



# Global Market Outlook

## Looking to buy the dips

US President Donald Trump has hit the ground running, but equities have overcome initial tariff fears. While the inflation debate remains unresolved, the case to prefer equities over bonds amid a strong US growth environment remains unchanged.

We do not expect the recent outperformance of Euro area and China equities over US equities to be sustainable. As such, we retain a preference for US equities globally and Indian equities within Asia ex-Japan and would use recent underperformance to rotate into our preferred regions.

Gold likely faces a temporary pullback amid stretched positioning, but we would buy any dip towards USD 2,800/oz. Bond yields and the USD are likely to remain rangebound.



Are Trump's tariffs a headwind or just noise?

What are the near-term macro factors to watch?

Are quant models still bullish on equities?

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# Investment strategy and key themes

**Steve Brice**

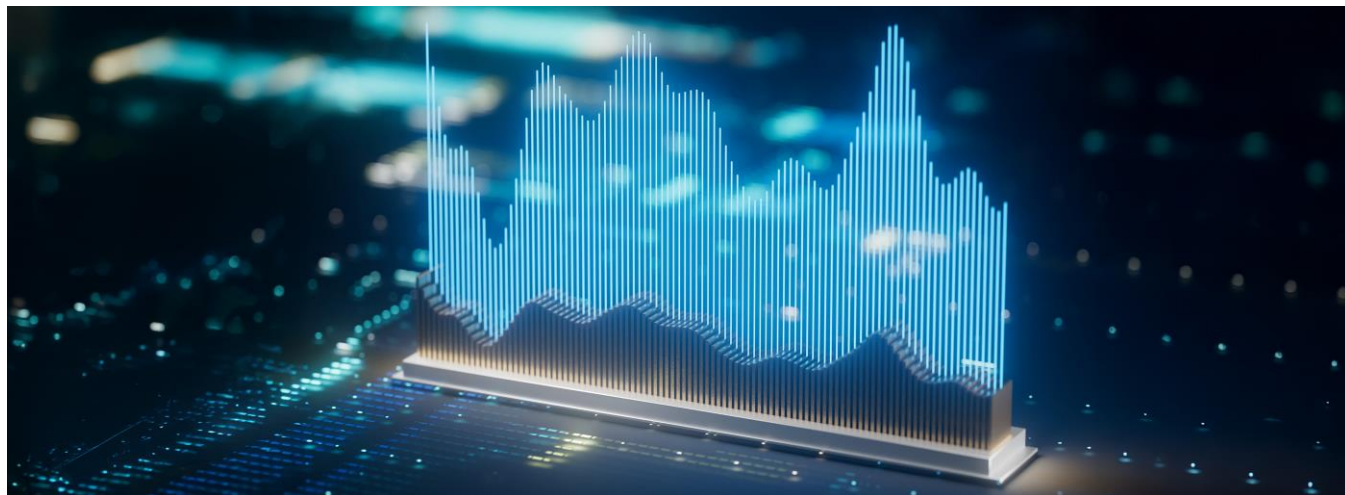
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## 12m Foundation Overweights:

- Equities, Gold
- US equities, DM HY bonds

## Opportunistic ideas - Equities

- US software, communications, major & regional banks, small caps
- China non-financial high divi SOEs & Hang Seng Tech Index
- India large cap equities

## Opportunistic ideas - Bonds

- Global convertible bonds
- US Agency MBS
- Euro govt. bonds (FX-hedged)
- Asia High Yield USD bonds

## Looking to buy the dips

- US President Trump has hit the ground running, but equities have overcome initial tariff fears. While the inflation debate remains unresolved, the case to prefer equities over bonds amid a strong US growth environment remains unchanged.
- We do not expect the recent outperformance of Euro area and China equities over US equities to be sustainable. As such, we retain a preference for US equities globally and Indian equities within Asia ex-Japan and would use recent underperformance to rotate into our preferred regions.
- Gold likely faces a temporary pullback amid stretched positioning, but we would buy any dip towards USD 2,800/oz. Bond yields and the USD are likely to remain rangebound.

## A strong start for equity markets

Global equity markets have kicked off the year with strong returns. Global stocks and gold have handily outperformed bonds and cash, despite concerns about US President Trump's policies ahead of his inauguration. However, Euro area equities have performed surprisingly well, despite concerns about economic and earnings growth.

## Trump hits the ground running

From a financial market perspective, Trump's initial weeks as US President have been less disruptive than originally feared. Equity markets have continued to climb despite his tariff announcements and bond yields have remained relatively restrained. Debate on the risk of inflation from Trump's policies continues – his tariff plan is arguably inflationary and US inflation edged higher in the latest data release. We still see room for the Fed to cut rates further, but we dial back our expectations slightly to two 25bps rate cuts in 2025 (vs. three expected earlier).

In the bigger picture, we remain comfortable with our preference for stocks over bonds and cash, with our long-term quantitative models pointing to further gains in equities. While investor positioning is admittedly quite bullish, we believe a catalyst for a significant pullback remains absent – a view supported by the still-positive signal from our short-term equity market models.

**Fig. 1 Europe and China equities have outperformed this year, but we believe US outperformance will resume**

US vs. Europe equity indices; relative economic surprises



Source: Bloomberg, Standard Chartered

### Europe, China equity rally sustainable?

One key question raised by year-to-date performance is whether the outperformance of Euro area equities (over their US peers) is sustainable. We are not convinced. The recent outperformance has arguably been a partial reversal of extreme bearish sentiment. Optimism over a potential end of the Ukraine war and expectations that the upcoming German elections will lead to a significant revival in fiscal spending have also helped.

In our view, sustained outperformance of Euro area equities would likely require both a strong catalyst (such as a credible plan to significantly expand Euro area fiscal spending) and a sustainably weaker USD. For the time being, at least, these two drivers do not appear to be in place. As such, we would buy the (relative) dip in US equities.

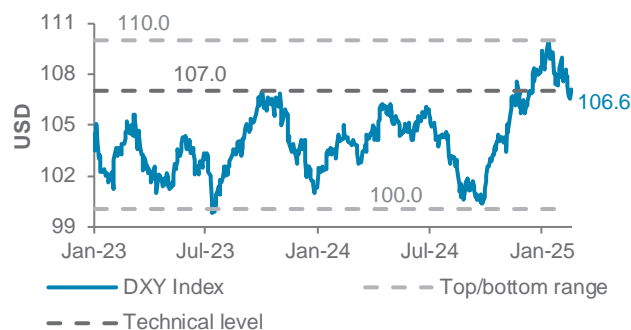
A second question is whether the strong gains in China equities can extend further. Here, we are similarly circumspect. Market optimism has been sparked by the emergence of China's low-cost AI model, DeepSeek, and signals that its policymakers are tilting towards reviving growth. However, US tariffs remain a threat, significant fiscal stimulus has not been forthcoming and bond yields suggest deflationary pressures have not yet abated. We would continue to add to our focused opportunistic ideas in China.

A third question is whether the pullback in Indian equities is temporary. Slower growth and earnings data, foreign investor selling and concerns over the impact of US tariffs have led Indian equities into correction (>10% pullback) territory. However, 10%+ corrections are not uncommon within structural equity bull markets and valuations have now eased closer to their 10-year average. Consensus estimates suggest earnings growth is likely to improve from here, particularly given recent policy stimulus. Therefore, we would view the current pullback as an opportunity to add exposure.

Overall, we believe the case for a relative preference for US equities (among major regions) and Indian equities (within Asia ex-Japan) remains intact. For both markets, recent dips have likely created an opportunity to add exposure.

**Fig. 2 The USD is expensive by some measures but is likely to consolidate within a tight range in the near term**

USD index (DXY)



Source: Bloomberg, Standard Chartered

### Softer bond yields and a rangebound USD

The US dollar has largely mirrored the moderation in US bond yields, pulling back from recent range-highs. We expect both US yields and the USD to largely trade in a range from here, led by an unresolved inflation debate. US tariff policies, immigration curbs and growth data are likely to keep inflation concerns alive, but contained wage growth and cooling shelter inflation are likely to keep overall inflation data in check. However, we do believe this modestly weakens the case for Fed rate cuts. Thus, we expect two Fed rate cuts this year.

Within bonds, the inflation debate and a still-stable growth outlook mean we continue to see an attractive risk/reward in DM HY bonds. While credit spread valuations are not cheap, still-strong growth and high credit quality are likely to keep spreads narrow, allowing investors to earn the higher yield.

### Gold due for a (brief) breather

The relentless rise in gold prices has meant that the safe haven asset has achieved our 12-month price target in less than three months. Data suggests gains have been led by strong central bank purchases and concerns about inflation.

We remain positive on gold over 6-12 months as we believe central bank reserve diversification strategy has further to run. Any short-lived equity market volatility and demand for inflation-protecting real assets are likely to be additionally supportive factors. Rapid gains in recent weeks, coupled with stretched investor positions, suggest a brief pullback towards USD 2800/oz is increasingly likely. However, we believe the drivers for the gold price rally remain unchanged. Therefore, we would view any such pullback as an opportunity to add exposure.

