



Three Questions That Will Matter In Q2 2022

Ukraine Challenges Investors' Views on Risks of Recovery & Recession

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Investor Equity allocations for Q2 will depend on three key questions

Before investors can feel confident about their Equity allocations ahead of Q2, they will need to answer three critical questions focused on the length of the Ukraine crisis, whether it is a 'Regional' or a 'Global' issue, and how policy will respond?

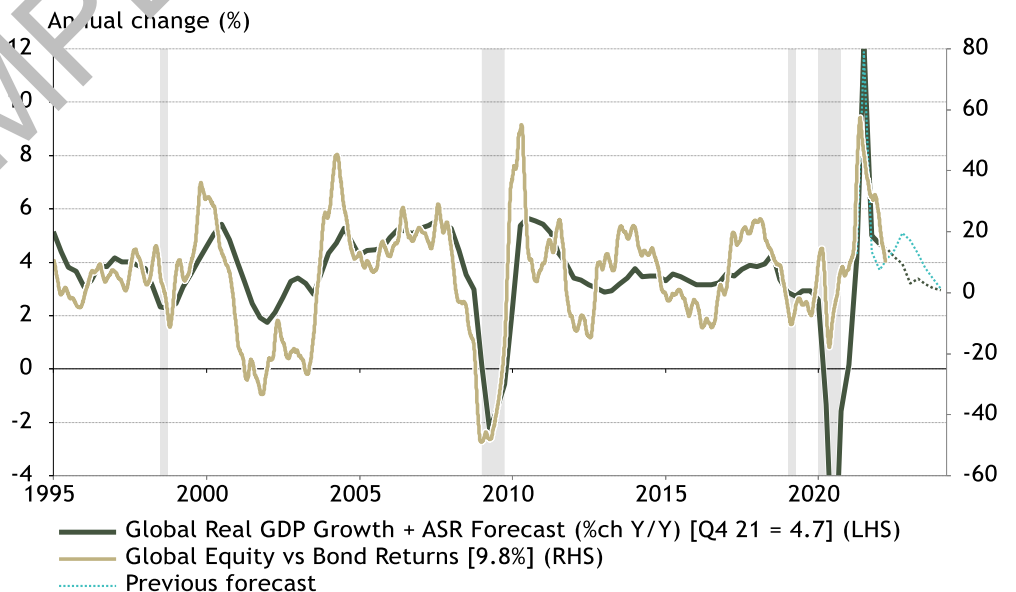
We explore three playbooks for how previous crises played out

History can be a useful guide to the future. We explore market and sector moves across three periods when either oil prices increased rapidly or growth slowed asymmetrically; the 1990 Gulf War, the 1970s Stagflation and the 1998 Asian crisis.

Our framework suggests staying with a strategic Defensive allocation

Although we have seen Equities 'bounce' on hope that the crisis de-escalates, our top-down models still point to Defensive regional and sector allocations. There are exceptions; we like Eurozone Defence and Renewables and switch Banks for Energy.

The Macro Backdrop is Still Defensive: Even After Yesterday's 'Bounce'



Source: ASR Ltd. / Refinitiv Datastream