PIAS

PROFESSIONAL INVESTMENT ADVISORY SERVICES

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CONTRIBUTORS

Professional Investment Advisory Services ("PIAS")

Established in 2001 and licensed by the Monetary Authority of Singapore, PIAS is a multi-award winning financial advisory firm in Singapore. PIAS offers a diversified suite of financial services and solutions with a personalised approach. With one of the largest, most respected and fastest growing network of advisers in Singapore, PIAS' professional advisers provide sound and comprehensive financial advice at both individual and corporate levels.

More info: www.proinvest.com.sg

NTUC Income

NTUC Income Insurance Co-operative Limited ("Income") is a leading composite and omni-channel insurer in Singapore, offering life, health and general insurance to fulfil the protection, savings and investment needs of individuals, families and businesses. Income was established in 1970 and remains the only insurance co-operative in Singapore.

More info: https://www.income.com.sg/

Allianz Insurance Singapore Pte. Ltd.

Allianz Insurance Singapore Pte. Ltd. (Allianz) is part of the Allianz Group, a global financial services provider predominantly in the insurance and asset management business, headquartered in Munich, Germany. Driven by integrity and customer-focus as core values – Allianz is committed to deliver relevant product solutions, communicate in simple language, and make processes simple for both clients and partners.

Allianz currently offers personal and corporate insurance solutions to serve the local market.

More info: www.allianz.sg

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Schroders is an independent, pure global asset management company with over 200 years' of investment heritage. Asset management is our business and our goals are completely aligned with those of our clients – the creation of long-term value. Today, the group employs over 5,200* professionals in 37 locations across Europe, the Americas, Asia, Middle East and Africa. Our assets under management and administration amount to US$785.1 billion*. We invest in a broad range of asset classes across equities, fixed income, multi-asset, private assets and alternatives, on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world.

* Source: Schroders, as at 31 December 2020. More info: https://www.schroders.com/

Protecting My Kids' Happiness: Two Cancer Survivors Agree on What Matters Most

Author | Mandy Lim Beitler, 01 October 2020

According to the Ministry of Health's statistics, cancer and cardiovascular diseases are the top two killers in Singapore, contributing to about 60 per cent of all deaths each year. And while we can try to prevent heart diseases and strokes by living a healthy lifestyle, cancer is always that something we hear about happening to 'other people'. Yet almost one in three deaths are caused by it every day.

What if a critical illness happens to you, especially when you are a parent of young children who depend on you? Two cancer survivors share their story.

Candice Chiew – Former Counsellor and Mum of Two

Happily married with two daughters aged eight and three, Candice was your typical Singaporean superwoman struggling with work-life balance. She had a demanding career as a social worker, working with other families with young children. Between work and household chores, shuttling the kids from school to swimming lessons and ballet classes, she was always busy. What spare time she had was spent with the family on weekend shopping trips, dining out at favorite restaurants, and short family getaways twice yearly during the school holidays.

"My cancer was discovered in February 2019, during the second week of Chinese New Year. I started coughing up blood and went to the polyclinic, where they insisted I go to the hospital immediately. There, I was diagnosed with stage four Hodgkin's lymphoma.

Over the following six or seven months, I went through 12 sessions of chemotherapy, probably the hardest thing I've ever had to do. Mentally it was really difficult. It felt like I was a burden, and I didn't know how sick I would be, or if I would survive this. Sometimes when my blood count was too low, they had to postpone the session for a bit. After each session, I had to get a booster jab to increase my white blood cells because the treatment kills good blood cells too.

But as hard as chemo was, it wasn't as bad as not having the chance to explain to my little one why I had to stop breastfeeding her so abruptly. I felt so sorry that she suddenly had to go cold turkey. I also tried to protect my older one from knowing the truth of my illness initially, as she's a natural worrier. But as time went on, I forced myself to give up a lot of control and made a real effort to teach my girls independence. I felt I had to prepare them for the eventuality that I might die.

Unfortunately, a PET scan last September showed that the cancer was still present, so I had to undergo an additional 24 radiotherapy sessions. My latest PET scan in July 2020 showed that I am still living with cancer, so the battle continues.

I had quit my job early on to focus on the treatment, so my husband, a teacher, became the sole breadwinner. Thankfully, I had health and life insurance coverage because the costs of treatment would have wiped out all our savings, and we'd probably be knee-deep in debt.

The 12 chemo sessions cost about $10k each time, and the booster jabs up to $1k each. Add on four PET scans so far, at $2.5k each.

