

Market Data

Source: Bloomberg, market data is as of 19 September 2025.
*As we emphasise a long-term focus, the top performing funds were selected based on monthly performance.
*The numbers may show as negative if there is no positive return for the period under review.
The fund performance was referenced from the daily performance report, data was extracted from Lipper.
The performance figures are based on the fund’s respective currency class.
*Past performance is not an indication of future performance.

Market Review ¹

1. This week, the global financial markets showed positive performance. The United States experienced the largest positive gains, followed by Japan and Europe.
2. Across Asia, majority of the markets showed mixed performances. Indonesia led the way with the largest gains, while the onshore market in China delivered negative return. In Malaysia, the FBMKLCI ended the week with a muted gain.
3. In the bond market, the yield on the 10-year US Treasury rallied slightly to the 4.10% range as investors weighed the state of the U.S. economy and future monetary policy, despite the Federal Reserve on Wednesday cut interest rates for the first time this year. (It’s worth noting that bond prices move inversely to bond yields)

Macro Factors

1. In the United States, stock market closed at record highs after the Federal Reserve resumed easing interest rates and indicated more cuts are likely this year. Investors welcomed the Fed’s quarter-point reduction and the prospect of two additional cuts, interpreting the move as a shift toward supporting growth rather than strictly controlling inflation. On the economic front, initial jobless claims fell sharply to 231,000 from a four-year high, alleviating some concerns about labor market weakness. ²
2. In Europe, the Bank of England held its rates unchanged, as expected, but slowed the pace of its quantitative tightening to tame pressure on credit of longer maturities. Euro area consumer price inflation stood at 2.0% in August 2025, slightly below a preliminary estimate of 2.1%, as energy costs declined more than initially thought. Headline inflation has now matched the European Central Bank’s 2% target for a third straight month, reinforcing expectations that monetary policy will remain steady for some time. Core inflation was at 2.3% for the fourth consecutive month in August of 2025, in line with the preliminary estimate and remaining slightly ahead of the initial market expectations of 2.2%³
3. In China, there were reports indicated that Beijing may move to curb speculation to shield retail investors from steep losses. Separately, China’s cyberspace regulator reportedly ordered firms including Alibaba to halt purchases of Nvidia’s RTX Pro 6000D, a workstation chip adaptable for AI. The People’s Bank of China (PBOC) conducted CNY 487 billion (USD 68.56 billion) in seven-day reverse repos through open market operations on September 18, at an interest rate of 1.4%, unchanged from the previous period. With CNY 292 billion in seven-day reverse repos maturing on the same day, the central bank achieved a net injection of CNY 195 billion, continuing its efforts to inject liquidity into the banking system. ⁴
4. In Malaysia, retail sales increased by 5.6% year-on-year in July 2025, edging up from a 5.4% rise in the previous month. This marked the strongest growth since March, as sales accelerated for automotive fuel in specialized stores (6.6% vs 6% in June) and other goods (7.6% vs 5.9%).⁵

Investment Strategy ⁶

With the Fed now resuming rate cuts and cash returns are set to fall further, we believe it remains a good time to put cash to work. We maintain the rational for investing in both Equity and Fixed Income remains strong, and we still foresee additional growth in the coming years. Our base case remains that rate cuts have typically been supportive for stock markets during non-recession periods, as well as further benefits for fixed income.

Investors are advised to keep sight of longer-term investing principles that can boost risk-adjusted rates of return **through portfolio diversification** and a phased- in strategy. This can help to manage the risk of poor timing, reduce the influence of emotion, and provide more opportunities to benefit from market dips and rebounds. Our strategy emphasized focusing on companies that demonstrate the attributes of **quality growth, with earnings that are more domestically focused**. Additionally, **quality bonds have historically offered portfolio stability**, especially in times of uncertainty.

Sources:

- ¹ Bloomberg, 19 September 2025
- ² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 19 September 2025
- ³ S&P Global, ECB, Factset, Bank of England (BoE), 19 September 2025
- ⁴ Bloomberg, National Bureau of Statistic China, CEWC, 19 September 2025
- ⁵ Department of Statistic Malaysia, S&P Global, 19 September 2025
- ⁶ Principal view, 19 September 2025

*SEZ refers to Special Economic Zone

*PMI refers to Purchasing Manufacturing Index

*HCOB refers to Hamburg Commercial Bank

*NBS PMI refers to official data released by National Bureau of Statis in China

*Caixin PMI refers to data published by Caixin Media and ISH Markit. It provides alternative gauge focusing on smaller and medium-sized enterprises.

*ECB refers to European Central Bank

*PBOC refers to People's Bank of China

*PCE refers to Personal Consumption Expenditure

*FOMC: Federal Open Market Committee

*y-o-y refers to year on year

*m-o-m refers to month on month

*UST refers to United States Treasury

*BNM refers to Bank Negara Malaysia

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