

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
Equities					
MSCI World	USD	4.3%	-4.1%	-6.2%	17.0%
S&P 500	USD	5.7%	-3.8%	-8.8%	23.3%
Nasdaq	USD	7.4%	-3.6%	-11.0%	24.9%
Russell 2000	USD	1.8%	-8.1%	-16.6%	10.0%
Stoxx 600-Europe	EUR	-1.9%	-9.1%	-3.6%	6.0%
Nikkei 225	JPY	-0.6%	-8.1%	-15.2%	19.1%
MSCI Asia Pac ex-Japan	USD	-4.2%	-6.6%	-4.6%	7.6%
ASEAN	USD	-2.3%	-4.9%	-7.7%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	-2.9%	-4.8%	-4.8%	14.7%
Hang Seng Index	HKD	-8.7%	-12.2%	4.4%	17.5%
Shanghai Stock Exchange Composite Index	CNY	-3.1%	-4.2%	-3.5%	12.7%
FBMKLCI	MYR	-3.4%	-2.9%	-10.0%	12.8%
Fixed Income					
Berg Barclays Global Agg Index	USD	-0.4%	1.1%	3.8%	-1.7%
JPM Asia Credit Index-Core	USD	-3.0%	-2.7%	-0.2%	6.0%
Asia Dollar Index	USD	0.5%	0.1%	0.9%	-4.1%
Bloomberg Malaysia Treasury -10 Years	MYR	-0.3%	0.8%	1.8%	4.3%

Top Performing Principal Funds

	1-mth as of (31 March 2025)	YTD as of (31 March 2025)
Equities		
Principal China-India-Indonesia Opportunities MYR	4.54	1.89
Principal Commodity USD	2.45	8.98
Principal China Direct Opportunities USD	2.35	3.50
Balanced		
Principal Asia Pacific Dynamic Mixed Asset MYR	1.16	3.36
Principal Lifetime Enhanced Bond	0.35	1.05
Principal Islamic Lifetime Balanced	0.04	-3.89
Fixed Income		
Principal Islamic Global Sukuk USD	0.65	1.30
Principal Lifetime Bond	0.44	1.27
Principal Conservative Bond	0.43	1.21

Source: Bloomberg, market data is as of 11th April 2025.

*As we emphasise a long-term focus, the top performing funds were selected based on monthly performance.

*The numbers may show as negative if there is no positive return for the period under review.

The fund performance was referenced from the daily performance report, data was extracted from Lipper.

The performance figures are based on the fund's respective currency class.

*Past performance is not an indication of future performance.

Market Review ¹

1. This week, the global financial markets exhibited mixed performance. Among developed markets, the US experienced positive gains, while Japan and Europe experience decline.
2. Across Asia, market performance was largely negative. The Taiwan and Hong Kong market experienced the largest decline, while Thailand experienced marginal gains. In Malaysia, the FBMKLCI closed the week in the red.
3. In the bond market, the US 10-year Treasury yield edged higher in the 4.5% range as dizzying trade moves by President Donald Trump caused investors to exit U.S. assets in favor of other global safe havens. (It's worth noting that bond prices move in the opposite direction of bond yields.)

