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**INVESTMENT  
INSIGHTS**

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**Strategic Investment Perspectives Amid  
Market Volatility:  
Outlook for the Next 3 to 6 Months**



# Introduction

The year 2024 stands as a pivotal period marked by transformative changes. The unfolding events are not only intriguing for us to observe but likely to be chronicled by historians.

Throughout the past decade, the investment landscape has revolved around managing uncertainty. However, recent advancements such as cheap data storage, ultra-fast connectivity, powerful computing capabilities, and the influence of social media have led to an unprecedented surge in data generation and storage. This has paved the way for the evolution of artificial intelligence (AI), progressing from supervised statistical analytics to unsupervised output. Notably, the current fervour surrounding AI investments bears a striking resemblance to past episodes of speculative bubbles, akin to the blockchain technology-driven cryptocurrency surge. As witnessed in recent history, these bubbles often result in rapid collapses and instances of outright fraud, prompting us to reflect on the lessons we should heed.

Entering the next phase of economic recovery, investors find themselves navigating a landscape fraught with uncertainty and volatility. In this strategic investment piece, we highlight four challenges and provide insightful perspectives to assist investors in effectively navigating the dynamic market conditions over the next 3 to 6 months.

## Challenge 1:

### The Escalating Global Debt Avalanche



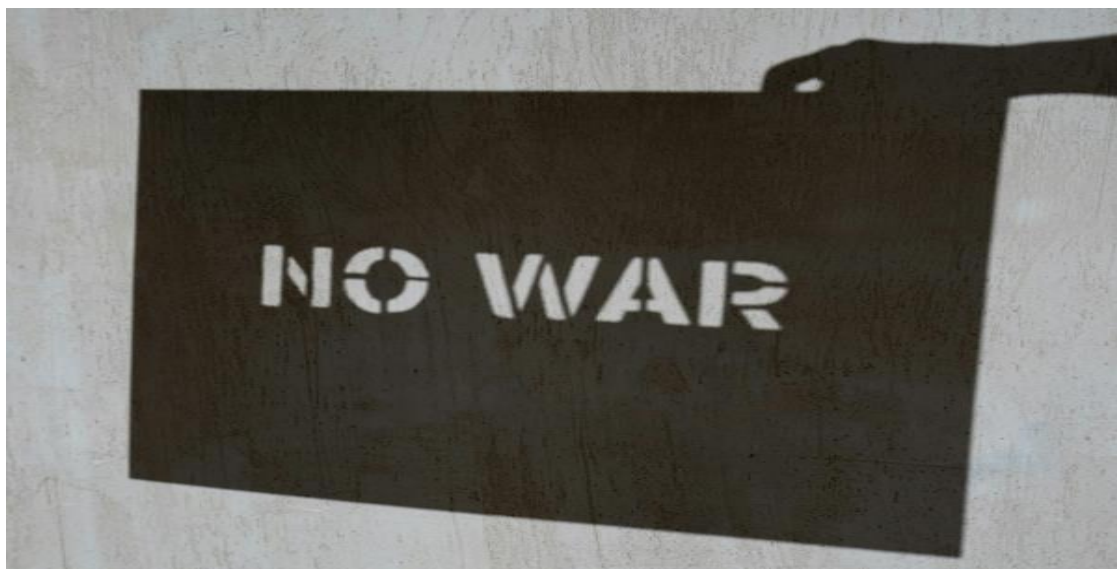
The prevailing global debt surge was exacerbated by unprecedented financial interventions during the Great Recession 2007-2009 and, notably, the continuous currency issuance in reaction to the ongoing Covid-19 Pandemic. Governments worldwide have resorted to printing and borrowing extensively, aiming to mitigate the

economic repercussions of the pandemic. In the case of the United States, federal spending has surged, propelling the nation's debt to levels not witnessed since the aftermath of World War II. This rapid accumulation of debt poses a substantial threat to the country's economic growth, elevating the risk of a potential financial crisis.

On the domestic front, U.S. lawmakers find themselves constrained, relying on stop-gap measures to sustain the functioning of the government. Unfortunately, the prospect of implementing long-term budget reforms to alleviate the mounting debt appears dim. This raises concerns about the sustainability of such financial practices, as the US's ability to continue borrowing is often defended optimistically due to its status as the global reserve currency. How long can this reliance on borrowing be maintained, and is there an impending tipping point on the horizon?

