

MONTHLY COMMENTARY

AHAM Capital Private Retirement Scheme (PRS) March 2024



KEY HIGHLIGHTS



- S&P 500 index closed the month 3.10% higher, marking its best quarterly performance since 2009.
- This was on the back of mounting rate cut expectations and optimism that the Fed could orchestrate a soft landing.
- During its March FOMC meeting, the Fed opted to keep interest rates unchanged as widely anticipated.
- Along with the decision, Fed officials also pencilled in 3 rate hikes for 2024 which was in line with its previous dot plot projections.



- MSCI Asia ex-Japan index rose 2.30% lifted by gains in Taiwan and Korea.
- Nvidia's announcement regarding its latest artificial intelligence (AI) chip, Blackwell, ignited industry enthusiasm and contributed to market gains.
- After 4 months of deflation, China recorded its first month of inflation with the CPI climbing by 0.70% y-o-y exceeding expectations.
- Additionally, China saw an expansion in manufacturing activity, marking the first increase in 6 months. However, it will be important to monitor subsequent data releases to assess if the recovery trend is sustainable.



- Benchmark KLCI closed 1.00% lower largely on the back of profit-taking across various sectors.
- YTD, the local market is up by 5.60% outshining regional peers like Indonesia and Thailand in the 1Q'24.
- The Penang Light Rail Transit (Penang LRT) project received approval from the Cabinet.
- The 10-year MGS yield slipped 2 bps to close at 3.85%. As anticipated, BNM kept the OPR unchanged at 3.00% at its March MPC meeting.

Monthly Market Review

In March, US equities surged on the back of mounting rate cut expectations and optimism that the US Federal Reserve (Fed) could orchestrate a soft landing. The S&P 500 index closed the month 3.10% higher, marking its best quarterly performance since 2009.

During its March FOMC meeting, the Fed opted to keep interest rates unchanged as widely anticipated. Along with the decision, Fed officials also pencilled in 3 rate hikes for 2024 which was in line with its previous dot plot projections. This came despite the Fed slightly revising upward its longer-term rate expectations due to improved growth and inflation outlook.

Fed Chair Jerome Powell also downplayed recent Consumer Price Index (CPI) readings which had exceeded forecasts. Powell maintained that these readings haven't altered the overall downward trend in inflation. Treasury yields dipped in March, with the benchmark 10-Year yield lower by 5 basis points to settle at 4.20%.

In other monetary policy developments, the Bank of Japan (BOJ) announced its decision to exit its negative interest rate policy, raising interest rates to the range of 0 to 0.1% and dismantling its yield curve control mechanism.

In Asia, the MSCI Asia ex-Japan index rose 2.30% lifted by gains in Taiwan and Korea, where their respective equity benchmark gauges recorded gains of 7.00% and 4.00% respectively. Nvidia's announcement regarding its latest artificial intelligence (AI) chip, Blackwell, ignited industry enthusiasm and contributed to market gains.

In China, the MSCI China index rose by 0.90% as consumer prices staged a vigorous rebound. After 4 months of deflation, China recorded its first month of inflation with the CPI climbing by 0.70% y-o-y exceeding expectations. Additionally, China saw an expansion in manufacturing activity, marking the first increase in 6 months. The official PMI rose to 50.8 in March from 49.1 in February, surpassing the 50-point mark that separates growth from contraction. However, it will be important to monitor subsequent PMI releases to assess if the recovery trend is sustainable especially considering other data points like high-frequency mobility have eased.

On the local front, the benchmark KLCI closed 1.00% lower largely on the back of profit-taking across various sectors. Year-to-date (YTD), the local market is up by 5.60% outshining regional peers like Indonesia and Thailand which recorded muted performance of 0.22% and -1.62% respectively.

In notable developments, the Penang Light Rail Transit (Penang LRT) project received approval from the Cabinet, paving the way for its operational launch by 2030. Major beneficiaries of this project include Gamuda, with its 60%-owned SRS Consortium Sdn Bhd being awarded the first segment of the civil works contracts. The Penang LRT project also serves as a positive catalyst for property developers in Penang, especially those with land bank along the track alignment.

On local bonds, the 10-year MGS yield slipped 2 bps to close at 3.85%. As anticipated, Bank Negara Malaysia (BNM) kept the overnight policy rate (OPR) unchanged at 3.00% at its March MPC meeting.

