

Weekly Wealth Digest

Your Edge. Our Insights.

Market Insights To Power Your Next Move

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The Macro View

Tariff Shuffle: Malaysia's Moves on the Trade Floor

January 2026

What Happened?

In April 2025, the US imposed tariff hikes on imports from countries without reciprocal market access, including Malaysia, via Executive Order (EO) 14257.

Malaysia faced a 24% reciprocal tariff (RT) on 78.7% of its exports to the US, affecting USD52.49 bn across 3,091 tariff lines.

EO 14266 later reduced tariffs to 10% for most countries, including Malaysia, and added 54 more RT-exempt tariff lines (USD15.5 bn), raising Malaysia's overall RT exemptions from 21.3% to 50.8%.

In October 2025, Malaysia signed the US-Malaysia Agreement on Reciprocal Tariff (ART), gaining 1,711 additional RT-exempt tariff lines, bringing total exemptions to 2,804 lines (90.7% of tariff lines, 74.5% by value).

EO 14360 (November 2025) expanded RT exemptions globally, but Malaysia failed to gain additional benefits.

Implications

- **Malaysia's Position:** The ART deal strengthens Malaysia's standing, especially for US semiconductor and E&E firms, reinforcing its tech supply chain role.
- **Tariff Impact:** Average tariffs on Malaysian exports to the US rose from 3.5% to 12.5%. Despite more exemptions, overall export costs are higher.
- **Sector Impact:** Most sectors benefit, but rubber gloves, furniture, and some palm oil still face a 19% tariff. Furniture remains competitive due to unique products.
- **Unused Exemptions:** New exemptions (mainly pharma) don't benefit Malaysia, as these aren't exported to the US.
- **Inflation Factor:** Future tariff relief depends on US inflation trends, with extra costs likely passed to US consumers.

The Macro View

Tariff Shuffle: Malaysia's Moves on the Trade Floor

January 2026

Who Benefits?

Top Beneficiaries: American semiconductor and E&E companies in Malaysia gain the most, as most newly exempted products - like integrated circuits, printed circuit assemblies, and lithium-ion batteries - are in their portfolio. These exemptions help them maintain smooth exports to the US and strengthen Malaysia's role in global tech supply chains.

US Importers: US companies benefit from lower costs and reliable access to critical Malaysian components, supporting sectors like technology, automotive, and electronics.

Malaysian Exporters: Firms in exempted sectors, especially those tied to US supply chains, keep their competitive edge and market share. This also supports related industries in Malaysia, such as logistics and local suppliers, by sustaining export activity.

What's Next?

- **More Exemptions Likely:** If US inflation cools in 2026, expect further RT exemptions to support growth and ease costs for both US and Malaysian exporters.
- **Stay Alert:** The tariff landscape is still evolving. The ART isn't ratified yet, and future changes will depend on US economic and political shifts. Exporters and policymakers should monitor developments closely.
- **Sector Strategies:** Sectors still facing tariffs (rubber gloves, furniture, palm oil) should track policy changes, diversify markets, and focus on higher-value products to stay competitive. Industry groups should keep advocating for more exemptions.

Market Shakers

Key Developments

12 January 2026

US Strike on Venezuela, Maduro Captured

US forces captured President Maduro in a military operation, raising concerns over oil supply and causing a brief price spike. The event also renewed attention on Venezuela's large distressed debt and drove safe-haven flows into gold and Treasuries.

Fed Minutes Reveal Policy Divide

Fed minutes showed a 9-3 split on rate cuts. Some officials cited a cooling labor market, while others stressed inflation risks, leaving markets uncertain about the pace of future monetary easing.

China PMI Signals Recovery

China's official manufacturing PMI rose to 50.1 in December, marking its first expansion in nine months and signalling a rebound in factory activity. While output and new orders improved, export demand and employment remained soft, and services growth moderated slightly.

Asia's New Year Bond Blitz

Asian borrowers ramped up bond sales at the start of 2026, with at least 14 issuers tapping the market to lock in low credit spreads amid strong investor demand.

