

# Wealth Management Digest **May 2024**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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## Market Overview

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

	2022	2023	Feb-24	Mar-24	Apr-24
MSCI Global Equities	-17.9%	22.82%	4.97%	8.33%	4.79%
MSCI Developed Market Equities	-17.7%	24.44%	5.56%	9.02%	5.02%
MSCI Emerging Markets Equities	-19.8%	10.20%	-0.08%	2.45%	2.89%
MSCI Asia ex Jn Equities	-16.8%	11.98%	2.27%	5.21%	3.70%
S&P 500 (US) Equities	-18.1%	26.26%	7.11%	10.55%	6.04%
STOXX 600 (EU) Equities	-9.9%	16.63%	3.52%	7.85%	6.99%
CSI 300 (China) Equities	-19.8%	-9.14%	2.48%	3.10%	5.18%
HSI (HK) Equities	-12.6%	-10.46%	-3.14%	-2.52%	4.74%
MSCI Malaysia (MY) Equities	-0.4%	0.67%	5.36%	6.12%	8.68%
Bloomberg Global IG Bond	-16.2%	5.72%	-2.62%	-2.08%	-4.55%
Bloomberg Global HY Bond	-12.7%	14.04%	0.60%	2.13%	1.27%

Source: Bloomberg, as of 30 April 2024

### GLOBAL EQUITIES

Global equities gave up on some gains compared to the previous month, as worries about the direction of global interest rates put pressure on investors' appetite to hold onto risk assets. Incoming corporate earnings results for Q1 2024 have been largely positive, but many managers after highlighting tougher year ahead. Prospects of a Middle East war also weighed on sentiments.

### ASIA PACIFIC EQUITIES

Asia ex Japan dipped towards the end of April due to a pullback in India and stagnant market across other regional markets. Limited catalyst and worries about where US interest rates area heading have pushed investors to the sidelines. China's performance still limited by economic uncertainty. Foreign investors have been holding cash as yields spike and as opportunity to deploy cash remains limited.

### MALAYSIAN EQUITIES

Malaysian equities remained undaunted by the pullback in other markets, rising higher in April versus March. Gains were spurred by cheap valuations, weak Ringgit and strong government stewardship. Foreign investors are trickling back into the market, which has been propped up by local institutional buying so far this year. Accommodative monetary policy and rising FDI inflows also keeping investors spirits up.

Source: AmBank Retail Wealth Management Advisory & Research (as at 07 May 2024)

## News Topics – Business & Economy

### Japan Intervenes To Stop The Plunging Yen

The Japanese yen surged against the U.S. dollar on Monday amid speculation that the Japanese government intervened to support its currency for the first time since 2022.

The yen rallied more than 2% after earlier dropping as much as 1.2% to 160.17 per dollar, the widest trading range since late 2022. Analysts suggested the size and speed of the jump indicated intervention, though Japan's top currency official, Masato Kanda, declined to comment.

Dow Jones reported authorities stepped in to buy the yen, citing people familiar with the matter. The yen has fallen about 10% versus the dollar this year, flirting with the lowest level since 1986 before Monday's rebound.

Officials have repeatedly warned that depreciation won't be tolerated if it goes too far too fast, with Finance Minister Shunichi Suzuki saying last week he was concerned about the impact of a dropping yen on inflation.

Yen weakness complicates the delicate tightrope walked by officials in Japan, caught between decades of recent history marked by little to no inflation and the potential negative consequences of rising prices as it continues to keep rates well below those in other major economies.

Interventions in the currency market, however, do not alter the gulf in interest rates between the U.S. and Japan that has been weighing on the yen.

Source: Bloomberg (April 2024)

### US GDP Expands At It Slowest Pace Since 1H 2022

The U.S. economy experienced a significant slowdown in the first quarter of 2024, with GDP growth falling to an annualized rate of 1.6%, well below economists' forecasts.

Personal spending, the main driver of growth, rose at a slower-than-expected pace of 2.5%, while a wider trade deficit subtracted the most from growth since 2022.

Inflation, as measured by the core PCE price index, jumped to a 3.7% clip, the first quarterly increase in a year.

The figures represent a notable loss of momentum after the economy wrapped up a surprisingly strong year.

With the inflation pickup, the Federal Reserve may face renewed pressure to delay interest rate cuts and consider whether borrowing costs are high enough.

Stripping out volatile categories, inflation-adjusted final sales to private domestic purchasers rose at a 3.1% rate.

Residential investment jumped at a nearly 14% annual rate, the fastest since 2020, underscoring builder efforts to boost inventory.

Despite the slowdown, the economy continued to expand at an above-trend pace, with strong imports indicating continued solid demand, which is not what the Federal Reserve wants as it aims to cool the economy and bring inflation under control.

Source: Bloomberg (April 2024)

## News Topics – Business & Economy

### Fitch Assigns Negative Outlook On China As Debt Builds Up

Fitch Ratings has revised China's sovereign credit outlook from stable to negative, citing increasing risks to the country's public finance prospects.