The course of radiotherapy was an additional $20k. And that's not counting all the pre-treatment blood tests, hospital stays, and other miscellaneous costs, all of which were covered by my health insurance. It also allowed me the freedom to choose the best course of treatment for my condition, and do so in Class A in a private hospital.

Perhaps most crucially, having insurance freed me from having to worry about working through my illness to keep up with the financial liabilities. In making the choice to become a single-income household, I've also gained the liberty of spending more quality time with my children. And nothing could be more precious than that.

On hindsight, I'm very thankful that I made the decision to buy life insurance for myself. The security that I have now, and the ability to still provide for my children (including the little extras that keep them happy) are things that I do not take for granted.

If I could turn back time, the only different choice I'd make is to get myself insured for a higher amount. But everything on hindsight is perfect, and for now, I'm thankful to have enough to sustain the lifestyle we have as a family while recovering from my illness.

Nicky Loh – Film Director/Professional Photographer and Dad to Little Nathan

As a freelancer, Nicky was used to working 12-hour days, up to seven days a week. But he knew how to play hard too. Two or three times each year, he would take some time off for a family holiday to his wife's hometown in Taiwan, sometimes even flying by business class for his family's comfort when their son was still a little baby. The doting husband and father also planned fancy vacations for his wife's birthday in June, year-end holidays in December, and little Nathan got all the latest toys. They live in a condo in the one-north area, and have a helper. Nicky is also the director of Income's Protect Happiness campaign film — a topic close to his heart.

"It started with my face and neck being swollen in October 2019. A GP said I had a lymph node infection and sent me home with some meds. But when the swelling worsened, a second GP had me visit a hospital emergency department immediately. I was diagnosed with primary mediastinal B cell lymphoma. The doctors said that if left untreated, I had only 30 days to live.

On the night I was diagnosed, I was terrified. Why me? What did I do wrong? I'm not an evil person, so why did I get struck with cancer? What would happen to Nathan if he had to grow up fatherless? He's only two years old. How would my wife cope? Did I have enough savings? My child — I love him so much — I wanted to see him grow up. Thoughts like these just kept running through my head. The next 10 days were spent in the hospital undergoing grueling procedures. I was started on chemotherapy, but then my sister recommended another doctor, my brother-in-law's ex-classmate. He advised an enhanced chemotherapy regimen that would carry a higher success rate for remission. So I underwent six cycles of chemo in all, from October 2019 to March 2020.

Chemo is a scary thing — chemicals coursing through your body for five days during every 21-day cycle. I was constantly tired and nauseated. Also, you feel less of a person, like you have only 20% battery. That was difficult to deal with — my son has boundless energy and kept wanting me to play with him, but I just couldn't. But that was also one of the main motivations that got me through it; seeing my son made me want to pull through.

Thankfully, a PET scan in March 2020 showed that the cancer was in complete remission. Still, every day in the past six months since then, I fear having a relapse. The first two years are very crucial. I try to keep my stress levels low, but there's no way to shut that nagging voice at the back of my mind out. Sometimes I wake up with night sweats.

In the meantime, I've made tons of changes to my lifestyle. While I've started working again, I limit myself to directing one film a month, versus the two or three previously. I no longer pack my days so tightly. I jog a lot and eat more cleanly. I go vegetarian 10 times a month as part of fulfilling a vow my wife made to Buddha. Every night, I meditate and do breathing exercises.

I am so grateful to my doctor, and to my wife. It's stressful being a cancer patient's caregiver, and she was very affected by the experience. She's seeing a therapist and taking some medication to help her through some anxiety issues. It didn't help that we couldn't send Nathan to preschool during my treatment as he could bring back a cough or flu, which given my low white blood cell count during the chemo, could have led to further complications.

Another thing I'm grateful for is that we haven't had to struggle financially or compromise on things that make my family happy despite not working during my illness. I still indulge Nathan in all the cool toys, and if not for COVID-19, we would still be going for holidays. In fact, we wanted to celebrate my recovery in Perth, but cancelled on the account of the (government-imposed) circuit breaker. When we couldn't dine out during that period, we had the restaurants deliver to us instead.

I did a calculation, and my family expenditure adds up to about $8,000-$10,000 a month, including house and car payments. As sole breadwinner, my job sustains this lifestyle, but when cancer hit, I feared that my savings would be wiped out. I didn't want to think about working during my treatment either, and was blessed that I could stop work with the payouts sustaining my expenses. I wanted to focus on getting better, and on spending every precious moment with my family.

