

Multi-Asset Performance Summary – March 2023

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

Global financial markets experienced bouts of volatility in March as concerns over financial stability rose after the largest US bank failures since 2008. In the beginning of the month, focus was on the implications of a more restrictive Fed policy and pricing in of higher Fed fund terminal rate. But later, banking stress concerns rose with the collapse of Silicon Valley Bank and Silvergate Capital. Banking turmoil later spread to Europe as concerns over health of Credit Suisse triggered fears of contagion amongst European banks. Regulatory action from the FDIC, US Treasury and the Fed helped contain the turmoil in the US banks. Similarly, involvement of the Swiss authorities, the Swiss central bank and the UBS take-over of Credit Suisse helped in averting a banking crisis in Europe. In economic data, US inflation data showed signs of declining inflation trend and met market expectations but core inflation remained sticky. Similarly, in Europe, headline inflation eased in March but core inflation hit a record high. Labor markets remained robust, particularly in the US with strong non-farm payrolls print in February. The PMI data showed that economic activity remained strong despite the rise in recession concerns. In central bank action- the Fed raised rates by 25bp as expected with no material change in the future Fed fund rate projections. The markets interpreted the Fed decision as dovish with the central bank not hinting at multiple rate hikes. In Eurozone, the ECB raised its policy rate by 50bp to 3.5%, and confirmed that it is ready to step in and address any risks to financial stability. The Bank of England delivered a 25bp rate hike in March.

Fixed income: Fixed income markets delivered a strong performance in March as flare-up in banking stress concerns led to increased pricing of rate cuts. Bloomberg Global Aggregate Bond Index posted returns of 3.0% in March. Positive performance in March resulted in a quarterly gain for the bond index. The gains were led by Global Treasuries as increased rate cut expectations and safe-haven demand pushed DM government bond yields lower. UST bond yields declined across the curve and yield curve steepened as short-dated bond yields declined more than long-dated bond yields. Bloomberg US Treasury bond index gained 2.9% in March and 3.0% in 1Q23. Long duration fixed income assets outperformed in March. Global corporate bonds gained 2.8% in March and recorded the second consecutive quarterly gain in 1Q23. Global HY bonds came under pressure with marginal positive returns in March, but recorded a positive gain of 3.1% in 1Q23.

Equities: Global equities delivered positive returns despite the risk-off mood unleashed by the banking stress concerns. Markets were volatile during the month but stabilised towards the end of March in absence of any negative news. The broad MSCI All Country World index of developed and emerging market equities gained 3.1% in March, taking the 1Q23 returns to 7.3%. DM equities and EM equities both recorded returns of 3.1% and 3.0% respectively. Overall, in 1Q23, DM equities strongly outperformed EM equities. Within DM equities, Japan was the best performer in March. In 1Q23, Europe outperformed the most. In EM, APac ex-Japan was the best performer in March and also overall in 1Q23. Amongst sectors, IT was the best performer, gaining 9.5% in March and 20.4% overall in 1Q23. Communication services was also amongst the top performers, gaining 8.8% in March and 17.2% in 1Q23. On the other hand, financials, real estate and energy were the only sectors posting losses in March. Overall in 1Q23, energy underperformed the most.

Commodities: Commodities remained under pressure in March with the rise in recession concerns. Commodities Aggregate Index declined 1.8% in March. Gold prices rose 7.8% in March and 9% in 1Q23, flirting around the 2000 level. Silver prices gained 15% in March. Energy prices declined amidst global demand concerns.

FX: The USD weakened by 2.4% in March, but experienced lot of volatility including brief periods of strength. However, improvement in risk appetite in the end of March and dovish Fed prospects pushed the USD lower. The EUR, GBP and the Yen gained versus the USD.

Others: Cryptocurrencies index gained 9.3% in March. On the other hand, Global REITs recorded strong losses of 5%.

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Exhibit 1: Performance of major asset classes

Asset classes*	1Y	YTD	6M	3M	1M
Cryptocurrencies index	-49.4%	55.8%	25.1%	55.8%	9.3%
Global Equities	-7.4%	7.3%	17.8%	7.3%	3.1%
Global Aggregate Bonds	-8.2%	2.9%	7.6%	2.9%	3.0%
Global HY Credit	-5.0%	2.6%	10.8%	2.6%	0.4%
HF Fund weighted Composite	-1.3%	2.0%	4.4%	2.0%	0.0%
Commodity Aggregate	-16.2%	-7.6%	-6.5%	-7.6%	-1.8%
Dollar Index spot	4.1%	-1.1%	-8.7%	-1.1%	-2.4%
Global REIT	-24.0%	-1.1%	4.9%	-1.1%	-5.0%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 31, 2023.

