

Tactical Asset Allocation

April 2025

Prepared by the **Investment Team**
Phillip Capital Management Sdn Bhd

Market Review – March 2025

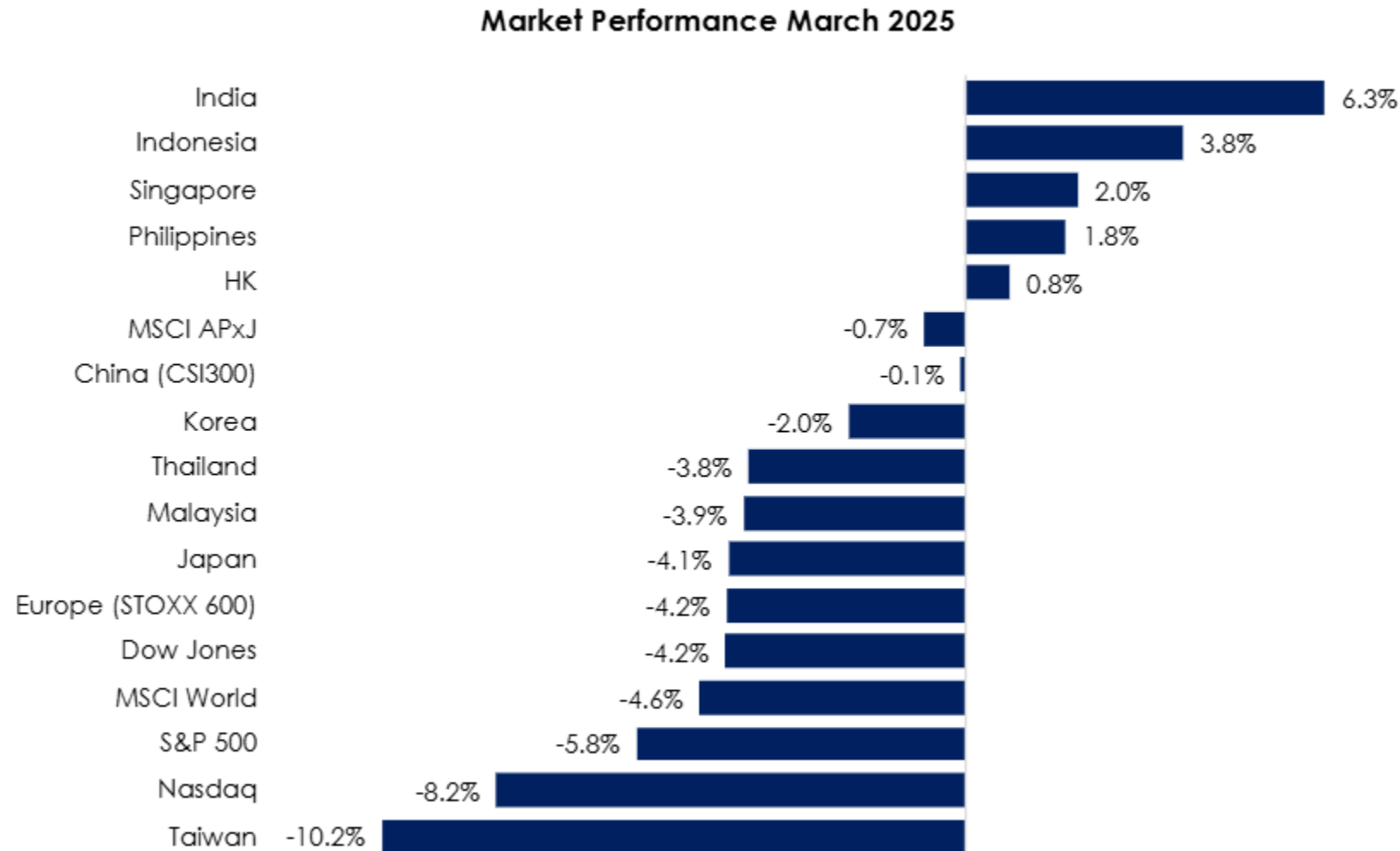
MSCI Asia Pacific Ex-Japan outperformed MSCI World; India led, Taiwan lagged

