

Wealth Management Digest **October 2025**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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Market Overview

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

	2023	2024	July-25	Aug-25	Sep-25
MSCI Global Equities	22.82%	18.03%	11.87%	14.69%	18.88%
MSCI Developed Market Equities	24.44%	19.22%	11.20%	14.14%	17.86%
MSCI Emerging Markets Equities	10.20%	7.97%	17.89%	19.62%	28.19%
MSCI Asia ex Jn Equities	11.98%	10.14%	14.91%	18.66%	24.34%
S&P 500 (US) Equities	26.26%	25.00%	8.58%	10.78%	14.81%
STOXX 600 (EU) Equities	16.63%	9.62%	10.50%	11.56%	13.28%
CSI 300 (China) Equities	-9.14%	18.24%	5.70%	16.81%	20.71%
HSI (HK) Equities	-10.46%	22.90%	26.67%	28.37%	38.18%
MSCI Malaysia (MY) Equities	0.67%	17.51%	-6.56%	-3.13%	0.43%
Bloomberg Global IG Bond	5.72%	-1.69%	5.67%	7.21%	7.91%
Bloomberg Global HY Bond	14.04%	9.19%	7.23%	8.88%	9.60%

Source: Bloomberg, as of 30 September 2025

GLOBAL EQUITIES

Global equities posted stronger gains in September, driven by AI optimism, resilient US data, and growing confidence in 2025 rate cuts. Growth sectors led, while energy outperformed on firmer oil prices. Europe saw early interest in cyclicals on attractive valuations, but defensive rotation returned toward month-end amid policy uncertainty. Overall, September marked one of the strongest months of 2025.

ASIA PACIFIC EQUITIES

Asia Pacific extended its rally, with September gains outpacing August. Hong Kong surged over 38%, while China's CSI 300 rose 20% on stimulus momentum and retail participation. Taiwan and South Korea advanced on semiconductor strength, and India remained resilient on robust domestic flows. ASEAN markets were mixed, but sentiment improved alongside global risk-on positioning.

MALAYSIAN EQUITIES

Malaysian equities finally turned positive, rising 0.4% after months of declines. Gains were supported by selective buying in large-cap financials and energy, while utilities added stability. However, foreign flows stayed cautious, and earnings revisions muted, limiting upside despite stronger regional performance.

Source: AmBank Retail Wealth Management Advisory & Research (as at 14 October 2025)

Wealth Pulse

VOLATILITY AHEAD

Think of a pilot flying through dense fog — instruments offline, visibility near zero.

That's the Federal Reserve today.

Markets are used to a captain with a clear view, but the government shutdown has cut off the Fed's radar — no jobs data, no inflation prints, no spending signals. Just weeks before its next rate decision, policy is being set in the dark.

Add to that a brewing trade storm: a 100% tariff threat on Chinese imports, a legal showdown over presidential powers, and Beijing's swift retaliation. Supply chains are bracing, commodities are spiking, and volatility is creeping back onto the radar.

Yet, amid the turbulence, one engine is still running at full thrust: AI-driven capital spending. While households tighten belts and factories slow, tech giants are pouring billions into data centers, chips, and cloud infrastructure — a structural shift that's cushioning growth and reshaping investment priorities.

In short, the flight path ahead is uncertain. But knowing where the tailwinds are — and where the turbulence lies — will define who lands safely in Q4.

1. Government Shutdown: Fiscal Fog Returns

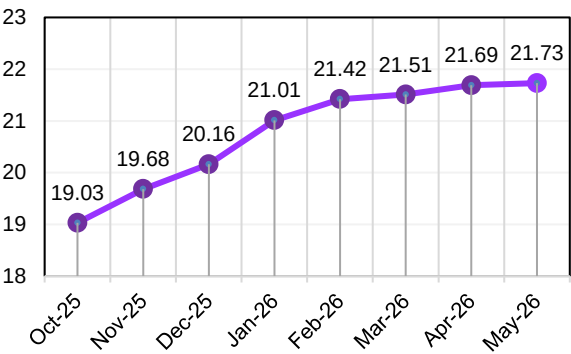
The U.S. government entered a partial shutdown on October 1, triggered by a budget standoff over Affordable Care Act (ACA) subsidies. At the core: whether to extend enhanced premium subsidies — a pandemic-era measure that capped health insurance costs at 8.5% of household income and doubled ACA enrolment to over 24 million.

