

Weekly Wealth Digest

19 February 2026

Your Edge. Our Insights.

Market Insights To Power Your Next Move

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Macro Overview

Fed Uncertainty and Geopolitics Drive Risk Repricing

Global macro sentiment turned more cautious following the release of the FOMC minutes, which revealed a clear split among policymakers, with some officials open to the possibility of a rate hike if inflation remains elevated.

This pushed markets to reassess the assumption of a smooth easing cycle. US data was mixed but broadly supportive, with durable goods orders falling less than expected and prior data revised higher, helping stabilise growth expectations.

Meanwhile, geopolitical risks resurfaced, as US–Iran nuclear talks failed to produce a deal, while early-stage Ukraine–Russia peace discussions remained inconclusive - keeping risk premia elevated, particularly in energy markets.

FX Overview

Dollar Reasserts Strength While Ringgit Holds Firm

The US dollar strengthened, with the DXY rising above 97.0, supported by firmer US data and a less-dovish interpretation of the FOMC minutes.

The euro weakened after reports that ECB President Christine Lagarde may exit before the end of her term, adding a layer of political uncertainty despite a relatively benign inflation backdrop.

The yen also softened, pressured by broad USD strength and announcements of large US–Japan investment projects tied to tariff concessions.

In contrast, the ringgit remained resilient around 3.90, supported by Malaysia's strong recent GDP data and expectations that BNM will keep policy rates unchanged, with markets now awaiting CPI and trade figures for confirmation.

The Macro View

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Commodities

Oil Surges on Iran Risks as Gold Loses Momentum

Commodity markets were led by a sharp rally in oil, with Brent and WTI rising over 4%, driven by heightened geopolitical tensions linked to Iran and renewed concerns over supply disruptions.

Gold initially gained on risk headlines but later softened as the FOMC minutes signalled that rate hikes are not entirely off the table, limiting upside despite ongoing uncertainty.

CPO prices were flat, reflecting a wait-and-see stance amid broader volatility in global commodities and currencies.

Fixed Income

Yields Edge Higher as Dovish Expectations Are Reined In

US Treasury yields moved higher, rebounding from recent monthly lows as Fed communication leaned less dovish than markets had expected and US housing data surprised to the upside.

Comments from Fed officials reinforced the view that rate cuts may be further down the road, keeping front-end yields supported.

Meanwhile, the Malaysian government bond market was largely quiet, ahead of the mid-week break, with investors focused on the upcoming January CPI print (consensus: 1.6% y/y) as the next key catalyst for local rates.

Market Shakers

Key Developments

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China

IMF Calls For Subsidy Cuts

The IMF urged China to halve industrial subsidies, warning that state support is distorting competition, worsening overcapacity, and heightening trade tensions. The call underscores rising global pressure on Beijing to rebalance growth away from heavy industry.

US Federal Reserve

Inflation Path Still Uneven

Fed officials cautioned that progress toward the 2% inflation target will be uneven, citing sticky services inflation and labour market resilience. This reinforces expectations for a gradual, data-dependent easing path rather than rapid rate cuts.

US-Japan

First Project Under \$550bn Deal

The US and Japan unveiled \$36bn of initial mega-projects under their \$550bn agreement, spanning oil, gas, and synthetic diamond facilities. The announcement marks concrete progress in strengthening energy security and strategic supply chains.

UK

Inflation Drops to 3%

UK inflation fell sharply to 3% in January, strengthening the case for a Bank of England rate cut as early as next month. The data signals easing price pressures after a prolonged period of stickiness.

US Politics

Trump's AI Push Sparks Backlash

Trump's aggressive push to accelerate AI development and deregulation is facing resistance within Republican strongholds, raising concerns that voter backlash could undermine support ahead of midterm elections.

Corporate Governance

CEO Turnover Accelerates

Companies are replacing CEOs at record rates, with successors increasingly younger and internally groomed. The trend reflects faster strategy resets amid technological disruption, shareholder pressure, and shorter leadership tolerance.

The 4 Key Pillars

Quarterly Themes

Jan – Mar 2026

Real Economy Ai Trade

Traditional Sectors Applying Ai

The next phase of Ai winners will be users, not builders – companies using Ai to cut costs, optimize operations and expand margins quietly.



State Directed Capital

China & Japan's Fiscal Firepower

When consumers slow, governments step in. Growth increasingly follows policy, fiscal spending and reform agendas, not free markets.



Neutrality Premium

Asia's Role As Economic Connectors

Global trade hasn't stopped - it's re-routing. Neutral connector economies benefit by enabling trade between China and the US.



Shock Absorbers

Income & Defense

In volatile market's, portfolio's need stabilisers – income delivers cash flow, while gold and precious metals protect purchasing power.



