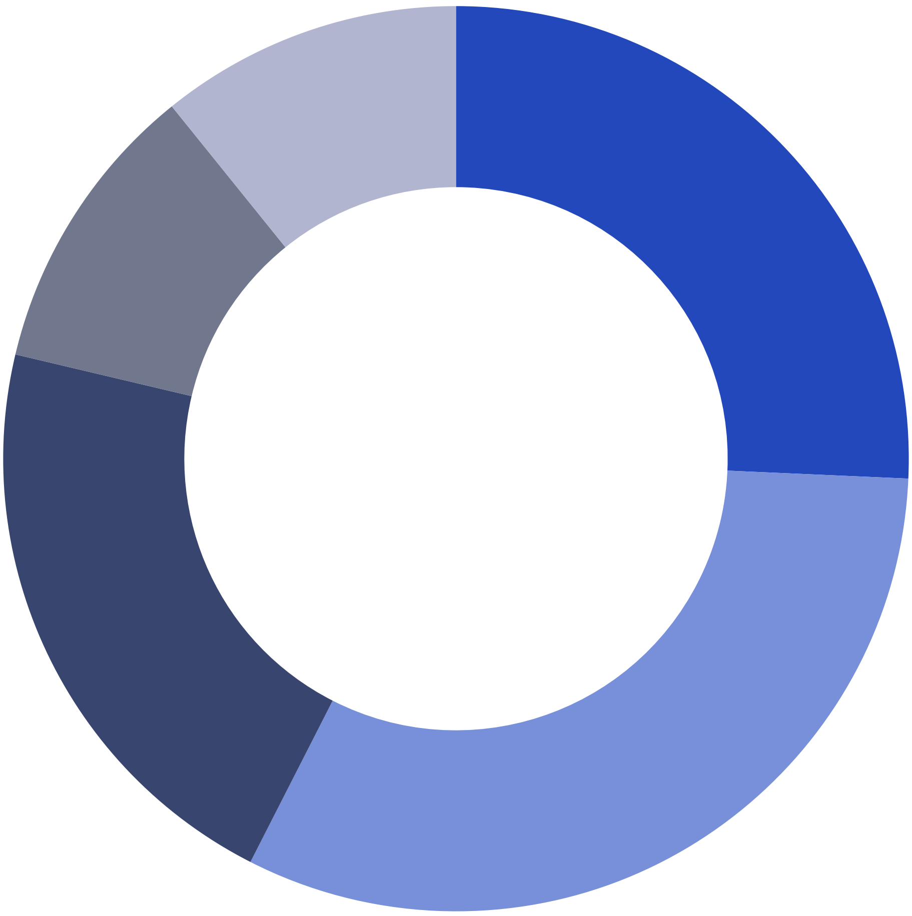
OUR OBSERVATION

In our survey, we found that two thirds of investors put less than 10% of their monthly salary into investments, a trend seen across all age groups. Nearly one quarter put less than 5% of their monthly salary into investments. It seems that being cautious with money is the norm, and many investors may not have a plan to set aside a regular amount into investments. Many investors may prioritise safety over growing their wealth longer term through riskier investment choices.

PROPORTION OF MONTHLY SALARY ALLOCATED TO INVESTMENTS

Source: Syfe Research, Syfe Survey, October 2023

UP TO 5%	5% – 10%	10% – 20%	20% – 30%	MORE THAN 30%
25.7%	31.8%	21.2%	10.5%	10.8%



CASH REMAINS THE MOST PREFERRED ASSET CLASS

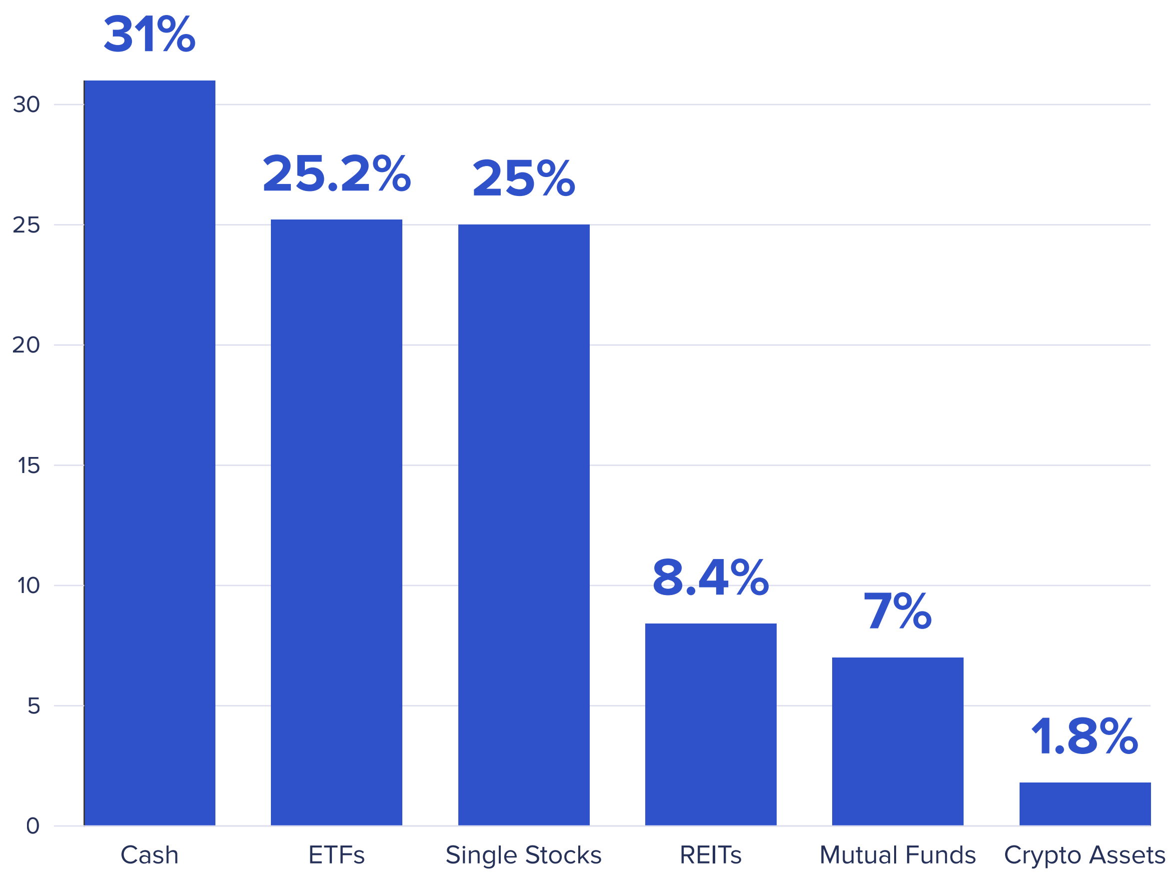
OUR OBSERVATION

Aligned with the earlier findings, cash emerges as the favoured asset class among our surveyed investors. A notable 31% of respondents identified cash as their largest portfolio holding.

