

Yearbook



2nd Quarter **Checkpoint**



 **AmWealth**

Group Wealth Management



Market Movers & Insights

(From the desk of the Managing Director)

This 2Q2026 Checkpoint is our largest and most comprehensive insights to date, bringing together the analytical viewpoints of **AmBank Group's investment and research specialists**, namely **AmBank Economics, AmInvestment Bank Equity Research and AmWealth Group Wealth Management**, to provide investment ideas that are current, relevant and suitable for our clients.

2Q26 began with a bang literally, with the US-Israel vs Iran war. Iran 'shut' the Strait of Hormuz and the US imposed a blockade on Iranian ports. After a month, in early April, a ceasefire was agreed on and it culminated in a Memorandum of Understanding signed on 17 June 2026, for **60 days which will see the Strait of Hormuz being reopened**. At this juncture, there remains a fragile ceasefire and hopefully we can watch our World Cup football matches relatively peacefully, until the Finals. The World Cup, the once in 4 years event of which there are some 200 million viewers a match and more than a billion expected to watch the finals on 19th July 2026.

In the US, the appointment of Kevin Warsh as the Federal Reserve Chair proceeded as scheduled and in his first meeting as Chair and subsequent press conference on 17 June 2026, it was clear that there will be **changes in the Federal Reserve**, from the much shorter press release to the formation of some five committees. Investors digested the various inputs, including the dot plot and factored in an increase probability of a rate hike by the end of this year, which is AmWealth's expectation. This resulted in yields rising and an equity sell-down (with equities recovering in subsequent days). New Chairperson, new ways. Stay tuned throughout the year for the changes he will make in the Fed. **Volatility has been back since the beginning of Trump 2.0 and is here to stay!**

In the true spirit of innovation and capitalism, for 2026, one name embodies it: SpaceX! This is the beginning of the **next phase of US equity market fund raising in the Artificial Intelligence ("AI") era** (which began 3.5 years ago). Following years of net share buy backs, the US equity market is now set to be in net capital raising mode on the back of AI, its adoption and usage.

Across the world, **AI is embedded in everyday lives**. As long as one has a smartphone it is present unless actively turned off. For many of my peers, AI is now a must to plan a holiday, be it a day trip to a month-long vacation. For the football fans, how to watch all the games of their favourite team and then include watching the greatest number of games of the World Cup but still get 6 hours of sleep on a workday.

The pace of AI adoption by enterprises varies but those which harness it well will have a competitive advantage. AI adoption both at enterprises and usage by individuals will result in changes which will impact us for the coming decade.

How should we invest, with both US and China having their own ecosystems? **Have both**, there is enough breadth and depth in both ecosystems and users for them to co-exist. The stock markets of countries with technology heavy listings have skyrocketed – Korea and Taiwan are prime examples. **This technology rally has broadened and it has been a virtuous cycle** that will persist for the rest of the year, if not longer.

Closer to home, within ASEAN, Singapore continues to stand out as the preferred investment destination as it is a mature and stable financial centre with a stable government.

Malaysia with its neutral geopolitical stance, sizeable exports driven by technology and as a net energy exporter is considered **a stable investment destination**. With the **Value-up Programme, our capital market is expected to grow as much as 47% to RM6.3t by 2030** from RM4.3t at end 2025. we expect value to be created and enhanced, through new large IPOs and with the greater focus on shareholder value creation, the large, listed companies are expected to increase their market capitalisation. There will be some headwinds with the state elections in Johor and Negeri Sembilan and whether national elections will occur this year. However, in the past two decades, Malaysia has seen significant political changes and has continued to perform fairly well. There are also concerns on the strain on the budget deficit with the widening of the fuel subsidy to include diesel but this is currently mitigated by lower oil prices. With the resilience of Malaysia's economy and the statements from Bank Negara Malaysia, we **expect the Overnight Policy Rate to remain unchanged at 2.75% in 2026**.

The one recording we will play over and over again: **'Diversify! Diversify! Diversify!'**. We are not even halfway through Trump2.0. Hence it will be no surprise if there are more geopolitical events with far reaching consequences. While we **remain positive on risk assets**, we have seen and should expect more shocks. Diversification is our only 'free' lunch, as in any investment thesis, there are a few opportunities and frequently it is not easy to pick a single winner. So if holding technology linked investments, hold different ones, the must haves are US and China, then Korea and Taiwan.

Malaysians are still getting RM1.99 a litre petrol with Budi95. We can make our midnight trips to our local 'mamak' to watch the football matches without batting an eyelid on transport costs. However, for many others in the world, even with the reopening of the Strait of Hormuz, energy prices will reflect an increased geopolitical risk premium which will result in a continuation of **higher annual inflation, at least for 2026. Bond yields are already reflecting this**. For income, best to have a good anchor by having a diversified bond portfolio as yields have risen.

While we sit back and enjoy the World Cup in relative peace, **ensure your investments continue to work for you. Remain invested**, especially with the AI driven global game changer. Diversify in all your investments, as much as possible, even within a sector or country. And do have some income, cash in the pocket is always good!



Goh Wee Peng
Managing Director,
Group Wealth Management
AmBank Group



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GROUP WEALTH MANAGEMENT SOLUTIONS

Commentaries by AmBank Wealth Management & Bancassurance

Exhibit 1: Group Wealth Management Solutions

Strategy	Focus	Solutions
<p>Cashflow Is King</p> <p>Turn Markets Into Yield</p>	<p>Generate consistent income regardless of market direction.</p>	<p>Monthly Income Assets: Income consistency with growth potential to accelerate wealth creation.</p> <p>Range Accrual Notes: Enhanced yields when rates remain within defined ranges, supported by capital preservation features.</p> <p>Laddered Investment Grade Bonds: Staggered maturities designed to manage duration risk and maintain liquidity.</p>
<p>Wealth Multiplier</p> <p>Maximize Gains</p>	<p>Brace through volatility to generate higher returns by buying into dynamic themes.</p>	<p>Hong Kong Tech: Ride on China's tech rebound + policy upside potential + low valuations.</p> <p>Covered Calls: High income by monetizing market volatility while participating in market upside.</p> <p>Knock-in & Knock-Out Structured Notes: High-coupon strategies supported by tactical downside buffers for more controlled equity exposure.</p>

Strategy	Focus	Solutions
<p>Dual Engine</p> <p>Compound & Grow</p>	<p>Generate income today and benefit from upside tomorrow, creating an All-Weather growth strategy.</p>	<p>Innovation & Tech Leaders: Access to global chipmakers and emerging disruptors shaping the next wave of technology cycles.</p> <p>High Yield Equity Opportunities: Emerging Markets and small cap allocations offering stronger upside participation during risk on market conditions.</p> <p>Bullet Structured Notes: Upfront coupon payment through short-term structures with tactical downside buffers and controlled equity exposure.</p>
<p>Tangible Defence</p> <p>Protection From Panic</p>	<p>Soften adverse market impact from geopolitics, inflation & market swings. Provide stability amid uncertainty.</p>	<p>Commodity Hedge: Act as a crisis hedge as risk rises. Benefit from the combination of gold, silver, platinum and palladium.</p> <p>Real Asset Hedge: Invest in tangible assets that can generate consistent yields for investors' portfolios.</p> <p>Shark Notes: Capital-protected equity participation designed for controlled and disciplined upside capture.</p>





MACRO DEVELOPMENTS

Global

Commentaries by AmWealth Funds Management Division

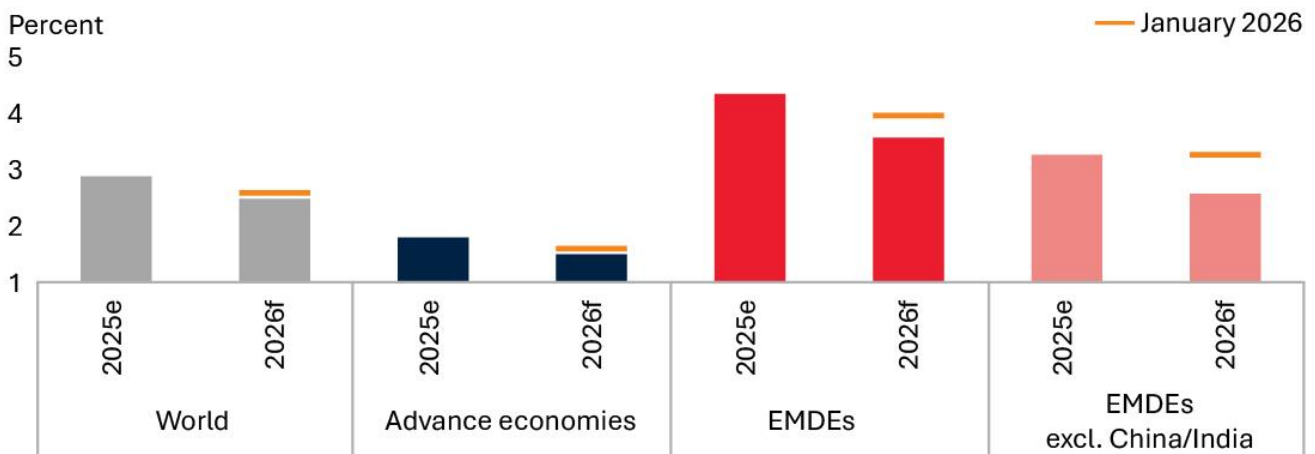
Global Growth Remains Resilient. No Recession. No Stagflation



Global growth outlook has softened marginally with the World Bank revising its projection for global GDP growth **lower to 2.5% for 2026 in its June 2026 report from the earlier estimate of 2.6%** in January 2026. Advanced economies' growth outlook 2026 has been reduced to 1.5% from 1.6% in January 2026 and for emerging market and developing economies' ("EMDE") growth outlook for 2026 has been reduced to 3.6% from 4.0% (Exhibit 2).

The downward revision mainly **reflects “sharp disruptions” in key commodity markets** caused by the conflict in the Middle East (Exhibit 3). Following that, global growth is envisaged to pick up to 2.8% on average in 2027–2028 as energy prices moderate, financial conditions ease and trade recovers.

Exhibit 2: Growth by country group relative to January

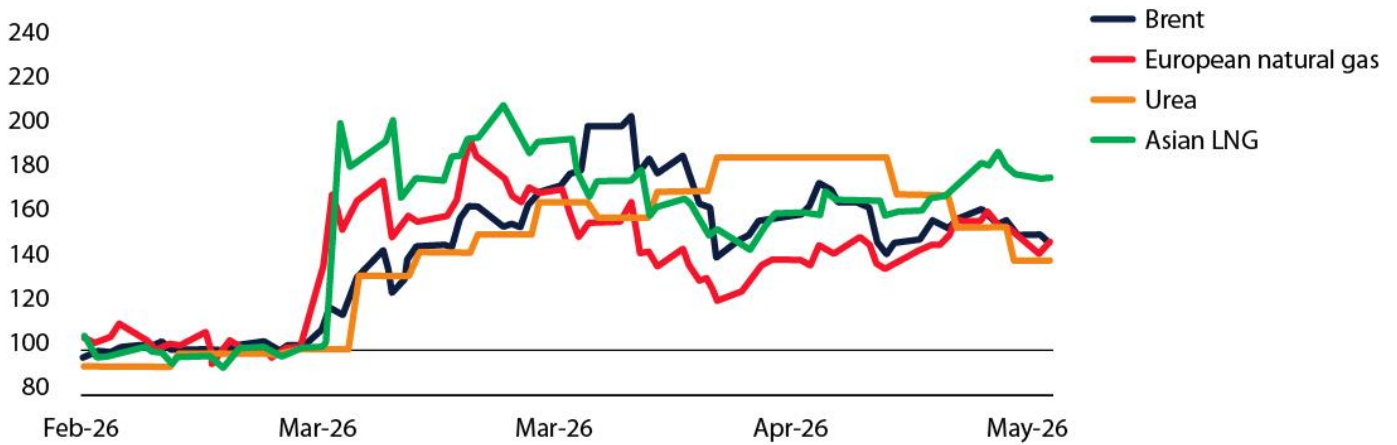


Source: World Bank, *Global Economic Prospects Report June 2026*, 18 June 2026

Note: e = estimate; f = forecast; EMDEs = emerging market and developing economies; excl. = excluding

Exhibit 3: Energy and fertilizer prices

Index, 100 = Feb 27, 2026

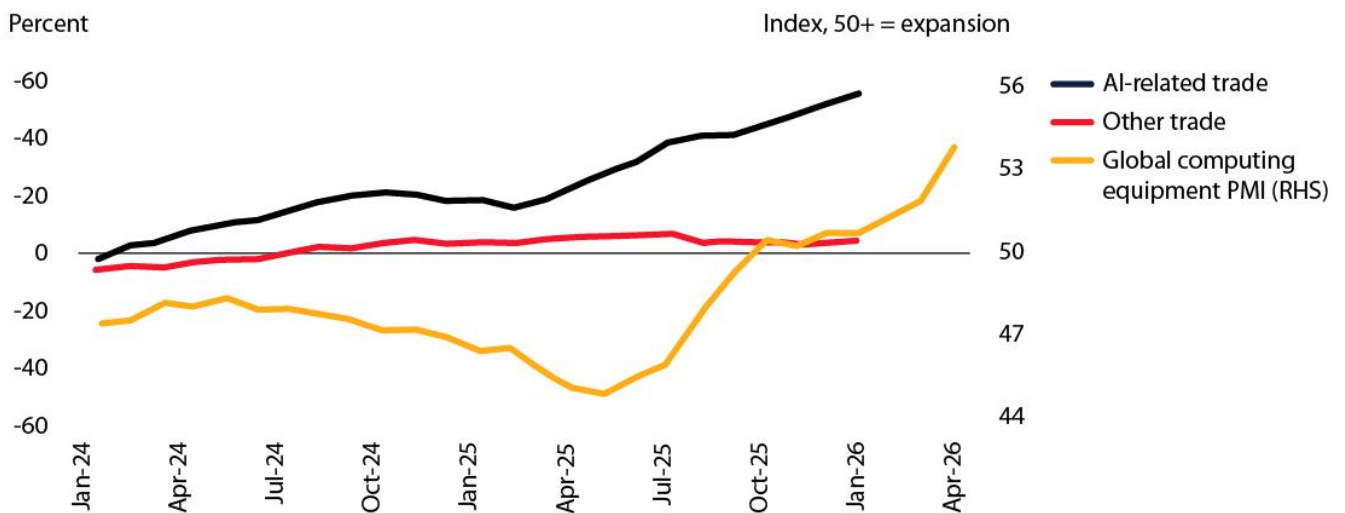


Source: World Bank, Global Economic Prospects Report June 2026, 18 June 2026

Note: LNG = liquefied natural gas

For YTD 2026, private investment driven by AI optimism has partially offset the negative impact on global trade from the conflict (Exhibit 4). The World Bank assesses that this is in part attributable to a slight decline in US tariffs following a US Supreme Court ruling that struck down tariffs imposed on international economic emergency grounds, alongside trade liberalization efforts by other countries.

