

Wealth Management Digest **June 2024**

Exclusively for AmBank SIGNATURE Priority Banking Customers

Table of Contents

	Page No.
Market Overview	3
News Topics – Business & Economy	4 - 6
Asset Allocation Strategy	8
Fund of Focus	9
Top 5 Performing Funds	9
Definitions	10
Disclaimer	11

Market Overview

Total Returns (%) Year-To-Date (At Month End)

	2022	2023	Mar-24	Apr-24	May-24
MSCI Global Equities	-17.9%	22.82%	8.33%	4.80%	9.11%
MSCI Developed Market Equities	-17.7%	24.44%	9.02%	5.02%	9.77%
MSCI Emerging Markets Equities	-19.8%	10.20%	2.45%	2.89%	3.50%
MSCI Asia ex Jn Equities	-16.8%	11.98%	5.22%	3.71%	5.50%
S&P 500 (US) Equities	-18.1%	26.26%	10.55%	6.04%	11.30%
STOXX 600 (EU) Equities	-9.9%	16.63%	7.85%	6.99%	10.77%
CSI 300 (China) Equities	-19.8%	-9.14%	3.10%	5.18%	4.70%
HSI (HK) Equities	-12.6%	-10.46%	-2.52%	4.74%	7.40%
MSCI Malaysia (MY) Equities	-0.4%	0.67%	6.12%	8.68%	10.34%
Bloomberg Global IG Bond	-16.2%	5.72%	-2.08%	-4.55%	-3.30%
Bloomberg Global HY Bond	-12.7%	14.04%	2.13%	1.27%	2.77%

Source: Bloomberg, as of 31 May 2024

GLOBAL EQUITIES

Global equities rebounded as the “Ai-wave” continued to drive risk appetite higher, with investors focused on companies that would benefit the most from the new-Ai economy. Data suggesting that interest rate cuts may still materialize in 2024 also boosted buying in the equities space, with FOMO setting in on investors sitting on the sidelines.

ASIA PACIFIC EQUITIES

Asia ex Japan regained some ground as China equities rebounded following a stronger response by Beijing to boost the recovery in the property market, which would have positive implications for the overall economy. Gains in China help offset weakness in India, heading into the election cycle as Prime Minister Modi seeks a third-term in office. Hunt for yield and cheaper valuations also boosted inflows into the Asian markets.

MALAYSIAN EQUITIES

Malaysian equities jumped higher, as investors remain confident in the stewardship of Prime Minister Anwar Ibrahim would continue to lift economic performance higher, while ensuring structural reforms across key economic pillars that can drive growth over the long-term. High quality dividend paying stocks have been the main attraction for investors.

Source: AmBank Retail Wealth Management Advisory & Research (as at 05 June 2024)

News Topics – Business & Economy

BNM Comfortable To Hold Interest Rates Steady

Malaysia's central bank, Bank Negara Malaysia (BNM), kept its benchmark interest rate unchanged at 3%, maintaining its policy stance amid concerns about inflation and the need to defend the ringgit.

This decision was expected by all 24 economists surveyed by Bloomberg. The central bank has not adjusted borrowing costs since raising the benchmark by 25 basis points a year ago.

The decision to stand pat was influenced by a strengthening economy, low inflation, and a currency that has outperformed most peers in Southeast Asia this year.

The central bank emphasized that its monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects.

It will continue to manage risks arising from heightened financial market volatility and is looking beyond monetary policy to support the currency. Policymakers have taken coordinated measures to shore up the ringgit, which has stabilized from a 26-year-low reached in February.

Gross domestic product is forecast to expand between 4% to 5% in 2024, with inflation expected to remain moderate, though the outlook is highly dependent on changes to price controls and global commodity prices and financial market developments

Source: Bloomberg (May 2024)

Malaysia Draws High-Tech Investments

Google has committed to investing \$2 billion in Malaysia, including the development of its first data center and a cloud facility.

This marks Google's largest planned investment in the Southeast Asian nation, according to Alphabet Inc. Chief Financial Officer Ruth Porat. The data center and cloud region facility are expected to support 26,500 jobs across various sectors in the country, with a total economic impact valued at \$3.2 billion, according to Malaysia's trade ministry. The site of the investments will be in Sime Darby Property's Elmina Business Park in Selangor state.

This investment follows a trend of increased investment by US tech giants in Southeast Asia, with Microsoft Corp. and Apple Inc. also making significant commitments. Microsoft's Chief Executive Officer Satya Nadella recently announced a \$2.2 billion investment in Malaysia, in addition to similar pledges for Indonesia and Thailand.

The competition between Microsoft and Google for leadership in artificial-intelligence services has driven these investments, as both companies seek to attract customers to their offerings in the burgeoning field.