The **MSCI Asia Pacific Ex-Japan Index (-0.7%)** largely outperformed the **MSCI World Index (-4.6%)** as US geopolitics and tariff threats took a heavier toll on home turf than on its trade partners. **India (+6.3%)** led the Asia Pacific region as global rating agencies Fitch and Moody's reaffirmed India's 6.5% GDP growth trajectory this year, the highest among both advanced and emerging economies. **Indonesia (+3.8%)** bounced back in March but was still a long way from recovering from its February 11.8% decline, fuelled by scepticism over President Prabowo's radical welfare measures. **Singapore (+2.0%)** trailed slightly behind, with the buzz around the Johor-Singapore Special Economic Zone lifting investor sentiment. On the flipside, **Taiwan (-10.2%)** market plummeted as looming US tariff threats cast a huge overhang on semiconductor exports. **Europe (-4.2%)** and Japan **(-4.1%)** also declined significantly, as the Trump Administration's populist ambitions put pressure on the US's relationships with its oldest and strongest allies.

On the monetary policy front, the Federal Reserve kept its policy rate unchanged at 4.25%–4.50%. Separately, the European Central Bank (ECB) lowered interest rates by 25 basis points to 2.50%, while the Bank of England (BoE) kept its rates unchanged at 4.50%. Meanwhile, in Asia, the Bank of Japan (BoJ) maintained its key short-term interest rate at 0.50% during its March meeting. Finally, the People's Bank of China held the medium-term lending facility rate at 2.0% and kept the 1-year and 5-year loan prime rates unchanged at 3.1% and 3.6%, respectively