The $350,000 lump sum payout from my life insurance, on top of critical illness and hospitalisation coverage, provided a huge relief. Without this buffer, I don't think I could have been so chill, and it would have affected my recovery for sure. I cannot imagine having to go through the stress of fighting cancer and financial difficulties at the same time. The most unexpected relief of having life insurance was the relief of still being able to buy my son toys – the fact that I was still able to bring some happiness into his life was something I held very dear.

While I had to fork out $60,000 in cash upfront to cover the initial 10-day hospitalisation, it was reimbursed by my plan, which also covered the rest of the treatment. The chemo came to $120,000, and plus additional supplements, the total bill would have been about $200,000. That's the price of a two-room apartment!

I didn't know it was so expensive to treat cancer and I wonder how people with no insurance manage.

When I received the life insurance payout, my first thought was 'Thank god I have this money as a backup in case something happens to me.' If the chemotherapy doesn't work, at least my wife and son have this $350,000 and my savings to carry on with life. It may not sustain them for a lifetime, but it does give them a head start."

Second Chances

While Candice and Nicky are two individuals who come from different walks of life, both have faced critical illness, fought courageously, and survived. Both were also able to assure their children's and family's happiness by maintaining their everyday routines and even continuing to enjoy life's little luxuries.

Despite being stricken by cancer, both are fortunate to have invested in insurance plans that not only helped them avoid financial stress, but also gave them extra peace of mind. They could focus on battling their illness, knowing that their children would be taken care of, no matter what.

No one can predict when a critical illness might hit. But as parents who are responsible for the happiness of someone other than yourself, let's not play the odds. Learn more about how to ensure your child's happiness with the right insurance plans for your needs. They deserve to have all the happiness in the world.

WHY SMEs DO NOT BUY INSURANCE TO PROTECT THEIR BUSINESS?

The impact of COVID-19 pandemic has caused severe disruption to businesses around the world, and Singapore's economy has not been spared either. Most of the sectors here have been badly hit, and in particular the SMEs whose livelihood have been pushed to the edge of the cliff. The Government's olive branch with various subsidy schemes have helped some but the prolonged pandemic has rocked many to shutter their operations.
SMEs, defined as companies that employ not more than 200 staff, with a turnover of not more than S$100 million, stand at 271,800 registered entities in Singapore and responsible for 71.4% of the total employment[1]. Within this sub-group, there is the microenterprise, also known as a microbusiness or micro-SME that refers to a small business that employs and operates with fewer than 10 people – and, this sub-group constitutes 70% of total SMEs.

With the need to survive, SMEs are battling the management of cash flow with dwindling revenues, scouring their bank accounts to pay for expenses. Every line of their expense items are carefully scrutinised and those deemed not a necessity are being struck off. However, there are a few need-and-mandatory expenses that have to be incurred regardless, and one of them is insurance.

[1]ADB Asia SME Monitor 2020 database. Data from Singapore Department of Statistics, Ministry of Trade and Industry.

Compulsory by law, all companies that employ staff that does manual work, or non-manual work earning $2,600 per month or less must cover them with Work Injury Compensation (WIC) insurance. Not surprisingly, most of the SMEs do not buy other forms of insurance for their business protection other than what are compulsory.

WHY SMEs DO NOT BUY INSURANCE FOR THE COMPANY?

Most of the SME owners are very focused on getting their business going – sales, staff, customer relationships, rental and expenses – and, likely feel that they can save some money from not buying insurance for their business, with the mindset that it is unlikely that the unexpected will happen and derail their operations.

Generally, most of them do not buy insurance to cover the unexpected over their property or businesses. The attributing factors may include:

1. "Unnecessary additional expense";
2. Don't really understand why they need, and what to expect;
3. Accessibility to purchasing the policy without much hassle and;
4. Understanding the benefits that outweigh the cost.

COMPANY PROTECTION IS A NECESSITY

In business, there are already many things the SME owners have to take care of, in order to manage the company. And, there are also many things that can go wrong that is either within or out of their control. No one can predict the future and that is why it is imperative to be well prepared. So, isn't it better if protection solutions can be provided for the company in case something adverse occur – and, one less worry?

There are various solutions available in the Singapore insurance market for SMEs to consider for coverage of their needs by different providers. Although each of the providers may provide differing solutions, it is understandable that some of the SMEs executives may find these solutions daunting, and may not know what would be suitable.

