

Weekly Wealth Digest

Your Edge. Our Insights.

23 April 2026

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Market Opportunities & Signals

Income Buffer: Returns Derailed By Timing.

Markets deliver eventually.
Income pays you while you wait.

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Income Buffer: Returns Derailed By Timing

Markets deliver eventually. Income pays you while you wait.

Your 30-Second Briefing

- Markets deliver ~10% long-term, but yearly outcomes swing wildly from -20% to +30%. The return is real. The timing isn't.
- Income funds convert uneven returns into consistent cash flow, reducing reliance on timing.
- Distributions come from income, gains, & occasionally capital, the key is whether this is controlled or structural.

You live in sequences. And the sequence shows an uneven return pattern. Strong years are followed by weak ones, always at the wrong time.

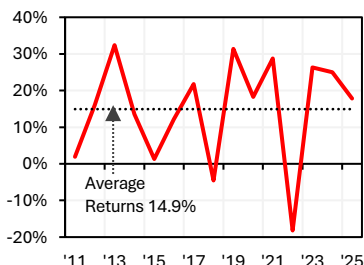
Long-term returns are built from unpredictable, and if you need cash during a bad year, the market doesn't adjust itself for you. That's the problem income funds solve. Not performance, timing.

The Long-Read

Everyone quotes the same number. The S&P 500 Index, a global equity index, returns about 14.9% a year on average in the last decade. But no one lives in averages.

Market Returns Are Not Linear

Annual Returns of the Vanguard S&P 500 ETF



Source: Yahoo Finance!

What Income Funds Actually Deliver

Income funds don't try to predict when markets will perform. They change how returns are delivered.

Instead of waiting for capital gains to materialise, they distribute returns along the way, through coupons, dividends, options premiums, and even realised gains.

That cash flow creates something most portfolios lack: visibility. It's the same logic as owning a rental property. You don't check the house price daily. Some months it's up, some months it's down.

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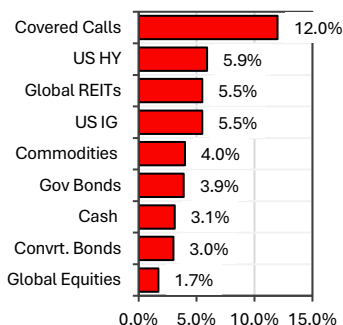
What matters is the rent, the fact that something is being generated consistently, regardless of market conditions. Income funds are built to behave the same way.

They give you something to hold onto, while markets remain unpredictable.

Where the Income Comes From

A well-constructed income fund is not dependent on a single yield source.

Multiple Yield Sources



Source: Bloomberg, Schroders

It combines multiple engines: bond coupons for baseline income, equity dividends for resilience, covered call premiums to monetise volatility, & convertibles to capture upside when markets move higher.

On top of that, fund managers can realise gains from assets that have appreciated, crystallising returns that are already there. This matters.

Because income is not being “created”, it is being extracted from different parts of the market at different times. That allows distributions to stay consistent even when markets are not.

Let’s Talk About Capital Payouts (Properly)

This is where most investors hesitate. Yes, sometimes income funds distribute from capital. But this is often misunderstood.

Look at how companies like Johnson & Johnson or Coca-Cola behave. They have paid and grown dividends through recessions, crises, and earnings slowdowns.

In certain years, they maintained those dividends even when earnings softened, because management had conviction in the businesses ability to recover & wanted to smoothen returns for shareholders.

Income funds can operate in a similar way. Occasional capital distribution is not a breakdown of the strategy.

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It is a decision, to bridge short-term gaps in income while underlying assets continue to generate long-term returns.

The distinction is critical.

- Occasional use reflects confidence
- Persistent reliance reflects a problem.

The Only Question That Matters

Strip everything away, and one question remains: Is the fund earning what it is paying?

Not this month. Not this year. But across a full cycle. Because markets don't deliver evenly, and neither will income. The objective is not perfection.

It is sustainability.

How to Actually Measure It

Most investors look at either yield or NAV. These figures represent only one side of the equation.

The correct measure is simple:

Total return = NAV + All Income Received

If that number is growing over time, the strategy is working.

If NAV drifts lower while payouts remain high and total return stagnates, then part of that income is coming at the expense of capital. That's the difference between real income and manufactured income.

