

# HIGHLIGHTS

## Market Review

- ▶ Global equities and bonds were up 0.12% and 0.27% respectively in May but are down 12.83% and 11.06% since the start of 2022. But price declines paves way for better future returns, only if investors avoid cutting losses and buy-in at current attractive valuations.
- ▶ Such is the counterintuitive behaviour required of investing – especially during periods of market stresses – which is a common mindset among successful investors such as Howard Marks and Warren Buffett.
- ▶ To achieve meaningful returns, investors need to resist the urge to sell just because markets are bad momentarily and work with advisers and investment managers who understand this can help realize those returns.

## Stability Amid VUCA

- ▶ Most investors are in the red this year. Those who chased unprofitable companies as they made new highs through 2020 and 2021 would have returned most of their gains or even witnessed losses as markets recognized unprofitable companies were not viable.
- ▶ Investors who are invested in profitable businesses with good valuations should be confident that markets will eventually reward them over the long-term as they have done historically – hence the need to focus on fundamentals and valuation.
- ▶ We continue to maintain positions in Healthcare and Quality Value equities as their earnings prove resilient and stable, in addition to being an effective diversifier for current volatility.

## Positioning for Recovery

- ▶ After strong above-trend growth post-covid, it is natural for economies to take a breather and slow down to long-term sustainable levels, which some market commentators are predicting.
- ▶ Some markets are pricing in bad news and at their current depressed valuation, provide good opportunities for the long-term investor to accumulate. China 'A' and European Value equities are two such areas that prove attractive given that markets do recover from temporary declines to go on higher.
- ▶ We remain slightly overweight in China 'A' equities and remain invested in European Value equities where lower valuations have made them attractive investment opportunities with good margin-of-safety.

## Search For Yield

- ▶ Investors look to buy low, sell high. But many end up buying high and selling low as human instinct often drives them to chase price rallies and exit on declines.
- ▶ History shows investors get rewarded by managing their impulse to join other sellers during declines. Let us take Asian High Yield (AHY) as a case study:
- ▶ Investors who remained invested in AHY during the top 15 periods of outflow averaged 9.03% as compared to locking in losses of 1.60% for those who sold.
- ▶ We remain positive that AHY is a good investment having historically proven to rebound from declines. As always, markets are a device to transfer money from the impatient to the patient.

Read the full commentary [here](#)