In addition to developing cloud computing services, Google has pledged to support AI literacy programs for students and educators. This investment is expected to have a significant impact on the Malaysian economy and will support a wide range of jobs across various sectors.

Source: Bloomberg (May 2024)

News Topics – Business & Economy

China Factory Activity Slips, Darkening Growth Outlook

China's factory activity unexpectedly contracted in May, falling to 49.5 on the official manufacturing purchasing manager index (PMI).

This reversal poses a significant threat to China's economic growth target of around 5% for the year.

China's export-oriented industries face significant challenges from escalating trade tensions with major partners like the United States and European Union.

The US and EU have accused Beijing of building excess capacity in its industries through state subsidies and are erecting new trade barriers.

Raymond Yeung, chief economist for Greater China at Australia & New Zealand Banking Group Ltd., warned that "the manufacturing-driven recovery remains vulnerable" and that "rising trade protectionism will be a major headwind in the next few months".

China's exports posted solid growth in the first four months of the year, but the PMI sub-index for new export orders contracted in May for the first time in three months. A measure of input prices climbed to the highest in eight months, reflecting rising commodity costs.

To stimulate manufacturing, the Chinese government has rolled out a program to encourage companies to upgrade their equipment with state investment, tax breaks, and subsidized loans to boost domestic demand.

Source: Bloomberg (May 2024)

Beijing Steps-Up Support For The Housing Market

China is considering a proposal to have local governments across the country purchase millions of unsold homes to salvage the beleaguered property market. This plan, if implemented, would be one of the most ambitious attempts yet to address the housing crisis.

The State Council is seeking feedback from several provinces and government entities on the preliminary plan, which involves local state-owned enterprises purchasing unsold homes from distressed developers at steep discounts using loans provided by state banks. Many of these properties would then be converted into affordable housing.

The plan aims to "inject liquidity to developers directly and improve their financial situation, as well as immediately digesting excess inventory," according to Raymond Cheng, head of China property research at CGS International Securities HK. However, the plan requires significant funding, with estimates ranging from at least 1 trillion yuan to 2 trillion yuan (\$277 billion) to make a meaningful impact.

The proposal is part of the government's ongoing efforts to address the housing crisis, which has seen home sales plummet by about 47% in the first four months and unsold housing inventory hovering at an eight-year high. The plan is still under debate and could take months to be finalized if China's leaders decide to proceed. If implemented, it could mark a new phase in the government's campaign to address the biggest drag on the world's second-largest economy.

Source: Bloomberg (May 2024)

News Topics – Business & Economy

US-China Trade War: Biden Aims New Tariffs On China

President Joe Biden has announced significant tariff hikes on a range of Chinese imports, aiming to bolster domestic manufacturing in critical industries. Biden accused Chinese companies of "stealing, cheating, and dumping underpriced goods" into international markets, and the tariffs are intended to protect US workers and businesses from unfair competition.

The targeted industries include:

- **Semiconductors:** The tariff rate doubles from 25% to 50% by 2025, aiming to counter China's rush into legacy chips.
- **Critical minerals:** A new 25% tariff will be imposed this year, with natural graphite and permanent magnets facing the same rate in 2026.
- **Electric vehicles:** The tariff takes effect this year, with a final tariff rate of 102.5%, up from 27.5% now.
- **Steel and aluminum:** Tariffs on certain steel and aluminum from China will rise to 25% this year.
- **Lithium-ion batteries:** Tariffs will rise to 25% from 7.5% this year, with non-EV lithium-ion batteries making the same jump in 2026.
- **Solar cells and modules:** Tariffs will double, with a process created to lead to exclusions for key machinery used to manufacture solar components.
- **Medical equipment:** Tariffs on Chinese syringes and needles will rise to 50% this year, while tariffs on personal protective equipment will rise to 25% from either 0% or 7.5% now.

The impact of these tariffs is still uncertain, with the possibility of retaliatory tariffs from China. However, the move is seen as a significant step in the ongoing trade tensions between the two countries.

Source: Bloomberg (May 2024)

US Q1 2024 GDP Revised Lower As Consumption Slows

The U.S. economy grew at a slower pace in the first quarter of 2024 than initially reported, primarily due to weaker consumer spending on goods.

Gross domestic product (GDP) increased at a 1.3% annualized rate in the January-March period, down from the previous estimate of 1.6%, according to data released Thursday by the Bureau of Economic Analysis.

Consumer spending, which is the main driver of U.S. economic growth, advanced 2.0% in the first quarter, lower than the initial estimate of 2.5%.

The downward revision was largely attributable to much softer outlays for goods, particularly automobiles. Federal government spending also slowed, while imports picked up compared to the first estimate.

