

# Yearbook

3<sup>rd</sup> Quarter **Checkpoint**



**AmWealth**

Group Wealth Management

# EXECUTIVE SUMMARY

*From Managing Director, Group Wealth Management*



Dear valued clients and partners, I would like to present our 'Yearbook: Q3 2025 Checkpoint', which provides a critical analysis of the markets' ascent and opportunities to secure wealth at new highs. Over the past quarter, we have seen dynamic shifts in the market landscape. Let us navigate these changes together, with AmFunds Management Berhad Chief Investment Officer's investment strategies summarised below and the key themes shaping them. This is complemented by AmBank Wealth Management & Bancassurance team's portfolio strategy and solutions to cater to your evolving investment needs.

As highlighted in our last Quarterly Checkpoint, there was 'clearly a **risk-on mode in equity markets**'. This carried through to the 3<sup>rd</sup> quarter of 2025 when many equity markets attained all-time highs in the developed markets, from the United States ("US") with the Standard and Poor's 500 ("S&P500") and National Association of Securities Dealers Automated Quotations ("NASDAQ") to Europe where United Kingdom ("UK")'s Financial Times Stock Exchange ("FTSE") and Germany's Deutscher Aktienindex ("DAX") chalked new highs. In Asia Pacific, Australia, Singapore and Japan had their primary equity indices also reaching all-time highs. For Japan it is significant, as it is at new highs after 35 years.

These rallies occurred during a period where there were many events which are deemed to be negative for markets. There is the ongoing Ukraine-Russia and Gaza Strip conflicts and then three short conflicts, Iran-Israel, India-Pakistan and closer home, in Southeast Asia, Thailand-Cambodia. In addition, **Trump's final tariffs being mostly decided** following negotiations with various countries confirmed the end of free trade and will dampen global growth. However, **capital markets viewed it positively as there is now certainty.**

For China and Mexico, among the largest trading nations of the US, the tariff pause was extended for another 90 days. This was clearly beneficial to both these countries. Specifically for China, it continued to emphasise that it is to be treated with respect as an equal. The emergence of **China as a superpower and erosion of US hegemony** is continuing and the friction between the two nations is today most prevalent in the technology sector, especially in the development of Artificial Intelligence.

While the US government is obtaining **direct stakes in strategic companies** and seeking to rebuild the manufacturing base domestically, it is curtailing the advancement of China which it considers as its main global rival. This is currently mainly being done via restrictions on sales of high-end technology equipment and semiconductors to China and this extends to corporations which are not US companies (but has most of its sales to US companies or US allies). China has responded by restricting sales of rare earths as well as continuing to develop its local semiconductor ecosystem. At the World Stage, **China is also positioning itself as the stable alternative** to the US and hosted the Shanghai Summit which saw the leaders of many nations, including India and Russia attend.

The consensus market view is that the US Federal Reserve ("US Fed") will cut interest rates by another 50 basis points ("bps") this year but is also pricing in higher inflation in the longer term with the cost pass through from tariffs to occur over the short to medium term. In addition, the **impending change of the Fed Chairman in May 2026** coupled with more immediate changes in the Federal Open Market Committee ("FOMC") through concerted efforts by the Trump administration have raised concerns about the independence of the Fed. **Hence, safe haven assets** and alternatives such as **gold** and crypto currencies have rallied, reaching new highs as both investors and nations actively seek alternatives to the United States Dollar ("USD") and US Treasuries.

Global political scenes also continue to surprise. There have been unexpected political changes in Japan, Thailand and the UK, and some with unrest occurring as well, such as in Indonesia and Nepal. These interruptive changes have impact on or could delay policy implementation.

# EXECUTIVE SUMMARY

*From Managing Director (cont.)*

Back home, in Malaysia, the broadening of the Sales and Services Tax on 1 Jul 2025 caused widespread consternation. This resulted in quick action by the government which provided RM100 cash handout for every citizen aged 18 and above as well as RON95 petrol to be priced at RM1.99 per litre from RM2.05 through a targeted subsidy programme. We expect **consumer sentiment to improve** and **a rakyat-friendly budget** will further boost confidence, spurring consumer spending. We expect **consumer sentiment to improve** and **a rakyat-friendly budget** will further boost confidence, spurring consumer spending.

The cost of the fuel subsidy is expected by most economists to fall within the budgeted total of RM20b subsidy expenditure for 2025. As such the fiscal deficit outcome for 2025 that the Government has estimated at 3.8% of GDP is unlikely to change.

This global market rally does seem to have momentum and we remain cautiously optimistic. At this phase of the market cycle, **diversification is paramount** and vigilance is required to be **swift and nimble in rebalancing portfolios**.

## Investment Strategy Summary\*

Equity markets have **attained new highs and continue to rally**. As expected with equity rallies, the high beta markets such as NASDAQ and DAX have attained and continue to chalk new highs. The interesting part is that lower beta, safer markets such as the FTSE (UK), Straits Times Index (Singapore) and S&P/ASX200 (Australia) have also reached new highs. The broadening of the market rally implies that **momentum will continue** and there will be rotation to laggard stock markets.

The largest capital market in the world, the US has been driven by a technology boom, led by AI and better clarity and certainty, following the approval of the Big Beautiful Bill and tariff rates which have been confirmed. The high expectations of the technology sector have largely been met or surpassed over the past few quarters. As we venture in the 3<sup>rd</sup> quarter results reporting for the US in Oct 2025, **expectations remain high** and technology companies, especially those in the **AI space should**

**continue to deliver**. US equities driven by the technology sector is expected to continue to perform well. In addition, selected companies being identified as critical to national security will likely have the **US government's direct support, influence or ownership via an equity stake**.

We are **positive on Asia equities** which has reasonable valuations, stable inflation and a capital inflows. **Overweight China equities** as in addition to undemanding valuations, the country will remain supported by ongoing government stimulus and targeted fiscal stimulus. We have also **upgraded our outlook on India** as it is a beneficiary of global supply chain relocation and the proposed reforms in GST will be positive for consumption.

For fixed income, we are in line with the consensus market view that the US Fed will cut interest rates by another 50 bps this year. While the market is factoring in another 50 bps cut in 2026, there is a **possibility that the new Fed Chair in May 2026 can convince the FOMC to have deeper rate cuts**. **Hence, safe haven assets** and alternatives such as **gold** and crypto currencies have rallied as well and will likely continue to do so, partly driven by concerns on the Fed's independence.

In Malaysia, the equity market lags global markets and we expect it to benefit from capital flows as PER valuations in the mid-teens are inexpensive and below the 10-year mean. The RM100 SARA handout for every citizen aged 18 and above as well as RON95 petrol to be priced at RM1.99 per litre from RM2.05 will boost consumer sentiment and confidence. We expect **consumer sentiment to be further boosted** with expectations of **a rakyat-friendly budget**.

For Malaysian fixed income, we maintain an **overweight duration strategy** and prefer the 5-7 year part of the curve. Preference is for corporate bonds for higher yield pick-up.