The Bottom Line

Income funds are not about maximising returns. They are about controlling how returns show up. The best ones don't chase yield. They build it, from real income, realised gains, and disciplined portfolio management.

They smooth outcomes without distorting them, and they give investors something far more valuable than upside:

- The ability to stay invested
- The discipline to ignore short-term noise
- And the cash flow to not depend on perfect timing

Because markets will deliver their returns. They just won't deliver them when you need them. Income funds are how you get paid, while you wait.

Strategy In Focus

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The Puzzle This Week

Markets are not broke, they are just noisier. Volatility cycles are shorter, sentiment shifts faster, and returns arrive unevenly. Long-term outcomes may still average out, but the path matters more than ever.

The real challenge for investors today is not where markets go, but how to stay invested and extract returns without relying on perfect timing.

Structured Investments

Autocallable; Yield Enhancement: *Dell & Broadcom*



For clients seeking higher, defined income, Autocallable convert volatility into yield. Dell and Broadcom are chosen for their strong fundamentals and regular price swings, allowing income to be generated even if markets move sideways.

Momentum Funds

Principal Nasdaq Equity Premium Income & AmIncome and Growth



For clients prioritising repeatable cash flow, these funds reshape how returns are delivered. Principal Nasdaq Equity Premium Income monetises Nasdaq volatility through covered calls, while AmIncome & Growth smooths income across cycles using a diversified, multi-asset approach.

Fixed Income

Investment-Grade Bonds: *TNB & HSBC*



For clients who value stability and visibility, investment-grade bonds such as Tenaga Nasional and HSBC provide predictable coupons from strong issuers, anchoring income regardless of market sentiment.

The Macro View

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Risky Business:

Markets Dance Around War and Data

Markets are cautious and reactive, hoping for peace but facing ongoing war risks and strong US economic data. Investors are quick to adjust positions as headlines and policy signals shift, keeping risk appetite limited and volatility high.

MACRO OVERVIEW

The cancellation of US–Iran peace talks, with both sides blaming each other for ceasefire violations, has kept geopolitical tensions high.

The US extended the ceasefire but is maintaining economic pressure on Iran and increasing its military presence in the region, signalling that the conflict could drag on.

Despite the tense backdrop, US retail sales surprised to the upside in March, showing resilient consumer demand.

In Malaysia, the government is holding off on any abrupt changes to fuel subsidies, prioritizing stability for households even as war-related risks and subsidy costs rise.

FX OVERVIEW

The US dollar strengthened as investors sought safety amid war uncertainty and surging oil prices.

The yen weakened further, with markets unsure if the Bank of Japan will hike rates soon, while the AUD slipped on USD strength.

The NZD found support from firmer inflation data, and the CNY was steady, aided by a stronger PBOC fix.

The ringgit initially tested higher levels but retreated as the USD gained, reflecting the region's sensitivity to global risk sentiment.

The Macro View

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COMMODITY OVERVIEW

Oil prices climbed sharply (Brent and WTI up about 3%) as ongoing conflict and disruptions in the Straits of Hormuz kept supply risks front and centre.

Gold fell as risk appetite improved and the USD strengthened, while CPO prices edged higher, supported by commodity spillover and steady demand.

The commodity complex remains highly reactive to war headlines and policy signals.

FIXED INCOME OVERVIEW

US Treasuries sold off, with yields rising as strong retail sales and war uncertainty pushed investors to reprice the outlook for rates.

The market also focused on the Warsh Fed hearing, which hinted at a new approach to inflation and Fed communication.

Malaysian government bonds were supported by cautious optimism over peace prospects and bargain hunting, with yields mostly down 1 bps as investors added duration.

Market Shakers

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Risk Isn't Rising, It's Sticking Around

Markets are increasingly concerned about whether the Federal Reserve can maintain its independence under a Trump administration.

The worry is not about any single decision today, but about whether political pressure could influence future interest-rate moves.

For investors, an independent Fed is crucial because it anchors inflation and provides stability when the global environment is already uncertain.

That uncertainty is evident in global trade. Taiwan's exports remain resilient, supported by strong demand for technology products, showing that parts of the global economy linked to semiconductors and AI are still growing.

