

Multi-Asset Performance Summary

Investment Strategy | February 4 2025

Positive start to the year despite tariff uncertainty and AI shockwave

This monthly note summarises performance trends across key asset classes and detailed segments of equities and fixed income.

Global markets kick-started the year on a positive note with both equities and bonds recording positive returns. US economy continued to show signs of strength with the US GDP growing at an annualized rate of 2.3% in Q4'24, driven by strong consumer spending growth. Nonfarm payrolls rose by 256k in December, better than market expectations. US December CPI rose modestly but in line with expectations while PPI was weaker than expected. However, December US retail sales surprised on the downside. In addition, the S&P Global US Purchasing Managers Index (PMI) Composite Output Index dropped to a nine-month low with the slowdown mainly from the services sector. Meanwhile in Europe, December CPI rose in line with expectations while PPI surprised on the upside. Business activity grew with the composite PMI hitting a 5-month high. However, data in the UK (CPI, RPI, retail sales) came weaker than expected in December. In Asia, China's economy grew 5.4% YoY in Q4 2024 and 5% in 2024, in line with the official target. Retail sales and industrial production in China grew more than expected in December.

Turning to central bank activity, the Federal Reserve held rates steady in their first meeting in 2025 and signalled no rush to cut rates. The ECB cut the deposit rate by 25bp as expected and hinted at more easing due to headwinds on the growth outlook. The Bank of Canada also cut rates by 25bp and warned that the tariff war with the US could pose major risks on growth and inflation. Central banks at Switzerland, Sweden, and New Zealand also delivered interest rate cut. The Bank of Japan, the only G10 central bank in a hiking cycle, raised rates by 25bp to 0.5%. The central Bank of China left its 1Y and 5Y loan prime rates unchanged during January.

US markets cheered the return of Donald Trump being formally inaugurated as the 47th President of the US and his "America First" Strategy. Following his inauguration, Trump signed a slew of executive orders. Most of the policy changes focused on retracting Biden-era executive orders and actions. Initially, Trump said that he would rather not put tariffs on China, but tariff tensions rose during the last week of January. During the same week, reports of Chinese start-up DeepSeek introducing a new, free to use AI model sent shockwaves across the US tech market in particular AI related companies, putting doubts into investors' minds on the amount of funding required to develop AI models.

Equities: The broad MSCI All Country World index of developed and emerging market equities rose 3.36%. DM equities outperformed EM equities although both indexes rose. In terms of regional performance, EM Latam, Europe ex UK and UK were the best performers while APAC ex Japan underperformed the most. Within EM, Brazil was the best performer while India underperformed. Amongst sectors, all sectors recorded gains with the exception of IT which declined just over 1%. Communication Services, Healthcare and Financials were the best performers in January.

Fixed income: Global aggregate bonds rose in January, but underperformed Global equities. All fixed income indices generated positive returns with the exception of EU Treasury. EM LCY Sovereign outperformed the most. Global HY, EM USD Sovereign, US HY all rose over 1%. Both in sovereign and credit, US bonds outperformed European bonds. In terms of maturity, 7-10Y maturity bonds were the best performers in the US while short-duration bonds outperformed the most in Europe.

Commodities: Aggregate commodity index rose 3.6% in January. Bloomberg energy index rose 1%; agriculture index rose 4%. precious metals rose over 7%, driven by strong jump in gold prices. Oil prices rose c3%. Bloomberg industrial metals sub-index rose 1% in January.

FX: The USD inched marginally lower in January, after rising for three consecutive months. EUR/USD ended almost flat. GBP/USD declined by 1%. The JPY strengthened against the USD.

Others: Cryptocurrencies index was the best performing asset class, rising 6.39% in January. Global REITs registered gains of 1.5%.

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Exhibit 1: Performance of major asset classes

Major asset classes	1Y	YTD	6M	3M	1M
Cryptocurrencies index	82.09%	6.39%	28.37%	40.09%	6.39%
Commodity Aggregate	3.79%	3.58%	6.06%	4.28%	3.58%
Global Equities	20.72%	21.43%	7.37%	4.68%	3.36%
Global REIT	5.46%	1.54%	-0.27%	-3.88%	1.54%
Global HY Credit	10.90%	1.37%	5.21%	1.64%	1.37%
Global Aggregate Bonds	0.25%	0.57%	-0.64%	-1.25%	0.57%
Dollar Index spot	4.93%	-0.11%	4.11%	4.23%	-0.11%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2025.

