

Wealth Management Digest **March 2025**

Exclusively for AmBank SIGNATURE Priority Banking Customers

Table of Contents

	Page No.
Market Overview	3
Wealth Pulse	4 - 8
AmBank Economics – Monthly Manifests	9-10
Asset Allocation Strategy	11
Fund of Focus	12
Top 5 Performing Funds	12
Definitions	13
Disclaimer	14

Market Overview

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

	2023	2024	Dec-24	Jan-25	Feb-25
MSCI Global Equities	22.82%	18.03%	18.03%	3.38%	2.79%
MSCI Developed Market Equities	24.44%	19.22%	19.22%	3.55%	2.84%
MSCI Emerging Markets Equities	10.20%	7.97%	7.97%	1.81%	2.31%
MSCI Asia ex Jn Equities	11.98%	10.14%	10.14%	1.45%	1.17%
S&P 500 (US) Equities	26.26%	25.00%	25.00%	2.78%	1.44%
STOXX 600 (EU) Equities	16.63%	9.62%	9.62%	6.38%	10.03%
CSI 300 (China) Equities	-9.14%	18.24%	18.24%	-2.78%	-0.92%
HSI (HK) Equities	-10.46%	22.90%	22.90%	1.20%	14.79%
MSCI Malaysia (MY) Equities	0.67%	17.51%	17.51%	-5.01%	-4.55%
Bloomberg Global IG Bond	5.72%	-1.69%	-1.69%	0.57%	2.01%
Bloomberg Global HY Bond	14.04%	9.19%	9.19%	1.37%	2.17%

Source: Bloomberg, as of 28 February 2025

GLOBAL EQUITIES

Global equities edged lower towards the end of February as compared to the previous month, owing to increased volatility linked to Trump's tariffs against Canada, Mexico and China. Investors have pulled back exposure from the markets as Trump prepares to expand tariff targets and impose other punitive policies against key trade partners.

ASIA PACIFIC EQUITIES

Asia ex Japan markets have ended marginally lower, but still holding on to gains supported by the rally in the Hong Kong markets. AI (artificial intelligence) development and expectations for policy support to bolster economic growth has propelled Chinese equities higher. Other parts of Asia such as India have been a drag on performance but have largely stabilized.

MALAYSIAN EQUITIES

Malaysian equities have narrowed the gap on year-to-date losses at the end of February, supported by dip buying in the market. Expectations of a steadier growth path, reductions in fiscal deficits and a healthy pace of foreign direct investments (FDI) into the economy have boosted overall confidence in Malaysia's outlook.

Source: AmBank Retail Wealth Management Advisory & Research (as at 10 March 2025)

Wealth Pulse

GOLD’S TIME TO SHINE

CATCHING THE GOLDBUG

Gold has been dismissed as the “boomer” of asset classes – overshadowed by the rise of crypto, the adrenaline of tech stocks and the allure of meme-fuelled markets. Ignoring this broad trend of speculative investing, gold did what it does best – preserve wealth, hedge against uncertainty and deliver serious returns, outpacing the gains in global equities and even the S&P 500 index in 2024 to deliver 25.5% gains to investors.

The best part? Gold isn’t done rallying.

And if you choose to ignore it, you may be missing out on one of the most compelling investment opportunities over the next 12-months. Here a several reasons why 2025 could see gold surging higher.

Geopolitics: Trump’s Cowboy Diplomacy Invites Volatility

News headlines should be enough warning for investors; global tensions are escalating under Trump’s America, and in times of distress such as these, gold tends to thrive.

Gold has historically rallied during times of heightened global risk, and 2025 isn’t shaping up to be any calmer. The Israel-Hamas conflict, South China Sea tensions, and Russia’s ongoing aggression in Ukraine is pushing investors toward gold as a safe-haven asset.

If you think this decade is going to be calm, you probably also believe the Fed can tame inflation without breaking something.

