Maybank

Asset Management

4Q2022
OUTLOOK & STRATEGY

NAVIGATING UNCERTAINTY WITH CERTAINTY

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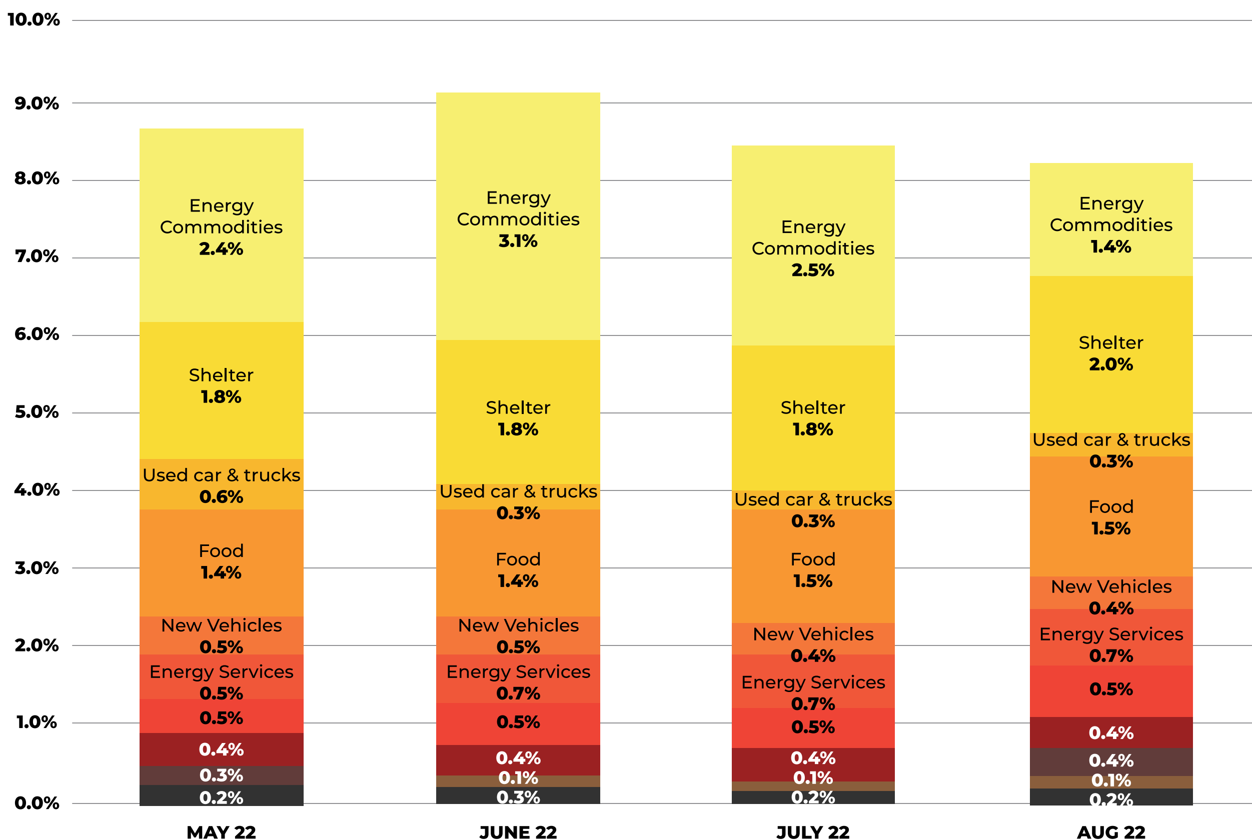
3Q2022 Review

Financial markets remain challenging, as the Federal Reserve (Fed) has kept tightening its monetary policy. Earlier in the quarter, investors were optimistic that the Fed would move to a more moderate stance.

Inflation appeared to have peaked and was trending downward. Energy and food prices were one of the main drivers of inflation and with the softening of prices as compared to 2Q2022, investors believed that interest rate increases would at least slow down.

Exhibit 1: US CPI components from May to August 2022



Source: Maybank Asset Management, US Bureau of Labour Statistics| Period May 2022- Aug 2022

However, at the Jackson Hole conference of central bankers, Jerome Powell indicated that the Fed is intent on bringing down inflation and will continue to hike interest rates even by doing so will bring 'pain to households and businesses'. The upcoming action was that Powell would continue to hike even if the economy slows, with the ultimate goal to combat inflation. Such hawkish statement saw an immediate sell-off in financial markets and the Fed has kept to its word by continuing to raise interest rates with the most recent hike of 75bps in September. The pace of the interest rate hikes has been one of the sharpest on record with the Fed Funds Rate being raised by 300bps in just a 9-month period.

Exhibit 2: US Fed Funds rate and the US 10-Year Treasury

Source: Maybank Asset Management, Bloomberg | Period Dec 1995: 2022- Sep 2022

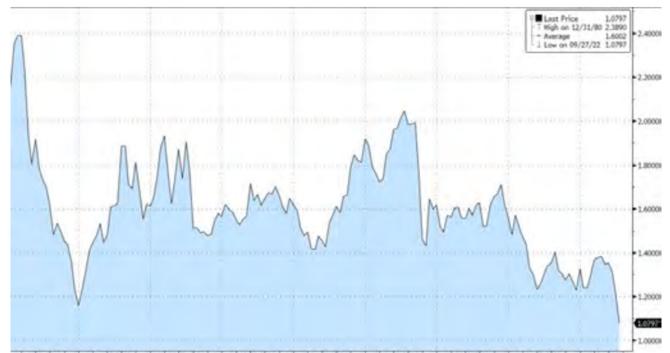
With the hawkish Fed, both short-end and long-end rates have increased. The sharply higher rates have depressed asset markets and fixed income markets are down more than 10% for the year. This has been one of the worst years for fixed income markets in more than a decade. Equity markets have also been badly impacted with markets down between 20% - 30%.

The rapid increase in rates have also triggered large moves in the currency markets. As the Fed hiked rates, the interest rate differentials between the US and the other countries have widened making US Dollar (USD) to be more attractive to investors.

Therefore, major currencies like the Euros, British Pound (GBP) and Japanese Yen (JPY) have depreciated significantly against USD.

Many of these currency pairs are trading at decade lows against USD. The spotlight has been on GBP which has plunged to record lows against USD. Following the resignation of Boris Johnson as the British Prime Minister, Elizabeth Truss has taken over with new cabinet members. The new Chancellor of the Exchequer, Kwasi Kwarteng, announced a new budget that would involve cutting taxes and freezing energy bills in order to boost the economy. With the country running with twin deficits (both current and fiscal accounts) and inflation at the highest in decades, the budget was not viewed favourably by the financial markets and resulted in a sharp depreciation of GBP at the end of September. There have been no safe haven assets in 2022 except for USD.

Exhibit 3: GBP Currency



Source: Maybank Asset Management, Bloomberg

2022 Investment Themes

Our main theme of 'Navigating Uncertainty With Certainty' is still relevant in such challenging environment. We have seen rising interest rates as well as the Russia-Ukraine war looming sentiments and we need to navigate around these challenges. Many of these themes are still relevant even with the fast changing environment. We expected economic growth in developed countries to normalise as well as moderate, and this would favour Asian countries especially ASEAN members as these countries would see an acceleration of economic growth with a smoother reopening post Covid-19. Economic growth was hampered in 2021 as vaccination rates were low but this have now reached sufficiently high levels. So far, we have seen ASEAN markets outperform.

We also expected markets to be volatile as interest rates normalised from the low rates environment and indeed, 2022 has proven to be very volatile. Our sustainability trend also touched on the lack of investment in 'dirty' industries due to ESG concerns. This has led to constraints in production, as limited supply spiked commodity prices.

For our assessment of inflation, headline and core inflation did peak in 2Q2022 and has been trending downward. However, inflation has remained relatively high. The massive stimulus in the west coupled with the war in Ukraine has led to stickier inflation and will take longer for inflation to drift down. What we did not anticipate was that the Fed would continue its hawkish stance even in the face of lower inflation.

Another area that will see longer term implications is the de-globalization theme. The war in Ukraine will intensify the de-globalisation, leading to a multipolar world. The sanctions imposed on Russia by the US has prompted differences in the global community. A majority of countries around the world are against the war but they are also against the weaponisation of trade and USD. The imposition of sanctions ended up moving various countries to secure regional or trade alliances in view of the US sanctions. The move to a multipolar world from a unipolar world dominated by the US is likely to see more conflicts between nations in the future.

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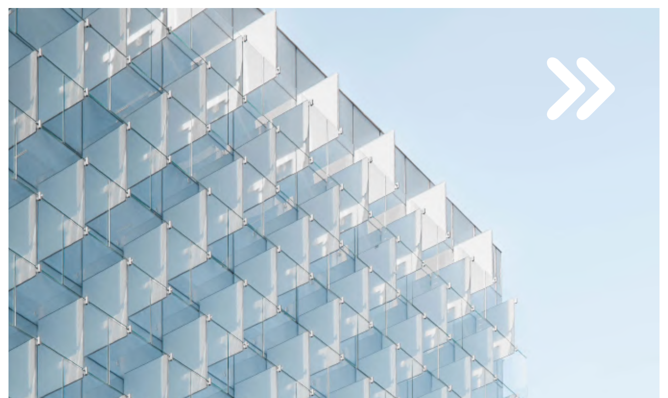


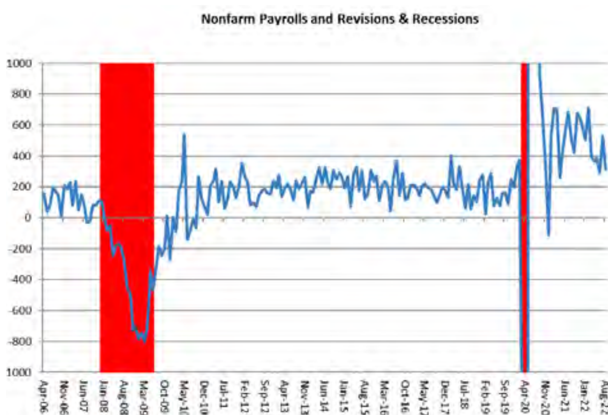
Our Expectations in 4Q2022

Our outlook for 4Q2022 has changed, to be more cautious given the macro economic risks. We are neutral in the sense that we are cautious in the short-term (1-3 months) but positive over the medium-term (6+ months).

Looking ahead, the macroeconomic conditions have deteriorated as global growth is clearly slowing down. The European Union (EU) will struggle with stagflation in 4Q2022 given the surging energy prices and the weaker economy. For the US, economic growth is already slowing with the high inflation coupled with elevated interest rates dampening economic activity. Over in Asia, China's economy was hampered by the sporadic outbreaks of Covid-19. With the zero Covid-19 strategy (ZCS) in China, various areas including Shanghai and Chengdu were locked down for 2-6 weeks to prevent the spread of Covid-19. This inadvertently disrupted economic activity and as a result, growth has been subdued despite announcements of policy easing.