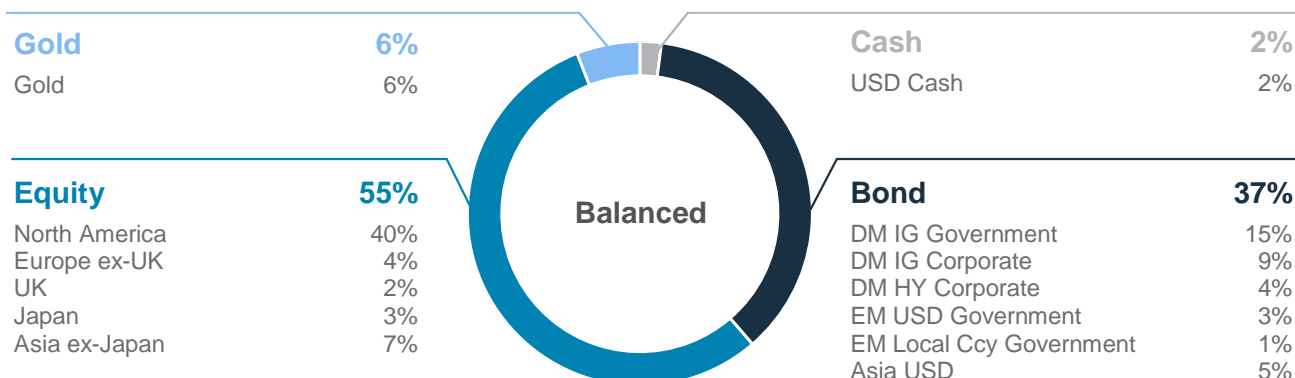
### Adjusting our opportunistic ideas

We maintain our existing bond opportunistic ideas this month. In equities, though, we close our US technology sector idea after strong gains. In its place, we open a US software sector idea. This, we believe, will allow continued exposure to the US technology sector and the AI rally, but in a way more focused on the likely future gainers from the AI wave.

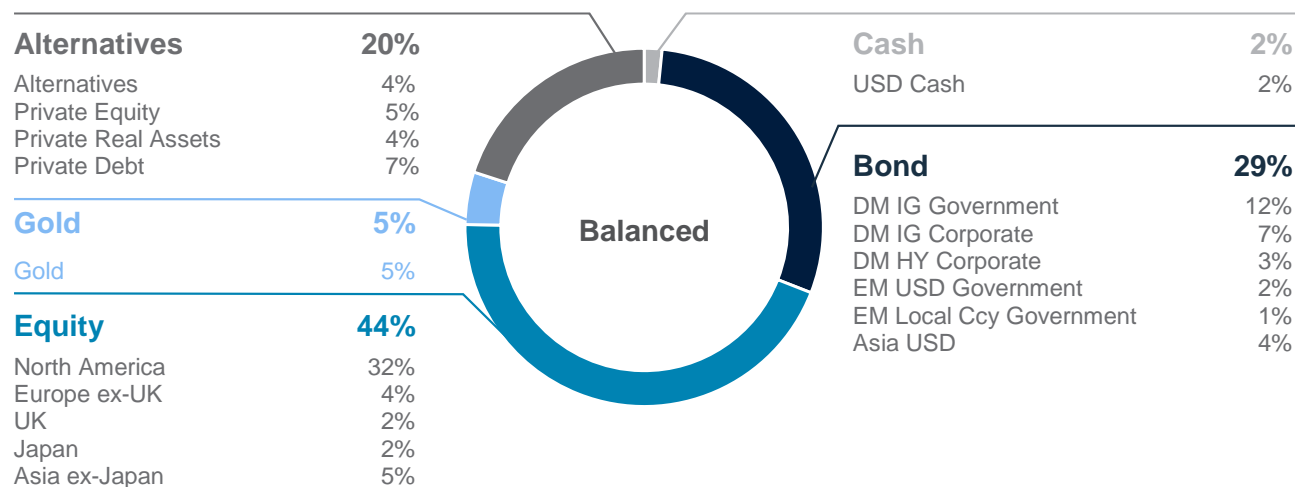
# Foundation asset allocation models

The Foundation and Foundation+ models are allocations that you can use as the starting point for building a diversified investment portfolio. The Foundation model showcases a set of allocations focusing on traditional asset classes that are accessible to most investors, while the Foundation+ model includes allocations to private assets that may be accessible to investors in some jurisdictions, but not others.

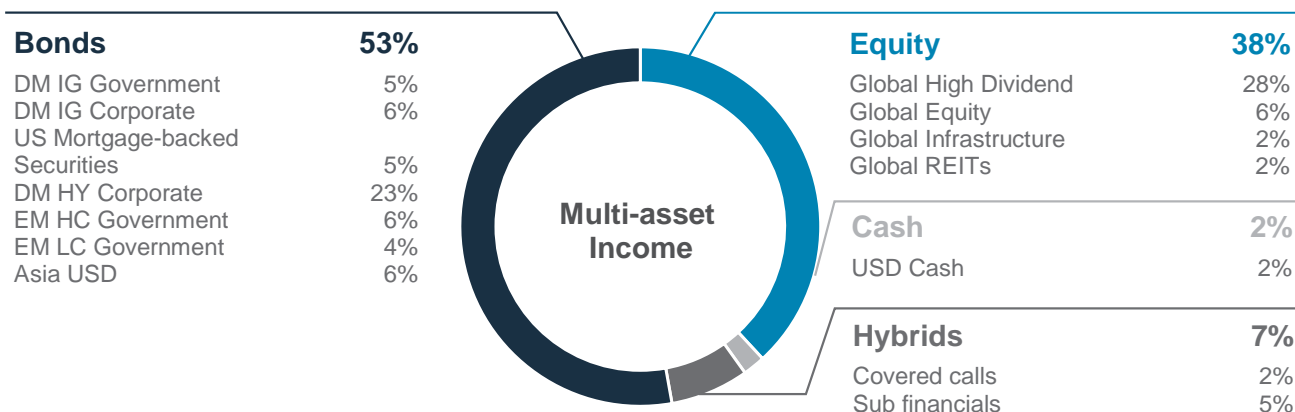
**Fig. 3 Foundation asset allocation for a balanced risk profile**



**Fig. 4 Foundation+ asset allocation for a balanced risk profile**



**Fig. 5 Multi-asset income allocation for a moderate risk profile**



Source: Standard Chartered

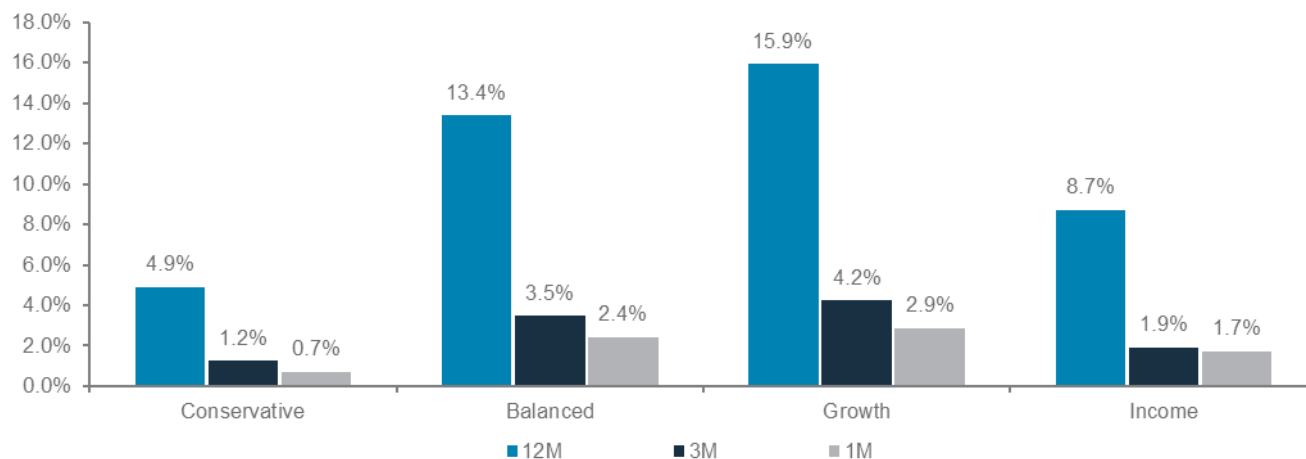
# Foundation: Our tactical asset allocation views

	View	Detail
<b>USD cash</b>	▼	+ Short term safety    - Falling yields, likely underperformance vs. major asset classes
<b>Bonds</b>	◆	
<i>DM Govt</i>	◆	+ High credit quality, attractive yields    - High sensitivity to inflation, monetary policy
<i>DM IG Corporate</i>	◆	+ High credit quality, sensitive to falling yields    - Elevated valuations
<i>DM HY Corporate</i>	▲	+ Attractive yield, low rate sensitivity    - Elevated valuations, sensitive to growth
<i>EM USD Govt</i>	◆	+ Attractive yield, sensitive to US rates    - EM credit quality, US trade policy risks
<i>EM Local Ccy Govt</i>	▼	+ Attractive yield    - Sensitivity to USD strength, US trade policy risks
<i>Asia USD</i>	◆	+ Moderate yield, low volatility    - Elevated IG valuations
<b>Equities</b>	▲	
<i>North America</i>	▲	+ Strong earnings growth, supportive US policy    - Valuations, sensitivity to higher yields
<i>Europe ex-UK</i>	▼	+ Inexpensive relative valuations    - Still-weak growth outlook, US trade policy risks
<i>UK</i>	◆	+ Attractive valuations, dividend yield    - Stagflation risks, US trade policy risks
<i>Japan</i>	◆	+ Reasonable valuations, rising dividends/share buybacks    - JPY strength
<i>Asia ex-Japan</i>	◆	+ Earnings, India growth, China policy support    - China structural growth concerns
<b>Gold</b>	▲	+ Portfolio hedge, central bank demand, falling yields    - Resilient USD

Source: Standard Chartered Global Investment Committee; **Green** = Upgrade; **Red** = Downgrade

**Legends:** ▲ Overweight | ▼ Underweight | ◆ Neutral

**Fig. 6 Performance of our Foundation Allocations\***



Source: Bloomberg, Standard Chartered; \*12-month performance data from 20 February 2024 to 20 February 2025, 3-month performance from 20 November 2024 to 20 February 2025, 1-month performance from 20 January 2025 to 20 February 2025.