Key Risk Factors That Can Drive Gold Higher

Key Issues	Middle East Turmoil	Russia-Ukraine Conflict	US-China Tensions
Impact on Gold Market	<ul style="list-style-type: none"> Israel-Hamas war & regional tensions boosts demand for safe-haven assets (gold). 	<ul style="list-style-type: none"> Prolonged war and sanctions support gold as a hedge against geopolitical conflicts. 	<ul style="list-style-type: none"> Trade, Taiwan, & supply chain uncertainties push investors toward gold.
US/Trump’s Actions	<ul style="list-style-type: none"> Strong support for Israel Withdrawal from Iran nuclear deal. 	<ul style="list-style-type: none"> Pivot towards Russia. Pause on military aid to Ukraine. 	<ul style="list-style-type: none"> Escalation of trade war. Tariffs on imported Chinese goods.
Impact of US/Trump’s Actions	<ul style="list-style-type: none"> Increased regional instability. Escalation of Middle East conflict 	<ul style="list-style-type: none"> Undermined support for Ukraine. Increased geopolitical risk and uncertainty. 	<ul style="list-style-type: none"> Heightened trade tensions. Increased market volatility.

Source: AmBank Wealth Management (Mar 2025)

Central Banks Are Hoarding Gold (De-Dollarization Tailwind)

You know who isn't treating gold like an outdated relic? Global central banks.

- **2024 marked the 15th straight year of net central bank buying**, a trend expected to continue in 2025.
- **China, Russia, and emerging markets** are leading the charge, using gold to reduce dependence on the U.S. dollar.
- **UBS estimates that central bank gold purchases will reach 900 metric tons** in 2025, providing a strong demand floor.

When policymakers—the people who literally control money—are hoarding gold, it's a sign that long-term value is shifting.

2022 saw central banks **buying a record 1,080 tonnes of gold**. This gold rush is widely seen as part of a broader de-dollarization & reserve diversification trend.

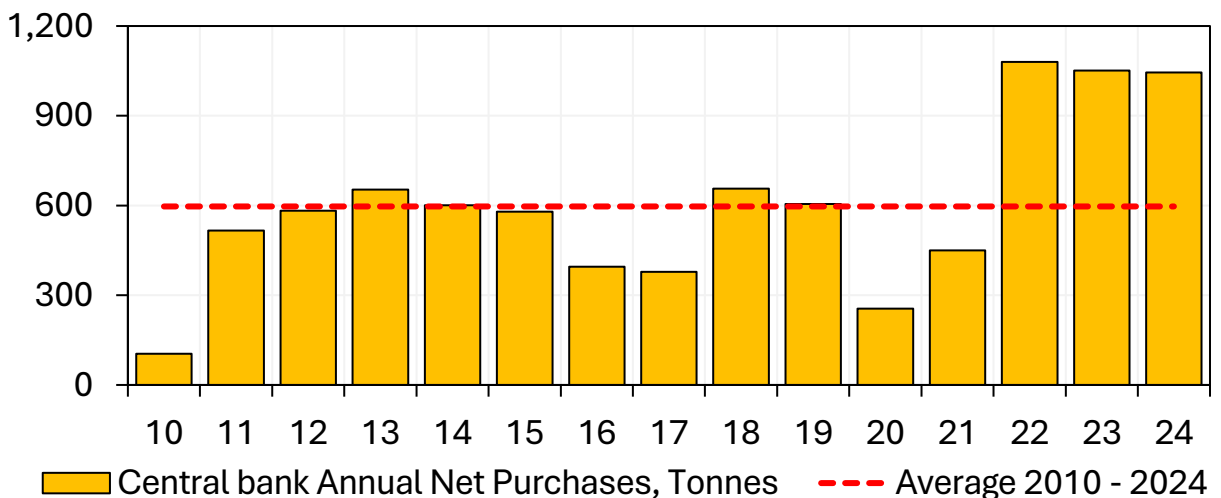
Many emerging-market central banks are reducing the share of USD in their foreign exchange reserves and increasing gold allocations.