With the Fed still hiking aggressively even as the economy slows, the probability that the US economy goes into a recession has increased. The US economy is still chugging along in 2022 with strong jobs numbers. At this point, jobs in the US are still growing at the rate of 300,000 jobs per month, a healthy amount for now but we still believe that the US will fall into recession in 2023.

Exhibit 4: US non-farm payrolls



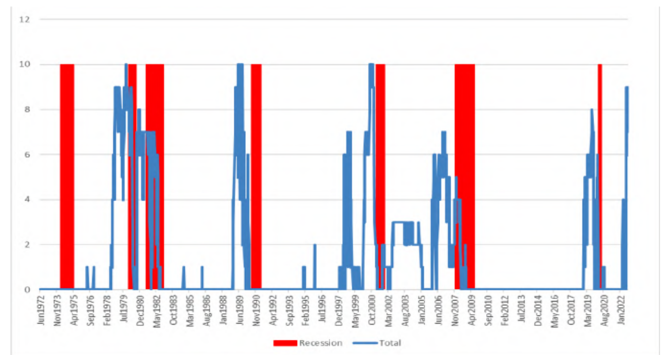
Source: Maybank Asset Management as of end-August 2022

One of the signals that we use as a leading indicator of a US recession is the yield curve inversions. Normally, the yield curve is upward sloping with interest rates to increase as duration increases. This reflects a normal situation where bond holders are rewarded more as the duration increases.

An inversion occurs when the short-end rates are higher than the long-end rates. While the UST 10-Year and the Fed funds rate have not inverted, the curve has already inverted at most of the duration intervals.

For instance, the UST 10-Year and UST 2-Year curves have already inverted. This indicator has been successful in anticipating the past US recessions. We have other indicators too and they unfortunately all point to a higher risk of a US recession.

Exhibit 5: Number of yield curve inversions



Source: Maybank Asset Management as of end-August 2022

Naturally, the biggest question would be, what happens in a recession? Here are some of our thoughts. For fixed income, in a recession, we will see overall interest rates to fall. This is because a weak economy and increase in job losses will force the Fed to reverse the tight monetary policy and ease by cutting interest rates. Therefore, we will see short-end rates falling faster than long-end rates resulting the yield curve to steepen. Credit spreads will also widen in a recession. For equities, a recession is certainly unpleasant as earnings will have to be downgraded and share prices will follow the weaker earnings down. We can expect US equity markets to fall by as much as c.30% on average. So far it has fallen by c.20% and therefore there may still be some downside.

In regards to equities, we are cautious in the short-term and have raised more cash in our portfolios. Higher rates and weaker earnings will weigh on stock prices. However over the medium-term, we are more positive. Valuations in Asia have already reached trough levels that were previously associated with market bottoms.

We also expect Asia stock markets to recover faster as Asian markets peaked earlier in 1Q2021 while the US stock market only peaked in 2022.

Unfortunately, this year is shaping up to be a major down year. However looking ahead to FY2023, there is a reason to be more optimistic as stock markets tend to rebound strongly in the next year following a large negative year.

Over in fixed income, similarly, our regional portfolios are already positioned defensively in the short term with a higher amount of cash to protect against higher interest rates.

We are waiting for economic data to soften that will force the Fed to pivot to lower rates and this will be good for sovereign bonds. Similar to equities, we are positive over the medium-term. Bond prices have declined a great deal with the largest peak-to-trough in a decade thus offering attractive valuations. Yields for investment grade bonds are already at 5% - 6%, a level that we have not seen in the past decade.

Elsewhere, yields for high yield bonds are offering at 9% - 10% level. Retrospectively, following a down year, returns over the next year tends to be strong. Therefore we believe fixed income portfolios may have a strong proposition going into FY2023.

ASIAN EQUITY OUTLOOK & STRATEGY

Equity Outlook & Strategy

This rising recession risk is likely to keep markets volatile in the 4Q2022. Besides coping with higher interest rates and weak currencies against USD, Asia in general will also likely to suffer the consequences of weak external demand. Therefore, we would take a cautious stance in managing our equity portfolios with such more defensive positioning by raising more cash to withstand near-term volatility.

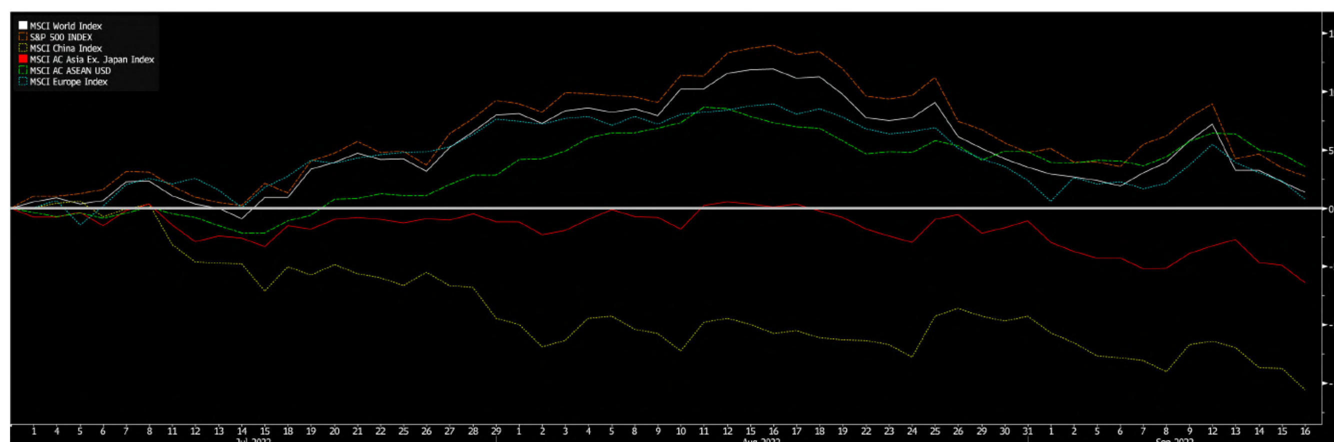
At risk are highly leveraged corporates and sovereigns exposed to high USD debt. While the risk of a systemic debt crisis is low in our view, as banks in Asia are generally better capitalised now than during the GFC, the downside risks to corporate earnings estimates and gross domestic product (GDP) in the quarters ahead have risen.

Asian markets with large domestic demand and healthy national balance sheets are preferred over those with weak current accounts, low foreign exchange reserves and those highly reliant on external demand due to risks of lower-than-expected global demand.

September 2022) to reverse in 4Q2022 as China's valuation is now cheaper and as for ASEAN in particular, there are several reasons. Firstly, the foreign direct investment (FDI) in manufacturing supply chains are strong. Secondly, high energy prices benefit Malaysia and Indonesia while food benefits Thailand. Finally, the timing of China re-opening may boost ASEAN's prospects.

For as long as the Fed remains on the tightening path, the technology-exposed North Asia markets such as South Korea and Taiwan, both of which, pose a greater downside risk to earnings and GDP during a US recession will likely continue to underperform in 4Q2022. Elsewhere in ASEAN, Indonesia will continue to outperform. Conversely, any signs of the Fed pivoting could cause a major reversal but that is more likely to happen in 2023. China remains a market to overweight due to low valuation, counter-cyclicality and upside from reopening. The downside risk to this call is if the zero Covid-19 strategy remains beyond end-2022.

Exhibit 6: Returns of various markets



Source: Bloomberg, Maybank Asset Management. Period: 30th June 2022 – 16th September 2022

During the 3Q2022, MSCI Asia ex-Japan's underperformance against MSCI World and S&P500 was due mainly to disappointments over China's major economic centres remaining in lockdown and worsening risks around its overleveraged property market. Ex-China, ASEAN has held up well due to exposure to the commodity complex and large domestic markets being key strengths.

Amidst the downside risks, we expect Asia ex-Japan's underperformance against the world and the US (January –

On another note, we remain neutral on India as its appeal lies in its large domestic market but it is vulnerable to high inflation. In a market where aggressive rate hikes are expected, domestic funds could be driven away from risky assets to the safety of fixed income.

While the economy is domestically driven, its equity market has large international exposures. Above all, India's 2023 P/E is expensive, certainly against north Asia and even against the S&P500.

We have been overweight ASEAN since the start of the year. Our view then was that there would be a smoother economic recovery from Covid-19 as countries like Malaysia, Indonesia and Thailand could open up better following higher vaccination rates. So far, that view has been correct with ASEAN outperforming substantially. We are still overweight ASEAN especially Indonesia. Commodity exports and FDIs are contributing to liquidity and boosting consumption in Indonesia.

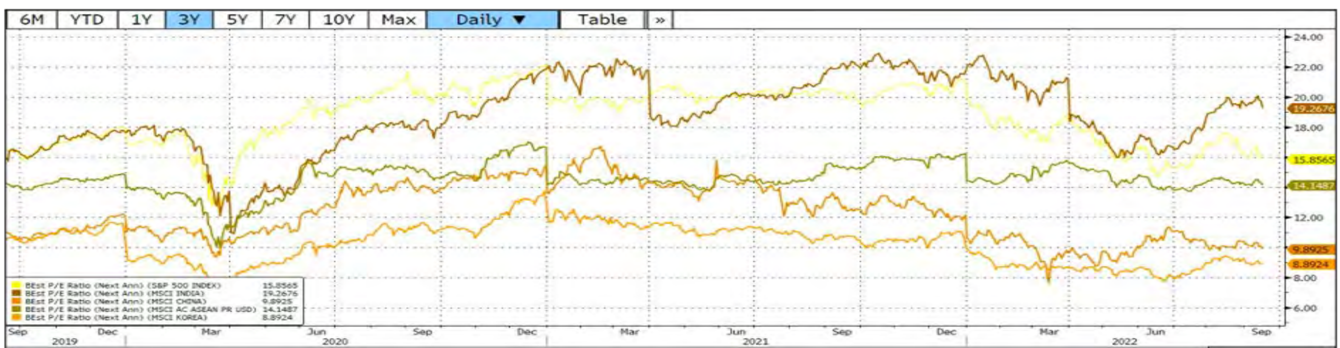
Recently in 2Q2022, our strategy was to overweight China. We have been too early and so far China has not performed. We believed that policy stimulus in China would support stock prices but China's zero Covid-19 policy has hampered the effectiveness of the stimulus programmes. Nonetheless, with the sharp drop in share prices there are a range of stocks especially in the Chinese telco sector that offer strong dividend yields of 7-8%, double digit earnings growth and are not heavily geared.