Democrats want these subsidies permanent, warning of a 75% premium spike if they lapse at year-end. Republicans argue the issue should be debated outside the budget, citing cost concerns and opposing broader eligibility.

While essential services continue, the shutdown has blinded the Fed, cutting off access to jobs, inflation, and spending data just weeks before its October 29 rate decision. Unlike the 2018–2019 shutdown, when data still flowed, this time policymakers are flying without instruments.

Markets were calm on Day 1 (S&P +0.34%, VIX barely moved), but VIX futures tell a different story: confidence now, uncertainty later. The curve rises from 19 in Oct to 21.7 by mid-2026, signalling expectations of higher volatility as fiscal gridlock, legal battles, and policy ambiguity linger.

VIX Futures



Source: Cboe Global Markets (October 2025)

2. Trade Power Tested: Legal Limits Meet Geopolitical Heat

A landmark ruling by the U.S. Court of Appeals declared that President Trump exceeded his authority under the International Emergency Economic Powers Act (IEEPA) by imposing sweeping tariffs — a power the court says belongs to Congress. For now, the tariffs remain in effect until October 14, when the case moves to the Supreme Court for a final decision that could redefine presidential trade powers.

This legal uncertainty collides with fresh tensions: Trump announced a 100% tariff on all Chinese imports starting November 1, citing retaliation for China’s rare earth export curbs. Beijing hit back with port fees on U.S. ships, an antitrust probe into Qualcomm, and a soybean import halt.

Markets whipsawed as tariff uncertainty hit sentiment: gold hit above \$4,000, Wall Street saw its steepest drop since April, and Asian equities swung between gains and losses. Importers are rushing shipments to beat potential duties, straining supply chains. Legal challenges weaken Trump’s tariff leverage, while China gains room for diplomatic pushback. For investors, expect volatility where policy and geopolitics collide.

3. Rate Cut Radar: Risk Management in the Dark

The Fed delivered a 25bps cut in September, lowering the funds rate to 4.00% - 4.25% — a “risk management” move to cushion a softening labour market and rising uncertainty. But the ongoing shutdown has left policymakers without critical data on jobs, inflation, and spending ahead of the October 29 meeting.

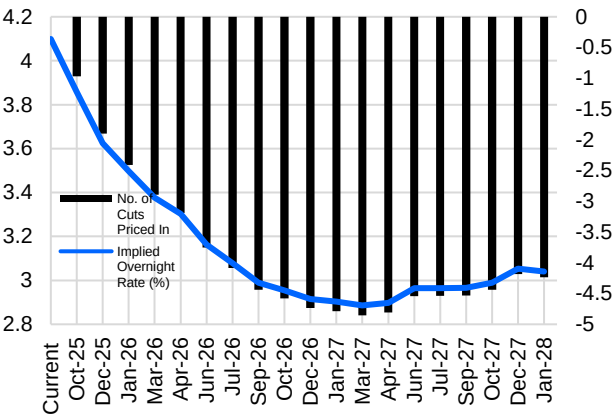
This contrasts with the 2018–2019 shutdown, which lasted 35 days but didn’t trigger cuts during the event. Back then, data kept flowing. Today, the Fed is acting pre-emptively — cutting rates while effectively blind.

Internal debate is widening. Governor Stephen Miran pushed for a 50bps cut, citing structural shifts in immigration, tariffs, and regulation. Chair Powell warned that moving too aggressively risks reigniting inflation, while staying too tight could strain the labour market.

- **Markets are pricing in more easing ahead:**
 - > Implied overnight rate drops from 4.1% now to ~2.9% by late 2026
 - > Four additional cuts priced in over the next 18 months

Bond yields have fallen, the dollar has weakened, and mortgage rates hit a 3-year low, boosting refinancing. For investors, this isn't just a policy tweak — it's a defensive move in a data blackout.