The reasons range from geopolitical considerations to a desire to hedge against dollar depreciation and sanctions risk. IMF data confirms that the U.S. dollar's share of global FX reserves has fallen to ~58% – the lowest in almost 30 years.

As trust in the dollar erodes at the margins, gold's universal acceptance and lack of credit risk make it an attractive alternative reserve asset. Gold is seen as a stateless store of value, immune to the policy whims of any single country, which is appealing to central banks facing heightened geopolitical tensions.

Robust central bank buying is a "**soft floor**" for gold prices in the market. This also suggests that the fundamental supply-demand picture for gold is the strongest it's been in decades.

Central Banks Have Picked Up The Pace In Annual Gold Purchases



Source: World Gold Council, AmBank Wealth Management (Jan 2025)

Rate Cuts To Boost Gold’s Appeal (Real Yields Compress)

Gold tends to shine when interest rates drop—and 2025 could see the Fed finally pivot to rate cuts.

- **The Federal Reserve is expected to ease policy**, which historically weakens the U.S. dollar and lowers real yields—both of which are bullish for gold.
- **Lower rates reduce the opportunity cost of holding gold**, making it more attractive compared to yield-bearing assets like bonds. Gold has a well-established inverse relationship with real interest rates. When inflation-adjusted yields fall (or are deeply negative), the opportunity cost of holding gold drops and gold prices tend to rise, and vice versa.
- **Past rate-cutting cycles have seen gold return +25% on average** in the following 500 trading days.

If inflation stays high and rate cuts accelerate, gold could reach \$3,450/oz in a bullish scenario.

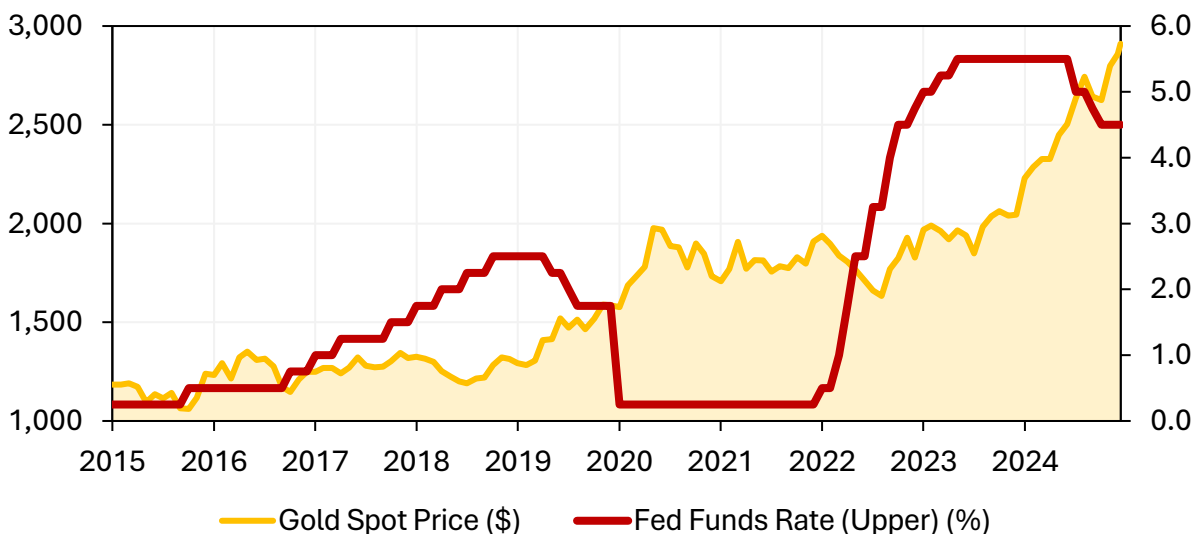
Real yields are expected to stabilize or decline in 2025, with the Fed's rate cuts and persistent inflation compressing real yields. Gold's inverse relationship with real interest rates supports this trend.

