

Wealth Management Digest **August 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	May-24	Jun-24	Jul-24
MSCI Global Equities	-17.9%	22.82%	9.11%	11.58%	13.42%
MSCI Developed Market Equities	-17.7%	24.44%	9.77%	12.04%	14.05%
MSCI Emerging Markets Equities	-19.8%	10.20%	3.50%	7.60%	8.03%
MSCI Asia ex Jn Equities	-16.8%	11.98%	5.50%	7.98%	10.20%
S&P 500 (US) Equities	-18.1%	26.26%	11.30%	15.29%	16.69%
STOXX 600 (EU) Equities	-9.9%	16.63%	10.77%	9.52%	11.09%
CSI 300 (China) Equities	-19.8%	-9.14%	4.70%	2.06%	2.67%
HSI (HK) Equities	-12.6%	-10.46%	7.40%	6.21%	5.11%
MSCI Malaysia (MY) Equities	-0.4%	0.67%	10.34%	10.41%	13.15%
Bloomberg Global IG Bond	-16.2%	5.72%	-3.30%	-3.16%	-0.49%
Bloomberg Global HY Bond	-12.7%	14.04%	2.77%	3.18%	5.20%

Source: Bloomberg, as of 31 July 2024

GLOBAL EQUITIES

Global equities pushed higher on the back of interest rate cut optimism as data increasingly shows that major central banks are getting closer to pivot monetary policy. Falling inflation, weaker economic data and rising unemployment are clear signs that central banks have achieved their goal of containing the overheated economy.

ASIA PACIFIC EQUITIES

Asia ex Japan jumped higher amid strong regional performance, with India leading to push higher. Foreign investors have returned to the market following the recent election after seeing that Prime Minister Modi's position is secured under the coalition government. Additionally, gains in South Korea, Malaysia and other parts of Asia have also contributed to returns for investors, as Asia's manufacturing capabilities is increasingly called-upon to support global chip consumption.

MALAYSIAN EQUITIES

Malaysian equities continued its rally, owing to stronger local investor participation and as the softer Ringgit supported capital inflows from foreign investors. Solid economic fundamentals, clear government direction and Prime Minister Anwar Ibrahim's plans to strengthen the country's fiscal position to more boldly face future challenges.

Source: AmBank Retail Wealth Management Advisory & Research (as at 01 August 2024)

News Topics – Business & Economy

China's Third Plenum Highlights Cautious Economic Approach

The Chinese Communist Party (CCP) concluded the Third Plenary Session of its 20th Party Congress on July 18, led by President Xi Jinping.

This meeting, delayed from its usual schedule, raised speculation about internal party issues. The Plenum focused on "reform and opening up," a concept originating from Deng Xiaoping's 1978 reforms, but under Xi, the CCP emphasizes state control over market forces.

The Plenum addressed economic challenges like the struggling real estate sector and local government debt but did not introduce significant new reforms.

Instead, it reiterated the goal of "high-quality development" in areas such as green technology and semiconductors, reflecting a commitment to "Chinese-style modernization" and political stability.

This session also marked a shift towards more centralized governance under Xi, who has consolidated power beyond traditional structures.

The outcomes included a lengthy communiqué emphasizing continuity in economic policy with limited specific changes.

Overall, the Third Plenary Session underscored the CCP's cautious approach to economic reforms and reaffirmed Xi's dominant role in shaping China's future policy, focusing on stability and state oversight.

Source: Bloomberg (July 2024)

China's Focuses on Boosting Domestic Consumption

President Xi Jinping has called for accelerated measures to enhance domestic consumption as China's economic growth fails to meet expectations.

The Politburo acknowledged "insufficient" domestic demand and supported fiscal and monetary policies, including utilizing government bonds to finance spending and stimulus programs aimed at upgrading industrial equipment and consumer goods.

China's economy grew by only 4.7% year-on-year in the second quarter, falling short of the 5% target, prompting concerns over a prolonged slowdown exacerbated by a weak real estate market. Recent policy interest rate cuts reflect efforts to stimulate growth, yet the upcoming purchasing managers' index for July is expected to indicate continued subdued factory activity.