Market Review – March 2025

India, Indonesia and Singapore led; Taiwan, US and Europe lagged

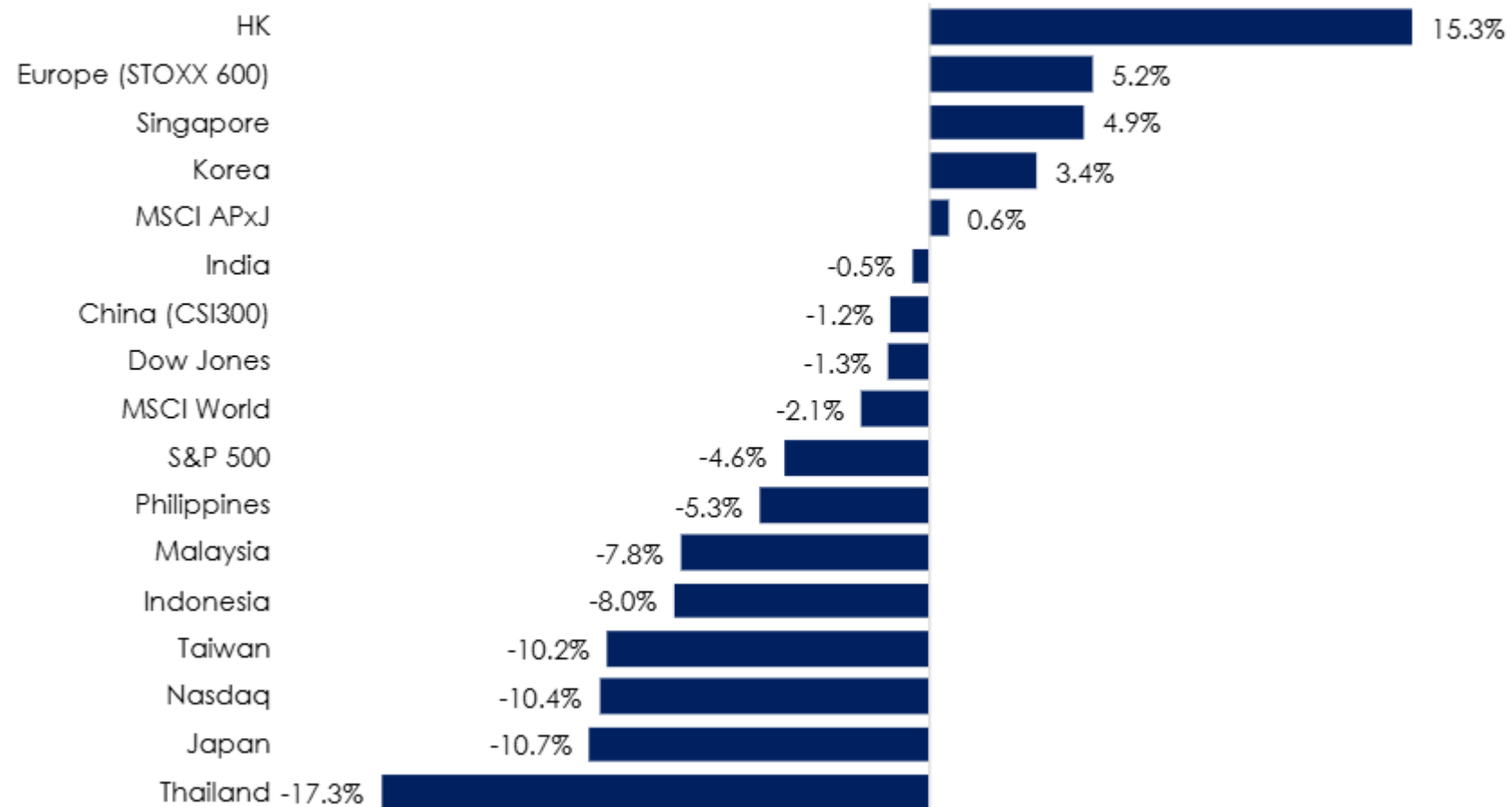


Source: Bloomberg, 31 March 2025

Market Review – YTD March 2025

HK, Europe and Singapore led; Thailand, Japan and Taiwan lagged

Market Performance YTD March 2025



Strategy

What to look ahead?

The present market volatility and uncertainties are not over yet. While the market provides investment opportunities for those with cash and holding power, heightened market risk is still ongoing. The market will still swing depending on the outcome of the tariff war especially between US and China. China is more determined to retaliate as US is fighting a tariff war against all other countries including its close allies, though it is deferred for 90 days.

The strategy is to accumulate on stocks that are least affected by the tariff war and risk of economic slowdown, (we do not think there will be a recession barring unforeseen circumstances) yet have experienced disproportionate share price declines. Fear and forced selling on margin accounts may provide good investment opportunities to pick up some quality stocks on discriminate and involuntary selling. Last advice - be nimble, accumulate gradually and selectively.

Strategy

We are neutral on equities, with a preference for the Malaysia market, which has fallen more than others during the recent market correction, offering value

TAA SUMMARY	Bearish	Neutral	Bullish
A. Equity - Global			
B. Cash / Fixed Income			
C. Equity - Malaysia (Large Cap)			
D. Equity - Malaysia (Small Cap)			
E. Country call (Most bullish only)			
		Malaysia	
F. Sector call (Msia only)			
	Bull	REIT	Consumer
	Bear	Telco	Tech

Strategy

We are neutral on equities, with a preference for the Malaysia market, which has fallen more than others during the recent market correction, offering value

We are **neutral** on **global equities** as geopolitical risks and weak economic data continue to influence market sentiment. Many sell-side brokers now believe that tariffs have increased the likelihood of a U.S. recession. All markets we monitor, from East to West, are currently trading below their historical average valuations, reflecting a cautious investor sentiment.

Our Tactical Asset Allocation for the month indicates a preference for the **Malaysian** market, which has experienced a larger decline compared to others in the recent market correction, presenting a value opportunity. We maintain a **neutral** view on **large-cap stocks** due to balanced risk-reward and have shifted to **neutral** on **small-caps** amid macro uncertainties. Sector-wise, we are being selective with **Consumer** stocks, particularly focusing on downtrading trends. The sector could face challenges due to tariff risks, as decreasing production results in lower incomes and reduced consumer spending. That said, we anticipate that the government will increase support for domestic consumption policies to offset external pressures. Additionally, **REITs** are generally more stable in earnings and hence dividend yields as their rental incomes are normally locked in for several years. We turned **cautious on Banks** with high foreign ownership due to potential quick exits in tough times, causing lower liquidity and falling stock prices. While an economic slowdown and reduced loan growth may indirectly impact banks, the effect should be mild as they are supported by high dividend yields. On the other hand, we remain **underweight** on the **Technology** sector due to increasing uncertainty around trade and industry policy changes under the new US administration, along with a sluggish demand recovery for consumer electronics and automotive, which could pose downside risks to sector earnings. Additionally, we maintain an underweight position on the **Telco** sector.