In contrast, Japan's trade outlook has weakened, as Middle East tensions and energy disruptions weigh on costs and global demand. The result is uneven growth across Asia, with some economies holding up while others feel the strain from geopolitics and higher input prices.

At the company level, adjustment is happening faster than policy. Businesses are using AI to lift productivity and protect margins, even as overall growth slows.

But these gains are coming with visible job cuts, making it clear that AI is reshaping the workforce now, not in the distant future.

Bottom line: with geopolitical risks high, trade uneven, and inflation less predictable, markets are leaning heavily on a steady and independent Federal Reserve. Any doubt about that independence adds to uncertainty, making volatility a more regular feature rather than a one-off event.

Structured Strategy

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Structured Investments Ideas

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

AUTOCALLABLE		AUTOCALLABLE	
Yield Enhancement		Yield Enhancement	
Dell Technologies Inc		Broadcom Inc	
Strike 100%	Knock-Out Barrier 105%	Strike 100.0%	Knock-Out Barrier 105%
Knock-In Barrier 70.0%	Coupon 12%	Knock-In Barrier 70.0%	Coupon 14%
Tenure 6 months	Currency MYR	Tenure 6 months	Currency MYR
Underlying Drivers		Underlying Drivers	
Bull Case ▲ AI-server demand is driving strong growth in Dell's infrastructure solutions business, improving margins and earnings visibility.		Bull Case ▲ Dominant positions in AI-related semiconductors and infrastructure software provide strong cash flow, pricing power, and earnings resilience.	
Bear Case ▼ PC demand recovery remains uneven, while AI server growth is hardware-heavy and capex-intensive, limiting margin expansion.		Bear Case ▼ High customer concentration in AI hyperscalers and elevated valuation create downside risk if AI spending slows.	

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

Source: AmBank Wealth Management (22 April 2026)

Fund Strategy

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Unit Trust Ideas

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

INCOME		INCOME	
Principal Nasdaq Equity Premium Income By Principal Asset Management Bhd		AmlIncome & Growth By AmFunds Management Bhd	
1Y Returns +12.5% p.a.	Fund Size RM 2.2 bil	3Y Ann. Returns +6.68% p.a.	Fund Size RM 44 mil
Volatility 8.2% p.a.	Risk Rating 5-Aggressive	Volatility 6.6% p.a.	Risk Rating 4-Growth
Fund Pitch		Fund Pitch	
Beyond 8% Generate high yield income from covered call allocation to deliver monthly payouts.		Built For Uncertain Cycles Designed to perform across different market cycles, smoothening returns.	
Nasdaq-100 Exposure Focused on large cap growth stocks that provides a floor on returns.		3 Engine Approach Powered by equities, bonds and convertibles, to diversify risk & opportunity.	
Risk Managed Strategy Balances equity upside with income distributions, reducing volatility exposure.		7-8% Yield Buffer Generate consistent income across different market conditions.	

Source: Morningstar, Fund Factsheet (22 April 2026)

Bond Strategy

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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	
Tenaga Nasional Bhd 3.55% 10/8/2040		HSBC Holdings PLC 5.722% 11/3/2035 Tier 2	
Ranking Sr. Unsecured	Coupon 3.55%	Ranking Subordinated	Coupon 5.72%
Next Coupon 12 Aug 26	Maturity In 14.3 years	Next Coupon 11 Sep 26	Maturity In 8.89 years
RAM Rating AAA	Currency MYR	Moodys Rating Baa1	Currency AUD
Credit Outlook		Credit Outlook	
Positive ▲ Credit quality is underpinned by Tenaga's monopoly position in Malaysia's electricity sector, predictable regulated cash flows, and strong sovereign linkage supporting its AAA rating.		Positive ▲ HSBC benefits from a diversified global banking franchise, strong capital buffers, and solid liquidity, supporting loss-absorption capacity at the group level.	
Negative ▼ Long maturity exposes investors to regulatory and tariff-setting risk, while large capex requirements could pressure leverage over time.		Negative ▼ As a sub Tier 2 instrument, the bond carries higher risk from regulatory capital actions, earnings volatility, and exposure to global economic and geopolitical cycles.	

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

Source: Global Treasury Markets, AmBank WM, Bloomberg (22 Apr 26)

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