THINK DIFFERENTLY
TO GET DIFFERENTIATED RESULTS

Monthly Investment Update

Executive Summary

April was a rollercoaster month for markets. President Trump's announcement of sweeping tariffs on April 2nd sent shockwaves through global markets, triggering one of the sharpest two-day declines in the S&P 500 since World War II and pushing the VIX volatility index above 50 - a level last seen during the COVID-19 crisis. But just as swiftly as the turmoil began, markets found relief after Trump paused the tariffs for 90 days, helping risk assets recover much of their losses. By month-end, the S&P 500 closed down a modest 0.7%, a seemingly quiet finish to what was a historically volatile period.

Today, much of the market tension comes from the growing disconnect between still resilient 'hard' data in the US labour markets, and weakening 'soft' data, which is based on sentiment - surveys show that businesses and consumers are increasingly nervous about the economy in the coming months. The risk is that better hard data could eventually follow weaker sentiment should trade tensions persist. It is a good time to remind investors not to overreact to soft data to make investment decisions. These indicators can be volatile and are often revised when people – or President Trump – change their minds. At the very least, they suggest a need for a more cautious and flexible approach.

Despite the price volatility, income has continued to flow. Corporate bond investors continued to be paid, with no major corporate defaults observed in the past month. Income from equity markets in the form of dividends also kept flowing, with 94% of S&P 500 companies maintaining or raising payouts. Alternative income investors also continued to benefit from steady income that is less impacted by market noise.

Looking ahead, we remain cautious given the strong rebound since April's lows. While the pause in tariffs offered markets relief, the expiry of the tariff pause in July and continued policy unpredictability could bring renewed bouts of volatility. In this uncertain environment, the prudent approach is to stay flexible, avoiding concentrated bets on any single outcome and preparing for multiple scenarios.

MARKET REVIEW

A tumultuous month for markets

April 2025 was a tumultuous month for financial markets, shaken by Trump's announcement of reciprocal tariffs that triggered a massive selloff in risk assets.

The early market reactions were unprecedented in speed, with the S&P 500 recording its 5th largest 2-day drop since World War 2 following the announcement. At the same time, the VIX index surged past 50, a level only seen during the peak of the Global Financial Crisis and COVID-19.

President Trump announced a 90-day pause

Calm began to return to equity markets after President Trump announced a 90-day pause to the reciprocal tariffs. As a result, market tension started to subside, and April's overall performance wasn't as dire as initially feared, with the S&P 500 experiencing a modest decline of just -0.7%.

Reading only the headline numbers, one could be forgiven for thinking it was a relatively uneventful month for equity…but it was anything but ordinary**.** It marked a historic period, and we experienced the S&P 500's best single day since October 2008 and its worst since March 2020.

Which assets saw the biggest gains?

Over the month, safe-haven gold rose by +5.3%, securing its 4th straight monthly increase. This surge brings their year-to-date (YTD) gain to +25.0%, the strongest start to a year since 2006.

Which assets saw the biggest losses?

The US dollar is the weakest G10 currency for the second month running, with the dollar index falling -4.6%, and -7.6% in a 2-month drop, the largest since June 2002.

Meanwhile, Brent crude oil prices declined 15.5% to $63.1 per barrel, the worst monthly slide since November 2021, as investors braced for slower global growth induced by a trade slowdown.

Performance	April 25
S&P 500	-0.7%
Gold	5.4%
Magnificent 7	0.6%
US Treasury Bonds	1.1%
Global Bonds	2.9%
USD Dollar Index	-4.6%

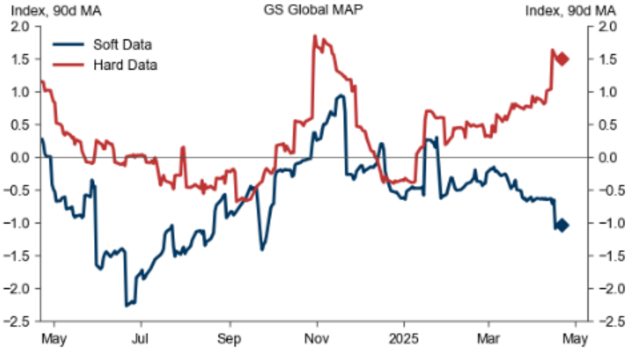
Source: Bloomberg

Hard data not yet pointing to recession

While tariffs tweets from Trump and rolling over of soft data drove the market selloff in April, US hard data continued to signal resilience against a recession.

