

Wealth Management Digest **November 2024**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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Market Overview

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

	2022	2023	Aug-24	Sep-24	Oct-24
MSCI Global Equities	-17.9%	22.82%	16.34%	19.08%	16.45%
MSCI Developed Market Equities	-17.7%	24.44%	17.10%	19.29%	16.95%
MSCI Emerging Markets Equities	-19.8%	10.20%	9.80%	17.13%	12.11%
MSCI Asia ex Jn Equities	-16.8%	11.98%	12.14%	17.89%	12.56%
S&P 500 (US) Equities	-18.1%	26.26%	19.52%	22.08%	20.96%
STOXX 600 (EU) Equities	-9.9%	16.63%	12.83%	12.47%	8.85%
CSI 300 (China) Equities	-19.8%	-9.14%	-0.67%	20.30%	16.67%
HSI (HK) Equities	-12.6%	-10.46%	9.20%	29.21%	24.25%
MSCI Malaysia (MY) Equities	-0.4%	0.67%	16.83%	16.33%	13.61%
Bloomberg Global IG Bond	-16.2%	5.72%	1.86%	3.60%	0.12%
Bloomberg Global HY Bond	-12.7%	14.04%	7.49%	9.59%	8.90%

Source: Bloomberg, as of 30 October 2024

GLOBAL EQUITIES

Global equities lost some momentum in October, as geopolitical tensions and the impending US Presidential Elections weighed on sentiments and made investors more cautious. Shift from equities to gold and other defensive assets helped investors to manage volatility and improve portfolio stability.

ASIA PACIFIC EQUITIES

Asia ex Japan edged lower as the stronger US dollar and rising US Treasury yields sparked capital outflows from the region, leading to some selling in the market. High valuations in India, uncertain stimulus commitment from China and fears of a trade war if Trump returns to the White House led to investors derisking their portfolios.

MALAYSIAN EQUITIES

Malaysian equities edged lower as investors were focused on geopolitical tensions, and the upcoming events in the US which could have repercussions for global markets. Foreign investors were shifting funds back to the US, adding to selling pressures in the market. Limited local market catalyst also kept individual and institutional investors from engaging risk assets aggressively.

Source: AmBank Retail Wealth Management Advisory & Research (as at 04 November 2024)

News Topics – Business & Economy

China's Services Sector Gains Amid Stimulus

China's services sector showed solid growth in October, signalling positive momentum for the economy, boosted by Beijing's recent economic stimulus.

The Caixin Services PMI rose to 52.0 from 50.3, marking its fastest expansion in three months and maintaining its growth streak for 22 consecutive months. This aligns with China's official non-manufacturing gauge, indicating recovery in both services and construction.

China's manufacturing PMIs also pointed to growth, and real estate transactions saw a year-over-year increase, suggesting improvements in the struggling housing market. Economists, including those from Goldman Sachs, expect a GDP growth acceleration in the fourth quarter due to these positive trends.

Zhiwei Zhang of Pinpoint Asset Management foresees more stability as fiscal and monetary policies ease deflationary pressures.

The Caixin data highlighted growing demand, improved overseas orders, and rising employment, with market optimism reaching a five-month high.

However, economists caution that further fiscal stimulus will be essential to sustain domestic demand and economic recovery. As part of ongoing fiscal efforts, China's lawmakers are expected to announce measures to lift local debt limits and allocate additional spending to reinforce growth.

Source: WSJ (October 2024)

China Targets Wealthy in Tax Crackdown Amid Fiscal Strain

China's government is pressuring wealthy individuals and companies to conduct tax "self-inspections" to uncover unpaid taxes, as it seeks to bolster local gov finances weakened by a prolonged property slump.

Tax authorities have instructed entities to audit past payments and remit any deficiencies, targeting revenue to ease fiscal strain as Beijing prepares a stimulus plan aimed at stabilizing local gov budgets. This tax drive, especially impacting cities like Beijing, Shanghai, and Shenzhen, has caused unease among the wealthy, some of whom were unaware that overseas gains might be taxable.