# Perspectives on key client questions

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Head, Asset Allocation

**Tay Qi Xiu**  
Portfolio Strategist

## Q Trump's tariff gambit: Market headwind or just noise?

Since his inauguration, President Trump has reignited trade tensions with a list of new tariff measures. He has imposed tariffs on a wide range of imports into the US, including steel and aluminium, and also introduced the concept of 'reciprocal tariffs,' which aims to match the tariffs imposed by other countries on US goods. While Trump's tariff playbook is hardly new, its impact on financial markets and the economy is far more nuanced than the splash it generates in news headlines. To better understand the implications of Trump's latest tariffs, we examine four factors to determine whether Trump's tariff measures are significant or simply noise.

### Larger tariffs, larger impact

Tariffs can impact the economy in several ways. At the micro level, they increase costs for businesses that rely on imported goods, potentially leading to higher prices for consumers. At the macro level, they can disrupt global trade, hurt business confidence and slow economic growth. However, the extent of damage depends on several factors: how broad the tariffs are, how long they last, and how businesses and policymakers react. A short-lived tariff skirmish may generate noise but have limited economic impact. In contrast, a full-scale trade war, with retaliatory tariffs by trading partners could potentially tilt the economy towards a recession.

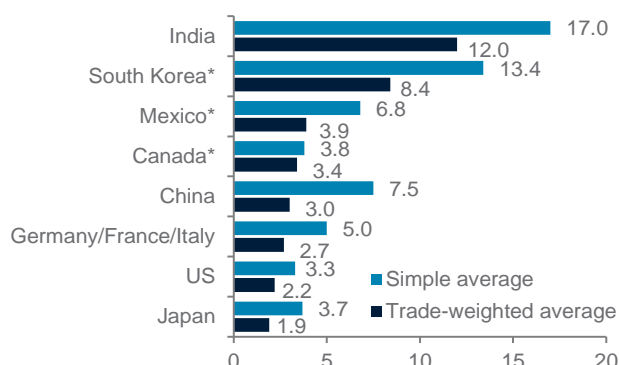
### Will tariffs push the US into a recession?

For investors, major stock market downturns have historically stemmed from economic contractions, not political manoeuvres. Since 1928, nine out of ten S&P500 declines of over 15% in a year were linked to recessions or wars, while the 2022 drop followed aggressive Fed tightening. The sharp sell-off in Q1 18, fuelled by fears of a Fed policy mistake and escalating trade tariffs, underscores how economic uncertainty can unsettle markets even without a recession. While a prolonged trade war could, in theory, affect growth enough to push the US into a recession, the data so far suggests a robust starting point if trade tensions escalate. The Atlanta Fed GDPNow projects steady US Q1 GDP growth of 2.3%, while unemployment at 4.1% in December remained below the Fed's long-term rate. Historically, energy shocks have also been a key cause of recessions after WW2. A doubling of oil prices in a year has often preceded recessions.



**Fig. 7 Many countries charge higher tariff rates on imported goods than the US**

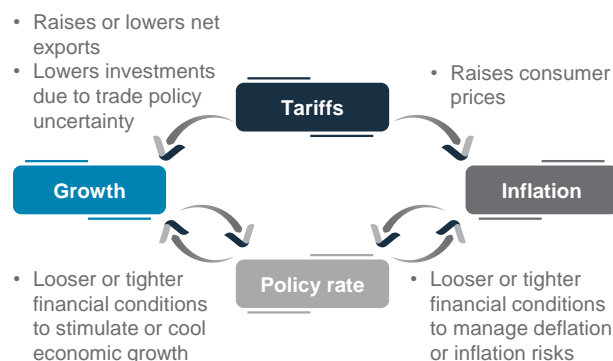
Average tariff rates of US and its top trading partners



Source: WTO, Standard Chartered \*US has free trade agreements with Canada, Mexico and South Korea

**Fig. 8 Feedback loop - tariffs to inflation and growth**

How tariffs impact growth and inflation



It is highly unlikely that we will see a rapid oil price surge this year, given the potential for an oil supply glut on increased flows from Russia and Iraq against generally muted demand. However, if trade tensions rise further, business confidence and corporate spending could decline, leading to slower growth. That's the real risk investors should watch out for.

**Fig. 9 Major market downturns have been mostly tied to economic contractions**

Years when annual calendar loss in S&P500 exceeded 15%

Year	Annual returns	Cause
1931	-47%	The Great Depression
1937	-39%	The "Roosevelt Recession"
2008	-38%	Global Financial Crisis
1974	-30%	OPEC oil embargo, Yom Kippur War
1930	-28%	The Great Depression
2002	-23%	Dot-com crash
2022	-19%	Federal Reserve tightening
1941	-18%	WWII: Japan attacks Pearl Harbor
1973	-17%	OPEC oil embargo, Yom Kippur War
1940	-15%	WWII: Germany invades Western Europe

Source: Bloomberg, Standard Chartered

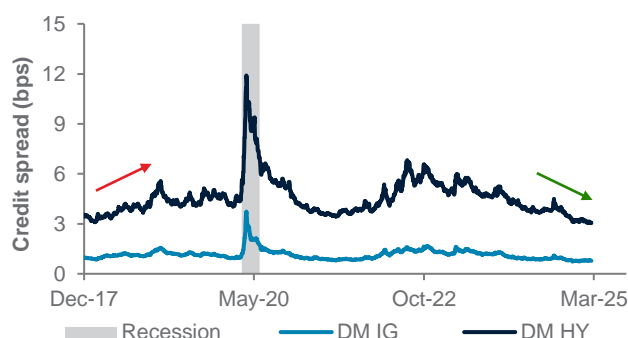
### Could a trade war spark a financial crisis?

Financial markets tend to react sharply to uncertainty, but volatility alone does not equate to systematic risk – one having market-wide impact. Financial crises tend to occur when stress in the financial system spills over to the broader economy. The 1997 Asia financial crisis and the 1998 collapse of US hedge fund Long-term Capital Management triggered market sell-offs but did not lead to a US recession. The 2011 European debt crisis rattled global markets but was contained before causing widespread damage. In contrast, the 2008 financial crisis was different – banks were overleveraged, and policymakers were slow to act initially, requiring extraordinary government support to prevent a total collapse.

Today, US banks are in a far stronger position. They are well-capitalised, with solid liquidity buffers and more stringent regulatory oversight. Credit markets remain stable, with no signs of a significant widening in credit spreads.

**Fig. 10 Credit markets have remained well-anchored amid tariff noise**

Credit spread of DM IG and HY bonds over government debt



Source: Bloomberg, Standard Chartered

### How will policymakers respond?

Policymakers play a crucial role in determining whether an economic shock turns into a full-blown crisis. Their response can either stabilise or exacerbate downturns. The current situation is unique because Trump's trade policy itself is the cause of uncertainty. While the administration has no incentive to create a recession, trade policy remains unpredictable and markets dislike uncertainty. If economic data begins to deteriorate, investors will look to the Fed to step in, but so far, the Fed has signalled a wait-and-see approach, rather than a willingness to cut rates pre-emptively.

### Are investors panicking?

Stock market volatility is often a good indicator of how worried investors truly are. Despite the headlines, markets have been relatively stable amid Trump's tariff announcements. The volatility index, often referred to as the 'fear gauge,' remains below its long-term average. While it briefly rose above 20, its long term average, it quickly settled lower after Trump paused new tariffs on Mexico, as investors looked beyond this short-term uncertainty. Investors are clearly hedging longer-term implications of tariffs – higher inflation - through gold.

### What should investors watch next?

Markets are forward-looking; i.e., what happens next is more important than what has already happened. Key to watch will be the potential for escalation – will Trump's announced tariffs be implemented, and will US trade partners retaliate by the same degree, triggering a tit-for-tat cycle that disrupts global trade flow and economic growth? A second scenario is Trump uses tariffs as temporary tools to extract concessions from trade partners. Additionally, energy prices, corporate earnings, and credit markets are also key. If oil prices were to surge above USD100/bbl, recession risks would increase significantly. Similarly, if companies start cutting earnings estimates due to trade concerns, it would signal a deeper economic slowdown. Finally, if credit spreads begin widening, it could be a red flag that conditions are deteriorating.

### What does that mean for asset allocation?

Given our view that tariffs are likely temporary measures intended to extract concessions from trading partners, we remain pro-risk in our asset allocation. While trade tensions may create short-term market fluctuations, the fundamental outlook remains supportive. We continue to favour global equities, with corporate earnings remaining resilient, and a broadening in performance from the US to Europe and China suggests improvements in risk appetite. Within bonds, DM HY bonds continue to offer attractive opportunities amid a strong US labour market and low default rates, while EM bonds have performed surprising well amid tariff-related noise. Lastly, gold remains a key portfolio diversifier, serving as a hedge against geopolitical uncertainty and market volatility. Unless we see signs of trade policies causing deeper economic damage, we believe staying invested in a portfolio of diversified risk assets remains the right approach.



# Macro overview – at a glance

Rajat Bhattacharya  
Senior Investment Strategist



## Key themes

**Fed rate cuts delayed:** The US economy remains resilient. An upturn in the manufacturing cycle is helping offset a service sector slowdown. Resilient growth and uncertainty around trade and fiscal policies are likely to keep the Fed from cutting rates, at least at its March meeting. We push back our expectations of the first rate cut this year to Q2, from Q1, and now see the Fed cutting rates by a total 50bps to 4.0% by December. **Risks:** Tariffs could revive inflation risks, further delaying Fed rate cuts.

**ECB to cut further, BoJ to hike:** We expect the ECB to cut rates by another 75bps by year end as trade uncertainty dampens growth. A 'grand coalition' of centre-right and socialist parties after Germany's election on 23 February could potentially lead to easier fiscal policy, reviving Euro area's growth outlook. Unlike other Developed Market central banks, the BoJ is likely to hike rates further this year as strong growth and a tight labour market fuel wages and inflation.