Projected U.S. Policy Rate Cuts and Forward Curve



Source: Bloomberg Terminal (October 2025)

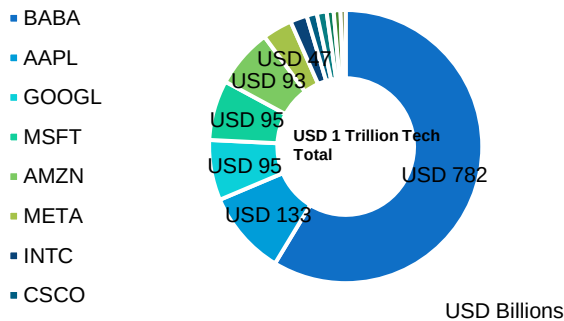
4. Resilience Redefined: AI-Led Capex Masks Macro Strain

While labour markets cool and trade tensions escalate, one engine of growth remains at full throttle: **AI infrastructure investment**. Hyperscalers like Microsoft, Google, and Meta are driving a structural shift where enterprise capex now outpaces consumer spending.

• **Big Tech Cash War Chest:**

Top tech firms hold over \$1 trillion in cash, led by Alibaba (\$782B), Apple (\$133B), and Microsoft (\$95B). This liquidity gives them unmatched firepower to sustain AI buildouts despite macro headwinds.

Cash Positions of Leading Tech Firms (USD Billions)

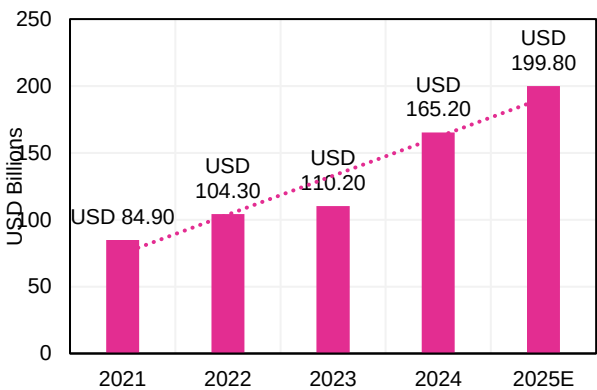


Source: Bloomberg Terminal (October 2025)

• **Capex Surge:**

AI-related capex is projected to hit \$199.8B in 2025, up from \$84.9B in 2021 — a 135% increase in four years. Data centers, chips, and cloud infrastructure dominate this spend, creating a secular tailwind for semiconductors, networking, and power systems.

Big Tech Capital Expenditure (USD Billions)



Source: Bloomberg Terminal (October 2025)

Outside tech, the picture is less rosy: manufacturing and housing remain soft, job gains have slowed to just 22,000 in August and likely under 50,000 in September, far below last year's pace. Unemployment has edged up to 4.3%, and breakeven hiring now sits at only 30,000–60,000 jobs/month, signalling a cooling labour market. Yet AI investment remains resilient despite past rate hikes and trade shocks, emerging as a new bellwether for growth.

Final Takeaway

Markets face turbulence from shutdowns, tariffs, and legal battles, while the Fed pivots toward easing. The strategy? Balance:

- **Protect against policy shocks** with defensive plays — think utilities, healthcare, and high-quality bonds.
- **Capture structural growth** in themes like AI, where strong capex and cash buffers offer resilience.

Brace for bumps — but don't miss the engines still powering ahead.

AmBank Economics – Monthly Manifests

Malaysia Budget 2026: Balancing Growth and Fiscal Discipline

Malaysia's Budget 2026, the first under RMK-13, allocates MYR419.2 billion—1.7% higher than the revised 2025 figure but slightly below the original 2025 budget. The government maintains an expansionary stance while targeting a reduced fiscal deficit of 3.5% of GDP, in line with its medium-term goal of 3.0% by 2028. AmBank views this as achievable, citing Malaysia's credible track record of fiscal consolidation, with deficits narrowing from 6.4% in 2021 to 4.1% in 2024.