This campaign comes as tax revenue and land sales, key revenue sources, have fallen sharply. Local gov have increasingly relied on fines to raise funds, with some provinces seeing double-digit growth in revenue from penalties.

Major companies, including Hisun Pharmaceutical and Guizhou Gas, have disclosed significant tax liabilities following self-inspections. Authorities have also enhanced their tax surveillance systems, enabling better data-sharing to ensure compliance.

While necessary to address fiscal shortfalls, the focus on stringent tax collection risks shaking investor confidence further. Economists caution that without broader fiscal measures, targeting the wealthy may not be enough to address China's deepening fiscal deficits.

Source: Financial Times (October 2024)

News Topics – Business & Economy

BNM Ready to Support Ringgit Amid Market Volatility

Bank Negara Malaysia (BNM) has pledged to intervene if necessary to curb excessive volatility in the ringgit, emphasizing the need for markets to focus on Malaysia's economic fundamentals and long-term prospects.

In October, the ringgit fell 5.8% against the dollar—its steepest decline in eight years—amid cautious global sentiment ahead of the U.S. election and expectations of slower Fed rate cuts.

Despite recent volatility, the ringgit remains one of the strongest emerging-market currencies in 2023, supported by robust domestic demand and tech investments.

To further stabilize the currency, Malaysian policymakers have encouraged state-linked firms and private companies to repatriate overseas income, helping the ringgit recover from a 26-year low earlier this year.

BNM noted that Malaysia's economic resilience, structural reforms, and ongoing initiatives to attract foreign capital provide lasting support to the currency.

The government's plan to end fuel subsidies also aims to address the budget deficit. However, as a small, open economy, Malaysia's currency remains susceptible to global market shifts.

BNM's involvement in the foreign exchange market is focused on ensuring orderly conditions and minimizing excessive exchange rate fluctuations.

Source: Bloomberg (October 2024)

Malaysia Invests RM2.6B in Digital Healthcare Upgrades

Malaysia's central bank will invest 2.6 billion ringgit (\$598 million) to modernize technology in key sectors, particularly health care, aiming to boost medical tourism and extend services to remote areas.

The initiative aligns with Prime Minister Anwar Ibrahim's agenda to enhance infrastructure rather than pursuing mega projects, marking a shift towards stable, growth-driven governance after recent political turbulence.

Communications Minister Fahmi Fadzil highlighted the focus on transforming health-care centres into "smart hospitals" by leveraging digital and telecommunications infrastructure. Malaysia is also using its 5G network to deploy telemedicine services in rural areas, providing essential health checks remotely, which is crucial for communities far from medical facilities.

Malaysia's health expenditure is expected to grow at 8.3% annually, outpacing regional neighbours and bolstering its appeal for foreign patients with advanced, cost-effective medical care. To expand the digital health market, Malaysia will collaborate with firms from the US, UK, and Australia and plans to deploy low-Earth orbit satellites to serve extremely remote areas.

The global digital health market is projected to rise significantly, from \$180 billion in 2023 to \$549.7 billion by 2028, further underscoring the growth potential of Malaysia's healthcare technology upgrades.

Source: Bloomberg (October 2024)

News Topics – Business & Economy

IMF Projects Steady ASEAN Growth Amid Global Risks

The IMF forecasts steady growth for ASEAN economies, projecting 4.6% in 2024 and 4.7% in 2025, driven by strong domestic demand and exports, despite global uncertainties.

Indonesia, the Philippines, and Vietnam are set for robust growth above 5%, while Thailand's growth lags at around 3%. Malaysia's GDP outlook has been revised to 4.8% for 2024, highlighting resilience in the region.

ASEAN has benefited from U.S.-China trade tensions, finding new export opportunities. However, the IMF notes regional risks from geopolitical tensions, China's property market issues, and potential financial turbulence. Asia's growth overall is projected to slow, influenced by reduced pandemic recovery effects and aging populations.

Inflation is expected to ease, averaging 2.2% in 2024 and rising slightly in 2025. Advanced Asia will see continued disinflation, while emerging Asia's inflation may hit its lowest in 25 years.