COST VERSUS BENEFITS

Business owners would need to take a hard view of their company operations, and single out which part of the operations would require more protection than others, and decide on the costs of coverage versus the benefits of managing should the unexpected occur. For a few hundred dollars a month, mathematically it seems to make sense to select insurance plans that can cater to the risks in your business. For a relatively smaller amount of premiums as compared to the potential financial loss in an unfortunate event, let an insurance policy take over such a risk. This is the principle of risk transfer.

Compulsory by law, all companies that employ staff that does manual work, or non-manual work earning $2,600 per month or less must cover them with Work Injury Compensation (WIC) insurance. Not surprisingly, most of the SMEs do not buy other forms of insurance for their business protection other than what are compulsory.

UNDERSERVED MICRO-SME SEGMENT

Within the business/corporate insurance protection segment, the bigger slice of the cake is often blanketed by the seasoned brokers that are set up to manage these larger enterprises. They may not be able to service this micro-SME segment, as their organizational structure may not be set up to support the close to 190,000 potential micro-SME customers.

There is still a need to serve these micro-SMEs as they need insurance all the more because they are small in size and do not have any corporate support to fall back on.

Given the large number of micro-SME entities, it would seem reasonable for individual financial advisers to 'share' the load.

A win-win situation for both the financial adviser and the underserved micro-SME segment, where the latter gets the much needed cover and the financial advisers gain access to a potentially 'new' market, if have not worked on business insurance clientele previously.

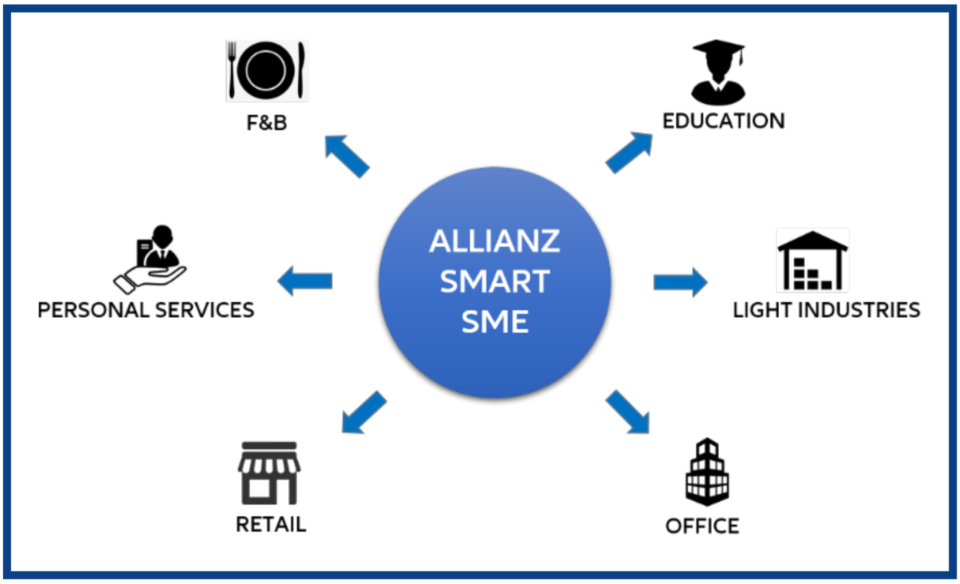
ALLIANZ SMART SME BUSINESS PROTECTION SOLUTIONS

Allianz Insurance Singapore (Allianz) understands what the micro-SMEs go through and their needs to protect their businesses. At the very start of the company's establishment, one-on-one interviews and focus groups discussions with financial advisers and micro-SME owners and executives were conducted to better understand the pain points around the business insurance purchase processes.

From the findings, Allianz developed a micro-SME insurance product that is simple, no frills yet comprehensive, a purchase journey devoid of tedious paperwork in delivering business insurance for these enterprises.

Smart SME is designed for the micro-SMEs whose financial advisers are more likely to be in touch with the owners as individuals and sometimes sole proprietors compared to the bigger corporations serviced by seasoned brokers. Smart SME is designed as simple packages for instantaneous issuance to ease financial advisers into the relatively "untapped" market segment.

One product solution, Allianz Smart SME is specifically designed to cover general business needs, yet encompassing enough to cover specific needs of different industry segments.



We highlight 5 areas of benefits that will help the micro-SMEs with their business needs.

1. ALL RISKS (CONTENTS & STOCKS)

All businesses regardless of industries will have both contents and stocks at their place of operation. In an untoward incidence where these contents and stocks caused by accidental physical loss or damage at the premises, the Allianz Smart SME will pay or at their own option repair, replace or reinstate these Contents and Stocks subject to the liability limits of coverage.

