Equity Market Outlook
for the next 3 months as of 31 July 2020

	PineBridge	JPM	Amundi	Fidelity	Value Partners
North America	↑	↑	→ / ↓	→	↓
Europe	↑	↑	→ / ↓	↑	→
Japan	→	↑	→	→	↓
Hong Kong	→	↑	→ / ↓	↑	↑
Greater China	→	↑	→	↑	↑
Other Asia	→	↑	→	↑	↑

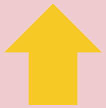
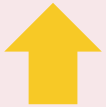
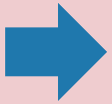
Remarks:

The above outlook is obtained from the respective Investment Managers for the next three months as of the date in the title. It does not represent the opinion of the Trustee.

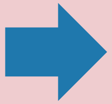
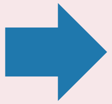
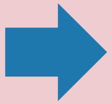
Investment views above apply to equity markets only.

Legends: ↑↑ Heavily overweight ↑ Overweight → Neutral ↓ Underweight ↓↓ Heavily underweight

Market Review in July 2020 (PineBridge)

	Market Review in July	Market outlook
North America	• The US equity market outperformed other major developed equity markets thanks to continued outperformance in big technology and optimism of vaccine prospects, despite geopolitical tensions between the US and China, surge in infections and failure to agree on the fifth US stimulus package before 31 July. Within the US equity complex, information technology sector continued to lead, alongside health care where industry sectors were consistently higher in July, while energy is the worst performing sector. Looking forward, however, a historically high number of US companies (84%) managed to beat EPS estimates in Q2.	
Europe	• Europe equities lagged behind other global equities as European countries continue to respond to COVID-19 by increasing fiscal stimulus, where the epidemic has resurged with cases increasing in all EU countries despite remaining under levels considered under control in June. UK stood out with the passing of fiscal policy worth 1% of GDP, yet still underperformed amidst unproductive Brexit talks and GBP strength. Within the European equities complex, technology sector delivered healthy earnings, although cyclicals, financials and energy did poorly – Q2 Earning revenue growth is weak at -27% year on year.	
Japan	• Japanese equities market fell in July, as Japan's number of daily new infection cases jumped to previous peak levels, although monetary policies from June were maintained in July, primarily for supporting local employment and businesses. Within the Q2 earning season, 56% of TOPIX companies beat EPS estimates with -16% year on year, and 54% of companies managed to beat revenue estimates with topline growth running at -20% year on year this quarter.	

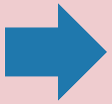
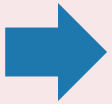
Market Review in July 2020 (PineBridge)

	Market Review in July	Market outlook
Hong Kong	• Due to the resurgence of a third COVID-19 wave and related volatility, Hong Kong equities underperformed in July despite its recovery in June, amidst rise of localized cases and tension with new laws. Key influencing factors include further tightening of social distancing measures and negative response from other countries in regards to the National Security Law imposed last month. On the internal front, the originally September-scheduled legislative election was delayed a year due to COVID-19 concerns. However, positive China macro activity data may be an encouraging influence for Hong Kong.	
Greater China	• Chinese equities outperformed expectations where near-term economic recovery is tracking higher than baseline forecasts. China rebounded significantly as the economy recovers. This includes robust capital inflows over Stock Connect in early July, surging equity issuance driving A-share turnover and accelerated capital market reform. However, geopolitical tensions between US-China remain and heightened in July. Meanwhile, China's fiscal and monetary stimulus continues to be targeted towards smaller businesses to support their recovery.	
Other Asia Market	• While much of the “first-in, first-out” COVID-19 cases in some parts of Asia have been trending down with many economies reopening, there has been a resurgence across different regions which may hinder their recovery. China continues to post positive performance as the economy rebounds, and Taiwan continues its post-COVID-19 high with a technology-sector-driven outperformance.	

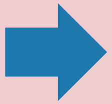
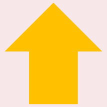
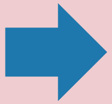
Market Review in July 2020 (Amundi)

	Market Review in July	Market outlook
North America	• There is room for more cyclical markets to catch up, but US elections could bring uncertainty in the form of a potential victory for the Democrats (in both houses). That could potentially lead to changes in regulations and taxation policy. • However, the huge liquidity being fueled into markets is here to stay, as are low interest rates, which may again support quality stocks, which make up a large portion of the US market. • The US market is concentrated in a few large stocks and valuations tend to be better outside this concentration.	→ / ↓
Europe	• Two factors have revived international interest: the Recovery Fund plan, should it be confirmed, and the cyclical/value catch up. • This revival has further to go. The risk is that if Europe is a value play, financials and energy – which are value sectors – are also disrupted sectors, which might limit their outperformance.	→ / ↓
Japan	• Being one of the most cyclical markets in the world, Japan is benefiting from the current cyclical catch-up. • Should it be confirmed, it could benefit for the remainder of the year.	→
Hong Kong	• MSCI Hong Kong Index went down -0.84% in July (in USD terms, including net dividend). • It was announced that the legislative election, scheduled for this September, will be delayed by a year. • Hong Kong's 2Q GDP (advanced estimates) fell 9% year-on-year (yoy). • Details highlight ongoing weakness across various sectors, especially for private consumption expenditure as domestic consumer spending slowed notably amid virus containment measures. • Hong Kong's retail sales volume contracted 25.4% yoy in June.	→ / ↓

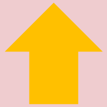
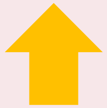
Market Review in July 2020 (Amundi)