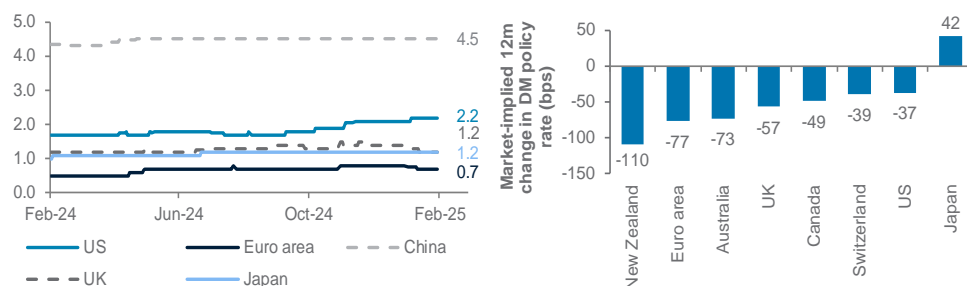
**China to ease policy further:** China's National People's Congress in March is likely to ease fiscal policy to stimulate domestic demand and reduce its reliance on exports amid rising trade uncertainty. A broadening of US tariffs to include Europe and major Emerging Markets is a downside risk, while a trade deal is a likely catalyst for a growth resurgence.

## Key chart

*Resilient US growth and uncertainty over trade and fiscal policy are likely to delay Fed rate cuts. Except for the BoJ, other major central banks are likely to cut rates more than the Fed amid rising growth risks*

**Fig. 11 Resilient US growth implies fewer Fed rate cuts than other major central banks**

Consensus 2025 GDP growth estimates; money market estimates of rate cuts in next 12 months



Source: Bloomberg, Standard Chartered

## Macro factors to watch

**Trump's tariffs and tax cut plan:** If Trump's announced tariffs are implemented, average US import tariffs will rise to the highest level since the 1940s. Based on Fed models used during Trump's first term, recently announced tariffs are likely to raise US core PCE inflation by 0.7% and hurt US GDP by 1.2% if all tariffs are passed on to consumers and US trade partners retaliate by the same degree. The ultimate impact will depend on actual tariff rates, supply disruptions, the degree of retaliation by trade partners and USD adjustments. However, the announcements so far, and reversals and postponements in certain cases, have raised the odds that Trump is likely to use the tariffs as temporary negotiating tools to win concessions from trade partners. Sustained tariffs are likely to challenge his goal of non-inflationary growth. The risk is that tariffs become sticky if the proceeds are used to fund proposed tax cuts. Thus, Treasury Secretary Bessent's tax cut plans and Trump advisor Musk's plans to cut spending are the next focus for investors. We expect the Fed to hold rates for now to assess the economic impact of Trump's policies.

**German election, Ukraine talks:** Polls show the German election is likely to lead to a fragmented mandate. In that case, the centre-right parties (CDU/CSU) could form a 'grand coalition' with the outgoing socialist party (SPD). Such a coalition would raise the chance of Germany easing its constitutional debt restrictions to boost fiscal spending and implement structural reforms to revive productivity and long-term growth. While trade tensions are likely to rise, a 'grand coalition' would be better placed to negotiate trade deals. Trump's talks with Russian President Putin to end the Ukraine-Russia conflict could potentially lower Europe's political risk premium. However, trade and political uncertainty is likely to hurt near-term growth, leading the ECB to cut rates.

**China's Congress:** China is likely to set a 5% growth target for 2025. To achieve that, it could ease fiscal policy to boost domestic consumption, while the PBoC cuts rates and expands its balance sheet, offsetting the impact of US tariffs, which have doubled to c.20%. Although China has cut its reliance on US exports vs. Trump's first term, it is more reliant on global exports, making a broader trade war a key risk.

# Bonds – at a glance

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Ray Heung  
Senior Investment Strategist



## Key themes

**We continue to view global bonds as a core holding.** Fed rate cuts and contained inflation under our base macro scenario should help cap bond yields. While a sharp move lower in yields appears unlikely, we see current yields offering an opportunity to lock in an attractive income, particularly relative to cash, helping to reduce any reinvestment risk amid falling rates. Any reduction in rate cut expectations and surge in term premiums amid sticky inflation and rising government debt are risks, especially for long duration bonds that are more sensitive to interest rate movements.

**Developed Market (DM) Investment Grade (IG) government bonds are a core holding (Neutral).** Both nominal and real (inflation-adjusted) yields are attractive from a historical perspective. Our 12-month target for the US 10-year government bond yield is 4.00-4.25%. **DM IG corporate bonds are a core holding (Neutral).** Tight yield premiums illustrate rich valuations, but we see these supported by solid fundamentals and continued inflows. We are **Overweight DM High Yield (HY) corporate bonds.** Historical solid performance in soft-or-no-landing scenarios and Trump's potential deregulatory policies are supportive.

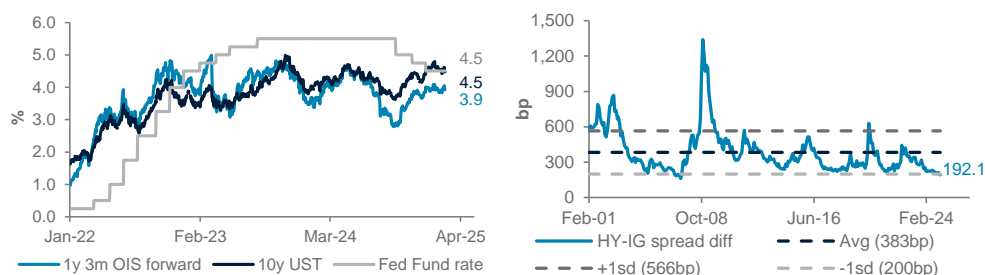
**Emerging Market (EM) USD government bonds and Asia USD bonds are core holdings (Neutral).** Yields are attractive, but potential US protectionism is unfavourable. In Asia, we prefer HY over IG bonds given their domestic exposure and likely support from any China stimulus. We are **Underweight EM local currency government bonds** given potential FX and geopolitical risks.

## Key chart

*Developed Market government and corporate bonds yields are attractive, offering an opportunity to lock in income for the longer term*

**Fig. 12 Fed rate cuts and contained inflation should cap bond yields; HY bonds' rich valuation relative to IG bonds is supported by US growth and deregulatory prospects**

US 10-year government bond yield, 1y3m forward rate and Fed Funds Target Rate; Bloomberg global high yield and investment grade bond yield premium (spread) over government bonds



Source: Bloomberg, Standard Chartered

### Keep tactical buy: Global convertible bonds

A soft-or-no-landing economic scenario is likely beneficial to risk assets, such as convertible bonds, which are correlated with equities. Technicals are supportive - Asia issuers offer higher new issue premium. A hard landing scenario is a risk.

### Keep tactical buy: US Agency MBS

This asset class continues to offer an attractive yield pick-up over comparable government bonds. We expect US housing market resilience as Fed rate cuts aided mortgage refinancing during the pandemic, lowering average mortgage rates. Risks include a sharp economic slowdown.

### Keep tactical buy: EUR government bonds (FX-hedged)

Euro area economic data remains weak and, while markets already expect further ECB rate cuts, we expect this asset

class to benefit from near-term growth and political concerns, which could push yields lower. The retreat in Fed rate cut expectations could fuel relative outperformance. Germany's upcoming election and potential fiscal expansion are worth watching. Risks include a reversal of dovish ECB expectations or a significant increase in debt financing in Germany.

### Keep tactical buy: Asia USD HY bonds

The China property sector now forms a much smaller part of the asset class, and we believe peak defaults are now behind us. Asian HY issuers are more domestic focused, making them less exposed to geopolitical risks. The emergence of AI application is likely to stimulate investment in the industrial and technology sector. A slower growth outlook is a risk.

# Equity – at a glance

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Senior Investment Strategist

**Michelle Kam**  
Investment Strategist

**Jason Wong**  
Equity Analyst



## Key themes

We retain an **Overweight on global equities** and expect them to outperform bonds and cash. **The US remains our most preferred equity market**, underpinned by the healthy US economy and robust earnings growth. US Q4 24 earnings have been resilient, with companies enjoying strong margins. However, near-term risks include lingering inflation and tariffs.

**UK equities are a core holding (Neutral)**, given the likely limited impact from tariffs, improving earnings growth and an attractive dividend yield. While UK equities are defensive, the lack of growth sectors could limit outperformance. We remain **Underweight Europe ex-UK equities** as economic growth headwinds could dampen the recent strong momentum. Political changes are a major swing factor, e.g., a potential ceasefire in Russia/Ukraine, German elections likely leading to more fiscal stimulus.

**Asia ex-Japan equities are a core holding (Neutral)**. Within the region, we are **Overweight India equities** given the strong earnings outlook and cheaper valuations after the recent pullback. **China equities are a core holding (Neutral)**; DeepSeek is a positive surprise for China equities, helping to narrow the valuation discounts between China stocks and global peers. A likely trade war remains a key macro risk. **Japan equities are also a core holding (Neutral)**. Improving share buybacks and a reflationary environment are likely offset by earnings pressure from a stronger JPY and persistent foreign capital outflows.

## Key chart

*Strong momentum continues as the growth cycle extends*

Index	12m forecast*	Our views
S&P 500	6,650	US ▲
Nasdaq 100	25,400	
Euro Stoxx 50	5,200	Europe ex-UK ▼
FTSE 100	8,900	UK ◆
Hang Seng	21,800	China ◆
Nifty 50	26,700	India ▲
Nikkei 225	42,600	Japan ◆

\*Target prices set as of 12-Dec-24; scheduled to be reviewed by early Apr 2025

**Fig. 13 US equities expected to lead global equities' 2025 earnings growth; valuation of MSCI China back to the 10-year average after the recent strong rally**

Consensus 2024 and 2025 earnings growth estimates for regional MSCI equity indices; Consensus 12m forward price-earnings ratio for MSCI China



Source: FactSet, Bloomberg, Standard Chartered

**Legends:** ▲ Most preferred | ▼ Least preferred | ◆ Core holding

## Extended optimism in the US

While the launch of China's low-cost AI model, DeepSeek, and US President Trump's tariff announcements weighed on market sentiment, we see a slew of factors supporting continued outperformance of US equities. US Q4 24 earnings were resilient, with EPS for the MSCI US index up by 9.9% in 2024. The US' projected 2025 EPS growth of 12.6% and ROE of 20.8% are higher than other major equity markets. Potential policy surprises, including deregulation and private sector investment, are other factors supporting our 'buy-on-dips' stance in US equities.

