

HIGHLIGHTS

Market Review

- ▶ January saw strong gains with global equities and bonds returning 7.20% and 3.28%, respectively*.
- ▶ Investing is not about predicting what will happen in the future and betting on it nor is it about being quick to change. It is about understanding market cycles and human emotions to capture opportunities.
- ▶ Every market experiences cycles of greed and fear. A well-established process is needed to capture opportunities and avoid emotional investing.

- ▶ There is no quick and easy way to successful investing. Investing is a journey with inevitable ups and downs. Those with conviction and patience to sit with good investments will ultimately be rewarded.

*As of 31 Jan 2023. Source: Bloomberg. Total return in USD.

Stability Amid VUCA

- ▶ Apart from managing risk, successful investing is also about managing the human emotions of greed and fear; the best investment opportunities often come when markets are down and investors feel most uncomfortable.
- ▶ Market volatility can cause investors to overreact and jeopardize returns as they chase market highs and sell market lows. Ensuring proper diversification is essential to remaining invested.
- ▶ We are mindful that looming concerns of slowing economic growth and a recession can dominate headlines and send markets downhill. This is why, to protect ourselves in times of stress, we have diversified into defensive healthcare equities.

Positioning for Recovery

- ▶ Positive market sentiment and a risk-on appetite were driven by positive news, such as the re-opening of China and the anticipation of slowing rate hikes.
- ▶ China and emerging markets are expected to claim performance leadership over the S&P 500 and drive future performance, while US small caps continue to provide a different source of recovery potential.

- ▶ Our recovery positions generated strong returns. Despite being perceived as riskier investments, the recent strong performance shows that selecting the right investments and having conviction to hold are key to realizing potential investment returns.

Search For Yield

- ▶ Many investors questioned the viability of investing in Asian High Yield (AHY) following reports of it being "uninvestable." Despite all the negativity, AHY has rallied 40% since the end of October 2022.
- ▶ Investors should refrain from using newswires to guide their investment decisions, as they tend not to provide sufficient investment insights.
- ▶ Asian high yield continues to offer multi-year gains to investors willing to tolerate volatility.
- ▶ We maintain that AHY exposures are positioned with a better risk/reward and will continue to present meaningful upside for patient investors.

Read the full commentary [here](#)