

HIGHLIGHTS

Market Review

- ▶ Major markets rebounded in March despite the banking crisis: global equities and bonds were up by 3.15% and 3.16%, respectively.
- ▶ The failures of SVB and CS highlight the importance of diversification to mitigate the risk of blow-ups having an outsized impact on the overall portfolio.
- ▶ Focus on long-term over short-term: Instead of panicking during sell-offs, investors should take a longer-term view and focus on the fundamentals of their investments – history has shown that unwarranted and excessive sell-offs do eventually recover.

Positioning for Recovery

- ▶ European allocation paid off: Europe outperformed both global equities and the S&P 500. This is despite concerns over the 2022 Russian-Ukrainian conflict and the recent banking crisis. We are in a good position to take profits today.
- ▶ Higher future returns ahead: Small-cap valuations today imply higher future returns in a recovery scenario. Similarly, we are more positive on China 'A' equities; with tailwinds steadily building up.

▶ The recovery theme is focused on ensuring good upside potential while maintaining a comfortable margin-of-safety.

Stability Amid VUCA

- ▶ Cash is not king: Cash is not the best use of capital for building long-term wealth; historically, equities have seen higher returns than cash and inflation.
- ▶ Prepare, don't predict: investors tend to position for a single outcome. But markets are unpredictable, and portfolios should be positioned to do well over a range of outcomes. Having Healthcare is one way to introduce defensibility amid today's VUCA environment due to their resilient earning profile.

▶ Our stability theme, comprised of Healthcare equities and Government bonds, acts as a powerful diversifier and a good complement to our recovery positions amid market uncertainties.

Search For Yield

- ▶ Top performers may not be the best investments: Don't focus solely on investing in the best performing funds. While they may seem attractive, they tend to be more likely to experience a downturn going forward.
- ▶ Asian High Yield investors should be encouraged by the recent debt restructuring plan of China Evergrande. This is an overall positive development for the sector, as it paves the way for broader restructuring within the sector.

▶ Asia High Yield continues to offer attractive returns for investors. While the recovery process is gaining momentum, investors need to be patient to realize their full value.

Read the full commentary [here](#)