

# PromiseLand



## PromiseLand's Monthly Market Outlook

For March 2022

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# 1 Monthly Review

The month of February has been a hectic month for financial markets; most notably, the initial tensions between Ukraine and Russia have culminated into a full-scale invasion of Ukraine by Russian forces. Markets as a whole have sold off since then, as investors, who are unsure about the implications of this crisis, accelerate their efforts to de-risk their investment portfolios.

Accordingly, given this difficult period, there will be no expected market sector return rankings for this edition of our market outlook. **Instead, we strongly urge investors to remain invested.** While one might be successful in trying to time the market by scaling up on one's active monitoring efforts of the markets, a considerable amount of effort is needed, given the fluidity of the situation. In addition, there are numerous challenges when it comes to timing the market.

The following tables compare the frequencies and probabilities of outperformance of various ETFs serving as proxies for various market indices across varying investment holding period lengths, through time. The tables display the probability of each index registering a positive return if the investment is made at any given prior point in time, and held for the duration of the period length. A probability of outperformance represents the probability of registering a positive return, while a probability of underperformance represents the probability of registering a negative return.

## 1.1 iShares MSCI World ETF

iShares MSCI World ETF is used as a proxy for the performance of World Equities (MSCI World Index).

Table 1: iShares MSCI World ETF (Start Date: 2012-01-12)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	1525	987	2512	0.6071	0.3929
1 Month	1697	832	2529	0.6710	0.3290
1 Quarter	1877	610	2487	0.7547	0.2453
6 Months	1879	545	2424	0.7752	0.2248
1 Year	1887	411	2298	0.8211	0.1789
2 Years	1865	181	2046	0.9115	0.0885
3 Years	1781	13	1794	0.9928	0.0072

## 1.2 Vanguard Pacific Stock Index Fund ETF

Vanguard Pacific Stock Index Fund ETF is used as a proxy for the performance of Asia-Pacific Equities (MSCI Pacific IMI).

Table 2: Vanguard Pacific Stock Index Fund ETF (Start Date: 2005-03-10)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	2327	1942	4269	0.5451	0.4549
1 Month	2510	1743	4253	0.5902	0.4098
1 Quarter	2534	1677	4211	0.6018	0.3982
6 Months	2450	1698	4148	0.5906	0.4094
1 Year	2557	1465	4022	0.6358	0.3642
2 Years	2385	1385	3770	0.6326	0.3674
3 Years	2546	972	3518	0.7237	0.2763



### 1.3 iShares MSCI Emerging Markets ETF

iShares MSCI Emerging Markets ETF is used as a proxy for the performance of Emerging Market Equities (MSCI Emerging Markets Index).

Table 3: iShares MSCI Emerging Markets ETF (Start Date: 2003-04-14)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	2618	2131	4749	0.5513	0.4487
1 Month	2735	1998	4733	0.5779	0.4221
1 Quarter	2830	1861	4691	0.6033	0.3967
6 Months	2753	1875	4628	0.5949	0.4051
1 Year	2882	1620	4502	0.6402	0.3598
2 Years	2330	1920	4250	0.5482	0.4518
3 Years	2114	1884	3998	0.5288	0.4712

### 1.4 SPDR S&P 500 ETF Trust

SPDR S&P 500 ETF Trust is used as a proxy for the performance of US Equities (S&P500 Index).

Table 4: SPDR S&P 500 ETF Trust (Start Date: 2000-01-03)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	3199	2372	5571	0.5742	0.4258
1 Month	3515	2040	5555	0.6328	0.3672
1 Quarter	3686	1827	5513	0.6686	0.3314
6 Months	3786	1664	5450	0.6947	0.3053
1 Year	3991	1333	5324	0.7496	0.2504
2 Years	3956	1116	5072	0.7800	0.2200
3 Years	3630	1190	4820	0.7531	0.2469

### 1.5 SPDR Euro Stoxx 50 ETF

SPDR Euro Stoxx 50 ETF is used as a proxy for the performance of Europe Equities (Stoxx50 Index).