Additionally, approximately 25% of investors place a similar emphasis on ETFs and individual stocks. This trend reflects our users' preference for low-cost investment solutions, with some investors actively engaged in stock trading.

TOP HOLDINGS IN THE PORTFOLIO

Source: Syfe research. Syfe Survey, October 2023.



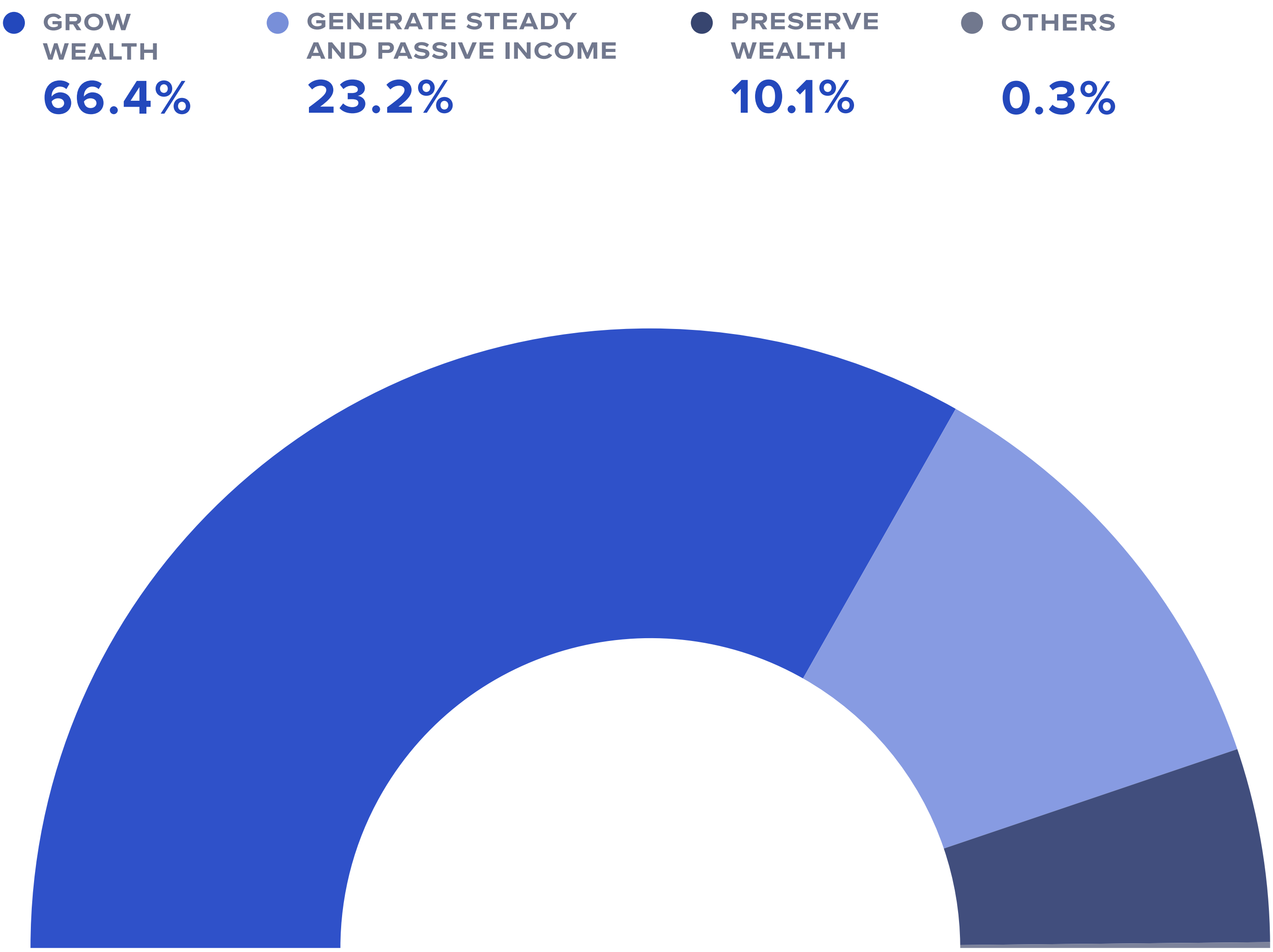
THE GAP BETWEEN FINANCIAL GOALS AND INVESTMENT ACTIONS

OUR OBSERVATION

In our survey, about two thirds of investors marked wealth growth as their main goal for investing. Yet, there's an interesting mismatch here: despite this ambitious financial goal, most investors are only putting a small slice of their earned monthly income into investments, preferring to keep most in cash. Keeping cash for liquidity and emergency is crucial. However, to build wealth, it's essential for investors to practise discipline, and consider greater equity allocations that could help them beat inflation and generate higher returns over cash in the long term. This gap between goals and actions is something investors should be aware of and work on if they want to hit their financial goals.

PRIMARY GOAL TO ACHIEVE THROUGH INVESTING

Source: Syfe research. Syfe Survey, October 2023.



SYFE MANAGED PORTFOLIOS AND CASH MANAGEMENT

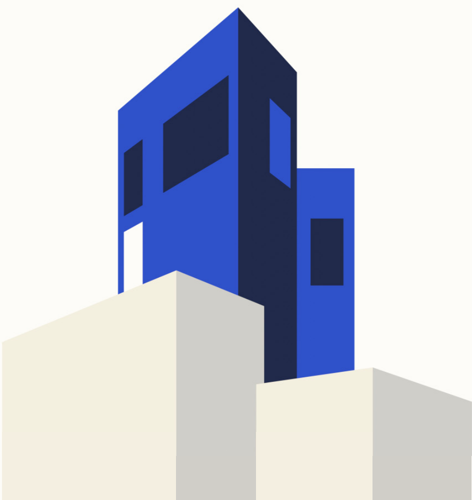
MOST POPULAR PRODUCTS IN 2023

CASH+ GUARANTEED

Launched in August 2023, Cash+ Guaranteed aims to generate guaranteed returns that match or surpass current fixed deposit rates. The response from investors has been overwhelmingly positive, evidenced by the significant inflows we've seen in the past four months. To provide our clients with the flexibility to tailor their cash savings according to their needs, we've broadened our offerings to include various terms, including 3 months, 6 months and 12 months.

INCOME+ ENHANCE

Launched in April 2023, the Income+ Portfolios have been designed for diversified income, leveraging PIMCO's top-tier active strategies. Since their inception, we've witnessed consistent inflows, as investors seek to build higher income streams. Income+ Enhance has been particularly popular with investors. Currently, the Income+ Enhance portfolio boasts a monthly distribution yield of 5.5% to 6.0% p.a. Its yield-to-maturity stands at 8.2% p.a., with an average credit rating of A-. This combination of steady income and strong credit standing has evidently resonated well with our investors.



REIT+ (100% REITS)

Despite a tough year for S-REITs, we've noticed investors consistently channelling funds into REIT+ (100% REITs) portfolio. We saw many of our investors employing a dollar-cost averaging (DCA) strategy as REIT prices corrected over the last year in wake of high interest rates. We're heartened to see these investors remain steadfast through challenging market conditions, which can play a crucial role in capitalising on the rebound in REIT prices as interest rates normalise this year.