# EXECUTIVE SUMMARY

*From Managing Director (cont.)*

## Portfolio Strategy and Solutions\*\*

Strategy	Focus	Solutions
<b>Sleep Well-At Night</b>	<p>This strategy is designed for clients seeking stability and a predictable income stream, with a blended portfolio of unit trust investment and structure investment idea.</p> <ul style="list-style-type: none"> <li>Income Consistency</li> <li>Regular Payout</li> </ul>	<p><b>Income &amp; Growth:</b> Quarterly payouts, diversified across equity, bonds, and convertible bonds.</p> <p><b>Range Accrual Structure Investment:</b> Quarterly coupon, capital preserved if hold until maturity, limited volatility to market movement.</p> <p><b>Investment Grade Fixed Income:</b> favour fixed income instruments (e.g. bonds) with strong credit profile.</p>
<b>Return Accelerator</b>	<p>This strategy is suited for clients seeking to balance return with manageable risk exposure through active and tactical thematic strategies.</p> <ul style="list-style-type: none"> <li>Potential Higher Returns</li> <li>Thematic Ideas and allocation</li> </ul>	<p><b>Global Dividend Focus:</b> Blue-chip stocks with quarterly income and potential hidden gems.</p> <p><b>Global Multi Asset:</b> Dynamic allocation to manage risk and seize opportunities.</p> <p><b>Structured Investment with Equity Underlying – High Buffer:</b> Enhanced yield, tactical allocation with volatility dampen approach to engage the market.</p>
<b>High Octane Portfolio</b>	<p>This strategy is tailored for experienced investors comfortable with market volatility, seeks higher returns through aggressive growth assets, combine with tactical plays, and structured investment strategies.</p> <ul style="list-style-type: none"> <li>Maximize Returns</li> <li>Short-Term Tactical Play</li> </ul>	<p><b>Technology &amp; Innovation Equity:</b> Invest in leading tech firms, capture emerging trends, long-term growth focus.</p> <p><b>Structured Investment with Equity Underlying – High Coupon, Momentum:</b> High income, volatility buffer, strategic entry/exit.</p>

Wealth isn't built in a day. But it can be built every day. Thank you for your continued trust and for staying invested with us.



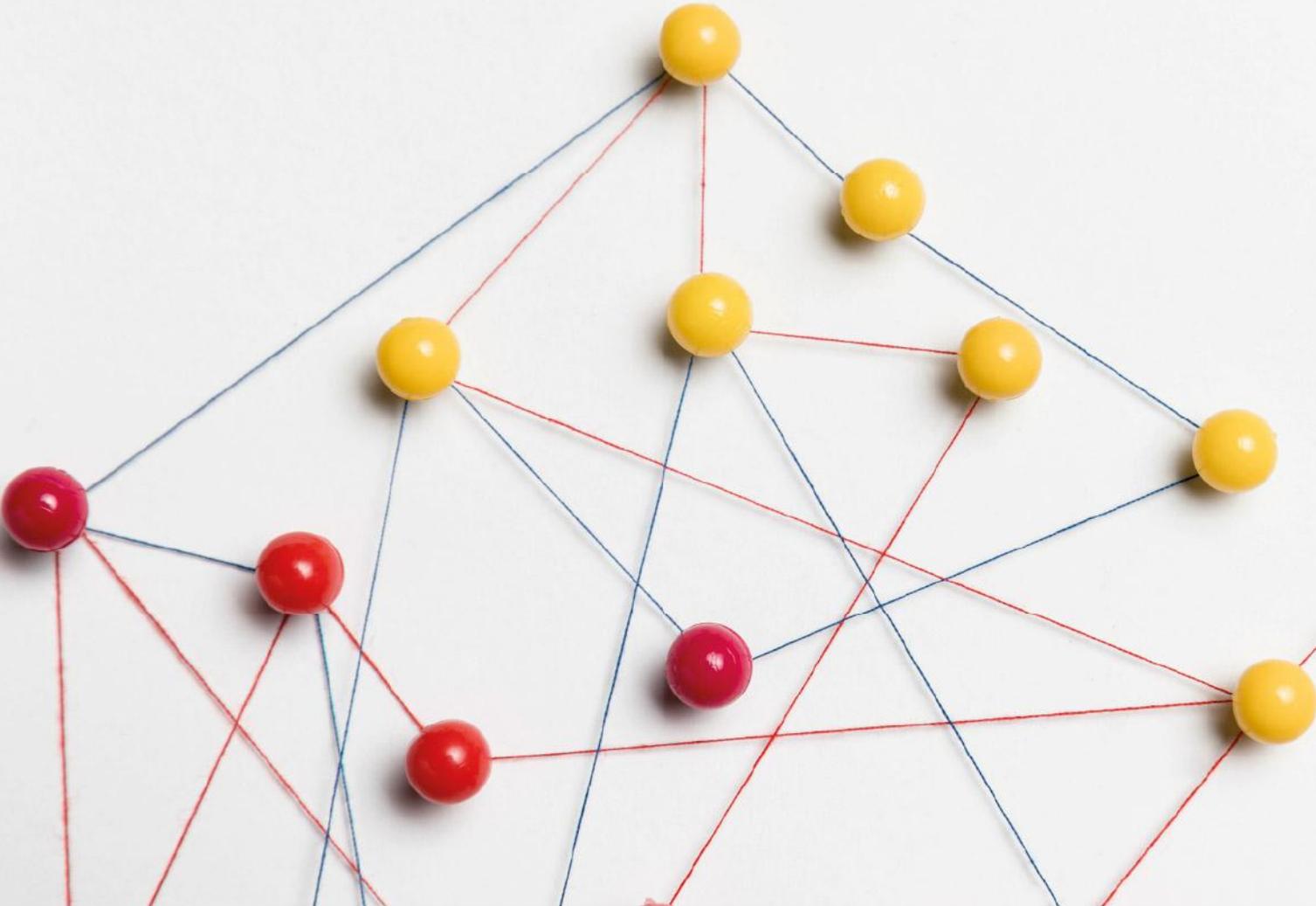
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# MACRO DEVELOPMENTS



With tariffs somewhat being a permanent feature for the next few years, the World Bank's latest 10 Jun 2025 report on global growth still remains viable today. They have **global growth estimated to be 2.3% for 2025** (from the earlier estimate of 2.7% in a Jan 2025 report). The World Bank has a baseline assumption of 10% US effective tariff rate for 2025 for its 2.3% estimate, with an estimate of 0.5% further drag, should the US effective tariff rate average around 20%. Estimates of global growth in the next 2 years to remain tepid at 2.4% for 2026 and 2.6% 2027.

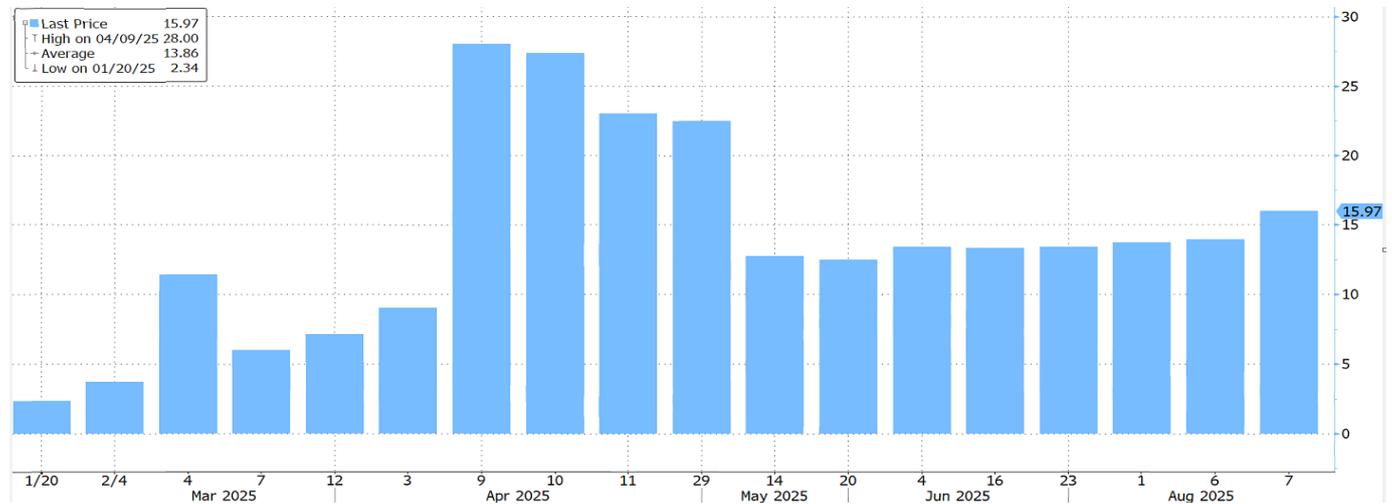
Geographically, the growth estimates for 2025 for advanced economies stand at 1.2% with the US at 1.4%, the Eurozone at 0.7%, Japan at 0.7% which brings gross domestic product ("GDP") per capita in these economies back to pre-COVID levels. For **China, GDP growth forecast for 2025 is 4.5%** with the government expected to still have monetary and fiscal space to support the economy and stimulate growth.

