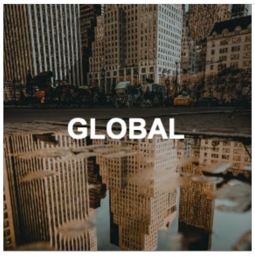
14 – 18 July 2025

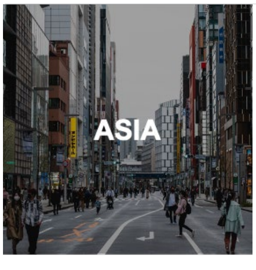
WEEKLY MARKET REVIEW

A brief on global markets and investment strategy

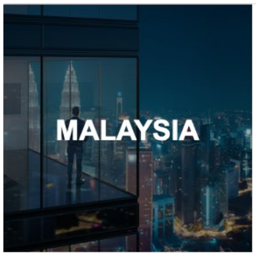
Key Highlights



- US equities extended gains, with the S&P 500 up 0.6% and Nasdaq rising 1.5%, brushing off trade concerns ahead of the 1 August tariff deadline.
- Stronger-than-expected retail sales (+0.6% m-o-m) and resilient macro data boosted market sentiment.
- Core CPI held firm at 2.9% y-o-y; consumer sentiment improved as 1-year inflation expectations dropped from 5% to 4.4%.
- Yields initially rose but reversed by week's end, with the 10Y Treasury closing flat at 4.42%.
- DXY index edged up to 98.4 on the back of a modest repricing of Fed rate cuts.



- MSCI Asia ex-Japan rose 2%, led by a 7.6% rally in Thailand on reports of lower tariff plans with the US.
- Indonesia gained 3.8% and Singapore's STI added 2.5% amid renewed interest in mid/small-cap stocks.
- Hong Kong's Hang Seng jumped 2.8% to a 3-year high, aided by easing trade tensions and improved AI chip access in China.
- Credit spreads tightened across Asia, supported by strong demand for Tier 2 and higher beta names, despite muted primary activity.



- KLCI fell 0.66%, dragged by broad-based sectoral weakness and persistent foreign outflows (YTD net outflows ~RM13b).
- MRT3 project received approval, with key construction stocks rallying on the news.
- MACC launched a probe into Sunway Construction's RM180m data centre contractor; no direct exposure in AHAM Capital's funds.
- MGS curve bull-flattened, with 10Y–30Y yields falling by 2–6 bps; a new 30Y MGS 7/55 was successfully issued at 3.917%.

GLOBAL & REGIONAL EQUITIES

US

It was another positive week for global equities. The S&P 500 rose 0.6%, while the tech-heavy Nasdaq gained 1.5%, extending its strong run as investors largely brushed off tariff headlines despite the 1 August deadline approaching.

A swathe of US macro data releases last week painted a broadly resilient picture of the economy, which in turn emboldened President Trump's stance in trade negotiations.

Retail sales were a key highlight, rising by 0.6% m-o-m which exceeded market expectations of 0.3%. This marked a notable rebound from a patchy prior month.

Inflation data, while mixed, was generally in line with consensus. Headline CPI came in at 2.7% y-o-y, with core CPI at 2.9%, slightly firmer than the previous month. Services inflation remained sticky, although shelter price growth continued to decelerate. On the core goods side, the trend was considerably strong when stripping out the drag from declining used and new car prices, when measured on a month-on-month basis.

Adding to this, the University of Michigan's preliminary consumer sentiment survey showed a fall in 1-year inflation expectations from 5% previously to 4.4%, providing some comfort on the inflation outlook.

The bond market initially reacted with a rise in yields, but this move reversed by week's end, with the 10-year US Treasury yield closing flat at 4.42%. Meanwhile, the US dollar continued to show strength, reflected in the DXY index, which edged higher to 98.4.

In terms of rate cut expectations, there was only a modest repricing—markets are now anticipating just under 2 cuts for the year, a slight shift from prior expectations but still broadly aligned with our base case.

