

3-Month Market & Fund Review

(as at March 31, 2024)



Navigating a Shifting Economic Landscape

Latest Developments

- **Bullish Markets:** Global markets performed strongly in the first quarter of 2024, with the MSCI World Index increasing by over 8% since the start of the year, a sign that geopolitical tensions may be easing and economic conditions stabilizing.
- **Evolving Monetary Policy:** The U.S. Federal Reserve ("the Fed") and other central banks have paused interest rate hikes and signaled a shift to a data-dependent approach. This indicates that any potential rate reductions will be gradual and closely tied to economic indicators, ensuring that policy shifts support growth without introducing new economic imbalances.
- **Stabilizing Oil Prices:** The oil market has witnessed a degree of stabilization in prices, partly due to the resolution of certain supply constraints and strategic production cuts by OPEC+. However, the market remains sensitive to geopolitical disruptions. For example, escalating geopolitical tensions in the Middle East propelled oil prices to rise by 18% since the start of the year.
- **Buoyant US Job Data:** The U.S. economy added an impressive 303,000 jobs in March, a figure that comfortably exceeded economists' projections of 200,000.

What this Means

- **Economic Resilience:** The durability of the U.S. economy is evidenced by robust job markets and strong corporate earnings, factors that are essential in bolstering the confidence of investors. The ability of the job market to sustain its momentum is particularly noteworthy, as it plays a critical role in fostering economic stability and supporting consumer spending.
- **Inflation's Trajectory:** With the peak of inflation possibly behind us, central banks continue to target a so-called soft landing for the economy. The moderation of inflation rates, from the highs of the previous years, remains central to monetary policy decisions, as central banks work to balance growth with price stability.

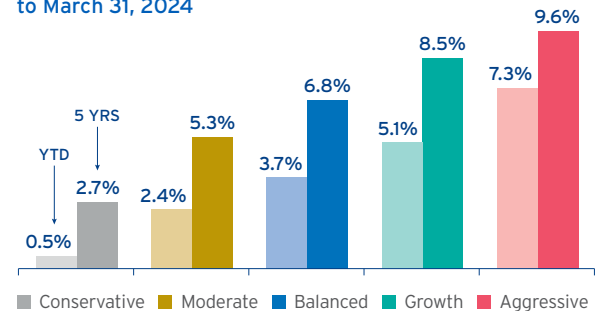
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Impact on Portfolios

- **Balance and Quality:** Maintaining a balanced portfolio with a mix of growth and value stocks can help navigate uncertain markets, with a focus on companies boasting solid fundamentals and resilient business models.
- **Caution and Diversification:** A diversified investment approach remains crucial, blending stocks, bonds, and alternative assets to mitigate risks and capitalize on opportunities in a transitioning economy.
- **Market Outlook:** While equities have incorporated optimism for a benign economic trajectory, higher bond yields suggest that interest rate cuts may not come as soon as expected. The current economic backdrop underscores the importance of asset diversification, prudent risk mitigation, and constructing resilient portfolios through active management. The path ahead promises opportunities but warrants investment strategies equipped to navigate the complexities of a transitioning market environment.
- **Argus Select Funds:** Equity markets continued their positive trajectory over the quarter, while bond yields rose and prices fell in anticipation of “higher for longer” interest rates by the Fed. Our exposure to U.S. real estate also detracted from performance over the quarter. Both our YTD and 5-year returns remain positive across all strategies.

ARGUS SELECT FUNDS PERFORMANCE
YTD & 5-Year (Annualised) Returns
to March 31, 2024



Fact sheets are updated monthly and are available on the Argus website: www.argus.bm

GUARANTEED ACCOUNT (INTEREST ACCUMULATOR) – gross of fees

The continued increase in interest rates has had a positive impact on the yield of the interest accumulator. The gross declared yield on the five-year accumulator is 3.40% and 3.60% on the one-year accumulator. The advantage of this investment is that there is no volatility in the value. However, consider the return after pension administration fees.

If you would like to change your investment selection, please visit www.argus.bm to learn more about all the available investment options.