For example, weekly initial jobless claims showed no worsening, fueling optimism that a downturn could be avoided if trade deals come in over the next 1 to 2 months.

Chart: Soft data surprised to the downside, amid hard data resilience



Source: Goldman Sachs

The outlook remains uncertain

Despite late April's stabilization, whether the equity rally can continue remains highly uncertain. Key risks include the upcoming expiration of the tariff reprieve in July, ongoing policy unpredictability, and the risk of long-term damage to US credibility.

With the recent market rally, we are cautious and have added to downside protection in our flexible multi-asset strategies in early May.

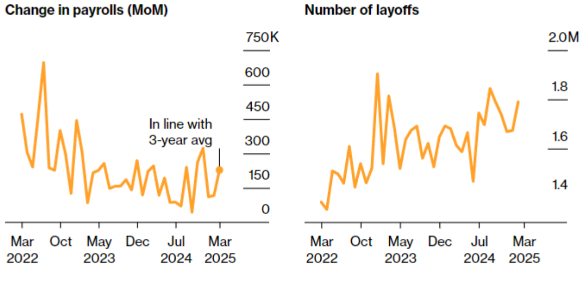
HARD DATA FOLLOW THE *SOFT*?

There've been news headlines in recent weeks about the divergence between 'hard' and 'soft' data as highlighted in the previous section. Specifically, markets are concerned that resilient 'hard' data (so far) will eventually catch-down to the 'soft' data in the coming months, which could trigger fresh declines in the market.

It is important to distinguish 'hard' and 'soft'

We can rely on two broad types of indicators when looking at the state of the economy: hard data and soft data. The hard data is based on what has *actually happened*, such as corporate earnings reports, retail sales, or jobs data. One of the most important hard data points, the US labour market, is still showing few signs of widespread layoffs so far – a good sign for the economy and markets.

Chart: Hard data Show Resilience in Labour Market



Source: Bloomberg

The issue is whether the 'better' hard data can be relied upon, since this is before Trump's threat of massive tariffs on its trade partners announced on 2nd April's 'Liberation Day'. This is where the soft data may be helpful. Soft data is based on *sentiment,* such as surveys of how consumers or businesses feel about the economy. The current set of soft data indicates that they are not feeling great about their prospects going forward.


ECONOMY

Consumer outlook hits lowest since 2011 as tariff fears mount, Conference Board survey shows

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Trump's unpredictable policies have made forecasting the economy and markets even more difficult...(if it were ever that easy to begin with!).

It is a good time to remind investors not to overreact to soft data to make investment decisions. These indicators can be volatile and are often revised when people – or President Trump – change their minds. At the very least, they suggest a need for a more cautious and flexible approach.

President Trump's 'Liberation Day' tariff threats sent shockwaves through markets, sharply raising the risk of a global recession and triggering an -11.2% intra-month drop in the S&P 500. But as quickly as the threats came, they were paused - at least for 90 days - allowing markets to recover most of their losses by the end of April.

Looking ahead, the near-term direction of markets would hinge on progress in trade negotiations and continued strength in corporate earnings. For now, both look to be supportive, but we're closely watching how policy developments unfold and whether the hard data continues to back the recovery narrative.

While some may call the policy unpredictability Trump's 'Art of the Deal', it has certainly created a challenging environment for investors to navigate.

Even the Fed is taking a wait-and-see approach. *"For the time being, we are well-positioned to wait for greater clarity before considering any adjustments to our policy stance…"* Fed Chair Jerome Powell said in a recent speech. Trump's latest tariff threats have made the Fed's job more difficult, potentially reigniting inflation just as hard data shows price pressures cooling and the labour market holding firm.

In this uncertain environment, the prudent approach is to stay flexible, avoiding concentrated bets on any single outcome and preparing for multiple scenarios. Like the Fed, our portfolios are well-positioned to navigate the current market landscape.

INCOME FLOWING DESPITE VOLATILITY

'Liberation Day' volatility impacted equity, bonds, and commodities.

President Trump's announcement of sweeping tariffs triggered a tariff tantrum that sent shockwaves across equities, bonds, and commodities.

Equity markets such as the S&P 500 nosedived 11.2% intra-month. U.S. government bonds, a traditional safe-haven, also declined as forced selling overwhelmed markets, raising concerns about their safe-haven status.

