

Weekly Wealth Digest

30 April 2026

Your Edge. Our Insights.

CLICK TO JUMP TO RELEVANT SECTIONS

WEEKLY FOCUS

Market Opportunities & Signals

Private Credit's Siren Song: Misleading Yields

More Complexity, Less Clarity,
And Not Much More Returns.

01

AMBANK ECONOMICS

The Fundamental Take

Higher Rates, Hotter Oil, Colder Nerves

02

WHAT YOU'VE MISSED

Key Developments

Market Shakers When Everything Starts To Matter At Once

03

Our Best Curated Ideas

Strategy In Focus

04

FUND STRATEGY

Momentum Play

- Principal Nasdaq Equity Premium Income
- RHB Asian Income

05

BOND STRATEGY

Investment Grade Bonds

- JPMorgan Chase, USD, 3.882%
- Australia & New Zealand Banking Group, AUD, 6.736%

06

STRUCTURED STRATEGY

Autocallable (Yield Enhancement)

- Micron Technology Inc, 20% p.a.
- Taiwan Semiconductor Manufacturing Corp, 14% p.a.

07

Weekly Focus

30 April 2026

Private Credit's Siren Song: Misleading Yields

More Complexity, Less Clarity, And Not Much More Returns.

Your 30-Second Briefing

- Private credits are marketed as premium income, but fees and structures compress yields to ~7-9% p.a.
- At that level, returns are similar to liquid income funds, but with less liquidity and transparency.
- Stability is optical, not lower risk. Without a clear yield premium, investors may be taking private credit risk for public returns.

The narrative is consistent: higher income, lower volatility, & access to opportunities traditionally reserved for sophisticated investors. That shift itself is worth paying attention to.

Because private credit was never designed as a mass-market product. It was built for institutions, investors with long time horizons, the ability to lock up capital, and the resources to underwrite complex credit risk directly.

The Long-Read

Private credit didn't used to be everywhere. Today, it is. New funds. New platforms. New access points. What was once the domain of large institutions is now being packaged, branded, and distributed much more widely.

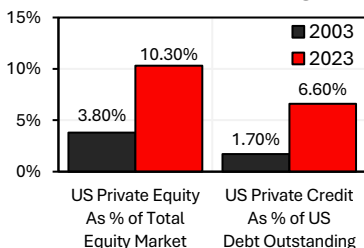
The appeal was simple: accept illiquidity and opacity, and in return, earn a clear yield premium. That was the deal.

From Premium to Product

What has changed is not the asset class, but how it is being distributed. Most investors today are not accessing private credit directly.

They are entering through feeder structures, layered funds, and distribution platforms. Each layer introduces cost: management fees, performance fees, platform charges, and often currency hedging.

Private Markets Are Growing



Source: St. Street Inv Management

Weekly Focus

30 April 2026

The effect is cumulative. At the source, private credit may still generate double-digit yields. But once those returns pass through the full chain, what reaches the end investor often compresses into the 7–9% range.

That's where the tension begins. Because at that level, private credit starts to resemble traditional income strategies, but without offering the same flexibility.

A Black Hole for Liquidity

Private credit doesn't trade. There is no secondary market with meaningful depth. There is no daily repricing.

Once capital is committed, it is effectively absorbed into the structure, deployed into loans that are meant to be held to maturity.

In stable environments, this feels manageable.

In stressed environments, it becomes a one-way system. Capital flows in easily. It does not flow out the same way.

That's the structural reality: private credit is not just illiquid, it is designed to be illiquid.

For institutions, this is acceptable. They manage portfolios at scale, with liquidity buffers elsewhere. For smaller investors, the experience is very different.

When the Premium Narrows, the Question Changes

Private credit works when the trade-off is clear. Less liquidity. Less transparency. More return.

But when yields compress, whether due to tighter credit spreads at the source or layering of costs along the distribution chain, that clarity fades.

At 7–8%, the comparison shifts. Liquid, diversified income funds already operate in that range, offering:

- Daily liquidity
- Broad exposure across asset classes
- Continuous pricing and transparency

So the decision is no longer about benefitting from the premium. It about accepting constraints without clear additional value.

Weekly Focus

30 April 2026

The Quiet Signal Behind Distribution

There is another angle that is less often discussed. When an asset class designed for institutions begins to be widely distributed to smaller investors, it raises a natural question about who is supplying the assets, and who is stepping back.

Institutional investors allocate based on relative value. If returns compress or risk-adjusted opportunities become less compelling, capital can rotate elsewhere.

At the same time, distribution expands.

That doesn't automatically imply distress. But it does suggest that the balance of demand and supply is shifting, and that the opportunity set may not be as attractive as it once was at the institutional level.

The Illusion of Stability

Private credit still appears stable. No daily price movement. No visible drawdowns. Smooth NAV progression. But this is not the absence of risk. It is the absence of continuous price discovery.