Outside the US, lingering geopolitical tensions lead us to remain Neutral across other major markets, including Asia and the UK. We are Neutral Japan, as strengthening corporate governance

and intensification of domestic investments are offset by potential JPY appreciation, driven by continued monetary tightening from the Bank of Japan. Within Asia ex-Japan, we remain Overweight India equities on strong earnings growth in the large caps, and Indian government's supportive budget, which cut individual income taxes to boost domestic consumption. We are Neutral China. After a strong rally in the past month, the 12-month forward P/E of MSCI China index is now trading around its historical average. However, trade uncertainty and structural concerns including deflation and property market headwinds remain. Lastly, we are Underweight South Korea equities as they are vulnerable to US tariff risks and global trade uncertainties.



# Equity opportunistic views

Fook Hien Yap

Senior Investment Strategist

## Sharpening our US technology focus

- We have eight opportunistic equity buy ideas where we target positive absolute returns. This month, we close the broad US technology sector idea and rotate into the more specific US technology software sub-sector.

## Changes to our buy Ideas

**Closing US technology sector:** We are closing for a 24.8% gain as we prefer to focus on the technology software sub-sector. Although we remain positive on the broad technology sector, we acknowledge potentially greater volatility with semiconductors, as future growth gets reassessed with the emergence of DeepSeek. Meanwhile, the hardware segment could face headwinds from retaliation against US tariffs.

**Opening US technology software:** We see software as a cleaner way to benefit from ongoing AI developments. DeepSeek is likely to lower the cost of AI tools, benefitting software providers who can integrate such tools into their product offerings. We also see less tariff headwinds with software. Weakness in corporate IT budgets is a risk.

## Existing buy ideas

**US communication services:** Digital advertising, online entertainment and AI applications continue to drive robust growth. Valuation of the sector remains reasonable - at a discount to the broader market. Advertising softness is a risk.

**US major banks:** Banks have reported robust growth in capital markets, investment banking and fee income - which we expect to continue. Meanwhile, the deregulation tailwind remains. A sharp slowdown in the US economy is a risk.

**US regional banks:** The Republican government is expected to reduce the regulatory burden on smaller US banks. Fed rate cuts should also ease deposit pricing pressure for these banks. A sharp US slowdown is a risk.

**US small-caps:** Their large domestic exposure should benefit from US tariffs that limit international competition. US tax cuts and Fed rate cuts are tailwinds as small-caps tend to hold more floating rate debt. A US growth slowdown is a risk.

**India large cap stocks:** Indian equities have corrected by over 10% from their peak amid slowing growth, foreign investor selling and uncertainty over US tariffs. However, we see an improving risk-reward as the government budget and expected RBI policy easing are supportive of growth. Earnings growth for the next few years remain robust, while valuation has moved closer to the 10-year average and domestic inflows remain strong. Weaker-than-expected growth is a risk.

**China non-financial high dividend SOEs:** We continue to like the stability of high dividend state-owned enterprises

(SOEs). Non-financial SOEs are less exposed to the troubled property sector. Adverse regulatory changes are a risk.

**Hang Seng technology:** We prefer a barbell approach in China with the technology sector complementing the income stability from high dividend SOEs. The emergence of DeepSeek, with AI monetisation opportunities, has driven a valuation re-rating, with further re-rating potential as policy stimulus is unveiled. Weaker-than-expected stimulus is a risk.

Fig. 14 Opportunistic buy ideas

Region	Idea	Initiation
US	Communication services sector	27-Mar-24
	US major banks	1-Aug-24
	US small caps	12-Dec-24
	US regional banks	12-Dec-24
	US technology software*	20-Feb-25
Asia	India large cap	27-Mar-24
	China non-financial high dividend SOEs	27-Mar-24
	Hang Seng technology	31-Oct-24

Source: Standard Chartered. \*New idea

## Sector views: technology supported by AI

We continue to like the US growth sectors of technology and communication, along with financials, which should benefit from deregulation. In Europe, we prefer a barbell approach, with a defensive exposure to communication and healthcare balanced by growth from technology. Undervalued financials remain attractive. In China, we prefer technology, communication and discretionary, which are tied to improving consumption and greater AI adoption.

Fig. 15 Our sector views by region

US	Europe	China	India*
Technology	Comm.	Technology	Technology
Comm.	Technology	Comm.	Industrials
Financials	Healthcare	Discretionary	Financials
Discretionary	Financials	Financials	Healthcare
Industrials	Utilities	Staples	Discretionary
Energy	Industrials	Healthcare	Staples
Healthcare	Real Estate	Industrials	
Materials	Energy	Energy	
Utilities	Staples	Utilities	Utilities
Staples	Discretionary	Materials	Energy
Real Estate	Materials	Real estate	Materials

Source: Standard Chartered. \*Commentary in India Market Outlook

**Legends:** ■ Overweight | ■ Neutral | ■ Underweight  
▲ Upgrade from last month | ▼ Downgrade from last month

# FX – at a glance

Iris Yuen  
Investment Strategist



## Key themes

We expect the USD to consolidate in a tight range around its 50-day moving average of 108 in the next 1-3 months. The sturdy US job market, persistent inflation and robust economic activity should keep the Fed from cutting rates in March, supporting the USD in the near term. However, prolonged trade tensions may hinder US economic growth, while ongoing uncertainty over tariffs is likely to weigh on the dollar, potentially leading to a softer USD on a 12-month horizon. EUR/USD is likely to trade around 1.02 on a 3-month horizon on a firmer greenback. Upside risk to the pair could arise from any fiscal stimulus after the German elections. GBP/USD is also likely to show resilience over the next 3 months underpinned by fiscal stability. The JPY has the most potential to strengthen further amid strong Japan wage growth and the BoJ's continued rate hiking policy. CAD and CNH weakness are likely to extend amid softer commodity prices and uncertainty over China's stimulus.

We largely retain forecasts for other currencies within a tight range. The CHF is likely to be rangebound over the next 1-3 months. The Swiss National Bank is expected to cut its key rate cut in March, but a fresh catalyst will likely be needed to push USD/CHF towards January highs. The AUD is expected to hold steady over the next 3 months, with a modestly bullish bias, amid the RBA's cautious stance on rate cuts. However, the RBNZ is likely to continue cutting rates, although the pace of cuts is likely to slow to 25bps. Thus, we see the NZD upside risk capped at 0.57.

## Key chart

The VXY index (benchmark for implied FX volatility in G7 currencies) is fluctuating around its 10-year average, suggesting moderate price swings in major FX pairs ahead. We expect currencies to be mostly rangebound in the next 1-3 months

**Fig. 16 FX volatility is fluctuating around the 10-year average**

Benchmark for implied FX volatility in G7 currencies; Table of forecasts



Source: Bloomberg, Standard Chartered

Currency	3m forecast	12m forecast
USD (DXY)	108	105
EUR/USD	1.02	1.06
GBP/USD	1.26	1.30
USD/JPY	149	145
AUD/USD	0.63	0.65
NZD/USD	0.56	0.57
USD/CAD	1.44	1.44
USD/CNH	7.35	7.20
USD/CHF	0.91	0.89
USD/SGD	1.36	1.33

## What is the near-term outlook for currencies?

Despite the choppy start to the year for the USD on trade uncertainty and the paring back of Fed rate cuts, implied FX volatility remains near its 10-year average. This indicates FX price swings are likely to be moderate, with the USD index likely stabilising at 108. We expect most currencies to move within a  $\pm 1\%$  range over the next 1-3 months.

Mixed fundamentals are likely to enable the USD Index (DXY) to consolidate. US labour market and inflation remain resilient, while retail sales show signs of softening. Tariff news and Fed policy path are likely to be other key drivers. EUR/USD may face pressure and test the 1.02 support in the near term if the German election delivers a fragmented mandate. The UK economy is more resilient than expected, which should keep GBP/USD well supported around 1.26 as markets re-price BoE's rate cut trajectory. Among G10 currencies, we see the

JPY as the main potential outperformer. Japan's growth was stronger than expected in Q4 24 and wage growth accelerated, supporting the case for a more hawkish BoJ. We expect USD/JPY to test 149 in the next 1-3 months. We expect a less dovish SNB supporting a stable USD/CHF around the 50-day moving average of 0.91. Despite SNB governor noting the possibility of negative interest rates, Switzerland's economy grew 0.4% in Q4 24, exceeding estimates. Meanwhile, SGD has gained against almost all major emerging Asia currencies so far this year. Further monetary policy loosening, following the MAS January easing decision, may push USD/SGD back to 1.36. We expect USD/CNH to edge towards 7.35 over the next 1-3 months, while China's economy and inflation remain soft. China's NPC meeting in March will be closely watched for any further fiscal stimulus policies.

# Gold, crude oil – at a glance

Manpreet Gill

Chief Investment Officer, AMEE

Tay Qi Xiu

Portfolio Strategist



## Key themes

**We stay Overweight gold, raising our 3-month price target to USD 2,900/oz.** Gold has had a strong start to the year, delivering a 12% YTD return and hitting a record USD 2,955 this week. US tariff uncertainty has fuelled this rally. With more details on reciprocal tariffs likely forthcoming, prices should remain well-supported. However, given stretched investor positioning, a brief correction towards USD 2,790 is possible, presenting a buying opportunity for long-term investors as structural drivers remain intact, in our view. Global central banks purchased over 1,000 tonnes of gold for the third consecutive year, while China increased its gold reserves for the third consecutive month in January. Additionally, a new pilot programme allowing some China insurers to allocate up to 1% of their assets to gold could drive further institutional demand.

