

Multi-Asset Performance Summary – March/1Q'24

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

The theme of first quarter of 2024 was upbeat and resilient economic data seen globally, increasing the prospects of soft landing and thus further delaying the urgency of rate reductions. US growth outperformance was confirmed with evidence of strong labour market data, retail sales, PMI surveys showing strong services activity and rebound in manufacturing activity. Macroeconomic data elsewhere also showed encouraging signs with economic surprises turning positive in Eurozone and China. The growth resilience was however, accompanied with stickier inflation prints, raising concerns of slower disinflation process. Rise in geopolitical tensions, concerns of Red sea supply blockages and higher commodity prices also drove inflation concerns. Positive growth and inflation surprises led to markets adjusting their rate cut expectations- which were halved compared to the start of the year- from expectation of six rate cuts in 2024 to three rate cuts.

March saw a lot of central bank action with Swiss National Bank becoming the first DM central bank to cut rates. The Fed's March meeting tone was perceived dovish by market participants with the central bank sticking to the December meeting projections of three rate cuts in 2024 but simultaneously raising the growth and inflation forecasts for 2024. At the same time, the Fed reduced the rate cut projections for 2025 and 2026 and also raised the terminal rate. The European Central Bank kept its main interest rate unchanged but made downward revisions to its growth and inflation forecast, also signalling the likelihood of a June rate cut. The Bank of England also sounded dovish, keeping rates unchanged but signalled rate cuts ahead. The Bank of Japan (BoJ) raised interest rates for the first time in 17 years, setting the policy rate in a range of 0%-0.1%, scrapping its yield-curve control policy and discontinuing purchases of ETFs and REITs but continue with government bonds purchases.

Equities: The broad MSCI All Country World index of developed and emerging market equities rose 7.78% during 1Q'24 amidst increased expectations of interest rate cuts. DM equities outperformed EM equities with the former rising 8.47% and the latter rising 2% in 1Q'24. Within DM, Netherlands was the best performer while Switzerland underperformed. In EM equities, Taiwan outperformed while Hong Kong underperformed in 1Q'24. Amongst sectors, all sectors recorded positive return in the first quarter of the year with the exception of Real Estate. The IT sector was the best performer.

Fixed income: Global aggregate bonds recorded negative returns in 1Q'24, despite posting a positive performance in March. Global HY and EM USD sovereigns were the best performer in 1Q'24. Broadly, short-duration fixed income assets performed well in 1Q'24 as markets pared their aggressive rate cut expectations for 2024. Global Treasuries led the underperformance in 1Q'24, coming under pressure in the first two months of 2024 but posting modest gains in March. Global inflation-linked bonds also underperformed peers in 1Q'24 due to its long-duration characteristics. In EM, EM USD sovereigns gained 1.74% in 1Q'24, mainly driven by the strong performance of EM USD HY sovereigns.

Commodities: Aggregate commodity index rose 0.85% in 1Q'24, but 2.89% in March. Cocoa prices took the headlines as supply disruptions amongst the major producers, like countries in west Africa, accompanied with a short squeeze caused ICE Cocoa future prices to reach fresh new records. Oil prices rose with WTI and Brent prices rising 16.08% and 13.55% respectively in 1Q'24 on supply concerns (attacks on Russia's energy infrastructure, the prospect of OPEC+ staying the course on production cuts and falling US rig count). Gold rose 8.09% with the Bloomberg Precious Metals sub-index rising 5.18%. Bloomberg Industrial Metals sub-index declined 2% in 1Q'24.

FX: The USD was one of the best performing asset in 1Q'24, helped by the US growth outperformance and markets unwinding the Fed rate cut expectations. CHF and JPY were the worst performers in G10 currencies in 1Q'24. JPY weakened against the USD despite the BoJ rate lift-off. EUR weakened versus the USD amidst broad USD strength while GBP ended 1Q'24 marginally weak against the USD.

Others: Cryptocurrencies index was the best performing asset class, rising 57.34% in 1Q'24 while Global REITs declined 1.98% in 1Q'24.