Revenue growth is expected to be driven by stronger tax collections, particularly from SST expansion, e-invoicing, and civil servant salary hikes. Tax revenue is projected to rise 6.7% to MYR270.4 billion, offsetting a decline in oil-related income, which is set to fall to its lowest share in over 30 years. The government's cautious oil price assumption (USD60–65/barrel) reflects market expectations and reinforces the need to diversify revenue sources. Pension reform is underway, with a shift from defined-benefit to defined-contribution schemes being finalized.

Development expenditure (DE) is budgeted at MYR81 billion, slightly below RMK-13's annual average but higher than 2025's revised figure. Transportation remains the largest DE recipient, supported by ongoing infrastructure projects and new initiatives like the SALAM submarine cable. Household support is a key focus, with MYR15 billion allocated to STR and SARA cash aids, alongside housing, education, and healthcare subsidies. High-growth sectors such as semiconductors, AI, and renewables will benefit from targeted incentives and strategic investments.

On financing, gross MGS+GII issuance will rise to MYR185 billion in 2026, mainly for refinancing, while net issuance remains stable at MYR75 billion. Debt-to-GDP is expected to stay within statutory limits, and government guarantees remain below the FRA threshold. While fiscal prudence may support Ringgit sentiment, AmBank expects USD/MYR to remain rangebound near 4.20 in the near term, with external factors like Fed policy and global trade flows playing a larger role. Overall, Budget 2026 strikes a pragmatic balance between growth support, fiscal discipline, and rakyat-centric priorities.

Source: AmBank Economics (October 2025)

Economic Events – Commentary & Charts

Budget Comparisons

	Budget Allocation				Actual/Revised Estimates			
	OE	DE	Total allocation	y/y%	OE	DE	Total spending	y/y%
2023	289.1	97.0	386.1	14.0%	311.3	96.1	407.4	6.0%
2024	303.8	90.0	393.8	2.0%	321.5	84.0	405.5	(0.5%)
2025	335.0	86.0	421.0	6.9%	332.2*	80.0*	412.2*	1.7%
2026	338.2	81.0	419.2	(0.4%)	338.2**	81.0**	419.2**	1.7%

Sources: MOF, Ministry of Economy, AmBank Economics
*Revised estimate
** Budget estimate