We also expect more positive catalysts from China following the National Party Congress meeting in mid October. Some of the policy changes that we want to see would be a clearer path for China to exit from the zero Covid-19 policy that could entail incentives to get vaccine boosters and shorter quarantine periods. Recently, we have seen Hong Kong allowing incoming travelers to quarantine at home rather than at a hotel or a quarantine centre. The Hong Kong government has also been clearly indicating their intentions to gradually open up and this could be a leading indicator for China.

Should the positive catalysts materialise, we expect Asian equities to lead in the recovery as they peaked in 1Q2021 and the US stocks only peaked 9 months later in the beginning of 2022. Since the peak, Asian equities have already corrected about 40% and the magnitude of the decline is similar to previous crisis. Looking ahead, China is the only country that has the flexibility to stimulate the economy as inflation is under control unlike the US or EU.

In terms of portfolio construction, we are more cautious now as compared to our last update. In the short-term, we are defensive by increasing the amount of cash in our portfolios. Higher interest rates in the US will continue to weigh on the stock market. However, over the medium-term, we are more positive as valuations have reached trough levels that were often associated with market bottoms.

Exhibit 7: One-Year forward P/E of various MSCI Asian indices against S&P500



Source: Bloomberg, Maybank Asset Management. Period: 30th June 2022 – 16th September 2022

Country Calls

Country	Call	Rationale
China	Overweight	China's counter-cyclical policy trajectory risks weakening the Chinese Renminbi (RMB). After 3Q2022's sell-off on recalibrated expectations that the end of zero Covid-19 strategy (ZCS) is taking longer, it is nevertheless, the only major economy likely to still grow GDP and corporate earnings in 2023, albeit by less. The delayed impacts of easier fiscal and monetary policies should ensure that. The eventual end to ZCS may well serve as 2023's tailwind. While the economy is export-driven, its equity indices are more domestically driven. Among other risks that may impact China are regulatory risks playing out again in the name of common prosperity and worsening property sector debt crisis. China is undervalued in absolute terms with the MSCI China on 10.0x 2023 P/E or 1SD below 5-Year mean and on a YTD basis, an Asian laggard.
Hong Kong	Underweight	Hong Kong's domestic plays exhibit low earnings growth as China's ZCS curbs parts of Hong Kong's economy such as tourism and retail. But unlike China, MSCI Hong Kong is at 2023 P/E of 12.7x, relatively more expensive versus the rest of North Asia and its index exposure to property market is vulnerable to high interest rates. One positive note is that it has fiscal resilience and a market with a good number of dividend yielders.
India	Neutral	India is expensive and faces risk of valuation compression as higher policy rate may reverse domestic retail flows. Inflation has hit India harder than most countries as fuel and food inflation are particularly sensitive to a society of modest per capita income. The Reserve Bank of India (RBI) will likely adopt aggressive tightening if it is to prevent excessive weakening of the Indian Rupee (INR). It is however, a key regional beneficiary from the troubles that have plagued the China market.
South Korea	Underweight	Continued weakness in semiconductor and memory demand creates earnings downside risks. This point of the rate cycle does not yet favour cyclical export-reliant South Korea. However, valuations are now modest after severe underperformance YTD and foreign positioning is light.
Indonesia	Overweight	A preferred ASEAN market, Indonesia is sailing on still elevated commodity prices that bode well for its current account. The recently reduced fuel subsidy was viewed positively as a good long-term reform to better manage an already stretched government's budget. While relatively better positioned than cyclical/growth markets at a time when US rate cycle is still rising, short-term risks abound if commodity prices roll over and Indonesian Rupiah (IDR) weakens. Nonetheless, valuation remains reasonable.
Malaysia	Neutral	Malaysia has only been a moderate performer within ASEAN despite commodity price surge, weighed down by underperformance of gloves manufacturers and rising political risks as the deadline for general election draws closer. The necessity to consolidate the budget and possibly fiscal austerity weigh on the outlook for 2023. Positively, Malaysia has transitioned to the endemic phase and its economic reopening pace gathering momentum.
Philippines	Underweight	Philippines is particularly vulnerable to rising energy and food prices in terms of impacts on consumption, current account and budget balance. Positively, the Bangko Sentral ng Pilipinas (BSP) which has lagged, in response during 1H2022 has finally accelerated rate hike adjustments after the elections which helps arrest the decline in the Peso. As the world's largest rice exporter, India's recent curbs on its rice exports bodes badly in coming months for the rice-importer Philippines as rice is a significant component of its CPI basket.
Singapore	Overweight	The tech and growth stocks on MSCI Singapore has dragged the index but not the Straits Times Index (STI). Slowing global trade is a risk to the economy and market. Policy wise, MAS will keep its pace more closely with the Fed compared to its regional peers. Positively, it will benefit if China finally reopens and it has the strongest government balance sheet with ample reserves, supporting a strong currency.
Taiwan	Neutral	Like South Korea, Taiwan was victim to memory/export cycle downturn worsened by rising risk of recession in developed economies. A major negative factor is its position as a source of geopolitical tension. However, positive is that valuation is no longer rich and it continues to offer quality sustainable growth (QSG) with dividend yields. Taiwan (along with South Korea) have the best long-term secular themes that strengthens with time.
Thailand	Neutral	There is scope for earnings upgrades as tourism recovery theme gains traction which could help its current account turn a surplus by year-end. However, the absence of incoming tourist traffic from traditional large markets of China and Russia will cap full recovery in the near term. Valuation could be an issue if earnings upgrades fail to materialise.

Sector Calls

Country	Call	Rationale
Communication Services	Neutral	The advent of 5G and shifts in consumer behavior due to Covid-19 have telcos having to innovate to deliver services beyond traditional connectivity services. Capturing the 5G opportunities requires telcos to capture and analyse data from new sources to deliver new layers of enterprise solution services that will likely start a capex upcycle and inflexion point in terms of returns.
Consumer Discretionary	Underweight	This sector comes off last year's low base as international borders reopen selectively, but may take a while to fully recover given that prolonged geopolitical tensions and China's ZCS are still major risks. Unlike consumer staples, consumer discretionary tends to be more price elastic and prone to downside risks should global economies slow down faster than expected.
Consumer Staples	Neutral	Agriculture commodity producers have had a strong run since 12 months ago, prolonged by the war-disrupted supply issues. Despite the strong run up, some exposure may however still be necessary to 'insure' against prolonged geopolitical risks and concerns about food security. Food security thematics via better entry points are the ones to own.
Energy	Overweight	Despite carbon emitting properties and sustainability issues around oil and coal, these industrial age commodities will be needed for many more years although the demand will be on a long term declining curve. In the near term, they are badly needed with severe short supply due to wars and geopolitical sanctions. The current situation gives opportunities for repositioning into renewables.
Financials	Overweight	With Asia mostly opening up except China, local banks are the best exposures to this thematic especially in countries where local bond yields do not mirror closely US treasury yields (where we believe rates may be closer to peak) such as Indonesia, India, Malaysia and the Philippines. Banks here have not yet fully extracted prospects of NIM expansion from rising rates.
Health Care	Neutral	Healthcare is defensive given the general aging demographics globally, which places hospitals and medical equipment as our preferred picks over pharmaceuticals and glove makers that are prone to margin compressions although value has emerged in the latter following steep sell off since a year ago.
Industrials	Neutral	The industrial sector as a traditional space, offers defensive value, making it less vulnerable to global de-risking. And, the push for sustainability will continue to be a source of defensive growth for the chemical and plastics recyclers, water conservationists and sustainability management software providers. Shorter term, shipbuilders should benefit from new builds orders arising from Western Europe diversifying energy sources such as natural gas away from Russia amid the war.
Information Technology	Neutral	Given more room for rate hikes in the US the rest of this year, we are only selectively turning bullish on the tech sector despite steep sell-off in the year-to-date, preferring those with structural underpinnings and deep values. These can be found in subsectors of cloud computing, Internet of Things (IoT), automation and robotics/AI as well as fintech/payments.
Materials	Neutral	Commodities required for the digital and information age such as copper, nickel, lithium, rare earths and semiconductors have structural demand underpinnings supporting their investment cases. And in the near-term, prices can remain elevated as Russia and Ukraine are major producers.
Real Estate	Underweight	A rising interest rate environment and generally sluggish growth may dampen demand for properties in Asia. In China, although the real estate sector exhibits deep value, it is a troubled market segment in need of countercyclical policies that have been implemented in support of the debt restructuring process.
Utilities	Neutral	In the near term as inflation remains sticky, utilities with exposures to regulated assets tend to be defensive. Preferred are those with concession terms that protect their values from being eroded by prolonged inflation (via cost-pass-through clauses) as well as those with long term strategy to address climate change issues.

4Q2022 Asian Fixed Income Outlook & Strategy

ASIAN BONDS

In rising interest rate environment, investors still lack appetite for bond investments and still wary of the Fed, though, yields are certainly at attractive levels. 'Don't fight the Fed' became a highly popular narrative. With such bakdrop, we would persistently overweight Investment Grade (IG) versus High Yield (HY) as to remain cautious, preparing for FY2023. Long end Treasuries would also be our call as a hedge against US recession.

As of 3Q2022, the JP Morgan Asia Credit Index (JACI) is down by 14%. Every bond suffered, from treasuries to investment grade corporates to high yield corporates. High yield was a key underperformer and the main weakness was in China high yield, specifically China property bonds.

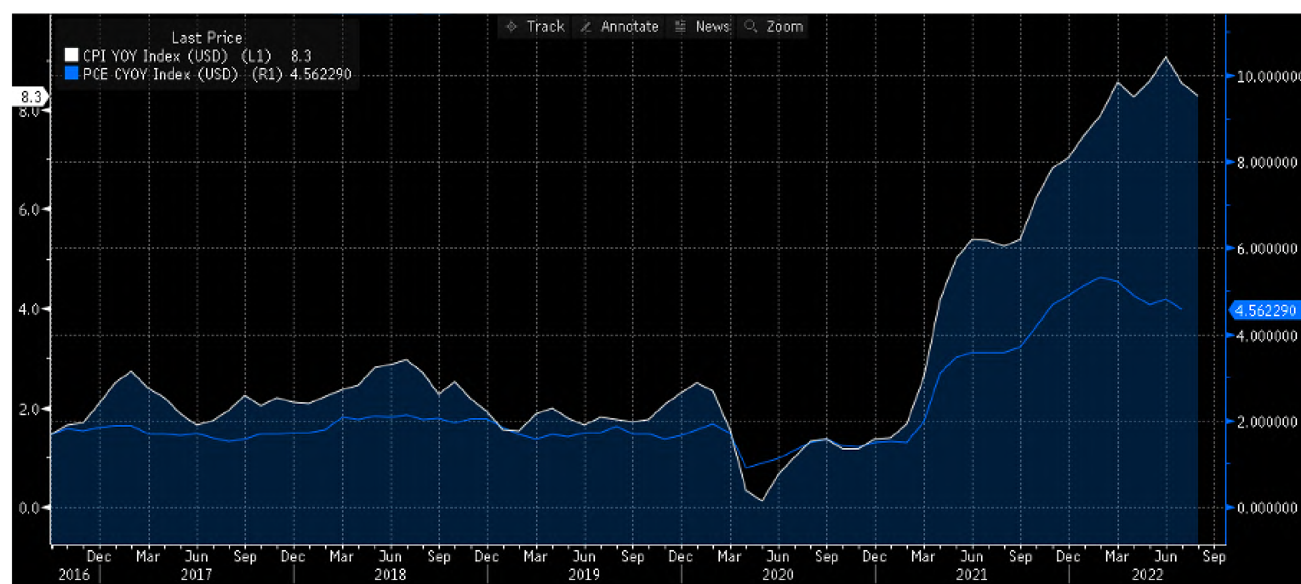
However, since 2H2022, we saw heavy pressure on non-China high yield bonds. As fund managers saw persistent redemptions on their bond funds, they turn to selling down non-property bonds to raise cash as China property has already been heavily sold down.