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Exhibit 1: Performance of major asset classes

Major asset classes	1Y	YTD	6M	3M	1M
Cryptocurrencies index	136.06%	57.34%	176.25%	57.34%	13.61%
Global Equities	23.22%	8.20%	20.14%	8.20%	3.14%
Commodity Aggregate	-5.70%	0.85%	-5.10%	0.85%	2.89%
Global REIT	3.95%	-1.98%	12.28%	-1.98%	2.15%
Global HY Credit	12.91%	2.13%	10.87%	2.13%	1.51%
Global Aggregate Bonds	0.49%	-2.08%	5.85%	-2.08%	0.55%
Dollar Index spot	1.93%	3.11%	-1.59%	3.11%	0.32%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 29, 2024.

Exhibit 2: Performance of major global bond indices

Global bond indices*	1Y	YTD	6M	3M	1M
EM USD sovereign	10.58%	1.74%	12.11%	1.74%	2.33%
Global High Yield	12.91%	2.13%	10.87%	2.13%	1.51%
US IG	4.43%	-0.40%	8.07%	-0.40%	1.29%
EU IG	6.82%	0.47%	6.01%	0.47%	1.22%
US HY	11.15%	1.47%	8.74%	1.47%	1.18%
Global Corporate	5.13%	-0.76%	8.01%	-0.76%	1.16%
EM USD Corp + Quasi-Sov	6.51%	1.33%	7.65%	1.33%	1.15%
Global Infl-Linked	-0.58%	-1.79%	6.62%	-1.79%	1.13%
Global Aggregate Credit	4.78%	-0.88%	7.73%	-0.88%	1.10%
EU Treasury	3.88%	-0.65%	6.50%	-0.65%	1.04%
US Treasury	0.05%	-0.96%	4.65%	-0.96%	0.64%
Global Aggregate	0.49%	-2.08%	5.85%	-2.08%	0.55%
EU HY	10.87%	1.54%	7.11%	1.54%	0.43%
Global Treasuries	-1.85%	-2.89%	4.98%	-2.89%	0.26%
EM LCY sovereign	2.60%	-1.06%	5.83%	-1.06%	-0.18%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 29, 2024.

Exhibit 3: Performance of US Treasury index – by maturity

US Treasury Index by maturity*	1Y	YTD	6M	3M	1M
10-20 Year	-4.05%	-2.42%	8.99%	-2.42%	1.48%
20+ Year	-7.35%	-3.83%	9.05%	-3.83%	1.06%
7-10 Year	-1.38%	-1.43%	5.12%	-1.43%	0.81%
5-7 Year	0.63%	-0.87%	4.52%	-0.87%	0.67%
3-5 Year	1.58%	-0.52%	3.61%	-0.52%	0.47%
1-3 Year	2.94%	0.28%	2.84%	0.28%	0.35%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 29, 2024.

Exhibit 4: Performance of EU Treasury index – by maturity

EU Treasury Index by maturity*	1Y	YTD	6M	3M	1M
20+ Year	4.09%	-1.53%	15.61%	-1.53%	2.14%
10+ Year	4.95%	-0.99%	12.57%	-0.99%	1.85%
7-10 Year	4.68%	-0.66%	7.27%	-0.66%	1.15%
5-7 Year	4.00%	-0.76%	5.32%	-0.76%	0.90%
3-5 Year	3.17%	-0.70%	3.68%	-0.70%	0.64%
1-3 Year	2.57%	-0.13%	2.24%	-0.13%	0.36%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 29, 2024.