The benefit cover can range from minor alterations, repairs to decoration of the premises, locks replacement, cost of temporary removal of insured contents for cleaning, renovation, removal of debris, cost of temporary protection and so on.

2. BUSINESS DISRUPTIONS

Whether the business is in manufacturing, retail, services, e- commerce or other industries, when one encounters unforeseen disruption such as forced-closure of the F&B outlets by the authorities due to the pandemic, the discovery of vermin or pests, or events at the premises that prevents the business from operating, potential financial losses may also ensue. This is where Allianz Smart SME is able to help to compensate the business owners the amount as stated in the policy schedule.

From cases of accidental loss or damage to the business property such as fire, smoke damage and sprinkler leakage, to missing/damaged stocks or missing money at the business premise – these itself will have adverse consequences to the business. Imagine if these are being compensated via the insurance cover, that will definitely lessen the financial burden. Some providers also compensate with daily cash for a specified period during the downtime.

3. PUBLIC LIABILITY

The incurred company will be indemnified in respect of accidental damage (bodily injury and/or property damage) in which it is legally liable to pay compensation, including all legal costs and expenses incurred. For example, if a customer contracted food poisoning at the premises of an F&B business the cost of legal liability may be covered by a business insurance policy. Notably, under the condition that all necessary measures have been taken for the food/drinks are safe for human consumption.

Other potential public liability incidences could include an advertising sign fell and caused injury to member(s) of the public, accidents caused during loading and unloading operations, and so on.

4. 24-HOUR EMERGENCY WORKPLACE ASSISTANCE

Allianz Smart SME also offers 24-hour emergency workplace assistance services even for the inconvenience of being locked out of the office, electrical and/or water leakage disruptions, pests infestation.

5. MONEY

For most micro-SME's businesses, customers still transact with cash. The policy covers and will pay, with applicable terms and conditions, for loss of money up to the amount stated for situations such as when the money is in transit to or from the premises or anywhere in Singapore whilst in personal or authorised employees' custody.

A FEW DOLLARS A MONTH FOR THE PEACE OF MIND

Allianz Smart SME packages are designed to give the micro-SMEs peace of mind so to let the owners focus on what they do best – run their businesses. The financial outlay for the business owners is relatively small compared to the benefits - if only they know.

For the individual financial adviser, whilst the financial returns may seem small at the start, the opportunity to help micro-SME owners access this benefit cover for their business is open and potentially expand into a wider ground for other financial needs.

Allianz is here to serve the market's needs. That is why Allianz developed a simple, straight-through sales journey with instantaneous policy issuance via its online intermediary portal for the ease of both the customer and financial advisers, without the tedious paperwork at that. Allianz believes in making insurance simple.

How the world is warming to sustainable investing

Author | Anastasia Petraki, Head of Policy Research

We travel around the world (alas only digitally and in fewer than 80 days) to study key drivers behind the shift to sustainable investment

The EU is considered by many to be the leader in sustainability regulation. This is true in the sense that the EU has been the first to set the foundations for a sustainable finance framework and has a head start in developing the corresponding regulation. But other markets, particularly Asia, are close at its heels and some use the EU's framework as inspiration.

In this study, we travel around the world (alas only digitally and in fewer than 80 days) to highlight key developments in sustainability policy and regulation. We compare the evolution in regulation to that of the sustainable investment funds market and to what clients have been saying about their attitudes.

Sustainable finance in a nutshell

Different regions take different approaches, with some emphasising regulation and some leaving it to the market to grow more organically.

For example, sustainability policy may start with a government setting a goal for reducing carbon emissions. An action plan soon follows, outlining what needs to change in the real economy to achieve this goal, such as developing new technologies, or greener transport and infrastructure. This is then followed by another plan detailing how the financial sector can help fund the transition.

This brings us to what policymakers call “sustainable finance”. In a nutshell, it is a framework for the financial services sector where climate change and environmental risks are considered in everyday business, operations, products and services. The ultimate intention is for this to become business-as-usual, so that private funding flows consistently towards projects and activities that support the transition to a greener economy.

This definition is narrower than the way we, at Schroders, think of sustainability. For us, sustainability is the outcome that is achieved by tying environmental, social and governance risks to investment and capital allocation decisions. By doing so, the investment industry’s fiduciary goals can become aligned to the wider policy agenda.