Between 2022 and 2024, despite high real yields, gold remained strong due to war-driven safe-haven buying and central bank purchases.

Looking ahead, if the Fed cuts rates by ~100bps through 2024-25 and core inflation drifts to ~2.5%, real rates could fall, supporting gold prices.

A flat-to-falling real yield environment in 2025 should boost gold, as lower "inflation-adjusted returns" on bonds make gold more attractive.

Gold Prices Spurred Higher By Interest Rate Cut Expectations



Source: Bloomberg, AmBank Wealth Management (10th Mar 2025)

Softer USD Supports Higher Gold Prices

Gold and the U.S. dollar have a long-standing inverse relationship—and in 2025, the dollar could be in trouble.

- **America’s ballooning fiscal deficit** (expected to exceed \$2 trillion) is eroding confidence in the greenback.
- **De-dollarization trends** among emerging markets and global trade partners are pushing central banks toward gold.

With the U.S. economy slowing relative to the rest of the world, gold could get another tailwind from currency shifts. The IMF confirms that the U.S. dollar’s share of global FX reserves has fallen to ~58% – the lowest in almost 30 years.

J.P. Morgan analysts noted the dollar was trading “10–15% above its fair value” based on rate differentials and long-term averages. In 2025, the baseline expectation among many strategists is for a flat to mildly weaker dollar, which would be positive for gold.

Institutional & Retail Demand Is Rising

Gold isn’t just a safe-haven asset anymore—it’s a legitimate investment play, attracting major inflows.

- **Gold ETFs are seeing renewed interest**, reversing the outflows from 2022-2023.
- **Crypto funds are facing headwinds**, leading some investors to rotate back into gold.
- **Physical demand in China and India remains strong**, driven by cultural preferences and economic shifts.

Gold’s technical setup remains extremely bullish, with analysts calling for trading ranges between \$2,600 and \$3,450 in 2025.

While Bitcoin was once hailed as “digital gold,” it turns out that actual gold is still gold—and institutions are noticing.

Gold Historical Returns Post 15% Gain: Good Fortunes Ahead?

Years	Gold >15% Returns	Proceeding Year Gold Returns (%)
1986-1987	17.4%	21.9%
1993-1994	15.5%	-1.9%
2002-2003	22.1%	17.7%
2005-2006	16.5%	20.8%
2009-2010	21.8%	25.9%
2019-2020	16.8%	22.4%
Mean	18.4%	17.8%
Median	17.1%	21.4%

Source: Bloomberg Finance, State Street Global Advisors (Dec 2024)

**Where Gold is Headed:
Projections for 2025**

Analysts broadly agree that gold prices have room to run, but how high will they go?

- **Base Case (\$2,600–\$2,900/oz):**
Central banks maintain steady purchases, inflation remains sticky, and Fed rate cuts are moderate.
- **Bull Case (\$2,900–\$3,450/oz):**
Aggressive rate cuts, continued geopolitical turmoil, and a weaker U.S. dollar drive prices higher.
- **Bear Case (\$2,200–\$2,600/oz):** U.S. growth surprises to the upside, delaying Fed easing and keeping real yields high.

Under conservative estimates, gold is set to hold on to its gains in the past year, making it an excellent asset for value preservation.

Gold has already surged 27% year-over-year to reach \$2,624.50/oz as of end 2024.

**The Bottom Line:
The Gold Rally is Just Getting Started**

Forget the "boomer asset" stereotype—gold is proving to be one of the most resilient and opportunistic investments of the decade.

Trump's unpredictable presidency, marked by aggressive trade policies with China and bold claims about resolving conflicts like the Russia-Ukraine war, adds layers of uncertainty and makes him a wild card in the market today.

