

HIGHLIGHTS

Market Review

- ▶ Markets rebounded in July with global equities and bonds rising 7.03% and 2.13% respectively.
- ▶ Investing requires a logical and methodical approach based on proper evaluation and response rather than irrationality motivated by emotions, which often leads to losses. Understanding what markets have priced in is essential.
- ▶ When investors sell good investments just because they are down, they create more harm than good.
- ▶ Markets self-correct, and declines should be viewed as overpriced markets attempting to self-correct, as well as opportunities to purchase good investments.

Stability Amid VUCA

- ▶ Assets with bad fundamentals can still gain in favourable market situations, but they fall just as quickly and even harder during difficult times.
- ▶ History teaches that long-term returns are always dictated by fundamental and valuation factors and are especially important in today's VUCA environment.
- ▶ It is not enough to simply ensure portfolio resilience; investors also need to maintain patience and discipline to reap long-term rewards.
- ▶ Our portfolios possess the appropriate level of resilience and stability as a result of our Healthcare and Quality Value stock positions, which comprise numerous profitable companies.

Positioning for Recovery

- ▶ No one can be certain that markets will continue rallying or resume downward in the coming months
- ▶ Studies have shown that the best response would be to do nothing, that way investors avoid missing the best days that often follow closely after the worst days.
- ▶ Switching investments frequently is never a good idea, especially if it is to pursue another investment that has already done well previously.
- ▶ We maintain our positions in US small-caps and European equities, which have been substantially discounted as markets priced in a lot of bad news (e.g. danger of recession).

Search For Yield

- ▶ Investors in Asian High Yield (AHY) may be concerned about Chinese mortgage boycotts, but they would be astonished that AHY climbed 4.4 percent.
- ▶ As the market has heavily discounted AHY, any news is likely to elicit an asymmetric reaction - bad news is unlikely to have a significant impact on price, whereas good news is likely to propel it higher.
- ▶ AHY investment is diversified across multiple growth engines, including India and Southeast Asia, in addition to China.
- ▶ We maintain that AHY exposures are positioned with better risk-to-reward at the current levels with a return expectation of approximately 13% p.a. going forward.

Read the full commentary [here](#)