

Never Fully Invest at All Times

By: Dr. Tan Chong Koay, Founder and Chief Strategist of Pheim

Q: How did you make your asset allocation for the year 2020? Was there a significant re-balancing exercise? Did you rebalance your portfolio more frequently, trade more actively in the market or hold more cash from time to time?

A: Leveraging on our in-house research and long years of investment experience and by keeping our ears close to the ground, we constantly adjust our investment strategies in the light of changes and emerging trends in the global and regional economic environment and market volatility. We regularly review stock, sector and asset allocations during our internal investment meetings as well as in ad hoc discussions.

Between January 2020 and the first half of February 2020, our assessment on the market valuations led us to the view that valuations were too high and risky. In line with Pheim's Investment Philosophy of "Never Fully Invest at All Times", we decided to adopt a cautious investment stance and reduce our equity exposure. As it happened, the market collapsed from 12 February 2020 to 23 March 2020, triggered by the Covid-19 pandemic. Our cash holdings allowed us to buy some shares at very attractive valuations in the months of March, April and May 2020. We were almost fully invested when the market was near its trough. When the market rebounded subsequently, we trimmed some equity exposure, taking profits on some positions that had enjoyed a good run.

Over the years, our application of Pheim's Investment Philosophy of "Never Fully Invest at All Times" – on top of our value investing strategy – has enabled us to outperform the benchmarks and our peers. We have been able to achieve good long-term returns at acceptable levels of risk. We believe that disciplined and diligent practice of applying our Asset Allocation Philosophy overlaying our value investment strategy would enable our clients to benefit from major market swings.



Fund Managed by:
Pheim Asset Management Sdn Bhd (269564-A)
www.pheim.com.my Tel: +603 2031 6407

Fund Distributed by:
Pheim Unit Trusts Berhad (545919-A) www.pheimunitrusts.com
Tel: +603 2142 8888 Email: support@pheimunitrusts.com

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