Exhibit 2: Performance of major global bond indices

Global bond indices*	1Y	YTD	6M	3M	1M
Global Infl-Linked	-15.8%	4.5%	8.7%	4.5%	4.5%
Global Treasuries	-9.3%	3.1%	8.0%	3.1%	3.7%
Global Aggregate	-8.1%	3.0%	7.7%	3.0%	3.2%
US Treasury	-4.5%	3.0%	3.7%	3.0%	2.9%
Global Aggregate Credit	-7.1%	3.3%	8.8%	3.3%	2.8%
EM LCY sovereign	-3.5%	3.1%	9.2%	3.1%	2.8%
US IG	-5.6%	3.5%	7.3%	3.5%	2.8%
Global Corporate	-6.9%	3.5%	9.0%	3.5%	2.8%
EU Treasury	-11.8%	2.5%	0.3%	2.5%	2.4%
EM USD sovereign	-6.8%	2.1%	10.5%	2.1%	1.3%
EM USD Corp + Quasi-Sov	-3.0%	2.2%	7.6%	2.2%	1.2%
US HY	-3.3%	3.6%	7.9%	3.6%	1.1%
EU IG	-7.5%	1.8%	2.9%	1.8%	1.0%
Global High Yield	-4.5%	3.1%	11.4%	3.1%	0.9%
EU HY	-4.2%	2.7%	7.5%	2.7%	-0.3%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 31, 2023.

Exhibit 3: Performance of US Treasury index – by maturity

US Treasury Index by maturity*	1Y	YTD	6M	3M	1M
20+ Year	-17.5%	6.6%	5.1%	6.6%	4.7%
10-20 Year	-12.8%	5.5%	6.4%	5.5%	4.7%
7-10 Year	-5.7%	3.5%	4.5%	3.5%	3.7%
5-7 Year	-3.1%	3.0%	4.3%	3.0%	3.2%
3-5 Year	-1.3%	2.3%	3.6%	2.3%	2.7%
1-3 Year	0.2%	1.6%	2.3%	1.6%	1.6%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 31, 2023.

Exhibit 4: Performance of EU Treasury index – by maturity

EU Treasury Index by maturity*	1Y	YTD	6M	3M	1M
20+ Year	-28.7%	4.3%	-1.3%	4.3%	4.7%
10+ Year	-22.4%	4.3%	0.1%	4.3%	4.0%
7-10 Year	-11.5%	3.3%	1.0%	3.3%	2.8%
5-7 Year	-8.3%	2.3%	0.5%	2.3%	2.3%
3-5 Year	-5.9%	1.4%	0.0%	1.4%	1.7%
1-3 Year	-3.1%	0.8%	0.0%	0.8%	1.0%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 31, 2023.

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

EM USD sovereign bonds*	1Y	YTD	6M	3M	1M
EM USD sovereign IG	-6.9%	2.7%	8.0%	2.7%	2.5%
EM USD sovereign	-6.8%	2.1%	10.5%	2.1%	1.3%
EM USD sovereign HY	-6.5%	1.1%	13.1%	1.1%	0.0%
Region					
Asia	-6.5%	2.6%	8.4%	2.6%	1.6%
China	-2.0%	3.0%	3.9%	3.0%	2.9%
Indonesia	-5.0%	2.6%	9.2%	2.6%	2.2%
Malaysia	-4.5%	3.7%	4.1%	3.7%	3.0%
Philippines	-6.2%	1.8%	7.8%	1.8%	2.7%
South Korea	-5.6%	3.4%	3.8%	3.4%	3.1%
EMEA	-6.4%	1.2%	9.2%	1.2%	1.3%
Turkey	5.7%	3.0%	14.0%	3.0%	4.1%
Qatar	-7.3%	2.3%	6.4%	2.3%	2.9%
Poland	-0.1%	1.8%	4.0%	1.8%	2.4%
UAE	-6.5%	1.9%	6.1%	1.9%	2.4%
Saudi Arabia	-7.5%	1.4%	4.8%	1.4%	2.3%
Kuwait	-2.4%	1.9%	4.4%	1.9%	1.9%
South Africa	-4.1%	1.7%	12.7%	1.7%	1.6%
Hungary	-9.5%	3.4%	11.9%	3.4%	0.9%
Oman	1.8%	2.5%	10.9%	2.5%	0.6%
Bahrain	0.6%	2.2%	9.0%	2.2%	0.1%
Egypt	-17.6%	-10.0%	8.3%	-10.0%	-8.0%
LATAM	-7.4%	3.1%	13.6%	3.1%	1.0%
Colombia	-6.6%	3.8%	13.2%	3.8%	4.7%
Chile	-8.7%	4.9%	11.9%	4.9%	4.2%
Peru	-10.0%	3.5%	9.4%	3.5%	3.0%
Mexico	-6.1%	5.3%	11.9%	5.3%	2.9%
Brazil	-0.9%	4.2%	8.4%	4.2%	2.7%
Argentina	-11.5%	4.5%	39.5%	4.5%	-9.9%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 31, 2023.