## **Challenge 2:**

### **Unprecedented Geo-Political Tensions**



The world is currently grappling with geopolitical tensions on a scale not seen since World War II, questioning the stability of the global village established in the post-war era. The transition from colonies to independent nations and the move from beggar-thy-neighbour mercantilist policies to a rules-based international trading order, primarily overseen by institutions like the World Trade Organization (WTO), is facing considerable upheaval.

Successive political shocks and the rise of populist leaders have eroded the influence of institutions like the WTO and the United Nations. Global policies are realigning, and shifts in power dynamics, such as "de-risking" or decoupling, the Arab uprisings, the Syrian war, and various proxy conflicts, have created divisions among nations, presenting complex dilemmas.

The United States, traditionally a bastion of global stability, is currently navigating uncertainties regarding its ongoing role as the primary superpower. This sense of ambiguity has prompted a strategic reassessment of international trade rules, leaning towards prioritizing its own interests. Geopolitical tensions are on the rise, particularly in the ongoing Russia-Ukraine conflict, while the Israeli-Gaza War is straining historical alliances and scrutinizing alignment with the US. The situation in Ukraine has reached a critical point, marked by heightened rhetoric of nuclear conflict in the event of NATO intervention. The use of force in Gaza is increasingly criticized as disproportionate and inconsistent with the principles the US professes to uphold. These concerning developments underscore the gravity of the current global situation.

### **Challenge 3:**

## **Inflationary Pressures and Monetary Policy**



The intricate dance between supply chain disruptions and altered trading routes has catalysed a surge in inflationary forces worldwide. The post-Covid-19 landscape is marked by pent-up demand and fiscal stimulus measures, both contributing factors to the escalating tide of rising prices. The repercussions of these inflationary pressures extend to interest rates, which currently stand at elevated levels. As we navigate these economic crosscurrents, it becomes imperative for investors to scrutinize central bank stances and closely monitor relevant inflation data.

The ever-evolving landscape of monetary policy has a profound impact on asset prices, necessitating a vigilant approach to anticipate potential shifts. The dynamics of inflation and its interplay with monetary policy also pose a multifaceted challenge that requires a comprehensive understanding.

## Challenge 4:

### Profound Technological & Social Change

Technological advancements are reaching revolutionary heights, fundamentally reshaping the fabric of societies worldwide. The rise of artificial intelligence (AI), particularly in its self-producing capabilities, is poised to usher in an era marked by extensive job redundancies. This transformative shift transcends industries, from healthcare to the way we source and consume energy, rendering even the internet's impact comparatively ordinary.



As we stand on the precipice of this technological revolution, the pressing question emerges: How do nations prepare for and navigate the substantial job displacements anticipated in the wake of AI integration? The challenge extends beyond merely addressing unemployment; it encompasses the critical task of creating new avenues for employment to absorb successive cohorts of graduates entering the workforce. The urgency of this issue is underscored by the current scenario in China, where youth unemployment is on the rise, posing a potential threat to social stability if not addressed with foresight and agility.

Navigating this landscape requires a holistic understanding of the societal and economic transformations underway. By staying ahead of these transformative forces, we can proactively position ourselves to harness the opportunities that emerge amid the challenges, ensuring resilience in the face of an evolving future.

### Sector Outlook

Moving on from global challenges, let's now focus on the Sector Outlook, examining key industries like Information Technology, Healthcare, Consumer Discretionary, Financials, and Industrials.

## **Information Technology**

In the ever-evolving landscape of innovation, the technology sector stands resolutely at the forefront of growth. Fuelled by a relentless commitment to sustained innovation and digital transformation, this sector boasts robust fundamentals and promises long-term prospects that redefine the contours of investment possibilities. The rapid acceleration of digitalization and continuous technological advancements serves as the bedrock for ongoing expansion. Within this dynamic realm, strategic investments in areas such as cloud computing, cybersecurity, and artificial intelligence present not only compelling opportunities but also a gateway for investors seeking sustained and forward-looking returns. The technology sector, with its unwavering momentum, remains a beacon for those navigating the complexities of the investment landscape.

