

Market Data

Source: Bloomberg, market data is as of 27 June 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, global financial markets exhibited positive performance. Among developed markets, Japan posted the largest gains, followed by Europe and the United States.
2. Across Asia, most market posted positive gains. Both the offshore and onshore markets in China recorded the largest gains, whereas Indonesia saw a slight decline. Meanwhile, in Malaysia, the FBMKLCI concluded the week with a positive return.
3. In the bond market, the yield on the 10-year US Treasury note held around 4.26% on Friday, hovering at its lowest level since early May, as investors priced in deeper Federal Reserve rate cuts. (It's worth noting that bond prices move inversely to bond yields.)

Macro Factors

1. In the U.S., fresh economic data further strengthened the case for Fed rate cuts, including a larger-than-expected 0.5% contraction in Q1 GDP and a rise in continuing jobless claims. Consumer spending rose just 0.5%, the slowest pace since the sharp declines of 2020, down from 1.2% in the previous estimate. Exports grew only 0.4% compared to the earlier estimate of 2.4%. ²
2. In Europe, the economic sentiment indicator (ESI) edged down to 94 in June 2025 from 94.8 in May and defeating market expectations of a rise to 95.1. The decline was primarily driven by reduced confidence in the industry sector. The latest data further indicate ECB is on track to continue cutting interest rates. ³
3. In China, the government announced that the US and China have finalized the terms of a trade deal reached earlier this month in London, aimed at implementing the so-called Geneva consensus. Under the agreement, China will review export applications for items under export control rules, while the US will cancel a range of existing restrictive measures on China. On the data front, industrial profits in China dropped 9.1% year-on-year in May—the sharpest decline in seven months—highlighting ongoing economic challenges. Current account surplus surged to a record \$165.4 billion in the first quarter of 2025, more than three times higher than the \$47.2 billion from the corresponding period of the previous year. ⁴
4. In Malaysia, annual inflation rate stood at 1.2% in May 2025, down from figures in the prior two months. Core consumer prices, excluding volatile fresh food items and administered costs, rose 1.8% yoy, after a 2.0 % gain in April, which marked the steepest pace since November 2023. Monthly, consumer prices edged up 0.1%, the same pace as in April. Producer prices dropped by 3.6% year-on-year in May 2025, slipping further from a 3.4% fall in the previous month. This marked the third consecutive month of decline and the sharpest since June 2023. ⁵

Investment Strategy ⁶

Global equities have returned to all-time highs as markets enter the second half of 2025. Over the past six months, investors have contended with shifting policy, swings in sentiment, and geopolitical events. However, beneath the surface, the foundations of a more positive environment are beginning to take shape.

We reiterate the importance of to keeping sight of longer-term investing principles that can boost risk-adjusted rates of return **through portfolio diversification** and an emphasis on **quality growth and income** to navigate the volatility ahead. Our strategy has also emphasized focusing on companies that demonstrate the attributes of **large-cap defensiveness, with earnings that are more domestically focused**. Additionally, **quality bonds have historically offered portfolio stability**, especially in times of uncertainty.

We remain a slight preference for equities over fixed income. Key themes for 2025 include: i) the impact of policy shifts on China's recovery; ii) the U.S. economic outlook; and iii) the influence of tariffs and geopolitical risks on asset prices.

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Weekly Market Recap

Sources:

- ¹ Bloomberg, 27 June 2025
- ² Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 27 June 2025
- ³ S&P Global, ECB, Factset, Bank of England (BoE), 27 June 2025
- ⁴ Bloomberg, National Bureau of Statistic China, CEWC, 27 June 2025
- ⁵ Department of Statistic Malaysia, S&P Global, 27 June 2025
- ⁶ Principal view, 27 June 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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