On 29 Aug 2025, the US Court of Appeals for the Federal Circuit affirmed a previous ruling by the US Court of International Trade that the International Emergency Economic Powers Act ("IEEPA") does not grant US President Trump the authority to impose tariffs. The case relates to the 2 Apr 2025 "reciprocal tariffs" and the fentanyl and migration related tariffs on Canada, Mexico and China, with the circuit court's ruling limited to these tariffs. The dismissal of such tariffs would bring down the current US effective import tariff rate to approximately 6% from the current of around 16%.

However, this is not final and there is a very high likelihood that the case will go all the way to the Supreme Court, with a final decision likely in the first quarter of 2026.

In Aug 2025, tariff pauses for US' large trading partners have been extended for another 90 days, China until 10 Nov 2025 and Mexico until end of Oct 2025

## Exhibit 1 : US trade-weighted average effective import tariff rate



Source: Bloomberg Economics, 2 Sep 2025

## USD Index

The United States Dollar Index ("DXY") fell to a 3-year low of 96.633 on 16 Sep 2025 before rebounding to 97.817 by 24 Sep 2025.

The long-term USD bearish theme remains supported by fundamental drivers of lower Fed rate going forward, concerns of US central bank independence to manage the stability of the currency, trade tariff impact on US economic growth and reduced trade volume with the US.

In tandem with the USD weakness, the Malaysian Ringgit ("MYR") has strengthened 6.2% YTD. The MYR also benefits from a country specific factor of having a strong Foreign Direct Investments outlook with an 18.7% YoY increase in approved investments in 1H2025 to MYR190.3 billion (c. 9% of GDP). This together with the positive current account and credible monetary policy should provide continued support for the MYR.

We maintain our view that while the **slower growth**, stemming from the tariff war, will increase the need for policy stimulus, the tariffs will exert **inflationary** pressure in the US and possibly in other countries via supply chain disruptions, and therefore reduce the scope for interest rate cuts. Governments both in Emerging Markets and Developed Markets would likely have to utilise some form of **fiscal spending stimulus on top of interest rate cuts**.

**Geopolitical flare-ups globally continue to be black swans** that could affect sentiment as well as selected sectors. In 3Q25 there has been unrest in Indonesia and Nepal which resulted in the Finance Minister of Indonesia being changed and Prime Minister of Nepal resigning. In Europe, the French had a demonstration which was the largest in two years, protesting against budget cuts.

Rising tensions in the Middle East could boost oil prices or should India-Pakistan tensions increase again, it could dampen demand for edible oils. During such events, **gold is typically a beneficiary of safe haven demand**.

### **US Fed Rate Cut**

The US Fed delivered a 25bps rate cut at its 17 Sep 2024 FOMC meeting. This **marks a shift towards an easing trajectory**, if not an outright start of an

easing cycle as the Fed Chairman Jerome Powell reiterated that the central bank was “not on a pre-set path”.

The US Fed Chairman’s guidance continued to skew cautiously dovish stating that, “the balance of risks have shifted” towards the employment side of the Fed’s dual mandate versus the previous focus on inflation risks.

The **US Fed’s independence is also in focus** as President Trump continues his criticism of it with explicit calls for easing of monetary policy. Trump has recently nominated Stephen Miran as a voting member of the FOMC, who was confirmed to the position by Senate on 15 Sep 2025. At the Senate Banking Committee hearing, Stephen Miran replied to a senator that he will remain a member of the White House staff while fulfilling his role as a FOMC member.

Miran voted for 50bps cut at the 17 Sep FOMC meeting, while the other 11 FOMC member concurred on the 25bps rate cut that was delivered. To questions relating to Miran’s appointment to the FOMC at the post monetary policy press conference, the **Fed Chairman Jerome Powell emphasised, “We’re strongly committed to maintaining our independence.”**



# **OTHER KEY DEVELOPMENTS THAT AFFECTED CAPITAL MARKETS IN 3Q2025**



## Tariffs

### Exhibit 2 : Country tariffs imposed by the US

Country	Share of US imports	Tariff Rate
Mexico	15.5%	25%
China	13.4%	30%
Canada	12.6%	35%
Germany	4.9%	15%
Japan	4.5%	15%
Vietnam	4.2%	20%
South Korea	4.0%	15%
Taiwan	3.6%	20%
Ireland	3.2%	15%
India	2.7%	50%
Italy	2.3%	15%
United Kingdom	2.1%	10%
Switzerland	1.9%	39%
Thailand	1.9%	19%
France	1.8%	15%
Malaysia	1.6%	19%
Singapore	1.3%	10%
Brazil	1.3%	50%
Netherlands	1.0%	15%

Source: BBC, 2 Sep 2025

On **7 Aug 2025**, President Donald Trump's **broad tariff measures officially came into force**, four months after he first outlined country-specific rates and just one week after announcing a new wave of levies. A **global minimum tariff of 10%** has been implemented, with significantly higher rates applied to certain trading partners.

Just hours before the midnight deadline, Trump signed an executive order imposing an additional 25% tariff on India in response to its continued purchases of Russian energy. Switzerland faces one of the steepest tariffs at 39%, despite Swiss President Karin Keller-Sutter's last-minute trip to Washington in an attempt to renegotiate.

### Exhibit 3 : Sector Tariffs

Sector Specific Tariffs by the US	Tariff Rate	Effective Date
Copper (excluding refined copper)	50%	1 Aug 2025
Steel & Aluminum (except UK)	50%	4 Jun 2025
Autos & Auto Parts	25% (7.5% for UK)	3 Apr 2025
Semiconductors (excluding companies that manufacture or commit to manufacture in the US)	100%* (up to 300%)	To Be Determined ("TBD")
Pharmaceuticals	15%* (up to 250%)	TBD
Timber and Lumber	25%*	TBD

\*not confirmed

Source: Bloomberg, 2 Sep 2025

## Tariffs (cont.)

In addition to the current tariffs, further investigations are underway that could **expand the scope to other vital industries**. Among these, **semiconductors are set to face a 100% tariff**, though companies that manufacture or commit to manufacturing in the US will be exempt. **Pharmaceuticals could be hit with tariffs as high as 250%**. Other sectors under review include **critical minerals, lumber, heavy trucks, furniture, commercial aircraft and engines**.

### Tariffs, Inflation, and Consumer Impact

The administration aims to use these tariffs to safeguard American jobs, stimulate domestic investment, and boost government revenue.

Tariffs are expected to **raise inflation in the short term** with the market projecting the Personal Consumption Expenditures Price Index ("PCE") to peak at 3.0% YoY in 4Q25 from 2.4% in 2Q25. However, many economists argue that this **effect may be transitory**, especially if the policy leads to broader structural benefits. The market is reflecting this and expects the PCE to fall from 1Q26 and to be at 2.4% again in 1Q27.