For the first time in two years, net exports subtracted from overall growth. The reduction in consumer spending was partially offset by stronger business and residential investment.

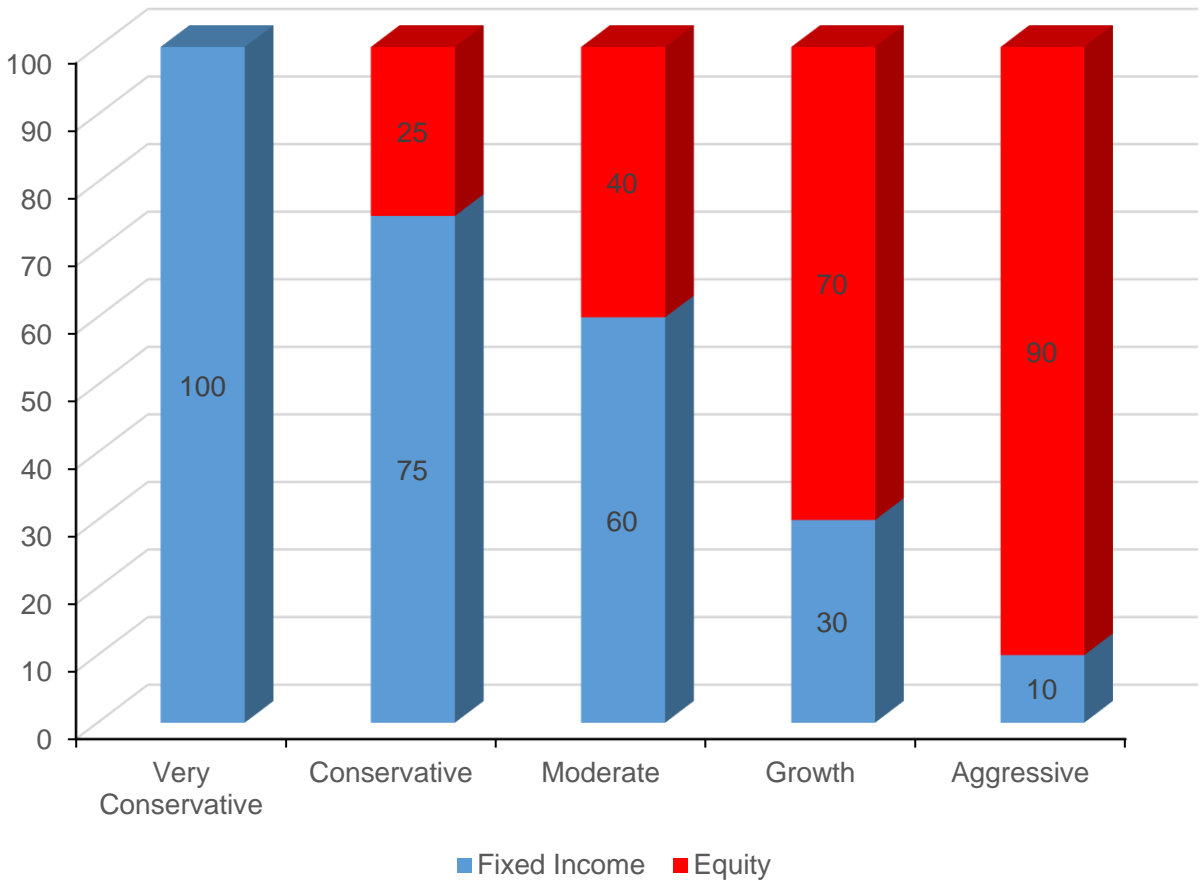
A key measure of underlying domestic demand, known as final sales to private domestic purchasers, rose 2.8%, compared to the initially reported 3.1% increase.

Economists have cited the resilience in this metric as evidence that demand remains robust, even if the headline GDP figure appears weak in comparison.

Source: Bloomberg (May 2024)

Asset Allocation Strategy

Reference Portfolio (Based on Investor's Risk Profile)
(% Allocation for Equity and Fixed Income)