Asia

Similarly, in Asia the MSCI Asia ex-Japan index rose 2%, led by ASEAN markets. Thailand stood out with a sharp 7.6% gain—the strongest weekly performance in the region. This was driven by reports that Thailand is pursuing a tariff deal with the US, aiming to lower its tariff rate to 18%, compared to Vietnam's 20% and Indonesia's 19%. The rally was also amplified by a technical rebound, as Thailand's market had been the worst-performing in Asia YTD.

Indonesia also delivered a strong performance, with its benchmark index up 3.8%. The market took the 19% US tariff rate in stride, with investors seemingly relieved that it wasn't worse.

Singapore's Straits Times Index gained 2.5%, supported by renewed interest in mid and small-cap stocks. This followed the government's initiative to establish a SGD 5 billion fund aimed at boosting local market activity and promoting research coverage on smaller companies.

China markets also firmed, with the Hang Seng Index rising 2.8%—hitting a 3-year high. Easing trade tensions provided a tailwind, particularly after NVIDIA secured approval to sell its H20 AI chips in China. Furthermore, US Treasury Secretary Scott Bessent struck a reassuring tone, suggesting that the looming August 12 US-China tariff deadline remains flexible, with ongoing talks reportedly progressing well ahead of

Asia *(cont')*

a potential leaders' meeting.

On the portfolio front, we added selective ASEAN names, including Sea Ltd. and Grab Holdings Ltd., alongside positions in Singapore banks. In China, we performed light switches—adding to Alibaba on the back of improved AI chip access, while trimming some consumer and property names. Cash levels remain low at around 3–5%, reflecting our constructive regional positioning.

UPDATES ON MALAYSIA

The FBM KLCI declined by 0.66% on a week-on-week basis, with the index remaining under pressure throughout the week. Broad-based selling across the financials, plantations, and consumer sectors weighed on performance, as cautious sentiment prevailed amid lingering uncertainty surrounding a potential trade deal with the United States.

In terms of fund flows, foreign investors continued to be net sellers. Year-to-date, foreigners have been net sellers in every month except May. As of now, net foreign outflows total approximately RM13 billion for 2025, reflecting sustained risk aversion towards Malaysian equities.

It was also a notable week for the construction sector. Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) announced that the MRT3 railway scheme has received approval, enabling land acquisitions to proceed. The project is scheduled for completion by the end of next year, with contract awards expected by mid-2026. The total estimated value of the MRT3 package is approximately RM40 billion. Shares of expected beneficiaries, including Gamuda Berhad, Sunway Construction Group Berhad, IJM Corporation Berhad, and WCT Holdings Berhad, saw strong price action last Friday following the announcement.

Separately, the Malaysian Anti-Corruption Commission (MACC) has reportedly launched an investigation into one of Sunway Construction's contract managers, relating to a RM180 million data centre project in Johor. In terms of portfolio impact, our funds do not hold any position in Sunway Construction. However, several funds maintain exposure to Sunway Berhad, which is less directly affected given its more diversified business segments across healthcare and property.

From a portfolio perspective, funds were trimming exposure to technology while adding positions in construction and property. Cash levels across portfolios ranged between 10% to 20%.

REGIONAL FIXED INCOME

Global credit markets remained resilient last week, with both US and Asia investment grade (IG) spreads tightening by 2 basis points (bps) on the week. In Asia, China reported stronger-than-expected second quarter GDP growth, though housing market weakness persisted, with both new and secondary home prices continuing to fall month-on-month.

In Australia, credit spreads initially opened wider on tariff concerns but subsequently tightened as the market absorbed stronger rates and supportive technicals. Demand for Tier 2 and higher beta corporates was particularly strong, with spreads tightening by 5 to 15 bps. Financial seniors and other beta corporates also saw spreads compress by around 3 to 5 bps over the week. However, primary activity in the Australian dollar space was muted, with only the Canadian Imperial Bank of Commerce issuing AUD 2.5 billion in three-year covered bonds.