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

EM USD sovereign	1Y	YTD	6M	3M	1M
EM sovereign HY	19.23%	4.50%	16.06%	4.50%	2.98%
EM USD sovereign	10.58%	1.74%	12.11%	1.74%	2.33%
EM sovereign IG	2.43%	-1.25%	7.32%	-1.25%	1.34%
Region					
Asia	7.59%	-0.07%	9.44%	-0.07%	1.61%
Indonesia	3.56%	-1.88%	7.65%	-1.88%	1.13%
Philippines	2.99%	-1.88%	7.62%	-1.88%	0.91%
China	1.32%	-0.71%	4.66%	-0.71%	0.64%
South Korea	0.38%	-0.98%	5.95%	-0.98%	0.63%
Malaysia	1.55%	-0.56%	6.18%	-0.56%	0.55%
EMEA	9.28%	1.05%	10.12%	1.05%	1.85%
Egypt USD sovereign	45.00%	21.59%	45.04%	21.59%	1.67%
Saudi Arabia	2.51%	-1.22%	6.91%	-1.22%	1.65%
Bahrain	7.78%	1.51%	6.55%	1.51%	1.43%
Oman	8.52%	0.16%	7.98%	0.16%	1.41%
Hungary	7.38%	-1.72%	10.55%	-1.72%	1.34%
Turkey	14.28%	0.64%	10.68%	0.64%	1.28%
UAE	2.41%	-0.97%	6.60%	-0.97%	1.17%
Qatar	1.69%	-1.53%	7.33%	-1.53%	1.13%
Kuwait	2.57%	0.18%	4.20%	0.18%	0.54%
Poland	3.35%	-1.31%	8.09%	-1.31%	0.47%
S.Africa	5.59%	-4.06%	9.24%	-4.06%	0.31%
LATAM	13.81%	3.50%	16.26%	3.50%	3.34%
Argentina	80.10%	27.29%	80.13%	27.29%	14.30%
Colombia	10.33%	-2.31%	11.71%	-2.31%	1.60%
Mexico	3.56%	-0.91%	9.49%	-0.91%	1.35%
Peru	3.69%	-1.79%	8.35%	-1.79%	1.08%
Brazil	5.91%	0.11%	6.93%	0.11%	0.99%
Chile	1.90%	-1.56%	8.78%	-1.56%	0.91%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 29, 2024.

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	10.63%	3.71%	10.38%	3.71%	1.74%
EM USD Corp + Quasi-Sov IG	6.51%	1.33%	7.65%	1.33%	1.15%
EM USD Corp + Quasi-Sov	4.89%	0.38%	6.56%	0.38%	0.91%
Region					
Asia	4.79%	1.03%	7.00%	1.03%	0.85%
Philippines	13.80%	6.22%	12.64%	6.22%	2.72%
Indonesia	9.10%	-0.07%	11.25%	-0.07%	1.67%
Malaysia	3.14%	-0.72%	7.94%	-0.72%	0.88%
China	2.97%	1.24%	6.41%	1.24%	0.79%
Thailand	7.75%	0.60%	9.91%	0.60%	0.69%
South Korea	4.57%	0.58%	4.63%	0.58%	0.60%
India	10.18%	2.11%	8.31%	2.11%	0.39%
EMEA	6.29%	0.97%	6.34%	0.97%	1.07%
Poland	4.28%	0.62%	7.35%	0.62%	1.26%
South Africa	6.79%	0.93%	7.72%	0.93%	1.24%
Saudi Arabia	3.26%	-0.60%	6.38%	-0.60%	1.16%
Qatar	3.13%	0.12%	5.56%	0.12%	0.97%
Kuwait	6.46%	1.29%	4.82%	1.29%	0.84%
UAE	4.30%	0.30%	5.17%	0.30%	0.74%
Bahrain	7.70%	0.71%	4.99%	0.71%	0.63%
Turkey	13.19%	2.31%	7.98%	2.31%	0.61%
Americas	9.82%	2.16%	10.02%	2.16%	1.71%
Argentina	24.19%	4.17%	17.10%	4.17%	2.46%
Mexico	9.83%	2.13%	11.70%	2.13%	2.35%
Chile	3.73%	0.20%	7.05%	0.20%	1.41%
Brazil	10.13%	2.99%	8.76%	2.99%	1.21%
Colombia	14.30%	1.39%	10.33%	1.39%	1.01%
Peru	9.81%	3.17%	8.53%	3.17%	0.56%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 29, 2024.

Exhibit 7: Performance of equities – by region

Equities: Regions*	1Y	YTD	6M	3M	1M
UK	10.86%	3.10%	10.18%	3.10%	4.47%
Canada	15.07%	3.97%	15.65%	3.97%	4.11%
Europe ex UK	15.09%	5.86%	18.92%	5.86%	3.53%
DM	25.11%	8.88%	21.31%	8.88%	3.21%
US	29.67%	10.30%	23.32%	10.30%	3.15%
ACWI	23.22%	8.20%	20.14%	8.20%	3.14%
Japan	25.78%	11.01%	20.10%	11.01%	3.02%
APac ex Japan	5.28%	2.08%	10.09%	2.08%	2.60%
EM	8.15%	2.37%	10.42%	2.37%	2.48%
EM LatAm	22.64%	-3.96%	12.90%	-3.96%	1.05%
EM EMEA	10.50%	1.04%	9.49%	1.04%	0.19%
GCC	11.64%	3.00%	9.75%	3.00%	-1.12%

Source: MSCI, Bloomberg, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 29, 2024.