Exhibit 2: Performance of major global bond indices

Global bond indices*	1Y	YTD	6M	3M	1M
EM LCY sovereign	4.29%	1.42%	2.57%	0.57%	1.42%
Global High Yield	10.90%	1.37%	5.21%	1.64%	1.37%
EM USD sovereign	9.91%	1.37%	4.44%	1.48%	1.37%
US HY	9.68%	1.37%	4.87%	2.10%	1.37%
Global Infl-Linked	-0.85%	0.96%	-2.71%	-2.37%	0.96%
EM USD Corp + Quasi-Sov	6.84%	0.77%	2.53%	0.48%	0.77%
EU HY	8.10%	0.63%	4.62%	1.86%	0.63%
Global Corporate	2.33%	0.63%	0.25%	-0.76%	0.63%
Global Aggregate Credit	2.01%	0.59%	0.01%	-0.96%	0.59%
Global Treasuries	-1.18%	0.58%	-1.22%	-1.64%	0.58%
Global Aggregate	0.25%	0.57%	-0.64%	-1.25%	0.57%
US IG	2.86%	0.55%	0.79%	-0.07%	0.55%
US Treasury	1.38%	0.52%	-0.21%	-0.26%	0.52%
EU IG	5.06%	0.44%	2.87%	1.63%	0.44%
EU Treasury	2.17%	-0.21%	1.40%	0.68%	-0.21%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2025.

Exhibit 3: Performance of US Treasury index – by maturity

US Treasury Index by maturity*	1Y	YTD	6M	3M	1M
7-10 Year	0.12%	0.67%	-1.29%	-0.63%	0.67%
5-7 Year	1.49%	0.65%	-0.36%	-0.02%	0.65%
3-5 Year	2.63%	0.59%	0.81%	0.52%	0.59%
10-20 Year	-2.27%	0.57%	-3.39%	-2.23%	0.57%
1-3 Year	4.11%	0.44%	2.07%	0.96%	0.44%
20+ Year	-5.13%	0.29%	-5.32%	-3.95%	0.29%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2025.

Exhibit 4: Performance of EU Treasury index – by maturity

EU Treasury Index by maturity*	1Y	YTD	6M	3M	1M
1-3 Year	3.25%	0.14%	2.08%	0.97%	0.14%
3-5 Year	2.74%	0.07%	2.01%	1.06%	0.07%
5-7 Year	2.54%	0.01%	1.82%	1.07%	0.01%
7-10 Year	2.15%	-0.02%	1.38%	0.81%	-0.02%
10+ Year	0.74%	-0.92%	0.21%	-0.14%	-0.92%
20+ Year	-0.84%	-1.51%	-0.76%	-0.89%	-1.51%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2025.

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Exhibit 5: Performance of EM USD sovereign bonds – by grade and by region

EM USD sovereign	1Y	YTD	6M	3M	1M
EM sovereign HY	17.32%	1.86%	8.45%	3.52%	1.86%
EM USD sovereign	9.91%	1.37%	4.44%	1.48%	1.37%
EM sovereign IG	1.75%	0.87%	-0.38%	-0.97%	0.87%
Region					
Asia	4.59%	0.89%	1.67%	-0.20%	0.89%
Indonesia	2.27%	0.74%	0.55%	-1.10%	0.74%
China	3.51%	0.69%	1.39%	0.69%	0.69%
South Korea	1.97%	0.61%	-0.28%	-0.35%	0.61%
Malaysia	2.01%	0.39%	-0.16%	-1.21%	0.39%
Philippines	1.34%	0.39%	-0.29%	-1.56%	0.39%
EMEA	7.80%	1.29%	2.78%	0.73%	1.29%
Egypt USD sovereign	35.70%	2.66%	9.25%	3.25%	2.66%
Hungary	3.11%	1.59%	0.08%	0.11%	1.59%
Bahrain	8.27%	1.29%	3.06%	0.58%	1.29%
Turkey	10.72%	1.26%	3.44%	1.15%	1.26%
Poland	0.91%	1.08%	-0.85%	-0.74%	1.08%
Saudi Arabia	3.03%	1.08%	0.66%	-0.38%	1.08%
Oman	6.06%	0.89%	2.17%	0.72%	0.89%
Kuwait	3.48%	0.77%	2.38%	0.08%	0.77%
S.Africa	6.87%	0.68%	0.97%	-1.11%	0.68%
Qatar	3.21%	0.67%	0.03%	-1.41%	0.67%
UAE	2.70%	0.50%	0.27%	-0.95%	0.50%
LATAM	15.39%	1.69%	8.06%	3.22%	1.69%
Brazil	2.72%	2.46%	0.28%	-1.58%	2.46%
Argentina	110.08%	2.17%	58.91%	20.90%	2.17%
Colombia	2.14%	1.07%	0.33%	1.24%	1.07%
Peru	-0.05%	0.95%	-1.72%	-1.44%	0.95%
Mexico	-1.62%	0.81%	-2.56%	-1.46%	0.81%
Chile	0.56%	0.41%	-1.15%	-1.81%	0.41%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2025.