We have witnessed one of the most severe sell-offs in bond history apart from the Global Financial Crisis in 2008. Yet we continue to remain wary of the 4Q2022 investment outlook given that several risk factors remain stubbornly entrenched.

First is inflation. While core and overall inflation appears to have peaked, they remain uncomfortably high versus historical. In the past few months, energy and food prices moderated but housing and services inflation remain elevated. More worrying is that inflationary pressure now appears to be driven by demand strength rather than supply constraints. Finally oil prices look to be pressurised upwards again given that Organisation of the Petroleum Exporting Countries (OPEC) is looking to cut production by one million barrels per day and we are entering into winter months soon.

Second pressure point is asset price volatility. This year we have experienced high volatility versus previous years given the many unexpected shock waves hitting the markets. Russia-Ukraine war, China high yield defaults and extensions, hawkish Fed hikes, China's ZCS and the very recent sell-off in GBP bonds and currency, the global financial markets keep getting hit by risky headlines one after another. The MOVE index, which measures the US Treasury bond volatility, is at historic high versus previous years where bond movements tend to be stable and gradual. Under this kind of environment, it is a very difficult environment for bond investors. Going into next year, we are also becoming more concerned on recession risks, which will add to market volatility as analysts revise down corporates' earnings.

Exhibit 8: US CPI Soaring Upwards Since 2020



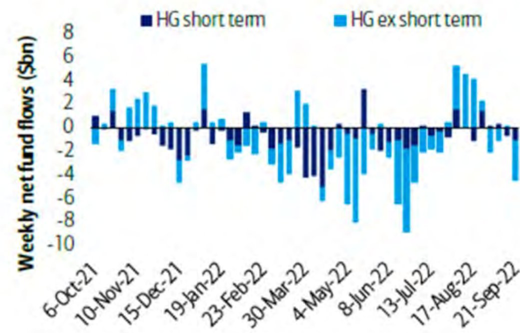
Source: Bloomberg, JP Morgan as of 31st August 2022

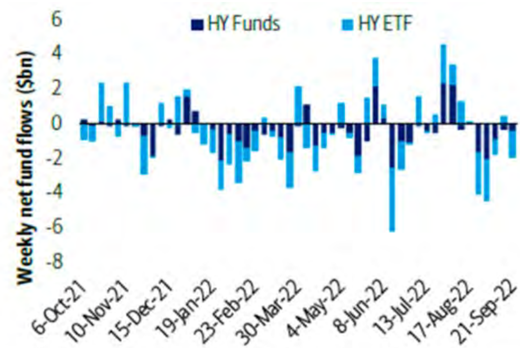
Exhibit 9: Historic High of MOVE Index

Source: Bloomberg, BofA as of end-September 2022

This brings us to the last but not least pressure point, which is bond fund flows. Over the course of this year, we have seen negative fund flows in global bonds as investors redeem their investments. Even as the bond yields traded at a much higher level given the heavy bond sell-off, we have yet to see investors deploying money back into the bond space. There was somewhat a turnaround during the month of August when we saw encouraging subscriptions into bond ETFs and bond funds. However, the outflows resumed again in September. Hence, we would need to see more buying into bonds before we can have a sustainable recovery in bond prices.

Exhibit 10: Bond Fund Flows





Source: BofA Situation Room as of end-September 2022

Our View & Positioning Summary

Main Views	Our Assessment	Strategy
Fed aggressive rate hikes will drive FY2023 into recession	The latest Sep Dot Plot indicates terminal rates at 4.625%, 100bps higher versus the prior June Dot Plot. Fed has indicated that they are prepared to raise interest rates even if recession risks increase as the damage from persistent high inflation would be more serious. We are increasingly more concerned that US recession will hit in FY2023.	Cautious on FY2023 growth. Overweight investment grade bonds versus high yield. Looking to buy long end Treasuries as a hedge against US recession.
High volatility and continued fund redemptions overwhelm attractive valuations	Valuations have been cheap since 2H2022 but unfortunately spreads and interest rates continue to march higher. Despite attractive yields, investors have no appetite for bonds as long as US Fed continues to hike. "Don't fight the Fed" became the popular narrative.	Reduce bonds and hold more cash until we find some stability in bond yields.
Asia High Yield (ex China property) & Bank Tier 1	Non-China Asian high yield has become quite attractive. 3 year BB rated corporates are yielding at 10% area. Bank Tier 1 paper is also trading at 12% area but bond extension risks has increased.	We continue to favour Indian renewables for their stronger fundamentals and look to add at 12% area. We are underweight bank Tier 1 bonds for now as they are highly correlated to equity but look to add when the equity market has stabilised.

ASIAN CURRENCIES & RATES

Asian FX is still on downbeat prospect, to an extent, trending towards 1998 financial crisis as central banks in the region is still catching up in terms of monetary tightening cycle. However, Asian economies today are in better position to navigate forward.

Despite relative calmness in the US Treasury and overall stable interest rates in July and August, markets turned volatile and corrected sharply towards September, following Fed's emphasis of keeping policy rates at restrictive levels for longer to curb inflation. The greenback's strength, as measured by DXY, rose 16.39% YTD.

Exhibit 11: Bloomberg US Dollar Index Chart

Source: Bloomberg, JP Morgan as of 31st August 2022

Diverging Asian central banks' monetary policy with the Fed exacerbated weakness in broad Asian currencies. In 3Q2022, we observed CNY breaking its sacrosanct 7 mark despite stronger daily CNY fixing, while INR broke the 80 handle; similarly USDPHP touched an all-time low of 58.5 in September 2022.

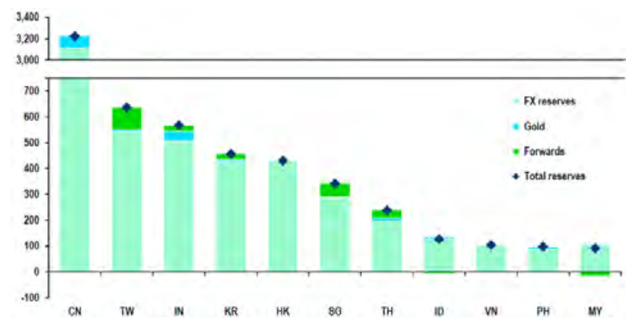
Exhibit 12: Bloomberg JP Morgan Asia Dollar Index

Source: Bloomberg, Maybank Asset Management as of end-August 2022

We observe that broad Asian currencies have been trending towards Asian financial crisis levels. With that being said, we opine that Asian economies are in a much better position in terms of FX reserves and current account positions, as compared to their respective positions during 1997/1998.

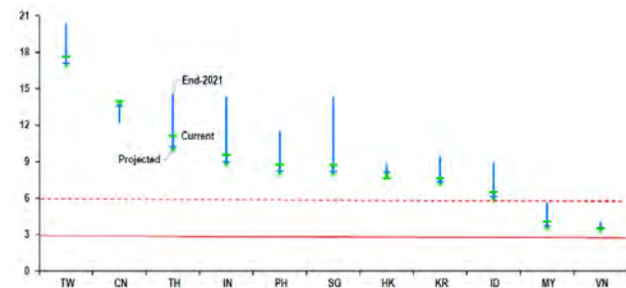
Moreover, FX reserves for key Asian countries are considered fairly adequate with more Asian economies having at least, reserves cover above 6 months of imports. Given that, we have a long Asian currencies or short USD view for the mid-to-long term horizon.

Exhibit 13: Asia FX Reserves (USD bn)



Source: SCB as of end-August 2022

Exhibit 14: FX reserves in months of imports



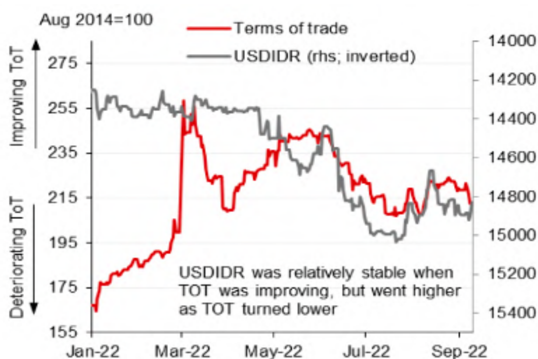
Source: SCB as of end-August 2022

However, in the shorter term, we would reiterate our downbeat outlook on Asian FX and rates for the rest of 2H2022 as Asian central banks play catch up with their tightening cycle against an inflationary backdrop while balancing growth prospects of their respective economies. Fed's hawkish turn has prompted several Asian central banks to raise borrowing rates. In September, Bank Indonesia (BI) surprised market with a 50 bps hike to contain inflation and BSP of the Philippines also delivered similar half-point hike amidst currency volatility and inflationary pressures.

KEY TRADE THEMES 4Q2022

INDONESIA

Exhibit 15: Indonesia Commodity Terms of Trade (ToT) Index

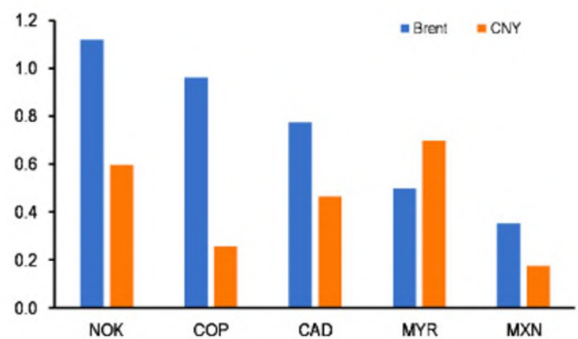


Source: Nomura as of September 2022

- Reliance on commodity export could leave IDR vulnerable as global recession risk mounts on the back of strong import demands domestically. As such, we could see that the best of Indonesia's current account surplus level is behind us.
- Furthermore, local currency (LCY) debt outflow has increased ($10bn of outflows YTD), and may increase in Q42022 as US Treasury yields trend higher, thus diminishing attractiveness of LCY debt.
- Despite the outsized hike by BI (50 bps in Sept), we do not think this is sufficient for the IDR to rally given the growing downside risks mentioned. **We remain neutral-to-bearish on the IDR.**
- **On local rates, we are neutral** as BI continues its 'Operation Twist', which involves sale of short dated bonds to increase short-end yield and buying long dated bonds. We will remain nimble on the short-end bonds and prefer to position in the 5-7 year part of local currency curve in view that curve is relatively flat from 5-7year part onwards.

