

Investment Outlook

Tale of two Stock Market Rebounds: US vs China

While the timing of the bounces in Developed Markets and Chinese equities appear to be synchronised, there are in fact very different dynamics at work. Both also bring different strategy implications.

- US technical rebound unlikely to capture new highs
- Yield curve flattening
- The importance of rising US rates
- Lower prices offset by a higher risk-free rate
- Chinese equities have better internal dynamics
- Opportunities for bargain hunters

[Read the full commentary here](#)

Lim Say Boon

Chief Investment Strategist, CGS-CIMB Research

Fund analysis – A reliable choice for core allocation

• BlackRock Global Long-Horizon Equity Fund (MIGGLOI LX) generated total returns of 781.29%, or **8.69% annualised** since its inception in Feb 1996, **beating the ACWI index's** 7.69% returns by 1%. It's 5year performance is currently ranked **86th out of 432** global funds in this segment, whilst ranking 5th out of the 24 funds available in Singapore according to Citywire.

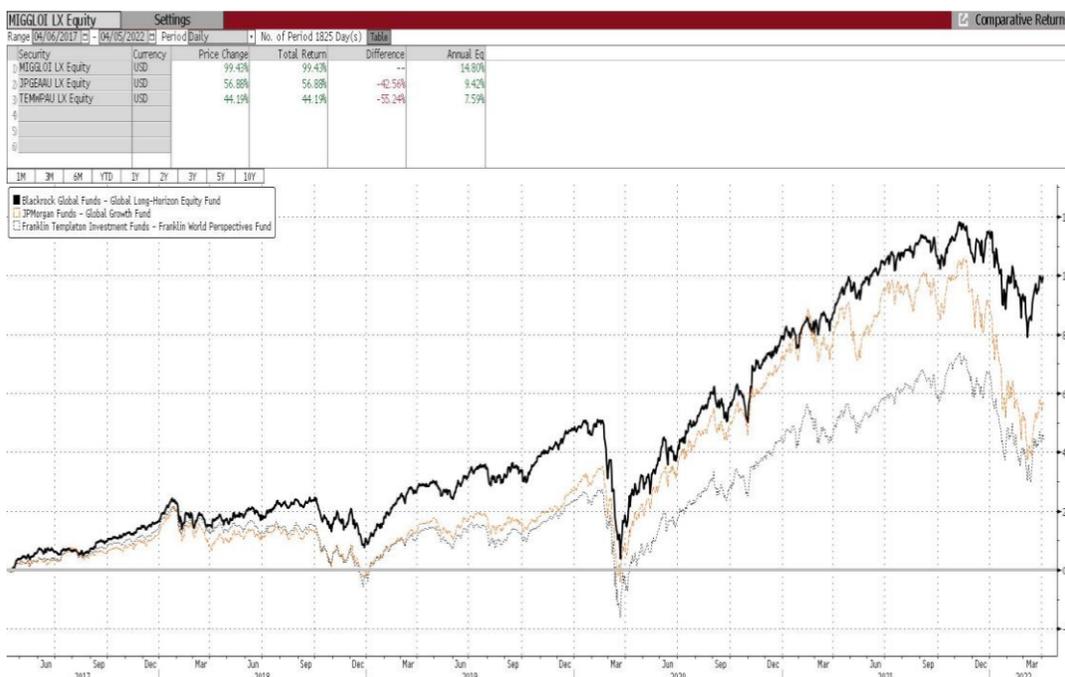
• **Risk-adjusted returns:** Both fund's 3yr Sharpe and Sortino ratios at **0.97-0.84**, which is **significantly higher** than our segment average at 0.57-0.51; meaning it delivers higher returns with a lower level of risk. Our CQM model rates the fund a 3 out of 4 in April, with a score of 61.24, **ranking it 43rd out of 223** in our broad equity segment.

• **Relative performance:** The 3yr Information ratio of the fund at **0.10**, beating our broad equity segment average at -0.46, thus exhibiting **outperformance** against its benchmark and peers.

• To illustrate how it fare against notable peers, we compare the Fund (**bold black line**) against JPMorgan Global Growth Fund (orange line) and Franklin Templeton World Perspectives Fund (black dotted line) as shown below. We observe consistent **outperformance**, achieving **14.80%** annualised returns over the past 5 years, while the peers managed only 9.42% and 7.59% respectively.

• **Conclusion:** This fund have been delivering solid risk-adjusted returns consistently given its long track record, thus making it a **reliable choice** for investors looking to use it as a **core allocation** for global equities.

Jake Damien Chow, CMT (Chartered Market Technician)
Portfolio Manager, Discretionary Portfolio Management



Source: Bloomberg, CGS-CIMB Discretionary Portfolio Management 4 April 2022

Fund House

BlackRock Global Funds

NAV per unit

US\$88.66 (6 April) – Acc share class A2

Geographical Focus

Global

Risk Profile

Equities - DM (P2)

Investment Objective

The Fund seeks to maximise total return, invests globally, with no prescribed country, regional or capitalisation limits, at least 70% of its total assets in equity securities. It may invest in equity securities that, in the opinion of the Investment Adviser, have a sustained competitive advantage and will typically be held over a long-term horizon.