Price volatility was the constant

On April 9, after sharp declines in global financial markets, President Trump walked back the tariffs (perhaps due to pressure from U.S. business leaders and Republican lawmakers) with a 90-day pause on the tariff threats. Equity and bond markets rebounded, making back most of their intra-month drops. In the chart below, we show how the global bond market was also exposed to price volatility, going down then up with other risk assets (black line).

Income continued to flow

Amid the volatility, however, the blue line below reveals that income continued to be generated for investors.

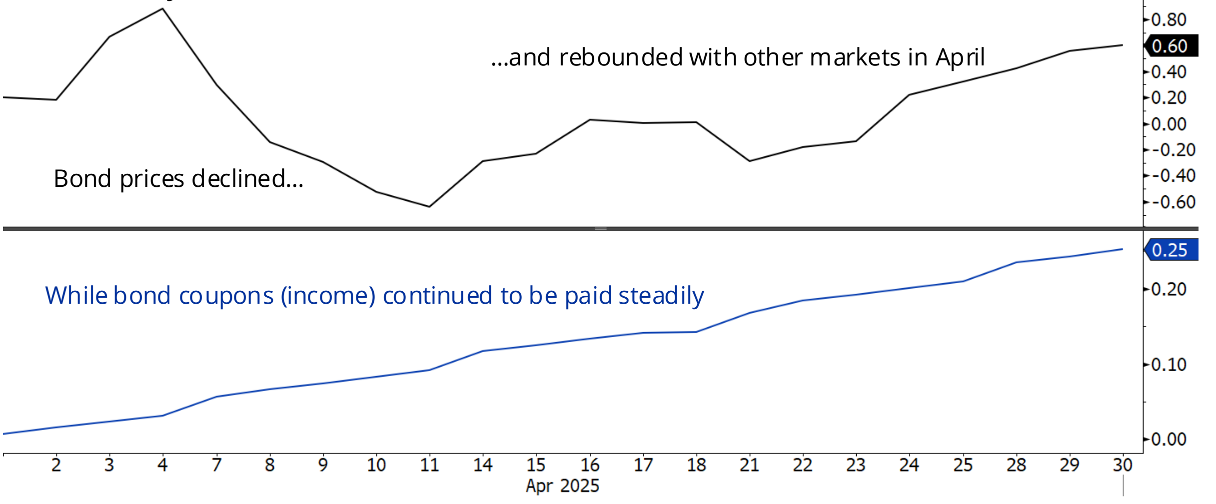
Despite concerns about US government bonds and interest rate volatility, bond investors continued to be paid. Corporate bond coupons were paid on time, with no major defaults in April. Income from equity markets in the form of dividends also kept flowing, with 94% of S&P 500 companies maintaining or raising payouts. Separately, Alternative income market segments such as Insurance-Linked Securities (ILS) did what it was supposed to do: continue to deliver coupons, with prices less impacted by market events.

Income markets: caught in the crossfire, but still delivering

Income investors who look to earn more than a cash return and beat inflation should be prepared for some volatility (albeit less than equity markets). However, April's swift price decline and rebound suggest that it would be helpful to ignore the noise.

Having said that, we expect bouts of volatility ahead as Trump's tariff negotiations get underway. Our priority is to ensure that income streams are intact and continue to be paid out to our investors.

Amid Volatility in Bond Prices (Black Line), Income Continued to Flow (Blue Line)



Source: Bloomberg. Data for Bloomberg Global Aggregate Bond Index

HOW ARE WE POSITIONED?

Equity (Green) **Bonds (Blue)**

Key Themes	Allocation
Balanced Approach Amid Heightened Uncertainty Adopting a prudent balanced approach as current market conditions present a tug-of-war between lingering tailwinds and mounting risks. Tailwinds come in the form of still supportive corporate earnings, AI-driven productivity optimism, and a resilient U.S. labour market. However, heightened uncertainty stems from the recent imposition of tariffs, retaliatory threats from major economies, and increasing signals pointing towards a potential recession.	**US equities** **Global equities** (e.g. Europe, Japan)
Diversification Into Emerging Opportunities Financial markets operate in cycles. The end of the easy money era means looking beyond popular markets that did well during the previous broad-based growth to find tomorrow's winners. Focus on high-growth markets driven by their own distinctive economic trajectories and coupled with attractive valuations.	**Emerging Market equities** (e.g. China, India)
Shifting Gears On Income Having benefitted from the strong performance of high-yield bonds, we are gradually transitioning to higher quality fixed income positions while maintaining attractive yields. Investors can still achieve solid income in today's environment but requires a more careful balance between generating returns and managing volatility.	**Developed-Market Credit** **Asian High-Yield Credit** **Emerging Market Credit**

ASSET ALLOCATION STRATEGY

○	○	○	○	○
-- Underweight	– Slight Underweight	= Neutral	+ Slight Overweight	++ Overweight

Equity: Regions

United States

○ ○ ● ○ ○

Continued earnings growth remains supportive but moderated by stretched valuations and policy uncertainty.