Monetary policies remain adaptable, with Asian central banks likely gaining more freedom to adjust rates as U.S. Fed expectations shift.

The IMF advises close monitoring of financial vulnerabilities, especially in real estate and high-risk credit, to prevent systemic risks. Household debt remains a concern, underscoring the need for cautious monetary and macroprudential strategies.

Source: Bloomberg (October 2024)

U.S. Chips Cut China Ties

The U.S. semiconductor industry is moving to cut Chinese companies from supply chains due to Washington's restrictions on sensitive tech components.

Key U.S. chip toolmakers like Applied Materials and Lam Research have told suppliers to avoid Chinese parts or face vendor termination, and to ensure no Chinese investment or shareholders are involved. This shift raises costs, as non-Chinese alternatives are generally more expensive.

Tensions are high as the U.S. and allies pour billions into domestic chip manufacturing to reduce dependency on China, which has led to export controls on advanced chips and equipment.

These rules also affect non-Chinese suppliers owned by Chinese companies, requiring licenses to supply U.S. firms until 2025.

Chinese suppliers are adapting by setting up factories or partnerships outside China, but face authorization challenges. For example, a Chinese-backed Singaporean factory close to Applied Materials still lacks approval to supply the U.S. firm.

This restriction on Chinese components underscores the rising friction between the U.S. and China over technology dominance, with reciprocal efforts from China to replace foreign technology in domestic sectors.

Source: Bloomberg (October 2024)

Economic Events – Commentary & Charts

AmBank Economics – Monthly Manifests

The highlight of last month would be the Budget 2025 announcement on 18 October 2024, which marks the final annual budget under the Twelfth Malaysia Plan 2021-2025 (12MP).

It is estimated that Malaysia’s real GDP growth is between 4.5% and 5.5%, representing an increase from 4.0% to 5.0% in the previous range. We believe such a projection is realistic as our in-house forecast is at 4.6% in 2025.

AmBank Economics' Projections

	Actual Data		Forecast	
	2022	2023	2024F	2025F
GDP, y/y%	8.9	3.6	4.9	4.6
Inflation rate	3.4	2.5	1.8	2.5–3.0
Unemployment rate	3.8	3.3	3.2*	3.2*
OPR	2.75	3.00	3.00	3.00

Source: BNM, DOSM, AmBank Economics

We posit that the upcoming 3Q2024 GDP growth result, out on 15 November 2024, will be around 5.0% y/y, maintaining its strong momentum following a rise of 5.9% in the previous quarter.

We believe that amidst the easing cycle, the path ahead in the FX space remains cloudy and would depend on the outcome of the upcoming US elections.

When the dust settles, it will provide more clarity, and we may have to adjust our calls later on, but for now, we reiterate our view that the DXY index is still poised to be bearish amidst the Fed easing cycle, with a target of 102 – 103 by the end of this year.

Structurally, the running macro backdrop remains focused on the Fed, and incoming rate cuts in November/December and into 2025-2026 will suffice to ensure a bearish trend for the DXY index, albeit a bumpy one.

In the bond space, despite the Fed’s decision to cut the FFR by the large 50 bps on 19 September, UST yields have surged during the month or so since the decision. The 10Y UST is up >50 bps since the Fed kickstarted its rate-cutting cycle.

We think UST traders have taken as major drivers (to sell down Treasuries)

- 1) the US election risks (and anticipated Trump win),
- 2) continued release of firm economic data which aids US growth outlook, and
- 3) expectations that the Fed will execute gradual cuts in the FFR well into next year. In our opinion, post-US elections will likely return the allure of the safe-haven US government bonds.

The bond market will likely trade based on incoming US fiscal measures alongside the Fed continuing to cut interest rates. We think a better-performing UST market would aid MGS/GII sentiment in the short term.

Despite expectations the US fiscal deficit will still balloon this year and next, due to expectations the new government will raise spending, we think the passage of spending bills will be challenging, as we expect voting in Congress will be deeply partisan.