The rating agency expects China's government deficit to reach 7.1% of GDP in 2024 and government debt to rise to 61.3% of GDP.

Fitch believes that fiscal policy will support growth, potentially leading to a continuous upward trend in debt.

The Chinese government expressed disappointment with Fitch's decision, stating that their indicator system fails to effectively reflect the positive effects of fiscal policy on economic growth.

Despite the downgrade in outlook, Fitch maintained China's credit rating at A+.

The agency acknowledged China's large and diversified economy, solid GDP growth prospects, and robust external finances.

Financial markets were largely unfazed by the announcement, with the yuan steady and China's 10-year sovereign bond yield edging higher.

However, some experts believe the decision may still hurt near-term market sentiment on China while confidence levels are already low. China's economy is facing slowing growth due to various headwinds, including a shrinking population, weak consumption, a prolonged real estate slump, and capital outflows.

Source: Bloomberg (April 2024)

### The CCP Steps-Up To Boost Housing Market Recovery

The Chinese Communist Party's Politburo has vowed to explore new measures to tackle the protracted housing crisis, which remains the biggest drag on the nation's economy.

Officials will research ways to deal with unsold properties and make flexible use of tools like interest rates and the reserve requirement ratio to support the economy and lower overall borrowing costs

The Politburo's language on the property market indicates that additional measures involving more demand-side interventions may be introduced in the coming months. These measures are aimed at stabilizing the real estate sector, which has been facing significant challenges, including a 4 trillion yuan (\$552 billion) funding gap for pre-sold homes and declining investment, home sales, and prices.

The announcement has led to a rally in Chinese government bonds, pushing the benchmark 10-year yield down the most since March, as investors bet on officials keeping policy loose to bolster growth. However, the yuan retained a loss of 0.2% amid gains in the dollar.

Experts believe the Politburo meeting shows that the top-level policy stance remains supportive, and mentioning interest rates is a positive development, as the previous focus was on the reserve requirement ratio. The measures are expected to help stabilize the real estate sector and support the broader economy, which has been facing headwinds due to the housing crisis.

Source: Bloomberg (April 2024)

## News Topics – Business & Economy

### BNM Pledges Support For The Ringgit After Drop To 26Y Low

Bank Negara Malaysia (BNM), the country's central bank, has reaffirmed its commitment to supporting the ringgit, which is hovering close to its lowest level since 1998.

The ringgit slipped as much as 0.2% to 4.78 per dollar on Monday, nearing the February low of 4.8053.

BNM stated that it will ensure the "orderly functioning of the foreign exchange market" with support from government-linked firms, corporations, and exporters to attract flows and liquidity into the market,

The central bank has previously announced measures to encourage state-linked firms to repatriate foreign investment income and convert it into the local currency more consistently

The ringgit's weakness is primarily driven by the broad strength of the U.S. dollar amid expectations that the Federal Reserve will keep interest rates higher for longer, as well as haven flows triggered by escalating Middle East tensions.

The sluggish economic outlook for China, Malaysia's largest trading partner, has also weighed on the ringgit. Despite the ringgit's struggles, it has been outperforming some regional peers such as the South Korean won, Philippine peso, and Taiwanese dollar on Monday.

Elevated oil prices may provide a tailwind to the net oil exporting Malaysian economy, with Brent oil prices rising toward the \$100 per barrel level, potentially offering some support to the ringgit.

Source: Bloomberg (April 2024)

### Malaysia Getting Ready To Scale Down Subsidies

The Malaysian government has successfully received updated profiles from over half of its citizens, with about 11.55 million Malaysians over the age of 18 registering their details in the centralized database known as Padu.

This surpasses the initial target of 10 million sign-ups by the March 31 deadline, accounting for 58.7% of citizens' profiles, including personal income and expenses, according to Economy Minister Rafizi Ramli.

These updated profiles will enable authorities to determine the allocation of subsidies once the nation reduces subsidies on the cheapest gasoline. For citizens who did not register with Padu, the government will utilize existing administrative data to assess subsidy eligibility.

The Economy Ministry is set to present its subsidy retargeting plans to the cabinet in April, with further announcements expected in the future.