Exhibit 4: AI-related trade and global computing equipment PMI



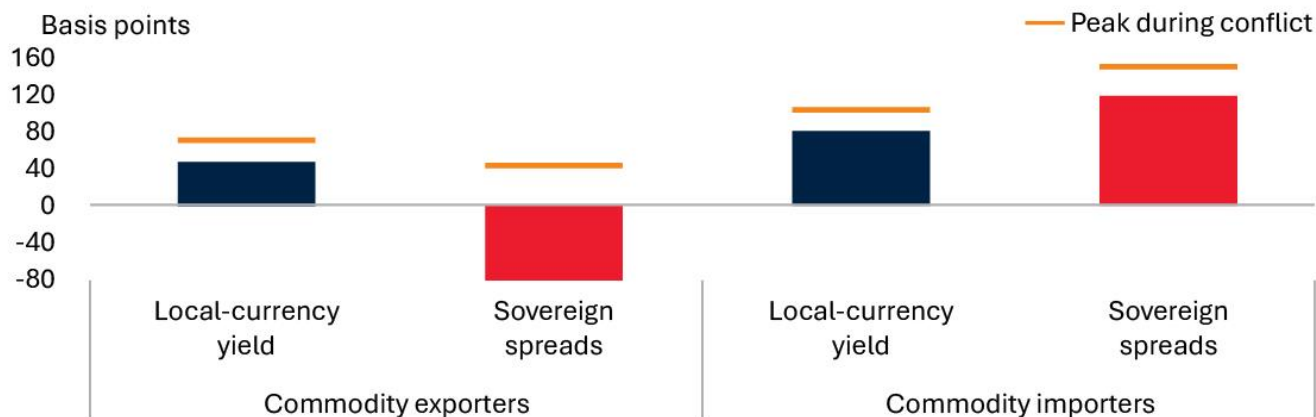
Source: World Bank, Global Economic Prospects Report June 2026, 18 June 2026

Note: AI = artificial intelligence

During the period, consensus inflation expectations picked up notably following the surge in energy prices. Bond yields rose in advanced economies and previous market expectations of monetary easing dissipated quickly. While equity markets in major advanced economies saw weakness in the first month of the conflict in the Middle East, many of these markets have mostly recovered.

The World Bank cautions that across EMDEs, **equity prices declined, bond yields increased and currencies came under pressure amid capital outflows**, with only a partial recovery for some commodity importers that could reflect more adverse impacts of the conflict (Exhibit 5).

Exhibit 5: Change in EMDE local currency bond yields and sovereign bond spreads



Source: World Bank, Global Economic Prospects Report June 2026, 18 June 2026



The sister organization to the World Bank, the International Monetary Fund (“IMF”) in its report released in April 2026, revised its outlook on **global growth at lower to 3.1% for 2026 from the earlier estimate of 3.3%** in January 2026, while keeping 2027 estimate at 3.2%. The estimate is based on the assumption of the conflict in the Middle East remaining “limited in duration and cope”.

Global headline **inflation is projected to “rise modestly” from 4.1% in 2025 to 4.4% in 2026** before resuming its decline to 3.7% in 2027. This is a 0.7% upward revision for inflation for 2026 compared to the IMF’s October 2025 forecast.

The IMF cautions that a longer or broader conflict, worsening geopolitical fragmentation, a reassessment of expectations surrounding artificial intelligence driven productivity or renewed trade tensions could significantly weaken growth and destabilize financial markets. Elevated public debt and eroding institutional credibility may further heighten vulnerabilities.

IMF also sees potential **mitigating upside, if productivity gains from AI materialize more rapidly** or trade tensions ease on a sustained basis.



Tariffs – Not as fearful as before



The Office of the United States Trade Representative (“USTR”) had on 2 June 2026, released the results of its Section 301 investigations into 60 trading partners for allegedly failing to impose and enforce bans on imports made with forced labour.

The USTR concluded that **only six economies met its criteria** - Canada, Ecuador, the European Union (“EU”), Indonesia, Mexico and Pakistan. The US is proposing a 10% tariff for a group of 14 economies including Canada, the EU, Britain, Indonesia, Malaysia, Taiwan and Mexico, which are deemed to have some form of forced labour prohibition in law or in trade agreements with the US. All others could face a higher rate of 12.5%.

This represents one of the largest and broadest Section 301 actions in history, aimed at building a new trade-enforcement architecture after the US Supreme Court revoked the International Emergency Economic Power Act (“IEEPA”)-based reciprocal tariffs imposed previously in March 2026.

The **timing of the new tariffs is closely tied to the 24th of July 2026 legal deadline** on the expiry of the temporary 10% tariffs imposed after the US Supreme Court struck down earlier "reciprocal" tariffs. The USTR is accepting written comments and hearings surrounding their determinations until early July 2026.

The immediate tariff increase is expected to be limited as rates are close to current levels. However, there is more concern and uncertainty on additional Section 301 investigation targeting 16 major economies - including China, the EU and most of ASEAN over policies supporting large-scale industrial overcapacity.

US-Iran peace deal – Positive path forward

On 18 June 2026 the US and Iran signed a memorandum of understanding (“MOU”) to “immediately and permanently” cease military hostilities on all fronts including Lebanon.

Key points of the MOU include a commitment from both sides to reach a **final agreement in the next 60 days, an immediate opening of the Straits of Hormuz**, the immediate removal of the US naval blockade on Iran, the US to issue waivers for the export of Iranian oil and a reaffirmation from Iran that it shall not procure or develop nuclear weapons.

Exhibit 6: US–Iran 14 Point MoU

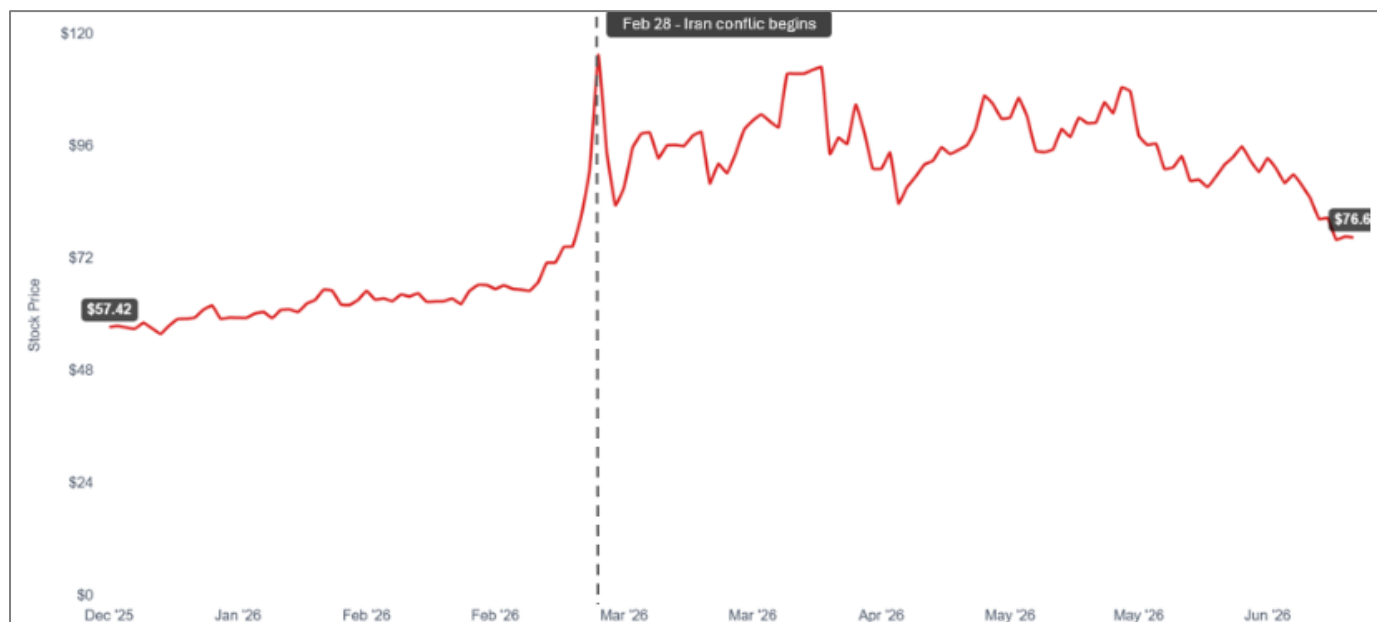
No.	Key Provision	Summary
1	Ceasefire	Immediate and permanent end to military operations on all fronts, including Lebanon.
2	No aggression	Both sides agree not to initiate war or use force against each other.
3	Sovereignty	Mutual respect for territorial integrity and non-interference in internal affairs.
4	Final deal timeline	Commitment to reach a final agreement within 60 days (extendable).

No.	Key Provision	Summary
5	Lift naval blockade	US to remove naval restrictions and restore normal maritime activity.
6	US troop withdrawal	US forces to pull back after completion of the final agreement.
7	Strait of Hormuz reopening	Shipping in the key oil route to return to pre-war levels.
8	Free vessel passage	Iran to allow toll-free commercial shipping for an initial 60 days.
9	Maritime safety	Iran responsible for clearing mines and ensuring safe navigation.
10	Sanctions removal	US to lift sanctions on Iran as part of the final agreement framework.
11	Oil export resumption	Iran can restart oil exports under eased restrictions.
12	Reconstruction fund	Creation of ~USD300 billion fund for Iran's economic rebuilding.
13	Nuclear commitment	Iran pledges not to develop or acquire nuclear weapons.
14	Nuclear negotiations	Future talks to resolve enriched uranium stockpiles and nuclear programme details.

Source: www.bbc.com, 18 June 2026

If the agreement holds, the **near-term market impact is likely to remain constructive**. The most immediate transmission channel is through **oil prices**, which have already **declined sharply** following the announcement as traders unwind the geopolitical risk premium and price in increased Iranian supply and the reopening of the Strait of Hormuz. However, oil prices are still up Year-to-date (“YTD”) as normalization of shipping and supply is expected to take some time, with some reports suggesting that oil flow through the Straits could recover to about 70% of pre-war levels by end of July 2027.

Exhibit 7: Crude Oil Price



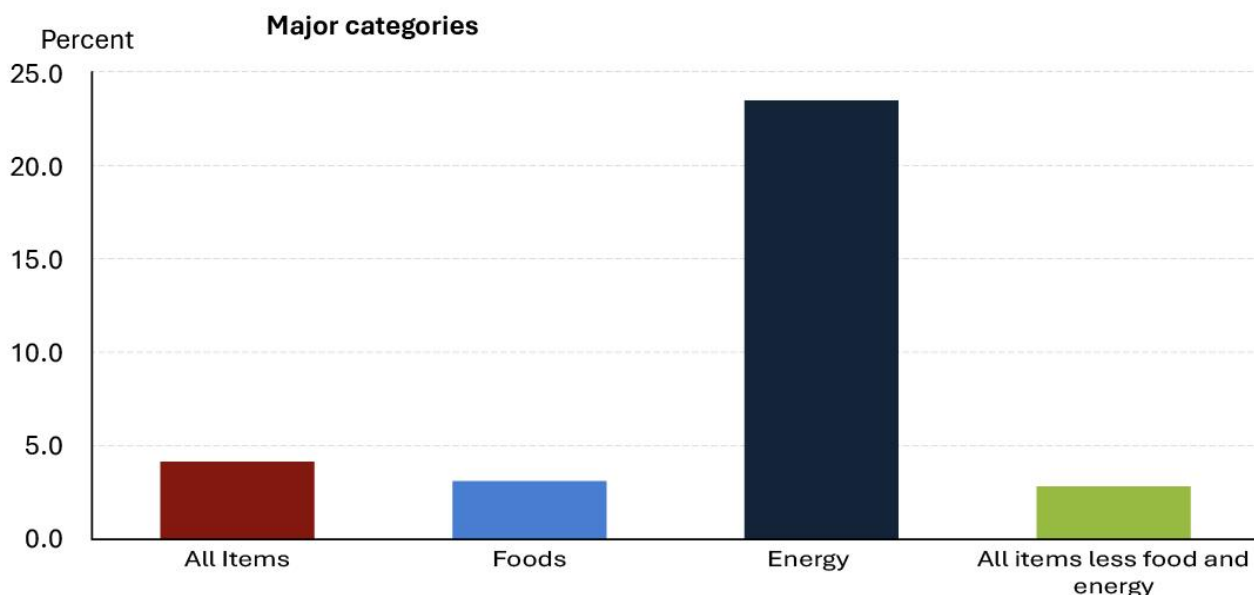
Source: Qualtrim, 18 June 2026

This drop in oil prices is critical because the **recent inflation spike has been largely energy-driven** rather than broad-based, meaning that easing energy costs could quickly soften headline inflation prints. Historically, geopolitical oil shocks have been a key driver of temporary inflation surges, with central banks tending to look through such supply-driven spikes when they prove transitory.

Second round effects of the current spike in Consumer Price Index (“CPI”) remains to be seen. In terms of the supply of goods, German shipping major, Hapag-Lloyd estimates at least 6 weeks to normalize its network, other expert researchers put the normalization of supply chain and shipping traffic in the ballpark of 3 to 6 months. Meanwhile, commodities related to fertilizer such as urea and phosphate saw prices ease driven by news of the MOU but remain higher than a year ago.