Table 5: SPDR Euro Stoxx 50 ETF (Start Date: 2002-10-21)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	2702	2167	4869	0.5549	0.4451
1 Month	2789	2064	4853	0.5747	0.4253
1 Quarter	2872	1939	4811	0.5970	0.4030
6 Months	2974	1774	4748	0.6264	0.3736
1 Year	2740	1882	4622	0.5928	0.4072
2 Years	2601	1769	4370	0.5952	0.4048
3 Years	2372	1746	4118	0.5760	0.4240

### 1.6 SPDR S&P China ETF

SPDR S&P China ETF is used as a proxy for the performance of China Equities (S&P China BMI Index).

Table 6: SPDR S&P China ETF (Start Date: 2007-03-23)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	2001	1756	3757	0.5326	0.4674
1 Month	2004	1737	3741	0.5357	0.4643
1 Quarter	1983	1716	3699	0.5361	0.4639
6 Months	2077	1559	3636	0.5712	0.4288
1 Year	2033	1477	3510	0.5792	0.4208
2 Years	1691	1567	3258	0.5190	0.4810
3 Years	1994	1012	3006	0.6633	0.3367



## 1.7 iShares iBoxx Inv Grade Corporate Bond ETF

iShares iBoxx Inv Grade Corporate Bond ETF is used as a proxy for the performance of US investment grade corporate bonds (Markit iBoxx USD Liquid Investment Grade Index).

Table 7: iShares iBoxx Inv Grade Corporate Bond ETF (Start Date: 2002-07-26)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	2888	2041	4929	0.5859	0.4141
1 Month	3124	1789	4913	0.6359	0.3641
1 Quarter	3342	1529	4871	0.6861	0.3139
6 Months	3429	1379	4808	0.7132	0.2868
1 Year	3807	875	4682	0.8131	0.1869
2 Years	4198	232	4430	0.9476	0.0524
3 Years	4111	67	4178	0.9840	0.0160

## 1.8 iShares iBoxx High Yield Corporate Bond ETF

iShares iBoxx High Yield Corporate Bond ETF is used as a proxy for the performance of US high yield corporate bonds (Markit iBoxx USD Liquid High Yield Index).

Table 8: iShares iBoxx High Yield Corporate Bond ETF (Start Date: 2007-04-11)

Period Lengths	Frequency of Outperformance	Frequency of Underperformance	Total Periods	Probability of Outperformance	Probability of Underperformance
1 Week	2210	1535	3745	0.5901	0.4099
1 Month	2351	1378	3729	0.6305	0.3695
1 Quarter	2651	1036	3687	0.7190	0.2810
6 Months	2705	919	3624	0.7464	0.2536
1 Year	2779	719	3498	0.7945	0.2055
2 Years	2868	378	3246	0.8835	0.1165
3 Years	2929	65	2994	0.9783	0.0217

The virtues of remaining invested can be clearly seen; across the varying holding period lengths, there is a greater likelihood of the index registering a positive return, than a negative return. Furthermore, it is mostly the case that as the holding period length increases, the probability of the index registering a positive return increases.

**We would again like to advocate for investors to remain invested; being led by fear and offloading positions hastily only realize a loss for investors. In addition, given the fluid situation, there is a very low likelihood of benefiting from market timing strategies.**

We continue to await for the latest stream of economic data, which will be released through March, to guide our expectations for the next month.

## 2 Ending Notes

Please refer to our client introductory document (Introduction to PromiseLand's Economic Forecasts) for a brief description of our methodology.

Clients are reminded to diligently monitor their holdings. Please contact your financial advisor for the latest market expectations, or if you have any questions. Alternatively, you may contact us at +65 6505 4100, or email us at [enquiries@promiseland.com.sg](mailto:enquiries@promiseland.com.sg).