Appendices

Valuation at a glance

All markets are trading below the 5-year mean P/E post the recent sell-off

As of 7 April 2024,

Market Indices (5-Year Average)

	Fwd P/E	S.D.	Fwd P/B	S.D.
MSCI WORLD	16.7x	-0.8	2.9x	0.0
MAPXJ	13.1x	-0.6	1.7x	-0.1
MSCI EM	11.7x	-0.6	1.6x	0.0
MSCI ASEAN	12.6x	-1.4	1.6x	0.1
US (S&P 500)	18.2x	-0.9	3.9x	-0.5
EUROPE (STOXX 50)	12.8x	-0.6	1.8x	-0.3
CHINA (CSI300)	11.6x	-0.6	1.5x	-1.0
HONG KONG (HSI)	8.7x	-0.8	1.0x	-0.8
AUSTRALIA (ASX 200)	15.6x	-0.5	1.6x	-2.3
INDIA (NIFTY 50)	18.1x	-1.1	2.8x	-1.0
JAPAN (NIKKEI 225)	15.3x	-1.5	1.5x	-1.7
KOREA (KOSPI)	7.9x	-2.0	0.8x	-1.4
TAIWAN (TAIEX)	13.1x	-0.9	2.1x	-0.5
SPORE (STI)	10.7x	-0.9	1.2x	0.3
INDO (JCI)	10.7x	-2.0	1.3x	-1.0
THAI (SET)	11.6x	-2.2	1.1x	-2.3
PHIL (PCOMP)	8.9x	-1.7	1.1x	-2.7
VIET (VNINDEX)	9.2x	-1.3	1.4x	-1.6
MALAYSIA (FBMKLCI)	12.7x	-1.1	1.4x	0.0

PMART Performance

	FBM KLCI	EPF Adv	EPF Opp		EPF Blue Chip	EPF Div	EPF UT	EPF UT FLEXI		EPF ETF*	EPF ESG	EPF Quant US	
			Con*	Sya*				Con*	Sya*			Con*	Sya*
2023	-2.7	6.3	5.5	4.7	1.2	9.5	3.1	N/A	N/A	12.3	9.7	N/A	N/A
2024	12.9	10.5	1.5	9.2	11.2	13.7	4.2	12.1	9.2	4.4	11.0	1.2	-17.8
Jan-25	-5.20	-4.45	-6.23	-5.35	-4.96	-1.92	-2.22	-2.60	-2.64	-1.36	-3.01	2.65	4.39
Feb-25	1.14	-2.53	-5.62	-4.85	-3.17	-0.79	-1.16	-3.82	-1.55	0.39	-4.39	-0.38	-4.92
Mar-25	-3.88	-1.59	-1.23	-0.78	-0.95	-0.88	-0.72	-2.10	-2.11	-1.31	-0.63	-5.61	-2.46
YTD	-7.84	-8.35	-12.59	-10.63	-8.85	-3.55	-4.05	-8.29	-6.17	-2.27	-7.85	-3.48	-3.19

Note: Composite returns on all accounts, including new injections, as provided by IT Dept