SYFE BROKERAGE

With the launch of our Brokerage earlier in 2022, investors now have access to a comprehensive suite of financial tools. This addition allows investors to diversify their investments and effectively grow their money.

MOST POPULAR US STOCKS

1	**TSLA** TESLA, INC.
2	**NVDA** NVIDIA CORPORATION
3	**APPL** APPLE INC.
4	**AMZN** AMAZON.COM, INC.
5	**GOOG** ALPHABET INC.

For single stocks, the mega-tech giants like Tesla, Apple, Amazon, and Alphabet were the most traded stocks by dollar value on our brokerage platform, keeping pace with the wider market movements. Interestingly enough, there's been a pretty noticeable uptick in interest in Nvidia. This spike in popularity could mostly be chalked up to the buzz around AI stocks that's been catching on this year.

MOST POPULAR US ETFS

For ETFs, trading has primarily revolved around the major indices, such as the S&P 500 and Nasdaq 100. Looking at the top five most traded ETFs, we find that three are leveraged. Take FNGU, for instance: this ETF aims for a triple leveraged participation in the daily performance of the NYSE FANG+ Index. Then there's SQQQ, ProShares UltraPro Short QQQ, which is designed to short QQQ, aiming for three times the inverse (-3x) of Nasdaq 100's daily performance. On the other hand, TQQQ seeks to mirror three times (3x) the daily performance of the Nasdaq 100. It's pretty clear that investors on Syfe Brokerage platform are not only active but also quite adventurous, utilising leveraged ETFs to express their market views.

1	**FNGU** BANK OF MONTREAL MICROSECTORS FANG
2	**VOO** VANGUARD 500 INDEX FUND ETF
3	**SQQQ** PROSHARES ULTRAPRO SHORT QQQ ETF
4	**QQQ** INVESCO QQQ TRUST SERIES 1
5	**TQQQ** PROSHARES ULTRAPRO QQQ

MOST POPULAR SG STOCKS

1	**D05** DBS GROUP HOLDINGS LTD
2	**O39** OVERSEA-CHINESE BANKING CORPORATION LIMITED
3	**C6L** SINGAPORE AIRLINES LIMITED
4	**BN4** KEPPEL CORPORATION LIMITED
5	**JYEU** LENDLEASE GLOBAL COMMERCIAL REIT

In the final quarter of 2022, we expanded our platform to include SGX stocks. Syfe investors predominantly gravitate towards blue-chip companies. Notably, banks and Singapore Airlines emerged as favourites among our investors in 2023.

Source: Syfe research, based on trade value in USD. 30 November 2023

RESILIENCE AMIDST MARKET TURMOIL

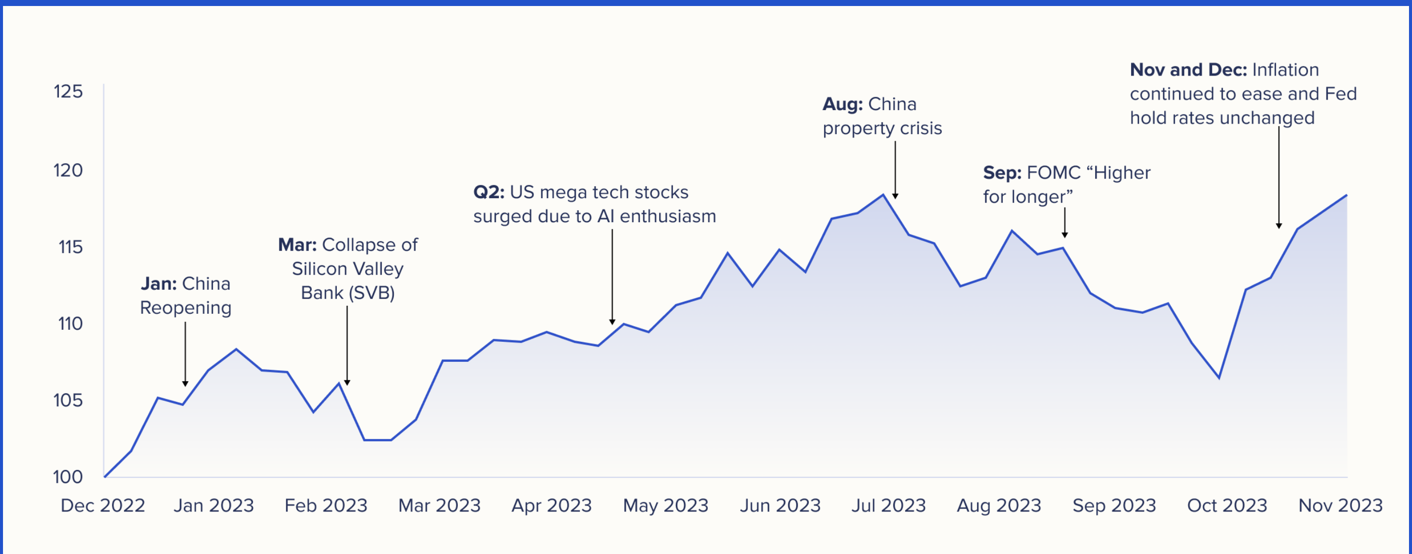
REVIEW OF GLOBAL MARKETS IN 2023

The year 2023 truly underscored the market's unpredictability. Against a backdrop of scepticism at the start of year, most asset classes finished on a positive note in 2023. Global economic growth proved more robust than anticipated, and inflation rates have trended lower. Notably, even amid significant events like the collapse of Silicon Valley Bank and escalating issues in China's property sector, global equities impressively climbed 22% (as of 20 December 2023).

This growth, however, was predominantly fueled by a cluster of tech giants, the so-called "Magnificent Seven" – think Apple, Microsoft, Alphabet – which somewhat concealed underlying weaknesses in the broader equity market.

The bond market wasn't immune to market volatility. The journey of the 10-year Treasury yield was a rollercoaster, surging from around 3.5% in Q2 to almost 5% in October, then easing back to 3.9% in December.

MSCI WORLD TOTAL RETURN IN USD 2023 (REBASE TO 100)

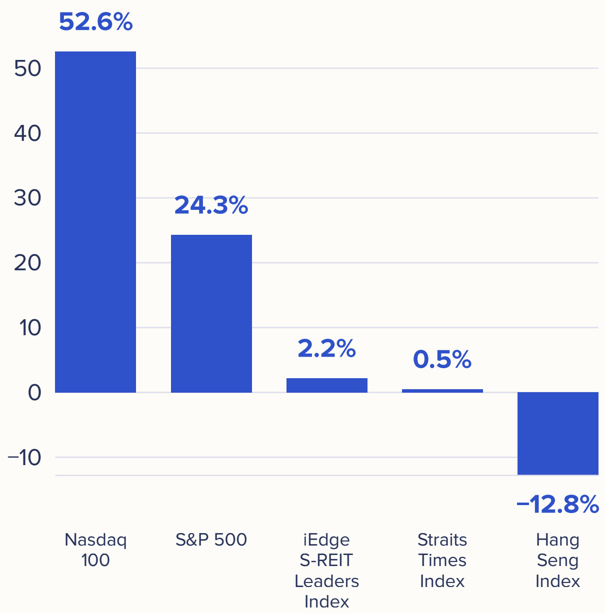


Source: Bloomberg, MSCI Total Return in USD. Syfe Research, 20 December 2023

ASSET CLASS PERFORMANCES

EQUITY MARKETS

2023 TOTAL RETURN (%)



Source: Bloomberg, The total returns for the S&P 500 and Nasdaq 100 are denominated in USD. The Straits Times Index and iEdge S-REIT Leaders' total returns are in SGD. The total return for the Hang Seng Index is in HKD. Syfe Research, 20 December 2023.