Exhibit 8: US Consumer Price Index (Selected Categories)

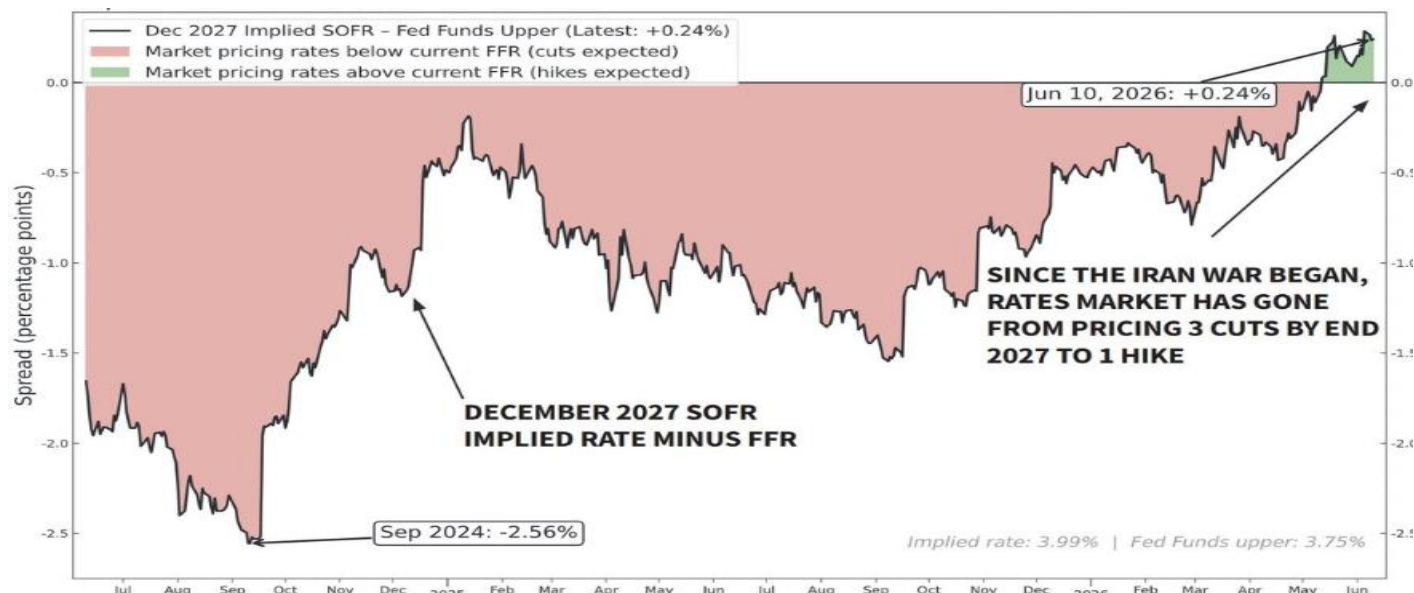
12-month percentage change, Consumer Price Index, selected categories, May 2026 not seasonally adjusted



Source: U.S. Bureau of Labour Statistics, 18 June 2026

For the Federal Reserve, lower oil prices provide a clear policy reprieve. It reduces inflation expectations, which in turn reduces pressure for additional rate hikes or prolonged tightening. Since the war began, Secured Overnight Financing Rate (“SOFR”) implied rates shifted dramatically, moving from 75 bps of expected easing to 25 bps of tightening (representing a 100 bps swing), and as energy-driven inflation subsides, this hawkish repricing should gradually reverse.

Exhibit 9: Implied Dec 2027 SOFR Rate vs Fed Funds



Source: 3Fourteen Research, 18 June 2026

Meanwhile, in terms of inflation expectations economists and governments have not issued revised estimates as yet. Global inflation expectations for 2026 are likely to be revised lower as energy and commodities stress eases but are unlikely to drop back to the levels that were 0.5-0.7 ppt prior to the conflict in the Middle East.

Artificial Intelligence (“AI”) – The Beginning of the next Industrial Revolution which will improve productivity.

The World Bank observes that AI adoption remains concentrated among highly educated white-collar professionals, particularly managers and knowledge workers; and also highlights cases where expert users have seen limited or even negative productivity gains. Expected gains would thus likely vary across occupations and how AI is integrated into workflows. The World Bank notes that translating task-level improvements into economy-wide productivity gains depends on the extent of adoption across firms and the share of tasks that can benefit from AI.

Quantitatively, AI adoption can add a median of 0.6% to annual growth with a range of 0.1% to 1.0% in meta research conducted by the World Bank (Exhibit 10). This compares to an estimated 0.9% increase in annual growth in Europe driven by electrification starting in the 1920s and the 0.5% increase in annual growth in Europe and the US in the ICT revolution of the 1990s and 2000s. While full electrification took several decades due to requirement of large-scale infrastructure redesign across society, the ICT revolution occurred far more rapidly.

Exhibit 10: Estimated productivity impact of general-purpose technologies

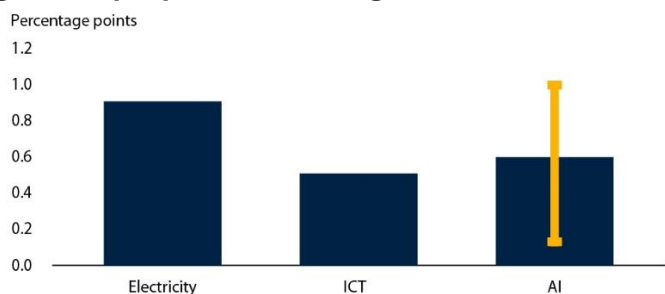
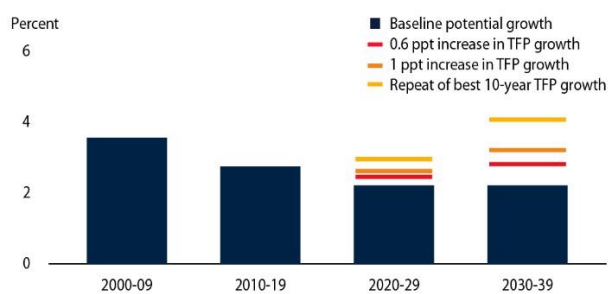


Exhibit 11: Global potential growth scenarios



Source: World Bank, Global Economic Prospects Report June 2026. Note: Growth in Total Factor Productivity (“TFP”) is assumed to be directly reflected in output, 18 June 2026

Three scenarios are offered by the World Bank, assuming progressively stronger AI impact beginning in 2026 to 2039. The first scenario assumes a 0.6 ppt annual increase in productivity growth, corresponding to the midpoint of estimates in the literature. The second assumes a 1.0 ppt increase, reflecting more optimistic projections. The third assumes that widespread AI adoption leads to a transformative repeat of the historically strongest 10-year productivity growth rate observed across economies, implying global productivity growth of about 2.7% annually (Exhibit 11).

The World Bank cautions that these scenarios apply common productivity assumptions across country groups and therefore should be interpreted as illustrative upper-bound exercises.

Malaysia

Commentaries by AmBank Economics

Stable growth, Low Employment, Vigilant Central Bank

Malaysia’s economy grew by 5.4% year-on-year (“YoY”) in 1Q2026, in line with our forecast, following a 6.2% expansion in the previous quarter. Additionally, growth above 5.0% in 1Q2026 was consistent with our expectations and had already been incorporated into our full-year growth forecast of 4.5%. Looking ahead, however, we expect growth to moderate amid heightened global uncertainties. The impact of the Us-Iran war will likely manifest as a lagged, supply-side shock. As such, the Malaysian economy will see its effects only emerge from 2H2026 onwards, with no immediate risk of recession.

Meanwhile, Malaysia’s persistently low unemployment rate (1Q2026: 2.9% vs. 4Q2025: 2.9%) reflects a tight and resilient labour market that continues to support domestic demand, reducing the need for monetary easing. This suggests that labour market conditions remain broadly stable, with ongoing job creation offsetting pockets of job losses. However, inflation remains contained and does not signal overheating, while external uncertainties and growth risks persist. As a result, Bank Negara Malaysia (“BNM”) has maintained the Overnight Policy Rate (“OPR”) at 2.75% during the May 2026 meeting, signalling a neutral policy stance rather than a move towards tightening.

Exhibit 12: Malaysia’s Quarterly GDP Growth, YoY%



Exhibit 13: Unemployment rate vs OPR. %



Source: DOSM, BNM, AmBank Economics, 18 June 2026

FIXED INCOME

US Fixed Income – Outlook & Strategy



Commentaries by AmBank Economics

Our outlook for US Treasuries, for the coming few quarters to 2Q 2027, is based on the following factors:

- **Inflation vs growth risks**

- The US CPI forecast as per Bloomberg is currently 3.3% for the full year 2026, and the Personal Consumption Expenditures (“PCE”) forecast is 3.3% for the full year. The monthly US CPI print has been pushed up to 3.3% in March 2026 and 3.8% in April 2026, from 2.4% in February 2026 as global oil prices rallied amid the US-Iran war.
- Inflation correlation with 10Y US Treasury (“UST”) yield is relatively strong at 0.510, but with Gross Domestic Product (“GDP”) is not insignificant at -0.207.
- US inflation in March 2026 saw headline CPI up more than core, suggesting underlying price pressure is not broadly accelerating. However, no matter: fear of rising inflation remains elevated, as oil prices remain high even if the war ends and global energy supply chains remain at risk.

- **Hence, we take a balanced view of UST yields based on the interplay between risks to growth and inflation.**

- With inflation risks still prevalent, the risk to growth continues to be present. On the flipside, the US-Iran peace deal and reopening of the Straits of Hormuz has deflated global oil prices, thereby paring the inflation risks, in our opinion and ahead of current central bank signalling where Federal Open Market Committee (“FOMC”) had come out hawkish in June 2026.
- International Energy Agency (“IEA”) says US-Iran war oil price surge will lower global oil demand in 2026, for the first time since 2020. Geopolitical risks will still be a major factor in US growth.
- US GDP growth forecast as per Bloomberg is decent at 2.1% in 2026 vs 2.1% in 2025, showing some promise this year, but 2027 is down to 2.0% indicates longer term risks to growth.

- Overall labour market conditions point to a firming backdrop, even as wage growth remains relatively subdued.
- **Economic activity continued to be supported by resilient business investment**, particularly in AI-related capital expenditure, highlighting ongoing corporate confidence in productivity-enhancing technologies.
- **Fed expectations**
 - **Market expectations shifted from an outlook for 1-2 rate cuts in 2026 (at the beginning of the year) to balancing between no change to the Fed Fund Rate to possibly 1-2 rate hikes.** Our model for UST yield projection uses the 90d SOFR, not the Federal Funds Rate (“FFR”), as a conduit for short-term rate projection, and we’ve forecast a 10-20 bps rise in the SOFR over the medium-term horizon.
 - At the FOMC meeting on 17 June 2026 under new Chair Kevin Warsh, the policy rate remained at 3.50–3.75%. However, the overall tone of the meeting turned more hawkish, with an updated dot plot signalling no rate cuts over 2026–2027 and a more even split between policymakers leaning toward hikes versus holding rates steady. This gives a median Fed funds rate of 3.75% in 2026, and 3.6% in 2027. Updated projections showed higher inflation expectations alongside a modest downgrade to growth, reflecting ongoing supply-side pressures, including those stemming from the Middle East conflict and AI-related investment demand.
- **US fiscal outlook.**
 - **The US fiscal outlook remains a concern for the UST**, with the US fiscal deficit likely to approach USD2.0 trillion in 2026 again. The US fiscal balance remains negatively affected by rising expenditure and entitlements, including elevated interest costs.

Commentaries by AmWealth Funds Management Division

Expect Bearish Flattening of the US yield curve

Following the latest FOMC meeting, the US Federal Reserve maintained policy rates but struck a **more hawkish tone**, reinforcing our long-held view that US rates will remain “**higher-for-longer.**” Recent communications point to persistent inflation risks and a still-resilient labour market, with markets now **repricing toward a potential rate hike as early as September 2026.** As a result, the US yield curve is expected to **bearishly flatten**, driven by upward pressure on the front end. This environment suggests continued volatility across global fixed income markets, with duration risk becoming more asymmetric.

Malaysia Fixed Income: Outlook & Strategy

Commentaries by AmBank Economics

Malaysian Government Bonds outlook

Overall, our outlook for the Malaysian Government Securities (“MGS”) market remains constructive. But yields will remain elevated. Our outlook considers recent conditions in global markets, ongoing risks in the Middle East and fallout from the recent crude supply disruptions, the latest global inflation data showing elevated levels relative to pre-war conditions, and the latest remarks from global central banks, which are hawkish. In addition, we consider domestic Malaysian macroeconomic and market conditions, and especially the latest BNM Monetary Policy Committee (“MPC”) statement, which we view as neutral. As a recap, due to the war, MGS yields shot up in 1H2026, with the 10Y MGS hovering near 3.57% mid-May 2026, up 8 bps YTD, and the 3Y MGS at 3.21% mid-May 2026, up 22 bps YTD.

Valuations are not cheap for MGS in our opinion. We assume potential for overnight rates to rise in the medium- to longer-term, both globally and in Malaysia. Thus, spreads may seem wide for now but could tighten, by way of higher short tenor rates.

Fed has potential for hikes.

- **Yields are elevated in view of Fed hike potential.** Although there has been some decoupling of MGS correlation from UST (correlation of 0.24), interest rate differentials still affect MGS returns relative to UST. The 10Y UST spread above the 10Y MGS has risen to about 85 bps on 22 June 2026, brought on by the larger jump in UST yields versus MGS since March 2026. The spread was about 50 bps back in February 2026. In March 2026, 2Y and 10Y UST yields were up 42 bps and 38 bps to close at 3.79% and 4.32%. The MGS was tracking the rise in UST yields, though MGS yields are up a smaller 15-25 bps MoM. A risk to our view is that the Fed may turn dovish, especially if there are not enough reasons to be so, simply because the dove Kevin Warsh will now be in charge at the Fed. No matter, a dovish Fed will otherwise pressure UST yields down, thereby pushing MGS yields lower as well.
- **Controlled Inflation outlook for Malaysia**
 - **We foresee a still controlled inflation outlook** for Malaysia in 2026, even as global geopolitical risks and high global oil prices remain in the background. Our MGS yield projections assume 2.0% full-year 2026 CPI and 2.2% CPI for 2027.
- **BNM – Monetary Policy**
 - **No rate action expectations guide trading at a time when the front of the curve may offer an opportunity.** We expect no rate hikes nor cuts from BNM for 2026. The 3Y MGS at around 3.20-3.30% is pricing in a possible BNM hike this year; hence, if BNM's narrative remains neutral in the next 1-2 MPC statements, we foresee short-tenor MGS receiving some support.

• **Fiscal policy**

- **Long-term steady, short-term risk.** We maintain the narrative that Malaysia's fiscal consolidation will be on track despite short-term risks (i.e., the 2026 fiscal deficit). The risk for the 2026 deficit is that high subsidy payments will push the government's total expenditure higher, though we see the government taking measures to limit the upside, such as capping the subsidised RON95 amount per month for each Malaysian citizen. As it were, with 3.5% current fiscal deficit target, the MGS+GII net issuance this year is RM75.0 billion (down from RM85.0 billion in 2025). Recall that Malaysia's sovereign net issuance averaged RM97.8 billion per year during 2021-2024; thus, we think take-up for MGS+GII issuances will remain relatively healthy in 2026, even if net issuance this year is jacked up to fund a higher deficit. We think a deficit of as high as 5.0% of GDP this year should mean upside for net issuance around RM100 billion, which was the level per year during 2022-2023. The average BTC at MGS+GII auctions in 2022 was 2.26x, and in 2023 it was 2.16x.