REGIONAL FIXED INCOME *(cont')*

In the Asian dollar primary market, it was a relatively quiet week with around USD 6 billion in new deals. The most notable was the USD debut of Japanese chipmaker Kioxia Holdings Corporation, which issued USD 2.2 billion in high yield notes across a five-year non-call two and eight-year non-call four structure, priced in the 6.25% to 6.62% range. The transaction underperformed in the secondary market, as pricing was considered tight and the business is subject to volatile cycles. Elsewhere, several Korean names tapped the market, while Indonesia priced five- and ten-year sukuk. The Philippines' SMC Global Power, a subsidiary of San Miguel Corporation, was also active, conducting a bond tender and exchange offer.

In other currencies, Swire Properties priced a CNH 3.5 billion offshore green bond across three tranches — three, five and ten year — which was well received, with strong demand across both tenors. The bonds traded steadily in the secondary market. Meanwhile, in Singapore, Shangri-La Hotel Limited returned to the market with a SGD 300 million seven-year bond priced at 3.48%, following a similar issuance last month.

We participated in both Swire Properties' CNH green bond and Shangri-La's SGD-denominated bond. In the secondary market, we added to Scentre's AUD-denominated hybrid and Prosus' EUR-denominated bonds, while also extending duration modestly through selective additions in Singapore Government Securities (SGS).

DOMESTIC FIXED INCOME

The Malaysian government bond market experienced a bull-flattening trend last week. While yields at the front end of the curve remained unchanged, the 10- to 30-year segment saw yields decline by 2 to 6 bps, led by gains in the 30-year. The benchmark three-, ten-, and thirty-year MGS closed the week at 3.08%, 3.42%, and 3.91%, respectively.

The week also saw the issuance of a new 30-year MGS 7/55, with a total size of RM5 billion, including RM2 billion via private placement. The public auction attracted moderate demand, with a total bid amount of RM6 billion, translating to a bid-to-cover ratio of 2.0 times. Limited participation in the long end was expected, but the auction managed to clear at an average yield of 3.917%. This was notable as it came just days after the 30-year yield had broken above the psychological 4% level. Post-auction, the bond closed the week 1 bp lower.

In the corporate bond space, there were two primary issuances last week. PR1MA Corporation Malaysia issued RM500 million across five-, seven-, and ten-year tenors. The initial spreads were attractive, around 20 bps over GG, but eventually tightened to 12–15 bps across the curve. Bank Islam Malaysia Berhad also issued RM700 million in senior sukuk, solely in the seven-year tenor. The sukuk priced at a spread of 50 bps, tightening from initial guidance of 55 bps, and closed at a yield of 3.85%. The final level remains compelling for a AA3-rated banking name. We participated in both issuances. Given the heavy PDS supply pipeline in the coming months, we anticipate slight correction in the credit spreads.

On the macro front, the release of Malaysia's advance second quarter GDP surprised to the upside, coming in at 4.5%, above consensus expectations of 4.2% and up from 4.4% in the first quarter. The outperformance was driven by a rebound in the services sector. However, June trade data was less encouraging, with exports declining by 3.5% year-on-year, a sharper drop compared to the 1.5% contraction in May. The fall was largely attributed to the unwinding of front-loaded shipments ahead of tariff changes. Despite the encouraging GDP data, we believe the overall growth outlook remains fragile and

DOMESTIC FIXED INCOME *(cont')*

that downside risks persist.

From a portfolio strategy perspective, we continued to take profit on selected positions and reinvested into primary issuances. Cash levels have been raised slightly, now at 4% to 5%, in preparation for further pipeline deals. Portfolio duration remains long, in the region of seven years, consistent with our current positioning.

