INVESTMENT CRIB SHEET

JANUARY 2025

FOR PROFESSIONAL INVESTORS ONLY

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Investment Crib Sheet January 2025							
		Opportunity Set	UW	N	OW	Change	Conviction
Main Asset Class	Debt	SOVEREIGN			▲		Increase in duration as we go up the risk curve but overall bias towards short duration – we expect further monetary policy easing across US. EU and the UK.
		HIGH YIELD STERLING		●			High Yield credit spreads do not show signs of stress at this point. Spreads at historic lows.
		STERLING CORPORATE		●			High quality corporate bonds with duration under 5 years favoured. No Signs of corporate debt stress.
	Equities	NORTH AMERICA			▲		We expect ample liquidity and fiscal deficit spending without any change in issuance policy, to continue. We have revised our targets to the upside.
		EQUITY - UK			▲		UK equities overweight compared to Morgan Stanley Capital International All Country World Index allocation.
		JAPAN		●			We have trimmed our Japanese equity position after it had reached 40K level and we see signs of policy trilemma at the BoJ.
		EMERGING MARKETS	●				Chinese equities have shown tentative signs of recovery following recent policy measures, which has positively impacted emerging markets (EM). We may consider revisiting this position in our next investment committee (IC) meeting if the current momentum sustains.
		EUROPE X UK		●			Recent geopolitical developments have provided a boost to European equities. We anticipate that a reduction in geopolitical r isks will continue to support European markets, although we maintain a cautious outlook.
		ASIA PAC X JAPAN	●				Asia Pacific ex-Japan has mirrored a similar trend to broader emerging markets, with Chinese equity markets showing notable strength recently. We are closely monitoring the effects of recent policy changes and their ongoing impact on the region.
	Infrastructure	GLOBAL INFRASTRUCTURE		●			This asset class has still to show some positive momentum.
	Real Estate	REAL ESTATE EQUITY					No exposure to real estate.
	Commodity	COMMODITIES			▲		Active positions Core, and Plus portfolios to benefit from supply shortages and geopolitical risks. Global Manufacturing slowdown and dollar strength may impact its performance.
	Cash	CASH			▲		Zero duration yielding asset – we have increased our cash holding instead of duration sensitive assets.
	Technology	GLOBAL TECH AND AI					Technology continues to be a favored sector, even amid elevated valuations. We maintain exposure through satellite positions and maintain an active allocation within our Global Macro portfolio.
	Future World	SUSTAINABLE WORLD					Healthcare exposure in lower risk portfolios.
	Look East	NEW GROWTH AREAS					We have added some exposure to emerging markets in higher risk portfolios.
	Special Situations	SPECIAL SITUATIONS					We have added some European and American special situations funds in our higher risk portfolios.

- **The above views are as at the end of January 2025.**
- **ABP Asset Allocation is independent of Strategic Benchmark. Over and Under weights are in relation to equilibrium portfolio.**
- **Thematic allocation using active managers in Core Plus, Ethical, SRI and Sustainable portfolios.**

▼ **Underweight** ● **Neutral** ▲ **Overweight**

MANAGER'S COMMENTARY

- Monetary policy across the US, UK, and Europe remains accommodative, with an additional 50bps rate cut anticipated in 2025, as indicated by the Fed Dot Plot. The new US administration and Treasury Secretary have committed to managing longduration Treasury yields, aiming to keep them stable.

- The US economy continues to demonstrate resilience, though signs of labour market softness are emerging. Treasury issuance policies are expected to remain consistent through 2025, supporting fiscal stability.

- Recent policy measures in China have bolstered equities and the real estate sector and we are closely monitoring the sustainability of this momentum.

- Dollar strength has underscored the relative weakness of the Euro and Yen, impacting commodity prices. We anticipate a period of consolidation in the dollar exchange rate, with a slight depreciation likely as geopolitical risks ease.

IMPORTANT INFORMATION

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