MALAYSIA

Exhibit 16: MYR Sensitivity Towards CNY & Oil Prices



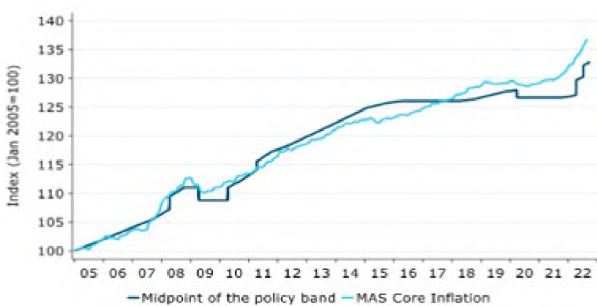
Source: JPM

- MYR, being an exporter currency, has seen high correlation to the CNY movement. As such, MYR trajectory is likely to be pressured by weaker CNY in coming months.
- In addition, the loose export conversion rules still remain a major headwind for MYR as exporters are converting less of their proceeds to MYR (i.e. balance of payment 'leakages').
- Overall, we are **bearish on MYR in 4Q2022** as the USD strength takes centre stage.
- Bank Negara Malaysia stated that they are 'not on any pre-set course' with main priority 'to sustain country's growth', thus indicating that they may not follow the magnitude of Fed's tightening.
- Despite market volatility, domestic liquidity remains sufficient coupled with track record of orderly function of domestic financial and FX markets. Healthy domestic labour market recovery and in turn, higher contributions to the Employees' Provident Fund (EPF) is likely to provide support in the long-end given greater MGS buying. **Neutral on local rates.**

KEY TRADE THEMES 4Q2022

SINGAPORE

Exhibit 17: MAS policy band vs MAS core inflation



Source: ANZ

- Both headline and core inflation rose more than expected in 3Q2022, rising to 7.5% and 5.1% YoY respectively in August, levels not seen since 2008.

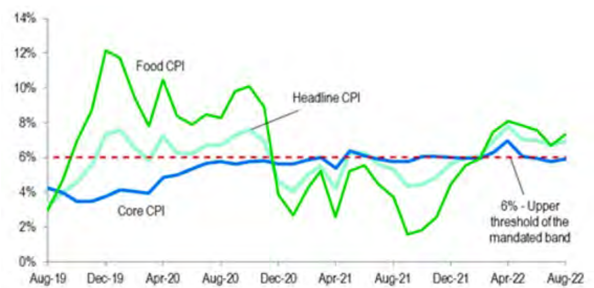
- The latest data likely cements another tightening move for the upcoming October MAS meeting; with our base case now for a 100bps slope increase and upward re-centering of the policy band (policy band have been lagging behind core inflation).

- Even though, SGD will likely struggle against the USD given the extreme breadth in dollar strength, we opine the double tightening is expected to bode well for the currency in general. **We would remain long on SGD.**

- Singapore Government Securities (SGS) have largely outperformed US Treasuries amid light SGS issuance. **We expect long-end SGS to outperform the short end and overall US Treasuries** as the curve flattens in the medium term. Meanwhile, we view that the Singapore Overnight Rate Average (SORA) will likely stay high amid higher MAS bill supply and expected rise in the Fed fund rate.

INDIA

Exhibit 18: India's Inflation at c.7% May Warrant Higher Rate Hikes



Source: SCB

- While the recent commodity price correction will likely bring India's current account deficit lower, the funding requirement has remained large. Additionally, we see cautious investment flows amid higher global rates and the RBI implicitly allowing a weakness in the INR.

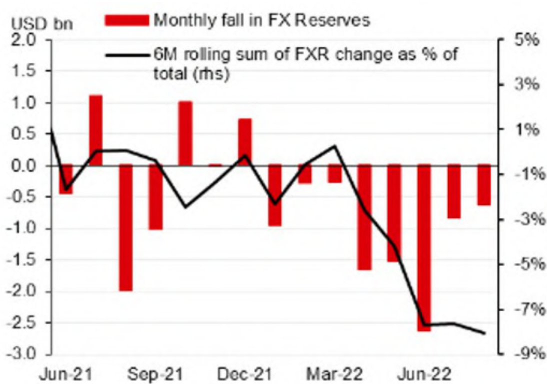
- Upside risk for India's inflation has risen due to uneven monsoon rains, pushing up food inflation. Growth recovery also remained uneven, but could hold up as India enters its festival season. We believe that increased inflation risks will warrant more rate hikes by India's Monetary Policy Rate (Note: Repo rate, as of time of writing, stood at 5.40%).

- Overall, **we are neutral to bearish on INR**, and movements of the currency in 4Q2022 will depend on the central bank's intervention.

KEY TRADE THEMES 4Q2022

PHILIPPINES

Exhibit 19: Draining of Philippines' FX Reserves



Source: Nomura

- For the first 8 months of the year, Philippines' balance of payment deficit was set to a new high of USD 5.492bn due to elevated energy and food prices. Furthermore, India's recent export restrictions on rice and existing Russia-Ukraine conflict is expected to push up global food prices, adding to the vulnerability of the PHP as the Philippines is a net importer of rice.

- Headline FX reserves have also drained considerably, -9.2% YTD 2022, which makes us believe that BSP will tolerate a weakening in the peso, as there may be reluctance in continuing to drain its reserves. This comes amidst a precautionary speech by Governor Medalla and Fitch's negative outlook on the sovereign rating (BBB), citing a fall in reserves buffer could indicate external financing stress.

- There were no surprises on the monetary policy front, and we expect that to hold true for the rest of the year. **We remain bearish on the PHP** for the short term horizon.

CHINA

Exhibit 20: Yield Spread of China and US 10-Year Government Bond

Source: ANZ

- Latest data published in August showed broad economic weakness, across industrial production, retail sales and fixed asset investments. Notwithstanding that, the slump in the property sector continues to plague headlines with no visible turnaround in sight.

- Consequently, PBOC has taken steps to counteract this by easing its Required Reserve Ratio (RRR) rate as well as its 1-Year and 5-Year Loan Prime Rate (LPR). This policy divergence between China and the US will likely continue, presenting a negative technical backdrop for CNY.

- We also saw continued net portfolio outflows in China, especially on the bond front (c.USD 83.5bn YTD). Additionally, US Treasury yields have surpassed China's government bond yields across the curve, further weighing on the currency in the coming quarter.

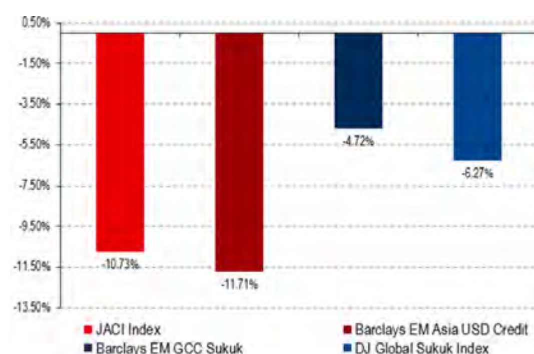
- Even though we expect the China government to gradually relax its ZCS policy after the 20th National Congress in October, the timing of easing remains uncertain. We expect its effects could possibly only be felt in early 2023. With that, we are bearish on the CNY amidst the uncertainty in Covid-19 policy change, local macro weakness and weak capital inflows.

4Q2022 Global Sukuk Outlook Outlook & Strategy

The ongoing volatile market condition is a testament to global Sukuk's resilience as an asset class. With improved macroeconomic outlook in the GCC region as well as the region's shielded position against inflationary pressure, we are neutral on the global sukuk space.

The global sukuk space outperformed its Asian peers despite being impacted during the sell-off post Jackson hole symposium. To illustrate, Emerging Markets (EM) sukuk space (as measured by Barclays EM GCC Sukuk Index) showed returns of -4.72% YTD. Vis-à-vis, the Asian fixed income space (as measured by JACI index) returned -10.75% YTD. Within the sukuk space, HY credits (-2.61% YTD) outperformed IG credits (-6.27% YTD) owing to the former's higher coupon rates and wider spreads, which provides better cushion during rising rate environment.

Exhibit 21: Sukuk vs Asian Credit Indices, YTD Returns



Source: Maybank Asset Management Singapore as of 31st August 2022

We remain neutral on the overall global sukuk space; underpinned by the following:

(i) Islamic investor base appetite remains healthy given mandate constraints and flushed liquidity, which will continue to drive technical;

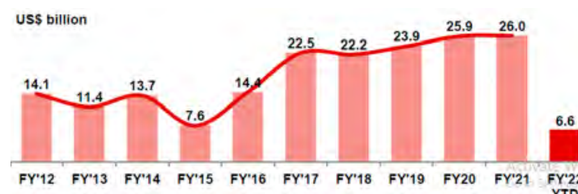
(ii) Supportive technical as muted supply given improving fiscal conditions and lower financing needs by GCC economies. GCC sukuk issuance for 1H2022 was around USD 6.6bn vs full year FY2021 issuance of USD 26bn;

(iii) Relatively shorter duration nature of sukuk, which tends to bode well with current rising rates environment;

(iv) Improved macro backdrop for overall GCC economies resulting in better credit metrics for GCC corporates; corporates such as Emaar and DP World have seen positive rating/outlook revision by rating agencies.

(v) GCC economies are relatively shielded from inflationary pressures given that GCC economies tend to peg their respective currencies to USD.

Exhibit 22: Sukuk Issuance Volume for GCC Countries



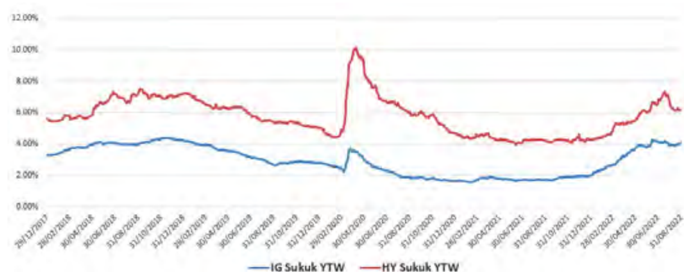
Source: First Abu Dhabi Bank

GCC countries, in particular oil-exporting economies, have seen buoyant economic recovery this year with both oil and non-oil sectors performing well. Furthermore, the region has shown better control in terms of FX volatility and inflationary pressures than in other parts of EM. For instance, Saudi Arabia's August inflation was recorded at 3.0% YoY. In addition, we observe improvement in terms of fiscal consolidation, even for weaker GCC economies following commitment to fiscal reforms amidst higher oil prices For example, Oman recorded a budget surplus of c.USD 2bn for 1H2022.

