

# Wealth Management Digest **June 2025**

Exclusively for AmBank SIGNATURE Priority Banking Customers

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## Market Overview

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

	2023	2024	Mar-25	Apr-25	May-25
MSCI Global Equities	22.82%	18.03%	2.79%	-1.21%	5.55%
MSCI Developed Market Equities	24.44%	19.22%	2.84%	-1.67%	5.18%
MSCI Emerging Markets Equities	10.20%	7.97%	2.31%	2.99%	8.86%
MSCI Asia ex Jn Equities	11.98%	10.14%	1.17%	1.02%	8.76%
S&P 500 (US) Equities	26.26%	25.00%	1.44%	-4.28%	1.06%
STOXX 600 (EU) Equities	16.63%	9.62%	10.03%	5.94%	10.75%
CSI 300 (China) Equities	-9.14%	18.24%	-0.92%	-0.99%	-1.88%
HSI (HK) Equities	-10.46%	22.90%	14.79%	16.09%	18.01%
MSCI Malaysia (MY) Equities	0.67%	17.51%	-4.55%	-6.72%	-7.16%
Bloomberg Global IG Bond	5.72%	-1.69%	2.01%	2.64%	5.28%
Bloomberg Global HY Bond	14.04%	9.19%	2.17%	1.85%	4.41%

Source: Bloomberg, as of 30 May 2025

### GLOBAL EQUITIES

Global equities rose, supported by dip buying in the market and on anticipation that the US Federal Reserve would cut interest rates in the coming months, spurring investors to position early. Talks of trade deals between the US and key trade partners such as China and UK, also raised investors' confidence.

### ASIA PACIFIC EQUITIES

Asia ex Japan markets rallied the past month, lifted by gains in China, India and South Korea, as funds flowed back into the region. Investors have been seeking out India for its trade resilience, China for pushing back against the US and the strive for technological independence. The rest of Asia benefitted from stronger fund flows as investors sought out assets with cheaper valuations.

### MALAYSIAN EQUITIES

Malaysia stocks slipped further into the red as investors await further clarity over the government's plans to strengthen the economy amid plans to rationalize key subsidies and as investors weigh the impact of the US-China trade war and its impact on Asian exporters.

Source: AmBank Retail Wealth Management Advisory & Research (as at 06 June 2025)

Wealth Pulse

THE BIG SHORT CALL, 2025 EDITION  
**THE \$7 TRILLION BUY SIGNAL**

In The Big Short, Michael Burry noticed something that didn't add up: a housing market rising on rotten foundations.

While the world chased euphoria, Burry studied the cracks - and positioned early.

Fast forward to 2025. This time, there's no subprime timebomb. No CDOs (Collateralized Debt Obligation) waiting to implode. But something else seems...off.

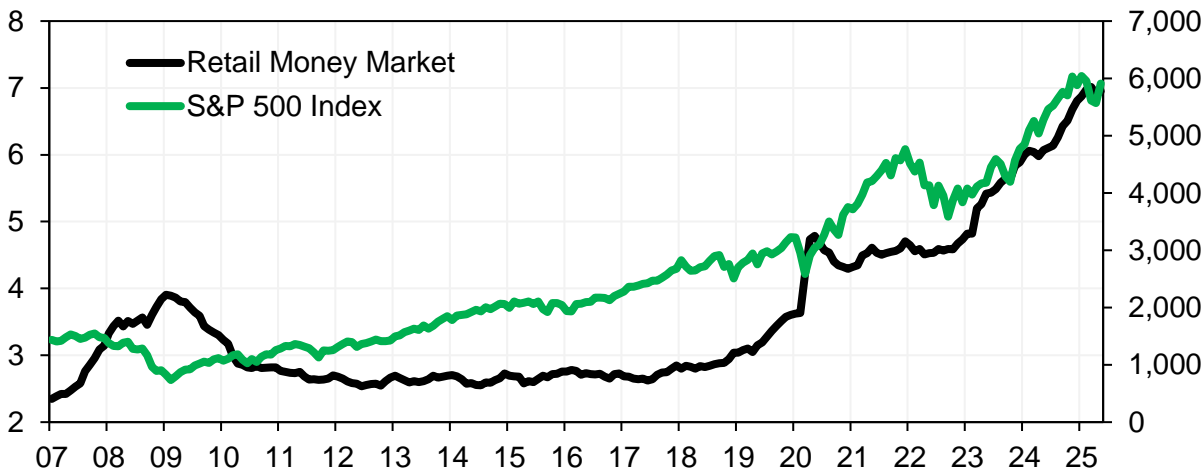
Nearly \$7 trillion - yes, trillion - is sitting in money market funds (MMFs). It's not scared money. It's patient, cautious, yield-chasing money. But most importantly: **it's waiting.**

**Why the World's Rich Are Sitting on the Sidelines**

Let's start with the facts:

- MMF assets in the U.S. stand at \$6.95 trillion as of May 2025, just off March's record high of \$7.03 trillion (ICI data).
- Over \$2 trillion has flowed into these funds in the past 24 months alone, a reflection of rising rates, uncertainty, and the newfound love affair with "safe yield."
- Ultra-wealthy investors are worried about stretched valuations as earnings have yet to catch up to prices.

