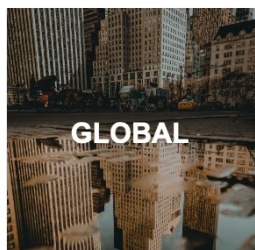


11 – 15 August 2025

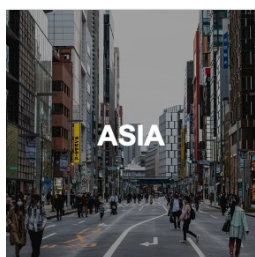
WEEKLY MARKET REVIEW

A brief on global markets and investment strategy

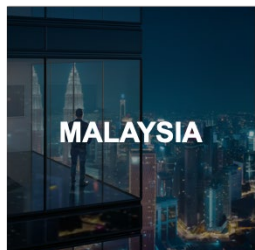
Key Highlights



- The S&P 500 gained 0.9%, supported by steady inflation data which helped reinforced expectations of a September Fed rate cut.
- Weak retail sales and consumer sentiment came in below expectations, further bolstering the case of a rate cut.
- The 10-year US Treasury yield rose 8 bps to 4.30%, as inflation data tempered expectations for a larger rate cut in September.



- The MSCI Asia ex-Japan index rose 1.8%, led by China (+2.3%) and Indonesia (+4.8%). India and Korea were flat; Thailand and the Philippines slipped.
- China saw robust southbound liquidity flows, with a record USD 4.6 billion inflow in a single day. Margin financing climbed to a 10-year high.
- In contrast, fundamentals remained weak. Fixed asset investment fell 5.2% y-o-y, new loans contracted, and CPI was flat, signalling deflationary risks.
- Policymakers announced swathe of stimulus measures including interest subsidies for consumer loans, preschool education, and fertility support to counter slowing growth.



- The FBM KLCI climbed 1.24% to 1,576, led by banks and TNB, as easing tax concerns lifted sentiment.
- Market participation improved, with Bursa turnover hitting RM3 billion on Wednesday—its highest in months.
- The Diagnosis-Related Groups (DRG) system was delayed to 2027, supporting healthcare names like Sunway, KPJ, and IHH.
- Yields continued to drift lower, led by the 3-Year MGS, which declined 6 bps over the week to 2.97%.

GLOBAL & REGIONAL EQUITIES

US

The S&P 500 rose 0.9% last week, supported by steady inflation data that reinforced expectations of a September rate cut by the US Federal Reserve (Fed). Headline CPI came in at 2.7%, below market expectations of 2.8%. While the breakdown of the data did reveal signs of creeping price pressures, markets largely looked past this.

Elsewhere, retail sales and consumer sentiment data painted a mixed picture. Both came in slightly weaker than expected, though not materially worse in absolute terms. Taken together with the softer job numbers released last month, the broader rate cut narrative remains intact.

US 10-year Treasury yields climbed 8 bps to close at 4.30% as steady inflation data dampened prospects for a larger September cut, tempering earlier rate expectations. Bond markets continue to expect the Fed to proceed with a rate cut in September, with another cut likely in December.

Asia

In Asia, the MSCI Asia ex-Japan Index rose 1.8%, led by gains in China which climbed 2.3%. Other major markets such as India and Korea were largely flat, while ASEAN performance was mixed. Thailand and the Philippines declined, while Indonesia's Jakarta Composite Index surged 4.8%, driven by strong gains in the banking sector.

China's strength was underpinned by robust liquidity flows. Year-to-date, southbound inflows have reached USD 115 billion, with a record USD 4.6 billion of buying in a single day last Friday. Margin financing has also climbed to a 10-year high, last seen during the 2015 rally.

That said, economic fundamentals remain weak. Fixed asset investment contracted 5.20% y-o-y in July, the sharpest decline since April 2020. New renminbi loans fell into negative territory for the first time since 2005, while CPI was flat, signalling deflationary risks.

To shore up economic growth, Beijing announced a swathe of stimulus measures including RMB 50 billion in interest subsidies for consumer and services loans. Additionally, policymakers announced RMB 130 billion worth of measures for fertility support and free preschool education. These incremental policy steps are keeping sentiment supported despite the softer macro backdrop.