For investors seeking both safety and returns, the goldbug isn't just an old-school obsession—it might be the smartest play in the market right now, proving to be a stable and reliable asset to safeguard your wealth.

Gold Goalpost(s): Where Is Gold Headed Towards

Scenario	Price Target	Key Factors
Base Case	\$2,600 – \$2,900/oz	<ul style="list-style-type: none"> • Moderate Fed rate cuts (75-100bps), slightly weaker U.S. dollar • Persistent inflation (2.5%-3%) • Strong central bank gold purchases (900 MT) • Elevated geopolitical risks (Russia-Ukraine, Middle East, U.S.-China)
Bull Case	\$2,900 – \$3,450/oz	<ul style="list-style-type: none"> • Aggressive Fed rate cuts (150bps+), sharp decline in U.S. dollar • Reaccelerating U.S. inflation (CPI > 4%) • Financial crisis or major credit event, continued geopolitical turmoil • Increased gold buying by China and emerging markets (1,200 MT)
Bear Case	\$2,200 – \$2,600/oz	<ul style="list-style-type: none"> • Delayed or slow Fed rate cuts (25-50bps), Strengthening U.S. dollar • Cooling inflation (toward 2%) • Strong stock market performance • Accelerated gold ETF and hedge fund outflows • U.S. growth surprises to the upside

Source: Analyst Target Compilation (Various Reports), WisdomTree, Bloomberg (March 2025)

AmBank Economics – Monthly Manifests

Malaysia Economic Growth in 2025: Steady but Slower

Last month, we released the 4Q2024 GDP preview report in which we updated our 2024 forecast to 5.1% two days before the DOSM released the official result. Our forecast was spot on with figure for 4Q2024 GDP growth to come in at 5.0%, translating into the said full-year GDP growth.

The stronger performance was buoyed by favourable domestic demand prospects following solid labour market conditions and the government's continued policy measures, aside from an investment upcycle and higher tourist arrivals and spending.

Meanwhile, the fiscal deficit came in lower at 4.1% versus the 4.3% estimate. Looking ahead to 2025, Malaysia's economy is poised for another year of solid growth, albeit moderating to 4.6%, which aligns with the lower bound of the official projection range of 4.5% to 5.5%, while the fiscal deficit is expected to take the moderating path at 3.8%.

The inflation reading starts the year with the rate remains steady at 1.7% in January, marking the lowest figure in 11 months.

We noticed that sluggish increases in food prices which constitutes almost 30% of the CPI basket has been one of the main drivers of slowing inflation in Malaysia since last year.

Though there are signs of prices moderation, the inflation outlook is still exposed to changes in domestic price controls, as well as subsidy policies, especially on the RON95 implementation which is now to be said in the final stage of drafting, expected to be carried out mid-year.

With a stable inflation reading thus far, together with the favourable economic growth in the country, we believe that there is no urgency from the central bank to do policy adjustment throughout 1H2025, at least.

Additionally, we think that the upcoming meeting this week will see the central bank to keep the rate steady at the current level which is said to be supportive of the economic growth.

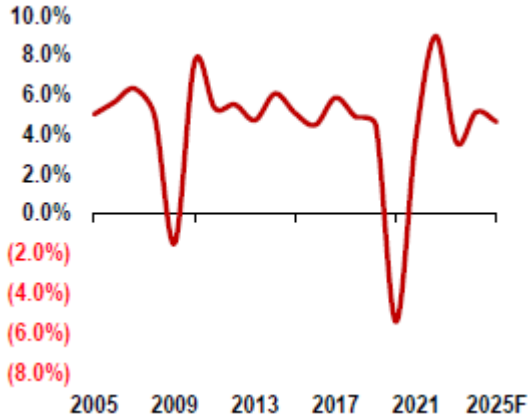
The upside risk of the inflation could be coming from a healthy labour market performance, civil servant salary hike in December last year and minimum wage increase effective February this year.

