

# Wealth Management Digest **July 2024**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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## Market Overview

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

	2022	2023	Apr-24	May-24	Jun-24
MSCI Global Equities	-17.9%	22.82%	4.80%	9.11%	11.58%
MSCI Developed Market Equities	-17.7%	24.44%	5.02%	9.77%	12.04%
MSCI Emerging Markets Equities	-19.8%	10.20%	2.89%	3.50%	7.60%
MSCI Asia ex Jn Equities	-16.8%	11.98%	3.71%	5.50%	7.98%
S&P 500 (US) Equities	-18.1%	26.26%	6.04%	11.30%	15.29%
STOXX 600 (EU) Equities	-9.9%	16.63%	6.99%	10.77%	9.52%
CSI 300 (China) Equities	-19.8%	-9.14%	5.18%	4.70%	2.06%
HSI (HK) Equities	-12.6%	-10.46%	4.74%	7.40%	6.21%
MSCI Malaysia (MY) Equities	-0.4%	0.67%	8.68%	10.34%	10.41%
Bloomberg Global IG Bond	-16.2%	5.72%	-4.55%	-3.30%	-3.16%
Bloomberg Global HY Bond	-12.7%	14.04%	1.27%	2.77%	3.18%

Source: Bloomberg, as of 30 June 2024

### GLOBAL EQUITIES

Global equities continued to push higher as “FOMO” (fear of missing out) drove buying in semiconductor and technology related stocks. Mega-cap equities were the biggest contributors to gains, accounting for nearly 60% of the year-to-date returns of the S&P 500 index. Rally was also supported by broad market expectations for the US Federal Reserve to begin cutting interest rates sometime in the third quarter of 2024.

### ASIA PACIFIC EQUITIES

Asia ex Japan gradually rose, lagging behind global peers, but still delivering a reasonable return. Recent gains were attributed to a broadening of market returns, as investors start to diversify some of their funds away from the US and other developed markets. Attractive valuations, healthy dividends and a growing consumer market, drives the appeal for Asian equities. However, investors are more selective of what they are buying.

### MALAYSIAN EQUITIES

Malaysian equities have attracted strong capital inflows, supported by the reform agenda set by Prime Minister Anwar Ibrahim, which boosted investments from both local and foreign investors. Improving fundamentals of the economy and local corporations also drove returns in the equities space.

Source: AmBank Retail Wealth Management Advisory & Research (as at 10 July 2024)

## News Topics – Business & Economy

### China's Economic Slump: Housing & Factory Woes

China's property market continues to slump, deepening in May, prompting calls for government intervention to inject cash and credit. Despite industrial production rising 5.6% year-over-year, it missed forecasts and showed a slowdown.

Retail sales saw a better-than-expected uptick but remained below pre-pandemic levels. Economists suggest that meeting the annual 5% growth target will require increased government spending and central bank efforts to stabilize the housing market and boost credit flow.

The People's Bank of China has kept a key interest rate unchanged, constrained by the need to support the yuan amidst US Federal Reserve's high-rate stance. Chinese stocks declined, with the CSI 300 Index dropping 0.2% and a gauge of developers' shares falling 3.2%. Fixed-asset investment growth also slowed.

While retail sales showed some improvement, the sustainability of this momentum is uncertain, and export-led growth faces challenges from new trade barriers.

Analysts suggest limited policy action, with no urgent need for major stimulus. China's efforts to stimulate demand include a program to upgrade machinery and subsidize new car purchases, but these have had limited impact so far. Overall, China's economic recovery remains fragile, requiring new stimulus measures to maintain growth momentum.

Source: Bloomberg (June 2024)

### US Mulls Stricter Chip Tech Limits on China

The Biden administration is considering new restrictions on China's access to advanced chip technology, specifically targeting gate all-around (GAA) technology.

This cutting-edge architecture promises more powerful semiconductors and is on the cusp of mass production by major companies like Nvidia, Intel, and AMD.

The potential measures aim to hinder China's ability to develop sophisticated AI systems by limiting its access to GAA technology.

While the exact scope of the restrictions is still under discussion, they could include limitations on the technology required to manufacture these chips, rather than an outright ban on GAA chip exports. The U.S. has already implemented several restrictions on advanced semiconductors to prevent China from gaining a military advantage through AI.

Additional measures may also include curbs on high-bandwidth memory chips, which enhance AI training capabilities. These developments have impacted stock prices of key semiconductor companies, with Nvidia, AMD, and Intel experiencing drops after the news broke.