Macro Factors

1. In the U.S., market sentiments extended their volatile momentum following consecutive rallies and selloffs his week, as markets continued to assess risks of a recession in the US after further escalation in its trade war with China. A series of swift changes in tariffs by President Trump so far settled with 145% levies on China, driving Asia's largest economy to retaliate with tariffs of 125%, although US tariffs on metals and chemicals remain pledged. The annual inflation rate eased for a second consecutive month to 2.4% in March 2025, the lowest since September, down from 2.8% in February. ²
2. In Europe, the stock market had a volatile week dominated by escalating trade tensions between the U.S. and China, which reignited fears of a global recession and shaken investor confidence. The EU temporarily suspended its planned retaliatory tariffs for a 90-day period, mirroring Washington's move in an effort to foster dialogue. Eurozone retail trade rose by 0.3% month-over-month in February 2025, following three consecutive months of stagnation, but fell short of market expectations. ³
3. In China, the Ministry of Finance announced it will increase tariffs on American goods to 125% from the previous 84%, set to take effect on April 12. The move followed a US clarification on Thursday that its tariffs on Chinese goods now stand at 145%, higher than the previously signalled 125%. China's consumer prices fell by 0.1% year-on-year in March 2025, missing market expectations and marking the second consecutive month of drop, as the ongoing trade dispute with the U.S. threatens to exert further downward pressure on prices. ⁴
4. In Malaysia, post the US reciprocal tariff announcement, the Ministry of Investment, Trade & Industry (MITI) recognized the tariffs as disruptive but stressed Malaysia's focus on maintaining open trade rather than retaliating. MITI reiterated its intention to protect national economic interests while reinforcing U.S. trade relations. The S&P Global Malaysia manufacturing PMI declined to 48.8 in March 2025, down from 49.7 in February, marking the tenth straight month of contraction in the sector. ⁵

Investment Strategy ⁶

Market volatility is likely to remain elevated in the weeks ahead as investors assess rapidly shifting tariff developments and consider the potential implications for growth, inflation, central bank policy, and financial markets. Nevertheless, we believe incremental news flow could become more supportive as we approach the second half of the year, as clarity emerge with countries beginning negotiation and offering concessions.

Investors should not lose sight of timeless investment principles as we believe **markets are likely to refocus on fundamentals** that should support the equity market rally further. We reiterate the importance of to keeping sight of longer-term investing principles that can boost risk-adjusted rates of return **through portfolio diversification** and an emphasis on **quality growth and income** to navigate the volatility ahead. In response to the tariff developments, our strategy has also emphasized focusing on companies that demonstrate the attributes of **large-cap defensiveness, with earnings that are more domestically focused**.

We remain a slight preference for equities over fixed income. Key themes for 2025 include: i) the impact of policy shifts on China's recovery; ii) the U.S. economic outlook; and iii) the influence of tariffs and geopolitical risks on asset prices.

Sources:

- ¹ Bloomberg, 11th April 2025
- ² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 11th April 2025
- ³ S&P Global, ECB, Factset, Bank of England (BoE), 11th April 2025
- ⁴ Bloomberg, National Bureau of Statistic China, CEWC, 11th April 2025
- ⁵ Department of Statistic Malaysia, S&P Global, 11th April 2025
- ⁶ Principal view, 11th April 2025

*SEZ refers to Special Economic Zone

*PMI refers to Purchasing Manufacturing Index

*HCOB refers to Hamburg Commercial Bank

*NBS PMI refers to official data released by National Bureau of Statistic in China

*Caixin PMI refers to data published by Caixin Media and ISH Markit. It provides alternative gauge focusing on smaller and medium-sized enterprises.

*ECB refers to European Central Bank

*PBOC refers to People's Bank of China

*PCE refers to Personal Consumption Expenditure

*FOMC: Federal Open Market Committee

*y-o-y refers to year on year

*m-o-m refers to month on month

*UST refers to United States Treasury

*BNM refers to Bank Negara Malaysia

Disclaimer:

We have based this document on information obtained from sources we believe to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness, or correctness. Expressions of opinion contained herein are those of Principal Asset Management Berhad only and are subject to change without notice. This document should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell Principal Asset Management Berhad's investment products. The data presented is for information purposes only and is not a recommendation to buy or sell any securities or adopt any investment strategy. This material is not intended to be relied upon as a forecast, research, or investment advice regarding a particular investment or the markets in general, nor is it intended to predict or depict performance of any investment. We recommend that investors read and understand the contents of the funds' prospectus and product highlights sheet available on the Principal website, which have been duly registered with the Securities Commission Malaysia (SC). Registration of these documents does not amount to nor indicate that the SC has recommended or endorsed the product or service. There are risks, fees and charges involved in investing in the funds. You should understand the risks involved, compare, and consider the fees, charges and costs involved, make your own risk assessment, and seek professional advice, where necessary. This article has not been reviewed by the SC.