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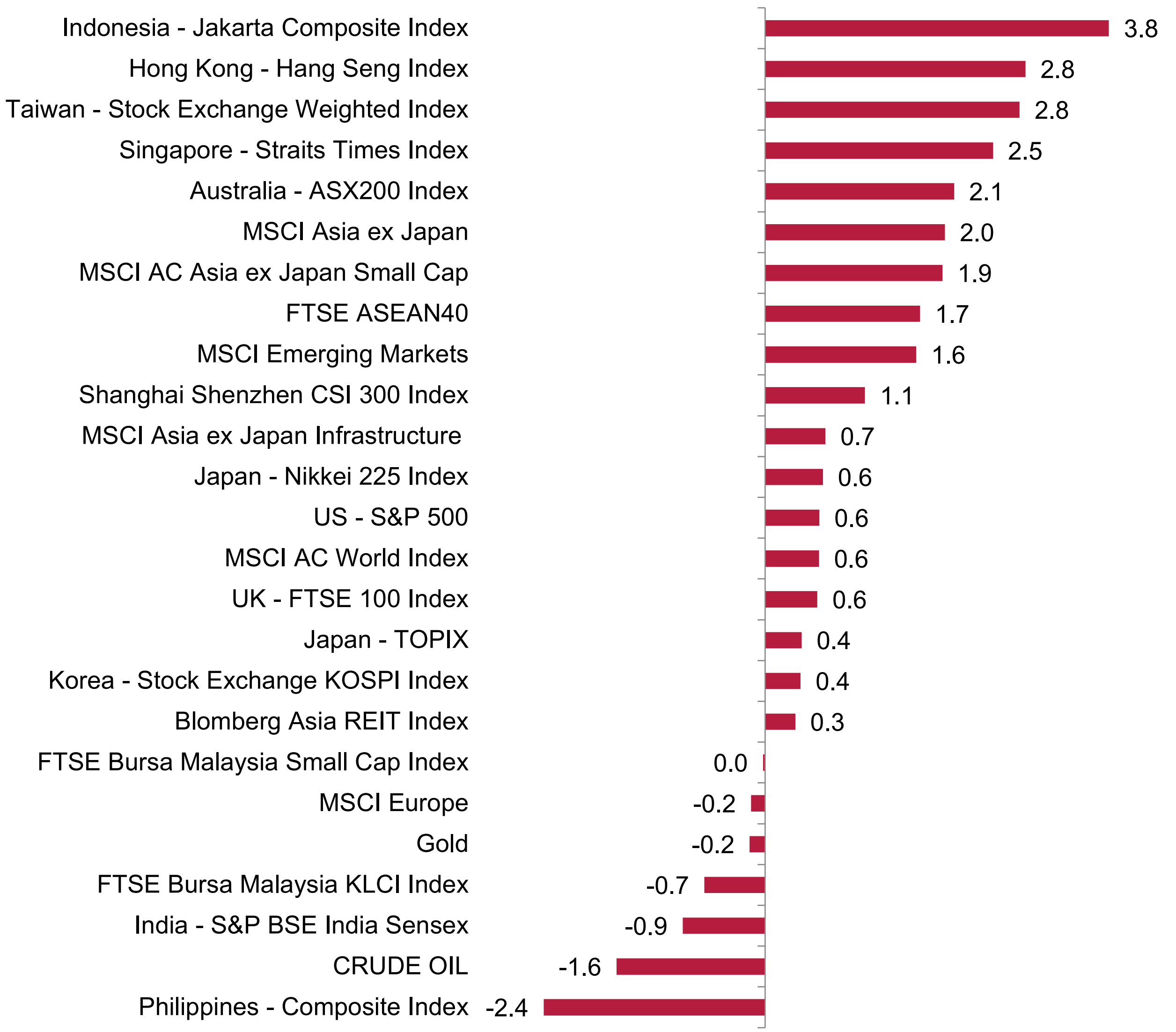
Index Performance | 14 – 18 July 2025



Index Chart: Bloomberg as at 18 July 2025. Quoted in local currency terms.