**We continue to expect the WTI crude oil price to stay in a range around USD 70/bbl over the next three months.** Oil prices have pulled back from their brief rebound towards USD 80/bbl back into USD 67-72/bbl. In our view, fundamentals favour prices remaining in this range given (i) a strong supply pipeline, from both OPEC and non-OPEC sources, (ii) a more neutral level of investor positioning today and (iii) concerns about the pace of global growth (including the potential impact of tariffs on growth and energy demand). Reports of US-Russian talks aimed at ending the Ukraine war are likely to increase expectations of more global supply should these talks lead to reduced sanctions against Russia. Over the next 12 months, we believe prices could ease moderately further towards USD 65/bbl, based largely on our expectations that near-term drivers extend through the year and maintain a cap on oil prices.

## Key chart

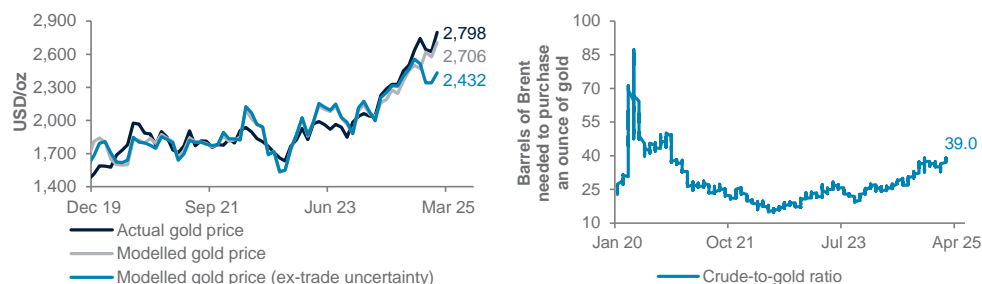
*Gold has risen to record highs amid trade uncertainty, but a temporary pullback is likely. We would add on dips.*

*Oil, in contrast, has failed to hold on to gains, as expected. We expect prices to stay rangebound*

**Fig. 17 Trade uncertainty has driven gold prices to fresh record highs**

LHS chart: Modelled gold prices with and without trade uncertainty as a factor

RHS chart: Crude-to-gold price ratio



Source: Bloomberg, Standard Chartered. As of 31 Jan 2025.\*Gold prices modelled on US real yield, US dollar index (DXY), US CPI index, ETF holdings, geopolitical risk index, CFTC net positioning, Central bank net purchases, US Trade Uncertainty index. Gold model is meant to illustrate relationships with key variables and is not intended for forecasting purposes.

## Tariff fears drive exchange-for-physical surge

Fears of potential US tariffs have created distortions in the gold market. The exchange-for-physical (EFP) spread – which tracks price differences between New York Comex futures and London spot prices – has surged in recent weeks to as high as USD 60 according to some estimates. Typically, when Comex futures trade substantially above London spot prices, traders buy physical gold in London and ship them to New York to capture arbitrage profits. This keeps both prices largely in sync. But concerns over potential US tariffs on gold imports, which would make shipping gold to New York more expensive and the arbitrage trade unviable, have resulted in

a widening of the EFP and a tightening of physical gold supply in London. As a result, gold lease rates – the return that bullion holders earn from loaning out their gold – has also surged.

While there are examples of gold being subjected to tariffs, these have largely been done for monetary policy or economic stability reasons. For instance, India has imposed gold import duties to manage its current account deficit and reduce gold consumption. We do not expect US import tariffs to ultimately include gold, but ongoing tariff uncertainty should sustain the price gap between futures and spot prices, keeping gold prices well-supported.



# Quant perspective: Maximally bullish equities, but higher short-term volatility

Francis Lim  
Senior Quantitative Strategist

Maggie, Au Yeung  
Quantitative Analyst



## Summary

**Our stock-bond model is currently heavily Overweight (OW) equities.** This is driven by (i) a halt in the deterioration in earnings upgrades-to-downgrades ratio for global stocks (on a 3-month rolling change basis) after declines since August 2024 and (ii) a recovery in our market breadth signal, which shows over 60% of equity markets now sit above their respective 200-day moving average. With the MSCI World Index reaching a new high after rebounding strongly from the selloff in AI stocks in January, our model's YTD outperformance compared to the 60-40 equity-bond benchmark has also risen to 1.0%. This extends our model's strong track record, which shows a 37% gain (or 6.8% outperformance) since its inception in February 2023.

**Our technical models are bullish US, UK and China.** Our models on S&P500 supported buying the dip during the AI stock selloff in January. The index has since rebounded and the signals from our model remains bullish because (i) the long term trend remains strong, (ii) the rise in recent market volatility is relatively tame and (iii) our market regime indicator retains a bullish bias. The models also prefer to participate in the rebound of European equities via the UK due to more attractive risk/reward. Finally, our short-term models have also turned bullish on China equities as our market regime indicator turned bullish. The models are currently Neutral on Asian equities more broadly due to their muted price action compared with the preferred markets.

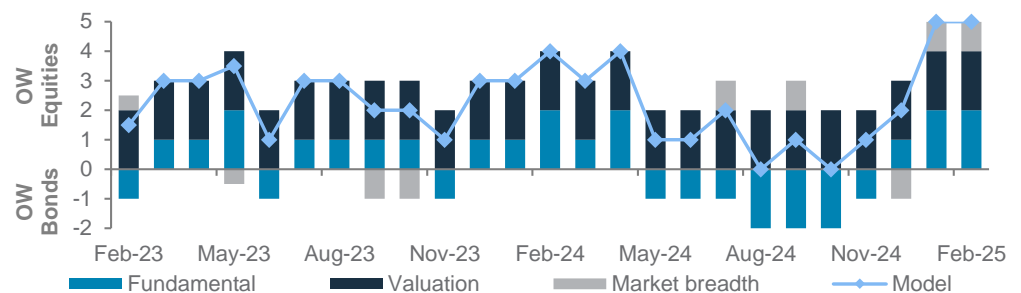
**Our market diversity indicators flag stretched positioning in European financial and communication services sectors.** Both the sectors have rallied strongly, with more than 12% gains YTD. Our market diversity indicator suggests higher risks of a short-term consolidation or reversal. This also indirectly implies a slower pace of gains in the MSCI Europe Index.

## Key chart

*Our stock-bond model is heavily OW equities as our model score rose to the maximum 5 in January, from 2 in December, driven by improvement in the earnings outlook and the market breadth factor*

**Fig. 18 Breakdown of our stock-bond rotation model's scores since inception in Feb-23**

Model scores are based on the total of fundamental, valuation and market breadth factors

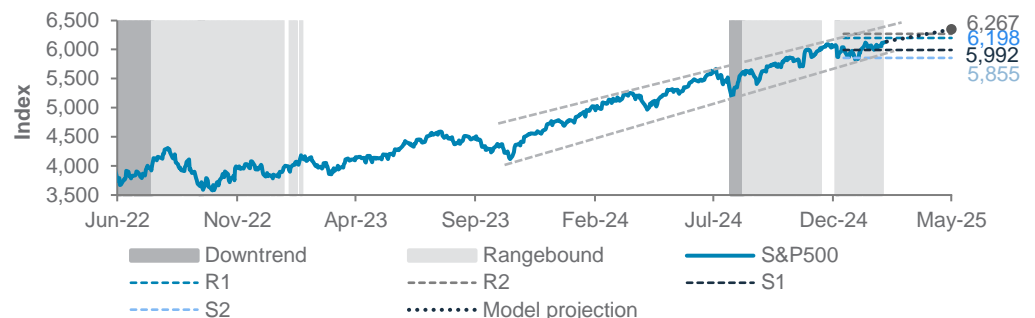


Source: Bloomberg, Standard Chartered

*Historically, the S&P500 index has generated positive returns under the model's rangebound regime, but this comes with higher market risks*

**Fig. 19 Our technical model for the S&P500 index is in a bullish bias mode**

Our model remains bullish S&P 500, albeit with a higher risk rating



Source: Bloomberg, Standard Chartered

**Fig. 20 Long- and short-term quantitative models are bullish risky assets**

Long-term models below have a typical time horizon of 3–6 months, while short-term models have a 1–3 month horizon