While the Politburo emphasized the need for policies that benefit the populace and promote consumption, it did not introduce new measures, focusing instead on the swift implementation of existing policies.

Analysts have noted that despite surging exports, weak domestic demand persists, creating tensions with trading partners like the U.S. and EU.

The emphasis on boosting consumption, particularly among middle and low-income groups, suggests a cautious approach to economic revitalization amid ongoing challenges, including the property sector crisis and the impact of the pandemic on consumer behavior.

Source: Bloomberg (July 2024)

News Topics – Business & Economy

BIS Urges Gov's To Prevent Financial Instability

The Bank for International Settlements (BIS) has issued a stark warning on the rising levels of government debt, urging nations to curtail borrowing to maintain global financial stability and combat inflation.

In its annual report, the BIS cautioned that escalating debt could precipitate a crisis similar to the U.K.'s turmoil in 2022, characterized by plummeting investor confidence in government bonds, soaring borrowing costs, and a downturn in equity markets.

Claudio Borio, head of the BIS economic department, highlighted the potential for markets to question the sustainability of high debt levels, particularly as France approaches significant elections where the eurosceptic National Rally party is expected to gain seats, advocating for increased spending despite a budget deficit exceeding EU limits.

The International Monetary Fund (IMF) has projected that U.S. government debt may reach 140% of GDP by 2032 without fiscal reforms, posing risks to both the U.S. and global economies.

The BIS noted that historically low interest rates have obscured the dangers of high debt, which have been exacerbated by the pandemic, energy transitions, geopolitical tensions, and aging populations. While acknowledging the risks of reducing borrowing, the BIS underscored the necessity of addressing debt levels to prevent inflationary pressures and advised central banks against prematurely lowering interest rates.

Source: Bloomberg (July 2024)

Federal Reserve Signals Potential Rate Cut in September

The Federal Reserve decided to keep interest rates steady, maintaining the range at 5.25%-5.50%, while signaling the possibility of a rate cut in its next meeting in September. This decision comes as inflation shows signs of aligning with the Fed's 2% target, prompting optimism that the period of high inflation might be nearing an end. The Fed's statement noted that inflation is now only "somewhat elevated," a significant downgrade from earlier assessments.

Powell acknowledged that as price pressures moderate, the economy is approaching a point where reducing the policy rate may be appropriate. This perspective was bolstered by recent positive trends in inflation, with the personal consumption expenditures (PCE) price index rising 2.5% in June, down from over 7% in 2022.

The Fed's statement also adjusted its language, shifting focus from being "highly attentive to inflation risks" to a broader concern for both inflation and employment stability. The central bank remains cautious, needing "greater confidence that inflation is moving sustainably toward 2%" before committing to rate cuts.

The decision reflects a balance between controlling inflation and avoiding a sharp rise in unemployment, aiming to manage economic growth and stability. The unanimous approval of the new policy statement underscores the Fed's cautious optimism as it navigates the economic landscape.

Source: Bloomberg (July 2024)

News Topics – Business & Economy

Eurozone Economy Resilience Despite Mixed Signals

The Eurozone economy grew by 0.3% in the second quarter, surpassing economists' expectations of 0.2%. This growth alleviated concerns about the potential stalling of the region's recovery.

The European Central Bank (ECB) had forecasted a gradual recovery in demand for the year, supported by slowing inflation, rising wages, and improving global trade. Despite these positive signals, business surveys suggest the economy is still facing challenges from geopolitical tensions, weaker global growth, and fragile consumer confidence.

Germany, the largest economy in the Eurozone, saw a slight contraction of 0.1% in the second quarter, attributed to reduced investment. Italy's growth slowed to 0.2%, while France and Spain outperformed with growth rates of 0.3% and 0.8%, respectively. Spain's growth was bolstered by strong consumer spending and exports.

Inflation in the Eurozone is expected to slow slightly, with figures anticipated to show a decrease from 2.5% in June to 2.4% in July. However, Germany's inflation unexpectedly rose to 2.6%, surpassing forecasts.