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

EM USD corporate bonds*	1Y	YTD	6M	3M	1M
EM USD Corp + Quasi-Sov IG	-3.0%	2.4%	6.3%	2.4%	1.7%
EM USD Corp + Quasi-Sov	-3.0%	2.2%	7.6%	2.2%	1.2%
EM USD Corp + Quasi-Sov HY	-2.9%	1.6%	10.9%	1.6%	0.1%
Region					
Asia	-2.3%	2.8%	6.9%	2.8%	1.3%
Malaysia	-5.5%	4.4%	7.4%	4.4%	2.7%
South Korea	-1.5%	2.5%	3.1%	2.5%	1.9%
Thailand	-5.7%	3.5%	6.5%	3.5%	1.5%
Indonesia	-3.1%	3.4%	12.4%	3.4%	1.4%
India	-4.0%	1.4%	5.8%	1.4%	1.2%
China	-1.8%	2.7%	7.2%	2.7%	1.1%
Philippines	-3.1%	6.5%	0.4%	6.5%	-0.7%
EMEA	-1.7%	2.2%	6.3%	2.2%	1.3%
Turkey	6.3%	2.6%	11.9%	2.6%	2.8%
Poland	-1.4%	4.5%	6.8%	4.5%	2.4%
Saudi Arabia	-3.8%	2.2%	5.5%	2.2%	1.9%
Qatar	-3.9%	1.9%	4.5%	1.9%	1.4%
South Africa	-1.1%	3.3%	9.2%	3.3%	1.2%
UAE	-2.6%	1.7%	4.9%	1.7%	1.1%
Bahrain	1.5%	1.2%	5.0%	1.2%	-0.2%
Kuwait	-1.5%	1.6%	3.1%	1.6%	-0.4%
LATAM	-5.2%	1.2%	10.3%	1.2%	1.0%
Colombia	-4.0%	1.1%	11.3%	1.1%	2.0%
Brazil	-4.7%	-0.4%	6.6%	-0.4%	1.8%
Chile	-6.4%	1.0%	9.8%	1.0%	1.6%
Mexico	-7.1%	2.1%	12.4%	2.1%	0.8%
Peru	-5.9%	0.5%	7.8%	0.5%	0.3%
Argentina	9.2%	5.1%	20.7%	5.1%	-4.0%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of March 31, 2023.

Exhibit 7: Performance of equities – by region

Equities: Regions*	1Y	YTD	6M	3M	1M
Japan	-5.2%	6.2%	20.2%	6.2%	4.0%
US	-8.9%	7.6%	15.1%	7.6%	3.5%
Europe ex UK	2.0%	11.9%	34.4%	11.9%	3.3%
GCC	-19.4%	-1.6%	-7.8%	-1.6%	3.1%
DM	-7.0%	7.7%	18.3%	7.7%	3.1%
ACWI	-7.4%	7.3%	17.8%	7.3%	3.1%
EM	-10.7%	4.0%	14.0%	4.0%	3.0%
APac ex Japan	-8.9%	4.1%	16.7%	4.1%	2.8%
EM EMEA	-17.8%	-1.1%	4.7%	-1.1%	1.0%
EM LatAm	-11.1%	3.9%	9.9%	3.9%	0.8%
Canada	-13.1%	4.3%	12.1%	4.3%	0.1%
UK	-0.8%	6.1%	24.1%	6.1%	-0.6%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 31, 2023.