Fund Manager(s)

Olivia Trehame, CFA, Molly Greenen

Bloomberg Ticker	MIGGLOI LX
ISIN code	LU0011850046
Inception date (share class)	29 Feb 1996
Total expense Ratio	1.82%
Annualised Returns (3yr)	16.49%
Volatility (3yr)	24.86%
Sharpe Ratio (3yr)	0.97
Information ratio (3yr)	0.10
Sortino ratio (3yr)	0.84

Click on [factsheet](#) & [product highlight sheet](#)

Source: Bloomberg, BlackRock, Morningstar, 1 April 2022

TOP HOLDINGS (%)	
MICROSOFT CORP	5.37
RECKITT BENCKISER GROUP PLC	5.06
UNITEDHEALTH GROUP INC	4.91
BOSTON SCIENTIFIC CORP	4.84
AMAZON COM INC	4.64
MASTERCARD INC CLASS A	4.46
INTERCONTINENTAL EXCHANGE INC	4.28
SYNCHRONY FINANCIAL	4.06
AMERICAN EXPRESS	3.77
T MOBILE US INC	3.75
Total	45.14

GEOGRAPHIC BREAKDOWN (%)

	Fund
US	69.02%
France	9.50%
United Kingdom	8.34%
India	3.68%
Japan	3.53%
Spain	3.06%
Switzerland	2.17%
Brazil	0.67%
Cash and/or Derivatives	0.04%
Peru	0.00%
Other	0.00%

SECTOR BREAKDOWN (%)

	Fund
Financials	22.29%
Information Technology	19.75%
Health Care	16.47%
Cons. Discretionary	13.97%
Industrials	12.66%
Communication	9.75%
Cons. Staples	5.06%
Cash and/or Derivatives	0.04%

Source: BlackRock, 1 April 2022

9 Top Picks from FundsPrimo

(our proprietary quantitative ranking model)

Equity Funds

Fund Name (Bloomberg Ticker)	Geo Focus	CQM Rating #	Annualised Return (%)		Sharpe Ratio (3yr)	Volatility (%) (3yr)
			3Y	5Y		
Fidelity Global Technology Fund (FFGTAAS LX) - Acc	Global	4	25.25	-	1.64	16.66
BlackRock US Flexible Equity Fund (MLFLEUA LX) - Acc	U.S.	3	15.66	13.75	1.01	18.41
BlackRock European Fund (BGEUA2U LX) - Acc	Europe	3	17.42	11.50	1.11	17.56

Fixed Income Funds

Fund Name (Bloomberg Ticker)	Geo Focus	CQM Rating #	Annualised Return (%)		Sharpe Ratio (3yr)	Volatility (%) (3yr)
			3Y	5Y		
Pimco GIS Global Real Return Fund (PIMRRAE ID) - Acc	Global	4	4.94	3.61	0.70	6.23
BlackRock China Bond Fund (BGRBA2U LX) - Acc	Multi	4	4.45	5.96	0.69	5.82
Lion Global Short Duration Bond Fund (OCBSGBF SP) - Dist	Global	3	1.90	1.92	0.54	1.98

Multi Asset Funds

Fund Name (Bloomberg Ticker)	Geo Focus	CQM Rating #	Annualised Return (%)		Sharpe Ratio (3yr)	Volatility (%) (3yr)
			3Y	5Y		
BlackRock - ESG Multi-Asset Fund (BGFSAA2 LX) - Acc	Int'l	4	10.17	8.45	1.25	8.17
First Sentier Global Balanced Fund (FSIGLBA SP) - Acc	Global	3	6.97	5.43	0.79	8.09
Fullerton Asia Income Return Fund (FULFTRA SP) - Dist	APAC	3	9.39	6.44	0.81	11.72

To access the full list of our FundsPrimo or our full product list, please contact your sales representative

Footnote:

Fund ratings screened based on our proprietary screening model (1: Uninspiring, 2: Fair, 3: Strong Performer, 4: Outstanding)

* Data from a share class with a longer history

Acc = accumulation fund

Dist = distribution fund

Methodology of FundsPrimo

(CQM Mutual Fund Screener)

CQM mutual fund screener is our multiple regression model that can handle vast amount of data. The aim is to objectively identify fund managers that consistently stand out in our three pillars of investment performance metrics which are predictive of future performance when constructed into a model.

First pillar: Relative outperformance: we apply "Information Ratio" to assess the funds' performance relative to their benchmarks/peers.

Second pillar: Risk-adjusted returns: we apply "Sharpe Ratio" to evaluate portfolio returns adjusted for every unit of risk it bears.

Third pillar: Downside volatility: we apply "Sortino Ratio" to determine a manager's ability in mitigating downside risk during market declines.