Fed Chairman, Powell has stated that to date, the tariff pass-through to consumers has been less than expected. That said, one-time price increases could follow in the coming quarters.

In the long run, reshoring of manufacturing and increased tariff-generated government revenue could help offset the inflationary pressure. However, the **benefits of reshoring will take time to materialise**. The success of these policies depends on the continued progress of rebuilding competitive domestic industries without significantly compromising efficiency or consumer affordability.



## One Big Beautiful Bill

Following weeks of uncertainty from May until Jun 2025, on 4 Jul 2025, Independence Day for the US, President Donald Trump signed the One Big Beautiful Bill Act into law, marking one of the **most sweeping legislative overhauls in recent US history**. While the administration touts it as a blueprint for a "Blue-Collar Boom," critics warn of severe consequences for vulnerable populations and long-term fiscal stability. **The capital markets cheered this** as it **ended the uncertainty** and business decisions could be made and executed with significantly reduced policy and political risks.



### Exhibit 4 : Key Provisions and Policy Shifts of the US' Big Beautiful Bill

<b>Medicaid and Medicare Overhaul</b>	<ul style="list-style-type: none"> <li>Adults aged 19–64 must work, train, or volunteer 80 hours/month to retain coverage. Estimates are that 4.8 million people will lose coverage.</li> <li>States must verify eligibility every 6 months, doubling the risk of coverage loss due to paperwork errors.</li> <li>Medicaid patients may face up to \$35 per doctor visit, creating barriers to care.</li> <li>Limits on provider taxes shift costs to state budgets, threatening cuts to other services.</li> </ul>
<b>SNAP Cuts and Restrictions</b>	<ul style="list-style-type: none"> <li>Slashes the Supplemental Nutrition Assistance Program (SNAP), affecting over 22 million families.</li> <li>Raises exemption age from 55 to 65 and removes grace periods for foster youth.</li> <li>Limits future increases to the Thrifty Food Plan, reducing SNAP's ability to keep pace with food inflation.</li> <li>States with high payment error rates face funding cuts, risking denial of benefits to eligible recipients.</li> </ul>
<b>Immigration and Border Enforcement</b>	<p>Allocates \$170 billion to immigration enforcement, including:</p> <ul style="list-style-type: none"> <li>\$47 billion for border wall construction</li> <li>\$45 billion for new detention centres</li> <li>\$30 billion for ICE enforcement and deportation</li> <li>\$13.5 billion for state/local enforcement reimbursements</li> </ul>
<b>Tax Cuts and Economic Stimulus</b>	<p>The bill makes permanent the 2017 Tax Cuts and Jobs Act, delivering:</p> <ul style="list-style-type: none"> <li>\$4.5 trillion in tax relief</li> <li>No tax on Social Security for 88% of seniors</li> <li>No tax on tips or overtime pay</li> <li>Expanded small business expensing and estate tax exemptions</li> </ul>
<b>Defence and Infrastructure</b>	<ul style="list-style-type: none"> <li>\$25 billion for US Coast Guard modernization</li> <li>\$9 billion for Arctic icebreakers</li> <li>\$6 billion for radiation exposure compensation</li> <li>\$50 billion for rural health transformation</li> </ul>

Source: KFF, Wikipedia, 30 Jul 2025

## Macro Changes with Trump's Reform Agenda

The administration projects that the **average family of four will retain an additional \$7,600 to \$10,900 in annual income**, driven by sweeping tax relief and expanded credits. In the short term, **GDP growth** is expected to accelerate to 5.2%, with a **sustained long-term trajectory of 3.5%**, fuelled by increased consumer spending and business investment.

The anticipated rise in disposable income is expected to strengthen corporate earnings and improve cash flows, particularly in sectors such as defence, fossil fuels, and domestic manufacturing. By 2026, **average after-tax consumer income could increase by 5%**, reflecting the combined impact of tax cuts, deregulation, and targeted incentives, while this will partially subsidise the increased inflationary cost due to tariffs (effectively replacing some income taxes with a consumption tax).

## Macro Changes with Trump's Reform Agenda (cont.)

Despite promises of fiscal discipline, the Congressional Budget Office projects that the One Big Beautiful Bill Act will **add approximately \$3.4 trillion to the federal deficit**. This figure includes both direct spending and the increased cost of servicing the debt, as interest payments on federal obligations are expected to rise by \$441 billion due to higher long-term interest rates. Analysts at Yale's Budget Lab estimate that the 10-year Treasury yield could climb by 1.2 percentage points ("ppt") by 2055, translating into significantly higher borrowing costs for households and businesses.

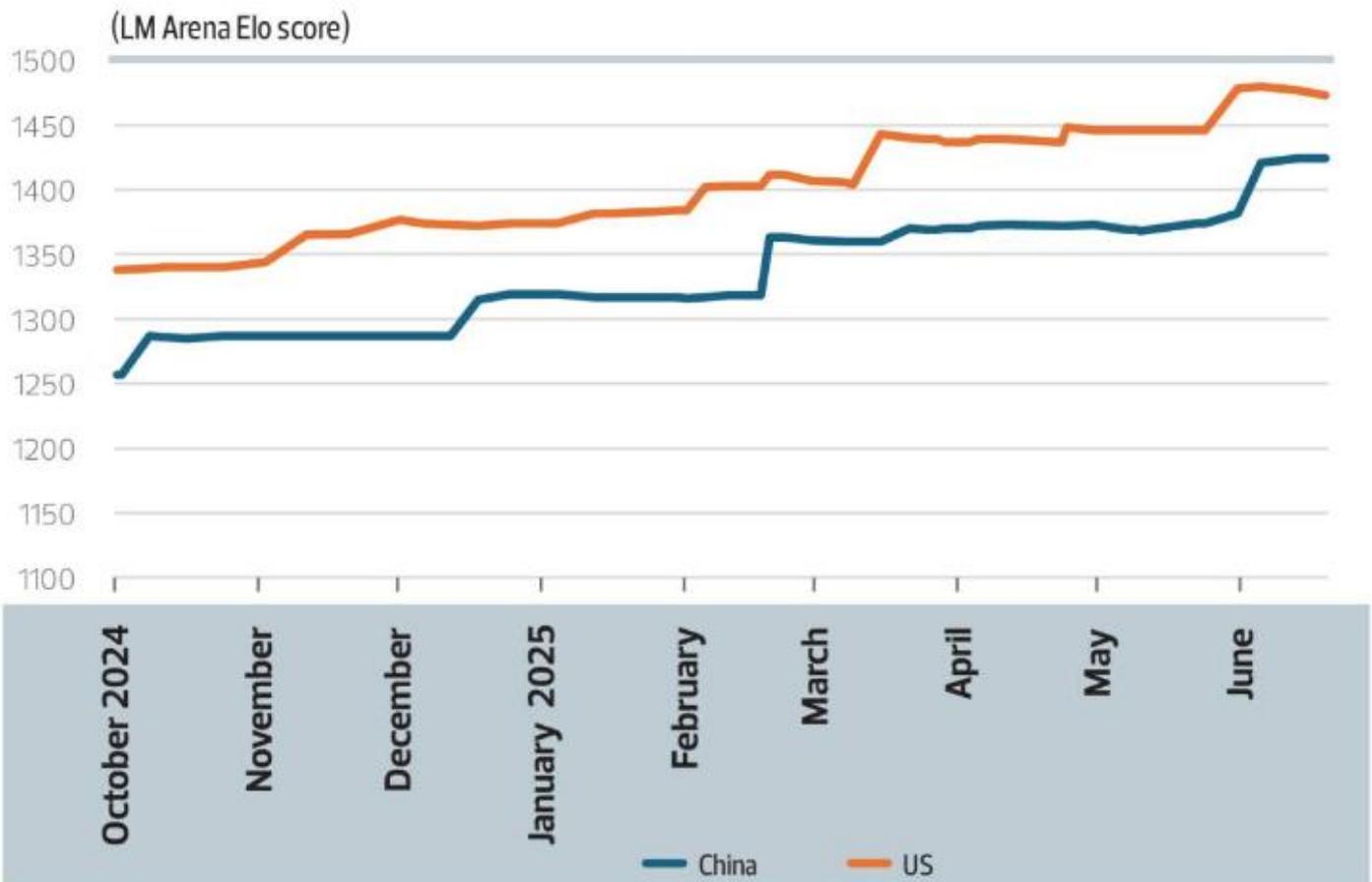
The bill is also expected to trigger a massive Medicaid coverage loss, with 14 to 17 million Americans projected to become uninsured by 2034. These changes will likely push many individuals toward private health insurers, increasing out-of-pocket costs and exacerbating the financial burden on families.