The ECB's next meeting in September remains uncertain, with President Christine Lagarde indicating that the rate decision will depend on upcoming economic data. The recent data highlights a resilient but cautious economic outlook for the Eurozone. Economists speculate that the ECB might consider further interest rate cuts in response to these mixed signals

Source: Bloomberg (June 2024)

IMF: Inflation Risks Amid Rising Tariffs & Election Uncertainty

The International Monetary Fund (IMF) has warned that a new wave of tariffs could increase inflation and compel central banks to maintain high interest rates.

In its latest global economic outlook, the IMF noted that election-related borrowing could also drive-up borrowing costs. The forecast for global economic growth this year remains at 3.2%, with a slight increase to 3.3% for next year.

The IMF highlighted that while inflation rates are expected to decline, they are not falling as rapidly as anticipated due to rising service prices and wages.

Additional tariffs and trade barriers could exacerbate inflation, leading to prolonged high interest rates.

The report specifically noted concerns about potential tariffs proposed by Donald Trump on U.S. imports and those recently imposed by the European Union on Chinese-made electric vehicles.

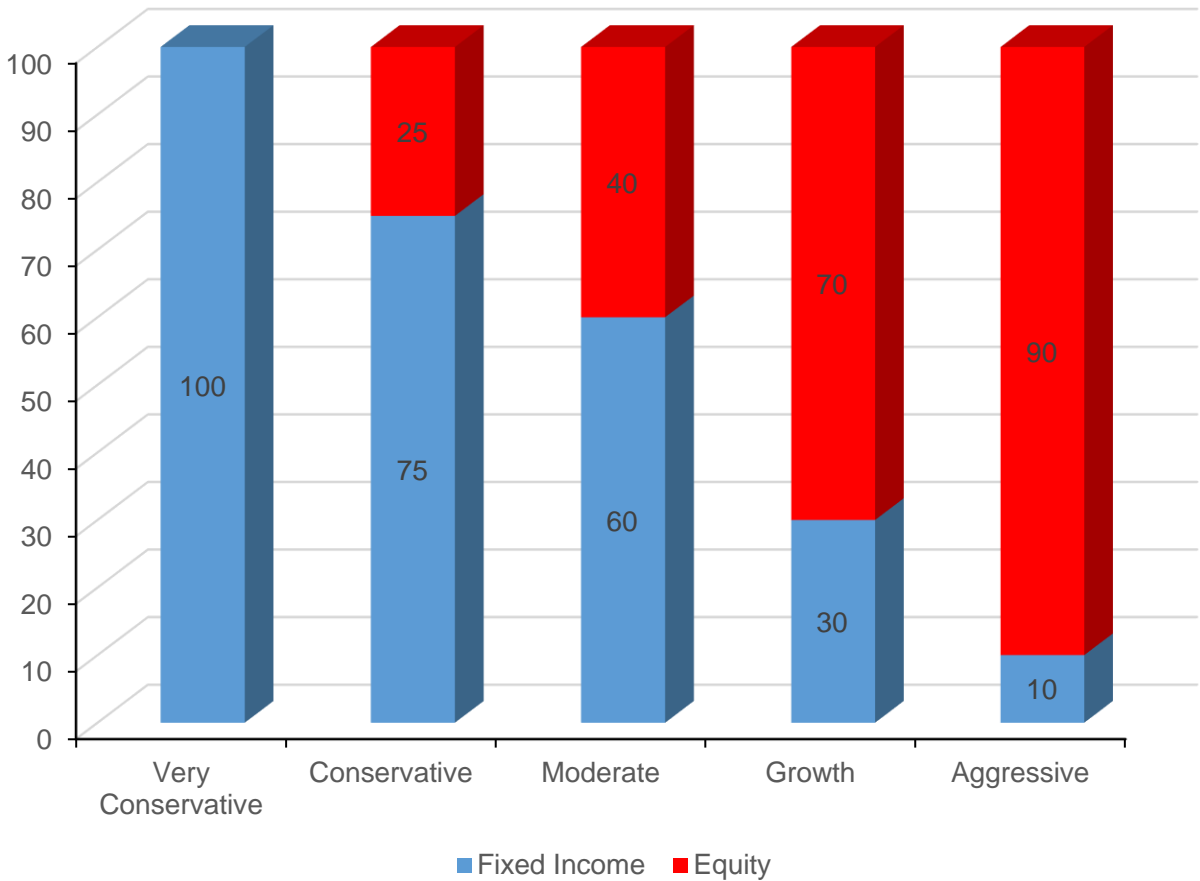
This could lead to increased U.S. government borrowing, a concern echoed by Federal Reserve Chairman Jerome Powell, who recently called the U.S. debt level unsustainable.