In addition, we see markedly improvement in terms of fiscal reforms in GCC economies, underscored primarily by higher oil prices and to varying degrees, GCC countries are already increasing its non-oil revenue for economic diversification. A good example would be Bahrain's push to double its value-added tax (VAT) from 5% to 10% taking effect in FY2022, underpinned by the government's commitment to its medium-term fiscal adjustment programme. In relation to that, Moody's in April 2022 has upgraded Bahrain's rating to stable from negative. Similarly, ongoing fiscal reforms such as introduction of 5% VAT in 2021 and introduction of personal income tax in 2023 by the Omani government has led to improvement in the country's fiscal metrics. We have observed 2 positive rating action in 2022 thus far; S&P upgraded Oman to BB- from B+ in April 2022 and Fitch upgraded Oman to BB from BB- in August 2022.

We take cognisant that lower oil prices over the medium-term due to dampened global demand or recessionary risk may dilute GCC governments' efforts in committing to their respective fiscal reforms. Having said that, we opine that that the GCC economies are heading towards the right direction given ongoing fiscal consolidation efforts aided by still elevated oil prices as compared to historical prices. This may limit deterioration in public finance and fiscal metrics in the near-term.

Exhibit 23: Yield Movement of Investment Grade and High Yield Sukuk



Source: Maybank Asset Management Singapore as of 31st August 2022

Note: IG YTW (blue) is based on Dow Jones Sukuk Index; HY YTW (red) is based on S&P Global High Yield Sukuk Index

Internally, our key views on Sukuk-issuing sovereigns as tabulated below:

Country	Commentary
Saudi Arabia	**Neutral** • Strong ratings of A1/A-/A rating by Moody's/S&P/Fitch reflects Saudi's improving fiscal trajectory and robust economic growth (2Q real GDP expanded 12.2% y/y underscored by oil activities: +22.9% y/y and non-oil activities: +8.2% y/y) • Positive outlook by S&P (Sept 22) is underpinned by Saudi's relatively robust GDP growth (2022F GDP growth: 7.5%) and improved fiscal trajectory (2022F fiscal surplus: 6.5%), ongoing structural reforms and emergence from the pandemic. Macroeconomic reforms to drive non-oil economic growth via infrastructure investments/ mega-projects are expected to widen non-oil tax base and partially decouple the domestic economic from cyclicality of oil prices hence, supporting longer term growth. • With the recent rates selloff, KSA 31s is now trading at YTM ≈ 4.2% albeit spreads are still holding up at 70-75 bps area. Even though, we see value in KSA sukuks on a hold-to-maturity basis, we do not expect to add exposure extensively as we are not overweight duration.
Oman	**Neutral** • Omani government had shown fiscal prudence where it used part of oil revenue windfall to buy back roughly US$0.7 bn of bonds maturing across 2025-32, prepay US$1.3 bn pre-export financing facility taken in 2017 as well as repaying a maturing loan amounting to US$3.6 bn from China. These efforts bode well with government's initiative to lower its general government debt/ GDP, which is expected to improve from 63% recorded in fiscal 2021 and a peak of 70% in 2020. • Fitch is forecasting budget surplus of 5.5% and 3.4% of GDP in 2022 and 2023, respectively, on the back of oil revenue growth outweighing additional spending. Country is expected to meet fiscal forecast given budget surplus recorded in 1H22. • Overall OMANGS complex have held up reasonably amidst current rates selloff attributed to tightening of credit spread. (Note: OMANGS 30 credit spread had tightened around 90 bps to 165 bps since end of 1H22. We may look to adding exposure to OMANGS sukuk as interest rates peak.
Indonesia	**Neutral** • Following government's removal of fuel subsidies by c.30% effective 3rd Sept, inflation outlook for Indonesia is likely to worsen. After the 25bps-rate hike by Bank Indonesia ("BI") in Aug, BI surprised markets by a "front-loaded" 50 bps hike in the recent Sept meeting. • BI also significantly changes core inflation forecast to 4.6% by end 2022 (from 4.15% in last meeting), which in our view partly reflects the direct and indirect 2nd round effect from the 30% increase in fuel. We opine that aggressive hike undertaken recently is pre-emptive in nature before inflation accelerates further given lags in monetary policy transmission. • Notwithstanding that, Indonesia's credit strength is underpinned by its healthy external balance (Indonesia reported larger-than-expected Aug trade surplus of US$5.76 bn) from improved terms of trade and higher commodity prices. In addition, removal of fuel subsidies is expected to reduce pressure on fiscal budget (analysts are still forecasting a budget deficit of >3% for fiscal 22). • We are neutral on IDR-denominated bonds/sukuk as BI continues its "Operation Twist", which involved selling of short end bonds to increase short-end yield thus, improving transmission of policy rate hikes. We prefer to position in the 5-7y part of LCY curve, where the curve is relatively flat from 5-7y part onwards. • Even though the US$-denominated INDOIS 27 has seen declines in cash price given rates selloff, we opine the said sukuk offers good carry at YTM of 4.6-4.7% area. Look to add opportunistically.

Malaysia

OUTLOOK & STRATEGY

MARKET OUTLOOK 4Q2022

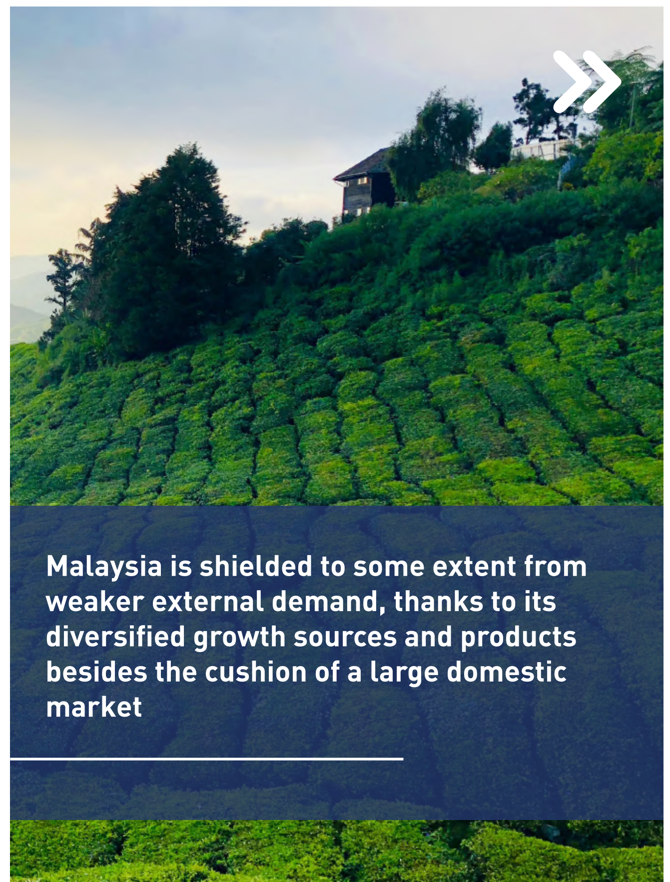
Despite inflationary headwinds and slowing global growth, Malaysia's economic outlook for FY2022 is tracking the higher end of our estimates, between 5.3% - 6.3%, as we head into 4Q2022. With the presence of tailwinds, such as strong domestic demand that propelled 2Q2022's GDP growth of 8.9% YoY spill over into 2H2022, we raise our FY2022 GDP forecast band to 5.5% - 6.5%.

Amidst challenges of higher cost of living due to rising inflation and interest rates, the underlying tone of recovery will be supported by higher tourist arrivals and improving labour market conditions where unemployment rate continued to trend downwards, from a peak of 5.3% (May 2020), to 3.7% (July 2022) with the minimum wage having been raised since May. The recovery of foreign labour arrival relieves the bottlenecks that have compromised outputs in many sectors, such as construction, agriculture, manufacturing, food & beverage as well as hospitality since the beginning of the Covid-19 pandemic.

Headline inflation is expected to trend higher for the rest of the year due to low base effect from discounted electricity prices in 3Q2021 and sustained demand for goods and services in a high operating cost environment. That said, these inflationary pressures are likely to remain manageable given existing price control measures and subsidies. While the pressure of higher subsidies has stressed the fiscal balance into a higher deficit, the impact has been partly mitigated by Petronas bumper profit this year, where in the first half, it more than doubled its net profit to RM46.4b, from RM18.8b a year ago. As a result, it was able to double its 2022 dividend payment to RM50b from RM25b promised earlier. Our projected budget deficit of 6.4% for 2022 therefore remains, despite the higher-than-projected subsidy.

Given the strong underlying inflationary forces that remains in the US, the Fed will likely maintain its hawkish stance which should likely see the Fed Funds rate end the year at 3.75% versus 2.25% currently. Due to the higher than previously expected hikes in the Fed Funds rate, we project another 25 bps hike in Malaysia's OPR to 2.75% in the final MPC meeting of the year in November. Heading into 2023, the need for budget consolidation after Malaysia's 15th General Election (GE15) will prompt the government to adjust the subsidy mechanism and adopt a targeted approach to support the B40 category. Thus the outlook for inflation may be to the upside and monetary policy has to respond further as necessary.

Despite growing risk of recessions in the US and the EU as well as weakness in China's economy, a recession in Malaysia is only a remote possibility. Barring a big shock on a scale of a global systemic contagion, a slower growth is the more likely outcome for Malaysia in 2023. Malaysia is shielded to some extent from weaker external demand, thanks to its diversified growth sources and products besides the cushion of a large domestic market. Our base case 2023 GDP growth for Malaysia is 4.0%.



Key economic forecasts for 2022: MAM versus selected brokers and consensus average

	MAM'S FORECAST	CONSENSUS AVERAGE
Real GDP (%)	5.5 – 6.5	6.8
CPI (%)	3.0	3.1
OPR	2.75	2.65
Budget (% GDP)	-6.4	-6.0
USDMYR	4.60 – 4.70	4.50
Brent Average (USD)	100	99.6
CPO Average (MYR)	4400-4900	5,100
FBMKLCI Target	1558	1571
FBMKLCI P/E	14.2	13.8

Source: Bloomberg, Maybank Asset Management

EQUITY OUTLOOK & STRATEGY

Until Malaysia and global equity markets have repriced adequately to reflect the extent of economic slowdown that lies ahead, market volatility will persist. Thus, it is crucial to have a well balanced portfolio in the short to medium term.