## AI in a Bipolar World

Artificial intelligence ("AI") continues to reshape industries globally, with recent breakthroughs accelerating adoption and deepening strategic divides. The launch of OpenAI's GPT-5 and Google's Genie 3 has **pushed the frontier of multimodal and real-time AI, enabling sophisticated reasoning and dynamic interaction** across text, image, and video. These innovations are **unlocking new monetisation pathways**, particularly in mission-critical sectors such as robotics, autonomous systems, and enterprise automation.

### Exhibit 5

Performance of top AI model: US and China



Source: The Edge (Tong's Portfolio), LMSYS, 4 Aug 2025

Historically, the US has led AI innovation through its vibrant startup ecosystem and deep venture capital support. However, **China is rapidly closing the gap.** DeepSeek's release of DS-V3.1, an open-source Large Language Model ("LLM") optimized for FP8 training on domestic chips, marks a significant milestone. Despite earlier setbacks due to chip constraints, this model showcases China's growing strength in both algorithmic design and hardware engineering. China's AI ecosystem also benefits from its "super apps", which generate huge amounts of high-frequency behavioural data, far surpassing the fragmented platforms common in the West. Combined with a compelling price-to-performance ratio, **Chinese models are gaining traction among everyday users**, driving mass adoption. By mid-2025, China's daily token consumption exceeded 30 trillion, reflecting widespread integration of AI into daily life and productivity.

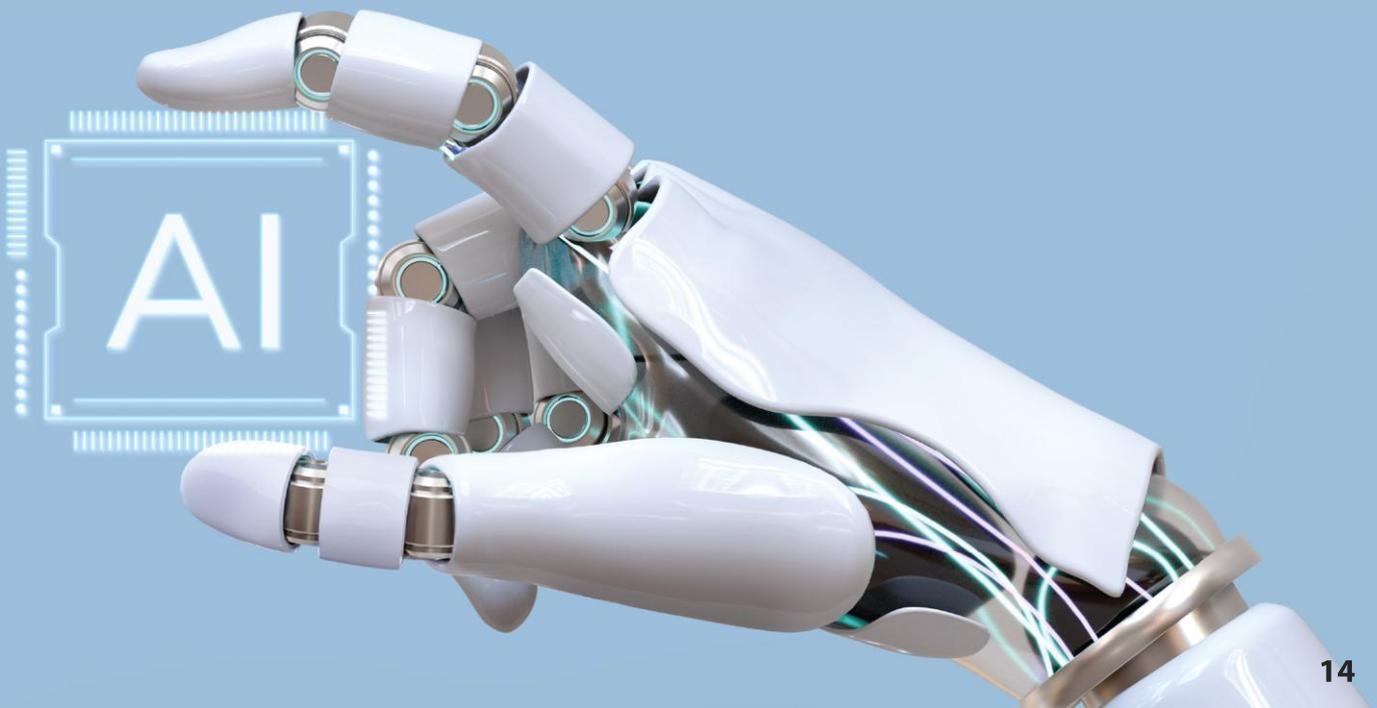
In contrast, US tech giants are responding with unprecedented capital investment. AI-related capex is projected to exceed USD350 billion in 2025, with firms like Google, Meta, Microsoft, and Amazon aggressively scaling infrastructure, primarily through purchases of Nvidia's advanced chips. While

questions remain about long-term ROI, surging token consumption and expanding use cases suggest early signs of traction. Nonetheless, many AI initiatives have yet to scale successfully, prompting investors to favour companies with clear monetization strategies.

Meanwhile, the US government's USD8.9 billion equity stake in Intel & 15% revenue tax on Nvidia's H20s & AMD's Mi308s chips sold in China signals an industrial policy, aimed at securing semiconductor supply chains while curbing China's AI ambitions amid Rising Geopolitical tensions.

The **public-private partnership introduces new governance dynamics** and may steer innovation toward national security priorities, further entrenching the divide between commercial and strategic AI development.

Together, these developments highlight a **growing bifurcation in the global AI landscape.** The US and China are building distinct ecosystems shaped by policy, infrastructure, and strategic intent which is setting the stage for a **prolonged and complex rivalry in the race for AI leadership.**



## US AI Developments - Project Stargate

**AI leadership** which the US views as one of the key aspects to **retain its status as the leading world superpower** has had its focus on various initiatives as the CHIPS and Science Act and **Project Stargate**.

Project Stargate is a landmark initiative led by **OpenAI, Oracle and SoftBank** that aims to deploy 10 gigawatts of AI data centre capacity across the United States. Backed by a staggering **USD500 billion investment**. The project reflects the growing urgency to scale AI infrastructure in response to surging demand for large language models and generative AI applications.

Oracle plays a central role in this expansion, not only through its datacentre clusters but also via strategic partnerships. The company recently reported a 359% YoY increase in remaining performance obligations reaching USD455 billion because of this Stargate buildout.