The IMF expressed concern about fiscal policy shifts from elections in the U.S. and Europe, which could worsen debt dynamics and impact global economic stability.

Source: Bloomberg (July 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 (19 Funds)	Wholesale (12 Funds)
Goldilocks Economy	Maybank Global Mixed Assets-i Maybank Global Sustainable Equity-i Principal Global Titans TA Global Select Equity	AmFunds Global Dividend
Rate Regime Shift	AmBond AmBond Islam AmDynamic Bond AmIncome Plus United-i Global Balanced	AHAM World Series - Global Income Manulife Global Optimizer
The 5th Industrial Revolution	TA Global Technology	AHAM Aiiman Global Multi Thematic Principal Global Millennial Equity Principal Global Technology Principal Islamic Global Technology
Asia Regains Its Footing	Maybank AsiaPac ex Jn Equity-i Manulife India Equity Principal Asia Pac Dynamic Income Principal Islamic Asia Pac Dynamic Equity RHB Shariah China Focus	Hong Kong Tech
Malaysia Roars Again?	AHAM Select Opportunity AHAM Select Balanced	Eastspring Investments Small-Cap
Neutralizing Volatility	TA Total Return Income United Golden Opportunity	AmFunds Income & 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 July 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 July 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

Important Information for Customers:

WARNING: THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN MALAYSIA OR ANY OTHER JURISDICTION. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE INVESTMENT AND THIS DOCUMENT. IF YOU ARE IN DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD IMMEDIATELY OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

This document is strictly confidential and is issued by AmBank (M) Berhad (“AmBank”) on the basis that it is only for the information of the particular person to whom it was provided. This document may not be copied, reproduced, distributed or published by any recipient for any other purpose unless AmBank’s prior written consent is obtained.

The information, statement and/or descriptions contained in this report has been prepared strictly as general information for quick reference and illustration purposes only and is not intended to be the complete description of any products mentioned or as an offer to sell or a solicitation to buy any securities, foreign exchange or other product. In providing this report AmBank is not making any recommendation to buy any securities or other product and the information provided should not be taken as investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. AmBank has no obligation to update its opinion or the information in this report and you should independently evaluate particular investments and strategies and seek the advice of a financial adviser prior to entering into any transaction.

The information herein was obtained or derived from sources that AmBank believes are reliable, but while all reasonable care has been taken to ensure that stated facts are accurate and opinions fair and reasonable, we make no representation or warranties, express or implied, as to the accuracy or completeness of the information herein and expressly disclaims any liability for any loss (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) that you or your advisors may suffer as a result of your reliance upon the whole or any part of the contents of this report or for any loss that may arise from the use of this report or reliance by any person upon such information or opinions provided in this report.

Members of the AmBank Group, AmBank Group affiliates and each of their directors, officers employees and agents (“Relevant Persons”) may provide services to any company and affiliates of such companies whose securities or other products are mentioned herein, may from time to time have a position in or related to the securities or products mentioned herein and may trade or otherwise effect transactions for their own account or the accounts of customers. You should assume that the Relevant Persons may provide or may seek investment banking or other services to or from the companies in which have an interest in the securities or products discussed / covered in this report or previous reports by AmBank. You should further be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

AmBank is not acting as your advisor and does not owe any fiduciary duties to you in connection with this report and no reliance may be placed on AmBank or this report in evaluating your investment objectives, financial situation and particular needs and decisions.

Nothing in this document constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

This information herein is not intended to constitute “research” as it is defined by applicable laws. This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.