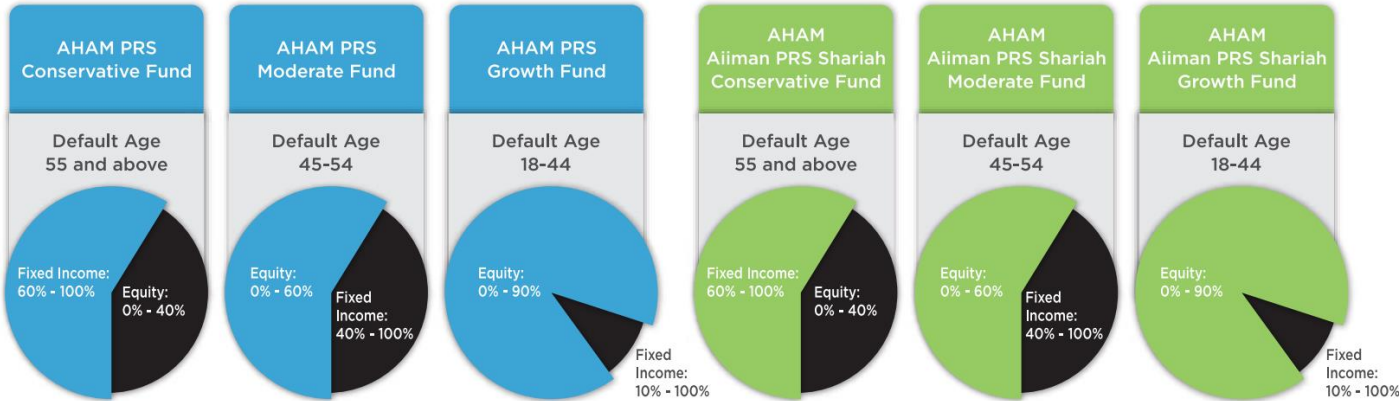
In addition, the central bank also released its Annual Report for 2023 where it expects the country's gross domestic product (GDP) to expand between 4% and 5% in 2024 in line with previous government projections outlined in Budget 2024. BNM expects growth to be underpinned by resilient domestic expenditure, coupled with a rebound in exports.

Similarly, inflationary pressures are expected to stay moderate with BNM expecting the CPI to rise 2.0%-3.5% in 2024 from 2.5% in 2023. Though, the central bank notes that the wider forecast range has taken into account potential upside price pressure from the implementation of subsidy rationalisation measures.

Our Suite of Offerings

Let AHAM Capital be your wealth partner.

We offer a range of Private Retirement Scheme (PRS) Funds that cater to different risk appetites and ages.



Scan the QR code or click the link below to learn more

<https://aham.com.my/get-in-touch/book-an-appointment>

Disclaimer: This article has been prepared by AHAM Asset Management Berhad (hereinafter referred to as "AHAM Capital") specific for its use, a specific target audience, and for discussion purposes only. All information contained within this presentation belongs to AHAM Capital and may not be copied, distributed or otherwise disseminated in whole or in part without written consent of AHAM Capital. The information contained in this presentation may include, but is not limited to opinions, analysis, forecasts, projections and expectations (collectively referred to as "Opinions"). Such information has been obtained from various sources including those in the public domain, are merely expressions of belief. Although this presentation has been prepared on the basis of information and/or Opinions that are believed to be correct at the time the presentation was prepared, AHAM Capital makes no expressed or implied warranty as to the accuracy and completeness of any such information and/or Opinions. As with any forms of financial products, the financial product mentioned herein (if any) carries with it various risks. Although attempts have been made to disclose all possible risks involved, the financial product may still be subject to inherent risk that may arise beyond our reasonable contemplation. The financial product may be wholly unsuited for you, if you are averse to the risk arising out of and/or in connection with the financial product. AHAM Capital is not acting as an advisor or agent to any person to whom this presentation is directed. Such persons must make their own independent assessments of the contents of this presentation, should not treat such content as advice relating to legal, accounting, taxation or investment matters and should consult their own advisers. AHAM Capital and its affiliates may act as a principal and agent in any transaction contemplated by this presentation, or any other transaction connected with any such transaction, and may as a result earn brokerage, commission or other income. Nothing in this presentation is intended to be, or should be construed as an offer to buy or sell, or invitation to subscribe for, any securities. Neither AHAM Capital nor any of its directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (expressed or implied) arising out of, contained in or derived from or any omission from this presentation, except liability under statute that cannot be excluded.

WARNING STATEMENT

A copy of the Disclosure Document, Supplemental Disclosure Document (if any) and Product Highlights Sheet ("PHS") can be obtained at AHAM Asset Management Berhad's ("AHAM Capital") sales offices or at aham.com.my. Investors are advised to read and understand the contents of AHAM PRS Conservative Fund's, AHAM PRS Growth Fund's, AHAM PRS Moderate Fund's, AHAM Aiiman PRS Shariah Conservative Fund's, AHAM Aiiman PRS Shariah Growth Fund's, or AHAM Aiiman PRS Shariah Moderate Fund's Disclosure Document dated 22 November 2022, its First Supplemental Disclosure Document dated 30 August 2023 and the corresponding PHS before investing. There are fees and charges involved when investing in the Fund. Investors are advised to consider and compare the fees and charges as well of the risks carefully before investing. Investors should make their own assessment of the risks involved in investing and should seek professional advice, where necessary. The price of units and distribution payable, if any, may go down as well as up and past performance of the fund should not be taken as indicative of its future performance. The Securities Commission Malaysia has not reviewed this marketing/promotional material and takes no responsibilities for the contents of this marketing/promotional material and expressly disclaims all liability, however arising from this marketing/promotional material.