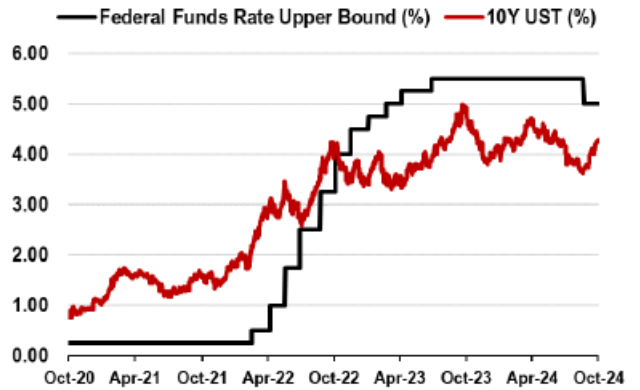
Source: AmBank Economics (Nov 2024)

Economic Events – Commentary & Charts

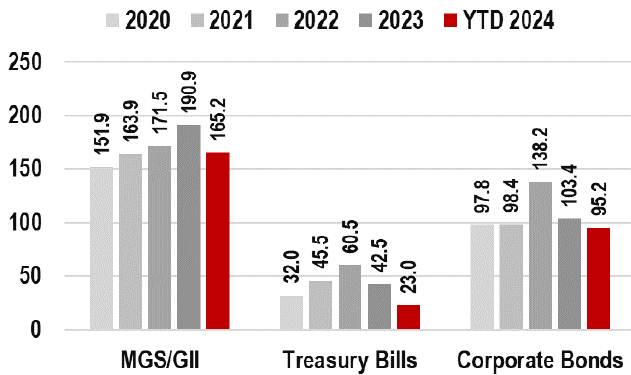
DXY vs USDMYR
Broader Support For US Dollar



Bond Yields Rise In October Despite The Fed Starting Its Rate Cut Cycle In Sept.