Exhibit 14: 3Y MGS & OPR (%)

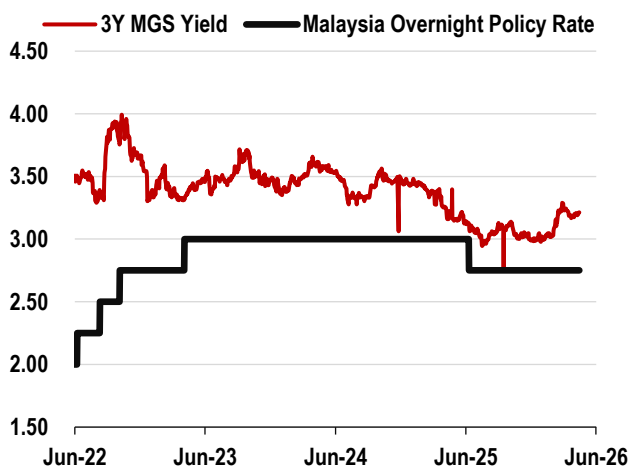
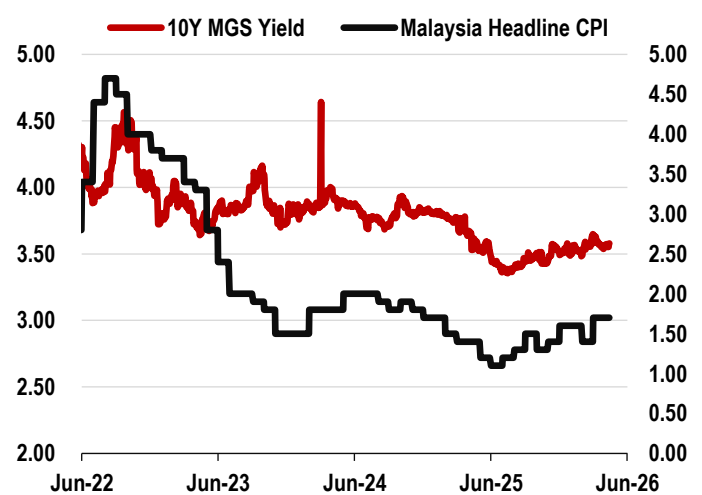


Exhibit 15: 10Y MGS & Malaysia CPI (%)



Source: Bloomberg, 22 June 2026

Commentaries by AmWealth Funds Management Division

Exhibit 16: Malaysian Government Bond Yields

MGS Benchmark Tenors	Yields 18-June-26 (%)	Net Change 13-Mar-26 vs 18-June-26 (bps)	Net Change YTD (bps)
3Y	3.28	7	19
5Y	3.45	8	15
7Y	3.57	8	17
10Y	3.63	-	10
15Y	3.85	-7	6
20Y	3.98	-8	13
30Y	4.12	-1	14

Source: Bond Pricing Agency Malaysia, 18 June 2026

Malaysia's fixed income market traded mixed from March 2026 to June 2026. Yields at the short-to-medium segment moved higher by 7-8 bps while the longer dated MGS outperformed, with yields declining by 7-8 bps. Meanwhile the 10Y MGS yield was broadly unchanged at 3.63%. Nevertheless, on a YoY basis, MGS yields remained modestly higher across all benchmarks, reflecting the impact of earlier upward pressure from global bond markets and the uncertainties in US–Iran conflict.

Malaysia corporate bonds outlook

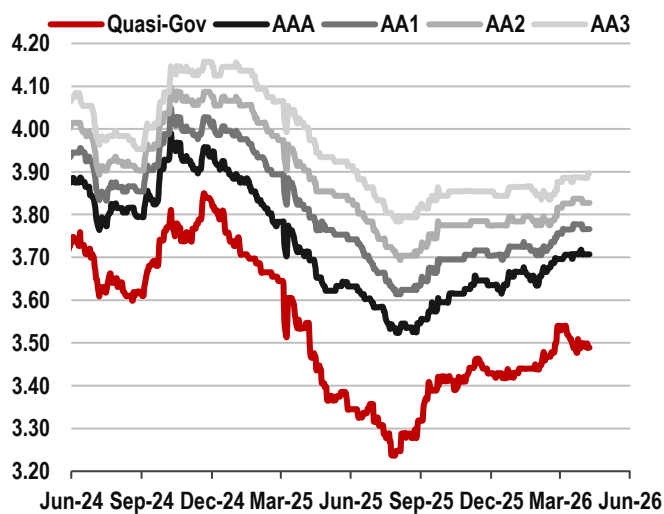
Commentaries by AmBank Economics

The credit outlook remains promising, but pricing needs careful navigation.

- **PDS yields are likely to follow elevated MGS.** As MGS yields are likely to remain elevated in 2H2026 and possibly into the early part of 2027, we also think Malaysia's Private Debt Securities (“PDS”) yields will remain on the high side, tracking MGS yields. We found that 5Y indicative yields for AAA issuers, as per Bond Pricing Agency Malaysia (“BPAM”) data, rose to around 3.71% by April 2026, up from 3.64% at the end of December 2025. Meanwhile, for 5Y AA1 issuers, indicative yields were 3.78% at the end of April 2026, up from 3.71% at the end of December 2025. Indicative 5Y quasi-government yields were 3.49% at the end of April 2026, or up from 3.43% end of December 2025.
- **However, spreads-wise is more competitive and reflects improving credit risks since last year.** 5Y quasi spread vs MGS remains tight by May 2026 at 15 bps, slightly wider vs 13 bps end December 2025. For 5Y AAAs, the indicative spread from MGS was 37 bps in May 2026, from a narrower 34 bps at the end of December 2025. Some widened to 41 bps in mid-April 2026, around US-Iran levels. The spread then narrowed as geopolitical risks (and thus credit risks) improved. If we go back further to mid-2025, i.e., end June 2025, credit conditions have continued to improve, as evidenced by 5Y AAA spreads (now 37 bps) being wider than MGS spreads (44 bps).
 - We think credit conditions have continued to improve. The level of rating migration in Malaysia, in fact, goes back to 2025, attests to this assumption.
 - In 2024 and 2025, there remains no ringgit corporate bond defaults after the total of four recorded in 2023. The no-default occurrence has persisted into 2026.
 - As for credit rating upgrades, the total in 2023 was 12, down to six in 2024, again up to 12 in 2025, and so far in 2026 (up to 13 May 2026), the total rating upgrades were nine. Rating upgrades in 2026 include various YTL Corp/YTL Power debt securities, which are now rated AAA. Of interest, Country Garden RM1.5 billion sukuk was upgraded to a B1 long-term rating.
 - For downgrades, in 2023 there were 11, down to six in 2024, zero in 2025, but there were two rating downgrades in 2026 so far, which were for 1) MCIS Insurance RM200 million Tier-2 Sub debt down to A3 rating and SPR Energy RM580 million senior sukuk to C1 rating.
 - **Outlook.** Credit spreads are likely to remain narrow, but there is potential for some widening, as we think certain spreads on higher-grade paper may be a tad rich now.

- **We foresee credit conditions will continue to improve** in the next few quarters, up to mid-to-late 2027. We think continued positive GDP growth and controlled inflation will spur activity in the industrial, construction, and services sectors. That said, we expect marginal widening of spreads in 2026 and into 2027, as we think spreads on higher-grade papers may be a tad rich right now.
- **Issuances will not matter much** as we think spreads will remain competitive and demand/liquidity likely to be supportive. In fact, gross PDS issuance has slowed so far in 2026 to RM60.4 billion, according to BPAM data, compared with RM192.9 billion in 2025 and RM136.6 billion in 2024. A smaller primary size might limit the upside for yields and spreads, in our opinion, going forward if the pace remains lukewarm.

Exhibit 17: PDS Yields, 5Y tenors (%)



Source: Bond Pricing Agency Malaysia, 22 June 2026

Exhibit 18: PDS spread against MGS, 5Y tenors (bps)

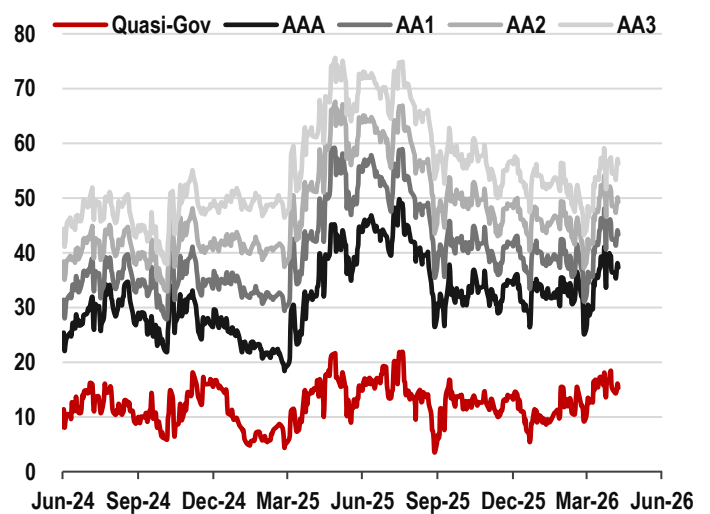


Exhibit 19: RAM and MARC ratings upgrade vs downgrades (number of facilities)

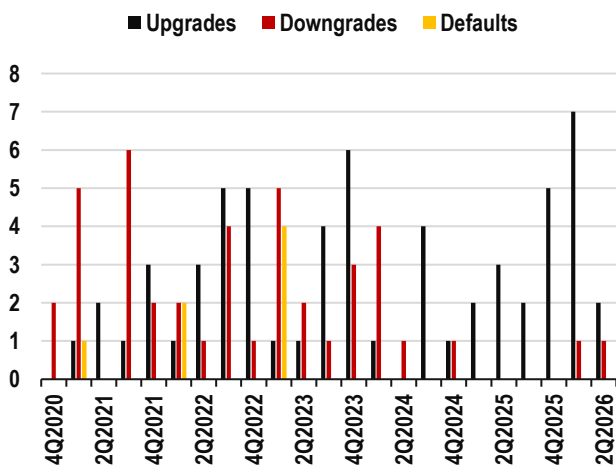
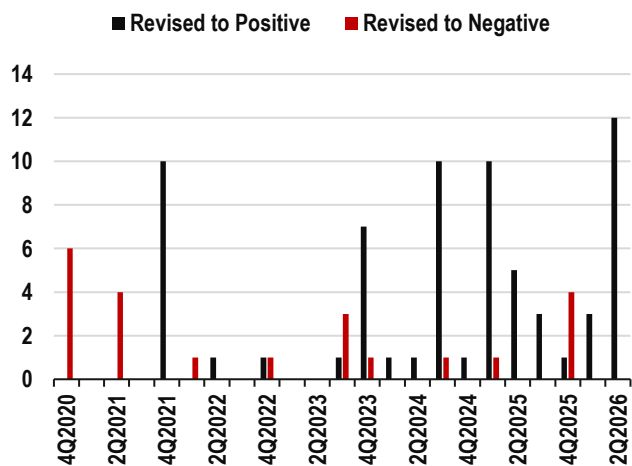
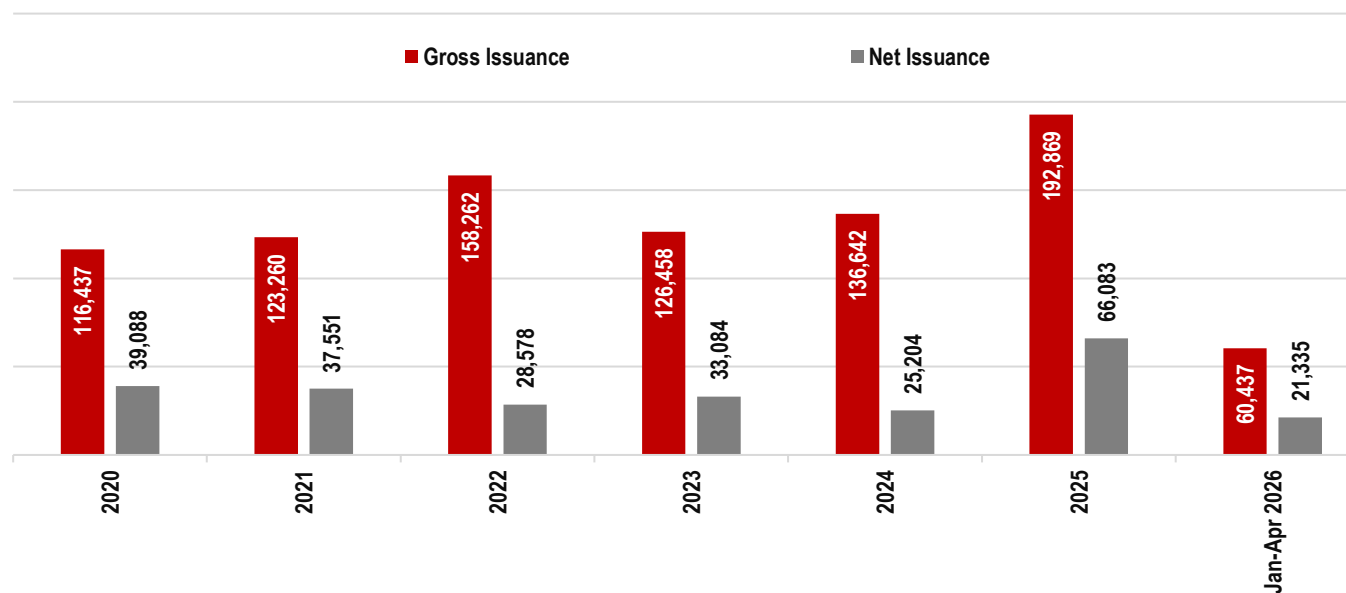


Exhibit 20: RAM and MARC ratings outlook changes (number of facilities)



Source: Bond Pricing Agency Malaysia, 22 June 2026

Exhibit 21: Gross and Net Issuances of RM PDS (RM billion)



Source: Bond Pricing Agency Malaysia, 22 June 2026

Considering the data and overall macro environment, AmBank Economics' MGS yield forecast is as below in Exhibit 22.

Exhibit 22: AmBank Economics' MGS yield forecast (%)

	2Q2026	3Q2026	4Q2026	1Q2027	2Q2027
3Y MGS	3.20	3.15	3.15	3.10	3.10
10Y MGS	3.64	3.64	3.66	3.64	3.64

Source: AmBank Economics, 22 June 2026

Commentaries by AmWealth Funds Management Division

Putting it all together, for Malaysian fixed income portfolios, we **maintain a cautious and defensive stance** in the current environment. We prefer to **raise liquidity and preserve capital flexibility**, allowing us to re-deploy when clearer value and entry points emerge. In the interim, we favour the primary market over the secondary market, given more attractive pricing and new issue concessions amid uneven demand conditions.

