

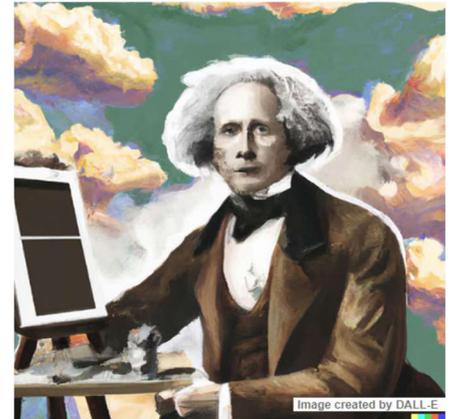
WEEKLY BULLETIN

Week of 20th February, 2023

Thought of the Week.

Generative AI (Artificial Intelligence) has conquered the World since ChatGPT illustrated its capabilities at the end of 2022 and helped NYSE FactSet Global Robotics and A.I. Index return 17.3% in November 2022 after a sluggish year.

Generative AI uses algorithms (neural networks) trained on a massive amount of data from internet including e-books, Wikipedia, articles, images to predict a next state (word, pixel, cluster of information) to generate increasingly realistic outputs. ChatGPT is not the only generative AI (generating text) capturing interest. Check out the image created by DALL-E after being asked "paint us a picture of your favourite futurist inventor". There is an exploding ecosystem of companies driving innovation in this space: Co:here, AI21 Labs, Stability.ai, ...



Generative AI can perform a wide variety of tasks that are currently done by humans. It can do everything from developing complex lines of code to language transcription and translation, to building 'consensus' based on factors and given requirements, eventually making suggestions. ChatGPT for instance, can help with tasks such as sentiment analysis and news summarization, potentially supporting investors in making more informed decisions by providing them with a better understanding of the overall sentiment and key information related to a particular stock or market.

There is a different angle that generative AI is used for, and I think is going to increasingly prove its value. There is plenty of bias and toxic ideas lurking in the Internet, unverified theories or news, so filtering training datasets and layering additional watchdog models on top of the usual output as part of fine-tuning such models, will result in a superior quality of the mentioned use cases. Co:here is such a filtering model.

I expect to see models soon incorporating capabilities to identify the original source for factual claims to greatly increase end-user confidence in accuracy. As an investor and market researcher, I will appreciate this capability first, ahead of the obvious assistance in enhancing sales, customer relationship, data analysis and the science behind it. I will soon trust our research be done online by literally 'asking the machine' to run it before I would arrive at the office.

Events Summary for Previous Week.

US Economy/Politics

- US to sell more strategic oil despite Biden's push to halt sales – 14 Feb 23
- Private equity firm TPG's Q4 earnings drop 26% on lower asset sales – 15 Feb
- Fed officials say rates may have to rise despite CPI fall – 16 Feb

Europe and UK Economy/Equity

- Europe spend on energy crisis near €800 billion – 14 Feb
- Global pension assets suffer first decline since 2008 – 17 Feb
- Germany energy importer Uniper vows to be profitable again despite €19b loss – 17 Feb.

Asia Pacific Economy/Equity

- Chinese equity rally stalls as investors await growth signs – 17 Feb.
- Nickel price skyrocketing, Vale Indonesia saw 24% growth in sales – 16 Feb
- Singapore fintech funding hit a three-year high in 2022 – 17 Feb.

Other News.

- Japan nominates Kazuo Ueda as next BOJ governor – 14 Feb.
- 'Alien balloon drama' overshadows major life-loss events in Europe – Earthquake in Turkey, Ukraine invasion.

Weekly Data Monitor.

Performance

- Another consolidation week
- Bonds weaker than last week
- US Dollar stronger.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	-0.09	0.03	7.20	-6.99	17.37	35.55
Global Real Estate	-0.82	-2.21	7.35	-9.81	-4.02	31.15
US Real Estate	-0.07	-1.67	8.15	-8.00	-1.09	42.13
APAC Real Estate	-2.35	-3.45	2.04	-15.50	-25.70	-20.11
Investment Grade	-1.43	-1.33	2.43	-5.00	1.45	15.38
High Yield Bonds	-1.59	-2.35	0.86	-12.83	-12.43	-8.15
Global HF Real Estate	-0.06	-0.06	1.61	-1.87	5.96	7.62
Global HY ETF	0.03	0.27	6.38	-9.39	29.84	-4.66
ASIA Real Estate ETF	-2.81	-3.35	0.87	-13.25	-3.24	-18.70
USD Index	0.78	2.29	0.88	9.01	5.49	17.21

Weekly chart:

Market reaction to CPI announcement

- Weaker Equities continued.
- Stronger US\$, Weaker Brent Crude.

Note: The chart shows normalised weekly highs and lows for the Indicator, emphasizing (BLUE) the LATEST

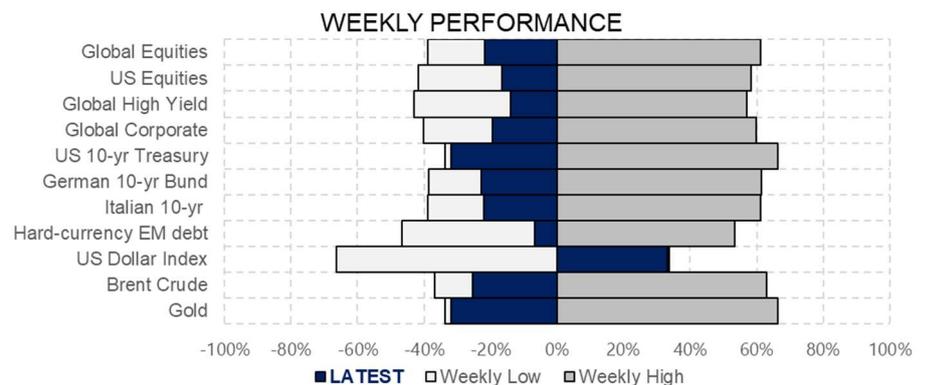


Chart of the Week.

Is the well-publicised and highly expected China reopening trade seeing potential roadblocks ahead?

The strong rebound in Chinese stocks following the reopening story, is facing headwinds as markets await concrete signs of the post-lockdown recovery. Sluggish consumer spending and a weak property market keep investors cautious in Chinese stocks.



After a more than 57% surge in price from 2022 Halloween low through the end of January, the Hang Seng China Enterprises Index has fallen back 8.7% on concerns the reopening growth bounce may not happen. Increased fears that US rates will stay higher due to persistent inflation, relentless tensions with the US, sluggish house sales and weak household borrowing are some of the fear-factors. Last year recovery in both Hang Seng China Enterprises and the CSI300 Index may be explained by rebuilding the underweighted holdings by overseas investors and a pursuant conviction sentiment build-up.

At the end of January, fears of property down cycles being associates with weak household consumption spread in the market, especially by onshore investors. They are questioning whether Covid controls relaxation will provide enough steam to household consumption for a decent and expected growth.

With more analysts supporting the consensus for China GDP growth around (4.6-5.0) % helped by accommodative policies and improving credit growth through the 1Q2023, we expect the weak February performance of Chinese stocks to not extend for long, but we will follow closely the aggregate credit growth from and beyond bank lending.

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