The U.S. is also coordinating with allies to implement similar export control measures. Commerce Secretary Gina Raimondo has emphasized the need for these restrictions to protect national security, amidst the ongoing U.S.-China tech rivalry.

Source: Bloomberg (June 2024)

## News Topics – Business & Economy

### Malaysia Cuts Diesel Subsidies to Save MYR 4 Billion

Malaysia is set to phase out blanket diesel subsidies, a move projected to save MYR 4 billion annually, according to Prime Minister Anwar Ibrahim.

This decision, part of a broader strategy to improve Malaysia's fiscal health, targets reducing the nation's budget deficit and government debt, which currently exceeds 60% of GDP.

While the government spent MYR 81 billion on various subsidies last year, the new approach aims to shift from universal subsidies to targeted assistance, particularly for the needy, without specifying an exact start date for these changes.

Anwar emphasized the need to discontinue blanket subsidies, which have disproportionately benefited the wealthy and foreign residents.

Despite the potential for increased living costs and reduced popularity, the Prime Minister argues that removing subsidies is essential for attracting investors and enhancing the country's economic prospects.

The central bank predicts that inflation, previously under 2%, could rise to 3.5% this year if fuel subsidies are entirely phased out.

This fiscal policy shift is a critical step in Anwar's commitment to strengthening Malaysia's economic foundation and reducing its budget deficit from 5% of GDP to 4.3% in 2024.

Source: Bloomberg (June 2024)

### US Retail Sales Shows Signs of Stagnating

US retail sales in May 2024 showed minimal growth, increasing only 0.1% after a downwardly revised 0.2% drop in April. The slight rise, excluding gasoline, was 0.3%. This underperformance highlights growing consumer financial strain amidst higher debt costs and rising delinquencies.

The tepid retail figures suggest a slowdown in consumer spending, with economists predicting a moderate pace due to persistent inflation, a cooling job market, and financial stress. Services consumption growth has slowed, and consumer confidence has dipped, indicating vulnerability to higher interest rates.

While the Federal Reserve sees overall consumer spending as solid, the decline in retail control-group sales and the first pullback in credit-card balances in three years suggest otherwise.

The majority of consumer spending occurs in services, not retail, and a 0.4% drop in restaurant and bar spending—the only service sector in the report—indicates tightened budgets. The manufacturing sector showed some resilience with a production increase in May, but high input prices, inconsistent demand, and elevated borrowing costs continue to challenge sustained growth.

Overall, the data points to a cautious consumer environment and a challenging economic outlook, with spending expected to remain moderate amidst ongoing financial pressures.

Source: Bloomberg (June 2024)

## News Topics – Business & Economy

### S&P 500 Hits Record as Tech Soars, Fed Cuts Expected

The S&P 500 achieved its 25th record high this year, driven by significant gains in the technology sector.

Nvidia led the surge, reaching a valuation of over \$3 trillion, while other tech giants like Apple and Hewlett Packard Enterprise also saw substantial gains.

This rally was bolstered by broad market expectation of Federal Reserve rate cuts in 2024.

Investors are heavily favoring mega cap stocks, particularly those involved in AI, due to their robust cash flow and potential for high returns.

The overall market sentiment remains bullish, with the Nasdaq 100 also climbing 2%. The tech-driven rally is expected to continue, especially with historical trends indicating strong market performance in early July.

Despite the positive momentum, there are cautious notes as well, with some analysts pointing out potential near-term impacts from upcoming macroeconomic data.

Overall, the combination of strong tech performance, expectations of Fed rate cuts, and favorable historical trends has created a positive outlook for the equity markets, though upcoming economic data will be crucial in determining the short-term trajectory.

Source: Bloomberg (June 2024)

### Modi Begins Third Term as India's Prime Minister

Narendra Modi was sworn in as India's Prime Minister for a third term on June 9, 2024, following a challenging election where his Bharatiya Janata Party (BJP) lost its outright majority.

The BJP, which secured 240 seats on its own and 293 seats with allies in the 543-seat lower house, had to form a coalition government for the first time, marking the end of a decade of single-party rule.

Despite the electoral setback, Modi remains a popular leader committed to continuing India's economic development and addressing pressing issues like unemployment and inflation.

Key members of his previous cabinet, including Amit Shah, Rajnath Singh, Nirmala Sitharaman, and Subrahmanyam Jaishankar, were also sworn in, though their specific roles have yet to be disclosed.

The coalition government, led by the BJP and its allies in the National Democratic Alliance (NDA), will require Modi to compromise and collaborate more than in his previous terms.