However, we think that the price pressure will remain manageable in the upcoming months, possibly to stay close average of 2% in the 1H this year, unless there are unforeseen shortcomings which require policy realignment.

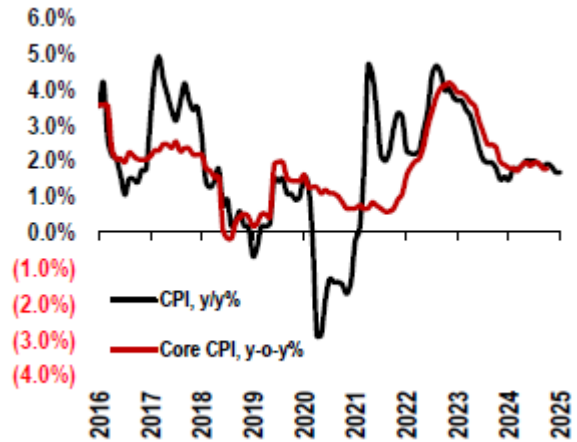
Source: AmBank Economics (Mar 2025)

Economic Events – Commentary & Charts

Malaysia Annual GDP Growth, Y/Y%



MY CPI vs Core CPI, Y/Y %



Dollar Index vs USDMYR



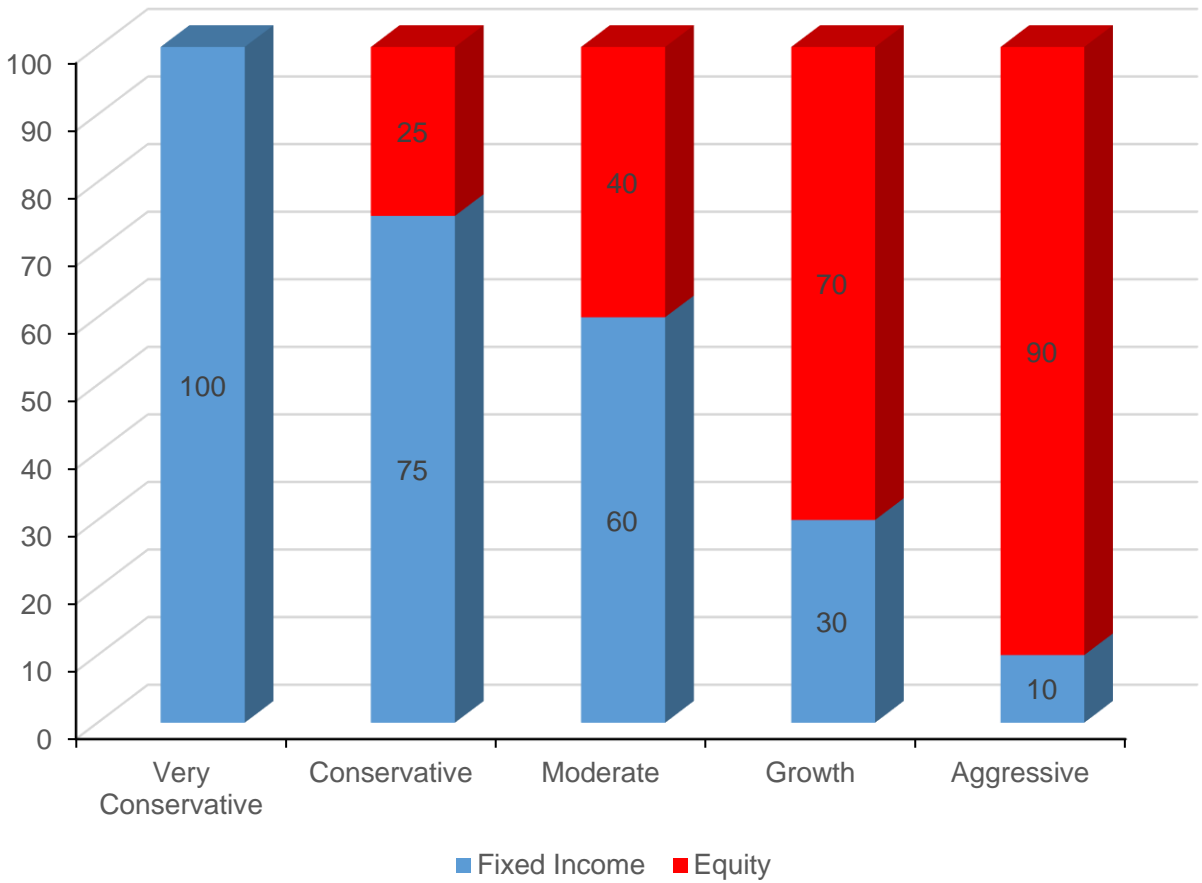
AmBank Economics' Projections (%)