In the equity markets, the US has been leading in performance. In 2023, the S&P 500 report a return of over 20%. The tech-heavy Nasdaq 100 Index outperformed significantly, delivering a return of around 50%. Tech sector has been a major contributor to this impressive performance.

On the other hand, key Asian markets have underperformed. The Hang Seng Index experienced a subdued year. This was largely due to the ongoing property crisis in China, coupled with weak investor sentiment and a sluggish economy.

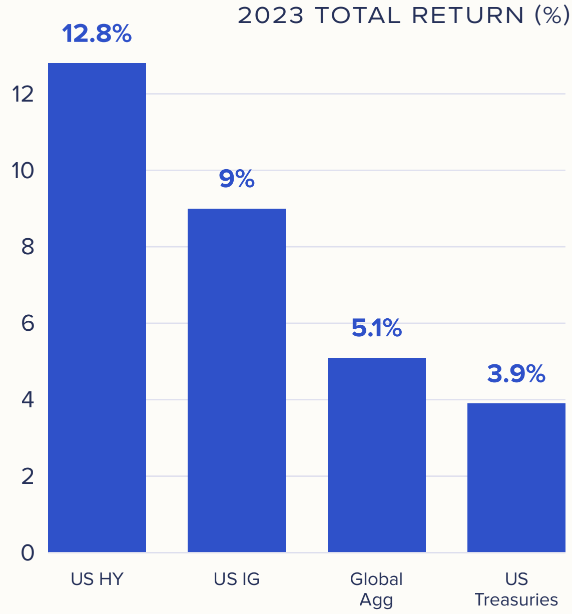
In Singapore, the performance of the Straits Times Index was relatively flat. This lacklustre outcome is partly due to the STI's limited exposure to the technology sector and its greater vulnerability to impacts from China. Meanwhile, S-REITs delivered +2.2% . Their performance has been negatively influenced by rising interest rates, but rebounded with the easing of interest rates in the last two months.

BOND MARKETS

Within bonds, US high yield (HY) bonds have garnered almost 13% of return, supported by the resilient US economy. Meanwhile, US investment grade (IG) corporate bonds have also delivered decent returns to investors.

The rates movements have been on a rollercoaster. 10-year US Treasury yield moved from 3.5% in January to 5% in October. Subsequently, it fell back to 3.9% following the Fed’s dovish pivot. This turnaround has been driven by a combination of factors, including disinflation, a softening labour market, and expectations of an end to the Fed’s rate hike cycle. Such movement could signal a major shift in the bond market.

2023 TOTAL RETURN (%)

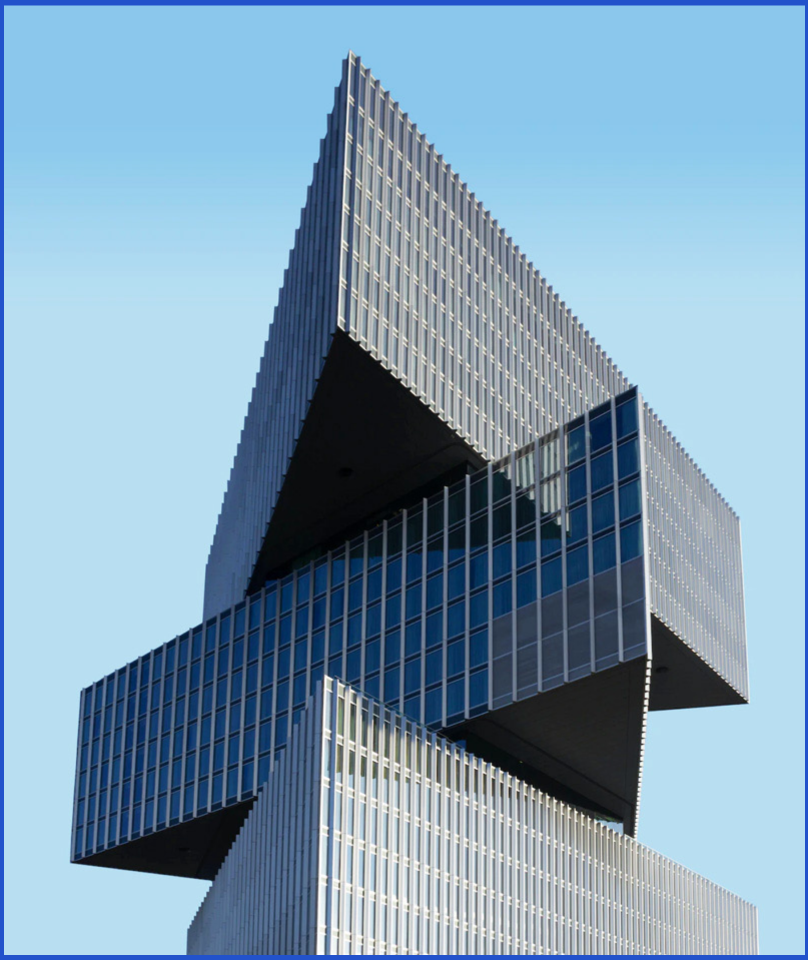


Source: Bloomberg, all returns are in USD. Syfe Research. 20 December 2023.

THE CENTRAL BANK'S NEW PLAYBOOK

2024 THE ROAD AHEAD

The year 2024 is set to be a pivotal point in monetary policy. As the pressures of inflation ease and economic growth slows, it's widely anticipated that major central banks will gradually cut interest rates. However, uncertainties loom large, with 40 countries, including the critical US presidential election in November. With interest rates expected to level off, the markets may see the emergence of new opportunities, especially in the bond space. This shift could present a unique chance for investors to explore different avenues in the evolving economic landscape.



GROWTH IS EXPECTED TO SLOW, BUT DEEP RECESSION UNLIKELY

REAL GDP GROWTH FORECAST (%, YOY)

GLOBAL

3.0% 2.9%

2023 2024

US

2.1% 1.5%

2023 2024

CHINA

5.0% 4.2%

2023 2024

Source: IMF Staff Calculation, October 2023 Economic Outlook, Syfe Research

The global economy is forecasted to experience a slowdown, with GDP growth rate easing from 3.0% in 2023 to 2.9% in 2024, according to the IMF World Economic Outlook in October 2023.