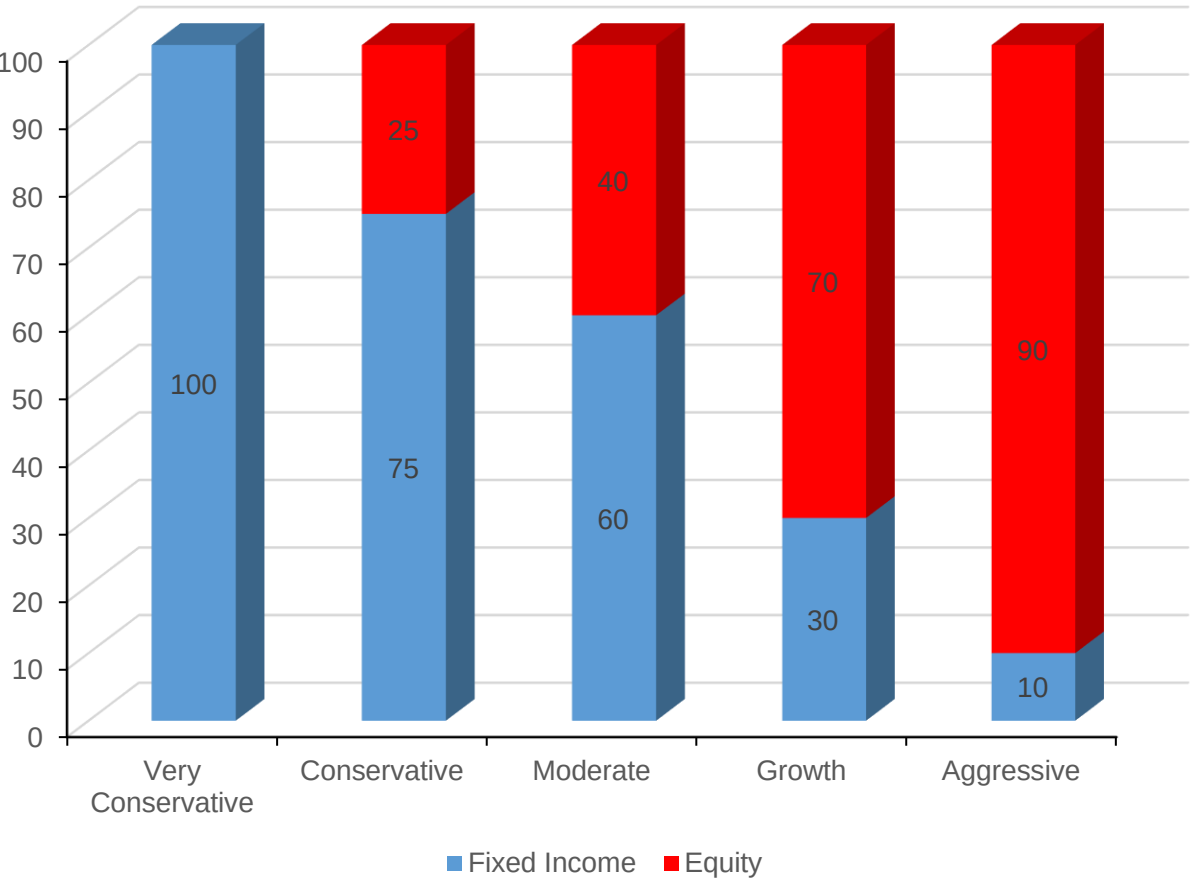
Budget 2026 share of RMK-13

	RMK-13	Budget 2026	%share
Revenue	1,820.6	343.1	18.8%
OE	1,808.3	338.2	18.7%
DE	430.0	81.0	18.8%

Sources: MOF, Ministry of Economy, AmBank Economics
*Revised estimate
** Budget estimate

Asset Allocation Strategy

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



Source: AmBank

Fund of Focus – 3rd Quarter 2025

	Retail (16 Funds)	Wholesale (10 Funds)
Core (17)	AmBon Islam RHB Islamic Global DM TA Global Select Equity Manulife Global Perspective AmIncome AmDynamic Bond AHAM WS Income Principal Lifetime Bond Maybank Income Flow-I Principal Islamic Lifetime Balanced United Golden Opportunity	Global Dividend (AmFunds) Am Tech & Innovation Fund Income & Growth (AmFunds) AHAM Aiiman Global Multi Thematic Principal Nasdaq Premium Income (pending launch) MAMG Systematic Asia Pac Eq Abs Return
	AHAM Select Opportunity Eastspring Investments Small-Cap Principal Greater China Equity Principal Singapore Equity Trust Principal US High Conviction	Hong Kong Tech (AmFunds) India Growth (AmFunds) Global Smaller Companies (AmFunds) RHB Pacific Technology RM

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 July 2025

Top 5 Best Performing Funds YTD 2025

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
AmFunds Glb Div RM	Equity - Global	Retail	6.69%	5.73%	9.32%
Hong Kong Tech Index MYR	Equity - China	Wholesale	26.93%	56.98%	12.73%
Hong Kong Tech Index MYR Hdg	Equity - China	Wholesale	28.47%	61.38%	7.37%
Principal Greater China Equity MYR	Equity - China	Retail	8.00%	9.04%	-0.81%
United Golden Opportunity MYR hedged	Commodity - Global	Retail	14.59%	30.51%	11.73%

Top 5 Worst Performing Funds YTD 2025

Fund Name	Fund Type	Status	YTD	1Y	3Y Ann
Eastspring Inv Islamic Small-cap	Equity - Malaysia	Retail	-11.89%	2.09%	5.11%
Principal Global Technology MYR H	Equity - Global	Retail	-9.32%	-1.69%	2.27%
Principal Islamic Global Technology MYR	Equity - Global	Wholesale	-11.81%	-13.14%	-
Principal Islamic Global Technology MYRH	Equity - Global	Wholesale	-11.28%	-6.77%	-
Principal US High Conviction Equity MYR	Equity - Developed Market	Retail	-8.93%	-3.56%	3.15%

Source: Lipper fund performance as at 30 May 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

Disclaimer

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