UPDATES ON MALAYSIA

The FBM KLCI extended its positive momentum last week, advancing 20 points to close at 1,576 (+1.24% week-on-week). Gains were driven by banking stocks and Tenaga Nasional Berhad (TNB), supported by the easing of tax-related concerns highlighted previously.

Beyond the index movement, market participation also picked up significantly. Bursa Malaysia's turnover reached RM3 billion last Wednesday, a level not seen for many months, underscoring renewed investor interest and momentum in the local market.

Several notable developments shaped sentiment. The Diagnosis-Related Groups (DRG) programme, which was initially scheduled for implementation in the second half of this year, has been postponed to

UPDATES ON MALAYSIA (cont')

2027. The framework, aimed at regulating hospital billing amid rising medical costs, will now be deferred. The delay is supportive for healthcare names in our portfolios, including Sunway Berhad, KPJ Healthcare Berhad, and IHH Healthcare Berhad.

We also saw IJM Corporation Berhad (IJM) securing a RM1.4 billion data centre contract, its first major entry into this fast-expanding segment. The client is widely believed to be a joint venture between Telekom Malaysia and Singtel. This win marks a milestone for IJM, putting the group on track to achieve its RM7 billion order book target for the year. The development is supportive of performance for Shariah-compliant funds holding the name.

On the earnings front, Sunway REIT reported a 20% increase in quarterly profit, underpinned by positive rental reversions. The result reflects resilient consumer spending, supported by strong household liquidity and ongoing fiscal measures. This trend bodes well for our exposure to consumer-related names across portfolios.

Cash levels across funds remain between 8% to 15%.

REGIONAL FIXED INCOME

The Asia credit market had another firm week, supported by a stable macro backdrop. Investor demand remained strong, particularly for duration and beta credits. Asia investment grade (IG) tightened by 5 bps to 61 bps, while Asia high yield compressed by around 30 bps to 334 bps. This was broadly in line with US IG, which also tightened by 5 bps, though Asia high yield outperformed, with US high yield narrowing by just 4 bps to 279 bps.

The key development during the week was the upgrade of India's sovereign rating by one notch. S&P Global Ratings raised India from BBB– to BBB, its first sovereign upgrade in 18 years, citing robust economic expansion and prudent fiscal management. This triggered a strong rally across Indian IG, with spreads tightening by 15–25 bps. Gains extended to state-owned banks such as State Bank of India (SBI) and Export-Import Bank of India, state-owned enterprises including Oil and Natural Gas Corporation (ONGC), Power Grid Corporation of India and NTPC Limited, as well as private sector banks such as HDFC Bank and Axis Bank. These benefitted either from their close ties to government support or the removal of the sovereign rating cap.

The primary market was active during the week. Wynn Macau Limited returned with a USD1 billion 8.5% non-call three-year issue, which priced at 6.75% and was well received. In the Singapore dollar market, new deals were brought by PSA Corporation Limited, Frasers Logistics & Commercial Trust (FLCT) and Equinix Asia. Meanwhile, in the Australian dollar market, Commonwealth Bank of Australia (CBA) priced a jumbo AUD5 billion multi-tranche senior bond across 3.25- and 5-year tenors, alongside a EUR1 billion 12-year non-call seven Tier 2 issue at 3.788%.

From a portfolio perspective, we remained active in these new issues, participating in the Singapore dollar deals from PSA, FLCT and Equinix, as well as in CBA's Euro-denominated Tier 2 issuance. Cash levels remain at around 2–3%, with no major changes to FX positioning.

DOMESTIC FIXED INCOME

In Malaysia, yields continued to drift lower, led by the three-year Malaysian Government Securities (MGS), which declined 6 bps over the week to 2.97%. The 10-year MGS was unchanged at 3.37%, while the 30-year MGS eased by 4 bps to 3.86%. The yield curve flattened as the 3-year yield moved lower, while the 10 to 20-year tenures held steady.