Our duration positioning remains measured, with a bias towards high-quality exposures and selective participation where risk-reward is compelling. We continue to favour the **intermediate segment of the curve (5–7 years)**, where carry-to-risk remains compelling and sensitivity to further bear-flattening is more contained versus longer tenors. With global curves increasingly anchored by policy uncertainty and term premium dynamics, **active duration management and curve positioning** will be key, allowing portfolios to tactically respond to shifts in Fed expectations and global macro data.

High-quality corporate bonds and sukuk remain preferred, supported by resilient balance sheets and steady domestic liquidity conditions. In the current environment of sticky inflation and uneven growth, **credit differentiation is critical**, with preference for defensive, cashflow-generative sectors and quasi-sovereign exposures. While energy-linked credits may continue to benefit from firmer commodity prices, **we remain selective on cyclicals** given margin pressures and demand uncertainty.

Overall, we advocate **patience and discipline in portfolio positioning**, maintaining a **liquid and flexible stance** amid ongoing market volatility and policy uncertainty. This approach allows investors to **preserve optionality and deploy capital opportunistically**, as more attractive entry points emerge.





FOREIGN EXCHANGE: RM

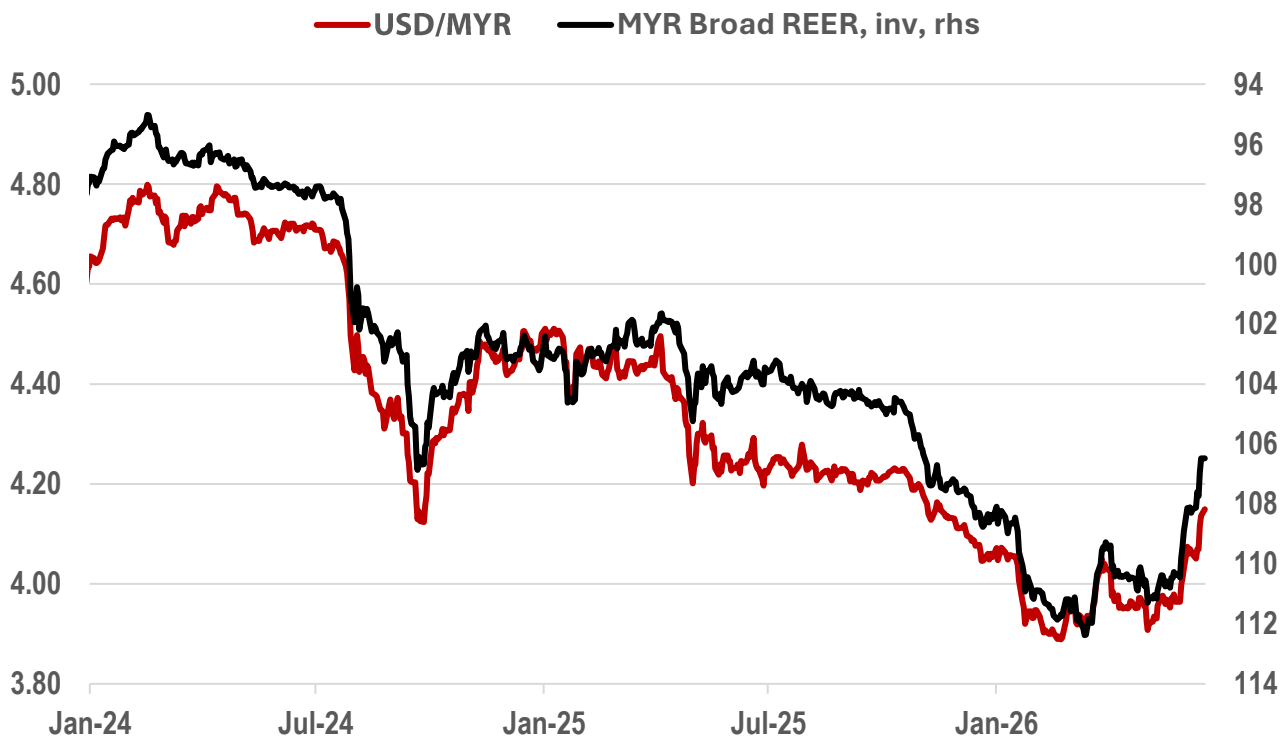
Commentaries by AmBank Economics

The Ringgit depreciated 2.1% vs the USD during 2Q2026* (up to 19 June 2026). USD/RM was **initially seen trading within the 3.90-4.05 range for an extended period (since February 2026), while maintaining its outperformance vs Asian peers since November 2025**. However, pressure was subsequently seen on the Ringgit, with USD/RM seen rapidly ticking up by more than 4% within month-to-date June alone.

We think this is primarily driven by the **continued uptick in front-end UST yields** (due to hawkish projections for the Fed), and vis-à-vis stability in MGS yields due to support from local investors and an expected steady OPR pathway for the medium-term, has placed pressure on the Ringgit due to growing interest rate differentials. Better performance for Asian peers such as the Philippine Peso and Indonesian Rupiah in recent sessions also suggests a **reversal in earlier regional safe-haven inflows** into Malaysia bonds, as easing energy supply risks from the US-Iran war also looks set to erase Malaysia's regional trade advantage as a net energy exporter. Meanwhile, risks from Malaysia's coming state elections remain and thereby might have led to some foreign portfolio repositioning away from local government bonds.

Following the FOMC meeting in mid-June 2026, which was deemed hawkish, markets are now pricing-in a 25bps Fed rate hike by September 2026, with a potential second hike by January/March 2027. Given our projections for only one Fed hike by end-2026, we think the **RM should see a slight rebound** in the coming weeks and with a USD/RM trading range around 4.05-4.10 in 3Q2026. Key events to watch ahead include the outcome of state elections in Johor and Negeri Sembilan, vessel movements in the Strait of Hormuz amid US-Iran negotiations, AI-led E&E exports momentum as well as inflation and labour markets data releases from US and Malaysia.

Exhibit 23: Recent pressure on the RM is broad-based, reversing earlier gains



Source: Bloomberg, AmBank Economics, 22 June 2026

Exhibit 24: Repricing of USD/RM upwards amid widening IR differentials



Source: Bloomberg, AmBank Economics, 22 June 2026

EQUITY

Commentaries by AmWealth Funds Management Division

Exhibit 25: Performance and Valuations of Selected Markets (YTD 18 June 2026)

Market	Last Price	% Year-to-date	Price-to-Earnings Ratio ("PER") 2026 (x)	Price-to-Earnings Ratio ("PER") 2027 (x)	Dividend Yield (%)
S&P 500	7,500.58	9.57	22.07	19.02	1.15
Nasdaq-100	30,406.19	20.42	27.08	21.47	0.61
Euro Stoxx 50	6,323.27	9.18	16.51	15.05	2.89
Japan	71,053.49	41.15	24.94	23.99	1.38
China	73.39	-11.61	11.51	9.88	2.63
Taiwan	46,465.2	60.43	22.94	18.34	1.82
South Korea	9,063.84	115.08	10.00	7.53	1.14
India	24,168.00	-7.51	19.87	17.17	1.77
Singapore	5,212.84	12.20	15.98	14.95	4.33
Indonesia	6,172.34	-28.62	9.65	8.47	6.25
Thailand	1,585.06	25.83	16.03	15.16	3.58
Philippines	6,153.66	1.66	9.54	8.78	3.71
Vietnam	1,830.47	2.58	12.71	11.04	2.10
Malaysia	1,711.39	1.86	14.87	14.08	4.34

Source: Bloomberg, 18 June 2026

US

AI's Virtuous Cycle

AI adoption and integration are accelerating rapidly across all sectors, as companies leverage AI technologies to drive efficiency and enhance productivity. We view this as the next evolution of the internet, beginning with core enablers (compute, data & infrastructure), AI is set to sweep through industries in ever larger waves (much like a tornado gaining strength as it expands), reshaping business models, redefining competitive dynamics and fundamentally transforming the global economy.

Exhibit 26: Sectorial Implementation of AI (US examples)

Sector	AI Implementation	Real World Examples
Technology	AI enhances software development, automates coding, optimises cloud workloads and improves customer solutions	Microsoft (Copilot in Office, GitHub) Google (AI search, Cloud AI)
Financials	AI improves risk assessment, fraud detection, credit underwriting and automates customer service.	JPMorgan (AI credit models, COiN contract analysis) Goldman Sachs (AI coding assistants) Visa (real-time fraud detection)
Healthcare	AI streamlines diagnostics, drug discovery, patient monitoring and administrative workflows.	UnitedHealth (AI claims & care optimization) Pfizer (AI drug discovery) Tempus (AI-driven precision medicine)
Consumer (Retail & E-commerce)	AI optimises pricing, inventory, personalisation and logistics.	Amazon (AI logistics, recommendations) Walmart (inventory automation, demand forecasting) Nike (personalized marketing)
Industrials	AI improves predictive maintenance, robotics automation, supply chain efficiency.	GE (industrial AI, predictive maintenance) Caterpillar (autonomous equipment) Honeywell (AI-driven operations)
Transportation / Autos	AI enables autonomous driving, route optimisation and fleet efficiency.	Tesla (autonomous driving) Uber (route optimisation, customer service) FedEx (logistics AI)

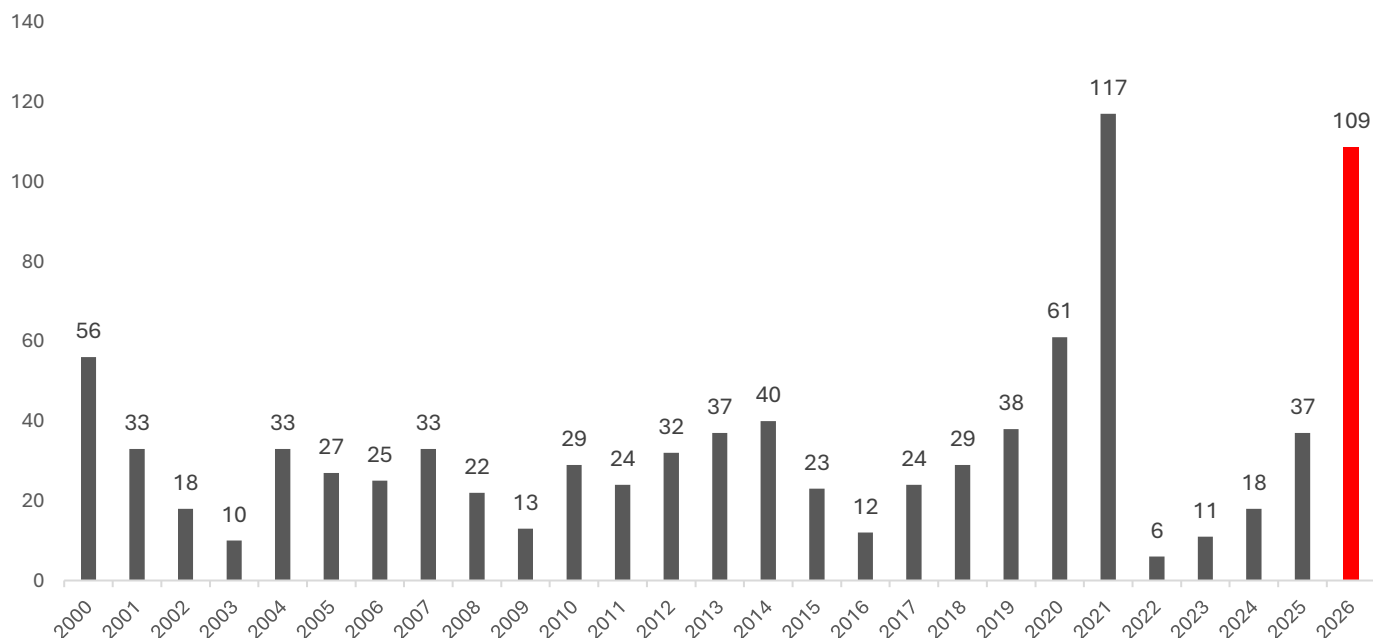
Source: AmWealth, Funds Management Division, 18 June 2026

This is driving unprecedented demand for compute across AI use cases. Ramp data shows a highly skewed consumption curve, with the top 1% of users currently spending USD7,500 per month versus a median of just USD11, up 3x YTD (suggesting a long runway for token consumption). With demand outpacing supply, token constraints remain binding, reinforcing the need for continued infrastructure investment and sustaining the AI buildout over the medium term.

Mega IPOs Are Changing the Market Narrative

Wall Street is turning more bullish on equities as a wave of ultra-large IPOs signals an end to years of stock scarcity.

Exhibit 27: US IPO Value (US\$B)



Source: Bloomberg IPO data (only includes common stock issuance), 18 June 2026

SpaceX made history by completing the largest IPO ever, raising USD75 billion (with total proceeds increasing to some USD85.7 billion after the greenshoe) and debuting at a valuation of USD1.77 trillion. The stock delivered a strong first-day performance, closing about 20% above the IPO price, pushing its market capitalisation above USD2 trillion. This solid IPO “pop,” combined with overwhelming demand (with orders reportedly exceeding USD250–350 billion), underscores the depth of investor appetite for large-scale, high-growth AI and infrastructure assets. Importantly, SpaceX serves as a critical litmus test for the **upcoming wave of mega IPOs**, including Anthropic and OpenAI, both of which are expected to pursue listings at trillion-dollar valuations to fund the ongoing AI buildout.

