

# The Multi-Asset Monthly Brief

Markets and Keyridge positioning in a page

## Market mood



- Tension over the free passage of oil through the Strait of Hormuz is creating great uncertainty in global markets. A satisfactory off-ramp for both sides is not clear.
- Despite the mood, UK investors in US equities – the biggest part of most global equity portfolios – have seen little correction in sterling terms
- Sovereign yields have risen to reflect the higher inflation expected from the higher oil price. Upcoming central bank reactions remain unclear.

## Challenges

- Forecasting the actions of a single individual remains foolhardy
- Middle Eastern tensions have structurally risen. Is military presence on Iranian ground in the Strait of Hormuz inevitable?
- Long bond yields have risen – will they break out?

## Opportunities

- US equity market rotation rather than correction has broadly continued despite recent turmoil
- The energy sector outperformance is not new and still offers value
- Other structural themes around geopolitical trends remain intact

## Asset Class Signals

<b>Equities</b>	●	US remains a structurally attractive market which is digesting some short-term valuation headwinds. Rest-of-world benefiting from a falling dollar, and inexpensive
<b>Fixed Income</b>	●	Oil price spike generating inflation fears and higher yields – bonds more attractive now
<b>Alternatives</b>	● ●	Gold pausing after rally, but key attractions remain Fears around specific open-ended private credit fund writedowns and redemptions are growing

## What we're watching

<b>Hourly:</b>	The Iranian situation
<b>March 17-18:</b>	Federal Reserve rate decision
<b>March 24:</b>	Denmark general election – barometer of European political trends
<b>April 17:</b>	ECB rate decision
<b>May:</b>	New Federal Reserve Chairman

## Strategy

We are overweight risk via assets such as equities and high yield bonds. We remain invested in **long-term growth themes**, but with greater emphasis on valuation discipline and portfolio balance.

We favour **healthcare, emerging markets, and diversified income strategies** as attractively priced **complements to core equity exposure**.

## Action points

We continue to trim US equity exposure, reallocating towards healthcare and emerging markets.

Within fixed income, we increase investment grade credit duration towards benchmark while further reducing long-dated sovereign exposure.

We introduce emerging market debt and increase allocations to gold and listed closed-ended private credit vehicles to improve diversification and manage portfolio volatility.

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