Yellen Flags Risks to Fed Independence

US Treasury Secretary Janet Yellen warned that growing fiscal dominance - where government borrowing and deficits influence monetary policy - poses a threat to the US economy, highlighting risks of higher interest rates and reduced central bank independence.

AI Firms Ignite Debt Market Frenzy

AI-driven companies are fuelling a credit trading frenzy, with a surge in debt issuance from tech and AI firms sparking heightened activity and volatility in global credit markets.

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 (%)

2022	2023	2024	2025	YTD 2026
62.74% MY 12M FD	24.23% US Equities	27.22% Gold	64.58% Gold	6.17% Gold
-0.28% Gold	21.77% DM Equities	23.31% US Equities	30.58% EM Equities	4.40% EM Equities
-4.60% MY Equities	20.09% Global Equities	17.00% DM Equities	29.20% Gbl ex US Eq	3.04% Gbl ex US Eq
-12.71% Global HY Bond	14.04% Global HY Bond	15.73% Global Equities	20.60% Global Equities	2.83% China A-Shares
-16.25% Global IG Bond	13.10% Gold	14.68% China A-Shares	19.49% DM Equities	2.33% Global Equities
-18.30% Gbl ex US Eq	12.55% Gbl ex US Eq	12.90% MY Equities	17.66% China A-Shares	2.08% DM Equities
-19.44% US Equities	10.89% Global REITs	9.19% Global HY Bond	16.39% US Equities	1.92% US Equities
-19.46% DM Equities	7.04% EM Equities	5.05% EM Equities	12.06% Global HY Bond	1.42% Global REITs
-19.80% Global Equities	5.72% Global IG Bond	2.92% Gbl ex US Eq	8.44% Global REITs	1.40% MY Equities
-21.63% China A-Shares	2.47% MY 12M FD	2.77% Global REITs	8.17% Global IG Bond	0.26% Global HY Bond
-22.37% EM Equities	-2.73% MY Equities	-1.69% Global IG Bond	2.30% MY Equities	0.00% MY 12M FD
-23.71% Global REITs	-11.38% China A-Shares	-8.40% MY 12M FD	-18.69% MY 12M FD	-0.02% Global IG Bond

Market Prognosis

- **Gold:** Supported by relentless central-bank buying; outlook \$4.4–5k
- **US Equities:** Earnings + AI keep momentum; valuations rich.
- **Japan:** “Takaichi trade” + governance reforms sustain strength.
- **Europe:** Soft growth; ECB mostly sidelined; quality preferred.
- **Asia ex-Japan:** China stabilising property; ASEAN demand steady.
- **IG Bonds:** High carry; spreads tight → stay quality-biased.
- **HY Bonds:** Carry ok, but tight spreads + maturity wall limit upside.

Weekly Focus

Japan: Back In Favor

12– 16th Jan 2026

How Japan Performed in 2025: A Year of Resilience & Momentum

Japan's equity markets delivered robust returns in 2025, with the TOPIX and Nikkei both posting double-digit gains (+12.6% and +14.6% consensus, respectively).

This performance was underpinned by strong foreign fund inflows, resilient corporate earnings, and a surge in AI and semiconductor-related stocks.

Despite some softness in industrial production and domestic spending, business sentiment improved, tourism rebounded to record highs, and Japan's export machine continued to hum - especially in high-tech sectors.

The market's resilience stood out amid global volatility, with Japan benefiting from a diversified earnings base and supportive macro conditions.

Recent Changes in the Japanese Economy and Their Implications

A recent leadership change has brought renewed policy vigor, with the government launching a bold fiscal drive to stimulate growth and accelerate structural reforms.

This has included shareholder-friendly policies, corporate governance improvements, and incentives for innovation.

Inflation has cooled, easing pressure on the Bank of Japan and allowing for stable rates that support valuations.

Meanwhile, Japan's export sector has rebounded post-trade war, particularly in machinery and robotics, as China's slowdown and global supply chain shifts have positioned Japan as a key supplier to both Asia and the West.