Peak Ahead

Our Foresight

Jan – Mar 2026

What We Think The Future Holds

Q1 2026	Cashflow Therapy  Income is resilient as volatility fatigue sets in.
	Gold & Beyond  Central bank buying, industrial purchases, low supplies.
	Japan's Quiet Comeback   Corp. reforms & rising wages attract long-term capital.
	Sovereign Capital Boost   Gov's spend to boost economic competitiveness.
Q2 2026	Old Industries, New (Ai) Edge  Tangible Ai gains, unlocking value in traditional sectors.
Q3 2026	Crypto Grows Up   Growing institutional adoption as supplies tighten.
	Asia's Economic Connectors  Asia's export hubs & connectors drive trade recovery.
Q4 2026	Mid-Term Elections  Markets hedge against US political uncertainty.

Performance Heat Map

Asset Class Performance Annually (%)

	2021	2022	2023	2024	2025	2026
Global REITs	32.6%	-23.7%	10.9%	2.8%	8.4%	7.7%
Gold	-3.6%	-0.3%	13.1%	27.2%	64.6%	16.2%
US Equities	26.9%	-19.4%	24.2%	23.3%	16.4%	0.5%
EM Equities	-4.6%	-22.4%	7.0%	5.1%	30.6%	11.1%
DM Equities	20.1%	-19.5%	21.8%	17.0%	19.5%	2.5%
Global Equities	16.8%	-19.8%	20.1%	15.7%	20.6%	3.5%
Gbl ex US Eq	5.5%	-18.3%	12.6%	2.9%	29.2%	9.0%
Global IG Bond	-4.7%	-16.2%	5.7%	-1.7%	8.2%	1.6%
Global HY Bond	1.0%	-12.7%	14.0%	9.2%	12.1%	1.4%
China A-Shares	-5.2%	-21.6%	-11.4%	14.7%	17.7%	0.7%
MY Equities	-3.7%	-4.6%	-2.7%	12.9%	2.3%	4.3%
MY 12M FD	1.7%	2.7%	2.8%	2.5%	2.1%	2.1%

Market Prognosis

- **Gold:** Early-week selloff reversed sharply on dip buying, keeping momentum intact amid Fed & geopolitical uncertainty.
- **US Equities:** Weakened as renewed scrutiny on AI spending and big-tech guidance pressured sentiment.
- **Europe:** Posted modest gains as investors favoured regional resilience over US tech volatility.
- **Asia ex-Japan:** Mixed performance, but EM tone stayed constructive, supported by earlier-month risk rotation.
- **Japan:** Benefited from broader equity participation beyond US tech, though rates and FX volatility capped upside.
- **IG Bonds:** Largely flat as stable yields limited duration demand..
- **HY Bonds:** Slightly lower as risk appetite turned more selective amid equity volatility.

Weekly Focus

When Everything Moves Together

When “Owning Everything” Still Feels Like Owning One Thing

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Your 30-Second Briefing

Many portfolios aren't truly diversified - passive and active funds often own the same big stocks.

ETF flows crowd trades, pushing volatility and correlations higher in periods of market stress.

The answer is blending both: passive for exposure, active for true diversification.

The Long-Read

Not long ago, most Malaysian investors built portfolios around unit trusts. Maybe a Malaysia equity fund, a China or Hong Kong fund, a global tech fund, and - if you were cautious - an income or bond fund.

You trusted the manager, topped up when you could, and stayed invested.

Then ETFs arrived. They were cheaper, simpler, more transparent, and easier to trade - whether via Bursa or overseas platforms.

For many Malaysians, especially younger investors, ETFs felt like a real upgrade: more control, lower costs, better access.

And in many ways, they were.

But here's the 2026 reality check: *Our portfolios are simpler and cheaper - but also more crowded and more concentrated than most of us realise.*

Different Funds, Same Bets

A typical Malaysian portfolio today might include:

- A U.S. or global tech fund
- A China or Hong Kong fund
- A global or U.S. index ETF
- An income fund for stability

On paper, that looks diversified. In practice, there's huge overlap.

By late 2025, the top 10 stocks in the S&P 500 made up roughly 35–40% of the index at peak concentration.

Weekly Focus

The same names - Nvidia, Apple, Microsoft, Amazon, Alphabet, Meta, Broadcom, Tesla - dominate U.S. indices, global indices, tech funds, and many thematic strategies.

So owning five funds often means stacking the same exposure in different wrappers.

That's not diversification. That's concentration disguised as choice.

Unit Trusts Didn't Fix This - They Just Hid It

This isn't only an ETF problem. Many Malaysian unit trusts track FBM KLCI, MSCI Asia, China, or World indices.

Managers are judged against benchmarks and expected to stay invested, which means many still hold the same big, liquid stocks as the index - just in slightly different weights.

The crowding was always there. ETFs just made it bigger, faster, and more visible.

How ETFs Changed Investor Behaviour

ETFs didn't just change what we buy. They changed how we act.

They made it easier to trade, rotate themes (AI, China, India, income), and move money quickly. They also made markets more flow-driven: when money goes in, stocks are bought automatically; when money goes out, they're sold automatically.

In rising markets, this reinforces winners. In falling markets, everything gets sold together.

That's why many investors now ask: *"Why does everything in my portfolio fall at the same time?"*

Because everyone owns the same things.

Weekly Focus

What About Income Funds?

Income funds are popular again - and for good reason. Yields are back and cash flow feels comforting. But many still own similar dividend stocks and share exposure to rates and growth scares.