"People want to see change." Peter Harrison, Schroders' Group Chief Executive, explains why 2020 was a transformative year for sustainability and ESG investing, and what we have done to show we're committed in taking action.

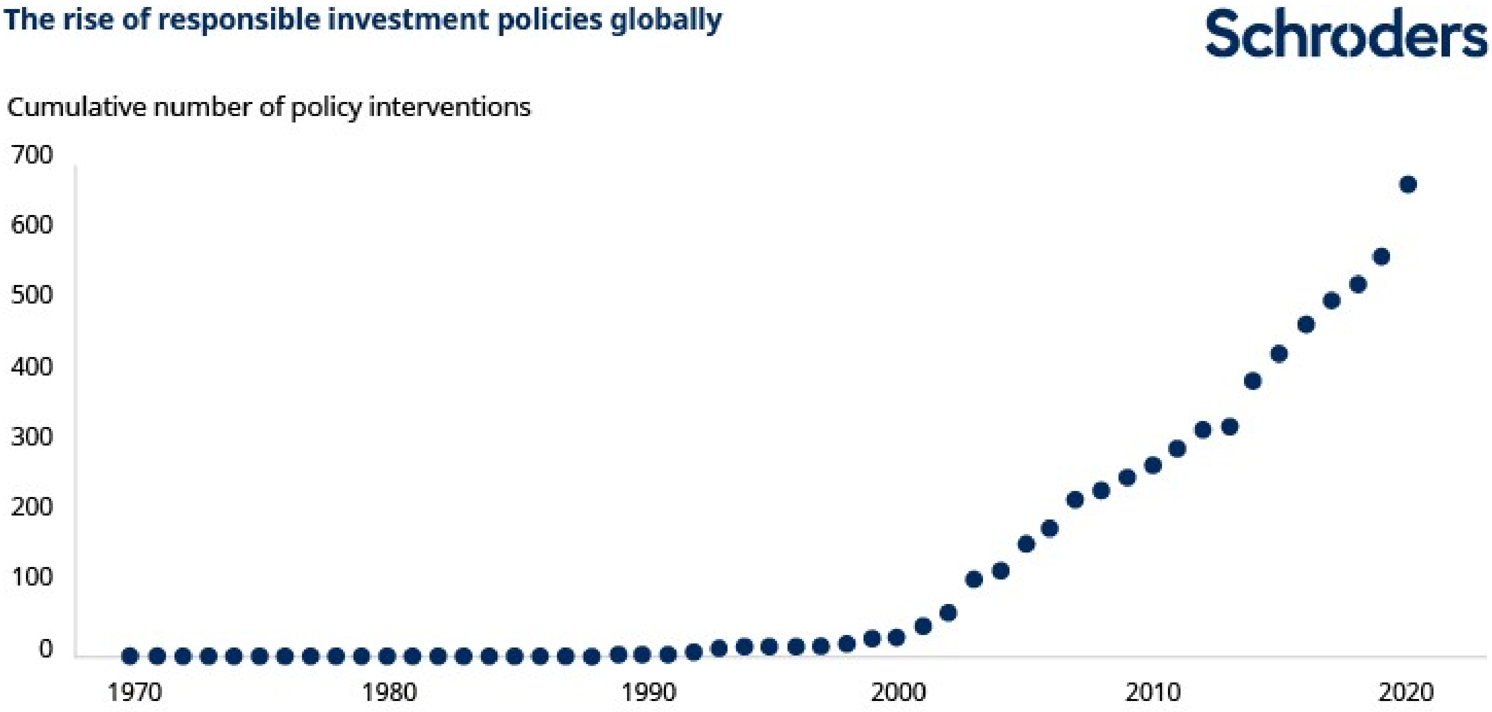
(/en/sg/private-investor/sg-insights/markets/sustainable-investment-report-2020/)

More than a fad: the proliferation of sustainability policies beyond the EU

Policymakers have been very prolific in recent years. More than 120 new or revised policy instruments with a sustainability focus were established in 2020 – the highest number ever recorded and over 30% more than in 2019, according to the Principles for Responsible Investment.

The sharpest increase has been seen in Europe but there has also been significant activity in Asia.

The rise of responsible investment policies globally



Source: Principles for Responsible Investment (PRI). 600806

Our research looks into the future and explores how much more is yet to come, with significant developments across Asian markets but also, increasingly, the US. As governments unveil roadmaps and action plans to transition their economies, one thing becomes abundantly clear: sustainability regulation is more than a (European) fad.