Exhibit 8: Performance of equities – by sector

Equities: Sectors*	1Y	YTD	6M	3M	1M
Energy	18.51%	9.40%	6.21%	9.40%	7.91%
Materials	8.49%	1.89%	13.66%	1.89%	6.07%
Utilities	2.64%	1.49%	12.42%	1.49%	5.05%
Financials	28.15%	9.28%	22.92%	9.28%	4.32%
Industrials	24.57%	9.08%	23.56%	9.08%	3.68%
Comm. Services	30.97%	11.39%	21.77%	11.39%	3.66%
Real Estate	6.94%	-0.92%	14.69%	-0.92%	2.30%
IT	40.52%	12.05%	31.73%	12.05%	2.30%
Health Care	12.82%	7.05%	13.39%	7.05%	2.22%
Cons. Staples	1.78%	2.65%	8.17%	2.65%	2.11%
Cons. Discr.	19.76%	5.90%	16.30%	5.90%	0.73%

Source: MSCI, Bloomberg, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 29, 2024.

Exhibit 9: Performance of equities – by factors and themes

Equities: Factors and themes*	1Y	YTD	6M	3M	1M
Momentum	35.79%	21.03%	34.17%	21.03%	4.40%
Value	18.01%	6.85%	16.65%	6.85%	4.32%
Dividend yield	13.81%	5.29%	12.84%	5.29%	3.96%
Mid cap	17.08%	5.86%	17.90%	5.86%	3.60%
Small cap	16.46%	3.91%	16.35%	3.91%	3.35%
Large cap	24.33%	8.63%	20.54%	8.63%	3.06%
Quality	33.11%	11.31%	25.25%	11.31%	2.63%
Growth	28.21%	9.50%	23.45%	9.50%	2.05%
US Large Cap Growth**	40.46%	11.76%	26.85%	11.76%	1.47%
HK Tech**	-19.20%	-7.62%	-11.30%	-7.62%	1.35%
Nasdaq-100**	38.49%	8.49%	24.05%	8.49%	1.17%
NYSE FANG+**	61.52%	14.70%	35.66%	14.70%	1.05%

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 March 29, 2024.; **price return indices in USD terms as at close of March 28, 2024.

Exhibit 10: Performance of select country equity indices

Equities: Select countries*	1Y	YTD	6M	3M	1M
Spain	23.41%	8.18%	21.58%	8.18%	11.22%
Taiwan	27.78%	12.43%	31.99%	12.43%	7.89%
Mexico	17.69%	0.50%	19.19%	0.50%	5.39%
South Korea	14.22%	1.62%	17.13%	1.62%	5.16%
South Africa	-4.89%	-6.84%	4.90%	-6.84%	4.70%
UK	10.86%	3.10%	10.18%	3.10%	4.47%
Canada	15.07%	3.97%	15.65%	3.97%	4.11%
Germany	14.80%	7.06%	21.02%	7.06%	3.83%
Netherlands	24.56%	15.46%	38.40%	15.46%	3.63%
US	29.67%	10.30%	23.32%	10.30%	3.15%
France	12.15%	5.88%	16.80%	5.88%	3.10%
Japan	25.78%	11.01%	20.10%	11.01%	3.02%
Australia	12.56%	0.80%	16.14%	0.80%	2.99%
UAE	9.15%	0.35%	-2.77%	0.35%	1.72%
Switzerland	7.03%	-1.28%	8.72%	-1.28%	1.25%
China	-17.05%	-2.19%	-6.32%	-2.19%	0.94%
India	36.83%	6.07%	18.69%	6.07%	0.81%
China A	-16.75%	0.71%	-3.42%	0.71%	-0.11%
Kuwait	4.10%	8.32%	8.02%	8.32%	-0.90%
Saudi Arabia	15.80%	4.72%	13.96%	4.72%	-1.01%
Brazil	26.95%	-7.36%	9.17%	-7.36%	-1.81%
Qatar	-1.44%	-3.62%	0.93%	-3.62%	-3.46%
Hong Kong	-22.86%	-11.67%	-8.64%	-11.67%	-6.45%

Source: MSCI, Bloomberg, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 29, 2024.

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