These changes have improved business confidence and set the stage for sustainable growth.

Weekly Focus

Japan: Back In Favor

12– 16th Jan 2026

The Investment Case and Growth Potential

Japan's investment case in 2026 is compelling. The AI and semiconductor trade is still in its early stages, with Japanese names rallying but still trading at a discount to US peers.

Broader earnings drivers - such as exports, reshoring, and capex - reduce bubble risk and provide multiple growth pillars.

Corporate reforms are driving higher returns on equity and more shareholder returns, while stable politics and a strong industrial base make Japan a safe haven for global capital.

The profit cycle looks sustainable, and foreign investors are returning in force, attracted by both growth and value.

BOJ's Divergence: A Unique Tailwind

The Bank of Japan's ultra-loose policy keeps rates low and the yen weak, boosting exporter profits and supporting equity valuations.

With inflation near target and no tightening expected, Japan's monetary stance offers stability and a competitive edge over other markets.

Where to Find Opportunities in Japan's Capital Markets

Investors should focus on Japan's AI, semiconductor, and robotics sectors, as well as mid-cap industrials and automation.

Tourism and shareholder-friendly large caps also offer upside, with foreign fund flows and attractive valuations driving market momentum.

Structured Investment Strategy

Enhance Yield Strategy

Ai Hardware Nvidia Corp Leading Ai chipmaker powering next-gen computing.		SG Dividend Fortress DBS Group Holdings Largest SG bank with strong base & digital innovation leadership.	
→ Bull: Dominant Ai position in AI GPUs, explosive demand from cloud & enterprise and strong earnings momentum. → Bear: Supply chain constrains, high valuation multiples, and dependency on cyclical tech spending.		→ Bull: Robust net interest income, wealth management growth, and MAS initiatives boosting market depth. → Bear: Margin pressure from rate cuts, regulatory compliance costs and slower regional loan growth.	
Autocallable Parameters		Autocallable Parameters	
Variant	EKI (At Maturity)	Variant	EKI (At Maturity)
Currency	MYR	Currency	MYR
Tenure	9 Months	Tenure	12 Months
Coupon	12% p.a.	Coupon	5% p.a.
Strike	100%	Strike	100%
Knock-Out	102%	Knock-Out	105%
Knock-In	80%	Knock-Out	90%

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.

Income Focused AHAM World Series Income By AHAM Capital		Returns Accelerator Principal Nasdaq Equity Premium Inc By Principal Asset Management	
1Y Ann Returns +4.60%	Fund Size RM 3.1 bn	6M Returns +13%	Fund Size RM 1.04 bn
3-year Volatility 5.00%	Risk Rating 4-Growth	3-year Volatility 15.00%	Risk Rating 5-Aggressive
Key Fund Features		Key Fund Features	
8.0% Yield Delivers steady income, paid out on a monthly basis.		8.0% Yield Monthly income via covered calls.	
Global Multi-Asset Diversified across global equities, bonds and ELN's.		Nasdaq-100 Exposure Focus on large-cap growth stocks.	
Strong Track Record Target fund has been active for more than 25-years, since 1999.		Risk-Managed Strategy Balances income and equity upside.	

Bond Strategy

IG Bond Strategy

Financial Sector		Financial Sector	
Lloyds Banking Group 5.3906% 10/6/2027		Tenaga Nasional Bhd 3.55% 10/8/2028	
Ranking Sr. Unsecured	Coupon (%) 5.39%	Issuer Sr. Unsecured	Coupon (%) 3.55%
Next Coupon 10 Jun 2026	Maturity In 1.4 years	Next Coupon 12 Feb 2026	Maturity In 14.58 years
Currency AUD	Moody Rating A3	Currency MYR	RAM Rating AAA
Credit Outlook		Credit Outlook	
Positive Strong capital and stable UK retail base support solid ratings.		Positive Government backing & monopoly status support strong credit.	
Negative Regulatory and UK exposure pose earnings risks.		Negative Tax disputes and high capex strain financials.	

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