PERIODS OF HIGH CASH ARE FOLLOWED BY STRONG GAINS IN MARKETS.



Source: AmBank Wealth Management, Bloomberg (05 June 2025)

## And who can blame them?

- Retail MMF yields are hovering around 5%, risk-free and liquid.
- The Fed's policy rate is still between 5.25%–5.5%, and inflation is gliding comfortably toward the 2.5%–3% range.
- After two years of aggressive tightening and tech-led volatility, investors are tired. And MMFs offer something rare in markets: clarity.

But here's the thing: cash doesn't stay still forever. And when it moves - it moves fast.

## The Powder Keg Beneath the Market

Historically, large cash piles often precede broad rallies - not because cash causes returns, but because it represents untapped demand.

Let's break that down:

- **Positioning is light.** According to BofA latest fund manager survey, global equity allocations remain underweight by 9% versus long-term averages.
- **Retail is cautious.** Despite the S&P 500 nearing 6,000, equity inflows have been sluggish. Meanwhile, MMF inflows keep rising.

- **Valuations haven't scared them off entirely.** Investors want exposure - but the 5% yield on cash is psychologically hard to give up.

But what happens if the Fed finally does what markets have been pricing for over a year?

## The Trigger: Even One Cut Changes Everything

Markets are pricing 2–3 rate cuts in the second half of 2025.

If Powell moves even once:

- **MMF yields drop.** A 25bps cut wipes ~\$17.5 billion in annual income off MMFs overnight.
- **Risk/reward shifts.** Suddenly, equities offering 6–8% forward returns look a lot more attractive relative to 4.5% cash.
- **Rotation begins.** History shows that just a 10–15% shift from MMFs into risk assets can supercharge rallies, especially in under-owned sectors like small caps and cyclicals.

**This isn't hypothetical - it's cyclical behaviour.** In 2009, 2013, and 2020, similar surges in cash preceded some of the strongest post-crisis equity performances.

### What Would a Contrarian Do?

It's tempting to stay in cash. It's comfortable. Predictable. Boring - in the best way.

But if you're managing money or building wealth, the real question isn't what's safe - it's what's mispriced.

And right now, the thing most investors are not buying - is equities.

Yet we have:

- **A soft-landing narrative gaining traction.**
- **Resilient earnings**, with S&P 500 companies expected to grow EPS by 9.5% in 2025.
- **Inflation under control**, & real wage growth finally turning positive.
- And central banks - from the ECB to Bank Negara - already starting or getting **ready to cut**.

So, if the macro turns even mildly dovish, that cash won't stay on the sidelines. It'll hunt yield, growth, and opportunity.

### Final Thought: The Real Risk Is Missing the Rally

Just like in The Big Short, the smartest people in the room aren't chasing headlines - they're watching flows, behaviour, and positioning.

The \$7 trillion in cash isn't a warning. It's a buy signal hiding in plain sight.

Because in markets, the loudest fear usually drowns out the quietest truths.

And right now, the quietest truth might be this: Everyone's in cash... and that's exactly why risk is mispriced.

OBSERVED: EQUITY MARKETS REACT WELL POST CASH BUILD-UP

Event/Start Date	Money Market MoM Change %	12M Equity Forward Return (%)
<b>Global Financial Crisis</b> October 2008	<b>+13.5%</b>	<b>+28.3%</b>
<b>COVID-19 Pandemic</b> March 2020	<b>+16.8%</b>	<b>+53.2%</b>
<b>US Banking Sector Stress</b> March 2023	<b>+11.3%</b>	<b>+41.3%</b>

Source: AmBank Wealth Management, Bloomberg (05 June 2025)

## AmBank Economics – Monthly Manifests

### Malaysia: Tariff frontloading offers temporary support; BNM moves closer to a rate cut trigger

Malaysia's 1Q2025 GDP growth was confirmed at 4.4% y/y, in line with the advance estimate and marking a deceleration from the 5.0% expansion recorded in 4Q2024.

