

Market Data

Asset Class	Currency	1-wk	1-mth	YTD	2024
Equities					
MSCI World	USD	2.80%	1.50%	0.50%	17.00%
S&P 500	USD	2.90%	0.20%	-3.30%	23.30%
Nasdaq	USD	3.40%	2.60%	-4.40%	24.90%
Russell 2000	USD	3.20%	-1.30%	-9.50%	10.00%
Stoxx 600-Europe	EUR	2.90%	0.10%	6.40%	6.00%
Nikkei 225	JPY	2.30%	2.20%	-7.80%	19.10%
MSCI Asia Pac ex-Japan	USD	4.10%	2.30%	4.40%	7.60%
ASEAN	USD	4.80%	4.10%	2.70%	7.70%
Shanghai Shenzhen CSI 300 Index	CNY	-0.40%	-2.80%	-4.20%	14.70%
Hang Seng Index	HKD	2.60%	-3.00%	12.50%	17.50%
Shanghai Stock Exchange Composite Index	CNY	-0.50%	-2.00%	-2.20%	12.70%
FBMKLCI	MYR	2.00%	-0.60%	-6.10%	12.80%
Fixed Income					
Bberg Barclays Global Agg Index	USD	0.00%	2.10%	5.10%	-1.70%
JPM Asia Credit Index-Core	USD	0.30%	-0.70%	1.90%	6.00%
Asia Dollar Index	USD	1.50%	2.10%	2.60%	-4.10%
Bloomberg Malaysia Treasury -10 Years	MYR	0.10%	1.10%	2.60%	4.30%
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 2nd May 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 positive performance. Among developed markets, Japan experienced the largest gains, followed by the United States and Europe.
2. Across Asia, market performance was mixed. Thailand experienced the largest gains, while China onshore experienced the largest decline. In Malaysia, the FBMKLCI closed the week in the green.
3. In the bond market, the US 10-year Treasury yield edged higher to the 4.3% range as investors cheered April’s nonfarm payrolls data that beat expectations. (It’s worth noting that bond prices move in the opposite direction of bond yields.)

Macro Factors

1. In the U.S., sentiment turned positive, supported by robust earnings results from some of the big technology companies. The U.S. economy contracted at an annualized rate of 0.3% in the first quarter of 2025, marking the first decline since the first quarter of 2022. This was a sharp reversal from 2.4% growth in the previous quarter and came in below market expectations. The ISM Manufacturing PMI slipped to 48.7 in April 2025 from 49.0 in March, slightly above market expectations of 48. ²
2. In Europe, market optimisms continued following President Donald Trump’s signals of potential agreements with India, Japan, and South Korea, along with his confidence in a deal with China. The advance estimate showed the economy grew by 1.2% year-on-year in Q1 2025, matching the previous quarter’s pace and surpassing market expectations for a 1% expansion. Consumer price inflation remained steady at 2.2% in April 2025, slightly exceeding market expectations and hovering just above the European Central Bank’s 2.0% target midpoint, according to a preliminary estimate. ³
3. In China, the recent developments indicated China is considering the possibility of discussing tariffs with the U.S., according to a statement from the Chinese commerce ministry. The ministry said it is evaluating recent U.S. signals but emphasized that Washington must "show sincerity" by correcting its practices and removing unilateral tariffs to initiate talks. China’s official NBS Manufacturing PMI fell to 49.0 in April 2025 from March’s 12-month high of 50.5, below market expectations. Meanwhile, the Caixin China General Manufacturing PMI also fell to 50.4 in April 2025, down from March’s four-month high of 51.2. ⁴
4. In Malaysia, the S&P Global Malaysia Manufacturing PMI edged down to 48.6 in April 2025 from 48.8 in March, marking the 11th consecutive month of fall in the manufacturing sector. Meanwhile, the government is considering delaying the planned expansion of its sales and service tax, offering a reprieve to manufacturers facing pressure from looming U.S. tariffs. The widening of tax base was initially set to take effect on May 1. 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.

2nd May 2025

Weekly Market Recap

Sources:

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