Long-term	Stock or bond	Equity and bond market risks	Global inflation-growth regime
Current view	Prefer equities over bonds	Neutral equity and bond market risks	Prefer risky assets and some inflation-hedge
<b>What factors is this view based on?</b>	<ul style="list-style-type: none"> <li>• <b>Fundamental:</b> +2 score. Upward revisions to earnings estimate have increased while PMI new orders continue to indicate an expansion in economic activity.</li> <li>• <b>Valuation:</b> +2 score. Price-to-earnings ratio of Asia and DM equities within range.</li> <li>• <b>Market breadth:</b> +1 score. Our market breadth factor turned bullish as the percentage of equity markets above their 200DMA exceeded 60%.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Equity risk:</b> Neutral. Risks are contained amid strong equity market momentum, lower interest rates and cooling inflation.</li> <li>• <b>Government bond risk:</b> Neutral. Stronger trend in housing starts, lower US jobless claims and strong equity market performance have raised the risk view on defensive assets. Risk rating could rise to 'high' if commodity prices continue their gains.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Global inflation</b> based on our custom index is at 2.3%. Both consensus and regression model expect a disinflationary trend, where inflation is expected to decline gradually.</li> <li>• <b>Global industrial production y/y growth</b> improved to 1.6% y/y. Economists expect 2.1% y/y in 12 months. Leading indicators in the US, Europe and China remain slightly negative, implying a lower growth rate at 0.8% y/y in the coming 6 months.</li> </ul>
<b>Key model factors</b>	<ul style="list-style-type: none"> <li>• Economic activity, macro risk and surprise indices, corporate earnings, forward price-to-earnings ratio and technical factors.</li> </ul>	<ul style="list-style-type: none"> <li>• Market factors include interest rates, commodity prices and equity market momentum. Macro factors include US housing, inflation, money in circulation, capacity utilisation and employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Tracks current and consensus estimates of inflation, industrial production, and leading economic indicators for the US, Europe, the UK, China, India and Korea.</li> </ul>
<b>How does it work?</b>	<ul style="list-style-type: none"> <li>• A monthly scorecard of -5 to 5 based on fundamental, valuation and market breadth factors to indicate relative preference for bonds and equities. A positive score favours equities and vice versa.</li> </ul>	<ul style="list-style-type: none"> <li>• Using risk barometers to gauge the likelihood of large selloffs in US equities and government bonds. Each barometer ranges from 0 to 100, where a value below 50 indicates high downside risk and vice versa.</li> </ul>	<ul style="list-style-type: none"> <li>• A macro model of global economic cycle (recession, recovery, late cycle and stagflation) and implications for long-term asset class returns.</li> </ul>
Short-term	Technical analysis	Investor positioning	
Current views	Mostly bullish	European financial and communication services sectors look overbought	
<b>What factors is this view based on?</b>	<ul style="list-style-type: none"> <li>• <b>Positive US, UK and China.</b> Long-term US trend remains intact and recent rise in volatility is relatively mild. The UK remains the preferred market to play the rebound in European equities due to lower risk rating. Model turned bullish on China equities as our market regime indicator signalled a sustainable recovery.</li> <li>• <b>Neutral Europe ex UK and Asia.</b> Positioning is looking stretched for Europe ex UK, particularly the financial and communication services sectors. On aggregate, price action for MSCI Asia (incl. Japan) is relatively muted compared to our preferred markets.</li> </ul>	<ul style="list-style-type: none"> <li>• The sectors have gained more than 12% YTD and our market diversity indicator signals higher risk of a short-term consolidation or reversal.</li> </ul>	
<b>Key model factors</b>	<ul style="list-style-type: none"> <li>• <b>Price action:</b> Momentum, volatility and volume dynamics over short-to-medium term horizons.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Price action:</b> Overbought conditions occur when prices rise sharply; oversold conditions happen when prices fall rapidly in a short time.</li> </ul>	
<b>How does it work?</b>	<ul style="list-style-type: none"> <li>• A short-term technical model that tracks momentum, volatility and volume indicators and uses machine learning (ML) to identify bear/bull markets.</li> </ul>	<ul style="list-style-type: none"> <li>• A market indicator based on fractal analysis that provides timely indication of investor positioning based on price actions.</li> </ul>	

Source: Standard Chartered

# Foundation: Asset allocation summary

Summary	View	FOUNDATION			Summary	FOUNDATION Conservative
		Moderate	Balanced	Aggressive		
Cash	▼	2	2	2	Cash	35
Fixed Income	◆	57	37	17	Fixed Income	65
Equity	▲	35	55	75		
Gold	▲	6	6	6		
Asset class					Asset class	
USD Cash	▼	2	2	2	USD Cash	35
DM Government Bonds*	◆	23	15	7	DM IG Govt (Short duration)	16
DM IG Corporate Bonds*	◆	14	9	5	DM IG Corp (Short duration)	17
DM HY Corporate Bonds	▲	5	4	2	DM HY (Short duration)	7
EM USD Government Bonds	◆	4	3	1	EM USD Govt (Short duration)	10
EM Local Ccy Government Bonds	▼	2	1	0	EM LCY Govt	5
Asia USD Bonds	◆	8	5	2	Asia USD bonds	11
North America Equities	▲	26	40	54		100
Europe ex-UK Equities	▼	3	4	6		
UK Equities	◆	1	2	3		
Japan Equities	◆	2	3	4		
Asia ex-Japan Equities	◆	4	7	10		
Gold	▲	6	6	6		
		100	100	100		

Source: Standard Chartered

All figures in %

1. Allocation figures may not add up to 100 due to rounding. \*FX-hedged

2. The Conservative TAA is based off the SAA and is not overlaid with any tactical views

**Legends:** ▲ Most preferred | ▼ Least preferred | ◆ Core holding



# Foundation+: Asset allocation summary

Summary	View	FOUNDATION+		
		Moderate	Balanced	Aggressive
Cash	▼	2	2	2
Fixed Income	◆	48	29	13
Equity	▲	30	44	56
Gold	▲	5	5	4
Alternatives	◆	15	20	25
<b>Asset class</b>				
USD Cash	▼	2	2	2
DM Government Bonds*	◆	19	12	5
DM IG Corporate Bonds*	◆	12	7	3
DM HY Corporate Bonds	▲	5	3	2
EM USD Government Bonds	◆	4	2	1
EM Local Ccy Government Bonds	▼	2	1	0
Asia USD Bonds	◆	7	4	2
North America Equities	▲	22	32	40
Europe ex-UK Equities	▼	2	4	4
UK Equities	◆	1	2	2
Japan Equities	◆	2	2	3
Asia ex-Japan Equities	◆	3	5	7
Gold	▲	5	5	4
Alternatives	◆	3	4	5
Private Equity		2	5	9
Private Real Assets		5	4	4
Private Debt		5	7	7
		<b>100</b>	<b>100</b>	<b>100</b>