They can smooth returns, but they don't automatically fix concentration or correlation risk

The Real Test of Diversification

Diversification isn't about how many funds you own. It's about how your portfolio behaves under stress.

If U.S. tech, global, China/HK, and growth all fall together, you don't have many strategies. You have one strategy wearing different labels.

A Smarter Mix for Malaysian Investors

Don't abandon ETFs. Use them intentionally.

- Use ETFs for cheap, broad market exposure.

- Use active/unit trusts for genuinely different behaviour - flexibility, cash management, smaller stocks, or areas indices ignore.
- Judge success by how the pieces move together, not just individual returns.

The role of active funds isn't to beat the index every year. It's to change your portfolio's behaviour when markets get rough.

The Bottom Line

ETFs have made investing in Malaysia cheaper, simpler, and more accessible. But they've also made portfolios more crowded and more concentrated. Unit trusts and income funds don't automatically solve this if they follow the same benchmarks.

The real edge comes from combining passive efficiency with active differentiation.

Because the biggest risk today isn't choosing the wrong fund. It's building a portfolio that looks diversified - but moves like one trade when it matters most.

Structured Investment Strategy

Enhance Yield Strategy

Next Gen Compute Platform Advanced Micro Devices

A high-performance CPU and GPU designer serving data centre, PC, and AI markets.

Bull

AMD's fundamentals are supported by strong demand for EPYC server CPUs and Instinct AI accelerators, ongoing market share gains versus incumbents, and rising hyperscaler adoption as AI and data-centre spending accelerates.

Ai Enabled Digital Brokerage Robinhood Markets Inc

A digital brokerage offering commission free trading, crypto access and Ai driven tools.

Bull

Robinhood's fundamentals are supported by rising user engagement, improving monetisation through options, margin, and subscription products, & expanding product breadth beyond crypto.

Bear

Valuation remains demanding, while earnings are increasingly tied to AI infrastructure spending cycles, creating downside risk if hyperscaler capex slows or competitive pressure from larger rivals intensifies.

Bear

Shares trade at a premium, with revenues sensitive to retail trading activity and crypto market cycles, creating earnings volatility if market sentiment weakens or regulatory scrutiny increases.

Autocallable Parameters		Autocallable Parameters	
Variant	EKI (At Maturity)	Variant	EKI (At Maturity)
Currency	MYR	Currency	MYR
Tenure	12 Months	Tenure	12 Months
Coupon	12.0% p.a.	Coupon	18.0% p.a.
Strike	100%	Strike	100%
Knock-Out	102%	Knock-Out	102%
Knock-In	65.0%	Knock-In	60.0%

Allocation Strategy

2 Key Strategies

- **Income Focused:** Income is valuable now as high rates and uncertainty favour steady, lower-risk returns over growth.
- **Returns Accelerator:** Boosts returns through top equity exposure and added income - ideal for yield and growth seekers.

Returns Accelerator		Income Focused	
AmTech Nasdaq 100 By AmFunds Management Bhd		Principal Nasdaq Equity Premium Income By Principal Asset Management	
1Y Ann Returns +14.4%	Fund Size RM 170 mn	1Y Ann Returns +9.30%	Fund Size RM 1.98 bn
1-year Volatility 10.4%	Risk Rating 5-Aggressive	1-year Volatility 7.9%	Risk Rating 5-Aggressive
Key Fund Features		Key Fund Features	
Tech Pure Play Direct access to Nasdaq 100 innovators driving Ai, cloud and digital transformation.		Tech With Income Combines Nasdaq equities with option premiums to generate regular income for the portfolio.	
Growth First Strategy Designed to capture long-term capital appreciation from structurally high growth technology firms.		Lowering Volatility Option overlay helps cushion downside while monetising market swings and shifts.	
Avoid Complexity One fund to participate in tech-led rallies without stock-picking.		Reduce Market Timing Earn regardless of whether Nasdaq is rising modestly, flat or choppy.	

Bond Strategy

IG Bond Strategy

Financial Sector		Financial Sector	
Macquarie Bank Ltd 5.953% 1 March 2034		JPMorgan Chase & Co 5.625% 16 Aug 2043	
Ranking Subordinated	Coupon (%) 5.95%	Issuer Subordinated	Coupon (%) 5.63%
Next Coupon 1 Mar 2026	Maturity In 8.03 years	Next Coupon 16 Aug 2026	Maturity In 17.5 years
Currency AUD	Moody Rating A3	Currency USD	Moody Rating A2
Credit Outlook		Credit Outlook	
Positive Diversified global earnings, strong capital discipline, and a resilient infrastructure & asset management franchise underpin Macquarie's credit strength.		Positive Dominant US franchise, exceptional capital and liquidity, and diversified revenues support one of the strongest global bank credit profiles.	
Negative Credit quality is constrained by earnings volatility from market-facing businesses, complex operations, & exposure to asset-cycle downturns.		Negative Systemic importance drives regulatory scrutiny, while credit costs and capital intensity may rise during economic slowdowns.	

Source: Bloomberg (19 February 2026)

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