Credit risk evolves gradually, through borrower leverage, earnings pressure, refinancing challenges. In public markets, this is reflected immediately in prices. In private markets, it is recognised later, often in discrete adjustments.

The experience feels calmer. The underlying risk is not necessarily lower.

The Bottom Line

Private credit remains a legitimate asset class. But context matters. It was designed for investors who could:

- Accept illiquidity
- Analyse underlying credit risk deeply
- Capture a meaningful yield premium

When those conditions change, when access becomes layered, yields compress, and the premium narrows, the proposition needs to be reassessed.

Because in investing, the rule is simple, complexity should be compensated. If it isn't, then the structure may no longer be an advantage. It may simply be...a constraint.

Strategy In Focus

30 April 2026

The Puzzle This Week

Private credit offers income, but often with long lock-ups and limited flexibility. As yields narrow, some investors are simply exploring clearer, more flexible income options.

This week's ideas focus on delivering income with clearer pricing, better liquidity, and simpler risk ownership.

Structured Investments

Autocallable; Yield Enhancement: *Micron & TSMC*



Unlike private credit, autocallables offer defined payoffs and fixed tenures with clear risks. Micron Technology and TSMC are chosen for their strong fundamentals and volatility, which structures convert into yield, without long lock-ups or complex credit layering.

Momentum Funds

Principal Nasdaq Equity Premium Income & RHB Asian Income



Private credit smooths returns by suppressing price movement, often at the expense of transparency. RHB Asian Income and Principal Nasdaq Equity Premium Income take a different route, managing volatility to deliver income, while offering daily pricing, liquidity, and clear income sources when yield premiums narrow.

Fixed Income

Investment-Grade Bonds: *ANZ & JPMorgan Chase*



When private credit yields start to resemble liquid credit, the illiquidity trade-off weakens. Bonds like ANZ 6.736% Tier 2 (AUD) and JPMorgan Chase 3.882% (USD) offer comparable income with greater transparency, pricing clarity, and flexibility.

The Macro View

30 April 2026

Higher Rates, Hotter Oil, Colder Nerves

Markets have turned defensive. A hawkish Fed, higher energy prices, and ongoing geopolitical risks are capping risk appetite, keeping volatility high despite stable growth and resilient Malaysia fundamentals.

MACRO OVERVIEW

The Federal Reserve kept rates unchanged but struck a decidedly hawkish tone, underscored by multiple dissenting votes against language suggesting future rate cuts.

With changes in Fed leadership and voting dynamics, markets are increasingly pricing a “higher-for-longer” stance for the rest of the year. At the same time, US capital investment remained resilient, led by continued spending on AI, even as geopolitical risks intensified.

The ongoing Iran conflict has already imposed a significant fiscal cost on the US, while in Malaysia, the government is moving to rein in operating expenditures to offset rising subsidy burdens, while exploring more targeted fuel subsidy mechanisms.

FX OVERVIEW

The US dollar rebounded to three-week highs, supported by the Fed’s hawkish messaging and renewed geopolitical tensions.

Major currencies such as the euro, sterling, and Australian dollar weakened, with AUD also pressured by softer inflation data.

The yen remained under pressure, testing above 160 amid thin liquidity and widening yield differentials.

In contrast, the ringgit held steady around 3.95, reflecting cautious regional sentiment and support from domestic policy stability, even as the broader USD trend turned constructive.

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COMMODITY OVERVIEW

Oil markets were the focal point, with Brent and WTI surging 7–8% in a single day as prospects for a near-term US–Iran deal faded.

Reports of preparations for an extended naval blockade in the Strait of Hormuz, combined with sharp draws in US crude inventories, reinforced concerns over tight global supply.

Gold retreated as higher yields and a firmer dollar reduced safe-haven appeal, while CPO prices edged higher, supported by commodity spillover effects despite near-term volatility.

FIXED INCOME OVERVIEW

Global bond markets sold off as the hawkish Fed tone, stronger US capital goods data, and surging oil prices pushed yields higher.

US Treasuries closed weaker, while UK gilt yields climbed above 5% amid heightened war risks and inflation sensitivity.

Malaysian government bonds were largely range-bound, reflecting cautious positioning ahead of key policy developments, though corporate bonds saw mild support amid limited flows and selective demand for quality names.

Market Shakers

30 April 2026

When Everything Starts to Matter at Once

Markets are being shaped by several powerful forces moving together, rather than any single headline. At the centre are **energy and geopolitics**. The Middle East war has pushed oil prices past **\$125**, raising fears that supply disruptions could last longer than expected. Those concerns are heightened by fractures within producer groups, including renewed tensions following the UAE's withdrawal from OPEC. Rising energy prices are quickly feeding into inflation risks across the global economy.

That puts central banks in a difficult position. In the US, the **Federal Reserve is holding rates** as internal divisions grow and political pressure intensifies. Chair Jerome Powell's public commitment to remain on the Fed board underscores how important credibility and independence have become for markets. In Japan, the **Bank of Japan** is also holding rates but has raised its inflation outlook, warning that energy shocks linked to the Iran conflict could slow growth and hurt corporate profits.