While the moderation was largely anticipated given the shorter working days during 1Q2025 due to multiple festive holidays, the drag from heightened global trade policy uncertainty ahead of the US tariff announcement on 2 April proved more pronounced than initially expected.

Both domestic demand and net exports recorded softer growth, while stronger public expenditure provided a partial offset to the slowdown in private sector activity.

The 90-day US tariff pause that began on 9 April has offered temporary relief and spurred trade activity, as firms frontloaded shipments ahead of potential reciprocal tariffs.

April trade data reflected this, with exports jumping to 16.4% y/y (March: 6.8%) and imports surging 20.0% (March: -2.9%). Export momentum to the US remained strong, and exports to China turned positive after three straight months of declines.

As expected, BNM kept the OPR unchanged at 3.00% for the 12th consecutive meeting in May. However, BNM reduced the Statutory Reserve Requirement (SRR) ratio by 100 bps to the historical low of 1.00%, a level last seen during the Global Financial Crisis 2008-09.

BNM emphasised that the SRR cut should not be viewed as a shift in its monetary policy stance, but rather as a measure to ensure sufficient liquidity in the domestic financial system.

Given the weaker outlook on global growth and trade — acknowledged by BNM for the first time in its latest Monetary Policy Statement — we are now leaning toward an OPR cut in 2H2025.

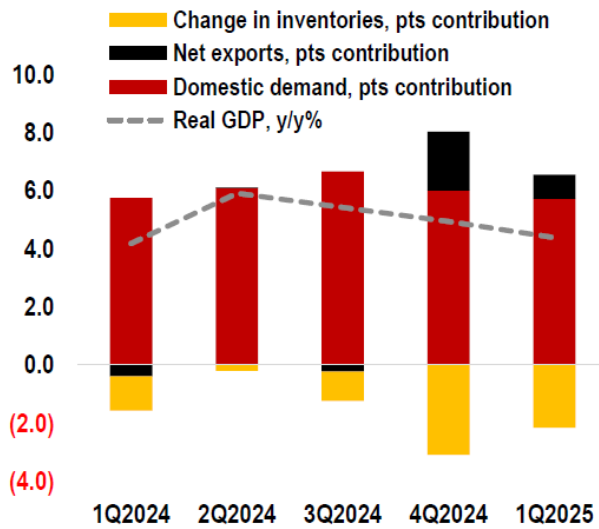
This could come as early as the next Monetary Policy Committee (MPC) meeting on July 9, which coincides with the scheduled end of US reciprocal tariff pause. That said, the rate cut, if it materialises, should not be seen as the start of an aggressive easing cycle.

We opine that the BNM will retain its measured approach to monetary policy easing to preserve financial market stability.

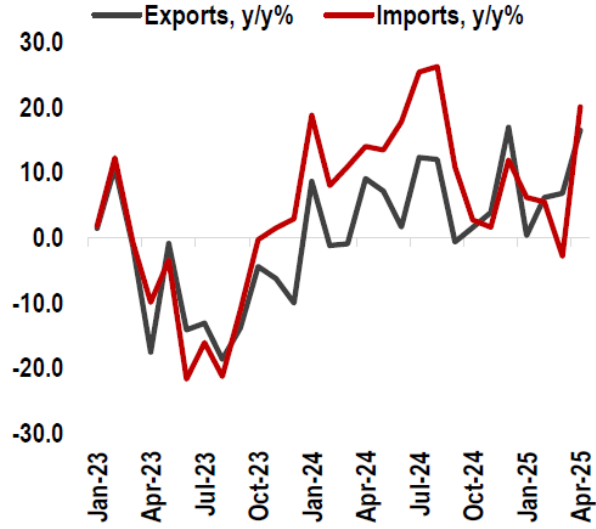
Source: AmBank Economics (June 2025)