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Exhibit 6: Performance of EM USD corporate bonds – by grade and by region

EM corporate bonds	1Y	YTD	6M	3M	1M
EM USD Corp + Quasi-Sov HY	12.43%	1.23%	5.43%	1.66%	1.23%
EM USD Corp + Quasi-Sov IG	6.84%	0.77%	2.53%	0.48%	0.77%
EM USD Corp + Quasi-Sov	4.57%	0.56%	1.31%	-0.02%	0.56%
Region					
Asia	5.55%	0.65%	1.83%	0.33%	0.65%
India	7.21%	0.86%	2.33%	0.55%	0.86%
Thailand	4.61%	0.69%	0.57%	-0.43%	0.69%
Indonesia	4.74%	0.69%	1.26%	-0.72%	0.69%
China	5.86%	0.63%	1.97%	0.41%	0.63%
South Korea	4.72%	0.61%	1.85%	0.87%	0.61%
Philippines	11.09%	0.57%	3.91%	1.07%	0.57%
Malaysia	2.88%	0.43%	0.48%	-0.98%	0.43%
EMEA	6.47%	0.70%	2.49%	0.59%	0.70%
Poland	2.90%	1.15%	-0.48%	-0.15%	1.15%
Turkey	9.71%	0.98%	4.71%	1.65%	0.98%
South Africa	7.94%	0.91%	3.45%	1.18%	0.91%
Saudi Arabia	4.51%	0.54%	1.41%	-0.03%	0.54%
Kuwait	7.25%	0.47%	3.15%	0.60%	0.47%
UAE	4.76%	0.45%	1.71%	0.03%	0.45%
Qatar	4.40%	0.25%	1.13%	-0.43%	0.25%
Bahrain	6.53%	0.01%	3.40%	0.50%	0.01%
Americas	9.28%	1.00%	3.65%	0.59%	1.00%
Argentina	39.80%	3.15%	29.38%	9.89%	3.15%
Colombia	8.94%	1.77%	4.04%	2.65%	1.77%
Brazil	7.79%	1.47%	2.45%	0.37%	1.47%
Peru	8.06%	0.66%	3.35%	0.95%	0.66%
Chile	5.44%	0.53%	1.25%	-0.37%	0.53%
Mexico	8.34%	0.48%	2.21%	-0.59%	0.48%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of January 31, 2025.

Exhibit 7: Performance of equities – by region

Equities: Regions*	1Y	YTD	6M	3M	1M
EM LatAm	-15.31%	9.51%	-5.36%	-2.84%	9.51%
Europe ex UK	7.29%	7.39%	0.40%	2.15%	7.39%
UK	14.68%	5.21%	1.56%	3.73%	5.21%
EM EMEA	11.43%	4.52%	3.70%	3.60%	4.52%
DM	21.40%	3.53%	8.04%	5.46%	3.53%
ACWI	20.72%	3.36%	7.37%	4.68%	3.36%
GCC	8.83%	3.05%	6.45%	5.77%	3.05%
US	26.41%	3.02%	10.59%	6.60%	3.02%
Canada	15.93%	2.80%	7.79%	3.34%	2.80%
EM	14.75%	1.79%	1.50%	-2.00%	1.79%
Japan	5.15%	1.56%	-2.16%	1.88%	1.56%
APac ex Japan	17.28%	1.38%	2.78%	-2.03%	1.38%

Source: MSCI, Bloomberg, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2025.