Bold - Out-performed KLCI * Typical Account

PMA Performance

	FBM KLCI	PMA	Mini PMA	PMA DIV	PMA 4%	PMA 8%	PMA IPO	PMA Sya	Mgt UT	PME GF	PGWA		
											*New Front	*Asia Focus	*World Leader
2023	-2.7	7.3	2.7	11.8	12.5	11.8	6.0	7.6	7.4	1.3	7.3	N/A	14.2
2024	12.9	8.6	5.2	16.1	7.0	17.2	12.5	14.5	5.4	13.6	6.4	23.8	9.5
Jan-25	-5.20	-4.68	-4.57	-2.19	-2.18	-4.93	-6.04	-7.65	-1.10	-8.96	1.85	-2.27	1.39
Feb-25	1.14	-2.86	-3.99	-1.15	-3.61	-3.47	-4.37	-7.33	0.07	-4.90	-2.46	4.22	-2.07
Mar-25	-3.88	-2.23	-4.36	-0.90	-1.89	-4.94	-4.60	-1.39	-2.05	-1.66	-8.33	-0.93	-9.29
YTD	-7.84	-9.47	-12.37	-4.18	-7.49	-12.76	-14.28	-15.61	-3.06	-14.86	-8.93	0.91	-9.93

Note: Composite returns on all accounts, including new injections, as provided by IT Dept

Bold - Out-performed KLCI * Typical Account, Moderate Risk # Less than one year

PMB Unit Trust Fund Performance

Fund	Type	Launch Date	Fund Size (in RM'm)	2023 Return (%)	2024 Return (%)	2025 Return (%)
Local						
Phillip Dana Aman *	Equity Malaysia	16/4/1998	30.80	+4.09	+13.38	-8.70
Phillip Dividend Fund	Equity Malaysia Income	18/11/2003	27.50	+0.95	+10.93	-5.64
Phillip Master Equity Growth Fund	Equity Malaysia	18/6/2003	52.81	+1.34	+13.59	-14.86
Phillip Pearl Fund	Equity Malaysia Sm&Mid Cap	6/1/1997	37.88	+3.72	+20.44	-20.26
Phillip Recovery Fund	Equity Malaysia	15/4/1999	15.33	+4.03	+16.30	-6.93
Phillip Dana Murni *	Bond MYR	25/3/2003	18.73	+5.50	+3.43	+1.02
Phillip SELECT Balance Fund	Mixed Asset MYR Bal - Malaysia	11/8/2003	27.60	+5.17	+14.27	-7.37
Foreign						
Phillip Dana Dividen *	Equity Global Income	26/7/2007	2.90	+20.30	+6.88	-4.42
Phillip Global Disruptive Innovation MYR H Fund	Equity Global	22/4/2019	4.55	+9.15	+6.54	-8.49
Phillip Global Stars Fund	Equity Global	20/7/2006	4.06	+26.60	+9.06	-1.65
Phillip AsiaPac Income Fund	Mixed Asset MYR Bal - Global	28/11/2006	8.28	-0.49	+7.52	+5.08
Phillip Focus China Fund	Equity Greater China	19/5/2009	10.69	-16.41	+16.67	+7.44

Note: * denotes Shariah funds

Source: Lipper, PCM, 31 March 2025

Thank you!

Disclaimer

The information contained herein does not constitute an offer, invitation or solicitation to invest in Phillip Capital Management Sdn Bhd ("PCM") and Phillip Mutual Berhad ("PMB"). This presentation deck has been reviewed and endorsed by the Executive Director (ED) of PCM on matter related to managed account and general market outlook and/or PMB on matter related to unit trust funds. This presentation deck has not been reviewed by the Securities Commission Malaysia (SC). No part of this document may be circulated or reproduced without prior permission of PCM and/or PMB. Any investment product or service offered by PCM and/or PMB is not obligations of, deposits in or guaranteed by PCM and/or PMB. Past performance is not necessarily indicative of future returns. Investments are subject to investment risks, including the possible loss of the principal amount invested. Investors should note that the value of the investment may rise as well as decline. If investors are in any doubt about any feature or nature of the investment, they should consult PCM and/or PMB to obtain further information including on the fees and charges involved before investing or seek other professional advice for their specific investment needs or financial situations. This presentation deck is prepared on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate, it does not guarantee the accuracy or completeness of this publication. Any information, opinion and views contained herein are subject to change without notice. We have not given any consideration to and have not made any investigation on your investment objectives, financial situation or your particular needs. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any persons acting on such information and advice

For more information, please refer to www.phillipcapital.com.my