	Market Review in July	Market outlook
Greater China	• Despite escalating tensions between US and China, MSCI China Index edged out another month of strong performance, up 8.90% in July (in USD terms, including net dividend). • All the sectors garnered positive returns in July on better-than-expected corporate earnings and investors piling into China on expectations of further monetary easing and expansionary fiscal stimulus, as well as accelerated capital market reforms. • 2Q GDP rebounded by 3.2% yoy, beating expectations and showed the Chinese economy is poised for a V shaped recovery as it emerges from the pandemic. • June’s Purchasing Managers Index (PMI) beat expectations again, rising 0.5 points to 51.2.	
Other Asia	• Global markets performances diverged as COVID-19 cases increased sharply across large swathes of the US, as well as in Japan, Spain, Hong Kong and Australia. • As a result, many states in the US and other governments paused easing lockdowns and put back some social distancing measures, which put questions on the recovery path. • In addition, US-China tensions has further escalated as the US ordered China to close down its Houston Consulate whilst China fought back by ordering the US to close its consulate in Chengdu. • Regardless, MSCI Asia ex Japan Index outperformed, up 8.02% (in USD terms, net dividends excluded).	

Market Review in July 2020 (Fidelity)

	Market Review in July	Market outlook
North America	• US equities continued to rise, despite the historically bad economic downturn as investors looked past the pandemic to an eventual recovery. Market volatility ticked lower as vaccine hopes outweighed the resurgence of virus infections in some states. • Meanwhile, headlines suggesting the continuation of enhanced unemployment benefits boosted sentiment. The Federal Reserve (Fed) reiterated its pledge to continue to support the economy. • Short-term rates are near zero, while long-term rates are at all-time lows. A phase four fiscal stimulus package is expected to be finalised by the US Congress before their August recess.	
Europe	• European equities ended July in negative territory. Positive developments around COVID-19 vaccines/treatments and the European Union's (EU) landmark recovery package led stock prices higher early in the month. Hopes for a vaccine were raised on the back of some positive early trial results in July. • EU leaders agreed to issue EUR750 billion of joint debt (in the form of grants and interest-free loans) to helpmember states mitigate the downturn. Although grants only accounted for EUR390 billion, below the initial proposal of EUR500 billion, their inclusion shows a significant commitment to those member states that are hardest hit by the crisis. • However, gains in the first half of the month were more than offset in the last week due to concerns around a resurgence of COVID-19 cases in Europe, weak second quarter GDP data and disappointing corporate earnings.	
Japan	• The Japanese market fell as risk aversion intensified amid growing concerns over the renewed spread of the COVID-19 pandemic and its negative economic impact. Investor sentiment was also hurt by disappointing earnings forecasts from major Japanese companies. • Reports of fresh COVID-19 infections in Tokyo and around the world also proved a dampener. The yen's strength against the US dollar amid intensifying risk aversion also weighed on sentiment.	

Market Review in July 2020 (Fidelity)

	Market Review in July	Market outlook
Asia Pacific (ex. Japan)	• Asia Pacific ex Japan equities continued to rise. Investor appetite was supported by an economic recovery led by China and a falling US dollar. Hopes for a vaccine were boosted by positive early-stage trial results and allowed investors to look through the negatives such as the rise in COVID-19 cases and geopolitical tensions. • At the country level, Chinese equities rose amid optimism around an economic recovery, encouraging economic data and supportive measures. However, rising US-China tensions weighed on investor sentiment. • Australian stocks edged higher due to gains in the IT and materials sectors. National Australia Bank's business confidence index turned positive in June after rebounding sharply from record lows over the past three months.	
Other markets	• Fixed income markets generated positive returns across the board as rates fell and spreads tightened. Corporate bonds outperformed government bonds. • Within credit, high yield bonds outperformed investment grade bonds. The US Fed's support for the corporate bond market has been a key driver of credit spreads.	

Market Review in July 2020 (Value Partners)

	Market Review in July	Market outlook
North America	• The S&P 500 Index reached over 26x in the forward price-to-earnings ratio with multiply expansion, as the market priced in a continued V-shaped economic recovery. However, the daily growth in the COVID-19 infection results in a resumption delay of economic activities. Also, with the political uncertainties and the imminent election, downside risk remains elevated.	↓
Europe	• Economic data in the region continues to improve. However, the resurgence of COVID-19 cases in some countries may hinder further recovery.	→
Japan	• The resurgence of COVID-19 cases has hindered the reopening of the economy. Without much improvement in fundamentals, while valuation remains demanding, the backdrop is not favorable for Japanese equities.	↓
Hong Kong	• Transaction volume stands at high levels, mainly supported by a strong southbound flow. This month, Hong Kong equity market embraced an increasing number of ADRs dual-listing, while the flagship benchmark Hang Seng Index was restructured to reflect more weight to internet companies. They will make the Hong Kong equity market resemble the mainland's domestic consumption growth trajectory. However, Hong Kong domestic sectors will continue to be under pressure.	↑
Greater China	• Macro-economic data came out to be stronger than expected consecutively since May. Also, as companies provided better guidance, analysts revise their earnings forecast upward. On the other hand, the escalating Sino-U.S. tension is the most significant risk that weights on market sentiment.	↑
Other Asia	• The U.S. dollar will continue its weakening trend in the long term with a record level of fiscal and monetary stimulus. Foreign capital will return to the emerging markets, including Southeast Asia. Emerging Asia will play a catch up in the rally.	↑