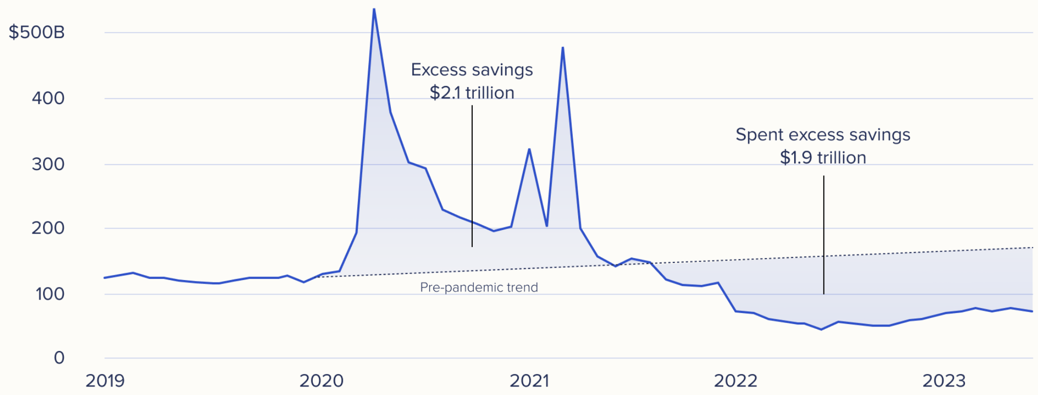
In the US, we are anticipating a more noticeable reduction in economic growth, dropping from 2.1% in 2023 to a more subdued 1.5% in 2024.

This slowdown can be largely attributed to the diminishing pandemic-era savings, which have been a key pillar supporting consumer spending in advanced economies, particularly in the US. As these savings start to dwindle, households are facing less financial cushions, compounded by increasing living costs and more stringent credit conditions than what we saw two years ago.

Turning our attention to China, the world's second-largest economy, the economic growth is expected to remain soft in 2024. Nevertheless, the economy stands at a critical crossroad. The latter half of 2023 witnessed a notable shift in the approach of the Chinese government following the turbulent property crisis. The authorities are expected to ease policies further in 2024 to counter the slowdown in growth.

CONSUMPTION IS LIKELY TO SLOW DUE TO DIMINISHING PANDEMIC-ERA SAVINGS

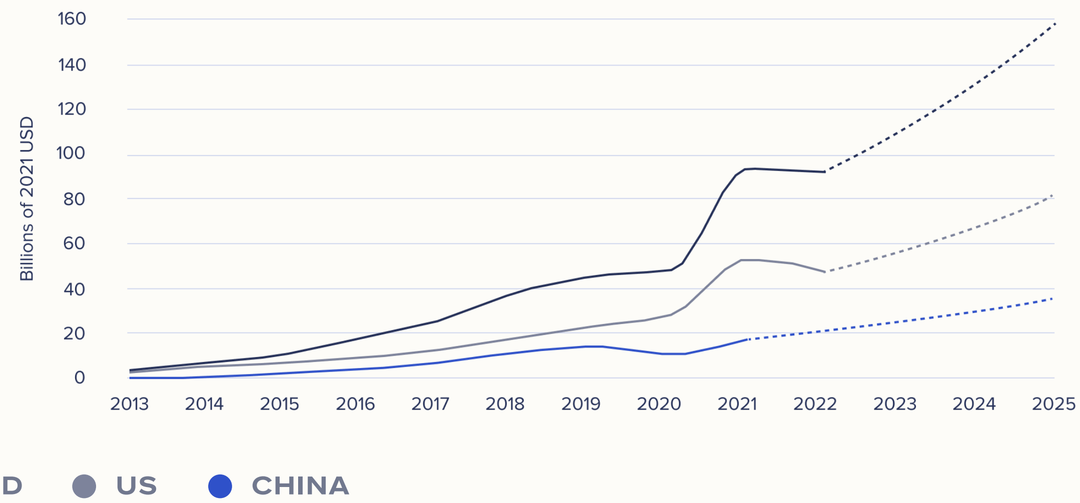
PERSONAL SAVINGS FROM 2019 TO 2023, IN BILLIONS



Source: Federal Reserve Bank of San Francisco, CNN, Syfe Research, as of 26 November 2023

BUT AI INVESTMENT IS EXPECTED TO GROW RAPIDLY IN NEXT 3 YEARS

PRIVATE AI INVESTMENT (DOTTED LINES SHOW GS REVENUE PROJECTIONS*)



Source: Stanford Institute for Human-Centred Artificial Intelligence, Goldman Sachs Research
*Average of GS Research 2022-2030 revenue growth estimates for Microsoft Azure, NVIDIA, Google Cloud, and Amazon Web Services (when available)

IS A SEVERE ECONOMIC RECESSION EXPECTED IN 2024?

The prevailing opinion among investment experts currently tilts towards the possibility of either a 'soft landing' or a 'very mild recession' in 2024. This outlook is rooted on the anticipation of robust business investments in AI. There is a growing belief that the surge of investment into AI will serve as a structural driving force for wider economic growth for the next few years. This could well offset potential dips in other areas such as consumer and government spending.

INFLATION CONTINUES TO TREND LOWER

HEADLINE INFLATION (% YOY)

GLOBAL

6.9% (2023) 5.8% (2024)

US

3.2% (2023) 2.6% (2024)

EU

3.3% (2023) 2.8% (2024)

UK

5.4% (2023) 2.6% (2024)

Source: IMF Staff Calculation, October 2023 Economic Outlook, Syfe Research

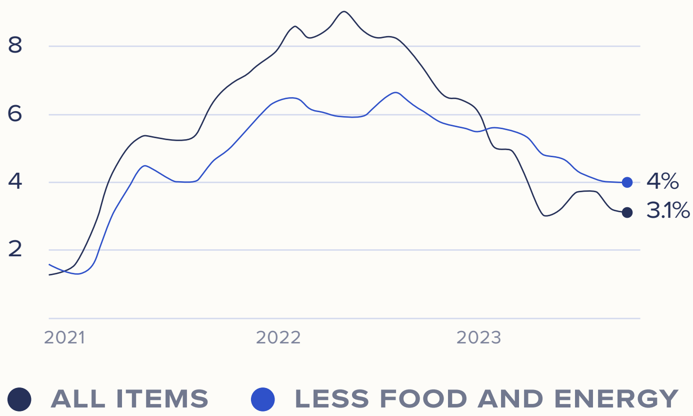
Inflation is expected to move downwards in key advanced economies in 2024, largely thanks to the resolution of supply chain issues and a softer labour market.

In the US, headline inflation is projected to fall from 3.2% in the last quarter of 2023 to 2.6% in 2024, edging closer to the Federal Reserve (Fed)'s 2% inflation target. This anticipated decline is partly due to the resolution of supply chain disruptions, which in turn is leading to lower prices for consumer goods. Moreover, we are expecting a continued decrease in housing costs, which should further help in reducing inflation.

