

## Principal Global Investors Funds

# Islamic Asia Pacific Dynamic Income & Growth Fund

I Class October 2024

## Market Review

MSCI AC Asia Pacific ex Japan Islamic Index was down 9.2% in US\$ terms in October. The US 10-year bond yield rose to 4.3% while Brent crude was flat at US\$72/ barrel.

## Fund Review

In October, the Fund returned -6.18% in US\$ terms; detracted by India and Australia, slightly offset by Taiwan.

## Portfolio Outlook and Strategy

### Outlook

Chinese policymakers have shown that they have an open-ended commitment to boost growth until the economy improves. During the month, the Ministry of Finance suggests that the central government has “fairly large” flexibility to increase fiscal deficit and debt to support growth. Further policymaking will likely be a data-dependent process. We are incrementally more positive on Chinese equities due to the government’s pro-growth stance and will be monitoring the improvement in business and consumer sentiment over the coming months to gauge whether there is sufficient response by the policymakers. The outcome of the US elections would have implications for Asian economies in terms of trade dynamics and geopolitics. India and ASEAN countries are more insulated and stand to benefit from continued supply chain shifts. Monetary easing in the US should bode well for risk assets such as Asian equities, although the situation is fluid depending on US trade, tax, immigration and fiscal policies.

### Strategy

We remain fully invested and well positioned in the areas of a) select technology names across foundry, IT services, software, internet and b) ideas where return drivers are not major macro factors, e.g. ASEAN and global energy transmission, pharmaceuticals.

## Risk Considerations

Investing involves risk, including possible loss of principal. Past Performance does not guarantee future return. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.

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