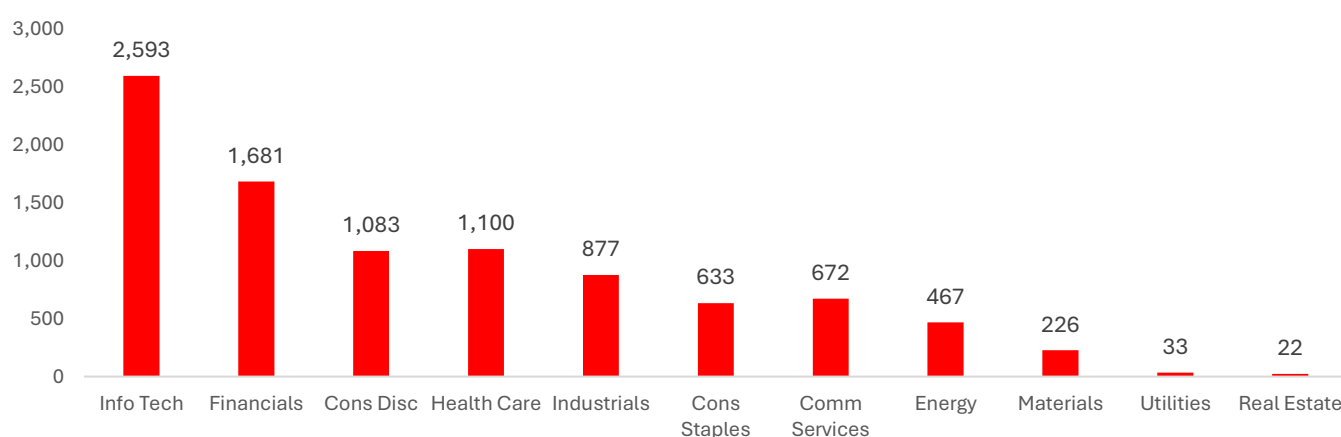
While concerns remain around valuations, profitability and the risk of over concentration, the prevailing market view is that **these IPOs could act as a catalyst for broader equity optimism**. Rather than draining liquidity, many investors see the new issuance as expanding the opportunity set, reviving capital markets activity and reinforcing confidence in long-term growth themes centered on AI and innovation.

The ‘Re-Equitisation’ of Equity Markets

The success of the SpaceX listing signals strong market capacity to absorb significant equity issuance and reinforces the shift toward “re-equitisation”. For much of the past two decades, equity markets were defined by scarcity. **Mature, highly profitable companies generated more cash than they needed, used buybacks** to shrink the market and returned capital to investors. In that world, the stock market functioned less as a capital-raising mechanism and more as a cash-distribution machine.

Buybacks by Standard & Poor’s (“S&P”) 500 companies alone erased nearly USD9.4 trillion worth of shares since 2009.

Exhibit 28: Cumulative Buyback since 2009 (USD billion)



Source: Yardeni Research, S&P Dow Jones Indices, 18 June 2026

AI has flipped that model. The current phase of the AI cycle requires vast levels investment. New AI leaders and incumbent tech giants alike need tens of billions of dollars to build models, data centres, chips and power infrastructure. **Hyperscaler’s Capex is projected to reach USD710 billion in 2026 and USD1.1 trillion in 2027** (USD1.5 trillion if including SpaceX and Neoclouds). As internal cash flow and debt markets prove insufficient to fund this scale of investment, **companies are increasingly turning to equity issuance.**

Exhibit 29: Capex Spent on AI Investments

USD billion	Capex					CFO	CAPEX/CFO
	2025	2026E	YoY (%)	2027E	YoY (%)		
Meta	72	135	87%			124	109%
Google	92	185	102%			174	106%
Amazon	131	200	53%			149	135%
Microsoft	118	190	61%			170	112%
Total	413	710	72%	1,100	55%	617	115%

Source: Company Quarterly Reports, Bloomberg, 18 June 2026

Now, investors are about to discover what happens when the supply suddenly comes rushing back. According to JPMorgan, IPOs, secondary offerings and other share sales are poised **to add roughly USD1.5 trillion of stock to the US equity market over the next two years**, even after accounting for buybacks. If realized, it would mark the **strongest period of net equity issuance since at least the late 1990s**.

Exhibit 30: Recent Capital Raising that are AI related

Company	Funding Type	Amount Raised
SpaceX	Equity (IPO)	USD85.7 billion including greenshoe (5x oversubscribed)
OpenAI	Equity	USD110 billion
Anthropic	Equity	USD65 billion
Alphabet	Equity	USD84.75 billion (upsized, including USD10 billion from Berkshire)
Nvidia	Debt	USD20 billion (planned)
Amazon	Debt	USD17.5 billion term loan + USD37 billion in bonds
Meta	Equity & Debt	USD25 billion (planned)
Oracle	Equity & Debt	USD43 billion debt + USD5 billion equity

Source: Company announcements, media releases, 18 June 2026

Total capital raise by big tech is expected to top USD500 billion in 2026, with additional capital raises planned. Despite the surge in supply, deals remain significantly oversubscribed, reflecting **strong investor appetite** for AI-driven capex.

The market is shifting from capital return to capital raising. Whether today's valuations hold will depend on whether AI's promised future cash flows materialise. Today, the market is rewarding semicon companies well as they have delivered the numbers and we expect this trend to continue, at least in short term.

US-Iran Peace Deal

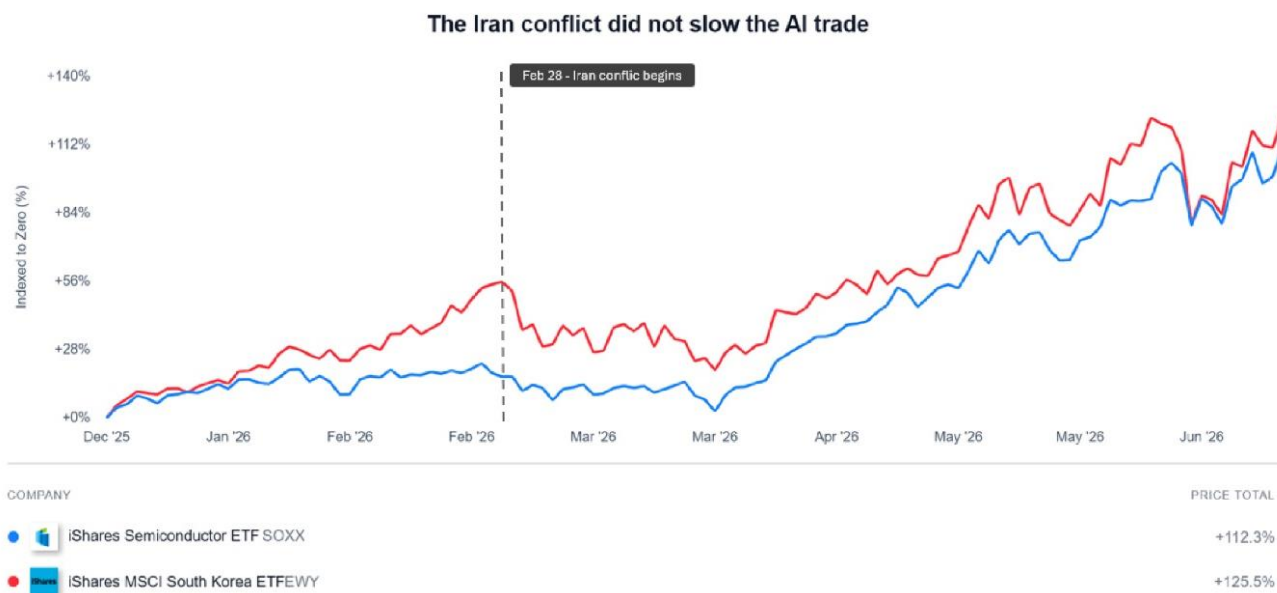
On 19 June 2026, the United States and Islamic Republic of Iran formally signed a Memorandum of Understanding ("MoU") to end the war, paving the way for a final agreement within 60 days.

This is broadly supportive for risk assets. Equities have already rallied globally on the announcement, reflecting a combination of:

- Lower discount rates (via reduced rate hike expectations)
- Improved macro outlook (via lower input inflation)
- Reduced tail risk (geopolitical de-escalation)

- Positioning suggests that investors had already looked past the geopolitical conflict as it barely impacted the momentum of the AI trade. The agreement removes the biggest overhang that the bears have pointed to since end February 2026. The pathway has been cleared for the AI bull.

Exhibit 31: Semiconductor sector indices



Source: Qualtrim, 18 June 2026

That said, the situation remains highly path-dependent and key risks remain including:

- Breakdown in negotiations or failure to reach a final deal within 60 days
- Renewed escalation involving regional actors (e.g., Israel–Hezbollah dynamics)
- Slower-than-expected implementation of sanctions relief or oil supply normalisation

Asia

- Asian equity markets delivered a mixed but generally resilient performance in 2Q2026 (April–mid June), with strong gains earlier in the quarter (driven by AI/tech) followed by a sharp correction in early June. North Asia markets like **South Korea, Taiwan and Japan** were the key **outperformers in 2Q2026**. The rally in South Korea and Taiwan has been underpinned by **sustained strength in global AI hardware demand**, which continues to support semiconductor and hardware manufacturers in both markets. This reflects their critical roles within the global technology supply chain and reinforces the sector’s structural growth trajectory. Japan’s Nikkei surged strongly as well, supported by corporate governance reforms, foreign inflows, and tech exposure.
- In contrast, **China and Hong Kong lagged** the region, with the Hang Seng Index down roughly mid-single digit in 2Q26, reflecting **weaker performance in internet platforms, consumer sectors, and financials**. These markets lacked meaningful exposure to the AI hardware cycle, faced ongoing macro headwinds such as uneven consumption recovery and property weakness, and continued to see cautious investor sentiment despite supportive policy measures. **ASEAN and India** also delivered more mixed and uneven returns, **affected by currency volatility, oil sensitivity, and less direct participation in AI-driven growth**

- The **US-Iran interim peace deal** has broad and **largely positive implications for Asian equity markets**, of which the most consequential one will be the reopening of the Strait of Hormuz. Brent crude fell towards USD80 per barrel level as tanker traffic through the Strait of Hormuz is expected to ease and stranded oil, nearly 10 million barrels, began flowing. Kuwait announced production ramp-ups, and Iran is positioned to swiftly revive exports following US sanction waivers.
- **Lower oil prices** are a direct input cost relief for energy-importing Asian economies, **reducing inflationary pressure** and **improving corporate margins** across manufacturing, transport, and consumer sectors. Easing inflation pressure **reduces the risk of further monetary tightening**, a positive for rate-sensitive Asian equities. Net energy importer countries like India, Philippines & Indonesia bore the brunt of earnings downgrades during the Strait of Hormuz closure. The deal represents a meaningful earnings recovery catalyst for these markets.

Positive on Korea & Taiwan

We continue to **favour** the **South Korea** and **Taiwan** equities market due to its AI/tech exposures. Both markets have performed well YTD 2026, underpinned by **sustained strength in global AI hardware demand**, which continues to support semiconductor and hardware manufacturers in both countries. This reflects their **critical roles** within the **global technology supply chain** and reinforces the sector's **structural growth trajectory**.

Notwithstanding the strong performance YTD, Korean and Taiwanese markets remain attractive, as continued strength in AI-driven demand has led to **emerging supply tightness across critical components**, including advanced packaging capacity, high-bandwidth memory (“HBM”), copper-clad laminate (“CCL”), multi-layer ceramic capacitors, etc. which may **persist throughout 2027**, boding well for companies in the region.

In Korea, market sentiment has been further strengthened as the ruling Democratic Party delivered a strong showing in the June 2026 local elections, winning 12 out of 16 major mayoral and provincial races, reinforcing policy continuity and the administration's reform agenda.

Valuations in both markets have become more compelling following the pullback in early June 2026, given the medium-term outlook of improving semiconductor fundamentals, sustained AI-driven demand, and increasingly supportive policy frameworks.

China

China's AI landscape in 2026 is increasingly defined not by the pace of model development, but by the **breadth** and **depth** of application-layer deployment, where **real-world integration** is emerging as the primary differentiator. While the frontier model ecosystem remains concentrated among a handful of players, the most meaningful growth is occurring downstream, as tools and workflows **scale across enterprise software, consumer platforms and industrial systems**. This shift is also reflected in how leading platforms such as Tencent are reframing their strategy: recent positioning emphasises scenario-driven deployment and practical use-case integration, rather than abstract model capability alone. In our view, this represents a broader industry convergence towards treating **AI as operational infrastructure**, embedded directly into workflows rather than monetised as standalone products.

Within the enterprise segment, this approach is becoming increasingly visible. Adoption has broadened significantly, with generative AI tools integrated across a majority of technology firms and expanding into traditional industries. However, the current phase remains transitional: while employee-level engagement with AI tools is rising rapidly, **enterprise-wide productivity gains are still incremental, reflecting the early stage of organisational integration.** Tencent's launch of WorkBuddy Enterprise highlights this evolution—from individual copilots to organisation-level agentic workflows, designed to enable seamless collaboration between human workers and digital agents. This aligns with a broader trend across China's AI ecosystem, where the focus is shifting from task-level automation to system-level orchestration, integrating models, proprietary data, and operational processes into unified platforms. The emphasis on interoperability—combining external knowledge bases with enterprise-specific datasets—suggests that **competitive advantage will increasingly depend on data integration and workflow design**, rather than raw model capability.

At the sector level, China's AI application strategy remains highly verticalized and deployment-led, spanning manufacturing, mobility, healthcare, and commerce. In industrial contexts, AI is already embedded into robotics, logistics, and production optimisation, enabling continuous data feedback from real-world operations into model improvement. Increasingly, the next phase involves **scaling these deployments into agent-driven operational platforms.** Tencent's Cloud Agent Development Platform ("ADP") 4.0 illustrates this trend, enabling enterprises to build proprietary AI operating systems capable of managing high-volume workflows—in some cases achieving high levels of automation and accuracy in real-world environments. The roadmap points towards **industrial AI evolving from isolated use cases into fully integrated execution layers**, where multiple agents coordinate tasks across complex systems.

This deployment-led model creates a self-reinforcing dynamic that we view as a core structural advantage. **The combination of cost-efficient models, large-scale application, and continuous data generation forms a closed-loop feedback system, accelerating both adoption and capability development.** The architecture is increasingly evolving towards multi-model, multi-agent ecosystems, supported by platforms that allow enterprises to flexibly select and deploy models based on specific use cases. Tencent's "token hub" approach—aggregating multiple leading domestic models and enabling seamless switching—highlights how the ecosystem is converging towards modular, interoperable infrastructure. At scale, this is already reflected in token usage metrics, which have grown rapidly across platforms, reinforcing the linkage between deployment intensity and model iteration speed.

Cost efficiency remains central to this dynamic. Chinese AI models are increasingly optimised to deliver sufficient performance at significantly lower inference costs, shifting enterprise decision-making toward total cost of ownership rather than frontier benchmarks. This has been reinforced by aggressive pricing competition across cloud and inference layers, which continues to compress costs and enable high-volume deployment. In this context, infrastructure innovations—such as high-speed agent initialisation, large-scale parallel execution environments, and sandbox-based training platforms—are becoming critical enablers. These capabilities allow enterprises to deploy AI at scale with lower latency and greater efficiency, further reinforcing the "AI as infrastructure" paradigm.

Overall, the emerging picture is one where China is not simply building competitive AI models but is structurally optimised **to translate AI capability into real-world deployment at scale**. Increasingly, differentiation is being driven by the ability to orchestrate agents, integrate data, and operate across complex workflows—suggesting that the next phase of competition will centre less on model intelligence, and more on execution architecture and system integration. All these developments translate to a combination of **high growth** and **strong earnings visibility** for an **investment strategy**.