Crucially, there are signs of relaxation in the labour market, as indicated by a decrease in the ratio of job vacancies to unemployed individuals. The pace of wage growth is slowing as well, which is likely to further alleviate inflationary pressures moving ahead.

US INFLATION IS ON EASING PATH

YEAR-OVER-YEAR PERCENT CHANGE AS OF NOVEMBER 2023

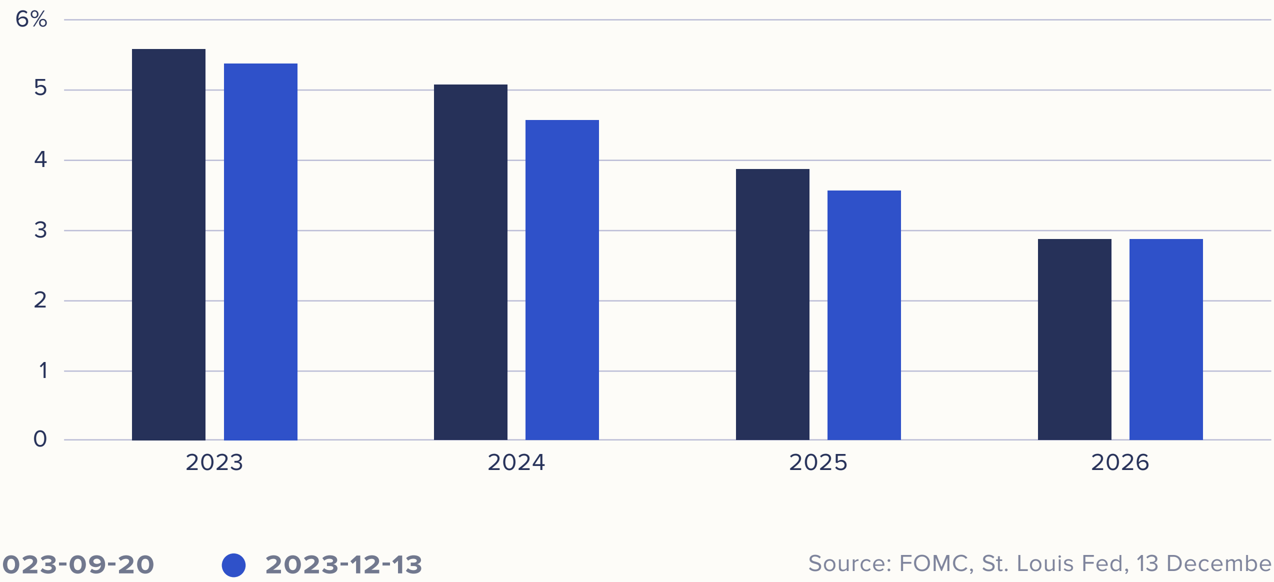


Source: US Bureau of Labor Statistics, Syfe Research, 12 December 2023

CENTRAL BANKS ARE EXPECTED TO CUT RATES IN 2024

DECEMBER 2023 FOMC SHOWS DOVISH TURN

FOMC SUMMARY OF ECONOMIC PROJECTIONS FOR THE FED FUNDS RATE MEDIAN



Source: FOMC, St. Louis Fed, 13 December 2023

Moderating inflation and revised growth forecasts are shaping a notable trend: major central banks are expected to shift from the rate hikes of 2023 to expected rate cuts in 2024.

The Federal Open Market Committee's (FOMC) December 2023 meeting is a prime example of this shift. The Committee chose to maintain the current rate, inline with our 2023 Q4 guidance that we have reached the peak of this rate-hiking cycle. The Fed now projects three rate cuts for 2024.

In 2024, central banks, including the Fed, are gearing up for a transition. Moving away from the rate hikes that characterised the previous period, they are adopting a more accommodative stance. This reflects a gradual but significant shift in their focus - from battling inflation to fostering economic growth.

A YEAR OF POLITICAL AND GEOPOLITICAL UNCERTAINTIES

2024 is a crucial year for global politics, with political and geopolitical uncertainties taking centre stage.

An impressive 40 countries are scheduled to conduct national elections, influencing over 40% of the world's population and GDP. Below are some elections that could be market-moving.

2024 KEY ELECTIONS AND TIMELINE

TAIWAN JAN 2024
Taiwan's presidential election in January is anticipated to have a significant impact on its relation with China. The outcome of the election could change China's approach towards Taiwan.

INDONESIA FEB 2024

RUSSIA MAR 2024
In Russia, the March elections appear to favour President Putin remaining in power until at least 2030, given the lack of strong opposition. His tenure will be heavily influenced by the ongoing conflict with Ukraine.

INDIA APR-MAY 2024
April's elections in India will see Prime Minister Narendra Modi vying for a third term. His policies and leadership style will undergo intense scrutiny during this period.

EU PARLIAMENTARY
JUN 2024

US NOV 2024
The US presidential election in November is particularly noteworthy, occurring amidst deep societal divides and cultural tensions.

Source: Syfe Research, November 2023

Amidst ongoing conflicts like Russia-Ukraine and the US-China tensions, these elections add further complexity to the geopolitical scene in 2024.

While the long-term effects of these elections on market performance are generally limited, they are expected to garner substantial media attention and may induce a sense of unease among investors and cause short-term price swings.

ASSET CLASS VIEWS

BONDS

OFFER COMPELLING OPPORTUNITIES

We believe that bonds are offering compelling yields. It could be an opportune time to lock-in higher rates and benefit from price appreciation.

FOCUS ON HIGH-GRADE

With economic deceleration, prioritise high-grade investments like government bonds and investment-grade corporate bonds for stability and diversification to the equity portfolio.

ADD IN SOME DURATION

Consider extending bond durations to capitalise on current attractive yields, aligning with the anticipated stabilisation of interest rates.

EQUITIES

LOOK BEYOND MEGA-CAP TECH

Last year's rally was spearheaded by mega-cap tech companies. With AI and various technologies being adopted across different sectors, opportunities may arise in other areas as well.

FOCUS ON QUALITY

Quality may be the key equity factor to shine in 2024. It's advisable to steer clear of companies that rely on cheap financing, as interest rates can remain high for some time.

STAY OPPORTUNISTIC ON CHINA EQUITIES

China's overall economic growth is expected to remain soft, but the "new economy" sectors might offer pockets of opportunity, as their valuations appear attractive and they receive policy support.

COMMODITIES

GOLD SUPPORTED

The US dollar is likely to weaken as the Fed pivots its policy, a factor that typically supports gold prices.

CASH

CONSIDER INVESTING EXCESS CASH

Currently, cash still offers attractive yields. However, as central banks begin to cut rates, reinvestment will yield lower returns. Consider allocating excess cash to bonds and equities, which could potentially offer higher returns.

INVEST EXCESS CASH

OUR VIEW

Inflation continues to trend lower. Central banks are to pivot monetary policies.

