

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
Equities					
MSCI World	USD	0.1%	-5.3%	-6.1%	17.0%
S&P 500	USD	-1.5%	-5.9%	-10.2%	23.3%
Nasdaq	USD	-2.3%	-6.3%	-13.1%	24.9%
Russell 2000	USD	1.1%	-8.3%	-15.7%	10.0%
Stoxx 600-Europe	EUR	4.1%	-8.3%	0.3%	6.0%
Nikkei 225	JPY	3.4%	-7.6%	-12.4%	19.1%
MSCI Asia Pac ex-Japan	USD	2.6%	-6.5%	-2.1%	7.6%
ASEAN	USD	3.9%	-1.3%	-4.1%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	0.6%	-5.8%	-4.2%	14.7%
Hang Seng Index	HKD	2.2%	-13.8%	6.7%	17.5%
Shanghai Stock Exchange Composite Index	CNY	1.2%	-4.4%	-2.3%	12.7%
FBMKLCI	MYR	1.8%	-2.8%	-8.4%	12.8%
Fixed Income					
Bberg Barclays Global Agg Index	USD	1.0%	2.1%	4.8%	-1.7%
JPM Asia Credit Index-Core	USD	1.2%	-1.2%	0.9%	6.0%
Asia Dollar Index	USD	0.1%	0.2%	1.1%	-4.1%
Bloomberg Malaysia Treasury -10 Years	MYR	0.3%	0.9%	2.1%	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 18th 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, Japan and Europe experienced positive gains, while the United States experience a decline.
2. Across Asia, market performance was largely positive. India and Japan experienced the largest gains, while China onshore experienced a marginal decline. In Malaysia, the FBMKLCI closed the week in the green.
3. In the bond market, the US 10-year Treasury yield edged lower to the 4.3% range as investors weighed the state of the U.S. economy after Federal Reserve Chair Jerome Powell raised concerns about the inflationary and economic growth risks of the White House’s tariffs. (It’s worth noting that bond prices move in the opposite direction of bond yields.)

Macro Factors

1. In the U.S., market sentiments remained mixed as investors digested President Trump’s comments on “big progress” in trade talks with Japan and his push for a deal with China. Jitters over tariffs and Trump’s renewed criticism of Fed Chair Jerome Powell, including calls for rate cuts, added to the uncertainty. Retail sales in the US jumped 1.4% mom in March 2025, following a 0.2% gain in February and slightly better than forecasts. ²
2. In Europe, the ECB cut all three of its key interest rates by 25 basis points, lowering the main refinancing rate to 2.40%, the deposit rate to 2.25% and the marginal lending facility to 2.65%, as expected. The decision reflects growing confidence that inflation is on track to return sustainably to the 2% target. Both headline and core inflation have continued to ease, with services inflation also cooling. ³
3. In China, market remained cautious with Beijing set conditions for entering new talks with the US, calling for greater respect, policy consistency, and a clearly designated US negotiator with full backing from President Trump. Meanwhile, Trump indicated a possible de-escalation of trade tensions with China, stating he does not want tariffs to rise further and may even consider reducing them at some point. China’s economy grew 5.4% year-on-year in Q1 of 2025, maintaining the same pace as in Q4 and exceeding market expectations of 5.1%. Foreign direct investment (FDI) sank by 10.8% from the previous year to about \$36.9 billion in the first quarter of 2025. The result followed the 27.1% slump in 2024. ⁴
4. In Malaysia, economy expanded 4.4% year-on-year in Q1 2025, easing from 5% growth in the previous quarter, according to preliminary estimates. Malaysia’s trade surplus increased to MYR 24.7 billion in March 2025, up from MYR 12.7 billion in the same month of 2024, surpassing market estimates. 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.

18th April 2025

Weekly Market Recap

Sources:

¹ Bloomberg, 18th April 2025

² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 18th April 2025

³ S&P Global, ECB, Factset, Bank of England (BoE), 18th April 2025

⁴ Bloomberg, National Bureau of Statistic China, CEWC, 18th April 2025

⁵ Department of Statistic Malaysia, S&P Global, 18th April 2025

⁶ Principal view, 18th 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 Statis 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

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