This model uses all available statistical data from these three pillars to populate a numerical score for each fund within their asset class universe before ranking them into 4 different quartiles thus deriving a CQM rating with 1 being the worst, and 4 being the best. **(Rating of 1: Uninspiring, 2: Fair, 3: Strong Performer, 4: Outstanding)**

For inclusion into FundsPrimo, the investment team only select the top-ranking funds (average 15 percentile across product universe) from three different asset class segments such as; equities, fixed income and multi-asset. FundsPrimo therefore comprises of 50* names drawn from our entire product universe approximately at 339* funds currently.

In addition, we have also handpicked and showcase 9 top-ranking funds with the least overlapping geographical exposure within FundsPrimo to help our advisors/clients to identify the right funds faster.

*figures are subject to change.

Key Risks

Type	Key Risks
Fixed Income Funds	<ul style="list-style-type: none"> • Investor will be exposed to credit risk of the issuer. Investor will incur losses to their investment if the issuer is unable to meet their contractual obligations or failure to repay the loan. • Investor will be exposed to interest rate risk. Investor is at risk of suffering losses from an adverse change in interest rate. • Investor will be exposed to inflation risk. An investment return's purchasing power will be affected by inflation rates • Investor will be exposed to liquidity risk. Investor face a risk of not being able to sell an investment that is declining in value • Investor will be exposed to country risk. Adverse change in geopolitical environments may result in a decline of an investment's value resulting in losses
Equities Funds	<ul style="list-style-type: none"> • Investor will be exposed to equity market risk. Adverse changes in the underlying asset will result in investor suffering losse • Investor will be exposed to liquidity risk. Investor face a risk of not being able to sell an investment that is declining in value • Investor will be exposed to country risk. Adverse change in geopolitical environments may result in a decline of an investment's value resulting in losses
Multi-Asset Funds	<ul style="list-style-type: none"> • Investor will be exposed to currency risk. An investor will incur losses due to an adverse change in exchange rates • Investor will be exposed to credit risk of the issuer. Investor will incur losses to their investment if the issuer is unable to meet their contractual obligations or failure to repay the loan • Investor will be exposed to interest rate risk. Investor is at risk of suffering losses from an adverse change in interest rate • Investor will be exposed to inflation risk. An investment return's purchasing power will be affected by inflation rates • Investor will be exposed to equity market risk. Adverse changes in the underlying asset will result in investor suffering losses • Investor will be exposed to liquidity risk. Investor face a risk of not being able to sell an investment that is declining in value • Investor will be exposed to country risk. Adverse change in geopolitical environments may result in a decline of an investment's value resulting in losses • Investor will be exposed to equity market risk. Adverse changes in the underlying asset will result in investor suffering losses

Glossary

Name	Definition
Alpha	Alpha (α) refers to excess returns earned on an investment above the benchmark return and is commonly used to describe an investment strategy's ability to beat the market, or its "edge". Active portfolio managers seek to generate alpha in diversified portfolios, with diversification intended to eliminate unsystematic risk.
Annualised return	Annualised return or annualised total return is the geometric average of an investment's earnings in a year. It shows an investor what they would earn if the annual return was compounded over a period of time and allows objective comparison of the returns of any asset over any given period.
Beta	Beta (β) is a measure of the volatility - or systematic (non-diversifiable) risk - of a security or portfolio compared to the market as a whole. It effectively describes the activity of a security's returns as it responds to swings in the market.
Core & Satellite also known as (Strategic & Tactical)	This strategy splits the portfolio is split into 2 segments; the "core" is usually the largest and passively managed by allocating to low cost funds to harvest market returns (beta). The "satellite" is usually smaller allocations and actively managed where investors can overweight in specific sectors, regions or styles in an attempt to ride economic and market trends to produce outsize returns (alpha).
CQM	CQM is the abbreviation for "CGS-CIMB Quantitative Models ". This family of proprietary models are built on machine learning techniques; using large amount of statistical inputs to evaluate and identify investment opportunities.
Information Ratio (IR)	Information ratio is a measurement of portfolio returns beyond its benchmark, usually a market/sector/industry index, compared to the volatility of those returns. IR is often used as a measure of a portfolio manager's level of skill, ability and consistency to generate excess returns relative to a benchmark, by incorporating a tracking error, or standard deviation component into the calculation.
NAV	Net Asset Value per share is the current dollar value of a single stock, mutual fund, exchange-traded fund (ETF).
Sharpe Ratio (SR)	Sharpe ratio a measure of historical risk-adjusted returns . The higher the ratio, the greater the investment return relative to the amount of risk taken, and thus, the more attractive the investment. This ratio can be used to evaluate a single stock or investment, or an entire portfolio.
Sortino Ratio	Sortino ratio is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative portfolio returns - downside deviation - instead of the total standard deviation of portfolio returns.
Volatility	Volatility is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured as either the standard deviation or variance between returns from that same security or market index.

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