

WEEKLY BULLETIN

April 2025: Issue #1

Quote of the Week.

“The best way to lower your chance of losing money when investing is to stay invested for longer”

With Trump reimposing tariffs that have shaken confidence from Wall Street to Europe to Shanghai, we explore what this means for equity markets, investor psychology, and the short-term versus long-term outlook.

Key Talking Points:

1. Global Reaction Snapshot:
 - American investors are spooked; market leaders like Nike and Gap tumbled 30%.
 - Canada is leading boycotts; Europe is on edge; China retaliates with 34% tariffs.
 - Asia-Pacific stock markets are showing clear signs of stress and capital flight.
2. Investor Trap Alert:
 - Retail investors often sell on panic—locking in losses.
 - Institutional investors rebalance strategically—often picking up assets at a discount.
 - Fear-based selling is now the biggest risk, not just volatility itself.
3. What We're Watching:
 - Defensive sectors like Utilities and Consumer Staples.
 - Dividend aristocrats with stable cash flows in volatile periods.
 - Switching out stocks of lower quality to higher quality as many quality names have discounted on prices.
4. Our Portfolio Strategy:
 - Cautious allocation to equities .
 - Holding elevated cash for opportunistic buying in market drawdowns.
 - Monitoring bond market reaction—especially sovereign bonds in EM.

Takeaway for Investors:

This is not the time to chase rallies or flee blindly. It's time to reflect on fundamentals, valuation, and diversification. We believe this period offers investors the chance to reposition wisely rather than react emotionally.

Last Week 's Notable Events.

US Economy/Politics

- Widespread job cuts begin at health agencies – 1st Apr
- US Nonfarm Payroll increase by 228,000 in March, Unemployment ticks up to 4.2% - 4th Apr
- Demonstrators rally in 'Hands off' protests against Trump policies and Musk-led government cuts – 6th Apr
- Top economic officials downplay US recession fears, says more than 50 countries seek negotiations – 7th Apr

Europe Economy/Politics

- Trump hits 'pathetic' Europe with 20% tariffs – 2nd Apr
- EU firms will try for lower tariffs via Northern Ireland, says Nobel economist – 4th Apr
- Spain, Italy ministers urge Europe to avoid clash with US over Trump's tariffs – 5th Apr

Asia Pacific Economy/Equity

- China, EU discuss economic policy, cooperation during financial dialogue – 2nd Apr
- World trade war escalates as China strikes all US imports with 34% reciprocal tariff – 5th Apr
- Vietnam willing to cut tariffs on US, Trump says after productive call – 5th Apr
- Japan, Taiwan stock markets hit circuit breaker as Trump tariffs deepen panic – 7th Apr

Weekly Data Monitor

Weekly chart:

- Trump massive tariffs triggered panic selling across the global markets
- WTI Oil prices dip below \$60 on global recession fear.
- High Yield bonds did well with global recession fear

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

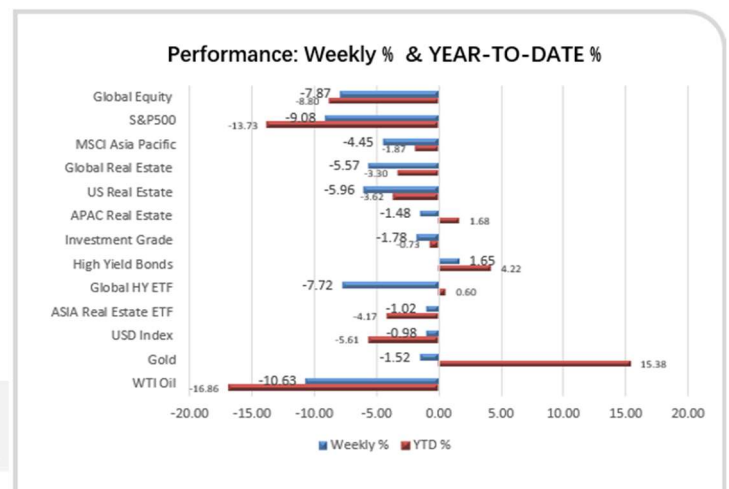
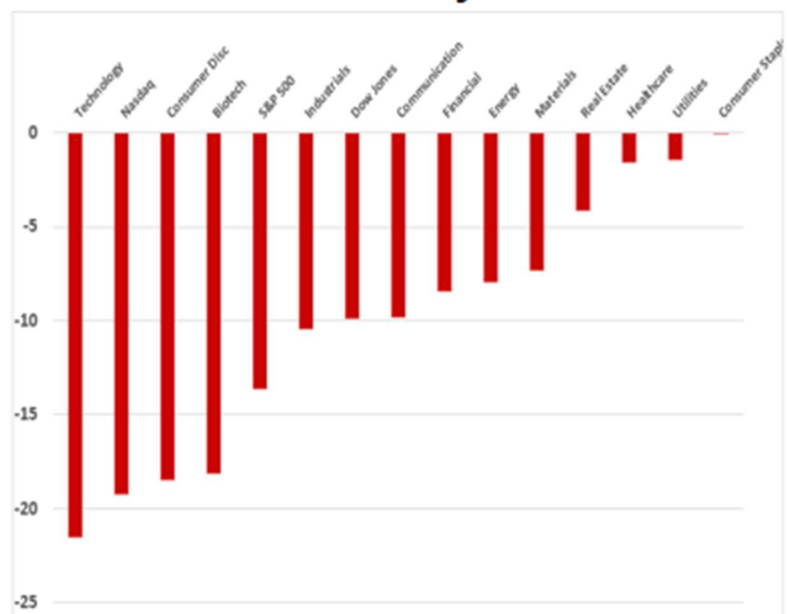


Chart of the Week

Observations from the right hand chart showing the performance of each sectors in the S&P500:

1. Biggest decliners
 - Technology
 - Consumer Discretionary (about -20%)
 - Biotech and Industrials (-12% to -15%)
2. Moderate decliners
 - Communications, Financials, Energy, Materials (-6% to -10%)
3. Smallest Impacted
 - Real Estate, Healthcare, Utilities, Consumer Staples (-5% to flat)

S&P Performance - by Sector YTD



Investment Ideas:

1. Barbell Strategy – Defensive + Opportunistic Tech
 - **Defensives:** Utilities, Consumer Staples, and Healthcare have outperformed relatively. These sectors are less sensitive to economic cycles.
 - **Increase weigh in low-**volatility, dividend-yielding defensive stocks.
2. Tech Opportunity:
 - The sharp 22% drop in Technology may reflect overdone pessimism – especially if interest rates peak or stabilize
 - Accumulate quality Tech names on weakness
3. Sector Rotation Play
 - Take opportunities to switch out low quality stocks to high quality stocks which are on discount on the sell-off.
4. Long Term Core allocation
 - Financials will be a sector to accumulate when rates stabilize and credit spreads remain healthy
 - Action: look to buy high dividend paying financial stocks with cost discipline and capital return programs
5. Avoid or underweight Near-term, unless selectively buying on dips.
6. Can consider some Thematic Opportunity
 - Reshoring or Trade alignment – watch industrials, logistics and Cyber securities
 - AI+ Automation – invest in firms providing AI infrastructure but scale in cautiously

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