

Market Data

Asset Class	Currency	1-wk	1-m th	YTD	2024
Equities					
MSCI World	USD	-1.4%	-4.4%	-1.8%	17.0%
S&P 500	USD	-1.5%	-6.3%	-5.1%	23.3%
Nasdaq	USD	-2.4%	-7.7%	-8.2%	24.9%
Russell 2000	USD	-1.7%	-6.4%	-9.3%	10.0%
Stoxx 600-Europe	EUR	-1.2%	-2.4%	7.2%	6.0%
Nikkei 225	JPY	-0.8%	0.6%	-6.3%	19.1%
MSCI Asia Pac ex-Japan	USD	-0.7%	1.4%	2.8%	7.6%
ASEAN	USD	1.4%	1.7%	-1.5%	7.7%
Shanghai Shenzhen CSI 300 Index	CNY	0.0%	0.6%	-0.6%	14.7%
Hang Seng Index	HKD	-1.1%	2.5%	17.2%	17.5%
Shanghai Stock Exchange Composite Index	CNY	-0.4%	0.9%	-0.1%	12.7%
FBMKLCI	MYR	0.8%	-2.2%	-6.3%	12.8%
Fixed Income					
Bberg Bardays Global Agg Index	USD	0.0%	0.5%	2.5%	-1.7%
JPM Asia Credit Index-Core	USD	-0.5%	-0.4%	2.0%	6.0%
Asia Dollar Index	USD	-0.1%	0.4%	0.4%	-4.1%
Bloomberg Malaysia Treasury -10 Years	MYR	0.0%	0.6%	1.4%	4.3%
Top Performing Principal Funds					
		1-m th as of (28 February 2025)		YTD as of (28 February 2025)	
Equities					
Principal Greater Bay MYR Hedged		9.56		6.02	
Principal Greater China Equity		6.51		4.82	
Principal Asia Titans MYR		2.51		1.49	
Balanced					
Principal Asia Pacific Dynamic Mixed Asset MYR		2.21		2.17	
Principal Emerging Markets Multi Asset USD		1.01		2.94	
Principal Global Multi Asset Income MYR		0.64		1.83	
Fixed Income					
Principal Global Income USD		0.78		1.88	
Principal Lifetime Bond		0.48		0.83	
Principal Islamic Lifetime Sukuk		0.46		0.80	

Source: Bloomberg, market data is as of 28th March 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 negative performance. Among developed markets, the US experienced the largest declines, followed by the Europe and Japan.
2. Across Asia, market performance was mixed. Indonesia experienced the largest gains, while Taiwan recorded the largest decline. In Malaysia, the FBMKLCI closed marginally positive.
3. In the bond market, the US 10-year Treasury yield edged closer in the 4.10% range, as investors assessed some weak economic data, while also waiting details on U.S. President Donald Trump's tariff policy (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 with investors assessed the potential fallout from Trump's new auto tariffs. Late Wednesday, the US administration announced a 25% tariff on all imported cars and light trucks, set to take effect on April 2, alongside reciprocal tariffs on nations imposing levies on US goods. Meanwhile, PCE prices in the United States increased 2.5% year-on-year in January 2025, marking its first slowdown in four months, compared to 2.6% in December 2024, and in line with expectations. The US economy expanded an annualized 2.3% in Q4 2024, the slowest growth in three quarters, down from 3.1% in Q3 and in line with the advance estimate. ²
2. In Europe, market sentiment turned weaker after US administration announced a 25% tariff on auto imports starting next week. German automakers, which account for nearly three-fourths of the EU's car exports to the US, are expected to bear the brunt of the impact, with Porsche, BMW, Mercedes, Volkswagen, and Audi among those affected. The HCOB Eurozone Manufacturing PMI climbed to 48.7 in March 2025, up from 47.6 in February and exceeding, preliminary data showed. ³
3. In China, reports show that the government has significantly increased debt issuance in Q1 of 2025 to stimulate growth and stabilize the bond market. The finance ministry has raised a net CNY 1.45 trillion via sovereign notes, three times more than the same period last year and a record for any first quarter. Profits of China's industrial firms shows marginal improvement, with data indicated a declined of 0.3% yoy to CNY 910.99 billion in the first two months of 2025, compared to a 3.3% drop in 2024. ⁴
4. In Malaysia, the central bank, in its recent economic and monetary review, has provided its projection that the economy will expand between 4.5% and 5.5% in 2025, following a 5.1% expansion in 2024. The growth will be driven by sustained domestic demand, though external uncertainties may weigh on exports. The annual inflation rate dropped to 1.5% in February 2025 from 1.7% in the previous two months, marking the lowest print since January 2024 and meeting market estimates. ⁵

Investment Strategy ⁶

- ✓ Volatility may rise as markets countdown to reciprocal tariff announcement on 2 April. Historical performance, while not a guarantee of future results, indicates that waiting for more significant drawdowns risks missing out on rapid market recoveries.
- ✓ Investors should not lose sight of timeless investment principles as we believe **markets are likely to refocus on fundamentals** that should support the equity 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.
- ✓ We slightly prefer 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 regarding a soft landing; and iii) the influence of geopolitical risks on asset prices.

28th March 2025

Weekly Market Recap

Sources:

- ¹ Bloomberg, 28th March 2025
- ² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 28th March 2025
- ³ S&P Global, ECB, Factset, Bank of England (BoE), 28th March 2025
- ⁴ Bloomberg, National Bureau of Statistic China, CEWC, 28th March 2025
- ⁵ Department of Statistic Malaysia, S&P Global, 28th March 2025
- ⁶ Principal view, 28th March 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

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