**Oracle has partnered with Hon Hai (Foxconn)** to supply AI servers from its Ohio-based factory, reinforcing domestic manufacturing and aligning with broader efforts to localize critical tech supply chains. The broader supplier ecosystem supporting Stargate includes Nvidia for GPU provisioning, Dell, Quanta, and Supermicro for IT infrastructure, Vertiv, Auras, and Fositek for power and cooling solutions, and Cruseo for deployment.

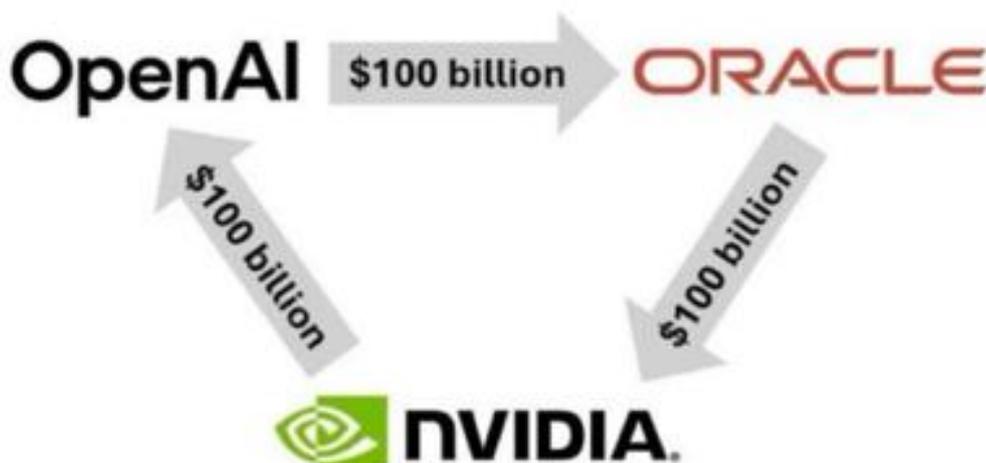
Nvidia has also further deepened **commitment of up to USD100 billion in OpenAI** its involvement in Stargate through a. The investment will be deployed in phases, beginning with a USD10 billion tranche to fund the first gigawatt of capacity, expected to go live in the second half of 2026 using Nvidia's Vera

Rubin platform. Under the agreement, Nvidia will supply millions of GPUs, with OpenAI paying in cash, while Nvidia takes non-controlling equity stakes. This partnership effectively secures Nvidia's role as OpenAI's preferred compute and networking partner through 2028, reinforcing its dominance in AI hardware and infrastructure.

CoreWeave also has emerged as a critical infrastructure partner. CoreWeave signed an USD11.9 billion agreement with OpenAI to deliver dedicated compute capacity for model training and inference workloads. As part of the deal, OpenAI also became an investor in CoreWeave through a USD350 million equity stake. CoreWeave's purpose-built cloud platform for compute-intensive workloads complements OpenAI's infrastructure strategy and adds redundancy and scalability alongside Oracle and Microsoft.

In a separate strategic move, Nvidia announced a **USD5 billion investment in Intel**, acquiring a 4% stake. The partnership focuses on joint development of custom data centre and PC products. This deal provides Intel with a much-needed boost amid financial challenges, while Nvidia strengthens its competitive position against AMD.

Taken together, Project Stargate and Nvidia's strategic investments represent a **multi-year growth opportunity in the technology sector** encompassing semiconductors, cloud infrastructure and advanced manufacturing. These developments signal a national prioritization of AI infrastructure and suggest **long-term upside for companies embedded in the US AI supply chain**.



# EQUITY STRATEGY



## Exhibit 6: Performance and Valuations of Selected Markets

Market	Last Price	% Year-to-date	Price-to-Earnings Ratio ("PER") 2025 (x)	Price-to-Earnings Ratio ("PER") 2026 (x)	Dividend Yield (%)
S&P 500	6460.26	9.84	24.06	21.50	1.26
Nasdaq 100	23415.42	11.44	29.12	25.89	0.71
Japan	42718.47	7.08	21.16	20.12	1.88
China	82.23	27.07	13.40	11.73	2.17
Taiwan	24233.10	5.20	18.41	15.72	2.79
South Korea	3186.01	32.78	11.65	9.85	1.94
India	24426.85	3.31	21.90	18.90	1.61
Singapore	4269.70	12.73	13.76	13.12	5.07
Indonesia	7830.49	10.60	12.69	10.47	5.29
Thailand	1236.61	-11.68	14.00	13.07	4.09
Philippines	6155.57	-5.72	9.90	9.04	3.36
Vietnam	1682.21	32.79	12.73	10.54	1.87
Malaysia	1575.12	-4.09	14.52	13.65	4.26

Source: Bloomberg, 2 Sep 2025

### US

Looking ahead, **AI infrastructure and domestic manufacturing emerge as critical investment themes**. The momentum behind reshoring and increased research and development ("R&D") fueled by Trump's trade policies and the strategic race for AI leadership is expected to support market resilience.

Complementing these are reformist policies such as Trump's One Big Beautiful Bill, which aims to **reinforce pro-capitalist principles** by promoting corporate development, incentivizing innovation, and encouraging business investment. Together, these forces are poised to enhance productivity and support long-term economic prosperity in the US.

We maintain our **cautiously optimistic view on the US** market. With the bulk of tariff negotiations over, investors will be monitoring the impact on the US economy and inflation. While the proposed tax cuts may offer some relief to US corporates, higher costs and persistent business uncertainty continue to pose headwinds for the economy. That said, we still **favour the US tech sector** given its leading capabilities and we believe there's still a long runway for AI development.

While valuations for the Nasdaq 100 Index remain elevated at 30x forward P/E, it is still below the valuation peaks recorded during Covid-19 and dot-com era, and we believe this premium is justified by the exceptional earnings power and innovation leadership of mega-cap tech companies at the forefront of the AI revolution. The **AI-driven transformation is not a short-lived trend but a multi-year growth cycle** that is reshaping industries

from semiconductors and cloud infrastructure to energy and advanced manufacturing. Recent large-scale AI investments announced by leaders such as Nvidia and Oracle underscore the magnitude of this opportunity and the confidence of industry players in sustained demand.

### Asia

We maintain our **positive outlook on Asia equities**, supported by stable inflation, a robust technology sector, and the return of foreign inflows. We **favour Chinese equities** and expect the market to remain supported by ongoing government stimulus and targeted fiscal stimulus. With the US tariff and trade restrictions uncertainty still lingering, China will remain vigilant and increase stimulus accordingly to sustain growth in the economy. The next key event to look out for is the upcoming Fourth Plenum meeting in October, where policy makers will discuss the 15th Five-Year Plan. Separately, the recently announced fiscal project to construction of the world's largest hydropower dam (the Yardlung Zango Hydropower project) costing at least USD170 billion and the two-pronged consumer service stimulus where Chinese government subsidises both the individual consumption loan interest and service industry entity loan interest are all efforts by the Chinese government to boost economic growth.

India is a **beneficiary of global supply chain relocation** and favourable demographics over the longer horizon. The proposed reforms in GST regime are positive for consumption. Additionally, income tax cuts, lower inflation, policy rate easing, good monsoon and festive demand could boost

domestic demand, providing crucial support to India's economy. That said, the India equities market has underperformed the broader Asia region in 1H25 due to over-valuation and the external concern especially on the US export tariffs. With this correction and corporate earnings expectation already being revised down, we believe this presents a good opportunity to have or increase the investment exposure in the market to ride on the **structural long-term growth potential of India**.