YOUR ACTION

- Shift allocation from cash to assets that could benefit from lower interest rates such as bonds and S-REITs

BONDS OFFER COMPELLING OPPORTUNITIES

Source: Bloomberg, yield to worst for the Bloomberg US Aggregate Bond Index, as of 20 October 2023

S-REITS STAND POISED FOR A BOUNCE BACK

Source: SGX Research, S-REITs & Property Trusts Chartbook, Syfe Research, November 2023

As we anticipate a shift in central bank policies towards lower interest rates, investors might see returns from cash holdings start to decline. This change brings to the forefront the potential risks in reinvesting and the need for strategic cash management. Now is the opportune moment to optimise cash holdings, carefully considering diversifying into bonds and equities.

Currently, the bond market looks particularly promising. Yields on USD core Investment Grade bonds have reached around 6%, a peak not witnessed since 2009. With the expectation of stabilising and then decreasing rates, these bonds offer an attractive mix of potential gains and lower volatility. Investors should also consider extending the duration of their bond portfolios to capitalise on the market dynamics.

In this evolving rate scenario, Singapore Real Estate Investment Trusts (S-REITs) stand poised for a bounce back. Traditionally benefiting from falling interest rates through reduced financing costs, S-REITs are well-positioned to offer favourable returns as the interest rate scenario evolves. Currently, S-REITs are trading at an attractive valuation with a price-to-book ratio of 0.8X, close to a 10-year low. This suggests that much of the negative news has already been factored into their current valuation.

FOCUS ON QUALITY

OUR VIEW

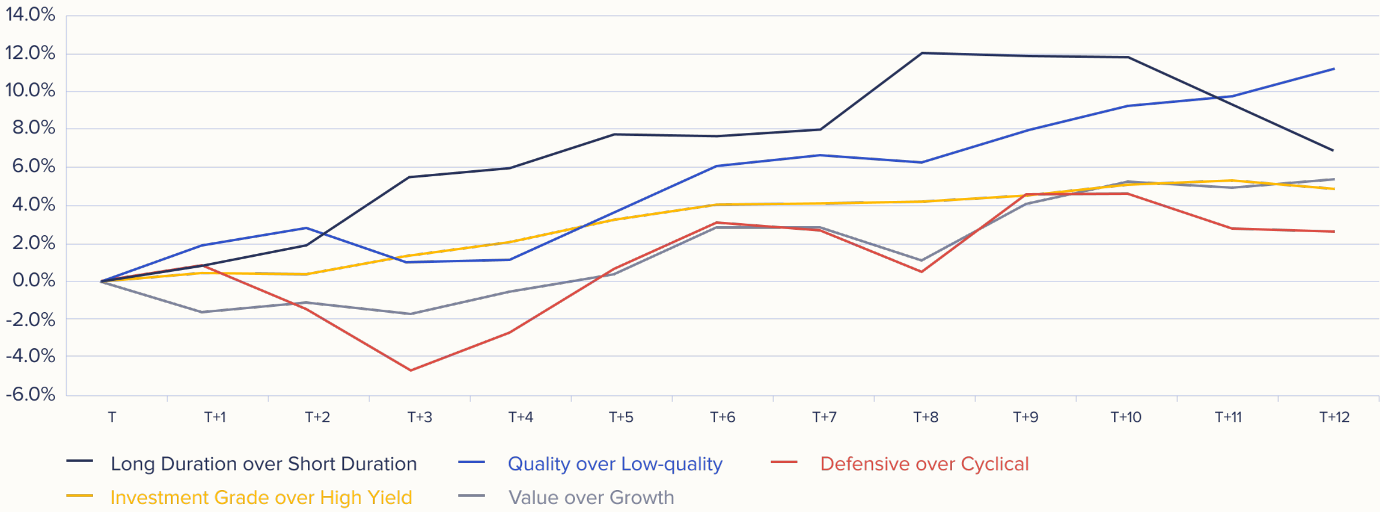
Growth is likely to slow down.

YOUR ACTION

- Focus on quality and defensive sectors
- Favour investment grade bonds

WHICH ASSET CLASSES AND INVESTMENT STYLES TEND TO OUTPERFORM WHEN THE FED PAUSES?

AVERAGE CUMULATIVE OUTPERFORMANCE, TOTAL RETURN,
T = MONTH IN WHICH THE LAST RATE HIKE OCCURRED



Source: Bloomberg, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Syfe Research. November 2023.

In the face of a projected global economic slowdown, quality and defensive companies, often defined by robust balance sheets, steady cash flows, and effective management, typically demonstrate greater resilience in economic downturns. Their financial stability enables them to better absorb market shocks compared to less stable entities. In times of uncertainty, investors tend to flock towards these safer, more reliable stocks – often those considered to be of higher quality. This can provide additional support to these stocks in turbulent markets. Certain sectors typically exhibit lower price volatility during economic slowdowns. These include consumer staples, healthcare, technology, and utilities.

This same theme extends to bonds as well. Given the slowing economic growth, we favour investment-grade bonds over high-yield bonds.

Historically, during periods when the Fed pauses its rate hikes, which usually coincide with slower economic growth, both investment-grade bonds and quality and defensive sectors have shown a tendency to outperform. This trend underscores the strategic advantage of focusing on these more secure assets during times of economic uncertainty.

STAY INVESTED BUT DIVERSIFY

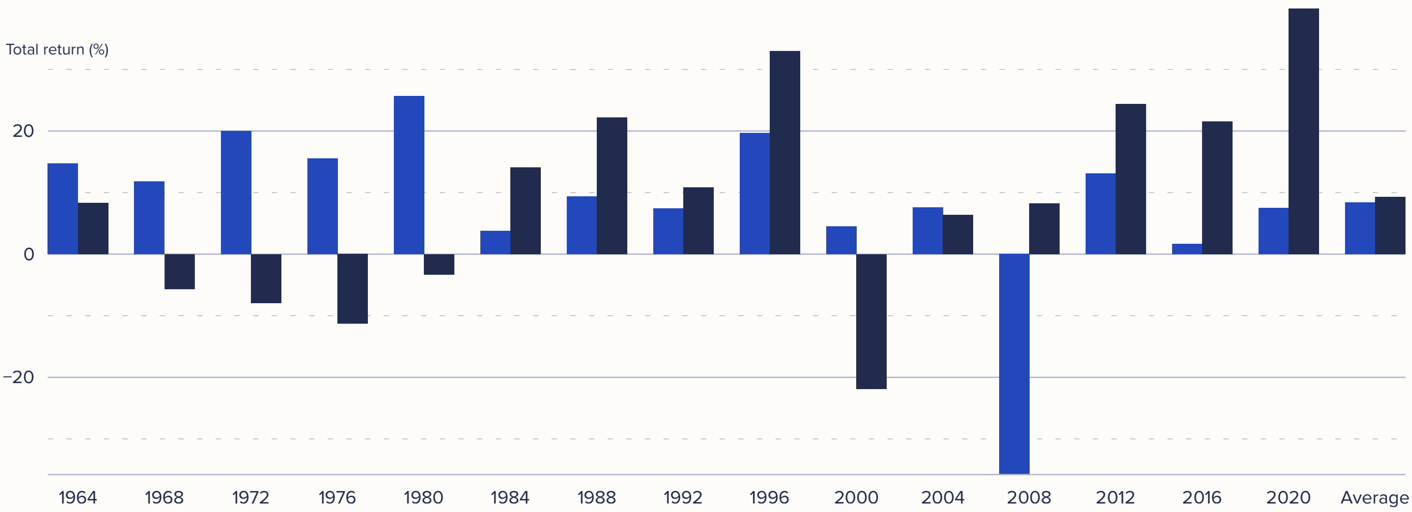
OUR VIEW

Political and geopolitical risks dominate headline news

YOUR ACTION

- Stay invested but diversify
- Consider increasing allocation to safe-haven assets

S&P 500 TYPICALLY DELIVERED POSITIVE RETURNS AROUND US PRESIDENTIAL ELECTIONS (SINCE 1964)



- PERFORMANCE OVER 12 MONTHS AFTER ELECTION DATE
- PERFORMANCE OVER 12 MONTHS BEFORE ELECTION DATE

Source: Forbes Advisor, Syfe Research, 17 October 2023.

