

# HIGHLIGHTS

## Market Review

- ▶ Markets see-sawed in March as they sold off on news of conflict escalation and rallied on news of peace talks.
- ▶ Equity markets were volatile as China and Russia were labelled as “uninvestable”. Bonds presented the possibility of further price declines with interest rate set to rise. While physical commodity prices have rallied as demand is high and supply is tight. Overall, global equities and bonds were down this year, but commodity was up.

- ▶ Our alternative strategy have benefitted from active positioning in commodity markets, providing our portfolios the needed diversification to equities and bonds.

## Positioning for Economic Growth

- ▶ Market participants were focused on the inversion of the US 2-10 year yield curve – an infamous indicator of recession.
- ▶ However, the 2-10 year yield curve is just one of many recession indicators. Stock markets have historically delivered positive returns after its inversion.
- ▶ Increased volatility and uncertainty in markets have thrown up attractive risk/reward opportunities such as in US Small-caps, and China ‘A’ equities.

- ▶ Our portfolios are positioned to benefit from the aforementioned areas with strong earnings growth, favorable government policies, and low valuations, respectively, paving the path for positive returns.

## Stability Amid VUCA

- ▶ A large part of market volatility is driven by uncertainty in markets which fuels volatility – investors dislike uncertainty.
- ▶ Evidently, the Hang Seng China Enterprises index experienced its largest one-day fall last month on concerns of ADR delisting, divestment out of China, Covid lockdowns etc.
- ▶ True diversification should serve investors well in a volatile environment.

- ▶ Our portfolios are diversified into healthcare and quality value equities which have delivered positive returns amid volatility in markets; they were up 6.1% and 5.4% respectively.

## Search For Yield

- ▶ Concerns continue to loom around Asian High Yield (AHY) markets with pressing questions on the soundness of it as an investment
- ▶ However, time and again, history has showed that starting yields are a good predictor of future returns, and that it pays to be patient.

- ▶ We remain positive and unwavering that AHY presents a good risk-to-reward investment opportunity that would reward patient investors.