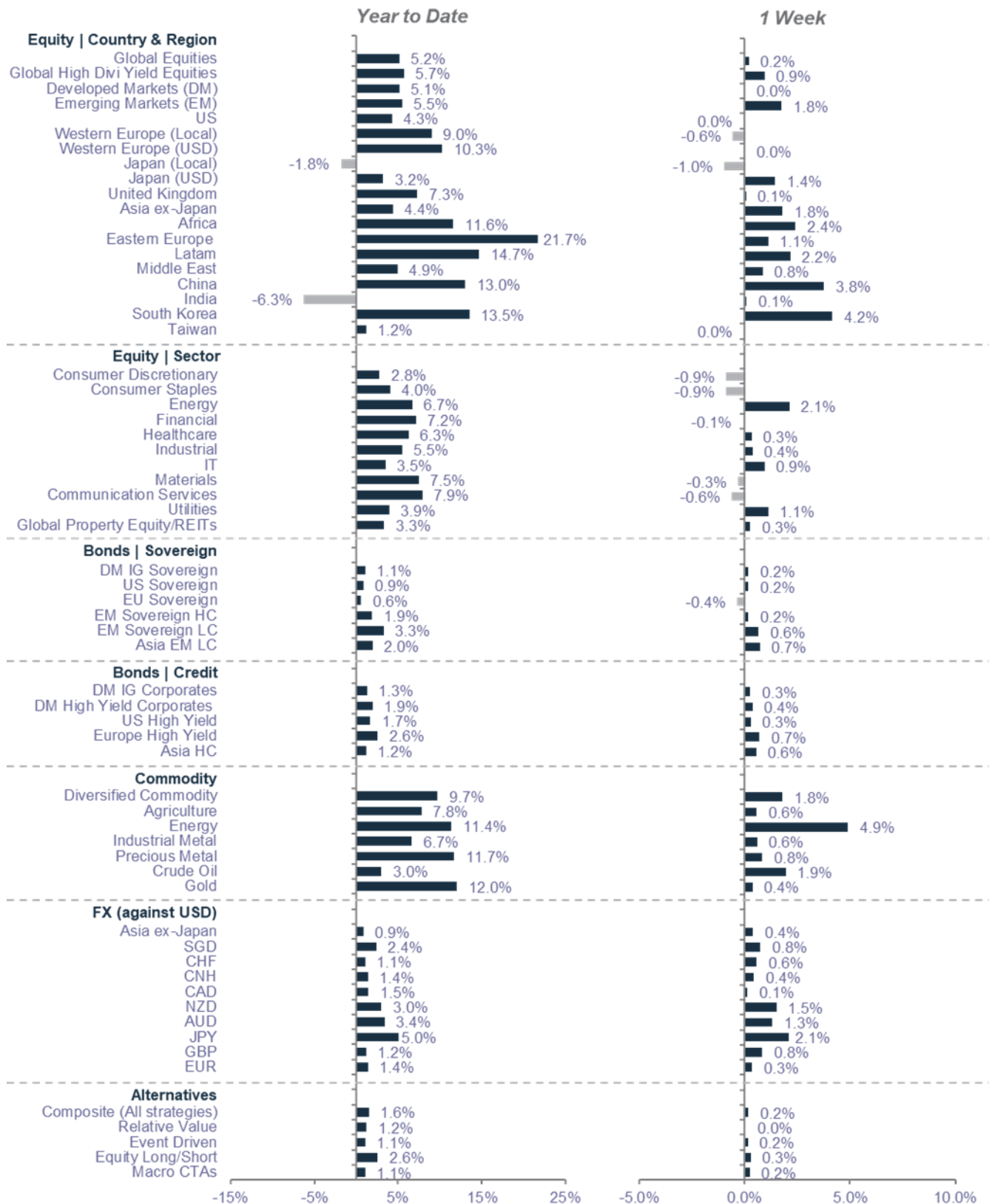
Source: Standard Chartered

All figures in %

1. Allocation figures may not add up to 100 due to rounding. \*FX-hedged

**Legends:** ▲ Most preferred | ▼ Least preferred | ◆ Core holding

# Market performance summary\*



Source: MSCI, JPMorgan, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

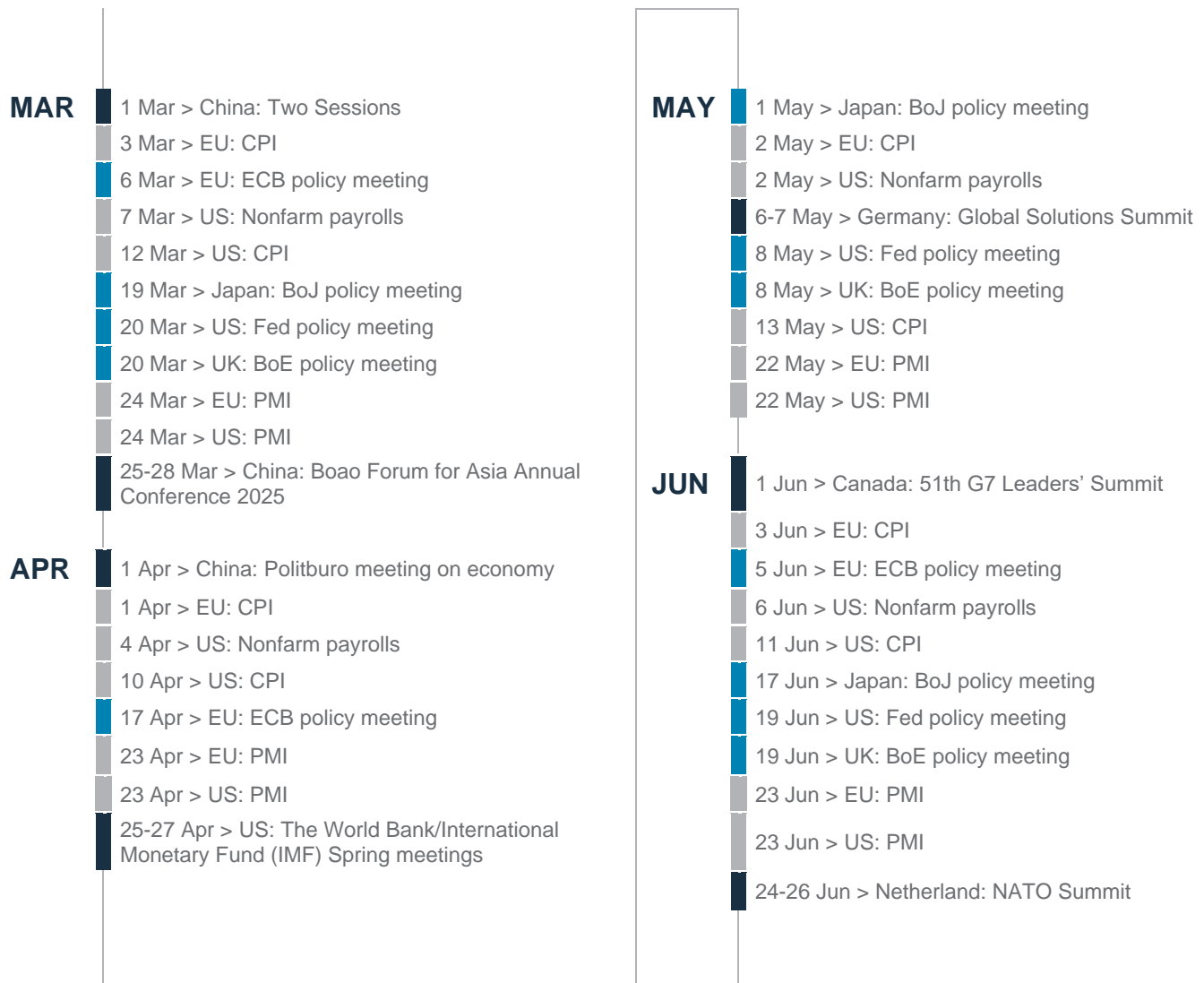
\*All performance shown in USD terms, unless otherwise stated

\*YTD performance data from 31 December 2024 to 20 February 2025; 1-week performance from 13 February 2025 to 20 February 2025

# Our key forecasts and calendar events

Currency	USD (DXY)	EUR/USD	GBP/USD	USD/JPY	AUD/USD	NZD/USD	USD/CAD	USD/CNH	USD/CHF	Oil (WTI, USD/bbl)	Gold (USD/oz)	Fed policy rate (upper bound)	US Treasury 10y yield (%)	ECB policy rate
<b>3m forecast</b>	108	1.02	1.26	149	0.63	0.56	1.44	7.35	0.91	70	2,900	4.25% (Jun-25)	4.25-4.50%	2.25% (Jun-25)
<b>12m forecast</b>	105	1.06	1.30	145	0.65	0.57	1.44	7.20	0.89	65	2,900	4.00% (Dec-25)	4.00-4.25%	2.00% (Dec-25)

Source: Standard Chartered



**Legends:** ■ Central bank policy | ■ Geopolitics | ■ Economic data

X – Date not confirmed | ECB – European Central Bank | FOMC – Federal Open Market Committee (US) | BoJ – Bank of Japan | BoE – Bank of England



# Managing your wealth through the decades Today, Tomorrow and Forever

SC Wealth Select

## Time is your most precious commodity – be sure to spend it wisely

Time is valuable. The days may seem long, but the years are short. So, spend your time wisely. Whether you're setting out on your investment journey, navigating the intricacies of mid-life wealth planning, or fortifying assets for the golden years, invest time today to ensure your wealth strategy is aligned to what's right for you – Today, Tomorrow, and Forever.

As we bid farewell to 2024, setting aside the time now to review your plan will pay dividends in the future. Markets have rallied. Your portfolio's current asset allocation may no longer be optimally positioned to maximise the opportunities ahead. Ask yourself the following. Am I holding too much cash? Am I sufficiently allocating to growth assets for the long term? Is my portfolio diversified? Am I capturing the best opportunities? And most importantly, is my wealth working hard for me, so I don't have to?

Use our SC Wealth Select framework and advisory specialists to help guide you through this process.

## Purpose

### Today, Tomorrow, Forever

Our approach to helping you grow and manage your wealth starts with you. We use a goals-aware approach to understanding your vision of Today, Tomorrow, and Forever for yourself, your family and beyond, and then design portfolios to meet these differing needs.

Using our 'Today, Tomorrow and Forever' approach, we ensure your wealth needs for the near term (Today) are met, whilst ensuring your wealth needs for the decades ahead (Tomorrow and Forever) are also planned for.

Your vision of 'Today, Tomorrow and Forever' is unique to you. Our specialist's partner with you to build well-diversified, long-term Foundation portfolios, aligned to your Today, Tomorrow, Forever needs. Opportunistic ideas are added to capture short term opportunities, as well as sufficient protection included to address you and your family's objectives.

## Today, Tomorrow, Forever Approach

### Planning for Today

Requires ensuring liquidity and income flows take centre stage.

### Securing Tomorrow

Entails a well-diversified investment and protection portfolio with a focus on growth, ensuring inflation is accounted for and risks are mitigated.

### Building for Forever

Involves greater focus on long-term returns given the time horizon of your portfolio can be measured in decades, and might also include business interests, real estate, collectibles, or charitable funds.

# Principles

that stand the test of time

Adhering to time-tested Principles, to ensure your investment decisions remain robust and consistently applied, is paramount to your success Today, Tomorrow, and Forever. We use five Wealth Principles to guide and guardrail your wealth decisions.



## Discipline – Ensure consistency and prudence over your emotions

- Reacting to emotions such as optimism and fear can lead to poor investment decisions at the worst times
- Have a plan and stick to it – this helps you to stay focused on the bigger picture



## Diversification – Simply put, don't put all your eggs in one basket

- Reduce risk by holding a variety of financial assets. Multi-asset diversification in your Foundation portfolio is important
- As a guide, make sure your portfolio contains a variety of asset classes and investments that have low correlation with one another



## Time in the Market – A more robust strategy than timing the market

- Predicting market selloffs is challenging, and timing your exit and re-entry is difficult

- Missing out on the best performing days of a market can have a significantly detrimental impact on your portfolio
- 'Time in the market' and buying the market with a longer-term view provide more consistent returns that can ride out bumps along the way



## Risk and Return – Make sure the risk is worth the return

- To achieve higher investment returns, you will likely have to accept a greater level of risk in your portfolio
- Therefore, it's important to understand the risks and manage these on an ongoing basis



## Protection – Don't let the unexpected catch you unprepared

- Even though you may feel healthy, or financially stable now, protection offers the ability to overcome times of financial uncertainty and mitigate the long-term impact of unforeseen events on your wealth
- A good protection plan not only safeguards your wealth today, but also considers the value of your future earnings over your lifetime, in today's terms

## Advisory Process

Following a holistic approach to managing your wealth

We follow a rigorous process to ensure your needs and objectives are well-understood, and your portfolio is aligned and managed to deliver on these objectives.

However, markets constantly evolve and your needs change. Hence, we encourage you to undertake regular portfolio reviews to ensure your portfolio remains aligned to your Today, Tomorrow and Forever objectives. This proactive approach includes strategic rebalancing based on insights from our Chief Investment Office.

### Learn more

Scan the QR code below to learn more about our approach to growing, managing and protecting your wealth.



### The five-step process



Please be sure to reach out to your Relationship Manager today to arrange a portfolio review.



presents



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from the CIO's desk

**Presented by:**

**Steve Brice**

Global Chief Investment Officer, Standard Chartered Bank

Tune in to InvesTips from the CIO's desk, a financial education podcast series designed to empower anyone and everyone with the knowledge and tools to navigate their investment journey with confidence.



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# Explanatory notes

1. The figures on page 5 show allocations for a moderately aggressive risk profile only – different risk profiles may produce significantly different asset allocation results. Page 5 is only an example, provided for general information only and they do not constitute investment advice, an offer, recommendation or solicitation. They do not take into account the specific investment objectives, needs or risk tolerances of a particular person or class of persons and they have not been prepared for any particular person or class of persons.

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