On the back of the stronger economic activities domestically in 2Q2022, the corporate earnings for the quarter came in within expectation. Our re-opening play bet in key sectors such as banks and other discretionary sectors performed as expected. Nevertheless, all the good corporate earnings and economic numbers are unable to contribute positively to the performance of the equity market in Malaysia. As of YTD (end-August 2022), FBMKLCI ended lower at -3.54%, driven largely by the sell-down in the healthcare (gloves) and technology related counters. Sentiment in the local market was mostly affected by global macroeconomic risk, particularly in relation to US monetary policy coupled with the ongoing Ukraine-Russia war.

Given the hawkish tone set by the Fed and other central banks globally (with the exception of China), Malaysia will likely press on the path of policy tightening. The impact of this path will be closely watched over the next 12 months as the risk of recession and corporate failures rise with rising borrowing costs and inflation. Another source of drag for economies is the diminished purchasing power of consumers due to persistent inflation that will likely lead to lower than expected growth from private consumption.

For Malaysia in particular, the outcome of GE15 and political stability will be the other key risk that investors will focus on going into 4Q2022 and FY2023.

The tabling of Budget 2023 (which was brought forward to early October) will be closely watched and since this budget could possibly be the last one before GE15, it could be a "populist" budget with a lot of "goodies" for Malaysians.

With limited fiscal headroom, there are mounting pressure for the government to broaden the revenue source and this has led to the speculation of a new tax system/regime for the private sector going into FY2023. Any negative surprise from Budget 2023 will not augur well for the capital market, just like when the government surprised the market with the introduction of the one-off "Cukai Makmur" in 2022.

We are in the view that market sentiment may stay weak with intermittent sell-down on the global equity market, as market attempts to price in the peak of the US interest rate cycle and the risk of global economic growth slowdown. With such backdrop of persisting volatility due to external macroeconomic factors couple with rising risk of GE15 uncertainties, we reiterate our neutral call on Malaysia equities and advocate a balanced portfolio structure between growth, value and defensive stocks. In terms of asset allocation, we will still be holding higher than average cash position for our portfolios going into 1H2023.

Despite all the challenging outlook in the global space, it will not all be gloomy for Malaysia, as our economic fundamental remains intact and equity market valuations are at -2 standard deviation. **The positive re-rating catalyst for Malaysia could come in the form of political stability post-GE15, better than expected economic growth in Malaysia in FY2022** and FY2023 as well as a soft landing for global economic slowdown, particularly in the US.

FIXED INCOME OUTLOOK & STRATEGY

As the outlook for Malaysia economy is improving with 2022 GDP is expected to grow between 5.5% - 6.5%, we expect that the local fixed income market to remain resilient despite headwinds from global tightening cycle. We would overweight corporate papers and neutral duration given such outlook.

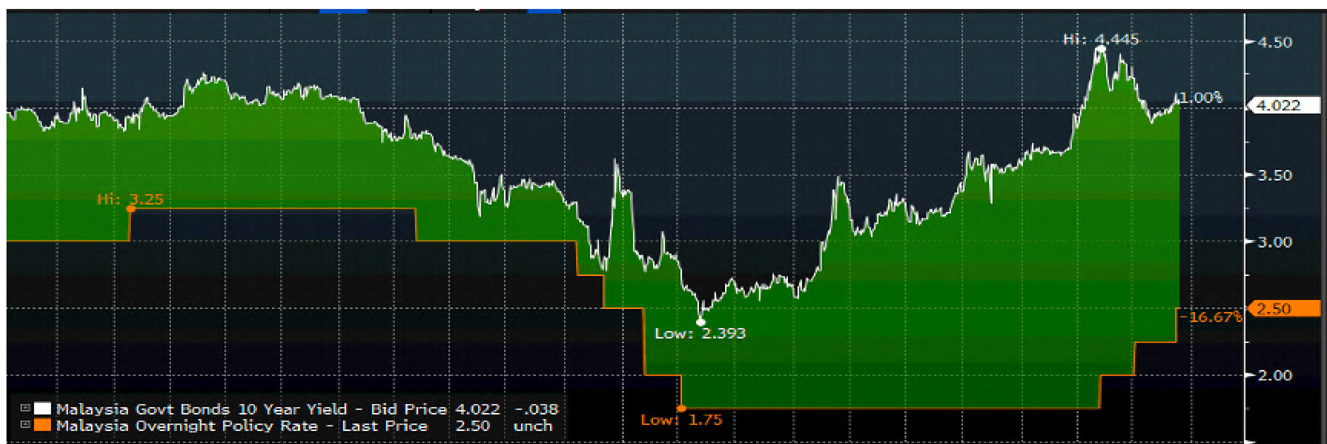
The Malaysia economy is expected to surpass government's growth forecast following such strong 2Q2022 GDP data. As a result, the local bond market remained stable after Bank Negara Malaysia (BNM) recently hiked the Overnight Policy Rate (OPR) by another 25bps to 2.50% in September 2022, third rate hike to happen in FY2022 thus far. Currently, overall market consensus is expecting the OPR to be at the 2.75% level by end-2022.

As a result, the local bond market has priced in fully the additional 25bps hike by year end, judging from the historical yield spread between the OPR vs MGS 10-Year.

Therefore, we have seen no knee-jerk reaction post OPR hike and we continue to see local bond market remains steady. It is worth to note that during the recent MGS/GII auctions, a relatively healthy bid to cover ratios have been recorded, confirming that liquidity in the MYR bond market remains ample.

Our strategy going forward is to remain cautious and nimble reacting to both the Fed's and BNM's policy direction as well as geopolitical stability that will affect commodity prices hence the inflation rate and GDP data globally. Hence, we will maintain a neutral duration for our fixed income portfolios and overweight on strong rated corporate bonds especially on the new primary issuances that would offer higher yields to boost portfolio performances. Trading wise, we would be alert on individual bond/sukuk that are still in the mark-to-market gain territory as they could increase portfolio realised income and subsequently funds' dividend distributions.

Exhibit 24: Spread Between OPR and MGS 10-Year

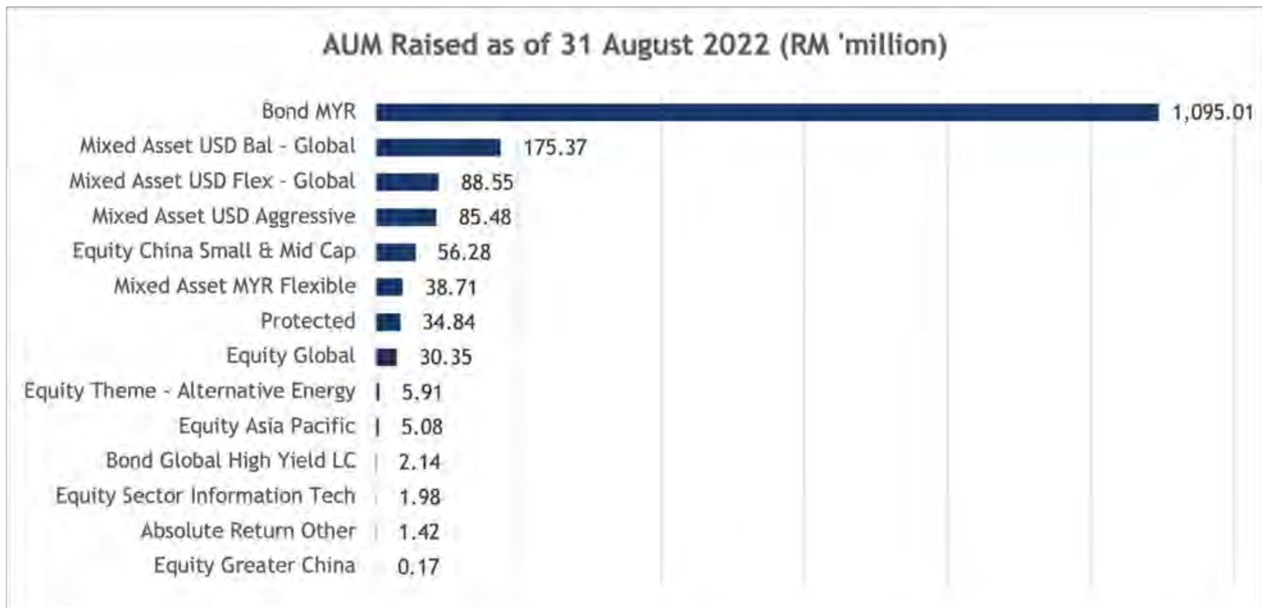


Source: Bloomberg, Maybank Asset Management as of 14th September 2022

Product Trend

3Q2022

Product Trends 3Q2022



TOP 3 STRATEGIES:

1.Bond MYR
2.Global Mixed Assets – Balanced
3.Global Mixed Assets – Flexible

Volatile environment due to headwinds from multiple prongs have resulted in investors to seek shelter from safer assets such as the local fixed income market. As a result, flows into MYR bond funds still top the list, standing ahead by far against other asset classes. Resiliency of MYR bonds as well as attractive yields being offered currently are amongst the key reasons for such strong flows.

It is worth to note that, with the existing market backdrop, mixed assets strategies continue to be one of the main choices for Malaysian investors to generate returns, while protecting their investments against downside risks.

Product Highlights

Living in an era of mounting environmental and social concerns has led us to focus our attention on how we can achieve economic development without compromising the environment and the needs of future generations. In asset management, investors have turned to sustainable responsible investing (SRI), which combines investment return potential with achieving social and/or environmental goals.

Together with this development and in line with our focus in bringing unique sustainable solutions to the investors, we have partnered with BNP Paribas Asset Management to launch the MAMG Global Environment Fund, a Feeder fund feeding into the BNP Paribas Funds Global Environment (Target Fund).
The Target Fund seeks to deliver returns by investing in global companies that operate in environmental markets, such as renewable & alternative energy, energy efficiency, water infrastructure & technologies, pollution control, waste management & technologies, environmental support services, and sustainable food. The Target Fund is managed by a specialist asset manager, Impax Asset Management, the pioneer and currently one of the largest investment managers in the sustainable investment space.

Growing backlash against greenwashing would favour the credible sustainable investment managers such as Impax. Post-investment evidence of the Target Fund's impact to the environment is publicly available on an annual basis. In 2020 alone, the effect of the Target Fund's investment is equivalent to taking 145,570 cars off the road, generating renewable energy equivalent to 17,330 households' electricity consumption, treating 748,740 households' water consumption and treating of 219,950 households' waste arising in the year.

The SRI-qualified Target Fund not only delivers positive impact to the environment, it has also displayed solid performance track record since its inception in April 2008. Because of current unprecedented environmental challenges facing the world, we believe industries in the environmental sector will benefit from exponential growth over the long term due to the massive investment needed to meet these challenges.