	Actual Data		Forecast
	2023	2024	2025F
GDP, y/y%	3.6	5.1	4.6
Inflation rate	2.5	1.8	2.5 – 3.0
Unemployment rate	3.3	3.3	3.2*
OPR	3.00	3.00	3.00

Source: DOSM, AmBank Economic Research

Asset Allocation Strategy

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



Source: AmBank

Fund of Focus – 1st Quarter 2025

	Retail (21 Funds)	Wholesale (14 Funds)
Shield & Yields	AHAM Wld Ser Income AmDynamic Bond AmTactical Bond B Maybank Global Mixed Assets-I Principal Islamic Lifetime Balanced TA Total Return Income United Golden Opportunity	AmFunds Glb Agribusiness AmFunds Income and Growth
Enduring Giants	Manulife Global Perspective A Principal Global Titans	AmFunds Global Dividend RHB Global Equity Premium Income
Malaysia's Reformed Future	AHAM Select Opportunity Fund	Eastspring Investments Small Cap
Global Champions	TA Global Select Equity Maybank Global Sustainable Equity-i	AHAM Aiiman Glb Mlt Thmtc
Asia's Resurgence	Maybank Asiapac Ex-Japan Equity-i Principal Asia Pacific Dynamic Inc RHB Asian Income	MAMG Sys AsiaPac Eq Abs Ret
Ai Capex Supercycle	RHB i-Sustainable Future Tech TA Global Technology	Principal Global Technology Principal Islamic Global Tech United Global Transformation
Small Cap's Risk Buffer		AmFunds Global Smaller Companies Principal US High Conviction
Twin-Economic Drivers	AmFunds India Growth Manulife India Equity Principal Greater China Equity RHB Shariah China Focus	AmChina A-Shares Hong Kong Tech Index

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 January 2025

Top 5 Best Performing Funds YTD 2025

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Select Opportunity Fund	Equity - Malaysia	Retail	26.2	30.11	9.06
Eastspring Inv Islamic Small-cap	Equity - Malaysia	Retail	24.08	26.13	8.78
Principal Global Technology MYR H	Equity - Global	Retail	23.01	28.27	-0.63
TA Global Technology MYR	Equity - Global	Retail	27.04	31.29	10.65
United Golden Opportunity MYR hedged	Other - Global	Retail	23.14	26.09	10.24

Top 5 Worst Performing Funds YTD 2025

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AHAM Select Asia (ex Jpn) Qtm Fd	Equity - Asia ex Japan	Retail	-10.76	-11.13	-5.81
AmAsia Pacific REITs B MYR	Equity - Asia ex Japan	Retail	-9.46	-4.27	-7.4
Maybank Singapore REITs MYR	Equity - Developed Market	Retail	-11.3	-7.59	-3.54
Principal Islamic Asia Pacific Dyn Eq	Equity - Asia ex Japan	Retail	-9.96	-6.1	-6.75
RHB Resources	Equity - Asia ex Japan	Retail	-8.49	-5.43	2.91

Source: Lipper fund performance as at 31 January 2025, 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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