Europe

○ ○ ● ○ ○

Cheaper valuations and ECB rate cuts are tailwinds but sluggish growth and political risks warrant a balanced approach.

Japan

○ ○ ● ○ ○

With global market volatility and potential retaliation against US trade policies, a neutral allocation to Japan mitigates uncertain outcomes.

Asia Pacific ex Japan

○ ○ ● ○ ○

More pro-active stimulus measures embarked by the Chinese government provides better tailwinds for Asia equities on the back of their better valuations.

Emerging Markets

○ ○ ● ○ ○

Maintain preference for high-growth markets at attractive valuations e.g. China

Fixed Income

Global

○ ● ○ ○ ○

Focus on government bonds' flight to quality characteristic to buffer portfolio volatility during periods of stress.

Investment Grade Corporate

○ ○ ○ ● ○

Maintain a diversified exposure and taking advantage of mispricing opportunities in developed-market investment grade bonds.

US High Yield

○ ● ○ ○ ○

Maintaining minimal exposure due to as IG bonds offer relatively better risk-reward to obtain income while mitigating default risk.

Asia

○ ○ ● ○ ○

While Asia credit continues to offer attractive all-in-yields and supportive fundamentals, we maintain a neutral allocation after realizing strong income and capital appreciation.

Emerging Markets Debt

○ ○ ○ ● ○

Hard currency bias to focus on return from credit while limiting exposure to emerging market currencies. Short-duration bonds to mitigate volatility from more uncertain interest rate path.

MARKET INDEX RETURNS

Equity Regional	MTD	YTD	10Y	20Y
Global	0.98	-0.25	9.20	8.39
United States	-0.68	-4.93	12.30	10.29
Europe	4.51	15.67	6.56	6.74
Japan	5.40	6.73	5.88	5.01
Asia Pacific ex Japan	1.59	2.73	3.90	6.89
Emerging Markets	1.34	4.37	3.46	6.64

Fixed Income	MTD	YTD	10Y	20Y
Global Aggregate	2.94	5.65	0.79	2.18
Global Aggregate (H)	0.98	2.17	2.10	3.36
High Yield	0.00	0.86	4.40	6.43
Asia	0.29	2.78	2.91	3.32
Emerging Markets	-0.05	2.29	3.02	5.58

Note: (H) Currency Hedged

Equity Markets	MTD	YTD	10Y	20Y
Australia	6.18	4.52	6.86	8.46
Brazil	4.43	22.09	2.43	4.52
China “A”	-3.05	-3.45	-1.67	10.09
China “H”	-4.39	12.23	-2.01	6.24
Hong Kong	-3.71	11.60	1.19	5.99
India	4.81	4.12	9.75	11.50
Indonesia	5.65	-4.93	3.16	9.72
Korea	6.69	11.40	1.09	5.28
Malaysia	4.62	-0.97	0.08	6.03
Singapore	0.45	7.77	5.28	7.73
Taiwan	1.55	-9.62	11.03	10.27
Thailand	6.28	-10.28	0.64	7.65
Vietnam	-7.65	-4.97	8.45	8.37

Currencies	MTD	YTD	10Y	20Y
SGD/USD	2.78	4.55	0.13	1.14
EUR/USD	4.73	9.41	0.09	-0.64
JPY/USD	4.83	9.89	-1.79	-1.55

Commodities	MTD	YTD	10Y	20Y
Gold	5.29	25.31	10.75	10.65
Oil	-18.56	-18.84	-0.24	0.79

As of 30 Apr 2025. Source: Bloomberg. ***Total return in USD****.*
10 and 20 year returns are annualized.

Equity Sectors	MTD	YTD	10Y	20Y
Gold	6.94	44.67	10.72	5.49
Energy	-13.65	-4.83	3.98	6.34
Technology	2.08	-10.06	18.50	13.87
Healthcare	-1.86	3.33	7.35	8.96
Financials	-2.08	1.33	11.74	6.01

"In investing, what is comfortable is rarely profitable.“

Rob Arnott

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