How does Multi-asset strategy help manage market dips

Willem:
As we look ahead to the upcoming year, one of our priority actions is to effectively manage market dips with alternatives and multi-asset strategies.

With ongoing volatility driven by shifting market narratives from Fed policy to trade tensions, and geopolitical uncertainty, diversification will be crucial in 2026.

Multi-asset strategies offer a robust framework to navigate this environment by spreading investments across geographies, asset classes, and sectors. This approach not only mitigates risks associated with elevated cross-asset correlations but also enhances portfolio resilience. By avoiding concentration and embracing diversification, investors can manage market dips effectively while staying invested. Our multi-asset diversification approach includes an overweight in gold and allocation to alternative assets such as hedge funds, private credit, private equity, and infrastructure.

Now, I'm pleased to introduce Lina Lim, our Regional Head of Discretionary and Funds, to further explain how this strategy can help you better withstand market fluctuations in the year ahead.

Lina:
A well-constructed portfolio is a smart, steady tool for growing your wealth over time. Think of it like a luxury cruise with a highly advanced navigation system, designed to smooth out waves, steer clear of major storms and reliably get you to your destination. Here is the thing: it is meant to let you sleep well at night, knowing your money is quietly working in the background.

The secret to reaching your long-term goal is less about picking the next winner and more about implementing a robust and disciplined framework.

Here are a few key foundational pillars for a time tested multi asset portfolio.

First, a multi-asset portfolio should be truly diversified across asset classes such as stocks, bonds, and real assets, across geographies and sectors. The portfolio aims to hold assets that have low correlations with each other so that they will not likely all fall at the same time. Large drawdowns require disproportionately higher gains to recover. By reducing or minimising deep losses, it will allow the portfolio to compound returns more effectively over the long term.

Start your journey by defining your level of acceptable risk. Ask 'how much potential volatility or loss am I willing to accept?' instead of 'how much money do I put in stocks vs bonds?'.

Once we have established your acceptable risk levels, the multi asset portfolio will be constructed to maximise your returns based on your risk budget.

Thirdly, managing a multi-asset portfolio requires a long term and highly disciplined mindset. What this means it that it requires commitment to stay the course through market cycles and removes any emotional reactions to short term market fluctuations.

At HSBC, we offer different multi asset solutions both in segregated mandates and funds structure to cater for different client needs and risk appetites. We are a team of highly qualified investment professionals who will help you manage your portfolios.

A multi-asset portfolio is designed for a journey, where staying the course is your commitment to reaching the destination.

Thank you for watching. We look forward to sharing more with you in the future.