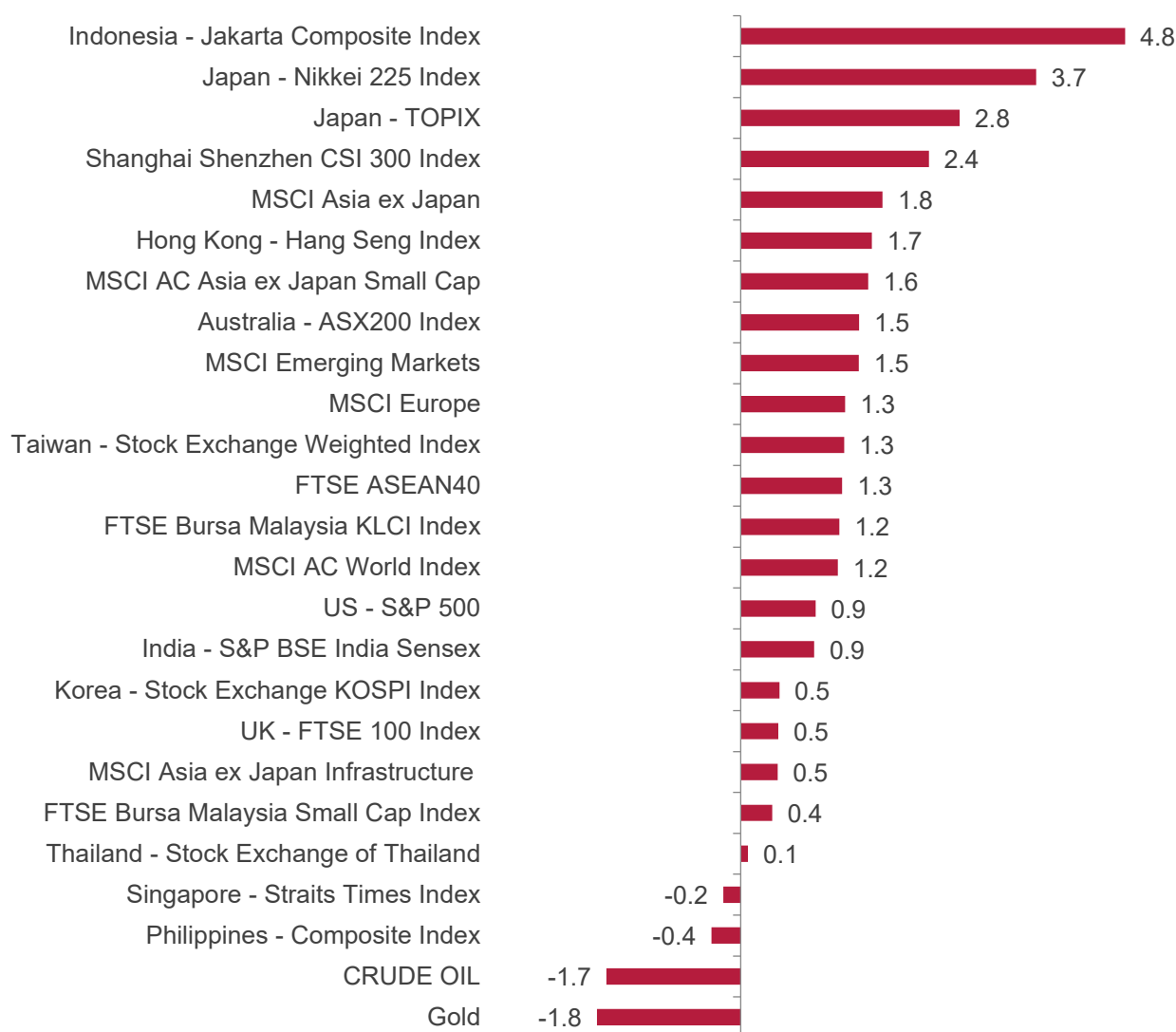
The strong performance of the Malaysian government bond market month-to-date has been underpinned by large maturities. A RM12.5 billion Government Investment Issue (GII) matured last week, with over RM20 billion more redemptions due in both September and October. This release of liquidity is expected to keep the curve anchored.

At current levels, we see limited further downside for the three-year MGS (potentially just another 5 bps lower). Our strategy remains unchanged, maintaining an overweight duration stance. The three- and six-month Kuala Lumpur Interbank Offered Rate (KLIBOR) were stable at 3.21% and 3.26% respectively.

Our portfolios are currently positioned with an average duration of around seven years and minimal cash. We remain active in the primary market, with additional financial institution supply expected over the coming weeks.

- END -

Index Performance | 11 – 15 August 2025



Index Chart: Bloomberg as at 15 August 2025. Quoted in local currency terms.

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