While policymakers move cautiously, companies are acting fast. **Big Tech is spending aggressively on AI**, with investment set to approach **\$725bn**, driving strong earnings and productivity gains. At the same time, investors are increasingly focused on the cost of this race and how sustainable returns will be.

Beneath this, structural shifts continue. **China's factory activity is holding up** despite disruptions, Europe is reassessing its reliance on Chinese green technology as a security risk, and income gaps in the US are widening as more households move into the upper middle class while others fall behind.

Bottom line: markets aren't reacting to isolated events. They're adjusting to a world where energy shocks, policy credibility, technology investment and geopolitics are tightly linked. Uncertainty isn't spiking, it's settling in.

Source: Bloomberg, WSJ, MarketWatch (30 April 2026)

Structured Strategy

30 April 2026

Structured Investments Ideas

Structured investments offer predefined, market-linked returns designed for targeted upside, protection, or yield.

AUTOCALLABLE		AUTOCALLABLE	
Yield Enhancement		Yield Enhancement	
Micron Technology Inc		Taiwan Semiconductor Manufacturing Corp	
Strike 96%	Knock-Out Barrier 96%	Strike 100.0%	Knock-Out Barrier 105%
Knock-In Barrier 69.0%	Coupon 20%	Knock-In Barrier 80.0%	Coupon 14%
Tenure 6 months	Currency MYR	Tenure 9 months	Currency MYR
Underlying Drivers		Underlying Drivers	
Bull Case ▲ AI-driven demand for high-bandwidth memory is supporting pricing recovery, margin expansion, and strong earnings leverage in the memory upcycle.		Bull Case ▲ Unmatched leading-edge manufacturing scale and AI chip demand underpin utilisation, pricing power, and long-term earnings visibility.	
Bear Case ▼ Highly cyclical business remains vulnerable to memory oversupply and sharp earnings reversals if AI demand normalises.		Bear Case ▼ Extremely high capex intensity, customer concentration, and Taiwan geopolitical risk remain key structural overhangs.	

Note: Indicative pricing. Please speak to an AmBank RM.

Source: AmBank Wealth Management (30 April 2026)

Fund Strategy

30 April 2026

Unit Trust Ideas

Unit trusts pool's investors funds to enter markets at more efficient average prices and benefitting from professional diversified management.

INCOME

RHB Asian Income

By RHB Asset Management Sdn Bhd

3Y Ann Returns
+7.25% p.a.

Fund Size
RM 1.1 bil

Volatility
10.5% p.a.

Risk Rating
3-Moderate

Fund Pitch

Steady Asian Income

Designed to deliver stable payouts with growth potential from Asian markets.

Multi-Asset Strategy

Balance mix of Asian equities and income assets to lower overall volatility.

Upside Potential

Asia is highly favoured by global investors, leading to capital rotation into the region.

MOMENTUM

Principal Nasdaq Equity Premium Income

By Principal Asset Management Bhd

1Y. Returns
+12.47% p.a.

Fund Size
RM 2.2 bn

Volatility
8.2% p.a.

Risk Rating
5-Aggressive

Fund Pitch

Beyond 8%

Generate high yield income from covered call allocation to deliver monthly payouts..

Nasdaq-100 Exposure

Focused on large cap growth stocks that provides a floor on returns.

Risk Managed Strategy

Balances equity upside with income distributions, reducing volatility exposure.

Bond Strategy

30 April 2026

Fixed Income Ideas

Bonds generate stable income by lending to government's and corporates, earning regular interest payments.

Financial Sector		Financial Sector	
Investment Grade		Investment Grade	
Australia & New Zealand Banking Group Ltd 6.736% 10/2/2038 Tier2		JPMorgan Chase & Co 3.882% 24/7/2038	
Ranking Subordinated	Coupon 6.74%	Ranking Sr Unsecured	Coupon 3.88%
Next Coupon 10 Aug 26	Maturity In 11.79 years	Next Coupon 24 Jul 26	Maturity In 12.24 years
Moodys Rating A3	Currency AUD	Moodys Rating A1	Currency USD
Credit Outlook		Credit Outlook	
Positive ▲ ANZ is supported by a strong Australian banking franchise, solid capital and liquidity buffers, and a stable operating environment.		Positive ▲ JPMorgan benefits from a dominant global banking franchise, exceptional capital strength, and strong earnings diversification.	
Negative ▼ As a long-dated Tier 2 bond, credit risk is elevated by housing-cycle exposure, margin pressure as rates normalise, and subordination to senior creditors.		Negative ▼ Long maturity subordinated exposure increases sensitivity to regulatory capital changes, credit cycle deterioration, and global market stress.	

Note: Indicative pricing. Please speak to an AmBank RM.

Source: Global Treasury Markets, AmBank WM, Bloomberg (30 Apr 26)

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