Source: AmBank

Fund of Focus – 2nd Quarter 2024

	Retail (22 Funds)	Wholesale (13 Funds)
Global Compounder	abrbd Islamic World Equity A Principal Global Titans TA Global Select Equity	Global Dividend
Income Fortification	AHAM World Series - Income AmDynamic Bond AmBon Islam Maybank Global Mixed Assets - i Principal Lifetime Bond Principal Islamic Lifetime Balanced TA Total Return Income United-i Global Balanced	AHAM World Series - Global Income
Mega Tech Resilience	TA Global Technology Principal Global Millennial Equity	Principal Global Technology Principal Islamic Global Technology RHB Pacific Technology
New Growth Drivers	AHAM Aiiman Global Multi Thematic Manulife India Equity Principal US High Conviction Equity	AHAM WS - Global Quantum AHAM WS - Global Disruptive Innovation RHB Global Artificial Intelligence
Value Play	AHAM Select Opportunity Maybank Asiapac Ex-Japan Equity-i Principal Asia Pacific Dynamic Income Principal Islamic Asia Pacific Dynamic Equity TA European Equity	Europe Equity Growth RHB European Select
Stabilizers & Hedges	Maybank Global Sustainable Equity-i	Income and Growth MAMG Liquid Alternative MAMG Systematic Asia Absolute Return

Note: Funds are selected using a quantitative filter. Best scoring funds across key categories have shortlisted to be in the fund of focus. Based on Wealth Advisory & Research and Wealth Product Managers PM discretion & experience, new funds and tactical ideas maybe added as required to capture fast moving market trends.

Source: AmBank as of April 2024

Top 5 Best Performing Funds YTD 2024

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Select Opportunity Fund	Equity - Malaysia	Retail	20.7	33.2	7.6
New China Sectors Index RM	Equity - China	Wholesale	19.1	-12.1	0.0
New China Sectors Index RM Hdg	Equity - China	Wholesale	14.7	-18.6	0.0
RHB Emerging Opportunity Unit Trust	Equity - Malaysia	Retail	20.4	33.8	5.9
TA Global Technology MYR	Equity - Global	Retail	19.8	38.9	11.8

Top 5 Worst Performing Funds YTD 2024

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Wld Ser Glb Dsrpt InnovtMYRH	Equity - Global	Wholesale	-16.0	6.0	-27.7
AmAsia Pacific Leisure Div	Equity - Asia Pacific ex Japan	Retail	-9.7	-8.7	-0.9
AmPRS - Islamic Fixed Income D	Fixed Income - Malaysia	Retail	-41.0	-61.3	-43.6
AmPRS - Islamic Fixed Income I	Fixed Income - Malaysia	Retail	-41.0	-61.2	-43.5
RHB Asia Consumer	Equity - Asia Pac ex Japan	Retail	-16.0	-25.0	2.0

Source: Lipper fund performance as at 31 May 2024, applicable to funds distributed by AmBank

Past performance does not indicate future returns

Definitions

AAA/BBB	Currency Pair of AAA and BBB. Number of units of AAA (Base currency) that one unit of BBB (Quote currency) will buy.
AUD	Australian Dollar
Bosvepa	Brazil Stock Index
CAD	Canadian Dollar
CHF	Swiss Franc
CNY	Chinese Renminbi
CPI	Consumer Price Index
DAX	German Stock Index
DJIA	Dow Jones Industrial Average
EPFR Global	Emerging Portfolio Fund Research, Inc.
ETF	Exchange Traded Funds
EUR	Euro
FocusEconomics	FocusEconomics is a leading provider of economic analysis and forecasts for 127 countries in Africa, Asia, Europe and the Americas, as well as price forecasts for 33 key commodities.
GBP	UK Pound Sterling
GDP	Gross Domestic Product
German IFO	German Information and F orschung (research).
HSI	Hong Kong's Hang Seng Index
IIF	Institute of International Finance
IHS	Information Handling Services is a company based in London, United Kingdom. IHS provides information and analysis to support the decision-making process of businesses and governments.
IHS Markit	A merger between IHS and Markit Ltd.
Indonesia's JSX	Indonesia's Jakarta Stock Exchange
I/B/E/S	'Institutional Brokers' Estimate System
INR	Indian Rupee
JPY	Japanese Yen
KOSPI	South Korea's Stock Index
Malaysia's KLCI	FTSE Bursa Malaysia Index
Markit Ltd	A global financial information and services company founded in 2003 as an independent source of credit derivative pricing.
MICEX	Russian Stock Index
MYR	Malaysian Ringgit
Philippines PSE	Philippines' Stock Index
PSEi	The Philippine Stock Exchange, Inc
PMI	Purchasing Managers' Index
PRC	People's Republic of China
Q1,Q2,Q3,Q4	Quarter 1, Quarter 2, Quarter 3, Quarter 4
SCI	China's Shanghai Composite Index
SGD	Singapore Dollar
Singapore STI	Singapore's Strait Times Index
TAIEX	Taiwan's Stock Index
Thailand's SET	Thailand's Stock Index
U.K.	United Kingdom
U.S.	United States of America
U.S. Fed	United States Federal Reserve
USD	U.S. Dollar
YOY	Year-on-year
YTD / y-t-d	Year to date

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