As environmental markets transform, the set of related investment opportunities is widening and deepening. This is supported by strong consumer interest and government policies as we transition to a more sustainable global economy. At a market level, even during the turmoil during the first quarter of 2022, flows into sustainable funds remained positive. According to Morningstar, the European sustainable fund market (81% of global sustainable fund assets) attracted USD 78bn of net inflows while conventional funds saw US$21bn of net outflows. Moves to reduce dependency on Russian fossil fuels will almost certainly accelerate the shift to renewable energy. And regulatory changes continue to favour a shift to sustainable investing.

Conscious minded long-term investors should think about adding the MAMG Global Environment to their portfolio. The broadly diversified global equity fund provides an easy entry point and ideal for investors new to the environmental markets.

Our Solution: Islamic Funds

Risk Rating	Our Funds	Type	Inception	Performance			Geographical Exposure
				1Yr	3Yr	Ann. Since Inception	
AGGRESIVE	Maybank Asiapac Ex-Japan Equity-I	R	8-Jan-14	--13.15	3.30	4.78	Asia Ex-Japan
	Maybank Global Sustainable Equity-I MYR	R	25-Aug-20	-16.94	-	-0.44	Global
	Maybank Global Sustainable Equity-I MYR Hedged	R	25-Aug-20	-23.81	-	-4.62	Global
	Maybank Global Sustainable Equity-I USD	R	25-Aug-20	-23.99	-	-4.98	Global
	Maybank Malaysia Growth-I	R	24-Nov-00	-16.83	-4.68	4.12	Malaysia
MODERATE	MAMG Global Income-I MYR	R	13-Mar-18	-4.78	1.16	3.84	Global
	MAMG Global Income-I USD	R	08-Jul-20	-5.59	-	1.89	Global
	Maybank Asia Mixed Assets-I MYR	R	16-Aug-21	-13.20	-	-12.35	Asia
	Maybank Asia Mixed Assets-I USD	R	16-Aug-21	-15.51	-	-14.61	Asia
	Maybank Global Mixed Assets-I AUD Hedged	R	15-Jun-20	-20.32	-	0.19	Global
	Maybank Global Mixed Assets-I MYR	R	17-Jun-19	-11.48	5.85	6.04	Global
	Maybank Global Mixed Assets-I MYR Hedged	R	17-Jun-19	-18.58	3.34	3.28	Global
	Maybank Global Mixed Assets-I SGD Hedged	R	15-Jun-20	-19.33		0.92	Global
	Maybank Global Mixed Assets-I USD	R	17-Jun-19	-19.21	2.67	2.84	Global
	Maybank Global Mixed Assets-I USD Institutional Distribution	W	17-Sep-20	-18.10	-	-0.82	Global
	Maybank Global Wealth Growth-I MYR Hedged Accumulation	R	15-Feb-22	-	-	-	Global
	Maybank Global Wealth Growth-I USD Accumulation	R	01-Jun-22	-	-	-	Global
	Maybank Global Wealth Moderate-I MYR Hedged Accumulation	R	15-Feb-22	-	-	-	Global
	Maybank Global Wealth Moderate-I MYR Hedged Distribution	R	15-Feb-22	-	-	-	Global
	Maybank Global Wealth Moderate-I USD Accumulation	R	01-Jun-22	-	-	-	Global
	Maybank Global Wealth Moderate-I USD Distribution	R	01-Jun-22	-	-	-	Global
	Maybank Income Management-I	R	08-Jan-20	0.31	-	1.85	Malaysia
	Maybank Institutional Income Management-I	W	09-Mar-20	4.89	-	13.31	Malaysia
	Maybank Malaysia Balanced-I	R	17-Sep-02	-8.45	0.07	4.17	Malaysia
	Maybank Malaysia Income-I A MYR	R	27-Apr-04	-0.20	2.50	4.23	Malaysia
	Maybank Malaysia Income-I C MYR	R	21-Aug-13	-0.21	2.54	4.39	Malaysia
	Maybank Malaysia Income-I C USD	R	17-Sep-14	-9.20	-0.21	-0.30	Malaysia
	Maybank Malaysia Sukuk	R	08-Jan-14	-1.17	2.14	3.84	Malaysia
	Maybank Mixed Assets-I Waqf A	R	03-May-21	-9.38	-	-6.97	Malaysia
CONSERVATIVE	Maybank Money Market-I A MYR	R	6-Jul-11	1.93	2.16	2.84	Malaysia
	Maybank Money Market-I B MYR	R	18-Oct-19	2.02	-	2.24	Malaysia
	Maybank Retail Money Market-I	R	3-Nov-21	-	-	-	Malaysia
	Maybank Shariah Enhanced Cash	W	24-Nov-08	1.15	1.27	2.56	Malaysia

Source: Maybank Asset Management, Lipper as at 23rd September 2022

Our Solution: Conventional Funds

Risk Rating	Our Funds	Type	Inception	Performance			Geographical Exposure
				1Yr	3Yr	Ann. Since Inception	
AGGRESIVE	MAMG All-China Focus Equity MYR	W	29-Jul-21	-25.75	-	-25.38	China
	MAMG All-China Focus Equity MYR Hedged	W	29-Jul-21	-31.22	-	-29.61	China
	MAMG All-China Focus Equity USD	W	29-Jul-21	-31.21	-	-29.61	China
	MAMG China Evolution Equity AUD Hedged	W	03-Jan-22	-	-	-	China
	MAMG China Evolution Equity MYR	W	03-Jan-22	-	-	-	China
	MAMG China Evolution Equity MYR Hedged	W	03-Jan-22	-	-	-	China
	MAMG China Evolution Equity SGD Hedged	W	03-Jan-22	-	-	-	China
	MAMG China Evolution Equity USD	W	03-Jan-22	-	-	-	China
	MAMG Dynamic High Income AUD Hedged	W	22-Jan-19	-20.03	-3.39	-1.00	Global
	MAMG Dynamic High Income EUR Hedged	W	22-Jan-19	-20.20	-4.94	-2.34	Global
	MAMG Dynamic High Income MYR	W	22-Jan-19	-11.53	0.46	2.38	Global
	MAMG Dynamic High Income MYR Hedged	W	22-Jan-19	-18.15	-1.78	-0.08	Global
	MAMG Dynamic High Income SGD Hedged	W	22-Jan-19	-19.12	-3.08	-0.77	Global
	MAMG Dynamic High Income USD	W	22-Jan-19	-18.94	-2.41	-0.62	Global
	MAMG Global Environment AUD Hedged	R	22-Aug-22	-	-	-	Global
	MAMG Global Environment MYR	R	22-Aug-22	-	-	-	Global
	MAMG Global Environment MYR Hedged	R	22-Aug-22	-	-	-	Global
	MAMG Global Environment SGD Hedged	R	22-Aug-22	-	-	-	Global
	MAMG Global Environment USD	R	22-Aug-22	-	-	-	Global
	MAMG Liquid Alternative MYR	W	15-Nov-21	-	-	-	Global
	MAMG Liquid Alternative MYR Hedged	W	15-Nov-21	-	-	-	Global
	MAMG Liquid Alternative USD	W	15-Nov-21	-	-	-	Global
	Maybank Global Sustainable Technology MYR	R	18-Jan-21	-30.94	-	-15.12	Global
	Maybank Global Sustainable Technology MYR Hedged	R	18-Jan-21	-36.30	-	-20.27	Global
	Maybank Global Sustainable Technology USD	R	18-Jan-21	-37.09	-	-21.34	Global
	Maybank Malaysia Dividend	R	06-Jun-06	-13.30	-0.41	8.11	Malaysia
	Maybank Malaysia Ethical Dividend	R	07-Jan-03	-5.32	0.84	8.96	Malaysia
	Maybank Malaysia Growth	R	26-Mar-92	-7.68	1.72	4.25	Malaysia
	Maybank Malaysia SmallCap	R	03-Mar-04	-15.81	11.42	3.75	Malaysia
	Maybank Malaysia Value A MYR	R	07-Jan-03	-5.92	3.05	9.14	Malaysia
	Maybank Malaysia Value C MYR	R	07-Jan-03	-5.78	3.22	1.63	Malaysia
	Maybank Singapore REITs A MYR	R	13-Sep-18	-6.39	-0.13	4.53	Singapore
	Maybank Singapore REITs B MYR Hedged	R	13-Sep-18	-8.03	-0.84	3.99	Singapore
	Maybank Singapore REITs C SGD	R	13-Sep-18	-9.23	-1.85	3.12	Singapore

Risk Rating	Our Funds	Type	Inception	Performance			Geographical Exposure
				1Yr	3Yr	Ann. Since Inception	
MODERATE	MAMG Gold MYR	W	03-Jun-20	0.41	-	-3.70	Global
	MAMG Gold MYR Hedged	W	03-Jun-20	-7.69	-	-6.27	Global
	MAMG Gold USD	W	03-Jun-20	-7.02	-	-5.12	Global
	Maybank Asian Credit Income MYR	R	07-Jul-20	-16.50	-	-6.72	Asia
	Maybank Asian Credit Income SGD Hedged	R	07-Jul-20	-17.29	-	-7.75	Asia
	Maybank Bluewaterz Total Return MYR	W	14-Aug-15	-11.84	0.64	3.42	Asia
	Maybank Bluewaterz Total Return USD	W	20-Jul-18	-13.39	0.09	2.48	Asia
	Maybank Constant Income 8	R	21-Oct-19	2.30	-	1.82	Asia
	Maybank Financial Institutions Income	W	17-Dec-09	1.26	3.08	3.95	Malaysia
	Maybank Financial Institutions Income Asia	W	26-Aug-14	-8.01	0.86	4.28	Asia
	Maybank Flexi Income AUD Hedged	R	28-Nov-19	-15.61	-	-3.86	Global
	Maybank Flexi Income MYR	R	28-Nov-19	-7.61	-	0.08	Global
	Maybank Flexi Income MYR Hedged	R	28-Nov-19	-14.85	-	-2.82	Global
	Maybank Flexi Income SGD Hedged	R	28-Nov-19	-15.68	-	-3.84	Global
	Maybank Flexi Income USD	R	28-Nov-19	-15.76	-	-3.57	Global
	Maybank Malaysia Balanced	R	19-Sep-94	-5.37	1.28	3.33	Malaysia
	Maybank Malaysia Income	R	19-Jul-96	-1.83	1.62	4.72	Malaysia
CONSERVATIVE	Maybank Enhanced Cash XIII	W	24-Sep-08	1.26	1.38	2.70	Malaysia
	Maybank Money Market A MYR	R	01-Mar-19	1.47	1.57	1.36	Malaysia
	Maybank Money Market B MYR	R	01-Mar-19	1.89	1.98	1.47	Malaysia
	Maybank Money Market C MYR	R	01-Mar-19	1.89	1.98	1.47	Malaysia

Source: Maybank Asset Management, Lipper as at 23rd September 2022

Maybank Asset Management

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