Gross Issuances Of MYR Bonds
2020-YTD 2024

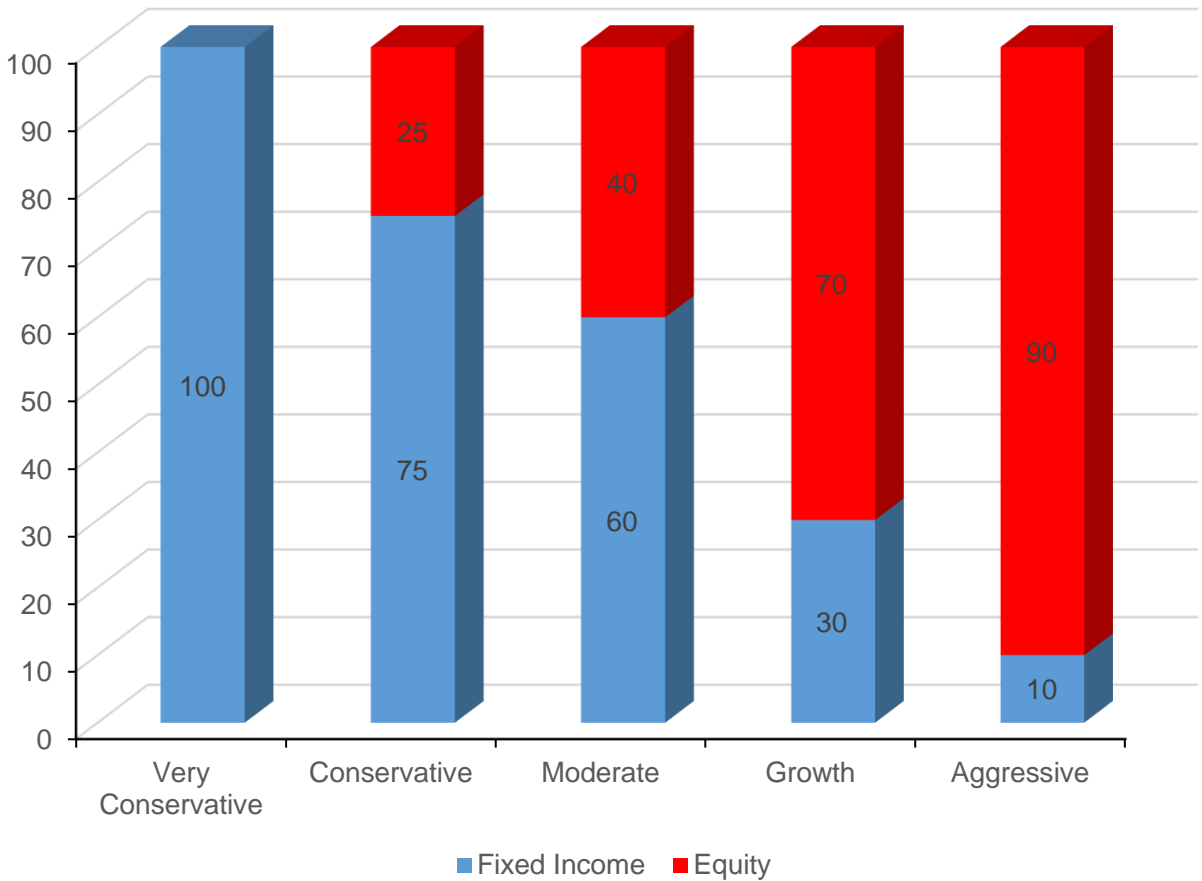


MGS Yields Followed UST
Higher In October



Asset Allocation Strategy

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



Source: AmBank

Fund of Focus – 4th Quarter 2024

	Retail (25 Funds)	Wholesale (9 Funds)
Supercharged Cycle	AHAM Aiiman Global Multi Thematic RHB i-Global Sustainable Future Tech TA Global Technology	Principal Global Technology Principal Islamic Global Technology Principal US High Conviction
Balanced Expansion	AHAM WS Global Balanced Maybank Global Mixed Assets-i Maybank Global Sustainable Equity-I Principal Global Titans TA Global Select Equity United-i Global Balanced	AmFunds Global Dividend AmFunds Income & Growth
Emerging Marvels	Maybank AsiaPac Ex-Japan Equity-I Principal Asia Pac Dynamic Income Principal Greater China Equity Principal Islamic Asia Pac Dynamic Eq RHB Shariah China Focus	Hong Kong Tech MAMG Systematic AsiaPac Eq Abs Ret
Malaysia's Quantum Leap	AHAM Select Balanced AHAM Select Opportunity Eastspring Investments Equity Income	
Alternative Yields	AmFunds Global Properties Equities Manulife Shariah Global REITs	RHB Global Equity Premium Income
Build Immunity	AHAM WS Income AmBond AmBon Islam AmDynamic Bond TA Total Return Income United Golden Opportunity	Precious Metals Securities

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 may be added as required to capture fast moving market trends.

Source: AmBank as of October 2024

Top 5 Best Performing Funds YTD 2024

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Select Opportunity Fund	Equity - Malaysia	Retail	23.5	28.01	7.83
Hong Kong Tech Index MYR	Equity - China	Wholesale	23.37	17.83	-4.13
Hong Kong Tech Index MYR Hdg	Equity - China	Wholesale	22.99	19.66	-8.61
Principal Global Technology MYR H	Equity - Global	Retail	21.89	35.53	-2.36
TA Global Technology MYR	Equity - Global	Retail	23.78	32.93	9.99

Top 5 Worst Performing Funds YTD 2024

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Select Asia (ex Jpn) Qtm Fd	Equity - Asia ex Japan	Retail	-10.61	-11.62	-7.47
AmAsia Pacific REITs B MYR	Equity - Asia ex Japan	Retail	-7.62	3.31	-6.7
AmPRS - Asia Pacific REITs D	Equity - Asia ex Japan	Retail	-6.35	3.38	-6.42
Maybank Singapore REITs MYR	Equity - Developed Market	Retail	-10.16	0.53	-3.61
Principal Islamic Asia Pacific Dyn Eq	Equity - Asia ex Japan	Retail	-8.42	-2.61	-6.36

Source: Lipper fund performance as at 30 October 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

Disclaimer

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