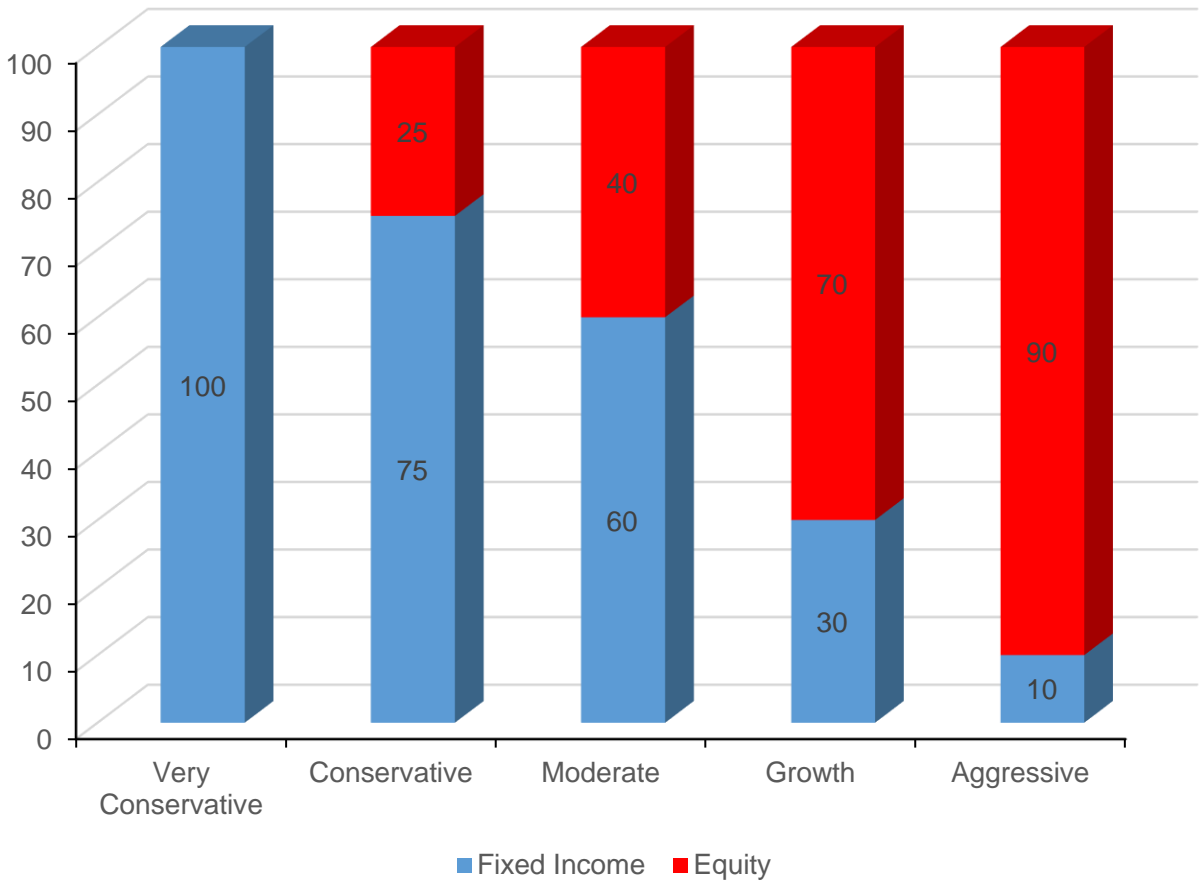
Analysts view this outcome positively, suggesting it could lead to more balanced governance and benefit India both domestically and internationally.

Modi aims to build India into a developed country by 2047, despite the challenges ahead.

Source: Bloomberg (June 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 (19 Funds)	Wholesale (12 Funds)
<b>Goldilocks Economy</b>	Maybank Global Mixed Assets-i Maybank Global Sustainable Equity-i Principal Global Titans TA Global Select Equity	AmFunds Global Dividend
<b>Rate Regime Shift</b>	AmBond AmBond Islam AmDynamic Bond AmIncome Plus United-i Global Balanced	AHAM World Series - Global Income Manulife Global Optimizer
<b>The 5<sup>th</sup> Industrial Revolution</b>	TA Global Technology	AHAM Aiiman Global Multi Thematic Principal Global Millennial Equity Principal Global Technology Principal Islamic Global Technology
<b>Asia Regains Its Footing</b>	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
<b>Malaysia Roars Again?</b>	AHAM Select Opportunity AHAM Select Balanced	Eastspring Investments Small-Cap
<b>Neutralizing Volatility</b>	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 30 June 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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