On the macro side, China has shown resilience in its exports during the US-Iran conflict but saw their oil production impacted where in May 2026, refined oil output fell 9% YoY and chemical fibre output declined 3% YoY. With the ceasefire, the oil production and related activities should recover. Expect travel demand to recover strongly whereas other areas of consumption to improve slightly due to easing inflation. As China's economy is policy driven, until exports turn negative, significant change in government policies to boost consumption may be limited.

ASEAN

Within ASEAN, **Singapore** remains as a **bright spot**. Beyond fiscal strength, the country continues to **benefit from safe-haven capital flows**, supported by strong growth in assets under management and sustained inflows from ultra-high-net-worth individuals. Its position as a mature financial hub, underpinned by **political stability** and **regulatory credibility**, is likely to attract increasing private wealth inflows.

Thailand, as a net energy importer, stands to benefit from easing geopolitical tensions and lower energy price risks, though markets have largely priced this in following a strong 2Q26 rebound. The SET Index (+29.8% YTD) has outperformed ASEAN peers, driven by **political stabilisation**, **timely consumption stimulus**, robust **Foreign Direct Investment (“FDI”) momentum**, and **spillover from the global tech rally**, led by Delta Electronics' outsized index contribution. Looking ahead, we maintain a **Neutral** stance as key catalysts have largely played out, with valuations reflecting much of the optimism. We expect sector rotation to emerge, with healthcare and hospitality catching up, while tech and industrials remain supported by ongoing global supply chain tailwinds.

We maintain a **cautious** stance on the **Indonesian** market despite increasingly attractive valuations, given ongoing concerns surrounding **policy uncertainty** and the potential risk of a Morgan Stanley Capital International (“MSCI”) reclassification to frontier market status. Such developments could dampen investor sentiment and capital inflows. In this context, the **Indonesian Rupiah is likely to remain under pressure**, which may elevate import costs and contribute to a pickup in inflationary pressures.

Philippines inflation rose to a peak of 7.2% in April 2026, remaining well above the Philippine Central Bank's (“BSP”) 2%–4% target range. The BSP responded by hiking the target reverse repurchase (“RRP”) rate by 25 bps to 4.75%. However, the US-Iran peace deal could cause a decline in oil prices which should result in inflation falling as Philippines is heavily reliant on oil imports.

Vietnam should benefit from lower oil prices which support a gradual recovery in margins and earnings. Market flows remain retail-driven and concentrated in VinGroup ecosystem stocks, with the group's outsized index weighting contributing to persistently narrow market breadth, though the anticipated Financial Times Stock Exchange ("FTSE") Emerging Market upgrade could broaden participation and support a wider re-rating of fundamentally strong companies.

Malaysia

The recently concluded 1Q26 earnings reporting season saw a slight pick-up in earnings misses. The weakness reflects the combined headwinds of volatile market conditions, higher costs and weaker sales stemming from the US-Israel vs Iran war. Guidance by management teams during analyst briefings were mixed, with many corporations adopting a more cautious stance. However, the **recently signed US–Iran MOU has reduced uncertainty providing some tailwinds** for the local market as foreign shareholding remains near historical lows. We believe that sector and stock selection will become increasingly important as the local markets transitions from a broad recovery to execution and delivering of returns. We continue to be well invested into domestic centric stocks as well as selected sectors such as:

I. Technology: A Consensus View so bottom up analysis is important

Commentaries by AmlInvestment Bank Equity Research

Technology has emerged as the market's consensus trade. This is being driven by two key factors. First, investors are actively rebalancing portfolios away from construction and consumer-related names amid concerns that higher oil prices could weigh on domestic spending and margins. Second, AI-related spending is beginning to broaden beyond a handful of beneficiaries, with demand increasingly filtering through a wider segment of Malaysia's semiconductor ecosystem.

That said, investors should not ignore emerging speculative behaviour. Participation from proprietary traders has increased noticeably in selected names, while valuations are being supported by assumptions that leave little room for execution missteps. In several cases, earnings forecasts are embedding optimistic scenarios, making valuations appear more attractive than they may ultimately prove to be. While we remain constructive on the sector, we believe discipline is now critical and continue to favour companies with structural growth drivers, proven execution capabilities and valuations that remain grounded in fundamentals.

II. Energy: The Next Major Investable Theme

Commentaries by AmlInvestment Bank Equity Research

Beyond technology, we believe energy is positioned to emerge as the market's next major theme, regardless of how the US-Iran conflict ultimately evolves. Physical oil markets remain tight in our view, as supply disruptions and constrained flows continue to outweigh demand destruction concerns.

More importantly, we believe the next leg of growth will come from a rebuilding of Petronas' capital expenditure cycle. Elevated oil prices, energy security considerations and the need to sustain domestic production should collectively support higher upstream spending over the medium term. The industry's fundamentals are also considerably healthier than during previous cycles. Following the 2020 downturn, surviving players were forced to rationalise costs, repair balance sheets and adopt more disciplined growth strategies. As a result, the sector enters the next upcycle in a much stronger position, with improved profitability and greater operating leverage to any recovery in spending.

THEMATIC FOCUS: MALAYSIA VALUE UP

Commentaries by AmWealth Funds Management Division

Launch of MY Value Up

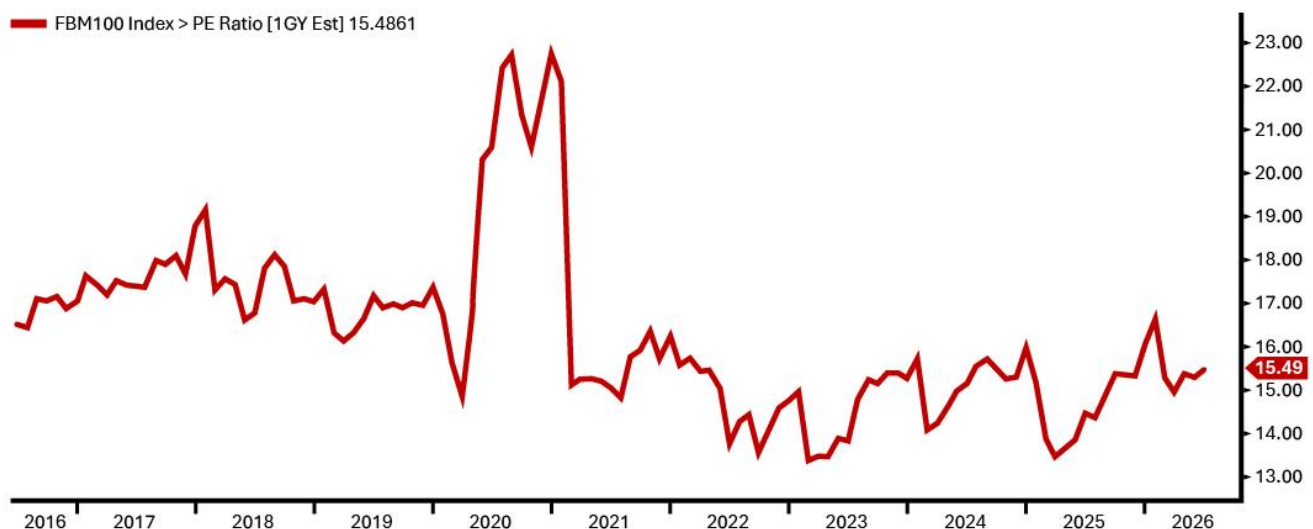
Following the introduction of the MY Value Up programme by the Securities Commission and Bursa Malaysia in April 2026, the MY Value Up Programme Guidebook was launched by YAB Deputy Prime Minister Dato' Seri Dr. Ahmad Zahid Hamidi at the Invest Malaysia Kuala Lumpur Conference 2026 on 9 June 2026.

This is a structured initiative under the Capital Market Masterplan 2026-2030, and is part of efforts to **expand Malaysia's capital market from RM4.3 trillion in 2025, to between RM5.8 trillion and RM6.3 trillion by 2030.**

Why Implement Value Up

Despite sound fundamentals, many listed companies ("listcos") continue to trade at a discount to regional and global peers. Among the top 500 listcos by market capitalisation, 232 (46.4%) generated ROE below 8% over the past 10 years (source: MY Value Up Programme Guidebook). The deterioration in price-to-earnings ratio ("PER") of FBM100 over the past 10 years is illustrated below:

Exhibit 32: PER of FBM100 since 2016



Source: Bloomberg, 18 June 2026

The discounted valuation may be due structural shortcomings in capital allocation, liquidity and governance, compounded by lower foreign institutional ownership. In addition, lack of sufficient corporate disclosure especially on management's value creation strategies can weaken investor confidence and cap valuations.

Objectives and intended outcome of MY Value Up:

- Objective 1: Address relative undervaluation and enhance long-term market competitiveness.
- Objective 2: Shift the mindset and behaviour of underperforming listcos toward long-term value creation.

Intended outcome: Sharpened strategic focus, strengthened resilience and value creation as a core priority. This also includes clear articulation of strategy to stakeholders and more disciplined capital allocation.

Core Principles of Value Up

- **Voluntary:** Development and disclosure are voluntary and led by listcos, with the objective of thoughtful engagement rather than mere compliance
- **Forward-looking:** focus on forward-looking value creation, with identified value drivers and strategies; rather than just historical data
- **Proportional:** Plans should be tailored to company's size and business maturity including business life cycle
- **Board Accountability:** The Board leads by providing strategic stewardship over the long-term direction, capital allocation and value creation priorities. Management is responsible for developing, executing and communicating the Value Up Plans within the strategic direction set by the board.

Core Components of Value Up Plan

While plans may differ by company, each plan must contain these core components:

1. Company Overview: Information on the company including sector, business model, history, principal activities, financial performance and capital structure.
2. Current State Analysis: Assessment of current position using a **combination of financial, operational and valuation metrics** e.g. Return on Equity ("ROE"), Return on Assets ("ROA"), Total Shareholder Return ("TSR"), dividend payout ratio, Free Cash Flow and sector-specific Key Performance Indicators ("KPI")s. Companies are expected to explain the key drivers behind these metrics, instead of merely presenting historical performance data.
3. Value Up Objectives: Companies are encouraged to set **medium to long-term** value enhancement targets that are:
 - a. Measurable and quantifiable — e.g. improving ROE/ROA, enhancing capital efficiency or strengthening shareholder returns and/or
 - b. Qualitative — e.g. governance enhancements, succession planning and digitalisation initiatives

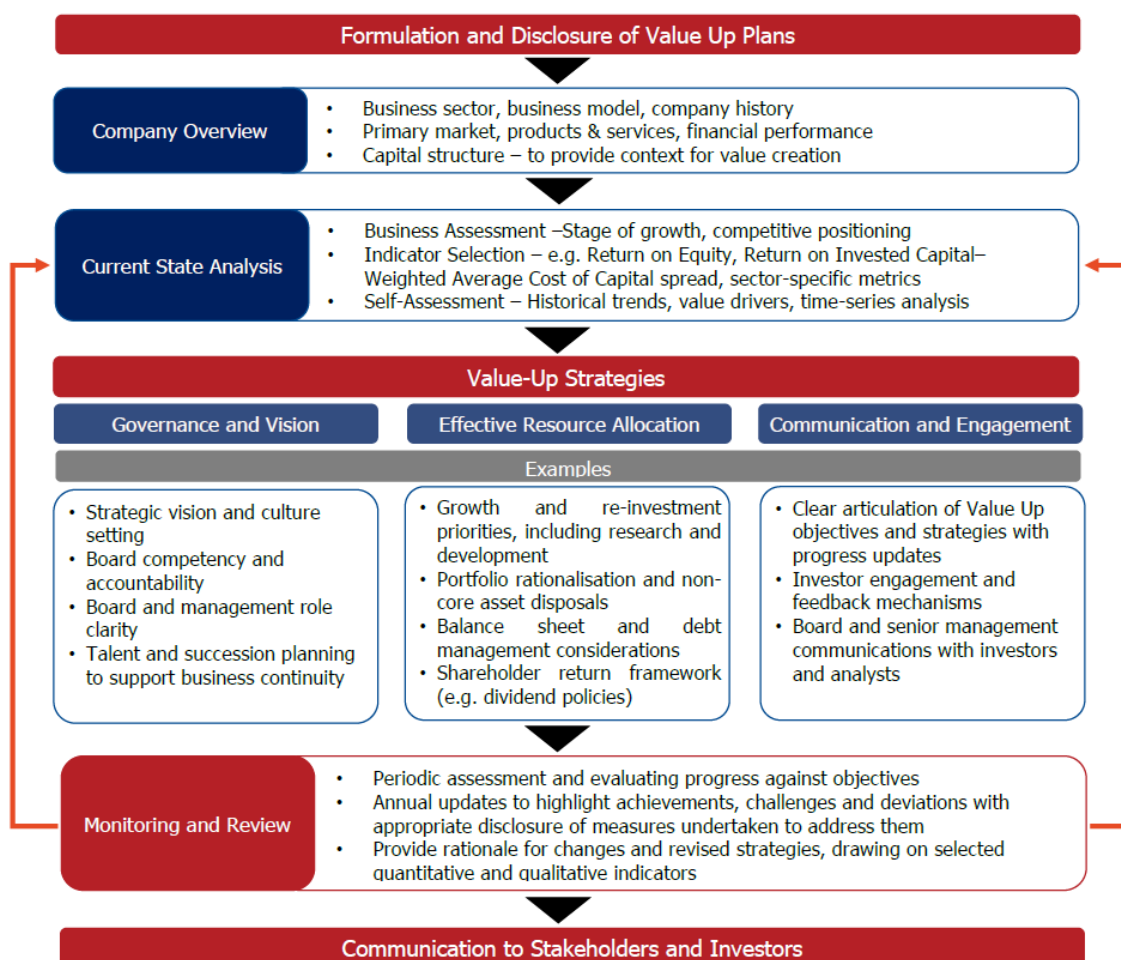
4. Value Up Strategies: Strategies to achieve stated objectives, covering the following pillars:

- Governance and vision: the governance framework that underpins sustainable long-term value creation, including how it can **enable effective execution** and oversight of Value Up strategies.
- Effective Resource Allocation: how capital allocation supports long-term value creation and execution of strategies and growth plans. This includes **strategies to improve capital efficiency**, non-core asset disposals, debt management and productivity improvements.
- Engagement and communication: how to **communicate value enhancement objectives**, financial and non-financial indicators to support market understanding of the value creation strategy

Monitoring and review:

Companies are expected to provide **regular progress updates and annual reviews** against their stated objectives. Disclosures should cover key achievements, challenges encountered, deviations from targets and any strategy adjustments, enabling investors to better assess management execution and accountability over time.