The future of sustainable investment

The question then is: how interventionist should this regulation be? The acceleration in demand for sustainability-focused investment funds in the last couple of years shows that there is appetite for such investment already. Is it perhaps better to allow the sustainable investment market to grow more organically?

Given how strong the imperative to tackle climate change is and how tangible its cost has become, the recipe for success lies in confluence rather than collision, with regulation facilitating organic growth. Many ingredients are part of this recipe:

- Regulation that is carefully drafted, meaningfully implemented and not rushed despite the urgency
- Global alignment to avoid duplicative and overlapping requirements
- Government-led industrial policy to complement and support sustainable investing
- Long-term planning and consistent policies and regulations across successive administrations

Andy Howard, Global Head of Sustainable Investment, says:

""Sustainable investing has grown massively in recent years and attention from regulators has been inevitable."

This has not come as a surprise to us. The message from our clients, through our global and institutional investor studies, has been clear and consistent. Clients need more transparency and better understanding of their sustainable investment options. They need clarity into the goals and strategies fund managers employ and ways to track their performance. Increasingly, many also want to know the impacts their investments deliver.

We have been listening. We have been preparing for many years and have invested heavily in developing our own proprietary tools, such as SustainEx, to measure the sustainability of our investments and quantify their environmental and social impact. That preparation has created the platform that allows us now to comply with new waves of sustainability regulations globally.

We expect regional differences. Governments worldwide try to tackle similar challenges. Regulators follow the same principles and direction: sustainability needs to shift from something that we talk about to something that we demonstrate. But governments take different approaches to implementation and there will be differences in regulation across regions. Therefore, asset managers cannot afford to approach this as a compliance exercise. We need to have a very clear idea and commitment of why and how we approach sustainable investment and then apply it to our funds.

That is why we, at Schroders, think it is important to use a long-term lens and look not just at the immediate requirements, such as the EU's Sustainable Finance Disclosures Regulation, but also what happens beyond that.

We will engage with policymakers and make our views and, even, concerns heard where we think it is helpful. Sometimes, we may disagree when regulation tries to prescribe the answer rather than provide a framework that facilitates innovation and choice for our clients. But we will never disagree with the effort that goes into turning "sustainable investment" to simply "investment".

The fact is that, despite its recent growth, sustainable investing is still in its teenage years. The challenges that policymakers and regulators are trying to solve need to be solved. We, as an industry, need to move from rhetoric to action to demonstrating the benefits of investing sustainability to our clients. This is what sustainability regulation is getting at. As the saying goes: it is only when the tide goes out that you learn who has been swimming naked. We are reaching a watershed moment worldwide where we find out who didn't pack their swimsuits. Not a pretty thought."

Please find the full report below, or read more climate change insights from Andy Howard, Global Head of Sustainable Investment, here: /en/sg/private-investor/sg-insights/author-landing-page/?authorid=394455

Read the full report: How the world is warming to sustainable investing: developments in regulation and investor demand https://www.schroders.com/en/sysglobalassets/digital/insights/2021/pdfs/how-the-world-is-warming-to-sustainable-investing.pdf

Schroders

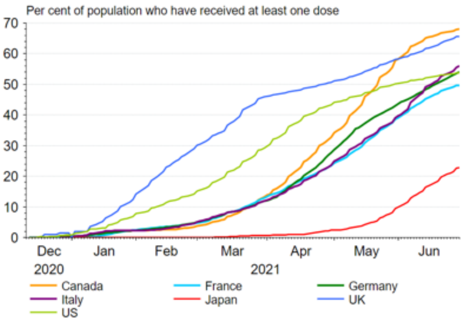
PIAS Investment Outlook (Q3 2021)

Author | Mavis Tan, Investment Strategy, Partnership Management, Professional Investment Advisory Services Pte Ltd.

With countries racing to get their population vaccinated (Chart A), we are starting to see encouraging signs of normalcy as the U.S. and Europe bounce back to activity. Although it is premature to say that the world has turned the corner with the pandemic, especially with the more transmissible Delta variant spreading beyond India into 80 countries (according to WHO), recent developments in the U.S. signals a strong recovery. PMI is well-above its expansionary mark, while unemployment rate continues to fall.