Exhibit 8: Performance of equities – by sector

Equities: Sectors*	1Y	YTD	6M	3M	1M
IT	-7.5%	20.4%	27.4%	20.4%	9.5%
Communication Services	-15.5%	17.2%	20.0%	17.2%	8.8%
Utilities	-6.4%	-0.7%	9.5%	-0.7%	5.0%
Consumer Staples	0.6%	3.4%	14.9%	3.4%	4.6%
Consumer Discretionary	-12.1%	14.2%	13.3%	14.2%	3.9%
Health Care	-4.1%	-1.7%	11.2%	-1.7%	3.1%
Industrials	-1.3%	6.7%	25.4%	6.7%	2.1%
Materials	-9.4%	5.3%	22.4%	5.3%	1.7%
Energy	6.5%	-3.1%	14.1%	-3.1%	-1.3%
Real Estate	-19.8%	0.5%	6.4%	0.5%	-2.2%
Financials	-10.8%	-1.5%	12.7%	-1.5%	-6.5%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 31, 2023.

Exhibit 9: Performance of equities – by factors and themes

Equities: Factors and themes*	1Y	YTD	6M	3M	1M
NYSE FANG+**	-6.1%	39.2%	31.9%	39.2%	13.0%
HK Tech**	-5.8%	3.6%	24.7%	3.6%	9.6%
Nasdaq-100**	-10.6%	20.7%	20.5%	20.7%	9.5%
US Large Cap Growth	-13.5%	19.5%	18.4%	19.5%	8.9%
Growth	-10.0%	13.8%	19.8%	13.8%	6.6%
Quality	-7.8%	10.8%	21.1%	10.8%	6.5%
Large cap	-7.1%	7.9%	18.0%	7.9%	3.8%
Dividend yield	-3.4%	1.7%	16.3%	1.7%	2.3%
Momentum	-14.3%	-1.1%	11.8%	-1.1%	1.1%
Value	-5.5%	1.2%	15.6%	1.2%	-0.3%
Mid cap	-9.3%	4.3%	16.5%	4.3%	-0.7%
Small cap	-9.6%	4.2%	15.1%	4.2%	-2.1%

Source: MSCI, NYSE, Hang Seng, Nasdaq, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 31, 2023; **price return indices in USD terms as at close of March 31, 2023.

Exhibit 10: Performance of select country equity indices

Equities: Select countries*	1Y	YTD	6M	3M	1M
Saudi Arabia	-17.5%	1.4%	-6.0%	1.4%	5.7%
Netherlands	2.0%	16.6%	41.1%	16.6%	5.0%
South Korea	-14.4%	9.6%	29.4%	9.6%	4.8%
China	-4.7%	4.7%	18.9%	4.7%	4.5%
Switzerland	-6.8%	6.7%	17.8%	6.7%	4.1%
Germany	2.2%	14.7%	42.9%	14.7%	4.0%
Japan	-5.2%	6.2%	20.2%	6.2%	4.0%
US	-8.9%	7.6%	15.1%	7.6%	3.5%
South Africa	-20.6%	-0.6%	17.6%	-0.6%	3.3%
France	8.8%	14.6%	40.1%	14.6%	3.1%
Mexico	8.6%	20.3%	35.3%	20.3%	3.0%
Taiwan	-13.7%	14.8%	25.8%	14.8%	3.0%
Spain	11.9%	15.7%	42.1%	15.7%	1.3%
Hong Kong	-5.3%	-2.4%	15.4%	-2.4%	1.2%
India	-12.2%	-6.4%	-4.5%	-6.4%	1.2%
Canada	-13.1%	4.3%	12.1%	4.3%	0.1%
China A	-9.2%	4.7%	9.2%	4.7%	0.0%
Brazil	-18.7%	-3.2%	-0.9%	-3.2%	-0.3%
Australia	-9.2%	2.8%	18.9%	2.8%	-0.6%
UK	-0.8%	6.1%	24.1%	6.1%	-0.6%
Qatar	-22.3%	-1.2%	-15.5%	-1.2%	-1.0%
Kuwait	-12.6%	-3.5%	1.4%	-3.5%	-2.7%
UAE	-26.5%	-6.6%	-8.2%	-6.6%	-4.6%
Russia		0.0%	-19.2%	-18.8%	-6.5%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of March 31, 2023.

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