## **Healthcare**

As we pivot to the healthcare sector, a narrative of growth unfolds, driven by the intersection of aging populations and escalating healthcare expenditures. The escalating demand for innovative healthcare solutions and services underscores the sector's inherent resilience. Investments in pharmaceuticals, biotechnology, and medical devices not only offer avenues for growth but also provide a strategic defensive positioning strategy, elevating healthcare to a pivotal role within a well-rounded investment portfolio. The healthcare sector, characterized by its dynamic response to societal needs, emerges as a cornerstone for investors seeking a balance between growth and defensive positioning in an ever-changing market environment.

## **Consumer Discretionary**

The Consumer Discretionary sector emerges as a promising frontier for growth as consumer confidence experiences a notable rebound and discretionary spending witnesses an upward trajectory. Sectors encompassing retail, leisure, and hospitality become pivotal arenas for investment opportunities. Companies equipped with robust brands and advanced digital capabilities are strategically positioned to capitalize on the evolving preferences of consumers. Investing in this sector not only aligns with changing market dynamics but also positions portfolios to reap the benefits of the resurgence in consumer discretionary spending riding the wave of changing consumer behaviours.

## **Financials**

Against the backdrop of rising interest rates and an unfolding economic recovery, there is a robust foundation for the profitability of financial institutions. Simultaneously, technological disruption introduces unprecedented opportunities for innovation and efficiency gains within the financial sector. Strategic investments in banks, insurance companies, and fintech firms not only tap into diverse revenue streams but also position

portfolios to thrive amidst the evolving financial landscape. The Financials sector, marked by adaptability and innovation, becomes a crucial component for investors navigating the intricacies of a transforming economic landscape.

## Industrials

The Industrial sector experiences a renaissance, fuelled by increased infrastructure investment and a resurgence in manufacturing. Embracing sustainable practices and digital transformation becomes imperative in navigating this trajectory of growth. Investments in companies engaged in construction, engineering, and renewable energy contribute not only to portfolio diversification but also align with the broader theme of sustainable industrial development. The Industrial sector, marked by dynamism and adaptability, ensures not only immediate gains but also positions portfolios for long-term growth potential.

## Our Approach



Navigating the currents of present market volatility, our steadfast commitment to delivering robust risk-adjusted returns remains unyielding. At the core of our investment strategy stands the SqSave algorithm, purpose-built to thrive in turbulent times. With precision, it tirelessly focuses on diversifying across multi-asset classes, geographic and thematic sectors, utilizing quantitative data analytics to pinpoint promising return opportunities, and strategically reallocating our model portfolios.

This strategic approach extends to favouring cyclical sectors—industrials, materials, and energy—positioned to reap the benefits of global economic growth and increased infrastructure spending. Simultaneously, we acknowledge the enduring appeal of the information technology and healthcare sectors, aligning our investments with their long-term growth prospects. Under the vigilant oversight of our seasoned investment team, the SqSave algorithm ensures optimal sector exposure and deftly rebalances existing portfolios.

Confronting the challenges presented by market dynamics, our commitment to leveraging cutting edge algorithms and data-driven insights underscores our dedication to delivering sustainable and resilient investment performance. In the face of uncertainty, SqSave stands as a guiding beacon, leading us to seize emerging opportunities while prudently managing risk.

## Conclusion

In conclusion, SqSave is dedicated to the pursuit of resilient investment portfolios, placing strategic asset allocation at the forefront. Our mission revolves around navigating market volatility and seizing growth opportunities. Recognizing the pivotal role of diversification across multi-asset classes and sectors with robust fundamentals and promising geographic regions, we steadfastly commit to positioning and diversifying your portfolios whilst ensuring effective risk management.

As we move through the next 3 to 6 months, SqSave takes on a prudent and adaptive investment approach. Leveraging our quantitative methodology, we actively monitor key market drivers, economic indicators, and employ algorithms to facilitate diversification. Illustrative of our effectiveness are instances like SqSave's astute positioning prior to the onset of Covid-19, effectively mitigating market downsides. Additionally, our strategic asset allocations to Gold and alternative asset classes preceding the Russia-Ukraine conflict showcase our ability to forecast, resulting in positive investment returns during the invasion month of Feb/Mar 2022—a period when other investment firms recorded losses. These instances underscore SqSave's commitment to delivering value through a forward-thinking and innovative investment approach which proactively positions SqSave to navigate market volatility successfully, allowing our portfolios to thrive whilst others fail.

## Reach Out

For questions, comments, or suggestions, email the team at:

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