Economic Events – Commentary & Charts

Malaysia's GDP Growth



Malaysia's Trade Performance, y/y %

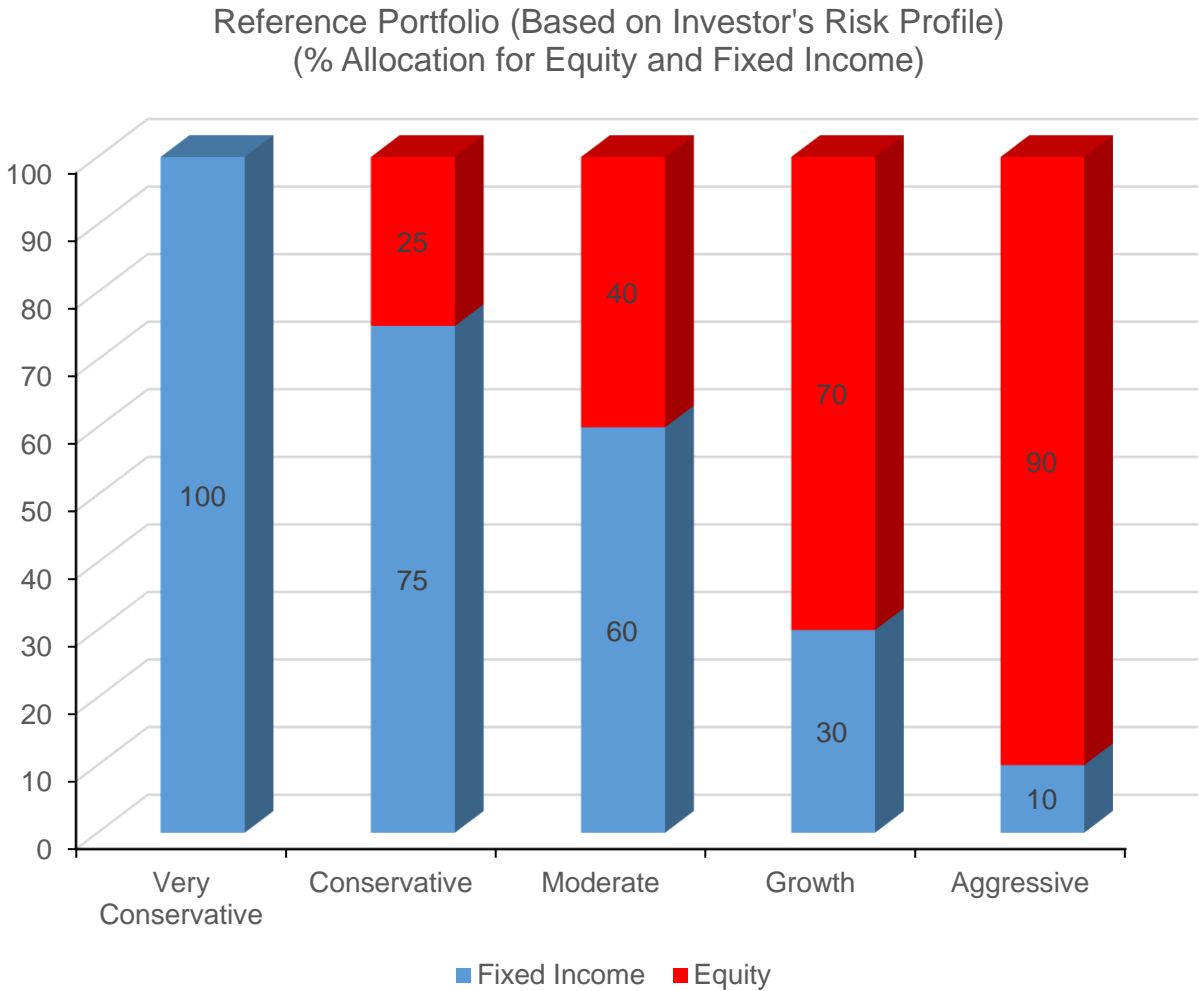


AmBank Economics' Projections (%)

	Actual Data		Forecast
	2023	2024	2025F
GDP, y/y%	3.6	5.1	3.8
Inflation rate	2.5	1.8	2.0
Unemployment rate	3.3	3.3	3.2*
OPR	3.00	3.00	2.75*



Asset Allocation Strategy



Source: AmBank

Fund of Focus – 2<sup>nd</sup> Quarter 2025

	Retail (16 Funds)	Wholesale (12 Funds)
Core (14)	AmBon Islam (i) AHAM WS Income AHAM Select AUD Income AmIslamic Global REITs (i) (New) Manulife Global Perspective Principal Lifetime Bond RHB Asian Income United Golden Opportunity	AHAM Aiiman Global Multi Thematic (i) Am Tech & Innovation Fund Core Private Market (AmFunds) Global Dividend (AmFunds) Income & Growth (AmFunds) MAMG Systematic Asia Pac Eq Abs Return
Tactical (14)	AHAM Select Opportunity Eastspring Investments Small-Cap Principal Greater China Equity Principal Islamic Lifetime Balanced (i) RHB-i Sustainable Future Technology (i) RHB Shariah China Focus (i) TA Global Technology United Global Transformation	AHAM WS US Technology Global Smaller Companies (AmFunds) Hong Kong Tech (AmFunds) India Growth (AmFunds) Principal Global Technology Principal Islamic Global Technology (i)

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 April 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

<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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