Thailand's political crisis re-escalated in Jun 2025 after a leaked call between Prime Minister ("PM") Paetongtarn Shinawatra and Cambodia's Hun Sen, prompting coalition fallout and her suspension by the Constitutional Court. She was removed on 28 Aug 2025, and Anutin Charnveerakul from the Bhumjathai Party was swiftly appointed as the new PM on 5 Sep 2025. The **swiftness of the new leadership appointment helps calm near-term risks of a political vacuum** and we may expect some short-term stimulus from the new government. However, the new PM will need to call for fresh elections by Mar 2026 under the terms agreed with the People's Party, which supported his bid. We have a Neutral outlook on Thailand.

In Indonesia, protests erupted in Aug 2025 over rising living costs, controversial parliamentary perks, and police violence, leading to violent demonstrations and fatalities. In response, President Prabowo cancelled the perks, promised investigations, which managed to calm the public unrest. Post the event, the president decided to reshuffle his cabinet, including the **shock dismissal of Finance Minister Sri Mulyani**. Her removal dampened investor confidence as she was widely respected for fiscal discipline and market credibility. We **turned cautious on the Indonesian** market pending more clarity on the policies that will be introduced by the newly-announced Finance Minister Purbaya.

Economies such as **Korea and Taiwan are benefiting from strong global demand for semiconductors and AI-related technologies**. Investment in AI, software and related tech infrastructure is accelerating across Asia. We favour sectors driven by domestic demand and high-yielding stocks, which offer resilience amid concerns over a slowdown in global trade.

### Malaysia

Aug 2025 marked the second largest foreign net sell Year-to-Date ("YTD") amounting to RM3.4 billion,

with foreign participation increasing to 42%. Despite the large foreign net sell, the KLCI recorded its largest month-on-month gain of +2.7% YTD. This could be partially attributable to the 2QFY25 earnings reporting season where we saw an **improvement in the number of companies which reported earnings that met or beat consensus expectations**.

The AI Data Centre ("DC") theme remains tactically in play. Other than construction companies building DCs, other beneficiaries include **industrial support and utilities companies**. We believe investors are looking beyond the reported earnings of 2QFY25 and are positioning for the rate downcycle by the US Fed, which should bode well for the Ringgit. Domestic portfolios continue to be positioned into dividend yielding stocks and domestic-driven sectors.

Starting 30 Sep 2025, the BUDI95 programme enables Malaysians to purchase RON95 petrol at a subsidized price of RM1.99/litre vs RM2.05/litre. The subsidy rationalization of RON95 has turned out to not be a rationalization, at least for citizens. Instead, it will be **fiscal stimulus** with the driving population seeing a 2.9% reduction in pump-price. This will be **supportive of private consumption**.

The cost of this additional fuel price subsidy to citizens is expected by most economists to fall **within the budgeted total RM20 billion subsidy expenditure for 2025**. As such the **fiscal deficit outcome** for 2025 that the Government has estimated at **3.8% of GDP is unlikely to change**.

**BUDI95 is positive for consumer sentiment and spending** as it lifts months of uncertainty over fuel pricing. The lower fuel prices and the recent RM100 Sumbangan Asas Rahmah for Malaysians also underlines the government's efforts to boost discretionary income of all Malaysians and **could suggest further rakyat friendly policies in the upcoming Budget 2026**.

**We look forward to Budget 2026**. Should there be more citizen friendly policies and initiatives, consumer confidence will increase. Hence, we are **positive on the consumer sector**, which is a beneficiary of such policies, and this is made more compelling with the Bursa Consumer Products Sector being undervalued, as it is currently trading at -1 standard deviation to its 10-year mean PER.

# FIXED INCOME STRATEGY



## US

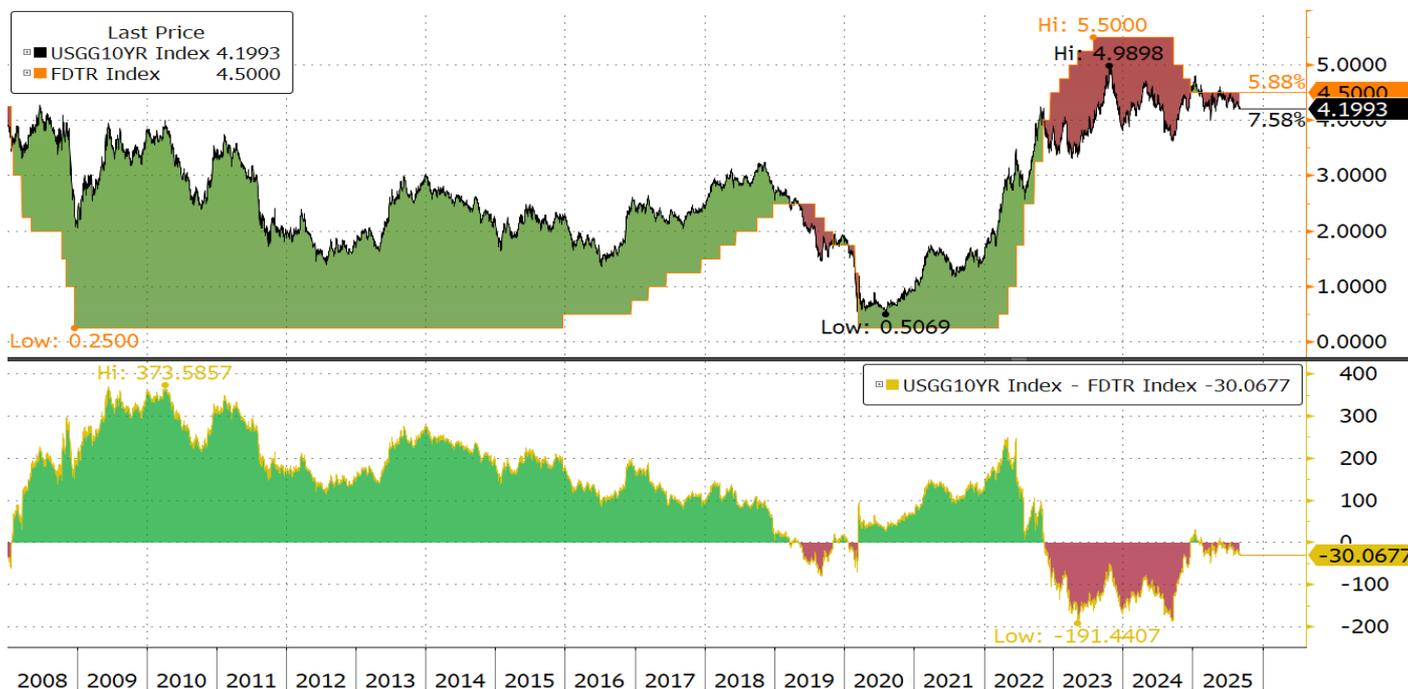
The weaker-than-expected jobs report, Non-Farm Payrolls (“NFP”) which rose by just 73,000 for the month of Jul 2025, well below forecasts of 106,000 and revisions to the May 2025 and June 2025 job figures pushed the average 3-month job gain (including July 2025) down to only 35,000, the slowest pace since the 2020 pandemic. This weakness in job numbers fuelled strong bids in the US bond market.

In mid-Aug 2025, the US Producer Price Index (“PPI”) surprised to the upside, rising 0.9% Month-on-Month (“MoM”) versus a forecast of 0.2%. At more than triple the initial expectations, the data complicated the US Fed’s rate cut path as the US Fed looks to balance its dual-mandate of full-employment and price stability. The tampering of rate-cut expectations continued as economic numbers on US Manufacturing Purchasing Managers’ Index (“PMI”) and US Services PMI both exceeded expectations – US Manufacturing PMI: 53.3 vs forecast of 49.7; US Services PMI 55.4 vs forecast of 54.2 – suggesting that the US economy is on a stronger footing than what the employment numbers advocate.