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Exhibit 8: Performance of equities – by sector

Equities: Sectors*	1Y	YTD	6M	3M	1M
Comm. Services	37.79%	7.85%	21.31%	12.92%	7.85%
Health Care	4.86%	6.15%	-3.42%	-1.11%	6.15%
Financials	30.37%	5.98%	14.28%	8.69%	5.98%
Materials	1.95%	4.92%	-5.04%	-5.28%	4.92%
Industrials	17.92%	4.40%	4.87%	2.43%	4.40%
Cons. Discr.	28.70%	4.28%	18.98%	14.07%	4.28%
Energy	4.61%	2.54%	-5.32%	-0.70%	2.54%
Utilities	17.43%	1.97%	2.14%	-3.64%	1.97%
Cons. Staples	5.90%	1.73%	0.67%	-0.60%	1.73%
Real Estate	9.10%	1.67%	1.59%	-3.25%	1.67%
IT	26.16%	-1.07%	6.60%	4.16%	-1.07%

Source: MSCI, Bloomberg, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2025.

Exhibit 9: Performance of equities – by factors and themes

Equities: Factors and themes*	1Y	YTD	6M	3M	1M
HK Tech**	57.15%	5.72%	34.31%	4.99%	5.72%
Momentum	30.55%	4.64%	8.94%	5.40%	4.64%
Value	15.58%	4.20%	4.13%	1.83%	4.20%
Mid cap	15.57%	3.83%	5.70%	3.28%	3.83%
Quality	20.62%	3.75%	5.14%	3.72%	3.75%
Large cap	21.68%	3.27%	7.68%	4.94%	3.27%
NYSE FANG+*	50.27%	3.21%	21.33%	16.56%	3.21%
Dividend yield	11.24%	2.94%	2.24%	-0.07%	2.94%
Growth	25.81%	2.59%	10.54%	7.46%	2.59%
Small cap	13.42%	2.59%	2.05%	2.20%	2.59%
Nasdaq-100*	25.33%	2.22%	10.93%	7.98%	2.22%
US Large Cap Growth	34.79%	1.46%	14.90%	10.48%	1.46%

Source: MSCI, NYSE, Hang Seng, Nasdaq, Bloomberg, and ADCB Asset Management | Notes: based on MSCI total return indices in USD terms as at close of January 31, 2025; *price return indices in USD terms as at close of January 31, 2025. **price return indices in USD terms as at close of January 28, 2025.

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Exhibit 10: Performance of select country equity indices

Equities: Select countries*	1Y	YTD	6M	3M	1M
Brazil	-16.11%	12.42%	-4.11%	-4.10%	12.42%
Germany	21.69%	9.35%	12.02%	7.99%	9.35%
Switzerland	6.31%	8.15%	-0.63%	1.56%	8.15%
France	2.24%	8.05%	2.00%	3.57%	8.05%
Spain	20.34%	8.00%	8.22%	2.13%	8.00%
South Korea	-9.55%	6.29%	-18.54%	-7.12%	6.29%
Kuwait	9.11%	5.64%	5.81%	8.94%	5.64%
South Africa	19.20%	5.30%	2.16%	-5.02%	5.30%
Netherlands	0.61%	5.25%	-7.41%	3.92%	5.25%
UK	14.68%	5.21%	1.56%	3.73%	5.21%
Australia	8.07%	5.09%	2.15%	0.11%	5.09%
UAE	25.96%	4.99%	20.00%	16.64%	4.99%
Mexico	-22.98%	3.73%	-11.05%	-2.37%	3.73%
Taiwan	40.47%	3.30%	12.07%	2.91%	3.30%
US	26.41%	3.02%	10.59%	6.60%	3.02%
Canada	15.93%	2.80%	7.79%	3.34%	2.80%
Saudi Arabia	3.96%	2.56%	2.60%	2.64%	2.56%
Japan	5.15%	1.56%	-2.16%	1.88%	1.56%
China	34.83%	0.92%	16.61%	-0.96%	0.92%
Qatar	10.98%	-0.52%	6.08%	-0.03%	-0.52%
China A	19.26%	-2.12%	9.91%	-4.22%	-2.12%
Hong Kong	8.31%	-2.29%	9.20%	-6.30%	-2.29%
India	4.74%	-3.56%	-11.75%	-6.77%	-3.56%

Source: MSCI, Bloomberg, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of January 31, 2025.

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ASSET MANAGEMENT LIMITED

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