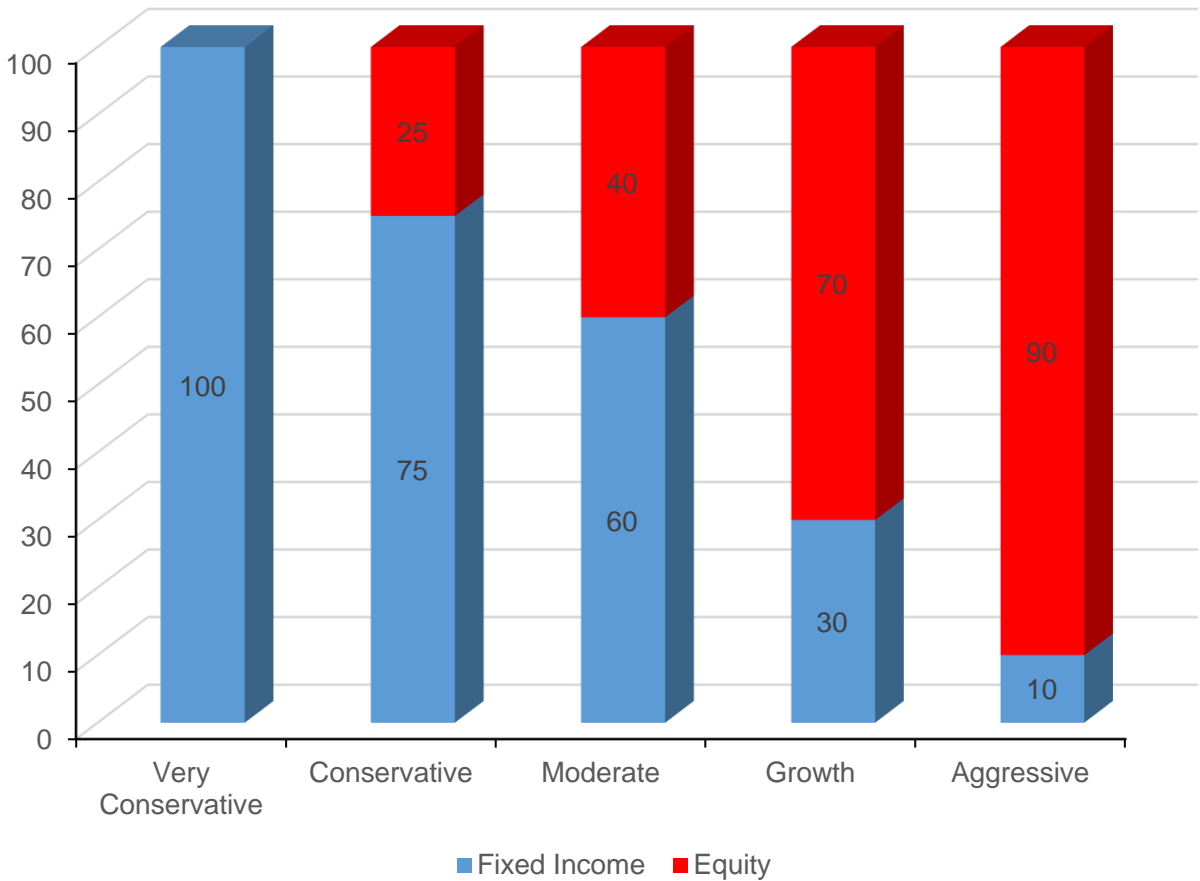
Prime Minister Anwar Ibrahim faces pressure to reduce hefty subsidies to enhance investor confidence, especially as the Malaysian ringgit remains near a 26-year low. The government anticipates annual savings of \$1 billion to \$2 billion from a shift towards targeted subsidies for those in need.

This move aligns with the government's commitment to refining its subsidy programs to ensure efficient and effective support for the Malaysian population.

Source: Bloomberg (April 2024)

## Asset Allocation Strategy

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



Source: AmBank

**Fund of Focus – 2<sup>nd</sup> Quarter 2024**

	Retail (22 Funds)	Wholesale (13 Funds)
<b>Global Compounder</b>	abrdrn Islamic World Equity A Principal Global Titans TA Global Select Equity	Global Dividend
<b>Income Fortification</b>	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
<b>Mega Tech Resilience</b>	TA Global Technology Principal Global Millennial Equity	Principal Global Technology Principal Islamic Global Technology RHB Pacific Technology
<b>New Growth Drivers</b>	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
<b>Value Play</b>	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
<b>Stabilizers &amp; Hedges</b>	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	18.1	22.1	14.2
New China Sectors Index RM	Equity - China	Wholesale	21.2	13.1	0.0
New China Sectors Index RM Hdg	Equity - China	Wholesale	16.6	9.0	0.0
RHB Emerging Opportunity Unit Trust	Equity - Malaysia	Retail	17.5	18.3	7.7
TA Global Technology MYR	Equity - Global	Retail	17.8	30.3	26.6

**Top 5 Worst Performing Funds YTD 2024**

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Wld Ser Glb Dsrpt InnovtMYRHH	Equity -	Wholesale	-10.0	15.9	-2.4
AmAsia Pacific Leisure Div	Equity - Asia Pacific ex Japan	Retail	-9.7	-8.5	-2.9
AmPRS - Islamic Fixed Income D	Fixed Income - Malaysia	Retail	-41.0	-50.7	-51.1
AmPRS - Islamic Fixed Income I	Fixed Income - Malaysia	Retail	-41.0	-50.7	-51.0
RHB Asia Consumer	Equity - Asia Pacific ex Japan	Retail	-16.0	-9.6	-4.5

Source: Lipper fund performance as at 30 April 2024, applicable to funds distributed by AmBank

Past performance does not indicate future returns



## Definitions

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

## Disclaimer

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