Exhibit 33: Summary of the Value Up Programme:



Source: Value Up Programme Guidebook

Timing of implementation

The programme will be implemented in phases over 2026-2027:

- 2026: Listcos to engage and discuss with regulators, while assessing their focus areas for improvement and how these can be articulated through their strategy and disclosures.
- 2027: Targeted listcos to begin publishing MY Value Up plans to the public, cementing their market communication baseline and enabling more informed investor engagement and feedback. Since the introduction of MY Value Up in April 2026, SC and Bursa have engaged with the senior management from most of the largest 88 listcos, which represent about 80% of the local bourse's total market capitalization. Each of the 88 listco has a minimum market capitalisation of about RM4 billion.

AmWealth Funds Management Division's Take

We are positive on the MY Value Up initiative, **as successful value creation and boost to investor confidence would fuel market strength**. This is especially since Government Linked Funds such as EPF, PNB and KWAP have given their financial thumbs-up to companies that adopt Value Up principles (source: The Star, 9 June 2026). However, we expect muted near term impact as companies are expected to release their value creation plans only in 2027. As this is a voluntary exercise, the success of the initiative ultimately depends on the level of commitment and take-up by listcos.

Based on comments in the Guidebook, companies that are 1) trading at ROE < 8%; 2) trading below book value; 3) lack sell-side coverage may attract greater regulatory scrutiny and benefit most from Value Up initiatives. We have screened out companies with market capitalization of RM4 billion and above that meet part or all of the above criteria in the table below (the noteworthy indicators are bolded):

Exhibit 34: Companies with Market Capitalization ≥ RM4 billion with Value Up potential

Name	Market Cap (RM billion)	P/Book (x)	ROE (%)	Coverage (no)
AFFIN Bank Bhd	6.0	0.5	4.5	10
Alliance Bank Malaysia Bhd	8.3	0.8	10.0	16
Axiata Group Bhd	18.3	1.1	1.8	23
Bank Islam Malaysia Bhd	5.0	0.6	7.1	8
Dialog Group Bhd	10.9	1.6	5.2	14
Genting Bhd	8.7	0.4	-0.0*	13
Genting Malaysia Bhd	10.9	1.0	6.4	14
Genting Plantations Bhd	4.7	0.9	6.9	12
HAP Seng Consolidated Bhd	6.8	0.9	6.3	0
Hong Leong Industries Bhd	6.1	1.8	22.0	2
IHH Healthcare Bhd	77.5	2.6	7.0	26
IJM Corp Bhd	8.3	0.8	0.0	17
Inari Amertron Bhd	8.5	2.8	7.9	20

Name	Market Cap (RM billion)	P/Book (x)	ROE (%)	Coverage (no)
IOI Properties Group Bhd	23.2	0.4	4.4	9
Kuala Lumpur Kepong Bhd	23.0	1.6	5.8	19
Malakoff Corp Bhd	4.3	0.8	1.8	12
Malayan Cement Bhd	9.5	<1.0	10.2	6
Malaysian Pacific Industries B	9.7	2.0	7.4	8
MBSB Bhd	5.3	0.6	2.8	4
MISC Bhd	36.2	1.0	4.7	15
Oriental Holdings BHD	4.4	0.6	3.6	1
OSK Holdings Bhd	6.0	0.7	8.7	1
Petronas Chemicals Group Bhd	36.6	0.8	-5.7	21
PPB Group Bhd	13.2	0.7	-11.2	4
RHB Bank Bhd	36.9	<1.0	10.1	17
Sarawak Oil Palms Bhd	4.2	0.8	11.3	5
Sime Darby Bhd	14.6	0.6	10.7	18
Sime Darby Property Bhd	10.1	0.9	5.0	13
SP Setia Bhd Group	5.2	0.3	3.8	12
Top Glove Corp Bhd	5.8	<1.0	2.2	20
Unisem M Bhd	7.5	2.4	4.0	10
United Plantations BHD	19.8	6.5	29.1	1
Yinson Holdings BHD	5.8	1.0	6.8	8
YTL Corp Bhd	23.7	1.5	11.6	2

*ROE was marginally negative due to impairments

Source: Bloomberg, based on latest reported Financial Year. The headline profits (in calculation of ROE) not adjusted for impairments and exceptional items. 18 June 2026

STOCK CALLS

Commentaries by AmlInvestment Bank Equity Research

AmlInvestment Bank Equity Research specialises in coverage of Bursa listed stocks. Today we cover over 50 stocks. Below are two tables, the first is our Top Picks, our Top Ten. This is followed by the rest of our coverage.

Exhibit 35: AmlInvestment Bank Equity Research Top Picks

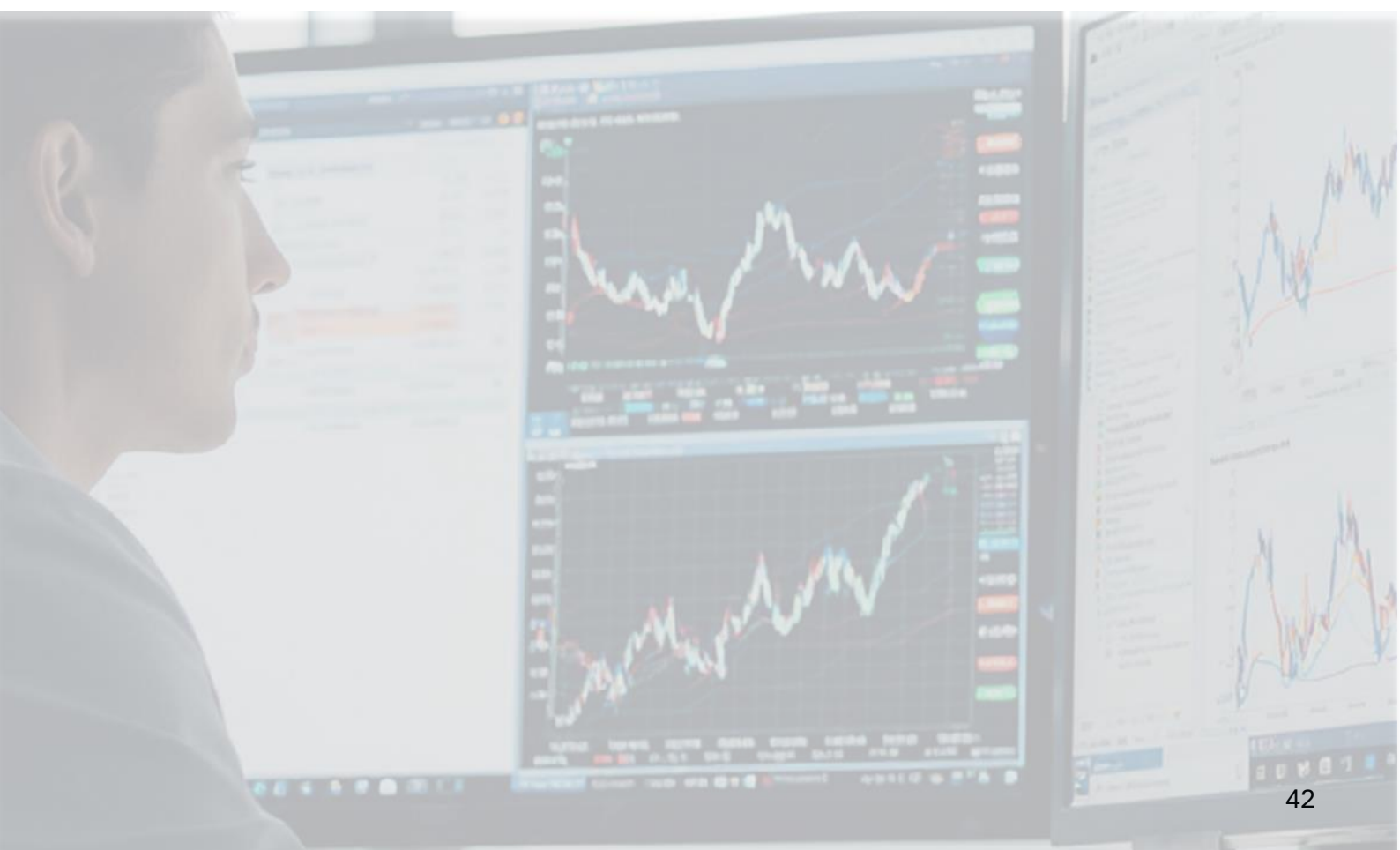
Company	Target Price (RM)	Catalysts
CIMB Group Holdings	10.30	Most inexpensive large-cap bank Attractive 6-7% yield Scope for further capital management
Greotech Technology	3.30	RM1bn+ orderbook visibility Data centre-led order wins Margin recovery from scale
Hong Leong Bank	28.00	Becoming a respectable yielder Scope for incremental foreign buying Flexible balance sheet
Hong Leong Financial Group	33.00	Cash accretion at holding co Value unlocking optionality Wide Some of Parts (“SOP”) discount of >30%
Jati Tinggi	1.00	Strong orderbook Well-positioned to capture TNB capex Proven execution track record
Karex	0.60	Synthetic condom expansion Up to 15% Average Selling Price (“ASP”) repricing Earnings rebound from normalization
Keyfield International	1.80	Access to firm Middle East market Modern fleet advantage Active capital recycling, with 6% yield
Maxis	4.45	UMobile merger optionality Higher dividend yield 2100MHz spectrum uplift

Company	Target Price (RM)	Catalysts
SD Guthrie	7.34	Disposal of land Surge in Crude Palm Oil (“CPO”) prices Winning Corporate Renewable Energy Supply Scheme (“CRESS”) contract
VS Industry	0.70	Customer X volume recovery 13 new models by end-2026 Distressed valuation re-rating

Exhibit 36: AmInvestment Bank Equity Research Stock Coverage (other than Top Picks)

Company	Call	Target Price (RM)
Public Bank Bhd	Buy	5.60
IGB Real Estate Investment Trust	Buy	3.30
Sunway Real Estate Investment Trust	Buy	2.80
Pavilion Real Estate Investment Trust	Buy	2.20
Johor Plantations	Buy	2.12
Kim Loong	Buy	3.00
Gent Plant	Buy	6.13
YTL Power	Buy	4.90
Mega First	Buy	3.84
Spritzer	Buy	3.15
MISC	Buy	9.50
Dialog	Buy	2.40
Dayang Enterprise	Buy	2.30
Hibiscus Petroleum	Buy	2.60
Deleum	Buy	1.60
Pentamaster Corp	Buy	3.90
Infomina	Buy	1.80
Kelington Group	Buy	8.50
VSTECS Berhad	Buy	2.40
Sunway Healthcare Holdings	Buy	2.22
RHB Bank	Hold	8.80
Malayan Banking	Hold	11.20
Bursa Malaysia	Hold	8.20
Alliance Bank Malaysia	Hold	4.70
Bank Islam Malaysia	Hold	2.40

Company	Call	Target Price (RM)
MBSB Bhd	Hold	0.68
Hektar Real Estate Investment Trust	Hold	0.44
UOA Real Estate Investment Trust	Hold	0.82
Al-'Aqar Healthcare REIT	Hold	1.30
KL Kepong	Hold	21.70
IOI Corp	Hold	4.47
TSH	Hold	1.27
Malakoff	Hold	0.90
Solarvest	Hold	2.65
Tenaga	Hold	14.18
Petronas Chemicals	Hold	5.00
Petronas Gas	Hold	18.10
CelcomDigi	Hold	3.55
Axiata Group	Hold	2.00
Telekom Malaysia	Hold	6.85
Inari Amertron	Hold	1.70
Sunview	Sell	0.29
ViTrox Corp	Underweight	3.30





AWARDS AND ACCOLADES

AmWealth Funds Management Division*

Awards

Asset Publishing & Research Limited

The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2026

- Best ETF Provider, Malaysia (5 consecutive years)

Alpha Southeast Asia

17th Annual Fund Management Awards 2026

- Best Fund with the Optimal Sharpe Ratio (3 consecutive years)
- Best Fund with the Optimal Information Ratio (3 consecutive years)
- Best Asset Manager (Money Market Fund) (2 consecutive years)
- Best Asset Manager (Sukuk Fund) (2 consecutive years)

InsuranceAsia News

Institutional Asset Management Awards 2026

- Insurance Fund House of the Year, Malaysia (9 consecutive years)
- Best Islamic Fund Manager (4 consecutive years)
- Best ETF Manager - Local
- Best ESG Index Product

FinanceAsia

FinanceAsia Awards 2026

- Biggest ESG Impact - Nonbank Financial Institutions (Domestic) (3 consecutive years)

Asia Asset Management

Best of The Best Awards 2026

- Best Pension Fund Manager, Malaysia (8 consecutive years)
- Best Bond Manager, Malaysia (6 consecutive years)
- Best Sukuk Manager, Malaysia (5 consecutive years)
- Best Performance Awards – Fixed Income: Asian Bonds, Local Currency (3 Years)
- Best ASEAN Awards: Best Application of ESG (3 consecutive years)
- Best ESG Manager, Malaysia
- Best Institutional Asset Manager, Malaysia (2 consecutive years)
- Most Improved Asset Management Company, Malaysia

Awards

Asia Asset Management ETF Awards 2026

- Most Innovative Passive ETF of the Year: FTSE4Good Bursa Malaysia etf
- Passive Fixed Income ETF Manager of the Year, Malaysia
- ETF Launch of the Year: FTSE4Good Bursa Malaysia etf
- ETF Manager of the Year, Malaysia

Cambridge Islamic Funds Awards Cambridge Islamic Funds Awards 2026

- Best Islamic Fund Manager in Malaysia 2026
(2 consecutive years)

LSEG LSEG Lipper Fund Awards Malaysia 2026

- Malaysia Provident Fund Awards: Bond MYR (10 Years)
AmDynamic Bond

PPA Private Pension Administrator Malaysia 2026

- Top Performing Fund For Growth Strategy 2025
- AmPRS Growth Fund (Bronze)

iFAST Capital iFAST Awards 2026

- Best Selling Unit Trust 2025 - AmIncome
(2 consecutive years)

Citywire Citywire ASEAN Awards 2024/2025

- Best CIO Office - Malaysia
- Best Sustainable Investments - Malaysia

CorporateTreasurer CorporateTreasurer Awards 2025

- Best ESG Initiative (2 consecutive years)

The Asset The Asset Triple A Islamic Finance Awards 2025

- Islamic Asset Manager of the Year - Multi Asset

AmInvestment Bank Equity Research

Awards

The Edge Best Call Awards 2025

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