In 2024, 40 countries are scheduled to hold elections, and the US presidential election is the most prominent and attracting the most attention.

While the US presidential elections can significantly influence domestic and foreign policies, our research suggests that their impact on markets is less direct. Excluding 2008, which was affected by the financial crisis, US equities have generally yielded positive returns in the 12 months preceding a presidential election. Similarly, in the 12 months following a US election, the returns have been positive in most years.

Our recommendation is to stay invested, but consider diversifying your investments and adopting a more balanced approach. From a concentration risk perspective, we favour equal weighted equity ETFs over market cap weighted ETFs. Large-cap stocks, particularly the "Magnificent Seven," are expensively valued. By investing in equal-weight ETFs, investors can more effectively manage a level of concentration risk in the S&P 500 that hasn't been observed in 50 years.

Additionally, increasing allocations to safe-haven assets like US government treasuries and gold could help mitigate some risks.

FUTURE-PROOF YOUR WEALTH

NEXT-GENERATION INVESTMENT OPPORTUNITIES

ARTIFICIAL INTELLIGENCE
FROM CONCEPT TO MAINSTREAM

The year 2023 stands as a landmark in the annals of AI, marking the moment when generative AI truly becomes the mainstream. As we celebrated ChatGPT's first anniversary on November 30, 2023, it's clear that this tool is not just a part of AI's evolution; it's at the forefront. Data from Similarweb paints a vivid picture: the ChatGPT web portal alone drew in a staggering 140.7 million unique visitors in just October. But it's not just about user numbers; the financials are equally impressive. Data.ai reports that ChatGPT has generated nearly USD 30 million in monthly subscription revenue, a remarkable achievement for a platform that's only been in the market for a few months. This blend of user engagement and financial success underscores the growing relevance and potential of AI in our daily lives.

This is likely to be remembered as the start for the explosive growth in AI applications. In 2022, the global AI market was valued at USD 428.00 billion. According to Fortune Business Insights, The market is projected to grow to **USD 515.31 billion in 2023, and then make a giant leap to USD 2,025.12 billion by 2030.** This growth, nearly quadrupling in just seven years, serves as a clear indicator of AI's pivotal role in the ongoing technological revolution.

Investing in AI is crucial due to its rapid market expansion, transformative impact across industries, potential for high returns, and its role in driving the next wave of technological innovation. AI's growing influence makes it a strategic investment for future-oriented investors.

CLIMATE CHANGE
THE JOURNEY TO “NET-ZERO BY 2050”

"Net-Zero by 2050" is the international scientific consensus that to mitigate the worst impacts of climate change, global human-caused emissions of carbon dioxide (CO2) need to be reduced by approximately 45% from 2010 levels by 2030, and achieve net zero by around 2050.

Bloomberg provides some interesting insights in this context. Their analysis indicates transitioning to a net-zero world by 2050 could present **an investment opportunity of nearly USD 200 trillion, averaging about USD 7 trillion per year**. The sectors poised to benefit most from these potential investments include electric vehicles, low-carbon power generation, and power grids. These figures underscore the significant investments and strategic shifts necessary to realise the ambition of net zero.

HEALTHCARE
A STORY OF OF INNOVATION

Healthcare remains a sought-after long-term investment theme, underpinned by factors like an ageing global population, increased healthcare expenditure in emerging economies, and, most significantly, innovation.

While it may not garner the same attention as high-profile technologies like ChatGPT, the healthcare sector is making impressive strides **in some of the world's most widespread and rapidly escalating health issues, including cancer, diabetes, Alzheimer's, and obesity.**

Looking at recent developments, there have been exciting advances in Alzheimer's treatment, potentially heralding a surge in sales for new drugs and bringing new hope in combating this debilitating condition. Similarly, the field of obesity treatment is witnessing transformative changes. According to Blackrock's research, new therapies aimed at facilitating weight loss could considerably enhance the prescription drug market, possibly contributing over USD 100 billion to its existing USD 1.5 trillion valuation.

Additionally, the rapid advancement in AI is expected to further accelerate innovation in healthcare. 2023 had been challenging, as restrictive capital flow negatively impacted healthcare stocks related to medical innovation. This situation may offer a unique investment opportunity for investors focused on pioneering themes and seeking low valuations.

SINGAPORE ECONOMY IN A SNAPSHOT

GDP GROWTH IS SET TO IMPROVE IN 2024

GDP GROWTH FORECAST (%)

2023	2024
1.2%	1-3%

Source: Ministry of Trade and Industry, 22 November 2023

Singapore's GDP growth is expected to improve gradually over 2024. Top sectors to see growth in 2024:

1. **Manufacturing and Trade:**
especially electronics and precision engineering

2. **Wholesale Trade and Finance:**
electronic components, telecoms, and computers; modest recovery in the finance and insurance sector

3. **Tourism and Consumer-Facing Industries**
air transport and accommodation; retail trade and food & beverage services are also expected to grow

INFLATION IS TO MODERATE

CPI-ALL ITEMS INFLATION

2023	2024
≈5%	3-4%

Source: MAS Monetary Policy Statement, October 2023

JOB MARKETS IS HEALTHY, BUT REAL INCOME FELL

CPI-ALL ITEMS INFLATION

Unemployment Rate (Oct 2023)	After Adjusting for Inflation, Real Income at the Median
1.9%	-2.3%

Source: Labour Force, Survey, Manpower Research & Statistics Department, MOM, November 2023

TAXES ARE TO INCREASE

GOODS & SERVICES TAX (GST)

2023	2024
8%	9%

PROPERTY TAX RATE (NON-OWNER OCCUPIER TAXES)

2023	2024
11-27%	12-36%

Source: Ministry of Finance, Straits Times, 1 December 2023

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METHODOLOGY OF DATA COLLECTION

This report's findings were derived from proprietary data gathered from investors using the Syfe Singapore platform, encompassing both Managed Portfolios and Brokerage. The Syfe Survey, carried out in September and October of 2023, aimed to assess investor behaviours and attitudes towards investing. The total number of respondents was 2,051.

DISCLAIMER

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