The US Fed delivered a 25bps rate cut at its 17 Sep 2024 FOMC meeting. US Fed Chairman, Jerome Powell echoed his guidance at the Jackson Hole Symposium that, “the balance of risks have shifted” **towards the employment side of the Fed’s dual mandate** versus the previous focus on inflation risks to the US economy.

Based on the dot plot and the Fed Chair’s comments, the market swiftly priced in another two rate cuts in 2025. Similar to the market, we expect the **US Fed to make another two rate cuts of 25bps** at each of the next two FOMC meetings for the year on 28-29 Oct and 9-10 Dec.

### Exhibit 7: Negative Carry – US Treasury yield vs Fed Fund Rate



Source: Bloomberg, 4 Sep 2025

## Malaysia

On 9 Jul 2025, BNM delivered the widely expected 25bps cut to the Overnight Policy Rate (“OPR”), lowering it to the 2.75% level. The rate cut occurred after the central bank had held the OPR steady for 12 consecutive meetings since May 2023 and with the 100bps reduction in the statutory reserve requirement (“SRR”) implemented in May 2025. **The pre-emptive OPR decision** reflected BNM’s focus to preserve Malaysia’s steady growth path amid continued challenges from global environment.

## Fixed Income Strategy (cont.)

Malaysia's fixed income market generally traded firmer for the Jul and Aug 2025, with the Malaysian Government Securities ("MGS") yield curve bull-steepening from the 3Y to 20Y tenures. The yield on the 3Y MGS fell -14.2bps and the longer end rallied to a lesser extent with the yield on the 10Y and 20Y falling -7.1bps and -5.4bps. However, the **ultra-long 30Y MGS saw strong interest from insurers** looking to extend duration pushing yield down -19.3bps for the two months.

The positive momentum in the domestic fixed income market was seen more strongly in Jul 2025 as investors priced-in expectations of another 25bps rate cut by Bank Negara Malaysia ("BNM") this year. However, the ringgit bond rally saw some moderation towards the end of the month as investors turned more cautious amid the lower bond yields; and the domestic market decoupled somewhat from US Treasuries which continued to rally following US Fed Chair's dovish tilt in his speech on 22 Aug 2025 at the Jackson Hole Symposium.

For the seven sovereign bond auctions during the two months, the first two auctions in July saw very **healthy demand with bid-to-cover ("BTC") ratios of above 2.5x** while the final third auction for the month for the 30Y MGS saw more moderate demand with BTC of 2.0x as investors became wary of rich valuations. Into Aug 2025, the first two sovereign bond/sukuk auctions continued to draw healthy demand of above 2.5x, while the later two auctions garnered weaker BTC of <2x as prices were increasingly seen as fully pricing in expected rate cuts from BNM absent further dovish developments.

The Malaysian bond/sukuk market saw two consecutive months of funds outflow in Jun and Jul 2025 of RM5.4 billion and RM5.5 billion respectively, following the significant inflow in May 2025 of RM13.4 billion, as uncertainties over a trade deal with the US weighed on the market ahead of the 1 Aug 2025 deadline for higher "reciprocal" tariffs approached.

### MALAYSIAN BOND MARKET

MGS Benchmark Tenors	Yields 29-Aug-25 (%)	Net Change end Aug vs end Jun (bps)	Net Change YTD (bps)
3Y	3.02	-14.2	-51.4
5Y	3.11	-9.2	-54.4
7Y	3.31	-9.4	-46.3
10Y	3.40	-7.3	-43.8
15Y	3.63	-7.1	-35.5
20Y	3.75	-5.4	-32.3
30Y	3.88	-19.3	-31.8

Malaysia's second quarter 2025 ("2Q2025") GDP growth held steady at 4.4% YoY, supported by front loading activity, due to a pause on higher tariff rates. While US's reciprocal tariff of 19% has been announced on imports from Malaysia, domestic growth could be slower ahead as external demands weaken.

We maintain **overweight on duration**, given the supportive background. Yield curve positioning strategy is deployed at the belly of the curve (5–7 years) to capture potential curve flattening and benefit from bonds "rolling down" to lower yields.

We prefer **corporate bonds for higher yield pick-up**, compared to government bonds. Credit spreads are likely to stay tight, with strong demands from local investors. We are selective on credit names, with a focus on defensive sectors and issuers with strong credit metrics, particularly in utilities, infrastructure, and banks.

# AWARDS AND ACCOLADES



# AInvest's Awards

## Asia Asset Management - Best of The Best Awards 2025

 **Best Asset Management Company (30 years), Malaysia** 

 **Best CEO of the Year, Malaysia: Goh Wee Peng** 

 **Best Bond Manager, Malaysia (5 consecutive years)** 

 **Best Institutional Asset Manager, Malaysia** 

 **Best Pension Fund Manager, Malaysia (7 consecutive years)** 

 **Best Sukuk Manager, Malaysia (4 consecutive years)** 

 **Best ASEAN Awards: Best Application of ESG (2 consecutive years)** 

 **Best Performance Awards: Asian Bonds, Local Currency (10 years) (2 consecutive years)** 

 **Best Performance Awards: Asian REITS (5 years) (3 consecutive years)** 

## InsuranceAsia News - Institutional Asset Management Awards 2025

 **Insurance Fund House of the Year, Malaysia (8 consecutive years)** 

 **Best Islamic Fund Manager (3 consecutive years)** 

 **Best Passive Asset Manager (2 consecutive years)** 

## FinanceAsia - FinanceAsia Asia's Best Companies 2025

 **Best Managed Company (Bronze)** 

 **Most Committed to ESG (Bronze)** 

 **Best Managed - Financial (Silver)** 

## FinanceAsia - FinanceAsia Awards 2025

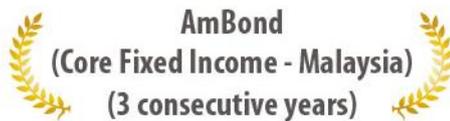
 **Biggest ESG Impact - Nonbank Financial Institutions (Domestic) (2 consecutive years)** 

# AmInvest's Awards

## Alpha Southeast Asia - 16<sup>th</sup> Annual Fund Management Awards 2025



## FSMOne Recommended Unit Trust Awards 2025/26 - iFAST Capital Sdn. Bhd.



## CorporateTreasurer - CorporateTreasurer Awards 2025



## LSEG - LSEG Lipper Fund Awards Malaysia 2025



## LSEG - Global Islamic 2025 Lipper Fund Awards



# AmInvest's Awards

**Asset Publishing & Research Limited, publisher of The Asset -**  
The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF,  
and Asset Servicing Providers 2025



**Best ETF Provider, Malaysia (4 consecutive years)**

**AsianInvestor - AsianInvestor Asset Management Awards 2025**



**Best Sustainable Investments -  
Nature Based Solutions**



**Market Awards Malaysia -  
Highly Commended**

**Citywire - Citywire ASEAN Awards 2024/25**



**Best Sustainable Investments -  
Malaysia**



**Best CIO Office - Malaysia**

**The Asset Triple A - The Asset Triple A Islamic Finance Awards 2025**



**Islamic Asset Manager of the Year - Multi Asset**

**Cambridge Islamic Funds Awards - Cambridge Islamic Funds Awards 2025**



**Best Islamic Sukuk Fund  
in Malaysia  
(2 consecutive years)**



**Best Islamic Fund Manager  
in Malaysia 2025**

*Note: Past performance is not an indication of future performance. The fund(s)' unit prices as well as investment returns and income distribution payable, if any, may rise or fall. Investments in the fund(s) involves risks including the risk of total capital loss and no income distribution. The grantors of the above-mentioned awards are not related to AmFunds Management Berhad and AmIslamic Funds Management Sdn. Bhd.*

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