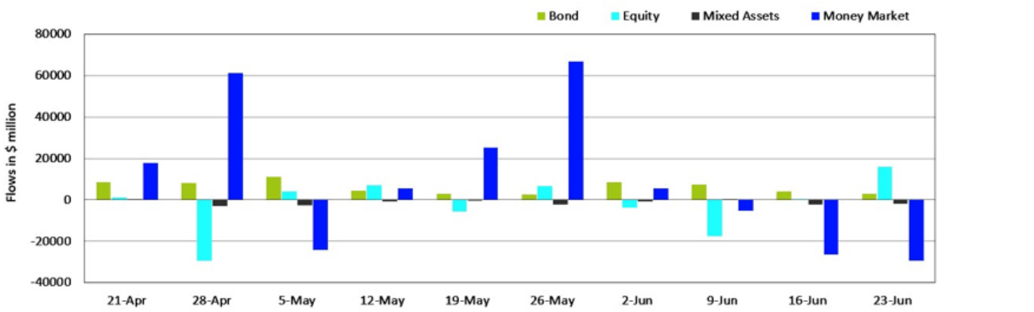
June's FOMC meeting saw a hawkish surprise of implying two hikes in 2023. **However, a tug-of-war between the Fed and bond markets intensifies** as the Fed downplays the recovery and instead emphasizes economic slack and that the inflation spike from a low base is short-lived. On the other end of the rope, 10-year U.S. Treasury yield hits 1.5%, reflecting rising optimism on economic growth and growing concerns over inflationary pressures from rising wages and commodity prices. **If history was of any guidance, during the 2013 "Taper Tantrum", global equities (especially Developed Markets) did not drawdown due to rising bond yields, instead it continued to rally throughout the taper cycles.** Backed by strong inflows of funds in Q2 **(Chart B),** with the U.S. registering the largest equities inflow this year, we maintain our positive stance on U.S. and adopt a **blended approach to both value and growth equities**. However, any change in the Fed's view or potential peaking of growth momentum are risks to watch for.

G7 COVID-19 people vaccinated (Chart A)



Source: Refinitiv Datastream/Fathom Consulting, June 2021

Fund flows into U.S. domiciled equities, bonds and money market funds (Chart B)



Source: Refinitiv Lipper Data, Reuter Graphics, June 2021

China is well-positioned to benefit from sustained global recovery and vaccine rollouts, being predominantly a net exporter and playing a leadership role in reflation trades for industries like technology, industrials and materials. With rising domestic consumption and ongoing transformations translating into robust corporate earnings growth, investors can expect attractive returns from flourishing New Economy sectors. Although valuations of China equities may seem high, they are strongly supported by earnings expectations, being the first to recover well from the pandemic. Nevertheless, investors should watch if these positive aspects can overshadow regulatory tightening, ballooning debt, rising costs and geopolitical tensions. The delta variant has also triggered fresh lockdowns in Asia Pacific regions.

With a remarkable acceleration of vaccination in Europe over the past month, earnings expectations have surged accordingly, backed by a surprise upside for 1Q21 earnings. Furthermore, as the EUR750b pandemic recovery fund is deployed in 2nd half of 2021, we see a strong boost for clean projects, modern infrastructure and digitalization. These will benefit the European economy for the long-term beyond the reopening of European economies in the summer for travel, leisure and F&B. Rebounding sectors include aerospace, oil majors and financials, especially insurance. A rapidly growing sector to watch is Electric Vehicles (EV), with Europe being the 2nd largest EV market in the world. Overall, we expect European company earnings to return to pre-crisis levels by year end. However, premature scaling back of EUR1.8t Pandemic Emergency Purchase Programme may potentially derail the bloc's recovery, while we remain mindful of the delta variant gaining traction in the region.

With the diverging pace of vaccination and recovery between the developed and developing world, coupled with the delta variant threatening to interrupt the grand reopening of the Northern Hemisphere, volatilities are here to stay despite the optimisms. Another source of volatility that could continue to dominate headlines would be cryptocurrencies. Bitcoin erased 2021 gains with the crypto market sell-off in May as Bitcoin has violated an important support level that may trigger further panic in the market. With China intensifying crackdown on bitcoin mining, reportedly shutting down 90% of China's mining capacity and PBOC directing major lenders not to provide any services related to crypto transactions, we may expect more volatilities ahead. While we see Bitcoin adoption among certain countries (crypto-investments in India rose to cross $40b and El Salvador recognizing it as legal tender), considering its sensitivity to regulatory measures (e.g. China and UK crackdown) and celebrity tweets, Bitcoin is still hurdles away from being established as a "buy and hold" asset or a safe-haven like gold.

Source | Figures extracted from Refinitiv Datastream, Fathom Consulting and Refinitiv Lipper Data, Reuter Graphics

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