

# WEEKLY BULLETIN

October 2023: Issue #3

2023 has proven to be an extraordinary year on Wall Street. In July, US stocks achieved record highs, defying the Fed's multiple rate hikes. Nonetheless, the backdrop of escalating global tensions, the specter of rising interest rates, and economic uncertainties has underscored the importance of cautious investing. As investing legend Peter Lynch wisely observed, the ability to stomach risk is paramount now as global markets fall. In this investment bulletin, we explore the best strategies to weather uncertain times and make well informed decisions.

## Quote of the Week.

**Everyone has the brainpower to make money in stock market. Not everyone has the stomach.**

**– Peter Lynch**

### Information is Your Guiding Light:

In times of heightened uncertainty, staying well-informed is of utmost importance. Keep a close watch on market-shaping news and conduct thorough research on individual companies. Evaluate which sectors might thrive or struggle in a crisis and craft a long-term investment blueprint. Uncertainty can also present opportunities for those prepared to seize them.

### Diversification: A Timeless Shield:

Diversification remains a timeless investment strategy. Distribute your investments across diverse asset classes, including stocks, bonds, cash, and precious metals, to hedge against risk. Furthermore, diversify across various regions and industries to safeguard your portfolio from specific economic shocks.

### Stay Invested:

Attempting to time the market is risky. Waiting for the perfect moment to invest can cause you to miss opportunities. Stay invested and consider Systematic Investment Plans (SIPs) to maintain consistent exposure to the market.

### Clear Goals: Your North Star:

Focus on your financial goals to maintain perspective. Align your portfolio with these objectives, which will enable you to navigate market volatility with a resolute sense of purpose. It is important to note that bad days are typically shorter than good ones.

### Regular Rebalancing: The Key to Adaptation:

Frequently rebalancing your portfolio is indispensable. It ensures that your asset allocation remains in sync with your goals and risk tolerance. This practice also permits you to buy when markets are down and sell when prices have risen, effectively capitalizing on market fluctuations.

### In Summation:

During turbulent times, market risk looms large, and the quest for safety can tempt investors into impulsive decisions. Nevertheless, adhering to the fundamentals of asset allocation, portfolio diversification, and rebalancing, all while keeping your goals and risk profile in mind, is the most prudent strategy. Remember, the stock market offers a long-term perspective, and patience and discipline are your greatest allies when navigating uncertainty. In the world of investments, as in life, those who stay informed, diversify intelligently, and remain committed to their objectives are best equipped to weather the storm and emerge even stronger.

## Last Week 's Notable Events.

### US Economy/Politics

- US curbs export of more AI chips, including Nvidia H800 to China – 17<sup>th</sup> Oct.
- Fed Powell pledges to move carefully on rates amid range of uncertainties – 20<sup>th</sup> Oct.
- Biden to seek billions in military aid for Israel as invasion of Gaza nears – 20<sup>th</sup> Oct.

## Europe Economy/Equity

- Bond market rout supports ECB pause, says Spanish Central Bank chief – 16<sup>th</sup> Oct.
- ECB's peak rates to endure despite economic perils, survey shows – 20<sup>th</sup> Oct.

## Asia Pacific Economy/Equity

- Thailand still bullish on Chinese investments as new PM heads to Beijing – 17<sup>th</sup> Oct.
- China President Xi signals China will stay the course with belt and road pledges of US\$107 billion – 18<sup>th</sup> Oct.
- Singapore and UAE signs MOUs in areas like green economy, climate change and AI – 22<sup>nd</sup> Oct.

## Weekly Data Monitor.

### Performance

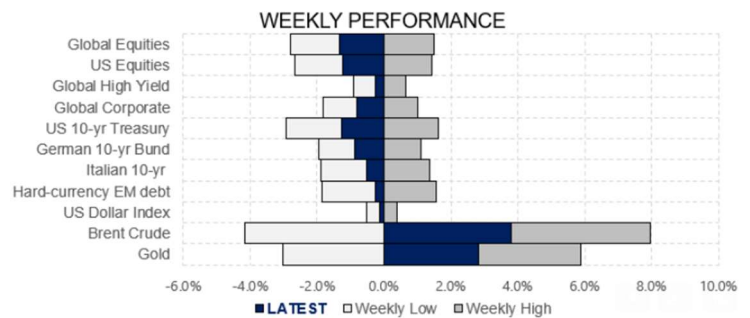
- Real Estate lead losses.
- Global Equity and Bonds fell in hand in hand.
- USD weakens.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	-1.42	-1.10	8.84	17.36	17.62	43.43
Global Real Estate	-3.57	-3.28	-9.80	-1.29	-3.62	6.49
US Real Estate	-3.91	-3.75	-8.43	-0.65	1.19	12.72
APAC Real Estate	-2.18	-3.45	-12.23	-0.13	-21.02	-18.09
Investment Grade	-1.08	-1.75	4.01	7.68	1.96	14.77
High Yield Bonds	-1.29	-1.61	-3.78	2.76	-21.13	-8.62
Global HY ETF	-1.27	-5.02	1.81	13.64	12.44	22.73
ASIA Real Estate ETF	-4.55	-7.66	-18.36	-13.24	-27.22	-17.38
USD Index	-0.38	0.07	2.63	-5.88	14.16	11.00

### Weekly chart:

- Brent crude prices rise.
- Gold surges on escalating war tensions

**Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.**



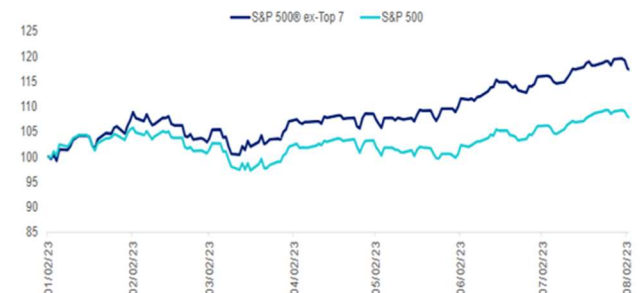
## Chart of the Week.

Based on the information provided by the chart on the right, the seven mega-cap growth companies in the S&P 500 (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) have several qualities that make them attractive investments, particularly during market pullbacks and difficult economic periods. These companies have contributed significantly to the S&P 500's total return in 2023, with 74% of the year-to-date return coming from them.

Several key factors underpin their attractiveness:

- (1)High Cash Reserves: These companies maintain substantial cash reserves, which provide a reassuring safety net for investors during economic recessions and downturns.
- (2)Robust Fundamentals: They consistently generate significant free cash flow and boast strong financial positions, making them sturdy and reliable investments.
- (3)Historical Performance: These companies have consistently outperformed during market turbulence. Their ability to rebound from the 2022 bear market and their remarkable performance in 2023 stand as a testament to their resilience.

### S&P500 Performance Comparison



source: Factset.com 2023

(4)Positive Sentiment: A wave of optimism surrounds these companies due to their growth prospects and their involvement in cutting-edge fields such as artificial intelligence.

However, it's crucial to acknowledge that while these companies are well-positioned to weather market setbacks, there is also a risk that they could experience severe declines if their fundamentals weaken. Investors should carefully consider the balance of short-term volatility and long-term potential when considering these mega-cap growth stocks for their portfolios.

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